

PRESS RELEASE

Kazakhtelecom: resilience and new opportunities amid market transformation

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Astana city

Kazakhtelecom continues its strategic development and adaptation to market changes, as reflected in the updated assessments from international rating agencies Fitch Ratings and S&P Global Ratings. Their conclusions have sparked active discussions among investors and analysts, reaffirming the company's key role in Kazakhstan's telecommunications sector.

Fitch Ratings has affirmed company's long-term credit rating at "BBB-" with a "Stable" outlook. The agency highlights the company's resilient business model, ability to generate free cash flow, and adaptability to market challenges. Strong positions in fixed-line communications and active investments in digital transformation, including the development of 5G networks and cloud technologies, were also noted.

S&P Global Ratings downgraded the company's rating from "BB+" to "BB" with a "Negative" outlook, citing the financial impact of selling its mobile asset, Mobile Telecom Service LLP (brands Tele2/Altel). The temporary decline in EBITDA and profitability is considered a short-term effect, with recovery expected by 2027.

Despite differing assessments, both agencies agree that Kazakhtelecom remains a leading market player, playing a significant role in the government's digitalization strategy and modernization of telecom infrastructure.

The sale of the mobile asset aligns with Kazakhtelecom's long-term strategy, which focuses on expanding into new, high-potential segments. The company is expanding its focus on digitalization, prioritizing cloud technologies, data centers (DCs), and artificial intelligence (AI) infrastructure.

As part of its strategy, Kazakhtelecom plans to build a modular data center with an initial capacity of 5-10MW, scalable up to 100MW. This project will position Kazakhtelecom as a leading provider of computing power in Kazakhstan, supporting state digitalization initiatives.

The company's AI-focused developments are expected to unlock new revenue streams and enhance business resilience. The global market for AI-driven computing is growing rapidly, creating significant opportunities for companies with powerful technological infrastructure.

The increasing demand for cloud services and computing power from government institutions and businesses will ensure the stability of this sector.

Kazakhtelecom is undergoing a strategic transformation, reducing its reliance on traditional telecom services while expanding high-tech solutions. The company's flexibility in adapting to market conditions, financial liquidity following the mobile asset sale, and growth potential in data centers and AI reaffirm its capacity for long-term development.

Despite short-term fluctuations in financial performance, the company demonstrates resilience and commitment to its strategic initiatives. Fitch Ratings recognizes Kazakhtelecom's stability, while S&P Global Ratings acknowledges the temporary nature of transformation processes.

Kazakhtelecom will continue to implement projects in the field of digitalization, including the development of 5G, cloud solutions and artificial intelligence infrastructure. These areas will provide the company with new competitive advantages, strengthen its leading position in the market, and create long-term value for shareholders and partners.

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