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PRESS RELEASE

Kazakhtelecom: The reputable agency S&P Global Ratings has revised the credit rating outlook of JSC "Kazakhtelecom" upward, taking into account the company's strategic development prospects.

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Kazakhtelecom continues to implement its long-term sustainable development strategy with a focus on high-tech areas, a factor that positively noted by analysts at the international rating agency S&P Global Ratings.

S&P Global Ratings has upgraded the company's rating on the Kazakhstan national scale from 'kzA+' to 'kzAA-', improved the outlook to 'Stable', and affirmed Kazakhtelecom's long-term issuer credit rating at 'BB'.

The agency's analysts reached these conclusions after gaining a more detailed understanding of the company's development strategy, investment plans, and expected outcomes following the sale of the mobile asset LLP "Mobile Telecom-Service" in early 2025.

According to the S&P Global Ratings report, Kazakhtelecom is the leading telecommunications operator in Kazakhstan with a diversified product portfolio. The company provides fixed voice services to 2.3 million subscribers, fixed broadband services to 1.9 million subscribers, and pay-TV services to 1.2 million subscribers. Kazakhtelecom holds approximately 30% of the mobile communications market, represented by its subsidiary Kcell following the sale of Tele2/Altel.

The revision of the outlook to 'Stable' reflects S&P Global Ratings' expectations that Kazakhtelecom is steadily progressing toward achieving breakeven free operating cash flow (FOCF) by 2027, while meeting the agency's base-case performance scenario. This scenario anticipates organic revenue growth exceeding 10% and an EBITDA margin of over 30%. We forecast that the company will maintain a moderate level of debt, with the debt-to-EBITDA ratio remaining below 2x.

According to the rating agency, Kazakhtelecom's strategic initiatives—such as the implementation of 5G, the development of the Kcell ecosystem, high-tech areas including next-generation digital solutions, AI (artificial intelligence) projects, and ICT infrastructure—will contribute to maintaining competitive positions and enhancing profitability.

“Kazakhtelecom Group has entered a significant investment cycle, directing substantial funds toward the development of strategic projects of national scale. The company views itself as a catalyst for Kazakhstan's digital independence and an active driver of the country's technological sovereignty. At the same time, we unquestionably pay heightened attention to issues of long-term financial sustainability. The upgrade of our credit rating by the international rating agency S&P Global Ratings is further confirmation of our carefully chosen strategy,” stated First Deputy Chairman of the Management Board, **A. Nurkatov**.

In November 2024, the international rating agency Fitch Ratings affirmed Kazakhtelecom's long-term credit rating at 'BBB-' with a 'Stable' outlook. The agency highlighted that the company's leading position in Kazakhstan's telecommunications market segment, ownership of its own infrastructure, and strong financial profile positively influence its ratings.

“As we have noted earlier, both international agencies agree that Kazakhtelecom remains a leading player in the market, and its role in implementing the state strategy for digitalization and modernization of

telecom infrastructure remains significant. Despite short-term fluctuations in financial flows, the company demonstrates resilience and confidently executes its strategic initiatives while maintaining financial stability,” added **A. Nurkatov**.

Kazakhtelecom will continue implementing projects in the field of digitalization, including the development of 5G, cloud solutions, and artificial intelligence infrastructure. These initiatives will provide the company with new competitive advantages, strengthen its market leadership, and create long-term value for shareholders, partners, and the country's economy.

***Department of Communications and Brand Promotion
JSC "Kazakhtelecom"***