



Kcell Overview

Astana

May 2013



Country Key Facts

Population:	16.83 mln, medium age 30.2
Area:	2 724.9 sq km (world rank – 9 th)
Capital:	Astana (0.8 mln population)
Government:	Unitary presidential constitutional republic
Currency:	USD 1 = KZT 150
GDP (PPP):	\$217.2 billion (2011), growth 2011 - 9.8%, 2012 – 8.3%
GDP/capita (PPP):	\$13,030 (2011)
Inflation:	3.9% (8.3% 2011)
GDP by sector:	industry: 44%; services: 56%
Natural resources:	Chromium (350 mln tons, 1 st place in the world) Lead (14,8 mln tons, 1 st place in the world) Zink (34 mln tons-1 st place in the world) Uranium (0,9 mln tons 2 nd place in the world) and as Copper , Oil , Iron, Gold, Natural Gas etc.
Major taxes:	20% corporate, 12% VAT, 0-20% WHT, Income 10%
Major Investors:	USA, Russia, China, GB, Netherlands, Italy, Japan

Source: www.stat.kz

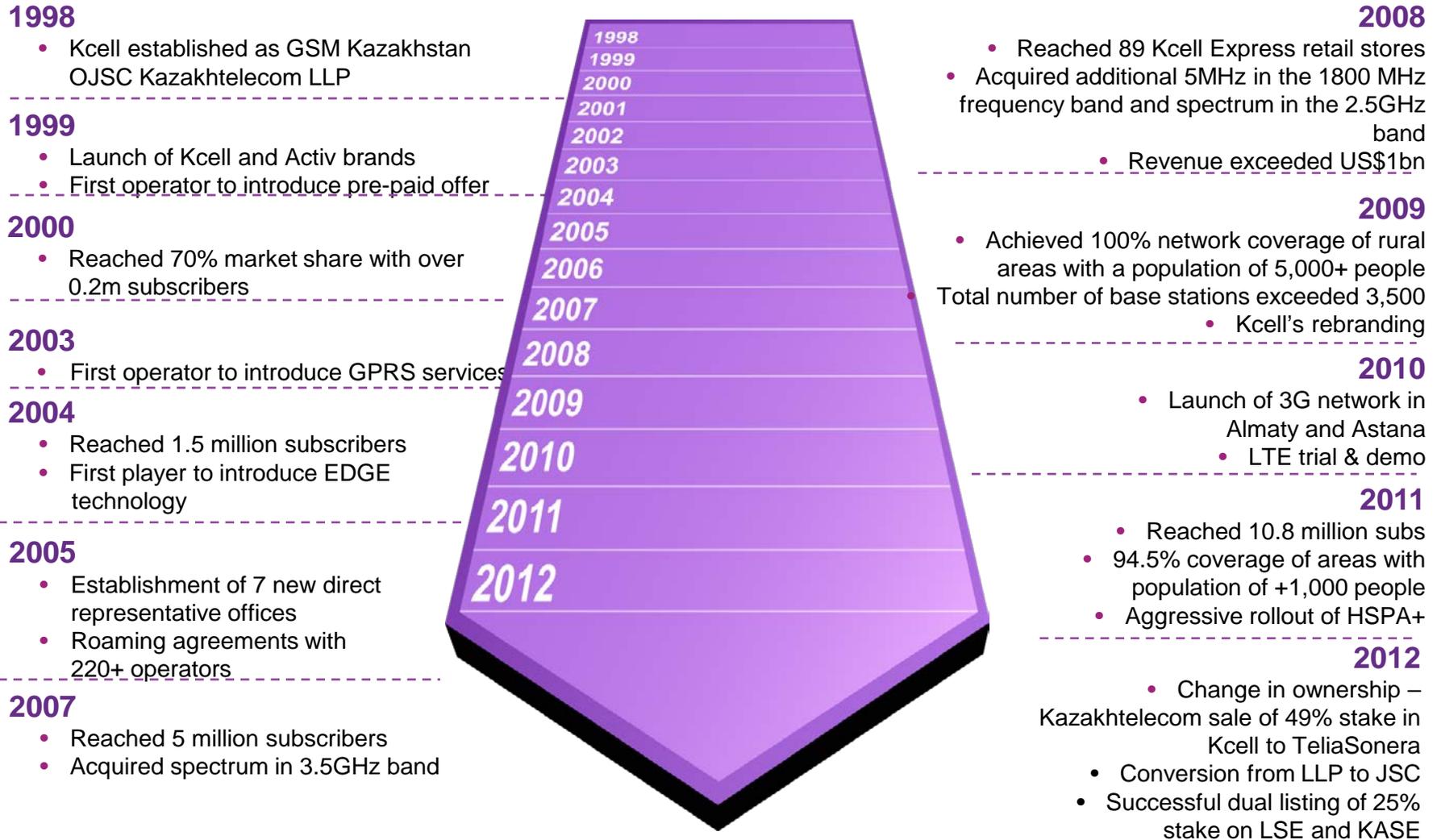


Kcell at a glance

Subscribers (2012YE)	13.5 mln
ARPU (2012YE)	1 252 KZT
Revenue (2012YE)	182 bln KZT (1,2 mln USD)
EBITDA margin (2012YE)	55.7%
Network coverage (2012YE)	46.2% territory 95.4% population
Employees (2012YE)	1 610
Distribution network (2012YE)	18 flagship stores, 48 shop-in shops, 229-direct dealers, 111 Kcell express stores, 74 Activ office
Customer service	24 / 7 Customer Care (chargeable)
CSR (2012YE)	22 projects
Awards	“For the system approach in IT use” Award, 2012 Support for Kazakh Culture Award, “Community relations” Award from American Chamber of Commerce, Letter of Appreciation from the President of the RK on the results of OSCE Summit conduction, the Certificate of Appreciation for the support in the area of giving warning to citizens and organizations



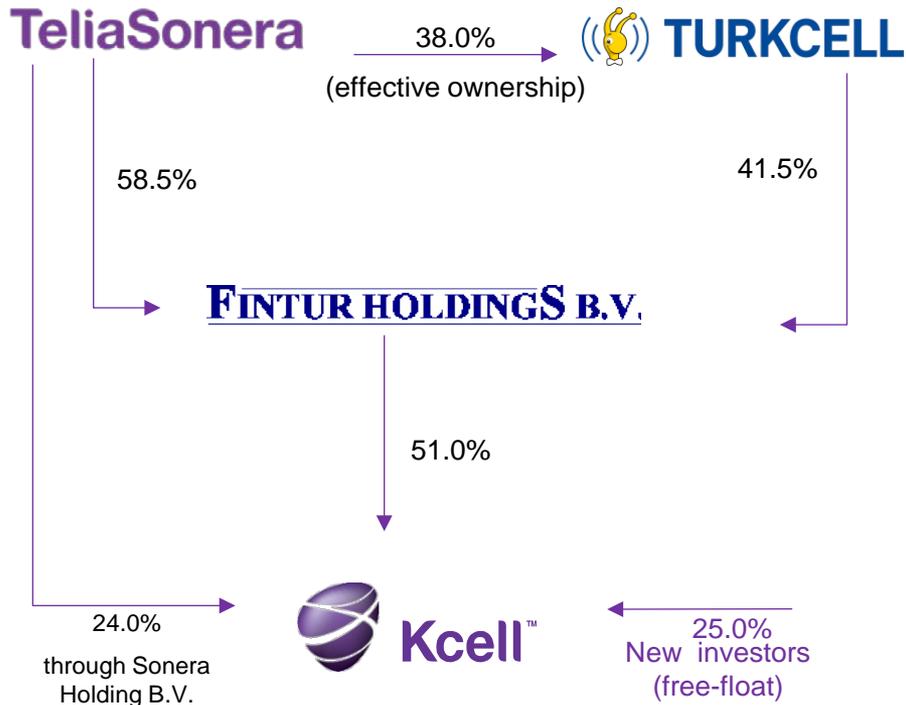
History of Kcell



Source: Company information.

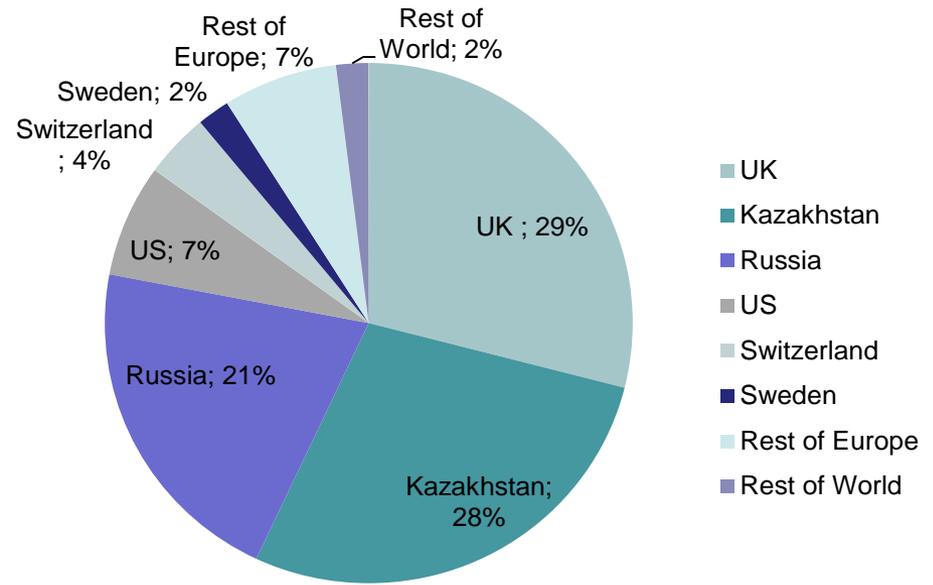
Shareholding Structure

Indicative post-IPO simplified shareholding structure



TeliaSonera effective ownership in Kcell: 61.9%

Investors breakdown by countries



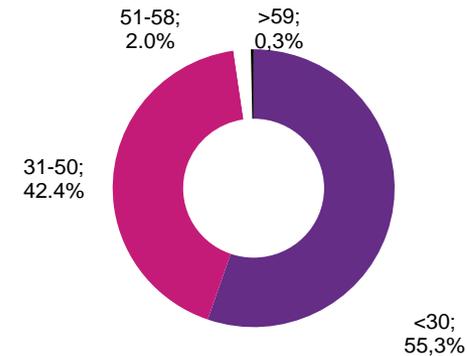
source: Pricing Meeting presentation

Employees Profile

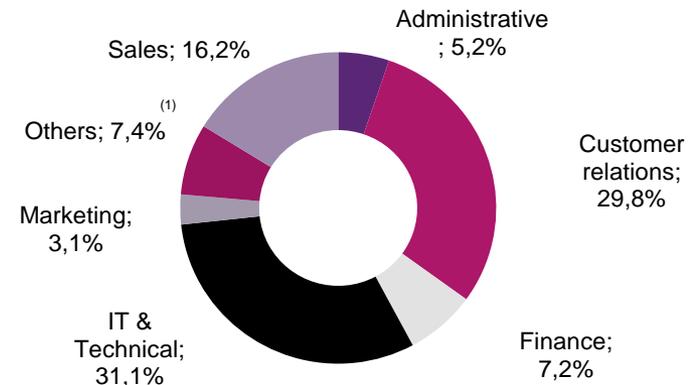
Key highlights

- 1,610 total permanent employees as of 2012YE
- Remuneration scheme includes fixed and variable component
 - Base pay + eligibility for annual bonus based on annual performance and position level for 75% of total headcount
 - Large majority of commercial sales force has base pay + variable part linked on monthly KPIs achievement (with eligibility for annual bonus)

Staff breakdown by age (2012YE)



Staff breakdown by function (2012YE)



Source: Company information.

(1) Includes: Business Development Department (partly), Legal Department, Human Resources Department, Program Management Office, Chief Executive Officer's Department, Security Department, Corporate Communications Department, State Relations Department.

Our Strategy

Rationale



Maintain market leadership

- Market share is key – allow to exploit scale advantages and operating leverage



Leadership in data segment

- Data is the main driver for growth



Cash generative growth

- Value creation for shareholders

Strategic instruments

- Set competitive prices
- Innovate products
- Differentiate region-by-region
- Strength brands further
- Focus on customer care and customer retention
- Provide high quality service

- Secure spectrum
- Expand 3G network roll-out
- Drive penetration of smartphone and devices
- Partner with content providers
- Network development focused on superior quality and capacity

- Focus on high value customers
- Increase penetration of mass market segment
- Exploit economies of scale
- Implement cost and capital efficiencies
- Closer alignment with TeliaSonera for procurement

Source: Company information.

Competitive Market Overview



- Launched in 1999 with Kcell & Activ brands
- Ownership: FinturHoldings 51%, TeliaSonera 49%
- GSM operator, 3G launch: December 2010
- Market share: 46.9%*
- Revenue share: 55.3%*



- Launched in 1999 with K-mobile brand, re-branded to Beeline in September 2004
- Ownership: 75% - VimpelCom
- GSM operator, 3G launch: December 2010
- Market share: 36.9%*
- Revenue share: 33.7%



- Launched in 2007 with NEO brand, re-branded to Tele2 in April 2011
- Ownership: 51% - Tele2
- GSM operator, 3G launch: June 2011
- Market share: 13.1%*
- Revenue share: 7.5%*



- Launched in 1994 as AMPS standard operator, CDMA-2000 network launched in 2003 with brands Dalacom & Pathword
- Ownership: 100%- Kazakhtelecom
- CDMA operator, LTE launch: December 2012 (Altel4G brand)
- Market share: 3.1%*
- Revenue share: 3.5%*

* Company data, 2012YE

