



Kcell JSC

Kcell faces unsubstantiated copyright claims

Almaty, 12 June 2018 - Kcell Joint Stock Company ("Kcell" or the "Company") (LSE, KASE: KCEL), the leading provider of mobile telecommunications services in Kazakhstan by market share in terms of revenue and subscribers, notifies that the Company received a claim about alleged infringement of copyrights.

The claim filed by DL Construction LLP against Kcell and its partner Terraline LLP relates to copyright permission, based on the agreement between DL Construction and Warner Music Russia, with respect to the Muzlife TV channel, which is included in one of Kcell's Mobi TV packages, broadcasting 49 clips across a period of 18 days in 2016.

On 15 May 2018, the Court of First Instance confirmed a violation of copyrights by Kcell and Terraline LLP and awarded a total of KZT 672 million in compensation. The decision is not yet binding. However, the Company has made provision for this amount.

The Company is confident that this claim of copyright infringement is unsubstantiated. Kcell will vigorously defend its position through the appeal process in order to protect the interests of its customers and shareholders.

In addition, Kcell has received notifications of two further pre-trial claims related to alleged copyright infringements from the same party for KZT 1 billion and KZT 4 billion. The Company believes these claims also have no grounds.

Arti Ots, Chief Executive Officer, said:

"Since Kcell's IPO and listing on the London Stock Exchange and Kazakhstan Stock Exchange in 2012, we have been strongly committed to international best practice across all our operations and in our corporate governance in order to deliver transparency and value to our stakeholders.

It is highly regrettable that the Court has reached this decision on the basis of allegations that we consider to be unsubstantiated.

In recent years, Kazakhstan has been striving to build a reputation as a trusted destination for international investment in the region.

This situation severely undermines the significant achievements of the Kazakhstani government and business community, as well as the credibility of Kazakhstan as an investment opportunity."

Kcell will update the market in due course.

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Company Overview

Kcell provides mobile voice telecommunications services, messaging services, value-added services such as multimedia and mobile content services, as well as data transmission services including internet access. It has two brands: the Kcell brand, which is targeted primarily at corporate subscribers (including government subscribers), and the Activ brand, which is targeted primarily at mass market subscribers. The Company offers its services through its extensive, high quality network which covers substantially all of the populated territory of Kazakhstan.

In December 2012, Kcell successfully completed its offering of GDR's on the London Stock Exchange and common shares on KASE. The price was set at USD 10.50 per GDR and KZT 1,578.68 per share with each GDR representing one share. The offering consisted of a sale by TeliaSonera of 50 million shares, which represent 25 percent of Kcell's share capital.

Kcell plans to benefit from the significant growth potential for mobile data services in Kazakhstan. The Company intends to continue to invest in the deployment of its 3G/4G network to expand coverage and to introduce high quality services. Kcell aims to maintain its market leadership in terms of revenue and the number of subscribers by offering its products and services at competitive prices, expanding its offering of products and services, maintaining the high quality of its network and enhancing its brand value.