

## Kcell JSC

### Results for January – September 2017

**Almaty, 19 October 2017** - 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, announces its interim results for January - September 2017.

#### Third quarter

- Net sales increased by 1.6 percent to KZT 37,531 million (36,931). Service revenue was stable at KZT 35,024 million (35,032).
- EBITDA, excluding non-recurring items, increased by 2.5 percent to KZT 14,601 million (14,238). EBITDA margin increased to 38.9 percent (38.6).
- Operating income, excluding non-recurring items, grew by 10.7 percent to KZT 8,917 million (8,056).
- Net financial items decreased to KZT -2,267 million (-2,321).
- Net income decreased by 11.8 percent to KZT 3,862 million (4,378).
- Free cash flow decreased to KZT 3,985 million (7,968).
- During the quarter, the Company's subscribers base rose by 9 thousand customers to 10,001 thousand (9,992).

#### Nine-month period

- Net sales grew by 0.2 percent to KZT 109,075 million (108,814). Service revenue down 0.9 percent to KZT 101,677 million (102,558).
- EBITDA, excluding non-recurring items, decreased by 5.3 percent to KZT 41,211 million (43,503). EBITDA margin of 37.8 percent (40.0).
- Operating income, excluding non-recurring items, down 4.8 percent to KZT 24,160 million (25,384).
- Net financial items of KZT -6,911 million (-4,905).
- Net income declined by 47.2 percent to KZT 8,261 million (15,633).
- Free cash flow increased to KZT 8,189 million (-992).
- The number of subscribers increased by 96 thousand year-on-year (9,905).

#### Financial highlights

KZT in millions, except key ratios, per share data and changes	Jul-Sep 2017	Jul-Sep 2016	Chg (%)	Jan-Sep 2017	Jan-Sep 2016	Chg (%)
Revenue	37,531	36,931	1.6	109,075	108,814	0.2
of which service revenue	35,024	35,032	0.0	101,677	102,558	-0.9
EBITDA excl. non-recurring items	14,601	14,238	2.5	41,211	43,503	-5.3
Margin (%)	38.9	38.6		37.8	40.0	
Operating income	8,917	7,916	12.7	21,487	24,775	-13.3
Operating income excl. non-recurring items	8,917	8,056	10.7	24,160	25,384	-4.8
Net income attributable to owners of the parent company	3,862	4,378	-11.8	8,261	15,633	-47.2
Earnings per share (KZT)	19.3	21.9	-11.8	41.3	78.2	-47.2
CAPEX-to-sales (%)	9.9	27.1		12.5	38.8	
Free cash flow	3,985	7,968		8,189	-992	

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the third quarter of 2016 unless otherwise stated.

**Comments by Arti Ots, CEO**

“In the third quarter of 2017, we delivered year-on-year growth in both net sales and profitability for the first time since 2014. This performance was driven by an increase in subscribers and further growth in our B2B business, and was underpinned by continued growth in the Kazakh economy and stabilisation in the domestic telecoms market.

Net sales rose 1.6 percent year-on-year whilst EBITDA increased by 2.5 percent. Our subscriber base increased slightly over the previous quarter whilst the enterprise segment reported 15 percent growth year-on-year, driven primarily by strong demand for business solutions.

As we reported in our H1 2017 results announcement, we are disputing a claim by the tax authority of Kazakhstan for KZT 9.0 billion. This sum represents KZT 5.8 billion for unpaid taxes and KZT 3.2 billion in fines and penalties for late payment. We have submitted an appeal to highest level of Kazakhstan’s government and to the Ministry of Finance. We continue to pursue all available avenues to achieve resolution and will update investors on the progress of this situation in due course.

As a result of our ongoing digital transformation programme, we are seeing improvements in our organisational effectiveness, with digitalised customer interactions bringing enhanced sales and customer retention.

We continue to evaluate all possible alternatives for cost optimisation to ensure we are in control of future expenses whilst improving profitability and delivering value to our customers and shareholders.”

Almaty, 19 October 2017

**CONFERENCE CALL**

Kcell will host an analyst conference call on 19 October 2017 at 9:30 UK time / 14:30 Almaty/ 11:30 Moscow. The conference will be held in English, audio webcast will be available at

<http://www.audio-webcast.com/cgi-bin/visitors.ssp?fn=visitor&id=5009>

Dial in details are as follows:

UK Toll Free:	<b>0800 358 6377</b>
Standard International Dial-in:	<b>+44 330 336 9105</b>
Russia Toll Free:	<b>8 800 500 9283</b>
Russia Local Call number:	<b>+7 495 213 1767</b>
USA Toll Free:	<b>866 548 4713</b>
USA Dial-In:	<b>+1 719 457 2086</b>

Conference ID **8216589**

A presentation will be available on the Company website shortly before the conference call on [www.investors.kcell.kz/en](http://www.investors.kcell.kz/en)

A replay will be available at: <http://kcell191017-live.audio-webcast.com>

**Enquiries:****Kcell****Investor Relations**

Irina Shol

Tel: +7 727 2582755 ext. 1002  
[Investor\\_relations@kcell.kz](mailto:Investor_relations@kcell.kz)

**Media**

Natalya Eskova

Tel: +7 727 2582755  
[Pressa@kcell.kz](mailto:Pressa@kcell.kz)

**International Media****Instinctif Partners**

Kay Larsen / Galyna Kulachek /  
Adrian Duffield

Tel: +44 207 457 2020

## Review of the third quarter of 2017

### Net Sales

Net sales increased by 1.6 percent to KZT 37,531 million (36,931). Service revenue was stable at KZT 35,024 million (35,032).

Revenue from voice services decreased by 5.3 percent to KZT 20,601 million (21,756). Data revenue increased by 11.5 percent to KZT 11,985 million (10,749). Revenue from value-added services was up 1.8 percent to KZT 2,440 million (2,397). Other revenue increased by 23.5 percent to KZT 2,505 million (2,029).

KZT in millions, except percentages	Jul-Sep		Jul-Sep	
	2017	% of total	2016	% of total
Voice services	20,601	54.9	21,756	58.9
Data services	11,985	31.9	10,749	29.1
Value added services	2,440	6.5	2,397	6.5
Other revenues	2,505	6.7	2,029	5.5
<b>Total revenues</b>	<b>37,531</b>	<b>100.0</b>	<b>36,931</b>	<b>100.0</b>

### Voice service revenue

Revenue from voice services decreased by 5.3 percent to KZT 20,601 million (21,756). Voice traffic was down to 5,748 million minutes (5,818); ARMU fell to KZT 2.2 (2.5).

Interconnect revenue declined by 3.5 percent to KZT 5,395 million (5,590). The decrease was mainly due to a reduced volume of off-net traffic offered by all operators in the market.

### Data service revenue

Data revenue increased by 11.5 percent to KZT 11,985 million (10,749). Data traffic increased by 64.9 percent to 50,512,804 GB (30,636,657). Growth in data traffic was partially offset by packages with lower tariffs per MB, which led to a decrease in average revenue per MB (ARMB) to KZT 0.2 (0.3).

### Value-added service revenue

Revenue from value-added services increased 1.8 percent to KZT 2,440 million (2,397), largely as a result of the introduction of new services.

### Other revenue

Other revenue increased by 23.5 percent to KZT 2,505 million (2,029), reflecting higher handsets sales.

**EXPENSES****Cost of sales**

Cost of sales declined by 4.8 percent to KZT 22,332 million (23,456), primarily due to lower interconnect costs.

**Selling and marketing expenses**

Selling and marketing expenses remained stable at KZT 2,726 million (2,701).

**General and administrative expenses**

General and administrative expenses increased by 10.6 percent to KZT 3,351 million (3,029). This was primarily driven by an increase in cost of energy for production.

**EARNINGS, FINANCIAL POSITION AND CASH FLOW**

**EBITDA**, excluding non-recurring items, increased by 2.5 percent to KZT 14,601 million (14,238). EBITDA margin increased to 38.9 percent (38.6).

**Net financial items** decreased to KZT -2,267 million (-2,321).

**Income tax expense** increased to KZT 2,788 million (1,216).

**Net income attributable to owners of the parent company** was down 11.8 percent to KZT 3,862 million (4,378). Earnings per share decreased to KZT 19.3 (21.9).

**CAPEX** decreased to KZT 3,707 million (9,996) and CAPEX-to-sales ratio declined to 9.9 percent (27.1).

**Free cash flow** decreased to KZT 3,985 million (7,968).

## Review of the nine month period of 2017

### Net Sales

Net sales grew by 0.2 percent to KZT 109,075 million (108,814). Service revenue were down 0.9 percent to KZT 101,677 million (102,558).

Revenue from voice services decreased by 7.3 percent to KZT 60,382 million (65,139). Data revenue was 12.0 percent higher at KZT 34,144 million (30,481). Revenue from value-added services increased by 3.0 percent to KZT 7,155 million (6,945). Other revenue was up 18.3 percent to KZT 7,394 million (6,249).

KZT in millions, except percentages	Jan-Sep		Jan-Sep	
	2017	% of total	2016	% of total
Voice services	60,382	55.3	65,139	59.9
Data services	34,144	31.3	30,481	28.0
Value added services	7,155	6.6	6,945	6.4
Other revenues	7,394	6.8	6,249	5.7
<b>Total revenues</b>	<b>109,075</b>	<b>100.0</b>	<b>108,814</b>	<b>100.0</b>

### Voice service revenue

Revenue from voice services decreased by 7.3 percent to KZT 60,382 million (65,139). Voice traffic was 17,120 million minutes (17,029), while ARMU decreased to KZT 2.2 (2.6).

Interconnect revenue increased by 2.8 percent to KZT 15,978 million (15,538).

### Data service revenue

Data revenue was 12.0 percent higher at KZT 34,144 million (30,481). Data traffic increased by 63.3 percent to 136,640,810 GB (83,652,938). Growth in data traffic was partially offset by offering packages with lower tariffs per MB, which resulted in a decrease in average revenue per MB (ARMB) to KZT 0.2 (0.4).

### Value-added service revenue

Revenue from value-added services increased by 3.0 percent to KZT 7,155 million (6,945), mainly due to the introduction of new services.

### Other revenue

Other revenue increased by 18.3 percent to KZT 7,394 million (6,249), mainly due to an increase in handset sales.

## **EXPENSES**

### **Cost of sales**

Cost of sales was stable at KZT 67,185 million (67,390).

### **Selling and marketing expenses**

Selling and marketing expenses amounted to KZT 7,812 million (7,691), remaining at the level of the corresponding period of 2016.

### **General and administrative expenses**

General and administrative expenses increased by 33.6 percent to KZT 12,498 million (9,355), mainly as a result of tax provision.

## **EARNINGS, FINANCIAL POSITION AND CASH FLOW**

**EBITDA**, excluding non-recurring items, decreased by 5.3 percent to KZT 41,211 million (43,503). EBITDA margin of 37.8 percent (40.0).

**Net financial items** were at KZT -6,911 million (-4,905).

**Income tax expense** increased by 49.0 percent to KZT 6,314 million (4,236).

**Net income attributable to owners of the parent company** declined by 47.2 percent to KZT 8,261 million (15,633) and earnings per share decreased to KZT 41.3 (78.2).

**CAPEX** decreased to KZT 13,599 million (42,187) and the CAPEX-to-sales ratio decreased to 12.5 percent (38.8). CAPEX of the corresponding period of 2016 reflected the acquisition of new frequencies for KZT 26 billion.

**Free cash flow** increased to KZT 8,189 million (-992).

**Net debt/equity** ratio was 85.1 percent (78.3).

**Net debt/EBITDA** ratio was 1.19 (1.03).

**The equity/assets ratio** was 38.4 percent (40.1).

## Key Milestones 2017

### January

- Kcell became the official mobile operator of the 28th World Winter Universiade. The 28th World Winter Universiade was held in Almaty from 29 January to 8 February 2017. 2000 athletes from 58 countries took part in the Universiade. Kcell provided the high-quality mobile communication signal within sports facilities and launched the single reference contact center to provide the participants and guests of the Universiade with all the necessary background information, including competition schedule and locations of sports facilities.

### May

- The AGM held on 24 May 2017, approved the proposal of Kcell Board of Directors to distribute KZT 11,678 million, representing 70 percent of the net income for 2016, as an annual dividend. The total dividend amount equates to a gross figure of KZT 58.39 per ordinary share (each GDR representing one ordinary share). Kcell shareholders registered at the record date of 25 May 2017 were entitled to receive the dividends.
- Other decisions adopted by the AGM include the approval of the Company's Separate and Consolidated Financial Statements for the year ended 31 December 2016, the Independent Auditor's Report, the Instructions relating to allocation of work between the Board and the CEO, and Kcell JSC Charter in the new version. Shareholders were also informed on the amount and structure of remuneration for the members of Board of Directors and Executive Body of the Company. The Board of Directors received no queries from shareholders regarding the performance of the Company and its executives.

### June

- The dividends of KZT 58.39 per ordinary share (each GDR representing one ordinary share) were paid in a lump sum by electronic transfer into shareholders' bank accounts.
- Kcell's Board of Directors approved an extension of KZT 10 billion loan under the Master Facility Agreement #82.2090/2016 dated 8 June 2016 between Kcell JSC and Subsidiary Bank Alfa Bank Kazakhstan JSC. The credit line was extended for a term of twelve months.
- Kcell completed a drawdown of a KZT 22 billion tranche under the Term Loan Facility Agreement dated 24 September 2013 between Kcell JSC and Halyk Bank of Kazakhstan JSC. The credit line was extended for a term of 18 months.

### August

- The Board of Directors approved the appointment of Andis Locmelis as the Company's Finance Director. The appointment of Andis Locmelis followed the decision by Finance Director Trond Moe for personal reasons to leave the Company when his contract comes to an end. Mr. Locmelis will replace Mr. Moe and start his duties upon receiving relevant regulatory authorisation.



## **ADMINISTRATIVE AND LEGAL UPDATE**

### **Tax audit**

In July 2017, the Kazakhstan tax authority completed its comprehensive tax audit for the period between 2012 and 2015. Following the audit, the tax authority made a total claim of KZT 9.0 billion, of which KZT 5.8 billion is for unpaid taxes and KZT 3.2 billion represents fines and penalties for late payment. The Company considers it unlikely that the full amount of the claim will become payable following the appeal process.

In the fourth quarter of 2016, a tax provision of KZT 3,962 million was made, with the additional KZT 2,673 accrual in the second quarter of 2017.

The Company has submitted an appeal to highest level of Kazakhstan's government and to the Ministry of Finance. The Company continues to pursue all available avenues to achieve resolution and will update investors on the progress of this situation in due course.

The January - September 2017 financial statements are being reviewed by the Kcell external auditors, and their report is expected to be available on the Kcell website starting from 15 November 2017.

The information was submitted for publication at 09:00 ALMT on 19 October 2017.

*Financial Information*

Year-end Report January–December 2017

27 January 2018

*Questions regarding the reports:*

Kcell JSC

Investor Relations

Timiryazev str. 2g

050013 Almaty

Tel. +7 727 2582755 ext.1002

[investor\\_relations@kcell.kz](mailto:investor_relations@kcell.kz)

[www.investors.kcell.kz](http://www.investors.kcell.kz)

*Definitions*

**EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortization. Equals operating income before depreciation, amortization and impairment losses and before income from associated companies.

**CAPEX:** Capital expenditures and advances paid for property, plant and equipment as well as software and licenses including investments in tangible and intangible non-current assets, but excluding goodwill and fair value adjustments recognized in acquisitions, and excluding the recording of assets retirement obligations.

**ARMB:** Average revenue per MB.

## Condensed Consolidated Statements of Comprehensive Income

KZT in millions, except per share data, number of shares and changes	Jul-Sep 2017	Jul-Sep 2016	Chg (%)	Jan-Sep 2017	Jan-Sep 2016	Chg (%)
Revenues	37,531	36,931	1.6	109,075	108,814	0.2
Cost of sales	-22,332	-23,456	-4.8	-67,185	-67,390	-0.3
<b>Gross profit</b>	<b>15,200</b>	<b>13,475</b>	<b>12.8</b>	<b>41,890</b>	<b>41,424</b>	<b>1.1</b>
Selling and marketing expenses	-2,726	-2,701	0.9	-7,812	-7,691	1.6
General and administrative expenses	-3,351	-3,029	10.6	-12,498	-9,355	33.6
Other operating income and expenses, net	-206	170		-93	398	
<b>Operating income</b>	<b>8,917</b>	<b>7,916</b>	<b>12.7</b>	<b>21,487</b>	<b>24,775</b>	<b>-13.3</b>
Finance costs and other financial items, net	-2,267	-2,321		-6,911	-4,905	
<b>Income after financial items</b>	<b>6,650</b>	<b>5,594</b>	<b>18.9</b>	<b>14,576</b>	<b>19,869</b>	<b>-26.6</b>
Income taxes	-2,788	-1,216	-129.2	-6,314	-4,236	49.0
<b>Net income</b>	<b>3,862</b>	<b>4,378</b>	<b>-11.8</b>	<b>8,261</b>	<b>15,633</b>	<b>-47.2</b>
<b>Other comprehensive income</b>						
<b>Total comprehensive income</b>						
Total comprehensive income attributable to owners of the parent	3,862	4,378	-11.8	8,261	15,633	-47.2
Earnings per share (KZT), basic and diluted	19.3	21.9	-11.8	41.3	78.2	-47.2
Number of shares (thousands)						
Outstanding at period-end	200,000	200,000		200,000	200,000	
Weighted average, basic and diluted	200,000	200,000		200,000	200,000	
EBITDA	14,601	14,098	3.6	38,538	42,893	-10.2
EBITDA excl. non-recurring items	14,601	14,238	2.5	41,211	43,503	-5.3
Depreciation, amortization and impairment losses	-5,684	-6,182	-8.1	-17,051	-18,119	-5.9
Operating income excl. non-recurring items	8,917	8,056	10.7	24,160	25,384	-4.8

**Condensed Consolidated Statements of Financial Position**

<b>KZT in millions</b>	<b>30 Sep 2017</b>	<b>31 Dec 2016</b>
<b>Assets</b>		
Intangible assets	41,669	42,842
Property, plant and equipment	92,931	95,322
Other non-current assets	39	86
Long term receivables	1,235	1,163
<b>Total non-current assets</b>	<b>135,874</b>	<b>139,413</b>
Inventories	2,798	3,587
Trade and other receivables	27,438	29,554
Cash and cash equivalents	14,073	8,477
<b>Total current assets</b>	<b>44,309</b>	<b>41,617</b>
<b>Total assets</b>	<b>180,183</b>	<b>181,031</b>
<b>Equity and liabilities</b>		
Share capital	33,800	33,800
Retained earnings	35,464	38,880
<b>Total equity attributable to owners of the parent company</b>	<b>69,264</b>	<b>72,680</b>
Long term borrowings	26,000	8,000
Deferred tax liabilities	4,680	6,012
Other long-term liabilities	1,355	1,285
<b>Total non-current liabilities</b>	<b>32,035</b>	<b>15,298</b>
Short-term borrowings	48,439	57,415
Trade payables and other current liabilities	30,445	35,638
<b>Total current liabilities</b>	<b>78,884</b>	<b>93,053</b>
<b>Total equity and liabilities</b>	<b>180,183</b>	<b>181,031</b>

**Condensed Consolidated Statements of Cash Flows**

<b>KZT in millions</b>	<b>Jul-Sep 2017</b>	<b>Jul-Sep 2016</b>	<b>Jan-Sep 2017</b>	<b>Jan-Sep 2016</b>
Cash flow before change in working capital	9,794	13,813	36,414	36,018
Change in working capital	-1,027	-1,670	-11,807	-9,285
<b>Cash flow from operating activities</b>	<b>8,767</b>	<b>12,143</b>	<b>24,607</b>	<b>26,733</b>
Cash CAPEX	-4,782	-4,175	-16,418	-27,725
<b>Free cash flow</b>	<b>3,985</b>	<b>7,968</b>	<b>8,189</b>	<b>-992</b>
<b>Cash flow from financing activities</b>	<b>-4,000</b>	<b>-14,316</b>	<b>-2,678</b>	<b>-10,501</b>
<b>Cash flow for the period</b>	<b>-15</b>	<b>-6,348</b>	<b>5,511</b>	<b>-11,493</b>
<b>Cash and cash equivalents, opening balance</b>	<b>13,848</b>	<b>27,203</b>	<b>8,477</b>	<b>31,589</b>
Cash flow for the period	-15	-6,348	5,511	-11,493
Exchange rate difference	240	-108	85	651
<b>Cash and cash equivalents, closing balance</b>	<b>14,073</b>	<b>20,747</b>	<b>14,073</b>	<b>20,747</b>

**Condensed Consolidated Statements of Changes in Equity**

<b>KZT in millions</b>	<b>Jan-Sep 2017</b>			<b>Jan-Sep 2016</b>		
	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
Opening balance	33,800	38,880	<b>72,680</b>	33,800	46,646	<b>80,446</b>
Dividends	-	-11,678	<b>-11,678</b>	-	-23,316	<b>-23,316</b>
Business combination under common control	-	-	-	-	-1,133	<b>-1,133</b>
Total comprehensive income	-	8,261	<b>8,261</b>	-	15,633	<b>15,633</b>
<b>Closing balance</b>	<b>33,800</b>	<b>35,463</b>	<b>69,263</b>	<b>33,800</b>	<b>37,830</b>	<b>71,630</b>

### Basis of preparation

As in the annual accounts for 2016, Kcell's consolidated financial statements of and for the nine-month period ended 30 September 2017, have been prepared in accordance with International Financial Reporting Standards (IFRSs). This report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the previous financial year. All amounts in this report are presented in KZT millions, unless otherwise stated. Rounding differences may occur.

### Non-recurring items

KZT in millions	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016
<b>Within EBITDA</b>				
Restructuring charges, synergy implementation costs, etc.	-	140	2,673	610
<b>Total</b>	<b>-</b>	<b>140</b>	<b>2,673</b>	<b>610</b>

### Investments

KZT in millions	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016
<b>CAPEX</b>				
Intangible assets	643	2,837	2,818	29,619
Property, plant and equipment	3,064	7,159	10,781	12,568
<b>Total</b>	<b>3,707</b>	<b>9,996</b>	<b>13,599</b>	<b>42,187</b>

### Related party transactions

For the nine months ended 30 September 2017, Kcell purchased services for KZT 3,128 million and sold services for a value of KZT 726 million. Related parties in these transactions were mainly Telia Company and its group entities, Turkcell, Fintur Holding B.V. and KazTransCom.

### Net debt

KZT in millions	30 Sep 2017	31 Dec 2016
Long-term and short-term borrowings	74,439	65,415
Less short-term investments, cash and bank	-14,073	-8,477
<b>Net debt</b>	<b>60,366</b>	<b>56,938</b>

### Financial key ratios

	<b>30 Sep 2017</b>	<b>31 Dec 2016</b>
Return on equity (% , rolling 12 months)	13.1	23.0
Return on capital employed (% , rolling 12 months)	17.2	25.9
Equity/assets ratio (%)	38.4	40.1
Net debt/equity ratio (%)	85.1	78.3
Net debt/EBITDA rate (multiple, rolling 12 months)	1.19	1.03
Owners' equity per share (KZT)	346.3	363.4

### Operational data

	<b>Jul-Sep 2017</b>	<b>Jul-Sep 2016</b>	<b>Chg (%)</b>	<b>Jan-Sep 2017</b>	<b>Jan-Sep 2016</b>	<b>Chg (%)</b>
Subscribers, period-end (thousands)	10,001	9,905	1.0	10,001	9,905	1.0
Of which prepaid	9,078	8,765	3.6	9,078	8,765	3.6
MOU (min/month)	229	235	-2.6	227	225	0.9
ARPU (KZT)	1,182	1,191	-0.8	1,142	1,150	-0.7
Churn rate (%)	62.6	46.1	35.8	50.3	46.6	7.9
Employees, period-end	1,841	1,814	1.5	1,841	1,814	1.5

**Forward-looking statements**

This report contains statements concerning, among other things, Kcell's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Kcell's future expectations. Kcell believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include, but may not be limited to: Kcell's market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Kcell and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, Kcell undertakes no obligation to update any of them in light of new information or future events.