Kcell

Kcell JSC

Q2 2018 Financial results

Kcell JSC
Interim Results for January – June 2018

Almaty, 20 July 2018 – Kcell Joint Stock Company ("Kcell" or the "Company") (LSE, KASE: KCEL), the leading provider of mobile telecommunications services in Kazakhstan, announces its interim results for January – June 2018.

Second quarter

- Net sales increased by 0.6 percent to KZT 36,303 million (36,082). Service revenue decreased by 3.9 percent to KZT 32,065 million (33,356).
- EBITDA, excluding non-recurring items, declined by 11.9 percent to KZT 11,926 million (13,541). EBITDA margin decreased to 32.9 percent (37.5).
- Operating income, excluding non-recurring items, decreased by 32.9 percent to KZT 5,234 million (7,804).
- Net finance cost decreased to KZT 1,850 million (1,961).
- Net income of KZT 2,621 million (666).
- CAPEX-to-sales ratio of 13.5 percent (11.0).
- Free cash was negative KZT 1,162 million (2,456).
- During the quarter, the total number of subscriptions increased by 104 thousand to 10,062 thousand (9,958).

First half

- Net sales up 1.4 percent to KZT 72,689 million (71,713). Service revenue decreased by 2.8 percent to KZT 64,332 million (66,153).
- EBITDA, excluding non-recurring items, decreased by 5.3 percent to KZT 25,381 million (26,802). EBITDA margin was 34.9 percent (37.4).
- Operating income, excluding non-recurring items, down 19.1 percent to KZT 12,479 million (15,434).
- Net finance cost decreased by 10.3 percent to KZT 4,165 million (4,644).
- Net income up 38.1 percent to KZT 6,373 million (4,617).
- CAPEX-to-sales ratio of 10.6 percent (13.8).
- Free cash flow decreased to KZT 341 million (4,204).
- The number of subscriptions remained largely stable year-on-year at 10,062 thousand (9,992).

Financial highlights

KZT in millions, except key ratios, per share data and changes	Apr-Jun 2018	Apr-Jun 2017	*Chg (%)*	Jan-Jun 2018	Jan-Jun 2017	*Chg (%)*
Net sales	36,303	36,082	*0.6*	72,689	71,713	*1.4*
of which service revenue	32,065	33,356	*-3.9*	64,332	66,153	*-2.8*
EBITDA excl. non-recurring items	11,926	13,541	*-11.9*	25,381	26,802	*-5.3*
Margin (%)	32.9	37.5		34.9	37.4	
Operating income	4,169	5,131	*-18.7*	11,414	12,761	*-10.6*
Operating income excl. non-recurring items	5,234	7,804	*-32.9*	12,479	15,434	*-19.1*
Net income attributable to owners of the parent company	2,621	666	*293.3*	6,373	4,617	*38.1*
Earnings per share (KZT)	13.1	3.3	*293.3*	31.9	23.1	*38.1*
CAPEX-to-sales (%)	13.5	11.0		10.6	13.8	
Free cash flow	-1,162	2,456		341	4,204	

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the second quarter of 2017, unless otherwise stated.

Kcell

Comments by Arti Ots, CEO

“In the second quarter of 2018, the underlying business performance was impacted by intensely competitive pricing of bundled offers among operators and by the implementation of regulatory changes regarding “Pay As You Go” tariffs. As a result, our service revenue and EBITDA performance fell compared with the previous year. In order to improve our performance in this segment, at the end of June we introduced unlimited access to leading social networks, including YouTube, WhatsApp and Instagram.

Contract phone sales almost doubled with the introduction of a new pricing strategy in the reporting quarter, and this offset the revenue decline.

The enterprise segment continued to bring robust growth, and an increase in B2B revenues in the second quarter was driven by continued demand for business solutions.

The rollout of our 4G/LTE services continues to make good progress. We are aiming to achieve 54 percent population coverage by the end of 2018 and we are on track to achieve this, with current coverage of 51.5 percent.

As previously announced in June, Kcell received a claim related to the alleged infringement of copyright. The claim was upheld by the First Instance Court which imposed compensation of KZT 672 million. We are confident that this claim is unsubstantiated and have appealed the decision. However, we have made a prudent provision.

In addition, in June, the Court of Appeal upheld the Kazakhstan tax authority’s claim for a total of KZT 9.0 billion. Whilst this decision is binding, Kcell reserves the right to further appeal to the Supreme Court. We have made a further tax provision KZT 1.4 billion, which has been reported as a non-recurring item for the second quarter of 2018, of which KZT 0.3 billion relates to corporate income tax.

Overall it was a challenging quarter and our underlying performance was impacted by both regulatory and market factors. However, we have introduced a broader range of new products and services, with a renewed emphasis on our handsets sales strategy and the further development of our retail network, as we continue to focus on delivering value to our customers and our shareholders.”

Almaty,
20 July 2018

Conference call

Kcell will host an analyst conference call on 20 July 2018 at 10:00 UK time / 15:00 Almaty / 12:00 Moscow. The conference will be held in English, audio webcast will be available at https://webcasts.eqs.com/Kcell20180720

Dial in details are as follows:

UK Toll Free:	**0800 279 7204**
Standard International Dial-in:	**+44 330 336 9411**
Russia Toll Free:	**8 10 8002 8675011**
Russia Local Call number:	**+7 495 646 9190**
USA Toll Free:	**800 458 4121**
USA Dial-In:	**+1 323 794 2093**
Conference ID	**7133172**

A presentation will be available on the Company website shortly before the conference call on www.investors.kcell.kz./en

A replay will be available at: https://webcasts.eqs.com/Kcell20180720

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Review of the second quarter 2018

Net sales
Net sales increased by 0.6 percent to KZT 36,303 million (36,082). Service revenue decreased by 3.9 percent to KZT 32,065 million (33,356).

Revenue from voice services decreased by 4.4 percent to KZT 19,258 million (20,151). Data revenue were down 3.1 percent to KZT 10,873 million (11,215). Revenue from value-added services decreased by 17.6 percent to KZT 1,916 million (2,324). Other revenue increased by 77.9 percent to KZT 4,256 million (2,392).

Voice service revenue
Revenue from voice services decreased by 4.4 percent to KZT 19,258 million (20,151). Voice traffic decreased to 5,389 million minutes (5,827). ARMU fell to KZT 2.0 (2.1).

Interconnect revenue was 2.2 percent higher and totaled KZT 5,451 million (5,331).

Data service revenue
Data revenue decreased by 3.1 percent to KZT 10,873 million (11,215). Data traffic grew by 35.9 percent to 59,538,289 GB (43,807,161). Average revenue per MB (ARMB) decreased to KZT 0.18 (0.24).

Value-added service revenue
Revenue from value-added services decreased by 17.6 percent to KZT 1,916 million (2,324).

Other revenue
Other revenue increased by 77.9 percent to KZT 4,256 million (2,392), mainly driven by higher handsets sales.

KZT in millions, except percentages	Apr-Jun 2018	% of total	Apr-Jun 2017	% of total
Voice services	19,258	53.0	20,151	55.8
Data services	10,873	30.0	11,215	31.1
Value added services	1,916	5.3	2,324	6.5
Other revenues	4,256	11.7	2,392	6.6
Total revenues	**36,303**	**100.0**	**36,082**	**100.0**

Expenses

Cost of sales

Cost of sales increased by 7.1 percent to KZT 23,863 million (22,274), mainly due to higher sales of devices, which, in turn, were offset by improvement in interconnect expenses.

Selling and marketing expenses

Selling and marketing expenses increased by 7.7 percent to KZT 2,624 million (2,436), primarily due to higher advertising expenses.

General and administrative expenses

General and administrative expenses decreased by 10.5 percent to KZT 5,533 million (6,182). This was primarily due to the fact that comparative number for the second quarter of 2017 included the KZT 2.8 billion tax provision, while in the second quarter of 2018, the Company made a provision of KZT 1.4 billion.

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, declined by 11.9 percent to KZT 11,926 million (13,541). EBITDA margin decreased to 32.9 percent (37.5).

Net finance cost decreased by 5.7 percent to KZT 1,850 million (1,961), as a result of a lower interest rate.

Income tax expense reported as a positive amount of KZT 302 million (2,503), as a result of a reversal corrective adjustment related to a deferred income tax for prior year which was offset by current income tax expenses.

Net income attributable to owners of the parent company increased to KZT 2,621 million (666), while earnings per share grew to KZT 13.1 (3.3).

CAPEX increased to KZT 4,910 million (3,964) and CAPEX-to-sales ratio was up to 13.5 percent (11.0).

Free cash flow was negative KZT 1,162 million (2,456).

Review of the first half of 2018

Net sales

Net sales were 1.4 percent higher and amounted to KZT 72,689 million (71,713). Service revenue decreased by 2.8 percent to KZT 64,332 million (66,153).

Revenue from voice services declined by 5.0 percent to KZT 37,778 million (39,781). Data revenue was stable at KZT 22,387 million (22,328). Revenue from value-added services decreased by 12.4 percent to KZT 4,131 million (4,715). Other revenue increased by 71.7 percent to KZT 8,393 million (4,889).

Voice service revenue

Revenue from voice services declined by 5.0 percent to KZT 37,778 million (39,781). Voice traffic decreased by 7.5 percent to 10,514 million minutes (11,372). ARMU was down to KZT 2.1 (2.2).

Interconnect revenue increased by 1.7 percent to KZT 10,764 million (10,583).

Data service revenue

Data revenue was stable at KZT 22,387 million (22,328). Data traffic increased by 36.8 percent to 117,849,346 GB (86,128,006). Average revenue per MB (ARMB) decreased to KZT 0.19 (0.25).

Value-added service revenue

Revenue from value-added services decreased by 12.4 percent to KZT 4,131 million (4,715).

Other revenue

Other revenue increased by 71.7 percent to KZT 8,393 million (4,889). The increase was attributable to higher handsets sales.

KZT in millions, except percentages	Jan-Jun 2018	% of total	Jan-Jun 2017	% of total
Voice services	37,778	52.0	39,781	55.5
Data services	22,387	30.8	22,328	31.1
Value added services	4,131	5.7	4,715	6.6
Other revenues	8,393	11.5	4,889	6.8
Total revenues	**72,689**	**100.0**	**71,713**	**100.0**

Expenses

Cost of sales
Cost of sales rose by 4.5 percent to KZT 46,856 million (44,853), driven largely by an increase in cost of goods sold.

Selling and marketing expenses
Selling and marketing expenses were down 1.1 percent to KZT 4,988 million (5,045).

General and administrative expenses
General and administrative expenses increased by 5.2 percent to KZT 9,641 million (9,167), mainly as a result of an increase in bad debt expenses related to higher contract phone sales.

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, decreased by 5.3 percent to KZT 25,381 million (26,802). The EBITDA margin was 34.9 percent (37.4).

Net finance cost decreased to KZT 4,165 million (4,644), as a result of a lower interest rate.

Income tax expense decreased by 75.0 percent to KZT 876 million (3,500), as a result of a reversal corrective adjustment related to a deferred income tax for prior year which was offset by current income tax expenses.

Net income attributable to owners of the parent company increased by 38.1 percent to KZT 6,373 million (4,617), while earnings per share increased to KZT 31.9 (23.1).

CAPEX decreased to KZT 7,670 million (9,892) and the CAPEX-to-sales ratio fell to 10.6 percent (13.8).

Free cash flow decreased to KZT 341 million (4,204).

Key milestones 2018

January

Kcell placed its KZT 4.95 billion bonds on the Kazakhstan Stock Exchange (KASE) at a yield of 11.5 percent. This was the first placement in the programme Kcell announced in December 2017, aimed at expanding and diversifying the Company's funding sources, increasing the average term of Kcell's financial liabilities and decreasing its funding costs.

February

Kcell received a unilateral termination notice of a Memorandum of Understanding (MoU) dated 26 August 2012 from Sonera Holding B.V. (Sonera). According to the MoU, Sonera granted Kcell the right to buy all of Sonera's participatory interests in Rodnik Inc LLP, the controlling shareholder of KazTransCom Joint Stock Company (details are available on page 57 "Acquisition and Investments" section of the Kcell Prospectus). As provided by the MoU, such notice terminates the MoU and with it Kcell's obligation to acquire all of Sonera's participatory interests in Rodnik Inc LLP.

April

Kcell's Board of Directors recommended an annual dividend for 2017 at the 2016 level, amounting to KZT 11,678 million, or KZT 58.39 per ordinary share. This represents 87 percent of the Company's net income for 2017, in line with Kcell's dividend policy.

May

- The AGM held on 30 May 2018, approved the proposal of Kcell Board of Directors to distribute KZT 11,678 million, representing 87 percent of the net income for 2017, as an annual dividend. The total dividend amount will equate to a gross figure of KZT 58.39 per ordinary share (each GDR representing one ordinary share). Dividends will be paid electronically directly into shareholders' bank accounts. Kcell shareholders registered at the record date of 31 May 2018 are entitled to receive the dividends. Dividends will be paid in a lump sum, starting from 1 August 2018.
- Other decisions adopted by the AGM include the approval of the Company's Separate and Consolidated Financial Statements for the year ended 31 December 2017, the Independent Auditor's Report, and the election of new member of Kcell JSC Board of Directors. Mr. Fredrik Nissen, representative of the shareholder Fintur Holdings B.V., was elected as a member of the Board of Directors of Kcell JSC to replace Mrs. Ingrid Maria Stenmark. Shareholders were also informed on the amount and structure of remuneration for the members of Board of Directors and Executive Body of the Company. In 2017, the Board of Directors received no queries from shareholders regarding the performance of the Company and its executives.

June

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. Under the new agreement, the facility extended until 8 June 2019. The interest rate for new loans within the facility reduced to 12.0 percent p.a. (from 14.5 percent). The commission fee for the changes made to the terms and conditions is set at 1 percent of the total amount.

Administrative and legal update

Tax audit

In July 2017, the Kazakhstan tax authority completed its complex tax audit for the period 2012-2015. Following the audit, the tax authority made a total claim of KZT 9.0 billion, of which KZT 5.8 billion is tax adjustment and KZT 3.2 billion is fines and penalties.

In January 2018, Kcell disputed the Notification of the tax authority in the First Instance Court and the Kcell appeal was dismissed. Whilst Kcell further appealed this decision, in June 2018, the Court of Appeal reviewed the appeal claim and left the unfavorable ruling of the First Instance Court in force. Although the decision is binding, Kcell reserves the right to further appeal it in the Supreme Court.

In the fourth quarter of 2016 and in the second quarter of 2017, the Company made tax provisions of KZT 4.0 billion and KZT 2.8 billion, respectively. The Company has made another tax provision of KZT 1.4 billion, which has been reported as a non-recurring item in the second quarter of 2018, of which KZT 0.3 billion relates to corporate income tax.

Copyright claim

Kcell received a claim about alleged infringement of copyrights. The claim was filed by DL Construction LLP against Kcell and its partner Terraline LLP and 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. On 21 June 2018, the appellate claim was submitted to the court of higher instance.

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.

The external auditors are reviewing the January-June 2018 financial statements, and their report will be available on the Kcell website after 15 August 2018.

The information was submitted for publication at 09:00 ALMT on 20 July 2018.

Financial Information

Interim Report January – September 2018	19 October 2018

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Definitions

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation. Equals operating income before depreciation, amortisation 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	Apr-Jun 2018	Apr-Jun 2017	Chg (%)	Jan-Jun 2018	Jan-Jun 2017	Chg (%)
Revenues	36,303	36,082	*0.6*	72,689	71,713	*1.4*
Cost of sales	-23,863	-22,274	*7.1*	-46,856	-44,853	*4.5*
Gross profit	**12,441**	**13,808**	***-9.9***	**25,833**	**26,860**	***-3.8***
Selling and marketing expenses	-2,624	-2,436	*7.7*	-4,988	-5,045	*1.1*
General and administrative expenses	-5,533	-6,182	*-10.5*	-9,641	-9,167	*5.2*
Other operating income and expenses, net	-115	-59	*94.9*	210	113	*85.8*
Operating income	**4,169**	**5,131**	***-18.7***	**11,414**	**12,761**	***-10.6***
Finance costs and other financial items, net	-1,850	-1,961	*-5.7*	-4,165	-4,644	*-10.3*
Income after financial items	**2,319**	**3,169**	***-26.8***	**7,249**	**8,117**	***-10.7***
Income taxes	302	-2,503	*-112.1*	-876	-3,500	*-75.0*
Net income	**2,621**	**666**	***293.3***	**6,373**	**4,617**	***38.1***
Other comprehensive income						
Total comprehensive income						
Total comprehensive income attributable to owners of the parent	2,621	666	*293.3*	6,373	4,617	*38.1*
Earnings per share (KZT), basic and diluted	13.1	3.3	*293.3*	31.9	23.1	*38.1*
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	10,861	10,868	*-0.1*	24,316	24,129	*0.8*
EBITDA excl. non-recurring items	11,926	13,541	*-11.9*	25,381	26,802	*-5.3*
Depreciation, amortization and impairment losses	-6,692	-5,737	*16.6*	-12,902	-11,368	*13.5*
Operating income excl. non-recurring items	5,234	7,804	*-32.9*	12,479	15,434	*-19.1*

Condensed Consolidated Statement of Financial Position

KZT in millions	30 Jun 2018	31 Dec 2017
Assets		
Intangible assets	41,402	43,061
Property, plant and equipment	90,081	93,680
Other non-current assets	356	260
Long-term receivables	2,488	1,617
Total non-current assets	***134,328***	***138,618***
Inventories	4,608	3,425
Trade and other receivables	28,932	26,191
Cash and cash equivalents	7,850	12,660
Total current assets	***41,390***	***42,276***
Total assets	**175,718**	**180,894**
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	36,527	41,832
Total equity attributable to owners of the parent	***70,327***	***75,632***
Long-term borrowings	40,143	12,000
Deferred tax liabilities	2,370	4,667
Other long-term liabilities	1,362	1,355
Total non-current liabilities	***43,875***	***18,022***
Short-term borrowings	25,185	58,418
Trade payables, and other current liabilities	36,331	28,822
Total current liabilities	***61,516***	***87,240***
Total equity and liabilities	**175,718**	**180,894**

Condensed Consolidated Statement of Cash Flows

KZT in millions	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
Cash flow before change in working capital	10,077	12,555	22,406	22,564
Change in working capital	-5,155	-3,312	-11,898	-6,724
Cash flow from operating activities	**4,922**	**9,243**	**10,508**	**15,840**
Cash CAPEX	-6,084	-6,787	-10,167	-11,636
Free cash flow	***-1,162***	***2,456***	***341***	***4,204***
Cash flow from financing activities	**-4,580**	**1,322**	**-5,210**	**1,322**
Cash flow for the period	**-5,742**	**3,778**	**-4,869**	**5,526**
Cash and cash equivalents, opening balance	**13,430**	**10,044**	**12,660**	**8,477**
Cash flow for the period	-5,742	3,778	-4,869	5,526
Exchange rate difference	162	26	59	-155
Cash and cash equivalents, closing balance	**7,850**	**13,848**	**7,850**	**13,848**

Condensed Consolidated Statements of Changes in Equity

	Jan-Jun 2018			Jan-Jun 2017		
KZT in millions	Share capital	Retained earnings	Total equity	Share capital	Retained earnings	Total equity
Opening balance	33,800	41,832	**75,632**	33,800	39,724	**73,524**
Dividends	–	-11,678	**-11,678**	–	-11,678	**-11,678**
Total comprehensive income	–	6,373	**6,373**	–	4,617	**4,617**
Closing balance	**33,800**	**36,527**	**70,327**	**33,800**	**32,663**	**66,463**

Basis of preparation

Following the introduction of IFRS 15 for the purposes of the consolidated financial statements for the period ended 30 June 2018, the Company has reviewed the recognition of revenues and has changed its accounting policy. The Company applied IFRS 15 retrospectively using the practical expedient of the standard, under which the date of initial recognition is 1 January 2017. The following report presented with revised figures. All amounts in this report are presented in KZT millions, unless otherwise stated. Rounding differences may occur.

Non-recurring items

KZT in millions	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
Within EBITDA				
Restructuring charges, synergy implementation costs, etc.	1,065	2,673	1,065	2,673
Total	**1,065**	**2,673**	**1,065**	**2,673**

Investments

KZT in millions	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
CAPEX				
Intangible assets including LTE license	1,144	1,969	1,253	2,175
Property, plant and equipment	3,766	1,995	6,417	7,717
Total	**4,910**	**3,964**	**7,670**	**9,892**

Related party transactions

For the six months ended 30 June 2018, Kcell purchased services for KZT 1,556 million and sold services for a value of KZT 244 million. Related parties in these transactions were mainly Telia Company and its group entities, Turkcell, Fintur Holding B.V., KazTransCom and Kcell Solutions.

Net debt

KZT in millions	30 Jun 2018	31 Dec 2017
Long-term and short-term borrowings	65,328	70,418
Less short-term investments, cash and bank	-7,850	-12,660
Net debt	**57,478**	**57,758**

Financial key ratios

	30 Jun 2018	31 Dec 2017
Return on equity (%, rolling 12 months)	21.3	18.2
Return on capital employed (%, rolling 12 months)	18.9	23.9
Equity/assets ratio (%)	40.0	41.8
Net debt/equity ratio (%)	78.8	76.4
Net debt/EBITDA rate (multiple, rolling 12 months)	1.04	1.05
Owners' equity per share (KZT)	351.6	378.2

Operational data

	Apr-Jun 2018	Apr-Jun 2017	Chg (%)	Jan-Jun 2018	Jan-Jun 2017	Chg (%)
Subscribers, period-end (thousands)*	10,062	9,992	*0.7*	10,062	9,992	*0.7*
Of which prepaid	9,163	9,054	*1.2*	9,163	9,054	*1.2*
MOU (min/month)	216	231	*-6.5*	211	226	*-6.4*
ARPU (KZT)	1,081	1,129	*-4.3*	1,086	1,121	*-3.1*
Churn rate (%)	52.7	44.9	*17.4*	43.7	44.2	*-1.1*
Employees, period-end	1,857	1,842	*0.8*	1,857	1,842	*0.8*

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.

Kcell