

Kcell JSC

Year-end Report January-December 2013.

Almaty, January 30, 2014 - 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 results for January-December 2013.

Fourth quarter

- Revenue increased by 1.3 percent to KZT 49,526 million (48,900).
- EBITDA, excluding non-recurring items, rose by 8.9 percent to KZT 28,598 million (26,254). The EBITDA margin increased to 57.7 percent (53.6).
- Operating income, excluding non-recurring items, increased by 12.1 percent to KZT 22,851 million (20,379).
- Net finance cost decreased to KZT 434 million (601).
- Net income 15.9 percent higher at KZT 18,264 million (15,756).
- Free cash flow increased to KZT 19,773 million (18,361).

Full year

- Revenue increased by 3.1 percent to KZT 187,599 million (182,004).
- EBITDA, excluding non-recurring items, was up by 3.3 percent to KZT 104,727 million (101,426). The EBITDA margin increased to 55.8 percent (55.7).
- Operating income, excluding non-recurring items, increased by 3.8 percent to KZT 81,600 million (78,645).
- Net finance cost increased to KZT 2,119 million (516).
- Net income increased by 2.5 percent to KZT 63,392 million (61,828).
- Free cash flow grew to KZT 80,743 million (61,203).
- Subscriber base increased by 845 thousand to 14.3 million.

Financial highlights

KZT in millions, except key ratios, per share data and changes	Oct-Dec 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Revenue	49,526	48,900	1.3	187,599	182,004	3.1
EBITDA excl. non-recurring items	28,598	26,254	8.9	104,727	101,426	3.3
Margin (%)	57.7	53.6		55.8	55.7	
Operating income	22,851	20,304	12.5	81,600	77,902	4.7
Operating income excl. non-recurring items	22,851	20,379	12.1	81,600	78,645	3.8
Net income attributable to owners of the parent company	18,264	15,756	15.9	63,392	61,828	2.5
Earnings per share (KZT)	91.32	78.78	15.9	316.96	309.14	2.5
CAPEX-to-sales (%)	12.6	14.3		12.2	14.7	
Free cash flow	19,773	18,361		80,743	61,203	

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the fourth quarter or the full year 2012, unless otherwise stated.

Comments by Ali Agan, CEO

“We are delighted to report results for Kcell’s first full financial year since listing the Company at the end of 2012 in London and Almaty. I am pleased to announce that we have delivered on all the performance indicators we outlined at the time of the IPO.

We have maintained our leading market position and have again recorded an increase in our subscriber base, in the face of an increasingly competitive domestic market and a tough regulatory framework. We have also seen further revenue growth, driven by demand for our data services as the rollout of the 3G network continues. Despite strong pricing pressure, we have also sustained an EBITDA margin at a sector-leading level of more than 55%.

The successful provision of attractive and accessible data services to drive revenue and subscriber growth remains a key strategic focus for Kcell in the current financial year. At the same time, we are reviewing our operations on an ongoing basis to ensure that sustainability underpins and informs our activities across all areas of business.

In 2014 and beyond, Kcell will continue to develop new products and innovative services as we continue to fulfil the constantly shifting requirements of our customers.”

CONFERENCE CALL AND LIVE BROADCAST

Kcell will host a conference call on January 30, 2014 at 10:00 UK time / 16:00 Almaty / 14:00 Moscow. The conference will be held in English and will be broadcasted live at <https://new.livestream.com/irsquared/kcellresults>

Telephone conference in connection to the live broadcast

You can also listen to the conference live over the phone and attend the Q&A session via a conference call. To ensure that you are connected to the conference call, please dial in a few minutes before the start of the press and analyst conference to register your attendance

Kazakhstan Toll Free	8 800 333 3506
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Russia Toll Free:	8 10 8002 490 2044
USA Dial-In:	+1 212 999 6659
USA Toll Free	1 866 966 5335
Conference Password:	'kcell'

A replay of the call will be available until March 1, 2014, using the following details:

Standard International Dial-In:	+44 (0) 20 8196 1998
International Replay Link:	http://www.meetingzone.com/en-GB/replaydialinnumbers.aspx
Replay Access Code:	6289799

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

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Review of the fourth quarter 2013

Revenue

Revenue increased by 1.3 percent to KZT 49,526 million (48,900).

Revenue from voice services decreased by 5.0 percent to KZT 36,822 million (38,750). Data revenue increased by 38.6 percent to KZT 7,832 million (5,652). Revenue from value-added services increased by 14.3 percent to KZT 4,870 million (4,260). Other revenue decreased by 99.2 percent to KZT 2 million (238).

KZT in millions, except percentages	Oct-Dec		Oct-Dec	
	2013	% of total	2012	% of total
Voice services	36,822	74.4	38,750	79.2
Data services	7,832	15.8	5,652	11.6
Value added services	4,870	9.8	4,260	8.7
Other revenues	2	-	238	0.5
Total revenues	49,526	100.0	48,900	100.0

Voice service

Revenue from voice services decreased by 5.0 percent to KZT 36,822 million (38,750). Voice traffic increased by 1.2 percent to 5,855 million minutes as a result of an increase in the subscriber base to 14.3 million (13.5). However, growth in traffic and in the number of subscribers was offset by a decrease in tariffs, which caused ARMU to decrease to KZT 4.7 (5.1).

Outgoing voice revenue decreased 7.6 percent to KZT 27,352 million (29,614).

Interconnect revenue increased by 1.4 percent to KZT 8,033 million (7,924). The increase was driven by a higher volume of incoming calls from other mobile operators' subscribers. This, in turn, resulted from an overall increase in the subscriber base along with attractive off-net tariffs.

Data service

Data revenue rose by 38.6 percent to KZT 7,832 million (5,652). Data traffic increased by 106.4 percent to 5,393,921 GB (2,612,970). Growth in data traffic was partially offset by offering packages with lower tariffs per MB, which led to a decrease in average revenue per MB (ARMB) to KZT 1.4 (2.1); however, it resulted in an increase in data ARPU. The continued rollout of the 3G network in Almaty, Astana and other cities in Kazakhstan contributed to the increase in data traffic, as it enabled us to provide subscribers with higher data transmission speeds. This in turn made our data services more attractive and accessible. Increased usage of smartphones, USB modems and other internet enabled devices also contributed to growth in data traffic.

Value-added service

Revenue from value-added services increased by 14.3 percent to KZT 4,870 million (4,260). The growth was primarily due to an increase in revenue from the provision of content services, such as ring back tones, mobile credit and other information and entertainment services.

Other revenue

Other revenue decreased by 99.2 percent to KZT 2 million (238). The decrease was largely the result of lower sales of handsets and USB modems.

EXPENSES**Cost of sales**

Cost of sales decreased by 1.7 percent to KZT 20,337 million (20,687), primarily due to a decrease in roaming expenses.

Selling and marketing expenses

Selling and marketing expenses decreased by 20.5 percent to KZT 4,042 million (5,087). The decline was primarily driven by a decrease in commission for cash collection.

General and administrative expenses

General and administrative expenses decreased by 27.6 percent to KZT 2,115 million (2,922), primarily due to a decrease in depreciation and amortization expenses.

EARNINGS, FINANCIAL POSITION AND CASH FLOW

EBITDA, excluding non-recurring items, increased by 8.9 percent to KZT 28,598 million (26,254). The EBITDA margin increased to 57.7 percent (53.6).

Net finance cost decreased to KZT 434 million (601), which is related to net interest expenses.

Income tax expense increased by 5.2 percent to KZT 4,153 million (3,947).

Net income attributable to owners of the parent company increased by 15.9 percent to KZT 18,264 million (15,756) and earnings per share grew to KZT 91.3 (78.8).

CAPEX was down to KZT 6,245 million (7,005) and the CAPEX-to-sales ratio decreased to 12.6 percent (14.3).

Free cash flow increased to KZT 19,773 million (18,361), primarily due to movements in working capital.

REVIEW OF FULL YEAR 2013

Revenues

Revenue increased by 3.1 percent to KZT 187,599 million (182,004).

Revenue from voice services decreased by 2.0 percent to KZT 143,731 million (146,669). Data revenue was 39.9 percent higher at KZT 26,232 million (18,755). Revenue from value-added services increased by 14.7 percent to KZT 17,426 million (15,195). Other revenue fell by 84.8 percent to KZT 210 million (1,385).

KZT in millions, except percentages	Jan-Dec		Jan-Dec	
	2013	% of total	2012	% of total
Voice services	143,731	76.6	146,669	80.6
Data services	26,232	14.0	18,755	10.3
Value added services	17,426	9.3	15,195	8.3
Other revenues	210	0.1	1,385	0.8
Total revenues	187,599	100.0	182,004	100.0

Voice services

Revenue from voice services decreased by 2.0 percent to KZT 143,731 million (146,669). Voice traffic was up 6.4 percent to 23,311 million minutes (21,901) as a result of an increase in the subscriber base to 14.3 million (13.5). However, growth in traffic and in the number of subscribers was partially offset by lower tariffs, which caused ARMU to decrease to KZT 4.7 (5.2).

Outgoing voice revenue decreased by 4.8 percent to KZT 109,272 million (114,747).

Interconnect revenue increased by 7.0 percent to KZT 28,826 million (26,945). This increase resulted from higher volume of incoming calls from the subscribers of other mobile operators. This, in turn, resulted from an overall increase in the subscriber base along with attractive off-net tariffs.

Data services

Data revenue was 39.9 percent higher at KZT 26,232 million (18,755). Data traffic increased by 112.3 percent to 16,114,191 GB (7,589,056). Growth in data traffic was partially offset by packages with lower tariffs per MB, which resulted in a decrease in average revenue per MB (ARMB) to KZT 1.6 (2.4). A variety of attractively priced data packages such as bundled packages with reduced prices per Mb of data transferred were offered to subscribers with the objective of increasing usage of data services.

Value-added services

Value-added services revenue increased by 14.7 percent to KZT 17,426 million (15,195). The increase was primarily due to an increase in revenue from the provision of content services, such as ring back tones, mobile credit and other information and entertainment services.

Other revenue

Other revenue decreased by 84.8 percent to KZT 210 million (1,385). The decrease was largely the result of lower sales of handsets and USB modems.

EXPENSES

Cost of sales

Cost of sales grew by 4.2 percent to KZT 79,469 million (76,291), this was driven largely by an increase in interconnect fees and expenses to KZT 25,800 million (24,604), higher maintenance expenses and site rental costs resulting from an increase in the number of sites and base stations.

Selling and marketing expenses

Selling and marketing expenses decreased by 3.4 percent to KZT 16,614 million (17,195). The drop was driven primarily by a decrease in commission for cash collection.

General and administrative expenses

General and administrative expenses decreased by 9.0 percent to KZT 10,017 million (11,005) primarily due to a decrease in consulting expenses and depreciation and amortization expenses.

EARNINGS, FINANCIAL POSITION AND CASH FLOW

EBITDA, excluding non-recurring items, increased by 3.3 percent to KZT 104,727 million (101,426). The EBITDA margin increased to 55.8 percent (55.7).

Net finance cost increased to KZT 2,119 million (516).

Income tax expense increased by 3.4 percent to KZT 16,089 million (15,558).

Net income attributable to owners of the parent company increased by 2.5 percent to KZT 63,392 million (61,828) and earnings per share increased to KZT 316.96 (309.14).

CAPEX decreased to KZT 22,849 million (26,730) and the CAPEX-to-sales ratio decreased to 12.2 percent (14.7).

Free cash flow increased to KZT 80,743 million (61,203), primarily due to movements in working capital and decrease in capex.

Net debt/equity ratio was 6.0 percent (69.4).

Net debt/EBITDA rate was 0.06 (0.46).

The equity/assets ratio was 61.0 percent (44.2).

KEY MILESTONES 2013

Based on the decision of the Committee on Indices and Securities Valuation of January 10, 2013, common shares Kcell JSC were included in the representative list of shares for KASE Index calculation from February 1, 2013.

On February 6, 2013, Veysel Aral, CEO of Kcell and Regional Head of Central Asia, was appointed President of Business area Eurasia at TeliaSonera. In this role, he succeeded Tero Kivisaari, who has been managing dual roles since his appointment as President of Business area Mobility Services in October 2012.

On March 13, 2013, the Board of Directors of Kcell JSC introduced a function of internal audit in Kcell JSC to perform control over financial and business activity of the Company.

On May 21, 2013, the Board of Directors of Kcell JSC adopted the following decisions:

- To terminate the term of office of the Chief Executive Officer of Kcell JSC Mr. Veysel Aral from June 01, 2013.
- To elect Mr. Ali Agan as the Chief Executive Officer of Kcell JSC with a one year term of office from June 1, 2013, until June 1, 2014.
- Approved contract between Kcell JSC and “Halyk Bank Kazakhstan” JSC for the credit line in the amount of KZT 26 billion for the term of 24 months.
- Approved the increase of the amount under the loan agreement between Kcell JSC and “Halyk Bank Kazakhstan” JSC and to approve it in the amount of KZT 30 billion with the lending purpose to finance working capital.

On May 24, 2013, at the AGM all of the resolutions proposed to the Annual General Meeting of its shareholders were approved:

- PricewaterhouseCoopers LLP as the auditor for Kcell JSC.
- Company’s annual financial statements for 2012.
- A dividend of KZT 162.01 gross per ordinary share, or approximately USD 1.07 gross per Global Depositary Receipt (“GDR”), for the period from July 1, 2012, to December 31, 2012, to be paid to holders of Kcell shares as at the record date of June 10, 2013.
- The election of William H.R. Aylward as a new member of the Company’s Board and as an Independent Director. Bert Nordberg, Independent Director, has resigned from Kcell’s Board of Directors due to the time pressures of other commitments.

On June 24, 2013, dividends in the amount of KZT 32,402 million, KZT 162.01 gross per ordinary share, were paid for the period from July 1, 2012, till December 31, 2012.

On September 24, 2013, the Company opened a credit line with “Halyk Bank of Kazakhstan” JSC for KZT 30 billion.

On September 25, 2013, “Citibank Kazakhstan” JSC and “SB “RBS Kazakhstan” JSC prolonged the loan agreement for the Company for KZT 14.5 billion up to September 26, 2014.

On September 26, 2013, the Company have repaid the syndicated loans to “Citi-bank Kazakhstan” JSC and “SB “RBS Kazakhstan” JSC in the amount of KZT 30.5 billion and accumulated interest in the amount of KZT 820 million.

On September 30, 2013 the Company announced the appointment of Kaspars Kukelis as Chief Commercial Officer, effective as of September 1, 2013. Mr. Kukelis will succeed Nurlan Sargaskaev, who was named CEO of Ncell within the TeliaSonera Group in June 2013.

On November 1, 2013 the Company announced the appointment of Khalida Kyrykbayeva as Sustainability and Compliance Officer for the newly created function, who will report directly to the CEO. The Sustainability and Compliance officer’s main responsibilities include managing the Company’s sustainable development by implementing relevant policies, and organizing training sessions on Kcell’s sustainability commitment for its employees and external stakeholders.

On December 13, 2013 the Company introduced an Internal Audit function with direct reporting to the Board of Directors. Sadykov Chingiz has been appointed as Internal Audit Manager.

Almaty, January 30, 2014

Ali Agan
Chief Executive Officer

LEGAL PROCEEDINGS

The Company is party to certain legal proceedings arising in the ordinary course of business.

Anti-monopoly legislation

Since June 2013, the Company has been subject to regulation by the Ministry of Transport and Communication (the "Ministry" or "MTC") as the Company was included in the State Register of Dominant and Monopolistic Entities of the Republic of Kazakhstan (the "State Register") in respect of interconnect services. Interconnect tariffs are subject to regulation by the Ministry.

Telecommunication regulation

In January 2013, the MTC issued an order requiring lowering maximum tariff prices (a decrease of approximately 15%-20%). The Company challenged the order and in three instances the courts have ruled in favor of the Company. The MTC has a further right of appeal in the Supreme Court.

"Always Available" investigation on alleged violations

In 2013, subscribers made complaints regarding charging for voicemail services for which they had not signed up. The Agency of Competition Protection (ACP) made an investigation and initiated an administrative procedure with a potential fine for the Company amounting to KZT 10.90 billion. The Company challenged the calculation mechanism since it was calculated from total voice revenues, rather than from the area of violation (in other words, revenues from the "Always Available" service). The ACP is to undertake a recalculation. However the time period and method of fine calculation the Court will implement for these calculations are unclear at this juncture. Nevertheless the Company intends to prove lawfulness of its activity and absence of grounds for imposing a fine.

"Daytime Unlimited" investigation on alleged violations

In September 2013, the ACP initiated investigations into alleged violations by the Company of the anti-monopoly law with respect to the "Daytime Unlimited" service under the Activ brand. In January 2014, the Company received notification of the conclusion of the investigation, in which the ACP claims abuse of its dominant position by the Company leading to a violation of customers' rights with a potential fine on the Company of KZT 16.01 billion. The key findings are based on incorrect charges for the "Daytime Unlimited" service and non-interruption of services when a customer's balance reaches 0.

The Company disputes these allegations and will protect its rights in Court. The total amount of any fine is difficult to estimate at this point, because the ACP intends to present in court the total income of the Company from voice services. The Company's strong belief is that any fine (if applicable) should only be applied to income received from the zone of violation. Due to recent changes in the Code of Administrative Offences Part 3 Article 147, the fine should be calculated based on revenues received from activity that caused the violation (or actual instances of violation on the "Daily Unlimited" plan and non-interruption of services when a customer's balance reaches 0) not on total revenues.

The information was submitted for publication at 09:00 ALMT on January 30, 2014.

Financial Information

Year-end Report January–December 2013	January 30, 2014
Interim Report January–March 2014	April 23, 2014
Interim Report January–June 2014	July 17, 2014
Interim Report January–September 2014	October 17, 2014
Year-end Report January–December 2014	January 29, 2015

Questions regarding the reports:

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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	Oct-Dec 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Revenues	49,526	48,900	1.3	187,599	182,004	3.1
Cost of sales	-20,337	-20,687	-1.7	-79,469	-76,291	4.2
Gross profit	29,189	28,212	3.5	108,130	105,712	2.3
Selling and marketing expenses	-4,042	-5,087	-20.5	-16,614	-17,195	-3.4
General and administrative expenses	-2,115	-2,922	-27.6	-10,017	-11,005	-9.0
Other operating income and expenses, net	-181	101		101	389	
Operating income	22,851	20,304	12.5	81,600	77,902	4.7
Finance costs and other financial items, net	-434	-601		-2,119	-516	
Income after financial items	22,417	19,703	13.8	79,481	77,386	2.7
Income taxes	-4,153	-3,947	5.2	-16,089	-15,558	3.4
Net income	18,264	15,756	15.9	63,392	61,828	2.5
Total comprehensive income attributable to owners of the parent company	18,264	15,756	15.9	63,392	61,828	2.5
Earnings per share (KZT), basic and diluted	91.32	78.78	15.9	316.96	309.14	2.5
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	28,598	26,180	9.2	104,727	100,683	4.0
EBITDA excl. non-recurring items	28,598	26,254	8.9	104,727	101,426	3.3
Depreciation, amortization and impairment losses	-5,747	-5,875	-2.2	-23,127	-22,781	1.5
Operating income excl. non-recurring items	22,851	20,379	12.1	81,600	78,645	3.8

Condensed Consolidated Statements of Financial Position

KZT in millions	Dec 31, 2013	Dec 31, 2012
Assets		
Intangible assets	13,955	16,140
Property, plant and equipment	112,369	110,337
Other non-current assets	3,131	3,121
Total non-current assets	129,455	129,598
Inventories	499	978
Trade and other receivables	10,410	15,990
Cash and cash equivalents	18,916	3,075
Total current assets	29,825	20,043
Total assets	159,280	149,641
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	63,393	32,403
Total equity attributable to owners of the parent	97,193	66,203
Deferred tax liabilities	5,232	5,104
Other long-term liabilities	1,426	988
Total non-current liabilities	6,658	6,092
Short-term borrowings	24,721	48,991
Trade payables, and other current liabilities	30,708	28,355
Total current liabilities	55,429	77,346
Total equity and liabilities	159,280	149,641

Condensed Consolidated Statements of Cash Flows

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
KZT in millions				
Cash flow before change in working capital	25,923	22,801	90,639	85,324
Change in working capital	-4,710	687	7,417	863
Cash flow from operating activities	21,213	23,488	98,056	86,187
Cash CAPEX	-1,440	-5,127	-17,313	-24,984
Free cash flow	19,773	18,361	80,743	61,203
Total cash flow from investing activities	-1,440	-5,127	-17,313	-24,984
Cash flow before financing activities	19,773	18,361	80,743	61,203
Cash flow from financing activities	-6,050	-16,364	-64,902	-59,481
Cash flow for the period	13,723	1,998	15,841	1,722
Cash and cash equivalents, opening balance	5,193	1,077	3,075	1,353
Cash flow for the period	13,723	1,998	15,841	1,722
Cash and cash equivalents, closing balance	18,916	3,075	18,916	3,075

Condensed Consolidated Statements of Changes in Equity

KZT in millions	Jan-Dec 2013			Jan-Dec 2012		
	Share capital	Retained earnings	Total equity	Share capital	Retained earnings	Total equity
Opening balance	33,800	32,403	66,203	3,915	116,338	120,253
Dividends	-	-32,402	-32,402	-	-115,877	-115,877
Transformation from LLP to JSC	-	-	-	29,885	-29,885	-
Total comprehensive income	-	63,392	63,392	-	61,828	61,828
Closing balance	33,800	63,393	97,193	33,800	32,403	66,203

Basis of preparation

General. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention as modified by the initial recognition of financial instruments based on fair value.

Non-recurring items

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
KZT in millions				
Within EBITDA				
Restructuring charges, synergy implementation costs, etc.	-	74	-	743
Total	-	74	-	743

Investments

	Oct-Dec 2013	Oct-Dec 2012	Jan-Dec 2013	Jan-Dec 2012
KZT in millions				
CAPEX				
Intangible assets	622	888	1,517	2,325
Property, plant and equipment	5,623	6,117	21,332	24,405
Total	6,245	7,005	22,849	26,730

Related party transactions

For the year ended December 31, 2013, Kcell purchased services for KZT 790 million and sold services for a value of KZT 272 million. Related parties in these transactions were mainly TeliaSonera and its group entities, Turkcell and Fintur Holding B.V.

Net debt

	Dec 31, 2013	Dec 31, 2012
KZT in millions		
Long-term and short-term borrowings	24,721	48,991
Less short-term investments, cash and bank	-18,916	-3,075
Net debt	5,805	45,916

Loan financing

On September 25, 2013, JSC Kcell signed a credit line agreement with JSC Halyk Savings Bank for a credit line up to KZT 30 billion with 24 months access period with an interest rate from 5.3 percent to 7.3 percent per annum for 1 month to 12 months tranches accordingly.

On September 25, 2013, JSC Kcell signed a credit line agreement with JSC SB HSBC Kazakhstan for a credit line up to KZT 6 billion with 12 months access period with a fixed interest rate of 6.5 percent.

On September 26, 2013, JSC Kcell fully repaid KZT 15 billion loan under the Loan Facility Agreement with JSC Citibank Kazakhstan and JSC SB RBS Kazakhstan signed on 17 October 2012.

On September 26, 2013, JSC Kcell repaid KZT 15.5 billion part of KZT 30 billion loan to JSC Citibank Kazakhstan and JSC SB RBS Kazakhstan under the Loan Facility Agreement with JSC Citibank Kazakhstan and JSC SB RBS Kazakhstan signed on 26 September 2012. This Loan Facility Agreement with JSC Citibank Kazakhstan and JSC SB RBS Kazakhstan was prolonged for a part in the amount of KZT 14.5 billion with a fixed interest rate of 7.4 percent per annum, a maturity of twelve months.

On December 26, 2013, JSC Kcell utilized two tranches in the amount of KZT 2.75 billion and KZT 1.2 billion under the credit line agreement with ATF bank JSC with maturity on 27 January 2014 and 26 March 2014 correspondingly.

Financial key ratios

	Dec 31, 2013	Dec 31, 2012
Return on equity (% , rolling 12 months)	65.2	93.4
Return on capital employed (% , rolling 12 months)	76.5	107.0
Equity/assets ratio (%)	61.0	44.2
Net debt/equity ratio (%)	6.0	69.4
Net debt/EBITDA rate (multiple, rolling 12 months)	0.06	0.46
Owners' equity per share (KZT)	486.0	331.0

Contractual obligations

On December 31, 2013, contractual obligations in respect of property, plant and equipment totaled KZT 5,809 million (December, 2012: KZT 4,285 million), mostly related to purchase of telecommunications equipment from Ericsson.

Operational data	Oct-Dec 2013	Oct-Dec 2012	Chg (%)	Jan-Dec 2013	Jan-Dec 2012	Chg (%)
Subscribers, period-end (thousands)	14,307	13,462	6.3	14,307	13,462	6.3
Of which prepaid	12,593	11,721	7.4	12,593	11,721	7.4
MOU (min/month)	150	162	-7.1	152	168	-9.4
ARPU (KZT)	1,142	1,228	-7.0	1,106	1,252	-11.7
Churn rate (%)	35.1	19.2	82.6	31.2	25.3	23.3
Employees, period-end	1,488	1,612	-7.7	1,488	1,612	-7.7

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.