



JSC «Kcell»

Kcell has submitted financial statements for 2023

Almaty, March 15, 2024. Joint Stock Company "Kcell" (hereinafter "Kcell" or the "Company") (KASE, KCEL) - one of the leading operators in the telecommunications market of Kazakhstan, reports financial results for 2023. The net profit of the country's largest mobile operator, Kcell, at the end of last year amounted to about 33 billion tenge. The Company's Chairman of the Board Askhat Uzbekov announced today during the traditional "Day of the Issuer" held by the Kazakhstan Stock Exchange. Kcell demonstrated growth in almost all key financial and economic indicators according to the consolidated statements for 12 months of 2023 and the 4th quarter of the same year, which was reflected in the growth of the Company's shareholder value.

The Head of the operator, Askhat Uzbekov, said at the "Issuer Day" that the Company closed 2023 with rather optimistic indicators. In particular, Kcell's total revenue for the 12 months of last year 227.5 bln. KZT, showing an increase of 2.83% compared to the same period of 2022. At the same time, service revenue increased by almost 10% to over 190 bln. KZT, EBITDA excluding non-recurring costs grew by 4.6% to 95 bln. KZT and EBITDA margin was 41.8%. At the same time, the Company made 33bln. KZT of net profit last year, which was 7.5 bln. KZT less than in 2022. Kcell attributes this to a significant increase in capital expenditure on the development and modernisation of its network, as well as huge investments in the deployment of fifth-generation communications technology.

"Indeed, last year became a kind of springboard for the Company in the deployment of the 5G network, during 2023 we actively increased the pace of installation of base stations on the new technology, bringing the total number of stations by December to 480 in 17 cities across the country. In many cities, we were ahead of our license obligations in terms of the number of base stations. This allowed us to provide all modern telecommunication services and digital services based on 5G to half a million people in Kazakhstan. At the same time, in our intention to accelerate the deployment of the new communication technology, we did not forget about the previous LTE technology, actively modernizing and installing more and more 4G base stations in both urban and rural areas to provide Kazakhstanis with all telecom services regardless of geography and place of residence," said Askhat Uzbekov, Chairman of the Management Board of Kcell JSC, commenting on the presented financial statements.

As for rural areas, last year the Company launched 368 4G base stations in the country to provide rural residents with quality mobile communication and internet services. Some of them were installed under the government's "250+" program and some under its network development programme for 2023-2024. In addition, last year Kcell actively developed so-called Private LTE, building a closed network for a number of giant enterprises, mainly in the mining sector, in cooperation with the Ministry of Internal Affairs implemented the "Digital Policeman" project at the republican level, and launched its new 5G-based project "Kcell Auleti" home internet, which received over 2,000 applications from potential subscribers at the pre-order stage.

"Despite a significant increase in expenses last year, we, as in previous periods, paid great attention to maintaining financial stability, improving our debt burden, Debt/EBITDA and Debt/Equity ratios. At the same time, we had free access to borrowed capital, which was ensured, among other things, by a sufficiently high international credit rating from Fitch Ratings at BB+, forecast "Stable". Overall, I believe that Kcell has a strong market position, relatively low leverage and good cash flow generation. As for Q4, we have maintained the positive momentum in our operational and financial performance. Revenue growth for the last 3 months of 2023 was 12.98% (62,178 mln. KZT), EBITDA excluding non-recurring costs grew by 34.7%

to 27.9 bln. KZT. FCF indicator totalled 6.6 bln. KZT,” said Damir Mullashev, Kcell's Chief Financial Director.

Apparently, another achievement of the Company last year was the recognition of Kcell as the operator with the fastest mobile internet in Kazakhstan. This conclusion was reached by Ookla, the world leader in mobile and broadband network intelligence, based on the results of almost 600,000 measurements on the Speedtest platform. In the second and third quarters of last year, internet speeds on Kcell's network showed the highest result in the republic - 67.35 Mbps.

“I believe that such recognition – the result of our efforts not only in the direction of deploying the fifth generation communication standard, but also active modernization and reconstruction of the 4G network. In the development and expansion of our network, its stable and high-quality operation, we have invested more than 180 bln. KZT only in the period from 2020 to 2023, and we plan to increase the volume of investments in infrastructure until 2028. It is also worth noting that according to analysts, Kazakhstan is the leader in the CIS and Central Asia in terms of 5G deployment rates, overtaking the Commonwealth countries, including Russia. I believe that Kcell has made a significant contribution to the country's advancement in the world rankings for the development of the telecom sector,” said Olga Tsoi, Chief Commercial Director of Kcell.

This year, the company intends to continue investing in the development and modernization of its network, including the construction of 5G to increase the quality characteristics of telecom and digital services provided, and the operator is confident in the progressive penetration and popularization of its new 5G-based product - Kcell Auleti .

At the same time, management will continue to pay attention to issues of operational efficiency and financial stability and, due to increased investments in the network and equipment at Kcell, they hope to increase all key indicators in the medium term.

Reference:

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About Kcell

Kcell is a Kazakh operator providing digital telecommunications services: mobile communications and fixed-line converged services (FMC), data transfer and Internet access, financial services, digital services and mobile applications, IT solutions in the field of system integration, Internet of things, machine-to-machine interaction (machine to machine), collection and processing of big data and cloud computing. The leading operator in Kazakhstan in providing smartphone + tariff service.

Kcell has become Kazakhstan's largest digital ecosystem with a competitive advantage through value-added services such as mobile financial services, mobile television, online movies, music, books and magazines, and through the development of unique business solutions for corporate clients. Kcell takes a leading position in the B2B market through the implementation of a strategy of vertical, infrastructure solutions, development and implementation of innovative technologies. The coverage area of the 4G/LTE network covers 67.5% of the population of the Republic of Kazakhstan and provides high quality services.

Kcell is represented by the Kcell and activ brands, which have proven themselves in highly competitive telecommunications markets due to the high quality of customer service. Thanks to a clear multi-brand architecture, Kcell increases business efficiency in the B2C segment through optimal pricing for package services, managing the profitability of the customer base and network quality.