

Kazakhstan Budget 2016

1st session – Advertising Revenue & Capex

September 2015



1/ Strategic Review

- Economic environment:
 - Oil price has been falling from over USD 100 /barrel to about USD 50/barrel at the beginning of 2015, having negative impact on the Kazakh economy.
 - On February 9, 2015 S&P cut long-term foreign and local currency sovereign credit ratings of Kazakhstan to BBB from BBB+
 - In August 2015 KZT fell sharply to USD losing about 30% of its value. This has a high negative impact on RTS Decaux in view of EBRD loan in USD.
 - As a result of the adverse economic developments, advertising market is estimated to lose 20-30% this year as customers have decreased or cut completely their advertising budgets

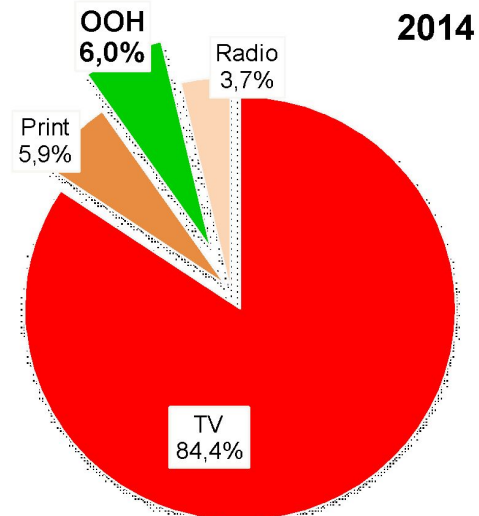
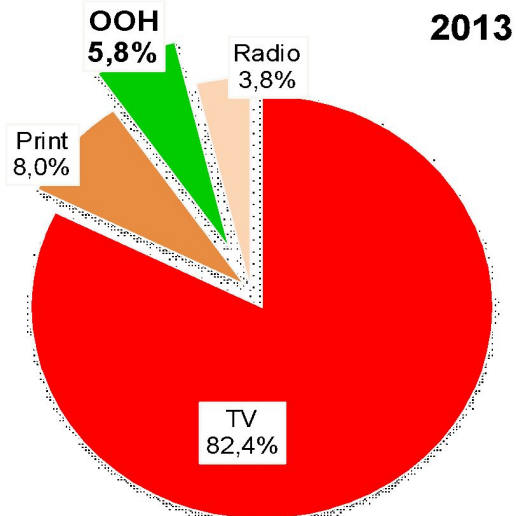
Indicator	2014	2015	2016
GDP*	4,4%	2%	3,1%
Inflation**	7,4%	5,2%	5,5%

• 2015 and 2016 figures are IMF forecast

** 2015 and 2016 are ADB forecast

Advertising Market Overview 2014

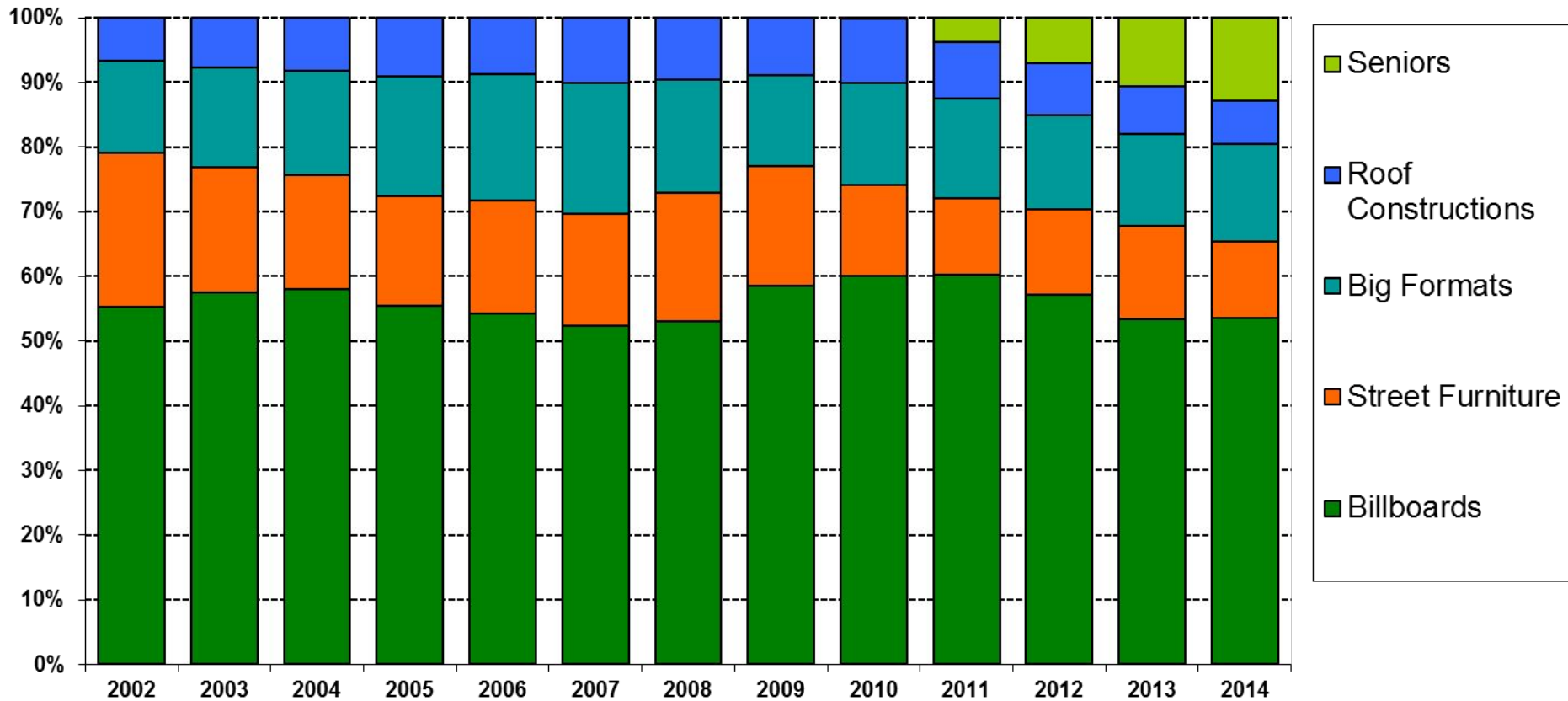
Media	2013		2014		Dynamics, %
	\$ USD (Gross)	%	\$ USD (Gross)	%	
TV	1 026 116 908	82,39%	1 061 105 720	84,37%	3,41%
Print	99 041 782	7,95%	74 115 893	5,89%	-25,17%
Outdoor *	72 668 265	5,83%	75 973 132	6,04%	4,55%
Radio	47 595 137	3,82%	46 473 401	3,70%	-2,36%
Total	1 245 422 092	100,00%	1 257 668 146	100,00%	0,98%



* Source: TNS Central Asia. Budgets are calculated by rate cards including VAT without all possible discounts.

** Outdoor is monitored only in one city – Almaty, the biggest city of the country. Internet and Cinema are not monitored in Kazakhstan.

Outdoor Market Overview Split by Segments (years 2002-2014)

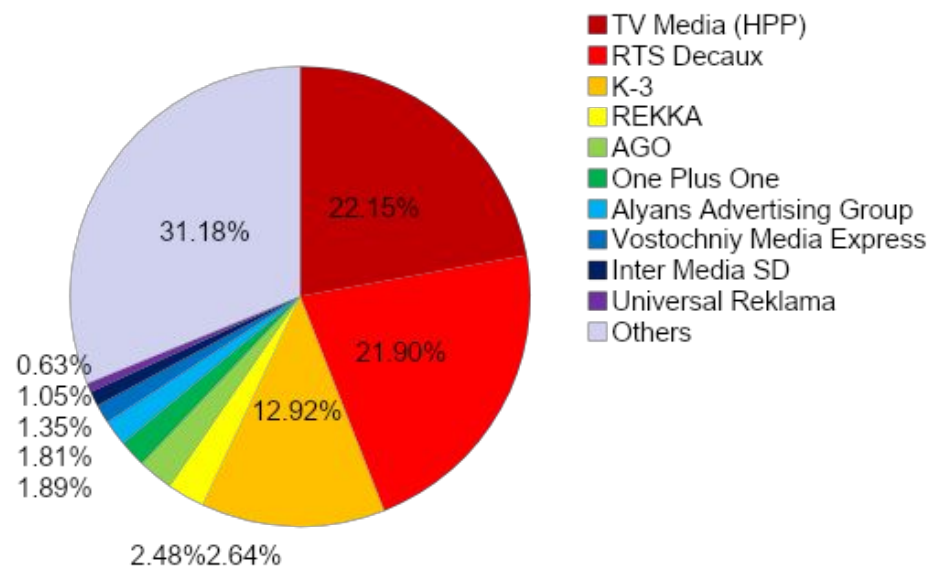


* Source: TNS Central Asia. Budgets are calculated by rate cards including VAT without all possible discounts.

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Outdoor Market Overview Split by Operators

	Operator	Budget \$ USD 2014	Share
1	TV Media (HPP)	16 827 721	22,2%
2	RTS Decaux	16 640 802	21,9%
3	K-3	9 815 217	12,9%
4	REKKA	2 003 883	2,6%
5	AGO	1 882 794	2,5%
6	One Plus One	1 435 095	1,9%
7	Alyans Advertising Group	1 377 931	1,8%
8	Vostochniy Media Express	1 026 935	1,4%
9	Inter Media SD	794 383	1,1%
10	Universal Reklama	481 439	0,6%
11	Others	23 686 932	31,2%
	TOTAL	75 973 132	100,0%



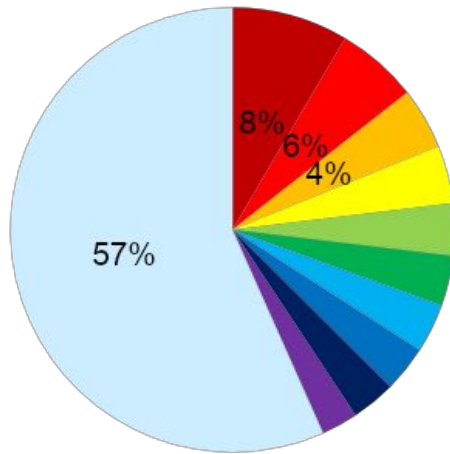
* Source: TNS Central Asia. Budgets are calculated by rate cards including VAT without all possible discounts.

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1/ Strategic Review

Revenue Split by Advertiser

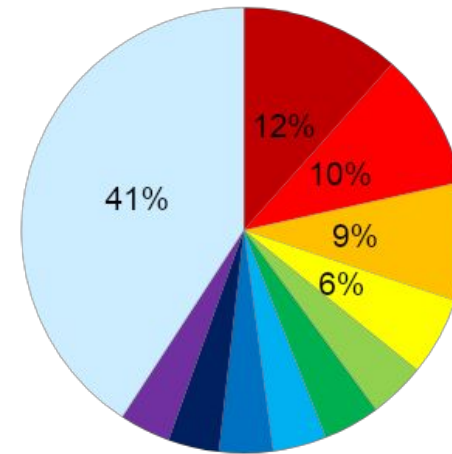
2014



3%3%

- Altel
- Mars-Wrigley
- Kcell
- Tele 2
- Alyans Bank
- Nissan
- 7 Channel
- Caspian Beverage
- Unilever
- Samsung
- Others

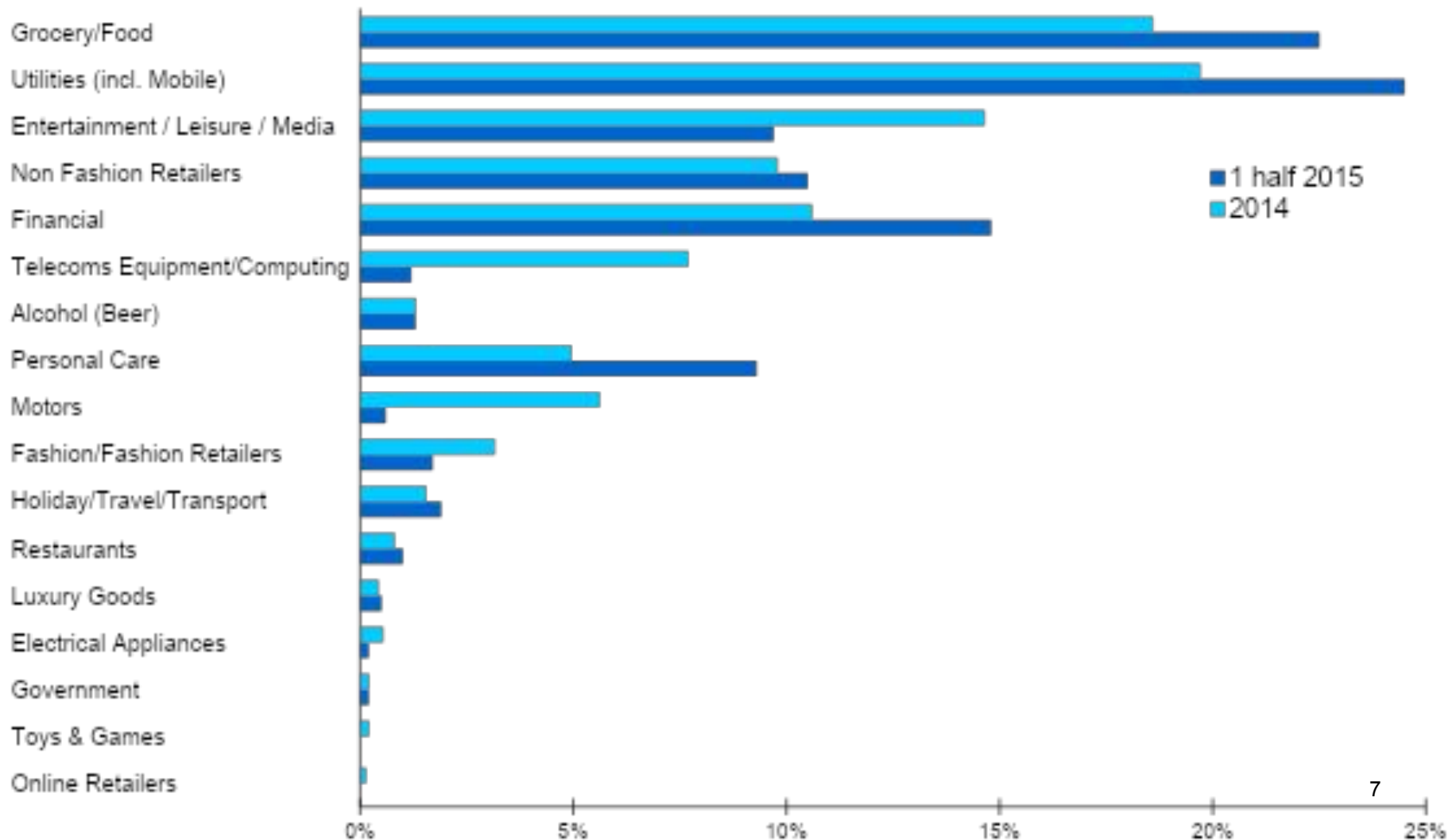
1half 2015



4%4%4%4%4%4%

- Altel
- Forte Bank (Alyans)
- Mars-Wrigley
- Tele 2
- Kcell
- L'Oreal
- RQ Holding
- Sulpak
- Unilever
- Caspian Beverage
- Others

Revenue Split by Category



- Breakdown by the main cities and regions

in MKZT	Actual	Probable	Budget		
	2014	2015	2016	2015/2014	2016/2015
Almaty	751	624	778	-17%	25%
Astana	497	352	383	-29%	9%
Other cities	66	30	26	-55%	-13%
Total SF	1 314	1 006	1 187	-23%	18%
Total advertising revenue	1 314	1006	1187	-23%	18%

* Actual 2014 do not include auditors adjustments and differ from 2014 audited financial report

- *Patrimony investments in 2015: 10 Mupi, 2 double Foster and 4 A2 bus shelters in Astana ;*
- *Patrimony investment in 2016: 69 Mupi, 3 double Foster, 7 A1&A2 bus shelters and 4 flagpoles in Astana*

in MKZT					Diff with	
	Actual 2014	Probable 2015	Budget 2016	HQ target	2015/2 014	2016/2 015
Almaty project	181	123		0	-32%	-100%
Astana project	27	9	46	46	-67%	413%
Total Patrimony investment	208	132	46	46	-37%	-65%
Total General investment	34	2	2	2	-94%	0%
Total capex	242	134	48	48	-45%	-64%

4/ Conclusion

- Our main target is completion of Astana projects in 2015-2016 and increase of sales using new technologies and service quality;
- In view of low sales cost cutting would be a focus;
- Partial refinancing of USD loan from EBRD is to be effected;
- Due to recent devaluation a capital sufficiency should be assessed, a capital injection might be required.