

## About this Report

This Report has been prepared by PJSC Rostelecom ("Rostelecom" or the "Company") and its subsidiaries (jointly, the "Group"), in line with Note 10 Subsidiaries to the Company's consolidated financial statements prepared under the International

Financial Reporting Standards ("IFRS") for the year ended 31 December 2018. This Report has been prepared based on PJSC Rostelecom's management reports and in line with PJSC Rostelecom's IFRS consolidated financial statements for 2018.

PJSC Rostelecom's Annual Report was pre-approved by the Board of Directors and approved by the 2018 Annual General Shareholders' Meeting.

## Highlights

	2016	2017	2018	2018/2017, %
Revenue, RUB bn	297.4	305.3	320.2	5
Share of revenue from content and digital services, %	44	48	55	7 pp
OIBDA, <sup>1</sup> RUB bn	96.8 <sup>2</sup>	96.7	100.9	4
Free cash flow, <sup>3</sup> RUB bn	13.3	20.4	14.8	(28)
Net profit, RUB bn	12.2	14.1	15.0	7
CAPEX, RUB bn	61.9	60.8	73.2	20
Broadband base, million subscribers	12.5	12.9	13.0	1
Pay TV base, million subscribers	9.3	9.8	10.2	4
Backbone network capacity, Tbps	13.7	15.5	20.3	31
Data centre racks, thousand	4.1	5.3	5.9	11
Headcount, thousand people	142.5	133.7	128.6	(4)
Salary expenses, RUB m	66,018	67,238	69,812	4
Investment in training, RUB m	452.6	463.6	496.0	7
Contributions to Telecom-Soyuz and Alliance private pension funds, RUB m	703.6	163.5	756.7	363
Health and safety expenses, RUB m	550.6	640.8	697.8	9
Income tax, RUB m	4,692	4,856	4,427	(9)
Other taxes, RUB m	5,079	4,661	5,747	23
Member fees, charity contribution, payments to labour units, RUB m	660	697	767	10
Environmental expenditure, RUB m	128.8	104.6	111.9	7

1. Rostelecom calculates OIBDA as operating income before depreciation, amortisation, and one-off items. In 2018, Rostelecom changed OIBDA calculation methodology by excluding expenses related to Rostelecom's private pension fund programme. For historical OIBDA numbers for 2016–2018 see OIBDA breakdown table in the Financial Overview section of this Annual Report.

2. OIBDA for 2016 is provided as reported in 2016.

3. Starting from 2018, free cash flow is calculated based on the statement of cash flows as the net cash from operating activities, net of CAPEX, plus proceeds from sale of property, plant and equipment and intangible assets, plus interest received. Free cash flow for 2017 and 2016 is presented as reported in the corresponding period.