

---

## Chairman's Statement



## Dear Colleagues,

Rostelecom is successfully progressing towards becoming the largest national provider of digital services and solutions while consistently strengthening its position in the telecommunications market, maintaining steady growth of key operational and financial indicators, and fully promoting the development of digital ecosystems for its customers, including government organisations, companies across various industries, and millions of retail customers.

Recognising the global trend for accelerated digitisation, driven by technological innovation and changing customer needs, we are also progressing as planned in achieving our key objective – to build infrastructure for the development of the digital economy in Russia.

In 2018, Rostelecom implemented a number of programmes that reinforced its reputation as a reliable partner capable of carrying out major infrastructure projects on a nation-wide scale. These include installing video surveillance at the Russian presidential election and a submarine fibre-optic communications line to the Kuril Islands, as well as bringing broadband services to healthcare institutions and small communities.

Our other notable achievements include establishing a joint venture with Nokia and setting up 5G pilot zones in Skolkovo, the State Hermitage, and Innopolis. We are also maintaining our focus on the high-potential data centre and cloud service businesses: the number of our data centre racks has already reached 5,900, and revenues from our highest value-added services – Virtual Data Centre / IaaS – grew by 40%.

In striving to stay ahead of the curve and keep up with new trends through dynamic transformation, we are improving our product and service offerings, upgrading Rostelecom's technological platform, enhancing our risk management, and strengthening our corporate talent pool with a focus on professional excellence and performance.

Rostelecom has been rebranded to demonstrate this transformation, its image now fully reflecting our strategic goals and allowing strong positioning in the market.

In 2018, the price of one Rostelecom ordinary share grew by 13% to RUB 72.33, while preference shares rose 8% to RUB 60.45. Total dividends paid for 2017 amounted to RUB 14.0 billion.

We started implementing a new dividend policy last year, as Rostelecom's highest priority has always been strong investment appeal and honest and open relations with investors and shareholders. Now, at least 75% of Rostelecom's free cash flow will be allocated to dividend payments, but no less than RUB 5 per share.

Dear colleagues, 2018 was a year of solid performance for Rostelecom. On behalf of the Board of Directors, I thank you for your positive cooperation and firmly believe that our partnership will become even stronger going forward.

Sergey Ivanov,  
Chairman of the Board, PJSC Rostelecom