

# Business Model

## RESOURCES

### FINANCE

Revenue  
**RUB 320.2 billion**

OIBDA  
**RUB 100.9 billion**

CAPEX  
**RUB 73.2 billion**

FCF  
**RUB 14.8 billion**



### INTELLECTUAL PROPERTY

Investment in new products  
**15% of CAPEX**



### EMPLOYEES

Total headcount  
**129 thousand people**



### BRAND AND REPUTATION

**#1**<sup>1</sup>

- in top-of-mind awareness in broadband
- in top-of-mind awareness in Pay TV
- in Broad Content Offering category

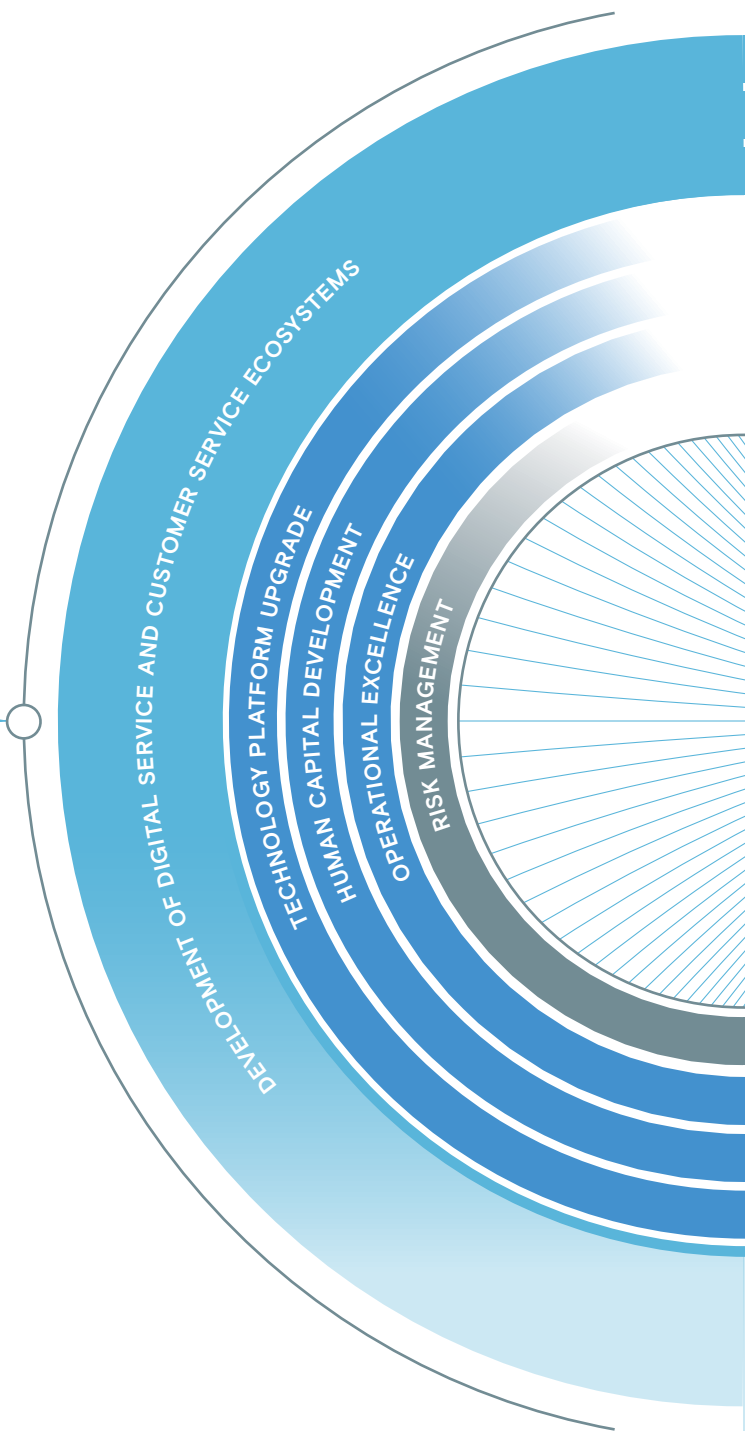


### ENVIRONMENT

Environmental expenditure  
**RUB 0.1 billion**



## ACHIEVEMENT OF STRATEGIC PRIORITIES



1. According to Brand Health Tracking (BHT) study by IRC.

STAKEHOLDER VALUE



B2O

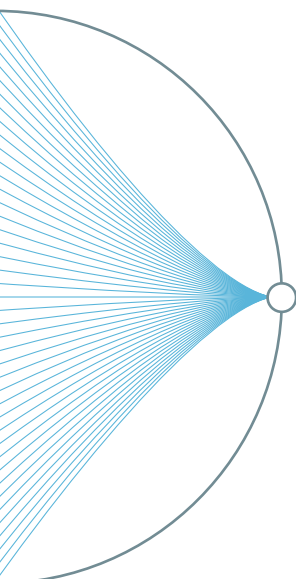
B2C

B2B | B2G

- Virtual PBX
- Data centre and cloud services
- Corporate TV
- Federal Wi-Fi
- Information security

- Smart home
- IPTV
- OTT video
- Games
- Antivirus
- Cloud software
- Online education
- Financial products
- Insurance
- Telemedicine
- Fixed-line
- Mobile
- Broadband
- MVNO
- Video surveillance

- Voice and IP transit
- Line leases
- IP VPN
- Infrastructure maintenance services for mobile and fixed-line operators



Cost savings

RUB **3.3** billion

2018 results

Increase in labour productivity

**9%**

Higher backbone network capacity at

**20.3** Tbps

B2B | B2G

55% of customers connected to fibre

8.2 thousand communities connected under the BDD project

1.0 million broadband and VPN subscribers

86 million public services (e-government) portal users

5.9 thousand racks in data centres

46% growth in revenue from Smart City projects in 2018

B2C

12.0 million broadband subscribers

5.2 million IPTV subscribers

0.8 million retail MVNO customers

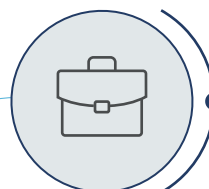
35 million households connected to fibre

B2O

Connectivity with more than 150 telecoms networks in 70 countries

Partnerships with 600 national and international fixed-line and mobile operators

1 Tbps capacity growth for the Transit Europe - Asia cable system



SHAREHOLDERS

Total dividends paid for 2017

RUB **14.1** billion

Share price (as at 28/12/2018)

RUB **72.3**  
+13% year-on-year



EMPLOYEES

Salary expenses

RUB **69.8** billion

Investment in training

RUB **0.5** billion



GOVERNMENT

Income tax

RUB **4.4** billion

Other taxes

RUB **5.7** billion



CUSTOMERS

Households, retail, business, and government customers, other operators

Advanced, high-performance digital ecosystems covering a wide range of tasks



SOCIETY

Member fees, charity contribution, payments to labour units

RUB **0.8** billion

Reduced power consumption

**4%**

Reduced ground water consumption

**38%**