



Business Strategy 2025: lifting our digital ambition

Moscow, Russia – November 16, 2021 – Rostelecom PJSC (MOEX - RTS: RTKM, RTKMP; OTCQX: ROSYY), Russia's largest integrated digital company, has today held a virtual meeting with investors and analysts where the management team elaborated on the value opportunity stemming from the adopted segment and cluster-based business model, as well as its vision for the development of digital clusters as part of Rostelecom's 2025 Business Strategy announced earlier.

Management also presented the 'accelerated cluster development scenario' with increased investment into high-performing digital clusters which is expected to generate an additional value of **over RUB 300 billion**.

As part of this scenario, the increased investments will support a number of high-performing digital areas including: Data Centres & Cloud; Streaming services; Gaming business; IT security; Digital medicine; Digital region and Public digital services. This will potentially generate at least **RUB 70 billion** in additional revenues and an additional **RUB 25 billion** or above of OIBDA by 2025 with further benefits beyond this period.

Rostelecom's 2025 Business Strategy enhanced by the 'accelerated cluster development scenario' is aiming for:

- **~ 3 times growth in Equity**
- **at least two-fold growth in free cash flow and**
- **at least two-fold growth in dividend per share.**

Data Centre and Cloud Cluster

In addition to the organic expansion of Rostelecom's data centre network and the further development of cloud, management will focus on new value-added pillars, including:

- PaaS¹/SaaS² solutions
- Cloud Security
- Multicloud Technologies, and
- Localised and own-branded hardware-software solutions as part of import substitution.

As important drivers of growth, these new business pillars are expected to generate additional revenue which will account for 25% of the overall sales generated by Data Centres and Cloud Clusters by 2025.

IT Security Cluster

As part of the development of Rostelecom's IT Security Cluster, growth will be achieved through the strengthening and broadening of its own product portfolio in high-growth areas such as network security, monitoring & analytics and access control, as well as through the diversification and dynamic expansion of the company's footprint into new areas and the amplification of the brand.

¹ Platform as a service (PaaS)

² Software as a service (SaaS)



To achieve its ambitious growth aspirations for the IT Security Cluster, Rostelecom will focus on three key enablers of its growth and unique market position:

- Promotion of security technologies based on service and outsourcing models as the foundation for better valuation and longer-term client loyalty;
- Development of own-branded products and technologies as a strategic advantage and driver of company value;
- Further investment in market growth and support of sustainable demand, as well as efforts to guide the next generation of qualified and skilled workforce in digital.

Mikhail Oseevsky, CEO & President of Rostelecom, commented: *“As part of our current 2025 Strategy, we decided to consider an opportunity which can increase the scale and valuation of our five digital clusters by pursuing more aggressive growth objectives in each cluster. The accelerated development plan and potential IPO of our high-growth assets, along with a stable debt outlook, will serve as catalysts to unlock a significantly higher market valuation for Rostelecom. Together with an at least twofold increase of dividend per share, supported by sustainable growth in our core business, it will provide shareholders with an attractive investment opportunity – unique amongst its peers.”*

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[PJSC Rostelecom](#) is the largest integrated digital services and products provider, operating in all segments of the telecommunications market in Russia. The Company serves millions of households, state and private enterprises across the country.

Rostelecom is Russia's undisputed market leader, providing high-speed Internet access and pay-TV. The total number of broadband users stands at over 13.5 mln users, it has more than 10.9 mln pay-TV customers, over 6.3 mln of which are subscribed to IPTV. Tele2 Russia, a Rostelecom subsidiary, is a major player in the mobile market with the industry leading NPS, a customer satisfaction benchmark. The joint mobile subscriber base is over 46.6 mln users.

Rostelecom is a key strategic innovator that provides solutions in the following fields: E-Government, cybersecurity, data-centres and cloud computing, biometry, healthcare, education and housing & utility services.

During the 9M 2021, the Group generated RUB 411.8 bln of revenues, RUB 169.7 bln of OIBDA (41.2% of revenue) and RUB 31.4 bln of net income.

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The Group's stable financial position is confirmed by its credit ratings. Rostelecom has been assigned 'BBB-' and 'BB+' international credit ratings by Fitch Ratings and Standard & Poor's respectively, and AA(RU) by ACRA.