

Strategic partnership to develop Rostelecom data centers and cloud business

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Mikhail Oseevskiy, President – Chief Executive Officer
Vladimir Kirienko, First Vice President
Pavel Kaplunov, Vice President for Cloud Services
Ekaterina Ustinova, IR Director

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Strategic goals of the transaction to attract VTB to the capital of RTK-DC ⁽¹⁾



Value unlocking through a fairer valuation of Rostelecom's business portfolio

1. Multiples of data center companies are significantly higher than those of telecom operators
2. Cloud service sector multiples are even higher on strong growth prospects
3. The deal and the future IPO will allow a part of Rostelecom's business to be valued at higher multiples, which could lead to a higher valuation of Rostelecom itself



Attracting a financial investor for a more active development of the data center and IaaS business

1. VTB Bank has significant financial capabilities to participate in large-scale investment projects
2. Synergies with VTB Bank's initiatives for the cloud technologies implementation and digitalization of business processes will enhance the further growth of RTK-DC's business
3. VTB Group has exceptional competence in preparing and realizing business potential during an IPO

EV/EBITDA_{2020f}

Rostelecom ⁽²⁾

4.4x

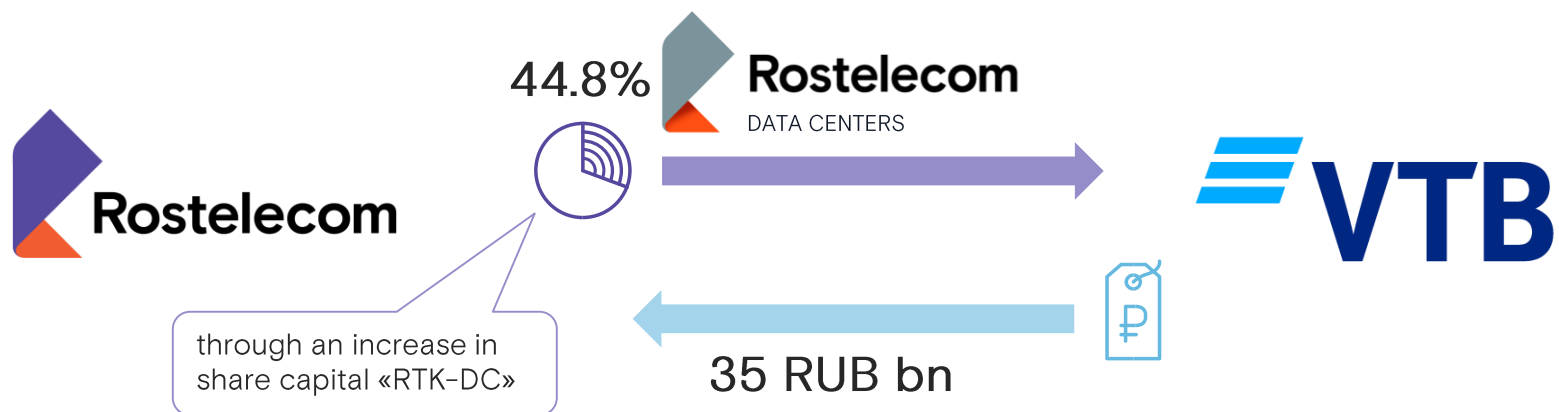
Transaction multiple

7.8x

Notes: (1) hereinafter RTK-DC stands for the company Data Storage Center Ltd., a subsidiary of PJSC Rostelecom, which deploys data center and cloud (IaaS) assets.

(2) Source: Bloomberg data as of 22.01.2021.

Deal structure and key terms



Key terms

7.8x

EV/EBITDA_{2020f}
transaction multiple

IPO

opportunity in 2023

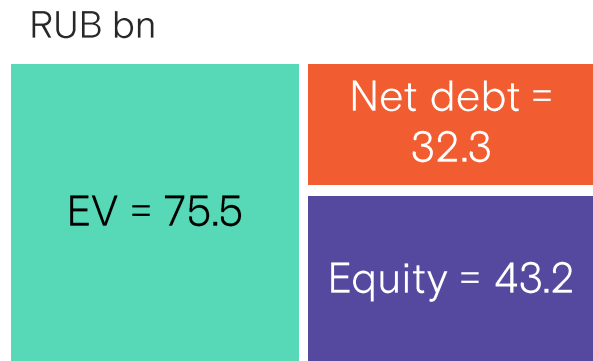
2 years

lock-up period for VTB

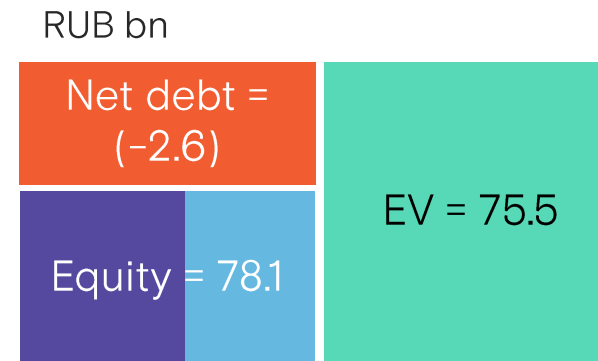
Transaction composition



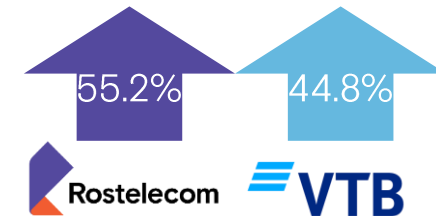
Before the transaction:



After the transaction:



Capital increase by 35 RUB bn

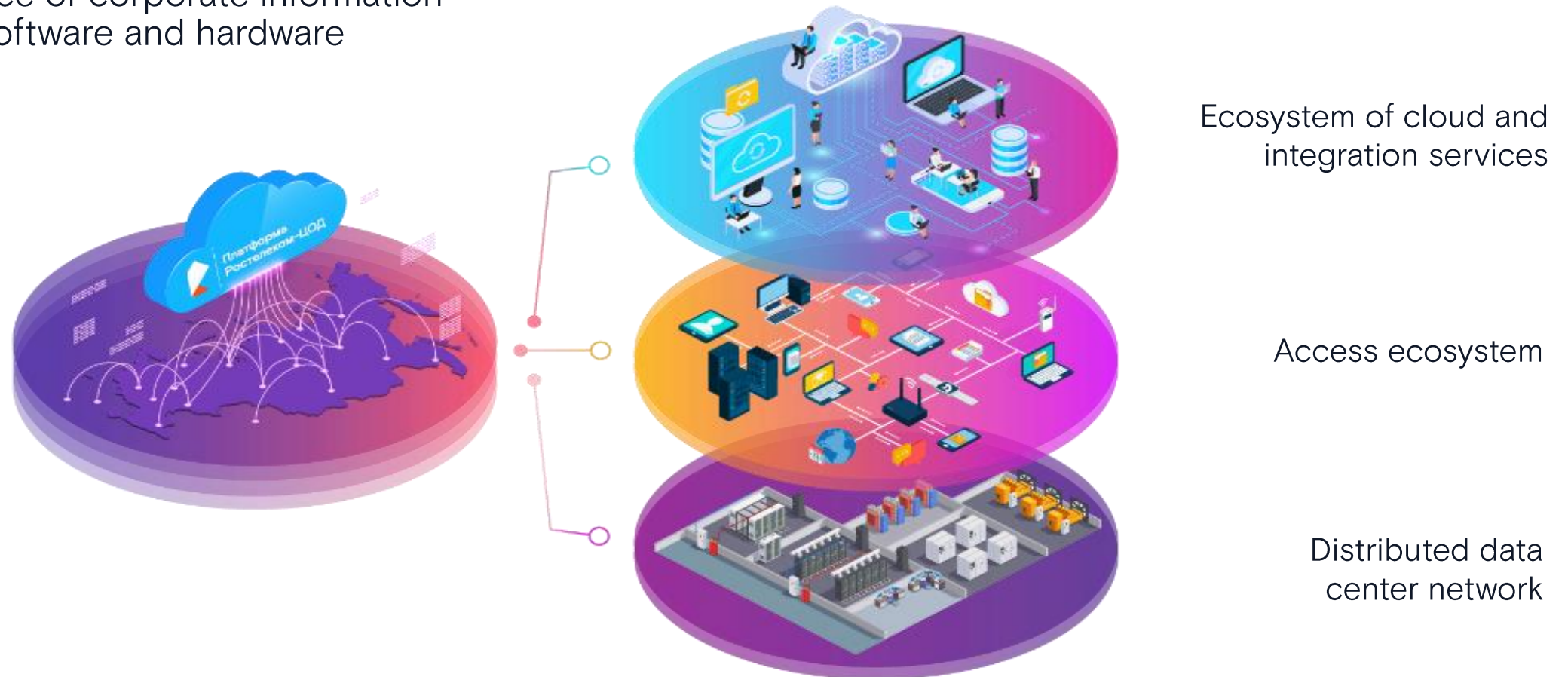


Notes: (1) according to business valuation for the purposes of the transaction prepared by Ernst & Young.
EV - Enterprise Value.

RTK-DC network – integrated digital solutions



One platform – a full range of services for the creation, installation and maintenance of corporate information systems, software and hardware



RTK-DC is a market leader



#1

- In data centers market
- In cloud services / IaaS market
- In CDN market
- In IX market



14 Geo-distributed data center sites



~3 k specialists in the competence center for cloud services and data centers



25%

Data center market share



26%

IaaS market share



30%

IX and CDN market share

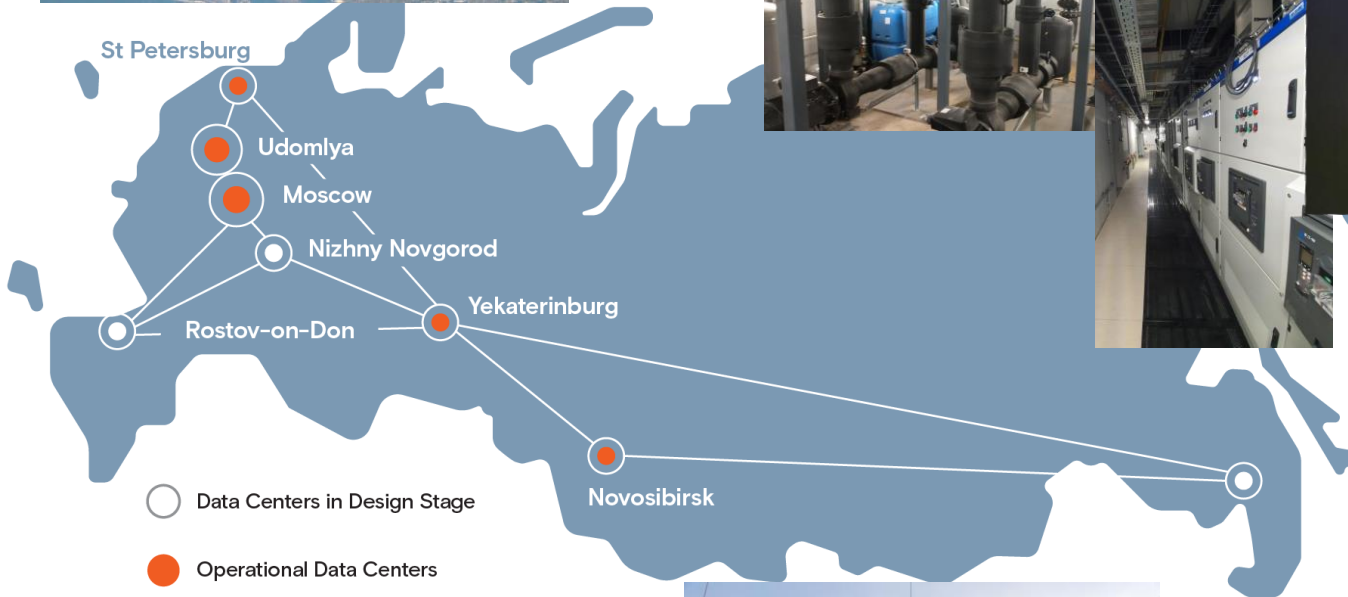
Key numbers 2020f

>24 RUB bn
Revenue

~40%
OIBDA margin

12.5 k
capacity of the company's data center network in racks

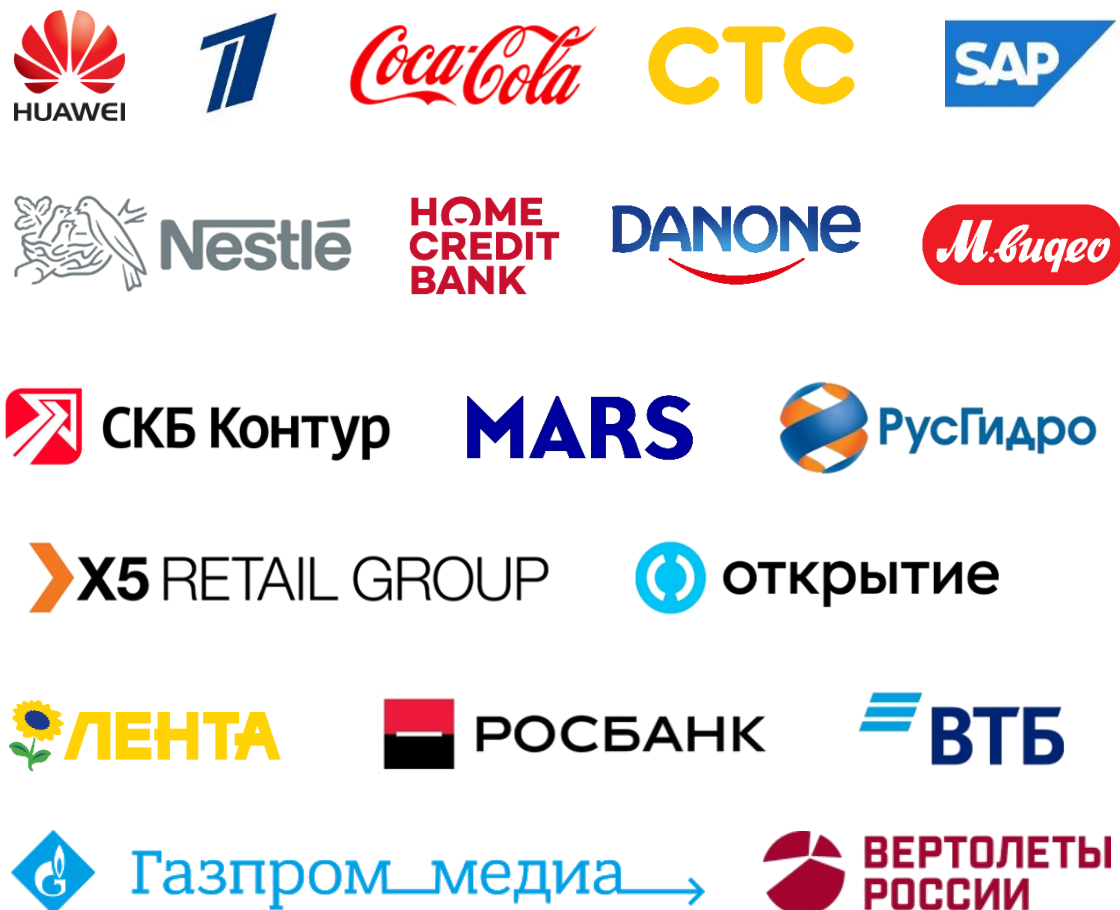
Data center network with federal coverage



RTK-DC customer base

B2B clients

>50 000 corporate clients → >60% of revenues



B2G clients



Департамент информационных технологий города Москвы

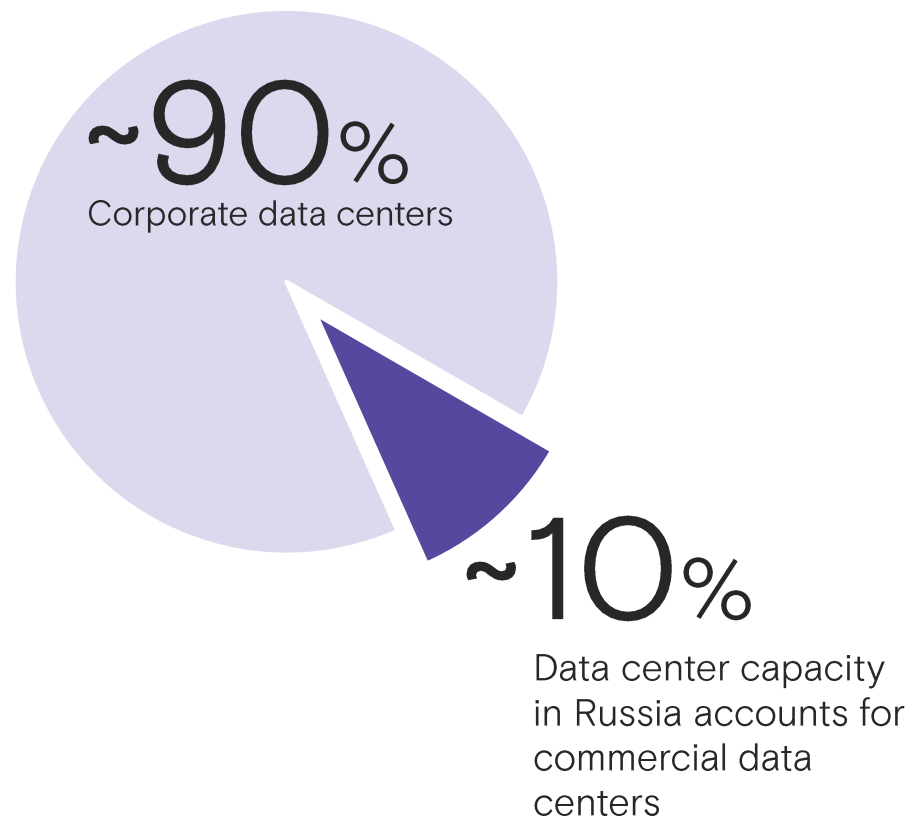


Генеральная прокуратура

Data storage market growth drivers



Growth potential



Lack of computing power and data center resources



Low reliability of the infrastructure used
(72% of resources do not have a reserve/back up)



High cost of ownership of captive infrastructure,
growing demand for IT outsourcing



Import substitution
(90% of systems are based on imported solutions)



A massive transition to online services, reduction in the
time-to-market for new services requires a transition to
the modern development technologies



Difficulty attracting qualified personnel



Strategic goals of RTK-DC

The main strategic goal of RTK-DC is to ensure long-term leadership through:



Development of the federal network of data centers and access infrastructure



Cloud infrastructure: capability growth, capacity expansion



New services: transition from IaaS to PaaS and SaaS service models



Competence development and service expansion to meet the growing demand



Development of original software and hardware import-substituted solutions



Development of sales channels



Combination of organic and inorganic growth

According to analysts' forecasts for 2021-2025 the average annual growth rates of the data center and IaaS markets in Russia will be 12% and 26%, respectively. **The strategic goal of the RTK-DC group is to grow faster than the market.**

Key forecasts 2025f

>45 RUB bn

Revenue

~45%

OIBDA margin

>20 k

capacity of the company's data center network in racks

Contacts

Investor relations

Office: +7 (499) 995 9780

E-mail: ir@rt.ru

Web: www.company.rt.ru/en/ir/