

NEW OPPORTUNITIES IN THE DIGITAL WORLD

The background is a composite image. The top half shows a night sky with the Milky Way galaxy in shades of purple and pink. The bottom half shows a dark, silhouetted mountain range with evergreen trees. In the center, there is a stylized geometric logo consisting of a light purple diamond shape with a dark mountain peak inside it, and an orange triangle at the bottom.

#1 integrated connectivity and digital services provider in Russia



#1 market leader
in Broadband & IPTV in Russia

#1 market leader
in Data centres & IaaS in Russia

#1 revenue growth
in mobile market by Tele2 Russia



Digital transformation opportunity upside



Exposure to markets with high growth potential



Attractive dividend policy based on FCF

Key financials



RUB bn	2019	1q19	1q20	yoy
Revenue	475.8	110.2	121.6	10.3%
OIBDA	170.8	41.9	47.1	12.5%
OIBDA margin, %	35.9%	38.0%	38.7%	0.7 pp
Net profit	22.7	7.7	7.7	0.6%
Net profit margin, %	4.8%	7.0%	6.3%	-0.6 pp
Free cash flow	33.5	-15.5	-5.9	9.6
CAPEX excl. state programmes	105.7	25.7	22.0	-14.6%
CAPEX / Revenue excl. state programmes	22.2%	23.4%	18.1%	-5.3 pp
Net debt	333.0	333.9	392.8	17.6%
Net debt / OIBDA	1.9	2.1	2.2	0.1

Note: In accordance with the accounting policy of the Group, the acquisition of Tele2 Russia has been recognized as a business combination under common control. According to this method the merger of businesses arising from a transfer of entity stakes under common control of the Group's shareholders, is presented as if the merger took place in the earliest period of the statements, or, if later, effective from the date that common control was put into effect; for this purpose comparatives are revised. Rostelecom's consolidated financial statements for 2019 have therefore been revised to incorporate Tele2 Russia's performance as if the acquisition had been completed on 1 January 2019.

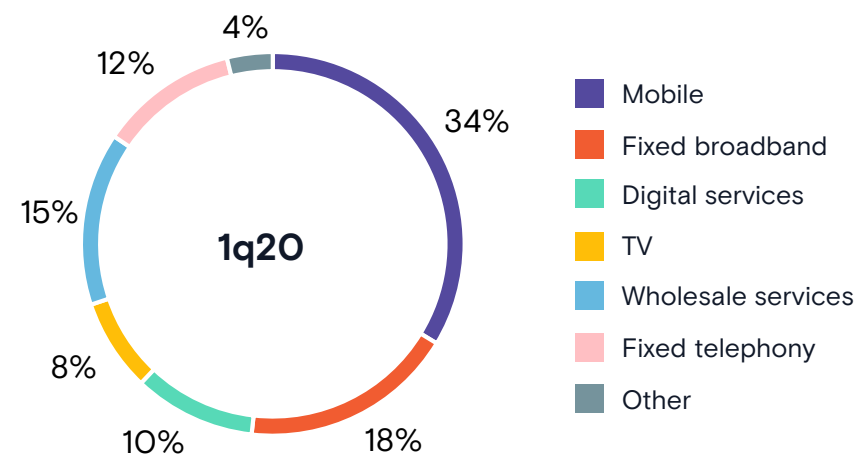
Mobile & digital services – the key growth drivers



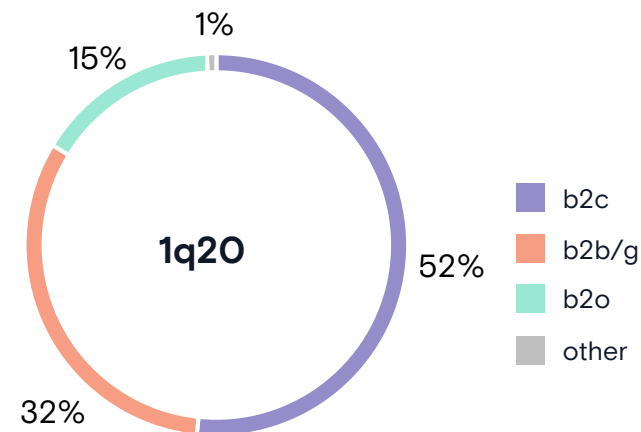
Revenue structure by services (RUB bn)

RUB bn	2019	1q19	1q20	yoy
Mobile services	153.8	35.2	41.0	16.3%
Fixed broadband	84.5	21.0	22.0	4.5%
Digital services	37.4	7.7	12.5	62.7%
TV	48.5	9.3	9.5	1.7%
Wholesale	69.7	17.0	17.8	4.5%
Fixed telephony	60.8	15.9	14.2	-10.5%
Other	21.1	4.1	4.7	15.4%
Total revenue	475.8	110.2	121.6	10.3%

Revenue structure by services



Revenue structure by segments



Strategic priorities



#1

Strengthening leadership in the Russian telecom market & ongoing transformation into digital services provider

FMC

Maximizing value from fixed to mobile convergence and unlocking synergies

5G

Creating a best positioned platform for effective 5G deployment

Attractive dividend policy for 2018–2020



$\geq 75\%$
of Free Cash Flow

≥ 5 RUB
per ordinary share

$50\% \leq \& \leq 100\%$
of Net Income

ESG highlights



Environment



14%

reduction in Direct and Indirect GHG emissions over 3 years

25%

reduction in water consumption over 3 years

19%

reduction in electricity consumption over 3 years

160
RUB mn

expenditures on environmental programs in 2019

Social



42%

of female employees

7%

increase in employee productivity

56%

of employees had training in 2019 ⁽¹⁾

773
RUB mn

health & safety expenses in 2019

Governance



91%

of non-executive directors ⁽²⁾

≥75%

of FCF distributed on dividends according to dividend policy

29%

free float

1 ordinary share = 1 vote

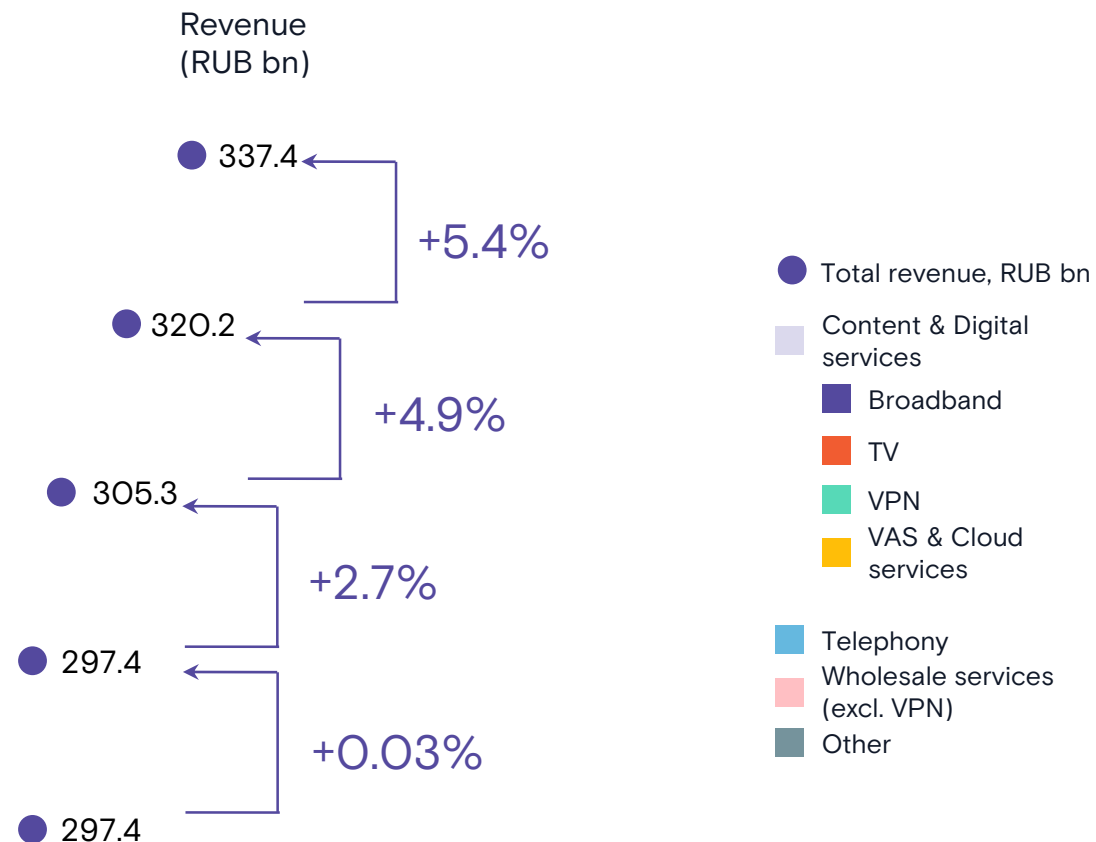
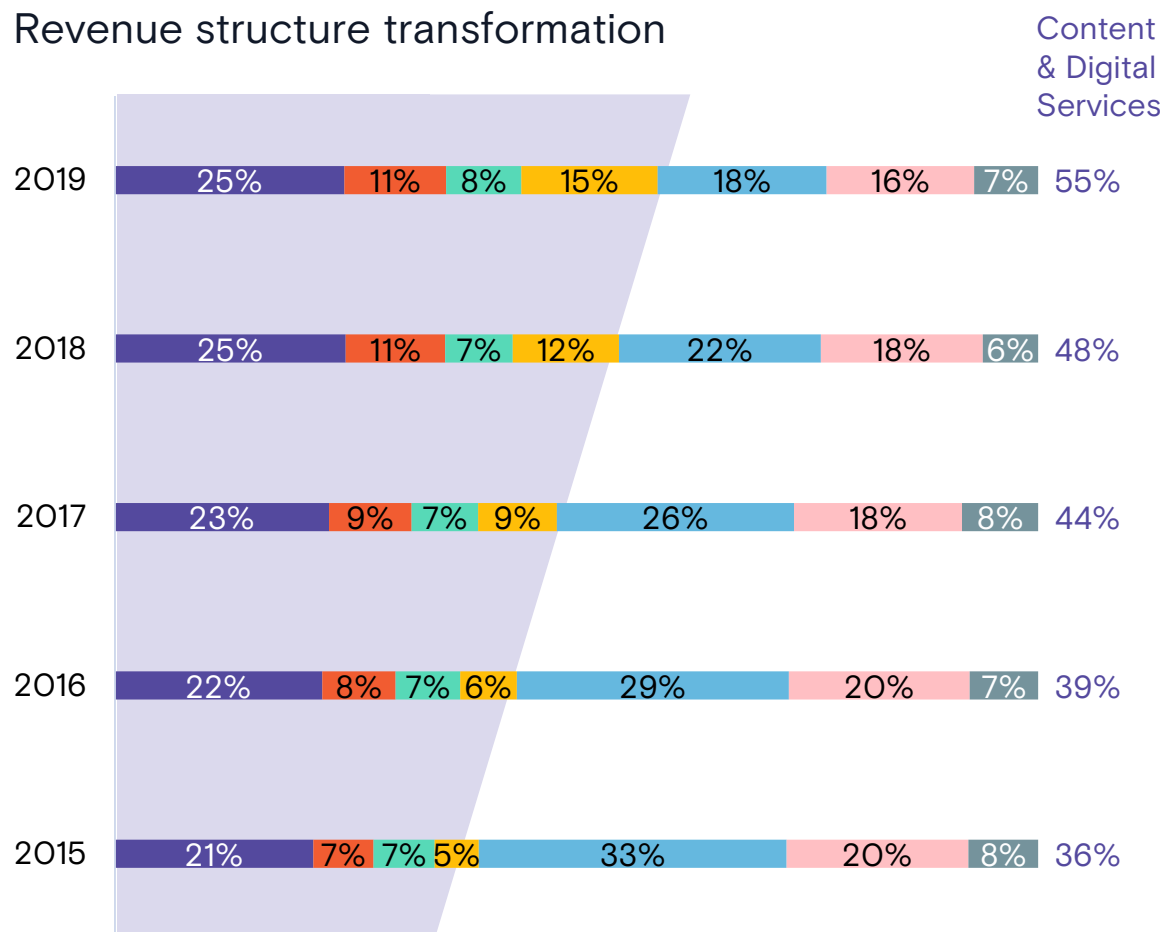
Core digital connectivity



Transforming the fixed-line business into provider of digital services




Revenue structure transformation




Notes: For comparison reasons the data on this slide is presented for standalone Rostelecom business as it was disclosed historically. 2019 data does not reflect Tele2 acquisition.
Content & Digital services = Broadband + TV + VAS & Cloud services + VPN

Leadership in core market of broadband services

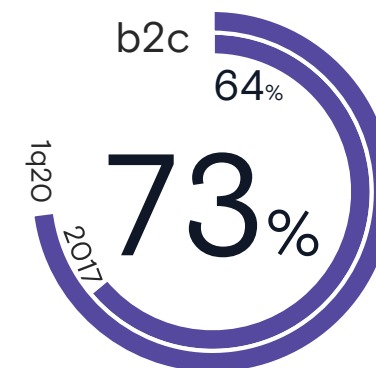


12.2 mn 
broadband b2c
subscribers


41% 
market share in
broadband b2c ⁽¹⁾

36.6 mn 
households covered by fibre
(out of 55 mn in Russia)

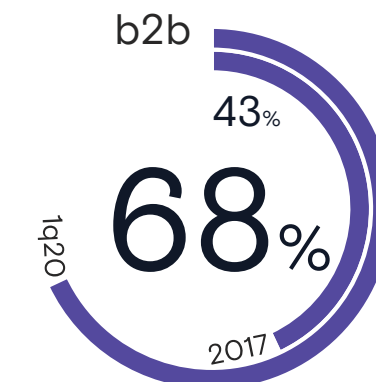
Broadband subscribers
connected by fibre



1.1 mn 
broadband & VPN
b2b subscribers

38% 
market share in
broadband b2b ⁽¹⁾


25.8 Tb/s 
backbone network
capacity




Unique proposition of pay TV services




10.5 mn 
pay TV subscribers

36% 
market share in pay TV
for b2c ⁽¹⁾

36% 
market share in pay TV
for b2b ⁽²⁾

incl.

5.7 mn 
IPTV subscribers

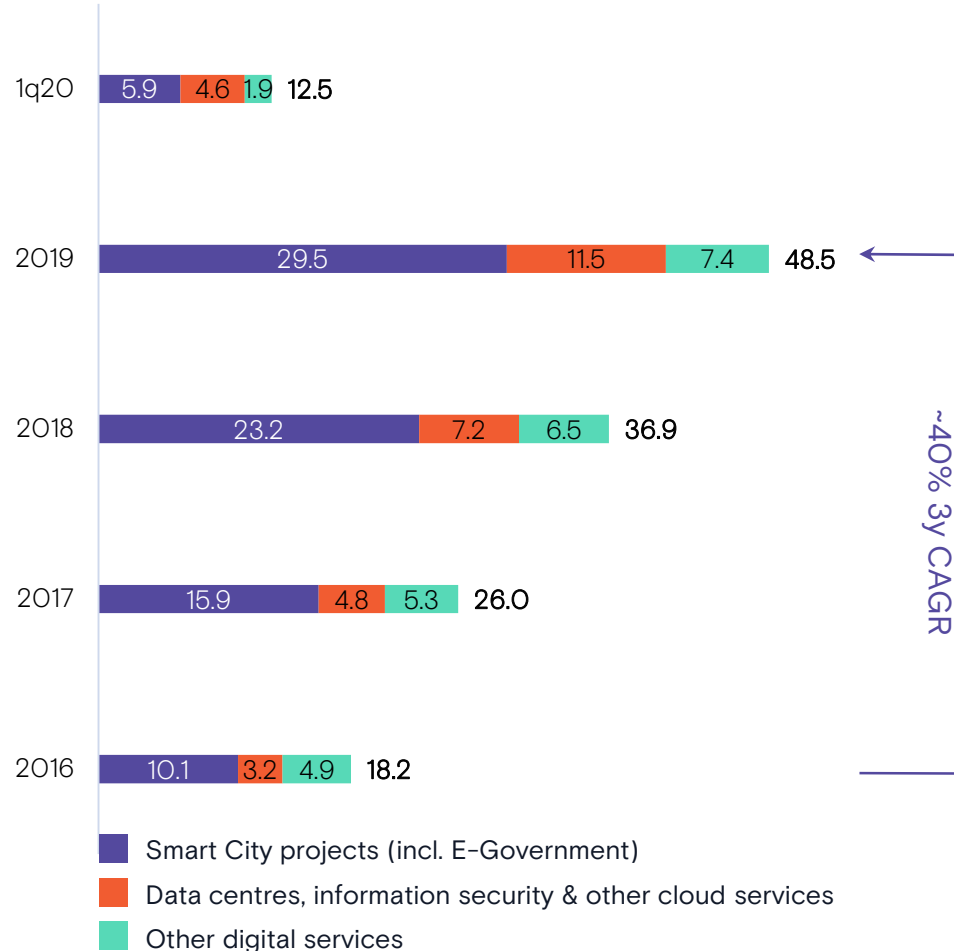
73% 
market share in IPTV ⁽¹⁾

>1 mn 
active users of Wink
platform

Digital services as the key revenue driver



Digital services revenue structure ⁽¹⁾



Leadership in digital markets

26% 

Market share in data centres by rack capacity ⁽²⁾

22% 

Market share in PBX by client base ⁽³⁾

27% 

Market share in cloud video-surveillance for b2b by cameras ⁽⁴⁾

34% 

Market share in Free Calls (8 800) by revenue ⁽³⁾

Notes: (1) The revenue structure was updated starting 2020. VAS and Clouds was renamed to Digital Services with some adjustments and immaterial reclasses within the revenue lines. 2019 was therefore restated for comparison reason. The data for 2016-2018 is shown as it was disclosed historically. (2) iKS-Consulting data for 2019. (3) TMT Consulting for 2019. (4) Telecom Daily for 2019.

Active development of Smart City projects



2019

+50% 

Revenue growth yoy from
Smart City projects ⁽¹⁾

Revenue (RUB bn)



>250k 

Video cameras installed
in 9 regions

230k 

Metering devices
installed

3.1k 

complexes of photo and
video recording of traffic
violations in 47 regions

56 

Regions covered by 112
Hot Line system

80 

Weight-dimensional
control systems installed
in 18 regions

Fast-growing data centres and cloud services



2019

+50%

Revenue growth in 2019
from data centers and
cloud services ⁽¹⁾

11.5k

Rack capacity following
DataLine acquisition in 2020
– player #1 in the market

1q20

Revenue growth

+92%

from Data centres

2.8x

from Virtual data centres

+46%

from Virtual ATS

Rapid expansion of information security services



2019

2.4x 

Revenue growth from
information security services

1.1 mn 

Cyberattacks repelled
in 2019

(40k servers and 1.2k
services under
constant protection)

86.7 bn 

Daily average security
events


>2k 

Clients across Russia

Delivering on ‘Digital Economy’ program & other state projects



2019

11.1k 


Settlements connected under the Bridging the Digital Divide project (85k km fibre optic completed)

64 mn 

Users of the state E-services portal with a verified account (100 mn registered overall)

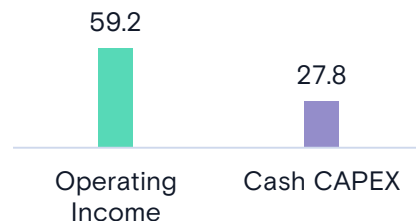
>7k 

Socially significant objects connected to high speed Internet

1.7k 

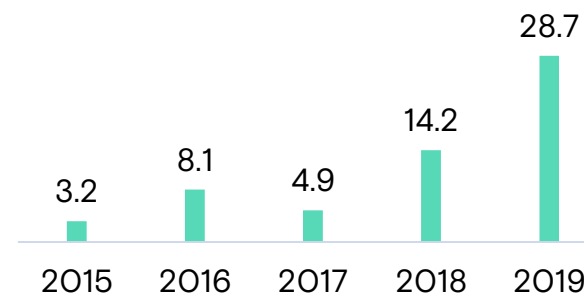
Objects of Federal State Unitary Enterprise "Russian Television and Radio Broadcasting Network" connected (9.4k km fibre optic completed)

BDD project financials 2015–2019 ⁽¹⁾, RUB bn



Target-2024: 14k settlements

Cash CAPEX for state programmes ⁽²⁾

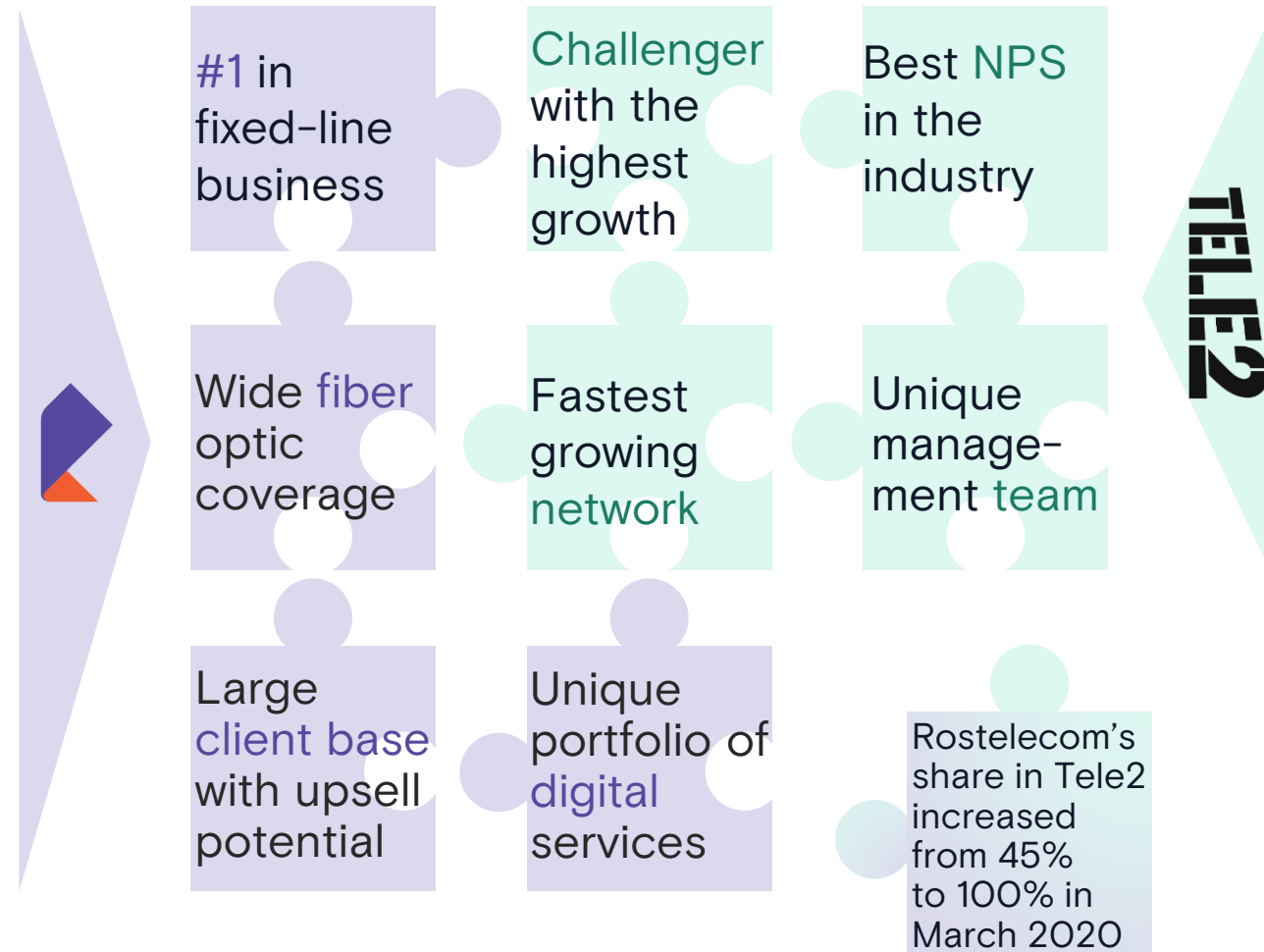


Notes: (1) Operating income is state-funded and is reported under ‘other operating income’. (2) The state programmes for this context mean specialised projects / programmes commissioned by the state and sponsored from the state budget, namely the “Bridging Digital Divide”, programme for connecting medical institutions to the Internet, network construction projects directly funded by government subsidies.

Mobile business



Becoming the largest integrated services provider through consolidation of Tele2 Russia



Best historical dynamics of the mobile arm...



Solid growth in subscriber base with the best NPS in the industry ⁽¹⁾

(44% with margin > 10 p.p. from nearest competitor)

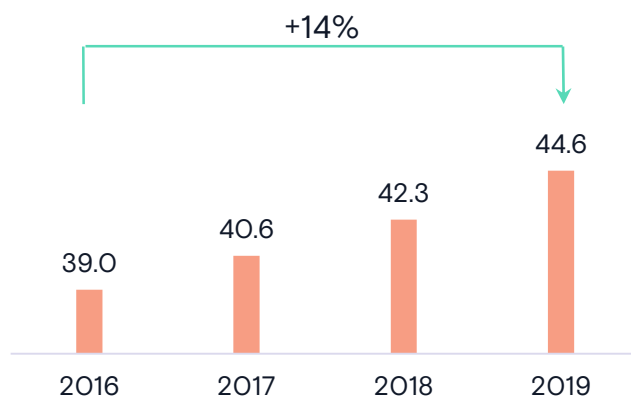
+2 p.p.

Market share increase over 3 years, subscriber base – 45 mn

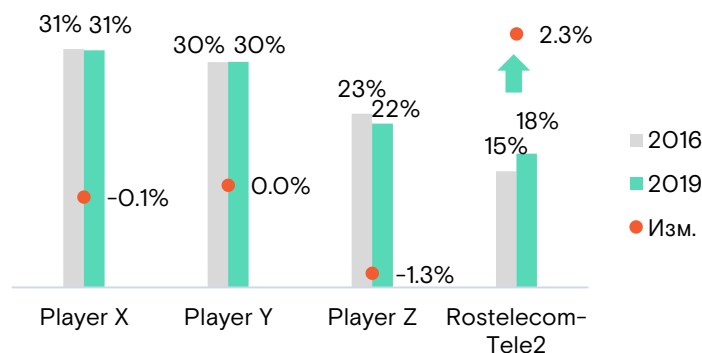
Fastest growing LTE network:

7x growth over 3 years

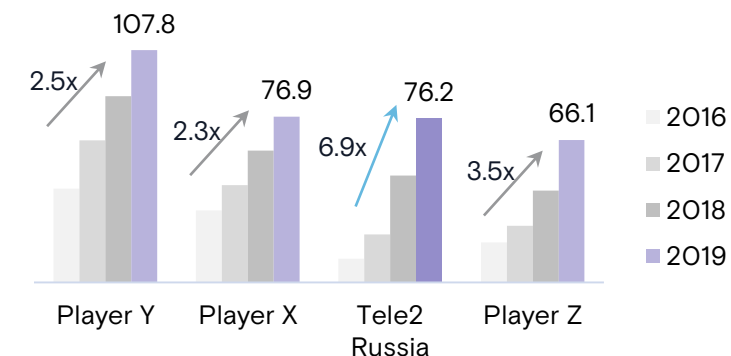
Subscriber base, mn



Market share dynamics of mobile operators in Russia ⁽²⁾



LTE base stations, k ⁽³⁾

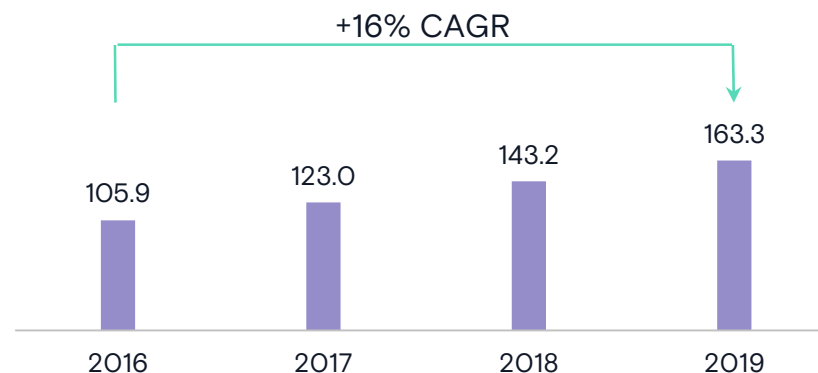


... backed up by outstanding financial results



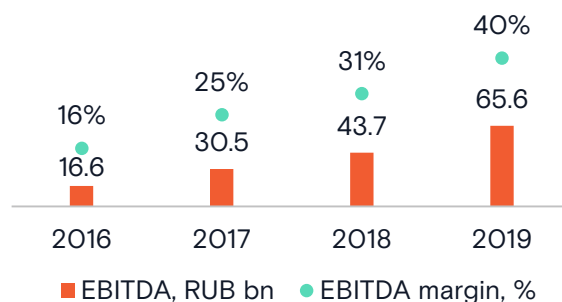
Highest revenue growth in the industry

Revenue, RUB bn

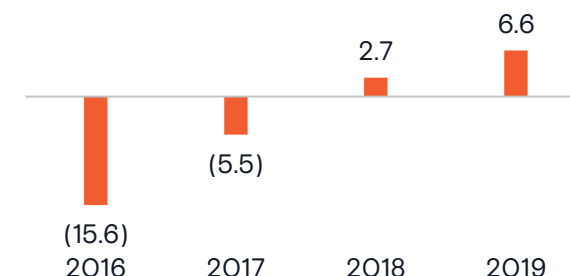


Strong growth in profitability and net profit

EBITDA

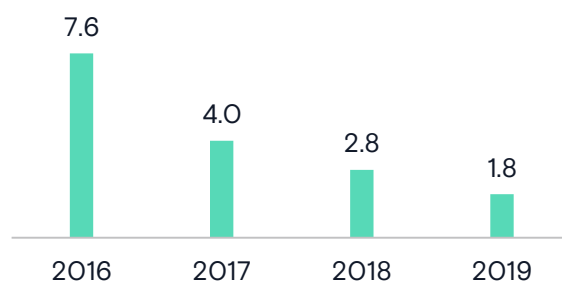


Net profit, RUB bn

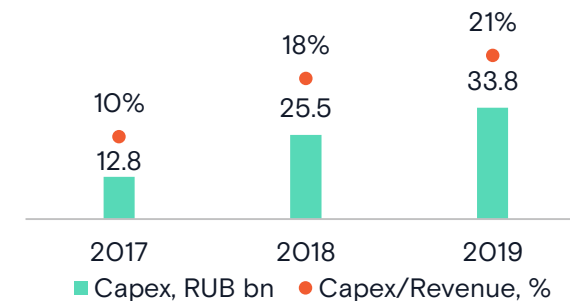


Improving leverage amid accelerated network development

Net debt / EBITDA reported, x



CAPEX



Solid growth in mobile business in 1q20



+16.3% 

Revenue growth from mobile services

+36.1% 

Growth in active mobile Internet users

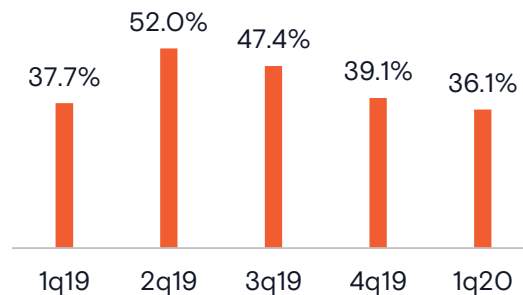
+68.9% 

Increase in data traffic

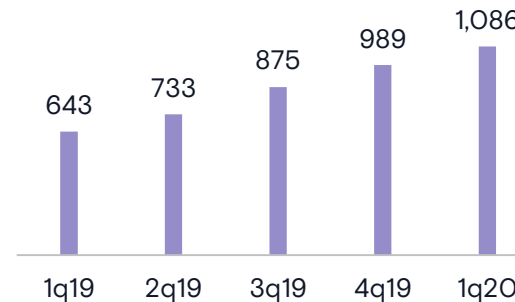
-0.7 pp 

Decrease in quarterly churn

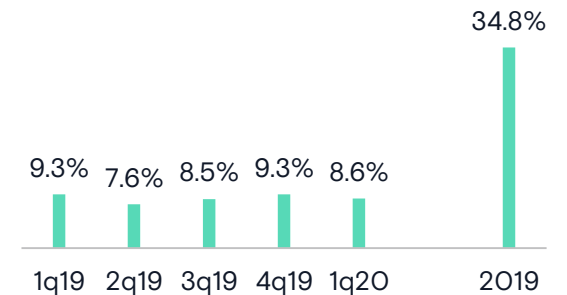
Growth in active users of mobile Internet, %



Traffic, Eb



Churn, %



Note: The yoy growth for 1q20 vs. 1q19 is shown unless stated otherwise.

Our markets



Leading positions in the broadband market



Market size ⁽¹⁾

b2c

Penetration
60%

147
RUB bn

33.6 mn
subscribers

b2b

56
RUB bn

1.8 mn
subscribers

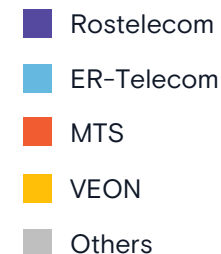
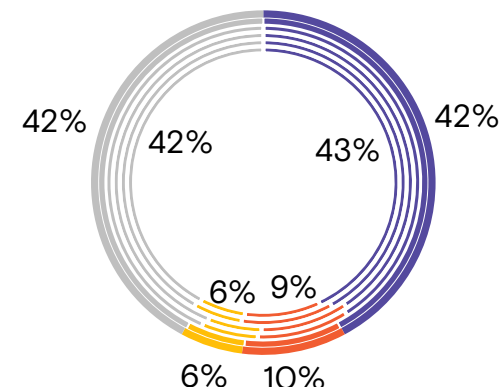
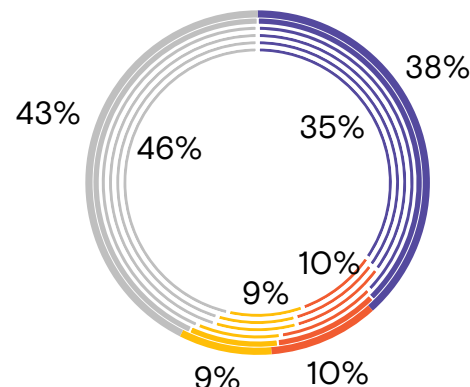
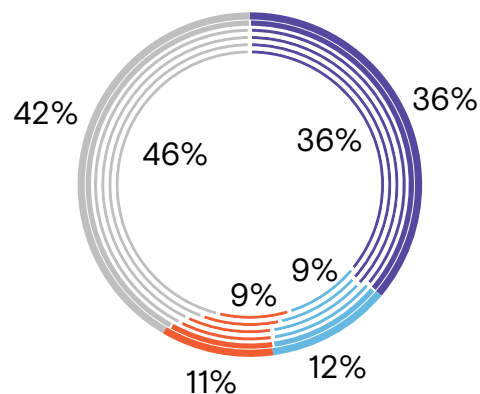
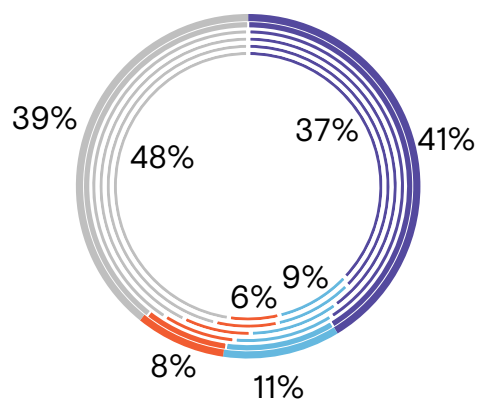
Revenue

Subscribers

Revenue

Subscribers

Structure



Notes: (1) Source: data from TMT-Consulting.



Strong expansion in the pay TV market



Market size ⁽¹⁾

pay TV

Penetration
80%

105
RUB bn

45.4 mn
subscribers

incl. IPTV

32
RUB bn

9.5 mn
subscribers

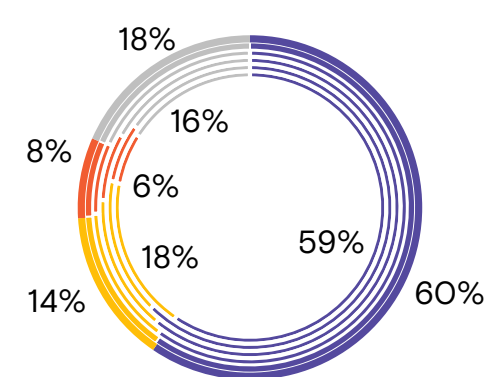
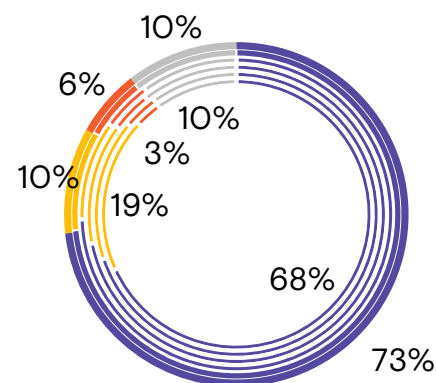
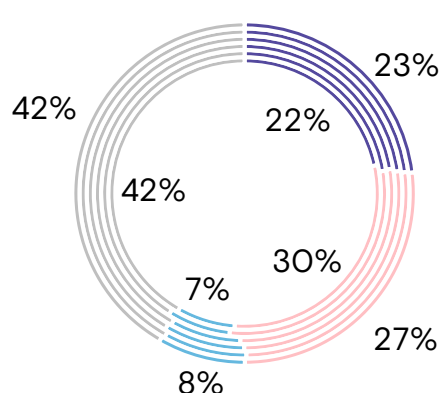
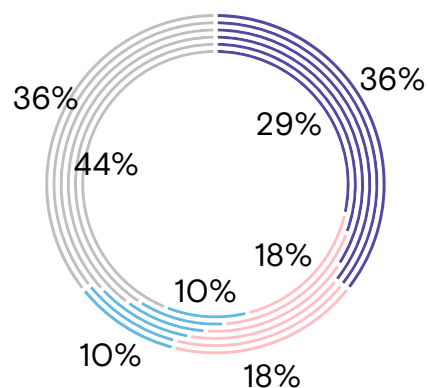
Revenue

Subscribers

Revenue

Subscribers

Structure



Notes: (1) Source: data from TMT-Consulting.



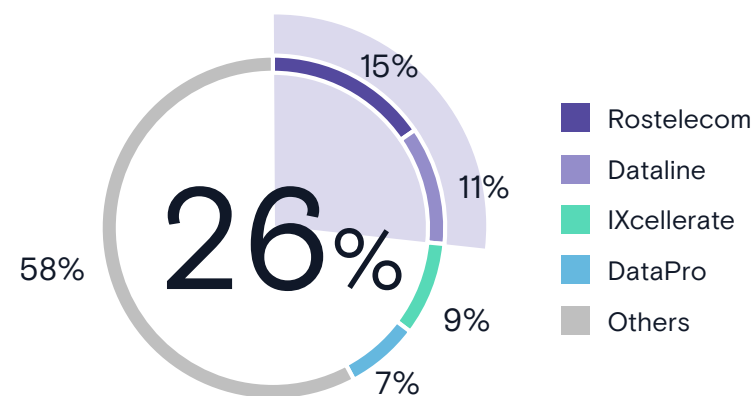
Leadership in fast-growing data centres and cloud services



Data centres

36 RUB bn

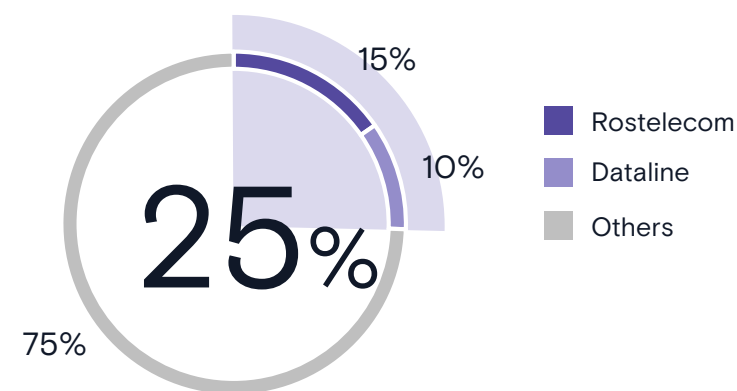
Data centers' market size with up to 15% CAGR 2019-2023f ⁽¹⁾



IaaS

68 RUB bn

Cloud services' market size with 23% CAGR 2018-2022f, incl. IaaS (26% of the market) with 29% CAGR ⁽²⁾



DataLine acquisition was completed in 2020

Expansion in the mobile market



Mobile

990
RUB bn

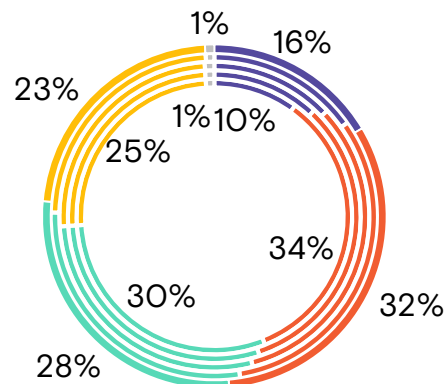
260 mn
subscribers

MVNO

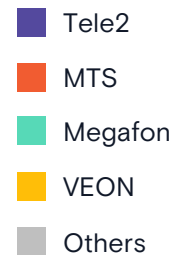
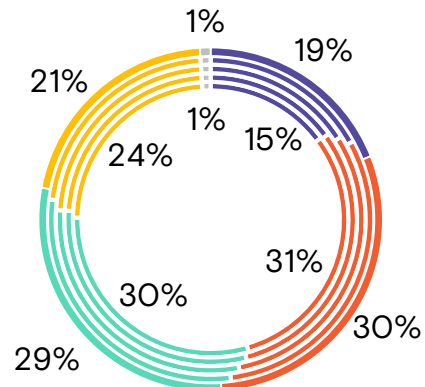
10 mn
subscribers

Revenue (excl. handsets)

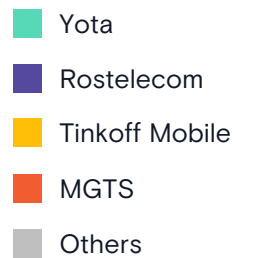
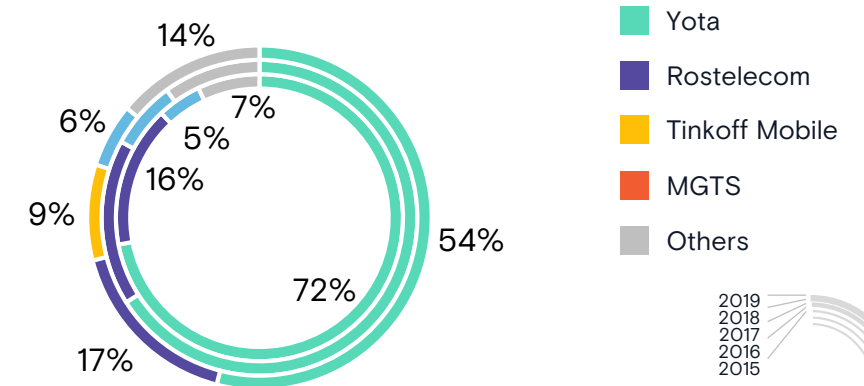
Structure



Subscribers



Subscribers in 2017-2019



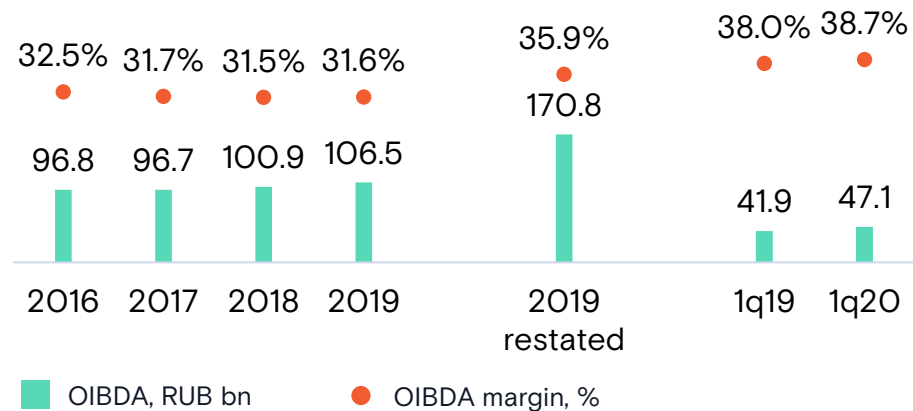
Financial highlights



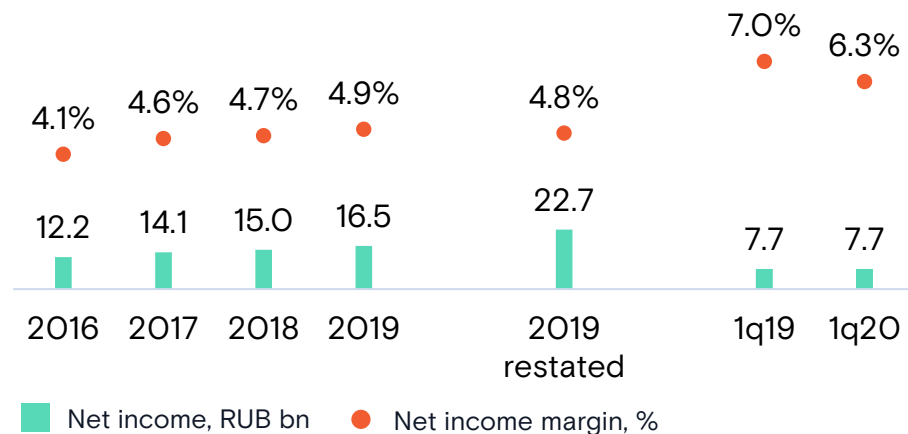
Solid financial performance



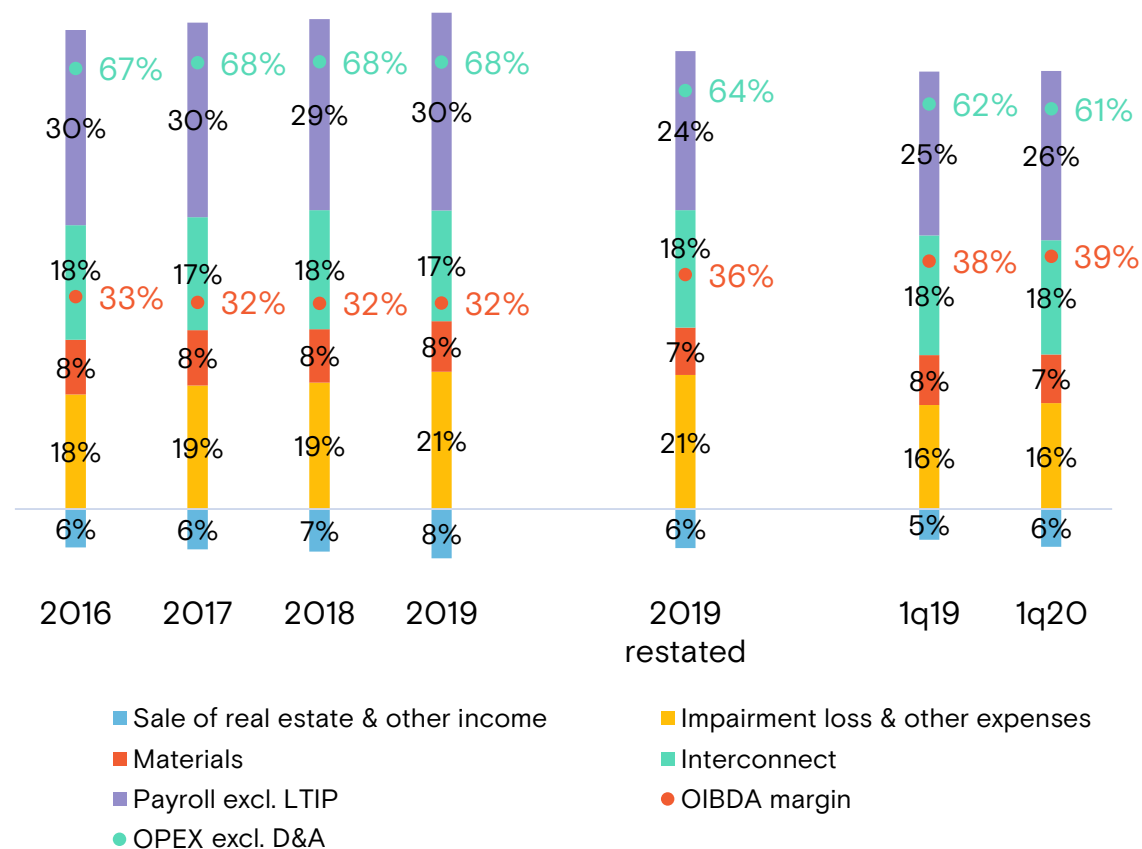
OIBDA



Net income



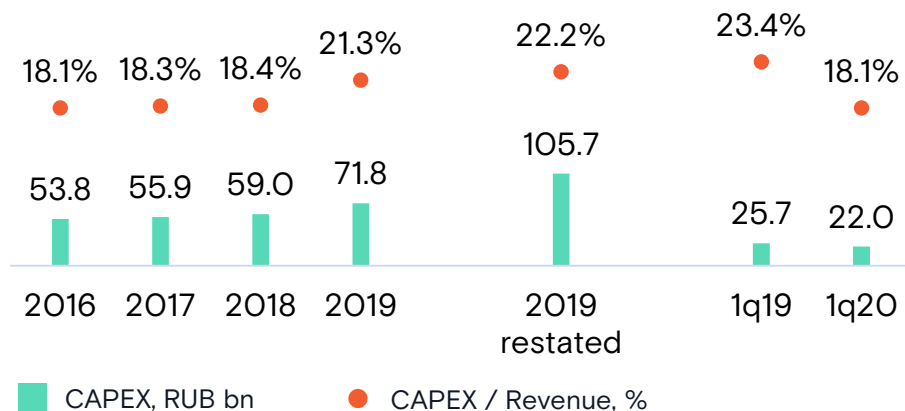
OIBDA margin & its constituents, %



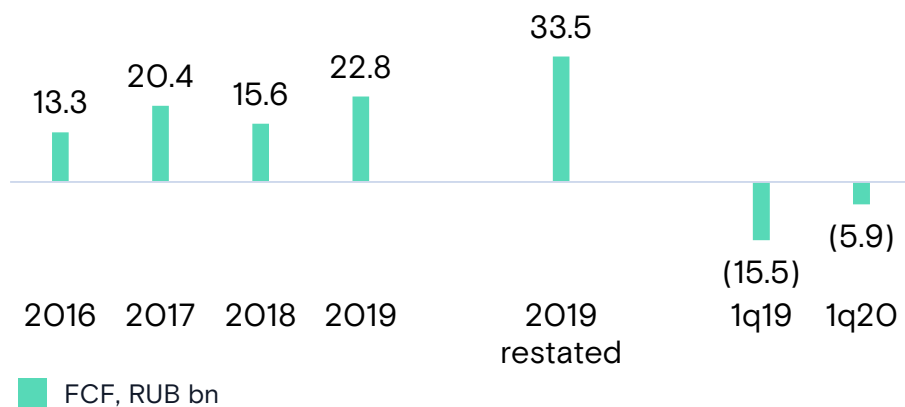
Capex & FCF dynamics



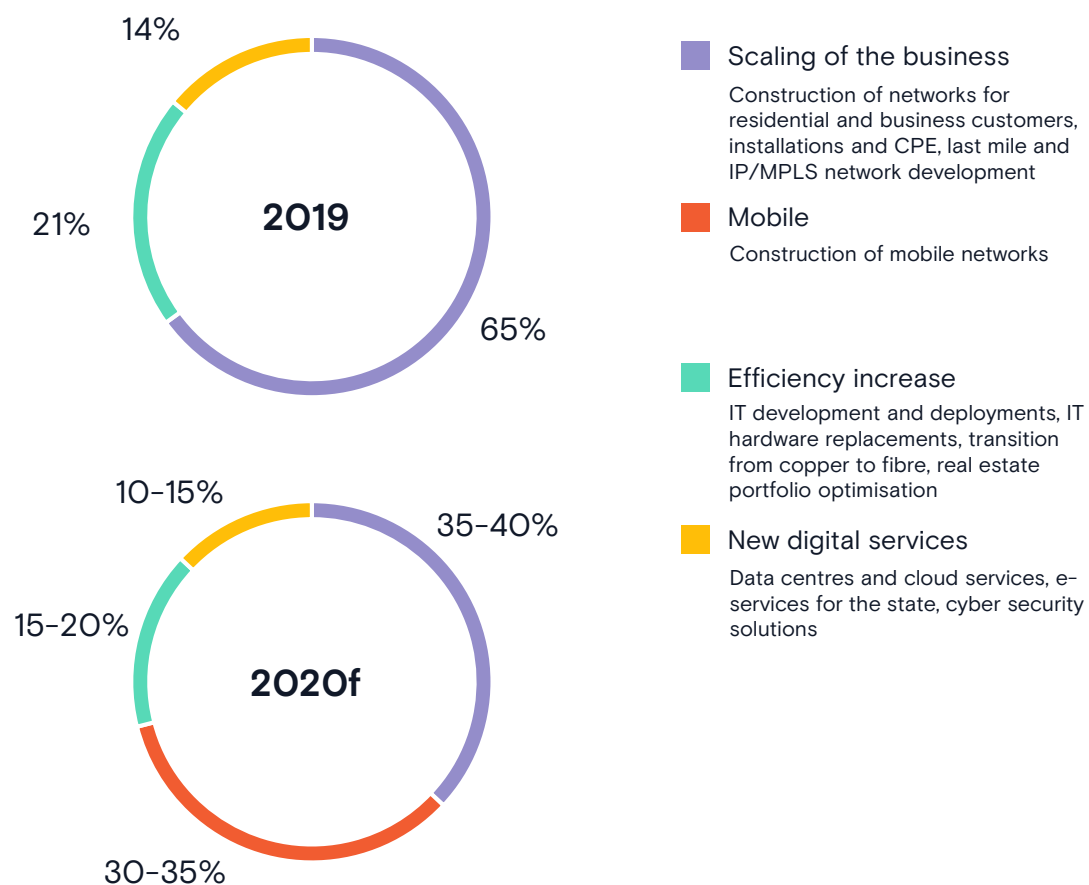
CAPEX excl. state programmes



Free cash flow



CAPEX structure (excl. state programmes)



Increasing operating efficiency

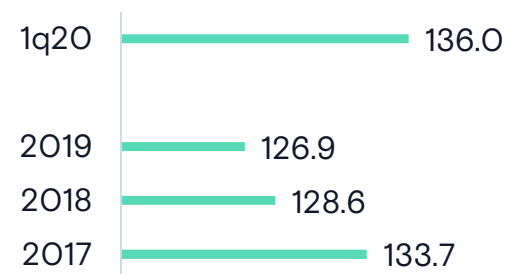


2019

-1% 

Headcount optimization in 2019 ⁽¹⁾

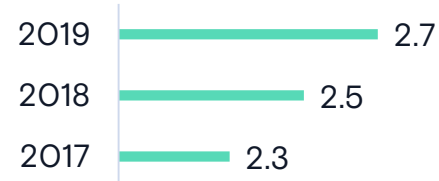
Number of employees (k)



+7% 

Increase in staff productivity

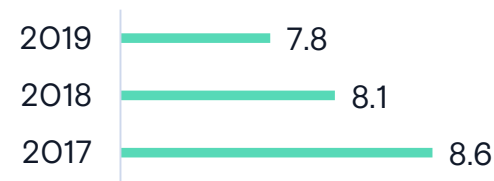
Revenue per employee (RUB mn)



-6% 

Real estate portfolio optimisation

Real estate space (mn sq. m)



11 RUB bn 

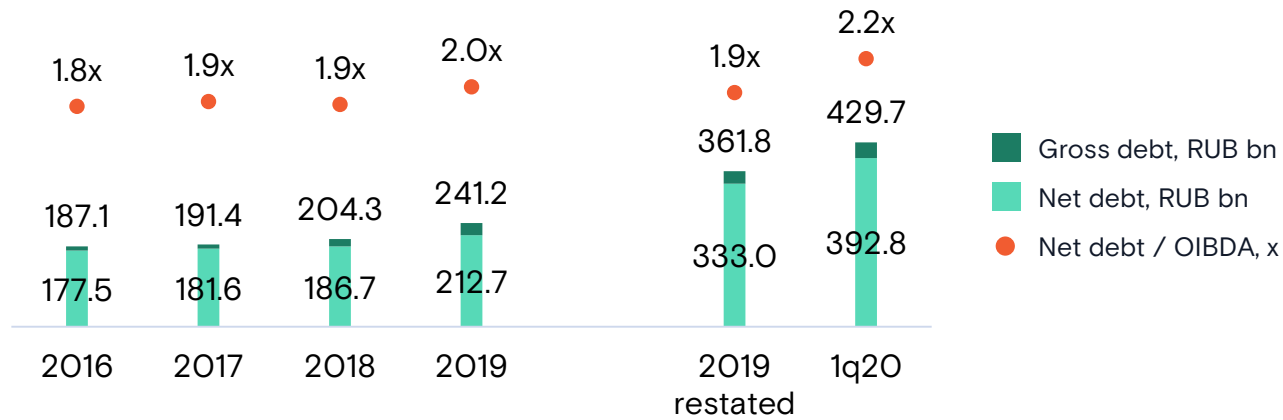
Proceeds from real estate

Includes 7.7 RUB bn from sale and 3.2 RUB bn from rent of real estate

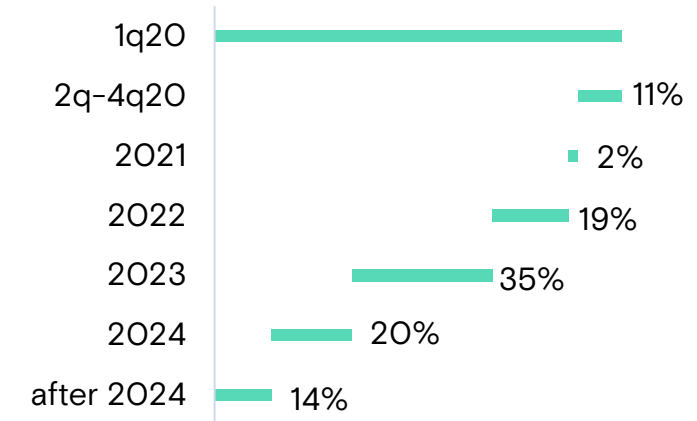
Stable leverage



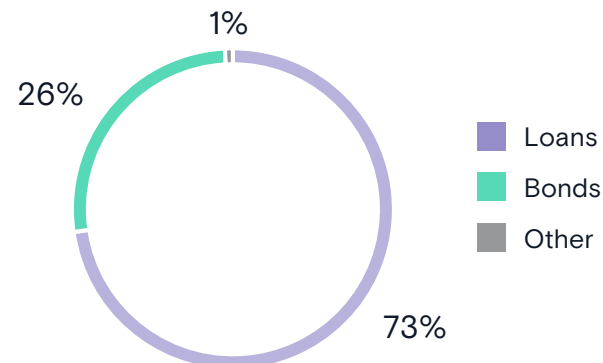
Gross & net debt



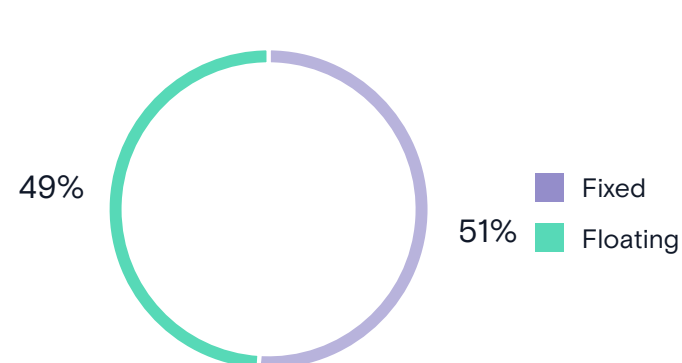
Debt structure by maturity



Debt structure by type



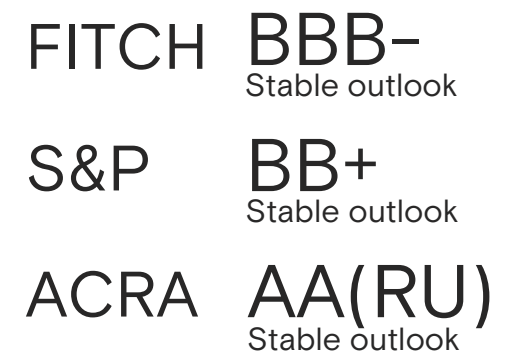
Debt structure by rate



Currency



Ratings



2020 guidance

not including the acquisition of Tele2 Russia and DataLine



Revenue
growth

$\geq 5\%$

OIBDA
growth

$\geq 5\%$

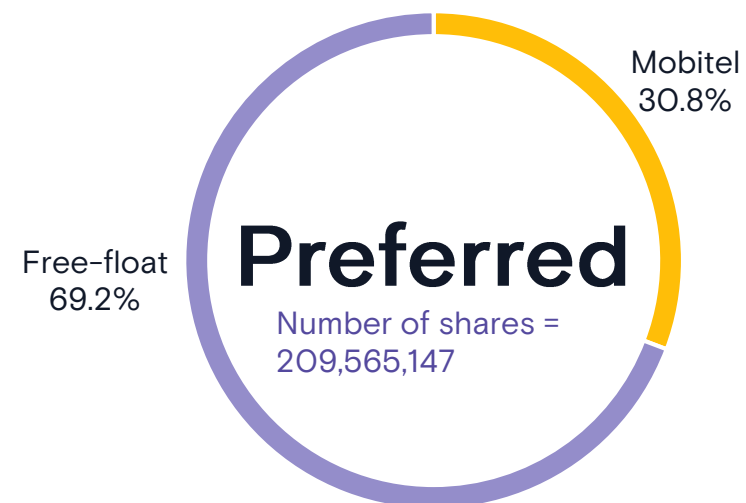
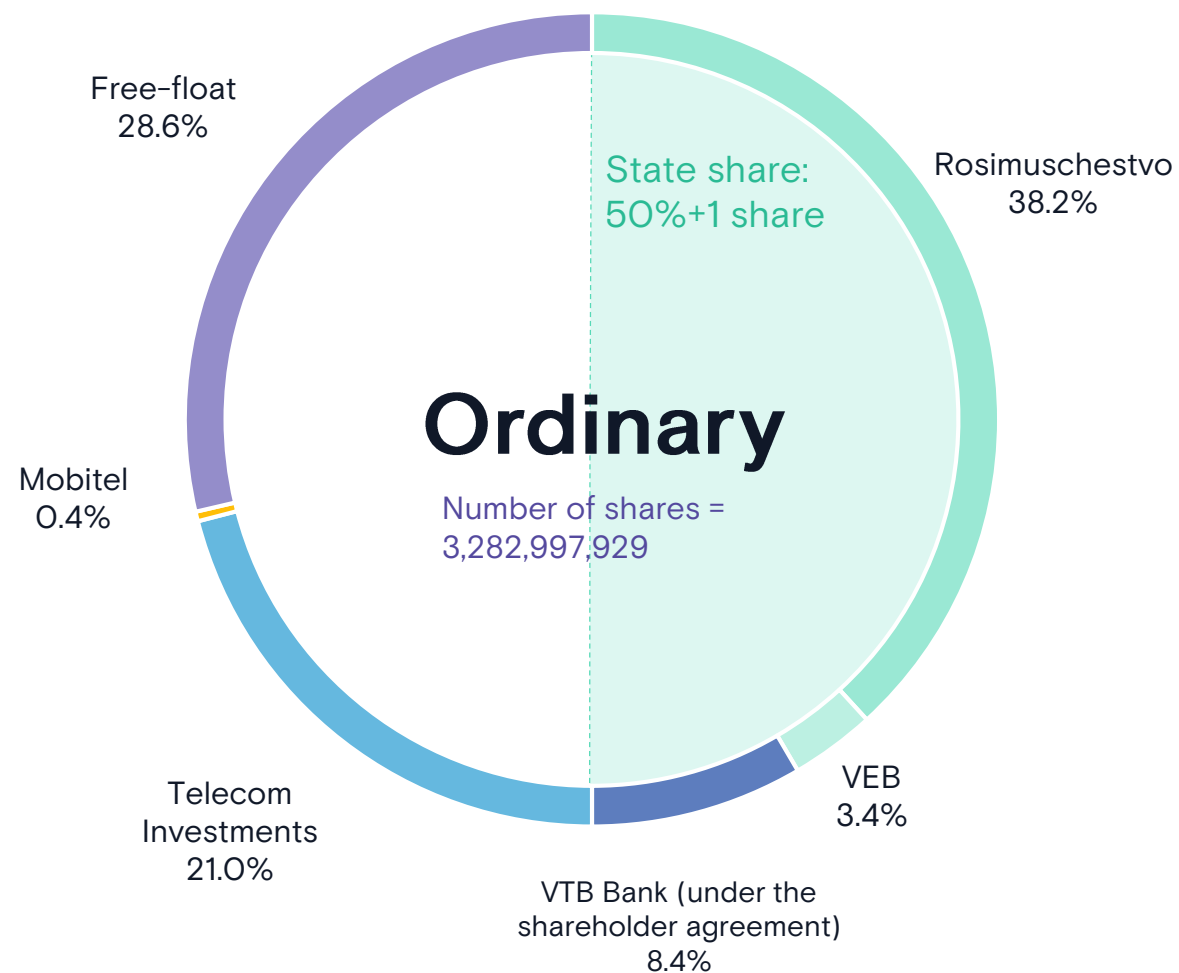
Cash CAPEX

70–75 RUB bn
(excl. sponsored state programmes)

The company will present revised guidance for 2020 under the new perimeter of consolidation over the coming reporting periods.

By providing this outlook, we reserve the right to revise or update it at any subsequent period in case of events which, in our opinion, can increase uncertainty, including but not limited to regulatory decisions, currency devaluation, consumer spending contraction, budget cuts, or any other macroeconomic events and decisions which can affect the Company's actual results.

Ownership structure



Balance sheet



RUB bn	2016	2017	2018	2019	2019 restated	1q20	RUB bn	2016	2017	2018	2019	2019 restated	1q20
ASSETS							EQUITY AND LIABILITIES						
Non-current assets							Equity						
Property, plant and equipment	343.667	348.430	373.839	401.516	522.466	523.191	Share capital	0.093	0.093	0.093	0.093	0.093	0.095
Investment properties	0.181	0.159	0.172	0.181	0.181	0.152	Additional paid in capital	0.090	0.091	0.115	0.115		
Goodwill and other intangible assets	61.209	59.820	66.246	91.318	127.153	132.720	Treasury shares	(67.034)	(65.556)	(60.419)	(53.391)	(53.391)	(20.279)
Right of use assets			21.205	28.890	49.189	50.476	Retained earnings and other reserves	311.167	311.494	307.234	310.807	264.231	196.781
Trade and other accounts receivable	7.053	8.352	7.346	6.131	5.642	6.553	Total equity attributable to equity holders of the Group	244.316	246.122	247.023	257.624	210.933	176.597
Investment in associates and joint ventures	68.352	65.879	69.982	72.850	8.892	9.096	Non-controlling interest	4.317	3.242	3.930	4.564	4.564	4.766
Other financial assets	0.797	1.600	1.950	2.667	2.667	4.116	Total equity	248.633	249.364	250.953	262.188	215.497	181.363
Other non-current assets	5.551	4.352	4.667	9.667	9.938	11.295	Non-current liabilities						
Deferred tax assets		0.647	0.863	1.133	10.255	10.666	Loans and borrowings	124.510	166.660	174.371	219.319	280.570	374.903
Contract assets			0.501	0.866	0.866	1.001	Lease liabilities			16.855	24.349	42.355	43.653
Contract costs			12.323	12.774	14.647	15.108	Employee benefits	5.217	4.733	4.675	5.881	5.881	6.138
Total non-current assets	486.810	489.239	559.094	627.993	751.896	764.374	Deferred tax liabilities	36.165	35.681	38.411	37.067	38.249	41.699
Current assets							Accounts payable and accrued expenses		2.233	3.090	4.671	1.486	1.509
Inventories	6.444	6.169	7.631	9.413	9.793	9.710	Contract liabilities					17.472	16.308
Contract assets			9.511	4.610	4.480	6.799	Provisions					4.418	4.683
Contract costs					0.920	0.728	Other non-current liabilities	7.097	6.383	21.142	32.990	19.052	20.289
Trade and other accounts receivable	45.884	47.813	44.189	45.988	49.179	54.407	Total non-current liabilities	172.989	215.690	258.544	324.277	409.484	509.182
Prepayments	2.166	3.455	4.380	5.618	7.845	7.536	Current liabilities						
Prepaid income tax	1.957	0.159	0.984	0.821	0.868	3.395	Loans and borrowings	62.595	24.712	29.908	21.873	81.277	54.775
Other financial assets	5.367	5.963	7.487	8.888	8.888	8.634	Lease liabilities			4.791	5.593	9.971	10.671
Other current assets	2.151	2.619	2.856	4.640	6.264	5.321	Accounts payable and accrued expenses	64.072	60.666	88.530	86.504	86.514	73.800
Cash & cash equivalents	4.257	3.815	10.080	19.556	19.955	28.223	Income tax payable		1.162	0.644	1.168	2.692	2.073
Asset classified as held for sale	0.646	0.997	0.554	0.749	0.749	0.790	Contract liabilities					31.353	31.995
Total current assets	68.872	70.990	87.672	100.283	108.941	125.543	Provisions					7.283	7.496
Total assets	555.682	560.229	646.766	728.276	860.837	889.917	Other financial liabilities					0.164	0.146
							Other current liabilities	7.393	8.635	13.396	26.673	16.603	18.417
							Total current liabilities	134.060	95.175	137.269	141.811	235.856	199.372
							Total equity and liabilities	555.682	560.229	646.766	728.276	860.837	889.917

Note: In accordance with the accounting policy of the Group, the acquisition of Tele2 Russia has been recognized as a business combination under common control. According to this method the merger of businesses arising from a transfer of entity stakes under common control of the Group's shareholders, is presented as if the merger took place in the earliest period of the statements, or, if later, effective from the date that common control was put into effect; for this purpose comparatives are revised. Rostelecom's consolidated financial statements for 2019 have therefore been revised to incorporate Tele2 Russia's performance as if the acquisition had been completed on 1 January 2019.

Profit & loss statement



RUB bn	2016	2017	2018	2019	2019 restated	1q20	1q20/19
Revenue	297.446	305.329	320.239	337.421	475.752	121.613	10.3%
Operating expenses	(257.610)	(267.444)	(284.439)	(303.569)	(415.637)	(102.666)	9.8%
Wages, salaries, other benefits and payroll taxes	(90.340)	(93.381)	(97.350)	(106.193)	(119.822)	(32.190)	12.7%
Depreciation, amortization and impairment losses	(55.589)	(56.628)	(60.329)	(67.313)	(105.318)	(27.128)	13.3%
Interconnection charges	(52.161)	(52.762)	(58.293)	(57.151)	(85.506)	(21.289)	5.4%
Materials, utilities, repair and maintenance	(24.917)	(25.926)	(26.183)	(26.168)	(34.517)	(9.039)	7.7%
Gain/(Loss) on disposal of PPE and intangible assets	4.556	5.344	7.184	8.081	8.127	1.359	107.5%
Impairment loss of financial assets measured at amortised cost	(2.775)	(2.776)	(4.925)	(6.190)	(6.588)	(1.163)	-5.9%
Other operating income	12.948	13.444	13.673	17.359	20.434	5.657	25.0%
Other operating expense	(49.332)	(54.759)	(58.216)	(65.994)	(92.447)	(18.873)	15.6%
Operating profit	39.836	37.885	35.800	33.852	60.115	18.947	13.0%
Operating profit margin	13.4%	12.4%	11.2%	10.0%	12.6%	15.6%	
Share of net profit/(loss) of associates and joint ventures	(7.296)	(2.692)	(0.091)	1.971	(1.013)	0.166	-674.1%
Finance costs	(17.175)	(17.350)	(17.275)	(19.519)	(33.134)	(8.272)	2.7%
Other Investing and financial gain/(loss), net	1.061	0.941	1.602	1.779	1.301	0.646	6356.3%
Foreign exchange gain/(loss), net	0.515	0.122	(0.597)	0.438	1.095	(1.433)	-270.4%
Profit before income tax	16.941	18.906	19.439	18.521	28.364	10.054	5.5%
Income tax expense	(4.692)	(4.856)	(4.427)	(2.047)	(5.707)	(2.342)	25.8%
Net profit	12.249	14.050	15.012	16.474	22.657	7.712	0.6%
Net profit margin	4.1%	4.6%	4.7%	4.9%	4.8%	6.3%	

Note: In accordance with the accounting policy of the Group, the acquisition of Tele2 Russia has been recognized as a business combination under common control. According to this method the merger of businesses arising from a transfer of entity stakes under common control of the Group's shareholders, is presented as if the merger took place in the earliest period of the statements, or, if later, effective from the date that common control was put into effect; for this purpose comparatives are revised. Rostelecom's consolidated financial statements for 2019 have therefore been revised to incorporate Tele2 Russia's performance as if the acquisition had been completed on 1 January 2019.

Cash flow statement



RUB bn	2016	2017	2018	2019	2019 restated	1q20
Cash flows from operating activities						
Profit before income tax	16.941	18.906	19.439	18.521	28.364	10.054
Depreciation, amortization and impairment losses	55.589	56.628	60.329	67.313	105.318	27.128
Gain/(Loss) on disposal of PPE and intangible assets	(4.556)	(5.344)	(7.184)	(8.081)	(8.127)	(1.359)
Impairment loss of financial assets measured at amortised cost	2.775	2.776	4.057	6.190	6.588	1.163
(Gain)/Loss from associates and joint ventures	7.296	2.692	0.091	(1.971)	1.013	(0.166)
Finance costs excluding finance costs on employee benefit obligations	16.699	17.026	17.180	19.454	33.069	8.261
Other Investing and financial (gain)/loss, net	(1.061)	(0.941)	(1.602)	(1.779)	(1.301)	(0.646)
Foreign exchange (gain)/loss, net	(0.515)	(0.122)	0.597	(0.438)	(1.095)	1.433
Share-based motivation program	1.019	2.309	3.500	4.028	4.028	0.772
<i>Changes in net working capital:</i>	<i>(8.608)</i>	<i>(1.637)</i>	<i>2.726</i>	<i>18.532</i>	<i>13.889</i>	<i>(19.686)</i>
(Increase) / decrease in accounts receivable and contract assets	(3.941)	(5.078)	(8.634)	(0.809)	0.066	(9.378)
(Decrease) / increase in employee benefits	(0.561)	(0.066)	(0.353)	0.858	0.858	0.257
(Increase) / decrease in inventories	(2.351)	0.232	(1.414)	(1.678)	(1.569)	0.407
(Decrease) / increase in accounts payable, provisions and accrued expenses	1.376	3.963	13.377	14.502	11.460	(10.909)
(Increase) / decrease in other assets	(3.131)	(1.917)	(4.245)	(6.950)	(16.145)	(1.488)
(Decrease) / increase in other liabilities		1.229	3.995	12.609	19.219	1.425
Cash generated from operations	85.579	92.293	99.133	121.769	181.746	26.954
Interest paid	(18.410)	(17.548)	(18.174)	(19.597)	(33.171)	(7.430)
Income tax refund	4.391	1.825	0.230	0.693	0.693	0.007
Income tax paid	(4.383)	(4.801)	(3.945)	(3.444)	(5.065)	(2.497)
Net cash from operating activities	67.177	71.769	77.244	99.421	144.203	17.033
Cash flows from investing activities						
Purchase of PPE and intangible assets	(61.857)	(60.752)	(73.179)	(100.513)	(134.383)	(26.025)
Proceeds from sale of PPE and intangible assets	7.978	9.368	10.097	9.532	9.434	1.617
Acquisition of financial assets	(9.736)	(12.762)	(7.351)	(8.152)	(8.150)	(2.347)
Proceeds from disposals of financial assets	10.831	11.574	5.296	4.809	4.809	1.109
Interest received	1.029	0.637	0.589	0.798	0.693	0.199
Subsidy from Government		0.772	3.641	13.572	13.572	1.229
Dividends received	0.022	0.006	0.095	0.232	0.232	0.052
Purchase of subsidiaries and business, net of cash acquired	(2.438)	(0.218)	(4.064)	(23.009)	(23.009)	(113.366)
Proceeds from disposal of subsidiaries, net of cash disposed	(0.001)	0.347	0.080			
Acquisition of equity accounted investees	(2.778)	(2.430)	(4.386)	(0.544)	(0.544)	(0.025)
Net cash used in investing activities	(56.950)	(53.458)	(69.182)	(103.275)	(137.346)	(137.557)

RUB bn	2016	2017	2018	2019	2019 restated	1q20
Cash flows from financing activities						
Sale of treasury shares	0.157	0.001				
(Purchase) of treasury shares	(0.314)	(0.981)				
Issue of share capital						66.000
Proceeds from bank and corporate loans	655.190	522.157	579.949	555.802	615.808	342.307
Repayment of bank and corporate loans	(665.936)	(519.403)	(564.785)	(540.306)	(598.029)	(305.630)
Proceeds from bonds	15.000	20.000	10.000	25.000	25.000	30.000
Repayment of bonds	(2.734)	(20.642)	(11.209)	(7.389)	(12.204)	(0.004)
Repayment of promissory notes				(0.051)	(0.051)	
Repayment of vendor financing payable	(0.009)	(0.009)	(0.015)	(0.011)	(0.011)	(0.002)
Proceeds from / (repayment of) other non-current financing liabilities	(0.001)	(0.007)	(0.001)			(0.007)
Proceeds from non-controlling shareholders of subsidiaries			0.024			
Repayment of lease liabilities	(0.160)	(0.118)	(4.034)	(5.674)	(13.849)	(3.590)
Acquisition of non-controlling interest		(2.318)		(1.397)	(1.397)	(0.020)
Dividends paid to shareholders of the Group	(13.295)	(12.195)	(11.547)	(11.731)	(11.731)	0.000
Dividends paid to non-controlling shareholders of subsidiaries	(0.258)	(0.190)	(0.226)	(0.824)	(0.824)	(0.233)
Options settlement repayments	(0.319)	(4.896)				
Net cash from financing activities	(12.679)	(18.601)	(1.844)	13.419	2.712	128.821
Effect of exchange rate changes on cash and cash equivalents	(0.456)	(0.152)	0.047	(0.089)	(0.106)	(0.030)
Net (decrease)/increase in cash and cash equivalents	(2.908)	(0.442)	6.265	9.476	9.463	8.267
Cash and cash equivalents at the end of period	4.257	3.815	10.080	19.556	19.955	28.222

Revenue structure



Historical revenue structure for standalone Rostelecom

RUB bn	2016	2017	2018	2019	17/16	18/17	19/18
Revenue	297.446	305.329	320.239	337.421	2.7%	4.9%	5.4%
By services:							
Broadband Internet	66.771	70.785	80.042	83.873	6.0%	13.1%	4.8%
TV services	23.599	27.348	34.464	37.132	15.9%	26.0%	7.7%
Fixed telephony	87.703	78.445	69.983	61.738	-10.6%	-10.8%	-11.8%
Wholesale services	79.010	77.525	79.593	81.391	-1.9%	2.7%	2.3%
<i>Rent of channels</i>	<i>10.538</i>	<i>9.437</i>	<i>9.582</i>	<i>9.674</i>	-10.4%	1.5%	1.0%
<i>Interconnect and traffic transit</i>	<i>35.102</i>	<i>33.253</i>	<i>33.256</i>	<i>30.295</i>	-5.3%	0.0%	-8.9%
<i>VPN</i>	<i>20.823</i>	<i>21.981</i>	<i>23.433</i>	<i>27.558</i>	5.6%	6.6%	17.6%
<i>Rent & maintenance of telecom infrastructure</i>	<i>12.546</i>	<i>12.855</i>	<i>13.322</i>	<i>13.864</i>	2.5%	3.6%	4.1%
VAS & Clouds	18.245	26.013	36.902	49.799	42.6%	41.9%	34.9%
Other telecommunication services	14.352	16.854	12.076	14.274	17.4%	-28.4%	18.2%
Other non-telecommunication services	7.767	8.359	7.179	9.215	7.6%	-14.1%	28.4%
Broadband Internet	22.4%	23.2%	25.0%	24.9%			
TV services	7.9%	9.0%	10.8%	11.0%			
Fixed telephony	29.5%	25.7%	21.9%	18.3%			
Wholesale services	26.6%	25.4%	24.9%	24.1%			
<i>Rent of channels</i>	<i>3.5%</i>	<i>3.1%</i>	<i>3.0%</i>	<i>2.9%</i>			
<i>Interconnect and traffic transit</i>	<i>11.8%</i>	<i>10.9%</i>	<i>10.4%</i>	<i>9.0%</i>			
<i>VPN</i>	<i>7.0%</i>	<i>7.2%</i>	<i>7.3%</i>	<i>8.2%</i>			
<i>Rent & maintenance of telecom</i>	<i>4.2%</i>	<i>4.2%</i>	<i>4.2%</i>	<i>4.1%</i>			
VAS & Clouds	6.1%	8.5%	11.5%	14.8%			
Other telecommunication services	4.8%	5.5%	3.8%	4.2%			
Other non-telecommunication services	2.6%	2.7%	2.2%	2.7%			
By management units:							
b2c	133.917	136.304	137.745	140.338	1.8%	1.1%	1.9%
b2b/b2g	102.195	109.209	121.509	137.726	6.9%	11.3%	13.3%
b2o	56.851	55.061	56.389	55.096	-3.1%	2.4%	-2.3%
other	4.483	4.756	4.595	4.261	6.1%	-3.4%	-7.3%
b2c	45.0%	44.6%	43.0%	41.6%			
b2b/b2g	34.4%	35.8%	37.9%	40.8%			
b2o	19.1%	18.0%	17.6%	16.3%			
other	1.5%	1.6%	1.4%	1.3%			

Updated revenue structure for Rostelecom incl. Tele2 Russia

RUB bn	2019	1q20	1q20/19
Revenue	475.752	121.613	10.3%
By services			
Mobile services	153.760	40.963	16.3%
Fixed broadband	84.493	21.993	4.5%
Digital services	48.477	12.520	62.7%
TV	37.360	9.489	1.7%
Wholesale services	69.703	17.771	4.5%
<i>VPN</i>	<i>24.273</i>	<i>7.026</i>	<i>34.5%</i>
<i>Interconnect and traffic transit</i>	<i>20.017</i>	<i>4.247</i>	<i>-28.1%</i>
<i>Infrastructure services</i>	<i>15.689</i>	<i>4.064</i>	<i>17.6%</i>
<i>Rent of channels</i>	<i>9.724</i>	<i>2.434</i>	<i>0.4%</i>
Fixed telephony	60.824	14.189	-10.5%
Other services	21.135	4.688	15.4%
Mobile services	32.3%	33.7%	
Fixed broadband	17.8%	18.1%	
Digital services	10.2%	10.3%	
TV	7.9%	7.8%	
Wholesale services	14.7%	14.6%	
<i>VPN</i>	<i>5.1%</i>	<i>5.8%</i>	
<i>Interconnect and traffic transit</i>	<i>4.2%</i>	<i>3.5%</i>	
<i>Infrastructure services</i>	<i>3.3%</i>	<i>3.3%</i>	
<i>Rent of channels</i>	<i>2.0%</i>	<i>2.0%</i>	
Fixed telephony	12.8%	11.7%	
Other services	4.4%	3.9%	
By management units:			
b2c	245.791	62.807	4.8%
b2b/b2g	152.036	39.001	25.8%
b2o	73.811	18.845	3.4%
other	4.113	0.960	-9.4%
b2c	51.7%	51.6%	
b2b/b2g	32.0%	32.1%	
b2o	15.5%	15.5%	
other	0.8%	0.8%	

Operational data



	2016	2017	2018	2019	1q20	17/16	18/17	19/18	1q 20/19
SUBSCRIBERS, mn									
Local telephony	20.6	19.1	17.4	15.7	15.3	-7.6%	-8.7%	-9.9%	-9.8%
B2C	17.1	15.7	14.2	12.6	12.3	-8.1%	-9.6%	-11.1%	-11.2%
B2B	3.5	3.3	3.2	3.0	3.0	-4.9%	-4.5%	-4.6%	-3.8%
Access	12.4	12.9	13.0	13.2	13.2	4.3%	0.8%	1.6%	1.9%
B2C: Broadband	11.6	12.0	12.0	12.2	12.2	2.9%	0.4%	1.2%	1.5%
B2B: Broadband + VPN		0.9	1.0	1.1	1.1		6.4%	6.0%	6.2%
Broadband by technology	12.4	12.7	12.8	13.0	13.0	2.8%	0.3%	1.5%	1.7%
xDSL	5.0	4.7	4.2	3.7	3.6	-5.6%	-9.7%	-12.2%	-12.9%
FTTx	7.4	8.0	8.5	9.2	9.4	8.5%	6.1%	8.3%	8.8%
xDSL	40%	37%	33%	29%	28%				
FTTx	60%	63%	67%	71%	72%				
Pay TV	9.3	9.8	10.2	10.4	10.5	4.9%	4.1%	2.6%	2.8%
IPTV	4.2	4.8	5.3	5.6	5.7	14.2%	9.0%	6.0%	6.3%
Cable TV	5.1	4.9	4.9	4.8	4.8	-2.8%	-0.7%	-1.2%	-1.1%
IPTV	46%	50%	52%	54%	54%				
Cable TV	54%	50%	48%	46%	46%				
ARPU, RUB									
Access									
B2C: Broadband	352	365	382	398	397	3.4%	4.7%	4.3%	0.0%
B2B: Broadband + VPN		1,875	3,123	3,426	3,368		66.5%	9.7%	3.1%
incl. Broadband FTTx									
B2C	332	344	362	377	376	3.4%	5.4%	4.1%	-0.3%
B2B	3,598	2,955	2,504	2,155	1,981	-17.9%	-15.3%	-13.9%	-10.2%
Local telephony									
B2C	257	249	240	230	229	-3.2%	-3.6%	-4.1%	-1.8%
B2B	630	634	613	607	597	0.7%	-3.4%	-0.9%	-0.5%
Pay TV (B2C)	206	226	242	250	257	10.0%	6.9%	3.3%	3.0%
incl. IPTV	278	298	314	316	319	7.4%	5.3%	0.5%	0.6%
Blended ARPU	455	487	527	544	551	7.0%	8.3%	3.2%	1.5%
MOBILE									
Data traffic (incl. MVNO), PB				3,317,238	1,112,569				68.9%
Churn, %				34.8%	8.6%				
Active mobile Internet users, change %				39.1%	36.1%				

Additional metrics



RUB bn	2016	2017	2018	2019	2019 restated	1q20
OIBDA						
Operating profit	39.836	37.885	35.800	33.852	60.115	18.947
Depreciation, amortization and impairment losses	55.589	56.628	60.329	67.313	105.318	27.128
Expenses related to long-term incentive programme	1.347	2.344	3.638	4.007	4.007	0.714
Expenses related to pension program subject to adjustment		(0.170)	1.133	1.354	1.354	0.293
OIBDA	96.772	96.688	100.900	106.526	170.794	47.082
OIBDA margin	32.5%	31.7%	31.5%	31.6%	35.9%	38.7%
FREE CASH FLOW						
Net cash from operating activities	67.177	71.769	77.244	99.421	144.203	17.033
Purchase of PPE and intangible assets	(61.857)	(60.752)	(73.179)	(100.513)	(134.383)	(26.025)
Proceeds from sale of PPE and intangible assets	7.978	9.368	10.097	9.532	9.434	1.617
Interest received			0.589	0.798	0.693	0.199
Subsidy from Government				13.572	13.572	1.229
Free Cash Flow (FCF)	13.298	20.385	14.751	22.810	33.519	(5.947)
NET DEBT						
Non-current loans and borrowings	124.510	166.660	174.371	219.319	280.570	374.903
Current loans and borrowings	62.595	24.712	29.908	21.873	81.277	54.775
Gross debt	187.105	191.372	204.279	241.192	361.847	429.678
(-) Cash & cash equivalents	(4.257)	(3.815)	(10.080)	(19.556)	(19.955)	(28.223)
(-) Other financial assets	(5.367)	(5.963)	(7.487)	(8.888)	(8.888)	(8.634)
Net debt	177.481	181.594	186.712	212.748	333.004	392.821
Net debt / OIBDA LTM	1.8x	1.9x	1.9x	2.0x	1.9x	2.2x

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