PJSC ROSTELECOM / Directorate change

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March 03, 2017, Moscow - Rostelecom PJSC (MOEX: RTKM, RTKMP; OTCQX: ROSYY) Board of Directors appointed Mikhail Oseevsky as its new President for a five-year term as of 4th of March 2017, to succeed Sergey Kalugin who has been in charge of the company since March 2013.

The Chairman of the Board of Directors of Rostelecom, Sergey Ivanov, wished Mikhail Oseevsky a success in his new role and expressed confidence that during his term the company will continue to strengthen its digital leadership in the market. He also thanked Mr Kalugin for his great achievements and fruitful work in the company.

Within the latest 4 years Rostelecom has made a significant progress on the path of its digital transformation. The number of households covered by fiber optic network has almost doubled to more than 32 mln, while the number of broadband and Pay TV clients grew 2.4 and 2.7 folds respectively. The company finished construction of the underwater fiber-optic communication line (UFOCL) to Magadan and Kamchatka. The revenue contribution from content and digital services to Group overall revenue reached 44%.

Mikhail Oseevsky commented: '*Rostelecom remains a backbone supplier for the country's entire telecoms industry, to the extent that it influences both the quality of people's lives and it drives the development of Russia's digital economy. Rostelecom has significantly restructured its business, transforming it into a provider of digital services, but there is still room for improvement. As far as our commitment is concerned, we will continue to provide digital services in remote areas, and we will successfully implement the Bridging the Digital Divide project (BDD)*'.

Rostelecom operates in all segments of the telecommunications market and covers millions of households in Russia, demonstrating its leadership positions in this sector of the Russian economy. Rostelecom remains the undisputed leader of the high-speed Internet and pay-TV markets in Russia (by revenue), with more than a 38% share of the broadband market and an almost 70% share of the IPTV market. The Group is the leading key telecommunications services provider to government bodies and corporates of all levels, and has an important status as a key innovator and contributor for E-Government solutions, state services, IIoT and digital services for education, medicine, transport, energy sector, housing & utility services and security.

In 2016 the implementation of the BDD project led to the installation of 3,909 new Internet access points (28% of the total number of access points to be installed by Rostelecom) and the rollout of 34,000 km of fiber-optic cable line. The BDD project is seeking to connect 14,000 scarcely populated localities (with populations of 250-500 people), by providing them with Internet access through the installation of over 200,000 km of fiber-optic cable lines.

Mikhail Eduardovitch Oseevsky was born in Leningrad on November 30, 1960. He graduated from the Kalinin Politechnical Institute (Leningradskij Politekhnicheskij Institut imeni Kalinina) in 1983 with a Degree in Electrical Engineering - Electrophysics.

He has wide experience in high-ranking posts in Russian state and business institutions. From 1986 to 1993, he worked in the Scientific Research Institute of Electrophysical Apparatus (NIIEFA in Russian). From 1993 to 1999, he was Deputy Director and later Director of the Stock Exchange in St. Petersburg. From 1999, he was a Vice Chairman, and from 2003 First Vice Chairman of the Board Council of the Industrial and Construction Bank in Saint Petersburg. From 2003 to 2011 he worked as a Vice-Governor of St. Petersburg Administration. In 2011 he was appointed Deputy-Minister of Economic Development of Russia. From July 2012 to March 2017 he worked as a Deputy President and Chairman of VTB Bank Management Board.

In March 2017 he was appointed President of Rostelecom.

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Rostelecom (www.rostelecom.ru) is one of the largest national telecommunications operators in Russia and Europe. The Company operates in all segments of the telecommunications market and covers millions of households in Russia.

Rostelecom is the undisputable leader of the broadband and pay-TV markets in Russia with over 12.2 million fixed-line broadband subscribers and over 9.2 million pay-TV subscribers, over 4.0 million of which are subscribed to Rostelecom's IPTV services.

In the nine months of 2016 the Group generated RUB 217.0 billion of revenue, RUB 72.4 billion of OIBDA (33.4% of revenue) and RUB 8.7 billion of net income.

The Group is the market leader in providing telecommunications services to government bodies and corporates of all levels.

Rostelecom is an important innovator that provides solutions in the field of E-Government, cloud computing, healthcare, education, security and housing & utility services.

The Group's stable financial position confirmed by its credit ratings. Rostelecom was assigned 'BBB-' and 'BB+' international credit ratings by Fitch Ratings and Standard&Poor's respectively.

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Certain statements in this press release are forward-looking statements within the meaning of the U.S. federal securities laws and intended to be covered by the safe harbours created thereby.
Those forward-looking statements include, but are not limited to:
* Assessment of Rostelecom's PJSC (the Company) future operating and financial results as well as forecasts of the present value of future cash flows and related factors;
* The Company's plans to take ownership stakes in other organisations;
* the Company's anticipated capital expenditures and plans to construct and modernize its network;
* the Company's expectations as to the growth in demand for its services, plans relating to the expansion of the range of its services and their pricing;
* the Company's plans with respect to improving its corporate governance practices;
* the Company's expectations as to its position in the telecommunications market and forecasts on the development of the market segments within which the Company operates;
* economic outlook and industry trends;
* the Company's expectations as to the regulation of the Russian telecommunications industry and assessment of impact of regulatory initiatives on the Company's activity;
* other statements regarding matters that are not historical facts.

Such forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include:
* risks relating to changes in political, economic and social conditions in Russia as well as changes in global economic conditions;
* risks relating to Russian legislation, regulation and taxation, including laws, regulations, decrees and decisions governing the Russian telecommunications industry, securities industry as well as currency and exchange controls relating to Russian entities and their official interpretation by regulatory bodies;
* risks relating to the Company, including the achievement of the anticipated results, levels of profitability and growth, ability to create and meet demand for the Company's services including their promotions, and the ability of the Company to remain competitive in a liberalized telecommunications market;
* technological risks associated with the functioning and development of the telecommunications infrastructure, technological innovations as well as the convergence of technologies;
* other risks and uncertainties. For a more detailed discussion of these and other factors, see the Company's Annual Report and the Company's other public filings.

Many of these factors are beyond the Company's ability to control or predict. Given these and other uncertainties, readers are cautioned not to place undue reliance on any of the forward-looking statements contained herein or otherwise. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements (which are made as of the date hereof) to reflect events or circumstances upon the annual report publication or to reflect the occurrence of unanticipated events, except as may be required under applicable laws.

Note: This announcement contains inside information in accordance with Article 7 of EU Regulation 596/2014 of November 10, 2014
Full name and position making the announcement - Ekaterina Ustinova, IR Director.

Language:	English
Company:	PJSC ROSTELECOM 30 Goncharnaya st. 115172 Moscow Russia
Phone:	+7 (499) 999-82-83
Fax:	+7 (499) 999-82-22
E-mail:	rostelecom@rt.ru
Internet:	www.rostelecom.ru
ISIN:	US7785291078
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