

18-Sep-2017 / 09:00 CET/CEST

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Rostelecom Has Finalised the First Stage of Smart City Project in the Astrakhan Region

September 18, 2017, Moscow - Rostelecom PJSC (MOEX: RTKM, RTKMP; OTCQX: ROSYY) announces that it has completed the first stage of Smart City project to implement a photo and video surveillance system to record driving violations and strengthen control over the movement of heavy and large vehicles in the Astrakhan region. The acceptance commission, which included representatives of the regional government and the regional department of the Ministry of Internal Affairs, has already tested and approved 22 control stations for several types of traffic violations.

The entire project includes the installation of 52 fixed and three mobile intelligent stations to monitor the passage of railway crossings and intersections, parking and stoppage, driving in the oncoming traffic lane and speed. Rostelecom is currently testing newly installed stations. The Company plans to complete all acceptance tests of three mobile and 52 fixed stations, as well as put them into operation by the end of September 2017.

In addition, five automatic weight control stations will be installed on the regional roads with the main freight transport flow. At the same time, the Company will modernise 75 pre-existing photo and video surveillance systems, while reconstructing a monitoring centre with a total area of more than 600 square meters. Rostelecom plans to complete all work on the system by the end of the year.

This is the first project of its kind in the South and the second in Russia to be implemented by the Company based on the concession model and at its own expense. The main objective is to improve the road safety on municipal, regional and federal roads, as well as to extend the lifespan of highways. Given Rostelecom's experience in implementing similar projects in more than 20 regions of the Russian Federation, accidents on Astrakhan roads are expected to decrease on average by 30 per cent.

In December 2016, Rostelecom and the government of the Astrakhan region, represented by the regional ministry of construction and housing and communal services, signed the concession agreement, under the terms of which Rostelecom will develop a regional road safety system at its own expense. Under the agreement, Rostelecom will also be involved in the operation of the photo and video surveillance system after its launch for the period of 11 years.

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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 an undisputable leader of the broadband and pay-TV markets in Russia with over 12.6 million fixed-line broadband subscribers and over 9.5 million pay-TV subscribers, over 4.6 million of which are subscribed to Rostelecom's IPTV services.

In the first half of 2017, the Group generated RUB 145.6 billion of revenues, RUB 46.2 billion of OIBDA (31.7% of revenue) and RUB 6.0 billion of net income.

The Group is a 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, and AA(RU) by ACRA.

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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.

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ISIN: US7785291078
Category Code:MSCM
TIDM: RKMD
LEI Code: 2534001D752JPNM0H170
Sequence No.: 4638

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