ROSTELECOM PJSC (RKMD)
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Rostelecom Board approves acquisition of DataLine

Moscow, Russia - November 20, 2019 - Rostelecom PJSC (MOEX: RTKM, RTKMP; OTCQX: ROSYY), announces that its Board of Directors has granted approval to its subsidiary Rostelecom Datacenters to acquire a 100% share of DataLine, the second largest datacentre provider in Russia after Rostelecom.

The acquisition enhances Rostelecom investment case thanks to the following factors:

- DataLine is a fast-growing business with high prospects supported by:
  - the average annual revenue growth rate of more than 20% over the last 4 years;
  - ambitious capacity expansion plans with expected construction of additional 1,000 racks by 2020;
- DataLine owns a developed IaaS[1] services ecosystem, which will further strengthen Rostelecom's position in the cloud segment;
- Rostelecom's competitive position in the corporate segment will be improved through more than 500 additional unique corporate clients brought by DataLine.

DataLine is one of the largest players in the data centres and cloud markets in Russia and provides collocation and virtualization, telecommunications and other auxiliary services. 2018 revenue amounted to RUB 5.3 billion. Through DataLine's management of eight Tier III data centres and 4,800 racks in total, this acquisition will increase Rostelecom's total capacity of commercial data centres to 11,500 racks, and see it secure a significant share in the commercial data centers market (at the end of 2019 the total number is expected to stand at circa 42,000 racks[2]).

The deal is in line with Rostelecom's strategy to develop a geographically diversified network of data centres and an ecosystem of cloud-based digital services for corporate and government clients. The combination of infrastructure, products and professional services of both companies will enhance the cloud services offering (SaaS / Iaas / PaaS), and strengthen Rostelecom's role in the implementation of the Digital Economy project.

Mikhail Oseevskiy, President of Rostelecom, commented:

"The acquisition of DataLine is in-line with the global trend of consolidating cloud providers and creating large-scale infrastructure and product ecosystems that provide the most competitive and high-quality digital services. This strategic transaction will enable Rostelecom to significantly increase its share of high-margin cloud products in total revenue as corporate and state clients are increasingly transitioning to a business service model in IT amid the digitalization trend and the development of the State's Digital Economy projects."

Pavel Kaplunov, Vice President for Cloud Services, commented:

"DataLine will significantly strengthen our competitive position, contributing to Rostelecom's unrivalled leadership in the promising date centre segment and cloud providers which is growing at a double-digit pace. Joint competencies will ensure the sustainable development of our cloud ecosystem and the portfolio of products, services and solutions for our customers."

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PJSC Rostelecom is the largest digital service provider, operating in all segments of the telecommunications market in Russia, it serves millions of households, the state and private enterprises across the country.

Rostelecom is Russia's undisputed market leader, providing high-speed Internet access to over 13.1 million users and pay-TV services to more than 10.3 million clients, over 5.5 million of which are subscribed to Rostelecom's IPTV services on a national level.

In the nine months of 2019, the Group generated RUB 242.6 billion of revenues, RUB 81.4 billion of OIBDA (33.6% of revenue) and RUB 16.4 billion of net income.

The Group is the leading provider of telecommunications services to government bodies and corporates of all levels.

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

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.

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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 PAO Rostelecom's (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.

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[1] Infrastructure as a service is one of the cloud computing service models, which provides clients with underlying IT infrastructure, such as virtual servers with pre-set computing capacity, operation systems and access to networks;
[2] Based on the IKS Consulting data at the end of 2019

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