

## ACRA ASSIGNS AA+(RU) TO THE SERIES 001P-08R (RU000A108LF3) BOND ISSUE OF PJSC ROSTELECOM

**ELVIRA YAKUBOVA**

Senior Analyst, Corporate Ratings Group

+7 (495) 139 04 80, ext. 185

elvira.yakubova@acra-ratings.ru

**ILYA MAKAROV**

Director, Corporate Ratings Group

+7 (495) 139 04 80, ext. 220

ilya.makarov@acra-ratings.ru

**Credit rating rationale.** The issue represents senior unsecured debt of **PJSC Rostelecom** (hereinafter, the Company, or Rostelecom). Due to the absence of either structural or contractual subordination of the issue, ACRA regards it as equal to other existing and future unsecured and unsubordinated debt obligations of the Company in terms of priority. As per ACRA's methodology, taking into account the Company's high creditworthiness and absence of secured debt, the Agency has applied the simplified approach, according to which the credit rating of the issue is equivalent to that of Rostelecom, i.e. AA+(RU).

The credit rating of the Company reflects the sustainably high profitability and medium debt and coverage. The financial risk profile is supported by the Company's very large size and very high quality assessments of liquidity and leverage. At the same time, a growth of capex in 2023 and an expected increase in capex in the forecast period put certain pressure on cash flow indicators. The operational risk profile is still characterized by the Company's strong market standing, very strong business profile, and very high level of corporate governance.

The purpose of this bond issue is to refinance the current debt. According to ACRA's estimates, the issue will not affect the Company's leverage and coverage indicators. The ratio of total debt adjusted for operating lease to FFO before fixed charges grew to 2.7x in 2023, while the weighted average indicator for 2021–2026 is still at 2.6x. The ratio of FFO before fixed charges to fixed charges amounted to 3.4x in 2023, while the weighted average indicator for 2021–2026 stays at 3.5x.

Rostelecom is the largest provider of digital services and solutions in all market segments in Russia. The Company provides mobile communication services, broadband Internet access, and pay TV services; it is a provider of innovative solutions in e-government services, cybersecurity, regional digitalization, healthcare, biometrics, education, housing and utility services, cloud computing, data center services, etc. Rostelecom is also engaged in import substitution, including software development and telecommunications equipment manufacture.

**KEY ISSUE PROPERTIES**

Borrower	<b>PJSC Rostelecom</b>
Issuer's credit rating	<b>AA+(RU), outlook Stable</b>
Actual issuer	<b>PJSC Rostelecom</b>
Type of security	<b>Uncertificated non-convertible exchange-traded interest-bearing bond subject to centralized title registration, series 001P-08R</b>
Issue volume	<b>RUB 10 bln</b>
Reg. No.	<b>4B02-08-00124-A-001P</b>
ISIN	<b>RU000A108LF3</b>
Placement date	<b>June 6, 2024</b>
Maturity date	<b>September 2, 2027</b>

Sources: ACRA, issuer's data

**REGULATORY DISCLOSURE**

The credit rating has been assigned to the series 001P-08R (RU000A108LF3) bond issue of PJSC Rostelecom under the national scale for the Russian Federation based on the [Methodology for Assigning Credit Ratings to Financial Instruments on the National Scale of the Russian Federation](#) and the [Key Concepts Used by the Analytical Credit Rating Agency within the Scope of Its Rating Activities](#).

A credit rating has been assigned to the series 001P-08R (RU000A108LF3) bond issue of PJSC Rostelecom for the first time. The credit rating is expected to be revised within one year following the publication date of this press release.

The credit rating was assigned based on data provided by PJSC Rostelecom, information from publicly available sources, and ACRA's own databases. The credit rating is solicited and PJSC Rostelecom participated in its assignment.

In assigning the credit rating, ACRA used only information, the quality and reliability of which were, in ACRA's opinion, appropriate and sufficient to apply the methodologies.

ACRA provided additional services to PJSC Rostelecom. No conflicts of interest were discovered in the course of credit rating assignment.

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1 Bldg. 2 Bolshoi Gnezdnikovsky Lane, Moscow, Russia  
[www.acra-ratings.com](http://www.acra-ratings.com)

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