
Moscow, April 2, 2003: *Rostelecom today announced its 2002 full year results in accordance with Russian Accounting Standards (RAS).*

- *As per preliminary data, in 2002 Rostelecom's domestic long-distance traffic (DLD) grew by 15.5%, international outgoing traffic (ILD) – by 14.1%, international incoming traffic - by 12%;*
 - *Revenue, including effects of the new method of accounting for operations with international operators, increased by 32.1% to RUR 25,408.8 mn;*
 - *Without the effects of the new accounting method, revenue amounted to RUR 20,542.1 mn, or 6.8% higher than in fiscal year 2001;*
 - *Operating profit grew by 37.6 % year-on- year to RUR 7,720.1 mn;*
 - *Net profit totaled RUR 3,095.4 mn, 38,6% higher than in 2001.*
-

Domestic long-distance (DLD) traffic (as per preliminary data) increased by 15.5% year-on-year to 7,136 million minutes. 2002 DLD revenue growth was 25.9% in ruble terms to RUR 8,774.7 mn compared to 2001.

Outgoing international (ILD) traffic (as per preliminary data) increased by 14.1% to 1,234.6 million minutes. Rostelecom's ILD revenue from Russian clients and operators decreased by 4.3% to RUR 7,972.9 mn compared to 2001.

In 2002 incoming international traffic (as per preliminary data) totaled 973.3 million minutes, growing 12% from 2001 figures. Revenue from international operators (from voice traffic termination) amounted to RUR 4,061.2 mn.

As we have stated earlier, in 2002 the Company introduced a new method of accounting for operations with international operators in its RAS financial statements: whereas in previous reporting periods the Company reported net revenues from international operators in its RAS financial statements, i.e. revenues after deduction of payments to international operators for the outgoing international traffic, in 2002 full-year RAS financials Rostelecom reports the total amounts of both revenues from and payments to international operators.

Total revenue for 2002 was RUR 25,408.8 mn, growing by 32.1% compared to 2001. Excluding effects of the new method of accounting for operations with international operators, revenue totaled RUR 20,542.1 mn – 6.8% higher than in 2001.

2002 operating costs increased by 29.9%, including effects of the new method of accounting for operations with international operators, amounting to RUR 17,688.6 mn. Net of the above-mentioned effects, operating costs totaled RUR 12,761.3 mn – 6.3% lower than in 2001.

Depreciation was down by 24.2% to RUR 4,663.2 mn as Rostelecom stopped applying the accelerated depreciation rate (2) and a number of leased assets fully depreciated. EBITDA increased by 5.3% to RUR 12,383.3 mn.

Growth in the operating profit was 37.6% year-on-year with operating profit reaching RUR 7,720.1 mn. Net of the effects of the new method of accounting for operations with international operators operating profit amounted to RUR 7,780.8 mn, increasing by 38.6% year-on-year.

2002 results from other operating activities totaled RUR 441.1 mn, including profit from the sale of the Company's 50% stake in Sovintel in the amount of RUR 3,024.3 mn as well as bad debt expenses in the amount of RUR (1,722.1) mn.

Results from other non-sales activities amounted to RUR (2,874.9) mn, including RUR (762.4) mn of foreign exchange losses, RUR (556.5) mn of past years' losses on operations with international operators, and RUR (897.6) mn of past years' interest expenses related to construction in progress.

As a result, 2002 net profit surged by 38.6% to RUR 3,095.4 mn compared to 2,232.9 mn in 2001.

Balance Sheet, RUR '000			
	31.12.2001	31.12.2002	Change YoY, %
ASSETS			
Non-current assets, incl.	23 555 048	22 909 612	-2.7%
Intangible assets	23	21	-8.7%
Fixed assets	19 550 604	17 143 830	-12.3%
Construction in progress	2 950 952	2 863 205	-3.0%
Long-term financial investments	1 053 469	2 517 331	139.0%
Other non-current assets	0	385 225	
Current assets, incl.	13 419 184	18 039 517	34.4%
Inventory	1 167 248	690 868	-40.8%
VAT on obtained property	2 337 482	1 988 908	-14.9%
Accounts receivable, incl.	7 250 612	9 808 766	35.3%
<i>Accounts receivable from international operators</i>	0	3 911 015	n/a
<i>Bad debt provision</i>	233 933	1 956 012	736%
Short-term financial investments	1 129 842	4 259 058	277.0%
Cash and cash equivalents	1 534 000	1 291 917	-15.8%
BALANCE	36 974 232	40 949 129	10.8%
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholders equity	16 298 968	19 296 556	18.4%
Liabilities, incl.	20 675 264	21 652 573	4.7%
Long-term liabilities, incl.	9 338 977	7 291 882	-21.9%
<i>Loans due more than in 12 months</i>	1 542 528	847 687	-45.0%
Short-term liabilities, incl.	11 336 287	14 360 691	26.7%
<i>Accounts payable to international operators</i>	0	4 389 150	n/a
<i>Loans due less than in 12 months</i>	5 319 106	3 667 780	-31.0%
BALANCE	36 974 232	40 949 129	10.8%

Profit and Loss Statement, RUR '000			
	12 months ended		Change YoY, %
	31.12.2001	31.12.2002	
Revenue	19 229 816	25 408 768	32,1%
Revenue excluding effects of the new method of accounting for operations with international operators	19 229 816	20 542 114	6,8%
Operating expenses	-13 617 637	-17 688 639	29,9%
Operating expenses excluding effects of the new method of accounting for operations with international operators	-13 617 637	-12 761 316	-6,3%
Depreciation	6 151 473	4 663 209	-24,2%
EBITDA	11 763 652	12 383 338	5,3%
Operating profit	5 612 179	7 720 129	37,6%
Results from other operating activities	-1 337 016	441 140	n/a
<i>Profit from the sale of Sovintel</i>	0	3 024 270	n/a
<i>Bad debt expense</i>	-233 933	-1 722 079	636,1%
Results from other non-sales activities	-169 540	-2 874 924	1595,7%
<i>FX gains/losses</i>	338 843	-762 379	n/a
<i>Past years' losses from operations with international operators</i>	0	-556 495	n/a
<i>Past year's interest expenses related to the construction in progress</i>	0	-828 606	n/a
Profit before tax	4 105 623	5 286 345	28,8%
Profit tax	-1 871 390	-2 186 701	16,8%
Extraordinary items	-1 340	-4 228	215,5%
Net profit	2 232 893	3 095 416	38,6%
Key Ratios			
	12 months ended		
	31.12.2001	31.12.2002	
Operating margin, %	29,18%	30,38%	
EBITDA margin, %	61,17%	48,74%	
Net margin, %	11,61%	12,18%	
	31.12.2001	31.12.2002	
Current liquidity ratio	1,23	1,29	
Financial independence ratio	0,44	0,47	

* EBITDA margin decline is explained by the growth in revenue resulting from the new method of accounting for operations with international telecom operators

Certain statements in this press-release are “forward-looking statements” within the meaning of the U.S. federal securities laws and are intended to be covered by the safe harbors created thereby.

These 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 include the risk of changes the Company’s operations and business prospects, the general financial and economic circumstances, relating to regulation of the Russian telecommunications industry and the Russian legislation; the competition and other risks.

For a more detailed discussion of these and other factors, see the Company’s Annual Report on Form 20-F for its most recently completed fiscal year and the Company’s other public filings with The U.S. Securities and Exchange Commission. Many of these factors are beyond the Company’s ability to control or predict. Given these and other uncertainties, the Company cautions 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 to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as maybe required under applicable the U.S. federal securities laws.

For further details please contact

Anna Kareva

Head of IR

Tel.: + 7 095 973 9920

Fax: + 7 095 787 2850

e-mail: kareva@hq.rt.ru