



Broadband & Satellite Russia Newsletter

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Sources: ComNews.ru, Vedomosti.ru

◆ Eutelsat 36C Will Replace Eutelsat 36A

Telecommunications satellite Eutelsat 36C (Express AMU1) started operation in the orbital position of 360E. Other spacecrafts currently located in the same position include Eutelsat 36A (former Eutelsat W4) and Eutelsat 36B. National satellite operator Russian Satellite Communications Company (RSCC), together with Eutelsat from France and

Russian digital television providers, has already transferred NTV Plus and Tricolor TV channels' packages to be broadcasted from Eutelsat 36C instead of Eutelsat 36A. Eutelsat 36A satellite will soon be relocated to another orbital position. It is worth reminding that the capacity of Express AMU1 is used by both RSCC and Eutelsat. ◆

◆ Tele2 Acquired More Than 100,000 Clients from Other Operators together with Their Numbers

Mobile Review Group conducted a study to establish that since T2 RTC Holding (Tele2 brand) started operating in Moscow, more than 100,000 clients of other operators switched to Tele2 without changing their numbers. The analysts claim that they published the information received from the Central R&D Institute of Telecommunications (ZNIIS) that operates a database of transferred numbers. This information was confirmed by the employees of two companies included into the "big three" Russian mobile operators. Mobile number portability (MNP) has been available in Russia since 1 December 2013 – a client can change

their mobile network, keeping the old phone number. According to the ZNIIS, more than 2.69 million numbers were transferred by 31 January 2016. Tele2 entered the Moscow region on 22 October 2015, becoming the fourth mobile operator in the Russian capital and the region. One of Tele2's partners and a person closely affiliated with the company shared that in December the operator already had a million subscribers in Moscow. As reported by the ZNIIS, 100,855 subscribers connected to Tele2 in Moscow by 1 February using MNP service. ◆

◆ MTS Wins on the Federal Level

The bidding for the first lot of the auction – the right to provide LTE communication services in 2570-2595 MHz and 2595-2620 MHz frequency bands – was finished. The first lot is federal and includes frequencies all around Russia, excluding Moscow, Crimea and Sevastopol. All “big three” mobile operators participated in the auction. In the end, the biggest price was offered by Mobile TeleSystems (MTS). According to the press office of the Federal Service for Supervision (Roskomnadzor), the companies that joined the bidding for the first lot – the right to provide LTE communications services in the frequency

bands of 2570-2595 MHz and 2595-2620 MHz all around the country, excluding the Moscow region, Crimea and Sevastopol – were, namely, MTS, MegaFon and VimpelCom (Beeline brand). The initial price for the first lot was \$37.8 million (bid increment 5%). MTS became the winner, offering the biggest amount – \$51.1 million. Thus, the total price of the lot increased by 35%. Financial analysts comment that, making such an investment into the frequency range, MTS will indeed strengthen its position in the regions of Russia; however, the profitability of the investment is very doubtful in this case. ◆

◆ All Regions Snapped up by Operators

MegaFon, VimpelCom and Motiv are the three carriers that will be able to improve 4G coverage in 40 regions of Russia. They became the winners of the second round of the radio frequency auction. MegaFon won lots in twenty regions, VimpelCom – in seventeen, Motiv – in one. According to the electronic trading platform of Sberbank AST, the bidding for 2570-2595 MHz frequencies for lots No. 2-41 (one lot – one region) lasted almost eight hours. The most expensive lot was No. 12 (St. Petersburg) with the initial price of \$1.7 million. Lot No. 33 (Nenets autonomous district) appeared to be the cheapest, it cost \$14.1 thousand. Five operators joining the bidding were Mobile TeleSystems,

VimpelCom, MegaFon, T2 Mobie (Tele2 brand) and Ekaterinburg-2000 (Motiv Group). The results of the bidding held at the electronic platform have not been published. Interfax refers to a particular source and reports that MegaFon, VimpelCom and Motiv were able to win, whereas MTS and Tele2 did not receive any lots. MegaFon won 20 lots, including the one located at St. Petersburg. The operator will pay \$5.8 million for it. The company will also acquire LTE frequencies in 19 Russian regions. The operator will pay a total of \$15.9 million for all the gained lots. ◆

❖ MTS Challenges VimpelCom in Fixed Broadband

The number of broadband internet users in Russia increased by 2% during 2015, reaching 30.3 million. These figures were provided by J'son & Partners Consulting. The experts claim that top 5 stakeholders of the Russian fixed broadband market changed during the last year. MTS took the third place by the number of fixed broadband customers, making VimpelCom move to the fourth place. J'son & Partners Consulting reports that the Russian fixed broadband internet market is currently in the saturation stage and its growth rates continue to decrease. "In the

nearest future, they will not exceed 1-2%", says J'son & Partners Consulting. The preliminary estimations show that the number of fixed broadband internet customers in Russia grew by 2% and reached 30.3 million during 2015. Last year, the total customer base of top 5 stakeholders of the Russian fixed broadband market (Rostelecom, Er-Telecom Holding, Mobile TeleSystems, VimpelCom, TransTeleCom Company) increased by 2.5, adding 490 thousand customers. ❖

❖ SCRF Plans to Allow Building LTE Networks Using 3G Frequencies

The State Commission for Radio Frequencies (SCRF) under the Ministry of Communications and Mass Media (Minsvyaz) is planning to hold a meeting on 29 February, where it intends to allow building fourth generation (LTE) networks using the frequency bands allocated to operators for UMTS (3G) technology. The Commission issued a draft resolution on the matter. The document covers the frequencies of 1920–1980 / 2110–2170, as well as 2010–2025 MHz. The first range is evenly distributed among the leading carriers: MTS, MegaFon, Vimpel-

Com and T2 RTC Holding (Tele2 brand) and is used by their 3G networks. The second range was distributed among the "big three" Russian mobile operators after a bidding in 2007, and was actually never used afterwards. Even though UMTS technology is developing, its basic technical principles, established as long as 20 years ago, do not enable the perfection of this standard to the same extent as LTE, as mentioned in the notes for the SCRF's meeting. ❖

◆ **Russian IPTV Providers Set a Record in Number of New Connections**

TAnalytical agency TMT consulting published a report, where it states that the number of IPTV customers in Russia increased by 20.2% and reached 5.52 customers in 2015 comparing to the previous year. However, the total number of pay TV grew by 3.7% (to 39.4 million) against 8.6% registered in 2014. The agency's analyst points out that IPTV was the fastest growing segment of the Russian pay TV market even in 2014 (its customer base increased by 23% at that time). She highlights that, in absolute terms, 2015 was the first year when IPTV customer base grew exactly as much as satellite TV customer base – the number of TV viewers for both of them became 0.9 million more. The analyst says that IPTV operators connected 0.5 million customers in 2014, and satellite

TV operators – 1.8 million. In Moscow, 48% of new connections to pay TV services were IPTV connections by telecommunications company MGTS (the number of pay TV users grew by 4% up to 5.8 million during a year). The analyst explains it by the fact that the TV viewers were actively being connected to the new GPON network owned by MGTS. In 2015, MGTS' pay TV customer base grew by 46% up to 0.35 million. The analyst estimates that the vast majority of IPTV connections around Russia were performed by Rostelecom – its internet TV customer base grew almost by 0.6 million reaching 3.3 million. ◆

1st half of 2016

Conference Title	Date
 <p>The 3rd Business Forum "Telecom of Two Capitals 2016 – St. Petersburg: Effective ways to improve competitiveness of telecom operators in big cities"</p>	February 19
 <p>The 2nd Federal Business Forum "Telecom QoS Russia 2016"</p>	March 3
 <p>The 7th International Conference "Transport Networks Russia 2016 – Transport telecommunications networks development in Russia and CIS"</p>	March 17–18
 <p>The 8th International Conference "Satellite Russia & CIS 2016"</p>	April 21
 <p>The 8th International Business Forum "Wireless Russia Forum: 4G, 5G & Beyond – Evolution of Mobile and Fixed Wireless Networks in Russia"</p>	May 26–27
 <p>The 3rd International Conference "Cloud Services Russia – Infrastructure. Platforms. Services"</p>	June 8
 <p>Awarding Ceremony of the 8th Annual Contest "TOP 10 IT Projects"</p>	June 8
 <p>The 4th Strategy Forum "PR Vector. Development of Corporate Communications in ICT"</p>	July 7

2nd half of 2016

Conference Title	Date
 <p>The 2nd Business Forum "Communications in a Big City – Aspects of operation and interaction of telecommunications market participants in a metropolis in the new conditions"</p>	September 15
 <p>The 7th International Conference "Managed Services 2016 – Operators' costs optimization, telecommunication networks and IT infrastructure outsourcing & network sharing"</p>	September 15
 <p>IT Forum of the Russian Oil & Gas Industry</p>	September 22
 <p>The 5th All-Russia Conference "Critical Communications Russia 2016"</p>	October 6
 <p>The 7th International Conference "Digital Broadcasting and New Ways of Video Content Delivery. Interactive Services in Modern Networks – Digital & Connected TV Russia 2016"</p>	October 27
 <p>The 6th International Business Forum "Broadband Russia Forum 2016 – Next Generation Broadband Networks Development in Russia"</p>	November 24–25
 <p>ComNews Awards 2016</p>	November 24

The plan is preliminary and could be changed or supplemented

About Us

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