



Broadband & Satellite Russia Newsletter

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Sources: ComNews.ru, Vedomosti.ru

◆ Ups and Downs of Rostelecom

During the fourth quarter of 2015, the largest telecommunications company Rostelecom enlarged its revenue in comparison to the same period of 2014 by 3%, bringing it to \$1.14 billion. However, the company's revenue for 2015 slightly fell and amounted to \$4.2 billion. Rostelecom's profit from broadband internet for the fourth quarter of last year increased by 5% and reached \$231.2 million. Company's income from pay TV in the same quarter was \$71.9 million, which is 27% more than

during the same period in 2014. It is remarkable to see Rostelecom's revenue breakdown by clients for the fourth quarter of 2015: \$472.3 million came from private users, which is 2% less than during the same period of 2014, and \$207.2 million came from corporate clients (4% less than in 2014). As for public sector clients, Rostelecom received \$232.6 million from them – 12% more than in the fourth quarter of 2014. Telecom operators paid a total of \$241 million – 10% more than in 2014. ◆

◆ Ongoing Negotiations to Expand Mobile Communications at Moscow Underground

According to two mobile providers' employees, MaximaTelecom – WiFi operator of the Moscow metro – is conducting negotiations with four Moscow-based mobile operators in order to create a special city tariff or option including free access to Moscow underground WiFi without advertising or authorization. However, they claim that these negotiations are “slow in progress” and have not achieved any results. MaximaTelecom won the right to provide Wi-Fi for the Moscow

underground, becoming the one and only contestant of a 2013 bidding. The company mainly generates profit from advertising – every client must watch a short commercial before connecting to the network. Besides, a client can activate a premium package, getting access to MaximaTelecom's Wi-Fi network in Moscow without any advertising or authorization. The service costs from \$1 to \$1.40 monthly depending on its duration. ◆

◇ VimpelCom Expands LTE Coverage

By the end of 2015, VimpelCom expanded its 4G coverage, and now 4G services are available in 58 regions of the Russian Federation. It is approximately 70% of the country's territorial units with 50% of Russia's population. However, the experts think that the actual Russian 4G coverage leaders are the other two operators: Mobile TeleSystems (MTS) and MegaFon. At the beginning of March, VimpelCom gave an account of its 4G development for 2015. During the past year, the number of operator's LTE base stations grew one and a half times. 4G

network was launched in 11 regions of Russia. Thus, VimpelCom's 4G networks are currently operating in 246 Russian cities and 58 regions. "It is approximately 70% of country's regions, and 50% of Russia's population lives there", says VimpelCom. Nevertheless, the company does not specify whether these LTE networks cover the whole area of the mentioned 58 regions. In the course of the past year, there has been a fourfold increase in 4G traffic for VimpelCom's networks, and VimpelCom's share in the total traffic volume grew two times. ◇

◇ Growing Demand for Russian Satellites

Shifting to local manufacturers is a rising trend among Russian satellite internet providers. "Race" Group of Companies fully transferred their networks to local telecommunications satellites in 2015. Other stakeholders of this market also said no to foreign spacecrafts. KaSat satellite belonging to the French Eutelsat became the only exception, as there is no alternative in this case. At the beginning of 2015, Race Group's networks used the resource of two Russian satellites (Yamal 401, taking over the orbital position of 900E from Yamal 300K, and Express AM5) and two foreign ones (IntelSat 904 and Eutelsat 172A). "Due to the crisis and sharply decreasing ruble, we

made a decision to shift from IntelSat 904 to a new satellite of the Russian constellation Express AM7 put into orbit in spring 2015", said the deputy head of Race Group's technical department. He points out that for a long time Eutelsat 172A (earlier called GE-23) remained the only option for satellite networks to connect clients in the Far East. He also explains that in June 2015 Yamal 300K was moved to a new orbital position as planned: from 900E to 1830E. This gave an opportunity to transfer the network to a local spacecraft, so that the resource's price is more stable and predictable. ◇

❖ Russian Carriers Share More Networks

As VimpelCom CTO Yogesh Malik mentions in an interview, VimpelCom's Russian experience of network equipment sharing (the so-called RAN sharing) will be used further, because Vimpelcom Ltd holding company wants to spread this concept on other countries where it operates. "The operators must concentrate on building their business not around infrastructure, but around a subscriber... Russia is the place where our journey on this path starts but definitely not ends", said Y. Malik. He thinks that VimpelCom's cooperation with other carriers in Russia, initiated by company General Director Mikhail Slobodin, was possible due to the crisis. The Russian economy fell down and these

desperate times required new solutions, as Y. Malik explains. He also mentions that the company and other Russian operators intend to share not only network equipment, but also infrastructure. In December 2014, VimpelCom and MTS made an agreement to jointly build and operate LTE networks in 36 regions: MTS agreed to build base stations for shared use in 19 regions, and VimpelCom – in 17. In 2015, the shared LTE networks of MTS and VimpelCom were launched in the thirty-first region, as reported by MTS. At the end of 2015 Interfax quoted M. Slobodin saying that shared network operation would save the operators 25-30% in capital expenses and 50% in operating expenses. ❖

❖ LTE Networks May Receive a Band

Those who attended the meeting of the State Commission on Radio Frequencies at the end of February reported that one of the most widely discussed questions was launching LTE networks in the range of 2300-2400 MHz. The decision on the matter regularly arising in the Commission meetings' agenda since 2014 was delayed once again. The minutes of the SCRF's meeting are not submitted yet. The issue of building LTE networks in Moscow and the region by fixed access providers already operating in these frequencies was included in the SCRF's agenda for the first time in spring 2014. The Commission

assigned the Radio Research and Development Institute (NIIR) to study this matter and report the results until 1 September. In January 2015, the Commission wanted to consider this matter "on application from a legal person" and planned to allow the building, as its draft resolution says. The draft resolution for February's meeting already stated that these frequencies could be used for LTE in the whole country except Moscow and the Moscow region. The operator requesting LTE for 2300–2400 MHz frequencies in Moscow was Nline. ❖

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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