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# Broadband & Satellite Russia Newsletter

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# Contents

<b>TTK and Rostelecom together in Yakutia . . . . .</b>	<b>3</b>
<b>Satellite Communications Company Explores Ka-range .</b>	<b>3</b>
<b>MTS and VimpelCom will Spare on LTE . . . . .</b>	<b>4</b>
<b>Minsvyaz Legalized Wi-Fi . . . . .</b>	<b>4</b>
<b>Rostelecom Grows on Broadband and TV . . . . .</b>	<b>5</b>
<b>Tele2 Arrives in Moscow in August . . . . .</b>	<b>5</b>
<b>MegaFon reflects on 4G . . . . .</b>	<b>6</b>
<b>Krymtelekom and Sevtelecom Can Acquire Frequencies Soon . . . . .</b>	<b>6</b>
<b>About Us. Contacts . . . . .</b>	<b>7</b>

Sources: ComNews.ru, Vedomosti.ru

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## ◆ TTK and Rostelecom together in Yakutia

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In the end of May, the company TTK, one of the biggest Russian communications providers, the national operator Rostelecom and the Ministry of Communications and Information Technologies of the Sakha Republic (Yakutia) signed an agreement for mutual protection of operators' backbone communication channels on the territory of Yakutia.

“TTK possesses modern telecommunications infrastructure in Yakutia, which enables providing high quality internet access to subscribers. Our backbone network became the first optical line built in the republic. Our cooperation with colleagues in protecting backbone channels will facilitate even more reliable connection for our custom-

ers, and it is very important for us to satisfy their needs”, stated Vice President of TTK and head of “Magistral” block Vitaliy Kotov.

“The cooperation agreement of the biggest backbone operators, TTK and Rostelecom, which have built modern communications networks in Yakutia, is very significant for us. We hope that the project involving mutual network protection will reduce the risks of internet access failures in Yakutia to minimum. This is crucially important for the information systems of the republic, for all the citizens”, highlighted Minister of Communications and Information Technologies of the Sakha Republic (Yakutia) Aleksandr Borisov. ◆

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## ◆ Satellite Communications Company Explores Ka-range

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The national operator “Satellite Communications” is getting ready to launch the Western segment of the high-speed internet access system in the Ka band in the European part of Russia, including the parts in Siberia and the Ural region. For this purpose, the enterprise is planning to spend up to \$5.5 million to acquire the central satellite earth station (hub) and perform the adjustment works for it in Dubna. Satellite Communications Company is planning to launch the Western segment of the system in the beginning of 2016. The Eastern segment

has already been launched. The satellite company will accept applications for participating in products' purchase until 17 June 2015. The results will be announced not later than 30 June. The maximum contract value is \$5.5 million (including VAT). According to the purchase documentation, the term of equipment supply and adjustment works is no more than 215 calendar days from the day of advance payment, which equals 20% of the product's cost. ◆

## ◆ MTS and VimpelCom will Spare on LTE

The past year in the telecommunications industry was marked by the long-awaited regulatory document, adopted by the government – the rules of sharing mobile communication base stations. They were developed by the Ministry of Communications and Mass Media (Minsvyaz). Mobile operators have been using passive infrastructure – towers for base stations, transport channels, etc. – for around 10 years. For a long time, they wished to develop the same approach to active infrastructure. However, the lack of regulations stood in the way. Nikolay Nikiforov, who became Head of Minsvyaz in 2012, declared solving this problem to be one of his top priorities. In 2013, the regulatory document was adopted, and it allowed the operators to share antennas for LTE standard. Later, the same document was adopted for the

previous generation standards – GSM and UMTS. The rules of sharing base stations were defined by the government in December 2014.

Immediately afterwards, VimpelCom and MTS signed an agreement for joint construction of LTE networks in 36 Russian regions. MTS will build networks in 19 of them, VimpelCom – in 17. The operator building the network in one of these regions shall grant the partner the opportunity to use the base stations, transport networks and other infrastructure. The agreement's term is seven years. One more of the “big three” operators – MegaFon – can join in: the operator is considering to cooperate in building networks for hard-to-reach areas. According to the experts, MTS and VimpelCom will spare 30-40%, if they build LTE networks together. The official sources in these companies confirm this information. ◆

## ◆ Minsvyaz Legalized Wi-Fi

In the middle of May, Minsvyaz formalized the rules of applying Wi-Fi equipment of the standards 802.11ac and 802.11ad. The agency also backs the extension of frequency bands in the 5 GHz range to use the standard 802.11ac without limitations, however, this decision must be taken by the State Commission on Radio Frequencies (SCRF). Minsvyaz Order No. 129 was signed by its Head Nikolay Nikiforov on 22 April 2015. On 14 May, the document was registered in

the Ministry of Justice, and on 18 May it was published on the official legal web-portal Pravo.gov.ru. Ten days after, it gained legal force.

The standard 802.11ac works in the 5 GHz frequency range in the frequency bands of 5150-5350 MHz; however, this frequency band must be extended to allow the radio electronic devices of the standard 802.11ac to operate without limitations. ◆

## ❖ Rostelecom Grows on Broadband and TV

Rostelecom's revenue in the first quarter of 2015 reduced by 1%, to \$1.35 billion against \$1.37 billion in the first quarter of 2014. According to the operator, this is connected with the \$15.1 million non-recurring income from services during the Olympic Games in Sochi in February 2014. Besides, Rostelecom shifted to a single policy of subscriber calculation in the reporting quarter. The analysts call this company report "neutral".

Rostelecom announced its financial and operational results according to International Financial Reporting Standards (IFRS) in the end of May. President of OJSC "Rostelecom" Sergey Kalugin noted: "The high base level set in the first quarter of 2014, generated by the non-recurring income from selling services during the Olympic Games in Sochi, hindered the revenue growth, despite the good and natural

growth of the promising services". From the first quarter of 2015, the operator shifted to the 6-months calculation of broadband access, IPTV and telephony subscribers.

Considering these results, the company audited the archived tariff plans and stopped the calculation of 180 thousand fixed telephony users in its base, as well as 240 thousand broadband access subscribers and less than 30 PPV TV users. The number of broadband access services subscribers in the internet grew by 4% comparing to the same period last year and was equal to 11.2 million subscribers. In this segment, the revenue reached \$297.5 million. The number of those who use PPV TV grew by 7%, their number became 8.1 million. These services generated a revenue of \$85.2 million, which is 25% more than in the first quarter of 2014. ❖

## ❖ Tele2 Arrives in Moscow in August

The launch of the Moscow branch of "T2 RTK Holding" – the joint enterprise of Rostelecom and Tele2 working under the brand of Tele2 – is planned for 15 August. This date was confirmed by one of Tele2's former partners. The representative of "T2 RTK Holding" did not confirm or deny the information: the company does not disclose the Moscow start date. Earlier, the carrier's top managers only shared that the launch would take place in the II-III quarter of 2015. The Moscow

subscribers of Tele2 will be able to talk on the phone and use mobile internet in 3G and LTE networks. The network will cover not only the city, but also the Moscow region, and Tele2 contracts will be sold in its own shops (more than 600 in Moscow in the beginning), M.video stores, Auchan, Svyaznoy, in the kiosks of Aif and Rospechat, in the Russian post offices – in total, more than 10 000 locations. ❖

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## ❖ MegaFon reflects on 4G

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MegaFon Moscow reflected on the first three years of 4G network development. The company expanded the LTE coverage in Moscow and the Moscow region several times, launched the LTE-Advanced network into operation and annually registers mobile internet traffic growth.

“Three years ago, MegaFon was the pioneer of the Russian market to launch the most modern 4G network in commercial operation in Moscow,” says Igor Akulinin, Infrastructure Director at MegaFon Moscow. “We achieved a lot last year. The coverage area became several times bigger, currently network access is facilitated by more than 5

thousand base stations, and the LTE technology is available not only in Moscow, but also in the Moscow area. Almost all base stations of the fourth generation have LTE-Advanced modules.”

During the last year, LTE coverage zone became several times larger – from 1 thousand base stations of the fourth generation in the beginning, to more than 5 thousand base stations of the fourth generation in the end of the first quarter of 2015. 4G networks cover the territory of Moscow and more than 80 cities and towns of the Moscow region. ❖

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## ❖ Krymtelekom and Sevtelecom Can Acquire Frequencies Soon

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In the end of May, there was a closed meeting of the State Commission on Radio Frequencies (SCRF) under Minsvyaz, as to a person who is familiar with some members of the commission. This was confirmed by the employee of one of the related agencies. The meeting was devoted to allocating frequencies for the Crimean operators – Krymtelekom and Sevtelecom. The frequencies shall be

allocated privately, without any competitions or auctions. The employee of one of the “big three” Russian operators also has such information, but he says that the operators were not allowed to send their representatives to the meeting. The Minsvyaz website contains no information about this meeting, and the Ministry’s representative refused to comment on the topic. ❖

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## About Us

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