

Published by Interfax Group

interfax

ISSN 1096-3103

September 2 - 8, 2014

Volume XXI, Issue 35 (947)

CONTENTS

MOBILE
COMMUNICATIONS

FIXED-LINE
COMMUNICATIONS

TELECOMMUNICATIONS
SATELLITES

IT & ELECTRONICS

TV & RADIO

POSTAL SERVICES

STOCKS

PRESS REVIEW

ANALYTICAL REPORTS

'Big three' boost average mobile internet speed 150% in 2014

Data from Ookla data show the average download speed has grown 150% as a result of the LTE networks and the modernization of 3G. The average mobile data download speeds for Russia's top three providers is 5.1 mbps, and this figure reached 8.3 mbps in Moscow, according to Ookla, which owns the global broadband speed test service Speedtest. The statistics were compiled based on 2,358,900 user samples around Russia in the first half of 2014.

MegaFon discloses new shareholder structure following reduction of Usmanov stake

Russian Big Three cellular provider MegaFon has disclosed its new ownership structure as of August 12, as a result of main shareholder Alisher Usmanov reducing his stake. The telco said Usmanov's ABU Group Ltd owned 48% of the BVI-registered USM Holdings Ltd., which owns the BVI-registered USM Telecom Holdings Ltd. MegaFon's other co-owners are Garsdale Services Investments Ltd. (BVI), AF Telecom Holding Ltd (Cyprus), LLC AF Telecom Limited (Moscow) and Telecominvest Holdings Ltd. Previously, ABU Group owned 60% of USM Holdings, but on August 12, USM bought 10% of its own shares back from its majority shareholder.

3G license auction should end monopoly of Russian companies on Ukrainian cellular market - PM

Ukrainian Prime Minister Arseniy Yatsenyuk this week said he supports the involvement of European companies in the participation in a tender to receive a license for UMTS (3G) standard, which would he said would destroy the monopoly of Russian companies on the Ukrainian mobile communications market. "I want to clarify the position of the government on this issue - we will not allow monopoly in the 3G market. My position as Prime Minister is clear - this time Russia won't receive an exclusive right over all licenses for telecommunications in Ukraine. The licenses for 3G communication must be sold solely on a public and transparent principle, instead of selling under the table," he said.

CONTENTS

MOBILE COMMUNICATIONS	3
'Big three' boost average mobile internet speed 150% in 2014	3
MTS shares could be among those replacing depository receipts on MSCI Russia index	3
MegaFon discloses new shareholder structure following reduction of Usmanov stake	4
3G license auction should end monopoly of Russian companies on Ukrainian cellular market - PM	5
FIXED-LINE COMMUNICATIONS	6
Former Transtelecom deputy head jailed for six years	6
TELECOMMUNICATIONS SATELLITES	7
Launch of new satellite for GLONASS system delayed - source	7
IT & ELECTRONICS	8
Mail.ru close to consolidating 100% of VKontakte by buying out UCP - paper	8
Siemens planning to open office in Vladivostok	8
Runa Capital sells stake in BackupAgent to parent structure Acronis	9
IBS Group boosts revenue 13.5% in Q1 of FY2015 to \$188 mln	9
RTI buying 65% of Connector Optics from Rusnano, Uralsib	10
InVenture Partners invests \$1.1 mln in educational projects	11
Pussy Riot members apply to Roskomnadzor to register new portal as mass media outlet	11
TV & RADIO	13
National TV Council believes Ukraine's cooperation with Euronews inappropriate at present	13
POSTAL SERVICES	14
Russia postpones decision on postal bank until new laws passed on postal system	14
STOCKS	15
Moscow Exchange (MOEX) Telecom	15
Telecom share prices on MOEX, September 1-5, 2014	15
PRESS REVIEW	16
ANALYTICAL REPORTS	17
In-depth analysis on Russian markets and industries	17

MOBILE COMMUNICATIONS

'Big three' boost average mobile internet speed 150% in 2014

MOSCOW. Sept 4 (Interfax) - The average mobile data download speeds for Russia's top three providers is 5.1 mbps, and this figure reached 8.3 mbps in Moscow, according to data from Ookla, which owns the global broadband speed test service Speedtest.

The statistics were compiled based on 2,358,900 user samples around Russia in the first half of 2014. The mobile internet speed samples were taken from 2G, 3G, and LTE networks in all federal districts of Russia, large and small cities and in remote district centers. Statistics were acquired from Ookla and published by Russian cellular provider OJSC Mobile TeleSystems (MTS).

Compared with Ookla's data for nine months of last year, the average download speed has grown 150% as a result of the LTE networks and the modernization of 3G. Samples for the previous period showed an average data download speed of 2.05 mbps and 2.76 mbps in Russia.

According to tests for the first half of 2014, the average data download speed on smartphones (downlink) on MTS's Russian mobile network is 5.5 mbps versus 2.28 mbps for 9M 2013. OJSC MegaFon had 5.2 mbps (2.18 mbps) and OJSC Vimpelcom - 4.6 mbps (1.7 mbps).

MTS shares could be among those replacing depository receipts on MSCI Russia index

MOSCOW. Sept 5 (Interfax) - Shares of Russian cellular provider OJSC Mobile TeleSystems (MTS), OJSC Novatek and OJSC Magnit could replace depository receipts for the companies on the MSCI Russia index.

The index said in a statement that MSCI was planning to change its index's selection rules for shares listed in several countries. According to the suggested regulations, the index company will give priority to company shares - if their liquidity meets selection criteria - that are traded in a country to which the issuer is ascribed.

"MSCI proposes enhanced listing selection rules for companies listed in multiple countries. Under the proposed rules MSCI would give priority to liquid listings in the country of classification for newly eligible companies as well as existing constituents of the MSCI Global Investable Market Indexes. As a result a number of Depository Receipts currently included in the MSCI Russia Indexes would be replaced by the respective Moscow Exchange listings," MSCI said.

Shares of MTS, Magnit and Novatek could therefore replace depository receipts on the MSCI Russia index if the company considers them sufficiently liquid.

MSCI has announced the start of consultations with the investment community on the suggested changes.

The changes could also herald a return to the MSCI indices for Vimpelcom, which lost its place back in 2010 with the formation of the Vimpelcom Ltd holding, domiciled in Bermuda and listed in the United States.

"A number of companies, primarily classified in China, Hong Kong and Russia, are currently excluded from the MSCI Equity Universe as they are not listed in their country of classification. Some examples of such companies are Baidu (classified in China and listed in the US), Vimpelcom (classified in Russia and listed in the US) and Jardine Matheson (classified in Hong Kong and listed in Singapore)," MSCI said.

VTB Capital analyst Ilya Pitersky said other candidates for inclusion in the MSCI Russia index apart from Vimpelcom were Yandex, Mail.ru, Polyus Gold, Polymetal, Lenta and X5 Retail, if MSCI allows companies that are not listed in their country of classification or which do not have sufficiently liquid listing there to be included in the MSCI Global Investable Market. This would very substantially change the investment characteristics of companies included in the index as it would bring both passive and active funds in as investors.

The analyst also said changes to the listing requirements might increase the number of companies with high capitalization in the MSCI Russia index. The liquidity threshold would stay fairly high, reducing the chances of companies with a lower cap from being included. The likelihood of companies like PhosAgro and E.ON Russia being included in the MSCI Russia would lessen in this case, the analyst said.

MSCI will accept feedback from the investment companies with which it consults regarding the changes until November 28. The next semi-annual rebalancing of the MSCI indices will take place in the early hours of November 7 Moscow time, and will therefore take place according to existing rules.

MegaFon discloses new shareholder structure following reduction of Usmanov stake

MOSCOW. Sept 5 (Interfax) - MegaFon has disclosed its new ownership structure as of August 12, as a result of its main shareholder, Alisher Usmanov, reducing his stake.

The telco said Usmanov's ABU Group Ltd owned 48% of the BVI-registered USM Holdings Ltd., which owns the BVI-registered USM Telecom Holdings Ltd. MegaFon's other co-owners are Garsdale Services Investments Ltd. (BVI), AF Telecom Holding Ltd (Cyprus), LLC AF Telecom Limited (Moscow) and Telecominvest Holdings Ltd.

USM Holdings Ltd., the main holding company for Usmanov and his business partners, indirectly owns 97.45% of Garsdale and the state Rostec corporation owns the other 2.55%. Garsdale, for its part, indirectly owns 53.6518% + 100 shares in MegaFon.

Previously, ABU Group owned 60% of USM Holdings, but on August 12, USM bought 10% of its own shares back from its majority shareholder. Reports said the shares were due to be bought by Ivan Streshinsky, the CEO of USM Advisors and non-executive board chairman of OJSC Metalloinvest, and by Ivan Tavrín, CEO of MegaFon.

Farhad Moshiri, non-executive chairman of USM and a long-standing business partner of Usmanov, now votes with both his own 10% of USM and with 30% owned by Vladimir Skoch, father of the State Duma deputy Andrei Skoch. Usmanov used to vote with 100% of shares in USM.

Moshiri and Skoch have also each converted a 2% economic interest in Usmanov's personal holding into 1% of USM each. As a result, Usmanov is left with a non-controlling stake of 48% but remains USM's largest shareholder.

Streshinsky and Tavrín will each own 3% of USM, and 2% will be handed to USM executives "who helped to create the group," the company has said. The remaining 2% will go to the management of USM Holdings and its subsidiaries, including Metalloinvest.

Provision was made for the possibility of 10% of USM being handed over to its management back when the company was formed in 2012. This was disclosed in the prospectus for MegaFon's IPO. "The sale of the shares frees up capital for participation in investment funds that specialize in areas in which Usmanov sees huge future potential," USM said on Tuesday. "Secondly, this allows USM to transfer some shares to key group executives with the aim of incentivizing, retaining and motivating them," the company has said.

Usmanov plans to invest the proceeds from the sale of his shares in existing investment funds (he is a co-investor in DST Global funds); there are no plans to create new funds. Usmanov "is considering various investment opportunities in the mining sector, high technologies and in the area of media content production in various regions of the world," USM has said. DST Global set up a new fund, DST Global IV, in June.

3G license auction should end monopoly of Russian companies on Ukrainian cellular market - PM

KYIV. Sept 8 (Interfax) - Ukrainian Prime Minister Arseniy Yatsenyuk has said he supports the involvement of European companies in the participation in a tender to receive a license for UMTS (3G) standard, which would destroy the monopoly of Russian companies on the Ukrainian mobile communications market.

"I want to clarify the position of the government on this issue - we will not allow monopoly in the 3G market. My position as Prime Minister is clear - this time Russia won't receive an exclusive right over all licenses for telecommunications in Ukraine. The licenses for 3G communication must be sold solely on a public and transparent principle, instead of selling under the table," he said at a cabinet meeting on Friday.

He said that the price of the license should be justifiable and cost billions of hryvnias.

"And to demonopolize this market I even agree to consider selling one of the licenses for UAH 1, with the only purpose to prevent the Russian monopoly and to guarantee coming of truly European companies in here, that will ensure competition. It is necessary to make the service better and the price cheaper," he said.

He added that the government should pass the relevant resolution and the regulator to start implementing it.

FIXED-LINE COMMUNICATIONS

Former Transtelecom deputy head jailed for six years

ASTANA. Sept 2 (Interfax) - The Almaly district court in Almaty has sentenced former deputy president of Kazakhstan Temir Zholy subsidiary Transtelecom Mukhtar Abdrakhmanov to six years in prison, the Kazakh Chief Transport Prosecutor's Office reported.

The court ruled that Abdrakhmanov's property should be confiscated and deprived him of the right to hold public office for a period of two years.

The former top manager was punished over misappropriation and embezzlement "involving a large amount" but was acquitted of office abuse as time-barred in his case.

The investigation established that Abdrakhmanov signed unlawfully a participation agreement on making a payment of over 4 billion tenge to the company KT&T LLP with the aim of receiving personal "benefits and advantages" although he knew that the deal was unprofitable for JSC Transtelecom.

On August 14, 2013 the Supreme Court recognized Kazakhstan Temir Zholy's lawsuit on considering this agreement to be invalid.

On January 31, 2014 the criminal case against Abdrakhmanov was sent to courts.

Transtelecom offers international, inter-city and local telephony services, access to the Internet and fiber-optic telecommunications services.

7

TELECOMMUNICATIONS SATELLITES

Launch of new satellite for GLONASS system delayed - source

MOSCOW. Sept 4 (Interfax-AVN) - Launch of the Glonass-K new generation navigation spacecraft had been postponed at least until December, a source in the Russian federal space agency Roscosmos told Interfax-AVN.

"The launch has been delayed at least until December," the source said.

It is not in the short-term launch plan, though it had previously been announced for October 28, the source said.

IT & ELECTRONICS

Mail.ru close to consolidating 100% of VKontakte by buying out UCP - paper

MOSCOW. Sept 4 (Interfax) - Mail.ru Group Ltd. might soon acquire the 48% of leading Russian social network VKontakte (VK) that it does not already own from United Capital Partners (UCP).

Negotiations on the terms of the deal are in the final stage, business daily Vedomosti reported on Thursday, citing sources close to the parties.

UCP's stake in VK might be bought by Mail.ru Group itself or a company affiliated with its shareholders. Mail.ru is controlled by billionaire Alisher Usmanov and his business partners.

The stake will be paid for in cash, not Mail.ru shares, the paper said. The valuation of VK for the deal will probably be close to the valuation of the deal in which Mail.ru bought a 12% stake in the social network from Ivan Tavrin in April - about \$2.9 billion for the whole company. The price of UCP's stake could therefore be about \$1.4 billion.

UCP acquired the 48% stake in VK in April 2013 for about \$0.9 billion, Vedomosti reported, citing its sources.

Mail.ru's stake in VK increased to 51.99% with the purchase of the stake from Tavrin. Usmanov's companies therefore acquired formal control of the social network, but Mail.ru does not have operational control over VK as its board of directors is formed on an equal basis with UCP. Consequently, Mail.ru does not consolidate VK in its financial reporting.

Siemens planning to open office in Vladivostok

VLADIVOSTOK. Sept 2 (Interfax) - German Siemens is considering opening an office in Vladivostok, a press release from the administration of the Primorye territory quotes the head of Siemens' regional development department in Russia, Sergei Kiryachek, as saying.

Kiryachek also said at a meeting with the regional administration that the concern indented to work with the Primorye territory in the field of energy, energy supply, housing and utilities, healthcare, pharmaceuticals and urban infrastructure.

The director of Primorye territory's economics department, Nikolai Dubinin, said Siemens should consider the possibility of also working in the fields of pharmaceuticals and biotechnology.

"Primorye has colossal reserves of marine biological resources; there are finished biotechnologies and developed scientific institutes. Climactic and environmental conditions provide the territory with unlimited development potential in these areas," he said.

Runa Capital sells stake in BackupAgent to parent structure Acronis

MOSCOW. Sept 2 (Interfax) - Runa Capital has sold its stake in cloud backup solutions provider BackupAgent to Acronis, the investment fund said in a statement.

Details of the deal have not been disclosed.

BackupAgent's first investor, Solid Ventures, which took part in the second round of financing for the Dutch company, also exited, Runa Capital managing partner Dmitry Chikhachev told Interfax.

Runa Capital and Solid Ventures invested \$2 million in BackupAgent at the beginning of 2013.

Runa Capital is a \$135 million venture fund specializing in investment in technology companies. It was founded by a team of technology entrepreneurs from around the world, including Sergei Belousov and Dmitry Chikhachev. The fund has so far invested in about 40 companies, including Jelastic, Travelmenu, Ecwid, B2B-Center, Infratel, Domosite.ru, LinguaLeo and Eruditor.

Acronis was founded in 2002 in the U.S. by Serguei Belousov and Ilya Zurabev, who are also the founders of Parallels and cofounders of Runa Capital. It specializes in providing effective data backup and disaster recovery programs for critical data. The company has about 300,000 corporate clients and 5 million home users.

IBS Group boosts revenue 13.5% in Q1 of FY2015 to \$188 mln

MOSCOW. Sept 3 (Interfax) - IBS Group boosted consolidated revenue 13.5% in the first quarter of the 2015 financial year ended June 30, 2014, to \$188 million, the company said in a statement.

These were unaudited results.

Revenue in the IT segment fell 9.1% to \$60 million. The company said IT revenue totaled 2.082 billion rubles, which was 0.7% less than in the same period of last year. IBS Group links the drop in revenue with continued stagnation for the Russian IT market and the sharp depreciation of the ruble.

In the software development segment, which is mostly accounted for by the company Luxoft, the group showed growth of 34% to \$112.3 million.

"The weak performance in IT Services segment is due to the extremely unfavorable conditions in the Russian IT market slowing down on the backdrop of Russian economy. However, for software development this was one of the best Q1s ever. Even with the traditional seasonal decline factored in, the segment has shown robust growth driven by the western markets upturn and recovery of IT market, along with our last year investments into the quality of services and customer relationship building which are now starting to pay off," IBS Group President Anatoly Karachinsky is quoted in the statement as saying.

Russia accounted for about 41%, or \$77.2 million, of the company's revenue, while Europe's share was 32.2% (\$60.6 million), and North America's - 26.7% (\$50.2 million). While the company's revenue from Russian operations fell 9%, revenue from Europe and North America grew 49.7% and 25.8%, respectively.

IBS's overall debt as of June 30, 2014, was \$51.4 million, down 35%.

IBS also lowered its forecast for revenue growth in the 2015 fiscal year. The company had previously forecast growth of 4%-8%, but the company is now forecasting a 3.1% drop in revenue (in dollars) for Q1.

Karachinsky added that there was a high level of uncertainty connected mostly with the exchange rate of the ruble and dollar. In addition, the potential effects of economic sanctions are forcing the company to take a conservative approach in creating forecasts for the Russian IT market, he said.

RTI buying 65% of Connector Optics from Rusnano, Uralsib

MOSCOW. Sept 8 (Interfax) - OJSC RTI, which is controlled by AFK Sistema, is buying 65% of microelectronics producer, LLC Connector Optics.

RTI's subsidiaries, JSC Micron and OJSC OKB Planeta will acquire 35% and 30% of Connector Optics, respectively, from OJSC Rusnano and Bank Uralsib.

The third shareholder of Connector Optics, VI Systems GmbH, will retain its 35% stake in the company, RTI said.

The Federal Antimonopoly Service (FAS) gave RTI permission to purchase Connector Optics already in January of this year.

The parties are not disclosing the sum of the deal. It stipulates a significant discount on the price that was initially discussed due to the deterioration of Connector Optics' financial performance, a source close to one of the parties told Interfax.

According to the SPARK-Interfax database, Connector Optics had revenue amounting to 745,000 rubles in 2013 against 18.3 million rubles in 2012, net losses of 109 million rubles against net losses of 36.2 million rubles in 2012.

After purchasing Connector Optics, RTI expects to significantly expand its range of products in the field of super-fast microelectronics and optoelectronics.

Connector Optics was founded in 2009 and produces high speed vertical cavity surface emitting lasers (VCSEL) and photodiodes. The company's solutions can be used in high-speed connections, radar, navigation, avionics and also in the production of active optical cables for super-computers and data centers.

RTI is a developer and producer of high-tech products and infrastructure solutions with the use of its own microelectronics technology. The company unites four business units: defense solutions, integrated security systems, microelectronics and information and communication technologies. The holding includes RTI Systems, Micron and NVision Group (50%+0.5 shares).

AFK Sistema has an 84.6% stake in RTI and the Bank of Moscow holds 15.4%.

InVenture Partners invests \$1.1 mln in educational projects

MOSCOW. Sept 3 (Interfax) - The fund InVenture Partners has invested \$1.1 million in the Netologia and Foxford education projects, which have been joined into one company - Netologia-Group, the fund said in a statement.

The company plans to use the funds to advance existing services, develop new products and further improve its technological platform.

InVenture Partners estimates the value of the company at \$14.1 million.

"Based on forecasts, revenue of the merged company will be 120 million rubles for 2014. We are expecting further growth in the popularity of the company's products in 2015 and more than a threefold increase in revenue," InVenture Partners co-founder and managing partner Sergei Azatyan is quoted in the statement as saying.

The company said that the merged company was the only model of the full educational cycle in Russia. Foxford was focused on secondary education and preparing students for the university, while Netologia worked directly with university students.

Pussy Riot members apply to Roskomnadzor to register new portal as mass media outlet

MOSCOW. Sept 4 (Interfax) - Pussy Riot band members have launched Mediazona portal, which will cover issues of Russian justice, and have submitted a request to the Russian Federal Service for Supervision in Telecom, Information Technologies and Mass Communications (Roskomnadzor) to register it as a mass media outlet. Meanwhile, Roskomnadzor says it has not received an official request demanding that former Yukos head Mikhail Khodorkovsky's website be blocked, and said it can block it only at on the demands of the Prosecutor General's Office. That Office said it has sent a request asking to restrict access to a video appeal by Islamic terrorist group ISIL directed at Russia's North Caucasus.

Pussy Riot

"We have launched a big media project - a new mass media outlet [called] Mediazona is available at the website zona.media. A big team, including me, Maria Alyokhina and Pyotr Verzilov, worked on it," Pussy Riot member Nadezhda Tolokonnikova told Interfax.

The website will cover issues of Russian justice and penitentiary system, Tolokonnikova said. Russian Plant former editor-in-chief Sergei Smirnov has become editor-in-chief of Mediazona.

"We have already applied to Roskomnadzor to register the project as a mass media outlet," Tolokonnikova said.

According to Tolokonnikova, the project has been launched in the framework of operations of the Zona Prava (Right Zone) human rights project founded by Pussy Riot members Tolokonnikova and Alyokhina. Zona Prava is a human rights project uniting people seeking to change the prison system in Russia. "Zona Prava already provides legal, psychological and information assistance to detainees and defendants and is involved in drafting legislation initiatives on changing the situation in prisons and colonies," Tolokonnikova said.

In late February 2012 five girls from the Pussy Riot band staged the so-called punk prayer in the Christ the Savior Cathedral in Moscow. A video of the performance was posted online. Later police detained three participants - Tolokonnikova, Alyokhina and Yekaterina Samutsevich. In August 2012 the Khamovniki court sentenced them to two years in a general regime colony for disorderly conduct.

In October 2012 the Moscow City Court changed to verdict to Samutsevich to a suspended sentenced and released her in the court hall. The sentence to Alyokhina and Tolokonnikova remained unchanged. Their prison term was to end in early March 2014, however Alyokhina and Tolokonnikova were amnestied under the pardon the State Duma declared on the 20th anniversary of the Constitution and were released in December 2013.

Khodorkovsky

Roskomnadzor says it has not received an official request from State Duma deputy Mikhail Degtyaryov of the Liberal-Democratic Party faction demanding that former Yukos head Mikhail Khodorkovsky's website be blocked and points out that it can block it only at a Prosecutor General's Office demand.

"We have not received any requests from LDPR or its members concerning the blockage of Mikhail Khodorkovsky's website. But in any case, in line with federal law No. 398 [the law on blocking extremist websites], we can block the said resource only after receiving an official demand from the Prosecutor General's Office," Roskomnadzor spokesman Vadim Ampelonsky told Interfax on Tuesday.

Izvestia reported earlier that Degtyaryov had forwarded a request to Roskomnadzor demanding that Khodorkovsky's official website be blocked, arguing that the former Yukos head "called for mass unrest, extremist activities, and participation in mass [public] events held in violation of the established procedure" in one of his statements online.

ISIL

Elsewhere, the Russian Prosecutor General's Office has sent a request asking for the restriction of access to the video appeal by the Islamic terrorist group, announcing plans to unleash war in North Caucasus, to Roskomnadzor, spokesperson Marina Gridneva told Interfax.

"An appeal has been sent to Roskomnadzor asking for measures to be taken to restrict access to information resources on the internet containing the named address," Gridneva said.

Materials have been sent to the Russian Federal Security Service (FSB) investigative department to make a decision on opening a case under the article "threat of carrying out a terrorist attack and public appeals to commit actions aimed at destroying Russia's integrity" due to the video appeal, the spokesperson said.

The video appeal by the Islamic State of Iraq and the Levant (ISIL) Islamist terrorist cell to the Russian president, threatening to carry out terrorist attacks and to unleash war in the North Caucasus in order to "free it" emerged yesterday on the Al Arabiya TV channel and on the internet, Gridneva said.

Meanwhile, Chechen leader Ramzan Kadyrov made a statement earlier on Wednesday, promising to respond harshly to terrorists. "I can say responsibly that the person who thought of voicing a threat to Russia and pronouncing the name of our country's President Vladimir Putin, will be destroyed right where he did it. We will not wait until he sits behind the steering wheel of a jet - he will go where his brothers-terrorist Khatlab, Abu Valid and other Western envoys rot," Kadyrov posted on his Instagram account on Wednesday.

TV & RADIO

National TV Council believes Ukraine's cooperation with Euronews inappropriate at present

KYIV. Sept 5 (Interfax) – Ukraine's National Television and Radio Broadcasting Council has said that the country's cooperation with the Euronews European news TV channel is economically inappropriate.

The regulator earlier checked National Television Company of Ukraine and established the absence of broadcasts of a Ukrainian version of Euronews, yet according to the company's license a Ukrainian version was to be broadcast 30 minutes a day, Head of the regulator Yuriy Artemenko said at a briefing on Thursday.

The National Television Company said that broadcasting was absent as the company has debts of UAH 176 million to Euronews. Artemenko said that the sum the Ukrainian TV channel is to pay for broadcasting is EUR 5 million a month.

Broadcasts are not appropriate in the present economic situation in the country, he said.

The regulator decided to send letters with the above-mentioned position on the issue to the Finance Ministry and the State Committee for Television and Radio Broadcasting of Ukraine.

Artemenko added that the released funds could be used more efficiently sending them to develop international broadcasting.

POSTAL SERVICES

Russia postpones decision on postal bank until new laws passed on postal system

MOSCOW. Sept 5 (Interfax) - The decision on creating a postal bank has been postponed until a new law on the postal service and a law on the corporatization of the unitary enterprise Russian Post are passed.

This decision was made at a meeting held by Russian Prime Minister Dmitry Medvedev on Friday to discuss the Russian Post's strategy to 2018.

"It has been decided to prepare and confirm the financial model of the postal bank after amendments to current legislation are made," Communications and Mass Media Minister Nikolai Nikiforov told journalists.

15

STOCKS

Moscow Exchange (MOEX) Telecom

Telecom share prices on MOEX,
September 1-5, 2014

Company	Prices on 05.09.2014, Rub		Min Prices, Rub	Max Prices, Rub	Trade Volume, September 1 - 5		Return on Rub investment for		
	Bid	Offer			September 1 - 5	Mln Rub	'000	1 month	3 months
Sistema	34.737	34.45	34.376	37.998	1716	47482	-8.2%	-19.2%	-6.6%
MegaFon	1054	1055	970	1064.9	115.5	114	6.5%	1.8%	11.5%
Mobile TeleSystems	305.24	297.49	275.56	303.2	4281.5	14873	8.2%	5.1%	20.1%
M.Video	199.3	194.25	182.02	201.7	221	1133	-9.9%	-23.2%	-7.2%
Rostelecom	102	101.49	97.31	101.9	934.2	9390	13.7%	18.9%	8.2%
Rostelecom, pr.	66.97	66.48	63.76	67.39	104.5	1583	14.1%	18.3%	3%
YANDEX N.V.	1159.6	1159.6	1050.5	1160	89.6	81	7.6%	-0.8%	
QIWI Ltd			1351.1	1440	2.7	2			

PRESS REVIEW

Russian press on the telecoms sector for September 2

*** South Korea's Samsung has shut down about 20% of its monobrand stores throughout Russia, some of which were operated by bankrupt consumer electronics retailer Bely Veter Digital. The Samsung chain has shrunk from 265 to 230 outlets since the start of the year. The closure of some of the stores might also be due to the growing popularity of budget smartphones and tablets (Kommersant, p. 7).

Russian press on the telecoms sector for September 3

*** TV and radio company VGTRK and Rostelcom, the biggest state companies on the media and telecommunications market, are forming a joint venture - Digital Television - that will combine their non-terrestrial TV channels. The two companies have 18 such channels with combined revenue of about 1.4 billion rubles last year. The partnership is a logical move for Rostelecom, analysts said (Vedomosti, p. 11).

Russian press on the telecoms sector for September 4

*** Mail.ru Group might soon acquire full control, directly or indirectly, over VKontakte, Russia's largest social network. The group's negotiations to buy out the 48% stake in VKontakte held by Ilya Scherbovich's UCP are in the final stage. The company will probably be valued at about \$2.9 billion for the deal, so the price of the 48% stake could reach nearly \$1.4 billion (Vedomosti, p. 10).

Russian press on the telecoms sector for September 5

*** A new version of an anti-piracy bill might soon be submitted to the State Duma that proposes to permanently ban websites deemed inveterate pirates. Such sites would be included in a register according to which telecom operators would block access to the sites for all Russian users and exclusion from the register would not be possible (Vedomosti, p. 11).

ANALYTICAL REPORTS

In-depth analysis on Russian markets and industries

Interfax Corporate News Agency provides companies, banks and organizations with unique professional analytical surveys of various Russian markets and sectors. The publications are available in hard copy or by e-mail. To subscribe, please, contact us by telephone +7 499 250 8353, or e-mail mt@interfax.ru.

INTERFAX -CORPORATE NEWS AGENCY

Phone: +7 499 250 8353

E-mail: mt@interfax.ru

Web: <http://www.ispark.ru/en-us>

Recent Publications *New publications available

Hard Copy or E-Mail

Economy

Russia's Mineral Wealth: Focus on a Robust Reserves Growth (2014) *New!

Russia and China: Expanding Economic Ties

Companies & Holdings

Financial Results of Top Russian Companies for 2014: Consensus Forecast

Energy

Russia's Oil Sector in 2013

Russia's Oil Sector: Tight Oil Challenge *New!

Russia's Gas Industry (2014) - A Comprehensive Insight

Russia's LNG Projects

Russia's Oil&Gas Projects on the Arctic Shelf

Russia's Electric Power Sector in 2013-2014

Metals

Russia's Gold Industry in 2013

Russia's Ferrous Metals Sector in 2013

Russia's Non-Ferrous Metals Sector in 2013

Russia's Coal Industry in 2013

Construction & Property

Russia's Construction Sector - A Comprehensive Insight

Food & Agriculture

Russia's Mineral Fertilizer Industry in 2013

A Comprehensive Insight in Russian Meat and Meat Products Market in 2013-2014

###