



## Rostelecom

Rostelecom began life as the USSR's national and international telecoms operator Sovtelecom before being restructured into its present incarnation in September 1993. It was granted operating licences for domestic long-distance (DLD) and international telephony in 1994 and remains Russia's dominant provider in those sectors. Rostelecom is the only Russian operator with contractual relationships with all of the country's PSTN operators, who are required by law to route their DLD and international traffic via Rostelecom's backbone network; it also operates Russia's ground network for TV and radio channels. In 2002 it derived 36% of its revenues from providing interconnection facilities for regional operators, 25% from direct subscribers of its own, 19% from international operators, 8% from alternative operators and 12% from other sources. The company claimed that the amount of domestic long-distance traffic it handled grew by 15.5% to 7.14 billion minutes in 2002; three years previously this figure stood at just 3.92 billion. Outgoing international traffic increased by 14.1% to 1.24 billion minutes, whilst the number of incoming international call minutes grew by 12% to 973 million.

Rostelecom's land network incorporates both analogue and digital transmission systems based on coaxial and fibre-optic cables and radio relay links. At the end of 2002 the network's analogue and digital plesiosynchronous transmission systems consisting of metal cables and radio relay links had a total length of 160,000km, whilst its fibre-optic links extended to 44,300km. The fibre-optic network utilises equipment principally from Alcatel, NEC and Siemens, although since 1999 Rostelecom has been using cables and equipment manufactured exclusively in Russia. The network is connected to Belarus, China, Denmark, Estonia, Finland, Japan, Italy, Kazakhstan, Korea, Turkey and Ukraine. Links are supplemented by the use of satellites; Rostelecom presides over eleven earth stations (3 hub stations and 8 peripheral stations) located in Siberia and the Far East regions, namely Gus-Khrustalnyi, Novosibirsk, Khabarovsk, Barnaul, Kirov, Gorno-Altaysk, Kyzyl, Yakutsk, Novokuznetsk, Juzhno-Sakhalinsk and Salekhard. By the end of 2002 the company claimed to have direct communication links with 75 operators from 72 countries. Its latest additions to the land-based network in late 2002 saw a fibre-optic line installed between Russia and Azerbaijan (200km in length) and an upgrade in the capacity of the existing 227km link between Kaliningrad and Kaunas to 34Mbps. In May 2003 Rostelecom signed an agreement with international carrier ITXC Corporation for the bilateral exchange of international voice traffic to and from Russia over ITXC's global VoIP network.

Outside fixed line telecoms, Rostelecom holds a stake in Moscow Cellular Communications (MCC), the smallest of the operators based in the capital. MCC has suffered from a declining subscriber base, recording just 80,000 customers at the end of 2002, equal to less than 1% of the market. The company attributes the fall to the fact that it is in the process of switching from an analogue NMT-450 system to a digital IMT-MC network. In 2002 Rostelecom sold its 50% stake in voice and data services provider Sovintel.

**Financial highlights**

RUR million	12/2000	+/- (%)	12/2001	+/- (%)	12/2002
Local operators	12,256	9%	13,337	5%	14,016
Subscribers	10,358	-17%	8,648	-8%	7,913
Foreign operators	9,860	-31%	6,852	-26%	5,100
Other	1,611	-11%	1,432	-22%	1,112
Revenue	34,085	-11%	30,269	-7%	28,141
Turnover (USDm)	1,086	-11%	964	-7%	896
Net income	2,460	87%	4,607	-85%	678
Profit margin	7.22%	-	15.22%	-	2.41%
Employees	36,595	-7%	34,058	-9%	30,993

**Operational highlights**

	12/2000	+/- (%)	12/2001	+/- (%)	12/2002
National minutes (m)	4,947	25%	6,179	15%	7,136
International minutes (m)	1,890	3%	1,951	13%	2,208
International minutes - incoming (m)	896	-3%	869	12%	973
International minutes - outgoing (m)	944	15%	1,082	14%	1,235

**Subsidiaries**

Stake	Company	Operations
100.00%	Westelcom	Service provider to Rostelecom in the development, implementation and operation of three international gateway switches in Moscow and St Petersburg.
49.00%	Uralwestcom	Mobile operator covering the Ekaterinburg region; launched an analogue NMT-450 network in March 1996.
46.00%	Moscow Cellular Communications (MCC)	Russian mobile operator in Moscow; launched an NMT-450 network in December 1991.
43.00%	Delta Telecom	NMT-450 operator covering the St Petersburg area.
20.00%	Telmos	Operates a digital overlay network in Moscow and offers voice and data services to the corporate sector.
15.00%	Golden Telecom	Holding company for various telecoms interests in Russia and the CIS. See Golden Telecom Profile.

## Ownership

Svyazinvest	51%
Foreign shareholders	37%
Russian shareholders	10%
Employees	2%

## Addresses and contacts

### Rostelecom

Rostelecom 14  
Tverskaya-Yamskaya 1  
125047 Moscow  
Russia  
Tel: 7 095 9728283  
Fax: 7 095 7872850  
Valery Yashin, President  
Sergey Kuznetsov, General Director  
Alexander Isaev, Director for Governmental Relations  
Gioulmara Khasianova, Commercial Director  
[www.rt.ru](http://www.rt.ru)

### Golden Telecom

Kraznokazarmennaya 12  
111250 Moscow  
Russia  
Tel: 7 095 7871000  
Fax: 7 095 7871010  
Alexander Vinogradov, President and Chief Executive Officer  
Stan Abbeloos, Chief Operating Officer  
[www.goldentelecom.ru](http://www.goldentelecom.ru)

### Svyazinvest

Tverskaya Street 7  
103375 Moscow  
Russia  
Tel: 7 095 2091889  
Fax: 7 095 2295200  
Leonid D. Reiman, Chairman & Russian Minister for Communications and Information  
Valeriy N. Yashin, Director General  
Vadim E. Belov, Deputy Director General  
[www.svyazinvest.ru](http://www.svyazinvest.ru)

### Telmos

Zemledelchesky Pereulok 15  
119121 Moscow  
Russia  
Tel: 7 095 9740505  
Fax: 7 095 9740519  
[www.telmos.ru](http://www.telmos.ru)

