

Rostelecom Gets Specific on Strategy

By [The Moscow Times](#)

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Rostelecom wants to grow its share of the country's fast-growing broadband market to 50 percent by 2015 from just under 40 percent, hoping to offset losses in its core fixed-line calling business.

It will also target 30 percent of the pay-TV market and 22 percent of the wireless broadband market in subscriber terms, up from 25 percent and 9 percent, respectively, a company presentation also said Thursday.

The former state-run long-distance telecommunications monopoly became a \$16 billion Russian telecoms champion last month after merging with seven regional fixed-to-mobile groups.

Rostelecom's board will discuss a long-term development strategy on Friday, and was expected to focus on plans in the fastest-growing areas of the telecoms market, such as fixed and mobile broadband and pay television.

Alfa-Bank analysts welcomed the new strategy, saying it would help Rostelecom focus efforts on targeted areas and compete with the big three telecoms groups — Mobile TeleSystems, VimpelCom, and MegaFon.

"In our view, the growth potential of the broadband and pay-TV markets is high, with broadband penetration remaining low in Russia," Renaissance Capital analysts said in a note, adding that a strategic update would be an important driver for Rostelecom stock.

Rostelecom applied last week to the financial markets regulator to list up to 25 percent of its shares on an overseas stock exchange, while chief executive Alexander Provotorov said it planned a technical listing in London before year-end.

The enlarged group's shares were also expected to be included in the MSCI Russia index when it is revised next week, likely to boost the share price.

Rostelecom shares were down xx percent at the close in Moscow on Thursday, outperforming a broader market sell-off. The stock had risen 12 percent across four sessions since May 5 ahead of the possible inclusion.

Analysts had earlier voiced concerns over growth prospects at the newly beefed-up group, citing uncertainty over its mobile strategy against a backdrop of continuing stagnation of traditional fixed-line sales.

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