

Rostelecom Hires Advisers for Possible Tele2 Russia Venture

By [The Moscow Times](#)

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Russian telecom operator Rostelecom has hired investment banks and an accountancy firm to advise on a possible joint venture with mobile-focused rival Tele2 Russia, Vedomosti newspaper reported Thursday, citing sources.

The company has hired JPMorgan and Credit Suisse, as well as accountancy firm PricewaterhouseCoopers, Vedomosti reported. The likely option is a joint venture in which Rostelecom takes control, the paper said.

A spokesman for Rostelecom said: "We confirm that we are working with consultants on the question of strategy for the mobile business and different scenarios for development. We are not commenting on details."

Analysts have speculated that Rostelecom would be a likely partner for Tele2's Russia division since Russian state-controlled bank VTB in April bought the unit from Nordic telecom

company Tele2 for \$3.6 billion.

Expectations of a merger between Tele2 Russia and Rostelecom increased when Alexander Provotorov, a former CEO of Rostelecom who had backed the idea of a merger between the pair, was appointed to run Tele2 Russia.

VTB said it wanted to sell part of its stake in the business to help develop the country's fourth-largest mobile phone company.

"We consider a [joint venture] with Tele2 Russia as the right step in Rostelecom's development, while maintaining a controlling stake will be a key issue for the company," wrote Sergei Vasin, analyst at Gazprombank, in a research note. "Together with Tele2, Rostelecom would be able to fully compete in the mobile market."

Rostelecom is Russia's fifth-largest mobile operator, while Tele2 is the fourth. The majority of the Russian mobile market is controlled by three home-grown carriers: MTS, MegaFon and VimpelCom.

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