

VTB Sells 50% Tele2 Stake to Billionaire Consortium

By [The Moscow Times](#)

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State bank VTB has agreed to sell 50 percent of Tele2 Russia, turning a quick profit and gaining investors with the expertise that could help it to challenge the dominance of the country's big three mobile phone operators.

VTB bought Russia's fourth-largest mobile operator from Sweden's Tele2 in April for \$3.55 billion.

"It has been a profitable investment for us and we will stay as equal partners," Yury Soloviyev, first deputy president of VTB's management board, said.

Soloviyev declined to name the sale price, which has been put at \$2 billion, including assumed debt, based on the price at which VTB has valued the stake on its books.

VTB is selling half to a group of investors including affiliates of Bank Rossia and entities

of Alexei Mordashov, a billionaire tycoon who controls steelmaker Severstal.

"Through the sale of 50 percent we get very experienced people in the TMT [technology, media and telecoms] sector, [who] have invested in a number of assets such as television channels, content producers and cable companies," Soloviyev said.

"We de-risk the position, we make some money on structuring the deal and we get a very strong partner in Russia."

Bank Rossia is part-owned and chaired by Yury Kovalchuk, an old acquaintance of President Vladimir Putin. Kovalchuk and Mordashov have a background in media investments, combining their media assets in 2008 to create National Media Group, or NMG.

Retaining VTB as an owner could help Tele2 Russia's lobbying effort to obtain a license to provide high-speed 4G services.

At a competitive disadvantage since losing a 4G license tender last year, it has argued for technology neutrality to allow faster internet speeds on its existing radio band.

The Tele2 deal is seen by analysts as likely to lead to an eventual tie-up with state-controlled rival Rostelecom, Russia's fifth-largest mobile operator, and challenge the top three of MTS, MegaFon and VimpelCom.

Tele2 Russia's new owners have links to Rostelecom. In 2011 NMG sold its stake in cable television company National Telecommunications to Rostelecom. The former chief of the cable company, Sergei Kalugin, became CEO of Rostelecom.

VTB's Soloviyev said the bank aims to increase Tele2 Russia's presence in the market and widen its product range through licenses or joint ventures. He said it is already in talks with possible partners, including Rostelecom.

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