

Speculation as Russia's Tele2 Refuses to Release New Subscriber Data

By [Kirill Sedov](#)

August 11, 2016



Vedomosti

Russian communications giant Tele2 has refused to disclose the number of Moscow-based users on its network for the first time since the company launch in the capital – despite a reported 10.3 percent growth in revenue in this year's second quarter.

Year on year revenue for the company rose to 26 billion rubles (\$402 million) despite little growth for Russia's “Big Three” phone operators as a whole.

Tele2 spokesman Konstantin Prokshin declined to give a reason for the decision not to release figures on user numbers, but said that the company was very satisfied with the new subscriber rate.

The company initially caused shock waves throughout the Moscow market when it arrived in the capital, [initially attracting 150,000 new users](#)

in the first week after its launch in October 2015 and [sparking a price war](#) among the country's mobile operators.

The firm had 2.1 million subscribers in Moscow as of late March this year, making up 5.5 percent of its user base nationwide, said management research firm AC&M Consulting.

The capital is Russia's largest market for mobile phone operators. VimpelCom, which owns Russian communications company Beeline, earns 40 percent of its Russian revenues in Moscow, a company representative revealed in 2014.

Tele2 could have chosen not to reveal its Moscow figures as they may no longer account for the company's greatest area of growth, said Finama analyst Timur Nigmatullin. The theory could also explain the tariff increases at the start of this year, he said.

Tele2 subscriptions nationwide totaled 1.1 million in the first quarter of 2016, of which three-fourths were based in Moscow. That number has now halved, said TMT Consulting CEO Konstantin Ankilov said.

The company had likely seen a decline in new Moscow-based subscriptions in Moscow as the market of new users who initially rushed to try services of a new mobile phone company has already been exhausted, he said. That trend is most likely not as severe in the regions, where Tele2 has been actively expanding its network. The company now needs to focus on improving quality and expanding its coverage into areas away from major roads, he said.

Tele2 saw its EBITDA margin fall by 14.5 percent in quarter 2, compared to levels at the same time in 2015. The company remains in the red largely due to the costs of expanding its network in Moscow, where it began operations in October 2015, said Kai-Uwe Mehlhorn, the financial director of Rostelecom, the largest shareholder in Tele2. He attributed some drops in the company's profitability to the increase in operating costs and the need to maintain high expenditures for expansion, but maintained that he was "positive" about the company's losses.

Original url:

<https://www.themoscowtimes.com/2016/08/11/speculation-as-russias-tele2-refuses-to-release-new-subscriber-data-a54950>