

MTS to Invest \$3Bln in Infrastructure

By [The Moscow Times](#)

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Wireless carrier MTS will invest more than \$3 billion next year to develop infrastructure and build an LTE network, Sistema's controlling shareholder, Vladimir Yevtushenkov, said in an interview with Kommersant.

MTS is a Sistema subsidiary.

Competition compels carriers to invest huge money in infrastructure, he said. He also spoke about differences between the Russian wireless market and those of other countries.

"We are all spoiled by the high quality of communications," he said. "I can name any country — Greece, England, India, Germany, the United States — everywhere mobile communications are worse than ours. Maybe we're only surpassed in communications quality by South Korea."

Foreign companies "strive to recoup first what they spent and then move to new spending," Yevtushenkov said.

"We, unfortunately, have a different situation," he said. "3G has not even started to pay off and we are already moving to 4G. But the competitive situation is such that there's nothing we can do about it," he said.

He went on to say that it would be difficult for Russian wireless carriers to agree on jointly building an LTE network. In India, carriers compete with each other but jointly use cell towers, he added.

"They have learned to minimize costs, otherwise you'll float belly-up," he said.

Yevtushenkov also commented on Sistema's purchase of oil company Bashneft.

"The talks were difficult, and there were many others who sought to buy Bashneft assets," he said. "The question was not just financial. ... The main thing was that they understood that we were certainly not being disingenuous. And it turned out that no one deceived anyone."

He said Sistema wanted to transform Bashneft into a major international company.

"We'd like to create a large company, an international [company] that lives according to its own rules," he said. "Maybe it will happen, maybe not. That will depend on many factors."

Yevtushenkov said competition between private oil companies was beneficial for the economy.

"I think [Bashneft's] presence among Russian oil companies is very important," he said.

"This increases competition and lowers prices because, truth be told, only two or three private oil companies remain. And that is bad. Although all sorts of future alliances, mergers, takeovers are possible," he said.

Yevtushenkov also said Sistema did not yet plan to reduce its 86 percent stake in Bashneft.

"I don't think the blossoming of Bashneft has begun yet, so talking about pulling out of this asset would be premature," he said. "The question of whether we'll cut our stake will always be on the agenda. But today I feel that we are able to create a really big company, even though several years ago it seemed that no new [major] oil companies would be emerging."

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