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Cellular companies of Uzbekistan

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Content

Description of cellular operators market	3
1. “Uzdunrobita”	7
2. “Unitel Ltd”	10
3. “Coscom” Uzbek U.S. Joint Venture	13
4. “Rubicon Wireless Communication” (RWS) Uzbek-U.S. Joint Venture	16
5. "UZBEKTELECOM MOBILE" (Subsidiary of UzbekTelecom)	18
Source:	20

Republic of Uzbekistan



Overview of the paper

The paper gives general information about mobile operators of Uzbekistan, their market share and subscriber's quantity, service charges and roaming countries as well as owners and description of the companies.

Information is provided in two parts. The first part is general description of Uzbekistan mobile operators market.

The second part presents separate profile of every company in such tables: Table A. "General information", Table B. "Subscribers", Table C. "Service charges", Table D. "Coverage area", Table E. "Owners", and Table F. "Roaming countries".

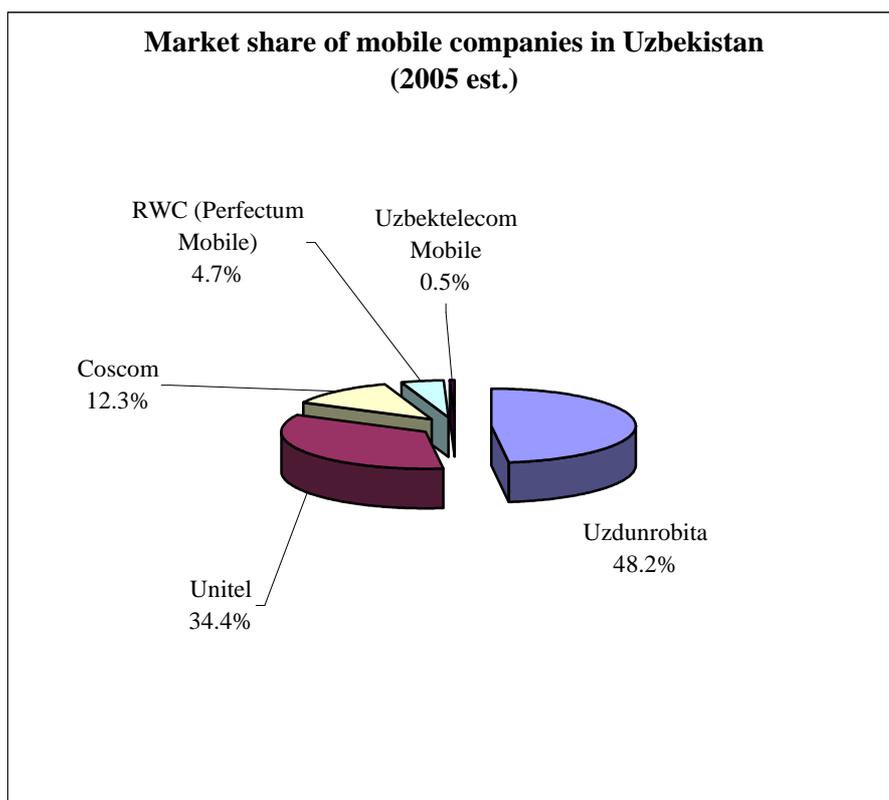
Description of cellular operators market

Presently cellular communications market of Uzbekistan consists of 5 companies. These are the following:

1. "Uzdunrobita" (GSM 900/1800 and DAMPS/AMPS standards)
2. "Unitel Ltd" (GSM 900/1800 standard)
3. "Coscom" Uzbek U.S. Joint Venture (GSM 900/1800 standard)
4. "Rubicon Wireless Communication" (RWC) Uzbek- U.S. Joint Venture under "Perfectum Mobile" trademark (CDMA 2000 1X standard)
5. "UzbekTelecom Mobile" (CDMA 450)

3 leading companies (Uzdunrobita, Unitel and Coscom) controls more than 94% of the market.

Chart 1



There is also satellite communication representative Thuraya Uzbekistan, (www.thuraya.com) this office works in Uzbekistan since 2002, which is also has a number of subscribers, but very small.

Government body for communication market is Uzbek Agency for communication and informatization. It controls the market through the licensing. Company that obtained the license to design, build and operate a cellular network should meet obligations indicated in license agreement and their business plans. If the company fails to meet that, government body can take some measures (like refusal to prolonging the license if expires) against the company.

Two companies in the process of reorganization and possibly to be closed.

Due to recent changes in 2005 three companies were closed or merged.

One of these closed companies is "Telecom Inc." Uzbek - U.S. joint venture, (CDMA standard) under the "Skytel" trademark started its activity in April 2004 and at the end of 2004 had about 9.5 thousand subscribers. The company was licensed to operate throughout Uzbekistan.

But due to some reasons the company shut down in December its network in Tashkent and during 2005H1 closed networks in other regions of Uzbekistan. Official information regarding the company closure was refusal from the governmental body to grant applied frequency band for the company's network and complicated process of changing frequency band of the company's equipment.

There is also Uzmacom (GSM 900/1800 standard), which was closed at the middle of 2005.

In January 2005 Alfa-Telecom¹ (Russia) started the process of buying 74% and in June of the rest 26% of Uzmacom capital. At this time shareholders of the company were Malaysia's Superior Communication (74%) and Uzbektelecom (26%). Uzmacom was licensed to operate in Tashkent and the Tashkent region and had about 8 thousand subscribers. Uzmacom is also an internet services provider.

In August 2005 Uzmacom announced the closure due to expire the license.

On January 18, 2006 VimpelCom, Russia's number-two mobile provider, announced the acquisition of 100% of Bakri Uzbekistan TeleCom (Buztel), the fourth largest GSM standard operator in Uzbekistan.

VimpelCom has also signed an agreement with Germanos S.A. (Industrial and Commercial Company of Electronic-Telecommunication Material and Supply of Telecommunication Services S.A.), Panos Germanos and the European Bank for Reconstruction and Development (EBRD) to acquire Unitel, the No. 2 cellular operator in Uzbekistan.

The purchase price for Buztel is \$60 million plus the assumption of approximately \$2.4 million in debt. The purchase price for Unitel is \$200 million plus responsibility for its debts. When the deal is closed, Unitel is expected to have a debt of about \$13.4 million.

VimpelCom is acquiring Buztel by acquiring 100% of Freevale Enterprises Inc., a company registered in the British Virgin Islands that wholly owns the Uzbek operator.

Both Uzbek companies hold national licenses to provide cellular services in the GSM-900 and GSM-1800 standards. As soon as it closes the deals, VimpelCom said it plans to merge Buztel into Unitel to form a single company in Uzbekistan.

Buztel was previously owned by Altimo, the telecommunications arm of the Alfa Group, which now indirectly owns 32.9% of voting shares in VimpelCom. VimpelCom's board of directors approved both transactions with only disinterested directors voting on certain items as required, the release said.

The closing of the purchase of Unitel is subject to the fulfillment of certain conditions, including necessary governmental approvals, and is expected to take place by mid-February, VimpelCom said.

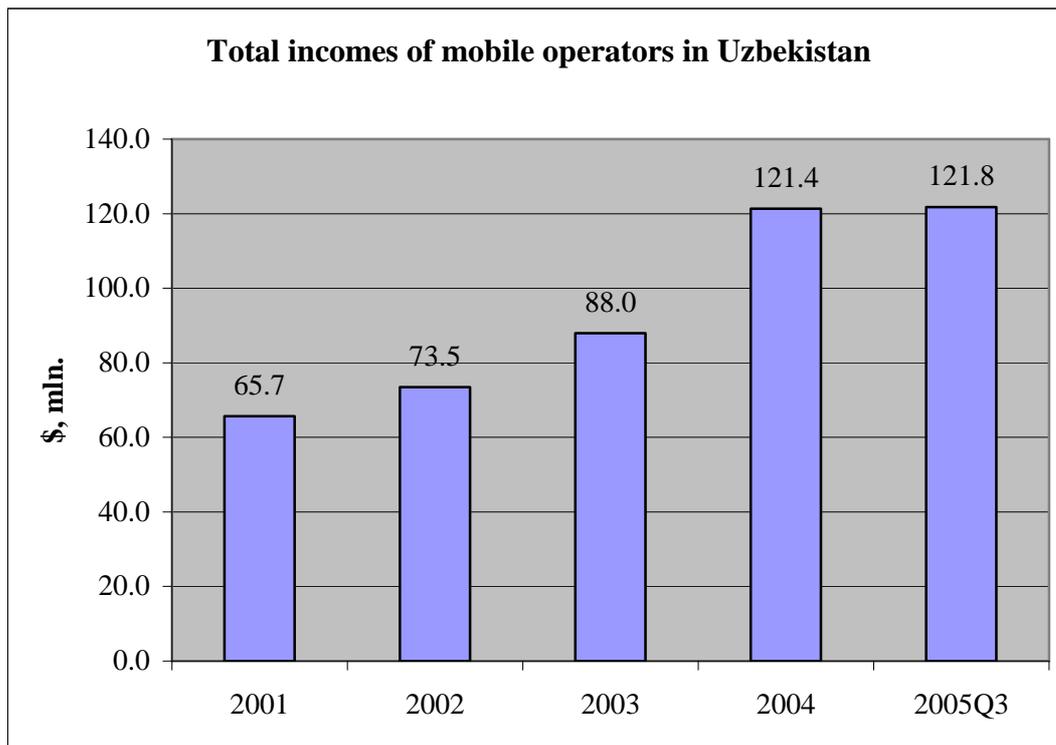
Given the low penetration of cellular services in Uzbekistan, estimated at 5%, and the consequently high potential for growth, analysts were generally upbeat about the deals announced by VimpelCom, though the company paid a record high price to enter the Uzbek market.

An analyst at the Aton investment house said the price of \$2,080 per subscriber paid for Buztel "seems far too high, although in the disputed deal to buy Ukrainian Radiosystems the company paid \$2,000 per subscriber." The price far exceeds the purchase prices of previous Russian acquisitions in Central Asia, such as the \$850 per subscriber that VimpelCom paid for Kazakhstan's KarTel in 2004, or the \$812 per subscriber that top Russian mobile operator MTS paid for Uzbekistan's Uzdunrobita the same year, he said.

There is one more distinctive point appeared in 2005 that all 5 companies covers all regions of the country and increase their roaming partners abroad.

Chart 2

¹ In December 2004 Alfa-Telecom bought 100% of Buztel GSM.



Total income of the market in 2002 was about \$73,5 mln., and in 2003 reached \$88 mln. (up 19.7%). See chart 2

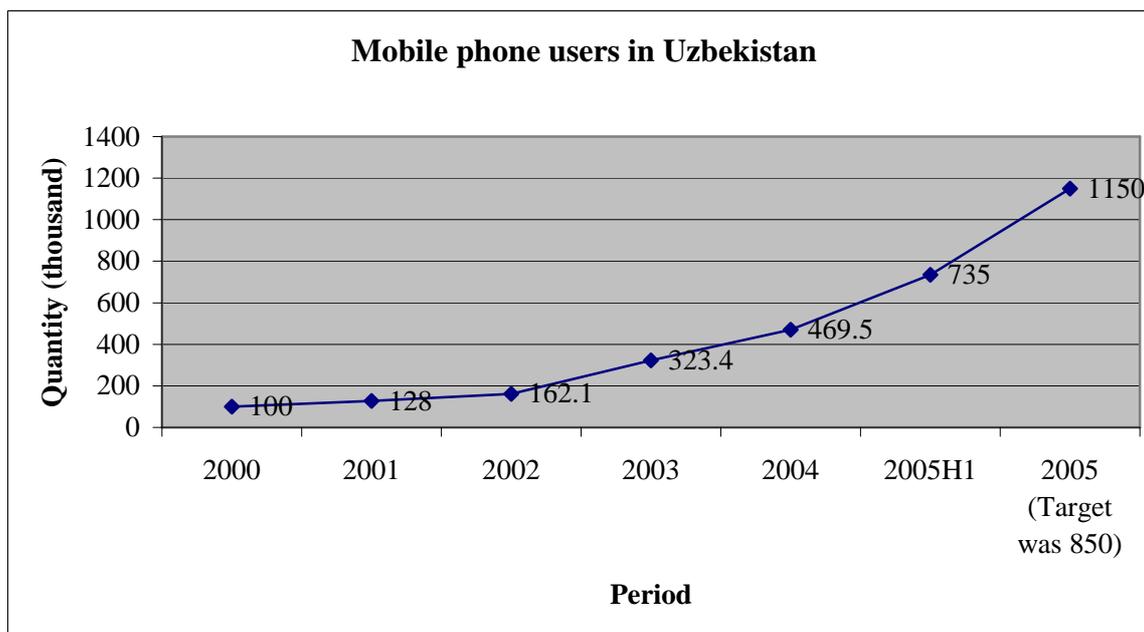
Regarding the total income of the communication market of Uzbekistan, share of the cellular income is about 41% from the total amount of communication market and promise to increase. In 2004 total earnings of the mobile operators reached \$121.4 mln² (up 37%), and in 2005Q3 totaled \$121.8 mln². Regarding the charges of mobile operators it's clear decreasing trend in fees. At present average tariff for 1 minute is 6-7 US cents, despite the 8-9 at the start of 2005.

Mobile communication in Uzbekistan is rapid expanding. As you can see in the Chart 3, mobile phone users quantity constantly grows. According to the targets in 2005 it was to increase by 80% to 850 thousands, but actually it exceed target by 35% and reached 1.15 mln. subscribers and to 2010 should be increased to 3.5 mln.

Cellular penetration in the country of about 25 million people in 2004 was 1.88% and in 2005 grew to 4.6% So it is clear that's as all over the world Uzbek mobile market grows very rapid.

² Preliminary information.

Chart 3



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Data described in this paper may not be suitable for all companies and companies must make their own decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives.

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1. “Uzdunrobita”

General information	
Address	16, Usman Yusupov str., Tashkent, Uzbekistan, 70128
Tel	(99897) 130 09 09 / 131 09 09
Fax	(99897) 110 13 00
E-mail	cmi@uzdunrobita.uz
Web-site	www.uzdinrobita.uz
Short-description	<p>The Company was established in 1991 by the Ministry of Communication³ of Uzbekistan and International Communication Group (USA) as joint venture. At this time it was the first mobile operator in Central Asia.</p> <p>In August 1992 the commercial operation of the company has began, which has been working at that time in NMT-450 standard.</p> <p>In the middle of 1994 the company introduced Analogue AMPS and Digital AMPS standards and in November 1995 new standards were completely invented, while operation of NMT-450 standard was stopped.</p> <p>By the end of 1998 the cover zone of the company made up more than 900 cities and inhabited localities of Uzbekistan.</p> <p>In 2002 the company has begun serving in GSM 900/1800 standard. Suppliers for the equipment were Swedish company ERICSSON and Chinese HUAWEI TECH.INVESTMENT Co.</p> <p>In August 2004 shareholders of the company agreed to sell 74% of the capital to Russian mobile operator MTS⁴ (Mobile TeleSystems) for \$121 mln. and for \$37.7 mln. three years option to the rest of 26% shares.</p> <p>In 2005 MTS invested about \$50 mln. to the Uzdunrobita for development of the company.</p> <p>Nowadays the company consists of Head division (located in Tashkent city) and 20 branches and divisions located in regional and administrative centers of the Republic.</p> <p>Presently company operates in AMPS/DAMPS and GSM 900/1800 standards.</p>

Table A

(Thousand)

Subscribers information		
Period	Quantity	Market share
2004	310	66%
2005	510 ⁵	48.2%

Table B

³ In 1997 and 2002 were some changes in the structure of the Ministry and in result it was transformed to Uzbek Agency for communication and informatization.

⁴ MTS is the one of leading mobile operators in CIS and Eastern Europe countries. Total subscribes of the company about 46 millions.

⁵ It was announced at the end of Nov 2005

Services charges ⁶				
Mobile service	Local SMS, International SMS (Per one SMS)	MMS (Per one MMS)	WAP	GPRS
Monthly payment \$3.3, outgoing call \$0.06 per 1 minute, incoming* call \$0.06 per 1 minute.	\$0.02	\$0.3	\$0.1 per 1 minute	\$0.32 per 1 MB
Monthly payment 30\$, outgoing call \$0.6 per 1 minute incoming call free of charge	\$0.06			
Monthly payment \$85. All calls are free.	Free of charge			

*Incoming call from Uzdurobita subscriber is free of charge

Coverage area in Uzbekistan
All regions of Uzbekistan

Owners	Shares %	Comments
Mobile TeleSystems (Russia)	74	MTS has option to buy remaining stake in the capital. Option's amount is about \$37.7 mln.
Others (Uzbekistan)	26	

⁶ Shown as for January 25, 2006. There is shown the cheapest, average and the most expensive service plans. Shown service charges are not full and do not include other services. Depending on various terms tariffs may differ from presented.

Table F

Roaming countries (Total 86 countries)
Afghanistan, Albania, Alger, Armenia, Argentina, Austria, Azerbaijan
Bahrain, Bangladesh, Belarus, Belgium, Bulgaria, Brasilia
Canada, Caribbean, China, Czech, Congo, Cyprus
Denmark, Ecuador, Egypt, Estonia, France, Finland
Georgia, Germany, Great Britain, Greece, Hong-Kong, Hungary
India, Indonesia, Ireland, Island, Israel, Italy, Kazakhstan, Kyrgyzstan,
Lithuania, Liberia, Latvia, Lichtenstein, Luxembourg
Macedonia, Malawi, Mali, Malaysia, Mexico, Moldova, Monaco, Morocco, Mozambique, Oman
Nigeria, The Netherlands, Norway
Pakistan, Paraguay, Philippines, Poland, Romania, Russia
Saudi Arabia, Serbia and Montenegro, Singapore, Slovenia, Spain, Syria, Sri-Lanka, Sweden, Switzerland
Tajikistan, Thailand, Tunis, Turkey, Turkmenistan
UAE, Ukraine, Uruguay, USA, Vatican, Yemen
Thuraya network roaming

Data shown as for January 2006

2. “Unitel Ltd”

Table A

General information	
Address	1, Bukhoro str., Tashkent, Uzbekistan, 700000
Tel	(99871) 133 33 30
Fax	(99871) 120 69 10
E-mail	info@unitel.uz
Web-site	www.unitel.uz
Short-description	<p>The Company was established in 1996 by Daewoo International Corp. (Korea) and company name was Daewoo Central Paging Co, which worked under “Daewoo Unitel” trademark.</p> <p>In September 1997 the commercial operation of the company has began, with GSM 900/1800 standard.</p> <p>In September 2004 shareholders of the company agreed to sell 100% of the capital to international Consortium consisting of Germanos SA (Greece), EBRD, Global Finance (Greece) and Mr. P. Germanos, who is also the founder and chairman of the “Germanos SA” for \$73.5 mln. So the company name was changed and now it operates as Unitel.</p> <p>This Consortium plans to invest about \$83.3 mln during next 3 years and EBRD’s stock in this investment is about \$30 mln.</p> <p>On January 18, 2006 VimpelCom, Russia’s number-two mobile provider, announced the acquisition of 100% of Bakri Uzbekistan TeleCom (Buztel), the fourth largest GSM standard operator in Uzbekistan.</p> <p>VimpelCom has also signed an agreement with Germanos S.A. (Industrial and Commercial Company of Electronic-Telecommunication Material and Supply of Telecommunication Services S.A.), Panos Germanos and the European Bank for Reconstruction and Development (EBRD) to acquire Unitel.</p> <p>The purchase price for Unitel is \$200 million plus responsibility for its debts. When the deal is closed, Unitel is expected to have a debt of about \$13.4 million.</p> <p>The closing of the purchase of Unitel is subject to the fulfillment of certain conditions, including necessary governmental approvals, and is expected to take place by mid-February.</p> <p>Nowadays the company consists of Head division (located in Tashkent city) and 67 branches and divisions located in regional and administrative centers of the Republic.</p> <p>Presently company operates in GSM 900/1800 standard only.</p>



Table B

(Thousand)

Subscribers information		
Period	Quantity	Market share
2004	90	19.2%
2005	364	34.4%

Services charges ⁷				
Mobile service	Local SMS International SMS (Per one SMS)	MMS	WAP	GPRS
Monthly payment \$3, outgoing call \$0.08 per 1 minute, incoming* call \$0.06 per 1 minute.	\$0.02 \$0.06	\$0.32 per 1 MB	\$3.6 monthly payment and \$0.09 per 1 minute	\$0.32 per 1 MB
Monthly payment 16.2\$, 230 minutes per month are free, if exceeded: outgoing call \$0.07 per 1 minute incoming* call \$0.07 per 1 minute				
Monthly payment \$90. All calls are free.	Free of charge			

Table C

*Incoming call from Unitel subscriber is free of charge

Coverage area in Uzbekistan
All regions of Uzbekistan

Table D

Owners	Shares %	Comments
International consortium which consists of: 1. Germanos SA, Greece 2. EBRD (7%) 3. Global Finance, Greece 4. Mr. P. Germanos (20%)	100	VimpelCom (Russia's number-two mobile provider) has signed an agreement to acquire Unitel for \$200 million plus debts of about \$13.4 million. The closing of the purchase is expected to take place by mid-February

Table E

⁷ Shown as for January 25, 2005. There is shown the cheapest, average and the most expensive service plans. Shown service charges are not full and do not include other services. Depending on various terms tariffs may differ from presented.

Table F

Roaming countries (Total 60 countries)
Afghanistan, Albania, Armenia, Austria, Azerbaijan, Bulgaria, Belarus
China, Cyprus, Czechia, Denmark, Ecuador, Egypt, France
Georgia, Great Britain, Greece, Hong Kong (Siangan), Hungary
India, Indonesia, Iraq, Israel, Italy
Japan, Kazakhstan, Korea, Kuwait, Kyrgyzstan
Latvia, Liechtenstein, Lithuania, Luxemburg
Macedonia, Mali, Malta, Mongolia, The Netherlands
Pakistan, Palestine, Philippines, Poland, Rumania, Russia
Saudi Arabia, Serbia, Singapore, Slovenia, South African Republic, Spain, Sweden, Switzerland, Syria
Tajikistan, Taiwan, Tunis, Turkey, Turkmenistan
Ukraine, UAE

Data shown as for January 2006

3. "Coscom" Uzbek U.S. Joint Venture

Table A

General information	
Address	118, Vahidova str., Tashkent, Uzbekistan, 700031
Tel	(99871) 152 15 51
Fax	(99871) 120 72 65
E-mail	inform@coscom.uz
Web-site	www.coscom.uz
Short-description	<p>The Company was established in 1996 by MCT Corp. (USA), and two Uzbek companies Davr Conversia and UzbekCosmos. Due to closure of UzbekCosmos stock of the company was sold to MCT.</p> <p>MCT Corporation is one of the largest holding companies, which consists of 70 investors (banks, industry groups, funds and so on).</p> <p>Nowadays the Company consists of Head division (located in Tashkent city) and 8 regional branches. Presently company operates in GSM 900/1800 standard only.</p>



(Thousand)

Table B

Subscribers information		
Period	Quantity	Market share
2004	33.5	7.1%
2005	130	12.3%

Services charges ⁸			
Mobile service	Local SMS International SMS (Per one SMS)	WAP	GPRS
Monthly payment \$2, outgoing call \$0.07 per 1 minute, incoming* call \$0.07 per 1 minute.	\$0.02-\$0.03 \$0.10		No service
Monthly payment 25.2\$, 300 minutes per month are free, if exceeded: outgoing call \$0.084 per 1 minute incoming* call \$0.084 per 1 minute			
Monthly payment \$90. All calls are free.			

*Incoming call from Coscom subscriber is free of charge

Coverage area in Uzbekistan
All regions of Uzbekistan.

Owners	Shares %	Comments
MCT Corp. ,USA	77.47	
“Davr Conversiya”, Uzbekistan	6.16	
Persons (including managers of Coscom)	16.37	

⁸ Shown as for January 25, 2006. There is shown the cheapest, average and the most expensive service plans. Shown service charges are not full and do not include other services. Depending on various terms tariffs may differ from presented.

Roaming countries (Total 75 countries)	
Table F	Australia, Afghanistan, Albania, Armenia, Austria, Azerbaijan
	Bangladesh, Bulgaria, Belarus, Belgium, Bosnia & Herzegovina
	Cambodia, Canada, China, Congo, Cyprus, Czechia, Cote d'Ivoire, Croatia
	Denmark, Egypt, Estonia, France, Finland
	Germany, Georgia, Great Britain, Greece, Hong Kong (Siangan), Hungary,
	India, Indonesia, Israel, Italy, Island, Ireland
	Kazakhstan, Korea, Kuwait, Kyrgyzstan,
	Latvia, Liechtenstein, Lithuania, Luxemburg
	Malaysia, Malta, Mongolia, Moldova, The Netherlands, Nigeria, Norway
	Philistines, Poland, Portugal, Rumania, Russia
	Saudi Arabia, Serbia and Montenegro, Singapore, Slovenia, Slovakia, Syria,
	Spain, Switzerland, Sweden, Spain, Sri-Lanka
	Tajikistan, Taiwan, Tunis, Turkey, Turkmenistan, Tanzania
	Ukraine, UAE, USA
	Thuraya network roaming

Data shown as for January 2006

4. “Rubicon Wireless Communication” (RWS) Uzbek-U.S. Joint Venture

Table A

General information	
Address	35, Kunaeva str., Tashkent, Uzbekistan, 700015
Tel	(99871) 120 00 77 / 120 56 15
Fax	(99871) 152 72 27
E-mail	info@perfectummobile.com
Web-site	www.cdma.uz
Short-description	<p>The Company was established in 1997 by U.S. I&D International (35%) and Amid Protrade Inc (35%) and Uzbek Post and Telecommunication Agency ⁹(30%)</p> <p>In April 1992 the commercial operation of the company has began, which has been working at that time in AMPS/DAMPS standard.</p> <p>But in 2001 the company introduced CDMA standard with “Perfectum Mobile” trade mark and operation of AMPS/DAMPS standard was stopped.</p> <p>Nowadays the company consists of Head division (located in Tashkent city) and 11 branches and divisions located in regional and administrative centers of the Republic. Presently company operates in CDMA 2000 1X standard.</p>



(Thousand)

Table B

Subscribers information		
Period	Quantity	Market share
2004	15.3	3.3%
2005H1	50	4.7%

⁹ Now Uzbek Agency for communication and informatization

4. "RWC" under Perfectum Mobile trademark

Services charges ¹⁰				
Mobile service	Local SMS (Per one SMS)	Local MMS (Per one MMS)	WAP	GPRS
Monthly payment \$2.99 outgoing call (\$0.06 per 1 minute, incoming* call \$0.08 per 1 minute.	\$0.02-\$0.03	\$0.3	\$0.02 per 10 KB	No service
Monthly payment \$8.99, 100 minutes per month are free, if exceeded: outgoing call \$0.08 per 1 minute incoming*call \$0.06 per 1 minute				
Monthly payment \$80. All local calls are free. (Trunk calls according to additional tariffs)				
	SMS - free of charge/ MMS – 30 times free of charge, if exceeded \$3		80MB are free, if exceeded \$0.02 per 10 KB	

Table C

*Incoming call from Perfectum Mobile subscriber is free of charge

Coverage area in Uzbekistan	
Table D	Tashkent city Tashkent region Namangan region Ferghana region Samarkand region Kashkadarya region Andijan region Bukhara region Jizzakh city Nazoi city Other regions are targeting (In Uzbekistan 14 regions including Tashkent city)

Owners	Shares %	Comments
Amis Protrade Inc (USA)	35	
I & D International (USA)	35	
Uzbektelecom JSC	30	

Table E

Roaming countries
No roaming

Table F

Data shown as for January 2006

¹⁰ Shown as for January 25, 2006. There is shown the cheapest, average and the most expensive service plans. Shown service charges are not full and do not include other services. Depending on various terms tariffs may differ from presented.

5. "UZBEKTELECOM MOBILE" (Subsidiary of UzbekTelecom)

Table A

General information	
Address	24, A.Temur Str., Tashkent, 700000 Uzbekistan, 700000
Tel	(99871)) 139-23-87
Fax	(99871) 134-96-27
E-mail	uzmobile@uzbektelecom.uz
Web-site	www.uzbektelecom.com
Short-description	<p>In accordance with the Program for Reconstruction and Development of Telecommunication Networks of the Republic of Uzbekistan, JSC Uzbektelecom has started mastering of new kind of activity providing of wireless radio access services in CDMA-450 standard. For these purposes was established the Uzbektelecom Mobile branch, which principal objective is development of the nation-wide wireless communication system in the Republic of Uzbekistan. Mainly this company works for communication development of inland regions by using wireless technologies. Company works only in some regions of Uzbekistan, and does not render services in Tashkent.</p> <p>Currently, the basic equipment is based in Samarkand and Djizak regions, in-process testing of the equipment has been completed, and a pilot project has been successfully implemented, which purpose was to cover the territory of Djizak region with wireless communication.</p> <p>So mainly this company</p>

(Thousand)

Table B

Subscribers information		
Period	Quantity	Market share
2005	5	0.5

Table C

Services charges ¹¹			
Mobile service	SMS/MMS	WAP	GPRS
	No service		

Table D

Coverage area in Uzbekistan

Table E

Owners	Shares %	Comments
JSC UzbekTelecom	100	

Table F

Roaming countries
No roaming services at present

Data shown as for January 2006

¹¹ Shown as for January 25, 2005. There is shown the cheapest, average and the most expensive service plans. Shown service charges are not full and do not include other services. Depending on various terms tariffs may differ from presented.

Source:

Data received from companies & their websites
"Turkiston Press" Issues
Uzreport.com web-site
Economic review magazine (www.review.uz)