
Russia's MTS Pays 310 Mln Euros For 80% In Armenia's K-Telecom

Prime-Tass Business News Agency - 14/9/2007

Russia's largest mobile operator Mobile TeleSystems (MTS) has acquired an 80% stake in Armenian mobile operator K-Telecom for 310 million euros, the Russian operator said in a press release Friday.

Under the deal, MTS acquired an 80% stake in International Cell Holding Ltd, the only owner of K-Telecom.

The 310 million euro sum includes 50 million euros that will be paid to the seller in 2008-2010 if K-Telecom reaches specified targets on revenue and margins, MTS said without providing the name of the seller.

Before the deal, K-Telecom's majority shareholder was Lebanese investment firm Fattouch Group, Russian business newspapers reported earlier.

The Russian operator also said that it had received an option to buy the remaining 20% of K-Telecom, which can be executed sometime between July 2010 and 2012.

With over 1 million users, K-Telecom is the bigger of Armenia's two wireless carriers. The other one, Armentel, was sold last year to Russia's second biggest cellular operator VimpelCom, which outbid MTS in a tender.

MTS presently has operations in five out of 12 countries of the Commonwealth of Independent States (CIS) - Russia, Ukraine, Belarus, Uzbekistan and Turkmenistan - and serves over 78 million users. This is the first company's foreign acquisition since late 2005, when MTS acquired a controlling stake in Kyrgyzstan's Bitel but did not manage to get operating control over the company as a local court ruled that another Russian company was the rightful owner of the Kyrgyz operator.

MTS President Leonid Melamed said recently that the company had revised its acquisition policy and was ready to pay full price for strategically important assets, particularly in the CIS, except Moldova.
