
Why MTS Thanks Armenian Government

Lragir.am - 14/9/2007

We stated two months ago a lot of young men are courting Viva Cell but the girl hasn't made up her mind, said the owner of K-Telecom Pierre Fattush on September 14, who stated that the girl in fact chose the Russian MTS company. MTS bought 80 percent of the shares of VivaCell for 310 million euros and is going to buy the other 20 percent until 2012 by an option agreement.

The owner of MTS Leonid Melamed says the CIS space is highly important to them, and they appeared in Armenia in the framework of this expansion. The reporters wanted to know how MTS bought the company the leadership of which stated two months ago the company was not for sale. The reporters were also interested why VivaCell and MTS kept the deal in secret, why the company was sold to MTS and why the company was sold for 310 million euros instead of the rumored 600-700 million dollars.

Now the former owner of VivaCell Pierre Fattush, CEO Ralf Yirikian and the new owner of VivaCell Melamed tried to answer these questions but in fact did not answer these questions. For instance, Melamed said 310 million euros is a good price, and was not bargained low. Pierre Fattush and Ralf Yirikian tried to explain why they agreed to sell a company which generated profit. It became known that Fattush Group owned by Pierre Fattush, who used to be the owner of VivaCell, is likely to make major investments in other spheres of the Armenian economy. Ralf Yirikian said the 310 million euros will be invested in an urban development program in Yerevan called Downtown which costs one billion dollars. He explains the deal on VivaCell by the intention to enhance the company's capacity, which will become part of the MTS system which operates in five CIS countries: Ukraine, Turkmenistan, Uzbekistan, Armenia and Russia.

Pierre Fattush and Melamed refuted the information that the deal on VivaCell was political and was protected by the Armenian government.

According to Leonid Melamed, they did not make any side arrangements regarding their deal and did not assume commitments other than by the contract. Ralf Yirikian and Pierre Fattush said the news about the political motive of the sale of the company, as well as the news that the real owners of VivaCell are high-ranking Armenian officials who sold the company out of political interests, to please the Russian government, are just rumors. Ralf Yirikian, Pierre Fattush and Leonid Melamed said it was a business deal. However, in his address Leonid Melamed thanked not only the former owners and managers of VivaCell but also the Armenian government. The reporters asked Melamed why he thanked the government as well if it was a business deal. He said before buying VivaCell MTS had consulted the minister of communication of Armenia regarding its intention who said if the owner agrees to sell, the government of Armenia sees no problem. Melamed said it is their principle to consult the corresponding government agency on their plans to see if their business plan matches that country's national policy.

The reporters asked why MTS was chosen, whether there were no more lucrative bids, or any bids from other companies. They said there were lots of bids but declined to say from which companies.
