

**Telia buys into major telecom group in Russia**

**By way of a share acquisition Telia has entered as industrial partner in First National Holding/Telecominvest - one of the three most important telecom and IT-groups in Russia. The transaction is valued at 700 million SEK. The acquisition gives Telia a unique position in the potentially fastest growing market in Europe over the next few decades.**

“With the acquisition in First National Holding/Telecominvest, Telia has got a unique opportunity to participate in the breaking of new ground on the Russian market, providing outstanding potential for expansion to regions beyond St Petersburg and north-west Russia, the present main operating area of the company. The Telia holding in Telecominvest will lay the groundwork for the future, enabling the company to establish and run operations in attractive areas in the European Russia, a neighbouring market with a population in excess of 100 million. Potentially it is the most important growth market in Europe over the next few decades”, says Hans E. Golteus, Executive Vice President Telia.

Telia has acquired 29.5 % of the shares in the holding company First National Holding, which in turn is the majority shareholder in Telecominvest with its base in St Petersburg. Other shareholders in Telecominvest are the local telephone company PTN in St Petersburg and the long distance telephone company SPMMT. Telia's partner shareholder in First National Holding is Commerzbank, Germany. The acquisition will give Telia access to the participation in and development of a wide range of telecom and IT operations including everything from international carrier to the providing of customer end cellular and internet services. Telecominvest has about 30 subsidiaries and associated companies. The company has plans to expand from its present major area of operations in north-west Russia to other attractive regions in the country.

“Telecominvest is one of the most influential telecommunications groups in Russia with substantial participation in some 30 companies. Telecominvest is active in all parts of the Russian telecom and IT sector”, says Hans E. Golteus. One of the companies is North-West GSM, the second largest cellular phone operator in Russia, based in St Petersburg, a city with some 5 million inhabitants. In 1992 Telia was an initiator and cofounder of North-West GSM where Telecominvest is a shareholder as well. Through the recent acquisition Telia and Telecominvest have a joint majority of the shares in North-West GSM.

Branch analysts believe that Russia's telecom and IT market is poised for rapid and extensive expansion. Telia is a leading north European telecom and IT company with outstanding geographical and other preconditions with respect to Russia. Russia is an obvious part of Telia's high priority neighbouring market with prospects for major growth for many years to come. By means of the acquisition in Telecominvest, Telia will be able to participate in the development of an operation which will probably be one of the fastest growing and most value creating businesses in Europe. Particularly important in this context is the trust and confidence that has been established between Telia and Telecominvest over a number of years of close and successful co-operation in North-West GSM.

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