



URALSVYAZINFORM

Indicators of growth

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General Director

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- Part 1 - Overview
- Part 2 - Investment priorities - potential for revenue growth
- Part 3 - Company tomorrow



Key Facts

Technical

- Major telecommunications carrier in Urals region / Urals federal district and Perm region
- Overall installed capacity - 3,9 mln lines, including mobile telephony - 0,6 mln lines
- Wire-line subscriber number - 3,0 mln, mobile - 0,5 mln
- Number of employees - 35,2 thous.

Financial

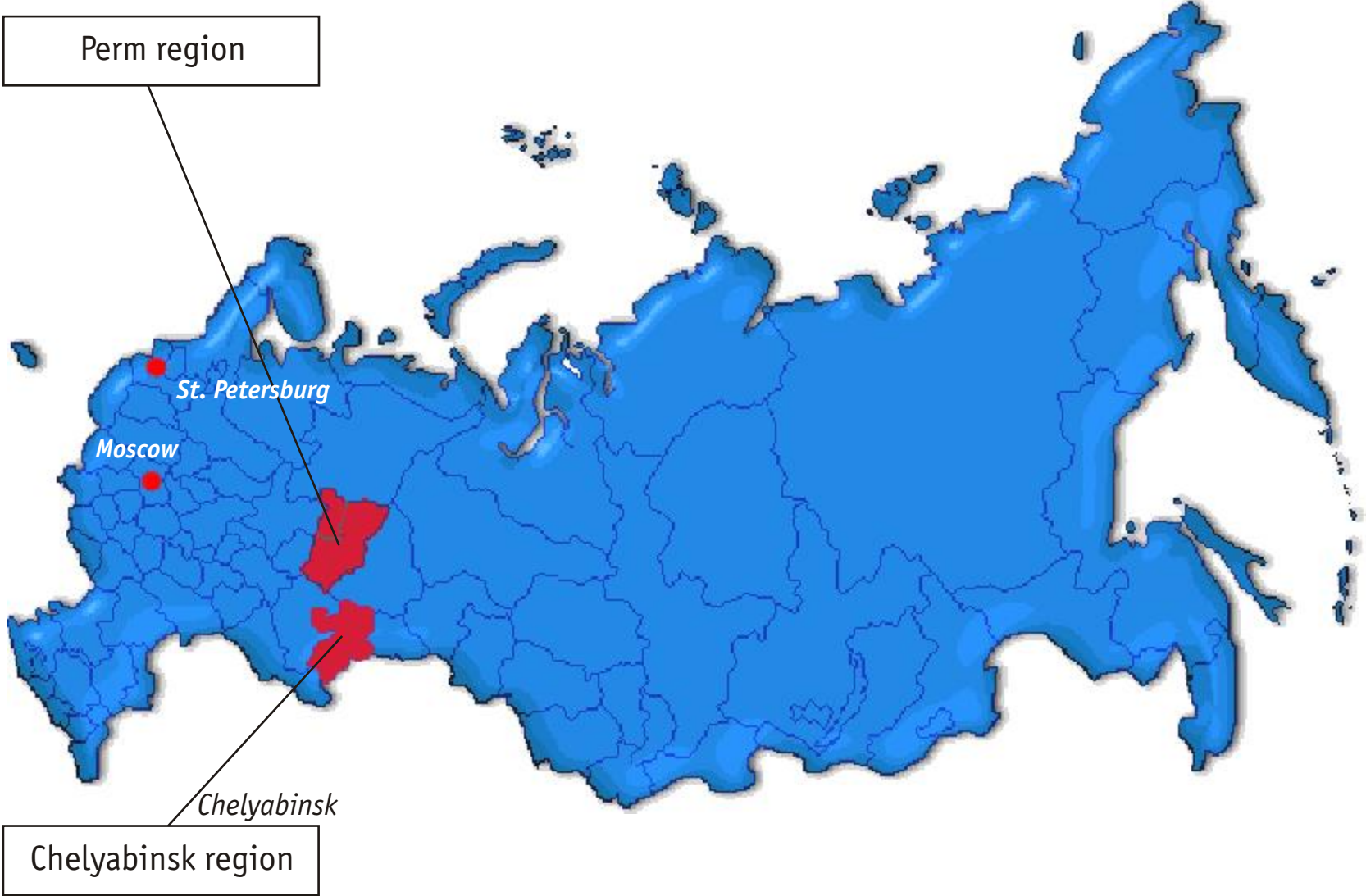
- Revenue'02*/RAS - USD470 mn
- EBITDA'02*/RAS - USD170 mn
- Capitalization as of 01/03/03 - USD600 mn

** - estimate. USD exchange rate as given here and henceforth: 2001 - RUR 29,2 / 2002 - RUR 31,5 / 2003E - RUR 33,2*

Region



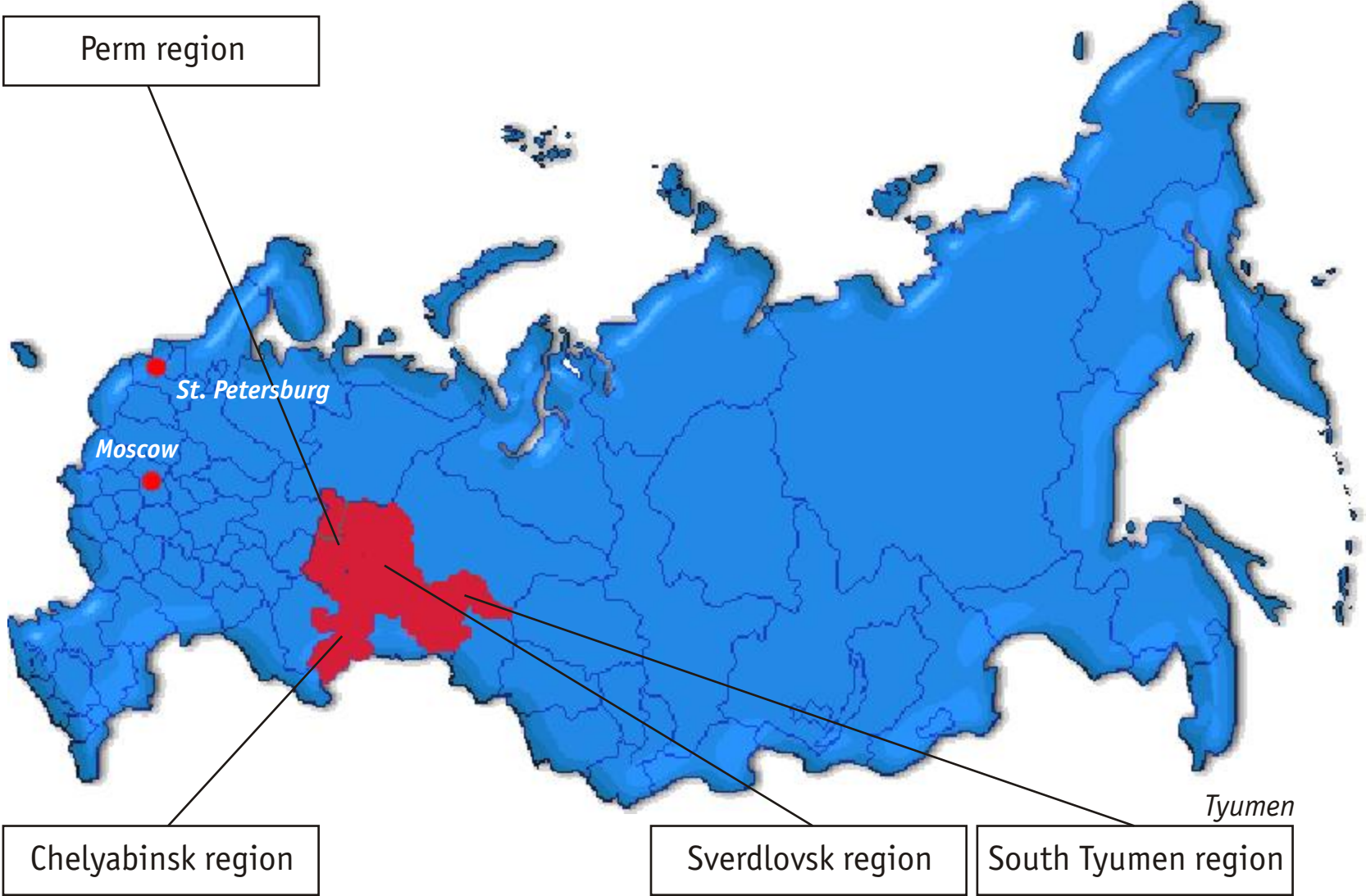
Region



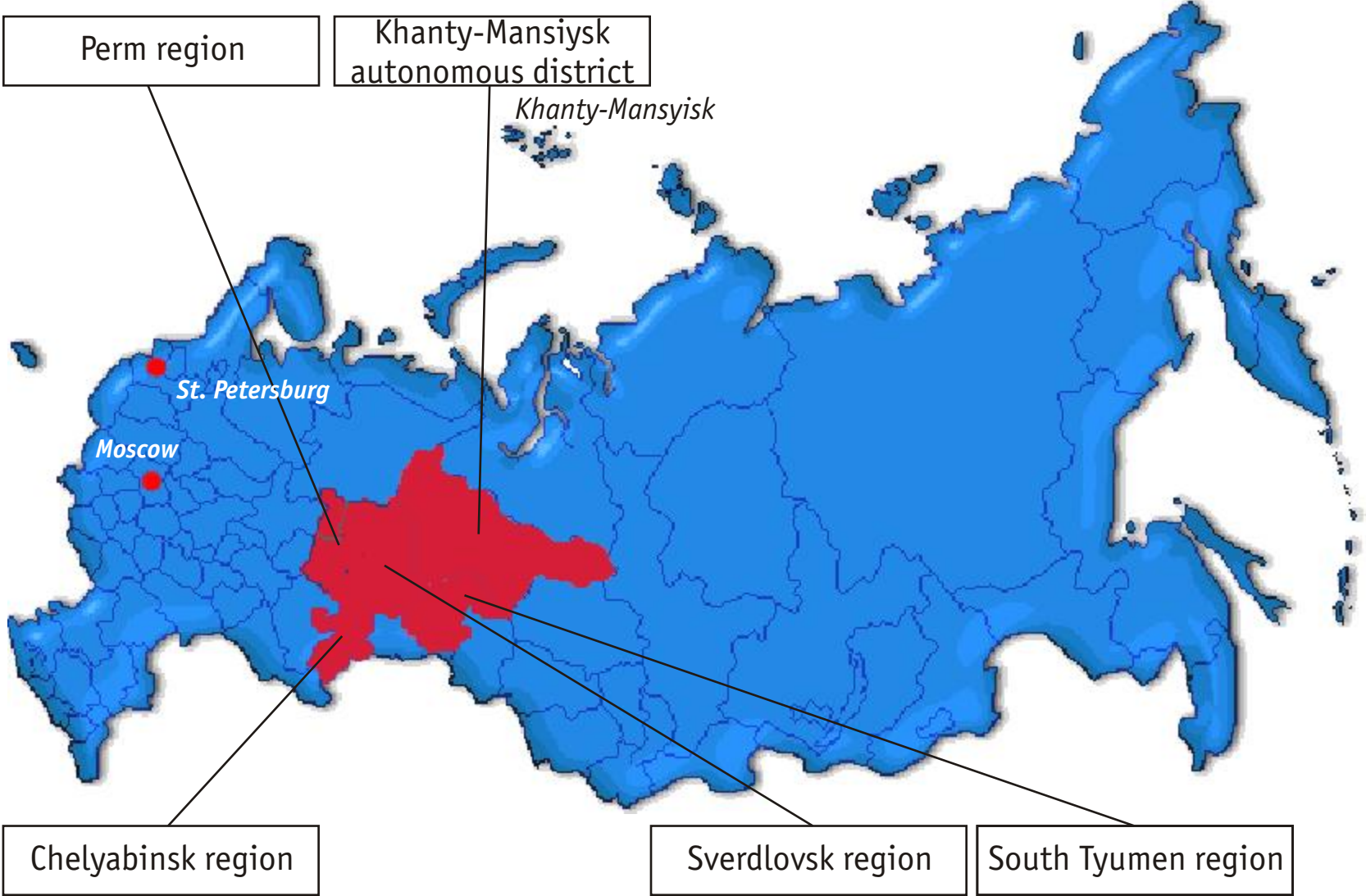
Region



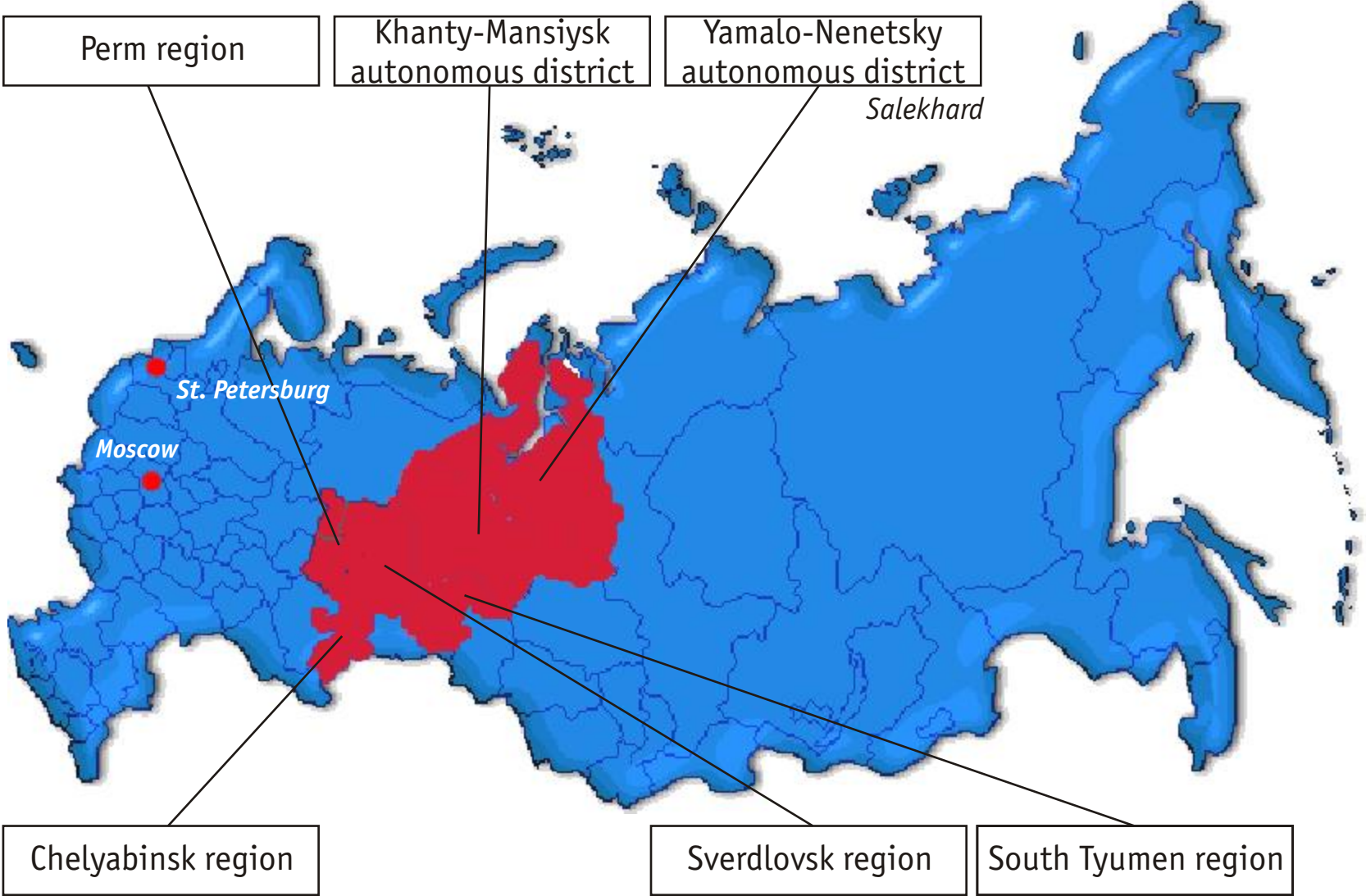
Region



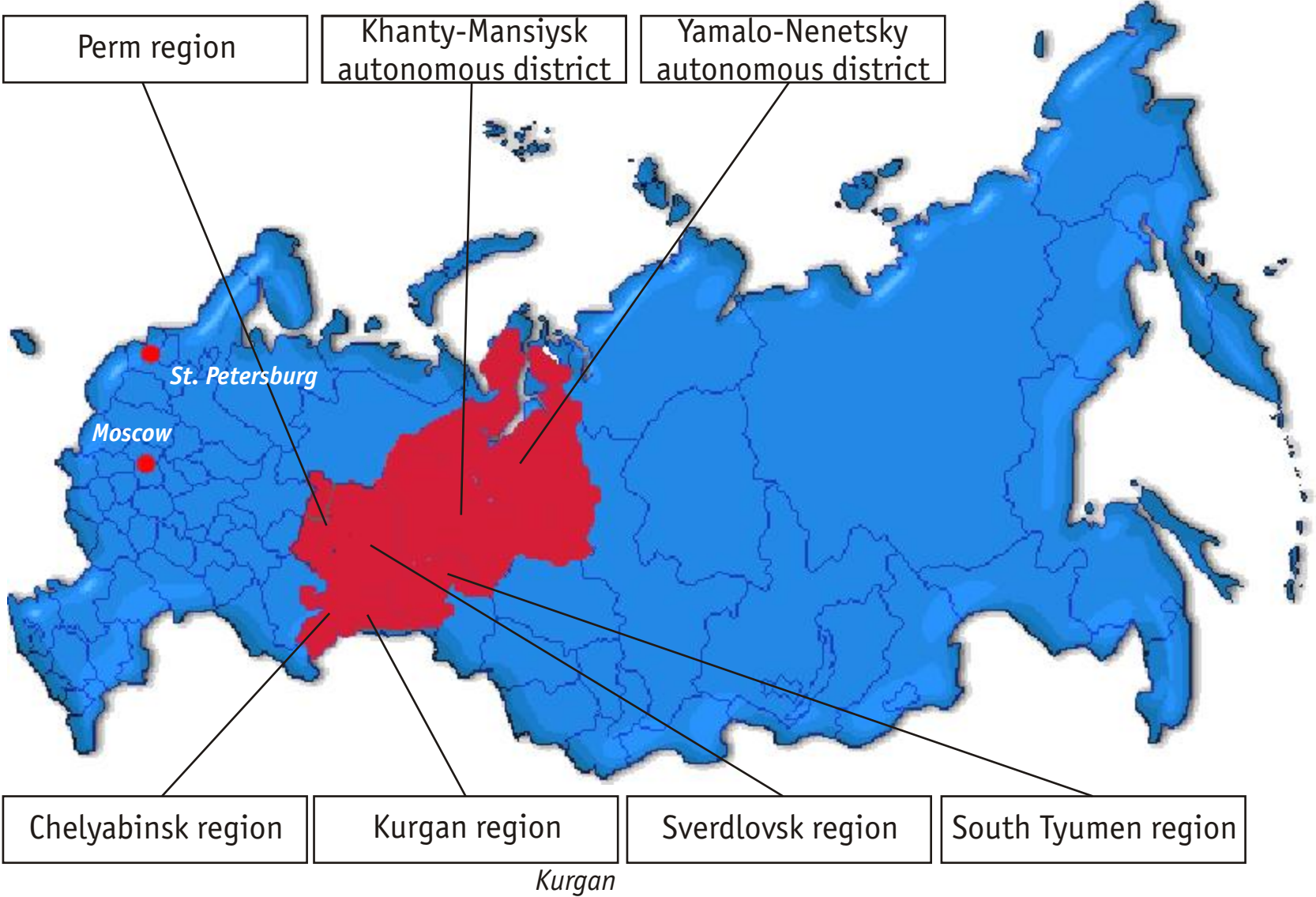
Region



Region



Region



Company operates in a strategically important region of Russia...

Economic indicators

- Territory - 1,9 mln sq. km
- Population - 15,5 mln (9 % of overall population of Russia)
- Urban saturation - 80 %
- Industrial output in 2001 - USD37,4 bln (18,5 % of Russia's overall industrial output)
- Foreign investments in 1H 2002 - USD1,2 bln (region ranking 2nd after Moscow in terms of investments volume)

Natural resources

- Oil (65 % of national reserves / 6 % of world resources)
- Gas (95 % of national reserves / 26 % of world resources)
- Iron (21 %) and manganese (9 %) ore, copper, gold, silver, diamonds

... where it secures its leadership

The consolidated company's market share of telecommunication services in Urals region (2002)

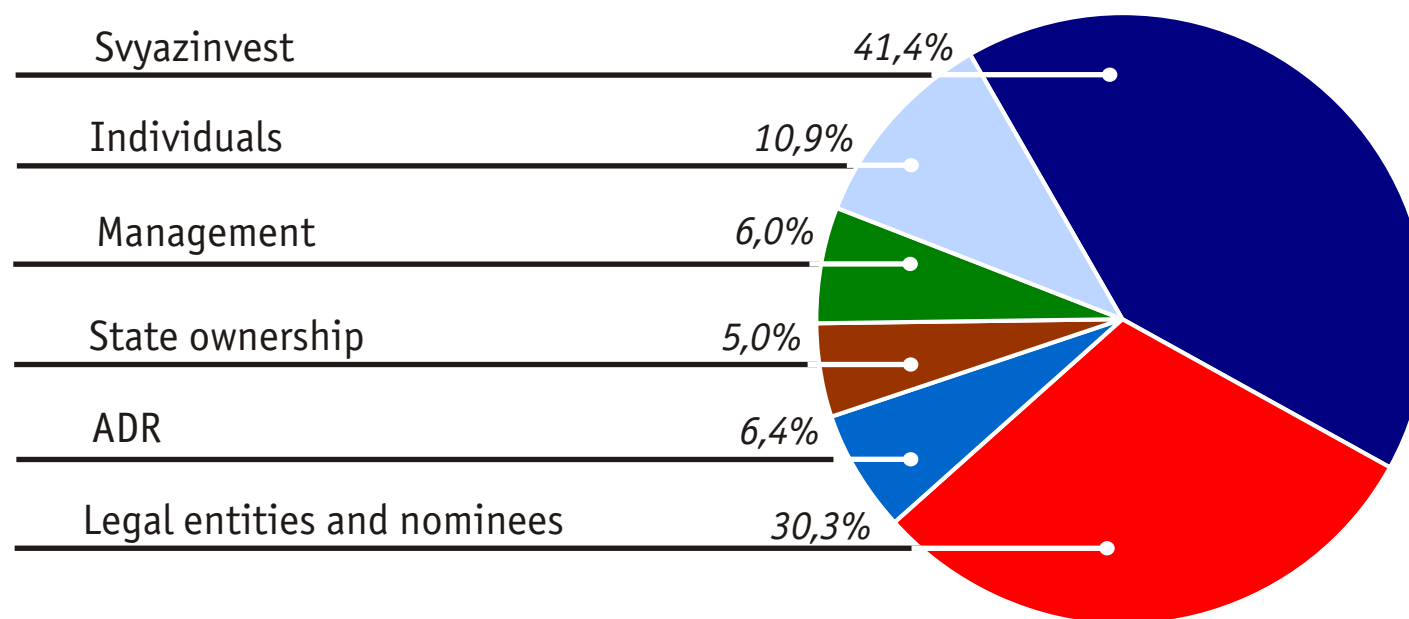
<i>As a percentage of total subscriber number</i>	<i>Population</i>	<i>Business sector</i>
DLD/ILD telephony	92	89
Local telephony	86	57
Internet	57	57
Mobile telephony	57	57
Paging	31	30

Competitive advantages

- Domination on regional telecommunications market
- Longstanding experience as a telecommunications provider
- Successful expansion of mobile telephony and promotion of High Value-Added services/HVA
- Flexible tariff policies for non-regulated services
- Lower cost of services due to integration of business
- Aggressive investment policy focused on HVA-services
- Quality service and extensive network of branches

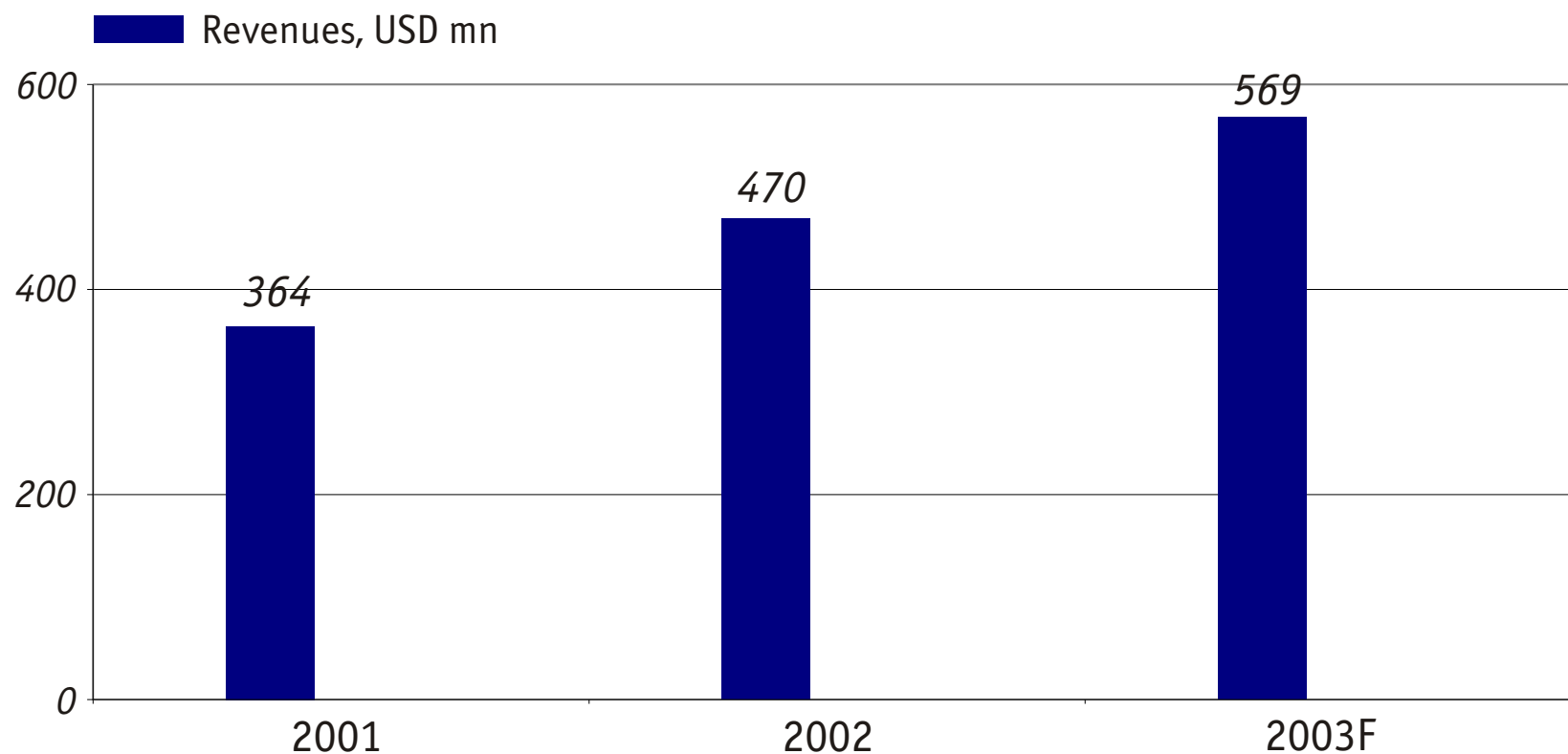
Ownership structure

- Book capital - USD 150 mn
- Number of shares - 40 134 723 306 including
common 32 298 782 020 / 80,5 %
preference 7 835 941 286 / 19,5 %
- Number of stockholders - 26 thous.



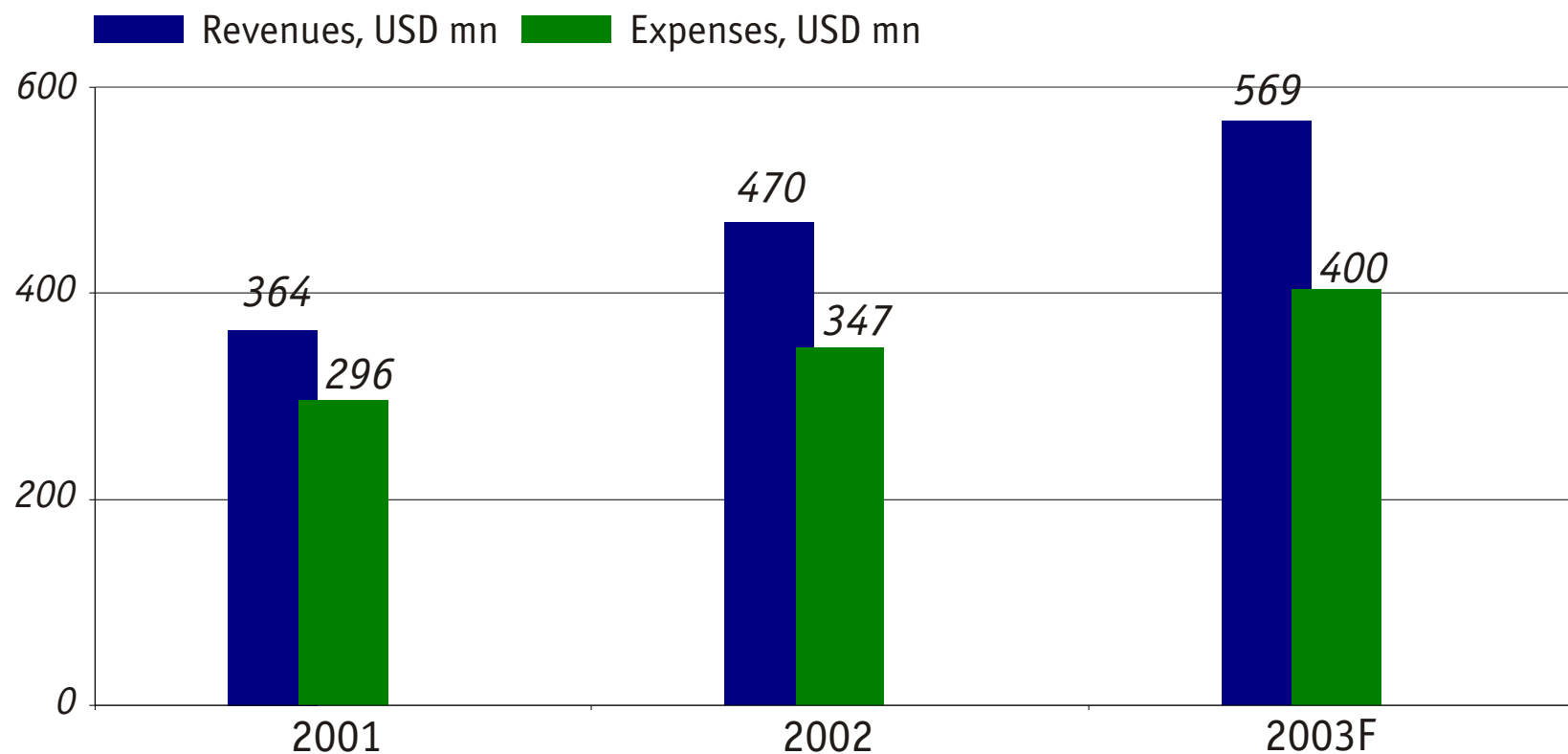
- Free float - 36 %

Financial Performance/RAS



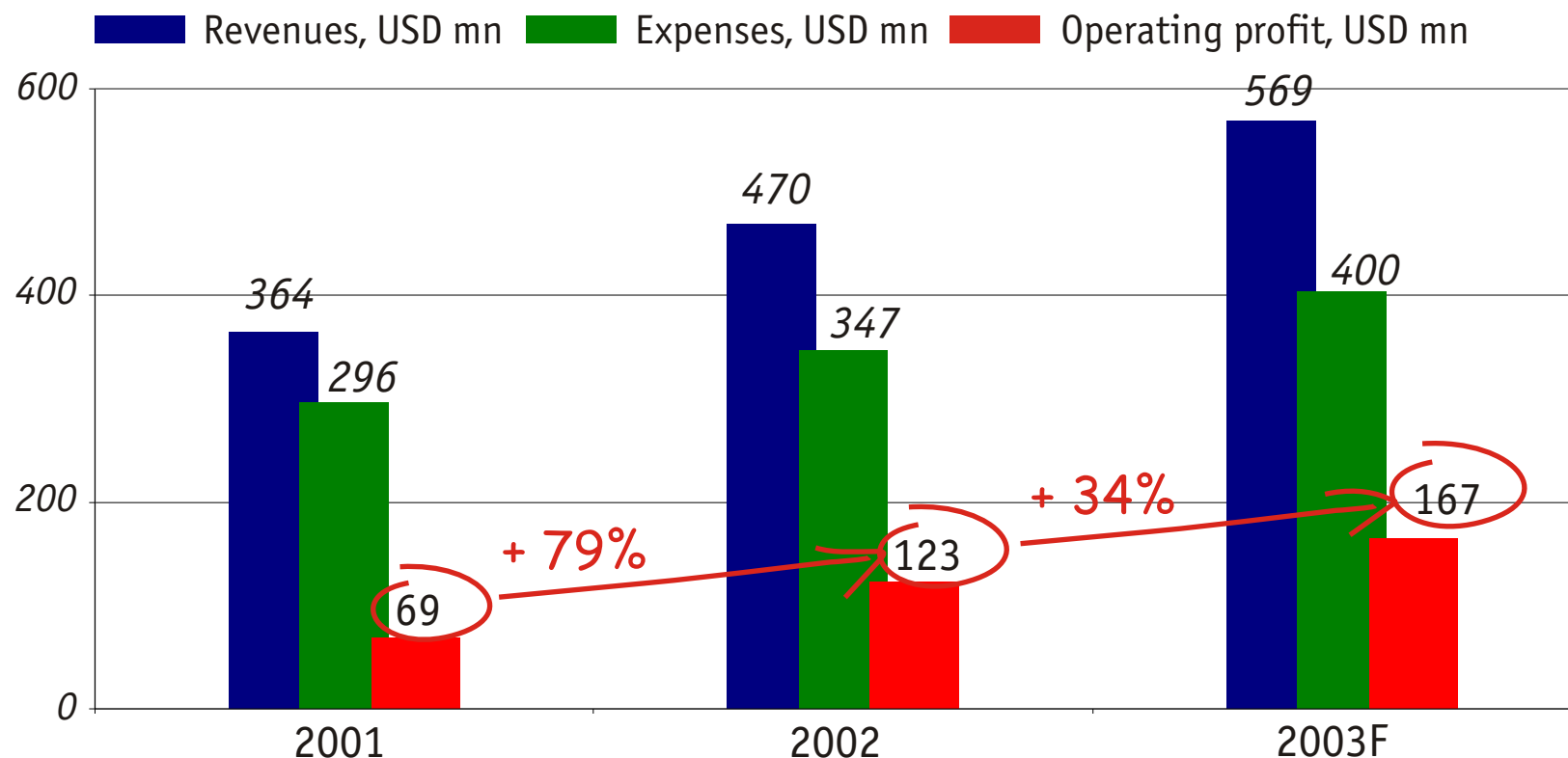
- Average annual revenue growth rate - 25 %

Financial Performance/RAS



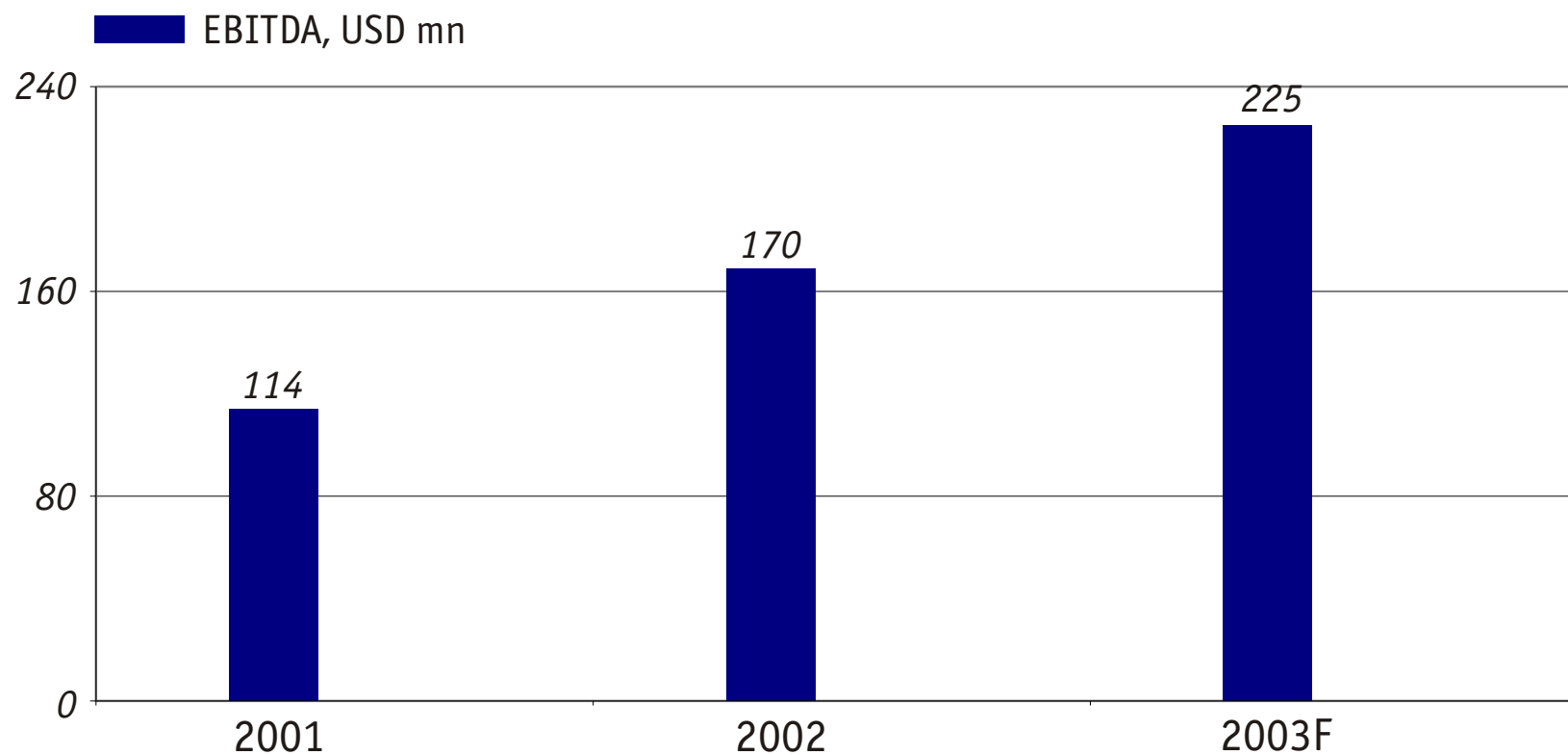
- Average annual growth rate of expenses - 17%

Financial Performance/RAS



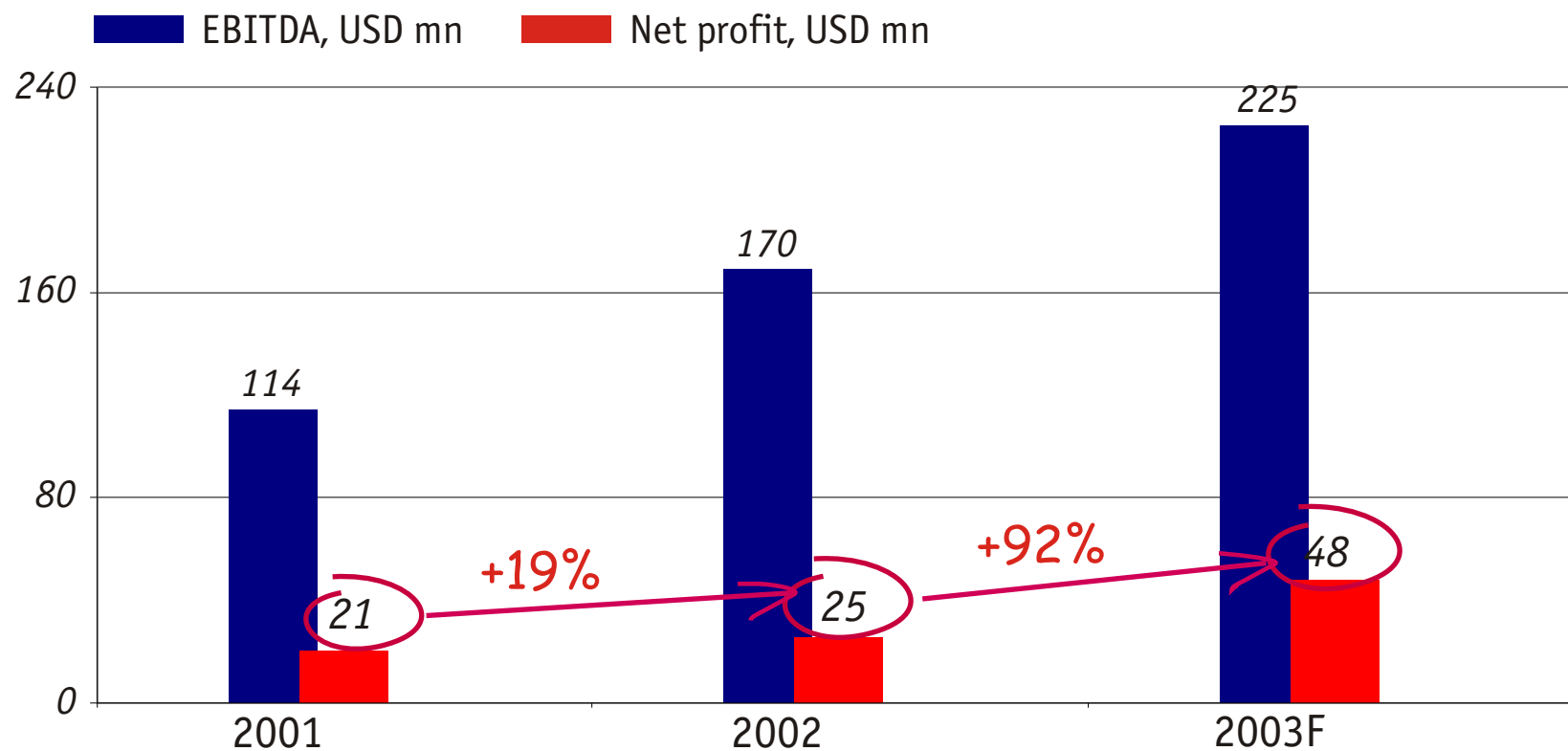
- Revenue growth rate has exceeded this of expenses over the last years. As a consequence, operating profit is going up.
Operating margin: 2001 - 18,8 %, 2002 - 26,1 %, 2003F - 29,0 %

Financial Performance/RAS



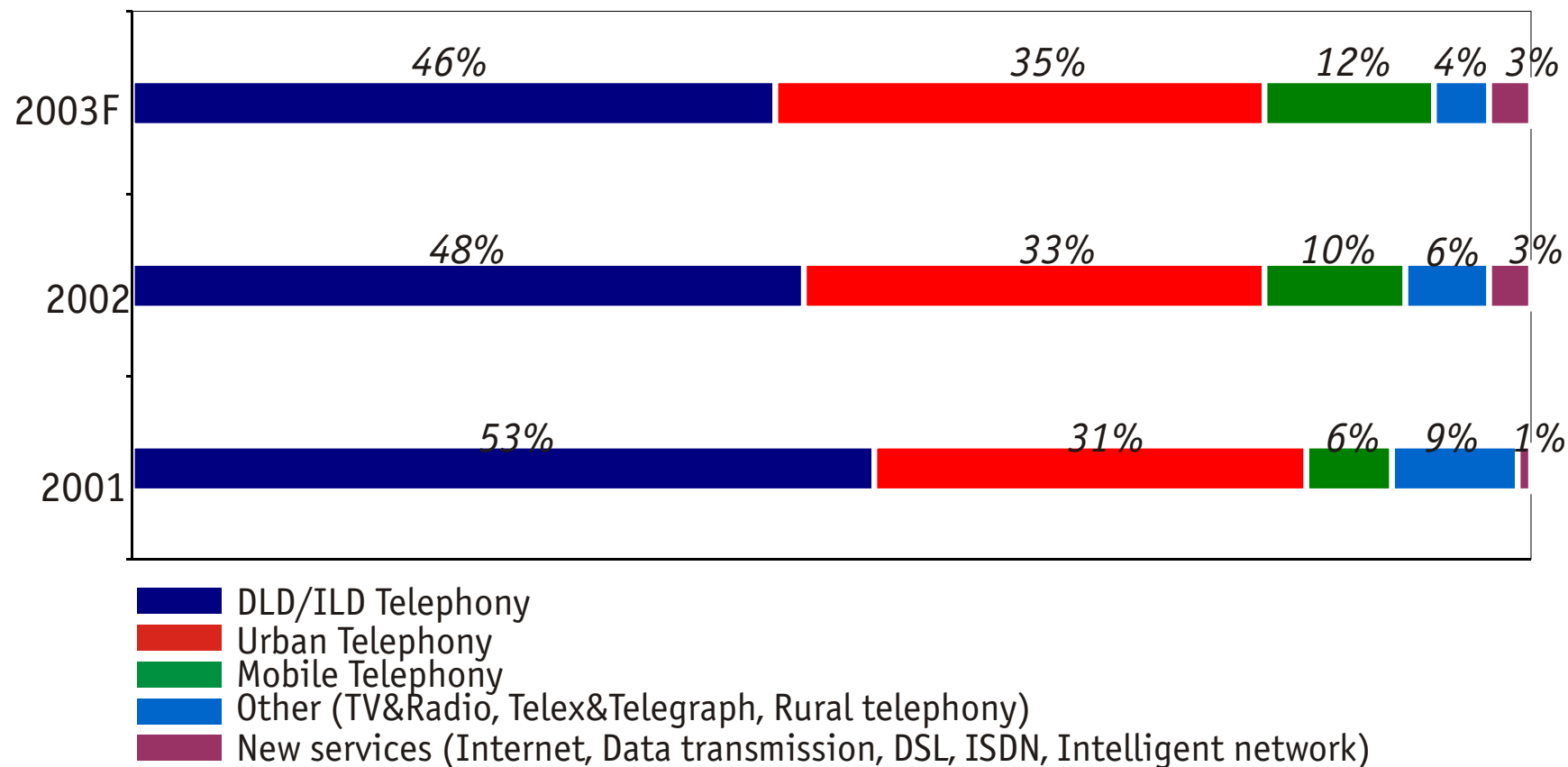
- EBITDA margin: 2001 - 31,3 %, 2002 - 36,0 %, 2003F - 39,6 %

Financial Performance/RAS



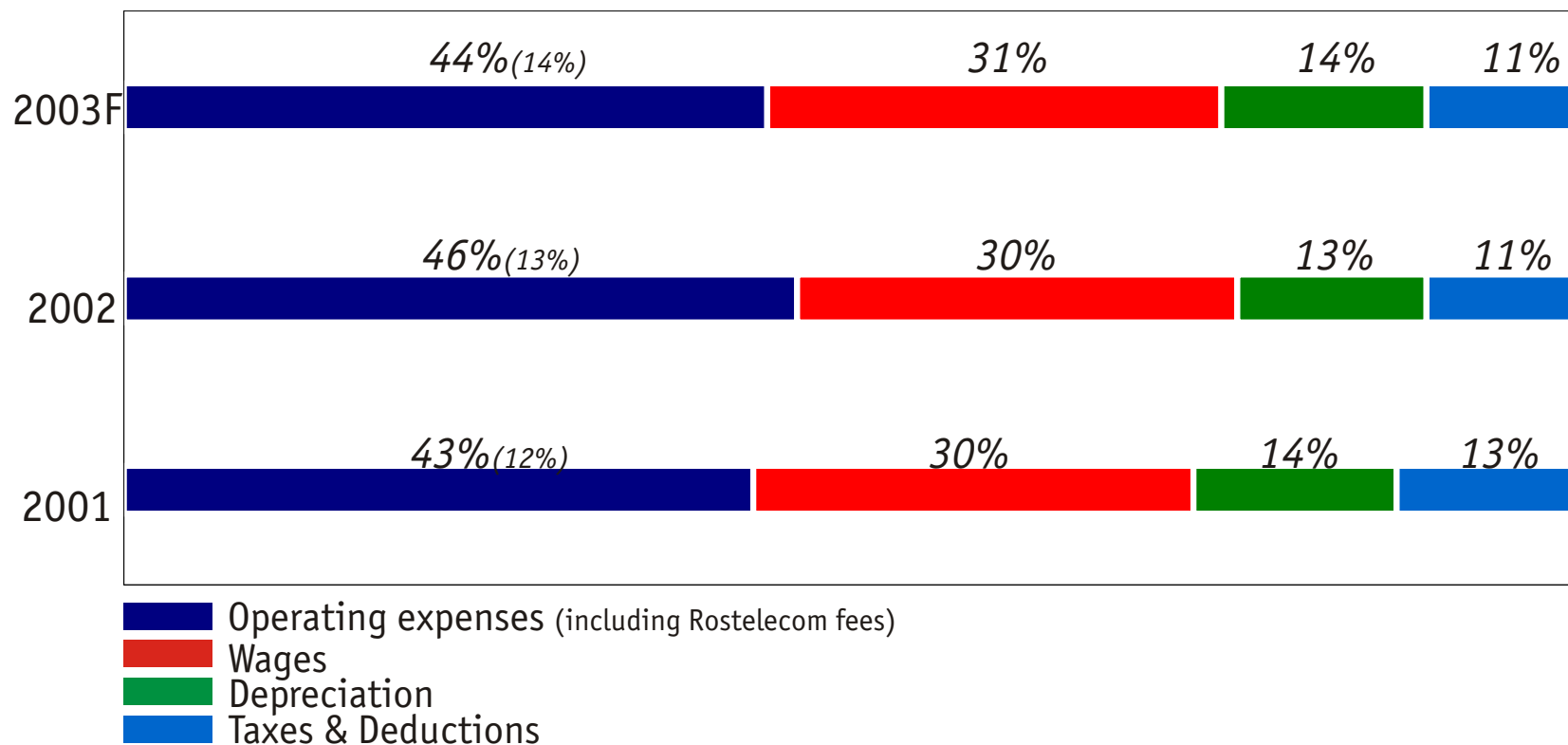
- Net margin: 2001 - 5,6 %, 2002 - 5,4 %, 2003F - 8,4 %

Revenue structure/RAS



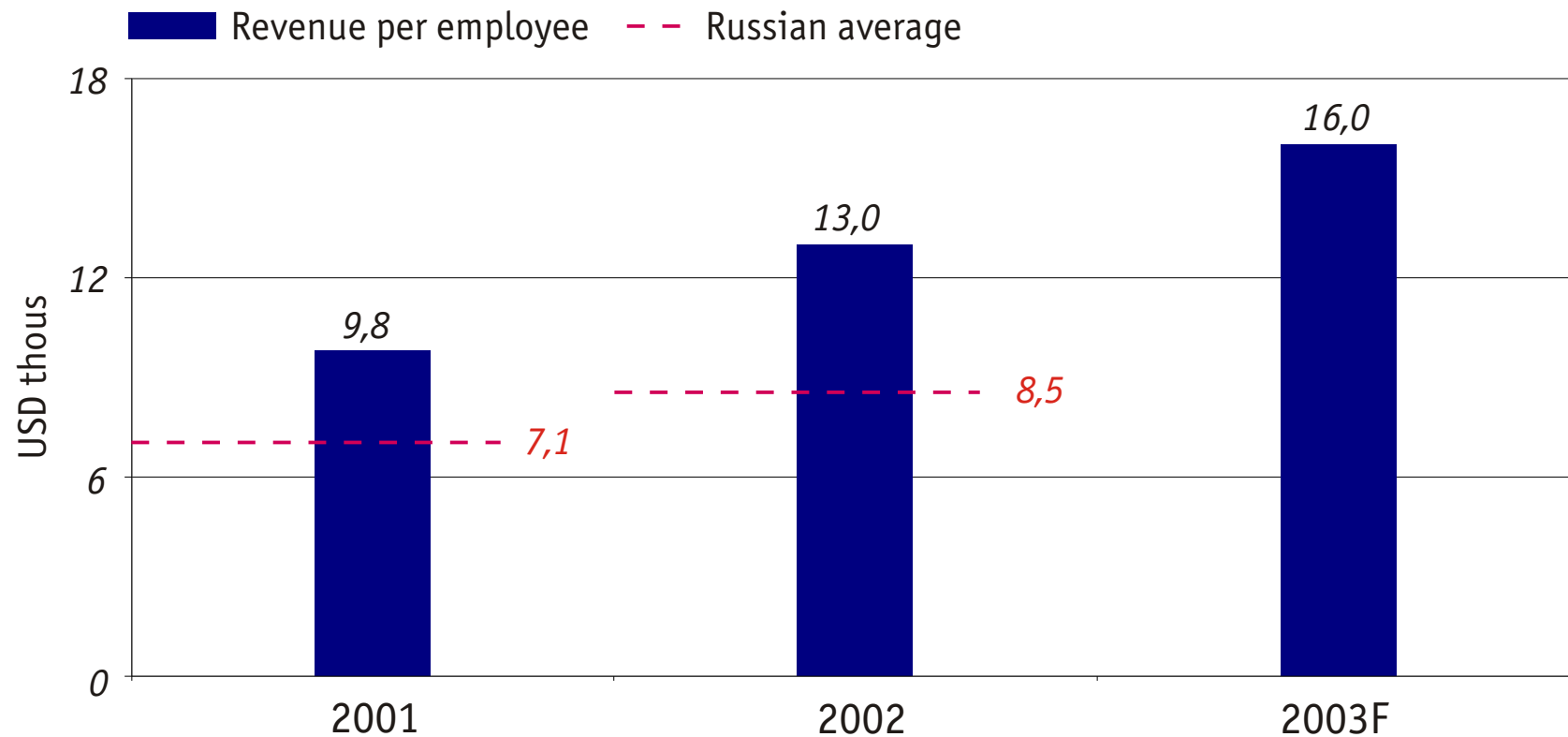
- Highly profitable services take up a higher share in revenue structure

Expenditure structure/RAS



- Plans to increase depreciation deductions, as well as budgets for marketing, advertizing, sales promotion, staff training, R&D

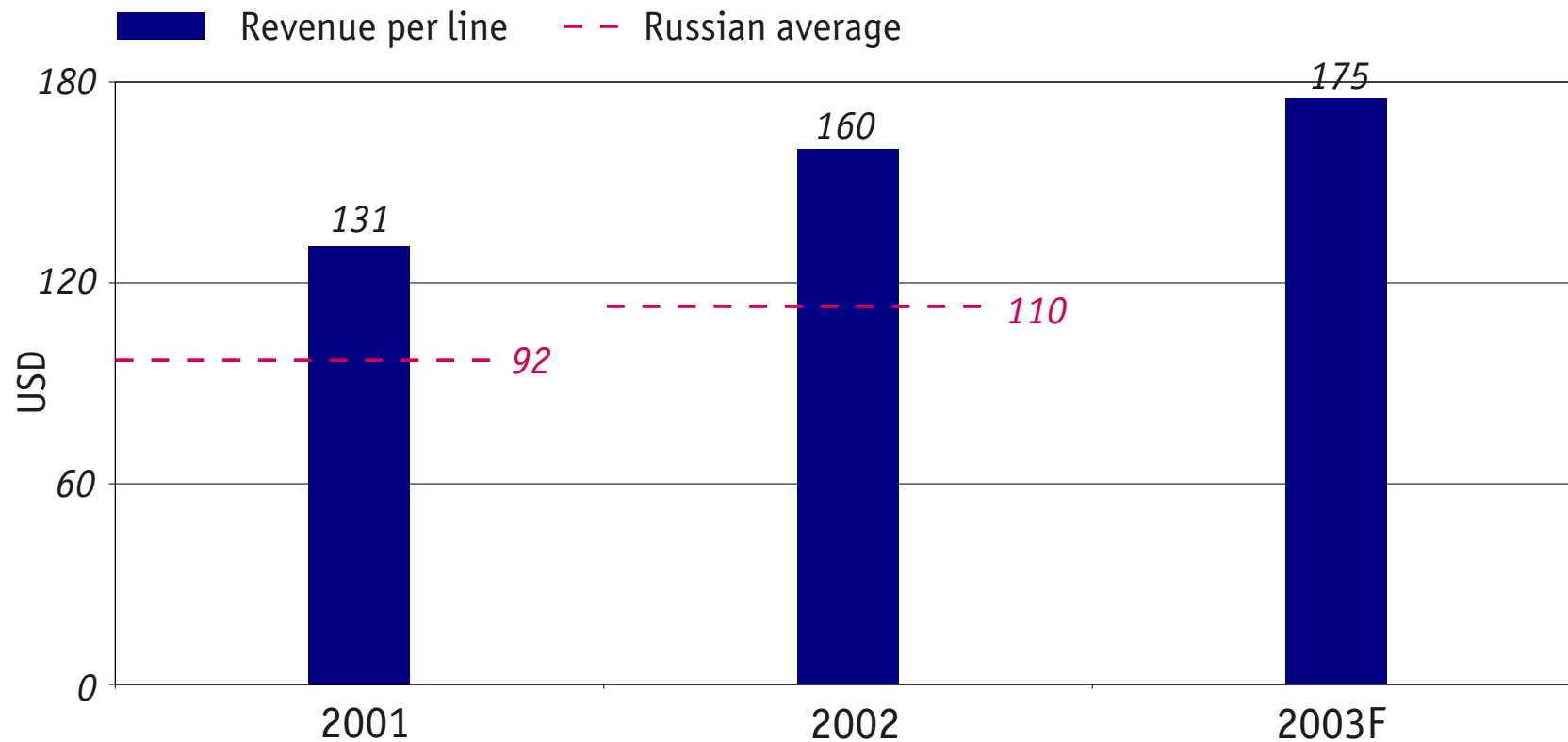
Growth/RAS



- Svyazinvest average revenue per employee: 2001 - USD 7,1 thous, 2002 - USD 8,5 thous*

*According to Svyazinvest

Growth/RAS



- Svyazinvest average revenue per line: 2001 - USD 92, 2002 - USD 110*

*According to Svyazinvest

Comparatives*

Company	Country	Lines Mln	Mcap USD mn	- EV/EBITDA -		
				2001	2002F	2003F
Uralsvyazinform	Russia	3,9	600	5,3	3,6	3,0
PLDT	Philippines	2,1	800	5,3	4,9	4,3
Cesky Telecom	Czechia	3,7	2,500	4,4	3,6	4,0
TP SA	Poland	10,5	4,700	5,9	4,6	4,5
MATAV	Hungary	3,0	3,300	5,9	5,3	6,1
Telecom Asia	Thailand	2,0	400	8,2	6,9	6,0

*According to United Financial Group

GSM 900/1800

Uralsvyazinform
as of 01.03.03
Subscribers - 175 thous
Base stations - 122



GSM 900/1800

Uralsvyazinform

South-Urals Cellular Phone
Stake in capital - 100 %
as of 01.03.03
Subscribers - 192 thous
Base stations - 77



GSM 900/1800

Uralsvyazinform

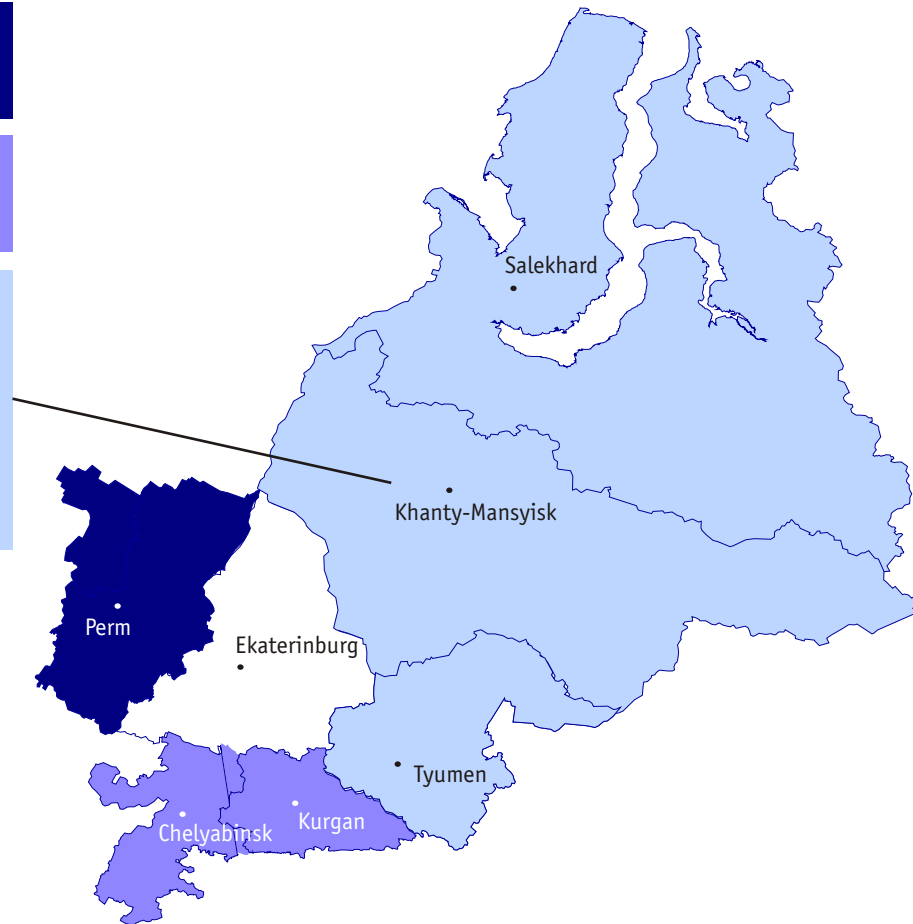
South-Urals Cellular Phone

Ermak RMS

Stake in capital - 90 %
as of 01.03.03

Subscribers - 100 thous

Base stations - 88



GSM 900/1800

Uralsvyazinform

South-Urals Cellular Phone

Ermak RMS

Total subscribers as of 01.03.03 -
467 thous

2003

Penetration into mobile market
of Sverlovsk region and
Ekaterinburg

- Prospects - consolidation
of mobile business under one brand



Development strategy

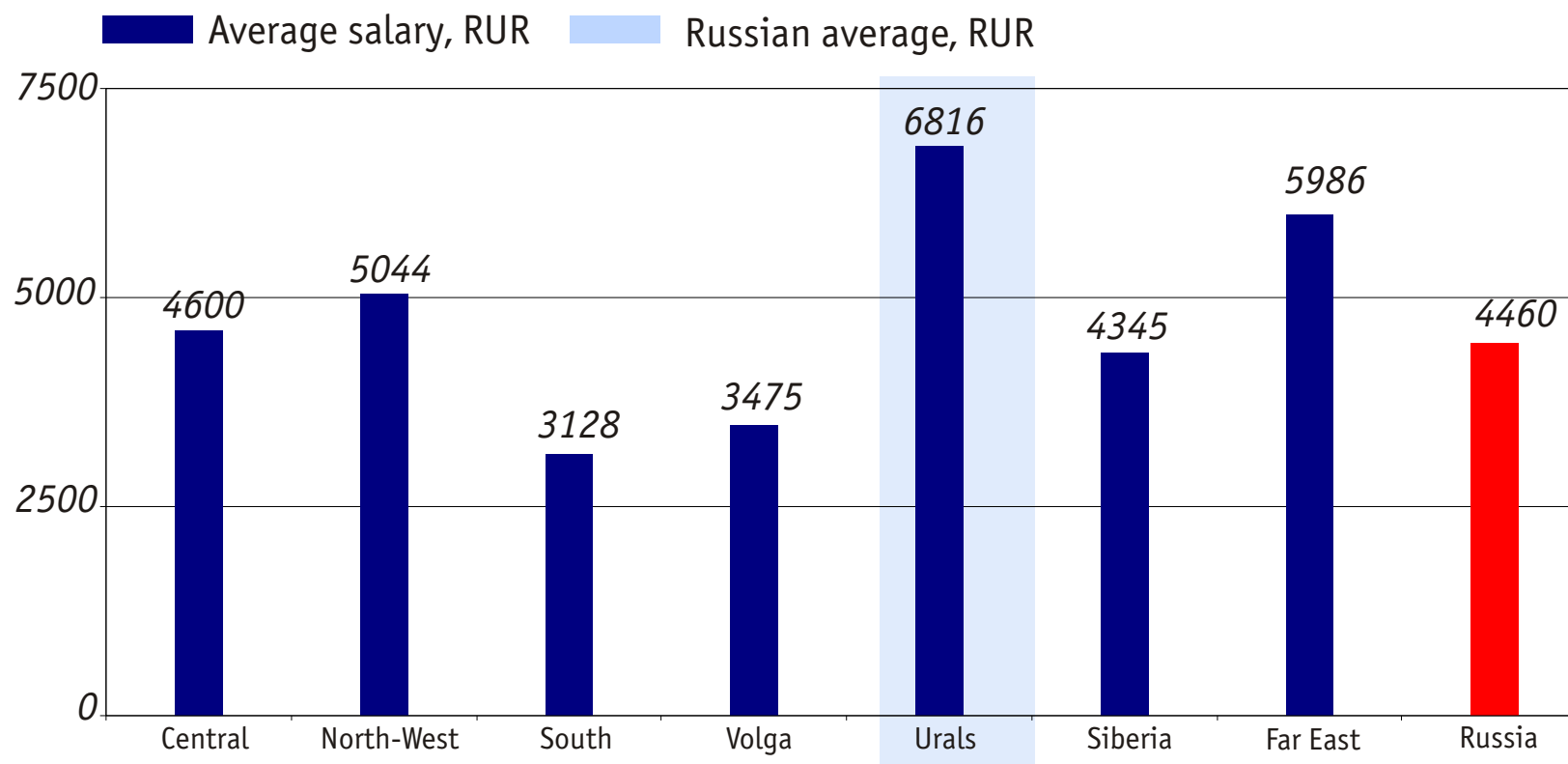
- **Total Consumer Satisfaction policy**
- **Broadening of services array - offering the most comprehensive range of services at maximum quality and convenience for clients, introduction of personalized products, direct marketing**
- **Enhancement of existing networks - investments solely in cutting-edge technologies, equipment, software, professional development of the personnel**
- **Prioritizing on highly profitable services**
- **Reduction of costs through introduction of up-to-date technologies, optimization of management structure and number of employees**
- **Elaboration of economically feasible tariff policy based on activity based costing**
- **Providing for capitalization growth and shares' liquidity**

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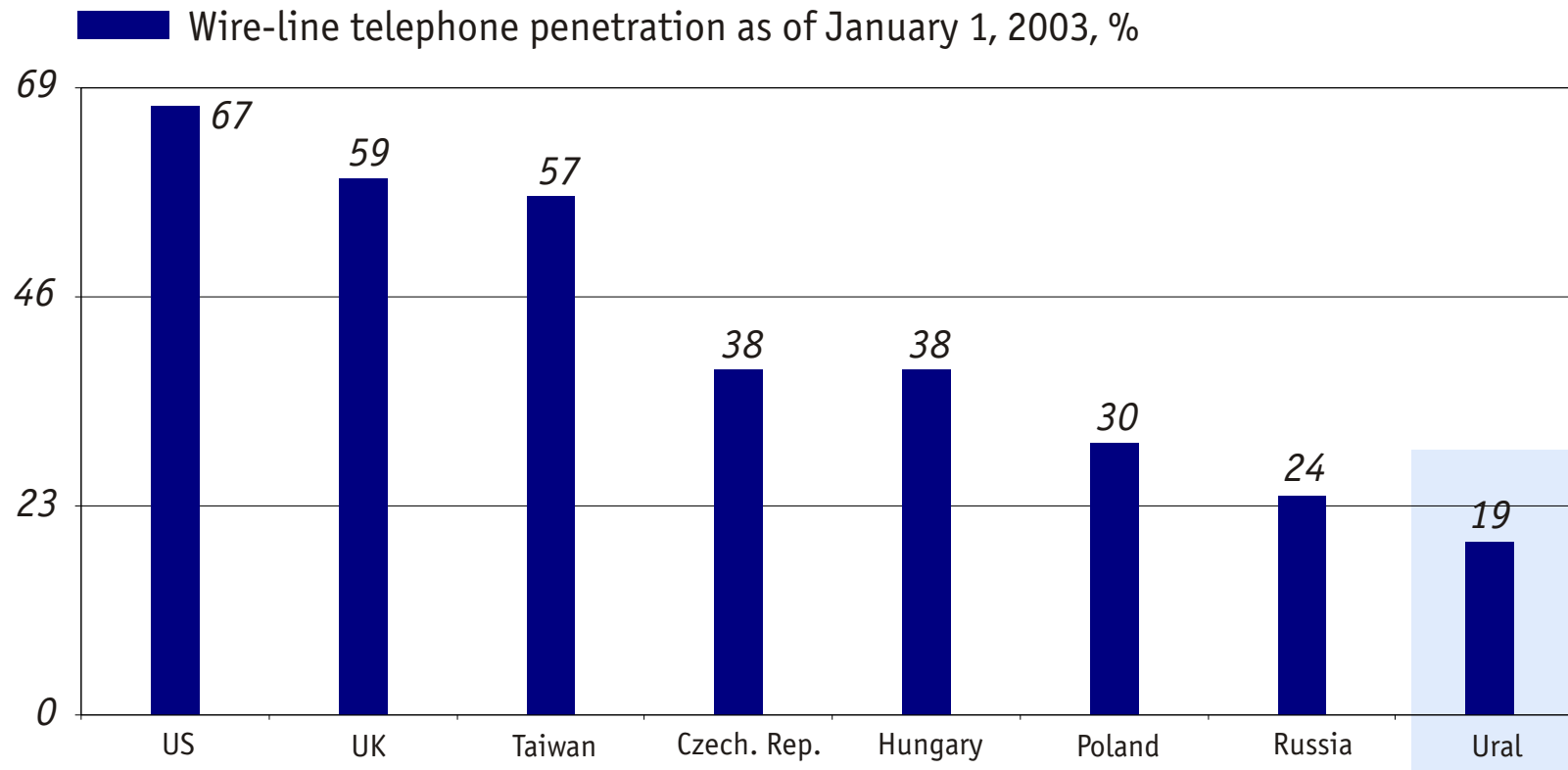
Customers' solvency ...



- As a region of Russia, Ural ranks first in terms of customers' solvency / income per capita - subsistence wage ratio

According to Goskomstat (State Committee for Statistics) data as of 01.07.2002

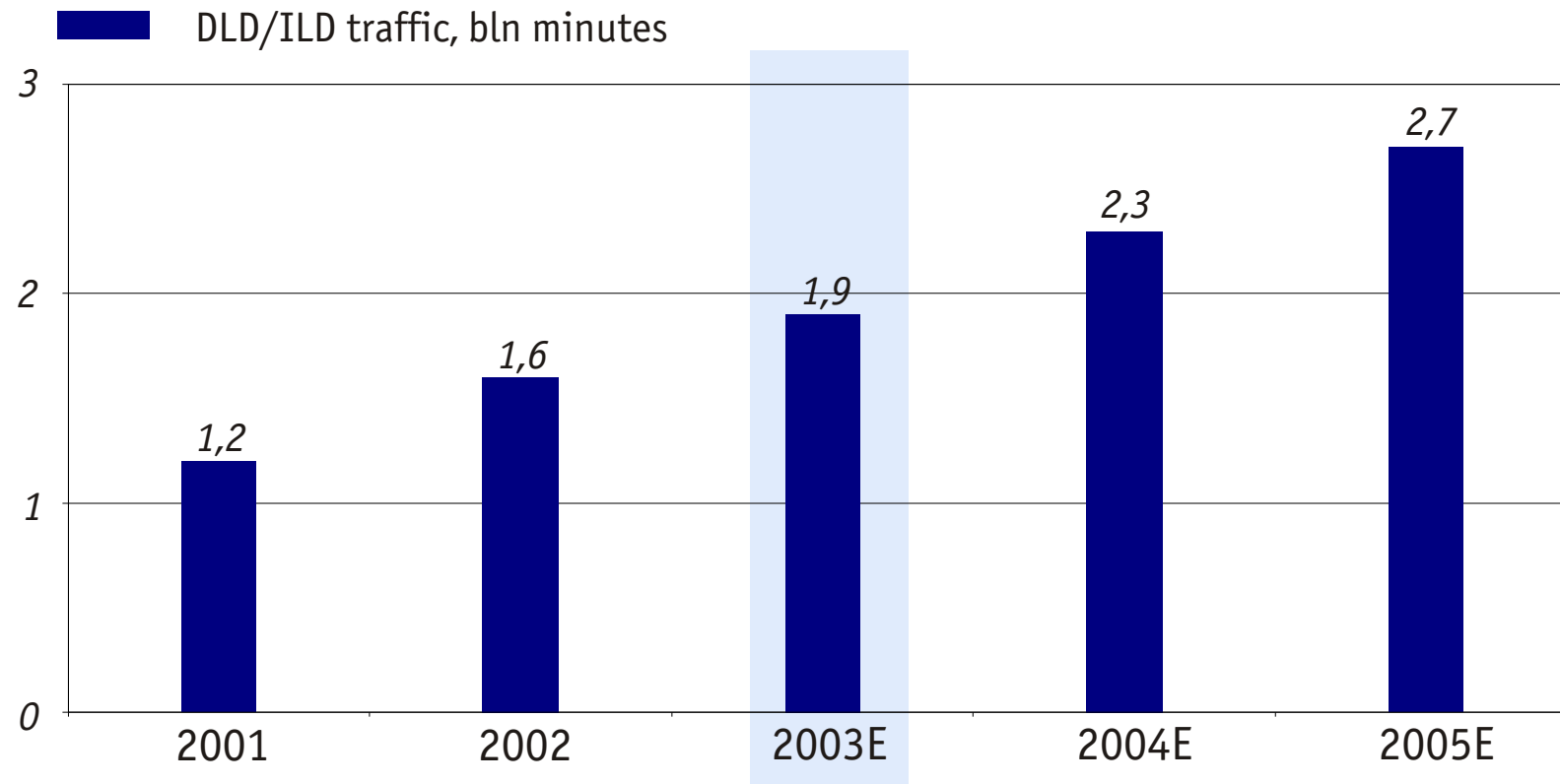
along with pent-up demand for local telephony services ...



- Waiting list as of January 1, 2003 accounts for 538 thous.

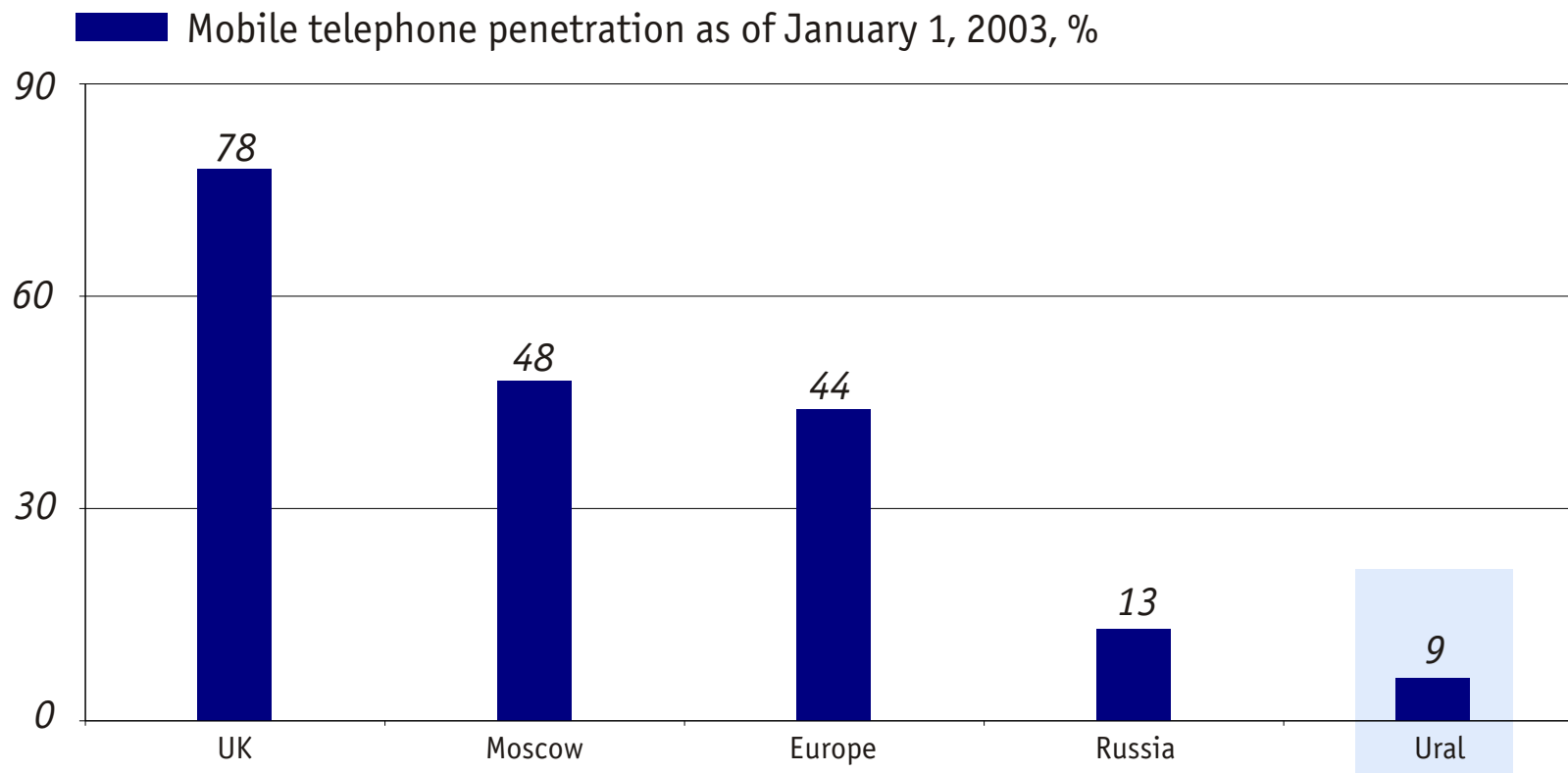
According to GEM Telecom Overview/ING

... DLD/ILD telephony ...



- High business activity makes for a brisk demand for domestic and international long-distance telephony

... and mobile telephony ...



- Urals region disposes of a considerable solvent demand for mobile telephony

**According to ACM Consulting*

... determine investment priorities ...

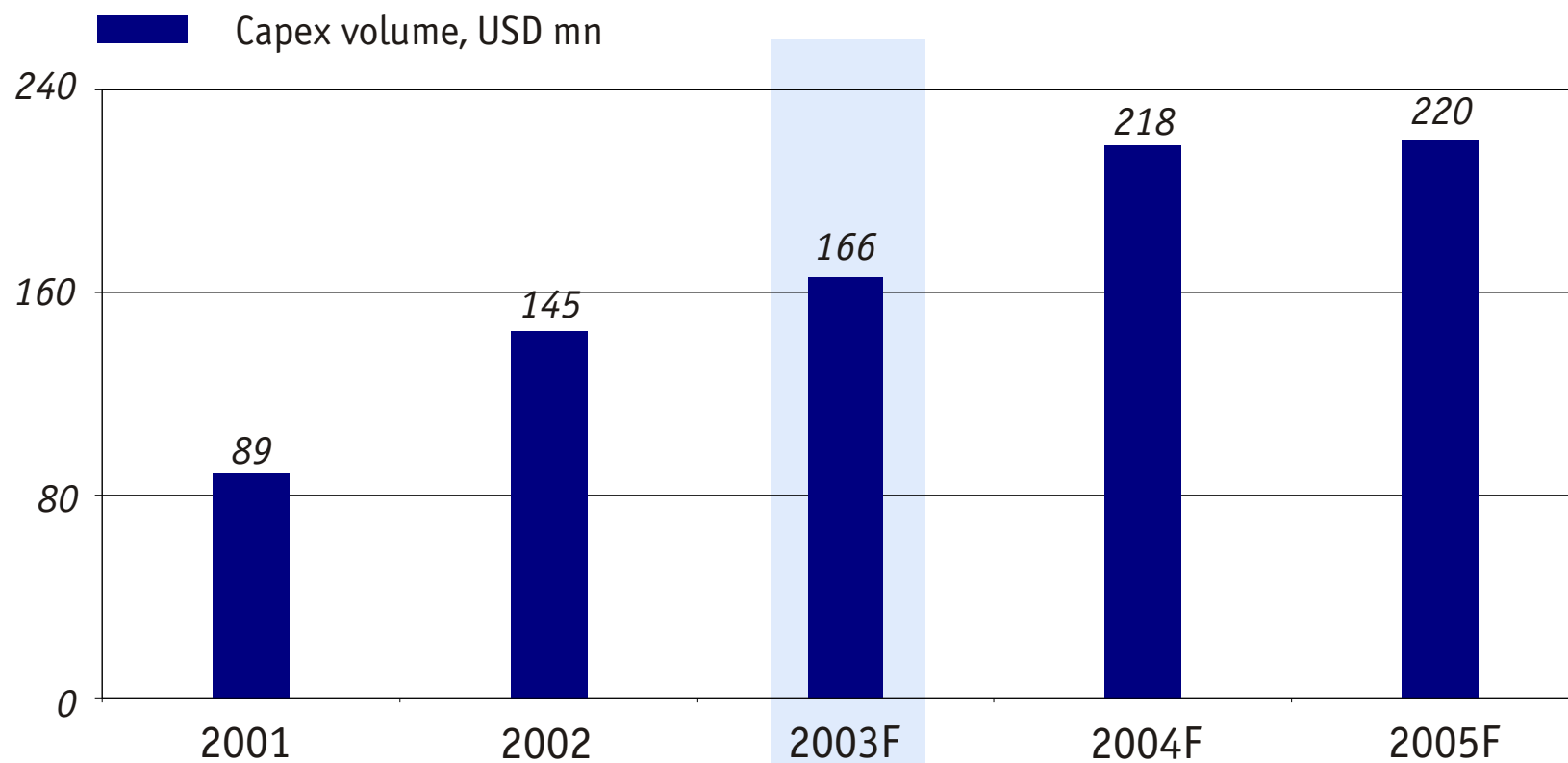
- **Capacity extension and network upgrade**
 - digital switches
 - optical access networks
 - intrazone digital transport networks
 - wireless local loop
- **Mobile telephony of GSM-900/1800 standard**
- **Packet switching network**
 - multiserice network build-up
 - internet
- **Intelligent network**
- **Cable TV**

... and rapid growth of production capacities

		2001 Implemented	2002	2003F	2004F	2005F	CAGR 2002-05	2002-05 Plan
Wire-line	Thous. Lines	3 112	+338	+356	+380	+360	10%	+1 434
Mobile/GSM	Thous. Lines	261	+275	+554	+280	+276	63%	+1 385
Intrazone fiber optical links	Thous. Km	1,4	+1,4	+2,1	+2,5	+2,1	64%	+8,1
Intrazone radio microwave links	Thous. Km	2,0	+0,07	+1,1	+1,8	+1,3	33%	+4,3

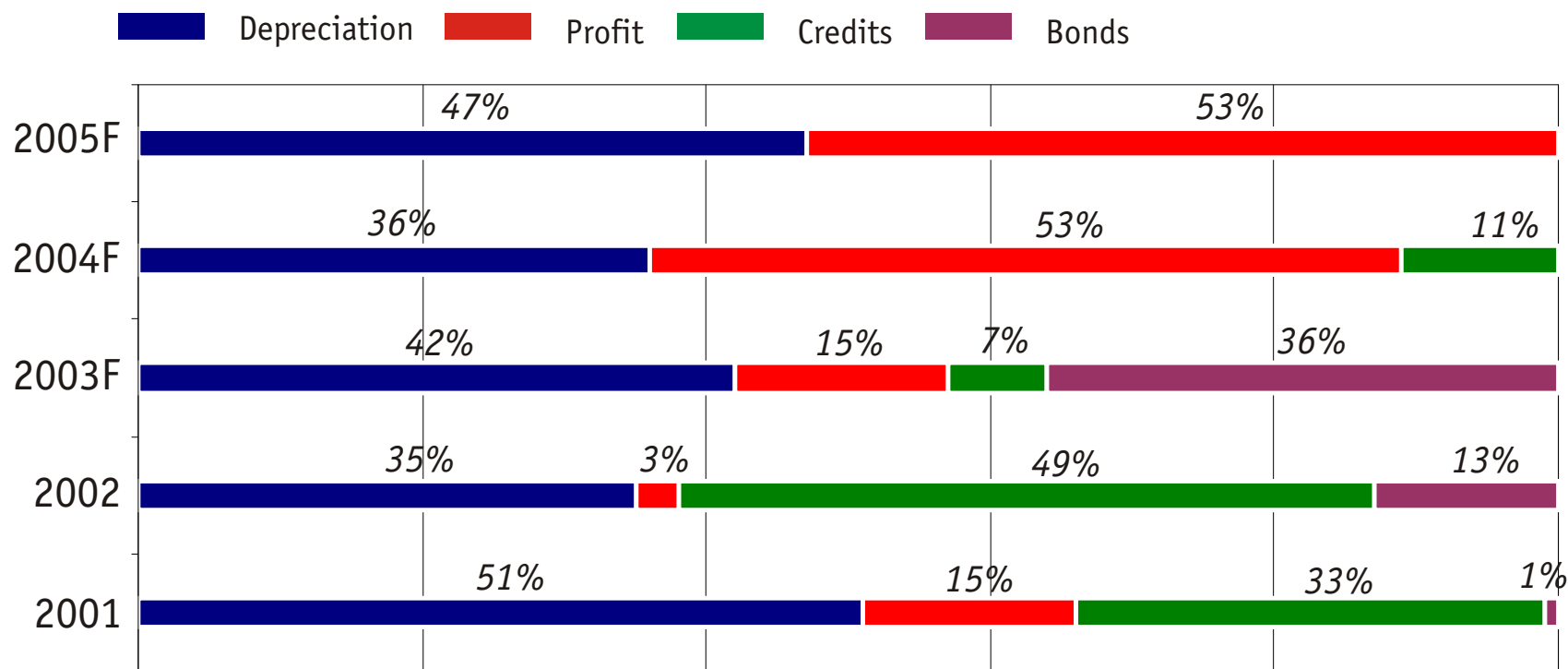
- Investment structure'2002-2005:
 DLD/ILD telephony - 32 %
 Mobile telephony - 30 %
 Local telephony - 31 %
 Other - 7 %

Capex



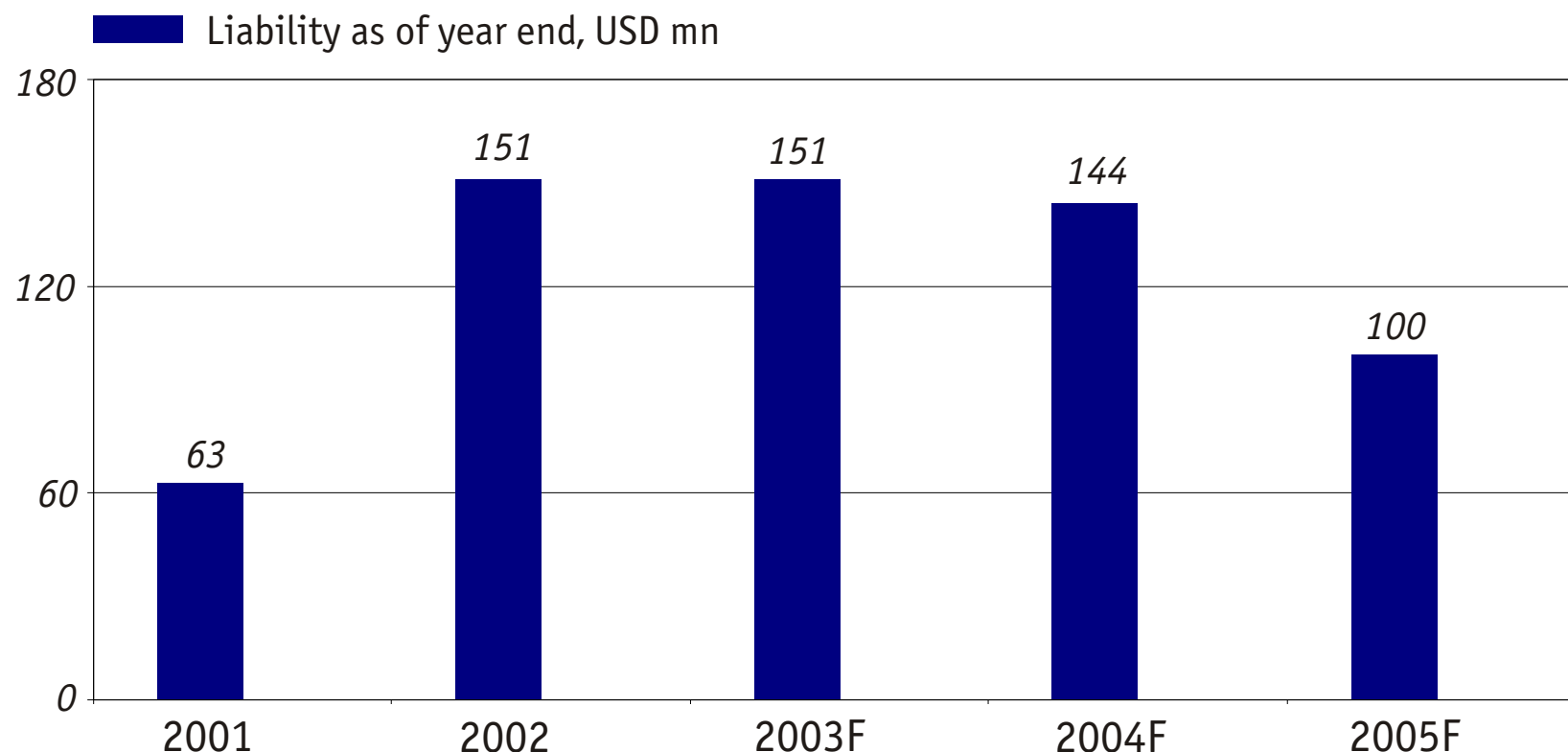
- Priority investment regions - Sverdlovsk region, Tyumen region including Khanty-Mansyisk and Yamalo-Nenetski autonomous districts.

Investment sources



- Since 2003, company's internal funds - depreciation and profit - are supposed to become the primary investment sources

Long-term liabilities



- The company follows the policy of debt restructuring with short-term liabilities transformed into long-term liabilities, reduced interest rates, and lower share of foreign currency debt

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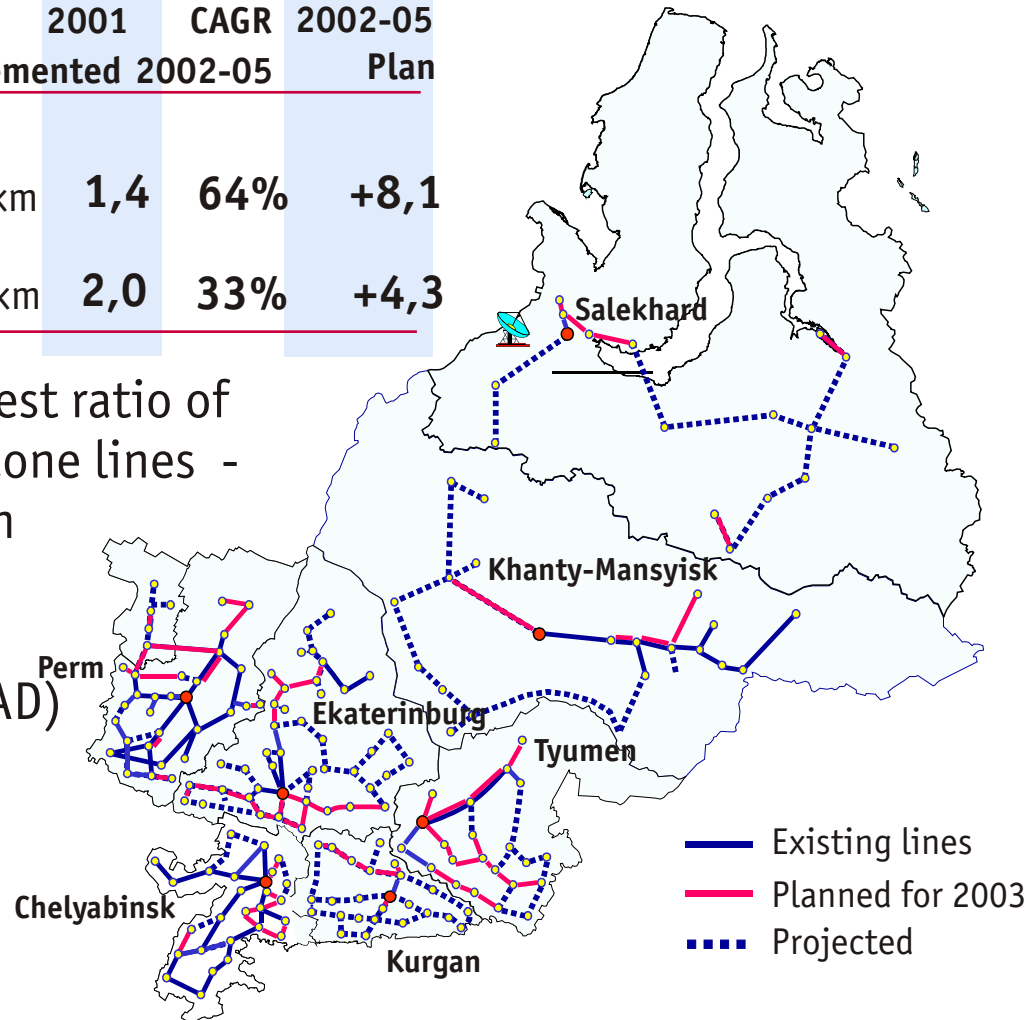
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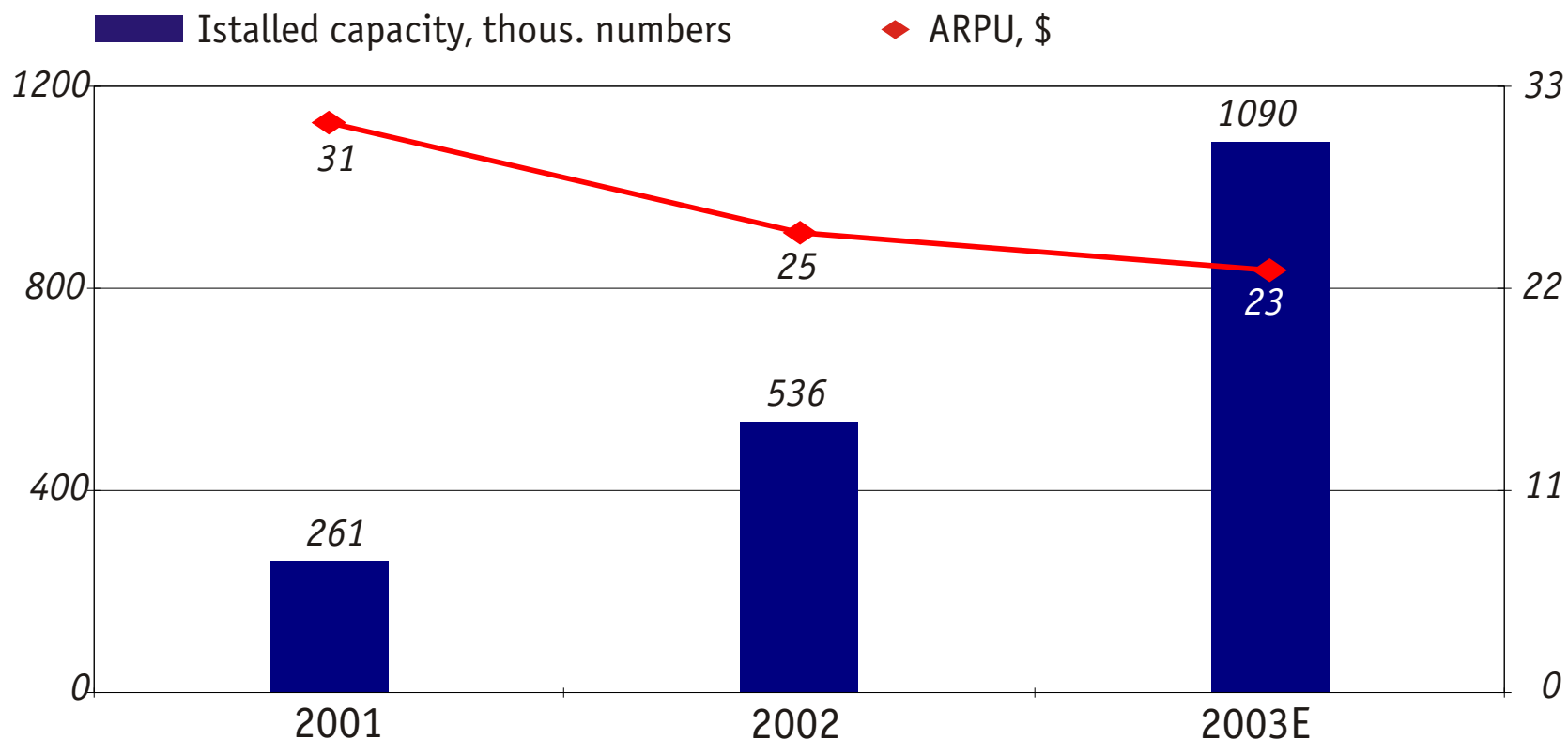
Digital transport network

		2001 Implemented	CAGR 2002-05	2002-05 Plan
Intrazone fiber optical links	Thous km	1,4	64%	+8,1
Intrazone radio microwave links	Thous km	2,0	33%	+4,3

- Regions with the highest ratio of investment into intrazone lines - Sverdlovsk and Tyumen regions (including Khanty-Mansyisk AD and Yamalo-Nenetski AD)

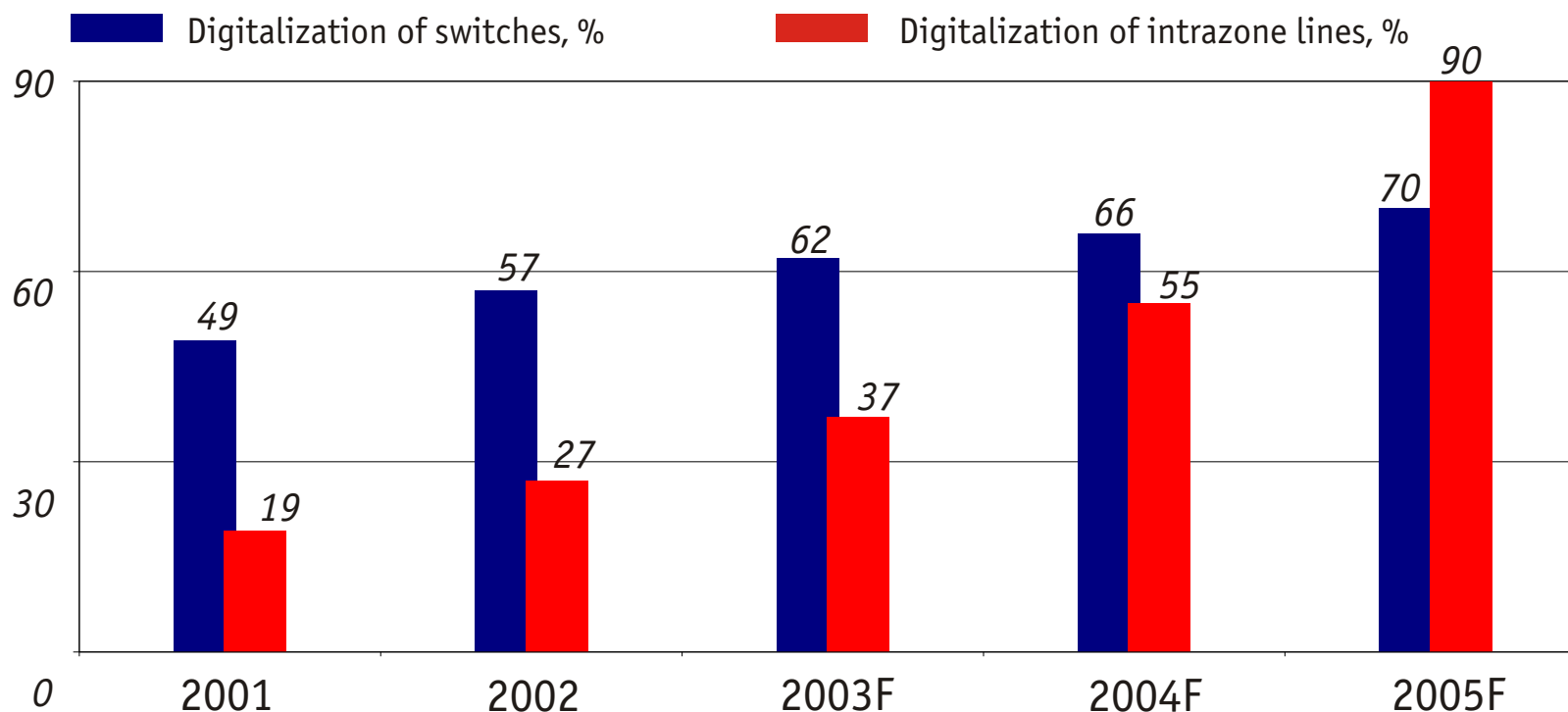


Development: GSM 900/1800



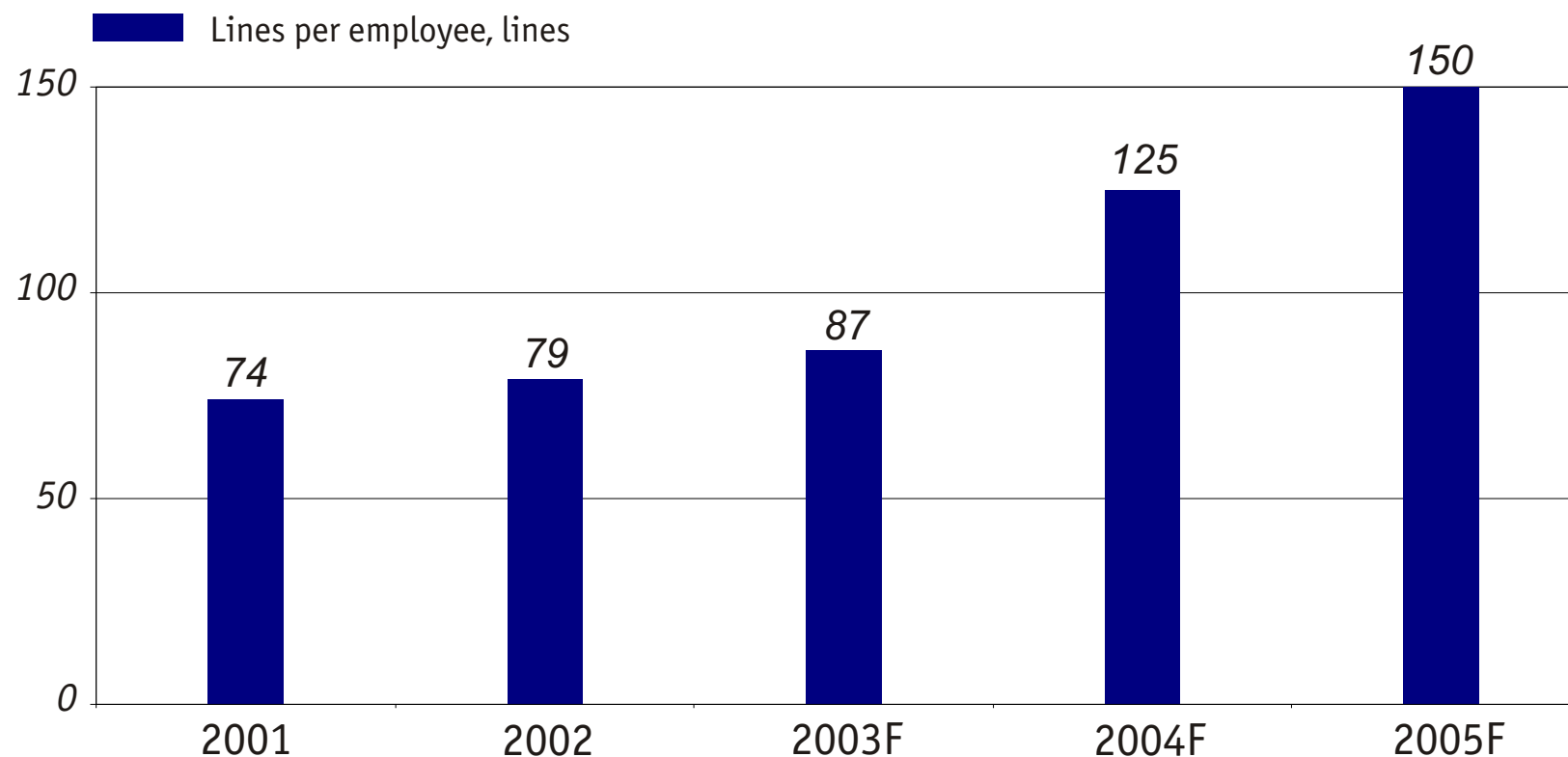
- The company plans to secure its leadership on regional market of mobile services through offering high quality services and competitive prices

Digitalization



- We expect high rate of digitalization of intrazone lines
- Company is not planning to replace analog switches with digital ones in rural and sparsely populated areas in view of economic inefficiency of such measure

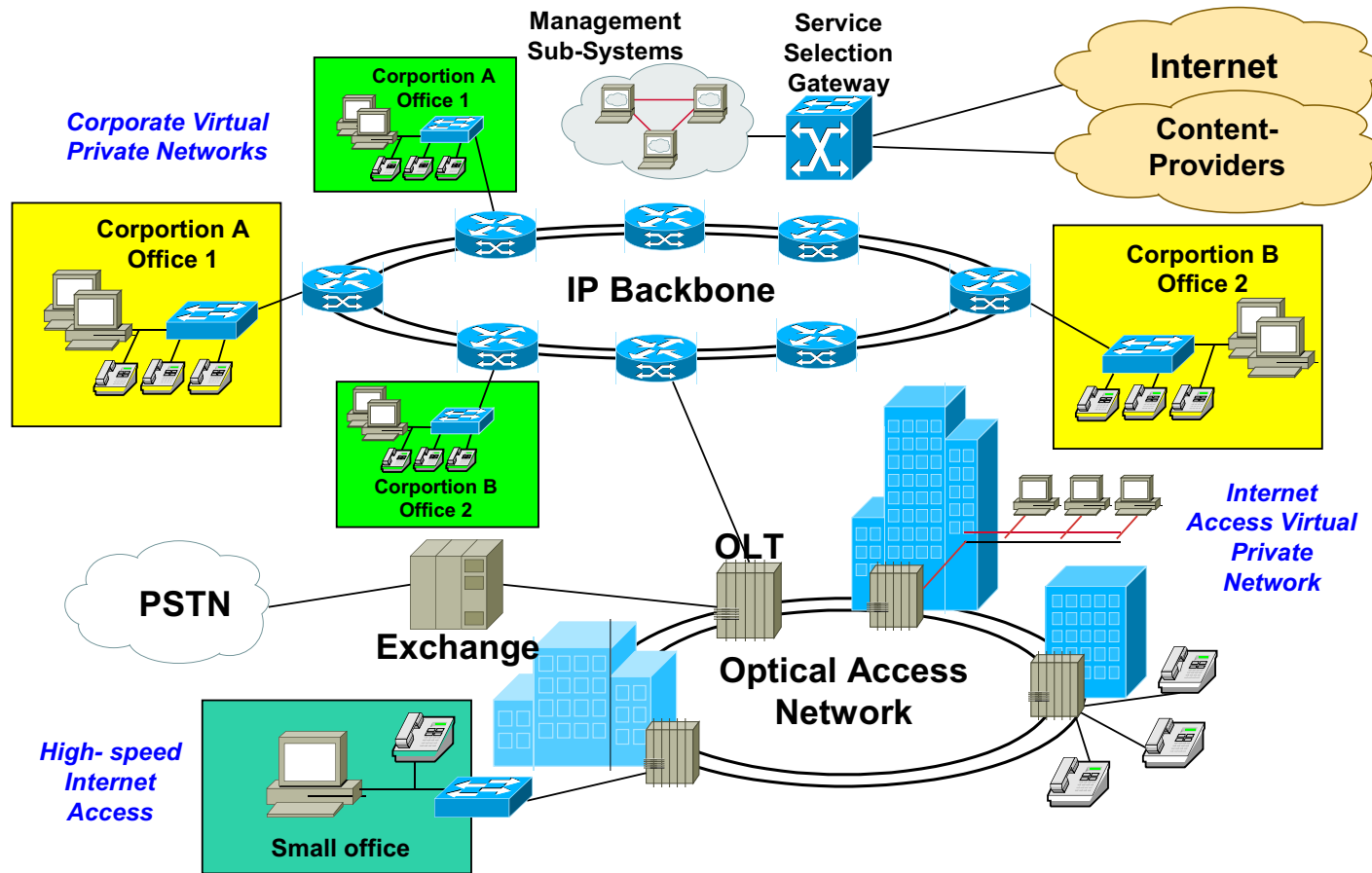
Number of lines per employee



- Svyazinvest average number of lines per employee amounted to 78 lines in 2002*

*According to Svyazinvest

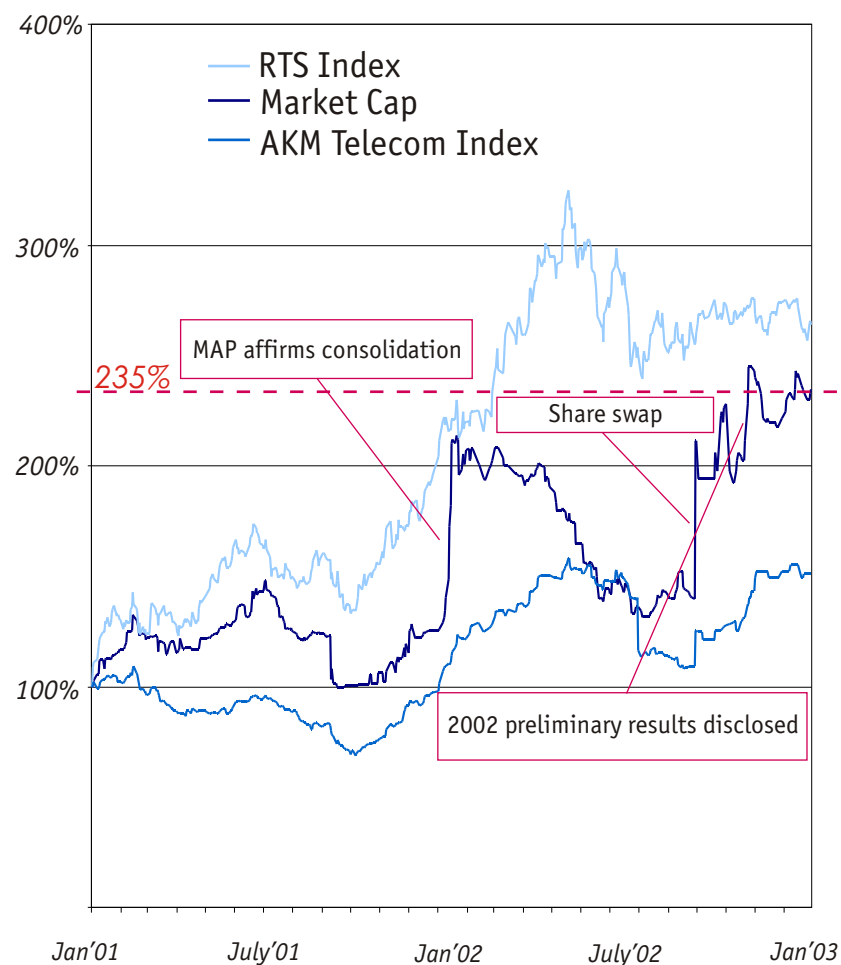
Multiservice network



- Further network development is based on optical access technology

Investor relations

- **Shares are traded on:**
Russian Trading System (RTS)
MICEX
- **Level 1 ADR program**
for common and preference shares
- **ADR are traded on:**
Berlin Stock Exchange
Frankfurt Stock Exchange
NewEX Burse AG
- **Credit ratings:**
Standard&Poors - "B-"
Fitch Ratings - "B"
- **Corporate governance score:**
Standard&Poors - "6,0"



Why we are confident about the future

- **Vigorous business activity and solvent demand for telecommunications services in the region**
- **Total consumer satisfaction policy**
- **Own mobile business and promotion of HVA-services**
- **Aggressive investment policy targeted at highly profitable technologies**
- **High economic efficiency and financial stability**
- **Effective management**
- **Company is striving to meet world standards of information transparency and corporate governance**

Contact details

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Ticker symbols

Russian Trading System - URSI

ADR - UVYZY, UVYPY

You may find additional information and updates on our corporate web-site at www.uralsviazinform.com, or at company's page URSI_RU at Bloomberg
