



URALSVYAZINFORM

Indicators of growth - Innovation & GSM

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Chief Financial Officer

Disclaimer

Certain statements in this presentation are “forward-looking statements”. These forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

These risks include the risk of changes the Company’s operations and business prospects, the general financial and economic circumstances, relating to regulation of the Russian telecommunications industry and the Russian legislation; the competition and other risks.

Many of these factors are beyond the Company’s ability to control or predict. Given these and other uncertainties, the Company cautions not to place undue reliance on any of the forward-looking statements contained herein or otherwise.

The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as maybe required under applicable Russian federal securities laws.

Contents

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



Key Facts

Technical

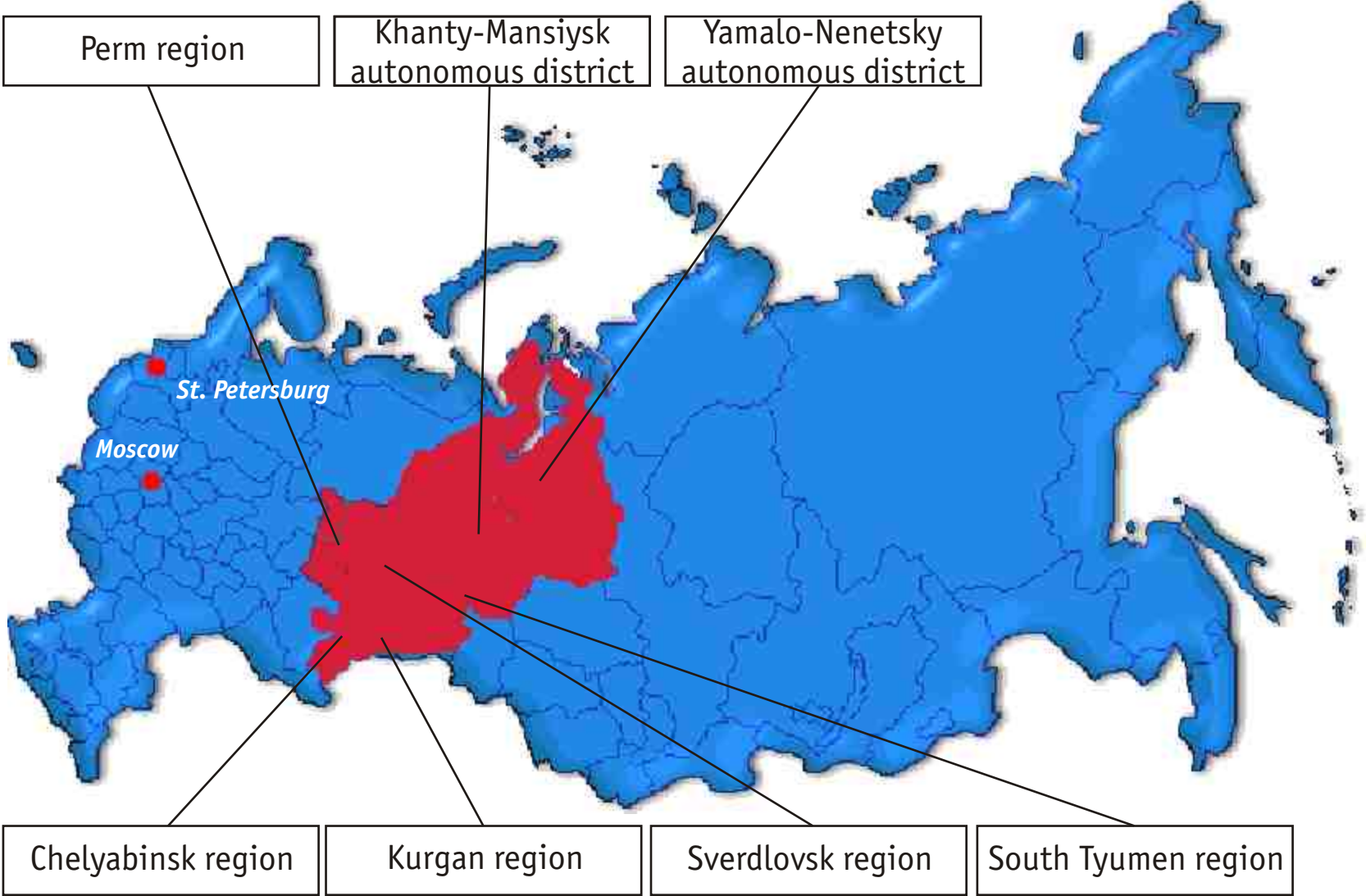
- Major telecommunications carrier in Urals region / Urals federal district and Perm region
- Overall installed capacity - 4,4 mln lines, including mobile telephony - 1,1 mln lines
- Wire-line subscriber number - 3,0 mln, mobile - 0,6 mln
- Number of employees - 35,2 thous.

Financial

- Revenue'02/RAS - USD470 mn
- EBITDA'02/RAS - USD170 mn
- Capitalization as of 24/06/03 - USD823 mn

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

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 population - 80 %
- Industrial output in 2002 - USD39,4 bln (18 % of Russia' s overall industrial output)
- Foreign investments in 2002 - USD2,5 bln

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)

As a percentage of total subscriber number

Market share

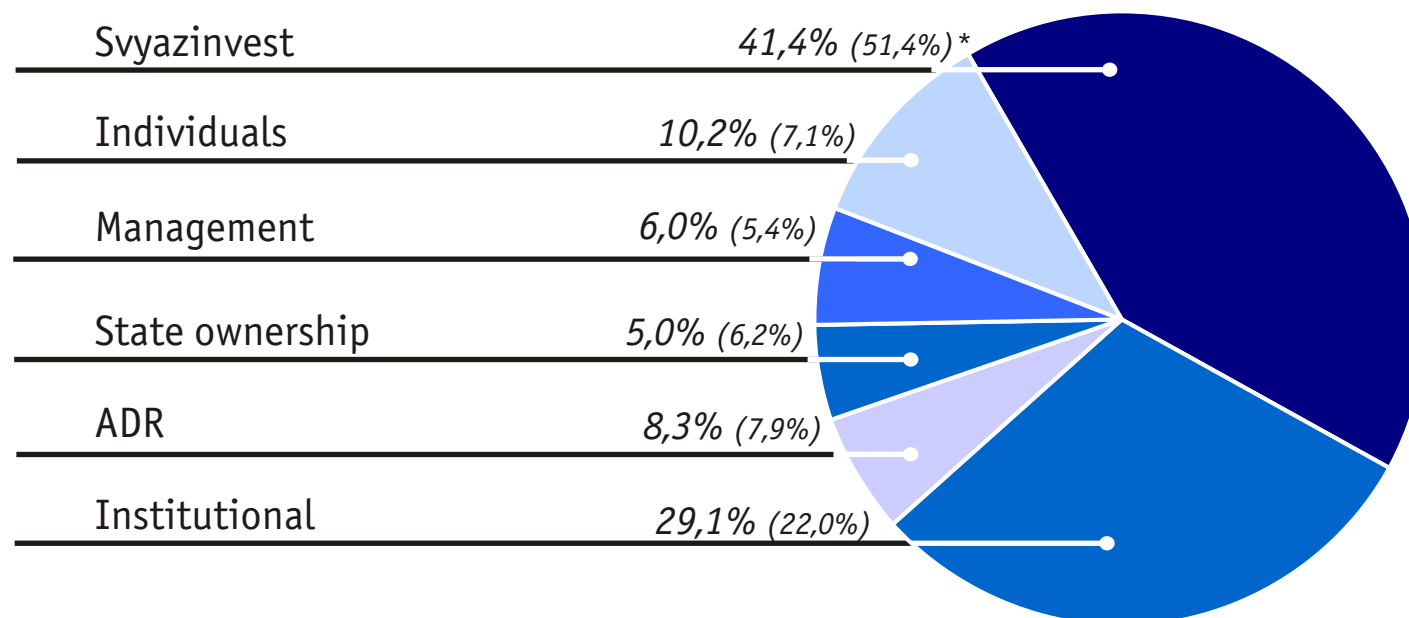
DLD/ILD telephony	71
Local telephony	79
New services including Internet	35
Mobile telephony	55
Other (TV & Radio, Telegraph)	40

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

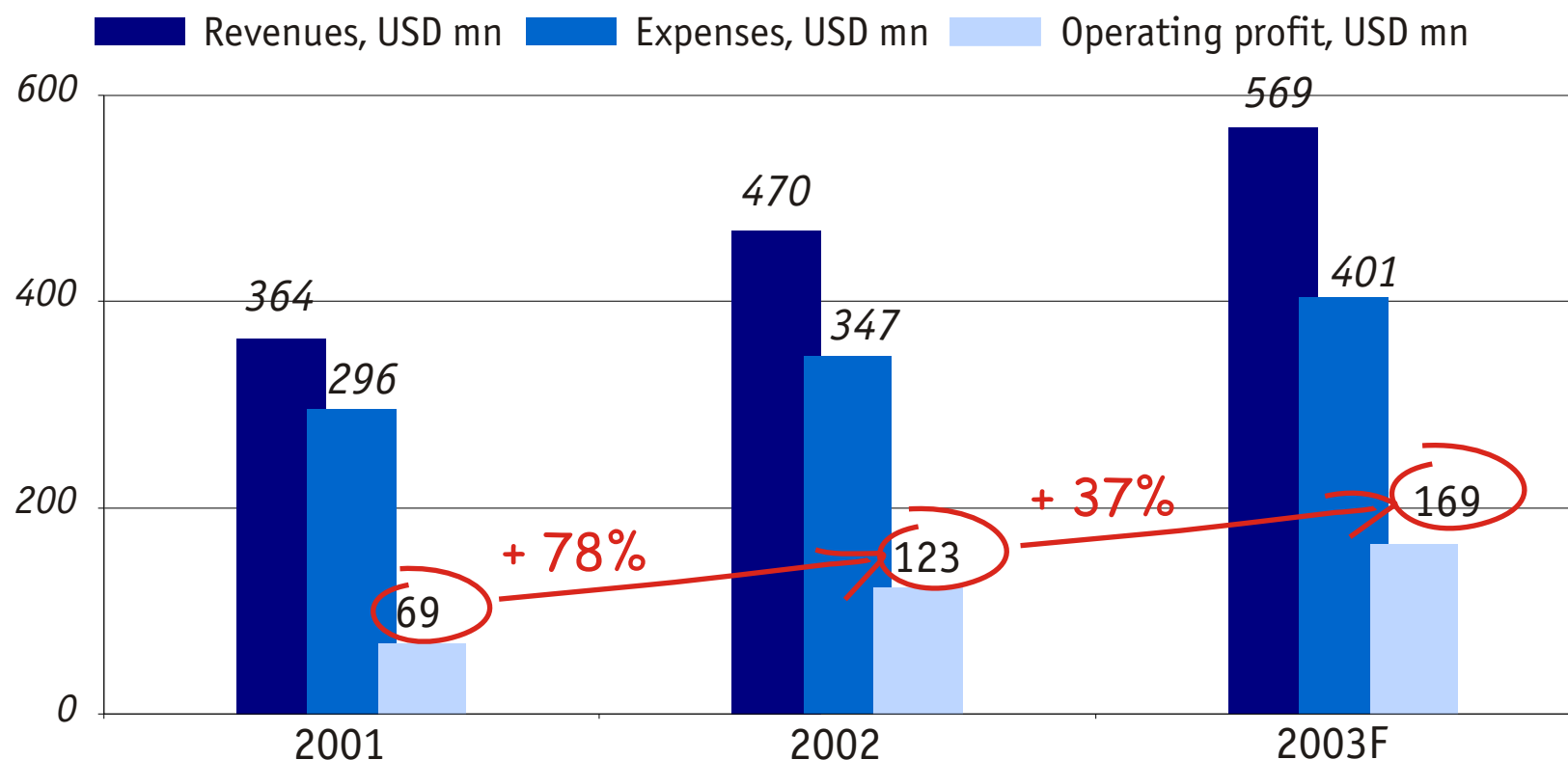
- Book capital - USD 158 mn
- Number of shares - 40 134 723 306 including
common 32 298 782 020 / 80,5 %
preference 7 835 941 286 / 19,5 %
- Number of stockholders - 22 thous.



- Free float - 40 %

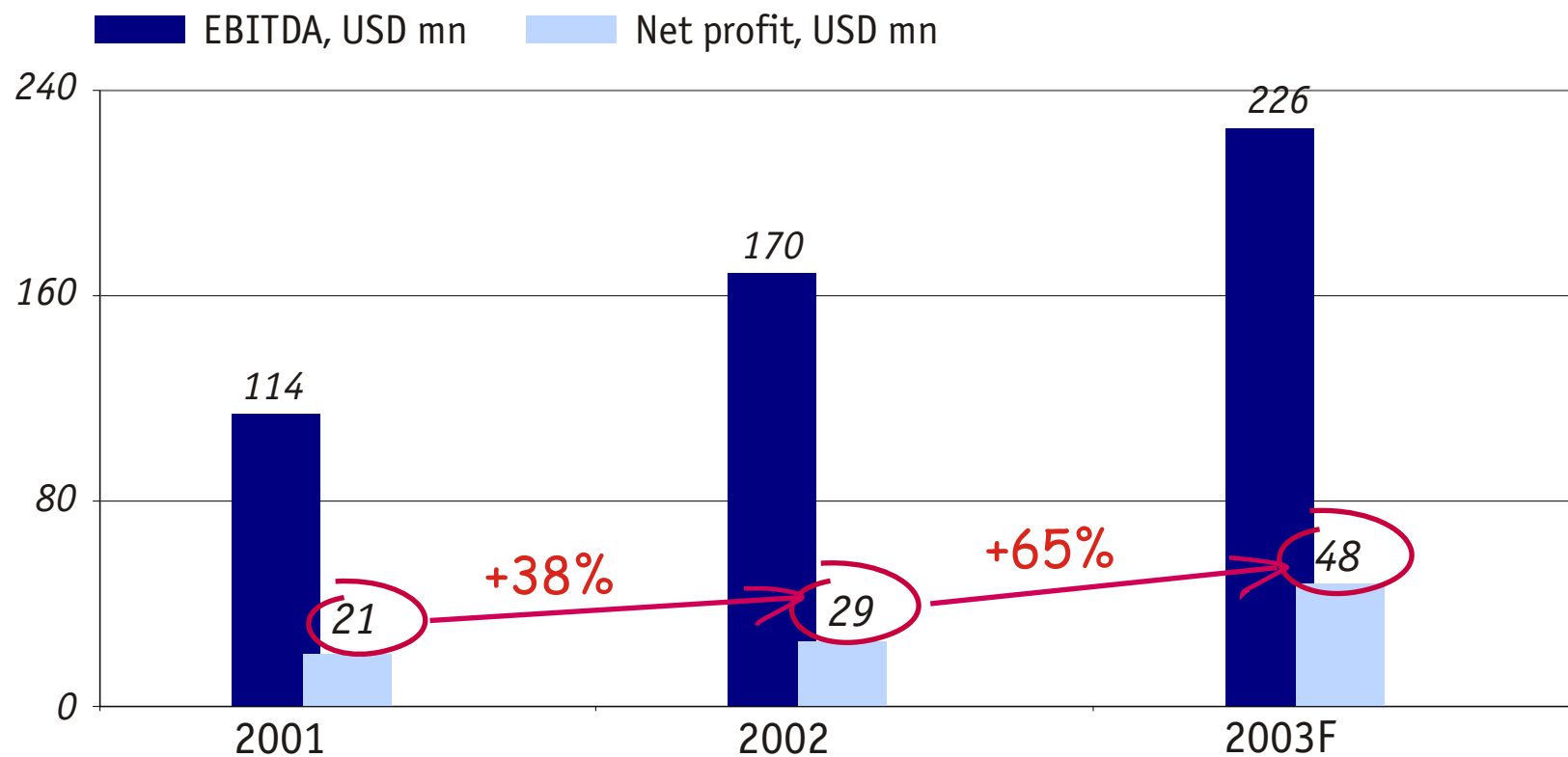
*Voting shares in brackets

Financial Performance/RAS



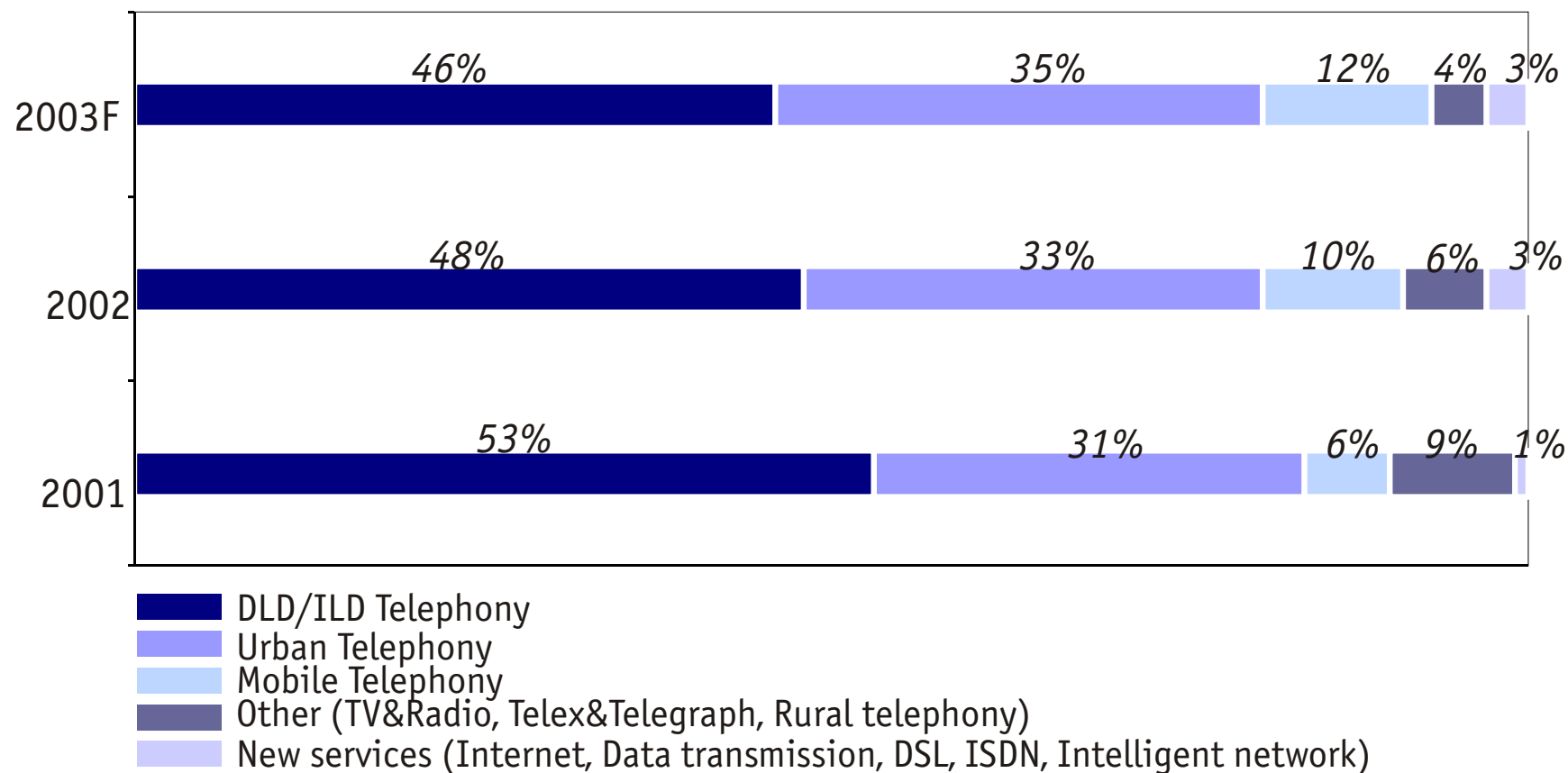
- Revenue growth rate has exceeded this of expenses over the last years. As a consequence, operating profit is going up.
Operating margin: 2001 - 19,0 %, 2002 - 26,2 %, 2003F - 29,7 %

Financial Performance/RAS



- EBITDA margin: 2001 - 31,3 %, 2002 - 36,2 %, 2003F - 39,7 %
- Net margin: 2001 - 5,8 %, 2002 - 6,2 %, 2003F - 8,4 %

Revenue structure/RAS



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

Tariff policy

- **Introduction of time-based billing for local calls across the territory of Urals region**

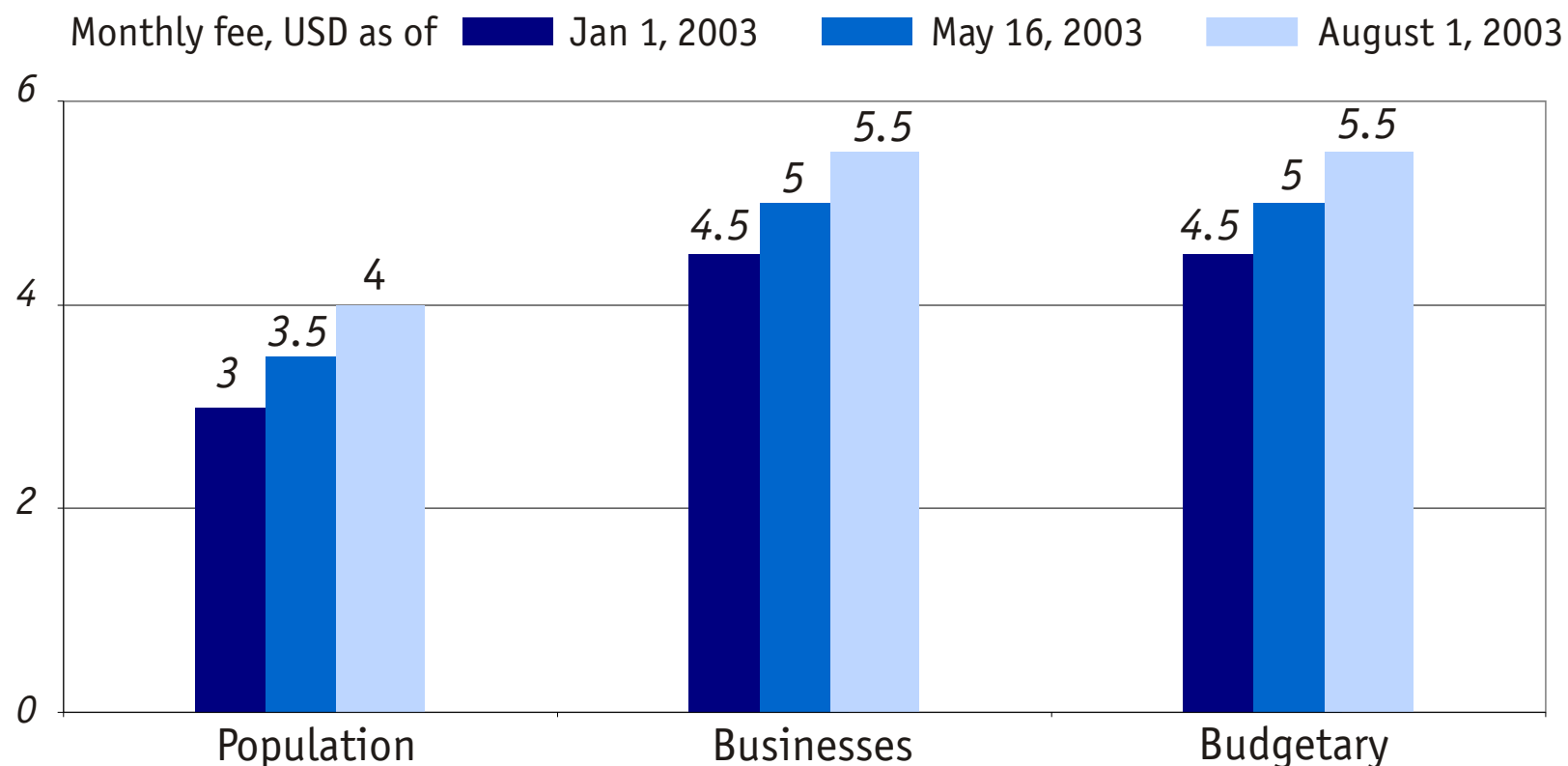
Time-based billing is currently implemented in:

Perm region - 87,5 % of installed capacity

Southern area of Tyumen region - 75,0 % of installed capacity

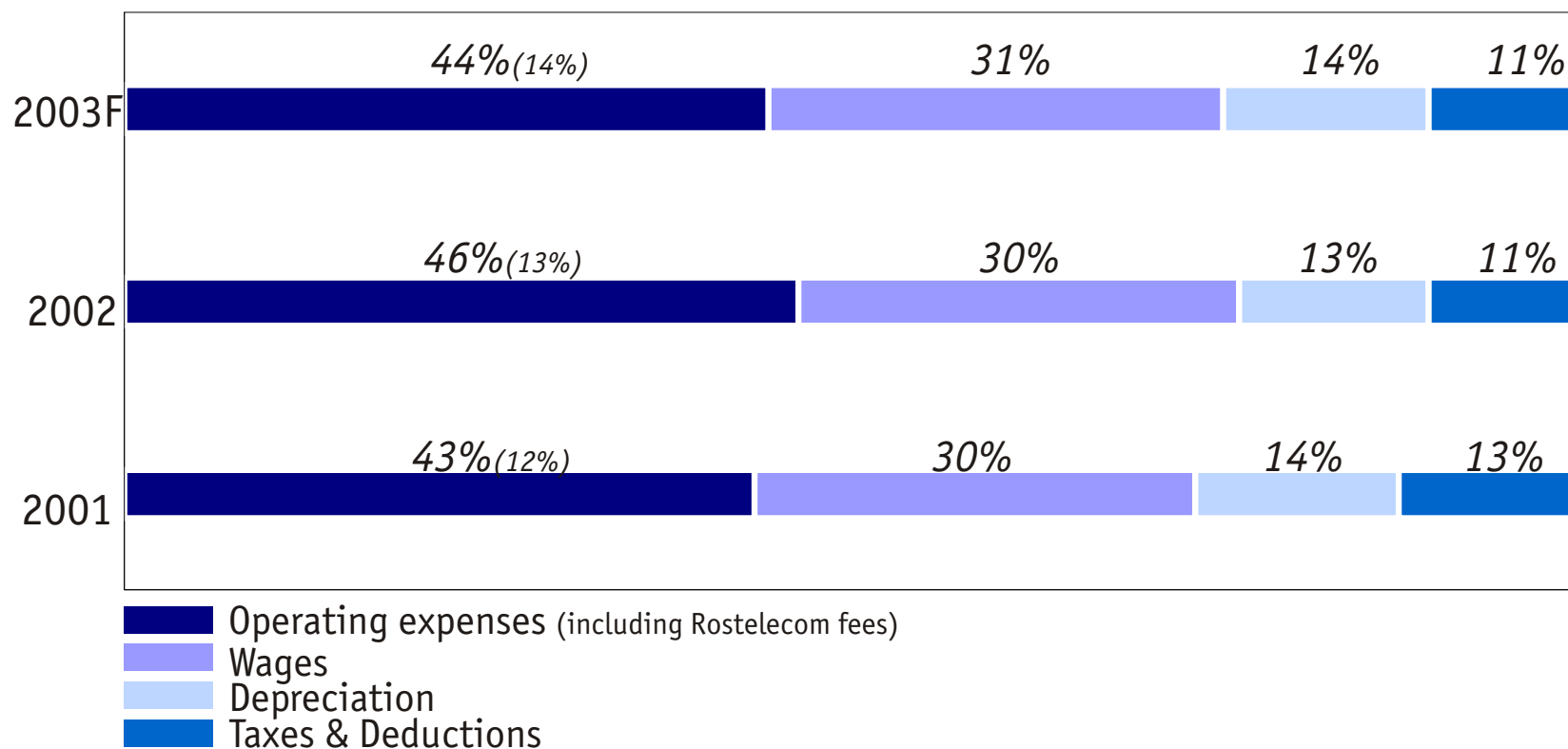
- **Flat tariff for long-distance calls within the region**
- **Flat tariff for local and long-distance calls between categories of subscribers (residents, businesses, budgetary organizations)**
- **General reduction of long-distance tariffs in parallel with an increase of tariffs for local calls. Reduction of “cross-subsidy” effects**
- **Adoption of unified tariff policy by merged operators, including mobile telephony carriers**
- **Unified price list for telephony services**
- **Introduction of “marginal tariff” concept**

Monthly Fee/ Urals region



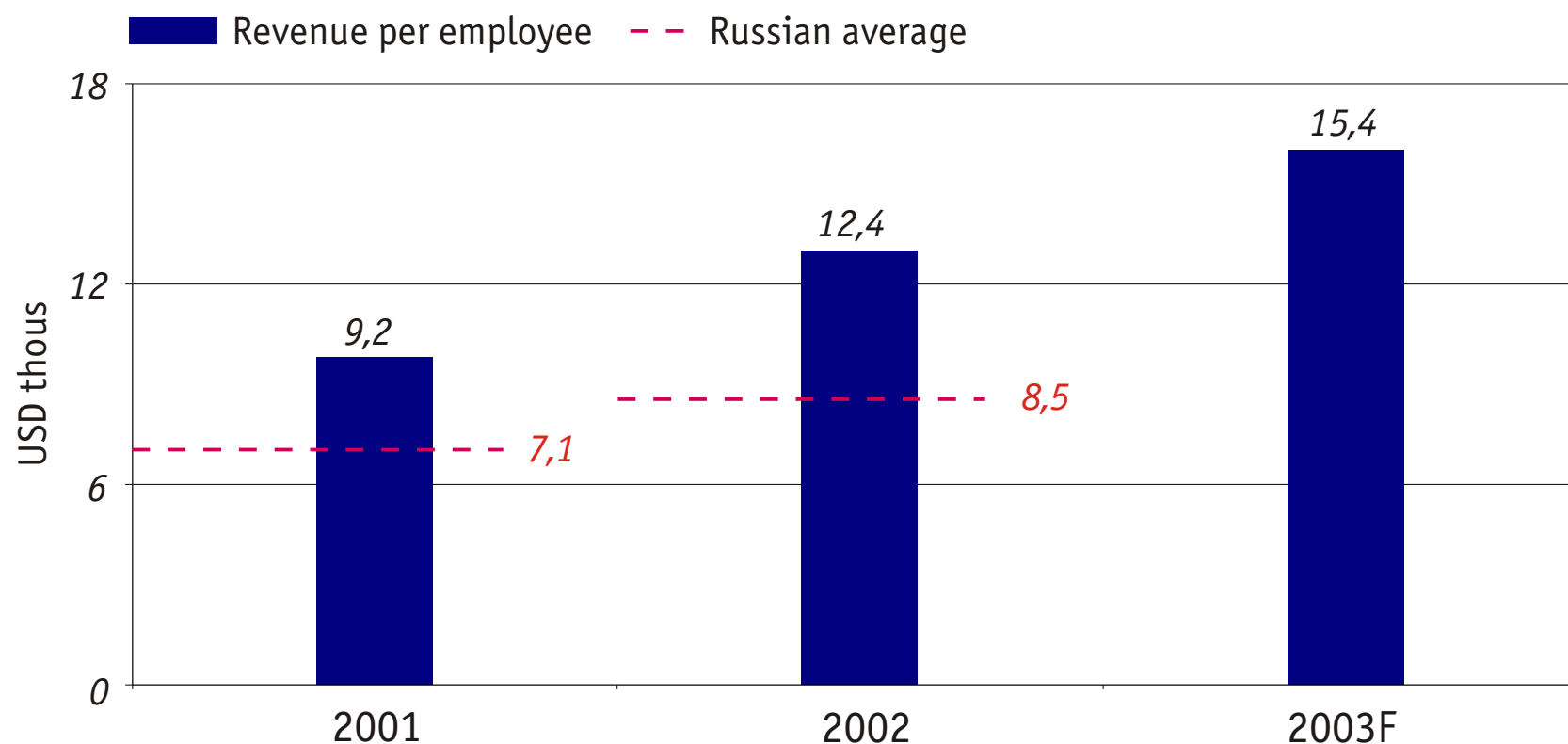
- On average, the monthly fee is expected to rise by 40% for population and 20% for businesses over 2003. Installation fee will remain at USD190.

Expenditure structure/RAS



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

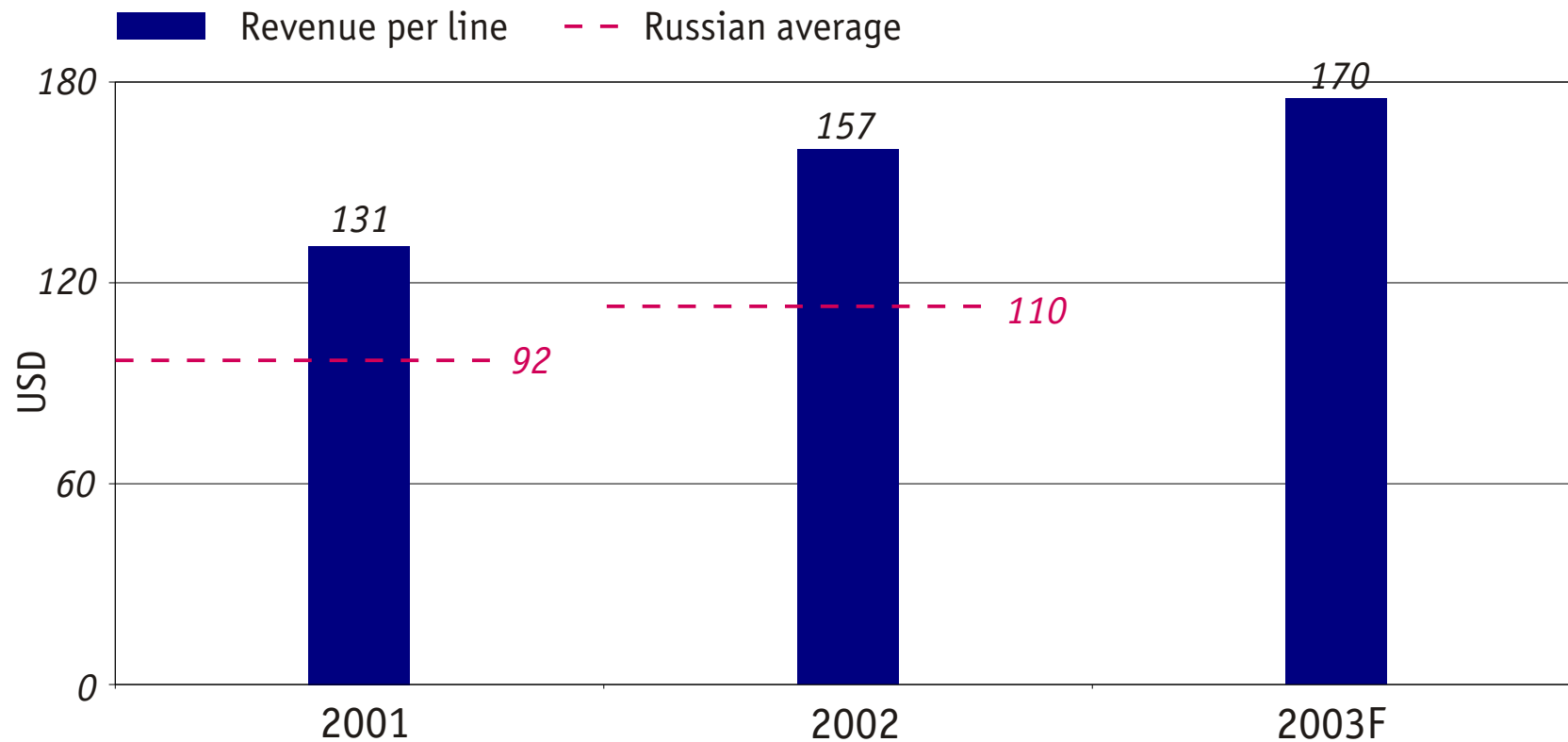
Growth/RAS



- 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

GSM 900/1800

Uralsvyazinform
as of 01.06.03
Subscribers - 222 thous/
+42% since Jan 1, 2003
Base stations - 132



GSM 900/1800

Uralsvyazinform

South-Urals Cellular Phone
Stake in capital - 100 %
as of 01.06.03
Subscribers - 245 thous/
+56% since Jan 1, 2003
Base stations - 97

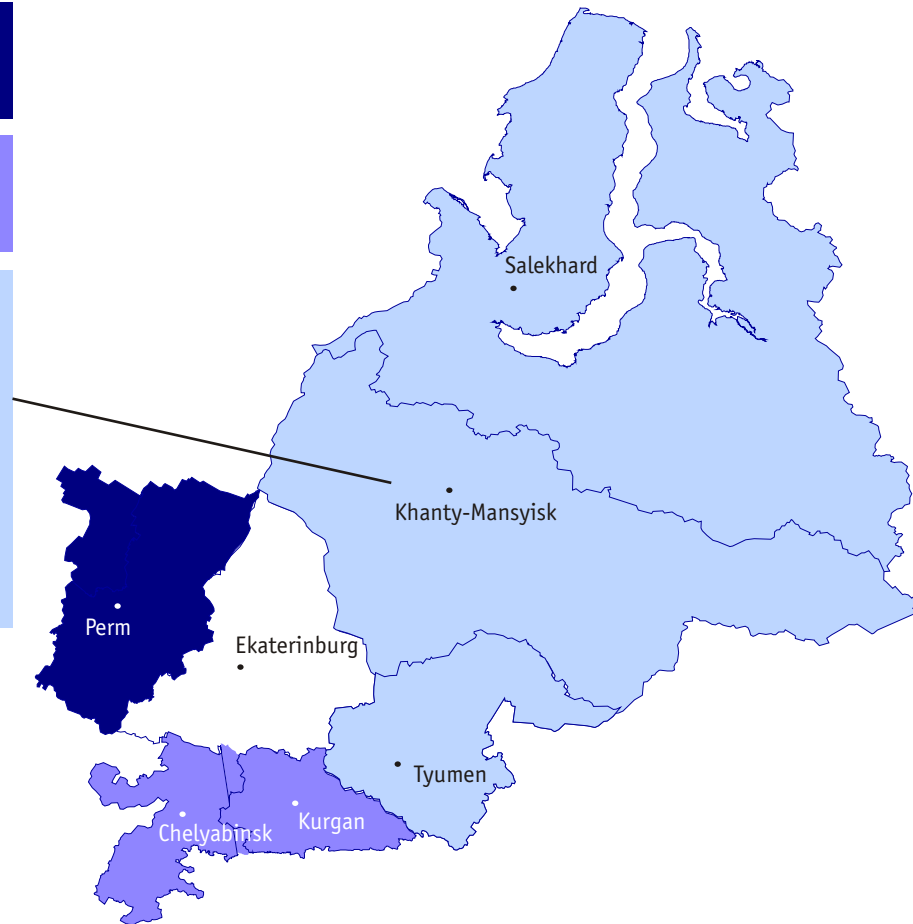


GSM 900/1800

Uralsvyazinform

South-Urals Cellular Phone

Ermak RMS
Stake in capital - 90 %
as of 01.06.03
Subscribers - 145 thous/
+75% since Jan 1, 2003
Base stations - 93



GSM 900/1800

Uralsvyazinform

South-Urals Cellular Phone

Ermak RMS

Total subscribers as of 01.06.03 -
612 thous

2003

Penetration into mobile market
of Sverlovsk region and
Ekaterinburg

- Prospects - consolidation
of mobile business under one brand



Development strategy

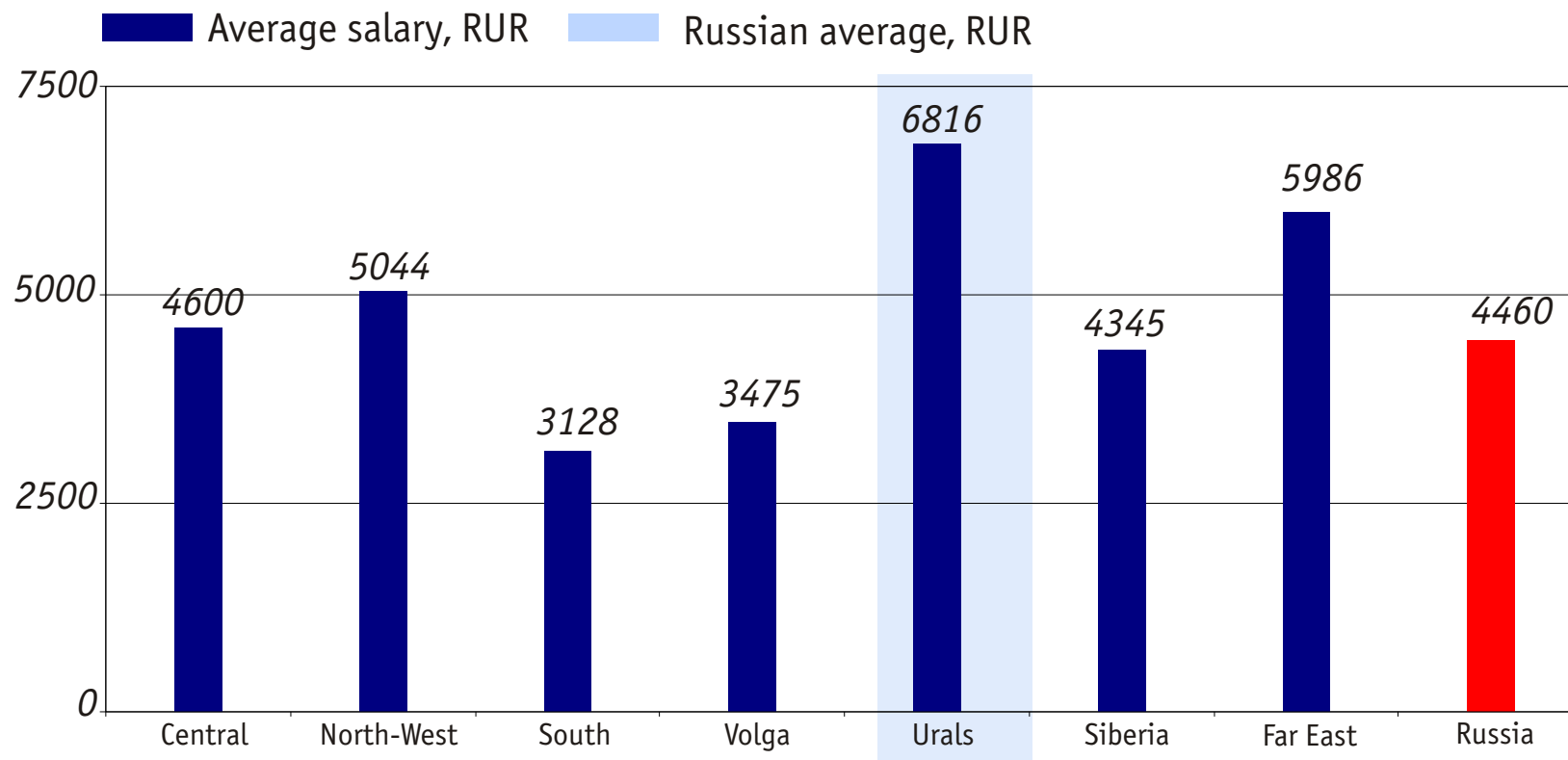
- **Total Consumer Satisfaction policy**
- **Broadening of services array - offering the most comprehensive range of services at maximum quality and convenience for clients, introduction of personalized products, direct marketing**
- **Enhancement of existing networks - investments solely in cutting-edge 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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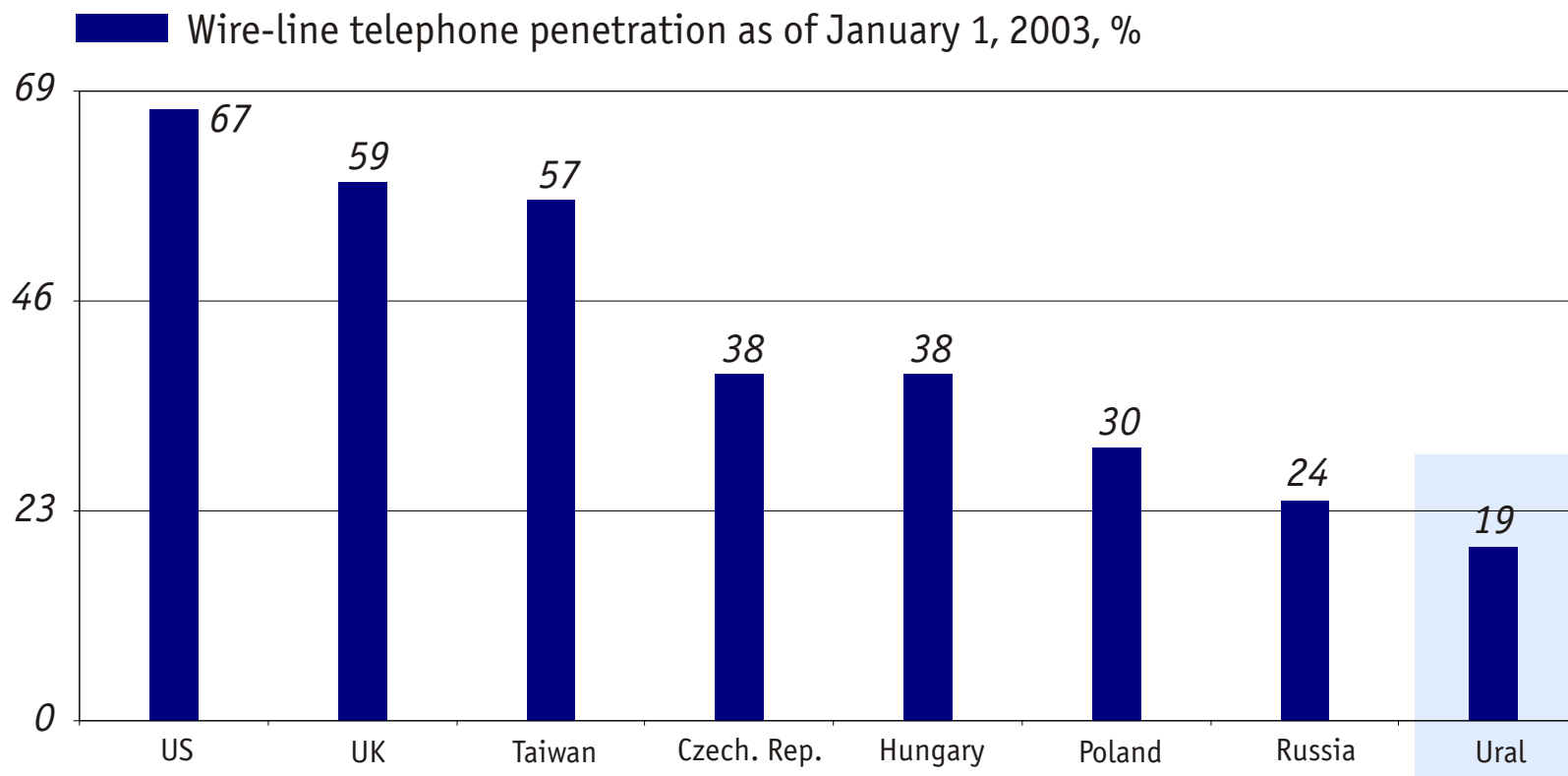
Customer welfare...



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

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

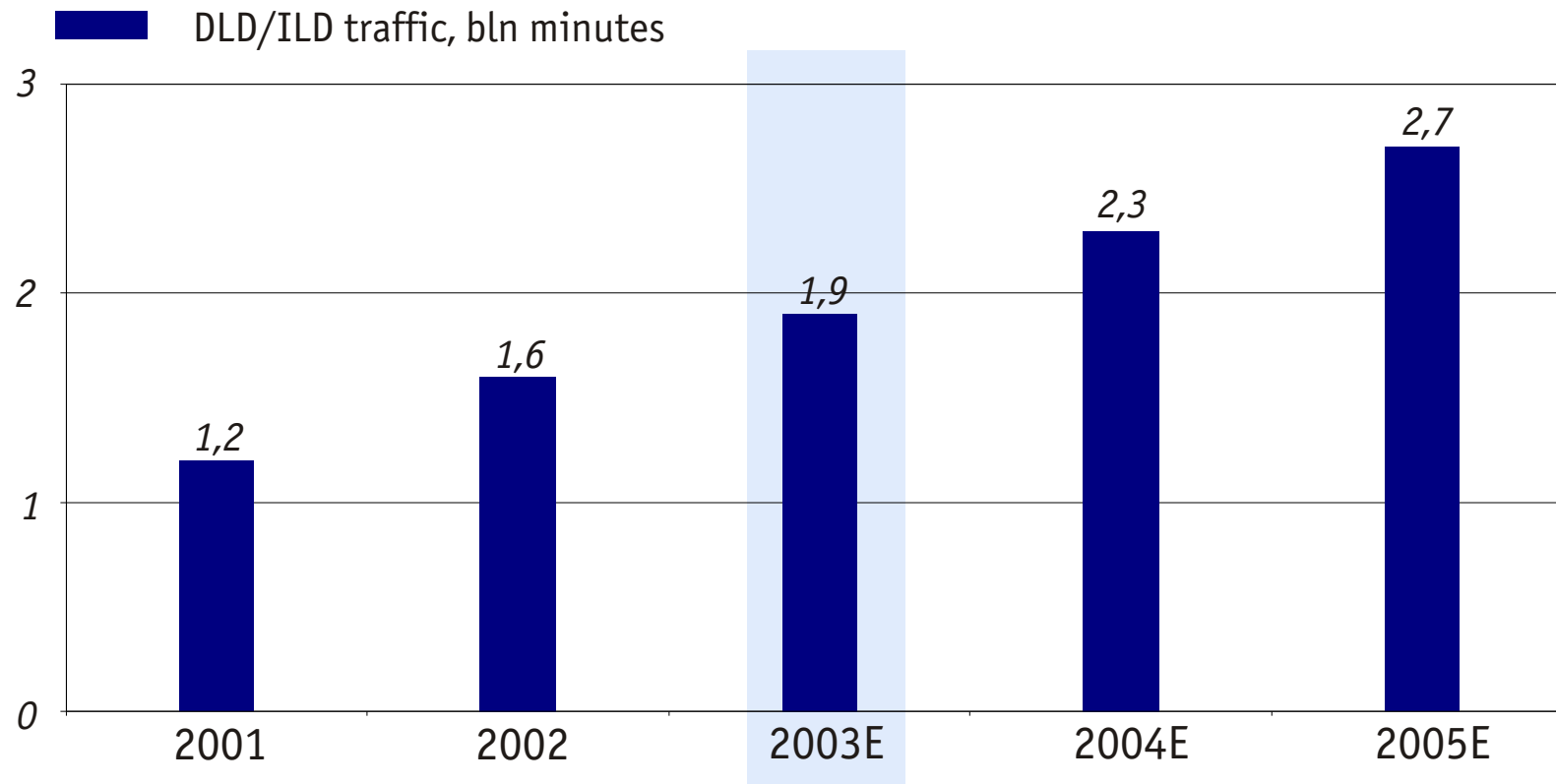
along with pent-up demand for local telephony services ...



- Waiting list as of January 1, 2003 accounts for 538 thous., 90% of which are urban. Each urban account covers installation costs, generating USD190 in revenue

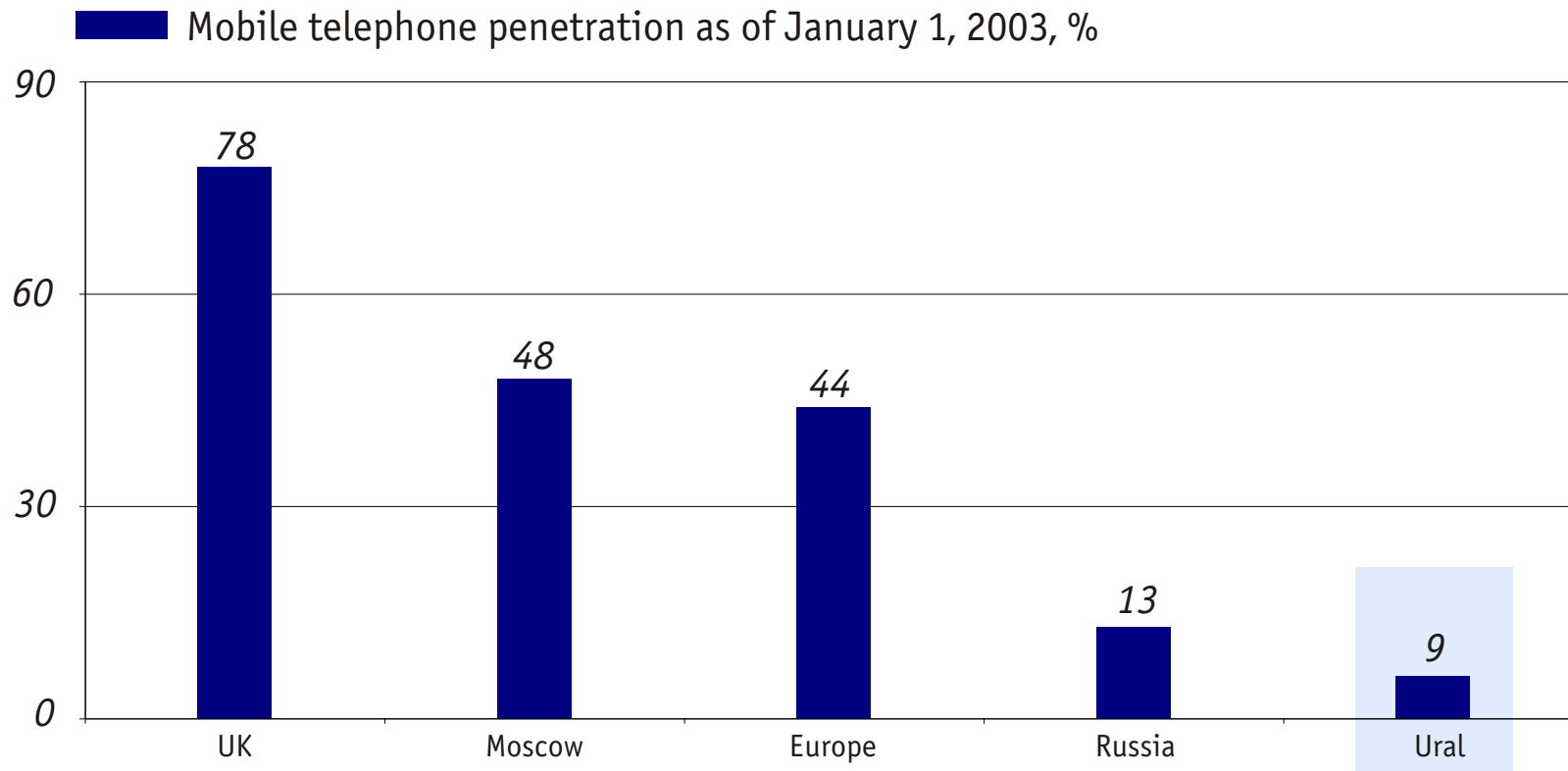
According to GEM Telecom Overview/ING

... DLD/ILD telephony ...



- Healthy DLD/ILD traffic is backed by sustainable growth of foreign direct investment, and development of small and middle-scope businesses. Our revisited long-distance tariff policy is another contributor to the traffic growth.

... and mobile telephony ...



- We benefit from strong market potential in Urals region. The subscriber growth rate attained 54% since the beginning of the year, driven by competitive pricing, rising incomes and growing business activity.

**According to ACM Consulting*

... determine investment priorities ...

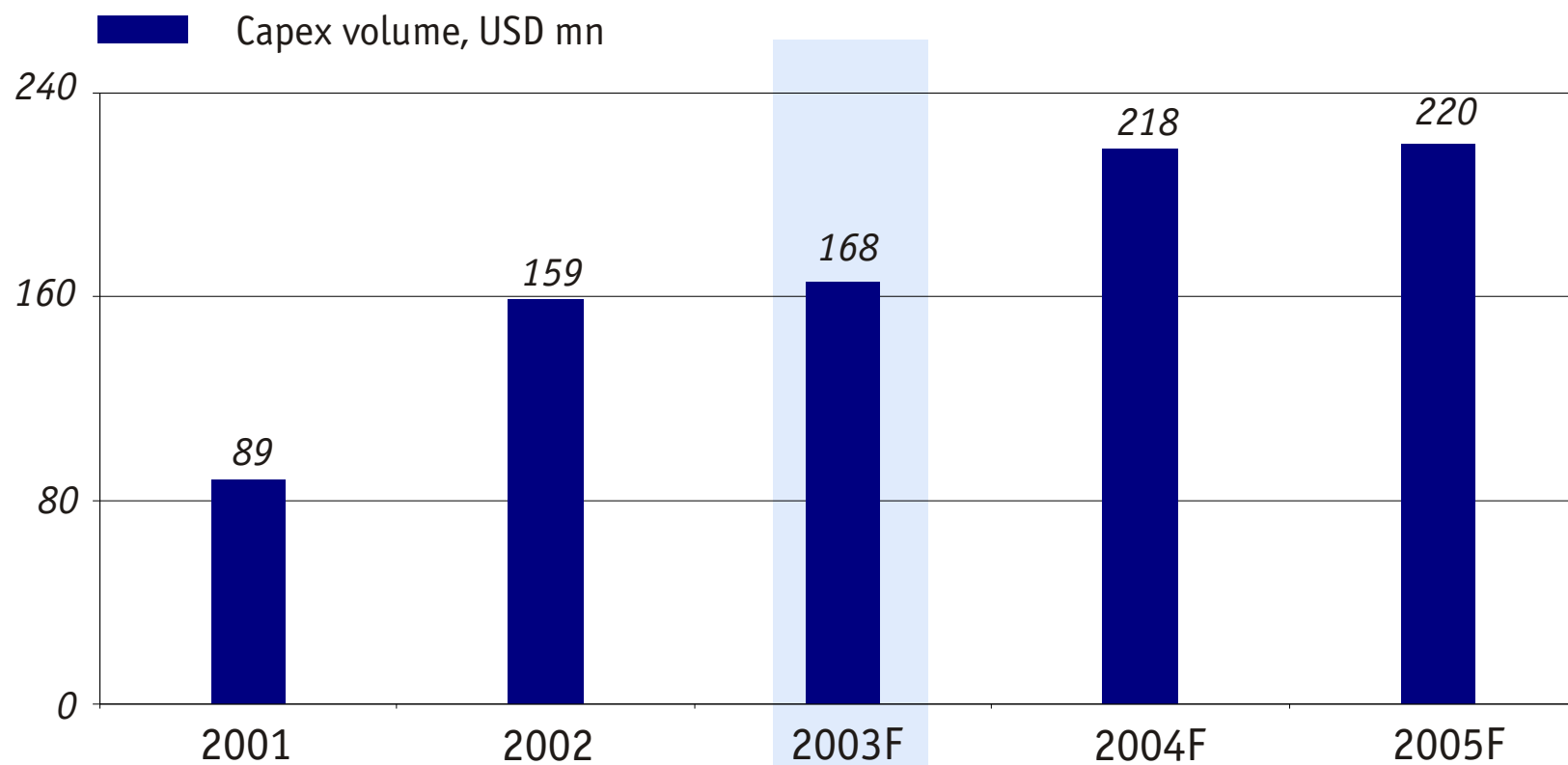
- **Capacity extension and network upgrade**
 - digital switches
 - optical access networks
 - intrazone digital transport networks
 - wireless local loop
- **Mobile telephony of GSM-900/1800 standard**
- **Packet switching network**
 - multiserice network build-up
 - internet
- **Intelligent network**
- **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	+1,5	+2,1	+2,5	+2,1	64%	+8,2
Intrazone radio microwave links	Thous. Km	2,0	+0,07	+1,1	+1,8	+1,3	33%	+4,3

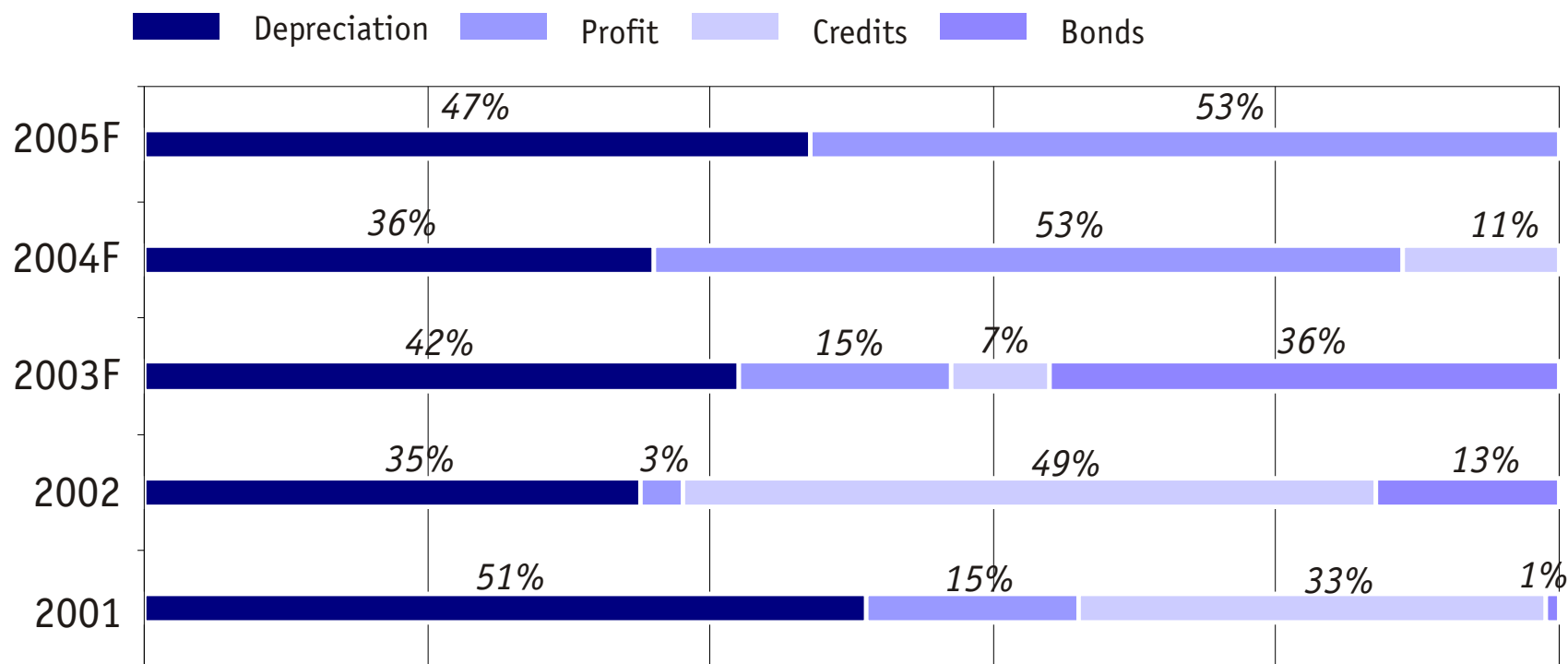
- Investment structure'2002:
 - DLD/ILD telephony - 15 %
 - Mobile telephony - 20 %
 - Local telephony - 56 %
 - New services - 8 %
 - Other - 1 %

Capex



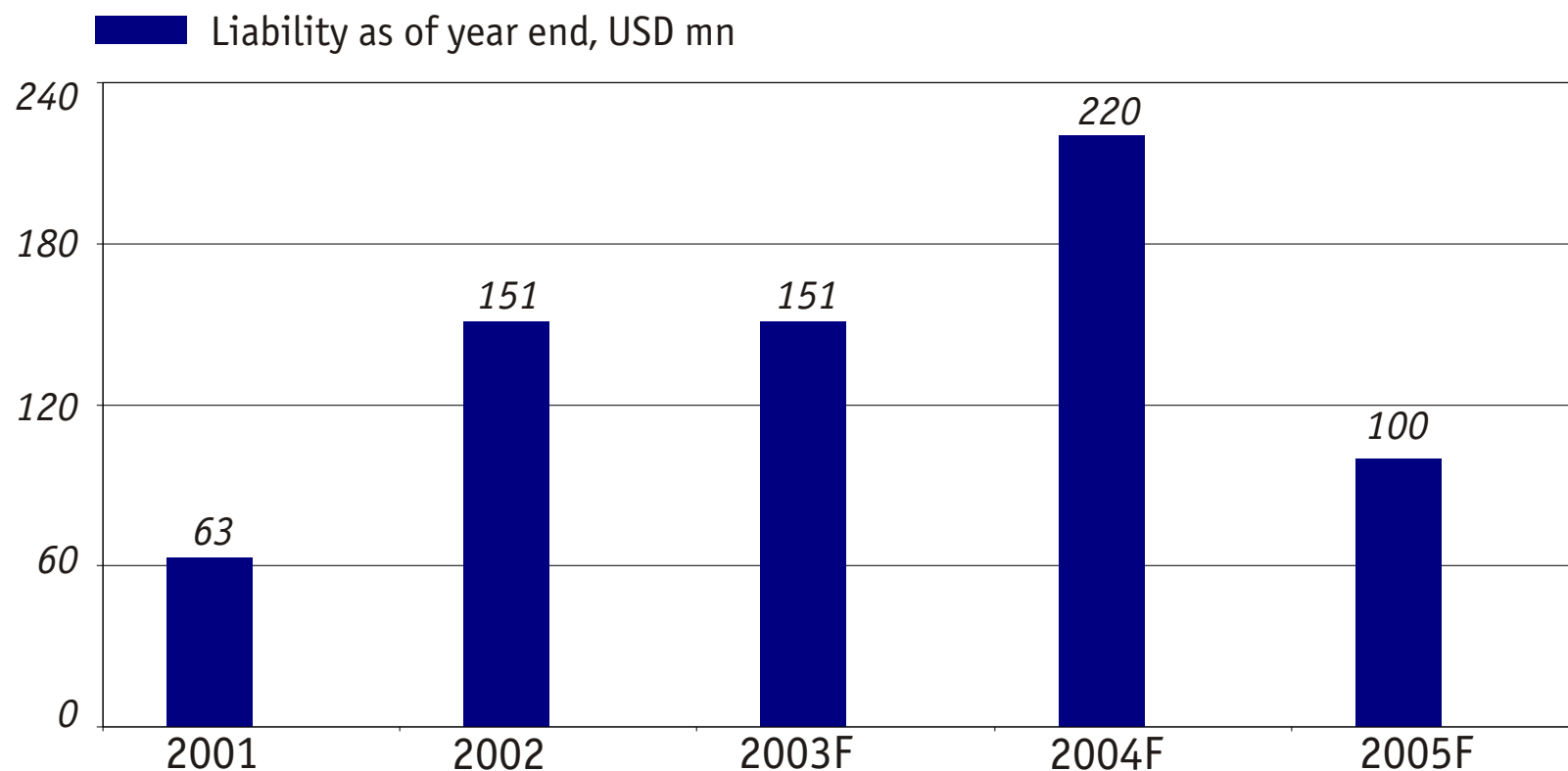
- Priority investment regions - Sverdlovsk region, Tyumen region including Khanty-Mansyisk and Yamalo-Nenetski autonomous districts.

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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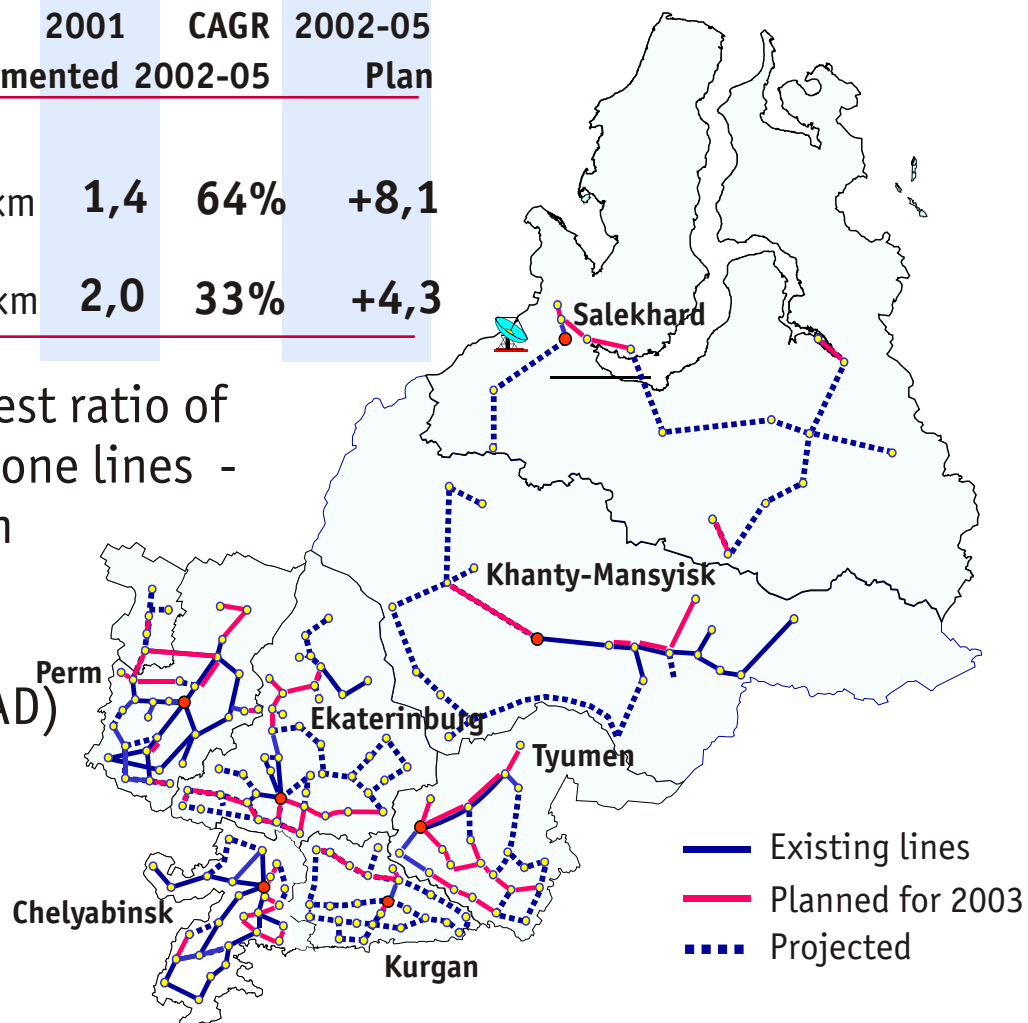
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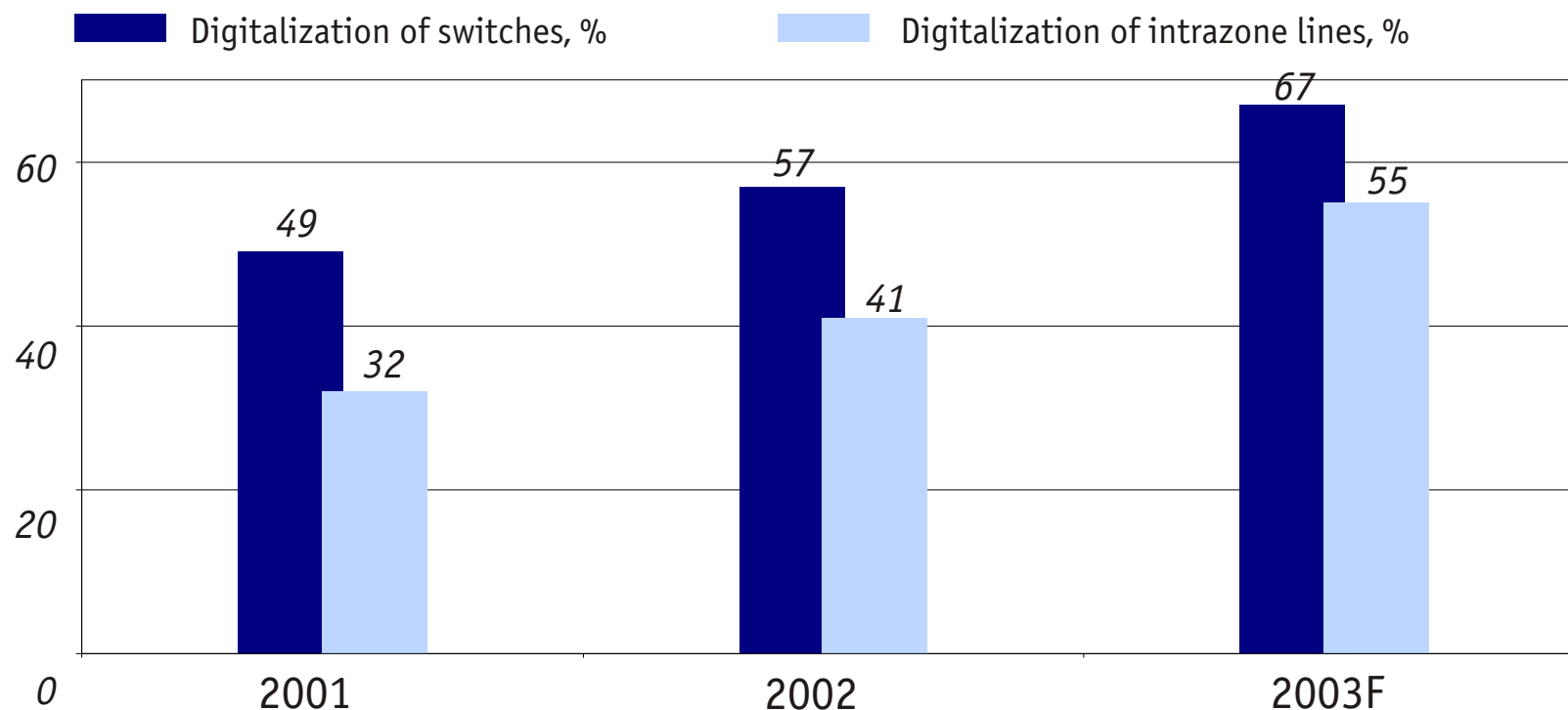
Digital transport network

		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)

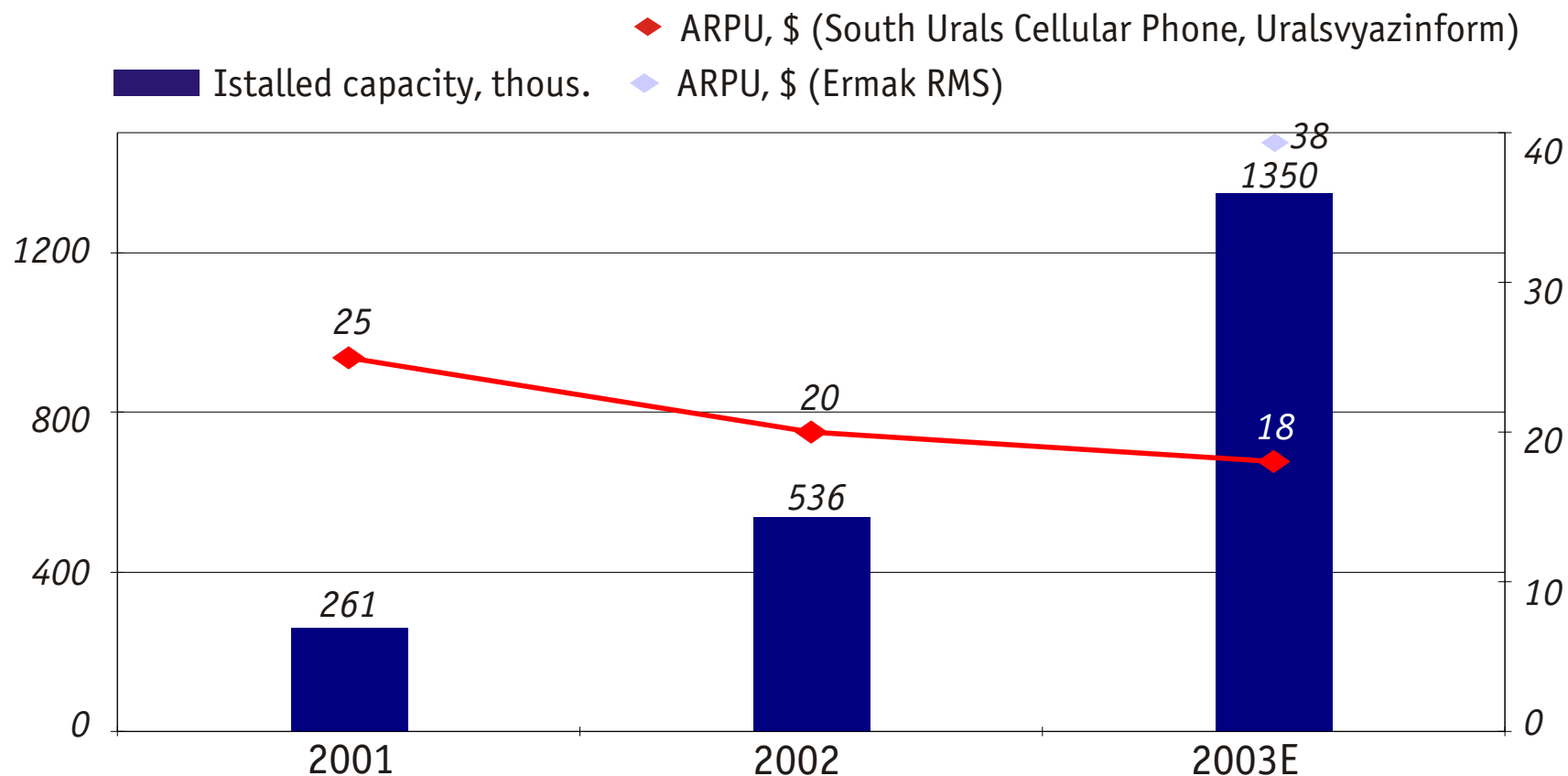


Digitalization



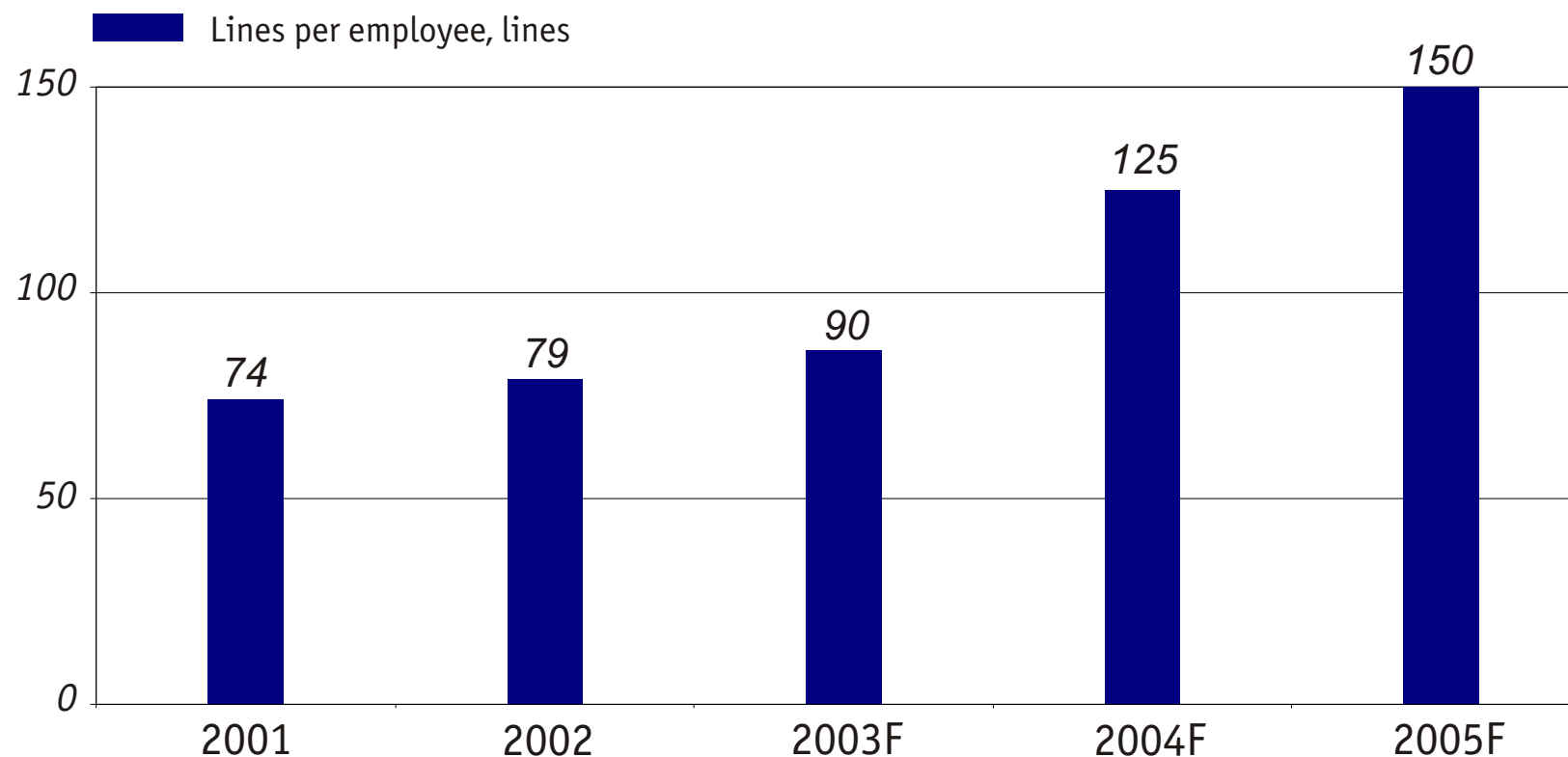
- We expect high rate of digitalization of intrazone lines
- Company is not planning to replace analog switches with digital ones in rural and sparsely populated areas in view of economic inefficiency of such measure

Development: GSM 900/1800



- The company plans to protect and expand its market share in mobile business through aggressive marketing and highly competitive pricing

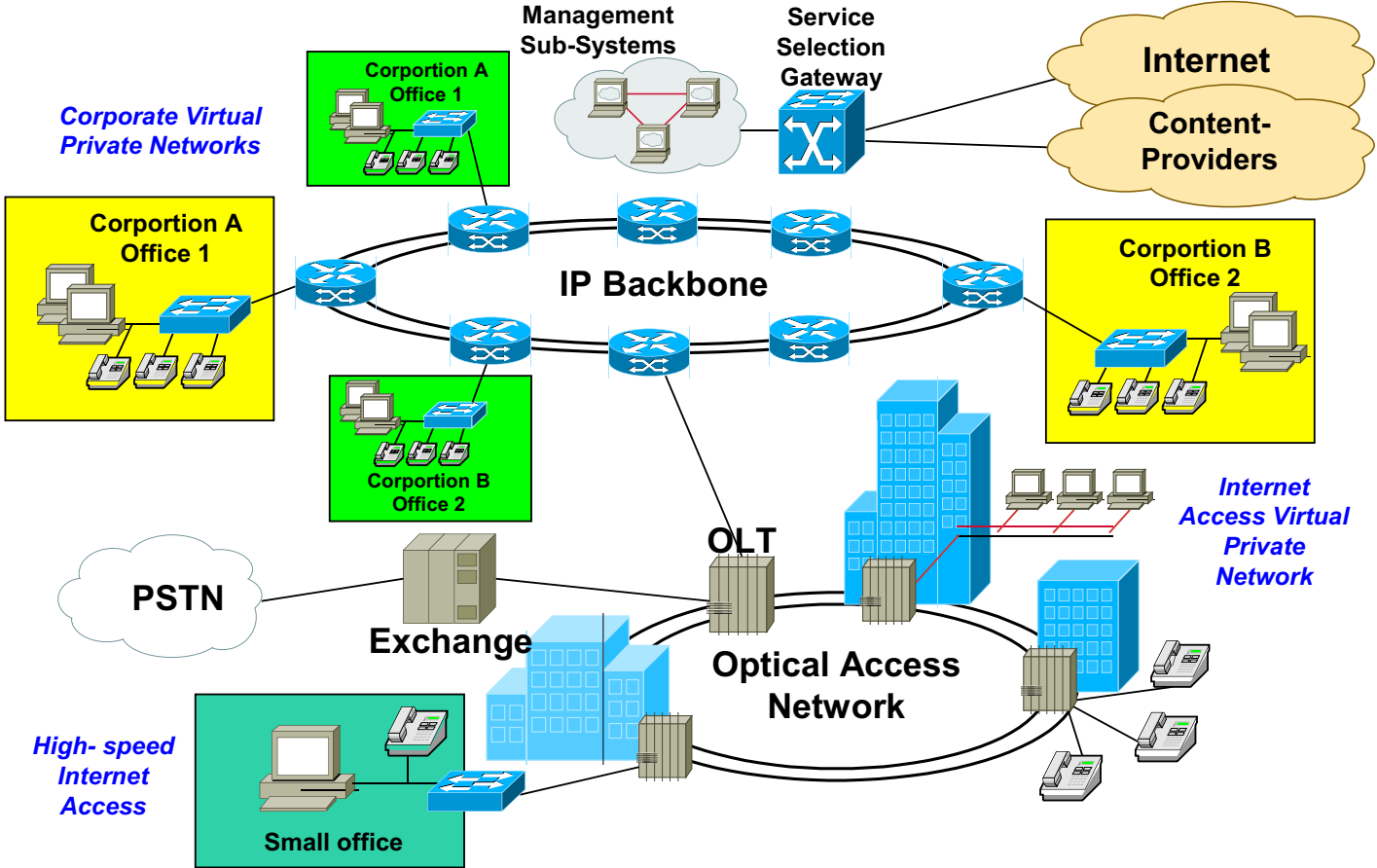
Number of lines per employee



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

*According to Svyazinvest

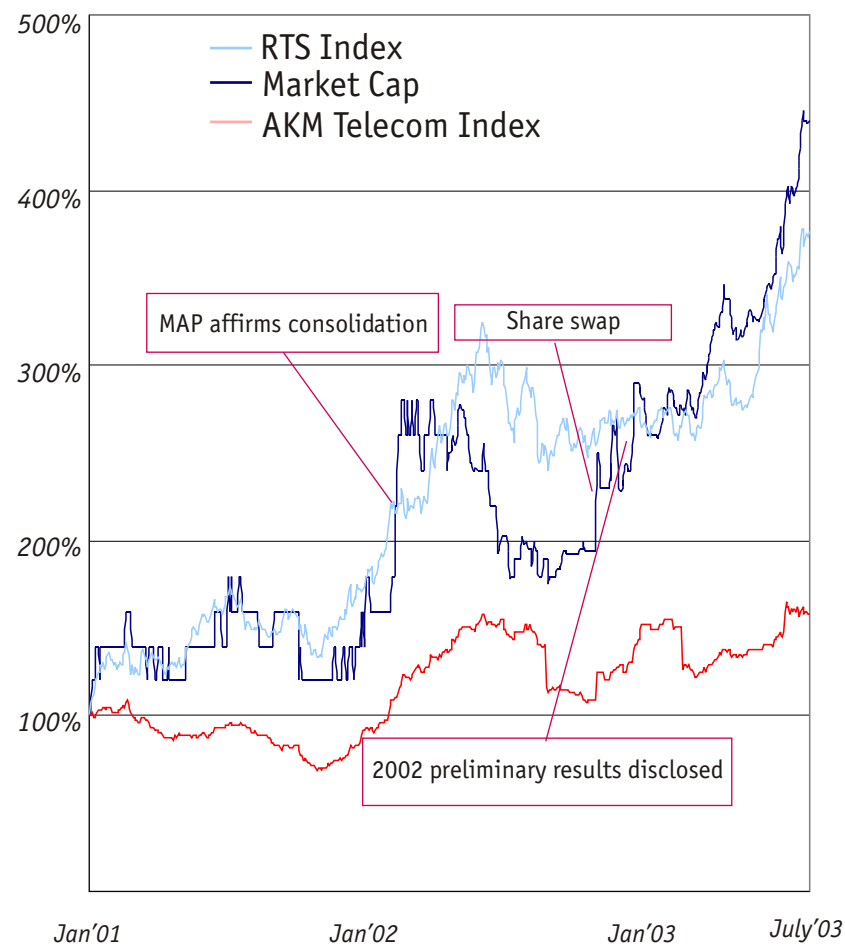
Multiservice network



- Further network development is based on optical access technology

Stock performance

- **Shares are traded on:**
Russian Trading System (RTS) -
RTS A1-Level Quotation List
MICEX -
MICEX A1-Level Quotation List
- **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", Stable
Fitch Ratings - "B+", Positive
- **Corporate governance score:**
Standard&Poors - "6,0"
- **MSCI Indices:**
Since May 30, 2003 shares are included in
MSCI Russia and MSCI Telecommunications indices



Dividend history

	1999	2000	2001	2001*	2002*
Number of shares, mln					
Common	8743,9	8743,9	8743,9	32298,8	32298,8
Preferred	-	-	-	7835,9	7835,9
Dividend per share, RUR					
Common	0,001	0,001	0,0012	Various	0,00394
Preferred	-	-	-	Various	0,0091
Dividend, RUR mln					
Common	8,743937	8,743937	10,493725	80,006316	127,257201
Preferred	-	-	-	51,947177	71,307065
Change for the year	-	0	+20	-	+67
As a percentage of net profit, %	7,2	3,7	29,1	19,4	21,8

* Inter-regional company's consolidated figures

Main corporate events of 2003

- May, 2003 Consolidated accounting statements under Russian accounting standards are disclosed, auditor's opinion received
- June 20, 2003 Annual General Meeting
 - *approves results of the year*
 - *elects the Board of Directors*
 - *introduces amendments to Articles of Association and other documents*
- July, 2003 RUR3 bln bond issuance to be placed at MICEX
- July, 2003 Consolidated accounting statements under IAS and auditor's opinion to be disclosed

Why Uralsvyazinform

- **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**

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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
