



URALS SVYAZINFORM

Company Presentation

*HSBC EMEA Investor Forum,
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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.

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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 - 4,4 mln lines, including mobile telephony - 1,1 mln lines
- Wire-line subscriber number - 3,1 mln, mobile - 0,8 mln
- Number of employees - 36,6 thous.

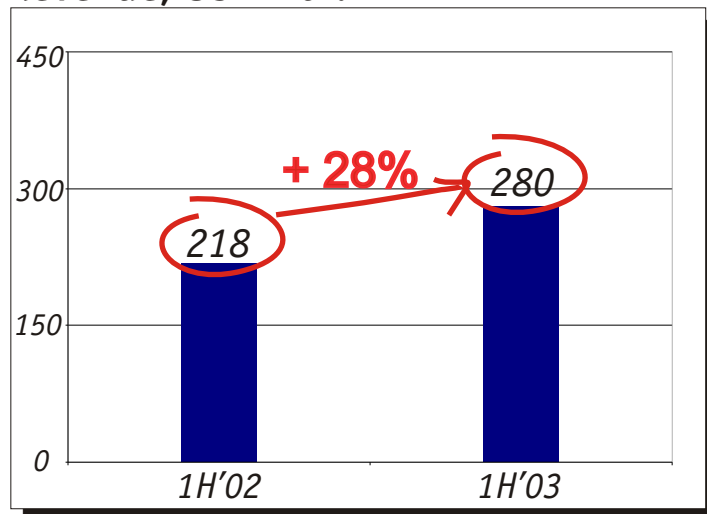
Financial

- Revenue'02 - USD471 mn
- EBITDA'02 - USD170 mn
- Capitalization as of 27/08/03 - USD907 mn (+88% since of 01/01/03)

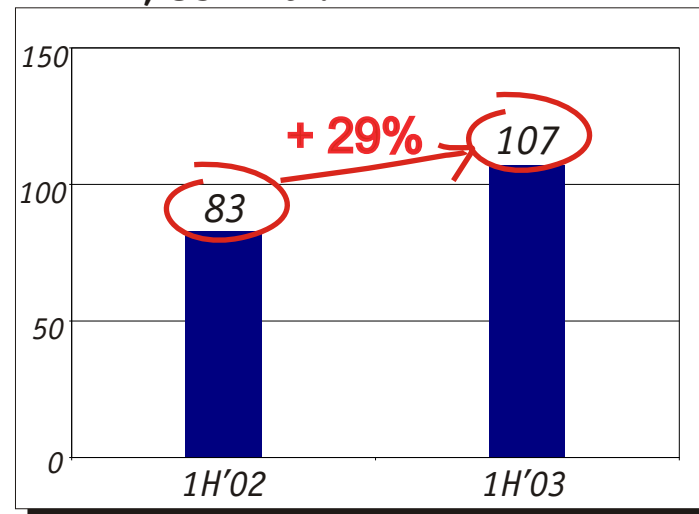
*All figures in presentation are in accordance with Russian Accounting Standards (RAS)
USD exchange rate as given here and henceforth: 2001 - RUR 29,5 / 2002 - RUR 31,4 / 2003E - RUR 30,7*

1H'03 Financial Highlights

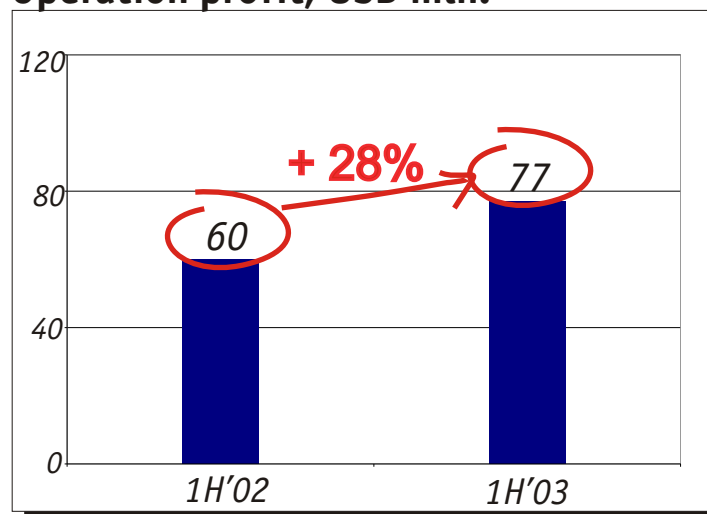
Revenue, USD mln.



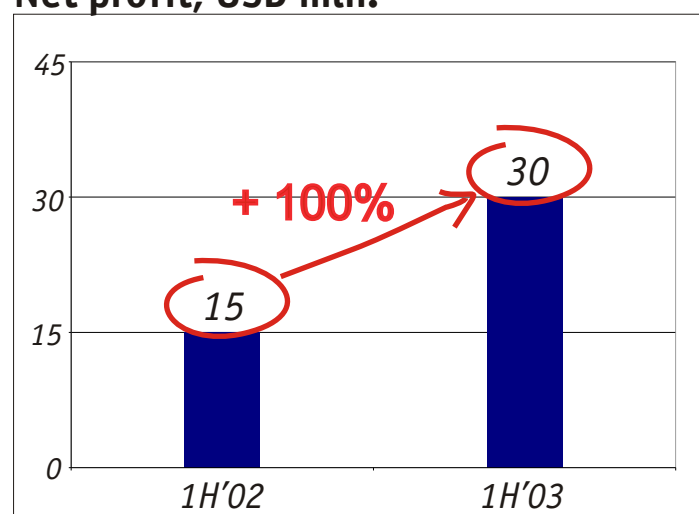
EBITDA, USD mln.



Operation profit, USD mln.



Net profit, USD mln.



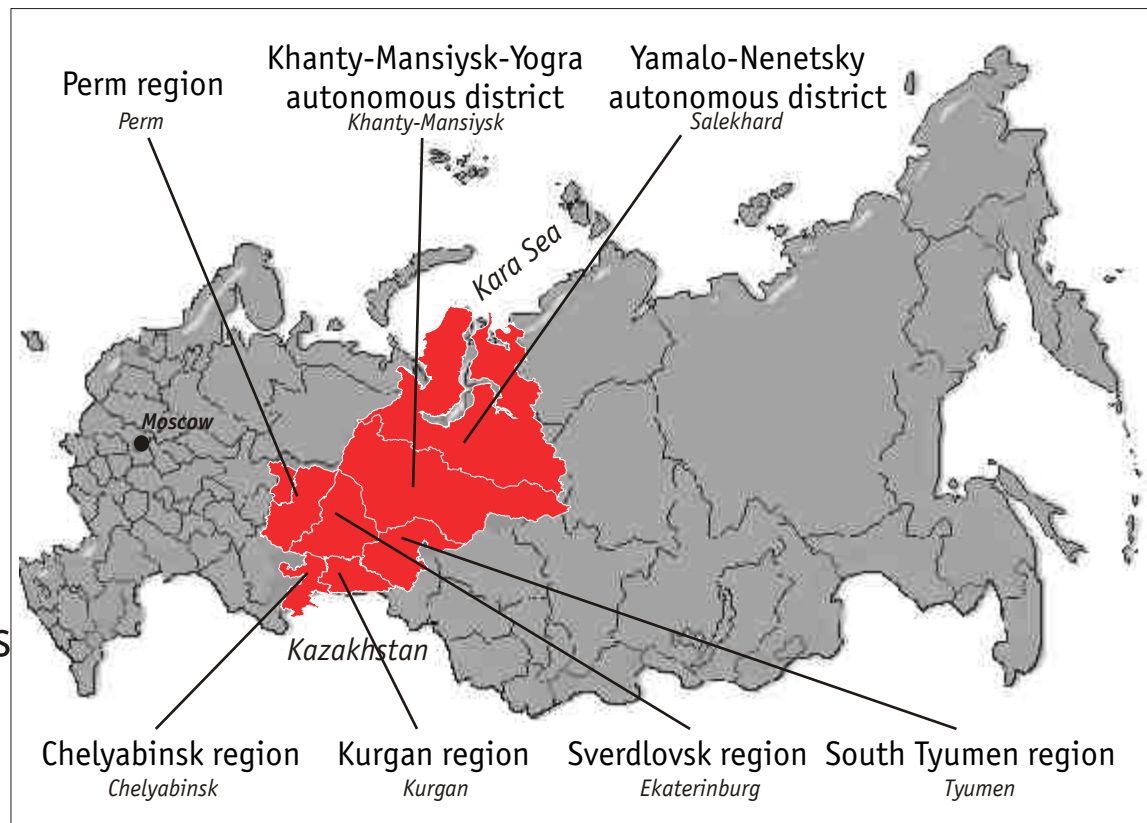
Region

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)

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



Market performance

Local telephony*

	Market share
Uralsvyazinform	87
Alternative&departmental operators	13

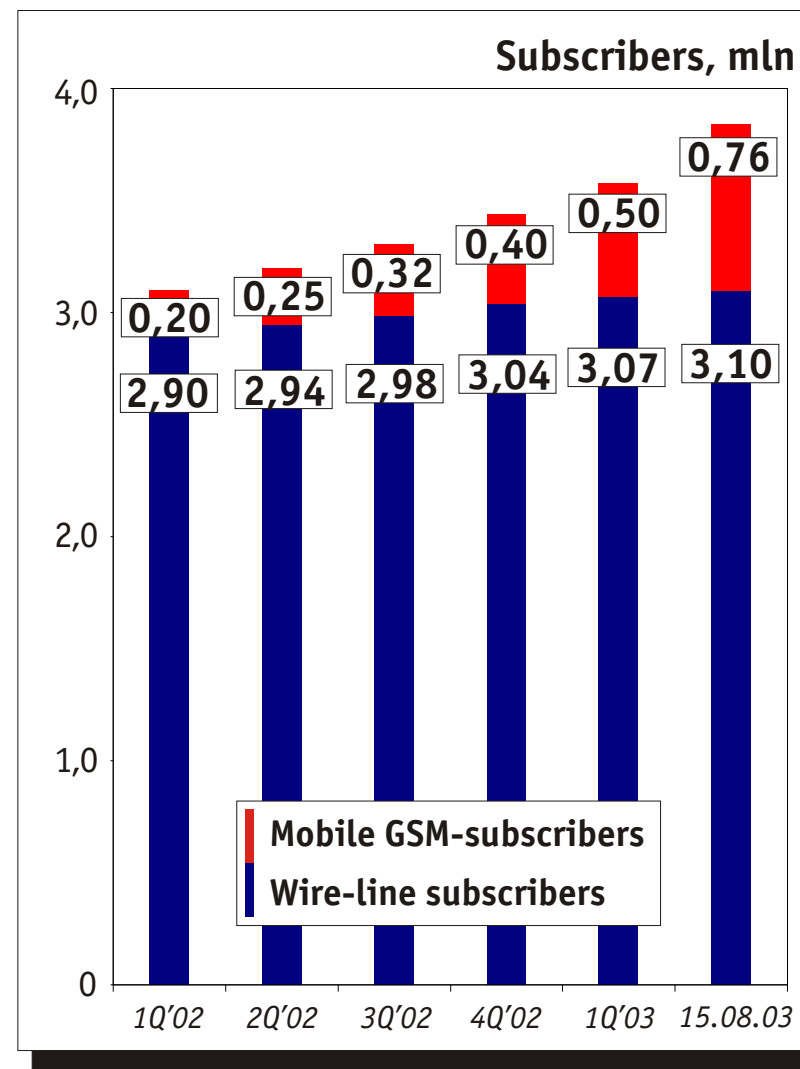
DLD/ILD telephony*

Uralsvyazinform	71
Alternative&departmental operators	29

Mobile telephony*

Uralsvyazinform	55
MTS	26
MegaFon	17
Other	2

* As a percentage of total subscriber number



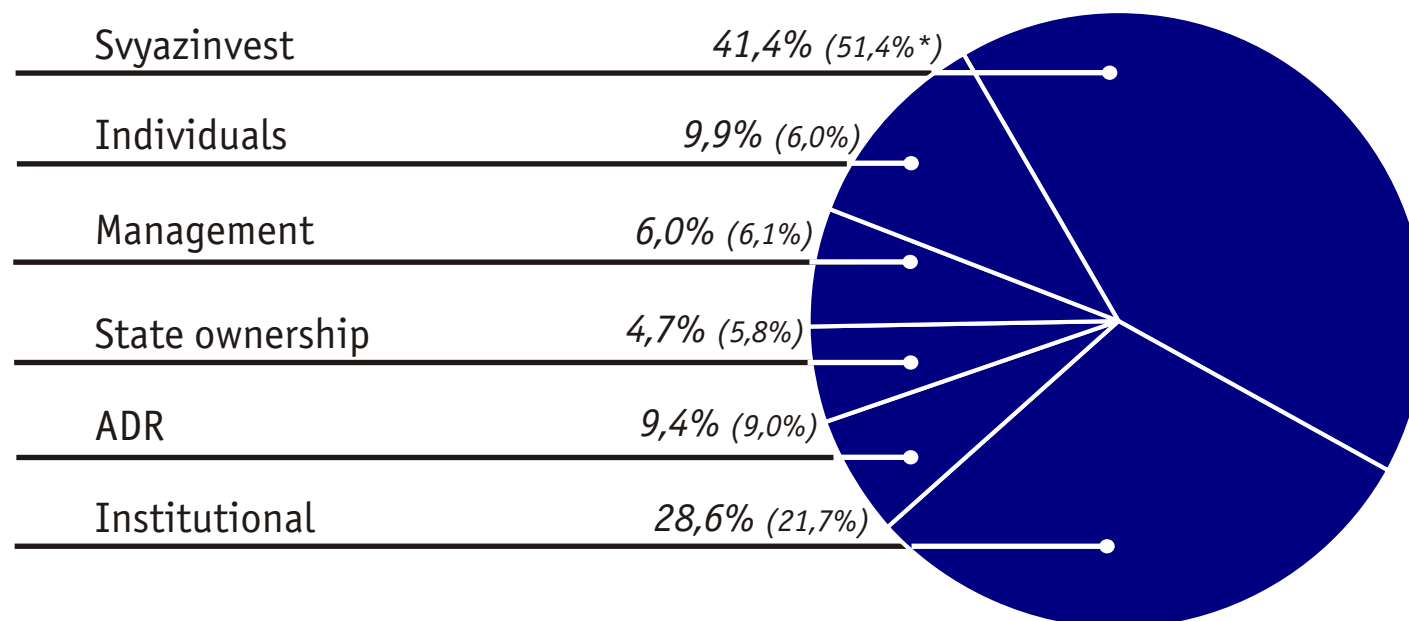
Competitive advantages

- Domination on regional telecommunications market
- Longstanding experience as a telecommunications provider
- Successful expansion of mobile telephony and promotion of High Value-Added services/HVA-services
- 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.

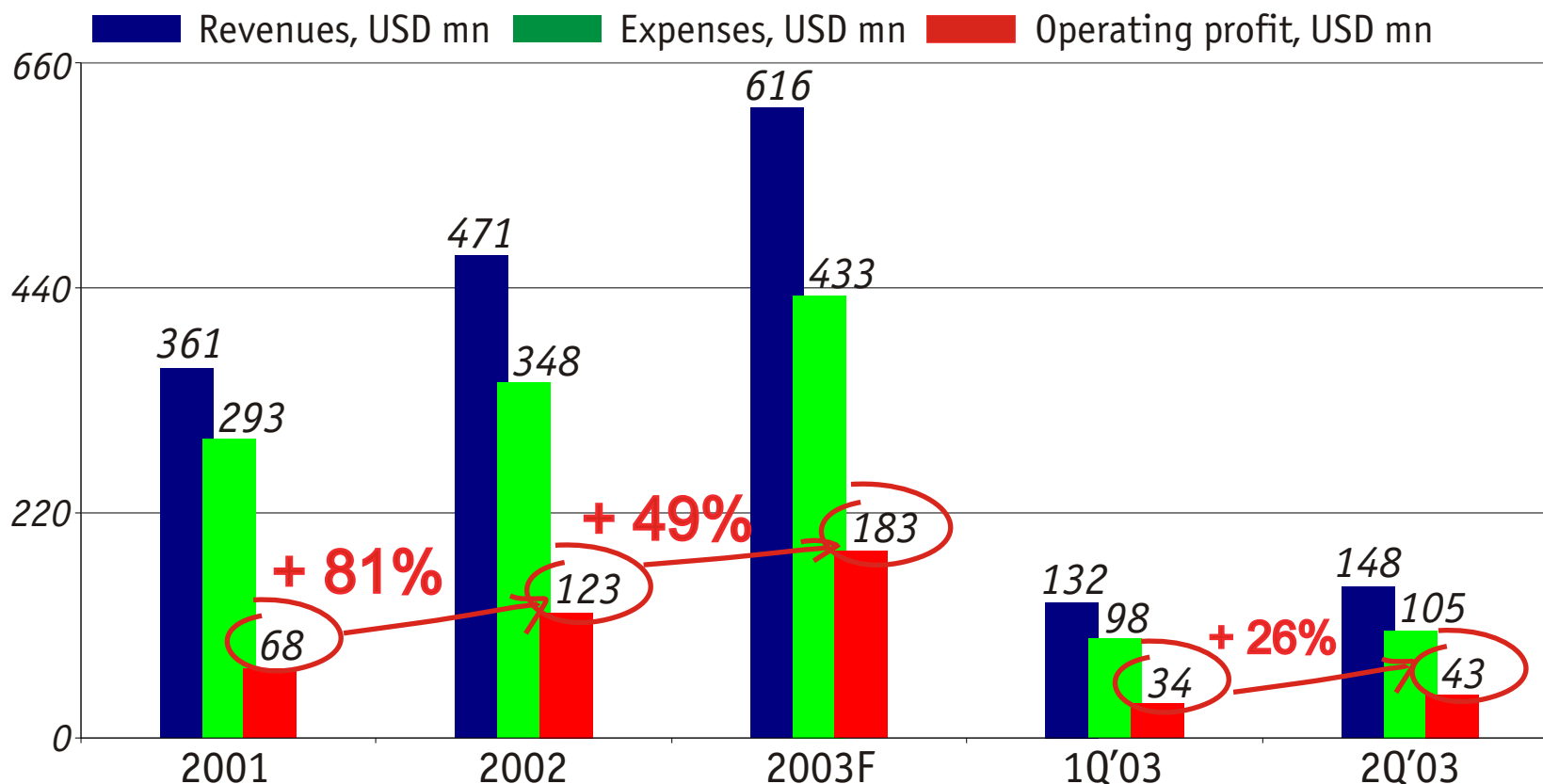
As of 01/08/03



- Free float - 48 %

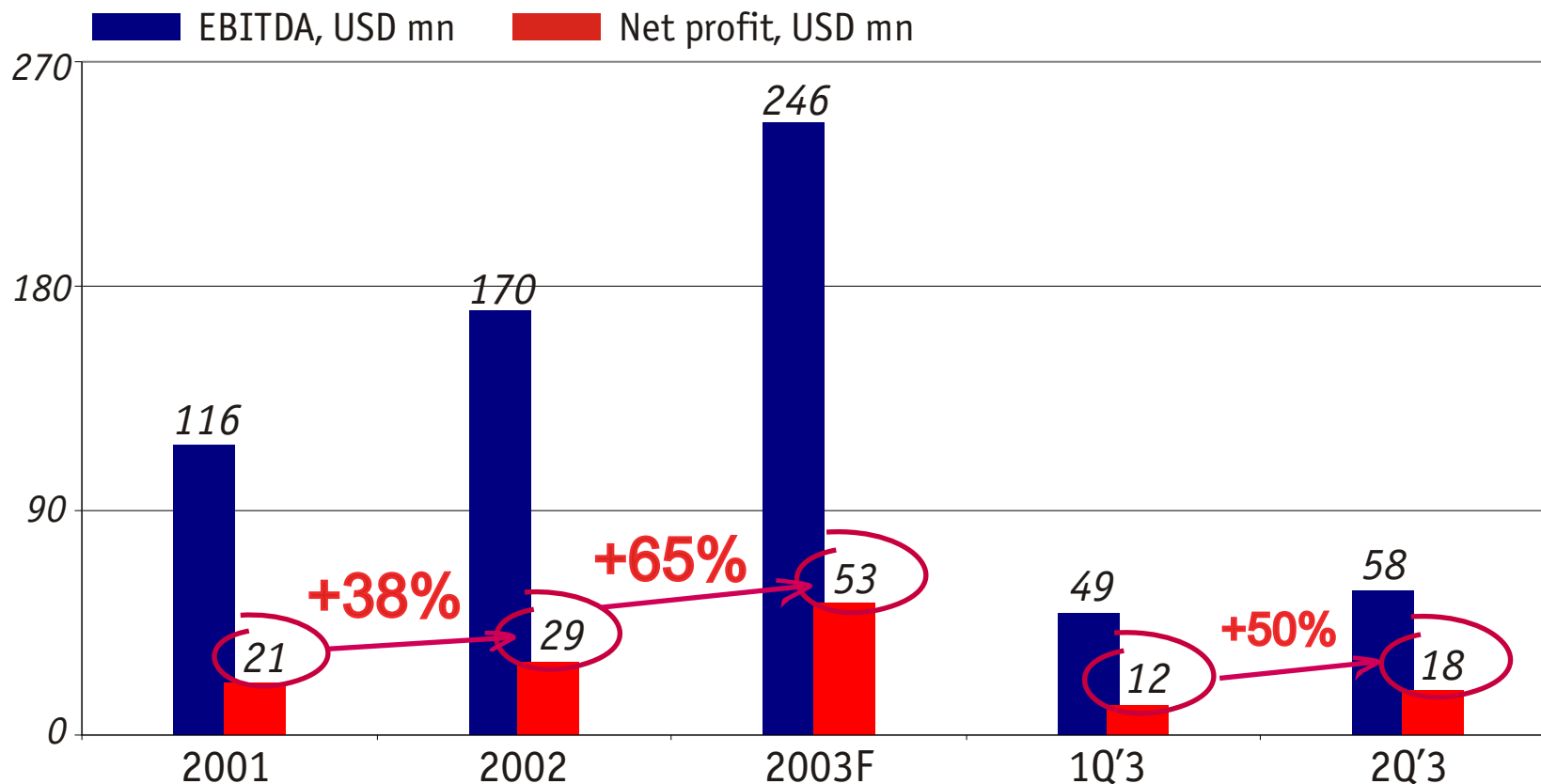
* stake in common shares

Financial Performance



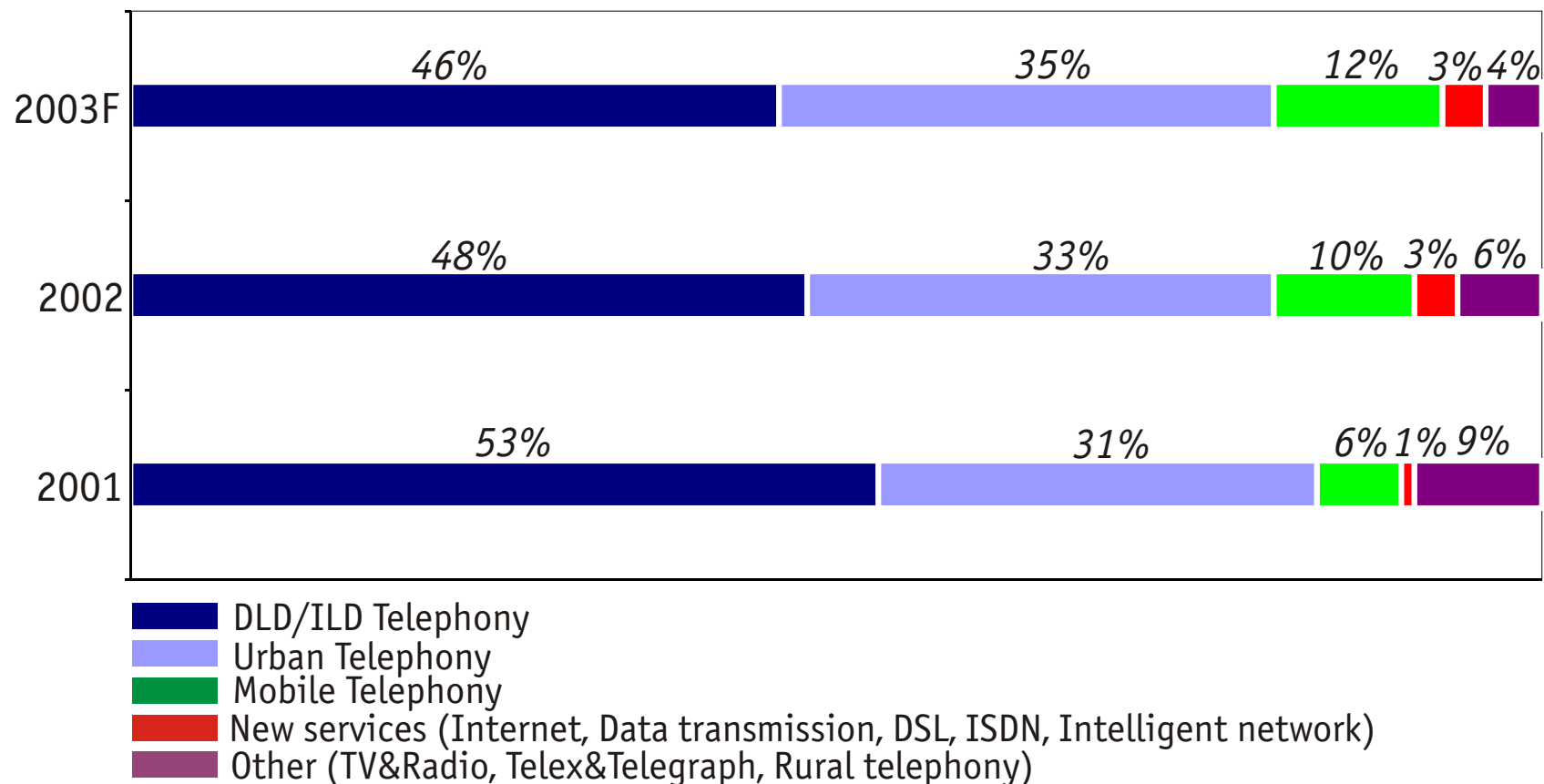
- Revenue growth rate has exceeded this of expenses over the last years. As a consequence, operating profit is going up.
 Operating margin: 2001 - 18,8 %, 2002 - 26,1 %, 2003F - 29,7 %
 1Q'03 - 25,9 %, 2Q'03 - 27,6 %

Financial Performance



- EBITDA margin: 2001 - 32,1 %, 2002 - 36,1 %, 2003F - 39,9 %
1Q'03 - 36,8 %, 2Q'03 - 39,2 %
- Net margin: 2001 - 5,8 %, 2002 - 6,2 %, 2003F - 8,6 %
1Q'03 - 8,9 %, 2Q'03 - 12,0 %

Revenue structure

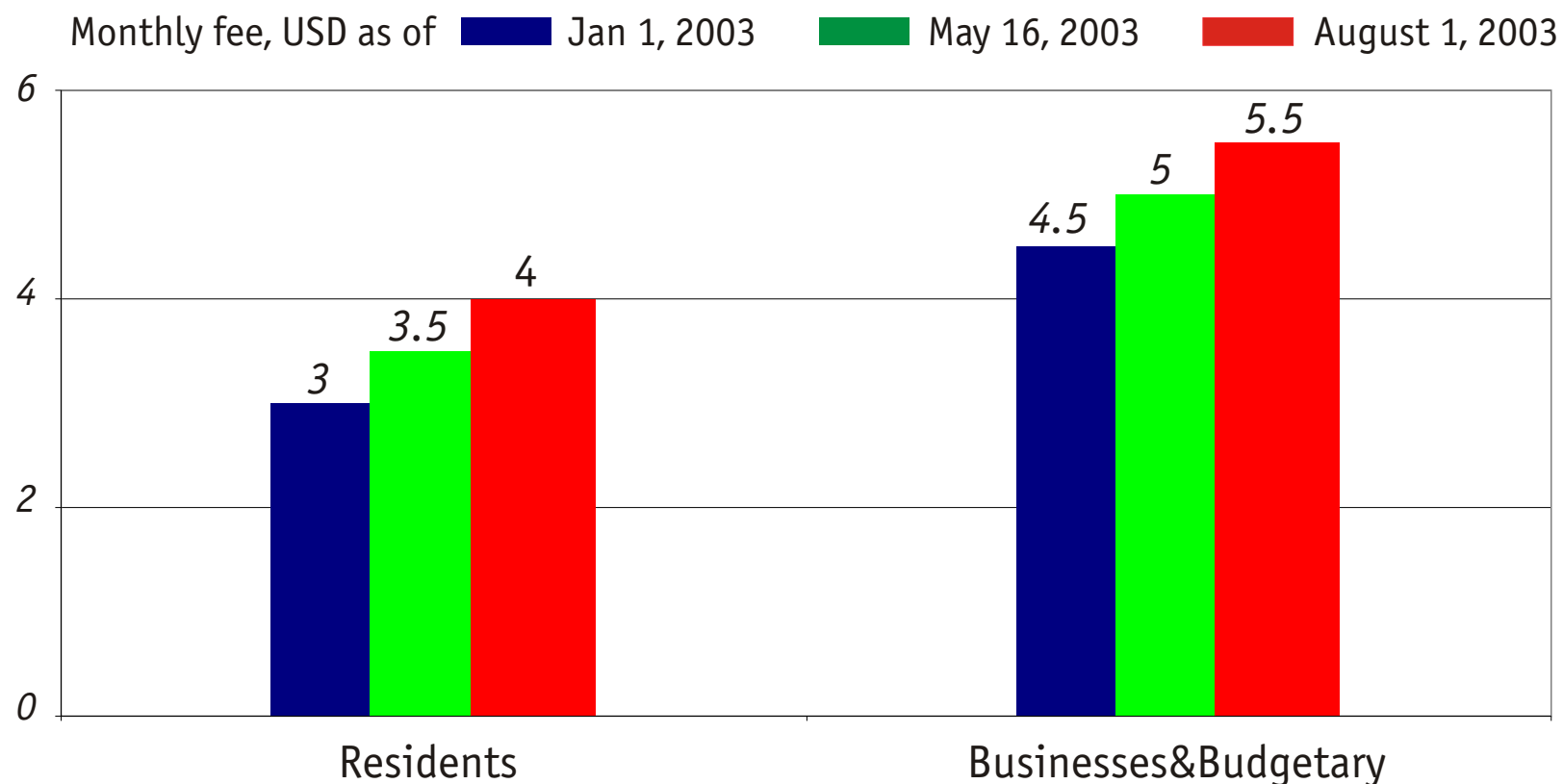


- Highly profitable services take up a higher share in revenue structure

Tariff policy targets for 2003

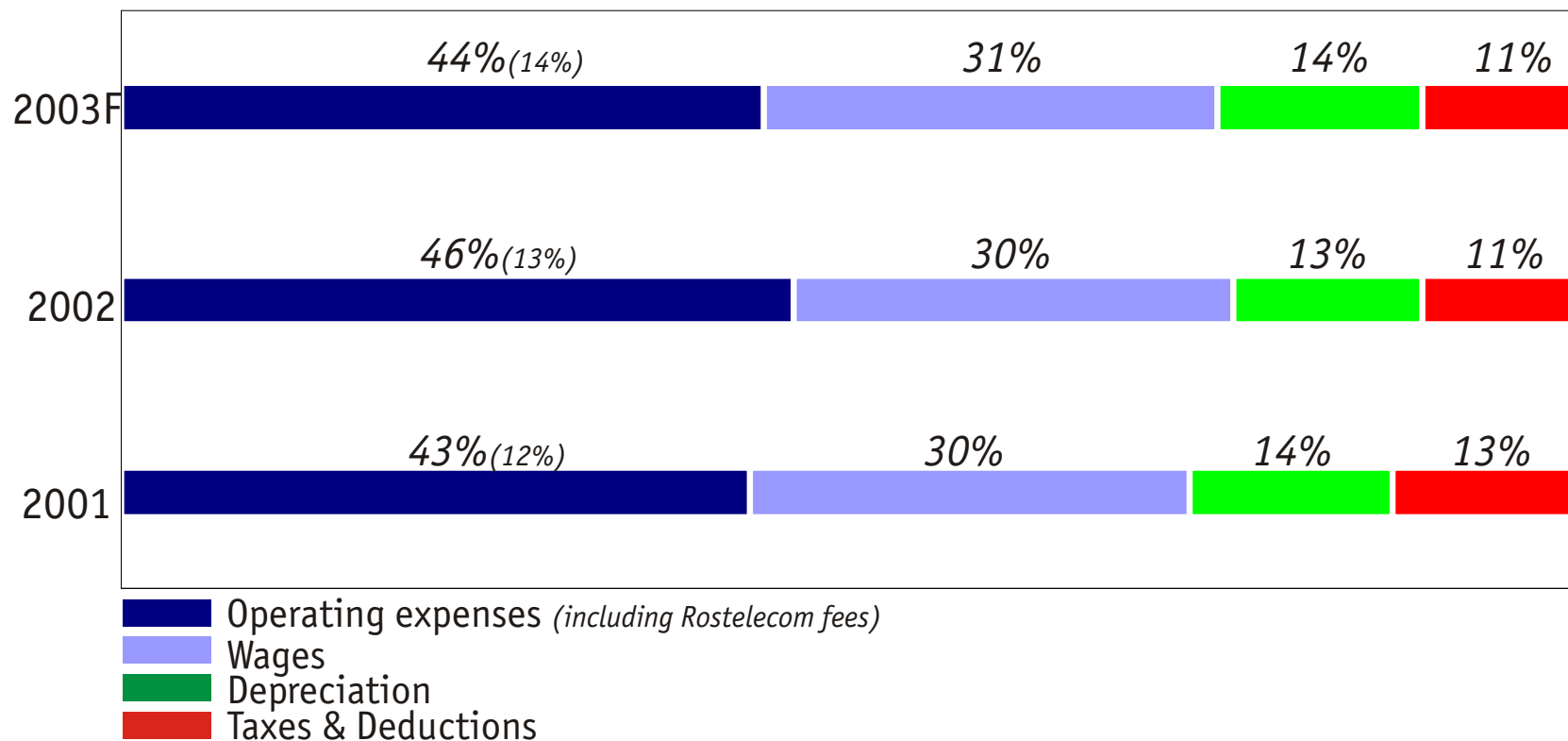
- Introduction of time-based billing for local calls across the territory of Urals region
According to the Law on communication
- Flat tariff for long-distance calls within the region
- Flat tariff for local and long-distance calls between categories of subscribers (residents, businesses, budgetary organizations)
Stage 1: 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 alternative operators, including mobile telephony carriers

Monthly Fee/Urals region



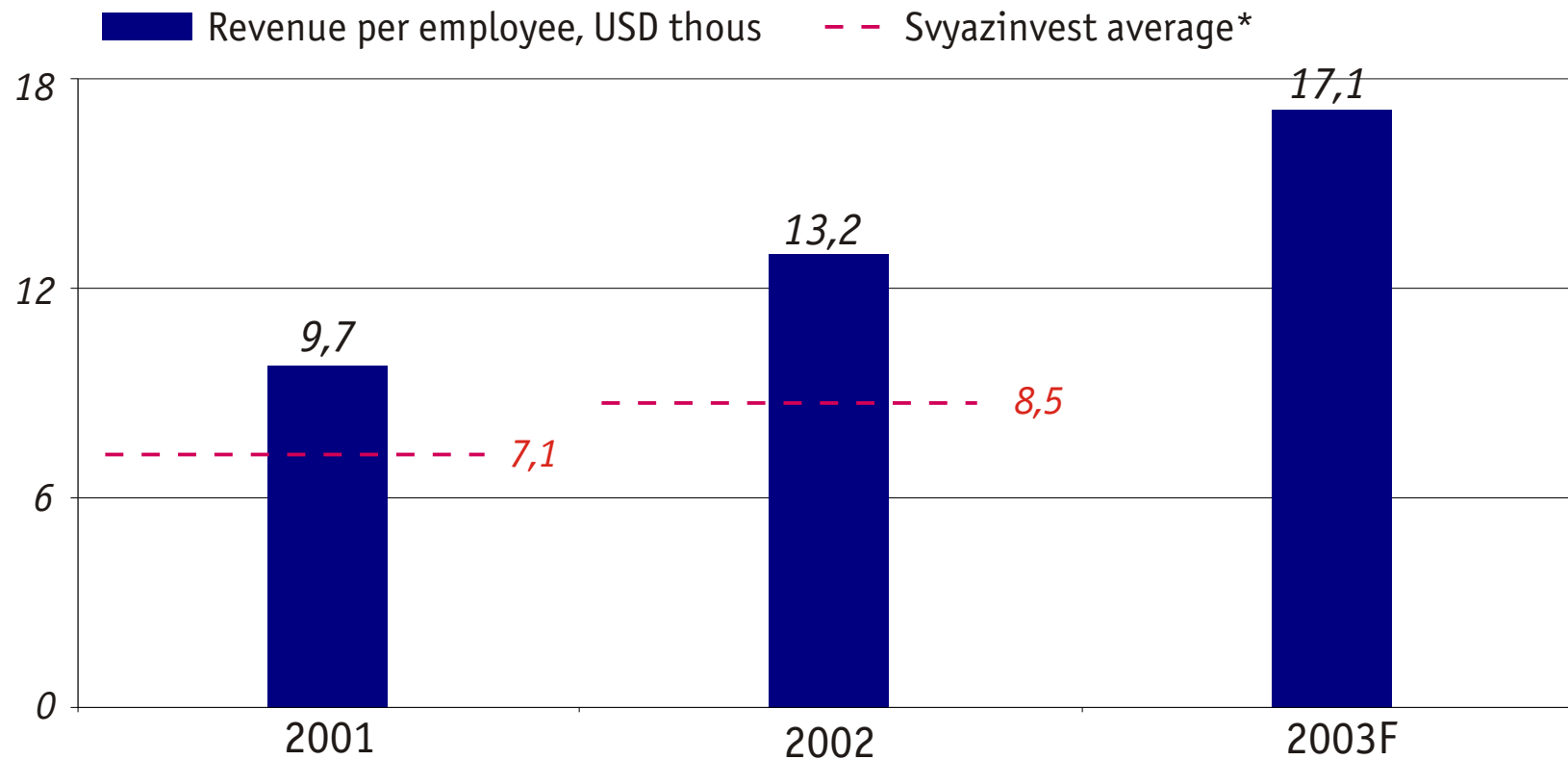
- The monthly fee rose by 35% for residents and 20% for businesses over 2003. Installation fee remains at USD190.

Expenditure structure



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

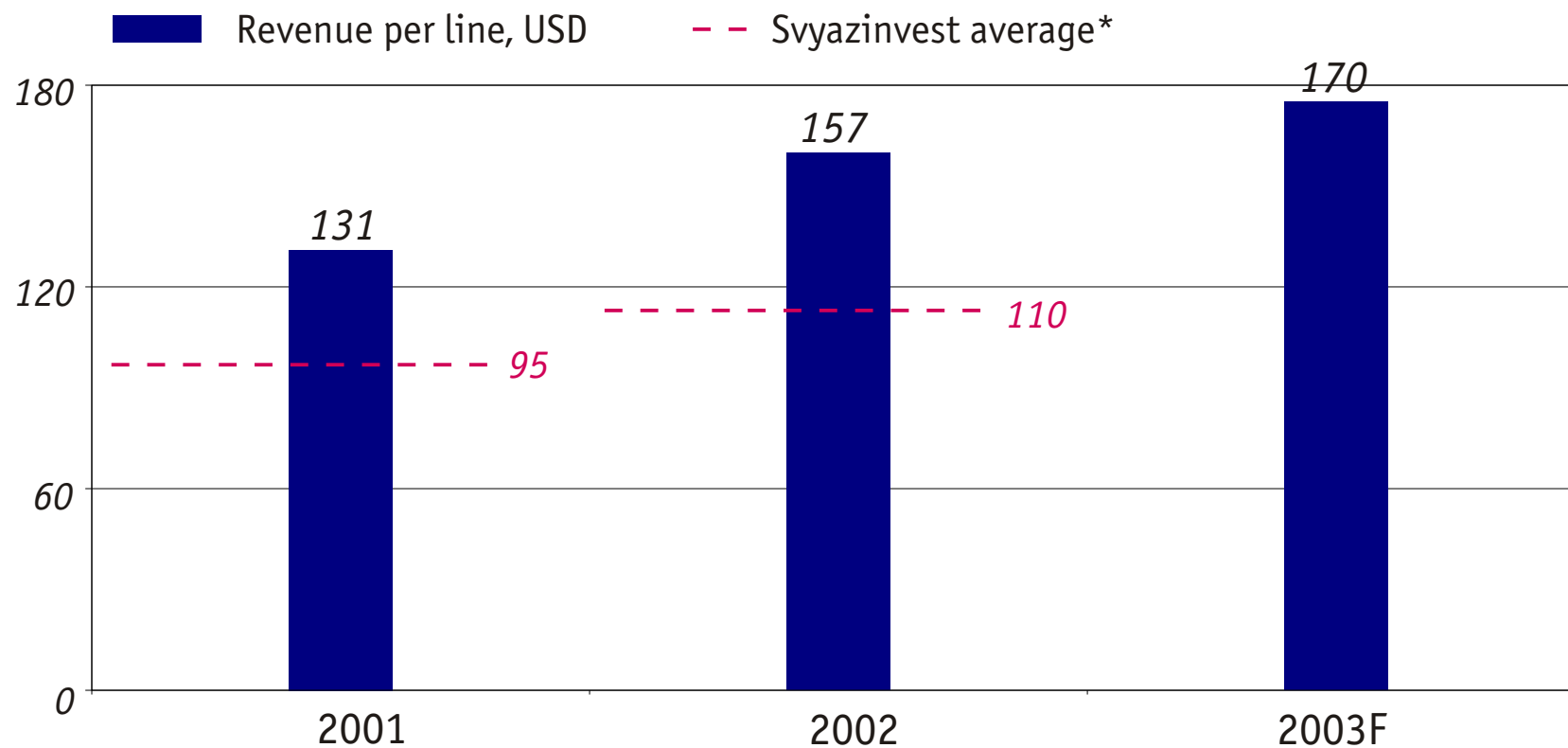
Growth



- The Company revenue per employee is higher than Svyazinvest average

*According to Svyazinvest

Growth



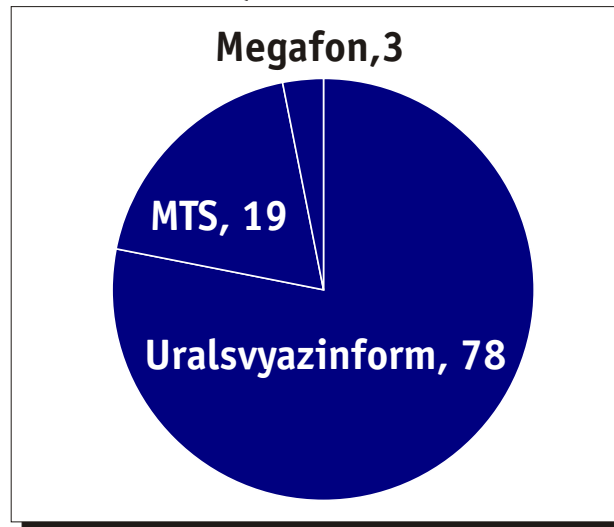
- The Company revenue per line is higher than Svyazinvest average

**According to Svyazinvest*

GSM 900/1800

Uralsvyazinform
as of 15.08.03
Subscribers - 260 thous/
+63% since Jan 1, 2003
Base stations - 132

Market share, %**



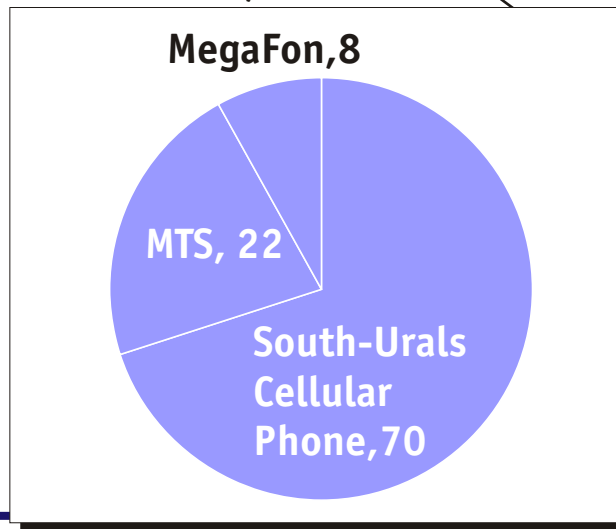
Source - ACM-Consulting and internal resources
As a percentage of total subscriber number

GSM 900/1800

Uralsvyazinform

South-Urals Cellular Phone
Stake in capital - 100 %
as of 15.08.03
Subscribers - 291 thous/
+83% since Jan 1, 2003
Base stations - 103

Market share, %



Source - ACM-Consulting and internal resources
As a percentage of total subscriber number

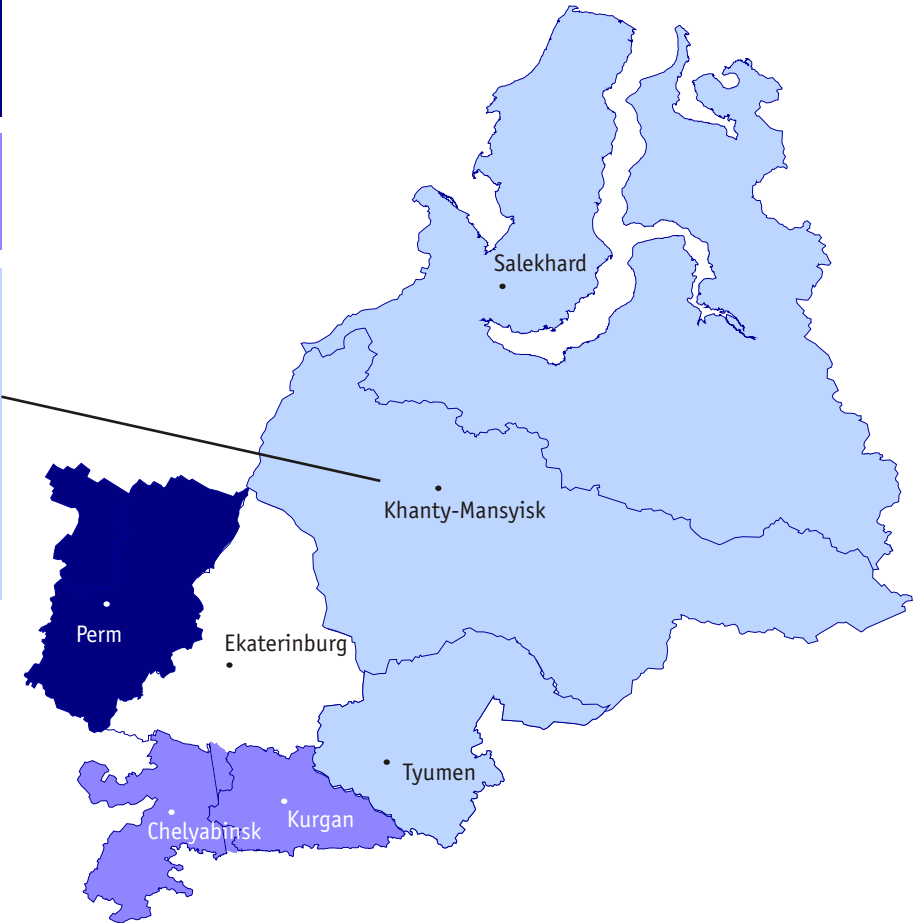
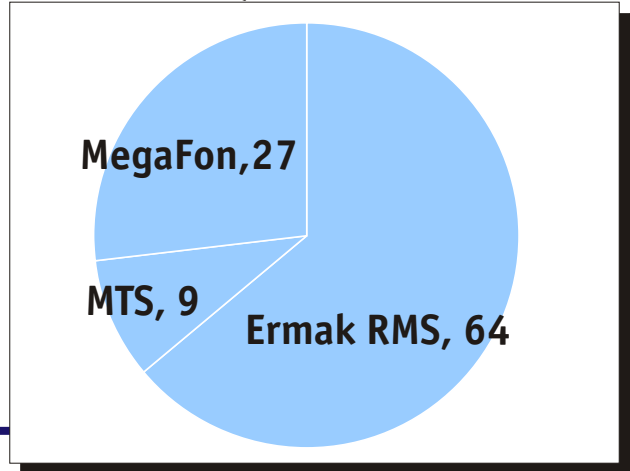
GSM 900/1800

Uralsvyazinform

South-Urals Cellular Phone

Ermak RMS
Stake in capital - 90 %
as of 15.08.03
Subscribers - 208 thous/
+148% since Jan 1, 2003
Base stations - 93

Market share, %



Source - ACM-Consulting and internal resources
As a percentage of total subscriber number

GSM 900/1800

Uralsvyazinform

South-Urals Cellular Phone

Ermak RMS

Total subscribers as of 15.08.03 -
759 thous (+89% since of
01.01.03)

2003

Penetration into mobile market
of Sverlovsk region and
Ekaterinburg

- Prospects - consolidation
of mobile business under one brand



Development strategy

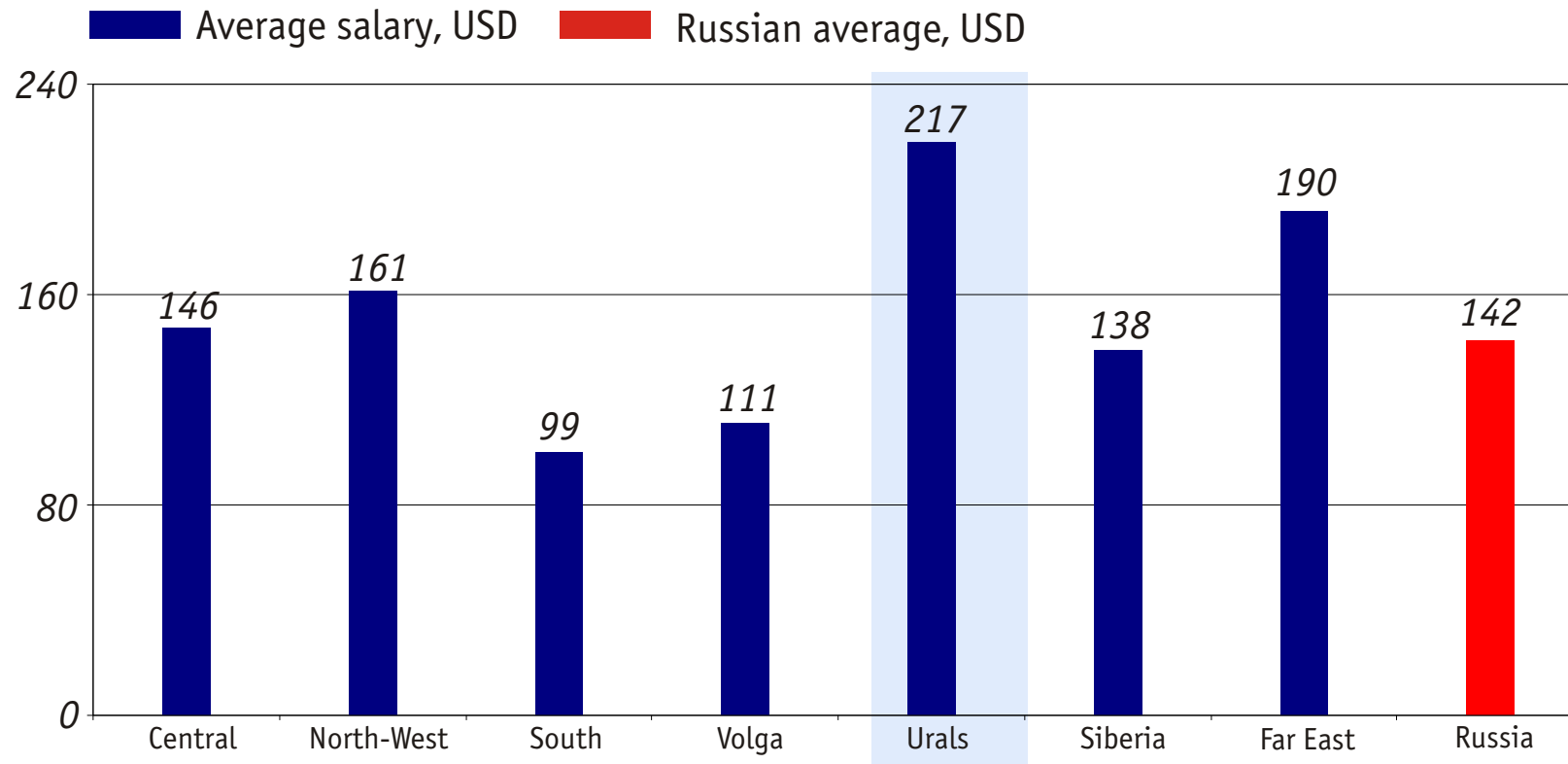
- **Total Consumer Satisfaction policy**
- **Broadening of services array**
- **Enhancement of existing networks**
- **Prioritizing on highly profitable services**
- **Reduction of costs through introduction of up-to-date technologies, optimization of management structure and number of employees**
- **Elaboration of economically feasible tariff policy based on activity based costing**
- **Providing for capitalization growth and shares' liquidity**

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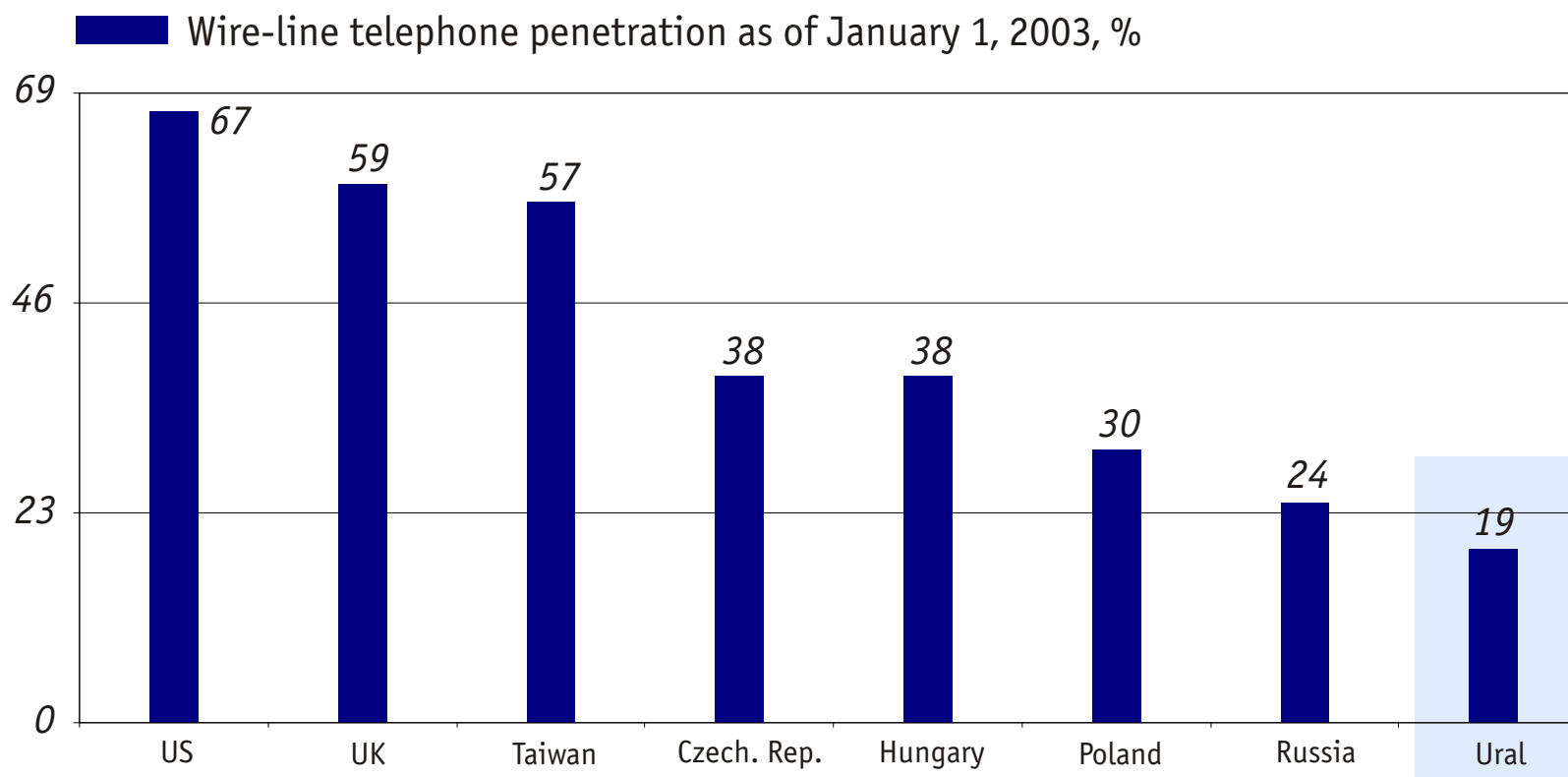
Customer welfare...



- 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

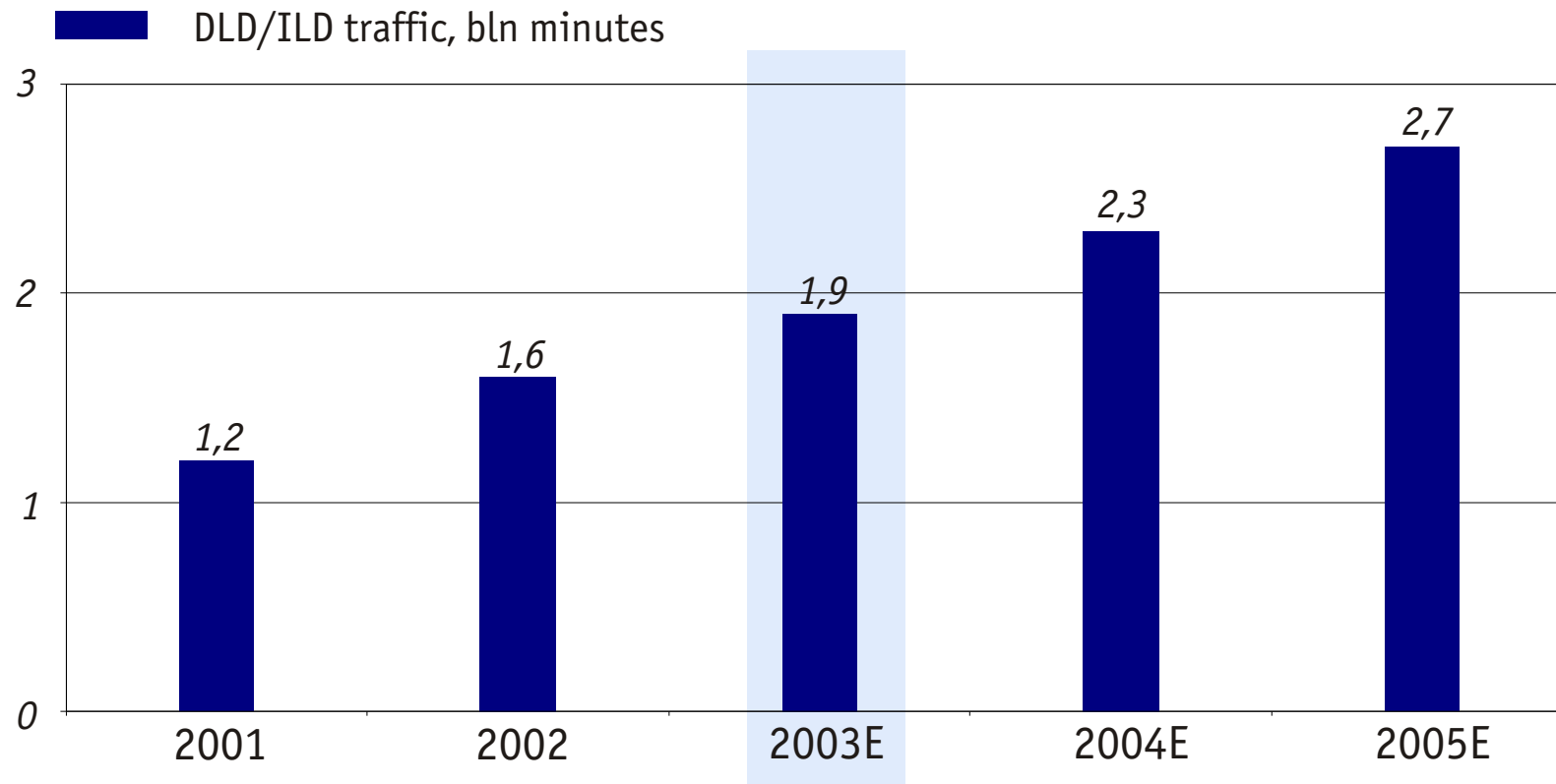
along with pent-up demand for local telephony services ...



- 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

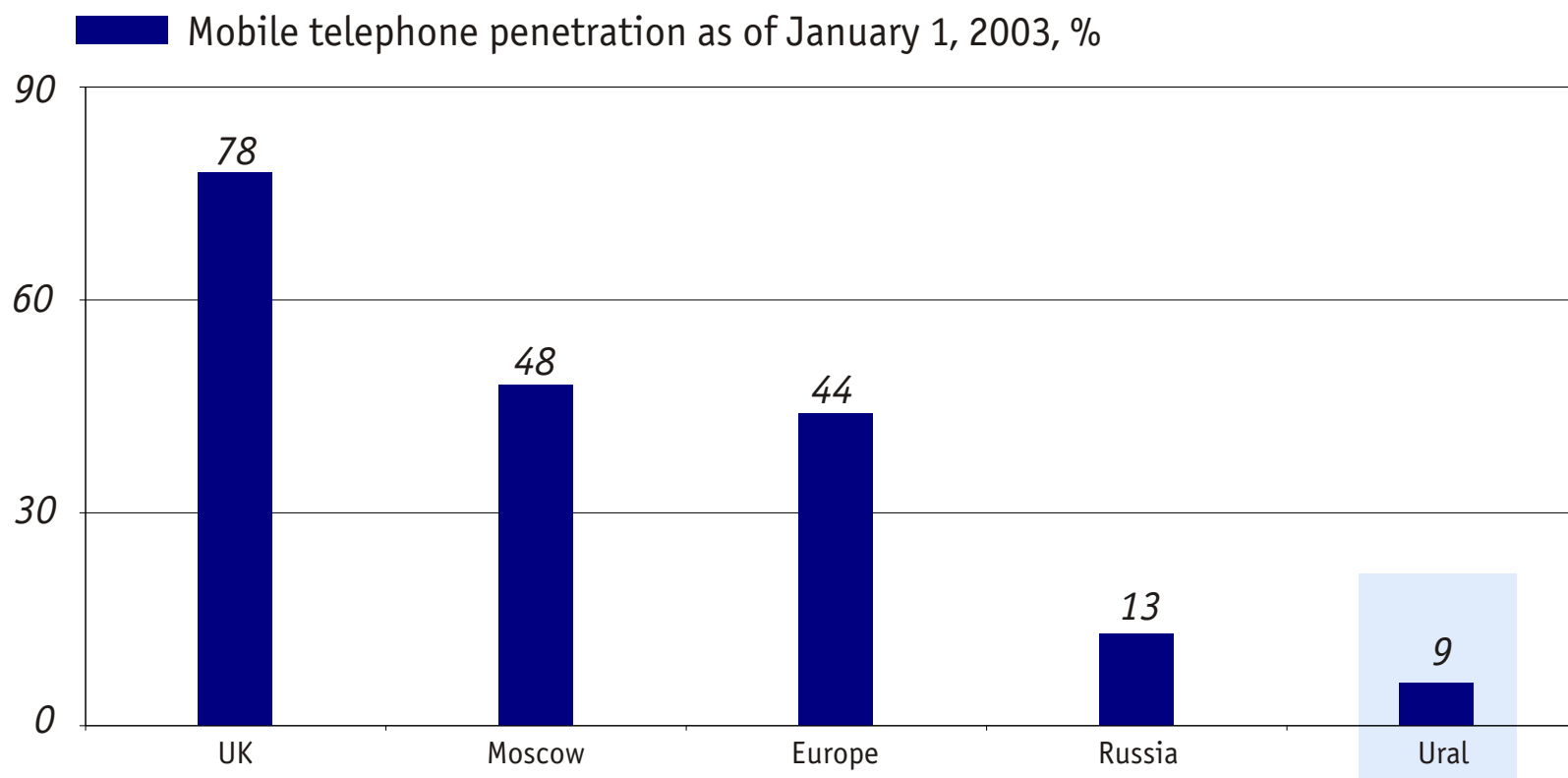
According to GEM Telecom Overview/ING

... 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 revised 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 89% since the beginning of the year, driven by competitive pricing, rising incomes and growing business activity.

**According to ACM Consulting*

... determine investment priorities ...

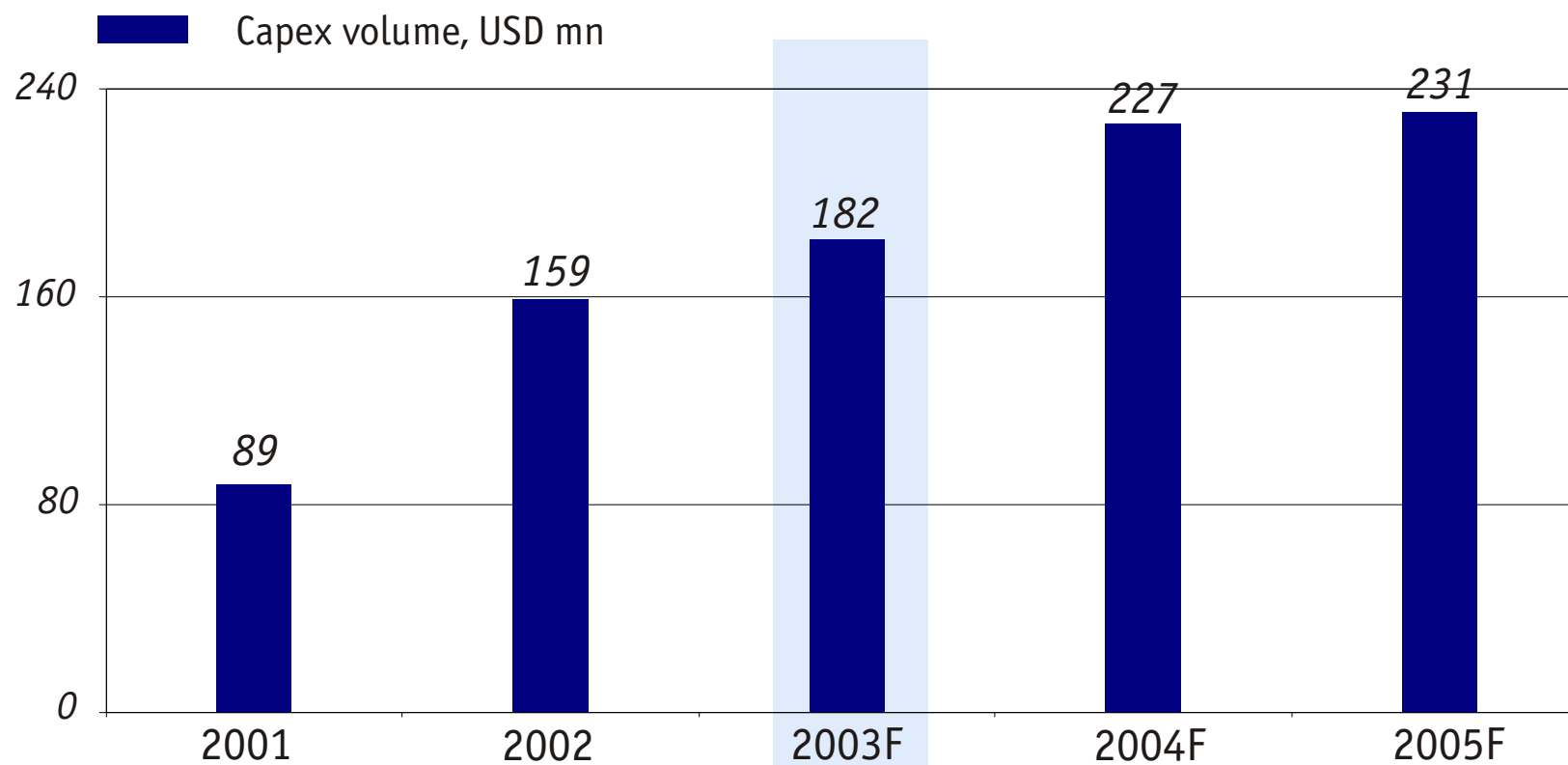
- **Capacity extension and network upgrade**
 - *Packet switching network based on multiservice network*
 - *Optical broadband and narrowband access networks*
 - *Intrazone optical and microwave lines transport networks*
 - *Wireless local loop*
- **Mobile telephony of GSM-900/1800 standard**
- **Internet**
- **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	+804	+280	+280	63%	+1 639
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-Yogra and Yamalo-Nenetski autonomous districts.

Contents

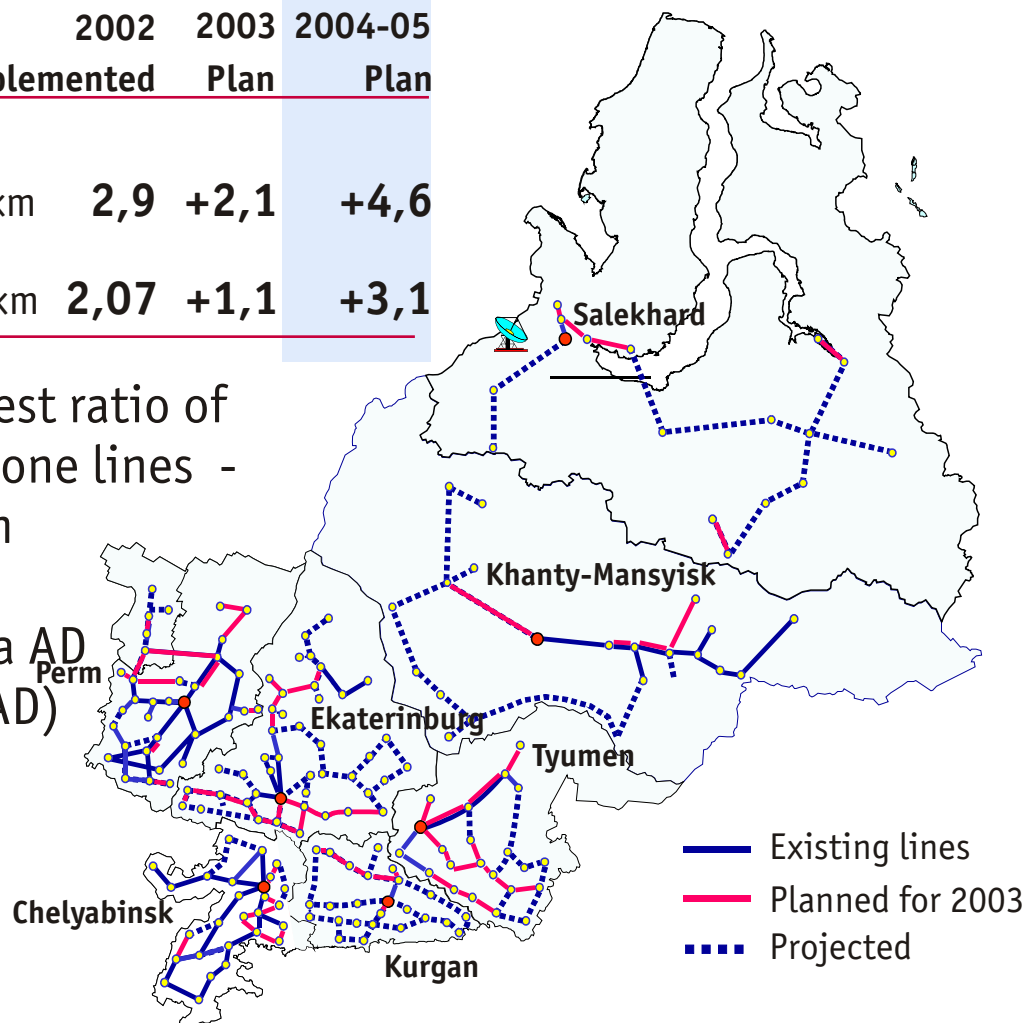
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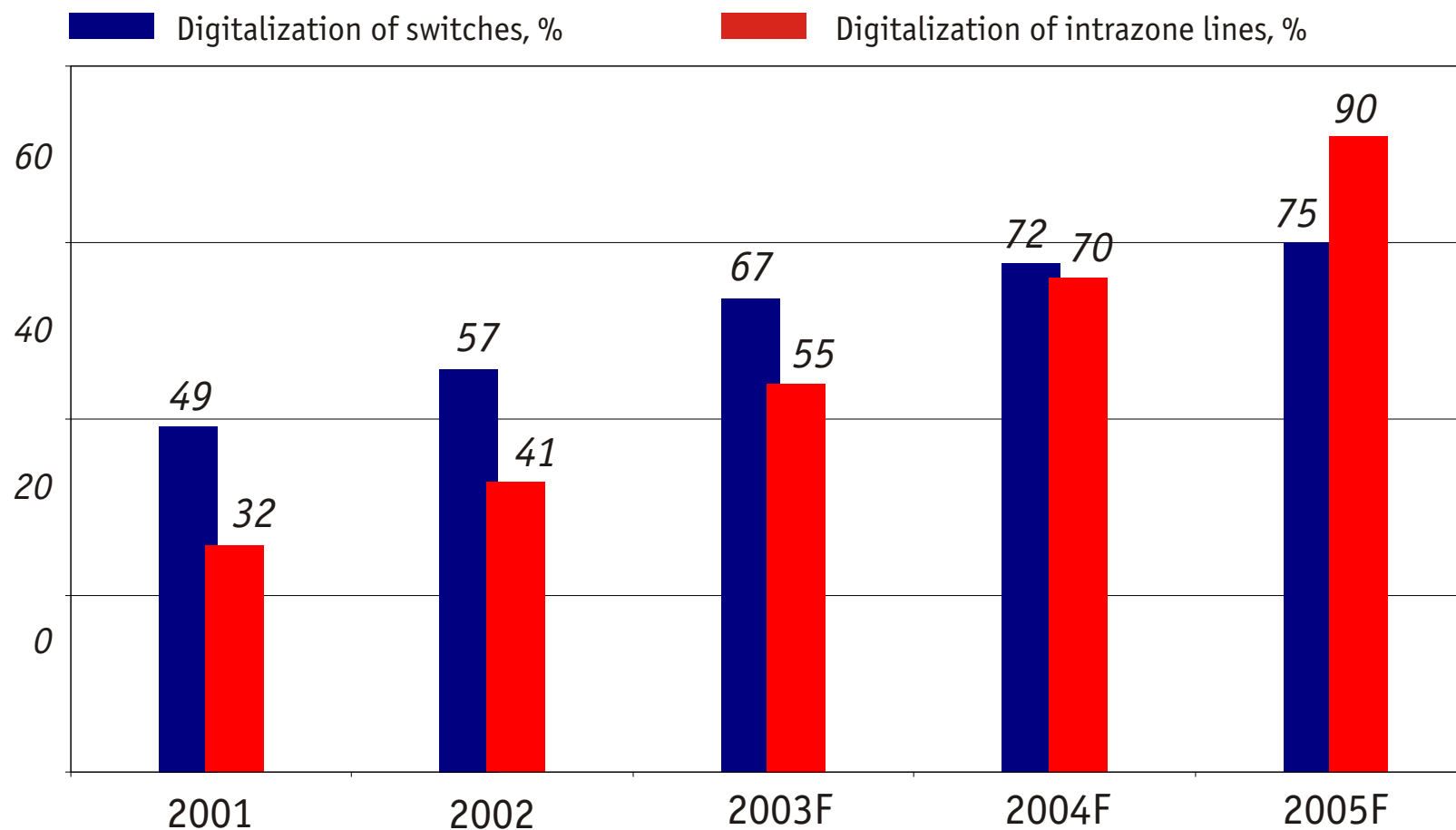
Digital transport network

		2002 Implemented	2003 Plan	2004-05 Plan
Intrazone fiber optical links	Thous km	2,9	+2,1	+4,6
Intrazone radio microwave links	Thous km	2,07	+1,1	+3,1

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

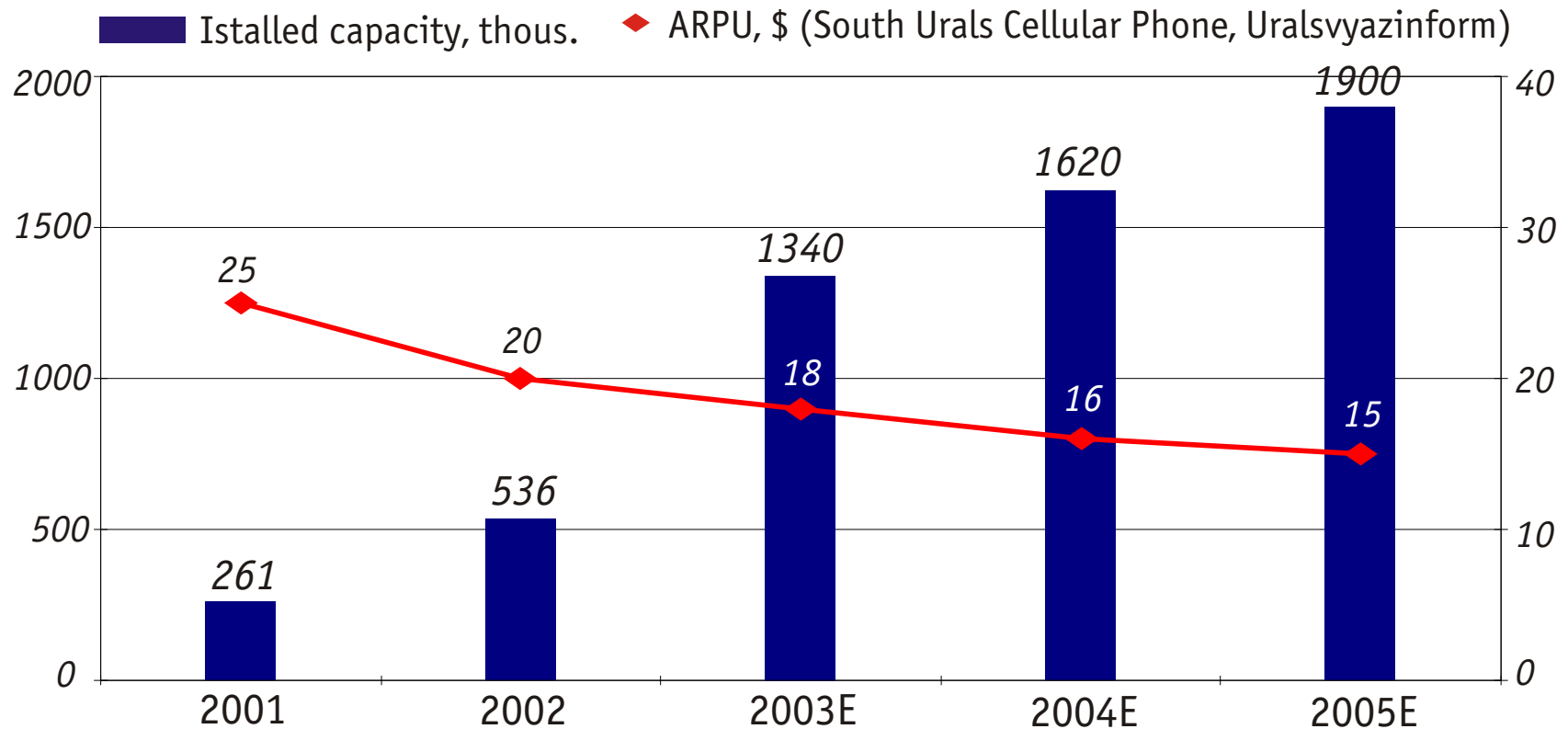


Digitalization



- We expect high rate of digitalization of intrazone lines

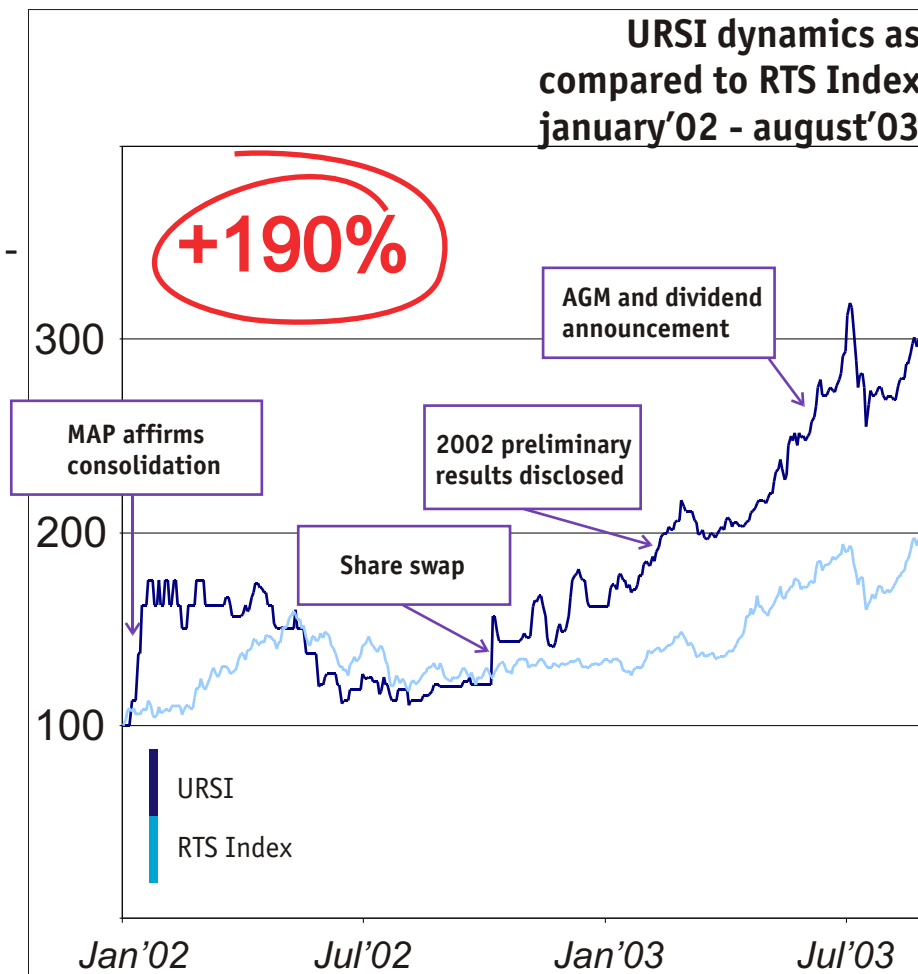
Development: GSM 900/1800



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

Stock performance

- Shares are traded on:**
 Russian Trading System (RTS) -
RTS A1-Level Quotation List
 Moscow Interbank Currency Exchange -
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 - "6,1"
- State owned shares sale:**
 The state owned shares of the
 Company (4,7%) are expected to
 be sold in 2004



MSCI Indices:

*Since May 30, 2003 shares are included in
MSCI Russia and MSCI Telecommunications indices*

Why Uralsvyazinform

- **Vigorous business activity and solvent demand for telecommunications services in the region**
18 % of Russia's overall industrial output
- **Total consumer satisfaction policy**
Over 3,8 mln. Subscribers
- **Own mobile business and promotion of HVA-services**
0,76 mln. Mobile subscribers
- **Aggressive investment policy targeted at highly profitable technologies**
Approximately USD200 mln. Annually (2003-05)
- **High economic efficiency and financial stability**
Operating profit'02 growth - 81%
- **Effective management**
Corporate governance score: "6,1" (Standard&Poors)
- **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
