

## Mikhail Fridman pumps \$50m into FreedomPop

Russian billionaire backs telecoms start-up's international expansion



Mikhail Fridman  
Nic Fildes in London AUGUST 30, 2016

LetterOne, the investment fund owned by Russian billionaire [Mikhail Fridman](#), has pumped \$50m into telecoms start-up FreedomPop to help finance its international expansion.

FreedomPop, a wireless internet mobile service provider, buys mobile capacity from networks and offers free contracts to users who sign up to its service. It makes money when customers use up the free portion of calls and data and buy more capacity.

The US company has launched in the US, Spain and in the UK where it has more than 100,000 users, according to Stephen Stokols, chief executive and founder of the four-year-old business.

The deal, to be announced on Tuesday, is the second high-profile investment made by LetterOne after it invested \$200m in [Uber](#) in February. The fund, owned by Mr Fridman and his business partner German Khan, plans to invest \$2bn-\$3bn in late-stage tech companies, although FreedomPop represents an investment in a younger company.

Mr Stokols told the Financial Times his company had been approached by traditional funds about investing in FreedomPop's expansion but that LetterOne, through its relationship with Mr Fridman's other telecoms assets including VimpelCom and Turkcell, offered a more attractive option. "They are very dialled-in to this space," he said.

He said the fresh funds would enable it to expand to eight to 10 countries within a year while investing in raising its profile in existing markets including the UK. "Our ambition is to go global and to become a top 10 carrier in the next five to 10 years," he added.

Alexey Reznikovich, managing partner of the L1 Technology fund and chairman of VimpelCom, said that FreedomPop had opportunities for growth in the developing world but also had the

potential to shake up mature markets. “FreedomPop knows how to upsell. Traditional telecoms companies don’t know how to do that well,” he said.

The Committee on Foreign Investment in the US has cleared the investment in FreedomPop, which will also bolster L1’s confidence in seeking further investments in the US.

Mr Fridman, Russia’s second-richest man, has sought to make investments overseas after receiving \$14bn from the sale of his stake in oil company TNK-BP to state-run Rosneft in 2013. He founded LetterOne that year to manage his holdings and seek investments, which have resulted in the Uber and FreedomPop deals.

It is the second funding round for FreedomPop, which raised \$30m last year led by Partech Ventures.

It has said in the past that it expected to surpass the 1m customers mark in 2016, but has not confirmed that it has achieved that milestone.

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