

Mobile TeleSystems Profit Falls 39%

By [The Moscow Times](#)

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Mobile TeleSystems said Thursday that profit slumped 39 percent in the second quarter on a currency loss as the ruble weakened from the start of the year.

Net income fell to \$354 million from \$577 million in the same period last year, after consolidating the results of its Comstar unit, MTS said in a statement.

MTS is boosting its forecast for sales growth this year to about 10 percent from a previous 5 percent target, chief executive Mikhail Shamolin said. Sales gained 17 percent in the second quarter to \$2.77 billion as the economy recovered.

“The second quarter of 2010 was a good quarter for us,” Shamolin said.

“The main factor in the decline in net income was the foreign exchange loss,” chief financial officer Alexei Kornya said.

The ruble weakened in the first half of the year, giving rise to a loss of \$57 million in April to

June, compared with a gain of \$195 million a year earlier, according to the MTS statement. A stronger ruble makes it cheaper for companies to pay back debt denominated in the greenback.

The operator may borrow as much as \$200 million by the end of this year for corporate uses, including investment, Kornya said, declining to elaborate. Net debt fell to \$4.4 billion at end of June from \$5.6 billion at end of December.

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