The Moscow Times
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VimpelCom Sees Weather Deal Closing in H1 2011

By The Moscow Times

December 02, 2010

VimpelCom Ltd. said Thursday that it expected to close its $6.6 billion deal for Weather Investments in the second half of 2011, playing down concerns that the deal could fail due to a number of hurdles.▪"We are working towards fulfilling all necessary conditions ... and anticipate the closing in the first half of 2011," VimpelCom Ltd. chief executive Alexander Izosimov said in a statement.

VimpelCom Ltd. launched a cash and shares bid for telecoms assets owned by Egyptian tycoon Naguib Sawiris, including Orascom and Italy's Wind, in October, but the deal has hit a series of obstacles. The group's 36 percent shareholder, Norway's Telenor, last month expressed doubts over the plan it initially backed, after the Algerian government moved toward nationalizing telecoms operator Djezzy — the most lucrative asset of Orascom.

"Given the size and complexity of the transaction, we are satisfied with the progress made thus far. We remain committed and continue to move forward as outlined in our Oct. 4

announcement," Izosimov said. Izosimov also said he was confident VimpelCom would restore its Russian market position after losing market share to rival MegaFon, which in April displaced VimpelCom from its No. 2 position on the mobile market, by subscriber numbers.

"The new management team in Russia already started to implement a set of measures to regain momentum in our business development," Izosimov said adding the measures were focused on network expansion, distribution and pricing efficiency.VimpelCom missed its net income forecast with a 14 percent rise in third-quarter earnings to $495.9 million, against a $525 million forecast, while meeting revenue and core profit estimates. Adjusted operating income before depreciation and amortization grew 20 percent to $1.38 billion, on a 24 percent rise in revenue to $2.82 million.

VimpelCom Ltd. will spin off Egyptian and North Korean assets at book value following the deal, chief financial officer Henk van Dalen said. “Orascom would split off its share in Mobinil and in Korea, and there will be a spin off at book value in principle, in line with Egyptian regulation,” van Dalen said in a phone interview Thursday.

The company is also not in talks with the Algerian government over Orascom’s local unit, Djezzy, while it waits for the government to appoint its advisers, van Dalen said.

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