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Telenor Meets Targets, Sticking With VimpelCom

By The Moscow Times

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OSLO — Norwegian group Telenor met forecasts with a 4.7 percent rise in core first-quarter earnings and said it would keep its troubled investment in Russian operator VimpelCom.

January-March earnings before interest, tax, depreciation and amortization rose to 7.40 billion kroner ($1.41 billion), compared with a forecast for 7.44 billion in a Reuters poll.

Telenor repeated 2011 targets for organic revenue growth of above 5 percent and an EBITDA margin of about 31 percent on Wednesday.

Regarding its Russian activities, analysts said Telenor was once again "outmaneuvered" by VimpelCom co-owner Altimo, controlled by Russian billionaire Mikhail Fridman, who pushed through a $6 billion purchase of telecoms assets from Egyptian tycoon Naguib Sawiris that threatens to leave Telenor with little say in VimpelCom.

"Telenor opposed the transaction, but we will continue to work in the best interest of VimpelCom," chief executive Jon Fredrik Baksaas said.

"In parallel, we have initiated arbitration proceedings to secure Telenor's shareholder rights," he said, referring to its battle to gain the right to up its VimpelCom stake.

Telenor has been benefiting from exposure to a number of fast-growing Asian emerging markets, with organic revenue growth at 13 percent on average in the quarter from its Thailand, Malaysia, Bangladesh and Pakistan operations.

"The Asian operations were the main contributors to subscriber and revenue growth," Baksaas said.

It is also helped by revved-up Nordic economies where mobile data demand is booming, even though some Eastern European markets have been recovering more slowly from crisis.

Its deal-making reputation, which turned the Norwegian incumbent into a global player with about 200 million mobile clients, has been tarnished by its apparent loss of influence in VimpelCom and problems in India, where its unit is at the center of a bribery scandal.

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