

# MTS Hits \$394M Net in Q4, Sees Slower Growth

By [The Moscow Times](#)

March 12, 2012



The operator still plans on spending up to 22 percent of revenue on capex. **Vladimir Filonov**

MTS, the country's biggest mobile phone operator, expects a sluggish economic outlook to hold back revenue growth in 2012 after it comfortably beat market expectations with a big jump in fourth-quarter net profit.

The operator, which is part of oil-to-telecoms conglomerate Sistema, said Monday that revenue growth was likely to be 5 percent to 7 percent this year, below the 9.1 percent recorded in 2011.

"We understand that in 2012 growth will be limited due to macroeconomic reasons. The growth we have shown in previous periods is unlikely to be characteristic of the telecommunications business in the future," president Andrei Dubovskov said.

"We will continue to develop new [business] segments, including financial services, and we

will continue to develop our existing client base through sales of smartphones and converged services," he added.

MTS's net income rose more than 150 percent to \$393.5 million in the fourth quarter of last year, significantly ahead of the \$358.2 million forecast by analysts in a Reuters poll.

Analysts cited a write-off of some \$140 million relating to the suspension of operations in Turkmenistan in the equivalent quarter of 2010 as one reason behind the sharp jump in profit.

"The figures are quite good, with net income 10 percent above consensus, but attention is likely to focus on the company's guidance," VTB analyst Viktor Klimovich said.

"The revenue growth forecast of 5 percent to 7 percent is cautious but realistic — [Russia] still has quite slow growth in personal incomes. We think the major driver of revenue growth will still be mobile data services," he added.

MTS leads rivals MegaFon and VimpelCom in the Russian market with nearly 70 million subscribers as of the end of December.

The firm said fourth-quarter operating income before depreciation and amortization rose 10 percent to \$1.28 billion, ahead of \$1.25 billion forecast in the poll.

Sales fell slightly to \$2.98 billion, missing analysts' expectations of \$3.03 billion.

The group said it would spend 20 percent to 22 percent of its revenue on capex in 2012, in line with the 21 percent spent last year.

Original url:

<https://www.themoscowtimes.com/2012/03/12/mts-hits-394m-net-in-q4-sees-slower-growth-a13186>