

MegaFon Sees Sales Growth Slowing, Focus on Profit

By [The Moscow Times](#)

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Russian mobile phone operator MegaFon said revenue growth would likely slow this year, and it will focus on profitability and preparing to pay a regular dividend.

MegaFon, which raised \$1.7 billion in an initial public offering in London and Moscow in November, said Thursday that it expected high-single-digit revenue growth in 2013 after a 12.4 percent rise to 273 billion rubles (\$8.9 billion) last year.

“Times when operators were just boosting their subscriber base and building networks have definitely passed, and this all should now be done with care about efficiency,” chief executive Ivan Tavrín said Thursday.

Chief financial officer Gevork Vermishyan said its 2013 margin on the basis of operating income before depreciation and amortization should be in a 41.6 to 43 percent range between the levels achieved in 2011 and 2012, respectively.

“As a company strategy, apart from revenue growth and cost cuts that are aimed at showing high profitability, we also see [as important] meeting the need of our shareholders in high dividends,” Vermishyan said.

The company has yet to decide the size of its first regular dividend, he said.

MegaFon had said it would pay an annual dividend of 50 percent of net profit or 70 percent of free cash flow, whichever was higher. Fourth-quarter net profit rose 28.3 percent to 12.4 billion rubles.

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