

MegaFon Warns of Growth Decline

By [The Moscow Times](#)

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Russia's second-biggest mobile phone operator MegaFon said on Wednesday its sales growth would fall this year, echoing comments by rivals concerned over the impact of a sharp economic slowdown.

The company, controlled by the country's richest man Alisher Usmanov, expects revenue growth in a 6 to 8 percent range in 2014, it said in a statement, down from 9.1 percent in 2013 when it generated 297.2 billion rubles (\$8.2 billion) in sales.

Russia's largest mobile operator MTS said earlier that sales would rise by 3 to 5 percent a year in 2014 to 2016, compared with a reduced target of about 5 percent in 2013, citing poor economic growth prospects, and rival VimpelCom forecast flat revenues for the coming year.

The "Big Three" operators, which together control more than 80 percent of the Russian mobile market, are under pressure to invest into next-generation mobile Internet networks as voice revenues have largely flattened out.

MegaFon plans to increase capital spending to between 58 billion and 64 billion rubles this year from 47 billion rubles in 2013.

It also said it aimed to maintain its core profit margin at least 44 percent in 2014 after 44.6 percent last year.

In the fourth quarter, MegaFon's net profit fell 46 percent to 10.1 billion rubles (\$280 million), missing a 12 billion ruble average forecast in an analyst poll.

The company said the fall was due to a one-off gain in the year-ago period, higher interest expenses and a revaluation of its foreign currency denominated debt.

Quarterly revenues grew 11 percent to 79.7 billion rubles and operating income before depreciation and amortization, or OIBDA, fell 2.9 percent to 30.5 billion rubles, giving a 38.3 percent margin. Analysts had forecast 78.7 billion, 31 billion rubles and 39.4 percent respectively.

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