

MegaFon Says Sanctions Unlikely to Affect Telecoms Industry

By [The Moscow Times](#)

May 23, 2014



Hermitage Museum general director Mikhail Piotrovsky (L) and MegaFon CEO Ivan Tavrin (C) attend the panel session "The Broadening Impact of Emerging Market Corporate Philanthropy" at the 18th St. Petersburg International Economic Forum at the Lenexpo Exhibition Complex in St. Petersburg, Russia.

Russia's second-biggest mobile operator MegaFon is considering ways to hedge against risks of sanctions although it does not expect to be affected, its chief executive has said.

"I don't think there is any real risk for the telecoms industry to be hurt," Ivan Tavrin said Thursday on the sidelines of the St. Petersburg International Economic Forum.

"We should be prepared, and there are several measures which we are taking. If, potentially, there [are] any sanctions on the telecom industry, roaming could be hurt, but we are talking to our roaming partners about that."

Tavrin said that MegaFon could pay for equipment in currencies other than rubles, such as

dollars, euros or Hong Kong dollars to its Chinese partners.

Washington and the European Union and have already imposed several rounds of sanctions on Russian individuals and some companies over the crisis in Ukraine.

Sanctions against various Russian individuals and entities have hurt the company only "emotionally", he said, as MegaFon's shares took a hit when the broader market tumbled.

The company and its owners have not been targeted in any sanctions. MegaFon is not dependent on external debt markets and its biggest equipment supplier is China's Huawei.

Tavrin also said he did not expect an economic slowdown in Russia to have a material impact on its business.

"Mobile services became a part of a consumer basket," he said. "So I don't think it should be affected," Tavrin said.

MegaFon earlier forecast 6-8 percent revenue growth for this year, ahead of bigger rival MTS' plans to achieve revenue growth of 3-5 percent. But third-biggest mobile operator Vimpelcom this month cut its full-year outlook after its Russian mobile revenues fell 3 percent in the first quarter.

Tavrin said that under Russian accounting standards, or RAS, MegaFon's revenues rose 8.5 percent in the first quarter, year-on-year. RAS results differ from international reporting standards as they do not include subsidiaries and affiliates, but are an indication of performance.

"Therefore, we are having secure growth," he said. He declined to elaborate ahead of the group's first-quarter results announcement on May 29.

He said management remained committed to proposing paying dividends twice a year.

See also:

[MegaFon Warns of Growth Decline](#)

Original url:

<https://www.themoscowtimes.com/2014/05/23/mega-fon-says-sanctions-unlikely-to-affect-telecoms-in-dustry-a35718>