

MegaFon to Pay Majority of Yota Acquisition Price Ahead of Schedule

By [The Moscow Times](#)

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Russia's second-largest telecoms operator MegaFon will accelerate the payment of its \$1.18 billion purchase of 4G device maker Yota, the company said in a statement Monday.

MegaFon, controlled by Russia's richest man, Alisher Usmanov, will fast-forward a payout of \$1.06 billion to another Usmanov-owned company, Garsdale Services Investment, as part of its 2013 purchase of 100 percent of Maxiten, the parent company of Scartel — more commonly known as Yota. The payment represents about 90 percent of the total cost of the deal.

MegaFon, which lags behind only MTS on the Russian mobile telecoms market, has pursued Scartel in the hope that its 4G infrastructure can enable the company to get ahead of its competitor's networks and boost its customer base.

MegaFon CEO Ivan Tavrinn said the early payment would bring down the company's dollar

liabilities and make the company less vulnerable to a fluctuating ruble-dollar exchange rate, Lenta.ru reported Monday. MegaFon suffered a 43 percent year-on-year drop in profits in the first quarter of this year, which it blamed on a weakening ruble, which has been dragged down by tensions over Ukraine, and depreciation costs connected to the acquisition of Scartel.

MegaFon has not yet specified when it will pay the remaining sum to Garsdale. The payment schedule has already deviated from the original October 2013 agreement, which envisioned the \$1.18 billion being doled out in two equal payments on the first and second anniversaries of the signing with 6 percent annual interest on each installment.

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