

Russian Phone Operator Megafon Has Low Hopes for 2015

By [The Moscow Times](#)

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Mobile devices on display at a Megafon store in Moscow.

Russia's second-biggest mobile phone operator MegaFon said on Wednesday that it expected revenues to be flat this year after a 5.9 percent rise in 2014 as the country lurches into recession.

The company forecast a core profit margin at or above 40 percent, compared to 44 percent in 2014, and said it was committed to its earlier outlook for capital spending.

"2015 will likely be a challenging year for MegaFon. We will continue our efforts to rationalize expenses and improve operating efficiencies," said MegaFon Chief Executive Officer Ivan Tavrín.

"We will continue to invest to enhance the quality of our network ... while at the same time focusing on maintaining efficiency in our capital expenditures," he said.

MegaFon said fourth-quarter sales rose 3.1 percent to 82.2 billion rubles but net profit slumped 72 percent to 2.8 billion rubles (\$45 million) as a result of non-cash charges related to the depreciation of the ruble.

Operating income before depreciation and amortization (OIBDA) increased 12.9 percent to 34.5 billion rubles with an OIBDA margin rising of 41.9 percent, up from 38.3 percent in the fourth quarter of 2013.

MegaFon, part-owned by Russia's third-richest man Alisher Usmanov and Swedish telecoms group TeliaSonera, is Russia's No. 2 mobile operator behind MTS.

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