

Russian Mobile Services Leader Expects Slower Growth in 2015

By [The Moscow Times](#)

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Russia's top mobile phone operator MTS said revenue growth would slow marginally this year but warned that macroeconomic volatility could prompt it to revise its guidance.

The company posted an almost 92 percent fall in fourth-quarter net profit, hit by a slump in the ruble because of lower oil prices and a conflict in Ukraine.

MTS expects sales to rise by at least 2 percent this year, compared with 3.1 percent in 2014, it said in a statement. In Russia, its biggest market, sales growth is seen at more than 3 percent against 5.6 percent last year.

"Our forecasts are rather aggressive. It's less than last year but compare it with the market, competitors and economic forecasts," MTS Vice President Vasyl Latsanych told reporters.

"If the market develops as we plan, we will not have to increase prices significantly and we

believe consumption will grow," he added.

Rival Megafon, which ranks second by sales and subscribers, last week forecast flat revenue in 2015 and said core profitability would likely decline.

MTS, part of the Sistema conglomerate, said it was "cautiously targeting" a margin on operating income before depreciation and amortization (OIBDA) of more than 40 percent against 42.7 percent in 2014.

But it said significant macroeconomic uncertainty and volatility across its markets of operation could cause the company to revisit its guidance.

Its fourth-quarter net profit dropped 91.7 percent, year-on-year, to 1.6 billion rubles (\$25.86 million) mainly because of an 8.9 billion ruble foreign exchange loss on its foreign-currency debt.

It was also hit by a 5.2 billion ruble loss provision related to its deposit at insolvent Ukrainian bank Delta Bank it had warned about earlier in March.

OIBDA fell 5.3 percent to 42.6 billion rubles, also reflecting the impact of higher costs related to roaming and an increase in payroll.

Revenue rose 2.3 percent to 107.2 billion rubles with Russian business offsetting declines in its second-biggest market, Ukraine, where results were hit by cessation of operations in Crimea and fighting in the east as well as economic turmoil.

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