

Russia's No. 2 Mobile Operator MegaFon Sees Revenues Flat Through 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 confirmed guidance for flat revenues in 2015 although sales fell in the first quarter, hit by weaker demand for handsets and a one-off gain a year ago.

Citing a challenging economy, MegaFon also decided to split its payment of dividends with the larger part of the planned 40 billion ruble payout pushed back to later in 2015.

Russia's economy is sliding into recession following a drop in global oil prices and Western sanctions over Moscow's role in the Ukraine conflict. A weaker ruble has hit consumer spending and led to forex losses at firms exposed to foreign currencies.

First-quarter revenue at MegaFon slid 1.2 percent to around 74 billion rubles (\$1.43 billion) as handset sales fell 9.7 percent and wireless service revenue dipped 1 percent compared to the

first quarter of 2014, when it got a boost from sponsoring the Winter Olympics.

MegaFon said the weaker ruble had also fueled the cost of international interconnection charges, resulting in its operating income before depreciation and amortization (OIBDA) falling 1.7 percent to 32 billion rubles.

The OIBDA margin came in at 43.2 percent compared to 43.4 percent in the first quarter of 2014, MegaFon said, adding it still expected the margin at or above 40 percent in 2015.

Net profit rose 2.4 percent to 7.4 billion rubles (\$143.55 million), boosted by income from deposits which offset a forex loss of 3.1 billion rubles.

The company said its board had recommended paying 10 billion rubles in dividends for 2014, or 16.13 rubles per share, and would decide in October on an additional dividend payment with the aim of returning a total of 40 billion rubles to shareholders in 2015, in line with 2014, MegaFon added.

"This decision ... will allow the company to retain the accumulated hard currency position and through that preserve the future value of the company," MegaFon said in e-mailed comments.

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