The Moscow Times
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Russia's Rostelecom Raises 2015 Forecasts

By The Moscow Times

May 21, 2015



Russian state-controlled telecoms provider Rostelecom lifted its 2015 revenue and profitability forecasts on Thursday, citing improving macroeconomic conditions and a decreasing cost of capital.

Rostelecom now sees revenues growing this year, having previously forecast flat sales, and a core profit margin of 33-34 percent compared with its earlier guidance for a margin on operating income before depreciation and amortisation (OIBDA) of above 30 percent.

"Taking into account our business development efforts and an incipient stabilisation of the macroeconomic situation in the country and a trend of reduction of the cost of capital, we look at 2015 with a moderate optimism," Chief Financial Officer Kai-Uwe Melhorn said in a statement.

The company also posted a 17 percent fall in first-quarter net profit from continuing operations to 2.1 billion rubles ($42.4 million) due to losses at its mobile venture T2 RTK

Holdings where it has a non-controlling stake.

Rostelecom spun off its mobile business last year to focus on its core fixed business, particularly broadband and pay-TV. It said the mobile venture recorded losses because of heavy investments in network construction in 2015.

Revenues from continuing operations edged down 1 percent to 71.7 billion rubles because the year-earlier figures were boosted by its sponsorship of the Sochi Olympics, it said.

OIBDA fell around 3 percent to 24.5 billion rubles, while the OIBDA margin slid to 34.2 percent from 34.7 percent a year ago.

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