

Telenor Says VimpelCom Buy Of Egyptian Firm 'Not Done'

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The  **Moscow Times**

The head of Norwegian telecoms group Telenor cast doubt on Russian partner VimpelCom's \$6.6 billion acquisition of Egyptian peer Orascom, saying it was no done deal, according to a Wednesday news report.

But at the same time, VimpelCom chief executive Alexander Izosimov was already banking on rising dividends on the back of a successful purchase from Egyptian billionaire Naguib Sawiris, who is selling parts of his empire to reduce debt.

A key sticking point remains the battle for control of Algerian telecoms business Djezzy — Orascom's most lucrative asset that VimpelCom wants to keep, but which the Algerian government wants to nationalize.

"We are viewing this deal as a sum of various conditions — either it will be approved or it will not. A great deal of questions need to be resolved before this can be called a done deal," Telenor head Jon Fredrik Baksaas told Vedomosti in an interview.

Asked whether the deal will go ahead even if VimpelCom does not get Djezzy, Baksaas said, "There is no answer yet."

With his group holding 36 percent of the voting rights in VimpelCom, Baksaas' opinion is as crucial as that of the other main shareholder, Russia's Alfa Group, which is controlled by billionaire Mikhail Fridman.

Asked if Telenor was less keen on the deal, Baksaas said: "You may well turn out to be correct in your assumption. But Telenor and Altimio [Alfa's telecoms arm] have equal rights ... and such issues require a balanced decision."

Strong cash flow from Djezzy was one reason why investors shouldn't be worried about VimpelCom's dividends in the medium term, VimpelCom's Izosimov was reported as saying by the Financial Times in an interview published Wednesday.

The company would start reducing debt, and dividends would likely stay flat over the next two years, Izosimov said in the interview. A VimpelCom spokesperson said the story accurately reflected what Izosimov had said.

But shareholder payouts could rise from 2013, Izosimov said, as the group would be able to tap into the cash flows of the newly acquired units. Djezzy would contribute 10 percent of VimpelCom's earnings, the FT reported.

Algeria on Monday began recruiting advisers to help nationalize Djezzy, leaving VimpelCom the options of pulling out of the deal or taking the risk that Algeria can be persuaded to pay a market price to buy the unit.

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