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VimpelCom Q1 Net at $590M

By The Moscow Times

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VimpelCom, the country's third-biggest mobile phone operator, posted a forecast-beating 55 percent rise in its first-quarter net profit and said it remained focused on winning back market share at home.

The company last year lost its position as second-biggest wireless carrier to MegaFon, and analysts say regaining that ranking should be a top priority.

"Russia remains a challenge. We are still looking for a model that would allow us to create the right balance between margin growth and return on investments," outgoing chief executive Alexander Izosimov told reporters.

"We believe stable growth of our subscriber base with insignificant changes to ARPU [average revenue per user] is very encouraging. We hope to capitalize on that," he added.

Izosimov said last month that he would hand over the reins to chairman Jo Lunder, having led the company's disputed $6 billion deal to buy overseas telecoms businesses owned by the

Egyptian tycoon Naguib Sawiris.

The group's Russian sales in the first three months of 2011 rose 5.2 percent on the same period last year, slower than its two main competitors, MegaFon and market leader MTS.

Group net profits rose to $589.7 million in the quarter from $381.5 million in the same period of 2010, the company said, above the average forecast of $413 million given in a Reuters poll of analysts.

Earnings rose on the back of a 23 percent increase in revenue to $2.74 billion, driven by the consolidation of Ukrainian operator Kyivstar from the second quarter of 2010, as well as an increase in its subscriber base.

Analysts had forecast revenues at $2.77 billion.

Izosimov also said the firm hoped to pay a dividend of at least 80 cents a share or about $1.3 billion in 2011 — up from $1.1 billion in multiple tranches last year.

"We hope this decision will make our dividend policy more predictable," he said.

Operating income before depreciation and amortization, or OIBDA, grew 16.2 percent to $1.21 billion, with the OIBDA margin falling to 44.1 percent from 46.7 percent, matching market expectations.

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