

VimpelCom Profit Down at \$239M After Orascom Deal

By [The Moscow Times](#)

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VimpelCom posted a 29 percent fall in its second-quarter net profit Wednesday, blaming higher interest and depreciation costs following its acquisition of Wind Telecom.

The company, which bought a controlling stake in Orascom Telecom and Italy's Wind Telecom in a more than \$6 billion deal in April, said its net profit fell to \$239 million, including the results of the newly acquired assets from April 15, from \$335 million a year ago.

Net income declined due to higher interest expenses as VimpelCom saw net debt jump to \$24.1 billion in the second quarter, compared with \$4.74 billion in 2010, and depreciation and amortization charges associated with the transaction, it said in a statement.

On a pro forma basis, including Orascom and Wind from Jan. 1, 2010, the second-quarter net profit rose 42 percent to \$312 million.

Pro forma earnings before interest, taxation, depreciation and amortization were flat at \$2.37 billion, due mainly to increased investment in the Russian market where VimpelCom last year lost its number two position to rival MegaFon.

The pro forma EBITDA margin was 39.5 percent, down from 43.1 percent a year ago. Actual EBITDA rose 73 percent to \$2.18 billion.

VimpelCom also said it had already secured synergies worth \$1.6 billion from the Wind deal, out of the \$2.5 billion expected.

Its actual second-quarter revenue doubled to \$5.5 billion and was up 9 percent at \$6 billion on a pro forma basis, helped by favorable foreign exchange movements.

Revenues in Russia rose 14 percent to \$2.33 billion. Europe and North America generated \$2 billion in sales, up 10 percent year on year.

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