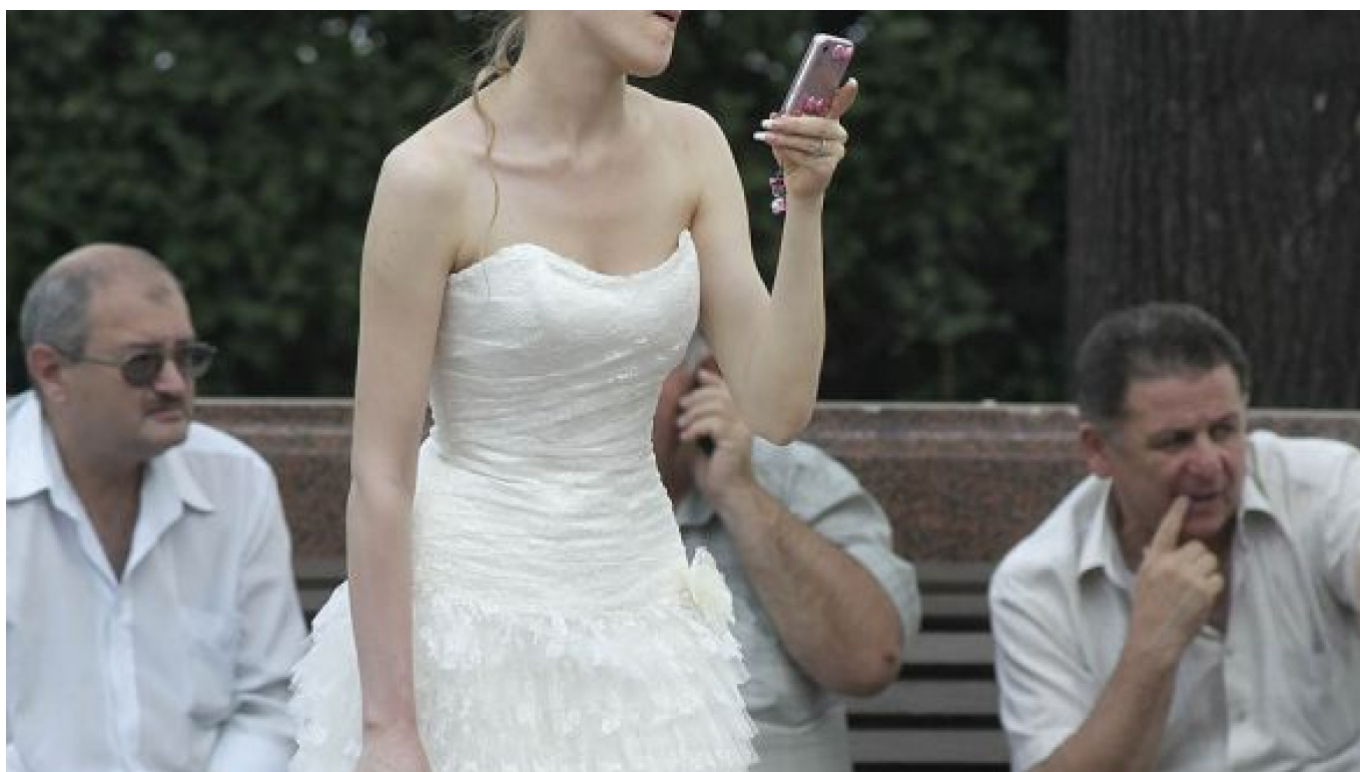


MTS Sees Smartphone Surge

By [The Moscow Times](#)

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Mobile data traffic flow is burgeoning as services begin to account for a greater portion, an MTS executive said. Igor Tabakov / MT **Igor Tabakov**

New York — Mobile TeleSystems sees smartphone penetration on its network surging to 60 percent by the end of 2014, from 14 percent in the fourth quarter of last year, chief financial officer Alexei Kornya said.

MTS sees "great potential for growth" in online video, mobile Internet and machine-to-machine cell services, Kornya said in a presentation to Citigroup's 12th Annual European and Emerging Markets Telecoms Conference in London late last week, according to notes posted on the company's blog. MTS expects Russian mobile data traffic to grow 75-fold between 2011 and 2016, Kornya said in his presentation, citing CISCO-VNI research data.

Usage of Internet services via mobile devices will rise to 75 percent of MTS's monthly active base level by 2015, from 35 percent currently, Kornya said. MTS operates Omlet.ru, a multimedia portal that enables consumers to download movies to devices, including smartphones and tablets.

MTS currently has a market share of between 40 percent and 45 percent of an estimated 2.7 million active machine-to-machine users in Russia, Kornya said, adding that the number is expected to rise to 18.4 million by 2015 as usage of such services in transport vehicles, health-care devices and home appliances rises.

The company will announce its dividends for 2011 in April or May, Kornya reiterated.

The company's fourth-quarter revenue slid 0.4 percent to \$2.98 billion from a year earlier. Net income more than doubled to \$393 million from \$156 million. MTS may keep 2011 dividends at the same level as the previous year, Kornya told reporters in Moscow in March.

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