

VimpelCom Posts \$801M Q4 Profit

By [The Moscow Times](#)

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VimpelCom beat expectations and reported fourth-quarter net profit of \$801 million, in part boosted by the revaluation of its stake in cell phone retailer Yevroset.

The company posted a \$381 million net loss in the same period of 2011.

The Amsterdam-based wireless carrier, with assets in Russia, Italy and various emerging markets, said it adjusted the fair value of its stake in Yevroset by \$606 million.

VimpelCom took equal control of Yevroset in December, increasing its stake 0.1 percent to 50 percent after No. 2 Russian carrier MegaFon bought the other 50 percent stake from tycoon Alexander Mamut.

VimpelCom said operating profit more than tripled to \$709 million, while earnings before interest, taxes, depreciation and amortization rose 10 percent to \$2.45 billion, with a 41.1 percent margin.

Quarterly revenue edged up 1 percent year on year to \$5.95 billion, helped by a 5 percent increase in the number of subscribers, the company said in a statement.

Analysts on average had expected a net profit of \$451.5 million, revenue of \$5.87 billion and EBITDA of \$2.45 billion with a 41.8 percent margin.

VimpelCom's net profit in the fourth quarter of 2011 was eroded by noncash items relating to currency movements and one-off charges.

Mikhail Fridman's Alfa Group and Norway's Telenor are majority stakeholders in VimpelCom, which had 214 million wireless subscribers at the end of 2012.

VimpelCom is continuing negotiations with the government of Algeria concerning the fate of local wireless carrier Djezzy, the company said in its earnings report Wednesday.

VimpelCom said it expects to reach a mutually beneficial solution, Interfax reported. Djezzy is one of the largest assets of Wind Telecom, which VimpelCom acquired from Egyptian billionaire Naguib Sawiris' Weather Investments in 2011 in an equity deal.

Algerian authorities repeatedly made tax claims against the company totaling more than \$1.3 billion and indicated that they planned to nationalize it. Last year, an Algerian court imposed a \$1.3 billion fine against Djezzy and its management for violation of currency laws.

In January 2012, VimpelCom signed an agreement with the Algerian Finance Ministry on the possible sale of a controlling interest in Djezzy, but it is still unclear when such a deal might take place.

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