

MegaFon Shares Up on \$402M Earnings in Q1

By [The Moscow Times](#)

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No.2 mobile phone operator MegaFon raised its core profit margin guidance on Wednesday after beating earnings forecasts and announcing a lavish dividend, sending its shares 6 percent higher.

The newly listed company said it expected its operating income before depreciation and amortization, or OIBDA, to be in a range of 42.5-44 percent of revenues in 2013, up from previous guidance of 41.6-43 percent.

In the first quarter, the margin blasted past forecasts to 47.8 percent, compared to 40.6 percent a year ago, helped by tight cost control. Analysts had expected it at 42.8 percent.

MegaFon, controlled by Russia's richest man, Alisher Usmanov, and part-owned by Nordic TeliaSonera, posted quarterly earnings of 12.6 billion rubles (\$402 million), up 36.5 percent year on year and above a 10.6 billion ruble consensus forecast.

The company said it would pay 40 billion rubles in dividends for last year and the first quarter of 2013, or 64.5 rubles per share.

MegaFon's shares rose in Moscow by 6 percent by in Wednesday morning trading. In London, the stock is up 65 percent compared to the price of its initial public offering, which raised \$1.7 billion in London and Moscow in November 2012.

MegaFon, second in Russia behind New-York-listed MTS by subscriber numbers, said the profit rise was helped by its strategic focus on cost control and data revenue.

Overall revenue grew 8 percent to 67.7 billion rubles, below the 68.6 billion ruble Reuters poll forecast. Data revenue jumped 22.5 percent, it said.

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