

Rostelecom Aims to Keep 2014 Revenues Up Ahead of Privatization

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State telecoms operator Rostelecom said Tuesday it aimed to keep this year's revenues and core profit margin at least at last year's levels as it presses ahead with an efficiency drive before possible privatization.

Rostelecom, which recently spun off its mobile business into a joint venture with Tele2 Russia to focus investment on broadband and pay television, is pencilled in for privatization this year. It has been taking measures to boost operational efficiency, including improving procurement procedures.

According to the company's presentation, it aims at growing revenues from fixed-line businesses by 1 to 2 percent this year while maintaining its core profit margin year-on-year. The margin stood at 34.8 percent in 2013.

"There are clear signals that we are improving our operating efficiency and we are on track to meeting our target for this year of reducing our operating expenses by 5 billion rubles," chief financial officer Kai-Uwe Mehlhorn said in a statement.

In the first quarter, Rostelecom's revenues climbed 1 percent to 80.4 billion rubles (\$2.35 billion), as a 23 percent rise in pay television sales and 11 percent growth of broadband revenues helped offset declines in fixed-line and mobile revenues.

Its operating income before depreciation and amortization, OIBDA, fell 10 percent to 26.5 billion rubles, with the margin sliding to 33 percent from 37 percent a year ago. Net profit grew 8 percent to 6.9 billion rubles, reflecting an income from the disposal of Rostelecom's mobile business.

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