

OPEN JOINT STOCK CO VIMPEL COMMUNICATIONS

Form 6-K

June 04, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the month of June 2008

Commission File Number 1-14522

Open Joint Stock Company Vimpel-Communications

(Translation of registrant's name into English)

10 Ulitsa 8-Marta, Building 14, Moscow, Russian Federation 127083

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____ .

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OPEN JOINT STOCK COMPANY
VIMPEL-COMMUNICATIONS
(Registrant)

Date: June 4, 2008

By: /s/ Alexander V. Izosimov
Name: Alexander V. Izosimov
Title: Chief Executive Officer and
General Director

Moscow and New York (June 4, 2008) - Open Joint Stock Company Vimpel-Communications (VimpelCom or the Company) (NYSE: VIP), a leading provider of telecommunications services in Russia and the Commonwealth of Independent States (CIS) today announced its financial and operating results for the quarter ended March 31, 2008.

Financial and Operating Highlights

Net operating revenues reached \$2,108 million, an increase of 41.7% versus 1Q2007.

OIBDA reached \$1,126 million, an increase of 47.0% versus 1Q2007.

OIBDA margin was 53.4%, including 55.2% in Russia and 50.4% in Kazakhstan.

Net income totaled \$601 million, an increase of 117.0% versus 1Q2007.

Active mobile subscribers increased by 6.5 million versus 1Q2007, reaching 52.3 million.

Acquisition of Golden Telecom was completed on February 28, 2008.

The Board of Directors proposed a dividend of \$0.58* per ADS, an increase of 81% compared to the previous year.

* On April 16, 2008, VimpelCom's Board of Directors recommended a dividend of 270.01 rubles per ordinary share. Last year's dividends were approved at 166.88 rubles per ordinary share. Dividends per ADS was calculated only for information purposes given the Russian Central Bank exchange rate and the ratio of ADS to ordinary shares on the date of the respective Board recommendations. The actual amount in US\$ to be paid to the ADS-holders in case of the AGM approval will depend on the exchange rate around the payment date and any required withholding tax.

Commenting on today's announcement, Alexander Izosimov, Chief Executive Officer of VimpelCom, said, "The first quarter of 2008 should be viewed as the beginning of a new era for VimpelCom. Completion of the Golden Telecom acquisition has opened an entirely new set of growth opportunities which, when realized, should further strengthen our position in the Russian telecom sector.

Meanwhile our mobile business continues to show strong financial results. We are growing revenues and OIBDA in virtually all of our markets, in spite of the negative impact of economic problems in Central Asia, particularly in Kazakhstan.

With an OIBDA margin above 50% and a revenue growth rate above 40%, VimpelCom remains a rare example of a large, fast growing and highly profitable business. The underlying strength of our core business coupled with new opportunities of being an integrated player should provide a robust platform for our future growth ambitions.

Changes in Definitions and Reported Data

Beginning with this quarterly report, we have made significant changes in the reporting structure in order to reflect the integration with Golden Telecom, which we began to consolidate into VimpelCom's accounts starting from March 1, 2008.

Adjusting to the new complexity of the business we now consolidate our revenues along four segments: two geographic segments (Russia and the CIS) and two business segments (Mobile and Fixed). Fixed-line operations in Armenia (representing \$36.2 million of revenue in the first quarter of 2008) are now reflected within the CIS fixed-line segment, while the results of Golden Telecom's mobile operations in Ukraine (representing \$0.5 million of revenue in March 2008) are now part of the mobile business segment in the CIS.

Due to the increasing integration between different parts of our business, we include inter-company transactions in the reported revenues of geographic and business segments, and indicate the amount of inter-company eliminations within and between the segments.

We discontinued providing registered subscriber base numbers, completely shifting to active base. We have also aligned our churn rate reporting to the three month active subscriber base, which we believe is the most meaningful way of reporting. Consequently, this shift caused a step-change in our reported subscriber market share.

Within sales, general and administrative costs (SG&A) we now provide an explicit breakdown between general and administrative costs (G&A) and sales and marketing costs (S&M). As sales and marketing costs include all of the relevant costs of subscriber acquisitions, retention and usage stimulation, we believe these measures provide more accurate information than subscriber acquisition costs. Previously part of our S&M costs was shown in G&A.

A country-by-country CAPEX breakdown can be found in Attachment D.

A detailed country-by-country breakdown of the main financial and operating data can be found in the file entitled FinancialOperatingQ12008.xls on our website at <http://www.vimpelcom.com/news/qrep.wbp>.

Key Consolidated Financial and Operating Results

CONSOLIDATED OPERATIONS (US\$, mln)	1Q 2008	1Q 2007	y-o-y	4Q 2007	q-o-q
Net operating revenues	2,108	1,488	41.7%	2,010	4.9%
OIBDA	1,126	766	47.0%	918	22.7%
OIBDA margin, %	53.4%	51.5%		45.7%	
SG&A	528	439	20.3%	716	-26.3%
including Sales & Marketing Expenses	187	136	37.5%	219	-14.6%
including General & Administrative Costs	341	303	12.5%	497	-31.4%
SG&A percentage	25.0%	29.5%		35.6%	
Net income	601	277	117.0%	368	63.3%
Net income per common share, (US\$)	11.84	5.45	117.2%	7.25	63.3%
Net income per ADS equivalent*, (US\$)	0.59	0.27	118.5%	0.36	63.9%
Capital expenditures	358	303	18.2%	796	-55.0%
Mobile subscribers (000)	52,293	45,784	14.2%	51,740	1.1%
Broadband internet service subscribers (000)	534	n/a		n/a	

* Number of ADSs is based on the ratio of 20 ADSs per one ordinary share, which came into effect on August 21, 2007. Prior year amounts have been adjusted to reflect the new ratio.

Net operating revenue 1Q 2008 (US\$ mln)	Russia	CIS	Eliminations	Total
Mobile business	1,675	271	-2	1,944
Fixed business	132	47	-4	175
Eliminations	-10	-1		-11
Total net operating revenue	1,797	317	-6	2,108

RUSSIA (US\$ mln)	1Q	1Q	y-o-y	4Q	q-o-q
	2008	2007		2007	
Net operating revenues	1,797	1,279	40.5%	1,702	5.6%
OIBDA	992	676	46.7%	773	28.3%
OIBDA margin, %	55.2%	52.9%		45.4%	
SG&A	434	375	15.7%	633	-31.4%
including Sales & Marketing Expenses	158	114	38.6%	186	-15.1%
including General & Administrative Costs	276	261	5.7%	447	-38.3%
SG&A percentage	24.2%	29.3%		37.2%	
Net income	616	280	120.0%	364	69.2%

Our Russian operations continue to show year-on-year revenue growth over 40% with a record-high OIBDA margin. In the first quarter our OIBDA in the Russian mobile segment reached \$959 million. This includes a \$43 million reversal of our stock-price based compensation plans accruals, resulting mainly from the decline in VimpelCom's ADS price in the first quarter of 2008. However, even excluding this effect, the OIBDA margin of the Russian mobile segment stayed close to 55%.

With the acquisition of Golden Telecom, a cornerstone of our integrated operator strategy, we assumed substantial debt and absorbed a lower-margin business. The acquisition dictated a more conservative approach to the Russian mobile market aimed at preserving our margins and maximizing cash-flow by restricting marketing expenses and maintaining stable pricing.

Reduced marketing activities in a seasonally weak quarter resulted in a slight decline in ARPU, and, as a result, in mobile revenue compared to the previous quarter. Evidently, this decline was more than offset by the addition of fixed-line revenue for March.

Golden Telecom's revenue in Russia for the entire first quarter was approximately 61% higher than a year ago, driven by very good development in all business lines.

Now that the Golden Telecom transaction and the initial part of the integration are behind us, we plan to step up marketing activities in order to protect our revenue market share on the Russian mobile market.

The growth in our net income was disproportionately higher than the growth in our OIBDA, primarily due to a foreign exchange gain of \$185 million. This foreign exchange gain resulted mainly from the revaluation of our US dollar-denominated loans.

RUSSIA REVENUE (US\$ mln)	1Q 2008	1Q 2007	y-o-y	4Q 2007	q-o-q
Net operating revenues	1,797	1,279	40.5%	1,702	5.6%
Mobile revenue	1,675	1,279	31.0%	1,702	-1.6%
Fixed revenue	132	n/a		n/a	
Eliminations	-10	n/a		n/a	

RUSSIA OPERATING DEVELOPMENT	1Q 2008	1Q 2007	y-o-y	4Q 2007	q-o-q
Active mobile subscribers (000)	42,079	38,631	8.9%	42,221	-0.3%
Subscriber market share*, %	25.0%	31.2%		29.9%	
MOU, min	198.7	160.9	23.5%	204.1	-2.6%
ARPU, US\$	13.2	10.9	21.1%	13.5	-2.2%
Broadband internet service subscribers (000)	530	n/a		n/a	

* Subscriber market share data presented here and in the following country tables are published by AC&M-Consulting. Starting from January 1, 2008 VimpelCom's subscriber market share is being reported solely on the basis of active subscribers, while previously it was based on registered subscribers. The drop in the reported market share in the first quarter is mainly caused by the change of reporting methodology.

RUSSIA OIBDA DEVELOPMENT (US\$ mln)	1Q 2008	1Q 2007	y-o-y	4Q 2007	q-o-q
OIBDA Total	992	676	46.7%	773	28.3%
Mobile OIBDA	959	676	41.7%	773	23.9%
Fixed OIBDA	33	n/a		n/a	
Total OIBDA margin, %	55.2%	52.9%		45.4%	
Mobile OIBDA margin, %	57.2%	52.9%		45.4%	
Fixed OIBDA margin, %	25.0%	n/a		n/a	

CIS OPERATIONS (US\$ mln)	1Q 2008	1Q 2007	y-o-y	4Q 2007	q-o-q
Net operating revenues	317	211	50.2%	314	1.0%
OIBDA	134	90	48.9%	145	-7.6%
OIBDA margin, %	42.3%	42.7%		46.2%	
SG&A	94	65	44.6%	84	11.9%
including Sales & Marketing Expenses	29	22	31.8%	33	-12.1%
including General & Administrative Costs	65	43	51.2%	51	27.5%
SG&A percentage	29.7%	30.8%		26.8%	
Net income	-14	-3		4	

Our operations in the CIS countries continue to demonstrate strong financial performance, with revenue growth of more than 50% and OIBDA margin over 40%. The main growth contributors are Kazakhstan and Ukraine, which now includes the Ukrainian business of Golden Telecom. We are also pleased with the growth in Uzbekistan, signs of improvements in Armenia, and continued strong growth in our smaller markets.

However, our business dynamics were affected by economic problems in the Central Asian republics. In Kazakhstan, our largest market, the economy suffered from a liquidity crisis, while Tajikistan and Uzbekistan were seriously impacted by extremely cold weather and power outages.

In Armenia we started to see positive trends and an increase in the number of active subscribers. We introduced our Beeline brand on the local market and accelerated our marketing activities. Our focus will remain on building market share and expanding fixed-mobile convergence opportunities.

Net income losses in the first quarter were caused mainly by one-off factors, such as a \$16 million write-off of equipment in Armenia in the course of modernizing the network.

CIS Revenues Development

	1Q 2008	1Q 2007	y-o-y	4Q 2007	q-o-q
KAZAKHSTAN (US\$ mln)					
Net operating revenue	162.8	119.4	36.3%	174.6	-6.8%
Mobile	162.1	119.4	35.8%	174.6	-7.2%
Fixed	1.1	n/a		n/a	
Elimination	-0.4	n/a		n/a	
UKRAINE (US\$ mln)					
Net operating revenue	44.8	16.3	174.8%	34.5	29.9%
Mobile	36.4	16.3	123.3%	34.5	5.5%
Fixed	8.9	n/a		n/a	
Elimination	-0.5	n/a		n/a	
ARMENIA (US\$ mln)					
Net operating revenue	59.1	54.1	9.2%	59.8	-1.2%
Mobile	22.9	19.9	15.1%	23.5	-2.4%
Fixed	36.2	34.2	5.8%	36.3	-0.1%
Elimination	0.0	n/a		n/a	

	1Q 2008	1Q 2007	y-o-y	4Q 2007	q-o-q
UZBEKISTAN (US\$ mln)					
Net operating revenue	39.5	18.2	117.0%	36.6	7.9%
Mobile	38.7	18.2	112.6%	36.6	5.7%
Fixed	0.8	n/a		n/a	
Elimination	0.0	n/a		n/a	

	1Q 2008	1Q 2007	y-o-y	4Q 2007	q-o-q
TAJKISTAN (US\$ mln)					
Net operating revenue	8.4	2.9	189.7%	8.1	3.7%
Mobile	8.4	2.9	189.7%	8.1	3.7%
Fixed	n/a	n/a		n/a	
Elimination	n/a	n/a		n/a	

GEORGIA (US\$ mln)