

Raspadskaya Profit Up Despite Disaster

By [The Moscow Times](#)

September 19, 2010

The  **Moscow Times**

Russian miner Raspadskaya reported Friday that first-half net profit reached \$228 million, compared with \$360,000 a year ago, thanks to higher prices. The average sale price for coal rose 53 percent in the first half, to 3,238 rubles (\$105) per metric ton.

The mine was hit by explosions on May 9, resulting in 68 deaths and production declining by two-thirds. Overall company output was down 25 percent in the first half of 2010, as compared with the previous six months. Raspadskaya will not reach pre-accident production levels at its main site in the Siberian region of Kemerovo until 2012, said chief executive Gennady Kozovy, but it plans to restart some operations there next quarter.

Industry analysts had forecasted an earlier return to full production. "We previously expected a full recovery in Q3, 2011," Uralsib's Nikolai Sosnovsky said.

Raspadskaya first-half revenue rose to \$466 million from \$148 million a year ago.

The company now estimates the cost of restoring the mine at \$280 million, which compares

with a figure of \$322 million quoted by Prime Minister Putin shortly after the disaster.

Raspadskaya has submitted a plan to restart part of the 9 million-ton-a-year mine in the fourth quarter and is awaiting state approval, it said. The company was forced to halt coal shipments to Asia after the disaster to satisfy domestic demand.

The restoration cost includes social compensation payments; spending to extinguish the fires at the mine and pump out water; planning and repair work; acquisition of fixed assets; and preparing the coalface for resumed production. Raspadskaya had written off \$41 million worth of equipment as of June 30.

Experts are still trying to determine the cause of the blasts, but are hampered by the fact that parts of the mine are still burning. "The investigation is complicated in that some layers of coal are still burning, while the majority of underground sections that are of most interest are under water," said Investigative Committee spokesman Vladimir Markin.

Financial results were also boosted by the acquisition of the Koksovaya mine from Evraz. Raspadskaya paid \$40 million for the mine in April, but said it was worth considerably more, allowing it to book a one-time gain of \$104 million on the purchase. The acquisition will allow it to achieve full-year coking coal output of 7.2 million tons, excluding any additional volumes gained from restarting operations at the main mine, the company said.

Uralsib had forecast full-year output of 7.8 million tons. "Their estimate is slightly conservative, but that is quite usual for Raspadskaya," Sosnovsky said.

The company produced 10.6 million tons of coking coal in 2009.

Earnings before interest, tax, depreciation and amortization rose to \$259 million from \$63 million a year ago. Raspadskaya shares closed down 0.4 percent at 154 rubles in Moscow, outperforming the broader market, which declined by 1 percent.

(Reuters, Interfax)

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