

Russia's Norilsk Sees Nickel Price Recovery in 2014 as 2013 Profit Falls

By [The Moscow Times](#)

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Norilsk Nickel, the world's biggest producer of nickel and palladium, sees nickel prices recovering this year, it said Monday after reporting a 64 percent drop in net profits due to write-offs.

The Russian firm, part owned by chief executive Vladimir Potanin and aluminum giant RusAl, had to trim spending last year and focus on its lucrative Soviet-era operations in Russia's far north to cope with weak prices for its key metals.

"Last year was a challenging and volatile year in commodity markets with prices for the majority of metals in the Norilsk Nickel portfolio declining that had a clear impact on our top-line performance," Potanin said in a statement.

The management is cautiously positive on 2014 with improving commodity prices in the beginning of the year but is also concerned over a deteriorating emerging market risk appetite

in the global investment community, he added.

Norilsk has not been hit by the political tension over Ukraine so far, but all Russian companies would suffer should the situation escalate, its deputy chief executive, Andrei Bugrov, said last week.

Norilsk said Monday that it expected the nickel price to continue to recover in 2014 and 2015 as an export ban on cheap nickel ore by top producer Indonesia takes hold.

"There are increasing indications that the ban on the export of nickel ore from Indonesia will be sustained, which leads us to expect the nickel market to be balanced in 2014, but developing a sizable deficit in 2015," the company added.

The Russian firm said its net profit dropped to \$765 million last year, although before the write-offs it would have been down just 15 percent at \$2.6 billion, beating the average forecast of \$2.3 billion given in a Reuters poll of analysts.

Revenue was down 7 percent at \$11.5 billion due to lower nickel, copper and platinum prices offset by resilient palladium prices.

The company's earnings before interest, taxation, depreciation and amortization, or EBITDA, fell 15 percent to \$4.2 billion in 2013, matching analysts' forecasts. Its net debt amounted to \$4.6 billion at the end of 2013.

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