

Metro, OFZ Treasury, Trade Exhibition Organizer ITE: Business in Brief

By [The Moscow Times](#)

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Metro Hit by Weak Ruble, Consumer Electronics Rebounds

DUSSELDORF, Germany — A weak ruble knocked 60 million euros off Metro AG's first-quarter operating profit and the German retailer said uncertainty over Ukraine meant it could not give a detailed forecast for its Russian business.

Metro's core earnings before interest and tax (EBIT), not counting one-off items, fell to 1.024 billion euros (\$1.2 billion) in the last three months of 2014 from 1.073 billion a year ago, broadly in line with average analyst forecasts.

Chief Executive Olaf Koch reiterated in a call with analysts that the ruble would knock some 200 million euros off core earnings over Metro's 2014-15 financial year and said planned Ukraine peace talks this week could be key for its outlook.

Metro is the fourth-biggest retailer in Russia behind X5, Magnit and French chain Auchan. Its Russian division made a quarter of its operating profit in 2013. *(Reuters)*

Trade Exhibition Organizer ITE Buys Stake in Moscow-Based Auto Events

ITE Group plc, a trade exhibition and conference organizer, said it teamed up with trade fair organizer Messe Frankfurt to buy Moscow-based trade events for vehicles — Comtrans and Autotrans.

The 50:50 joint venture will be named ITEMF Expo AO, ITE said in a statement on its website on Monday.

"It has been said that ITE tends to exit Russian crises in a stronger commercial position ... We are certainly intrigued that ITE is acquiring assets in Russia at this time and welcome the sense-check that sees the company investing for the post-crisis period," Peel Hunt analyst Malcolm Morgan said in a note.

Morgan believes ITE will pay about 4 million pounds (\$6 million) for its 50 percent stake.

Chief Executive Russell Taylor said in October that there would be less incentive to develop the business further within Russia.

ITE, which received about 59 percent of its revenue from Russia in 2014, said in January that trading conditions in Russia had deteriorated over November and December, hurting its international and domestic exhibitors. *(Reuters)*

Russian Finance Ministry Says to Offer 20Bln Rubles of OFZ Treasury Bonds on Wed.

Russia's Finance Ministry said on Tuesday that it would offer 20 billion rubles (\$303 million) of OFZ treasury bonds at two auctions on Wednesday.

The ministry said it would offer 5 billion rubles' worth of bonds maturing in May 2019 and 15 billion rubles' worth of bonds maturing in December 2017.

The ministry was forced to cancel many weekly treasury bond auctions last year due to market turbulence linked to the Ukraine crisis. *(Reuters)*

Armenian Central Bank Hikes Key Refinancing Rate Amid Russia Concerns

YEREVAN — Armenia's central bank raised its key refinancing rate on Tuesday to 10.5 percent from 9.5 percent, becoming the latest country to try to protect itself from Russia's financial crisis.

Armenia, a former Soviet republic of 3.2 million people, is closely tied to Russia through trade and remittances. It also belongs to Russian President Vladimir Putin's Eurasian Union, a bloc he hopes will eventually rival the European Union.

A plunging Russian ruble, pulled down by sharply lower global oil prices and by Western economic sanctions imposed over the Ukraine crisis, drove the Armenian dram down further on Monday to 478.62 against the U.S. dollar. It traded at 404 drams to the dollar a year earlier.

(Reuters)

Georgian Central Bank Says Will Raise Base Rate on Wednesday

TBILISI — Georgia's central bank will raise base interest rates on Wednesday, its chief said, launching what could be a cycle of monetary tightening to preserve financial stability, control inflation and support the ailing lari currency.

The former Soviet state's economy is suffering side effects from a plunge in Russia's ruble and the conflict in Ukraine, along with declining exports, remittances and foreign investment and a rising current account deficit.

"We need to tackle inflationary expectations, which are very high," Georgy Kadagidze said in an interview.

"It means raising the refinancing rate, but step-by-step, not a big jump, not the way we've witnessed in some of our neighboring countries."

Russia hiked rates by 650 basis points to 17 percent in mid-December to bolster the ruble, before trimming rates back to 15 percent in January. *(Reuters)*

Russian Finance Ministry Says Budget Needs Further \$600Bln Rubles in Cuts

ISTANBUL — Russia needs to cut its budget by an additional 600 billion rubles (\$9.04 billion) in 2015, Finance Minister Anton Siluanov told reporters at a G20 finance ministers' meeting on Tuesday.

He said that the 600 billion was in addition to a 10 percent cut that had already been discussed, covering all budget items excluding defense, social security and debt servicing.

"This (10 percent cut) is not enough so we have to look over a host of other measures this week and present (them) to correct the budget," Siluanov said.

He said that the ministry would recommend scrapping indexation of public sector wages and social security payments to help cut spending. *(Reuters)*

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