

# Polyus Gold Profit Takes Hit

By [The Moscow Times](#)

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First-half net profit of Polyus Gold fell more than expected, as higher costs overshadowed rising revenue, the company announced on Friday. Net profit fell to \$104.6 million from \$150 million a year earlier, falling short of analyst predictions of \$122 million.

Meanwhile, gold reached a record high of \$1,282.75 per ounce on Friday.

The company cited higher costs for ramping up its Blagodatnoye mine, increased use of materials at the Olimpiada mine, consolidation of operating expenses at its KazakhGold unit and increased labor costs.

KazakhGold's current and former owners are embroiled in legal conflicts over the fate of the company, which has forecast a 50 percent increase in output this year.

Group sales revenues rose to \$607.6 million from \$452 million. Earnings before interest, tax, depreciation and amortization rose to \$247.6 million from \$218 million a year ago, while the EBITDA margin fell to 40 percent from 48 percent. Polyus said the volume of gold sales rose to

524,000 ounces in the first half of this year from 477,000 ounces a year ago.

Onexim Group, the investment vehicle of Russian billionaire Mikhail Prokhorov, owns just under 30 percent of Polyus Gold, and associated shareholders — another 10 percent. The other main Polyus shareholder, with 37 percent, is potash tycoon Suleiman Kerimov, who also controls Uralkali.

Polyus shares closed down 4.35 percent in London on Friday.

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