The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Top 500 Take a Hit in Crisis

By Olga Razumovskaya

September 27, 2010



Russian Railways is among the few corporations that prospered during the crisis, rising a notch to fourth place. **Sergei Porter**

Cumulative revenue for Russia's biggest 500 companies in 2009 fell by 3 percent over the previous year, according to an annual rating published by Finans magazine on Monday.

It is the first time in the ranking's four-year history that the number has dropped.

The total revenue in 2009 amounted to 31.42 trillion rubles, just under the $1 trillion threshold, Finans said.

But a few corporations prospered during the crisis.

Russian Railways moved up one notch to fourth on the list, also ranking fourth in terms of operational profits, with 234 billion rubles ($7.5 billion).

Russian Railroads head Vladimir Yakunin told reporters Monday that the train monopoly was also planning to double its forecasted net income for 2010 to 40 billion rubles, up from the

original 17 billion rubles.

"We basically doubled our traffic figures in comparison with what we had forecast together with the government, which is why our profit volume will also increase," Yakunin said.

But the secret of the company's success is not because of some magic potion, analysts say. Like many others on the list, the state-run company had to tighten its belt and cut back on expenses, including employees' salaries. Oil prices and state subsidies also helped.

"Subsidies on federal and regional levels increased fourfold last year. Combine that with the decrease in fuel costs due to the drop in oil prices and major cuts in salaries, and you will get Russian Railroads' numbers," explained Sergei Libin, an analyst at Metropol.

Russian Railroads also had to halve its development budget for 2009 through 2011 because of the crisis.

The crisis did not shake the positions of Gazprom, which is the consistent leader, followed by oil giant LUKoil. But the state-run gas behemoth was responsible for one-third of the total decrease in cumulative revenues.

The crisis is also why more than 120 new participants appear on the list: Their needs to secure loans and cope with other challenges resulted in additional transparency that allowed them to participate in the ranking process, Finans said.

Analysts and market participants say major Russian companies have become much more cautious in their prognoses and spending. They also became much more conservative in risk assessment.

"Analysis of the largest companies' financial statements brings us to the conclusion that many of them have prepared themselves for a slowdown in economic growth," said Vasily Koshelev, president of Creation and Development consulting firm, according to Finans.

Original url: https://www.themoscowtimes.com/2010/09/27/top-500-take-a-hit-in-crisis-a1766