

# Petropavlovsk Nets \$240M in 2011

By [The Moscow Times](#)

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Gold miner Petropavlovsk is likely to increase its 2012 production target to reflect an increase in capacity at its flagship mines, chairman Peter Hambro said.

The company, which operates open-pit mines in the Russian Far East, is forecasting a 680,000-ounce production figure in 2012 — about 8 percent higher than last year — but this does not include planned expansion of the Pioneer and Albyn mines.

"That is a reasonable assumption," Hambro said when asked wheather the production target would be increased during 2012.

"We learned a painful lesson in 2010 when people accused us of overpromising and underdelivering, so we have a policy that we don't include in the forecast new [capacity] that will be put into production this year," he said in a phone interview.

Petropavlovsk reported a 52 percent increase in the amount of gold it sold in 2011, which along with higher gold prices helped deliver a tenfold increase in full-year net profit to \$240.5

million.

The company said revenue more than doubled in the period to \$1.3 billion, and hiked the full year dividend by 20 percent to 12 pence (\$0.19) a share.

Hambro said the highlight for him was earnings per share of \$1.24 — more than 10 times the 2010 figure — which reflected improved operational management at the company.

"We moved a huge quantity of material efficiently," he said.

Shares in Petropavlovsk had slid nearly 14 percent in the month to date before the results were published Wednesday and are now just 4.5 percent up in 2012.

John Meyer, mining analyst at London broker Fairfax, upgraded the company to "strong buy" from "buy," calling the profit figure "remarkable."

"We are extremely encouraged to see Petropavlovsk report \$240 million of net profit and are happy to recommend the company on these results. It has taken some time to expand capacity to realize the potential of these mines," Meyer said.

The price of gold, widely seen as a safe haven for investors in uncertain times, has slid after an early-year rally pushed it to three-month highs of \$1,790 in February.

Petropavlovsk's net debt increased to \$787.3 million to reflect increased capital expenditure. The company has been expanding its mines and is planning to bring on substantial new capacity during 2012.

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