

Norilsk Might Tweak Dividend Policy

By [The Moscow Times](#)

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Norilsk Nickel, the world's biggest nickel producer, will have to change its dividend policy due to weak metals markets, its chief executive and co-owner, Vladimir Potanin, said in a newspaper interview.

Norilsk has already paid \$1.9 billion in dividends for 2012 and was expected to declare at least \$3 billion for 2013 and the same amount for 2014 with further payouts equal to 50 percent of its core earnings.

These were agreed in late 2012 in a deal to end a five-year boardroom battle at the company. The dividends are important for all the company's shareholders, including aluminum giant RusAl, which has net debt of about \$10 billion and is struggling with a weak aluminum market.

"The logic of the shareholders' agreement was that about half of the company's earnings before interest, tax, depreciation and amortization [EBITDA] would be paid back in dividends," Potanin was quoted in an interview with the Financial Times on Monday.

"But, of course, we cannot ignore the change in the market situation so we will make some adjustments to the dividend policy," he said.

Norilsk recorded a 63 percent year-on-year fall in first-half net profit due to noncash write-offs but remained profitable despite a more than 20-percent fall in nickel prices this year.

Norilsk was the only publicly listed company in Russia's metals and mining sector to announce a first-half net profit so far. Gold miners, steel producers and RusAl had losses due to write-offs and price falls.

Norilsk's cash and cash equivalents amounted to \$1.8 billion as of June 30. Its six-month core earnings stood at \$2.3 billion.

Norilsk declined to comment when asked whether the company would cut dividend payments. RusAl also declined to comment.

In the FT interview, Potanin also denied he and his former rival, RusAl's main owner Oleg Deripaska, were forced to reach a peace agreement by the Kremlin last year, when tycoon Roman Abramovich joined them as Norilsk co-owner.

"Putin did not interfere in the process, as strange as that may sound," Potanin said. "At some point the situation in the financial markets became very complicated. It was difficult to earn money, and we all have problems with debts."

To cope with the fall in metals prices, the company plans to sell off foreign assets no longer seen as part of its core business and invite sector peers to take stakes in existing projects to minimize capital expenditure risks, the CEO said.

Norilsk's low-cost Arctic operations account for the bulk of its production. It also has suspended nickel mines in Australia and Tati Nickel mine in Botswana.

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