

# Norilsk to Pay at Least \$2Bln Dividend

By [The Moscow Times](#)

October 01, 2013

**The  Moscow Times**

Norilsk Nickel, the world's biggest nickel and palladium producer, has lowered its dividend target for 2013-14, its co-owner, aluminum giant RusAl, said Tuesday, as oversupply in its key market hurts prices.

Norilsk, which paid \$1.9 billion in dividends for 2012, was expected to pay at least \$3 billion for 2013 and 2014 but in September its co-owner Vladimir Potanin warned that it would have to change its dividend policy due to falling prices.

RusAl said Tuesday that it and Potanin had agreed that Norilsk would now pay 2013 and 2014 dividends of not less than \$2 billion per year. The annual payment is expected to be equal to 50 percent of its earnings before interest, taxation, depreciation and amortization, or EBITDA.

Norilsk had \$1.8 billion in cash and cash equivalents as of June 30, while its 2013 EBITDA is expected at about \$4 billion, according to analysts' consensus estimate.

Norilsk joins other big mining companies in slashing dividends as weak demand from China, the world's top nickel consumer, hits their profits. Nickel is a key component in stainless steel. More than one-third of global nickel production is currently loss-making, Norilsk said.

Analysts said the revised dividend target was much more realistic for Norilsk and would enable RusAl to pay its loan interest. The latter is also suffering from weak prices in its key aluminum market and from the cost of maintaining net debt of about \$10 billion.

"It would be a minimum level, which would allow RusAl to pay its loan interest," said Nikolai Sosnovskiy, an analyst at VTB Capital.

The original 2013 and 2014 dividend agreement was the result of long talks between RusAl and Potanin to end a five-year boardroom battle at the company.

Under the revised agreement announced Tuesday, Norilsk's dividend payments for 2015 will be 50 percent of EBITDA, plus the difference between \$7 billion and the total dividends paid for 2013 and 2014, though the company may reduce 2015's dividend by a minimum of 20 percent.

For 2016, it promised to return to shareholders half of its EBITDA plus any cut to 2015's payment. From 2017 onwards, the nickel giant has said it would pay an amount equal to 50 percent of EBITDA, RusAl said.

Tuesday's statement also included the previously announced aim that Norilsk Nickel will distribute up to \$1 billion of the proceeds from the planned disposal of its foreign and noncore energy assets to shareholders.

Potanin's investment vehicle Interros was not able to comment immediately. Norilsk Nickel declined to comment.

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