

More Business Headlines

By [The Moscow Times](#)

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The  Moscow Times

Sberbank 2013 Net Profit at \$10Bln

Sberbank posted a 4.1 percent rise in full-year earnings, falling short of its own target as it increased provisions for loan-losses in a deteriorating economy.

Bank CEO German Gref said this week that Russia was at risk of recession as investors pull money out of the country, with growth likely to evaporate if capital outflows rise.

The state-controlled bank's full-year net profit was 362 billion rubles (\$10 billion) below its estimate of 370 billion rubles given in August last year as the economy slowed.

Net provision charges for bad loans came to 133.5 billion rubles, most of them for consumer and other loans to individuals, up from 21.5 billion rubles a year earlier.

Banks have been increasing such provisions as the worsening economy makes it harder for companies and individuals to repay loans. *(Reuters)*

Siemens Wants "Trusting Relationship" With Russian Companies

The CEO of German engineering conglomerate Siemens said his firm supported a "trusting relationship" with Russian companies, despite the furore over Western sanctions after Russia annexed Crimea from Ukraine.

During a trip to Moscow, in which he met President Vladimir Putin at his residence on Wednesday, Siemens CEO Joe Kaeser said his firm wanted to honor long-standing business contracts and did not pay too much attention to "short-term turbulences" in its business planning.

Siemens has a partnership with Russian Railways, the state railway monopoly, under which it provides high-speed trains for rail lines between St Petersburg, Moscow and Nizhny Novgorod, according to Siemens' website. *(Reuters)*

Russian Nuclear Industry Fears Sanctions

Russia's nuclear industry contracts with other countries could be affected by Western sanctions, the head of state nuclear corporation Rosatom said on Thursday.

After hitting Russian officials and lawmakers with visa bans and asset freezes over Moscow's annexation of Crimea, the U.S. and European Union are threatening measures affecting entire economic sectors if Russia continues to act aggressively.

"Considering an array of comments about possible restrictions on economic cooperation, we understand that some of our [international] contracts could fall under political curbs," said Rosatom head Sergei Kiriyenko, reported RIA Novosti.

However, Kiriyenko said that no contracts had been affected so far and all deals, including for supplies of nuclear fuel to Ukraine for plants there, were being implemented on schedule. *(Reuters)*

Uralkali Elects Rostec Chief Chemezov Board Chairman

The board of directors of potash producer Uralkali has elected Sergei Chemezov, the head of Russian state conglomerate Rostec, as its chairman, Uralkali said in a statement.

Chemezov, a powerful ally of President Vladimir Putin, joined Uralkali's new board of nine directors this week, signaling greater government influence in the world's largest potash producer.

"We will work efficiently in the interests of all shareholders while observing corporate governance best practice," Chemezov said in a statement. *(Reuters)*

Raiffeisen Bank Affirms Commitment to Russian Market

Raiffeisen Bank International reaffirmed its commitment to the lucrative Russian market on Thursday and played down potential problems in Ukraine that have cast a shadow over Central and Eastern Europe's No.2 lender.

In slides prepared for an analyst call on its 2013 results, the Austrian lender kept Russia top of its focus list for the six most attractive countries in the CEE region, citing an underbanked market, solid corporate banking and a growing retail segment.

Russia — where it is the 10th-largest lender with 2.6 million customers and a 10 billion euro (\$13.8 billion) loan book — accounted for 615 million euros of the 835 million euro profit the group made before tax in 2013.

It made no mention of potential sanctions by western countries against Russia over Moscow's annexation of Ukraine's breakaway Crimean peninsula. *(Reuters)*

Brunswick Rail to Raise Up to \$150M in pre-IPO Share Issue

Russian railcar leasing company Brunswick Rail is raising up to \$150 million by issuing preference shares to the European Bank for Reconstruction and Development, it said, signaling some appetite for financing despite the Crimea crisis.

The company said Thursday that the preference shares were a "pre-IPO equity instrument" to give Brunswick Rail an alternative source of equity capital from a new strategic investor, in a deal "tailor-made" for its funding requirements.

A source close to the company said Brunswick Rail still saw an IPO as an option for the medium term.

Brunswick Rail, which leases its fleet of more than 24,500 railcars to corporate clients, needs \$400 million to \$500 million to fund its growth, a source close to the company said. *(Reuters)*

Bashneft Buys Oil Firm Burneftegaz for \$1Bln

Russian oil producer Bashneft, owned by oil-to-telecoms holding Sistema, said Thursday it had acquired oil firm Burneftegaz, which has assets in Western Siberia, in a deal worth more than \$1 billion, including debt.

Bashneft has been increasing its oil production base to feed its own refineries in the Urals region of Bashkortostan.

The company said Burneftegaz oil reserves are estimated at 53.4 million tons. Sources of funding for the transaction included debt. *(Reuters)*

German Drug Maker Stada Sticksto Russian Growth Plans

Stada, a German maker of generic and nonprescription drugs, said it would stick to its strategy of growing in Russia and Eastern Europe, hoping to soon overcome the effects of tension between Ukraine and Russia.

"We are convinced that the situation will stabilize, that consumers will become more confident again ... It will not take that long," said chief executive Hartmut Retzlaff.

Stada this week scrapped its profit forecast for this year, citing the effects of tension between the West and Russia, its second-biggest market, and sending its shares to the lowest level

in almost a year.

With medical insurers playing a lesser role than in Western Europe, business there is driven by consumers who pay for pharmaceuticals and non-prescription drugs out of their own pocket. *(Reuters)*

Gazprom Expects to Sign Multi-Billion Gas Supply Deal with China in May

Gazprom may conclude a multi-billion dollar agreement on Russian natural gas supplies to China in two months, Gazprom deputy CEO Valery Golubev said Thursday.

The current standoff between Russia and the EU over Crimea is likely to give an impetus to Moscow's long-awaited agreement on exporting up to 60 billion cubic meters of gas per year to via the eastern route to China, the major market for Russian gas in the Asia-Pacific region.

"We are in talks with Chinese partners, we have determined a price formula and volumes and can possibly reach an agreement with China in the next two months," Golubev said.

Talks on finalizing a deal have been repeatedly delayed over differences, including pricing. The deal is widely expected to be signed during President Vladimir Putin's visit to Beijing in May. *(RIA Novosti)*

For the Record

E.ON Russia Income Falls 21% to \$406M on Write-Downs

Utility company E.ON Russia's net income for 2013 fell 21 percent to 14.4 billion rubles (\$405.6 million) as it wrote down the value of some of its assets, while revenue grew 5 percent to 78.8 billion rubles, the company said. *(Reuters)*

M.Video 2013 Profit Up 38% to \$161M

Russian home electronics retailer M.video said Thursday its 2013 net profit rose 38 percent to 5.7 billion rubles (\$160.6 million) on increased sales, while sales rose by 11 percent to 175 billion rubles, driven by the opening of 40 new stores and expansion of online sales. *(Reuters)*

Management Proposes Purchase of Oil Services Firm Integra

Russian oil services group Integra said Thursday some members of its management proposed to acquire the company at a price of \$10 per common share or \$20 per Global Depositary Receipt, valuing the company at \$89.7 million on a fully diluted basis. *(Reuters)*

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