

Russia's Rusal Reports Massive Earnings Rise on Weak Ruble

By [The Moscow Times](#)

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An employee works near a mixer of fused aluminium at the foundry shop of the Rusal Krasnoyarsk aluminium smelter in the Siberian city of Krasnoyarsk.

Russia's Rusal Plc, the world's largest aluminum producer, hopes to cut its debt by \$1 billion ahead of schedule after the ruble slump boosted its core earnings more than sixfold in the last quarter of 2014, the firm said.

While many Russian companies have been hit by a downturn in the economy, exporters such as Rusal have benefited from a 50 percent drop in the ruble since early 2014 that has made their products cheaper on dollar-denominated global markets.

"The company is benefiting from a sharp decrease in aluminum cash costs on the back of ruble depreciation and inefficient capacity cuts," analysts at VTB Capital said in a note.

Rusal, whose net debt stood at \$8.8 billion at the end of 2014, does not have obligatory

payments for this year, except a ruble bond repayment in April, on which it plans to spend about 15 billion rubles (\$241 million).

"We will continue early debt repayments," said Oleg Mukhamedshin, Rusal deputy chief executive. "In total we hope to cut our debt by no less than \$1 billion during 2015."

Rusal's adjusted earnings before interest, tax, depreciation and amortization (EBITDA) soared to \$651 million in the final quarter of 2014 from \$101 million a year earlier, just beating an average of seven analysts' forecasts at \$637 million.

Recurring net profit — adjusted net profit plus its share of Norilsk Nickel's earnings — jumped to \$660 million from a loss of \$310 million a year earlier.

Rusal expects its aluminum cash costs to fall further to below \$1,500 per ton in the first quarter of 2015, which, according to VTB Capital, will be the lowest level since 2009 and forecast a deficit in aluminum supply in 2015 outside China.

The company warned, however, that aluminum premiums in Asia may come under pressure from rising exports of semi-manufactured products from China, the world's largest aluminum producer and consumer.

"Looking at the industry as a whole, we believe that global aluminum demand will grow by 6.5 percent in 2015 to 59 million tons, while production growth outside of China will continue to be limited, with 1.1 million tons remaining in supply deficit," Chief Executive Vladislav Soloviev said in a statement.

Rusal also added that it had no plans to restart any mothballed aluminum capacity, regardless of the global aluminum price.

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