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Polyus Gold Beats Forecasts With Doubled First-Half Net Profit

By The Moscow Times

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MOSCOW — Polyus Gold, Russia's largest producer of the yellow metal, said on Thursday its first-half net profit more than doubled on the back of higher sales and revaluation gains on derivative financial instruments.

Polyus, controlled by billionaire Suleiman Kerimov and his partners, has been supported by its gold price hedging program which helped offset lower bullion prices.

Net profit rose to $583 million, beating analysts' average forecast of $342 million, while adjusted net profit jumped 89 percent from the year before to $432 million.

Polyus said its 2015 production would be closer to the upper end of its expected range between 1.63 million and 1.71 million ounces. It also said it would take part in a state tender for Sukhoi Log in the Irkutsk region of Siberia, one of the world's largest untapped gold deposits, if it was announced.

Sukhoi Log has remained untapped for half a century and Russia has been considering selling rights to the deposit for almost 20 years. "We are expecting news from the regulator and will apply for the auction in case the license for the deposit appears," Chief Executive Pavel Grachev said.

Polyus is also reviewing its project to develop one of the world's largest untapped deposits, Natalka in Russia's far east, and plans to provide an update on the project in the autumn.

Its total 2015 capital expenditure is expected to be lower than in 2014, when it stood at $525 million.

The company's revenue grew 1 percent to $1.0 billion, while adjusted core earnings or EBITDA rose 50 percent to $589 million due to the ruble weakening and cost optimization.

Shares in Polyus were up 3 percent in London, outperforming a 2 percent rise in the FTSE Gold Mines Index.

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