

Pay Rises Continue Amid Crisis at Russia's Top Companies

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Two-thirds of executives at Russia's largest companies saw pay rises in 2015 despite the country's economic crisis, the RBC news website reported Monday.

RBC analyzed the pay checks of top managers and board directors at 15 of the biggest Russian companies on the MICEX Stock Exchange, including Gazprom, Sberbank, and communications company MTS.

Out of the 15 companies, ten boosted the pay of top staff in 2015, RBC reported. As a whole, key staff earned a combined 63.8 billion rubles (\$951 million) in 2015, a ten percent increase from 2014, when they earned 58.1 billion rubles (\$865 million). It also made a 13 percent rise on 2013, when managers claimed 56.5 billion rubles (\$841 million).

Although the pay rises were linked to increasing net profit at a number of companies, these gains were not proportional with bonuses for the group as a whole, RBC reported. Despite making gains of 27 percent on their 2014 profit levels, the top 15 companies still lag 5 percent

behind pre-crisis levels in 2013, when they earned 3.2 trillion rubles (\$47 billion).

The greatest pay increases were enjoyed by the 13 board members and 13 directors at Norilsk Nickel, a metallurgy company based in the northern city of Norilsk. Their pay has risen 140 percent since 2014 to 3.7 billion rubles (\$55 million).

Although the price of nickel has halved since 2013, the rapid devaluation of the ruble has boosted company profits four-fold, from 24.4 billion rubles (\$363 million) to 105.1 billion rubles (\$1.5 billion), a company spokesperson told RBC.

Directors at the Moscow Stock Exchange were also among the winners, with their pay rises of 55 percent linked to a healthy 150 percent increase in net profit at the company.

Of the five companies not boosting pay packets, steel company Severstal saw the biggest wage reductions. Their key staff earned 0.6 billion rubles (\$9 million) in 2015, 30 percent less than in 2014 and two times less than in 2013, when they earned 1.24 billion rubles (\$18.5 million).

The company's net profits have increased twelvefold since 2013, but the reorganization of the company's management structure has dramatically reduced the number of key staff, a company spokesperson said.

MTS, the only telecommunications company within the MICEX top 15, continues to suffer, reporting a 3.5 percent profit dip in 2015. The fall adds to substantial 2014 losses, dragging MTS net profit 38 per cent lower than in 2013. The pay package for top managers has not substantially changed in that time, totaling 855 million rubles (\$12.7 million) in 2015, 797 million rubles (\$11.9 million) in 2014, and 883 million rubles (\$13.1 million) in 2013, RBC reported.

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