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Dozens of Russian Companies Suspend Dividend Payments Amid Economic Uncertainty

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Gazpromneft's Arcticheskaya floating drilling rig. **Gazpromneft**

The boards of directors of at least two dozen publicly traded Russian companies have advised against paying dividends from their 2024 results to shareholders this spring as high interest rates, reduced revenue and sanctions pressure take their toll, the Vedomosti business daily reported Monday.

According to state statistics agency Rosstat, Russian companies generated total earnings of 30.4 trillion rubles ($381.1 billion) in 2024, a decrease of 6.9% compared to 2023.

Adjusted for inflation, which stood at 9.4%, real earnings declined by approximately 15%.

The aggregate result for profitable companies stayed largely unchanged at 37.6 trillion rubles ($471.5 billion), reflecting a decrease of 0.8%. However, company losses rose sharply, increasing by 37.7% to 7.2 trillion rubles ($90.2 billion).

Leading firms in the mining and energy sectors are among those foregoing dividend payments. These include Gazprom, Norilsk Nickel, NLMK and Severstal — which will not pay dividends for the fourth quarter of 2024 and the first quarter of 2025 — as well as En+ Group, Rusal and Rosseti.

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Several of these companies are facing financial pressures. Gazprom's loss of export revenue has resulted in negative cash flow, while NLMK has reported losses this year.

Difficulties have surfaced across a wide range of sectors, including retail, real estate, agriculture, logistics, machinery and healthcare.

Companies withholding dividends from shareholders include Magnit, Lenta, M.Video, United Wagon Company, CIAN, PIK, Samolyot, Promomed, Rusagro, Artgen, Sovcomflot, Globaltruck, Nizhnekamskshina and Yakovlev Aircraft Corporation.

Market analysts anticipate that this list will likely expand further, with possible dividend suspensions at RusHydro, Alrosa, Aeroflot and the retailer Vse Instrumenty.

Vladimir Chernov, an analyst at Freedom Finance Global, told Vedomosti that a decline in export revenues and the impact of sanctions are key factors driving lower income at Gazprom, NLMK, Norilsk Nickel, Rusagro and Sovcomflot.

Igor Danilenko, director of investments at Renaissance Capital, told the newspaper that the widespread suspension of dividends is linked not only to deteriorating market conditions but also to the high cost of borrowing.

With interest rates exceeding 21%, the decision to retain liquidity and allocate profits to operational priorities appears justified, he said.

Export-oriented companies are also contending with the effects of a strong ruble. Yaroslav Kabakov, director of strategy at Finam, noted that a stronger ruble reduces revenue for metallurgists, oil producers, fertilizer manufacturers and agricultural enterprises.

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