

Russia's Nornickel Reports Sharp First-Quarter Drop in Metal Output

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Billionaire Vladimir Potanin.

Russian metals giant Norilsk Nickel started 2026 with a sharp drop in output of all its key industrial metals, highlighting mounting operational and sanctions-related pressures despite a rebound in profits last year.

The company, Russia's largest mining and metals producer and one of the world's top suppliers of nickel and palladium, said first-quarter nickel production fell 28% from the previous quarter, while copper output dropped 12%, palladium 14% and platinum 26%, according to its production report.

Platinum production fell 26% compared with the same period a year earlier, while palladium output slipped by 18%, copper 10% and nickel 0.3%.

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The results underscore the challenges facing Nornickel as Western sanctions continue to disrupt payments, logistics and equipment imports, even though the company itself is not directly under major Western sanctions.

Analysts say further European Union restrictions on Russia's Murmansk port, a key export route for the company's metals, could add fresh pressure this year.

Nornickel, controlled by billionaire Vladimir Potanin, said the quarterly decline was largely due to the redistribution of production volumes between quarters. Still, analysts at Gazprombank [described](#) the results as negative.

Nickel production has now declined for a third consecutive year, despite the company avoiding direct sanctions targeting its operations.

China, which has become Nornickel's largest export market, continues to create payment difficulties for Russian commodity producers.

Last year, company Vice President Anton Berlin said Chinese banks were blocking settlements, refusing to issue letters of credit for Russian goods and delaying payments for months.

Potanin has also complained publicly that the company remains vulnerable to sanctions and is operating under difficult conditions.

In a meeting with President Vladimir Putin, he said Nornickel had been facing declining revenues for five consecutive years.

Despite those concerns, Nornickel reported a 36% rise in net profit last year to \$2.47 billion, while revenue increased 10% to \$13.76 billion. Free cash flow more than doubled to \$3.5 billion.

The stronger financial results could leave the company exposed to Russia's windfall profit tax, although revenue remains about 30% below pre-war levels and profit is still down 14% from levels before Moscow launched its full-scale invasion of Ukraine.

Analysts at Alfa Bank said a new EU sanctions package could create additional problems. Under the bloc's 20th package of sanctions, transactions involving Murmansk port were banned, potentially affecting one of Nornickel's main export hubs for non-ferrous metals.

For 2026, Nornickel expects output to decline across all major metals, forecasting palladium production to fall by 10-11%, platinum by 5-8%, nickel by 3% and copper by 5%.

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