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Russia's Rostec Says Profit Slumped 42% as Sanctions, Debt Weigh on State Industrial Giant

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Russian state conglomerate Rostec, the country's largest industrial holding company, said its net profit fell 42% last year despite higher revenue, underscoring mounting financial pressure on one of the Kremlin's key defense and manufacturing groups as the war in Ukraine and Western sanctions continue to reshape the economy.

Rostec CEO Sergei Chemezov told Prime Minister Mikhail Mishustin on Wednesday that the company's revenue rose 25% in 2025, helped in part by state defense orders, but net profit dropped to 76.4 billion rubles ($986 million).

"Unfortunately, we do not have much of our own money left to launch investment projects," Chemezov said.

Rostec, which oversees more than 800 organizations across 60 Russian regions and plays a central role in the country's defense industry, no longer publishes detailed annual financial statements after President Vladimir Putin signed a decree in March allowing it to classify all of its financial data.

The move came after several of Rostec's key subsidiaries reported heavy losses or worsening financial results.

Truck maker Kamaz, which is controlled by Rostec, posted a net loss of 43 billion rubles ($555 million) in 2025 after its truck sales fell by more than 20%.

Uralvagonzavod, Russia's largest tank manufacturer, cut 10% of its workforce and switched its civilian division to a four-day workweek because of financial difficulties.

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Russian Helicopters saw its profit shrink by a factor of 2.6, while the United Engine Corporation posted a net loss of 63 billion rubles ($813 million) and increased its debt to nearly 1 trillion rubles ($12.90 billion).

Rostec has also been hit by a sharp decline in arms exports. Before Russia launched its full-scale invasion of Ukraine in 2022, the company generated around $14 billion a year in export revenue from weapons sales. Those exports have since halved as Russia's defense industry has prioritized supplying the military fighting in Ukraine.

Chemezov said last year that Western sanctions imposed on Rostec since February 2022 had complicated operations across both its civilian and defense businesses.

The weaker performance reflects broader pressure on Russian corporate profitability as high interest rates, rising borrowing costs and wartime economic distortions weigh on businesses.

According to Russia's state statistics service Rosstat, the combined profit of Russian companies after losses fell 4% in 2025 to 27.07 trillion rubles ($349.20 billion). In the first four months of 2026, that figure declined by a further 10% to 8.8 trillion rubles ($113.52 billion).

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