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Russia's Alrosa Halts Diamond Mining at Some Sites to Cut Costs

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Russian diamond producer Alrosa has suspended mining at several of its least profitable sites to cut costs after posting its first loss in six years, CEO Pavel Marinychev said Monday.

The suspensions include sites operated by Almazy Anabara, which accounts for 11% of the group's diamond output, Marinychev told the state-run RIA Novosti news agency. He said the company had budgeted for the cuts this year but might need to reduce spending further.

Alrosa reported a net loss of 9.5 billion rubles ($115 million) in the first half of the year. Revenue fell 33% from a year earlier, while earnings before interest, taxes, depreciation and amortization fell 61% to 14.3 billion rubles ($173 million).

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Free cash flow was negative by 16.9 billion rubles ($204 million) in the first half and by 33.2 billion rubles ($402 million) over the preceding 12 months.

Alrosa, which has been under Western sanctions since 2022, cut production by 10% last year to 29.8 million carats. It expects output to fall a further 13% to 16% this year to between 25 million and 26 million carats.

The company last year cut pay by 10% for employees who do not work directly in mining, moved some workers to part-time schedules and suspended production at several sites. In June, it decided to mothball mining operations at its Severalmaz unit, which accounts for about 10% of Russia's diamond output.

Russia's federal government owns roughly a third of Alrosa, while the government of the republic of Sakha, also known as Yakutia, holds a 25% stake.

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