

Mir Mine Flood Dents Alrosa Profit

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*A*lrosa's profit slumped in the third quarter as a fatal flood at the Mir mine forced the Russian company to devalue the asset.

Net income fell 51% year on year to \$219.6 million (RUB 12.95 billion) for the three months ending September 30, after the miner incurred a \$125.1 million (RUB 7.38 billion) "impairment cost" as a result of the incident. Eight workers died in the August 4 flood, which resulted in the company pausing underground mining at the Mir deposit.

Even so, earnings were higher than expected as the drop in value resulting from the accident was less significant than expected, analysts at VTB Capital said.

"Although a further impairment amount might be recorded in [the fourth quarter], we do not rule out the total impairment coming below our estimate of RUB 10 billion to RUB 12 billion, which is based on comments by the CEO," the bank noted. Alrosa could also see an insurance payout offset that cost in the fourth quarter, it added.

Revenue for the quarter slid 14% to \$999.4 million (RUB 58.93 billion). In the first nine months, revenue declined 16% to \$3.64 billion (RUB 214.48 billion) as demand shifted to lower-value goods than last year, while profit tumbled 47% to \$1.05 billion (RUB 61.86 billion).

