



Investor Presentation – 9M and 3Q 2012 Results

4th December, 2012

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Highlights of 9M and 3Q 2012



RUB mln	9M '12	9M '11	Change		3Q '11	Change	
			9M '12 vs 9M '11	3Q '12		3Q '12 vs 3Q '11	
Operational Figures							
Production, mln cts	25.4	26.2	(3%)	9.1	6.9	32%	
Sales, mln cts	22.3	28.2	(21%)	5.1	9.1	(44%)	
IFRS Income Statements							
Revenue	104,319	107,315	(3%)	27,791	41,168	(32%)	
Cost of sales	(47,208)	(38,054)	24%	(13,257)	(14,935)	(11%)	
EBITDA	48,241	58,390	(17%)	12,717	22,512	(44%)	
<i>EBITDA margin</i>	46%	54%	-	46%	55%	-	
Net profit	24,839	35,528	(30%)	8,623	9,261	(7%)	
<i>Net profit margin</i>	24%	33%	-	31%	22%	-	
IFRS Balance Sheets							
Cash and cash equivalents	10,521	22,749	(54%)	10,521	22,749	(54%)	
Total debt	140,085	107,483	30%	140,085	107,483	30%	
<i>Total debt / EBITDA</i>	2.5x	1.7x	-	2.5x	1.7x	-	
Total equity	130,448	122,641	6%	130,448	122,641	6%	
IFRS Cash Flow Statements							
Net cash inflow from operating activity	19,328	40,022	(52%)	2,909	17,398	(83%)	
Purchase of PP&E	21,152	13,989	51%	7,237	5,253	38%	

- ◆ During 9M 2012, production stayed within the 9M 2011 production level, maintained by production growth of 32% in 3Q 2012
- ◆ 9M 2012 sales volumes decreased by 21% compared to 9M 2011 explained by weaker demand in 3Q 2012
- ◆ 9M 2012 revenue is in line with 9M 2011 figures, EBITDA decreased by 17% with EBITDA margin staying above 45%

9M and 3Q 2012 Operational Overview



Diamond production, mln cts



Diamond production by mine (deposit), '000 cts

	9M '12	vs 9M '11	3Q '12	vs 2Q '12	vs 3Q '11
1 Nyurbinskaya pipe	5,128	2%	2,020	50%	58%
2 International underground mine	4,657	2%	1,106	(8%)	8%
3 Jubilee pipe	4,542	72%	1,713	3%	84%
4 Udachniy pipe	3,859	(53%)	241	(85%)	(57%)
5 Aikhal underground mine	1,675	3.5x	1,129	2.1x	3.2x
6 Mir underground mine	1,366	76%	369	(25%)	53%
7 Arkhangelskaya pipe	419	3%	152	3%	16%
8 Komsomolskaya pipe	131	(58%)	59	(18%)	(31%)
9 Zarnitsa pipe	111	(13%)	-	-	-
10 Alluvial placers and tailings	3,552	(4%)	2,297	96%	(1%)
Total	25,440	(3%)	9,086	10%	31%

- ◆ In 3Q 2012, production equaled 9.1 mln cts with a 31% increase to 3Q 2011 which is in line with ALROSA's production plan for the year
- ◆ Production at Nyurbinskaya pipe in 3Q 2012 was up 50% compared to 2Q 2012 due to completion of planned maintenance works at the processing plant
- ◆ In 3Q 2012, production at Aikhal underground mine tripled compared to 3Q 2011 and doubled compared to 2Q 2012 to reach target production levels soon
- ◆ Production at Jubilee pipe continued to grow due to planned processing of higher quality ore
- ◆ Continuous transition of open-pit operations to underground mining at Udachniy pipe resulted in further production reductions
- ◆ Ore from Zarnitsa pipe was not processed in 3Q 2012 due to planned annual maintenance works at the processing plant

9M and 3Q 2012 Sales Overview



Diamond revenue, RUB bn

■ 9 months diamond revenue
■ Quarterly diamond revenue



Sales volumes, mln cts

	3Q 2011	9M 2011	1Q 2012	2Q 2012	3Q 2012	9M 2012
Gem-quality diamonds	5.5	17.5	6.1	5.5	3.4	15.0
Non gem-quality diamonds	3.6	10.7	3.4	2.2	1.7	7.3
Total	9.1	28.2	9.5	7.7	5.1	22.3

Diamond prices by segment, \$/ct

— Gem-quality diamonds
— Non gem-quality diamonds



◆ 9M 2012 revenue was 4% lower than in 9M 2011 driven by 34% decrease in diamond sales in 3Q 2012 compared to 2Q 2012

◆ In 3Q 2012, achieved gem-quality diamond prices were down 9% compared to 3Q 2011 influenced by weaker demand

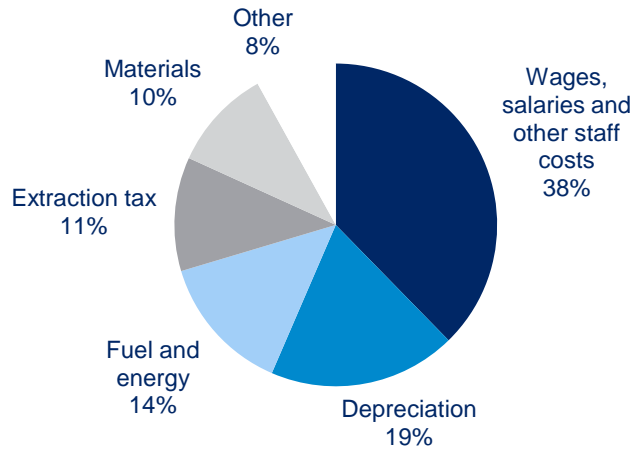
◆ However, 9M 2012 gem-quality diamond prices were 4% higher than 9M 2011 prices supported by reduction of sales volumes in 3Q 2012

◆ Prices for non gem-quality diamonds decreased by 27% in 3Q 2012 to 3Q 2011 due to shifts in product mix

Cost of Sales Overview



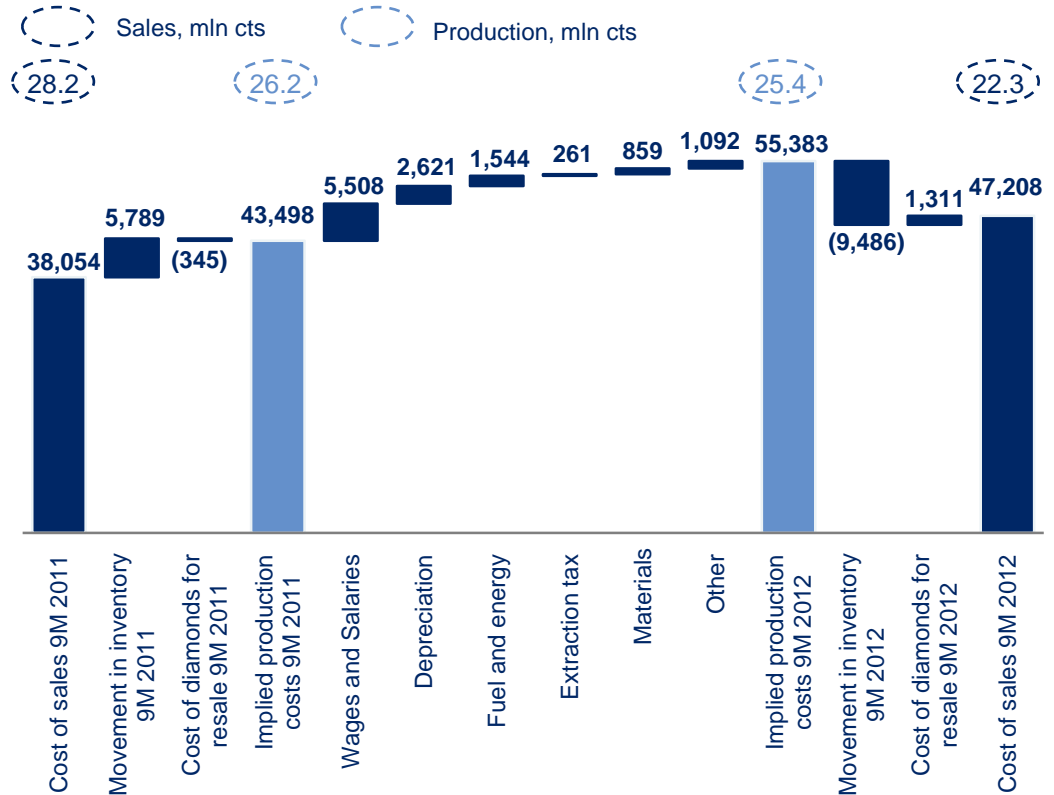
9M 2012 production costs structure



9M 2012 Production Costs: RUB 55.4 bn¹

Note: ¹ Cost of sales after adjustment for movement in inventory of diamonds, ore and concentrate (RUB 9,486 mln) and cost of diamonds for resale (-RUB 1,311 mln)

Cost of sales dynamics, RUB mln



- ◆ Cost of production in 9M 2012 grew 27% compared to 9M 2011 driven by planned increase in salaries which occurred in 4Q 2011, increased depreciation, and higher expenses on fuel and materials

Investment Program and Capex



Maintenance and expansion capex

RUB mln	9M '12	vs 9M '11	3Q '12	vs 2Q '12	vs 3Q '11
Total capex (purchase of PP&E)	21,152	51%	7,237	4%	38%
incl.:					
Expansion total:	10,946	86%	4,858	31%	64%
incl.:					
Underground mine "Udachniy"	4,050	72%	1,990	62%	2.2x
Open-pit mines at "Severalmaz"	3,025	2.4x	1,294	53%	15%
Gas assets	1,724	-	848	(3%)	-
Underground mine "Aikhal"	1,499	20%	500	(9%)	(16%)
Underground mine "Mir"	648	(38%)	226	2%	(35%)
Maintenance	10,206	26%	2,379	(26%)	4%

- ◆ 9M 2012 capex increased by 51% to 9M 2011 driven by almost doubled expansion capex and 26% increase in maintenance as well
- ◆ Expansion capex growth of 86% was caused by advancement of investments to:
 - ◆ Gas assets – integrated gas processing plant;
 - ◆ “Severalmaz” – processing plant and tailings facility;
 - ◆ Underground mine “Udachniy” – construction of infrastructure
- ◆ 9M 2012 maintenance capex was 26% higher compared to 9M 2011 according to the company’s plans

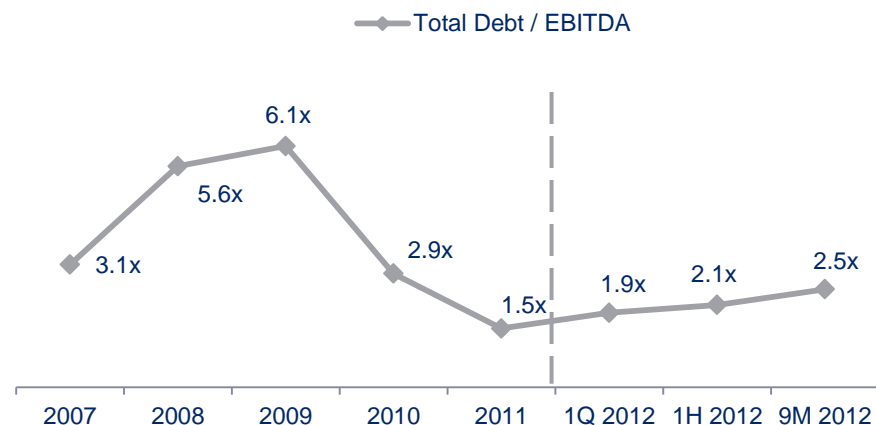
Debt Portfolio Structure



◆ In 3Q 2012, total debt / EBITDA increased to 2.5x from 2.1x in 2Q 2012 due to allocation of short-term financing and decreased EBITDA

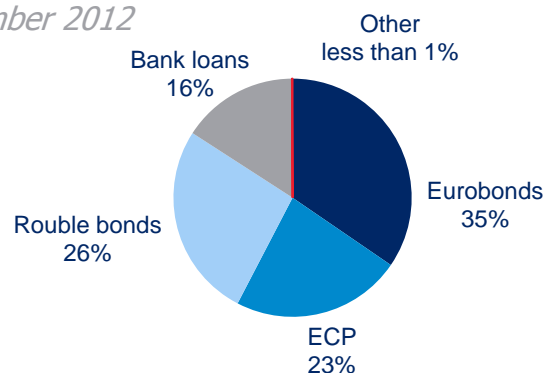
◆ Debt portfolio structure is weighted towards public debt instruments, accounting for 84% of the portfolio

Leverage evolution



Debt portfolio structure

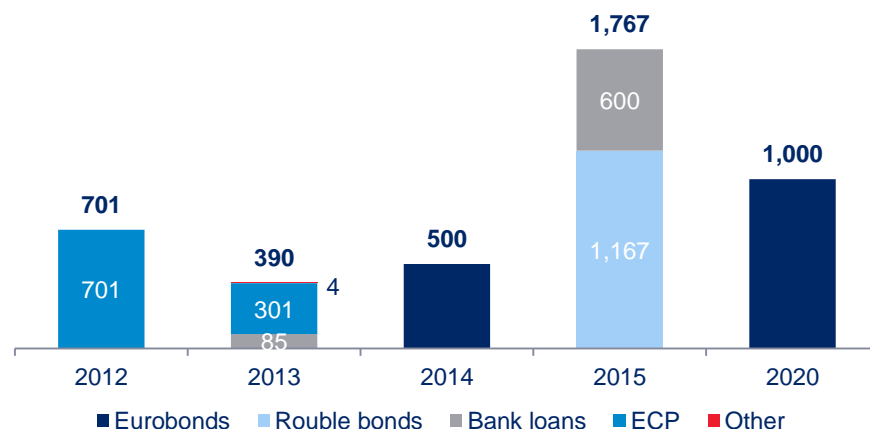
As of December 2012



Total debt as of December 2012: \$ 4,358 mln, with average debt interest rate – 6.8%

Debt maturity profile, \$ mln

As of December 2012





Thank you