



АЛРОСА  ALROSA

Investor Presentation – 1Q 2012 Results

21 June 2012



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Highlights of 1Q 2012



RUB mln	1Q 2012	4Q 2011	1Q 2011	Change vs.	
				4Q 2011	1Q 2011
Production, mln cts	8.1	8.3	10.0	(3%)	(19%)
Sales, mln cts	9.5	4.8	9.1	98%	4%
Revenue	37,200	30,417	29,600	22%	26%
EBITDA¹	16,191	6,827	14,035	2.4x	15%
<i>EBITDA margin</i>	44%	22%	47%	-	-
Net profit	12,688	(8,870)	11,710	-	8%
Cash and cash equivalents	16,034	12,014	9,019	33%	78%
Total debt	126,941	95,553	95,684	33%	33%
<i>Total debt / EBITDA²</i>	1.9x	1.5x	2.3x		

- ◆ Strong performance on the back of stable production and recovered sales volumes
- ◆ Positive dynamics in revenue and profitability
- ◆ Stable financial position with ample liquidity and balanced leverage

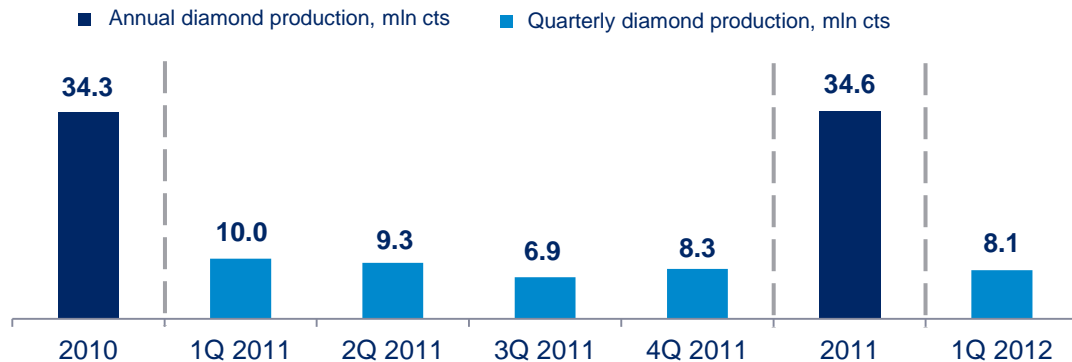
Note: ¹ EBITDA represents reported EBITDA adjusted for gain/(loss) on disposal of property plant and equipment, impairment / (reversal of impairment) of property, plant and equipment, net (gain) / loss from cross currency interest rate swap contracts, (gain) / loss from change of fair value of put options granted by the Group to the buyers of ZAO Geotransgaz and OOO Urengoykaya Gazovaya Company, net (gain) / loss from foreign exchange forward contracts

² Based on Company adjusted LTM EBITDA for the respective period

Operational Overview



Diamond production



Diamond production by mine (deposit), '000 cts

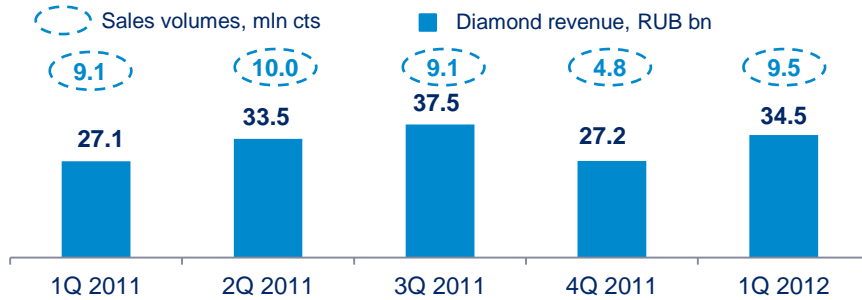
		1Q 2012	4Q 2011	1Q 2011	Change vs.	
					4Q 2011	1Q 2011
1	International underground mine	2,347	1,350	2,314	74%	1%
2	Udachniy pipe	2,050	2,142	4,126	(4%)	(50%)
3	Nyurbinskaya pipe	1,756	1,943	2,121	(10%)	(17%)
4	Jubilee pipe	1,160	945	809	23%	43%
5	Mir underground mine	504	543	293	(7%)	72%
6	Archangelskaya pipe	120	149	162	(19%)	(26%)
7	Zarnitsa pipe	69	81	43	(15%)	61%
8	Aikhal underground pipe	0	827	0	-	-
9	Komsomolskaya pipe	0	58	140	-	-
10	Alluvial placers and tailings	82	275	0	(70%)	-
	Total	8,088	8,313	10,009	(3%)	(19%)

- ◆ In 1Q 2012, production stayed at the level of 4Q 2011 and was 19% lower than in 1Q 2011
- ◆ The ore from Aikhal underground mine and Komsomolskaya pipe was not processed due to planned maintenance works at the processing plant
- ◆ Production at International mine in 1Q 2012 was higher than in 1Q 2011 and 4Q 2011 as it continues to process ore mined in previous periods to compensate for scheduled plant maintenance works at Aikhal underground mine and Komsomolskaya pipe
- ◆ Production at Udachniy pipe continues to decrease due to gradual phasing out of open pit operations and transformation into an underground mine
- ◆ Production volumes at Nyurbinskaya pipe decreased 17% and 10% as compared to 1Q 2011 and 4Q 2011, respectively, due to planned temporary processing of lower quality ore

Sales Overview



Diamond Revenue and Sales Volumes



Gem-quality Diamonds Price and Sales Volumes



Non Gem-quality Diamonds Price and Sales Volumes



- ◆ In 1Q 2012, diamond revenue was up 27% compared to 1Q 2011 and 4Q 2011 driven by recovered sales volumes and increased prices
- ◆ In gem-quality segment prices went up 5% compared to 4Q 2011 and sales volumes stabilized. Gem-quality diamonds accounted for 64% of total sales volumes in carats and 98% in value
- ◆ In non gem-quality diamonds sector, prices increased 66% compared to 4Q 2011 and volumes stabilized as well

Financial Results



RUB mln	1Q 2012	4Q 2011	1Q 2011	Change vs.	
				4Q 2011	1Q 2011
Operational Figures					
Production, mln cts	8.1	8.3	10.0	(3%)	(19%)
Sales, mln cts	9.5	4.8	9.1	98%	4%
IFRS Income Statements					
Revenue	37,200	30,417	29,600	22%	26%
Cost of sales	16,490	17,951	12,697	(8%)	30%
EBITDA	16,191	6,827	14,035	2.4x	15%
<i>EBITDA margin</i>	44%	22%	47%	-	-
Net profit	12,688	(8,870)	11,710	-	8%
<i>Net profit margin</i>	34%	-	40%	-	-
IFRS Balance Sheets					
Cash and cash equivalents	16,034	12,014	9,019	33%	78%
Total debt	126,941	95,553	95,684	33%	33%
<i>Total debt / EBITDA</i>	1.9x	1.5x	2.3x	-	-
Total equity	125,884	113,097	104,176	11%	21%
IFRS Cash Flow Statements					
Net cash inflow from operating activity	7,850	9,160	13,165	(14%)	(40%)
Purchase of PP&E	6,979	7,431	5,506	(6%)	27%

- ◆ Revenue grew by 22% in 1Q 2012 compared to 4Q 2011 driven by increased volumes and prices

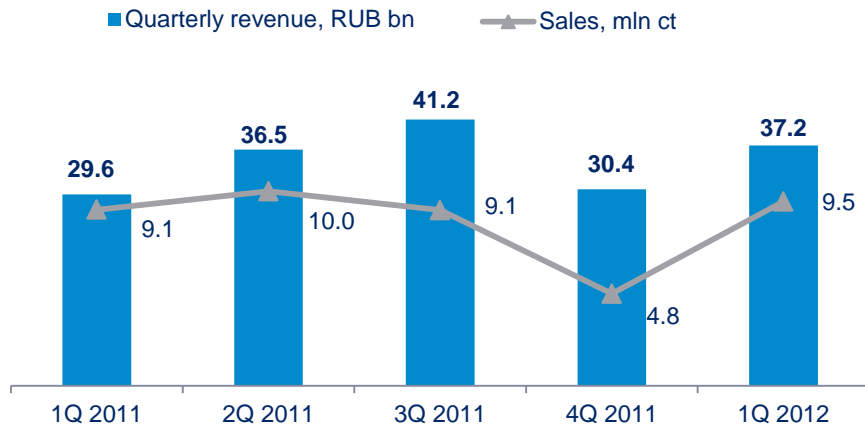
- ◆ Strong profitability with EBITDA margin at c. 44% in 1Q 2012. Net profit increased compared to 1Q 2011 and reached RUB 12,688 mln, while net profit margin stayed close to the level of 1Q 2011

- ◆ Strong balance sheet with leverage below 2.0x

Financial Results Evolution

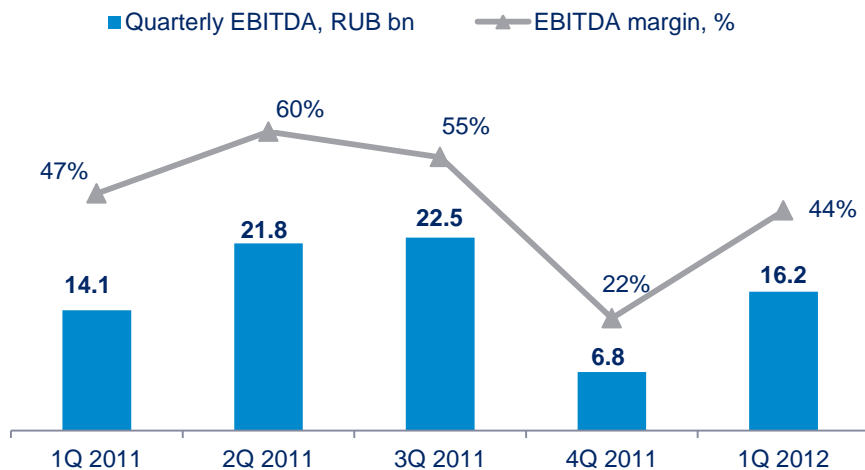


Sales and Revenue Evolution



- ◆ Revenue of RUB 37.2 bn for the 1Q 2012 on the back of solid diamond sales volumes and strong prices
- ◆ EBITDA is 15% higher than in 1Q 2011 and 2.4x higher than in 4Q 2011 with EBITDA margin in 1Q 2012 close to 1Q 2011 and twice as high as in 4Q 2011

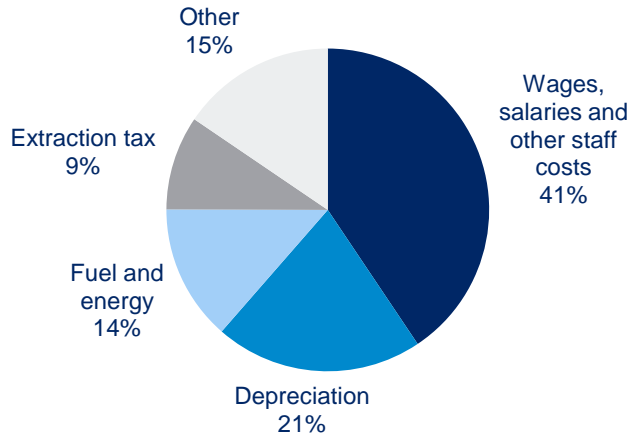
EBITDA and EBITDA Margin Evolution



Cost of Sales Overview



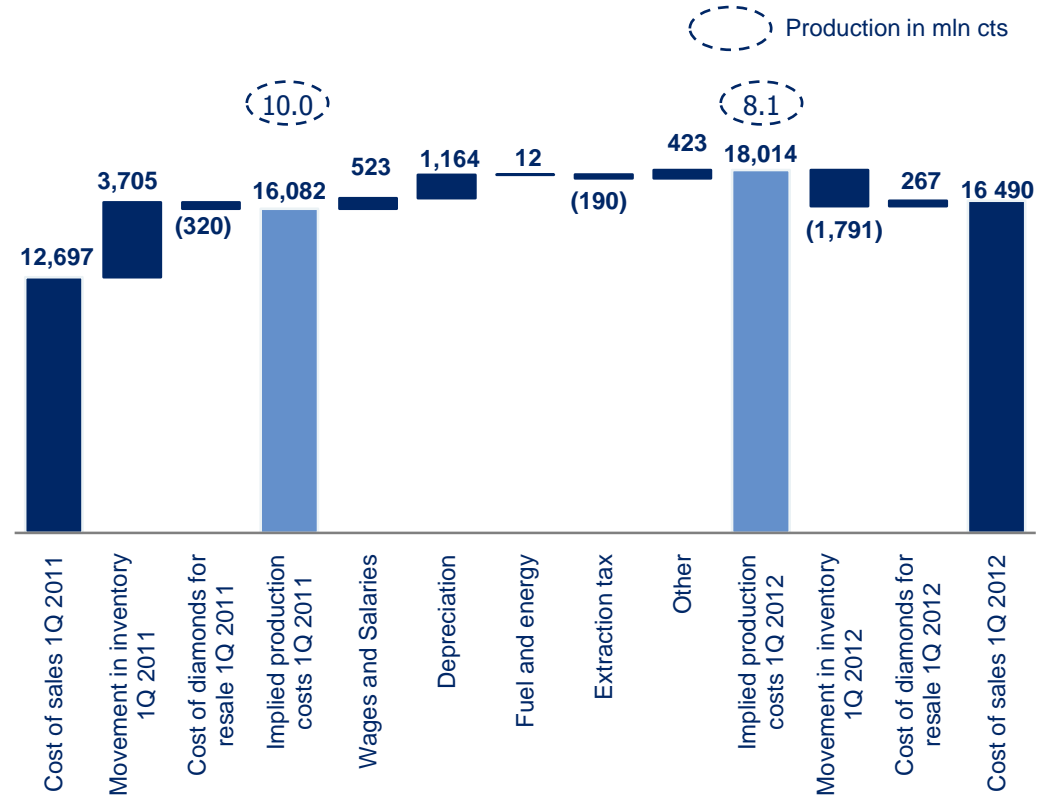
1Q 2012 Production Costs Structure



1Q 2012 Production Costs: RUB 18.0 bn¹

Note: ¹ Cost of sales after adjustment for movement in inventory of diamonds, ore and concentrate (RUB 1.791bn) and cost of diamonds for resale (-RUB 0.267bn)

Cost of Sales Dynamics, RUB mln



- ◆ Cost of production grew by 12% compared to 1Q 2011 driven by planned increase of compensation expenses of personnel occurred in 4Q 2011 and increased depreciation charges as a result of reserves and resources reclassification according to international standards

Investment Program and Capex



Maintenance and Expansion Capex

RUB mln	1Q 2012	4Q 2011	1Q 2011	Change vs.	
				4Q 2011	1Q 2011
Total Capex (purchase of PPE)	6,979	7,431	5,506	(6%)	27%
incl.:					
Expansion total:	2,367	3,074	1,092	(23%)	2.2x
incl.:					
Underground mine "Mir"	200	388	225	(48%)	(11%)
Underground mine "Aikhal"	449	757	251	(41%)	79%
Underground mine "Udachniy"	833	1,153	531	(28%)	57%
Open-pit mines at "Severalmaz"	885	776	85	14%	10.4x
Maintenance	4,612	4,357	4,414	6%	4%

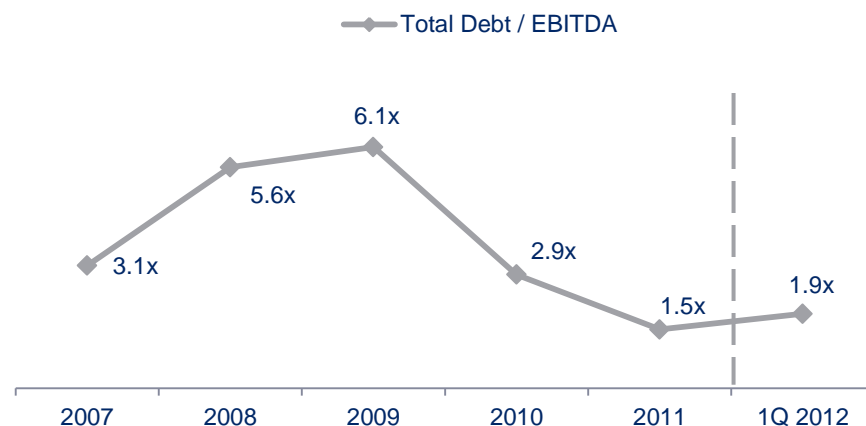
- ◆ In 1Q 2012, maintenance expenses stayed at the levels of 1Q and 4Q 2011
- ◆ Expansion capex doubled compared to 1Q 2011 due to scheduled investments in underground and open-pit mines at Severalmaz

Debt Portfolio Structure



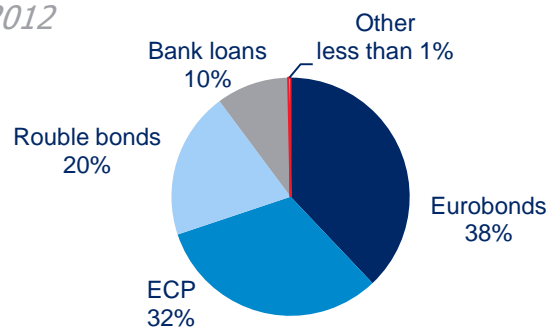
- Total Debt / EBITDA increased to 1.9x, however, leverage remains at comfortable levels
- Debt portfolio structure is weighted towards public debt instruments, accounting for 90% of the portfolio
- As of today, 58% of ALROSA's debt portfolio has mid- and long-term maturities

Leverage Evolution



Debt Portfolio Structure

As of June 2012

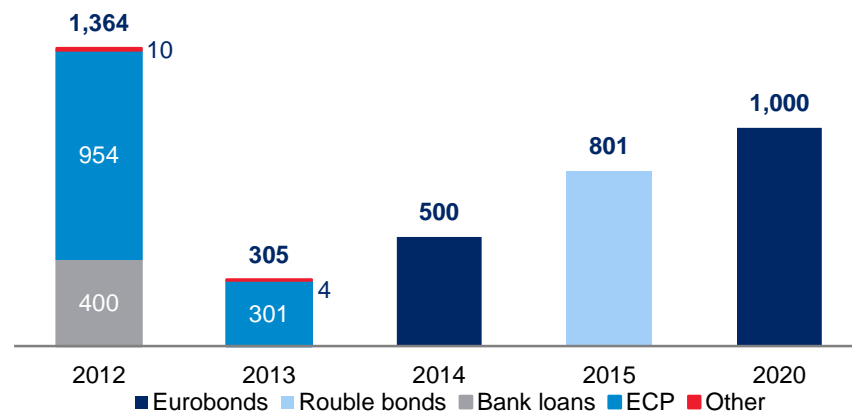


Total debt as of June 2012: \$ 3,970 mln, with average debt interest rate – 6.57%

Note: FX RUB/US\$ rate = 32.4509 used for RUB bonds

Debt Maturity Profile, \$ mln

As of June 2012





Thank you