



АЛРОСА  ALROSA

Investor Presentation – Q1 2013 Results

19th June, 2013



IMPORTANT: You must read the following before continuing.

The below applies to the presentation (the “Presentation”) following this important notice, and you are therefore advised to read this important notice carefully before reading, accessing or making any other use of this Presentation.

The information contained herein has been prepared for the use in this Presentation and has not been independently verified. Such information is confidential and is being provided to you solely for your information and may not be reproduced, retransmitted, further distributed to any other person or published, in whole or in part, for any purpose. ALROSA relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness. None of ALROSA or any of its affiliates or controlling shareholders intends or otherwise is under any obligation to update or keep current the information (or to correct any inaccuracy) contained herein.

This Presentation contains statements about future events and expectations that are forward-looking statements. Any statement herein that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause ALROSA’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, express or implied, is made regarding the future performance. ALROSA assumes no obligation to update, supplement or revise the forward-looking contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. In no circumstances shall the distribution of this Presentation imply that no negative change may occur in the business of ALROSA after the date of such distribution, or any date of amendment and/or addition hereto.

Neither this Presentation, nor the fact of its distribution, does constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire any securities in any jurisdiction or an inducement to enter into any investment activity and nothing contained herein shall form the basis of any contract or commitment or investment decision whatsoever. The contents hereof should not be construed as investment, legal, tax, accounting or other advice, and investors and prospective investors in securities of any issuer mentioned herein are required to make their own independent investigation and appraisal of the business and financial condition of such issuer and the nature of the securities and consult their own advisers as to legal, financial, tax and other related matters.

No reliance may be placed for any purposes whatsoever on the information contained in this Presentation or on its completeness, accuracy or fairness. The information in this Presentation is subject to verification, completion and change. Accordingly, no representation or warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the accuracy, completeness or fairness of the information or opinions contained in this Presentation. None of ALROSA nor any of its shareholders, directors, officers or employees, affiliates, advisors, representatives nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection therewith.

This Presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. Persons in whose possession this Presentation and/or such information may come are required to inform themselves about and to observe such restrictions.

Some numerical figures included in this Presentation have been subject to rounding adjustments.

By reviewing this Presentation you acknowledge and agree to be bound by the foregoing.

Key Events



- ◆ On April 2nd, ALROSA sold 51% stake in Timir to EVRAZ plc for RUB 4.95 bn
- ◆ On April 2nd, ALROSA obtained support from Angolan authorities to expand its geological explorations in this country as the promising place for discovering new deposits
- ◆ On April 6th, Aikhal underground mine reached its design output to produce 0.5 mln tons of ore this year
- ◆ On April 15th, ALROSA and Shanghai Diamond Exchange (SDE) signed a Letter of Intent to sell ALROSA's diamonds
- ◆ On April 25th, in accordance with a strategy of corporate structure improvement ALROSA's Management Board was reduced from 20 to 13 members
- ◆ On May 27th, ALROSA and Sotheby's signed a Letter of Intent to sell special size, fancy color and high quality polished diamonds at Sotheby's auctions
- ◆ On June 5th, ALROSA has completed the acquisition of the alluvial diamond mining company "Nizhne-Lenskoe" from the Republic of Sakha (Yakutia) for a cash consideration of RUB 7 bn for 100%

Financial Results



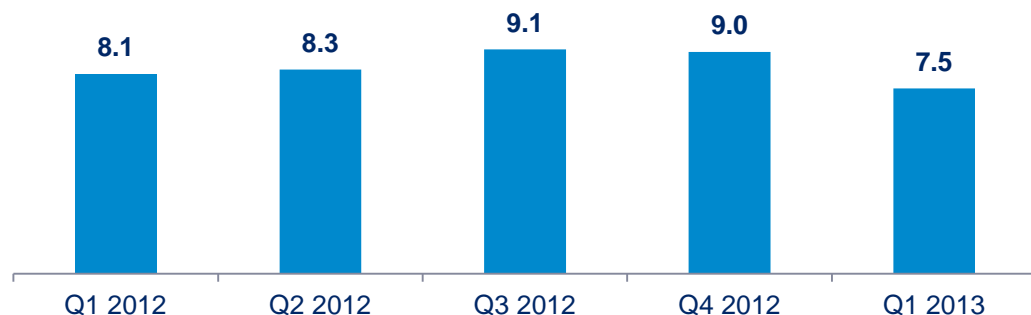
RUB mln	Q1 2013	Q4 2012	Q1 2012	Change vs.	
				Q4 2012	Q1 2012
Operational Figures					
Production, mln cts	7.5	9.0	8.1	(17%)	(7%)
Sales, mln cts	10.3	10.9	9.5	(6%)	8%
IFRS Income Statements					
Revenue	39,604	46,561	37,200	(15%)	6%
Cost of sales	(20,080)	(21,259)	(17,909)	(6%)	12%
EBITDA	15,771	13,709	16,205	15%	(3%)
<i>EBITDA margin</i>	40%	29%	44%	-	-
Net profit	6,258	8,795	12,691	(29%)	(51%)
IFRS Balance Sheets					
Cash and cash equivalents	12,387	6,242	16,034	2.0x	(23%)
Total debt	132,298	122,701	126,941	8%	4%
<i>Total debt / EBITDA</i>	2.2x	2.0x	1.9x	-	-
Equity, attributable to owners of AK "ALROSA"	137,486	131,949	126,363	4%	9%
IFRS Cash Flow Statements					
Net cash inflow from operating activity	14,856	22,679	7,850	(34%)	89%
Purchase of PP&E	6,579	8,898	6,979	(26%)	(6%)

- ◆ Revenue grew by 6% in Q1 2013 to Q1 2012 driven by increased sales volumes and decreased by 15% to Q4 2012 due to change in product mix
- ◆ Cost of sales in Q1 2013 changed to Q4 and Q1 2012 along with sales volumes
- ◆ EBITDA amounted to RUB 15.8 bn with EBITDA margin of 40% in line with Q1 2012 and up from 29% in Q4 2012
- ◆ Net profit decreased by 29% and 51% to Q4 and Q1 2012 respectively mainly due to exchange rate losses
- ◆ Leverage is in line with Q4 and Q1 2012
- ◆ Capex is in line with Q1 2012 and 26% below Q4 2012 as scheduled in capex plan

Operational Overview



Diamond production, mln cts



Diamond production by mine (deposit), '000 cts

	Q1 2013	Q4 2012	Q1 2012	Change vs.	
				Q4 2012	Q1 2012
1 Nyurbinskaya pipe	1,978	2,149	1,756	(8%)	13%
2 Jubilee pipe	1,940	1,730	1,160	12%	67%
3 Udachniy pipe	1,557	1,784	2,050	(13%)	(24%)
4 International underground mine	1,082	1,258	2,347	(14%)	(54%)
5 Mir underground mine	471	490	504	(4%)	(7%)
6 Archangelskaya pipe	126	139	120	(9%)	5%
8 Komsomolskaya pipe	44	23	0	91%	-
7 Zarnitsa pipe	42	92	69	(54%)	(39%)
9 Aikhal underground pipe	0	845	0	-	-
10 Alluvial placers and tailings	239	471	82	(49%)	2.9x
Total	7,478	8,981	8,088	(17%)	(8%)

- ◈ In Q1 2013, ALROSA's production was in line with the production plan and reached the level of 7.5 mln cts, which is 8% and 17% lower than in Q1 2012 and Q4 2012 respectively
- ◈ Production at Nyurbinskaya and Jubilee pipes in Q1 2013 increased by 13% and 67% respectively compared to Q1 2012 due to improved grade in each of the pipes
- ◈ Production at Udachniy pipe continued to decrease due to gradual phasing out of open pit operations and transformation into an underground mine
- ◈ Production at International underground mine resulted in 54% decline in Q1 2013 compared to Q1 2012 due to processing of additional volumes of ore from storage in Q1 2012
- ◈ Production at Mir underground mine in Q1 2013 was 7% lower compared to Q1 2012 due to lower grade
- ◈ Ore from Aikhal underground mine was not processed as scheduled along with the Company's plan
- ◈ Production from alluvial placers almost tripled in Q1 2013 compared to Q1 2012 as scheduled and decreased by 49% to Q4 2012 due to seasonality factor

Sales Overview



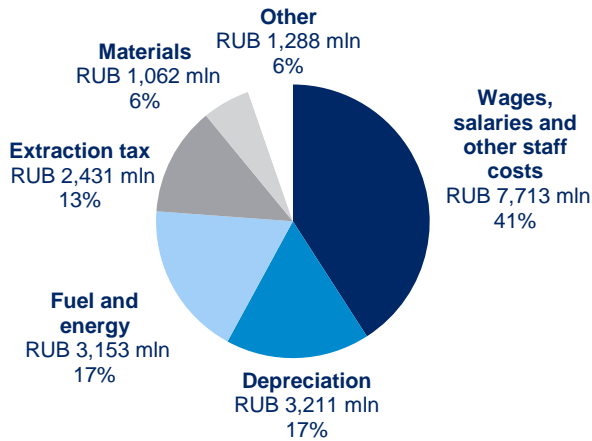
	Q1 2013	Q4 2012	Q1 2012	Change vs.	
				Q4 2012	Q1 2012
Diamond revenue, RUB bn	36.3	42.6	34.5	(15%)	5%
Sales volumes, mln cts					
Gem-quality diamonds	7.6	7.4	6.1	3%	25%
Non gem-quality diamonds	2.7	3.5	3.4	(23%)	(21%)
Total	10.3	10.9	9.5	(6%)	8%
Average price, \$/ct					
Average price of sold gem-quality diamonds	157.5	183.2	183.9	(14%)	(14%)
Price of sold gem-quality diamonds, excluding shifts in product mix	158.6	156.4	183.9	1%	(14%)
Average price of sold non gem-quality diamonds	9.1	10.8	8.8	(16%)	3%

- ◆ Q1 2013 diamond revenue was 5% higher to Q1 2012 driven by 25% increase in sales volumes of gem-quality diamonds
- ◆ Q1 2013 diamond prices (excluding shifts in product mix) were 14% lower than in Q1 2012
- ◆ Q1 2013 diamond revenue was 15% lower than in Q4 2012 explained by a 14% decrease in the average price of sold gem-quality diamonds
- ◆ Excluding shifts in product mix, gem-quality diamond prices increased by 1.4% in Q1 2013 to Q4 2012

Cost of Sales Overview



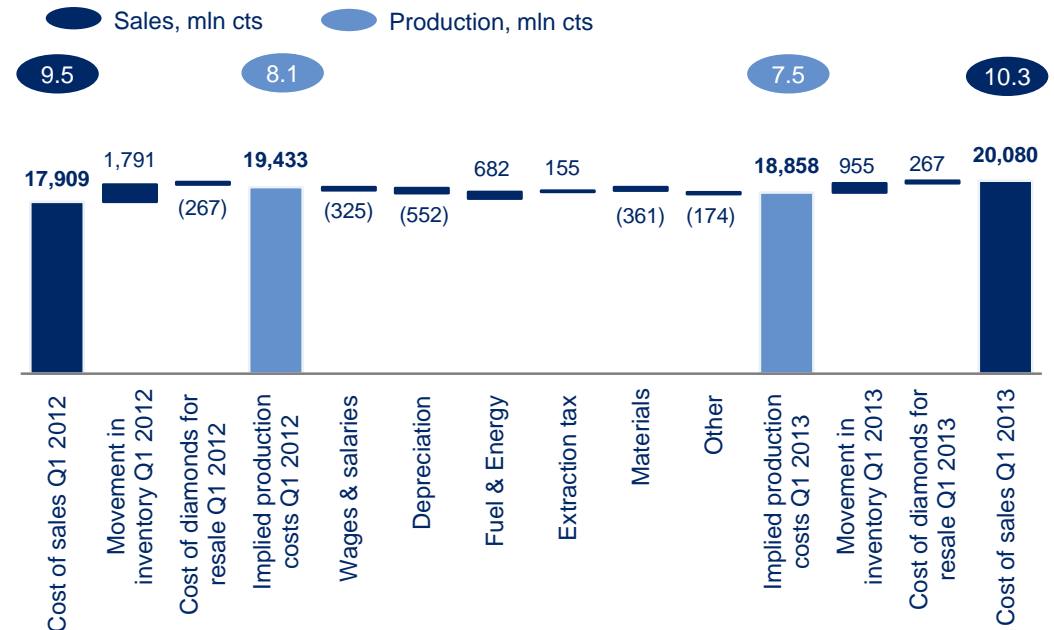
Q1 2013 production costs structure



Q1 2013 Production Costs: RUB 18.9 bn¹

Note: ¹ Cost of sales after adjustment for movement in inventory of diamonds, ore and concentrate (-RUB 955 mln) and cost of diamonds for resale (-RUB 267 mln)

Cost of sales dynamics, RUB mln



Note: Implied production costs calculated due to differences occurred in produced and sold volumes

Production costs in Q1 2013 decreased by 3% compared to Q1 2012 driven by lower production, offset by increased expenses on fuel and energy

Investment Program and Capex



Maintenance and Expansion Capex

RUB mln	Q1 2013	Q4 2012	Q1 2012	Change vs.	
				Q4 2012	Q1 2012
Total Capex (purchase of PP&E)	6,579	8,898	6,979	(26%)	(6%)
incl.:					
Expansion total:	3,108	6,929	2,367	(55%)	31%
incl.:					
Underground mine "Udachniy"	1,083	2,887	833	(62%)	30%
Open-pit mines at "Severalmaz"	951	1,533	885	(38%)	7%
Gas assets	403	1,585	-	(75%)	-
Underground mine "Aikhal"	350	500	449	(30%)	(22%)
Underground mine "Mir"	321	425	200	(24%)	61%
Maintenance	3,471	1,969	4,612	76%	(25%)

◆ Q1 2013 expansion capex decreased by 55% to Q4 2012 as scheduled in capex plan

◆ Q1 2013 expansion capex grew by 31% compared to Q1 2012 due to investments in construction of underground mine "Udachniy" and Gas assets

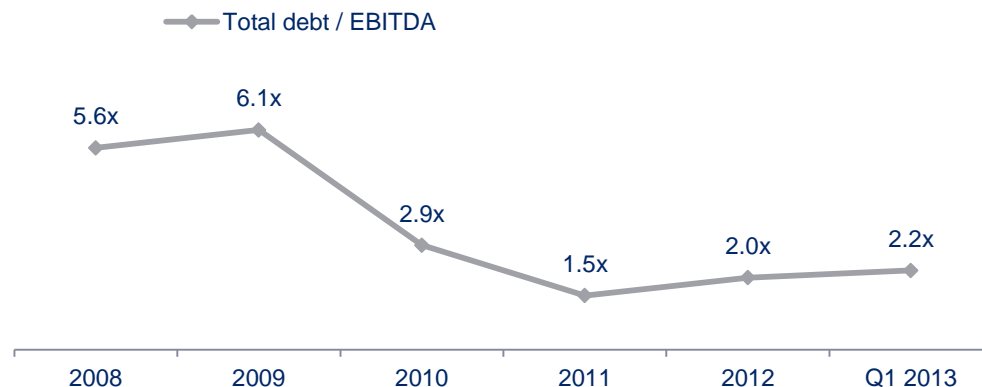
◆ Maintenance capex amounted to RUB 3.5 bn and is in line with depreciation

Debt Portfolio Structure



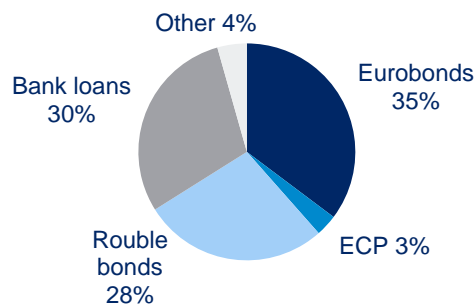
- ◆ In Q1 2013, total debt / EBITDA is in line with 2012
- ◆ Debt portfolio structure is weighted towards public debt instruments, which account for 66% of the portfolio
- ◆ c. 61% of total debt portfolio is US dollar denominated

Leverage evolution



Debt portfolio structure

As of 31st March, 2013

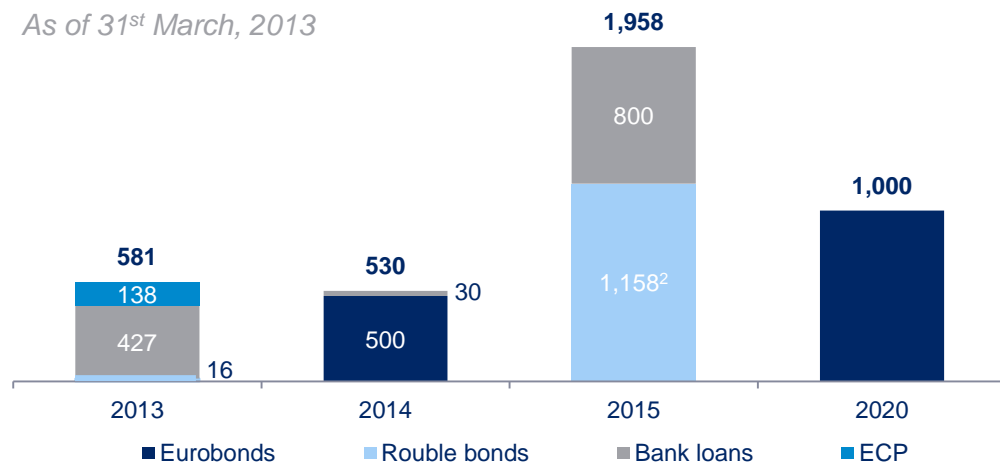


Total debt as of 31st March, 2013: \$4,256mn¹, with average interest rate – 7.3%

Note: ¹ Converted at 31.0834 RUB/USD exchange rate. Includes bank and capital market instruments in the amount of \$4,069mn and other rouble denominated fixed rate loans & other lease obligation of \$187mn

Debt maturity profile of bank and capital market instruments, \$ mln

As of 31st March, 2013



Note: ² Includes Rouble bonds with put options in June 2013 in the amount of \$515mn



Thank you!