



Investor Presentation – Q2 & H1 2013 Results

September 16, 2013

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◆ Geological exploration

- ◆ ALROSA established joint ventures with ENDIAMA and Botswana Diamonds for diamond exploration in the Republic of Angola and in Botswana respectively
- ◆ ALROSA acquired licenses for exploration and mining of alluvial deposits in Western Yakutia – “Piropovy Ruchey” and “Zakonturnaya deluvial placer of Udachnaya pipe”



◆ AGM summary

- ◆ Approved record dividends for 2012 in the amount of RUB8,175 mln
- ◆ Elected new members of the Board of Directors with 5 independent directors out of 15



◆ Sales and marketing

- ◆ ALROSA together with Shanghai Diamond Exchange (SDE) held an auction for rough and polished diamonds. This auction was another step in developing ALROSA`s cooperation with SDE and developing the Company's business in China



◆ Non-core assets

- ◆ ALROSA commissioned an integrated gas treatment plant at its gas assets



Financial Results



RUB mln	Q2 2013	Q2 2012	Q2 2013 vs. Q2 2012	H1 2013	H1 2012	H1 2013 vs. H1 2012
Operational Figures						
Production, mln cts	9.6	8.3	16%	17.1	16.4	5%
Sales, mln cts	8.8	7.7	14%	19.1	17.2	11%
IFRS Income Statements						
Revenue	42,770	39,329	9%	82,229	76,529	7%
Cost of sales	(19,706)	(15,880)	24%	(39,641)	(33,789)	17%
EBITDA	19,420	19,320	1%	35,245	35,525	(1%)
EBITDA margin	45%	49%	-	43%	46%	-
Net profit	8,358	3,500	2.4x	14,616	16,191	(10%)
Net profit margin	20%	9%	-	18%	21%	-
EPS, RUB	1.11	0.46	-	1.95	2.18	-
IFRS Balance Sheets						
Cash and cash equivalents				12,844	13,530	(5%)
Total debt				141,611	135,521	4%
Total debt / EBITDA				2.3x	2.1x	-
Equity attributable to owners of OJSC ALROSA				141,111	121,961	16%
IFRS Cash Flow Statements						
Cash Inflow from operating activities before changes in working capital				34,946	34,530	1%
Working Capital changes				(4,692)	(11,270)	(58%)
Net cash inflow from operating activity				24,029	16,419	46%
Purchase of property, plant and equipment				(14,928)	(13,915)	7%
Free Cash Flow				9,101	2,504	3.6x

Sales Overview



	Q2 2013	Q1 2013	Q2 2012	Change vs.		H1 2013	H2 2012	H1 2012	Change vs.	
				Q1 2013	Q2 2012				H2 2012	H1 2012
Diamond revenue, RUB bn, incl.:	37.7	36.3	36.0	4%	5%	74.0	65.9	70.5	12%	5%
Gem-quality rough diamonds	35.9	34.3	33.3	5%	8%	70.3	61.7	65.5	14%	7%
Industrial rough diamonds	0.4	0.7	0.8	(43%)	(50%)	1.2	1.6	1.6	(25%)	(25%)
Polished diamonds	1.2	0.9	1.3	33%	(8%)	2.1	2.1	2.5	0%	(16%)
Resale of diamonds	0.1	0.3	0.6	(67%)	(83%)	0.4	0.5	0.9	(20%)	(56%)
Rough diamonds sales volumes, mln cts, incl.:	8.8	10.3	7.7	(15%)	14%	19.1	16.0	17.2	19%	11%
Gem-quality rough diamonds	6.9	7.6	5.5	(9%)	25%	14.5	10.8	11.6	34%	25%
Industrial rough diamonds	1.9	2.7	2.2	(30%)	(14%)	4.6	5.2	5.5	(12%)	(16%)
Price of sold gem-quality rough diamonds, excluding shifts in product mix*, \$/ct	191.4	178.6	207.8	7%	(8%)	173.8	169.0	195.2	3%	(11%)

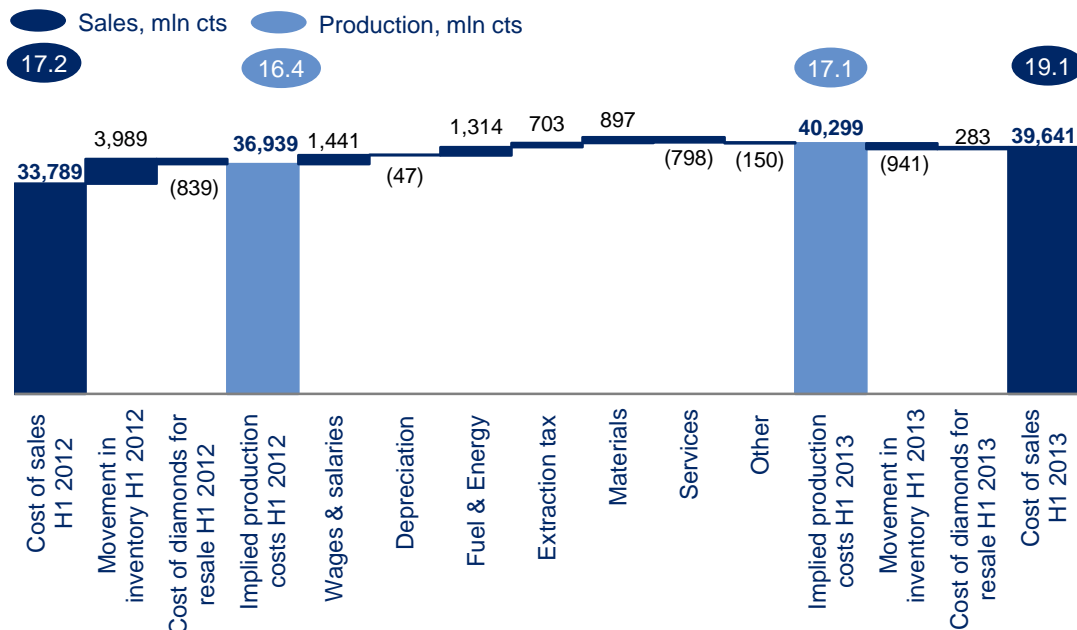
Note: *Half year and quarterly gem-quality rough diamond prices, excluding shifts in product mix, were calculated using the H1 2012 and Q2 2012 sales assortment respectively as a basis; dynamics of gem-quality rough diamond prices, excluding shifts in product mix, characterizes market trends in these periods

- ◆ Q2 2013 diamond revenue was 5% higher vs Q2 2012 driven by higher sales volumes of gem-quality diamonds which offset lower prices, as compared to the last year
- ◆ Increased sales volumes of gem-quality diamonds in Q2 2013 resulted in H1 2013 diamond revenue 5% higher than in H1 2012
- ◆ Q2 2013 diamond revenue increased 4% vs Q1 2013 due to positive pricing trends
- ◆ H1 2013 diamond revenue was 12% higher than H2 2012 due to 3% increase in diamond prices and 34% increase in gem-quality diamonds sales volumes

Cost of Sales Overview



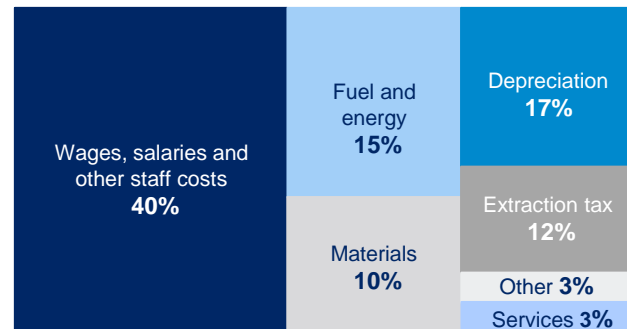
Production costs dynamics, RUB mln



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

- Cost of sales increased by 17% in H1 2013 y-o-y due mainly to 11% increase in sales volumes
- Wages, salaries and other staff costs increased by 10% vs H1 2012 as a result of production growth and indexation of wages to inflation
- 29% increase in material costs and 40% decrease of expenses on services in H1 2013 vs. H1 2012 is a result of increased scope of maintenance works carried out by the Company and fewer services provided by contractors
- Fuel and energy expenses increased by 26% mainly due to higher prices

H1 2013 production costs structure



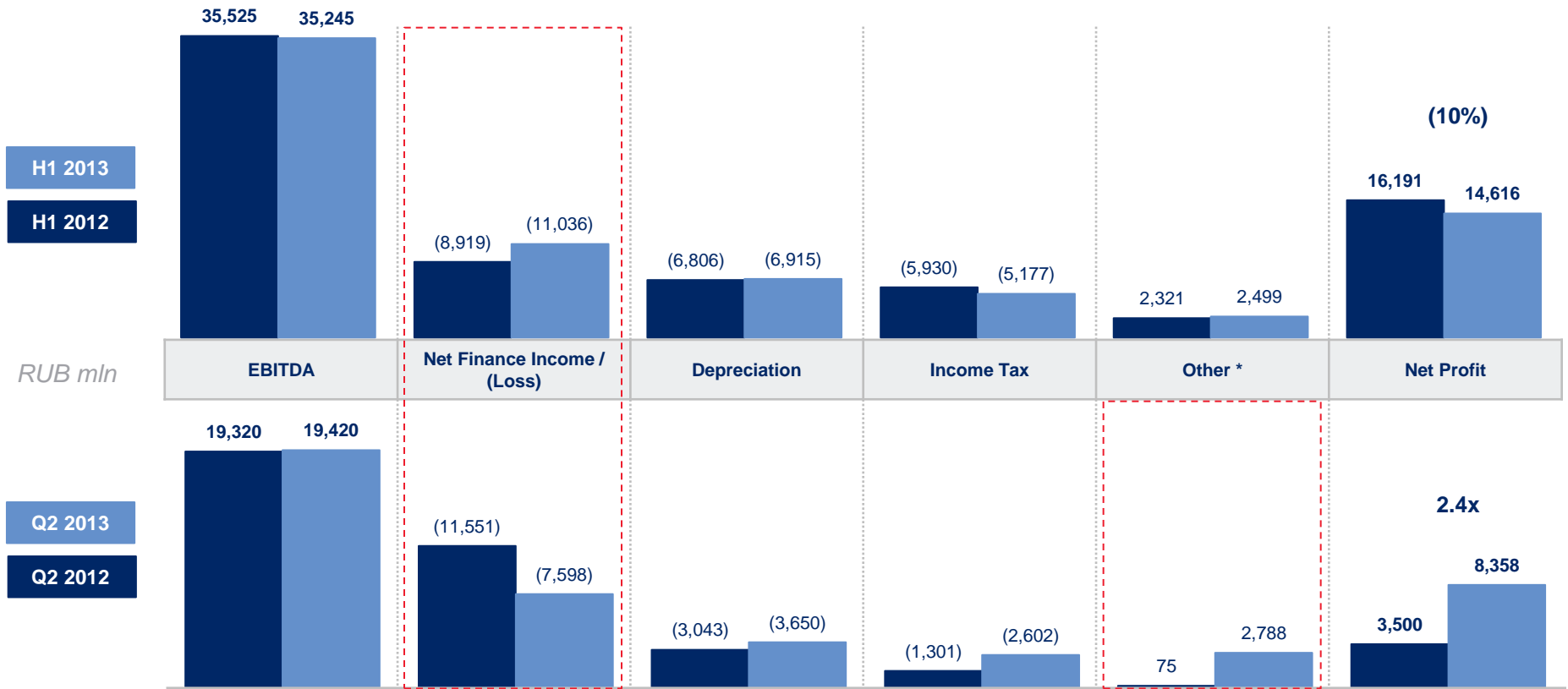
H1 2013 Production Costs: RUB 40.3 bn¹

¹ Cost of sales adjusted to exclude movement in the inventory of diamonds, ores and concentrates (RUB 941 mln), cost of diamonds for resale (- RUB 283 mln)

H1 2013 cost of sales

RUB mln	H1 2013	H1 2012	H1 2013 vs. H1 2012
Wages, salaries and other staff costs	16,031	14,590	10%
Depreciation	6,759	6,806	(1%)
Fuel and energy	6,278	4,964	26%
Extraction tax	4,919	4,216	17%
Materials	3,947	3,050	29%
Services	1,173	1,971	(40%)
Other	1,192	1,342	(11%)
Movement in inventory of diamonds, ores and concentrates	(941)	(3,989)	(76%)
Cost of diamonds for resale	283	839	(66%)
Total	39,641	33,789	17%

Net Profit Overview



Note: * Other includes share of net profit of associates and adjustments of EBITDA (impairment and write-off of fixed assets, gain/loss on disposal of property plant and equipment, gain from put options and disposal of subsidiaries)

- Net profit decreased by 10% in H1 2013 versus H1 2012 mainly as a result of higher FX losses and higher interest expenses due to increased debt
- 2.4x growth of Net Profit in Q2 2013 y-o-y was primarily driven by lower FX losses and a gain from the disposal of 51% of Timir

Investment Program and Capex



Maintenance and Expansion Capex

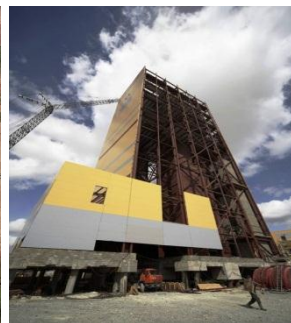
RUB mln	H1 2013	H1 2012	H1 2013 vs. H1 2012
Total Capex (purchase of PP&E)	14,928	13,915	7%
incl.:			
Expansion total:	7,452	6,088	22%
incl.:			
Underground mine Udachny	2,836	2,060	38%
Open-pit mines at Seversalmaz	2,102	1,731	21%
Gas assets	1,270	876	45%
Underground mine Mir	649	422	54%
Underground mine Aikhal	595	999	(40%)
Maintenance	7,476	7,827	(4%)

⬠ H1 2013 expansion capex increased by 22% vs H1 2012 due to implementation of investment program at the following projects:

- ⬠ Udachny underground mine;
- ⬠ ore treatment plant at Seversalmaz;
- ⬠ construction of integrated gas treatment plant for the gas assets;
- ⬠ Mir underground mine

⬠ The reduction of investments in Aikhal underground mine in H1 2013 vs H1 2012 was a result of reaching the annual target capacity of 0.5 mln t (3 mln cts) in April 2013

⬠ Maintenance capex in H1 2013 was RUB7.5 bn and was in line with depreciation

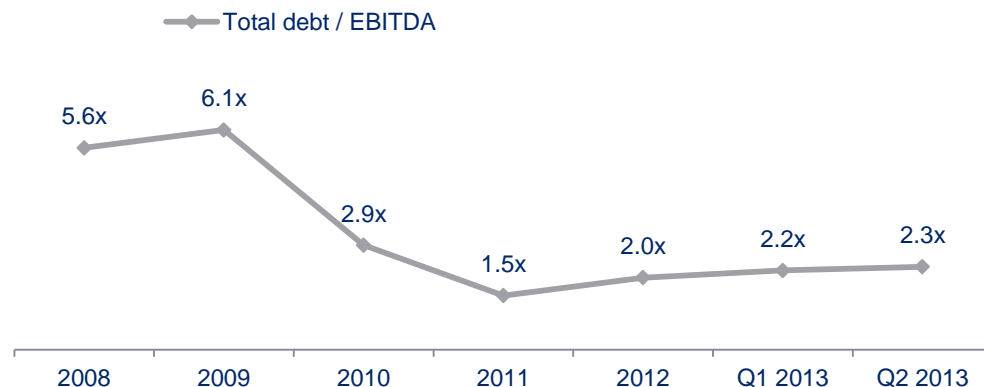


Debt Portfolio Structure



- ◊ In Q2 2013, total debt / EBITDA increased to 2.3x due to the acquisition of Nizhne-Lenskoye
- ◊ In June, ALROSA raised a \$500 mln short-term loan from UniCredit Bank Austria to finance the buyback of Rouble denominated bonds issued in 2010 in the amount of RUB16 bn (\$489 mln)
- ◊ Long-term debt accounts for 70% of the total debt portfolio, c. 74% is US dollar denominated

Leverage evolution



Debt portfolio structure

As of June 30, 2013

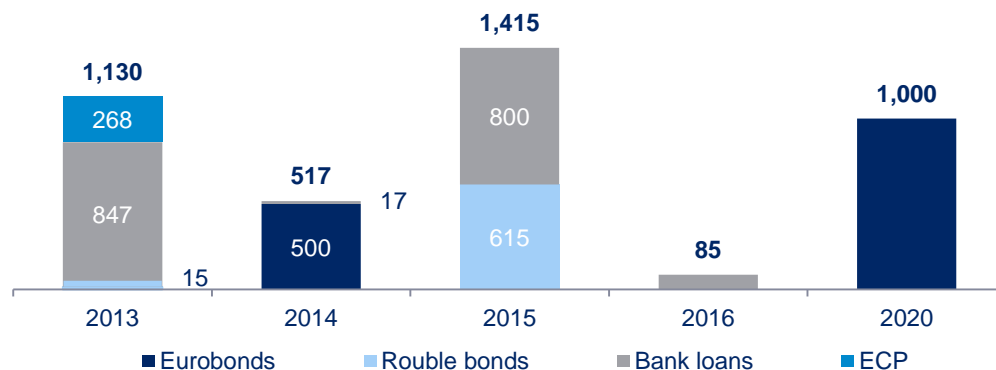


Total debt as of June 30, 2013: \$4,329mln¹, with average interest rate – 6.7%

Note: ¹ Converted at 32.709 RUB/USD exchange rate. Includes bank and capital market instruments in the amount of \$4,146mln and other rouble denominated fixed rate loans & other lease obligation of \$183mln

Debt maturity profile of bank and public debt instruments, \$ mln

As of June 30, 2013





Thank you!