АЛРОСА ALROSA

Investor Presentation – Q3 & 9M 2013 Results

December 5, 2013

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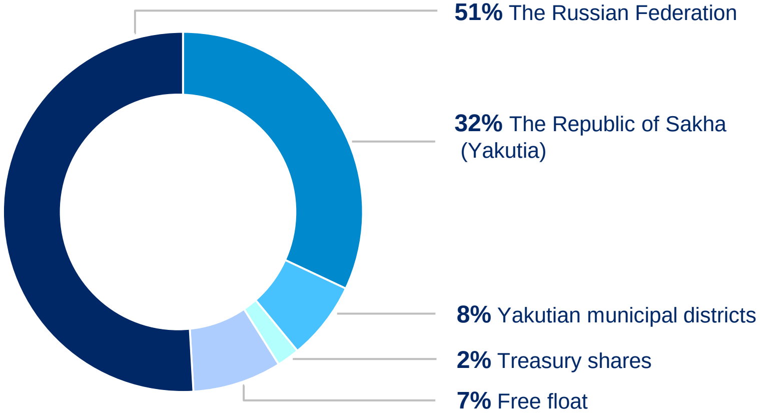
Key Highlights

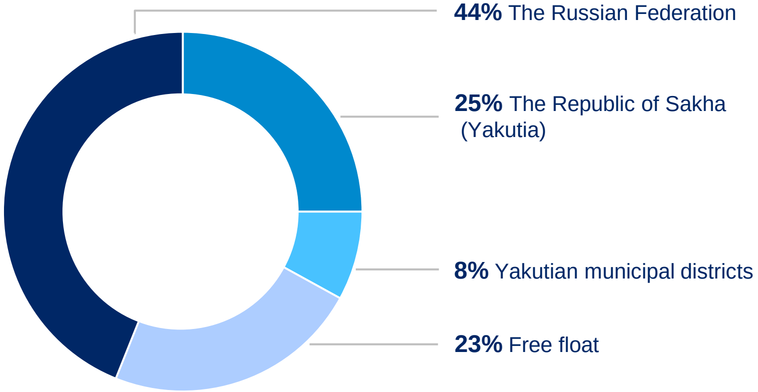
- **Non-core assets**
  - ALROSA and Rosneft signed an agreement for the sale of ALROSA's gas assets in the Yamalo-Nenets Autonomous District (CJSC Geotransgaz and Urengoyskaya Gazovaya Company LLC) and oil and gas assets in the Republic of Sakha (Yakutia) (OJSC ALROSA-Gaz and CJSC Irelyakhneft) for $1.38 billion
- **Reserves and resources update**
  - As of 1 July 2013, ALROSA's JORC compliant reserves were measured at 608 mct with an average grade of 1.34 ct/t, which are sufficient to support production for at least 17 years. The Company's compliant resource base stood at 973 mct with an average grade of 1.38 ct/t
- **ALROSA strategy**
  - The Supervisory Board approved ALROSA's strategy. Key elements of the strategy include: focusing on the rough diamond business, maintaining production in Yakutia and ramping up the Company's operations in the Arkhangelsk region, disposing of non-core assets, utilizing development prospects in Africa and enhancing operational efficiency
- **Shareholder structure**
  - The Russian Federation and the Republic of Sakha (Yakutia) both sold 1,031 mln shares, representing 14% of the Company's share capital, the Company sold 150 mln shares, representing approximately 2% of the Company's share capital during the SPO as well. The free float increased from 7% to 23% after the SPO
  - The Russian Federation and the Republic of Sakha (Yakutia) signed a shareholder's agreement to jointly hold 50% + 2 shares of the Company till at least 2018
- **Dividend policy**
  - The Supervisory Board approved the new dividend policy according to which dividend payout ratio is no less than 35% of net profit under IFRS

Results of ALROSA's SPO

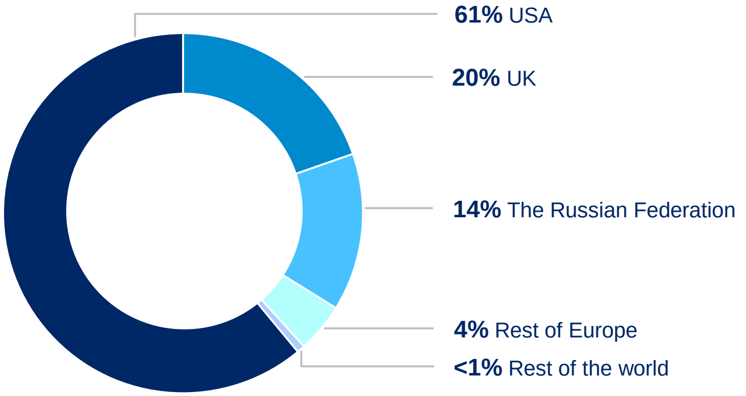
ALROSA's shareholder structure before SPO



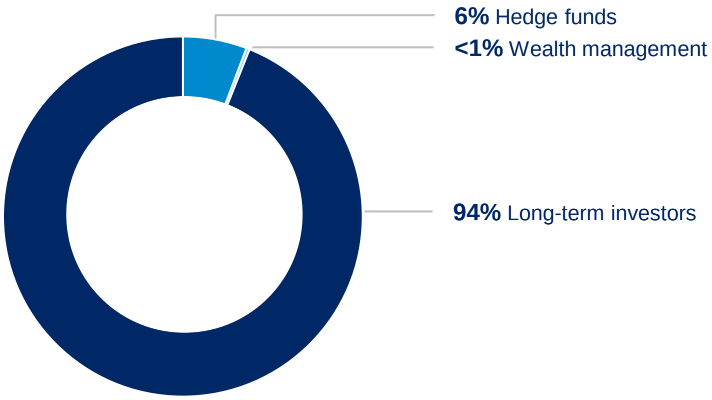
ALROSA's shareholder structure after SPO



New shareholders geographical breakdown



New shareholders breakdown by type



Financial Results

RUB mln	Q3 2013	Q3 2012	*Q3 2013 vs. Q3 2012*	9M 2013	9M 2012	*9M 2013 vs. 9M 2012*
Operational Figures						
Production, mln cts	9.9	9.1	*9%*	27.1	25.4	*6%*
Sales, mln cts	8.0	5.1	*57%*	27.2	22.3	*22%*
IFRS Income Statements						
Revenue	39,149	27,791	*41%*	121,378	104,319	*16%*
Cost of sales	(20,124)	(13,257)	*52%*	(59,765)	(47,208)	*27%*
Adj. EBITDA[1]	16,024	12,717	*26%*	51,269	48,241	*6%*
Adj. EBITDA margin	41%	46%	-	42%	46%	-
Net profit	8,320	8,623	*(4%)*	22,936	24,839	*(8%)*
Net profit margin	21%	31%	-	19%	24%	-
EPS, RUB	1.13	1.20	-	3.08	3.38	-
IFRS Balance Sheets						
Cash and cash equivalents				7,304	10,521	*(31%)*
Total debt				148,078	140,085	*6%*
Total debt / LTM Adj. EBITDA				2.3x	2.5x	-
Equity attributable to owners of OJSC ALROSA				148,467	130,834	*13%*
IFRS Cash Flow Statements						
Cash inflow from operating activities before changes in working capital				49,471	46,727	*6%*
Income tax paid				(8,685)	(8,180)	*6%*
Working Capital changes				(13,014)	(19,219)	*(32%)*
Net cash inflow from operating activities				27,772	19,328	*44%*
Purchase of property, plant and equipment				(23,751)	(21,152)	*12%*
Free Cash Flow[2]				4,021	(1,824)	-

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[1] As used in this presentation, adjusted EBITDA is defined as profit for the period adjusted for income tax, share of net profit from associates and joint ventures, net finance costs (the sum of finance income and finance costs),depreciation, net gain from foreign exchange forward contracts, impairment/(reversal of impairment) of property, plant and equipment, (gain)/loss on disposal of subsidiaries, loss on disposal of social infrastructure assets, loss on disposal of property, plant and equipment, net gain from change of fair value of put options in respect of CJSC Geotransgaz and LLC Urengoyskaya Gazovaya Company (the "Gas Assets"), net (gain)/loss from cross currency interest rate swap contracts and negative goodwill on acquisition of the Gas Assets

[2] As used in this presentation, Free Cash Flow is defined as net cash inflow from operating activities less purchase of property plant and equipment

Sales Overview

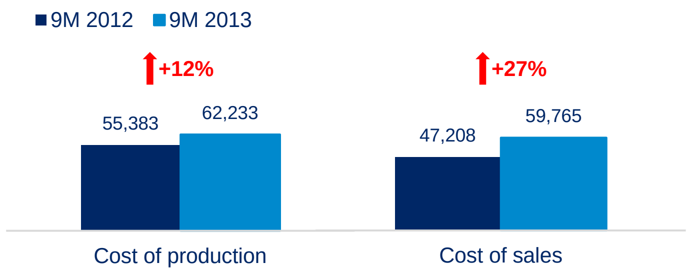
	Q3 2013	Q2 2013	Q3 2012	*Change vs. Q2 2013*	*Change vs. Q3 2012*	9M 2013	9M 2012	*Change vs. 9M 2012*
Diamond revenue, RUB bn, incl.:	**33.1**	**37.7**	**23.3**	***(12%)***	***42%***	**107.1**	**93.8**	***14%***
gem-quality rough diamonds	30.3	35.9	21.0	*(16%)*	*44%*	100.6	86.5	*16%*
industrial rough diamonds	1.4	0.4	0.9	*3.5x*	*56%*	2.6	2.5	*4%*
polished diamonds	1.2	1.2	0.8	*0%*	*1.5x*	3.3	3.3	*0%*
resale of diamonds	0.2	0.1	0.7	*2.0x*	*(71%)*	0.6	1.6	*(63%)*
Rough diamond sales volumes, mln cts, incl.:	**8.0**	**8.8**	**5.1**	***(9%)***	***57%***	**27.2**	**22.3**	***22%***
gem-quality rough diamonds	5.4	6.9	3.4	*(22%)*	*59%*	19.9	15.0	*33%*
industrial rough diamonds	2.6	1.9	1.7	*37%*	*53%*	7.2	7.3	*(1%)*
Price of sold gem-quality rough diamonds, excluding shifts in product mix[1], $/ct	**213.5**	**219.5**	**212.4**	***(3%)***	***1%***	**212.4**	**231.4**	***(8%)***

Note: [1] Nine-month and quarterly gem-quality rough diamond prices, excluding shifts in product mix, were calculated using the Q3 2012 product mix as a basis; historical gem-quality rough diamond prices, excluding shifts in product mix, characterizes market trends in these periods

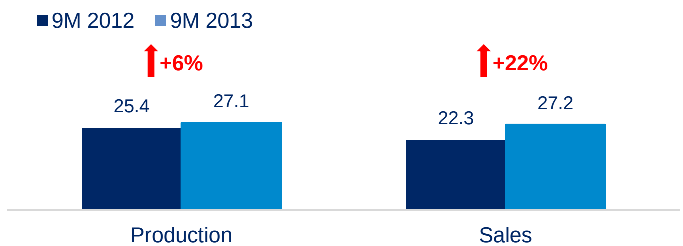
- 9M 2013 diamond revenue increased by 14% vs. 9M 2012 due to 59% increase in sales volumes of gem-quality diamonds in Q3 2013
- Q3 2013 diamond revenue was 42% higher vs. Q3 2012 driven by 59% increase in sales volumes of gem-quality diamonds
- Q3 2013 diamond revenue decreased by 12% vs. Q2 2013 due to 22% decrease in sales of gem-quality diamonds, offset by 37% increase in sales of industrial diamonds

Cost of Sales Overview

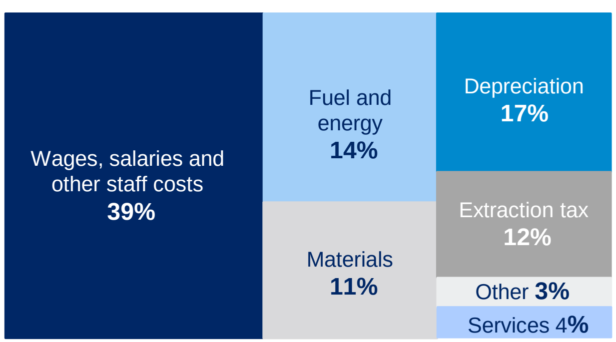
Cost of production and cost of sales, RUB mln



Production and sales volumes, mln cts



9M 2013 production costs structure



9M 2013 cost of sales

RUB mln	9M 2013	9M 2012	9M 2013 vs. 9M 2012
Wages, salaries and other staff costs	24,289	20,868	*16%*
Depreciation	10,493	10,414	*1%*
Fuel and energy	8,863	7,697	*15%*
Extraction tax	7,686	6,321	*22%*
Materials	6,826	5,626	*21%*
Services	2,147	2,728	*(21%)*
Other	1,929	1,729	*12%*
Cost of production	**62,233**	**55,383**	***12%***
Movement in inventory of diamonds, ores and concentrates	(2,929)	(9,486)	*(69%)*
Cost of diamonds for resale	461	1,311	*(65%)*
Cost of sales	**59,765**	**47,208**	***27%***

- Cost of sales increased by 27% in 9M 2013 y-o-y mainly due to a 22% increase in sales volumes
- Wages, salaries and other staff costs increased by 16% vs. 9M 2012 as a result of production growth, indexation of wages to inflation and the acquisition of Nizhne-Lenskoye
- 21% increase in costs of materials and 21% decrease of expenses on services in 9M 2013 vs. 9M 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 increase by 15% was mainly driven by higher prices and increased consumption due to Nizhne-Lenskoye acquisition
- Extraction tax increased by 22% in 9M 2013 compared to 9M 2012 due to increased volumes of diamonds evaluated for MET calculation

Net Profit Overview

[1] 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) and unwinding of discount of future provisions

- Net profit decreased by 8% in 9M 2013 vs. 9M 2012 mainly as a result of FX loss and higher interest expenses due to increased debt
- 4% decline of Net Profit in Q3 2013 y-o-y was primarily driven by reduced FX gains

Investment Program and Capex

Capex

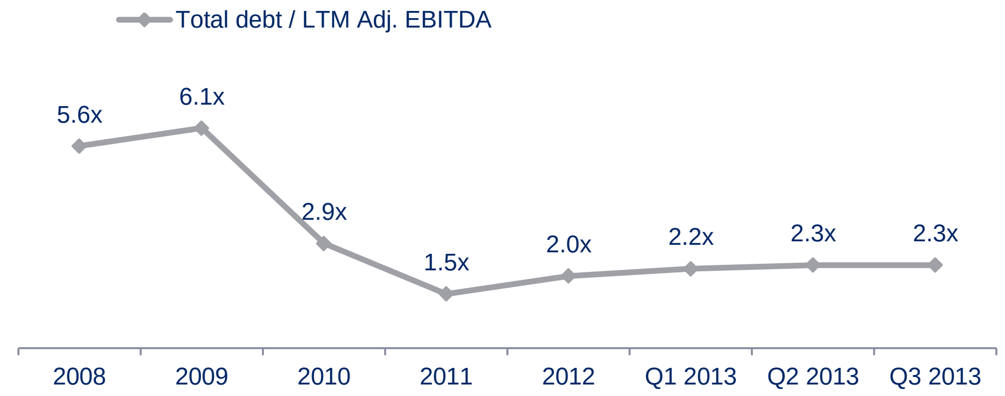
RUB mln	Q3 2013	*Q3 2013 vs. Q3 2012*	9M 2013	*9M 2013 vs. 9M 2012*
Mining operations, incl.:	**7,690**	***25%***	**21,387**	***18%***
Maintenance	**3,967**	***67%***	**9,955**	***20%***
Expansion, incl.:	**3,273**	***(5%)***	**9,741**	***12%***
Udachny underground mine	1,790	*1%*	4,822	*24%*
Aikhal underground mine	189	*(58%)*	817	*(43%)*
Mir underground mine	121	*(40%)*	802	*29%*
Open-pit mines at Severalmaz	913	*(12%)*	2,644	*(4%)*
Botuobinskaya open pit	261	-	655	-
Gas assets	**450**	***46%***	**1,691**	***43%***
Non-mining operations	**1,044**	***15%***	**2,090**	***0%***
Social infrastructure	**89**	***(53%)***	**274**	***(70%)***
Total Capex (purchase of PP&E)	**8,823**	***22%***	**23,751**	***12%***

- 9M 2013 expansion capex in mining operations increased by 12% vs. 9M 2012 due to implementation of the investment program at the following production sites:
  - Udachny underground mine;
  - ore treatment plant at Severalmaz;
  - construction of integrated gas treatment plant for the gas assets;
  - Mir underground mine;
  - stripping operations at Botuobinskaya open pit
- The reduction of investments in Aikhal underground mine in 9M 2013 vs. 9M 2012 was a result of reaching the annual target capacity of 0.5 mln t (3 mln cts) in April 2013
- Maintenance capex in mining operations grew by 20% y-o-y and is in line with depreciation

Debt Portfolio Structure

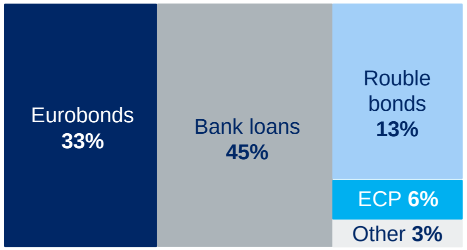
- In Q3 2013, total debt / LTM Adj. EBITDA was at 2.3x; long-term debt accounts for 66% of the total debt portfolio, c. 74% is denominated in US dollars

Leverage evolution



Debt portfolio structure

As of September 30, 2013

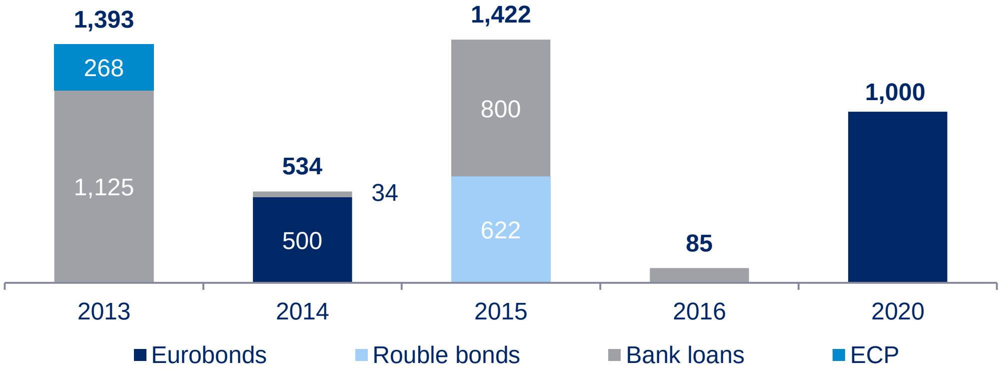


Total debt as of September 30, 2013: $4,578 mln[1], with average interest rate – 6.3%

Note: [1] Converted at 32.345 RUB/USD exchange rate. Includes bank loans and capital market instruments in the amount of $4,434 mln and other RUB-denominated fixed-rate loans & other lease obligations of $144 mln

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

As of September 30, 2013



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Thank you!