



ΑΛΡΟCΑ  ALROSA
**Investor Presentation –
12M 2013 Results**
15 April 2014



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2013 Key Financial Highlights

Diamond sales	Diamond sales were 38.0 mln carats, +15% higher compared to the previous year
Revenue	Revenue increased by +12% compared to 2012, amounting to RUB168.5 bn as a result of increased rough diamond sales volume and start of production at the gas assets
EBITDA	EBITDA increased by +12% to RUB69.1 bn mainly due to an increase in gross profit from diamond sales; EBITDA margin was 41%, flat compared to the previous year
Net profit	Net profit decreased by -5%, reaching RUB31.8 bn as a result of increased FX loss
Free cash flow	Free cash flow increased by +29% in 2013, amounting to RUB15.4 bn as a result of increased operating profit and reduced investments in working capital
Total debt / EBITDA	Total debt to EBITDA ratio remained unchanged at the level of 2.0x

RUB mln	Q4 2013	Q4 2012	Q4 2013 vs. Q4 2012	2013	2012	2013 vs. 2012
Operational Figures						
Production, mln cts	9.9	9.0	10%	36.9	34.4	7%
Sales, mln cts	10.8	10.8	0%	38.0	33.2	15%
IFRS Income Statement						
Revenue	47,127	46,561	1%	168,505	150,880	12%
Cost of sales	(21,972)	(21,259)	3%	(81,737)	(68,467)	19%
EBITDA ⁽¹⁾	17,831	13,709	30%	69,100	61,950	12%
EBITDA margin	38%	29%	-	41%	41%	-
Net profit	8,901	8,795	1%	31,837	33,634	(5%)
Net profit margin	19%	19%	-	19%	22%	-
EPS, RUB				4.26	4.52	(6%)
IFRS Balance Sheet						
Cash and cash equivalents				9,270	6,242	49%
Total debt				138,591	122,701	13%
Total debt / EBITDA				2.0x	2.0x	-
Equity attributable to owners of OJSC ALROSA				159,800	131,013	22%
IFRS Cash Flow Statement						
Cash inflow from operating activities before changes in working capital				67,423	61,830	9%
Income tax paid				(10,715)	(10,951)	(2%)
Changes in working capital				(3,175)	(8,872)	(64%)
Net cash inflow from operating activities				53,533	42,007	27%
Purchase of property, plant and equipment				(38,165)	(30,050)	27%
Free cash flow ⁽²⁾				15,368	11,957	29%

Note: (1) As used in this presentation, EBITDA is defined as operating profit adjusted for depreciation, loss on disposal of property, plant and equipment, and gain on disposal of subsidiaries

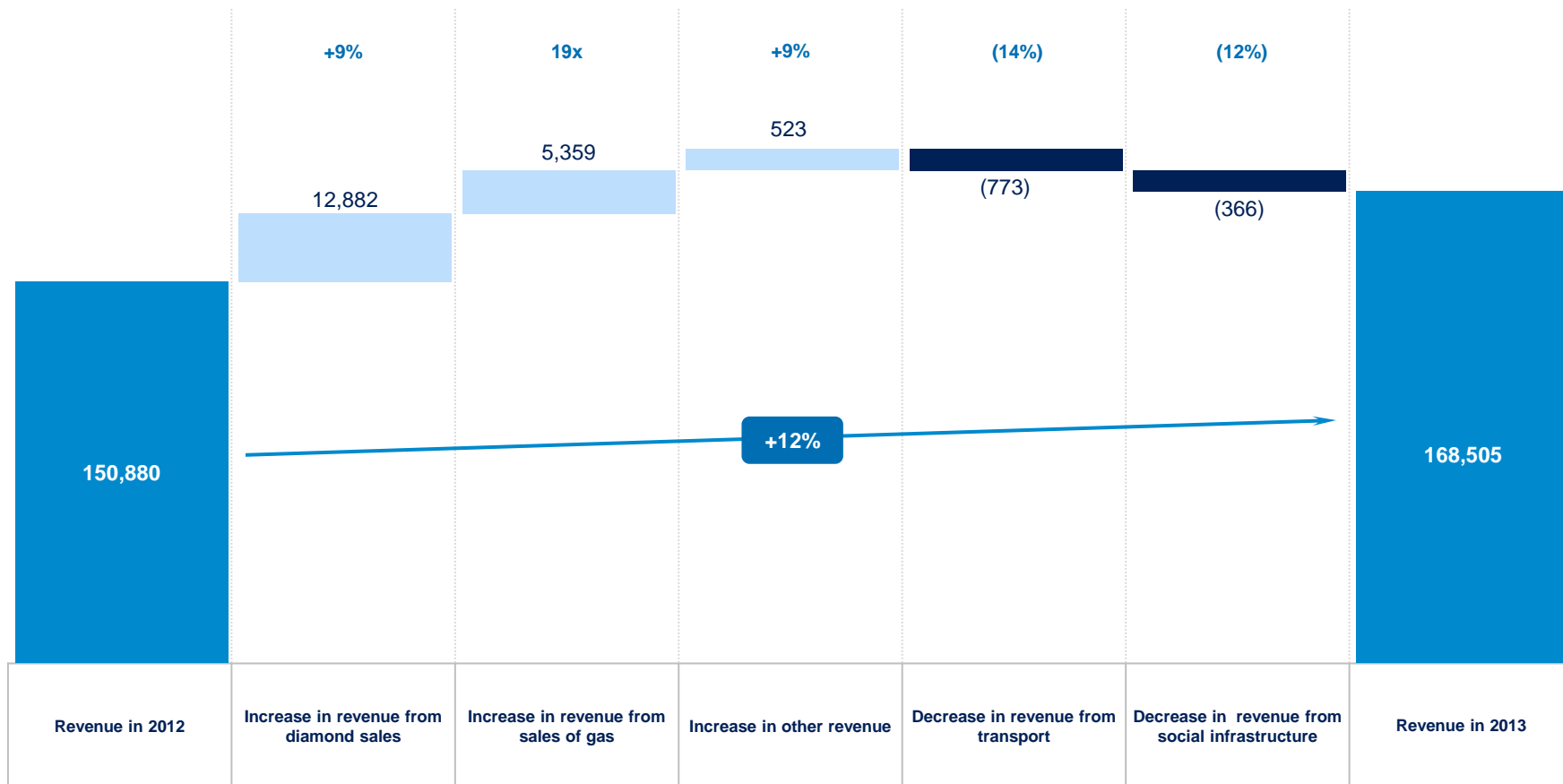
(2) As used in this presentation, Free cash flow is defined as net cash inflow from operating activities less purchase of property plant and equipment



Revenue increased due to higher diamond sales and increased revenue from sales of gas

Revenue dynamics

RUB mln

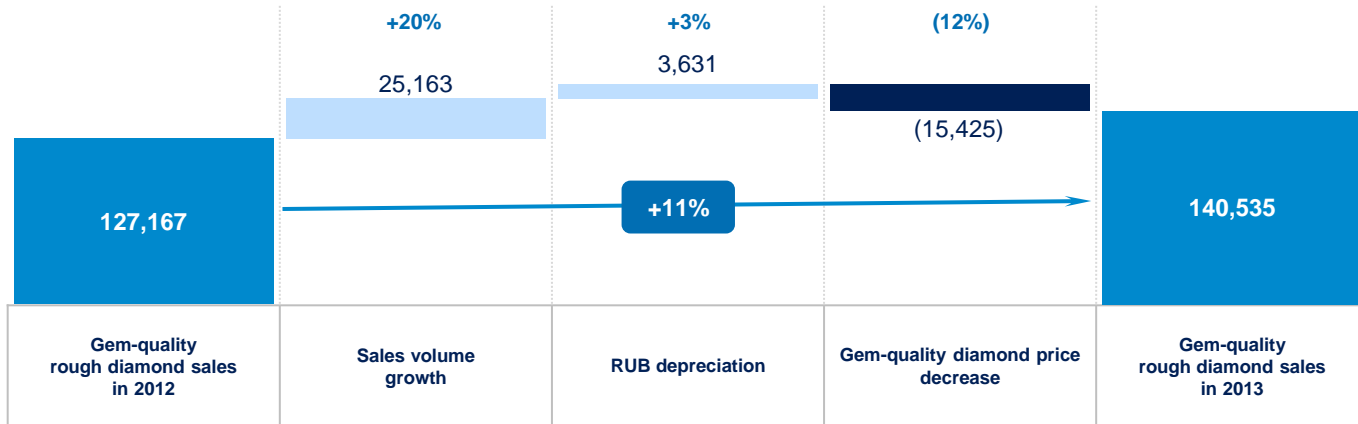




Higher diamond sales volume caused an increase in gem-quality rough diamond revenue

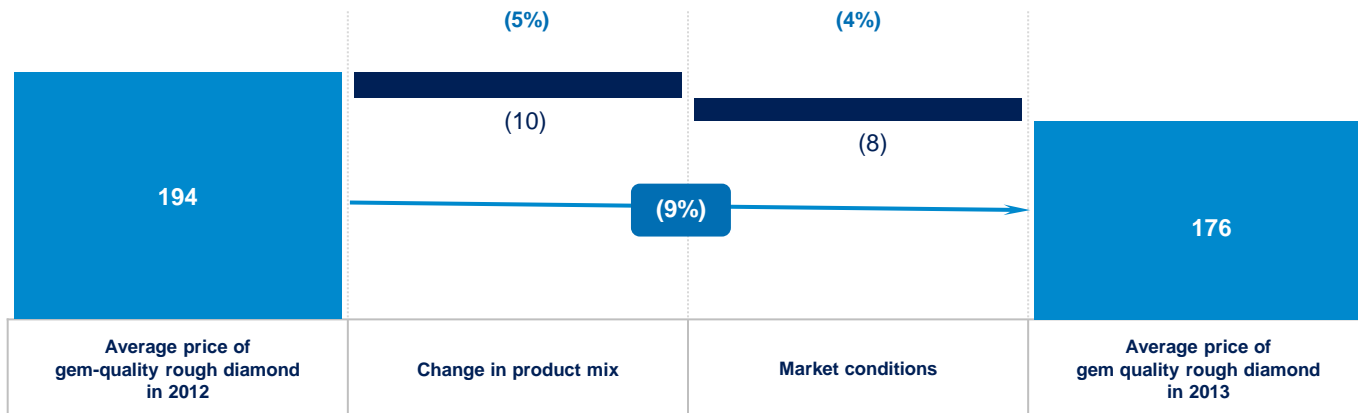
Gem-quality rough diamond revenue dynamics

RUB mln



Gem-quality rough diamond average price dynamics

\$/carat

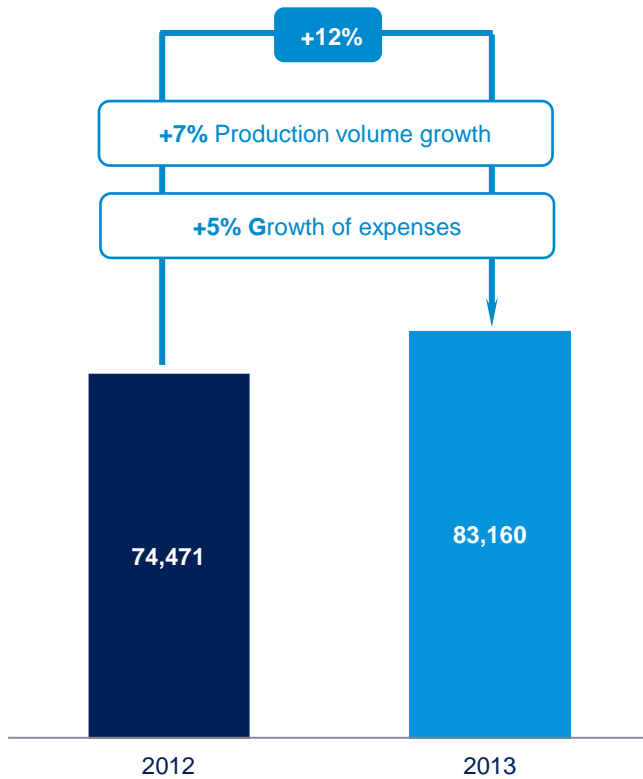




Cost of production and cost of sales grew mainly due to increased volumes

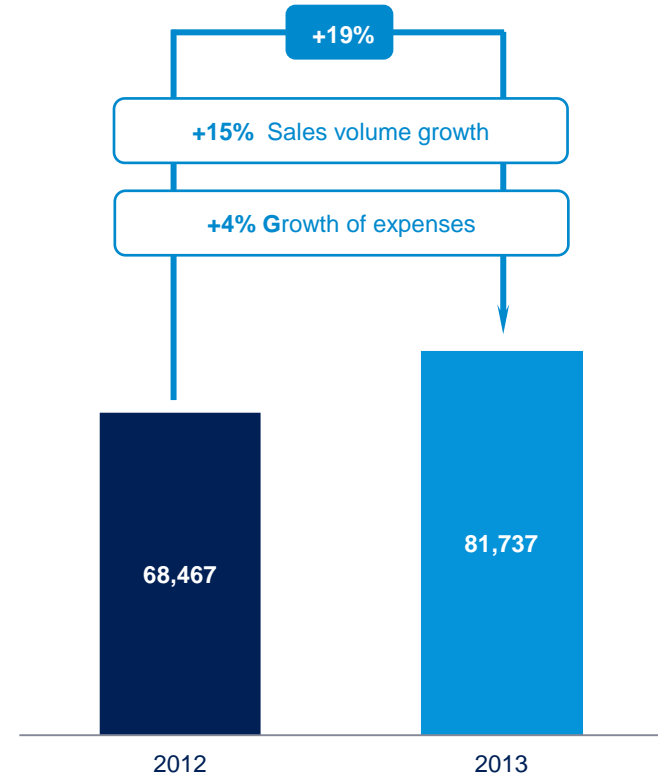
Cost of production

RUB mln



Cost of sales

RUB mln





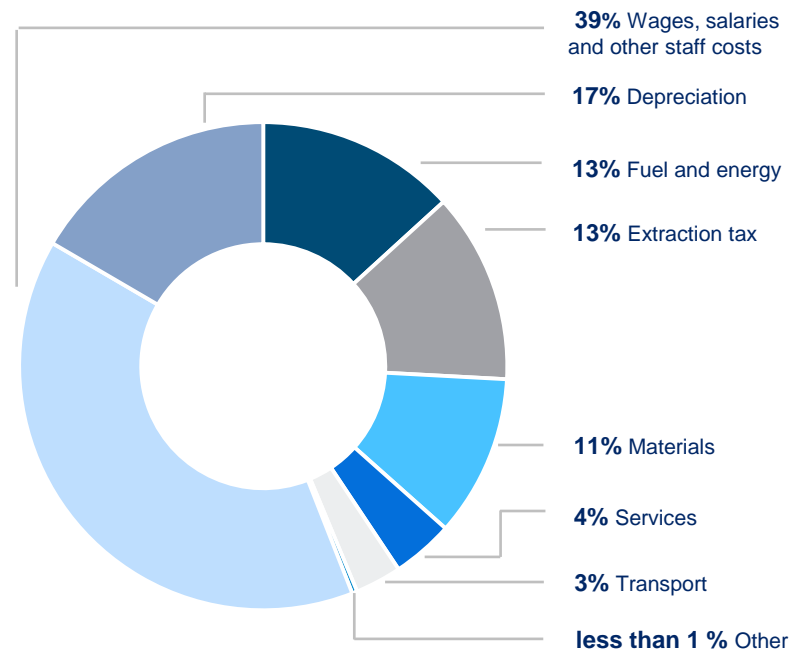
Cost of production growth was mainly driven by an increase in wages, salaries and other staff costs, depreciation and extraction tax

Cost of sales in 2013

RUB mln

	2013	2012	2013 vs. 2012
Wages, salaries and other staff costs	32,764	28,451	15%
Depreciation	13,815	11,943	16%
Fuel and energy	11,016	10,474	5%
Extraction tax	10,509	8,621	22%
Materials	8,845	8,428	5%
Services	3,370	3,668	(8%)
Transport	2,559	2,557	0%
Other	282	329	(14%)
Cost of production	83,160	74,471	12%
Movement in inventory of diamonds, ores and concentrates	(2,020)	(7,266)	(72%)
Cost of diamonds for resale	597	1,262	(53%)
Cost of sales	81,737	68,467	19%

Production costs structure in 2013



- Wages, salaries and other staff costs increased by +15% vs. 2012 as a result of production growth, indexation of wages at the inflation rate and the acquisition of Nizhne-Lenskoye
- Depreciation growth of +16% in 2013 occurred mainly due to new equipment commissioning at the Udachny Division and start of production at the gas assets

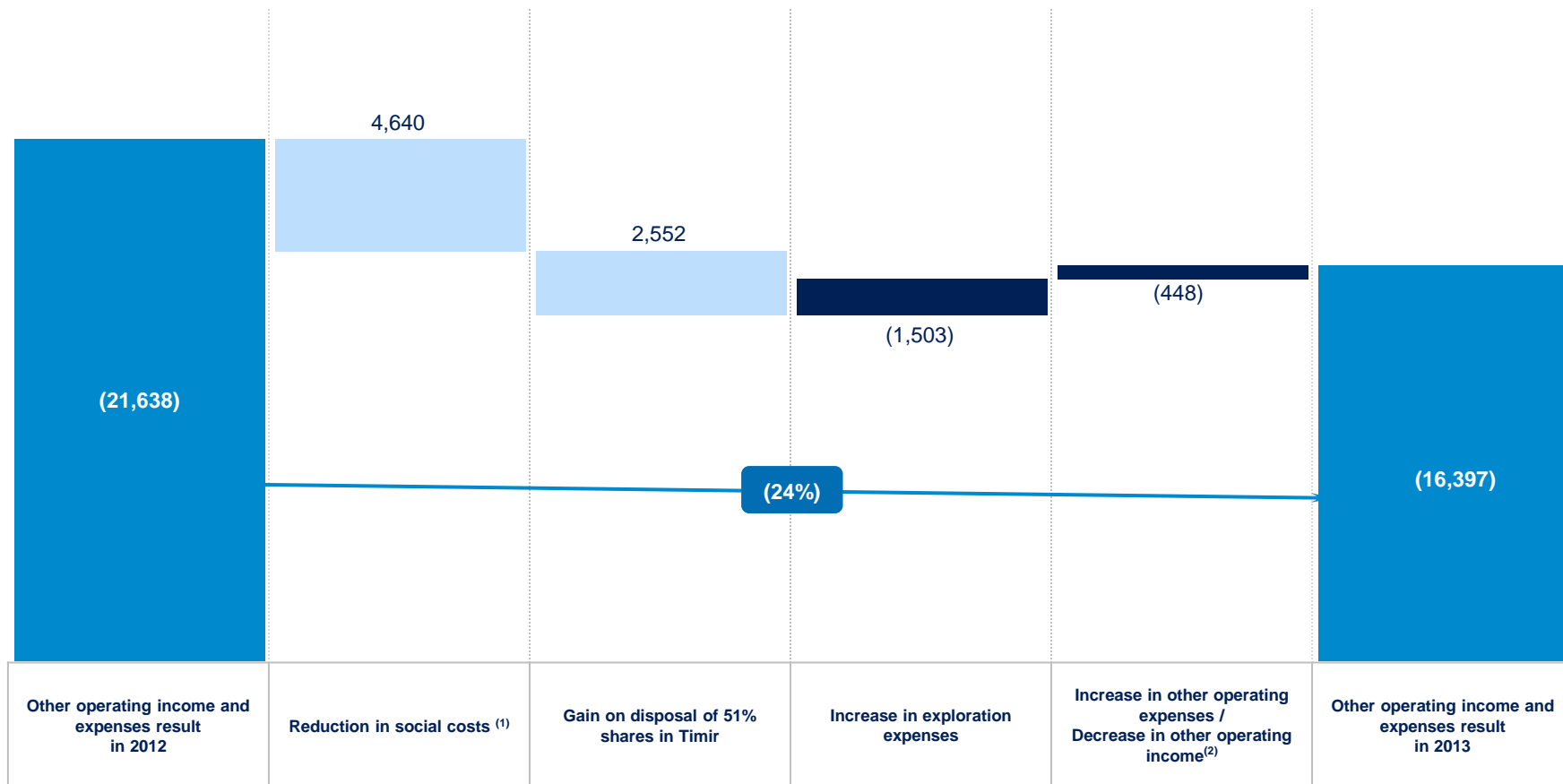
- Fuel and energy costs increased by +5% in 2013 due to increased volumes of mining operations as a result of the acquisition of Nizhne-Lenskoye
- Extraction tax increased by +22% in 2013 due to increased value of diamonds evaluated for MET calculation, and start of gas production in 2013



Other operating income and expenses result decreased due to reduced social costs⁽¹⁾ and sale of 51% shares in Timir

Analysis of other operating income and expenses result

RUB mln



Note: (1) Reduction in social costs is attributed to the higher comparative base due to provisions recognized in 2012. On a comparable basis, expenses for the maintenance of local infrastructure and charity in 2013 increased by 4% in 2013

(2) Other operating income and expenses include negative goodwill on acquisition of gas companies, taxes other than income tax, extraction tax and payments to social funds, loss on disposal of property, plant and equipment, other operating expenses, other operating income

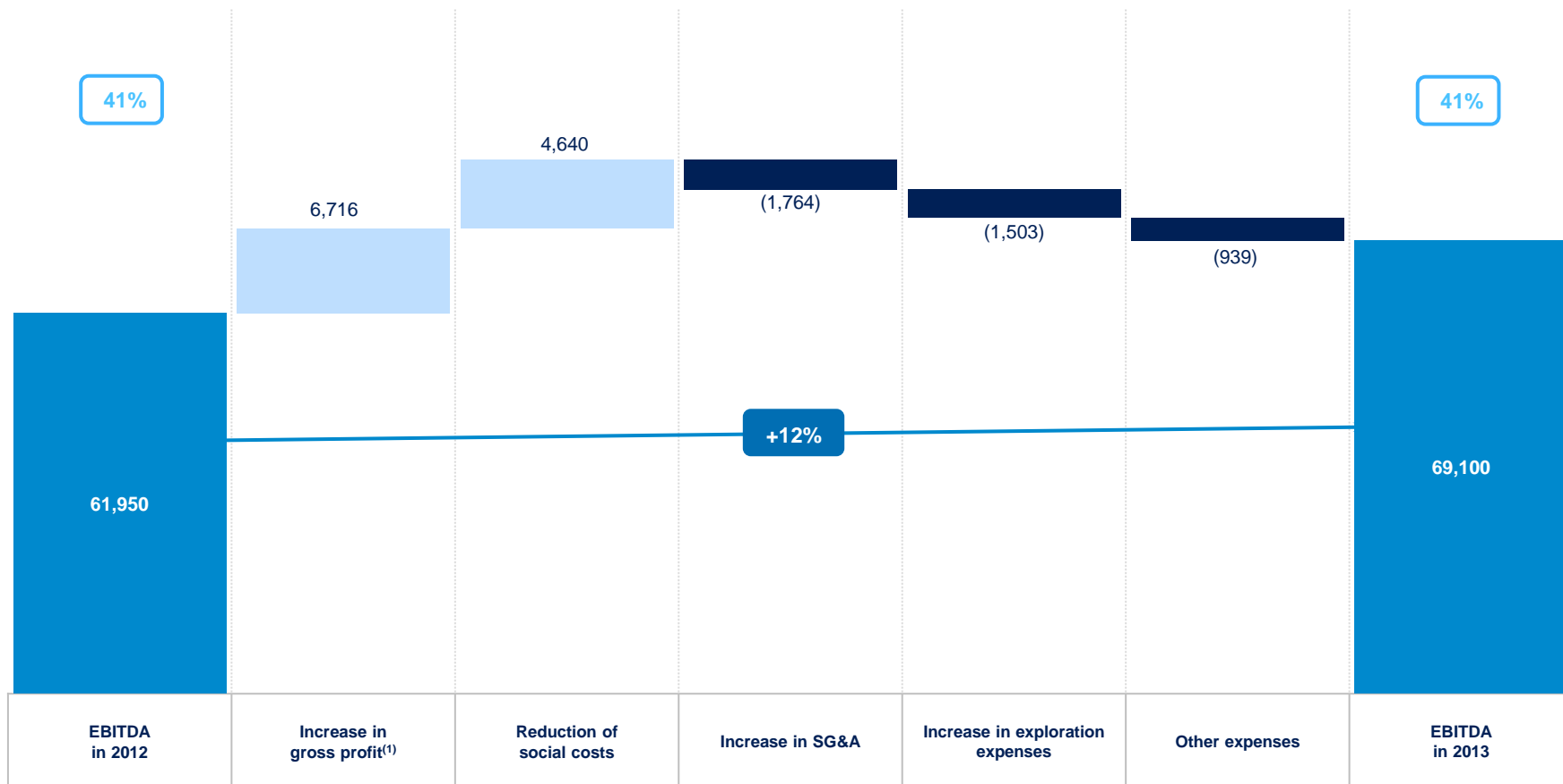


EBITDA increased due to a growth in gross profit from diamond sales, offset by an increase in exploration expenses and SG&A

EBITDA factor analysis

RUB mln

EBITDA margin



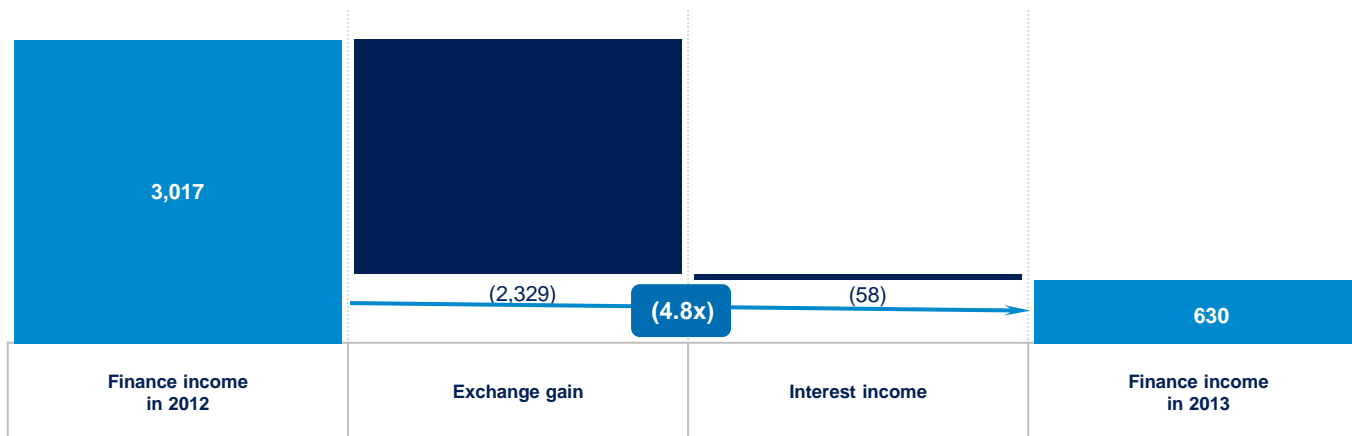
Note: (1) Gross profit, excluding depreciation



Exchange differences (gain and loss) had a significant impact on finance income and finance costs

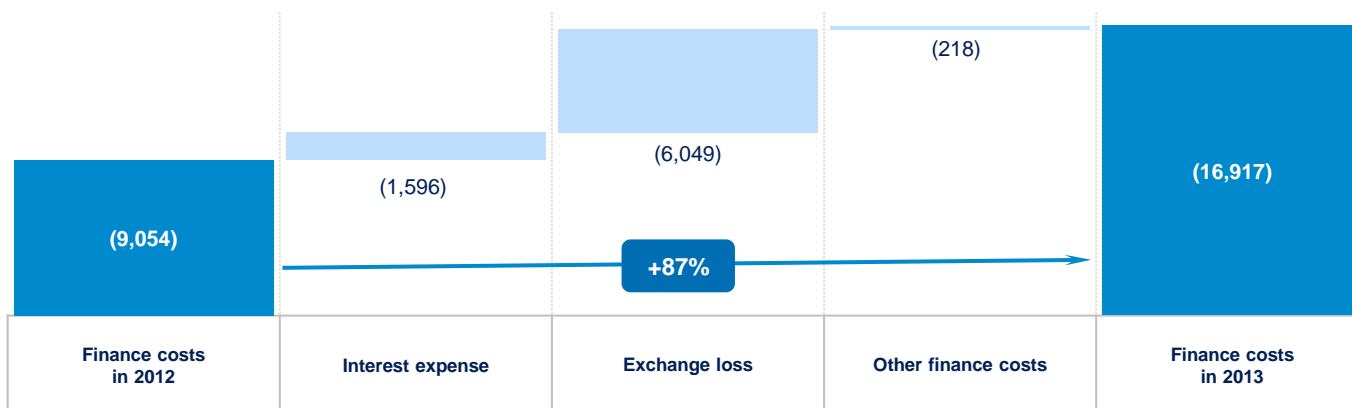
Finance income dynamics

RUB mln



Finance costs dynamics

RUB mln



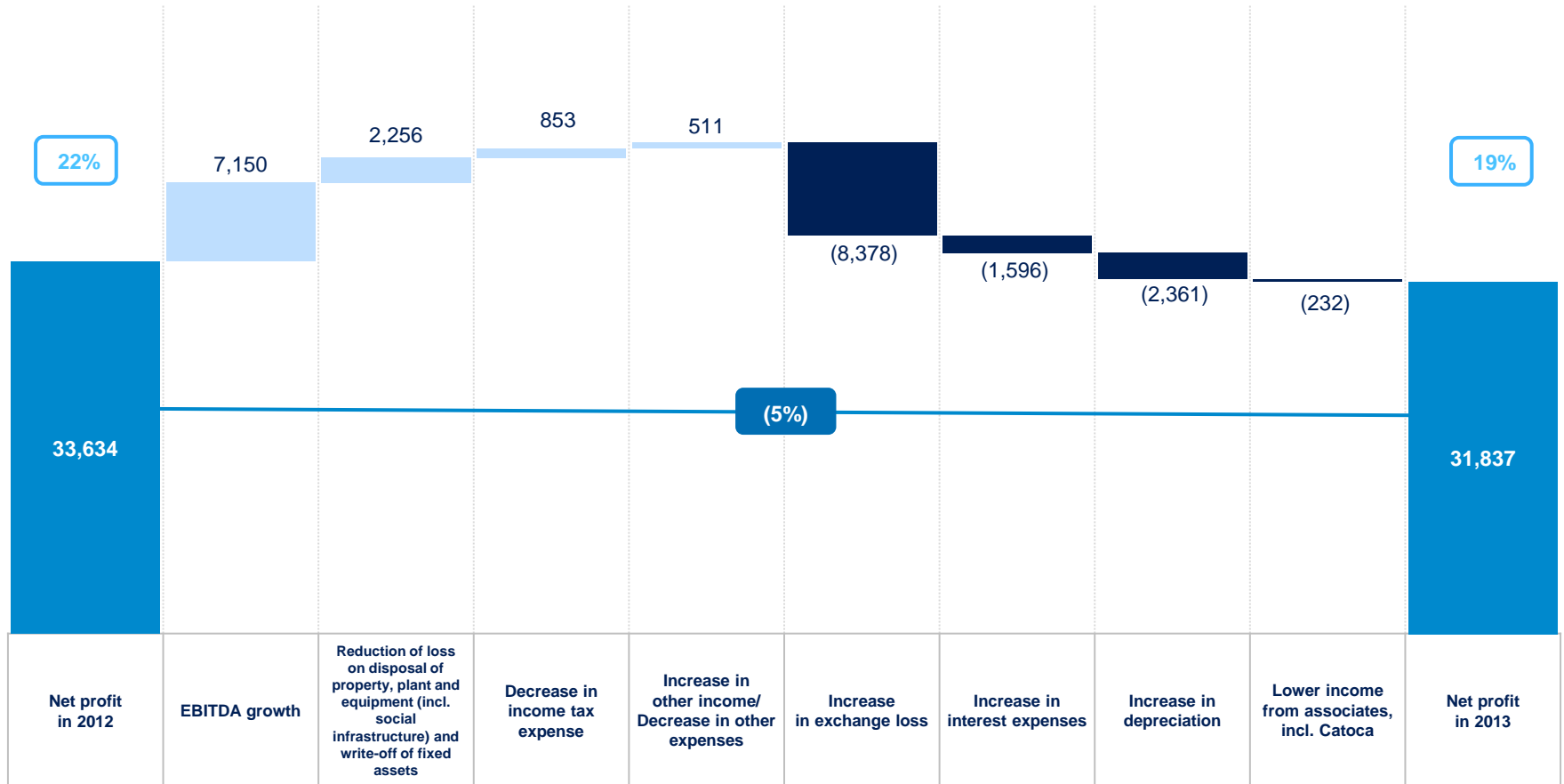


Net profit decreased due to increased exchange loss

Net profit factor analysis

RUB mln

Net profit margin

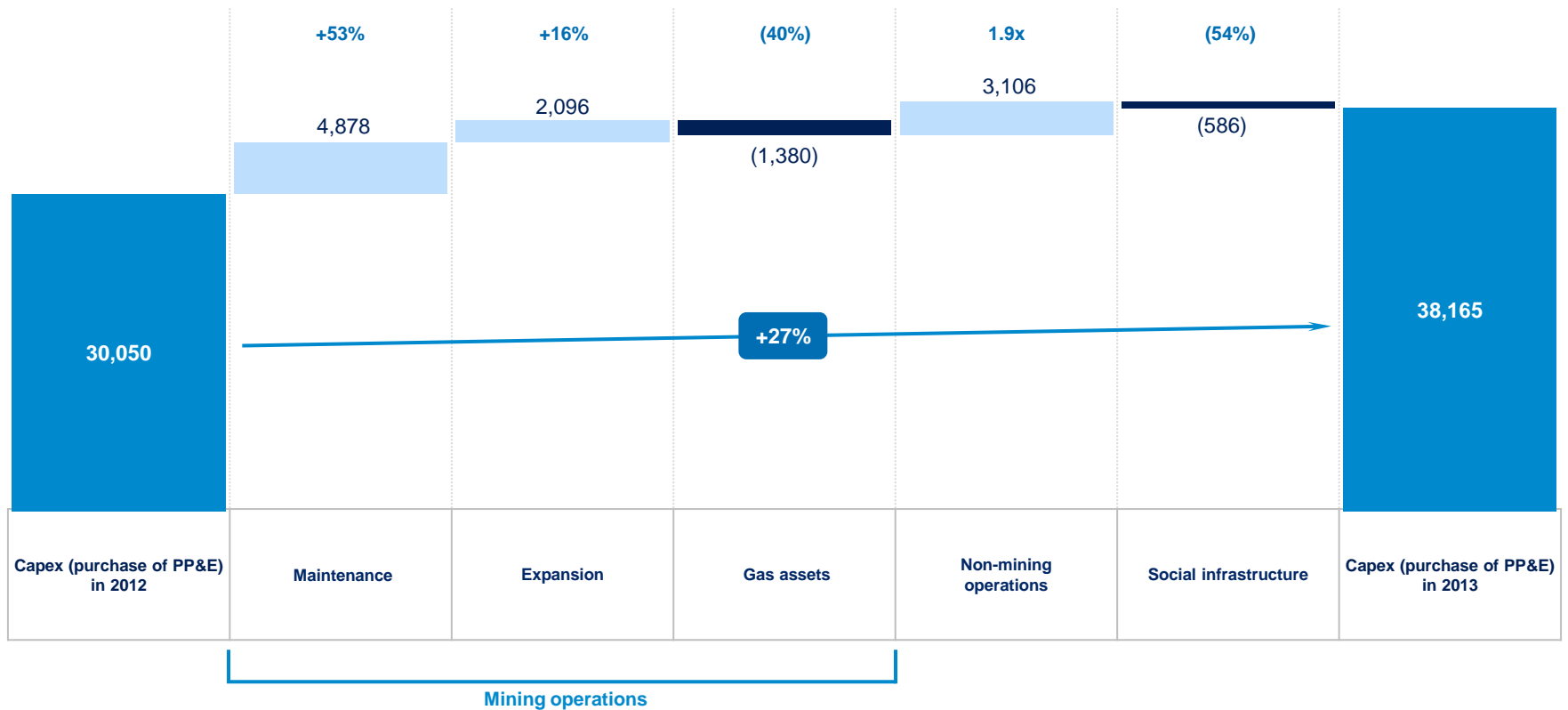




Total Capex grew mainly due to an increase in maintenance Capex

Capital expenditure dynamics

RUB mln



Capital expenditure

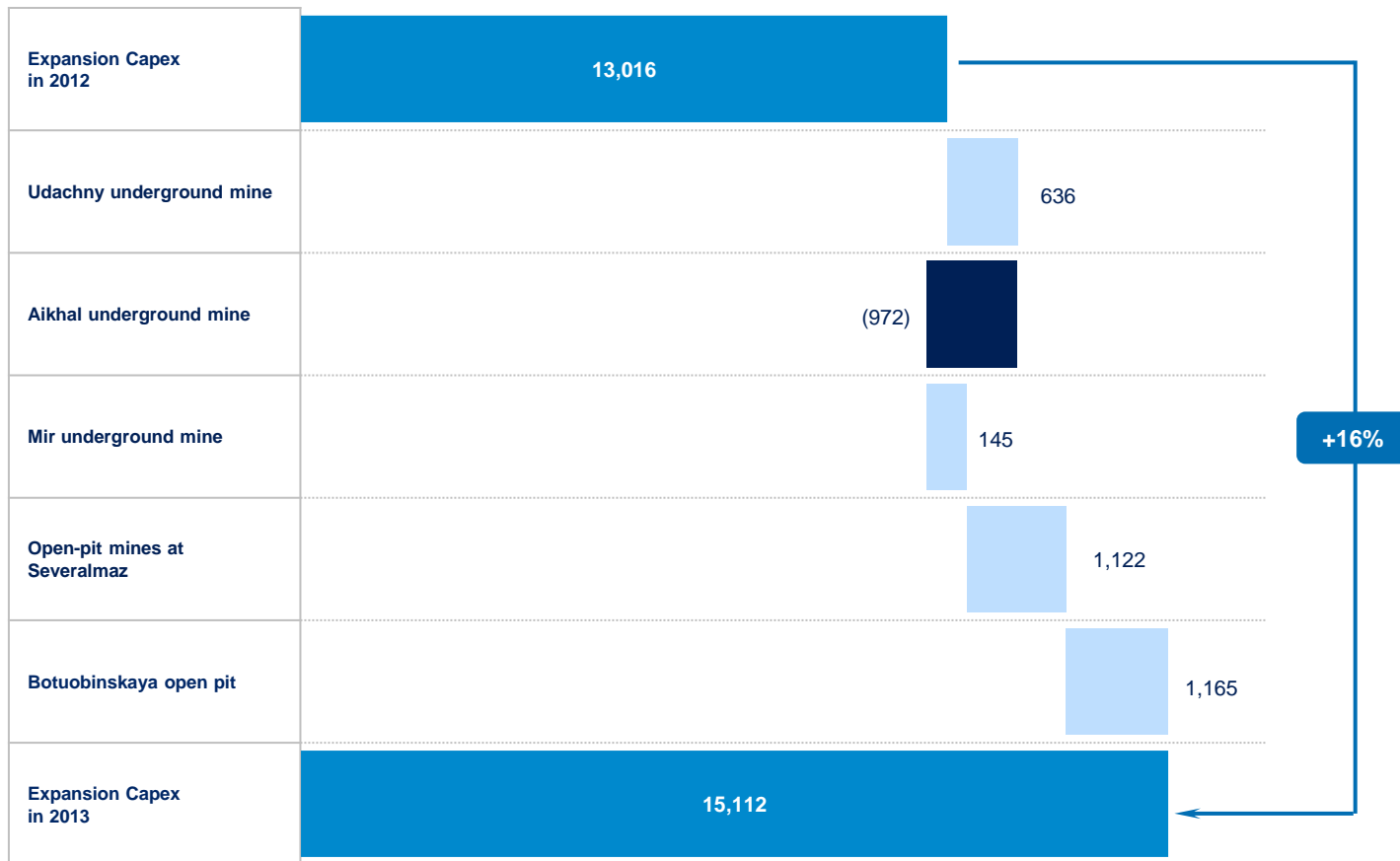
Year	Maintenance	Expansion	Gas assets	Non-mining operations	Social infrastructure	Total
2013	14,095	15,112	2,053	6,414	491	Σ 38,165
2012	9,217	13,016	3,433	3,308	1,077	Σ 30,050



Expansion Capex grew due to continuing investment program at the main production sites

Expansion Capex dynamics

RUB mln.



Capital expenditure

	2013	2012
	6,574	5,938
	1,027	1,999
	1,218	1,073
	5,128	4,006
	1,165	-
Σ	15,112	13,016

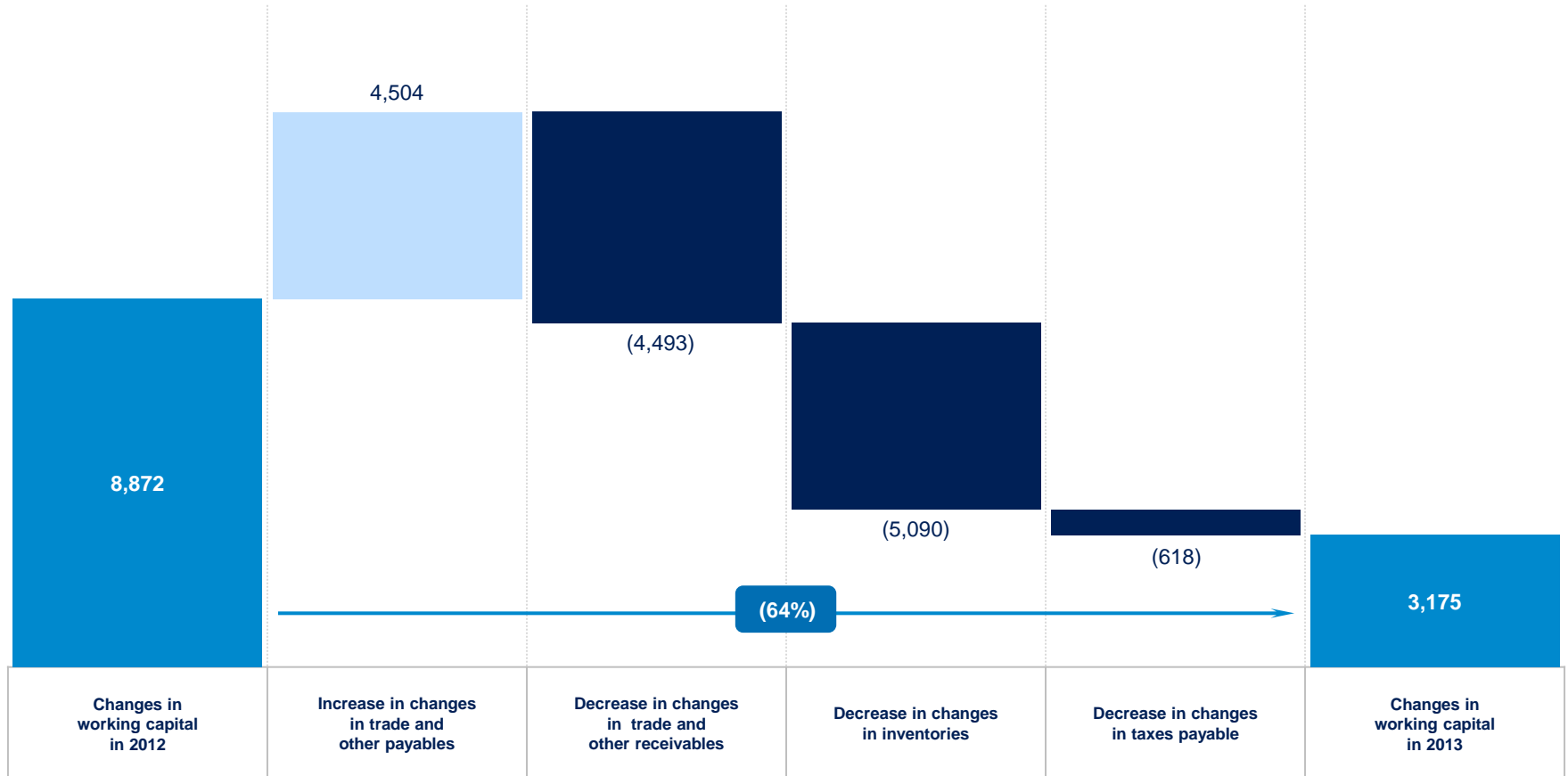
+16%



Reduction of investments in working capital was due to decrease in investments in inventories and optimization of work with accounts receivable and accounts payable

Changes in working capital

RUB mln

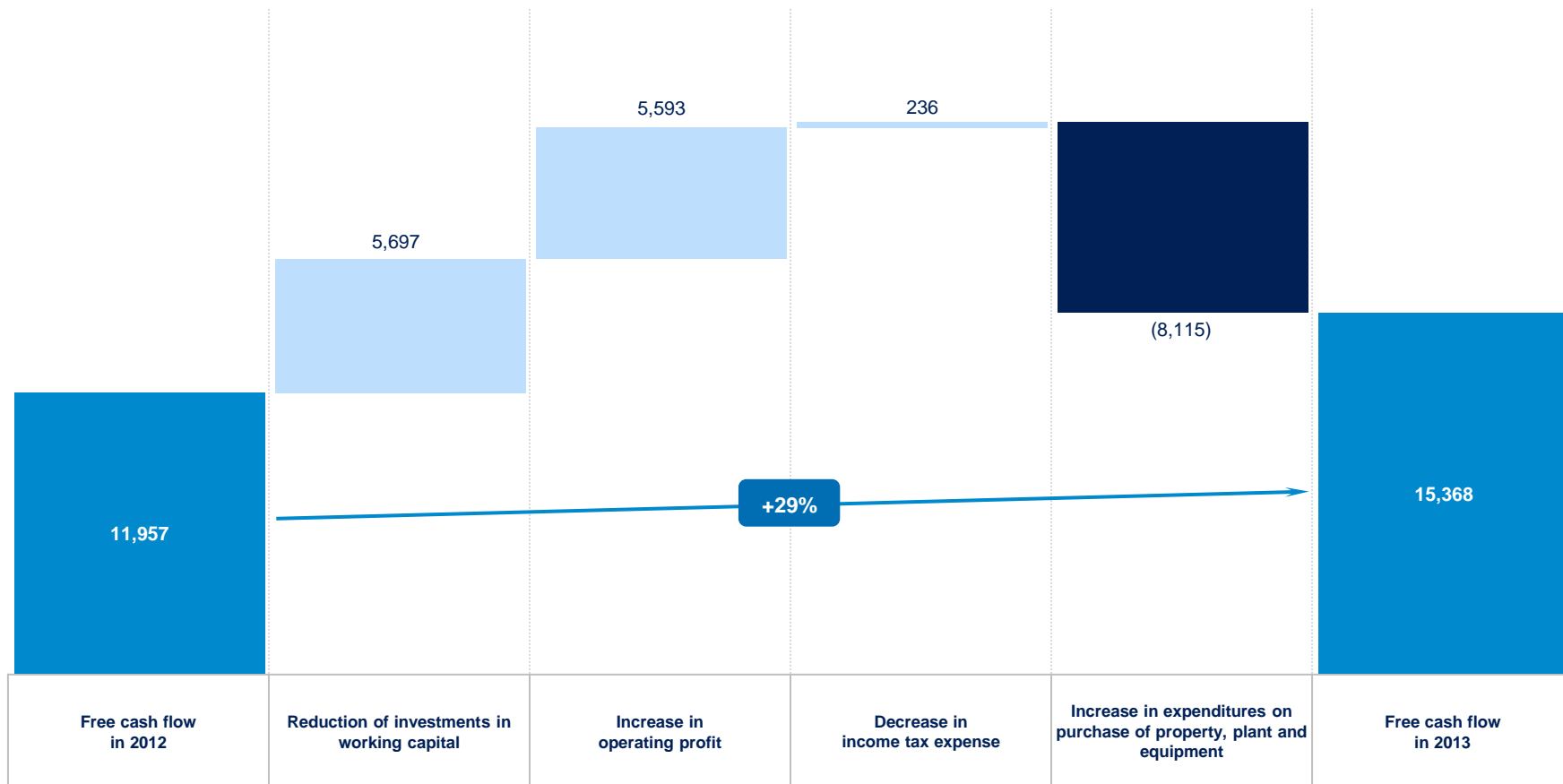




Free cash flow increased due to a growth in operating profit and reduction in investments in working capital

Free cash flow

RUB mln

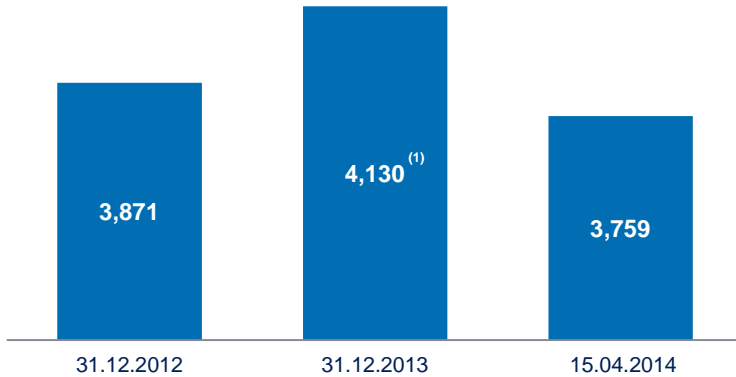




More than \$300 mln of loans repaid with cash from operations since the beginning of 2014

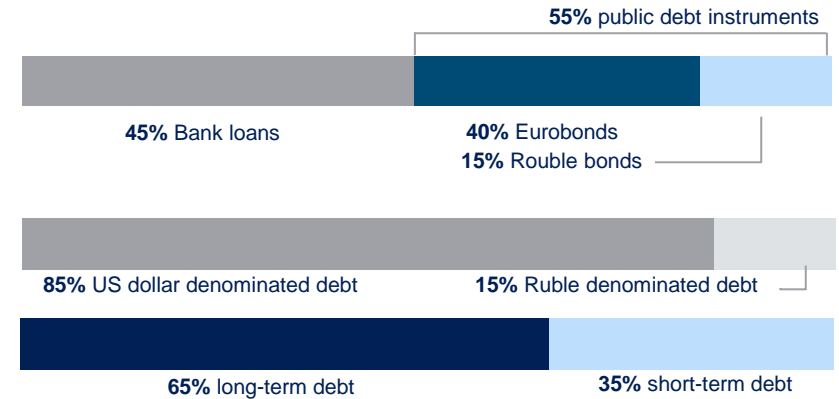
Dynamics of bank loans and public debt instruments

\$ mln



Structure of bank loans and public debt instruments

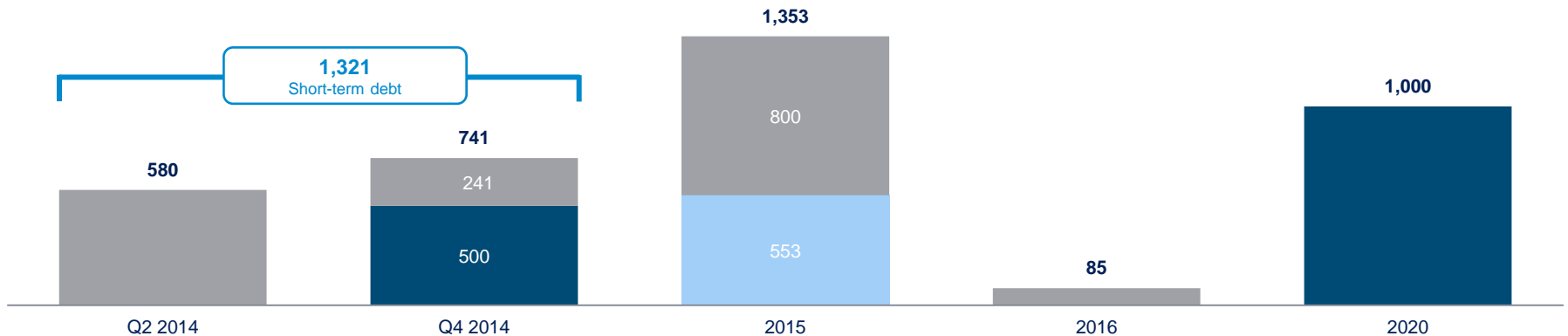
As of 15 April 2014



Debt maturity profile of bank loans and public debt instruments

As of 15 April 2014, \$ mln

■ Bank loans ■ Rouble bonds ■ Eurobonds



Note: (1) Exclusive of other RUB-denominated fixed-rate loans & other lease obligations of \$104 mln



Appendix



Diamond sales overview

	2012	2013	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Revenue from diamond segment, RUB bn, incl.:	136.4	149.3	34.5	36.0	23.3	42.6	36.3	37.7	33.1	42.2
diamond revenue	130.4	144.2	33.0	34.1	21.9	41.5	35.0	36.3	31.7	41.0
gem-quality rough diamonds	127.2	140.5	32.2	33.3	21.0	40.7	34.3	35.9	30.3	39.9
industrial rough diamonds	3.2	3.7	0.8	0.8	0.9	0.8	0.7	0.4	1.4	1.1
polished diamonds	4.6	4.5	1.2	1.3	0.8	1.3	0.9	1.2	1.2	1.2
resale of diamonds	1.4	0.6	0.3	0.6	0.5	-	0.3	0.1	0.2	-
Rough diamond sales volume, mln cts, incl.:	33.2	38.0	9.5	7.7	5.1	10.8	10.3	8.8	8.0	10.8
gem-quality rough diamonds	22.4	26.7	6.1	5.5	3.4	7.4	7.6	6.9	5.4	6.7
industrial rough diamonds	10.8	11.3	3.4	2.2	1.7	3.4	2.7	1.9	2.6	4.1
Average selling price, \$/ct, incl.:	134.3	126.1	121.6	152.4	142.8	128.4	117.9	138.0	129.1	121.7
gem-quality rough diamonds	193.9	175.9	183.9	207.8	212.4	183.3	157.7	173.0	185.0	191.7
industrial rough diamonds	10.1	9.0	8.8	12.0	8.8	11.0	9.1	8.0	12.8	7.0

Thank you!