



ALROSA

Investor Presentation –
Q2 and H1 2015 Results

28 August 2015

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Key H1 2015 financial highlights

Revenue	131.9 RUB bn +26% H1 2014: RUB 104.8 bn	Diamond sales	18.0 mln cts (15%) H1 2014: 21.1 mln cts
EBITDA	70.5 RUB bn +49% H1 2014: RUB 47.3 bn	Free cash flow	35.4 RUB bn +72% H1 2014: RUB 20.6 bn
EBITDA margin	53% H1 2014: 45%	Net Debt	140.8 RUB bn (20%) 31.12.2014: RUB 175.5 bn
Net profit	47.4 RUB bn 2.1x H1 2014: RUB 23.1 bn	Net debt / EBITDA	1.2x 31.12.2014: 1.9x

Financial results

RUB mln	Q2 2015	Q1 2015	Change	H1 2015	H1 2014	Change
Operating performance						
Production, mln cts	9.6	8.4	15%	18.0	15.9	13%
Sales, mln cts	9.0	9.0	0%	18.0	21.1	(15%)
IFRS statement of profit or loss and other comprehensive income						
Revenue	57,288	74,580	(23%)	131,868	104,789	26%
Cost of sales	(26,885)	(27,995)	(4%)	(54,880)	(50,271)	9%
EBITDA ⁽¹⁾	27,610	42,863	(36%)	70,473	47,289	49%
EBITDA margin	48%	57%	-	53%	45%	-
Net profit / (loss)	25,167	22,231	13%	47,398	23,117	2.1x
Net profit margin	44%	30%	-	36%	22%	-
EPS, RUB	3.40	2.93	16%	6.33	3.07	2.1x
IFRS statement of cash flows						
Cash inflow from operating activities before changes in working capital				71,226	47,115	51%
Income tax paid				(9,982)	(9,724)	3%
Changes in working capital				(10,240)	(625)	16x
Net cash inflow from operating activities				51,004	36,766	39%
Purchase of property, plant and equipment				(15,568)	(16,206)	(4%)
Free cash flow ⁽²⁾				35,436	20,560	72%
IFRS statement of financial position						
				as at 30.06.15	as at 31.12.14	Change
Cash and cash equivalents				43,237	21,693	99%
Total debt				184,035	197,160	(7%)
Net debt				140,798	175,467	(20%)
Net debt / EBITDA				1.2x	1.9x	-
Equity attributable to owners of PJSC ALROSA				169,151	137,051	23%

Note:

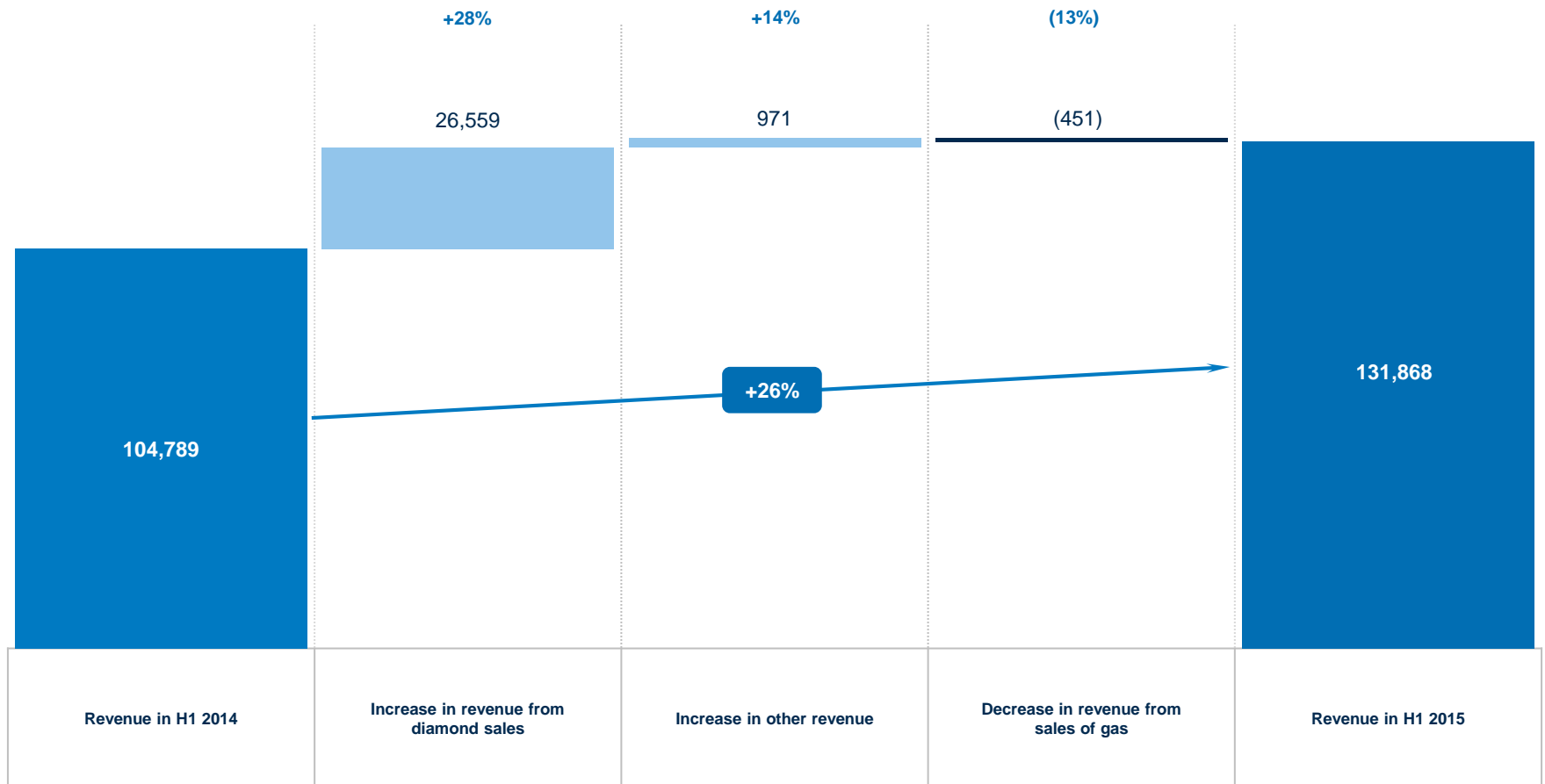
(1) as used in this presentation, EBITDA is defined as operating profit adjusted for depreciation and amortisation, profit/loss on disposal of subsidiaries, loss on disposal and write-off of property, plant and equipment, foreign exchange differences attributable to operating activity

(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

H1 2015 revenue growth y-o-y was mainly driven by higher diamond sales

Revenue analysis

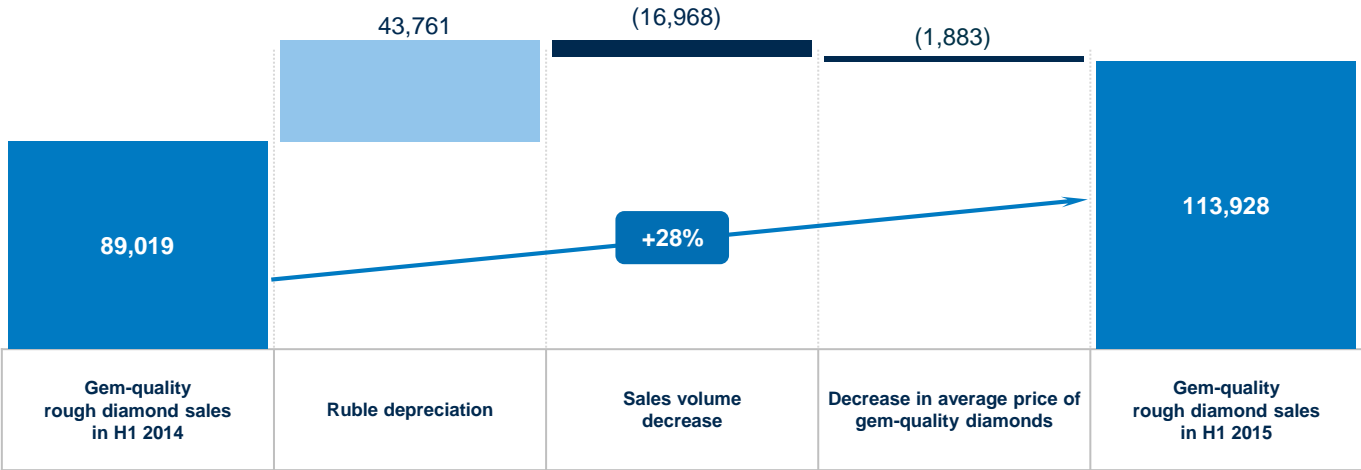
RUB mln



Growth of gem-quality rough diamond sales in H1 2015 was driven by ruble depreciation against the US dollar

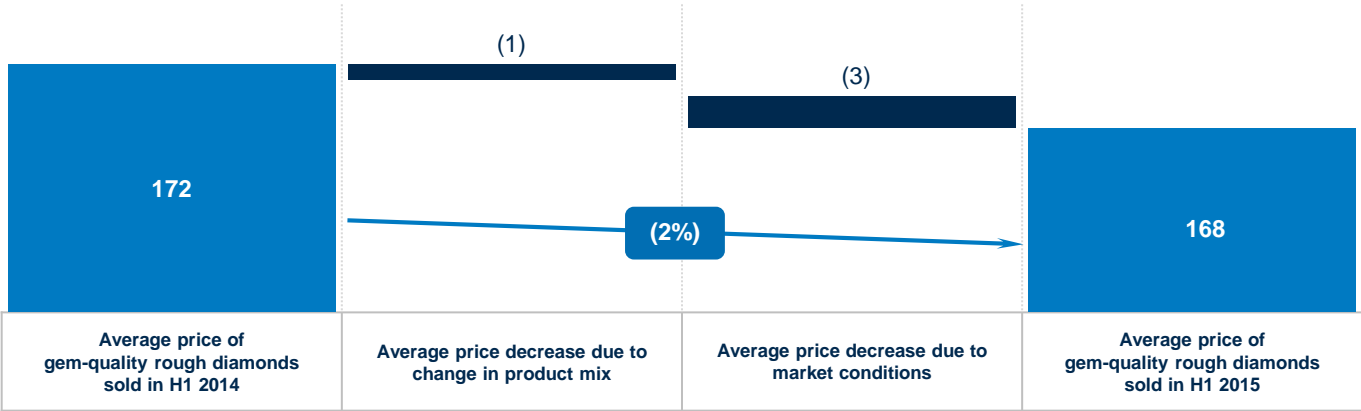
Gem-quality rough diamond revenue analysis

RUB mln



Gem-quality rough diamond average price analysis

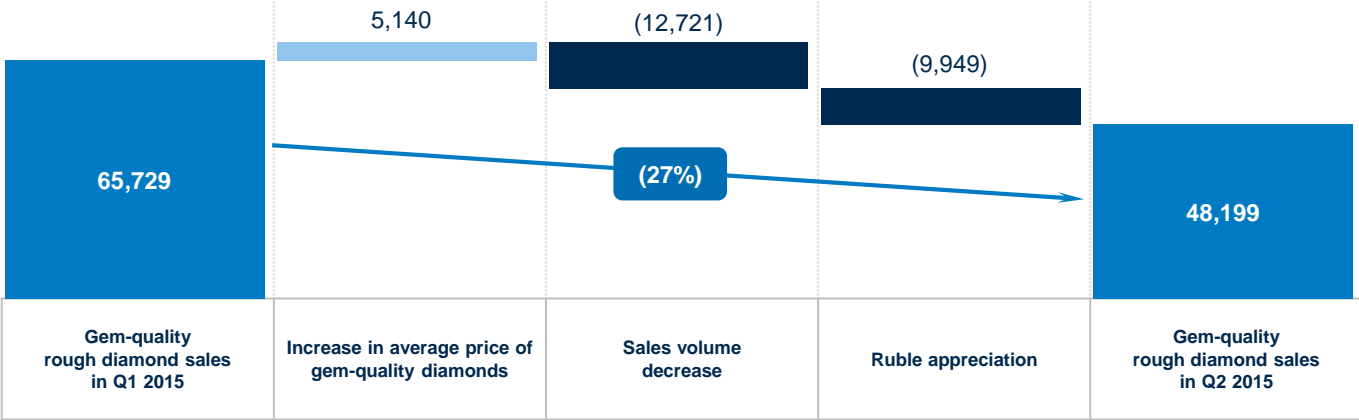
\$/carat



Decrease in sales and ruble appreciation against the US dollar led to decline of gem-quality rough diamond sales in Q2 2015 vs Q1 2015

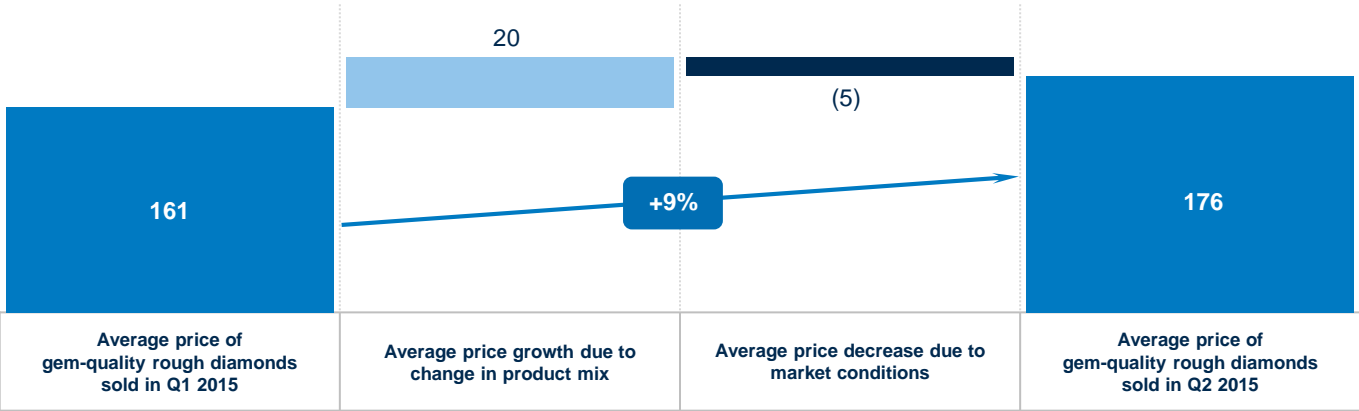
Gem-quality rough diamond revenue analysis

RUB mln



Gem-quality rough diamond average price analysis

\$/carat



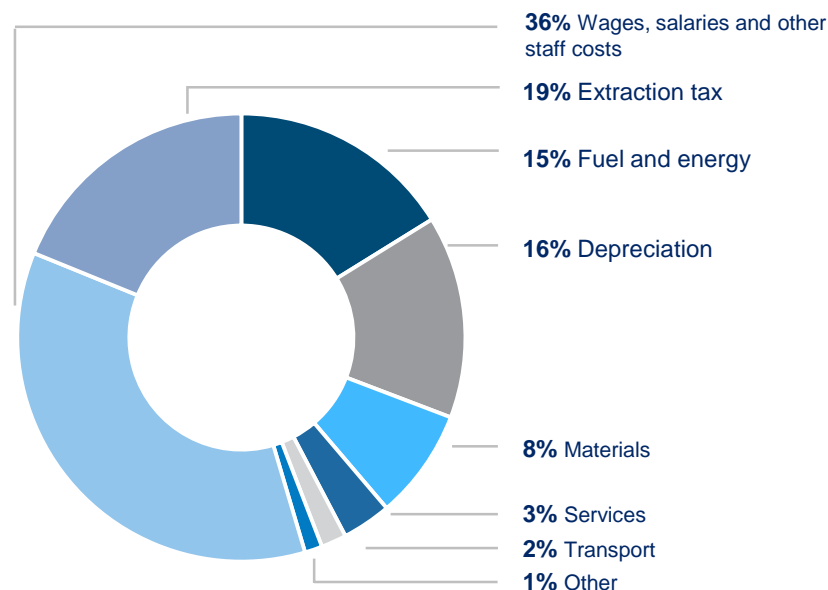
Higher production cost was triggered by wages, salaries and other staff costs, extraction tax, depreciation and fuel and energy costs

Cost of sales

RUB mln

	H1 2015	H1 2014	H1 2015 vs. H1 2014
Wages, salaries and other staff costs	20,910	16,818	24%
Extraction tax	11,024	6,515	69%
Depreciation	9,459	7,459	27%
Fuel and energy	8,556	6,008	42%
Materials	4,667	4,088	14%
Services	2,074	2,031	2%
Transport	1,069	1,511	(29%)
Other	742	214	3.5x
Cost of production	58,501	44,644	31%
Movement in inventory of diamonds, ores and concentrates	(4,136)	5,128	-
Cost of diamonds for resale	515	499	3%
Cost of sales	54,880	50,271	9%

Production costs in H1 2015



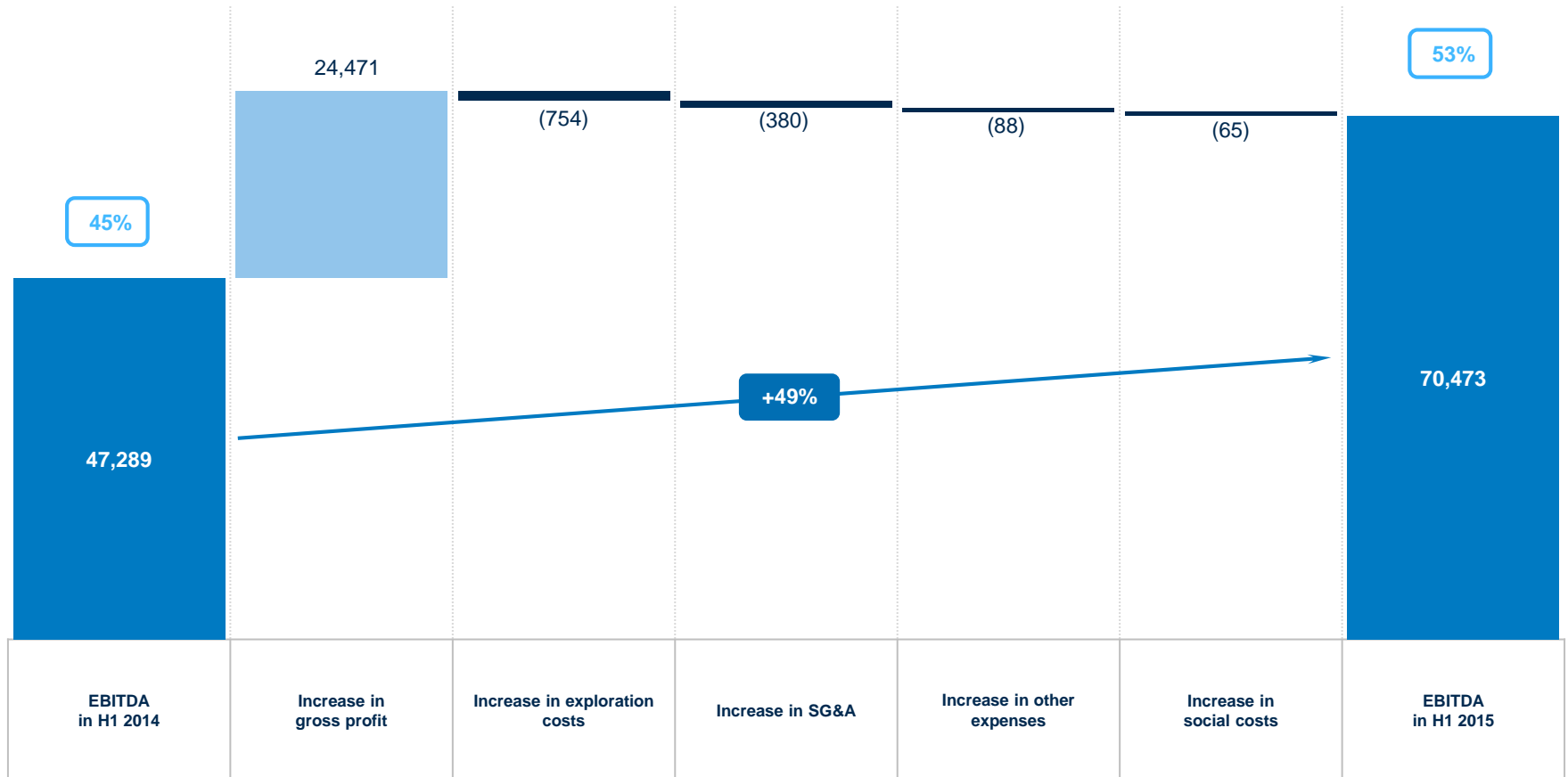
- Wages, salaries and other staff costs increased against H1 2014 as a result of indexation at the inflation rate, change in methodology of accrual of annual remuneration reserve, diamond production increase including growth of production at Severalmaz and Udachny underground mine
- Extraction tax (MET) payments growth in H1 2015 resulted from the Ministry of Finance's new diamond pricelist for MET calculation coming into force on 15 March 2014 and from ruble depreciation against the US dollar
- Depreciation growth resulted from diamond production increase which includes growth of production at Severalmaz, Udachny underground mine and Botuobinskaya open pit
- Fuel and energy costs growth y-o-y mainly results from the reclassification of costs for the purchase of electricity from ALROSA's subsidiary Vilyuskaya HPP-3, as well as higher diesel prices and increased scope of work at ALROSA Group enterprises, including Mir underground mine, Botuobinskaya open pit and Severalmaz.

H1 2015 EBITDA increased y-o-y due to growth in gross profit from diamond sales

EBITDA analysis

RUB mln

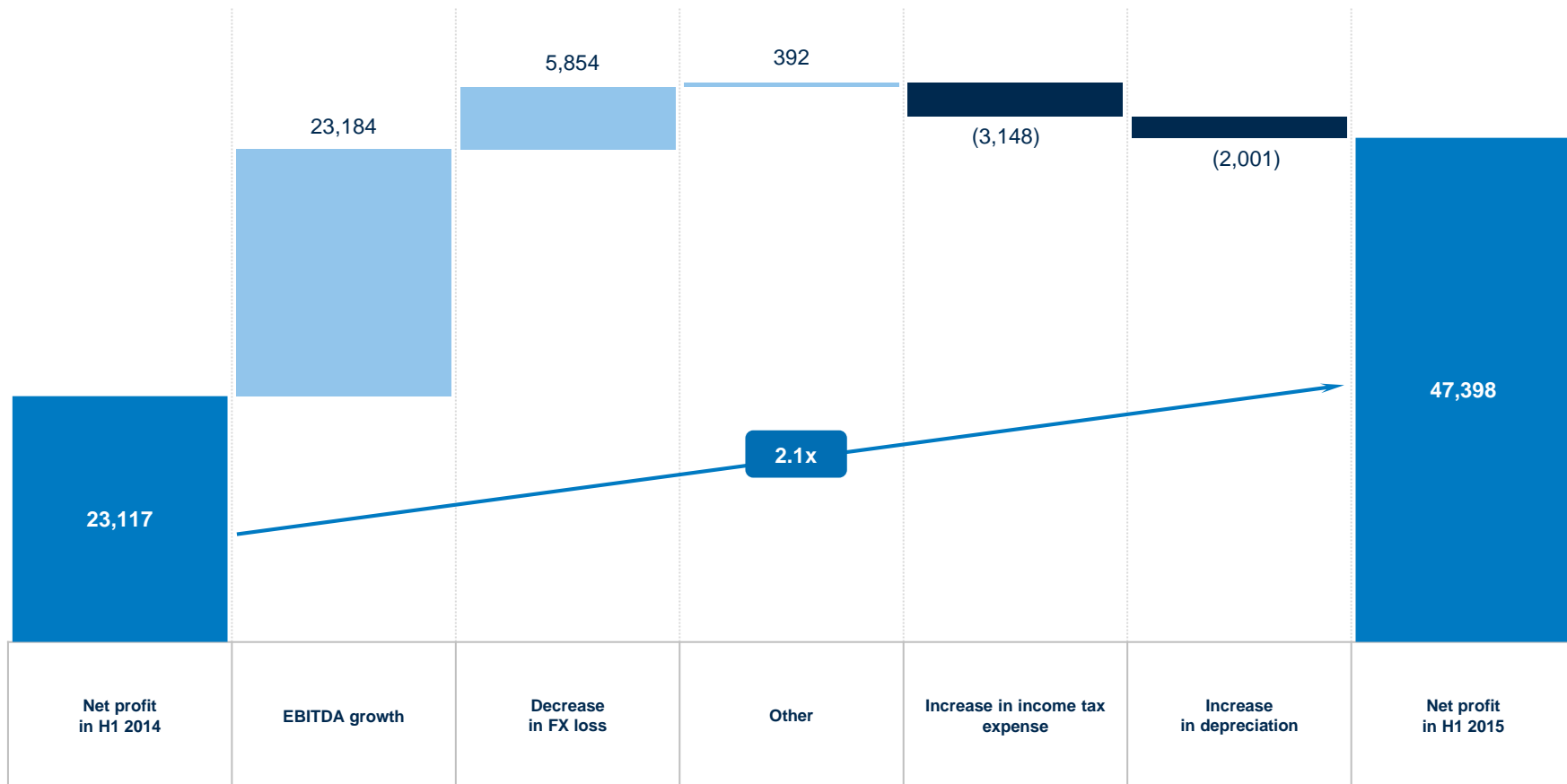
EBITDA margin



Net profit increased in H1 2015 y-o-y due to EBITDA growth and decline in FX losses

Net profit analysis

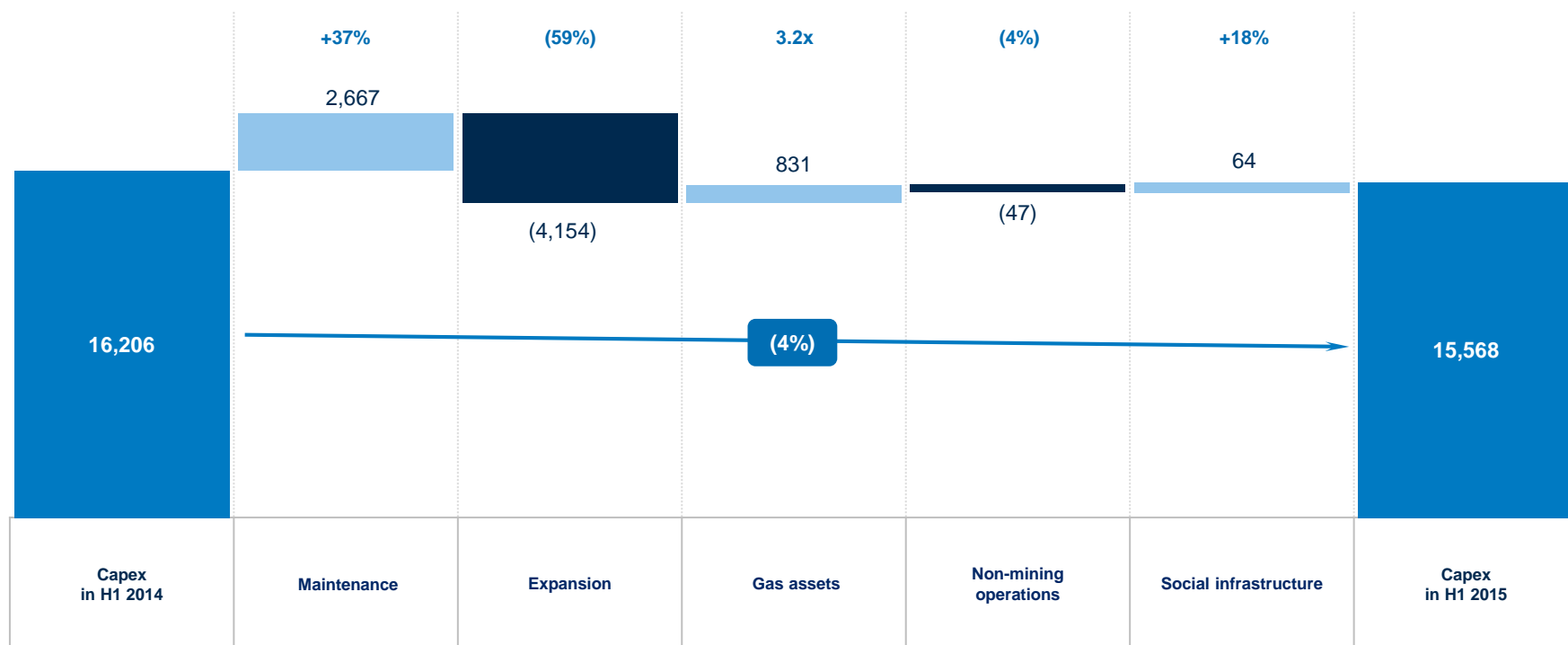
RUB mln



H1 2015 total capex decreased y-o-y mainly due to reduction of investments in the expansion

Capital expenditure analysis

RUB mln



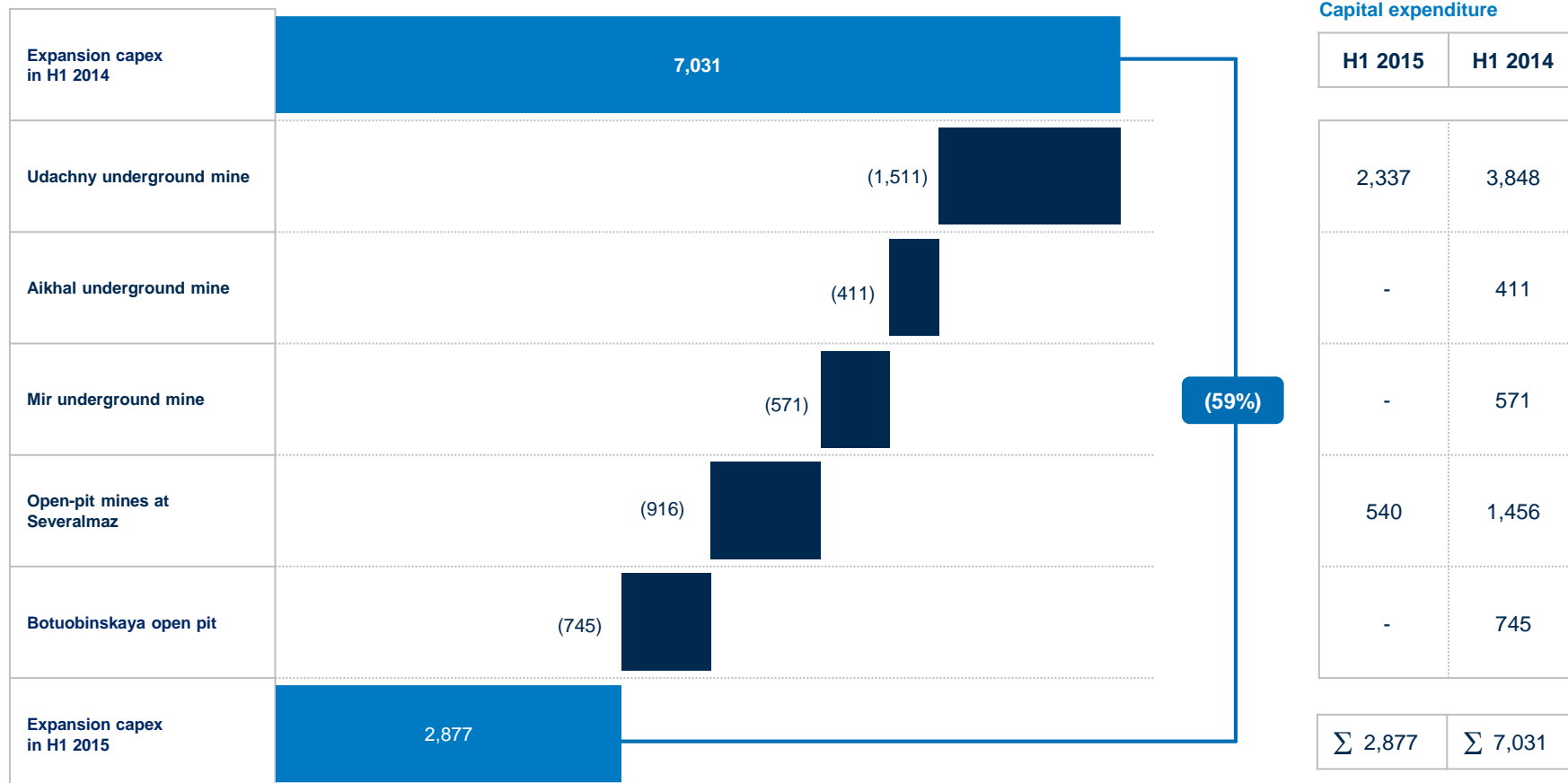
Capital expenditure

	Maintenance	Expansion	Gas assets	Non-mining operations	Social infrastructure	Σ
H1 2015	9,818	2,877	1,208	1,239	425	Σ 15,568
H1 2014	7,151	7,031	377	1,286	361	Σ 16,206

Expansion capex decrease was mainly due to lower level of investments in expansion of Seversalmaz and Udachny underground mine

Expansion capex analysis

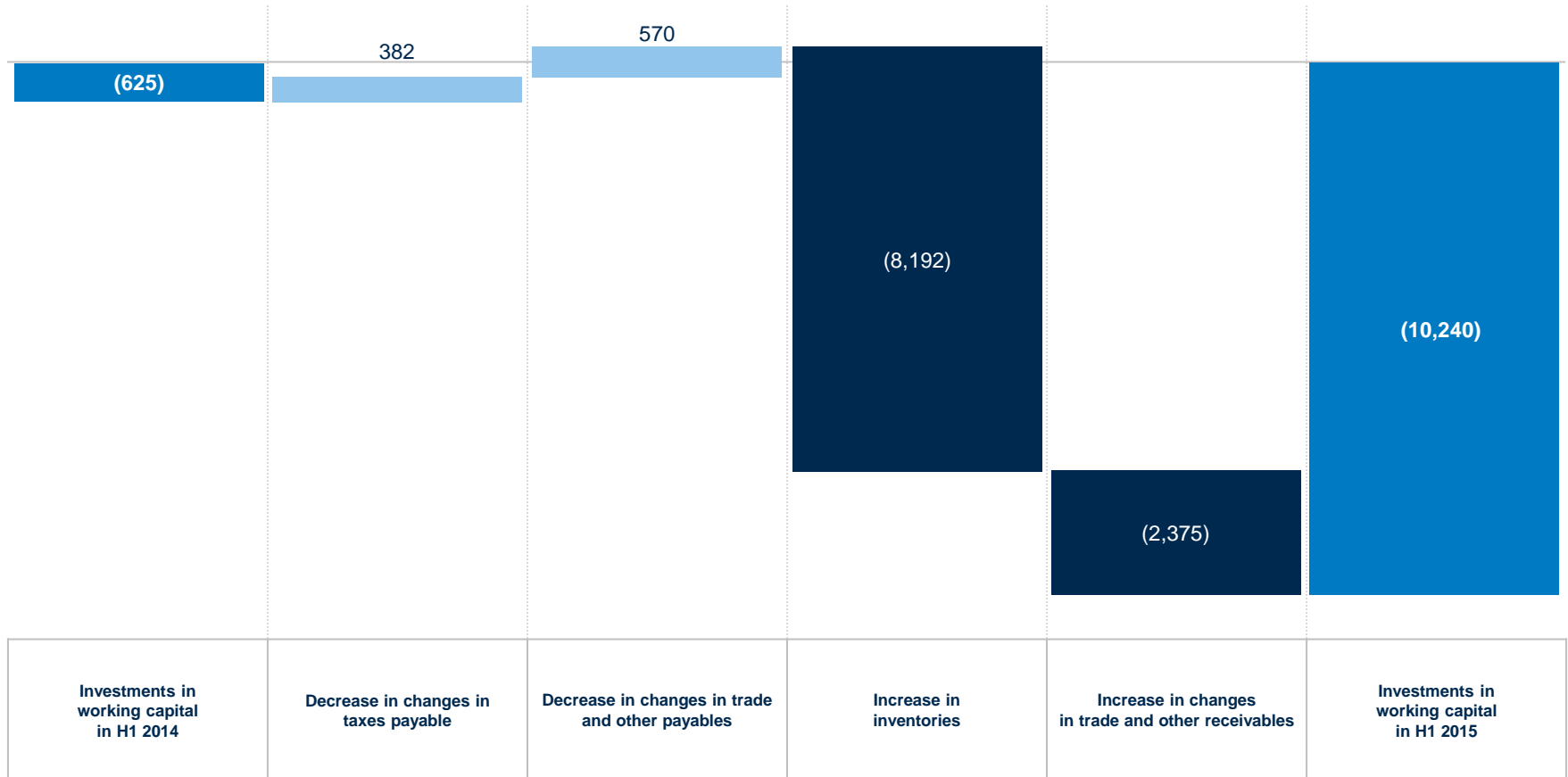
RUB mln



Growth of investments in working capital in H1 2015 y-o-y was driven by the increase in ore and sand inventories in accordance with the Company's plan and by an increase in prepayments to suppliers of oil products

Analysis of investments in working capital

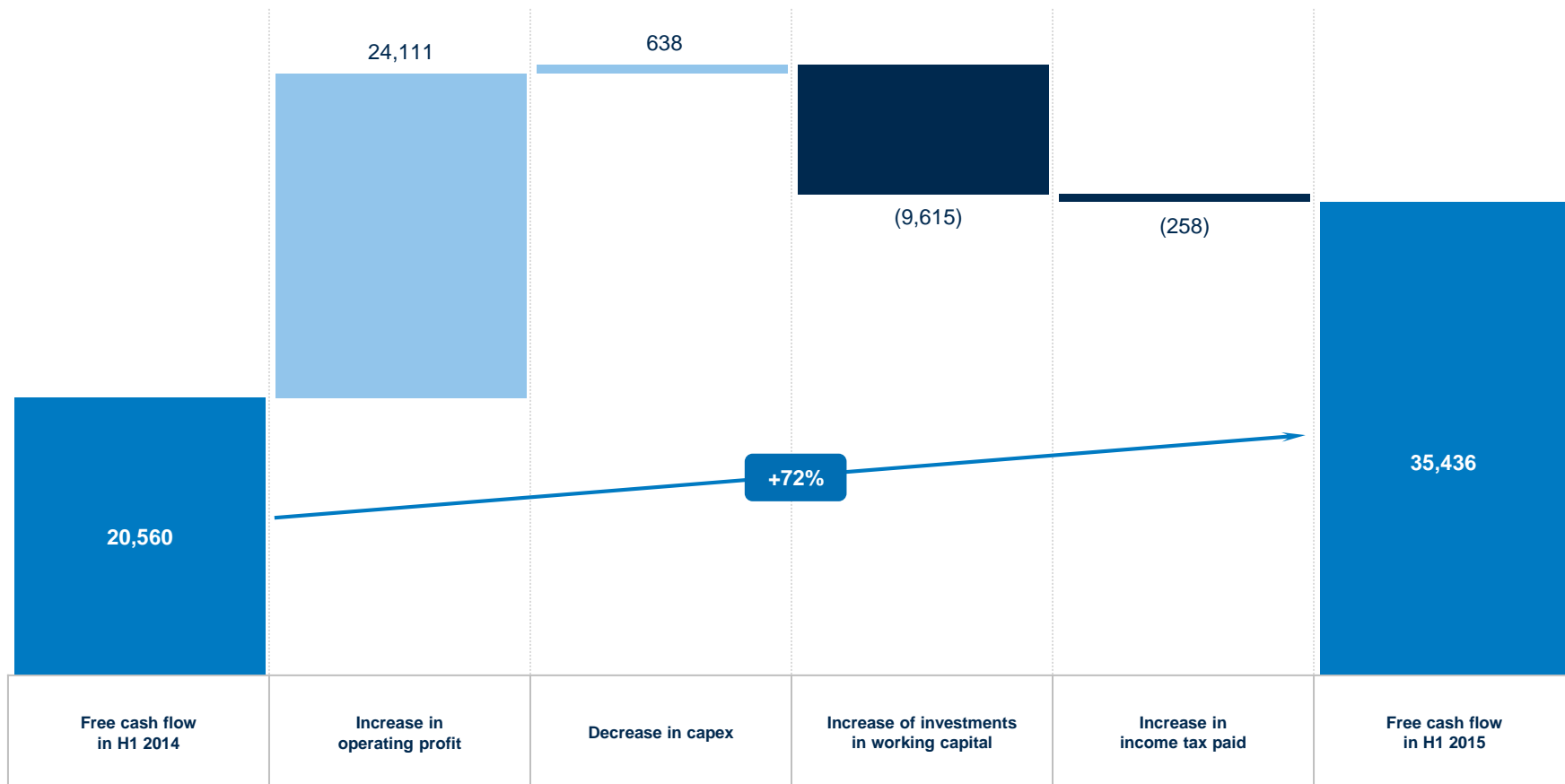
RUB mln



Free cash flow increased in H1 2015 due to growth in operating profit

Free cash flow analysis

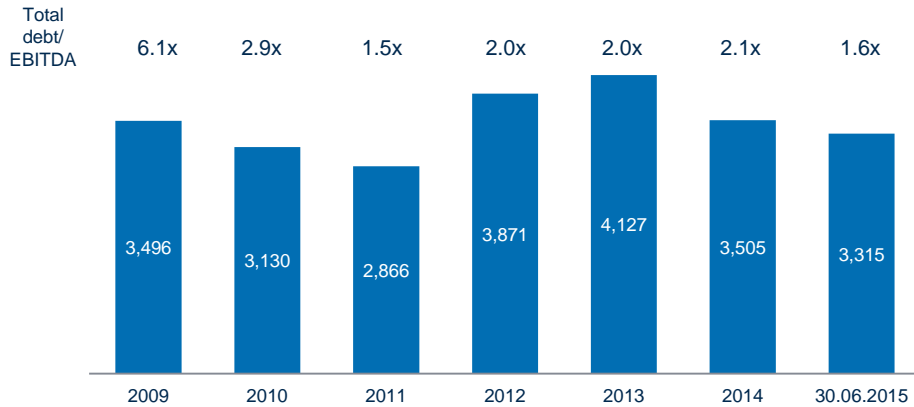
RUB mln



After repayment of bonds in the total amount of RUB 10 bn in H1 2015, total debt reduced to USD 3.3 bn. ALROSA generated liquidity for repayment of ruble-denominated bonds in H2 2015

Loans and borrowings

\$ mln



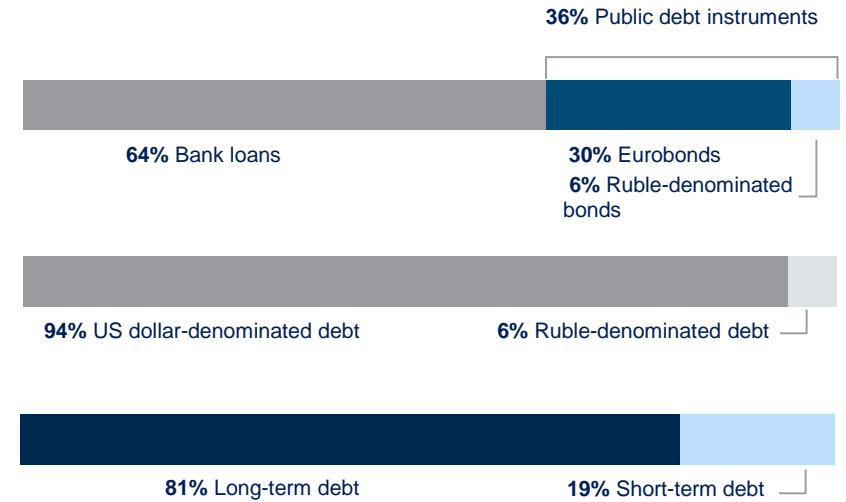
For reference: ALROSA net debt

\$ mln



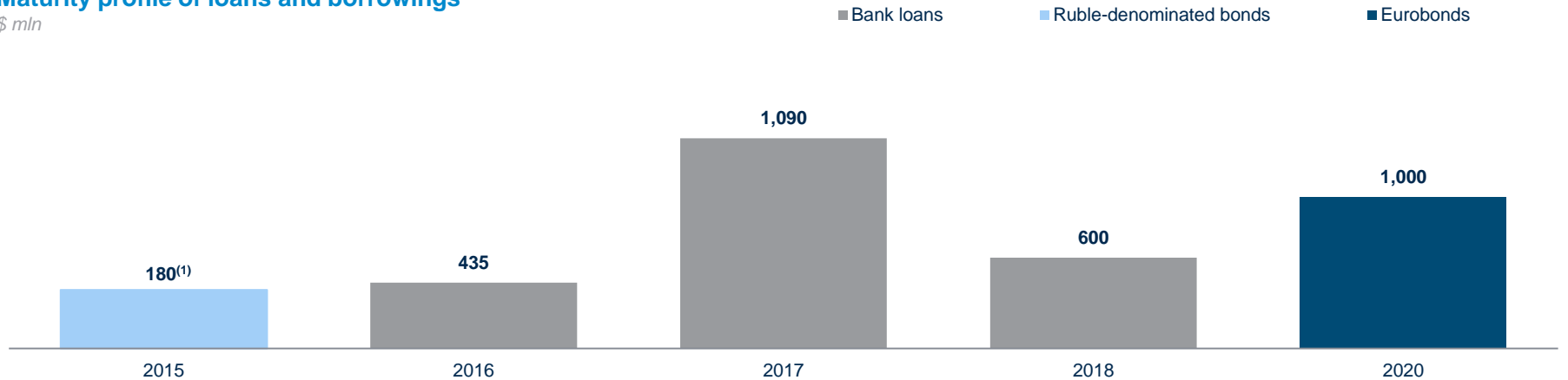
Loans and borrowings breakdown

As at 30 June 2015



Maturity profile of loans and borrowings

\$ mln



Note: (1) recalculated at 55,5240 RUB/USD exchange rate

Thank you!



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