

AAPOCA

Investor Presentation –
FY 2015 Results

17 March 2016

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FY 2015 key financial highlights

Revenue	224.5 RUB bn +8% 2014: RUB 207.2 bn	Diamond sales	30.0 mln cts (24%) 2014: 39.6 mln cts
EBITDA	118.5 RUB bn +26% 2014: RUB 93.9 bn	Net profit (loss)	32.2 RUB bn 2014: RUB (16.8) bn
EBITDA margin	53% 2014: 45%	Free cash flow	41.3 RUB bn (2%) 2014: RUB 42.1 bn

Despite a y-o-y sales decrease of 24% in carat terms, ALROSA's FY 2015 financial results were enhanced by favorable foreign exchange market environment

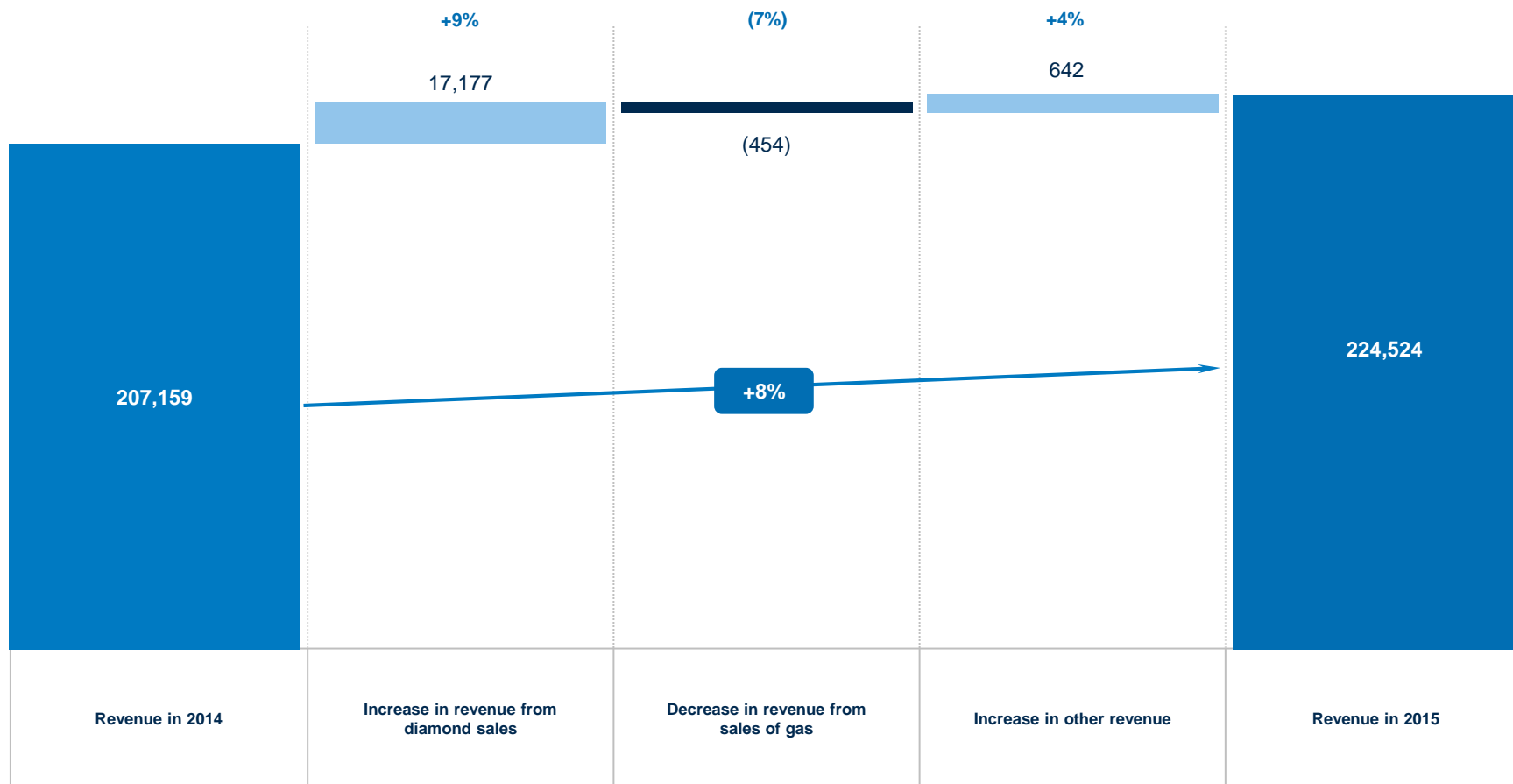
Financial results

RUB mln	2015	2014	2015 vs. 2014
Operating performance			
Production, mln cts	38.3	36.2	6%
Sales, mln cts	30.0	39.6	(24%)
IFRS income statement of profit or loss and other comprehensive income			
Revenue	224,524	207,159	8%
Cost of sales	(93,240)	(99,334)	(6%)
EBITDA	118,498	93,857	26%
EBITDA margin	53%	45%	-
Net profit / (loss)	32,192	(16,832)	-
Net profit margin	14%	-	-
EPS, RUB	4.17	(2.44)	-
IFRS statement of financial position			
Cash and cash equivalents	20,503	21,693	(5%)
Total debt	223,159	197,160	13%
Net debt	202,656	175,467	15%
Net debt / EBITDA	1.7x	1.9x	-
Equity attributable to owners of PJSC ALROSA	151,742	137,051	11%
IFRS statement of cash flows			
Cash inflow from operating activities before changes in working capital	119,980	94,840	27%
Income tax paid	(10,345)	(12,379)	(16%)
Changes in working capital	(34,094)	(4,346)	7.8x
Net cash inflow from operating activities	75,541	78,115	(3%)
Purchase of property, plant and equipment	(34,241)	(36,056)	(5%)
Free cash flow	41,300	42,059	(2%)

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

Revenue analysis

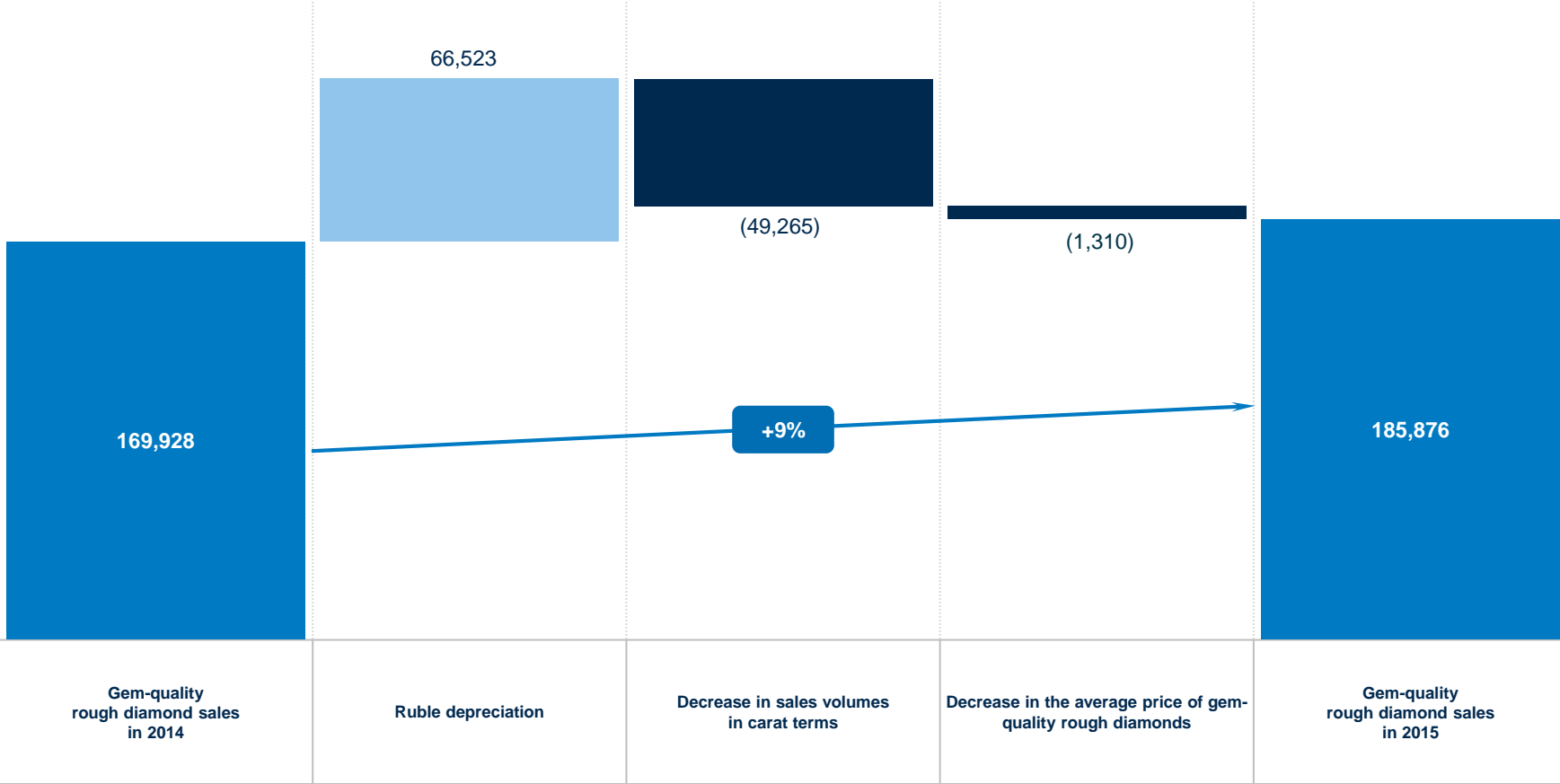
RUB mln



Ruble depreciation against the US dollar resulted in growth of gem-quality rough diamond sales in 2015

Analysis of revenue from gem-quality rough diamond sales

RUB mln



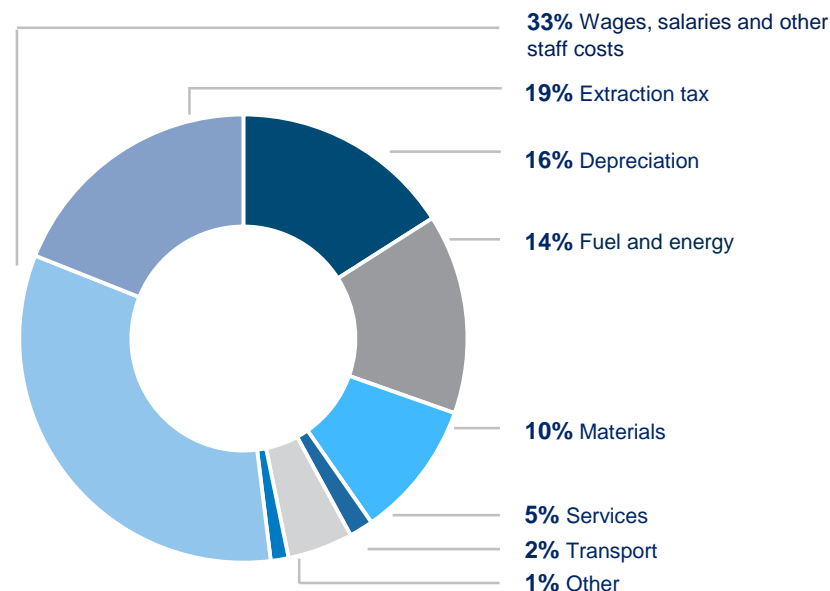
Higher production costs were driven by extraction tax, wages, salaries and other staff costs, fuel and energy costs, materials costs

Cost of sales

RUB mln

	2015	2014	2015 vs. 2014
Wages, salaries and other staff costs	40,253	34,279	17%
Extraction tax	23,323	14,697	59%
Depreciation	19,096	18,452	3%
Fuel and energy	17,610	13,686	29%
Materials	12,098	9,569	26%
Services	5,748	5,138	12%
Transport	2,118	2,474	(14%)
Other	1,568	1,058	48%
Cost of production	121,814	99,353	23%
Movement in inventory of diamonds, ores and concentrates	(29,832)	(898)	33.2x
Cost of diamonds for resale	1,258	879	43%
Cost of sales	93,240	99,334	(6%)

Breakdown of 2015 production costs



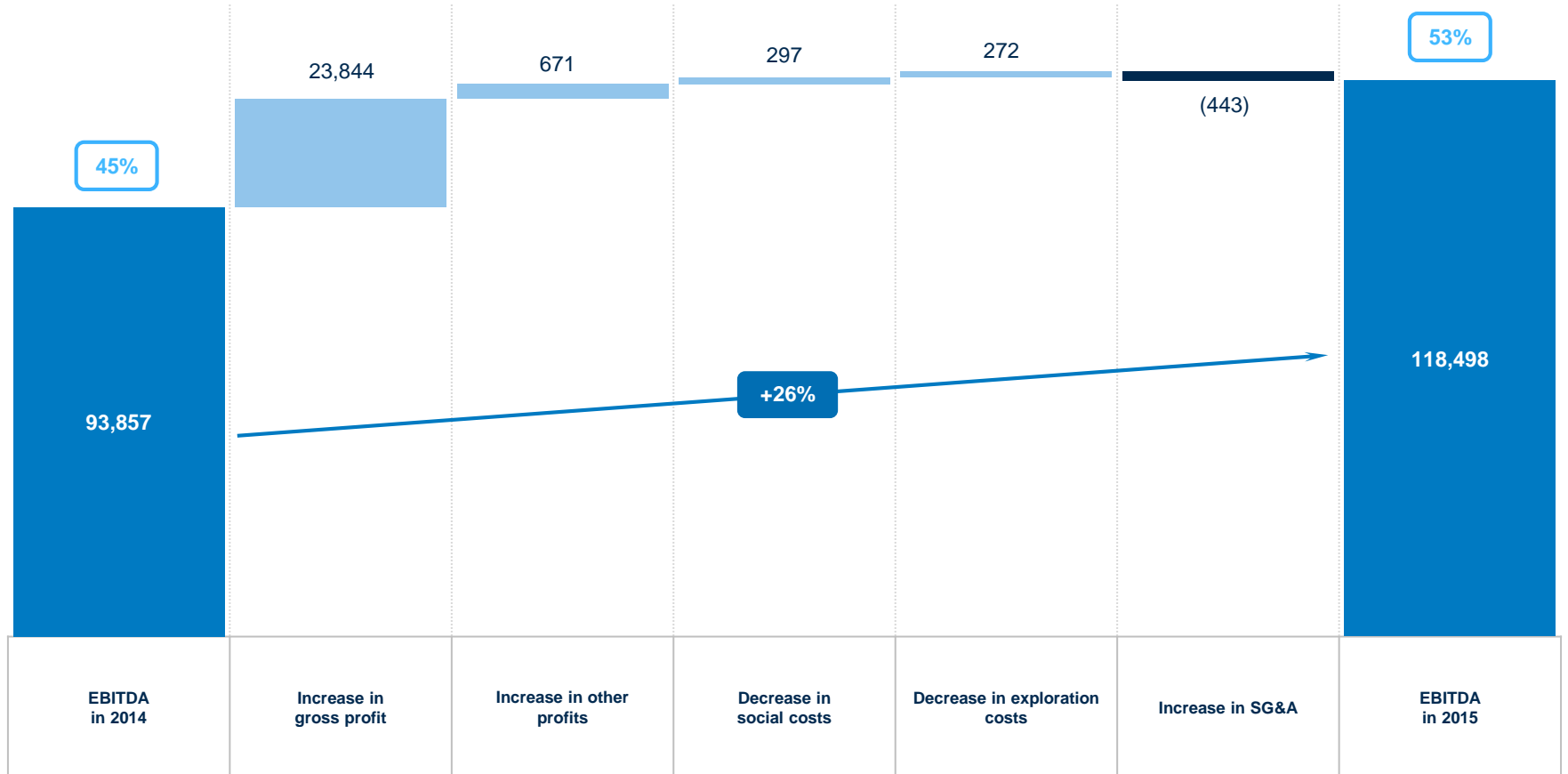
- The y-o-y increase in extraction tax (MET) payments resulted mainly from the ruble depreciation against the US dollar and higher rough diamond production
- Wages, salaries and other staff costs in 2015 grew mostly as a result of indexation in line with the inflation rate and greater scope of work due to the launch of production at the Karpinskogo-1 pipe and the Udachny underground mine
- The main reason behind the increase in fuel and energy costs in 2015 was the commencement of diamond production at the Udachny underground mine, at the Botuobinskaya pipe and at the Karpinskogo-1 pipe
- The y-o-y increase in materials costs resulted mainly from planned maintenance works at Processing Plant No. 8 and of higher production volumes at the Karpinskogo-1 pipe and alluvial placers

In 2015, EBITDA increased primarily due to growth in gross profit from diamond sales

EBITDA analysis

RUB mln

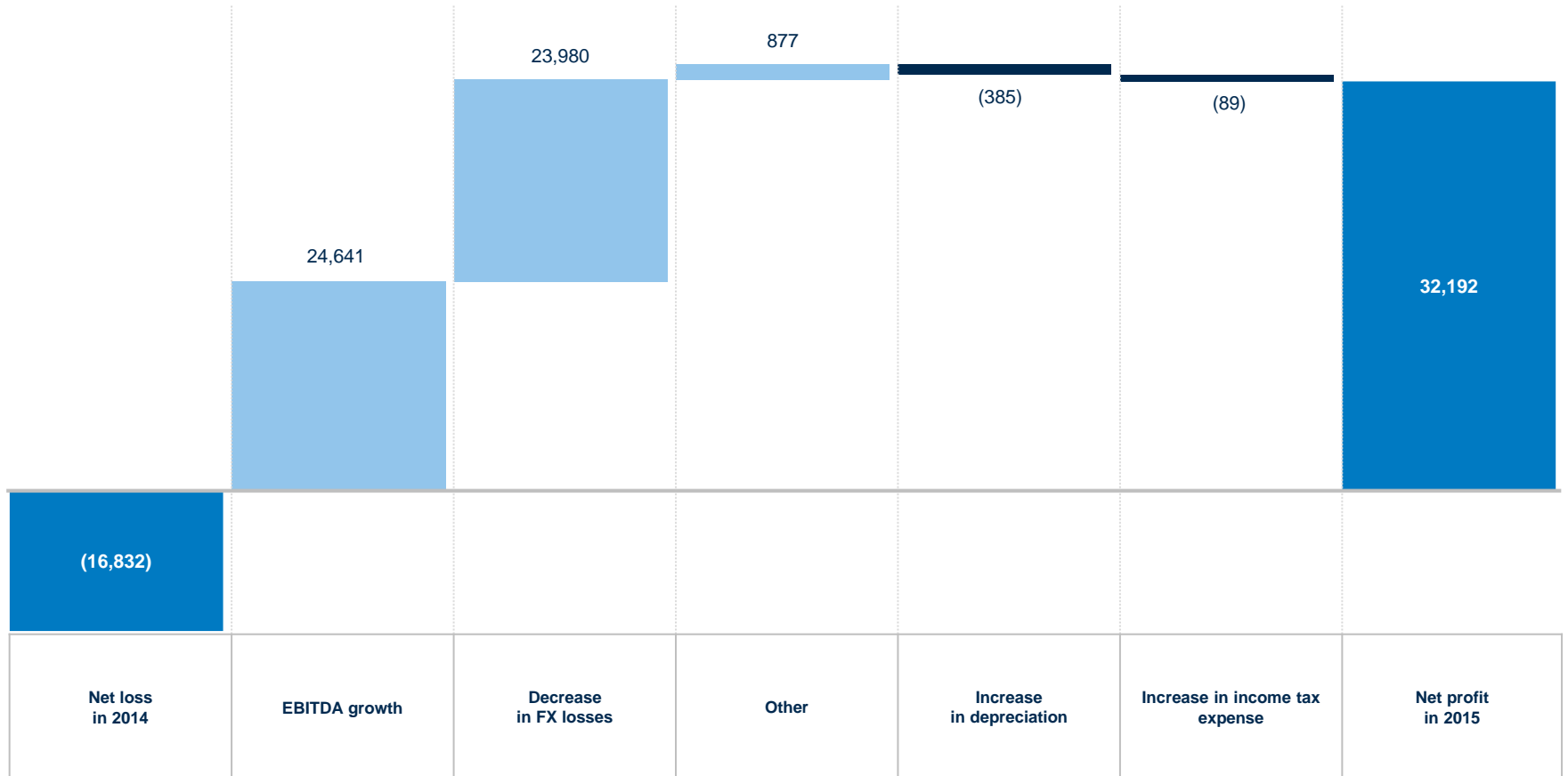
EBITDA margin



FY 2015 net profit was driven by EBITDA growth and decline in FX losses

Net profit analysis

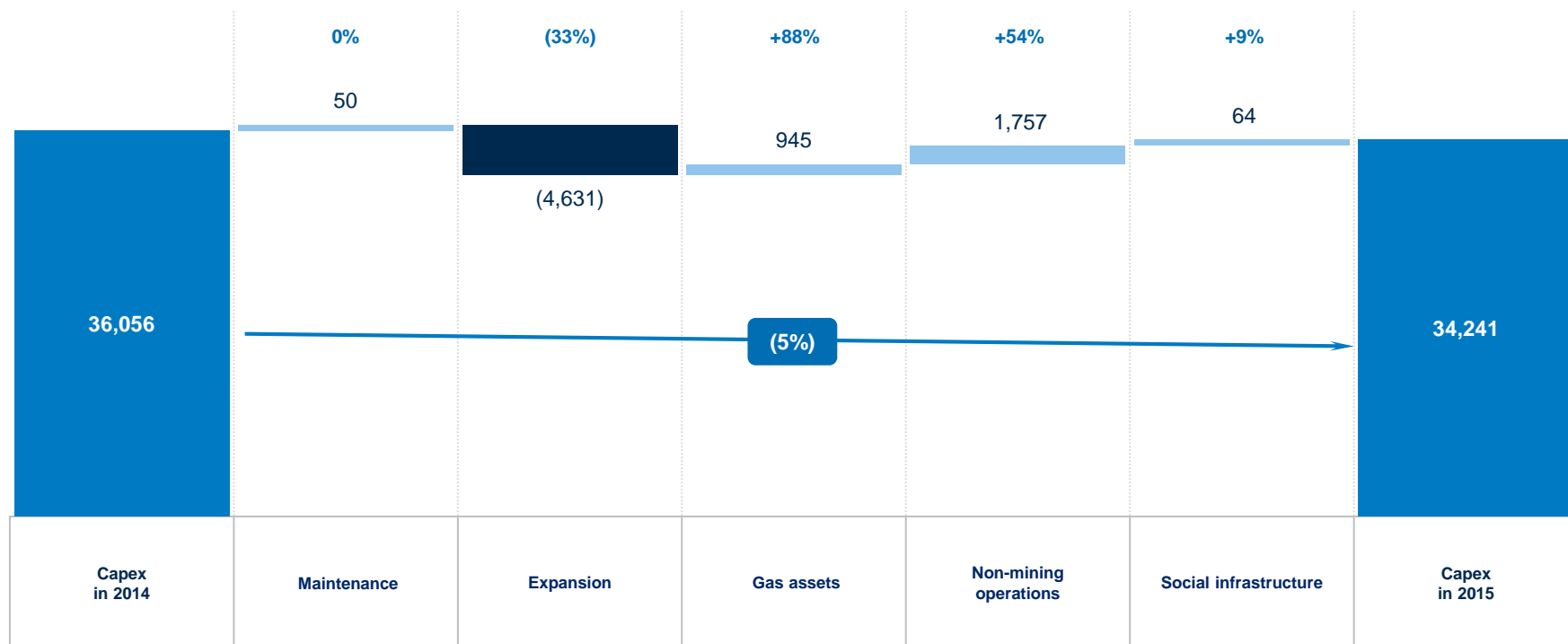
RUB mln



Total capex in 2015 decreased by 5% mainly due to lower investments in expansion

Capital expenditure analysis

RUB mln



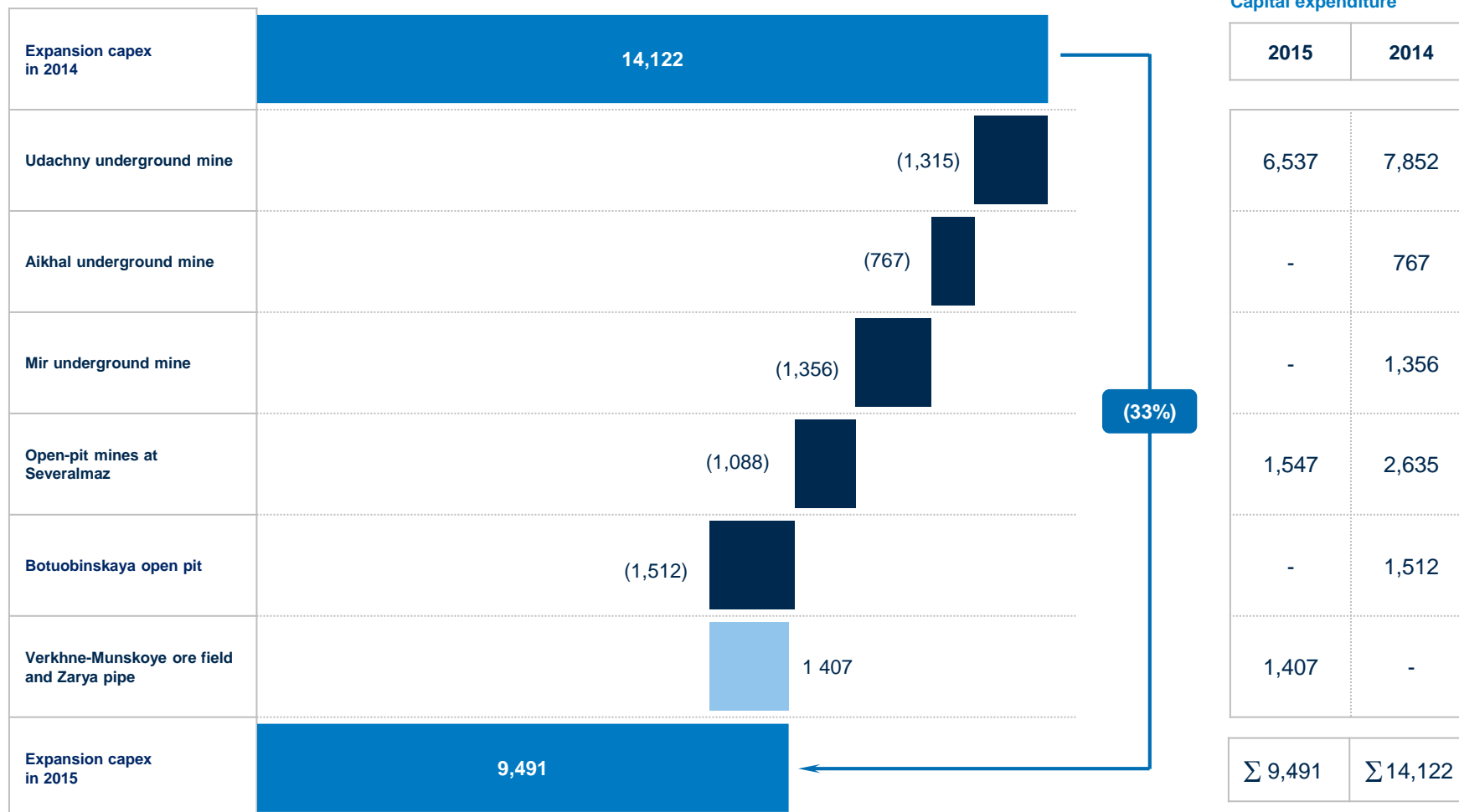
Capital expenditure

2015	16,934	9,491	2,013	5,041	762	Σ 34,241
2014	16,884	14,122	1,068	3,284	698	Σ 36,056

Expansion capex decrease was due to the commissioning of the Botuobinskaya open pit, Udachny underground mine and Seversalmaz production facilities

Expansion capex analysis

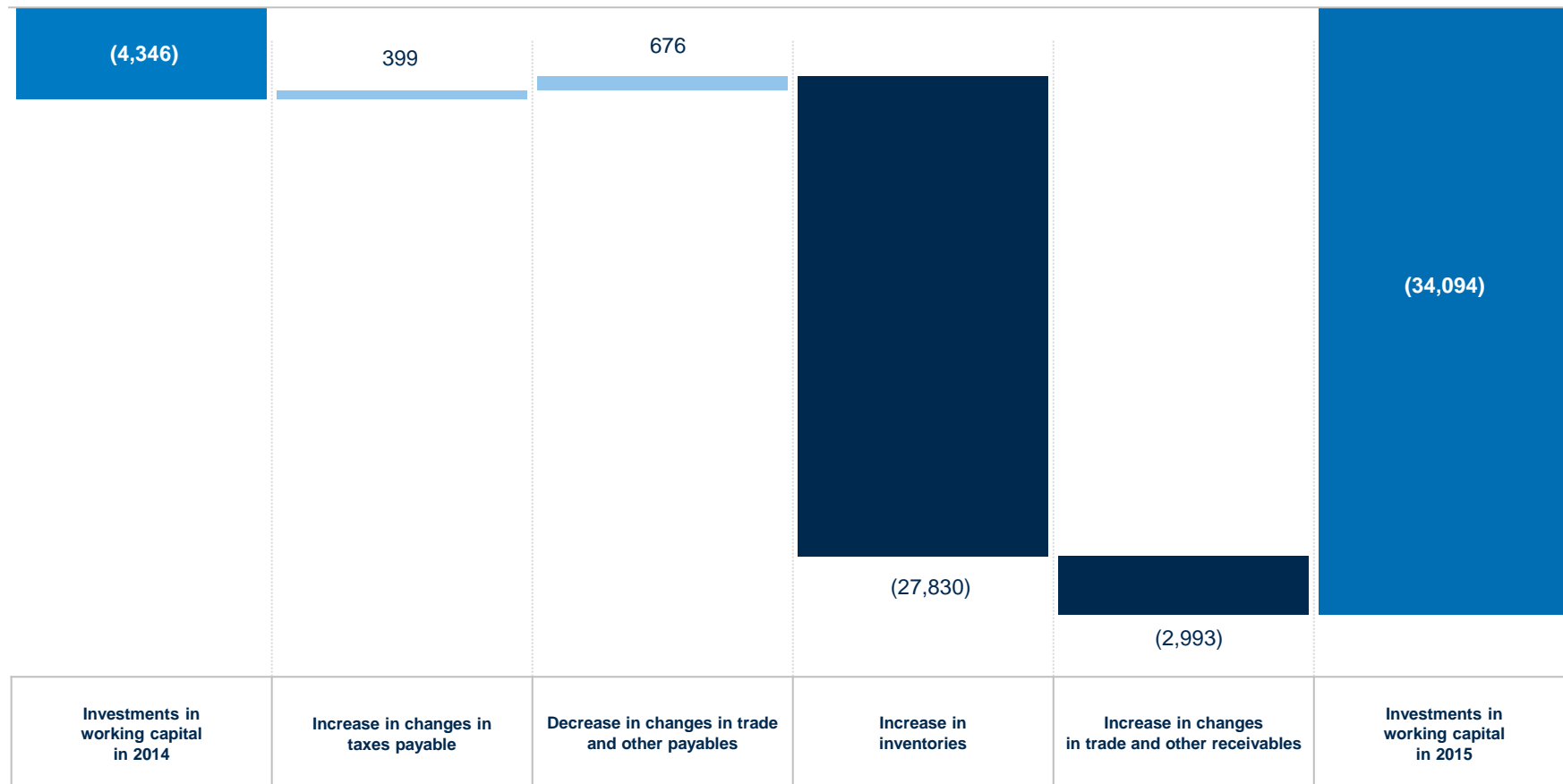
RUB mln



2015 growth of investments in working capital was driven by the increase in rough diamond inventories due to the global downside in rough diamond demand

Analysis of investments in working capital

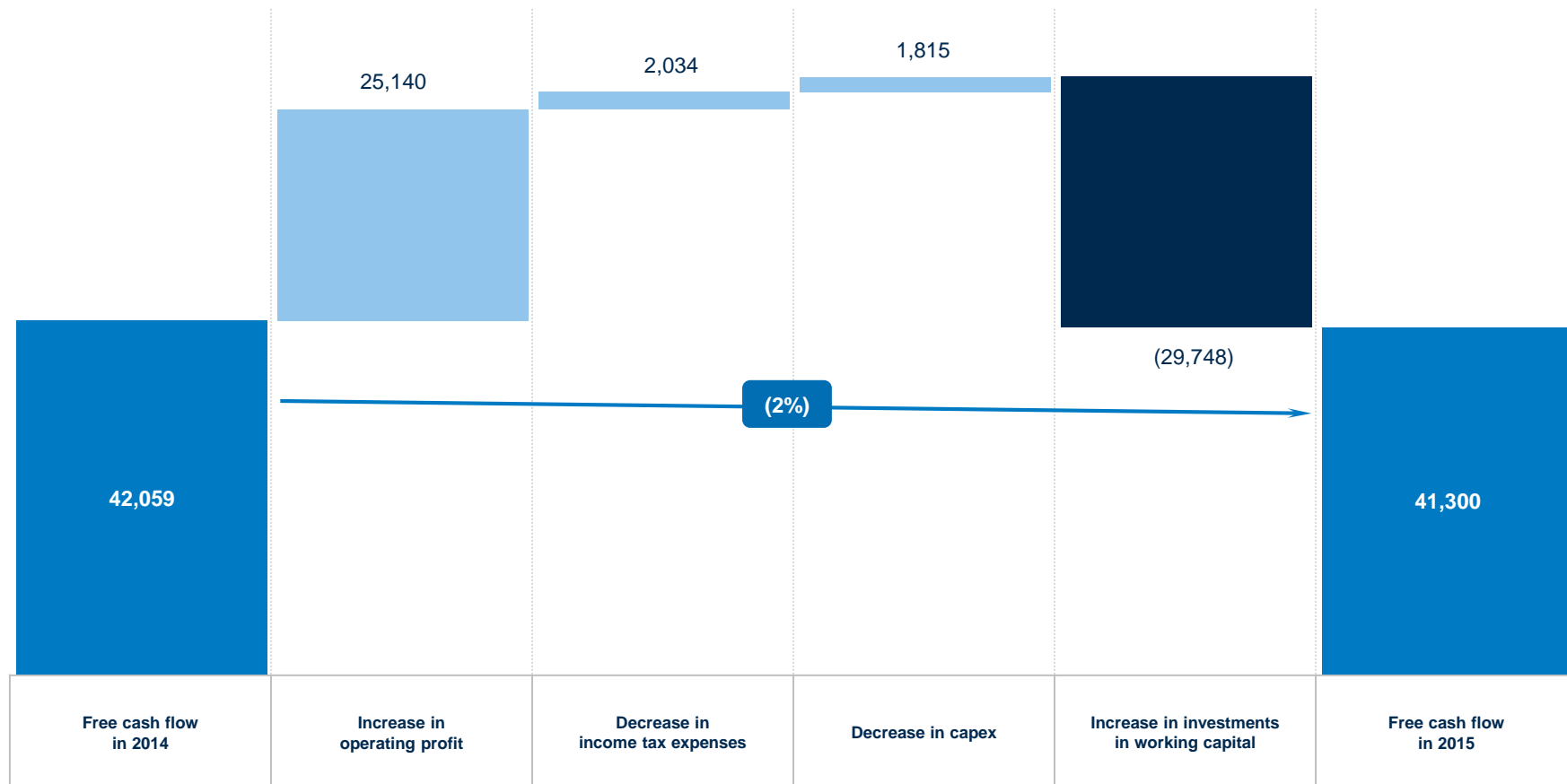
RUB mln



Free cash flow remained almost flat, as the increase in working capital was offset by cash flows from operating activities

Free cash flow analysis

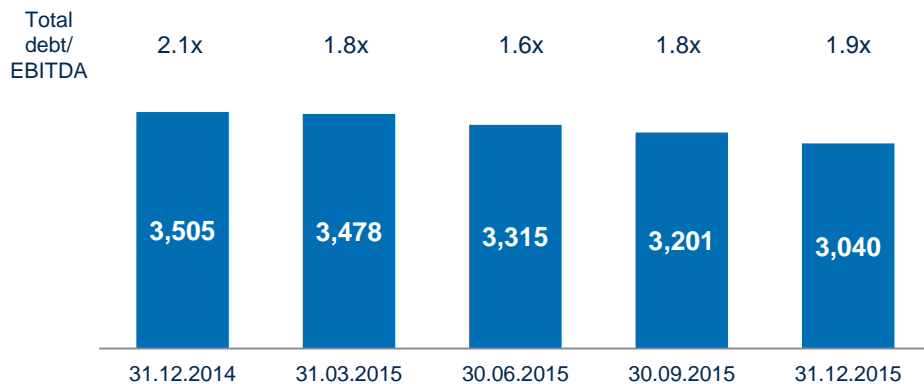
RUB mln



Loans and borrowings were reduced to USD 3 bn after the RUB 20 bn corporate and exchange-traded bonds repayment in 2015, and partial early redemption of the loan portfolio in the amount of USD 85 mln

Loans and borrowings

\$ mln



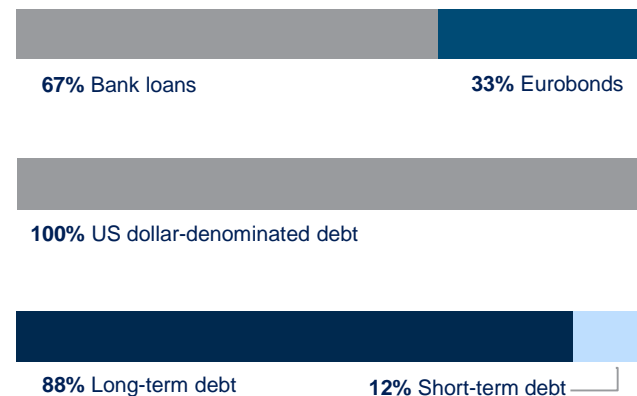
For reference: ALROSA's net debt

\$ mln



Loans and borrowings breakdown

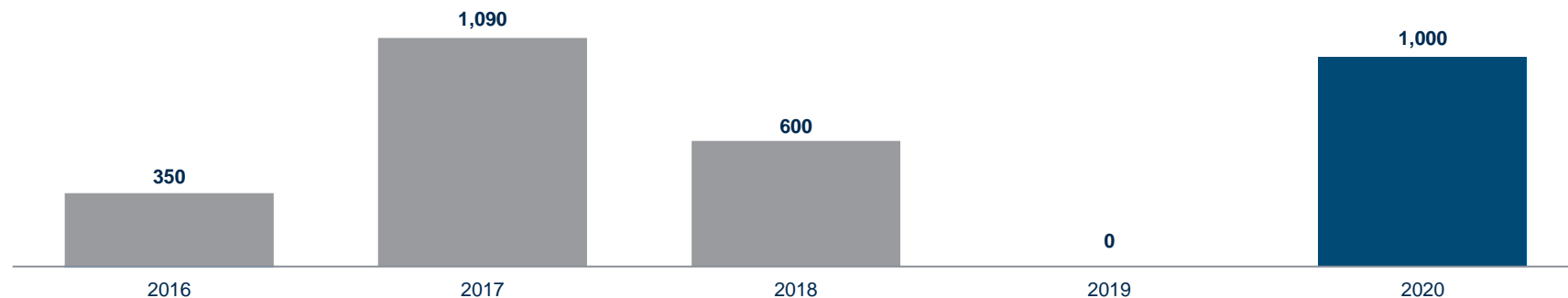
As at 31 December 2015



Maturity profile of loans and borrowings

\$ mln

■ Bank loans ■ Eurobonds



Thank you!



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