



ALROSA

Investor Presentation –
Q1 2016 Results

31 May 2016

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Q1 2016 key financial highlights

Revenue	102.3 RUB bn +37% Q1 2015: RUB 74.6 bn	Diamond sales	12.1 mln cts +34% Q1 2015: 9.0 mln cts
EBITDA	59.3 RUB bn +38% Q1 2015: RUB 42.9 bn	Net profit	49.9 RUB bn 2.2x Q1 2015: RUB 22.2 bn
EBITDA margin	58% Q1 2015: 57%	Free cash flow	59.9 RUB bn +89% Q1 2015: RUB 31.8 bn

The improvement in ALROSA's Q1 2016 y-o-y financial results was caused mainly by increase in diamond sales by 34% in carat terms

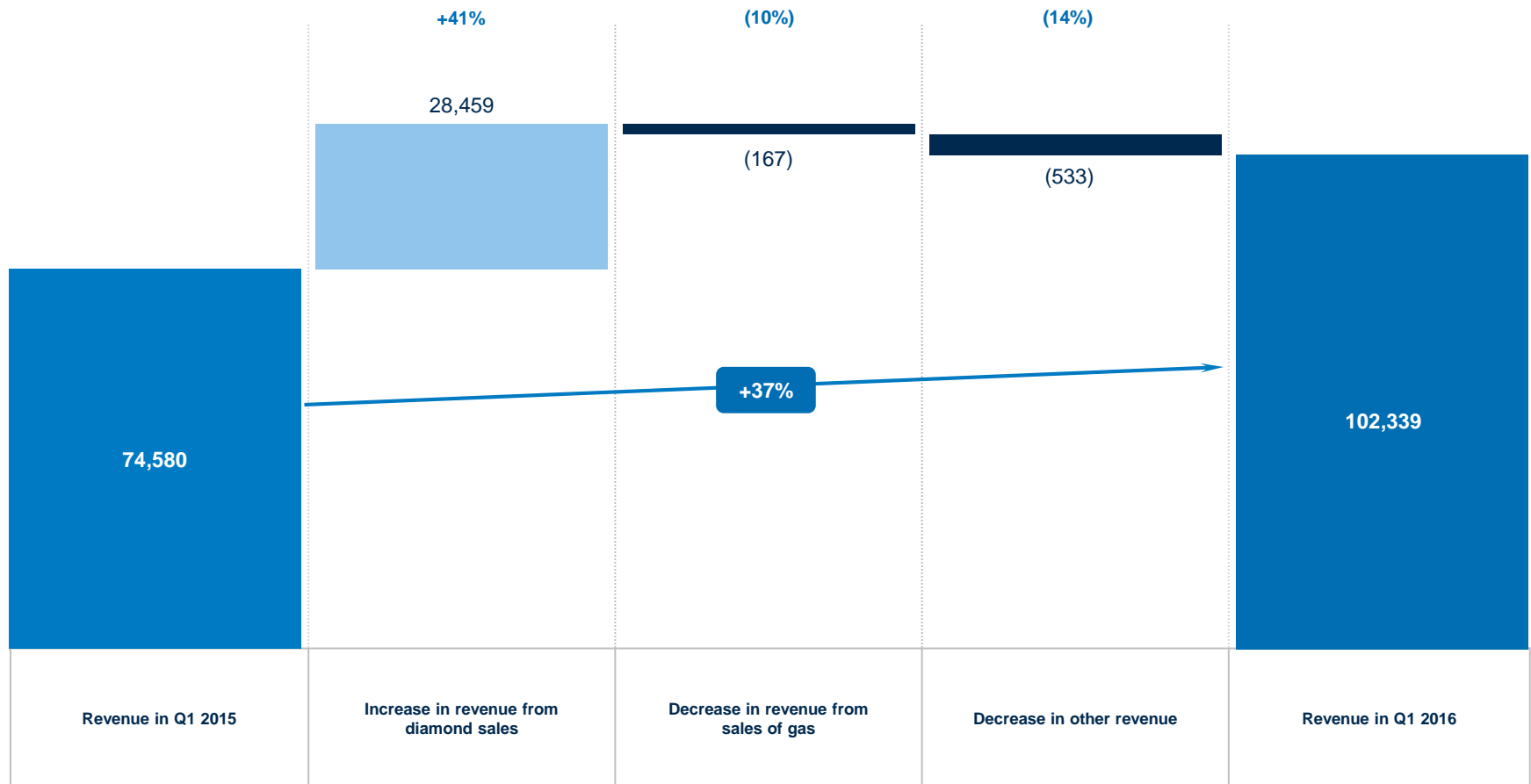
Financial results

RUB mln	Q1 2016	Q4 2015	Q1 2015	Q1 2016 vs Q4 2015	Q1 2016 vs Q1 2015
Operating performance					
Production, mln cts	8.2	8.6	8.4	(5%)	(2%)
Sales, mln cts, incl.:	12.1	7.1	9.0	71%	34%
gem quality diamonds sales, mln cts	8.9	4.1	7.0	2.2x	27%
industrial quality diamonds sales, mln cts	3.2	3.0	2.0	6%	60%
IFRS income statement of profit or loss and other comprehensive income					
Revenue	102,339	52,028	74,580	97%	37%
Cost of sales	(39,057)	(19,660)	(27,995)	99%	40%
EBITDA	59,342	28,674	42,863	2.1x	38%
EBITDA margin	58%	55%	57%	5%	1%
Net profit / (loss)	49,889	(28)	22,231	-	2.2x
Net profit margin	49%	-	30%	-	64%
EPS, RUB	6.68	(0.06)	2.93	-	2.3x
IFRS statement of financial position					
Cash and cash equivalents	75,963	20,503	54,221	3.7x	40%
Total debt	207,119	223,159	203,327	(7%)	2%
Net debt	131,156	202,656	149,106	(35%)	(12%)
Net debt / EBITDA	1.0x	1.7x	1.3x	-	-
Equity attributable to owners of PJSC ALROSA	199,653	151,742	156,774	32%	27%
IFRS statement of cash flows					
Cash inflow from operating activities before changes in working capital	60,890	29,348	43,074	2.1x	41%
Income tax paid	(6,418)	221	(2,596)	-	2.5x
Changes in working capital	12,478	(14,537)	(1,090)	-	-
Net cash inflow from operating activities	66,950	15,032	39,388	4.5x	70%
Purchase of property, plant and equipment	(7,043)	(9,551)	(7,634)	(26%)	(8%)
Free cash flow	59,907	5,481	31,754	10.9x	89%
ROIC	31%	27%	27%	-	-

Q1 2016 revenue growth y-o-y was driven mainly by higher diamond sales

Revenue analysis

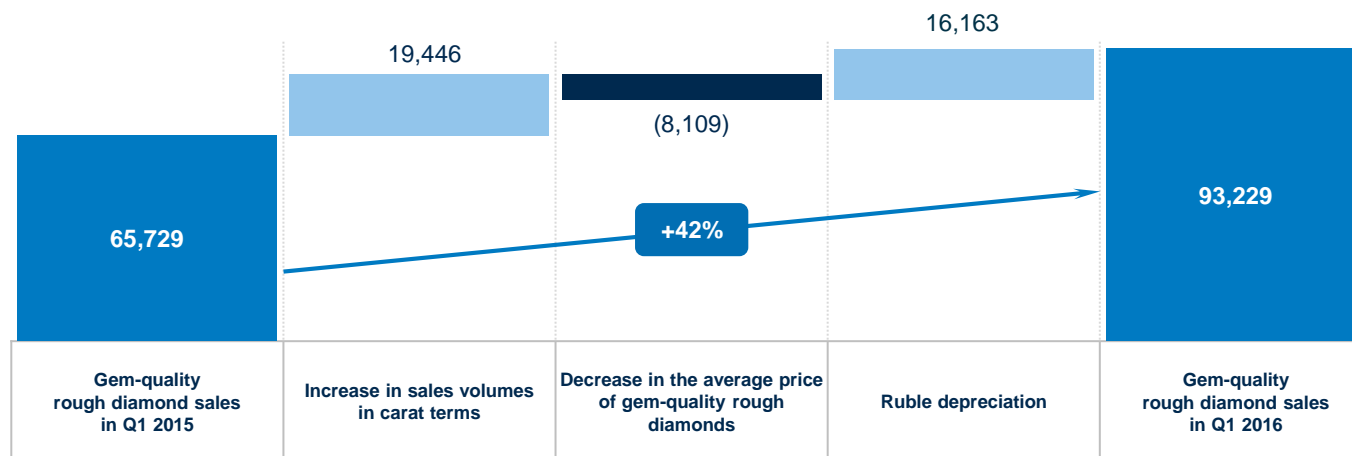
RUB mln



Gem-quality rough diamond sales in Q1 2016 compared to Q1 2015 and Q4 2015 grew due to an increase in sales volumes and the ruble's depreciation against the US dollar

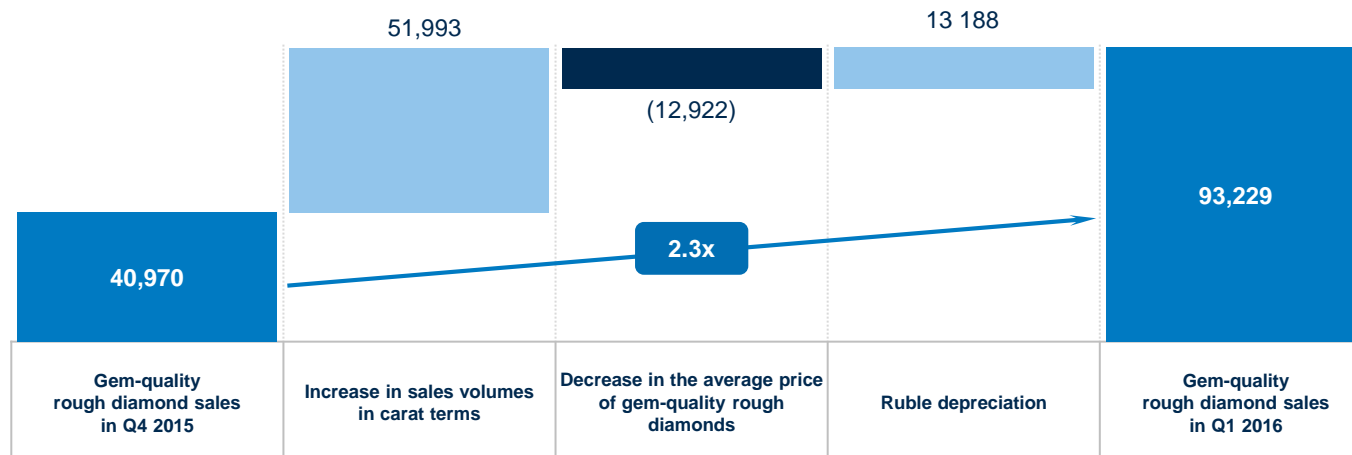
Analysis of revenue from gem-quality rough diamond sales, Q1 2016 vs Q1 2015

RUB mln



Analysis of revenue from gem-quality rough diamond sales, Q1 2016 vs Q4 2015

RUB mln



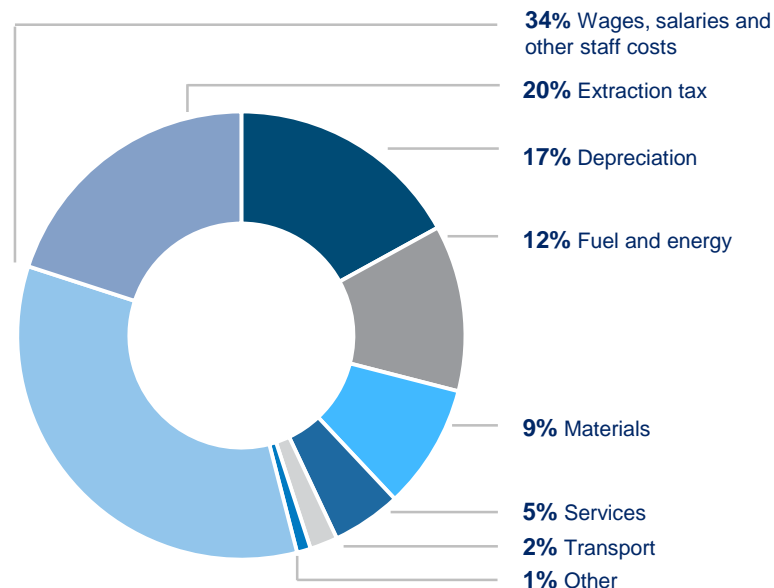
Higher production costs were driven by depreciation, materials costs, wages, salaries and other staff costs and services

Cost of sales

RUB mln

	Q1 2016	Q1 2015	Q1 2016 vs Q1 2015
Wages, salaries and other staff costs	11,219	10,590	6%
Extraction tax	6,682	6,681	0%
Depreciation	5,612	4,517	24%
Fuel and energy	3,998	4,766	(16%)
Materials	2,791	2,131	31%
Services	1,469	971	51%
Transport	691	572	21%
Other	314	359	(13%)
Cost of production	32,776	30,587	7%
Movement in inventory of diamonds, ores and concentrates	6,029	(2,904)	-
Cost of diamonds for resale	252	312	(19%)
Cost of sales	39,057	27,995	40%

Breakdown of Q1 2016 production costs



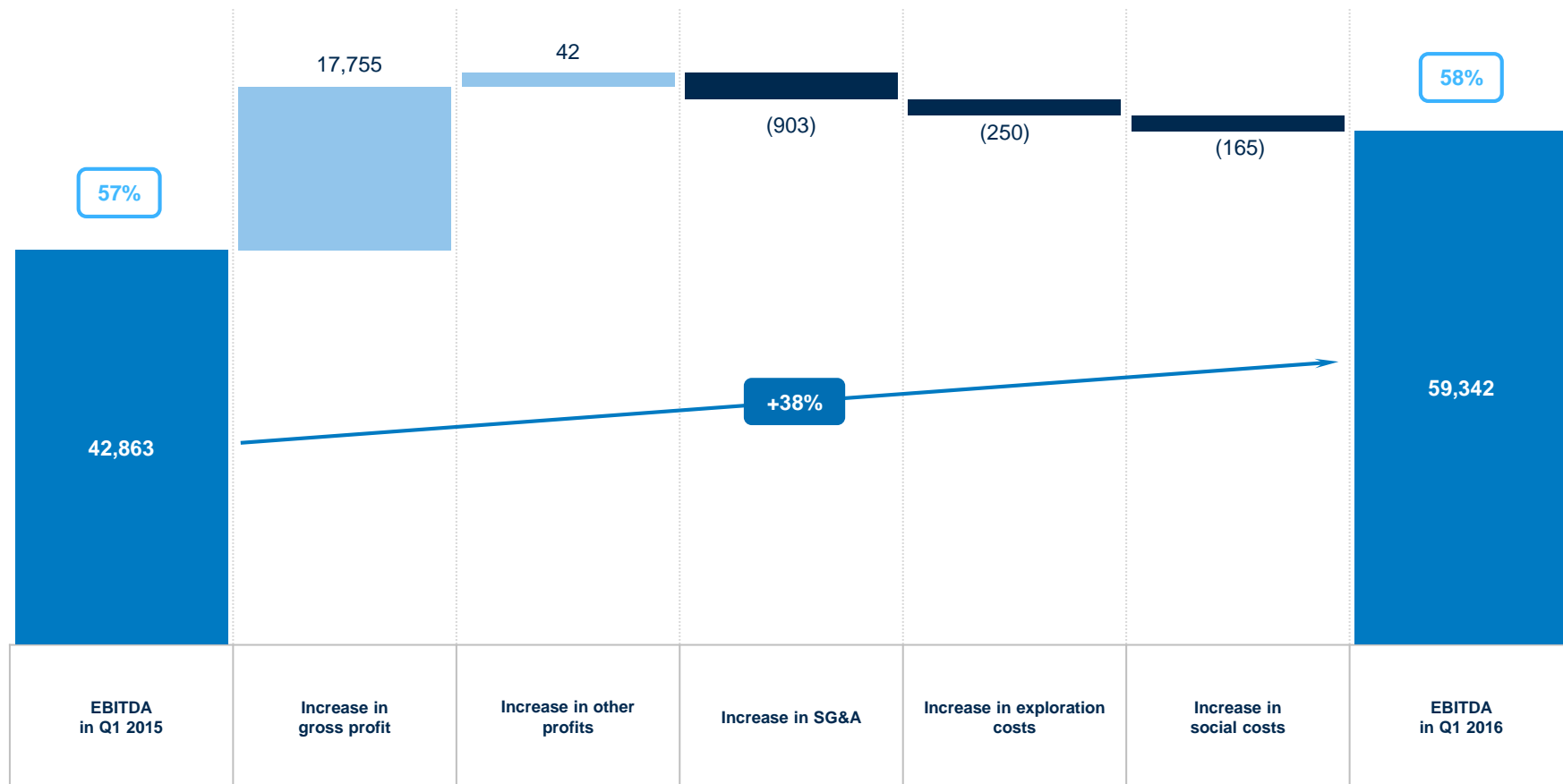
- Cost of sales increased in Q1 2016 y-o-y in line with revenue growth
- Wages, salaries and other staff costs in Q1 2016 y-o-y grew mostly as a result of indexation in line with the inflation rate
- Growth of depreciation in Q1 2016 vs Q1 2015 was due to production increases at Mirny and Udachny divisions
- Q1 2016 materials costs increased compared to Q1 2015 mainly as a result of a new production equipment commencing at Udachny division and increase in mining activities at AO "Almazy Anabara"
- Decrease in fuel and energy costs in Q1 2016 y-o-y was in line with an increase in services costs over the same period and was associated with the reclassification of costs for the purchase of electricity

In Q1 2016 vs Q1 2015 EBITDA increased due to growth in gross profit from diamond sales

EBITDA analysis

RUB mln

EBITDA margin

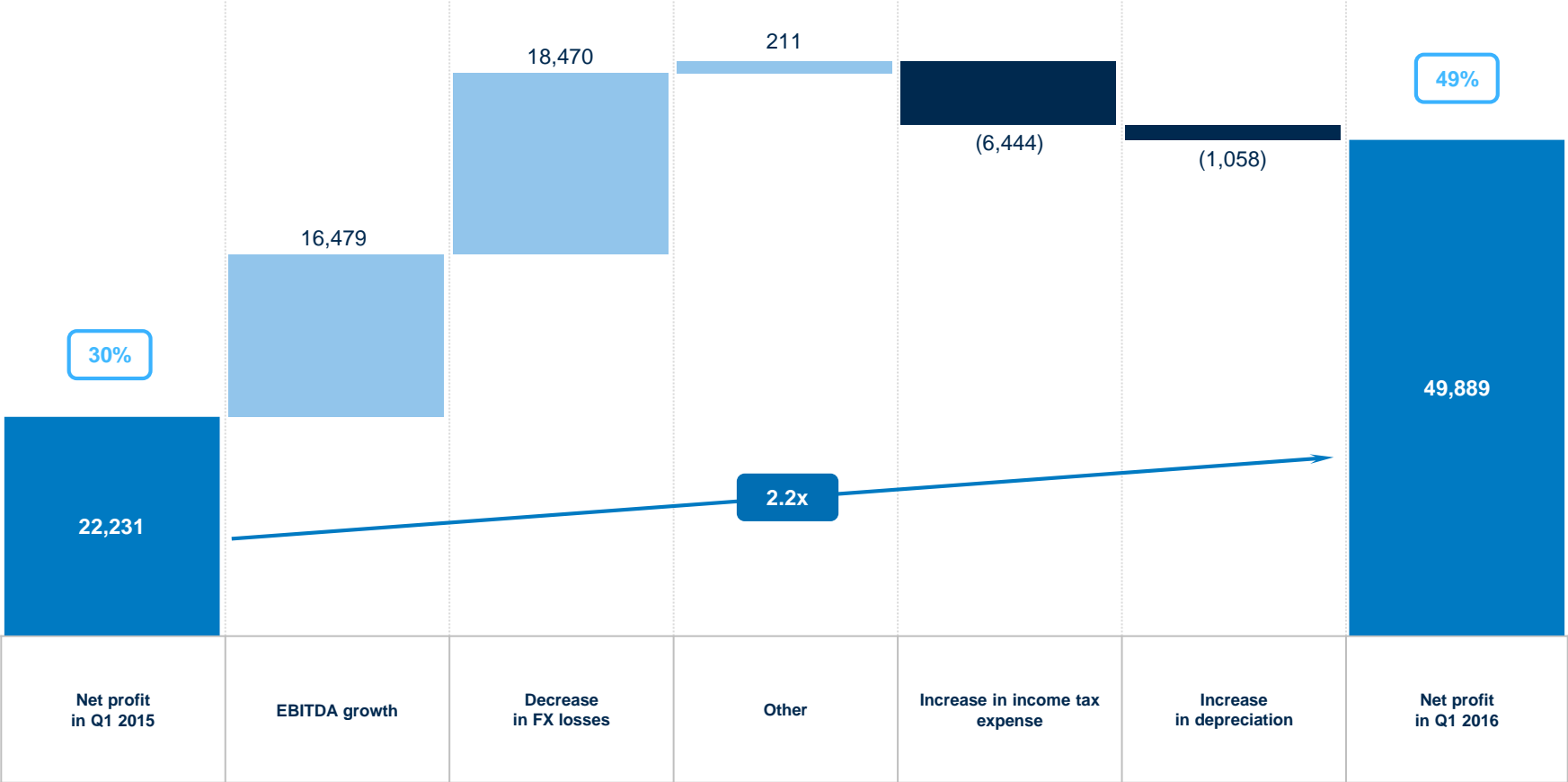


Net profit growth in Q1 2016 vs Q1 2015 was driven by EBITDA growth and decline in FX losses

Net profit analysis

RUB mln

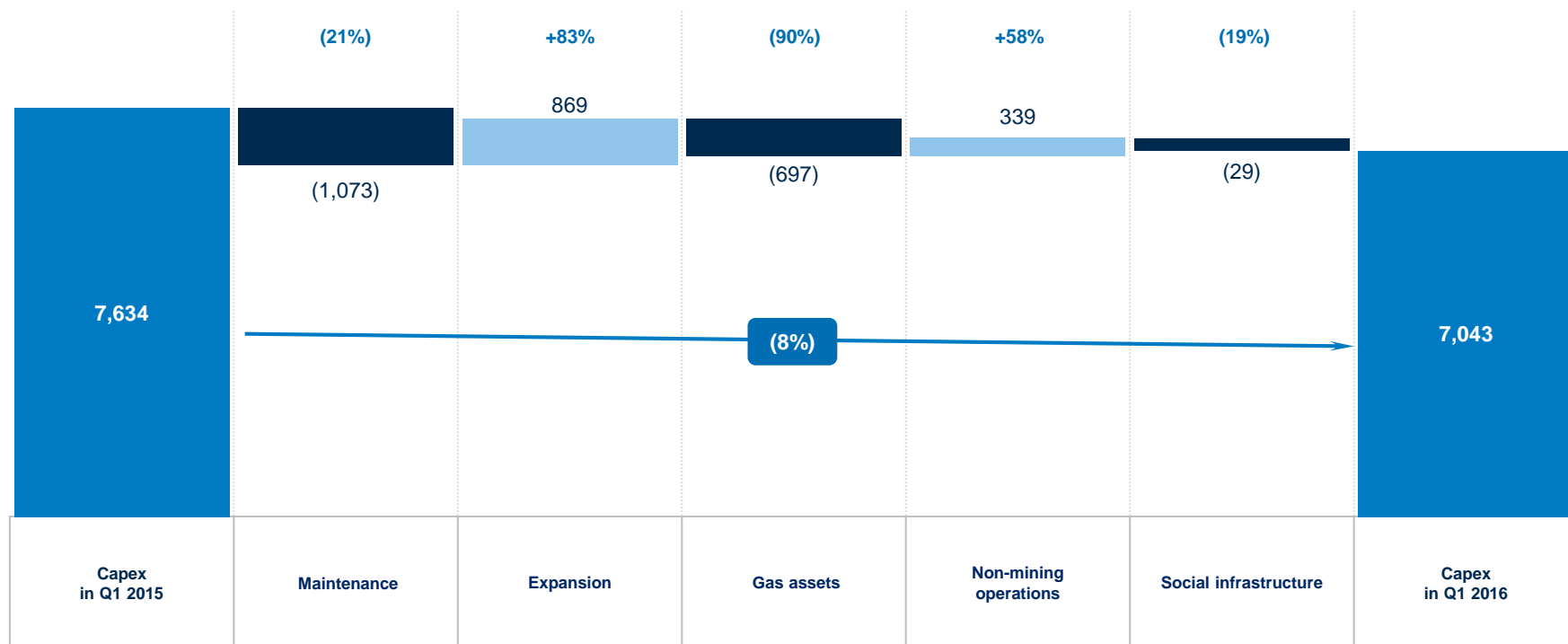
Net profit margin



Total capex in Q1 2016 decreased by 8% y-o-y mainly due to fewer investments in maintenance

Capital expenditure analysis

RUB mln



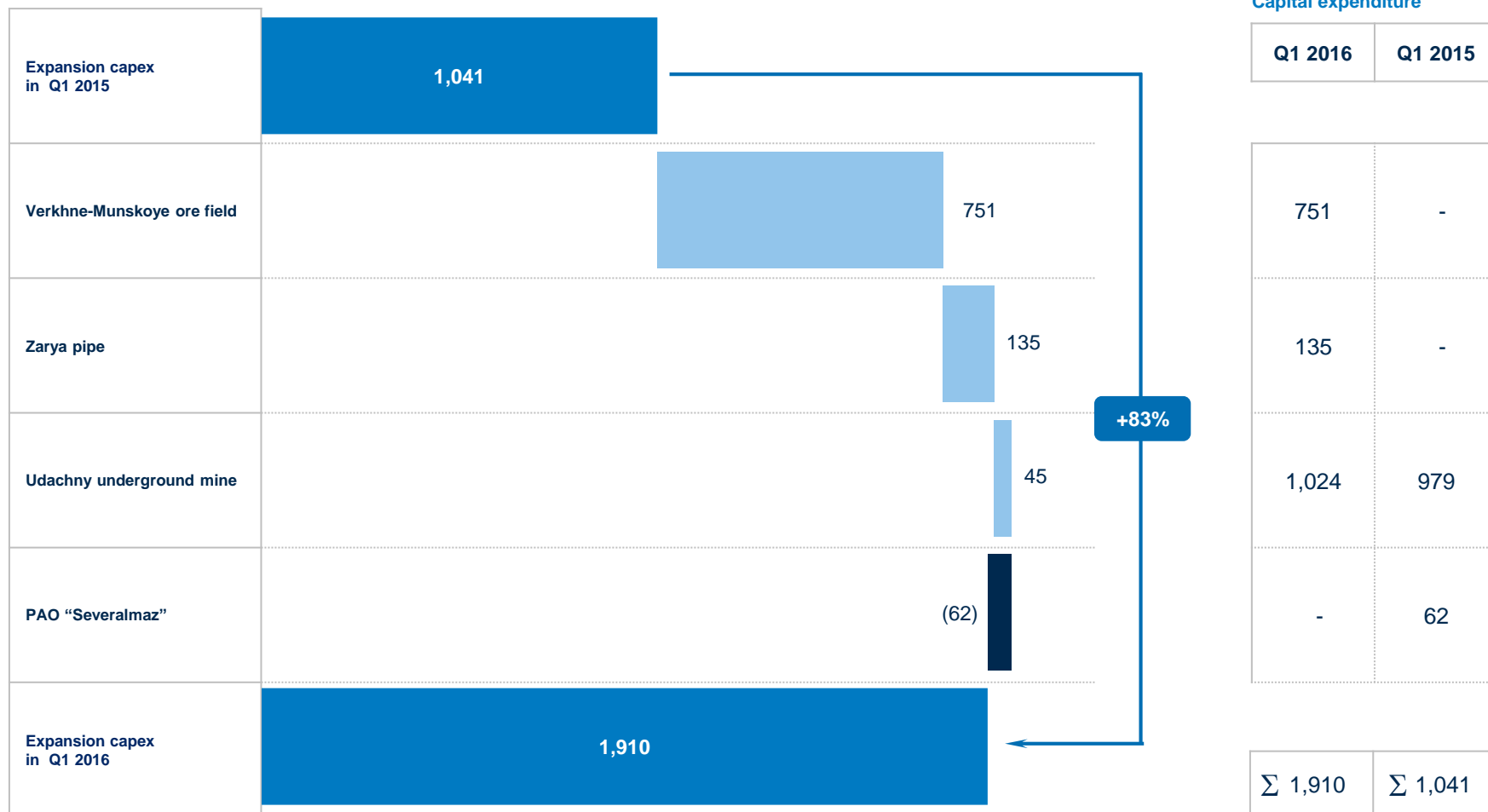
Capital expenditure

	Maintenance	Expansion	Gas assets	Non-mining operations	Social infrastructure	Total
Q1 2016	4,013	1,910	80	919	121	Σ 7,043
Q1 2015	5,086	1,041	777	580	150	Σ 7,634

Increase in expansion capex was primarily associated with development of transport infrastructure at Verkhne-Munskoye ore field

Expansion capex analysis

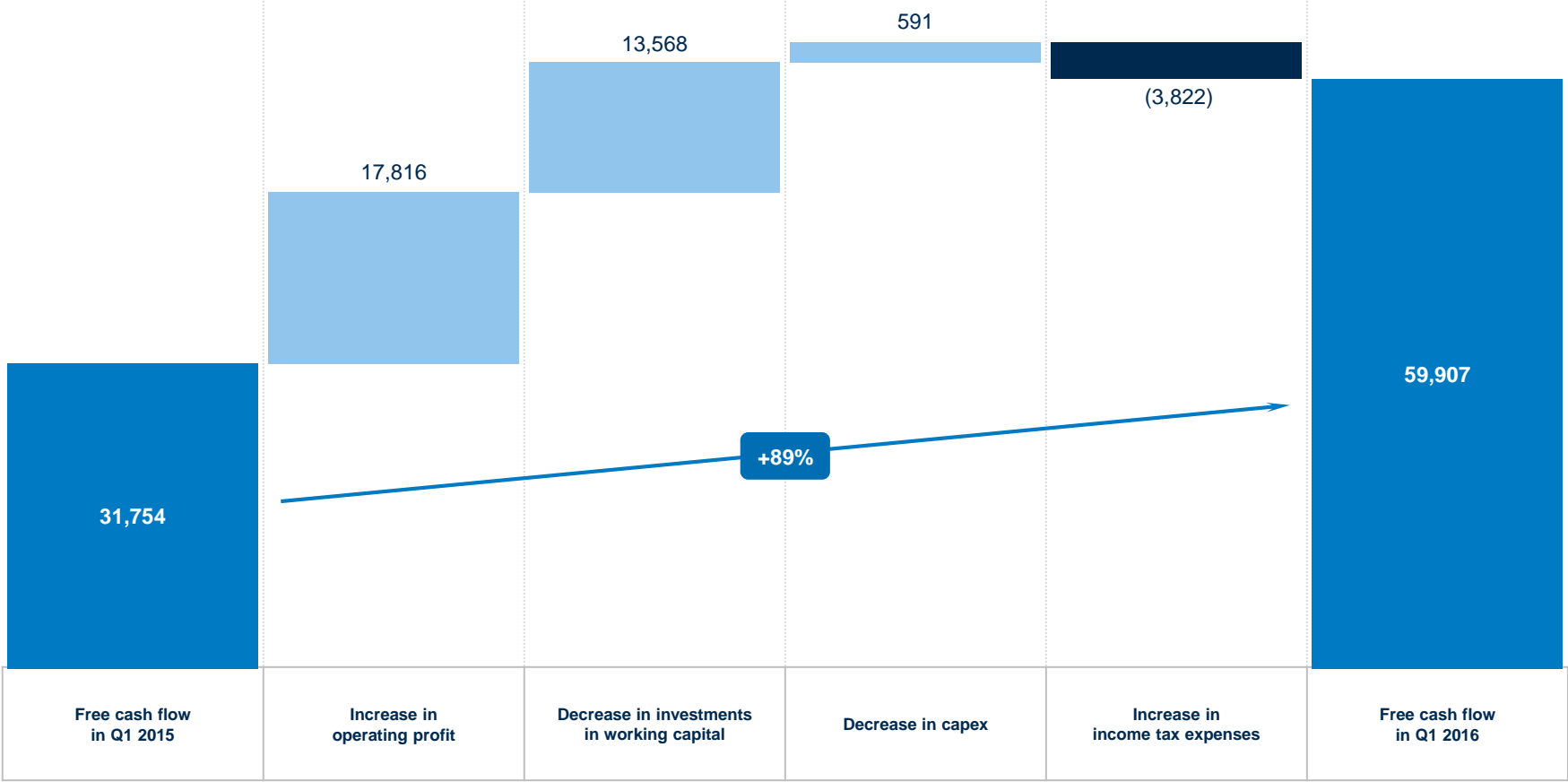
RUB mln



Free cash flow increased in Q1 2016 vs Q1 2015 due to growth in operating profit and decrease in investments in working capital

Free cash flow analysis

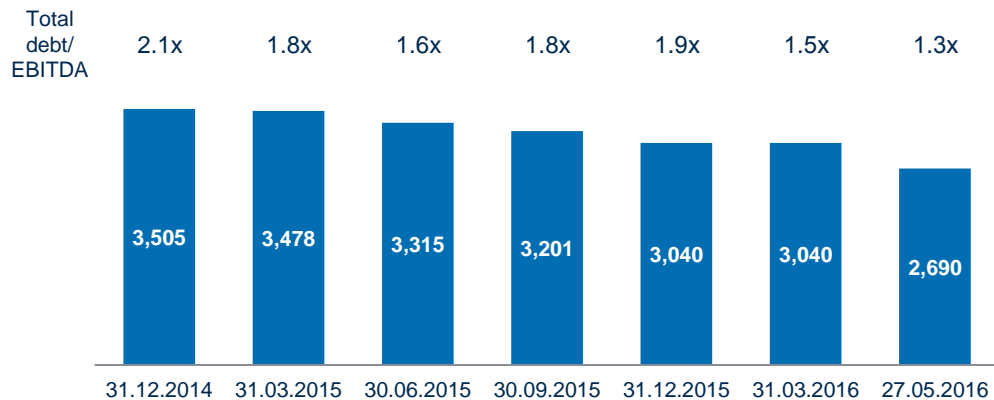
RUB mln



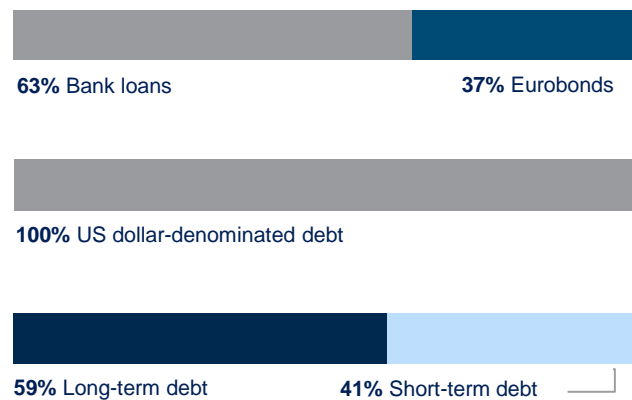
Loans and borrowings decreased to \$2.7 bn after \$350 mln loan was repaid to JSC Alfa-Bank using cash from operating activities

Loans and borrowings

\$ mln



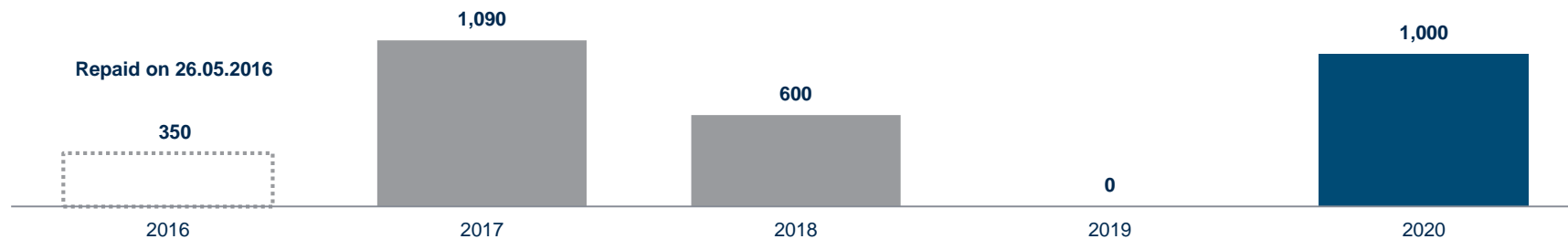
Loans and borrowings breakdown



Maturity profile of loans and borrowings

As at 31 March 2016, \$ mln

■ Bank loans ■ Eurobonds



Thank you!



Corporate Finance and Analytics
Investor Relations

Russia, 119017, Moscow
10-12, 1st Kazachy Per.

+7 495 745 5872
ir@alrosa.ru