



ALROSA

Investor Presentation –
Q2 and H1 2016 Results

29 August 2016

Disclaimer

The below applies to the presentation (the “Presentation”) following this important notice, and you are therefore advised to read this important notice carefully before reading, accessing or making any other use of this Presentation.

This Presentation contains statements about future events and expectations that are forward-looking statements. Any statement herein (including, without limitation, a statement regarding our financial position, strategy, management plans and future objectives) that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause ALROSA’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance. The information and opinions contained in this document are provided as at the date hereof (unless indicated otherwise) and are subject to change without notice. ALROSA assumes no obligation to update, supplement or revise the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

This Presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire any securities in any jurisdiction or an inducement to enter into any investment activity. The contents hereof should not be construed as investment, legal, tax, accounting or other advice, and investors and prospective investors in securities of any issuer mentioned herein are required to make their own independent investigation and appraisal of the business and financial condition of such issuer and the nature of the securities and consult their own advisers as to legal, financial, tax and other related matters.

This Presentation has not been independently verified. No representation or warranty or undertaking, express or implied, is made as to the accuracy, completeness or fairness of the information or opinions contained in this Presentation. None of ALROSA nor any of its shareholders, directors, officers or employees, affiliates, advisors, representatives nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection therewith. No reliance may be placed for any purpose whatsoever on the information contained in this Presentation or on its completeness, accuracy or fairness.

This Presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. Persons in whose possession this Presentation and/or such information may come are required to inform themselves thereof and to observe such restrictions.

Some figures included in this Presentation have been subject to rounding adjustments.

By reviewing and/or attending this Presentation you acknowledge and agree to be bound by the foregoing.

H1 2016 key financial highlights

Revenue	186.7 RUB bn +42% H1 2015: RUB 131.9 bn	Diamond sales	21.7 mln cts +21% H1 2015: 18.0 mln cts
EBITDA	111.3 RUB bn +58% H1 2015: RUB 70.5 bn	Net profit	90.4 RUB bn 1.9x H1 2015: RUB 47.4 bn
EBITDA margin	60% H1 2015: 53%	Free cash flow	78.7 RUB bn 2.2x H1 2015: RUB 35.4 bn

ALROSA's H1 2016 y-o-y financial results were driven by an increase in diamond sales by 21% in carat terms and by depreciation of Russian ruble against US dollar by 23%

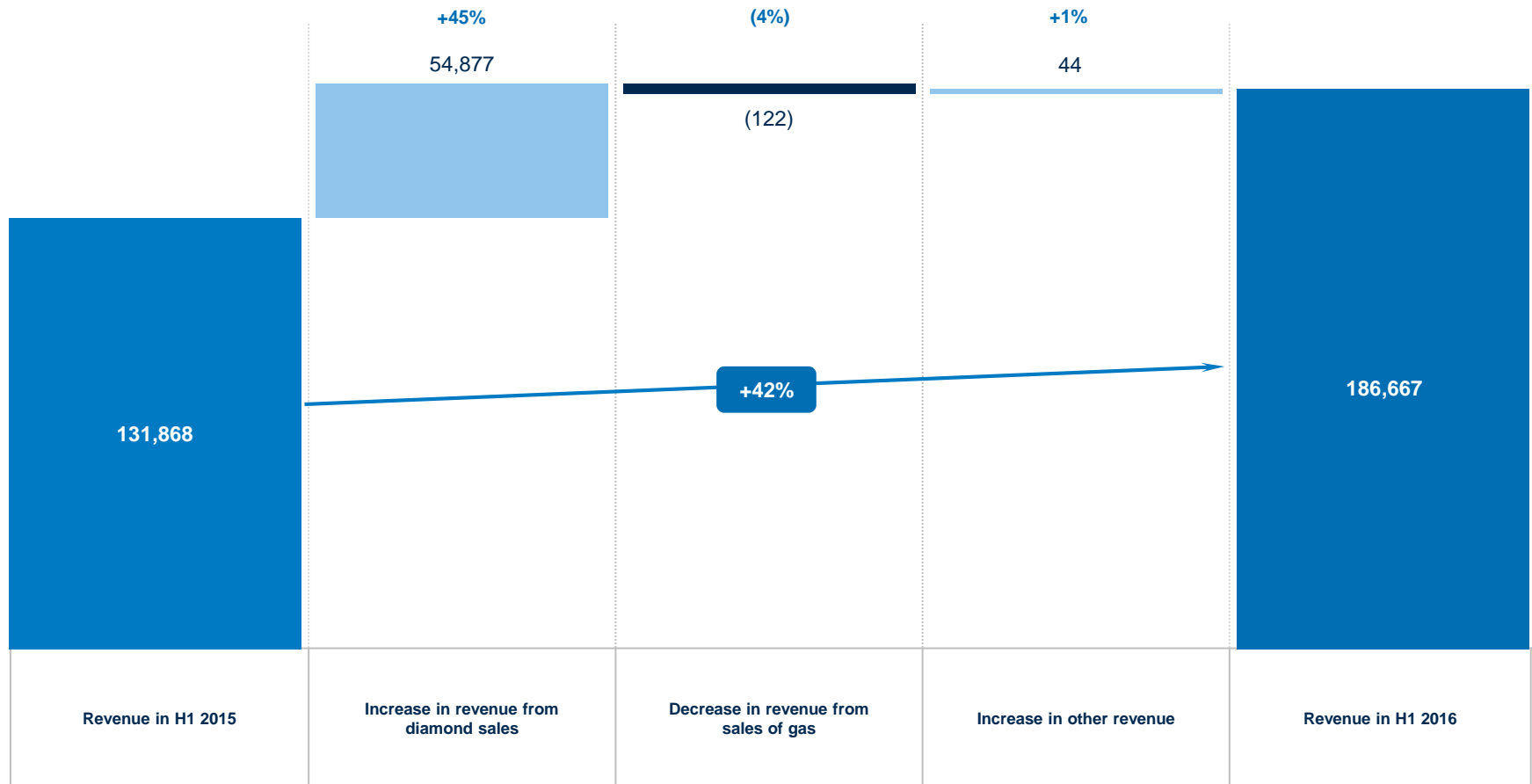
Financial results

RUB mln	Q2 2016	Q1 2016	Change	H1 2016	H1 2015	Change
Operating performance						
Production, mln cts	8.7	8.2	7%	16.9	18.0	(6%)
Sales, mln cts, incl.:	9.6	12.1	(21%)	21.7	18.0	21%
gem quality diamonds sales, mln cts	7.4	8.9	(17%)	16.3	12.6	29%
industrial quality diamonds sales, mln cts	2.2	3.2	(31%)	5.4	5.4	-
IFRS income statement of profit or loss and other comprehensive income						
Revenue	84,328	102,339	(18%)	186,667	131,868	42%
Cost of sales	(30,196)	(39,057)	(23%)	(69,253)	(54,880)	26%
EBITDA	51,793	59,511	(13%)	111,304	70,473	58%
EBITDA margin	61%	58%	-	60%	53%	-
Net profit / (loss)	40,496	49,889	(19%)	90,385	47,398	1.9x
Net profit margin	48%	49%	-	48%	36%	-
EPS, RUB	5.40	6.68	(19%)	12.08	6.33	1.9x
IFRS statement of financial position						
Cash and cash equivalents				20,829	43,237	(52%)
Total debt				174,371	184,035	(5%)
Net debt				153,542	140,798	9%
Net debt / EBITDA				1.0x	1.2x	-
Equity attributable to owners of PJSC ALROSA				222,591	169,151	32%
IFRS statement of cash flows						
Cash inflow from operating activities before changes in working capital				111,461	71,226	56%
Income tax paid				(21,258)	(9,982)	2.1x
Changes in working capital				3,176	(10,240)	-
Net cash inflow from operating activities				93,379	51,004	83%
Purchase of property, plant and equipment				(14,689)	(15,568)	(6%)
Free cash flow				78,690	35,436	2.2x
ROIC				34%	28%	-

H1 2016 revenue growth y-o-y was driven mainly by higher diamond sales

Revenue analysis

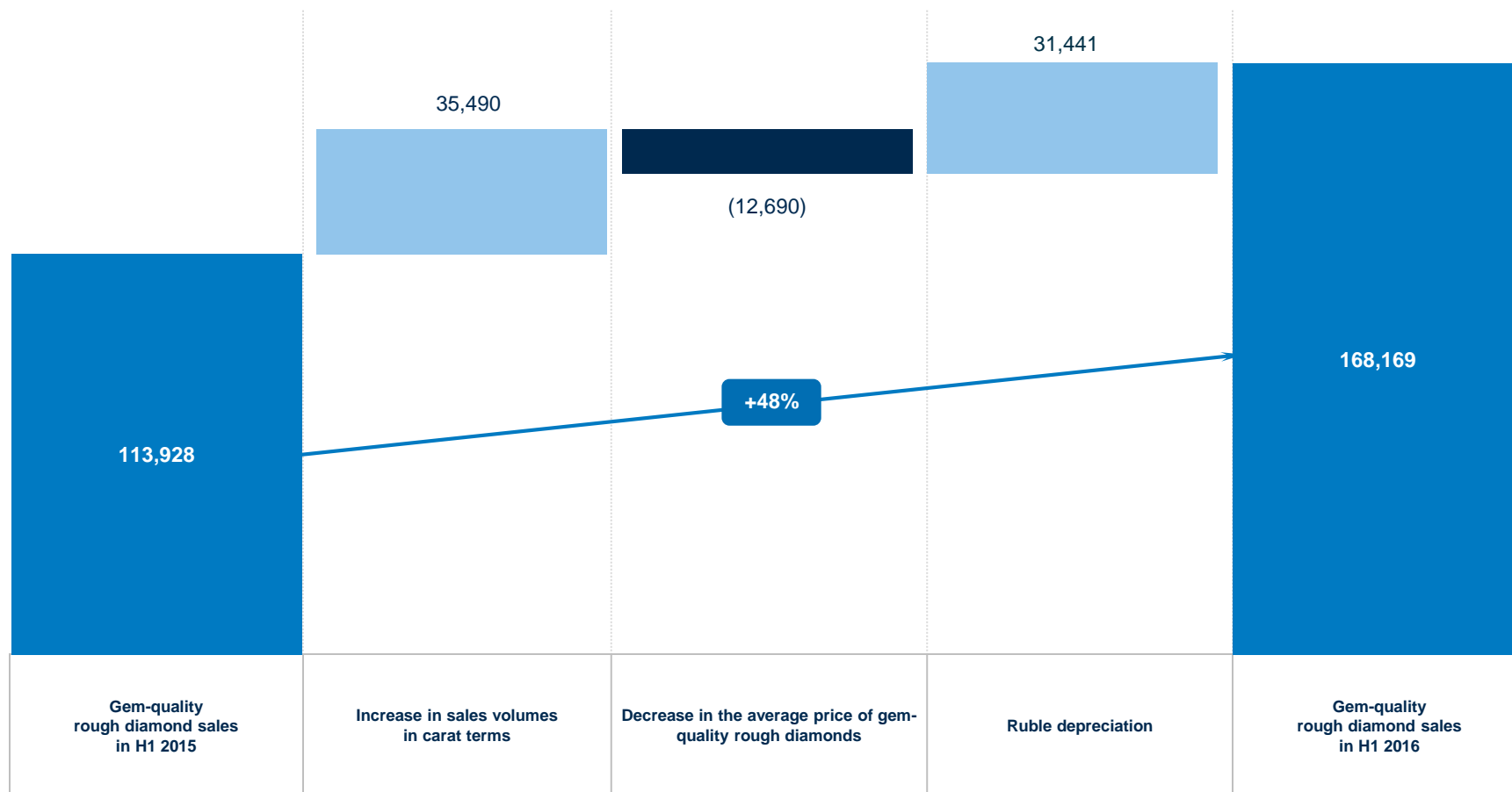
RUB mln



Gem-quality rough diamond revenue in H1 2016 y-o-y grew due to an increase in sales volumes in carat terms and ruble depreciation against US dollar

Analysis of revenue from gem-quality rough diamond sales

RUB mln



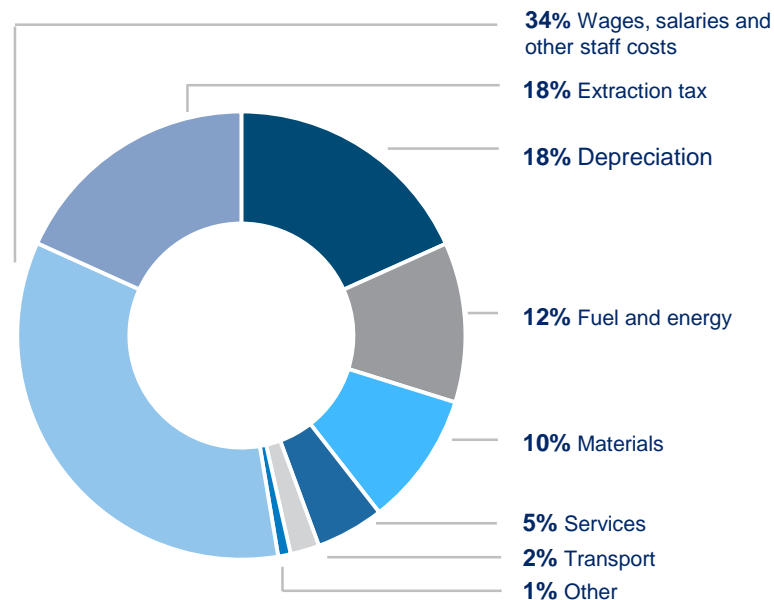
Cost of sales increased in H1 2016 y-o-y in line with sales volumes growth

Cost of sales

RUB mln

	H1 2016	H1 2015	H1 2016 vs H1 2015
Wages, salaries and other staff costs	22,002	20,910	5%
Depreciation	11,693	9,459	24%
Extraction tax	11,665	11,024	6%
Fuel and energy	7,381	8,556	-14%
Materials	6,169	4,667	32%
Services	3,144	2,074	52%
Transport	1,335	1,069	25%
Other	580	742	-22%
Cost of production	63,969	58,501	9%
Movement in inventory of diamonds, ores and concentrates	4,787	-4,136	-
Cost of diamonds for resale	497	515	-3%
Cost of sales	69,253	54,880	26%

Breakdown of H1 2016 production costs



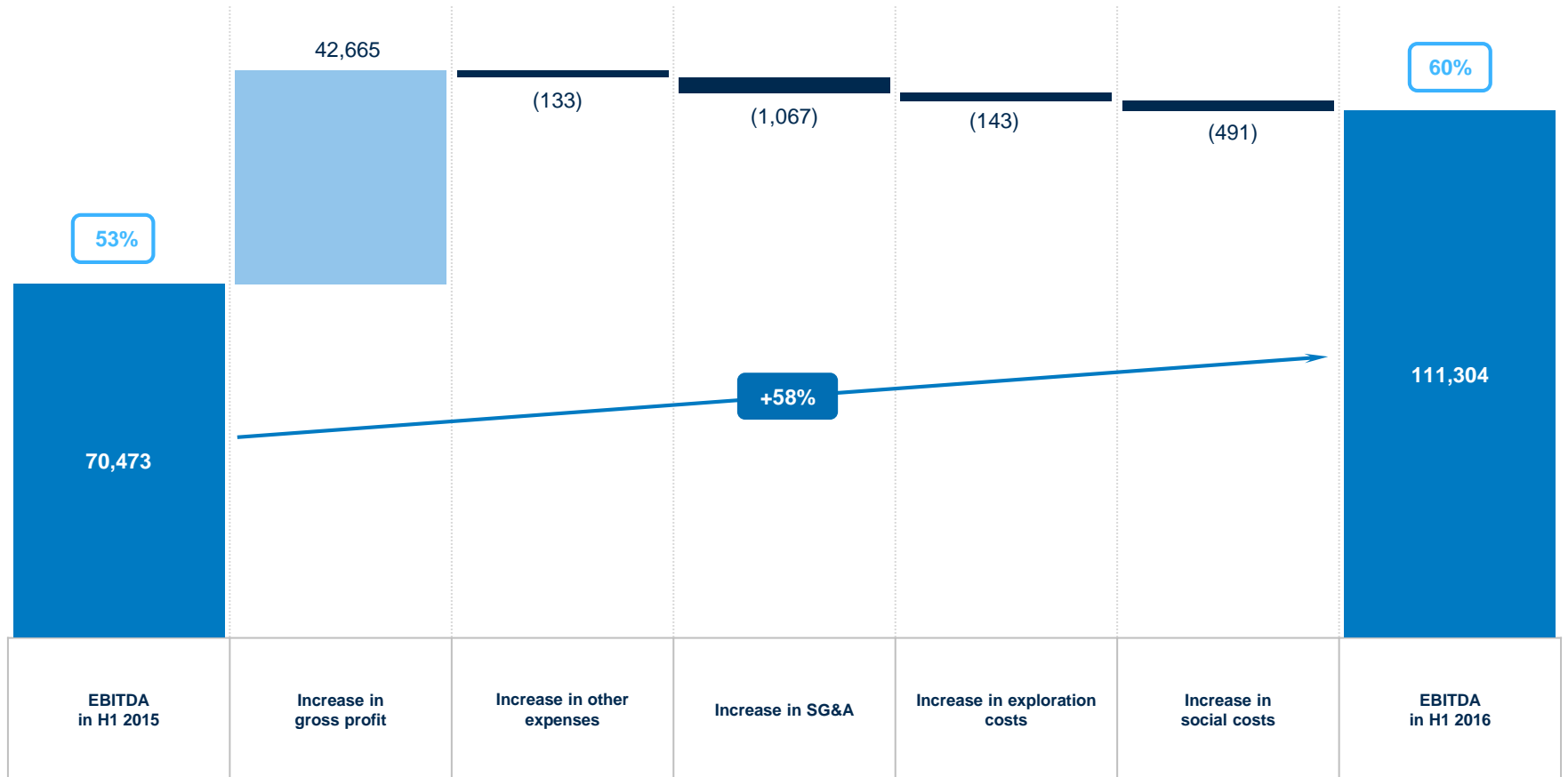
- Wages, salaries and other staff costs in H1 2016 y-o-y grew as a result of indexation in line with the inflation rate
- Growth of depreciation in H1 2016 y-o-y was due to production increases at Komsomolskaya pipe, Udachny underground mine and due to commencing of production at Bolshaya Kuonamka alluvial placer of JSC Nizhne-Lenskoe
- H1 2016 materials costs increased y-o-y mainly as a result of price increases for materials, new production equipment implementation at Udachny division and increase in mining activities at JSC Almazy Anabara
- Decrease in fuel and energy costs in H1 2016 y-o-y was in line with an increase in services costs due to the reclassification of electricity costs

EBITDA increased in H1 2016 y-o-y due to growth in gross profit from diamond sales

EBITDA analysis

RUB mln

EBITDA margin

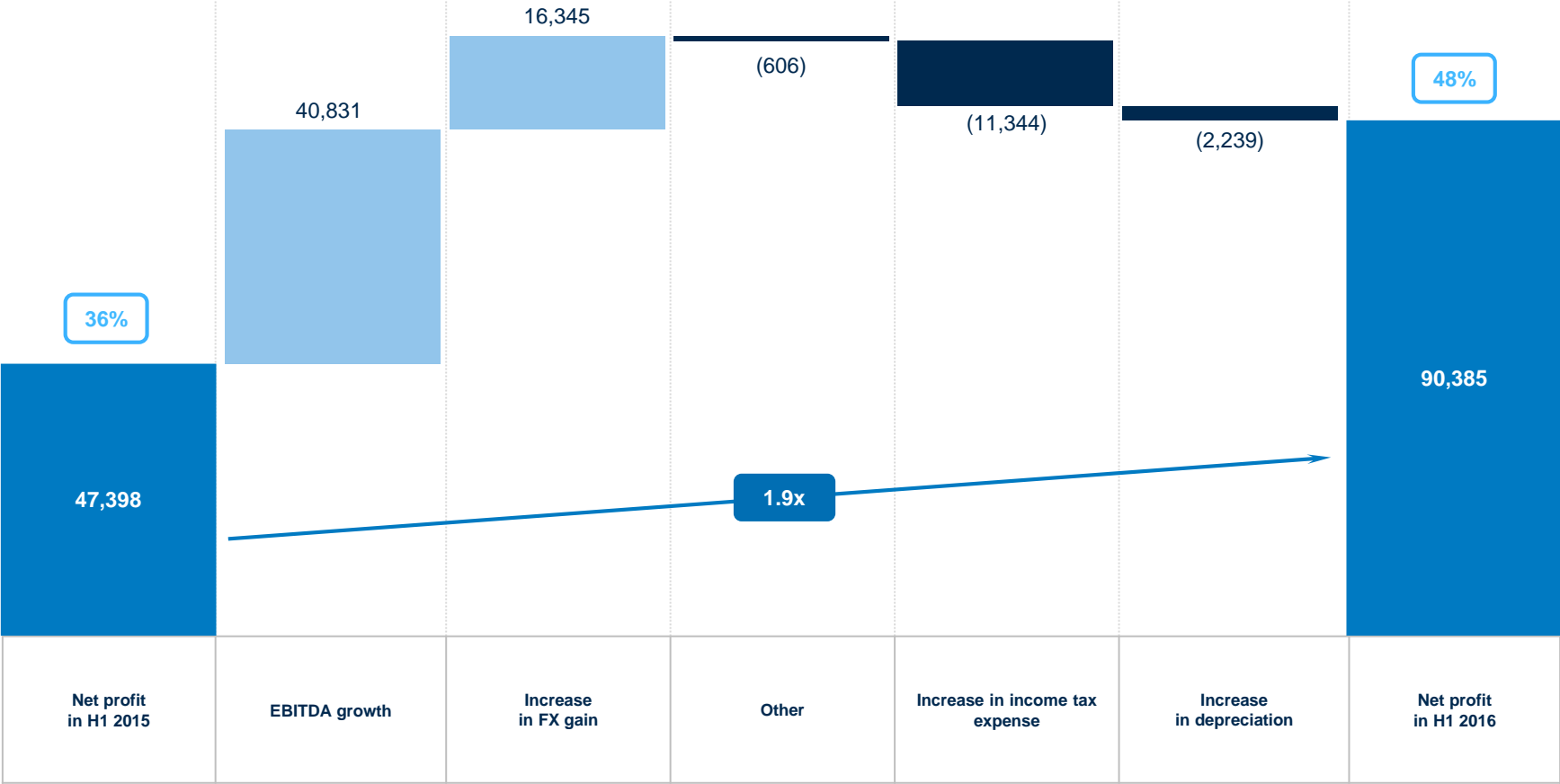


Net profit growth in H1 2016 y-o-y was driven by EBITDA growth and increase in FX gain

Net profit analysis

RUB mln

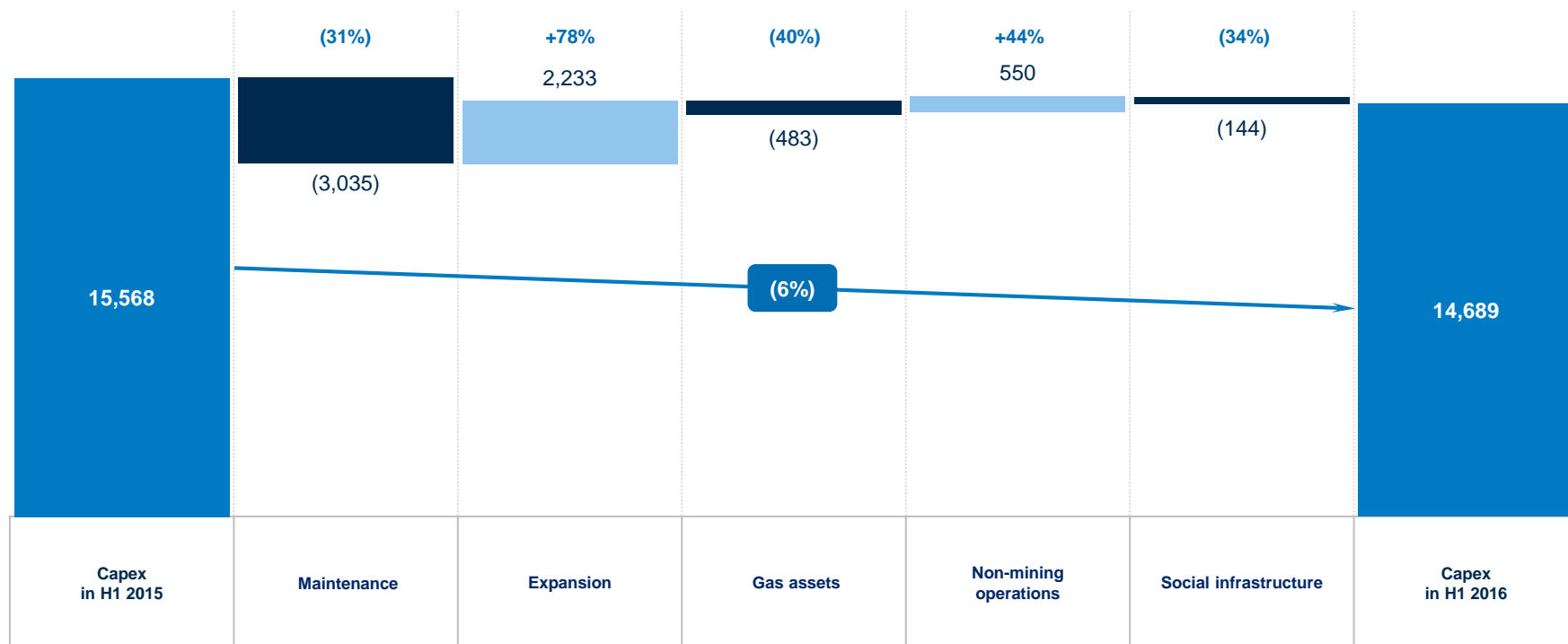
Net profit margin



Capex in H1 2016 decreased by 6% y-o-y due to lower investments in maintenance

Capital expenditure analysis

RUB mln



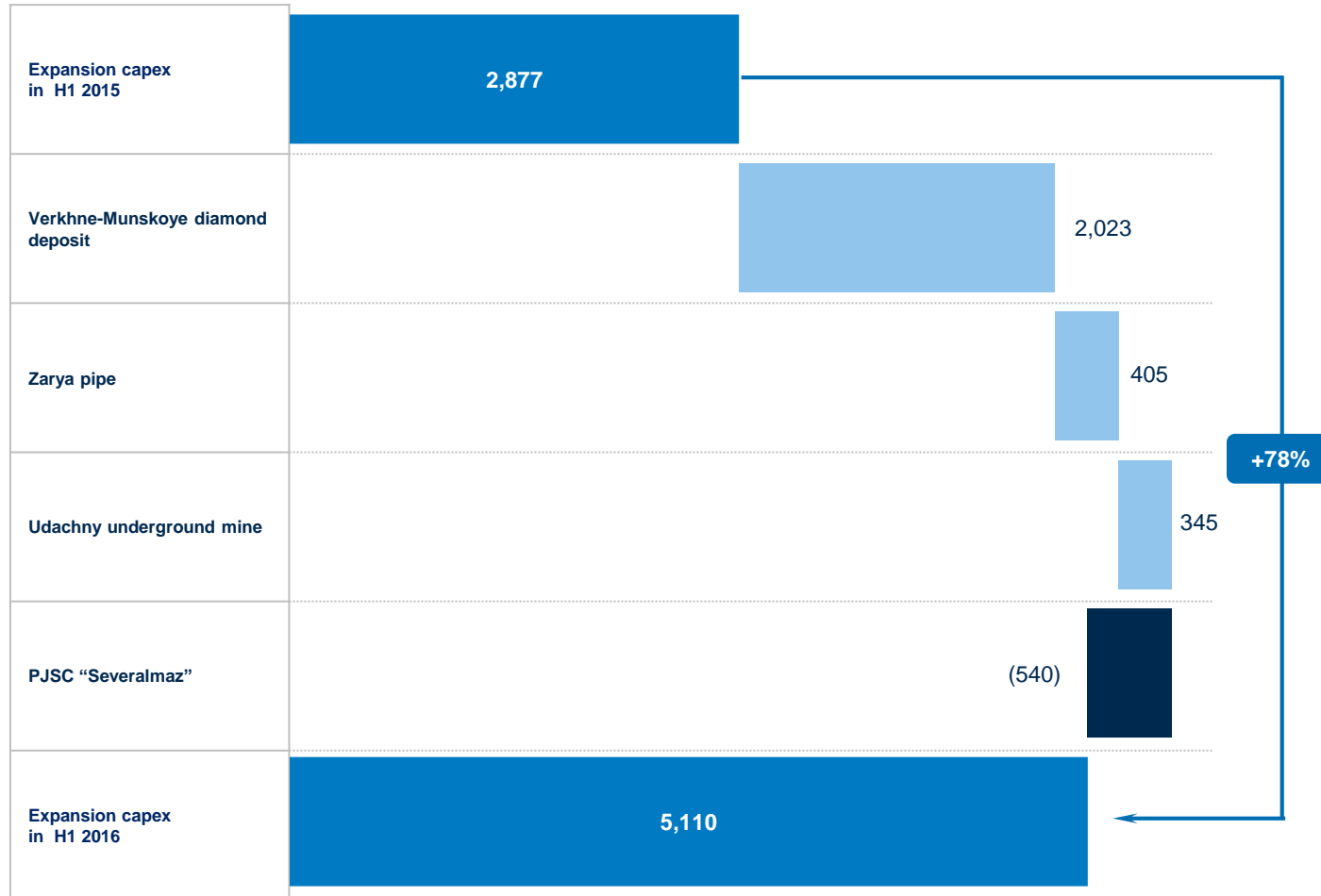
Capital expenditure

	Maintenance	Expansion	Gas assets	Non-mining operations	Social infrastructure	Total
H1 2016	6,783	5,110	725	1,789	282	Σ 14,689
H1 2015	9,818	2,877	1,208	1,239	426	Σ 15,568

Increase in expansion capex was driven by the development of transport infrastructure at Verkhne-Munskoye diamond deposit

Expansion capex analysis

RUB mln



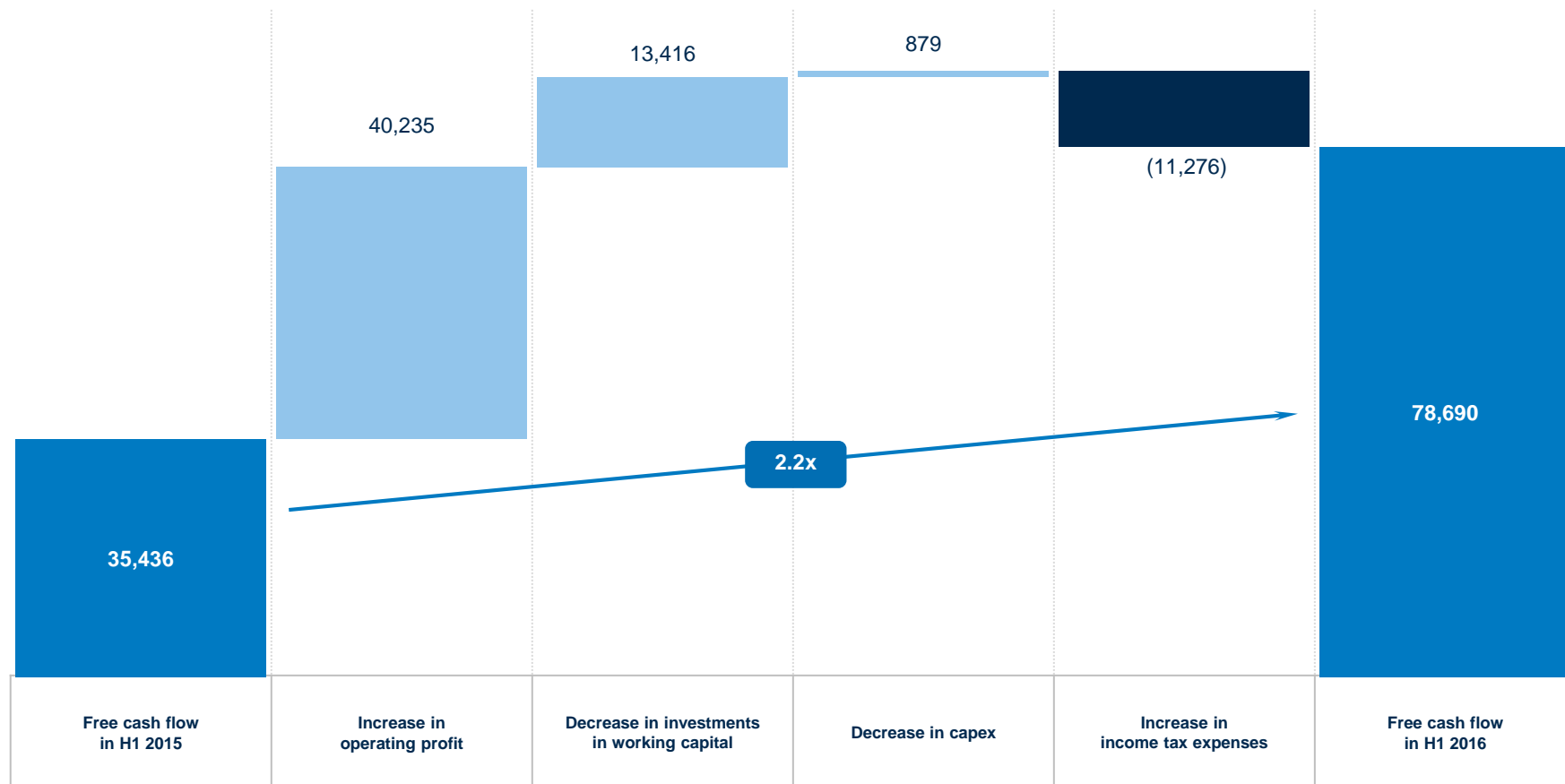
Capital expenditure

	H1 2016	H1 2015
Verkhne-Munskoye diamond deposit	2,023	-
Zarya pipe	405	-
Udachny underground mine	2,682	2,337
PJSC "Severalmaz"	-	540
Σ	Σ 5,110	Σ 2,877

Free cash flow increased in H1 2016 y-o-y due to growth in operating profit and decrease in investments in working capital

Free cash flow analysis

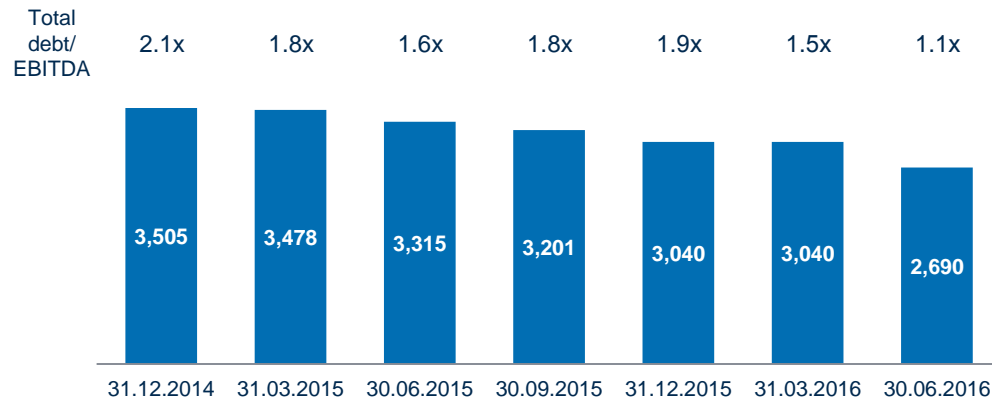
RUB mln



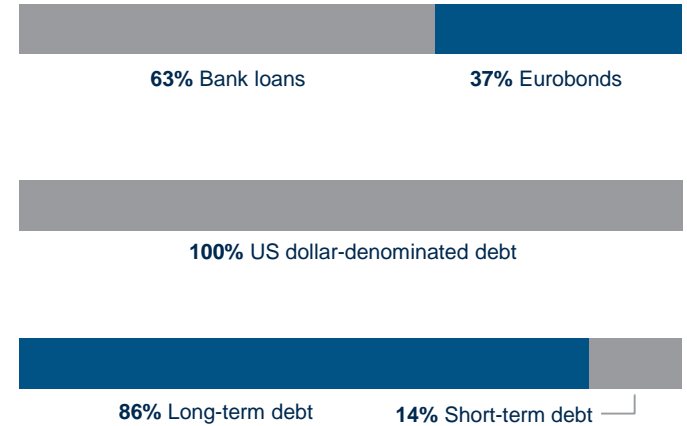
Share of short-term debt decreased to 14% due to extension of JSC Alfa-Bank loan in amount of \$720 mln to 2019

Loans and borrowings

\$ mln



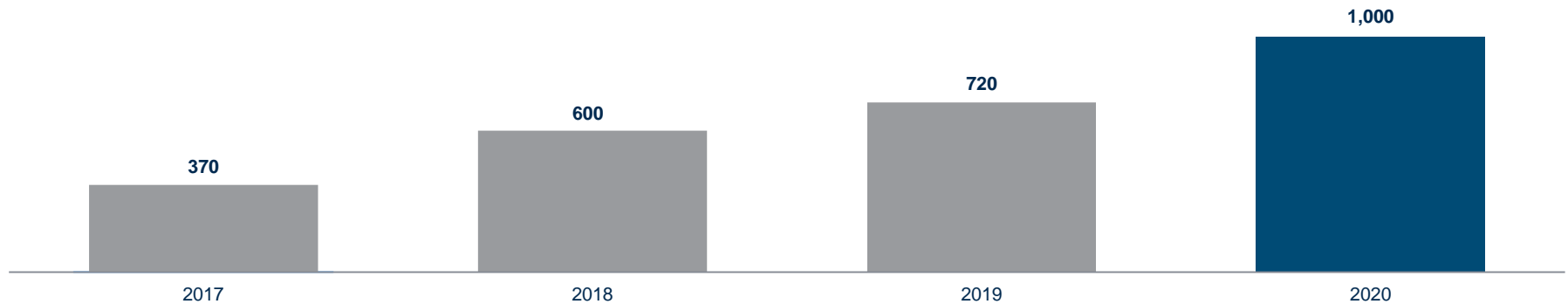
Loans and borrowings breakdown



Maturity profile of loans and borrowings

As of 30 June 2016, \$ mln

■ Bank Loans ■ Eurobonds



Thank you!



Corporate Finance
Investor Relations

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

+7 495 745 5872
ir@alrosa.ru
