



ALROSA

Investor Presentation –
FY 2016 Results

16 March 2017

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FY 2016 key financial highlights

Revenue	317.1 RUB bn 2015: RUB 224.5 bn	+41%	Net profit	133.5 RUB bn 2015: RUB 32.2 bn	4.1x
Diamond sales	40.0 mln ct 2015: 30.0 mln ct	+33%	Diamond production	37.4 mln ct 2015: 38.3 mln ct	-2%
EBITDA	176.4 RUB bn 2015: RUB 118.5 bn	+49%	EBITDA margin	56% 2015: 53%	
Net debt / EBITDA	0.6x 2015: 1.7x		Free cash flow	111.4 RUB bn 2015: RUB 41.3 bn	2.7x

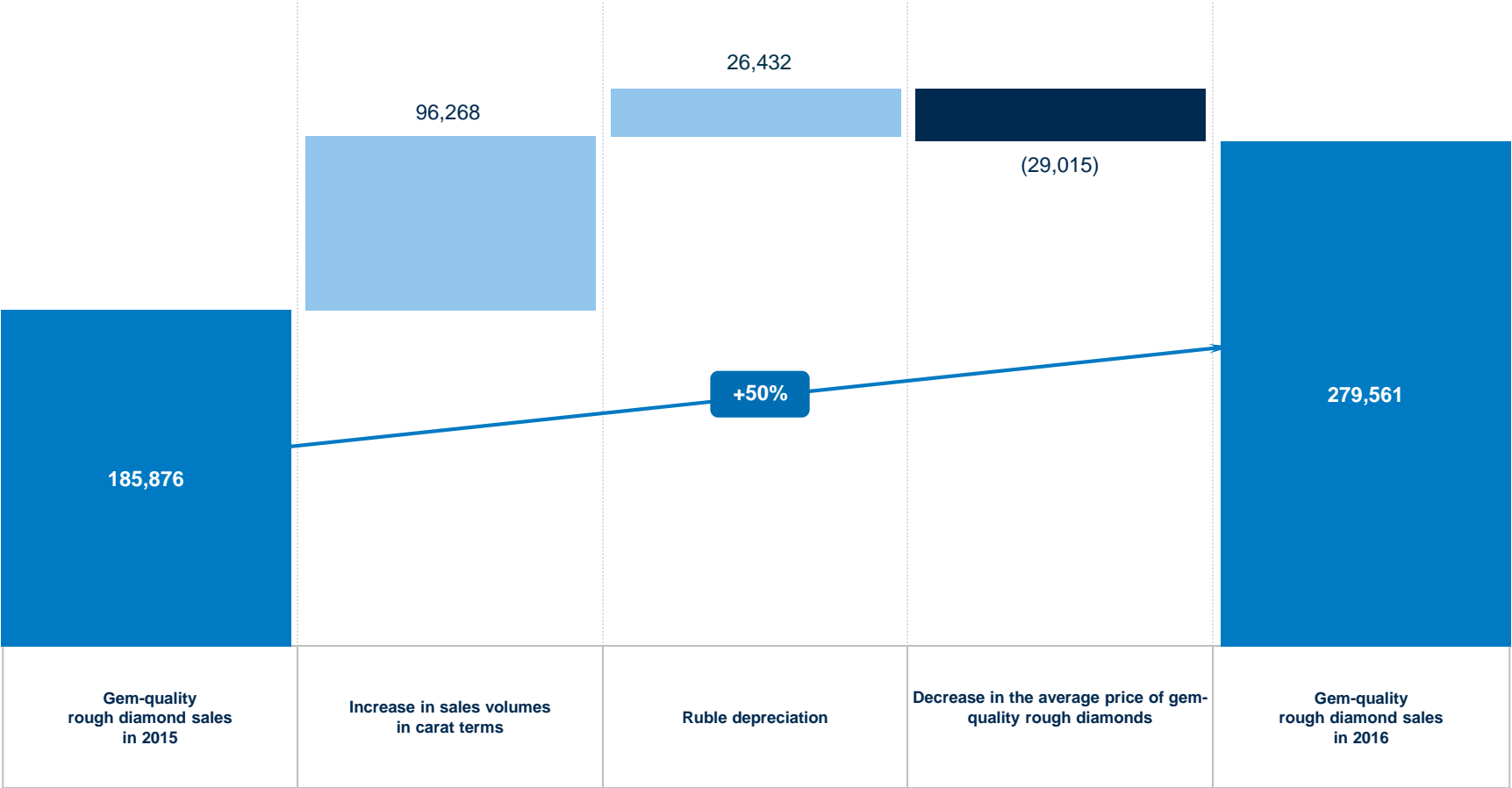
Financial results

RUB mln	2016	2015	Change
Operating performance			
Production, mln ct	37.4	38.3	(2%)
Sales, mln ct, incl.:	40.0	30.0	33%
gem quality diamonds sales, mln ct	28.7	19.7	46%
industrial quality diamonds sales, mln ct	11.3	10.3	10%
IFRS income statement of profit or loss and other comprehensive income			
Revenue	317,090	224,524	41%
Cost of sales	(129,751)	(93,240)	39%
EBITDA	176,418	118,498	49%
EBITDA margin	56%	53%	-
Net profit	133,471	32,192	4.1x
Net profit margin	42%	14%	-
EPS, RUB	17.85	4.17	4.3x
IFRS statement of financial position			
Bank deposits	28,570	-	-
Cash and cash equivalents	30,410	20,503	48%
Total debt	142,335	223,159	(36%)
Net debt	111,925	202,656	(45%)
Net debt / EBITDA	0.6x	1.7x	-
Equity attributable to owners of PJSC ALROSA	257,202	151,742	69%
IFRS statement of cash flows			
Cash inflow from operating activities before changes in working capital	178,468	119,980	49%
Income tax paid	(30,764)	(10,345)	3.0x
Changes in working capital	(4,566)	(34,094)	(87%)
Net cash inflow from operating activities	143,138	75,541	1.9x
Purchase of property, plant and equipment	(31,752)	(34,241)	(7%)
Free cash flow	111,386	41,300	2.7x
ROIC	32%	27%	-

Gem-quality rough diamond revenue in FY 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



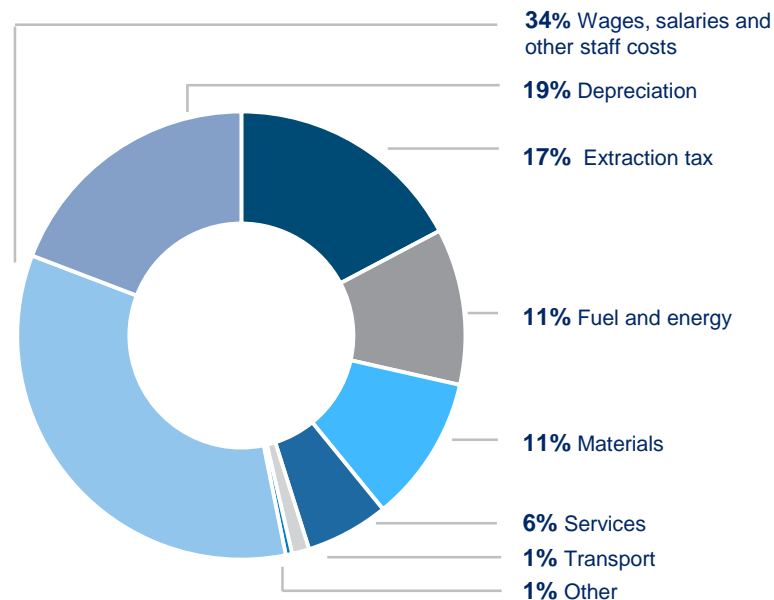
Cost of sales increased in FY 2016 y-o-y in line with sales growth

Cost of sales

RUB mln

	2016	2015	2016 vs 2015
Wages, salaries and other staff costs	43,686	40,253	9%
Depreciation	24,668	19,096	29%
Extraction tax	22,188	23,323	(5%)
Fuel and energy	14,493	17,610	(18%)
Materials	13,592	12,098	12%
Services	7,714	5,748	34%
Transport	2,215	2,118	5%
Other	588	1,568	(63%)
Cost of production	129,144	121,814	6%
Movement in inventory of diamonds, ores and concentrates	(156)	(29,832)	(99%)
Cost of diamonds for resale	763	1,258	(39%)
Cost of sales	129,751	93,240	39%

Breakdown of 2016 production costs



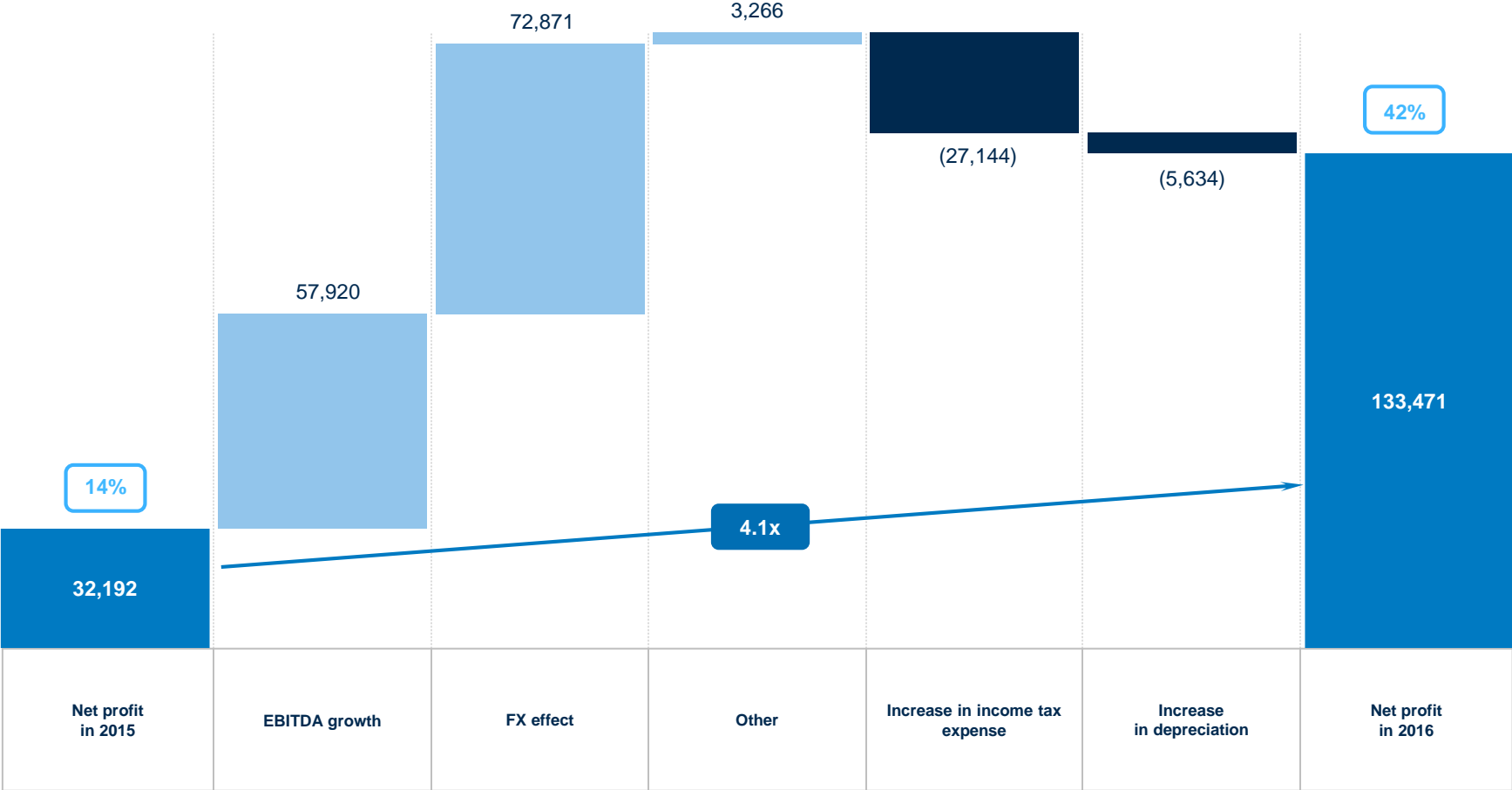
- Wages, salaries and other staff costs y-o-y grew mostly as a result of indexation in line with the inflation rate
- Growth of depreciation y-o-y was due to production increases at Udachny underground mine and Karpinskogo-1 pipe, commissioning of new equipment at International underground mine
- Materials costs increased y-o-y mainly as a result of price increase for materials in line with the inflation rate, new production equipment implementation at Udachny division and increase in mining activities at JSC Nizhne-Lenskoe deposits
- Extraction tax decreased y-o-y due to reduction of volumes and average value of diamonds extracted
- Decrease in fuel and energy costs and higher services costs are mainly due to reclassification of electricity purchase costs

Net profit growth in 2016 y-o-y was driven by EBITDA growth and FX effect

Net profit analysis

RUB mln

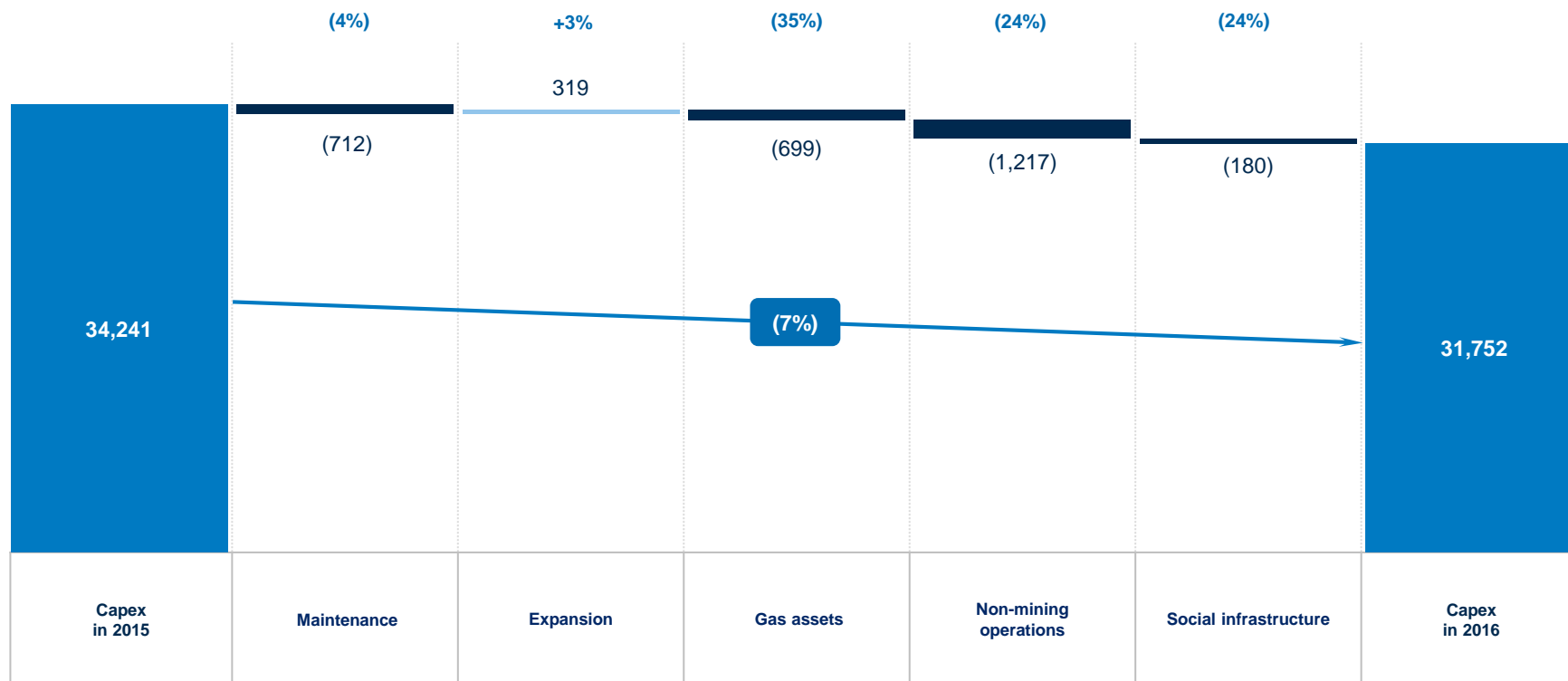
Net profit margin



Capex in 2016 decreased by 7% y-o-y mainly due to lower investments in maintenance

Capital expenditure analysis

RUB mln



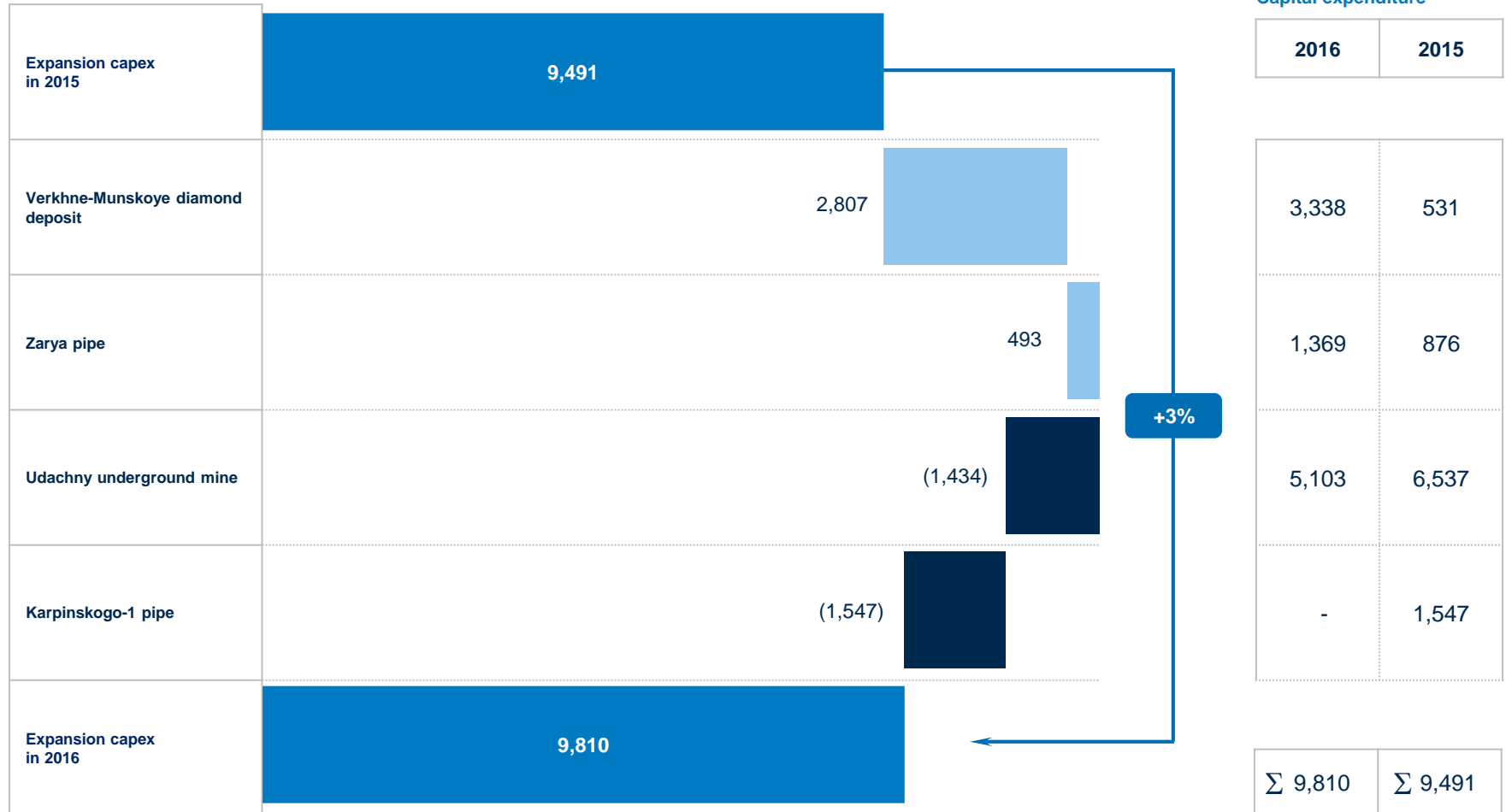
Capital expenditure

Year	Maintenance	Expansion	Gas assets	Non-mining operations	Social infrastructure	Total
2016	16,222	9,810	1,314	3,824	582	Σ 31,752
2015	16,934	9,491	2,013	5,041	762	Σ 34,241

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

Expansion capex analysis

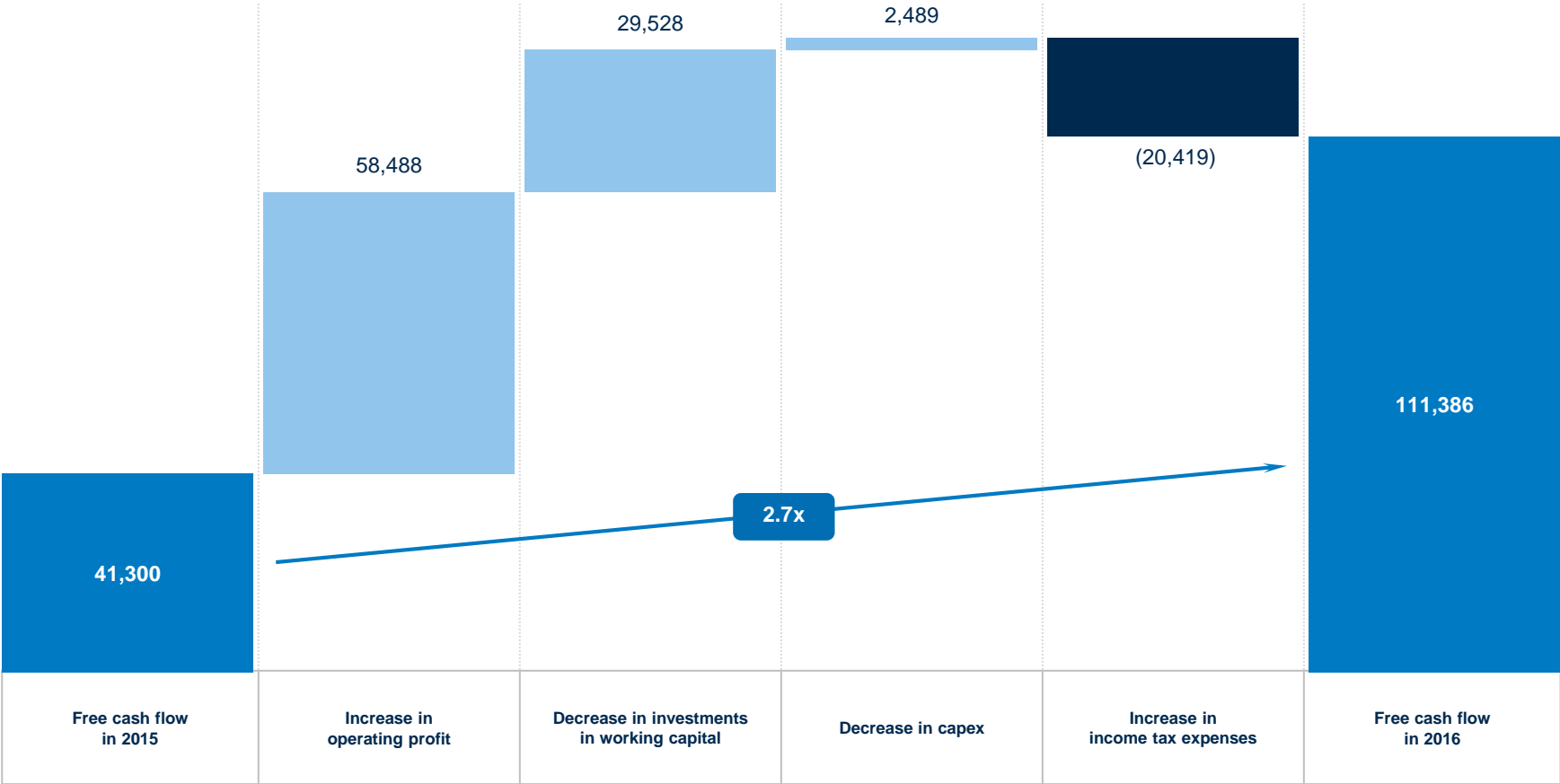
RUB mln



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

Free cash flow analysis

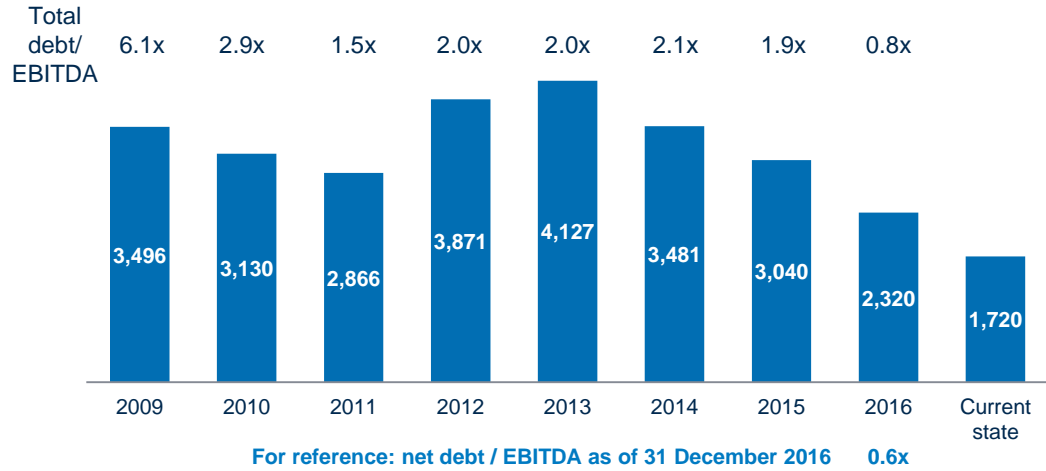
RUB mln



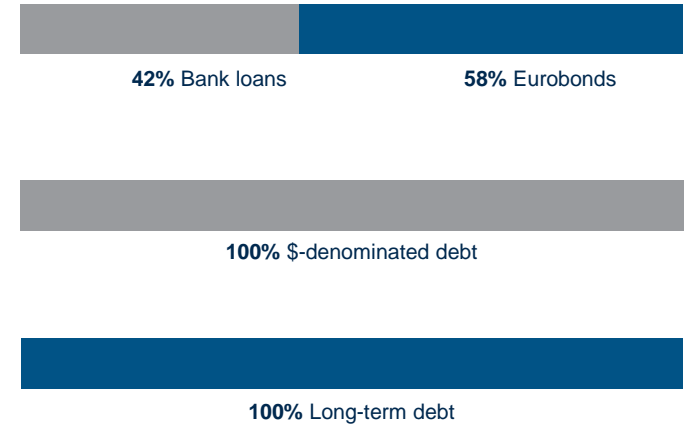
In February 2017 ALROSA repaid \$600 mln of bank loans to VTB Bank with cash from operations reducing debt down to \$1.7 bln

Loans and borrowings

\$ mln



Loans and borrowings breakdown



Maturity profile of loans and borrowings

Current state, \$ mln

■ Bank Loans ■ Eurobonds



Thank you!



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