

# H1 2017 IFRS FINANCIAL RESULTS

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**Moscow, 30 August 2017 – PJSC ALROSA, the global leader in rough diamond production, announces the disclosure of IFRS financial results for H1 2017.**

The Company's revenue in H1 2017 amounted to RUB 155.6 bn, EBITDA to RUB 72.8 bn, net profit to RUB 48.9 bn, and net cash flow to RUB 50.3 bn.

Weaker financial performance in H1 2017 vs H1 2016 was caused by the market and macroeconomic factors such as 18% ruble appreciation against the US dollar and a 15% drop in the average price of the diamonds sold as a result of changes in the diamond mix. By the end of 2016, the Company had accumulated inventories of small-size rough diamonds that had not been purchased because of the monetary reform in India. These inventories were cleared in H1 2017 thanks to improved demand. In Q2 2017, the volumes and sales mix stabilized with the average price of diamonds sold growing by 20% q-o-q.

As a result of the cost management program, the Company's production costs in H1 2017 increased by less than 1%, with diamond production rising by 14%. The 12% increase in the cost of goods sold was driven by the 12% growth in volumes of diamond sales.

"ALROSA's H1 2017 results were influenced by macroeconomic factors beyond the Company's control. It stands to note here the effectiveness of the cost optimization program adopted by the Company. In H1 2017, we succeeded in keeping our production costs flat and reducing other expenses, including switching to cheaper energy sources, capping the utilization of materials and equipment and boosting procurement efficiency," – said Sergey Ivanov, Chief Executive Officer of PJSC ALROSA.

ALROSA's initial target of 39.2 mln carats to be produced in 2017 remains unchanged. "Production volumes missing due to the accident at the Mir underground mine in 2017 will be set off by higher diamond output at other mines, primarily the Jubilee pipe," – said Sergey Ivanov, Chief Executive Officer of PJSC ALROSA.

## Reference

ALROSA is the world's largest producer of rough diamonds in carats. ALROSA is engaged in exploration, mining and sales of diamonds. The Company's operations are located in the Republic of Sakha (Yakutia) and the Arkhangelsk Region of Russia. In 2016, the Company produced 37.4 million carats of rough diamonds; 2016 revenue was RUB 317.1 bn.

**Press Release**

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