



ALROSA

Investor Presentation –
FY 2017 financial results

15 March 2018

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FY 2017 key financial highlights

Revenue	275.4 RUB bn 2016: 317.1 RUB bn	(13%)	Net profit	78.6 RUB bn 2016: 133.5 RUB bn	(41%)
Diamond sales	41.2 mln cts 2016: 40.0 mln cts	+3%	Diamond production	39.6 mln cts 2016: 37.4 mln cts	+6%
EBITDA	126.9 RUB bn 2016: 176.4 RUB bn	(28%)	EBITDA margin	46% 2016: 56%	
Net debt / EBITDA	0.7x 2016: 0.5x		Free cash flow	73.5 RUB bn 2016: 111.4 RUB bn	(34%)

Financial results

RUB mln	2017	2016	Y-o-Y change
Operating performance			
Run-of-mine ore, mln m ³	77.7	72.1	8%
Production, mln cts	39.6	37.4	6%
Sales, mln cts, including:	41.2	40.0	3%
gem-quality diamond sales, mln cts	30.1	28.7	5%
industrial diamond sales, mln cts	11.1	11.3	(2%)
IFRS statement of profit or loss and other comprehensive income			
Revenue*	275,381	317,090	(13%)
Cost of sales (excluding depreciation)	(110,118)	(105,083)	5%
Selling, general and administrative expenses	(13,969)	(13,835)	1%
Other operating income and expenses	(24,404)	(21,754)	12%
EBITDA	126,890	176,418	(28%)
EBITDA margin	46%	56%	-
Depreciation	(23,962)	(24,902)	(4%)
Finance income / (costs), net	(1,320)	24,124	-
Other income and expenses, net	(818)	(5,901)	(86%)
Income tax	(22,174)	(36,268)	(39%)
Net profit	78,616	133,471	(41%)
Net profit margin	29%	42%	-
EPS, RUB	10.47	17.85	(41%)
IFRS statement of cash flows			
Cash inflow from operating activities before changes in working capital	127,556	178,468	(29%)
Income tax paid	(22,495)	(30,764)	(27%)
Changes in working capital	(4,597)	(4,566)	1%
Net cash inflow from operating activities	100,464	143,138	(30%)
Purchase of property, plant and equipment	(26,944)	(31,752)	(15%)
Free cash flow	73,520	111,386	(34%)
Net debt	86,047	83,355	3%
Net debt / EBITDA	0.7x	0.5x	-

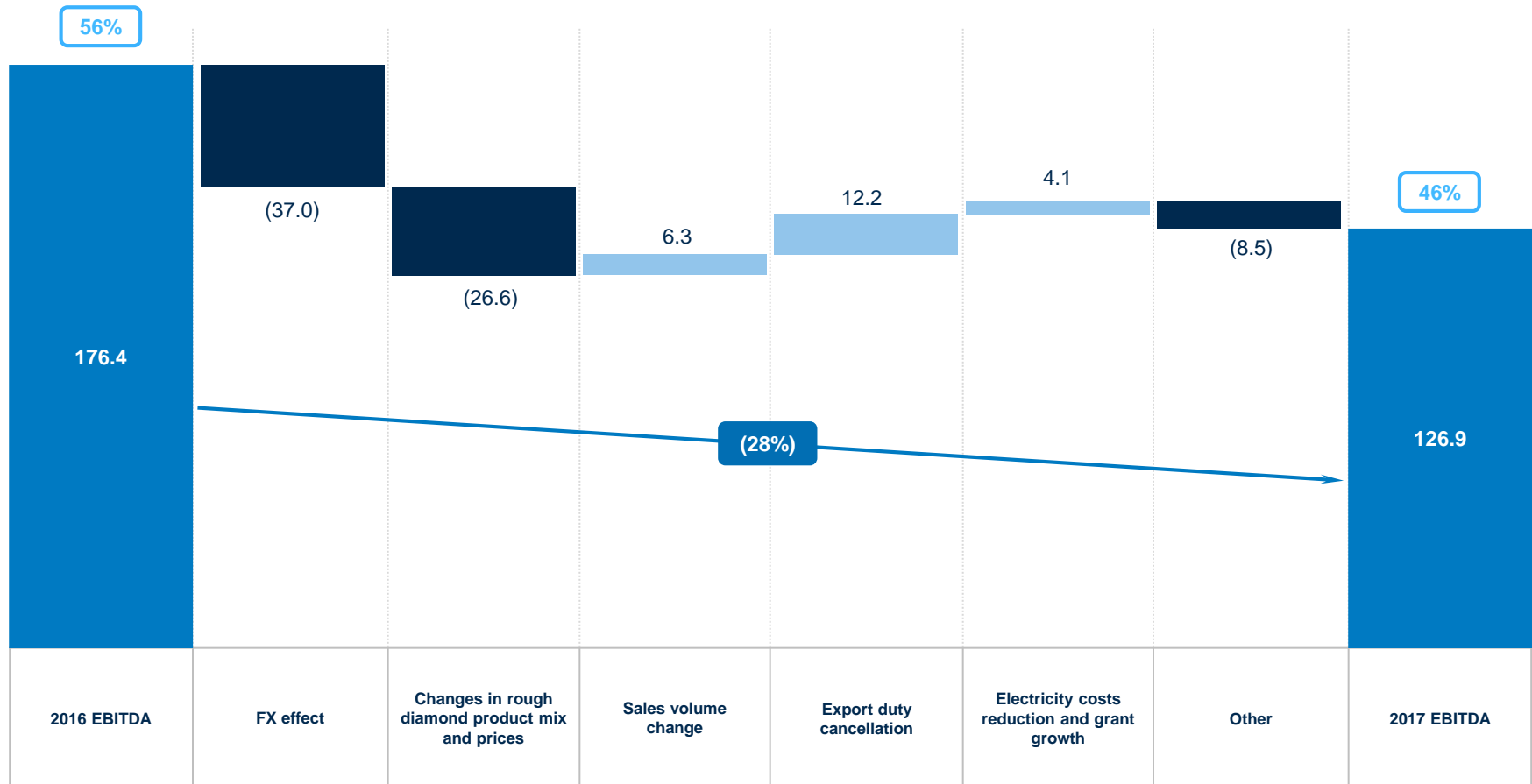
* including income from grants

2017 EBITDA decline was driven by changes in rough diamond product mix and prices, as well as by ruble appreciation against US dollar

EBITDA analysis

RUB bln

EBITDA margin



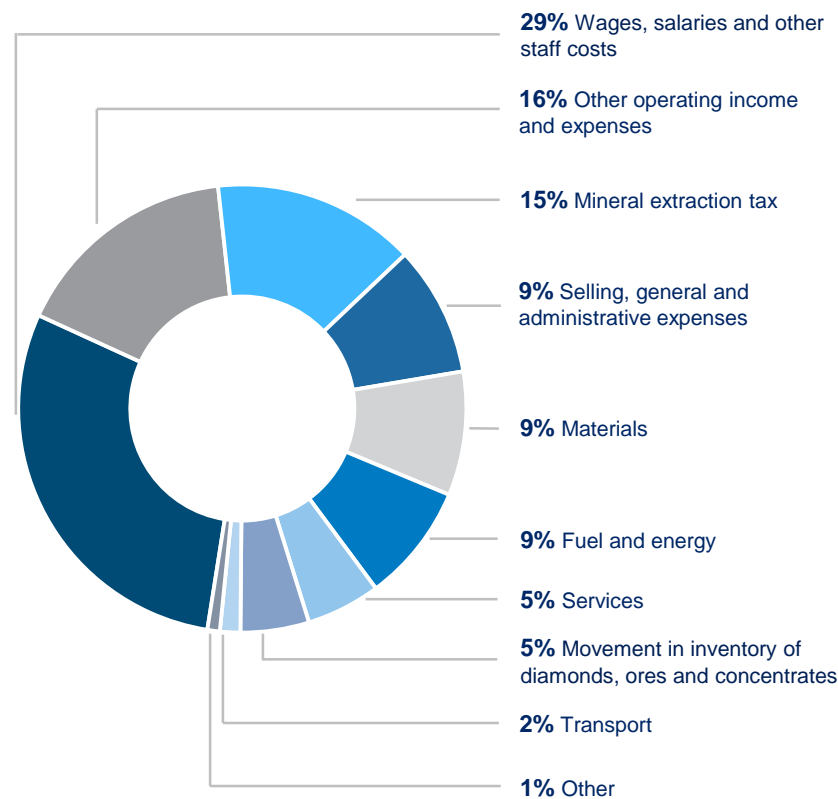
Increase in expenses in 2017 was driven by production and sales growth, contribution to DPA and losses from idle production facilities of the Mir underground mine

Expenses

RUB mln

	2017	2016	Y-o-Y change
Wages, salaries and other staff costs	43,554	43,686	(<1%)
Mineral extraction tax	21,782	22,188	(2%)
Materials	13,287	13,592	(2%)
Fuel and energy	12,686	14,493	(12%)
Services	7,955	7,714	3%
Transport	2,178	2,215	(2%)
Other	1,313	588	1.3x
Movement in inventory of diamonds, ores and concentrates	7,347	(156)	-
Cost of diamonds for resale	16	763	(98%)
Cost of sales (excluding depreciation)	110,118	105,083	5%
Selling, general and administrative expenses	13,969	13,835	<1%
Exploration expenses	8,761	8,202	7%
Social costs	5,973	6,485	(8%)
Taxes other than income tax, extraction tax and payments to social funds	5,451	5,718	(5%)
Contribution to DPA	1,491	279	4.3x
Losses from idle production facilities due to accident at the Mir underground mine	1,101	-	-
Other	1,627	1,070	52%
Other operating income and expenses	24,404	21,754	12%
Total expenses	148,491	140,672	6%

Expenses breakdown

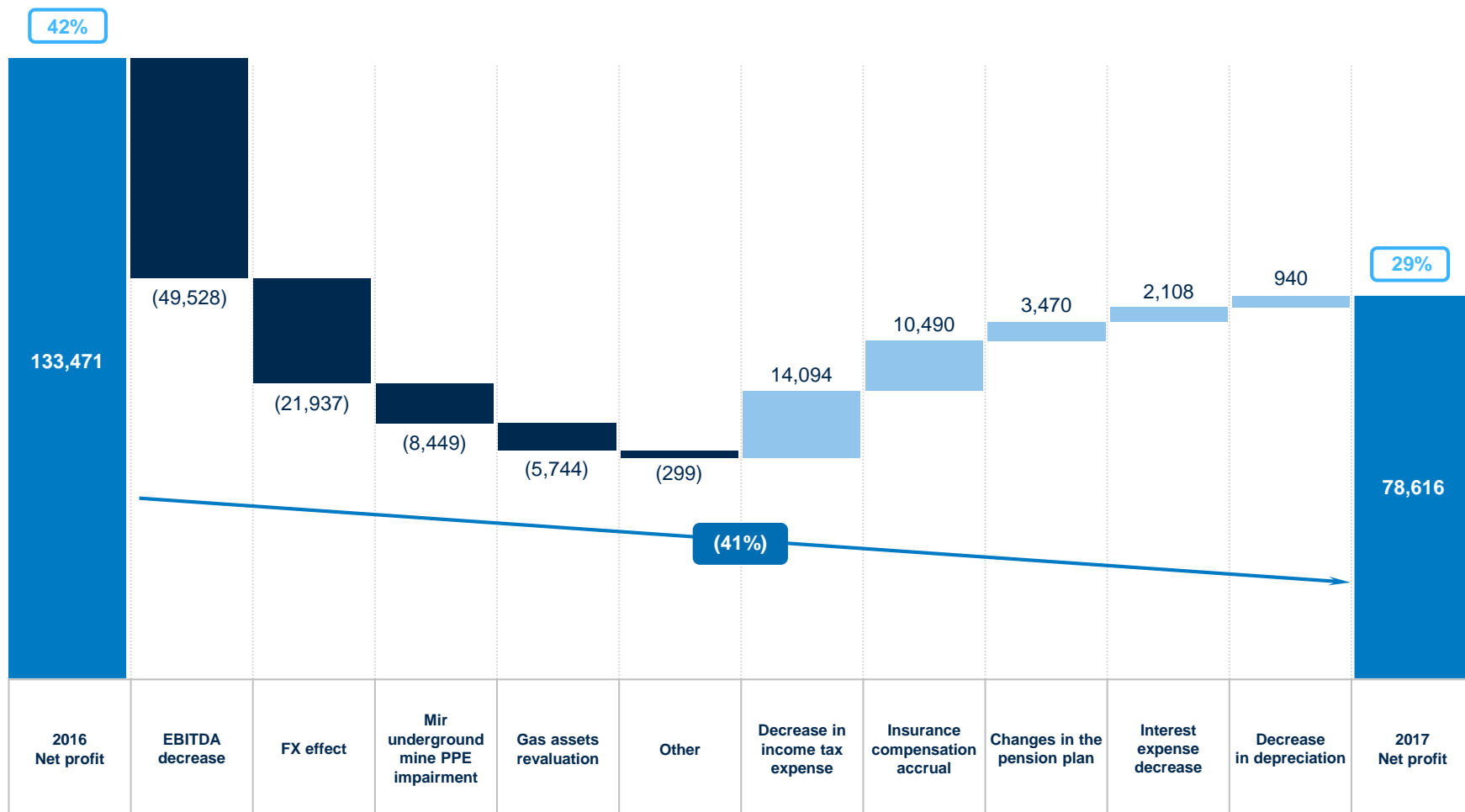


Net profit decrease y-o-y was mainly driven by EBITDA decrease, FX effect and revaluation of gas assets

Net profit analysis

RUB mln

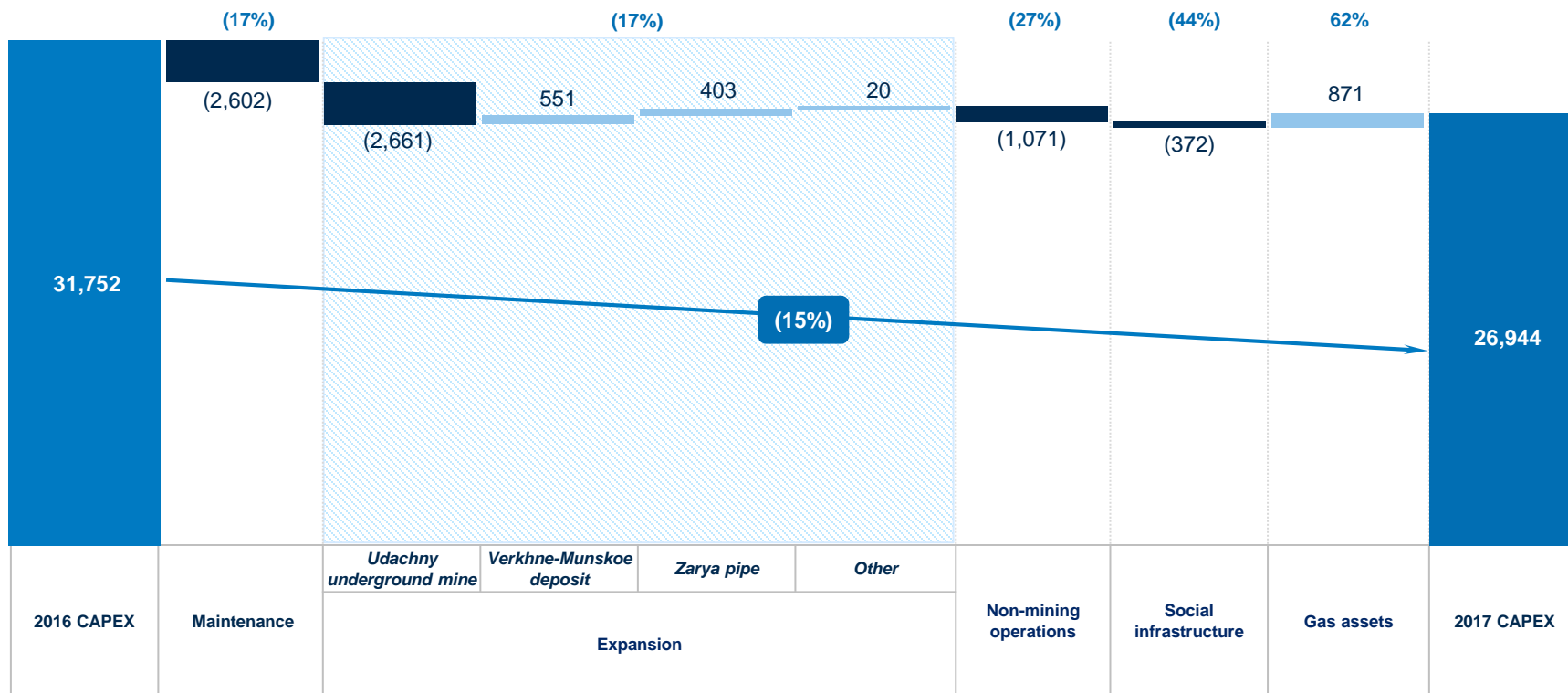
Net profit margin



CAPEX decreased y-o-y mainly due to completion of active construction phase at the Udachny underground mine construction

Capital expenditure analysis

RUB mln



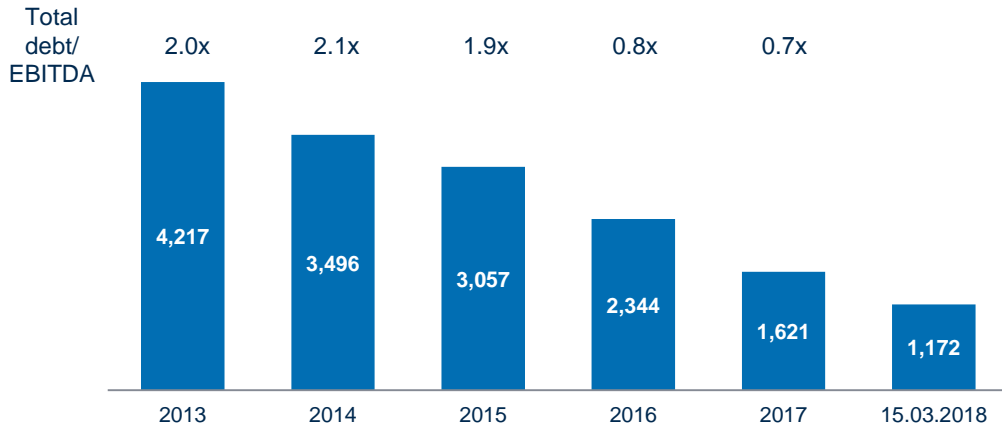
Capital expenditure

	Maintenance	Udachny underground mine	Verkhne-Munskoe deposit	Zarya pipe	Other	Non-mining operations	Social infrastructure	Gas assets	Σ
2017	13,122	2,744	3,695	1,901	53	2,689	470	2,269	Σ 26,944
2016	15,724	5,406	3,293	1,351	33	3,706	842	1,398	Σ 31,752

Twofold debt reduction since 2016 resulted from early repayment of bank loans

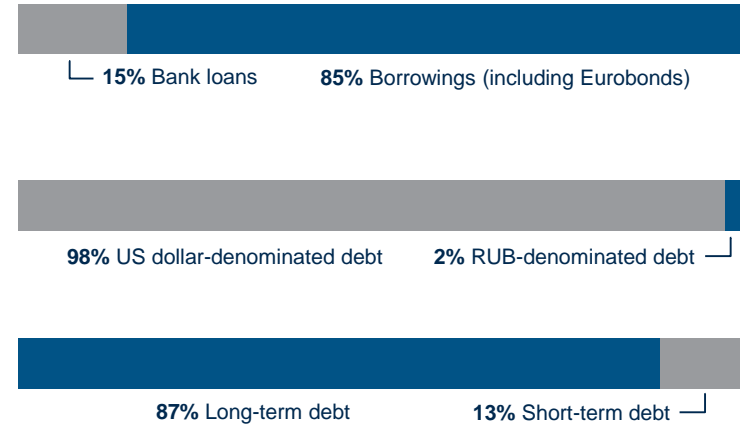
Loans and borrowings

\$ mln



Loans and borrowings breakdown

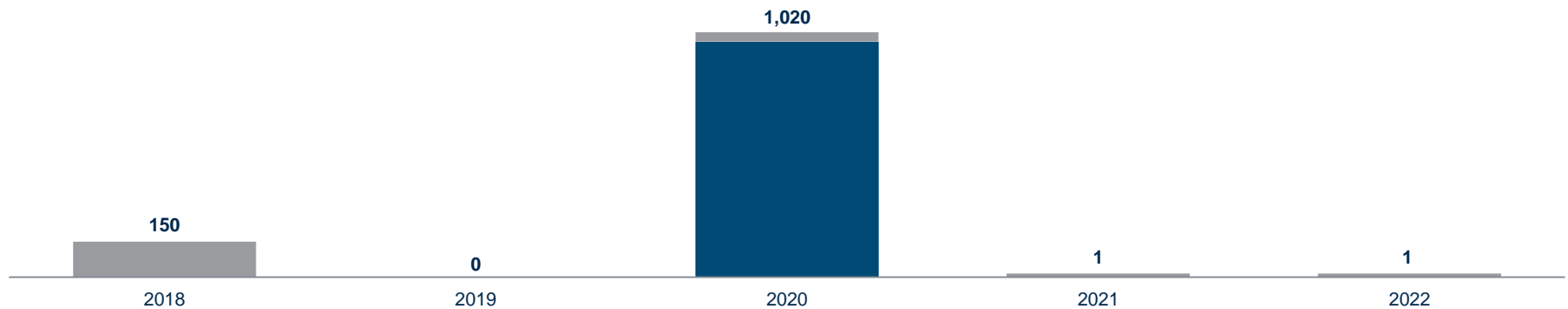
As of 15 March 2018



Maturity profile of loans and borrowings

As of 15 March 2018, \$ mln

■ Bank loans ■ Borrowings (including Eurobonds)



Thank you!



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