



# ALROSA TODAY AND TOMORROW



## MINING&PROCCESING

RUSSIA (YAKUTIA)  
RUSSIA (ARKHANGELSK)  
ANGOLA

## SALES DIVISIONS

HONG KONG  
BELGIUM  
INDIA  
USA  
ISRAEL  
UAE

## DIAMOND PRODUCTION

MOSCOW  
BARNAUL



YAKUTIA • MIRNY • UDACHNY • IKHAL

## WHERE IS IT?

+2 +3 +4 +5 +6 **+7** +8 +9 +11 +12

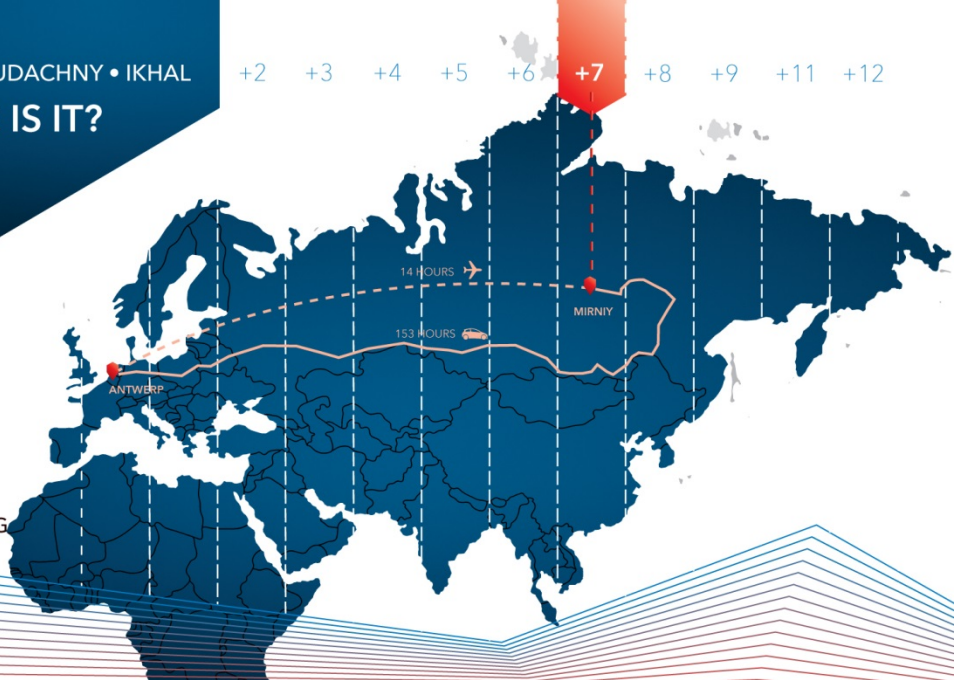
+7 HOURS  
DIFFERENCE  
WITH ANTWERP

12000 KM

1/4 EQUATOR

14 HOURS FLIGHT

7 DAYS  
WITHOUT STOPPING  
BY CAR



YAKUTIA • MIRNY • UDACHNY • IKHAL

## HOW COOL IS IT?

### WEATHER

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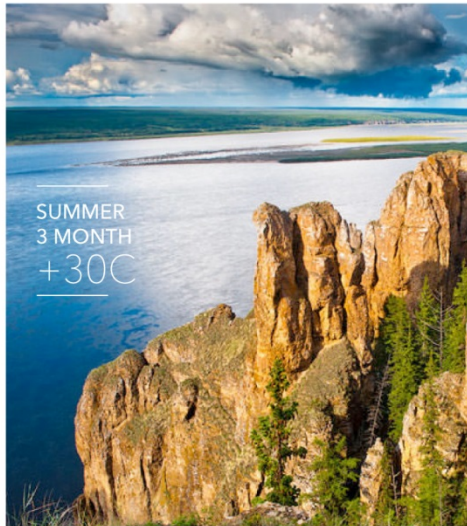
ALMOST  
NO AUTUMN  
AND SPRING



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WINTER  
8 MONTH  
-40C

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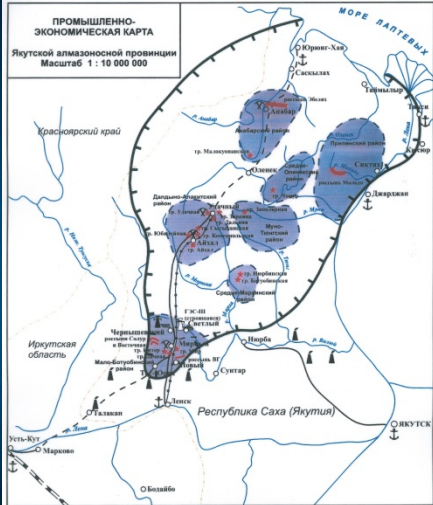
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SUMMER  
3 MONTH  
+30C

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ПРОМЫШЛЕННО-  
ЭКОНОМИЧЕСКАЯ КАРТА

Якутской алмазонамной провинции  
Масштаб 1 : 10 000 000



УСЛОВНЫЕ ОБОЗНАЧЕНИЯ

- |   |                                    |  |                               |
|---|------------------------------------|--|-------------------------------|
|  | Контур алмазонамной провинции      |   | Месторождения природного газа |
|  | Алмазонамные районы                |   | ГОКи, прииски                 |
|  | Месторождения алмазов: а) коренные |   | Гидроэлектростанция           |
|  | б) россыпные                       |   | Линии электропередачи         |
|  | Железная дорога                    |   | Дороги круглогодичные         |
|   |                                    |  | Зимники                       |

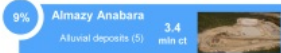
## ALROSA's diamond production is well-diversified between divisions and types of mining

### Geography of production assets



**1,030** mln ct Total resources, including reserves

**653** mln ct Total reserves



# MINING

OPEN-PIT MINING  
OPERATIONS

UDACHNY  
YAKUTIA

-640  
METERS  
DEPTH

Удачный  
Удачный





# UNDER GROUND MINING

UNDERGROUND  
MINE PROCESS

INTERNATSIONALNAYA  
YAKUTIA

3.9  
MN CARATS  
A YEAR



# PLACER DIAMOND DEPOSIT

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ALLUVIAL  
DEPOSITS

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JSC ALMAZY ANABARA  
YAKUTIA

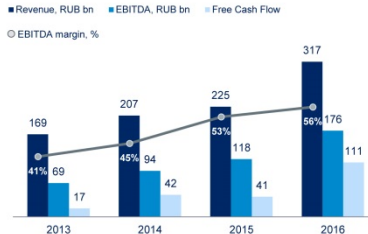


25.4  
MN CARATS  
RESERVES

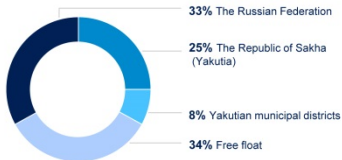
## ALROSA is a global leader in rough diamond production with a strong financial profile

- ALROSA is a public diamond mining company with a 34% free-float on the Moscow Exchange
- ALROSA's production totaled 37.4 mln ct in 2016 representing 28% of global diamond output
- Strong financial performance resulting in 41% y-o-y revenue growth to RUB 317 bn, 49% y-o-y EBITDA growth to RUB 176 bn, EBITDA margin of 56% and robust free cash flow of RUB 111 bn

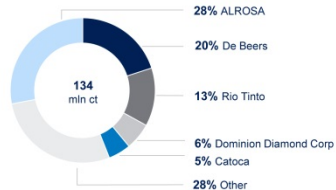
### ALROSA's financial results summary



### ALROSA's shareholder structure



### Global diamond production



ALROSA runs long-term operational excellence program which is expected to result in OPEX savings of up to RUB 9 bn annually

#### Key operational excellence targets

Mining



Administrative costs



Production development



Processing



Organizational structure



Energy use



Transport



Maintenance



Automation

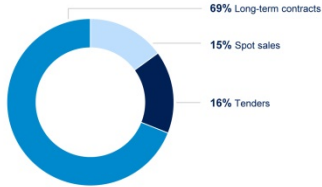


**In 2017 - 2026 ALROSA expects to save up to RUB 9 bn annually from further improvement of operating efficiency including as follows:**

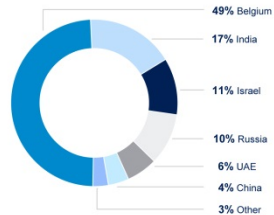
- steeper mine ramps to cut down on stripping;
- road trains to replace mine trucks at the Zarnitsa pipe of Udachny Division;
- block caving at Udachny and Aikhal underground mines;
- fuel gas and oil to reduce diesel fuel consumption.

## ALROSA has a diverse distribution platform by channel and geography

Rough diamond sales by channel



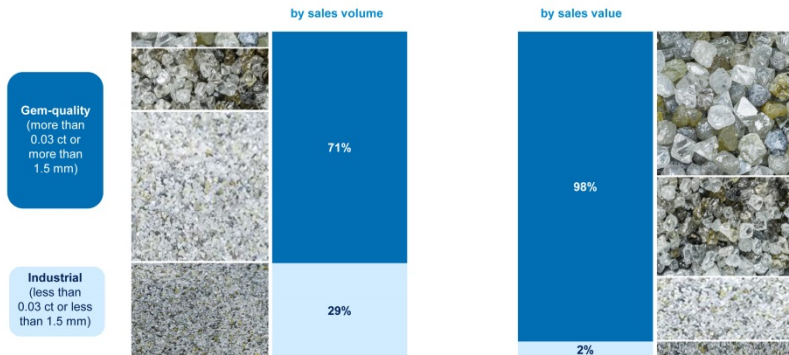
Geography of sales



- ALROSA has a three-channel distribution strategy focused on long-term contracts, tenders and spot sales
- Currently ALROSA has 69 clients under long-term contracts, including 57 for gem-quality diamonds, with committed volumes and assortment
- Long-term clients are selected based on their financial position, reputation and track record

Gem-quality diamond sales account for 71% of total sales volume and 98% of sales value

### 2016 diamond sales breakdown



Rough diamonds are sorted by size, shape, clarity and color into 204 boxes

Rough diamonds are sorted by size, shape, clarity and color into **8,013** classification positions...



26 sizes



16 shapes



5 clarity categories



34 colors

... which are combined to form **204** rough diamond boxes ready for sale

5-10CT Stones & Shapes Yellow



5-10CT Black Makeable White



5-10CT Rejections Brown

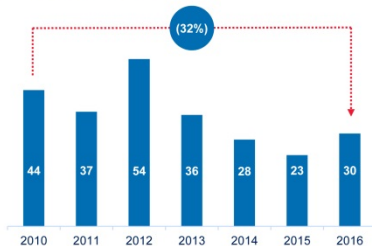


## ALROSA continuously improves health and safety practices and focuses on the prevention of accidents

ALROSA constantly implements safety related systems and procedures:

- geotechnical monitoring and forecasting of dangerous zones in underground excavations;
- gas control system in underground mines to prevent accidents caused by methane outbursts;
- real-time system for active monitoring of vehicles;
- driver alert system to avoid collision with mining personnel.

### Total number of accidents



### Lost time injury frequency rate (LTIFR)

Number of lost time injuries per 1 mln hours worked





SUSTAINABILITY

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ABSOLUTE

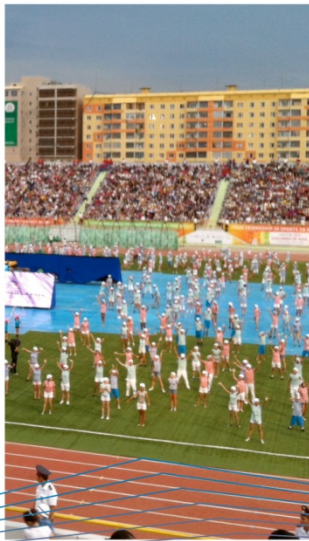
**WORLD LEADER**

IN TERMS OF INVESTMENT IN SOCIAL PROGRAMS

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# SUSTAINABILITY

OUR SOCIAL INVESTMENTS  
FOCUS ON PROVIDING  
TARGETED SUPPORT FOR  
CHILDREN'S INSTITUTIONS,  
CULTURAL AND SPORTS  
FACILITIES, EDUCATION  
AND ACADEMIC COMMU-  
NITIES, AND PUBLIC  
HEALTH.



# SUSTAINABILITY

IN 2016, ALROSA ALLOCATED 155 MN DOLLARS FOR SOCIAL PROGRAMS, WHICH IS 6.7% OF THE COMPANY'S NET PROFIT UNDER IFRS. ON AVERAGE, ABOUT 3% OF EACH DIAMOND SOLD BY THE COMPANY IS SENT TO SOCIAL NEEDS.



CHILDREN



SCIENCE AND  
EDUCATION



CULTURE, ARTS,  
AND SPORTS



LOCAL  
COMMUNITY



ENVIRONMENTAL PROTECTION,  
SOCIAL INFRASTRUCTURE,  
NON-PROFIT ASSOCIATIONS  
AND OTHER PROJECTS



OUR CORPORATE INITIATIVES  
AIMED AT IMPROVING THE  
SOCIAL STATUS OF EMPLOYEES

THE DYNASTY IS THE LARGEST POLISHED DIAMOND WITH THE BEST CLARITY CHARACTERISTICS  
THROUGHOUT THE RUSSIAN JEWELRY HISTORY

# THE DYNASTY





[WWW.ALROSA.RU](http://WWW.ALROSA.RU)