ALROSA

Q1 2021 IFRS RESULTS

MOSCOW, 18 MAY 2021

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.

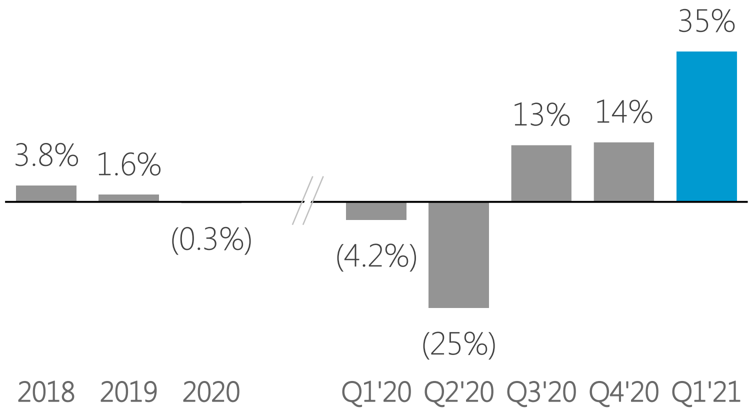
Some figures included in this Presentation have been subject to rounding adjustments.

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

DIAMOND MARKET OVERVIEW

Jewelry demand recovery

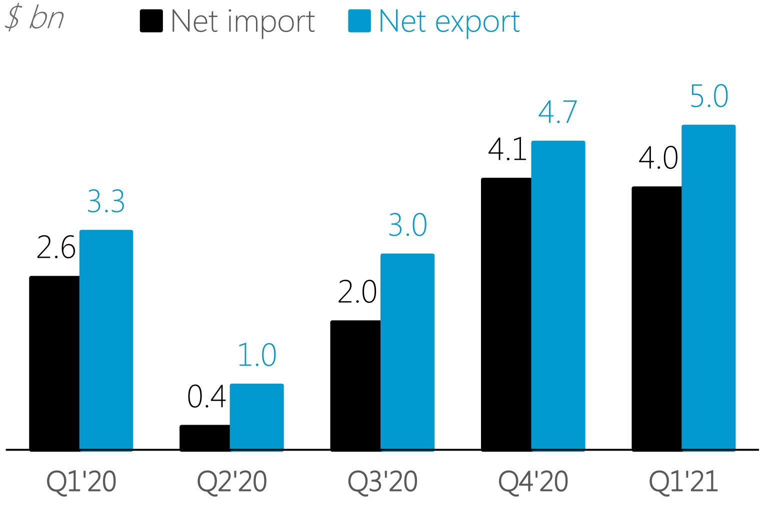
yoy change, U.S. PCE on jewelry



- After a strong start in Jan’20 pandemic led to stores closures in Feb-May’20, retailers relied on their existing stocks
- From Q3’20 retail sales started to increase showing robust yoy gain, e.g. USA jewelry demand was almost flat in 2020

Polishers stocks are moderate

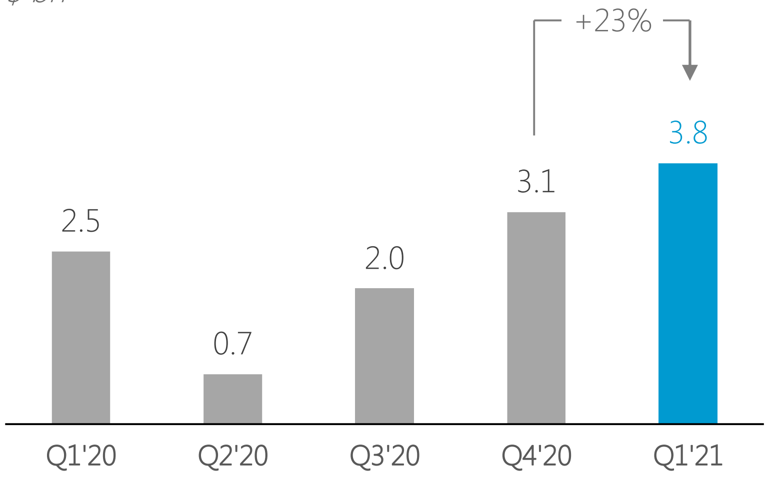
$ bn



- Application based rough allocation for manufacturing discipline allowed to maintain supply and demand balance achieved since market restart in H2’20

Diamonds supply pulled by real demand

$ bn



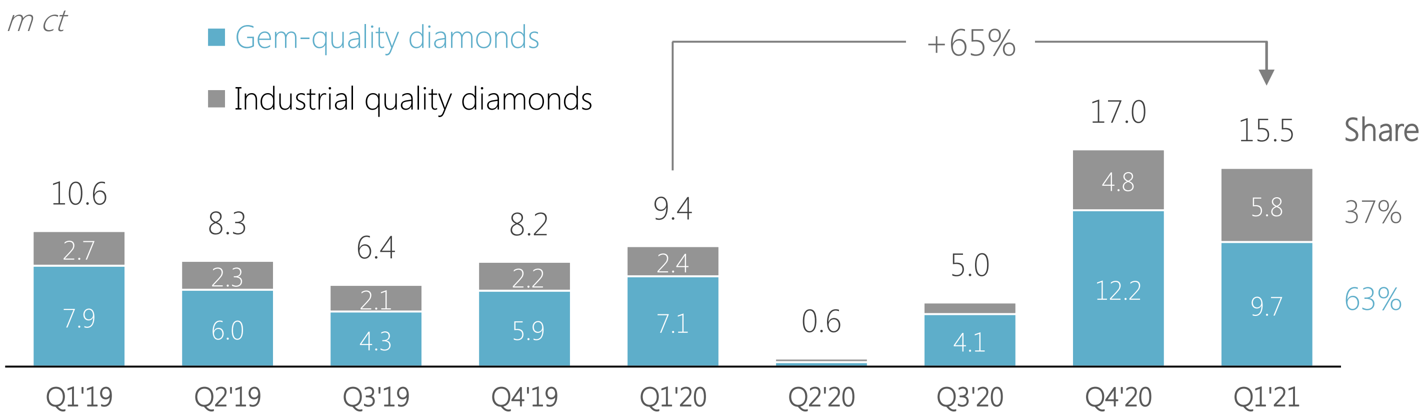
- “Majors” keep on following only real demand to prevent stock-piling at mid-stream and stabilize price
- Suppliers decreased their stocks to below average levels by Q2’21
- Risk of supply response is constrained by a lack of capacity (~20% below pre-Covid)

Source: Company data and analysis, GJEPC, Bureau of Economic Analysis.

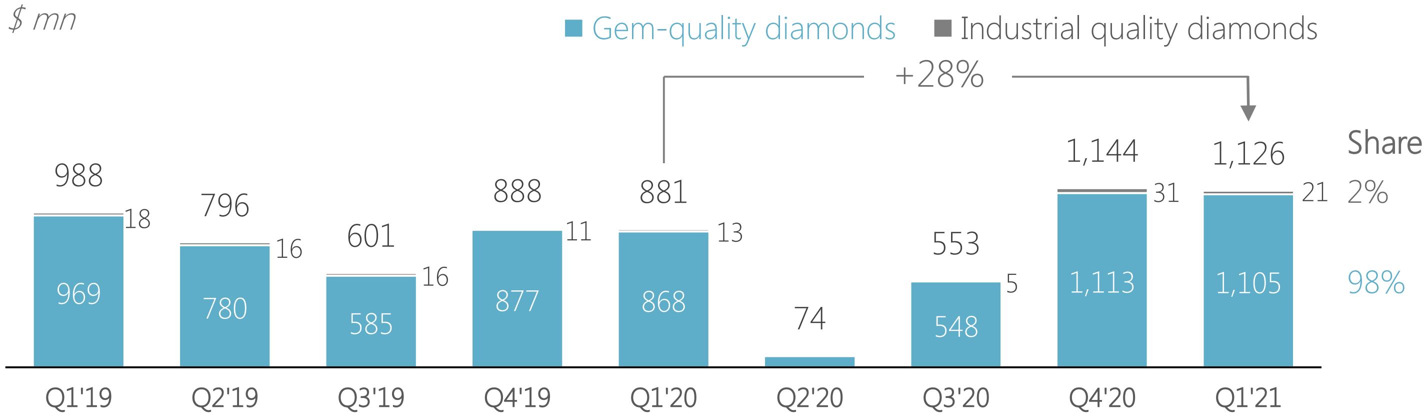
ALROSA SALES

- Q1'21 rough diamond sales were 15.5 m ct (-9% qoq and +65% yoy) on continued strong off-take from mid-stream as jewelry demand enjoyed robust growth
- **Proceeds from rough diamond sales** in Q1 came at **$1,126 m**
  - **-2% qoq decrease** – lower volumes in carats (-9%) were offset by higher average selling prices (+25%) – see p.6
  - **+28% yoy growth** – driven by higher volumes 65% which fully offset decrease in average selling prices

Q1'21 diamond sales were 15.5 m ct (+65% yoy)



Q1'21 rough diamond sales in $ increased by 28% yoy



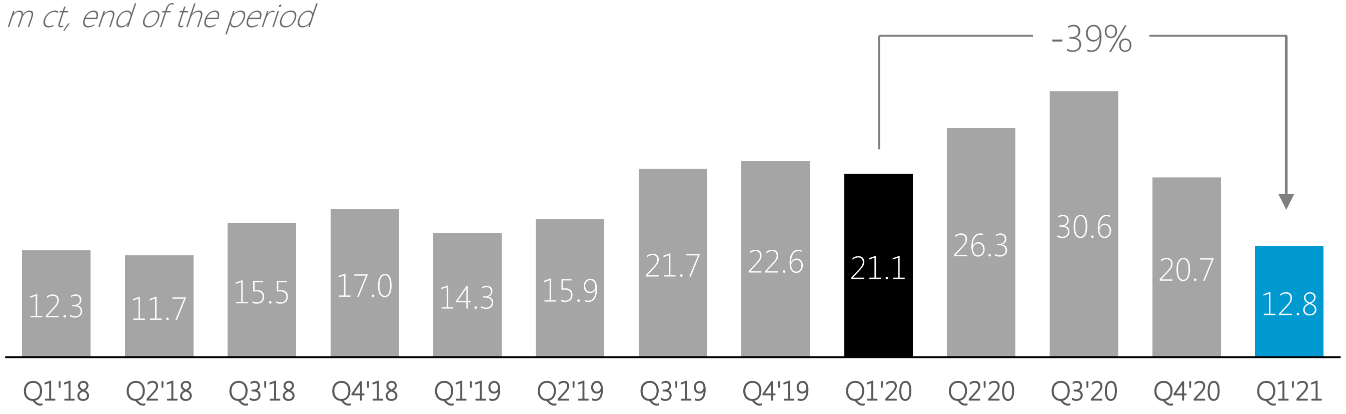
Source: Company data and analysis.

ALROSA DIAMOND STOCKS

- **Q1’21 diamond stocks were down by 38% qoq (-39% yoy) to 12.8 m ct** as sales volumes (15.5 m ct) exceeded production (7.5 m ct in Q1) on continued strong off-take from H2’20
- **Q1’21 ores & sands stocks were up 11% qoq** (-2% yoy) to 29.5 m t as mining activities seasonally exceeded processing

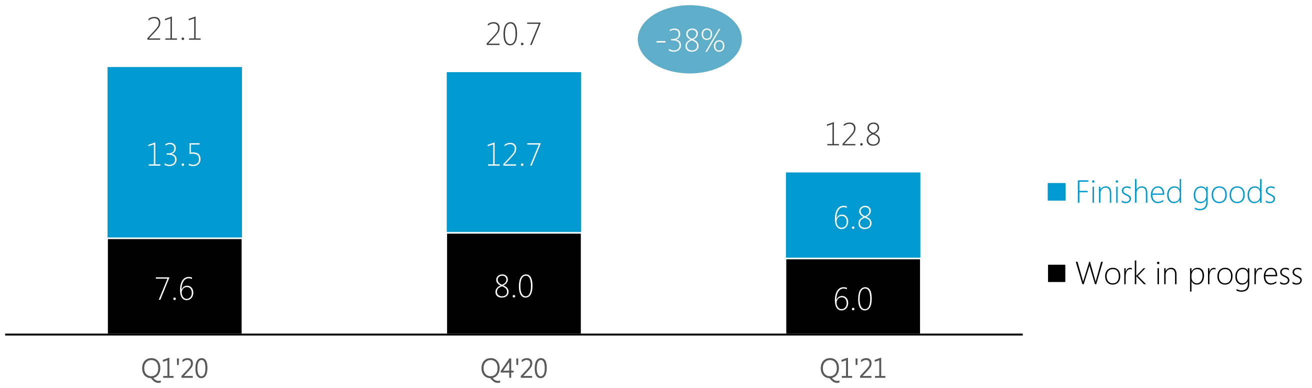
Q1 ALROSA's diamond stocks decreased by 38% qoq

m ct, end of the period



ALROSA's diamond stocks (gem & tech.) split

m ct, end of the period



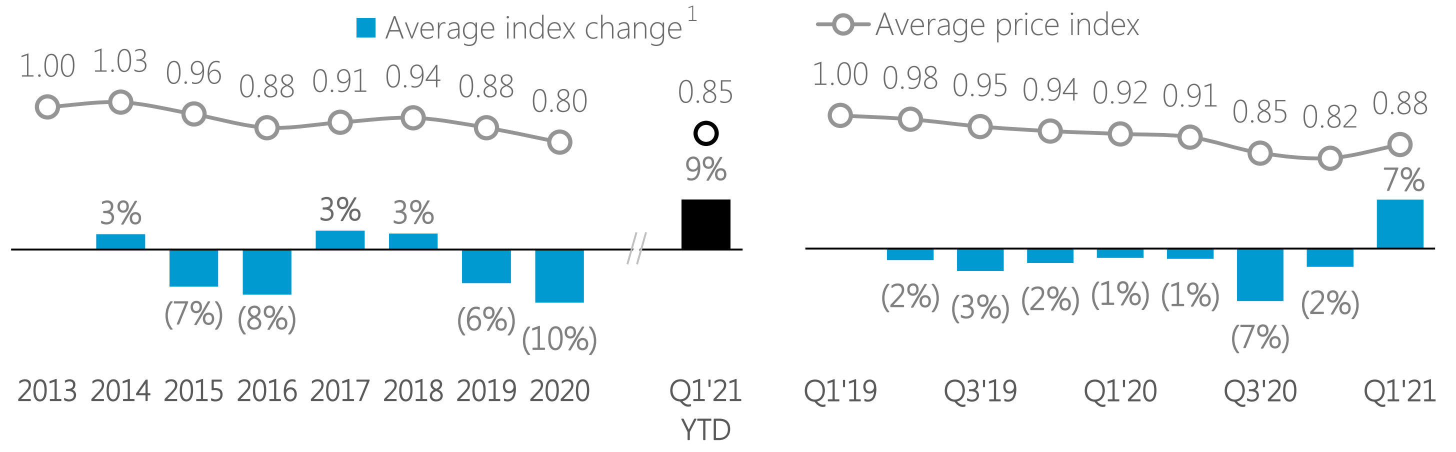
Source: Company data and analysis.

DIAMOND PRICES

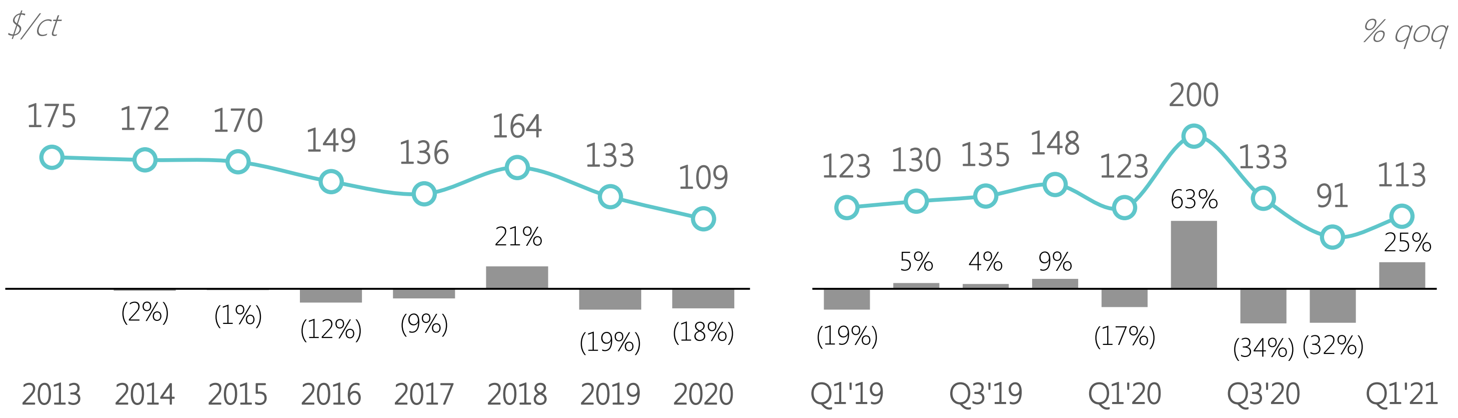
Highlights

- **Q1'21 average price index[1] gained 7% qoq,** rising 9% YTD – back to pre-COVID-19 levels of early 2020
- **Average realized prices (ARP) for gem diamonds[2] in Q1'21 grew to $113/ct,** up 25% qoq on the back of a higher price index and a better sales mix
- **ARP decrease of 8% yoy** was mainly due to mix impact as Q1 sales volumes growth of 65% yoy was driven by sales of smaller sized goods from previously piled stocks

ALROSA price index for like-for-like gem-quality diamonds mix



ALROSA average realized price (ARP)[2] for gem-quality diamonds



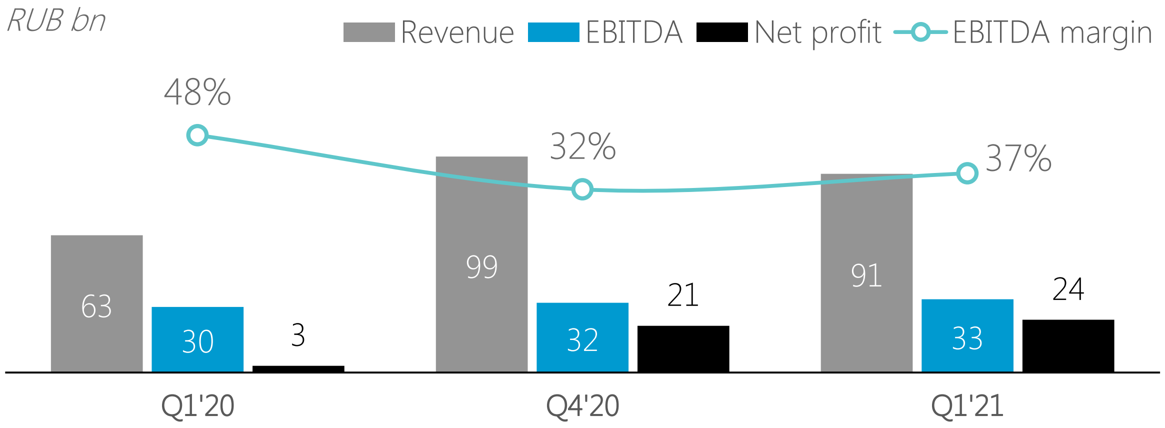
Source: Company data and analysis.

1. *Average index change of like-for-like diamonds prices (excl. +10.8 carats).*
2. *ARP (Average Realized Prices) are also impacted by changes in the product mix throughout the reported period, resulting from total sales revenue divided by total sales volumes in carats.*

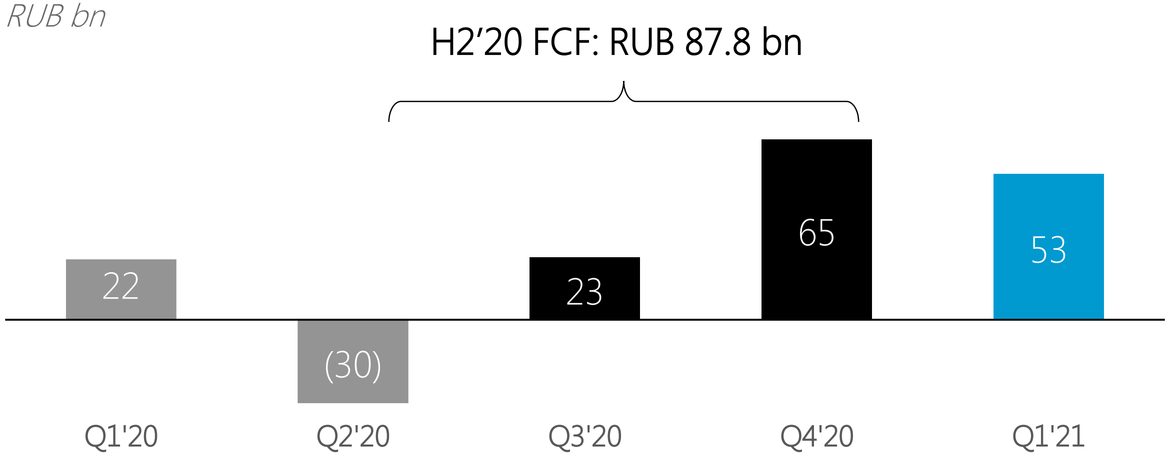
FINANCIAL HIGHLIGHTS

- Q1'21:
  - **Revenue:** RUB 90.8 bn (-8% qoq, +45% yoy)
  - **EBITDA:** RUB 33.5 bn (+5% qoq, +12% yoy)
  - **Profitability** amounted to 37% (+5 p.p. qoq)
  - **Net income** RUB 24.0 bn (+13% qoq, +7.9x yoy)
  - **FCF** totalled RUB 52.7 bn (-19% qoq, +2.4x yoy)
  - **Net debt / LTM EBITDA** was at -0.2x

Strong financials on the back of sales recovery



Free Cash Flow recovered yoy on strong sales and W/C release



Source: Company data and analysis.

GEM-QUALITY DIAMOND REVENUE DRIVERS

- **Q1'21 gem-quality diamond revenue** decreased by 4% qoq to **RUB 82 bn** driven by:
  - (-) lower sales volumes: -RUB 17 bn
  - (+) change in product mix with effect of +RUB 14 bn
  - (+) RUB 3 bn on higher LFL prices (+7% qoq)
  - (-) FX rate impact on stronger RUB: -RUB 3 bn
- **...47% yoy growth** driven by:
  - (+) rebounded sales volumes: +RUB 21 bn
  - (-) change in sales mix with effect of -RUB 1 bn
  - (-) decreased pricing with effect of -RUB 4 bn
  - (+) FX impact gave additional RUB 11 bn

Q4'20 to Q1'21 gem-quality rough diamond revenue bridge

Q1'20 to Q1'21 gem-quality rough diamond revenue bridge

Source: Company data and analysis.

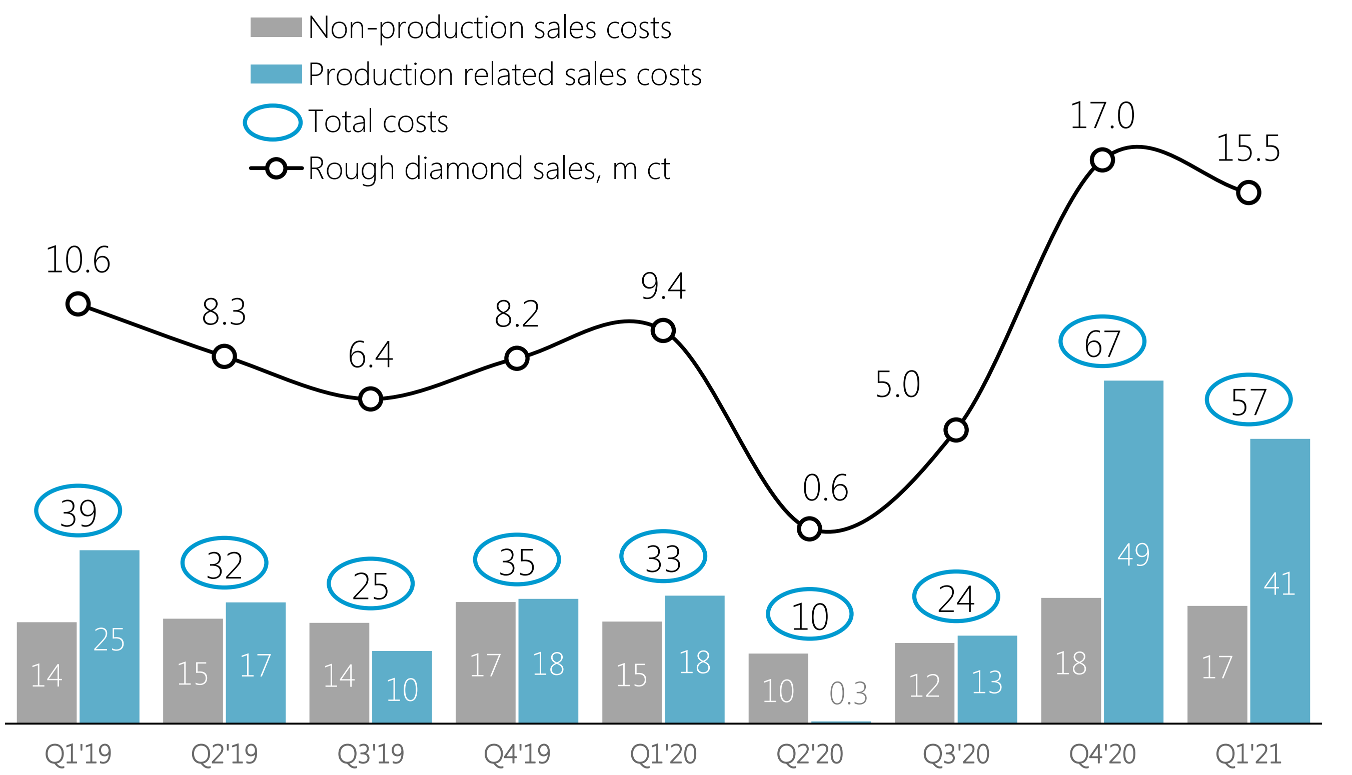
1. *Note that index price change factor could be impacted by a delayed recognition of sales.*

COSTS DYNAMICS

- Q1'21 total costs of products sold were down by 14% qoq to RUB 57 bn due to:
  - Production-related sales costs down by 17% qoq to RUB 41 bn as sales volumes decreased by 9% to 15.5 m ct (see p. 20)
  - Non-production costs down by 6% qoq to RUB 17 bn mostly driven by lower SG&A (decrease in change of provision for option program expenses) and seasonally lower social expenses (see p. 21)
- 75% yoy increase driven by:
  - Production-related sales costs up by 2.2x yoy due to +65% growth in sales volumes and unit cost of sales (see p. 20)
  - Non-production costs up by 15% yoy mostly driven by higher MET on higher sorting volumes and weaker RUB (see p. 21)

Q1 total cost of sales declined by 14% qoq as sales volumes were 9% down

RUB bn



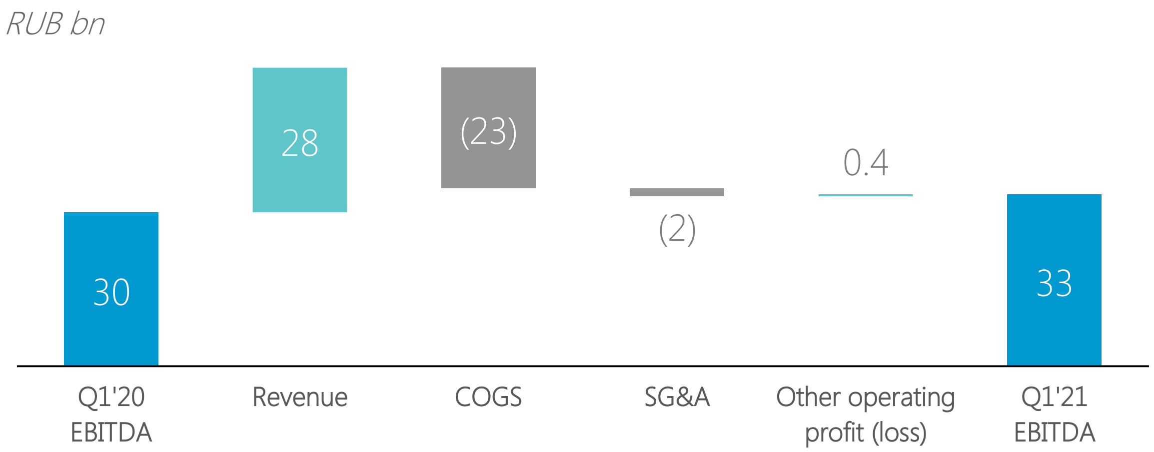
Source: Company data and analysis.

PROFITABILITY ANALYSIS

- Q1'21 EBITDA: RUB 33 bn, up by 5% qoq due to:
  - (-) decrease in revenue: -RUB 8 bn as volumes decreased, which was partially offset by better sales mix (see p. 8)
  - (+) decrease in cost of goods sold: +RUB 8 bn driven by 8% sales volumes decline
  - (+) decrease in SG&A of +RUB 2 bn (see. p.9)
- 12% yoy growth driven by:
  - (+) revenue increase: +RUB 28 bn due to higher sales volumes (+65%) and positive FX impact (see p. 8)
  - (-) increase of COGS: -RUB 23 bn due to a 65% increase in sales volumes
  - (-) SG&A expenses up: -RUB 2 bn

Q4'20 to Q1'21 EBITDA bridge

Q1'20 to Q1'21 EBITDA bridge

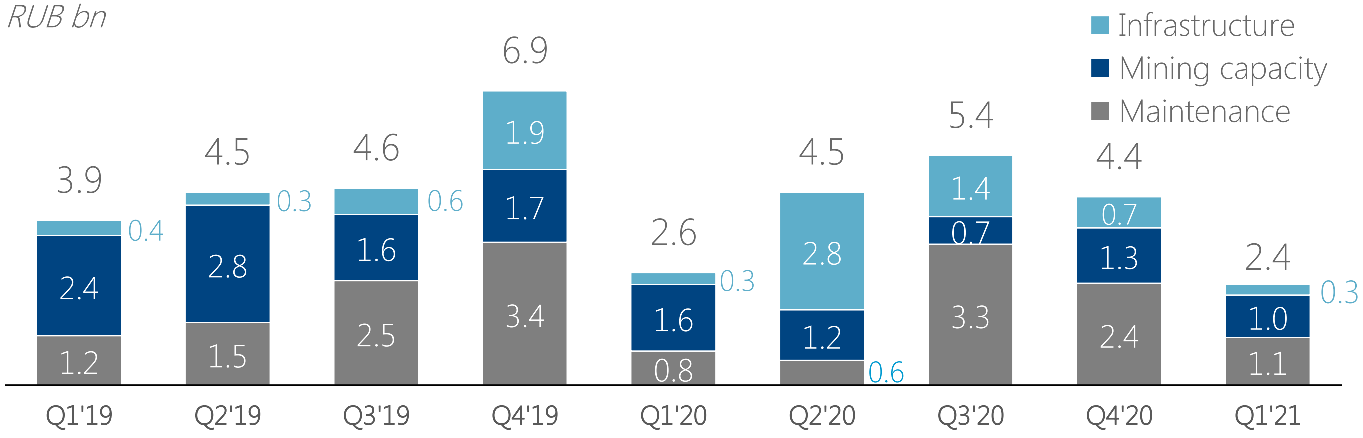


Source: Company data and analysis.

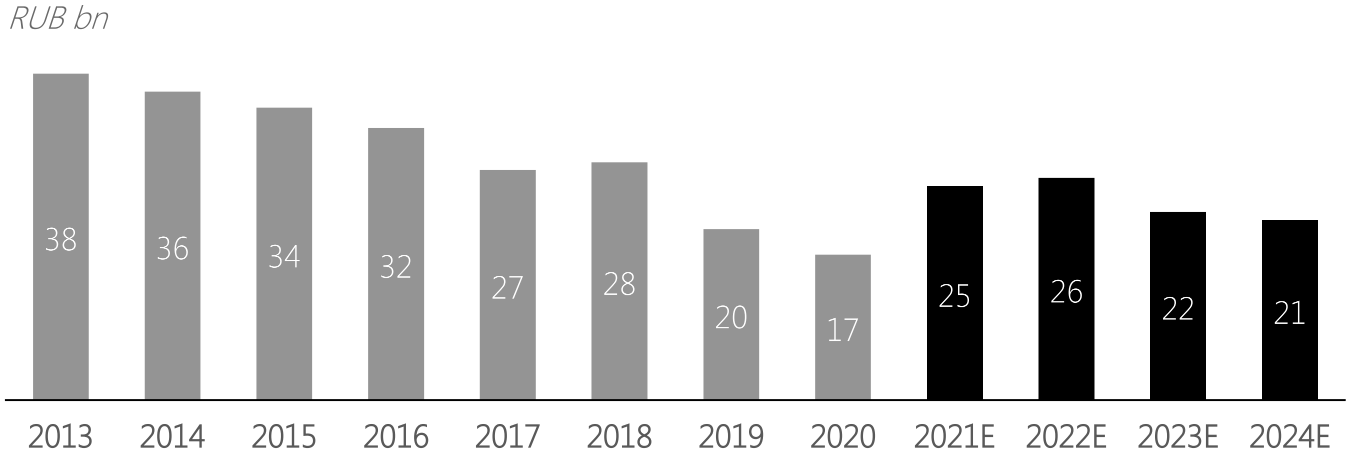
CAPEX

- **Q1'21 capex seasonally down by 46% qoq to RUB 2.4 bn** mainly due to decrease in maintenance (-53% qoq) and infrastructure (-65% qoq) investments
- **Q1'21 total capex was down by 10% yoy** due to decrease of mining capacity capex by 36% yoy (-RUB 0.6 bn)
- **For reference: in Feb'21 capex outlook for '21-'24E was revised upward** since its last update in June'20 on higher maintenance (+RUB 7.5 bn) and infrastructure (+RUB 7.6 bn) capex due to revision of projects schedule

Q1 capex seasonally went down by 46% qoq



Annual capex outlook

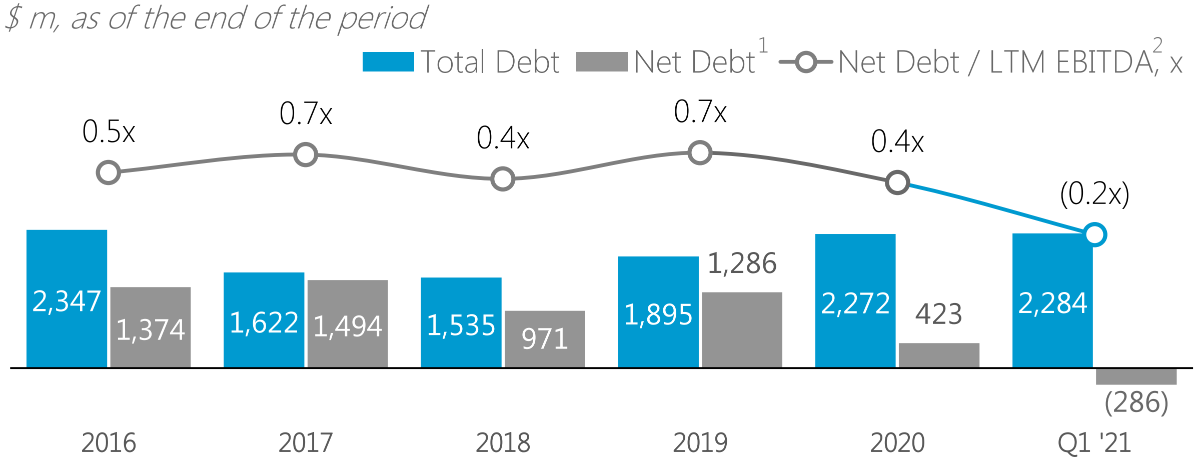


Source: Company data and analysis.

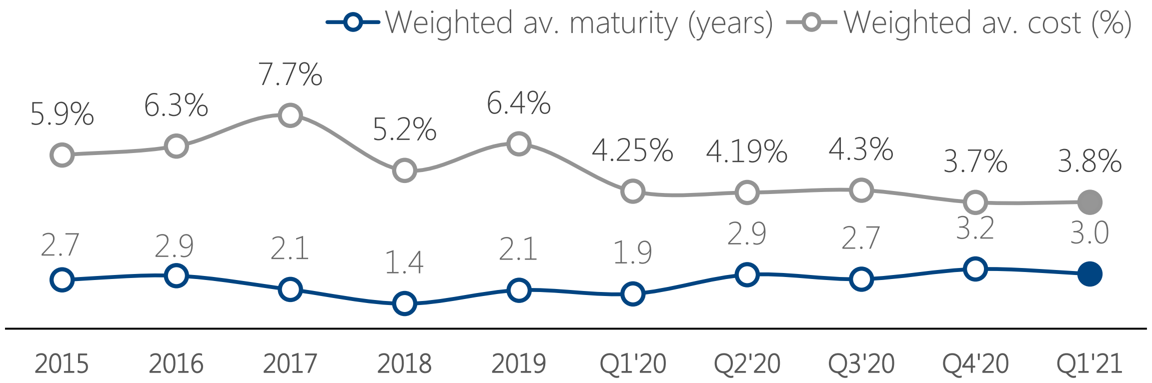
DEBT POSITION

- **Q1'21 Net debt** turned negative **-$0.3 bn** on strong FCF
- **Net debt/LTM EBITDA** amounted to **-0.2x**
- **Liquidity position** stable at **$2.6 bn**
- **Further proactive steps to decrease leverage:** $150 m and RUB 6 bn bank loans early prepaid in Apr'21 with the due dates in Q4'21 and Q2'22 respectively
- **Investment grade rating:** BBB- (S&P), Baa2 (Moody's), BBB- (Fitch) and ruAAA (RAEX)

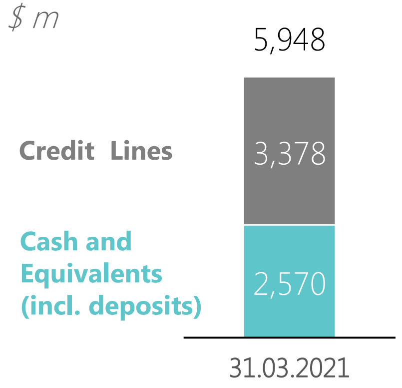
Sound financial profile



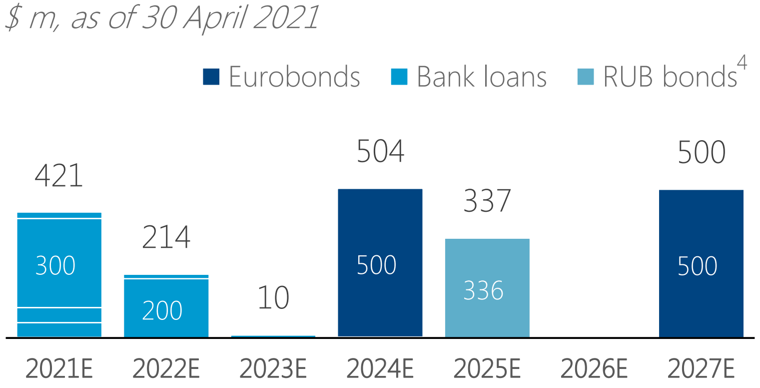
Extended maturity and lowered cost of debt



Liquidity position



Debt[3] repayment schedule



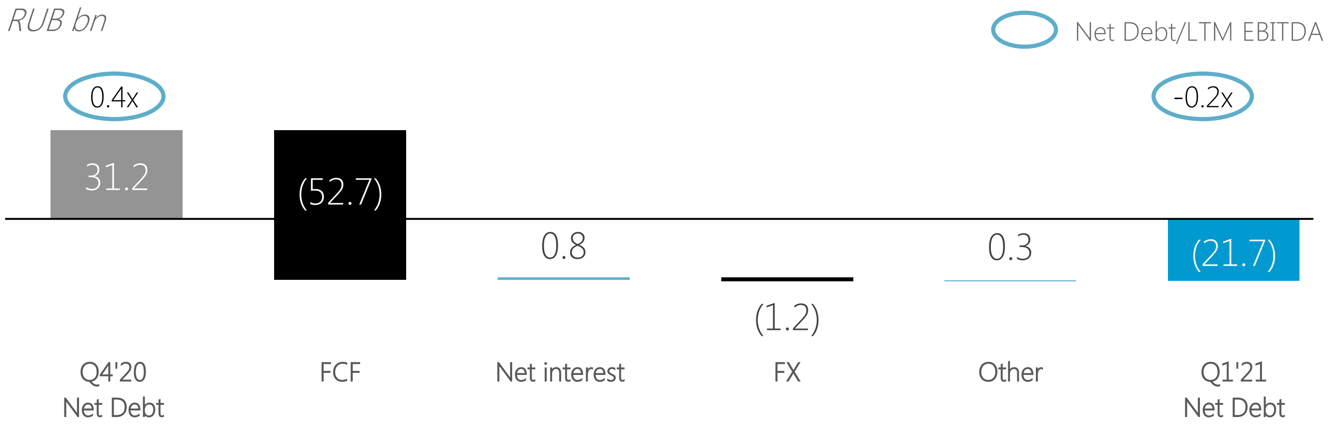
Source: Company data and analysis.

1. *Including lease obligation (the equivalent of USD 67 m).*
2. *Based on EBITDA and Net Debt denominated in rubles.*
3. *Excluding lease obligation and amortization of discount.*
4. *For RUB-denominated debt based on FX rate as of 30 April 2021.*

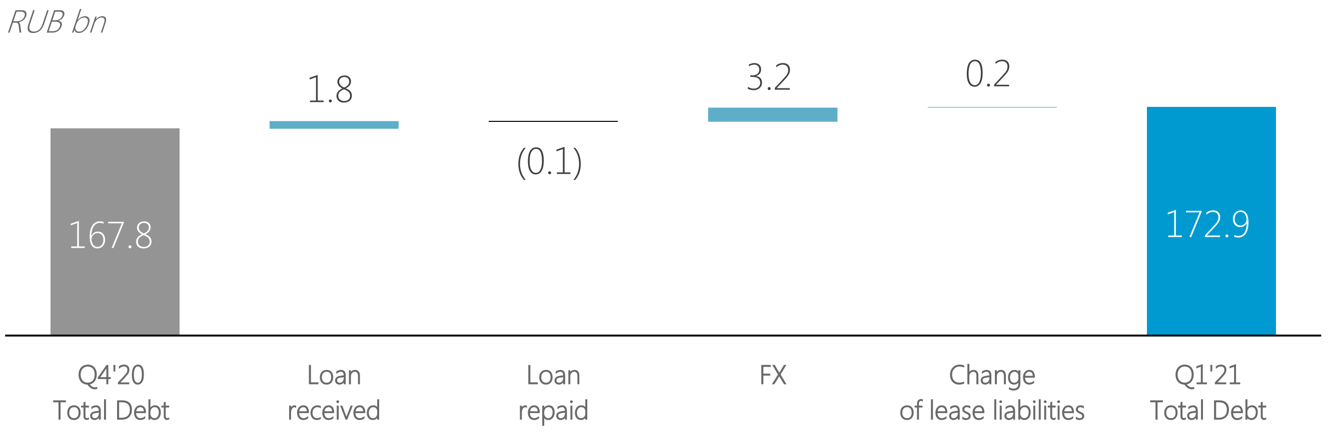
DEBT ANALYSIS

- Q1'21 net debt amounted to -RUB 22 bn mostly driven by:
  - (+) positive FCF (-RUB 52.7 bn)
  - (-) net interest (+RUB 0.8 bn)
  - (+) FX rate impact on strengthening RUB (-RUB 1.2 bn) as 79% of debt is in USD
  - (-) other (+RUB 0.3 bn)
- Q1'21 total debt slightly increased by 3% qoq to RUB 173 bn mostly due to FX impact

Q4'20 to Q1'21 Net Debt bridge



Q4'20 to Q1'20 Total Debt bridge



Source: Company data and analysis.

FREE CASH FLOW

- Q1'21 FCF was RUB 52.7 bn (vs RUB 65.2 bn in Q4'20) due to:

  (+) Profitability growth by RUB 1.7 bn qoq (see p. 10)

  (+) W/C release of RUB 26.9 bn with the key drivers:

  +RUB 20.0 bn – decrease of diamond stocks in cts

  +RUB 0.3 bn – ores & sands - structure seasonally changed to cheaper feedstock as mining grew at low cost assets

  +RUB 5.8 bn – AP up due to increase in advances from customers

  +RUB 2.0 bn – seasonal decrease of materials

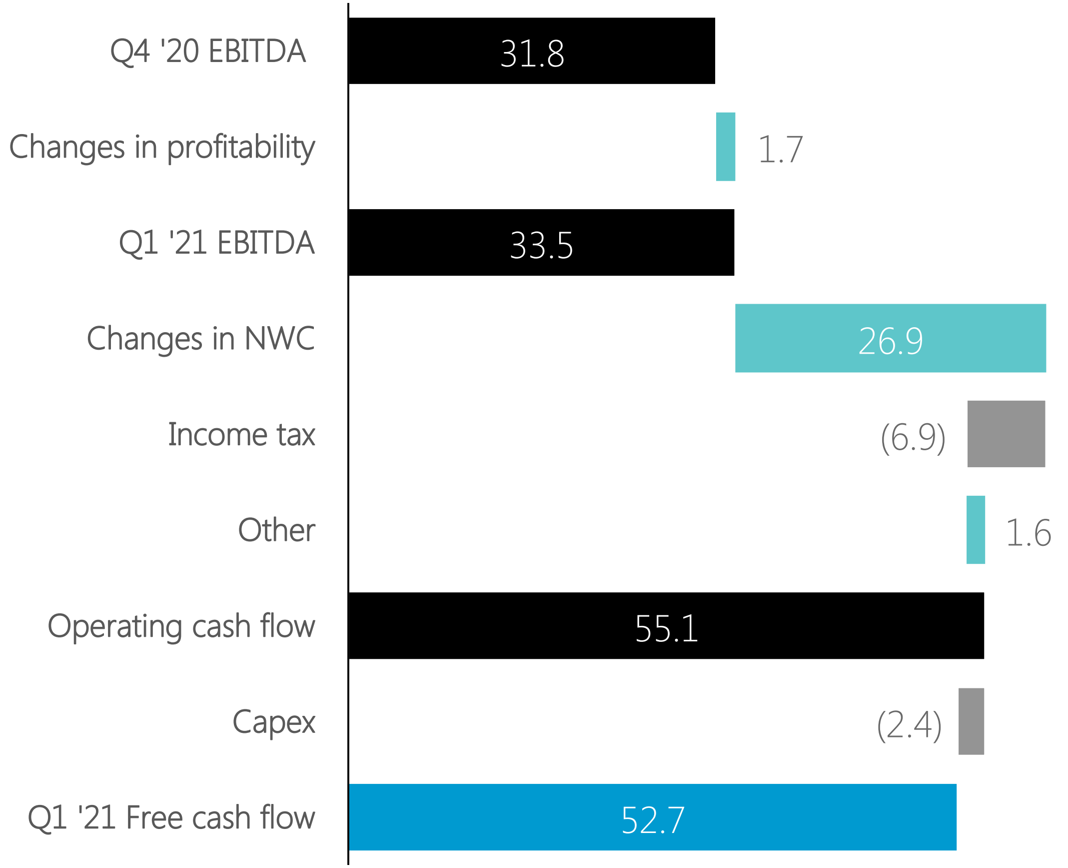
  (-) Income tax payment (-RUB 6.9 bn)

  (-) Capex decreased to RUB 2.4 bn, -46% qoq (largely flat yoy) due to seasonality

  (+) Other (SG&A) – lower provision on the option program expense (+RUB 1.6 bn)

Q1 '21: EBITDA to Free cash flow bridge

RUB bn

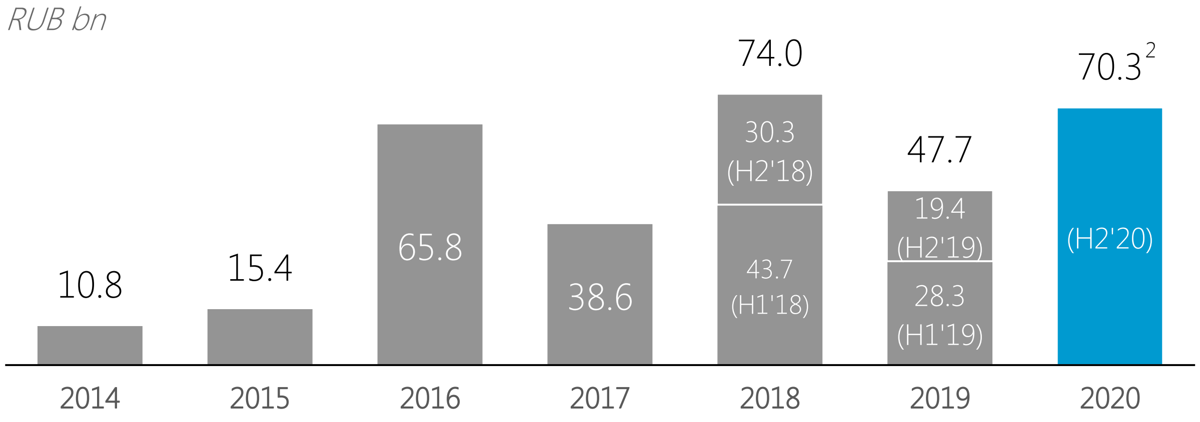


Source: Company data and analysis.

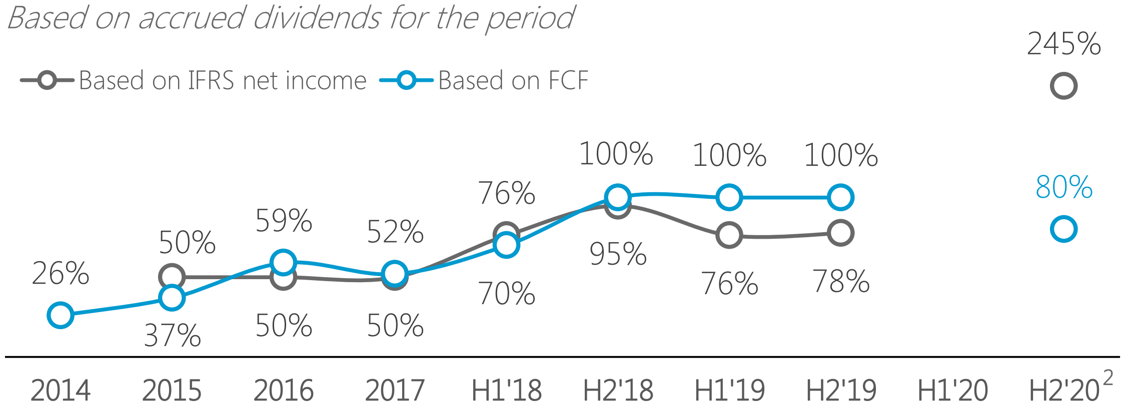
DIVIDENDS

- Dividend policy
  - Semi-annual payments and FCF-linked
  - Payout ratio linked to Net debt/LTM EBITDA ratio
  - Minimum payment: 50% of IFRS annual net profit
- **Board recommended allocating all-time high half-year dividends for H2’20** amounting to **RUB 70.3 bn** (RUB 9.54/sh), or 80% of H2’20 FCF
- AGM scheduled for 16 June 2021

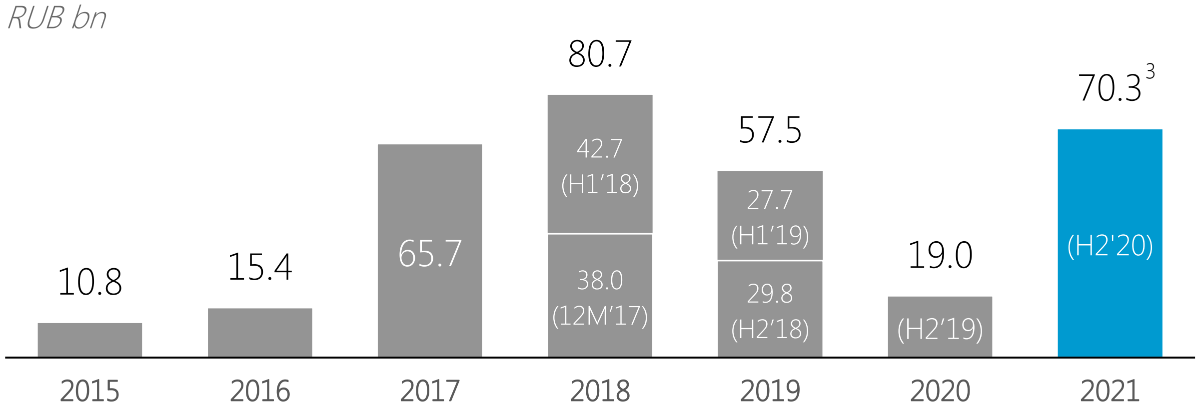
Dividend accruals



Dividend payout



Dividend payments[1]



Source: Company data and analysis.

1. *Dividends paid less than dividends accrued due to exclusion of dividends for treasury shares.*
2. *H2 ’20 dividends to be approved by AGM (scheduled on 16 June 2021)*
3. *To be approved by AGM, payment scheduled for July-August 2021*

OUTLOOK

Market outlook

- **Robust jewelers demand** – driven by both pent-up demand, improved consumer confidence, and growth in savings due to lower spending on experiential luxury items
- **Key markets (N.America / China) demonstrate double digits recovery in early 2021**
- **Bridal segment to enjoy above average consumption growth in 2021 on pent-up demand**
- **Structural decrease in diamonds supply** to keep stocks at both miners and mid-stream at modest levels and add upward pressure on prices

ALROSA performance

- **2021 outlook remains unchanged from March 2021:**
  - **Production** is expected to recover up to ~31.5 m ct
  - **Sales volumes** will depend on real market demand, and availability of the diamonds inventory
  - **Pricing environment** looks positive on resilient demand and limited inventory in the diamond pipeline
  - **Capex is estimated at RUB 25 bn**, a catch up from downscaled investments of RUB 17 bn in 2020
- **Active cost cutting program being consistently pursued:**
  - Active production management
  - Ongoing savings from operational efficiency programs and optimization initiatives

Source: Company data.

APPENDIX

ALROSA: COVID-19 RESPONSE

Team

- **Preventive measures**: temperature checks 2x a day, provision of PPE, sanitization, etc.
- **Shift approach** for unique specialists, ensuring **physical distancing**
- **Internal communication program** to raise awareness, trainings
- **Testing for COVID-19:** up to 100% of the personnel screened at the sites where virus was identified

Communities

- **Support to the healthcare system:**

  RUB 1+ bn allocated to safety measures and medical equipment, incl. PPE, testing systems and ventilators
- **Screening:** 132K+ COVID-19 tests were made in the regions of operations
- Development of telemedicine networks for the remote areas

Customers

- **Commitment to support clients**
- **Contracts** with flexibility added:
  - Option to defer 100% of purchases from April
  - Volumes to be purchased by year end cut by ½ from Aug.
- **Communication** with clients on a daily basis (incl. with Head of sales)
- **Sales channels** flexibility (digital, auctions)

Operations

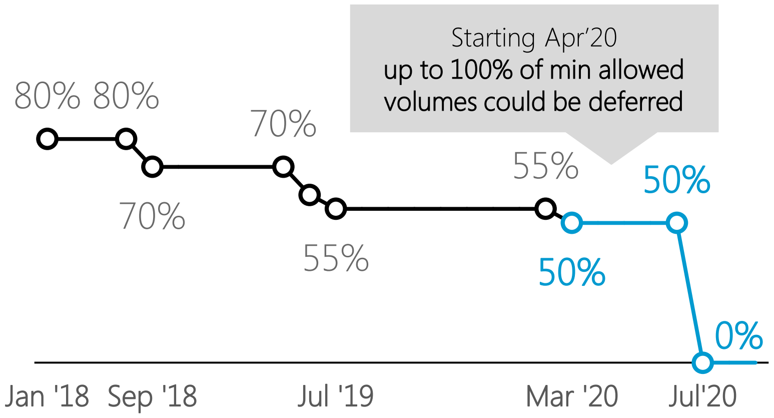
- **Crisis management committee**
- **2020 output cut by 22%**
- **Capex revised** downwards
- **Cost cutting** measures
- **Active supply management**
- **Balance sheet strengthening** and **building up liquidity position**

Source: Company data.
Note: (1) PPE – Personal Protective Equipment; (2) WFH – Working From Home.

MANAGING THROUGH THE DOWNTURN

Increased flexibility for customers

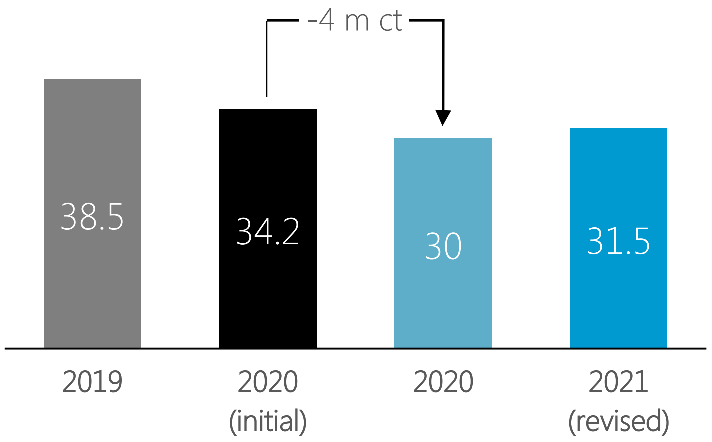
Min. allowed contract allocation level



- Mining majors helped industry destock by the end of 2019 and continued to support in 2020
- E.g. ALROSA: from Mar'20 – minimum contracted volumes cut to 50%
- ...starting Apr'20 up to 100% of purchases could be deferred to buy later in 2020
- From Jul'20 – obligations to buy are cut to 0%

Output reduced

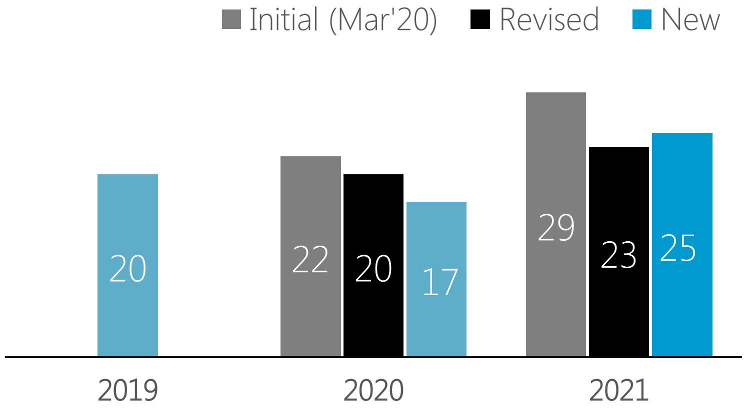
m ct



- Output cuts at the assets with higher variable costs, and with lower vs average profitability
- ...thus helping reduce cash outlays / working capital buildup, and speed up W/C release once demand recovered

Capex downscaled

RUB bn



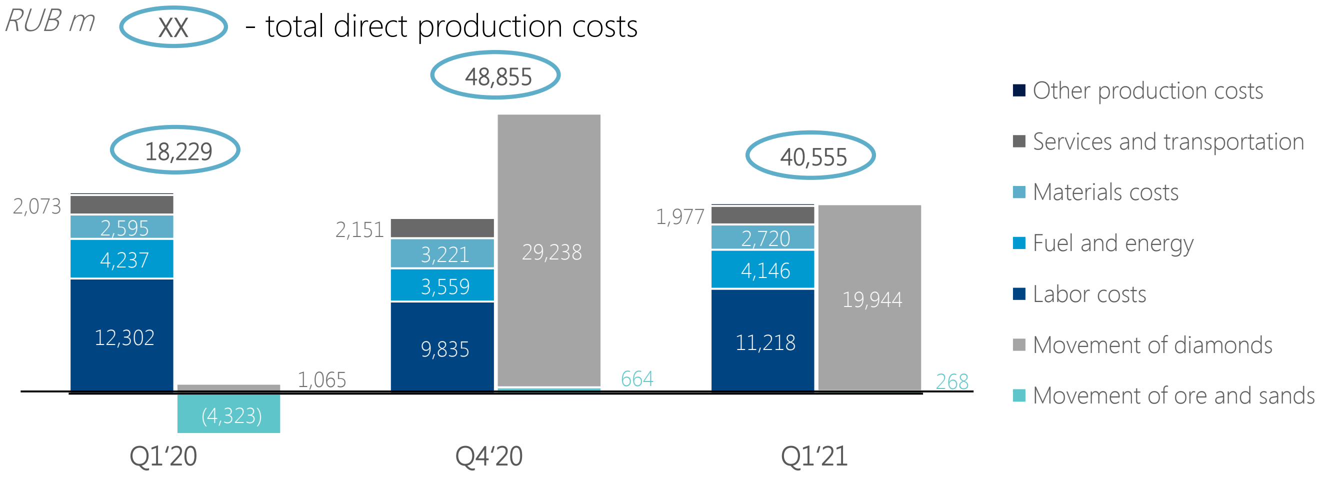
- A number of small projects were rescheduled or put on hold
- No impact on operational performance
- 2021 capex outlook was revised upward to RUB 25 bn since its last update in June

Source: Company data and analysis.

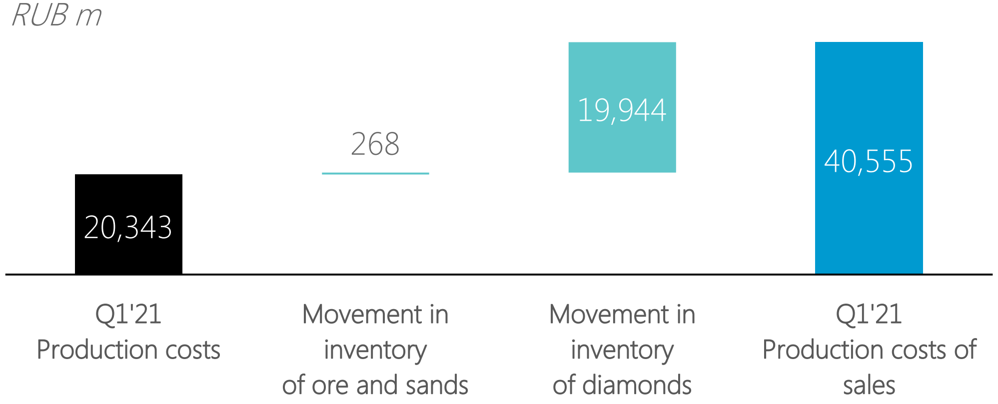
PRODUCTION COSTS DYNAMICS AND BREAKDOWN

- Q1'21 production related cost of sales -17% qoq to RUB 40.6 bn driven by:
  - (+) movement in diamonds' stocks – as sales exceeded output by 7.9 m cts (-RUB 9.3 bn)
  - (-) payroll +14% (+RUB 1.4 bn) mostly due to change of provision for employee holidays and travel expenses
  - (-) fuel & energy +16% on higher output (+RUB 0.6 bn)
  - (+) materials -16% (-RUB 0.5 bn) due to seasonality
- ... and up by 2.2x yoy driven by:
  - (-) release of diamonds' stock (+RUB 18.9 bn)
  - (-) movement in ore & sands stock (+RUB 4.6 bn)
  - (+) payroll -9% mostly due to lower output and optimization measures (-RUB 1.1 bn)

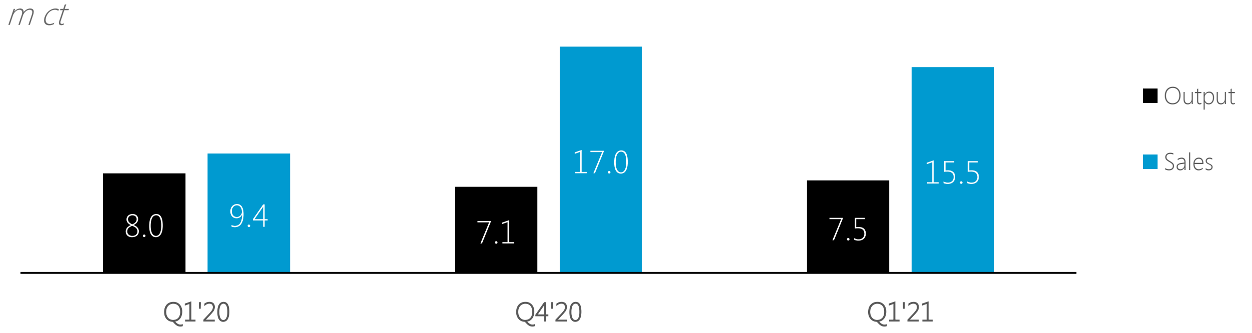
Direct production costs down 17% qoq on sales decrease



Cost of goods sold



Operating results: sales and production

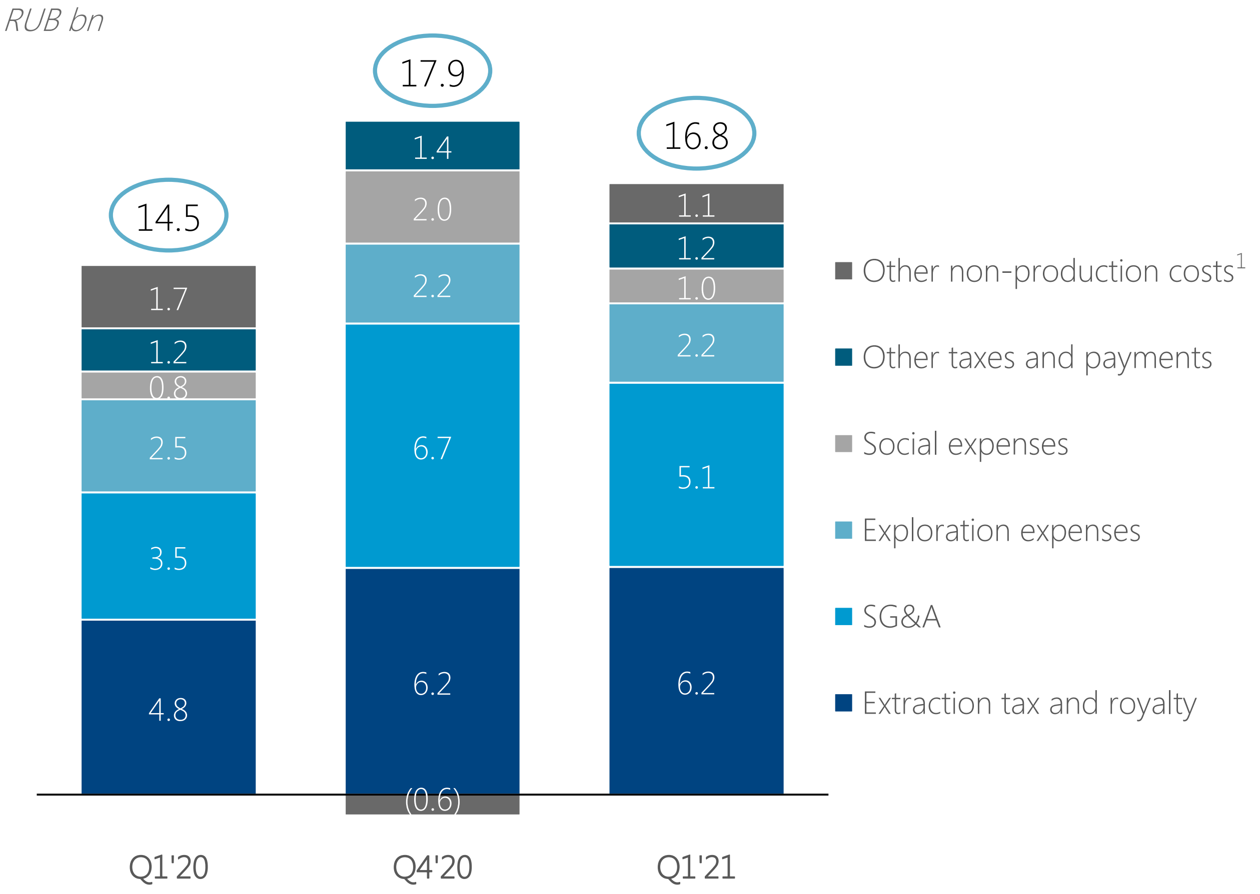


Source: Company data and analysis.

NON-PRODUCTION COSTS DYNAMICS AND BREAKDOWN

- Q1'21 non-production costs were down 6% qoq to RUB 16.8 bn mostly due to:
  - (+) SG&A expenses -25% (-RUB 1.6 bn) due to decrease in change for option program expense provision following revaluation
  - (+) social expenses -53% (-RUB 1.1 bn) due to seasonality (provision for contribution to the dedicated Fund of Future Generations made in Q4'20 (-RUB 0.9 bn))
  - (-) other non-production costs up by RUB 1.7 bn mostly due to decrease of other operating income as a result of high base effect of Q4 due to dividends received for the 8.2% interest in Catoca Ltd. recognized on the balance sheet as assets held for sale
- Increase by 15% yoy mostly due to:
  - (-) MET increased by 30% on higher volumes and weaker RUB
  - (-) SG&A expenses increased by 44% mostly due to change of revaluation of management option program
  - (+) other non-production costs down by RUB 0.6 bn

Non-production costs were down by 6% qoq



Source: Company data and analysis.

1. *Mainly includes cost of diamonds for resale, NDC/DPA contribution and other non-production costs.*

KEY INVESTMENTS PROJECTS

	1 Udachny UG mine	2 VM[1] deposit	3 Maiskaya pipe	4 VG[2] deposit
Type of mining	Underground	Open-pit	Open-pit	Alluvials
Production start	2015	2018	2025	2027
Ramp-up	2021	2019	2027	2029
Target ore output pa, m t	4.0	3.0	0.3	1.4
Target production pa, m ct	4.8	1.8	1.0	0.5
Total CAPEX, RUB bn	63.9	20.0	5.6	4.6
Invested share	*88%*	*93%*	*10%*	*0%*
Resource base[3], m ct	207.6	40.4	12.7	4.7

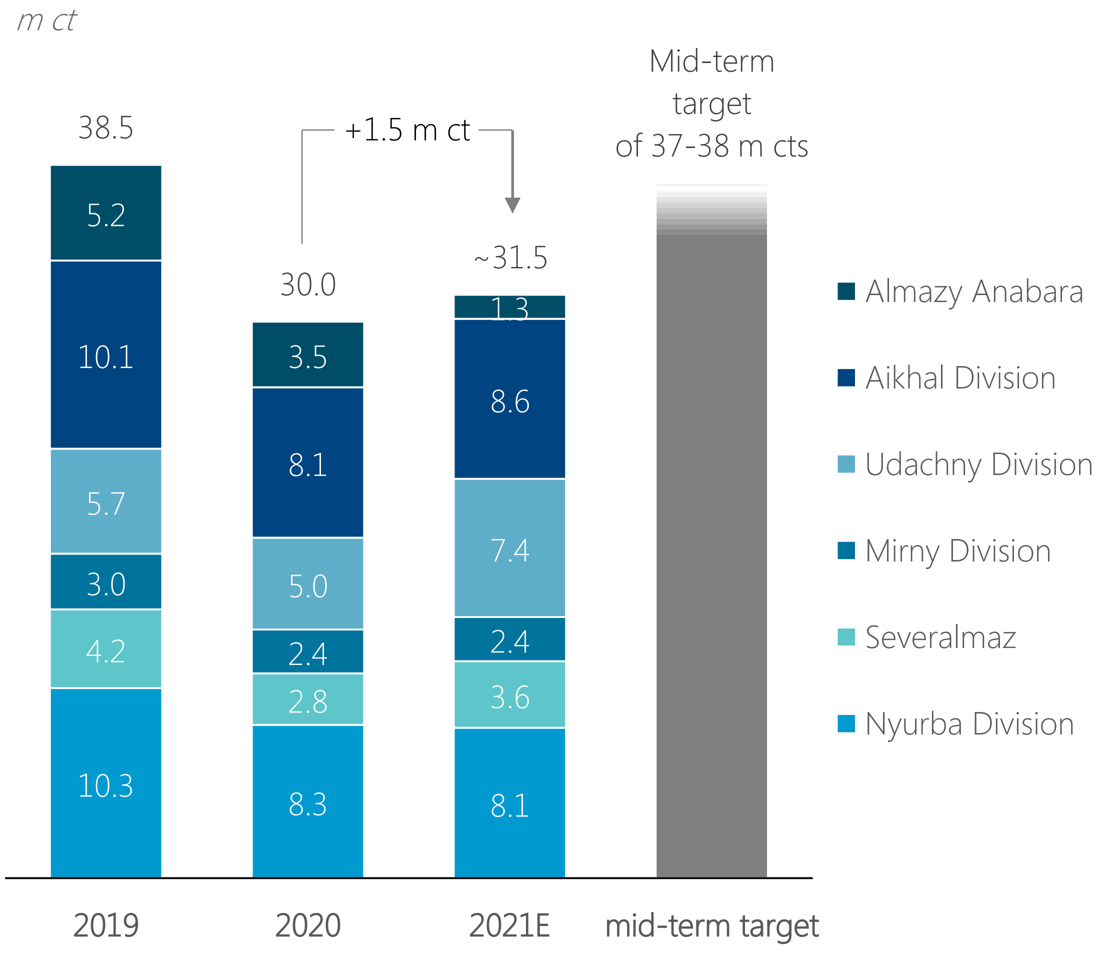
Source: Company data
1. *Verkhne-Munskoye deposit*
2. *Vodorazdelnye Galechniki deposit*
3. *Diamond mineral resources in accordance with the JORC Code as at 1 July 2018*

DIAMOND PRODUCTION BY ASSETS

- **Q1'21 diamond production went up by 6% qoq** mainly due to:
  - **Aikhal Division – up 2.4x** due to higher output at the Jubilee pipe as a result of relaunch of the processing plant No. 14 after scheduled maintenance works
  - **Udachny Division – down by 23%** as a result of processing plant No. 12 being predominantly fed with ore from the V.Munskoye deposit with lower av. grade
- For more details please see Q1'21 Trading update

Q1'21 production by assets

Production outlook



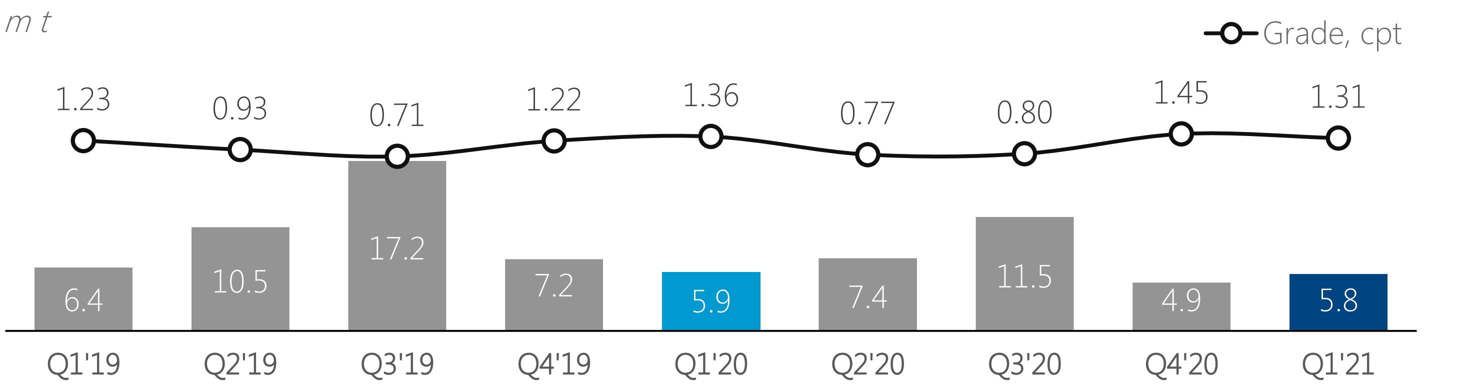
Source: Company data and analysis.

ALROSA PRODUCTION

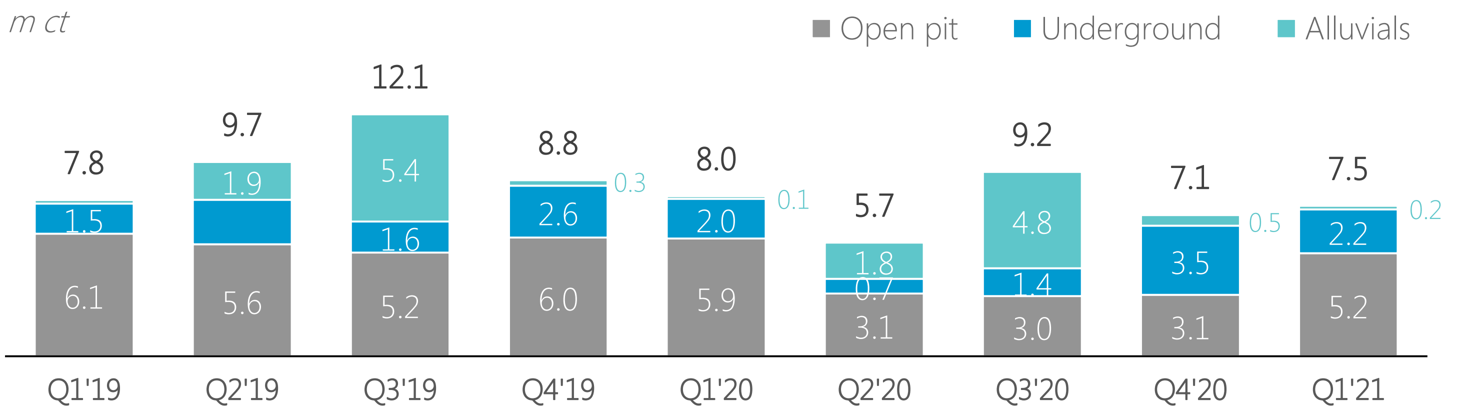
Highlights

- **Q1'21 production** increased by 6% qoq to **7.5 m ct**, mainly as a result of higher output at the Jubilee pipe due to the Q4 low base effect attributable to planned maintenance at processing plant No. 14 of the Aikhal Division. The 6% yoy reduction was caused by the lower grade of ore from the Jubilee pipe in line with the mining direction and suspension of the processing plant at Severalmaz between 14 October 2020 and 28 February 2021.
- **Ore and gravels processing** increased 17% qoq (down 3% yoy) to 5.8 mt on higher utilisation rates (launch of the processing plant No. 14 after planned maintenance and the processing plant at Severalmaz starting 1 March)
- **Q1 av. grade** decreased 9% qoq (down 3% yoy) to 1.31 cpt primarily due to a larger share of ore processed from the Jubilee pipe and V.Munskoye deposit (lower grade deposits)

Ore and sands processing



Diamond production



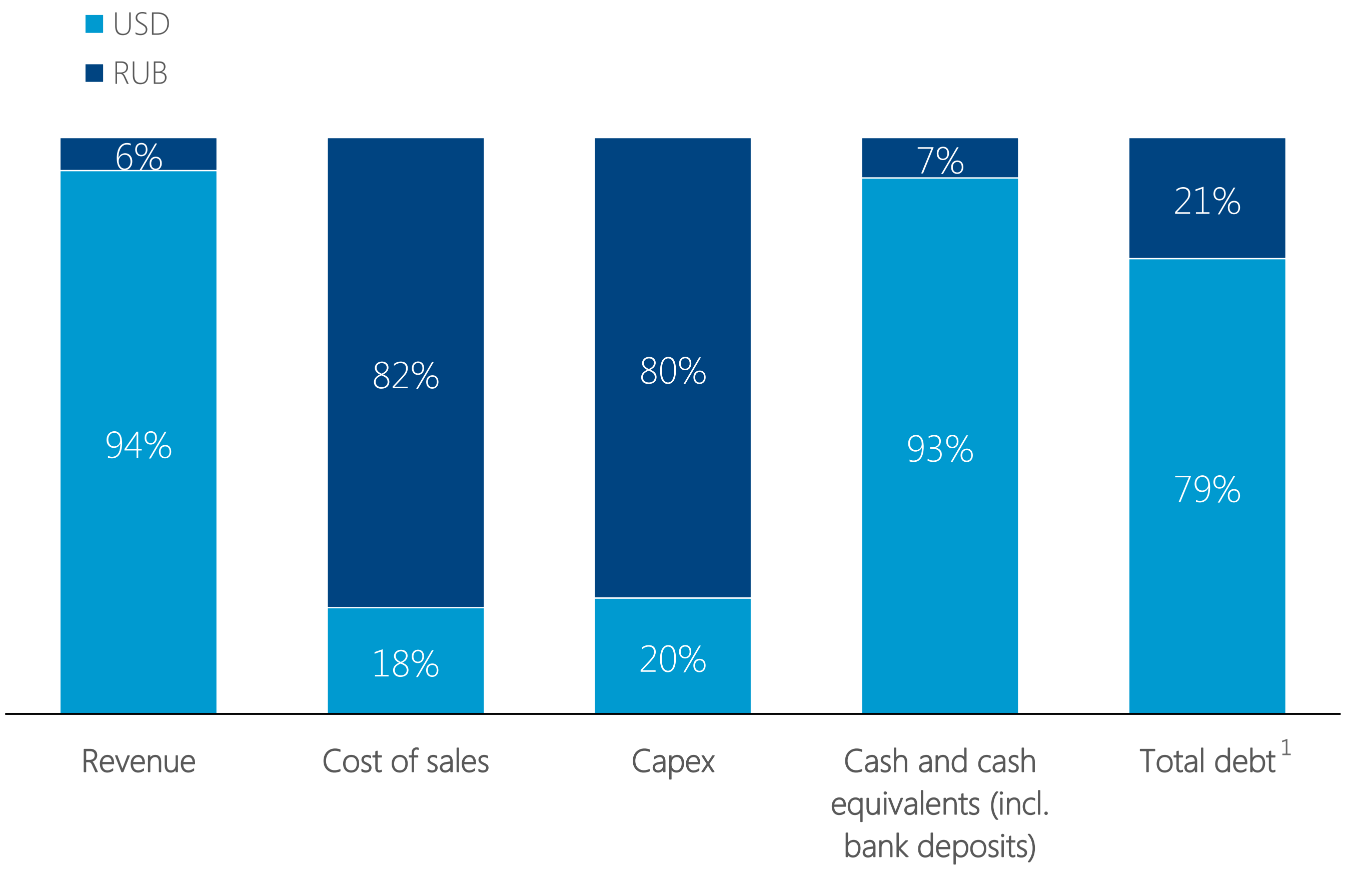
Source: Company data and analysis.

FX RATE

- ALROSA is an exporter with ca. 90% of revenue denominated in USD
- Major portion of costs and capex is denominated in RUB, 79% of the Company's debt portfolio[1] is denominated in USD to create a natural hedge against FX risks
- ALROSA's financial sensitivity analysis shows that a change in the USD exchange rate by +/- 1 RUB/USD leads to the following change in metrics:
  - revenue – +/-1.27%
  - cost of sales – +/-0.15%
  - EBITDA – +/-3.20%
  - capex – +/-0.27%

Financial metrics breakdown by currency

% of metric's total, Q1'21

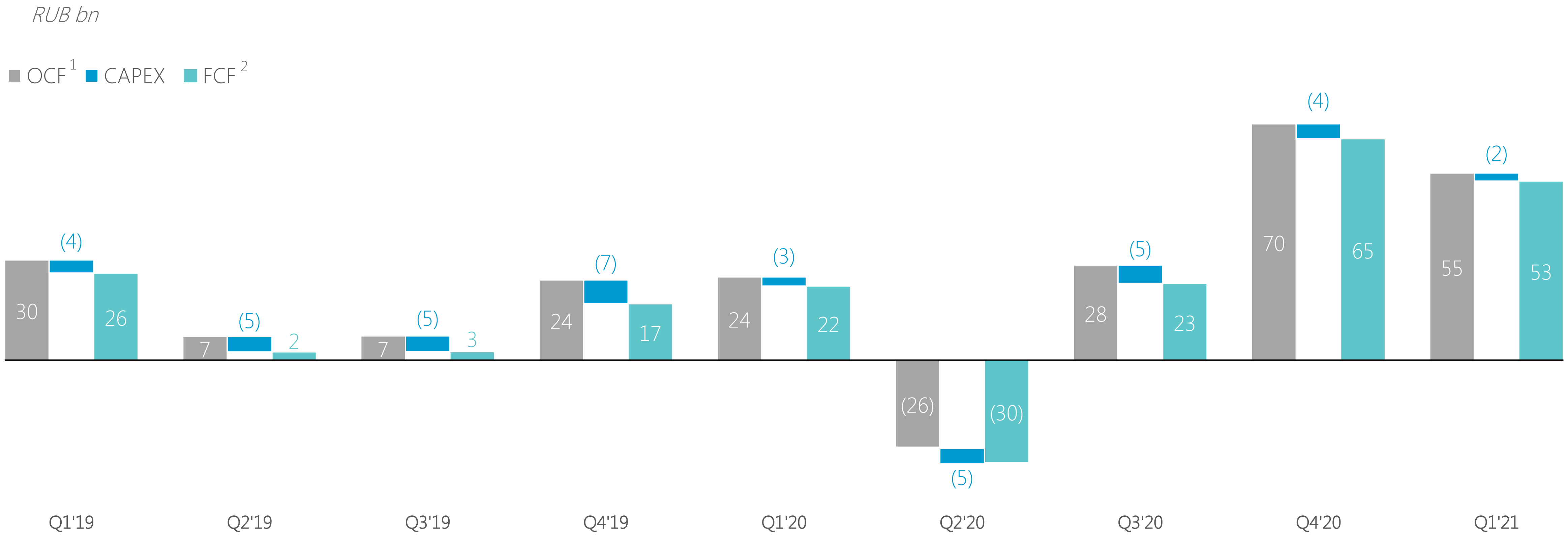


Source: Company data and analysis.

1. Excluding lease obligation (the equivalent of USD 67 m)

OPERATING CASH FLOW AND CAPEX

Operating cash flow and capex dynamics



Source: Company data and analysis.

1. *OCF – operating cash flow*
2. *FCF – free cash flow is defined as OCF net of capex in the core business*

THANK YOU!

RUSSIA, 115184
MOSCOW
24 OZERKOVSKAYA EMB.

SERGEY TAKHIEV
HEAD OF CORPORATE FINANCE
M: +7 985 760 55 74
E: ST@ALROSA.RU

DMITRY BYALOSHITSKIY
CORPORATE FINANCE
M: +7 915 113 32 04
E: DB@ALROSA.RU