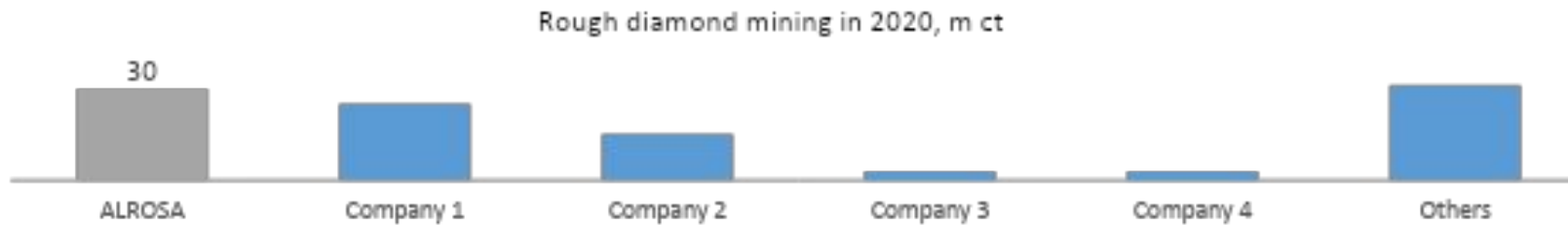


# Investment case

## 1. Global leader in diamond mining

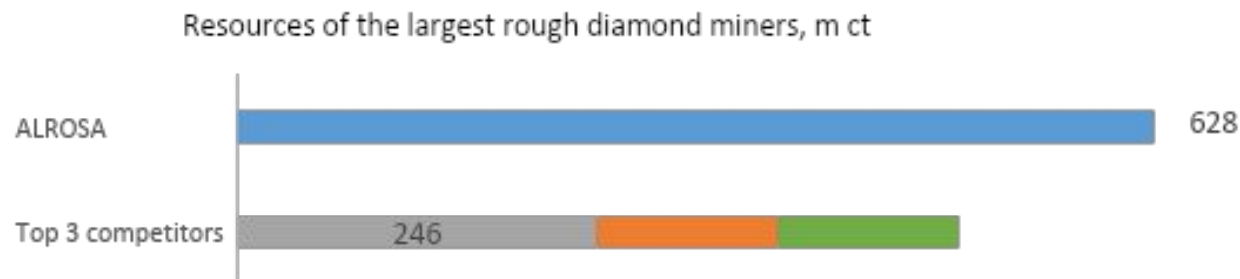
- ALROSA is the world's largest producer of diamonds with a 28% share of the global market.



Source: companies' reports, Kimberley Process

## 2. The largest owner of diamond resources globally

ALROSA boasts 1,064 m ct in resources, including 628 m ct of reserves. Given the limited global resource base, the company has sufficient rough diamond resources to sustain production for 30 years.



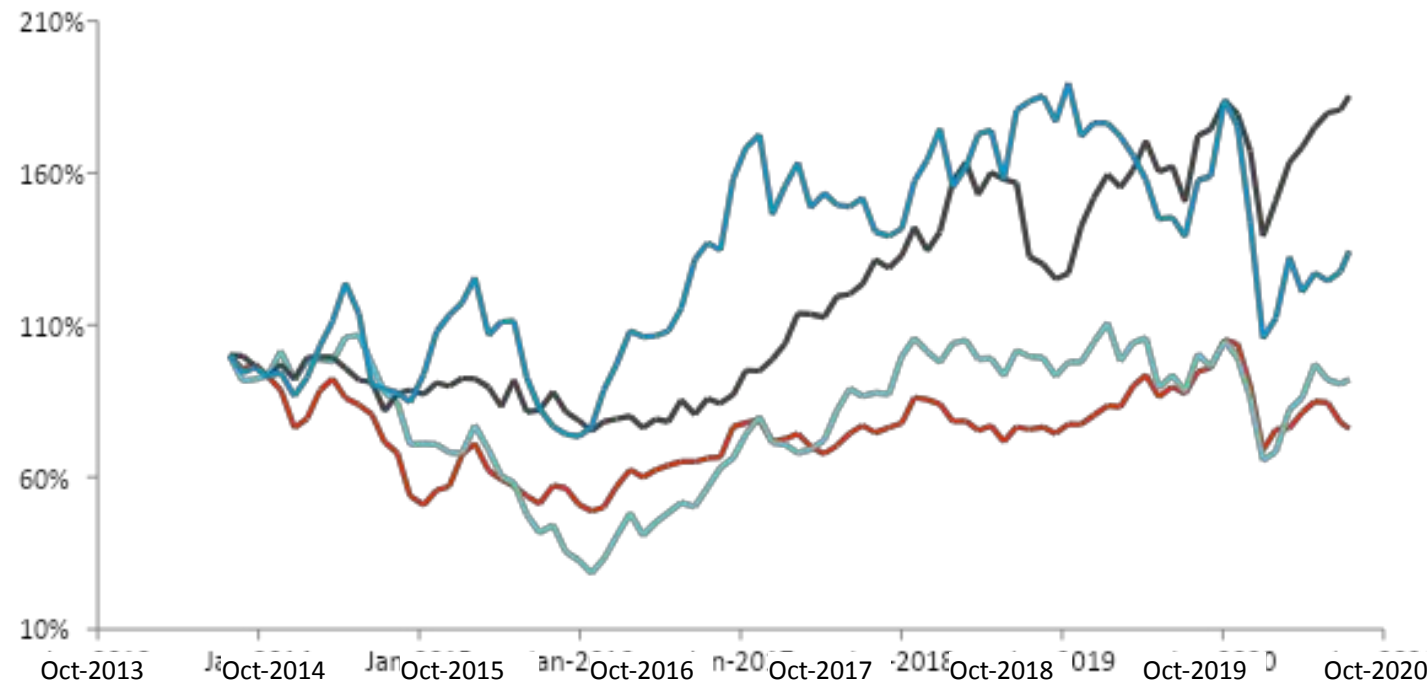
# Investment case

- **3. A company with best in class operational standards and a focus on best manufacturing practices**
  - A culture of continuous improvement
  - Highly motivated workforce
  - Digital strategy to attain operational excellence and safety
  - Large-scale improvements in operational efficiency
  - An experienced management team, world-class experts
- **Industry leadership in profitability and free cash flow generation**
  - Average profitability of about 50%, 2x higher than the industry average
  - A robust free cash flow generation through the cycle, cash returned to shareholders
- **4. a transparent financial policy and industry highest credit ratings**
  - 0.4X net debt / EBITDA in 2020
  - Investment-grade ratings from all the key rating agencies
  - TOP3 the most creditworthy companies in Russia according to S&P Global Ratings
- **5. Focus on shareholder returns**
  - Leadership among global rough diamond producers as regards growth of total shareholder return since 2013
  - Up to 100% of cash flow paid as dividends semi-annually
  - Average dividend yield at 11%
- **6. Sustainable business with high-quality corporate governance practices**
  - Compliance with high corporate governance standards as a strategic priority
  - The National Corporate Governance Rating confirmed at 8 (Advanced Corporate Governance Practices) by the Russian Institute of Directors in 2020
  - Adherence to sustainability principles and international standards of corporate social responsibility: ALROSA features in the ratings of MSCI ESG, Sustainalytics, CDP, S&P Global CSA, FTSE4Good and WWF Russia, and contributes towards the United Nations Sustainable Development Goals

# Investment case

- 5. Focus on shareholder returns

## Accumulated total shareholder return in USD post IPO in 2013, %



+85.3%	Luxury segment <sup>1</sup>
+34.3%	ALROSA
(7.9)%	Mining companies, including other rough diamond producers <sup>2</sup>
(24.1)%	MICEX Index

Source: Bloomberg as of 15 October 2020.

1. Luxury goods manufacturers: LVMH, Hermès, Richemont, Kering, Swatch, Prada, Tiffany, Tapestry, Burberry, Ralph Lauren, Capri, Moncler, Tod's.

2. Mining companies, including other rough diamond producers: Anglo American, Rio Tinto, BHP, Glencore, Vale, Gem Diamonds, Petra Diamonds, Lucara Diamond, Firestone Diamonds, Mountain Province Diamonds, Stornoway Diamonds.

All indices are weighted by daily capitalisation.