



# 4Q & FY2018 FINANCIAL RESULTS

FEBRUARY 2019



# 4Q AND FY 2018 KEY HIGHLIGHTS

## 4Q 2018 HIGHLIGHTS

- Total gold output declined by 7% q-o-q to 640 koz.
- The Company sold a total of 644 koz of gold, down 8% q-o-q.
- Revenue totaled \$774 mln, down 7% q-o-q, reflecting seasonally lower sales from alluvials and lower flotation concentrate sales volumes.
- TCC decreased 4% q-o-q to \$331/oz.
- AISC increased 14% q-o-q, to \$634/oz, due to higher sustaining capital expenditures and SG&A.
- Adj. EBITDA amounted to \$484 mln, down 10% q-o-q, on the back of the lower gold sales volumes. Adjusted EBITDA margin stood at 63%.
- Capital expenditures totaled \$189 mln, a 29% increase on 3Q 2018, reflecting higher capex across most of the business units.

## FY 2018 HIGHLIGHTS

- Total gold output increased 13% y-o-y to 2,440 koz, exceeding the guidance of 2,375-2,425 koz.
- Gold sales volumes were 2,333 koz, up 8% y-o-y.
- Revenue totaled \$2,915 mln, up 7% y-o-y.
- TCC declined by 4% y-o-y to \$348/oz, below the initial guidance of less than \$425 per ounce, which was revised to below \$400/oz for 2018.
- Adjusted EBITDA increased 10% y-o-y, to \$1,865 mln. Adjusted EBITDA margin stood at 64%.
- Capex decreased 8% y-o-y to \$736 mln vs the guidance of \$850 mln.
- Cash and cash equivalents as at 31 December 2018 were \$896 mln, compared to \$1,204 mln as at 31 December 2017.
- Net debt increased to \$3,086 mln, compared to \$3,077 mln as at the end of 2017 (\$3,029 mln as at the end of 3Q 2018).

## DIVIDEND UPDATE

- The Company's Board of Directors intends to recommend a dividend for 2H 2018 in the total amount of \$296 mln. Based on the current number of shares (excluding treasury stock) dividend per share is expected to be \$2.2 per ordinary share.
- Polyus's current dividend policy suggests the total dividend payout in respect of 2018 as the higher of 30% of the Company's EBITDA for the year or \$550 million.
- The total dividend payout for FY 2018 will expectedly correspond to \$560 mln (including \$264 mln paid out in form of dividend for 1H 2018), which is above the minimum \$550 million level.
- The dividend record date is expected to be in May 2019.

# 2018 & 2019 GUIDANCE OVERVIEW

## GUIDANCE FOR 2018

	GUIDANCE	ACTUAL
GOLD PRODUCTION, MOZ	2.375-2.425	2.44
TCC, \$/OZ <sup>1</sup>	BELOW 425 BELOW 400	348
CAPEX, \$MLN <sup>1</sup>	850	736

## GUIDANCE FOR 2019

	INITIAL GUIDANCE	REVISED GUIDANCE
GOLD PRODUCTION, MOZ	CA. 2.8	CA. 2.8
TCC, \$/OZ <sup>1</sup>	BELOW 450	BELOW 425
CAPEX, \$MLN <sup>1</sup>	650	725





# 1. FINANCIAL RESULTS

# FINANCIAL RESULTS

## 4Q AND FY 2018 FINANCIAL HIGHLIGHTS

### KEY HIGHLIGHTS

	4Q 2018	3Q 2018	Q-O-Q	4Q 2017	Y-O-Y	2018	2017	Y-O-Y
Gold production (doré) (koz)	585	699	-16%	555	5%	2,450	2,162	13%
Gold production (refined) (koz)	640	691	(8%)	580	10%	2,440	2,160	13%
Average realised refined gold price excl. SPPP (\$/oz)	1,229	1,209	2%	1,275	(4%)	1,263	1,260	0%
Average realised refined gold price incl. SPPP (\$/oz)	1,232	1,213	2%	1,275	(3%)	1,265	1,271	0%
Total cash cost (TCC) (\$/oz)	331	345	(4%)	324	2%	348	364	(4%)
All-in sustaining cash cost (AISC) (\$/oz)	634	554	14%	662	(4%)	605	614	(1%)
Total revenue (\$mln)	774	832	(7%)	743	4%	2,915	2,721	7%
Adjusted EBITDA (\$mln)	484	537	(10%)	465	4%	1,865	1,702	10%
Adjusted EBITDA margin (%)	63%	65%	(2) ppts	63%	0 ppts	64%	63%	1 ppts
Adjusted net profit (\$mln)	291	355	(18%)	242	20%	1,326	1,015	31%
Net cash generated from operations (\$mln)	404	423	(4%)	344	17%	1,464	1,292	13%
Capital expenditure (\$mln)	189	146	29%	279	(32%)	736	804	(8%)
Free cash flow (\$mln) <sup>1</sup>	206	231	(11%)	181	14%	672	610	10%

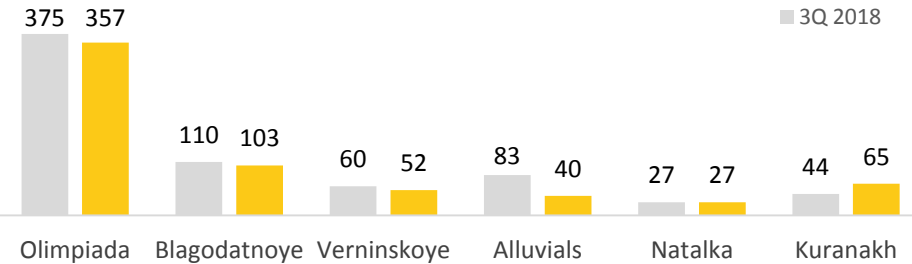
### FINANCIAL POSITION

	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017
Net debt, \$mln	3,086	3,029	3,208	3,079	3,077
Net debt/adjusted EBITDA, x	1.7	1.6	1.8	1.8	1.8
RUB/USD rate	66.48	65.53	61.80	56.88	58.41

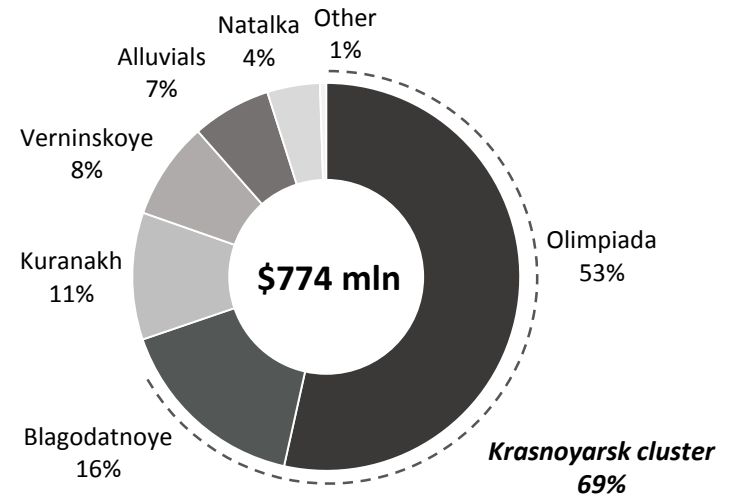
# FINANCIAL RESULTS

## 4Q 2018 REVENUE ANALYSIS

SALES BY MINE DYNAMICS, KOZ



REVENUE BREAKDOWN BY MINE, 4Q 2018, %

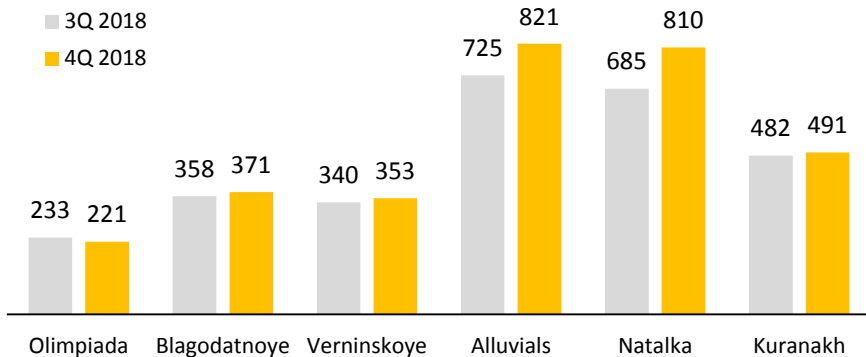


- The group's revenue in 4Q 2018 amounted to \$774 mln, a 7% decrease compared to 3Q 2018. Gold sales totaled 644 koz, down 8% from the previous quarter.
  - This decline was mainly due to a seasonal decrease in sales from the alluvial operations and lower flotation concentrate sales volumes from Olimpiada.
- In 2018, revenue totaled \$2,915 mln, compared to \$2,721 mln in 2017, driven by increased sales volumes (including flotation concentrate).

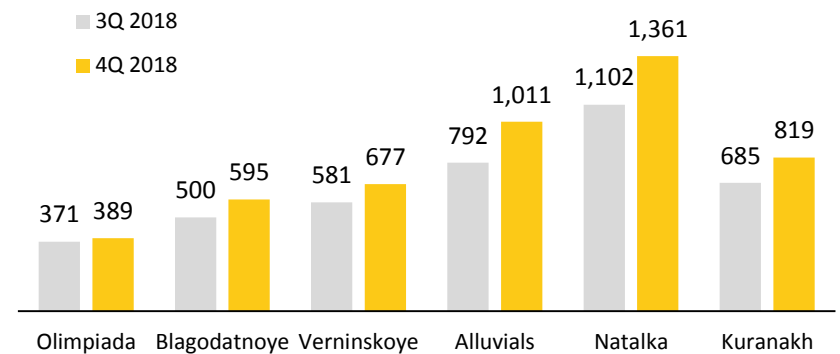
# FINANCIAL RESULTS

## TCC & AISC PERFORMANCE

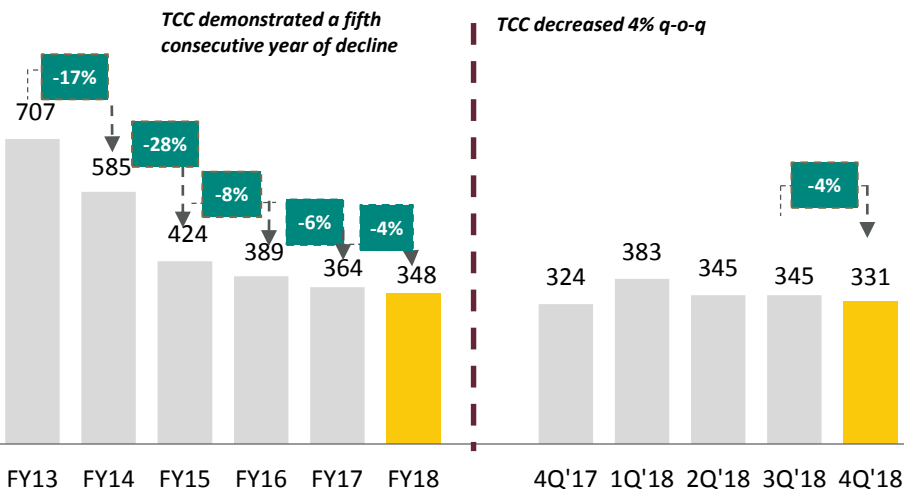
### TCC DYNAMICS BY MINES, \$/OZ



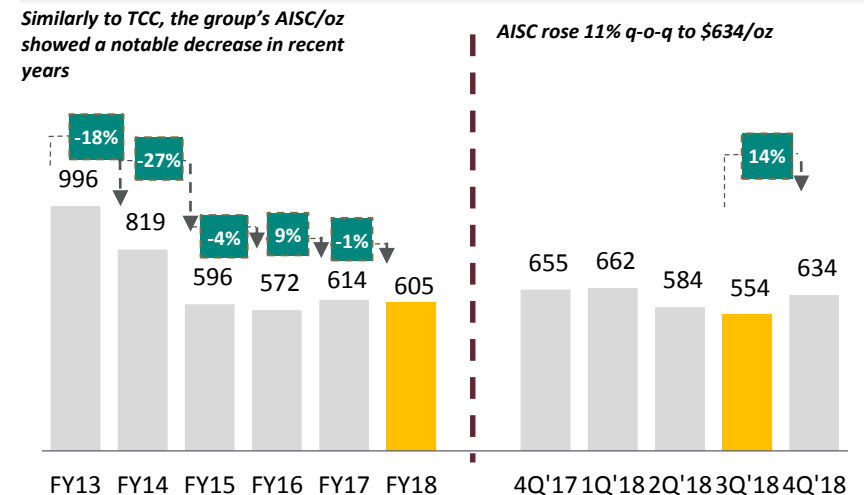
### AISC DYNAMICS BY MINES, \$/OZ



### TCC DYNAMICS IN 2013 - 2018, \$/OZ



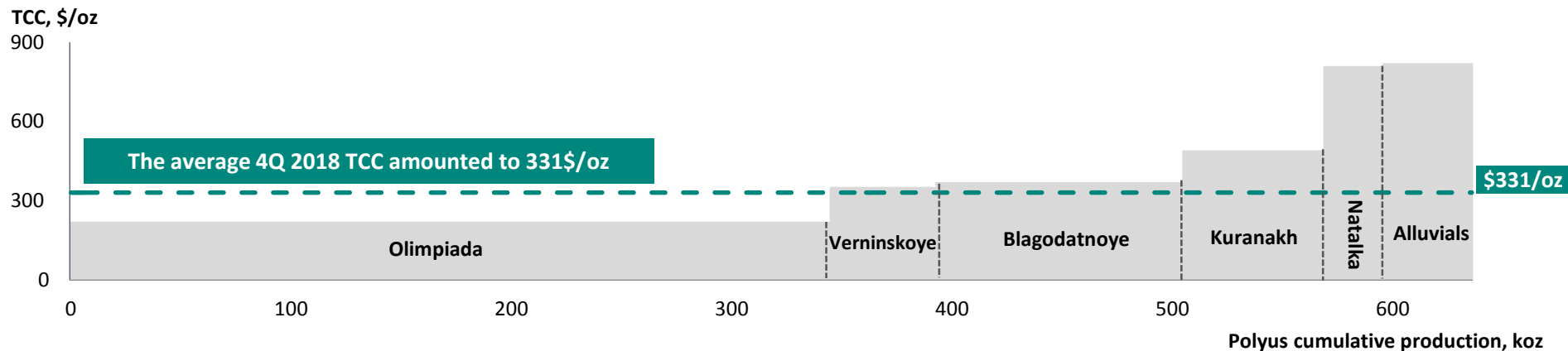
### AISC DYNAMICS IN 2013 - 2018, \$/OZ



# FINANCIAL RESULTS

## POLYUS TCC CURVE

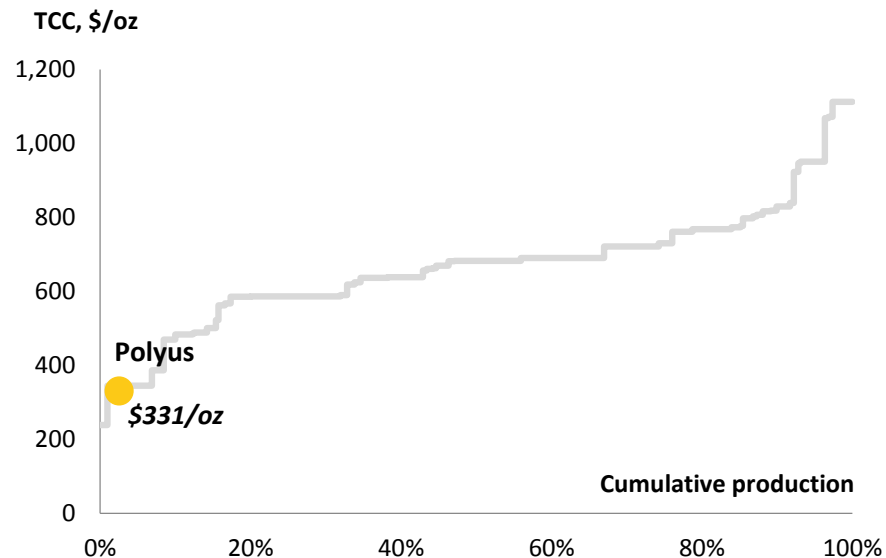
POLYUS TCC CURVE IN 4Q 2018



### HIGHLIGHTS

- 4Q 2018 TCC declined by 4% q-o-q to \$331/oz.
- The improvement was partially attributable to a seasonal decrease in output at the structurally higher cost alluvial operations.
- TCC at Olimpiada totaled \$221/oz, which accounts for by-product credit from sales of antimony-rich flotation concentrate of \$56/oz.
- At Blagodatnoye, TCC amounted to \$371/oz, up 4% q-o-q, mainly due to scheduled repair works.
- At Nataalka, TCC increased 18% q-o-q to \$810/oz primarily due to repair works at the ball mill and scheduled maintenance works at the end of 2018.

### GLOBAL TCC CURVE<sup>1</sup>



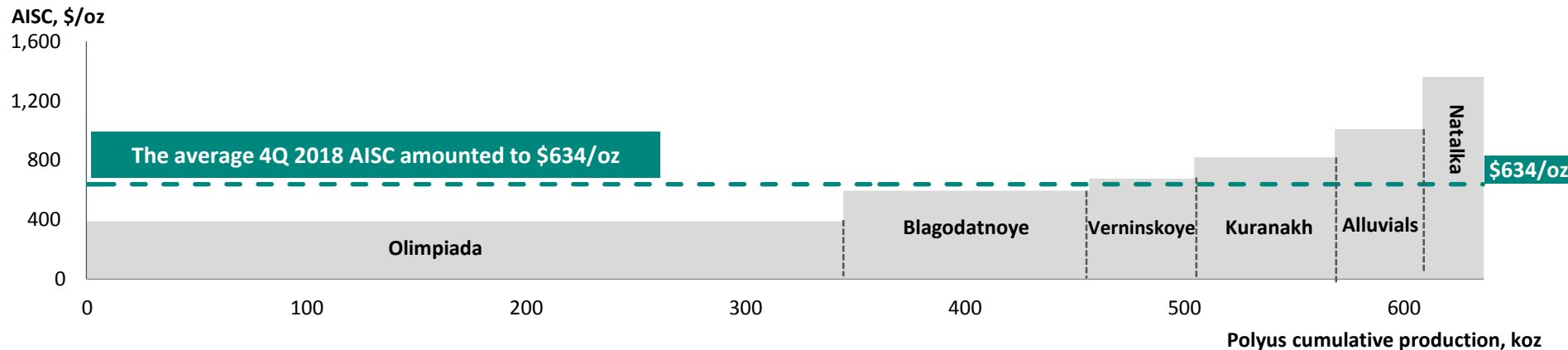
<sup>1</sup> Source: Metals Focus (estimates for 3Q 2018)



# FINANCIAL RESULTS

## POLYUS AISC CURVE

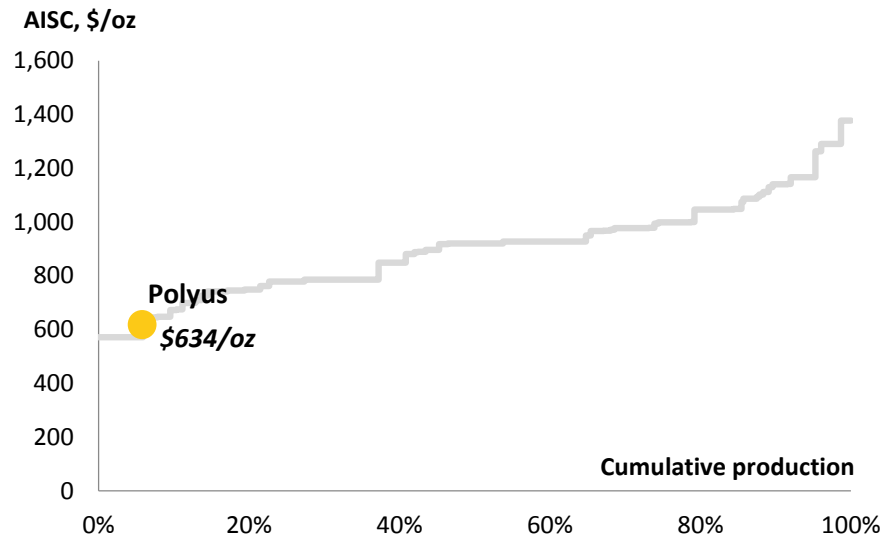
POLYUS AISC CURVE IN 4Q 2018



### HIGHLIGHTS

- 4Q 2018 AISC rose 14% q-o-q to \$634/oz, reflecting higher sustaining capital expenditures and SG&A.
- AISC at Olimpiada increased 5% q-o-q to \$389/oz, driven by higher stripping expenses and sustaining capital expenditures.
- AISC at Verninskoye increased 17% q-o-q to \$677/oz, while AISC at Kuranakh rose 20% q-o-q to \$819/oz, both in line with TCC performance and reflecting higher sustaining capital expenditures during the period.
- AISC at Nataika were \$1,361/oz due to repair works at the ball mill and scheduled maintenance works at the end of 2018.

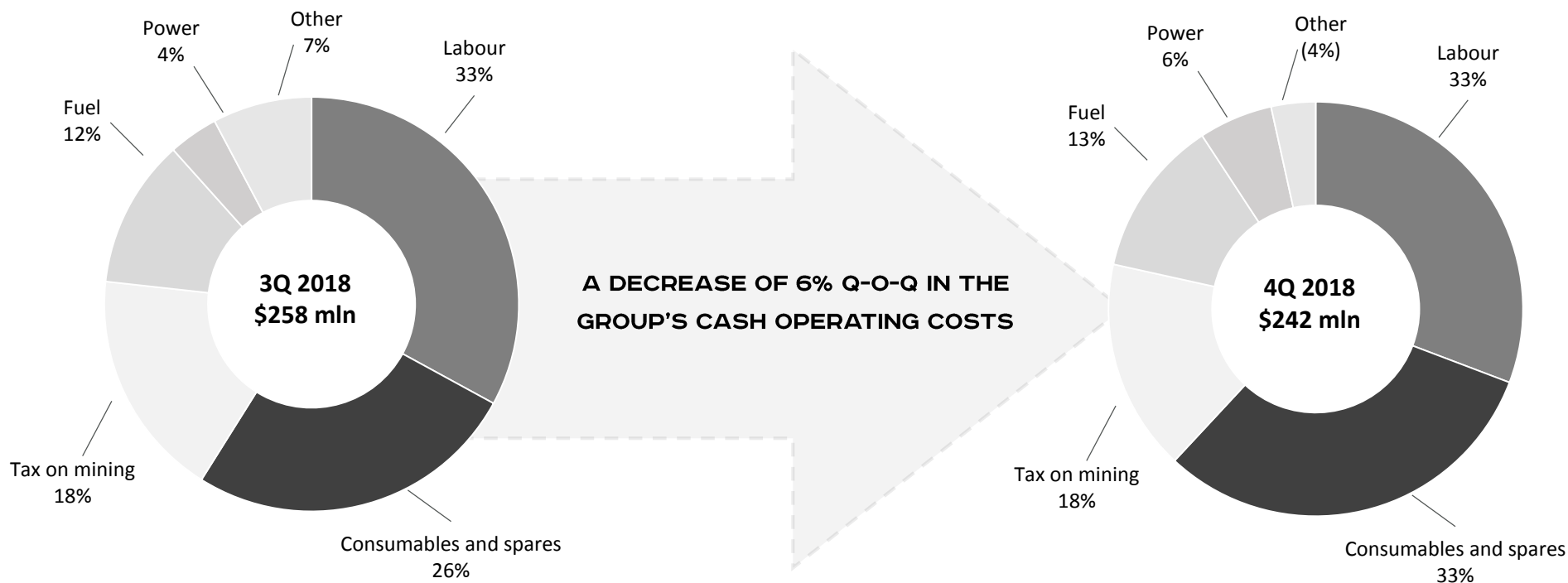
### GLOBAL AISC CURVE<sup>1</sup>



# FINANCIAL RESULTS

## CASH OPERATING COSTS

### THE GROUP'S CASH OPERATING COSTS BREAKDOWN BY ITEM, 3Q 2018 / 4Q 2018

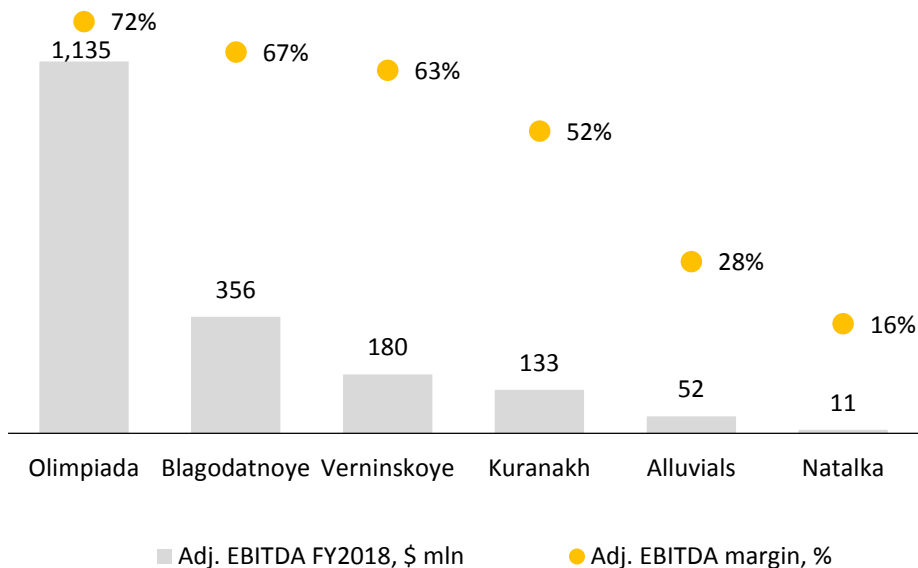


- Consumables and spares expenses rose 21% q-o-q due to scheduled maintenance works at Olimpiada and repair works at the Natalka ball mill.
- Labour costs decreased 6% compared to the previous quarter, reflecting a seasonal downscale of activities at the Alluvials operations.
- MET expenses decreased 9% due to the lower production volumes in the reporting period compared to 3Q 2018.
- Fuel costs increased 10% q-o-q due to diesel price inflation.
- A quarterly increase in the group's power costs was mainly driven by a power tariff increase at Verninskoye, Olimpiada, Blagodatnoye and Kuranakh.

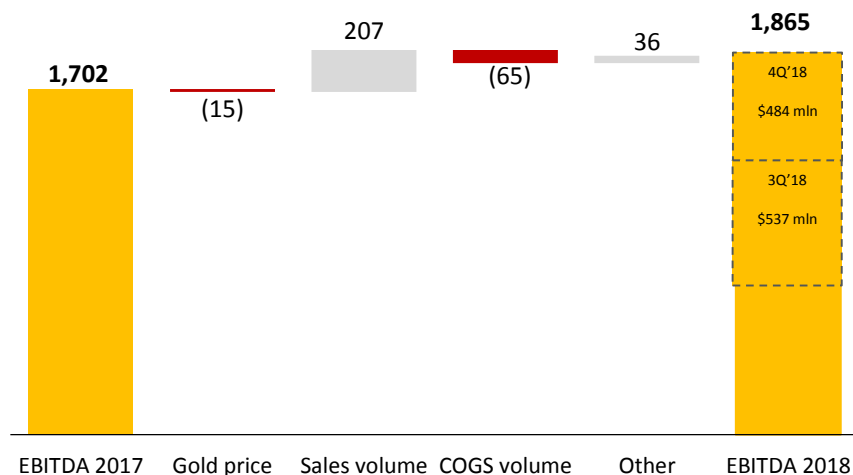
# FINANCIAL RESULTS

## ADJUSTED EBITDA PERFORMANCE

ADJ. EBITDA AND ADJ. EBITDA MARGIN, FY2018



ADJ. EBITDA BRIDGE, \$ MLN

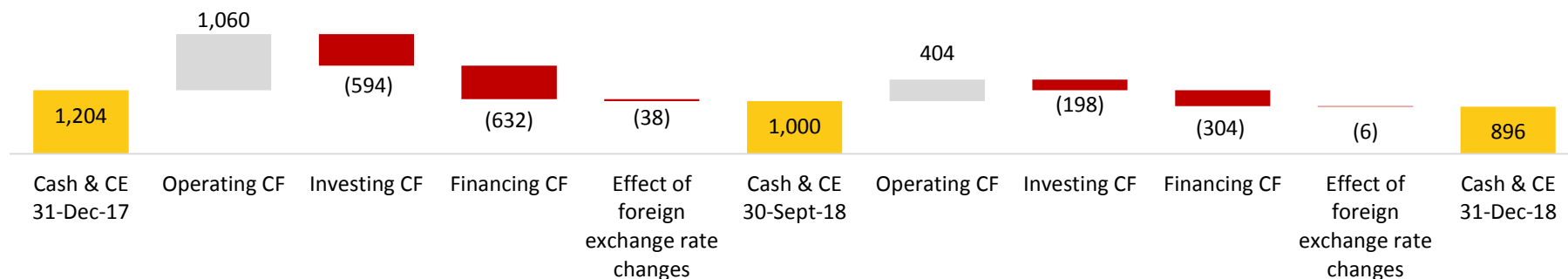


- The group's adjusted EBITDA decreased 10% q-o-q to \$484 mln. The adjusted EBITDA margin stood at 63% in 4Q 2018.
- This was predominantly a result of lower gold sales volumes in the reporting period.
- In 2018, adjusted EBITDA increased 10% y-o-y to \$1,865 mln. The improved adjusted EBITDA performance in 2018 was primarily attributable to group production growth, with higher gold output at Olimpiada, the ramp-up of operations at Natalka and a strong operational performance at Verninskoye and Kuranakh.

# FINANCIAL RESULTS

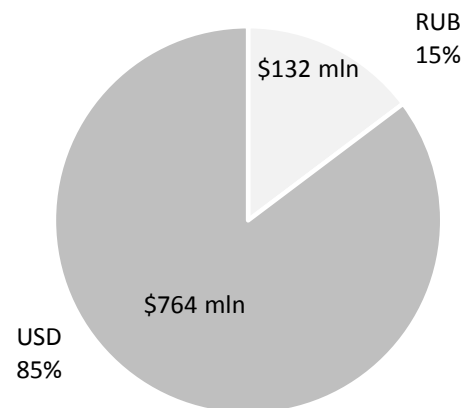
## CASH FLOW DYNAMICS

### 2018 CASH FLOW BRIDGE, \$ MLN



- In 4Q 2018, cash flow from operations decreased to \$404 mln, compared to \$423 mln in 3Q 2018, due to lower sales volumes in the reporting period.
- Cash outflow on investing activities increased to \$198 mln compared to \$192 mln in the previous quarter.
- Net financing cash outflow totaled \$304 mln, reflecting the dividend payments for 1H 2018 in the amount of \$264 mln.
- The group's cash and cash equivalents and bank deposits totaled \$896 mln, down 10% compared with the end of 3Q 2018.

### CASH & CASH EQUIVALENTS BREAKDOWN BY CURRENCY

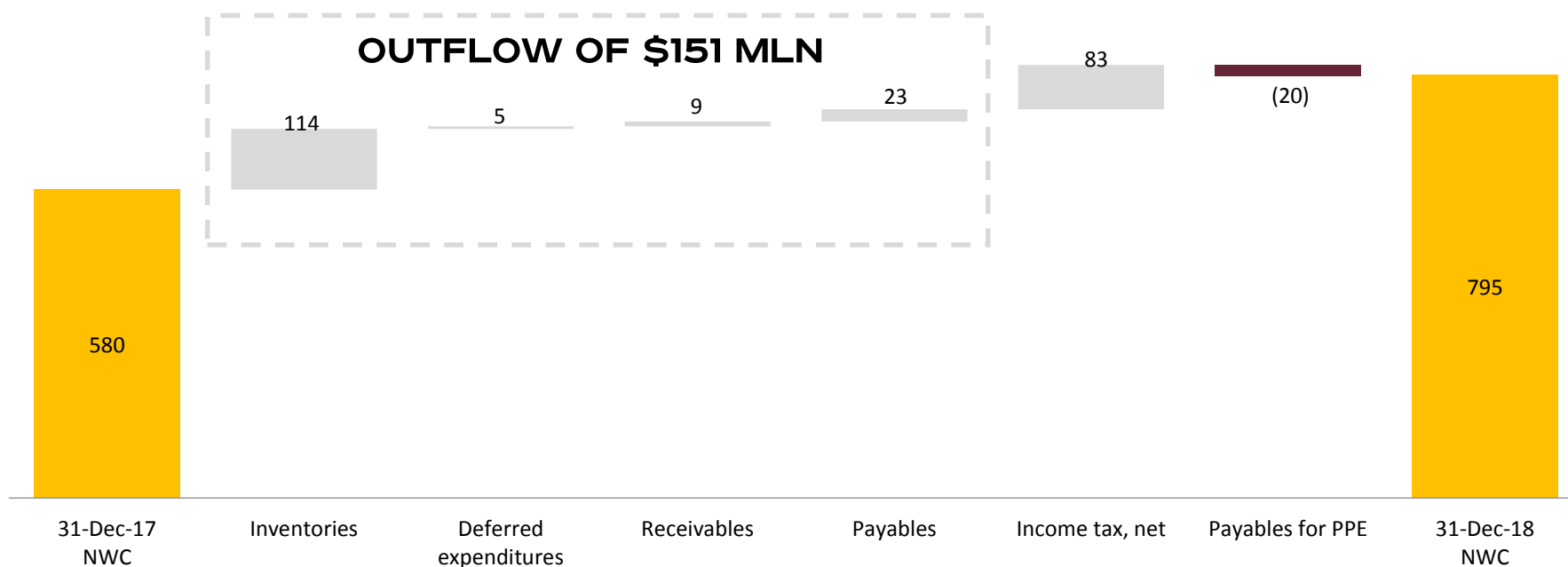


*The group's cash position is primarily denominated in USD*

# FINANCIAL RESULTS

## NET WORKING CAPITAL DYNAMICS

2018 NET WORKING CAPITAL BRIDGE, \$MLN



- The group registered \$3 mln of working capital inflow in 4Q 2018. This figure primarily reflects a decrease in trade receivables related to sales of antimony-rich flotation concentrate. This was partially offset by the decrease in payables related to fuel and consumables procurement at Olimpiada, Blagodatnoye and Verninskoye.
- In 2018, Polyus registered a working capital outflow of \$151 mln, mainly driven by an inventory accumulation of ore stockpiles across hard rock deposits, growth of antimony-rich flotation concentrate inventories and receivables and also an increase in consumables and spares stocks at Olimpiada, Blagodatnoye and Natalka.



# FINANCIAL RESULTS

## CAPEX ANALYSIS

### CAPEX BREAKDOWN, \$ MLN

\$ million	4Q 2018	3Q 2018	Q-o-Q	2018	2017	Y-o-Y
<b>Natalka, including</b>						
<i>Purchase of equipment</i>	42	36	17%	169	226	(25%)
<i>Capitalisation of borrowing costs</i>	-	7	(100%)	54	93	(42%)
<i>Operating costs</i>	-	-	N.A.	25	59	(58%)
Net proceeds from selling gold produced during the ramp-up period	-	(3)	(100%)	(20)	-	N.A.
<b>Natalka, total</b>	<b>42</b>	<b>40</b>	<b>5%</b>	<b>228</b>	<b>378</b>	<b>(40%)</b>
Olimpiada	36	46	(22%)	182	177	3%
Blagodatnoe	14	6	N.A.	71	49	45%
Verninskoye	15	11	36%	45	39	15%
Alluvials	6	4	50%	24	26	(8%)
Kuranakh	24	10	N.A.	57	65	(12%)
Sukhoi Log	8	6	33%	23	6	N.A.
Other	44	23	91%	106	64	66%
<b>CAPEX</b>	<b>189</b>	<b>146</b>	<b>29%</b>	<b>736</b>	<b>804</b>	<b>(8%)</b>
Omchak electricity transmitting line	9	10	(10%)	36	69	(48%)
Items capitalised, net	52	28	86%	95	25	N.A.
Change in working capital for purchase property, plant and equipment	(13)	14	N.A.	(17)	(67)	(75%)
<b>Purchase of PP&amp;E</b>	<b>237</b>	<b>198</b>	<b>20%</b>	<b>850</b>	<b>831</b>	<b>2%</b>

- Capital expenditures at Natalka, the group's main development project, rose 5% q-o-q to \$42 mln.
  - Further development of the Mill's auxiliary and infrastructure facilities were in progress. This included earthworks for the main tailing storage facility, assay lab construction and tanks installation at the fuel warehouse.
- Capex at Olimpiada decreased 22% q-o-q to \$36 mln as large-capacity dump trucks for the Vostochny pit were delivered on site in 3Q 2018.
- Capital expenditures at Kuranakh increased to \$24 mln due to procurement of equipment and fixed asset components required for replacement of worn-out equipment.
- Other capex reflects expenses related to IT projects, exploration business unit and construction of Razdolinskaya-Taiga, Peleduy-Mamakan grid lines.

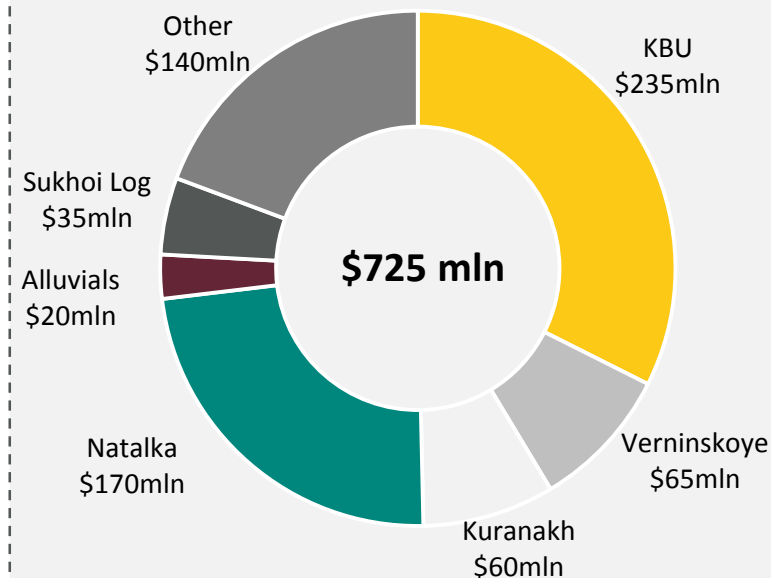
# FINANCIAL RESULTS

## INVESTMENT PROGRAM IN 2019

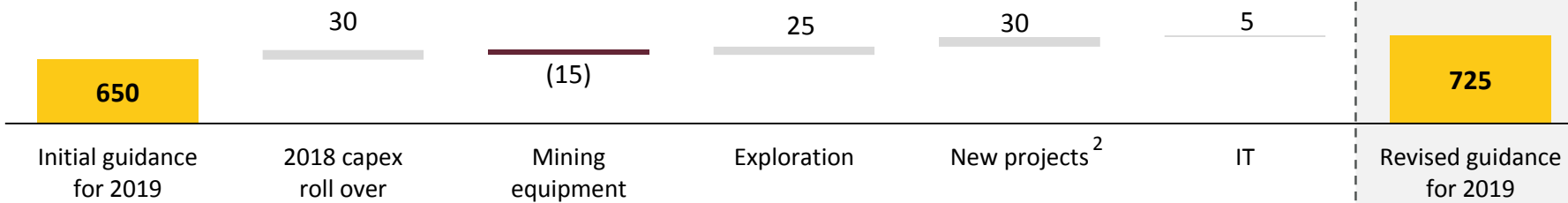
### POLYUS REVISED 2019 CAPEX GUIDANCE DUE TO:

- Capex roll over from 2018, related to a recalibration of brownfield projects
- Delayed construction of some infrastructure projects at Nataka
- Additional spending on new mid-sized projects (in PFS and FS stages) and efficiency improvement initiatives
- Higher exploration expenditures at the core assets
- Higher spending on the IT infrastructure and automation (incl. ERP)

### 2019 GUIDANCE CAPEX BREAKDOWN, \$MLN



### 2019 CAPITAL EXPENDITURES GUIDANCE RECONCILIATION (\$ MLN)



<sup>1</sup> At RUB/USD fx rate 60

<sup>2</sup> Mid-sized projects in pre-feasibility & feasibility stages and set of smaller efficiency improvement projects

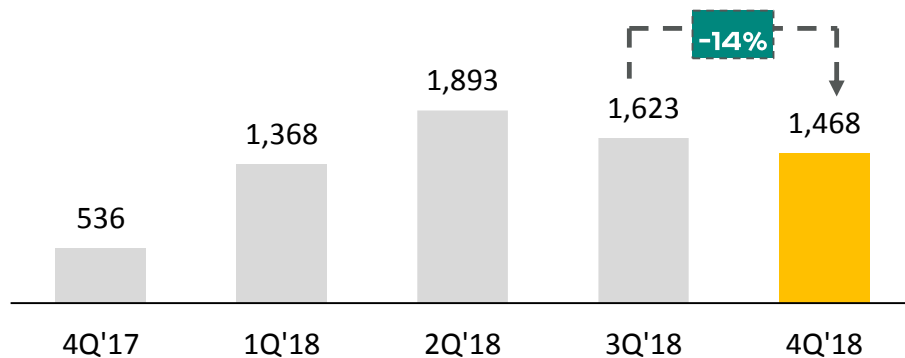
# FINANCIAL RESULTS

## NATALKA UPDATE



- Nataka is now operating at a design flowsheet following the completion of repair works at the ball mill and scheduled maintenance works at the end of 2018.
- The Nataka Mill is running at annualised name-plate throughput capacity of 10 mt.
- The Mill's recovery rate is gradually increasing to meet the design parameter level, reflecting the introduction of higher head grades into the ore processing operations.
- All processing circuits, including crushing, milling, gravity separation, intensive cyanidation, CIL, electrowinning and smelting are now running in line with the design.
- In 2019, Polyus will proceed with the development of auxiliary infrastructure at Nataka, as well as construction of the Ust-Omchug/Omchak power transmission line.

### PROCESSING VOLUMES



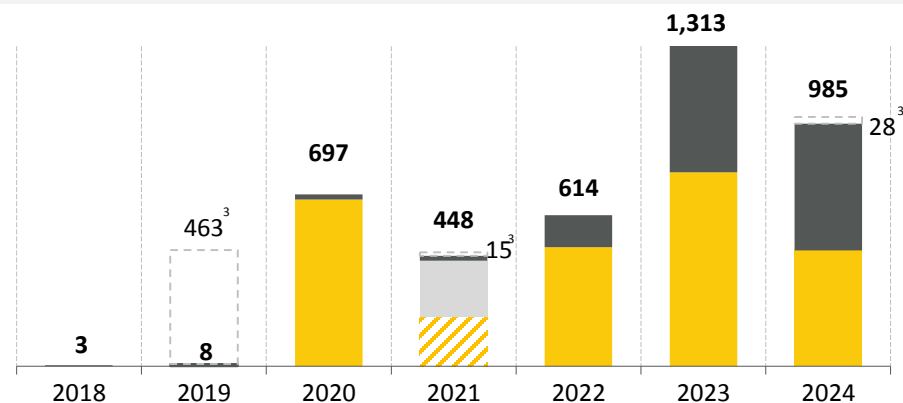
- A 10% decrease in ore processed volumes was attributable to repair works at the ball mill and scheduled maintenance works in 4Q 2018.

# FINANCIAL RESULTS

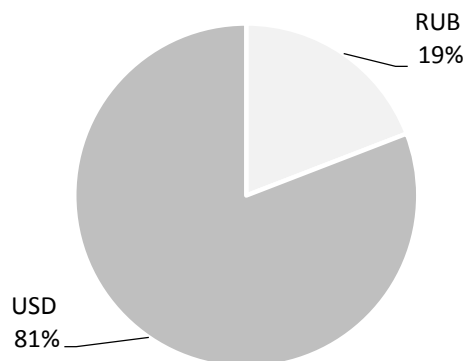
## DEBT BOOK MANAGEMENT

- In 4Q 2018, Polyus attracted a new credit line facility with ING in a total amount of \$75 mln due in 2024. The funds under the new facility were drawn down in January 2019.
- The Company plans to repay the principal amount and liabilities under cross-currency swaps in the amount of ca. \$1.0 bln in April 2019, utilizing a credit facility with Sberbank in a total amount of RUB 65 bln due in 2024.
- The current portion of derivative liabilities amounts to \$500 mln and will be included into the net debt calculation post the repayment of the respective amount (subject to foreign exchange rate fluctuation) in April 2019.

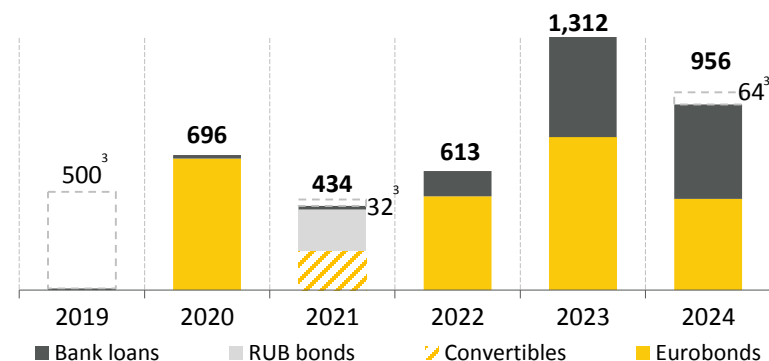
MATURITY SCHEDULE AS OF 30 SEPTEMBER 2018, \$ MLN



DEBT BREAKDOWN BY CURRENCY<sup>1</sup>



MATURITY SCHEDULE AS OF 31 DECEMBER 2018, \$ MLN<sup>2</sup>



□ Cross currency swaps

■ Bank loans

■ RUB bonds

▨ Convertibles

■ Eurobonds

<sup>1</sup>The debt breakdown is shown before cross currency SWAPs. Effectively almost all of the debt is swapped into USD

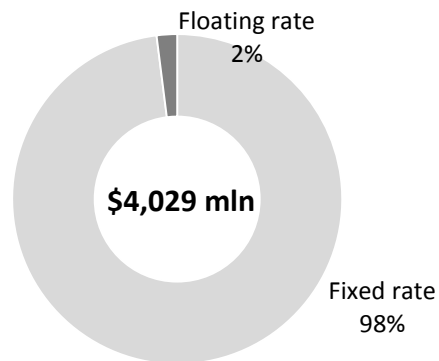
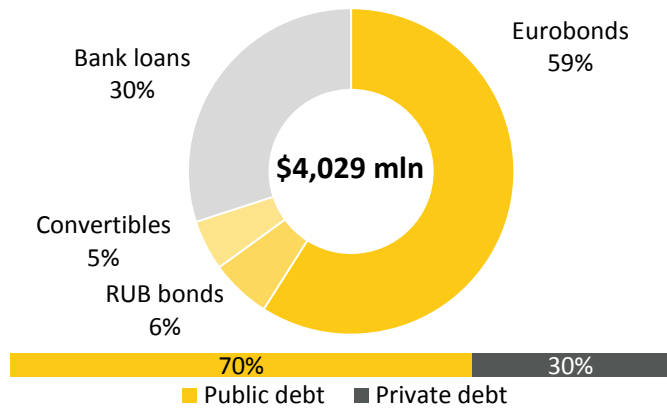
<sup>2</sup>The breakdown is based on actual maturities and excludes \$39 million of banking commissions and deduction of conversion option component of convertible bonds.

<sup>3</sup>Payments under cross currency swaps, including interest gain and exchange of notional amount as at 30 September 2018 and 31 December 2018.

# FINANCIAL RESULTS

## MANAGING COST AND STRUCTURE

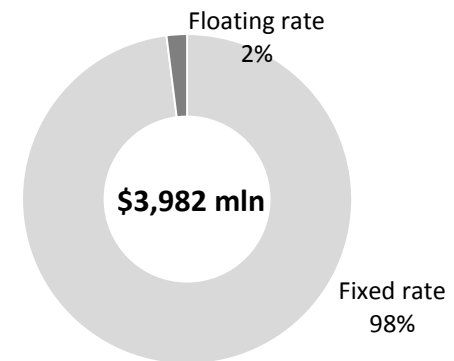
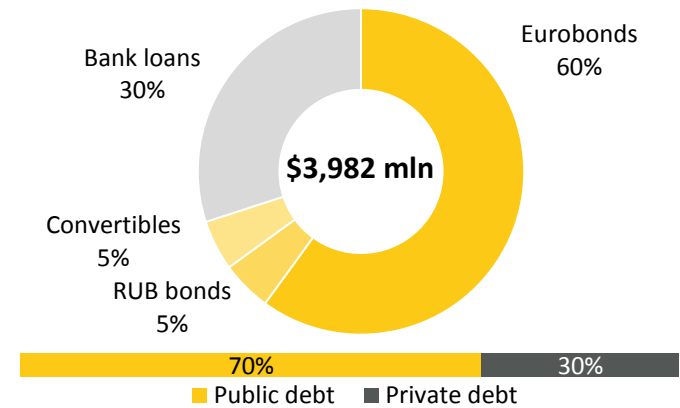
As of 30 Sep 2018<sup>1</sup>



**4.8%**

**AVERAGE INTEREST RATE**

As of 31 Dec 2018<sup>2</sup>



**4.8%**

<sup>1</sup>The debt breakdown does not include liabilities under cross currency swaps related to RUB-denominated bank credit facilities and rouble bonds, in a total amount of \$507 million as at 30 September 2018.

<sup>2</sup>The debt breakdown does not include liabilities under cross currency swaps related to RUB-denominated bank credit facilities and rouble bonds, in a total amount of \$591 million as at 31 December 2018.

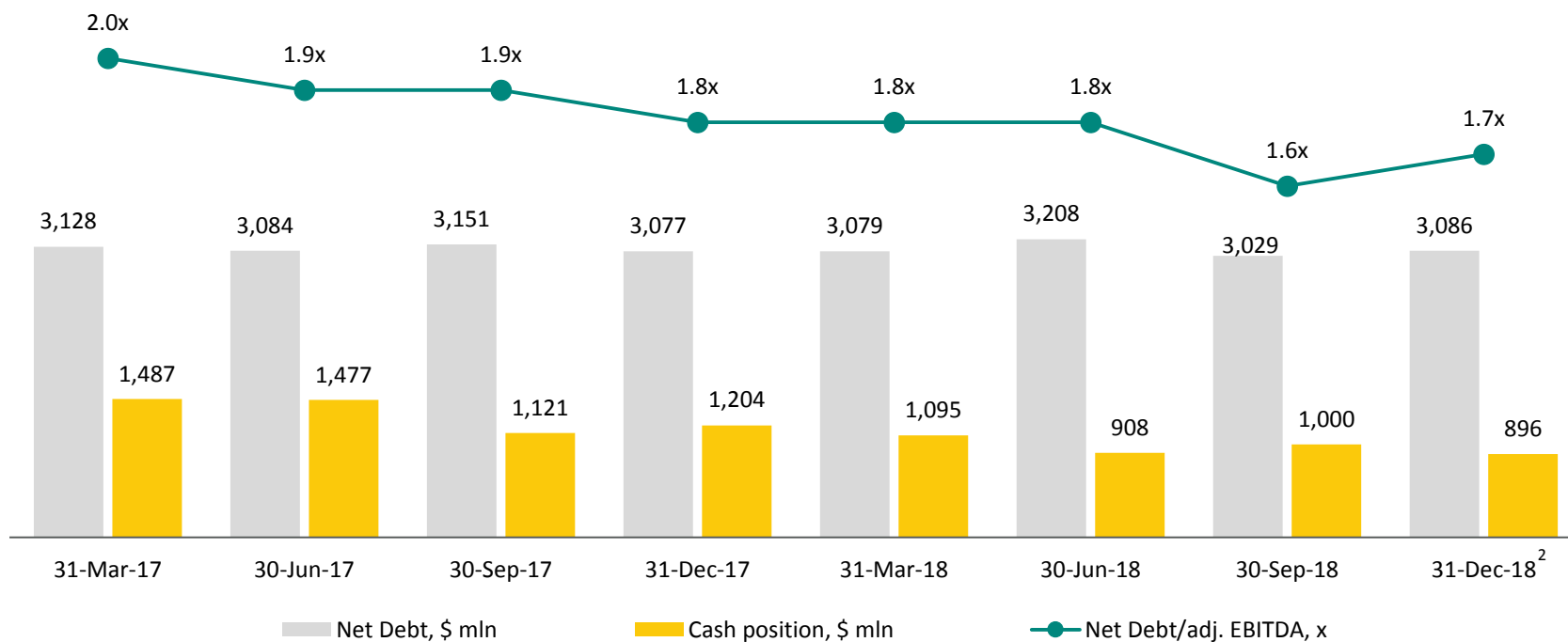


# FINANCIAL RESULTS

## NET DEBT POSITION

- At the end of 4Q 2018, the group's net debt stood at \$3,086 mln, up 2% compared to the end of 3Q 2018.
- The net debt/adjusted EBITDA<sup>1</sup> ratio as at 31 December 2018 stood at the level of 1.7x.

### NET DEBT & CASH EVOLUTION OF PJSC POLYUS



<sup>1</sup>The net debt/adjusted EBITDA ratio of PJSC Polyus for the last 12 months

<sup>2</sup> The debt breakdown does not include liabilities under cross currency swaps related to RUB-denominated bank credit facilities and rouble bonds, in a total amount of \$591 million as at 31 December 2018.



## **2. OPERATIONAL PERFORMANCE**

# OPERATIONAL PERFORMANCE

## 4Q AND FY 2018 HIGHLIGHTS

- Total gold output increased 13% y-o-y to 2,440 koz (including 256 koz of gold contained in concentrate). This growth was driven by higher gold output at Olimpiada, the ramp-up of operations at Natalka and strong performance at Verninskoye and Kuranakh.
- Doré volumes totalled 2,450 thousand ounces, up 13% y-o-y.
- Ore processed volumes increased 33% y-o-y to 38,025 kt.
- Volumes of antimony contained in flotation concentrate totalled 23.6 kt.

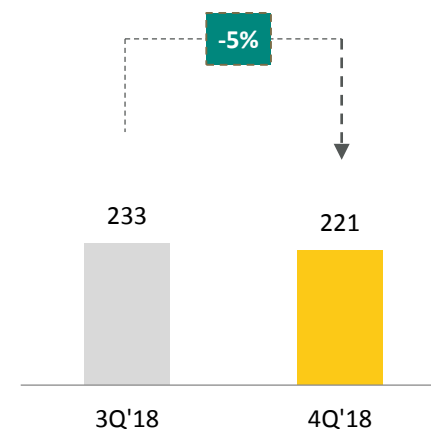
	4Q'18	3Q'18	Q-o-Q	2Q'18	1Q'18	4Q'17	Y-o-Y	2018	2017	Y-o-Y
Olimpiada	293.3	283.0	4%	276.0	213.1	297.9	-2%	1,065.4	1,007.3	6%
Blagodatnoye	112.3	110.1	2%	102.0	91.4	126.7	-11%	415.8	456.7	-9%
Verninskoye	51.7	59.7	-13%	53.3	58.6	45.6	13%	223.3	205.7	9%
Alluvials	40.3	83.7	-52%	23.7	-	29.8	35%	147.7	145.7	1%
Kuranakh	64.4	43.9	47%	44.1	46.5	48.4	33%	198.9	171.5	16%
Natalka	27.0	43.4	-38%	39.8	22.5	3.3	n.m.	132.7	3.3	n.m.
<b>Refined gold, koz</b>	<b>589.0</b>	<b>623.8</b>	<b>-6%</b>	<b>538.9</b>	<b>432.1</b>	<b>551.7</b>	<b>7%</b>	<b>2,183.8</b>	<b>1,990.2</b>	<b>10%</b>
Flotation concentrate production, t	21,112	31,768	-34%	27,826	35,760	13,620	55%	116,466	84,962	37%
Antimony in flotation concentrate, t	3,534	6,408	-45%	6,219	7,441	-	n.a.	23,602	-	n.a.
<b>Gold in flotation concentrate, koz</b>	<b>51.4</b>	<b>67.4</b>	<b>-24%</b>	<b>63.1</b>	<b>74.4</b>	<b>28.1</b>	<b>83%</b>	<b>256.3</b>	<b>170.0</b>	<b>51%</b>
Gold payable in concentrate, koz	38.1	49.8	-23%	46.7	55.1	19.7	93%	189.7	119.0	59%
<b>Total gold output, koz</b>	<b>640.4</b>	<b>691.2</b>	<b>-7%</b>	<b>602.0</b>	<b>506.5</b>	<b>579.8</b>	<b>10%</b>	<b>2,440.1</b>	<b>2,160.2</b>	<b>13%</b>
Rock moved, kt	80,949	79,757	1%	72,808	67,134	63,256	28%	300,648	224,423	34%
Stripping ratio, t/t	5.7	5.3	8%	6.8	6.6	5.3	8%	6.0	4.9	22%
Ore mined, kt	12,030	12,673	-5%	9,317	8,821	10,065	20%	42,841	37,810	13%
Ore processed, kt	9,279	10,382	-11%	9,872	8,492	7,809	19%	38,025	28,663	33%
Recovery rate, %	80.6%	80.6%	0.0ppts	80.6%	81.5%	82.7%	-2.1 ppts	80.8%	83.4%	-2.6ppts
Total doré & slime gold output, koz	584.8	698.8	-16%	627.6	538.8	554.7	5%	2,450.0	2,161.9	13%

# OPERATIONAL PERFORMANCE

## OLIMPIADA

	4Q'18	3Q'18	Q-o-Q	4Q'17	Y-o-Y	2018	2017	Y-o-Y
Rock moved, kt	35,176	33,234	6%	24,108	46%	126,608	76,067	66%
<i>incl. stripping, kt</i>	30,019	27,349	10%	20,960	43%	108,449	63,883	70%
Stripping ratio, t/t	5.8	4.6	26%	6.7	-13%	6.0	5.2	15%
<b>Ore mined, kt</b>	<b>5,158</b>	<b>5,884</b>	<b>-12%</b>	<b>3,149</b>	64%	<b>18,160</b>	<b>12,184</b>	<b>49%</b>
Average grade in ore mined, g/t	3.67	3.48	5%	3.90	-6%	3.71	4.08	-9%
<b>Ore processed, kt</b>	<b>3,410</b>	<b>3,365</b>	<b>1%</b>	<b>3,140</b>	9%	<b>13,267</b>	<b>12,442</b>	<b>7%</b>
Average grade in ore processed, g/t	4.01	4.12	-3%	3.94	2%	4.10	3.80	8%
Recovery, %	78.8%	79.2%	-0.4 ppts	80.2%	-1.4 ppts	79.3%	80.7%	-1.4ppts
<b>Doré gold (incl. gold in concentrate), koz</b>	<b>320.0</b>	<b>346.7</b>	<b>-8%</b>	<b>307.1</b>	<b>4%</b>	<b>1,325.3</b>	<b>1,176.6</b>	<b>13%</b>
<b>Refined gold output, koz</b>	<b>293.3</b>	<b>283.0</b>	<b>4%</b>	<b>297.9</b>	<b>-2%</b>	<b>1,065.4</b>	<b>1,007.3</b>	<b>6%</b>
Flotation concentrate production, t	21,112	31,768	-34%	13,620	55%	116,466	84,962	37%
Antimony in flotation concentrate, t	3,534	6,408	-45%	-	n.a.	23,602	-	n.a.
<b>Gold contained in concentrate, koz</b>	<b>51.4</b>	<b>67.4</b>	<b>-24%</b>	<b>28.1</b>	<b>83%</b>	<b>256.3</b>	<b>170.0</b>	<b>51%</b>
<b>Total gold output, koz</b>	<b>344.7</b>	<b>350.4</b>	<b>-2%</b>	<b>326.0</b>	<b>6%</b>	<b>1,321.7</b>	<b>1,177.3</b>	<b>12%</b>

TCC 3Q'18 - 4Q'18, \$/OZ



### HIGHLIGHTS

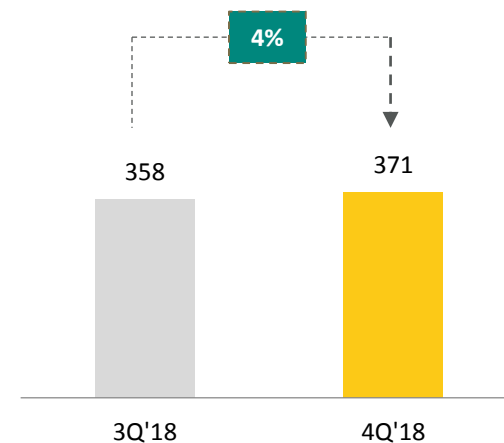
- Doré gold output in 4Q 2018 stood at 320 koz, down 8% q-o-q, mainly driven by lower recoveries and grades in ore processed.
- Total gold output (refined and concentrate) declined by 2% q-o-q to 345 koz.
- On a year on year basis, doré gold output and total gold output rose 4% and 6%, respectively, while refined gold production was down 2%.

# OPERATIONAL PERFORMANCE

## BLAGODATNOYE

	4Q'18	3Q'18	Q-o-Q	4Q'17	Y-o-Y	2018	2017	Y-o-Y
Total rock moved, kt	18,151	20,231	-10%	20,392	-11%	77,407	75,859	2%
<i>including stripping, kt</i>	16,178	18,719	-14%	16,823	-4%	70,236	63,026	11%
Stripping ratio, t/t	8.2	12.4	-34%	4.7	74%	9.8	4.9	100%
<b>Ore mined, kt</b>	<b>1,972</b>	<b>1,512</b>	<b>30%</b>	<b>3,569</b>	<b>-45%</b>	<b>7,170</b>	<b>12,833</b>	<b>-44%</b>
Average grade in ore mined, g/t	1.56	1.54	1%	1.90	-18%	1.60	1.94	-18%
<b>Ore processed, kt</b>	<b>2,135</b>	<b>2,349</b>	<b>-9%</b>	<b>2,199</b>	<b>-3%</b>	<b>8,719</b>	<b>8,161</b>	<b>7%</b>
Average grade in ore processed, g/t	1.76	1.66	6%	2.06	-15%	1.70	1.99	-15%
Recovery, %	87.7%	87.7%	0.0ppts	87.7%	0.0ppts	87.5%	87.8%	-0.3ppts
<b>Doré gold, koz</b>	<b>104.5</b>	<b>111.1</b>	<b>-6%</b>	<b>125.7</b>	<b>-17%</b>	<b>417.3</b>	<b>457.6</b>	<b>-9%</b>
<b>Refined gold output, koz</b>	<b>112.3</b>	<b>110.1</b>	<b>2%</b>	<b>126.7</b>	<b>-11%</b>	<b>415.8</b>	<b>456.7</b>	<b>-9%</b>

### TCC 3Q'18 - 4Q'18, \$/OZ



### HIGHLIGHTS

- Doré gold output in 4Q 2018 was 105 koz, down 6% q-o-q, mainly reflecting lower processing volumes.
- 4Q 2018 refined gold output amounted to 112 koz, up 2% on the previous reporting period.
- 4Q 2018 doré gold output decreased 17% y-o-y primarily mainly due to lower grades in ore processed.

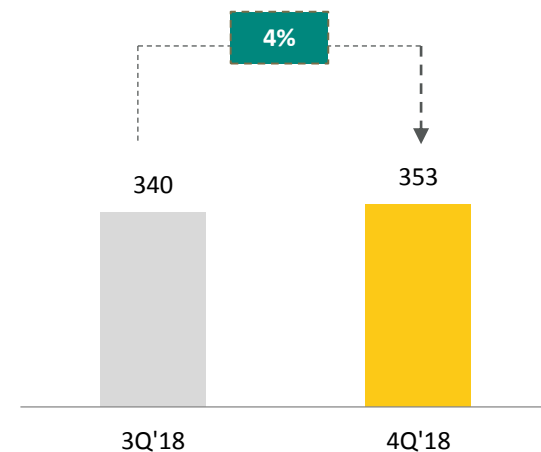


# OPERATIONAL PERFORMANCE

## VERNINSKOYE

	4Q'18	3Q'18	Q-o-Q	4Q'17	Y-o-Y	2018	2017	Y-o-Y
Total rock moved, kt	4,174	4,726	-12%	4,504	-7%	19,341	18,378	5%
<i>including stripping, kt</i>	3,525	3,971	-11%	3,522	0%	16,352	14,631	12%
Stripping ratio, t/t	5.4	5.3	2%	3.6	50%	5.5	3.9	41%
<b>Ore mined, kt</b>	<b>649</b>	<b>755</b>	<b>-14%</b>	<b>982</b>	<b>-34%</b>	<b>2,990</b>	<b>3,747</b>	<b>-20%</b>
Average grade in ore mined, g/t	2.70	2.60	4%	2.06	31%	2.63	2.18	21%
<b>Ore processed, kt</b>	<b>792</b>	<b>712</b>	<b>11%</b>	<b>760</b>	<b>4%</b>	<b>2,979</b>	<b>2,789</b>	<b>7%</b>
Average grade in ore processed, g/t	2.63	2.64	0%	2.57	2%	2.63	2.60	1%
Recovery, %	89.6%	89.5%	0.1ppts	88.8%	0.8ppts	89.5%	88.5%	1.0ppts
<b>Doré gold, koz</b>	<b>60.0</b>	<b>54.2</b>	<b>11%</b>	<b>55.8</b>	<b>8%</b>	<b>225.8</b>	<b>206.6</b>	<b>9%</b>
<b>Refined gold output, koz</b>	<b>51.7</b>	<b>59.7</b>	<b>-13%</b>	<b>45.6</b>	<b>13%</b>	<b>223.3</b>	<b>205.7</b>	<b>9%</b>

TCC 3Q'18 - 4Q'18, \$/OZ



### HIGHLIGHTS

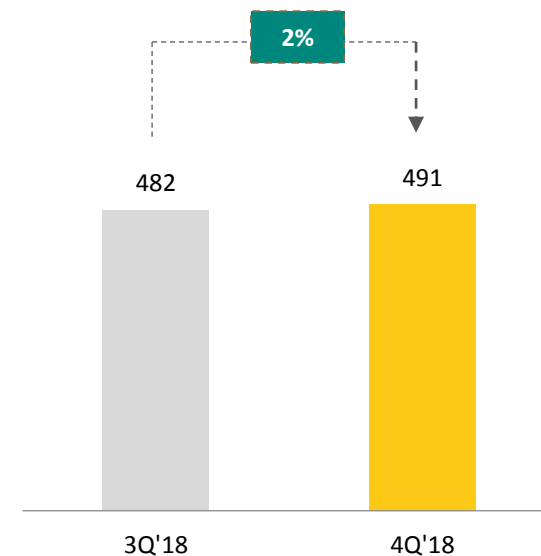
- Doré gold output was 60 koz, up 11% q-o-q, due to higher processing volumes.
- Refined gold output amounted to 52 koz, down 13% q-o-q, reflecting changes in gold in inventory at the refinery.
- 4Q 2018 doré gold output increased 8% y-o-y.

# OPERATIONAL PERFORMANCE

## KURANAKH

	4Q'18	3Q'18	Q-o-Q	4Q'17	Y-o-Y	2018	2017	Y-o-Y
Total rock moved, kt	7,739	8,477	-9%	7,795	-1%	31,948	31,951	0%
<i>including stripping, kt</i>	6,051	5,955	2%	6,371	-5%	24,116	25,974	-7%
Stripping ratio, t/t	3.6	2.4	50%	4.5	-20%	3.1	4.3	-28%
<b>Ore mined, kt</b>	<b>1,688</b>	<b>2,522</b>	<b>-33%</b>	<b>1,424</b>	<b>19%</b>	<b>7,833</b>	<b>5,977</b>	<b>31%</b>
Average grade in ore mined, g/t	1.13	0.97	16%	1.25	-10%	1.07	1.18	-9%
<b>Total ore processed, kt</b>	<b>1,475</b>	<b>2,333</b>	<b>-37%</b>	<b>1,176</b>	<b>25%</b>	<b>6,709</b>	<b>4,701</b>	<b>43%</b>
<b>Mill</b>								
Ore processed, kt	1,329	1,303	2%	1,176	13%	5,195	4,647	12%
Average grade in ore processed, g/t	1.22	1.22	0%	1.32	-8%	1.23	1.30	-5%
Recovery, %	88.7%	88.9%	-0.2ppts	88.6%	0.1ppts	88.7%	88.5%	0.2ppts
Doré gold, koz	45.5	45.6	0%	45.4	0%	181.5	171.8	6%
<b>Heap-leach</b>								
Ore processed, kt	146	1,030	-86%	-	n.a.	1,514	54	n.m.
Average grade in ore processed, g/t	0.73	0.75	-3%	-	n.a.	0.75	0.75	0%
Recovery, %	72.2%	72.3%	-0.1ppts	-	n.a.	72.3%	-	n.a.
Doré gold, koz	6.5	9.2	-29%	0.6	n.m.	18.2	0.6	n.m.
<b>Total doré gold, koz</b>	<b>51.9</b>	<b>54.8</b>	<b>-5%</b>	<b>46.0</b>	<b>13%</b>	<b>199.6</b>	<b>172.4</b>	<b>16%</b>
<b>Refined gold output, koz</b>	<b>64.4</b>	<b>43.9</b>	<b>47%</b>	<b>48.4</b>	<b>33%</b>	<b>198.9</b>	<b>171.5</b>	<b>16%</b>

TCC 3Q'18 - 4Q'18, \$/OZ



### HIGHLIGHTS

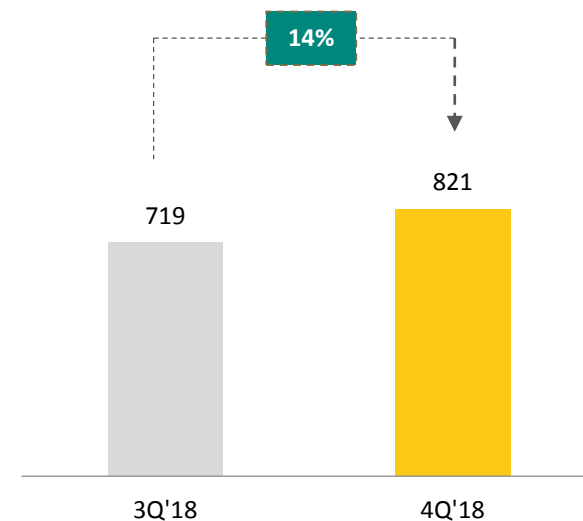
- Doré gold output in 4Q 2018 amounted to 52 koz, down 5% q-o-q, due to lower volumes of ore processed at heap leaching facilities.
- On a year on year basis, doré gold output increased 13%.
- Refined gold output amounted to 64 koz, up 47% q-o-q, reflecting changes in gold in inventory at the refinery.

# OPERATIONAL PERFORMANCE

## ALLUVIALS

	4Q'18	3Q'18	Q-o-Q	4Q'17	Y-o-Y	2018	2017	Y-o-Y
Sands washed, 000 m <sup>3</sup>	1,258	4,457	-72%	1,092	15%	7,689	8,342	-8%
Average grade, g/m <sup>3</sup>	0.69	0.60	15%	0.53	30%	0.60	0.54	11%
Gold in slime, koz	28.0	86.3	-68%	18.4	52%	147.7	145.5	2%
Refined gold output, koz	40.3	83.7	-52%	29.8	35%	147.7	145.7	1%

TCC 3Q'18 - 4Q'18, \$/OZ



### HIGHLIGHTS

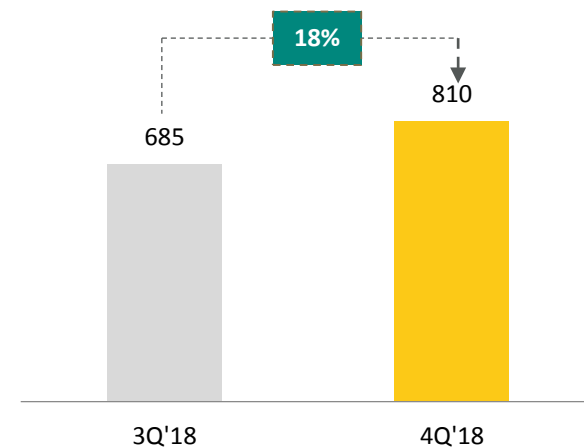
- Due to the seasonality of placer operations, gold in slime production declined to 28 koz, down 68% q-o-q.
- Refined gold output totalled 40 koz, down 52% q-o-q.

# OPERATIONAL PERFORMANCE

## NATALKA

	4Q'18	3Q'18	Q-o-Q	4Q'17	Y-o-Y	2018	2017	Y-o-Y
Total rock moved, kt	15,707	13,088	20%	6,458	143%	45,297	21,766	108%
<i>including stripping, kt</i>	13,144	11,090	19%	5,517	138%	38,637	18,828	105%
Stripping ratio, t/t	5.1	5.5	-7%	5.9	-14%	5.8	6.4	-9%
<b>Ore mined, kt</b>	<b>2,564</b>	<b>1,998</b>	<b>28%</b>	<b>942</b>	<b>172%</b>	<b>6,661</b>	<b>2,938</b>	<b>127%</b>
Average grade in ore mined, g/t	1.07	1.05	2%	0.96	11%	1.03	0.96	7%
<b>Ore processed, kt</b>	<b>1,468</b>	<b>1,623</b>	<b>-10%</b>	<b>536</b>	<b>174%</b>	<b>6,352</b>	<b>570</b>	<b>n.m.</b>
Average grade in ore processed, g/t	0.90	1.32	-32%	0.56	61%	1.10	0.61	80%
Recovery, %	55.1%	65.1%	-10.0ppts	37.9%	17.2ppts	62.9%	42.7%	20.2ppts
<b>Doré gold, koz</b>	<b>20.4</b>	<b>45.8</b>	<b>-55%</b>	<b>1.7</b>	<b>n.m.</b>	<b>134.3</b>	<b>3.2</b>	<b>n.m.</b>
<b>Refined gold output, koz</b>	<b>27.0</b>	<b>43.4</b>	<b>-38%</b>	<b>3.3</b>	<b>n.m.</b>	<b>132.7</b>	<b>3.3</b>	<b>n.m.</b>

TCC 3Q'18 - 4Q'18, \$/OZ



### HIGHLIGHTS

- Doré gold output in 4Q 2018 decreased 55% q-o-q to 20 koz reflecting the ball mill breakdown.
- Refined gold output declined by 38% q-o-q to 27 koz.

### **3. APPENDIX**



# APPENDIX

## BALANCE SHEET HIGHLIGHTS

\$mln	31-Dec-2017	31-Dec-2018
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,005	3,720
Derivative financial instruments and investments	38	6
Inventories	300	277
Deferred tax assets	60	120
Other receivables	97	60
Other non-current assets	58	82
	<b>4,558</b>	<b>4,265</b>
<b>Current assets</b>		
Derivative financial instruments and investments	-	1
Inventories	435	557
Deferred expenditure	14	14
Trade and other receivables	101	94
Advances paid to suppliers and prepaid expenses	21	30
Taxes receivable	114	166
Cash and cash equivalents	1,204	896
	<b>1,889</b>	<b>1,758</b>
<b>Total assets</b>	<b>6,447</b>	<b>6,023</b>



# APPENDIX

## BALANCE SHEET HIGHLIGHTS (CONT.)

\$mln	31-Dec-2017	31-Dec-2018
<b>Equity and liabilities</b>		
<b>Capital and reserves</b>		
Share capital	5	5
Additional paid-in capital	1,948	1,949
Treasury shares	(89)	(67)
Other reserves	(2)	-
Translation reserve	(2,723)	(2,824)
Retained earnings	1,425	1,300
<b>Equity attributable to shareholders of the Company</b>	<b>564</b>	<b>363</b>
Non-controlling interests	92	87
	<b>656</b>	<b>450</b>
<b>Non-current liabilities</b>		
Borrowings	4,269	3,975
Derivative financial instruments	448	118
Deferred revenue	132	117
Deferred consideration	216	168
Deferred tax liabilities	217	207
Site restoration, decommissioning and environmental obligations	47	40
Other non-current liabilities	45	29
	<b>5,374</b>	<b>4,654</b>
<b>Current liabilities</b>		
Borrowings	12	7
Deferred consideration	-	510
Derivative financial instruments	-	57
Trade and other payables	318	289
Taxes payable	87	56
	<b>417</b>	<b>919</b>
<b>Total liabilities</b>	<b>5,791</b>	<b>5,573</b>
<b>Total equity and liabilities</b>	<b>6,447</b>	<b>6,023</b>

# APPENDIX

## PROFIT AND LOSS STATEMENT HIGHLIGHTS

\$mln	2017	2018
Gold sales	2,684	2,876
Other sales	37	39
<b>Total revenue</b>	<b>2,721</b>	<b>2,915</b>
Cost of gold sales	(969)	(1,035)
Cost of other sales	(31)	(29)
<b>Gross profit</b>	<b>1,721</b>	<b>1,851</b>
Selling, general and administrative expenses	(211)	(236)
Impairment loss	(19)	(54)
Other expenses, net	(36)	(37)
<b>Operating profit</b>	<b>1,455</b>	<b>1,524</b>
Finance costs, net	(200)	(201)
Interest income	28	26
(Loss) / gain on investments and revaluation of derivative financial instruments, net	118	(281)
Foreign exchange (loss) / gain, net	130	(517)
<b>Profit before income tax</b>	<b>1,531</b>	<b>551</b>
Income tax expense	(290)	(77)
<b>Profit for the period</b>	<b>1,241</b>	<b>474</b>
Profit for the period attributable to:		
Shareholders of the Company	1,240	456
Non-controlling interests	1	18
	<b>1,241</b>	<b>474</b>

# APPENDIX

## CASH FLOW HIGHLIGHTS

	2017	2018
<b>Operating activities</b>		
<b>Profit before income tax</b>	<b>1,531</b>	<b>551</b>
Adjustments for:		
Finance costs, net	200	201
Interest income	(28)	(26)
Impairment loss	19	54
Loss / (gain) on investments and revaluation of derivative financial instruments, net	(118)	281
Depreciation and amortisation	178	236
Foreign exchange loss/ (gain), net	(130)	517
Other	4	10
	<b>1,656</b>	<b>1,824</b>
Movements in working capital		
Inventories	(64)	(114)
Deferred expenditure	(4)	(5)
Trade and other receivables	(28)	4
Advances paid to suppliers and prepaid expenses	(7)	(12)
Taxes receivable	(18)	(1)
Trade and other payables and accrued expenses	6	4
Taxes payable	17	(27)
Other	(2)	-
<b>Cash flows from operations</b>	<b>1,556</b>	<b>1,673</b>
Income tax paid	(264)	(209)
<b>Net cash generated from operating activities</b>	<b>1,292</b>	<b>1,464</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment (excluding payments for the Sukhoi Log deposit and construction of the Omchak high-voltage power grid)	(762)	(814)
Payments for the Sukhoi Log deposit	(36)	-
Payments for the Omchak high voltage power grid	(69)	(36)
Proceeds from government grants	53	13
Interest received	33	26
Proceeds from disposal of electricity transmission grids	63	15
Proceeds from disposal of joint venture	100	-
Other	-	4
<b>Net cash utilised in investing activities</b>	<b>(618)</b>	<b>(792)</b>
<b>Financing activities</b>		
Proceeds from borrowings	800	1,125
Repayment of borrowings	(1,577)	(1,249)
Interest paid	(291)	(253)
Commissions on borrowings paid	(11)	(17)
Net proceeds on exchange of interest payments under interest rate swaps	2	2
Net proceeds on exchange of interest payments under cross currency rate swaps	40	34
Dividends paid to shareholders of the Company	(574)	(569)
Dividends paid to non-controlling interests	(7)	(4)
Repayments of principal under finance lease	(5)	(4)
Proceeds from sales and leaseback transactions	11	-
Payment for buy-back of shares	(1)	-
Proceeds from issuance of shares	400	-
Direct expenses associated with issuance of the Company's shares	(11)	-
Other	-	(1)
<b>Net cash utilised in financing activities</b>	<b>(1,224)</b>	<b>(936)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(550)</b>	<b>(264)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,740</b>	<b>1,204</b>
Effect of foreign exchange rate changes on cash and cash equivalents	14	(44)
<b>Cash and cash equivalents at end of the year</b>	<b>1,204</b>	<b>896</b>

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