Mail.Ru Group
Building a leading internet eco-system
Mail has grown revenues 10x over 10 years

28%
10 year CAGR

Source: Internal data
MRG started from email & portal and became leading social, gaming and e-commerce company in Russia

**Main milestones**

- **Email and portal launched**: 1998-2001
- **Expanded into social**: 2007
- **Expanded into gaming**: 2008
- **Expanded into O2O and e-commerce**: 2016-2018

**Current status**

- **Communications**: #1 E-mail service in RU
- **Social**: #1 social network in RU
- **Gaming**: #1 PC game in RU
- **E-commerce**: #1 restaurant food delivery service in RU

**Advanced milestones**

- Ahead of Gmail in Russia
- Ahead of Facebook, Instagram and Twitter in Russia
- Successful mobile games developer
- ... and other leading titles
- Leading mobile classified in RU
- Fastest growing ride-hailing service in RU
- Emerging cross-border e-commerce player

Source: Management estimates, public sources including Mediascope data for 0+ for web for OK
Main internet verticals in Russia are dominated by local players

Source: Management estimates, Internal data
MRG is building an ecosystem powered by ~100M users and developing partnerships to strengthen across verticals.

Source: Internal data
VK is focused on ongoing development of new functionality, which can be actively used by its major and already highly engaged audience.

- **2006**: VK Launch
- **2007**: Audio & Video platforms
- **2008**: Apps Platform, Gifts
- **2009**: Ads Platform, Games platform, International version
- **2010-11**: Blogging platform, Newsfeed, Mobile Apps
- **2012-13**: Ad Exchange, Platform for Groups
- **2014-15**: Stickers, Marketplace in Groups
- **2016**: Smart feed with Ads, Stories, VK Live, Money transfers
- **2017**: VK Music, Discover Section, Ads Network
- **2018**: Voice/Video Calls, VK Pay, VK Mini Apps Platform

Source: Internal data
VK – growth continues

VK revenue grew 4x over a 4-year period

We expect to double VK revenue over the next 3-4 years

Source: Internal data. For 2014, 2015 and 2016 revenue is presented under IAS 18 standard, for 2017 and 2018 - under IFRS 15.
VK / User engagement growth

Q1’19, YoY

+74%  Stories Viewed (to 17.7bn)

+41%  Comments Posted  
      (to 45.4m on iOS and Android)

+38%  Video Viewed  
      (to 55bn)

+53%  Messages Delivered (to 918bn, >10bn daily)

User engagement growth increases total time spent

Source: Internal data
VK is actively developing video products: stories and video have grown – 4x and 2x respectively.

Source: Internal data
VK / Users are highly engaged with communities

Number of monthly unique users communicating with communities:
22M
+37% YoY

Number of messages sent to communities monthly:
1.6B
2x YoY

Source: Internal data, March 2019
Music grew ~2x

Music subscriptions* grew ~2x YoY

* Based on aggregate numbers of VK, OK, UMA and excludes inactivated telco bundles
VK Strategy – Focus Areas

• **Content platform**
  Further development of content recommendations, stories and music products

• **VK Mini Apps**
  Launch of further products and services natively embedded into VK mobile app and desktop, base for ecommerce

• **Social commerce and SMEs**
  Development of shopping center, product distribution, integration with groups and payment products
**OK – Unique social and entertainment platform launched in 2006**

**Unique audience structure**

OK audience structure reflects overall RU population structure, and is attractive to majority of advertisers.

- OK presents: +103% YoY as of Q1-19 (to 6.5bn)
- OK stickers: +14x YoY as of Q1-19 (to 331mn)
- OK postcards: +2x YoY as of Q1-19 (to 16.3mn)

**Unique user relationships**

In OK people are showing their real life with real emotions.

OK users mostly communicate with close relatives/friends and actively express emotions.

Source: Mediascope, Desktop, Russia 0+, January 2019, % of Monthly Reach
OK video views grew 3x

- "Creative studio", a new platform for all video content creators
- The platform supports interactive mechanics such as polls, quizzes, clickable descriptions and texts which can be added to the video content
- An updated video storefront with anonymous access and search options
- A smart Videos Feed in mobile apps with an auto-play feature allows viewing video playlists either AI-generated or related to certain Channels or Groups results +10% views

**Video, #B views**

Source: Internal data
OK Strategy – 2019 Focus Areas

**Emotions exchange**
Continue to boost user engagement with new tools, fast feedback, paywall reduction

**Video platform**
New video smart technologies and showcase, “Creative studio” for video creators and professionals, first digital TV

**Games**
Community development for game, acquisition of new mobile games

Source: Internal data
# Advertising – additional upside (1/3): new models

## New models launched

<table>
<thead>
<tr>
<th>oCPM</th>
<th>Context targeting</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>launched in 2018</em></td>
<td><em>launched in 2018</em></td>
</tr>
</tbody>
</table>

## Results for MRG

- 2-3% of total ad sales
- Avg CPM growth -150%

## Plans

- Introduce for events – sell to all categories /clients

## Benchmark

- Facebook ads delivery and bidding optimization has proven to work well across a wide range of audiences and industries.
- Facebook’s revenue growth is driven mainly by ARPU: DAU in 2018 grew 10% YoY, whereas ad revenue surged 38%.
- Context advertising has set Amazon’s ad business on a path to rapid growth: from $3bn in 2016 to ~$10bn in 2018.
- According to eMarketer, Amazon is now the #3 digital ad platform in the US with a market share expected to grow from 4.1% in 2018 up to 7.0% in 2020.

## Budgets grew x2 since launch

- Based on search queries on MRG platforms (Youla, VK, OK, etc).
- 15% - CPM increase

## Adding new data sources, targetings improvement

## Further improvement of advertising technology

Source: Internal data, Peer reports
Hyperlocal targeting

Results for MRG

- SME – 27% of total VK ads sales (30% YoY)
- 3x efficiency improvement in 2018 (radius decreased), geo budgets increased by 261%

Plan for 2019

- Adding new data sources, targetings improvement
- Further improvement of advertising technology
- Continue focus on SME

Performance retail

- Budget grew 4x during 2H18
- Focus on moving offline retail trade-marketing budgets to online

- Increase demand for the technology
- Launch direct cashbacks in VK and OK

- Total trade-marketing capacity is RUB 500B in 2018
- Even small share of this market may bring billions of new revenues to MRG

Benchmark

- Facebook has ~5m advertisers, the majority of which are small and medium sized businesses

Source: Internal data, Peer reports
Advertising – additional upside (3/3): Advertising network

MRG Advertising network

9\% \hspace{1cm} \text{Share of network revenue in total ads revenue}

2\times \hspace{1cm} \text{Ad network’s revenue increase vs 2017}

+32\% \hspace{1cm} \text{Increase in number of ads network’s partners vs 2017}

- In 2019 we plan to improve quality of traffic on partner websites, according to the global standards in terms of viewability, anti-fraud, etc. that will boost revenue.

- Yandex Ad Network and Google Network account for 23\% and 17\% respectively.

Source: Internal data, Peer reports
Advertising – building omnichannel reach tools

Source: Internal data
Online games MRG focuses on global expansion

- Global games market is 80x+ times bigger than Russian
- MRG develops new and adopts existing titles for global audience
- Target is to draw 80% of gaming revenues from abroad
- Target is to double EBITDA within 4 years

$137.9B
Global games market

$1.7B
Russian games market

Source: NewZoo - 2018 review report
MRG international gaming revenue increased 1.5x vs 2017

- MRG international gaming revenue in Q1 2019 surpassed 66% of total MRG gaming revenue and >20% of MRG total group revenue

- USA, Germany and Japan are our largest non-Russian markets

Source: Internal data
Games Business 360° Strategy

**Developing**
- 72 titles launched*

**Licensing**
- 55 titles launched

**Acquiring**
- 2 studios

**Investing**
- 13 studios in portfolio

* Since 2014

Source: Internal data
Hustle Castle case study – our top-growing gaming project

- Hustle Castle became our top-earning gaming project by the end of 2018
- It has 40 million users across the globe
- 91% of players are outside Russia
- It is showing high retention and monetization indicators
- Hustle Castle had MAU of 4.7M in Mar-2019

Source: Internal data

Daily revenue record reached in Dec’18
Hustle castle case study – turning investments into EBITDA

Revenue cohorts
- Reaching marketing break-even in 4 months of cohorts living in game
- 12m revenue ~ 1.5x marketing investments

Potential
- 20% margin on a 2nd year of operations
- Forecasted growth of EBITDA in future periods due to dramatic revenue growth and accumulation of loyal core audience
- Opportunity to grow EBITDA in the moment with help of marketing optimization

Source: Internal data and estimates
MRG is developing a market leading O2O services platform with a goal to deliver superior growth

These are high growth and high frequency businesses with a potential to achieve a high margin

Delivery Club
Largest Russian online food delivery business
Revenue (RUB m)

Citymobil
Fast-growing ride-hailing service
Number of monthly rides (m)

Youla
Leading mobile location based marketplace
MAU: web + app (m)

<table>
<thead>
<tr>
<th></th>
<th>Revenue (Q1-18)</th>
<th>Revenue (Q1-19)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>423</td>
<td>881</td>
<td>+108%</td>
</tr>
</tbody>
</table>

Delivery Club’s revenue growth accelerated to above 100% in 2019

<table>
<thead>
<tr>
<th></th>
<th>Number of rides (beginning of 2018)</th>
<th>Number of rides (end of 2018)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.2</td>
<td>3.9</td>
<td>16x</td>
</tr>
</tbody>
</table>

Citymobil’s # of rides has grown 16x times since the beginning of 2018 becoming No2 player in Moscow

<table>
<thead>
<tr>
<th></th>
<th>MAU (beginning of 2017)</th>
<th>MAU (March 2019)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14</td>
<td>27</td>
<td>+93%</td>
</tr>
</tbody>
</table>

Youla became market leader in mobile classifieds just 3 years since foundation with +93% MAU growth since January 2017

Source: Internal data
Delivery Club
Russia’s Food delivery leader

- Delivery Club is a leading Russian restaurant food delivery company, which was acquired by MRG at the end of 2016
- In May 2017 MRG acquired Zaka Zaka in a goal to consolidate local food delivery aggregator market
- Own delivery was launched in early 2016 in an attempt to expand market share. Now it accounts for above 30% of orders. Courier fleet is to be used for last mile delivery of e-commerce verticals in the future
- In 2018 DC signed partnerships with 3 major QSR chains: McDonald’s, KFC and Burger King
- DC works with ~9,400 restaurants in 115 Russian cities

Delivery club is accelerating its revenue growth
YoY growth, %

<table>
<thead>
<tr>
<th></th>
<th>Q1-18</th>
<th>Q2-18</th>
<th>Q3-18</th>
<th>Q4-18</th>
<th>Q1-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Growth</td>
<td>39%</td>
<td>20%</td>
<td>37%</td>
<td>71%</td>
<td>108%</td>
</tr>
</tbody>
</table>

Source: Internal data

Partnerships with 3 major QSR chains signed

- McDonald’s
- KFC
- Burger King
Citymobil
MRG’s bet on ride-hailing market

- In 2018 the Co received investments from MRG
- Within 6 months it became #2 player in the most competitive Moscow market with the help of MRG’s strong marketing support and expertise, access to MRG Big Data, assistance from internal AI/ML team and other proprietary technologies
- Citymobil reached 24.5% share of Moscow market by December 2018 vs 14% as of 1H 2018, gaining share from all the other players
- Commission level has recently increased
- MRG owns strategic minority share in the company and does not consolidate it into own financial accounts

Source: Company internal data, Transportation Department of Moscow statistics
Citymobil is actively conquering market share in Moscow

Citymobil, number of rides, #K

16x growth

App rides | Phone rides

Jan 0.2 | Feb 0.3 | Mar 0.4 | Apr 0.5 | May 0.7 | Jun 1.1 | Jul 1.4 | Aug 1.8 | Sep 2.0 | Oct 2.4 | Nov 3.0 | Dec 3.9

Market share in Moscow

Yandex.Taxi & Uber 64% 57%
Citymobil 11% 25%
Gett 10% 9%
RuTaxi & Vezet 10% 5%
Other 6% 4%

Source: Internal data, Transportation Department of Moscow statistics
During the past 12 months Youla managed to build leading position in several general categories.

First monetization tests started at the end of 2017 and in 2018 revenue surpassed RUR 1bn with a target of around RUR 2bn in 2019.

Q1 2019 revenue was up 2.7x Y-o-Y to RUR384m.

Listings grew by 30% YoY to 33m in March.

Targeting the most active audience – women, Youla overtook Avito in some General' key categories.

Youla
Leading mobile classifieds in Russia

27M Mar’19 MAU

~2x growth over 2 years

Source: Internal data
Youla
Leading multi-vertical online-classifieds business

Competitive landscape

Focus on one vertical
- Online: Cian.ru, hh.ru, auto.ru
- Offline: Real Estate: MAJORMAJOR, Auto: KELLYancor

Multi-vertical platform
- Online: Youla, Avito

Comparison with the closest competitor

App MAU\(^1\)
- cities with population of 700k+ 4.7m 5.4m
- cities with population of 100k+ 8.6m 10.6m

App DAU\(^1\)
- cities with population of 700k+ 1.6m 1.5m
- cities with population of 100k+ 2.6m 2.8m

Listings 33m 52m

AppStore app rating 4.8 3.8

GooglePlay app rating 4.7 4.5

Source: Youla analysis as of 1Q’19.
Note: 1) Mediascope, Feb’19.
Mail.ru – email service
• #1 email service in Russia
• 103M active accounts, 700M messages sent daily

User centric approach and strategy to meet modern user requirements:
• Manage ecommerce and social networks mail flow
  • Transactional messages categorization
  • Orders grouping by order ID
• Shift from notification only to solving daily problems
  • C2C money transfer
  • Mobile phone account top up, fines payment
  • Pay button in message
• Tools to guarantee data privacy and permanent access

Pulse (beta in Jan’19)
• Recommendations feed offering personalized content based on user preferences
• 1.2M DAU

Source: Internal data
Big Data and ML
Leading solutions implemented within MRG as well as accessible for 3rd parties

**Predictive analytics solutions for business**
Sophisticated predictive models, recommendations systems, segmentation and personalization tools based on MRG Big Data and proprietary technologies

**Cloud solutions for business**
Emerging player building cloud infrastructure and data storage as well as Big Data as a service, Backup as a service and GPU-based computing in the cloud for RU market

**Data base management solution**
Proprietary in-memory Data Base management solution with performance benchmarks* beating global analogs. Originally developed for internal MRG needs (used in 60%+ MRG products)

**Face and objects recognition solution**
Technology focused on recognition of any objects, faces, scenes within photo/video stream using AI and ML as well as documents stream recognition

* Based on performance-tests and benchmarks available in public access
AER JV deal creates leading Russian e-commerce player

RDIF

Investments

13%

Shares swap 10% share in MRG

Megafon

10% share in MRG

15% Shares swap 10% share in MRG

24%

AER JV

48%

Alberta

• Aliexpress Russia
• Investments

10%

N1 e-commerce business in Russia

• Investments

• Synergies with OK/VK and MRG ecosystem

13%

24%

15%

MRG

AliExpress

Synergies with OK/VK and MRG ecosystem

Source: Public data
E-commerce experience to be integrated in the key activities inside social platforms

- **Integrate shopping experience in the social context** by involving users into engaging mechanics
- **Promote social shopping** as a lifestyle enhancing experience
- **Make influencers and communities our partners** and give them tools to engage users in shopping by content creation
- **Establish entry points 2-3 clicks from anywhere** inside the social networks
- **Make user journey as native as possible** and minimize friction in the shopping process
- **Use social data, content interaction data, user social graph and ad reaction data** to enrich user profile
- **Provide integrations for merchants** and cover all businesses on the social platforms with easy-to-use tools to increase their sales
- **Final stage of development and ongoing tests of AER mini app within VK platform**

Source: Internal data
Mail.ru Group is backed by leading internet companies

- Mail.ru is the largest internet business in Russia with c.50% of Mail.ru GDRs listed on LSE
- Blue-chip shareholder base includes Naspers, Tencent and Alibaba (in process)

Source: Public data, including public information around target AER transaction
### Mail.ru Shareholder structure

<table>
<thead>
<tr>
<th></th>
<th>NASPERS</th>
<th>МегаФон</th>
<th>Tencent</th>
<th>MFT</th>
<th>Freefloat</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
<td>27.6%</td>
<td>10%</td>
<td>7.4%</td>
<td>5.2%</td>
<td>49.8%</td>
</tr>
<tr>
<td><strong>Voting</strong></td>
<td>12.4%</td>
<td>4.5%</td>
<td>3.3%</td>
<td>58.9%</td>
<td>20.9%</td>
</tr>
</tbody>
</table>

- MF shares to move to AliBaba on closing of JV
- USM/MF votes (54%) in MFT now delegated to CEO (Russia) of Mail.Ru.

Source: Public data
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