Mail.ru Group

Building the leading internet eco-system
1. We are excited by the local Internet market opportunity:
   a) **Largest internet market in Europe**, with ~147mn people living in Russia and >75% Internet penetration for those aged 16+
   b) **Cheapest data globally**: with Russia ranked 4\textsuperscript{th} cheapest globally for mobile data, at RUB37.9/Gb vs RUB195.5 global avg and with Russia being cheapest globally in terms of pricing of unlimited data at RUB613 vs RUB2791.8 global average
   c) **Room for advertising growth**: Despite mild 2.3% GDP growth in 2018, overall advertising market expanded by 12% as remains underpenetrated, at 0.5% share of GDP vs 1% in the US or 0.6% in China and with $21 in spend per capita vs $233 in the US or $37 in China
   d) **Ongoing shift to digital advertising**: with Internet having surpassed TV for the first time in 2018 in terms of share in advertising wallet (RUB203bn vs RUB187bn) with **43% share of online**. Furthermore, social networks have been gaining share vs other digital channels as reflected by MRG’s 38% advertising growth in 2018 vs 22% growth for the market. **MRG accounts for ~16% of advertising wallet**, which means further growth potential compared with ~20% share of FB in the US

2. We are the largest domestic Internet company in terms of reach at 95% local Internet audience coverage monthly given our 100% ownership of #1/#2 local social networks, #1 mapping service, portal etc

Source: Internal data, Content review, Mediascope data around Internet reach
Mail has grown revenues 10x over 10 years

10 year CAGR ~30%

Source: Internal data. Guidance is provided on ex ESF, ex Pandao and ex DC basis (management accounts, pro-forma and hence demonstrates purely organic growth)
Advertising market – room for further market share gains for MRG

MRG has been growing its advertising revenues faster than overall market, having gained 3p.p of market share since 2015. We believe in further shift in advertising budgets from offline to online as well as from other channels to social within online, and hence see further room for market share gains for MRG from current ~16% of digital market.

As a comparison, Facebook held 19.6% US digital ad market in 2018, up from 17.1% in 2016. Google’s share declined from 40.8% to 37.2% during the period.

Source: Internal data, e.Marketer
We are the largest Russian Internet company by reach

MRG reaches **95% of domestic Internet users monthly** with a broader gap with competition in terms of **daily reach**, where we are at **>71%**

**MRG boosted monthly reach by 1.1p.p. YoY in May**, with a 0.3p.p gain in daily reach

Source: Mediascope. Total = Web Desktop, Web Mobile, App Online, App Offline. Data as of May 2019
MRG started from email & portal but has now become a leading social, gaming, & O2O company in Russia

**Main milestones**
- **Email and portal launched**: 1998-2001
- **Expanded into social**: 2007
- **Expanded into gaming & now also eSports**: 2008
- **Expanded into O2O and e-commerce**: 2016-now

**Current status**
- **Communication**: #1 E-mail service in RU
  - Ahead of Gmail in Russia
- **Social**: #1 social network in RU
  - #2 social network in RU
  - Ahead of Facebook, Instagram and Twitter in Russia
- **Gaming & eSports**: #1 PC game in RU
  - Successful mobile games developer
  - ... and many other leading titles
  - We diversified into eSports and made it intl by partnering with Modern Pick
- **E-commerce**: #1 restaurant food delivery service in RU (developing in partnership with Sberbank)
  - Leading mobile classified in RU (100% owned by MRG)
  - Fastest growing ride-hailing service in RU (developing in partnership with Sberbank)
  - Emerging cross-border e-commerce player (developing in partnership with Alibaba, MegaFon & RDIF)

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

<table>
<thead>
<tr>
<th>Games</th>
<th>Music services</th>
<th>Social networks</th>
<th>Food delivery</th>
<th>Classifieds</th>
<th>Search</th>
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Global leader

Local Russian leader

Source: Management estimates, Internal data
MRG is building an eco-system powered by ~100M users and developing partnerships to strengthen across verticals and lead digital transformation of Russia

Source: Internal data
Yes, we have done a number of M&A in recent history, but with **solid execution post deal closure** in terms of consistently delivered elevated revenue growth.

**Revenue growth since the acquisition**

- **VK**: Q3-14 to Q4-18, growth of 6x
- **Geek Brains**: Q3-16 to Q4-18, growth of 4x
- **Pixonic**: Q3-16 to Q4-18, growth of 3x
- **Delivery Club**: Q4-16 to Q4-18, growth of 3x
- **Bit.Games**: Q1-18 to Q4-18, growth of +15%

Source: Internal data
## Advertising – additional upside: new models

### Focus initiatives

#### oCPM
*(launched in 2018)*
- Amouted to ~9% of total ad sales through MyTarget in June, **up from 1.6% in June 2018**
- Technological improvements resulted in avg CPM improvement in June for both, OK and VK

### Results for MRG

#### Contextual targeting
*(launched in 2018)*
- Done based on search queries on MRG platforms (Youla, VK, OK, etc), desktop+in-app
- Clients can edit lists, there is retargeting data expiry now with target reach measurement
- Amouted to **>4.5% of ad revenues** in MyTarget in June, **up from 2% in June 2018**, with growth accelerating further in July post major platform update

### Plans

#### 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%

#### Contextual targeting
- Add new data sources, further improve targeting through enhancement of underlying advertising technology

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Source: Internal data, Peer reports, looking at MyTarget data only on and based on July 1 2019 data. Adjusted for own platform marketing
Advertising – additional upside: new initiatives

**Focus initiatives**

**SME targeting**
- Number of clients with <RUB50k budgets in MyTarget grew by >50% YoY in June
- **CPM continues to improve**, with hyperlocal targeting ad share at >6% of advertising sales in MyTarget in June, up from 4.3% in June 2018

**Results for MRG**

**Performance retail**
- Our focus remains on moving offline retail trade-marketing budgets to online
- We are expanding partnerships with retailers around online targeting
- “Cashback” product has been launched when MRG users (within VK, OK etc) can earn discounts/bonus points on partner products by scanning receipts. Involves usage of our QR code tech

**Plans**

- Adding new data sources = further improving targeting through better advertising technology
- Continued focus on broadening SME advertiser base
- Work on promoting demand for given technology
- Broader rollout of direct cashbacks in VK and OK
- Total trade-marketing capacity stood at RUB500bn in 2018. Even small share of this market may bring billions of additional revenue to MRG

**Benchmark**

- Facebook has ~5m advertisers, the majority of which are small and medium sized businesses, VK has ~110k advertisers

Source: Internal data, Peer reports, based on MyTarget statistics
Advertising network development in focus

MRG Advertising network

<15%  Share of network revenue in total advertising revenue in June

2x  Ad network revenue increase YoY in 2018

+50%  Increase in the number of ad network’s partners YoY in 1H19 (desktop+mobile), with significant room for additional upside

- In 2H19 we plan to further improve quality of traffic on partner websites, with benchmarking vs global standards in terms of viewability, anti-fraud, etc, which is expected to further support related revenues

- Yandex Ad Network and Google Network account for ~23% and ~17% respectively, which provides for further growth potential

Source: Internal data, based on MyTarget statistics, peer reports from 2018
Advertising strategy - focus on building omnichannel reach tools

Customer

- Addressable TV
- Online Radio
- Smartphone & Desktop
- OOH
- Offline Retail
- Smart TV
- Voice Assistant

Source: Internal data
VK – the largest communication platform in Russia and CIS

VK is focused on ongoing development of new functionality, which will 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

Q2’19, YoY

+59% Stories Viewed
+51% Video Viewed
+54% Comments Posted (on iOS and Android)
+53% Messages Delivered

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
Multiple initiatives around live streams and video

- VK launched public tests of the **updated video section** on iOS and Android. Users can now benefit from personalized recommendations, collections of popular videos and other new features.
- Updated **mobile live streaming service** now allows to add links to products, polls and posts, which viewers can open while watching.
- Live streamers can use these links to **promote products and services more effectively** while making their streams **more interactive**.

Source: Internal data
VK users are highly engaged with communities

- VK continues to improve usability around communities. It now offers an **activity log**, which lists activities that might be interesting to community managers (post deletion, request approvals or setting changes).
- VK launched a new **community menu**: managers can choose a name and upload a cover photo for each link they add to the menu. Links can be set up to provide **quick access to important content**: discounted products, payment post, delivery terms etc.

Number of monthly unique users communicating with communities

- **22M**
  - +37% YoY

Number of messages sent to communities monthly

- **1.7B**
  - 2.6x YoY

Source: Internal data, June 2019
Music – expansion continues

Music subscriptions and trials* grew ~2x YoY

* Based on aggregate numbers of VK, OK, UMA and excludes inactivated telco bundles
VK strategy – key focus areas

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

- **Social commerce and SMEs**
  Development of shopping center, product distribution, integration with groups and payment products

- **VK Mini Apps**
  Launch of further products and services natively embedded into VK mobile app and desktop, base for ecommerce
In OK people are showing their real life with real emotions

OK users mostly communicate with close relatives/friends and actively express emotions using unique variety of services: presents, stickers, postcards, marks, reactions and others. Growth across all the key engagement matrix has accelerated as of 2Q19, which marks overall strength in engagement of OK

Source: Internal data
Games – growth continues

- OK made RUB200mn payout to developers of mobile games in the first 5 months of 2019
- OK saw x2.25 YoY increase in audience playing mobile games
- OK saw 2.5x in payout to developers with ad monetization
- Overall, >40% of OK DAU plays games, with >25% of OK revenues coming from related monetization

Growth in payout to mobile games developers in 5 months

Source: Internal data
OK offers "Creative studio", a platform for all video content creators, which supports interactive mechanics (e.g. polls, quizzes, clickable descriptions and texts), which can be added to the video content.

There is an updated video storefront with anonymous access and search options.

OK offers a smart Videos Feed in mobile apps with an auto-play feature, which allows to view video playlists either AI-generated or related to certain Channels or Groups results +10% views.

In May OK Video was ranked as the 1st for video content quantity in RuNet by Brand Analytics.

OK has ~870mn daily video views daily and 130mn streams, being the largest local video platform on the Russian market.

Source: Internal data, Brand Analytics (independent research)
OK strategy – key 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
Global games market is 80x+ times bigger than Russian and hence focus of MRG is to develop new and adopt existing titles for global audience.

Target is to draw 80% of gaming revenues from abroad by the end of 2022.

Target is to double reported EBITDA within 4 years.

Source: NewZoo - 2018 review report
International gaming revenue increased 1.3x YoY in 2Q

- MRG international gaming revenue in Q2 2019 reached 69% of total MRG gaming revenue and >20% of MRG total group revenue
- USA, Germany and Japan are our largest non-Russian markets
- Largest intl expansion opportunity remains in Asia, especially China
- Top titles include: War Robots (m), Hustle Castle (m), Warface (PC/c), Left to Survive (m), Tacticool (m), Pathfinder Kingmaker (PC), Perfect World (PC)

Source: Internal data. M = mobile, C = console. Adjusted impact from Panzerdog and Swag Masha
Games Business Overview

10
regionals offices (RU, NA, EU)

1500
in-house employees

16
years of gaming experience

512 mln
registrations* in games

25 mln
MAU in games

5 mln
DAU in games

13 / 18
studios
in-house / MRGV

64 / 20
games in live operation
in-house / MRGV

10 / 15
games in development
in-house / MRGV

* Since 2010
Source: Internal data
Ecosystem of Gaming Business

Source: Internal data
Games Business 360° Strategy

Developing
72 titles launched*

Licensing
55 titles launched

Acquiring
4 studios

Investing
18 studios in portfolio

* Since 2014

Source: Internal data
New Releases of 2019 H2

Launch plan should contain at least **2 PC&console** and **4 mobile hits** per year to guarantee achievement of financial expectations.

Source: Internal data
Hustle castle case study – turning investments into EBITDA

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

Potential
- 20% margin during the 2nd year of operation
- 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
ESforce - #1 eSports Co in Russia/CIS – going intl

ESF eco-system covers >85% of eSports audience across CIS. It offers:

- **Virtus.pro** (the most established eSports teams across CIS)
  - One of the oldest eSports teams (founded in 2003)
  - The leading Dota 2 roster in the world (consistently in top-10), with
  - Promising Counter-Strike: Global Offensive roster
  - ~$0.7mn in prize money YTD, top-10 globally. 110mn audience reach annually, 400+ prizes

- **Cybersport.ru** (largest themed news website in Russia/CIS)
  - News portal focused on eSports in Russia/CIS
  - >100k in DAU, 1.5mn MAU, 15k player base

- **RUHUB** (largest content creation studio in Russia/CIS)
  - Broadcasting and video production studio, with 114mn users, 11 websites, 50 channels and >130 social networking groups, with >2mn subscribers
  - 10 000+ hours of streams/year. Top-10 in views globally on Twitch in 1H19
  - 260m unique views on YouTube

- **Epicenter** (organizer of largest eSports tournaments across Russia/CIS)
  - Organizer of tournaments incl Majors in Moscow and St Petersburg featuring the world’s strongest eSports teams. Epicenter XL was the most viewed commercial Dota 2 tournament of 2018*

- **Yota Arena** (major eSports tournament venue)
  - ~5,000 sqm, 116 seats in game zone, >1000 in audience capacity

Partnership with Modern Pick allows to scale ESF internationally, with focus on Europe and non-violence game genres and allows for broader synergies with our Games business

Source: internal data. * According to independent analytical eSports platform esc.watch
Modern Pick partnership expands our eSports reach

Overall, expansion to the European eSports and gaming market – offers a broad range of growth opportunities. European market (ex Russia/CIS) is 14x bigger (in $) and has 4.4x more players.

- Having 20% share of the European market would mean being 2.75x bigger than the whole Russian market.
- Markets like North America and Europe generated 80% of premium games revenue in 2018 (incl $7bn for Europe), where access to AAA-focused company like Modern Pick helps.

**Russian games market**
- $1.7bn
- 148 M - population
- 113 M - Internet users
- 66 M - game players
- 22 M - eSports audience

**European games market (ex Russia)**
- $23.4bn
- 610 M - population
- 504 M - Internet users
- 292 M - game players
- 70 M - eSports audience

Source: NewZoo, 2018 report, SuperData, 2018 report
MRG is developing a market leading O2O services platform, including via partnership with Sberbank

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

Delivery Club's revenue growth accelerated to above 100% in 2019 and business remains on track to double in 2019. MRG contributed 100% stake in DC to JV with Sberbank where we hold 50%

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

Delivery Club's revenue growth accelerated to above 100% in 2019 and business remains on track to double in 2019. MRG contributed 100% stake in DC to JV with Sberbank where we hold 50%

CM's # of rides has grown 16x times in 2018 becoming No2 player in Moscow. Quarterly ride growth remains solid YTD with CM embarking on regional expansion. MRG’s stake is being contributed to O2O partnership with Sberbank.

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

- DC is a leading Russian restaurant food delivery company, which was acquired by MRG at the end of 2016 and now part of O2O partnership with Sberbank
- Own delivery was launched in early 2016. Now offered in 18 cities and accounting for >40% of orders, up 4.2x YoY in 2Q. 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 QSRs: McDonald’s, KFC and BK
- DC works with >10,500 restaurants in 120+ cities
- Partnership with Sberbank provides O2O business incl DC with up to $800mn in additional development capital, with post-money valuation of up to $1.7bn

DC holds partnerships with top-3 QSR chains in Russia

DC continues to deliver ~100% YoY revenue growth

<table>
<thead>
<tr>
<th>YoY growth,%</th>
<th>Q1-18</th>
<th>Q2-18</th>
<th>Q3-18</th>
<th>Q4-18</th>
<th>Q1-19</th>
<th>Q2-19</th>
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<tr>
<td>Source: Internal data</td>
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</table>
In 2018 the Co received investments from MRG in exchange for a minority stake.

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.

Reached >20% share of Moscow market by December 2018 vs 14% as of 1H 2018.

Rides grew 5x YoY as of 2Q19, following 16x increase in 2018.

Entered Smara, Tolliatti in 1H with broader regional rollout planned for 2H19.

Stake in Citymobil is being transferred to the O2O JV with Sberbank in order to maximize growth and regional expansion as well as extract maximum synergies from food delivery given the combination with DC. MRG holds 50% stake in the JV.

Source: Company internal data, Transportation Department of Moscow statistics.
Competitive landscape

Focus on one vertical

Online
- CIAN.ru
- auto.ru
- hh.ru

Real Estate: Youla

Offline
- Auto: MAJOR
- HR: KELLY ancór

Multi-vertical platform

Online
- Youla
- Avito

Comparison with the closest competitor (the World’s #2 most visited classified\(^{(1)}\))

<table>
<thead>
<tr>
<th>Source</th>
<th>700k+ cities</th>
<th>100k+ cities</th>
</tr>
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<tbody>
<tr>
<td>App DAU(^{(2)}) mln users</td>
<td>Youla</td>
<td>Avito</td>
</tr>
<tr>
<td>700k+ cities</td>
<td>1,5</td>
<td>2,5</td>
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<td>10,8</td>
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</tbody>
</table>

Sources:
1) 2018 Classified Intelligence Report by AIM Group
2) Mediascope, cities with population of 700k+ and 100k+; average over Q1’19
3) Youla analysis as of 2Q’19 based on App stores ratings
Youla
Exploiting advantages of the horizontal model

Retention growth + ARPU growth

C2C initiatives
- Algorithms for more relevant response on user search requests. Impact on growth in deals as a key driver
- Social network features improving user interaction

Inexpensive acquisition of loyal and high-frequency C2C users

Monetization through B2C clients across diversified verticals

B2C initiatives
- Subscriptions with features tailored for vertical needs and value-based pricing
- B2B platform with detailed data-driven analytics and performance management solutions
- Enhancing distributions channels including significant extending of internal sales force

Smart distribution of revenue streams across verticals

Source: Internal data
Note: Initiatives also include features under development
Youla
Rapidly growing classified in Russia

- Launched at the end of 2015, Youla reached 27m users in MAU by Mar’19
- First monetization tests started at the end of 2017 and in 2018 revenue surpassed RUB 1bn with a target to reach around RUB 2bn in revenues in 2019
- Q1 2019 revenue was up 2.7x Y-o-Y to RUB 384m. Growth continued in Q2 2019 with revenue reaching RUB 455mn (+1.9x Y-o-Y)

27m users
Mar’19 MAU
~2x growth over 2 years

RUB 1bn+
in Revenue over the 1st year of monetization or just 3 years after launch

50%+
EBITDA margin potential with high conversion to FCF

Source: Internal data. Estimation of EBITDA margin potential is based on average margin for global peers
Mail.ru – email service

- **#1 email service in Russia**, with ~27mn MAU (Desktop + Mobile, April) vs ~19mn for Gmail or ~17mn for Yandex Mail.
  DAU was +7% YoY in April to 12.2mn incl +39% for mobile (to 6.54mn)
- ~103M active accounts

Strategy centered around key modern user requirements:

- Transactional messages categorization + pay button inside the message + order grouping by order ID
- More value-added services incl C2C money transfers, mobile top ups, payment of fines/gas debt, behavior-based recommendations around subscriptions, smart cards for emails with event information with options to add to calendar or search for address. Testing “call a taxi” option
- Rising focus on data privacy and efficient access through ongoing shift away from passwords towards rotating sms login (launched as optional across 20% of users), enabled security checkup for all web users
- Completely redesigned Android and IOS applications as of the end of 1H
- Updated “Octavius” web interface to match new “while & clean” app style

Source: Internal data. MAU data from Mediascope.
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

Source: internal data * Based on performance-tests and benchmarks available in public access
MCS - International recognition achieved

- MCS became a certified member of Cloud Native Computing Foundation (CNCF) and is now the only Russian holder of Certified Kubernetes – Hosted certification
- Expanded the range of PaaS services
- Entered the Enterprise market of storage for business analytics and log management

Source: internal data
We are putting more resources behind our initiatives in **new technologies** especially in areas of AI, speech and visual recognition, including implementation of those for voice powered features and products.

For this we created **MRG Tech Lab**, which includes teams from various units inside the Group.

This year we don’t expect these projects to have any material revenues and MRG Tech Lab will have a cost of between RUB1-1.5bn (included into FY 2019 EBITDA guidance).

First major results of MRG Tech Lab was the launch of **Marusia virtual voice Assistant** (~$2mn development cost).

During beta test period VA Marusia can search for information (answer questions, show current weather, find movie tickets etc), help with routine tasks (calculate, turn on your music, find tickets or create simple reminders) and socialize with user (make toasts or jokes, make small-talk, play games and entertain kids with fairytales and riddles).

**Marusia is expected to be synergetic with MRG assets.** Unique level of access to existing services will provide it with access to the largest content source across Russian web (unique integration with social networks VK & OK (with largest number of paying music subscribers), functional services (ordering food (Delivery Club), mobility services (CityMobil (taxi)) and other features.

Source: Internal data
AER JV deal creates a strong leader in Russian e-commerce

All definitive agreements have been signed. Dmitry Sergeev, MRG Deputy CEO, has been nominated as Co-CEO of AER, which is expected to launch operations in the coming months.

- **RDIF**: 15.0%
- **MRG**: 47.8%
- **AER JV**: 24.3%
- **MegaFon**: 12.9%
- **Alibaba**: 47.8%

**MegaFon** swaps its 9.97% stake in MRG for a 24.3% stake in AER JV.

**Source**: Internal data, based on economic rights with RDIF call option exercised.
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
## Q2 & H1 2019 revenue and profitability update

Revenue growth accelerated in 2Q, including in Advertising as well as MMO Games

EBITDA margin stood at 36% for the Group in 2Q, showing a marked improvement QoQ

### Q2 and H1 2019 Revenue and profitability review

<table>
<thead>
<tr>
<th>RUB MN</th>
<th>Q2 2018 actual</th>
<th>Q2 2019 actual</th>
<th>Y-o-Y growth, %</th>
<th>H1 2018 actual</th>
<th>H1 2019 actual</th>
<th>Y-o-Y growth, %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>16,313</td>
<td>20,046</td>
<td>22.9%</td>
<td>32,240</td>
<td>39,464</td>
<td>22.4%</td>
</tr>
<tr>
<td>Online advertising</td>
<td>6,870</td>
<td>8,417</td>
<td>22.5%</td>
<td>13,359</td>
<td>16,244</td>
<td>21.6%</td>
</tr>
<tr>
<td>MMO games</td>
<td>5,325</td>
<td>6,858</td>
<td>28.8%</td>
<td>10,445</td>
<td>13,289</td>
<td>27.2%</td>
</tr>
<tr>
<td>Community IVAS</td>
<td>3,626</td>
<td>3,898</td>
<td>7.5%</td>
<td>7,520</td>
<td>8,099</td>
<td>7.7%</td>
</tr>
<tr>
<td>Other revenue</td>
<td>491</td>
<td>873</td>
<td>77.7%</td>
<td>916</td>
<td>1,832</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>5,938</td>
<td>7,220</td>
<td>21.6%</td>
<td>11,977</td>
<td>12,747</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>EBITDA margin, %</strong></td>
<td>36.4%</td>
<td>36.0%</td>
<td>-0.4%</td>
<td>37.1%</td>
<td>32.3%</td>
<td>-4.8%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>1,885</td>
<td>3,240</td>
<td>71.8%</td>
<td>5,350</td>
<td>6,118</td>
<td>14.4%</td>
</tr>
<tr>
<td><strong>Net profit margin, %</strong></td>
<td>11.6%</td>
<td>16.2%</td>
<td>4.6%</td>
<td>16.6%</td>
<td>15.5%</td>
<td>-1.1%</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>-1,159</td>
<td>-1,326</td>
<td>14.4%</td>
<td>-2,605</td>
<td>-3,079</td>
<td>18.2%</td>
</tr>
<tr>
<td><strong>% of revenue</strong></td>
<td>-7.1%</td>
<td>-6.6%</td>
<td>0.5%</td>
<td>-8.1%</td>
<td>-7.8%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

**Note 1:** Pandao, ESForce and Delivery Club are excluded from all numbers on a pro-forma basis

**Note 2:** Net profit includes the impairment of Skyforge in the amount of RUB 630M in Q2 2019 and impairment of Armored Warfare in the amount of RUB 1,694m in Q2 2018

**Note 3:** H1 2019 actual results include one-off VAT charge of RUB 295mn recorded in other operating expenses (above EBITDA) in Q1
# Q2 2019 operating segments performance

## Communications and Social Games New initiatives Eliminations Group

<table>
<thead>
<tr>
<th>RUB MM</th>
<th>Segment revenue</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue</td>
<td>11,598</td>
<td>7,487</td>
<td>960</td>
<td>20,405</td>
</tr>
<tr>
<td>Intersegment revenue</td>
<td>58</td>
<td>57</td>
<td>1</td>
<td>(116)</td>
</tr>
<tr>
<td>Total segment revenue</td>
<td>11,656</td>
<td>7,544</td>
<td>961</td>
<td>(116)</td>
</tr>
</tbody>
</table>

**Y-o-Y growth**
- Communications and Social: 13.0%
- Games: 33.7%
- New initiatives: 147.0%
- Eliminations: 198.9%
- Group: 22.9%

<table>
<thead>
<tr>
<th>RUB MM</th>
<th>Total operating expenses*</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue</td>
<td>5,349</td>
<td>6,125</td>
<td>1,467</td>
<td>(165)</td>
</tr>
<tr>
<td>Intersegment revenue</td>
<td>58</td>
<td>57</td>
<td>1</td>
<td>(116)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>5,407</td>
<td>6,182</td>
<td>1,468</td>
<td>(181)</td>
</tr>
</tbody>
</table>

**Segment EBITDA**
- Communications and Social: 6,307
- Games: 1,419
- New initiatives: (506)
- Eliminations: 7,220

**EBITDA margin**
- Communications and Social: 54.1%
- Games: 18.8%
- New initiatives: -52.7%

**Net profit**
- Communications and Social: 3,240
- Games: 7,220

**Net profitability**
- Communications and Social: 16.2%

---

Note 1: Pandao, ESforce and Delivery Club are excluded from all numbers on a pro-forma basis.

Note 2: Total operating expenses include Group corporate expenses allocated to the respective segment.

Source: Internal data.
### H1 2019 operating segments performance

<table>
<thead>
<tr>
<th>RUB MM</th>
<th>Communications and Social</th>
<th>Games</th>
<th>New initiatives</th>
<th>Eliminations</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External revenue</td>
<td>23,103</td>
<td>14,427</td>
<td>1,933</td>
<td></td>
<td>39,463</td>
</tr>
<tr>
<td>Intersegmental revenue</td>
<td>68</td>
<td>77</td>
<td>1</td>
<td>(146)</td>
<td></td>
</tr>
<tr>
<td><strong>Total segment revenue</strong></td>
<td>23,171</td>
<td>14,504</td>
<td>1,934</td>
<td>(146)</td>
<td>39,464</td>
</tr>
<tr>
<td><strong>Y-o-Y growth</strong></td>
<td>12.3%</td>
<td>31.9%</td>
<td>172.6%</td>
<td>54.3%</td>
<td>22.4%</td>
</tr>
<tr>
<td>Total operating expenses*</td>
<td>10,339</td>
<td>13,333</td>
<td>3,191</td>
<td>(146)</td>
<td>26,716</td>
</tr>
<tr>
<td><strong>Segment EBITDA</strong></td>
<td>12,832</td>
<td>1,171</td>
<td>(1,256)</td>
<td>0</td>
<td>12,747</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>55.4%</td>
<td>8.1%</td>
<td>-64.9%</td>
<td></td>
<td>32.3%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,117</td>
</tr>
<tr>
<td><strong>Net profitability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.5%</td>
</tr>
</tbody>
</table>

Note 1: Pandao, ESforce and Delivery Club are excluded from all numbers on a pro-forma basis

Note 2: Total operating expenses include Group corporate expenses allocated to the respective segment

Source: Internal data
MRG is backed by leading global 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 腾讯</th>
<th>MFT</th>
<th>Freefloat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>27.6%</td>
<td>10%</td>
<td>7.4%</td>
<td>5.2%</td>
<td>49.8%</td>
</tr>
<tr>
<td>Voting</td>
<td>12.2%</td>
<td>4.4%</td>
<td>3.3%</td>
<td>58%</td>
<td>22.1%</td>
</tr>
</tbody>
</table>

- **MFT shares to move to Alibaba on closing of JV.**
- **USM/MF votes (~54%) within MFT have been delegated to CEO of Mail.ru Group (Russia).**

Source: Public data as of June 30, 2019, calculated on fully diluted basis, accounting for DRs sitting in employee benefit trust (non-voting)
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E-mail: ir@corp.mail.ru / t.volochkovich@corp.mail.ru
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