

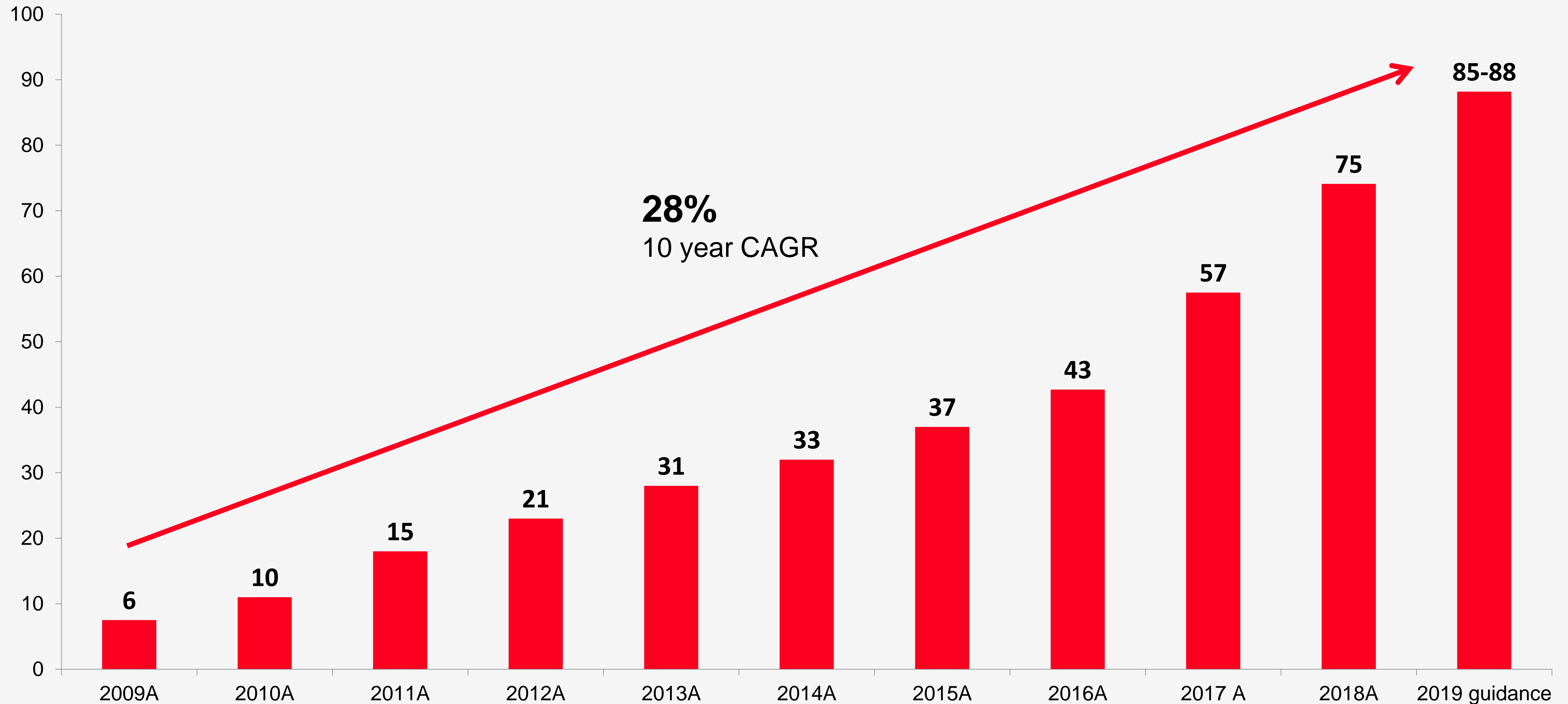


Mail.ru Group

Building a leading internet eco-system

Mail has grown revenues 10x over 10 years

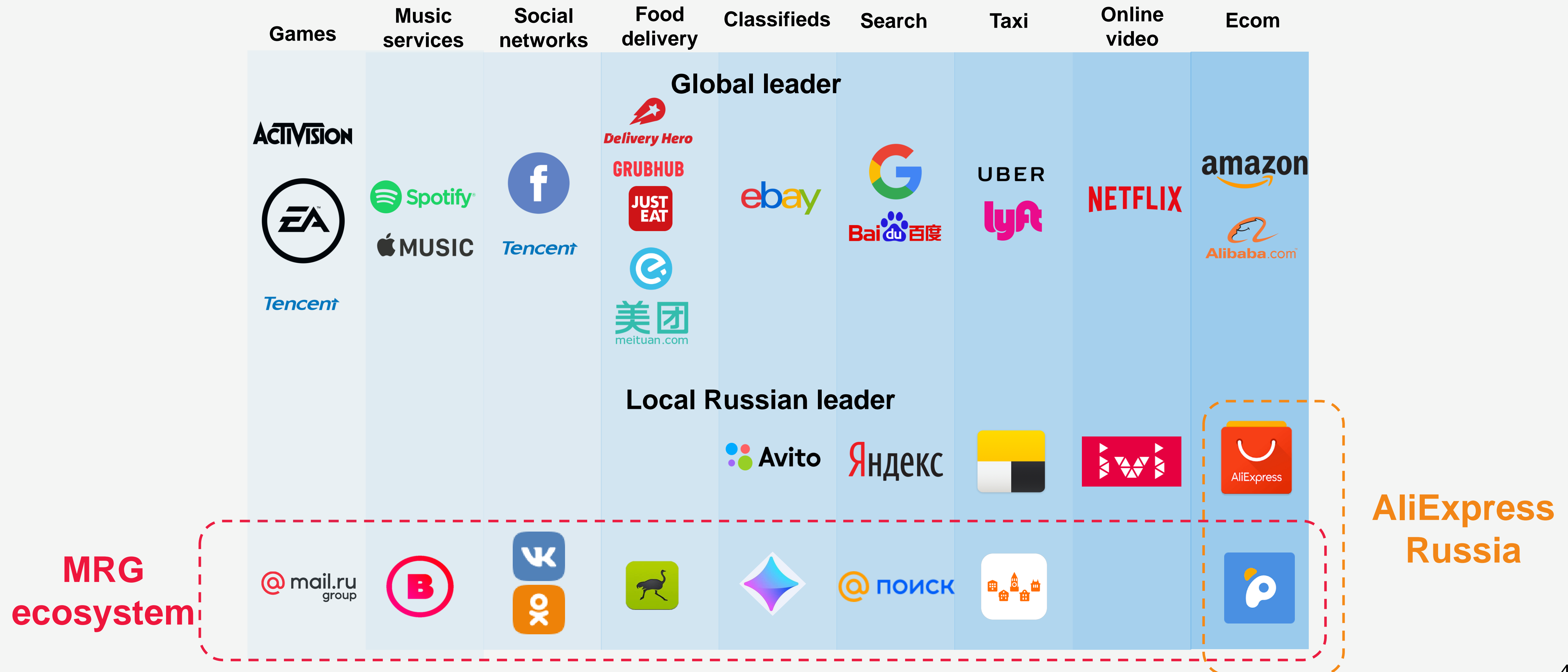
@ mail.ru
group



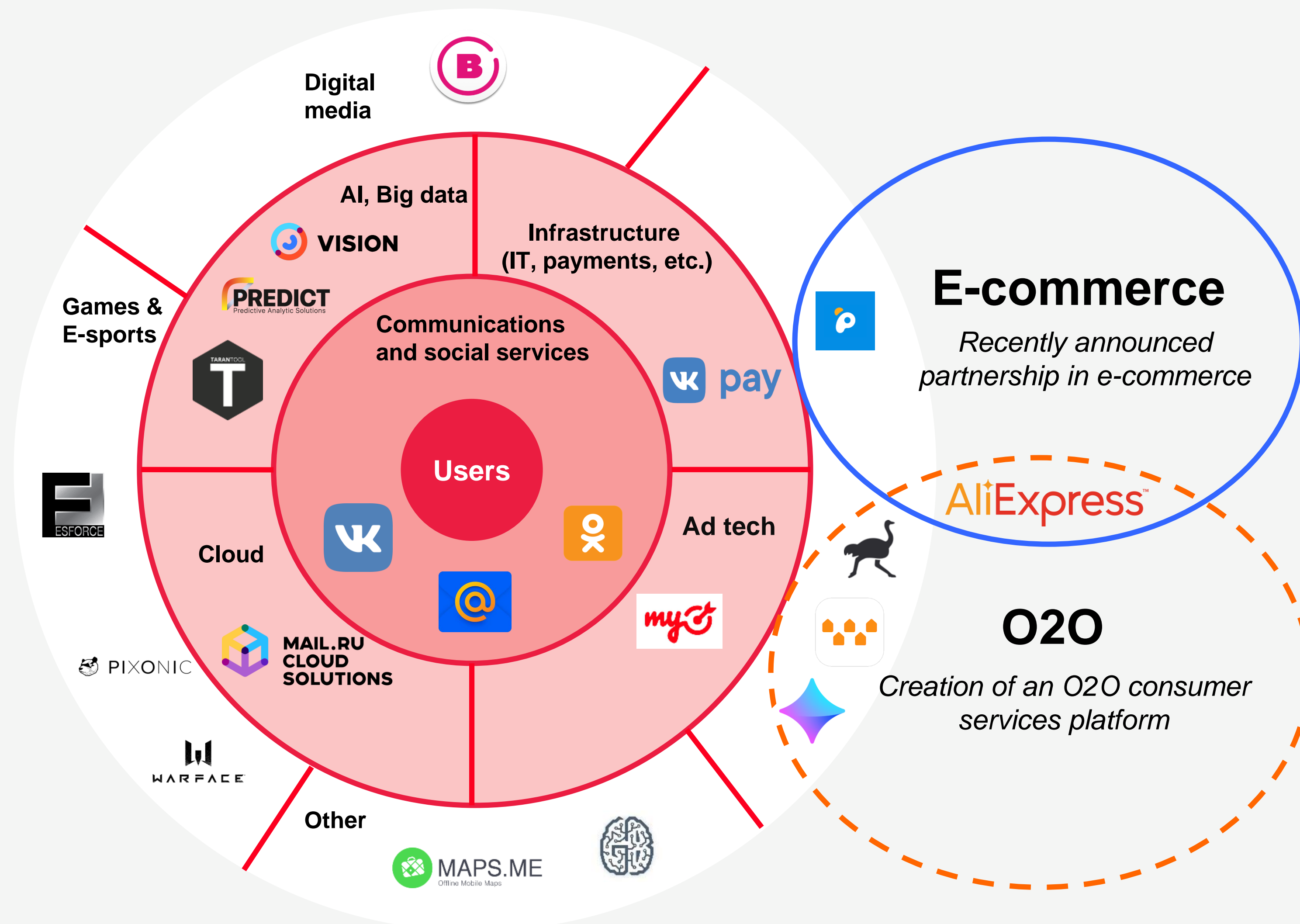
MRG started from email & portal and became leading social, gaming and e-commerce company in Russia



Main internet verticals in Russia are dominated by local players



MRG is building an ecosystem powered by ~100M @mail.ru group users and developing partnerships to strengthen across verticals

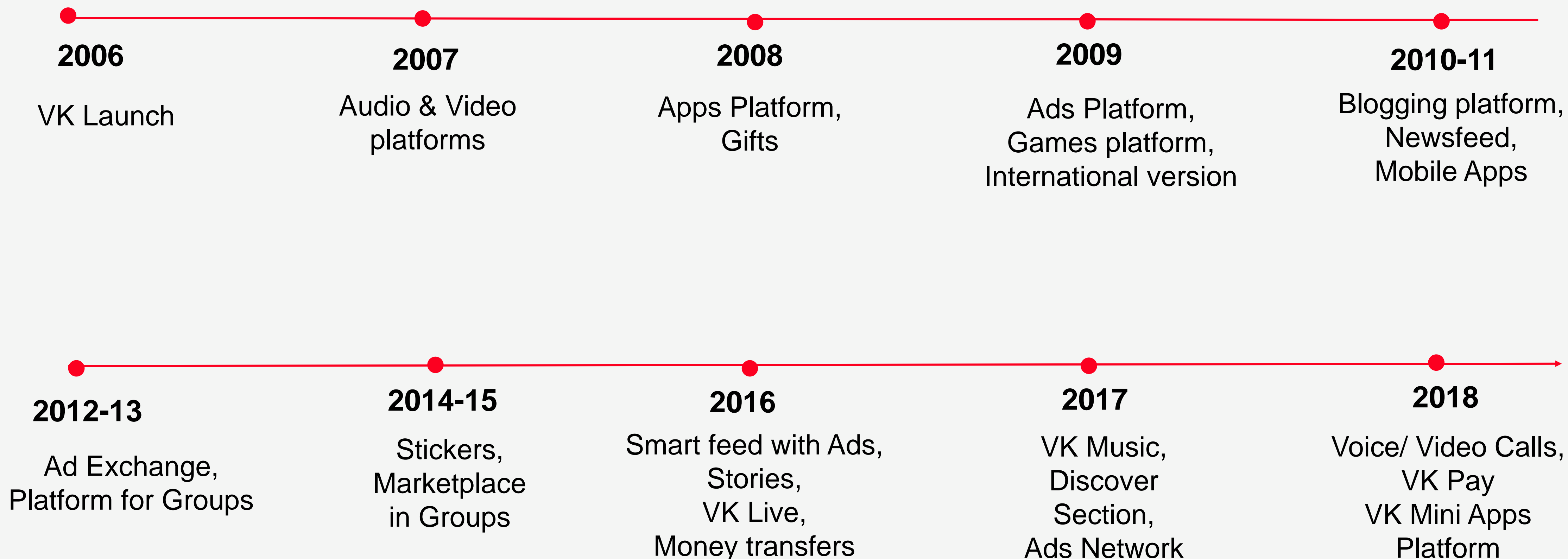




VK – the largest communication platform in Russia and CIS

@mail.ru
group

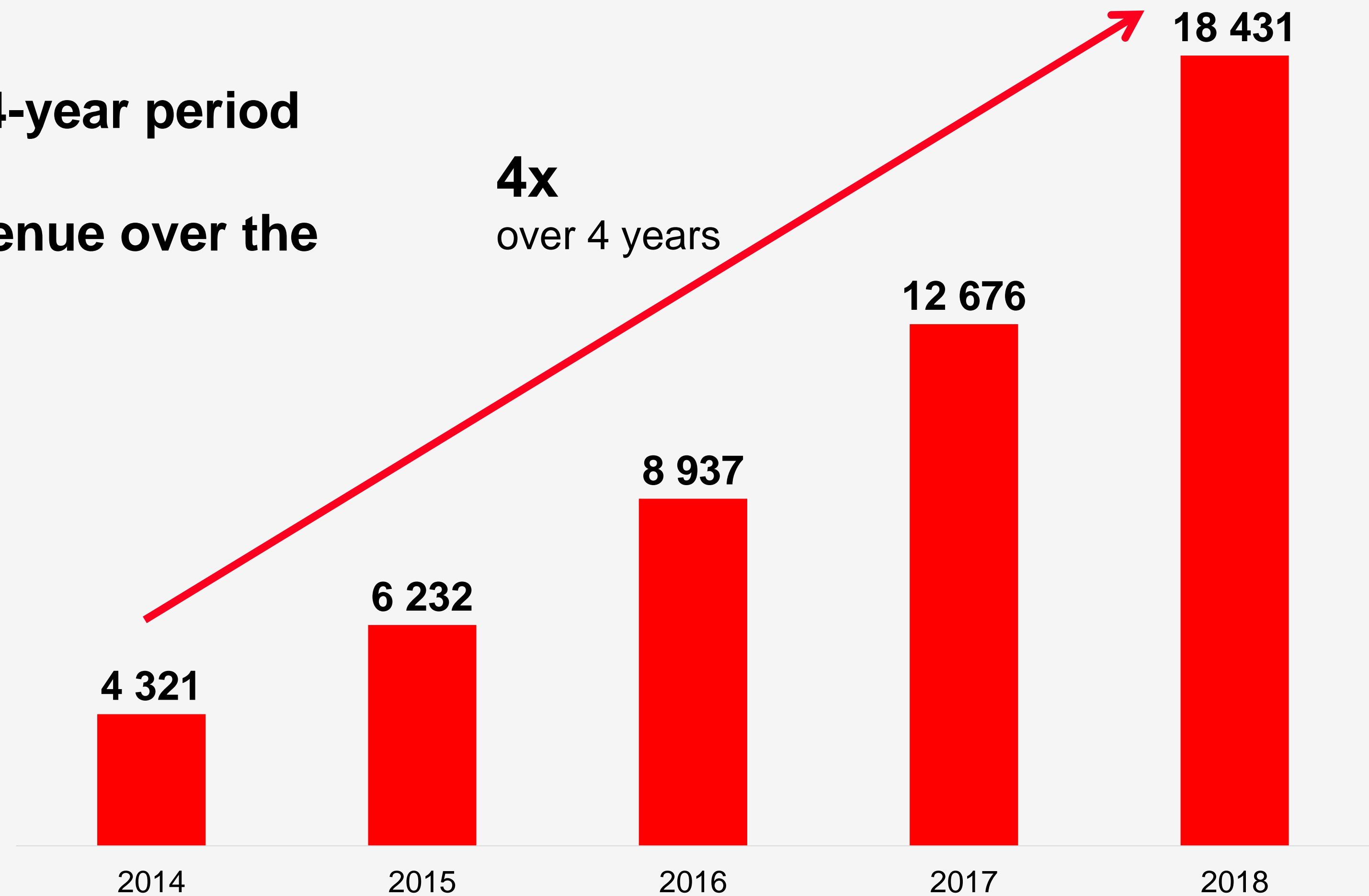
**VK is focused on ongoing development of new functionality,
which can be actively used by its major and already highly engaged audience**



VK – growth continues

VK revenue grew 4x over a 4-year period

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



VK revenue, M RUB

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%

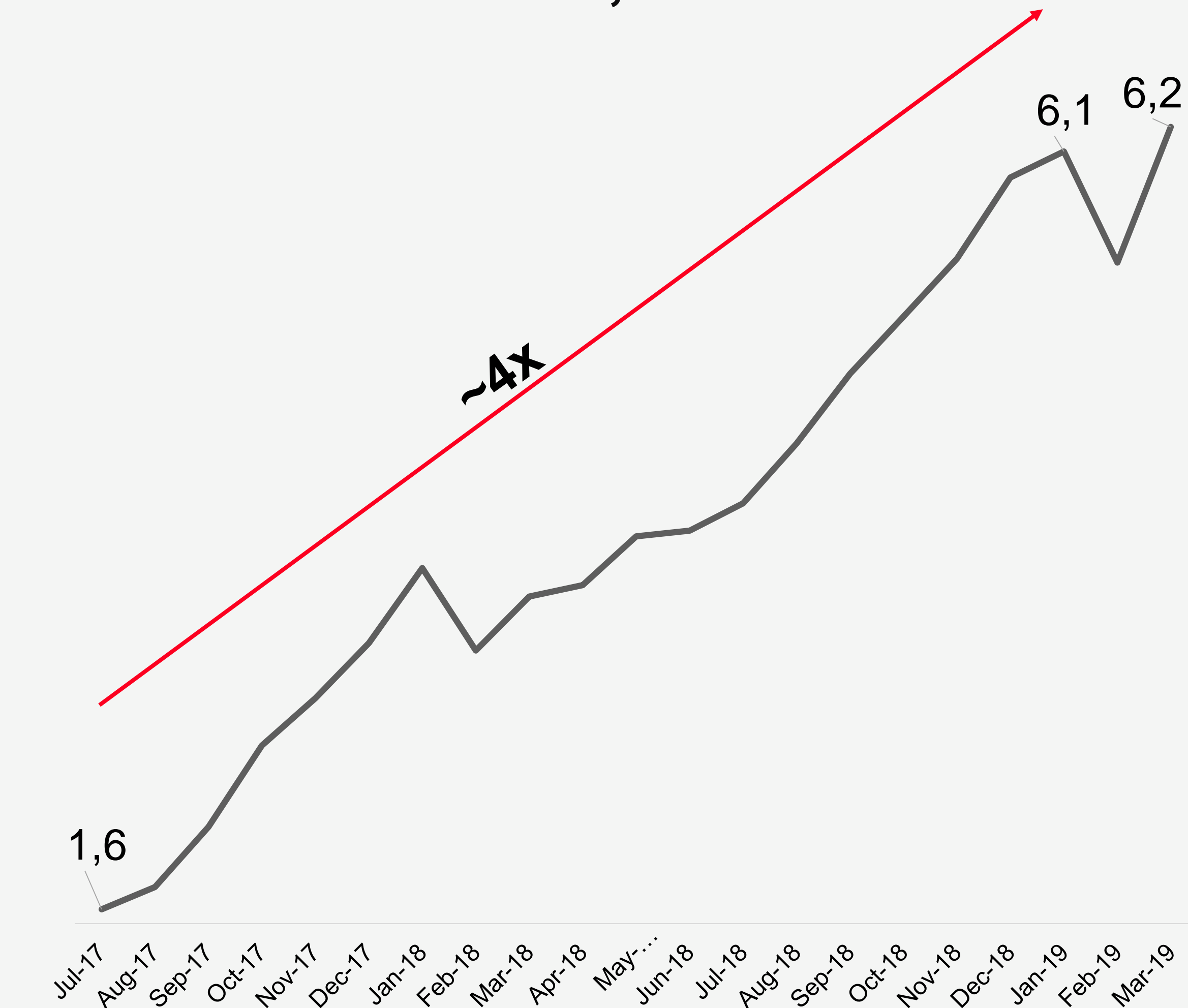
Messages Delivered (to 918bn, >10bn daily)

User engagement growth increases total time spent

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

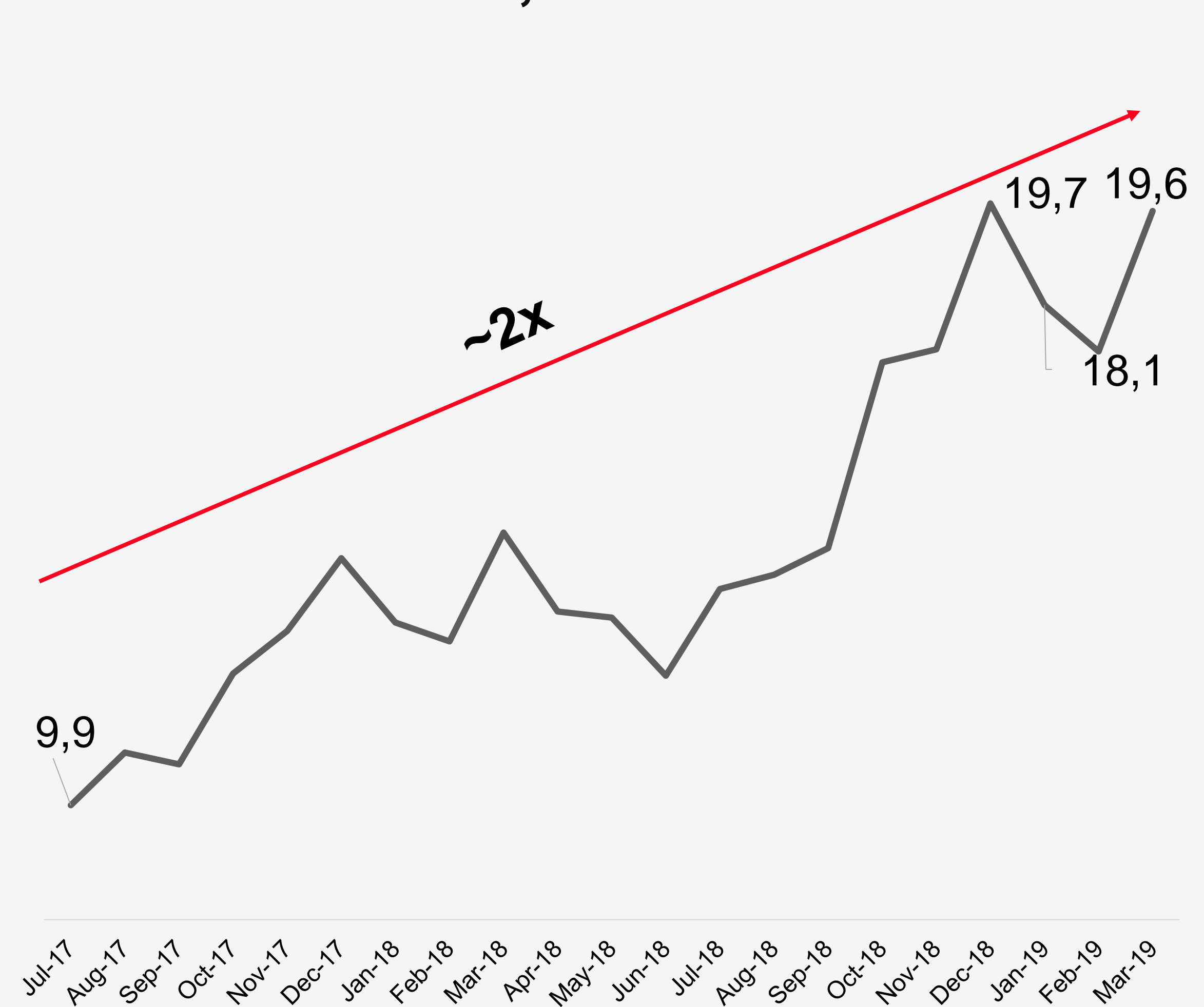
@mail.ru
group

Stories, #B views



Source: Internal data

Video, #B views



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

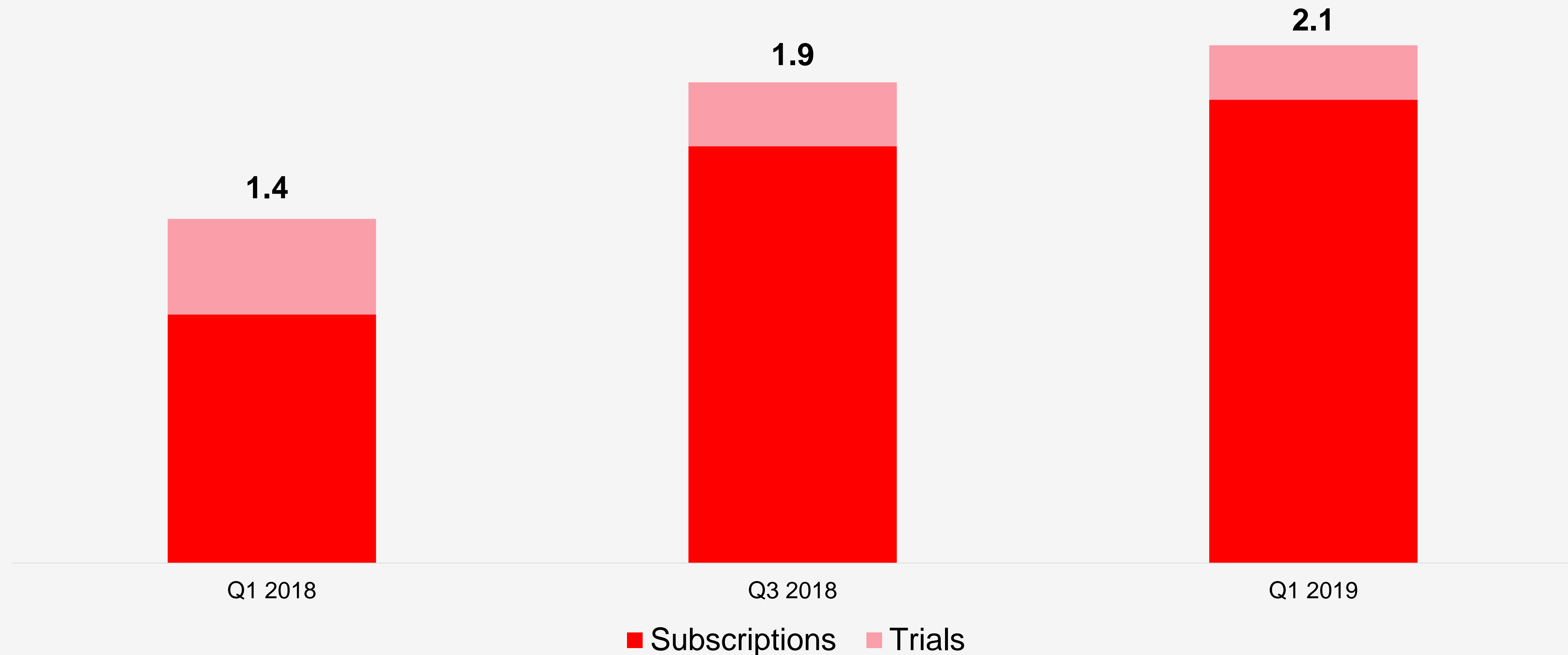
1.6B

2x YoY



Music grew ~2x from 1.1M as of 4Q17

Music subscriptions* grew ~2x YoY



VK Strategy – Focus Areas

- **Content platform**

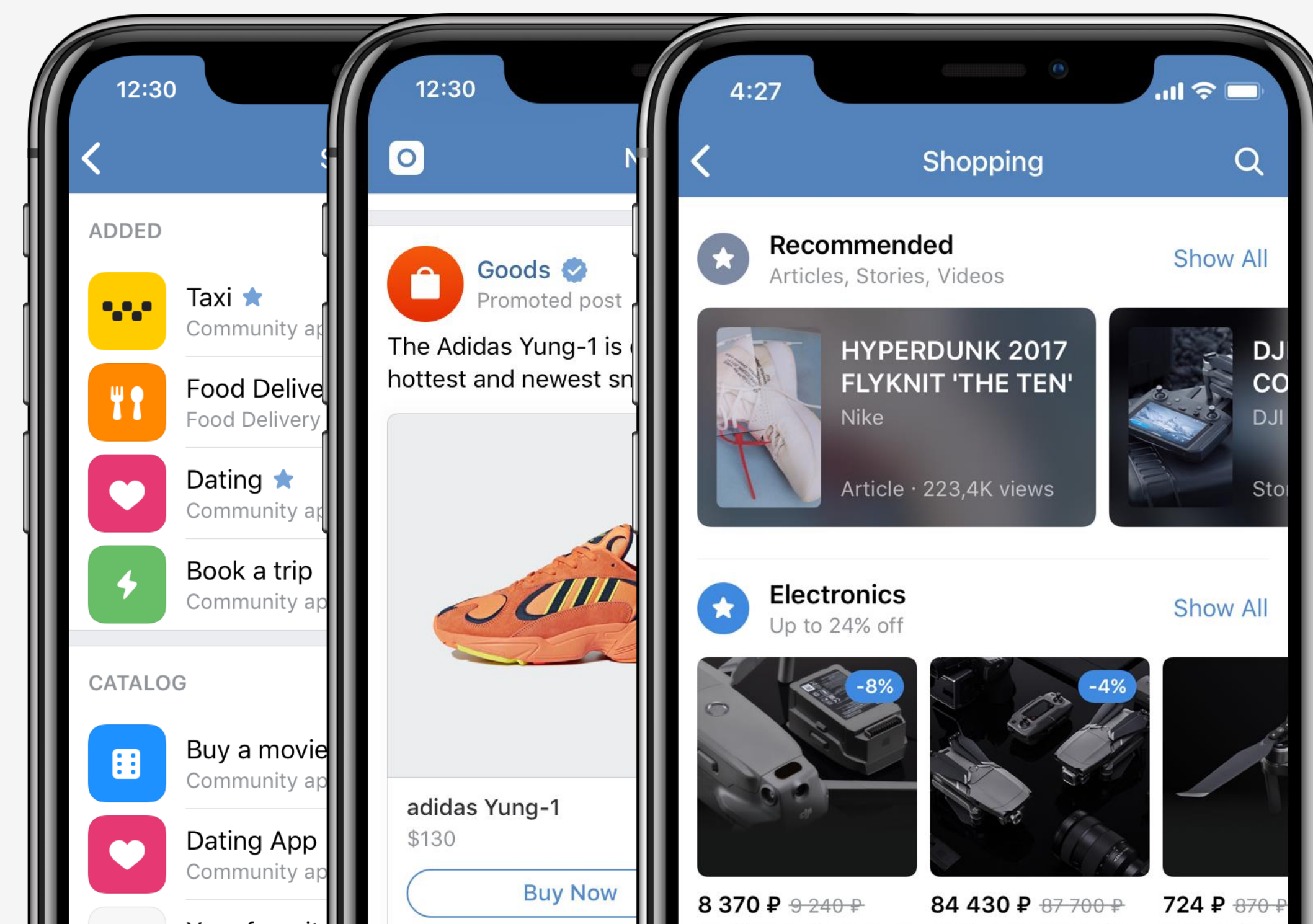
Further development of content recommendations, stories and music products

- **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



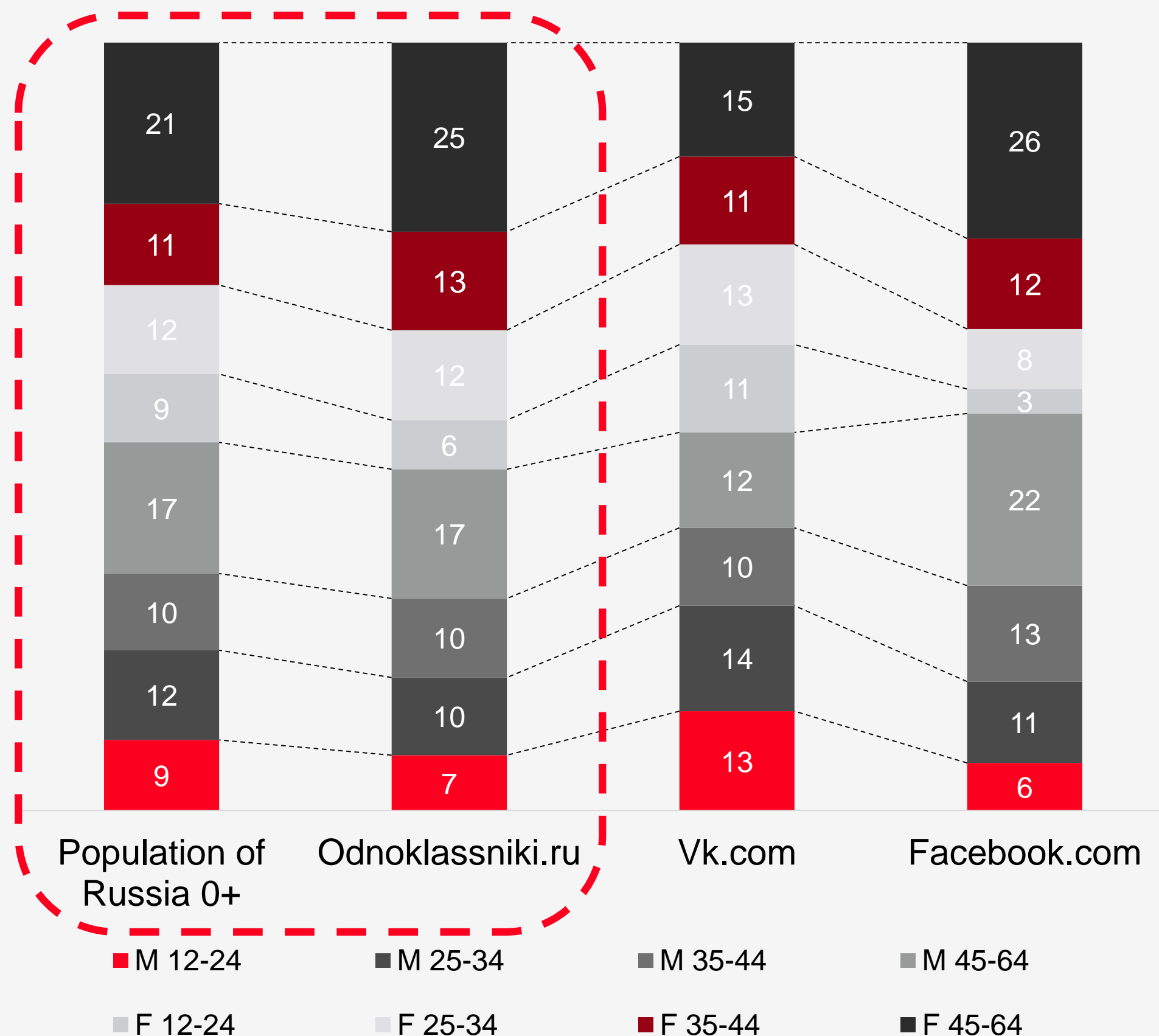


OK – Unique social and entertainment platform launched in 2006

@mail.ru
group

Unique audience structure

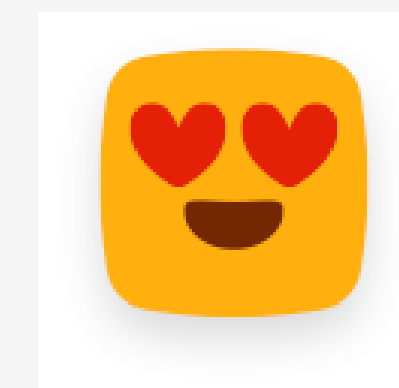
OK audience structure reflects overall RU population structure, and is attractive to majority of advertisers



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



+103%

In presents sent YoY as of Q1-19 (to **6.5bn**)

+14x

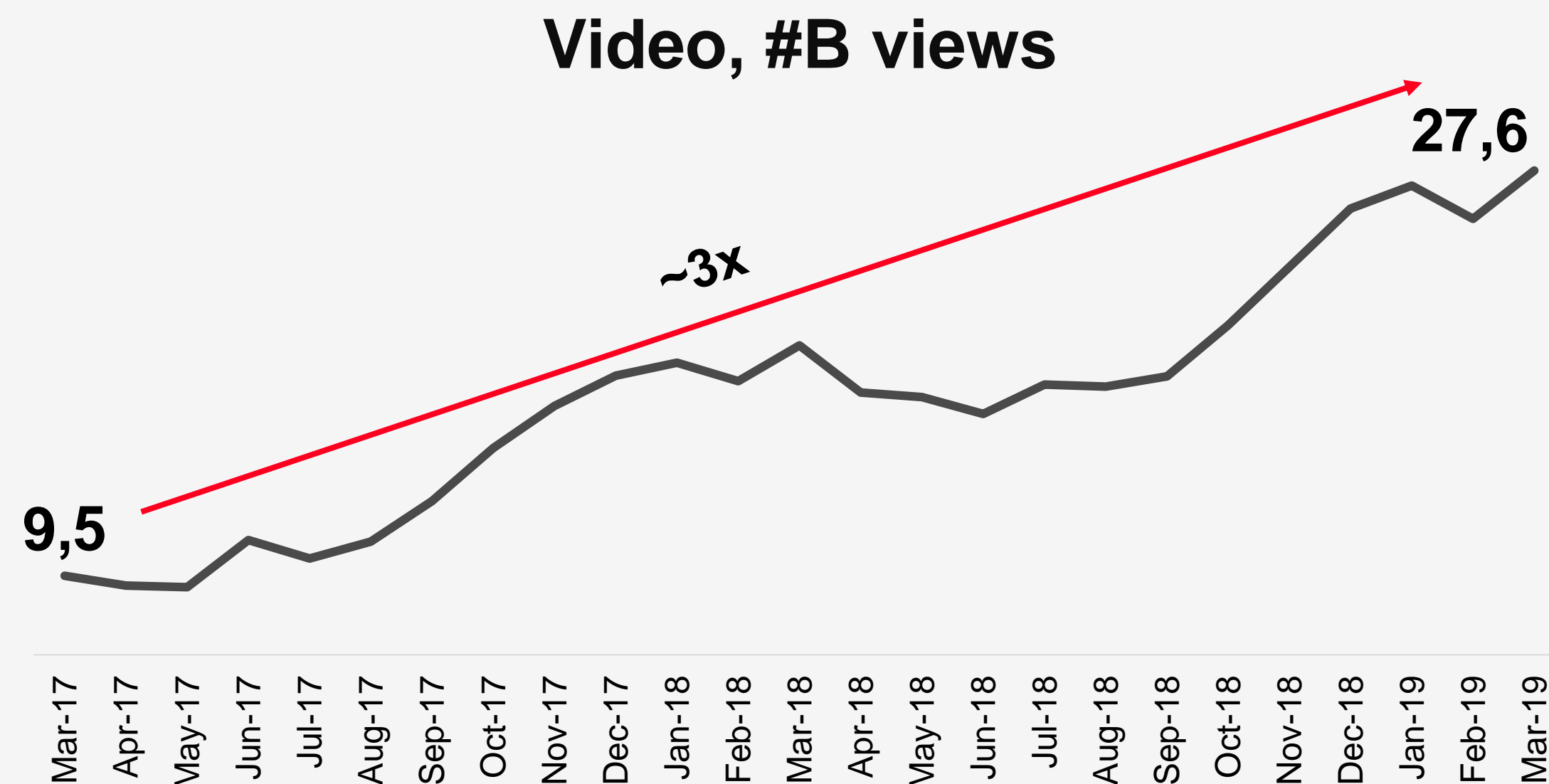
In stickers sent YoY as of Q1-19 (to **331mn**)

+2x

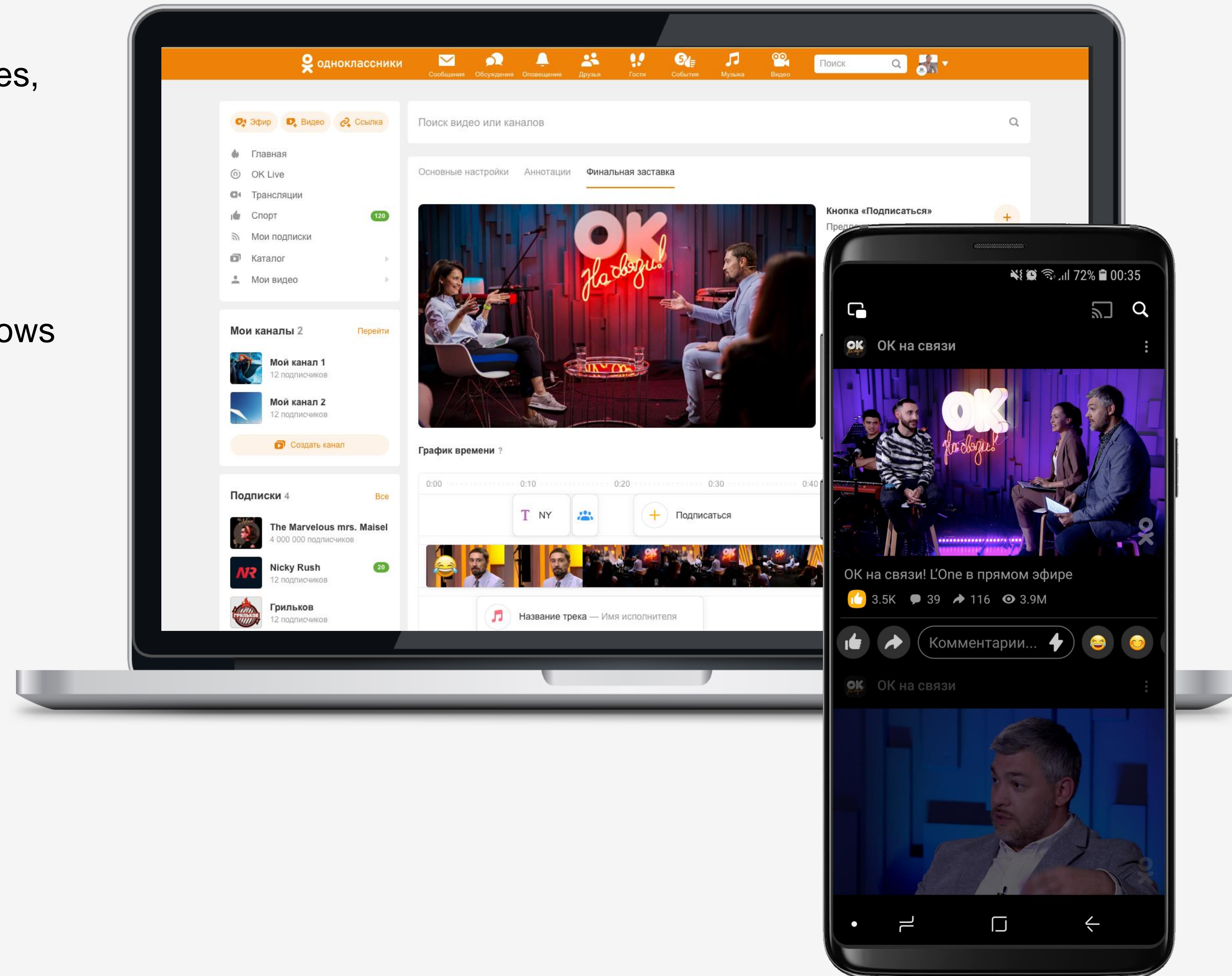
postcards sent YoY as of Q1-19 (to **16.3mn**)

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



Source: Internal data

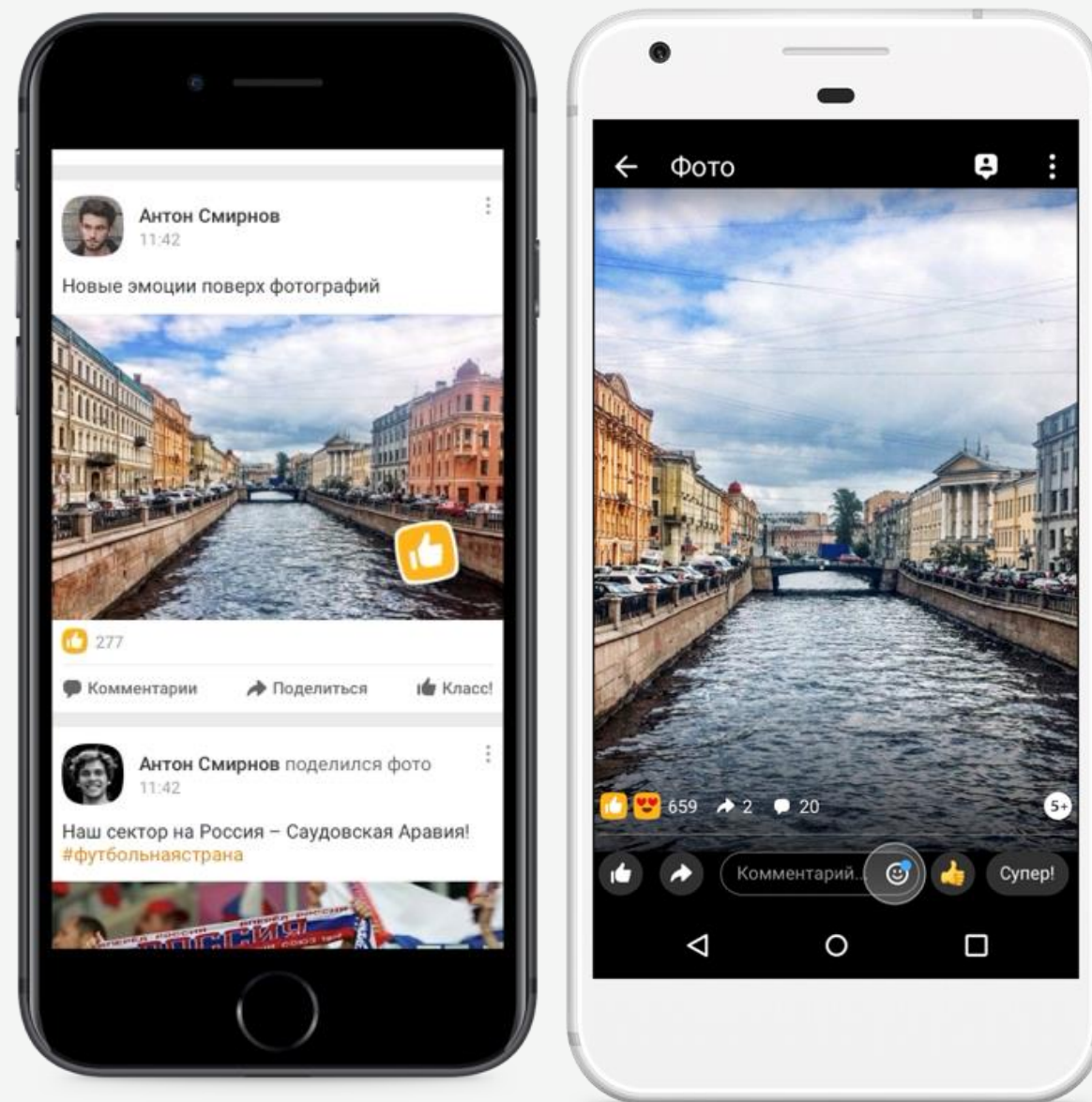


OK Strategy – 2019 Focus Areas

@mail.ru
group



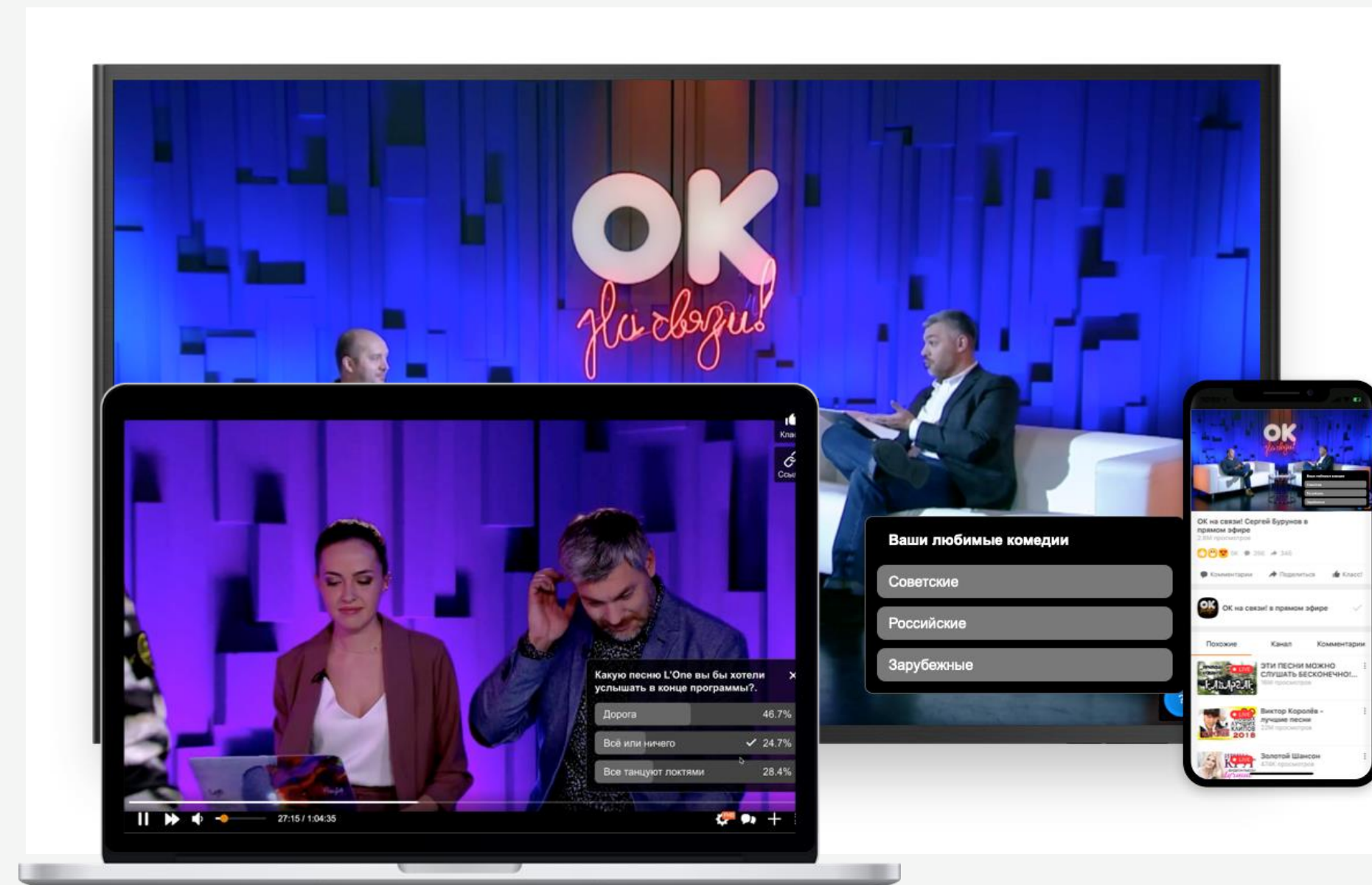
Emotions exchange



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



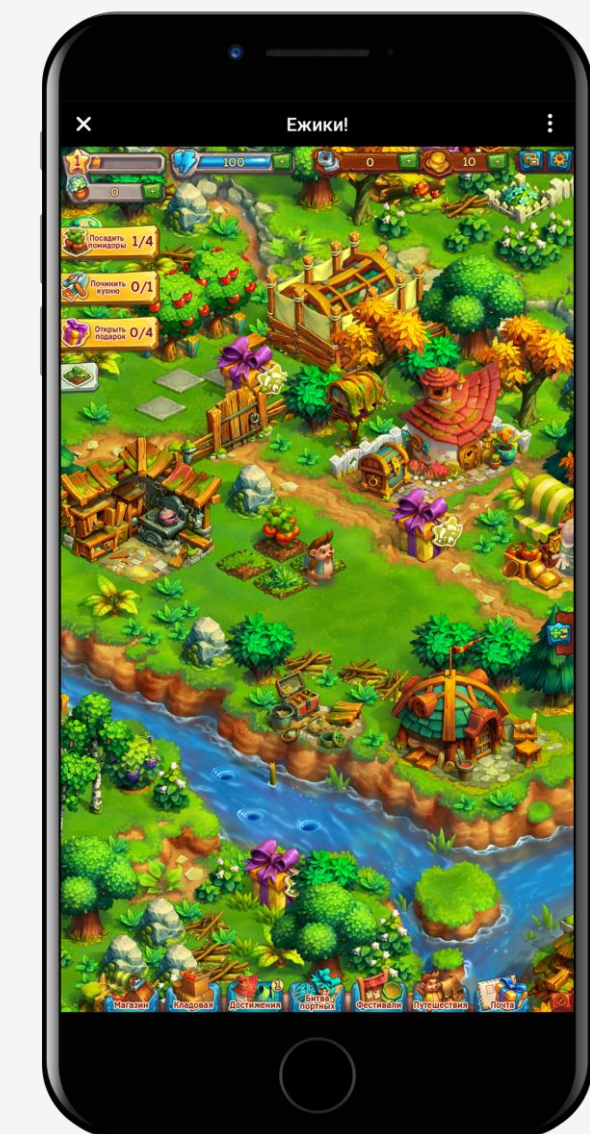
Video platform



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

Advertising – additional upside (1/3): new models

New models launched

oCPM

launched in 2018

Context targeting

launched in 2018

Results for MRG

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

- Budgets grew x2 since launch
- Based on search queries on MRG platforms (Youla, VK, OK, etc).
- 15% - CPM increase

Plans

- Introduce for events – sell to all categories /clients

- Adding new data sources, targetings improvement
- Further improvement of advertising technology

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.

Advertising – additional upside (2/3): new initiatives

New initiatives

Hyperlocal targeting

Performance retail

Results for MRG

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

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

Plan for 2019

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

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

Benchmark

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

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

Advertising – additional upside (3/3): Advertising network

MRG Advertising network

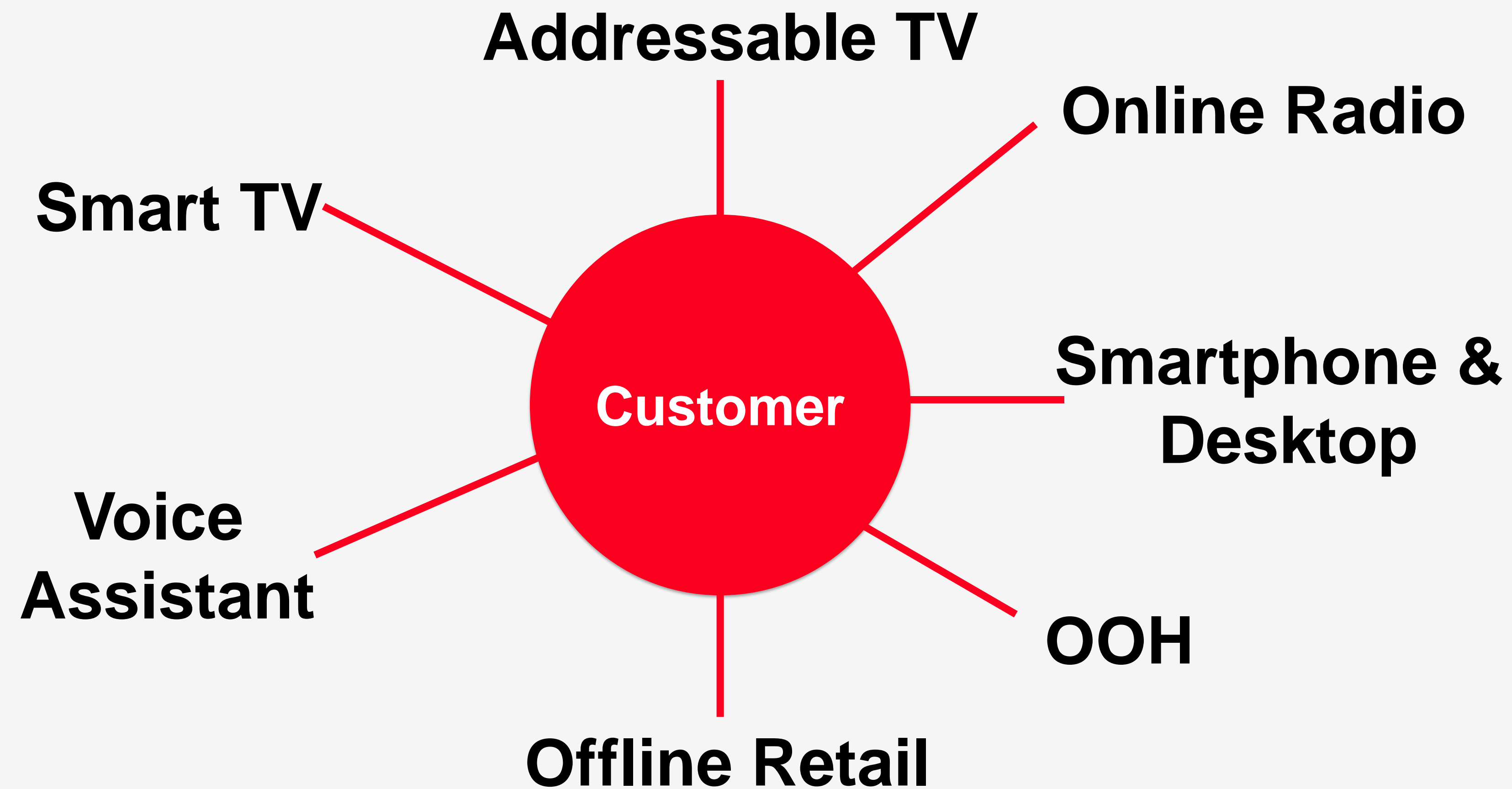
9% Share of network revenue in total ads revenue

2x Ad network's revenue increase vs 2017

+32% 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.

Advertising – building omnichannel reach tools



Online games MRG focuses on global expansion

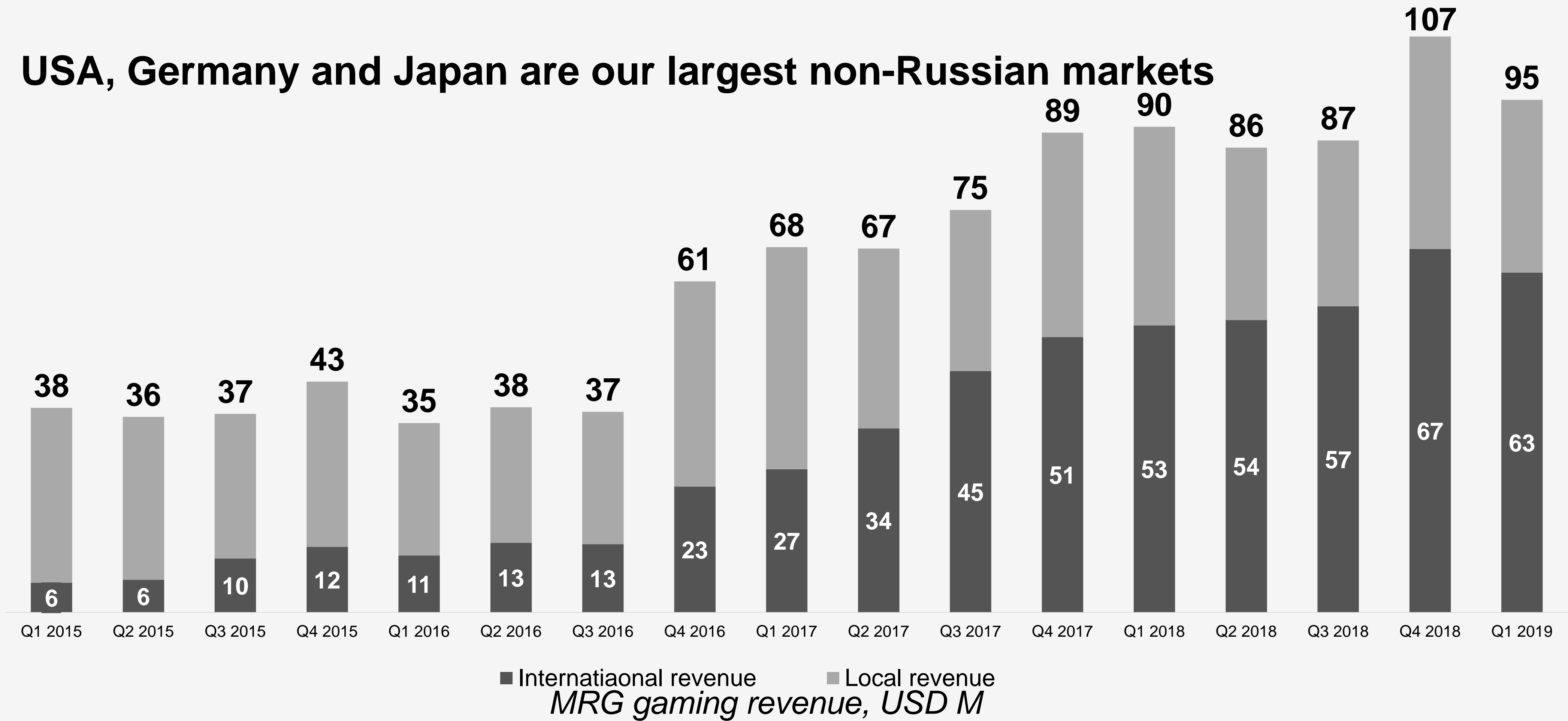
- Global games market is 80x+ times bigger than Russian
- MRG develops new and adopts existing titles for global audience
- Target is to draw 80% of gaming revenues from abroad
- Target is to double EBITDA within 4 years

●
\$1.7B
Russian
games market

\$137.9B
Global
games market

MRG international gaming revenue increased 1.5x vs 2017

- MRG international gaming revenue in Q1 2019 reached 67% of total MMO gaming revenue and >20% of MRG total group revenue
- USA, Germany and Japan are our largest non-Russian markets

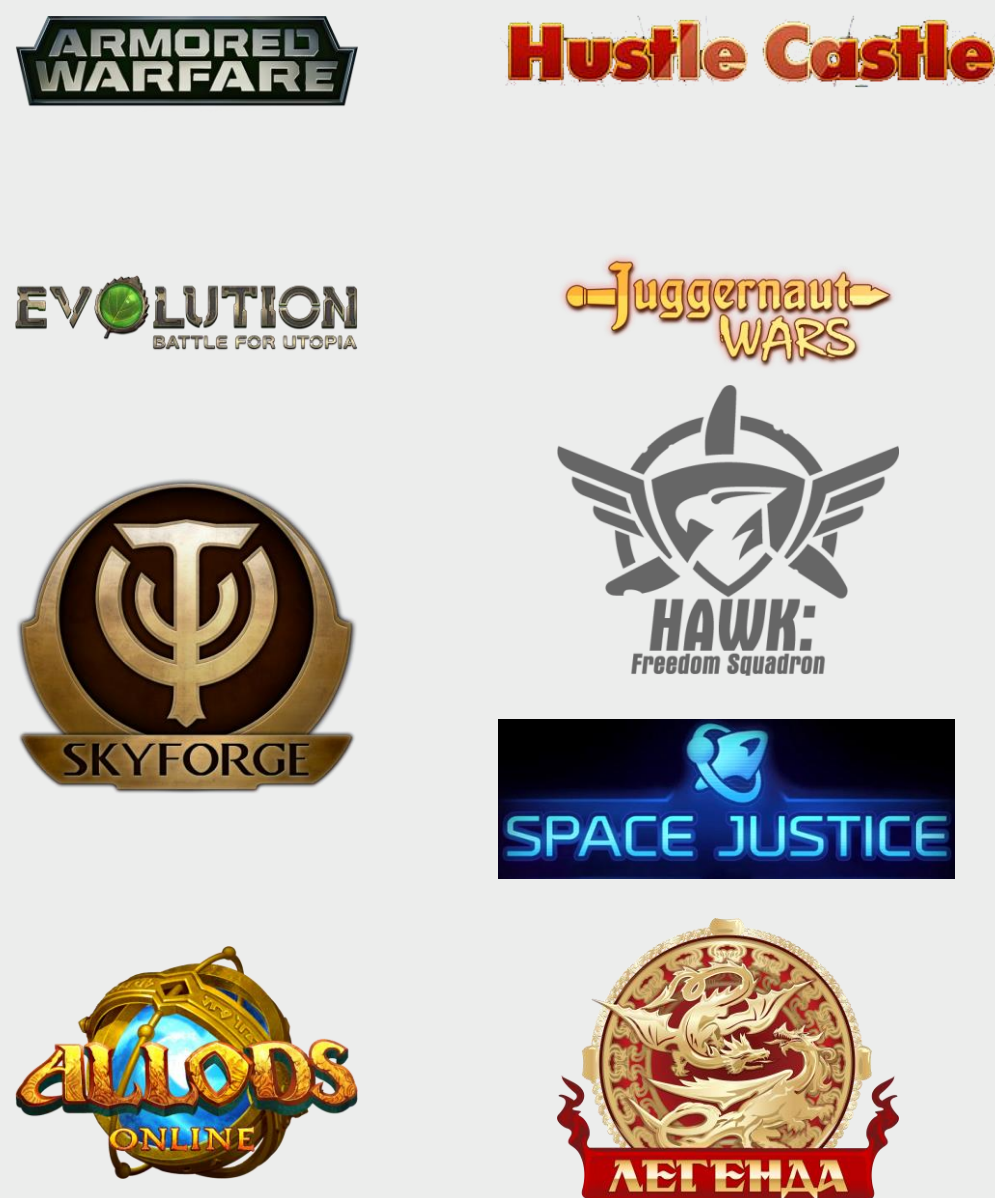


Online games 360°

Strategy is to develop, operate and invest in a diversified portfolio of titles

In-house games

28 key titles launched



10 key titles in the pipeline

Licensed games

33 key titles launched



3 key titles in the pipeline

Acquisitions

2 titles launched



5 in the pipeline

Venture investments

13 portfolio investments

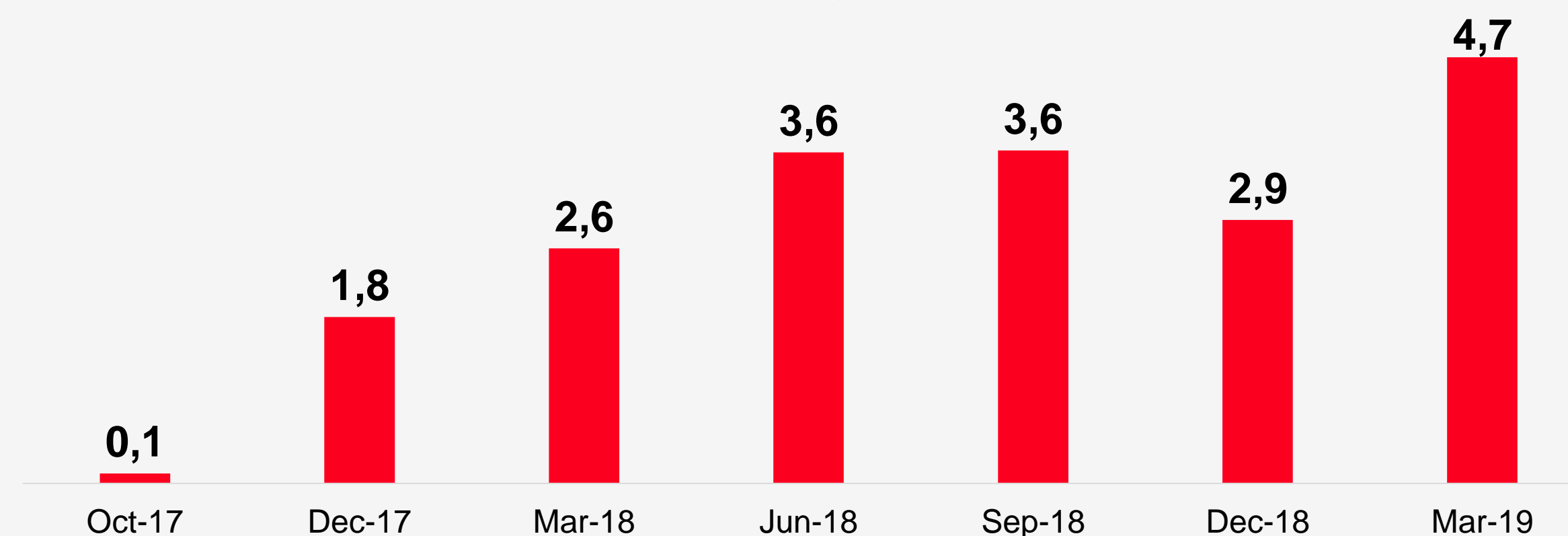


11 titles launched
16 launches in the pipeline

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

MAU, M



Hustle Castle



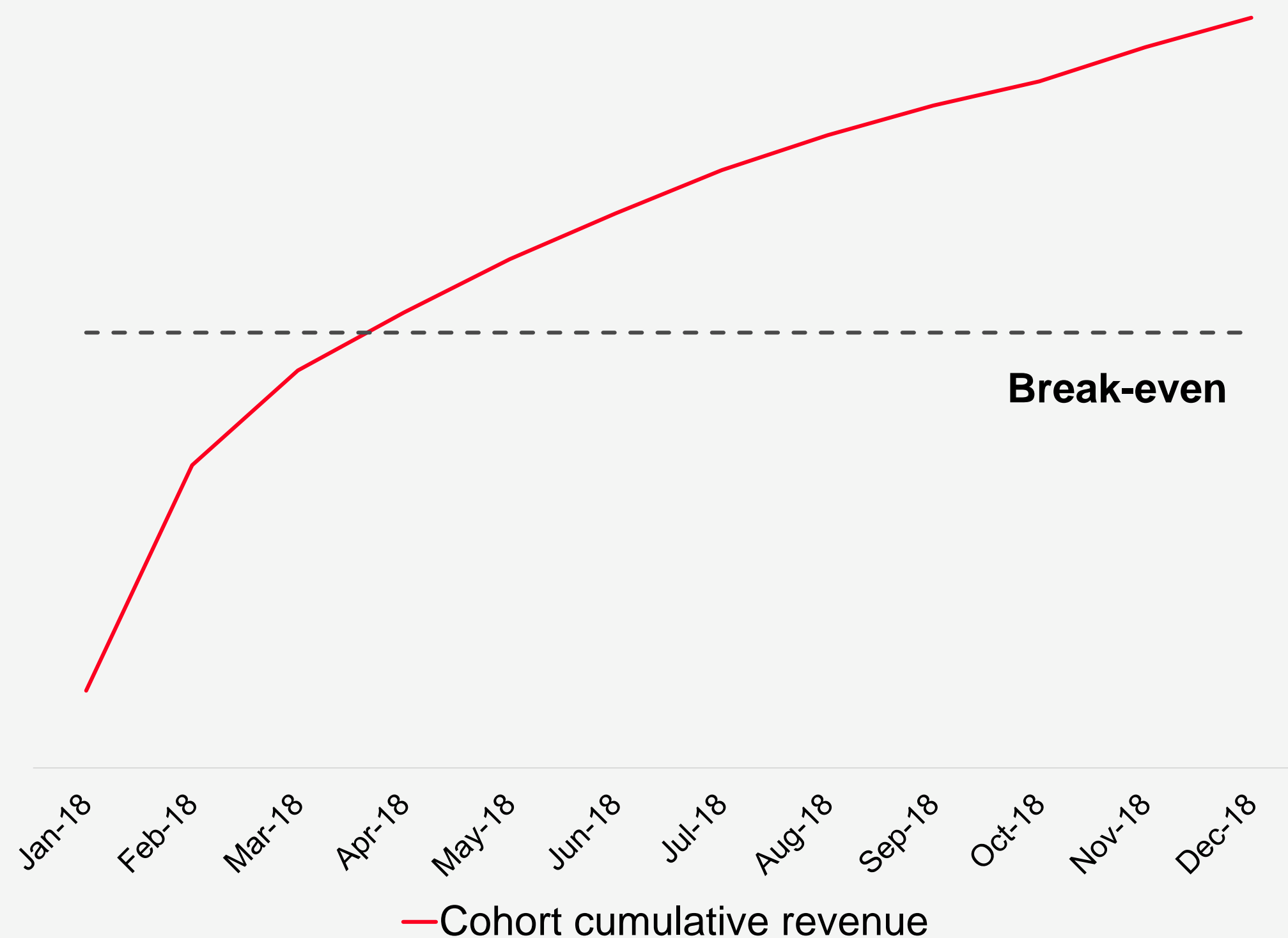
71M RUB

Daily revenue record reached in Dec'18

Hustle castle case study – turning investments into EBITDA

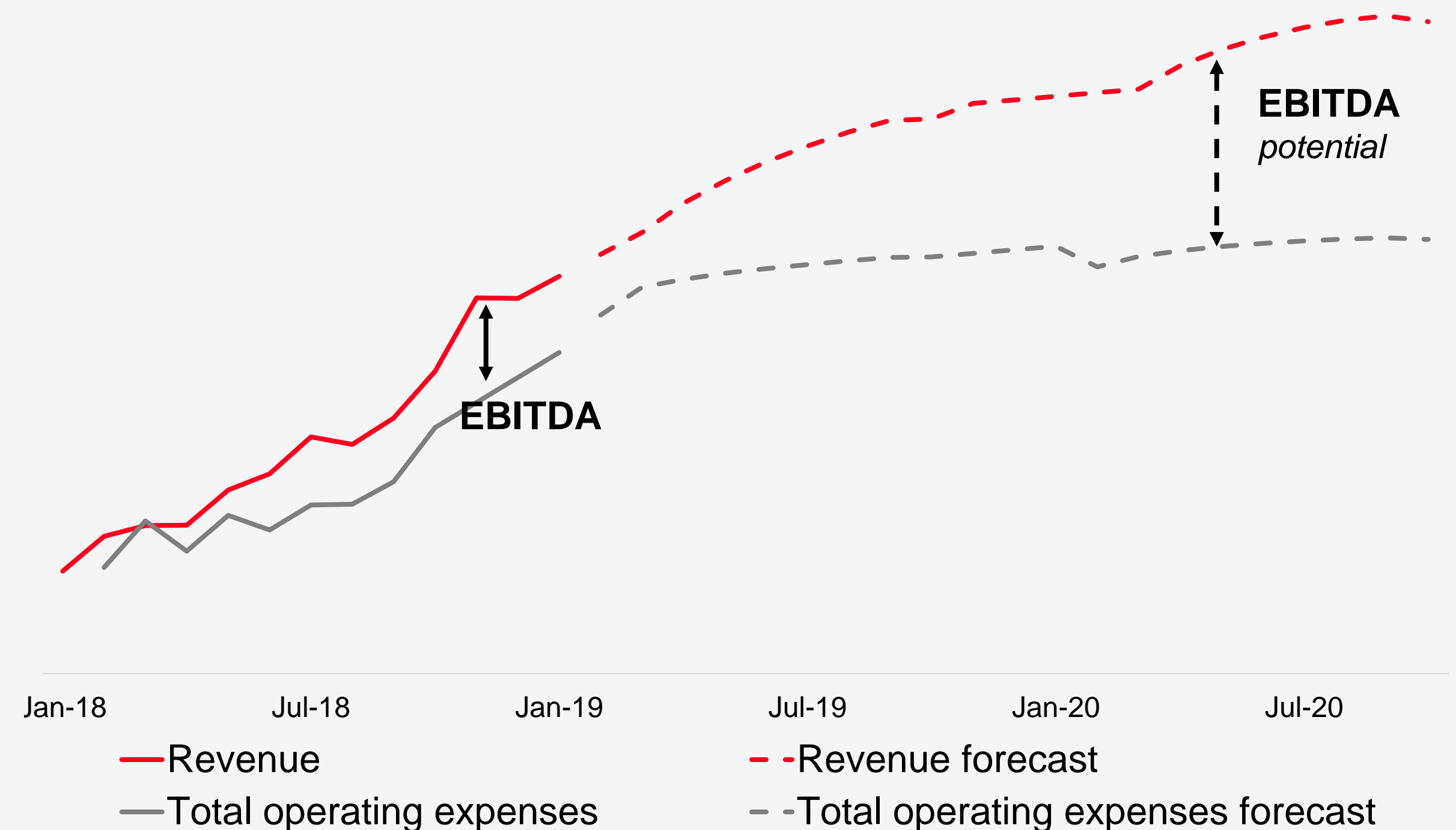
Revenue cohorts

- 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



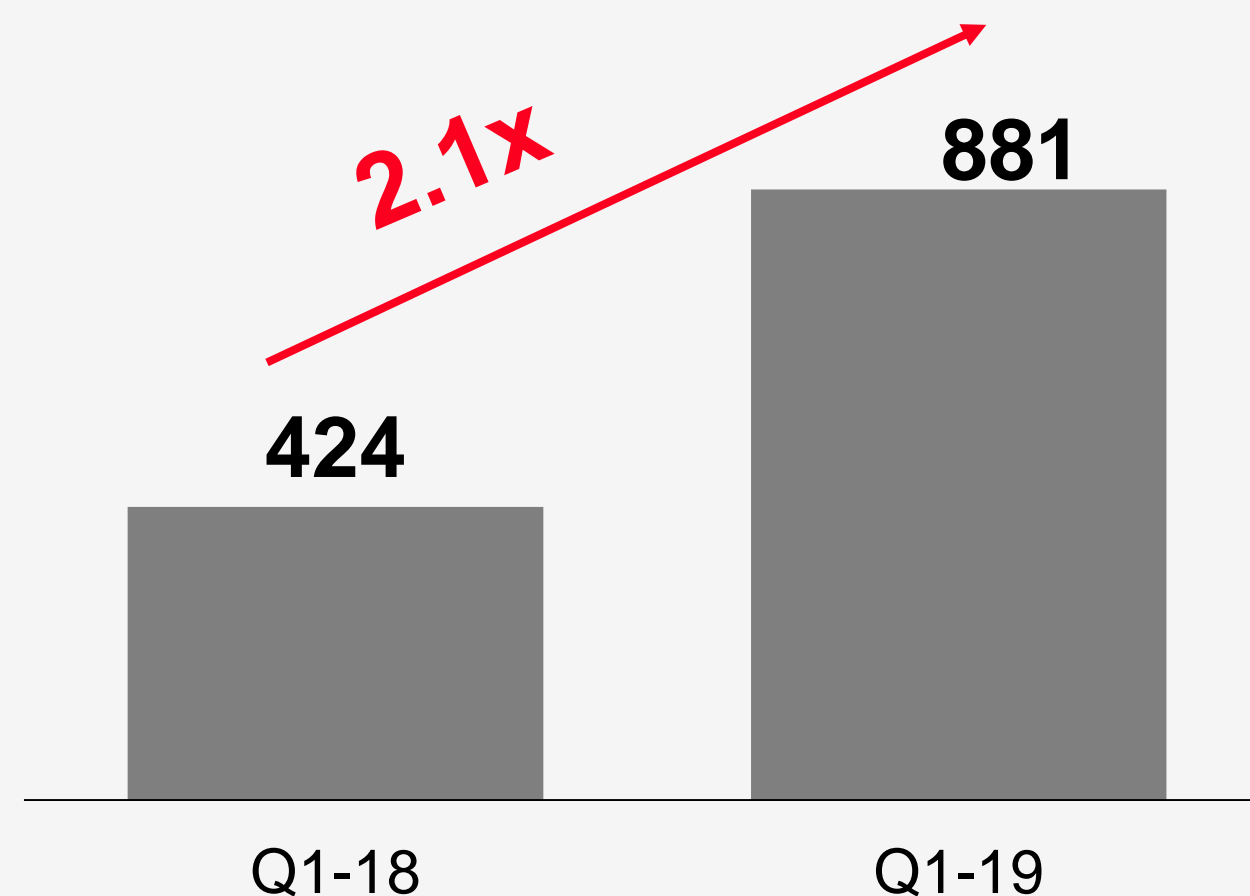
MRG is developing a market leading O2O services @mail.ru group platform with a goal to deliver superior growth

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

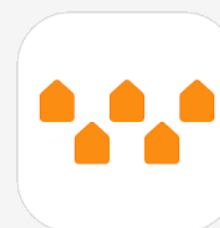


Largest Russian online food delivery business

Revenue (RUB m)



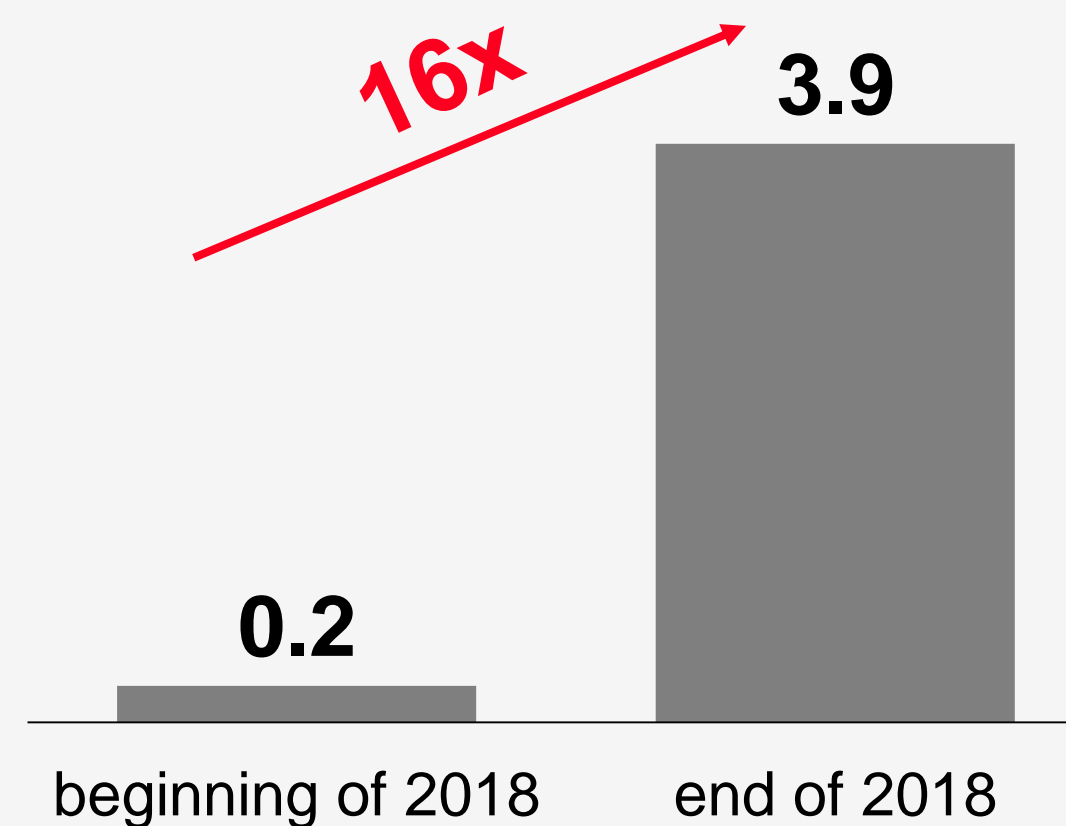
Delivery Club's revenue growth accelerated to above 100% in 2019



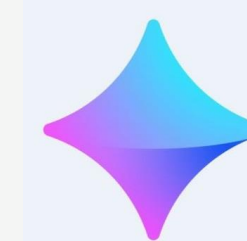
Citymobil

Fast-growing ride-hailing service

Number of monthly rides (m)



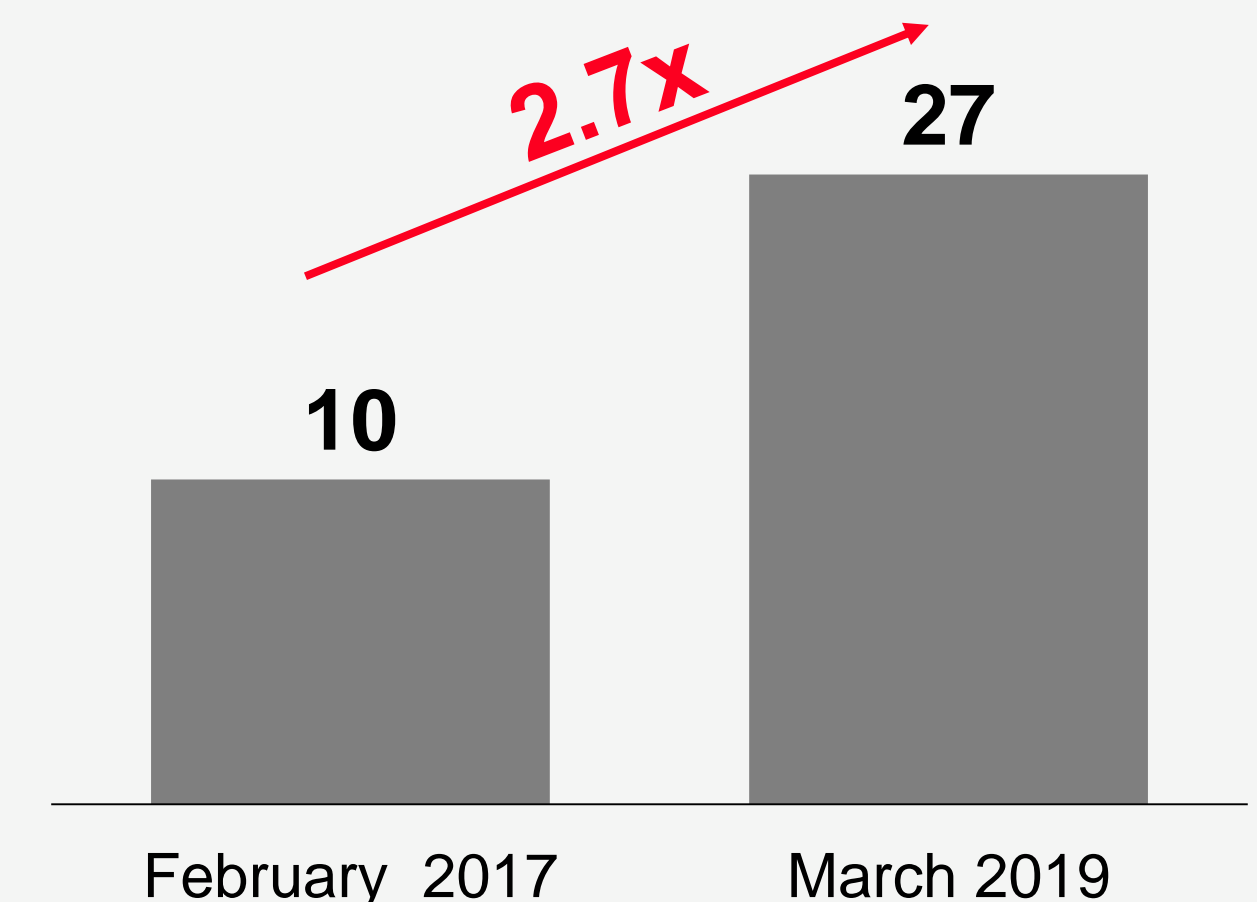
Citymobil's # of rides has grown 16x times since the beginning of 2018 becoming No2 player in Moscow



Youla

Leading mobile location based marketplace

MAU: web + app (m)



Youla became market leader in mobile classifieds just 3 years since foundation with ~100% MAU growth since January 2017

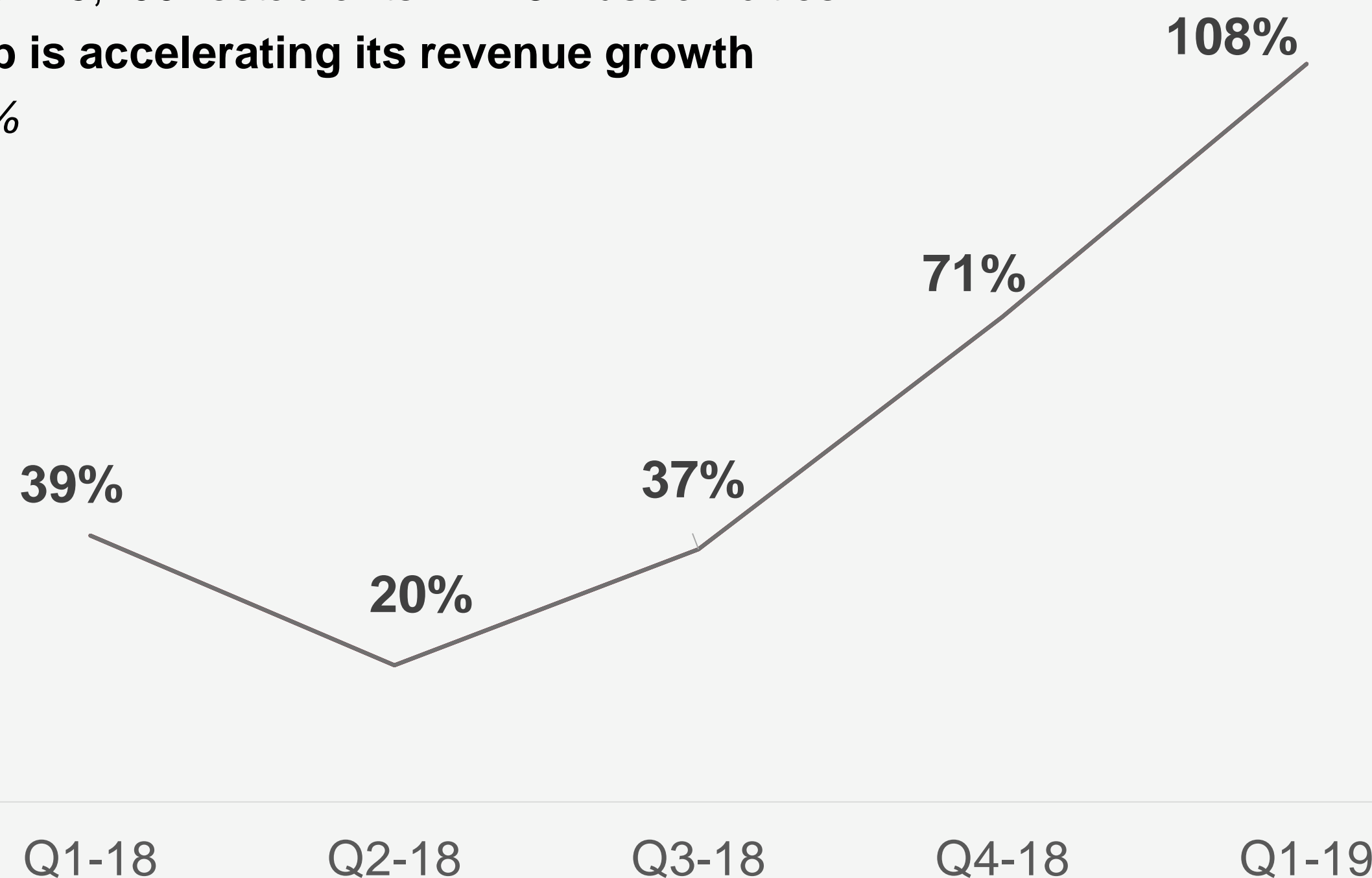


Delivery Club Russia's Food delivery leader

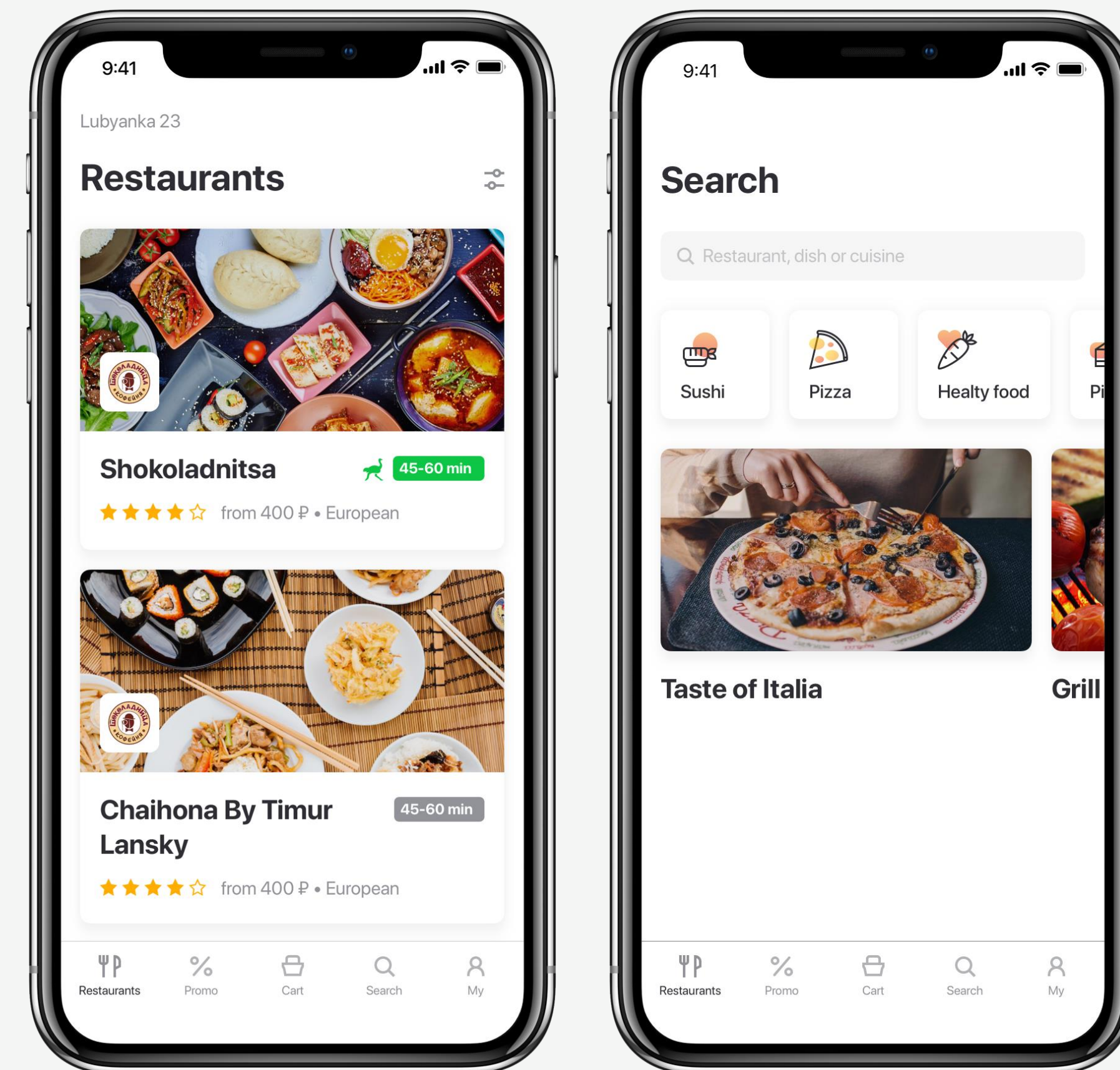
- Delivery Club is a leading Russian restaurant food delivery company, which was acquired by MRG at the end of 2016
- In May 2017 MRG acquired Zaka Zaka in a goal to consolidate local food delivery aggregator market
- Own delivery was launched in early 2016 in an attempt to expand market share. Now it 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, %

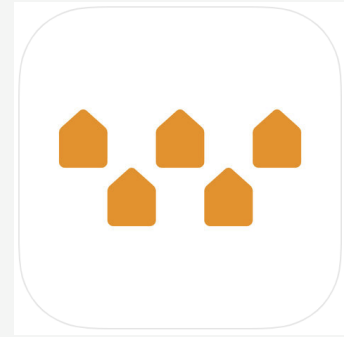


Source: Internal data



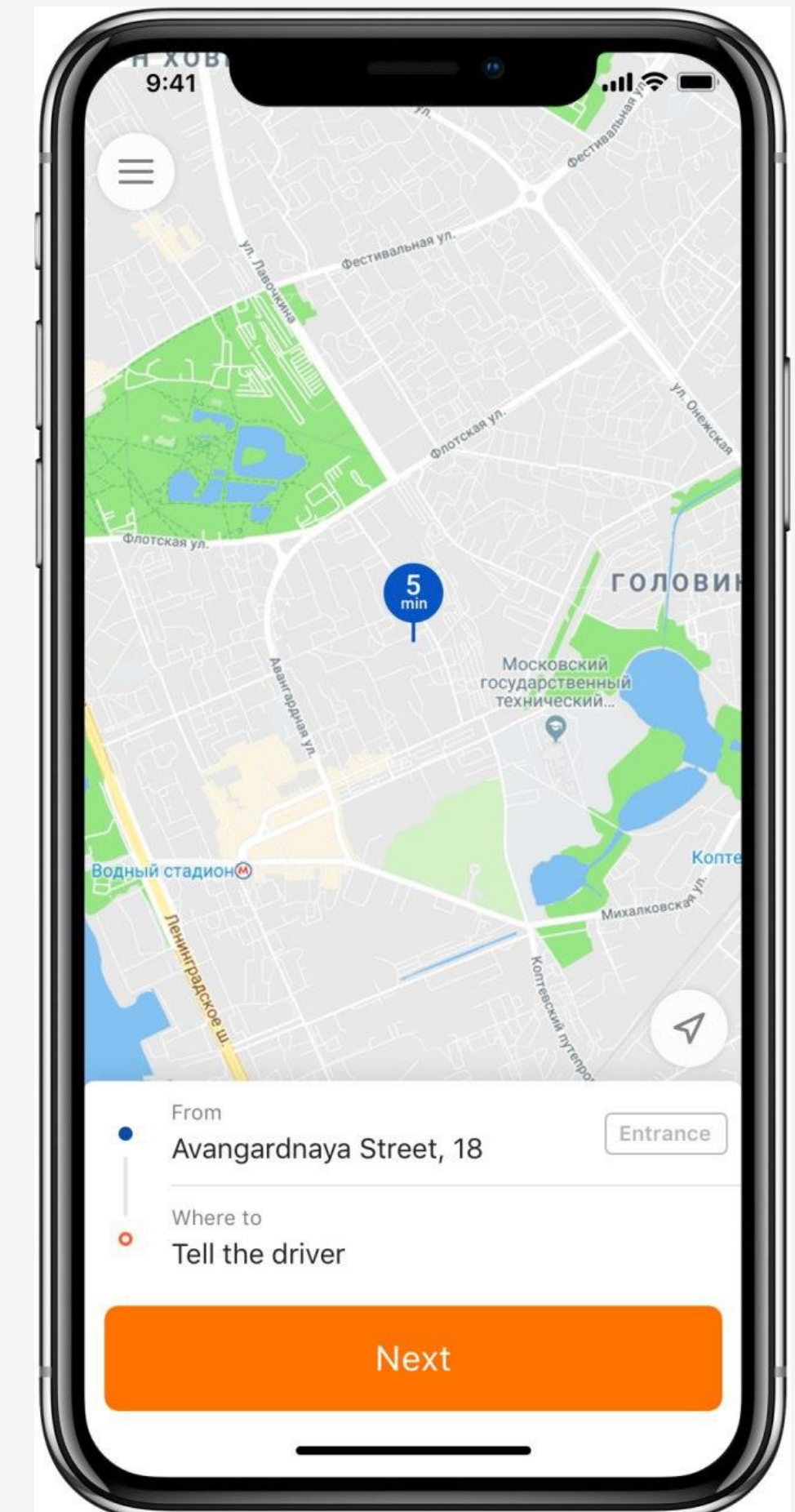
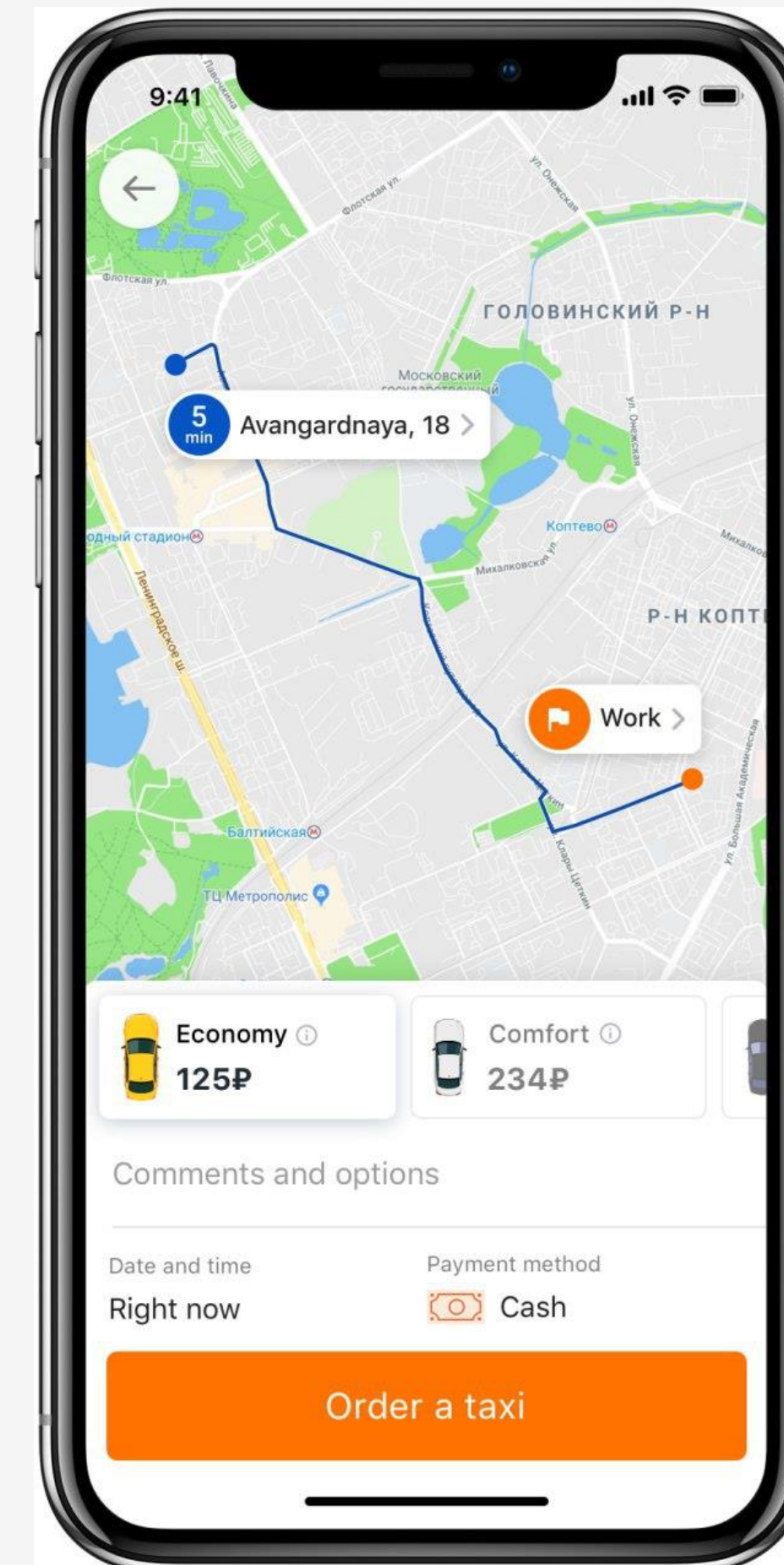
Partnerships with 3 major QSR chains signed





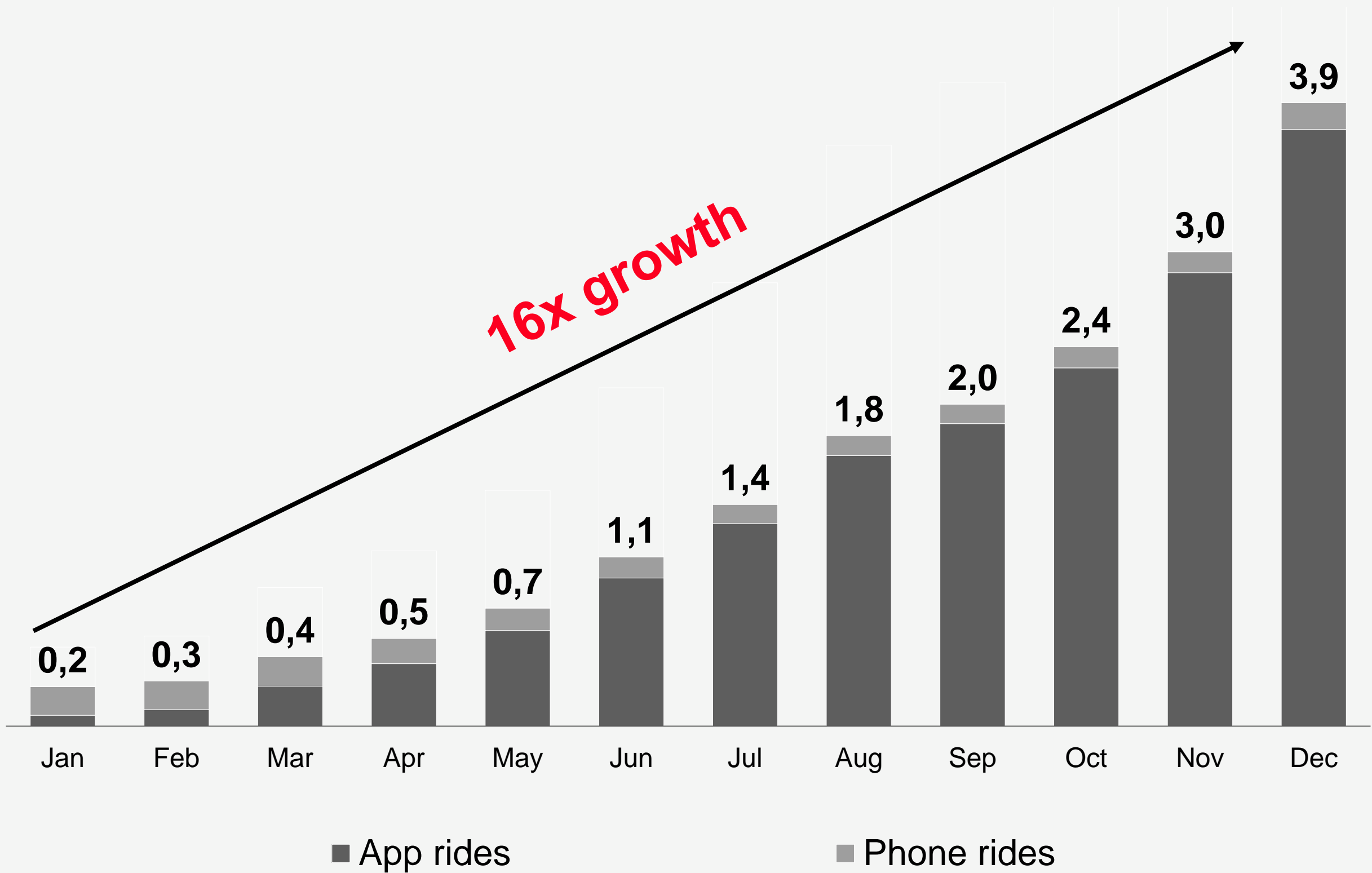
Citymobil MRG's bet on ride-hailing market

- 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
- Comission level has recently increased
- MRG owns strategic minority share in the company and does not consolidate it into own financial accounts

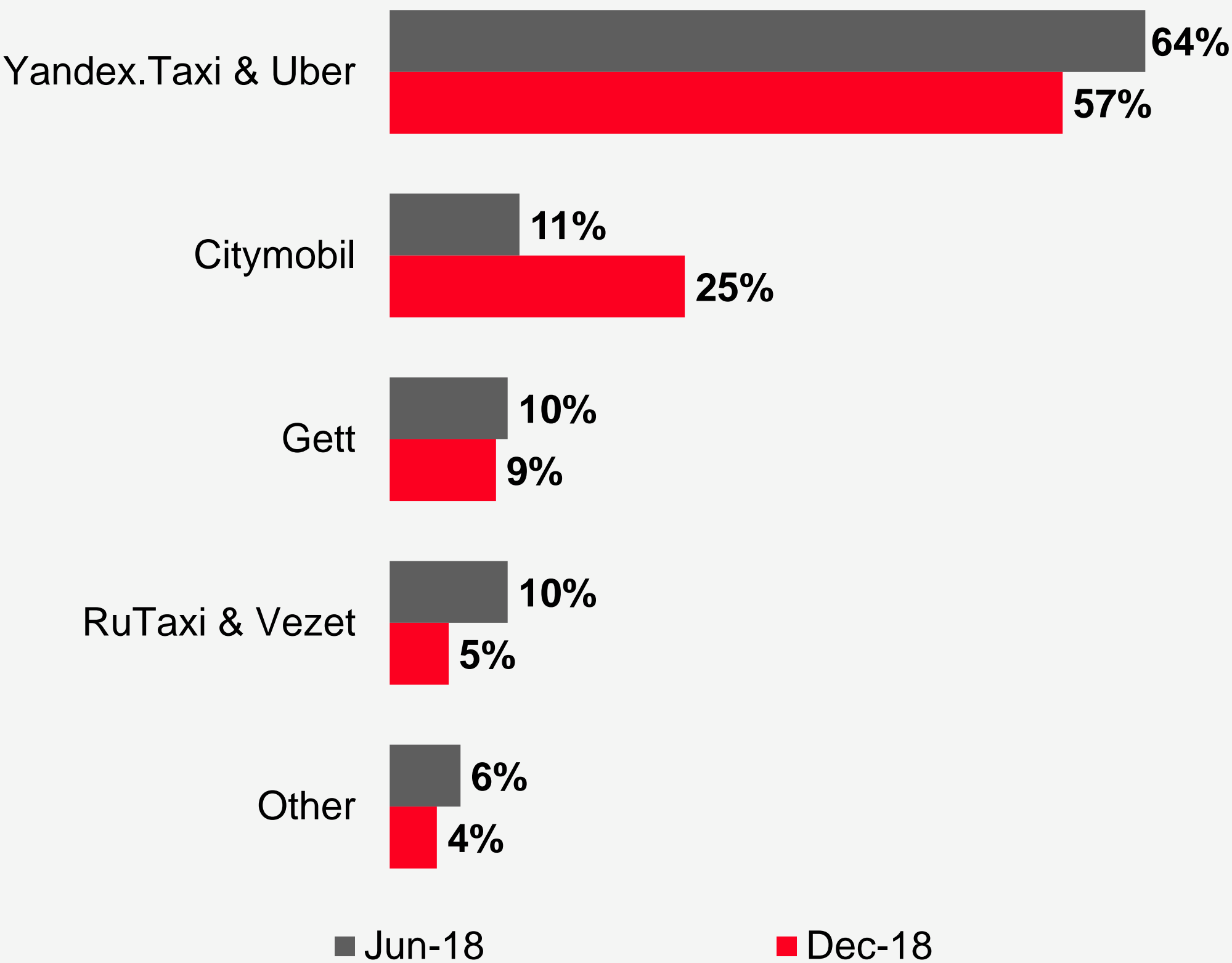


Citymobil is actively conquering market share in Moscow

Citymobil, number of rides, #K



Market share in Moscow





Youla

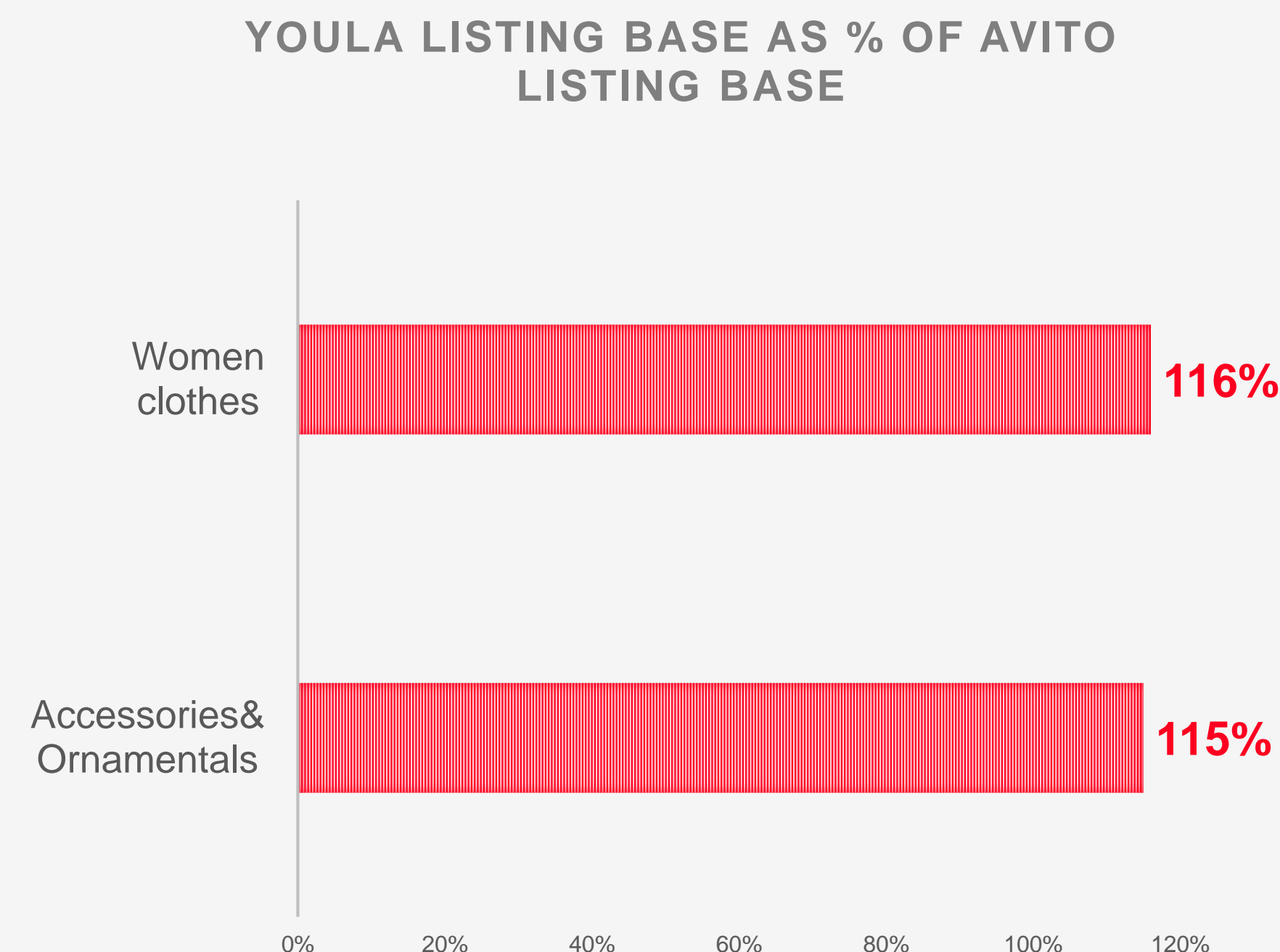
Leading mobile classifieds in Russia

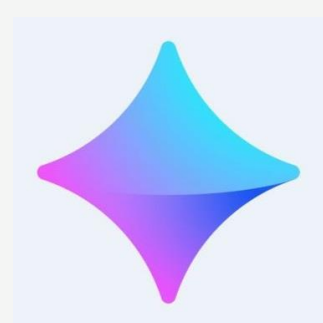
- During the past 12 months Youla managed to build leading position in several general categories
- First monetization tests started at the end of 2017 and in 2018 revenue surpassed RUR 1bn with a target of around RUR 2bn in 2019
- Q1 2019 revenue was up 2.7x Y-o-Y to RUR384m
- Listings grew by 30% YoY to 33m in March

27M Mar'19 MAU

~2x growth over 2 years

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

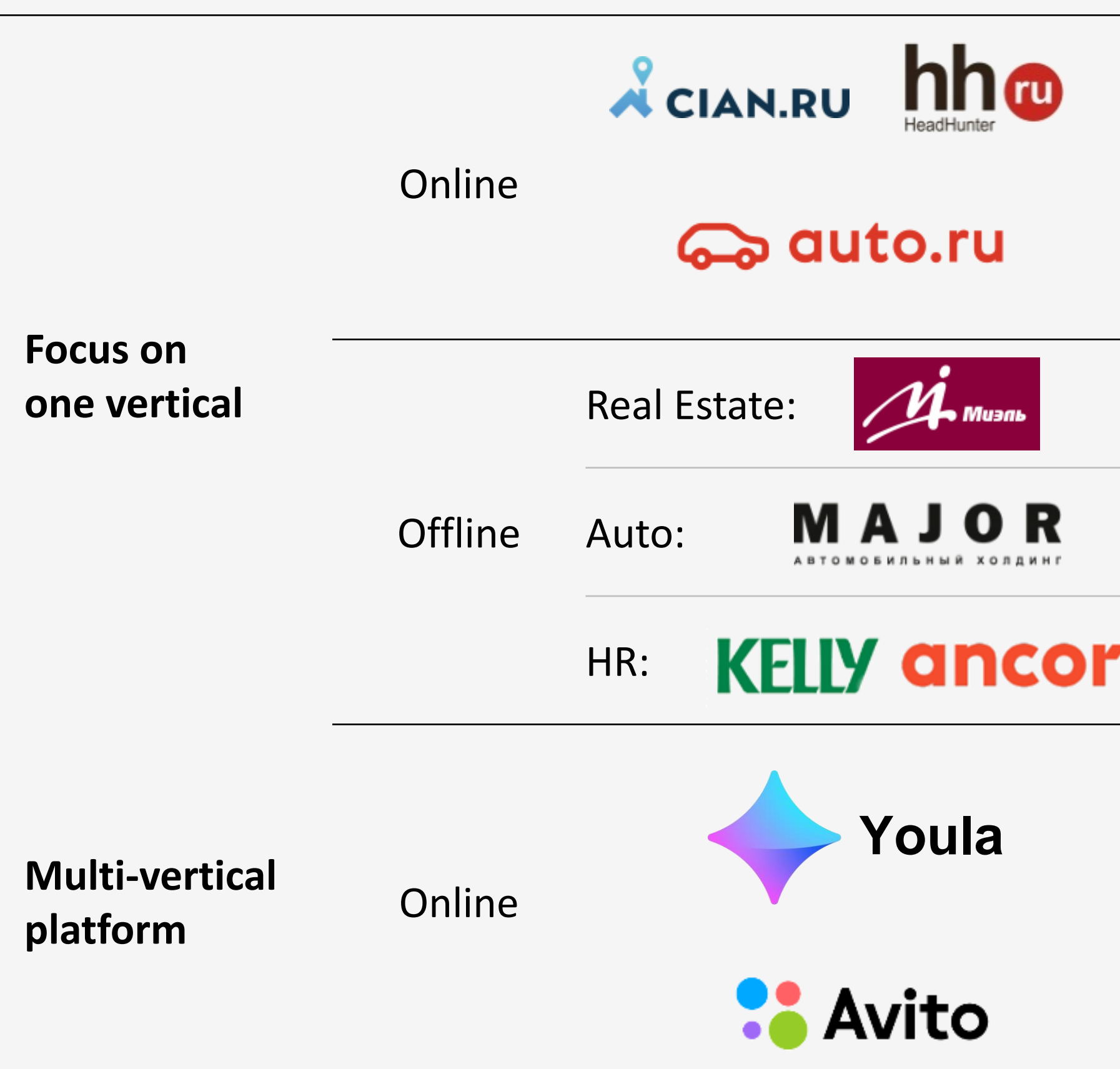




Youla

Leading multi-vertical online-classifieds business

Competitive landscape



Comparison with the closest competitor



Youla



Avito

App MAU¹

- cities with population of 700k+
- cities with population of 100k+

4.7m

5.4m

8.6m

10.6m

App DAU¹

- cities with population of 700k+
- cities with population of 100k+

1.6m

1.5m

2.6m

2.8m

Listings

33m

52m

AppStore app rating

4.8

3.8

GooglePlay app rating

4.7

4.5

Email & Portal

Mail.ru – email service

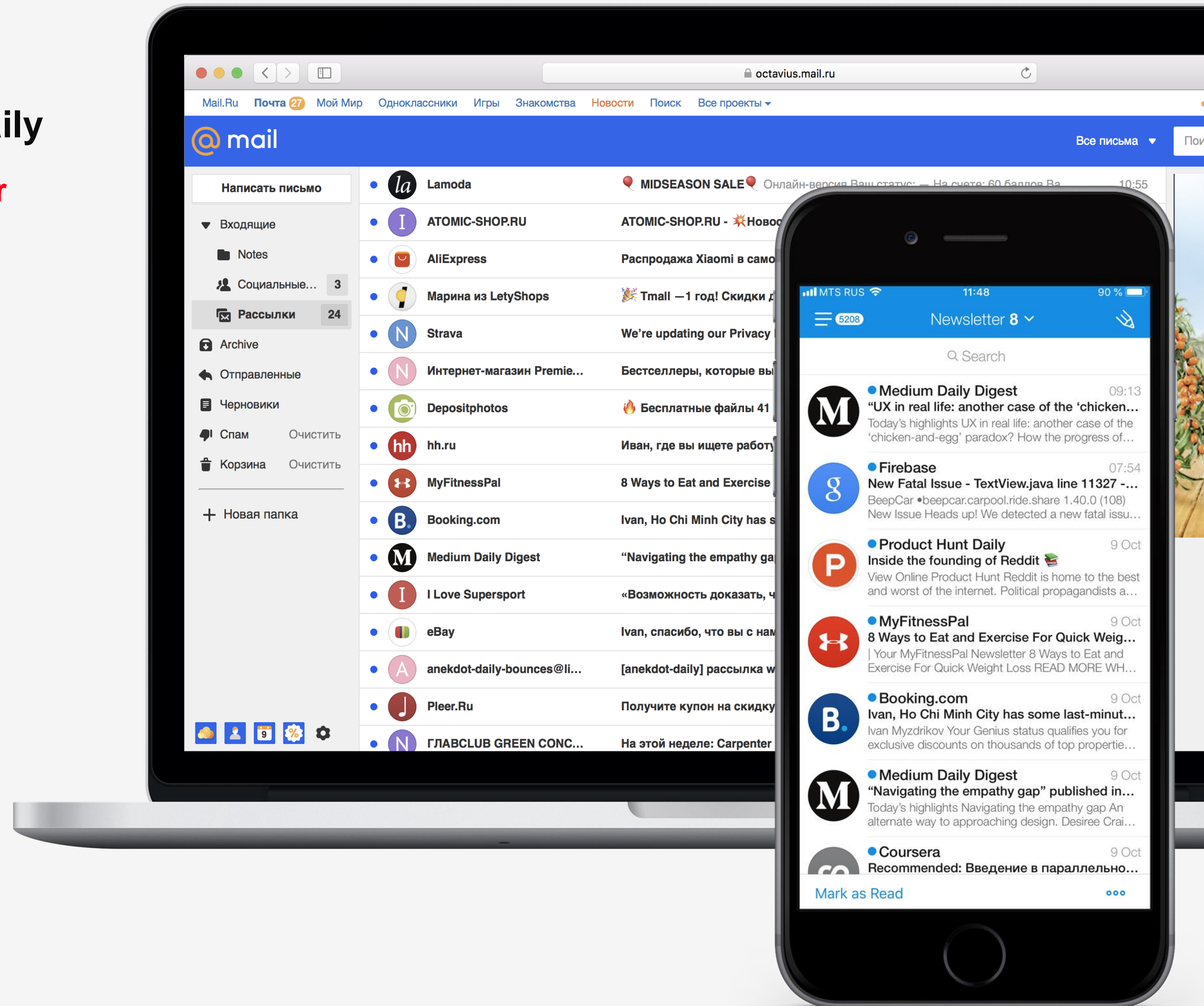
- #1 email service in Russia
- 103M active accounts, 700M messages sent daily

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



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

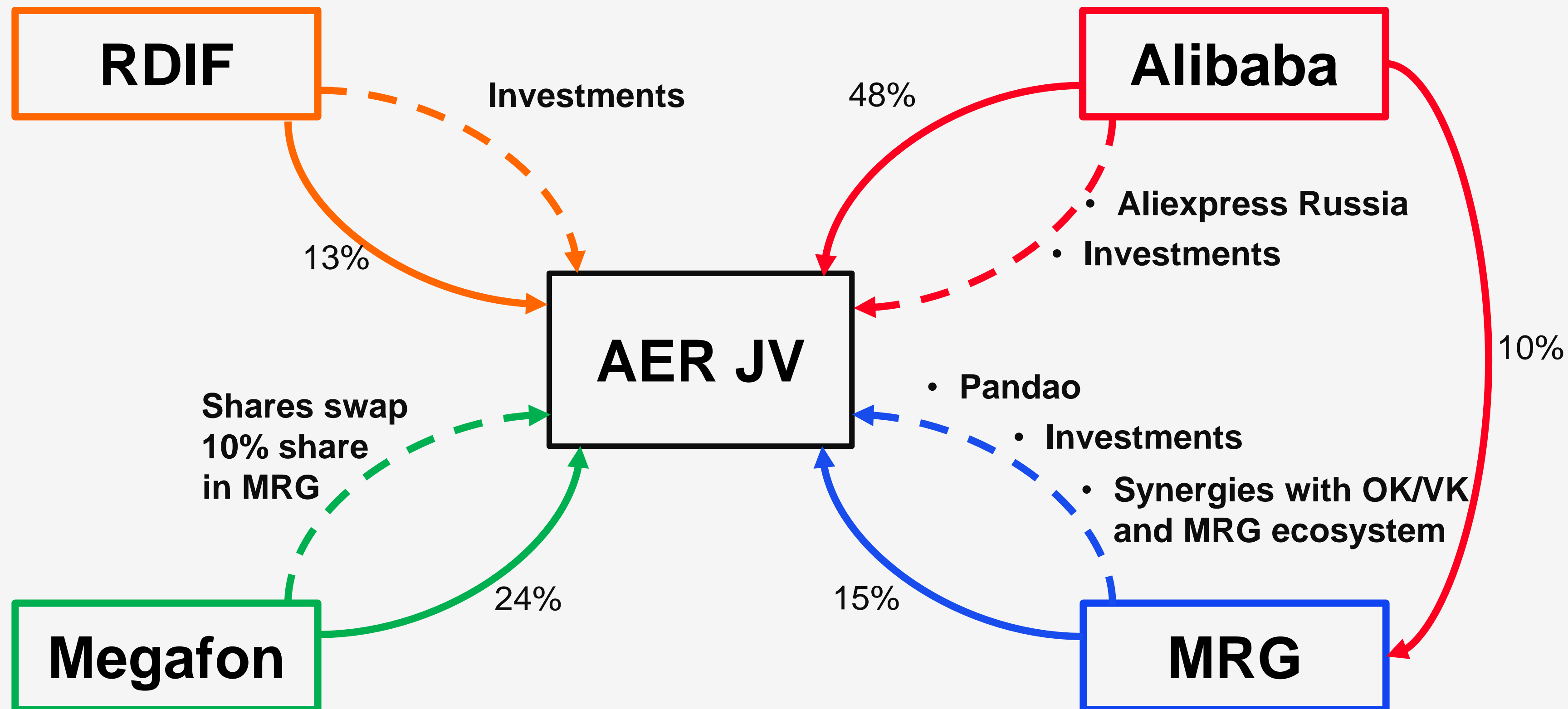
Proprietary in-memory Data Base management solution with performance benchmarks* beating global analogs. Originally developed for internal MRG needs (used in 60%+ MRG products)



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

AER JV deal creates leading Russian e-commerce player



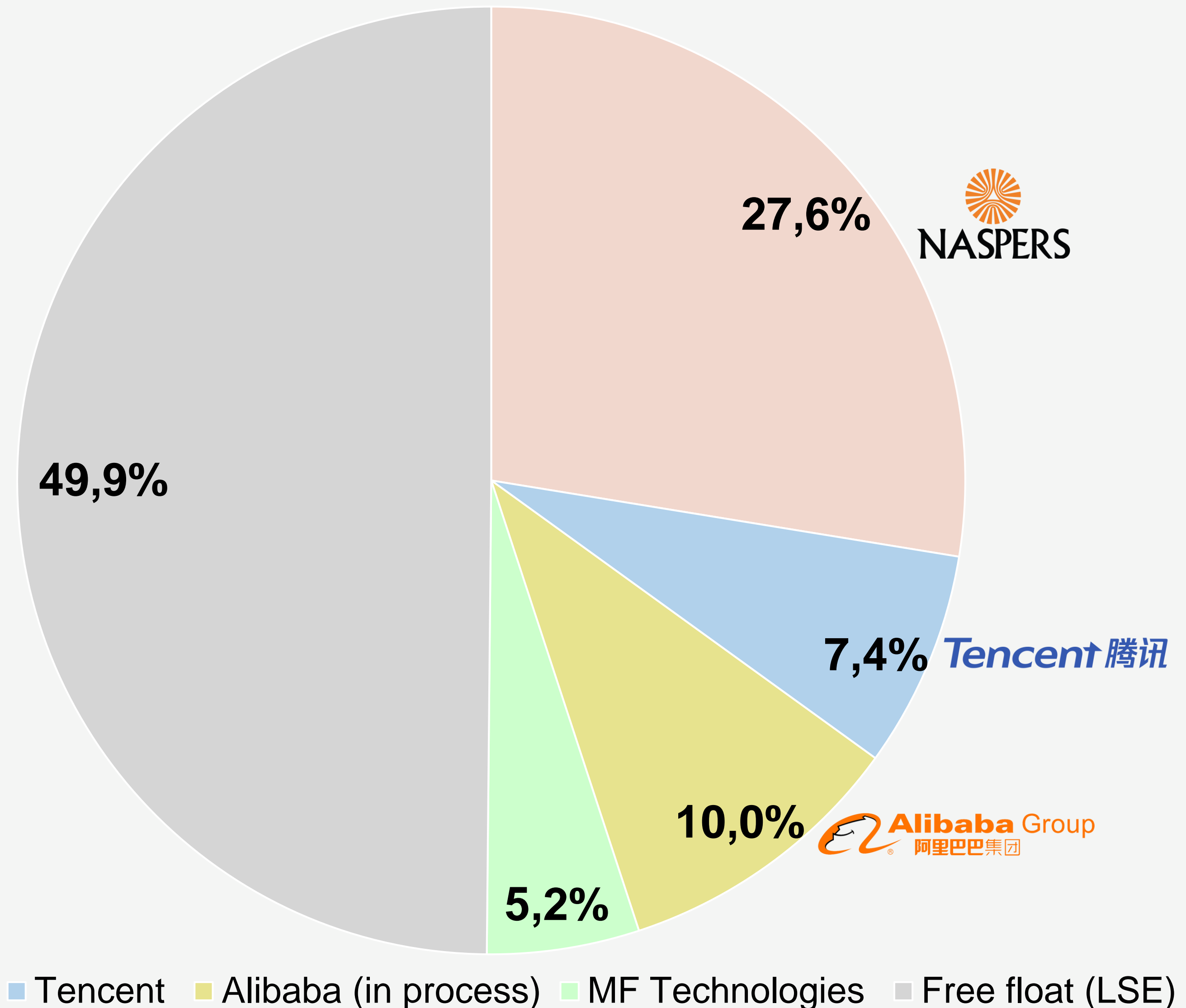
**N1 e-commerce
business in
Russia**

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**

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)



Mail.ru Shareholder structure

	 NASPERS	 МЕГАФОН	 Tencent 腾讯	MFT	Freefloat
Economic	27.6%	10%	7.4%	5.2%	49.8%
Voting	12.4%	4.5%	3.3%	58.9%	20.9%
	MF shares to move to AliBaba on closing of JV			USM/MF votes (54%) in MFT now delegated to CEO (Russia) of Mail.Ru.	

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