

Mail.ru Group



Building the leading Russian internet ecosystem

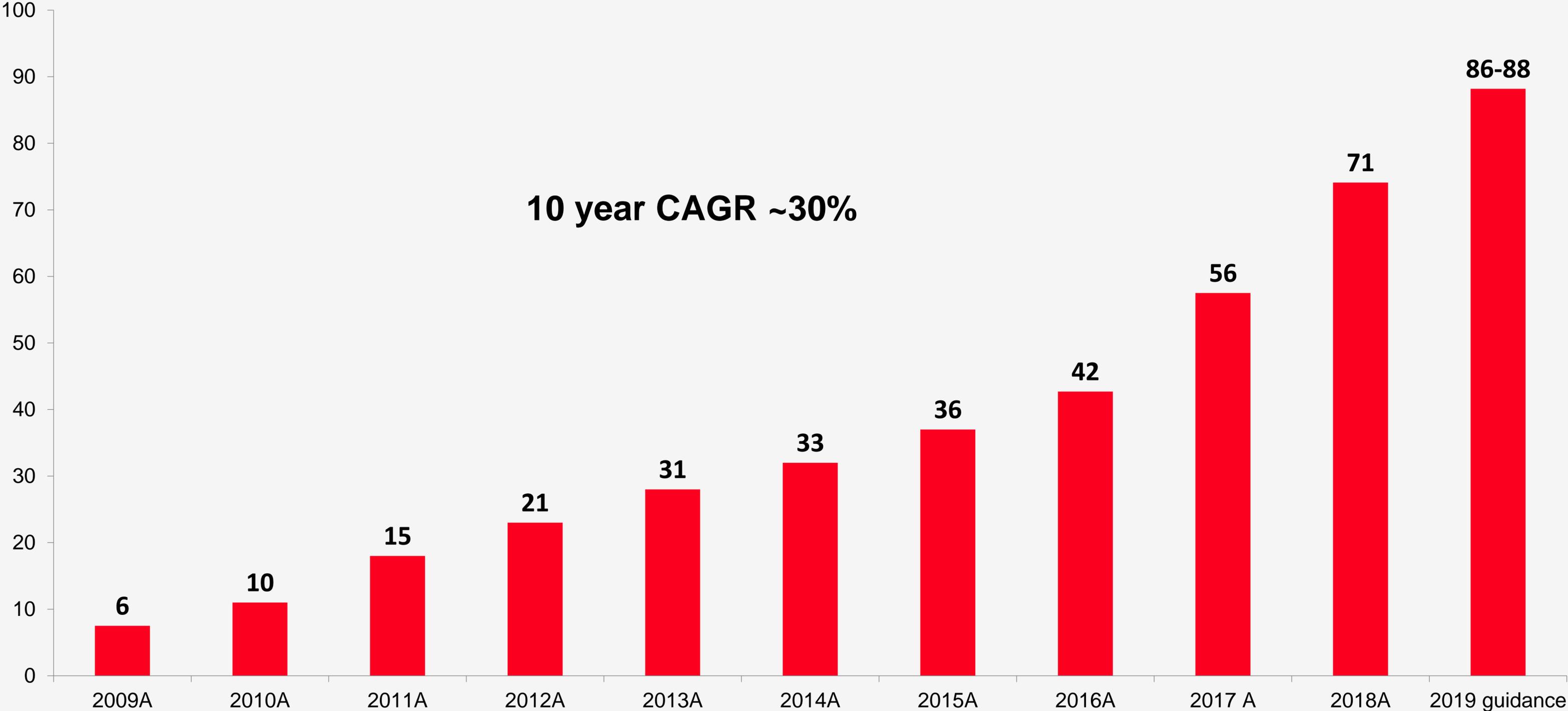
Executive Summary:

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 4th 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 **48% share of online as of 1H19**. 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. **Mail.ru Group 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 >93% local Internet audience coverage monthly and ~70% daily given our 100% ownership of #1/#2 local social networks, #1 mapping service, portal etc

Mail.ru Group has grown revenues 10x over 10 years @ mail.ru group



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 revenue doubled over the past 3 years & we continue to gain share

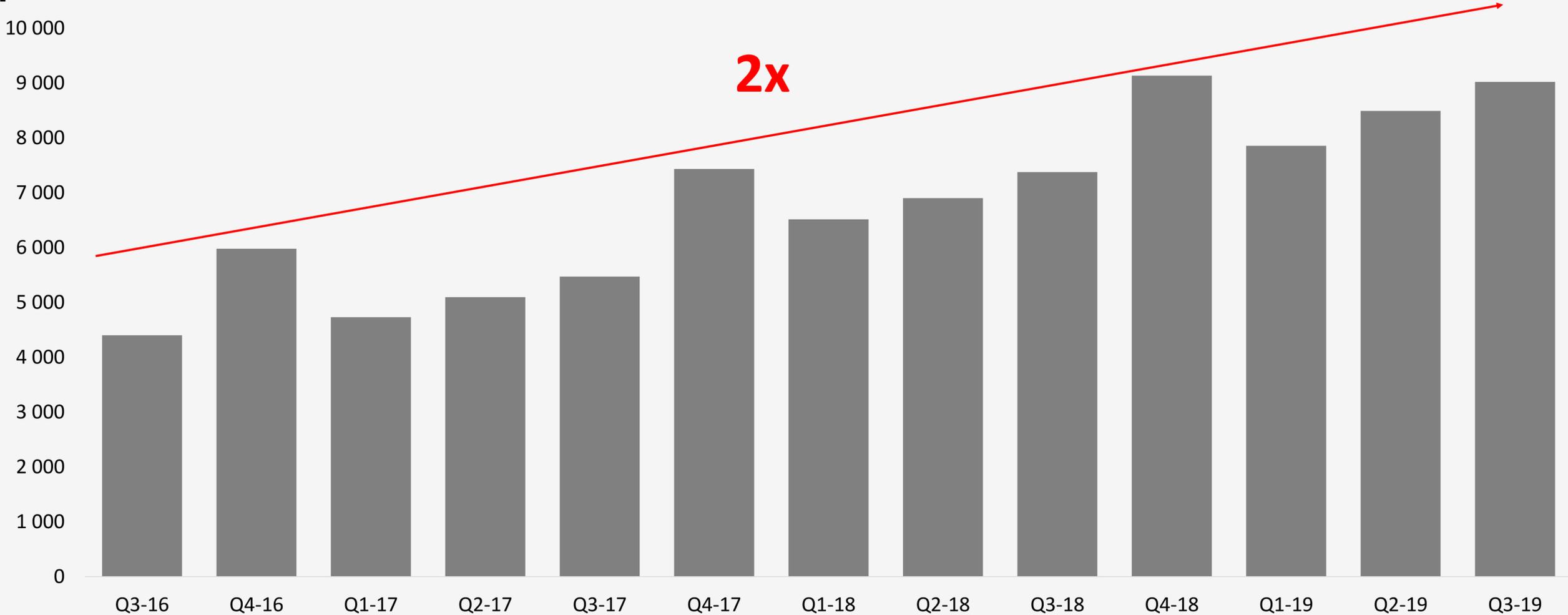


Mail.ru Group has been growing its advertising revenues faster than overall market, having **gained 3p.p of market share since 2015.**

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.**

Trend continues, with MRG having grown ad revenues by 22% in 1H vs 20% for the market.

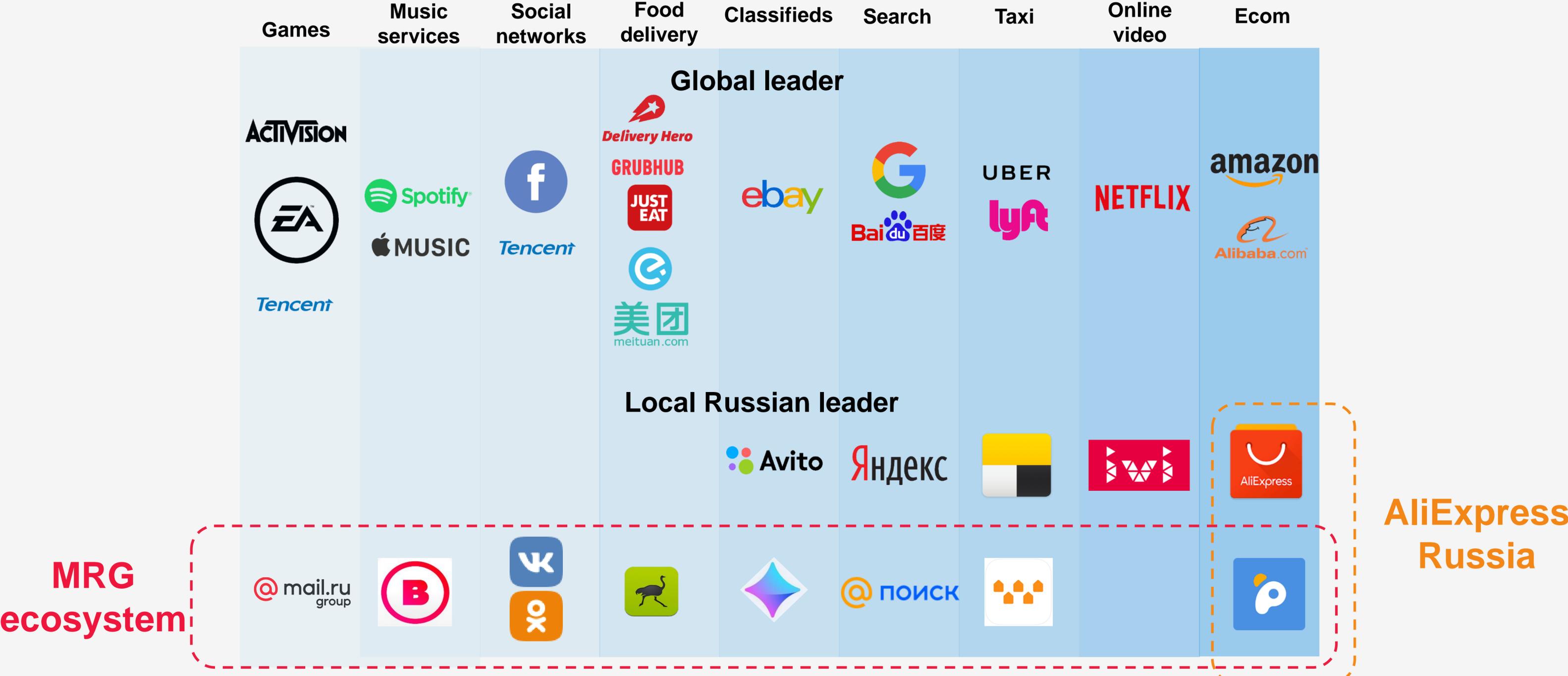
Despite challenging macro, tight competition and high base effect, **we anticipate 2H ad growth to be at least as strong as 1H**



Advertising revenue, RUB M

Source: Internal data

Main Internet verticals in Russia are dominated by local players despite global competition

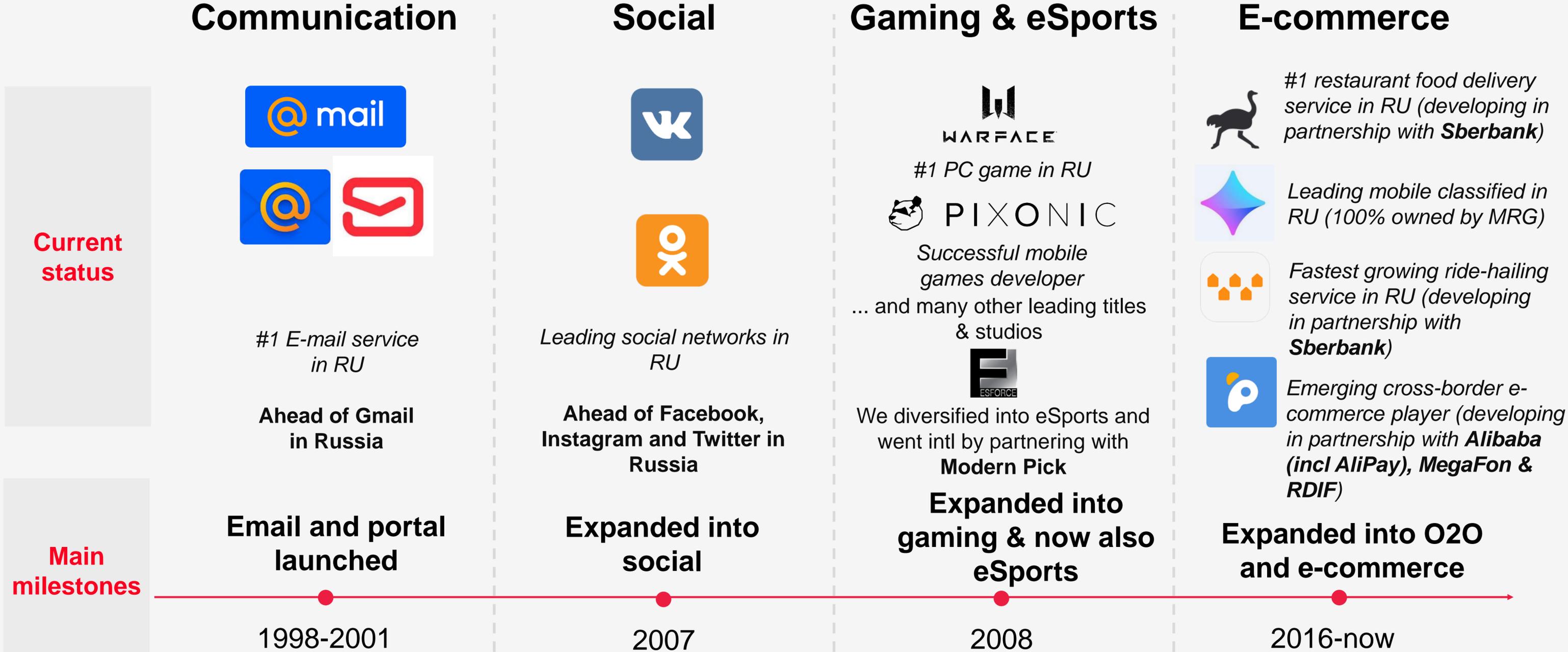


Source: Management estimates, Internal data

MRG started from email & portal but has now become a leading social, gaming, & O2O company in Russia



How about the future? We see opportunities across multiple areas - fintech, B2B, Cloud, AI. Although **key near-term focus will be on cross-selling between existing products, loyalty, single ID** => extracting synergies from the ecosystem, which we have built over recent years



Source: Management estimates, public sources including Mediascope data for 0+ for web for OK

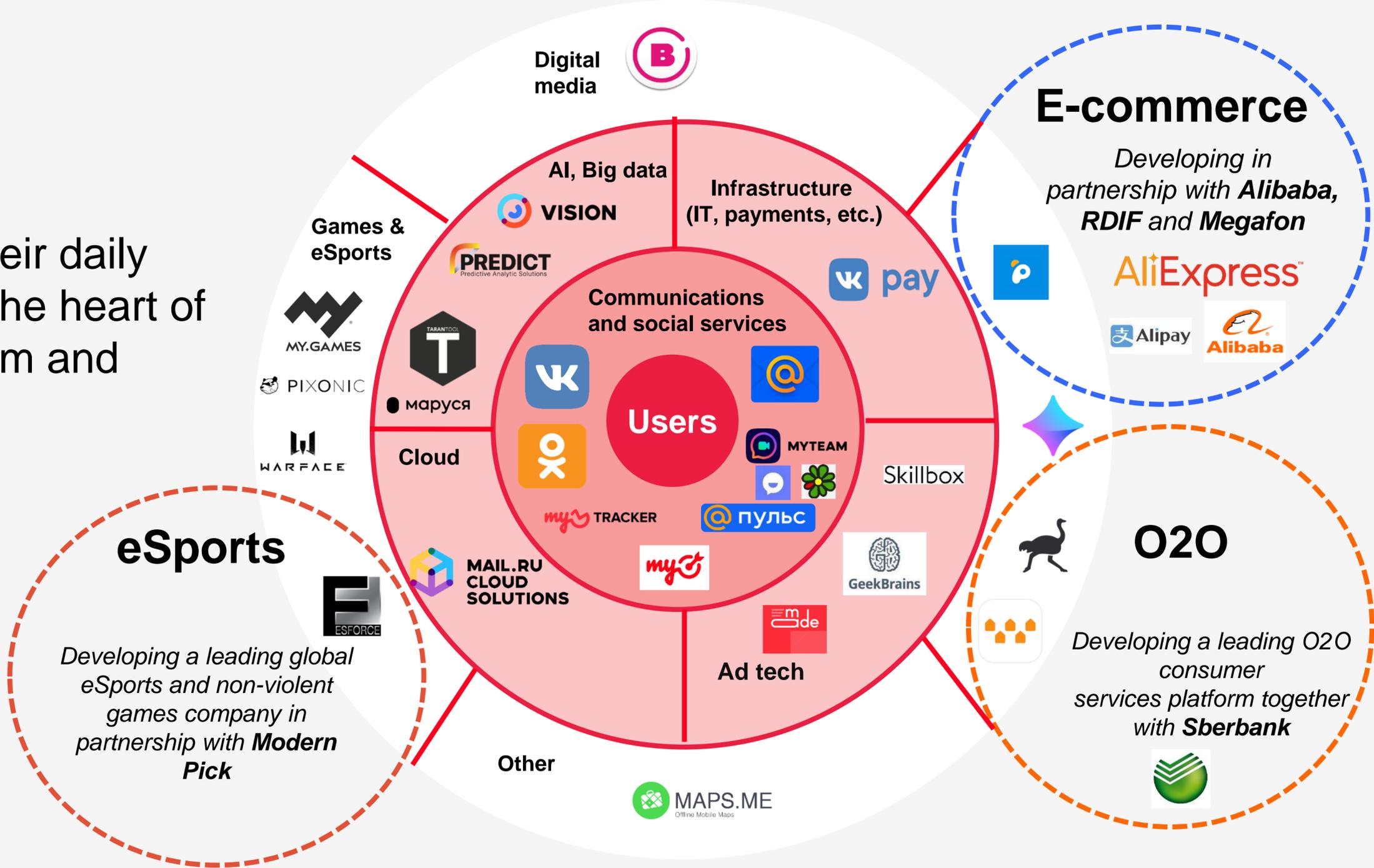
Mail.ru Group is building an ecosystem powered by ~100M users and developing partnerships to strengthen across verticals and lead digital transformation of Russia



Driving **loyalty** and **cross-selling** through products like:



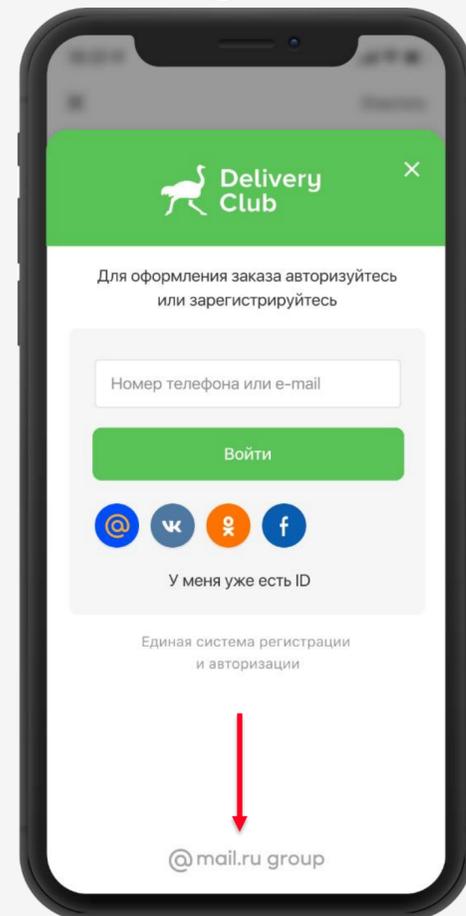
Users and their daily needs sit at the heart of our ecosystem and strategy



Source: Internal data

Enhancing our ecosystem through cross-integration and cross-selling to drive further growth

Single ID



Provides for soft integration of all MRG products under core brand as part of ecosystem and brand-awareness development. Already applies to **Mail.ru Email, Cloud, VseApteki, Marusya, Delivery Club, Citymobil, Mail.ru Portal, News** services. Will shortly include Youla and Boom

VK Mini Apps



Now offers >11,000 apps. **View-to-order conversion** through VK Taxi Mini App for CM is even higher than through own app. Target is to onboard and cross-sell MRG services through VK Mini Apps platform

Subscription bundle



Launched on Oct 17. Includes **Delivery Club, Citymobil, Cloud, YouDrive** services of Mail.ru Group as well as a number of partner services

Combo - subscription for RUB 199 with 7 partners



Estimated value to the customer is >RUB1,300 RUB targeting food delivery, ride sharing/hailing, on-line video, Cloud and food retail including QSR services



Services included in the bundle at launch:

Delivery Club (MRG)

Additional 10% discount on top of any current discounts

YouDrive (MRG)

50% discount on the first trip and 10% cashback on all trips

Perekrestok Online/Offline (Partner)

10% off the check

MegaFon TV / Amediateka (by HBO) (Partner)

Free access to video content from Amediateka through free access to promo package of MegaFon TV

Citymobil (MRG)

10% discount on all trips (+3% on top of any existing discount)

Cloud Mail.ru (MRG)

16GB of free space

McDonald's (Partner)

Buy 1 get 1 free Big Mac (per month)

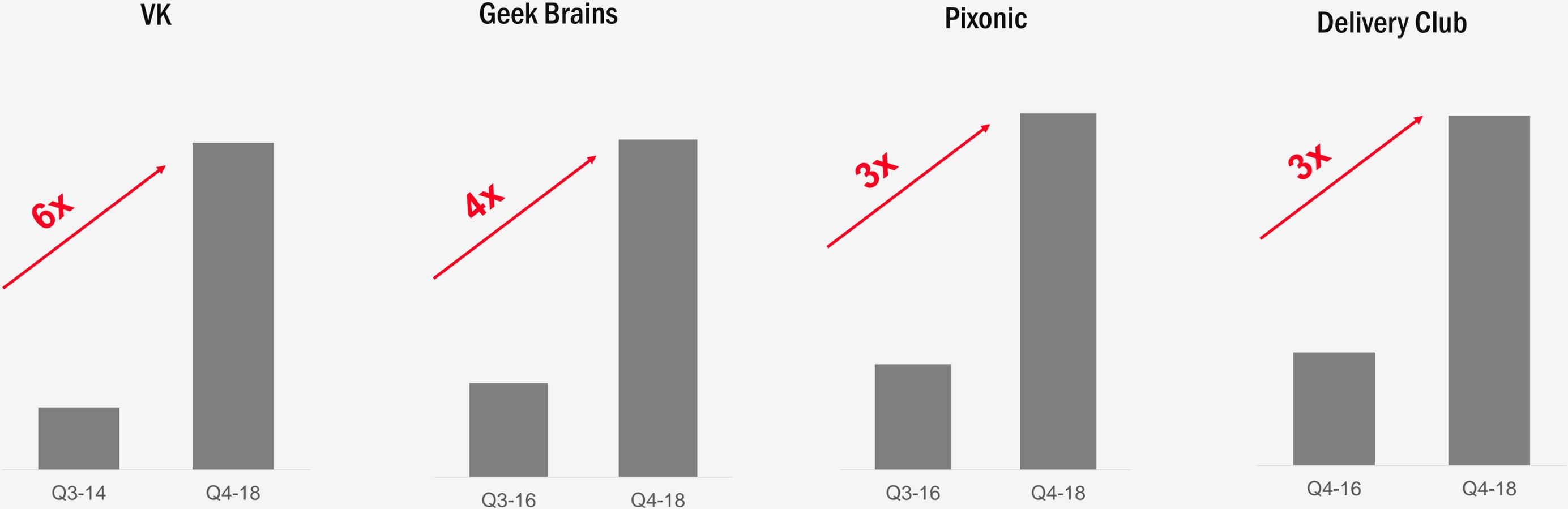
Multiple tests have been done prior to launch on Oct 17 in order to ensure superior customer value proposition

Solid M&A track record



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



Source: Internal data

Focus initiatives

Results for MRG

Plans

oCPM

(launched in 2018)

- Amounted to **~10%** of total ad sales through myTarget in Sep'19, **up from 1.6% last June**
- Ongoing technological improvements result in continued growth in avg CPM for both OK and VK
- Introduce for events – broaden sale across all categories / types of clients

Contextual targeting

(launched in 2018)

- Done based on search queries on MRG platforms (Youla, VK, OK, etc), desktop+in-app
- Clients can now edit contextual targeting lists in a much simpler way, there is retargeting data expiry now with target reach measurement)
- Exceeded **5.5% of ad revenues** in myTarget in Sep'19, **up from 2% last June**, with growth accelerating further post major platform update
- Add new data sources, further improve targeting through enhancement of underlying 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

Focus initiatives

SME targeting

Performance retail

Results for MRG

- Number of clients with <RUB50k budgets in myTarget continued to grow at **>30% YoY in Sep'19**
- **CPM continues to improve**, with hyperlocal targeting ad share exceeding 6% of advertising sales in myTarget in Sep'19, up from 4.7% in Sep'18

- 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

Benchmark

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

- Total trade-marketing capacity stood at RUB500bn in 2018. Even small share of this market may bring billions of additional revenue to MRG

Advertising network development in focus

MRG Advertising network

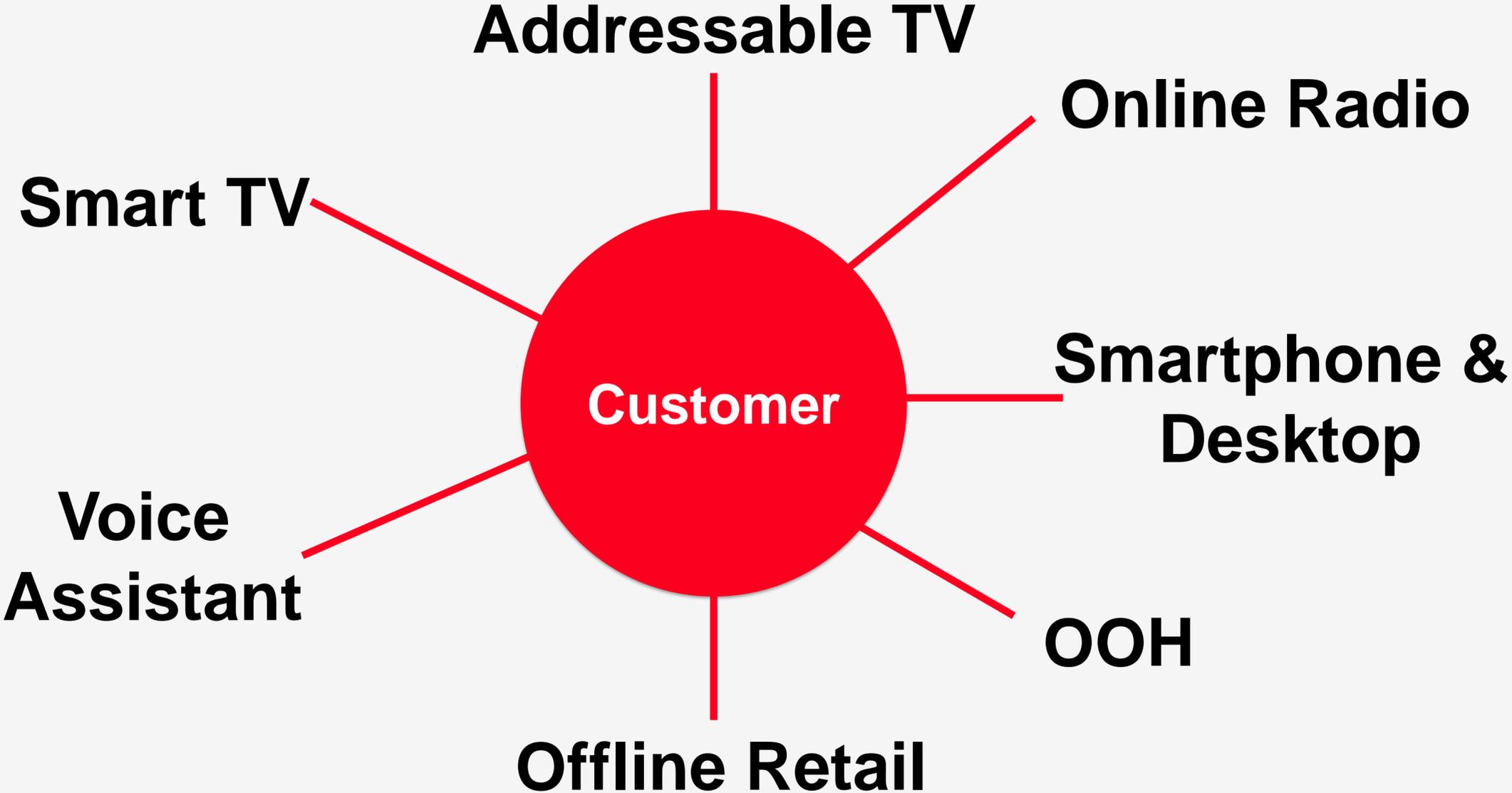
<15% Share of network revenue in total advertising revenue

1.6x Ad network revenue increase YoY in Sep'19

+30% Increase in the number of ad network's partners YoY in Sep'19 (desktop+mobile), with significant room for additional upside

- We plan to further improve quality of traffic on partner websites and mobile apps, with benchmarking vs global standards in terms of viewability, anti-fraud, etc, which is expected to further support related revenues

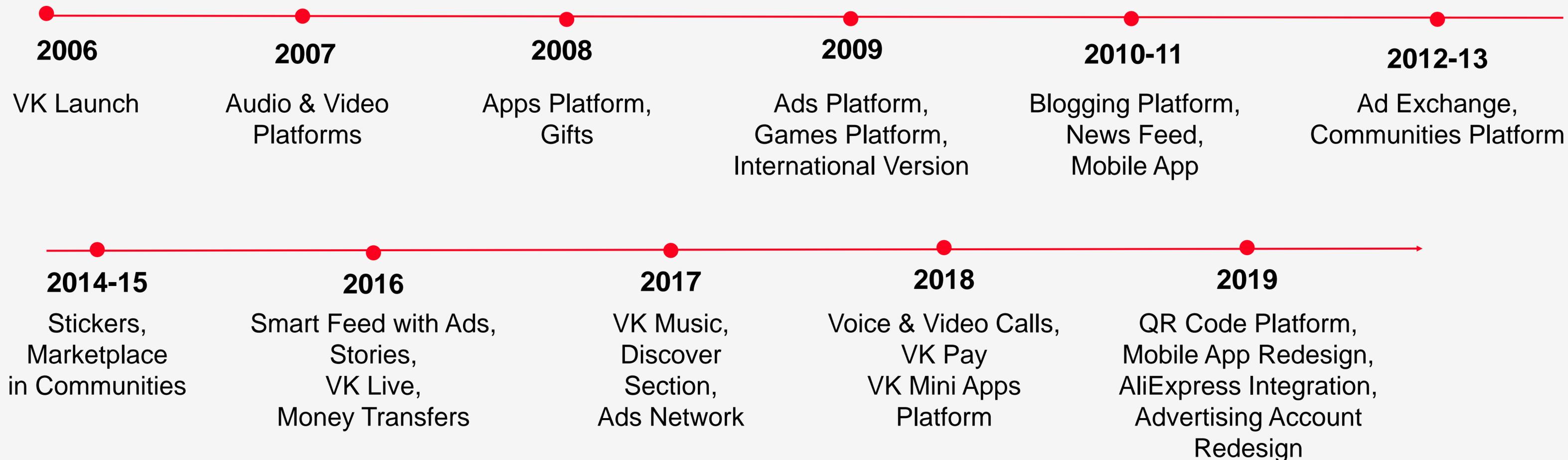
Advertising strategy - focus on building omnichannel reach tools





VK – The largest communication platform in Russia and the CIS

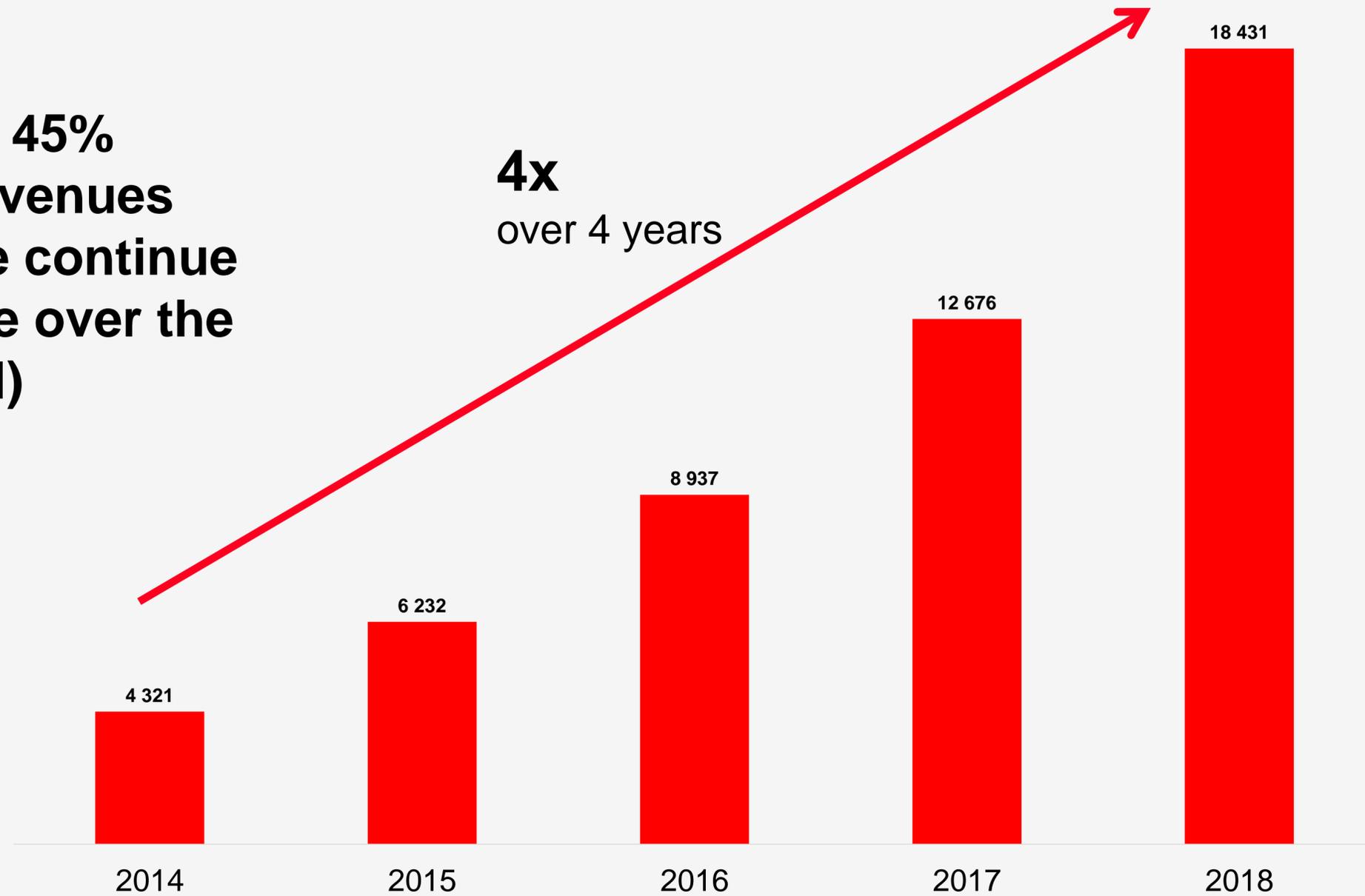
VK is focused on continuously developing new functionalities that will be actively used by its large and highly engaged audience



VK – growth continues

**VK revenue grew 4x over a 4-year period
(2014-2018)**

**Despite the high base effect of 45%
revenue growth in 3Q18, VK revenues
expanded by ~25% YoY and we continue
to expect to double VK revenue over the
next 3-4 years (from FY18 level)**



VK revenue, M RUB

VK – user engagement growth continues

Q3'19, YoY

+63%

Stories Viewed

+31%

Comments Posted
(on iOS and Android)

+45%

Video Viewed

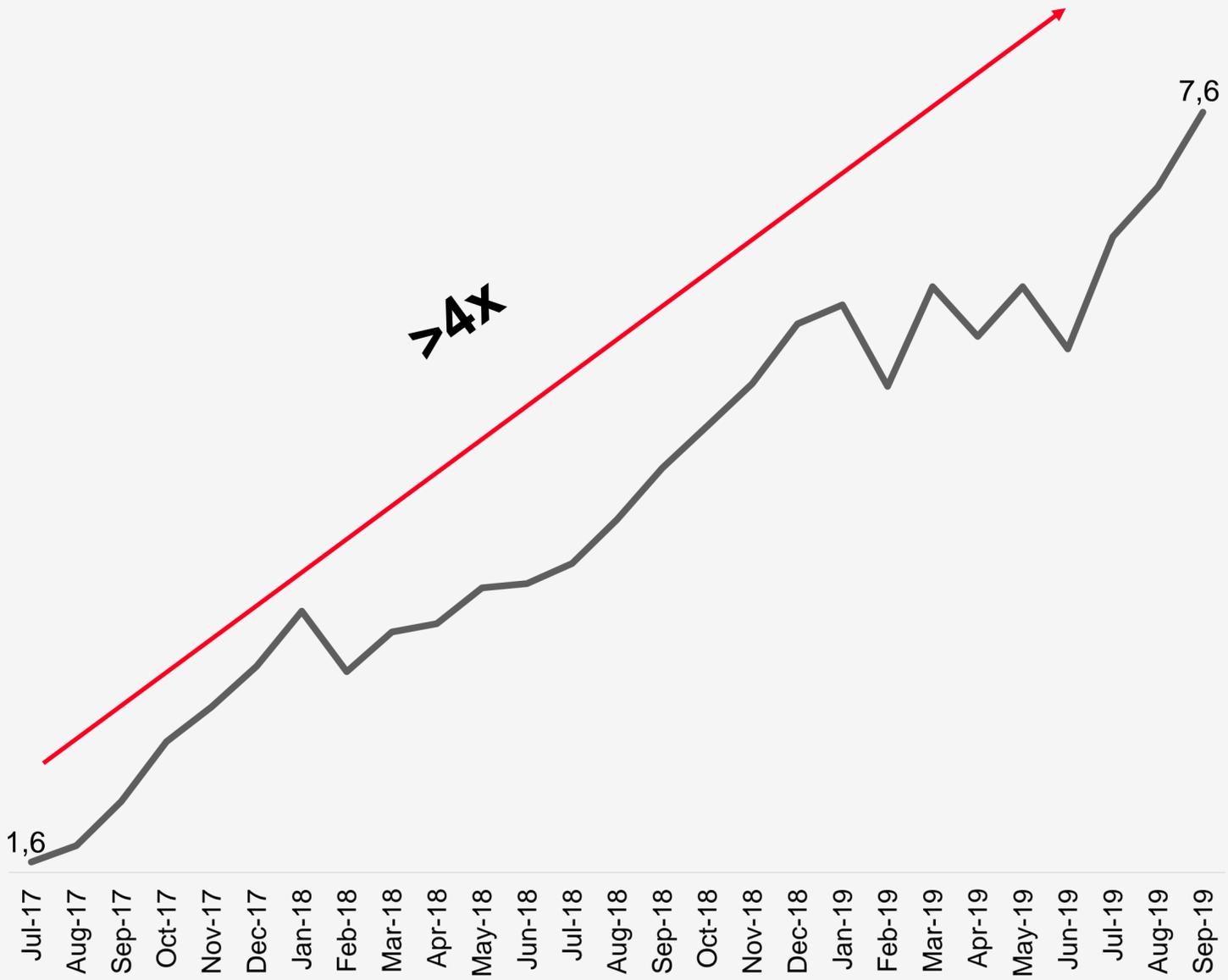
+26%

Messages Delivered

User engagement growth increases total time spent

VK continues to actively develop video products: stories and video have grown 4x and 2x respectively since mid-2017

Stories, #B views



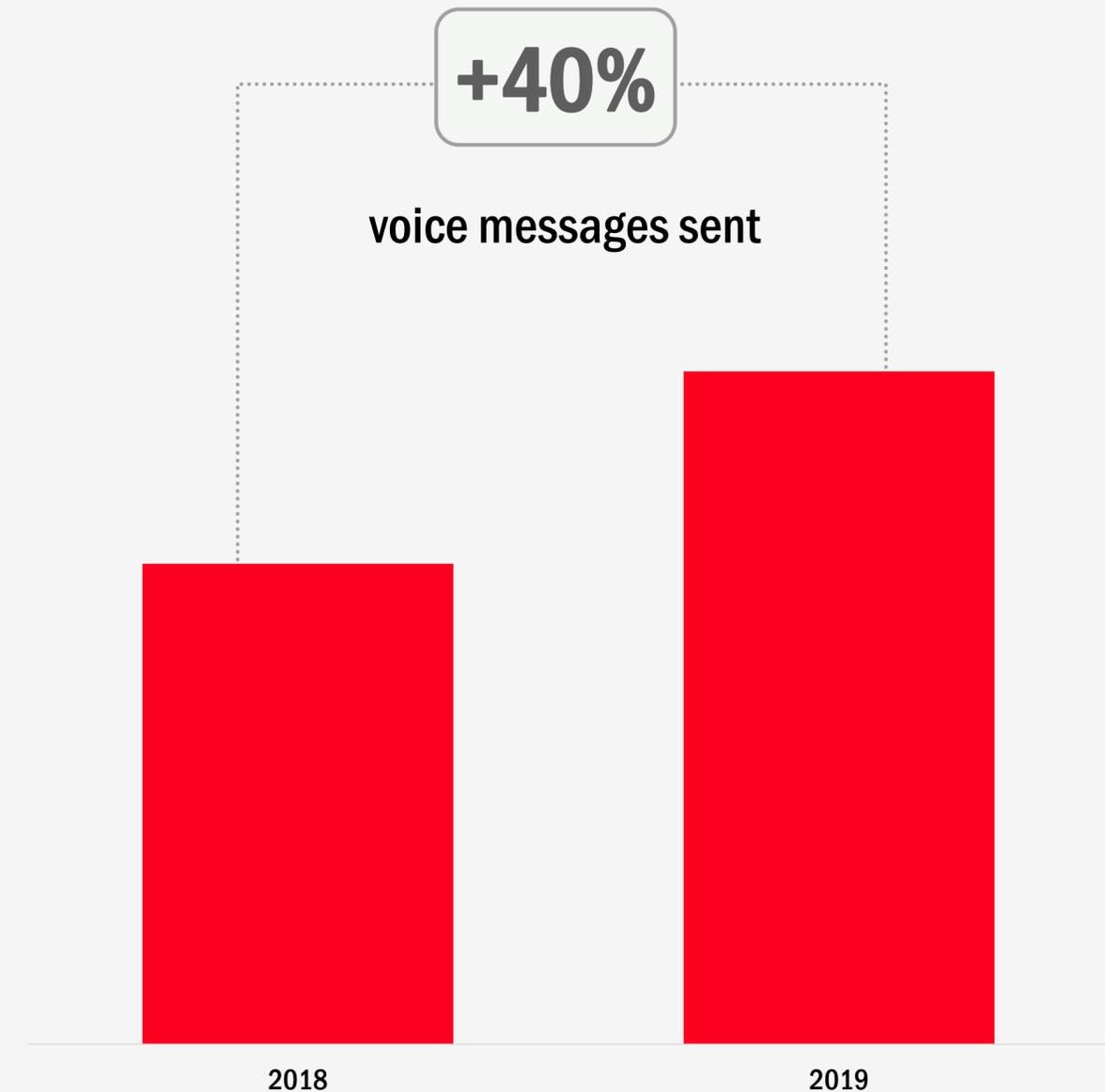
Video, #B views



Source: Internal data

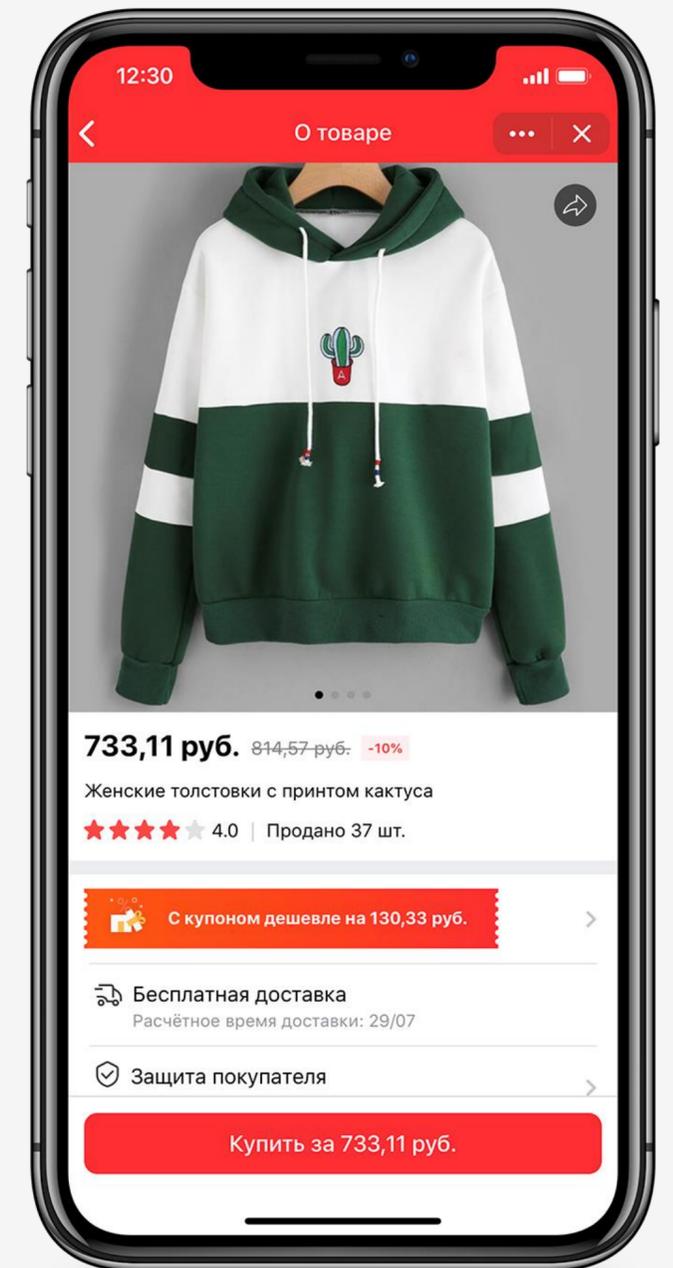
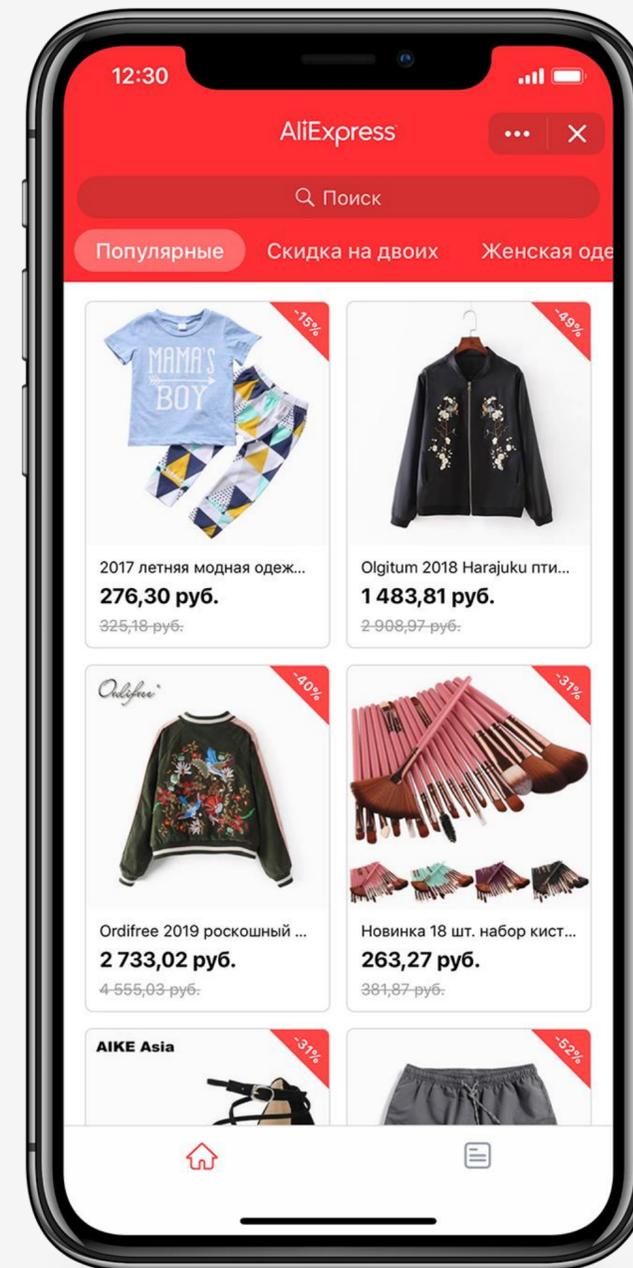
Voice Messaging Growth

- In 2019, VK actively developed voice messages. This is the most popular message format after normal text.
- A completely new voice message player was launched. Voice messages can now be sped up, and users can see if their voice messages have been listened to.
- VK improved the voice message interface on iOS and added the ability to reply to stories with voice messages on Android.
- This new feature helped increase the number of messages sent in September by 40% YoY.



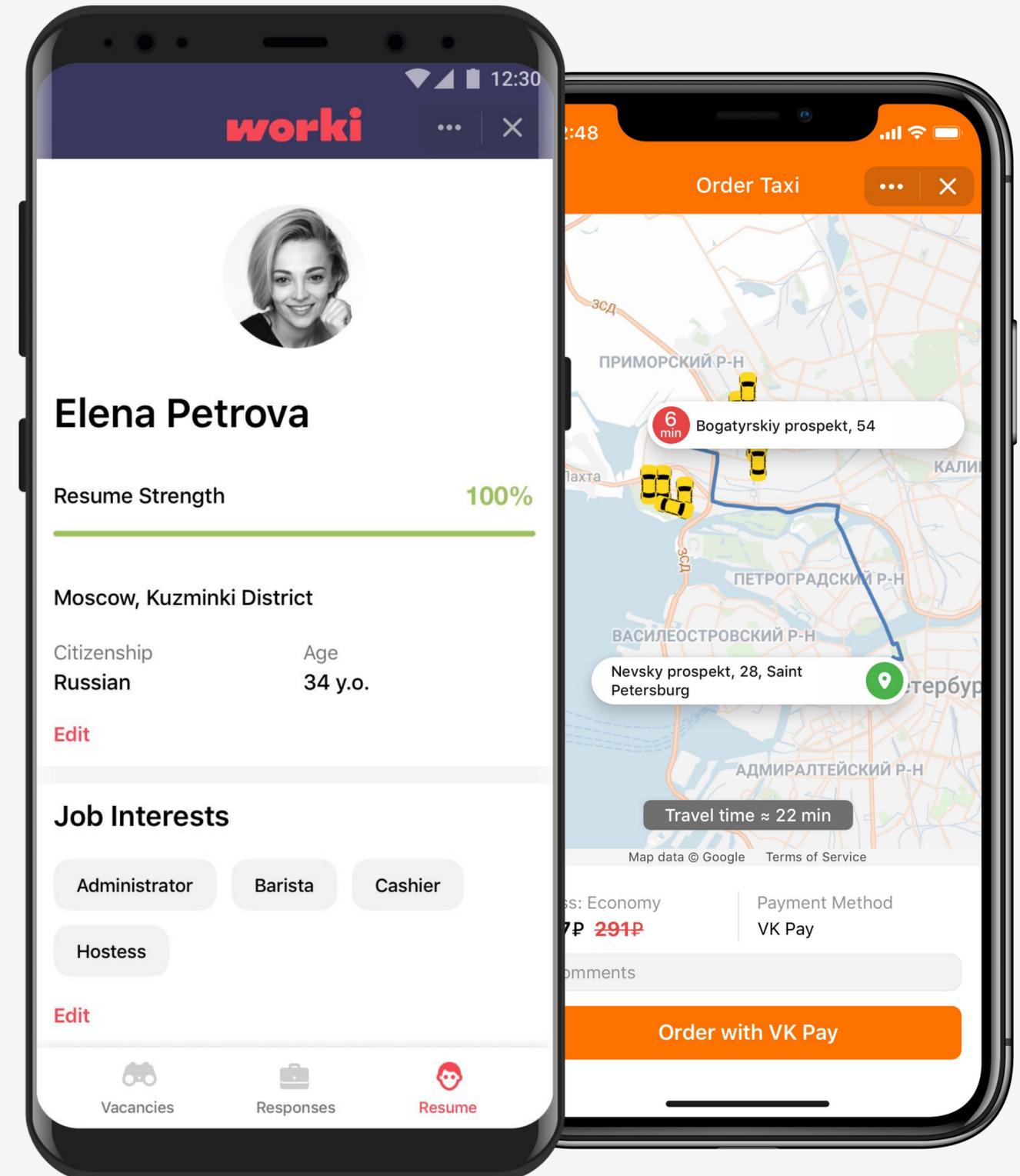
VK & AliExpress: launch of the Mini App

- AliExpress mini app was launched on the VK Mini Apps platform in August. The app will become one of the core elements of the whole range of VK's social commerce products. Users can now make purchases without leaving VK and without having to download a separate AliExpress app
- VK laid a foundation for organic viral campaigns to flourish through the use of its social graph:
 - Examples include 'Discounts for friends', 'Cheaper together' etc
- Compared to the AliExpress mobile app, the Mini App provides a platform that is more autonomous and flexible in adapting to the new market
- Products from VK communities and the AliExpress mini app can be attached to photos, Stories, articles and posts
- This tool makes promoting and selling products easier. For example, a festival that sells t-shirts in their community can now tag them in their Stories
- Content creators can use referral links to the mini app in their content about AliExpress products



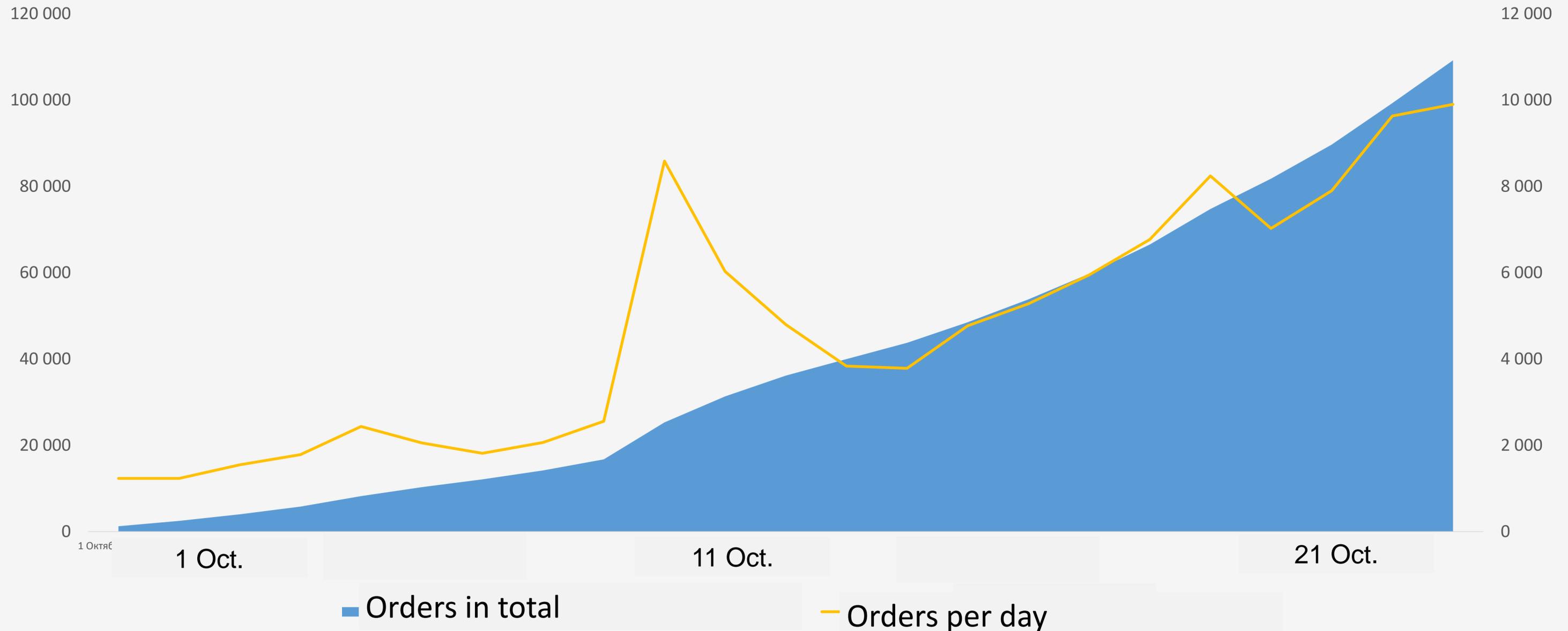
VK Mini Apps & example of MRG synergies – Worki

- **The VK Mini Apps platform continues to grow:**
 - ✓ The number of active mini apps in Q3 increased to **11,000 vs 5,000 in Q2**;
 - ✓ **MAU is +60% QoQ** from 10mn to 16mn
 - ✓ **Avg DAU is +79%** from 760k to 1.3mn
- **Synergies with the Group:** Worki (part of Youla) has launched a Mini App, allowing users to look for jobs without leaving VK. Users can formulate quick CV using their VK profile data and respond to interesting vacancies, recommended to them based on their professional interests. An ML-based algorithm estimates the likelihood that the user will view a vacancy using >160 parameters. There are Mini App integrations with other MRG services, including Citymobil or Delivery Club



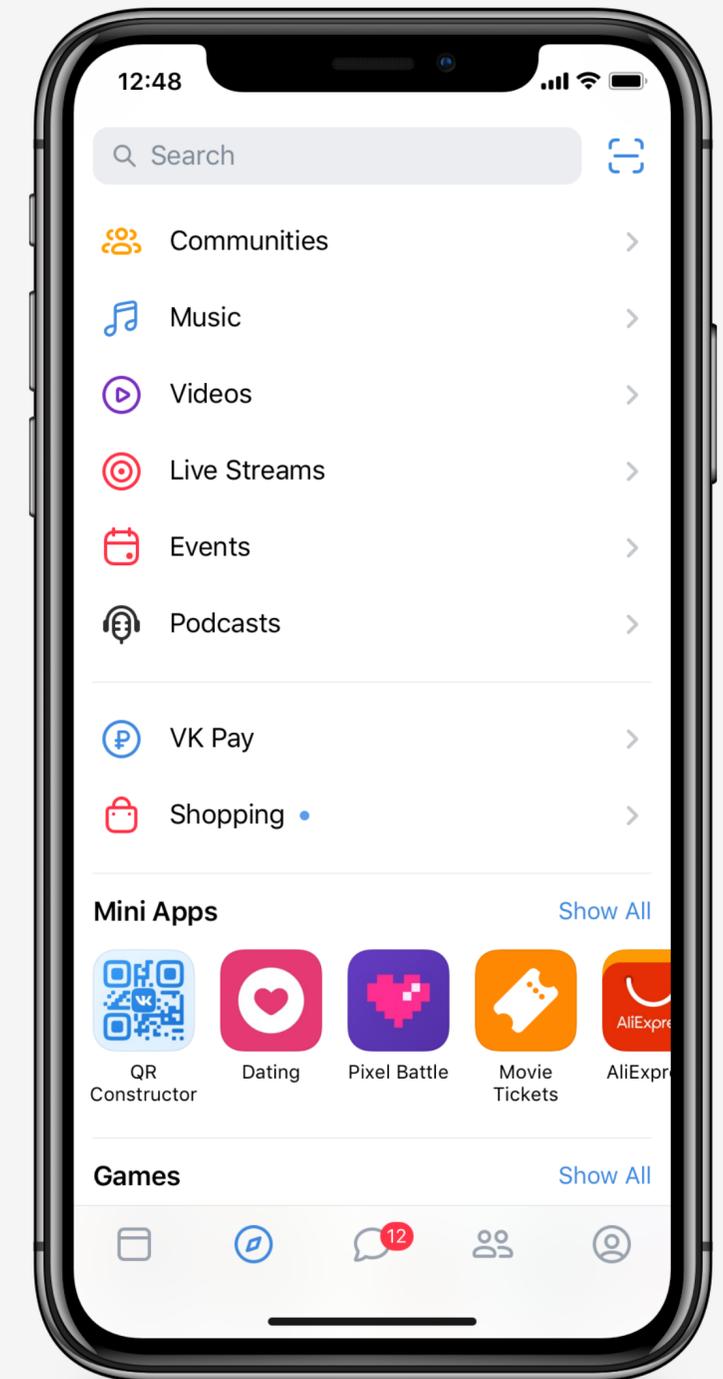
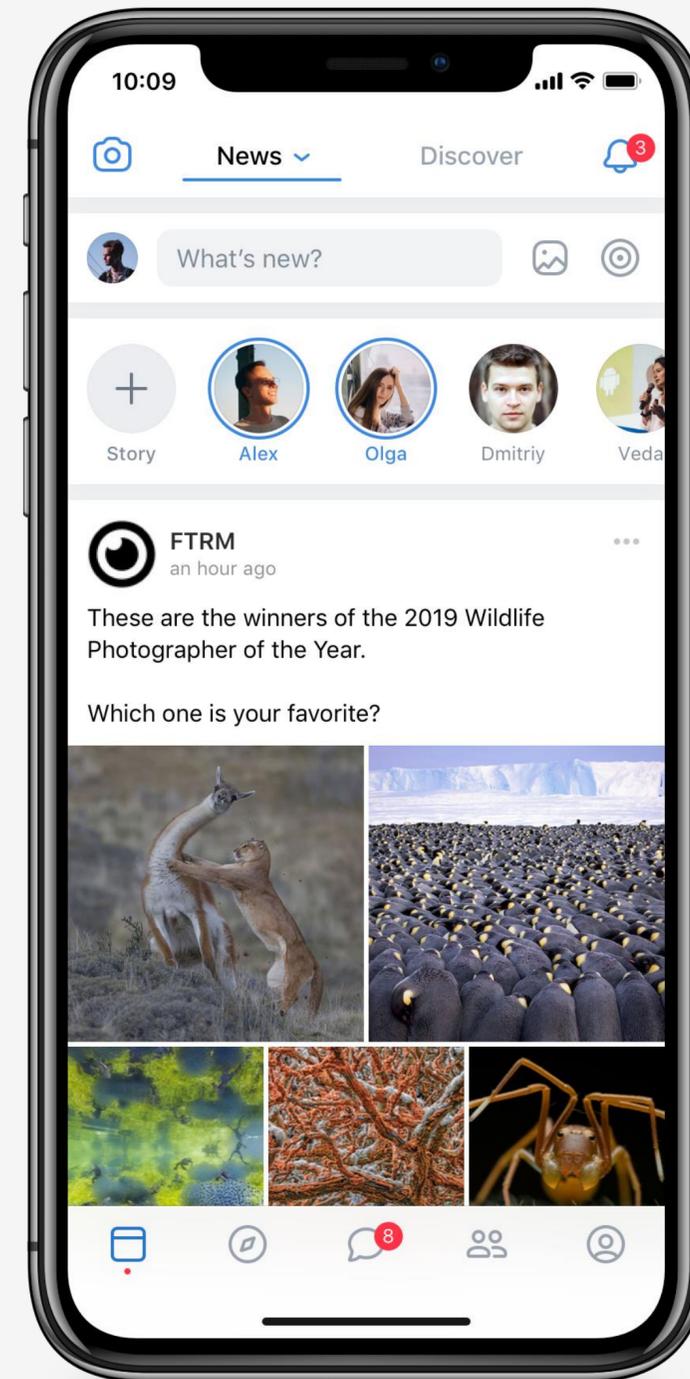
VK Mini Apps & cross-selling with Citymobil

- There were 100,000 orders made through VK Taxi mini app in October, where Citymobil is one of key partners
- For example, 28% of Citymobil rides in Tollyatti are already made through VK Taxi app



New Version of the Mobile App

- VK introduced a new version of its main mobile app, with a complete redesign and new features.
- The design and navigation of the new version was fully reimagined to provide more features for communication, self-expression and quick access to interesting content.
- The tabs at the bottom of the screen provide quick access to the most important sections of VK: “News”, “Explore” (with search, sections and mini apps), “Messages”, “Friends”, and “Profile”.
- With this update, VK prepared the app for the addition of new sections and seamlessly integrated existing ones, placing emphasis on some of them. Within the last year alone, features such as the VK Mini Apps platform, artist overviews, podcasts, story archives, and new tabs were introduced on VK, among others. Now everything has its own place.



VK strategy – key focus areas

- **Content platform**

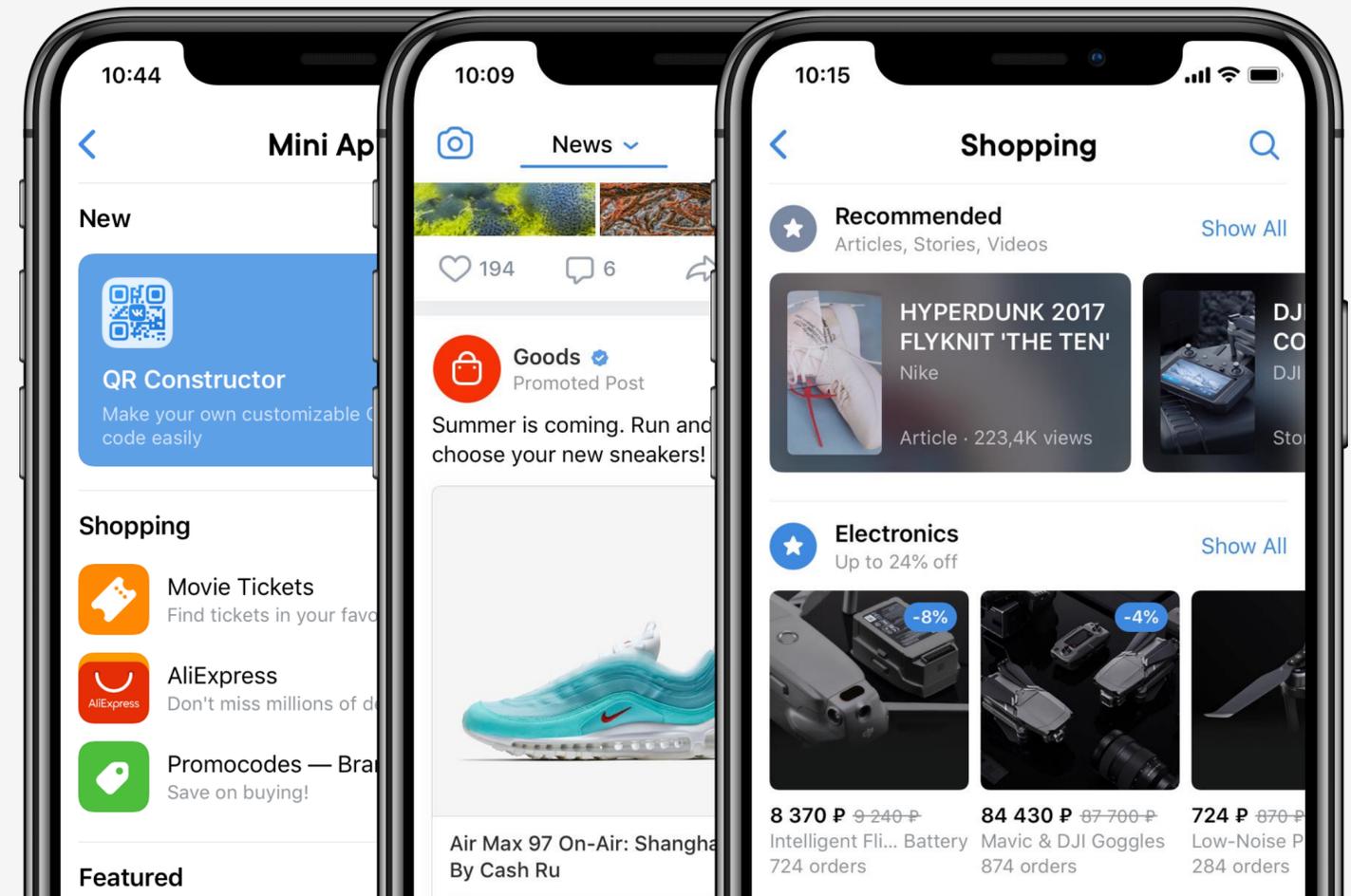
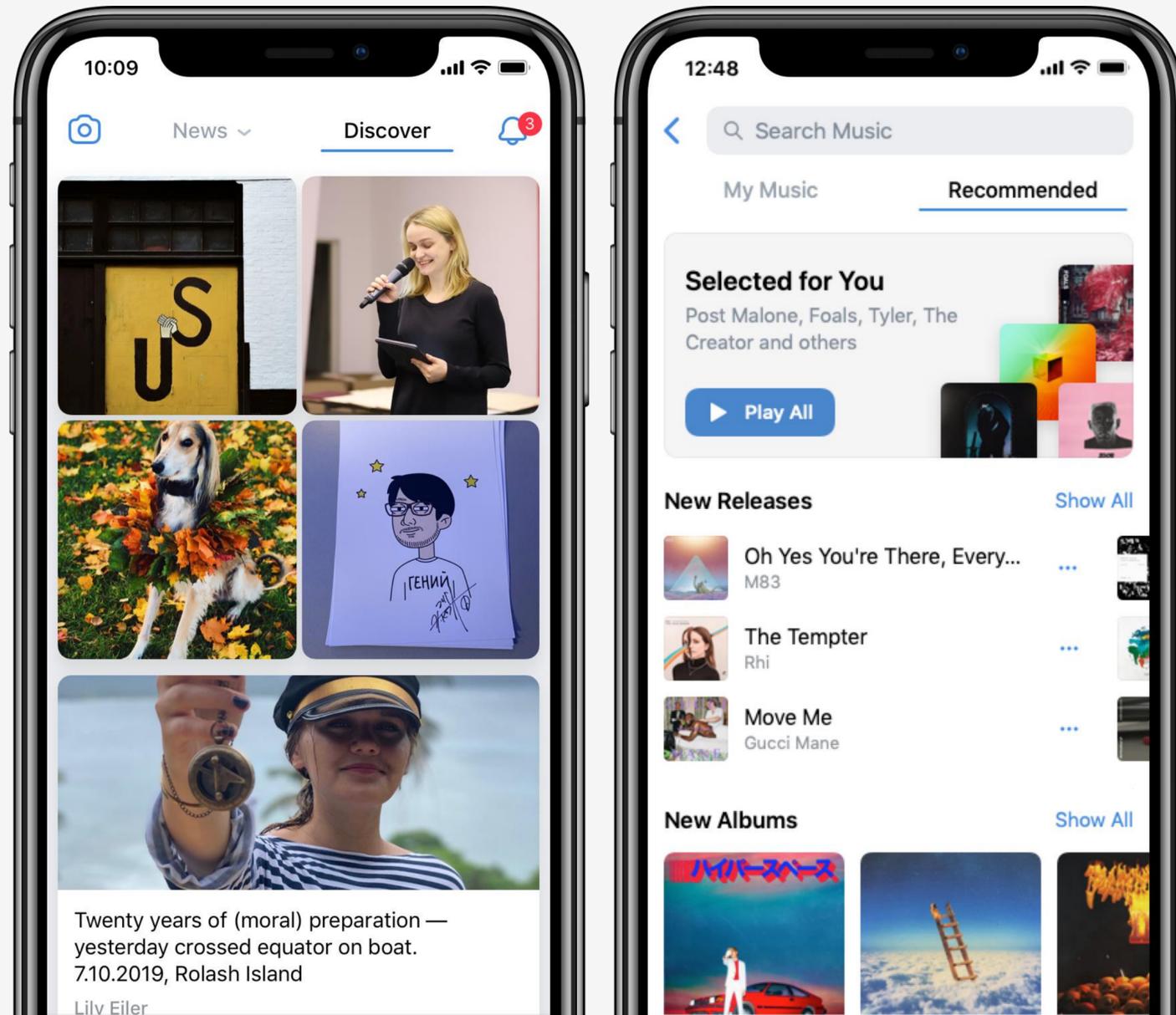
Further development of content recommendations, stories and music products

- **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





OK — unique social and entertainment platform

In OK people are showing their real life with real emotions



Presents

7x

in presents sent YoY as of 3Q19



Stickers

12x

in stickers sent YoY as of 3Q19



Postcards

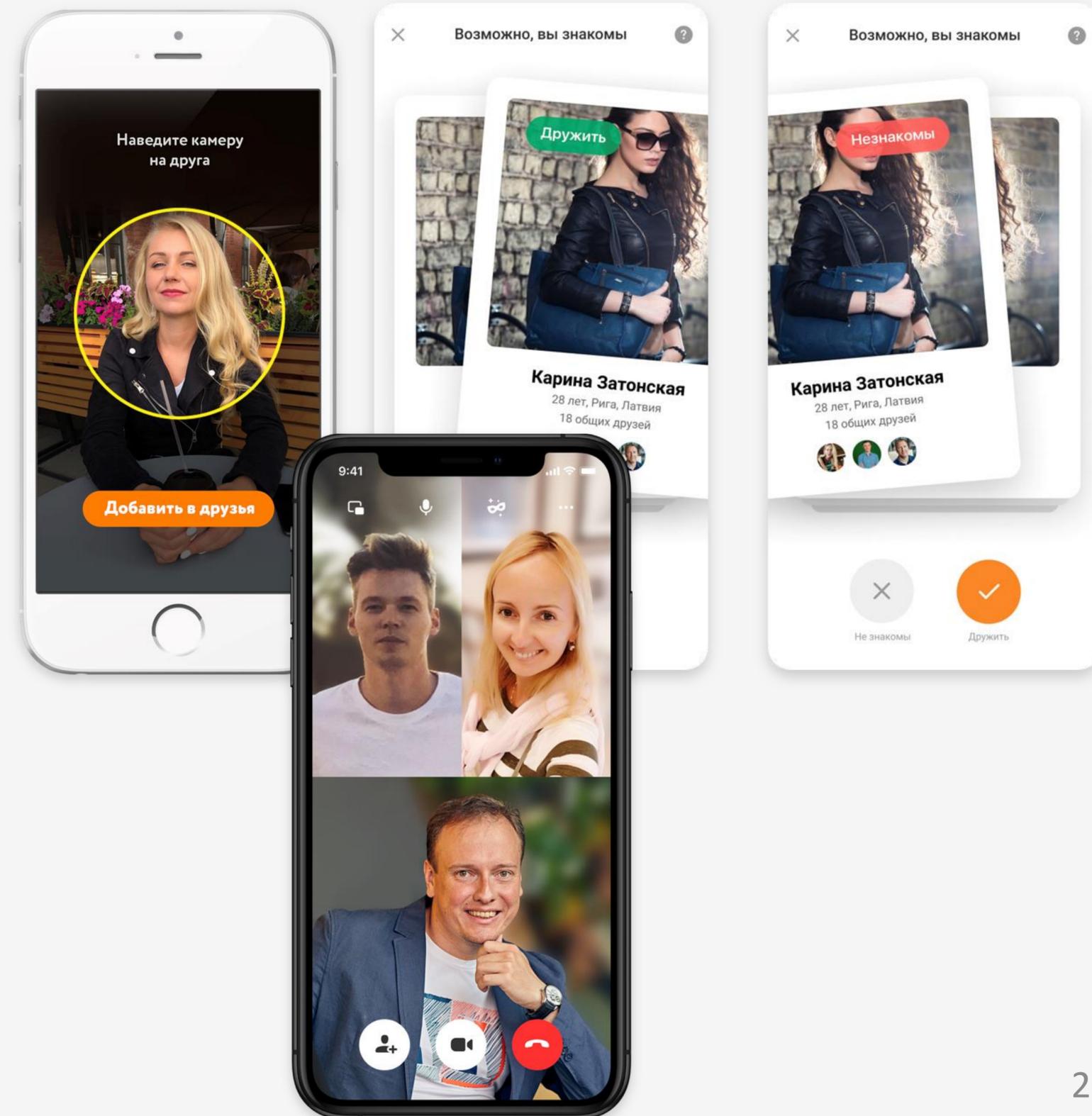
2.7x

in postcards sent YoY as of 3Q19

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 3Q19, which marks overall **strength in engagement of OK**

OK – technology-supported engagement growth & cross-selling

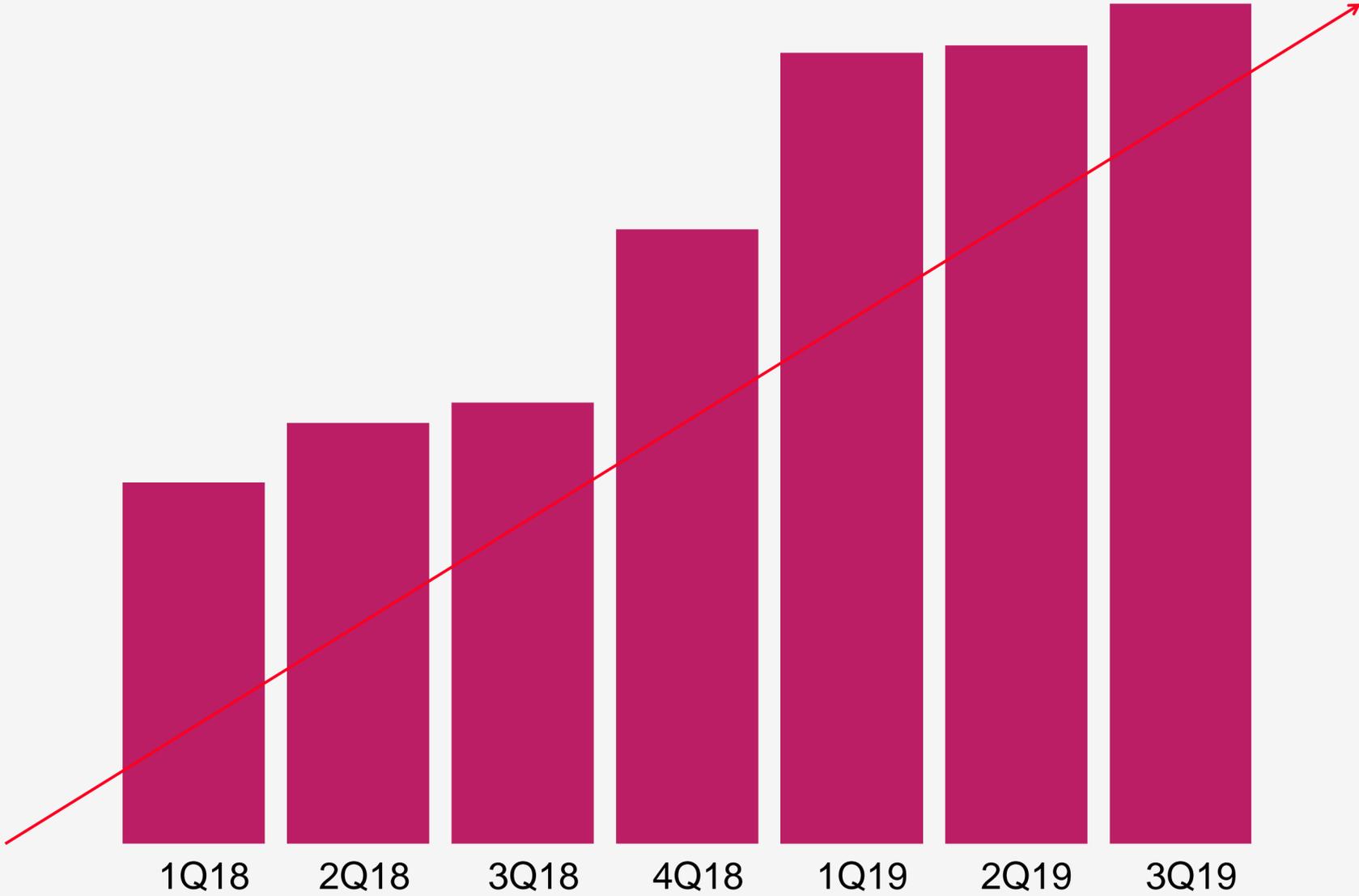
- OK launched **new Friendship platform** with AI-based models for suggesting friends, which resulted in x2 growth in total friendships in OK and +50% growth of friendships made by new users
- **New ways to add friend** were launched in OK based on AI and computer vision: "Tinder-like" form for "People you may know" service and "Add friends by Photo" technology. We were first worldwide to do so
- **Newsfeed feedback growth** (+64% in likes and other reactions daily) due to technology, which allows to auto-recognize users on old photos, new ML model and newsfeed platform optimization
- OK launched a new technology, which allows to blur the background during video calls including group calls.
- **Cross-selling within the Group:** OK provided MRG's Youla classifieds service with own technology of video and audio calls on iOS and Android, which means access to:
 - Anonymous calls
 - A separate user base for Youla
 - ML enhancing quality of calls



Games – growth continues

x2

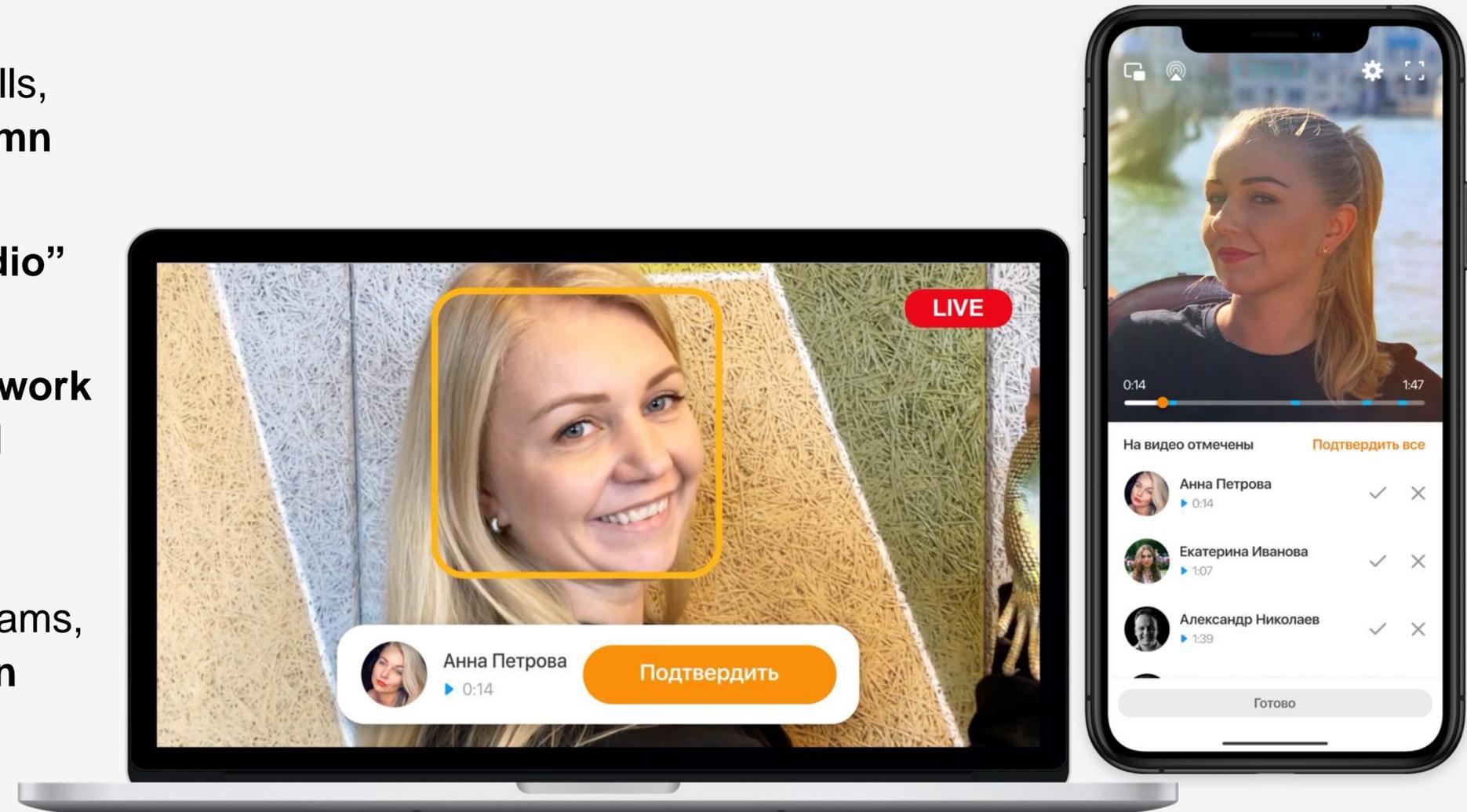
YoY growth in payout to mobile games developers



Source: Internal data

OK video – major growth area

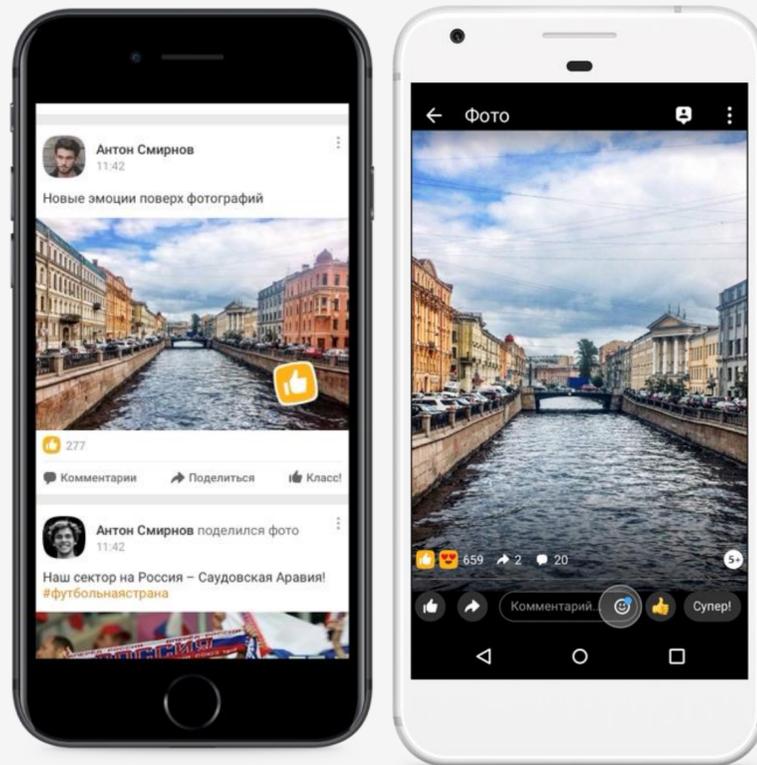
- OK **”Creative studio”**, a platform for all video content creators, which supports interactive mechanics (e.g. polls, quizzes, clickable descriptions and texts), recorded **50 mn views** per day in 3Q
- 2000 video content makers worked with **”Creative studio”** as of 3Q19
- In early 4Q19 **OK became the 1st Russian social network** to launch proprietary technology for users’ friends facial recognition in live streams and videos (personal data is protected)
- OK has **~870mn in daily video views** and **130mn streams**, being the **largest local video platform on the Russian market**



OK strategy – key focus areas



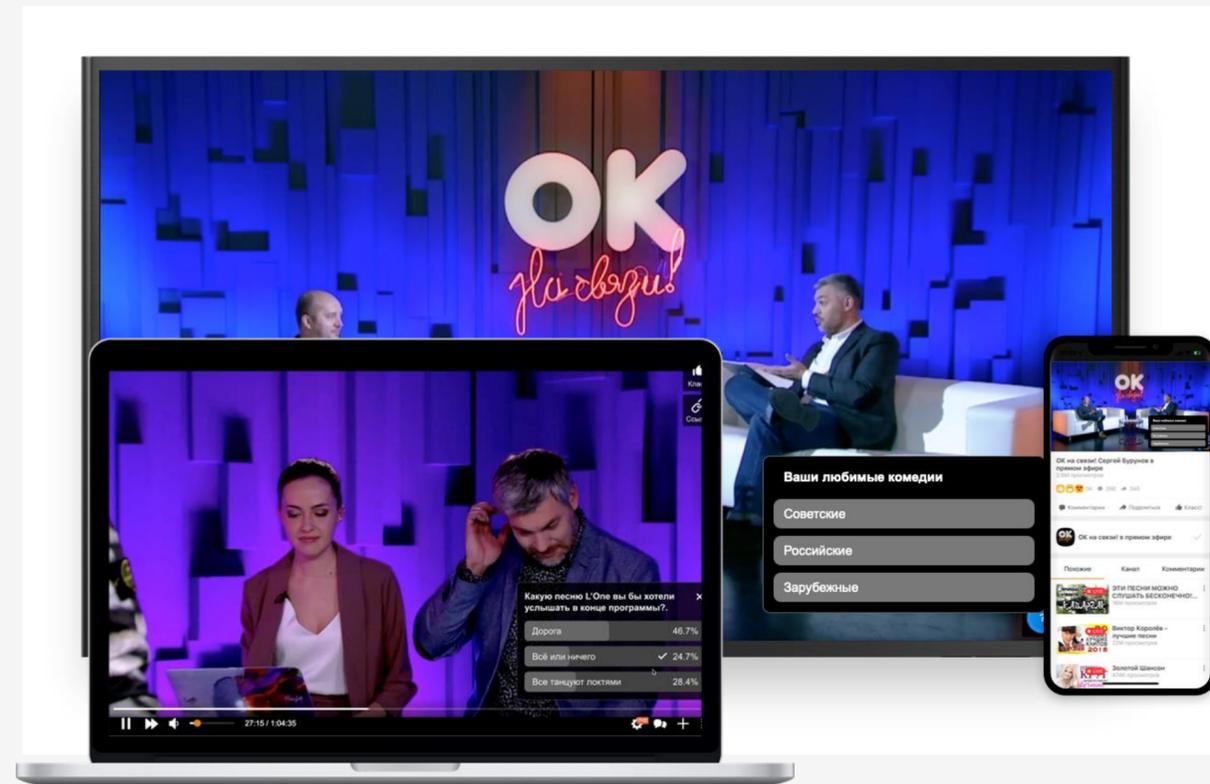
Emotions exchange



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 platform



Community development for game, acquisition of new mobile games

Games - focused on global expansion

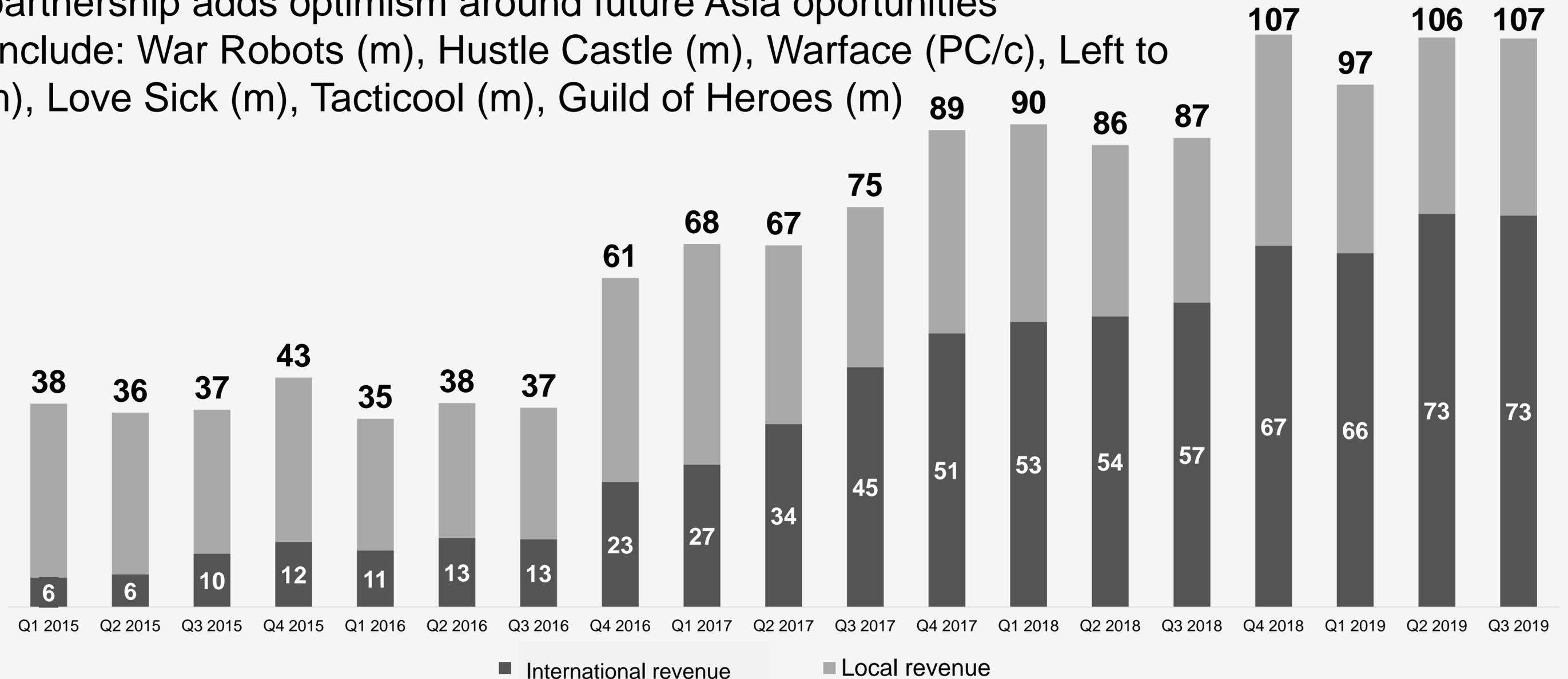
- Global games market is 80x+ times bigger than Russian and hence focus of MRG is to develop new and adopt existing titles for global audience
- Target is to draw **~80% of gaming revenues from abroad by the end of 2022**
- Target is to **double reported Games EBITDA within 4 years (2018-2022)**

●
\$1.7bn
Russian
games market

\$138bn
Global
games market

International gaming revenue at 69% of total

- MRG international gaming revenue in Q3 2019 stood at 69% of total MRG gaming revenue and 22% of MRG total group revenue
- **USA, Germany and Japan** remain our largest non-Russian markets
- Largest intl expansion opportunity remains in **Asia**, especially China – iDreamSky strategic partnership adds optimism around future Asia opportunities
- Top titles include: War Robots (m), Hustle Castle (m), Warface (PC/c), Left to Survive (m), Love Sick (m), Tacticool (m), Guild of Heroes (m)



MRG gaming revenue, USD M

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

Games Business Overview

10

regionals offices (RU, NA, EU)

1800+

in-house employees

16

years of gaming experience

540 mln

registrations* in games

25 mln

MAU in games

5 mln

DAU in games

13 / 22

studios
in-house / MRGV

66 / 36

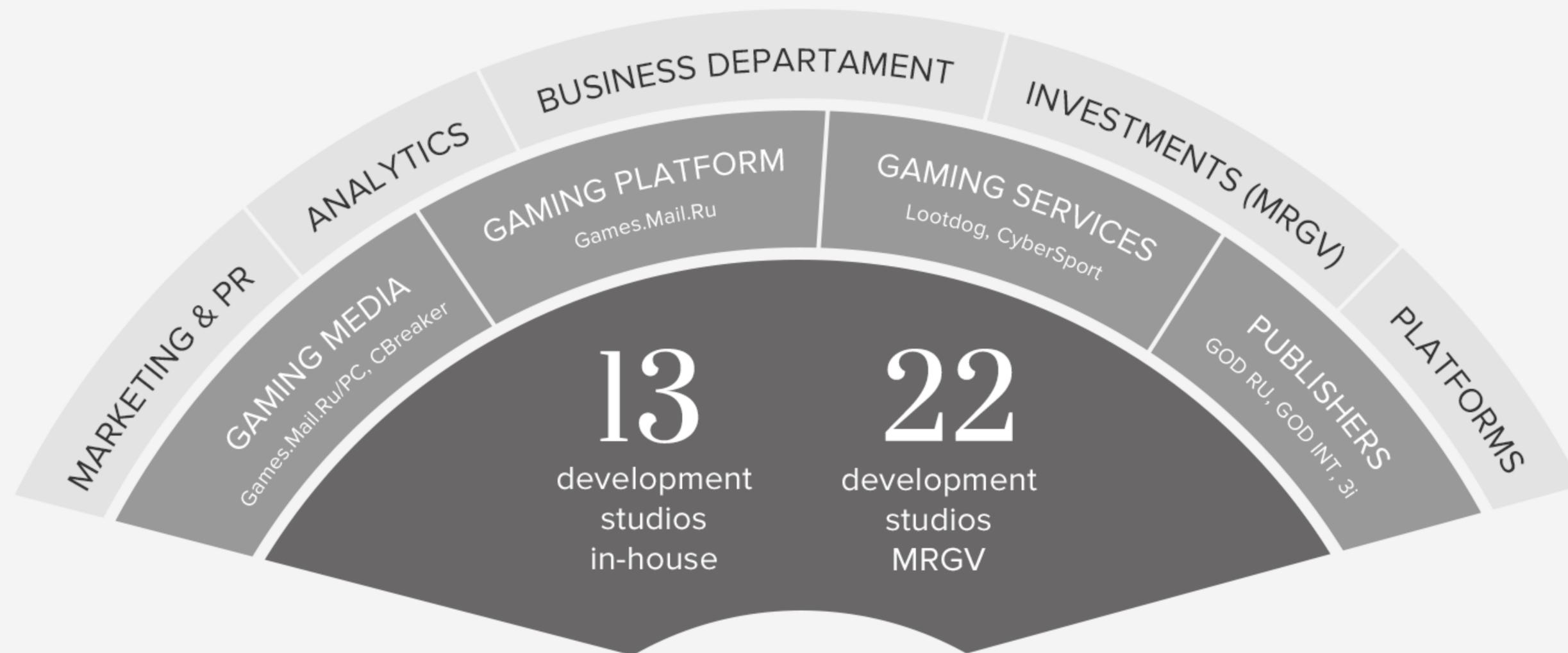
games in live operation
in-house / MRGV

14 / 21

games in development
in-house / MRGV

* Since 2010

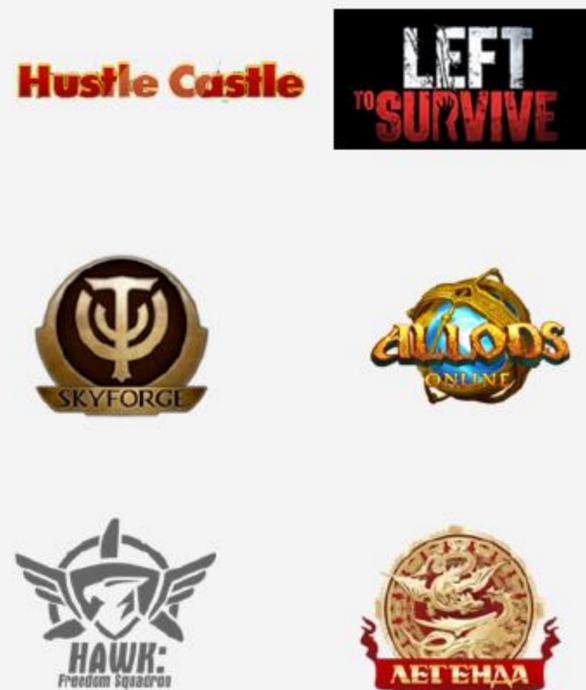
Ecosystem of Gaming Business



Games Business 360° Strategy

Developing

72 titles launched*



14 titles in development

Licensing

55 titles launched



2 titles in pipeline

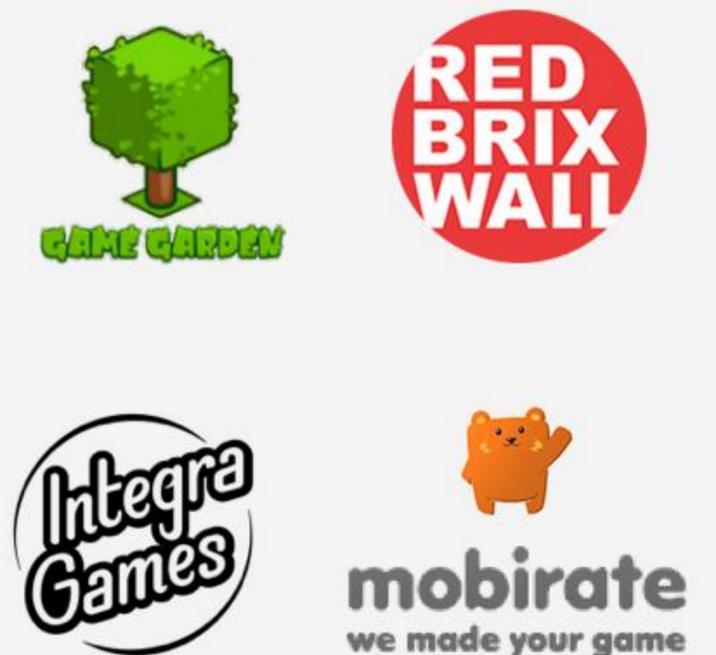
Acquiring

4 studios



Investing

22 studios in portfolio



27 studios in investigation

* Since 2014

Key expected Q4 games launches

American Dad: Apocalypse Soon

- A new mobile game developed in-house by the joint team of FastForward Studio (Bombastic Brothers) and Studio Nord (Hustle Castle) in collaboration with world famous FoxNext IP (American Dad)
- The game is based on the framework (engine and gameplay) of Hustle Castle and has a strong humorous narrative written by the screenwriters of American Dad. 4.8 app store ranking at launch



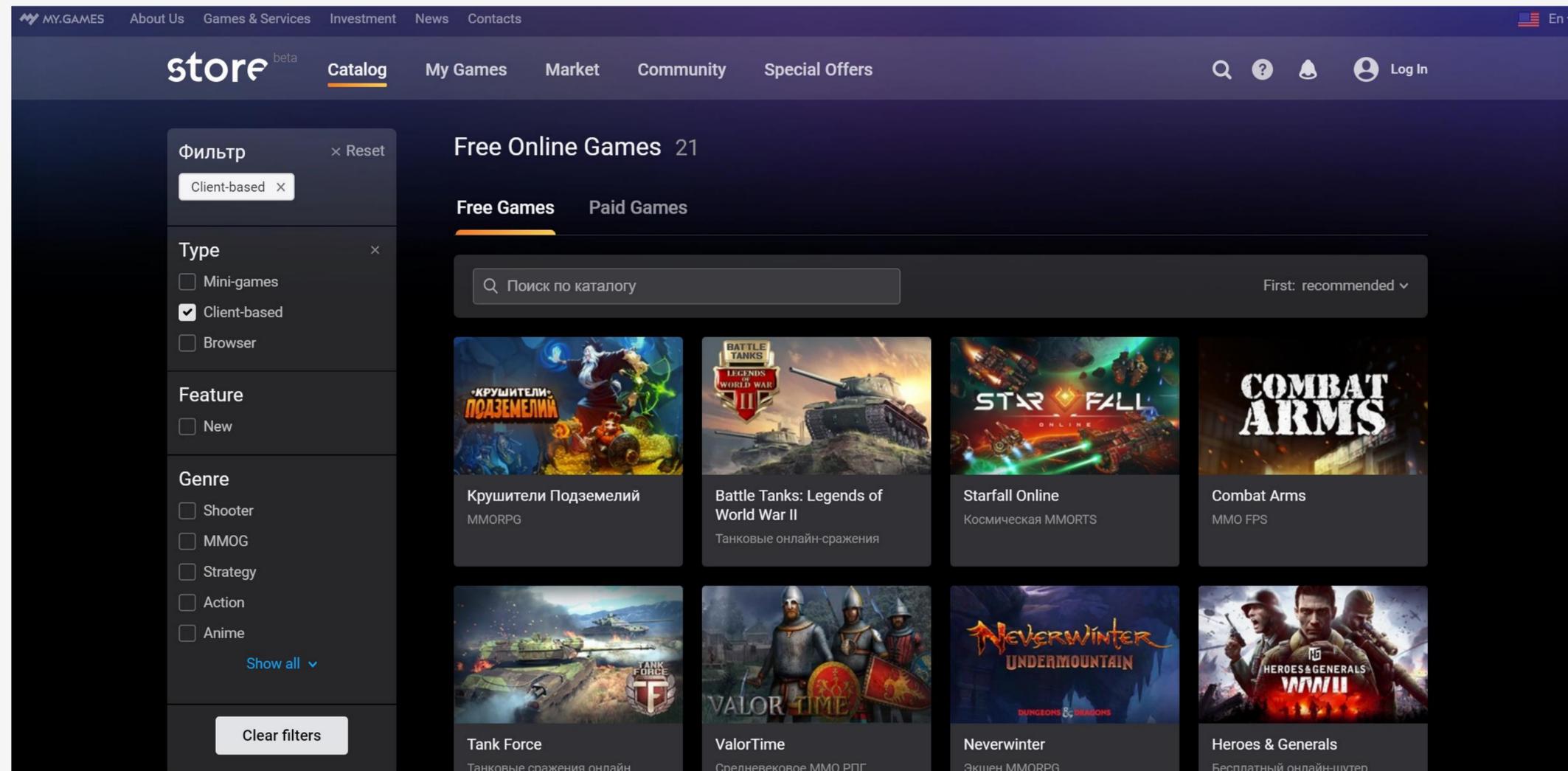
Lost Ark

- One of the most anticipated MMO RPG games in RU & CIS developed by Korean Smilegate, creators of CROSSFIRE, the most played FPS with >8m concurrent players across the globe
- CBT launched on September 25th and has current PCCU 8.5k and MAU >30k
- Had >1mn in registered users in Russia/CIS ahead of launch



MY.GAMES store launch also expected in Q4

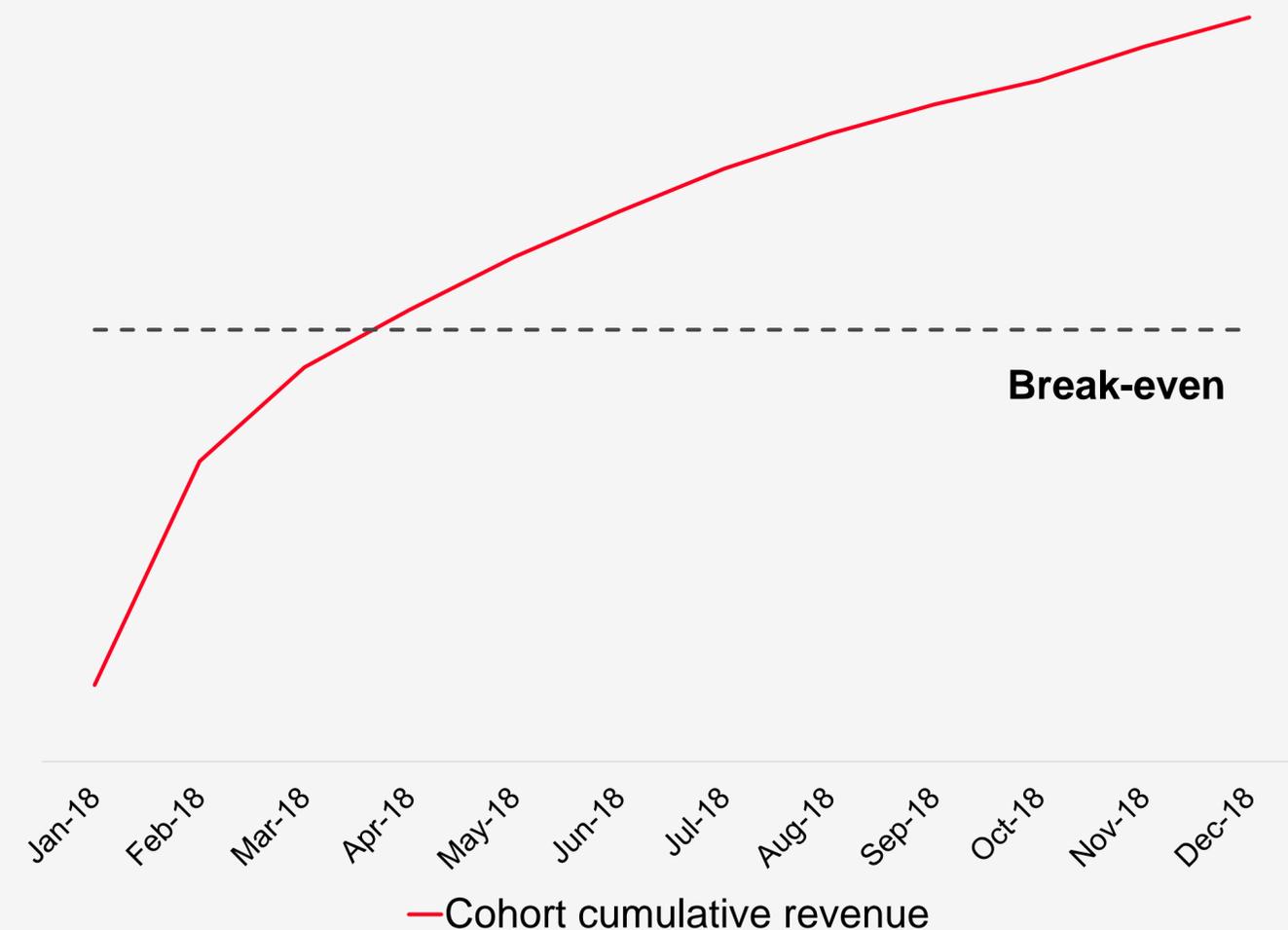
- Rebranding under single brand MY.GAMES has triggered optimization of game infrastructure projects
- MY.GAMES Store aims to provide marketplace for both internal titles and 3rd-party games offering competitive 70/30 revenue share and value added services such as Lootdog and Loyalty program
- It will also include a regulated marketplace to trade in-game items (via Lootdog) as well as monetization of streamer content through Donation Alerts
- Launch is scheduled for Q4 2019. MRG's Russian-speaking platform (Games.Mail.ru), which will be an integral part of MY.GAMES Store, currently has 13mn MAU



Hustle castle case study – turning investments into EBITDA

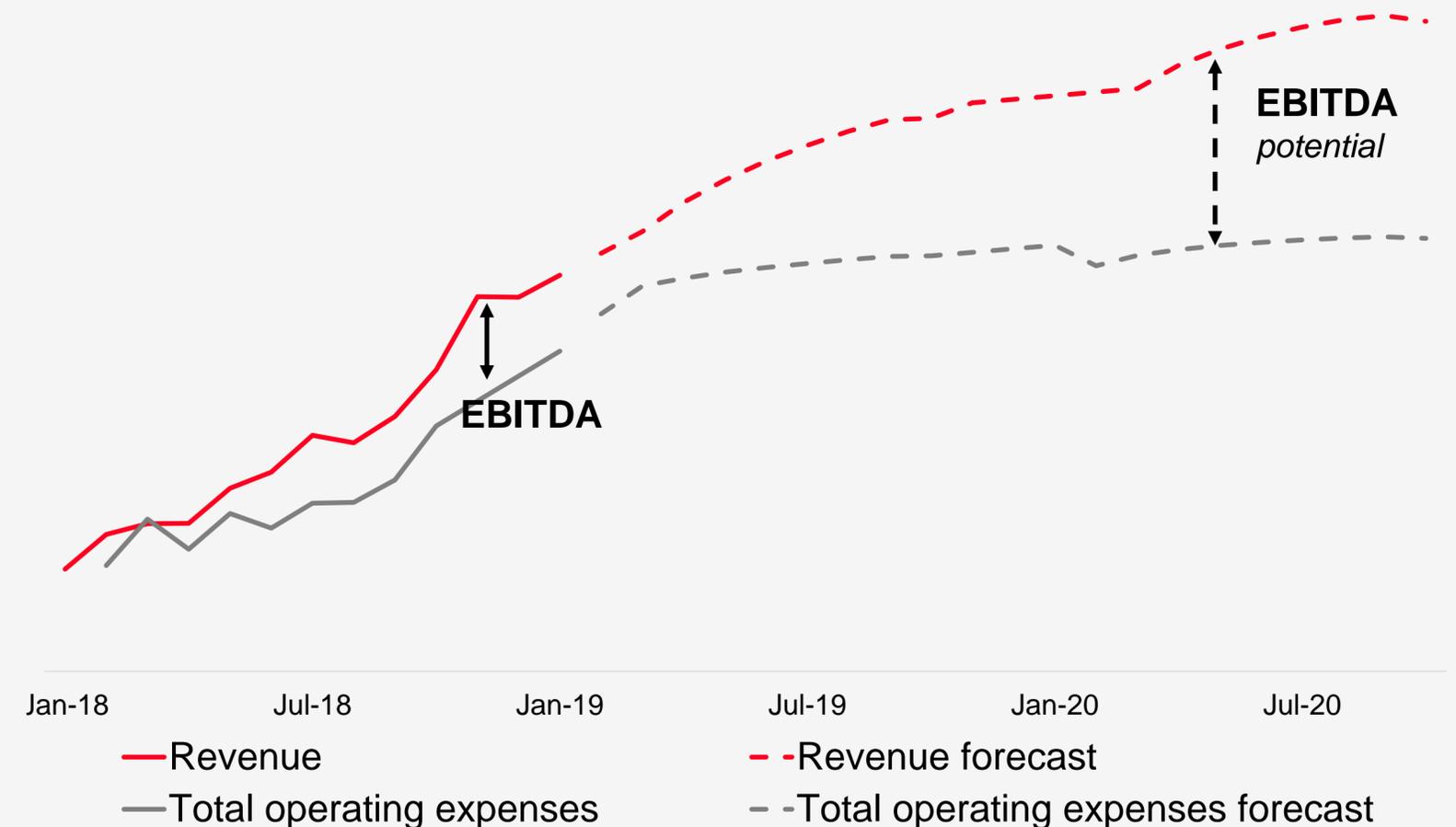
Revenue cohorts

- 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



ESforce - #1 eSports Co in Russia/CIS – going intl

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

@mail.ru group

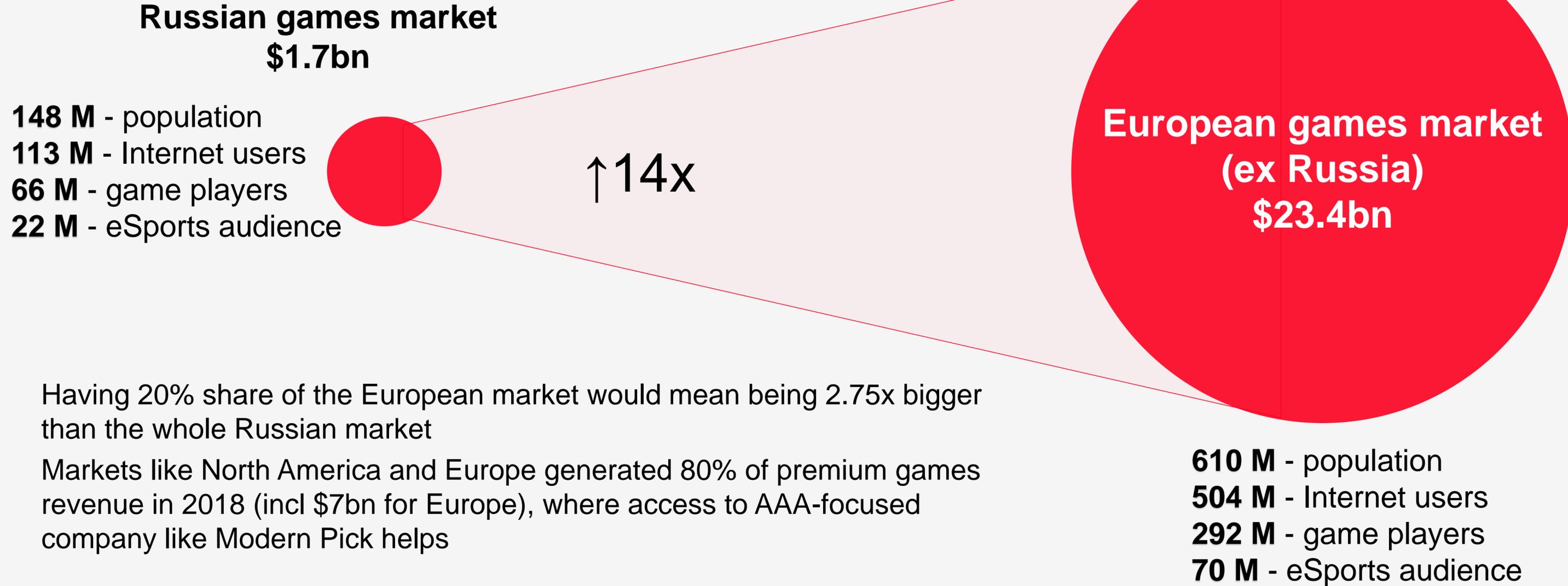
- **Virtus.pro** (the most established esports teams across CIS)
 - One of the oldest eSports teams (founded in 2003)
 - The leading Dota 2 roster in the world (consistently in top-10), with
 - Promising Counter-Strike: Global Offensive roster
 - 110mn audience reach annually, 400+ prizes
- **Cybersport.ru**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

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
Transaction documents have now been signed, with the deal expected to close shortly



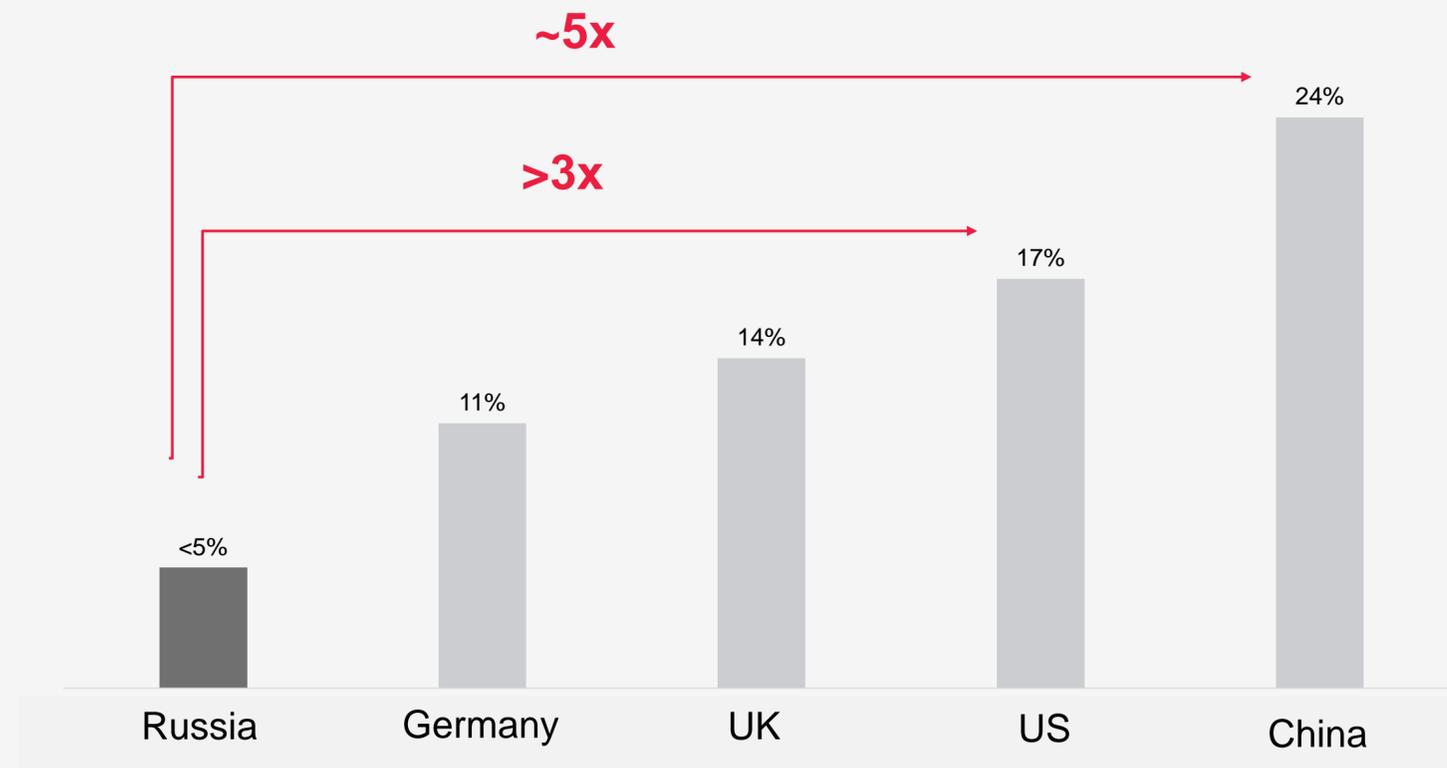
- Having 20% share of the European market would mean being 2.75x bigger than the whole Russian market
- Markets like North America and Europe generated 80% of premium games revenue in 2018 (incl \$7bn for Europe), where access to AAA-focused company like Modern Pick helps

Source: NewZoo, 2018 report, SuperData, 2018 report

Major growth potential for e-commerce and O2O services in Russia

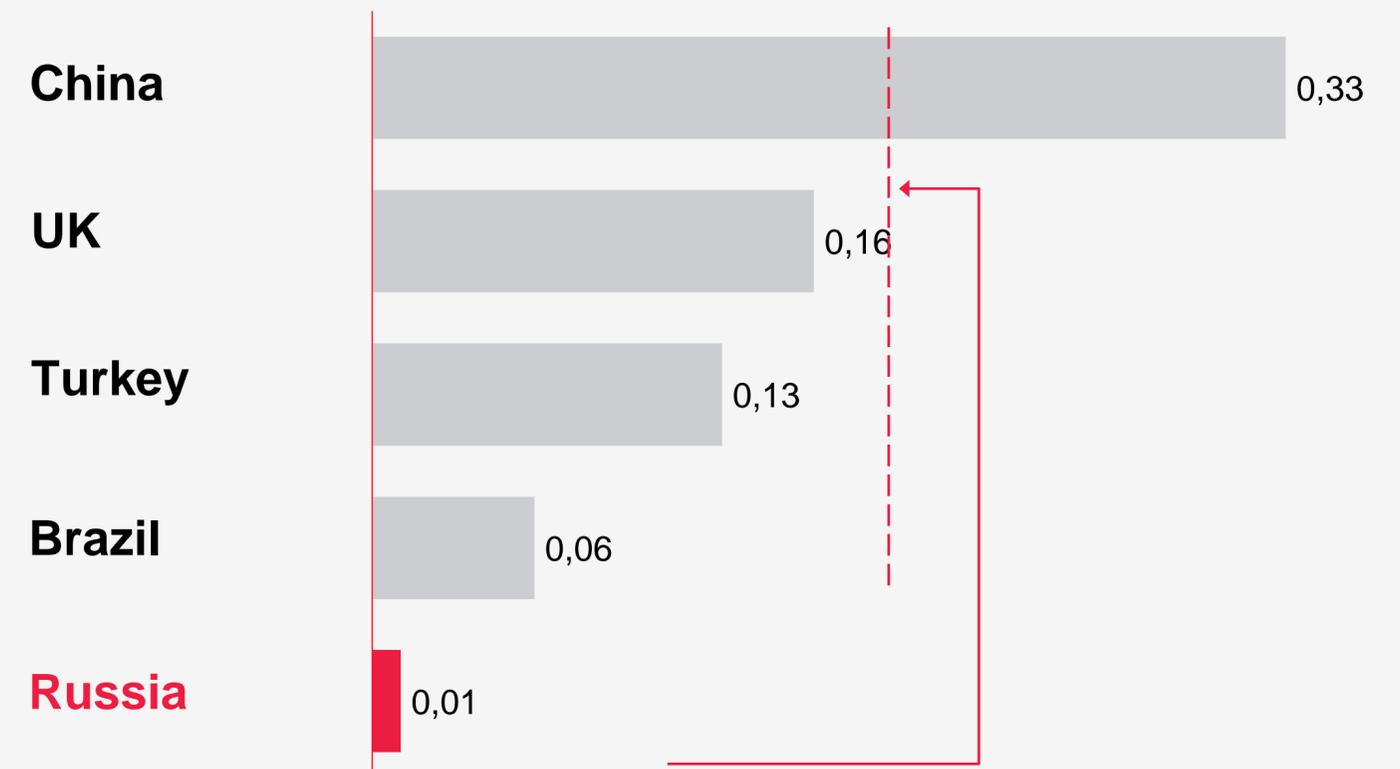
Market size suggests **>3x** growth to level of US and **~5x** to China level

Share of e-commerce in retail, %



Potential growth for market leader in local food delivery is **10-30x** vs other countries

Number of monthly deliveries by player #1 vs population



MRG is developing e-commerce, food-tech and mobility services together with partners like Alibaba/Alipay and Sberbank

O2O JV with Sberbank - transaction summary



Valuation: >RUB52bn pre money and >RUB100bn post-money (if KPIs are fulfilled)

Mail.ru Group invests:

- 100% stake in Delivery Club
- Minority investment in Citymobil
- **~RUB8bn in cash** at closing and up to **~RUB5bn** subject to Citymobil performance in the first 12 months post deal closure
- Minority investments in food-tech and mobility

Sberbank invests:

- **~RUB38–RUB51bn** (including ~RUB38bn at closing and the rest linked to O2O Platform reaching KPIs for the 12 month after deal closing)
- Minority investment in Foodplex (35%)

O2O Platform aims to hold no less than 75% stake in Citymobil at deal closing

Transaction assumes an up to **~RUB64bn total capital injection into O2O** by the two partners (incl ~RUB18bn is subject to KPIs fulfillment), sufficient for reaching break-even for DC and CM (ceteris paribus)

Ownership structure:

- 50% Mail.ru Group
- 50% Sberbank

In the future, the parties will consider the possibility of bringing in additional investors to facilitate the further development of the platform

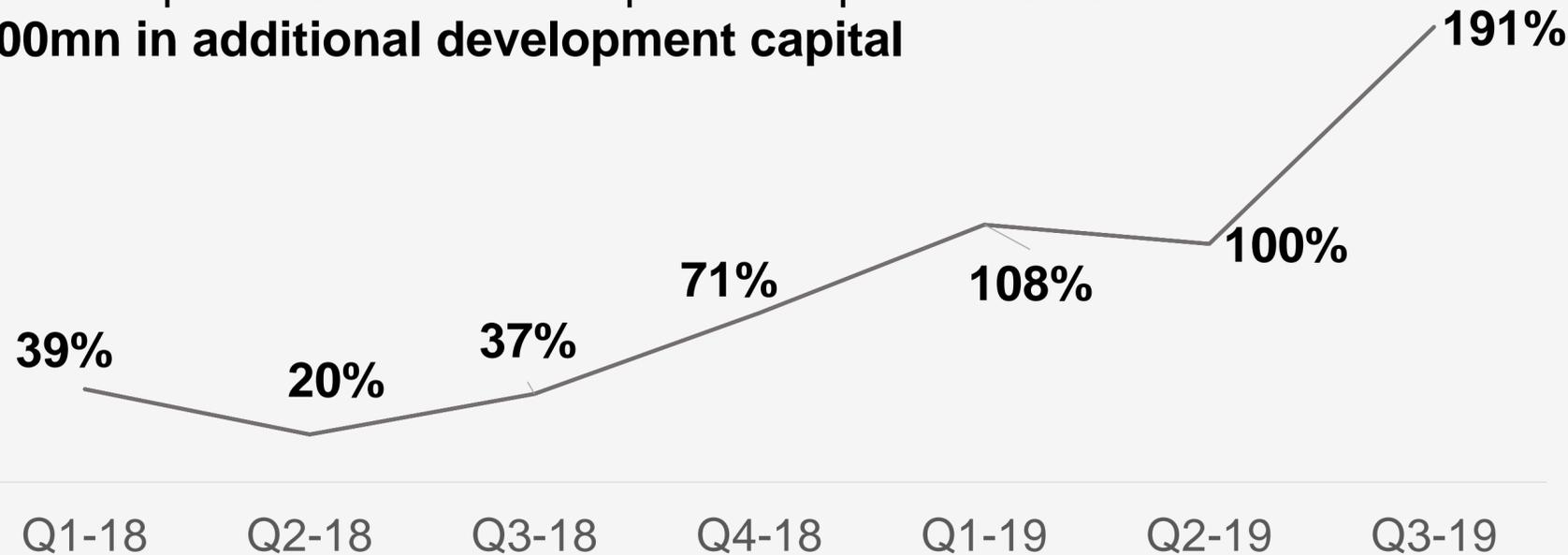
Letter of intent has been signed, with the legally binding agreement planned to be signed by FY19



Delivery Club Russia's food delivery leader



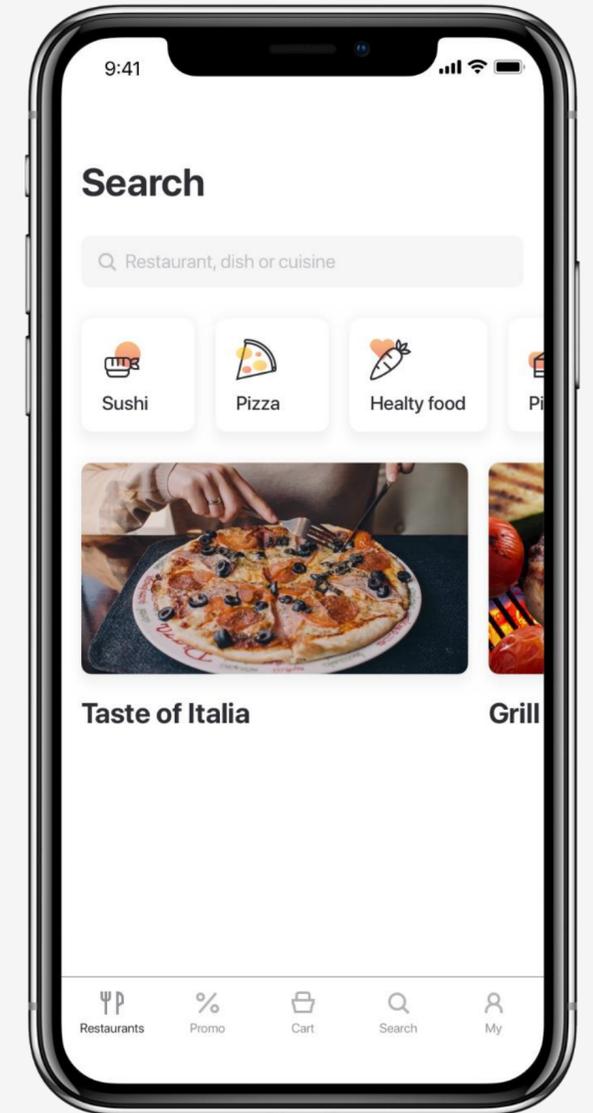
- **DC is the leading Russian restaurant food delivery company**, which was acquired by MRG at the end of 2016 and is now expected to be a part of O2O partnership with Sberbank
- Own delivery was launched in early 2016. Now offered in **30 cities** and accounting for **>50% of orders**, up **7.1x YoY in 3Q**
- In 2018 DC signed partnerships with 3 major QSRs: McDonald's, KFC and BK, in 2019 DC signed exclusive contract with Domino's Pizza. Overall, DC works with **>12,200 restaurants in 120+ cities**
- **3Q revenues were +191% YoY with first quarterly revenue exceeding RUB1bn (RUB1.24bn). DC is on track to double revenues in 2019**
- Partnership with Sberbank is expected to provide O2O business incl. DC with up to **\$800mn in additional development capital**



DC continues to deliver >100% YoY revenue growth

YoY growth, %

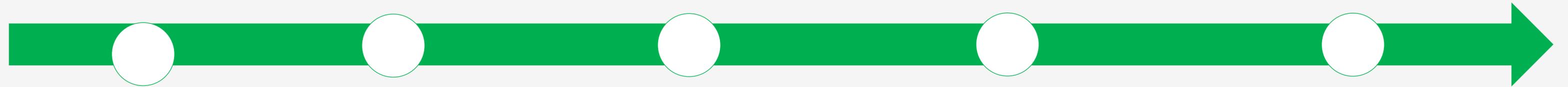
Source: Internal data



DC holds partnerships with top-3 QSR chains in Russia



Delivery Club: key milestones



2009

- Delivery Club launch

2016

- Acquisition of Delivery Club by Mail.ru Group for \$100mn
- Launch of Delivery Express, its own delivery service

2017

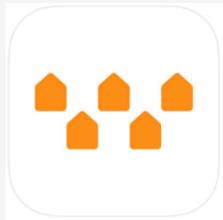
- Daily orders hit a record of 50,000
- Merge with ZakaZaka, regional delivery operator
- A new record high of 1 mln monthly orders hit in Dec 2017

2018

- Rollout of an ML-based algorithm recommending restaurants
- Release of Promotions Center for vendors
- Launch of a real-time order tracking technology

3Q 2019

- Partner network >12,200 restaurants
- Reach expanded to 120+ cities
- 30 cities with 42mn in population (~30% of Russia's total) covered by own delivery
- Release of Scheduler, a software automating scheduling for couriers
- Overhauled Courier app with info on penalties, bonuses and money earned
- 3mn+ in orders reached in Sept

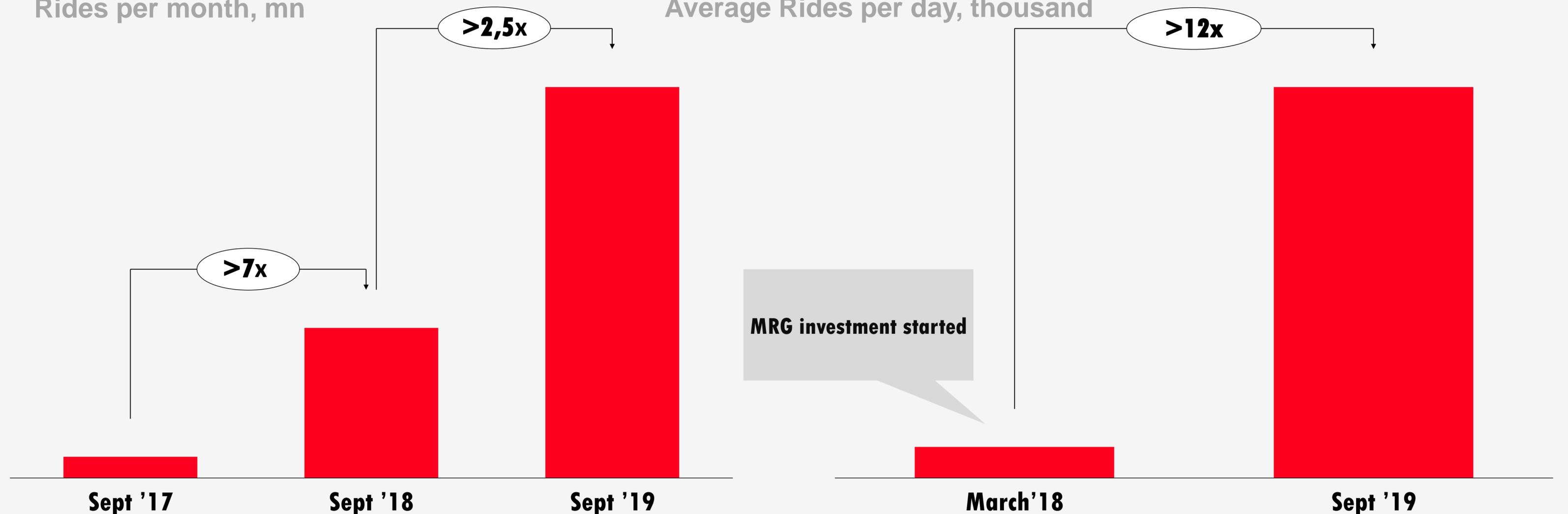


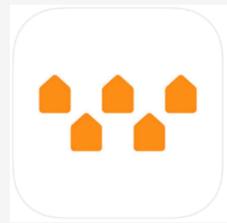
CM rides have doubled YoY in 3Q, driven by regional rollout

- CM has shown a major growth in rides since the beginning of 2018, following investment by MRG
- Citymobil has shown 33% growth MoM and +160% YoY in the number of rides in September, with monthly **GMV of the business expected to approach RUB 3bn in Dec**
- Given the acceleration in the regional rollout, the business **has been growing +10% WoW** in recent weeks with up to **300k in daily rides**

Rides per month, mn

Average Rides per day, thousand

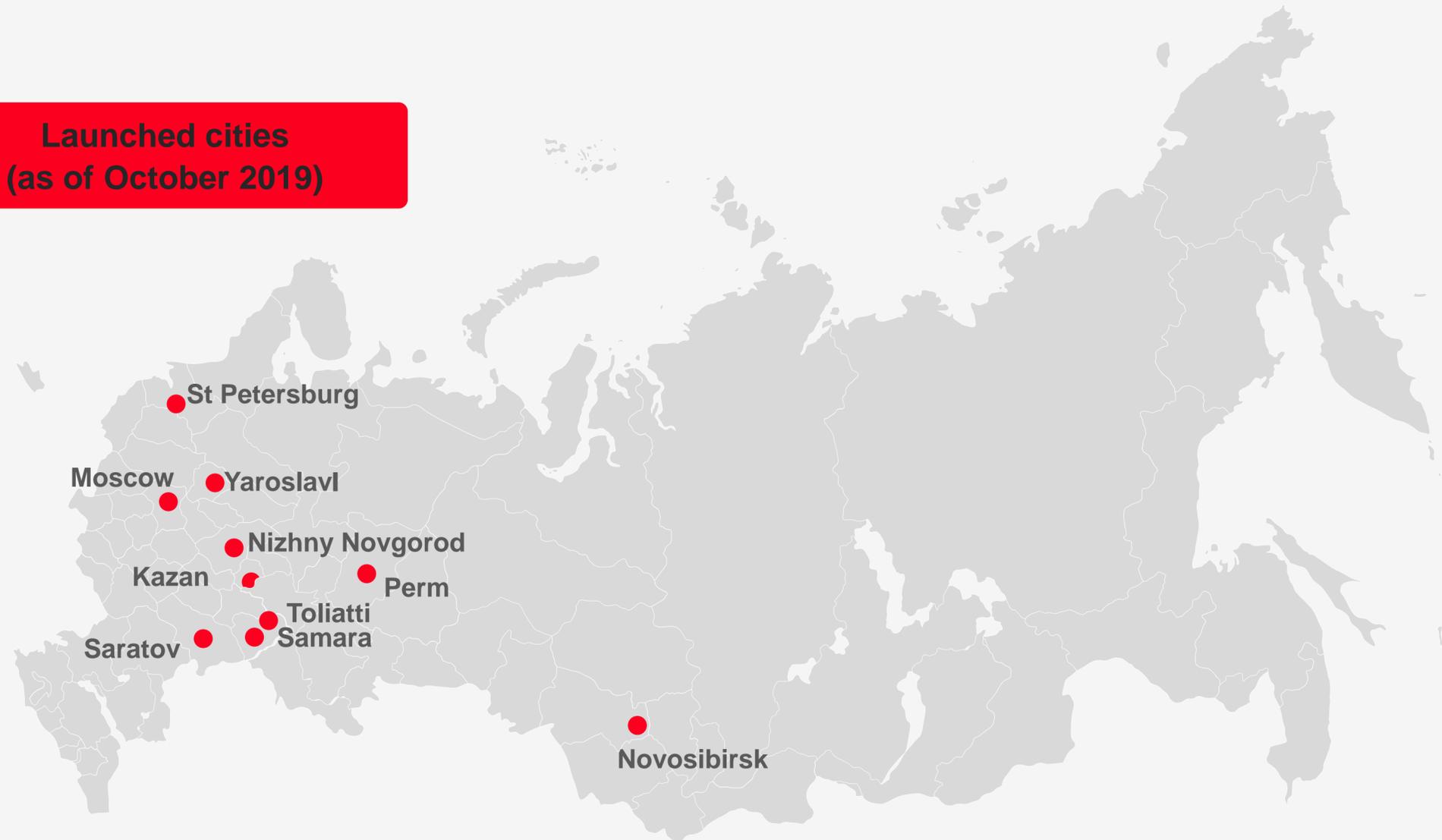




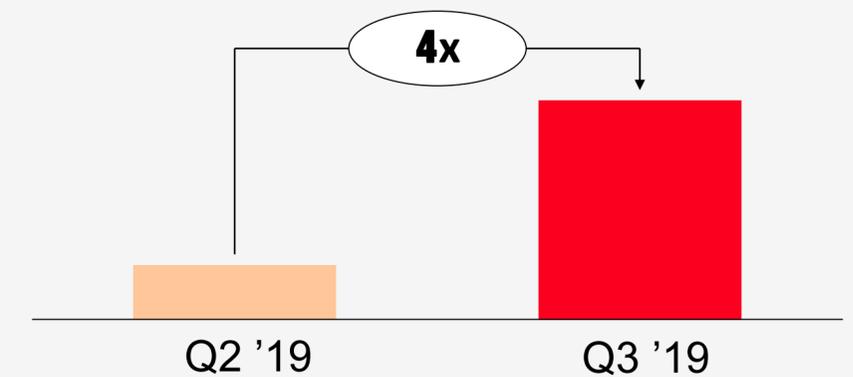
Target is to be present in at least 10 largest Russian cities by FY19

Citymobil continues its regional expansion, having entered Samara (May), Tolyatti (June), Kazan (August), Nizhny Novgorod (August), St Petersburg (September), Novosibirsk (September), Saratov (October) so far this year in addition to its presence in Moscow and Yaroslavl as of the end of 2018

**Launched cities
(as of October 2019)**



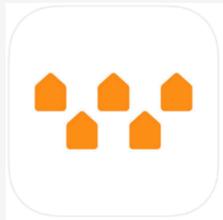
Number of rides in new cities¹



Regional expansion progress, new cities

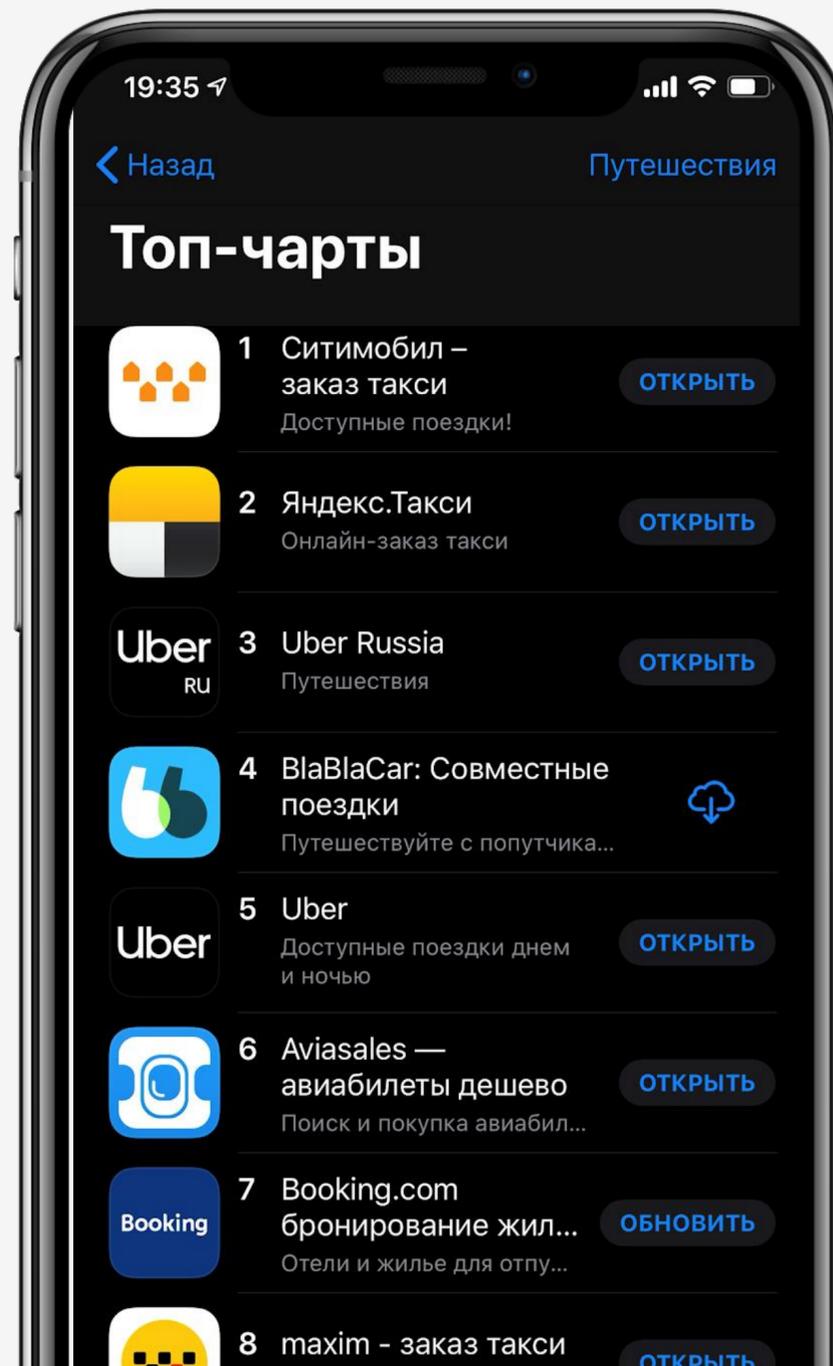
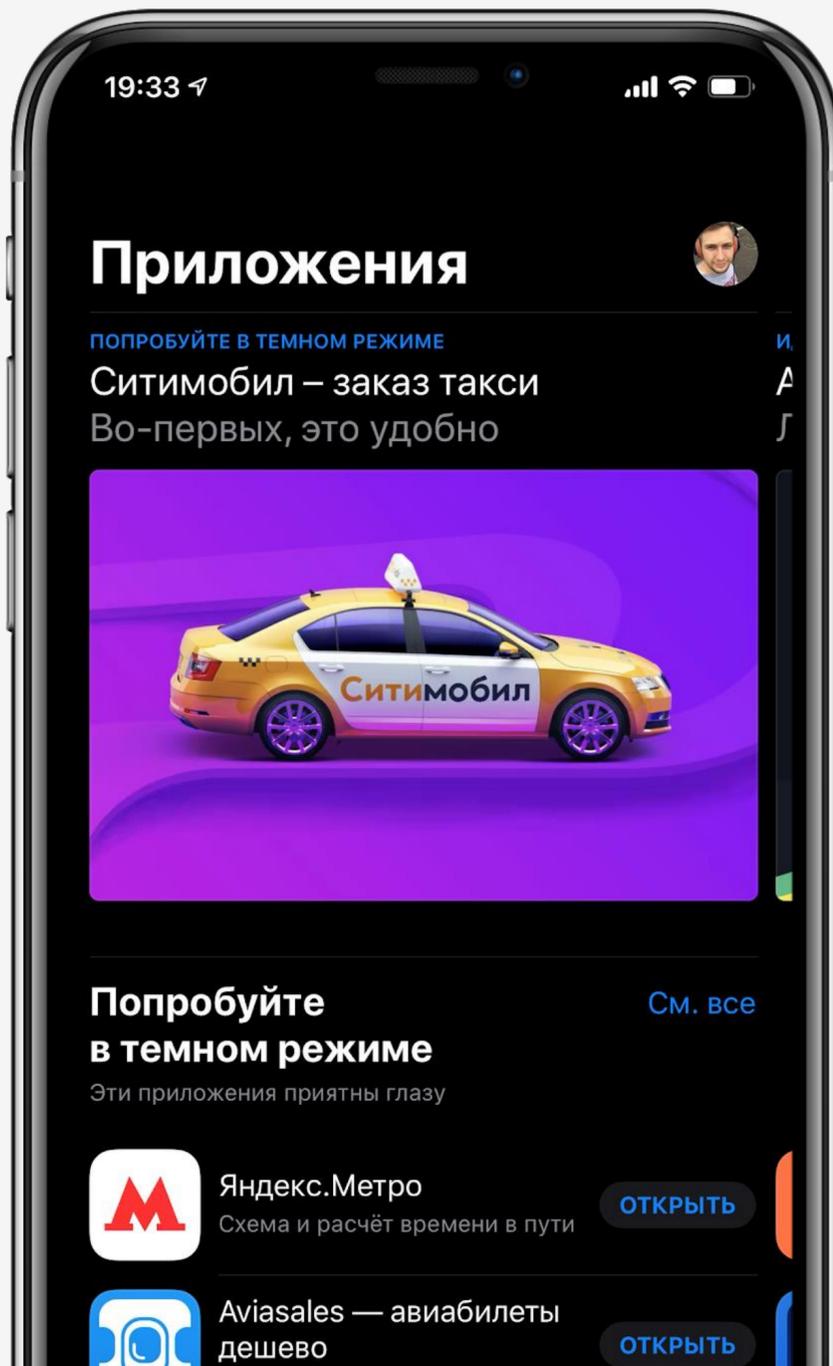


Source: Internal data
1 – cities outside Moscow, Moscow region and Yaroslavl



CM now holds a leading position in downloads across all mobile apps in local App Store

@mail.ru group



We expect trend to continue as we extend regional rollout

Target is to be at least a strong #2 across all cities of presence

CM is already the 2nd largest player in the largest domestic market – Moscow

It is already among top 3 players in most new regional cities it has entered YTD

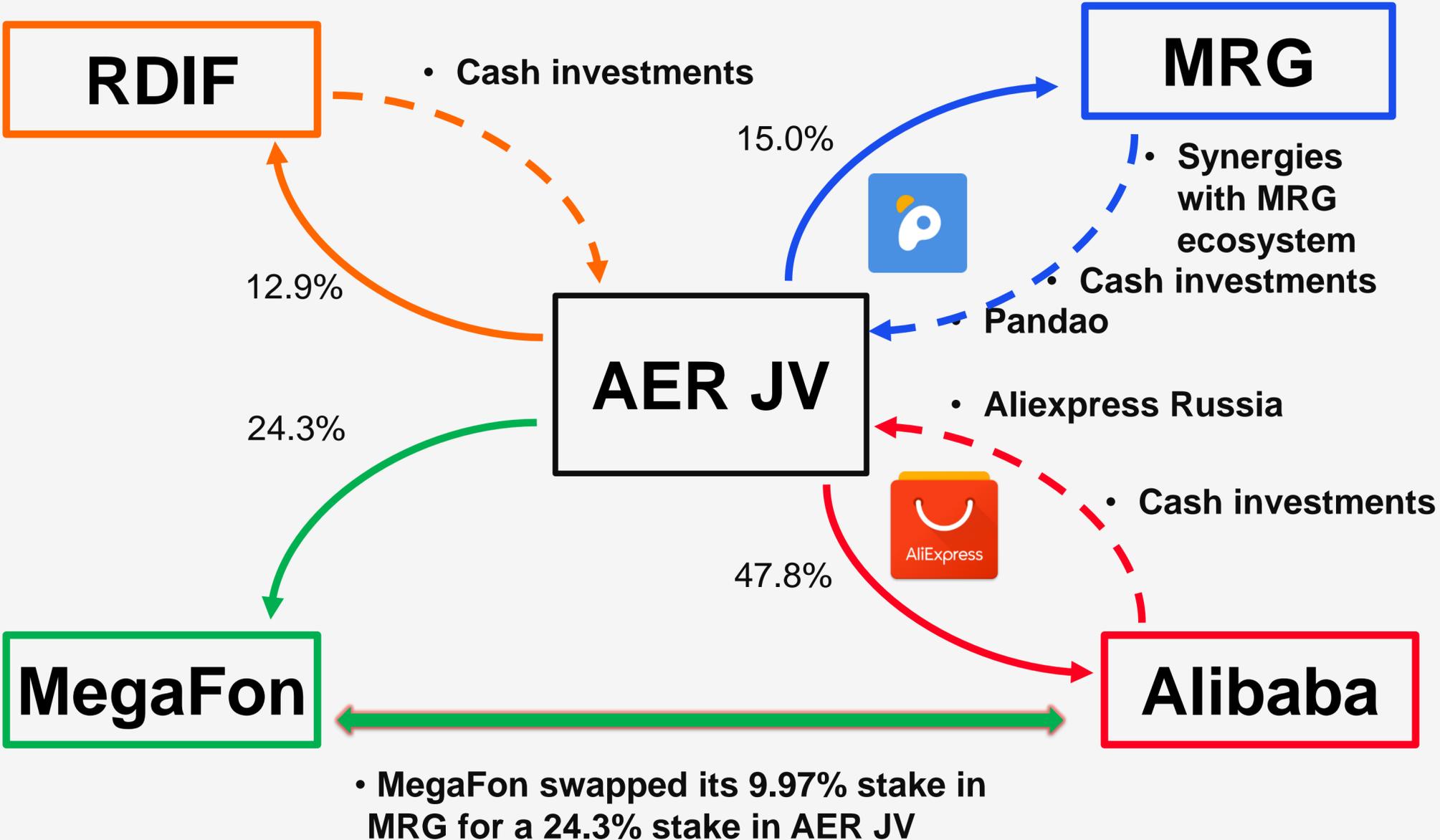
All mobility assets, including CM, will be developed together with Sberbank as part of O2O JV (upon closing of the deal) in order to avoid conflict of interest

AER JV deal creates a market leader, with major ambitions in social e-commerce



Dmitry Sergeev, MRG Deputy CEO, is the Co-CEO of AER JV (along with Liu Wei)
 Boris Dobrodeev, CEO of MRG (Russia), is the Chairman of the BoD of AER JV

On Oct 9th MRG, Alibaba Group, MegaFon and RDIF announced the completion of the AliExpress Russia (AER) JV deal



MRG is contributing its Pandao e-commerce business and cash investments of \$182 mn in exchange for a 15% stake in the AliExpress Russia JV

\$100 mn contribution happened at closing and the rest will be paid within the next 12 months

Alibaba Group became 9.97% shareholder in MRG at deal closing

Integrations on MRG's social platforms have already started with the launch of AliExpress Mini App within VK in August

Source: Internal data
 Assuming RDIF's exercise of its option to acquire 1.0% of the AliExpress Russia JV ordinary shares from Alibaba.
 In addition, RDIF has entered into an option agreement to purchase up to 4.0% of the AliExpress Russia JV common equity from MegaFon.

MRG and AER aim to create a new shopping experience for local social networking users

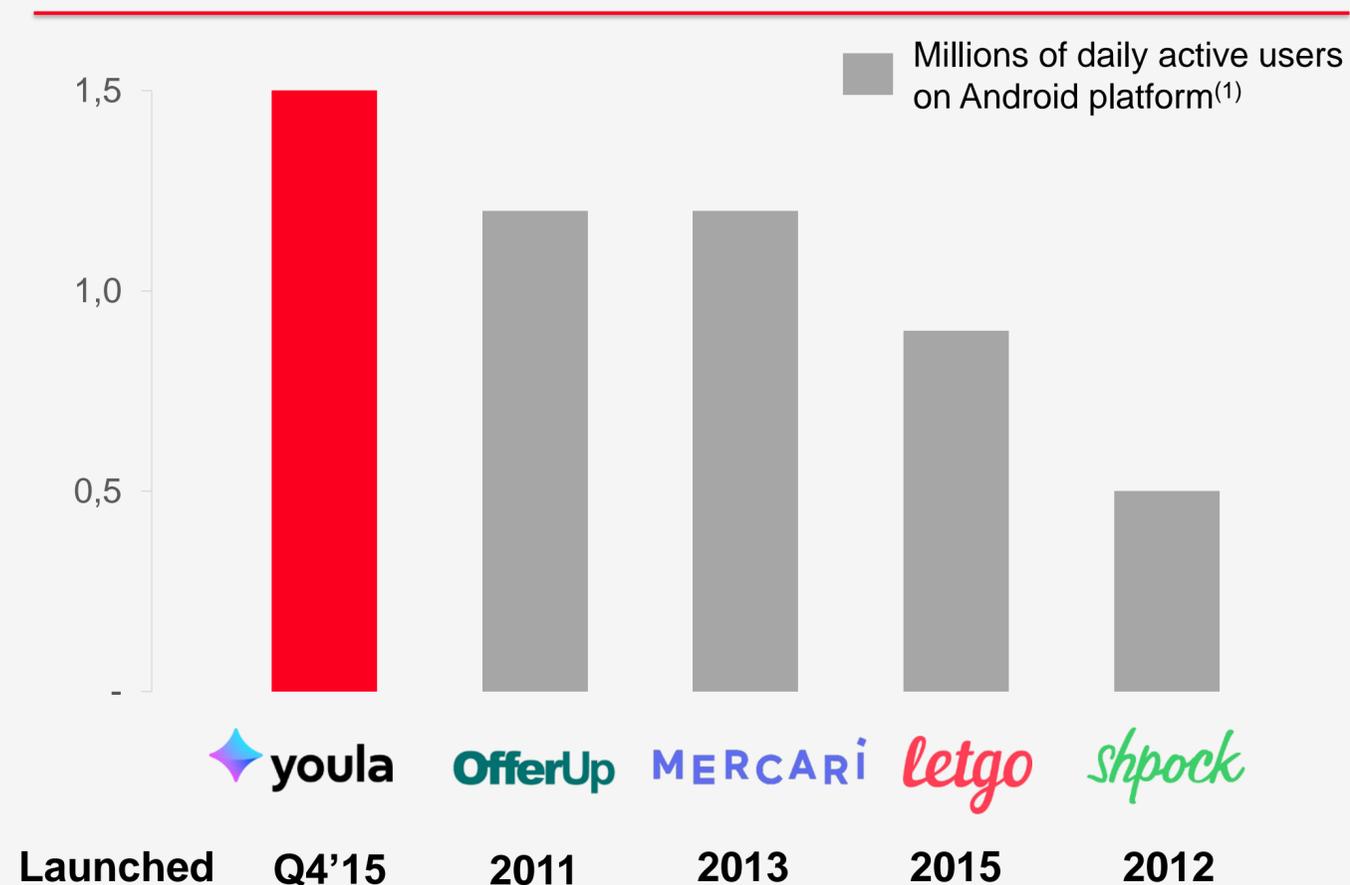
Strategy:

- **Integrate shopping experience into 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**
- **Test further AER-related integrations in 4Q19 and beyond**



Youla: Launched in Q4'15, already one of the world's largest mobile-first platforms

The world's largest mobile-first platforms



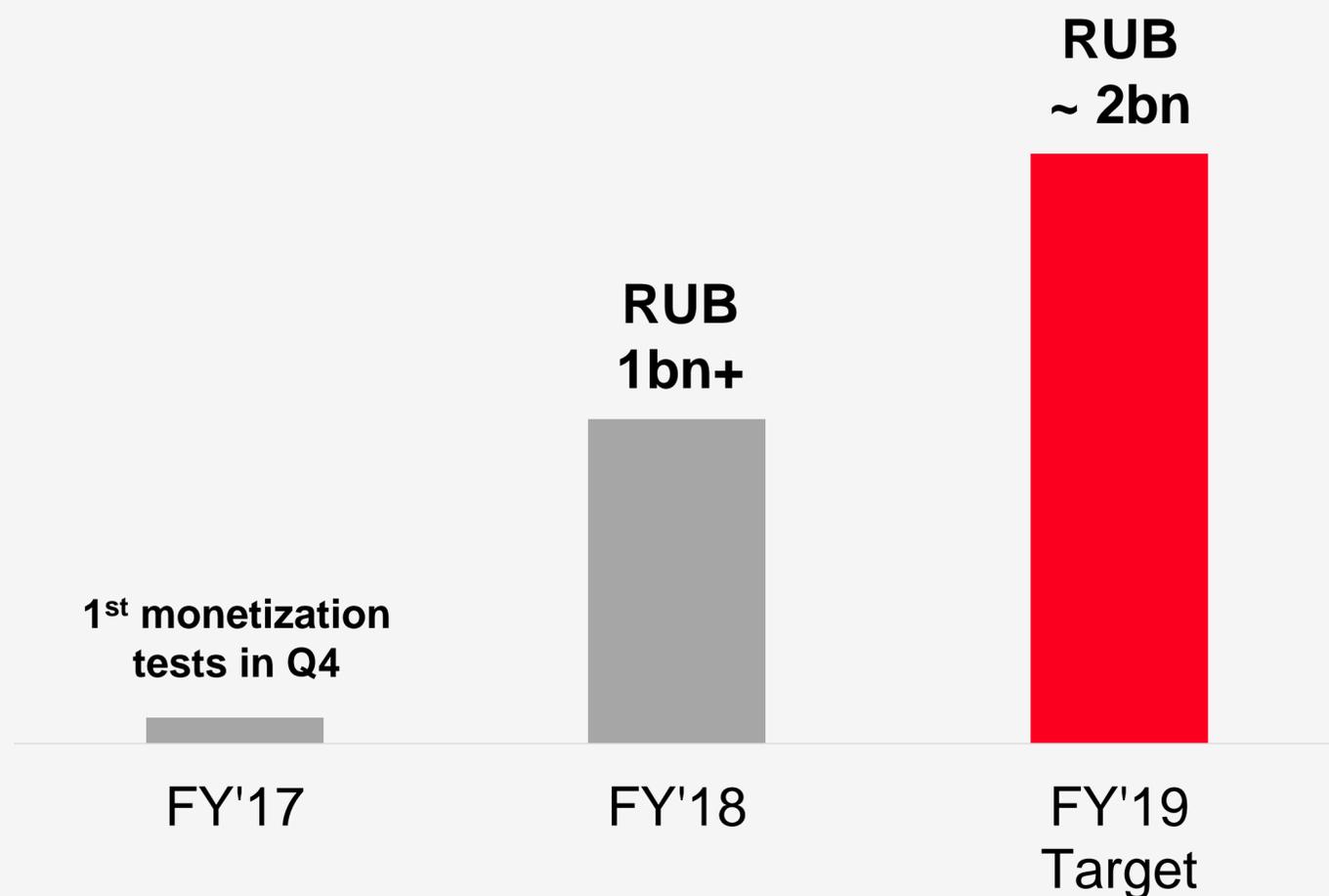
- Launched at the end of 2015, Youla is now **one of the world's largest mobile-first platforms**⁽¹⁾
- **27m users** in MAU by Mar'19
~2x growth over 2 years
- Product-driven approach with **unique and first-to-market features**: pioneer in launch of location-based search, escrow payments, delivery, gamification, C2C discounts, in-app P2P calls, and several other features
- Focus on **safety & social features** as a core for user retention & engagement

Source: (1) AIM Group Marketplaces Report, May'19. SimilarWeb was provided as the original source for daily active users on Android platform in this report. The report does not contain any data on IOS platform. Letgo data is for US market only



Youla: ~RUB2bn revenue target for FY'19 Further growth driven by B2B customers

Over RUB 1bn in revenue reached in 1st year of monetization, or 3 years since launch.
Faster than any competitor did in Russia

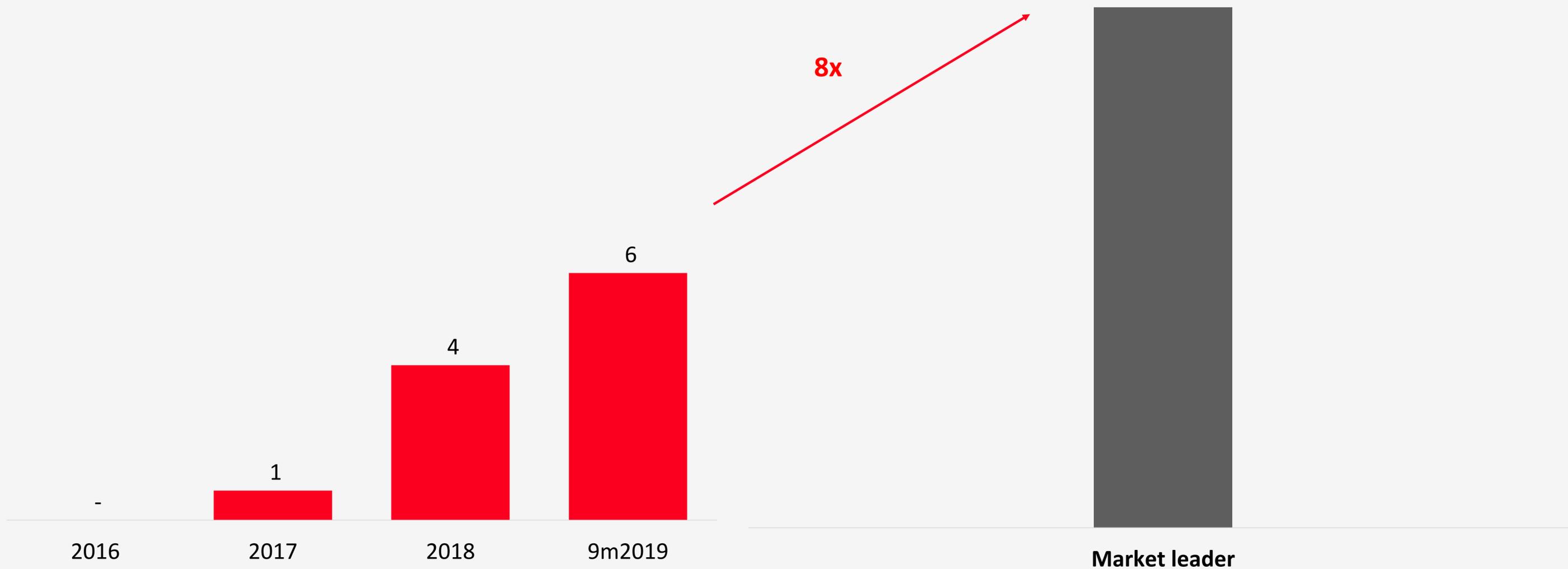


- **Q3'19 revenue was up ~1.7x YoY to RUB 565m.** On track to meet FY'19 target with revenue for the first 9M 2019 at RUB1.4bn. **Q4 is the highest season in online classified business**
- Self-service customers have been the main contributors to past results. Direct B2B sales accounted for a non-meaningful share of revenue
- **Basic version of B2B platform was launched in 2Q'19** - starting point for B2B revenue generation
- Further plans target **enhancement of B2B platform** with detailed data-driven analytics, performance management solutions, and automated billing



Youla: significant room for further monetization growth

Monthly ARPU, RUB
Average for the period

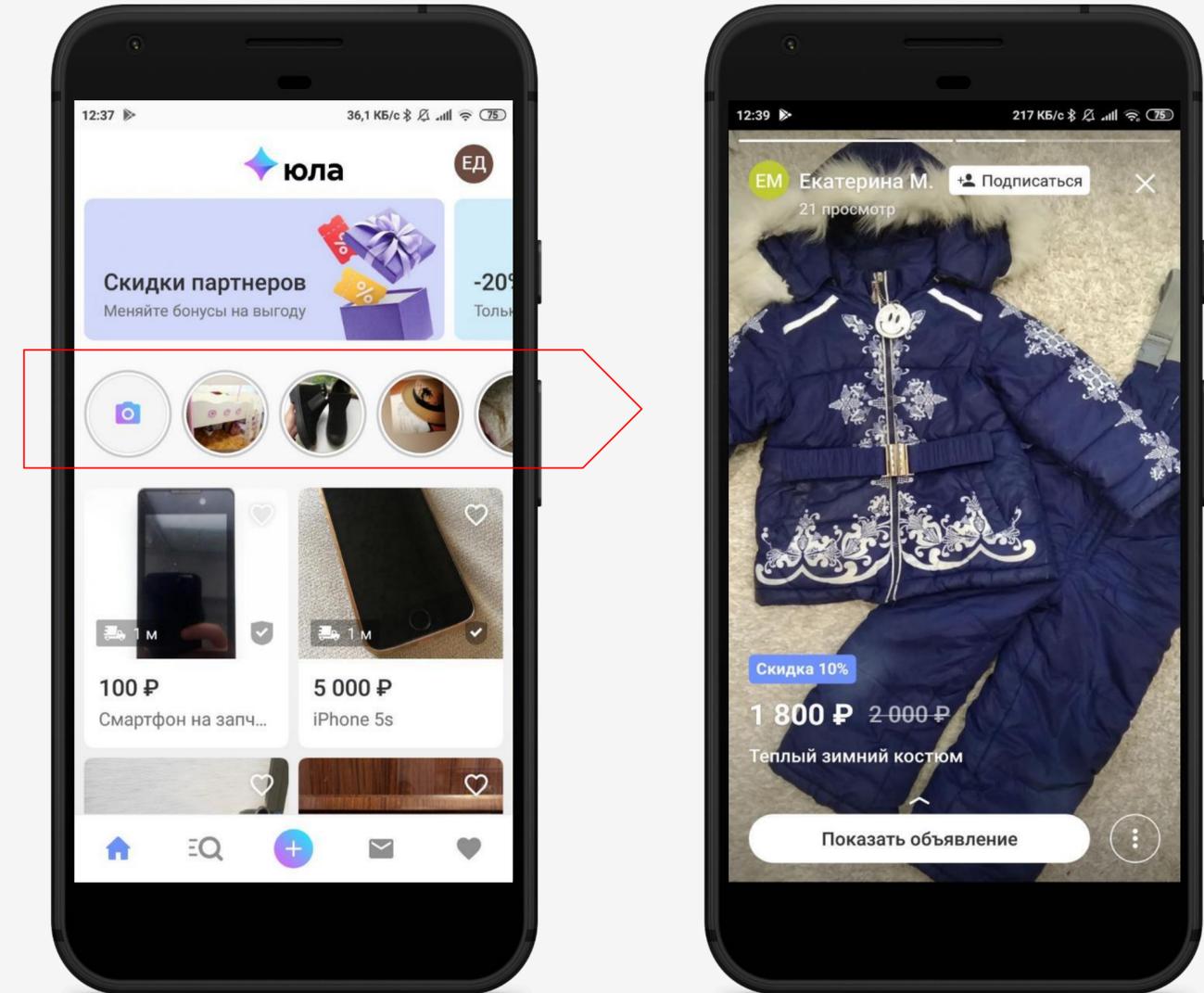
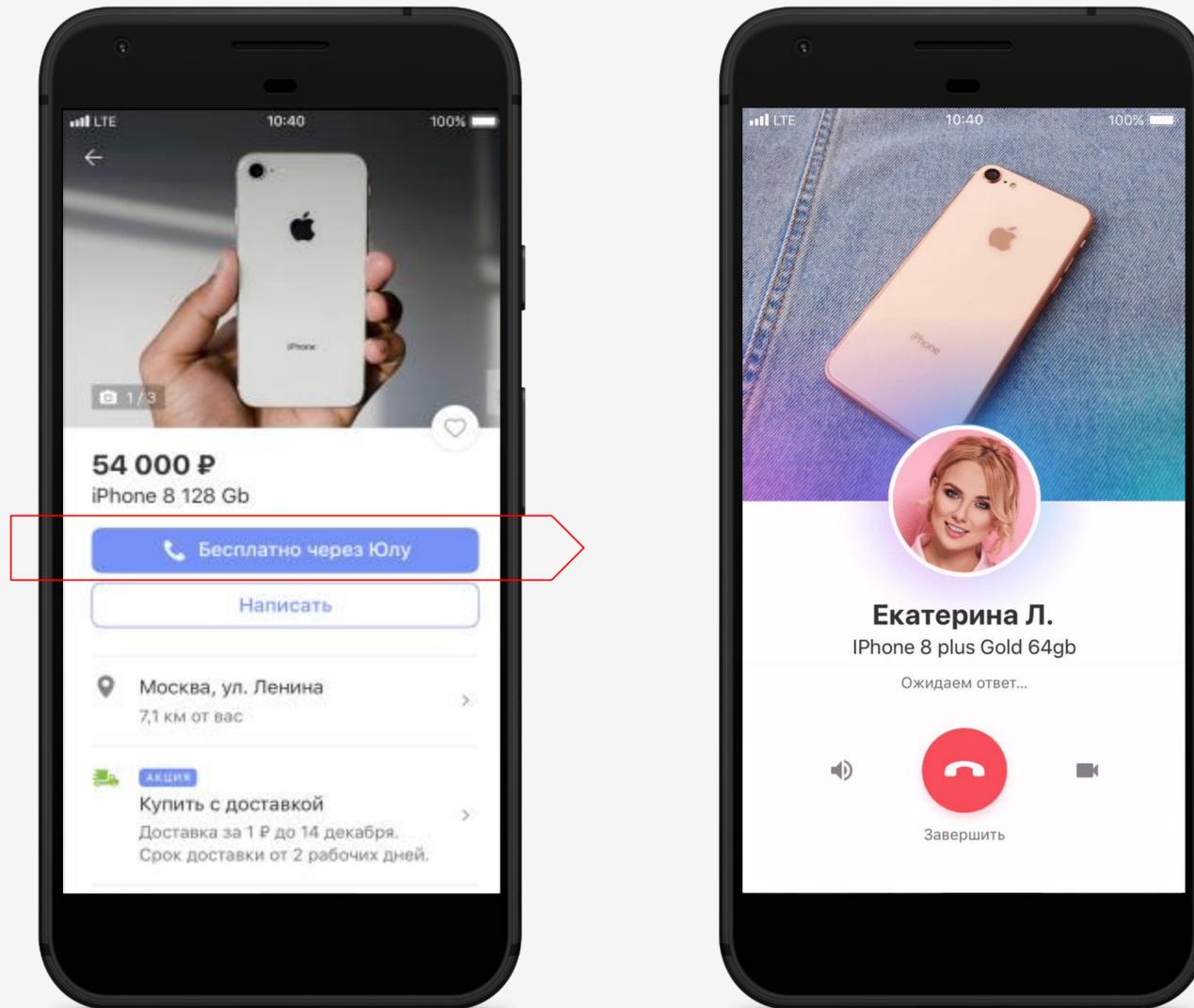




Social network & Safety features

In-app P2P calls – first-to-market

Stories



- Secure communication within the app. The user's contact number is not disclosed => No spam
- Free-of-charge from any location in the world
- Developed in cooperation with OK tech expertise

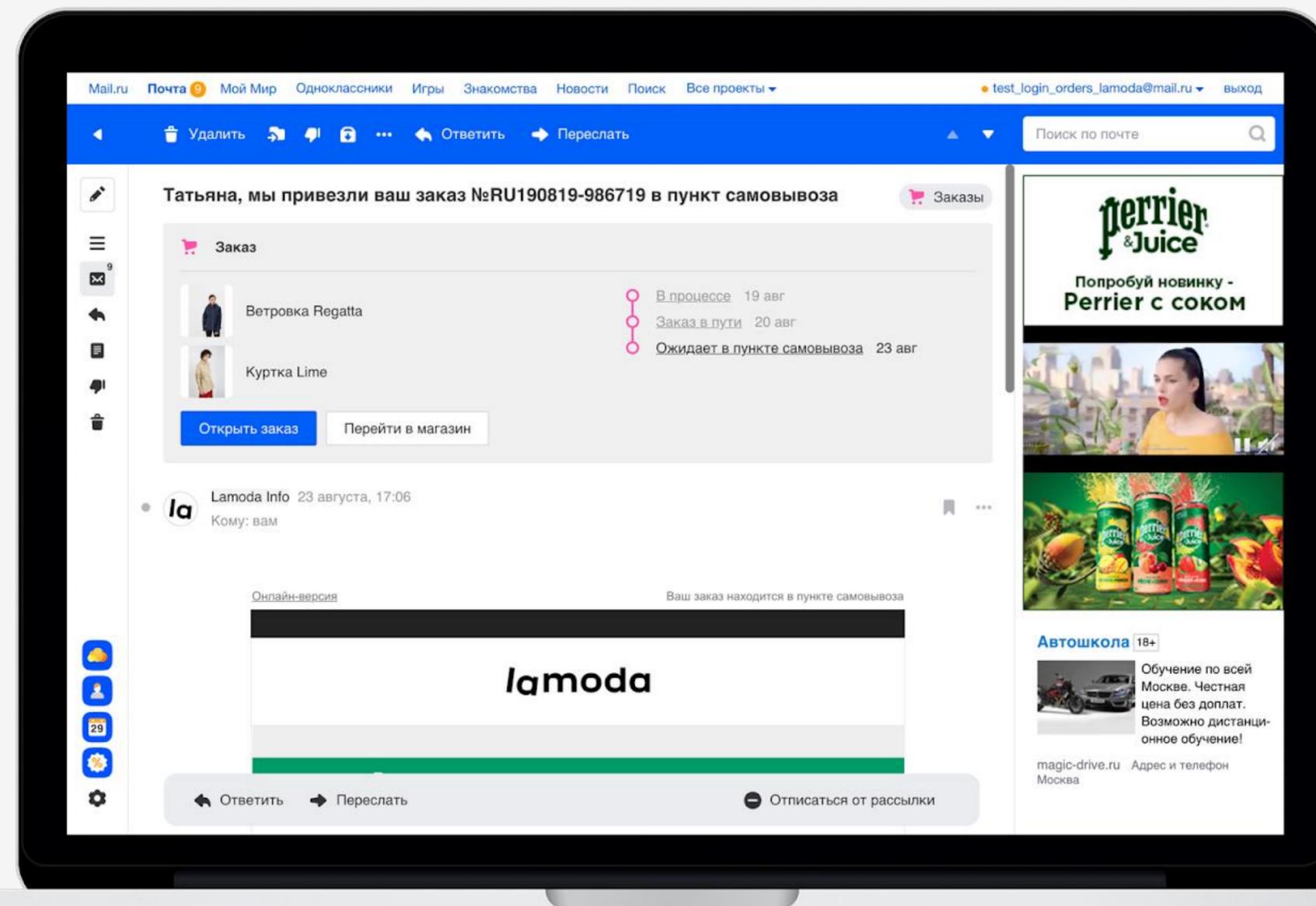
- New paid promotion product for listers
- Users more actively subscribe to content creators
- Conversion to deal of such sellers is 17% higher

Email – remain in the lead

- We are #1 email service in Russia, with ~26.45mn MAU *
- DAU: +4.6% YoY incl +28.5% for mobile *

Strategy is centered around key modern user requirements and integration with own services:

- We remain focused on **excellent user experience** by updating the UI and introducing dark themes for the applications and web interface
- We have been adding more **smart and useful features** by integrating with partners and improving AI classification, including:
 - Order grouping and details with pictures for TOP 35 ecommerce services in Russia, including **AliExpress**
 - Additions to calendar, navigations and taxi booking for the events, including through **Citymobil**
 - Pay button for the messages containing bills.
- Our constant attention to security and data privacy has been confirmed via of inclusion in the TOP 20 most secure applications in Google.Play – with only two services included from Russia, second being our Cloud service



* Mediascope, Russia, cities 100k+, July
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

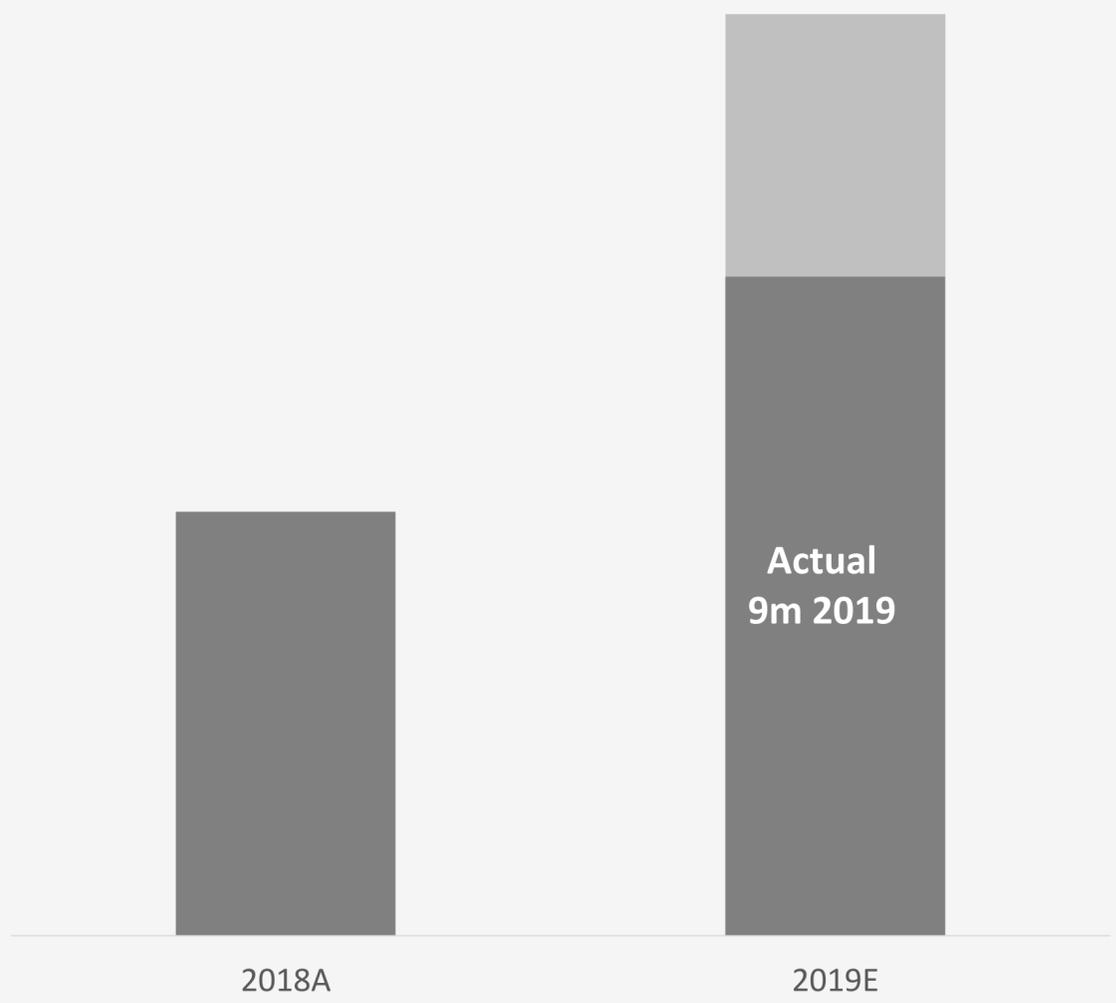
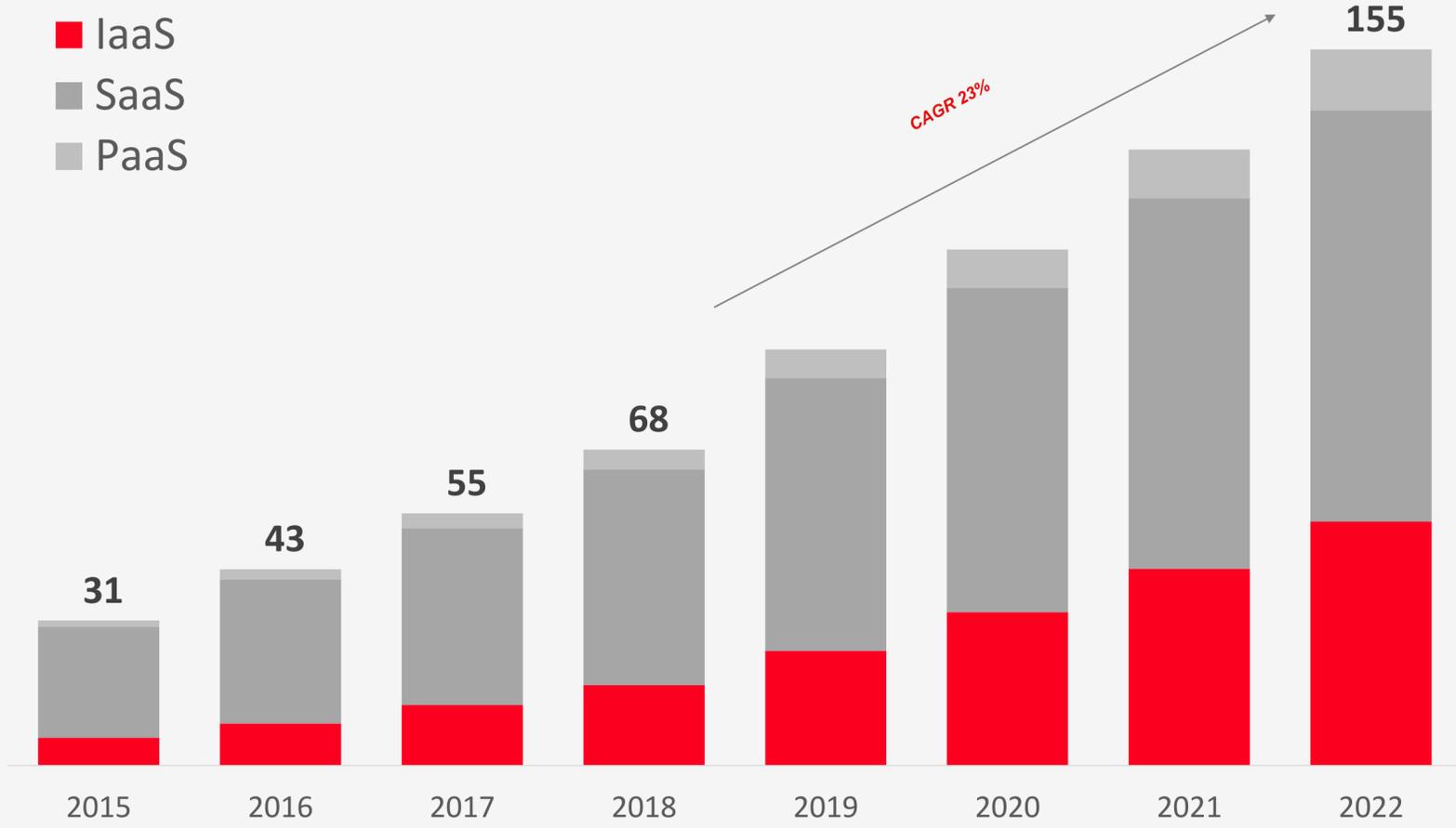
B2B & Cloud

SaaS & IaaS are set to accelerate in the coming years

Cloud market is forecasted to grow by 23% p.a., some specific segments may grow by 30-31% p.a.

**MRG revenue from B2B new initiatives (incl. cloud solutions), RUB bn
Looking to nearly double in 2019**

Cloud market in Russia, RUB bn



Mail.ru Cloud Solutions – innovative and internationally recognized

- As of the end of 1H19 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
- Launched a turnkey package that automates deployment process of MCS Private Cloud on customer's premises through deployment wizard, which significantly speeds up time-to-market of digital transformation for enterprise customers
- Launched an IIoT Platform, capable of handling efficiently millions of events from hundreds of thousands of internet-connected devices. The platform is designed for large enterprises and state-owned companies.



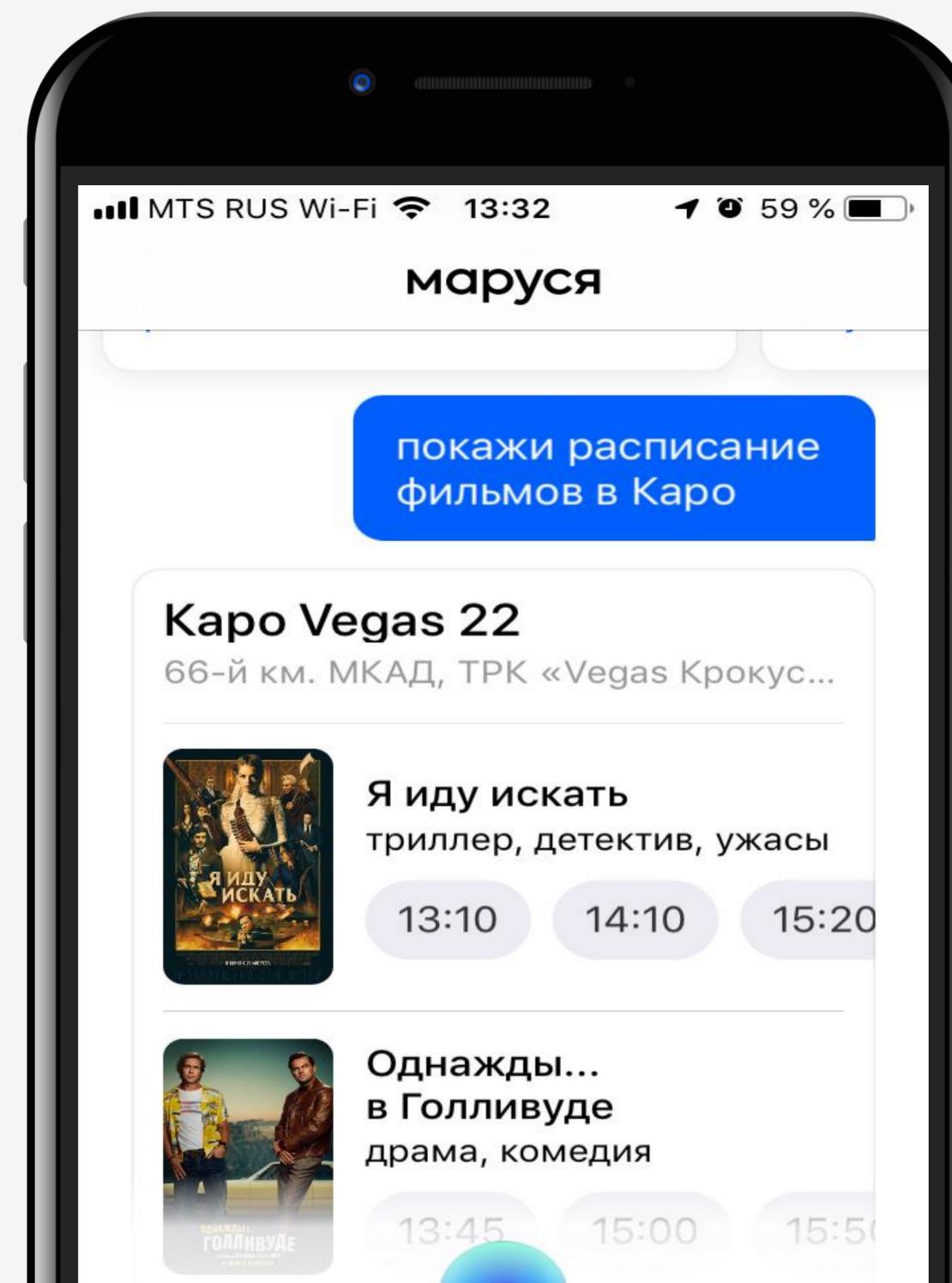
MRG Tech Lab – multiple ongoing initiatives

We continue to put more resources behind our initiatives in **new technologies** with special focus on 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. A few examples of latest MRG Tech Lab products:

- **Marusia (virtual voice assistant):** New skills: City quiz, movies and showtimes, multiplication table, daily routine, reminders, recipes etc. Speaker coming soon.
Technical updates:
 - Streaming automated speech recognition (ASR) service in apps
 - VK-based music suggestions & integrations with DC and CM
 - Quality of Russian speech recognition caught up with that of Google
- **Anti-spam technologies:** Tech Lab offers synergies with Group's products using anti-spam technologies: 1) Scanning ads on Youla: text recognition on photos, 35m/day; 2) Ad moderation in myTarget: 10,000 campaigns/day; 3) Recognition of documents of Citymobil drivers: 1,000/day; 4) Chat moderation in MY.GAMES
- **Myteam (corporate messenger):** All the necessary features: groups, channels, chatbots, search and video calls. Fully controlled by the company: employee only access, control of chat content, data encryption
- **Vision (B2B computer-based vision solution):** Our AI models in API allow to analyze faces, lines of people, densities, age, gender, objects like car plates and related details, repair photographs and increase their resolution
- **Pulse:** Our Pulse personalized content recommendation platform is seeing strong progress with **34mn MAU**, supported by the recent Relap acquisition

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)

Source: Internal data



Q3 and 9M 2019 revenue and profitability update

Revenue growth stood at 25% in 3Q, highest quarterly growth for the Group seen YTD

EBITDA margin stood at 33.7% in 3Q, showing an improvement vs 31.7% a year earlier

Q3 and H1 2019 Revenue and profitability review

RUB MN	Q3 2018 Actual	Q3 2019 actual	Y-o-Y growth, %	9M 2018 actual	9M 2019 actual	Y-o-Y growth, %
Revenue	17 111	21,398	25,1%	49 360	60 866	23,3%
Online advertising	7 340	8,941	21,8%	20 699	25 185	21,7%
MMO games	5 742	6,917	20,5%	16 187	20 206	24,8%
Community IVAS	3 405	3,912	14,9%	10 925	12 011	9,9%
Other revenue	624	1,628	160,9%	1 549	3 464	123,6%
EBITDA	5 417	7,207	33,1%	17 398	19 953	14,7%
<i>EBITDA margin, %</i>	31,7%	33.7%	2,0%	35,2%	32,8%	-2,5%
Net profit	2 845	3,906	37,3%	8 201	9 983	21,7%
<i>Net profit margin, %</i>	16,6%	18.3%	1,6%	16,6%	16,4%	-0,2%
Capex	-1,686	-2,263	34.2%	-4,291	-5,342	24.5%
<i>% of revenue</i>	-9.9%	-10.6%	-0.7%	-8.7%	-8.8%	-0.1%

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

Note 2: 9m 2019 actual results include one-off VAT charge of RUB 295mn recorded in other operating expenses (above EBITDA) in Q1

Note 3: 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 1,698m in Q2 2018

Q3 2019 operating segments performance

Growth in S&C accelerated YoY in Q3 to 19.2%, including due to stronger IVAS, with EBITDA margin for the segment at 53.3%

Games saw slowdown in growth to 25% given no new launches during the quarter (according to budget), with EBITDA margin of 16%, an improvement YoY

New Initiatives segment has demonstrated solid ~143% growth and remains in investment phase

Q3 2019 operating segments performance					
RUB MM	Communications and Social	Games	New initiatives	Eliminations	Group
Total segment revenue	12,447	7 686	1 352	(87)	21 398
<i>Y-o-Y growth</i>	<i>19.2%</i>	<i>24,7%</i>	<i>142,6%</i>	<i>71,3%</i>	<i>25,1%</i>
Total operating expenses*	5,813	6 459	2 006	(87)	14 191
Segment EBITDA	6,634	1 227	(654)		7 207
<i>EBITDA margin</i>	<i>53.3%</i>	<i>16,0%</i>	<i>-48,4%</i>		<i>33,7%</i>
Net profit					3 906
<i>Net profitability</i>					<i>18,3%</i>

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

9M 2019 operating segments performance

9M 2019 operating segments performance					
RUB MM	Communications and Social	Games	New initiatives	Eliminations	Group
Total segment revenue	35 621	22 190	3 286	(231)	60 866
<i>Y-o-Y growth</i>	<i>14,6%</i>	<i>29,3%</i>	<i>158,6%</i>	<i>47,2%</i>	<i>23,3%</i>
Total operating expenses*	16 144	19 784	5 216	(231)	40 913
Segment EBITDA	19 477	2 406	(1 930)		19 953
<i>EBITDA margin</i>	<i>54,7%</i>	<i>10,8%</i>	<i>-58,7%</i>		<i>32,8%</i>
Net profit					9 983
<i>Net profitability</i>					<i>16,4%</i>

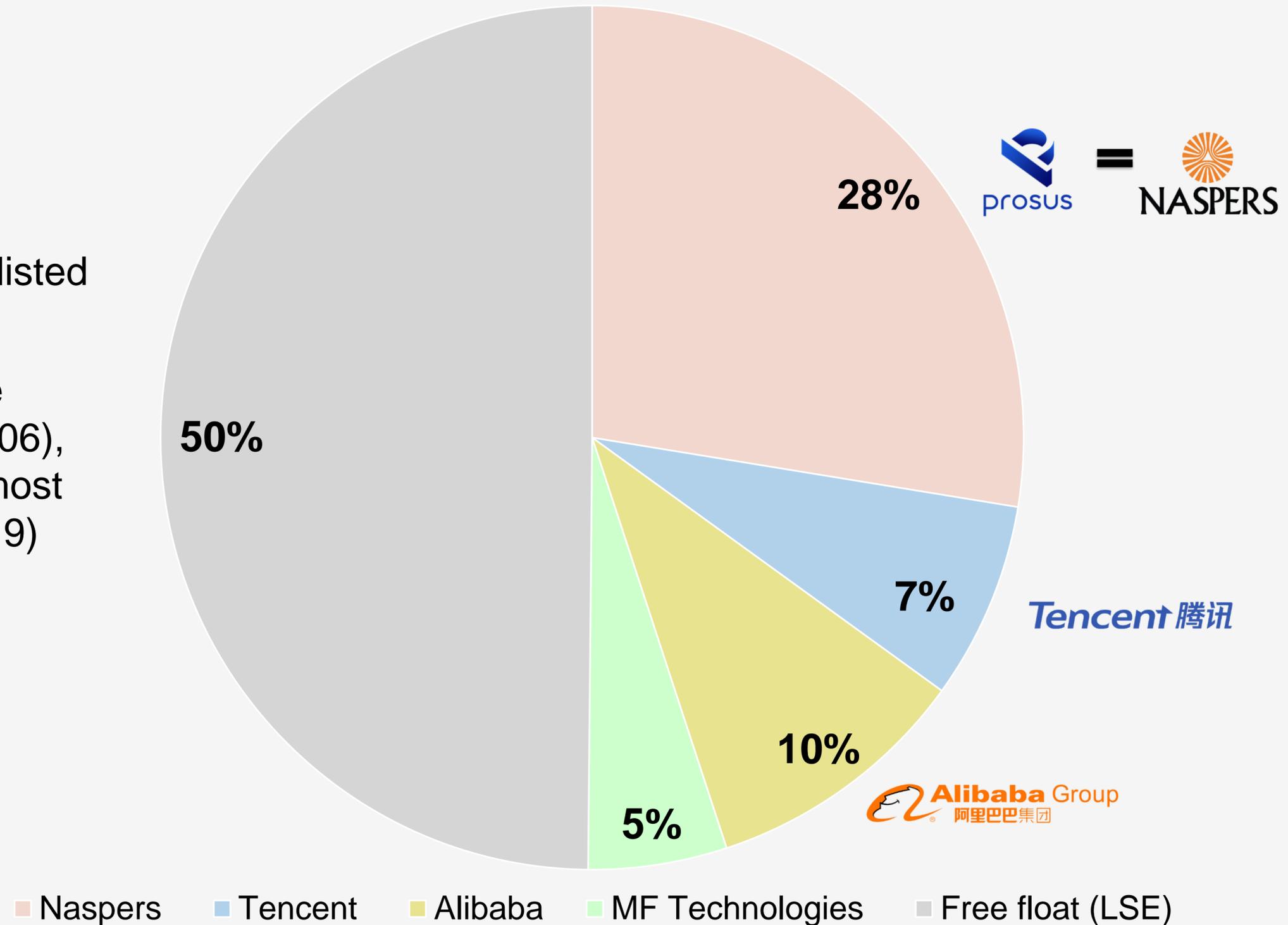
Note 1: Pandao, ESforce and Delivery Club are excluded from all numbers on a pro-forma basis

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

- ~50% of Mail.ru GDRs are listed on LSE
- Blue-chip shareholder base includes Naspers (since 2006), Tencent (since 2010) and most recently Alibaba (since 3Q19)



Mail.ru Group shareholder structure details

	 prosus	 Alibaba Group 阿里巴巴集团	 Tencent 腾讯	MFT	Freefloat
Economic	27.6%	10%	7.4%	5.2%	49.8%
Voting	12.3%	4.4%	3.3%	58.3%*	21.7%

Source: Public data as of October 9, 2019, calculated on fully diluted basis, accounting for DRs sitting in employee benefit trust (non-voting)

Naspers holding is done through Prosus since 3Q19

* USM/MegaFon votes (~54%) within MFT have been delegated to the CEO of Mail.ru Group (Russia) – Boris Dobrodeev since October 2018
MFT shareholder structure: MegaFon (45%), Gazprombank (35%), Rostec (11%), USM (9%)

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