

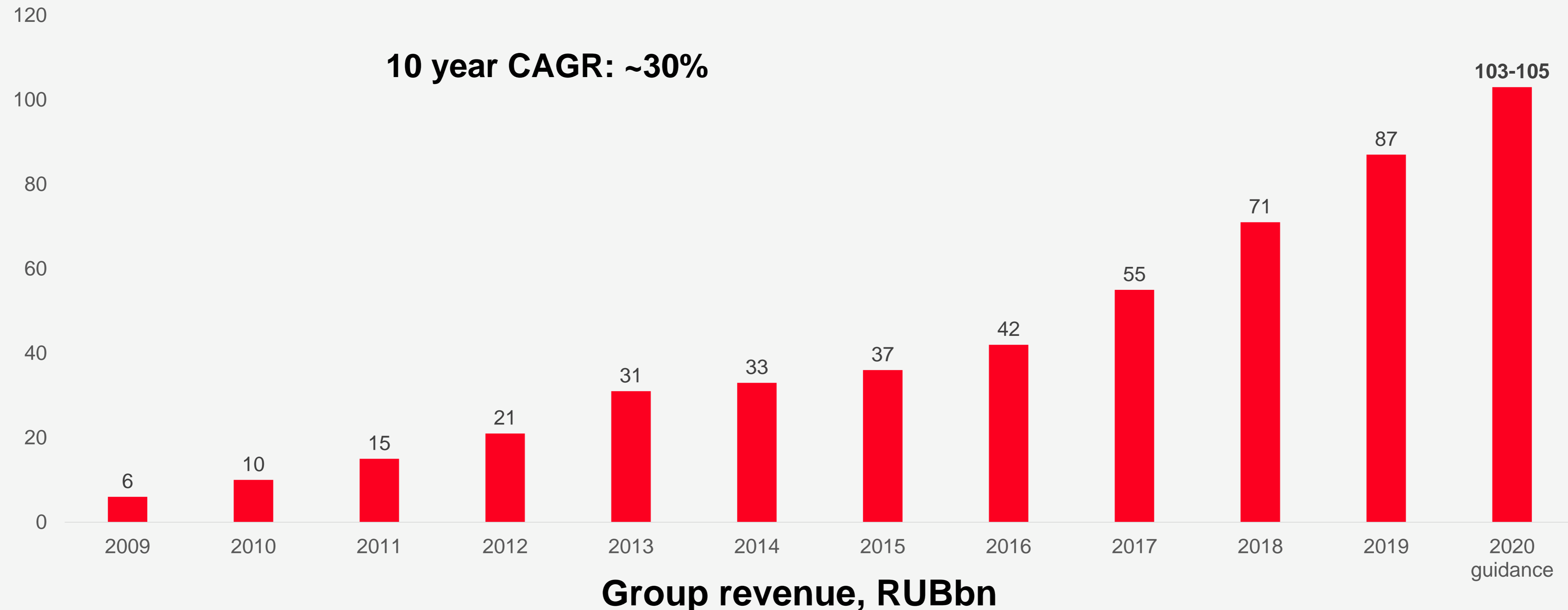
Mail.ru Group



Quarterly presentation (Q4/FY 19)

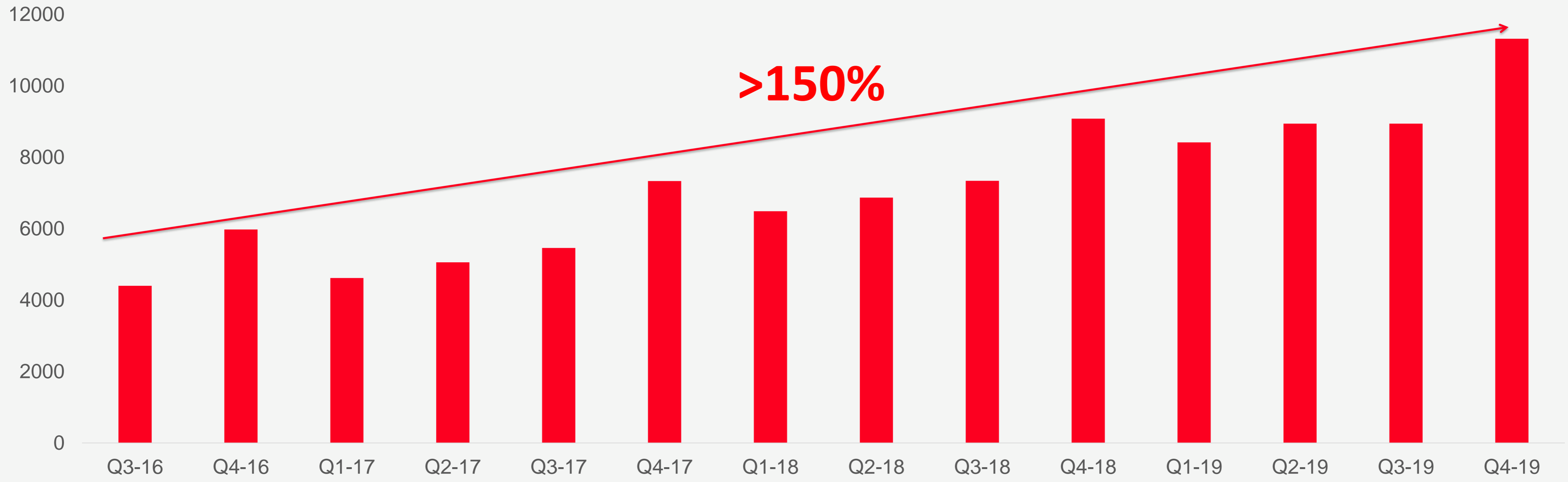
MRG – growth story continues

- At ~80% internet penetration, Russia holds ~3% share of global unique internet users - 8th largest audience in the world and **largest in Europe**
- **Digital ad market is expanding** but digital has just surpassed TV in share in 2018, with advertising being our largest revenue stream
- Games are the largest entertainment market globally, with dominance of mobile. We are top-50 player & have an ambition to be top-25. Gaming is our second largest division
- We grew revenues by **22% in 2019** and are well-positioned for continued **healthy growth** and **market share gains**



MRG continues to gain digital ad share

- MRG has been growing its advertising revenues faster than overall market, having **gained >3p.p of market share since 2015**, including **~23% ad growth in 2019**
- We believe in further shift in advertising budgets from offline to online as well as to social within online, and hence see further room for market share gains for MRG from current **~16% of digital market**



Advertising revenue, RUBmn

Source: Internal data

Focus area

Recent developments

Key results

SME clients

Goal: Growth overall SME presence and related conversion to paying customers

- Ad quick launch & smart control in VK:
 - Mobile launch of ad campaigns
 - Tool suggesting target audience and related budget
 - Automatic price control based on a budget limit
- Assistance in campaign planning & analysis:
 - Predictor of ad auction results in VK
 - Tracking efficiency improvement

- > 1mn of SMEs have a presence on VK
- > 10% of them use paid promotion products (+13% YoY in Dec)

Performance products

Goal: Improve efficiency and increase usage of higher value-added products

- High-yield model launched in VK:
 - oCPM model matching campaigns to the advertiser's CPL goal
- Targeting mechanics & tools improved in myTarget:
 - Improved product recommendations for dynamic product ads and updated Look-alike targeting
 - Facilitated setup of context targeting campaigns by bulk editing of the targeting lists from an account interface

- Growing contribution of high-yield products to the total ad revenue in Q4⁽¹⁾:
 - +1.5x YoY in oCPM revenue share, with CTR at least 2x higher than that of other models⁽²⁾, leading to comparable advantage in CPM
 - +1.7x YoY in dynamic remarketing revenue share with significant improvement in performance (+3x in CTR)
- +2.2x YoY in context targeting revenue in Q4. Product is being developed on the basis of search queries on MRG platforms, growing with social commerce and classifieds evolution

AdTech: Latest results across key focus areas (2/2)

Focus area

Recent developments

Key results

Ad network

Goal: Monetise ad inventory beyond Group's assets

- Launch of Ad Exchange on both MRG and network platforms
- Expansion of supported ad formats
- Comprehensive analysis of revenue for the network partners based on the funnel breakdown (User Level Data)

- +1.7x YoY in the ad network revenue in Q4, with its share in total ads revenue at 10%+⁽¹⁾
- Video network has been outpacing all other inventory types by revenue growth
- # of partners providing ad inventory grew 1.3x YoY in Dec

OMNI-channel sales

Goal: Strengthen leading position in brand advertising by offering new products with cross-frequency reach

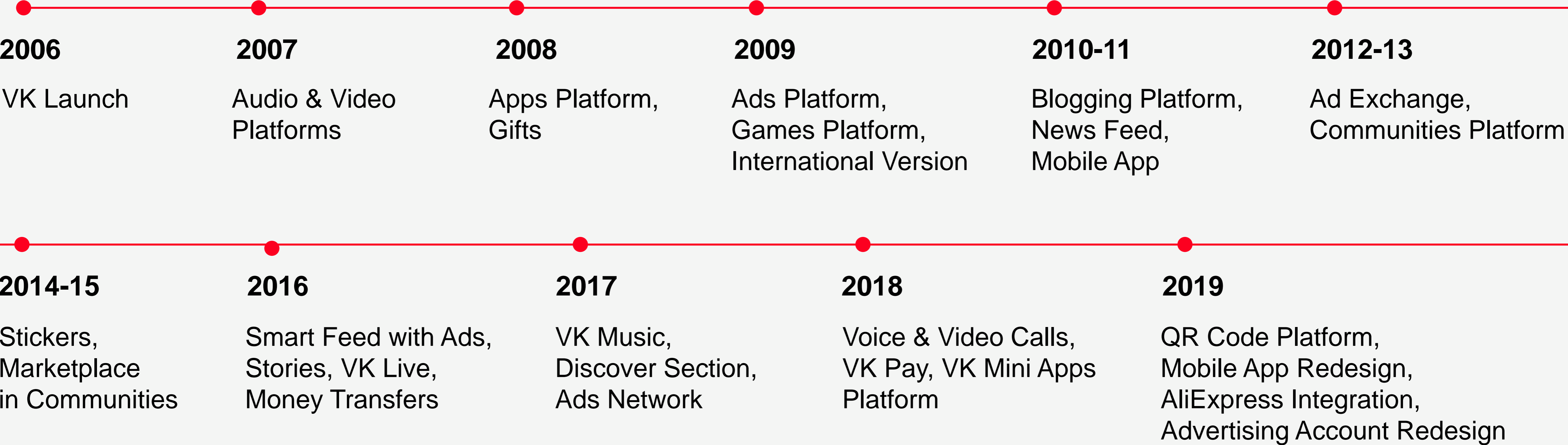
- DOOH developments:
 - Regional network now covers 10+ Russian cities
 - Partner list expanded with MAER Group supplying premium DOOH formats
- Indoor advertising market penetration:
 - Entered the market in partnership with the Russian leading retail company
 - Loyalty terminals are placed inside stores aimed to maintain communication with reached audience across other digital channels, including myTarget

- Indoor ads campaign reached 350k+ clients during the test period, which lasted 42 days in 30 retail stores

VK: the leading communication and entertainment platform in Russia and the CIS



VK is focused on continuously developing **new features** to **grow its user base**, **support engagement** and **increase time spent** on the platform

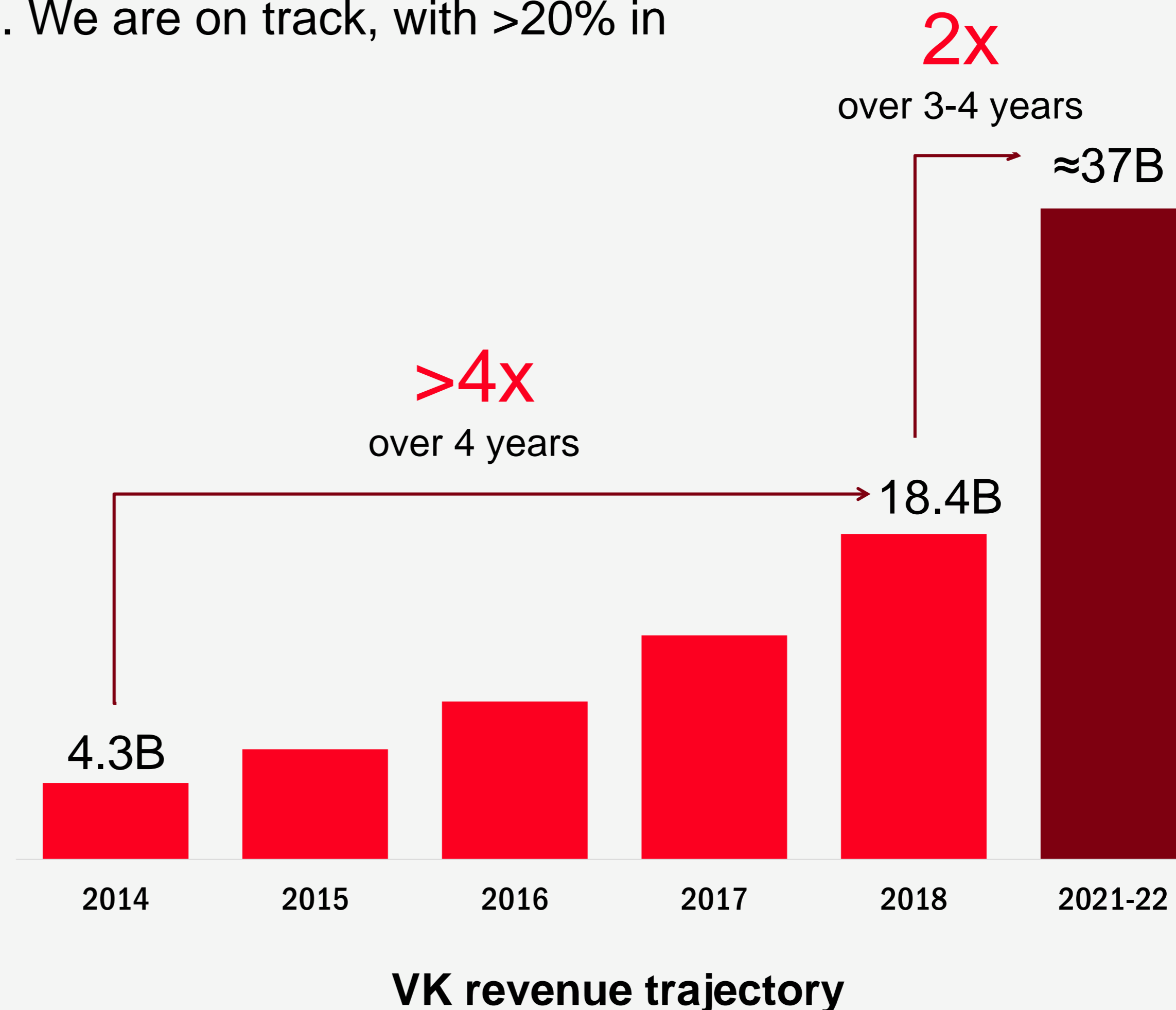


Source: Internal data

VK: on track vs. mid-term growth guidance

- VK revenue grew 4x between 2014 and 2018
- Our goal is to **further double VK revenue by FY22**. We are on track, with >20% in revenue growth in 2019, including 27.3% in Q4

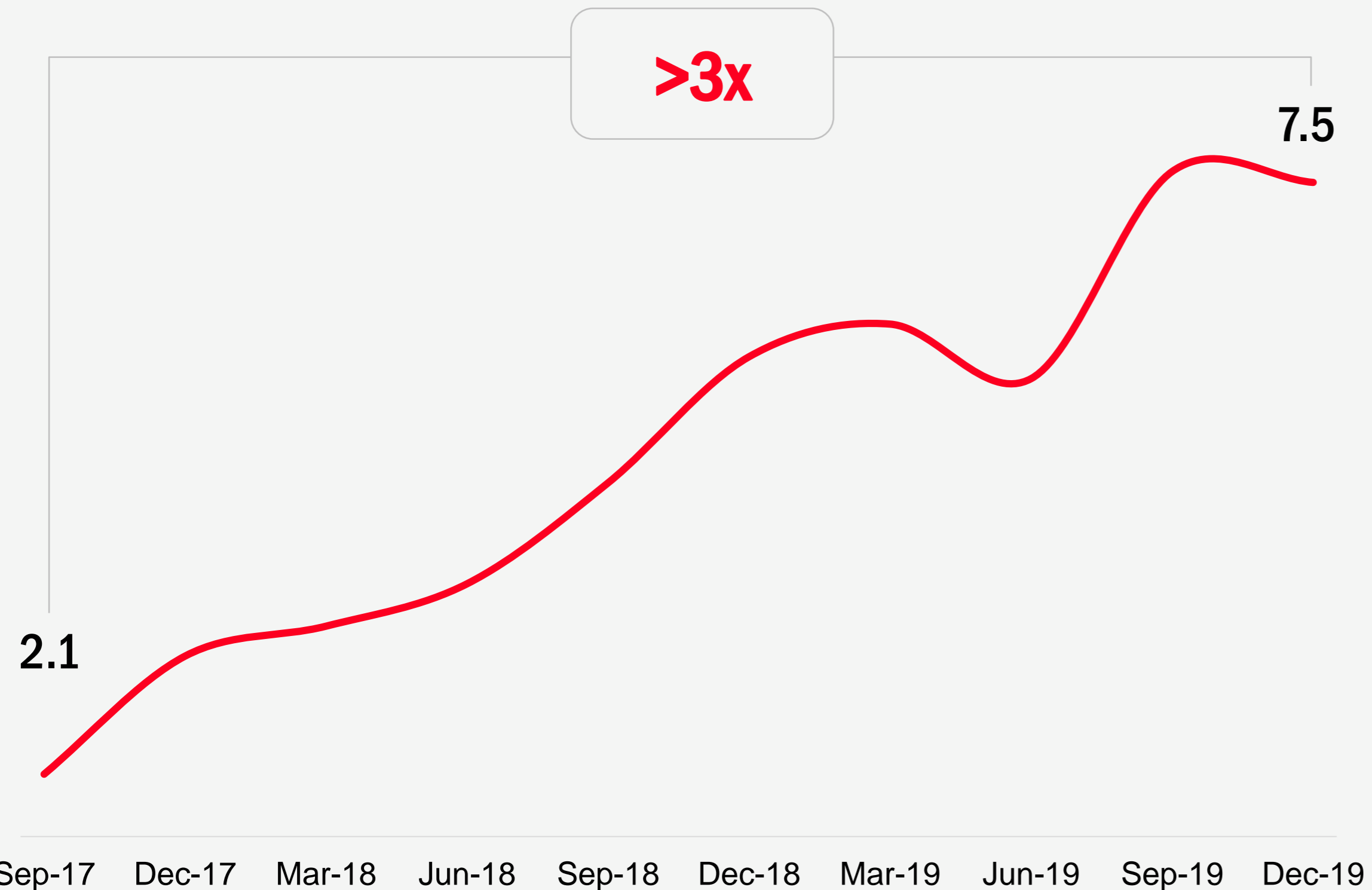
- Revenue growth is stimulated by **increasing ad efficiency**
- In 2019 CTR grew 35% for CPC ads
- VK added new statistics, improved optimization algorithms, introduced ad auction predictions, launched QR code-based retargeting, and updated ad formats
- Advertisers' **average ticket size grew by 12% and the number of advertisers by 17% in 2019**
- We see further potential in the growth of the number of advertisers as well as ARPU in 2020 and beyond



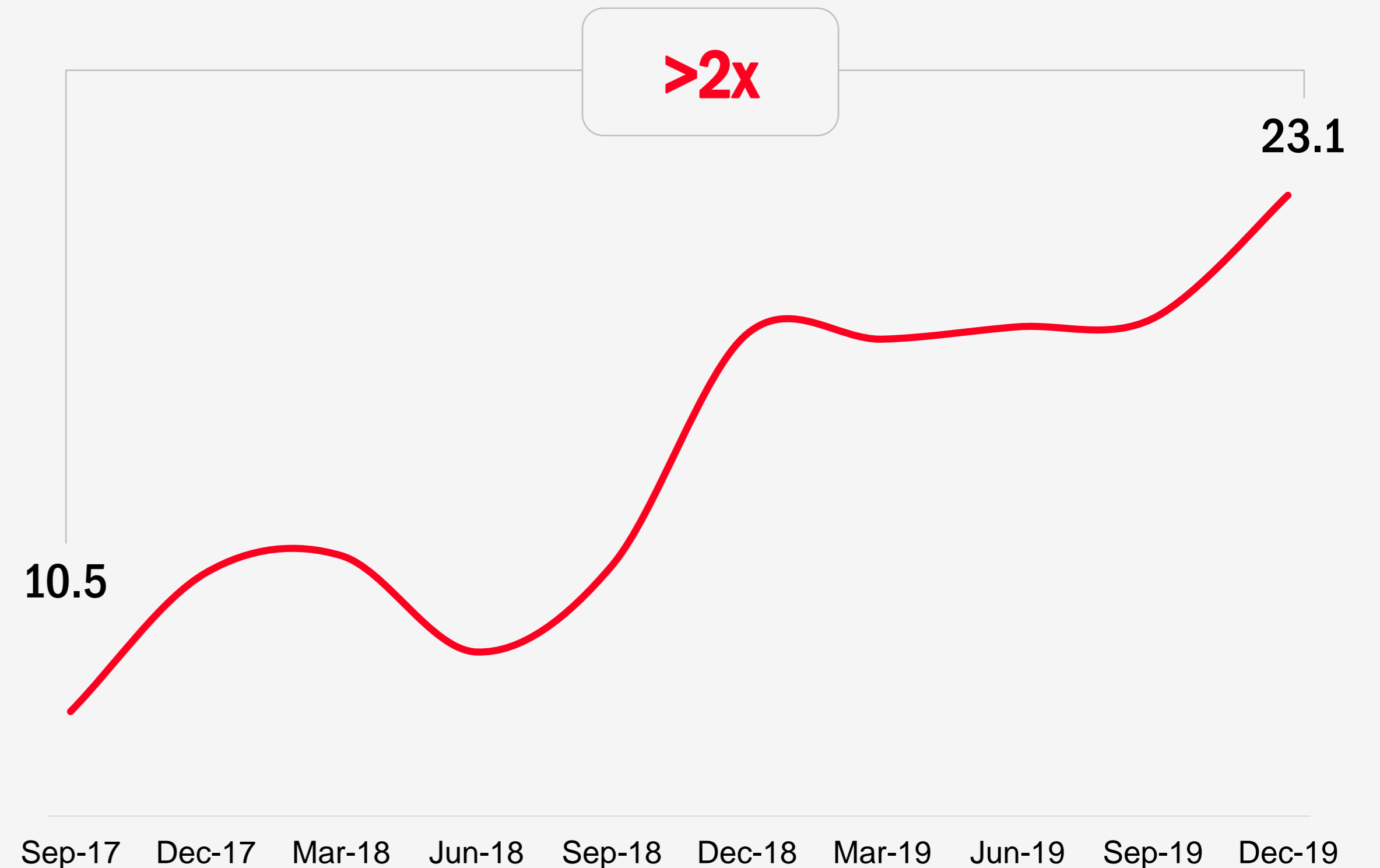
VK is competitive in key content consumption formats

- Engagement data suggests that our 200 product updates in 2019 have been well-received
- We are actively investing in our **Stories and Video** products, among others, in 2020 in order to continue to grow engagement and time spent

Story Views (bn)



Video Views (bn)



VK: user engagement and time spent growth continues (Q4, YoY)



+45%

Stories published monthly

+27%

Video/audio calls made monthly

+47%

Live streams posted daily

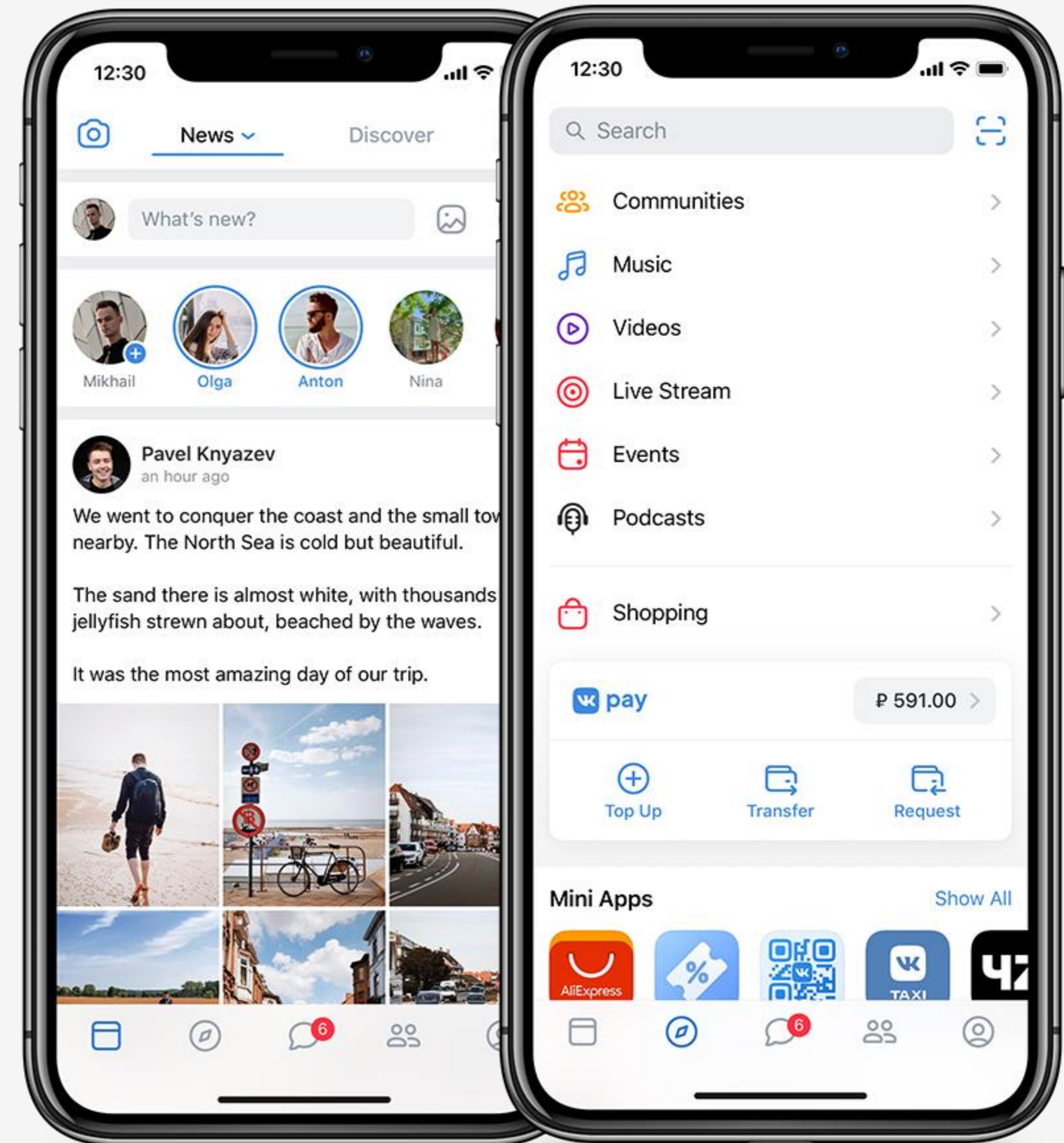
+15%

Messages delivered daily

- User engagement growth boosted total time spent, **up 12.5% YoY in 2019 to 36 minutes per day**, including **16% growth on mobile**
- VK's most active user category remains the **12–24 year-olds**, who spent on average **68 minutes per day on the social network** in Dec. However, we are investing resources into making VK equally relevant to all age groups

Rollout of the new version of the VK mobile app

- VK has been rolling out a new version of its main mobile app, completely redesigned and full of new features. **New version will become available to all users in Q1 2020**
- Design and navigation were fully reimaged to provide more opportunities for communication and self-expression as well as quick access to most interesting content
- With this update, VK seamlessly integrated existing sections, placing special emphasis on some of them, and prepared the app for the addition of new ones
- Within the last year alone, features such as the **VK Mini Apps platform, artist overviews, podcasts, story archives, new tabs, and more were introduced** on VK. Now everything has its own place

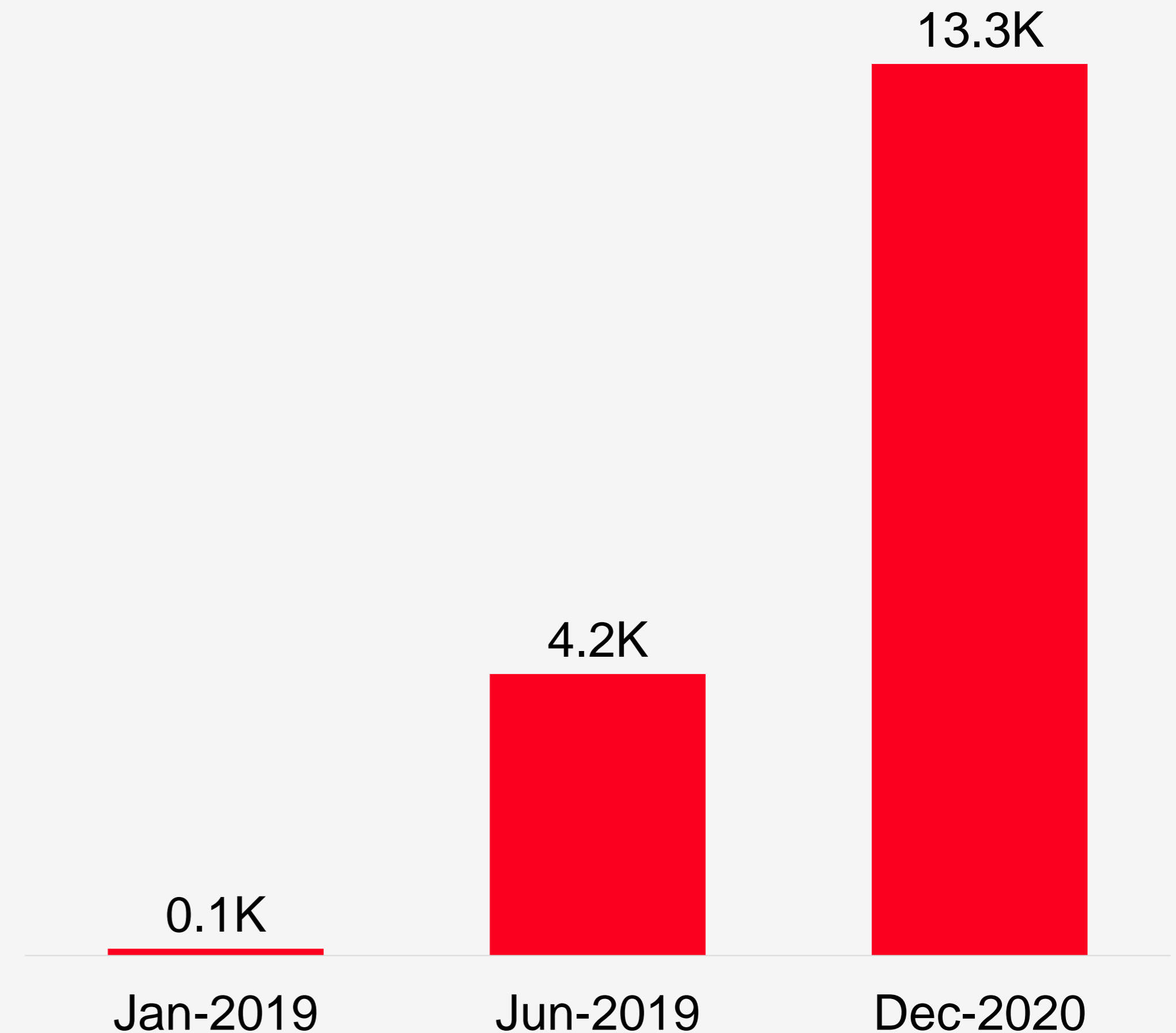


VK Mini Apps: rollout continues

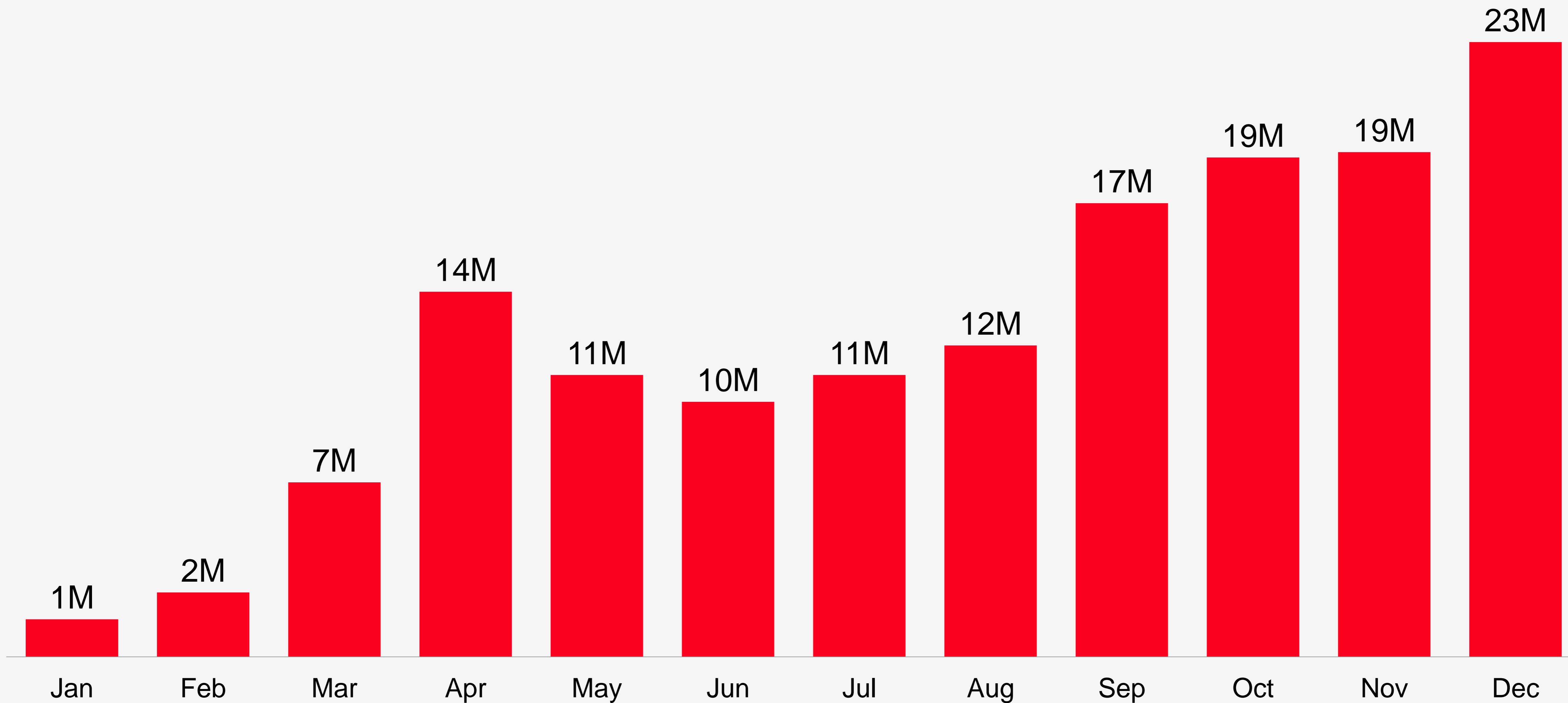
The VK Mini Apps platform continues to grow:

- ✓ The number of active mini apps increased to > 13,000 in Q4 2019
- ✓ **MAU rose 14x to 23mn** between January and December 2019, with significant room for further increase in penetration
- ✓ **Average DAU increased 23% from 1.3mn in Q3 to 1.6mn in Q4**
- Mini apps allow users to shop, communicate, order food, look for jobs, split the bill and much more all inside the VK ecosystem without having to download third-party apps
- Entertainment and Shopping categories remain the most popular, with 15.8mn MAU including **>3mn for the AliExpress mini app**, which offers the full range of products available on the AliExpress marketplace, launched in August 2019
- **MRG services Citymobil, Delivery Club, Worki are all available as mini apps**, with further integrations to come
- Platform will be scaled beyond VK in 2020

Active Mini Apps



VK Mini Apps – 2019 MAU dynamics



Focus on scaling VK's payment offering

VK Pay

- VK payment service is crucial for driving further growth of the Mini Apps platform

QR Codes

- QR code usage continues to rise, with **> 10.1mn QR code scans in Q4** vs 300k in Q1 2019
- Users can scan QR codes to launch mini apps, join communities, add friends, get cashback, etc

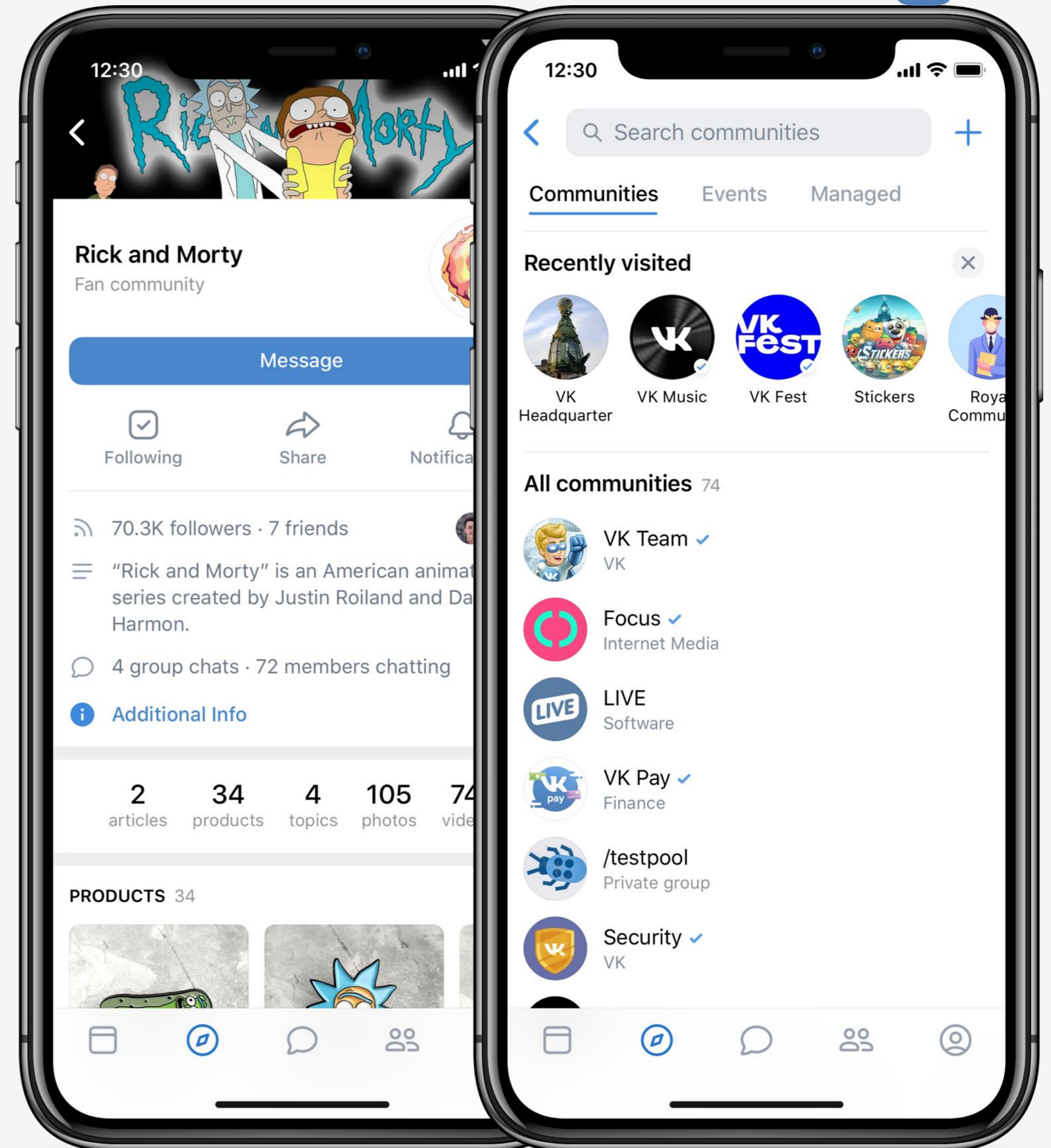


VK community network expansion

VK communities bring together people who share common interests in events, brands, news and creative works. In 2019, we focused on giving users and businesses more tools to help them develop their communities:

- Updated the design of communities as seen on mobile. The community interface looks neater and more informative now, and it's easier than ever for users to find what they are looking for
- Released a new community menu where important articles, mini apps and links can be pinned
- Introduced community managers to new, useful tools through tips and recommendations on how to use various community features
- Added the ability to answer community messages in the main VK app for iOS and Android
- Launched community group chats

All of the above resulted in a **26% YoY growth in active communities**, including +37% in gaming, +32% in entertainment, +31% in music, +24% in sports, +21% in education, with 19% growth in the number of business communities

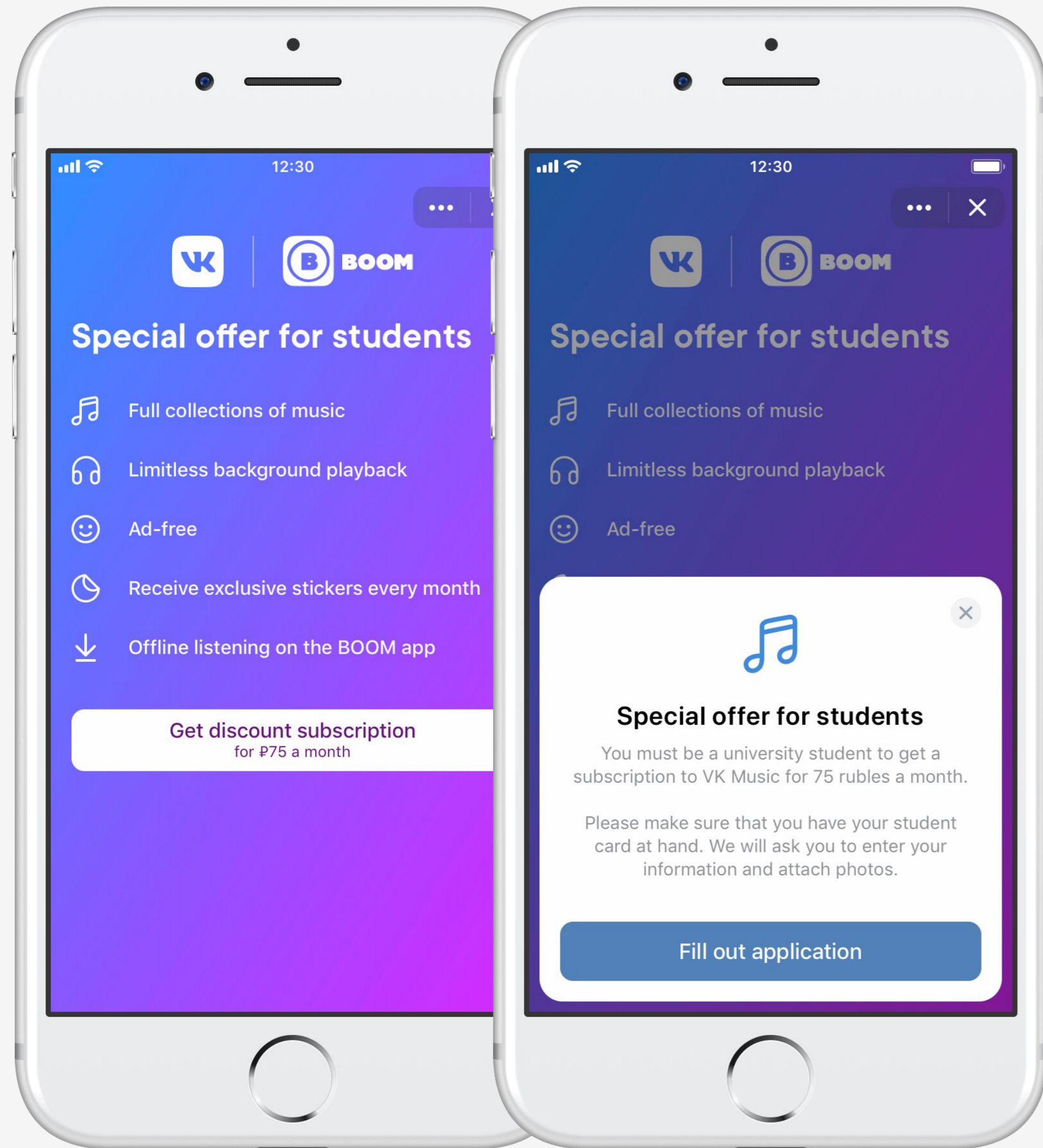


Multiple enhancements in VK's messaging service

- In 2019, VK actively developed its messaging service. Posts are now displayed better in messages. The post sharing screen was updated and it became easier to interact with stories and videos. As a result, the **number of posts sent in messages grew by 32% YoY**
- Voice messages received many updates, including the launch of a new voice message player. The **number of voice messages sent in Q4 increased by 20% YoY**
- The mobile app search feature was greatly improved. Now users can find others even without the internet
- Major changes were made to the **business platform**. The toolkit for community-user interaction was expanded. Some of these new features include quick action buttons (such as those in chatbots) and interactive carousels that allow users to engage with various types of content, such as by making purchases
- **Community group chats** were launched in Q4, allowing communities to create group chats for their followers to use. This improved the synergy between the two services and showed good growth in the number of messages. The general **number of active chats rose 16% YoY**
- Overall, the number of **messages delivered rose 15% YoY**, and the **service's DAU in Russia rose 7%**



Music: ongoing growth in subscribers



Our goal is to be the leader of the local music market in terms of subscribers, which will require further investments into music in 2020, including into musical recommendations and tools for listening to music

- Our music offering on VK, OK and Boom has **>3.1mn in active subscribers**
- VK launched a student subscription in Q4
- VK became the first Russian platform to launch music stickers in stories for users and communities. A platform to support independent artists was also launched. A special app gives users a simplified way to connect with record labels, helping them set up an artist overview and start monetizing their work. VK improved its personalized music recommendations.
- OK's music service also went through a major update, launching a new design, catalog and navigation, improved recommendation algorithms, ML-based tools for searching similar music, with **recommended tracks played 3x more often YoY and a 10%** increase in the addition of tracks to playlists
- **Music was added to our Combo** loyalty program in December

OK — unique social and entertainment platform



- OK is one of the largest domestic social networks, with **43mn MAU in 2019**, with **2.8% YoY growth in DAU**, including **+11% on mobile**
- In 2019, OK continued its focus on enhancement of its differentiating features vs other social platforms as a communication services platform for **sharing true emotions with friends and family** through virtual gifts, friendship-related services, likes, calls, stickers, postcards etc
- As an example, **OK users sent 45bn virtual gifts to each other in 2019, + 4x YoY**
- Stickers that are used in direct messages and in comments also demonstrated robust growth, **+5.4x YoY**. **Stickers** attached to messages increased **+6x YoY**, the ones in comments grew by **3.8x YoY**. **Postcard** usage increased by **5.3x YoY**

4x

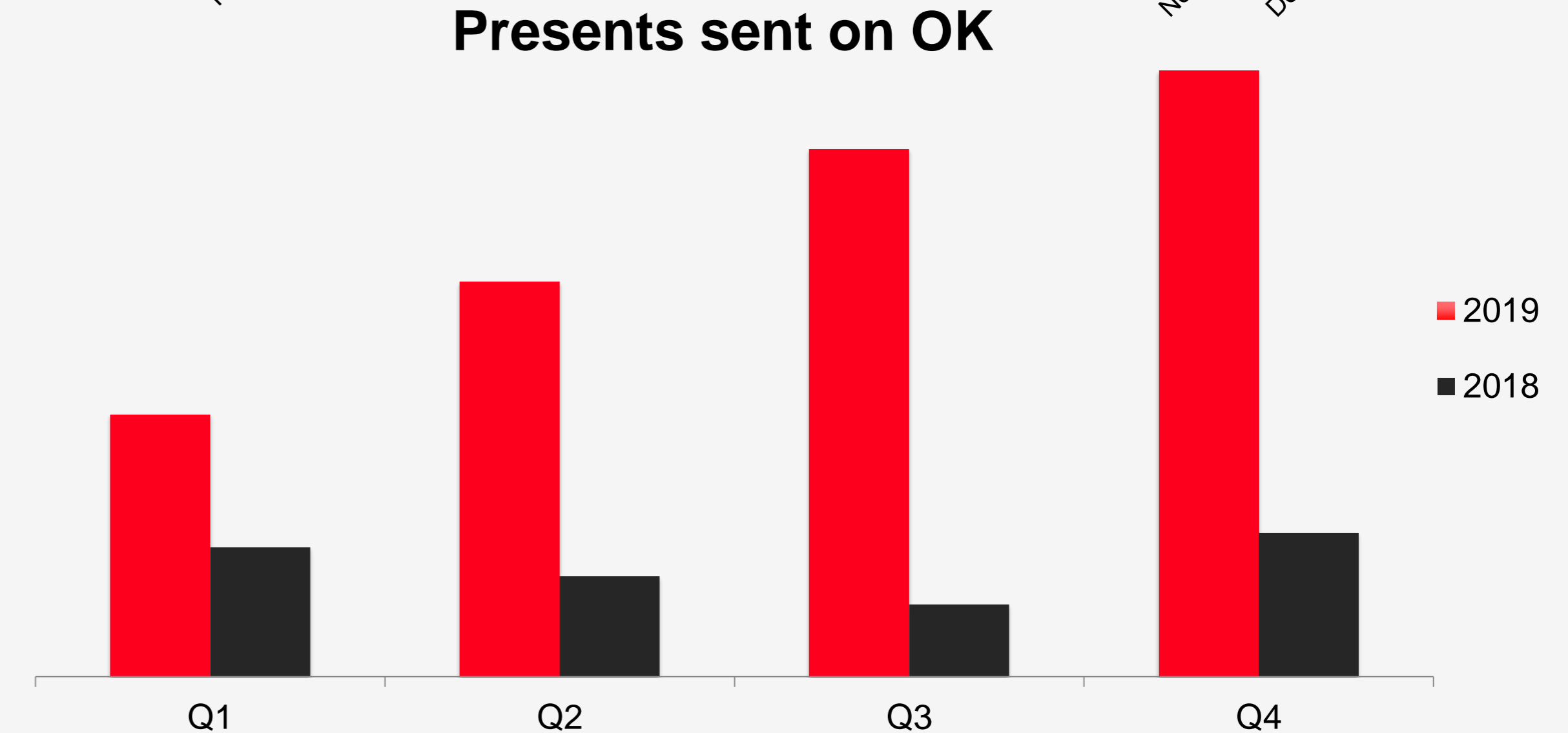
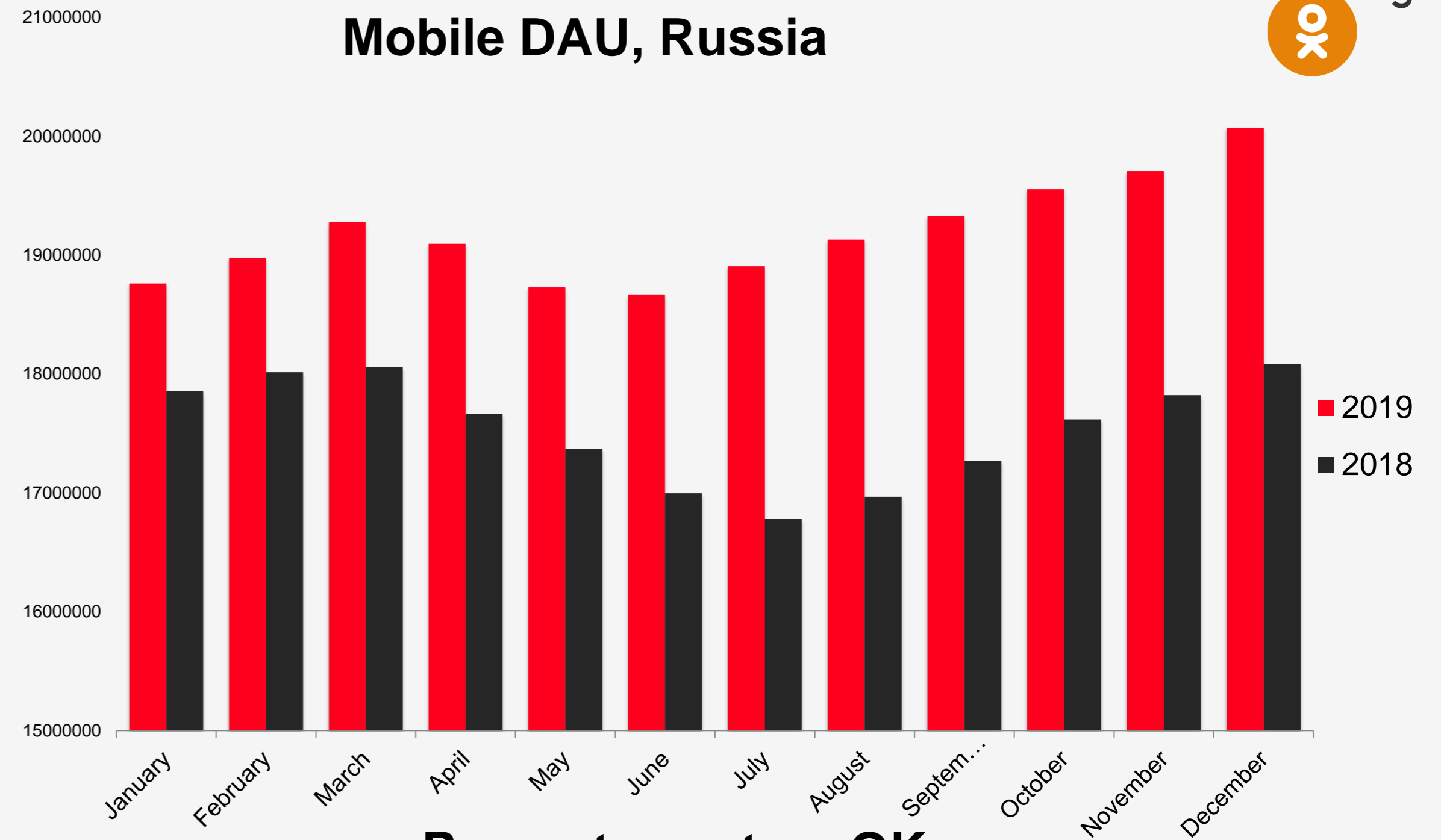
in virtual gifts sent in 2019

5.4x

in stickers sent in 2019

5.3x

in postcards sent in 2019



Growing ad revenues – SMEs in the spotlight

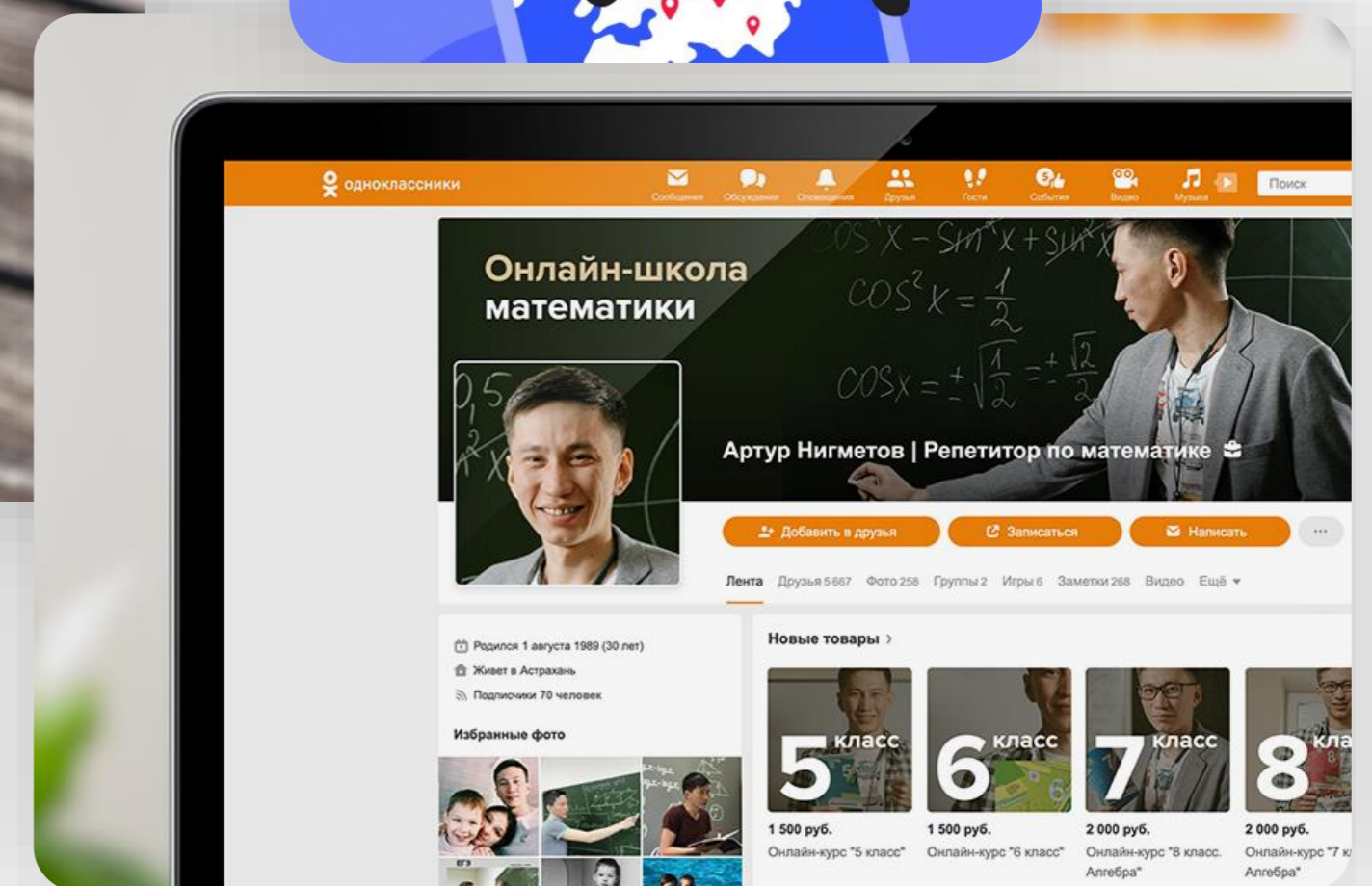
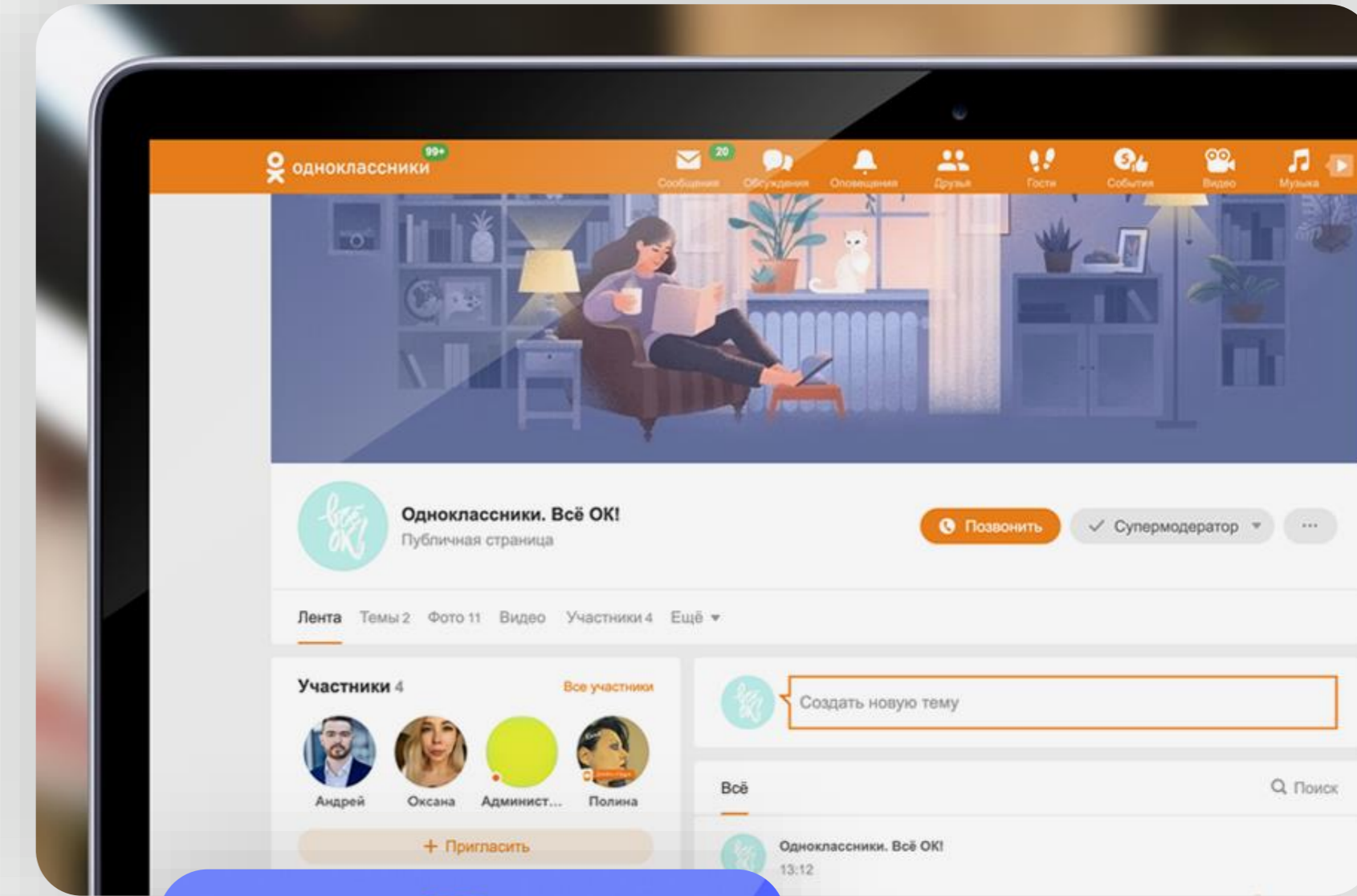
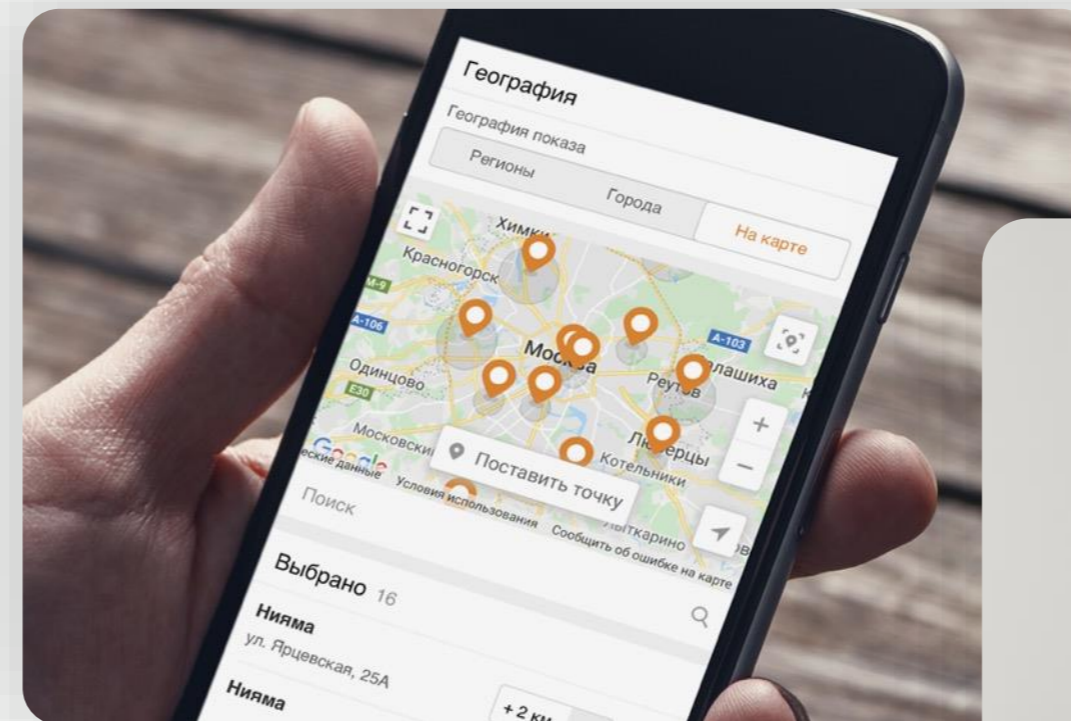
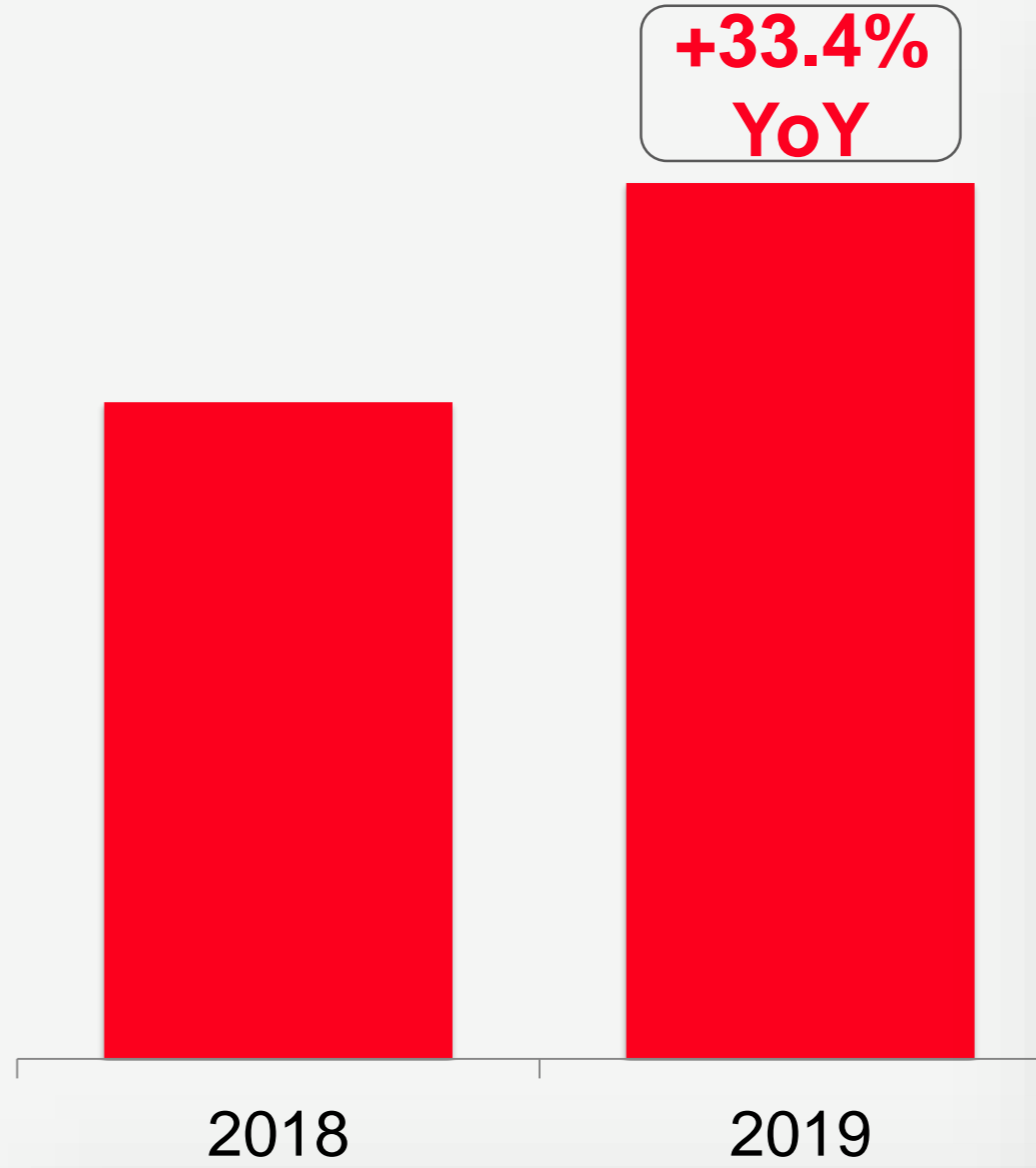
Advertising:

- OK's ad revenues increased its share in total revenue **from low 20-s% in 2014 to >40%** in 2019, with further increase expected in 2020
- 2019 brought a **33.4%** increase in the number of advertisers, driven by the launches of new ad instruments and new creative mechanics

SME focus:

- In 2019, OK continued to expand SME ecosystem that resulted in SME-related ad revenues growth **2.2x YoY**
- In Q4 2019 OK launched new business profiles for entrepreneurs, with **1mn users running business through OK**
- OK launched a virtual phone system for groups in Nov 2019. It allows businesses to set up a call center
- Ads manager that was launched in Q4, with a SuperGeo ad instrument for location targeting within a range of 500m-10km. This feature is in a high demand among SMEs

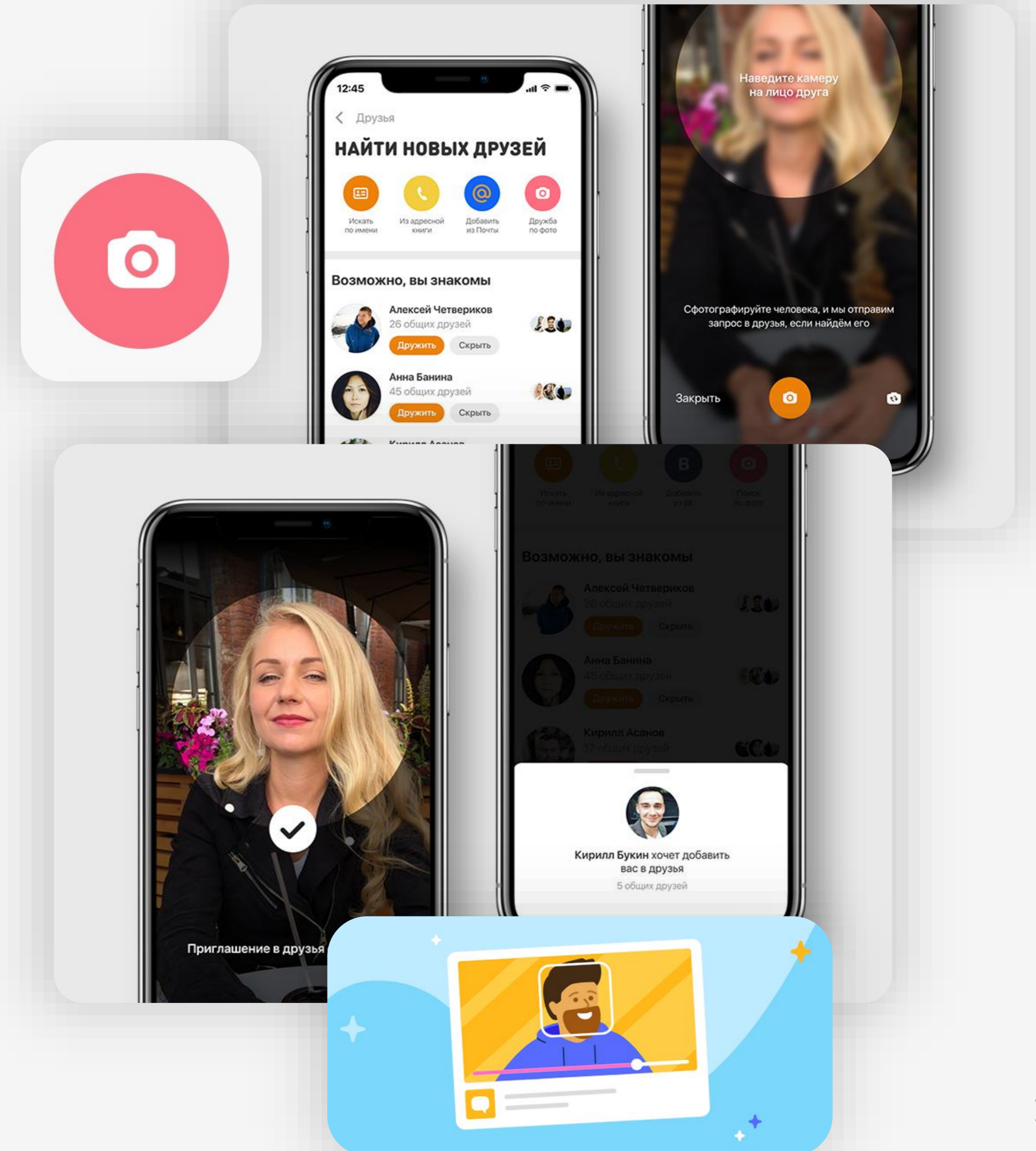
Number of advertisers



OK - focus on further engagement growth



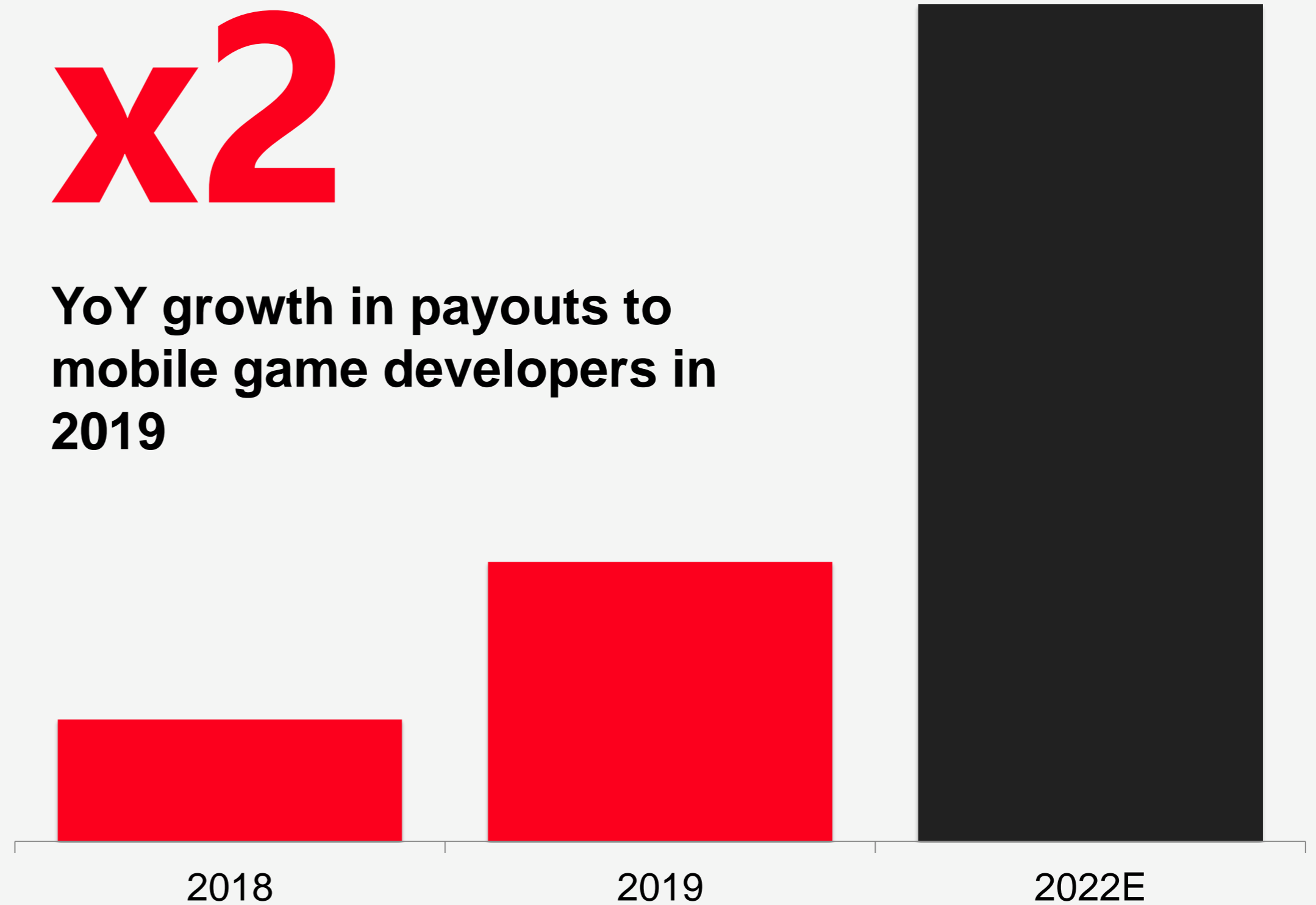
- Thanks to **AI, machine learning and neural networks-based** algorithms of news feed, OK posted a record **240m daily likes** in 2019
- In 4Q OK also set a record of 6m new daily friendships. **AI-based friend recommendation algorithms** helped to increase monthly friend requests to 50% YoY
- User engagement growth was also driven by increased number of direct messages. OK users sent **8.8% more messages** to each other in 2019 YoY. Messages also saw an **11% pick up in engagement**, meaning that users expanded the number of contacts with whom they communicated through the platform
- An **average video viewing time increased by 27% YoY**, with OK continuing to successfully monetize own content
- OK has **~870mn in daily video views and 130mn streams**, being **the largest local video platform on the Russian market**. Video views continue to pick up showing a 47.2% increase in 2019 YoY



OK Games — mobile-driven growth continues

- OK's mobile gaming platform continues to grow
- OK made **RUB3.2bn** in payouts to games developers in 2019, including RUB600mn paid to mobile game developers, up by **2x YoY**
- Payouts to mobile game developers are expected to triple to **RUB1.8bn by 2022**

Payouts to mobile game developers



Extracting synergies with the Group



- OK continues to ramp up synergies with the Group and developing products in collaboration with other MRG business units
- Atom browser now offers customization for OK with integration of OK services and instruments, which allow users to smoothly move to various OK pages
- In 2019, OK team launched some products for different business units based on neural networks:
 - ✓ Automatic photo processing in ICQ public chats
 - ✓ Control over websites changing in advertising for myTarget
 - ✓ Recognition of drivers' documents authenticity for Citymobil
 - ✓ Texts on images and video calls in Youla ads



More than just email - in the center of users' daily life



Our e-mail service remains to be the largest in Russia/CIS

Three major strategic focus areas:

- **Smart**

- ✓ Subscription management
- ✓ Email sorting & categorization
- ✓ Smart reply

- **Useful**

- ✓ Payment center
- ✓ Money transfers
- ✓ Order tracking

- **Secure**

- ✓ One time code & QR logon
- ✓ Smart antyphishing
- ✓ Active sessions & actions list

48^{mn}
MAU*

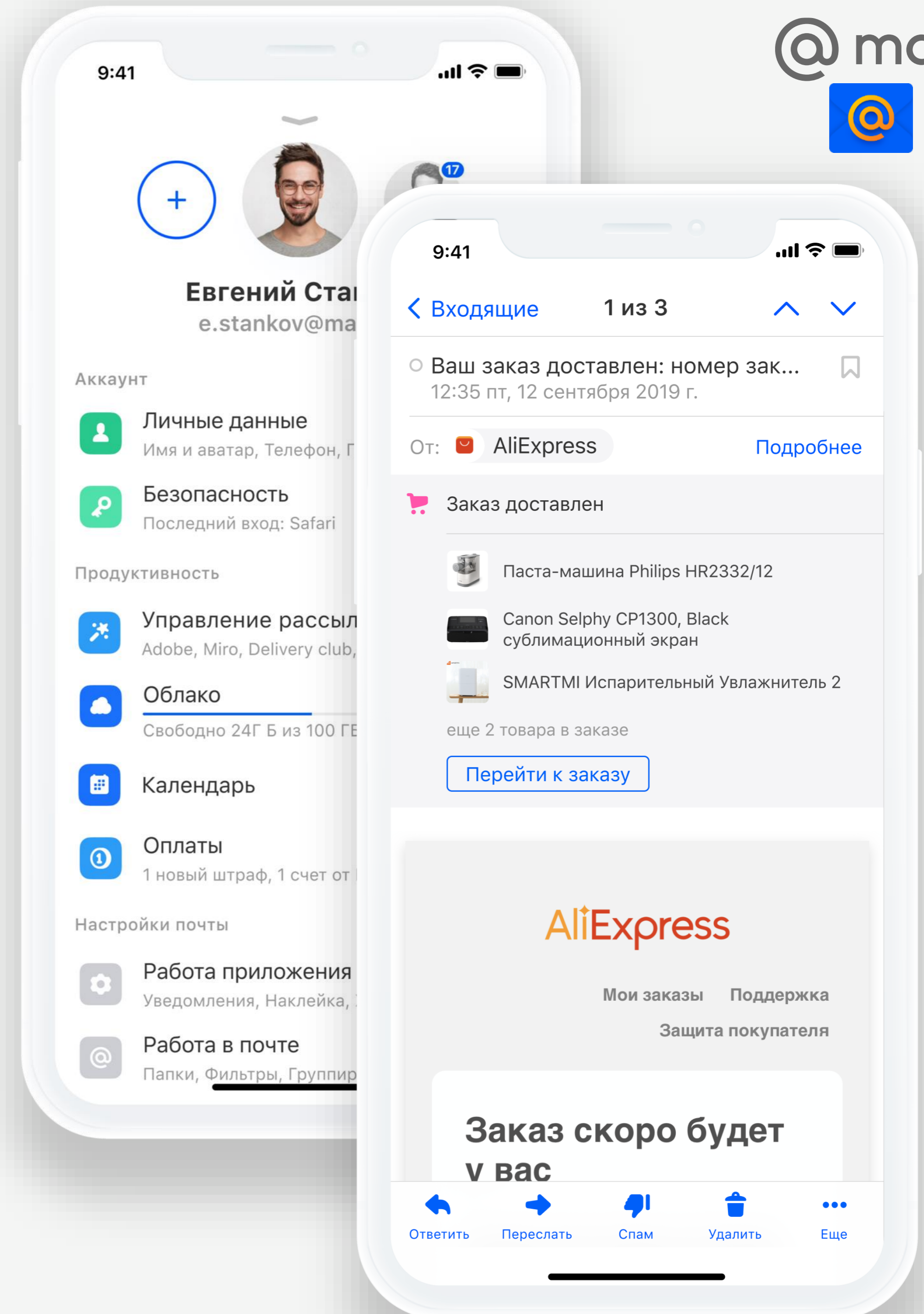
30^{mn}
Mobile MAU*

51[%]
Total monthly coverage*

+23[%]
Mobile MAU, YoY**

Latest email product updates

- **Excellent user experience** with updated settings and design, introduced dark themes
- **Safety:**
 - Integrated Mail OAuth into **Citymobil** and **DeliveryClub** apps
- **Smart features** through integration with partners and improving AI classification, including:
 - Order tracking and product features for Top 35 ecommerce services in Russia, including **AER**
 - Additions to calendar, navigation and taxi booking for events, including through **Citymobil**
 - Improved search algorithm suggesting similar results Improved web search UI by adding attachments details and quick access in the results list
 - Pay button for the messages containing bills, with Payment Center available to 100% of users (30k subscribers, number of monthly transfers +260% YoY)
 - Improved UI for sending messages to self and added "Letters to myself" metathread

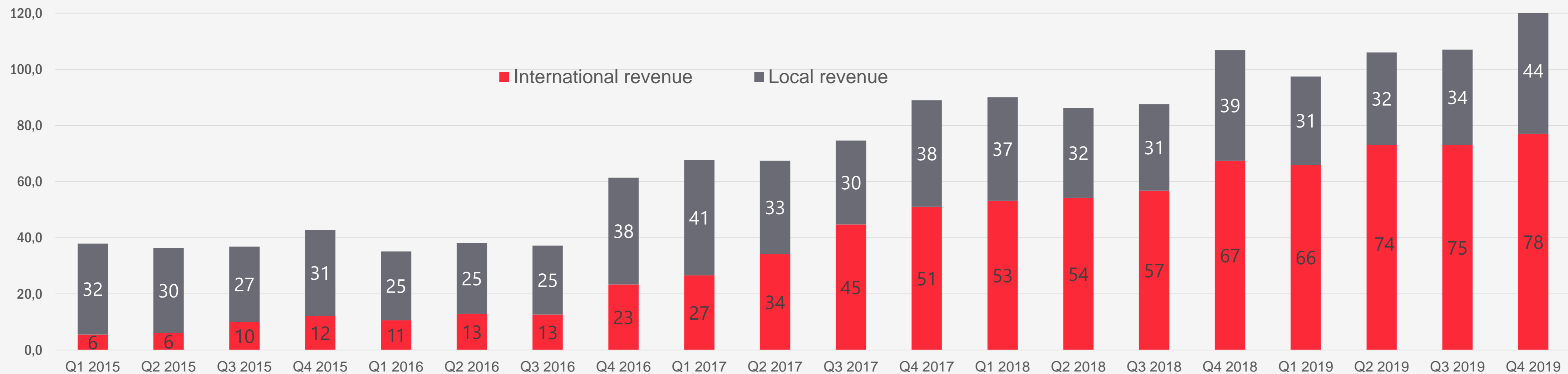


MY.GAMES – driver of international revenues for MRG



- We continue our **mobile-focused international expansion**, including through partnerships with regional players and acquisitions
- International gaming revenue share of **MY.GAMES** stood at **64%** of total MMO revenue in **Q4**, accounting for **19%** of Group's total revenue
- For the year, **MY.GAMES international revenue** share approached **68%** with projected growth to **80%+** by the end of 2022 as well as planned **80+ share of mobile**
- Total number of users registered in our games continues to increase, up by **26%** in **2019** to **605mn**

MRG gaming revenue, USDmn



Gaming portfolio highlights – franchise titles

Mature as well as recently launched titles, including from MRGV studios, continue to deliver towards our strategic revenue and EBITDA goals



War Robots



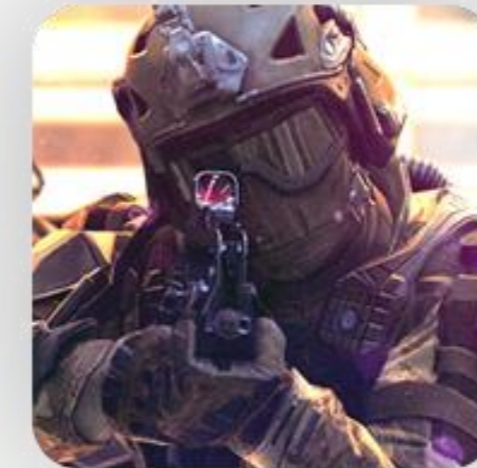
At **>150M** installs, title is in a mature phase of its lifecycle and hence is showing EBITDA improvement, which is expected to continue in 2020



Hustle Castle



Revenue was **+36%** in 2019 with **55M downloads** as of Dec. HC continues to be a strong margin generator. Product's metrics remain consistent, and our development team has a full pipeline of updates, with the title remaining core in our portfolio



Warface



The Warface franchise continues to perform well, being **our top-3 revenue-generating** game. A new mobile game within Warface franchise — Warface: Global Operations — developed by in-house studio Whalekit (Left to Survive) was launched on Jan 14 (delayed from H2 2019) and chosen as game of the month in the AppStore. Nintendo Switch version was launched in Feb 2020

These games saw nearly 50% EBITDA growth in 2019, given their mature phase in the investment cycle

Gaming – additional portfolio highlights



Left to Survive

Top-5 revenue generating title, with **>20mn** installs



Mobile



Tacticool

Developed by recently acquired Panzerdog, with **>10mn** installs. Was chosen as one the **Best Competitive Games** in 2019 in Google Play Store



Mobile



Love Sick

Developed by recently acquired SWAG MASHA. Was localized to new languages (RU, IT, ES, PT, TR) and released in Russia in Dec, which **lead to strong growth**



Mobile



American Dad! Apocalypse Soon

Developed in partnership with **FOX Next**, launched on Oct 27 and supported by stores's featuring



Mobile



Lost Ark

Developed by Korean Smilegate in RU/CIS market. Has **1.7m** registered users post launch on Oct 27



PC



Conqueror's Blade

with its **1.7m** registered users in Dec, title continues to show strong potential for growth



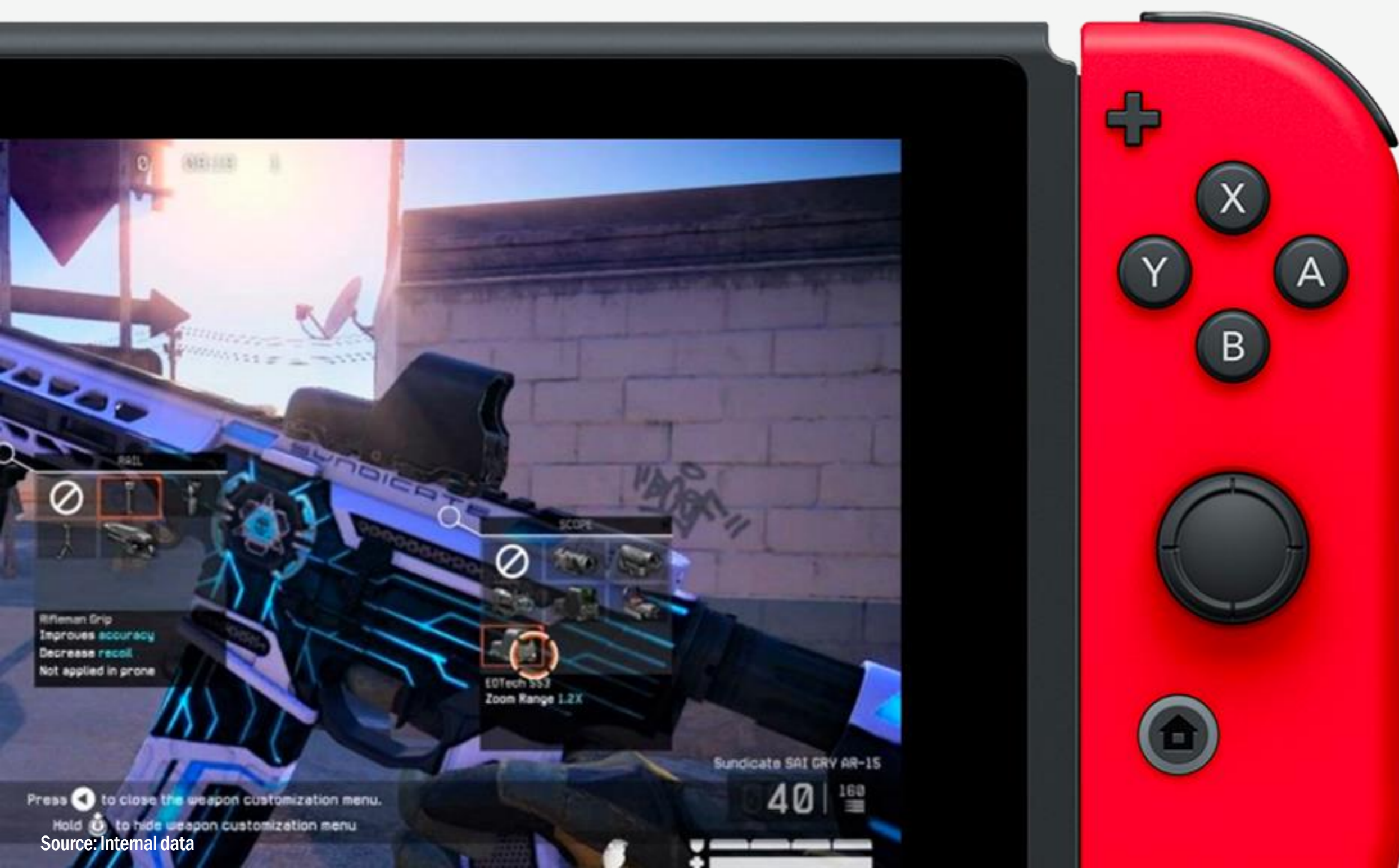
PC

MY.GAMES – 2020 pipeline snapshot



- We continue **expanding Warface footprint** by bringing it to new platforms including the recent 2020 releases on **mobile and Nintendo Switch**
- New **console** gaming project within Warface franchise, developed with the focus on European and US video game markets, will launch in Q2 for the PS4 and Xbox One

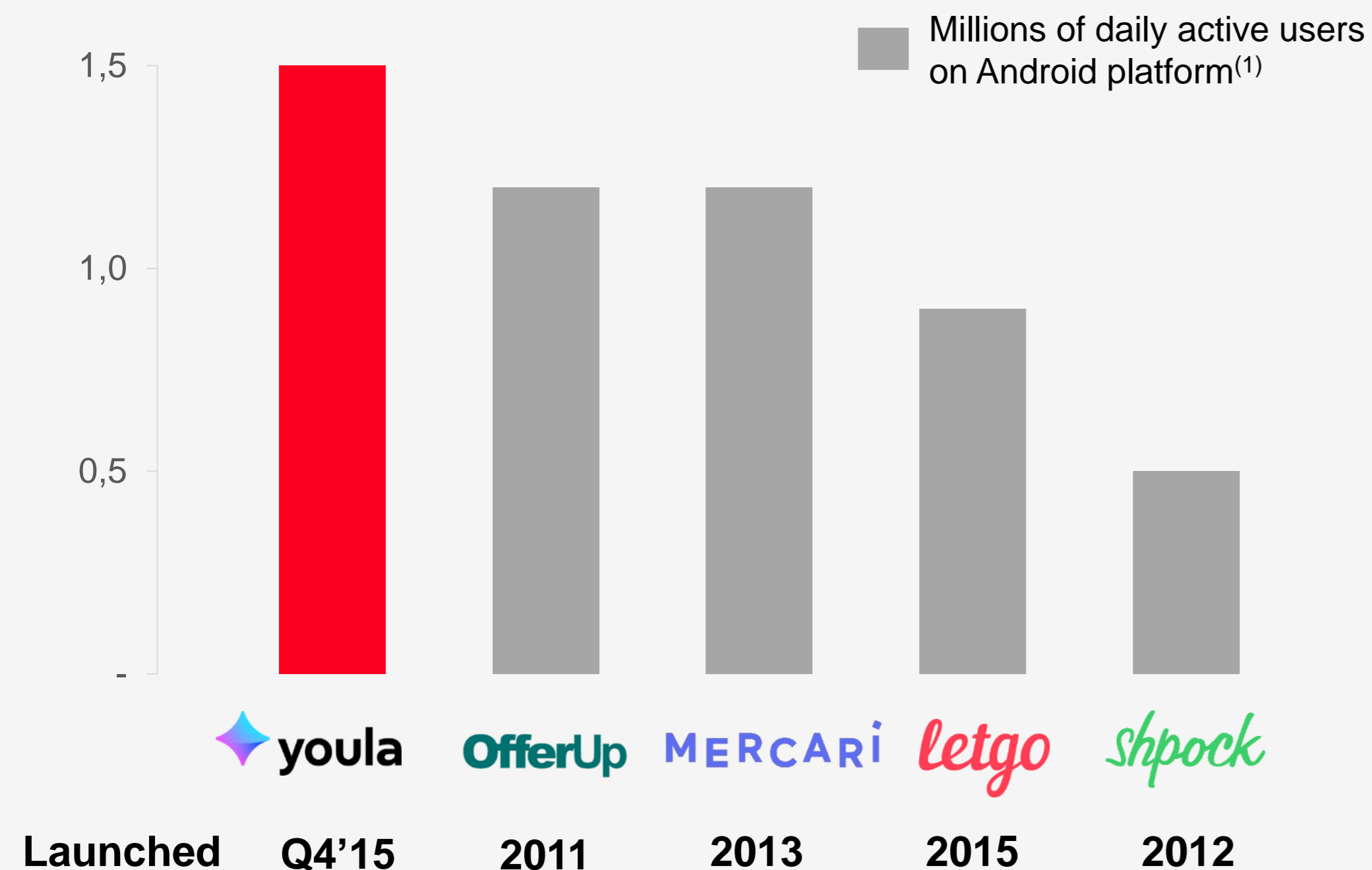
- Titles from our recently acquired studios SWAG MASHA and Panzerdog are **showing a robust growth** and slated for further expansion in 2020. These studios are a reflection of consistent MRGV strategy based on comprehensive support of the talents at early stage with our marketing and analytics expertise and expanding their portfolios as part of MY.GAMES. We remain **developing our investment arm** and keep looking for the new partners
- We will continue to **scale up the success** of War Robots, Hustle Castle and Warface this year applying its most performing assets for developing new gaming experiences
- Overall, we believe that our games portfolio, both existing and new releases, is well positioned, **with ~100 titles** in ongoing operation and **>15 in development**
- We have an **effectively balanced pipeline** of releases for 2020 complete with products driven by our top franchises and brand new titles



Youla – one of the world's largest mobile-first classifieds platforms



The world's largest mobile-first platforms



- Launched in Q4 2015, Youla is already **one of the world's largest mobile-first platforms⁽¹⁾**
- Monthly audience stands at **27m users⁽²⁾** (MAU)
- Youla's strategy is focused on offering a product-driven approach with **unique and first-to-market features**. Service has been the pioneer in launch of location-based search, escrow payments, gamification, C2C discounts, in-app P2P and video calls, and several other features
- Youla is focused on **safety & social features**, which serve a core for user retention & engagement
- Integration into the broader MRG ecosystem serves as a competitive advantage

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.

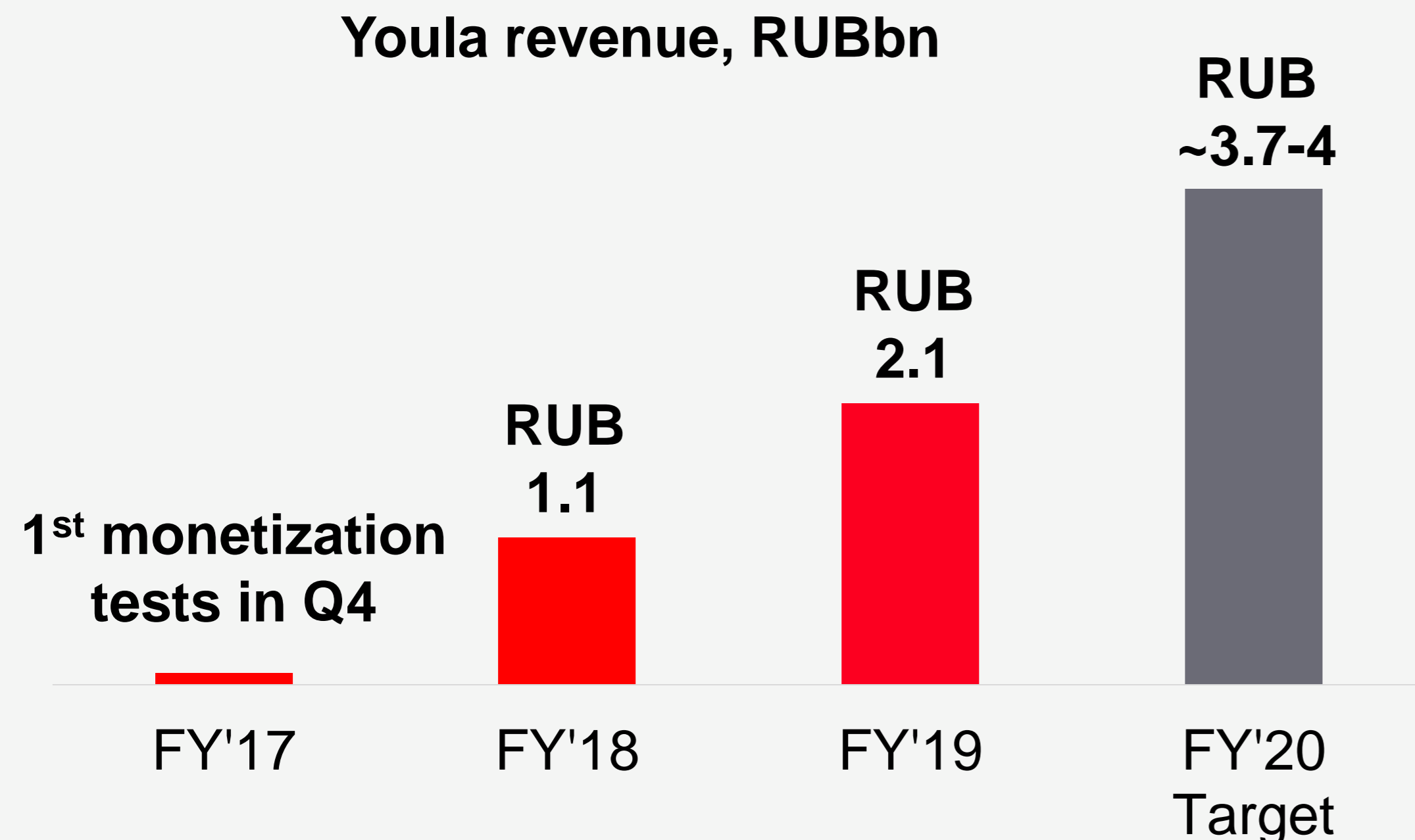
The report does not contain any data on IOS platform. Letgo data is for US market only

(2) Internal statistics on MAU at all platforms

Solid initial monetization, more ahead



- Youla reached > RUB 1bn in revenue during the 1st year of monetization, or 3 years since launch, faster than any competitor did in Russia
- It delivered above the budget in 2019 with revenue grew 1.9x YoY
- Near-term focus will be on **deeper monetization of generals, jobs and services verticals** with further expansion beyond high-frequency verticals into higher average check ones. This will require further investment in 2020 with the target to deliver **~RUB 3.7-4bn in revenues in 2020**, with **proportion of EBITDA loss similar to 2019 level or better**



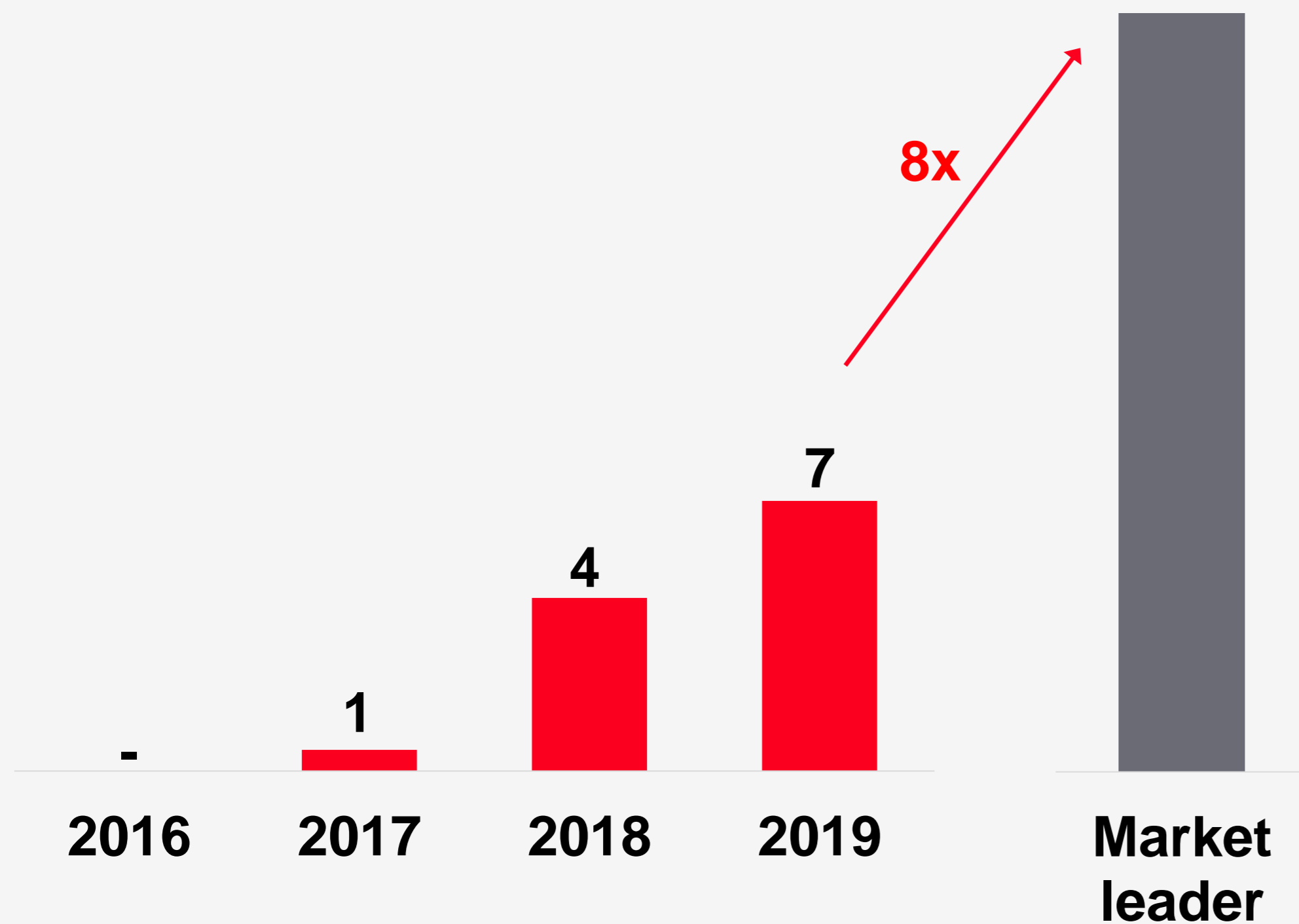
- Youla delivered Q4 revenue of RUB 708mn, +1.7x YoY, with **RUB 2.1bn in revenues in 2019**, above the budget of RUB 2bn. Youla finished the year with a RUB 2bn EBITDA loss, in line with the budget
- **Basic version of B2B platform was launched in late 1H19** - starting point for B2B revenue generation, which still accounts for a non-meaningful share in revenue
- Further plans target **enhancement of B2B platform** with detailed data-driven analytics and performance management solutions

Significant room for further monetization growth



Youla's monthly ARPU

RUB per MAU, average for the period



- Gap between Youla and the market leader in ARPU remains significant, which we see as an opportunity
- Youla's strategic goal is to remain a **mobile-focused technological leader** among domestic classifieds with deep attention to **security and safety**, differentiation through extensive **social and ecommerce** functionality, accessible through the Group

Social network & safety features

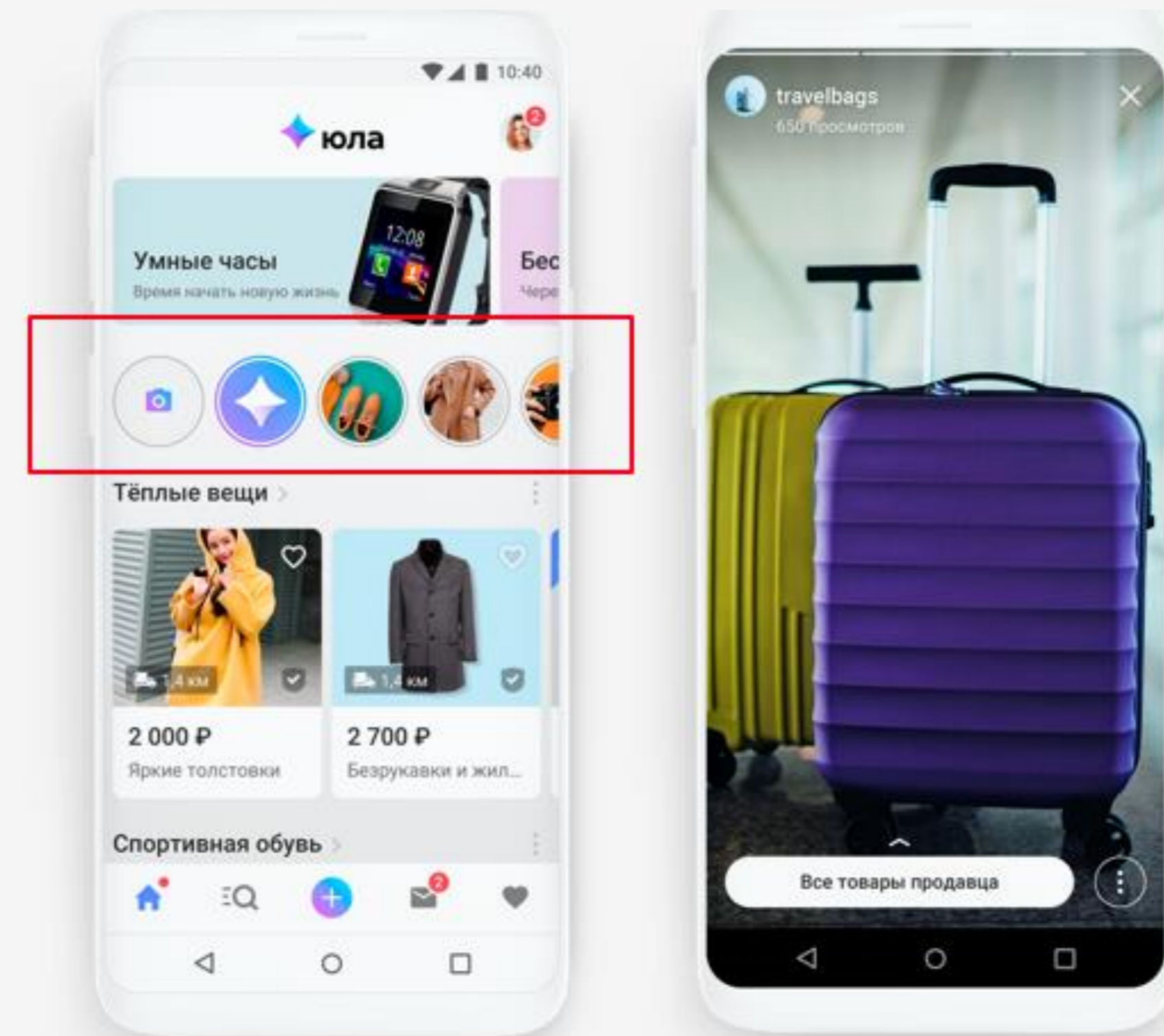
- Launches of Stories, video and online P2P calls marked additional steps of Youla towards social commerce, which we aim to continue in 2020

In-app P2P and video calls: first-to-market



- Secure communication within the App. No spam
- Helps users to save time evaluating products remotely
- Free-of-charge from any location in the world
- Developed through collaboration with OK

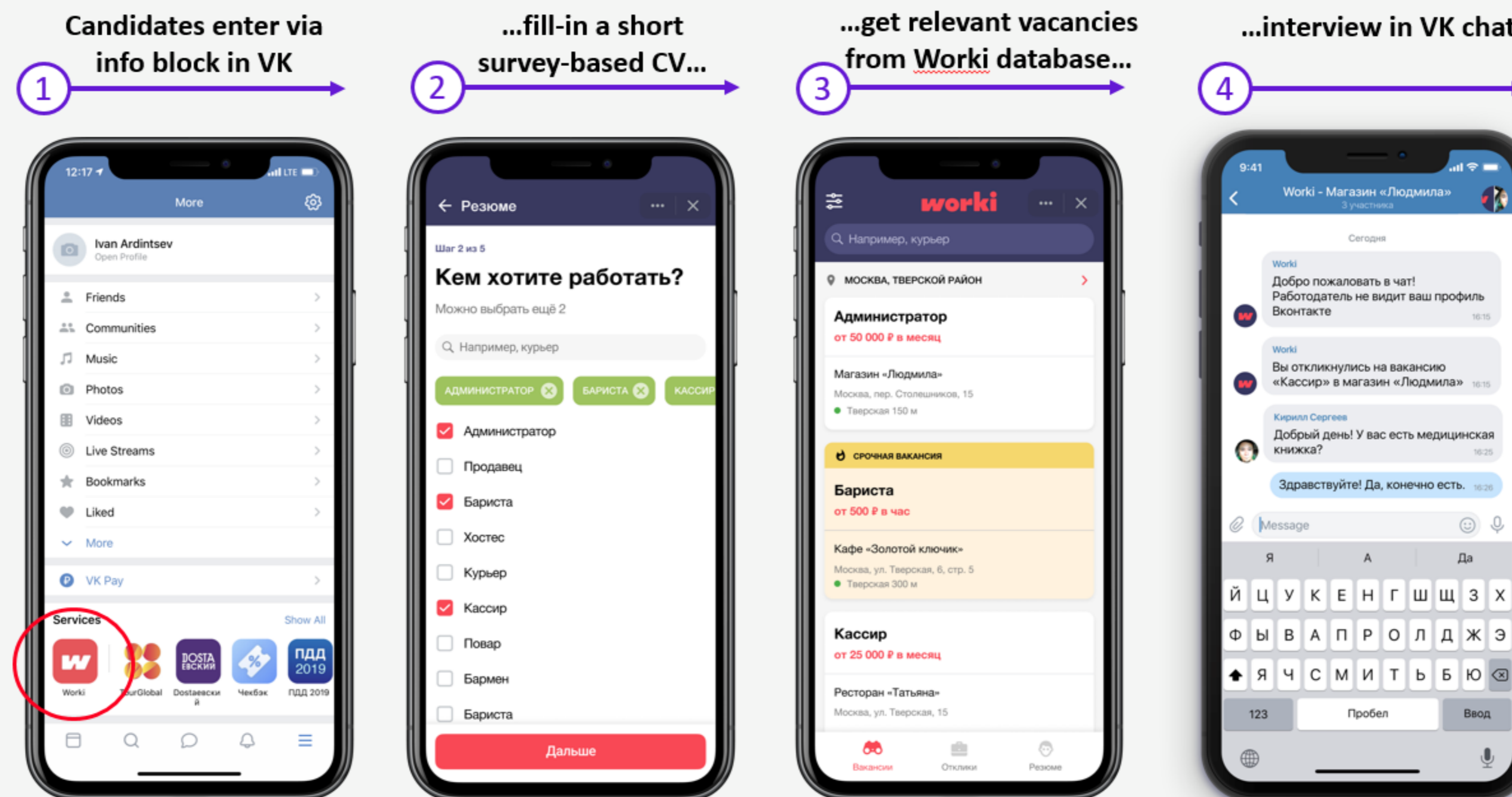
Stories



- New promotion product for listers
- Users more actively subscribe to content creators

Worki – example of execution in verticals & cross-selling with the Group

- Since its acquisition in May 2019, **the number of paying B2B clients in Worki has grown by 3x**
- In Q4, Worki has continued realizing its unique competitive advantages and boosting social features through its integration into VK, where top-100 HR brand communities already have over **3.5 mn subscribers**. First results are very encouraging, with **conversion rate from registration to application of almost 90%**
- Worki app on VK added interviewing job seekers functionality based on VK messenger. It aims to speed up the recruitment process, since users check VK messages more often than job boards



MRG Tech Lab – multiple ongoing experiments

@mail.ru
group

Маруся

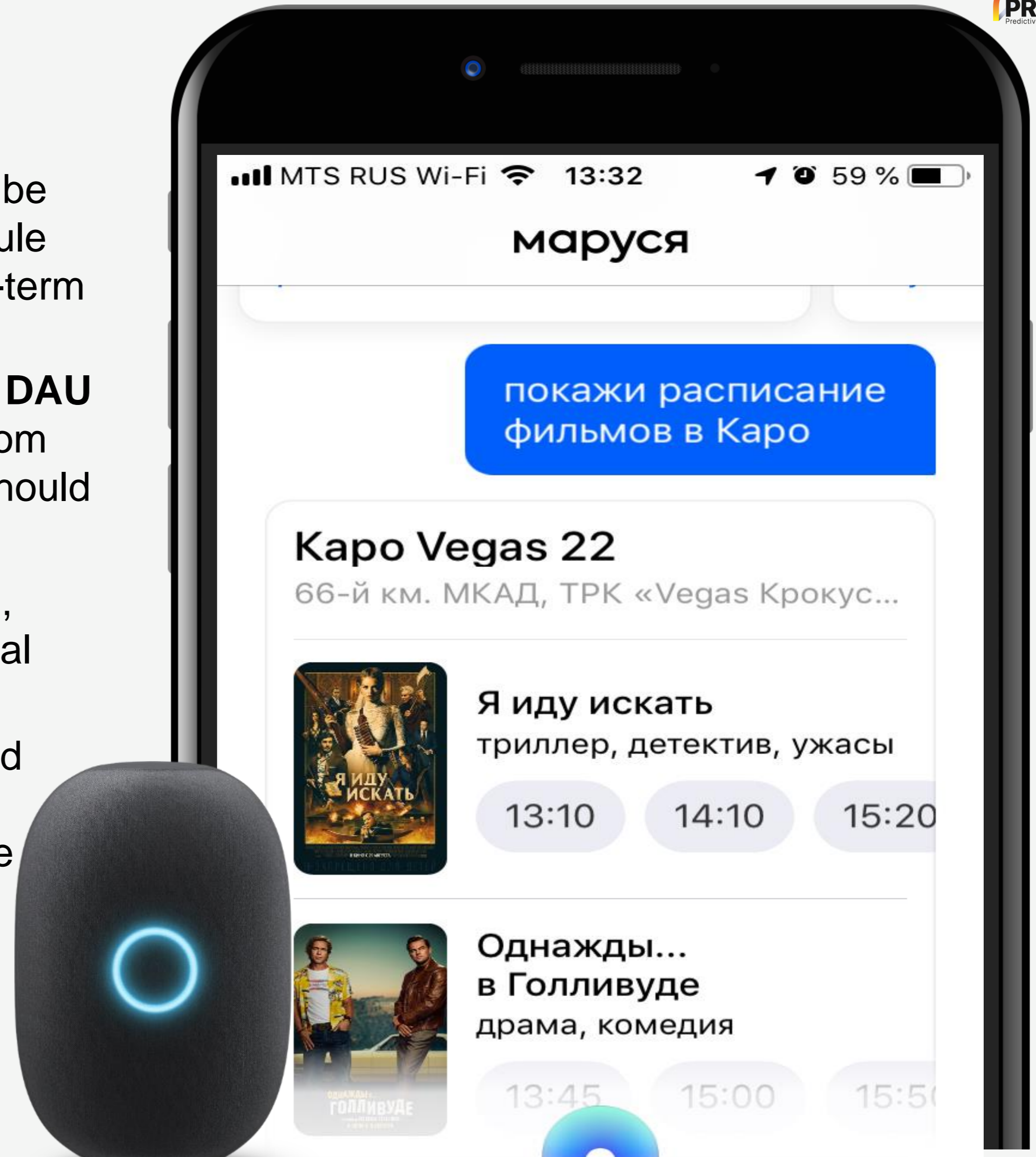
VISION

PREDICT
Predictive Analytic Solutions

- We continue to put more resources behind our initiatives in new technologies with special focus on **AI, speech and visual recognition** through MRG Tech Lab
- Unit includes teams from various units inside the Group

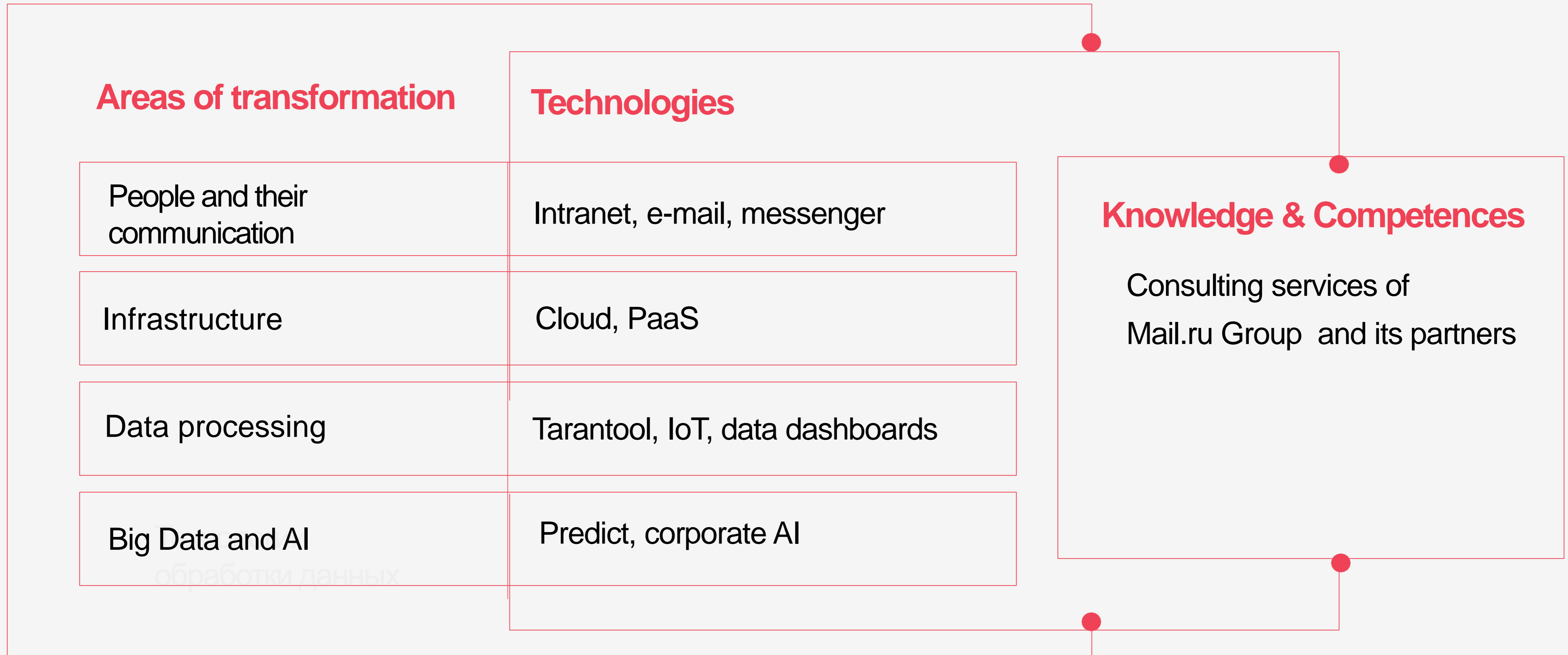
MRG Tech Lab product highlight:

- **Marusia:** Our virtual voice assistant now has more than 60 skills and will be more deeply integrated with the Group's services throughout 2020. Capsule smart speaker, powered by Marusia, will be launched for sale in the near-term
- **Pulse:** Our personalized content recommendation platform, launched in January 2019, continues to expand, having reached **45mn MAU / 3.5mn DAU** in Q4. It is attracting users with its **>300,000 unique materials** coming from **>3,000 sources**, with time spent at **10 minutes** per user per day. 2020 should show initial monetization results
- **Vision:** We continue to enhance our B2B computer-based vision solution, which has already lead to industrial contracts as well as pilots with regional airport operators and retailers.
- The Tech Lab team has supported the launch of a number of products and functions within the Group, including our unified ID, bill payment center, notification algorithm, order tracker, and finger-print access in email, voice navigation in Hi-chef etc



Driving digital transformation – our instruments

- We focus on most relevant technologies, applicable to a broad pool of industries, with the use of open source, complex approach and ability to accommodate at any scale
- Our B2B-technology business has surpassed **RUB 1bn in revenues in 2019**, with 140% YoY growth



Our clients include: Aeroflot, Alfa bank, Nokia, Rosatom, VEB RF, Rosseti, Burger-King

MRG offers multiple Big Data and ML solutions



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 Kubernetes as a service, Cloud Databases and Big Data based on Hadoop and Spark, and GPU-based computing in the cloud for RU market



TARANTOOL

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)



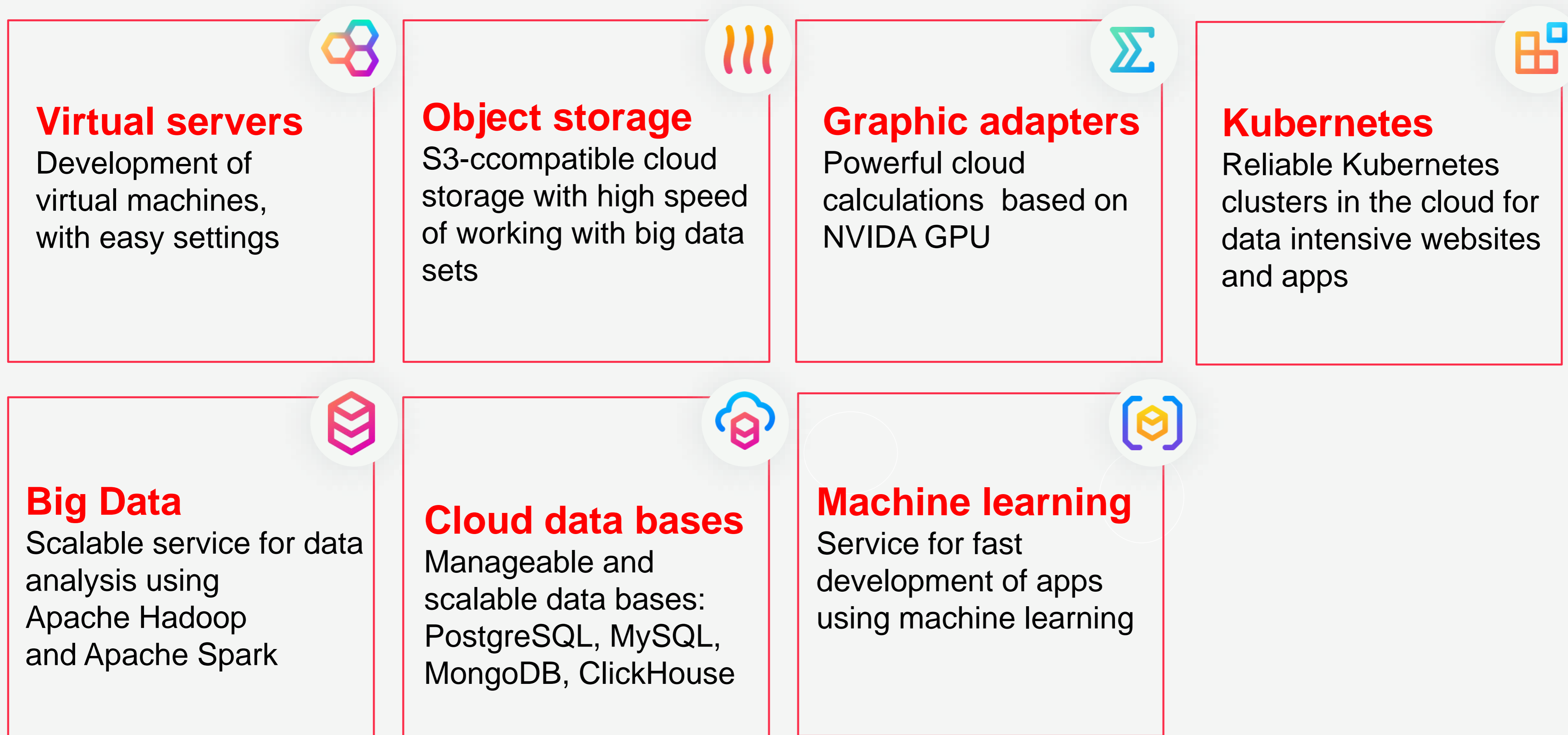
VISION

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

MRG – diversified cloud platform

- MRG offers a software-platform, which helps accelerate creation of new products



MCS – innovative and internationally recognized



- Mail.ru Cloud Solutions (MCS) started their path on building not only public cloud services, but also private cloud
- It has become a strategic service for B2B customers and made its IoT platform available in PaaS

- 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**
- MCS expanded the range of **PaaS** and entered the **Enterprise market** of storage for business analytics and log management
- We 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
- We 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



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)

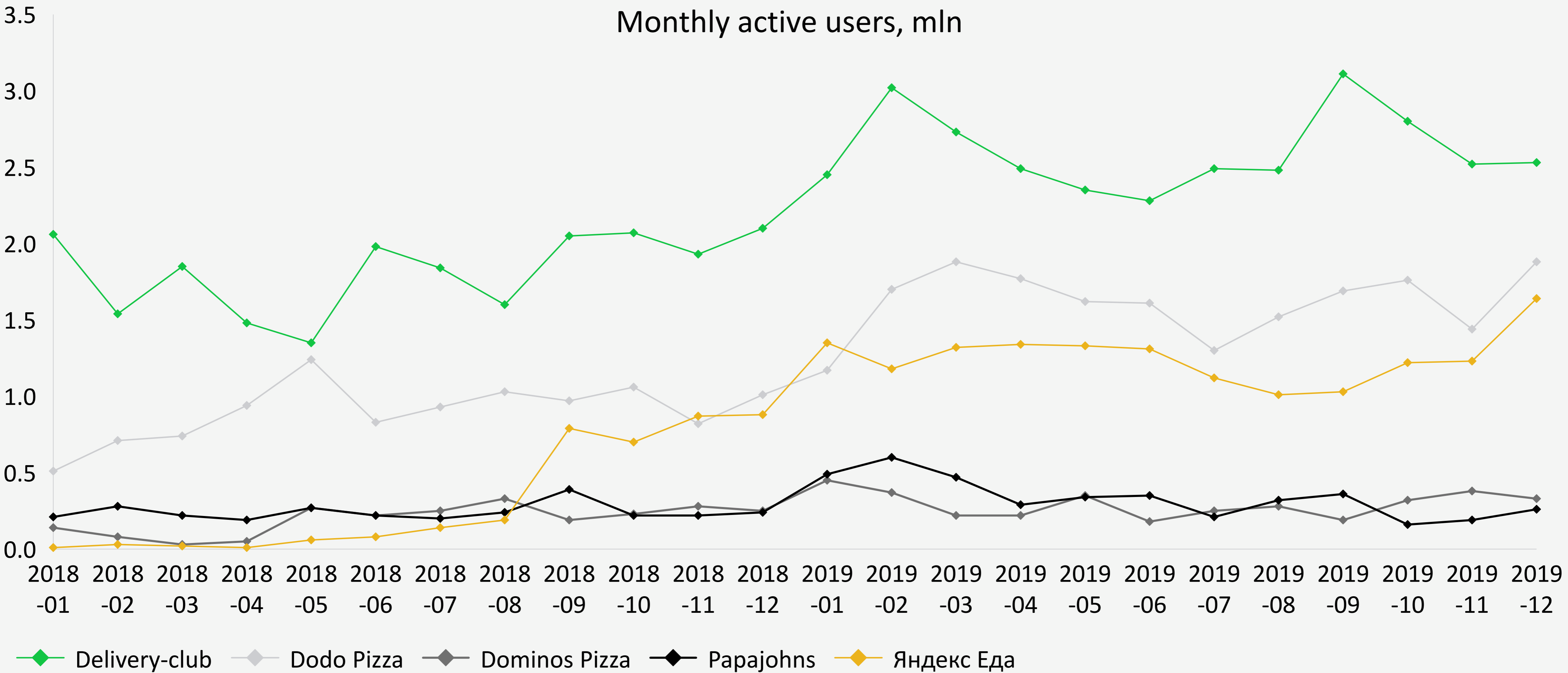
Ownership structure:

- 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

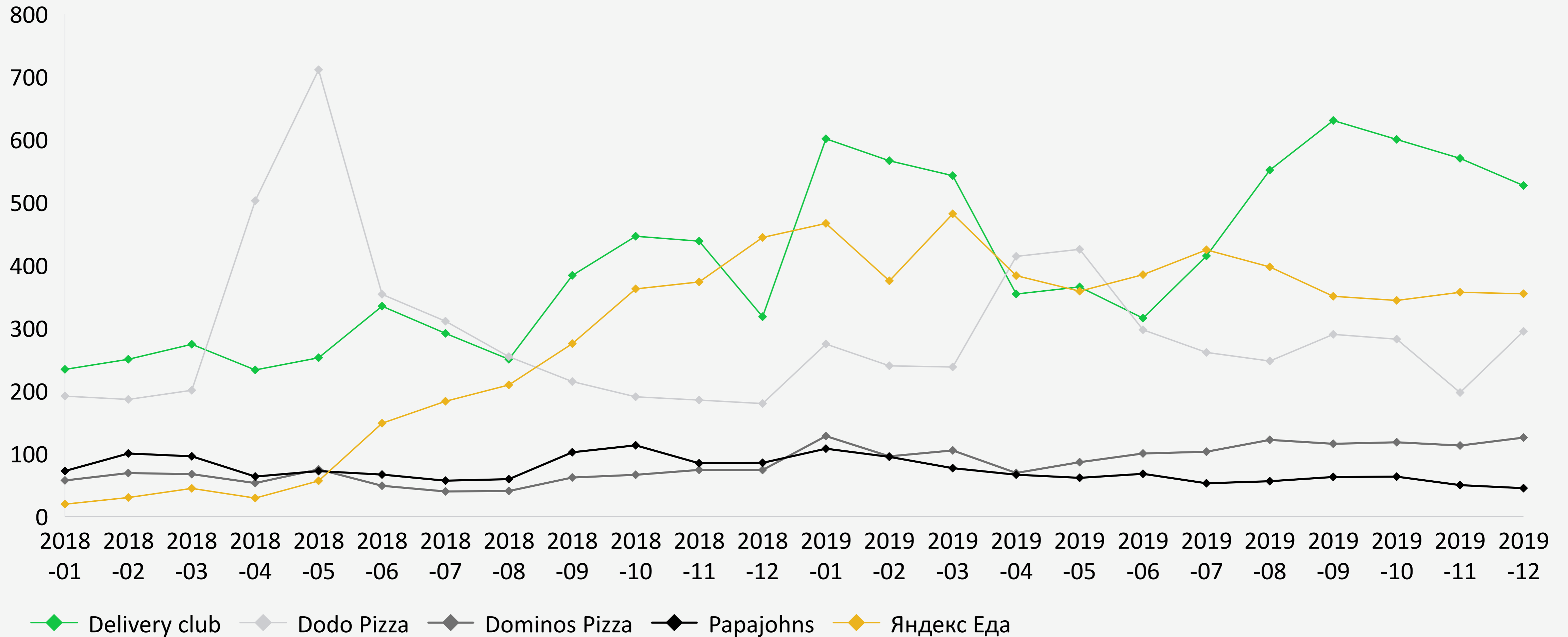
DC is the food delivery market leader in terms of users...



Source: Mediascope, Russia, desktop and mobile, cities 100k+, age 12-64.

...and downloads

Downloads, iOS and Android combined, ths

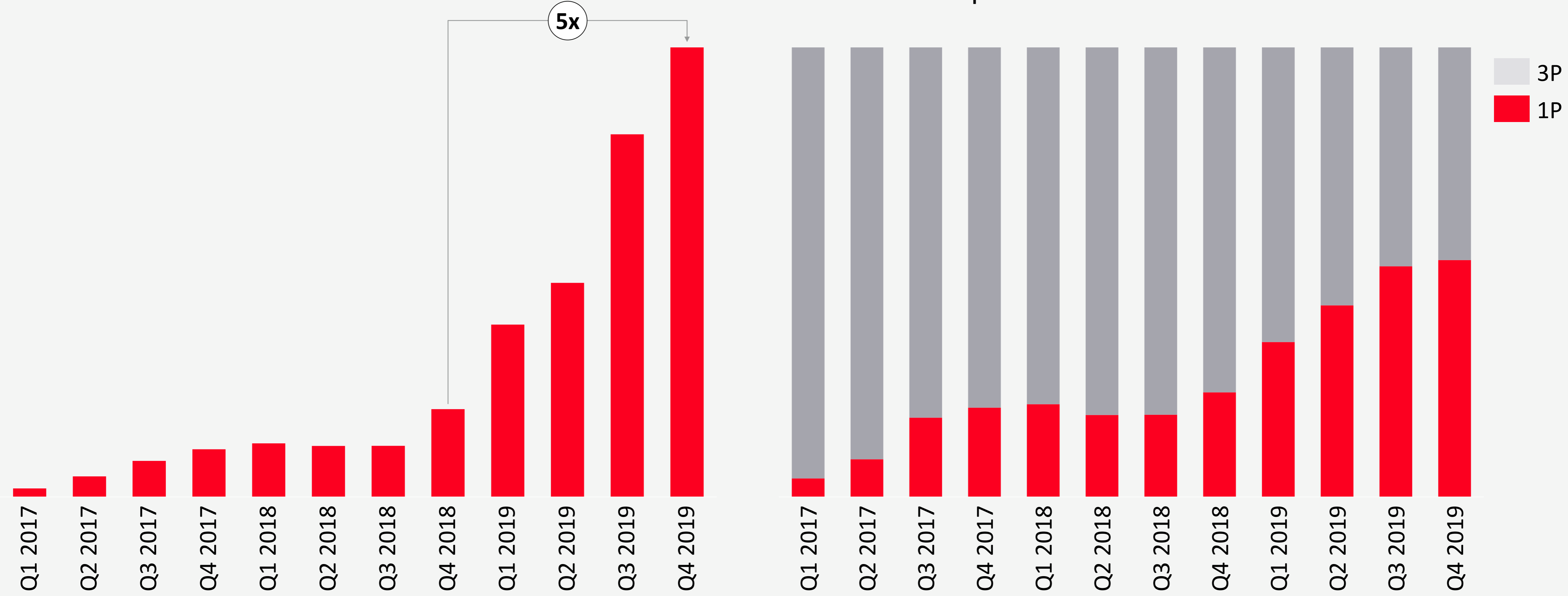


New benchmark of 3.5mn orders achieved in Jan 2020, with a balance between 3P and 1P



1P orders

1P/3P orders split

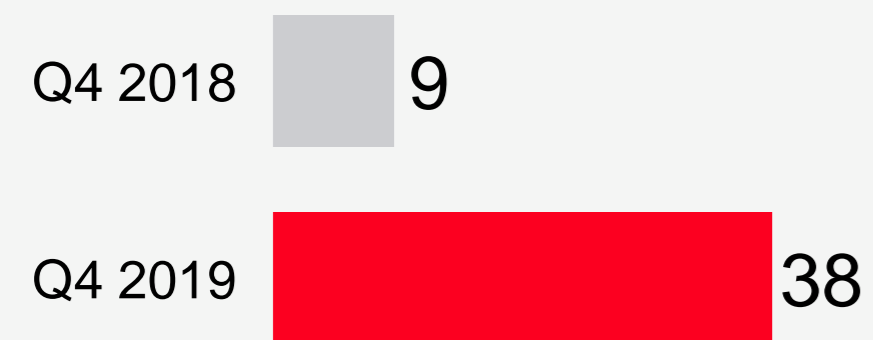


In 2019 DC has significantly accelerated its growth

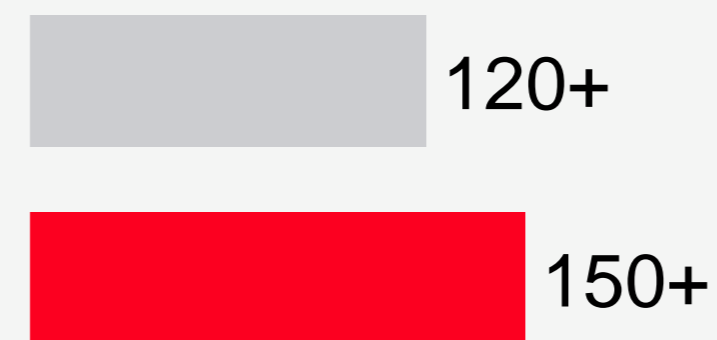


Geographic expansion

Cities of operation, 1P¹

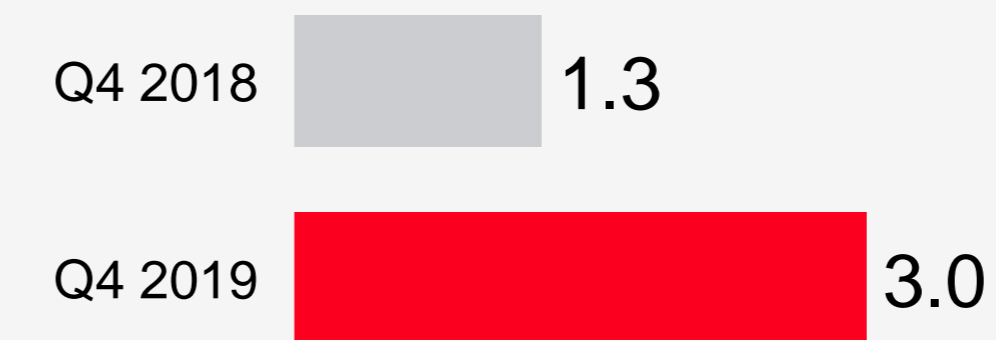


Cities of operation, 3P



Active users

DC active users³, mln



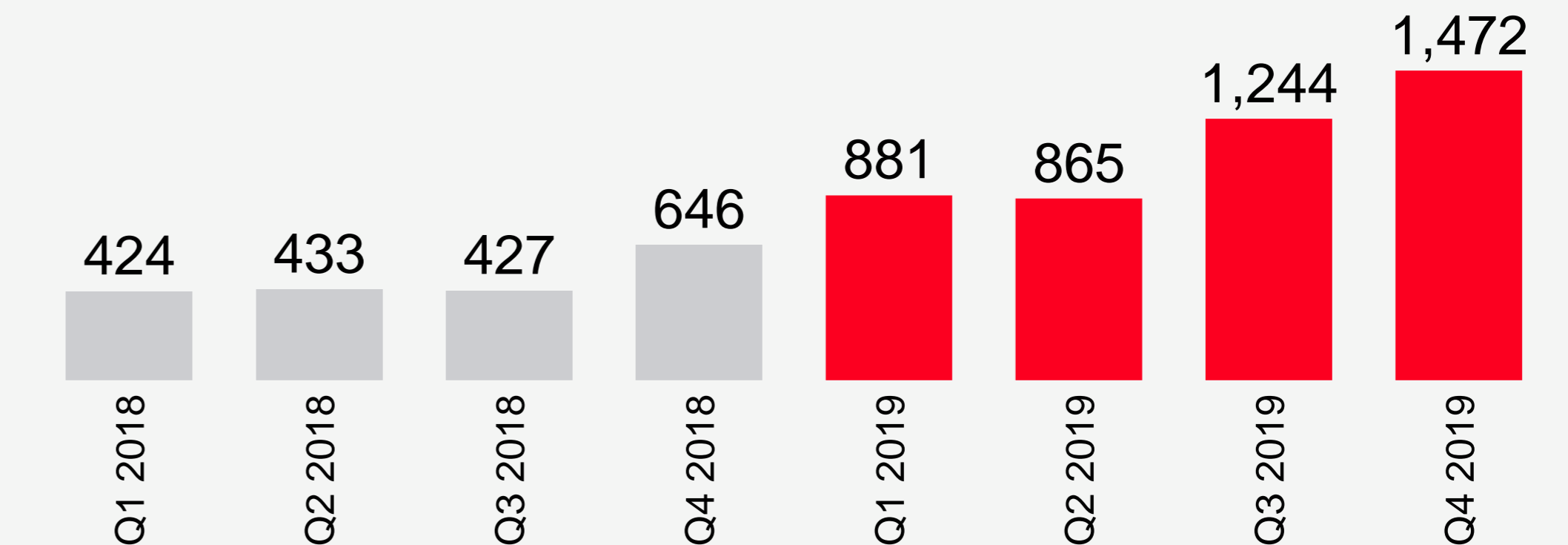
YoY
x 2.3

Restaurants

Number of restaurants²



Revenue



1 – Moscow Region is counted as one city

2 – Restaurants capable of taking orders during the last month of reporting period

3 – Users with at least 1 order during the period

DC – Latest cross-selling examples with MRG



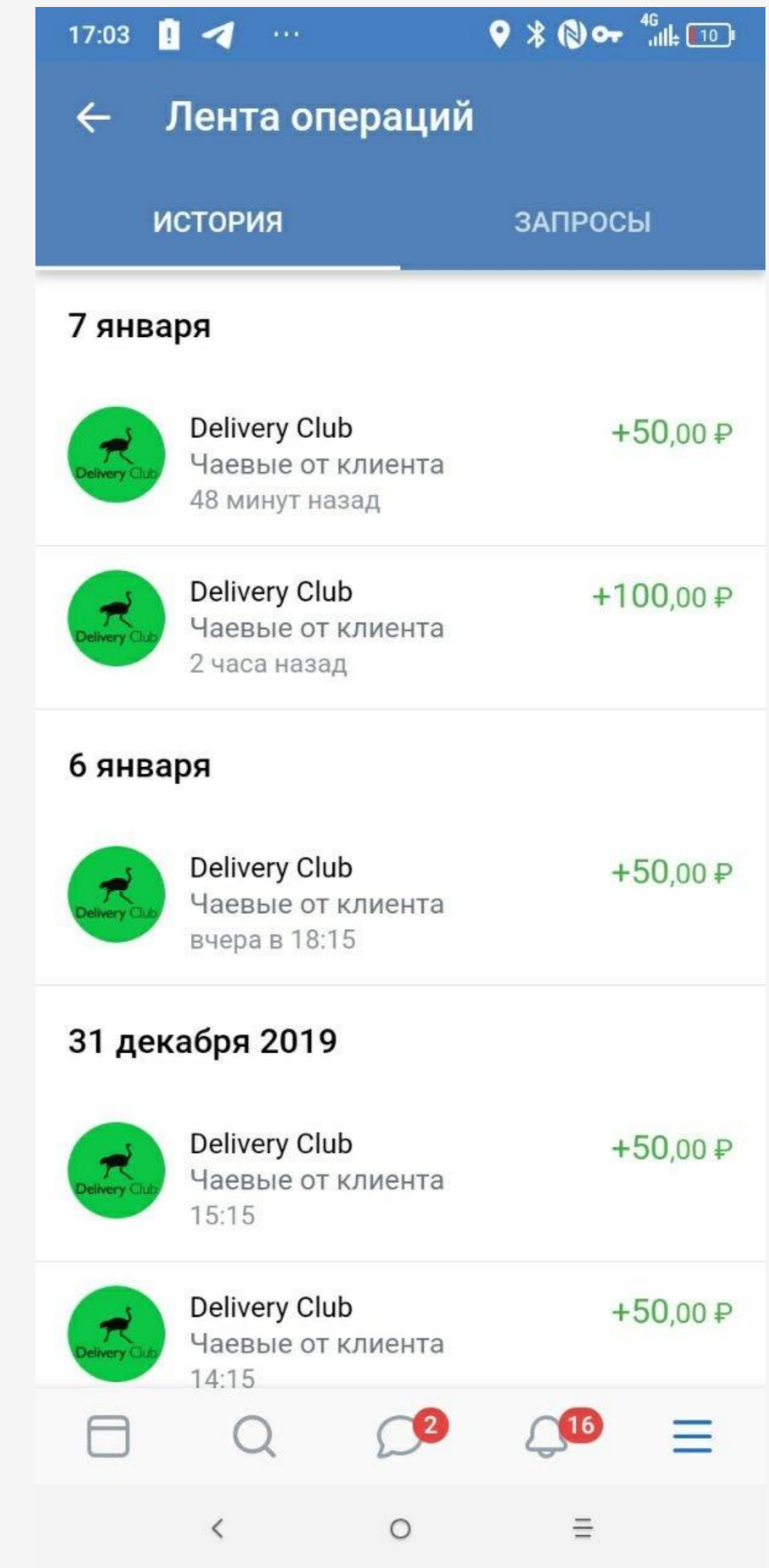
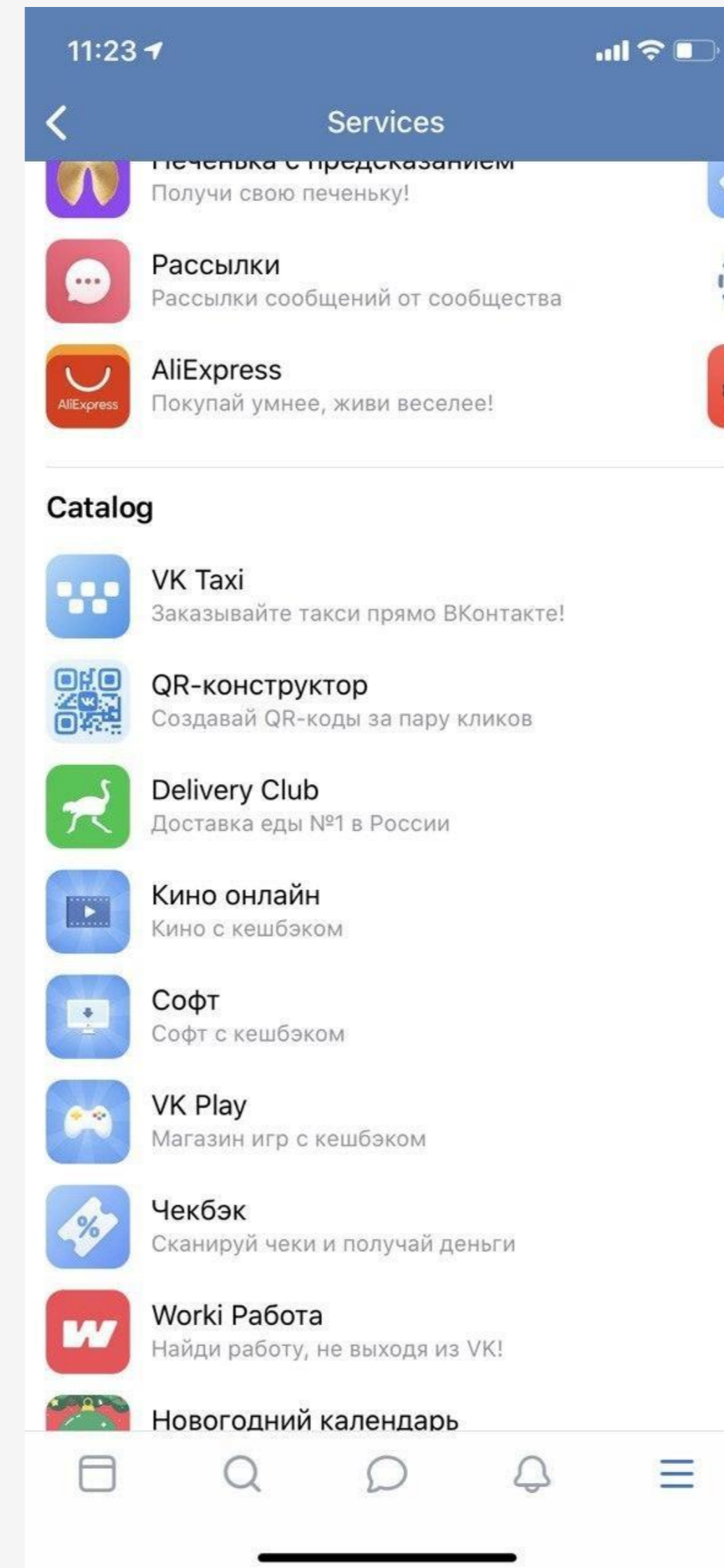
- As part of ongoing ecosystem development, we seek ways to boost cross-selling within the Group

VK Pay & tips

- In Jan we launched Tips for riders using VK Pay
- > 2,200 riders have already connected VK Pay wallets to receive tips
- > RUB200,000 in tips was transferred in one month directly to riders, which helps DC motivate riders in terms of customer behavior and speed of delivery

VK Mini Apps integration

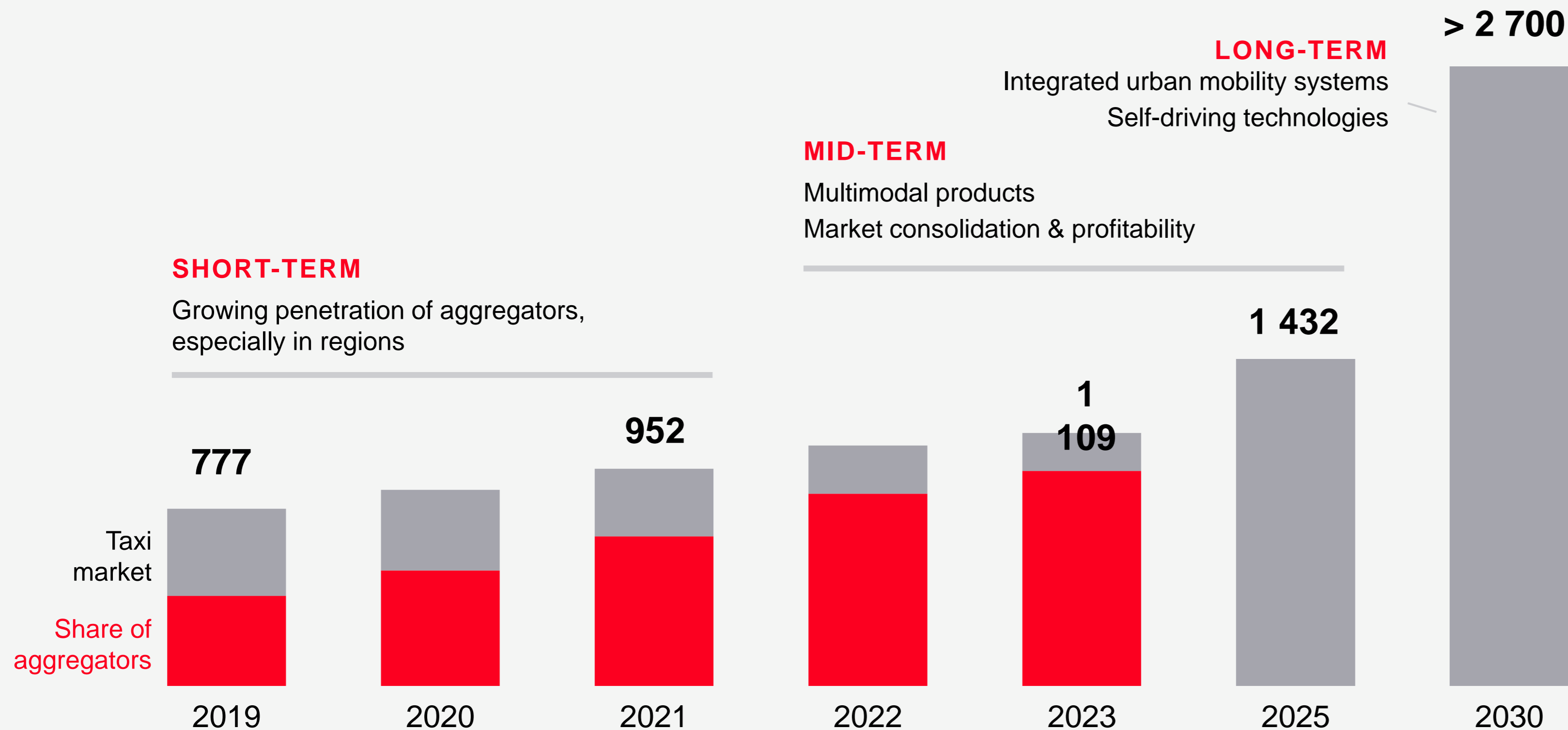
- DC launched MVP version on VK Mini Apps platform at the end of December
- DC is currently collecting user feedback, with further tech and product investments into the integration expected in 2020



CM is gaining share in a growing market

Ride-hailing market continues to expand through organic growth as well as in-market consolidation

Russian taxi market size and share of aggregators, 2019-2030, RU



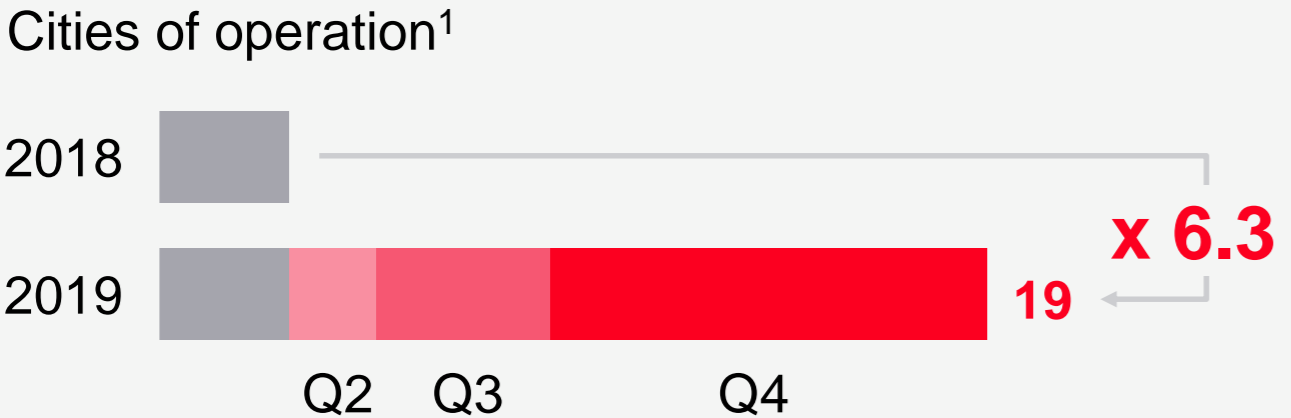
CM is already strongly positioned

TOP-2

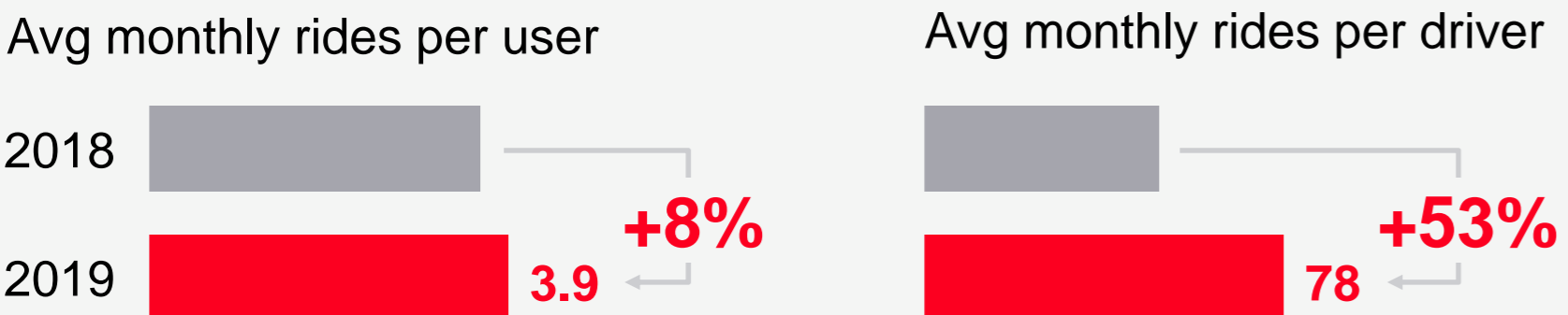
across **13/19** cities of operation & **TOP-3** in all cities of operation

CM growth has significantly accelerated in 2019

Geographic expansion into 1M+ cities ...

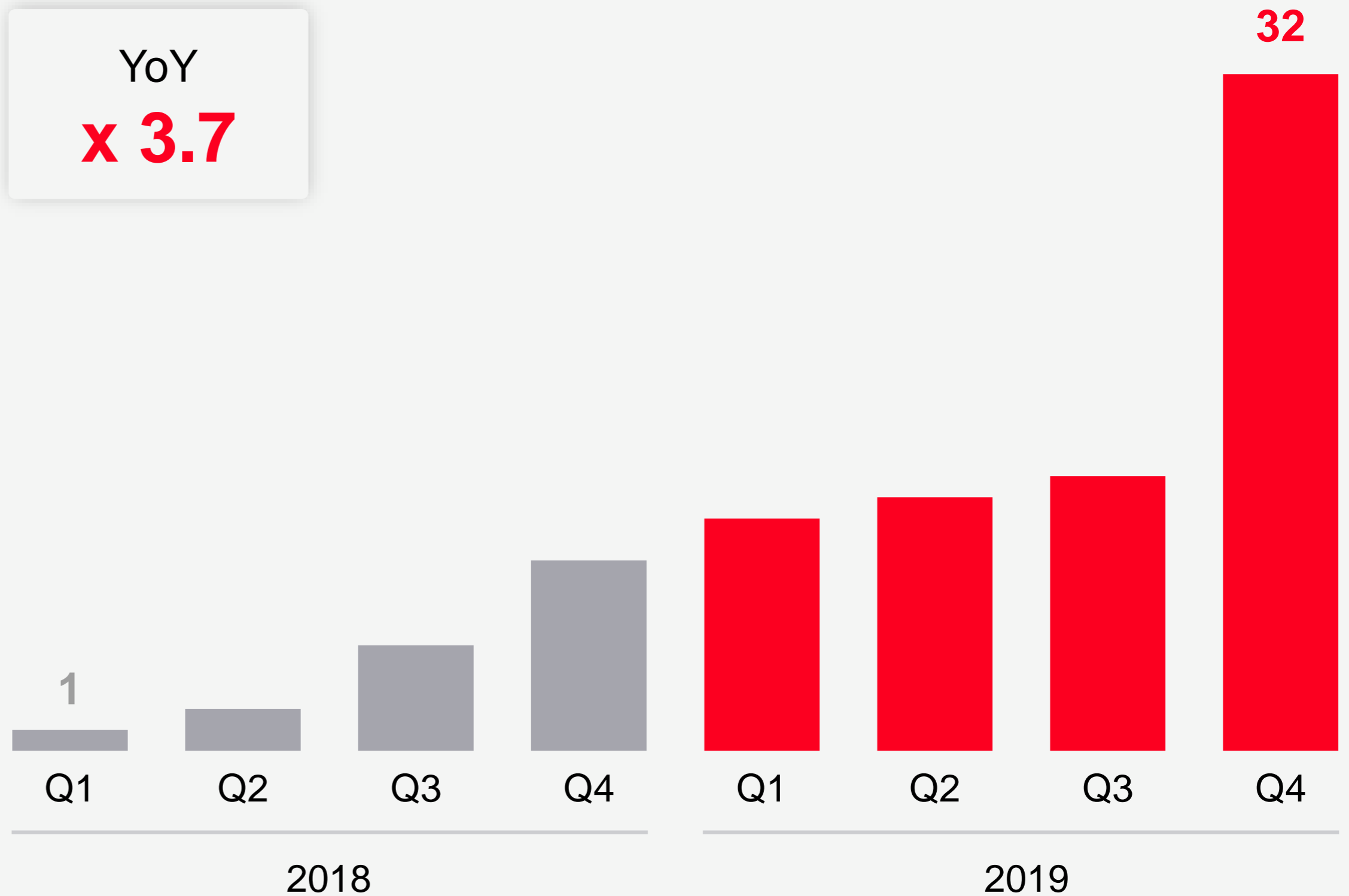


... combined with rising engagement across the entire platform ...



... resulted in exponential growth in rides most of which was achieved in Q4 2019

CM rides by quarters, 2018-2019, mn units



Source: Internal data, 1 – Moscow Region is counted as one city

In 2020 CM will continue growth, improve efficiency and further leverage synergies

Business priorities

Key goals for 2020



Scale

- **Expansion** into remaining 1M+ cities and a number of 500K+ cities
- Solid #2 player with at least **25% market share** in all regions of operation



Path to profitability

- Continuous improvements in **unit economics** across all markets
- **Positive unit economics** in most 1M+ markets

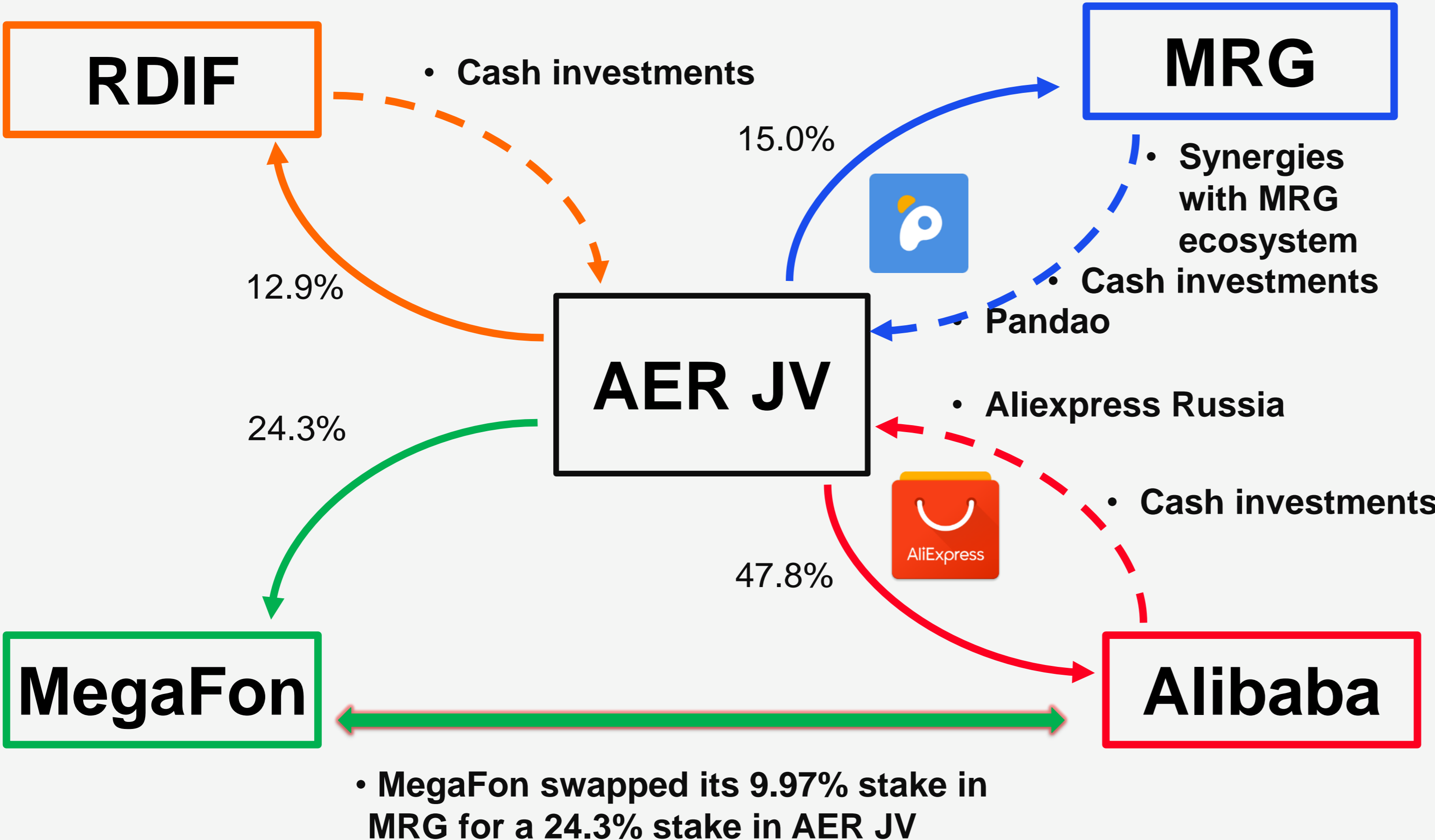


Synergies in the ecosystem

- New **marketing & product synergies** with both ecosystems
- Leverage **R&D** capabilities of both ecosystems (e.g. AI, computer vision)
- Full-blown launch of a new fleet product in collaboration with **SberLeasing**

AER JV deal created 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, with the rest payable 12 months after

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 and Shopping Center within VK

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 2020 and beyond**

Q4 2019 operating segments performance

- In Q4 **S&C segment grew by 17.6%** to RUB14.9bn, accounting for **58% of Group's total**. Growth was only marginally slower QoQ, mainly due IVAS. EBITDA came at RUB7.8bn (80% of Group's total), with a **52.3% EBITDA margin**
- **Games segment expanded by 10.3%** (to RUB8.5bn, 33% of Group's total) despite the 36.8% base effect and only two new games launches in 2H and both happening in late October. **EBITDA margin was 33.2%**, with Q4 being a typical seasonal profitability peak for our Games business
- **New Initiatives** continues its rapid expansion with **revenue growth of 85%**, driven by Youla, B2B and online education. Segment remains in investment phase, with an EBITDA loss of RUB822mn for the quarter

Q4 2019 operating segments performance					
RUB MM	Communications and Social	Games	New initiatives	Eliminations	Group
Total segment revenue	14,914	8,478	2,349	(122)	25,620
<i>Y-o-Y growth</i>	<i>17.6%</i>	<i>10.3%</i>	<i>85.0%</i>	<i>166.2%</i>	<i>18.6%</i>
Total operating expenses*	7,113	5,660	3,171	(122)	15,823
Segment EBITDA	7,801	2,819	(822)	(0)	9,798
<i>EBITDA margin</i>	<i>52.3%</i>	<i>33.2%</i>	<i>-35.0%</i>		<i>38.2%</i>
Net profit					5,671
<i>Net profitability</i>					<i>22.1%</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

Q4 and 12M 2019 revenue and profitability update



- Revenue growth was 18.6% in Q4, with 22.4% growth for the full year
- Online advertising delivered peak growth for the year during Q4, at 24.6%, with MMO games growing at 9.5% (14% in USD) solely due to high base effect (+37% YoY growth in Q4 2018) and few new launches
- EBITDA margin stood at 38.2% in Q4 and 34.2% for the year, with EBITDA stable YoY in Q4 despite ongoing investments
- Capex remained in the range of 10% of revenues

Q4 and FY 2019 Revenue and profitability review

RUB MN

	Q4 2018	Q4 2019	Y-o-Y, %	FY 2018	FY 2019	Y-o-Y, %
Revenue	21,596	25,620	18.6%	71,164	87,070	22.4%
Online advertising	9,082	11,319	24.6%	29,782	36,505	22.6%
MMO games	7,108	7,781	9.5%	23,295	27,987	20.1%
Community IVAS	4,080	4,360	6.9%	15,005	16,371	9.1%
Other revenue*	1,326	2,160	62.9%	3,082	6,207	101.4%
EBITDA	9,732	9,798	0.7%	27,137	29,752	9.6%
<i>EBITDA margin, %</i>	45.1%	38.2%		38.1%	34.2%	
Net profit	6,881	5,671	-17.6%	15,083	15,649	3.8%
<i>Net profit margin, %</i>	31.9%	22.1%		21.2%	18.0%	
Capex	-2,171	-2,314	24.1%	-6,462	-8,037	24.4%
<i>% of revenue</i>	-10.1%	-9.3%	-0.5%	-9.1%	-9.2%	-0.1%

Note 1: Group aggregate segment financial information for Q4 and FY 2018 has been retrospectively adjusted to account for pro-forma inclusion of Native Roll, Panzerdog, Relap, Worki, Swag Masha and Skillbox

Note 2: Group aggregate segment financial information for Q4 and FY 2018 has been retrospectively adjusted to account for pro-forma exclusion of Delivery Club and ESforce

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

Note 5: Including Other IVAS revenues

FY 2019 operating segments performance

- 2019 revenue of RUB87bn came in the middle of set guidance of RUB86-88bn, mainly due to launch of two out of five planned gaming titles, which we announced as of Q3 results. Business expanded by 22.4% for the year
- EBITDA came at RUB29.8bn, in line with set guidance of “around RUB30bn”. Profitability of the Group stood at 34.2%, including 54.1% margin for S&C and 17.1% margin for Games

FY 2019 operating segments performance

RUB MM	Communications and Social	Games	New initiatives	Eliminations	Group
Total segment revenue	50,521	30,669	6,233	(352)	87,070
<i>Y-o-Y growth</i>	<i>15.4%</i>	<i>23.4%</i>	<i>126.7%</i>	<i>79.0%</i>	<i>22.4%</i>
Total operating expenses*	23,186	25,425	9,060	(352)	57,318
Segment EBITDA	27,335	5,244	(2,827)	-	29,752
<i>EBITDA margin</i>	<i>54.1%</i>	<i>17.1%</i>	<i>-45.4%</i>		<i>34.2%</i>
Net profit*					15,649
<i>Net profitability</i>					<i>18.0%</i>

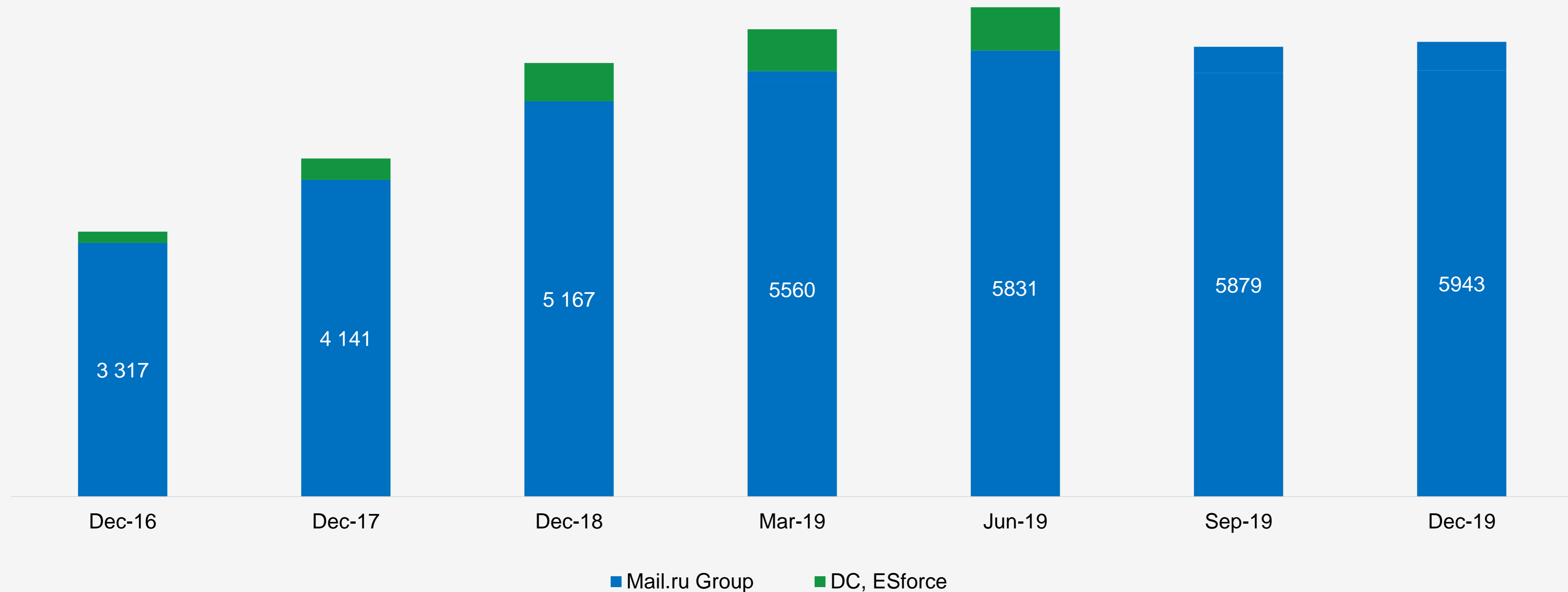
Note 1: Pandao, ESforce and Delivery Club are excluded from all numbers on a pro-forma basis

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

Headcount evolution

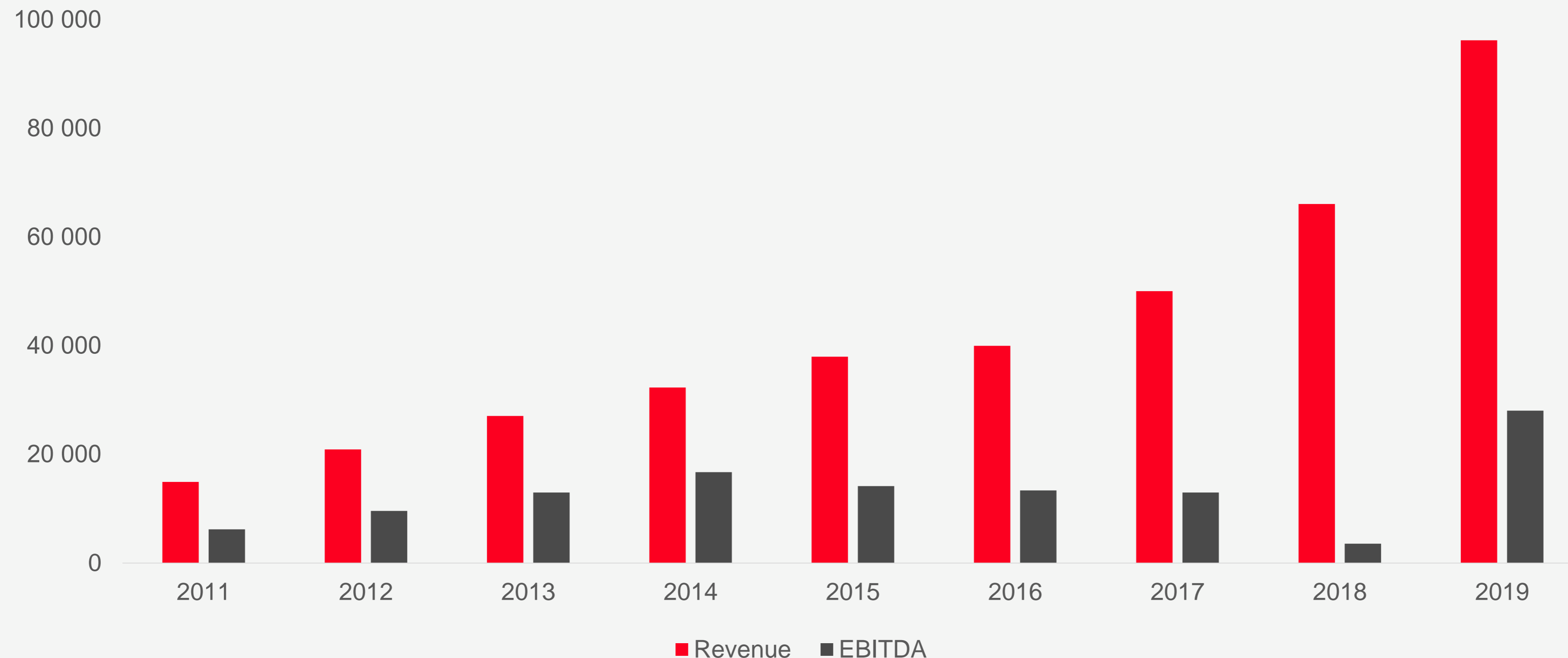
- **Group's headcount reached 5,943 as of FY 2019** given organic expansion of the Group as well as M&A
- Headcount was reduced by 564 as of June 2019 due to reclassification of DC and ESForce as assets held for sale

Total headcount, eop



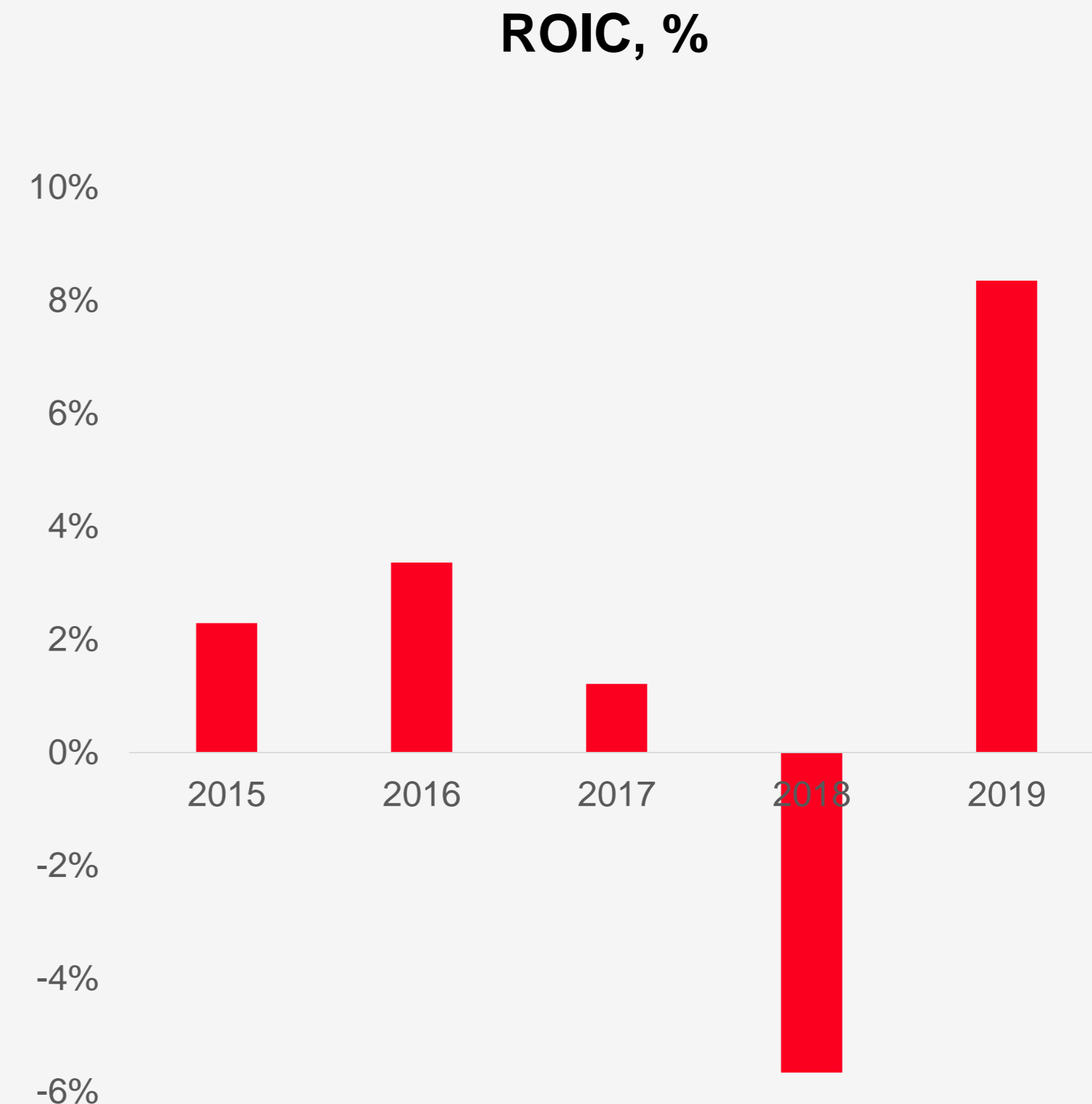
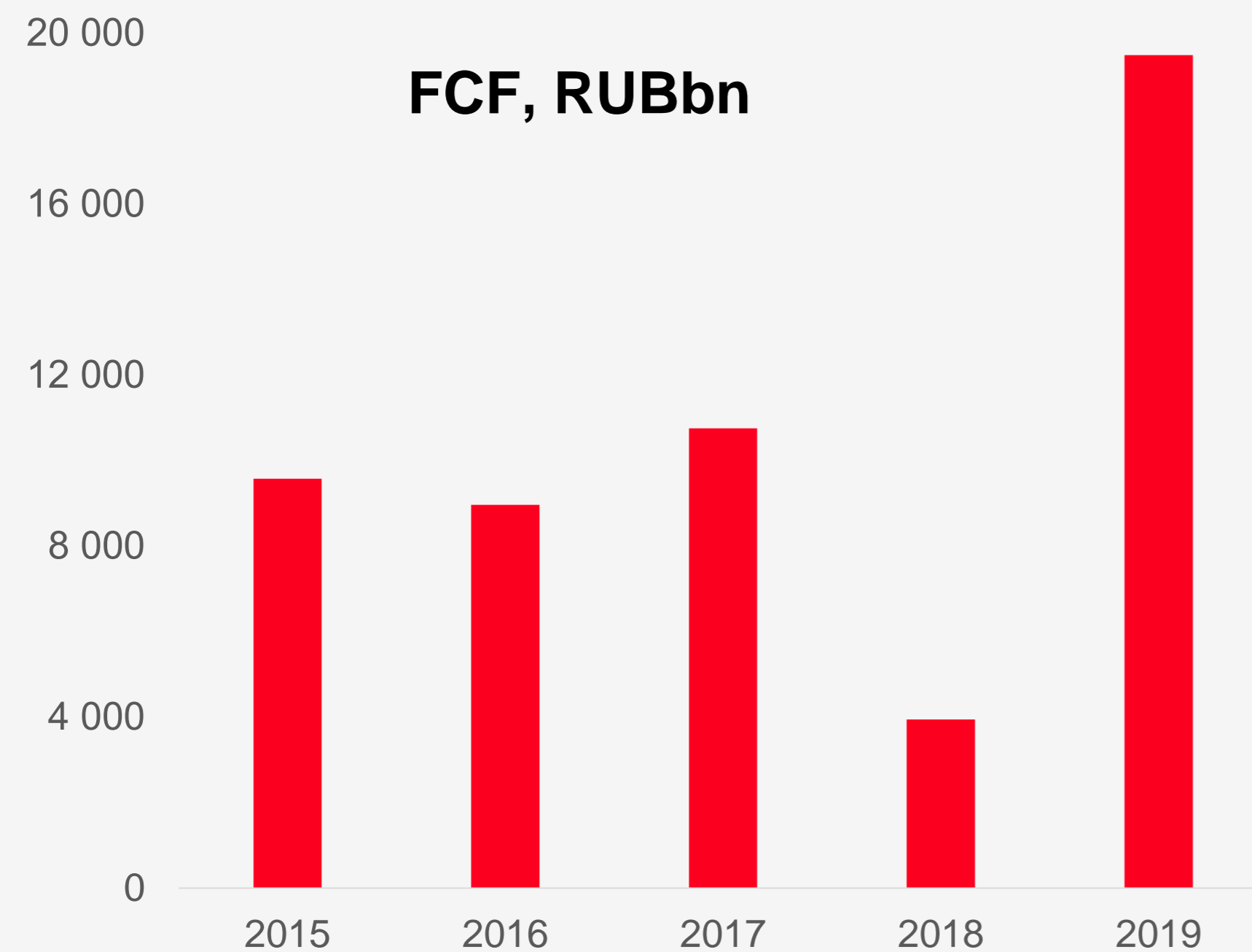
IFRS revenue and EBITDA evolution

- Trend in key financials and profitability of our business in 2017-18 under IFRS has been adversely impacted mainly by Games segment, given the significant historical deferral period for revenue recognition in Games and segment's very strong revenue growth of 30%+ during the period
- As part of our effort to narrow differences between IFRS and management accounts, as of Q3 2019, the Group changed its estimates with respect to the life span of the in-game virtual items purchased by game players. The changes resulted from the fact that the Group accumulated sufficient data related to the patterns of how the in-game items are consumed by paying game players. As a result the Company refined its estimate of the period of satisfaction of the performance obligation in relation to virtual in-game items. The changes in estimates were recorded prospectively starting from July 1, 2019
- Deferral period for Games has been reduced and IFRS and management account revenues are now more aligned



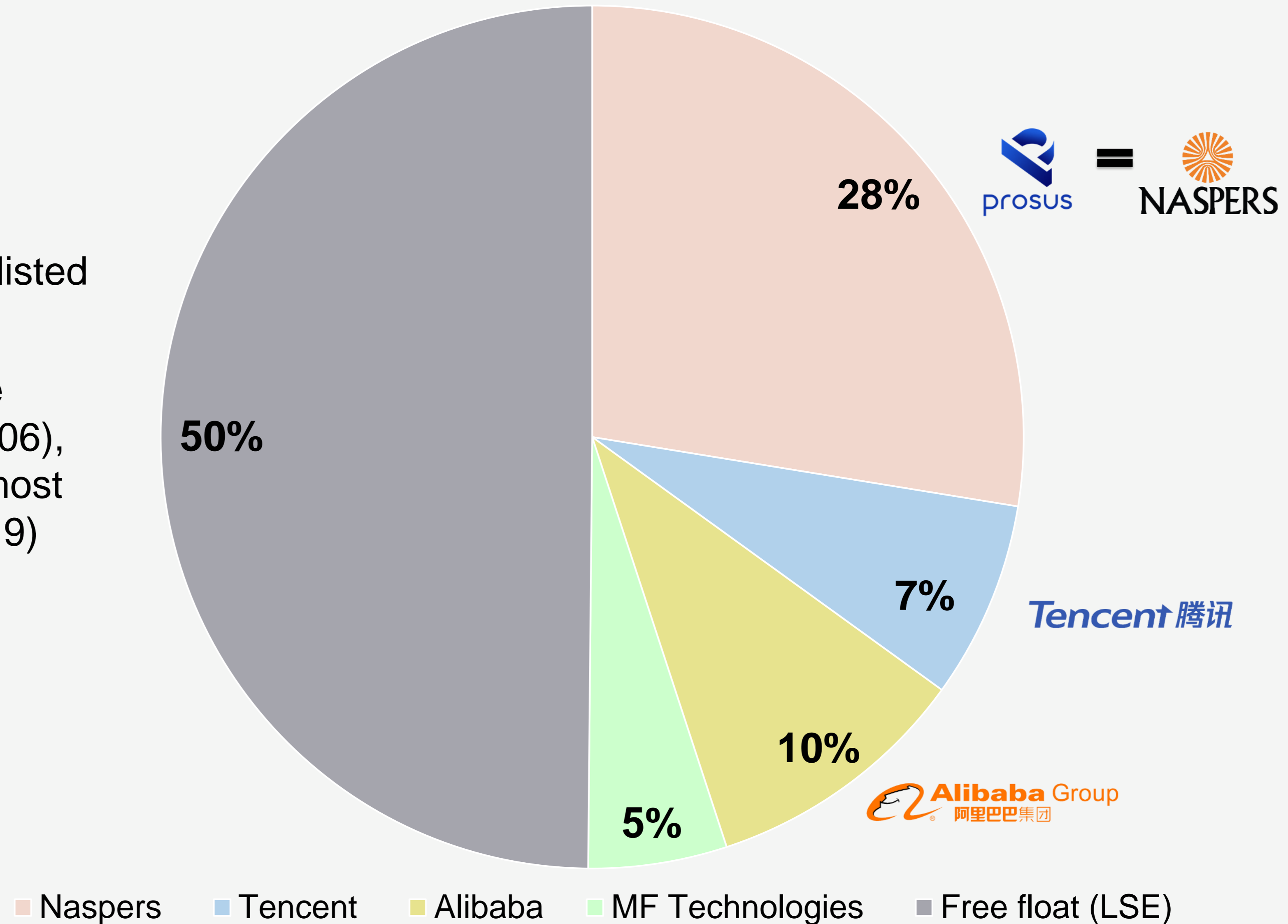
FCF & ROIC normalization

- FCF of the Group has been affected in 2018 by active investment into high-growth and high-potential businesses like Delivery Club or Pandao. These are now developed under AER and O2O JVs, with FCF having normalized
- ROIC in 2018 has been impacted by investment activity. 2019 ROIC benefits from a change in approach to deferred revenues for Games as well as asset deconsolidation (e.g. DC, Pandao). We will continue to focus on delivery of healthy revenue growth and attractive operating margins to ensure positive signaling through ROIC evolution






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)



MRG 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 December 31, 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%), Sberbank (36%), Rostec (10%), USM (9%)

For further information please contact:

Tatiana Volochkovich

Mail.ru Group, Director of Investor Relations

Office: +7-495-7250-6357 x 3434

Mobile: +7 905 594 6604

E-mail: ir@corp.mail.ru / t.volochkovich@corp.mail.ru



Disclaimer



This presentation has been prepared by Mail.ru Group Limited (the “**Company**”) and comprises the written materials for a presentation to syndicate research analysts or certain institutional investors.

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “forecast”, “project”, “will”, “may”, “should” and similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements appear in a number of places in this presentation and may include statements regarding: strategies, outlook and growth prospects; future plans, expectations, projections and potential for future growth; plans or intentions relating to acquisitions; future revenues and performance; liquidity, capital resources and capital expenditures; economic outlook and industry trends; the impact of regulatory initiatives; competitive strengths and weaknesses; and the strengths of competitors. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, management’s examination of historical operating trends, data contained in Company records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause the actual results of the Company or the industry to differ materially from those results expressed or implied in this presentation by such forward-looking statements. No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved and you are cautioned not to place any undue influence on any forward-looking statement. No one undertakes to publicly update or revise any such forward-looking statement.

Investment in the GDRs may involve substantial risk. References to future returns are not promises or even estimates of actual returns an investor may achieve. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. The information herein reflects the Company’s judgement of the prevailing conditions as of this date, all of which are subject to change. Past performance or experience does not necessarily give a guide for the future. Neither the delivery of this presentation nor any further discussions with any recipient shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date.

This presentation does not constitute or form a part of, and should not be construed as, an offer or invitation to subscribe for or purchase any securities of the Company and neither this presentation nor anything contained herein shall form the basis of, or be relied on in connection with, any offer or commitment whatsoever.

The Company’s shares and GDRs have not been and will not be registered under the U.S. Securities Act of 1933, as amended. Securities may not be offered or sold in the United States absent registration under that Act or an available exemption from it, and the Company does not intend to make a public offer of any securities in the United States

Within the member states of the European Economic Area (the “**EEA**”) this presentation is only addressed to and directed at persons who are “qualified investors” (“**Qualified Investors**”) within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) (including any relevant implementing measure in each relevant member state of the EEA). In addition, in the United Kingdom, this presentation is being distributed only to, and is directed only at (i) Qualified Investors who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (ii) persons to whom it may otherwise lawfully be communicated (all such persons in this paragraph collectively being referred to as “**Relevant Persons**”). This presentation must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this presentation relates is available only to Relevant Persons or will be engaged in only with Relevant Persons.

The information and opinions contained in this presentation are for background purposes only and do not purport to be full or complete. No reliance may be placed for any purpose on the information or opinions contained in this presentation or their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this presentation by the Company and no liability is accepted by us for the accuracy or completeness of any such information or opinions.

The information in this presentation is being circulated on a confidential basis, and is neither to be disclosed to any other person, nor copied or reproduced, in any form, in whole or in part without the Company’s prior consent.

By accepting delivery of this presentation you agree to be bound by the foregoing terms and acknowledge that you will be solely responsible for your own assessment of the market, the market position of the Company and the GDRs and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company’s business





@ mail.ru
group