

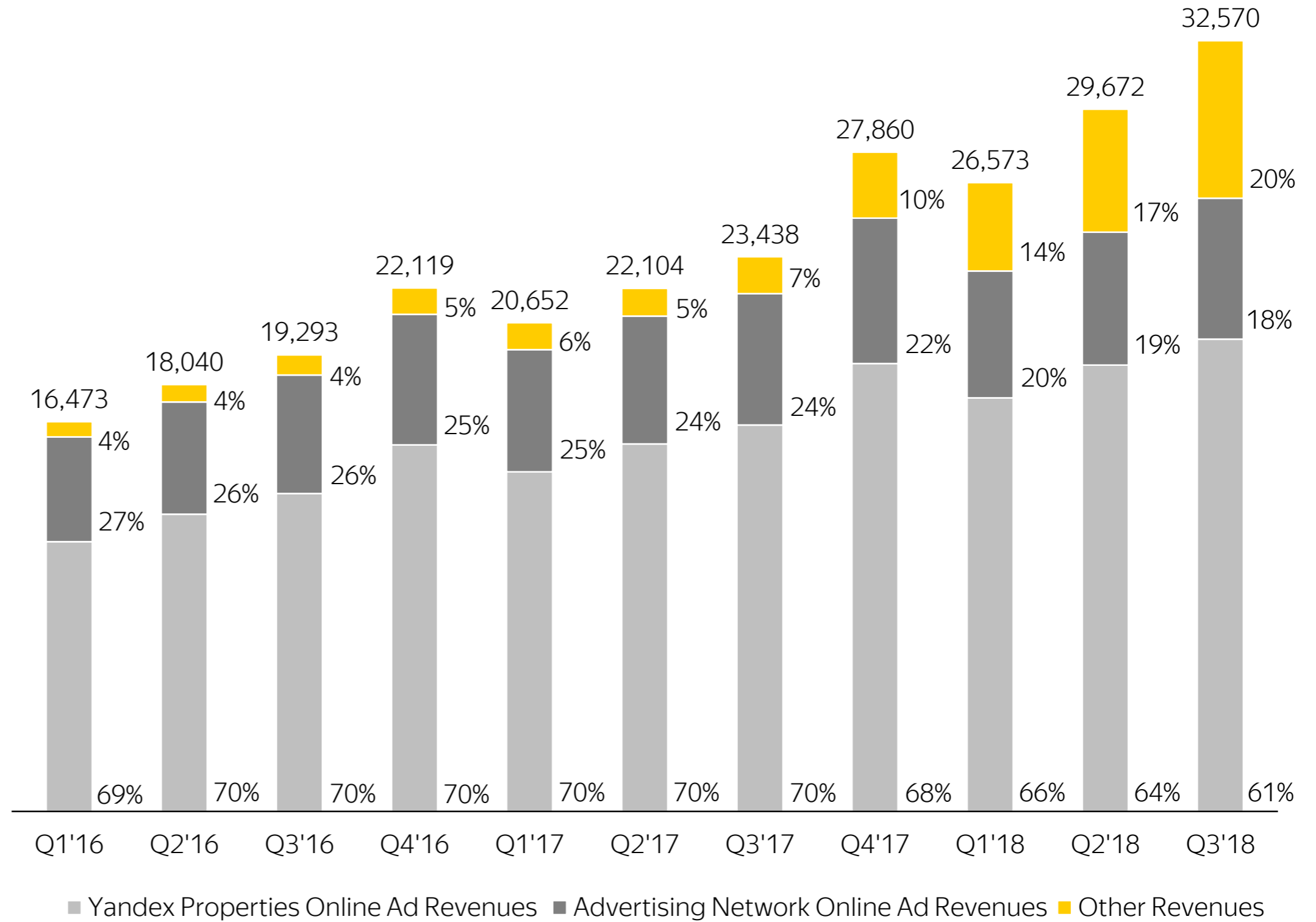
Яндекс

Quarterly Supplementary Materials

October 29th, 2018

Revenue Structure

Yandex Revenue Breakdown¹, MM RUB, %

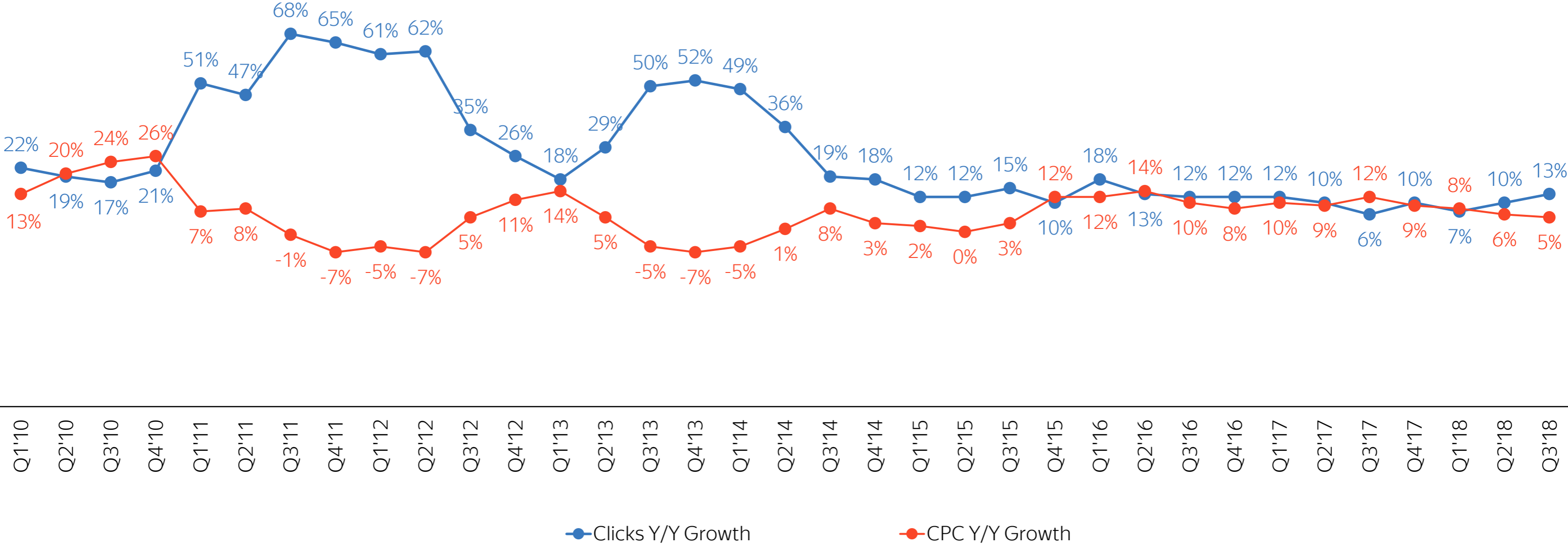


¹ As online advertising formats continue to converge, starting from Q1 2016 we are no longer providing a breakdown of our online ad revenues into text-based and display revenues. However, we continue to separately present online advertising revenues from Yandex properties and revenues from our Ad Network.

Items may not total 100% due to rounding

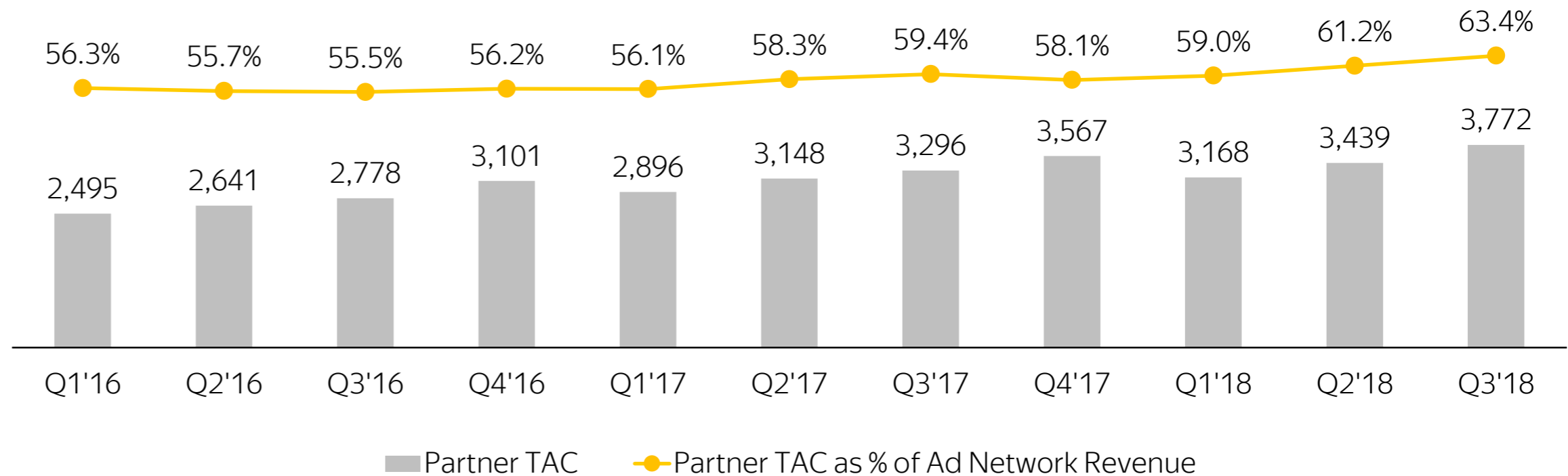
Operational Metrics

Growth In Paid Clicks and CPC, %

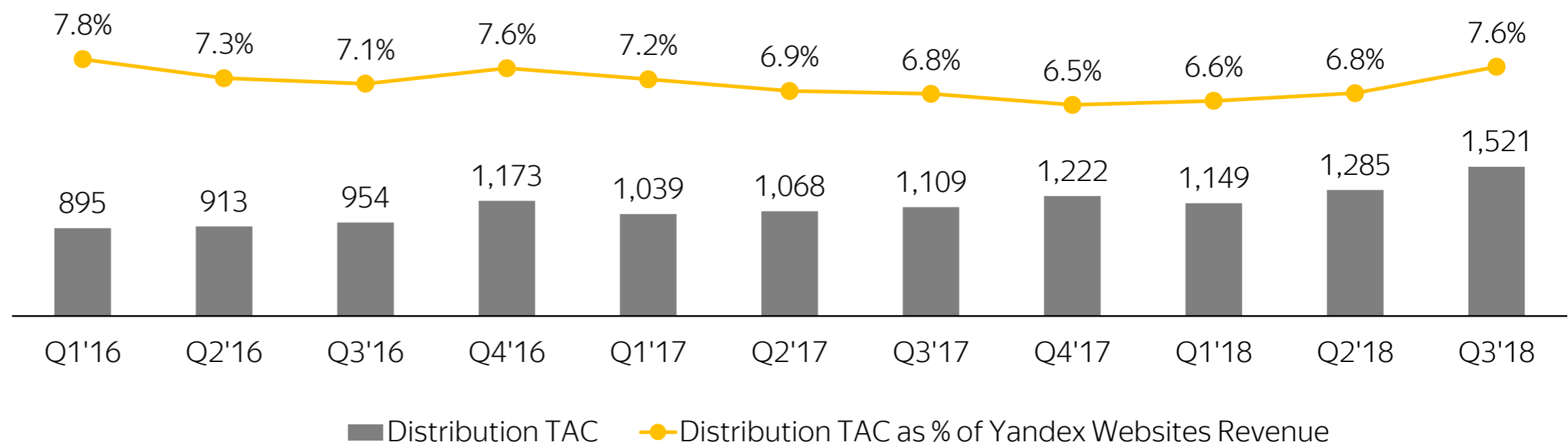


Traffic Acquisition Costs

Partner TAC as % of Ad Network Revenue, MM RUB, %



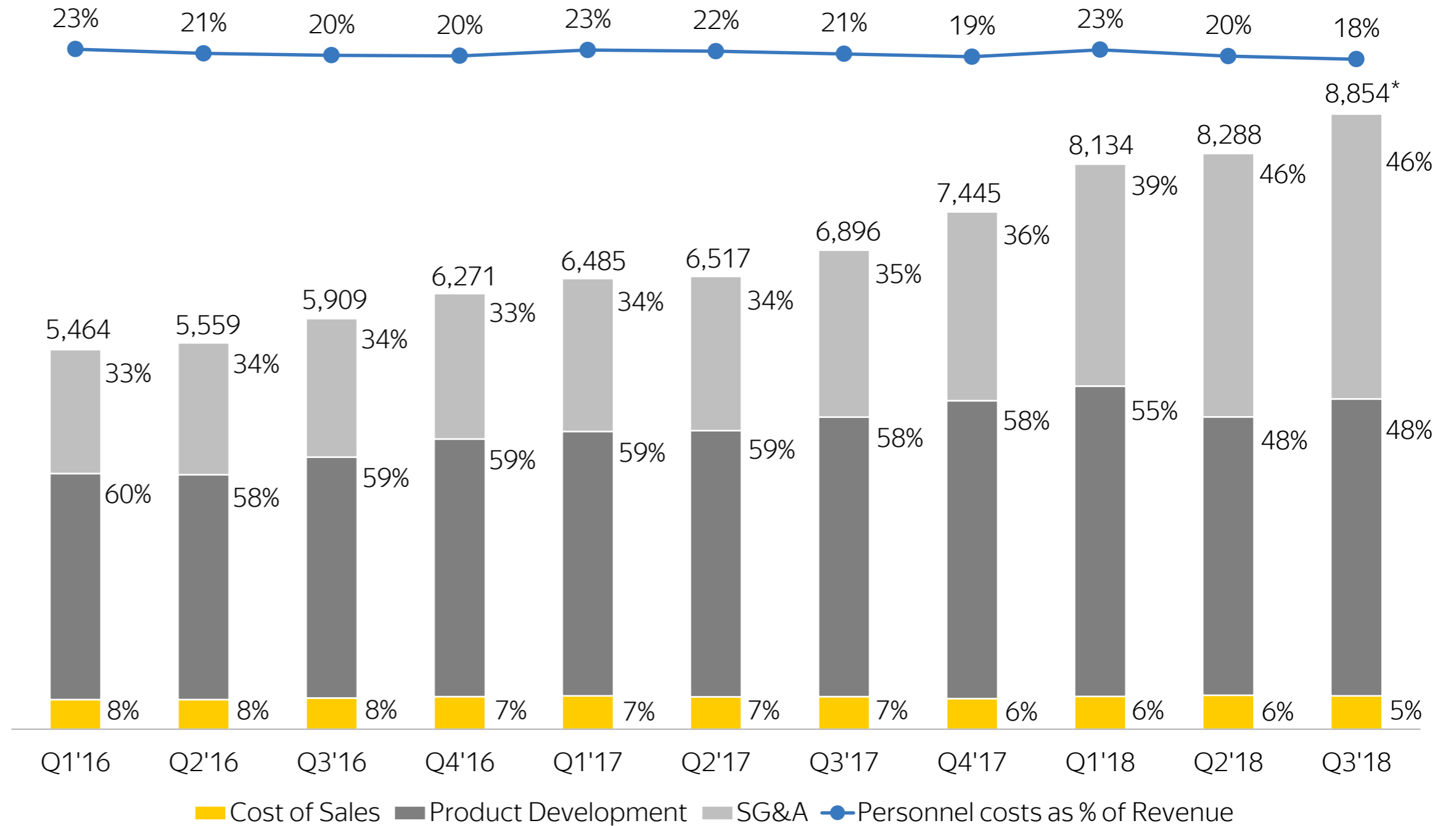
Distribution TAC as % of Yandex Websites Online Ad Revenue, MM RUB, %



¹ As online advertising formats continue to converge, starting from Q1 2016 we are no longer providing a breakdown of our online ad revenues into text-based and display revenues. However, we continue to separately present online advertising revenues from Yandex properties and revenues from our Ad Network. As a result, we show Partner TAC as % of our Ad Network revenue, which includes revenues from text-based ad network and our display ad network, and distribution TAC as % of our online advertising revenues from text-based and display advertising on our owned and operated websites.

Headcount

Headcount¹ by GAAP Cost Category²

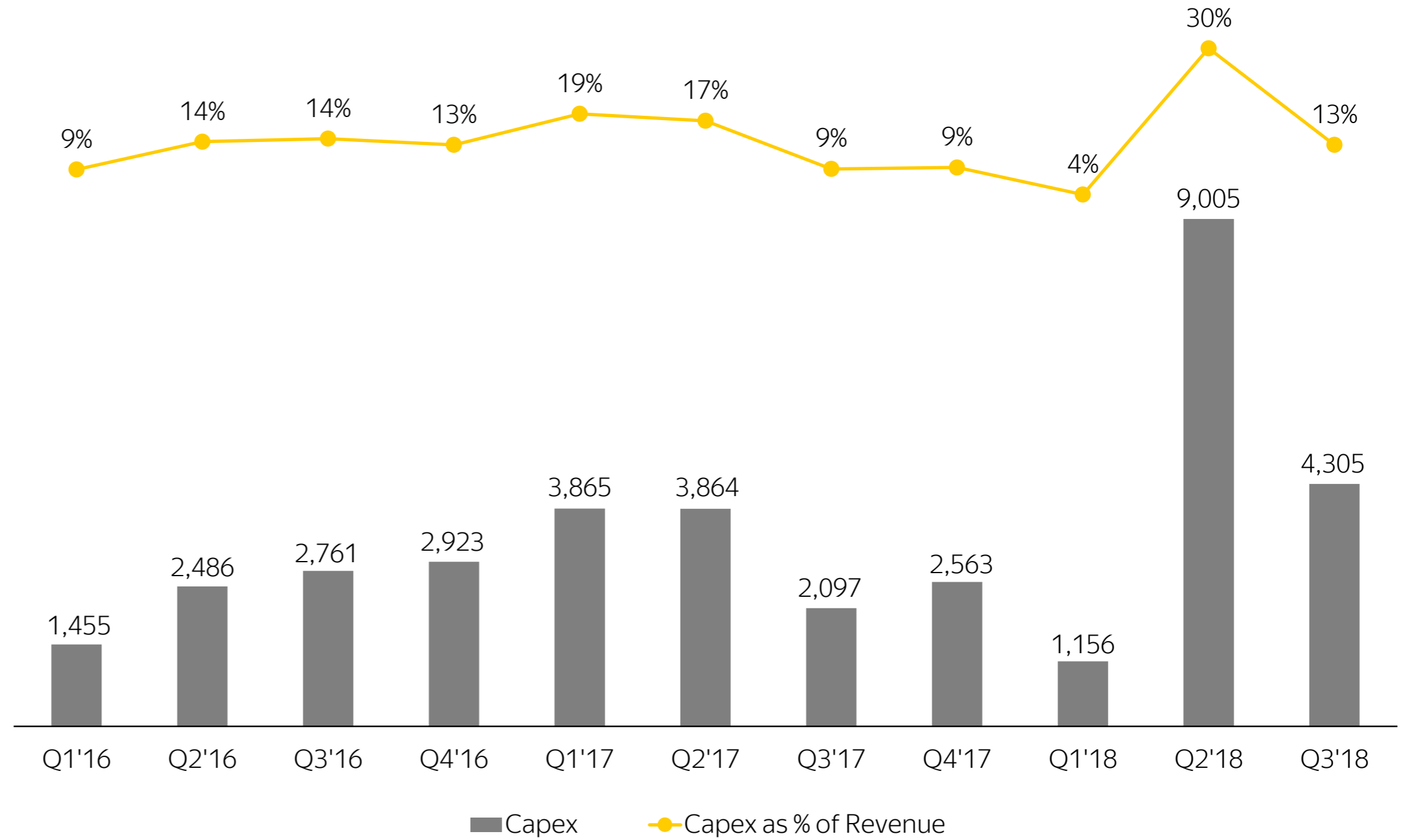


¹ As of the end of the period

² Items may not total 100% due to rounding

* In Q3'18, excluding Yandex.Market, our headcount was up 28% compared to June 30, 2018, and up 41% compared to Q3'17

Capex



Costs, MM RUB

Revenues, MM RUB	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
Cost of Sales (COS)															
TAC	2,717	3,022	3,282	3,720	3,390	3,554	3,732	4,274	3,935	4,216	4,405	4,789	4,317	4,724	5,293
COS ex-SBC, ex-TAC	953	919	995	1,034	1,065	1,096	1,136	1,314	1,371	1,467	1,604	1,972	2,359	3,485	3,730
SBC related to COS	43	41	41	43	49	46	50	48	42	64	36	36	36	43	47
Total Cost of Sales	3,713	3,982	4,318	4,797	4,504	4,696	4,918	5,636	5,348	5,747	6,045	6,797	6,712	8,252	9,070
<i>Total COS as % of Revenue</i>	<i>30%</i>	<i>29%</i>	<i>28%</i>	<i>27%</i>	<i>27%</i>	<i>26%</i>	<i>25%</i>	<i>25%</i>	<i>26%</i>	<i>26%</i>	<i>26%</i>	<i>24%</i>	<i>25%</i>	<i>28%</i>	<i>28%</i>
Product Development (PD)															
PD ex-SBC	2,968	2,905	2,711	2,977	3,282	3,249	3,326	3,737	3,942	3,931	4,021	4,390	4,657	4,312	4,403
SBC related to PD	379	395	457	629	595	545	532	566	576	542	548	811	1,146	1,058	1,139
Total PD	3,347	3,300	3,168	3,606	3,877	3,794	3,858	4,303	4,518	4,473	4,569	5,201	5,803	5,370	5,542
<i>PD as % of Revenue</i>	<i>27%</i>	<i>24%</i>	<i>21%</i>	<i>20%</i>	<i>24%</i>	<i>21%</i>	<i>20%</i>	<i>19%</i>	<i>22%</i>	<i>20%</i>	<i>20%</i>	<i>19%</i>	<i>22%</i>	<i>18%</i>	<i>17%</i>
SG&A															
SG&A expense ex-SBC	2,165	2,410	2,445	3,891	3,011	3,427	4,272	6,184	4,608	5,705	7,755	7,475	7,558	8,316	8,427
SBC related to SG&A	138	158	173	221	247	290	203	251	340	359	292	547	451	460	530
Total SG&A	2,303	2,568	2,618	4,112	3,258	3,717	4,475	6,435	4,948	6,064	8,047	8,022	8,009	8,776	8,957
<i>SG&A as % of Revenue</i>	<i>19%</i>	<i>18%</i>	<i>17%</i>	<i>23%</i>	<i>20%</i>	<i>21%</i>	<i>23%</i>	<i>29%</i>	<i>24%</i>	<i>27%</i>	<i>34%</i>	<i>29%</i>	<i>30%</i>	<i>30%</i>	<i>28%</i>
Depreciation & Amortization (D&A)															
D&A	1,490	1,874	2,152	2,275	2,394	2,316	2,489	2,408	2,463	2,823	2,930	3,023	2,890	2,926	3,118
<i>D&A as % of Revenue</i>	<i>12%</i>	<i>13%</i>	<i>14%</i>	<i>13%</i>	<i>15%</i>	<i>13%</i>	<i>13%</i>	<i>11%</i>	<i>12%</i>	<i>13%</i>	<i>13%</i>	<i>11%</i>	<i>11%</i>	<i>10%</i>	<i>10%</i>
Total Costs	10,853	11,724	12,256	15,366*	14,033	14,523	15,740	18,782	17,277	19,107	21,591	23,043	23,414	25,324	26,687
<i>Total Costs as % of Revenue</i>	<i>88%</i>	<i>84%</i>	<i>79%</i>	<i>85%</i>	<i>85%</i>	<i>81%</i>	<i>82%</i>	<i>85%</i>	<i>84%</i>	<i>86%</i>	<i>92%</i>	<i>83%</i>	<i>88%</i>	<i>85%</i>	<i>82%</i>

* Items may not total 100% due to rounding

** Total costs in Q4 2015 include 576MM RUB of goodwill impairment related to KinoPoisk acquisition

Quarterly Financial Summary by Segment

Revenues, MM RUB	Q1'16	Q2'16	Q3'16	Q4'16	FY'16	Q1'17	Q2'17	Q3'17	Q4'17	FY'17	Q1'18	Q2'18	Q3'18
Search & Portal	15,143	16,527	17,517	20,112	69,299	18,671	20,166	21,159	24,172	84,168	22,285	24,682	26,675
E-commerce	1,043	1,069	1,200	1,406	4,718	1,295	1,168	1,060	1,445	4,968	1,255	442	-
Taxi	445	528	587	753	2,313	778	772	1,150	2,191	4,891	3,116	4,064	5,109
Classifieds	234	306	338	392	1,270	367	456	548	688	2,059	706	915	988
Media Services	130	126	159	234	649	244	251	290	402	1,187	421	395	414
Experiments	21	4	18	31	74	66	65	92	146	369	182	414	706
Eliminations	(542)	(520)	(525)	(809)	(2,396)	(769)	(774)	(861)	(1,184)	(3,588)	(1,392)	(1,240)	(1,322)
Total Revenues	16,473	18,040	19,293	22,119	75,925	20,652	22,104	23,438	27,860	94,054	26,573	29,672	32,570

Adj. EBITDA, MM RUB	Q1'16	Q2'16	Q3'16	Q4'16	FY'16	Q1'17	Q2'17	Q3'17	Q4'17	FY'17	Q1'18	Q2'18	Q3'18
Search & Portal	5,606	6,795	7,356	8,061	27,818	7,901	9,057	8,936	10,736	36,630	10,367	11,501	12,200
E-commerce	380	325	386	329	1,420	560	445	223	370	1,598	(162)	(101)	-
Taxi	0	(153)	(633)	(1,300)	(2,086)	(1,245)	(1,966)	(3,168)	(1,584)	(7,963)	(1,712)	(1,882)	(711)
Classifieds	(6)	20	16	(102)	(72)	3	(20)	44	70	97	(287)	44	78
Media Services	(98)	(80)	(91)	(103)	(372)	(150)	(106)	(104)	(84)	(444)	(97)	(260)	(238)
Experiments	(113)	(145)	(146)	(184)	(587)	(195)	(197)	(236)	(215)	(843)	(405)	(460)	(604)
Total Adj. EBITDA	5,770	6,762	6,888	6,701	26,121	6,874	7,213	5,695	9,293	29,075	7,704	8,842	10,725

Revenue growth, %YoY	Q1'16	Q2'16	Q3'16	Q4'16	FY'16	Q1'17	Q2'17	Q3'17	Q4'17	FY'17	Q1'18	Q2'18	Q3'18
Search & Portal						23%	22%	21%	20%	22%	19%	22%	26%
E-commerce						24%	9%	-12%	3%	5%	-3%	-62%	n/m
Taxi						75%	46%	96%	191%	111%	301%	426%	344%
Classifieds						57%	49%	62%	75%	62%	92%	101%	80%
Media Services						87%	100%	82%	72%	83%	73%	57%	43%
Experiments						217%	n/m	n/m	372%	n/m	178%	537%	n/m
Eliminations						42%	49%	64%	46%	50%	81%	60%	54%
Total Revenues						25%	23%	21%	26%	24%	29%	34%	39%

Adj. EBITDA Margin, %	Q1'16	Q2'16	Q3'16	Q4'16	FY'16	Q1'17	Q2'17	Q3'17	Q4'17	FY'17	Q1'18	Q2'18	Q3'18
Search & Portal	37%	41%	42%	40%	40%	42%	45%	42%	44%	44%	47%	47%	46%
E-commerce	36%	30%	32%	23%	30%	43%	38%	21%	26%	32%	-13%	-23%	-
Taxi	0%	-29%	-108%	-173%	-90%	-160%	-255%	-275%	-72%	-163%	-55%	-46%	-14%
Classifieds	-2%	7%	5%	-26%	-6%	1%	-4%	8%	10%	5%	-41%	5%	8%
Media Services	-76%	-64%	-57%	-44%	-57%	-62%	-42%	-36%	-21%	-37%	-23%	-66%	-57%
Experiments	n/m	n/m	n/m	n/m	n/m	-295%	-303%	-257%	-147%	-229%	-223%	-111%	-86%
Total Adj. EBITDA Margin	35%	37%	36%	30%	34%	33%	33%	24%	33%	31%	29%	30%	33%

In Q1 2018 we introduced the following changes to our segments structure:

- Search and Portal segment (including Geolocation Services) offers a broad range of services in Russia, Belarus and Kazakhstan (and, for periods prior to the imposition of sanctions on Yandex by the government of Ukraine in May 2017, all our services offered in Ukraine), other than those described below. Since Q1 2018 our Search and Portal segment also includes Search and Portal in Turkey and Yandex Launcher, previously reported in Experiments and Yandex.Travel, previously reported in Classifieds.
- E-commerce segment includes Yandex.Market service for the period prior to April 27, 2018, the date of the completion of the Yandex.Market joint venture between Yandex and Sberbank;
- Taxi segment includes our Taxi business (including Yandex.Taxi and Uber in Russia and neighboring countries) and Food Delivery business (including Yandex.EATs and UberEATs);
- Classifieds segment includes Auto.ru, Yandex.Realty and Yandex.Jobs;
- Media Services segment includes KinoPoisk, Yandex.Music, Yandex.Afisha and Yandex.TV program; Media Services were broken out from Experiments and now constitute a separate business unit;
- Experiments segment includes Zen, Yandex.Cloud, Yandex.Health, Yandex.Drive and Yandex Data Factory. Yandex.Cloud and Yandex.Health initiatives previously were a part of our Search and Portal segment. Yandex.Drive is our car sharing service, launched in February 2018.
- Eliminations represent the elimination of transactions between the reportable segments, primarily related to advertising.
- Prior periods were restated to conform to the current year presentation.