

Yandex

Quarterly Supplementary Materials

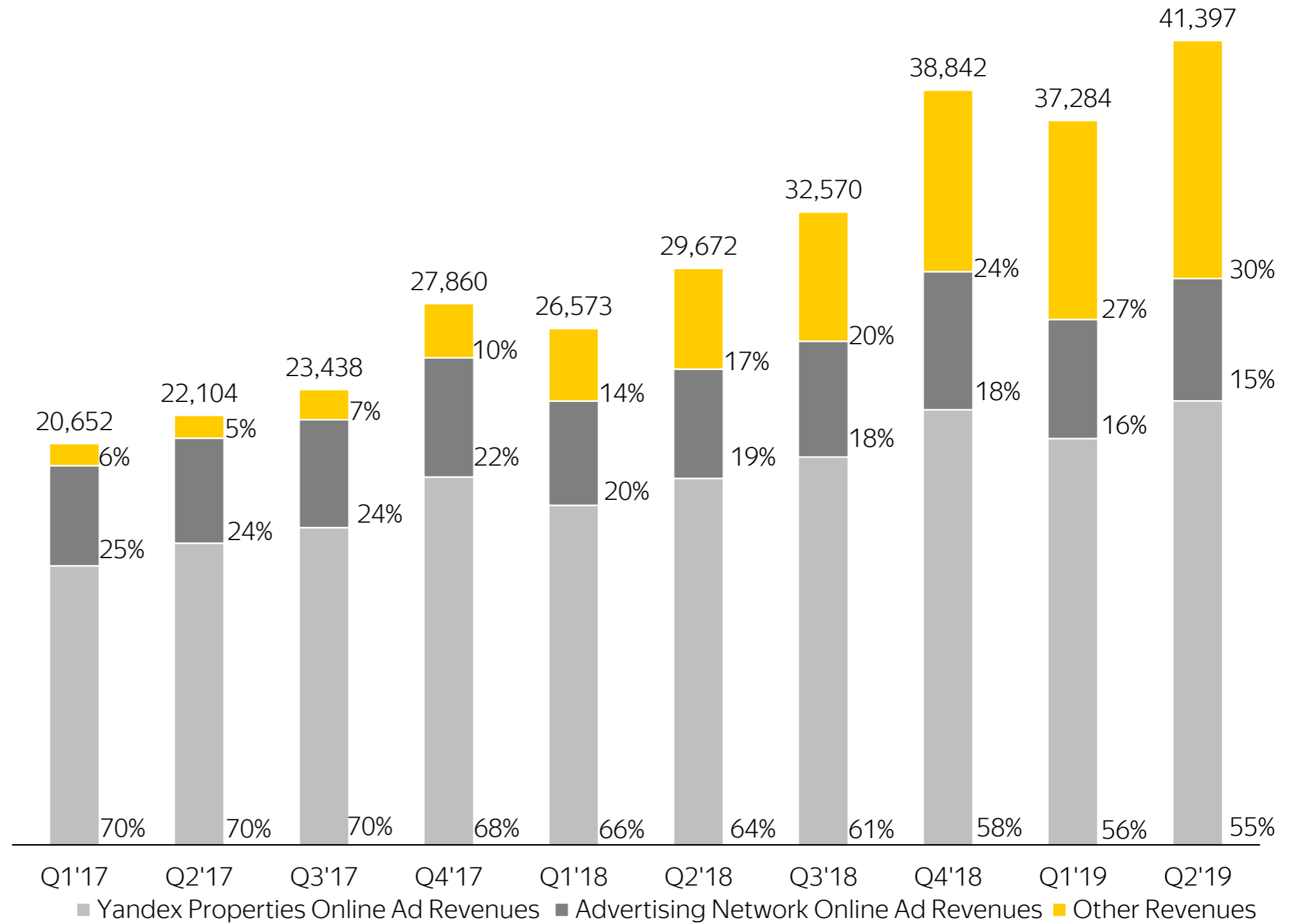
July 26th, 2019

Revenue Structure

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.

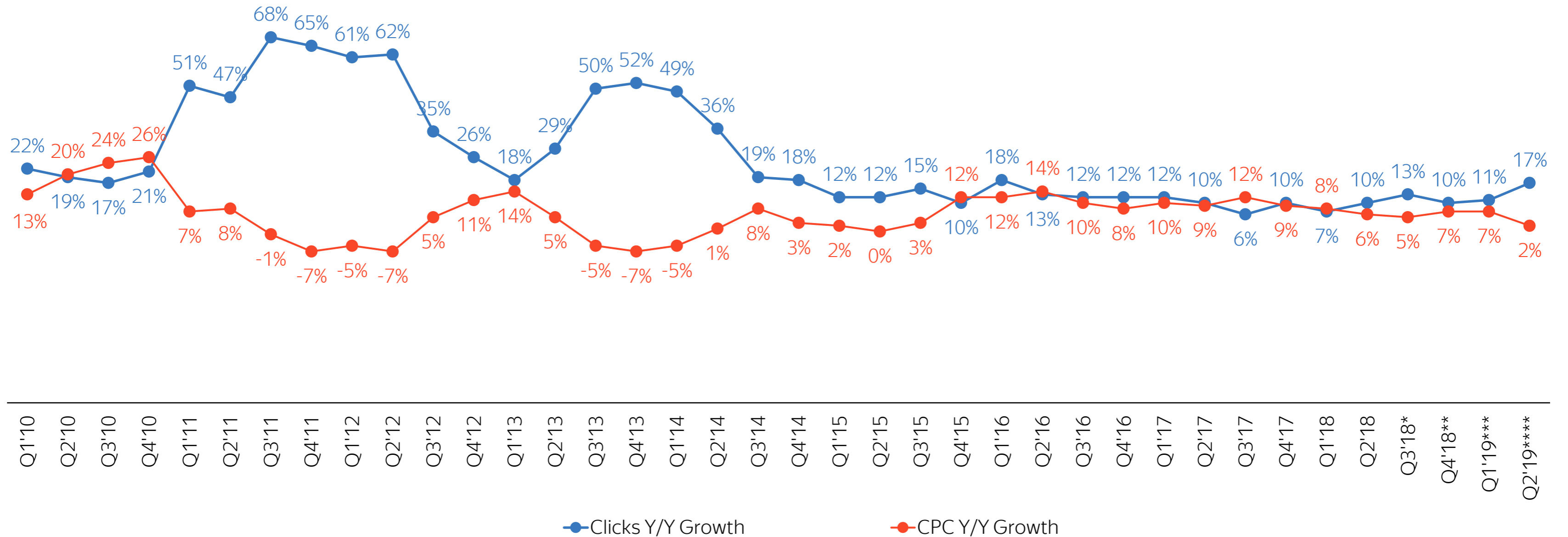
Items may not total 100% due to rounding

Yandex Revenue Breakdown¹, MM RUB, %



Operational Metrics

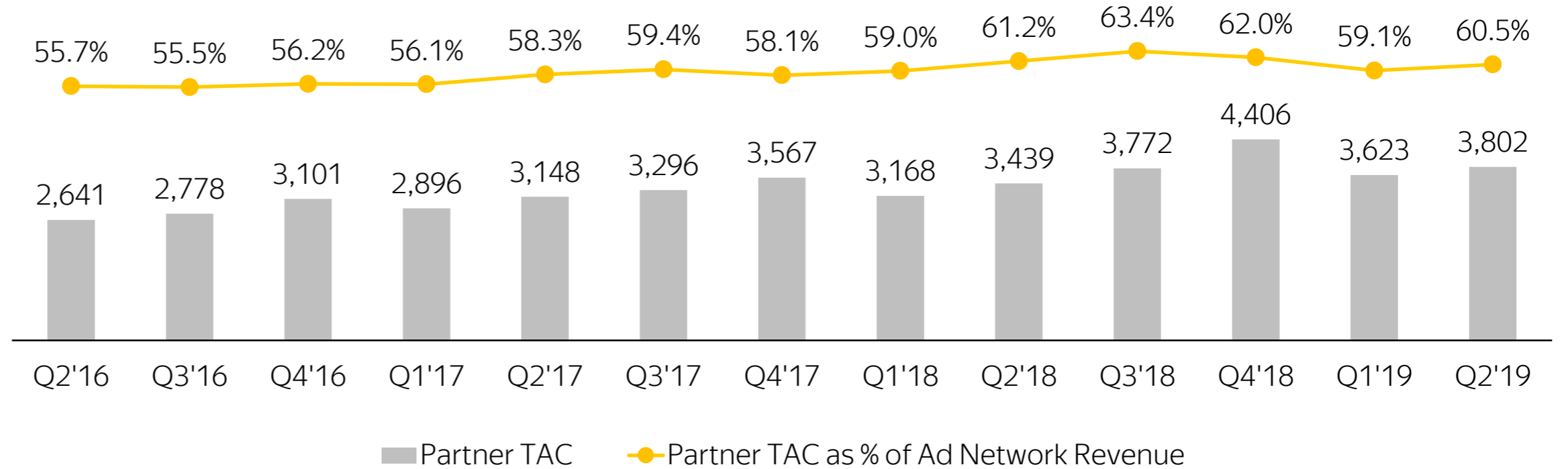
Growth In Paid Clicks and CPC, %



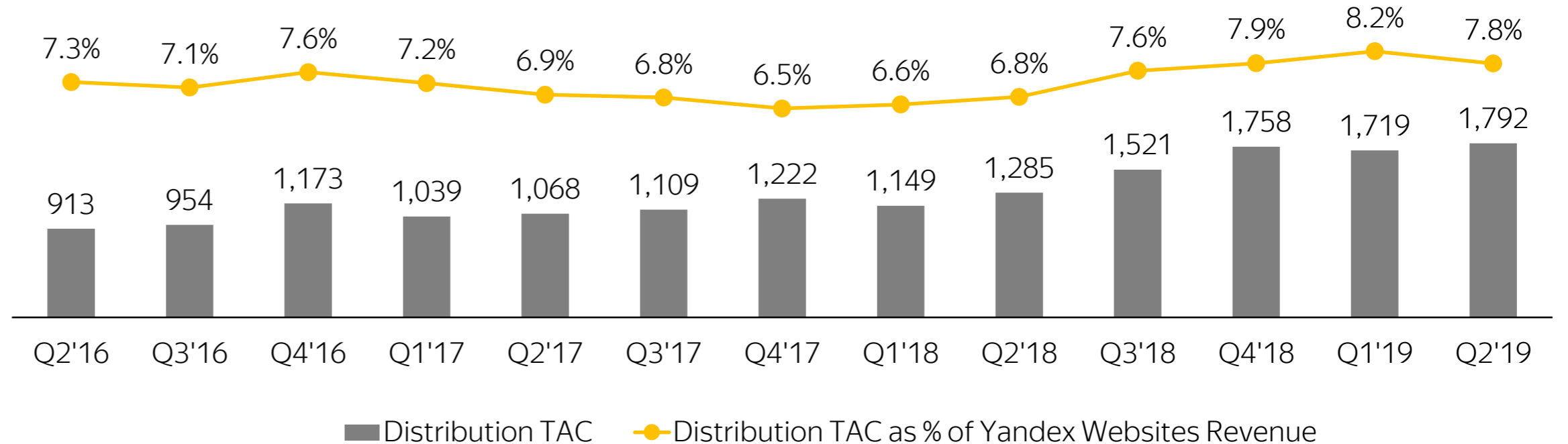
* In Q3'18 Paid clicks, excluding paid clicks on Yandex.Market, grew 22% year-over-year; CPC, excluding clicks of Yandex.Market, grew 2% year-over-year
 ** In Q4'18 Paid clicks, excluding paid clicks on Yandex.Market, grew 20% year-over-year; CPC, excluding clicks of Yandex.Market, grew 4% year-over-year
 *** In Q1'19 Paid clicks, excluding paid clicks on Yandex.Market, grew 20% year-over-year; CPC, excluding clicks of Yandex.Market, grew 4% year-over-year
 **** In Q2'19 Paid clicks, excluding paid clicks on Yandex.Market, grew 20% year-over-year; CPC, excluding clicks of Yandex.Market, grew 1% year-over-year

Traffic Acquisition Costs

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



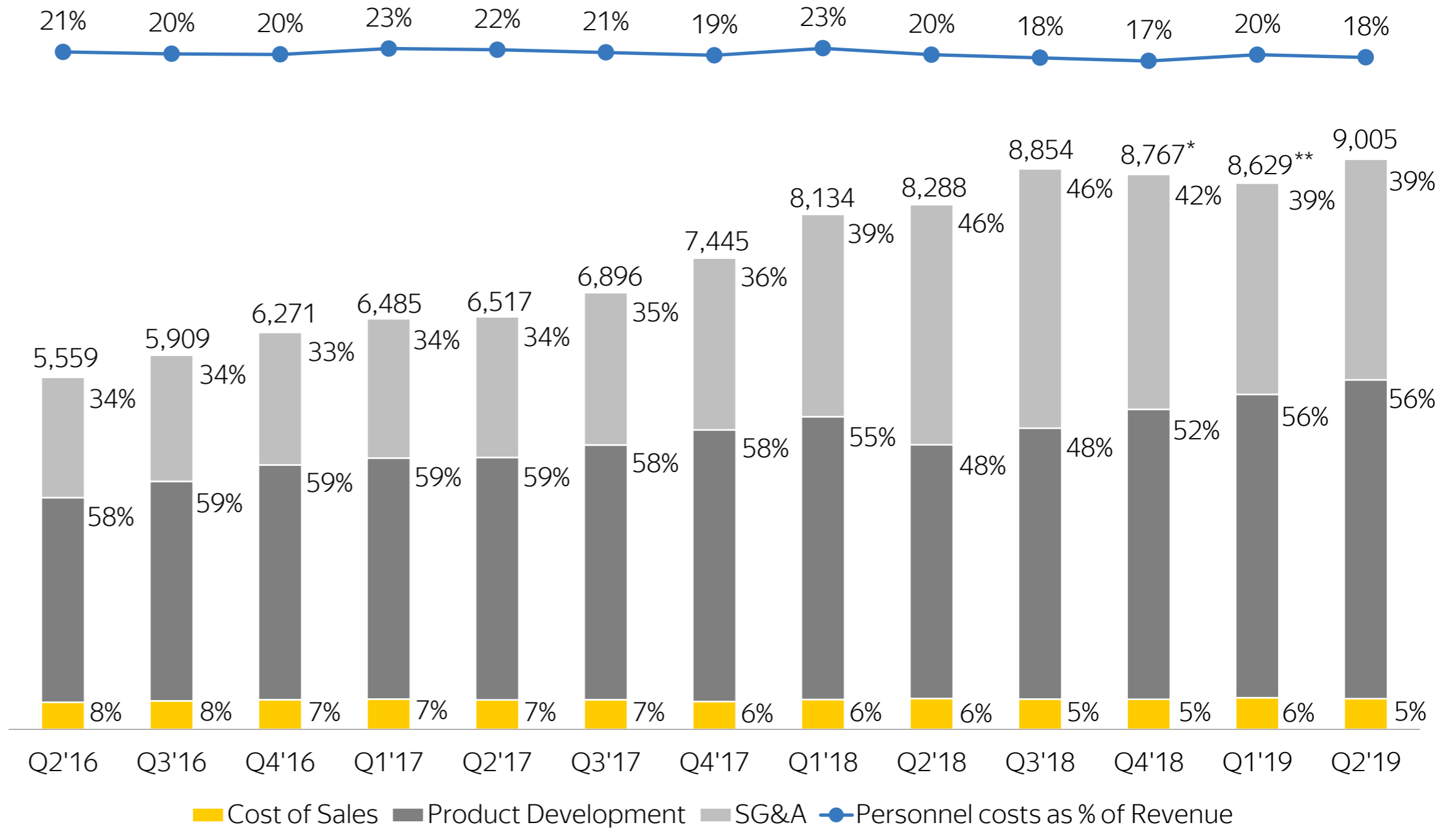
Distribution TAC as % of Yandex Websites Online Ad Revenue, MM RUB, %



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



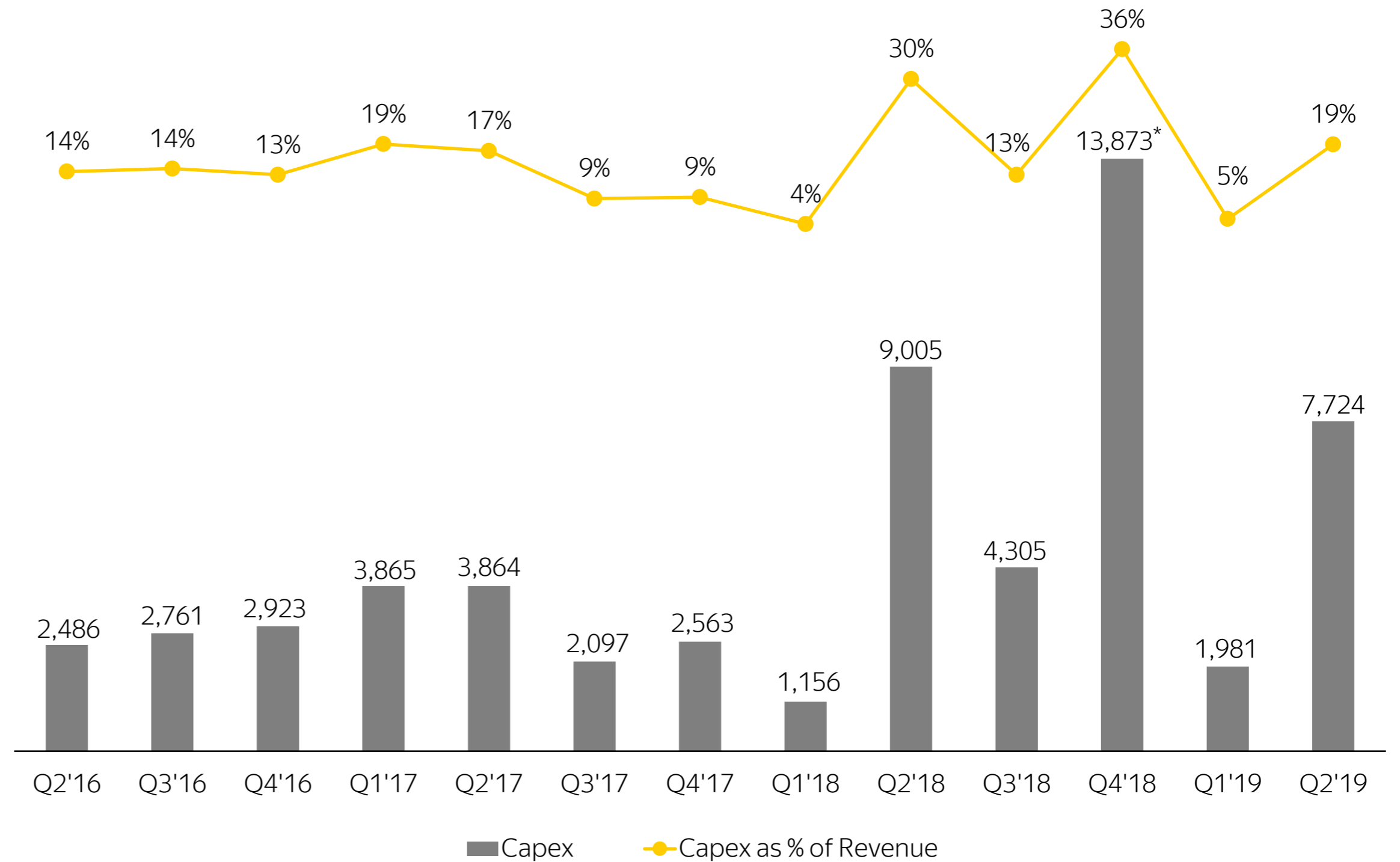
¹ As of the end of the period

² Items may not total 100% due to rounding

* In Q4'18 our headcount was down 1% compared to September 30, 2018. This decrease was mainly due to headcount reclassification, which we implemented to ensure consistency in internal reporting.

** In Q1'19 our headcount was down 2% compared to December 31, 2018. This decrease was mainly due to headcount reclassification, which we continued to implement to ensure consistency in internal reporting.

Capex



* In Q4 2018 capital expenditures were RUB 13.9 billion, which included one-time effect of the acquisition cost of the property site for our new Moscow headquarters, which amounted to RUB 9.7 billion (around \$145 million, based on the exchange rate as of transaction date) exclusive of 18% VAT.

Costs, MM RUB

| Revenues, MM RUB | Q1'17 | Q2'17 | Q3'17 | Q4'17 | Q1'18 | Q2'18 | Q3'18 | Q4'18 | Q1'19 | Q2'19 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cost of Sales (COS) | | | | | | | | | | |
| TAC | 3,935 | 4,216 | 4,405 | 4,789 | 4,317 | 4,724 | 5,293 | 6,164 | 5,342 | 5,594 |
| COS ex-SBC, ex-TAC | 1,375 | 1,472 | 1,607 | 1,975 | 2,359 | 3,493 | 3,724 | 5,639 | 6,175 | 6,919 |
| SBC related to COS | 42 | 64 | 36 | 36 | 36 | 43 | 47 | 54 | 68 | 64 |
| Total Cost of Sales | 5,352 | 5,752 | 6,048 | 6,800 | 6,712 | 8,260 | 9,064 | 11,857 | 11,585 | 12,577 |
| <i>Total COS as % of Revenue</i> | <i>26%</i> | <i>26%</i> | <i>26%</i> | <i>24%</i> | <i>25%</i> | <i>28%</i> | <i>28%</i> | <i>31%</i> | <i>31%</i> | <i>30%</i> |
| Product Development (PD) | | | | | | | | | | |
| PD ex-SBC | 3,975 | 3,971 | 4,043 | 4,400 | 4,657 | 4,328 | 4,395 | 4,749 | 5,274 | 5,416 |
| SBC related to PD | 576 | 542 | 548 | 811 | 1,146 | 1,058 | 1,139 | 1,107 | 1,432 | 1,579 |
| Total PD | 4,551 | 4,513 | 4,591 | 5,211 | 5,803 | 5,386 | 5,534 | 5,856 | 6,706 | 6,995 |
| <i>PD as % of Revenue</i> | <i>22%</i> | <i>20%</i> | <i>20%</i> | <i>19%</i> | <i>22%</i> | <i>18%</i> | <i>17%</i> | <i>15%</i> | <i>18%</i> | <i>17%</i> |
| SG&A | | | | | | | | | | |
| SG&A expense ex-SBC | 4,625 | 5,727 | 7,768 | 7,497 | 7,558 | 8,378 | 8,365 | 9,983 | 9,732 | 10,378 |
| SBC related to SG&A | 340 | 359 | 292 | 547 | 451 | 460 | 530 | 481 | 619 | 704 |
| Total SG&A | 4,965 | 6,086 | 8,060 | 8,044 | 8,009 | 8,838 | 8,895 | 10,464 | 10,351 | 11,082 |
| <i>SG&A as % of Revenue</i> | <i>24%</i> | <i>28%</i> | <i>34%</i> | <i>29%</i> | <i>30%</i> | <i>30%</i> | <i>27%</i> | <i>27%</i> | <i>28%</i> | <i>27%</i> |
| Depreciation & Amortization (D&A) | 2,463 | 2,823 | 2,930 | 3,023 | 2,890 | 2,926 | 3,118 | 3,203 | 3,257 | 3,756 |
| <i>D&A as % of Revenue</i> | <i>12%</i> | <i>13%</i> | <i>13%</i> | <i>11%</i> | <i>11%</i> | <i>10%</i> | <i>10%</i> | <i>8%</i> | <i>9%</i> | <i>9%</i> |
| Total Costs | 17,331 | 19,174 | 21,629 | 23,078 | 23,414 | 25,410 | 26,611 | 31,380 | 31,899 | 34,410 |
| <i>Total Costs as % of Revenue</i> | <i>84%</i> | <i>87%</i> | <i>92%</i> | <i>83%</i> | <i>88%</i> | <i>86%</i> | <i>82%</i> | <i>81%</i> | <i>86%</i> | <i>83%</i> |

* Items may not total 100% due to rounding

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

Financial Summary by Segment Structure Adopted in Q1 2019

| Revenues, MM RUB | Q1'17 | Q2'17 | Q3'17 | Q4'17 | FY '17 | Q1'18 | Q2'18 | Q3'18 | Q4'18 | FY '18 | Q1'19 | Q2'19 |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| Search & Portal | 18,284 | 19,815 | 20,742 | 23,559 | 82,400 | 21,569 | 23,965 | 25,816 | 29,671 | 101,021 | 27,109 | 29,090 |
| E-commerce | 1,295 | 1,168 | 1,060 | 1,445 | 4,968 | 1,255 | 442 | - | - | 1,697 | - | - |
| Taxi | 778 | 772 | 1,150 | 2,191 | 4,891 | 3,116 | 4,064 | 5,109 | 6,924 | 19,213 | 7,639 | 8,810 |
| Classifieds | 367 | 456 | 548 | 688 | 2,059 | 706 | 915 | 988 | 1,108 | 3,717 | 1,106 | 1,302 |
| Media Services | 244 | 251 | 290 | 402 | 1,187 | 421 | 395 | 414 | 679 | 1,909 | 734 | 876 |
| Other Bets and Experiments | 327 | 348 | 446 | 723 | 1,844 | 779 | 1,130 | 1,480 | 2,236 | 5,625 | 2,478 | 3,420 |
| Eliminations | (643) | (706) | (798) | (1,148) | (3,295) | (1,273) | (1,239) | (1,237) | (1,776) | (5,525) | (1,782) | (2,101) |
| Total Revenues | 20,652 | 22,104 | 23,438 | 27,860 | 94,054 | 26,573 | 29,672 | 32,570 | 38,842 | 127,657 | 37,284 | 41,397 |

| Adj. EBITDA, MM RUB* | Q1'17 | Q2'17 | Q3'17 | Q4'17 | FY '17 | Q1'18 | Q2'18 | Q3'18 | Q4'18 | FY '18 | Q1'19 | Q2'19 |
|----------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Search & Portal | 8,154 | 9,330 | 9,196 | 10,987 | 37,667 | 10,554 | 11,661 | 12,593 | 13,424 | 48,232 | 12,847 | 13,747 |
| E-commerce | 560 | 445 | 223 | 370 | 1,598 | (162) | (101) | - | - | (263) | - | - |
| Taxi | (1,245) | (1,966) | (3,168) | (1,584) | (7,963) | (1,712) | (1,882) | (711) | (129) | (4,434) | (116) | 423 |
| Classifieds | 3 | (20) | 44 | 70 | 97 | (287) | 44 | 78 | (18) | (183) | (328) | 265 |
| Media Services | (150) | (106) | (104) | (84) | (444) | (97) | (260) | (238) | (215) | (810) | (440) | (438) |
| Other Bets and Experiments | (523) | (554) | (554) | (527) | (2,158) | (623) | (733) | (962) | (792) | (3,110) | (1,239) | (947) |
| Eliminations | 21 | 17 | 20 | 26 | 84 | 31 | 27 | 41 | 44 | 143 | 44 | 47 |
| Total Adj.EBITDA | 6,820 | 7,146 | 5,657 | 9,258 | 28,881 | 7,704 | 8,756 | 10,801 | 12,314 | 39,575 | 10,768 | 13,097 |

In Q1 2019 we introduced the following changes to our segments structure:

- Search and Portal segment offers a broad range of services in Russia, Belarus, Kazakhstan, Uzbekistan and Turkey, other than those described below. Since Q1 2019 our Search and Portal segment also includes Yandex.Health , previously reported in Other Bets and Experiments;
- E-commerce segment includes Yandex.Market 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), Food Delivery business (including Yandex.EATs, UberEATs and Yandex.Chef, a meal kit subscription service) and Self-Driving Cars division;
- Classifieds segment includes Auto.ru, Yandex.Realty and Yandex.Jobs;
- Media Services segment includes KinoPoisk, Yandex.Music, Yandex.Afisha, Yandex.TV program, our production center Yandex.Studio and our subscription service Yandex.Plus;
- Other Bets and Experiments segment includes Zen, Yandex.Cloud, Yandex.Drive, Geolocation Services and Yandex.Education. Geolocation Services and Yandex.Education previously were a part of our Search and Portal segment.
- Eliminations in our revenues represent the elimination of transactions between the reportable segments, primarily related to advertising. Eliminations related to our adjusted EBITDA mainly reflect reallocation of a portion of Search and Portal D&A expenses related to leasehold improvements to office rent expenses of our business unites..

*Due to adoption of ASU 842 "Leases" since the beginning of 2019, we recognized certain impact on Q2 2018 financial measures, including our Adj EBITDA and Adj EBITDA margin of Search and Portal results, this is in contrast to Q1 2018, when the impact was insignificant. As a result of restatement the Adj EBITDA margin of Search and Portal in Q2 2018 was 48.7%, down 30 bps compared to Q2 2018 before the restatement in the new segment structure, adopted in Q1 2019. Accordingly, our consolidated Adj EBITDA margin became 29.5%, also down 30 bps.