

Yandex

# Company Presentation

May 2017

# Forward Looking Statement Disclaimer

This presentation contains forward-looking statements that involve risks and uncertainties. These include statements regarding the anticipated development of the internet search and the online advertising markets, the planned growth of our business, our anticipated revenues and capital.

Actual results may differ materially from the results predicted or implied by such statements, and our reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted or implied by such statements include, among others, competitive pressures, our ability to attract and retain users, advertisers and partners, changes in advertising patterns, changes in internet usage patterns, changes in the legal and regulatory environment, technological developments and our need to expend capital to accommodate the growth of the business, as well as those risks and uncertainties included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 20-F dated March 22, 2017, which is on file with the Securities and Exchange Commission and is available on our investor relations website.

All information provided in this presentation is as of May 5, 2017, and Yandex expressly disclaims any duty to update this information unless required by law.

# Yandex is a Market Leader in Russia

## 01 Search Leader

55.2% search market share in Russia<sup>1</sup>

## 02 Leading Online Ad Platform

20% of the total Russian ad market<sup>2</sup>

## 03 Business Diversification

Search and Portal  
Taxi  
E-commerce  
Classifieds

## 04 Largest Internet Business

\$1,252 MM Revenues<sup>3</sup> in 2016 (+27% YoY in RUB)

\$431 MM Adjusted EBITDA<sup>3</sup> in 2016 (+25% YoY in RUB)

<sup>1</sup> Source: Liveinternet.ru, March 2017

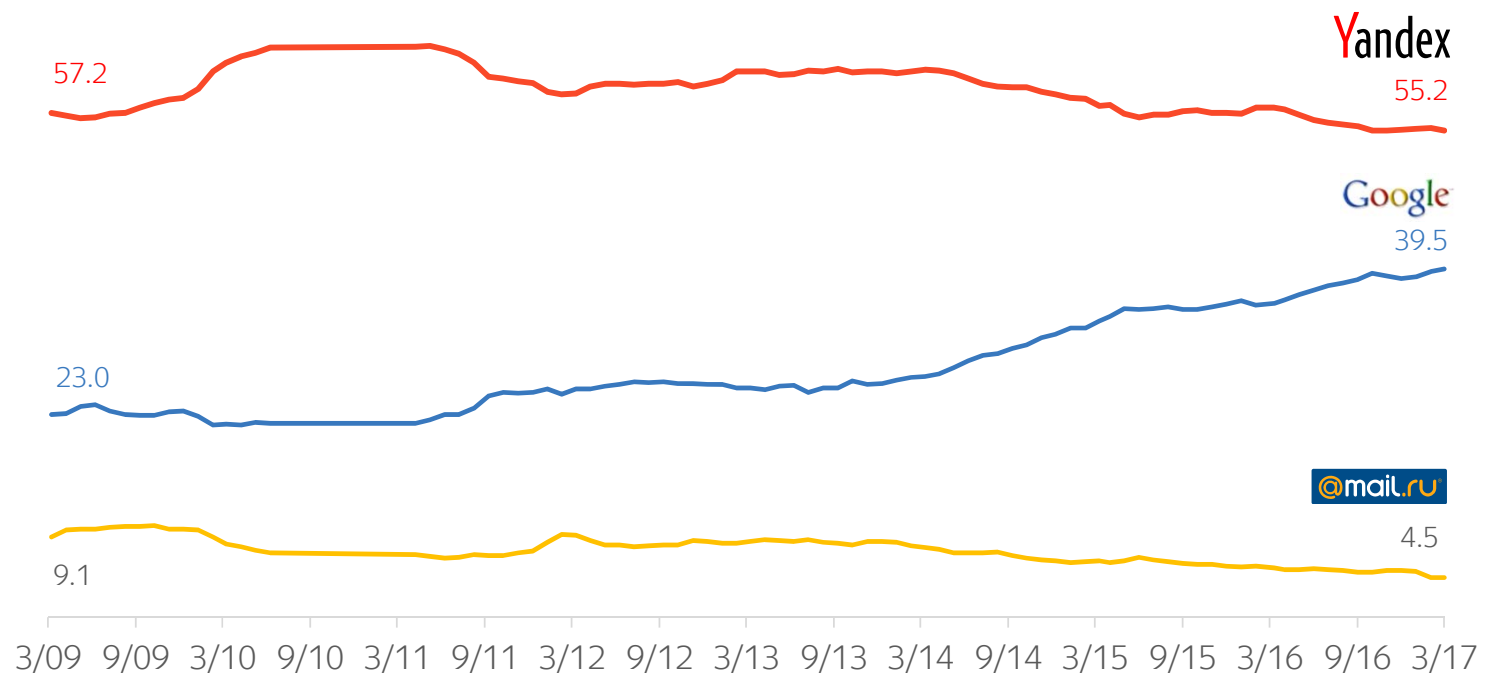
<sup>2</sup> Based on AKAR estimates of the Russian advertising market for the FY2016 ([http://www.akarussia.ru/knowledge/market\\_size/id7363](http://www.akarussia.ru/knowledge/market_size/id7363)), adjusted for commissions

<sup>3</sup> Company information for FY2016, using exchange rate of RUB 60.6569 to \$1.00 as of December 31, 2016

Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of this non-GAAP financial measure to the most directly comparable US GAAP measure, see slides 21-24

# Yandex is the Consistent Search Leader in Russia

- › In Q1 2017 search share across different platforms was approximately<sup>1</sup>:
  - 65% on desktop
  - 38% on Android
  - 41% on iOS
- › Yandex Browser continues to strengthen its position on the desktop as well as on mobile<sup>1</sup>:
  - Share on desktop ~23%
  - Overall share, including mobile, ~19%

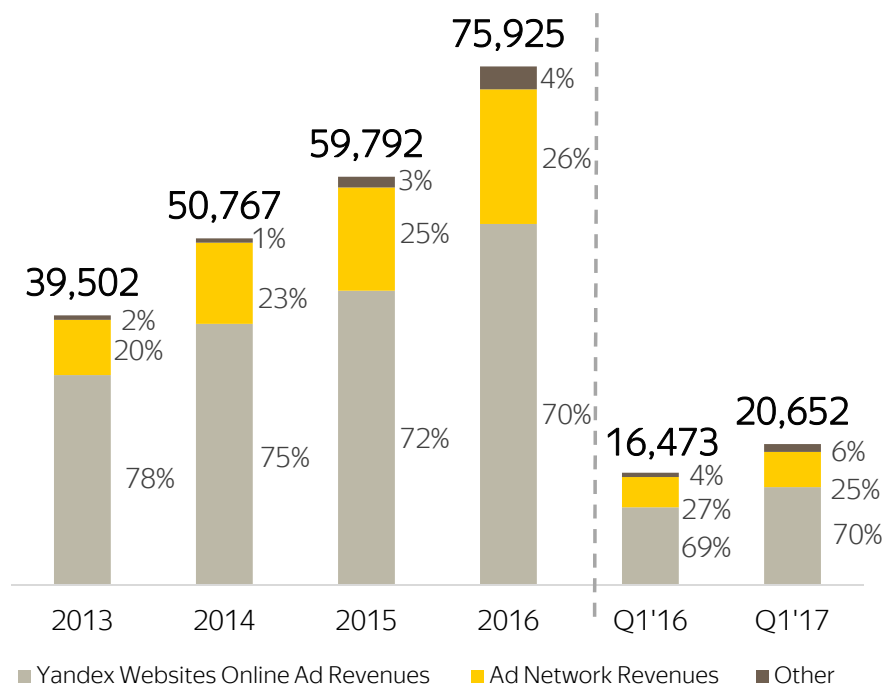


Source: Liveinternet.ru through March, 2017; includes desktop and mobile

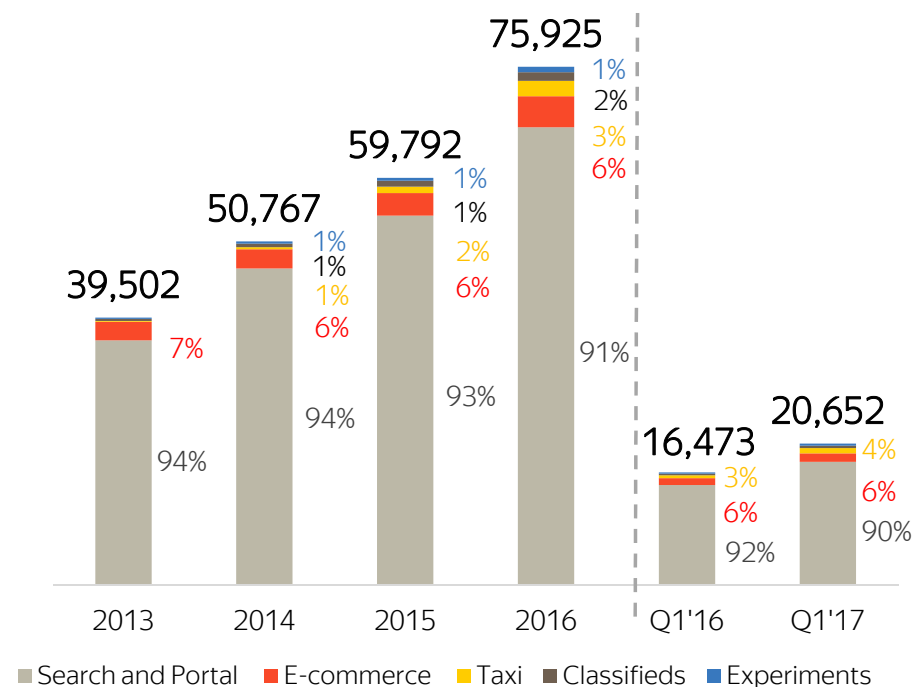
<sup>1</sup> Based on company estimates, as provided on the Q1 2017 earnings call and Yandex.Metrika data

# Yandex Revenues and Contribution by Source

Consolidated Revenue<sup>1</sup> Breakdown, MM RUB, %



Revenue Breakdown by Segments<sup>2</sup>, MM RUB, %



<sup>1</sup> Revenues are recognized net of VAT, discounts and commissions, but gross of TAC

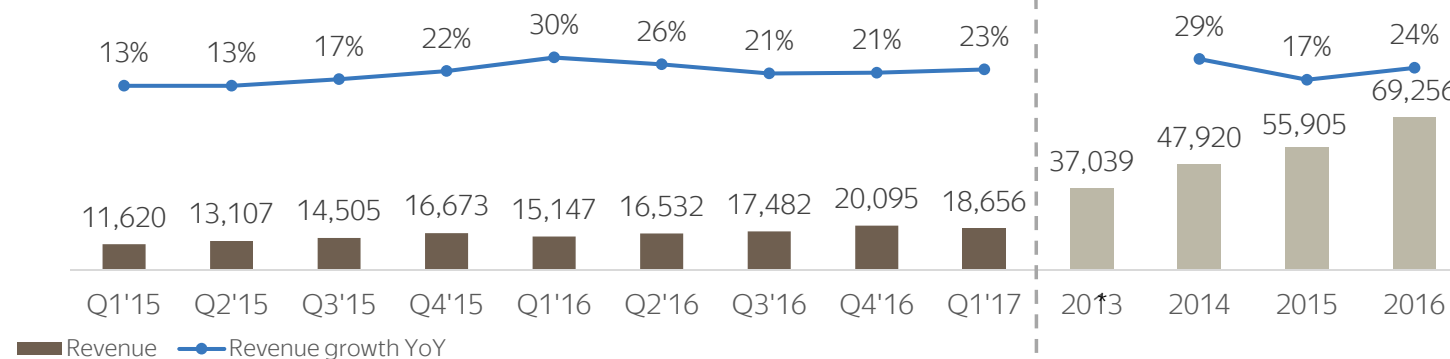
<sup>2</sup> Segments sum to more than 100% due to intersegment transactions, primarily related to advertising, which are eliminated in the consolidation

# Segment Results

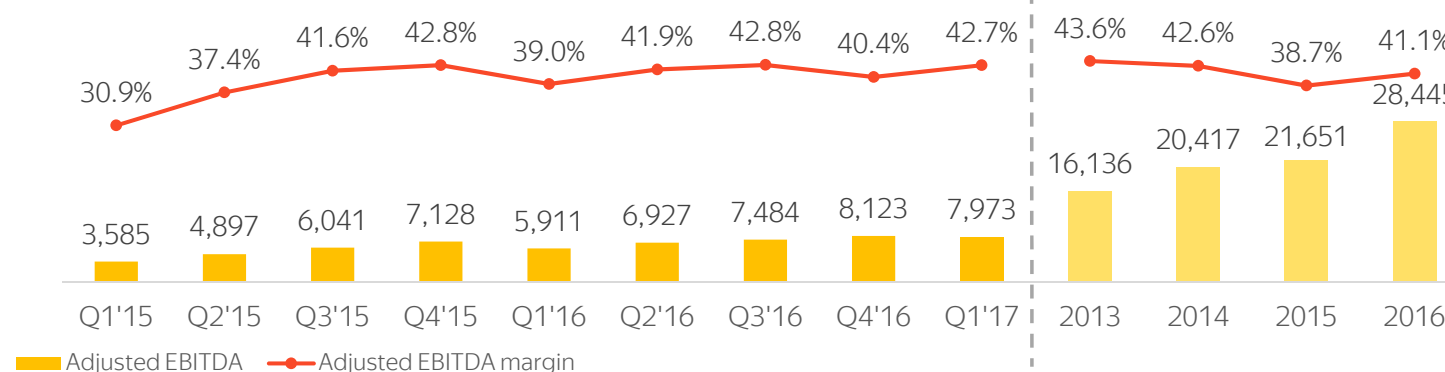
# Search and Portal

- › Search and Portal includes all services offered in Russia, Ukraine, Belarus and Kazakhstan, other than those included in E-commerce, Taxi, Classifieds and Experiments
- › Revenues grew 23% YoY in Q1'17
- › Adjusted EBITDA margin was 42.7% in Q1'17

Revenue, MM RUB, YoY Growth, %



Adjusted EBITDA, MM RUB, and Adjusted EBITDA Margin, %

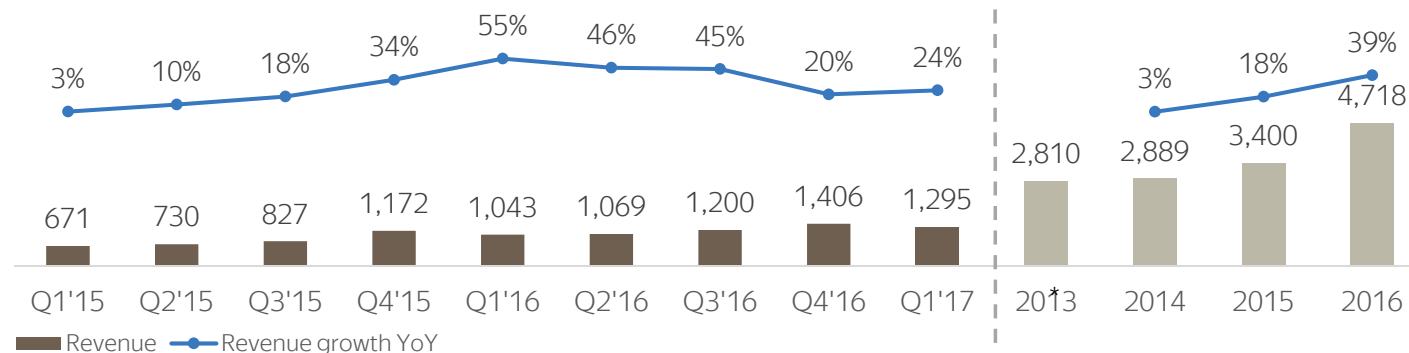


\* We do not show YoY growth rates of BUs in 2013, as we had not yet formed segments in 2012  
Items may not total due to rounding

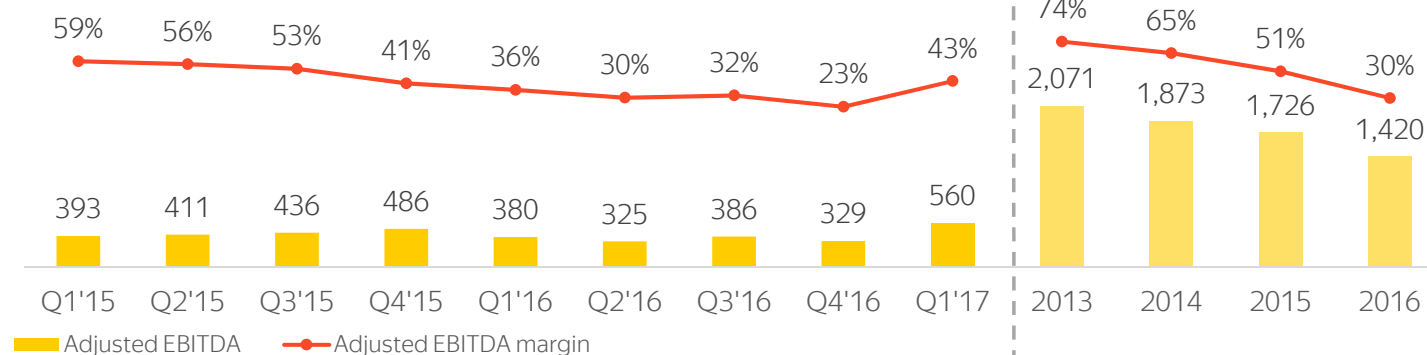
# E-commerce

- › Our E-commerce segment includes Yandex.Market service
- › Yandex.Market provides access to 100+ mln offers from 20,000+ online retailers
- › Revenues grew 24% YoY in Q1'17
- › Adjusted EBITDA margin was 43% in Q1'17

Revenue, MM RUB, YoY Growth, %



Adjusted EBITDA, MM RUB, and Adjusted EBITDA Margin, %



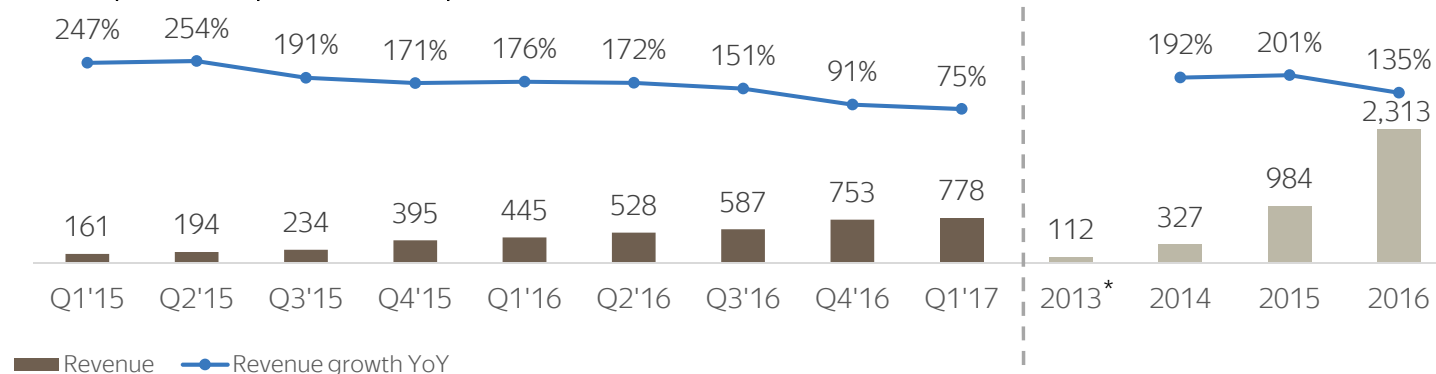
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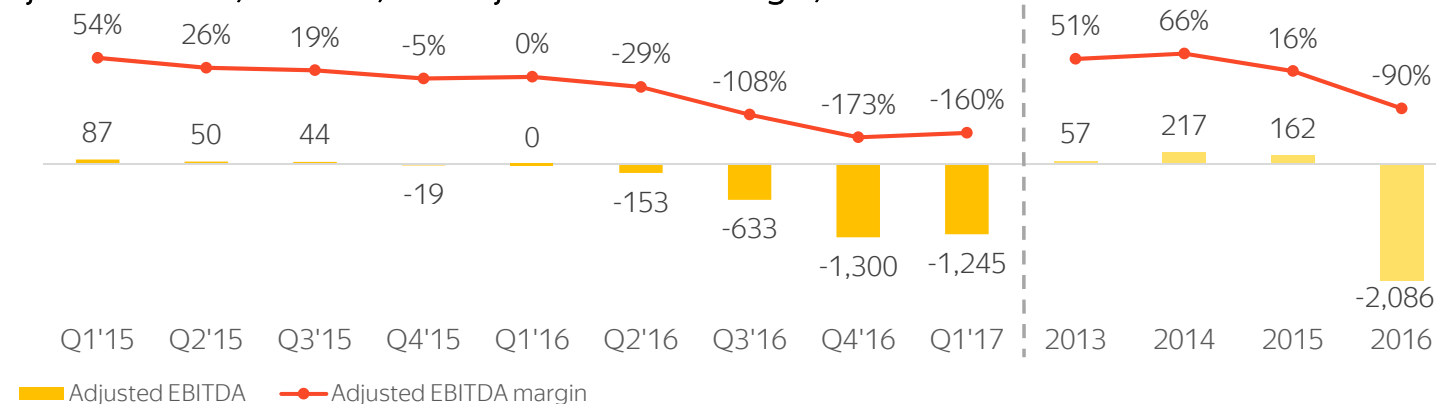
# Taxi

- › Yandex.Taxi is the leading online transportation service in Russia
- › Available in 69 cities with 100K+ population across 6 countries
- › Number of rides grew 484% YoY in Q1'17
- › Revenues grew 75% YoY in Q1'17
- › Adjusted EBITDA was -1.2 BN RUB in Q1'17 as we continued to invest in this segment

Revenue, MM RUB, YoY Growth, %



Adjusted EBITDA, MM RUB, and Adjusted EBITDA Margin, %



<sup>1</sup> Revenues are presented in accordance with US GAAP, whereby in cities where we have implemented commissions, minimum fare guarantees and discounts are netted against revenues

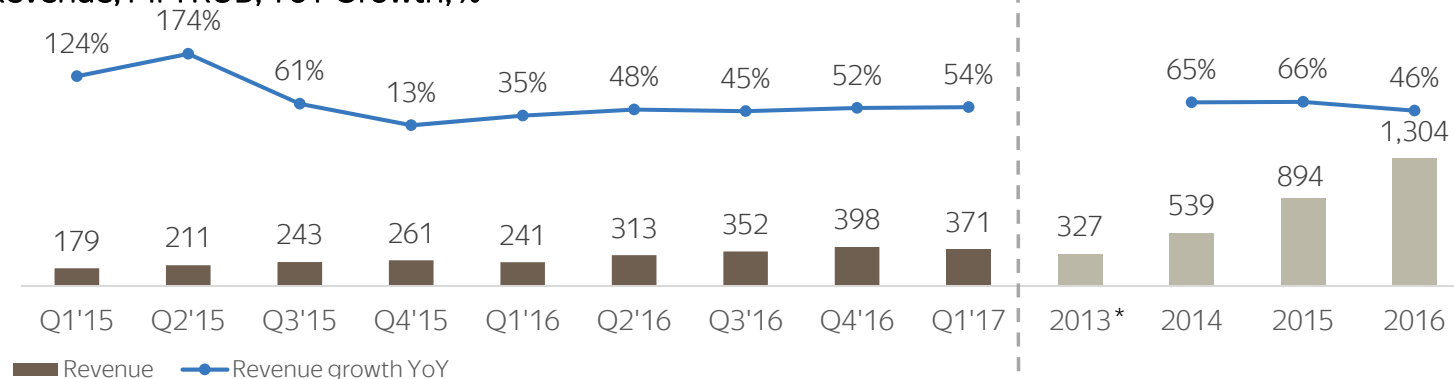
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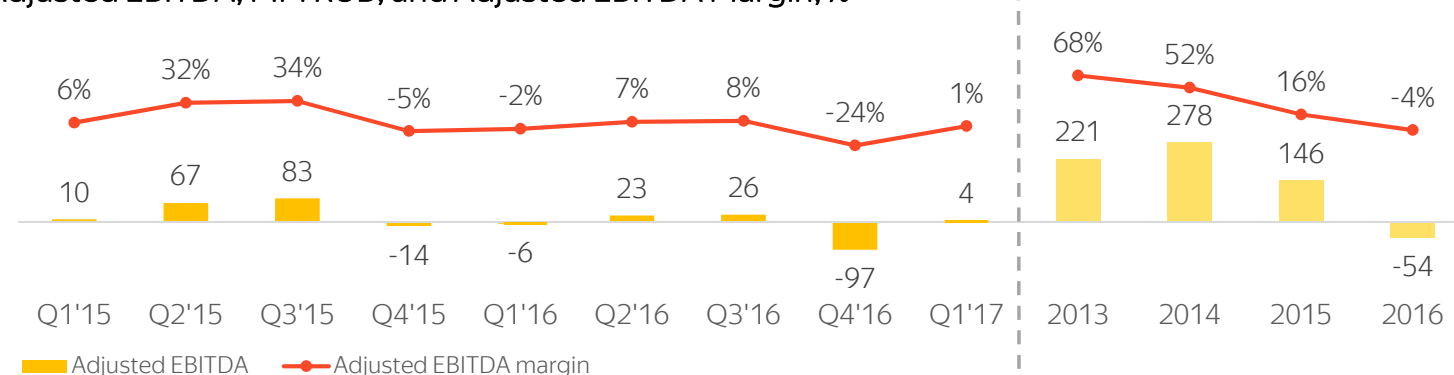
# Classifieds

- › Our Classifieds segment includes:
  - Auto.ru
  - Yandex.Realty
  - Yandex.Jobs
  - Yandex.Travel
- › Revenues grew 54% YoY in Q1'17
- › Adjusted EBITDA margin was 1% in Q1'17

Revenue, MM RUB, YoY Growth, %



Adjusted EBITDA, MM RUB, and Adjusted EBITDA Margin, %

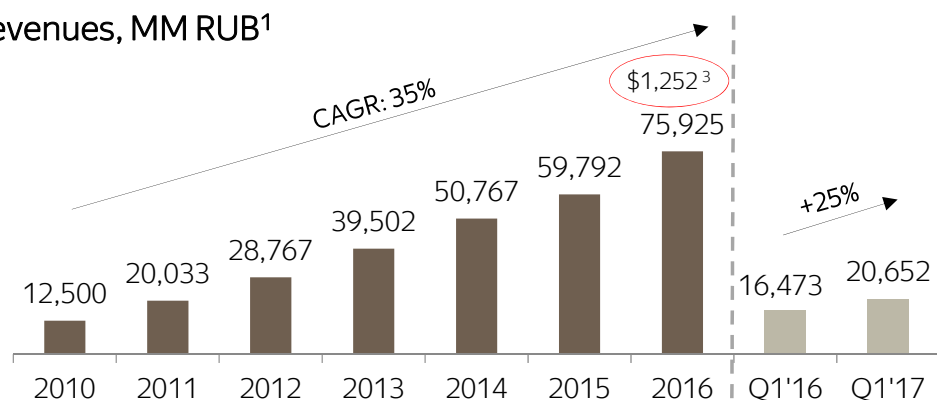


\* We do not show YoY growth rates of BUs in 2013, as we had not yet formed segments in 2012  
Items may not total due to rounding

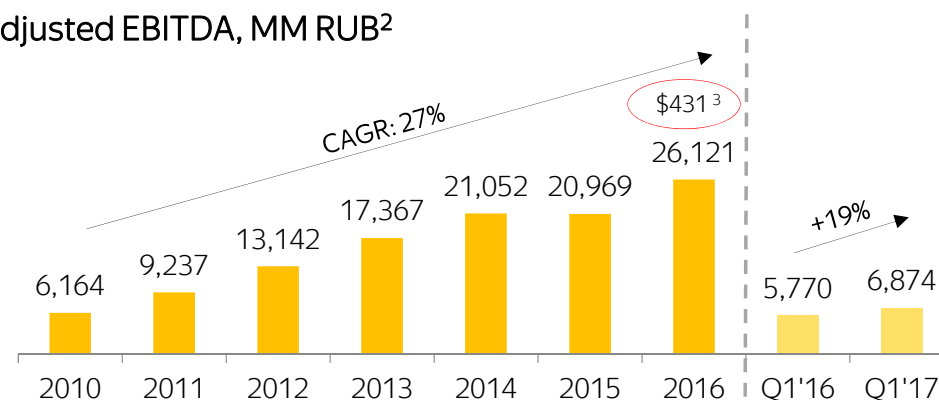
# Consolidated Financials

# Financial Summary

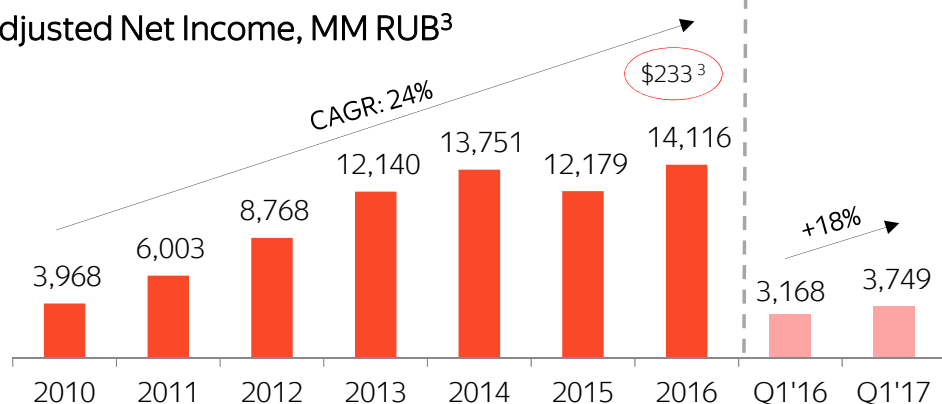
Revenues, MM RUB<sup>1</sup>



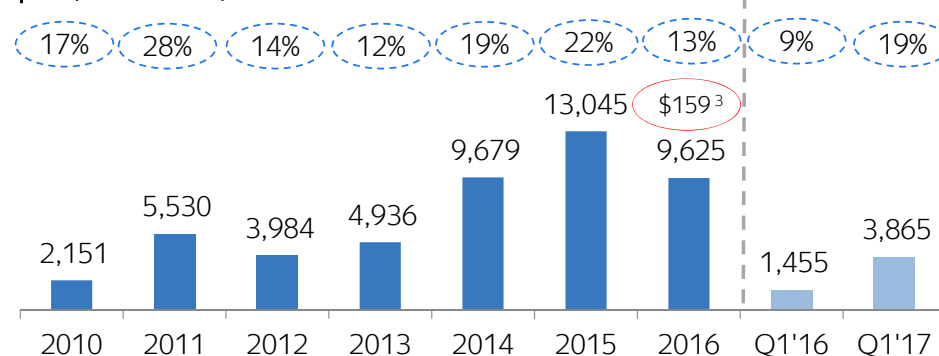
Adjusted EBITDA, MM RUB<sup>2</sup>



Adjusted Net Income, MM RUB<sup>3</sup>



Capex, MM RUB, as % of Revenues



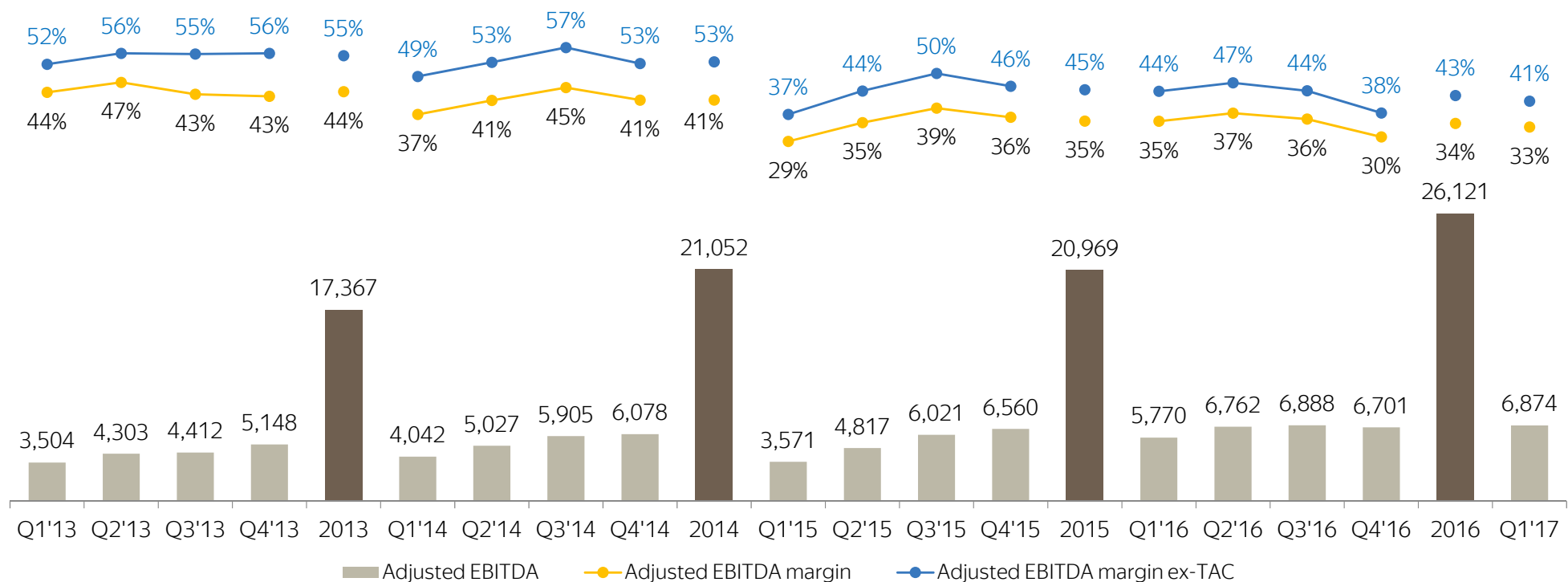
<sup>1</sup> Revenues are recognized net of VAT, discounts and commissions, but gross of TAC

<sup>2</sup> Adjusted EBITDA, Adjusted Net Income, Adjusted EBITDA margin and Adjusted Net Income margin are non-GAAP financial measures. For Reconciliations see slides 21-24

<sup>3</sup> Translated using an exchange rate of RUB60.6569 to \$1.00 as of Dec 31, 2016. \$ figures, shown in charts, expressed in millions

# Consolidated Adjusted EBITDA<sup>1</sup>

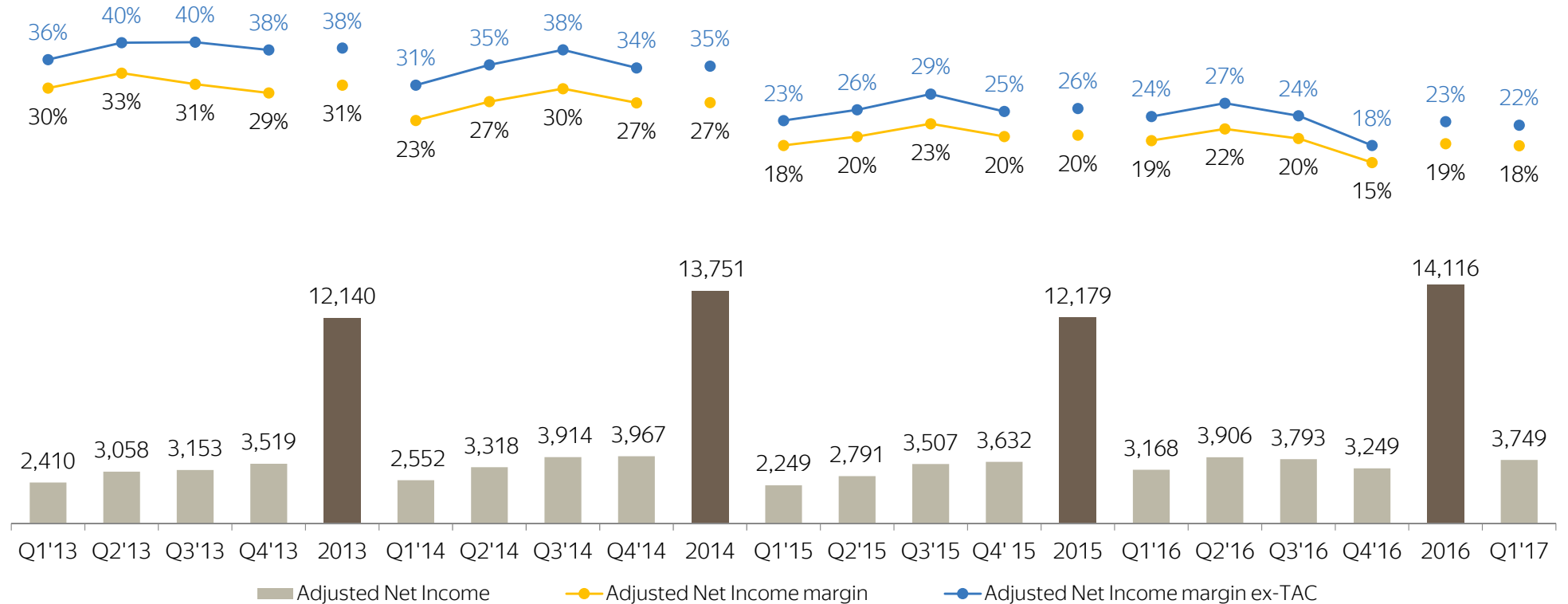
Adjusted EBITDA, MM RUB, and Margin, %



<sup>1</sup> Adjusted EBITDA, Adjusted EBITDA margin and Adjusted EBITDA margin ex-TAC are non-GAAP financial measures. For a reconciliation of these non-GAAP financial measures to their most directly comparable US GAAP measures, see slides 21-24

# Consolidated Adjusted Net Income<sup>1</sup>

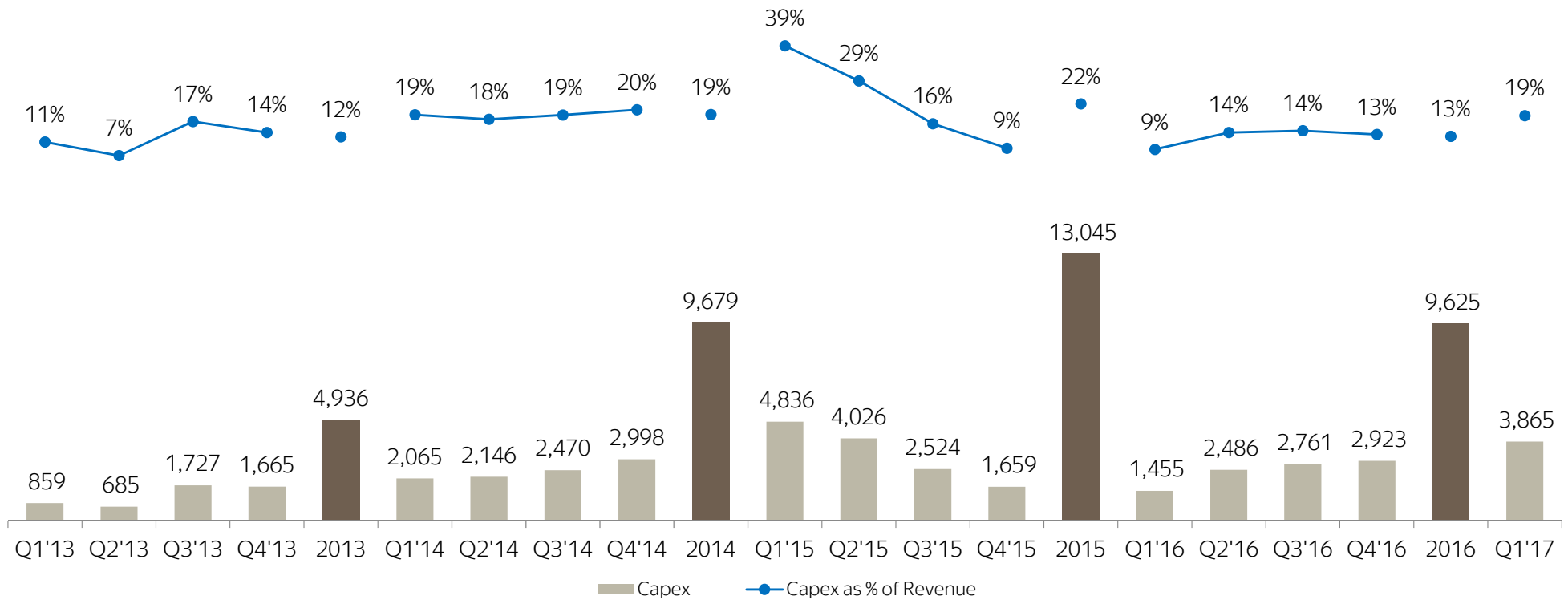
Adjusted Net Income, MM RUB, and Margin, %



<sup>1</sup> Adjusted Net Income, Adjusted Net Income margin and Adjusted Net Income margin ex-TAC are non-GAAP financial measures. For a reconciliation of these non-GAAP financial measures to their most directly comparable US GAAP measures, see slides 21-24

# Capex<sup>1</sup>

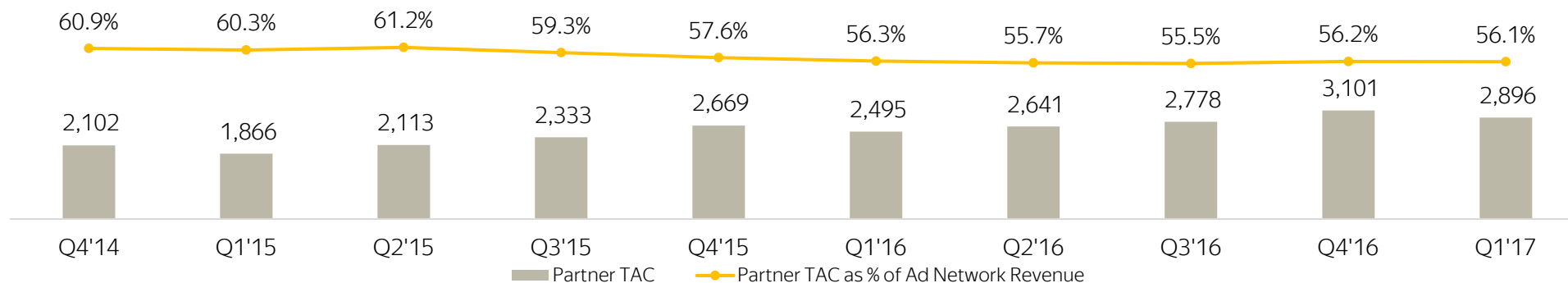
Capex, MM RUB, and Capex/Revenue Ratio, %



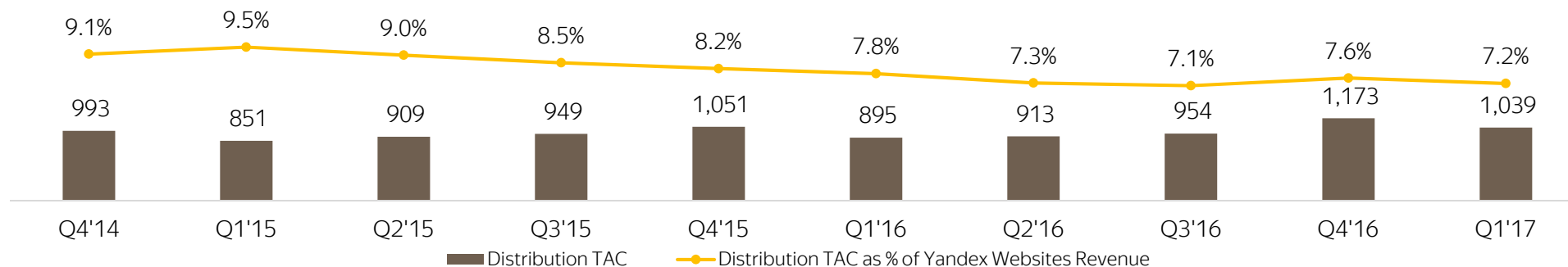
<sup>1</sup> Historical figures have been restated to exclude Yandex.Money capex for all periods. Capex as % of Revenue excludes Yandex.Money from numerator and denominator

# Traffic Acquisition Costs

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



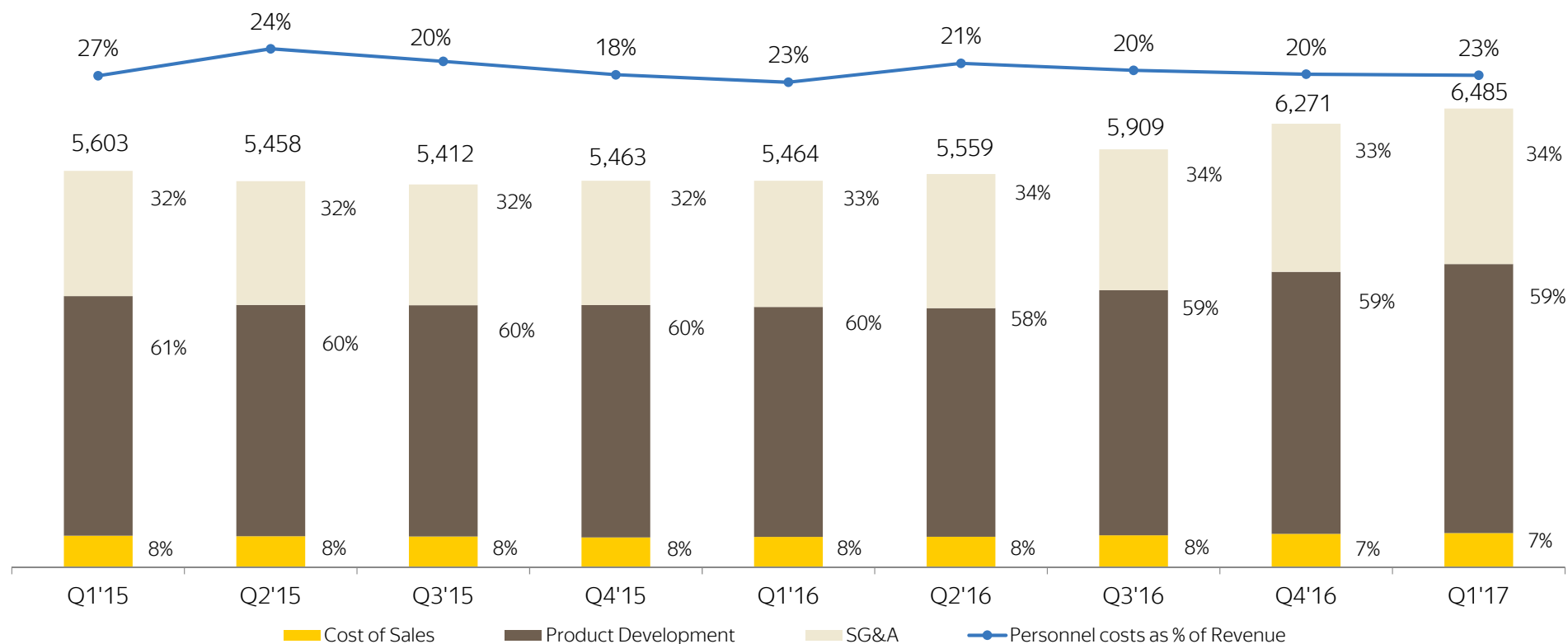
Distribution TAC as % of Yandex Websites Online Ad Revenue, MM RUB, %





# Headcount Evolution - Breakdown by GAAP Cost Category

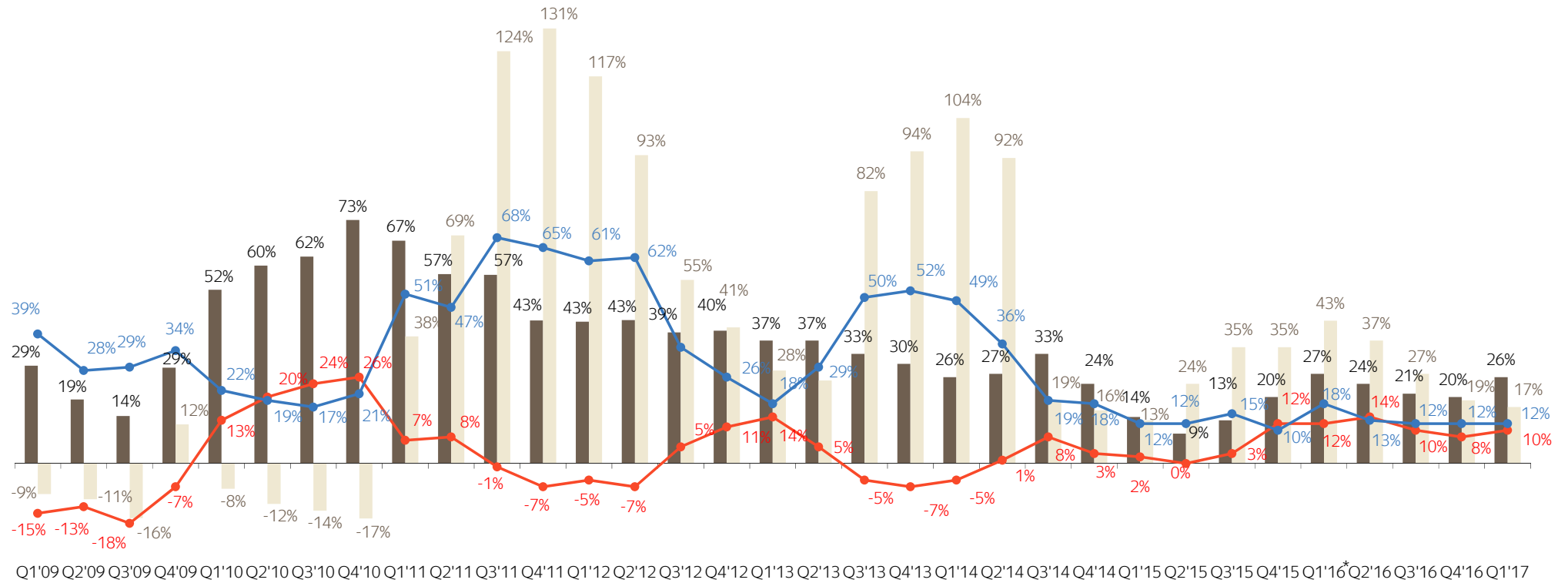
Headcount<sup>1</sup> by GAAP Cost Category<sup>2</sup>



<sup>1</sup> As of the end of the period

<sup>2</sup> Items may not total 100% due to rounding

# Operational Metrics – Growth in Paid Clicks and CPC



Yandex Websites Revenue Y/Y Growth
  Ad Network Revenue Y/Y Growth
  Clicks Y/Y Growth
  CPC Y/Y Growth

\*Starting from Q1 2016 we are no longer providing a breakdown of our online ad revenues into text-based and display revenues. Therefore, Q1'16 revenue growth for this respective period represents growth rate of our online advertising revenues from Yandex websites, which include our text-based and display revenues, derived from Yandex Websites, and growth rate of online advertising revenues from our Ad Network, which include our text-based and display revenues, derived from Yandex Advertising Network. Data for periods prior to Q1'16, is consistent with what was presented previously and provides growth rates of text-based revenues from Yandex Websites and growth rates of text-based revenues from Ad Network

# Ownership Structure

- › The total number of shares issued and outstanding of March 31, 2017 was 323,638,684, including:
- 278,701,949 Class A shares
  - 44,936,734 Class B shares
  - One Priority share
  - Excluding 6,418,070 Class A shares held in treasury as a result of Yandex’s share repurchase program

Shareholders	Economic Ownership as of Mar 31, 2017*
<b>Principal pre-IPO Shareholders, Directors, Officers and Employees</b>	<b>16.8%</b>
Arkady Volozh (CEO)	10.6%
Other Directors, Officers & Employees	6.1%
<b>Other pre-IPO Shareholders</b>	<b>2.0%</b>
<b>Public Investors</b>	<b>81.2%</b>
<b>Total</b>	<b>100%</b>

\* Items may not total due to rounding

# Supplementary Materials

# Reconciliation of Non-GAAP Financial Measures<sup>1</sup>

## Reconciliation of Ex-TAC Revenues to US GAAP Revenues

*In RUR millions*

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	2010	2011	2012	2013	2014	2015	2016
Total revenues	7,999	9,199	10,218	12,086	10,885	12,158	13,057	14,667	12,339	13,920	15,439	18,094	16,473	18,040	19,293	22,119	20,652	12,500	20,033	28,767	39,502	50,767	59,792	75,925
Less: traffic acquisition costs (TAC)	1,305	1,465	2,252	2,828	2,568	2,651	2,762	3,095	2,717	3,022	3,282	3,720	3,390	3,554	3,732	4,274	3,935	1,573	2,998	4,780	7,850	11,076	12,741	14,950
Ex-TAC revenues	6,694	7,734	7,966	9,258	8,317	9,507	10,295	11,572	9,622	10,898	12,157	14,374	13,083	14,486	15,561	17,845	16,717	10,927	17,035	23,987	31,652	39,691	47,051	60,975

## Reconciliation of Adjusted EBITDA to US GAAP Net Income

*In RUR millions*

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	2010	2011	2012	2013	2014	2015	2016
Net income	2,246	2,915	4,967	3,346	2,680	2,396	4,372	7,572	2,127	423	4,278	2,851	1,069	2,058	2,443	1,213	819	3,817	5,773	8,223	13,474	17,020	9,679	6,783
Add: depreciation and amortization	879	912	914	990	1,069	1,114	1,095	1,206	1,490	1,874	2,152	2,275	2,394	2,316	2,489	2,408	2,463	1,181	1,874	2,951	3,695	4,484	7,791	9,607
Add: share-based compensation expense	151	151	229	223	255	275	304	376	560	594	671	893	891	881	785	865	958	160	329	376	754	1,210	2,718	3,422
Add: compensation expense related to contingent consideration	21	22	24	14	-	7	10	18	35	153	15	88	45	48	61	91	78	-	-	361	81	35	291	245
Add: goodwill impairment	-	-	-	-	-	-	-	-	-	-	-	576	-	-	-	-	-	-	-	-	-	-	576	-
Less: interest income, net	(368)	(452)	(483)	(414)	(172)	(203)	(224)	(257)	(484)	(356)	(415)	(489)	(523)	(437)	(351)	(344)	(481)	(156)	(222)	(1,002)	(1,717)	(856)	(1,744)	(1,655)
Less: other income/loss, net	(26)	(17)	(2,022)	(94)	(668)	617	(1,077)	(5,175)	(833)	1,787	(2,076)	(1,137)	1,181	842	218	1,154	2,255	(24)	(62)	(118)	(2,159)	(6,296)	(2,259)	3,395
Add: provision for income taxes	601	772	783	1,083	878	821	1,418	2,338	676	342	1,396	1,503	713	1,054	1,243	1,314	782	1,186	1,545	2,351	3,239	5,455	3,917	4,324
Adjusted EBITDA	3,504	4,303	4,412	5,148	4,042	5,027	5,905	6,078	3,571	4,817	6,021	6,560	5,770	6,762	6,888	6,701	6,874	6,164	9,237	13,142	17,367	21,052	20,969	26,121

<sup>1</sup> Figures may not add due to rounding

# Reconciliation of Non-GAAP Financial Measures (continued)<sup>1</sup>

Reconciliation of Adjusted Net Income to US GAAP Net Income																								
<i>In RUR millions</i>																								
	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	2010	2011	2012	2013	2014	2015	2016
Net income	2,246	2,915	4,967	3,346	2,680	2,396	4,372	7,572	2,127	423	4,278	2,851	1,069	2,058	2,443	1,213	819	3,817	5,773	8,223	13,474	17,020	9,679	6,783
Add: SBC expense	151	151	229	223	255	275	304	376	560	594	671	893	891	881	785	865	958	160	329	376	754	1,210	2,718	3,422
Less: reduction in income tax attributable to SBC expense	(2)	(2)	(2)	(3)	(5)	(5)	(5)	(5)	(9)	(11)	(10)	(11)	(14)	(10)	(12)	-	(12)	-	(13)	(4)	(9)	(20)	(41)	(36)
Add: compensation expense related to contingent consideration	21	22	24	14	-	7	10	18	35	153	15	88	45	48	61	91	78	-	-	361	81	35	291	245
Less: foreign exchange (gain)/loss	(7)	(35)	2	(99)	(647)	625	(1,824)	(4,707)	(716)	1,869	(1,947)	(1,109)	1,281	958	432	1,163	2,205	(11)	(101)	57	(139)	(6,553)	(1,903)	3,834
Add: increase/(reduction) in income tax attributable to foreign exchange (gain)/loss	1	7	-	20	129	(125)	383	937	127	(374)	386	216	(260)	(198)	(83)	(234)	(431)	2	15	(11)	28	1,324	355	(775)
Add: impairment of investment in equity securities	-	-	-	-	-	-	700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	700	-	-
Less: reduction in income tax attributable to impairment of investment in equity securities	-	-	-	-	-	-	(175)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(175)	-	-
Less: gain from sale and deconsolidation of equity investments	-	-	(2,067)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(234)	(2,067)	-	-	-
Add: goodwill impairment	-	-	-	-	-	-	-	-	-	-	-	576	-	-	-	-	-	-	-	-	-	-	576	-
Less: gain from repurchases of convertible debt	-	-	-	-	-	-	-	(548)	(110)	(40)	(93)	(67)	(53)	-	-	-	3	-	-	-	-	(548)	(310)	(53)
Add: increases in income tax attributable to gain from repurchases of convertible debt	-	-	-	-	-	-	-	137	27	11	23	16	13	-	-	-	(1)	-	-	-	-	137	77	13
Add: amortization of debt discount	-	-	-	24	183	190	195	243	273	218	241	235	262	225	223	201	173	-	-	-	24	811	967	911
Less: reduction in income tax attributable to amortization of debt discount	-	-	-	(6)	(43)	(45)	(46)	(56)	(65)	(52)	(57)	(56)	(66)	(56)	(56)	(50)	(43)	-	-	-	(6)	(190)	(230)	(228)
Adjusted net income	2,410	3,058	3,153	3,519	2,552	3,318	3,914	3,967	2,249	2,791	3,507	3,632	3,168	3,906	3,793	3,249	3,749	3,968	6,003	8,768	12,140	13,751	12,179	14,116

<sup>1</sup> Figures may not add due to rounding

# Reconciliation of Non-GAAP Financial Measures (continued)<sup>1</sup>

## Reconciliation of Adjusted EBITDA Margin and Adjusted Ex-TAC EBITDA Margin to US GAAP Net Income Margin

In RUR millions

	US GAAP Actual Net Income	Net Income Margin (1)	Adjustment (2)	Adjusted EBITDA	Adjusted EBITDA Margin (3)	Adjusted Ex-TAC EBITDA Margin (4)
Three months ended March 31, 2013	2,246	28.1%	1,258	3,504	43.8%	52.3%
Three months ended June 30, 2013	2,915	31.7%	1,388	4,303	46.8%	55.6%
Three months ended September 30, 2013	4,967	48.6%	(555)	4,412	43.2%	55.4%
Three months ended December 31, 2013	3,346	27.7%	1,802	5,148	42.6%	55.6%
Three months ended March 31, 2014	2,680	24.6%	1,362	4,042	37.1%	48.6%
Three months ended June 30, 2014	2,396	19.7%	2,631	5,027	41.3%	52.9%
Three months ended September 30, 2014	4,372	33.5%	1,533	5,905	45.2%	57.4%
Three months ended December 31, 2014	7,572	51.6%	(1,494)	6,078	41.4%	52.5%
Three months ended March 31, 2015	2,127	17.2%	1,444	3,571	28.9%	37.1%
Three months ended June 30, 2015	423	3.0%	4,394	4,817	34.6%	44.2%
Three months ended September 30, 2015	4,278	27.7%	1,743	6,021	39.0%	49.5%
Three months ended December 31, 2015	2,851	15.8%	3,709	6,560	36.3%	45.6%
Three months ended March 31, 2016	1,069	6.5%	4,701	5,770	35.0%	44.1%
Three months ended June 30, 2016	2,058	11.4%	4,704	6,762	37.5%	46.7%
Three months ended September 30, 2016	2,443	12.7%	4,445	6,888	35.7%	44.3%
Three months ended December 31, 2016	1,213	5.5%	5,488	6,701	30.3%	37.6%
Three months ended March 31, 2017	819	4.0%	6,055	6,874	33.3%	41.1%
Twelve months ended December 31, 2010	3,817	30.5%	2,347	6,164	49.3%	56.4%
Twelve months ended December 31, 2011	5,773	28.8%	3,464	9,237	46.1%	54.2%
Twelve months ended December 31, 2012	8,223	28.6%	4,919	13,142	45.7%	54.8%
Twelve months ended December 31, 2013	13,474	34.1%	3,893	17,367	44.0%	54.9%
Twelve months ended December 31, 2014	17,020	33.5%	4,032	21,052	41.5%	53.0%
Twelve months ended December 31, 2015	9,679	16.2%	11,290	20,969	35.1%	44.6%
Twelve months ended December 31, 2016	6,783	8.9%	19,338	26,121	34.4%	42.8%

(1) Net income margin is defined as net income divided by total revenues.

(2) Adjusted to eliminate depreciation and amortization expense, SBC expense, expense related to contingent compensation, interest income, interest expense, other loss, net, and provision for income taxes.

For a reconciliation of adjusted EBITDA to net income, please see the table above.

(3) Adjusted EBITDA margin is defined as adjusted EBITDA divided by total revenues.

(4) Adjusted ex-TAC EBITDA margin is defined as adjusted EBITDA divided by ex-TAC revenues. For a reconciliation of ex-TAC revenues to GAAP revenues, please see the table above.

<sup>1</sup> Figures may not add due to rounding

# Reconciliation of Non-GAAP Financial Measures (continued)<sup>1</sup>

## Reconciliation of Adjusted Net Income Margin and Adjusted Ex-TAC Net Income Margin to US GAAP Net Income Margin

In RUR millions

	US GAAP Actual Net Income	Net Income Margin (1)	Adjustment (2)	Adjusted Net Income	Adjusted Net Income Margin (3)	Adjusted Ex-TAC Net Income Margin (4)
Three months ended March 31, 2013	2,246	28.1%	164	2,410	30.1%	36.0%
Three months ended June 30, 2013	2,915	31.7%	143	3,058	33.2%	39.5%
Three months ended September 30, 2013	4,967	48.6%	(1,814)	3,153	30.9%	39.6%
Three months ended December 31, 2013	3,346	27.7%	173	3,519	29.1%	38.0%
Three months ended March 31, 2014	2,680	24.6%	(128)	2,552	23.4%	30.7%
Three months ended June 30, 2014	2,396	19.7%	922	3,318	27.3%	34.9%
Three months ended September 30, 2014	4,372	33.5%	(458)	3,914	30.0%	38.0%
Three months ended December 31, 2014	7,572	51.6%	(3,605)	3,967	27.0%	34.3%
Three months ended March 31, 2015	2,127	17.2%	122	2,249	18.2%	23.4%
Three months ended June 30, 2015	423	3.0%	2,368	2,791	20.1%	25.6%
Three months ended September 30, 2015	4,278	27.7%	(771)	3,507	22.7%	28.8%
Three months ended December 31, 2015	2,851	15.8%	781	3,632	20.1%	25.3%
Three months ended March 31, 2016	1,069	6.5%	2,099	3,168	19.2%	24.2%
Three months ended June 30, 2016	2,058	11.4%	1,848	3,906	21.7%	27.0%
Three months ended September 30, 2016	2,443	12.7%	1,350	3,793	19.7%	24.4%
Three months ended December 31, 2016	1,213	5.5%	2,036	3,249	14.7%	18.2%
Three months ended March 31, 2017	819	4.0%	2,930	3,749	18.2%	22.4%
Twelve months ended December 31, 2010	3,817	30.5%	151	3,968	31.7%	36.3%
Twelve months ended December 31, 2011	5,773	28.8%	230	6,003	30.0%	35.2%
Twelve months ended December 31, 2012	8,223	28.6%	545	8,768	30.5%	36.6%
Twelve months ended December 31, 2013	13,474	34.1%	(1,334)	12,140	30.7%	38.4%
Twelve months ended December 31, 2014	17,020	33.5%	(3,269)	13,751	27.1%	34.6%
Twelve months ended December 31, 2015	9,679	16.2%	2,500	12,179	20.4%	25.9%
Twelve months ended December 31, 2016	6,783	8.9%	7,333	14,116	18.6%	23.2%

(1) Net income margin is defined as net income divided by total revenues.

(2) Adjusted to eliminate SBC expense (as adjusted for the income tax reduction attributable to SBC expense), expense related to contingent compensation, foreign exchange gains and losses (as adjusted for the increase in income tax attributable to the gains and losses), gain from repurchases of convertible debt (as adjusted for the increase in income tax attributable to gains/losses) and amortization of debt discount (as adjusted for the reduction in income tax attributable to the expense). For a reconciliation of adjusted net income to net income, please see the table above.

(3) Adjusted net income margin is defined as adjusted net income divided by total revenues.

(4) Adjusted ex-TAC net income margin is defined as adjusted net income divided by ex-TAC revenues. For a reconciliation of ex-TAC revenues to US GAAP revenues, please see the table above.

<sup>1</sup> Figures may not add due to rounding





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