

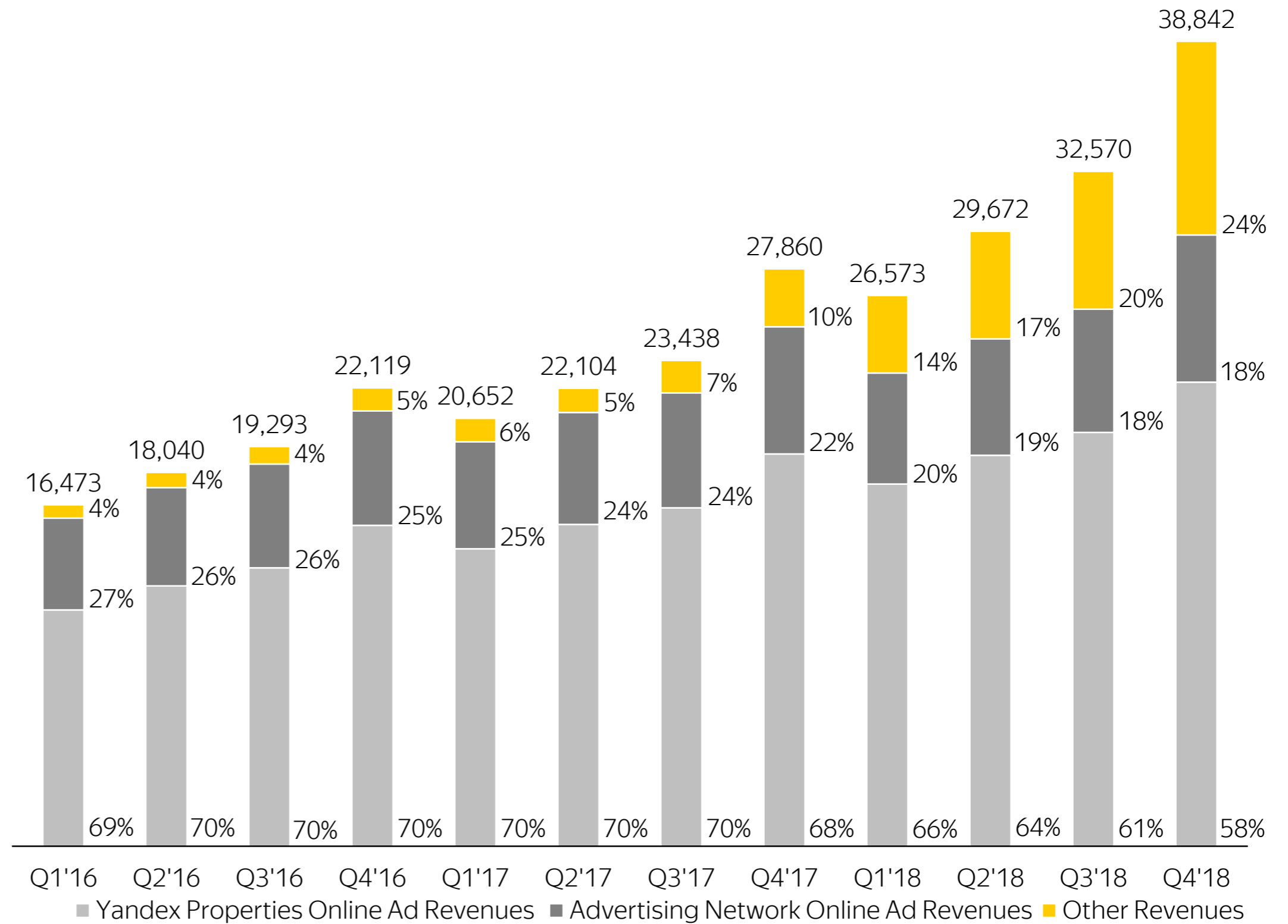
Яндекс

Quarterly Supplementary Materials

February 15th, 2019

Revenue Structure

Yandex Revenue Breakdown¹, MM RUB, %

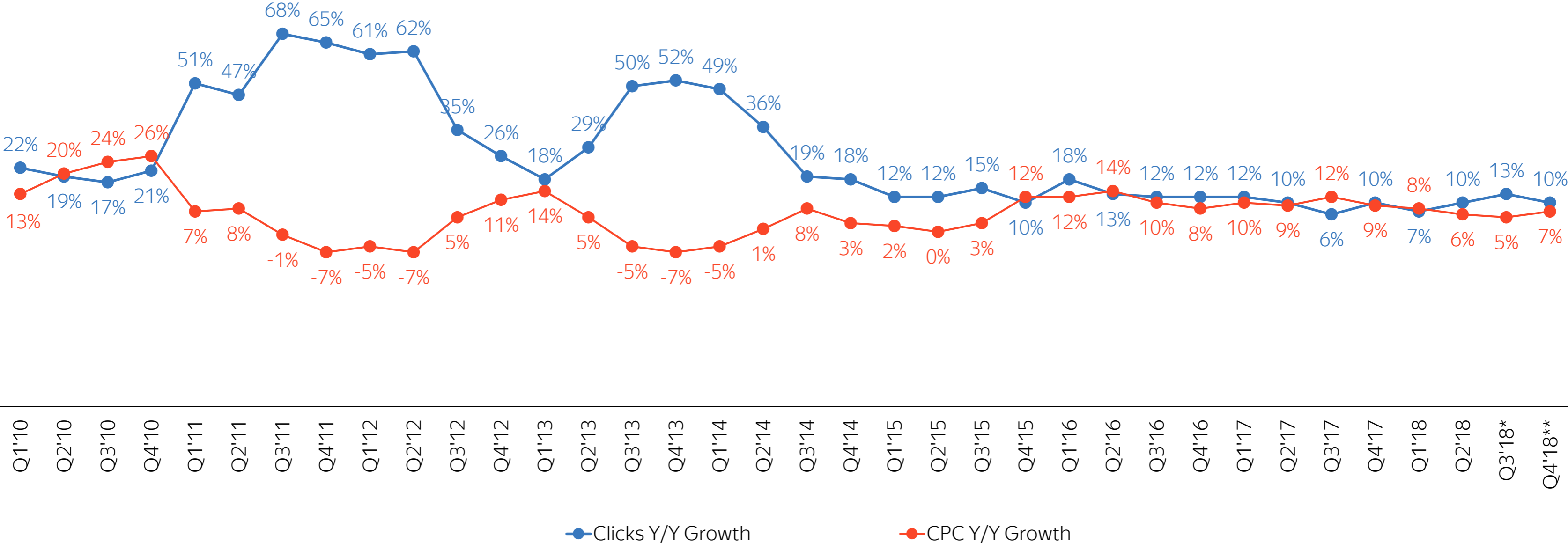


¹ As online advertising formats continue to converge, starting from Q1 2016 we are no longer providing a breakdown of our online ad revenues into text-based and display revenues. However, we continue to separately present online advertising revenues from Yandex properties and revenues from our Ad Network.

Items may not total 100% due to rounding

Operational Metrics

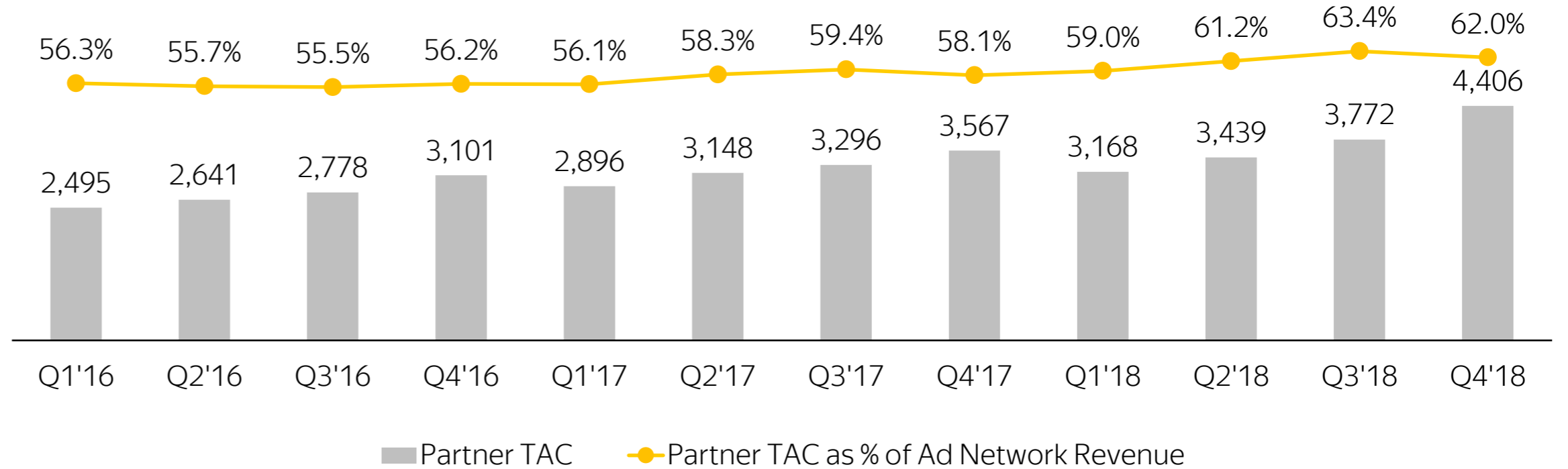
Growth In Paid Clicks and CPC, %



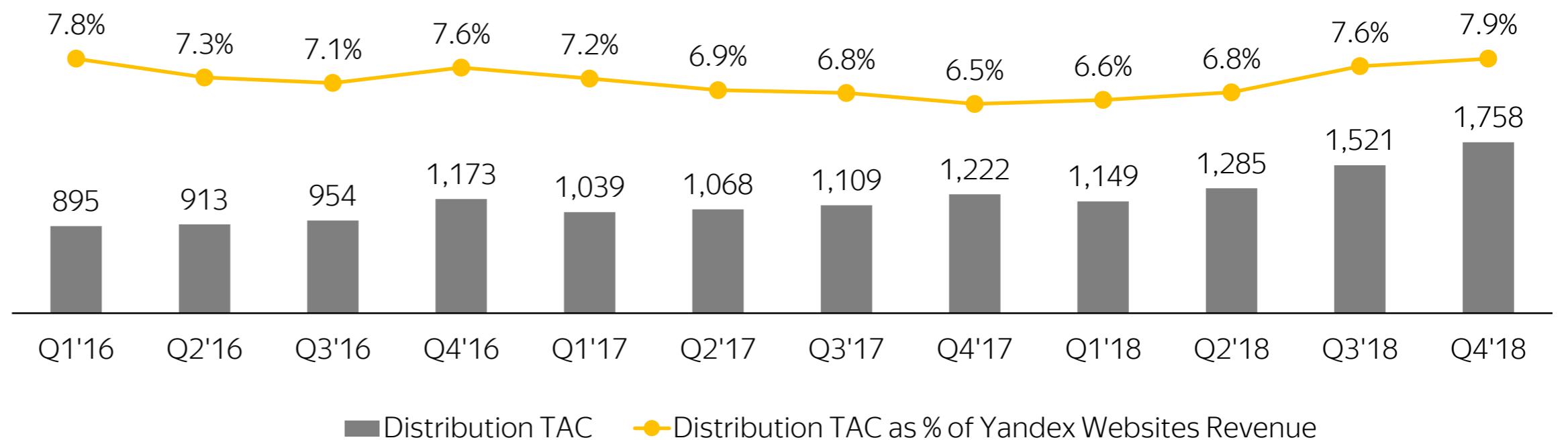
* In Q3'18 Paid clicks, excluding paid clicks on Yandex.Market, grew 22% year-over-year; CPC, excluding clicks of Yandex.Market, grew 2% year-over-year
 ** In Q4'18 Paid clicks, excluding paid clicks on Yandex.Market, grew 20% year-over-year; CPC, excluding clicks of Yandex.Market, grew 4% year-over-year

Traffic Acquisition Costs

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



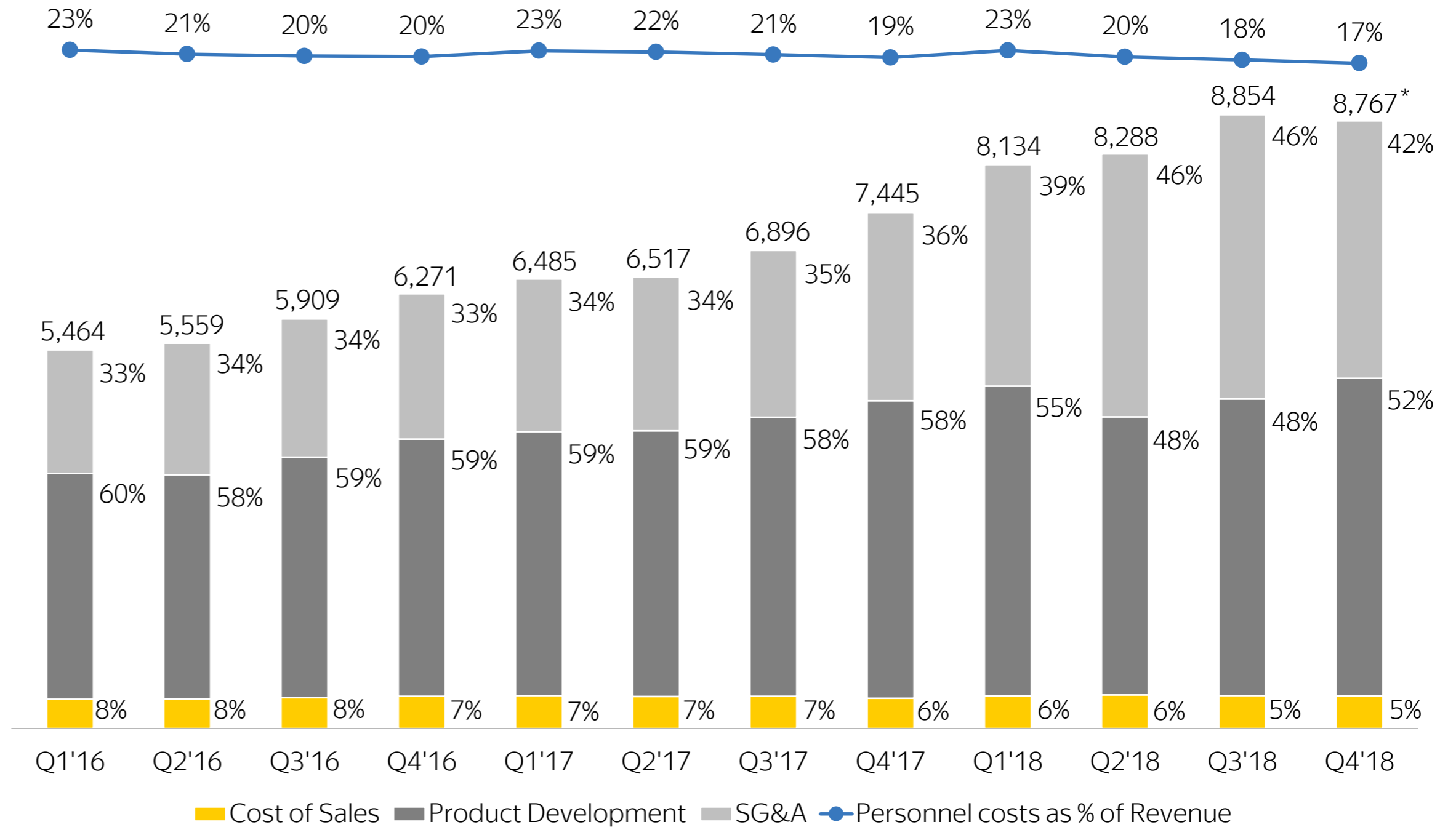
Distribution TAC as % of Yandex Websites Online Ad Revenue, MM RUB, %



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

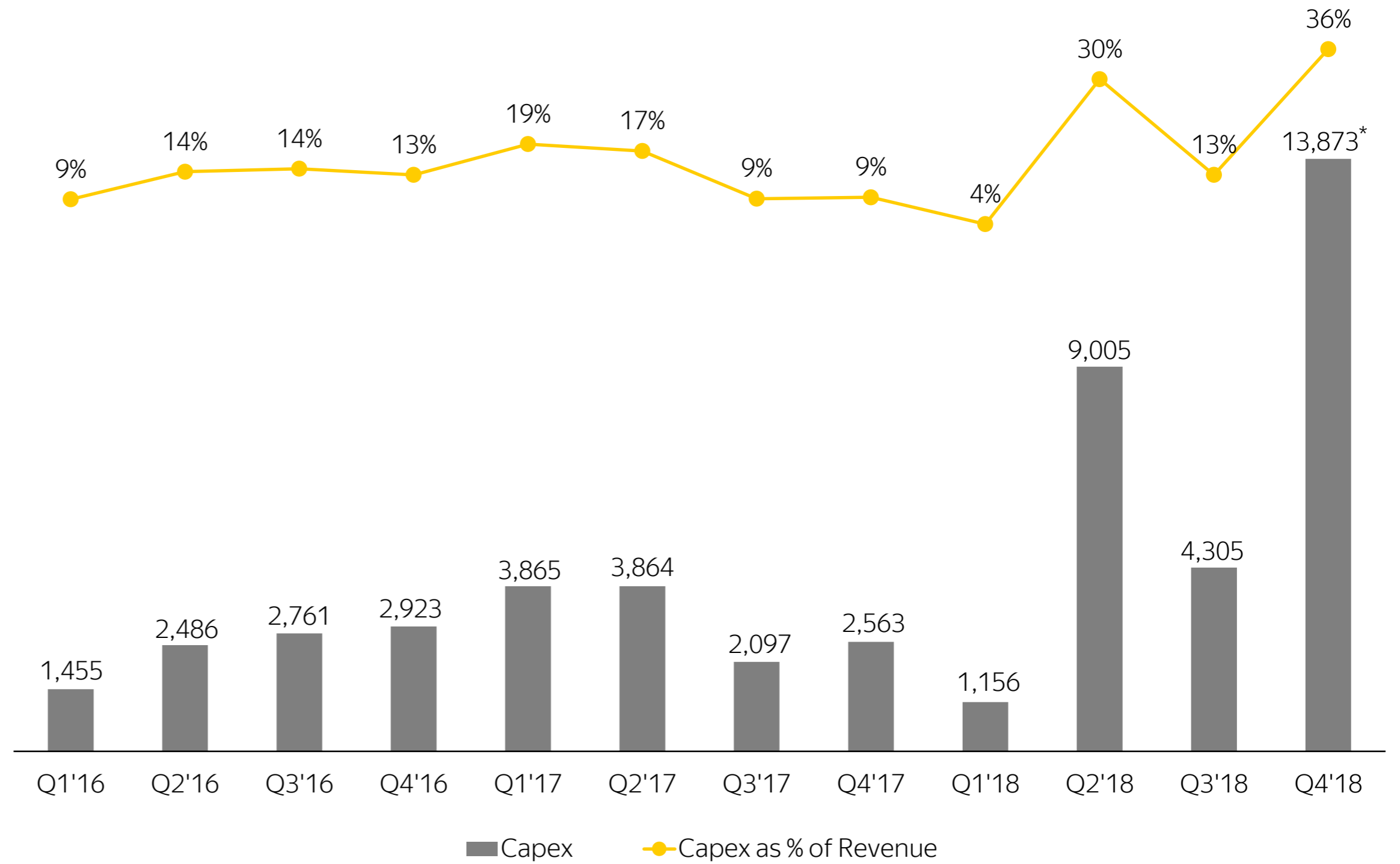


¹ As of the end of the period

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.

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	Q1'15	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	Q4'18
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	6,164
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	5,638
SBC related to COS	43	41	41	43	49	46	50	48	42	64	36	36	36	43	47	54
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	11,856
<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>	<i>31%</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	4,747
SBC related to PD	379	395	457	629	595	545	532	566	576	542	548	811	1,146	1,058	1,139	1,107
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	5,854
<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>	<i>15%</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	9,977
SBC related to SG&A	138	158	173	221	247	290	203	251	340	359	292	547	451	460	530	481
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	10,458
<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>	<i>27%</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	3,203
<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>	<i>8%</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	31,371
<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>	<i>81%</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	Q1'17	Q2'17	Q3'17	Q4'17	FY '17	Q1'18	Q2'18	Q3'18	Q4'18	FY'18
Search & Portal	18,671	20,166	21,159	24,172	84,168	22,285	24,682	26,675	30,722	104,364
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
Classifieds	367	456	548	688	2,059	706	915	988	1,108	3,717
Media Services	244	251	290	402	1,187	421	395	414	679	1,909
Experiments	66	65	92	146	369	182	414	706	1,214	2,516
Eliminations	(769)	(774)	(861)	(1,184)	(3,588)	(1,392)	(1,240)	(1,322)	(1,805)	(5,759)
Total Revenues	20,652	22,104	23,438	27,860	94,054	26,573	29,672	32,570	38,842	127,657

Adj. EBITDA, MM RUB	Q1'17	Q2'17	Q3'17	Q4'17	FY'17	Q1'18	Q2'18	Q3'18	Q4'18	FY'18
Search & Portal	7,901	9,057	8,936	10,736	36,630	10,367	11,501	12,200	13,350	47,418
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)
Classifieds	3	(20)	44	70	97	(287)	44	78	(18)	(183)
Media Services	(150)	(106)	(104)	(84)	(444)	(97)	(260)	(238)	(215)	(810)
Experiments	(195)	(197)	(236)	(215)	(843)	(405)	(460)	(604)	(665)	(2,134)
Total Adj.EBITDA	6,874	7,213	5,695	9,293	29,075	7,704	8,842	10,725	12,323	39,594

Revenue growth, %YoY	Q1'17	Q2'17	Q3'17	Q4'17	FY '17	Q1'18	Q2'18	Q3'18	Q4'18	FY '18
Search & Portal	23%	22%	21%	20%	22%	19%	22%	26%	27%	24%
E-commerce	24%	9%	-12%	3%	5%	-3%	-62%	n/m	n/m	-66%
Taxi	75%	46%	96%	191%	111%	301%	426%	344%	216%	293%
Classifieds	57%	49%	62%	75%	62%	92%	101%	80%	61%	81%
Media Services	87%	100%	82%	72%	83%	73%	57%	43%	69%	61%
Experiments	217%	n/m	n/m	372%	n/m	178%	537%	n/m	n/m	n/m
Eliminations	42%	49%	64%	46%	50%	81%	60%	54%	52%	61%
Total Revenues	25%	23%	21%	26%	24%	29%	34%	39%	39%	36%

Adj. EBITDA Margin, %	Q1'17	Q2'17	Q3'17	Q4'17	FY'17	Q1'18	Q2'18	Q3'18	Q4'18	FY'18
Search & Portal	42%	45%	42%	44%	44%	47%	47%	46%	43%	45%
E-commerce	43%	38%	21%	26%	32%	-13%	-23%	-	-	-15%
Taxi	-160%	-255%	-275%	-72%	-163%	-55%	-46%	-14%	-2%	-23%
Classifieds	1%	-4%	8%	10%	5%	-41%	5%	8%	-2%	-5%
Media Services	-62%	-42%	-36%	-21%	-37%	-23%	-66%	-57%	-32%	-42%
Experiments	-295%	-303%	-257%	-147%	-229%	-223%	-111%	-86%	-55%	-85%
Total Adj. EBITDA Margin	33%	33%	24%	33%	31%	29%	30%	33%	32%	31%

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 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, UberEATs and Food Party, meal kit subscription service);
- 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.