

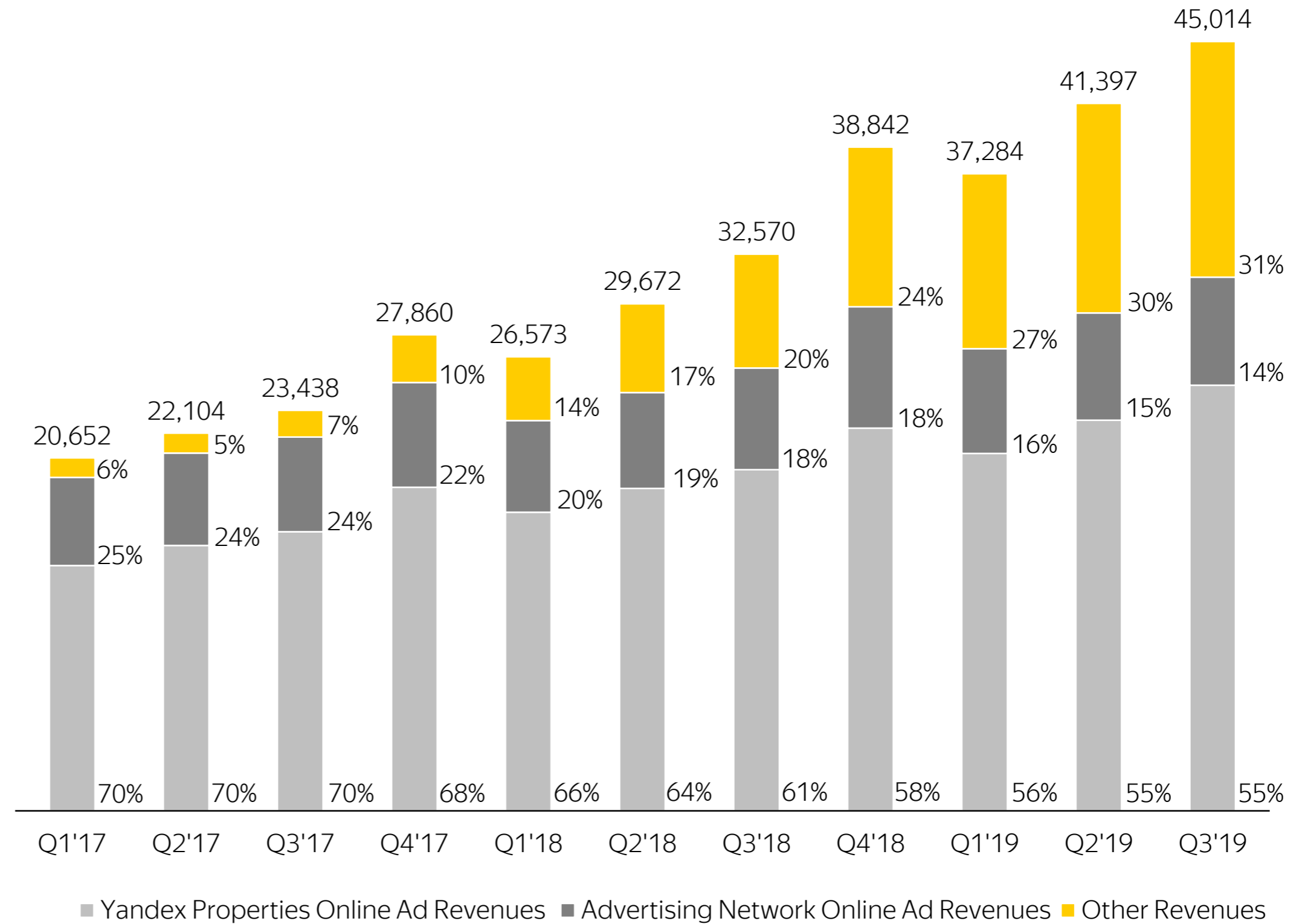
Yandex

# Quarterly Supplementary Materials

October 25<sup>th</sup>, 2019

# Revenue Structure

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

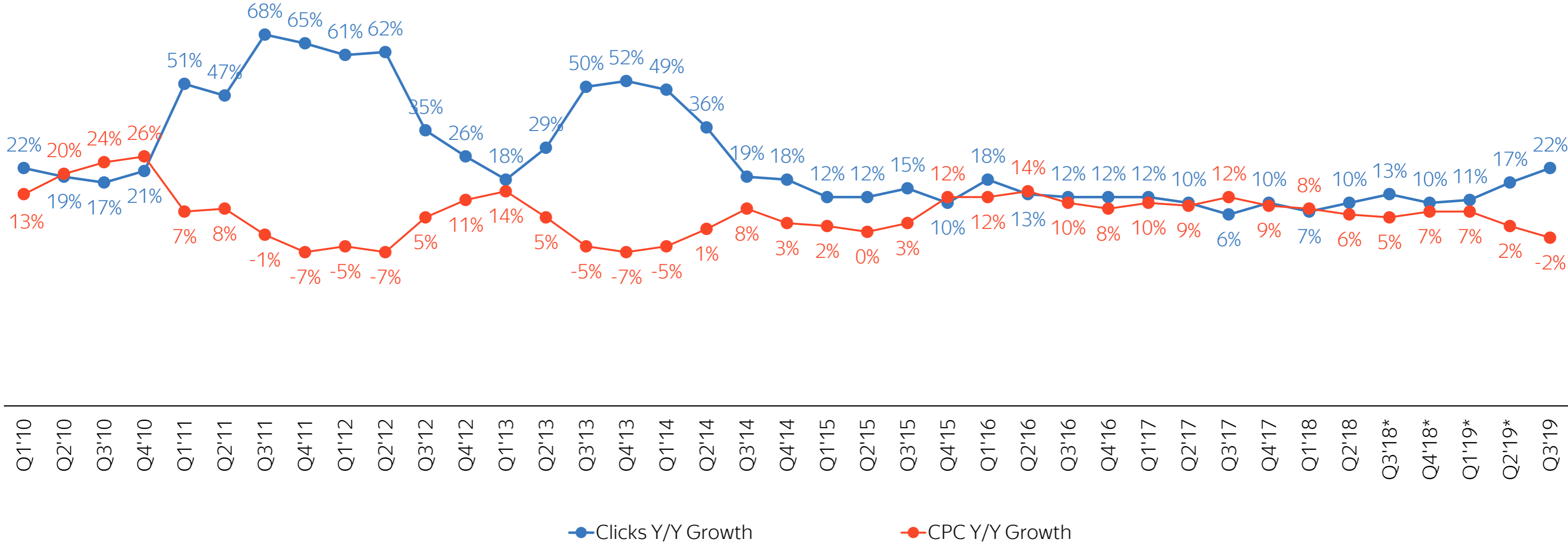


<sup>1</sup> As online advertising formats continue to converge, starting from Q1 2016 we are no longer providing a breakdown of our online ad revenues into text-based and display revenues. However, we continue to separately present online advertising revenues from Yandex properties and revenues from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

Items may not total 100% due to rounding

# Operational Metrics

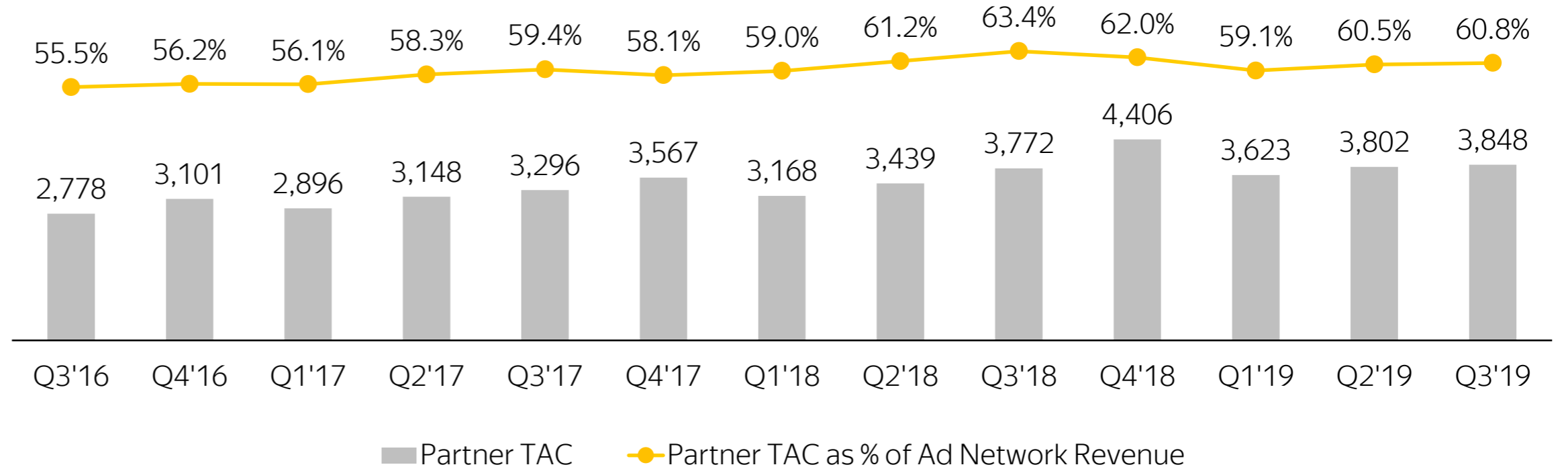
Growth In Paid Clicks and CPC, %



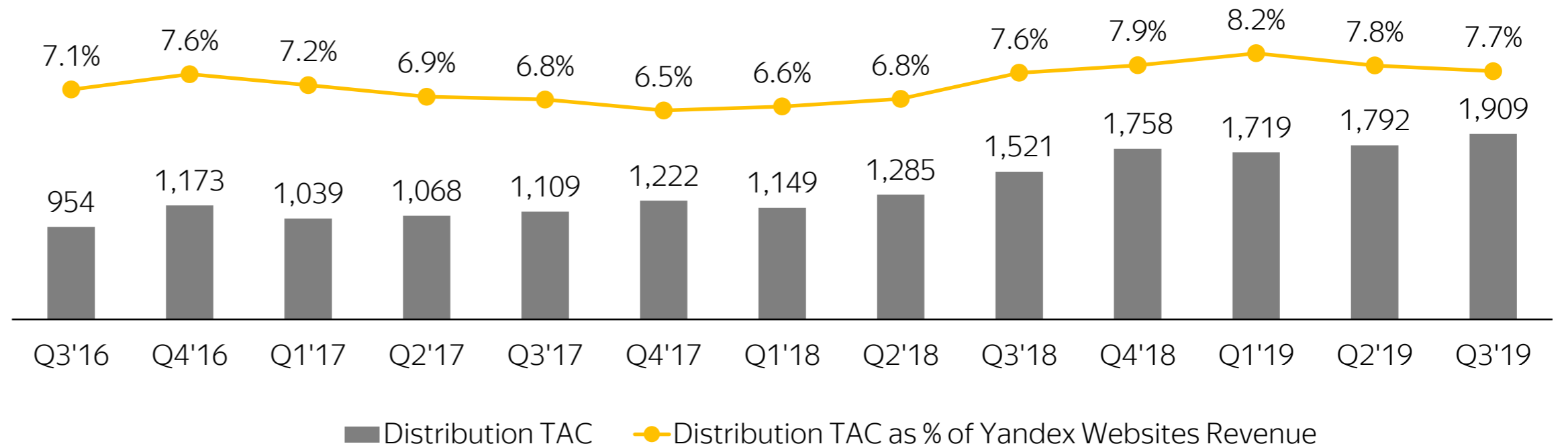
\* Paid clicks, excluding paid clicks on Yandex.Market, grew 22% in Q3'18, 20% in Q4'18, 20% in Q1'19, 20% in Q2'19 YoY; CPC, excluding clicks of Yandex.Market, grew 2% in Q3'18, 4% in Q4'18, 4% in Q1'19, 1% in Q2'19 YoY.

# Traffic Acquisition Costs

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



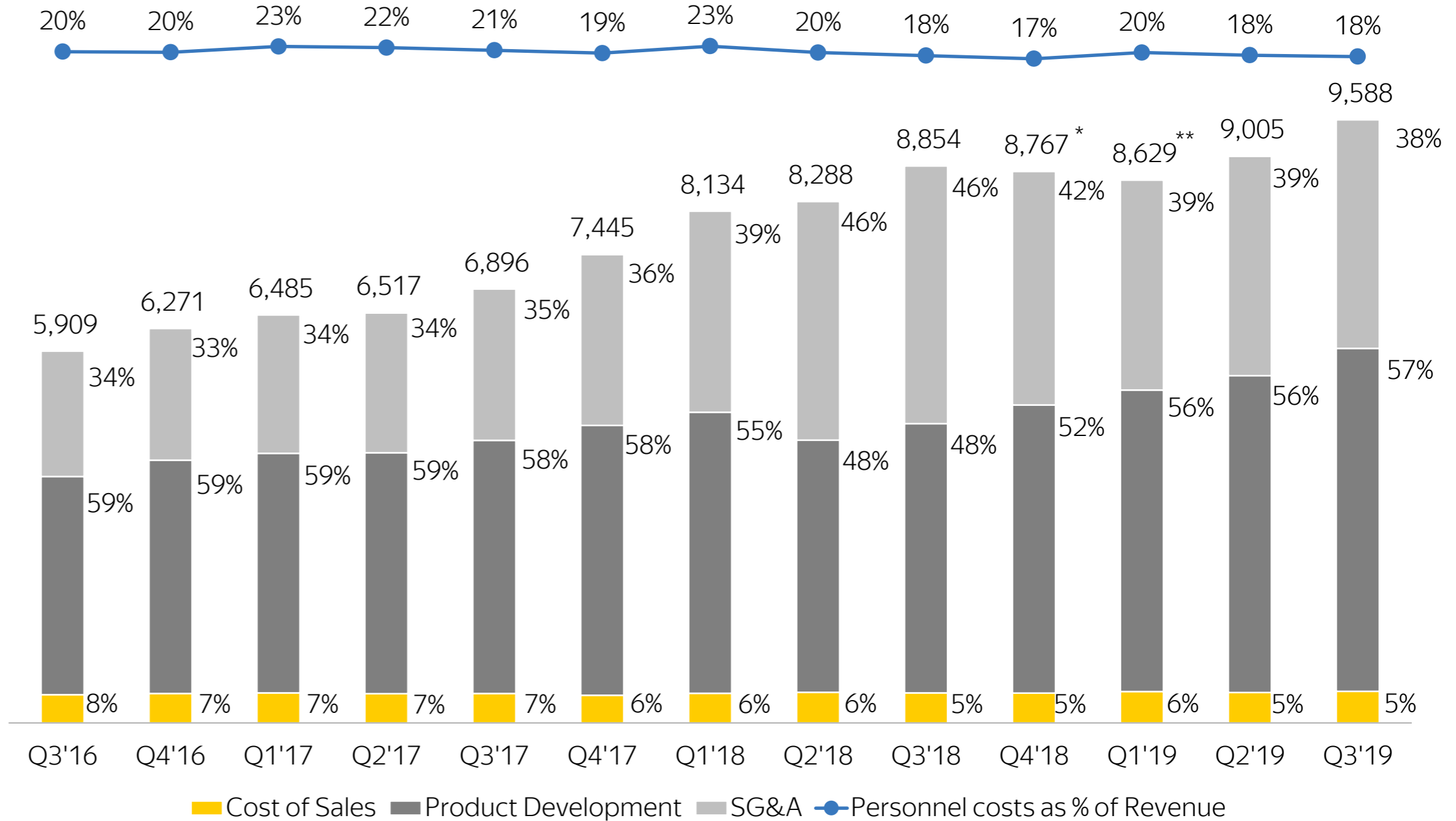
Distribution TAC as % of Yandex Websites Online Ad Revenue, MM RUB, %



<sup>1</sup> 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

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



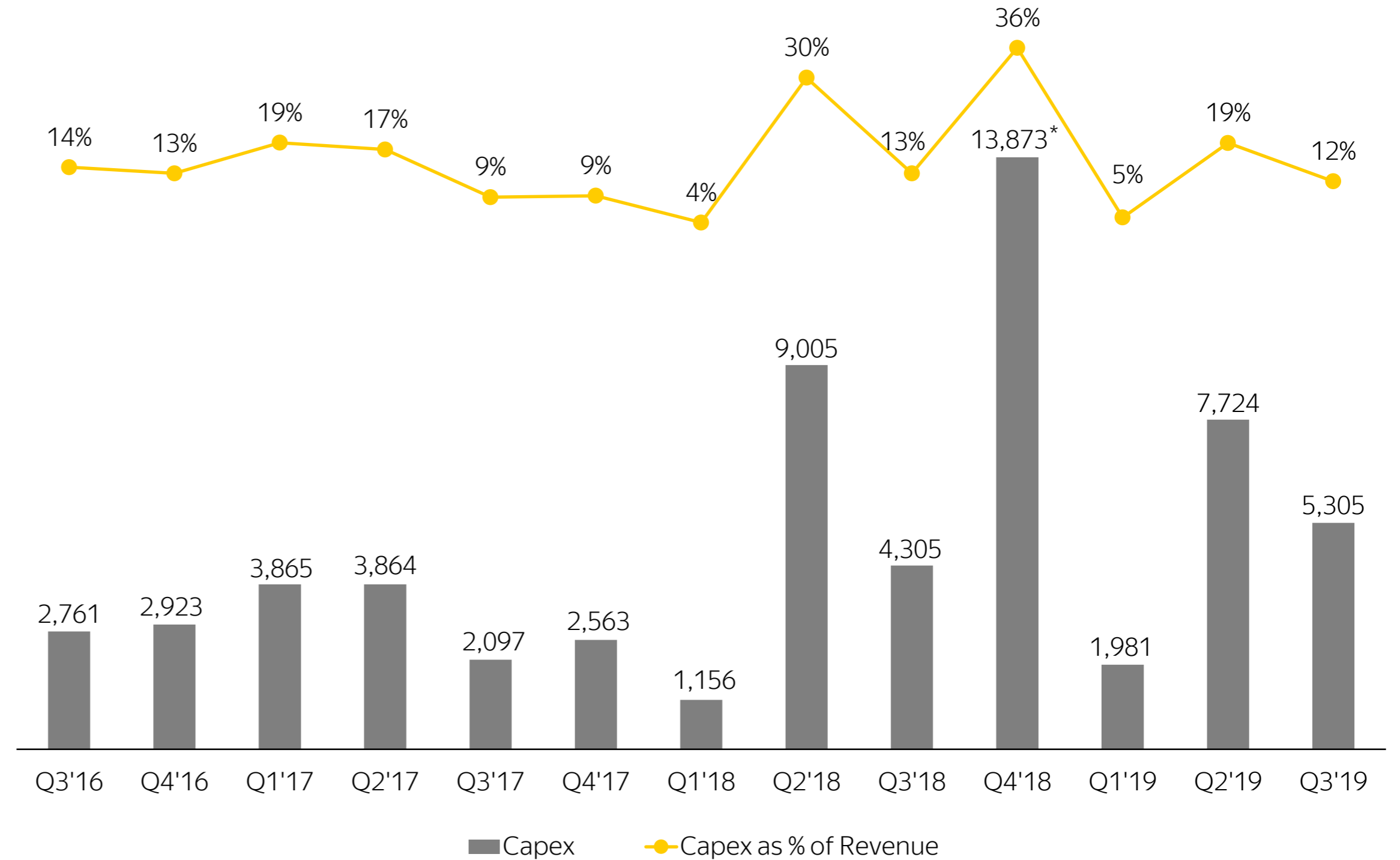
<sup>1</sup> As of the end of the period

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

\* 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	Q3'19
<b>Cost of Sales (COS)</b>											
TAC	3,935	4,216	4,405	4,789	4,317	4,724	5,293	6,164	5,342	5,594	5,757
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	8,132
SBC related to COS	42	64	36	36	36	43	47	54	68	64	72
<b>Total Cost of Sales</b>	<b>5,352</b>	<b>5,752</b>	<b>6,048</b>	<b>6,800</b>	<b>6,712</b>	<b>8,260</b>	<b>9,064</b>	<b>11,857</b>	<b>11,585</b>	<b>12,577</b>	<b>13,961</b>
<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>	<i>31%</i>
<b>Product Development (PD)</b>											
PD ex-SBC	3,975	3,971	4,043	4,400	4,657	4,328	4,395	4,749	5,274	5,416	5,744
SBC related to PD	576	542	548	811	1,146	1,058	1,139	1,107	1,432	1,579	1,663
<b>Total PD</b>	<b>4,551</b>	<b>4,513</b>	<b>4,591</b>	<b>5,211</b>	<b>5,803</b>	<b>5,386</b>	<b>5,534</b>	<b>5,856</b>	<b>6,706</b>	<b>6,995</b>	<b>7,407</b>
<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>	<i>16%</i>
<b>SG&amp;A</b>											
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	11,486
SBC related to SG&A	340	359	292	547	451	460	530	481	619	704	935
<b>Total SG&amp;A</b>	<b>4,965</b>	<b>6,086</b>	<b>8,060</b>	<b>8,044</b>	<b>8,009</b>	<b>8,838</b>	<b>8,895</b>	<b>10,464</b>	<b>10,351</b>	<b>11,082</b>	<b>12,421</b>
<i>SG&amp;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>	<i>28%</i>
<b>Depreciation &amp; Amortization (D&amp;A)</b>	<b>2,463</b>	<b>2,823</b>	<b>2,930</b>	<b>3,023</b>	<b>2,890</b>	<b>2,926</b>	<b>3,118</b>	<b>3,203</b>	<b>3,257</b>	<b>3,756</b>	<b>3,788</b>
<i>D&amp;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>	<i>8%</i>
<b>Total Costs</b>	<b>17,331</b>	<b>19,174</b>	<b>21,629</b>	<b>23,078</b>	<b>23,414</b>	<b>25,410</b>	<b>26,611</b>	<b>31,380</b>	<b>31,899</b>	<b>34,410</b>	<b>37,577</b>
<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>	<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

# 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	Q1'19	Q2'19	Q3'19
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	31,172
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	9,654
Classifieds	367	456	548	688	2,059	706	915	988	1,108	3,717	1,106	1,302	1,371
Media Services	244	251	290	402	1,187	421	395	414	679	1,909	734	876	924
Other Bets and Experiments	327	348	446	723	1,844	779	1,130	1,480	2,236	5,625	2,478	3,420	4,088
Eliminations	(643)	(706)	(798)	(1,148)	(3,295)	(1,273)	(1,239)	(1,237)	(1,776)	(5,525)	(1,782)	(2,101)	(2,195)
<b>Total Revenues</b>	<b>20,652</b>	<b>22,104</b>	<b>23,438</b>	<b>27,860</b>	<b>94,054</b>	<b>26,573</b>	<b>29,672</b>	<b>32,570</b>	<b>38,842</b>	<b>127,657</b>	<b>37,284</b>	<b>41,397</b>	<b>45,014</b>

Revenue growth, %YoY	Q1'17	Q2'17	Q3'17	Q4'17	FY '17	Q1'18	Q2'18	Q3'18	Q4'18	FY '18	Q1'19	Q2'19	Q3'19
Search & Portal		18%	21%	24%	26%	23%	26%	21%	21%				
E-commerce		-3%	-62%	-	-	-66%	-	-	-				
Taxi		301%	426%	344%	216%	293%	145%	117%	89%				
Classifieds		92%	101%	80%	61%	81%	57%	42%	39%				
Media Services		73%	57%	43%	69%	61%	74%	122%	123%				
Other Bets and Experiments		138%	225%	232%	209%	205%	218%	203%	176%				
Eliminations		98%	75%	55%	55%	68%	40%	70%	77%				
<b>Total Revenues</b>		<b>29%</b>	<b>34%</b>	<b>39%</b>	<b>39%</b>	<b>36%</b>	<b>40%</b>	<b>40%</b>	<b>38%</b>				

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	Q3'19
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	15,467
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	170
Classifieds	3	(20)	44	70	97	(287)	44	78	(18)	(183)	(328)	265	43
Media Services	(150)	(106)	(104)	(84)	(444)	(97)	(260)	(238)	(215)	(810)	(440)	(438)	(636)
Other Bets and Experiments	(523)	(554)	(554)	(527)	(2,158)	(623)	(733)	(962)	(792)	(3,110)	(1,239)	(947)	(1,180)
Eliminations	21	17	20	26	84	31	27	41	44	143	44	47	55
<b>Total Adj. EBITDA</b>	<b>6,820</b>	<b>7,146</b>	<b>5,657</b>	<b>9,258</b>	<b>28,881</b>	<b>7,704</b>	<b>8,756</b>	<b>10,801</b>	<b>12,314</b>	<b>39,575</b>	<b>10,768</b>	<b>13,097</b>	<b>13,919</b>

Adj. EBITDA Margin, %	Q1'17	Q2'17	Q3'17	Q4'17	FY '17	Q1'18	Q2'18	Q3'18	Q4'18	FY '18	Q1'19	Q2'19	Q3'19
Search & Portal	45%	47%	44%	47%	46%	49%	49%	49%	45%	48%	47%	47%	50%
E-commerce	43%	38%	21%	26%	32%	-13%	-23%	-	-	-16%	-	-	-
Taxi	-160%	-255%	-276%	-72%	-163%	-55%	-46%	-14%	-2%	-23%	-1%	5%	2%
Classifieds	1%	-4%	8%	10%	5%	-41%	5%	8%	-2%	-5%	-30%	20%	3%
Media Services	-62%	-42%	-36%	-21%	-37%	-23%	-66%	-58%	-32%	-42%	-60%	-50%	-69%
Other Bets and Experiments	-160%	-159%	-124%	-73%	-117%	-80%	-65%	-65%	-35%	-55%	-50%	-28%	-29%
Eliminations	-3%	-2%	-3%	-2%	-3%	-2%	-2%	-3%	-2%	-3%	-2%	-2%	-3%
<b>Total Adj. EBITDA Margin</b>	<b>33%</b>	<b>32%</b>	<b>24%</b>	<b>33%</b>	<b>31%</b>	<b>29%</b>	<b>30%</b>	<b>33%</b>	<b>32%</b>	<b>31%</b>	<b>29%</b>	<b>32%</b>	<b>31%</b>

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.