

# 2011 Mail.ru Income Outperforms Yandex

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**The  Moscow Times**

Internet company Mail.ru said Friday that it increased net income by 156.9 percent last year to hit \$207.6 million, putting it ahead of fellow market player Yandex, which achieved a 51 percent increase to \$179.3 million net in 2011.

Gross revenue at Mail.ru was at \$514.9 million, up 58.6 percent.

It's not possible to directly compare the two companies, Yandex spokeswoman Elina Staviskaya told The Moscow Times. "Our businesses only partly overlap. Ninety-eight percent of our revenue is online advertising, whereas Mail.ru makes only half of their revenue from online advertisements and the other half from online payments for games and social networks."

Yandex's revenue from contextual advertising last year increased 60 percent to 17.5 billion rubles (\$588 million), and media advertising was up 70 percent to 2.09 billion rubles,

Vedomosti reported Friday.

Mail.ru attributes its net income growth to the overall increase in the number of Internet users.

The number of Mail.ru users reached 30 million in December 2011, market research firm TNS said. The Odnoklassniki social network, owned by Mail.ru, had 22.8 million users in December, while instant messenger Mail.ru Agent was used by 22.9 million at the end of 2011.

"As for our competitors — there are no other serious players in our 'communitainment' segment, which is a combination of communication and entertainment services," a spokesman for Mail.ru told The Moscow Times.

This year, the company plans further dramatic growth. "We enter 2012 with confidence. We expect a 35 percent revenue increase in rubles for this year and an aggregate EBITDA margin of about 50 percent," Mail.ru chief executive Dmitry Grishin said Friday.

Mail.ru's financial indicators are growing more than Yandex, and profitability is also better, Investcafe analyst Ilya Rachenkov said. In addition, Mail.ru has stakes in Groupon, Zynga and Facebook, which help to increase its value. Their forecast for 2012 can be described as rather conservative, as the growth segment of internet advertising is very high, up to 60 percent per year, and Mail.ru is a major player, Rachenkov said.

Meanwhile, Mail.ru was reiterated as a "buy" by Renaissance Capital in Moscow, and its target share price raised to \$48 from \$47, according to an e-mailed report Friday, Bloomberg reported.

Mail.ru closed in London at \$38.20, up 8.2 percent to a 13-month high, on Friday, while Yandex closed in New York at \$22.70, down 1.18 percent.

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