

Mail.Ru H1 Up 66% to \$124M

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Mail.Ru saw a 66 percent rise in first-half net profit.

Internet group Mail.Ru reported on Wednesday a 66 percent jump in first-half net profit and upgraded its sales growth and profitability guidance for the full-year 2012.

The company said net profit rose to 4 billion rubles (\$123.72 million) as revenues grew 49 percent to 9.7 billion rubles, driven by paid-for services such as virtual gifts in its social networks, as well as online games.

Mail.Ru said it is raising its full-year 2012 guidance and expects to see ruble revenue growth of 40 percent with an EBITDA margin percentage in the low 50s.

Russia became Europe's biggest Internet market last year and has been increasingly attractive for investors seeking exposure to a rising middle class and broadband use, as highlighted by blockbuster IPOs from Yandex and Mail.Ru in 2010-11.

Mail.Ru, which operates two of the three largest Russian language social networks, Odnoklassniki and Moi Mir, also said EBITDA increased 60 percent to 5.3 billion rubles, with the margin rising to 54.9 percent from 51 percent.

Its previous guidance for 2012 revenue growth was 35 percent, and its forecast for the EBITDA margin was around 50 percent.

Mail.Ru also operates instant messaging networks Mail.Ru Agent and ICQ, e-mail service Mail.ru and holds minority stakes in local social network Vkontakte, as well as Facebook, Zynga and Groupon.

It sold some of its Facebook shares during the May initial public offering of the world's biggest social network and last month paid \$795 million in special dividends.

Mail.Ru is 25.3 percent owned by Russia's richest man, Alisher Usmanov. South Africa's largest media and e-commerce company, Naspers, has a 29 percent stake, and China's Tencent owns 7.8 percent.

The company is valued at about \$7.3 billion.

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