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Growth at Russia's Mail.ru Slows to 13% in Q3

By The Moscow Times

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Russian Internet group Mail.ru said Thursday that its revenue grew 12.9 percent in the third quarter year-on-year, slowing down because of continued negative impact on advertising revenues from an economic downturn.

Mail.ru said revenues totaled 7.4 billion rubles ($178.5 million), excluding any contribution from the social networking site VKontakte (VK). Mail.ru said it would start consolidating VK from Sept. 30 after buying out a rival co-investor for $1.5 billion earlier that month.

It said VK made 968 million rubles in third-quarter revenues, an increase of 6.7 percent year-on-year.

The company also confirmed guidance for revenue growth in a 14-18 percent range in 2014, excluding VK contribution, and for core profit margin of around 53 percent. Its nine-month revenue growth was 18.6 percent, slightly ahead of the guidance.

Mail.ru cut in August its revenue guidance from 22-24 percent, citing increasingly challenging economic environment.

"There is no change in the underlying environment from what we said with the H1 results and hence forecasting remains problematic," Mail.ru CEO Dmitry Grishin said in a statement.

"As such we do not anticipate any near- or medium-term improvement in the display revenues, or in the Headhunter [recruitment site] business."

Mail.ru, majority-owned by Russia's richest man Alisher Usmanov, owns online social networking sites Odnoklassniki and Moi Mir, as well as an e-mail service and online games platform. It also owns 100 percent of VK, known as Russia's answer to Facebook, after buying 48 percent in September.

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