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Russian Search Engine Yandex Registers Fastest Growth in Six Years

By Reuters

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Sergei Konkov / TASS

Russia's biggest internet search engine Yandex has registered its fastest growth in six years, it said on Monday as the company raised its 2018 revenue forecast, lifting its share price by almost 8 percent.

The company, which competes with Google and Mail.Ru, said it expects 2018 revenue to grow by 35-38 percent in rouble terms, up from a previous forecast of 30-35 percent.

With more than 20 offices globally, the group's services include taxis, food delivery and a ride-sharing business with San Francisco-based Uber.

The new forecast excludes Yandex.Market, a joint venture with Russian lender Sberbank. Yandex.Market was set up in April and has been described as a Russian version of U.S. online retail giant Amazon.

Shares in parent Yandex N.V. have been volatile in recent weeks on news that Russia is considering limiting foreign ownership in online news aggregators and speculation that state-controlled Sberbank could buy a large stake in the company. Sberbank has denied that it plans such an investment.

Related article: Yandex, a Russian Success Story and Putin's High-Tech Tiger (Op-ed)

Growth Progress

Yandex co-founder and CEO Arkady Volozh reiterated in a conference call with analysts on Monday that he does not plan to leave the company or sell his stake.

"It is hard to overstate the progress that Yandex has made over the past few years. The last time we grew at this rate was in 2012, when we were a quarter of the size we are today." Volozh said in a statement.

"All this became possible due to successful new product launches across all of our business units, our strong ecosystem and our ability to attract and retain the best talent."

Yandex's third-quarter revenue, excluding Yandex.Market, rose 44 percent year on year to 32.6 billion rubles ($ 497 million), while adjusted net income jumped by 167 percent to 6 billion rubles.

Revenue beat expectations, largely driven by continued acceleration in the core search and portal business, Citi analysts said in a note, adding that the share price rally is likely to be tempered by concerns over the reports about a state-owned bank wanting to take a large stake in the company.

Yandex's share of Russia's search market, including mobile, averaged 55.9 percent in the third quarter, up from 54.9 percent a year ago but lower than the second quarter's 56.2 percent.

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