



**FOR IMMEDIATE RELEASE**

**11 November 2008**

**RAMBLER MEDIA  
2008 THIRD QUARTER & NINE MONTH UNAUDITED TRADING UPDATE**

**Nine month revenue up 114% year-on-year to US\$80.1 million  
(9M 2007, US\$37.4 million) with continued improvement in profitability**

**Marked slowdown in fourth quarter display sales  
to erode full year 2008 EBITDA expectations**

**Internet expected to be the most resilient advertising market in 2009**

Rambler Media Ltd. ("Rambler" or the "Company"), operating one of Russia's most popular internet brands, today issues the following trading update on its unaudited financial results for the third quarter and nine months ended 30 September 2008.

**THIRD QUARTER 2008**

- Third quarter consolidated revenue (including Begun's partner network) up 69% year-on-year to US\$28.4 million (Q3 2007, US\$16.9 million)
- 67% year-on-year growth in third quarter like-for-like sales to US\$19.5 million (Q3 2007, US\$11.7 million)
- Consolidated contextual revenue was US\$13.1 million for the third quarter (Q3 2007, US\$8.1million). Paid search revenues on Rambler went up by 41% to US\$4.1 million (Q3 2007, US\$2.9 million). Begun's partner network contributed US\$9.0 million, after elimination of intercompany sales, to consolidated revenue
- Display / banner advertising went up by 77% to US\$11.7 million (Q3 2007, US\$6.6 million)
- Consolidated EBITDA margin continued to improve to 21.3% (Q3 2007, 15%)
- CAPEX was approximately US\$0.5 million (Q3 2007, US\$0.9 million)
- Cash balance was US\$19.5 million at 30 September 2008, excluding US\$8 million held within Begun which was classified as an asset for sale. The Company has no debt service obligations

**NINE MONTHS 2008**

- Nine month consolidated revenue (including Begun's partner network) up 114% year-on-year to US\$80.1 million (9M 2007, US\$37.4 million)
- 71% year-on-year growth in nine month like-for-like sales to US\$54.9 million (9M 2007, US\$32.2 million)
- Consolidated contextual revenue was US\$36.3 million for the first nine months (9M 2007, US\$12.4 million). Paid search revenues on Rambler went up by 53% to US\$11.0 million (9M 2007, US\$7.2 million). Begun's partner network contributed US\$25.3 million, after elimination of intercompany sales, to consolidated revenue
- Display / banner advertising went up by 88% to US\$33.4 million (9M 2007, US\$17.8 million)



- Closing headcount was 527 at 30 September 2008, excluding 199 employees at Begun (31 December 2007, 544 including 48 employees at Index20 and excluding 143 employees at Begun). Headcount excludes Index20 employees as a result of deconsolidation in Q2 2008. Last year's closing headcount at 30 September 2007 was 515 including 35 employees at Index20 and excluding 116 employees at Begun.
- Percentage of labour expense to revenue went down to 28% in 9M 2008 from 38% the year before
- Consolidated EBITDA margin continued to improve to 18.7% (9M 2007, 8%)
- CAPEX was approximately US\$3.2 million (9M 2007, US\$2.6 million)
- Impact of foreign currency exchange rate fluctuations on 9 month 2008 results was immaterial as the appreciation of the rouble over the first six months of 2008 was offset by the devaluation of the rouble against the US dollar in August and September 2008

#### USER UPDATE

- Unique number of visitors to rambler.ru up 30% year-on-year to 36.7 million per month on average in the first nine months of the year (9M 2007, 28.2 million). In the third quarter, Rambler reached a peak of 38.1 million unique visitors in September, 27% higher than for the same month last year (September 2007, 30.0 million).
- Average monthly page views reached 2.6 billion during the first nine months of 2008, up 16% from the same period of 2007.
- Total search queries amounted to 748.3 million during the third quarter of 2008, up 25% year-on-year.
- Total number of registered email accounts reached 41 million, up 72% year-on-year, with over 15 million active accounts, up 54% year-on-year.

#### NEWS UPDATE

- In October 2008, Rambler launched its new homepage, available at [www.rambler.ru](http://www.rambler.ru), featuring a cleaner, brighter look and feel and streamlined navigation tools for the Russian speaking online community.
- Rambler also signed an exclusive multi-year partnership with Netvibes, the leading independent widget and personalized startpage platform on the web, to power Rambler.ru's new widget and customization services to be launched in Q4.
- In September 2008, Rambler announced the launch of "Rambler Kinozal", a unique free video download service and the first of its kind in Russia. The new service, available at <http://kinozal.rambler.ru/>, allows users to download high-quality, fully licensed videos free of charge and provides a basis upon which Rambler aims to develop video advertising on the Internet in Russia.
- In September 2008, Rambler launched "Rambler Friends", <http://friends.rambler.ru/>, Russia's new open internet platform and single point of access for users' personal communication and social networking needs. "Rambler Friends" allows users to access the most popular blogs, email accounts and social networks from one place.



- In July 2008, Rambler completed the acquisition of the remaining 49% of Price Express, a leading Russian product comparison internet service. The acquisition received all required regulatory approvals and, as a result, the Company now wholly owns Price Express.
- In July 2008, Rambler upgraded its internet catalogue and navigation system "Top 100" in order to further enhance the accuracy and speed of its tracking statistics. "Top 100" allows website owners to place a counter on their web property and calculate how many visitors they attract according to specific criteria. "Top 100" is Russia's largest catalogue, tracking internet usage traffic of hundreds of thousands of sites in Russia.

#### **AGREEMENT WITH GOOGLE**

- On July 18<sup>th</sup>, Rambler announced it had reached an agreement with Google on the sale of Rambler's contextual advertising company ZAO Begun and a broad commercial agreement to use Google's search and contextual advertising technology on Rambler subject to a number of completion matters, including regulatory approval.
- On October 23<sup>rd</sup>, the Russian Federal Anti-Monopoly Service (FAS) issued a statement in which it refused to approve Google's acquisition of 100% of Begun. Rambler is reviewing next steps and exploring strategic options that would strengthen its position in the Russian internet contextual advertising market. Rambler will retain its current 50.1% stake in Begun until further notice.

#### **OUTLOOK**

In light of the current economic turmoil, the Company has started to witness a marked slow down in the advertising spend in Russia across all sectors, particularly since the last two weeks of October. The Company estimates that the slow down will continue through 2009. Due to the short lead time required to place ads on the internet, Rambler is unable to provide a specific forecast for the year 2009 at this point. Rambler, however, generates sales via a number of different product and sales channels which are affected to differing degrees. The purpose of this expanded commentary is to help investors and analysts interpret the underlying conditions.

Display advertising sales have been the hardest hit. The Company has seen an adjustment whereby there were significant reductions in campaigns commitments over the last few weeks, across all sectors. Net positive bookings have however resumed, albeit at lower levels than originally planned for this time of year, up to 50% lower. This appears to be driven more by lower average booking sizes than a lower number of bookings. There has also been an impact on general Cost Per Thousand (CPM) levels on forward bookings.

In text advertising via Begun, Rambler is also seeing a slow down in spend and reduction in effective CPM levels, however at lower rates than for display advertising. Mobile revenues are holding steady, however the Company has outsourced its mobile services to reduce infrastructure costs, which will result in a lower net revenue figure that will in effect be the Company's net contribution margin. Other direct and listing fee revenue are also seeing a slow down but at lower rates than for display advertising.



The following is a table of revenues for the first three quarters of 2008.

<b>2008 revenue breakdown US\$ million</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
Display	7.9	13.8	11.7
Text Rambler	3.4	3.5	4.1
Text Begun network	7.5	8.8	9.0
Listing fees, other direct & mobile	3.9	2.9	3.6
<b>TOTAL</b>	<b>22.7</b>	<b>29.0</b>	<b>28.4</b>

For the full year 2008, Rambler expects to generate sales at the lower end of its guidance of US\$100 to US\$110 million. The slow down in advertising spend in Q4 2008 and in sales, particularly in display advertising, is expected to have a direct impact on EBITDA in Q4, resulting in a lower than expected margin for the full year. The Group expects to break even at best in Q4. In response to the current operating conditions, the Group intends to introduce a significant cost reduction programme before the end of the year in order to adjust Rambler's cost base with the objective of resuming progress in improving Rambler's EBITDA margins in 2009.

However, the Company continues to believe that advertisers will allocate an increasing proportion of their advertising spend online. The underlying dynamics of more Russian consumers coming online and online users continuing to increase their media consumption via the internet, is set to continue. Furthermore, continued growth in broadband connectivity tends to drive up consumers time on line. In longer established consumer internet markets, users get up to 25% of their media consumption online and the allocation of advertising spend to the internet is approximately 10-15%. In Russia both these numbers are much lower with the advertising spend allocation to the internet approximately 3-4% of total spend. If advertisers want to engage with consumers they will have to advertise where they are. The Company therefore estimates that internet continues to offer strong relative growth opportunities in Russia and as a top internet brand, Rambler occupies a favourable market position.

Commenting on the trading update, Rambler's **Chief Executive Officer Mark Opzoomer** said:

"I am pleased with the financial results our teams have delivered in the third quarter and nine months of 2008. Since last year, we have made remarkable progress in our sales organizations and in our product offering in the Russian internet market. We still have further improvement to achieve. However, faced with sudden and significant new uncertainties in the Russian advertising market, there will be a pause in our progress. We intend to take all necessary steps in our control to continue to improve our business, consolidate Rambler's position as a leading internet brand in Russia, and resume progress in our earnings and cashflow".

### **Forward-looking statements**

Certain statements in this trading update are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.



**For further information, please visit [www.ramblermedia.com](http://www.ramblermedia.com) or contact:**

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### **ABOUT RAMBLER MEDIA**

Rambler Media is an internet media and services group which operates or has interests in leading Russian language internet brands including the Russian internet homepage and search engine 'Rambler.ru', on-line newspaper 'Lenta.ru', product comparison website 'Price.ru', internet catalogue and navigation system 'Top 100', instant messaging service 'Rambler-ICQ', digital advertising agency 'Index20' and contextual advertising company 'Begun'. Rambler Media's shares are traded on AIM, the junior market of the London Stock Exchange under the symbol 'RMG'.

For more information on Rambler Media, visit our corporate website at [www.ramblermedia.com](http://www.ramblermedia.com).