

## **RDIF, Alibaba Group, MegaFon and Mail.ru Group Announce Signing of Definitive Documents for Joint Venture in Russia and the CIS**

**Moscow, June 5, 2019** – Russian Direct Investment Fund (RDIF), Russia's sovereign wealth fund, Alibaba Group (NYSE: BABA), a global digital commerce company, PJSC "MegaFon" (MoEx: MFON), a pan-Russian operator of digital opportunities and Mail.ru Group (MAIL.LI), the leading internet and IT company in Russia, have received approval from the Federal Antimonopoly Service (FAS) in Russia for a joint venture to integrate Russia's key consumer internet and e-commerce platforms and launch a leading social commerce joint venture in Russia and the CIS, which will operate in compliance with local data protection regulations.

As announced in September 2018, the parties agreed to establish a joint venture (the AliExpress Russia JV) on the basis of the existing e-commerce business of AliExpress Russia and the strength of Mail.ru Group's social and digital businesses. The parties have been working closely together to agree the definitive agreements relating to the AliExpress Russia JV based on the key principles set forth in the Framework Agreement signed in Vladivostok by all shareholders in September 2018.

The AliExpress Russia JV will be majority owned by Russian shareholders, overseen by a Board of Directors with representation from RDIF, Alibaba, MegaFon and Mail.ru Group, and managed by two Co-CEOs, one of whom will be nominated by Alibaba Group and the other by Mail.ru Group.

The AliExpress Russia JV creates an unmatched value proposition for merchants, consumers and internet users across Russia and the CIS, and accelerates the development of Russia and the region's growing digital economy by leveraging and integrating the strength and expertise of the new shareholder group. As part of the shareholder collaboration, the AliExpress Russia JV and Mail.ru Group will enter into a strategic cooperation agreement relating to, among other things, traffic and product initiatives. As part of this social commerce cooperation, the AliExpress Russia JV will promote its services on Mail.ru Group's platforms through exclusive product integration and marketing solutions.

**Kirill Dmitriev, CEO of the Russian Direct Investment Fund (RDIF)**, noted:

"This landmark partnership will bring both significant benefits to customers and create unprecedented opportunities for services growth. RDIF continues to support the acceleration of the digital transformation of the Russian economy through the expansion of the e-commerce market. Bringing together the expertise of the companies at the forefront of social commerce and global retail opens a new era for the Russian market."

**Daniel Zhang, CEO of Alibaba Group**, commented:

"This partnership will enable the AliExpress Russia JV to accelerate the development of the digital consumer economy of Russia and CIS countries in ways that no one party could accomplish alone. Together, we are uniquely positioned to offer consumers in Russia and neighbouring countries an innovative shopping experience by combining social platforms with commerce, as well as enabling regional brands and SMEs to sell their products locally and globally. Alibaba's mission is to make it easy to do business anywhere. This JV is an important part of Alibaba's international expansion and step toward our goal of supporting 10 million small businesses reach profitability and serving 2 billion consumers around the world."

**Gevork Vermishyan, CEO of MegaFon**, commented:

"MegaFon is pleased to enter into this partnership with global technology leaders Alibaba Group, RDIF and Mail.Ru Group. This agreement is in line with our digital strategy of 'driving digital world' aimed at creating new opportunities for over 76 million customers. E-commerce is a perfect fit for our rapidly developing ecosystem of partnerships to furnish best-in-class financial services, media, and other consumer offerings. This combination is beneficial for all parties, providing unparalleled access to the Russian consumer base."

**Boris Dobrodeev, CEO of Mail.ru Group**, commented:

"Mail.ru Group is looking forward to leveraging the synergies within a leading social commerce joint venture in Russia and CIS countries. AliExpress Russia JV will become an undisputed leader in Russian e-commerce and create an unparalleled social commerce offering for our users. This

partnership is in line with our strategy of bringing together people and businesses, as we will offer customers richer social experience and provide entrepreneurs with a platform for growth. We hope that the successful realization of the deal will strengthen our cooperation with local and global technology leaders. This is a major milestone for the Russian e-commerce market, and we believe it will promote the development of the digital economy”.

Each shareholder has agreed to make certain contributions to the AliExpress Russia JV including the following:

- **Alibaba Group** will invest \$100 million and contribute AliExpress Russia into the joint venture. This consists of Alibaba Group’s current Russia-based domestic and cross-border operations of the global retail marketplace business of AliExpress.
- **MegaFon** will sell its 9.97% economic stake in Mail.ru Group to Alibaba Group in exchange for a 24.3% stake in the AliExpress Russia JV with 30.2% voting rights\*.
- **Mail.ru Group** will contribute its Pandao e-commerce business and cash investments of \$182 million in exchange for a 15.0% stake in the AliExpress Russia JV with 18.7% voting rights.
- **RDIF** will invest \$100 million into the AliExpress Russia JV and may further acquire additional shares of the joint venture from Alibaba Group for \$194 million. Upon the exercise of the option to purchase the additional shares in the AliExpress Russia JV, the RDIF will own economic and voting stakes in the joint venture of 12.9% and 9.6%, respectively.

Details of the economic and voting interests of all shareholders in the AliExpress Russia JV are illustrated below:

	At Closing		With RDIF Call Option Exercised <sup>(1)</sup>	
	Economic Rights	Voting Rights	Economic Rights	Voting Rights
Alibaba Group	55.7%	49.9%	47.8%	47.6%
MegaFon	24.3%	30.2%	24.3%	26.4%
Mail.ru Group	15.0%	18.7%	15.0%	16.3%
RDIF	5.0%	1.2%	12.9%	9.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Note (1): In addition, RDIF may enter into an option agreement to purchase up to 4.0% of the AliExpress Russia JV common equity from MegaFon.

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**Russian Direct Investment Fund (RDIF)** is Russia's sovereign wealth fund established in 2011 to make equity co-investments, primarily in Russia, alongside reputable international financial and strategic investors. RDIF acts as a catalyst for direct investment in the Russian economy. RDIF’s management company is based in Moscow. Currently, RDIF has experience of the successful joint implementation of more than 70 projects with foreign partners totalling more than RUB 1.5tn and covering 95% of the regions of the Russian Federation. RDIF portfolio companies employ more than 800,000 people and generate revenues which equate to more than 6% of Russia’s GDP. RDIF established joint strategic partnerships with leading international co-investors from more than 15 countries that total more than \$40bn. Further information can be found at [www.rdif.ru](http://www.rdif.ru)

**Alibaba Group's** mission is to make it easy to do business anywhere and the company aims to achieve sustainable growth for 102 years.

Launched in 2010, AliExpress ([www.aliexpress.com](http://www.aliexpress.com)) is a global retail marketplace that enables consumers from around the world to buy directly from manufacturers and distributors primarily in China and is dedicated to becoming a platform for worldwide merchants to sell locally and globally. AliExpress operates in multiple local languages including English, Russian, Portuguese, Spanish and French.

\* BofA Merrill Lynch is acting as financial advisor to MegaFon and has provided a financial opinion letter in connection with this transaction to the MegaFon Board of Directors

**MegaFon PJSC** is a pan-Russian operator of digital opportunities, operating in all segments of the telecommunications markets in Russia, and in the Republics of Abkhazia, South Ossetia and Tajikistan. MegaFon is a recognised leader on the telecommunications market in Russia. The company traditionally pays special attention to quality of communications and offers its customers the highest speed of Internet access. We are holding the award for “The Fastest Mobile Communication Network in Russia” from Ookla. MegaFon was the first operator in Russia to launch the commercial operation of a third generation (3G) network in 2008. Already back in 2012, we were the first in Russia to launch 4G LTE, and from February 2014, we launched the first-on-the-globe LTE-Advanced commercial network and increased data transmission speed up to 300 Mbps. In 2017, we were among the first worldwide to launch commercial operation of Gigabit LTE network and demonstrated the speed of 979 Mbps. Today, MegaFon has the largest network of base stations in Russia. MegaFon provides services to over 76.9 mln. subscribers.

**Mail.ru Group**, international brand My.com (MAIL.LI, listed since November 5, 2010) is the largest internet business in Russia in terms of total daily audience (Mediascope Web Index Desktop+Mobile, Russia, population aged 12-64 in the cities 100,000+, February 2019).

Mail.ru Group is developing an integrated communications and entertainment platform. The Company owns Russia’s leading email service and one of Russia’s largest internet portals, Mail.Ru; the two largest Russian language social networks, VKontakte (VK) and Odnoklassniki (OK); Russia’s largest MMO games, such as Warface, Skyforge and Perfect World, and global mobile games, such as War Robots and Hustle Castle; and instant messaging services ICQ, Agent Mail.ru and TamTam. The Company operates two largest food delivery businesses in Russia, Delivery Club and ZakaZaka, and a location-based mobile marketplace Youla.

The Company owns Pixonix, a mobile games developer, and ESforce, one of the largest eSports businesses globally. The Company’s portfolio also includes a leading OpenStreetMap-based offline mobile maps and navigation service MAPS.ME and a controlling stake in GeekBrains, an online education platform for developers. In addition, Mail.ru Group holds equity stakes in a number of small venture capital investments in various Internet companies in Russia, other CIS countries and Israel.

#### **Disclaimers, statement regarding inside information and forward looking statements**

Certain statements and/or other information included in this document may not be historical facts and may constitute “forward looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 2(1)(e) of the U.S. Securities Exchange Act of 1934, as amended. The words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “plans”, “forecast”, “project”, “will”, “may”, “should” and similar expressions may identify forward looking statements but are not the exclusive means of identifying such statements. Forward looking statements include statements concerning plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues, operations or performance, capital expenditures, financing needs, plans or intentions relating to the expansion or contraction of business as well as specific acquisitions and dispositions, competitive strengths and weaknesses, the risks face in business and response to them, plans or goals relating to forecasted production, reserves, financial position and future operations and development, business strategy and the trends anticipated in the industry and the political, economic, social and legal environment of operations, and other information that is not historical information, together with the assumptions underlying these forward looking statements. By their very nature, forward looking statements involve inherent risks, uncertainties and other important factors that could cause actual results, performance or achievements to be materially different from results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the political, economic, social and legal environment of operations in the future. No representation, warranty or prediction is made that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Any obligation or undertaking to update any forward-looking statements to reflect actual results, changes in assumptions or in any other factors affecting such statements is expressly disclaimed.

## **Media Contacts**

### **MegaFon**

Dmitry Kononov  
Director for Investor Relations and M&A  
Tel: +7 926 200 6490  
Email: [dkononov@megafon.ru](mailto:dkononov@megafon.ru)

Artem Lebedev  
Head of Media Relations  
Tel: +7 925 696 0677  
Email: [artem.lebedev@megafon.ru](mailto:artem.lebedev@megafon.ru)

### **Mail.ru Group**

*Investors:*  
Tatiana Volochkovich  
Tel: +7 905 594 6604  
Email: [t.volochkovich@corp.mail.ru](mailto:t.volochkovich@corp.mail.ru)

*Media:*  
Ksenia Egorova  
Tel: +7 925 347 8381  
Email: [k.egorova@corp.mail.ru](mailto:k.egorova@corp.mail.ru)

### **Russian Direct Investment Fund**

Arseniy Palagin  
Press Secretary  
Tel: +7 495 644 3414, ext. 2395  
Mobile: +7 916 110 3141  
Email: [arseniy.palagin@rdif.ru](mailto:arseniy.palagin@rdif.ru)

Maria Shiryayevskaya / Andrew Leach  
Hudson Sandler  
Tel: +44 (0) 20 7796 4133

### **Alibaba Group**

Deborah Binks-Moore  
Mobile: +44 747 069 1277  
Email: [d.binks-moore@alibaba-inc.com](mailto:d.binks-moore@alibaba-inc.com)

Arina Khodyreva  
Mobile: +7 926 134 5429  
Email: [arina.khodyreva@hkstrategies.com](mailto:arina.khodyreva@hkstrategies.com)