

Renren Announces Unaudited First Quarter 2011 Financial Results

June 20, 2011 6:01 PM ET

BEIJING, June 20, 2011 /PRNewswire via COMTEX/ --

Renren Inc. (NYSE: RENN), the leading real-name social networking internet platform in China ("Renren" or the "Company"), today announced its unaudited financial results for the first quarter ended March 31, 2011.

First Quarter 2011 Highlights

- Total net revenues were US\$20.6 million, a 46.6% increase from the corresponding period in 2010.
- Online advertising revenues were US\$8.1 million, a 100.5% increase from the corresponding period in 2010.
- Gross profit was US\$16.5 million, a 57.6% increase from the corresponding period in 2010.
- Net loss was US\$2.6 million, a 78.5% decrease from the corresponding period in 2010.
- Adjusted (1) net loss was US\$1.1 million, compared to US\$0.6 million adjusted net income in the corresponding period in 2010.

(1) Explanation of the Company's Adjusted (i.e. non-GAAP) financial measures and the related reconciliations to GAAP financial measures are included in the accompanying "About Non-GAAP Financial Measures" and the "Reconciliations of Non-GAAP results of operations measures to the comparable GAAP financial measures".

"I am pleased to report a robust first quarter, in particular the doubling of our advertising revenues compared to the same period last year. During the first quarter, our business progress was highlighted by the strong growth in our user base and user engagement level, which has been driven by our relentless focus on providing the best user experience and the ongoing adoption of real-name SNS service in China," said Joseph Chen, Chairman and Chief Executive Officer.

"Our brand continues to strengthen. Our recent IPO has helped heighten Renren brand awareness and popularity among our users, business partners, advertisers and future employees," Mr. Chen continued.

"We expect the growth of the SNS market in China's dynamic Internet market to remain strong in 2011. We will launch more innovative products and new services that appeal to our users and anticipate evolving user preferences and industry changes. Looking forward, I am confident that Renren will continue to lead the real-name SNS industry development in China," Mr. Chen added.

Hui Huang, Renren's Chief Financial Officer, commented, "Our company is still in the early stages of monetization. We want to build a strong foundation for sustainable long-term growth by investing significantly in research & development, sales & marketing, and strategic acquisitions and business partnerships. The US\$779 million capital we raised during our IPO on May 4, 2011, and the concurrent private placement will add to our competitive advantages and efforts to strengthen our leading position in the real-name SNS market in China."

First Quarter 2011 Results

Net revenues for the first quarter of 2011 were US\$20.6 million, representing a 46.6% increase from the corresponding period in 2010.

Online advertising revenues were US\$8.1 million, representing an increase of 100.5% from the corresponding period in 2010. The significant increase was attributable to the growth of our SNS platform and user base which attracted more advertisers to our advertising services. The number of our activated users increased from approximately 91 million as of March 31, 2010 to approximately 117 million as of March 31, 2011, and further to approximately 122 million as of May 31, 2011. The monthly unique log-in users increased from approximately 23 million in March 2010 to approximately 31 million in March 2011, and to approximately 33 million in May 2011.

Internet Value-Added Services (IVAS) revenues were US\$12.4 million, representing a 24.7% increase from the corresponding period in 2010. The increase in IVAS revenues was due to increases in both online games revenues and other IVAS revenues.

Online games revenues were US\$9.1 million for the first quarter of 2011, an 11.3% increase from the corresponding period in 2010. Other IVAS revenues were US\$3.3 million for the first quarter of 2011, an 87.6% increase from the corresponding period in 2010. Within other IVAS revenues, our social commerce services (Nuomi.com), which was launched in June 2010, had US\$0.9 million of net revenues for the first quarter of 2011.

Cost of revenues was US\$4.1 million, a 14.4% increase from the corresponding period in 2010. As a percentage of our total net revenues, our cost of revenues was 19.8% for the first quarter of 2011, compared to 25.4% for the corresponding period in 2010. Our cost of revenues for the first quarter of 2011 included approximately US\$23,000 for our social commerce services (Nuomi.com).

Operating expenses were US\$21.2 million, an 88.6% increase from the corresponding period in 2010. Our operating expenses for the first quarter of 2011 included US\$4.6 million for our social commerce services (Nuomi.com).

Selling and marketing expenses were US\$9.8 million, a 101.5% increase from the corresponding period in 2010, primarily due to our brand advertisement campaign for Nuomi and increased sales commission for our advertising sales team due to increased advertising sales.

Research and development expenses were US\$8.4 million, a 79.6% increase from the corresponding period in 2010, primarily due to the increase in research & development staffing.

General and administrative expenses were US\$3.0 million, a 76.3% increase from the corresponding period in 2010, primarily due to the growth of our company size and business.

Share-based compensation expenses, which are all included in the operating expenses, were US\$1.3 million, and increased from US\$0.6 million for the corresponding period in 2010.

Loss from continuing operations was US\$2.6 million, a 75.6% decrease from a loss from continuing operations of US\$10.7 million in the corresponding period of 2010.

Net loss was US\$2.6 million, a 78.5% decrease from a net loss of US\$12.1 million in the corresponding period of 2010.

Adjusted net loss (a non-GAAP financial measure) was US\$1.1 million for the first quarter of 2011, compared to US\$0.6 million adjusted net income for the first quarter of 2010. Adjusted net income (loss) is herein defined as income (loss) from continuing operations excluding non-cash share-based compensation expenses, change in fair value of our then outstanding series D warrants (which had been fully exercised by the end of 2010), amortization of intangible assets and impairment of intangible assets.

Business Outlook

For the second quarter of 2011, the Company expects to generate revenues in an amount ranging from US\$29 to US\$30 million, representing 46% to 51% year-on-year growth. This forecast reflects Renren's current and preliminary view, which is subject to change.

Conference Call Information

Renren's management will host an earnings conference call at 8:00 p.m. U.S. Eastern Time on Monday, June 20, 2011 (Beijing/Hong Kong Time: 8:00 a.m., Tuesday, June 21, 2011).

Interested parties may participate in the conference call by dialing the numbers below and entering passcode Renren, 10-15 minutes prior to the initiation of the call.

U.S. Dial In: +1 (866) 700-6293 China Toll Free: 10 800 130 0399, 10 800 852 1490, or 10 800 152 1490 Hong Kong Toll free: 800963844 Hong Kong Toll: +852 30021672 International Dial In: + 1(617) 213-8835 Participant Passcode: Renren

A replay of the call will be available for one week and dial in information is as follows:

Replay U.S. Dial In: +1(888) 286-8010 International Dial In: +1 (617) 801-6888 Passcode: 74824464

This call will be webcast live and the replay will be available on Renren's corporate web site at <http://ir.renren-inc.com> for six months.

About Renren Inc.

Renren Inc. (NYSE: RENN) operates the leading real-name social networking internet platform in China. It enables users to connect and communicate with each other, share information and user generated content, play online games, listen to music, shop for deals and enjoy a wide range of other features and services. Renren's platform includes the main social networking website Renren.com, the online games center game.Renren.com, the social commerce website nuomi.com, and the newly launched professional and business social networking service website jingwei.com. It had approximately 122 million activated users as of May 31, 2011.

SafeHarbor Statement

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, the business outlook and quotations from management in this announcement, as well as Renren's strategic and operational plans, contain forward-looking statements. Renren may also make written or oral forward-looking statements in its filings with the U.S. Securities and Exchange Commission ("SEC"), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about Renren's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: our goals and strategies; our future business development, financial condition and results of operations; the expected growth of the social networking site market in China; our expectations regarding demand for and market acceptance of our services; our expectations regarding the retention and strengthening of our relationships with key advertisers and customers; our plans to enhance user experience, infrastructure and service offerings; competition in our industry in China; and relevant government policies and regulations relating to our industry. Further information regarding these and other risks is included in our registration statement on Form F-1, as amended, filed with the SEC. All information provided in this press release and in the attachments is as of the date of this press release, and Renren does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

About Non-GAAP Financial Measures

To supplement Renren's consolidated financial results presented in accordance with United States Generally Accepted Accounting Principles ("GAAP"), Renren uses the following measures defined as non-GAAP financial measures by the SEC in evaluating its business: adjusted net income (loss). We define adjusted net income (loss) as income (loss) from continuing operations excluding share-based compensation expenses, change in fair value of warrants, amortization of intangible assets and impairment of intangible assets. We present non-GAAP financial measures because they are used by our management to evaluate our operating performance. We also believe that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, or as a substitute for, the financial information prepared and presented in accordance with GAAP. For more information on these non-GAAP financial measures, please see the table captioned "Reconciliations of non-GAAP results of operations measures to the comparable GAAP financial measures" at the end of this release.

For more information, please contact:

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RENREN INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Amounts in thousands, except for number of shares and ADS
and per share and per ADS data)

| | December 31, 2010 <u>US\$</u> | March 31, 2011 <u>US\$</u> |
|--|--|----------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 136,063 | 334,785 |
| Short-term investments | 62,318 | 44,504 |
| Accounts receivable, net | 12,815 | 12,605 |
| Deposit for investment | -- | 991 |
| Prepaid expenses and other current assets | 7,274 | 12,508 |
| Amounts due from related parties | 218,456 | 20,394 |
| Deferred tax assets-current | 593 | 631 |
| Total current assets | 437,519 | 426,418 |
| Non-current assets: | | |
| Equipment, net | 11,307 | 9,973 |
| Intangible assets, net | 2,747 | 2,599 |
| Goodwill | 4,420 | 4,464 |
| Deferred tax assets-noncurrent | 481 | 532 |
| Total non-current assets | 18,955 | 17,568 |
| TOTAL ASSETS | 456,474 | 443,986 |
| LIABILITIES, CONVERTIBLE REDEEMABLE PREFERRED SHARES AND EQUITY (DEFICIT) | | |
| Current liabilities: | | |
| Accounts payable | 6,443 | 8,004 |
| Accrued expenses and other payables | 14,408 | 17,877 |
| Deferred revenue | 4,476 | 5,449 |
| Income tax payable | 64 | 380 |
| Total current liabilities | 25,391 | 31,710 |
| Non-current liabilities: | | |
| Deferred tax liabilities-noncurrent | 516 | 517 |
| Total non-current liabilities | 516 | 517 |
| TOTAL LIABILITES | 25,907 | 32,227 |
| Commitments | | |
| Series C convertible redeemable preferred shares(\$0.001 par value; 215,959,520 shares authorized, issuance price \$0.223 per share; 128,048,440 and 128,048,440 shares issued and outstanding as of December 31, 2010 and March 31, 2011, respectively) | 28,520 | 28,520 |
| Series D convertible redeemable preferred shares(\$0.001 par value; 434,204,890 shares authorized, redemption | | |

and issuance price \$0.993 per share; 434,204,890 and 434,204,890 shares issued and outstanding as of December 31, 2010 and March 31, 2011, respectively)

571,439 571,439

Shareholders' Equity (Deficit):

| | | |
|--|------------------|------------------|
| Series A convertible preferred share (US\$0.001 par value, 100,000,000 shares authorized, 85,100,000 and 85,100,000 issued and outstanding as of December 31, 2010 and March 31, 2011, respectively) | 85 | 85 |
| Series B convertible preferred share (US\$0.001 par value, 100,000,000 shares authorized, 81,501,540 and 81,501,540 issued and outstanding as of December 31, 2010 and March 31, 2011, respectively) | 82 | 82 |
| Ordinary shares (US\$0.001 par value, 2,000,000,000 shares authorized, 211,383,000 and 212,818,540 issued and outstanding as of December 31, 2010 and March 31, 2011, respectively) | 211 | 213 |
| Additional paid-in capital | 9,470 | 11,020 |
| Subscription receivable | (4,909) | (4,909) |
| Accumulated deficit | (223,572) | (226,172) |
| Statutory reserves | 2,595 | 2,595 |
| Accumulated other comprehensive income | 46,646 | 28,886 |
| Total equity (deficit) | (169,392) | (188,200) |

LIABILITIES, CONVERTIBLE REDEEMABLE PREFERRED SHARES AND EQUITY (DEFICIT)

456,474 443,986

**RENREN INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

For the Three Months Ended

(Amounts in thousands, except for number of shares and ADS and per share and per ADS data)

| | March 31, 2010 | December 31, 2010 | March 31, 2011 |
|--|-------------------|----------------------|-------------------|
| | US\$ | US\$ | US\$ |
| Net revenues | | | |
| Online advertising | 4,055 | 9,003 | 8,130 |
| IVAS | 9,965 | 11,894 | 12,422 |
| Total net revenues | 14,020 | 20,897 | 20,552 |
| Cost of revenues | (3,558) | (4,222) | (4,069) |
| Gross profit | 10,462 | 16,675 | 16,483 |
| Operating expenses: | | | |
| Selling and marketing | (4,852) | (4,777) | (9,776) |
| Research and development | (4,690) | (7,094) | (8,425) |
| General and administrative | (1,677) | (1,739) | (2,957) |
| Impairment of intangible assets | -- | (739) | -- |
| Total operating expenses | (11,219) | (14,349) | (21,158) |
| (Loss) gain from operations | (757) | 2,326 | (4,675) |
| Change in fair value of warrants | (10,512) | (37,722) | -- |
| Exchange gain on dual currency deposit | 326 | 272 | 2,013 |
| Interest income | 49 | 104 | 323 |
| Gain on disposal of cost method investment | -- | 40 | -- |

Loss before provision of income tax, minority interests and

| | | | |
|--|-------------|-------------|-------------|
| discontinued operations | (10,894) | (34,980) | (2,339) |
| Income tax (expense) benefit | 232 | 745 | (261) |
| Loss from continuing operations | (10,662) | (34,235) | (2,600) |
| Discontinued operations: | | | |
| Loss from operation of discontinued operations, net of tax | -- | (966) | -- |
| Gain (loss) on disposal of discontinued operations | (1,413) | 1,341 | -- |
| Loss (gain) on discontinued operations, net of tax | (1,413) | 375 | -- |
| Net loss | (12,075) | (33,860) | (2,600) |
| Net loss per share, basic and diluted | (0.05) | (0.15) | (0.01) |
| Net loss per ADS, basic and diluted | (0.14) | (0.46) | (0.04) |
| Shares used in computation, basic and diluted | 250,772,640 | 220,729,250 | 212,237,410 |
| ADS used in computation, basic and diluted | 83,590,880 | 73,576,417 | 70,745,803 |

Reconciliations of Non-GAAP results of operations measures to the comparable GAAP financial measures

Adjusted net loss

| (Amounts in thousands) | For the Three Months Ended | | |
|--|----------------------------|----------------------|-------------------|
| | March 31, 2010 | December 31, 2010 | March 31, 2011 |
| | US\$ | US\$ | US\$ |
| Loss from continuing operations | (10,662) | (34,235) | (2,600) |
| Add back: Shared-based compensation expenses | 641 | 796 | 1,325 |
| Add back: Change in fair value of warrants | 10,512 | 37,722 | -- |
| Add back: Amortization of intangible assets | 154 | 176 | 175 |
| Add back: Impairment of intangible assets | -- | 739 | -- |
| Adjusted net income (loss) | 645 | 5,198 | (1,100) |

SOURCE Renren Inc.