

Renren Announces Unaudited Third Quarter 2016 Financial Results

December 15, 2016 9:00 PM ET

BEIJING, Dec. 15, 2016 /PRNewswire/ -- Renren Inc. (NYSE: RENN) ("Renren" or the "Company"), a leading real-name social networking internet platform in China, today announced its unaudited financial results for the third quarter ended September 30, 2016.

Third Quarter 2016 Highlights

- **Total net revenues were US\$17.9 million, a 102.8% increase from the corresponding period in 2015.**
 - *Advertising and IVAS net revenues* were US\$9.6 million, a 31.0% increase from the corresponding period in 2015.
 - *Financing income* was US\$8.3 million, compared to US\$1.5 million in the corresponding period of 2015.
- **Gross profit was US\$3.5 million.**
- **Operating loss was US\$18.6 million, compared to an operating loss of US\$23.2 million in the corresponding period in 2015.**
- **Net loss attributable to the Company was US\$22.8 million, compared to a net loss of US\$73.1 million in the corresponding period in 2015.**
- **Adjusted net loss⁽¹⁾ (non-GAAP) was US\$17.3 million, compared to an adjusted net loss of US\$68.3 million in the corresponding period in 2015.**

(1) Adjusted net income (loss) is a non-GAAP measure, which is defined as net income (loss) excluding share-based compensation expenses and amortization of intangible assets. See "About Non-GAAP Financial Measures" below.

Third Quarter 2016 Results

Total net revenues for the third quarter of 2016 were US\$17.9 million, representing a 102.8% increase from the corresponding period in 2015.

Advertising and IVAS net revenues were US\$9.6 million, representing a 31.0% increase from the corresponding period of 2015. *Advertising* revenues were US\$0.1 million for the third quarter of 2016, compared to US\$1.5 million in the corresponding period of 2015. *Internet Value-Added Services (IVAS)* revenues were US\$9.5 million, representing a 65.3% increase from the corresponding period in 2015. The increase was mainly due to the revenue from the new Renren mobile live streaming that started in the second quarter in 2016. Monthly unique log-in users was approximately 35 million in September 2016, compared to approximately 45 million in September 2015. The login users' monthly average time spent increased 17.5% year-over-year.

Financing income was US\$8.3 million for the third quarter of 2016, compared to US\$1.5 million in the corresponding period of 2015. The increase was in line with the increase of financing receivable from US\$109.7 million as of September 30, 2015 to US\$268.3 million as of September 30, 2016.

Cost of revenues was US\$14.4 million, an 88.0% increase from the corresponding period of 2015.

Operating expenses were US\$22.1 million, a 9.3% decrease from the corresponding period of 2015.

Selling and marketing expenses were US\$6.0 million, a 19.5% decrease from the corresponding period of 2015. The decrease was primarily due to a decrease in headcount and in personnel related expense.

Research and development expenses were US\$5.5 million, a 36.6% decrease from the corresponding period in 2015. The decrease was primarily due to headcount reductions and a decrease in personnel related expense.

General and administrative expenses were US\$10.7 million, a 28.1% increase from the corresponding period in 2015.

Share-based compensation expenses, which were all included in operating expenses, were US\$5.5 million, compared to US\$4.9 million in the corresponding period in 2015.

Operating loss was US\$18.6 million, compared to an operating loss of US\$23.2 million in the corresponding period in 2015.

Realized loss on short-term investments was US\$0.1 million, compared to a loss of US\$49.7 million in the corresponding period in 2015.

Loss in equity method investments was US\$1.3 million, compared to earnings of US\$1.3 million in the corresponding period in 2015.

Net loss attributable to the Company was US\$22.8 million, compared to a net loss of US\$73.1 million in the corresponding period in 2015.

Adjusted net loss (non-GAAP) was US\$17.3 million, compared to an adjusted net loss of US\$68.3 million in the corresponding period in 2015. Adjusted net loss is defined as loss excluding share-based compensation expenses and amortization of intangible assets.

Business Outlook

The Company expects to generate revenues in an amount ranging from US\$18.5 million to US\$20.5 million in the fourth quarter of 2016, representing a 36.3% to 51.1% year-over-year increase. This forecast reflects Renren's current and preliminary view, which is subject to change.

Conference Call Information

The Company will not host a conference call. Please contact our Investor Relations Department if you have any questions.

About Renren Inc.

Renren Inc. (NYSE: RENN) operates a leading real name social networking service (SNS) and an internet finance business in China. Our SNS enables users to connect and communicate with each other, share photos and access mobile live streaming. Our internet finance business includes primarily auto financing. Renren.com and our renren mobile application had approximately 238 million activated users as of September 30, 2016. Renren's American depository shares, each of which represents three Class A ordinary shares, trade on NYSE under the symbol "RENN".

Safe Harbor 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 for the fourth quarter of 2016 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 annual report on Form 20-F and other documents 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 "adjusted net income (loss)" which is defined as "a non-GAAP financial measure" by the SEC, in evaluating its business. We define adjusted net income (loss) as net income (loss) excluding share-based compensation expenses and amortization of intangible assets. We present adjusted net income (loss) because it is used by our management to evaluate our operating performance. We also believe that this non-GAAP financial measure 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 this non-GAAP financial measure 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 "Reconciliation of non-GAAP results of operations measures to the comparable GAAP financial measures" at the end of this release.

For more information, please contact:

Cynthia Liu
Investor Relations Department
Renren Inc.
Tel: (86 10) 8448 1818 ext. 1300
Email: ir@renren-inc.com

RENREN INC.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Amounts in US dollars, in thousands, except shares,
per share, ADS, and per ADS data)

	December 31,	September 30,
	2015	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 56,226	\$ 71,950
Restricted Cash	122,316	17,102
Short-term investments	2,619	1,443
Accounts and notes receivable, net	4,044	4,452
Financing receivable, net	144,457	267,748
Prepaid expenses and other current assets	50,321	22,048

Amounts due from related parties	16,484	13,704
Current assets held for sale	<u>7,471</u>	<u>-</u>
Total current assets	403,938	398,447
Non-current assets:		
Long-term financing receivable, net	15,273	558
Property and equipment, net	33,289	30,438
Long-term investments	810,990	751,406
Other non-current assets	2,313	1,780
Non-current assets held for sale	<u>2,030</u>	<u>-</u>
Total non-current assets	<u>863,895</u>	<u>784,182</u>
TOTAL ASSETS	<u>\$ 1,267,833</u>	<u>\$ 1,182,629</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 5,031	\$ 3,930
Short-term debt	106,919	-
Accrued expenses and other current liabilities	29,731	21,219
Payable to investors	48,893	211,576
Amounts due to related parties	36	10,756
Deferred revenue and advance from customers	3,885	8,384
Income tax payable	6,118	7,275
Current liabilities held for sale	<u>8,138</u>	<u>-</u>
Total current liabilities	208,751	263,140
Non-current liabilities:		
Long-term debt	122,072	97,152
Other non-current liabilities	<u>7,622</u>	<u>10,912</u>
Total non-current liabilities	<u>129,694</u>	<u>108,064</u>
TOTAL LIABILITIES	338,445	371,204
Shareholders' Equity:		
Class A ordinary shares	714	719
Class B ordinary shares	305	305
Additional paid-in capital	1,243,083	1,262,364
Statutory reserves	6,712	6,712
Accumulated deficit	(357,394)	(449,452)
Accumulated other comprehensive income (loss)	<u>37,124</u>	<u>(9,223)</u>
Total Renren Inc. shareholders' equity	<u>930,544</u>	<u>811,425</u>
Noncontrolling Interests	<u>(1,156)</u>	<u>-</u>
TOTAL EQUITY	<u>929,388</u>	<u>811,425</u>
TOAL LIABILITIES AND EQUITY	<u>\$ 1,267,833</u>	<u>\$ 1,182,629</u>

RENREN INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

For the Three Months Ended

(Amounts in US dollars, in thousands, except shares,
per shares, ADS, and per ADS data)

	September 30, 2015	June 30, 2016	September 30, 2016
Net revenues			
Advertising and IVAS	\$ 7,312	\$ 7,583	\$ 9,578
Financing income	1,507	6,792	8,308
Total net revenues	8,819	14,375	17,886
Cost of revenues	(7,633)	(13,118)	(14,352)
Gross profit	1,186	1,257	3,534
Operating expenses:			
Selling and marketing	(7,418)	(5,222)	(5,971)
Research and development	(8,639)	(4,610)	(5,478)
General and administrative	(8,349)	(10,238)	(10,693)
Total operating expenses	(24,406)	(20,070)	(22,142)
Loss from operations	(23,220)	(18,813)	(18,608)
Other income	216	8,404	404
Exchange loss on offshore bank accounts	(62)	(3)	-
Interest income	308	252	101
Interest expense	-	(2,681)	(2,686)
Realized (loss) gain on short-term investments	(49,742)	698	(71)
Impairment of long term investment	-	(35,000)	-
Loss before provision of income tax, earnings (loss) in equity method investments and noncontrolling interest, net of income tax	(72,500)	(47,143)	(20,860)
Income tax expenses	(1,626)	(364)	(626)
Loss before earnings (loss) in equity method investments and noncontrolling interest, net of income tax	(74,126)	(47,507)	(21,486)
Earnings (loss) in equity method investments, net of income tax	1,275	1,409	(1,324)
Loss from continuing operations	(72,851)	(46,098)	(22,810)
Discontinued operation			
Loss from operations of discontinued operations, net of income tax	(351)	-	-
Loss from discontinued operations, net of income tax	(351)	-	-
Net loss	(73,202)	(46,098)	(22,810)
Net loss attributable to noncontrolling interests	82	-	-
Net loss attributable to Renren Inc.	\$ (73,120)	\$ (46,098)	\$ (22,810)
Net loss per share from continuing operations attributable to Renren Inc. shareholders:			
Basic	\$ (0.07)	\$ (0.05)	\$ (0.02)
Diluted	\$ (0.07)	\$ (0.05)	\$ (0.02)

Net loss per share from discontinued operations attributable to Renren Inc. shareholders:

Basic	\$	(0.00)	\$	-	\$	-
Diluted	\$	(0.00)	\$	-	\$	-

Net loss per share attributable to Renren Inc. shareholders:

Basic	\$	(0.07)	\$	(0.05)	\$	(0.02)
Diluted	\$	(0.07)	\$	(0.05)	\$	(0.02)

Net loss attributable to Renren Inc. shareholders per ADS:

Basic	\$	(0.22)	\$	(0.14)	\$	(0.07)
Diluted	\$	(0.22)	\$	(0.14)	\$	(0.07)

Weighted average number of shares used in calculating net loss per ordinary share from continuing operations attributable to Renren Inc. shareholders:

Basic	1,017,864,443	1,022,385,038	1,023,339,278
Diluted	1,017,864,443	1,022,385,038	1,023,339,278

Weighted average number of shares used in calculating net loss per ordinary share from discontinued operations attributable to Renren Inc. shareholders:

Basic	1,017,864,443	1,022,385,038	1,023,339,278
Diluted	1,017,864,443	1,022,385,038	1,023,339,278

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

Adjusted net loss

(Amounts in US dollars, in thousands)	For the Three Months Ended		
	September 30, 2015	June 30, 2016	September 30, 2016
Net loss	\$ (73,202)	\$ (46,098)	\$ (22,810)
Add back: Shared-based compensation expenses	4,917	5,457	5,511
Add back: Amortization of intangible assets	32	-	-
Adjusted net loss	\$ (68,253)	\$ (40,641)	\$ (17,299)

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/renren-announces-unaudited-third-quarter-2016-financial-results-300379171.html>

SOURCE Renren Inc.