

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha (α) in orange, all on a dark red background.

Liberty Global, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Thank you. We will now begin the question-and-answer session. [Operator Instructions]. Our first question comes from Jeffrey Wlodarczak from Wachovia. Please go ahead. Sir, your line is open, please go ahead with your question.

Jeffrey Wlodarczak - Wachovia Securities

I'm sorry about that. Good morning. Revenue growth has slowed for four consecutive quarters to 6% in the first quarter. It's clearly getting more competitive in certain markets. Just to make sure I understand looking at the balance of '08, is it mainly sort of digital DVR HD or D that gives you comfort you can see an acceleration towards the 7% or 9% full year guidance? Then also do you expect to see an acceleration in Western European RGUs of the plus 5% in Q1 and is that also very reliant on sort of advanced TV services or is that like a bundling price combo? Thanks.

Michael T. Fries - President and Chief Executive Officer

Well, thanks Jeff. I'll take a quick crack at that. I think that... we've addressed in the call here the key variables impacting revenue growth and those are principally expected ARPU compression in Voice and Data as we bundle aggressively, as we continue to penetrate those markets and as frankly some of the Voice usage tapers off a bit, which I think everybody in our business is feeling. So some extent it's an ARPU issue and to some extent, it is a volume issue principally in the low-end analog TV business. So our game plan, if you look at those two variables, is to continue to drive volume in Voice and Data and as a result of improving our product portfolio, as a result of maintaining what we think is a huge speed advantage in these markets and taking advantage of the fact that Europeans consume more bandwidth than the U.S. consumers by a recently large margin. We think the attractiveness of 3.0 product whether you start at 15 megs or a higher is going to be a game changer as I've said and allow us to really make an impact.

I will also say that as we look at individual markets, the percentage of customers that we have on the old classic expensive and relatively slow tiers are diminishing rapidly. So to some extent, the change in mix of our customers in broadband is nearing the end. In Holland for example I believe it's now less than 10% of our customers would be in that category of expensive classic products. So the markets are evolving rapidly and if that happens, I think you start to near a point where a natural bottom evolves in ARPU for data in particular. And the last thing I would say is there are some specific impacts on revenue this year. Romania, despite the improvement in Video growth and RGU growth, still has, what we would describe as a hangover effect from the impacts of 2007, which we talked about quite a bit. So because we sort of rebased the product pricing, we're going to see some unfavorable results

there. And in other markets, like Hungary and Austria, there are unique factors that I can assure you Gene and team are focused on immediately.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.