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CTC Media Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, gentlemen. (Operator Instructions). We'll take our first question today from Alex Kuznetsov from ING. Please go ahead.

Alex Kuznetsov - ING

Good afternoon. Thank you very much for the detailed presentation. I have just a couple of questions. First to all, could you comment on the adjusted pricing trend in fourth quarter and if possible what changes you've seen this year so far. And also a few comment on your cost optimization program please. I know you're going to negotiate them pricing with both local studios and international providers. Could you update us on the progress of the development? Thank you.

Anton Kudryashov

Okay, I will try to answer this question. Well there wasn't much of a change in GRPs trends during the first quarter. As you know most of the business for the first quarter is constructed during the year, during the earlier part of the year. Speaking about the current trends we've seen for GRPs we seem slight to slightly down may be 3% down trend on the current GRPs sales for January and February.

Also you were asking about the content negotiations. We are still engaged in a number of negotiations for international and local content providers. In general, we managed to achieve improvement in both contract terms and cash flow schedules for in this negotiation. As far as the GRPs content providers go, we managed to keep ruble prices flat and therefore benefiting from our ruble depreciation we witnessed in the last few months.

Alex Kuznetsov - ING

Thank you very much. May I ask you just a couple of follow-up questions. When we talked about pricing trends, I assume taking in ruble terms.

Anton Kudryashov

Yes. We commence in ruble terms.

Alex Kuznetsov - ING

And also your previous guidance that in the third quarter we are likely to see revenue 5% to 10% down. Are we talking in ruble term as well?

Boris Podolsky

Yes, this is correct.

Alex Kuznetsov - ING

Thank you very much.

Operator

Thank you. We'll now move to our next question from David Ferguson from Renaissance. Please go ahead.

David Ferguson - Renaissance Capital

Hi, good afternoon everyone. You talked about Video International having contracted around 75% of the year's inventory at around prices. I was just wondering how realistic do you think it is those contracts will hold, I guess what we're seeing, in northern market is that as soon as agreement reached the advertisers are then going back and changing their commitments asking for lower prices. So just kind of ensure why the situation would be different in Russia.

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