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Focus Media Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Catherine Leung with Citigroup.

Catherine Leung - Citigroup

Good morning. I have two questions. Firstly, can you please give us a little bit more color on your third quarter and second half outlook, if possible, as well as the second quarter? Which verticals do you feel the most confident about and which do you still see the most caution?

And secondly, can you discuss any kind of disruption on your employees, especially the sales force front, due to the overhang from the uncertainty of the delay in the merger with SINA that you saw in the first quarter, as well as the second quarter this year? Thank you.

Alex Yang

Cathy, are you asking for third quarter or second quarter?

Catherine Leung - Citigroup

Well, second quarter, I mean, assuming that you have much more visibility in the second quarter and any visibility you have over the third quarter and maybe the second half would be great.

Jason N. Jiang (Translation)

First of all, Q1 is a very difficult quarter for us but in the second quarter, we see significant rebounds because of that economic stimulus package passed by the Chinese Government, and we assume Q3 will be about at the same level as Q2 unless other -- unless we see additional economic stimulus package. But let me say -- let me reiterate -- basically we are in a [inaudible] situation and everything can change overnight, so we are still very cautious about our Q3 results.

Your second question is related to the management change because of that SINA transaction and departure of Dr. Tan, is that right?

Catherine Leung - Citigroup

Well, it's not so much the management turnover but given that there is some overhang in terms of what's going to happen if and when the SINA merger goes through, has your sales force been kind of

disrupted for motivation or their incentive to sell Focus Media advertising in the first quarter and also second quarter?

Jason N. Jiang (Translation)

If the deal was going to go through, Jason is going to stay with the combined company and help to integrate the [inaudible] assets with SINA and to help to further strengthen the business.

Currently the transaction is still in the process of approval by the relevant Chinese authorities, but the pending results -- but he doesn't think the pending results has had any significant impact to our sales force in terms of morale or in terms of turnover and we -- the sales force still chases after orders as they used to and basically we don't see any significant changes in our sales force.

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