



MTG Capital Markets Day

June 14, 2012

Boris Podolsky

Acting Chief Executive Officer

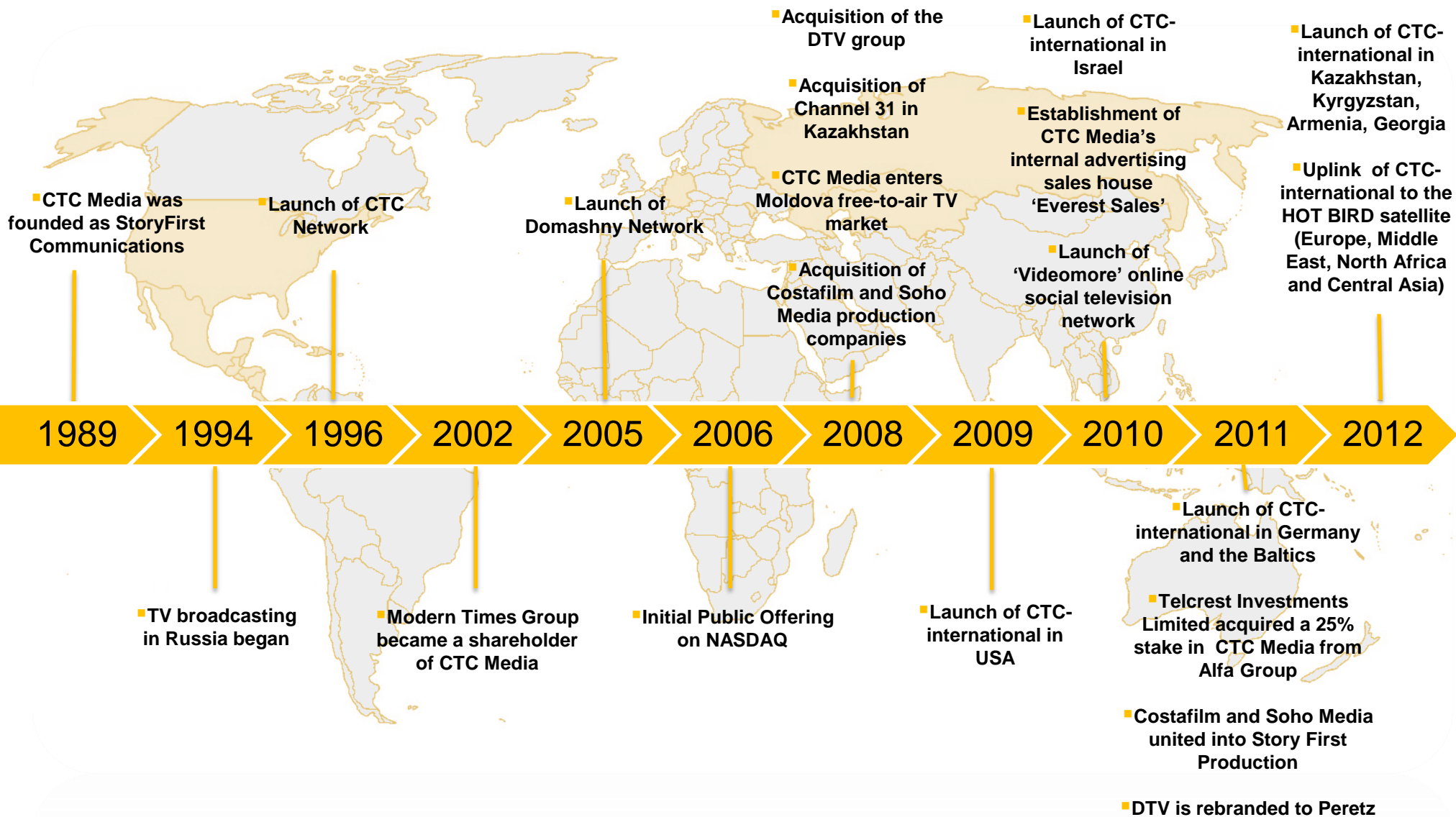
Chief Financial Officer

Boris Podolsky: Background



- **Acting CEO of CTC Media since December 2011**
- **CFO of CTC Media since December 2007**
- **Graduate of St. Petersburg University of Economics, CPA**
- **Served as Director, Finance and Corporate Reporting at Mobile TeleSystems (2004-2007)**
- **Held various positions at Ernst & Young (1994-2004)**

From Private TV Network to Public Media Holding



We Fully Capture the Value Chain by Being a Vertically Integrated TV Broadcaster

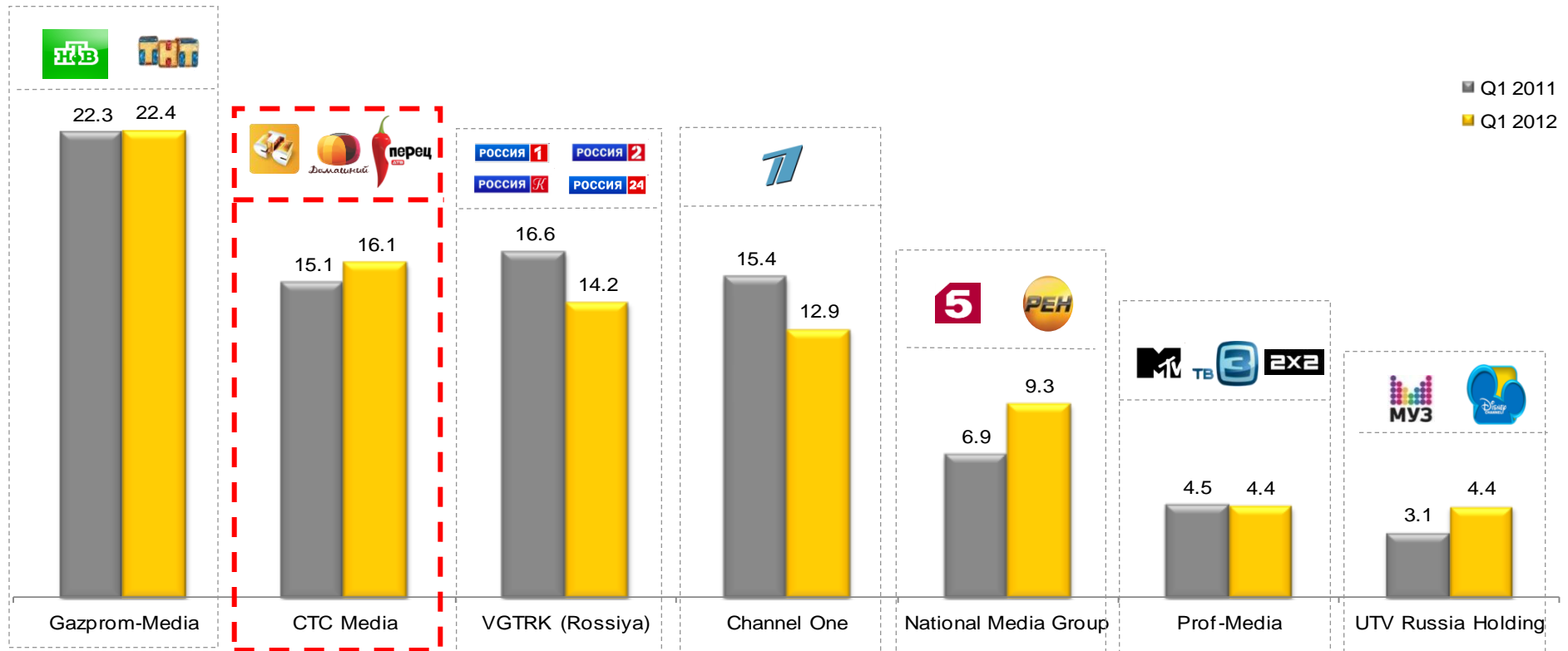


Note: (*) DTV Network operates under Peretz brand name & logo starting from October 2011



We Are the Largest Independent Broadcaster in Russia

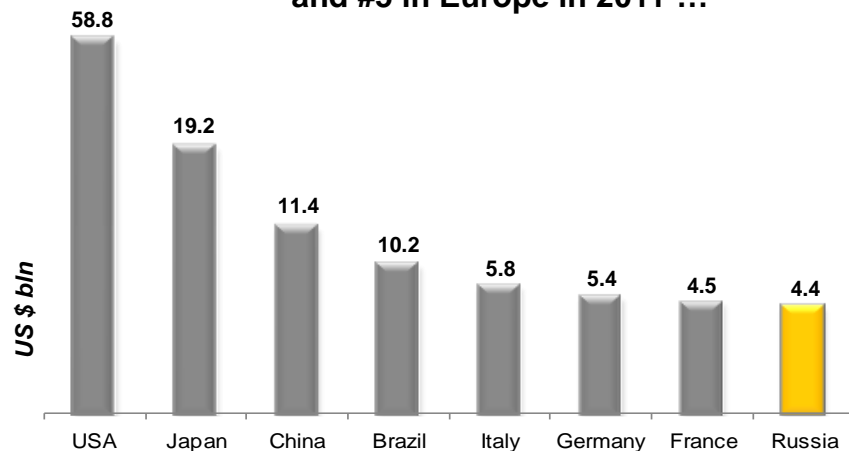
Combined audience shares, %
(all 6-54 demographic)



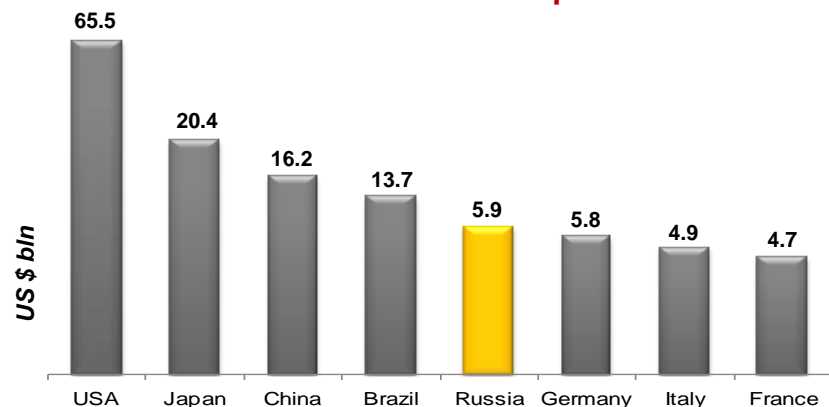
Source: TNS Gallup Media

Russian Ad Market Has Significant Potential for Further Development...

Russian TV ad market was #9 in the world
and #5 in Europe in 2011¹...



...and is expected to become # 5 in the world
and **#1 in Europe in 2014**¹

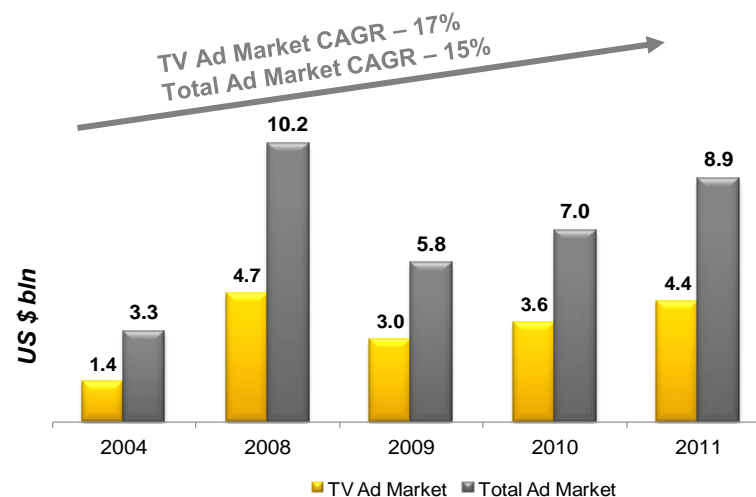


Note: All TV Ad Markets figures are net of VAT

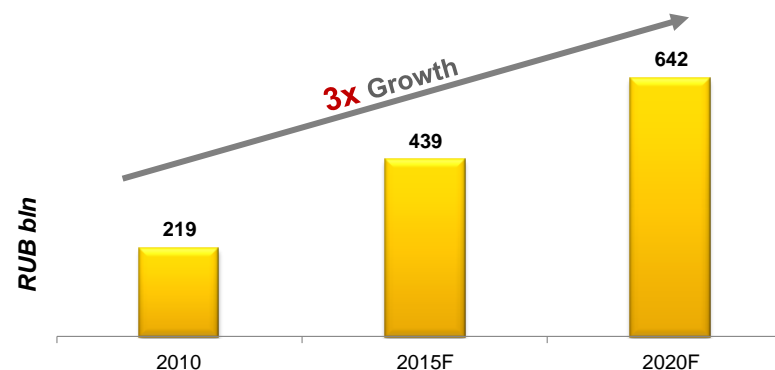
Sources: (1) Zenith Optimedia, Company's estimates

(2) Video International

Free-to-air TV ad market growth¹

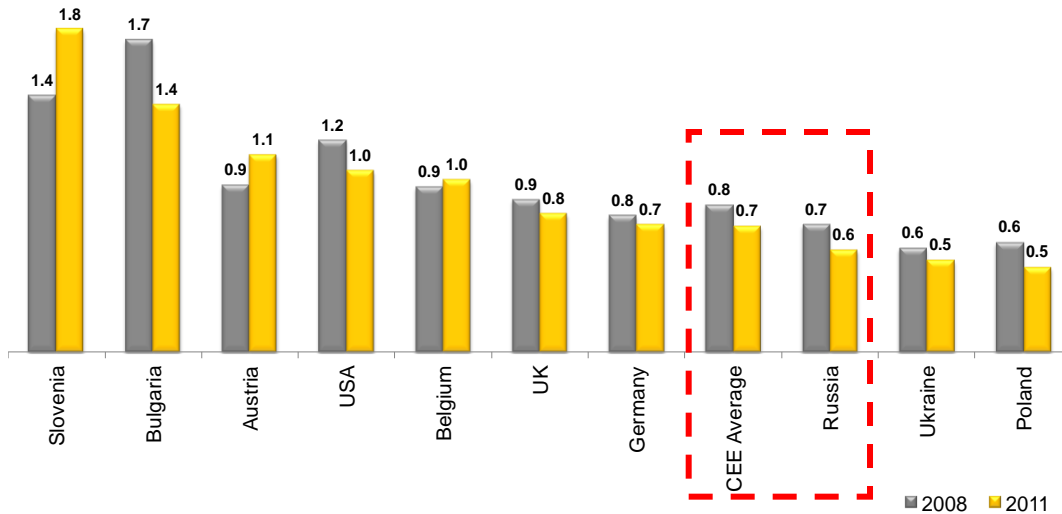


Total Russian ad market forecast²

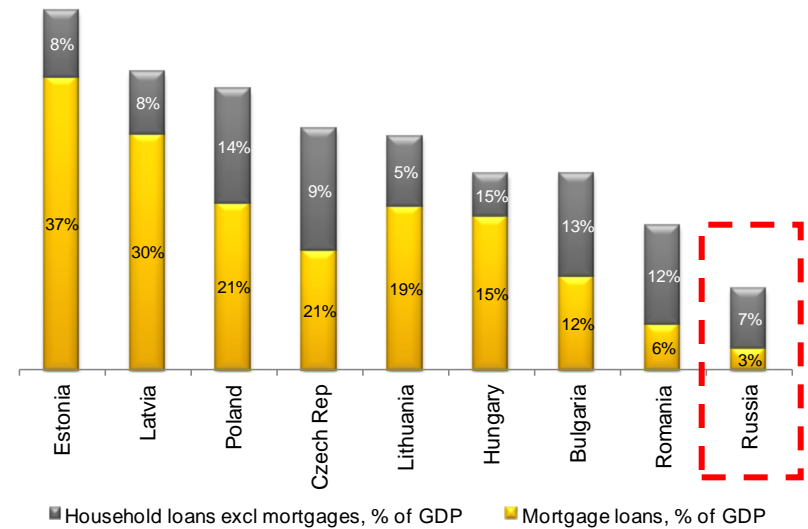


...Due to Relatively Low Ad Spend as % of GDP and Underleveraged Consumer

Ad spend as % of GDP¹



Retail and mortgage loans as % of GDP²



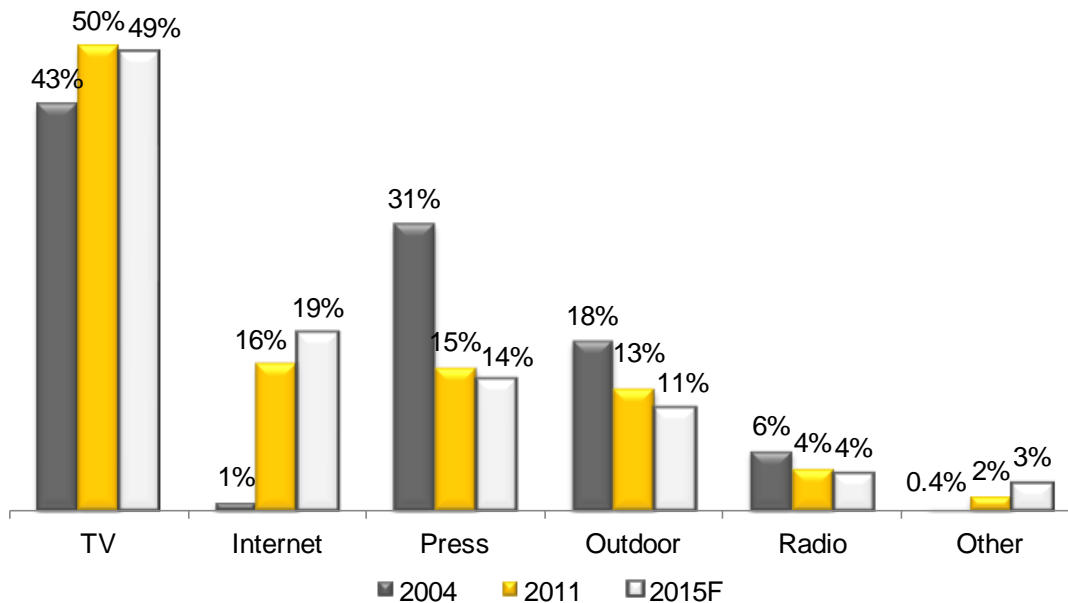
Sources: (1) ZenithOptimedia, Company's estimates

(2) Eurostat, National Central Banks, 2011

TV Is the Most Attractive Advertising Medium in Russia

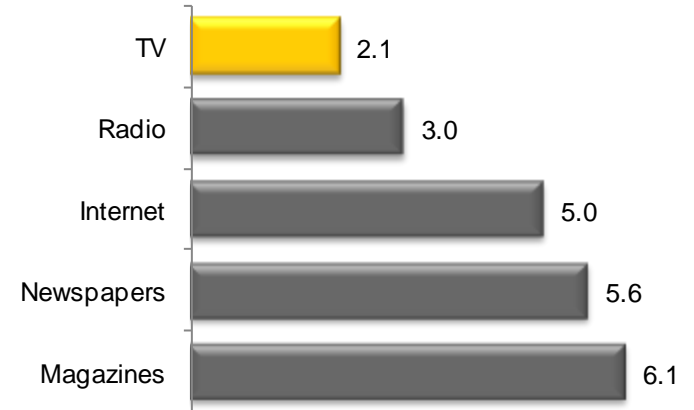
- TV is the only medium with truly national reach
- Important social and cultural platform
- More free-to-air networks than in other countries
- High quality free-to-air content offering

Ad spend in Russia by media segment¹ (%)

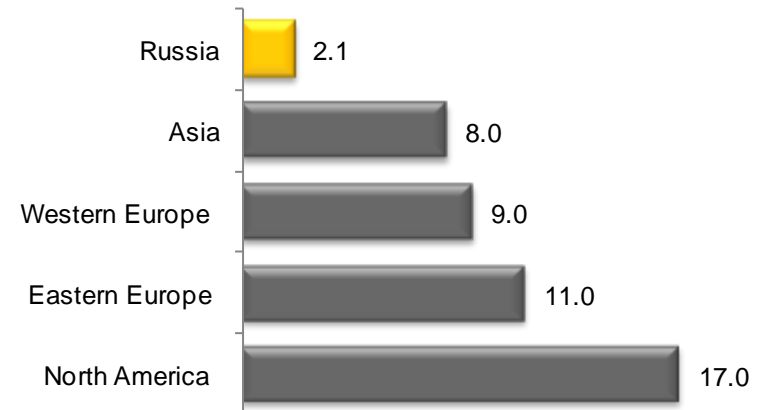


Sources: (1) Russian Association of Communication Agencies, Video International
(2) Initiative Media

H1 2011 Cost per Thousand in Russia (US\$)²

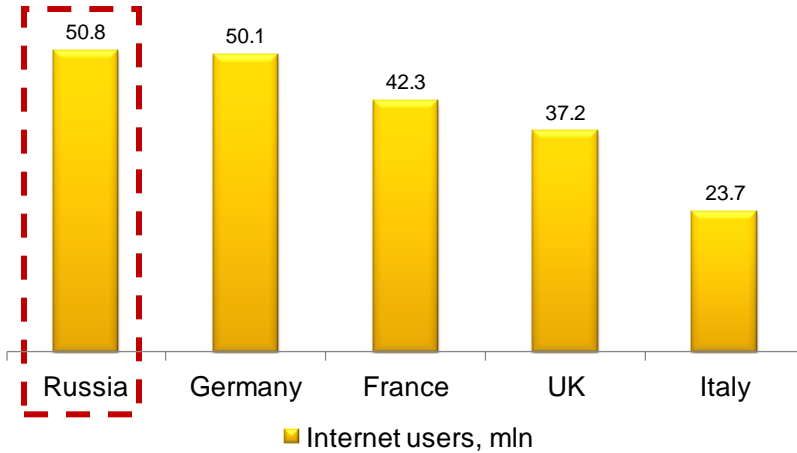


H1 2011 TV Cost per Thousand (US\$)²

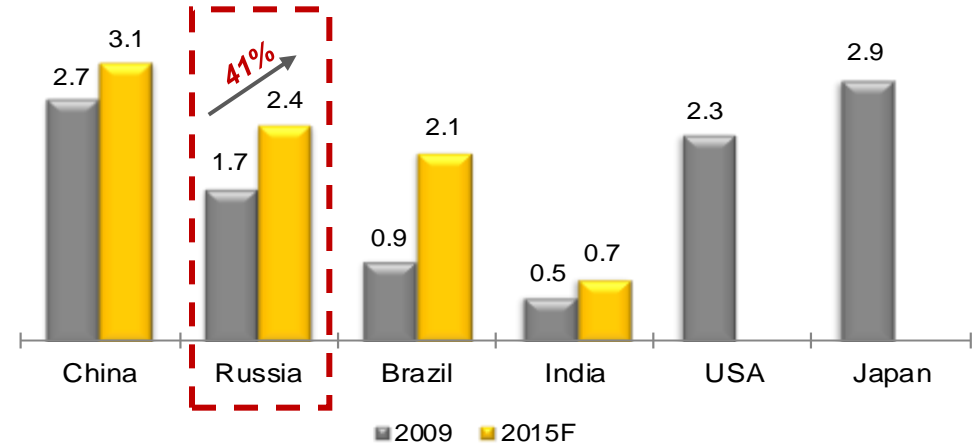


Internet Consumption Is Growing...

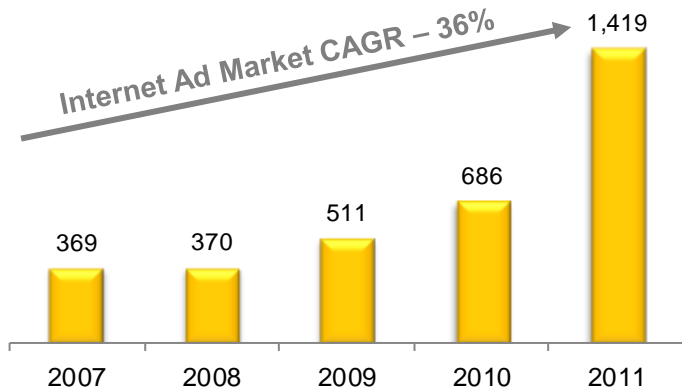
2011: Russia is #1 in Europe by number of Internet users



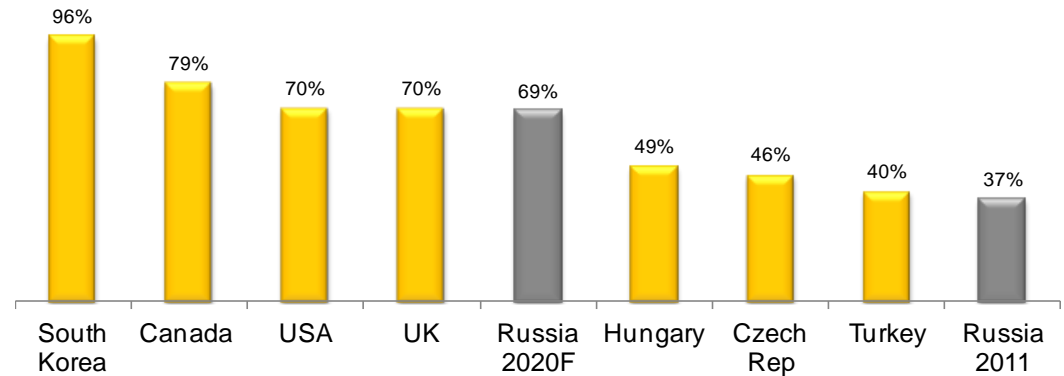
Increase of time spend online (hours per day)



2011: Internet Ad market growth in Russia (USD, mln)



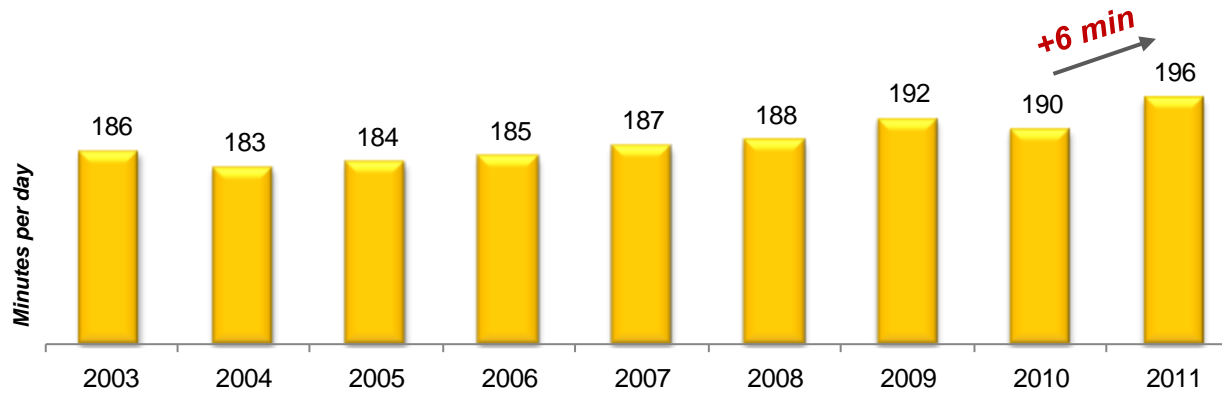
Broadband penetration by country, 2010 (Russia 2011, 2020F)



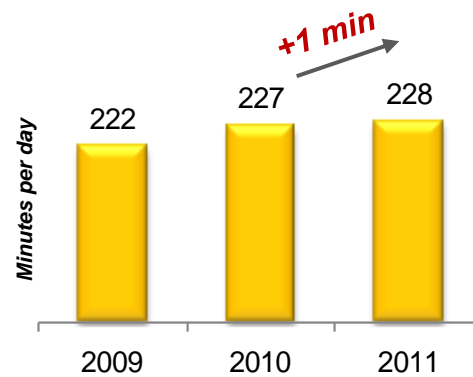
Sources: ComScore, Boston Consulting Group, Zenith Optimedia, AKAR, Mindshare Interaction

...but Not at the Expense of TV Usage

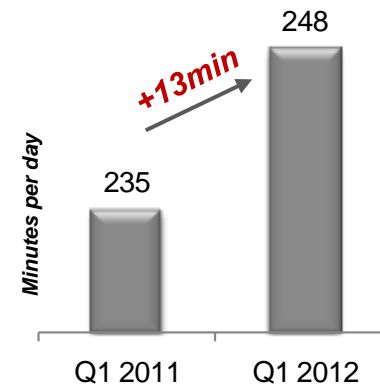
Average linear TV viewership globally is increasing



Europe

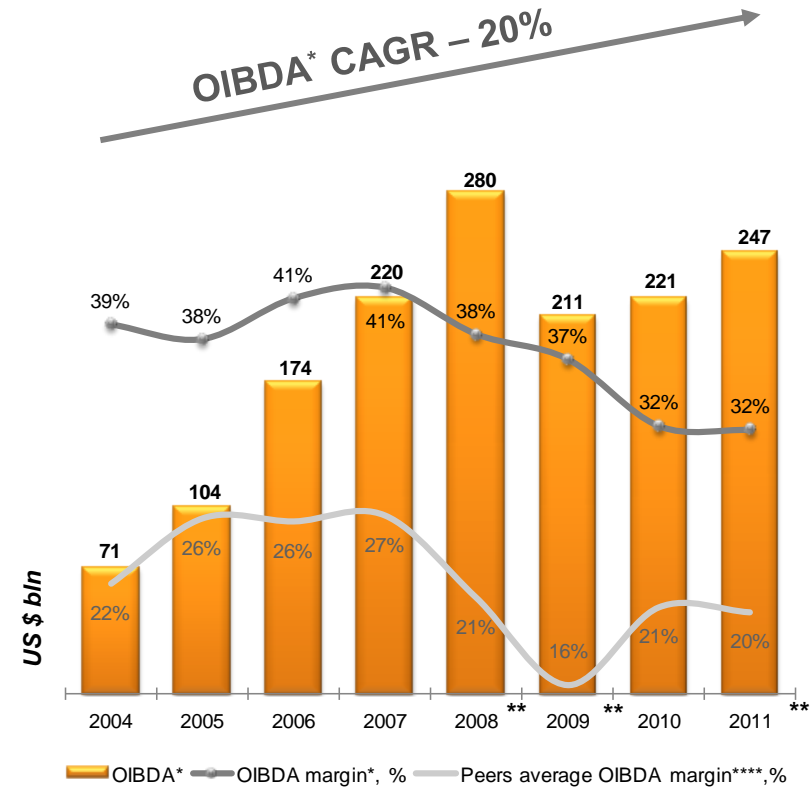
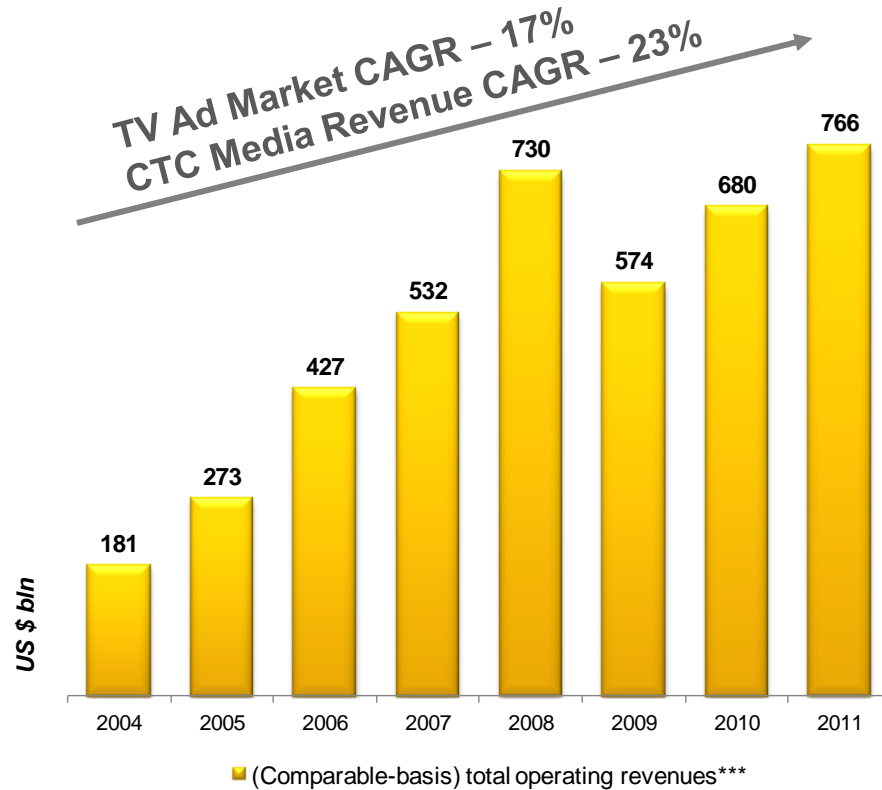


Russia



Source: Eurodata TV Worldwide

We Continue to Deliver Strong Top and Bottom-line Growth...



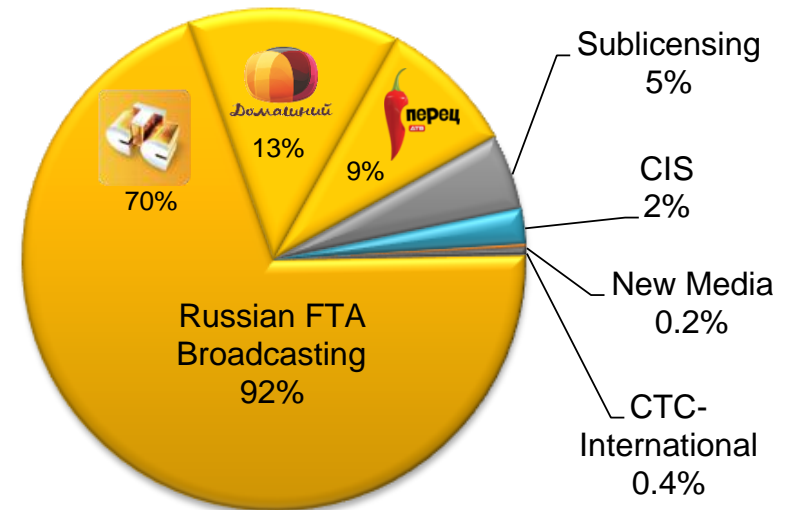
- Notes: (*) OIBDA is defined as operating income before depreciation and amortization (exclusive of amortization of programming and sublicensing rights. OIBDA margin is defined as OIBDA divided by total operating revenues. Both OIBDA and OIBDA margin are non-GAAP financial measures (see reconciliations on page 27)
- (**) 2008 OIBDA and OIBDA margin are adjusted to exclude a \$232.7 million charge arising from the impairment of the intangible assets of DTV Group in Russia, Channel 31 in Kazakhstan and a broadcasting group in Moldova; 2009 OIBDA and OIBDA margin are adjusted to exclude an \$18.7 million charge arising from the impairment of the broadcasting licenses in Russia and a \$28.6 million stock-based compensation expense recognized in conjunction with the previously announced settlement, DTV brand name by CTC Media of litigation brought by it against its former CEO, 2011 OIBDA and OIBDA margin are adjusted to exclude a \$106.4 million charge arising from the impairment of several regional broadcasting licenses and the Peretz Network goodwill; (see reconciliations on page 25-26)
- (***) Comparable-basis operating revenues are non-GAAP financial measures provided in order to facilitate period-to-period comparisons of CTC Media's results following the implementation of the new model of advertising sales starting from 2011 (see reconciliations on page 27)
- (****) Following companies are included in European peers average OIBDA margin calculations: CME, TVN, S.A. Modern Times Group, Antena3, ITV plc, Metropole Television, Mediaset, ProSiebenSat, Mediaset Espana, TF1

...and to Diversify Our Lines of Business

2004



Q1 2012



We Have Clear Strategic Priorities

Content

- Build library
- Develop in-house production
- Invest in ideas development
- Increase production volumes
- Create strong brands



of CTC Media channels'
programming grid
(from ~10% in 2011)

Broadcasting



Stabilize audience share
Improve audience profile



Grow audience and market
shares



Grow audience and market
shares



Expand to markets with
Russian-speaking
audiences

New Media

Distribution platforms:

- Enhance existing platforms



female portal



comedy portal

- Develop distribution
collaboration (VK, Youtube)
- Be available on all screens

Diversification:

- iVas on existing platforms
- Games
- Transmedia branded
entertainment content

Content is king.... Distribution platform is queen

We Focus on Developing and Creating Local Content

Long-term relationships with large independent producers

Amedia



YBW



Good Story Media / Lean-M



- Stable and predictable pricing
- Right of first look for new products
- Proven track record

Discover new third party partners

Karo Production



Sputnik Vostok Production



- Diversification of content suppliers
- Discovering new creative talents & ideas

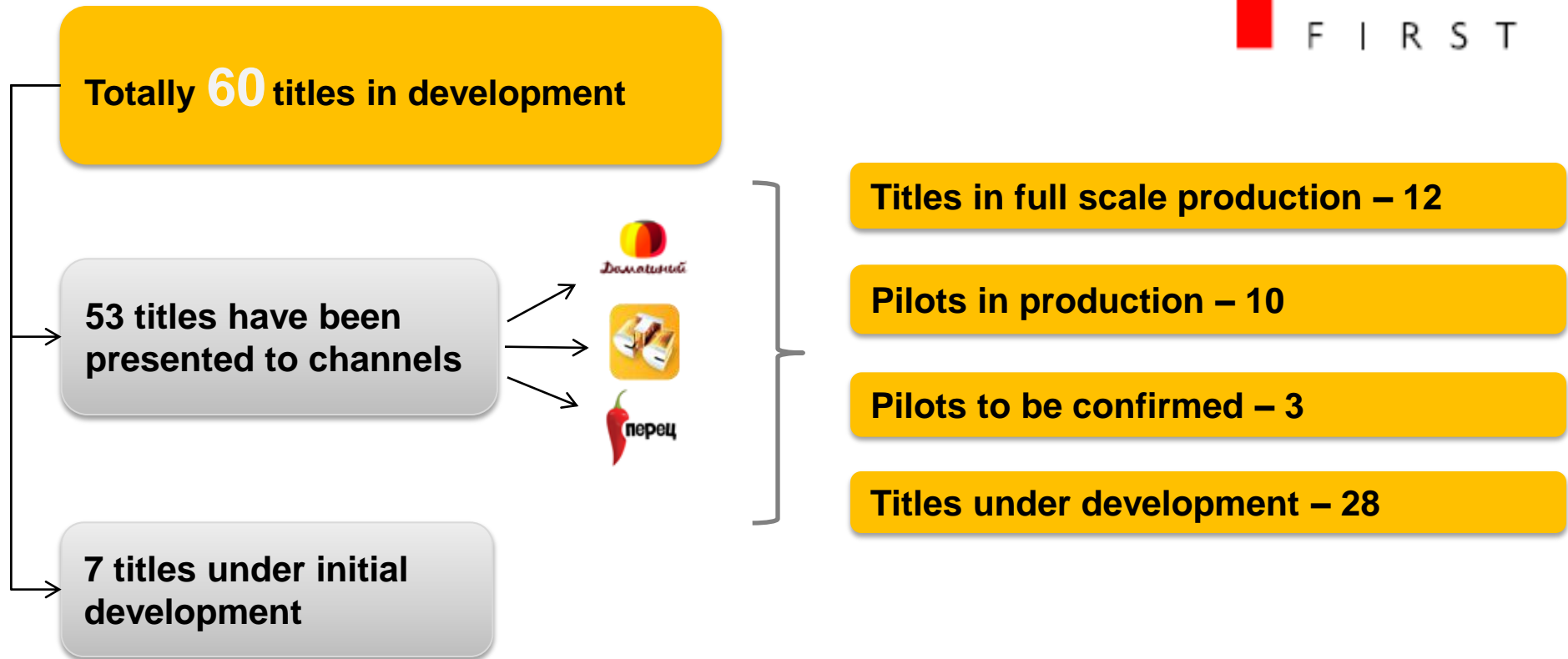
In-house production

STORY
FIRST



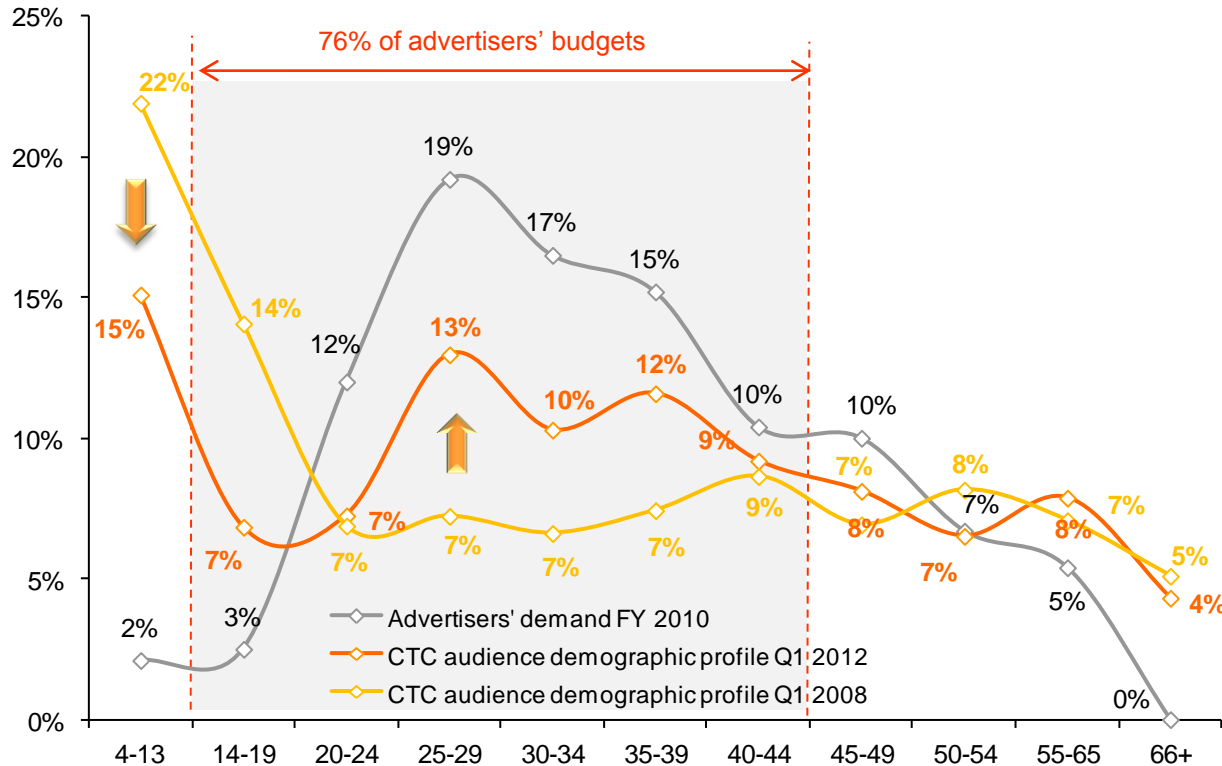
- Securing all rights to the own content
- Full control over production costs & processes
- ~ 60 projects currently under development

More Original Ideas Are Generated by Our Enhanced Internal Creative Team



During 2008-2010 Costafilm produced 8 titles and 4 pilots, Soho Media – 9 titles

CTC Improves Its Audience Profile in the Most Commercially Attractive Demographic

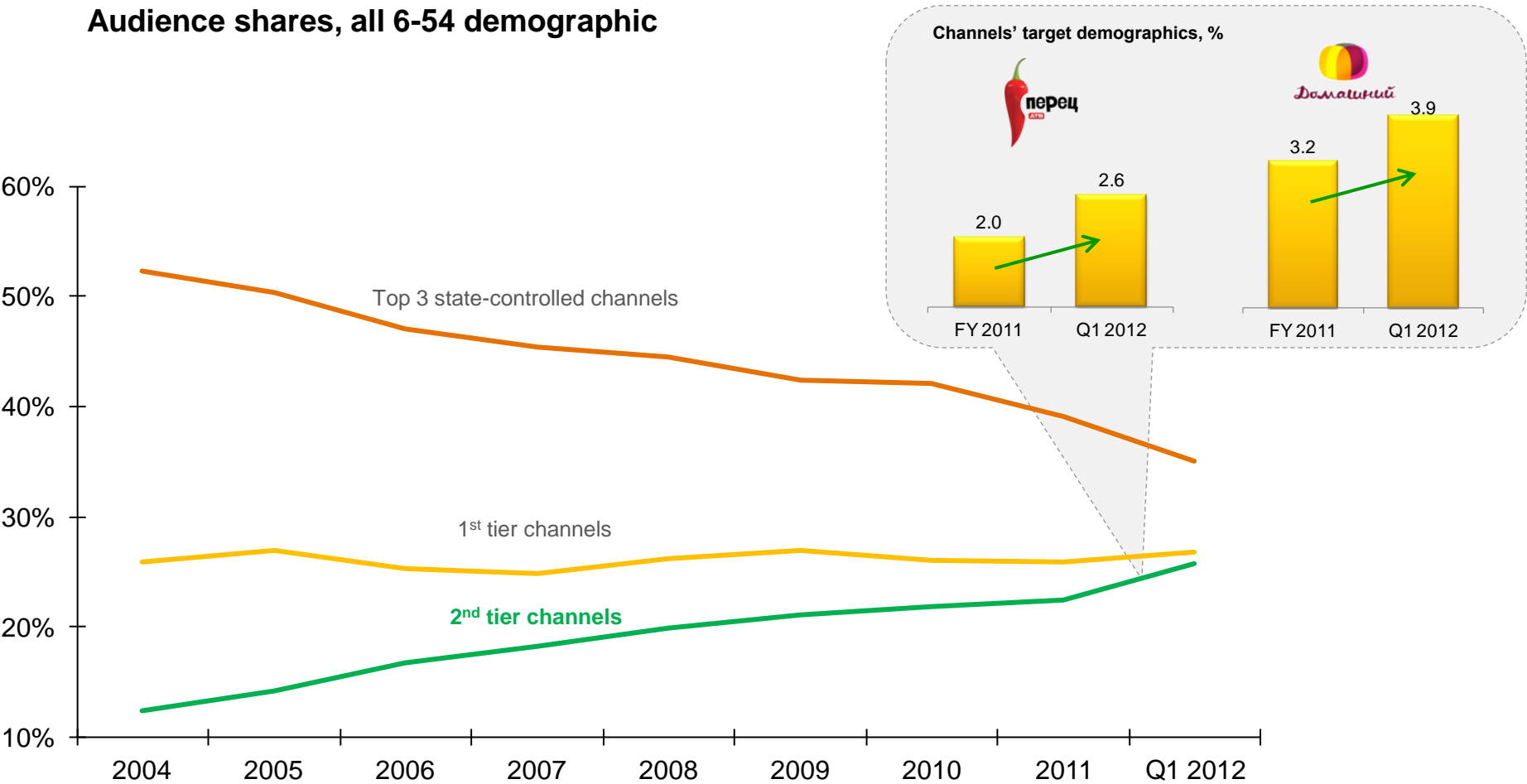


- 76% of total ad spending is concentrated in 14-44 audience
- 58% is a share of 14-44 audience in CTC channel total viewership in Q1 2012, up from 51% in Q1 2008
- We continue working on improving demographic profile of CTC's audience to better match advertiser demand

Sources: TNS Gallup Media, Video International

Domashny and Peretz Are Benefiting from Fragmentation of Russian TV Market

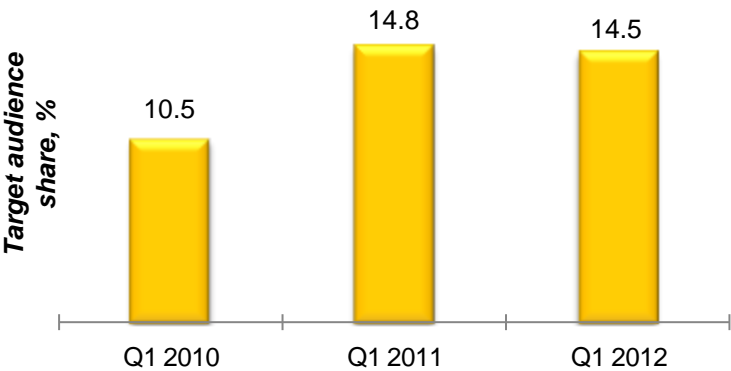
Audience shares, all 6-54 demographic



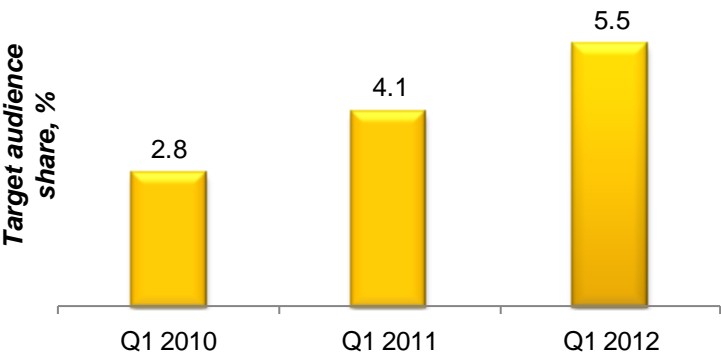
Notes: top 3 state-controlled channels: Channel One, Rossiya 1, NTV; 1st tier channels: CTC, TNT, Ren-TV;
2nd tier channels: TV-3, Domashny, Peretz, Rossiya K, Channel 5, Rossiya 2, Euronews, Zvezda, MTV, Rossiya 24, Muz TV, 2x2, TV Center, 7TV

We Are Strengthening Our Market Positions in the CIS

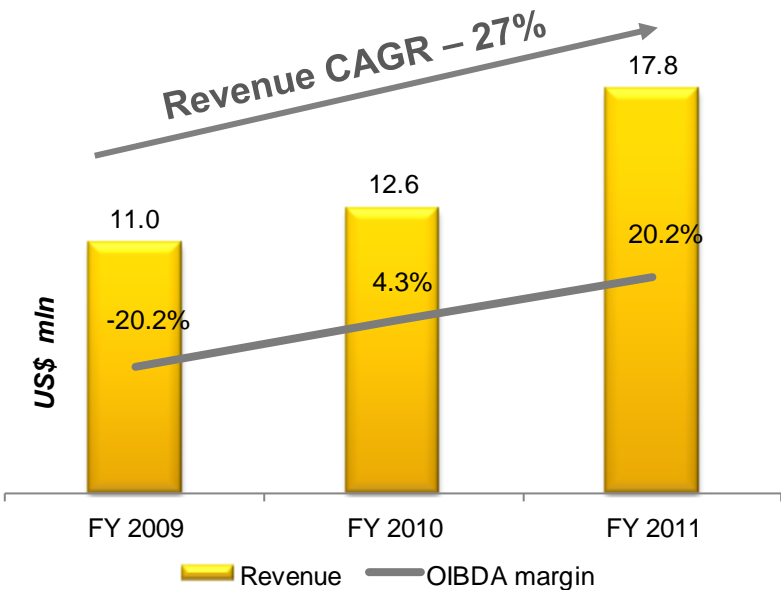
31 Channel, Kazakhstan (all 6-54 demographics)



CTC/TV DIXI, Moldova (urban 6-54 demographics)






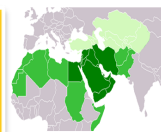




Significant growth in CIS Segment revenue and OIBDA margin



Plus We Continue to Expand Internationally...

Increasing CTC Media's international brand awareness & value through CTC-international

USA		December 2009 – Dish May 2011 – Time Warner; RMG October 2011 – Cablevision	Russian-speaking population	3.5 mln
Israel		June 2011 – Hot; Yes		1.5 mln
Germany		March 2011 – Kartina TV IPTV		6 mln
Baltic States		October 2011 – Viasat Broadcasting		4 mln
Kazakhstan		February 2012 – Digital TV; Icon TV		12.3 mln
Europe North Africa Middle East Central Asia		February 2012 – uplink service HOT BIRD™		
Kyrgyzstan		April 2012 – Europe-Asia cable and satellite network		2.5 mln
Armenia Georgia Azerbaijan		May 2012 – Caucasus cable networks		10.4 mln
Total Russian-speaking population				40.2 mln

...and Enter New Platforms to Be Wherever Our Viewers Are

Videomore

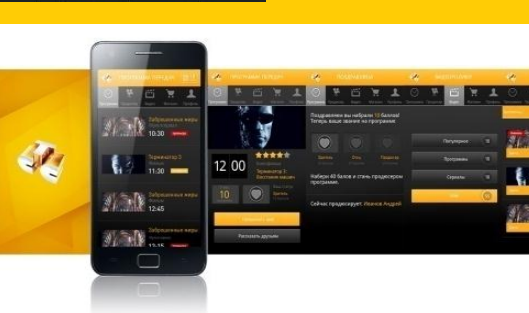
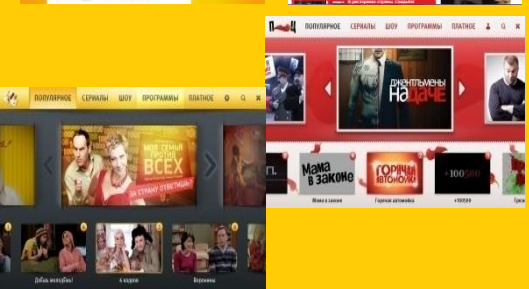
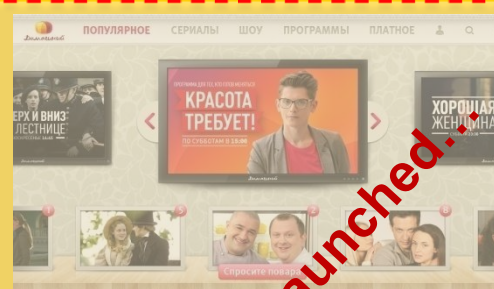
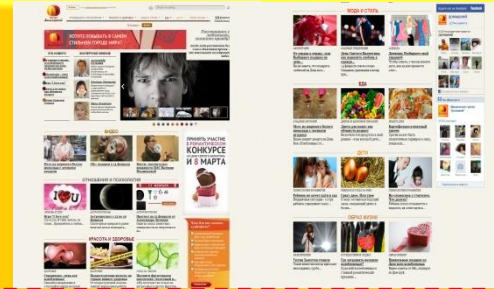
Domashny portal

Channels' websites

Web
+
Partnership
with social
networks

Smart TV &
IPTV

Mobile
platforms

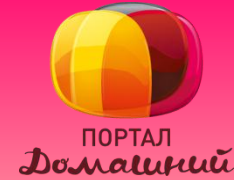



...on the Way to Become a Leading New Media Player among Russian TV Companies

videomore



- **# 2** legal video portal in Russia by audience
- **7 mln** unique monthly visitors* 
up 180%
y-o-y
- More than **11,000 units** of content
- Registered users spend **40 min** on VideoMore daily
- Combination of video content streaming & social network functionality



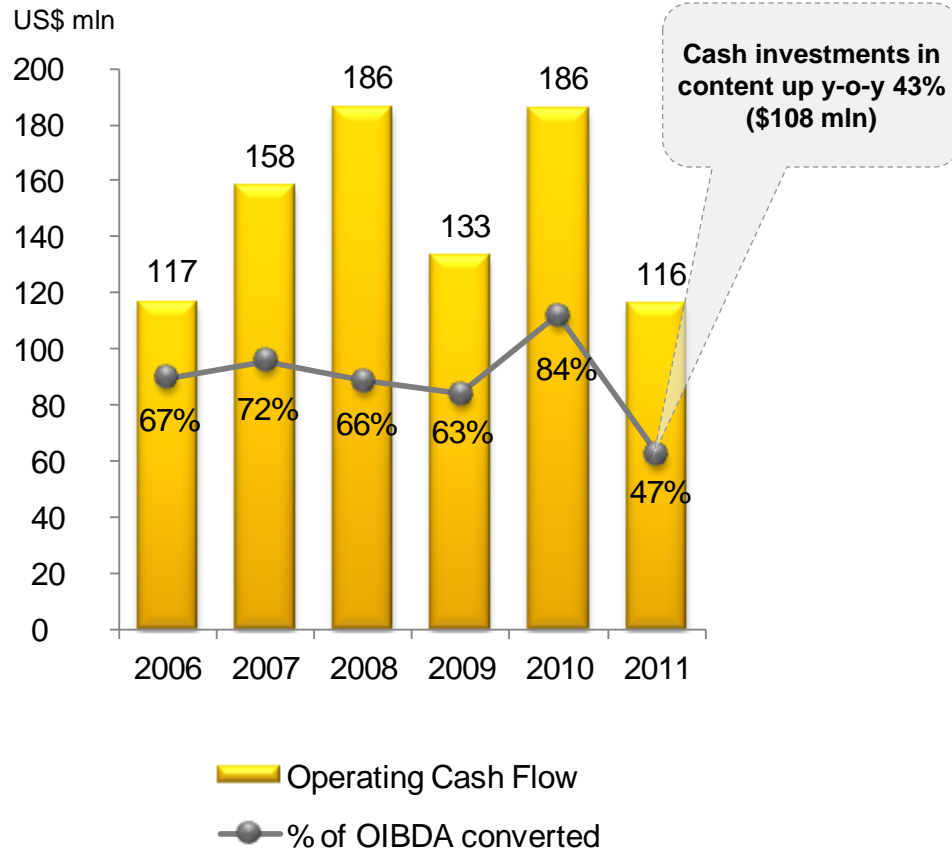
- In **TOP-10** Russian most visited women portals
- **1.5 mln** unique monthly visitors*
- **Highest affinity in female 25-44** audience (among TOP-10 women portals) 
- Unique niche focused on traditional family values
- Competitive advantage due to video content library and production capabilities

Plus over a million unique monthly visitors on our other New Media platforms

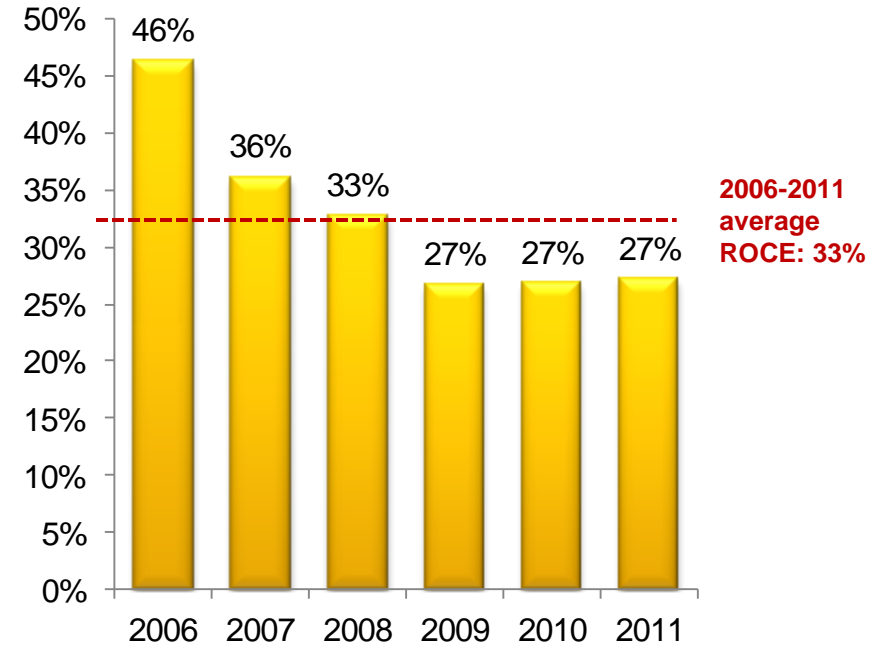
Note: (*) Videomore average monthly unique visitors in Q1 2012; Domashniy portal average monthly unique visitors in March 2012

High Levels of Cash Conversion and Return on Capital Employed

% of OIBDA Converted to Operating Cash Flow



Return on Capital Employed*



Note: (*) ROCE excludes one-off non-cash asset impairment charges recognized in 2008, 2009 and 2011 (see page 11 for details).

Q1 2011 Financial Highlights

9pp
above
market

REVENUES
\$191.1 mln

+19%
in Rub

OIBDA
\$55.1 mln

+38%

OIBDA MARGIN
28.8%

+4.7 pp

EPS
\$0.21

+50%

NET CASH POSITION
\$111.0 mln

**CASH INVESTMENTS
IN CONTENT**
\$85.2 mln

+10%

DIVIDEND PAID IN Q1
\$0.13 per share

**EXPECTED DIVIDEND
PAYOUT IN 2012**
52% of 2011 net income

Investing in quality content and returning excess cash to shareholders

To Conclude...

The largest independent and the only publicly listed broadcaster in Russia

Growth company offering unique play on growing Russian & CIS TV advertising markets

Targeting audiences which are most attractive to advertisers

Controlling the whole value chain by vertically integrating content production, distribution and advertising sales

High margins by industry standards & strong cash flow generation

Commitment to returning surplus cash to shareholders



MTG Capital Markets Day

June 14, 2012

Boris Podolsky

Acting Chief Executive Officer

Chief Financial Officer



Voroniny – sitcom, CTC Network (Everybody loves Raymond format)



Doctor Zaitseva's Diary – sitcom, CTC Network (Doctor's Diary format)

Reconciliation of Non-GAAP Measures

Reconciliation of consolidated adjusted OIBDA and other adjusted financial measures to consolidated OIBDA and other corresponding GAAP financial measures

<i>(US\$ 000's except per share data)</i>	OIBDA	Total operating expenses	Operating income	Income before income tax and noncontrolling interest	Income tax expense	Net income	Fully diluted earnings per share
<u>Three Months Ended December 31, 2011</u>							
Adjusted non-US GAAP results	\$ 92,757	\$ (148,725)	\$ 88,033	\$ 93,830	\$ (28,604)	\$ 61,434	\$ 0.39
Impact of impairment loss	(89,539)	(89,539)	(89,539)	(89,539)	3,570	(85,969)	(0.55)
Results as reported (under US GAAP, except for OIBDA which is a non-GAAP financial measure)	\$ 3,218	\$ (238,264)	\$ (1,506)	\$ 4,291	\$ (25,034)	\$ (24,535)	\$ (0.16)

<i>(US\$ 000's except per share data)</i>	OIBDA	Total operating expenses	Operating income	Income before income tax and noncontrolling interest	Income tax expense	Net income	Fully diluted earnings per share
<u>Twelve Months Ended December 31, 2011</u>							
Adjusted non-US GAAP results	\$246,716	\$ (537,293)	\$ 229,067	\$ 243,301	\$ (83,342)	\$ 152,561	\$ 0.97
Impact of impairment loss	(106,382)	(106,382)	(106,382)	(106,382)	6,939	(99,443)	(0.63)
Results as reported (under US GAAP, except for OIBDA which is a non-US GAAP financial measure)	\$140,334	\$ (643,675)	\$ 122,685	\$ 136,919	\$ (76,403)	\$ 53,118	\$ 0.34

Reconciliation of Non-GAAP Measures (continued)

Reconciliation of consolidated adjusted OIBDA and other adjusted financial measures to consolidated OIBDA and other corresponding GAAP financial measures

<i>(US\$ 000's except per share data)</i>	OIBDA	Total Operating Expenses	Operating income	Net Income Before Tax	Income Tax Expense	Net Income	EPS (fully diluted)
Year ended December 31, 2008							
Adjusted non-US GAAP results	\$ 280,241	\$ (373,307)	\$ 266,864	\$ 237,077	\$ (50,205)	\$ 176,133	\$ 1.11
Impact of non-cash impairment of intangible assets of DTV, Kz and Moldova	(232,683)	(232,683)	(232,683)	(232,683)	30,331	(153,679)	(0.97)
Results as reported (under US GAAP, except for OIBDA)	\$ 47,558	\$ (605,990)	\$ 34,181	\$ 4,394	\$ (19,874)	\$ 22,454	\$ 0.14

<i>(US\$ 000's except per share data)</i>	OIBDA	Total operating expenses	Operating income	Income before income tax and non-	Income tax expense	Non- controlling interest	Net income attributable to CTC Media, Inc. stockholders	Fully diluted earnings per share
Year ended December 31, 2009								
Adjusted non-US GAAP results	\$ 211,256	\$ (306,311)	\$ 199,802	\$ 195,972	\$ (49,374)	\$ (2,630)	\$ 143,968	\$ 0.91
Impact of non-cash intangible asset impairment charge	(18,739)	(18,739)	(18,739)	(18,739)	3,748	-	(14,991)	(0.10)
Impact of Stock-based compensation expense related to settlement of litigation against former executive	(28,588)	(28,588)	(28,588)	(28,588)	-	-	(28,588)	(0.18)
Results as reported (under US GAAP, except for OIBDA, which is a non-GAAP financial measure)	\$ 163,929	\$ (353,638)	\$ 152,475	\$ 148,645	\$ (45,626)	\$ (2,630)	\$ 100,389	\$ 0.64

Reconciliation of Non-GAAP Measures (continued)

Reconciliation of consolidated OIBDA to consolidated operating income

USD mln	Q1 2012	Q1 2011	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Operating income	49,971	35,928	122,685	207,118	152,475	34,181	193,061	154,313	90,187	62,559
Add: depreciation and amortization	5,157	3,936	17,649	13,736	11,454	13,379	27,361	19,651	13,920	7,962
OIBDA	55,128	39,864	140,334	220,854	163,929	47,560	220,422	173,964	104,107	70,521

Reconciliation of consolidated OIBDA margin to consolidated operating income margin

USD mln	Q1 2012	Q1 2011	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Operating margin	26.1%	21.7%	16.0%	34.4%	30.1%	5.3%	40.9%	41.6%	38.0%	40.2%
Add: depreciation and amortization as percentage of revenue	2.7%	2.4%	2.3%	2.3%	2.3%	2.1%	5.8%	5.3%	5.8%	5.1%
OIBDA margin	28.8%	24.1%	18.3%	36.7%	32.4%	7.4%	46.7%	46.9%	43.8%	45.3%

Reconciliation of comparable-basis, non-GAAP total operating revenues to total operating revenues

USD mln	2004	2005	2006	2007	2008	2009	2010
Comparable-basis total operating revenues	180,639	273,352	427,091	532,143	729,629	574,107	680,418
Agency commission fees payable to Video International in connection with Russian advertising sales (excluding commissions for regional advertising sales to local clients)	(25,072)	(35,875)	(56,257)	(60,087)	(89,458)	(67,994)	(79,133)
Total operating revenues	155,567	237,477	370,834	472,056	640,171	506,113	601,285

Contact Information and Disclaimer

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