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CTC Media, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. CTC Media would like to remind everyone that this conference call has contained certain forward-looking statements relating to future events, future financial performance, strategies, expectations, competitive environment, regulations and availability of resources. Such forward-looking statements are based upon current expectations that involve risks and uncertainties. Actual results may differ materially from those stated, and any forward-looking statements based on a number of factors and other risk, which are more specifically identified in CTC Media's filing with the SEC.

(Operator Instructions) Your first question is coming from Ben Mogil of Thomas Weisel Partners. Please go ahead.

Ben Mogil - Thomas Weisel Partners

Hi guys. Good morning. So the question which I had this morning was actually on the programming amortization, the change which you made recently to accelerate the amortization, was that your decision based on sort of how you were seeing the market when it came to third-time airings or was that something that the auditors were sort of pushing you towards?

Boris Podolsky

Okay Ben, it's Boris. I will try to answer your questions. That obviously was driven by us. The two main reasons for the change. Number one reason is basically the more aggressive competition we see on the market in terms of the programming and effectively for us to show the lineup with a third run of our sitcoms would be something that management believed to be not a good competitive advantage. That's number one driver for that decision. And that's probably the main driver. The second one, which was less relevant for us in terms of making the decision but was important to look at was also the revenue generated by the third run of our shows. So, respectively both factors have affected our decision but that was ours and it's driven primarily by the market and our programming strategy.

Ben Mogil - Thomas Weisel Partners

Thank you. And then so, if you talk from a programming perspective obviously the market has been quickly growing but obviously competitive at the same time. When you're doing more stuff in-house, I mean, do you have a sense of how much ultimately programming you'd like to be done internally, versus, imported or third-party buys?

Alexander Rodnyansky

At the moment, this year, we've announced we have already 25% of the programming, including almost all prime-time lineups to be delivered – produced and delivered by our production houses. We believe this is a great proportion and if our production studios will be able to deliver such a strong quality product as they did for this whole season, we will be completely satisfied. It's going to be a little bit more tough, if possible, but we don't believe it would be a great chance for the company to be so much depending just on the product produced by our own production companies.

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