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SINA Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Jason Brueschke with Citigroup. Please proceed with your question.

Jason Brueschke – Citigroup

Thank you. Good morning Charles, Herman and Cathy, and congratulations on the quarter. My first question, maybe I'll just key off at the closing words of Herman. You guys have executed extremely well and you have a tremendous amount of cash. My question is regarding the use of cash. Are you guys planning to do any major share buybacks? And considering that there's probably going to be a number of interesting Internet properties, you may struggle if the overall amount of advertising shrinks or if new media does well, but the major portals do better within that. Are you guys planning on stepping up your M&A activity and would you buy, for example, maybe a social networking site to supplement your successful blogs? And then, I have a follow-up question. Thanks.

Charles Chao

Okay, Jason, this is Charles. In terms of use of cash, obviously, I mean given the current market situation, we are pondering on the possibility of a cash – stock repurchase depending on how the market is heading in the near future. And in terms of M&A, you're correct, we are actually stepping up our efforts in this area, looking for properties and especially as you know that, under current market situation, that there will be more opportunities in the market in China with more reasonable valuations at this point. And obviously, we have always said that we want to reserve cash for M&A purpose and since like in the next 6 months or 12 months, there will be more opportunities in the market and we are actively looking. But in terms of specific target and areas, I don't want to comment on this conference call because it's kind of sensitive. I hope you can understand.

Jason Brueschke – Citigroup

Absolutely, thanks. My next question is, a tremendous amount of discussion about last quarter and then in your prepared remarks about what's going on in the advertising world, but there's probably been less discussion about your MVAS business and I was just wondering if you could give us some comments and thoughts on how defensive that business is likely to be in 2009 if the Chinese economy continues to slow?

Charles Chao

Well, I think that the MVAS revenues – that particular business, I think is less sensitive to the economic environment. I'm talking about macroeconomic environment in China and basically, it's feed service with consumers and with each paying a very small amount of money, so I don't think it will be very sensitive to the economic conditions in China right now. And in general, as I said in my opening remarks that this environment is getting healthier and it seems like the operation is pretty smooth right now and we seem to think that this trend will continue in '09.

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