

CTC Media: TV Ad Market Grew in Q2

By [The Moscow Times](#)

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CTC Media reported signs of increased activity in the advertising market in the second quarter, while higher expenses hit profit.

"The level of growth in the Russian TV advertising market has accelerated in the second quarter, and we have captured this growth with a fully sold-out position and 8 percent year-on-year Russian advertising sales growth in ruble terms," chief executive Anton Kudryashov said Thursday.

"Our CIS television advertising sales grew by 12 percent year on year in U.S. dollar terms," he added.

The company, which runs independent television and production companies in Russia and other former Soviet states, said net profit fell 31 percent to \$20.9 million year on year, and came in below a \$25.7 million average forecast in a Reuters poll.

Revenues rose 15 percent year on year to \$130.5 million, helped by increasing demand from

advertisers and a stronger ruble.

Operating expenses, however, grew by an outpacing 39 percent because of higher stock-based compensation expenses, transmission fees, annual salary increases, as well as a wide promotional advertising campaign for its DTV channel, CTC said in a statement.

The company, whose shareholders include Sweden's Modern Times and Alfa Group, also reported a 41 percent rise in programming amortization expenses and a \$5.7 million programming impairment charge against a charge of \$1 million a year ago.

"We have continued to invest in our programming schedules and network coverage, with a particular emphasis on the development of our smaller channels. These investments have already resulted in significantly higher audience shares for the Domashny network," Kudryashov said.

CTC said it expected full-year margin on the basis of operating income before depreciation and amortization of more than 35 percent, versus 27.7 percent in the second quarter and 40.8 percent in the second quarter of 2009. OIBDA fell 22 percent in the second quarter to \$36.2 million.

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