

Locally speaking. The typical, or median, TV station had its best year ever in 1976, according to the National Association of Broadcasters annual financial survey—so good that NAB for the first time subtracted taxes from the profit figure so the typical TV profit margin wouldn't look so big to critics. Before taxes, the typical TV station (VHF and UHF) made a profit of \$760,900 or 26.78% before taxes on total broadcast revenues of over \$2.8 million. After taxes, which NAB estimated, the profit is 12.59%. NAB said that more than 90% of the over 400 stations participating in the survey reported profits.

	1976	1975	% change
Profit (before taxes)	\$ 760,900	\$ 435,800	+74.6
Profit (after taxes)	357,600	—	—
Profit margin (before taxes)	26.78%	18.9%	+41.7
Profit margin (after taxes)	12.59%	—	—
Total time sales	3,207,600	2,505,100	+28.0
From:			
Networks	340,000	333,200	+ 2.0
National, regional	1,360,000	1,024,600	+32.7
Local advertisers	1,507,600	1,147,300	+31.4
Total broadcast revenue	2,841,300	2,301,200	+23.5
Nonbroadcast revenue	74,600	62,500	+19.4
Trade-outs, barter	62,900	58,800	+ 7.0
Total broadcast expense	2,080,400	1,865,400	+11.5
From:			
Technical	264,200	244,400	+8.1
Program	726,100	673,400	+ 7.8
Selling	301,600	257,400	+17.2
General, administrative	788,500	690,200	+14.2
Selected expense items			
Total salaries	790,600	724,400	+ 9.1
From:			
Technical	158,900	154,300	+ 3.0
Program	311,500	292,700	+ 6.4
Selling	188,200	160,100	+17.6
General, administrative	132,000	117,300	+12.5
Cost of outside news service	18,200	16,900	+ 7.7
Music license fee	58,500	44,800	+30.6
Depreciation, amortization	171,700	153,900	+11.6
Interest	10,200	5,500	+85.5
Film, tape rental expense	160,200	166,600	-3.8

they achieved in 1976 (BROADCASTING, June 13). He estimates the first quarter was up 12%-13% but that the gain will drop to 2%-6% in the second quarter and 2%-5% in the third, then advance to 5%-8% in the fourth.

Mr. Suter figures local TV billings to average but about 7%-11% ahead of 1976, so that total spot revenues would be up 6%-9%. Considering that they rose about 30% last year, this would mean a 36%-39% rise in two years or an average of 18%-19% a year.

While broadcasters for the most part have been turning in solid first-quarter gains, their publicly traded stocks in many cases have gone virtually nowhere in the past year. Or, as Anthony Hoffman put it, "some have gone up and come back down again."

Mr. Hoffman, of Shields Model Roland, sees the apathetic state of many broadcasting stocks as reflecting the market's "knee-jerk reaction to a declining demand for spot."

"People accepted last year's figures as a trend when it wasn't," in Mr. Hoffman's view. He points out that there was "a sub-

stantial amount of nonrecurring revenues in spot in 1976"—not only for the Olympics, the Bicentennial and the elections but also "an unusual volume of new-product introductions."

Mr. Hoffman was telling clients eight months ago that new products, for example, which historically are introduced via spot TV, would in many cases rotate their dollars out of spot and into network this year if they proved successful. His reservations about 1977's living up to then current expectations were circulated last October in a commentary titled "Spot Television in 1977—A Trap for the Unwary?"

Actually, he said last week, spot TV's growth this year will probably be about 5%-6% above 1976's actual spot levels. But if 1976's nonrecurring revenues were factored out, 1977's growth would be about 15% and nobody would be worrying.

"We never had a year like 1976 before," Mr. Hoffman said. "And the second and third quarters were tremendous."

He anticipated about a 4% further growth in this year's second quarter and said some companies "feel they'll be lucky to break even in the third." But the fourth quarter, he noted, should bring "easier comparisons."

Others, like Harvey Sandler of Goldman-Sachs & Co., considered the status of broadcast stocks to be, as Mr. Sandler put it, "not so much a reflection of the broadcast business but of the stock market—it's been flat from nine months to a year."

"My gut feeling," he added, "is that broadcast stock performance has been pretty good." CBS and ABC stocks, he noted, are at or near their all-time highs. The networks, he said, certainly should have good results through the end of this year, while results for other companies may vary with their own circumstances. In the case of Capital Cities Communications, for instance, Mr. Sandler said that though spot may be soft, the company's publishing operations are very strong.

Among the broadcast and broadcast-related companies reporting January-March results thus far, failure to increase revenues has been rare and declines in earnings have been few. Generally, advertising agencies and companies with broadcasting among other major interests seem to have been posting some of the heftiest earnings gains, followed by cable companies and broadcasters, then manufacturers and program suppliers (see table, page 27).

Viacom gets into station ownership

It announces deal for UHF WHNB-TV for possible record \$15 million

Viacom International announced last week that it had agreed in principle to buy WHNB-TV Hartford-New Britain, Conn., for approximately \$15 million—believed to be a record price for a UHF station.

WHNB-TV is being sold by Plains Television Corp., principally owned by Herbert

Scheftel and brothers Harry and Elmer Balaban, who also own WICD(TV) Champaign and WICS(TV) Springfield, both Illinois. The Balabans also own 47.5% of WTVO(TV) Rockford, Ill. The station is an NBC affiliate on channel 30 with 1222 kw visual, 122 kw aural and antenna 930 feet above average terrain. Broker in the transaction was the Ted Hepburn Co.

(Plains Television paid \$750,000 for WHNB-TV and a then co-owned AM station in 1959, buying the pair from NBC, which had bought them from founder Julian Gross for \$600,000 in 1956.)

If the transaction goes through, it will mark Viacom's long-desired entry into station ownership. The company, a leader in both program syndication and cable TV ownership, is known to have been close to station acquisitions before. One instance reportedly involved a potential purchase from Globetrotter Communications. Others were said to have involved negotiations with two different radio station groups. However, all these discussions were terminated before any reached the announcement stage.

Ralph M. Baruch, Viacom president and chief executive, noted that TV broadcasting is "a business which management is familiar with not only based on our background and experience but also because of Viacom's involvement in the television industry throughout our company's history. He said the company will also "continue to seek out additional opportunities for acquisitions in all of our lines of business."

With the acquisition of WHNB-TV, which is subject to FCC approval, there will be four such lines: Cable, program syndication, broadcasting and the most recent previous addition, pay cable programming through its Showtime operation, launched a year ago.

Hollings pulls out staff from under FCC network inquiry

He wants it held up until new chairman and commissioner are on board; financing disapproved

The FCC this week faces the question of whether or how to proceed with its network inquiry. The chairman of the Senate appropriations subcommittee that passes on commission budget requests officially notified the commission on Friday that its request to reprogram staff members to a special task force that would develop and evaluate evidence has been disapproved. The reason, Senator Ernest F. Hollings (D-S.C.), chairman of the subcommittee said in a letter to FCC Chairman Richard E. Wiley, is to allow "the new chairman and other new commissioner" to be named by President Carter to "have some input" into the inquiry (BROADCASTING, June 13).

The letter was received at a time when

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