

CBS purchases WCIX(TV) Miami

BS's Ober says another station purchase may come before end of year; WSVN Miami to become independent station

Laurence Tisch, whose acquisition strategy has been described as bottom fishing, made a off-season catch in Miami last week when CBS announced the purchase of WCIX(TV) there for \$59 million. The definitive agreement to purchase the VHF independent from TVX Broadcast Group would give CBS a fifth owned station, increasing its direct reach to 20.8% of television households, still third behind Capital Cities/JBC's 24.43% and NBC's 22.38%. Long contemplated, the acquisition had also been long doubted by outsiders because the move will give CBS a weaker TV signal in the northern Miami market.

A companion catch, designed to compensate for WCIX's signal short fall, was an affiliation switch, also announced last week, in West Palm Beach-Fort Pierce. In that market, just to the north of Miami, CBS dropped its UHF affiliate, WTVX(TV), and obtained instead the current ABC affiliate WPEC(TV), a VHF.

Eric Ober, president, CBS Television Stations, told BROADCASTING that CBS would be "expanding (WCIX's) news and production facilities." He added that the company was still looking for additional station acquisitions and might have an additional announcement before the end of the year.

With the already completed purchase of WTVJ(TV) by NBC and parent company, General Electric, at least five stations will make affiliation changes on Jan. 1, 1989, when all the affiliation contracts coincidentally end. WTVJ will change from CBS to JBC; WCIX will change from being an independent (Fox affiliate) to CBS; WSVN will change from NBC to independent, and WPEC will change from ABC to CBS. Which ABC will choose as the replacement affiliate in West Palm Beach-Fort Pierce may be determined as early as Aug. 19, when WTVX goes to New York to make a presentation to George Newi and other Capital Cities executives. Also at that meeting will be two other JHF stations serving the market.

Looked at as an isolated financial transaction, and ignoring signal questions, CBS may have gotten a "steal" with its purchase, one estimate suggesting the \$59-million purchase price will be five-times WCIX's 1989 cash flow. Raymond Katz, securities analyst for Mabon Nugent & Co. said the station's viewership share should increase significantly from its current 7% (sign-on-to-sign-off) and estimated that revenue in 1989 could hit \$40 million. Even assuming operating margins fell at the low end of the CBS-owned group average, cash flow could hit \$12 million.

That cash flow may be further aided if CBS does not have to abide by union staffing and work rules. Ober said he would not comment on the company's labor plans, but said that so far, no talks have been held with the International Brotherhood of Electrical Workers. Florida is a right-to-work state and most stations in the market are not unionized, according to one station's chief engineer. A recent unionization vote at WTVJ failed.

In the near-term, however, CBS will probably undertake a number of one-time expenses, Katz said, including perhaps \$2 million in special on-air and other promotion and \$4 million in additional spending to boost the station's news operations to "CBS standards." In the plus column, the network will no longer have to make an estimated \$1.5 million in affiliation payments, plus additional revenue from better clearance (currently WTVJ is said by one marketplace observer to preempt close to 15% of CBS's programming).

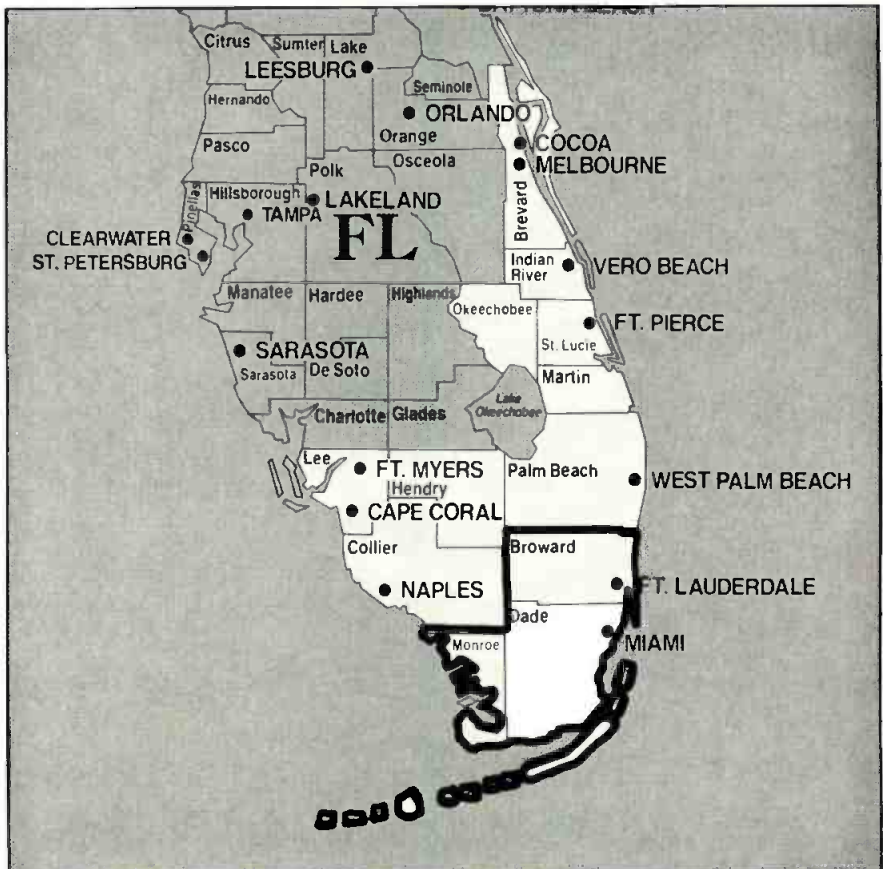
CBS's gain was clearly Edmund Asin's loss. With the stroke of the pen that signed the sale of WCIX, the owner of WSVN saw the value of his own soon-to-be-independent

decline by perhaps well over \$100 million. Asin, who in talking to BROADCASTING seemed resigned to the situation, still seeks satisfaction against both NBC, which is taking away his affiliation, and against CBS, in a lawsuit. Currently before the state court in Miami, the defendants are trying to have jurisdiction moved to U.S. District Court.

One source of programming Asin will presumably need beginning Jan. 2 will now be TVX itself, which as part of the station sale agreement will remain liable for most of WCIX's programming commitments (the successor to the company from which TVX bought WCIX. Great American Communications Co., may itself be contingently liable).

How well will the CBS television network be served by its new owned station and affiliate in southern Florida? Except for channel 6, currently all of Miami's TV stations send their signal from an antenna farm located on the border of Broward and Palm Beach counties. Instead, WCIX has its antenna located south of the city and has problems reaching into the northern part of Broward county.

What is WCIX's disadvantage will work to the advantage of the soon-to-be CBS affil-



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