MediaPost NEWS

MediaDailyNews

TV Station Groups Post Huge Gains

by Wayne Friedman
Monday, March 28, 2011, 5:27 PM

Article ▼ Comments(1) ▼

For the fourth consecutive quarter in a row, major TV station groups posted eye-popping double-digit gains -- and saw rising profit margins, some nearing performance levels of the 1980s and 1990s.

New York-based media investment bank/ M&A adviser **M.C. Alcamo & Co.** says profit margins for TV stations grew by 10 points to 40% for some 15 broadcasting companies it covers in the fourth quarter of 2010. This was versus a 30% profit margin number in fourth-quarter 2009.

These results near the 50% or greater gains that virtually all TV station groups had garnered decades ago. Some, like Sinclair Broadcast Group and Gray Television, got to this magical mark, posting the quarter's highest profit margins of 50% and 51% , respectively, for all TV companies.

For the 15 broadcasting companies it covers, M.C. Alcamo says revenues rose 27.1% to $371.8 million -- in part helped by the turnaround from major ad categories such as automotive marketers, as well as a surging political ad market.

The best performers: Fisher Communications grew 49% in revenue to $18.9 million; Gray Television added on 47.8% to $37.1 million.

Alcamo covers seven "pure play" broadcasters: Belo Corp, Entravision Communications, Fisher Communications, Gray Television, Lin Television, Nexstar Broadcasting and Sinclair Broadcast Group. Eight other multimedia companies are also followed: Gannett Company, Journal Communications, Meredith, Media General, McGraw-Hill Companies, Saga Communications, E.W. Scripps and Washington Post Co.

"The unusually strong profits will likely be utilized in three ways," says **Michael Alcamo,** president of M.C. Alcamo & Co. First, he says many broadcasters will continue to pay down outstanding debt. Plus, many will set aside these big cash reserves for strategic investments. Third, stations will look to upgrade station infrastructure, such as HD technology.