Preserving TVX. The sale of wcx(TV) Miami to CBS is a measure of financial good news for the seller, TVX Broadcast Group Inc. and its major creditor, Salomon Brothers Holdings Co. (SBHC). The companies are hoping that a planned recapitalization will preserve TVX, which as of March 31 was $263 million in debt to SBHC and unable to make cash and interest payments of $209 million that were due.

The $340 million in expected proceeds from the recapitalization will go part way to retiring the debt which has burdened the Virginia Beach, Va.-based independent group operator since it acquired five stations from Taft Broadcasting last year.

The company’s financial difficulties had in fact caused it to seek temporary exemption from qualification standards for Nasdaq stock listing. Two weeks ago, the company was granted the exemption and assigned a new stock symbol (TVXGC) under Nasdaq procedure. The company’s new status resulted specifically from its negative shareholder equity as reported on its March 31 balance sheet. Once the recapitalization takes effect, the company expects to resume its normal listing on the exchange, said F. Gray Kiger, vice president and chief financial officer.

In addition to the sale of wcx, the company is currently seeking buyers for several of its other stations, with proceeds to be used to retire the newly issued debt. One of the possible buyers is former TVX president Tim McDonald, but, said Kiger: "We are not closed to a contract at the moment." The company has already agreed to sell two smaller stations, wcan(TV) Nashville and kwtt(TV) Pine Bluff, Ark., for about $12 million, not all in cash.

The company’s recapitalization plan calls for replacing most of the debt, primarily a $248-million credit facility from Salomon, with two new debt issues: two-year notes collateralized mostly by stations that the company plans to sell, and 12-year notes backed by proceeds from the stations that the company hopes to keep. The stations whose revenues or sale proceeds are to back the two-year notes include eight of TVX’s 12 properties. Included in this group are the three stations covered by sale agreements, and kwtt(TV) Houston, a station Kiger said TVX will try to hold onto, through a separate refinancing. The four stations the company hopes to retain are wmen(TV) Philadelphia, kwtt(TV) Dallas, wcda(TV) Washington and wfl(TV) Raleigh, N.C. Previously, wcx, the only VHF station among TVX’s properties, was also included in this group.

Additionally, the capitalization calls for a new equity issue of $140 million in preferred stock to be offered to current stockholders, with the goal of replacing old securities, retiring additional debt, and raising cash SBHC, the company’s major creditor, would own all notes it cannot privately place and will purchase all preferred stock that is not sold under the rights offering. SBHC has forgiven substantial interest payments on its debt and extended deadlines for capital repayment this year. SBHC also initiated the discussions leading to the recapitalization plan. Since March, three of SBHC’s managing directors have been on TVX’s board.

The recapitalization plan, which Kiger said the company is amending and clarifying in response to SEC review, is subject to shareholder approval. It will be up for vote at the annual shareholder meeting some time in September, Kiger said.

Murdoch buys ‘TV Guide’

News Corp. will have to sell some assets to pay $3 billion for Triangle Publications; some in industry express concern over ‘TV Guide’ position vis-a-vis Fox Broadcasting

In what may be the largest publishing deal in history, Rupert Murdoch’s News Corp. will spend $3 billion to buy Triangle Publications Inc., the publisher of TV Guide and two other publications. The proposed transaction, announced last Sunday, will force News Corp. to sell some of its assets to raise money for the purchase—although a News Corp. executive suggested those assets would not include broadcast or film holdings—and raises questions as to whether the future content of the television magazine would be affected by the buyer's ownership of Fox Broadcasting Co.

The Australia-based media conglomerate run by Murdoch was the only buyer seriously considered by Triangle, which is run by 80-year-old chairman and majority shareholder, Walter H. Annenberg. The two men began discussions of the sale in early July, at the initiative of a magazine broker.

The definitive agreement for the transfer will take at least a month to draw up, according to Triangle’s president, William J. Henrich, Jr. TV Guide, which represents a major proportion of ABC and CBS television stations, would be the most important "tune-in" medium, may be Murdoch’s hands within three months, according to Don Galletly, vice president, investor relations, at News Corp. TV Guide is the highest-circulation magazine in the U.S., with an average paid circulation of 1 million, according to the Audit Bureau of Circulations.

News Corp.’s purchase of Triangle, which also publishes the Daily Racing Form and Seventeen magazine, puts the company “in the big leagues of the U.S. magazine business,” said Mark Riely, a media analyst at Eberstadt Fleming Inc. who follows News Corp. “Adding TV Guide to Seventeen puts Murdoch in the billion-dollar range with revenues.” Triangle’s assets also include a number of printing plants and magazine distribution arm. News Corp. already holds New York, Woman an half of Elle and Premiere among its U.S. magazine properties.

This purchase would further increase U.S.-based contributions to the company’s financial ledger. For the nine months ending March 31, 41% of News Corp.’s operating profit of $502.9 million came from U.S. operations. Triangle has an annual cash flow of $20 million on revenues of $700 million, according to industry estimates. For the fiscal year ended June 30, News Corp. had a cash flow of approximately $1.1 billion on revenues of $5.1 billion, Riely said.

Murdoch was also planning to raise half of the $3-billion purchase price through asset sales, with the balance to be raised through bank credit lines. He told Th Wall Street Journal that he expected to raise $400 million through the sale of New Corp.’s 6.8% stake in Reuters Holdings PLC and undeveloped real estate in Australia and Britain. The company has said that part of the $320 million in proceeds from the recent sale of a Los Angeles office building would go toward the Triangle purchase. “I don’t think one should imagine that television or film assets are for sale,” said Don Galletly, vice president, shareholder relations, at News Corp.

The company said that the purchase would have no effect on the operations of Fox Broadcasting. The additional debt service resulting from the Triangle acquisition would not limit the money available for Fox Broadcasting, the company said.

The price for News Corp.’s American Depository Receipts, worth two shares of common stock apiece, remained steady at $17.25 the day following the announce ment.

Competitors of Fox Television, both at the network and station level, were concerned that TV Guide might lose its editorial impartiality among the networks by playing favorites with Fox, Broadcasting, and also expressed the thought that Murdoch would hurt the magazine by using it to help the network.

"TV Guide has been pretty impartial so far. The fact that it might not continue to be impartial is of concern to us," said Leavitt Pope, president of WPX Inc., which is in competition with Fox’s WNYW(TV) New York. "We’re worried about listings; we’re worried about advertising placement, we’re worried about editorial content," he said.

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