BUSINESS

PARAMOUNT ACQUIRES TVX GROUP

$9.50-per-share offer accepted, giving studio six stations and almost 10% national reach; proxy statement reveals bullish outlook for station group.

Paramount Communications is set to acquire the remaining 17% of TVX Broadcast Group that the entertainment company does not already own, giving it a station group that reaches almost 10% of the nation's television viewers and an outlet for its syndicated programing.

Approval by TVX shareholders, which came last week, cleared the way for Paramount to close on its $9.50-per-share offer on the group owner of six independent stations—four of which are in top-10 markets. The merger price, including consulting fees and expenses, comes to about $60 million and was expected to close by last Friday (March 1).

In TVX, Paramount acquires the following: Fox affiliates WTXF-TV Philadelphia; WLFL-TV Raleigh; KRRT(TV) San Antonio, Tex., and independent stations WDCA-TV Washington, KTXA(TV) Dallas and KTXH(TV) Houston. Paramount chairman and chief executive officer Martin Davis said the acquisition provides Paramount with "a strategic entree to broadcasting and an outstanding fit with our programing and syndication expertise."

Like Davis, industry analysts see the acquisition as a way for Paramount to gain broadcast experience, while at the same time insuring distribution of Paramount programing in crucial markets. Chris Dixon, securities analyst, Kidder, Peabody & Co., said in a recent report that TVX "appears well positioned to gain market share as the television universe continues to fractionalize." Whether the fact that three of the stations are Fox affiliates will interfere with Paramount plans remains to be seen. In the proxy statement outlining the merger, Paramount states that it "does not intend to sell or otherwise dispose of all or any part of the company or its assets." Davis also said Paramount looks forward to "...broadening our broadcast operations as opportunities appear."

With regard to purchasing other broadcast properties, Paramount would not elaborate beyond what Davis said in the TVX announcement. The property that would appear to be most appealing to Paramount is Pineland Inc.'s WWOR-TV New York, the independent station that MCA had to spin off to complete its merger with Matsushita. Paramount is one of three companies thought to be ideal suitors for the station, the others being Disney and Chris-Craft.

Also included in the proxy are business projections and "non-public" financial information on TVX. The most recent of these projections was done last December for the year ending December 31, 1991. Operating revenue for the station group without agency compensation is projected to be $159,058,261, with operating profit estimated at $37,597,703 and net cash projected to be $31,370,336; net profit is estimated to be $5,213,709. Operating expenses are projected at $66,810,740, and film amortization costs are put at $54,649,818.

A five-year forecast is also provided in the proxy. Those projections are par-

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