Infinity buys KRTH for record $110 million

Group owner will now have duopolies in L.A., Chicago, Boston

By Peter Viles

Infinity Broadcasting last week cemented its place as the boldest buyer of the new duopoly era, announcing a deal to buy KRTH(FM) Los Angeles from Beasley Broadcast Group for $110 million—by far the most ever paid for a radio station.

While the price stunned industry observers, most agreed that Infinity was getting an unusually valuable station in a strong market. Once one of the jewels of the RKO General group, KRTH has a strong signal and is the market's leading oldies station. Infinity said the station produces cash flow of $11 million on annual billings of roughly $24 million, making the deal a 10-times-cash-flow multiple.

Still, the price raised eyebrows. "It's mind-boggling," observed media broker Michael Bergner. "The '80s are back. On the other hand, it is 10 times cash flow. But who thought someone could step up and pay it?"

The price easily exceeds Infinity's 1992 purchase of WFAN(AM) New York for $70 million (see page 44), the previous high for a standalone station. Other high-priced deals include Viacom's 1990 purchase of KJOI(FM) (now KYSR), part of a multiple-station deal in which KJOI was valued at $85 million, and Infinity's 1987 purchase of KVIL-AM-FM Dallas for $82 million, in which the FM was valued at $80 million or more.

George Beasley, chairman and principal owner of Beasley Broadcast Group, said he had no interest in selling the station until he was approached by Infinity President Mel Karmazin.

Beasley said the sale will probably permit him to refinance all his remaining stations within the same structure.

If approved by the FCC, the deal will give Infinity 23 stations, including two powerful FM's in Los Angeles, the nation's richest radio market. Infinity already owns KROQ-FM there. According to Arbitron's winter 1993 survey, KROQ's alternative rock format ranks third among the market's 56 stations in its target demographic, listeners 18-34, while KRTH ranks fifth among listeners 25-54. Viacom also has a duopoly in Los Angeles, where it owns KQLZ-FM and KYSR(FM).

Infinity said it has no plans to change KRTH's format. ■

Paramount buys WKBD-TV

By Geoffrey Foisie

The announcement was almost anticlimactic. After months of negotiations, Paramount said it reached a definitive agreement to buy WKBD-TV Detroit from Cox Enterprises. One complication in the negotiations was the possibility that the UHF facility will leave, upon acquisition, Cox-owned rep firm TeleRep and move to Seltel, which reps the other Paramount stations.

Paramount did not disclose the price it would pay, but observers guessed the total was $100 million-$125 million. The acquisition would give Paramount its seventh TV station—five of which are in the top 15 markets—and its fourth Fox affiliate.

Observers last week were wondering how Fox will pressure Paramount to reduce WKBD's sports schedule—it currently carries professional basketball, hockey and pre-season football games—as Fox expands its prime time schedule.

The UHF station currently carries some Paramount product, including both first-run *Star Trek* series. Paramount's *Arsenio Hall* is currently on another Detroit station, and one Fox executive said WKBD has already agreed to carry *The Chevy Chase Show* when it premieres on Fox this fall. In the February 1993 sweeps, the station had a nine share, sign-on-to-sign-off, three share points ahead of the market's independent station, WXON-TV. ■

Gray Communications to stay whole

Gray Communications decided against selling itself last week and dismissed Lodestar Group, the New York-based investment banker that had been seeking bids. Instead, the estate of founder James Gray agreed to sell its 26% in the group owner/publisher to Bull Run Corporation for $17.50 per share.

Albany, Ga., where Gray owns both the *Herald* newspaper and WALB-TV—the market's only affiliated TV station and only VHF facility—originally had been among several markets the FCC saw as egregious newspaper-TV combinations that deserved to be broken up.

Subsequently, a second UHF facility, now the Fox affiliate, was started, and the FCC decided that Gray qualified, along with most other crossownership situations, to be grandfathered from the rules.

Robert Bizer of Sidley & Austin, the company's Washington-based FCC counsel, said a "short form" instead of a "long form" transfer application relating to the 26% stock sale will be filed for WALB and the company's other two stations.

Gray President/CEO John Williams said Bull Run and Gray are in the midst of drafting an agreement assuring that "the structure is, in fact, the one under which we operate now."

Bull Run is an Atlanta-based holding company whose president, Robert Prather Jr., had been a mergers and acquisitions executive at Fuqua Industries. Prather said he would be looking for additional media properties for Gray to buy.

Last week's news may have disappointed shareholders such as Prudential Insurance and Sandler Capital, who may have hoped for a sale of the company. —GF