

Paxson on Florida acquisition spree

By Elizabeth A. Rathbun

Paxson Communications Corp. is paying up to 30 times cash flow to relieve Infinity Broadcasting Corp. of three Orlando, Fla., radio stations.

Company chairman Lowell W. "Bud" Paxson apparently is willing to pay just about anything to own half the stations in his home state's major markets, one of those sources adds.

Infinity recently agreed to buy the stations—WHOO(AM)-WHTQ(FM) and WMMO(FM)—from Granum Holdings LP. That 12-station superdeal set a radio-only record of \$410 million (BROADCASTING & CABLE, March 11). Paxson is said to be paying \$50 million, or up to 30 times cash flow, for what would have been Infinity's only holdings in Orlando. Granum paid \$11.5 million last year for WHOO-WHTQ and \$8.2 million in 1992 for WMMO. The combined revenue of the stations in 1994 was \$6.1 million, according to *Duncan's Radio Group Directory*.

Paxson was not available last week to discuss the anticipated deal, and several other company officials declined comment. Infinity officials were not available.

If approved by the FCC, the deal would give Paxson four FMs and three AMs in Orlando, the nation's 24th-largest market, according to Arbitron. Paxson also owns radio stations in Jacksonville, Miami/Fort Lauderdale and Tampa/St. Petersburg, the nation's 55th, 15th and 16th markets, respectively (see box, above).

West Palm Beach-based Paxson was formed in Florida and intends to keep expanding there, according to a prospectus filed in January with the Securities and Exchange Commission. The prospectus offers background on the company for prospective buyers of 10 million shares of Class A common stock.

Paxson's Florida markets are the largest cities in the state and among the fastest-growing markets in the nation's top 100 markets, the prospectus says, adding that "the company plans to opportunistically pursue in-market acquisitions. The company [thinks] that the geographic proximity of its FM and AM duopolies throughout Florida give it the ability to realize synergistic revenue and promotional opportunities

At a glance

Paxson Communications Corp. claims to have more radio stations in Florida than does any other broadcaster: 16. With recent purchases (marked by *) and the expected buy of Infinity's three Orlando stations (marked by **), Paxson would own 21.

Jacksonville—WNZS(AM), WPLA(FM) [formerly WAIA(FM)] Callahan, WROO(FM), WZNZ(AM)

Miami/Fort Lauderdale—WFTL(AM) and WRMA-FM* Fort Lauderdale, WINZ(AM)-WLVE(FM) and WZTA(FM) Miami Beach, WXDJ-FM* Homestead

Orlando—WHOO(AM)-WHTQ(FM)**, WJRR(FM) Cocoa Beach, WMGF(FM) Mount Dora, WMMO(FM)**, WWNZ(AM), WWZN(AM) Pine Hills/Winter Park

Tampa/St. Petersburg—WHNZ(AM) Pinellas Park, WHPT(FM) Sarasota, WNZE(AM) Largo, WSJT(FM) Lakeland

as well as significant cost efficiencies." Advertisers can cover an entire region with a Paxson radio buy, it says.

"The company [also thinks] that its established position among the leading radio broadcast groups in each of its Florida markets differentiates it from its competitors and makes the company attractive to regional and national advertisers," the prospectus says.

Besides the radio stations, Paxson's Florida holdings include WPBF-TV Tequesta/Palm Beach, 67 billboard locations (most in Tampa) and the Florida Radio Network, which was

bought in 1992 to build statewide advertising sales.

Although the company has operated at a loss since its founding, it intends to increase revenue and cash flow partly by "applying its multiple-station operating strategy" to its radio stations and acquiring more radio stations in Florida as permitted by law, the prospectus says.

"The company is highly leveraged," the prospectus adds.

"The company's primary capital requirements are interest and principal payments on indebtedness." Even accounting for the current offering, it will be \$230.3 million in debt. That could limit the company's ability to expand in the future, the prospectus says. And the company is so dependent on the "efforts, abilities and expertise" of founder Paxson that it has insured his life for \$5 million. Paxson, who has put more than \$33 million into the company, will have 90% of the voting power of the company's common stock after the offering, down from 98%. ■

Changing Hands

The week's tabulation
of station sales

Proposed station trades

By dollar volume and number of sales;
does not include mergers or acquisitions
involving substantial non-station assets

This week:

TVs □ \$26,600,000 □ 2
Combos □ \$133,059,500 □ 9
FMs □ \$23,680,520 □ 9
AMs □ \$7,250,000 □ 1
Total □ \$190,590,020 □ 21

So far in 1996:

TVs □ \$452,725,510 □ 25
Combos □ \$1,531,179,734 □ 90
FMs □ \$505,513,150 □ 91
AMs □ \$37,326,129 □ 59
Total □ \$2,526,744,523 □ 265

TV

WMSN-TV Madison, Wis.

Price: \$26.5 million cash

Buyer: Sullivan Broadcasting Co. Inc. (formerly Act III Broadcasting Inc.), Boston (J. Daniel Sullivan, president); owns WUTV(TV) Buffalo and WUHF(TV) Rochester, N.Y.; WXLV-TV Winston-Salem, N.C.; WRGT(TV) Dayton, Ohio; WTAT(TV) Charleston, S.C.; WZTV(TV) Nashville; WRLH(TV) Richmond, Va., and WVAH(TV) Charleston, W.Va.; is buying WFXV(TV) (and low-power WUPN) Utica, N.Y.; has options to buy WGGT(TV) Greensboro, N.C., and WXMT(TV) Nashville

Seller: Channel 47 LP c/o Madison GP, Oconomowoc, Wis. (Ronald J. Koeppler, president); no other broadcast interests

Facilities: Ch. 47, 1,000 kw visual, 100 kw aural, ant. 1,170 ft.

Affiliation: Fox