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Public TV companies soared in Q4

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Double-digit percentage revenue gains were nearly universal for the publicly traded television companies in Q4. Analysis from the **M.C. Alcamo & Co.** media investment bank shows that sector profitability increased even more dramatically.

Revenue growth averaged 27.1%, with the TV divisions of eight multi-media companies tracked in the study up an average 28.2%, slightly better than the 26.3% average for the seven pure-play broadcasters.

Meanwhile, the sector's profitability margin (pro forma EBITDA/revenue) improved from 30% in Q4 2009 to 40% in Q4 2010.

Most certainly political revenues from the run-up to the November 2010 election played a big role, but **Michael Alcamo,** President of M.C. Alcamo & Co., noted the underlying core advertising growth as a favorable sign for the future. "Political spending crowded out non-political at most major groups, suggesting that a side-effect of the strong political season will be revenue strength in the first quarter of 2011," said Alcamo.

Fisher Communications led the field in Q4 with its revenue gain of 49%, followed closely by Gray Television at 47.8%. Only two of the 15 companies posted TV revenue gains of less than 20% for the quarter: Spanish specialist Entravision at 5.4% and Saga at 16.7%, whose small market television group is the smaller unit of a mostly radio company.

Importantly, more money is falling to the bottom line, which Alcamo said was due in part to efficiencies achieved during the recession. "Industry-wide margin expansion reflected two factors. First, ad categories, including automotive, travel, technology and finance all continued to recover well. This was magnified by demand pressure from political advertising, during a very busy political season locally and regionally. These dynamics led to industry-wide EBITDA growth of + 70%, and industry-wide margin expansion of ten points, to 40%," he said.

"The unusually strong profits will likely be utilized in three ways," Alcamo said. "First, many broadcasters will continue to pay down outstanding debt, but maintain borrowing capacity under their facilities. Secondly, cash reserves will be set aside to fund strategic deals, so that firms can move quickly when opportunities arise. Third, we are seeing a number of broadcasters invest in their product through the upgrade of station technology to be fully high-definition capable."

Further details are in the pdf download available on this page.

RBR-TVBR observation: A rising tide lifts all ships and the tide was coming in strong in Q4. Even though 2011, lacking both the Olympics and a federal election, won't enjoy the advertising demand of 2010, the off-year will still benefit from the momentum in core business, cost-controls implemented in the recession and new revenue streams from retrans and online/mobile.

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