

Broadcast dealmaking seen on the upswing

By [dseyler](#) on Apr, 19 2013 with [Comments 0](#)



Media Services Group broker George Reed's sense of the NAB has yielded a number of nuggets of wisdom. Among them are signs that point to an uptick in broadcast trading, and also a sense of where the multiples are. Now if only we can figure out where the financing is.

The fact that it is possible to get a sounding on multiples is a sign that there are enough deals actually taking place to compute a meaningful estimate.

The sign Reed saw: A lot of traffic in their Las Vegas digs. He wrote, "We expected robust activity in our suite and we were not disappointed (most of our meetings are set up in advance). The suite was busy all day on Monday and Tuesday and we even had a few meetings on Wednesday morning. History has shown that such activity is a good predictor of trading action in the coming months."

And where are those multiples? Reed said he and his colleagues arrived at a consensus opinion.

On the radio side, he said, "...broadcast cash flow multiples are mostly in the 6x to 7x range, with 'outliers' in the 5s on the low side and as high as 8x for the upper limit."

TV, with active sellers, hungry buyers with access to capital and looming incentive auctions, is hotter. Reed remarked, "TV deals are bringing higher multiples than radio. Higher retrans fees, a blow-out political year in 2012, and spectrum auction speculation appear to be fueling the TV appetites. Throughout the convention, there was a good deal of discussion about the TV spectrum auction, and the NAB featured a panel on the subject."

The lament is on the financing side, but Reed noted that is also improving. "There is no shortage of station buyers and sellers; all we are missing are the lenders. Though slowly but surely, they too are returning. It is worth noting that GE threw a party at the Show this year after being absent for the last three or four years. The broadcast lending that is going on appears to be in the 3x to 4x range."