

Media General to buy LIN in \$2.6 bn US broadcast deal

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US broadcaster Media General said Friday it will buy LIN Media in a \$2.6 billion deal that creates the nation's second-largest television broadcasting company and a digital media powerhouse.

The merged [company](#) will own and operate or service 74 television stations across 46 markets, and serve some 26.5 million households, or 23 percent of the US market, Media General said in a statement.

The stock-and-cash merger pays about LIN \$27.82 per share, a 28 percent premium for the multimedia company.

Media General will pay \$763 million in cash and the equivalent of \$858 million in shares, based on its closing share price on Thursday.

In addition, Media General will assume LIN's debt of \$968 million, bringing the total value of the transaction to \$2.6 billion.

Media General, partly owned by tycoon Warren Buffett's Berkshire Hathaway, will form a new holding company that will be named Media General.

"Combining Media General and LIN Media will create the second-largest pure-play TV broadcasting company in the United States, a financially strong organization that will have opportunities for profitable growth greater than either company could achieve on its own," Media General chairman J. Stewart Bryan said in the statement.

"The prospects for digital media growth are particularly exciting."

In addition to the websites associated with each TV station, the new Media General will have a [digital media](#) portfolio that includes LIN Digital, LIN Mobile, Dedicated Media, HYFN, Nami Media and Federated Media.

LIN will own about 36 percent of the new company, which will remain headquartered in Richmond, Virginia. General Media noted that some of the TV stations may have to swapped or sold to address regulatory issues.

The deal is subject to shareholders and regulatory approval. The companies expect the transaction to close in early 2015.

Investors liked the deal. Shares in Media General surged 4.7 percent to \$18.15 and LIN surged 22.1 percent to \$26.23.

The new company will rank second to Tribune Company, which became the largest US commercial TV station owner in 2013 after buying Local TV for \$2.7 billion in cash.

Media General had been in the newspaper business for more than 160 years when it started selling off newspapers in 2012 as the industry struggled in the face of digital competition.

It sold 63 newspapers to Buffett's Berkshire Hathaway for \$142 million in cash, saying it would use the proceeds to pay down debt. Berkshire holds a stake in Media General.

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