



Moonves: Strike actually helped CBS reduces production expenses

By JILL GOLDSMITH
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CBS Corp.'s Leslie Moonves said Tuesday that while the writers strike "lasted longer than any of us would have liked," it has helped permanently shave costs from the television biz. The company's "financial picture was not affected negatively by the strike in any shape or form," the CBS chief told investors on a conference call to discuss the Eye's latest financials.

He added that the fact that CBS' signature skeins, including the "CSI" franchise and comedy "Two and a Half Men," repeat well helped the network weather the traumatic 100-day walkout. CBS was able to manage costs and reduce expenses "in ways that will allow us to operate more efficiently going forward," Moonves said. CBS cut its overall deals by 50% and slashed the number of scripts it will produce.

"We will still have pilots and presentations, but we will never get up to the number we had before in overall deals," he said. "I think there's been a lot of wasted spending. ... You don't need to spend \$5 million on a pilot."

He acknowledged that CBS (and rival nets) could use some new, hot shows. "But if you know what you're doing, you don't have to spend so much," Moonves declared. CBS announced earlier this month that it will present its fall lineup to advertisers in a subdued May upfront. "We will be going back to Carnegie Hall, but there will be much less bells and whistles," Moonves said. During the strike, TV execs floated the idea of doing away with the upfronts altogether.

Moonves also said CBS isn't feeling a recession despite economically challenging times. "We're not recessionproof," he said, "but we've not seen it yet."

"Of course there are challenges. Like all of you, we are tracking the economic situation," Moonves added, noting that homebuilding and real estate, among the industries hardest hit, are not major advertisers. That said, CBS Corp.'s profit fell 19% last quarter to \$271 million, and revenue dipped 3%. The company said that's mainly because it unloaded a number of TV and radio stations in less-lucrative markets -- part of an ongoing strategy to streamline its station group. It also cited the non-renewal of some large transit contracts in the outdoor biz as well as record political advertising in the year earlier period.

Television revenue fell 4% to \$2.5 billion due to the station sales and lower ad revenue. CBS said political ad sales set a record in the 2006 quarter. TV operating income for the quarter grew 7% to \$452 million on lower costs. And subscriptions for Showtime and CSTV rose 11% and 5%, respectively. Moonves said the political ad market is hot again. And he also expects cash to keep trickling in from retransmission consent deals.

He said CBS is open to all kinds of deals to allow cablers to retransmit Eye programs-- including the sort of arrangement ABC stations made with Cox by which Alphabet programming is provided on demand as long as Cox agrees to disable its VOD service's fast-forward capability.

Radio revenue dipped 10% to \$447 million, reflecting weakness in ad sales and the sale of stations in 10 markets. Profit fell 22% to \$160 million. Outdoor revenue rose 7% to \$619 million and profit surged 29% to \$143 million, led by growth in Europe and Asia -- particularly the U.K. Growth at CBS' North American billboard biz was also lively. Book publisher Simon & Schuster saw revenue fall 4% to \$242 million and income drop 26% to \$27 million. For the full year 2007, CBS Corp. earned \$1.23 billion on revenue of \$14.1 billion.

