

Viacom Falls Short of Profit Estimates as Expenses Increase
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By Edmund Lee

Aug. 2 (Bloomberg) -- Viacom Inc., owner of cable networks MTV and Nickelodeon, missed fiscal third-quarter profit estimates as rising fees from pay-TV operators and higher advertising sales only partly offset increasing expenses.

Excluding some items, earnings were \$1.29 a share, missing the \$1.30 analysts predicted on average, according to data compiled by Bloomberg. Domestic advertising sales rose 6 percent, and domestic licensing fees paid by cable and satellite systems gained 28 percent, the New York-based company said today in a statement. The company doubled its stock-buyback plan.

Viacom, which relies on its television business for more than 90 percent of annual operating income, has been hurt by falling ratings at its networks. To make up for the declines, the company has sought more licensing fees paid by the cable and satellite systems that carry the company's channels.

Net income increased 20 percent to \$643 million, or \$1.31 a share, from \$534 million, or \$1.01, a year earlier. Sales rose 14 percent to \$3.69 billion. Analysts estimated \$3.57 billion on average.

The company said it boosted its stock-buyback program to \$20 billion from \$10 billion.

Viacom, controlled by billionaire Sumner Redstone, gained 2.2 percent to \$74.36 at yesterday's close in New York. The shares have risen 41 percent this year.

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