

Entravision Communications Corporation (EVC)

Resuming Coverage with Hold & \$2 PT; Cautious on Outlook Heading Into 1Q Results; Hold

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With results set for May 2 AMC, we look for a meet/miss 1Q. The call will be at 5:00 pm ET, with dial-in 844 836-8739 (U.S.) or 412 317-5440 (int'l).

For 1Q, our estimates are revenue of \$257.7m and adjusted EBITDA of \$9.1m (3.5% margin). See Fig. 2. This would represent year/year growth of 8% in revenue, but a decline of 30% in EBITDA, on 190bps of margin compression, reflecting higher broadcast opex for TV news and political advertising sales initiatives. Our 1Q digital reported revenue growth estimate is +9%, a deceleration from +19% in 4Q. Given META's strong 1Q revenue growth, discussed further below, we again look for upside to our estimate for EVC Latam revenue growth of +13%, which could buoy the digital segment as a whole. Our revenue growth estimates for TV and radio are +2% and +5%, respectively. Our operating cash flow margin estimates are 3.0% for digital, 22.0% for TV and 8.3% for radio, down from 3.7%, 33.7% and 10.0% in 1Q23.

Business trends seem mixed for 1Q. META's growth suggests potential EVC Latam upside, although META's announcement that it would wind down its relationship with EVC might have affected March. META's rest-of-world segment revenue growth was +42% in 1Q vs. +33% in 4Q, representing 2-year CAGRs of +25% in 1Q vs. +19% in 4Q. Our EVC Latam revenue growth estimate of +13% in 1Q would reflect an estimated 2-yr CAGR of +14% in 1Q vs. an estimated +13% in 4Q. As to the broadcast business, although the Wall Street Journal economic survey in April cut the chance of a recession in the next year to 29% from 39% in the January survey, it continues to show an expectation of a 2024 growth deceleration from 2023, and U.S. GDP growth of 1.6% in 1Q missed expectations.

As investors continue to grapple with the shape of EVC's business post-META, we expect an update on the strategic review that EVC's management launched in March. Potential options under consideration include expense reductions, M&A EVC may consider for its digital business units, and how capital allocation could change given EVC's lower EBITDA and free cash flow outlook. Although 2024 could weather the META storm, the longer-term outlook remains quite uncertain. On our current estimates, high-margin political and retransmission revenue would represent over 90% of 2024 EBITDA. Cost cuts coming out of EVC's strategy review could help it at least meet our 2024 digital OCF estimate of \$34m. However, one strategic risk is that reduced diversification of growth drivers from a smaller digital business could erode EVC's leverage in negotiations for renewal of its affiliation agreement with Univision set to expire at the end of 2026. Although Univision has owned a 9.4m share stake in EVC for years, the value of this stake is now little more than half EVC's annual net retransmission revenue, increasing Univision's incentive to push for a greater cut thereof, regardless of the impact on EVC's economics or valuation.

Resuming 12-month price target at \$2.00 and Hold rating; risks on page 2. Our PT is supported by a spectrum value estimate and a DCF valuation based on explicit financial forecasts through 2029. See Fig. 12.

HOLD			
Price at 4/25/24 (USD)	2.10		
Price Target	2.00		
52-week range	1.33 - 6.49		
Performance (%)	1m	3m	12m
Absolute	30	-52	-65
S&P 500	-3	3	24
Market Cap (USDm)	189.4		
Shares outstanding (m)	90.2		
Float (%)	90		
Average volume	1,101,517		
S&P 500	5,048.4		
Forecasts and ratios			
Year ended 12/31	2022A	2023A	2024E
1Q EPS (USD)	0.02	0.02	-0.05
2Q EPS (USD)	0.10	-0.02	-0.02
3Q EPS (USD)	0.11	0.03	0.06
4Q EPS (USD)	-0.02	-0.21	0.14
FY EPS (USD)	0.21	-0.18	0.13
% Change	-38%	-185%	NM
P/E (x)	10.2	NM	16.1
EV/EBITDA (x)	2.4	4.5	3.8
Revenue (USDm)	956.2	1,106.9	887.4
% Change	26%	16%	-20%

ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE LOCATED IN THE APPENDIX.

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Investment Thesis and Valuation: Hold With \$2.00 Price Target

We rate Hold the shares of EVC. Despite 1) the higher growth of EVC's digital media assets, whose mix of businesses and extensive international presence provide EVC with a range of potential partners and advertisers as well as strategic options, and 2) a reduced operating risk profile for EVC's overall business because of the stability of TV retransmission revenue (63% of 2023E EBITDA), secular growth of political advertising revenue (24% of 2022E EBITDA), pro forma net debt leverage of ~2x EBITDA, and potential monetization from future spectrum auctions (as in 2017), EVC shares nevertheless face 3) challenges from EVC's digital businesses' being more difficult for investors to assess, given their dependence on a small number of commercial relationships with media tech platforms, increasing focus on emerging markets, and changes in competition, 4) pressure on operating cash flow margins, and 5) secular challenges to and potentially increasing competition from TelevisaUnivision for EVC's broadcast media business. Our valuation supports stock price performance over the next 12 months consistent with a Hold rating.

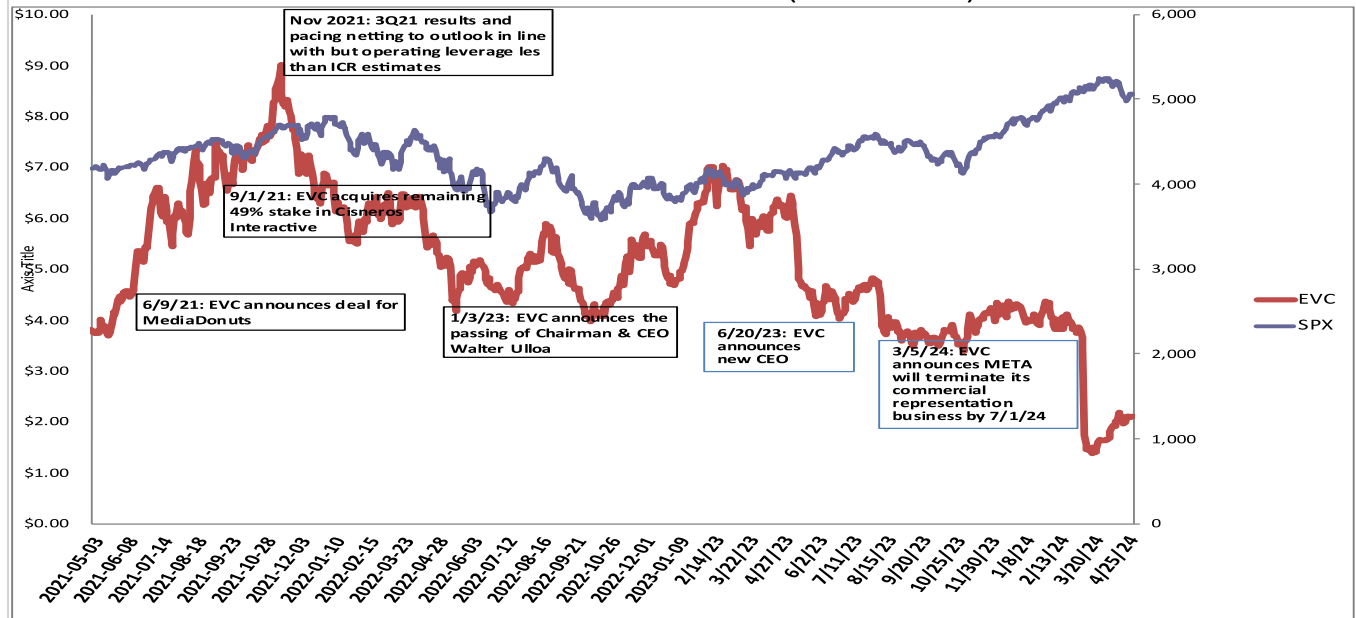
Our 12-month price target is a weighted average of projected equity valuations using a discounted cash flow (DCF) analysis at year-end 2024 and 2025, plus an estimated value for spectrum assets the sale of which would be immaterial to continuing EVC's broadcast operations. Our PT assumes a base case forecast with 2024/25 adjusted EBITDA of \$70m/\$44m, and \$85m for spectrum asset value, resulting in a target valuation of \$2.00. In structuring our DCF, first we adjust the current net debt for the value of any estimated payments remaining on the acquisitions (e.g., earnouts) and noncontrolling interest. Second, we adjust the current net debt by the estimated free cash flow to be generated by each valuation date. Finally, we value EVC both using a weighted average cost of capital (WACC) reflecting its own stock price trading and using separate WACCs for its broadcast and digital media businesses based on sector comparables, applied to separate free cash flow forecasts for each of these businesses. The results of these two methods, plus the estimated spectrum value, set the range for our valuation. Note that in our DCF, for our terminal value estimates, we assume that capex equals D&A, which results in a substantially higher capex estimate than in our financial statement forecasts because capex should be like D&A for a terminal value forecast, to support the need for an asset base in perpetuity.

Risks to our investment thesis include: 1) volatility of EVC's digital media business, including the outcome of the company's ongoing review of its operating strategy and cost structure, 2) impact of new CEO and change in voting control on company's strategy and pursuit of potential longer-term options, including capital allocation and sale of all or a portion of the company, 3) sensitivity of EVC's advertising-based businesses to macroeconomic flux, and 4) impact of changes in overall market sentiment on the valuation of EVC's faster-growing, less mature digital advertising businesses.

Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

(in millions, except unit data)				
		12-month price target: \$2.00		
ENTERPRISE VALUE		COMPANY CHARACTERISTICS AND INVESTMENT THESIS		
Price per share	\$2.10	Company description	<p>Entravision operates a digital media business serving the U.S. and roughly 40 international markets, and a broadcast business targeting U.S. Hispanics with 49 TV stations (mostly Univision network affiliates) in 14 of the top-50 U.S. Hispanic markets, and 45 radio stations (37 FM and 8 AM) as well as a radio network with distribution to over 100 U.S. markets together covering 31% of the U.S. Hispanic population. The company's 2023 revenue by segment was 84% from digital, 11% from TV, and 5% from audio. TelevisaUnivision owns ~11% of Entravision's stock. On August 2, 2000, Entravision completed an initial public offering at \$16.50 per share of its Class A common stock, which is listed on the NYSE under the symbol "EVC."</p>	
Diluted shares outstanding	90.2			
Equity market capitalization	189			
+Pro forma net debt	164			
-Hidden value	85			
=Pro forma EV	\$268			
OPERATING PROJECTIONS		Strategy	<p>Expand digital media operations into fast-growing markets outside the U.S. and manage for free cash flow and asset value its TV-driven broadcast platforms in U.S. Hispanic markets.</p> <p>\$110</p> <p>After the untimely death of former Chairman and CEO Walter Ulloa in December 2022, Michael Christenson joined EVC from outside the company to become CEO effective July 1, 2023. Jeffrey Liberman is President and COO (since 2017 and with EVC since 2000). Christopher Young is CFO (as which he has served since 2008, having been with EVC since 2000).</p> <p>* Experience in expanding distribution in smaller, faster-growing ad markets, both in U.S. and internationally</p> <p>* Modest debt leverage and high free cash flow generation from broadcast business</p> <p>* Most of EVC's TV stations are affiliated with leading U.S. Spanish language network Univision</p> <p>* Secular growth in U.S. political advertising spending</p> <p>* Long-term potential for monetization of spectrum assets (as occurred, e.g., in 2017 FCC auction)</p> <p>* Management succession, capital allocation, and corporate control, especially given loss of management voting control triggered by death of prior CEO</p> <p>* Volatility of international media business, given large client partners and potential competition</p> <p>* Impact of sudden advertising declines on cash flow (e.g., in 2009 and 2020)</p> <p>* Competition with TelevisaUnivision's expanding direct to consumer business</p> <p>* TelevisaUnivision relationship may limit strategic flexibility</p> <p>* Loss of broadcast audience and advertising share to digital alternatives</p> <p>Attributing firm value primarily to digital media business and spectrum assets</p>	
Pro forma net revenue				Est. acquisition capacity
2024	\$887			
2023	1,113			
% Chg	-20.3%			Management
Pro forma EBITDA				
2024	\$70			
2023	60			Positives
% Chg	18.0%			
Pro forma EBITDA margin				
2024	7.9%	Risks		
2023	5.3%			
Free cash flow per share				
2024	\$0.51			
2023	\$0.08			
% Chg	537.5%			
Est. 3-5 yr FCF Growth rate				
7%				
VALUATION AND LEVERAGE		Valuation	<p>Recent events</p> <p>March 2024 - META informed the company that it would wind down the company's representation of META business by July 1 - June 2023 - appointment of new CEO effective July 1. December 2022 - death of co-founder, CEO & Chairman Walter Ulloa. September 2021 - acquired remaining 49% interest in Cisneros Interactive for \$84 million. July 2021 - announced acquisition of MediaDonuts AsiaPac digital media business for \$36 million. October 2020 - acquired 51% stake in Cisneros Interactive for \$29 million.</p> <p>Implications of operating strategy review announced in March in light of META developments - Risk from macroeconomic slowdown to advertising-based revenue, both in U.S. and internationally - Advertising in upcoming U.S. election cycle - Changes in capital return/allocation</p>	
Pro forma EV/EBITDA				
2024	3.8x			
2023	4.5x			
Price / Free cash flow per share				
2024	4.1x	Upcoming potential catalysts		
2023	26.3x			
Pro forma net debt / EBITDA				
2024	2.3x			
2023	2.7x			
Dividend yield				
2024	9.5%			
2023	9.5%			

EVC Stock Price vs. S&P 500 (Last 3 Years)



Source: Yahoo Finance, NASDAQ, company data and Industry Capital Research estimates

Estimate Changes, Corporate Control and Spectrum Potential

We resume coverage with slightly lower 2024/25 revenue and EBITDA estimates. The changes reflect revisions for the digital segment. See Fig. 3-4.

There appear to be no large activist positions on EVC's investor roster—query why. The stock has effectively been in play since the passing of the prior CEO at the end of 2022, which led to the disappearance of the control afforded by his super-voting shares. The market for this corporate control has been quiet.

We now include an estimate of \$85m for the value of the broadcast spectrum that EVC might be able to sell at some point, such as in another FCC auction. We outline our rationale as follows.

Ten years ago, our estimated proceeds to EVC from the anticipated auction were roughly \$400m, all but covering EVC's then market cap. The fervor grew to anticipated proceeds of ~\$600m in 2016. This turned out to be about the peak, as our expectations receded to ~\$350m in auction proceeds by early 2017. Alas, the actual auction proceeds that EVC announced in 2017 were \$264m. At this time, the stock was trading at ~\$5.50, or a market cap that was over \$200m in excess of the auction proceeds. The stock peaked at roughly \$7.50 later in 2017, before beginning its long, grinding decline to under \$2 during pandemic-gripped 2020, at which time EVC's digital acquisitions catalyzed a rebound to ~\$9 by 4Q21.

A repeat windfall, if it occurs at all, is likely years away. And next time, unlike the last, EVC would likely not have any appreciable federal net operating losses to shield proceeds from taxes.

We estimate \$85m in current asset value for EVC's spectrum. This quite preliminary estimate assumes: 1) ~\$260m in sale proceeds, similar to EVC's auction results in 2017, 2) after-tax proceeds of 60% of this amount, largely to reflect the impact of taxes, 3) far away timing, namely, 7 years in the future, given that the last auction was 7 years ago, and there are numerous regulatory, technology and economic hurdles that would have to be overcome, and 4) a discount rate equal to EVC's estimated WACC of ~9%.

Figure 2: Our quarterly estimates reflect assumptions of lower full-year capex

Entravision Communications							
Summary of Quarterly Estimates							
In millions, except per share data							
	Last Yr	Prior	Estimates		YoY %CHG		
			Chg	Current	Prior	Chg	Current
1Q24E							
As Reported							
Revenue	239.0	261.3	(\$3.6)	257.7	9.3%	-1.5%	7.8%
Op Expense	226.0	252.2	(3.6)	248.6	11.6%	-1.6%	10.0%
Adjusted EBITDA	13.0	9.1	0.0	9.1	-29.8%	0.1%	-29.8%
Margin	5.4%	3.5%	0.1%	3.5%			
Pro Forma EPS	\$0.02	(\$0.06)	+\$0.01	(\$0.05)	-400.0%	NM	NM
FCF/sh (core)	\$0.04	\$0.06	+\$0.02	\$0.08	50.0%	50.0%	100.0%
	Last Yr	Prior	Estimates		YoY %CHG		
			Chg	Current	Prior	Chg	Current
2Q24E							
As Reported							
Revenue	\$273.4	\$306.1	(\$3.4)	\$302.8	12.0%	-1.2%	10.7%
Op Expense	259.2	292.4	(3.6)	288.8	12.8%	-1.4%	11.4%
Adjusted EBITDA	14.2	13.8	0.2	13.9	-3.2%	1.3%	-1.9%
Margin	5.2%	4.5%	0.1%	4.6%			
Pro Forma EPS	(\$0.02)	(\$0.02)	+\$0.00	(\$0.02)	0.0%	0.0%	0.0%
FCF/sh (core)	\$0.02	\$0.10	+\$0.02	\$0.12	400.0%	NM	NM
* pro forma reflects announced acquisitions and dispositions							
Source: Company reports, Industry Capital Research estimates							

Figure 3: We reduce our 2024/25 revenue and adjusted EBITDA estimates for lower digital segment estimates

Entravision Communications (NYSE: EVC)							
Summary of Annual Estimates							
In millions, except per share data							
	Last Yr	Prior	Estimates		YoY %CHG		
			Chg	Current	Prior	Chg	Current
2024E							
As Reported							
Revenue	1,106.9	902.1	(14.8)	887.4	-18.5%	-1.3%	-19.8%
Op expense	1,049.2	829.0	(11.9)	817.2	-21.0%	-1.1%	-22.1%
Adjusted EBITDA	57.7	73.1	(2.9)	70.2	26.8%	-5.0%	21.8%
Margin	5.2%	8.1%	-0.2%	7.9%			
EPS	(\$0.18)	\$0.13	\$0.00	\$0.13	-171.8%	-2.5%	-174.3%
Cash FCF/sh	\$0.08	\$0.47	\$0.04	\$0.51	487.5%		NM
						NM	
2025E							
As Reported							
Revenue	887.4	612.4	(17.0)	595.5	-31.0%	-1.9%	-32.9%
Op expense	817.2	563.9	(12.5)	551.3	-31.0%	-1.5%	-32.5%
Adjusted EBITDA	70.2	48.6	(4.4)	44.2	-30.8%	-6.3%	-37.1%
Margin	7.9%	7.9%	-0.5%	7.4%			
EPS	\$0.13	(\$0.01)	(\$0.00)	(\$0.01)	-106.3%	-2.8%	-109.1%
Cash FCF/sh	\$0.51	\$0.29	\$0.00	\$0.29	-43.1%	0.0%	-43.1%

Source: Company reports, Industry Capital Research estimates

Figure 4: Our digital revenue estimates eliminate EVC Africa and reallocate digital non-cash compensation to the segment level

Entravision Communications (NYSE: EVC)							
Summary of Digital Segment Annual Estimates							
In millions, except per share data							
	Last Yr	Estimates			YoY %CHG		
		Old	Chg	Current	Old	Chg	Current
2024E							
As Reported							
Legacy Digital Revenue	110.7	126.2	0.0	126.2	14.0%	0.0%	14.0%
Legacy Digital Opex	101.8	116.5	0.0	116.5	14.5%	0.0%	14.5%
Legacy Digital OCF	8.9	9.7	0.0	9.7	8.9%	0.0%	8.9%
Margin	8.0%	7.7%	0.0%	7.7%			
EVC Latam Revenue	603.1	314.3	0.0	314.3	-47.9%	0.0%	-47.9%
EVC Latam Opex	576.9	307.1	(2.9)	304.2	-46.8%	-0.5%	-47.3%
EVC Latam OCF	26.1	7.2	2.9	10.1	-72.4%	11.0%	-61.4%
Margin	4.3%	2.3%	0.9%	3.2%			
EVC Asia Revenue	114.0	131.4	0.0	131.4	15.2%	0.0%	15.2%
EVC Asia Opex	109.3	123.6	0.0	123.6	13.0%	0.0%	13.0%
EVC Asia OCF	4.7	7.8	0.0	7.8	66.8%	0.0%	66.8%
Margin	4.1%	5.9%	0.0%	5.9%			
EVC Africa Revenue	7.6	14.8	(14.8)	0.0	93.4%	-193.4%	-100.0%
EVC Africa Opex	9.6	14.2	(14.2)	0.0	48.6%	-148.6%	-100.0%
EVC Africa OCF	(2.0)	0.5	(0.5)	0.0	-126.3%	NM	NM
Margin	-25.6%	3.5%					
Jack of Digital Revenue	5.7	9.0	0.0	9.0	58.0%	0.0%	58.0%
Jack of Digital Opex	5.5	7.6	0.0	7.6	37.4%	0.0%	37.4%
Jack of Digital OCF	0.2	1.4	0.0	1.4	NM	NM	NM
Margin	3.2%	15.8%	0.0%	15.8%			
Adsmurai Revenue	81.8	88.9	0.0	88.9	8.6%	0.0%	8.6%
Adsmurai Opex	77.8	83.3	0.0	83.3	7.1%	0.0%	7.1%
Adsmurai OCF	4.0	5.6	0.0	5.6	37.6%	0.0%	37.6%
Margin	4.9%	6.3%	0.0%	6.3%			
BCNMonetize Revenue	9.8	16.8	0.0	16.8	72.0%	0.0%	72.0%
BCNMonetize Opex	6.8	12.0	0.0	12.0	74.9%	0.0%	74.9%
BCNMonetize OCF	2.9	4.8	0.0	4.8	65.1%	0.0%	65.1%
Margin	30.0%	28.8%	0.0%	28.8%			
Digital Segment Revenue	932.7	701.3	(14.8)	686.6	-24.8%	-1.6%	-26.4%
Digital Segment Opex	896.2	664.3	(11.9)	652.4	-25.9%	-1.3%	-27.2%
Digital Segment OCF	36.6	37.0	(2.9)	34.2	1.3%	-7.9%	-6.6%
Margin	3.9%	5.3%	-0.3%	5.0%			
2025E							
As Reported							
Legacy Digital Revenue	126.2	138.1	0.0	138.1	9.4%	0.0%	9.4%
Legacy Digital Opex	116.5	127.0	0.0	127.0	9.0%	0.0%	9.0%
Legacy Digital OCF	9.7	11.1	0.0	11.1	14.4%	0.0%	14.4%
Margin	7.7%	8.0%	0.0%	8.0%			
EVC Latam Revenue	314.3	0.0	0.0	0.0	-100.0%	0.0%	-100.0%
EVC Latam Opex	304.2	0.0	0.0	0.0	-100.0%	0.0%	-100.0%
EVC Latam OCF	10.1	0.0	0.0	0.0	-100.0%	0.0%	-100.0%
Margin	3.2%						
EVC Asia Revenue	131.4	155.6	0.0	155.6	18.5%	0.0%	18.5%
EVC Asia Opex	123.6	146.6	0.0	146.6	18.6%	0.0%	18.6%
EVC Asia OCF	7.8	9.1	0.0	9.1	16.2%	0.0%	16.2%
Margin	5.9%	5.8%	0.0%	5.8%			
EVC Africa Revenue	0.0	17.0	(17.0)	0.0			
EVC Africa Opex	0.0	16.3	(16.3)	0.0			
EVC Africa OCF	0.0	0.7	(0.7)	0.0			
Margin							
Jack of Digital Revenue	9.0	10.4	0.0	10.4	15.0%	0.0%	15.0%
Jack of Digital Opex	7.6	8.7	0.0	8.7	14.9%	0.0%	14.9%
Jack of Digital OCF	1.4	1.7	0.0	1.7	15.5%	0.0%	15.5%
Margin	15.8%	15.9%	0.0%	15.9%			
Adsmurai Revenue	88.9	102.2	0.0	102.2	15.0%	0.0%	15.0%
Adsmurai Opex	83.3	94.8	0.0	94.8	13.8%	0.0%	13.8%
Adsmurai OCF	5.6	7.4	0.0	7.4	32.4%	0.0%	32.4%
Margin	6.3%	7.2%	0.0%	7.2%			
BCNMonetize Revenue	16.8	18.5	0.0	18.5	10.0%	0.0%	10.0%
BCNMonetize Opex	12.0	13.0	0.0	13.0	8.8%	0.0%	8.8%
BCNMonetize OCF	4.8	5.5	0.0	5.5	13.0%	0.0%	13.0%
Margin	28.8%	29.6%	0.0%	29.6%			
Digital Segment Revenue	686.6	441.7	(17.0)	424.8	-35.7%	-2.5%	-38.1%
Digital Segment Opex	652.4	406.4	(12.5)	393.8	-37.7%	-1.9%	-39.6%
Digital Segment OCF	34.2	35.4	(4.4)	30.9	3.5%	-12.9%	-9.5%
Margin	5.0%	8.0%	-0.7%	7.3%			

* pro forma reflects announced acquisitions and dispositions

Source: Company reports, FactSet, Industry Capital Research estimates

Figure 5: The driver of our higher valuation is including an estimated value for spectrum assets

Entravision Communications														
Summary of Changes to Forecast and Valuation														
(In \$ million except unit data)														
CAGRs	2023		DCF Valuation		EBITDA CAGRs					Risk-Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-B
	Rev	EBITDA	SoTP	Firm	2021-25	2022-26	2023-27	2024-28	2025-29					
Prior	1,106.9	57.6	\$2.00	\$1.00	-12%	-9%	-4%	-4%	-1%	4.2%	4.2%	9.0%	10.6%	7.2%
Current	1,106.9	57.7	\$2.00	\$2.00	-14%	-10%	-6%	-6%	-2%	4.3%	4.1%	9.0%	10.8%	7.3%
Delta	0.0	0.0	\$0.00	\$1.00	-1.9%	-1.6%	-2.6%	-2.6%	-0.9%	0.1%	-0.1%	0.0%	0.2%	0.1%
Memo:														
Digital OCF					-5%	-8%	1%	4%	9%					

Source: Company data and Industry Capital Research estimates

Figure 6: Broadcast revenue drivers—TV segment

In millions	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E
TELEVISION SEGMENT														
Television PF Rev Growth	3.2%	-6.9%	-1.2%	-1.8%	-7.5%	-17.2%	-32.0%	-11.5%	2.0%	1.9%	13.8%	52.8%	18.0%	-17.0%
Reported TV revenue	\$154.5	\$146.8	\$144.7	\$30.3	\$29.9	\$29.6	\$31.1	\$120.9	\$30.9	\$30.5	\$33.6	\$47.6	\$142.7	\$118.4
Growth	3.2%	-4.9%	-1.4%	-1.8%	-7.5%	-17.2%	-32.0%	-16.4%	2.0%	1.9%	13.8%	52.8%	18.0%	-17.0%
TV non-recurring items:														
TV Political/Census	22.6	0.8	25.2	0.0	0.0	0.0	0.1	0.2	1.5	1.5	6.0	18.6	27.6	0.2
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	22.6	0.8	25.2	0.0	0.0	0.0	0.1	0.2	1.5	1.5	6.0	18.6	27.6	0.2
TV revenue ex political	131.9	146.1	119.5	30.3	29.9	29.6	31.0	120.8	29.5	29.0	27.6	29.0	115.1	118.2
Growth ex Political	-11.7%	10.7%	-18.2%	2.5%	1.1%	0.9%	-0.1%	1.1%	-2.8%	-3.1%	-6.5%	-6.4%	-4.7%	2.7%
Retransmission Consent	36.8	37.0	36.0	9.6	9.3	8.9	8.7	36.6	9.4	9.4	8.9	9.1	36.7	36.5
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Retrans	36.8	37.0	36.0	9.6	9.3	8.9	8.7	36.6	9.4	9.4	8.9	9.1	36.7	36.5
TV revenue ex Retrans	117.7	109.8	108.7	20.7	20.6	20.7	22.4	84.4	21.5	21.2	24.7	38.5	105.9	81.9
Growth ex Retrans	3.0%	-6.7%	-1.0%	-4.5%	-11.6%	-22.8%	-39.3%	-22.4%	4.2%	2.6%	19.6%	71.9%	25.5%	-22.7%
TV World Cup/Other Soccer	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TV revenue ex WC	154.5	144.8	144.7	30.3	29.9	29.6	31.1	120.9	30.9	30.5	33.6	47.6	142.7	118.4
Growth ex WC	3.2%	-6.2%	-0.1%	-1.8%	-7.5%	-17.2%	-32.0%	-16.4%	2.0%	1.9%	13.8%	52.8%	18.0%	-17.0%
TV Acquisitions/Dispositions (inc. Affiliations)	(9.4)	(9.8)	(27.1)	(6.4)	(6.0)	(7.1)	(7.2)	(26.7)	(4.8)	(4.2)	(4.8)	(10.2)	(24.0)	(25.9)
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental M&A	(9.4)	(9.8)	(27.1)	(6.4)	(6.0)	(7.1)	(7.2)	(26.7)	(4.8)	(4.2)	(4.8)	(10.2)	(24.0)	(25.9)
TV revenue ex M&A	163.9	156.6	171.9	36.7	35.9	36.6	38.3	147.6	35.7	34.7	38.4	57.8	166.7	144.3
Growth ex M&A	2.3%	-4.5%	9.8%	-1.8%	-6.6%	-14.5%	-27.9%	-14.1%	-2.9%	-3.3%	5.0%	50.8%	12.9%	-13.4%
Spectrum usage/auction	5.4	6.2	6.0	2.1	2.1	2.1	1.8	8.2	2.4	2.4	2.4	2.4	9.8	10.1
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Spectrum Usage	5.4	6.2	6.0	2.1	2.1	2.1	1.8	8.2	2.4	2.4	2.4	2.4	9.8	10.1
TV revenue ex Spectrum Usage	149.0	140.6	138.7	28.2	27.9	27.5	29.3	112.8	28.5	28.1	31.2	45.1	132.9	108.3
Growth ex Spectrum Usage	9.1%	-5.6%	-1.4%	-4.0%	-9.2%	-19.4%	-34.3%	-18.7%	1.1%	0.7%	13.5%	54.1%	17.8%	-18.5%
PF TV revenue ex all non-recurring	99.2	110.6	104.6	25.0	24.5	25.6	27.6	102.7	22.4	21.4	21.1	27.7	92.6	97.5
PF TV revenue growth ex all non-recurring	-11.2%	11.5%	-5.4%	-1.6%	-1.9%	-1.1%	-2.4%	-1.8%	-10.2%	-12.7%	-17.9%	0.3%	-9.9%	5.3%
TV rev grth ex all non-rec 2-yr CAGR	-6.8%	-0.5%	2.7%	-1.5%	-0.5%	-2.8%	-8.5%	-3.6%	-6.0%	-7.5%	-9.9%	-1.0%	-5.9%	-2.6%
PF TV advertising growth ex-political	-11.2%	14.6%	-24.7%	-1.6%	-1.9%	-1.1%	-2.4%	-1.8%	-4.8%	-7.3%	-12.5%	-14.4%	-9.9%	4.5%
TV ad rev grth ex political 2-yr CAGR	-6.8%	0.9%	-7.1%	-11.5%	-11.5%	-15.3%	-17.0%	-14.0%	-3.2%	-4.7%	-7.0%	-8.6%	-5.9%	-3.0%
PF TV revenue growth ex-political	-11.7%	10.7%	-18.2%	2.5%	1.1%	0.9%	-0.1%	1.1%	-2.8%	-3.1%	-6.5%	-6.4%	-4.7%	2.7%
TV rev grth ex political 2-yr CAGR	-3.6%	-1.1%	-4.8%	-8.4%	-6.3%	-9.5%	-11.8%	-9.1%	-0.2%	-1.0%	-2.8%	-3.3%	-1.9%	-1.1%
PF TV advertising growth	10.9%	-7.7%	-0.9%	-7.9%	-14.4%	-26.2%	-42.4%	-25.8%	3.0%	0.9%	19.8%	75.4%	26.1%	-25.3%

Source: Company reports; Industry Capital Research estimates

Figure 7: Broadcast revenue drivers—radio segment

In millions	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E
RADIO SEGMENT														
Radio PF Rev Growth	-15.9%	23.4%	7.6%	-1.5%	-5.1%	-20.0%	-31.0%	-13.7%	5.0%	2.6%	6.8%	21.8%	9.3%	-10.0%
Pro forma radio:														
Revenue	\$46.3	\$58.0	\$64.4	\$12.2	\$13.5	\$13.4	\$14.1	\$53.2	\$12.8	\$13.9	\$14.3	\$17.1	\$58.1	\$52.3
Growth	-15.9%	25.4%	11.0%	-3.0%	-9.4%	-18.7%	-31.0%	-17.4%	5.0%	2.6%	6.8%	21.8%	9.3%	-10.0%
Radio non-recurring items:														
Political/Census	5.9	0.8	6.8	0.0	0.0	0.0	0.0	0.1	0.5	0.6	1.3	3.6	6.1	0.9
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	5.9	0.8	6.8	0.0	0.0	0.0	0.0	0.1	0.5	0.6	1.3	3.6	6.1	0.9
Radio revenue ex political	40.4	57.2	57.6	12.2	13.5	13.4	14.0	53.1	12.3	13.2	13.0	13.5	52.0	51.5
Growth ex Political	-26.4%	41.6%	0.7%	-0.7%	-5.5%	-10.7%	-12.3%	-7.7%	0.5%	-2.1%	-2.7%	-3.7%	-2.0%	-1.1%
NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex NTR	39.5	39.5	39.5	12.2	13.5	13.4	14.1	39.5	12.8	13.9	14.3	17.1	39.5	39.5
Growth ex NTR	3.0%	0.0%	0.0%	-3.0%	-9.4%	-18.7%	-31.0%	0.0%	5.0%	2.6%	6.8%	21.8%	0.0%	0.0%
World Cup/Other Soccer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex WC	46.3	58.0	64.4	12.2	13.5	13.4	14.1	53.2	12.8	13.9	14.3	17.1	58.1	52.3
Growth ex WC	-15.9%	25.4%	11.0%	-3.0%	-9.4%	-18.7%	-31.0%	-17.4%	5.0%	2.6%	6.8%	21.8%	9.3%	-10.0%
Revenue	40.4	57.2	57.6	12.2	13.5	13.4	14.0	53.1	12.3	13.2	13.0	13.5	52.0	51.5
Radio revenue growth ex all non-recurring	-26.4%	41.6%	0.7%	-0.7%	-5.5%	-10.7%	-12.3%	-7.7%	0.5%	-2.1%	-2.7%	-3.7%	-2.0%	-1.1%
Radio rev grth ex all non-rec 2-yr CAGR	-19.2%	2.0%	19.4%	3.9%	-2.0%	-8.3%	-6.1%	-3.6%	-0.1%	-3.8%	-6.8%	-8.1%	-4.9%	-1.6%

Source: Company reports; Industry Capital Research estimates

Figure 8: Broadcast opex drivers

In millions	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E
OPERATING EXPENSE														
Television PF Opex Growth	-4.2%	-0.3%	-1.5%	4.5%	0.7%	-0.6%	-8.6%	-0.1%	20.0%	14.1%	0.2%	0.0%	8.5%	-7.0%
Radio PF Opex Growth	-26.3%	-5.4%	2.3%	17.1%	15.0%	-3.0%	-11.6%	6.7%	7.0%	9.0%	-2.3%	17.1%	7.6%	-5.4%
Pro forma consolidated:														
Opex ex-cost of revenue	\$153.3	\$172.9	\$197.8	\$52.6	\$56.6	\$53.8	\$57.4	\$220.4	\$59.2	\$63.7	\$50.1	\$57.8	\$230.9	\$212.0
Growth	-11.6%	12.8%	14.4%	20.0%	19.5%	9.2%	0.2%	11.5%	12.6%	12.4%	-6.8%	0.8%	4.7%	-8.2%
Non-recurring opex items:														
M&A (acquisitions since 2020)	5.7	27.5	37.9	7.8	10.0	8.2	7.7	33.7	10.4	12.9	3.5	3.1	29.9	16.4
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Cisneros	5.7	27.5	37.9	7.8	10.0	8.2	7.7	33.7	10.4	12.9	3.5	3.1	29.9	16.4
Opex ex Cisneros adjustment	147.6	145.5	159.9	44.8	46.6	45.6	49.7	186.8	48.8	50.8	46.7	54.7	201.0	195.6
Growth ex Cisneros	-14.9%	-1.5%	9.9%	24.7%	22.4%	16.7%	6.3%	16.8%	9.0%	8.9%	2.3%	10.0%	7.6%	-2.7%
Fixed & variable cost reductions	(27.2)	(32.8)	(38.0)	(6.5)	(7.6)	(12.5)	(11.1)	(37.7)	(7.3)	(8.4)	(12.4)	(12.1)	(40.2)	(40.7)
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	92.8%
Incremental cost reductions	(27.2)	(32.8)	(38.0)	(6.5)	(7.6)	(12.5)	(11.1)	(37.7)	(7.3)	(8.4)	(12.4)	(12.1)	(40.2)	(37.7)
Opex ex cost reductions adjustment	180.5	205.7	235.7	6.5	7.6	12.5	11.1	37.7	7.3	8.4	12.4	12.1	40.2	37.7
Growth ex cost reductions	4.1%	14.0%	14.6%	-87.0%	-86.1%	-79.8%	-84.0%	-84.0%	13.5%	11.6%	-1.0%	8.5%	6.8%	-6.2%
Salary true-up	2.0	2.0	2.3	0.0	1.0	0.9	0.9	2.7	0.0	1.1	0.9	0.9	2.9	2.9
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental salary true-up	2.0	2.0	2.3	0.0	1.0	0.9	0.9	2.7	0.0	1.1	0.9	0.9	2.9	2.9
Opex ex salary true-up	151.3	170.9	195.5	(0.0)	(1.0)	(0.9)	(0.9)	(2.7)	(0.0)	(1.1)	(0.9)	(0.9)	(2.9)	(2.9)
Growth ex salary true-up	-12.7%	13.0%	14.4%	-100.0%	-102.1%	-101.8%	-101.6%	-101.4%	10.4%	10.3%	0.0%	4.1%	5.0%	0.0%
Opex ex-non-recurring	172.8	176.3	195.6	51.3	53.2	57.3	59.9	221.7	56.2	58.2	58.2	65.8	238.4	230.5
Opex growth ex all non-recurring	-0.3%	2.0%	10.9%	22.8%	20.0%	12.1%	2.8%	13.4%	9.6%	9.2%	1.6%	9.8%	7.5%	-3.3%
Opex grth ex all non-rec 2-yr CAGR	-1.1%	0.8%	6.4%	12.3%	15.1%	10.2%	11.4%	12.2%	16.0%	14.5%	6.7%	6.2%	10.4%	2.0%
Revenue-driven variable expense	31.7	32.3	33.4	6.2	6.4	6.4	6.9	25.9	6.4	6.5	7.3	10.6	30.9	24.8
Non-sales opex ex-non-recurring	141.1	144.0	162.1	45.1	46.8	50.9	53.0	195.8	49.8	51.6	50.9	55.2	207.5	205.7
Non-sales opex growth ex all non-recurring	-0.7%	2.0%	12.6%	28.1%	26.4%	19.0%	12.5%	20.8%	10.4%	10.3%	0.0%	4.1%	6.0%	-0.9%
Non-sales opex grth ex all non-rec 2-yr CAGR	-0.1%	0.6%	7.2%	15.8%	19.8%	14.7%	16.6%	16.6%	18.9%	18.1%	9.1%	8.2%	13.1%	2.5%

Source: Company reports; Industry Capital Research estimates

Note: The above figure attempts to estimate core opex growth excluding the impact of variable sales expense by deducting 20% of estimated broadcast advertising revenue in all periods.

Figure 9: Financial statement forecasts supporting our valuation

in millions, except per share data														
AS REPORTED	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E
Net revenue:														
Television	\$154.5	\$146.8	\$144.7	30.3	29.9	29.6	31.1	120.9	30.9	30.5	33.6	47.6	142.7	118.4
Radio	46.3	58.0	64.4	12.2	13.5	13.4	14.1	53.2	12.8	13.9	14.3	17.1	58.1	52.3
Net broadcast revenue	200.7	204.9	209.1	42.5	43.5	42.9	45.2	174.1	43.7	44.4	47.9	64.7	200.8	170.7
Digital	143.3	555.3	747.1	196.5	229.9	231.5	274.9	932.7	214.0	258.3	89.1	125.1	686.6	424.8
Total net revenue (core)	344.0	760.2	956.2	239.0	273.3	274.4	320.1	1,106.9	257.7	302.8	137.0	189.9	887.4	595.5
Revenue from spectrum usage rights	0.0	0.0	0.0					0.0					0.0	0.0
Total net revenue	344.0	760.2	956.2	239.0	273.4	274.4	320.1	1,106.9	257.7	302.8	137.0	189.9	887.4	595.5
Cost of Revenue														
Television														
Digital	106.9	466.5	624.0	167.8	195.8	199.3	237.5	800.4	184.2	219.5	63.0	89.7	556.4	308.0
Digital cost of revenue as % of revenue	74.6%	84.0%	83.5%	85.4%	85.2%	86.1%	86.4%	85.8%	86.1%	85.0%	70.8%	71.7%	81.9%	72.5%
Total cost of revenue (core)	106.9	466.5	624.0	167.8	195.8	199.3	237.5	800.4	184.2	219.5	63.0	89.7	556.4	308.0
Cost of revenue from spectrum usage rights (television)														
Total cost of revenue	106.9	466.5	624.0	167.8	195.8	199.3	237.5	800.4	184.2	219.5	63.0	89.7	556.4	308.0
Opex														
Television opex	80.9	81.4	82.0	20.1	19.9	19.9	21.0	80.9	24.1	22.7	19.9	21.0	87.7	81.6
Radio opex	41.8	40.0	41.7	11.0	11.7	10.7	10.3	43.8	11.8	12.8	10.5	12.1	47.1	44.6
Digital opex	30.6	51.5	74.1	21.5	25.0	23.2	26.0	95.9	23.4	28.2	19.7	24.7	86.0	85.5
Total opex (core)	153.3	172.9	197.8	52.6	56.6	53.8	57.4	220.4	59.2	63.7	50.1	57.8	230.9	212.0
Spectrum usage rights														
Total Opex	153.3	172.9	197.8	52.6	56.6	53.8	57.4	220.4	59.2	63.7	50.1	57.8	230.9	212.0
OCF														
Television OCF	73.6	65.4	62.8	\$10.2	\$10.1	\$9.7	\$10.1	40.1	\$6.8	\$7.9	\$13.7	\$26.6	\$49.9	\$6.8
TV OCF Margin	47.6%	44.6%	43.4%	33.7%	33.6%	32.7%	32.5%	33.1%	22.0%	25.7%	40.7%	55.8%	38.5%	31.1%
Incremental Margin	173.4%	106.6%	126.6%					95.5%	-563.1%	-385.7%	99.0%	100.1%	68.5%	74.7%
Radio OCF	4.5	18.0	22.7	1.2	1.8	2.6	3.7	9.4	1.1	1.1	3.8	5.0	11.0	7.7
Radio OCF margin	9.7%	31.0%	35.2%	10.0%	13.5%	19.7%	26.5%	17.7%	8.3%	8.0%	26.5%	29.3%	18.9%	14.8%
Incremental Margin	-70.4%	114.9%	74.0%	520.2%	195.3%	117.3%	78.4%	118.9%	-26.0%	-199.7%	127.0%	42.4%	32.2%	56.2%
Digital OCF	5.7	37.3	49.0	7.187	9.018	9.025	11.3	36.6	6.5	10.6	6.3	10.8	34.2	30.9
Digital OCF margin	4.0%	6.7%	6.6%	3.7%	3.9%	3.9%	4.1%	3.9%	3.0%	4.1%	7.1%	8.6%	5.0%	7.3%
Incremental Margin	7.9%	7.7%	6.1%	-3.3%	-5.6%	-8.6%	-9.6%	8.6%	-4.1%	5.5%	1.9%	0.4%	1.0%	1.2%
Total OCF (core)	83.8	120.8	134.5	18.6	20.9	21.3	25.2	86.0	14.3	19.6	23.8	42.4	100.1	75.5
Margin	24.4%	15.9%	14.1%	7.8%	7.7%	7.8%	7.9%	7.8%	5.6%	6.5%	17.4%	22.3%	11.3%	12.7%
Incremental Margin				-11.5%	-16.3%	-39.8%	-92.5%	7.8%	-22.8%	-4.6%	-1.8%	-13.2%		
Spectrum sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total OCF	83.8	120.8	134.5	18.6	20.9	21.3	25.2	86.0	14.3	19.6	23.8	42.4	100.1	75.5
Total OCF Margin	24.4%	15.9%	14.1%	7.8%	7.7%	7.8%	7.9%	7.8%	5.6%	6.5%	17.4%	22.3%	11.3%	12.7%
Incremental Margin				-11.5%	-16.3%	-39.8%	-92.5%	7.8%	-22.8%	-4.6%	-1.8%	-13.2%		
Corporate Expense	27.8	33.0	49.4	10.5	12.0	13.3	14.5	50.3	10.7	12.3	13.5	14.8	51.3	52.3
GAAP EBITDA	56.0	87.8	85.1	8.1	8.9	8.0	10.7	35.7	3.6	7.3	10.3	27.5	48.8	23.1
Corporate non-cash comp	3.9	6.4	14.3	2.2	3.2	4.4	4.4	14.2	2.2	3.2	4.4	4.8	14.5	14.8
Opex adjustments to cash:														
Amortization of syndication contracts	(0.5)	(0.5)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.5)
Payments on syndication contracts	(0.5)	(0.5)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.5)
Non-cash comp in direct opex	1.2	3.2	5.7	1.9	2.7	2.6	2.3	9.5	3.1	4.5	4.4	(2.3)	9.7	9.9
Non-recurring cash severance	3.7	0.4	4.3	0.1	0.5	0.3	0.3	0.9						
EBITDA attributable to redeemable noncontrolling interest	3.4	9.1	0.0	0.2	0.4	0.3	0.8	1.7	(0.2)	1.1	0.2	1.6	2.7	3.6
EBITDA attributable to noncontrolling interest			3.4					0.0					0.0	0.0
Total opex (positive) adjustments to cash	0.5	5.5	(6.6)	(1.8)	(2.8)	(2.3)	(1.8)	(8.6)	(3.3)	(3.4)	(4.1)	3.9	(6.9)	(6.2)
Foreign currency (gain) loss	(1.1)	0.5	3.0	(1.0)	0.7	0.5	0.6	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Total Adjusted EBITDA	60.4	88.2	103.1	13.0	14.2	14.2	16.2	57.7	9.1	13.9	18.8	28.3	70.2	44.2
Other opex for spectrum (in corporate)														
Adjusted EBITDA (core)	60.4	88.2	103.1	13.0	14.2	14.2	16.2	57.7	9.1	13.9	18.8	28.3	70.2	44.2
Memo: adj. EBITDA (core) reported	60.4	88.0	103.1	13.0	14.2	14.2	16.2	57.7						
Model variance: adj. EBITDA	(0.0)	0.1		0.0	0.0	0.0	(0.0)	0.0						
Adj. EBITDA core margin	17.6%	11.6%	10.8%	5.4%	5.2%	5.2%	5.1%	5.2%	3.5%	4.6%	13.7%	14.9%	7.9%	7.4%
Incremental Margin	27.3%	6.7%	7.6%	-12.2%	-16.0%	-35.2%	-85.4%	-30.1%	-20.7%	-0.9%	-3.3%	-9.3%	-5.7%	8.9%

Source: Industry Capital Research estimates and company data

Figure 10: Financial statement forecasts supporting our valuation (cont.)

In millions, except per share data	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E
Memo: cash opex (core)	\$153.8	\$178.4	\$191.2	\$50.9	\$53.8	\$51.5	\$55.6	\$211.8	55.9	60.2	46.0	61.8	223.9	205.8
Memo: cash corporate expense	23.9	26.6	35.1	8.3	8.8	8.9	10.1	36.1	8.5	9.0	9.2	10.1	36.8	37.5
Memo: total non-cash comp	5.1	9.6	20.0	4.1	6.0	7.0	6.6	23.7	5.3	7.8	8.7	2.4	24.2	24.7
Memo: adj. EBITDA - (OCF - cash corporate)	0.6	(6.0)	3.6	2.7	2.1	1.8	1.2	7.7	3.3	3.4	4.1	(3.9)	6.9	6.2
Memo: PF EBITDA attributable to redeemable noncontrolling interest														
D&A	17.3	22.4	25.7	6.5	6.5	7.4	7.7	28.0	6.4	7.6	3.4	4.7	22.2	14.9
D&A % of Revenue	5.0%	2.9%	2.7%	2.7%	2.4%	2.7%	2.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Change in fair value contingent consideration	0.000	8.2	14.2	(4.1)	1.1	(6.0)	6.4	(2.5)	0.0	0.0	0.0	0.0	0.0	0.0
Impairments	40.0	3.0	1.6	0.0	0.0	1.0	12.3	13.3	0.0	0.0	0.0	0.0	0.0	0.0
Other operating (gain) loss	(6.9)	(7.0)	0.4	0.0	0.0	0.0	0.6	0.6	(0.7)	(0.5)	(0.8)	(0.0)	(2.0)	(0.3)
Gain (Loss) on Sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserves, accruals and other, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Income (EBIT Inc. Impairments)	6.6	60.6	40.2	6.7	0.5	5.1	(16.9)	(4.5)	(2.1)	0.2	7.7	22.8	28.6	8.6
Operating Margin %	1.9%	8.0%	4.2%	2.8%	0.2%	1.9%	-5.3%	-0.4%	-0.8%	0.1%	5.6%	12.0%	3.2%	1.4%
Interest expense	(8.3)	(6.9)	(8.7)	(3.2)	(4.3)	(2.9)	(2.9)	(13.3)	(2.5)	(2.6)	(2.6)	(2.6)	(10.3)	(10.5)
Noncash interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	1.7	0.2	0.7	0.0	1.0	0.0	0.0	1.0	0.0	0.0	0.0	(0.0)	0.0	0.0
Net interest expense	(6.5)	(6.8)	(8.0)	(3.2)	(3.3)	(2.9)	(2.9)	(12.2)	(2.5)	(2.6)	(2.6)	(2.6)	(10.3)	(10.5)
Loss on debt extinguishment	0.0	0.0	0.0	(1.6)	0.0	0.0	0.0	(1.6)	0.0	0.0	0.0	0.0	0.0	0.0
Other income, net	0.0	0.2	(0.5)	(0.0)	(0.0)	(0.0)	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Pretax income	0.1	54.0	31.7	1.9	(2.7)	2.2	(19.8)	(18.4)	(4.7)	(2.4)	5.1	20.2	18.3	(2.0)
Pretax margin	0.0%	7.1%	3.3%	0.8%	NM	0.8%	NM	NM	NM	NM	3.7%	10.7%	2.1%	NM
Income (taxes) benefit	(1.5)	(18.7)	(11.6)	(0.2)	0.7	0.5	1.7	2.8	(0.2)	0.7	0.5	(7.4)	(6.4)	0.7
Effective tax rate	1276.3%	34.6%	36.5%	12.0%	27.0%	-24.1%	8.7%	15.0%	-5.0%	31.2%	-10.4%	36.8%	35.0%	35.0%
Cash tax rate	6552.5%	7.6%	53.4%	3.7%	-128.1%	106.6%	-36.3%	-71.3%	37.0%	37.0%	37.0%	37.0%	37.0%	7.0%
Net Income (Before Equity Investments)	(1.4)	35.4	20.1	1.7	(2.0)	2.7	(18.1)	(15.6)	(4.9)	(1.6)	5.6	12.8	11.9	(1.3)
Equity in net of noncon. affils.	0.0	0.0	(2.1)	0.3	0.0	(0.0)	(0.2)	0.2	0.0	(0.1)	(0.1)	0.4	0.2	0.2
Reported Net income	(1.4)	35.4	18.1	2.0	(2.0)	2.7	(18.2)	(15.4)	(4.9)	(1.7)	5.5	13.1	12.1	(1.1)
Net margin	17.6%	11.6%	10.8%	5.4%	5.2%	5.2%	5.1%	0.1	3.5%	4.6%	13.7%	14.9%	7.9%	7.4%
Accretion of Preferred	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	2.5	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net inc. to common pre-1-time	(3.9)	29.4	18.1	2.0	(2.0)	2.7	(18.2)	(15.4)	(4.9)	(1.7)	5.5	13.1	12.1	(1.1)
Net margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EPS - Basic, Continuing Operations	(\$0.05)	\$0.34	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.18)	(\$0.05)	(\$0.02)	\$0.06	\$0.14	\$0.13	(\$0.01)
Extraordinary items/discontinued items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income to common	(3.9)	29.4	18.1	2.0	(2.0)	2.7	(18.2)	(15.4)	(4.9)	(1.7)	5.5	13.1	12.1	(1.1)
EPS - basic	(\$0.05)	\$0.34	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.18)	(\$0.05)	(\$0.02)	\$0.06	\$0.14	\$0.13	(\$0.01)
EPS - diluted	(\$0.05)	\$0.33	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.18)	(\$0.05)	(\$0.02)	\$0.06	\$0.14	\$0.13	(\$0.01)
EPS reported by company	(\$0.05)	\$0.21	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.18)	0.0	0.0	0.0	0.0	0.0	0.0
Model variance: EPS	\$0.00	(\$0.00)	\$0.00	\$0.00	(\$0.00)	\$0.00	\$0.00	\$0.00	0.0	0.0	0.0	0.0	0.0	0.0
Pro forma adjustments	38.1	9.6	25.6	0.0	0.0	1.2	11.2	12.4	0.0	0.0	0.0	0.0	0.0	0.0
Pro forma net income	34.1	39.1	43.6	2.0	(2.0)	3.9	(7.0)	(3.0)	(4.9)	(1.7)	5.5	13.1	12.1	(1.1)
Pro forma EPS - basic	\$0.41	\$0.46	\$0.51	\$0.02	(\$0.02)	\$0.04	(\$0.08)	(\$0.03)	(\$0.05)	(\$0.02)	\$0.06	\$0.14	\$0.13	(\$0.01)
Pro forma EPS	\$0.41	\$0.44	\$0.50	\$0.02	(\$0.02)	\$0.04	(\$0.08)	(\$0.03)	(\$0.05)	(\$0.02)	\$0.06	\$0.14	\$0.13	(\$0.01)
EPS shares - Basic	84.2	85.3	85.4	87.6	87.8	88.0	88.2	87.9	89.5	89.7	91.4	91.4	90.5	91.6
EPS shares - Diluted	84.2	87.9	87.8	89.8	87.8	89.9	88.2	87.9	89.5	89.7	93.6	93.6	92.7	91.6
Free Cash Flow:														
EBITDA	60.4	88.2	103.1	13.0	14.2	14.2	16.2	57.7	9.1	13.9	18.8	28.3	70.2	44.2
Cash net interest	-5.9	-6.2	-6.7	-3.0	-3.2	-2.8	-2.8	-11.9	-2.5	-2.6	-2.6	-2.6	-10.3	-10.5
Other adjustments to cash	5.3	6.8	-4.7	0.7	2.2	0.0	-0.9	2.0						
- Cash taxes	-7.7	-4.1	-16.9	-0.1	-3.5	-2.3	-7.2	-13.1	1.7	0.9	-1.9	-7.5	-6.8	0.1
Cash taxes / EBITDA	13%	5%	16%	1%	25%	17%	44%	23%	-19%	-6%	10%	26%	10%	0%
Minus: capex	-9.5	-5.6	-11.5	-6.8	-8.1	-5.0	-7.4	-27.3	-1.5	-1.5	-1.5	-1.5	-6.0	-7.3
Capex / D&A	55%	25%	45%	104%	125%	68%	97%	98%	23%	20%	44%	32%	27%	49%
Capex / EBITDA	16%	6%	11%	52%	57%	35%	46%	47%	17%	11%	8%	5%	9%	17%
Plus: cost of revenue for spectrum usage rights														
= Free Cash Flow	42.6	79.0	63.3	3.9	1.6	4.0	(2.1)	7.4	6.8	10.8	12.8	16.7	47.1	26.4
Free cash flow (reported by company)	43.0													
Free Cash Flow (core)	42.6	79.0	63.3	3.9	1.6	4.0	(2.1)	7.4	6.8	10.8	12.8	16.7	47.1	26.4
FCF per share (core)	\$0.51	\$0.90	\$0.72	\$0.04	\$0.02	\$0.04	(\$0.02)	\$0.08	\$0.08	\$0.12	\$0.14	\$0.18	\$0.51	\$0.29
Memo: FCF / Adjusted EBITDA (core)	70.5%	89.7%	61.4%	30.0%	11.0%	28.2%	-12.8%	12.8%	74.6%	77.1%	68.1%	59.1%	67.1%	59.8%
Dividends per basic share	\$0.13	\$0.10	\$0.10	\$0.05	\$0.05	\$0.05	\$0.05	\$0.20	\$0.05	\$0.05	\$0.05	\$0.05	\$0.20	\$0.20
- Dividends	(10.5)	(8.5)	(8.5)	(4.4)	(4.4)	(4.4)	(4.4)	(17.6)	(4.5)	(4.5)	(4.6)	(4.6)	(18.1)	(18.3)
Dividends as % of FCF	24.7%	10.8%	13.5%	112.1%	281.6%	109.9%	-212.4%	237.7%	65.6%	41.7%	35.7%	27.3%	38.4%	69.4%

Source: Industry Capital Research estimates and company data

Figure 11: Financial statement forecasts supporting our valuation (cont.)

ANNUAL PERCENTAGE CHANGE	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E
Net revenue growth	25.8%	121.0%	25.8%	21.2%	23.3%	13.8%	8.0%	15.8%	7.8%	10.7%	-50.1%	-40.7%	-19.8%	-32.9%
Net revenue (core) growth	25.8%	121.0%	25.8%	21.2%	23.3%	13.8%	8.0%	15.8%	7.8%	10.7%	-50.1%	-40.7%	-19.8%	-32.9%
TV revenue growth	3.2%	-4.9%	-1.4%	-1.8%	-7.5%	-17.2%	-32.0%	-16.4%	2.0%	1.9%	13.8%	52.8%	18.0%	-17.0%
Radio revenue growth	-15.9%	25.4%	11.0%	-3.0%	-9.4%	-18.7%	-31.0%	-17.4%	5.0%	2.6%	6.8%	21.8%	9.3%	-10.0%
Digital revenue growth	108.0%	287.5%	34.5%	27.8%	31.8%	22.5%	19.4%	24.8%	8.9%	12.4%	-61.5%	-54.5%	-26.4%	-38.1%
Cost of revenue	NM	NM	33.8%	29.2%	35.1%	26.8%	23.7%	28.3%	9.8%	12.1%	-68.4%	-62.2%	-30.5%	-44.6%
Direct expense	-12.1%	-22.4%	0.7%	4.5%	0.7%	-0.6%	-8.6%	-1.3%	20.0%	14.1%	0.2%	0.0%	8.5%	-7.0%
SG&A	-10.3%	NM	28.5%	17.1%	12.9%	5.2%	25.9%	24.2%	7.0%	9.0%	-2.3%	-26.1%	-22.9%	-33.9%
Opex	23.8%	NM	28.5%	26.8%	31.3%	22.6%	18.3%	24.2%	10.4%	12.2%	-55.3%	-50.0%	-22.9%	-33.9%
Opex (core)	-11.6%	12.8%	14.4%	20.0%	19.5%	9.2%	0.2%	11.5%	12.6%	12.4%	-6.8%	0.8%	4.7%	-8.2%
TV opex	-4.2%	0.6%	0.7%	4.5%	0.7%	-0.6%	-8.6%	-1.3%	20.0%	14.1%	0.2%	0.0%	8.5%	-7.0%
Radio opex	-26.3%	-4.2%	4.1%	17.1%	12.9%	5.2%	-11.6%	5.1%	7.0%	9.0%	-2.3%	17.1%	7.6%	-5.4%
Digital opex	-5.0%	68.1%	44.0%	41.4%	45.1%	21.5%	15.3%	29.2%	8.5%	12.6%	-14.9%	-5.0%	0.2%	-10.6%
Total OCF (core)	32.1%	44.1%	11.4%	-20.5%	-28.8%	-38.4%	-46.6%	-36.0%	-23.0%	-6.5%	11.7%	68.3%	16.3%	-24.6%
TV OCF	12.8%	-11.0%	-4.1%	-12.2%	-20.3%	-38.4%	-55.7%	-36.2%	-33.4%	-22.1%	41.9%	NM	37.1%	-33.0%
Radio OCF	NM	NM	26.2%	-62.0%	-60.0%	-57.8%	-57.1%	-58.6%	-13.0%	-38.6%	43.8%	34.9%	16.9%	-29.7%
Digital OCF	NM	NM	31.3%	-16.3%	-25.8%	-28.8%	-27.4%	-25.4%	-9.9%	17.5%	-29.9%	-5.0%	-6.6%	-9.5%
Corporate expense	3.0%	3.0%	3.0%	0.0%	0.0%	0.0%	9.2%	3.0%	0.0%	0.0%	0.0%	8.6%	3.0%	3.0%
Cash corporate expense	-2.0%	11.3%	31.7%	16.8%	29.0%	15.2%	-24.9%	2.9%	2.5%	2.8%	3.1%	-0.1%	2.0%	2.0%
Adjusted EBITDA (core)	46.6%	45.9%	16.9%	-28.1%	-36.8%	-45.3%	-55.5%	-44.0%	-29.8%	-1.9%	32.3%	74.5%	21.8%	-37.1%
D & A	3.8%	29.7%	14.6%	1.2%	3.9%	12.2%	18.3%	9.0%	-0.4%	16.3%	-53.4%	-38.1%	-20.8%	-32.9%
Operating income	88.3%	47.7%	2.1%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	NM	NM	NM	NM	NM	NM
Pretax income	NM	NM	-41.3%	-29.5%	NM	-83.2%	NM	NM	NM	NM	NM	NM	NM	NM
Net income pre-extra.	NM	NM	-38.5%	8.2%	NM	-70.9%	NM	NM	NM	NM	NM	NM	NM	NM
EPS, Continuing Operations	NM	NM	-38.2%	0.0%	NM	-72.7%	NM	NM	NM	NM	100.0%	NM	NM	NM
EPS - diluted	NM	NM	-38.4%	6.8%	NM	-71.7%	NM	NM	NM	NM	95.4%	NM	NM	NM
FCF/share	NM	76.5%	-20.0%	-75.0%	-87.5%	-77.8%	NM	-88.9%	100.0%	NM	NM	NM	NM	-43.1%
EPS shares - Diluted	-1.0%	4.4%	-0.2%	1.3%	0.9%	2.8%	3.6%	0.2%	-0.3%	2.2%	4.1%	6.1%	5.4%	-1.1%

Source: Industry Capital Research estimates and company data

APPENDIX

Additional information relative to securities, other financial products or issuers discussed in this report is available upon request.

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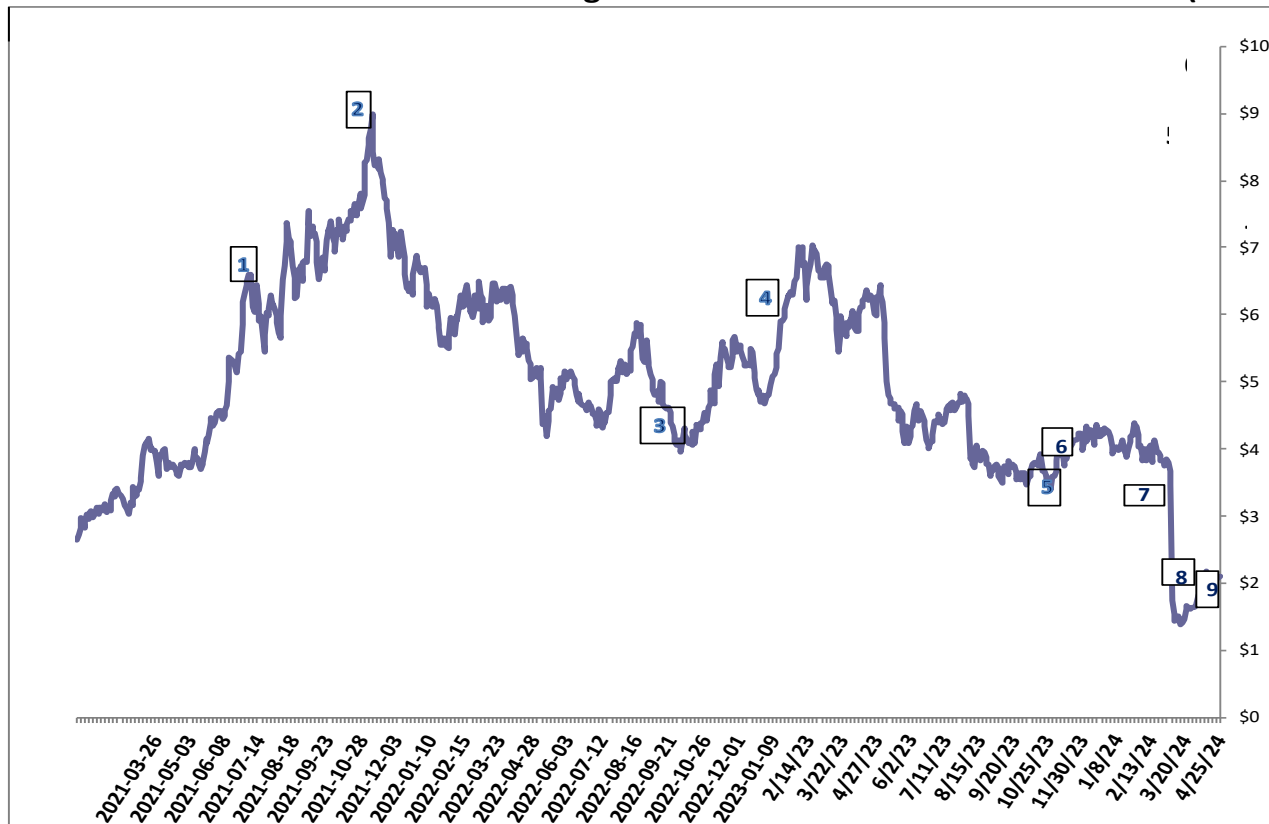
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The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters, holds a BA (Economics) and MBA from the University of Chicago and a JD from the University of Virginia, and is a member of the Beta Gamma Sigma and Phi Beta Kappa honor societies.

Historical Recommendations and Target Prices: Entravision Communications (ticker: EVC)



1	7/6/21	Initiated Buy @ \$6.76, Target Price \$9.00
2	11/5/21	Reaffirmed Buy @ \$8.83, Target Price \$10.50
3	11/3/22	Reaffirmed Buy @ \$4.69, Target Price \$7.00
4	1/27/23	Reaffirmed Buy @ \$6.33, Target Price \$7.50
5	11/3/23	Reaffirmed Buy @ \$3.81, Target Price \$4.50
6	11/8/23	Downgraded to Hold @ \$3.97, Target Price \$4.00
7	3/6/24	Reaffirmed Hold @ \$3.57, Target Price \$1.50
8	4/11/24	Coverage Suspended @ \$2.18
9	4/26/24	Coverage Resumed with Hold @ \$2.10, Target Price \$2.00

Ratings Definitions

BUY: total return expected is >15% over a 12-month period

HOLD: total return expected is between 15% and -15% over a 12-month period

SELL: total return expected is <-15% over a 12-month period

The target prices of shares mentioned in the accompanying text are based on the assumed investment horizon of 12 months. If company notes are published on these shares in the future, the target prices mentioned in the subsequent notes will have priority.

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