

Entravision Communications Corporation (EVC)

Boosting Political Advertising Estimate Closer to EVC's Prior Views and Raising PT; Hold

James Dix, CFA

(1) 917 292 4293

james.dix@industrycapitalresearch.com

Ahead of 3Q results set for November 7 AMC, our PT goes to \$2.50 from \$2. The call will be at 5:00pm ET, with dial-in 800 717-1738 or 646 307-1865.

Our 2024 reported EBITDA estimate goes to \$59.6m from \$57.3m. See Fig. 3. Our 3Q revenue growth estimates for digital, TV and radio are +16% (pro forma dispositions), +19%, and +5%, respectively, and operating cash flow margin estimates for digital, TV and radio are 11.9%, 39.6%, and 19.7%, vs. 3.9%, 32.7% and 19.7% in 3Q23, respectively. 3Q revenue pacing as of early August was +17% for digital, +9% for TV, and flat for radio, vs. our prior estimates of +19%/+21%/+7%, although this pacing was not comparable to our estimates because of the expected build of political advertising in the quarter. Aside from updating for 2Q results and guidance, our primary forecast changes are: 1) raising our 4Q EBITDA estimate, on the assumption that higher political advertising will bring higher OCF margins, 2) raising our 2025 estimates for the higher 2024 base, 3) adjusting our WACC estimates for updated beta and macro inputs, and 4) raising our out-year OCF margin estimates. We trim our core TV revenue growth assumptions for 3Q and 4Q to -9%, putting them in line with those in 3Q/4Q 2022 on caution about political displacement of other advertising, especially given flattish auto sales. Deterioration in balance sheet partially offsets valuation impact of our estimate changes. See Fig. 4 & 12. Pro forma net debt has increased to \$93.1m from \$41.9m prior to 2Q results. At 6/30, total and net leverage were 3.0x and 2.2x, compared to 3.1x and 1.4x at 3/31, respectively.

We boost our 2024 total political advertising estimate to \$36m from \$34m. This is still below the \$40m view that EVC has mentioned in prior conference presentations, but does assume an 84% increase for TV and 62% increase in total from 2020, after adjusting for the loss of three Univision affiliations at the end of 2021. Although EVC has added weekend news in a number of markets, such as San Diego, Las Vegas, Denver, El Paso and McAllen, we expect Las Vegas to rake in the most political ads, as we estimate that Nevada accounted for roughly half of EVC's 2022 political ad revenue. With 2Q results, management called out as priorities the core U.S. broadcast business focused on the Latino audience, capturing political ad spending, and investment in the digital businesses Smadex (programmatic) and Adwake (mobile growth).

2Q recap: adj. EBITDA of \$10.5m missed our \$11.0m estimate. See Fig. 2. Reported revenue growth was +36% for digital (driven by Smadex and Adwake), -5% for TV and -4% for radio, vs. our respective estimates of +9%/-1%/-1%. We estimate that core revenue growth excluding political advertising was -9% for TV and -6% for radio, in line with our estimates. However, political advertising was \$1.2m for TV and \$0.3m for radio, below our \$1.5m and \$0.6m estimates, respectively. Reported digital/TV/radio operating cash flow margins were 9.4%/20.8%/17.7% vs. our respective 7.6%/23.5%/10.5% estimates. News investments hurt TV margins and rent savings helped radio margins. EPS from continuing operations was \$0.04, vs. our \$0.04 loss estimate.

Our price target is \$2.50; 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 10/31/24 (USD)	2.32		
Price Target	2.50		
52-week range	1.33-4.41		
Performance (%)	1m	3m	12m
Absolute	12	6	-35
S&P 500	-1	3	36
Market Cap (USDm)	209.3		
Shares outstanding (m)	90.2		
Float (%)	90		
Average volume	275,664		
S&P 500	5,705.5		

Forecasts and ratios

Year ended 12/31	2022A	2023A	2024E
1Q EPS (USD)	0.02	0.02	-0.55
2Q EPS (USD)	0.10	-0.02	-0.35
3Q EPS (USD)	0.11	0.03	0.05
4Q EPS (USD)	-0.02	-0.21	0.15
FY EPS (USD)	0.21	-0.18	-0.69
% Change	-40%	-185%	NM
P/E (x)	11.3	NM	NM
EV/EBITDA (x)	2.9	6.3	4.0
Revenue (USDm)	956.2	1,106.9	562.6
% Change	26%	16%	-49%

ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE LOCATED IN THE APPENDIX.

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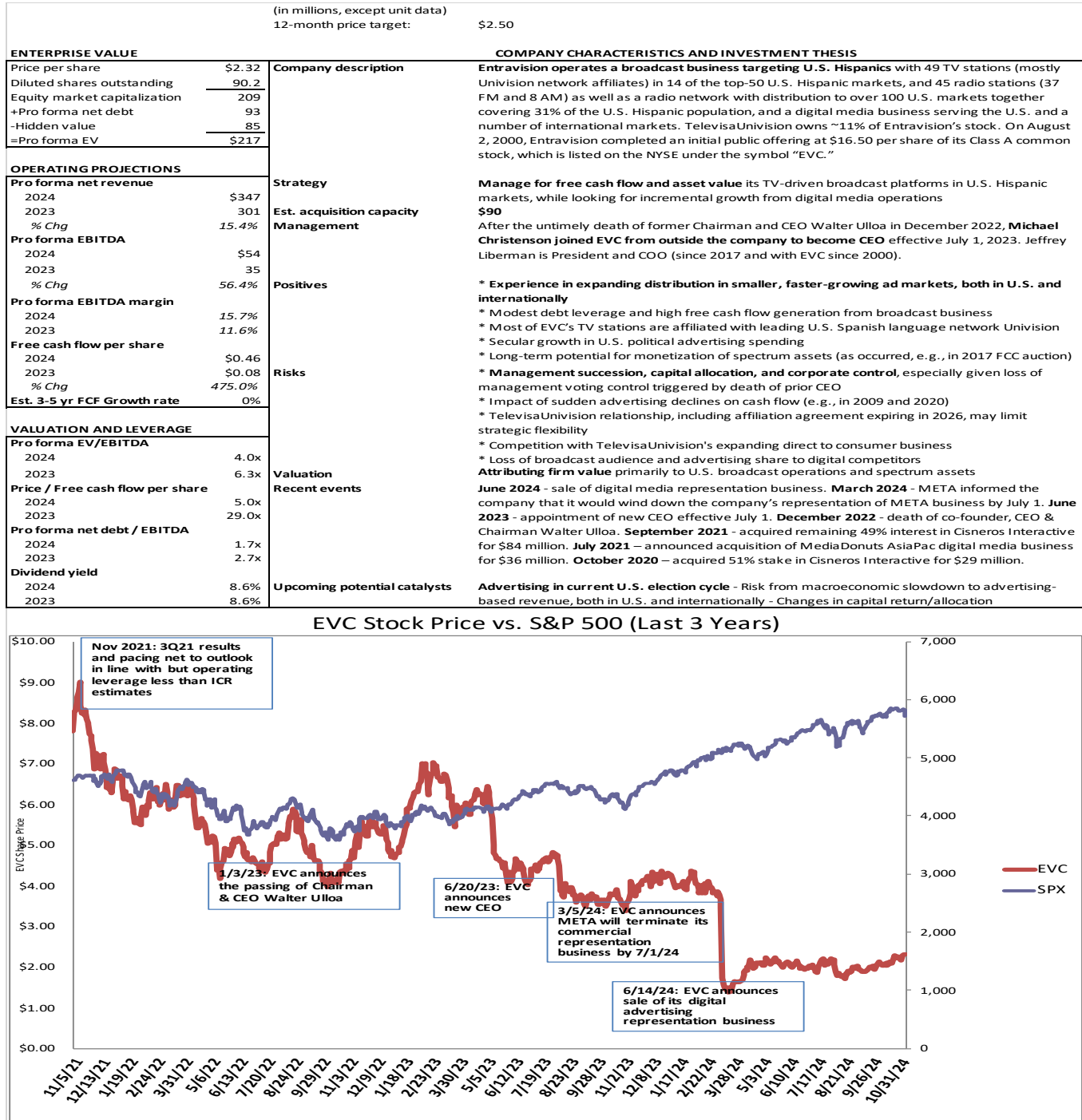
Investment Thesis and Valuation: Hold With \$2.50 Price Target

We rate Hold the shares of EVC. Despite 1) 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 2) audience declines at its U.S. broadcast business, and 3) dependence on and potentially increasing competition with its primary network programming supplier TelevisaUnivision. 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 pro forma for asset sales of \$54m/\$33m, and \$85m for spectrum asset value, resulting in a target valuation of \$2.50. 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) the impact of recent asset sales 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, and 2) sensitivity of EVC's advertising-based businesses to macroeconomic flux.

Figure 1: EVC Investment Thesis, Metrics and Valuation Summary



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

More on the Set-Up from 2Q24 Results and Our Revised Outlook

Our valuation did not change after 2Q results, which had little near-term impact on the stock price, as an increase in out-year operating cash flow margin estimates offset an increase in pro forma net debt. See Fig. 4. With results, management called out as priorities the core U.S. broadcast business focused on the Latino audience, and capturing political ad spending in particular, as well as investment in the digital businesses Smadex (programmatic) and Adwake (mobile growth). At 6/30, total and net leverage were 3.0x and 2.2x, respectively, compared to 3.1x and 1.4x at 3/31, respectively.

3Q revenue pacing as of early August was +17% for digital, +9% for TV, and flat for radio, vs. our prior estimates of +19%/+21%/+7%. However, 3Q revenue pacing given with 2Q results was not comparable to our estimates because of the expected flow of political advertising as the quarter progresses. We estimate 3Q political advertising of \$8.4m for TV and \$1.3m for radio.

2Q recap: adj. EBITDA of \$10.5m slightly missed our \$11.0 estimate. See Fig. 3. Reported revenue growth was +36% for digital (driven by Smadex and Adwake), -5% for TV and -4% for radio, vs. our respective estimates of +9%/-1%/-1%. We estimate that core revenue growth excluding political advertising was -9% for TV and -6% for radio, in line with our estimates. However, political advertising was \$1.2m for TV and \$0.3m for radio, slightly below our \$1.5m and \$0.6m estimates, respectively. Reported digital/TV/radio operating cash flow margins were 9.4%/20.8%/17.7% vs. our respective 7.6%/23.5%/10.5% estimates. With 2Q results, management changed its definition of free cash flow to cash flow from operations less capital expenditure, resulting in a large upward revision of more recently reported FCF figures using the prior definition (e.g., to \$30.6m from a loss of \$2.8m for 1Q24 and to \$47.9m from \$7.4m for 2023).

Our upward bump of \$2m (or 7%) to our TV political advertising estimate reflects signs that overall political ad spending could come in above earlier expectations, given the consistently competitive Presidential race among other things. See Fig. 5. In September, Sinclair raised its full-year political advertising guidance to \$442-469m from \$385-410m (a 15% guidance increase at the range midpoint). Our estimated EVC TV political advertising would be ~24% of the total Spanish-language TV broadcast political advertising forecast by AdImpact, as compared to ~20% in 2020 including the Florida/DC Univision affiliates EVC has since lost, and ~13% excluding them. Industry (eMarketer, BIA, and AdImpact) estimates for the growth in total U.S. political advertising from 2020-24 fall in the rough range of 13%-29%.

We expect Nevada could account for roughly half of EVC's 2024 political advertising, a dependence that could work out, given that Nevada is a Presidential battleground state, and has a relatively competitive Senate race, as well as an item relating to abortion access among its down-ballot measures. We note risks, however. First, Democrats have been outspending Republicans in Nevada substantially in both the Presidential and Senate races, potentially providing less of a competitive prod to higher levels of overall spending. Second, AdImpact figures indicate that the Democrats are spending more of their ad budget on national TV, as opposed to local TV, than are the Republicans.

Beyond political advertising, core advertising growth remains a risk to monitor. Stagnant auto sales likely weigh on core broadcast TV ad growth; 3Q auto sales volume was down 1.8%, per Automotive News. Looking past this election cycle, one macro caution is that the current U.S. economic expansion has over-indexed prior expansions in growth in personal consumption expenditures, but under-indexed them in growth of personal income, suggesting that at some point consumer spending growth—critical to advertising growth—could hit a wall.

Figure 2: Impact on quarterly estimates after 2Q results and outlook

Entravision Communications							
Summary of Quarterly Estimates							
In millions, except per share data							
	Last Yr	E	Results		E	YoY %CHG	
			Beat/Miss	A		Beat/Miss	A
2Q24A							
As Reported							
Revenue	\$273.4	\$276.7	(\$194.0)↗	\$82.7	1.2%	-71.0%	-69.8%
Op Expense	258.7	265.7	(193.5)	72.2	2.7%	-74.8%	-72.1%
Adjusted EBITDA	14.6	11.0	(0.5)	10.5	-24.9%	-3.6%	-28.5%
Margin	5.4%	4.0%	8.7%	12.7%			
EPS - Continuing Operations	(\$0.02)	(\$0.04)	\$+0.08	\$0.04	100.0%	NM	NM
	Last Yr	Prior	Estimates		Prior	YoY %CHG	
			Chg	Current		Chg	Current
3Q24E							
As Reported							
Revenue	274.4	88.5	(\$0.7)	87.9	-67.7%	-0.2%	-68.0%
Op Expense	263.4	71.5	1.1	72.6	-72.9%	0.5%	-72.5%
Adjusted EBITDA	11.3	17.1	(1.8)	15.3	51.0%	-11.7%	35.3%
Margin	4.1%	19.3%	-1.9%	17.4%			
EPS - Continuing Operations	\$0.03	\$0.04	\$+0.01	\$0.05	33.3%	33.3%	66.7%
* pro forma reflects announced acquisitions and dispositions							
Source: Company reports, Industry Capital Research estimates							

Figure 3: Impact on annual estimates from 2Q results and outlook, and revised political and core revenue growth assumptions

Entravision Communications (NYSE: EVC)							
Summary of Annual Estimates							
In millions, except per share data							
	Estimates			YoY %CHG			
	Last Yr	Prior	Chg	Current	Prior	Chg	Current
2024E							
Pro Forma *							
Revenue	300.6	339.3	7.7	347.0	12.9%	2.6%	15.4%
Op expense	265.8	291.1	1.5	292.6	9.5%	0.6%	10.1%
Adjusted EBITDA	34.8	48.2	6.2	54.4	38.7%	17.8%	56.4%
As Reported							
Revenue	1,106.9	755.3	(192.6)	562.6	-31.8%	-17.4%	-49.2%
Op expense	1,049.2	697.9	(194.9)	503.0	-33.5%	-18.6%	-52.1%
Adjusted EBITDA	57.7	57.3	2.3	59.6	-0.6%	4.0%	3.4%
Margin	5.2%	7.6%	3.0%	10.6%			
Pro forma EPS	(\$0.03)	\$0.26	(\$0.03)	\$0.23	-966.7%	NM	NM
2025E							
Pro Forma *							
Revenue	347.0	323.4	0.0	323.4	-6.8%	0.0%	-6.8%
Op expense	292.6	293.9	(3.4)	290.5	0.4%	-1.2%	-0.7%
Adjusted EBITDA	54.4	29.5	3.4	32.8	-45.8%	6.2%	-39.6%
As Reported							
Revenue	562.6	323.4	0.0	323.4	-42.5%	0.0%	-42.5%
Op expense	503.0	295.2	(3.5)	291.7	-41.3%	-0.7%	-42.0%
Adjusted EBITDA	59.6	28.1	3.5	31.7	-52.8%	5.9%	-46.9%
Margin	10.6%	8.7%	1.1%	9.8%			
Pro forma EPS	\$0.23	(\$0.15)	\$0.06	(\$0.09)	-165.2%	26.1%	-139.1%
Source: Company reports, Industry Capital Research estimates							

Figure 4: Valuation update for changes in estimates and macro inputs

Entervision Communications														
Summary of Changes to Forecast and Valuation for 2Q Results and Outlook														
(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	1,103.3	56.2	\$2.00	\$2.00	-25%	-18%	-22%	-22%	-7%	4.1%	4.1%	8.8%	10.4%	7.0%
Post	1,106.9	57.7	\$2.00	\$2.00	-23%	-18%	-19%	-19%	-4%	4.1%	4.1%	8.8%	10.4%	7.0%
Delta	3.6	1.5	\$0.00	\$0.00	1.6%	0.4%	3.0%	3.0%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Memo:														
Digital OCF					-18%	-21%	-14%	0%	6%					

Source: Company data and Industry Capital Research estimates

Entervision Communications														
Summary of Changes to Forecast and Valuation for Revised Forward Assumptions and Macro Inputs														
(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					
Post	1,106.9	57.7	\$2.00	\$2.00	-23%	-18%	-19%	-19%	-4%	4.1%	4.1%	8.8%	10.4%	7.0%
Current	1,106.9	57.7	\$2.00	\$2.50	-23%	-18%	-18%	-18%	-4%	4.3%	4.0%	8.2%	10.8%	8.3%
Delta	0.0	0.0	\$0.00	\$0.50	0.6%	0.4%	0.6%	0.6%	0.0%	0.2%	-0.1%	-0.6%	0.4%	1.3%
Memo:														
Digital OCF					-18%	-21%	-14%	0%	6%					

Source: Company data and Industry Capital Research estimates

Figure 5: Broadcast revenue drivers—TV segment; 2025 TV core revenue growth estimate of 5% is between 2023's ~1% and 2021's ~11%

(in millions)	2020A	2021A	2022A	2023	2023	2023	2023	2023A	2024A	2024A	2024E	2024E	2024E	2025E
TELEVISION SEGMENT														
Television PF Rev Growth	3.2%	-6.9%	-1.4%	-1.8%	-7.5%	-17.2%	-32.0%	-16.4%	-5.8%	-1.1%	19.5%	53.5%	16.0%	-17.0%
Reported TV revenue	\$154.5	\$146.8	\$144.7	\$30.3	\$29.9	\$29.6	\$31.1	\$120.9	\$28.5	\$28.6	\$35.3	\$47.8	\$140.2	\$116.4
Growth	3.2%	-4.9%	-1.4%	-1.8%	-7.5%	-17.2%	-32.0%	-16.4%	-5.8%	-4.6%	19.5%	53.5%	16.0%	-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	0.3	1.2	8.4	19.6	29.6	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	0.3	1.2	8.4	19.6	29.6	0.2
TV revenue ex political	131.9	146.1	119.5	30.3	29.9	29.6	31.0	120.8	28.2	27.4	26.9	28.2	110.7	116.2
Growth ex Political	-11.7%	10.7%	-18.2%	2.5%	1.1%	0.9%	-0.1%	1.1%	-6.9%	-8.6%	-9.0%	-9.1%	-8.4%	5.0%
Retransmission Consent	36.8	37.0	36.0	9.6	9.3	8.9	8.7	36.6	9.2	8.8	8.6	8.7	35.2	33.6
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	9.2	8.8	8.6	8.7	35.2	33.6
TV revenue ex Retrans	117.7	109.8	108.7	20.7	20.6	20.7	22.4	84.4	19.4	19.8	26.7	39.1	105.0	82.8
Growth ex Retrans	3.0%	-6.7%	-1.0%	-4.5%	-11.6%	-22.8%	-39.3%	-22.4%	-6.3%	-4.2%	29.5%	74.5%	24.4%	-21.2%
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	28.5	28.6	35.3	47.8	140.2	116.4
Growth ex WC	3.2%	-6.2%	-0.1%	-1.8%	-7.5%	-17.2%	-32.0%	-16.4%	-5.8%	-4.6%	19.5%	53.5%	16.0%	-17.0%
TV Acquisitions/Dispositions (inc. Affiliations)	(9.4)	(9.8)	(27.1)	(6.4)	(6.0)	(7.1)	(7.2)	(26.7)	(4.7)	(4.1)	(5.0)	(10.3)	(24.1)	(27.6)
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)	(4.7)	(4.1)	(5.0)	(10.3)	(24.1)	(27.6)
TV revenue ex M&A	163.9	156.6	171.9	36.7	35.9	36.6	38.3	147.6	33.2	32.7	40.3	58.1	164.4	144.0
Growth ex M&A	2.3%	-4.5%	9.8%	-1.8%	-6.6%	-14.5%	-27.9%	-14.1%	-9.6%	-8.9%	10.0%	51.7%	11.3%	-12.4%
Spectrum usage/auction	5.4	6.2	6.0	2.1	2.1	2.1	1.8	8.2	1.8	1.6	1.6	1.6	6.6	7.0
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 Spectrum Usage	5.4	6.2	6.0	2.1	2.1	2.1	1.8	8.2	1.8	1.6	1.6	1.6	6.6	7.0
TV revenue ex Spectrum Usage	149.0	140.6	138.7	28.2	27.9	27.5	29.3	112.8	26.8	27.0	33.7	46.2	133.6	109.4
Growth ex Spectrum Usage	9.1%	-5.6%	-1.4%	-4.0%	-9.2%	-19.4%	-34.3%	-18.7%	-4.9%	-3.3%	22.7%	57.6%	18.5%	-18.1%
PF TV revenue ex-all non-recurring	99.2	110.6	104.6	25.0	24.5	25.6	27.6	102.7	22.0	21.0	21.7	28.2	92.9	103.3
PF TV revenue growth ex all non-recurring	-11.2%	11.5%	-5.4%	-1.6%	-1.9%	-1.1%	-2.4%	-1.8%	-12.0%	-14.1%	-15.5%	2.2%	-9.6%	11.1%
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%	-7.0%	-8.2%	-8.6%	-0.1%	-5.7%	0.3%
PF TV advertising growth ex-political	-11.2%	14.6%	-24.7%	-1.6%	-1.9%	-1.1%	-2.4%	-1.8%	-6.6%	-8.7%	-10.1%	-12.5%	-9.6%	10.0%
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%	-4.1%	-5.4%	-5.7%	-7.6%	-5.7%	-0.3%
PF TV revenue growth ex-political	-11.7%	10.7%	-18.2%	2.5%	1.1%	0.9%	-0.1%	1.1%	-6.9%	-8.6%	-9.0%	-9.1%	-8.4%	5.0%
TV rev grth ex political 2-yr CAGR	-3.6%	-1.1%	-4.8%	-8.4%	-6.3%	-9.5%	-11.8%	-9.1%	-2.3%	-3.9%	-4.2%	-4.7%	-3.8%	-1.9%
PF TV advertising growth	10.9%	-7.7%	-0.9%	-7.9%	-14.4%	-26.2%	-42.4%	-25.8%	-4.9%	-2.2%	35.3%	82.2%	29.1%	-22.9%

Source: Company reports; Industry Capital Research estimates

Figure 6: Broadcast revenue drivers—radio segment

In millions	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24A	2Q24A	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%	-1.4%	4.8%	25.0%	5.3%	-10.0%
Pro forma radio:														
Radio revenue	\$46.3	\$58.0	\$64.4	\$12.2	\$13.5	\$13.4	\$14.1	\$53.2	\$11.4	\$13.0	\$14.0	\$17.6	\$56.0	\$50.4
Growth	-15.9%	25.4%	11.0%	-3.0%	-9.4%	-18.7%	-31.0%	-17.4%	-6.6%	-3.9%	4.8%	25.0%	5.3%	-10.0%
Radio non-recurring items:														
Political/Census	5.9	0.8	6.8	0.0	0.0	0.0	0.0	0.1	0.2	0.3	1.3	4.3	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	0.2	0.3	1.3	4.3	6.1	0.9
Radio revenue ex political	40.4	57.2	57.6	12.2	13.5	13.4	14.0	53.1	11.2	12.7	12.7	13.3	49.9	49.5
Growth ex Political	-26.4%	41.6%	0.7%	-0.7%	-5.5%	-10.7%	-12.3%	-7.7%	-8.5%	-6.2%	-4.7%	-5.2%	-6.1%	-0.7%
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	11.4	13.0	14.0	17.6	39.5	39.5
Growth ex NTR	3.0%	0.0%	0.0%	-3.0%	-9.4%	-18.7%	-31.0%	0.0%	-6.6%	-3.9%	4.8%	25.0%	0.0%	0.0%
World Cup/Other Soccer														
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	11.4	13.0	14.0	17.6	56.0	50.4
Growth ex WC	-15.9%	25.4%	11.0%	-3.0%	-9.4%	-18.7%	-31.0%	-17.4%	-6.6%	-3.9%	4.8%	25.0%	5.3%	-10.0%
Radio revenue exc non-recurring	40.4	57.2	57.6	12.2	13.5	13.4	14.0	53.1	11.2	12.7	12.7	13.3	49.9	49.5
Radio revenue growth ex all non-recurring	-26.4%	41.6%	0.7%	-0.7%	-5.5%	-10.7%	-12.3%	-7.7%	-8.5%	-6.2%	-4.7%	-5.2%	-6.1%	-0.7%
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%	-4.7%	-5.8%	-7.8%	-8.8%	-6.9%	-3.4%

Figure 7: Broadcast opex drivers

In millions	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24A	2Q24A	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%	14.3%	13.9%	7.2%	2.8%	9.5%	-9.0%
Radio PF Opex Growth	-26.3%	-5.4%	2.3%	17.1%	12.9%	5.2%	-11.6%	6.7%	2.1%	-8.7%	4.7%	13.9%	2.6%	-6.4%
Pro forma consolidated:														
Opex ex-cost of revenue	\$153.3	\$172.9	\$197.8	\$52.6	\$56.6	\$53.8	\$57.4	\$220.4	\$62.3	\$46.1	\$44.7	\$48.5	\$201.5	\$172.3
Growth	-11.6%	12.8%	14.4%	20.0%	19.5%	9.2%	0.2%	11.5%	18.3%	-18.6%	-17.0%	-15.5%	-8.6%	-14.5%
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	15.3	11.9	3.5	3.1	33.7	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	15.3	11.9	3.5	3.1	33.7	16.4
Opex ex Cisneros adjustment	147.6	145.5	159.9	44.8	46.6	45.6	49.7	186.8	47.0	34.2	41.2	45.3	167.8	155.9
Growth ex Cisneros	-14.9%	-1.5%	9.9%	24.7%	22.4%	16.7%	6.3%	16.8%	4.9%	-26.6%	-9.7%	-8.8%	-10.2%	-7.1%
Fixed & variable cost reductions	(27.2)	(32.8)	(38.0)	(6.5)	(7.5)	(13.1)	(11.1)	(38.1)	(7.0)	(7.7)	(13.8)	(12.0)	(40.6)	(41.0)
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%	91.1%
Incremental cost reductions	(27.2)	(32.8)	(38.0)	(6.5)	(7.5)	(13.1)	(11.1)	(38.1)	(7.0)	(7.7)	(13.8)	(12.0)	(40.6)	(37.3)
Opex ex cost reductions adjustment	180.5	205.7	235.7	6.5	7.5	13.1	11.1	38.1	7.0	7.7	13.8	12.0	40.6	37.3
Growth ex cost reductions	4.1%	14.0%	14.6%	-87.0%	-86.2%	-79.0%	-84.0%	-83.8%	8.2%	2.6%	6.0%	8.3%	6.4%	-8.0%
Salary true-up	2.0	2.0	2.3	0.0	1.0	0.9	0.9	2.7	0.0	0.7	0.8	0.8	2.3	2.3
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	0.7	0.8	0.8	2.3	2.3
Opex ex salary true-up	151.3	170.9	195.5	(0.0)	(1.0)	(0.9)	(0.9)	(2.7)	(0.0)	(0.7)	(0.8)	(0.8)	(2.3)	(2.3)
Growth ex salary true-up	-12.7%	13.0%	14.4%	-100.0%	-102.0%	-101.8%	-101.6%	-101.4%	6.8%	-25.2%	-9.7%	-14.0%	-16.5%	1.5%
Opex ex-non-recurring	172.8	176.3	195.6	51.3	53.2	57.8	59.9	222.2	54.0	41.2	54.3	56.6	206.1	190.9
Opex growth ex all non-recurring	-0.3%	2.0%	10.9%	22.8%	19.8%	13.1%	2.8%	13.6%	5.3%	-22.5%	-6.1%	-5.6%	-7.3%	-7.3%
Opex grth ex all non-rec 2-yr CAGR	-1.1%	0.8%	6.4%	12.3%	15.0%	10.7%	11.4%	12.3%	13.7%	-3.6%	3.0%	-1.5%	2.7%	-7.3%
Revenue-driven variable expense	31.7	32.3	33.4	6.2	6.4	6.4	6.9	25.9	5.8	6.2	7.8	11.0	30.9	25.3
Non-sales opex ex-non-recurring	141.1	144.0	162.1	45.1	46.8	51.4	53.0	196.3	48.2	35.0	46.4	45.6	175.2	165.7
Non-sales opex growth ex all non-recurring	-0.7%	2.0%	12.6%	28.1%	26.2%	20.2%	12.5%	21.1%	6.8%	-25.2%	-9.7%	-14.0%	-10.7%	-5.4%
Non-sales opex grth ex all non-rec 2-yr CAGR	-0.1%	0.6%	7.2%	15.8%	19.7%	15.3%	16.6%	16.8%	17.0%	-2.8%	4.2%	-1.6%	3.9%	-8.1%

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 8: Financial statement forecasts supporting our valuation

in millions, except per share data														
AS REPORTED	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24A	2Q24A	3Q24E	4Q24E	2024E	2025E
Net revenue:														
Television	\$154.5	\$146.8	\$144.7	30.3	29.9	29.6	31.1	120.9	28.5	28.6	35.3	47.8	140.2	116.4
Radio	46.3	58.0	64.4	12.2	13.5	13.4	14.1	53.2	11.4	13.0	14.0	17.6	56.0	50.4
Net broadcast revenue	200.7	204.9	209.1	42.5	43.5	42.9	45.2	174.1	40.0	41.6	49.3	65.4	196.2	166.8
Digital	143.3	556.8	747.1	196.5	229.9	231.5	274.9	932.7	237.5	24.4	38.5	49.3	366.4	156.6
Total net revenue (core)	344.0	761.6	956.2	239.0	273.381	274.4	320.1	1,106.9	277.4	82.7	87.9	114.7	562.6	323.4
Revenue from spectrum usage rights	0.0	0.0	0.0					0.0					0.0	0.0
Total net revenue	344.0	761.6	956.2	239.0	273.4	274.4	320.1	1,106.9	277.4	82.7	87.9	114.7	562.6	323.4
Cost of Revenue														
Television														
Radio														
Digital	106.9	467.1	624.0	167.8	195.8	199.3	237.5	800.4	203.2	24.4	21.8	27.9	277.4	89.4
Digital cost of revenue as % of revenue	74.6%	83.9%	83.5%	85.4%	85.2%	86.1%	86.4%	85.8%	85.6%	59.5%	56.7%	56.6%	75.7%	57.1%
Total cost of revenue (core)	106.9	467.1	624.0	167.8	195.8	199.3	237.5	800.4	203.2	24.4	21.8	27.9	277.4	89.4
Cost of revenue from spectrum usage rights (television)														
Total cost of revenue	106.9	467.1	624.0	167.8	195.8	199.3	237.5	800.4	203.2	24.4	21.8	27.9	277.4	89.4
Opex														
Television opex	80.9	81.4	82.0	20.1	19.9	19.9	21.0	80.9	23.0	22.6	21.3	21.6	88.5	80.6
Radio opex	41.8	40.0	41.7	11.0	11.7	10.7	10.3	43.8	11.2	10.7	11.3	11.8	45.0	42.1
Digital opex	30.6	51.5	74.1	21.5	25.0	23.2	26.0	95.8	28.1	12.8	12.1	15.1	68.0	49.7
Total opex (core)	153.3	172.9	197.8	52.6	56.6	53.8	57.4	220.4	62.3	46.1	44.7	48.5	201.5	172.3
Spectrum usage rights														
Total Opex	153.3	172.9	197.8	52.6	56.6	53.8	57.4	220.4	62.3	46.1	44.7	48.5	201.5	172.3
OCF														
Television OCF	73.6	65.4	62.8	\$10.2	\$10.1	\$9.7	\$10.1	40.1	\$5.6	\$5.9	\$14.0	\$26.2	51.7	35.8
TV OCF Margin	47.6%	44.6%	43.4%	33.7%	33.6%	32.7%	32.5%	33.1%	19.5%	20.8%	39.6%	54.8%	36.9%	30.8%
Incremental Margin	173.4%	106.6%	126.6%	254.8%	105.8%	98.2%	86.6%	95.5%	262.7%	302.6%	75.2%	96.5%	60.3%	66.6%
Radio OCF	4.5	18.0	22.7	1.2	1.8	2.0	3.7	9.4	0.2	2.3	2.8	5.8	11.1	8.3
Radio OCF margin	9.7%	31.0%	35.2%	10.0%	13.5%	19.7%	26.5%	17.7%	1.6%	17.7%	19.7%	33.0%	19.7%	16.5%
Incremental Margin	-70.4%	114.9%	74.0%	520.2%	195.3%	117.3%	78.4%	118.9%	128.5%	-90.2%	20.9%	59.1%	58.8%	48.6%
Digital OCF	5.7	38.0	49.0	7.2	9.0	9.0	11.3	36.6	6.2	3.9	4.6	6.3	21.0	17.4
Digital OCF margin	4.0%	6.8%	6.6%	3.7%	3.9%	3.9%	4.1%	3.9%	2.6%	9.4%	11.9%	12.8%	5.7%	11.1%
Incremental Margin	7.9%	7.8%	5.8%	-3.3%	-5.6%	-8.6%	-9.6%	-6.7%	-2.4%	2.7%	2.3%	2.2%	2.8%	1.7%
Total OCF (core)	83.8	121.4	134.5	18.6	20.9	21.3	25.2	86.0	11.9	12.1	21.4	38.3	83.7	61.6
Margin	24.4%	15.9%	14.1%	7.8%	7.7%	7.8%	7.9%	7.8%	4.3%	14.7%	24.3%	33.4%	14.9%	19.1%
Incremental Margin				-11.5%	-16.3%	-39.8%	-92.5%		-17.4%	4.6%	0.0%	-6.4%		
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	121.4	134.5	18.6	20.9	21.3	25.2	86.0	11.9	12.1	21.4	38.3	83.7	61.6
Total OCF Margin	24.4%	15.9%	14.1%	7.8%	7.7%	7.8%	7.9%	7.8%	4.3%	14.7%	24.3%	33.4%	14.9%	19.1%
Incremental Margin				-11.5%	-16.3%	-39.8%	-92.5%		-17.4%	4.6%	0.0%	-6.4%		
Corporate Expense	27.8	33.0	49.4	10.5	12.0	13.3	14.5	50.3	12.2	10.8	11.9	13.0	48.0	48.9
GAAP EBITDA	56.0	88.7	85.1	8.1	8.9	8.0	10.7	35.7	(0.3)	1.3	9.4	25.3	35.7	12.7
Corporate non-cash comp	3.9	6.4	14.3	2.2	3.2	4.4	4.4	14.2	3.7	2.7	3.7	2.7	12.8	13.1
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	1.8	1.5	1.5	1.0	5.7	5.8
Non-recurring cash severance	1.7	0.4	4.3	0.1	0.5	0.5	0.3	0.9	0.0	3.1	0.0	0.0	3.1	0.0
EBITDA attributable to redeemable noncontrolling interest	3.4	9.1	0.0	0.2	0.4	0.3	0.8	1.7	0.2	0.0	0.0	0.0	0.2	0.0
EBITDA attributable to noncontrolling interest														
Total opex (positive) adjustments to cash	0.5	5.5	(6.6)	(1.8)	(2.8)	(2.3)	(1.8)	(8.6)	(1.6)	(4.6)	(1.4)	(1.0)	(8.6)	(5.8)
Foreign currency (gain) loss	(1.1)	0.5	3.0	(1.0)	0.7	0.5	0.6	0.9	0.4	(0.0)	0.0	(0.0)	0.4	0.0
Total Adjusted EBITDA	60.4	89.0	103.1	13.0	14.2	14.2	16.2	57.7	4.5	8.7	14.6	29.0	56.8	31.5
Other opex for spectrum (in corporate)														
Adjusted EBITDA (core)	60.4	89.0	103.1	13.0	14.2	14.2	16.2	57.7	4.5					
Memo: adj. EBITDA (core) reported	60.4	88.0	103.1	13.0	14.2	14.2	16.2	57.7	4.5					
Model variance: adj. EBITDA	(0.0)	1.0		0.0	0.0	0.0	(0.0)	0.0	(0.0)					
Adj. EBITDA core margin	17.6%	11.7%	10.8%	5.4%	5.2%	5.2%	5.1%	5.2%	1.6%					
Incremental Margin	27.3%	6.9%	7.2%	-12.2%	-16.0%	-35.2%	-85.4%	-30.1%	-22.1%					

Source: Industry Capital Research estimates and company data

Figure 9: Financial statement forecasts supporting our valuation (cont.)

In millions, except per share data	2020A	2021A	2022A	2023	2023	2023	2023	2023A	2024A	2024A	2024E	2024E	2024E	2025E
Memo: cash opex (core)	\$153.8	\$178.4	\$191.2	\$50.9	\$53.8	\$51.5	\$55.6	\$211.8	\$60.7	\$41.5	\$43.2	\$47.5	\$192.9	\$166.5
Memo: cash corporate expense	23.9	26.6	35.1	8.3	8.8	8.9	10.1	36.1	8.6	8.1	8.2	10.3	35.2	35.9
Memo: total non-cash comp	5.1	9.6	20.0	4.1	6.0	7.0	6.6	23.7	5.4	4.2	5.2	3.6	18.5	18.9
Memo: adj. EBITDA - (OCF - cash corporate)	0.6	(5.7)	3.6	2.7	2.1	1.8	1.2	7.7	1.2	4.6	1.4	1.0	8.2	5.8
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	7.1	4.4	3.5	4.8	19.8	14.8
D&A % of Revenue	5.0%	2.9%	2.7%	2.7%	2.4%	2.7%	2.4%	2.5%	2.6%	5.4%	3.9%	4.2%	3.5%	4.6%
Change in fair value contingent consideration	0.000	8.2	14.2	(4.1)	1.1	(6.0)	6.4	(2.5)	(1.4)	0.2	0.2	0.2	(0.7)	0.0
Impairments	40.0	3.0	1.6	0.0	0.0	1.0	12.3	13.3	49.4	0.0	0.0	0.0	49.4	0.0
Other operating (gain) loss	(6.9)	(7.0)	0.4	0.0	0.0	0.0	0.6	0.6	0.0	0.0	(0.8)	(0.0)	(0.9)	0.0
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	61.5	40.2	6.7	0.5	5.1	(16.9)	(4.5)	(55.9)	(3.3)	6.6	20.4	(32.3)	(2.2)
Operating Margin %	1.9%	8.1%	4.2%	2.8%	0.2%	1.9%	-5.3%	-0.4%	-20.1%	-4.0%	7.5%	17.8%	-5.7%	-0.7%
Interest expense	(8.3)	(6.9)	(8.7)	(4.0)	(4.3)	(2.9)	(2.9)	(14.1)	(4.6)	(4.1)	(2.6)	(2.6)	(13.9)	(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	0.9	1.0	0.0	0.0	1.9	1.1	0.6	0.0	(1.7)	0.0	0.0
Dividend income	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 interest expense	(6.5)	(6.8)	(8.0)	(3.2)	(3.3)	(2.9)	(2.9)	(12.2)	(3.4)	(3.5)	(2.6)	(4.3)	(13.9)	(10.5)
Loss on debt extinguishment	0.0	0.0	0.0	(1.6)	0.0	0.0	0.0	(1.6)	(0.0)	(0.1)	0.0	0.1	0.0	0.0
Other income, net	0.0	0.2	(0.5)	(0.0)	(0.0)	(0.0)	0.0	(0.1)	(0.1)	0.0	0.0	0.1	0.0	0.0
Pretax income	0.1	54.9	31.7	1.9	(2.7)	2.2	(19.8)	(18.4)	(59.5)	(6.9)	4.0	16.3	(46.2)	(12.7)
Pretax margin	0.0%	7.2%	3.3%	0.8%	NM	0.8%	NM	NM	NM	NM	4.5%	14.2%	NM	NM
Income (taxes) benefit	(1.5)	(18.7)	(11.6)	(0.233)	0.739	0.5	1.7	2.8	7.8	10.7	0.5	(2.8)	16.2	4.4
Effective tax rate	1276.3%	34.0%	36.5%	12.0%	27.0%	-24.1%	8.7%	15.0%	13.1%	153.8%	-13.3%	17.4%	35.0%	35.0%
Cash tax rate	6552.5%	7.5%	53.4%	3.7%	-128.1%	106.6%	-36.3%	-71.3%	-2.2%	-55.6%	37.0%	37.0%	-27.4%	7.0%
Net Income (Before Equity Investments)	(1.4)	36.2	20.1	1.7	(2.0)	2.7	(18.1)	(15.6)	(51.7)	3.7	4.5	13.4	(30.0)	(8.3)
Equity in net of noncon. affils.	0.0	0.0	(2.1)	0.3	0.0	(0.0)	(0.2)	0.2	0.0	0.0	(0.1)	0.3	0.2	0.2
Reported Net income	(1.4)	36.2	18.1	2.0	(2.0)	2.7	(18.2)	(15.4)	(51.7)	3.7	4.4	13.7	(29.8)	(8.1)
Net margin	17.6%	11.7%	10.8%	5.4%	5.2%	5.2%	5.1%	0.1	1.6%	12.7%	17.4%	25.6%	10.6%	9.8%
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	(2.8)	0.0	0.0	0.0	(2.8)	0.0
Net inc. to common pre-1-time	(3.9)	30.3	18.1	2.0	(2.0)	2.7	(18.2)	(15.4)	(48.9)	3.7	4.4	13.7	(27.0)	(8.1)
Net margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EPS - Continuing Operations	(\$0.05)	\$0.36	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.18)	(\$0.55)	\$0.04	\$0.05	\$0.15	(\$0.30)	(\$0.09)
Extraordinary items/discontinued items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(35.4)	0.0	0.0	(35.4)	0.0
Net income to common	(3.9)	30.3	18.1	2.0	(2.0)	2.7	(18.2)	(15.4)	(48.9)	3.7	4.4	13.7	(62.5)	(8.1)
EPS - basic	(\$0.05)	\$0.36	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.18)	(\$0.55)	(\$0.35)	\$0.05	\$0.15	(\$0.69)	(\$0.09)
EPS - diluted	(\$0.05)	\$0.34	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.18)	(\$0.55)	(\$0.35)	\$0.05	\$0.15	(\$0.69)	(\$0.09)
EPS reported by company	(\$0.05)	\$0.21	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.18)	(\$0.55)	(\$0.35)	\$0.05	\$0.15	(\$0.69)	(\$0.09)
Model variance: EPS	\$0.00	(0.00)	(0.00)	\$0.00	(0.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pro forma adjustments	38.1	9.6	25.6	0.0	0.0	1.2	11.2	12.4	48.0	35.4	0.0	0.0	83.4	0.0
Pro forma net income	34.1	39.9	43.6	2.0	(2.0)	3.9	(7.0)	(3.0)	(0.9)	3.7	4.4	13.7	21.0	(8.1)
Pro forma EPS - basic	\$0.41	\$0.47	\$0.51	\$0.02	(\$0.02)	\$0.04	(\$0.08)	(\$0.03)	(\$0.01)	\$0.04	\$0.05	\$0.15	\$0.23	(\$0.09)
Pro forma EPS	\$0.41	\$0.45	\$0.50	\$0.02	(\$0.02)	\$0.04	(\$0.08)	(\$0.03)	(\$0.01)	\$0.04	\$0.05	\$0.15	\$0.23	(\$0.09)
EPS shares - Basic	84.2	85.3	85.4	87.6	87.8	88.0	88.2	87.9	89.5	89.8	90.5	90.6	90.1	91.5
EPS shares - Diluted	84.2	87.9	87.8	89.8	87.8	89.9	88.2	87.9	89.5	90.7	91.4	91.5	90.1	91.5
EBITDA:														
Net income (loss) attributable to common stockholders				2.0	-2.0	2.7	-18.2	(15.4)	-48.9	-31.7	4.4	13.7	-62.5	-8.1
Net income (loss) attributable to redeemable noncontrolling interest - discontinued operations				0.0	0.0	0.0	0.0	(0.0)	-2.8				-2.8	
Net income (loss) attributable to noncontrolling interest - discontinued operations				-0.3	-3.1	-3.1	(6.5)	(6.5)					0.0	
Interest expense				3.8	4.3	2.8	2.8	13.7	4.4	4.1	2.6	2.6	13.7	10.5
Interest expense - discontinued operations				0.2	0.0	0.0	0.0	0.2	0.1	0.1			0.2	
Interest income				-0.3	-1.0	0.3	0.3	(0.8)	-0.6	-0.6	0.0	1.7	0.6	0.0
Interest income - discontinued operations				-0.6	-0.3	-0.3	(1.1)	(1.1)	-0.6	-0.2			-0.7	
Dividend income				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Realized gain (loss) on marketable securities				0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	-0.1	0.0	0.0
(Gain) loss on debt extinguishment				1.6	0.0	0.0	0.0	1.6	0.0	0.1	0.0	-0.1	0.0	0.0
Income tax expense				-1.3	-0.7	-1.3	-2.5	(5.8)	-4.1	-10.7	-0.5	2.8	-12.5	-4.4
Income tax expense - discontinued operations				1.5	0.8	0.8	0.8	3.1	-3.7	3.0			-0.6	
Amortization of syndication contracts				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				-0.1	-0.1	-0.1	-0.1	(0.5)	-0.1	-0.1	-0.1	-0.1	-0.5	-0.5
Non-cash comp				4.1	6.0	7.0	6.6	23.7	5.4	3.3	5.2	3.6	17.5	18.9
D&A				0.7	6.5	4.5	4.8	16.5	4.7	4.4	3.5	4.8	17.4	14.8
D&A - discontinued operations				5.8	2.9	2.9	2.9	11.5	2.4	1.6			4.0	
Change in fair value contingent consideration				-0.4	1.1	-4.2	8.2	4.8	-0.2	0.2	0.2	0.2	0.5	0.0
Change in fair value contingent consideration - disc ops				-3.7	-1.8	-1.8	(7.3)	(7.3)	-1.2	-11.4			-12.6	
Impairment - discontinued operations				0.0	0.0	1.0	12.3	13.3	49.4	0.0	0.0	0.0	49.4	0.0
Non-recurring cash severance				0.1	0.5	0.0	0.3	0.9	0.0	3.1	0.0	0.0	3.1	0.0
Other operating loss - discontinued operations				0.0	0.0	0.0	0.0	0.0	0.0	45.0			45.0	
EBITDA attributable to redeemable noncontrolling interest - disc ops				-0.4	-0.2	0.0	(0.6)	(0.6)	-0.2	0.0			-0.2	
EBITDA attributable to noncontrolling interest - disc ops				-0.2	-0.1	0.0	(0.3)	(0.3)					0.0	
= Adjusted EBITDA				12.6	14.6	11.0	13.1	51.3	4.5	10.5	15.3	29.3	59.6	31.7
Memo: adj. EBITDA (core) reported				13.0	14.2	14.2	16.2	57.7	4.5	10.5				
Model variance: adj. EBITDA				(0.4)	0.4	(3.2)	(3.1)	(6.3)	(0.0)	0.0				
Adj. EBITDA core margin				18.3%	19.6%	14.4%	16.3%	17.1%	7.3%	12.7%	17.4%	25.6%	17.2%	9.8%
Incremental Margin									112.9%	-53.8%	37.0%	47.5%	17.9%	118.3%
Free Cash Flow to Firm														
FCF per share														
Memo: FCF/Adjusted EBITDA														
Free cash flow (reported by company, 2Q24-on method)				29.9	2.3	17.0	(1.4)	47.9	30.6	15.7			46.1%	46.3%
Free cash flow (reported by company, pre-2Q24 method)				3.9	1.6	4.0	(2.1)	7.394	(2.8)	1.1	9.3	18.7	26.2	14.6
Variance: FCF 2Q24-on vs. pre-2Q24 method				4.1	0.7	13.0	0.7	40.5	33.5	14.6	(17.3)	13.8	(57.5)	18.3
Free Cash Flow (core)				3.9	1.6	4.0	(2.1)	7.4	(2.8)	1.1	9.3	18.7	26.2	14.6
Dividends per basic share				\$0.13	\$0.10	\$0.10	\$0.05	\$0.05	\$0.20	\$0.05	\$0.05	\$0.05	\$0.20	\$0.20
- Dividends				(10.5)	(8.5)	(8.5)	(4.4)	(4.4)	(17.6)	(4.5)	(4.5)	(4.5)	(18.0)	(18.3)
- Dividends as % of FCF				24.7%	10.7%	13.5%	112.1%	281.6%	109.9%	-212.4%	237.7%		43.7%	92.7%

Source: Industry Capital Research estimates and company data

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

ANNUAL PERCENTAGE CHANGE	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24A	2Q24A	3Q24E	4Q24E	2024E	2025E
Net revenue growth	25.8%	121.4%	25.6%	21.2%	23.3%	13.8%	8.0%	15.8%	16.1%	-69.8%	-68.0%	-64.2%	-49.2%	-42.5%
Net revenue (core) growth	25.8%	121.4%	25.6%	21.2%	23.3%	13.8%	8.0%	15.8%	16.1%	-69.8%	-68.0%	-64.2%	-49.2%	-42.5%
TV revenue growth	3.2%	-4.9%	-1.4%	-1.8%	-7.5%	-17.2%	-32.0%	-16.4%	-5.8%	-4.6%	19.5%	53.5%	16.0%	-17.0%
Radio revenue growth	-15.9%	25.4%	11.0%	-3.0%	-9.4%	-18.7%	-31.0%	-17.4%	-6.6%	-3.9%	4.8%	25.0%	5.3%	-10.0%
Digital revenue growth	108.0%	288.5%	34.2%	27.8%	31.8%	22.5%	19.4%	24.8%	20.9%	-82.1%	-83.4%	-82.1%	-60.7%	-57.3%
Cost of revenue	NM	NM	33.6%	29.2%	35.1%	26.8%	23.7%	28.3%	21.1%	-87.5%	-89.0%	-88.2%	-65.3%	-67.8%
Direct expense	-12.1%	11.0%	5.3%	4.5%	0.7%	-0.6%	7.8%	4.8%	14.3%	13.9%	7.2%	-68.5%	-31.1%	-9.0%
SG&A	-10.3%	16.9%	32.8%	17.1%	12.9%	5.2%	25.9%	22.4%	2.1%	-8.7%	4.7%	-59.3%	61.4%	-45.3%
Opex	23.8%	NM	28.4%	26.8%	31.3%	22.6%	18.3%	24.2%	20.5%	-72.1%	-73.7%	-74.1%	-53.1%	-45.3%
Opex (core)	-11.6%	12.8%	14.4%	20.0%	19.5%	9.2%	0.2%	11.5%	18.3%	-18.6%	-17.0%	-15.5%	-8.6%	-14.5%
TV opex	-4.2%	0.6%	0.7%	4.5%	0.7%	-0.6%	-8.6%	-1.3%	14.3%	13.9%	7.2%	2.8%	9.5%	-9.0%
Radio opex	-26.3%	-4.2%	4.1%	17.1%	12.9%	5.2%	-11.6%	5.1%	2.1%	-8.7%	4.7%	13.9%	2.6%	-6.4%
Digital opex	-5.0%	68.1%	44.0%	41.4%	45.1%	21.5%	15.3%	29.2%	30.4%	-49.0%	-47.8%	-42.1%	-29.0%	-27.0%
Total OCF (core)	32.1%	44.9%	10.8%	-20.5%	-28.8%	-38.4%	-46.6%	-36.0%	-35.8%	-42.1%	0.2%	52.1%	-2.7%	-26.4%
TV OCF	12.8%	-11.0%	-4.1%	-12.2%	-20.3%	-38.4%	-55.7%	-36.2%	-45.4%	-41.0%	44.9%	NM	29.1%	-30.7%
Radio OCF	NM	NM	26.2%	-62.0%	-60.0%	-57.8%	-57.1%	-58.6%	-85.0%	26.4%	5.1%	55.7%	17.6%	-24.6%
Digital OCF	NM	NM	29.2%	-16.3%	-25.8%	-28.8%	-27.4%	-25.4%	-13.9%	-57.1%	-49.1%	-44.4%	-42.7%	-16.7%
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%	3.4%	-8.2%	-7.5%	2.1%	-2.5%	2.0%
Adjusted EBITDA (core)	46.6%	47.4%	15.7%	-28.1%	-36.8%	-45.3%	-55.5%	-44.0%	-65.2%	-38.9%	2.8%	78.3%	-1.6%	-44.5%
Non-cash compensation expense	17.1%	87.2%	108.8%	57.5%	126.4%	152.4%	-44.8%	18.3%	34.4%	-29.1%	-26.7%	-45.1%	-22.0%	2.0%
D & A	3.8%	29.7%	14.6%	1.2%	3.9%	12.2%	18.3%	9.0%	10.2%	-32.0%	-53.0%	-37.9%	-29.4%	-25.2%
Operating income	88.3%	50.0%	0.5%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	NM	NM	NM	NM	NM	NM
Pretax income	NM	NM	-42.3%	-29.5%	NM	-83.2%	NM	NM	NM	NM	80.5%	NM	NM	NM
Net income pre-extra.	NM	NM	-40.3%	8.2%	NM	-70.9%	NM	NM	NM	NM	61.7%	NM	NM	NM
EPS, Continuing Operations	NM	NM	-41.7%	0.0%	NM	-72.7%	NM	NM	NM	NM	66.7%	NM	NM	NM
EPS - diluted	NM	NM	-40.2%	6.8%	NM	-71.7%	NM	NM	NM	NM	59.1%	NM	NM	NM
FCF/share	NM	78.4%	-20.9%	-75.0%	-87.5%	-77.8%	NM	-88.9%	NM	-50.0%	NM	NM	NM	-52.2%
EPS shares - Diluted	-1.0%	4.4%	-0.2%	1.3%	0.9%	2.8%	3.6%	0.2%	-0.3%	3.3%	1.7%	3.8%	2.5%	1.6%

Source: Industry Capital Research estimates and company data

Figure 11: Updated WACC assumptions

Entravision Weighted Average Cost of Capital Analysis				EVC Broadcasting Media Comparables				EVC Digital Media Comparables					
Metric	EVC	EVC-B	EVC-Digital	NXST	SBI	GTN	Broadcast Comp AVG	SFOR.L (GBP)	PERI	PUBM	META	MELI	Digital Comp Median
WACC assumptions													
Equity beta	1.20	1.24	1.47	1.04	1.30	1.37	1.24	1.60	2.09	1.86	1.21	1.45	1.64
Std error	0.04	0.08		0.05	0.09	0.10	0.08	0.12	0.08	0.04	0.06	0.06	0.06
Equity beta (based on projected leverage)	1.20	0.90											
Debt beta	0.82	0.82		0.57	0.82	0.82	0.74	0.8	0.8	0.8	0.6	0.6	
Unlevered beta	1.09	1.12	1.47	0.78	0.92	0.93	0.88	1.47	2.09	1.86	1.21	1.45	1.47
Unlevered cost of capital	8.1%	7.2%	9.6%	6.9%	7.4%	7.4%		9.6%	12.0%	11.1%	8.5%	9.5%	9.6%
Equity cost of capital	8.5%	7.3%	9.6%	7.8%	8.9%	9.2%		10.1%	12.0%	11.1%	8.5%	9.5%	10.1%
Debt cost of capital	7.0%	7.0%	7.0%	6.0%	7.0%	7.0%		7.0%	7.0%	7.0%	6.0%	6.0%	7.0%
Debt value (D)/Equity value (E)	0.39	0.39	-	1.2	3.8	4.1		0.2	-	-	-	-	
D/Total Value (V)	0.28	0.28	-	0.55	0.79	0.80		0.17	-	-	-	-	
E/V	0.72	0.72	1.00	0.45	0.21	0.20		0.83	1.00	1.00	1.00	1.00	
Projected long-term net debt/EBITDA	2.0x	2.0x											
Tax rate	40%	40%		40%	40%	40%		40%	40%	40%	40%	40%	
WACC (based on unlevered cost of capital)	7.3%	6.4%	9.6%	5.5%	5.2%	5.2%		9.1%	12.0%	11.1%	8.5%	9.5%	9.5%
Historical capital structure													
D/E													
12/31/23	0.4	0.4		1.2	4.1	8.3		0.8	(0.1)	(0.1)	(0.0)	0.0	
12/31/22	0.3	0.3		1.0	3.3	6.9		0.3	(0.1)	(0.1)	(0.0)	0.1	
12/31/21	0.1	0.1		1.1	6.0	3.8		0.0	(0.0)	(0.0)	(0.0)	0.0	
12/31/20	0.6	0.6		1.5	4.4	2.3		0.0	0.1	(0.1)	(0.0)	(0.0)	
12/31/19	0.7	0.7		1.5	4.2	2.0		0.1	0.0		(0.1)	(0.0)	
12/31/18	0.3	0.3		1.1	1.1	1.4		0.0	0.0		(0.1)	0.0	
Average	0.4	0.4		1.2	3.8	4.1		0.2	(0.0)	(0.1)	(0.1)	0.0	
Target D/E	0.39	0.39		1.2	3.8	4.1		0.20	-	-	-	-	
Market assumptions													
Risk-free interest rate	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%		3.74%	3.74%	3.74%	3.74%	3.74%	
Equity market risk premium	3.96%	3.96%	3.96%	3.96%	3.96%	3.96%		3.96%	3.96%	3.96%	3.96%	3.96%	

Source: Company data, U.S. Department of the Treasury, Yahoo Finance, Damodaran Online, Moody's and Industry Capital Research estimates

Entravision DCF analysis									
\$ in millions except per share amounts									
ASSUMPTIONS									
Risk Free Rate	YE 2024	YE 2025	CAGRs						
Equity Premium	162	155	4.28%	2018-22	2020-24	2022-26	2024-28	2028-29	
Assumed LT Growth Rate (g)	59	58	3.96%	EBITDA	0%	-18%	-6%	-42%	
(+) Hidden Value (Inc. NOLs)	85	85	0%	FCF to Firm	-3%	-19%	-10%	-52%	
(-) Options (Claims on Entravision)	0.0	0.0							
Common Equity Value	231.3	187.4	\$2.32	2019-23	2021-25	2023-27	2025-29		
Shares Outstanding	90.2	93.5	90.2	Outstanding Shares	10%	-23%	-18%	-4%	
Projected Dividends	\$0.20	\$0.40	\$2.32	2023	2024	2025	2026	2027	2028
Current Share Price	\$2.32	\$2.35	\$2.56	EBITDA	18%	0%	-18%	-6%	-42%
Value Per Share	\$2.50	\$2.00	\$2.00	FCF to Firm	43%	-3%	-19%	-10%	-52%
12-month									
12-month (\$o7P)									
Discounted Cash Flow									
EBITDA	59.4	59.8	59.4	2018-22	2020-24	2022-26	2024-28	2028-29	
EBIT	31.4	40.0	31.4	EBITDA	0%	-18%	-6%	-42%	
Less Cash Taxes	(9.4)	(12.0)	(9.4)	FCF to Firm	-3%	-19%	-10%	-52%	
Plus D&A	28.0	19.8	28.0						
Less Cap Ex	(27.3)	(7.0)	(27.3)						
Less Increase in WC	36.6	0.5	36.6						
Free Cash Flow to Firm	59.3	41.3	59.3						
Tax Rate	30.0%	30.0%	30.0%						
Net Debt	93	93	93						
Leverage Mult.	1.5x	1.5x	1.5x						
D/Equity	44%	44%	44%						
D/EV	31%	31%	31%						
E/EV	69%	69%	69%						
Unlevered Beta	1.08	1.08	1.08						
Levered Beta	1.39	1.39	1.39						
D/Equity (long-term target)	39%	39%	39%						
Cost of Debt (AT)	4.2%	4.2%	4.2%						
Cost of Equity	9.8%	9.8%	9.8%						
WACC	8.2%	8.2%	8.2%						
PV of CF									
Sum of PV	161.6	83.8	70.9						
PV of Terminal Value	77.8	77.8	84.2						
NPV of all CF	239.4	161.6	155.1						
3x EBITDA									
	135.1								

Entravision Communications Corporation (EVC)

APPENDIX

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

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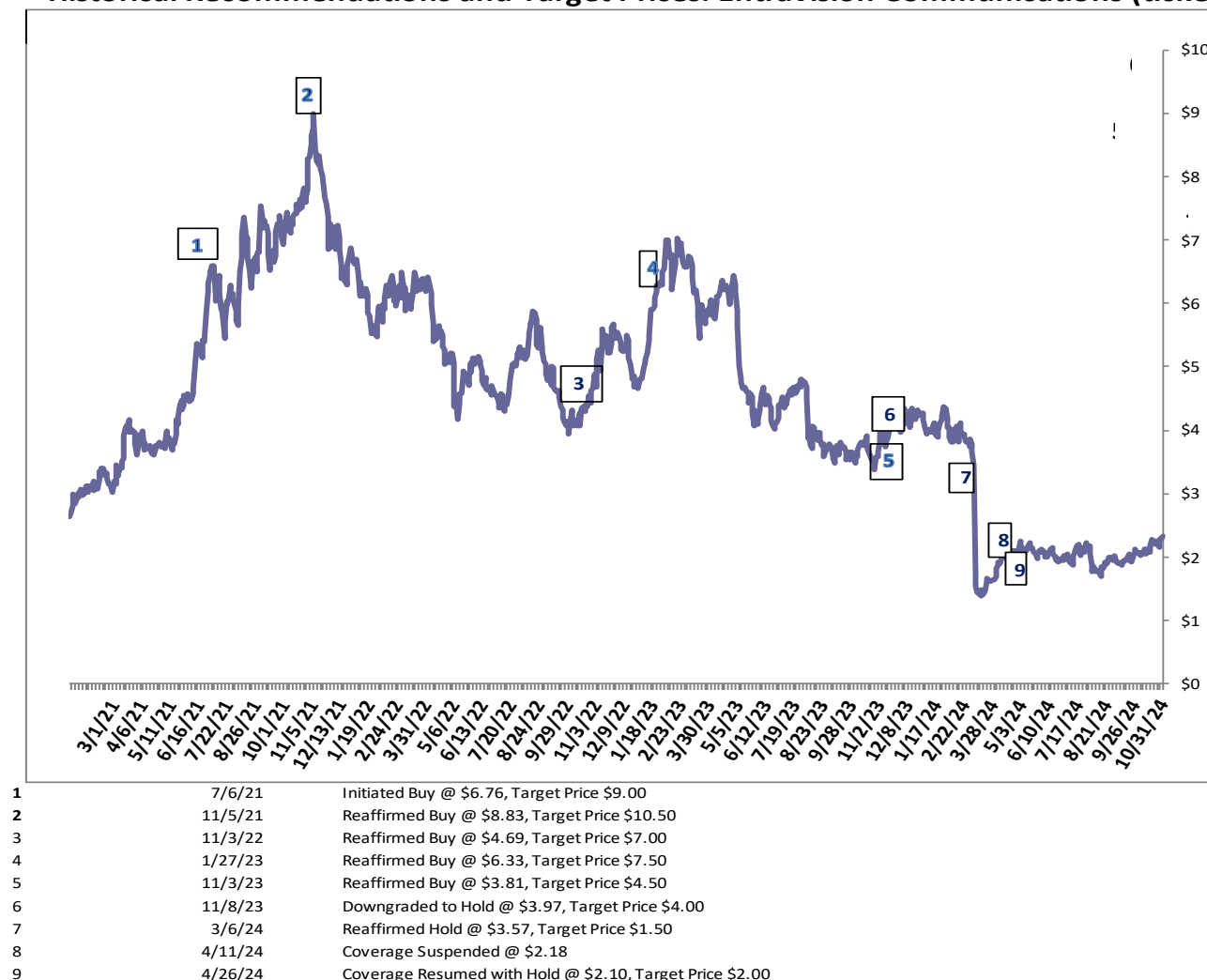
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The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters, 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)



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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