

Entravision Communications Corporation (EVC)

Good Set-Up Pre-1Q: Cheap with Potential Catalysts From M&A and/or Higher Estimates; Buy

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With results set for May 5 after market close, we expect 1Q to beat our estimates, although it could fall short of inflated consensus EBITDA, but stock set-up looks favorable regardless. The call will be at 5:00 pm ET, with dial-in 877 407-9716 (U.S.) or 201 493-6779 (international).

For 1Q, although we doubt EVC will beat the 9.7% 1Q EBITDA margin implied by consensus, we do expect EVC to beat our EBITDA estimate. Our 1Q estimates for EVC are revenue of \$199.2m and adjusted EBITDA of \$16.0m vs. consensus of \$191.6m and \$18.5m, respectively. Our 1Q pro forma digital revenue growth estimate of 43% is slightly above EVC's 39% prior pacing. We assume Cisneros revenue growth slows to 33% from 37% in 4Q, and a 2-year CAGR of 71% in 1Q vs. 65% in 4Q. In 1Q, FB--Cisneros' dominant media rep partner--posted slower rest-of-world (ROW) ad revenue growth of 21% vs. 28% in 4Q. However, FB's ROW 2-year CAGR actually accelerated to 34% from 27%, directionally in line with our Cisneros estimates. For 1Q, we assume MediaDonuts revenue up 100%. Our TV revenue estimate of \$30.3m assumes retransmission revenue similar to 4Q and core ad growth slightly above the down 18% prior pacing given on the 4Q call. Our core radio ad revenue growth estimate is 7%, a bit above 6% prior pacing. We are comfortable with our core broadcast opex estimate of \$48.7m, up slightly from \$48.1m in 4Q.

EVC's depressed valuation reduces downside risk. On our 2022 estimates, EVC stock is trading at ~6x EV/EBITDA and P/FCF. The stock's 22% decline this year, while greater than the S&P 500's 10% decline, is in line with the 31% decline posted by the 5 stocks we use as sector comps to measure the risks of EVC's digital business--FB, MELI, PERI, PUBM, and SFOR.L.

However, catalysts from M&A and/or rising estimates would likely help to reverse EVC's slide. The clock is ticking on more M&A that moves the needle, and EVC has the dry powder to deliver, as we estimate that it has over \$200m of acquisition capacity. It has been almost 8 months since EVC's last major M&A announcement, which helped propel the stock to its 52-week high almost 6 months ago. The acquisition of 365 Digital announced with 3Q21 earnings in November looks promising given its TikTok partnership, but is small (accounting for under 5% of 2022E digital segment OCF). An operating beat could be a positive catalyst, in the current environment of uncertainty from the impact of Russia-Ukraine on the global economy and the choppy ad and user metrics coming out of Meta, whose representation accounts for 75% of EVC's digital segment revenue. We expect to hold or raise our 2022 EBITDA estimate (currently \$95m) after EVC gives its business update next week with earnings.

Reaffirm \$8.50 price target; risks on page 3. Our PT is supported by a DCF valuation based on explicit financial forecasts through 2027.

BUY

Price at 4/28/22 (USD)	5.24		
Price Target	8.50		
52-week range	3.71 - 9.34		
Performance (%)	1m	3m	12m
Absolute	-18	-9	37
S&P 500	-6	-3	2

Market Cap (USDm)	469.5		
Shares outstanding (m)	89.6		
Float (%)	73		
Average volume	390,232		
S&P 500	4,287.5		

Forecasts and ratios

Year ended 12/31	2021A	2022E	2023E
1Q EPS (USD)	0.06	0.04	0.07
2Q EPS (USD)	0.09	0.08	0.10
3Q EPS (USD)	0.14	0.13	0.12
4Q EPS (USD)	0.04	0.14	0.12
FY EPS (USD)	0.33	0.40	0.42
% Change	NM	20%	4%
P/E (x)	15.7	13.1	12.6
EV/EBITDA (x)	6.6	6.0	5.8
Revenue (USDm)	760.2	942.2	1,007.4
% Change	121%	24%	7%

ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE LOCATED IN THE APPENDIX.

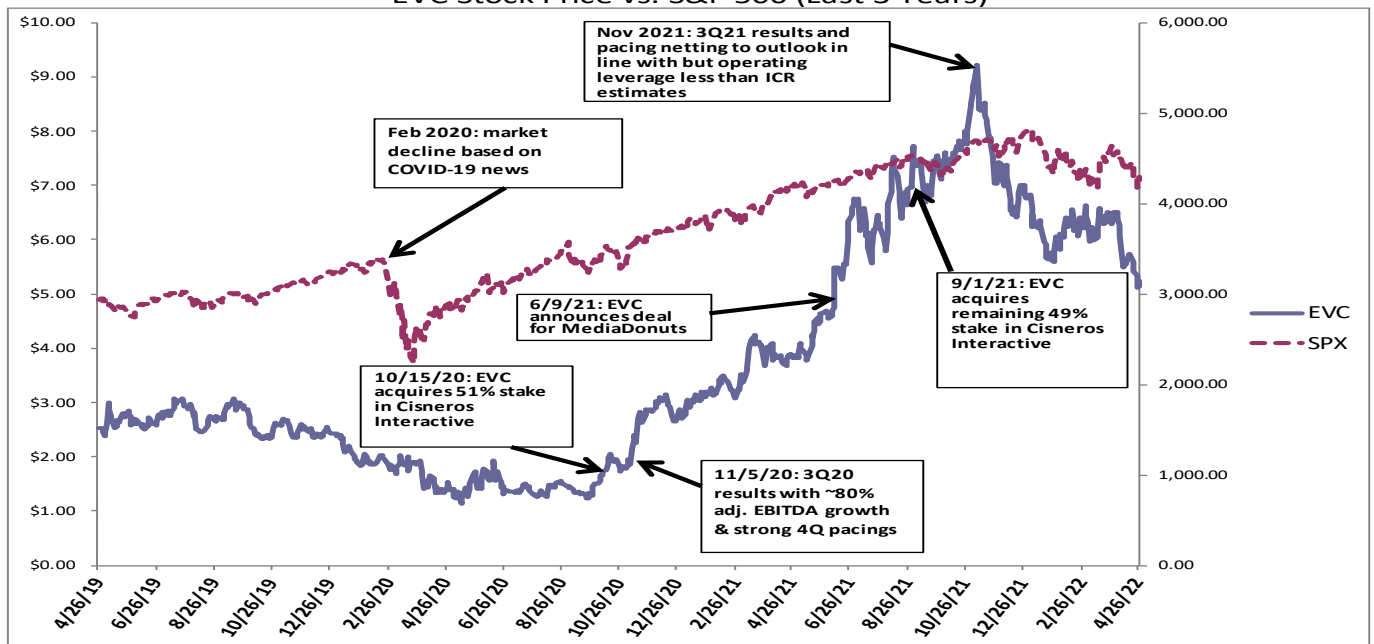
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Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

(in millions, except unit data)
12-month price target: \$8.50

ENTERPRISE VALUE		COMPANY CHARACTERISTICS AND INVESTMENT THESIS	
Price per share	\$5.24	Company description	Entravision is a multimedia company focused primarily on Spanish-language markets globally. The company operates a digital media segment serving the U.S. and roughly 30 international markets, 49 TV stations (mostly Univision network affiliates) in 16 of the top-50 U.S. Hispanic markets, and 46 radio stations (37 FM and 9 AM) as well as a radio network with distribution to over 100 U.S. markets. The company's 2021 revenue by segment was 73% from digital, 19% from TV, and 8% 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."
Diluted shares outstanding	89.6	Strategy	Expand digital media operations into fast-growing markets outside the United States and manage for free cash flow and asset value TV-driven broadcast local platforms in U.S. Hispanic markets.
Equity market capitalization	470	Est. acquisition capacity	\$243
+Pro forma net debt	144	Management	Walter Ulloa is Chairman and CEO (since 1996). Jeffrey Liberman is President and COO (since 2017 and with EVC since 2000). Christopher Young is CFO (since 2008 and with EVC since 2000).
-Hidden value	31	Positives	<ul style="list-style-type: none"> * Experience in expanding distribution in smaller, faster-growing markets, both in U.S. and internationally * Reduced expense base during and after the pandemic * Strong balance sheet * Most of its TV stations affiliated with leading U.S. Spanish language network Univision * U.S. Hispanic buying power growing faster than general market * Secular growth in U.S. political advertising spending
=Pro forma EV	\$583	Risks	<ul style="list-style-type: none"> * Loss of broadcast audience and advertising share to digital alternatives * Volatility of international media business, reflecting early stage and potential competition * Competition with TelevisaUnivision's expanding direct to consumer business * TelevisaUnivision relationship through TV network affiliations and TelevisaUnivision's ownership stake may limit strategic flexibility * Impact of sudden advertising declines on cash flow (e.g., in 2009 and 2020) * Management succession plan (CEO has majority voting power)
OPERATING PROJECTIONS		Valuation	Attributing ~80% of firm value to digital media business
Pro forma net revenue		Recent events	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. May 2020 - announced substantial expense costs targeting broadcast operations.
2022	\$945	Upcoming potential catalysts	2021/22 rebound in U.S. Hispanic employment and spending as pandemic recedes - Additional digital media M&A - 2022 U.S. midterm election ad spending
2021	778		
% Chg	21.5%		
Pro forma EBITDA			
2022	\$97		
2021	89		
% Chg	9.2%		
Pro forma EBITDA margin			
2022	10.2%		
2021	11.4%		
Free cash flow per share			
2022	\$0.85		
2021	\$0.90		
% Chg	-5.6%		
Est. 3-5 yr FCF Growth rate	7%		
VALUATION AND LEVERAGE			
Pro forma EV/EBITDA			
2022	6.0x		
2021	6.6x		
Price / Free cash flow per share			
2022	6.2x		
2021	5.8x		
Pro forma net debt / EBITDA			
2022	1.5x		
2021	1.6x		
Dividend yield			
2022	1.9%		
2021	1.9%		

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



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

Investment Thesis and Valuation: Buy With \$8.50 Price Target

Positives supporting our Buy rating include: 1) EVC's share price is not fully capturing the potential of digital media acquisitions in 2020-21 because their higher growth and different business models are more difficult for investors to assess; 2) EVC's lower post-pandemic expense base looks sustainable; 3) apart from the industry-wide pressure on auto advertising because of supply shortages, and any transitional risks introduced by measures to mitigate Covid-19 variants, operating risk at the core U.S. media business should be ebbing based on the cyclical rebound in the U.S. Hispanic economy and secular growth of political advertising; 4) relative stability of net retransmission fee revenue (42% of 2021 EBITDA) and pro forma net debt leverage under 3x enhance management's longer-term options; and 5) our DCF valuation supports substantial stock price upside over the next 12 months.

Our DCF-based 12-month price target is a weighted average of projected equity valuations at year-end 2022 and 2023. First, we adjust the current net debt with the estimated free cash flow to be generated by each valuation date. Second, we adjust the current net debt for any estimated payments remaining on the acquisitions (e.g., earnouts), which are currently scheduled to occur from early 2022 to 2025. 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 set the range for our valuation, with the EVC-specific method incorporating market data on EVC shares' actual volatility setting the upper bound, and the sector method relying on measures of risk of comparables setting the lower bound. 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) sensitivity of EVC's advertising-based businesses to macroeconomic shocks, 2) potential volatility of EVC's digital media business, given its increasing focus on emerging markets, its dependence on a small number of commercial relationships with media tech platforms, and increasing competition, 3) secular challenges and potentially increasing competition from TelevisaUnivision for EVC's U.S. broadcast media business, 4) potential barriers to sale of all or a portion of the company, and 5) risk of regression to mean in share price performance given shares' substantial appreciation relative to the overall market and sector peers over the past year.

Figure 2: We expect 1Q will more likely beat than meet our estimates

Entravision Communications					
Summary of Quarterly Estimates					
In millions, except per share data					
	Last Yr	Estimates Current	YoY %CHG Current	Consensus	ICR vs Consensus
1Q22E					
Pro Forma *					
Revenue	\$156.9	\$199.2	27.0%		
Op Expense	142.5	183.3	28.6%		
Adjusted EBITDA	14.4	16.0	10.8%		
As Reported					
Revenue	148.9	199.2	33.8%	191.6	4.0%
Op Expense	134.7	183.3	36.1%		
Adjusted EBITDA	14.2	16.0	12.6%	18.5	-13.6%
Margin	9.5%	8.0%		9.7%	-1.6%
Pro Forma EPS	\$0.06	\$0.04	-33.3%	\$0.08	-50.0%
FCF/sh (core)	\$0.15	\$0.12	-20.0%		

* reflects announced acquisitions and dispositions
 Source: Company reports, FactSet, Industry Capital Research estimates

Figure 3: For full-year 2022, we see potential upside to our EBITDA margin and thus EBITDA estimates

Entravision Communications (NYSE: EVC)					
Summary of Annual Estimates					
In millions, except per share data					
	Last Yr	Estimates Current	YoY %CHG Current	Consensus	ICR vs Consensus
2022E					
Pro Forma *					
Revenue	778.1	942.2	21.1%		
Op expense	689.5	847.2	22.9%		
Adjusted EBITDA	88.6	95.0	7.3%		
As Reported					
Revenue	760.2	942.2	23.9%	909 ▲	3.6%
Op expense	672.2	847.2	26.0%		
Adjusted EBITDA	88.0	95.0 ▲	7.9%	92	3.1%
Margin	11.6%	10.1%		10.1%	-0.1%
EPS	\$0.33	\$0.40 ▲	20.1%	\$0.51 ▲	-21.5%
Cash FCF/sh	\$0.90	\$0.83	-7.8%		
2023E					
Pro Forma *					
Revenue	942.2	1,007.4	6.9%		
Op expense	847.2	908.1	7.2%		
Adjusted EBITDA	95.0	99.3	4.5%		
As Reported					
Revenue	942.2	1,007.4	6.9%		
Op expense	847.2	908.1	7.2%		
Adjusted EBITDA	95.0	99.3	4.5%	100	-0.7%
Margin	10.1%	9.9%			
EPS	\$0.40	\$0.42	3.7%		
Cash FCF/sh	\$0.83	\$0.73	-12.0%		
* reflects announced acquisitions and dispositions					
Source: Company reports, FactSet, Industry Capital Research estimates					

Metrics	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
Legacy growth													
Reported digital revenue growth		108%	661%	1045%	970%	69%	288%	54%	33%	29%	31%	35%	11%
Legacy digital revenue growth	-14.9%	-21.4%	-2.6%	34.5%	27.4%	45.8%	26.9%	61.8%	32.7%	26.8%	5.1%	27.5%	5.8%
2-yr CAGR		-18.2%	-5.3%	-4.6%	-0.6%	7.2%	-0.2%	25.5%	33.6%	27.1%	23.8%	27.2%	16.1%
Legacy digital opex growth		-24.1%	-14.4%	-9.2%	21.5%	-4.7%	-2.8%	45.9%	53.8%	25.3%	59.6%	45.4%	4.6%
Legacy digital OCF		822.5%	-71.9%	-184.0%	95.7%	532.7%	-661.1%	-316.8%	-81.6%	37.7%	-74.0%	-47.0%	18.8%
Cisneros growth													
Cisneros revenue growth		46.4%	120.0%	173.4%	118.9%	36.9%	94.5%	32.6%	15.5%	23.7%	32.8%	26.0%	11.0%
2-yr CAGR			69.8%	73.6%	67.3%	65.5%	68.7%	70.8%	77.7%	64.5%	34.8%	56.6%	18.2%
Cisneros opex ex-COR growth		31.5%	44.3%	88.2%	22.7%	5.1%	32.5%	70.7%	30.3%	7.5%	14.8%	28.7%	12.2%
Cisneros OCF		43%	266%	314%	122%	4%	105%	4%	4%	35%	49%	24%	28%
MediaDonuts growth													
MediaDonuts revenue growth y/y			154.3%	140.0%	53.5%	41.3%		99.8%	60.0%	42.2%	34.0%	52.1%	8.5%
2-yr CAGR								125.4%	95.9%	47.7%	37.6%	61.5%	28.4%
MediaDonuts opex ex-COR growth y/y			106.5%	215.0%	757.3%	264.3%		67.6%	-16.1%	64.5%	42.6%	32.9%	-3.4%
MediaDonuts cost of revenue growth y/y			143%	155%	54%	56%		100%	71%	33%	29%	49%	8%
MediaDonuts OCF growth y/y			-240%	-45%	-34%	-44%	-35%	333%	458%	107%	65%	133%	25%
365 growth													
365 revenue growth y/y													55.6%
365 opex ex-COR growth y/y													101.8%
365 cost of revenue growth y/y													56%
365 OCF growth y/y													14%
Digital segment pro forma growth													
Digital revenue		38%	93%	144%	95%	40%	81%	43%	24%	29%	31%	31%	11%
Digital revenue, PF, pro rated for 4Q by days EVC owned Cisneros in 4Q20			83%										
Digital cost of revenue		46%	102%	153%	107%	45%	89%	41%	23%	28%	32%	31%	10%
Digital opex ex-cost of revenue		0%	14%	42%	30%	11%	23%	59%	33%	25%	36%	38%	9%
Digital OCF		76%	831%	613%	93%	25%	118%	35%	16%	51%	20%	29%	26%
Legacy margins													
Legacy cost of revenue/revenue	53.3%	56.6%	56.6%	56.7%	57.2%	57.4%	57.0%	56.6%	56.7%	57.2%	57.4%	57.0%	57.0%
Legacy COR margin ^ y/y		3.3%	1.5%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Legacy opex ex-COR/revenue	46.8%	45.3%	45.3%	36.6%	37.6%	25.3%	34.7%	40.8%	42.4%	37.2%	38.3%	39.6%	39.1%
Legacy OCF margin	-0.2%	-1.9%	-1.9%	6.8%	5.2%	17.4%	8.3%	2.6%	0.9%	5.7%	4.3%	3.4%	3.9%
Legacy OCF margin ^ y/y		-1.7%	4.7%	17.6%	1.8%	13.4%	10.2%	4.5%	-5.8%	0.4%	-13.1%	-4.8%	0.4%
Cisneros margins													
Cisneros cost of revenue/revenue	85.5%	86.4%	87.7%	87.3%	89.7%	89.0%	88.5%	87.7%	87.3%	89.7%	89.0%	88.5%	87.5%
Cisneros COR margin ^ y/y		1.0%	-0.1%	0.0%	3.3%	3.4%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.0%
Cisneros OCF margin ^ y/y		-0.1%	2.8%	2.4%	0.1%	-1.8%	0.3%	-1.5%	-0.7%	0.6%	0.7%	-0.1%	1.0%
Cisneros EBITDA margin ^ y/y		-0.1%	2.8%	2.4%	0.1%	-1.8%	0.3%	-1.5%	-0.7%	0.6%	0.7%	-0.1%	1.0%
MediaDonuts margins													
MediaDonuts cost of revenue/revenue		73.5%	75.0%	70.0%	80.3%	78.0%	76.5%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
MediaDonuts COR margin ^ y/y			-3.5%	4.1%	0.0%	7.4%		0.0%	5.0%	-5.3%	-3.0%	-1.5%	0.0%
MediaDonuts OCF margin ^ y/y			8.5%	-10.5%	-10.0%	-15.0%		3.5%	7.8%	3.4%	2.2%	3.6%	1.6%
MediaDonuts EBITDA margin ^ y/y			8.5%	-10.5%	-10.0%	-15.0%		3.5%	7.8%	3.4%	2.2%	3.6%	1.6%
365 margins													
365 cost of revenue/revenue		80.0%	75.0%	70.0%	0.0%	78.0%	77.9%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
365 COR margin ^ y/y			-5.0%	-10.0%	-80.0%	-2.0%		5.0%	10.0%	80.0%	2.0%	2.1%	0.0%
365 OCF margin ^ y/y			6.9%	6.9%	34.2%	1.5%		-11.9%	-6.9%	-34.2%	2.0%	-0.9%	-2.8%
Digital Segment margins													
Digital Segment cost of revenue/revenue		74.6%	83.7%	83.7%	85.1%	83.6%	84.0%	82.1%	82.4%	84.3%	84.0%	83.3%	82.7%
MediaDonuts COR margin ^ y/y			28.6%	27.0%	27.9%	2.3%		-1.6%	-1.3%	-0.8%	0.4%	-0.7%	-0.6%
MediaDonuts OCF margin ^ y/y			-83.7%	-97.9%	-152.9%	-363.3%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MediaDonuts EBITDA margin ^ y/y			-83.7%	-97.9%	-152.9%	-363.3%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Digital Segment reported revenue mix:													
Digital as % of company revenue	25%	42%	68%	73%	73%	76%	73%	79%	79%	79%	82%	80%	83%
Cisneros Interactive as % of digital segment revenue		62%	87%	88%	80%	75%	82%	75%	77%	77%	76%	76%	76%
MediaDonuts as % of digital segment revenue		0%	0%	0%	8%	11%	6%	10%	9%	9%	11%	10%	10%
Legacy digital as % of digital segment revenue		38%	13%	12%	12%	13%	12%	13%	12%	12%	10%	12%	11%
365 as % of digital segment revenue		0%	0%	0%	0%	1%	0%	1%	3%	3%	3%	2%	3%
Digital Segment reported OCF mix:													
Cisneros Interactive as % of digital segment OCF		118%	104%	89%	79%	56%	77%	79%	78%	72%	70%	74%	75%
MediaDonuts as % of digital segment OCF		0%	0%	0%	10%	13%	7%	13%	16%	14%	18%	16%	16%
Legacy digital as % of digital segment OCF		-18%	-4%	11%	11%	29%	15%	7%	2%	10%	6%	6%	6%
365 as % of digital segment OCF		0%	0%	0%	0%	2%	1%	1%	4%	4%	5%	4%	4%
Minority interest		2.5	1.6	2.6	1.8	0.0	5.9	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company reports; Industry Capital Research estimates

Note: Legacy digital is EVC's digital segment excluding Cisneros, MediaDonuts and 365 Digital.

Figure 7: Forecast Drivers—Operating Expense: TV opex should be down in 2022 despite spending for political because of affiliation changes

In millions	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
OPERATING EXPENSE																
Television PF Opex Growth				0.1%	-4.2%	-8.6%	10.0%	6.2%	-2.6%	-0.3%	-2.9%	-0.3%	-1.5%	-7.9%	-3.3%	-10.0%
Radio PF Opex Growth				-4.5%	-26.3%	-16.9%	8.2%	0.8%	-5.5%	-5.4%	-0.4%	4.0%	6.9%	-5.8%	1.0%	-7.0%
Pro forma consolidated:																
Opex ex-cost of revenue	\$160.2	\$168.4	\$176.8	\$173.4	\$153.3	\$40.4	\$41.4	\$43.1	\$48.1	\$173.0	\$48.7	\$49.2	\$46.8	\$51.3	\$196.0	\$191.9
Growth	4.6%	5.1%	5.0%	-1.9%	-11.6%	0.4%	25.4%	26.6%	4.6%	12.9%	20.5%	18.8%	8.6%	6.7%	13.3%	-2.1%
Non-recurring opex items:																
M&A (Cisneros, MediaDonuts, 365 acquisitions)	0.0	0.0	0.0	0.0	5.7	4.8	6.4	6.6	9.7	27.6	11.2	10.9	8.3	11.8	42.2	47.2
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%	100.0%	100.0%
Incremental Cisneros	0.0	0.0	0.0	0.0	5.7	4.8	6.4	6.6	9.7	27.6	11.2	10.9	8.3	11.8	42.2	47.2
Opex ex Cisneros adjustment	160.2	168.4	176.8	173.4	147.6	35.7	35.0	36.5	38.3	145.5	37.5	38.4	38.5	39.5	153.8	144.7
Growth ex Cisneros	4.6%	5.1%	5.0%	-1.9%	-14.9%	-11.5%	6.0%	7.1%	-4.7%	-1.5%	5.2%	9.6%	5.5%	2.9%	5.7%	-5.9%
Fixed & variable cost reductions	0.0	0.0	0.0	0.0	(27.2)	(5.0)	(5.8)	(11.4)	(10.8)	(32.8)	(6.6)	(7.8)	(13.9)	(12.6)	(40.9)	(38.7)
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%	100.0%	100.0%	100.0%
Incremental cost reductions	0.0	0.0	0.0	0.0	(27.2)	(5.0)	(5.8)	(11.4)	(10.8)	(32.8)	(6.6)	(7.8)	(13.9)	(12.6)	(40.9)	(38.7)
Opex ex cost reductions adjustment	0.0	168.4	176.8	173.4	180.5	45.4	47.3	54.5	58.6	205.8	55.3	57.1	60.7	63.9	237.0	38.7
Growth ex cost reductions	-27.8%		5.0%	-1.9%	4.1%	12.8%	20.5%	21.0%	4.8%	14.0%	21.7%	20.7%	11.3%	9.0%	15.1%	-83.7%
Salary true-up	0.0	0.0	0.0	0.0	2.0	0.0	0.7	0.7	0.7	2.0	0.0	0.8	0.8	0.7	2.3	2.1
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%	100.0%	100.0%
Incremental salary true-up	0.0	0.0	0.0	0.0	2.0	0.0	0.7	0.7	0.7	2.0	0.0	0.8	0.8	0.7	2.3	2.1
Opex ex salary true-up	0.0	168.4	176.8	173.4	151.3	40.4	40.8	42.4	47.4	171.0	48.7	48.5	46.1	50.5	193.8	(2.1)
Growth ex salary true-up			5.0%	-1.9%	-12.7%	0.4%	23.4%	24.6%	7.9%	13.0%	20.5%	18.8%	8.5%	6.6%	13.3%	-101.1%
Opex ex-non-recurring	160.2	168.4	176.8	173.4	172.8	40.7	40.2	47.2	48.2	176.3	44.1	45.4	51.6	51.3	192.5	181.3
Opex growth ex all non-recurring	8.0%	5.1%	5.0%	-0.3%	-0.3%	1.0%	2.4%	4.8%	-0.1%	2.0%	8.5%	13.0%	9.3%	6.5%	9.2%	-5.8%
Opex grth ex all non-rec 2-yr CAGR		6.5%	5.0%	1.5%	-1.1%	-2.5%	-3.6%	4.5%	4.5%	0.8%	4.7%	7.6%	7.0%	3.1%	5.5%	1.4%
Revenue-driven variable expense	41.1	36.7	35.4	31.2	31.7	7.0	7.6	8.5	9.3	32.3	6.5	7.2	8.0	8.5	30.1	26.6
Non-sales opex ex-non-recurring	119.1	131.7	141.4	142.1	141.1	33.7	32.6	38.7	39.0	143.9	37.6	38.2	43.7	42.9	162.4	154.6
Non-sales opex growth ex all non-recurring	9.3%	10.5%	7.4%	0.5%	-0.7%	4.3%	-5.8%	3.7%	5.5%	2.0%	11.8%	17.2%	12.9%	10.0%	12.8%	-4.8%
Non-sales opex grth ex all non-rec 2-yr CAGR		9.9%	8.9%	3.9%	-0.1%	-2.6%	-3.9%	4.7%	4.0%	0.6%	8.0%	5.1%	8.2%	7.7%	7.3%	3.7%

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 10: Financial Statement Forecasts supporting our valuation (cont.)

ANNUAL PERCENTAGE CHANGE	2016A	2017E	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
Net revenue growth	1.7%	107.4%	-44.4%	-8.1%	25.8%	131.7%	295.5%	216.0%	36.2%	121.0%	33.8%	23.0%	19.7%	22.0%	23.9%	6.9%
Net revenue (core) growth	1.7%	5.3%	9.0%	-7.8%	25.8%	131.7%	295.5%	216.0%	36.2%	121.0%	33.8%	23.0%	19.7%	22.0%	23.9%	6.9%
TV revenue growth	0.3%	-7.2%	2.5%	-1.4%	3.2%	-7.9%	26.3%	-3.5%	-20.3%	-4.9%	-16.0%	-9.3%	-6.2%	-12.3%	-11.0%	-9.0%
Radio revenue growth	-0.4%	-11.8%	-4.5%	-13.9%	-15.9%	-3.5%	NM	42.5%	-0.5%	25.4%	9.7%	6.9%	-5.7%	4.2%	3.1%	-12.0%
Digital revenue growth	22.5%	146.7%	41.8%	-14.9%	108.0%	661.2%	1045.0%	970.1%	69.1%	287.5%	54.3%	33.2%	29.0%	31.4%	35.4%	11.2%
Cost of revenue	31.7%	NM	36.7%	-18.5%	NM	NM	NM	NM	73.9%	NM	51.7%	31.1%	27.8%	31.9%	34.2%	10.3%
Direct expense	3.7%	-2.2%	3.1%	41.7%	-12.1%	-25.5%	-11.9%	-16.7%	-31.5%	-22.4%	-2.9%	-0.3%	-1.5%	-7.9%	-3.3%	-10.0%
SG&A	5.9%	NM	NM	-21.1%	-10.3%	-28.8%	-9.2%	-1.1%	NM	NM	-0.4%	4.0%	6.9%	32.9%	28.6%	7.4%
Opex	5.9%	NM	NM	-4.8%	23.8%	NM	NM	NM	49.7%	NM	41.6%	27.7%	22.9%	25.8%	28.6%	7.4%
Opex (core)	4.6%	5.1%	5.0%	-1.9%	-11.6%	0.4%	25.4%	26.6%	4.6%	12.9%	20.5%	18.8%	8.6%	6.7%	13.3%	-2.1%
TV opex	3.7%	-2.2%	3.1%	0.1%	-4.2%	-8.6%	10.0%	6.2%	-2.6%	0.6%	-2.9%	-0.3%	-1.5%	-7.9%	-3.3%	-10.0%
Radio opex	5.5%	-3.2%	-6.2%	-4.5%	-26.3%	-16.9%	8.2%	0.8%	-5.5%	-4.2%	-0.4%	4.0%	6.9%	-5.8%	1.0%	-7.0%
Digital opex	7.0%	107.8%	41.8%	-2.6%	-5.0%	58.1%	95.3%	145.0%	27.1%	68.5%	82.0%	62.0%	25.4%	35.7%	49.0%	8.6%
Total OCF (core)	-5.3%	-20.3%	5.8%	-15.2%	32.1%	42.6%	NM	49.5%	-7.4%	44.0%	-7.3%	-2.5%	2.7%	2.3%	-0.6%	3.8%
TV OCF	-3.2%	-12.6%	1.7%	-3.3%	12.8%	-7.1%	57.7%	-13.3%	-34.5%	-11.0%	-32.1%	-21.3%	-11.9%	-17.5%	-20.6%	-7.5%
Radio OCF	-26.3%	-65.4%	25.8%	NM	NM	NM	NM	NM	11.0%	NM	69.4%	13.6%	-24.2%	23.8%	7.8%	-22.4%
Digital OCF	NM	-68.5%	NM	NM	NM	NM	NM	NM	83.5%	NM	40.1%	20.0%	51.1%	20.4%	30.5%	26.3%
Corporate expense	9.0%	12.1%	1.0%	3.0%	3.0%	2.0%	15.0%	-4.0%	-18.0%	3.0%	-2.0%	-13.0%	4.2%	47.9%	3.0%	3.0%
Adjusted EBITDA (core)	-9.3%	-26.9%	6.8%	-23.7%	46.6%	46.7%	NM	41.7%	0.6%	45.7%	12.6%	20.8%	15.8%	-6.6%	7.9%	4.5%
D & A	-4.0%	7.0%	-0.8%	2.3%	3.8%	14.9%	31.0%	50.0%	26.2%	29.7%	24.6%	27.3%	9.5%	3.2%	15.3%	1.3%
Operating income	-11.5%	NM	-88.5%	-36.9%	88.3%	81.4%	NM	39.4%	-18.7%	47.4%	-5.9%	10.9%	13.0%	2.4%	6.0%	-100.0%
Pretax income	-20.3%	NM	-91.7%	NM	NM	NM	NM	49.0%	-61.4%	NM	-37.2%	-20.7%	-11.1%	81.2%	-0.2%	2.4%
Net income pre-extra.	-20.5%	NM	-93.1%	NM	NM	NM	NM	34.5%	-81.0%	NM	-38.2%	-5.8%	-3.8%	NM	19.4%	2.4%
EPS, Continuing Operations	-20.7%	NM	-92.8%	NM	NM	NM	NM	27.3%	-83.3%	NM	-33.3%	-11.1%	-7.1%	NM	20.6%	4.9%
EPS - diluted	-21.4%	NM	-93.0%	NM	NM	NM	NM	29.3%	-81.5%	NM	-38.9%	-5.5%	-2.5%	NM	20.1%	3.7%
FCF/share	NM	-18.0%	-31.7%	-64.3%	NM	NM	NM	NM	6.1%	76.5%	-20.0%	28.6%	-4.0%	-17.1%	-7.8%	-12.0%
EPS shares - Diluted	1.1%	0.6%	-1.7%	-5.8%	-1.0%	3.2%	3.7%	4.1%	3.0%	4.4%	1.1%	-0.3%	-1.3%	-2.0%	-0.6%	-1.3%

Source: Industry Capital Research estimates and company data

Figure 11: Financial Statement Forecasts supporting our valuation (cont.)

Segments																
In millions																
AS REPORTED	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
Revenue:																
Television	\$159.5	\$148.1	\$151.7	\$149.7	\$154.5	\$36.1	\$34.1	\$36.5	\$40.2	\$146.8	\$30.3	\$30.9	\$34.2	\$35.3	\$130.7	\$118.9
Radio	75.8	66.9	63.9	55.0	46.3	11.3	14.1	16.4	16.1	58.0	12.4	15.1	15.5	16.8	59.8	52.6
Digital	23.1	57.1	81.0	68.9	143.3	101.5	130.2	146.1	177.5	555.3	156.5	173.4	188.5	233.2	751.7	835.8
Revenue	258.5	272.1	296.6	273.6	344.0	148.9	178.4	199.0	233.9	760.2	199.2	219.4	238.2	285.3	942.2	1,007.4
Cost of revenue:																
Television	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	0.0	0.0
Radio	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	0.0	0.0
Digital	9.5	33.0	45.1	36.8	106.9	84.8	109.0	124.3	148.4	466.5	128.6	142.9	159.0	195.8	626.2	691.0
Cost of revenue	9.5	33.0	45.1	36.8	106.9	84.8	109.0	124.3	148.4	466.5	128.6	142.9	159.0	195.8	626.2	691.0
Opex:																
Television	83.6	81.7	84.3	84.4	80.9	19.9	19.5	20.1	21.8	81.4	19.3	19.5	19.8	20.1	78.7	70.8
Radio	65.4	63.3	59.4	56.7	41.8	9.7	9.9	9.8	10.7	40.0	9.6	10.3	10.5	10.1	40.4	37.6
Digital	11.2	23.4	33.1	32.3	30.6	10.9	12.0	13.2	15.5	51.6	19.8	19.5	16.5	21.1	76.9	83.4
Opex	160.2	168.4	176.8	173.4	153.3	40.4	41.4	43.1	48.1	173.0	48.7	49.2	46.8	51.3	196.0	191.9
OCF:																
Television	75.9	66.3	67.4	65.2	73.6	16.2	14.5	16.3	18.4	65.4	11.0	11.4	14.4	15.2	52.0	48.1
Radio	10.5	3.6	4.6	(1.7)	4.5	1.6	4.2	6.7	5.5	18.0	2.8	4.8	5.0	6.8	19.4	15.0
Digital	2.4	0.7	2.8	(0.1)	5.7	5.9	9.2	8.6	13.6	37.2	8.2	11.0	13.0	16.3	48.6	61.4
OCF	88.7	70.7	74.8	63.4	83.8	23.7	27.9	31.6	37.4	120.6	22.0	27.2	32.4	38.3	119.9	124.5
PRO FORMA	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
Revenue:																
Television	159.5	148.1	151.7	149.7	154.5	36.1	34.1	36.5	40.2	146.8	30.3	30.9	34.2	35.3	130.7	118.9
Radio	75.8	66.9	63.9	55.0	46.3	11.3	14.1	16.4	16.1	58.0	12.4	15.1	15.5	16.8	59.8	52.6
Digital			92.1	228.3	315.9	109.5	140.1	146.1	177.5	573.2	156.5	173.4	188.5	233.2	751.7	835.8
Revenue	273.7	281.7	307.8	433.0	516.6	156.9	188.3	199.0	233.9	778.1	199.2	219.4	238.2	285.3	942.2	1,007.4
Cost of revenue:																
Television	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	0.0	0.0
Radio	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	0.0	0.0
Digital	9.5	33.0	45.1	173.0	253.2	91.0	116.0	124.3	148.4	479.7	128.6	142.9	159.0	195.8	626.2	691.0
Cost of revenue	9.5	33.0	45.1	173.0	253.2	91.0	116.0	124.3	148.4	479.7	128.6	142.9	159.0	195.8	626.2	691.0
Opex:																
Television	83.6	81.7	84.3	84.4	80.9	19.9	19.5	20.1	21.8	81.4	19.3	19.5	19.8	20.1	78.7	70.8
Radio	65.4	63.3	59.4	56.7	41.8	9.7	9.9	9.8	10.7	40.0	9.6	10.3	10.5	10.1	40.4	37.6
Digital			43.9	45.5	45.4	12.4	14.7	13.2	15.5	55.8	19.8	19.5	16.5	21.1	76.9	83.4
Opex	160.2	168.4	187.6	186.6	168.1	42.0	44.1	43.1	48.1	177.3	48.7	49.2	46.8	51.3	196.0	191.9
OCF:																
Television	75.9	66.3	67.4	65.2	73.6	16.2	14.5	16.3	18.4	65.4	11.0	11.4	14.4	15.2	52.0	48.1
Radio	10.5	3.6	4.6	(1.7)	4.5	1.6	4.2	6.7	5.5	18.0	2.8	4.8	5.0	6.8	19.4	15.0
Digital	17.5	10.4	3.2	9.8	17.3	6.1	9.5	8.6	13.6	37.7	8.2	11.0	13.0	16.3	48.6	61.4
OCF	103.9	80.3	75.2	73.4	95.3	23.9	28.2	31.6	37.4	121.2	22.0	27.2	32.4	38.3	119.9	124.5
CONSOLIDATED PRO FORMA	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
Revenue	273.7	281.7	307.8	433.0	516.6	156.9	188.3	199.0	233.9	778.1	199.2	219.4	238.2	285.3	942.2	1,007.4
Growth	7.7%	2.9%	9.3%	40.7%	19.3%	45.8%	106.3%	60.3%	20.8%	50.6%	27.0%	16.5%	19.7%	22.0%	21.1%	6.9%
Cost of Revenue	9.5	33.0	45.1	173.0	253.2	91.0	116.0	124.3	148.4	479.7	128.6	142.9	159.0	195.8	626.2	691.0
Growth	31.7%	246.0%	36.7%	283.6%	46.4%	101.6%	152.8%	106.6%	45.4%	89.4%	41.3%	23.3%	27.8%	31.9%	30.6%	10.3%
Opex	160.2	168.4	187.6	186.6	168.1	42.0	44.1	43.1	48.1	177.3	48.7	49.2	46.8	51.3	196.0	191.9
Growth	4.6%	5.1%	11.4%	-0.5%	-9.9%	-5.3%	18.5%	11.0%	0.8%	5.5%	16.0%	11.6%	8.6%	6.7%	10.6%	-2.1%
OCF	103.9	80.3	75.2	73.4	95.3	23.9	28.2	31.6	37.4	121.2	22.0	27.2	32.4	38.3	119.9	124.5
Growth	2.9%	-22.7%	-6.4%	-2.4%	29.9%	31.8%	244.8%	25.7%	-14.6%	27.1%	-8.2%	-3.5%	2.7%	2.3%	-1.0%	3.8%
Corporate	20.8	23.1	21.8	24.4	23.9	6.4	6.5	6.5	7.2	26.6	6.7	6.5	6.2	8.3	27.7	28.6
Growth	8.5%	10.8%	-5.5%	12.0%	-2.0%	3.6%	39.7%	15.3%	-3.2%	11.3%	4.3%	-0.7%	-3.6%	14.9%	4.0%	3.2%
Memo: adj. EBITDA - (OCF - cash corporate)	1.3	3.0	1.1	2.2	0.6	(3.1)	(3.6)	(1.9)	2.6	(6.0)	0.7	0.7	0.7	0.7	2.8	3.4
EBITDA	84.4	60.2	54.4	51.2	71.9	14.4	18.1	23.2	32.9	88.6	16.0	21.5	26.9	30.7	95.0	99.3
Growth	3.2%	-28.7%	-9.6%	-6.0%	40.6%	39.0%	322.5%	13.9%	-8.9%	23.1%	10.8%	18.8%	15.8%	-6.6%	7.3%	4.5%

Source: Industry Capital Research estimates and company data

Figure 12: DCF analysis supports \$8.50 12-month price target within \$7-9.50 range

Entravision DCF analysis		YE 2022		YE 2023	
\$ in millions except per share amounts					
Firm Value	852	852	849		
(-) Total Net Debt	144	72	8		
(+) NOLs/Tax Assets	31	31	31		
(-) Options (Claims on Entravision)	(2.9)	(2.9)	(2.9)		
Common Equity Value	735.4	808.5	868.7		
Shares Outstanding	88.3	88.3	88.3		
Current Share Price	\$5.24	\$5.24	\$5.24		
Value Per Share	\$8.33	\$9.16	\$9.84		
12-month	\$9.50				
12-month (50TP)	\$7.00				

ASSUMPTIONS		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
Risk-Free Rate	2.4%											
Equity Premium	5.0%											
Assumed LT Growth Rate (g)	0%											
MV of Equity Calculation	\$5.24											
Share Price												
Outstanding Shares	88.3											
MV of Equity	462.8											
Estimate MV of Debt Calculation												
Interest Expense	6.9											
Current Cost of Debt	5.00%											
Wghtd Avg Maturity of Debt	144.0											
BV of Debt	144.0											
Estimate MV of Debt	144.0											

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
Discounted Cash Flow											
EBITDA	54.0	41.2	60.4	88.0	95.0	99.3	127.1	122.0	135.5	128.1	
EBIT	37.8	24.6	43.1	65.6	69.2	73.1	93.4	86.2	97.2	90.1	93.6
Less Cash Taxes	(11.3)	(7.4)	(12.9)	(19.7)	(20.8)	(21.9)	(28.0)	(25.9)	(29.2)	(27.0)	(32.8)
Plus D&A	16.3	16.6	17.3	22.4	25.8	26.2	33.7	35.7	38.2	39.0	39.0
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(12.5)	(11.1)	(11.7)	(12.3)	(12.9)	(13.5)	(39.0)
Less Increase in WC	(9.4)	(8.7)	8.7	(15.5)	(2.7)	(3.4)	(4.5)	(4.5)	(5.2)	(4.9)	(5.1)
Free Cash Flow to Firm	16.3	(0.1)	46.6	47.2	59.1	62.8	82.9	79.3	88.2	83.6	55.8
Tax Rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%
Net Debt	144										
Leverage Mult.	2.4x										
D/Equity	31%										
D/EV	24%										
E/EV	76%										
Unlevered Beta	0.94										
Levered Beta	1.16										
D/Equity (long-term target)	33%										
Cost of Debt (AT)	3.5%										
Cost of Equity	8.2%										
WACC	7.0%										
PV of CF			7%	7%	7%	7%	7%	7%	7%	7%	7%
			55.2	54.9	67.6	60.5	62.8	55.7	59.6	63.8	795.6
			58.7	72.4	64.7	67.2	59.6	63.8	63.8	63.8	795.6
			77.5	69.3	72.0	63.8	63.8	63.8	63.8	63.8	795.6
			795.6	795.6	795.6	795.6	795.6	795.6	795.6	795.6	795.6
Sum of PV	356.7	322.6	282.5								
PV of Terminal Value	494.9	529.7	566.8								
NPV of all CF	851.6	852.3	849.3								

Source: Industry Capital Research estimates and company data

Figure 13: DCF analysis allocates ~80% of firm value to digital media business

Entravision DCF analysis - Digital		Current	YE 2022	YE 2023
Firm Value		487	501	508
(-) Total Net Debt		-	-	-
(+) NOLs		-	-	-
(-) Options (Claims on Entravision)		-	-	-
Common Equity Value		486.7	501.2	508.0
Shares Outstanding		88.3	88.3	88.3
Current Share Price		\$5.24	\$5.24	\$5.24
Value Per Share		\$5.51	\$5.67	\$5.75
12-month		\$5.50		
Minority Interest		1		

ASSUMPTIONS	2018-22	2020-24	2022-26	2025-26
Risk Free Rate	2.4%			
Equity Premium	5.0%			
Assumed LT Growth Rate (g)	1%			
FCF to Firm	104%	138%	19%	11%
FCF to Firm	104%	138%	19%	10%
Share Price	\$5.24			
Outstanding Shares	88.3			
MV of Equity	462.8			
Estimate MV of Debt Calculation				
Interest Expense	6.9			
Current Cost of Debt	5.00%			
Wgtd Avg Maturity of Debt				
BV of Debt				
Estimate MV of Debt				

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
Discounted Cash Flow											
EBITDA	2.8	(0.1)	2.3	28.1	48.6	61.4	74.5	87.2	96.4	101.9	
EBIT	2.8	(0.1)	2.3	23.0	39.7	50.1	60.8	71.2	78.8	83.2	75.8
Less Cash Taxes	(0.8)	0.0	(0.7)	(6.9)	(11.9)	(15.0)	(18.3)	(21.4)	(23.6)	(25.0)	(26.5)
Plus D&A											
Less Cap Ex				5.1	8.9	11.2	13.6	15.9	17.6	18.6	15.9
Less Increase in WC				(15.5)	(2.7)	(3.4)	(4.5)	(4.5)	(5.2)	(4.9)	(4.9)
Free Cash Flow to Firm	1.9	(0.1)	1.6	5.7	34.0	42.9	51.7	61.3	67.6	72.0	44.3
Tax Rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%
Net Debt	0										
Leverage Mult.	0.0x										
D/Equity	0%										
D/EV	0%										
E/EV	100%										
Unlevered Beta	1.51										
Levered Beta	1.5										
D/Equity (projected long term)	0.0%										
Cost of Debt (AT)	3.5%										
Cost of Equity	9.9%										
WACC	9.9%										
PV of CF				10%	10%	10%	10%	10%	10%	10%	
					30.9	35.5	38.9	41.9	42.1	40.8	
						39.0	42.8	46.1	46.2	44.8	
							47.0	50.7	50.8	49.3	
											498.2
											5x EBITDA
Sum of PV	230.1	219.0	197.8								
PV of Terminal Value	256.6	282.2	310.2								
NPV of all CF	486.7	501.2	508.0								

Source: Industry Capital Research estimates and company data

Figure 14: DCF analysis allocates ~20% of firm value to broadcasting business

Entravision DCF analysis - Broadcasting			
\$ in millions except per share amounts			
	Current	YE 2022	YE 2023
Firm Value	173	162	154
(-) Total Net Debt	144	72	8
(+) NOLs	31	31	31
(-) Options (Claims on Entravision)	(2.9)	(2.9)	(2.9)
Common Equity Value	57.1	117.9	173.7
Shares Outstanding	88.3	88.3	88.3
Current Share Price	\$5.24	\$5.24	\$5.24
Value Per Share	\$0.65	\$1.33	\$1.97
12-month			\$1.50

ASSUMPTIONS		2018-22	2018-22	2020-24	2020-26	2025-26
Risk-Free Rate		2.4%				
Equity Premium		5.0%				
Assumed LT Growth Rate (g)		-1%	EBITDA	-2%	-4%	12%
MV of Equity Calculation			FCF to Firm	-9%	-5%	14%
Share Price		\$5.24				
Outstanding Shares		88.3				
MV of Equity		462.8	EBITDA	-13%	-8%	-30%
Estimate MV of Debt Calculation			FCF to Firm	-19%	-12%	-43%
Interest Expense		6.9				
Current Cost of Debt		5.00%				
Wght Avg Maturity of Debt		144.0				
BV of Debt		144.0				
Estimate MV of Debt		144.0				

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
Discounted Cash Flow											
EBITDA	51.3	41.3	58.1	59.9	46.5	37.9	52.6	34.8	39.0	27.2	16.6
EBIT	35.0	24.7	40.8	42.7	28.5	22.9	32.6	15.0	18.5	6.8	(5.8)
Less Cash Taxes	(10.5)	(7.4)	(12.2)	(12.8)	(8.8)	(6.9)	(9.8)	(4.5)	(5.5)	(2.1)	(19.8)
Plus D&A	16.3	16.6	17.3	17.3	17.0	15.0	20.1	19.8	20.6	20.4	(19.8)
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(12.5)	(11.1)	(11.7)	(12.3)	(12.9)	(13.5)	0.0
Less Increase in WC	(9.4)	(8.7)	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm	14.3	(0.0)	45.0	41.5	25.1	19.9	31.2	18.0	20.6	11.7	10.8
Tax Rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%
Net Debt	144										
Leverage Mult.	2.5x										
D/Equity	31%										
D/EV	24%										
E/EV	76%										
Unlevered Beta	1.1										
Levered Beta	1.4										
D/Equity (long-term target)	33%										
Cost of Debt (AT)	3.5%										
Cost of Equity	9.2%										
WACC	7.8%		8%	8%	8%	8%	8%	8%	8%	8%	
PV of CF					23.3	17.1	24.9	13.4	14.2	7.4	
						18.5	26.9	14.4	15.3	8.0	
							28.9	15.5	16.5	8.6	
											123.0
											3x EBITDA
Sum of PV	100.4	88.1	69.6								
PV of Terminal Value	72.9	76.6	84.7								
NPV of all CF	173.3	161.6	154.3								

Source: Industry Capital Research estimates and company data

APPENDIX

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1	7/6/21	Initiated Buy @ \$6.76, Target Price \$9.00
2	8/6/21	Reaffirmed Buy @ \$6.15, Target Price \$9.00
3	9/2/21	Reaffirmed Buy @ \$7.75, Target Price \$10.00
4	10/5/21	Reaffirmed Buy @ \$7.60, Target Price \$10.00
5	10/28/21	Reaffirmed Buy @ \$7.85, Target Price \$10.00
6	11/5/21	Reaffirmed Buy @ \$8.83, Target Price \$10.50
7	12/20/21	Reaffirmed Buy @ \$6.40, Target Price \$10.00
8	2/2/22	Reaffirmed Buy @ \$5.87, Target Price \$8.00
9	3/4/22	Reaffirmed Buy @ \$6.42, Target Price \$8.50
10	4/15/22	Reaffirmed Buy @ \$5.53, Target Price \$8.50

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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

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