

## Entravision Communications Corporation (EVC)

Expect Solid 2Q and 3Q Pace; Trim PT on Recession Risk, Which Looks Priced In; Reaffirm Buy

James Dix, CFA

(1) 917 292 4293

[james.dix@industrycapitalresearch.com](mailto:james.dix@industrycapitalresearch.com)

**With results set for August 3 AMC, we expect a 2Q beat but trim our PT to reflect recession risk.** The call will be at 5:00 pm ET, with dial-in 877 407-9716 (U.S.) or 201 493-6779 (int'l).

**For 2Q, we expect EVC to beat our EBITDA estimate, reflecting EVC's recent track record of quarterly beats and management's confidence in its full-year outlook as expressed at conferences this past quarter.** Our 2Q estimates for EVC are revenue of \$221.6m and adjusted EBITDA of \$21.7m vs. consensus of \$219.3m and \$20.3m, respectively. Our 2Q pro forma digital revenue growth estimate of 25% is below EVC's 34% prior pacing, primarily on caution about Cisneros Interactive's revenue growth, which we assume slows to 11% from 27% in 1Q, although this would still be an acceleration in 2-year CAGR to 74% in 2Q from 67% in 1Q. In 2Q, FB--Cisneros' dominant media rep partner--posted slower rest-of-world (ROW) ad revenue growth of 11% vs. 21% in 1Q. However, FB's ROW 2-year CAGR actually accelerated to 43% from 34%, directionally in line with our Cisneros estimates. For 2Q, we assume MediaDonuts revenue was up 90%, vs. up 80% pro forma in 1Q. Our TV revenue estimate of \$32.0m assumes retransmission revenue of \$8.7m, down ~\$500,000 from 1Q, on industry cord-cutting, and core ad growth a bit above the -14% prior pacing given on the 1Q call (or +1% pacing adjusted for the loss of 3 Univision affiliates at YE2021). Our core radio ad revenue growth estimate is 2%, in line with prior pacing. We are comfortable with our core broadcast opex estimate of \$49.7m, up from \$43.9m in 1Q, as we expect opex flipped to growth in 2Q from a decline in 1Q.

**3Q pacing might be more important than 2Q results—we are comfortable with our 2022E EBITDA.** For 3Q, we assume that business trends will continue relatively unchanged, with 29% digital pro forma revenue growth, -11% core TV ad growth, and -4% core radio ad growth. We do assume Cisneros' 2-year revenue CAGR drops, which is similar to FB's overall 3Q revenue guide. And in 4Q we forecast some slowdown in overall digital revenue 2-year CAGR, and slower growth in core TV and radio advertising, reflecting some cannibalization from U.S. political advertising. Our 2022E EBITDA has the slack of 1) our current assumption of little operating leverage at the digital segment, despite ~30% 2022E pro forma revenue growth, and 2) incremental EBITDA from geographic expansions which EVC has announced this year.

**Based on our DCF analysis, a recession scenario implies a \$1.50-\$2.00 cut to our 12-month valuation, to \$5.50-\$6.50; assuming a 50% recession risk, our target valuation range would drop to roughly \$6.25-\$7.50.** See Figures 4 and 17. Our recession case assumes the following 2023 revenue growth changes--digital to 5% from 11%, core TV advertising to -15% from -2%, and radio core to -20% from -8%--and the following 2023 opex growth changes: digital excluding cost of revenue to 8% from 9%, TV to -11.5% from -8.0%, and radio to -11% from -7%. See Figure 5.

**Price target to \$7.50 from \$8.00; risks on page 3.** Our 12-month PT is supported by a DCF valuation based on explicit financial forecasts through 2027.

BUY

Price at 7/28/22 (USD)	5.23
Price Target	7.50
52-week range	4.21 - 9.34

Performance (%)	1m	3m	12m
Absolute	12	0	-16
S&P 500	7	-5	-7

Market Cap (USDm)	457.0
Shares outstanding (m)	87.4
Float (%)	73
Average volume	280,914
S&P 500	4,072.4

### Forecasts and ratios

Year ended 12/31	2021A	2022E	2023E
1Q EPS (USD)	0.06	0.02	0.14
2Q EPS (USD)	0.09	0.08	0.11
3Q EPS (USD)	0.14	0.12	0.12
4Q EPS (USD)	0.04	0.15	0.06
FY EPS (USD)	0.33	0.37	0.43
% Change	NM	10%	18%
P/E (x)	15.7	14.2	12.1
EV/EBITDA (x)	6.0	5.6	5.3
Revenue (USDm)	760.2	942.9	1,008.5
% Change	121%	24%	7%

### ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE LOCATED IN THE APPENDIX.

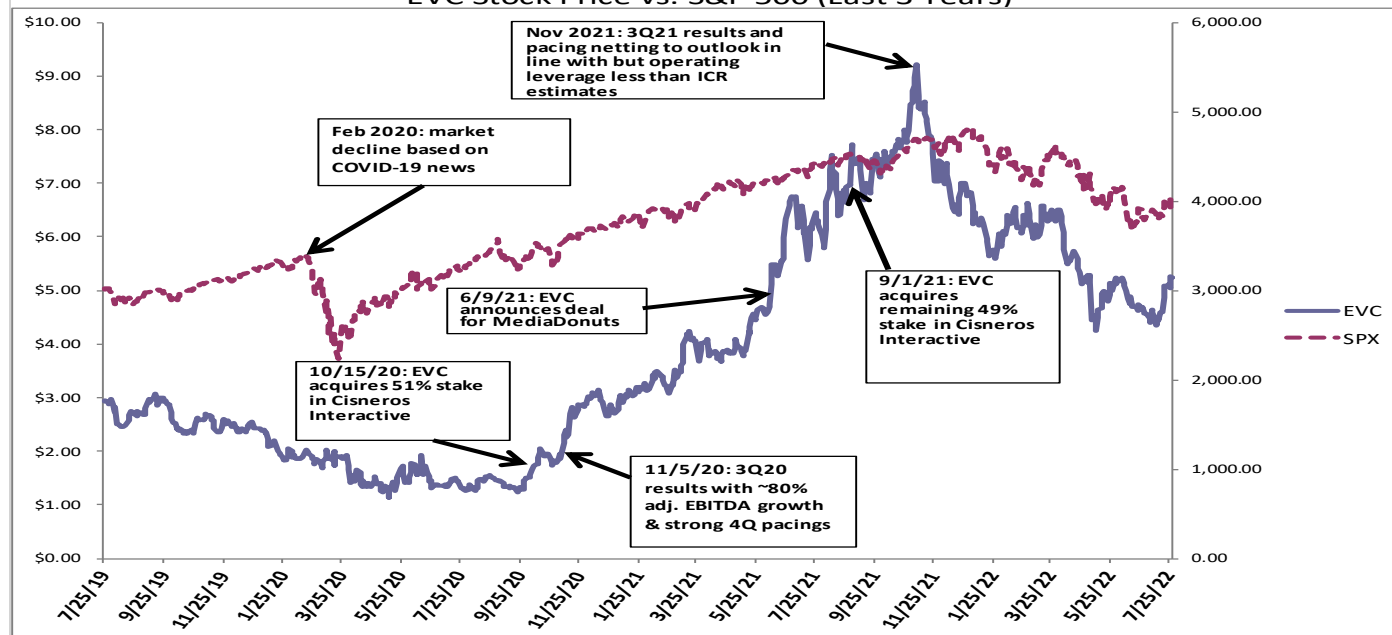
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Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

(in millions, except unit data)  
12-month price target: \$7.50

ENTERPRISE VALUE		COMPANY CHARACTERISTICS AND INVESTMENT THESIS			
Price per share	\$5.23	<b>Company description</b>	<b>Entravision</b> 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	87.4				
Equity market capitalization	457				
+Pro forma net debt	107				
-Hidden value	31	<b>Strategy</b>	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.		
=Pro forma EV	\$534				
<b>OPERATING PROJECTIONS</b>				<b>Est. acquisition capacity</b>	<b>\$339</b>
<b>Pro forma net revenue</b>					
2022	\$943				
2021	778				
% Chg	21.2%	<b>Management</b>	<b>Walter Ulloa</b> is Chairman and CEO (since 1996). <b>Jeffrey Liberman</b> is President and COO (since 2017 and with EVC since 2000). <b>Christopher Young</b> is CFO (since 2008 and with EVC since 2000).		
<b>Pro forma EBITDA</b>					
2022	\$96				
2021	89				
% Chg	8.4%	<b>Positives</b>	<ul style="list-style-type: none"> <li>* <b>Experience</b> in expanding distribution in smaller, faster-growing markets, both in U.S. and internationally</li> <li>* Reduced expense base during and after the pandemic</li> <li>* Low leverage and high cash balances</li> <li>* Most of its TV stations affiliated with leading U.S. Spanish language network Univision</li> <li>* U.S. Hispanic buying power growing faster than general market</li> <li>* Secular growth in U.S. political advertising spending</li> </ul>		
<b>Pro forma EBITDA margin</b>					
2022	10.2%				
2021	11.4%				
<b>Free cash flow per share</b>		<b>Risks</b>	<ul style="list-style-type: none"> <li>* <b>Loss</b> of broadcast audience and advertising share to digital alternatives</li> <li>* Volatility of international media business, reflecting early stage and potential competition</li> <li>* Competition with TelevisaUnivision's expanding direct to consumer business</li> <li>* TelevisaUnivision relationship through TV network affiliations and TelevisaUnivision's ownership stake may limit strategic flexibility</li> <li>* Impact of sudden advertising declines on cash flow (e.g., in 2009 and 2020)</li> <li>* Management succession plan (CEO has majority voting power)</li> </ul>		
2022	\$0.78				
2021	\$0.90				
% Chg	-13.3%				
<b>Est. 3-5 yr FCF Growth rate</b>		<b>Valuation</b>	Attributing ~70% of firm value to digital media business		
7%					
<b>VALUATION AND LEVERAGE</b>					
<b>Pro forma EV/EBITDA</b>					
2022	5.6x	<b>Recent events</b>	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.		
2021	6.0x				
<b>Price / Free cash flow per share</b>					
2022	6.7x				
2021	5.8x	<b>Upcoming potential catalysts</b>	2022/23 Recession risk to advertising-based revenue, both in U.S. and internationally - Additional digital media M&A - 2022 U.S. midterm election political ad spending		
<b>Pro forma net debt / EBITDA</b>					
2022	1.1x				
2021	1.2x				
<b>Dividend yield</b>					
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 \$7.50 Price Target

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**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; with U.S. GDP down in 1Q and 2Q, our updated PT assumes a 50% chance of a recession in 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, such as a recession, 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 broadcast media business, 4) potential barriers to sale of all or a portion of the company, and 5) risk-off market sentiment as an overhang for valuation of EVC's fast-growing, less mature digital advertising businesses.

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

<b>Entravision Communications</b>							
<b>Summary of Quarterly Estimates</b>							
In millions, except per share data							
	Last Yr	Prior	Estimates		YoY %CHG		ICR vs
			Chg	Current	Current	Consensus	Consensus
<b>2Q22E</b>							
Pro Forma *							
Revenue	\$188.3	\$221.6	\$0.0	\$221.6	17.7%		
Op Expense	170.2	199.9	0.0	199.9	17.4%		
Adjusted EBITDA	18.1	21.7	0.0	21.7	20.3%		
As Reported							
Revenue	178.4	221.6	0.0	221.6	24.2%	219.3	1.1%
Op Expense	160.6	199.9	0.0	199.9	24.4%		
Adjusted EBITDA	17.8	21.7	0.0	21.7	22.3%	20.3	7.1%
Margin	10.0%	9.8%	0.0%	9.8%		9.3%	0.6%
Pro Forma EPS	\$0.09	\$0.08	+\$0.00	\$0.08	-11.1%	\$0.11	-23.8%
FCF/sh (core)	\$0.14	\$0.16	+\$0.00	\$0.16	14.3%		

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

Figure 3: Our 2022 operating estimates are above consensus, but our 2023 operating growth estimates are below consensus

Entravision Communications (NYSE: EVC)							
Summary of Annual Estimates							
In millions, except per share data							
	Last Yr	Prior	Estimates Chg	Current	YoY %CHG Current	Consensus	ICR vs Consensus
<b>2022E</b>							
Pro Forma *							
Revenue	778.1	942.9	0.0 <span style="color:red">▼</span>	942.9	21.2%		
Op expense	689.5	846.9	0.0	846.9	22.8%		
Adjusted EBITDA	88.6	96.0	0.0	96.0	8.4%		
As Reported							
Revenue	760.2	942.9	0.0	942.9	24.0%	924 <span style="color:red">▼</span>	2.1%
Op expense	672.2	846.9	0.0	846.9	26.0%		
Adjusted EBITDA	88.0	96.0	0.0	96.0 <span style="color:red">▼</span>	9.0%	96	0.3%
Margin	11.6%	10.2%	0.0%	10.2%		10.4%	-0.2%
EPS	\$0.33	\$0.37	\$0.00	\$0.37 <span style="color:red">▼</span>	10.4%	\$0.48 <span style="color:red">▼</span>	-23.4%
Cash FCF/sh	\$0.90	\$0.78	\$0.00	\$0.78	-13.3%		
<b>2023E</b>							
Pro Forma *							
Revenue	942.9	1,008.5	0.0	1,008.5	7.0%		
Op expense	846.9	907.5	0.0	907.5	7.2%		
Adjusted EBITDA	96.0	101.0	0.0	101.0	5.2%		
As Reported							
Revenue	942.9	1,008.5	0.0	1,008.5	7.0%	1,013	-0.5%
Op expense	846.9	907.5	0.0	907.5	7.2%		
Adjusted EBITDA	96.0	101.0	0.0	101.0	5.2%	102	-0.7%
Margin	10.2%	10.0%	0.0%	10.0%		10.0%	0.0%
EPS	\$0.37	\$0.43	\$0.00	\$0.43	17.9%	\$0.57	-23.9%
Cash FCF/sh	\$0.78	\$0.81	\$0.00	\$0.81	3.8%		
* reflects announced acquisitions and dispositions							
Source: Company reports, FactSet, Industry Capital Research estimates							

Figure 4: We estimate that a 2023 recession would reduce our 12-month target valuation range to \$5.50-\$6.50

Entravision Communications													
Summary of Changes to Forecast and Valuation: Recession Case													
(in \$ million except unit data)													
CAGRs	2022		DCF Valuation		EBITDA CAGRs				Risk Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-B
	Rev	EBITDA	Low	High	2019-23	2021-25	2023-27	2022-26					
Current	942.9	96.0	\$7.00	\$8.50	25%	9%	7%	10%	2.9%	5.7%	8.8%	12.1%	8.7%
Recession case	942.9	96.0	\$5.50	\$6.50	19%	5%	5%	6%	2.9%	5.7%	8.8%	12.1%	8.7%
Delta	0.0	0.0	(\$1.50)	(\$2.00)	-5.8%	-4.3%	-1.3%	-4.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Delta attribution (prior vs. current):													
Updated financial forecasts			(\$1.50)	(\$2.00)									
Updated balance sheet (e.g., earn-outs)			\$0.00	\$0.00									
Updated market risk inputs			\$0.00	\$0.00									
Subtotal			(\$1.50)	(\$2.00)									

Source: Company data and Industry Capital Research estimates

Figure 5: Our recession assumptions would cut our 2023 EBITDA estimate by ~17%

Entravision Communications (NYSE: EVC)									
Summary of Annual Estimates: Recession Case									
In millions, except per share data									
	Last Yr	Estimates			YoY %CHG			ICR vs	
		Prior	Chg	Current	Prior	Chg	Current	Consensus	Consensus
<b>2023E</b>									
Pro Forma *									
Revenue	942.9	1,008.5	(67.8)	940.7	7.0%	-7.2%	-0.2%		
Op expense	846.9	907.5	(50.3)	857.2	7.2%	-5.9%	1.2%		
Adjusted EBITDA	96.0	101.0	(17.5)	83.5	5.2%	-18.2%	-13.0%		
As Reported									
Revenue	942.9	1,008.5	(67.8)	940.7	7.0%	-7.2%	-0.2%	1,013	-7.2%
Op expense	846.9	907.5	(50.3)	857.2	7.2%	-5.9%	1.2%		
Adjusted EBITDA	96.0	101.0	(17.5)	83.5	5.2%	-18.2%	-13.0%	102	-17.9%
Margin	10.2%	10.0%	-1.1%	8.9%				10.0%	-1.2%
EPS	\$0.37	\$0.43	(\$0.12)	\$0.31	17.9%	-32.9%	-15.1%	\$0.57	-45.2%
Cash FCF/sh	\$0.78	\$0.81	(\$0.17)	\$0.64	3.8%	-21.8%	-17.9%		

\* reflects announced acquisitions and dispositions

Source: Company reports, FactSet, Industry Capital Research estimates

Figure 6: Digital Segment forecast separates Legacy Digital from Cisneros, MediaDonuts and 365 Digital acquisitions

In millions, except unit data	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E
<b>Legacy</b>													
Revenue	\$68.9	\$54.1	\$13.0	\$15.3	\$17.4	\$23.0	\$68.7	\$21.9	\$24.8	\$22.1	\$24.2	\$92.9	\$98.2
Cost of Revenue	36.8	30.6	7.4	8.7	9.9	13.2	39.2	12.4	14.1	12.6	13.9	52.9	56.0
Opex ex-cost of revenue	32.3	24.5	5.9	5.6	6.5	5.8	23.8	7.9	9.1	8.2	9.0	34.1	35.7
OCF	(0.1)	(1.0)	(0.2)	1.0	0.9	4.0	5.7	1.6	1.6	1.3	1.3	5.9	6.6
OCF Margin	-0.2%	-1.9%	-1.9%	6.8%	5.2%	17.4%	8.3%	7.4%	6.6%	5.7%	5.5%	6.3%	6.7%
<b>Acquisitions-Stand Alone</b>													
Cisneros revenue	159.4	233.3	88.5	114.9	116.6	133.8	453.9	112.5	127.7	144.2	177.7	562.1	623.6
Cisneros cost of revenue	136.2	201.7	77.6	100.4	104.7	119.1	401.7	102.9	112.8	130.9	159.9	506.4	551.9
Cisneros opex ex-cost of revenue	13.2	17.4	4.6	6.3	5.0	7.1	23.0	3.9	6.9	4.4	7.1	22.3	25.9
Cisneros OCF	9.9	14.2	6.3	8.3	6.9	7.7	29.1	5.7	8.0	8.9	10.7	33.4	45.7
CI OCF Margin	6.2%	6.1%	7.1%	7.2%	5.9%	5.7%	6.4%	5.1%	6.3%	6.2%	6.0%	5.9%	7.3%
MediaDonuts revenue	0.0	28.5	8.0	9.9	12.1	18.8	48.8	17.2	18.8	17.2	25.2	78.4	85.3
MediaDonuts cost of revenue	0.0	20.9	6.0	6.9	9.7	14.7	37.3	12.9	14.1	12.9	18.9	58.8	64.0
MediaDonuts opex ex-cost of revenue	0.0	2.5	1.8	2.7	1.5	2.3	8.2	3.1	3.4	2.4	3.3	12.3	12.0
MediaDonuts OCF	0.0	5.0	0.2	0.3	0.9	1.8	3.3	1.2	1.3	1.9	3.0	7.3	9.3
MD OCF Margin		17.7%	3.0%	3.1%	7.5%	9.7%	6.7%	6.7%	6.8%	10.9%	11.9%	9.3%	10.9%
365 Digital revenue	0.0	0.0	0.0	0.0	0.0	1.9	1.9	2.1	3.6	5.0	6.2	16.9	28.0
365 Digital cost of revenue	0.0	0.0	0.0	0.0	0.0	1.5	1.5	1.7	2.9	4.0	4.9	13.5	22.4
365 Digital opex ex-cost of revenue	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.3	0.6	0.5	0.4	1.8	3.4
365 Digital OCF	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.1	0.2	0.5	0.8	1.6	2.2
365 Digital OCF Margin		10.0%	16.9%	16.9%	44.2%	11.5%	11.5%	4.3%	4.4%	10.0%	13.4%	9.3%	7.8%
<b>Acquisitions-PF Adjustments</b>													
Cisneros revenue													
Cisneros cost of revenue													
Cisneros opex ex-cost of revenue			0.1	0.1	0.1	0.1	0.5						
Cisneros OCF			(0.1)	(0.1)	(0.1)	(0.1)	(0.5)						
MediaDonuts revenue													
MediaDonuts cost of revenue													
MediaDonuts opex ex-cost of revenue		1.0	0.0	0.0	0.0	0.0	0.1						
MediaDonuts OCF		(1.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)						
365 Digital revenue													
365 Digital cost of revenue													
365 Digital opex ex-cost of revenue													
365 Digital OCF													
<b>Acquisitions-Pro Forma</b>													
Cisneros revenue	159.4	233.3	88.5	114.9	116.6	133.8	453.9	112.5	127.7	144.2	177.7	562.1	623.6
Cisneros cost of revenue	136.2	201.7	77.6	100.4	104.7	119.1	401.7	102.9	112.8	130.9	159.9	506.4	551.9
Cisneros opex ex-cost of revenue	13.2	17.4	4.8	6.4	5.2	7.2	23.6	3.9	6.9	4.4	7.1	22.3	25.9
Cisneros OCF	9.9	14.2	6.1	8.1	6.799	7.5	28.6	5.7	8.0	8.9	10.7	33.4	45.7
OCF Margin	6.2%	6.1%	6.9%	7.1%	5.8%	5.6%	6.3%	5.1%	6.3%	6.2%	6.0%	5.9%	7.3%
MediaDonuts revenue		28.5	8.0	9.9	12.1	18.8	48.8	17.2	18.8	17.2	25.2	78.4	85.3
MediaDonuts cost of revenue		20.9	6.0	6.9	9.7	14.7	37.3	12.9	14.1	12.9	18.9	58.8	64.0
MediaDonuts opex ex-cost of revenue		3.5	1.8	2.7	1.5	2.3	8.3	3.1	3.4	2.4	3.3	12.3	12.0
MediaDonuts OCF		4.0	0.2	0.3	0.9	1.8	2.3	1.2	1.3	1.9	3.0	7.3	9.3
OCF Margin													
365 Digital revenue		0.0	0.0	0.0	0.0	1.9	1.9	2.1	3.6	5.0	6.2	16.9	28.0
365 Digital cost of revenue		0.0	0.0	0.0	0.0	1.5	1.5	1.7	2.9	4.0	4.9	13.5	22.4
365 Digital opex ex-cost of revenue		0.0	0.0	0.0	0.0	0.2	0.2	0.3	0.6	0.5	0.4	1.8	3.4
365 Digital OCF		0.0	0.0	0.0	0.0	0.2	0.2	0.1	0.2	0.5	0.8	1.6	2.2
365 Digital OCF Margin													
<b>Acquisitions-Adjustments to Reported</b>													
Cisneros revenue	(159.4)	(144.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cisneros cost of revenue	(136.2)	(125.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cisneros opex ex-cost of revenue	(13.2)	(11.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cisneros OCF pre-minority interest	(9.9)	(7.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MediaDonuts revenue	0.0	(28.5)	-8.0	-9.9	0.0	0.0	(17.9)	0.0	0.0	0.0	0.0	0.0	0.0
MediaDonuts cost of revenue	0.0	(20.9)	-6.0	-6.9	0.0	0.0	(12.9)	0.0	0.0	0.0	0.0	0.0	0.0
MediaDonuts opex ex-cost of revenue	0.0	(3.5)	-1.8	-2.7	0.0	0.0	(4.4)	0.0	0.0	0.0	0.0	0.0	0.0
MediaDonuts OCF pre-minority interest	0.0	(4.0)	-0.2	-0.3	0.0	0.0	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0
Memo: MediaDonuts minority 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
365 Digital revenue	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
365 Digital cost of revenue	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
365 Digital opex ex-cost of revenue	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
365 Digital OCF pre-minority 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
Memo: 365 Digital minority 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
<b>Acquisitions-As Reported</b>													
Cisneros revenue	0.0	89.2	88.5	114.9	116.6	133.8	453.9	112.5	127.7	144.2	177.7	562.1	623.6
Cisneros cost of revenue	0.0	76.3	77.6	100.4	104.7	119.1	401.7	102.9	112.8	130.9	159.9	506.4	551.9
Cisneros opex	0.0	6.1	4.8	6.4	5.2	7.2	23.6	3.9	6.9	4.4	7.1	22.3	25.9
Cisneros OCF	0.0	6.8	6.1	8.1	6.8	7.5	28.6	5.7	8.0	8.9	10.7	33.4	45.7
MediaDonuts revenue		0.0	0.0	0.0	12.1	18.8	30.9	17.2	18.8	17.2	25.2	78.4	85.3
MediaDonuts cost of revenue		0.0	0.0	0.0	9.7	14.7	24.4	12.9	14.1	12.9	18.9	58.8	64.0
MediaDonuts opex		0.0	0.0	0.0	1.5	2.3	3.8	3.1	3.4	2.4	3.3	12.3	12.0
MediaDonuts OCF		0.0	0.0	0.0	0.0	1.8	1.8	1.2	1.3	1.9	3.0	7.3	9.3
365 Digital revenue		0.0	0.0	0.0	0.0	1.9	1.9	2.1	3.6	5.0	6.2	16.9	28.0
365 Digital cost of revenue		0.0	0.0	0.0	0.0	1.5	1.5	1.7	2.9	4.0	4.9	13.5	22.4
365 Digital opex		0.0	0.0	0.0	0.0	0.2	0.2	0.3	0.6	0.5	0.4	1.8	3.4
365 Digital OCF		0.0	0.0	0.0	0.0	0.2	0.2	0.1	0.2	0.5	0.8	1.6	2.2
<b>Digital segment as reported</b>													
Digital revenue	68.9	143.3	101.5	130.2	146.1	177.5	555.3	153.7	174.9	188.5	233.2	750.3	835.1
Digital cost of revenue	36.8	106.9	85.0	109.0	124.3	148.399	466.7	129.9	143.8	160.4	197.6	631.7	694.3
Digital opex	32.3	30.6	10.6	12.0	13.2	15.5	51.4	15.2	20.0	15.5	19.8	70.5	77.0
Digital OCF	(0.1)	5.7	5.9	9.2	8.6	13.6	37.2	8.6	11.1	12.6	15.9	48.1	63.8

Metrics	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E
<b>Legacy growth</b>													
Reported digital revenue growth		108%	661%	1045%	970%	69%	288%	51%	34%	29%	31%	35%	11%
Legacy digital revenue growth	-14.9%	-21.4%	-2.6%	34.5%	27.4%	45.8%	26.9%	68.7%	62.1%	26.8%	5.1%	35.3%	5.7%
2-yr CAGR		-18.2%	-5.3%	-4.6%	-0.6%	7.2%	-0.2%	28.2%	47.7%	27.1%	23.8%	31.0%	19.6%
Legacy digital opex growth		-24.1%	-14.4%	-9.2%	21.5%	-4.7%	-2.8%	34.0%	62.8%	25.3%	54.4%	43.3%	4.5%
Legacy digital OCF		822.5%	-71.9%	-184.0%	95.7%	532.7%	-661.1%	-757.3%	58.5%	37.7%	-66.5%	2.9%	12.0%
<b>Cisneros growth</b>													
Cisneros revenue growth		46.4%	120.0%	173.4%	118.9%	36.9%	94.5%	27.1%	11.1%	23.7%	32.8%	23.8%	10.9%
2-yr CAGR			69.8%	73.6%	67.3%	65.5%	68.7%	67.2%	74.3%	64.5%	34.8%	55.2%	17.2%
Cisneros opex ex-COR growth		31.5%	44.3%	88.2%	22.7%	5.1%	32.5%	-16.2%	9.6%	-12.4%	0.7%	-3.1%	16.1%
Cisneros OCF		43%	266%	314%	122%	4%	105%	-9%	-3%	29%	39%	14%	37%
<b>MediaDonuts growth</b>													
MediaDonuts revenue growth y/y			154.3%	140.0%	53.5%	41.3%		114.8%	90.3%	42.2%	34.0%	60.7%	8.8%
2-yr CAGR								133.7%	113.7%	47.7%	37.6%	66.0%	32.2%
MediaDonuts opex ex-COR growth y/y			106.5%	215.0%	757.3%	264.3%		79.0%	29.1%	64.5%	42.6%	49.9%	-2.6%
MediaDonuts cost of revenue growth y/y			143%	155%	54%	56%		115%	104%	33%	29%	58%	9%
MediaDonuts OCF growth y/y			-240%	-45%	-34%	-44%		-35%	375%	313%	107%	65%	28%
<b>365 Digital growth</b>													
365 Digital revenue growth y/y												786.5%	65.7%
365 Digital opex ex-COR growth y/y												792.3%	90.6%
365 Digital cost of revenue growth y/y												810%	66%
365 Digital OCF growth y/y												621%	37%
<b>Digital segment pro forma growth</b>													
Digital revenue		38%	93%	144%	95%	40%	81%	40%	25%	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%	43%	24%	29%	33%	32%	10%
Digital opex ex-cost of revenue		0%	14%	42%	30%	11%	23%	23%	36%	18%	27%	26%	9%
Digital OCF		76%	831%	613%	73%	25%	113%	41%	17%	63%	17%	30%	33%
<b>Legacy margins</b>													
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%	-0.1%	0.0%
Legacy opex ex-COR/revenue	46.8%	45.3%	45.3%	36.6%	37.6%	25.3%	34.7%	36.0%	36.7%	37.2%	37.1%	36.7%	36.3%
Legacy OCF margin	-0.2%	-1.9%	-1.9%	6.8%	5.2%	17.4%	8.3%	7.4%	6.6%	5.7%	5.5%	6.3%	6.7%
Legacy OCF margin ^ y/y		-1.7%	4.7%	17.6%	1.8%	13.4%	10.2%	9.3%	-0.2%	0.4%	-11.8%	-2.0%	0.4%
<b>Cisneros margins</b>													
Cisneros cost of revenue/revenue	85.5%	86.4%	87.7%	87.3%	89.7%	89.0%	88.5%	91.5%	88.3%	90.7%	90.0%	90.1%	88.5%
Cisneros COR margin ^ y/y		1.0%	-0.1%	0.0%	3.3%	3.4%	2.1%	3.8%	1.0%	1.0%	1.0%	1.6%	-1.6%
Cisneros OCF margin ^ y/y		-0.1%	2.8%	2.4%	0.1%	-1.8%	0.3%	-2.0%	-0.9%	0.3%	0.3%	-0.5%	1.4%
Cisneros EBITDA margin ^ y/y		-0.1%	2.8%	2.4%	0.1%	-1.8%	0.3%	-2.0%	-0.9%	0.3%	0.3%	-0.5%	1.4%
<b>MediaDonuts margins</b>													
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%		3.7%	3.6%	3.4%	2.2%	2.6%	1.6%
MediaDonuts EBITDA margin ^ y/y			8.5%	-10.5%	-10.0%	-15.0%		3.7%	3.6%	3.4%	2.2%	2.6%	1.6%
<b>365 Digital margins</b>													
365 Digital 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 Digital 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 Digital OCF margin ^ y/y			6.9%	6.9%	34.2%	1.5%		-12.6%	-12.4%	-34.2%	2.0%	-2.1%	-1.6%
<b>Digital Segment margins</b>													
Digital Segment cost of revenue/revenue		74.6%	83.7%	83.7%	85.1%	83.6%	84.0%	84.5%	82.2%	85.1%	84.7%	84.2%	83.1%
MediaDonuts COR margin ^ y/y			28.6%	27.0%	27.9%	2.3%		0.8%	-1.5%	0.0%	1.1%	0.1%	-1.0%
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%
<b>Digital Segment reported revenue mix:</b>													
Digital as % of company revenue	25%	42%	68%	73%	73%	76%	73%	78%	79%	79%	82%	80%	83%
Cisneros Interactive as % of digital segment revenue		62%	87%	88%	80%	75%	82%	73%	73%	77%	76%	75%	75%
MediaDonuts as % of digital segment revenue		0%	0%	0%	8%	11%	6%	11%	11%	9%	11%	10%	10%
Legacy digital as % of digital segment revenue		38%	13%	12%	12%	13%	12%	14%	14%	12%	10%	12%	12%
365 Digital as % of digital segment revenue		0%	0%	0%	0%	1%	0%	1%	2%	3%	3%	2%	3%
<b>Digital Segment reported OCF mix:</b>													
Cisneros Interactive as % of digital segment OCF		118%	104%	89%	79%	56%	77%	67%	72%	71%	67%	69%	72%
MediaDonuts as % of digital segment OCF		0%	0%	0%	0%	13%	5%	13%	11%	15%	19%	15%	15%
Legacy digital as % of digital segment OCF		-18%	-4%	11%	11%	29%	15%	19%	15%	10%	8%	12%	10%
365 Digital as % of digital segment OCF		0%	0%	0%	0%	2%	1%	1%	1%	4%	5%	3%	3%
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

Note: Legacy digital is EVC's digital segment excluding Cisneros, MediaDonuts and 365 Digital. Source: Industry Capital Research estimates and company data



Figure 7: Forecast Drivers—Television Segment resets in 2022 for loss of Univision affiliations in Orlando and Tampa

In millions	2016A	2017A	2018A	2019A	2020A	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E
<b>TELEVISION SEGMENT</b>												
Television PF Rev Growth	0.3%	-7.2%	2.5%	-1.4%	3.2%	-6.9%	-16.0%	-6.0%	-6.2%	-11.4%	-9.6%	-9.0%
Reported TV revenue	\$159.5	\$148.1	\$151.7	\$149.7	\$154.5	\$146.8	\$30.9	\$32.0	\$34.2	\$35.6	\$132.7	\$120.8
Growth	7.4%	-7.2%	2.5%	-1.4%	3.2%	-4.9%	-14.5%	-6.0%	-6.2%	-11.4%	-9.6%	-9.0%
TV non-recurring items:												
TV Political/Census	8.6	0.2	9.8	0.2	22.6	0.8	1.3	1.5	1.3	4.5	8.6	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%
Incremental political	8.6	0.2	9.8	0.2	22.6	0.8	1.3	1.5	1.3	4.5	8.6	0.2
TV revenue ex political	151.0	147.9	141.9	149.4	131.9	146.0	29.6	30.5	32.9	31.1	124.1	120.6
Growth ex Political	1.8%	-2.0%	-4.0%	5.3%	-11.7%	10.7%	-18.1%	-10.4%	-8.8%	-21.9%	-15.1%	-2.8%
Retransmission Consent	29.6	31.4	35.1	35.4	36.8	37.0	9.2	8.7	8.7	8.6	35.2	33.4
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%
Incremental Retrans	29.6	31.4	35.1	35.4	36.8	37.0	9.2	8.7	8.7	8.6	35.2	33.4
TV revenue ex Retrans	130.0	116.6	116.7	114.3	117.7	109.9	21.7	23.3	25.5	27.1	97.6	87.3
Growth ex Retrans	7.6%	-10.2%	0.0%	-2.0%	3.0%	-6.6%	-18.2%	-5.9%	-6.6%	-13.6%	-11.2%	-10.5%
TV World Cup/Other Soccer	1.5	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Assm: % Incremental to Core	25.0%	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	0.4	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
TV revenue ex WC	159.1	148.1	151.7	149.7	154.5	144.8	30.9	32.0	34.2	35.6	132.7	120.8
Growth ex WC	7.1%	-7.0%	2.5%	-1.4%	3.2%	-6.2%	-14.5%	-4.6%	-2.1%	-11.4%	-9.4%	-9.0%
TV Acquisitions/Dispositions (inc. Affiliations)		(6.4)	(10.9)	(10.6)	(9.4)	(9.8)	(6.5)	(6.2)	(7.6)	(7.4)	(27.8)	(27.1)
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%
Incremental M&A	0.0	(6.4)	(10.9)	(10.6)	(9.4)	(9.8)	(6.5)	(6.2)	(7.6)	(7.4)	(27.8)	(27.1)
TV revenue ex M&A	159.5	154.5	162.6	160.3	163.9	156.6	37.4	38.2	41.8	43.0	160.5	147.9
Growth ex M&A	7.4%	-3.2%	5.3%	-1.5%	2.3%	-4.4%	-2.0%	7.2%	6.6%	-1.3%	2.5%	-7.9%
Spectrum usage/auktion	1.5	0.0	3.6	13.1	5.4	6.2	1.5	1.3	1.3	1.3	5.3	5.0
Assm: % Incremental to Core	25.0%	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	0.4	0.0	3.6	13.1	5.4	6.2	1.5	1.3	1.3	1.3	5.3	5.0
TV revenue ex Spectrum Usage	159.1	148.1	148.2	136.6	149.0	140.7	29.3	30.8	33.0	34.4	127.4	115.8
Growth ex Spectrum Usage	7.1%	-7.0%	0.1%	-7.8%	9.1%	-5.6%	-11.8%	-6.7%	-6.8%	-12.1%	-9.4%	-9.1%
PF TV revenue ex-all non-recurring	120.7	122.9	114.2	111.6	99.2	110.7	25.4	26.8	30.6	28.7	111.4	109.3
PF TV revenue growth ex all non-recurring	1.5%	1.8%	-7.1%	-2.3%	-11.2%	11.6%	-1.3%	8.2%	12.9%	-13.5%	0.6%	-1.9%
TV rev grth ex all non-rec 2-yr CAGR		1.7%	-2.7%	-4.7%	-6.8%	-0.4%	0.7%	27.1%	10.6%	-6.2%	6.0%	-0.6%
PF TV advertising growth ex-political		-3.8%	-11.3%	-2.2%	-11.2%	14.7%	-20.3%	-13.1%	-11.1%	-28.6%	-18.8%	-1.7%
TV ad rev grth ex political 2-yr CAGR		-1.9%	-7.6%	-6.9%	-6.8%	1.0%	-9.5%	17.1%	1.2%	-14.8%	-3.5%	-10.7%
PF TV revenue growth ex-political		-2.0%	-4.0%	5.3%	-11.7%	10.7%	-18.1%	-10.4%	-8.8%	-21.9%	-15.1%	-2.8%
TV rev grth ex political 2-yr CAGR		-0.1%	-3.0%	0.5%	-3.6%	-1.1%	-6.6%	8.9%	0.0%	-11.2%	-3.0%	-9.1%
PF TV advertising growth		-10.0%	-3.0%	-10.5%	10.9%	-7.6%	-14.8%	-6.8%	-7.4%	-14.6%	-11.1%	-10.8%

Source: Company reports; Industry Capital Research estimates

Figure 8: Forecast Drivers—Radio Segment should see relatively stable core revenue in 2022

In millions	2016A	2017A	2018A	2019A	2020A	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E
<b>RADIO SEGMENT</b>												
Radio PF Rev Growth	-0.4%	-11.8%	-4.5%	-13.9%	-15.9%	23.4%	9.7%	4.0%	-5.7%	5.5%	3.1%	-12.0%
Pro forma radio:												
Revenue	\$75.8	\$66.9	\$63.9	\$55.0	\$46.3	\$58.0	\$12.6	\$14.7	\$15.5	\$17.0	\$59.8	\$52.6
Growth	-0.4%	-11.8%	-4.5%	-13.9%	-15.9%	25.4%	11.4%	4.0%	-5.7%	5.5%	3.1%	-12.0%
Radio non-recurring items:												
Political/Census	2.1	0.1	2.2	0.1	5.9	0.8	0.3	0.3	0.3	1.7	2.6	0.1
Assm: % Incremental to Core	50.0%	50.0%	50.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	2.1	0.1	1.1	0.1	5.9	0.8	0.3	0.3	0.3	1.7	2.6	0.1
Radio revenue ex political	73.8	66.9	62.8	54.9	40.4	57.2	12.3	14.4	15.2	15.4	57.2	52.6
Growth ex Political	-2.7%	-9.3%	-6.0%	-12.6%	-26.4%	41.6%	8.7%	2.2%	-4.5%	-3.4%	0.1%	-8.2%
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
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%
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
Radio revenue ex NTR	35.1	36.2	36.2	38.4	39.5	39.5	12.6	14.7	15.5	17.0	39.5	39.5
Growth ex NTR	3.0%	3.0%	0.0%	6.1%	3.0%	0.0%	11.4%	4.0%	-5.7%	5.5%	0.0%	0.0%
World Cup/Other Soccer			1.9			0.0						
Assm: % Incremental to Core	66.7%	66.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup			1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex WC	75.8	66.9	63.9	55.0	46.3	58.0	12.6	14.7	15.5	17.0	59.8	52.6
Growth ex WC		-11.8%	-4.5%	-13.9%	-15.9%	25.4%	11.4%	4.0%	-5.7%	5.5%	3.1%	-12.0%
Revenue	73.8	66.9	61.8	54.9	40.4	57.2	12.3	14.4	15.2	15.4	57.2	52.6
Radio revenue growth ex all non-recurring	-2.4%	-9.3%	-7.5%	-11.2%	-26.4%	41.6%	8.7%	2.2%	-4.5%	-3.4%	0.1%	-8.2%
Radio rev grth ex all non-rec 2-yr CAGR		-5.9%	-8.4%	-9.4%	-19.2%	2.0%	7.1%	52.8%	21.4%	7.8%	19.0%	-4.1%

Source: Company reports; Industry Capital Research estimates

Figure 9: 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	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E
<b>OPERATING EXPENSE</b>												
Television PF Opex Growth				0.1%	-4.2%	-0.3%	-3.2%	-0.3%	-1.5%	-2.3%	-1.9%	-8.0%
Radio PF Opex Growth				-4.5%	-26.3%	-5.4%	-3.0%	4.0%	6.9%	-3.4%	1.0%	-7.0%
Pro forma consolidated:												
<b>Opex ex-cost of revenue</b>	<b>\$160.2</b>	<b>\$168.4</b>	<b>\$176.8</b>	<b>\$173.4</b>	<b>\$153.3</b>	<b>\$173.0</b>	<b>\$43.9</b>	<b>\$49.7</b>	<b>\$45.8</b>	<b>\$51.5</b>	<b>\$190.9</b>	<b>\$188.1</b>
Growth	4.6%	5.1%	5.0%	-1.9%	-11.6%	12.9%	8.5%	20.0%	6.3%	7.1%	10.3%	-1.4%
Non-recurring opex items:												
<b>M&amp;A (Cisneros, MediaDonuts, 365 acquisitions)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.7</b>	<b>27.6</b>	<b>7.4</b>	<b>10.9</b>	<b>7.3</b>	<b>10.8</b>	<b>36.4</b>	<b>41.3</b>
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%
Incremental Cisneros	0.0	0.0	0.0	0.0	5.7	27.6	7.4	10.9	7.3	10.8	36.4	41.3
Opex ex Cisneros adjustment	160.2	168.4	176.8	173.4	147.6	145.5	36.5	38.9	38.5	40.6	154.5	146.8
Growth ex Cisneros	4.6%	5.1%	5.0%	-1.9%	-14.9%	-1.5%	2.4%	11.0%	5.5%	6.0%	6.2%	-5.0%
<b>Fixed &amp; variable cost reductions</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(27.2)</b>	<b>(32.8)</b>	<b>(6.4)</b>	<b>(7.9)</b>	<b>(13.9)</b>	<b>(13.0)</b>	<b>(41.2)</b>	<b>(39.6)</b>
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%
Incremental cost reductions	0.0	0.0	0.0	0.0	(27.2)	(32.8)	(6.4)	(7.9)	(13.9)	(13.0)	(41.2)	(39.6)
Opex ex cost reductions adjustment	0.0	168.4	176.8	173.4	180.5	205.8	50.3	57.7	59.7	64.5	232.1	39.6
Growth ex cost reductions	-27.8%	5.0%	5.0%	-1.9%	4.1%	14.0%	10.7%	21.9%	9.5%	10.0%	12.7%	-83.0%
<b>Salary true-up</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>2.3</b>	<b>2.2</b>
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%
Incremental salary true-up	0.0	0.0	0.0	0.0	2.0	2.0	0.0	0.8	0.8	0.8	2.3	2.2
Opex ex salary true-up	0.0	168.4	176.8	173.4	151.3	171.0	43.9	48.9	45.1	50.7	188.6	(2.2)
Growth ex salary true-up	0.0	5.0%	5.0%	-1.9%	-12.7%	13.0%	8.5%	20.0%	6.2%	7.0%	10.3%	-101.2%
<b>Opex ex-non-recurring</b>	<b>160.2</b>	<b>168.4</b>	<b>176.8</b>	<b>173.4</b>	<b>172.8</b>	<b>176.3</b>	<b>42.9</b>	<b>46.0</b>	<b>51.6</b>	<b>52.9</b>	<b>193.4</b>	<b>184.1</b>
<b>Opex growth ex all non-recurring</b>	<b>8.0%</b>	<b>5.1%</b>	<b>5.0%</b>	<b>-1.9%</b>	<b>-0.3%</b>	<b>2.0%</b>	<b>5.5%</b>	<b>14.4%</b>	<b>9.3%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>-4.8%</b>
<b>Opex grth ex all non-rec 2-yr CAGR</b>		<b>6.5%</b>	<b>5.0%</b>	<b>1.5%</b>	<b>-1.1%</b>	<b>0.8%</b>	<b>3.2%</b>	<b>8.2%</b>	<b>7.0%</b>	<b>4.7%</b>	<b>5.8%</b>	<b>2.2%</b>
<b>Revenue-driven variable expense</b>	<b>41.1</b>	<b>36.7</b>	<b>35.4</b>	<b>31.2</b>	<b>31.7</b>	<b>32.3</b>	<b>6.5</b>	<b>7.4</b>	<b>8.0</b>	<b>8.6</b>	<b>30.4</b>	<b>27.0</b>
<b>Non-sales opex ex-non-recurring</b>	<b>119.1</b>	<b>131.7</b>	<b>141.4</b>	<b>142.1</b>	<b>141.1</b>	<b>143.9</b>	<b>36.4</b>	<b>38.6</b>	<b>43.7</b>	<b>44.3</b>	<b>163.0</b>	<b>157.2</b>
<b>Non-sales opex growth ex all non-recurring</b>	<b>9.3%</b>	<b>10.5%</b>	<b>7.4%</b>	<b>0.5%</b>	<b>-0.7%</b>	<b>2.0%</b>	<b>8.0%</b>	<b>18.4%</b>	<b>12.9%</b>	<b>13.8%</b>	<b>13.2%</b>	<b>-3.6%</b>
<b>Non-sales opex grth ex all non-rec 2-yr CAGR</b>		<b>9.9%</b>	<b>8.9%</b>	<b>3.9%</b>	<b>-0.1%</b>	<b>0.6%</b>	<b>6.1%</b>	<b>5.6%</b>	<b>8.2%</b>	<b>9.5%</b>	<b>7.5%</b>	<b>4.5%</b>

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. Source: Industry Capital Research estimates and company data

Figure 10: Financial Statement Forecasts Supporting Our Valuation

In millions, except per share data	2016A	2017A	2018A	2019A	2020A	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E
<b>AS REPORTED</b>												
Net revenue:												
Television	\$159.5	\$148.1	\$151.7	\$149.7	\$154.5	\$146.8	\$30.9	\$32.0	\$34.2	\$35.6	\$132.7	120.8
Radio	75.8	66.9	63.9	55.0	46.3	58.0	12.6	14.7	15.5	17.0	59.8	52.6
Net broadcast revenue	235.4	215.0	215.7	204.7	200.7	204.9	43.5	46.7	49.7	52.7	192.5	173.4
Digital	23.1	57.1	81.0	68.9	143.3	555.3	153.7	174.9	188.5	233.2	750.3	835.1
<b>Total net revenue (core)</b>	<b>258.5</b>	<b>272.1</b>	<b>296.6</b>	<b>273.6</b>	<b>344.0</b>	<b>760.2</b>	<b>197.2</b>	<b>221.6</b>	<b>238.2</b>	<b>285.9</b>	<b>942.9</b>	<b>1,008.5</b>
Revenue from spectrum usage rights		263.9	1.2	0.0	0.0	0.0					0.0	0.0
Total net revenue	258.5	536.0	297.8	273.6	344.0	760.2	197.2	221.6	238.2	285.9	942.9	1,008.5
Cost of Revenue												
Television		0.0										
Radio		0.0										
Digital	9.5	33.0	45.1	36.8	106.9	466.5	129.9	143.8	160.4	197.6	631.7	694.3
Digital cost of revenue as % of revenue	41.2%	57.8%	55.7%	53.3%	74.6%	84.0%	84.5%	82.2%	85.1%	84.7%	84.2%	83.1%
<b>Total cost of revenue (core)</b>	<b>9.5</b>	<b>33.0</b>	<b>45.1</b>	<b>36.8</b>	<b>106.9</b>	<b>466.5</b>	<b>129.9</b>	<b>143.8</b>	<b>160.4</b>	<b>197.6</b>	<b>631.7</b>	<b>694.3</b>
Cost of revenue from spectrum usage rights (television)		12.340										
Total cost of revenue	9.5	45.3	45.1	36.8	106.9	466.5	129.9	143.8	160.4	197.6	631.7	694.3
Opex												
Television opex	83.6	81.7	84.3	84.4	80.9	81.4	19.2	19.5	19.8	21.3	79.9	73.5
Radio opex	65.4	63.3	59.4	56.7	41.8	40.0	9.4	10.3	10.5	10.3	40.4	37.6
Digital opex	11.2	23.4	33.1	32.3	30.6	51.6	15.2	20.0	15.5	19.8	70.5	77.0
<b>Total opex (core)</b>	<b>160.2</b>	<b>168.4</b>	<b>176.8</b>	<b>173.4</b>	<b>153.3</b>	<b>173.0</b>	<b>43.9</b>	<b>49.7</b>	<b>45.8</b>	<b>51.5</b>	<b>190.9</b>	<b>188.1</b>
Spectrum usage rights												
Total Opex	160.2	168.4	176.8	173.4	153.3	173.0	43.9	49.7	45.8	51.5	190.9	188.1
OCF												
Television OCF	75.9	66.3	67.4	65.2	73.6	65.4	\$11.6	\$12.5	\$14.4	\$14.3	52.8	47.3
TV OCF Margin	47.6%	44.8%	44.4%	43.6%	47.6%	44.6%	37.7%	39.2%	42.0%	40.1%	39.8%	39.1%
Incremental Margin	-566.3%	83.6%	30.3%	105.6%	173.4%	106.6%					89.3%	46.5%
Radio OCF	10.5	3.6	4.6	(1.7)	4.5	18.0	3.2	4.4	5.0	6.7	19.4	15.0
Radio OCF margin	13.8%	5.4%	7.1%	-3.1%	9.7%	31.0%	25.5%	30.0%	32.6%	39.4%	32.4%	28.5%
Incremental Margin	1189.2%	76.7%	-31.0%	70.1%	-70.4%	114.9%						60.6%
Digital OCF	2.4	0.7	2.8	(0.1)	5.7	37.2	8.6	11.1	12.6	15.9	48.1	63.8
Digital OCF margin	10.2%	1.3%	3.4%	-0.2%	4.0%	6.7%	5.6%	6.3%	6.7%	6.8%	6.4%	7.6%
Incremental Margin	28.8%	-4.8%	8.5%	23.9%	7.9%	7.6%					5.6%	18.5%
<b>Total OCF (core)</b>	<b>88.7</b>	<b>70.7</b>	<b>74.8</b>	<b>63.4</b>	<b>83.8</b>	<b>120.6</b>	<b>23.4</b>	<b>28.0</b>	<b>32.0</b>	<b>36.9</b>	<b>120.3</b>	<b>126.1</b>
Margin	34.3%	26.0%	25.2%	23.2%	24.4%	15.9%	11.9%	12.7%	13.4%	12.9%	12.8%	12.5%
Incremental Margin	-114.5%	-132.9%	16.6%	49.1%	0.0	0.0	-0.6%	0.2%	1.0%	-1.1%	0.0	0.0
Spectrum sales	0.0	251.6	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total OCF	88.7	322.3	75.9	63.4	83.8	120.6	23.4	28.0	32.0	36.9	120.3	126.1
Total OCF Margin	34.3%	60.1%	25.5%	23.2%	24.4%	15.9%	11.9%	12.7%	13.4%	12.9%	12.8%	12.5%
Incremental Margin	-114.5%	84.2%	103.4%	51.6%	24.4%	15.9%	-0.6%	0.2%	1.0%	-1.1%	0.0	0.0
Corporate Expense	24.5	27.9	26.9	28.1	27.8	33.0	8.7	8.8	8.5	8.6	34.7	35.7
GAAP EBITDA	64.2	294.4	49.1	35.4	56.0	87.6	14.7	19.2	23.5	28.2	85.6	90.4
Corporate non-cash comp	3.7	4.9	5.1	3.6	3.9	6.4	1.6	1.7	1.7	1.5	6.5	6.6
Opex adjustments to cash:												
Amortization of syndication contracts	(0.4)	(0.5)	(0.7)	(0.5)	(0.5)	(0.5)	(0.1)	(0.3)	(0.4)	(0.4)	(0.5)	(0.3)
Payments on syndication contracts	(0.4)	(0.4)	(0.6)	(0.5)	(0.5)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.5)
Non-cash comp in direct opex	1.3	1.2	0.7	0.7	1.2	3.2	1.0	1.0	1.0	1.0	3.9	4.0
Non-recurring cash severance			0.8	2.3	1.7	0.4						
EBITDA attributable to redeemable noncontrolling interest				3.4	9.1	9.1	0.0	0.0	0.0	0.0	0.0	0.0
Total opex (positive) adjustments to cash	(1.3)	(1.2)	(1.5)	(2.9)	0.5	5.5	(1.0)	(1.0)	(1.0)	(0.9)	(3.9)	(4.0)
Foreign currency (gain) loss	0.0	0.4	1.6	0.8	(1.1)	0.5	(0.8)	0.2	0.3	0.3	0.0	0.0
Total Adjusted EBITDA	69.2	300.1	54.0	41.2	60.4	88.0	18.1	21.7	25.8	30.3	96.0	101.0
Other opex for spectrum (in corporate)		2.1	1.2									
<b>Adjusted EBITDA (core)</b>	<b>69.2</b>	<b>50.6</b>	<b>54.0</b>	<b>41.2</b>	<b>60.4</b>	<b>88.0</b>	<b>18.1</b>	<b>21.7</b>	<b>25.8</b>	<b>30.3</b>	<b>96.0</b>	<b>101.0</b>
Memo: adj. EBITDA (core) reported	69.2	50.6	54.0	41.2	60.4	88.0	18.1	21.7	25.8	30.3	96.0	101.0
Model variance: adj. EBITDA	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.5)	(0.5)
Adj. EBITDA core margin	26.8%	18.6%	18.2%	15.1%	17.6%	11.6%	9.2%	9.8%	10.8%	10.6%	10.2%	10.0%
Incremental Margin	-161.7%	-137.3%	14.0%	55.6%	27.3%	6.6%	8.1%	9.2%	6.7%	-4.9%	4.4%	7.6%

Source: Industry Capital Research estimates and company data

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

In millions, except per share data	2016A	2017A	2018A	2019A	2020A	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E
Memo: cash opex (core)	\$158.9	\$167.2	\$175.3	\$170.4	\$153.8	\$178.5	\$42.9	\$48.7	\$44.8	\$50.5	\$187.0	\$184.1
Memo: cash corporate expense	20.8	23.1	21.8	24.4	23.9	26.6	7.1	7.1	6.8	7.1	28.2	29.1
Memo: total non-cash comp	5.0	6.1	5.8	4.4	5.1	9.6	2.6	2.7	2.6	2.5	10.4	10.6
Memo: adj. EBITDA - (OCF - cash corporate)	1.3	3.0	1.1	2.2	0.6	(6.0)	1.8	0.8	0.7	0.6	3.9	4.0
Memo: PF EBITDA attributable to redeemable noncontrolling interest												
D&A	15.3	16.4	16.3	16.6	17.3	22.4	6.4	6.4	6.4	6.4	25.6	26.2
D&A % of Revenue	5.9%	6.0%	5.5%	6.1%	5.0%	2.9%	3.2%	2.9%	2.7%	2.2%	2.7%	2.6%
Change in fair value contingent consideration			(1.2)	(6.478)	0.000	8.2	5.1	0.0	0.0	0.0	5.1	0.0
Impairments	0.0	0.0	0.0	32.1	40.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating (gain) loss		(0.3)	(1.2)	(6.0)	(6.9)	(7.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.4)
Gain (Loss) on Sale	(0.1)	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
<b>Operating Income (EBIT Inc. Impairments)</b>	<b>48.9</b>	<b>277.9</b>	<b>33.6</b>	<b>(1.7)</b>	<b>6.6</b>	<b>60.5</b>	<b>4.2</b>	<b>12.7</b>	<b>16.9</b>	<b>21.6</b>	<b>55.3</b>	<b>64.6</b>
Operating Margin %	18.9%	51.8%	11.3%	-0.6%	1.9%	8.0%	2.1%	5.7%	7.1%	7.5%	5.9%	6.4%
Interest expense	(15.5)	(16.7)	(13.7)	(13.7)	(8.3)	(6.9)	(1.4)	(1.5)	(1.5)	(1.5)	(6.0)	(8.4)
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
Interest income	0.3	0.8	2.0	3.4	1.7	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Net interest expense	(15.2)	(15.9)	(11.8)	(10.3)	(6.5)	(6.8)	(1.4)	(1.5)	(1.5)	(1.5)	(6.0)	(8.4)
Loss on debt extinguishment	(0.2)	(3.3)	(0.6)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other income, net	0.0	0.0	0.2	0.9	0.0	0.2	0.0	0.0	0.0	(0.0)	0.0	0.0
<b>Pretax income</b>	<b>33.5</b>	<b>258.6</b>	<b>21.4</b>	<b>(11.3)</b>	<b>0.1</b>	<b>53.9</b>	<b>2.7</b>	<b>11.2</b>	<b>15.4</b>	<b>20.0</b>	<b>49.4</b>	<b>56.2</b>
Pretax margin	13.0%	48.2%	7.2%	NM	0.0%	7.1%	1.4%	5.1%	6.4%	7.0%	5.2%	5.6%
Income (taxes) benefit	(13.1)	(82.6)	(7.9)	(8.2)	(1.5)	(18.7)	(0.9)	(4.0)	(5.1)	(7.3)	(17.3)	(19.7)
Effective tax rate	39.1%	31.9%	36.8%	-72.1%	1276.3%	34.6%	31.1%	35.5%	33.3%	36.5%	35.0%	35.0%
Cash tax rate	1.8%	0.3%	15.2%	-25.2%	6552.5%	7.7%	44.2%	23.1%	16.9%	19.8%	21.0%	24.6%
Net Income (Before Equity Investments)	20.4	176.0	13.5	(19.5)	(1.4)	35.2	1.9	7.2	10.2	12.7	32.1	36.5
Equity in net of noncon. affils.	0.0	(0.3)	(1.4)	(0.2)	0.0	0.0	0.0	(0.1)	(0.1)	0.2	0.0	0.0
Reported Net income	20.4	175.7	12.2	(19.7)	(1.4)	35.2	1.9	7.2	10.1	12.9	32.1	36.5
Net margin	26.8%	9.4%	18.1%	15.1%	17.6%	11.6%	9.2%	9.8%	10.8%	10.6%	10.2%	10.0%
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
Minority interest					2.5	5.9	0.0	0.0	0.0	0.0	0.0	0.0
Net inc. to common pre-1-time	20.4	175.7	12.2	(19.7)	(3.9)	29.3	1.9	7.2	10.1	12.9	32.1	36.5
Net margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EPS - Basic, Continuing Operations	\$0.23	\$1.95	\$0.14	(\$0.23)	(\$0.05)	\$0.34	\$0.02	\$0.08	\$0.12	\$0.15	\$0.38	\$0.44
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
<b>Net income to common</b>	<b>20.4</b>	<b>175.7</b>	<b>12.2</b>	<b>(19.7)</b>	<b>(3.9)</b>	<b>29.3</b>	<b>1.9</b>	<b>7.2</b>	<b>10.1</b>	<b>12.9</b>	<b>32.1</b>	<b>36.5</b>
EPS - basic	\$0.23	\$1.95	\$0.14	(\$0.23)	(\$0.05)	\$0.34	\$0.02	\$0.08	\$0.12	\$0.15	\$0.38	\$0.44
<b>EPS - diluted</b>	<b>\$0.22</b>	<b>\$1.91</b>	<b>\$0.13</b>	<b>(\$0.23)</b>	<b>(\$0.05)</b>	<b>\$0.33</b>	<b>\$0.02</b>	<b>\$0.08</b>	<b>\$0.12</b>	<b>\$0.15</b>	<b>\$0.37</b>	<b>\$0.43</b>
EPS reported by company	\$0.22	\$1.91	\$0.13	(\$0.23)	(\$0.05)	\$0.33	\$0.02	\$0.08	\$0.12	\$0.15	\$0.37	\$0.43
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
Pro forma adjustments	0.0	0.0	0.0	0.0	39.8	9.6	5.1	0.0	0.0	0.0	5.1	0.0
Pro forma net income	20.4	175.7	12.2	(19.7)	35.9	38.9	7.0	7.2	10.1	12.9	37.2	36.5
Pro forma EPS - basic	\$0.23	\$1.95	\$0.14	(\$0.23)	\$0.43	\$0.46	\$0.08	\$0.08	\$0.12	\$0.15	\$0.44	\$0.44
<b>Pro forma EPS</b>	<b>\$0.22</b>	<b>\$1.91</b>	<b>\$0.13</b>	<b>(\$0.23)</b>	<b>\$0.43</b>	<b>\$0.44</b>	<b>\$0.08</b>	<b>\$0.08</b>	<b>\$0.12</b>	<b>\$0.15</b>	<b>\$0.43</b>	<b>\$0.43</b>
EPS shares - Basic	89.3	90.3	89.1	85.1	84.2	85.3	86.5	86.0	84.7	83.3	85.1	82.1
EPS shares - Diluted	91.3	91.9	90.3	85.1	84.2	87.9	88.6	88.2	86.8	85.4	87.3	84.2
Free Cash Flow:												
EBITDA	69.2	50.6	54.0	41.2	60.4	88.0	18.1	21.7	25.8	30.3	96.0	101.0
Cash net interest	(14.4)	(12.7)	(10.6)	(9.4)	(5.9)	(6.2)	(1.2)	(1.5)	(1.5)	(1.8)	(6.0)	(8.4)
Other adjustments to cash		250.0	1.9	4.7	5.3	6.8	0.1				0.1	
- Cash taxes	(0.6)	(0.8)	(3.3)	(2.8)	(7.7)	(4.1)	(1.2)	(2.6)	(2.6)	(4.0)	(10.4)	(13.8)
Cash taxes / EBITDA	1%	2%	6%	7%	13%	5%	7%	12%	10%	13%	11%	14%
Minus: capex	(9.1)	(12.1)	(17.0)	(25.3)	(9.5)	(5.6)	(1.5)	(3.5)	(3.5)	(3.5)	(12.0)	(10.6)
Capex / D&A	59%	74%	105%	152%	55%	25%	24%	54%	54%	54%	47%	40%
Capex / EBITDA	13%	24%	31%	61%	16%	6%	9%	16%	14%	11%	13%	10%
Plus: cost of revenue for spectrum usage rights		12.1										
<b>= Free Cash Flow</b>	<b>45.2</b>	<b>287.1</b>	<b>25.0</b>	<b>8.3</b>	<b>42.6</b>	<b>78.9</b>	<b>14.3</b>	<b>14.2</b>	<b>18.2</b>	<b>21.0</b>	<b>67.8</b>	<b>68.2</b>
Free cash flow (reported by company)	45.2	287.1	25.0	8.3	43.0	78.9	14.3	14.2	18.2	21.0	67.8	68.2
<b>Free Cash Flow (core)</b>	<b>45.2</b>	<b>37.6</b>	<b>25.0</b>	<b>8.3</b>	<b>42.6</b>	<b>78.9</b>	<b>14.3</b>	<b>14.2</b>	<b>18.2</b>	<b>21.0</b>	<b>67.8</b>	<b>68.2</b>
<b>FCF per share (core)</b>	<b>\$0.50</b>	<b>\$0.41</b>	<b>\$0.28</b>	<b>\$0.10</b>	<b>\$0.51</b>	<b>\$0.90</b>	<b>\$0.16</b>	<b>\$0.16</b>	<b>\$0.21</b>	<b>\$0.25</b>	<b>\$0.78</b>	<b>\$0.81</b>
Memo: FCF/Adjusted EBITDA (core)	65.3%	74.3%	46.3%	20.1%	70.5%	89.9%	79.1%	65.3%	70.6%	69.4%	70.6%	67.5%
Dividends per basic share	\$0.13	\$0.16	\$0.20	\$0.20	\$0.13	\$0.10	\$0.03	\$0.03	\$0.03	\$0.03	\$0.10	\$0.10
- Dividends	(11.2)	(14.7)	(17.8)	(17.0)	(10.5)	(8.5)	(2.2)	(2.2)	(2.1)	(2.1)	(8.5)	(8.2)
Dividends as % of FCF	24.7%	39.0%	71.1%	204.6%	24.7%	10.8%	15.1%	15.2%	11.6%	9.9%	12.6%	12.0%

Source: Industry Capital Research estimates and company data

Figure 12: Financial Statement Forecasts supporting our valuation (cont.)

ANNUAL PERCENTAGE CHANGE	2016A	2017E	2018A	2019A	2020A	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E
Net revenue growth	1.7%	107.4%	-44.4%	-8.1%	25.8%	121.0%	32.4%	24.2%	19.7%	22.2%	24.0%	7.0%
<b>Net revenue (core) growth</b>	<b>1.7%</b>	<b>5.3%</b>	<b>9.0%</b>	<b>-7.8%</b>	<b>25.8%</b>	<b>121.0%</b>	<b>32.4%</b>	<b>24.2%</b>	<b>19.7%</b>	<b>22.2%</b>	<b>24.0%</b>	<b>7.0%</b>
TV revenue growth	0.3%	-7.2%	2.5%	-1.4%	3.2%	-4.9%	-14.5%	-6.0%	-6.2%	-11.4%	-9.6%	-9.0%
Radio revenue growth	-0.4%	-11.8%	-4.5%	-13.9%	-15.9%	25.4%	11.4%	4.0%	-5.7%	5.5%	3.1%	-12.0%
Digital revenue growth	22.5%	146.7%	41.8%	-14.9%	108.0%	287.5%	51.5%	34.3%	29.0%	31.4%	35.1%	11.3%
Cost of revenue	31.7%	NM	36.7%	-18.5%	NM	NM	53.3%	31.9%	29.0%	33.1%	35.4%	9.9%
Direct expense	3.7%	-2.2%	3.1%	41.7%	-12.1%	-22.4%	-3.2%	-0.3%	-1.5%	-2.3%	-1.9%	-8.0%
SG&A	5.9%	NM	NM	-21.1%	-10.3%	NM	-3.0%	4.0%	6.9%	33.1%	28.6%	7.3%
Opex	5.9%	NM	NM	-4.8%	23.8%	NM	38.8%	28.6%	23.2%	26.8%	28.6%	7.3%
<b>Opex (core)</b>	<b>4.6%</b>	<b>5.1%</b>	<b>5.0%</b>	<b>-1.9%</b>	<b>-11.6%</b>	<b>12.9%</b>	<b>8.5%</b>	<b>20.0%</b>	<b>6.3%</b>	<b>7.1%</b>	<b>10.3%</b>	<b>-1.4%</b>
TV opex	3.7%	-2.2%	3.1%	0.1%	-4.2%	0.6%	-3.2%	-0.3%	-1.5%	-2.3%	-1.9%	-8.0%
Radio opex	5.5%	-3.2%	-6.2%	-4.5%	-26.3%	-4.2%	-3.0%	4.0%	6.9%	-3.4%	1.0%	-7.0%
Digital opex	7.0%	107.8%	41.8%	-2.6%	-5.0%	68.5%	40.4%	66.2%	17.8%	27.4%	36.7%	9.2%
<b>Total OCF (core)</b>	<b>-5.3%</b>	<b>-20.3%</b>	<b>5.8%</b>	<b>-15.2%</b>	<b>32.1%</b>	<b>44.0%</b>	<b>-1.2%</b>	<b>0.4%</b>	<b>1.3%</b>	<b>-1.5%</b>	<b>-0.3%</b>	<b>4.8%</b>
TV OCF	-3.2%	-12.6%	1.7%	-3.3%	12.8%	-11.0%	-28.3%	-13.8%	-11.9%	-22.3%	-19.3%	-10.5%
Radio OCF	-26.3%	-65.4%	25.8%	NM	NM	NM	97.1%	4.2%	-24.2%	22.9%	7.8%	-22.4%
Digital OCF	NM	-68.5%	NM	NM	NM	NM	46.1%	21.0%	46.0%	16.8%	29.2%	32.7%
Corporate expense	9.0%	12.1%	1.0%	3.0%	3.0%	3.0%	-2.0%	-13.0%	4.2%	47.9%	3.0%	3.0%
<b>Adjusted EBITDA (core)</b>	<b>-9.3%</b>	<b>-26.9%</b>	<b>6.8%</b>	<b>-23.7%</b>	<b>46.6%</b>	<b>45.7%</b>	<b>27.6%</b>	<b>22.3%</b>	<b>11.2%</b>	<b>-7.7%</b>	<b>9.0%</b>	<b>5.2%</b>
D & A	-4.0%	7.0%	-0.8%	2.3%	3.8%	29.7%	23.4%	26.0%	8.4%	2.1%	14.1%	2.5%
Operating income	-11.5%	NM	-88.5%	-36.9%	88.3%	47.4%	15.2%	9.1%	3.6%	5.8%	7.2%	-100.0%
Pretax income	-20.3%	NM	-91.7%	NM	NM	NM	-72.0%	-22.3%	-19.2%	88.2%	-8.4%	13.8%
Net income pre-extra.	-20.5%	NM	-93.1%	NM	NM	NM	-65.2%	-8.7%	-16.4%	NM	9.6%	13.8%
EPS, Continuing Operations	-20.7%	NM	-92.8%	NM	NM	NM	-66.7%	-11.1%	-14.3%	NM	11.8%	15.8%
<b>EPS - diluted</b>	<b>-21.4%</b>	<b>NM</b>	<b>-93.0%</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>-65.9%</b>	<b>-9.1%</b>	<b>-15.0%</b>	<b>NM</b>	<b>10.4%</b>	<b>17.9%</b>
FCF/share	NM	-18.0%	-31.7%	-64.3%	NM	76.5%	6.7%	14.3%	-16.0%	-28.6%	-13.3%	3.8%
EPS shares - Diluted	1.1%	0.6%	-1.7%	-5.8%	-1.0%	4.4%	1.9%	0.4%	-1.7%	-3.5%	-0.7%	-3.5%

Source: Industry Capital Research estimates and company data

Figure 13: Financial Statement Forecasts supporting our valuation (cont.)

Segments												
In millions	2016A	2017A	2018A	2019A	2020A	2021A	1Q22A	2Q22E	3Q22E	4Q22E	2022E	2023E
<b>AS REPORTED</b>												
Revenue:												
Television	\$159.5	\$148.1	\$151.7	\$149.7	\$154.5	\$146.8	\$30.9	\$32.0	\$34.2	\$35.6	\$132.7	\$120.8
Radio	75.8	66.9	63.9	55.0	46.3	58.0	12.6	14.7	15.5	17.0	59.8	52.6
Digital	23.1	57.1	81.0	68.9	143.3	555.3	153.7	174.9	188.5	233.2	750.3	835.1
Revenue	258.5	272.1	296.6	273.6	344.0	760.2	197.2	221.6	238.2	285.9	942.9	1,008.5
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
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
Digital	9.5	33.0	45.1	36.8	106.9	466.5	129.9	143.8	160.4	197.6	631.7	694.3
Cost of revenue	9.5	33.0	45.1	36.8	106.9	466.5	129.9	143.8	160.4	197.6	631.7	694.3
Opex:												
Television	83.6	81.7	84.3	84.4	80.9	81.4	19.2	19.5	19.8	21.3	79.9	73.5
Radio	65.4	63.3	59.4	56.7	41.8	40.0	9.4	10.3	10.5	10.3	40.4	37.6
Digital	11.2	23.4	33.1	32.3	30.6	51.6	15.2	20.0	15.5	19.8	70.5	77.0
Opex	160.2	168.4	176.8	173.4	153.3	173.0	43.9	49.7	45.8	51.5	190.9	188.1
OCF:												
Television	75.9	66.3	67.4	65.2	73.6	65.4	11.6	12.5	14.4	14.3	52.8	47.3
Radio	10.5	3.6	4.6	(1.7)	4.5	18.0	3.2	4.4	5.0	6.7	19.4	15.0
Digital	2.4	0.7	2.8	(0.1)	5.7	37.2	8.6	11.1	12.6	15.9	48.1	63.8
OCF	88.7	70.7	74.8	63.4	83.8	120.6	23.4	28.0	32.0	36.9	120.3	126.1
<b>PRO FORMA</b>												
Revenue:												
Television	159.5	148.1	151.7	149.7	154.5	146.8	30.9	32.0	34.2	35.6	132.7	120.8
Radio	75.8	66.9	63.9	55.0	46.3	58.0	12.6	14.7	15.5	17.0	59.8	52.6
Digital			92.1	228.3	315.9	573.2	153.7	174.9	188.5	233.2	750.3	835.1
Revenue	273.7	281.7	307.8	433.0	516.6	778.1	197.2	221.6	238.2	285.9	942.9	1,008.5
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
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
Digital	9.5	33.0	45.1	173.0	253.2	479.7	129.9	143.8	160.4	197.6	631.7	694.3
Cost of revenue	9.5	33.0	45.1	173.0	253.2	479.7	129.9	143.8	160.4	197.6	631.7	694.3
Opex:												
Television	83.6	81.7	84.3	84.4	80.9	81.4	19.2	19.5	19.8	21.3	79.9	73.5
Radio	65.4	63.3	59.4	56.7	41.8	40.0	9.4	10.3	10.5	10.3	40.4	37.6
Digital			43.9	45.5	45.4	55.8	15.2	20.0	15.5	19.8	70.5	77.0
Opex	160.2	168.4	187.6	186.6	168.1	177.3	43.9	49.7	45.8	51.5	190.9	188.1
OCF:												
Television	75.9	66.3	67.4	65.2	73.6	65.4	11.6	12.5	14.4	14.3	52.8	47.3
Radio	10.5	3.6	4.6	(1.7)	4.5	18.0	3.2	4.4	5.0	6.7	19.4	15.0
Digital	17.5	10.4	3.2	9.8	17.3	37.7	8.6	11.1	12.6	15.9	48.1	63.8
OCF	103.9	80.3	75.2	73.4	95.3	121.2	23.4	28.0	32.0	36.9	120.3	126.1
<b>CONSOLIDATED PRO FORMA</b>												
Revenue	273.7	281.7	307.8	433.0	516.6	778.1	197.2	221.6	238.2	285.9	942.9	1,008.5
Growth	7.7%	2.9%	9.3%	40.7%	19.3%	50.6%	25.7%	17.7%	19.7%	22.2%	21.2%	7.0%
Cost of Revenue	9.5	33.0	45.1	173.0	253.2	479.7	129.9	143.8	160.4	197.6	631.7	694.3
Growth	31.7%	246.0%	36.7%	283.6%	46.4%	89.4%	42.8%	24.0%	29.0%	33.1%	31.7%	9.9%
Opex	160.2	168.4	187.6	186.6	168.1	177.3	43.9	49.7	45.8	51.5	190.9	188.1
Growth	4.6%	5.1%	11.4%	-0.5%	-9.9%	5.5%	4.5%	12.8%	6.3%	7.1%	7.7%	-1.4%
OCF	103.9	80.3	75.2	73.4	95.3	121.2	23.4	28.0	32.0	36.9	120.3	126.1
Growth	2.9%	-22.7%	-6.4%	-2.4%	29.9%	27.1%	-2.2%	-0.7%	1.3%	-1.5%	-0.7%	4.8%
Corporate	20.8	23.1	21.8	24.4	23.9	26.6	7.1	7.1	6.8	7.1	28.2	29.1
Growth	8.5%	10.8%	-5.5%	12.0%	-2.0%	11.3%	11.0%	8.6%	5.7%	-1.0%	5.9%	3.2%
Memo: adj. EBITDA - (OCF - cash corporate)	1.3	3.0	1.1	2.2	0.6	(6.0)	1.8	0.8	0.7	0.6	3.9	4.0
EBITDA	84.4	60.2	54.4	51.2	71.9	88.6	18.1	21.7	25.8	30.3	96.0	101.0
Growth	3.2%	-28.7%	-9.6%	-6.0%	40.6%	23.1%	25.6%	20.3%	11.2%	-7.7%	8.4%	5.2%

Source: Industry Capital Research estimates and company data

Figure 14: DCF analysis supports \$7.50 12-month price target within \$7.8-8.50 range

Entravision DCF analysis			
<i>\$ in millions except per share amounts</i>			
	Current	YE 2022	YE 2023
Firm Value	708	710	707
(-) Total Net Debt	107	40	(29)
(+) NOLs/Tax Assets	30	30	30
(-) Options (Claims on Entravision)	(2.9)	(2.9)	(2.9)
Common Equity Value	627.1	696.8	762.8
Shares Outstanding	87.4	87.4	87.4
Current Share Price	\$5.23	\$5.23	\$5.23
Value Per Share	\$7.18	\$7.97	\$8.73
12-month	\$8.50		
12-month (SoTP)	\$7.00		

ASSUMPTIONS					
Risk Free Rate	2.88%				
Equity Premium	5.73%				
Assumed LT Growth Rate (g)	0%				
<b>MV of Equity Calculation</b>					
Share Price	\$5.23				
Outstanding Shares	87.4				
<b>MV of Equity</b>	<b>457.0</b>				
<b>Estimate MV of Debt Calculation</b>					
Interest Expense	6.9				
Current Cost of Debt	6.0%				
Wgtd Avg Maturity of Debt					
BV of Debt	107.4				
<b>Estimate MV of Debt</b>	<b>107.4</b>				

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
<b>Discounted Cash Flow</b>											
EBITDA	54.0	41.2	60.4	88.0	96.0	101.0	128.8	123.3	138.8	130.7	
EBIT	37.8	24.6	43.1	65.6	70.4	74.7	95.1	87.5	100.5	91.7	96.1
Less Cash Taxes	(11.3)	(7.4)	(12.9)	(19.7)	(21.1)	(22.4)	(28.5)	(26.2)	(30.2)	(27.5)	(33.6)
Plus D&A	16.3	16.6	17.3	22.4	25.6	26.2	33.7	35.8	38.3	39.1	39.1
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(12.0)	(10.6)	(11.1)	(11.7)	(12.3)	(12.9)	(39.1)
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)
<b>Free Cash Flow to Firm</b>	<b>16.3</b>	<b>(0.1)</b>	<b>46.6</b>	<b>47.2</b>	<b>60.2</b>	<b>64.5</b>	<b>84.7</b>	<b>80.8</b>	<b>91.2</b>	<b>85.4</b>	<b>57.4</b>
Tax Rate		30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%
Net Debt											
Leverage Mult.											
D/Equity											
D/EV											
E/EV											
Unlevered Beta											
Levered Beta											
D/Equity (long-term target)											
Cost of Debt (AT)											
Cost of Equity											
WACC				9%	9%	9%	9%	9%	9%	9%	
PV of CF					55.3	54.6	65.8	57.7	59.9	51.6	
						59.3	71.6	62.8	65.1	56.1	
							77.8	68.3	70.8	61.0	
											653.9
											5x EBITDA

	Current	YE 2022	YE 2023
Sum of PV	344.8	314.9	278.0
PV of Terminal Value	362.9	394.8	429.4
NPV of all CF	707.7	709.7	707.4

Source: Industry Capital Research estimates and company data

Figure 15: DCF analysis allocates ~70% of firm value to digital media business

Entravision DCF analysis - Digital			
\$ in millions except per share amounts			
	Current	YE 2022	YE 2023
Firm Value	406	422	428
(-) Total Net Debt	-	-	-
(+) NOLs			
(-) Options (Claims on Entravision)			
Common Equity Value	406.1	421.7	428.0
Shares Outstanding	87.4	87.4	87.4
Current Share Price	\$5.23	\$5.23	\$5.23
Value Per Share	\$4.65	\$4.83	\$4.90
12-month	\$5.00		
Minority Interest		1	

ASSUMPTIONS		CAGRs			
		2018-22	2020-24	2022-26	2025-26
Risk Free Rate	2.9%				
Equity Premium	5.7%				
Assumed LT Growth Rate (g)	1%				
<b>MV of Equity Calculation</b>					
Share Price	\$5.23				
Outstanding Shares	87.4				
<b>MV of Equity</b>	<b>457.0</b>				
<b>Estimate MV of Debt Calculation</b>					
Interest Expense	6.9				
Current Cost of Debt	6.0%				
Wgtd Avg Maturity of Debt					
BV of Debt	-				
<b>Estimate MV of Debt</b>	<b>-</b>				

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
<b>Discounted Cash Flow</b>											
EBITDA	2.8	(0.1)	2.3	28.1	48.1	63.8	76.8	89.1	99.7	105.1	
EBIT	2.8	(0.1)	2.3	23.0	39.3	52.1	62.7	72.8	81.5	85.8	78.0
Less Cash Taxes	(0.8)	0.0	(0.7)	(6.9)	(11.8)	(15.6)	(18.8)	(21.9)	(24.4)	(25.8)	(27.3)
Plus D&A				5.1	8.8	11.7	14.0	16.3	18.2	19.2	16.3
Less Cap Ex											(16.3)
Less Increase in WC				(15.5)	(2.7)	(3.4)	(4.5)	(4.5)	(5.2)	(4.9)	(4.9)
<b>Free Cash Flow to Firm</b>	<b>1.9</b>	<b>(0.1)</b>	<b>1.6</b>	<b>5.7</b>	<b>33.6</b>	<b>44.8</b>	<b>53.4</b>	<b>62.8</b>	<b>70.1</b>	<b>74.4</b>	<b>45.8</b>
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	1.61										
Levered Beta	1.6										
D/Equity (projected long term)	0.0%										
Cost of Debt (AT)	4.2%										
Cost of Equity	12.1%										
<b>WACC</b>	<b>12.1%</b>		12%	12%	12%	12%	12%	12%	12%	12%	
PV of CF					30.0	35.6	37.9	39.7	39.6	37.5	
						39.9	42.5	44.6	44.4	42.0	
							47.7	49.9	49.7	47.1	
<b>Sum of PV</b>	<b>220.3</b>	<b>213.4</b>	<b>194.5</b>								413.5
<b>PV of Terminal Value</b>	<b>185.8</b>	<b>208.3</b>	<b>233.5</b>								4x EBITDA
<b>NPV of all CF</b>	<b>406.1</b>	<b>421.7</b>	<b>428.0</b>								

Source: Industry Capital Research estimates and company data



Figure 16: DCF analysis allocates ~30% of firm value to broadcasting business

Entravision DCF analysis - Broadcasting			
\$ in millions except per share amounts			
	Current	YE 2022	YE 2023
Firm Value	162	149	142
(-) Total Net Debt	107	40	(29)
(+) NOLs	30	30	30
(-) Options (Claims on Entravision)	(2.9)	(2.9)	(2.9)
Common Equity Value	81.1	136.3	197.7
Shares Outstanding	87.4	87.4	87.4
Current Share Price	\$5.23	\$5.23	\$5.23
Value Per Share	\$0.93	\$1.56	\$2.26
12-month	\$2.00		

ASSUMPTIONS					
Risk Free Rate	2.9%			CAGRs	
Equity Premium	5.7%			2018-22	2020-24
Assumed LT Growth Rate (g)	-1%			2022-26	2025-26
<b>MV of Equity Calculation</b>				EBITDA	-2%
Share Price	\$5.23			FCF to Firm	-3%
Outstanding Shares	87.4				-5%
<b>MV of Equity</b>	<b>457.0</b>				15%
<b>Estimate MV of Debt Calculation</b>					
Interest Expense	6.9				
Current Cost of Debt	6.0%				
Wgtd Avg Maturity of Debt					
BV of Debt	107.4				
<b>Estimate MV of Debt</b>	<b>107.4</b>				

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
<b>Discounted Cash Flow</b>											
EBITDA	51.3	41.3	58.1	59.9	47.9	37.2	52.1	34.1	39.1	25.7	
EBIT	35.0	24.7	40.8	42.7	31.1	22.6	32.4	14.6	19.0	5.8	16.7
Less Cash Taxes	(10.5)	(7.4)	(12.2)	(12.8)	(9.3)	(6.8)	(9.7)	(4.4)	(5.7)	(1.7)	(5.8)
Plus D&A	16.3	16.6	17.3	17.3	16.8	14.6	19.7	19.5	20.1	19.9	19.5
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(12.0)	(10.6)	(11.1)	(11.7)	(12.3)	(12.9)	(19.5)
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
<b>Free Cash Flow to Firm</b>	<b>14.3</b>	<b>(0.0)</b>	<b>45.0</b>	<b>41.5</b>	<b>26.6</b>	<b>19.8</b>	<b>31.2</b>	<b>18.0</b>	<b>21.1</b>	<b>11.0</b>	<b>10.8</b>
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		107									
Leverage Mult.		1.8x									
D/Equity		23%									
D/EV		19%									
E/EV		81%									
Unlevered Beta		1.03									
Levered Beta		1.3									
D/Equity (long-term target)		33%									
Cost of Debt (AT)		4.2%									
Cost of Equity		10.1%									
<b>WACC</b>		<b>8.7%</b>		9%	9%	9%	9%	9%	9%	9%	
PV of CF					24.4	16.8	24.3	12.9	13.9	6.7	
						18.2	26.4	14.1	15.1	7.3	
							28.7	15.3	16.5	7.9	
<b>Sum of PV</b>	<b>99.1</b>	<b>81.1</b>	<b>68.4</b>								112.1
<b>PV of Terminal Value</b>	<b>62.6</b>	<b>68.1</b>	<b>74.0</b>								3x EBITDA
<b>NPV of all CF</b>	<b>161.7</b>	<b>149.2</b>	<b>142.3</b>								

Source: Industry Capital Research estimates and company data

Figure 17: DCF analysis of recession scenario would reduce 12-month valuation range to \$5.50-\$6.50 from \$7.00-8.50

Entravision DCF analysis		YE 2023		YE 2022		Current	
\$ in millions except per share amounts							
Firm Value	573	563	560				
(-) Total Net Debt	107	40	(14)				
(+) NOLs/Tax Assets	27	27	27				
(-) Options (Claims on Entravision)	(2.9)	(2.9)	(2.9)				
Common Equity Value	489.8	547.7	599.1				
Shares Outstanding	87.4	87.4	87.4				
Current Share Price	\$5.23	\$5.23	\$5.23				
Value Per Share	\$5.61	\$6.27	\$6.86				
12-month	\$6.50						
12-month (SoP)	\$5.50						

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
<b>Discounted Cash Flow</b>											
EBITDA	54.0	41.2	60.4	88.0	96.0	83.5	109.0	105.0	119.7	102.8	75.3
EBIT	37.8	24.6	43.1	65.6	70.4	59.0	77.5	71.6	83.9	66.7	(26.4)
Less Cash Taxes	(11.3)	(7.4)	(12.9)	(19.7)	(21.1)	(17.7)	(23.3)	(21.5)	(25.2)	(20.0)	(20.0)
Plus D&A	16.3	16.6	17.3	22.4	25.6	24.5	31.5	33.4	35.8	36.1	36.1
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(12.0)	(10.6)	(11.1)	(11.7)	(12.3)	(12.9)	(36.1)
Less Increase in WC	(9.4)	(8.7)	8.7	(15.5)	(2.7)	(3.2)	(4.2)	(4.2)	(4.9)	(4.4)	(4.6)
<b>Free Cash Flow to Firm</b>	<b>16.3</b>	<b>(0.1)</b>	<b>46.6</b>	<b>47.2</b>	<b>60.2</b>	<b>52.0</b>	<b>70.4</b>	<b>67.6</b>	<b>77.4</b>	<b>65.5</b>	<b>44.3</b>
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	107										
Leverage Mult.	1.8x										
D/Equity	23%										
D/EV	19%										
E/EV	81%										
Unlevered Beta	1.05										
Levered Beta	1.29										
D/Equity (long-term target)	33%										
Cost of Debt (AT)	4.2%										
Cost of Equity	10.3%										
<b>WACC</b>	<b>8.8%</b>										
PV of CF			9%	9%	9%	9%	9%	9%	9%	9%	
					55.3	44.0	54.7	48.3	50.8	39.6	
						47.8	59.5	52.5	55.3	43.0	
							64.7	57.1	60.1	46.8	
											504.8
											4x EBITDA
<b>Sum of PV</b>	<b>292.6</b>	<b>258.1</b>	<b>228.8</b>								
<b>PV of Terminal Value</b>	<b>280.1</b>	<b>304.7</b>	<b>331.5</b>								
<b>NPV of all CF</b>	<b>572.8</b>	<b>562.9</b>	<b>560.2</b>								

Source: Industry Capital Research estimates and company data

## APPENDIX

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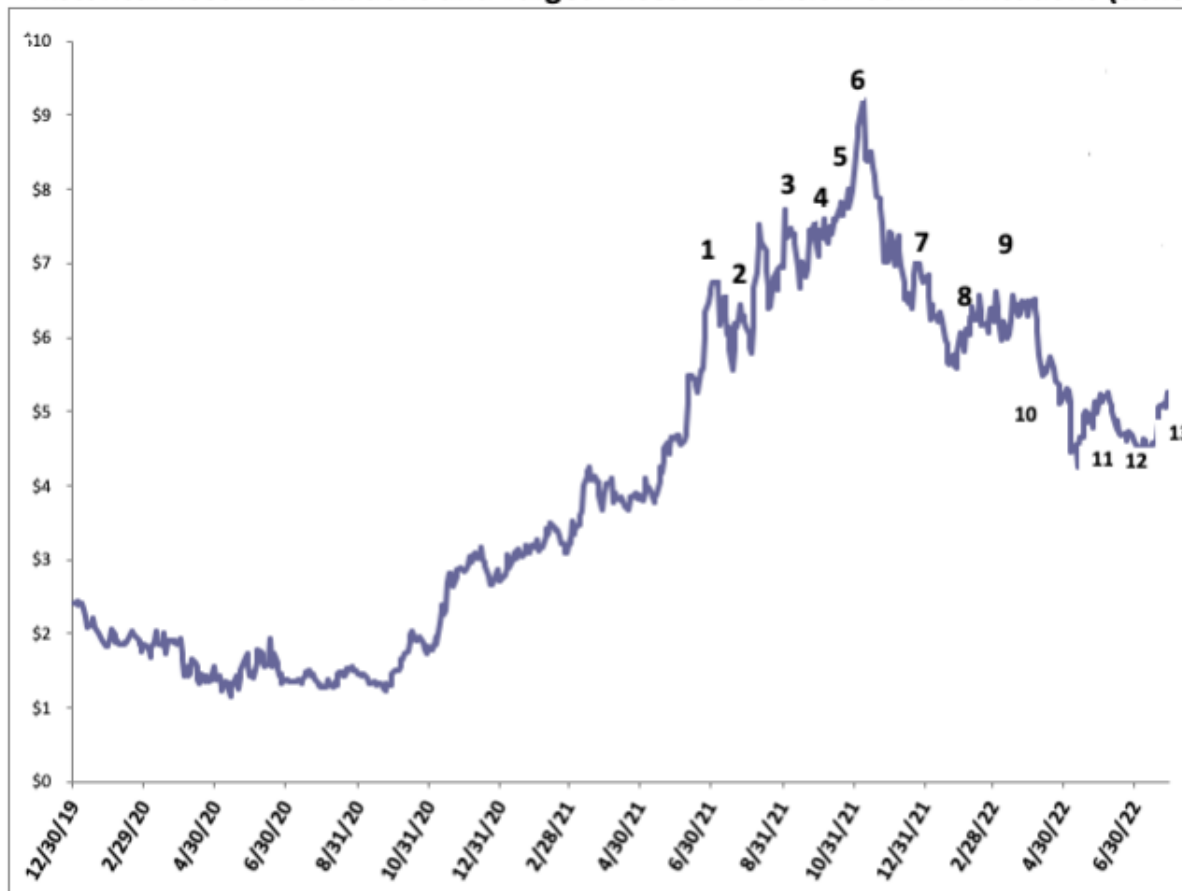
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The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters,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

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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
11	5/6/22	Reaffirmed Buy @ \$5.14, Target Price \$8.00
12	6/9/22	Reaffirmed Buy @ \$5.16, Target Price \$8.00
13	7/29/22	Reaffirmed Buy @ \$5.23, Target Price \$7.50

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**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

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