

Entravision Communications Corporation (EVC)

Good Set-Up Ahead of 2Q From Big Tech Ad Results & Recession Odds; Reaffirm Buy and PT

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With results set for August 3 AMC, 2Q should meet/beat our estimates, reflecting tailwinds from ad spending above expectations at key digital representation partners. The call will be at 5:00 pm ET, with dial-in 844 836-8739 (U.S.) or 412 317-5440 (int'l).

For 2Q, we expect EVC to meet/beat our estimates of revenue of \$263.6m and adjusted EBITDA of \$17.0m (6.5% margin) vs. consensus of \$259.0m/\$18.0m/6.9%. Our 2Q digital revenue growth estimate of +26% is slightly above EVC's +25% prior pacing. We see upside to our estimate for Latam's revenue growth of +14%, similar to 1Q's +15%, because META's rest-of-world segment accelerated in 2Q vs. 1Q (to 16% from 10% in revenue growth and to 16% from 9% in ad growth). We assume EVC Asia revenue growth was +39%, accelerating from +35% in 1Q, representing a slightly lower 2-year revenue CAGR of 48% in 2Q vs. 55% in 1Q. Our core ad growth estimates for TV and radio are -4%/-1%, vs. -1%/-1% prior pacing.

Near-term outlook tilts bullish, on strong META results and falling odds of recession. META's 3Q revenue outlook is for a substantial acceleration to a range of 15-24% growth from 11% in 2Q, which would represent an acceleration in 2-year revenue CAGR as well, while our estimates for EVC Latam call for a deceleration in 3Q in both revenue growth and 2-year revenue CAGR. At broadcast, stronger-than-expected U.S. auto sales, along with rising inventories that can spur ads for promotions, could provide a tailwind to EVC's largest ad category. On the other hand, U.S. pay TV cord-cutting appears to be accelerating, pressuring EVC's TV retransmission revenue. We still base our valuation on a 50% chance of a recession that would reduce our 2023/24 adjusted EBITDA estimates by ~7% (see Fig. 6-7), although the Wall Street Journal economist survey in July reduced the probability of a recession in the next 12 months to 54% from 61% in the April survey.

New CEO's agenda could include prioritizing digital margins, leveraging proprietary tech, adapting to media partners' regulatory challenges, and the high-class problem of deploying a strong balance sheet. As discussed in our 7/7 report, for EVC's digital segment, margins seem a greater priority than growth, as EVC looks to add new sources of value to its ad customers and media platform partners. As a platform with its own proprietary technology, Smadex has fewer constraints on the partners and geographies (e.g., it is offered in ~120 countries) where it can look to provide value. U.S. regulatory pressure on TikTok could benefit EVC, from a shift of spending both to TikTok's overseas advertisers (as in Asia, where EVC represents TikTok in 7 countries) from U.S. advertisers exiting the platform, and to rival META, which EVC represents primarily in Latam. U.S. and European competition regulators could affect the operations of the big tech platforms, and thereby EVC's ecosystem. Finally, EVC's M&A strategy has smartly helped drive digital segment revenue to 78% of total in 2022 from 25% in 2019, but now must apply a substantial acquisition capacity (~\$400m, we estimate) in a market with fewer available large digital tuck-ins.

Reaffirm \$7 per share 12-month price target and Buy rating; risks on page 2. Our PT is supported by a DCF valuation based on explicit financial forecasts through 2028.

BUY

Price at 7/31/23 (USD)	4.78
Price Target	7.00
52-week range	3.96 - 7.33

Performance (%)	1m	3m	12m
Absolute	9	-24	-10
S&P 500	3	11	11

Market Cap (USDm)	429.1
Shares outstanding (m)	89.8
Float (%)	89
Average volume	443,388
S&P 500	4,589.0

Forecasts and ratios

Year ended 12/31	2022A	2023E	2024E
1Q EPS (USD)	0.02	0.02	0.09
2Q EPS (USD)	0.10	0.03	0.05
3Q EPS (USD)	0.11	0.05	0.16
4Q EPS (USD)	-0.02	0.19	0.14
FY EPS (USD)	0.21	0.29	0.44
% Change	-38%	40%	53%
P/E (x)	23.2	16.5	10.8
EV/EBITDA (x)	4.9	5.9	4.3
Revenue (USDm)	956.2	1,085.9	1,234.3
% Change	26%	14%	14%

ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE LOCATED IN THE APPENDIX.

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Investment Thesis and Valuation: Buy With \$7.00 Price Target

Positives supporting our Buy rating include: 1) EVC's share price is not fully capturing the potential of digital media acquisitions because their higher growth and different business models are more difficult for investors to assess; 2) higher post-pandemic broadcast margins, stability of TV retransmission revenue (35% of 2022E EBITDA) and secular growth of political advertising revenue (31% of 2022E EBITDA), and potential monetization from future spectrum auction (as in 2017) reduce the operating risk profile of overall business; 3) pro forma net debt leverage under 2x and double-digit free cash flow yield will give new senior management flexibility to increase returns of capital and continue accretive digital acquisitions; and 4) our DCF valuation supports substantial stock price upside over the next 12 months, particularly if there is no recession.

Our DCF-based 12-month price target is a weighted average of projected equity valuations at year-end 2023 and 2024; our PT assumes a 50% chance of a base case with ~\$89m/\$123m in 2023/2024 EBITDA and a 50% chance of a recession with ~\$83m/\$115m in 2023/2024 EBITDA, resulting in our target valuation. In structuring our DCF, first we adjust the current net debt for the value of any estimated payments remaining on the acquisitions (e.g., earnouts) and noncontrolling interest. Second, we adjust the current net debt by the estimated free cash flow to be generated by each valuation date. Finally, we value EVC both using a weighted average cost of capital (WACC) reflecting its own stock price trading and using separate WACCs for its broadcast and digital media businesses based on sector comparables, applied to separate free cash flow forecasts for each of these businesses. The results of these two methods 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.

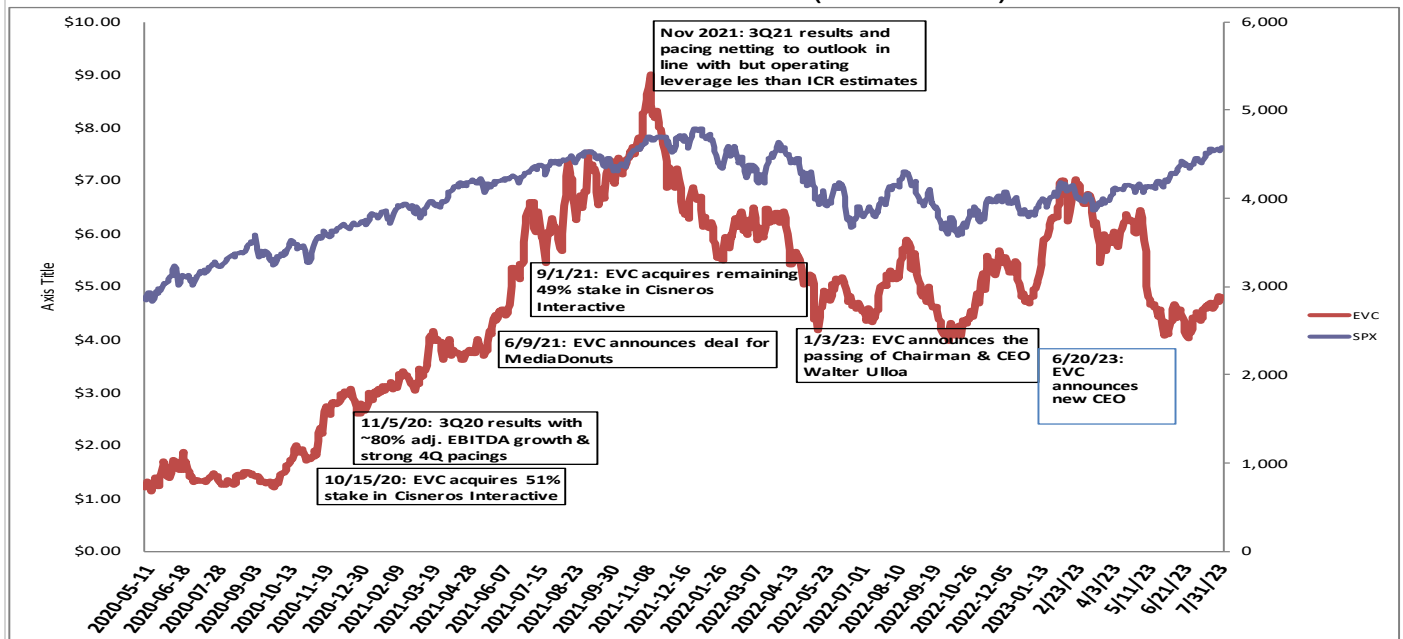
Risks to our investment thesis include: 1) impact of new incoming CEO and change in voting control on company's strategy and pursuit of potential longer-term options, including sale of all or a portion of the company, 2) sensitivity of EVC's advertising-based businesses to macroeconomic shocks, such as a recession, 3) 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, 4) secular challenges and potentially increasing competition from TelevisaUnivision for EVC's broadcast media business, and 5) risk-off market sentiment as an overhang for valuation of EVC's fast-growing, less mature digital advertising businesses.

Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

(in millions, except unit data)
12-month price target: \$7.00

ENTERPRISE VALUE		COMPANY CHARACTERISTICS AND INVESTMENT THESIS	
Price per share	\$4.78	Company description	Entravision operates a digital media business serving the U.S. and roughly 40 international markets, and a broadcast business targeting U.S. Hispanics with 49 TV stations (mostly Univision network affiliates) in 14 of the top-50 U.S. Hispanic markets, and 45 radio stations (37 FM and 8 AM) as well as a radio network with distribution to over 100 U.S. markets together covering 31% of the U.S. Hispanic population. The company's 2022 revenue by segment was 78% from digital, 15% from TV, and 7% 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	89.8	Strategy	Expand digital media operations into fast-growing markets outside the U.S. and manage for free cash flow and asset value its TV-driven broadcast platforms in U.S. Hispanic markets.
Equity market capitalization	429	Est. acquisition capacity	\$401
+Pro forma net debt	107	Management	After the untimely death of former Chairman and CEO Walter Ulloa last December, Michael Christenson joined EVC from outside the company to become CEO effective July 1, 2023. Jeffrey Liberman is President and COO (since 2017 and with EVC since 2000). Christopher Young is CFO (as which he has served since 2008, having been with EVC since 2000).
-Hidden value	13	Positives	* Experience in expanding distribution in smaller, faster-growing ad markets , both in U.S. and internationally * Low debt leverage and high free cash flow yield support returns of capital and digital-focused acquisitions * Higher post-pandemic broadcast margins * Most of its TV stations are affiliated with leading U.S. Spanish language network Univision * Secular growth in U.S. political advertising spending
=Pro forma EV	\$523	Risks	* Management succession and corporate control , especially given loss of management voting control triggered by death of prior CEO * Volatility of international media business, reflecting early stage and potential competition * Impact of sudden advertising declines on cash flow (e.g., in 2009 and 2020) * Competition with TelevisaUnivision's expanding direct to consumer business * TelevisaUnivision relationship through TV network affiliations and ownership stake may limit strategic flexibility
OPERATING PROJECTIONS		Valuation	Attributing over 80% of firm value to digital media business
Pro forma net revenue		Recent events	June 2023 - appointment of new CEO effective July 1. December 2022 - death of co-founder, CEO & Chairman Walter Ulloa. September 2021 - acquired remaining 49% interest in Cisneros Interactive for \$84 million. July 2021 - announced acquisition of MediaDonuts AsiaPac digital media business for \$36 million. October 2020 - acquired 51% stake in Cisneros Interactive for \$29 million. May 2020 - announced substantial expense costs targeting broadcast operations.
2023	\$1,086	Upcoming potential catalysts	Recession risk to advertising-based revenue , both in U.S. and internationally - Additional M&A - Advertising in upcoming U.S. election cycle - Changes in capital return/allocation with new senior management
2022	984		
% Chg	10.3%		
Pro forma EBITDA			
2023	\$89		
2022	108		
% Chg	-17.0%		
Pro forma EBITDA margin			
2023	8.2%		
2022	10.9%		
Free cash flow per share			
2023	\$0.57		
2022	\$0.72		
% Chg	-20.8%		
Est. 3-5 yr FCF Growth rate	7%		
VALUATION AND LEVERAGE			
Pro forma EV/EBITDA			
2023	5.9x		
2022	4.9x		
Price / Free cash flow per share			
2023	8.4x		
2022	6.6x		
Pro forma net debt / EBITDA			
2023	1.2x		
2022	1.0x		
Dividend yield			
2023	4.2%		
2022	2.1%		

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



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

The Rest of the Story: Other Points to Note Heading Into 2Q Results

We highlight a few other points on our radar heading into EVC's reporting of 2Q results:

- Over the past year, EVC's share price is down ~10%, while the S&P 500 is up ~11%, reflecting 1) a ~10% drop in our 2023 EBITDA estimate, despite 2022 EBITDA coming in above our estimates, primarily because we have reduced our digital segment OCF margin assumption for 2023, to 5.8% from 7.6% (our 2023 broadcast OCF estimate has remained essentially unchanged over the past year), and 2) a bit of EV/EBITDA multiple contraction.
- Another way of looking at the potential growth tailwind from META is that for 2Q, META's rest-of-world segment reported only a slight slowdown in 2-year CAGR, to 14% from 16% in 1Q for total revenue and to 13% from 15% in 1Q for advertising revenue, whereas our 2Q revenue estimate for EVC Latam would represent a substantial slowdown in 2-year CAGR, to 11% from 21%. We infer from EVC's SEC filings that META representations account for over half of EVC's digital segment revenue, largely on the strength of META's business with EVC Latam.
- Even U.S. advertisers exiting TikTok have noted that the platform's advertising has been more effective than other social media platforms' in driving qualified traffic. This suggests the potential for overseas advertisers to look to fill some of the void left by U.S. advertisers. We have noted that EVC's commissions apply to in-market advertisers regardless of where the ads run. Thus, for example, if an advertiser in Vietnam increased its TikTok spending targeting U.S. consumers, this could benefit EVC Asia.
- The U.S. 2Q GDP growth figure provided another macro tailwind, coming in at 2.4%, well above the 1.5% estimate among the economists surveyed by the Wall Street Journal, suggesting the potential for a further reduction in the odds of recession in the next survey due out in October.
- We call attention to a couple specific reasons for our increased focus on digital segment margins. First, during 1Q23 the contingent consideration for the Cisneros acquisition (aka EVC Latam) declined to \$34.9m from \$41.4m, reflecting we believe in part a reduced margin outlook. Thus, for EVC Latam, we forecast some OCF margin compression this year. However, we do forecast some overall digital segment OCF margin expansion in 2024, and will be alert to signs that this might be optimistic.
- One new backdrop for EVC's new CEO is the greater possibility of shareholder activism, given the loss of the voting control possessed by prior CEO and co-founder Walter Ulloa through super-voting Class B shares.

Figure 2: No change to our quarterly estimates, which for 2Q are above consensus on revenue but below on EBITDA margin

Entravision Communications									
Summary of Quarterly Estimates									
In millions, except per share data									
	Last Yr	Prior	Estimates		YoY %CHG			Consensus	ICR vs Consensus
			Chg	Current	Prior	Chg	Current		
2Q23E									
As Reported									
Revenue	\$221.7	\$263.6	\$0.0	\$263.6	18.9%	0.0%	18.9%	259.0	1.8%
Op Expense	199.2	246.6	0.0	246.6	23.8%	0.0%	23.8%		
Adjusted EBITDA	22.5	17.0	0.0	17.0	-24.2%	0.0%	-24.2%	18.0	-5.3%
Margin	10.1%	6.5%	0.0%	6.5%				6.9%	-0.5%
Pro Forma EPS	\$0.11	\$0.03	\$+0.00	\$0.03	-72.7%	0.0%	-72.7%	\$0.07	-57.1%
FCF/sh (core)	\$0.16	\$0.10	\$+0.00	\$0.10	-37.5%	0.0%	-37.5%		
3Q23E									
As Reported									
Revenue	241.0	266.0	0.0	266.0	10.4%	0.0%	10.4%	267.0	-0.4%
Op Expense	215.1	243.9	0.0	243.9	13.4%	0.0%	13.4%		
Adjusted EBITDA	25.9	22.1	0.0	22.1	-14.8%	0.0%	-14.8%	23.0	-3.9%
Margin	10.8%	8.3%	0.0%	8.3%				8.6%	-0.3%
Pro Forma EPS	\$0.12	\$0.05	\$+0.00	\$0.05	-58.3%	0.0%	-58.3%	\$0.12	-58.3%
FCF/sh (core)	\$0.18	\$0.13	\$+0.00	\$0.13	-27.8%	0.0%	-27.8%		
* reflects announced acquisitions and dispositions									
Source: Company reports, FactSet, Industry Capital Research estimates									

Figure 3: Our unchanged annual estimates, which assume no 2023/34 recession, are above consensus for revenue and adjusted EBITDA

Entravision Communications (NYSE: EVC)									
Summary of Annual Estimates									
In millions, except per share data									
	Last Yr	Estimates			YoY %CHG			Consensus	ICR vs Consensus
		Prior	Chg	Current	Prior	Chg	Current		
2023E									
As Reported									
Revenue	956.2	1,085.9	0.0	1,085.9	13.6%	0.0%	13.6%	1,070	1.5%
Op expense	853.2	996.6	0.0	996.6	16.8%	0.0%	16.8%		
Adjusted EBITDA	103.0	89.3	0.0	89.3	-13.3%	0.0%	-13.3%	84.0	6.4%
Margin	10.8%	8.2%	0.0%	8.2%				7.9%	0.4%
EPS	\$0.21	\$0.29	\$0.00	\$0.29	39.9%	0.5%	40.4%	\$0.38	-23.9%
Cash FCF/sh	\$0.72	\$0.57	\$0.00	\$0.57	-20.8%	0.0%	-20.8%		
2024E									
As Reported									
Revenue	1,085.9	1,234.3	0.0	1,234.3	13.7%	0.0%	13.7%	1,161	6.3%
Op expense	996.6	1,111.5	0.0	1,111.5	11.5%	0.0%	11.5%		
Adjusted EBITDA	89.3	122.9	0.0	122.9	37.5%	0.0%	37.5%	112.0	9.7%
Margin	8.2%	10.0%	0.0%	10.0%				9.6%	0.3%
EPS	\$0.29	\$0.44	\$0.00	\$0.44	53.3%	0.0%	53.3%	\$0.55	-19.4%
Cash FCF/sh	\$0.57	\$0.88	\$0.00	\$0.88	54.4%	0.0%	54.4%		
* reflects announced acquisitions and dispositions									

Figure 4: Our digital segment estimates call for solidly double-digit revenue growth in 2023 and 2024

Entravision Communications (NYSE: EVC)					
Summary of Digital Segment Annual Estimates					
In millions, except per share data					
	Estimates		YoY %CHG	ICR vs	
	Last Yr	Current	Current	Consensus	Consensus
2023E					
As Reported					
Legacy Digital Revenue	103.7	131.7	27.0%		
Legacy Digital Opex	89.4	121.0	35.3%		
Legacy Digital OCF	14.3	10.7	-24.9%		
Margin	13.8%	8.2%			
EVC Latam Revenue	508.8	576.1	13.2%		
EVC Latam Opex	480.2	545.0	13.5%		
EVC Latam OCF	28.6	31.1	8.7%		
Margin	5.6%	5.4%			
EVC Asia Revenue	89.5	103.3	15.3%		
EVC Asia Opex	84.2	95.9	13.9%		
EVC Asia OCF	5.3	7.4	38.0%		
Margin	6.0%	7.1%			
EVC Africa Revenue	11.4	10.1	-11.9%		
EVC Africa Opex	10.7	11.0	2.4%		
EVC Africa OCF	0.7	(0.9)	NM		
Margin	6.4%	-8.8%			
Jack of Digital Revenue	1.7	4.5	165.1%		
Jack of Digital Opex	1.6	4.0	146.2%		
Jack of Digital OCF	0.1	0.5	NM		
Margin	3.5%	10.4%			
Adsmurai Revenue	31.7	76.4	141.0%		
Adsmurai Opex	28.4	72.4	154.7%		
Adsmurai OCF	3.3	4.0	21.2%		
Margin	10.3%	5.2%			
Digital Segment Revenue	747.1	902.0	20.7%	880	2.5%
Digital Segment Opex	698.1	849.3	21.7%		
Digital Segment OCF	49.0	52.8	7.7%		
Margin	6.6%	5.8%			
2024E					
As Reported					
Legacy Digital Revenue	131.7	154.8	17.5%		
Legacy Digital Opex	121.0	141.5	17.0%		
Legacy Digital OCF	10.7	13.3	24.1%		
Margin	8.2%	8.6%			
EVC Latam Revenue	576.1	647.4	12.4%		
EVC Latam Opex	545.0	605.2	11.1%		
EVC Latam OCF	31.1	42.2	35.6%		
Margin	5.4%	6.5%			
EVC Asia Revenue	103.3	114.4	10.8%		
EVC Asia Opex	95.9	104.8	9.3%		
EVC Asia OCF	7.4	9.6	29.8%		
Margin	7.1%	8.4%			
EVC Africa Revenue	10.1	14.8	46.4%		
EVC Africa Opex	11.0	14.3	30.5%		
EVC Africa OCF	(0.9)	0.5	NM		
Margin	-8.8%	3.1%			
Jack of Digital Revenue	4.5	9.0	100.1%		
Jack of Digital Opex	4.0	7.6	89.0%		
Jack of Digital OCF	0.5	1.4	196.2%		
Margin	10.4%	15.4%			
Adsmurai Revenue	76.4	88.9	16.3%		
Adsmurai Opex	72.4	83.3	15.0%		
Adsmurai OCF	4.0	5.6	40.9%		
Margin	5.2%	6.3%			
Digital Segment Revenue	902.0	1,029.3	14.1%		
Digital Segment Opex	849.3	956.8	12.7%		
Digital Segment OCF	52.8	72.5	37.4%		
Margin	5.8%	7.0%			

* reflects announced acquisitions and dispositions

Source: Company reports, FactSet, Industry Capital Research estimates

Figure 5: Our target valuation based on our DCF is \$7 per share

Entravision Communications														
Summary of Changes to Forecast and Valuation														
CAGRs	2023		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	2022-26	2023-27	2024-28					
Prior	1,085.9	89.3	\$7.00	\$7.00	21%	7%	8%	8%	8%	3.9%	4.6%	9.2%	10.2%	7.3%
Current	1,085.9	89.3	\$7.00	\$7.00	21%	7%	8%	8%	8%	3.9%	4.6%	9.2%	10.2%	7.3%
Delta	0.0	0.0	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Industry Capital Research estimates

Figure 6: We estimate that a recession would reduce our 12-month target valuation by ~\$1 per share

Entravision Communications														
Summary of Changes to Forecast and Valuation: Recession Case														
CAGRs	2023		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	2022-26	2023-27	2024-28					
Prior	1,085.9	89.3	\$7.00	\$7.00	21%	7%	8%	8%	8%	3.9%	4.6%	9.2%	10.2%	7.3%
Current	1,058.2	83.2	\$6.00	\$6.00	19%	6%	7%	8%	8%	3.9%	4.6%	9.2%	10.2%	7.3%
Delta	-27.7	-6.1	(\$1.00)	(\$1.00)	-2.1%	-1.6%	-1.5%	-0.5%	-0.5%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Industry Capital Research estimates

Figure 7: In our recession case, our EBITDA estimates would go below consensus for 2023, but still be above consensus for 2024

Entravision Communications (NYSE: EVC)									
Summary of Annual Estimates: Recession Case									
In millions, except per share data									
	Last Yr	Estimates			YoY %CHG			Consensus	ICR vs Consensus
		Prior	Chg	Current	Prior	Chg	Current		
2023E									
As Reported									
Revenue	956.2	1,085.9	(27.7)	1,058.2	13.6%	-2.9%	10.7%	1,070	-1.1%
Op expense	853.2	996.6	(21.6)	975.0	16.8%	-2.5%	14.3%		
Adjusted EBITDA	103.0	89.3	(6.1)	83.2	-13.3%	-5.9%	-19.2%	84.0	-0.9%
Margin	10.8%	8.2%	-0.4%	7.9%				9.0%	-1.1%
2024E									
As Reported									
Revenue	1,058.2	1,234.3	(30.9)	1,203.4	16.6%	-2.9%	13.7%	1,161	3.7%
Op expense	975.0	1,111.5	(23.3)	1,088.1	14.0%	-2.4%	11.6%		
Adjusted EBITDA	83.2	122.9	(7.6)	115.3	47.6%	-9.1%	38.5%	112.0	2.9%
Margin	7.9%	10.0%	-0.4%	9.6%				10.8%	-1.2%

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

Entravision Communications (NYSE: EVC)			
Operating Estimate Changes: Recession Case			
In millions, except per share data			
	Estimates		
	Current	Chg	Recession ▼
2023E			
Revenue Growth:			
Digital	21%	-2%	19%
Core TV Advertising	-6%	-7%	-13%
Core Radio Advertising	3%	-10%	-7%
Operating Expense Growth:			
Digital (Ex-Cost of Revenue)	18%	-1%	17%
TV	-4%	-4%	-8%
Radio	5%	-8%	-3%
OCF Margin:			
Digital	5.8%	0.0%	5.9%
TV	38.5%	-0.6%	37.9%
Radio	27.0%	-1.5%	25.5%

Source: Industry Capital Research estimates

Figure 8: At Digital segment, we see EVC Latam and EVC Asia posting double digit revenue growth in 2023 and 2024

In millions, except unit data														
	2019A	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
Legacy														
Revenue	\$68.9	\$54.1	\$68.7	\$22.0	\$27.9	\$27.8	\$26.0	\$103.7	\$23.2	\$31.7	\$36.2	\$40.6	\$131.7	\$154.8
Cost of Revenue	36.8	30.6	39.2	13.0	15.9	16.1	15.4	60.4	13.5	18.7	21.1	23.7	77.0	90.5
Opex ex-cost of revenue	32.3	24.5	23.8	6.9	7.5	6.7	7.9	29.0	8.9	10.8	12.3	12.1	44.0	51.0
OCF	(0.1)	(1.0)	5.7	2.1	4.5	5.0	2.7	14.3	0.8	2.2	2.8	4.9	10.7	13.3
<i>OCF Margin</i>	-0.2%	-1.9%	8.3%	9.5%	16.1%	18.0%	10.4%	13.8%	3.5%	7.0%	7.8%	12.0%	8.2%	8.6%
Acquisitions Since 2020-Stand Alone														
Entravision Latam revenue	159.4	233.3	453.9	112.5	124.9	128.3	143.1	508.8	129.0	142.7	141.0	163.5	576.1	647.4
Entravision Latam cost of revenue	136.2	201.7	401.7	101.2	111.0	114.4	126.8	453.4	118.6	128.4	127.7	148.5	523.2	582.9
Entravision Latam opex ex-cost of revenue	13.2	17.4	23.0	5.4	6.9	7.5	7.0	26.8	4.6	7.0	4.2	6.0	21.7	22.3
Entravision Latam OCF	9.9	14.2	29.1	5.9	7.0	6.4	9.3	28.6	5.7	7.3	9.1	9.1	31.1	42.2
<i>Entravision Latam OCF Margin</i>	6.2%	6.1%	6.4%	5.2%	5.6%	5.0%	6.5%	5.6%	4.5%	5.1%	6.4%	5.5%	5.4%	6.5%
Entravision Asia revenue		28.5	52.5	17.2	18.9	21.2	32.3	89.5	23.2	26.3	23.1	30.8	103.3	114.4
Entravision Asia cost of revenue		20.9	40.0	14.1	15.7	17.7	27.4	74.9	19.4	22.0	19.5	26.0	86.9	95.7
Entravision Asia opex ex-cost of revenue		2.5	7.2	2.2	2.0	2.3	2.8	9.3	3.0	2.8	1.6	1.6	9.0	9.1
Entravision Asia OCF		5.0	5.3	0.9	1.2	1.2	2.1	5.3	0.8	1.5	1.9	3.2	7.4	9.6
<i>Entravision Asia OCF Margin</i>		17.7%	10.0%	5.2%	6.2%	5.7%	6.5%	6.0%	3.3%	5.8%	8.4%	10.3%	7.1%	8.4%
Entravision Africa revenue		1.9	2.1	2.1	2.8	2.9	3.6	11.4	2.1	2.4	2.4	3.2	10.1	14.8
Entravision Africa cost of revenue		1.5	1.7	2.3	2.4	2.5	2.5	8.9	1.7	2.0	1.9	2.5	8.0	11.8
Entravision Africa opex ex-cost of revenue		0.2	0.3	0.4	0.4	0.7	1.8	1.8	0.8	0.9	0.6	0.7	3.0	2.5
Entravision Africa OCF		0.2	0.1	0.1	0.1	0.1	0.4	0.7	(0.4)	(0.5)	(0.1)	0.0	(0.9)	0.5
<i>Entravision Africa OCF Margin</i>			11.5%	4.3%	5.0%	3.4%	11.1%	6.4%	-17.5%	-20.2%	-3.0%	1.1%	-8.8%	3.1%
Jack of Digital revenue		0.0	0.0	0.0	0.0	0.3	1.4	1.7	0.7	0.9	0.9	2.1	4.5	9.0
Jack of Digital cost of revenue		0.0	0.0	0.0	0.0	0.2	1.0	1.2	0.6	0.7	0.7	1.5	3.4	6.9
Jack of Digital opex ex-cost of revenue		0.0	0.0	0.0	0.0	0.1	0.3	0.4	0.2	0.2	0.0	0.2	0.6	0.8
Jack of Digital OCF		0.0	0.0	0.0	(0.0)	0.1	0.1	0.1	(0.1)	(0.0)	0.2	0.4	0.5	1.4
<i>Jack of Digital OCF Margin</i>			21.6%	11.9%	6.9%	-13.3%	7.1%	3.5%	-14.3%	-3.5%	26.9%	17.3%	10.4%	15.4%
Adsmurai revenue				10.4	15.7	11.8	23.7	61.6	18.4	16.0	19.0	23.0	76.4	88.9
Adsmurai cost of revenue				8.3	12.5	9.4	18.8	48.9	14.6	12.7	15.0	18.2	60.5	70.4
Adsmurai opex ex-cost of revenue				2.5	2.5	2.5	1.6	9.1	3.5	2.2	3.5	2.9	12.0	12.9
Adsmurai OCF				(0.3)	0.7	(0.1)	3.3	3.6	0.3	1.2	0.5	1.9	4.0	5.6
<i>Adsmurai OCF Margin</i>				-3.4%	4.8%	-0.5%	13.9%	5.9%	1.8%	7.4%	2.7%	8.4%	5.2%	6.3%
Digital segment as reported														
Digital revenue	68.9	143.3	555.3	153.7	174.4	188.9	230.1	747.1	196.5	219.9	222.5	263.2	902.0	1,029.3
Digital cost of revenue	36.8	106.9	466.7	129.9	145.0	157.1	192.0	624.0	168.3	184.4	185.9	220.4	759.0	858.0
Digital opex	32.3	30.6	51.3	15.2	17.3	19.1	22.6	74.1	21.0	23.8	22.1	23.4	90.3	98.7
Digital OCF	(0.1)	5.7	37.3	8.6	12.2	12.7	15.6	49.0	7.2	11.7	14.5	19.4	52.8	72.5

Metrics	2019A	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
Legacy growth														
Legacy digital revenue growth		-21.4%	26.9%	69.5%	82.4%	59.8%	13.0%	51.0%	5.4%	13.8%	30.1%	56.3%	27.0%	17.5%
2-yr CAGR		-18.2%	-0.2%	28.5%	56.6%	42.7%	28.4%	38.4%	33.6%	44.1%	44.2%	32.9%	38.5%	22.2%
Legacy digital opex growth		-24.1%	-2.8%	17.4%	34.2%	2.4%	36.0%	21.7%	28.4%	43.9%	83.4%	53.0%	51.8%	15.9%
Legacy digital cost of revenue growth		-16.6%	27.8%	76.9%	83.4%	61.8%	16.7%	54.2%	3.9%	17.8%	30.8%	53.7%	27.4%	17.5%
Legacy digital OCF growth		822.5%	-661.1%	-948.4%	335.2%	450.7%	-32.5%	151.1%	-61.0%	-50.6%	-43.8%	80.9%	-24.9%	24.1%
Entravision Latam growth														
Entravision Latam revenue growth		46.4%	94.5%	27.1%	8.7%	10.0%	7.0%	12.1%	14.7%	14.2%	9.9%	14.2%	13.2%	12.4%
2-yr CAGR				68.7%	67.2%	72.4%	55.2%	21.0%	47.7%	20.7%	11.4%	9.9%	10.5%	12.8%
Entravision Latam opex ex-COR growth		31.5%	32.5%	16.8%	9.7%	48.9%	-1.0%	16.4%	-15.3%	1.6%	-44.3%	-14.6%	-18.9%	2.7%
Entravision Latam cost of revenue growth		48.0%	99.2%	30.4%	10.6%	9.3%	6.5%	12.9%	17.2%	15.7%	11.6%	17.1%	15.4%	11.4%
Entravision Latam OCF		43%	105%	-6%	-15%	-8%	22%	-2%	-2%	3%	42%	-3%	9%	36%
Entravision Asia growth														
Entravision Asia revenue growth y/y				79.1%	57.1%	75.2%	71.8%	70.6%	34.9%	39.3%	8.7%	-4.8%	15.3%	10.8%
2-yr CAGR				133.7%	113.9%	64.0%	55.8%	77.4%	55.4%	47.9%	38.0%	27.9%	40.2%	13.0%
Entravision Asia opex ex-COR growth y/y				86.4%	-16.5%	69.9%	21.0%	28.4%	37.7%	38.7%	-30.1%	-44.2%	-3.5%	1.8%
Entravision Asia cost of revenue growth y/y				96%	87%	82%	87%	87%	38%	40%	10%	-5%	16%	10%
Entravision Asia OCF growth y/y				-27%	-4%	17%	15%	1%	-14%	31%	61%	51%	38%	30%
Entravision Africa growth														
Entravision Africa revenue growth y/y									-2.8%	-14.4%	-17.5%	-11.0%	-11.9%	46.4%
Entravision Africa opex ex-COR growth y/y									132.1%	154.5%	50.3%	-3.6%	65.5%	-14.8%
Entravision Africa cost of revenue growth y/y									-3%	-15%	-22%	0%	-10%	47%
Entravision Africa OCF growth y/y									-496%	-446%	-173%	-92%	-221%	-151%
Jack of Digital growth														
Jack of Digital revenue growth y/y													164.3%	100.1%
Jack of Digital opex ex-COR growth y/y													60.1%	17.2%
Jack of Digital cost of revenue growth y/y													173%	103%
Jack of Digital OCF growth y/y													674%	196%
Adsmurai growth														
Adsmurai revenue growth y/y													24.0%	16.3%
Adsmurai opex ex-COR growth y/y													31.3%	8.2%
Adsmurai cost of revenue growth y/y													24%	16%
Adsmurai OCF growth y/y													9%	41%
Digital segment growth														
Digital revenue, PF, excluding Adsmurai									16%	17%	13%	16%	15%	14%
Digital revenue, PF									20%	16%	16%	14%	16%	14%
Digital revenue									28%	26%	18%	14%	21%	14%
Digital cost of revenue									30%	27%	18%	15%	22%	13%
Digital opex ex-cost of revenue									38%	38%	16%	4%	22%	9%
Digital OCF									-16%	-4%	14%	24%	8%	37%
Digital Segment reported revenue mix:														
Digital as % of company revenue	25%	42%	73%	78%	79%	78%	78%	78%	82%	83%	84%	83%	83%	83%
Entravision Latam Interactive as % of digital segment		62%	82%	73%	72%	68%	62%	68%	66%	65%	63%	62%	64%	63%
Legacy digital as % of digital segment revenue		38%	12%	14%	16%	15%	11%	14%	12%	14%	16%	15%	15%	15%
Entravision Asia as % of digital segment revenue		0%	6%	11%	11%	11%	14%	12%	12%	12%	10%	12%	11%	11%
Entravision Africa as % of digital segment revenue		0%	0%	1%	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%
Jack of Digital as % of digital segment revenue		0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	1%	0%	1%
Adsmurai as % of digital segment revenue		0%	0%	7%	9%	6%	10%	8%	9%	7%	9%	9%	8%	9%
Digital Segment reported OCF mix:														
Entravision Latam Interactive as % of digital segment OCF		118%	77%	68%	58%	51%	60%	58%	80%	62%	63%	47%	59%	58%
Legacy digital as % of digital segment OCF		-18%	15%	24%	37%	39%	17%	29%	11%	19%	19%	25%	20%	18%
Entravision Asia as % of digital segment OCF		0%	8%	10%	10%	9%	13%	11%	11%	13%	13%	16%	14%	13%
Entravision Africa as % of digital segment OCF		0%	1%	1%	1%	1%	3%	1%	-5%	-4%	-1%	0%	-2%	1%
Jack of Digital as % of digital segment OCF		0%	0%	0%	0%	0%	1%	0%	-1%	0%	2%	2%	1%	2%
Adsmurai as % of digital segment OCF		0%	0%	0%	0%	0%	21%	7%	5%	10%	3%	10%	7%	8%

Note: Legacy digital is EVC's digital segment excluding acquisitions since 2020. Source: Industry Capital Research estimates and company data

Figure 9: Broadcast revenue drivers—in 2023, TV segment core advertising declines should normalize with Univision affiliate losses lapped

In millions	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
TELEVISION SEGMENT													
Television PF Rev Growth	3.2%	-6.9%	-16.0%	-6.0%	-3.4%	14.7%	-1.2%	-1.8%	-8.7%	-20.0%	-21.2%	-14.0%	13.2%
Reported TV revenue	\$154.5	\$146.8	\$30.9	\$32.4	\$35.7	\$45.8	\$144.7	\$30.3	\$29.5	\$28.5	\$36.4	\$124.8	\$141.2
Growth	3.2%	-4.9%	-14.5%	-4.9%	-2.1%	13.8%	-1.4%	-1.8%	-8.7%	-20.0%	-20.6%	-13.8%	13.2%
TV non-recurring items:													
Political/Census	22.6	0.8	1.3	2.8	6.4	14.8	25.2	0.0	0.0	0.0	0.1	0.2	22.6
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	50.0%	70.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	22.6	0.8	1.3	2.8	6.4	7.4	17.9	0.0	0.0	0.0	0.1	0.2	22.6
TV revenue ex political	131.9	146.1	29.6	29.6	29.3	38.4	126.9	30.3	29.5	28.5	36.2	124.6	118.7
Growth ex Political	-11.7%	10.7%	-18.1%	-13.1%	-18.9%	-3.5%	-13.1%	2.5%	-0.2%	-2.5%	-5.8%	-1.8%	-4.8%
Retransmission Consent	36.8	37.0	9.2	9.0	8.9	8.9	36.0	9.6	9.2	9.1	8.8	36.7	37.4
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%	100.0%
Incremental Retrans	36.8	37.0	9.2	9.0	8.9	8.9	36.0	9.6	9.2	9.1	8.8	36.7	37.4
TV revenue ex Retrans	117.7	109.9	21.7	23.3	26.8	36.9	108.7	20.7	20.3	19.4	27.6	88.1	103.8
Growth ex Retrans	3.0%	-6.6%	-18.2%	-5.7%	-2.1%	18.0%	-1.1%	-4.5%	-12.8%	-27.3%	-25.4%	-19.0%	17.9%
TV World Cup/Other Soccer	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	1.3	0.0	2.0	0.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	1.3	0.0	2.0	0.0
TV revenue ex WC	154.5	144.8	30.9	32.4	35.7	45.8	144.7	30.3	28.9	27.2	36.4	122.8	141.2
Growth ex WC	3.2%	-6.2%	-14.5%	-3.5%	2.1%	13.8%	-0.1%	-1.8%	-10.8%	-23.7%	-20.6%	-15.2%	15.0%
TV Acquisitions/Dispositions (inc. Affiliations)	(9.4)	(9.8)	(6.5)	(6.1)	(7.2)	(8.1)	(27.9)	(6.4)	(5.7)	(6.1)	(7.4)	(25.6)	(24.2)
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental M&A	(9.4)	(9.8)	(6.5)	(6.1)	(7.2)	(8.1)	(27.9)	(6.4)	(5.7)	(6.1)	(7.4)	(25.6)	(24.2)
TV revenue ex M&A	163.9	156.6	37.4	38.5	42.8	53.9	172.6	36.7	35.2	34.6	43.8	150.3	165.4
Growth ex M&A	2.3%	-4.4%	-2.0%	7.9%	9.2%	23.7%	10.2%	-1.8%	-8.5%	-19.2%	-18.9%	-12.9%	10.0%
Spectrum usage/auction	5.4	6.2	1.5	1.7	1.6	1.8	6.6	2.1	2.1	2.1	2.1	8.6	8.6
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Spectrum Usage	5.4	6.2	1.5	1.7	1.6	1.8	6.6	2.1	2.1	2.1	2.1	8.6	8.6
TV revenue ex Spectrum Usage	149.0	140.7	29.3	30.7	34.1	44.0	138.1	28.2	27.4	26.4	34.2	116.2	132.6
Growth ex Spectrum Usage	9.1%	-5.6%	-11.8%	-6.9%	-3.5%	12.5%	-1.8%	-4.0%	-10.7%	-22.6%	-22.3%	-15.9%	14.2%
PF TV revenue ex-all non-recurring	99.2	110.7	25.4	25.0	25.9	35.9	112.2	25.0	23.2	22.1	32.7	102.9	96.9
PF TV revenue growth ex all non-recurring	-11.2%	11.7%	-1.3%	1.0%	-4.4%	8.3%	1.3%	-1.6%	-7.3%	-14.9%	-8.9%	-8.3%	-5.8%
TV rev grth ex all non-rec 2-yr CAGR	-6.8%	-0.4%	0.7%	22.8%	1.9%	5.0%	6.4%	-1.4%	-3.3%	-9.8%	-0.7%	-3.6%	-7.1%
PF TV advertising growth ex-political	-11.2%	14.8%	-20.3%	-20.2%	-27.4%	-6.8%	-18.2%	-1.6%	-3.8%	-7.8%	-8.9%	-5.9%	-8.4%
TV ad rev grth ex political 2-yr CAGR	-6.8%	1.0%	-9.5%	12.2%	-8.5%	-2.6%	-3.1%	-11.4%	-12.4%	-18.2%	-7.9%	-12.2%	-7.1%
PF TV revenue growth ex-political	-11.7%	10.7%	-18.1%	-13.1%	-18.9%	-3.5%	-13.1%	2.5%	-0.2%	-2.5%	-5.8%	-1.8%	-4.8%
TV rev grth ex political 2-yr CAGR	-3.6%	-1.1%	-6.6%	7.3%	-5.6%	-1.3%	-1.9%	-8.4%	-6.9%	-11.1%	-4.7%	-7.6%	-3.3%
PF TV advertising growth	10.9%	-7.6%	-14.8%	-8.4%	-4.0%	16.4%	-1.6%	-7.9%	-16.0%	-31.3%	-27.6%	-22.2%	19.8%

Source: Company reports; Industry Capital Research estimates

Figure 10: Broadcast revenue drivers—at radio segment, relatively flat advertising growth could receive slight boost from 2023 summer soccer

In millions	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
RADIO SEGMENT													
Radio PF Rev Growth	-15.9%	23.4%	9.7%	5.8%	0.1%	14.1%	7.6%	-1.5%	-5.1%	-9.0%	-3.6%	-5.3%	8.0%
Pro forma radio:													
Revenue	\$46.3	\$58.0	\$12.6	\$14.9	\$16.5	\$20.4	\$64.4	\$12.2	\$14.2	\$15.0	\$17.7	\$59.1	\$63.8
Growth	-15.9%	25.4%	11.4%	5.8%	0.1%	26.3%	11.0%	-3.0%	-5.1%	-9.0%	-12.9%	-8.2%	8.0%
Radio non-recurring items:													
Political/Census	5.9	0.8	0.3	0.6	1.5	4.4	6.8	0.0	0.0	0.0	0.1	0.1	6.1
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	5.9	0.8	0.3	0.6	1.5	4.4	6.8	0.0	0.0	0.0	0.1	0.1	6.1
Radio revenue ex political	40.4	57.2	12.3	14.3	15.0	16.0	57.6	12.2	14.2	15.0	17.7	59.0	57.7
Growth ex Political	-26.4%	41.6%	8.7%	1.6%	-5.8%	0.6%	0.7%	-0.7%	-1.0%	-0.1%	10.5%	2.5%	-2.2%
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	0.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex NTR	39.5	39.5	12.6	14.9	16.5	20.4	39.5	12.2	14.2	15.0	17.7	39.5	39.5
Growth ex NTR	3.0%	0.0%	11.4%	5.8%	0.1%	26.3%	0.0%	-3.0%	-5.1%	-9.0%	-12.9%	0.0%	0.0%
World Cup/Other Soccer													
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex WC	46.3	58.0	12.6	14.9	16.5	20.4	64.4	12.2	14.2	15.0	17.7	59.1	63.8
Growth ex WC	-15.9%	25.4%	11.4%	5.8%	0.1%	26.3%	11.0%	-3.0%	-5.1%	-9.0%	-12.9%	-8.2%	8.0%
Revenue	40.4	57.2	12.3	14.3	15.0	16.0	57.6	12.2	14.2	15.0	17.7	59.0	57.7
Radio revenue growth ex all non-recurring	-26.4%	41.6%	8.7%	1.6%	-5.8%	0.6%	0.7%	-0.7%	-1.0%	-0.1%	10.5%	2.5%	-2.2%
Radio rev grth ex all non-rec 2-yr CAGR	-19.2%	2.0%	7.1%	52.3%	20.5%	10.0%	19.4%	3.9%	0.3%	-3.0%	5.4%	1.6%	0.1%

Source: Company reports; Industry Capital Research estimates

Figure 11: Broadcast opex drivers

In millions	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
OPERATING EXPENSE													
Television PF Opex Growth	-4.2%	-0.3%	-3.2%	1.1%	-0.6%	-2.8%	-1.5%	3.0%	-0.8%	-4.2%	-16.0%	-4.4%	3.5%
Radio PF Opex Growth	-26.3%	-5.4%	-3.0%	4.9%	6.7%	2.9%	2.3%	13.6%	15.0%	2.0%	-10.9%	5.3%	7.8%
Pro forma consolidated:													
Opex ex-cost of revenue	\$153.3	\$172.9	\$43.9	\$47.4	\$49.3	\$57.2	\$197.8	\$52.1	\$55.3	\$51.7	\$51.0	\$210.1	\$224.6
Growth	-11.6%	12.8%	8.5%	14.3%	14.6%	19.1%	14.4%	18.7%	16.8%	4.9%	-10.9%	6.2%	6.9%
Non-recurring opex items:													
M&A (acquisitions since 2020)	5.7	27.5	7.9	9.3	10.2	10.5	37.9	8.4	10.7	6.4	8.2	33.7	34.0
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Cisneros	5.7	27.5	7.9	9.3	10.2	10.5	37.9	8.4	10.7	6.4	8.2	33.7	34.0
Opex ex Cisneros adjustment	147.6	145.5	35.9	38.1	39.1	46.7	159.9	43.7	44.7	45.3	42.8	176.4	190.6
Growth ex Cisneros	-14.9%	-1.5%	0.8%	8.9%	7.2%	22.0%	9.9%	21.6%	17.2%	15.9%	-8.5%	10.4%	8.0%
Fixed & variable cost reductions	(27.2)	(32.8)	(5.8)	(7.0)	(12.8)	(11.6)	(37.2)	(6.3)	(7.5)	(12.6)	(10.0)	(36.5)	(38.6)
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%
Incremental cost reductions	(27.2)	(32.8)	(5.8)	(7.0)	(12.8)	(11.6)	(37.2)	(6.3)	(7.5)	(12.6)	(10.0)	(36.5)	(38.6)
Opex ex cost reductions adjustment	180.5	205.7	49.7	54.4	62.0	68.8	235.0	6.3	7.5	12.6	10.0	36.5	38.6
Growth ex cost reductions	4.1%	14.0%	9.4%	15.0%	14.1%	17.4%	14.2%	-87.3%	-86.2%	-79.7%	-85.4%	-84.5%	5.7%
Salary true-up	2.0	2.0	0.0	0.8	0.7	0.8	2.3	0.0	0.9	0.9	0.7	2.5	2.7
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%
Incremental salary true-up	2.0	2.0	0.0	0.8	0.7	0.8	2.3	0.0	0.9	0.9	0.7	2.5	2.7
Opex ex salary true-up	151.3	170.9	43.9	46.6	48.6	56.5	195.5	0.0	(0.9)	(0.9)	(0.7)	(2.5)	(2.7)
Growth ex salary true-up	-12.7%	13.0%	8.5%	14.3%	14.7%	19.1%	14.4%	-100.0%	-102.0%	-101.8%	-101.3%	-101.3%	6.6%
Opex ex-non-recurring	172.8	176.3	41.8	44.4	51.1	57.5	194.8	50.0	51.2	57.1	52.1	210.4	226.5
Opex growth ex all non-recurring	-0.3%	2.0%	2.7%	10.4%	8.3%	19.3%	10.5%	19.8%	15.5%	11.6%	-9.5%	8.0%	7.7%
Opex grth ex all non-rec 2-yr CAGR	-1.1%	0.8%	1.8%	6.3%	6.5%	9.2%	6.2%	10.9%	12.9%	9.9%	3.9%	9.2%	7.8%
Revenue-driven variable expense	31.7	32.3	6.5	7.3	8.3	11.1	33.3	6.2	6.5	6.5	8.6	27.7	31.8
Non-sales opex ex-non-recurring	141.1	143.9	35.2	37.0	42.8	46.4	161.5	43.9	44.8	50.6	43.4	182.7	194.7
Non-sales opex growth ex all non-recurring	-0.7%	2.0%	4.6%	13.6%	10.6%	19.1%	12.2%	24.5%	20.9%	18.3%	-6.5%	13.1%	6.6%
Non-sales opex grth ex all non-rec 2-yr CAGR	-0.1%	0.6%	4.5%	3.4%	7.1%	12.1%	7.0%	14.2%	17.2%	14.4%	5.6%	12.7%	9.8%

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 12: Financial statement forecasts supporting our valuation

In millions, except per share data	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
AS REPORTED													
Net revenue:													
Television	\$154.5	\$146.8	\$30.9	\$32.4	\$35.7	\$45.8	\$144.7	30.3	29.5	28.5	36.4	124.8	141.2
Radio	46.3	58.0	12.6	14.9	16.5	20.4	64.4	12.2	14.2	15.0	17.7	59.1	63.8
Net broadcast revenue	200.7	204.9	43.5	47.3	52.1	66.2	209.1	42.5	43.7	43.5	54.1	183.9	205.1
Digital	143.3	555.3	153.7	174.4	188.9	230.1	747.1	196.5	219.9	222.5	263.2	902.0	1,029.3
Total net revenue (core)	344.0	760.2	197.2	221.7	241.0	296.3	956.2	239.0	263.6	266.0	317.3	1,085.9	1,234.3
Revenue from spectrum usage rights	0.0	0.0					0.0					0.0	0.0
Total net revenue	344.0	760.2	197.2	221.7	241.0	296.3	956.2	239.0	263.6	266.0	317.3	1,085.9	1,234.3
Cost of Revenue													
Television													
Radio													
Digital	106.9	466.5	129.9	145.0	157.1	192.0	624.0	168.3	184.4	185.9	220.4	759.0	858.0
Digital cost of revenue as % of revenue	74.6%	84.0%	84.5%	83.1%	83.2%	83.4%	83.5%	85.7%	83.9%	83.5%	83.7%	84.1%	83.4%
Total cost of revenue (core)	106.9	466.5	129.9	145.0	157.1	192.0	624.0	168.3	184.4	185.9	220.4	759.0	858.0
Cost of revenue from spectrum usage rights (television)													
Total cost of revenue	106.9	466.5	129.9	145.0	157.1	192.0	624.0	168.3	184.4	185.9	220.4	759.0	858.0
Opex													
Television opex	80.9	81.4	19.2	19.7	20.0	23.0	82.0	20.1	19.6	19.2	17.8	76.7	79.4
Radio opex	41.8	40.0	9.4	10.4	10.2	11.7	41.7	11.0	11.9	10.4	9.8	43.1	46.5
Digital opex	30.6	51.5	15.2	17.3	19.1	22.6	74.1	21.0	23.8	22.1	23.4	90.3	98.7
Total opex (core)	153.3	172.9	43.9	47.4	49.3	57.2	197.8	52.1	55.3	51.7	51.0	210.1	224.6
Spectrum usage rights													
Total Opex	153.3	172.9	43.9	47.4	49.3	57.2	197.8	52.1	55.3	51.7	51.0	210.1	224.6
OCF													
Television OCF	73.6	65.4	\$11.6	\$12.6	\$15.7	\$22.8	62.8	\$10.2	\$10.0	\$9.4	\$18.5	48.1	61.9
TV OCF Margin	47.6%	44.6%	37.7%	39.1%	43.9%	49.8%	43.4%	33.7%	33.8%	32.9%	50.9%	38.5%	43.8%
Incremental Margin	173.4%	106.6%					126.6%					73.5%	83.7%
Radio OCF	4.5	18.0	3.2	4.6	6.2	8.7	22.7	1.2	2.2	4.6	8.0	16.0	17.3
Radio OCF margin	9.7%	31.0%	25.5%	30.5%	38.0%	42.6%	35.2%	10.0%	15.8%	30.5%	44.8%	27.0%	27.1%
Incremental Margin	-70.4%	114.9%					74.0%	520.2%	303.4%	113.8%	27.3%	127.6%	28.5%
Digital OCF	5.7	37.3	8.6	12.2	12.7	15.6	49.0	7.2	11.7	14.5	19.4	52.8	72.5
Digital OCF margin	4.0%	6.7%	5.6%	7.0%	6.7%	6.8%	6.6%	3.7%	5.3%	6.5%	7.4%	5.8%	7.0%
Incremental Margin	7.9%	7.7%	-3.3%	-1.1%	5.4%	11.5%	-3.3%	-1.1%	5.4%	11.5%	2.4%	15.5%	15.1%
Total OCF (core)	83.8	120.8	23.4	29.4	34.6	47.1	134.5	18.6	23.9	28.4	45.9	116.8	151.7
Margin	24.4%	15.9%	11.9%	13.2%	14.3%	15.9%	14.1%	7.8%	9.1%	10.7%	14.5%	10.8%	12.3%
Incremental Margin			-0.6%	3.3%	6.9%	15.5%	-11.5%	-13.0%	-24.7%	-5.8%			
Spectrum sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total OCF	83.8	120.8	23.4	29.4	34.6	47.1	134.5	18.6	23.9	28.4	45.9	116.8	151.7
Total OCF Margin	24.4%	15.9%	11.9%	13.2%	14.3%	15.9%	14.1%	7.8%	9.1%	10.7%	14.5%	10.8%	12.3%
Incremental Margin			-0.6%	3.3%	6.9%	15.5%	-11.5%	-13.0%	-24.7%	-5.8%			
Corporate Expense	27.8	33.0	8.7	8.5	9.5	22.6	49.4	10.5	9.4	10.5	9.6	39.9	40.7
GAAP EBITDA	56.0	87.8	14.7	20.8	25.1	24.5	85.1	8.1	14.5	17.9	36.3	76.9	111.0
Corporate non-cash comp	3.9	6.4	1.6	1.7	1.8	9.2	14.3	2.2	2.3	2.5	1.7	8.6	8.8
Opex adjustments to cash:													
Amortization of syndication contracts	(0.5)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.5)
Payments on syndication contracts	(0.5)	(0.5)	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	(0.5)
Non-cash comp in direct opex	1.2	3.2	1.0	0.9	1.0	2.8	5.7	1.9	1.8	1.9	0.2	5.8	5.9
Non-recurring cash severance	1.7	0.4				4.3	4.3	0.1				0.1	
EBITDA attributable to redeemable noncontrolling interest	3.4	9.1	0.0	0.0	0.0	0.0	0.0	0.2	0.6	0.3	1.0	2.1	2.8
EBITDA attributable to noncontrolling interest						3.4	3.4					0.0	0.0
Total opex (positive) adjustments to cash	0.5	5.5	(1.0)	(0.9)	(1.0)	(3.7)	(6.6)	(1.8)	(1.2)	(1.7)	0.8	(3.9)	(3.1)
Foreign currency (gain) loss	(1.1)	0.5	(0.8)	1.0	2.0	0.9	3.0	(1.0)	1.0	0.0	0.0	0.0	0.0
Total Adjusted EBITDA	60.4	88.2	18.1	22.5	25.9	36.5	103.0	13.0	17.0	22.1	37.2	89.3	122.9
Other opex for spectrum (in corporate)													
Adjusted EBITDA (core)	60.4	88.2	18.1	22.5	25.9	36.5	103.0	13.0	17.0	22.1	37.2	89.3	122.9
Memo: adj. EBITDA (core) reported	60.4	88.0	18.1	22.5	25.0	36.5	103.1						
Model variance: adj. EBITDA	(0.0)	0.1	0.0	0.0	(0.0)	0.0							
Adj. EBITDA core margin	17.6%	11.6%	9.2%	10.1%	10.8%	12.3%	10.8%	5.4%	6.5%	8.3%	11.7%	8.2%	10.0%
Incremental Margin	27.3%	6.7%	8.1%	10.8%	6.2%	5.9%	7.6%	-12.2%	-12.9%	-15.4%	3.1%	-10.6%	22.6%

Source: Industry Capital Research estimates and company data

Figure 13: Financial statement forecasts supporting our valuation (cont.)

In millions, except per share data	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
Memo: cash opex (core)	\$153.8	\$178.4	\$42.9	\$46.4	\$48.3	\$53.6	\$191.2	\$0.3	\$4.1	\$0.0	\$1.8	\$206.3	221.5
Memo: cash corporate expense	23.9	26.6	7.1	6.8	7.7	13.4	35.1	8.3	7.1	8.0	7.9	31.3	31.9
Memo: total non-cash comp	5.1	9.6	2.6	2.6	2.8	12.0	20.0	4.1	4.1	4.4	1.9	14.4	14.7
Memo: adj. EBITDA - (OCF - cash corporate)	0.6	(6.0)	1.8	(0.1)	(0.9)	2.8	3.6	2.7	0.2	1.7	(0.8)	3.8	3.1
Memo: PF EBITDA attributable to redeemable noncontrolling interest													
D&A	17.3	22.4	6.4	6.3	6.6	6.5	25.7	6.5	6.3	6.6	6.6	26.0	37.0
D&A % of Revenue	5.0%	2.9%	3.2%	2.8%	2.7%	2.2%	2.7%	2.7%	2.4%	2.5%	2.1%	2.4%	3.0%
Change in fair value contingent consideration	0.000	8.224	5.1	1.0	0.7	7.4	14.2	(4.1)	0.0	0.0	0.0	(4.1)	0.0
Impairments	40.0	3.0	0.0	0.0	0.0	1.6	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Other operating (gain) loss	(6.9)	(7.0)	(0.1)	(0.8)	(0.1)	1.4	0.4	0.0	(0.8)	(0.1)	1.4	0.5	(2.0)
Gain (Loss) on Sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserves, accruals and other, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Income (EBIT Inc. Impairments)	6.6	60.6	4.2	13.4	15.9	6.7	40.2	6.7	8.0	11.4	28.4	54.4	76.0
Operating Margin %	1.9%	8.0%	2.1%	6.1%	6.6%	2.3%	4.2%	2.8%	3.0%	4.3%	8.9%	5.0%	6.2%
Interest expense	(8.3)	(6.9)	(1.4)	(2.3)	(2.3)	(2.7)	(8.7)	(3.2)	(2.2)	(2.2)	(2.3)	(9.9)	(9.3)
Noncash interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	1.7	0.2	0.0	0.7	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Net interest expense	(6.5)	(6.8)	(1.4)	(1.6)	(2.3)	(2.7)	(8.0)	(3.2)	(2.2)	(2.2)	(2.3)	(9.9)	(9.3)
Loss on debt extinguishment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.6)	0.0	0.0	0.0	(1.6)	0.0
Other income, net	0.0	0.2	0.0	0.0	(0.5)	(0.1)	(0.5)	(0.0)	0.0	0.0	0.0	0.0	0.0
Pretax income	0.1	54.0	2.7	11.8	13.1	4.0	31.7	1.9	5.8	9.1	26.1	43.0	66.6
Pretax margin	0.0%	7.1%	1.4%	5.3%	5.4%	1.3%	3.3%	0.8%	2.2%	3.4%	8.2%	4.0%	5.4%
Income (taxes) benefit	(1.5)	(18.7)	(0.9)	(3.4)	(4.1)	(3.3)	(11.6)	(0.2)	(3.4)	(4.1)	(7.4)	(15.0)	(23.3)
Effective tax rate	1276.3%	34.6%	31.1%	28.5%	31.1%	81.8%	36.5%	12.0%	57.8%	44.7%	28.2%	35.0%	35.0%
Cash tax rate	6552.5%	7.6%	44.2%	52.6%	30.6%	137.3%	53.4%	3.7%	35.0%	35.0%	35.0%	33.6%	30.0%
Net Income (Before Equity Investments)	(1.4)	35.4	1.9	8.5	9.0	0.7	20.1	1.7	2.5	5.0	18.7	27.9	43.3
Equity in net of noncon. affils.	0.0	0.0	0.0	0.0	0.3	(2.4)	(2.1)	0.3	(0.1)	(0.1)	(2.2)	(2.1)	(2.1)
Reported Net income	(1.4)	35.4	1.9	8.5	9.4	(1.6)	18.1	2.0	2.4	4.9	16.5	25.9	41.3
Net margin	17.6%	11.6%	9.2%	10.1%	10.8%	12.3%	10.8%	5.4%	6.5%	8.3%	11.7%	8.2%	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	0.0
Minority Interest	2.5	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net inc. to common pre-1-time	(3.9)	29.4	1.9	8.5	9.4	(1.6)	18.1	2.0	2.4	4.9	16.5	25.9	41.3
Net margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EPS - Basic, Continuing Operations	(\$0.05)	\$0.34	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.21	\$0.02	\$0.03	\$0.05	\$0.19	\$0.29	\$0.46
Extraordinary items/discontinued items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income to common	(3.9)	29.4	1.9	8.5	9.4	(1.6)	18.1	2.0	2.4	4.9	16.5	25.9	41.3
EPS - basic	(\$0.05)	\$0.34	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.21	\$0.02	\$0.03	\$0.05	\$0.19	\$0.29	\$0.46
EPS - diluted	(\$0.05)	\$0.33	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.21	\$0.02	\$0.03	\$0.05	\$0.19	\$0.29	\$0.44
EPS reported by company	(\$0.05)	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.02	\$0.02	\$0.02	\$0.03	\$0.05	\$0.19	\$0.29	\$0.44
Model variance: EPS	\$0.00	\$0.00	(\$0.00)	(\$0.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pro forma adjustments	39.8	9.6	5.1	1.0	0.7	18.8	25.6	0.0	0.0	0.0	0.0	0.0	0.0
Pro forma net income	35.9	39.1	7.0	9.4	10.1	17.1	43.6	2.0	2.4	4.9	16.5	25.9	41.3
Pro forma EPS - basic	\$0.43	\$0.46	\$0.08	\$0.11	\$0.12	\$0.20	\$0.51	\$0.02	\$0.03	\$0.06	\$0.19	\$0.29	\$0.46
Pro forma EPS	\$0.43	\$0.44	\$0.08	\$0.11	\$0.12	\$0.19	\$0.50	\$0.02	\$0.03	\$0.05	\$0.19	\$0.29	\$0.44
EPS shares - Basic	84.2	85.3	86.5	85.0	84.9	85.2	85.4	87.6	88.1	88.1	88.3	88.0	90.2
EPS shares - Diluted	84.2	87.9	88.6	87.0	87.4	88.0	87.8	89.8	89.9	89.9	88.3	89.4	93.0
Free Cash Flow:													
EBITDA	60.4	88.2	18.1	22.5	25.9	36.5	103.0	13.0	17.0	22.1	37.2	89.3	122.9
Cash net interest	-5.9	-6.2	-1.2	-1.2	-1.9	-2.5	-6.7	-3.0	-2.2	-2.2	-2.3	-9.8	-9.3
Other adjustments to cash	5.3	6.8	0.1	0.8	0.1	-5.7	-4.7	0.7	0.0	0.0	0.0	0.7	0.7
- Cash taxes	-7.7	-4.1	-1.2	-6.2	-4.0	-5.5	-16.9	-0.1	-2.0	-3.2	-9.1	-14.4	-20.0
Cash taxes / EBITDA	13%	5%	7%	28%	15%	15%	16%	1%	12%	14%	25%	16%	16%
Minus: capex	-9.5	-5.6	-1.5	-1.7	-4.7	-3.6	-11.5	-6.8	-4.0	-4.7	0.4	-15.0	-12.0
Capex / D&A	55%	25%	24%	27%	71%	55%	45%	104%	63%	71%	-6%	58%	33%
Capex / EBITDA	16%	6%	9%	7%	18%	10%	11%	52%	23%	21%	-1%	17%	10%
Plus: cost of revenue for spectrum usage rights													
= Free Cash Flow	42.6	79.0	14.3	14.3	15.4	19.3	63.3	3.9	8.8	12.0	26.2	50.8	81.5
Free cash flow (reported by company)	43.0	79.0	14.3	14.3	15.4	19.3	63.3	3.9	8.8	12.0	26.2	50.8	81.5
Free Cash Flow (core)	42.6	79.0	14.3	14.3	15.4	19.3	63.3	3.9	8.8	12.0	26.2	50.8	81.5
FCF per share (core)	\$0.51	\$0.90	\$0.16	\$0.16	\$0.18	\$0.22	\$0.72	\$0.04	\$0.10	\$0.13	\$0.30	\$0.57	\$0.88
Memo: FCF/Adjusted EBITDA (core)	70.5%	89.7%	79.1%	63.4%	59.4%	52.8%	61.4%	30.0%	51.8%	54.1%	70.3%	56.9%	66.3%
Dividends per basic share	\$0.13	\$0.10	\$0.025	\$0.025	\$0.025	\$0.025	\$0.10	\$0.05	\$0.05	\$0.05	\$0.05	\$0.20	\$0.20
- Dividends	(10.5)	(8.5)	(2.2)	(2.1)	(2.1)	(2.1)	(8.5)	(4.4)	(4.4)	(4.4)	(4.4)	(17.6)	(18.0)
Dividends as % of FCF	24.7%	10.8%	15.1%	14.9%	13.8%	11.0%	13.5%	112.1%	49.9%	36.9%	16.9%	34.6%	22.1%

Source: Industry Capital Research estimates and company data

Figure 14: Financial statement forecasts supporting our valuation (cont.)

ANNUAL PERCENTAGE CHANGE	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
Net revenue growth	25.8%	121.0%	32.4%	24.3%	21.1%	26.7%	25.8%	21.2%	18.9%	10.4%	7.1%	13.6%	13.7%
Net revenue (core) growth	25.8%	121.0%	32.4%	24.3%	21.1%	26.7%	25.8%	21.2%	18.9%	10.4%	7.1%	13.6%	13.7%
TV revenue growth	3.2%	-4.9%	-14.5%	-4.9%	-2.1%	13.8%	-1.4%	-1.8%	-8.7%	-20.0%	-20.6%	-13.8%	13.2%
Radio revenue growth	-15.9%	25.4%	11.4%	5.8%	0.1%	26.3%	11.0%	-3.0%	-5.1%	-9.0%	-12.9%	-8.2%	8.0%
Digital revenue growth	108.0%	287.5%	51.5%	33.9%	29.3%	29.6%	34.5%	27.8%	26.1%	17.8%	14.4%	20.7%	14.1%
Cost of revenue	NM	NM	53.3%	33.0%	26.4%	29.4%	33.7%	29.6%	27.2%	18.3%	14.8%	21.6%	13.1%
Direct expense	-12.1%	-22.4%	-3.2%	1.1%	-0.7%	5.2%	0.7%	4.5%	-0.8%	-4.2%	-22.4%	-6.4%	3.5%
SG&A	-10.3%	NM	-3.0%	4.9%	4.4%	33.1%	28.5%	17.1%	15.0%	2.0%	18.8%	17.9%	11.7%
Opex	23.8%	NM	38.8%	27.8%	23.4%	26.8%	28.5%	26.8%	24.7%	15.1%	8.9%	17.9%	11.7%
Opex (core)	-11.6%	12.8%	8.5%	14.3%	14.6%	19.1%	14.4%	18.7%	16.8%	4.9%	-10.9%	6.2%	6.9%
TV opex	-4.2%	0.6%	-3.2%	1.1%	-0.7%	5.2%	0.7%	4.5%	-0.8%	-4.2%	-22.4%	-6.4%	3.5%
Radio opex	-26.3%	-4.2%	-3.0%	4.9%	4.4%	9.7%	4.1%	17.1%	15.0%	2.0%	-16.3%	3.5%	7.8%
Digital opex	-5.0%	68.1%	40.4%	43.5%	46.0%	45.1%	44.0%	37.7%	38.1%	16.0%	3.6%	21.8%	9.3%
Total OCF (core)	32.1%	44.1%	-1.2%	5.1%	9.2%	25.9%	11.4%	-20.5%	-18.6%	-17.8%	-2.6%	-13.1%	29.8%
TV OCF	12.8%	-11.0%	-28.3%	-13.0%	-3.8%	24.1%	-4.1%	-12.2%	-21.1%	-40.2%	-18.9%	-23.4%	28.7%
Radio OCF	NM	NM	97.1%	7.8%	-6.2%	58.7%	26.2%	-62.0%	-50.9%	-27.0%	-8.3%	-29.6%	8.4%
Digital OCF	NM	NM	46.1%	32.5%	45.2%	15.1%	31.3%	-16.3%	-3.9%	14.4%	24.4%	7.7%	37.4%
Corporate expense	3.0%	3.0%	-2.0%	-13.0%	4.2%	47.9%	3.0%	0.0%	0.0%	0.0%	9.2%	3.0%	3.0%
Adjusted EBITDA (core)	46.6%	45.9%	27.6%	26.4%	11.2%	11.2%	16.9%	-28.1%	-24.2%	-14.8%	1.8%	-13.3%	37.5%
D & A	3.8%	29.7%	23.4%	23.4%	11.1%	3.6%	14.6%	1.2%	1.2%	1.2%	1.2%	1.2%	42.4%
Operating income	88.3%	47.7%	15.2%	17.3%	1.7%	-11.3%	2.1%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	NM
Pretax income	NM	NM	-72.0%	-18.2%	-31.3%	-62.6%	-41.4%	-29.5%	-50.7%	-30.5%	NM	35.6%	55.1%
Net income pre-extra.	NM	NM	-65.2%	7.6%	-23.7%	NM	-38.5%	8.2%	-71.7%	-47.2%	NM	43.1%	59.5%
EPS, Continuing Operations	NM	NM	-66.7%	11.1%	-21.4%	NM	-38.2%	0.0%	-70.0%	-54.5%	NM	38.1%	58.6%
EPS - diluted	NM	NM	-65.9%	8.6%	-22.9%	NM	-38.4%	6.8%	-72.6%	-48.6%	NM	40.4%	53.3%
FCF/share	NM	76.5%	6.7%	14.3%	-28.0%	-37.1%	-20.0%	-75.0%	-37.5%	-27.8%	36.4%	-20.8%	54.4%
EPS shares - Diluted	-1.0%	4.4%	1.9%	-0.9%	-1.0%	-0.7%	-0.2%	1.3%	3.3%	2.8%	0.4%	1.9%	4.0%

Source: Industry Capital Research estimates and company data

Figure 15: DCF analysis supports \$7.00 12-month price target

Entravision DCF analysis		YE 2023		YE 2024		
\$ in millions except per share amounts		Current	YE 2023	YE 2024	Current	YE 2024
Firm Value		646	654	634		
(-) Total Net Debt		107	74	10		
(+) NOLs/Tax Assets		11	11	11		
(-) Options (Claims on Entravision)		(0.6)	(0.6)	(0.6)		
Common Equity Value		549.9	591.4	635.0		
Shares Outstanding		89.8	89.8	89.8		
Current Share Price		\$4.78	\$4.78	\$4.78		
Value Per Share		\$6.13	\$6.59	\$7.07		
12-month		\$7.00				
12-month (SoTP)		\$7.00				

ASSUMPTIONS		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
Risk-Free Rate													
Equity Premium													
Assumed LT Growth Rate (g)													
MV of Equity Calculation													
Share Price													
Outstanding Shares													
MV of Equity													
Estimate MV of Debt Calculation													
Interest Expense													
Current Cost of Debt													
Wghtd Avg Maturity of Debt													
BV of Debt													
Estimate MV of Debt													

Discounted Cash Flow		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
EBITDA		54.0	41.2	60.4	88.2	103.0	89.3	122.9	117.2	141.7	121.9	143.6	
EBIT		37.8	24.6	43.1	65.7	77.4	63.3	85.8	77.5	98.5	78.0	97.6	87.8
Less Cash Taxes		(11.3)	(7.4)	(12.9)	(19.7)	(23.2)	(19.0)	(25.7)	(23.3)	(29.6)	(23.4)	(29.3)	(30.7)
Plus D&A		16.3	16.6	17.3	22.4	25.7	26.0	37.0	39.6	43.2	43.9	46.0	46.0
Less CapEx		(17.0)	(25.3)	(9.5)	(5.6)	(11.5)	(15.0)	(12.0)	(12.6)	(13.3)	(13.9)	(14.6)	(46.0)
Less Increase in WC		(9.4)	(8.7)	8.7	(15.5)	(0.3)	(4.0)	(5.0)	(5.0)	(6.1)	(4.9)	(6.2)	(5.6)
Free Cash Flow to Firm		16.3	(0.1)	46.6	47.3	68.1	51.3	80.1	76.3	92.8	79.6	93.5	51.5
Tax Rate		30.0%	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		25%											
D/EV		20%											
E/EV		80%											
Unlevered Beta		1.24											
Levered Beta		1.55											
D/Equity (long-term target)		33%											
Cost of Debt (AT)		4.2%											
Cost of Equity		10.9%											
WACC		9.2%											
PV of CF				9%	9%	9%	9%	9%	9%	9%	9%	9%	
						68.1	469	67.2	58.6	65.2	51.3	55.1	
							469	67.2	58.6	65.2	51.3	55.1	
							73.3	64.0	71.2	56.0	60.2	65.7	
							69.9	69.9	77.8	61.1	65.7	65.7	
													559.0
													4x EBITDA

Sum of PV		Current	YE 2023	YE 2024
Sum of PV		344.2	324.7	274.5
PV of Terminal Value		301.7	329.5	359.8
NPV of all CF		645.9	654.2	634.3

Source: Industry Capital Research estimates and company data

Figure 16: DCF analysis allocates over 80% of equity value to digital media business

Entravision DCF analysis - Digital \$ in millions except per share amounts			
	Current	YE 2023	YE 2024
Firm Value	542	532	539
(-) Total Net Debt	-	-	-
(+) NOLs	-	-	-
(-) Options (Claims on Entravision)	-	-	-
Common Equity Value	541.9	532.3	538.9
Shares Outstanding	89.8	89.8	89.8
Current Share Price	\$4.78	\$4.78	\$4.78
Value Per Share	\$6.04	\$5.99	\$6.00
12-month	\$6.00		
Minority Interest	-	-	-

ASSUMPTIONS	2018-22	2023-27	2027-28
Risk Free Rate	3.9%	4.6%	4.6%
Equity Premium	1%	1%	1%
Assumed LT Growth Rate (g)	105%	134%	18%
MV of Equity Calculation	108%	133%	15%
Share Price	2019-23	2024-25	2023-27
Outstanding Shares	NM	31%	18%
MV of Equity	NM	79%	20%
Estimate MV of Debt Calculation	6.9	6.0%	-
Interest Expense	-	-	-
Current Cost of Debt	-	-	-
Wghtd Avg Maturity of Debt	-	-	-
BV of Debt	-	-	-
Estimate MV of Debt	-	-	-

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
Discounted Cash Flow												
EBITDA	2.8	(0.1)	2.3	28.2	49.0	50.7	69.7	84.0	93.5	99.8	104.4	84.4
EBIT	2.8	(0.1)	2.3	23.1	40.1	41.5	57.0	68.7	76.5	81.7	85.4	84.4
Less Cash Taxes	(0.8)	0.0	(0.7)	(6.9)	(12.0)	(12.4)	(17.1)	(20.6)	(22.9)	(24.5)	(25.6)	(29.5)
Plus D&A			5.1	8.9	9.2	12.7	15.3	17.0	18.2	19.0	19.0	(19.0)
Less Cap Ex				(15.5)	(0.3)	(4.0)	(5.0)	(5.0)	(6.1)	(4.9)	(6.2)	(5.6)
Less Increase in WC												
Free Cash Flow to Firm	1.9	(0.1)	1.6	5.7	36.7	34.2	47.6	58.4	64.5	70.4	72.5	49.2
Tax Rate	30.0%	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	1.38											
Levered Beta	1.4											
D/Equity (projected long term)	0.0%											
Cost of Debt (AT)	4.2%											
Cost of Equity	10.2%											
WACC	10.2%											
PV of CF												
Sum of PV	241.5	231.9	208.0									537.7
PV of Terminal Value	300.3	300.3	330.9									6x EBITDA
NPV of all CF	541.9	532.3	538.9									

Source: Industry Capital Research estimates and company data

Figure 17: DCF analysis allocates under 20% of equity value to broadcasting business

Entrevision DCF analysis - Broadcasting			
\$ in millions except per share amounts			
	Current	YE 2023	YE 2024
Firm Value	122	112	88
(-) Total Net Debt	107	74	10
(+) NDIS	11	11	11
(-) Options (Claims on Entrevision)	(0.6)	(0.6)	(0.6)
Common Equity Value	26.2	49.6	88.7
Shares Outstanding	89.8	89.8	89.8
Current Share Price	\$4.78	\$4.78	\$4.78
Value Per Share	\$0.29	\$0.55	\$0.99
12-month			
	Current	YE 2023	YE 2024
Firm Value	122	112	88
(-) Total Net Debt	107	74	10
(+) NDIS	11	11	11
(-) Options (Claims on Entrevision)	(0.6)	(0.6)	(0.6)
Common Equity Value	26.2	49.6	88.7
Shares Outstanding	89.8	89.8	89.8
Current Share Price	\$4.78	\$4.78	\$4.78
Value Per Share	\$0.29	\$0.55	\$0.99
12-month			

ASSUMPTIONS												
Risk Free Rate	3.9%											
Equity Premium	4.6%											
Assumed LT Growth Rate (g)	-1%											
MV of Equity Calculation												
Share Price	\$4.78											
Outstanding Shares	89.8											
MV of Equity	429.1											
Estimate MV of Debt Calculation												
Interest Expense	6.9											
Current Cost of Debt	6.0%											
Wgtd Avg Maturity of Debt												
BV of Debt	106.8											
Estimate MV of Debt	106.8											

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
Discounted Cash Flow												
EBITDA	51.3	41.3	58.1	59.9	54.0	38.7	53.2	33.2	48.2	22.0	39.3	
EBIT	35.0	24.7	40.8	42.7	37.3	21.9	28.8	8.8	22.0	(3.7)	12.2	4.2
Less Cash Taxes	(10.5)	(7.4)	(12.2)	(12.8)	(11.2)	(6.6)	(8.7)	(2.6)	(6.6)	1.1	(3.7)	(1.5)
Plus DBA	16.3	16.6	17.3	17.3	16.8	16.8	24.3	24.3	26.1	25.7	27.0	27.0
Less CapEx	(17.0)	(25.3)	(9.5)	(5.6)	(11.5)	(15.0)	(12.0)	(12.6)	(13.3)	(13.9)	(14.6)	(27.0)
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	0.0
Free Cash Flow to Firm	14.3	(0.0)	45.0	41.5	31.4	17.0	32.5	17.9	28.3	9.2	21.0	2.8
Tax Rate	30.0%	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	25%											
D/EV	20%											
E/EV	80%											
Unlevered Beta	0.78											
Levered Beta	1.0											
D/Equity (long-term target)	33%											
Cost of Debt (AT)	4.2%											
Cost of Equity	8.3%											
WACC	7.3%											
PV of CF												
Sum of PV	100.2	90.5	64.5									33.4
PV of Terminal Value	21.9	21.9	23.5									1x EBITDA
NPV of all CF	122.2	112.4	88.1									

Source: Industry Capital Research estimates and company data

Figure 18: Using DCF analysis of recession scenario, 12-month valuation would drop to ~\$6 per share

Entravision DCF analysis			
\$ in millions except per share amounts			
	Current	YE 2023	YE 2024
Firm Value	582	588	568
(-) Total Net Debt	107	78	20
(+) NOLs/Tax Assets	10	10	10
(-) Options (Claims on Entravision)	(0.6)	(0.6)	(0.6)
Common Equity Value	485.1	520.8	558.2
Shares Outstanding	89.8	89.8	89.8
Current Share Price	\$4.78	\$4.78	\$4.78
Value Per Share	\$5.40	\$5.80	\$6.22
12-month	\$6.00		
12-month (SoP)	\$6.00		

ASSUMPTIONS												
	2018-23	2019-23	2020-24	2021-25	2022-26	2023-27	2024-28	2025-28	2026-28	2027-28	2028-28	Terminal
Risk Free Rate	3.86%											
Equity Premium	4.59%											
Assumed LT Growth Rate (g)	0%											
MV of Equity Calculation												
Share Price	\$4.78											
Outstanding Shares	89.8											
MV of Equity	429.1											
Estimate MV of Debt Calculation												
Interest Expense	6.9											
Current Cost of Debt	6.0%											
Wigid Avg Maturity of Debt												
BV of Debt	106.8											
Estimate MV of Debt	106.8											

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
EBITDA	54.0	41.2	60.4	88.2	103.0	83.2	115.3	110.5	134.0	111.3	130.9	77.5
EBIT	37.8	24.6	43.1	65.7	77.4	57.2	79.2	71.8	91.8	68.7	86.3	(27.1)
Less Cash Taxes	(11.3)	(7.4)	(12.9)	(19.7)	(23.2)	(17.2)	(23.7)	(21.5)	(27.5)	(20.6)	(25.9)	(44.7)
Plus D&A	16.3	16.6	17.3	22.4	25.7	26.0	36.1	38.7	42.1	42.6	44.7	(44.7)
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(11.5)	(15.0)	(12.0)	(12.6)	(13.3)	(13.9)	(14.6)	(5.3)
Less Increase in WC	(9.4)	(8.7)	8.7	(15.5)	(0.3)	(3.8)	(4.9)	(4.9)	(5.9)	(4.6)	(6.0)	(5.3)
Free Cash Flow to Firm	16.3	(0.1)	46.6	47.3	68.1	47.2	74.6	71.4	87.2	72.1	84.4	45.1
Tax Rate	30.0%	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	25%											
D/EV	20%											
E/EV	80%											
Unlevered Beta	1.24											
Levered Beta	1.53											
D/Equity (long-term target)	33%											
Cost of Debt (AT)	4.2%											
Cost of Equity	10.9%											
WACC	9.2%											
PV of CF												
	Current	YE 2023	YE 2024									
Sum of PV	318.1	300.2	253.2									
PV of Terminal Value	264.0	288.3	314.8									
NPV of all CF	582.1	588.4	568.1									
												4x EBITDA

Source: Industry Capital Research estimates and company data

APPENDIX

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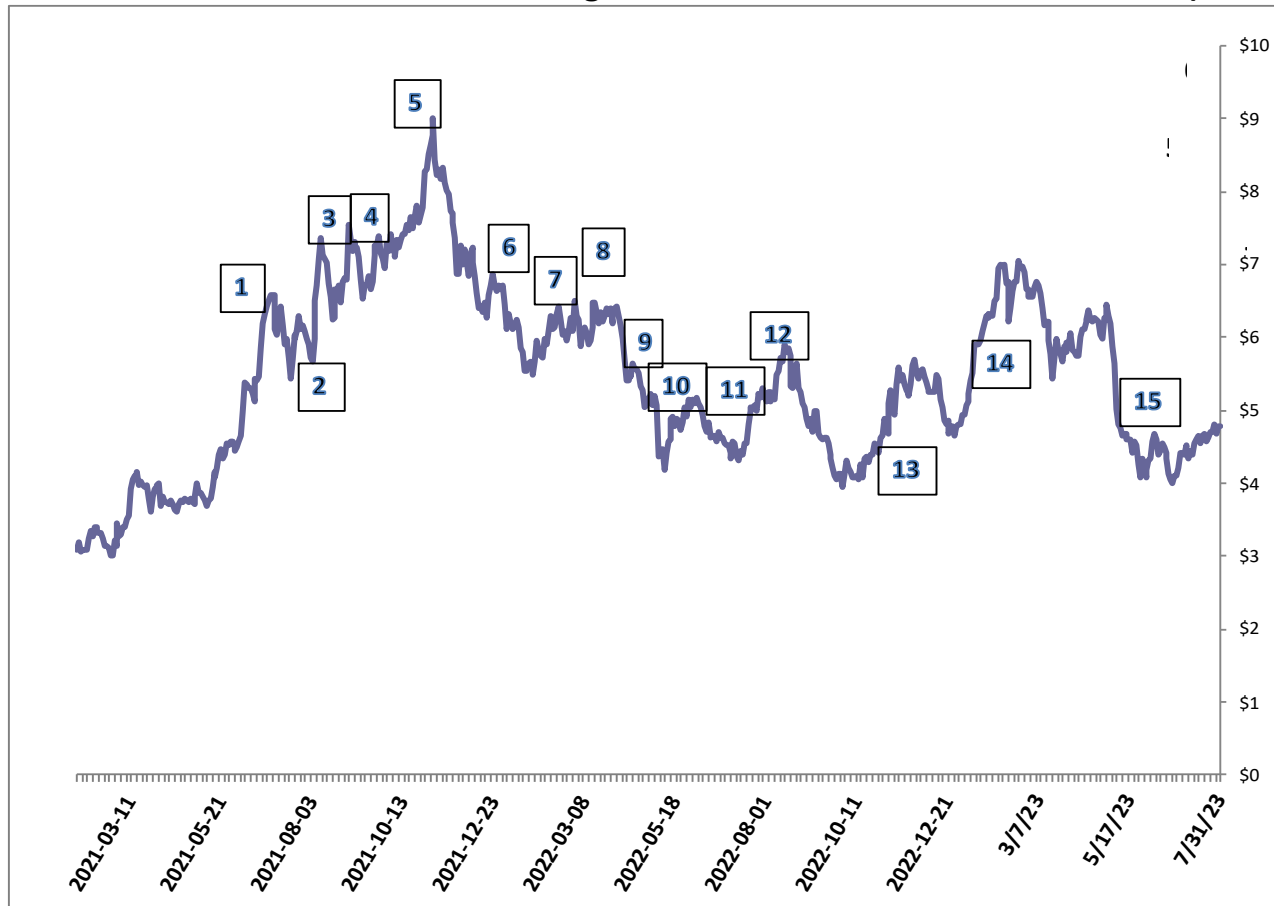
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The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters,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



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	11/5/21	Reaffirmed Buy @ \$8.83, Target Price \$10.50
6	12/20/21	Reaffirmed Buy @ \$6.40, Target Price \$10.00
7	2/2/22	Reaffirmed Buy @ \$5.87, Target Price \$8.00
8	3/4/22	Reaffirmed Buy @ \$6.42, Target Price \$8.50
9	4/15/22	Reaffirmed Buy @ \$5.53, Target Price \$8.50
10	5/6/22	Reaffirmed Buy @ \$5.14, Target Price \$8.00
11	6/9/22	Reaffirmed Buy @ \$5.16, Target Price \$8.00
12	8/25/22	Reaffirmed Buy @ \$5.52, Target Price \$7.50
13	11/3/22	Reaffirmed Buy @ \$4.69, Target Price \$7.00
14	1/27/23	Reaffirmed Buy @ \$6.33, Target Price \$7.50
15	5/5/23	Reaffirmed Buy @ \$5.87, Target Price \$7.00

Ratings Definitions

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

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

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

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

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