

Entravision Communications Corporation (EVC)

Still Looking for a Bottom on Digital Margins; Reducing Estimates and Price Target; Buy

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2Q miss and 3Q outlook below our estimates cut our 2023/24 EBITDA estimates and price target, but reduced upside still supports our Buy rating. Growth continues to beat, but digital margins missed and our 2H digital operating cash flow estimates come down. Our outlook for digital segment profitability still seeks a bottom. As detailed in our 7/7/23 report on valuation scenarios, digital segment margins are one of EVC's key swing factors, one that is cutting against the shares at the moment. Nevertheless, EVC's expanding global footprint, both in digital representation as well as its legacy business (chiefly, Smadex) gives it strategic options for growth and value creation, and new CEO Mike Christenson said on the call that he was particularly focusing on organic growth, rather than M&A. EVC is looking to more than offset lower OCF margins on its business with META through representation expansions. In the meantime, to improve profitability, EVC is reducing headcount at the digital segment (by ~60 over the past two quarters).

For 2023/24, our revenue estimates rise, but EBITDA estimates fall, owing to lower digital operating cash flow margin assumptions and national advertising weakness at broadcast. 3Q core advertising (ex-political) is pacing +25% for digital, -10% for TV, and -12% for radio vs. our prior comparable estimates of +18/-8%/0%. EVC Latam and EVC Asia are once again pacing above our forward quarter estimates. The legacy digital business is tracking slightly below our 3Q estimates, although Smadex appears to be turning a corner to solid double-digit growth. Our 2023 revenue/EBITDA/EPS estimates go to \$1,111m/\$75.3m/\$0.11 from \$1,086m/\$89.3m/\$0.29. For 2023, 1) we again raise our estimate for digital revenue growth, on 2Q results and 3Q pacing above our estimates, 2) our digital gross margin assumption drops to 14.9% from 15.9%, primarily on lower commission rates in effect from META as of July 1 (7% vs. 10% previously, per EVC on the call), and 3) our broadcast segment OCF estimate drops to \$57.0m from \$64.1m, reflecting lower broadcast advertising estimates. See Fig. 3-4 for a summary of our annual estimate changes.

2Q recap: EBITDA of \$14.2m (5.2% margin) missed our \$17.0m (6.5% margin) estimate. See Fig. 2. Revenue growth was +32% for digital vs. prior pacing of +25% (+18% pro forma vs. +14% prior pro forma pacing), +1% for core TV advertising vs. prior pacing of -1%, and -6% for core radio advertising vs. prior pacing of -1%. As we suspected in our preview given META's strong results, EVC Latam's revenue growth of +20% beat our +14% estimate, while EVC Asia's +50% growth beat our +39% estimate. At the legacy digital business, Smadex revenue growth was -12%, similar to the -11% posted in 1Q, on continuing weakness in the fintech and crypto ad verticals. At TV, auto advertising (27% of total) continued its strong growth, +14% (vs. +15% in 1Q). OCF margin for digital was 3.9% vs. our 5.3% estimate, for TV was 33.6% vs. our 33.8% estimate, and for radio was 13.5% vs. our 15.8% estimate. EPS was a loss of \$0.02, below our \$0.03 estimate.

Our price target drops to \$5.50 from \$7; risks on page 3. Our PT is supported by a DCF valuation based on explicit financial forecasts through 2028.

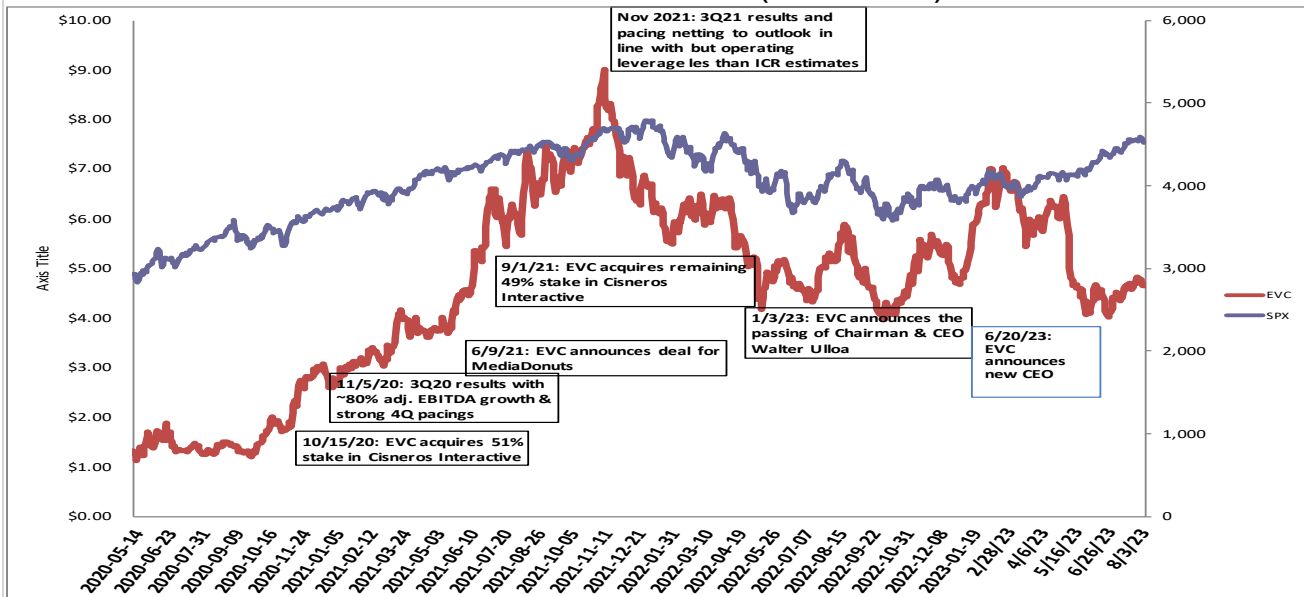
| BUY | | | |
|------------------------|-------------|---------|---------|
| Price at 8/3/23 (USD) | 4.49 | | |
| Price Target | 5.50 | | |
| 52-week range | 3.96 - 7.33 | | |
| Performance (%) | 1m | 3m | 12m |
| Absolute | -1 | -27 | -15 |
| S&P 500 | 1 | 10 | 8 |
| Market Cap (USDm) | 403.1 | | |
| Shares outstanding (m) | 89.8 | | |
| Float (%) | 89 | | |
| Average volume | 442,532 | | |
| S&P 500 | 4,501.9 | | |
| Forecasts and ratios | | | |
| Year ended 12/31 | 2022A | 2023E | 2024E |
| 1Q EPS (USD) | 0.02 | 0.02 | 0.08 |
| 2Q EPS (USD) | 0.10 | -0.02 | 0.02 |
| 3Q EPS (USD) | 0.11 | -0.02 | 0.09 |
| 4Q EPS (USD) | -0.02 | 0.13 | 0.13 |
| FY EPS (USD) | 0.21 | 0.11 | 0.31 |
| % Change | -38% | -45% | 178% |
| P/E (x) | 21.8 | 39.9 | 14.3 |
| EV/EBITDA (x) | 4.7 | 6.7 | 4.6 |
| Revenue (USDm) | 956.2 | 1,111.3 | 1,262.4 |
| % Change | 26% | 16% | 14% |

ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE LOCATED IN THE APPENDIX. Industry Capital Research does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm might have a conflict of interest that could affect the objectivity of this report.

Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

| | | (in millions, except unit data) | | |
|---|---------|--|---|--|
| | | 12-month price target: \$5.50 | | |
| ENTERPRISE VALUE | | COMPANY CHARACTERISTICS AND INVESTMENT THESIS | | |
| Price per share | \$4.49 | 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." | 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. \$324 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). 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 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 | |
| Diluted shares outstanding | 89.8 | | | |
| Equity market capitalization | 403 | | | |
| +Pro forma net debt | 117 | | | |
| -Hidden value | 13 | | | |
| =Pro forma EV | \$508 | | | |
| OPERATING PROJECTIONS | | Valuation Attributing most 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. Upcoming potential catalysts Recession risk to advertising-based revenue , both in U.S. and internationally - Digital growth initiatives - Advertising in upcoming U.S. election cycle - Changes in capital return/allocation with new senior management | | |
| 2023 | \$1,112 | Est. acquisition capacity Management | | |
| 2022 | 984 | | | |
| % Chg | 12.9% | | | |
| Pro forma EBITDA | | | | |
| 2023 | \$76 | | | |
| 2022 | 108 | | | |
| % Chg | -29.8% | | | |
| Pro forma EBITDA margin | | | | |
| 2023 | 6.8% | | | |
| 2022 | 10.9% | | | |
| Free cash flow per share | | | | |
| 2023 | \$0.44 | | | |
| 2022 | \$0.72 | | | |
| % Chg | -38.9% | | | |
| Est. 3-5 yr FCF Growth rate | | 7% | | |
| VALUATION AND LEVERAGE | | | | |
| Pro forma EV/EBITDA | | | | |
| 2023 | 6.7x | | | |
| 2022 | 4.7x | | | |
| Price / Free cash flow per share | | | | |
| 2023 | 10.2x | | | |
| 2022 | 6.2x | | | |
| Pro forma net debt / EBITDA | | | | |
| 2023 | 1.5x | | | |
| 2022 | 1.1x | | | |
| Dividend yield | | | | |
| 2023 | 4.5% | | | |
| 2022 | 2.2% | | | |

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 \$5.50 Price Target

Positives supporting our Buy rating include: 1) EVC's share price is not fully capturing the potential of its digital media assets because their higher growth, different business models and strategic options 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 close to 10% free cash flow yield give new senior management strategic flexibility; and 4) our DCF valuation supports sufficient 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 2023 and 2024. 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. 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) volatility and profitability 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 2: Our estimates were below consensus EBITDA for both 2Q and 3Q, but not by enough

| Entravision Communications | | | | | | | | | |
|---|-----------|---------|-----------|----------|----------|-----------|---------|-----------|-----------|
| Summary of Quarterly Estimates | | | | | | | | | |
| In millions, except per share data | | | | | | | | | |
| | Results | | | | YoY %CHG | | | A vs | |
| | Last Yr | E | Beat/Miss | A | E | Beat/Miss | A | Consensus | Consensus |
| 2Q23A | | | | | | | | | |
| As Reported | | | | | | | | | |
| Revenue | \$221.7 | \$263.6 | \$9.7 | \$273.4 | 18.9% | 4.4% | 23.3% | 259.0 | 5.6% |
| Op Expense | 199.2 | 246.6 | 12.6 | 259.2 | 23.8% | 6.3% | 30.1% | | |
| Adjusted EBITDA | 22.5 | 17.0 | (2.8) | 14.2 | -24.2% | -12.6% | -36.8% | 18.0 | -21.0% |
| Margin | 10.1% | 6.5% | -1.3% | 5.2% | | | | 6.9% | -1.8% |
| Pro Forma EPS | \$0.11 | \$0.03 | (\$-0.05) | (\$0.02) | -72.7% | -45.5% | -118.2% | \$0.07 | -128.6% |
| FCF/sh (core) | \$0.16 | \$0.10 | (\$-0.08) | \$0.02 | -37.5% | -50.0% | -87.5% | | |
| | Estimates | | | | YoY %CHG | | | ICR vs | |
| | Last Yr | Prior | Chg | Current | Prior | Chg | Current | Consensus | Consensus |
| 3Q23E | | | | | | | | | |
| As Reported | | | | | | | | | |
| Revenue | 241.0 | 266.0 | 9.3 | 275.3 | 10.4% | 3.9% | 14.2% | 267.0 | 3.1% |
| Op Expense | 215.1 | 243.9 | 13.5 | 257.4 | 13.4% | 6.3% | 19.7% | | |
| Adjusted EBITDA | 25.9 | 22.1 | (4.2) | 17.9 | -14.8% | -16.2% | -31.0% | 23.0 | -22.2% |
| Margin | 10.8% | 8.3% | -1.8% | 6.5% | | | | 8.6% | -2.1% |
| Pro Forma EPS | \$0.12 | \$0.05 | (\$-0.07) | (\$0.02) | -58.3% | -58.3% | -116.7% | \$0.12 | -116.7% |
| FCF/sh (core) | \$0.18 | \$0.13 | (\$-0.02) | \$0.11 | -27.8% | -11.1% | -38.9% | | |
| * reflects announced acquisitions and dispositions | | | | | | | | | |
| Source: Company reports, FactSet, Industry Capital Research estimates | | | | | | | | | |

Figure 3: Once again, for 2023 and 2024, we reduce our EBITDA estimates while raising our revenue estimates

| Entravision Communications (NYSE: EVC) | | | | | | | | | |
|---|---------|-----------|----------|----------|--------|---------|---------|-----------|-----------|
| Summary of Annual Estimates | | | | | | | | | |
| In millions, except per share data | | | | | | | | | |
| | Last Yr | Estimates | | YoY %CHG | | | ICR vs | | |
| | | Prior | Chg | Current | Prior | Chg | Current | Consensus | Consensus |
| 2023E | | | | | | | | | |
| As Reported | | | | | | | | | |
| Revenue | 956.2 | 1,085.9 | 25.4 | 1,111.3 | 13.6% | 2.7% | 16.2% | 1,070 | 3.9% |
| Op expense | 853.2 | 996.6 | 39.4 | 1,036.0 | 16.8% | 4.6% | 21.4% | | |
| Adjusted EBITDA | 103.0 | 89.3 | (14.0) | 75.3 | -13.3% | -13.6% | -26.9% | 84.0 | -10.3% |
| Margin | 10.8% | 8.2% | -1.4% | 6.8% | | | | 7.9% | -1.1% |
| EPS | \$0.21 | \$0.29 | (\$0.18) | \$0.11 | 39.9% | -85.3% | -45.4% | \$0.38 | -70.4% |
| Cash FCF/sh | \$0.72 | \$0.57 | (\$0.13) | \$0.44 | -20.8% | -18.1% | -38.9% | | |
| 2024E | | | | | | | | | |
| As Reported | | | | | | | | | |
| Revenue | 1,111.3 | 1,234.3 | 28.0 | 1,262.4 | 11.1% | 2.5% | 13.6% | 1,161 | 8.7% |
| Op expense | 1,036.0 | 1,111.5 | 39.8 | 1,151.3 | 7.3% | 3.8% | 11.1% | | |
| Adjusted EBITDA | 75.3 | 122.9 | (11.8) | 111.1 | 63.1% | -15.6% | 47.5% | 112.0 | -0.8% |
| Margin | 6.8% | 10.0% | -1.2% | 8.8% | | | | 9.6% | -0.8% |
| EPS | \$0.11 | \$0.44 | (\$0.13) | \$0.31 | 294.1% | -115.8% | 178.4% | \$0.55 | -43.0% |
| Cash FCF/sh | \$0.44 | \$0.88 | \$0.07 | \$0.95 | 100.0% | 15.9% | 115.9% | | |
| * reflects announced acquisitions and dispositions | | | | | | | | | |
| Source: Company reports, FactSet, Industry Capital Research estimates | | | | | | | | | |

Figure 4: Main driver of lower digital segment OCF estimates is EVC Latam; Legacy Digital OCF is helped by 2Q23 acquisition of BCNMonetize

| Entravision Communications (NYSE: EVC) | | | | | | | | | |
|---|---------|-----------|-------|---------|----------|--------|---------|-----------|-----------|
| Summary of Digital Segment Annual Estimates | | | | | | | | | |
| In millions, except per share data | | | | | | | | | |
| | Last Yr | Estimates | | | YoY %CHG | | | ICR vs | |
| | | Old | Chg | Current | Old | Chg | Current | Consensus | Consensus |
| 2023E | | | | | | | | | |
| As Reported | | | | | | | | | |
| Legacy Digital Revenue | 103.7 | 131.7 | (6.0) | 125.7 | 27.0% | -5.8% | 21.2% | | |
| Legacy Digital Opex | 89.4 | 121.0 | (6.1) | 114.8 | 35.3% | -6.9% | 28.5% | | |
| Legacy Digital OCF | 14.3 | 10.7 | 0.1 | 10.9 | -24.9% | 0.8% | -24.1% | | |
| Margin | 13.8% | 8.2% | 0.5% | 8.6% | | | | | |
| EVC Latam Revenue | 508.8 | 576.1 | 19.5 | 595.6 | 13.2% | 3.8% | 17.0% | | |
| EVC Latam Opex | 480.2 | 545.0 | 24.4 | 569.4 | 13.5% | 5.1% | 18.6% | | |
| EVC Latam OCF | 28.6 | 31.1 | (4.9) | 26.2 | 8.7% | -17.1% | -8.4% | | |
| Margin | 5.6% | 5.4% | -1.0% | 4.4% | | | | | |
| EVC Asia Revenue | 89.5 | 103.3 | 17.7 | 120.9 | 15.3% | 19.7% | 35.0% | | |
| EVC Asia Opex | 84.2 | 95.9 | 17.8 | 113.7 | 13.9% | 21.2% | 35.1% | | |
| EVC Asia OCF | 5.3 | 7.4 | (0.2) | 7.2 | 38.0% | -3.2% | 34.8% | | |
| Margin | 6.0% | 7.1% | -1.2% | 6.0% | | | | | |
| EVC Africa Revenue | 11.4 | 10.1 | (1.0) | 9.0 | -11.9% | -9.2% | -21.1% | | |
| EVC Africa Opex | 10.7 | 11.0 | (0.5) | 10.5 | 2.4% | -4.6% | -2.3% | | |
| EVC Africa OCF | 0.7 | (0.9) | (0.6) | (1.4) | -221.3% | NM | NM | | |
| Margin | 6.4% | -8.8% | -7.1% | -16.0% | | | | | |
| Jack of Digital Revenue | 1.7 | 4.5 | 1.2 | 5.7 | 165.1% | NM | NM | | |
| Jack of Digital Opex | 1.6 | 4.0 | 1.5 | 5.5 | 146.2% | NM | NM | | |
| Jack of Digital OCF | 0.1 | 0.5 | (0.3) | 0.2 | NM | NM | NM | | |
| Margin | 3.5% | 10.4% | -7.2% | 3.2% | | | | | |
| Adsmurai Revenue | 31.7 | 76.4 | 0.8 | 77.1 | 141.0% | 2.4% | 143.3% | | |
| Adsmurai Opex | 28.4 | 72.4 | 1.9 | 74.3 | 154.7% | 6.7% | 161.4% | | |
| Adsmurai OCF | 3.3 | 4.0 | (1.2) | 2.8 | 21.2% | -35.3% | -14.1% | | |
| Margin | 10.3% | 5.2% | -1.5% | 3.6% | | | | | |
| Digital Segment Revenue | 747.1 | 902.0 | 32.1 | 934.1 | 20.7% | 4.3% | 25.0% | 880 | 6.1% |
| Digital Segment Opex | 698.1 | 849.3 | 39.0 | 888.3 | 21.7% | 5.6% | 27.2% | | |
| Digital Segment OCF | 49.0 | 52.8 | (6.9) | 45.8 | 7.7% | -14.1% | -6.5% | | |
| Margin | 6.6% | 5.8% | -0.9% | 4.9% | | | | | |
| 2024E | | | | | | | | | |
| As Reported | | | | | | | | | |
| Legacy Digital Revenue | 125.7 | 154.8 | (6.9) | 147.9 | 23.2% | -5.5% | 17.7% | | |
| Legacy Digital Opex | 114.8 | 141.5 | (7.1) | 134.4 | 23.2% | -6.2% | 17.0% | | |
| Legacy Digital OCF | 10.9 | 13.3 | 0.2 | 13.5 | 22.8% | 1.7% | 24.5% | | |
| Margin | 8.6% | 8.6% | 0.5% | 9.1% | | | | | |
| EVC Latam Revenue | 595.6 | 647.4 | 21.9 | 669.3 | 8.7% | 3.7% | 12.4% | | |
| EVC Latam Opex | 569.4 | 605.2 | 27.2 | 632.4 | 6.3% | 4.8% | 11.1% | | |
| EVC Latam OCF | 26.2 | 42.2 | (5.3) | 36.9 | 60.9% | -20.2% | 40.7% | | |
| Margin | 4.4% | 6.5% | -1.0% | 5.5% | | | | | |
| EVC Asia Revenue | 120.9 | 114.4 | 20.1 | 134.5 | -5.4% | 16.6% | 11.2% | | |
| EVC Asia Opex | 113.7 | 104.8 | 19.8 | 124.7 | -7.8% | 17.4% | 9.6% | | |
| EVC Asia OCF | 7.2 | 9.6 | 0.2 | 9.8 | 32.9% | 3.4% | 36.3% | | |
| Margin | 6.0% | 8.4% | -1.1% | 7.3% | | | | | |
| EVC Africa Revenue | 9.0 | 14.8 | 0.0 | 14.8 | 63.4% | 0.0% | 63.4% | | |
| EVC Africa Opex | 10.5 | 14.3 | 0.0 | 14.3 | 36.6% | 0.0% | 36.6% | | |
| EVC Africa OCF | (1.4) | 0.5 | 0.0 | 0.5 | -131.3% | NM | NM | | |
| Margin | -16.0% | 3.1% | 0.0% | 3.1% | | | | | |
| Jack of Digital Revenue | 5.7 | 9.0 | 0.0 | 9.0 | 58.0% | 0.0% | 58.0% | | |
| Jack of Digital Opex | 5.5 | 7.6 | 0.0 | 7.6 | 38.2% | 0.0% | 38.2% | | |
| Jack of Digital OCF | 0.2 | 1.4 | 0.0 | 1.4 | NM | NM | NM | | |
| Margin | 3.2% | 15.4% | 0.0% | 15.4% | | | | | |
| Adsmurai Revenue | 77.1 | 88.9 | 0.0 | 88.9 | 15.2% | 0.0% | 15.2% | | |
| Adsmurai Opex | 74.3 | 83.3 | 0.0 | 83.3 | 12.1% | 0.0% | 12.1% | | |
| Adsmurai OCF | 2.8 | 5.6 | 0.0 | 5.6 | 98.7% | 0.0% | 98.7% | | |
| Margin | 3.6% | 6.3% | 0.0% | 6.3% | | | | | |
| Digital Segment Revenue | 934.1 | 1,029.3 | 35.1 | 1,064.3 | 10.2% | 3.8% | 13.9% | | |
| Digital Segment Opex | 888.3 | 956.8 | 39.9 | 996.7 | 7.7% | 4.5% | 12.2% | | |
| Digital Segment OCF | 45.8 | 72.5 | (4.9) | 67.6 | 58.2% | -10.6% | 47.6% | | |
| Margin | 4.9% | 7.0% | -0.7% | 6.4% | | | | | |

* reflects announced acquisitions and dispositions

Source: Company reports, FactSet, Industry Capital Research estimates

Figure 5: Our discounted cash flow valuation range drops to \$5-\$5.50 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 |
| | (in \$ million except unit data) | Rev | EBITDA | Low | High | 2019-23 | 2021-25 | 2022-26 | 2023-27 | | | | | |
| 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 | 1,111.3 | 75.3 | \$5.00 | \$5.50 | 16% | 5% | 6% | 9% | 9% | 4.1% | 4.6% | 9.4% | 10.4% | 7.4% |
| Delta | 25.4 | -14.0 | (\$2.00) | (\$1.50) | -5.1% | -2.2% | -1.9% | 1.2% | 1.2% | 0.2% | 0.0% | 0.1% | 0.2% | 0.1% |

Source: Company data and Industry Capital Research estimates

Figure 6: Digital segment forecast assumes OCF margin improvement in 4Q23, reflecting seasonal revenue growth and impact of cost controls

| In millions, except unit data | 2019A | 2020A | 2021A | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 2022A | 1Q23A | 2Q23A | 3Q23E | 4Q23E | 2023E | 2024E |
|--|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|---------|---------|
| Legacy | | | | | | | | | | | | | | |
| Revenue | \$68.9 | \$54.1 | \$68.7 | \$22.0 | \$27.9 | \$27.8 | \$26.0 | \$103.7 | \$23.2 | \$28.7 | \$33.1 | \$40.6 | \$125.7 | \$147.9 |
| Cost of Revenue | 36.8 | 30.6 | 39.2 | 13.0 | 15.9 | 16.1 | 15.4 | 60.4 | 13.5 | 17.0 | 19.3 | 23.7 | 73.4 | 86.4 |
| Opex ex-cost of revenue | 32.3 | 24.5 | 23.8 | 6.9 | 7.5 | 6.7 | 7.9 | 29.0 | 8.9 | 9.8 | 9.8 | 13.0 | 41.4 | 48.0 |
| OCF | (0.1) | (1.0) | 5.7 | 2.1 | 4.5 | 5.0 | 2.7 | 14.3 | 0.8 | 2.0 | 4.1 | 4.0 | 10.9 | 13.5 |
| <i>OCF Margin</i> | -0.2% | -1.9% | 8.3% | 9.5% | 16.1% | 18.0% | 10.4% | 13.8% | 3.5% | 6.9% | 12.3% | 9.8% | 8.6% | 9.1% |
| 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 | 150.5 | 150.6 | 165.5 | 595.6 | 669.3 |
| Entravision Latam cost of revenue | 136.2 | 201.7 | 401.7 | 101.2 | 111.0 | 114.4 | 126.8 | 453.4 | 118.6 | 137.4 | 141.0 | 150.3 | 547.4 | 609.8 |
| 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 | 7.1 | 5.2 | 5.1 | 22.0 | 22.6 |
| Entravision Latam OCF | 9.9 | 14.2 | 29.1 | 5.9 | 7.0 | 6.4 | 9.3 | 28.6 | 5.7 | 5.9 | 4.4 | 10.1 | 26.2 | 36.9 |
| <i>Entravision Latam OCF Margin</i> | 6.2% | 6.1% | 6.4% | 5.2% | 5.6% | 5.0% | 6.5% | 5.6% | 4.5% | 3.9% | 2.9% | 6.1% | 4.4% | 5.5% |
| Entravision Asia revenue | | 28.5 | 52.5 | 17.2 | 18.9 | 21.2 | 32.3 | 89.5 | 23.2 | 28.2 | 29.1 | 40.5 | 120.9 | 134.5 |
| Entravision Asia cost of revenue | | 20.9 | 40.0 | 14.1 | 15.7 | 17.7 | 27.4 | 74.9 | 19.4 | 23.6 | 24.6 | 34.2 | 101.8 | 112.5 |
| Entravision Asia opex ex-cost of revenue | | 2.5 | 7.2 | 2.2 | 2.0 | 2.3 | 2.8 | 9.3 | 3.0 | 3.9 | 3.4 | 1.6 | 11.9 | 12.2 |
| Entravision Asia OCF | | 5.0 | 5.3 | 0.9 | 1.2 | 1.2 | 2.1 | 5.3 | 0.8 | 0.7 | 1.1 | 4.7 | 7.2 | 9.8 |
| <i>Entravision Asia OCF Margin</i> | | 17.7% | 10.0% | 5.2% | 6.2% | 5.7% | 6.5% | 6.0% | 3.3% | 2.6% | 3.6% | 11.5% | 6.0% | 7.3% |
| Entravision Africa revenue | | | 1.9 | 2.1 | 2.8 | 2.9 | 3.6 | 11.4 | 2.1 | 1.9 | 1.8 | 3.2 | 9.0 | 14.8 |
| Entravision Africa cost of revenue | | | 1.5 | 1.7 | 2.3 | 2.4 | 2.5 | 8.9 | 1.7 | 1.6 | 1.4 | 2.5 | 7.2 | 11.8 |
| Entravision Africa opex ex-cost of revenue | | | 0.2 | 0.3 | 0.4 | 0.4 | 0.7 | 1.8 | 0.8 | 0.8 | 1.1 | 0.7 | 3.3 | 2.5 |
| Entravision Africa OCF | | | 0.2 | 0.1 | 0.1 | 0.1 | 0.4 | 0.7 | (0.4) | (0.4) | (0.7) | 0.0 | (1.4) | 0.5 |
| <i>Entravision Africa OCF Margin</i> | | | 11.5% | 4.3% | 5.0% | 3.4% | 11.1% | 6.4% | -17.5% | -23.3% | -36.2% | 1.1% | -16.0% | 3.1% |
| Jack of Digital revenue | | | 0.0 | 0.0 | 0.0 | 0.3 | 1.4 | 1.7 | 0.7 | 1.6 | 1.4 | 2.1 | 5.7 | 9.0 |
| Jack of Digital cost of revenue | | | 0.0 | 0.0 | 0.0 | 0.2 | 1.0 | 1.2 | 0.6 | 1.3 | 1.0 | 1.5 | 4.3 | 6.9 |
| Jack of Digital opex ex-cost of revenue | | | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.4 | 0.2 | 0.4 | 0.4 | 0.2 | 1.2 | 0.8 |
| Jack of Digital OCF | | | 0.0 | 0.0 | 0.0 | (0.0) | 0.1 | 0.1 | (0.1) | (0.0) | (0.0) | 0.4 | 0.2 | 1.4 |
| <i>Jack of Digital OCF Margin</i> | | | 21.6% | 11.9% | 6.9% | -13.3% | 7.1% | 3.5% | -14.3% | -2.8% | -2.0% | 17.3% | 3.2% | 15.4% |
| Adsmurai revenue | | | | 10.4 | 15.7 | 11.8 | 23.7 | 61.6 | 18.4 | 19.0 | 16.8 | 23.0 | 77.1 | 88.9 |
| Adsmurai cost of revenue | | | | 8.3 | 12.5 | 9.4 | 18.8 | 48.9 | 14.6 | 15.0 | 13.3 | 18.2 | 61.1 | 70.4 |
| Adsmurai opex ex-cost of revenue | | | | 2.5 | 2.5 | 2.5 | 1.6 | 9.1 | 3.5 | 3.1 | 2.8 | 3.9 | 13.3 | 12.9 |
| Adsmurai OCF | | | | (0.3) | 0.7 | (0.1) | 3.3 | 3.6 | 0.3 | 0.9 | 0.7 | 0.9 | 2.8 | 5.6 |
| <i>Adsmurai OCF Margin</i> | | | | -3.4% | 4.8% | -0.5% | 13.9% | 5.9% | 1.8% | 4.6% | 4.0% | 4.1% | 3.6% | 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 | 229.9 | 232.9 | 274.9 | 934.1 | 1,064.3 |
| Digital cost of revenue | 36.8 | 106.9 | 466.7 | 129.9 | 145.0 | 157.1 | 192.0 | 624.0 | 168.3 | 195.8 | 200.6 | 230.4 | 795.2 | 897.7 |
| Digital opex | 32.3 | 30.6 | 51.3 | 15.2 | 17.3 | 19.1 | 22.6 | 74.1 | 21.0 | 25.0 | 22.7 | 24.4 | 93.1 | 99.0 |
| Digital OCF | (0.1) | 5.7 | 37.3 | 8.6 | 12.2 | 12.7 | 15.6 | 49.0 | 7.2 | 9.0 | 9.5 | 20.1 | 45.8 | 67.6 |

| Metrics | 2019A | 2020A | 2021A | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 2022A | 1Q23A | 2Q23A | 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% | 3.0% | 19.2% | 56.3% | 21.2% | 17.7% |
| 2-yr CAGR | | -18.2% | -0.2% | 28.5% | 56.6% | 42.7% | 28.4% | 38.4% | 33.6% | 37.1% | 38.0% | 32.9% | 35.3% | 19.4% |
| Legacy digital opex growth | | -24.1% | -2.8% | 17.4% | 34.2% | 2.4% | 36.0% | 21.7% | 28.4% | 30.5% | 45.9% | 64.4% | 42.8% | 15.9% |
| Legacy digital cost of revenue growth | | -16.6% | 27.8% | 76.9% | 83.4% | 61.8% | 16.7% | 54.2% | 3.9% | 6.6% | 19.9% | 53.7% | 21.6% | 17.7% |
| Legacy digital OCF growth | | 822.5% | -661.1% | -948.4% | 335.2% | 450.7% | -32.5% | 151.1% | -61.0% | -55.8% | -18.8% | 47.5% | -24.1% | 24.5% |
| Entravision Latam growth | | | | | | | | | | | | | | |
| Entravision Latam revenue growth | | 46.4% | 94.5% | 27.1% | 8.7% | 10.0% | 7.0% | 12.1% | 14.7% | 20.5% | 17.4% | 15.6% | 17.0% | 12.4% |
| 2-yr CAGR | | | | 68.7% | 67.2% | 72.4% | 55.2% | 21.0% | 47.7% | 20.7% | 14.4% | 13.7% | 11.2% | 14.6% |
| Entravision Latam opex ex-COR growth | | 31.5% | 32.5% | 16.8% | 9.7% | 48.9% | -1.0% | 16.4% | -15.3% | 3.6% | -30.8% | -27.4% | -18.0% | 2.8% |
| Entravision Latam cost of revenue growth | | 48.0% | 99.2% | 30.4% | 10.6% | 9.3% | 6.5% | 12.9% | 17.2% | 23.8% | 23.3% | 18.5% | 20.7% | 11.4% |
| Entravision Latam OCF | | 43% | 105% | -6% | -15% | -8% | 22% | -2% | -2% | -16% | -31% | 9% | -8% | 41% |
| Entravision Asia growth | | | | | | | | | | | | | | |
| Entravision Asia revenue growth y/y | | | | 79.1% | 57.1% | 75.2% | 71.8% | 70.6% | 34.9% | 49.6% | 37.2% | 25.2% | 35.0% | 11.2% |
| 2-yr CAGR | | | | 133.7% | 113.9% | 64.0% | 55.8% | 77.4% | 55.4% | 53.3% | 55.0% | 46.7% | 51.8% | 22.5% |
| Entravision Asia opex ex-COR growth y/y | | | | 86.4% | -16.5% | 69.9% | 21.0% | 28.4% | 37.7% | 94.1% | 48.0% | -44.2% | 27.7% | 2.5% |
| Entravision Asia cost of revenue growth y/y | | | | 96% | 87% | 82% | 87% | 87% | 38% | 50% | 39% | 25% | 36% | 10% |
| Entravision Asia OCF growth y/y | | | | -27% | -4% | 17% | 15% | 1% | -14% | -37% | -12% | 121% | 35% | 36% |
| Entravision Africa growth | | | | | | | | | | | | | | |
| Entravision Africa revenue growth y/y | | | | | | | | | -2.8% | -32.4% | -36.2% | -11.0% | -21.1% | 63.4% |
| Entravision Africa opex ex-COR growth y/y | | | | | | | | | 132.1% | 116.8% | 169.6% | -3.6% | 84.5% | -23.6% |
| Entravision Africa cost of revenue growth y/y | | | | | | | | | -3% | -33% | -40% | 0% | -20% | 65% |
| Entravision Africa OCF growth y/y | | | | | | | | | -496% | -414% | -770% | -92% | -297% | -131% |
| Jack of Digital growth | | | | | | | | | | | | | | |
| Jack of Digital revenue growth y/y | | | | | | | | | | | | | 234.7% | 58.0% |
| Jack of Digital opex ex-COR growth y/y | | | | | | | | | | | | | 199.4% | -37.3% |
| Jack of Digital cost of revenue growth y/y | | | | | | | | | | | | | 248% | 59% |
| Jack of Digital OCF growth y/y | | | | | | | | | | | | | 204% | 653% |
| Adsmurai growth | | | | | | | | | | | | | | |
| Adsmurai revenue growth y/y | | | | | | | | | | | | | 25.2% | 15.2% |
| Adsmurai opex ex-COR growth y/y | | | | | | | | | | | | | 45.7% | -2.4% |
| Adsmurai cost of revenue growth y/y | | | | | | | | | | | | | 25% | 15% |
| Adsmurai OCF growth y/y | | | | | | | | | | | | | -23% | 99% |
| Digital segment growth | | | | | | | | | | | | | | |
| Digital revenue, PF, excluding Adsmurai | | | | | | | | | 16% | 21% | 20% | 22% | 20% | 14% |
| Digital revenue, PF | | | | | | | | | 20% | 21% | 21% | 19% | 20% | 14% |
| Digital revenue | | | | | | | | | 28% | 32% | 23% | 19% | 25% | 14% |
| Digital cost of revenue | | | | | | | | | 30% | 35% | 28% | 20% | 27% | 13% |
| Digital opex ex-cost of revenue | | | | | | | | | 38% | 45% | 19% | 8% | 26% | 6% |
| Digital OCF | | | | | | | | | -16% | -26% | -25% | 29% | -6% | 48% |
| Digital Segment reported revenue mix: | | | | | | | | | | | | | | |
| Digital as % of company revenue | 25% | 42% | 73% | 78% | 79% | 78% | 78% | 78% | 82% | 84% | 85% | 85% | 84% | 84% |
| Entravision Latam Interactive as % of digital segment | | 62% | 82% | 73% | 72% | 68% | 62% | 68% | 66% | 65% | 65% | 60% | 64% | 63% |
| Legacy digital as % of digital segment revenue | | 38% | 12% | 14% | 16% | 15% | 11% | 14% | 12% | 12% | 14% | 15% | 13% | 14% |
| Entravision Asia as % of digital segment revenue | | 0% | 6% | 11% | 11% | 11% | 14% | 12% | 12% | 12% | 12% | 15% | 13% | 13% |
| 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% | 1% | 1% | 1% | 1% | 1% |
| Adsmurai as % of digital segment revenue | | 0% | 0% | 7% | 9% | 6% | 10% | 8% | 9% | 8% | 7% | 8% | 8% | 8% |
| Digital Segment reported OCF mix: | | | | | | | | | | | | | | |
| Entravision Latam Interactive as % of digital segment OCF | | 118% | 77% | 68% | 58% | 51% | 60% | 58% | 80% | 65% | 47% | 50% | 57% | 55% |
| Legacy digital as % of digital segment OCF | | -18% | 15% | 24% | 37% | 39% | 17% | 29% | 11% | 22% | 43% | 20% | 24% | 20% |
| Entravision Asia as % of digital segment OCF | | 0% | 8% | 10% | 10% | 9% | 13% | 11% | 11% | 8% | 11% | 23% | 16% | 15% |
| Entravision Africa as % of digital segment OCF | | 0% | 1% | 1% | 1% | 1% | 3% | 1% | -5% | -5% | -7% | 0% | -3% | 1% |
| Jack of Digital as % of digital segment OCF | | 0% | 0% | 0% | 0% | 0% | 1% | 0% | -1% | 0% | 0% | 2% | 0% | 2% |
| Adsmurai as % of digital segment OCF | | 0% | 0% | 0% | 0% | 0% | 21% | 7% | 5% | 10% | 7% | 5% | 6% | 8% |

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

Figure 7: Broadcast revenue drivers—Television segment

| In millions | 2020A | 2021A | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 2022A | 1Q23A | 2Q23A | 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% | -17.9% | -28.0% | -15.6% | -13.2% |
| Reported TV revenue | \$154.5 | \$146.8 | \$30.9 | \$32.4 | \$35.7 | \$45.8 | \$144.7 | \$30.3 | \$29.9 | \$29.3 | \$33.3 | \$122.8 | \$138.6 |
| Growth | 3.2% | -4.9% | -14.5% | -4.9% | -2.1% | 13.8% | -1.4% | -1.8% | -7.5% | -17.9% | -27.4% | -15.2% | 12.8% |
| TV non-recurring items: | | | | | | | | | | | | | |
| TV Political/Census | 22.6 | 0.8 | 1.3 | 2.8 | 6.4 | 14.8 | 25.2 | 0.0 | 0.0 | 0.0 | 0.2 | 0.3 | 22.6 |
| 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 political | 22.6 | 0.8 | 1.3 | 2.8 | 6.4 | 14.8 | 25.2 | 0.0 | 0.0 | 0.0 | 0.2 | 0.3 | 22.6 |
| TV revenue ex political | 131.9 | 146.1 | 29.6 | 29.6 | 29.3 | 31.1 | 119.5 | 30.3 | 29.9 | 29.3 | 33.0 | 122.5 | 116.0 |
| Growth ex Political | -11.7% | 10.7% | -18.1% | -13.1% | -18.9% | -22.1% | -18.2% | 2.5% | 1.1% | 0.0% | 6.3% | 2.5% | -5.3% |
| Retransmission Consent | 36.8 | 37.0 | 9.2 | 9.0 | 8.9 | 8.9 | 36.0 | 9.6 | 9.3 | 9.1 | 8.7 | 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 | 9.3 | 9.1 | 8.7 | 36.7 | 37.4 |
| TV revenue ex Retrans | 117.7 | 109.9 | 21.7 | 23.3 | 26.8 | 36.9 | 108.7 | 20.7 | 20.6 | 20.2 | 24.6 | 86.1 | 101.1 |
| Growth ex Retrans | 3.0% | -6.6% | -18.2% | -5.7% | -2.1% | 18.0% | -1.1% | -4.5% | -11.5% | -24.5% | -33.5% | -20.8% | 17.5% |
| TV World Cup/Other Soccer | 0.0 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 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 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TV revenue ex WC | 154.5 | 144.8 | 30.9 | 32.4 | 35.7 | 45.8 | 144.7 | 30.3 | 29.9 | 29.3 | 33.3 | 122.8 | 138.6 |
| Growth ex WC | 3.2% | -6.2% | -14.5% | -3.5% | 2.1% | 13.8% | -0.1% | -1.8% | -7.5% | -17.9% | -27.4% | -15.2% | 12.8% |
| TV Acquisitions/Dispositions (inc. Affiliations) | (9.4) | (9.8) | (6.5) | (6.1) | (7.2) | (7.3) | (27.1) | (6.4) | (6.0) | (6.9) | (7.9) | (27.2) | (24.6) |
| 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 M&A | (9.4) | (9.8) | (6.5) | (6.1) | (7.2) | (7.3) | (27.1) | (6.4) | (6.0) | (6.9) | (7.9) | (27.2) | (24.6) |
| TV revenue ex M&A | 163.9 | 156.6 | 37.4 | 38.5 | 42.8 | 53.1 | 171.8 | 36.7 | 35.9 | 36.2 | 41.2 | 150.0 | 163.2 |
| Growth ex M&A | 2.3% | -4.4% | -2.0% | 7.9% | 9.2% | 21.8% | 9.7% | -1.8% | -6.7% | -15.6% | -22.5% | -12.7% | 8.8% |
| Spectrum usage/auktion | 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 | 27.8 | 27.1 | 31.1 | 114.2 | 130.0 |
| Growth ex Spectrum Usage | 9.1% | -5.6% | -11.8% | -6.9% | -3.5% | 12.5% | -1.8% | -4.0% | -9.5% | -20.4% | -29.3% | -17.3% | 13.8% |
| PF TV revenue ex-all non-recurring | 99.2 | 110.7 | 25.4 | 25.0 | 25.9 | 27.7 | 104.0 | 25.0 | 24.4 | 24.9 | 30.1 | 104.4 | 94.6 |
| PF TV revenue growth ex all non-recurring | -11.2% | 11.7% | -1.3% | 1.0% | -4.4% | -16.5% | -6.1% | -1.6% | -2.2% | -3.9% | 8.7% | 0.5% | -9.4% |
| TV rev grth ex all non-rec 2-yr CAGR | -6.8% | -0.4% | 0.7% | 22.8% | 1.9% | -7.8% | 2.4% | -1.4% | -0.6% | -4.2% | -4.7% | -2.9% | -4.6% |
| PF TV advertising growth ex-political | -11.2% | 14.8% | -20.3% | -20.2% | -27.4% | -31.6% | -25.3% | -1.6% | -2.2% | -3.9% | 8.7% | 0.5% | -9.4% |
| TV ad rev grth ex political 2-yr CAGR | -6.8% | 1.0% | -9.5% | 12.2% | -8.5% | -16.6% | -7.4% | -11.4% | -11.6% | -16.5% | -13.8% | -13.4% | -4.6% |
| PF TV revenue growth ex-political | -11.7% | 10.7% | -18.1% | -13.1% | -18.9% | -22.1% | -18.2% | 2.5% | 1.1% | 0.0% | 6.3% | 2.5% | -5.3% |
| TV rev grth ex political 2-yr CAGR | -3.6% | -1.1% | -6.6% | 7.3% | -5.6% | -11.2% | -4.8% | -8.4% | -6.3% | -9.9% | -9.0% | -8.4% | -1.5% |
| PF TV advertising growth | 10.9% | -7.6% | -14.8% | -8.4% | -4.0% | 16.4% | -1.6% | -7.9% | -14.6% | -28.3% | -36.2% | -24.1% | 19.4% |

Source: Industry Capital Research estimates and company data.

Figure 8: Broadcast revenue drivers—Radio segment

| In millions | 2020A | 2021A | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 2022A | 1Q23A | 2Q23A | 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% | -20.0% | -15.6% | -11.7% | 8.0% |
| Pro forma radio: | | | | | | | | | | | | | |
| Revenue | \$46.3 | \$58.0 | \$12.6 | \$14.9 | \$16.5 | \$20.4 | \$64.4 | \$12.2 | \$13.5 | \$13.2 | \$15.5 | \$54.5 | \$59.5 |
| Growth | -15.9% | 25.4% | 11.4% | 5.8% | 0.1% | 26.3% | 11.0% | -3.0% | -9.4% | -20.0% | -23.8% | -15.4% | 9.3% |
| 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 | 13.5 | 13.1 | 15.5 | 54.4 | 53.4 |
| Growth ex Political | -26.4% | 41.6% | 8.7% | 1.6% | -5.8% | 0.6% | 0.7% | -0.7% | -5.5% | -12.2% | -3.3% | -5.6% | -1.8% |
| 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 | 13.5 | 13.2 | 15.5 | 39.5 | 39.5 |
| Growth ex NTR | 3.0% | 0.0% | 11.4% | 5.8% | 0.1% | 26.3% | 0.0% | -3.0% | -9.4% | -20.0% | -23.8% | 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 | 13.5 | 13.2 | 15.5 | 54.5 | 59.5 |
| Growth ex WC | -15.9% | 25.4% | 11.4% | 5.8% | 0.1% | 26.3% | 11.0% | -3.0% | -9.4% | -20.0% | -23.8% | -15.4% | 9.3% |
| Revenue | 40.4 | 57.2 | 12.3 | 14.3 | 15.0 | 16.0 | 57.6 | 12.2 | 13.5 | 13.1 | 15.5 | 54.4 | 53.4 |
| Radio revenue growth ex all non-recurring | -26.4% | 41.6% | 8.7% | 1.6% | -5.8% | 0.6% | 0.7% | -0.7% | -5.5% | -12.2% | -3.3% | -5.6% | -1.8% |
| 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% | -2.0% | -9.0% | -1.4% | -2.5% | -3.7% |

Source: Industry Capital Research estimates and company data.

Figure 9: Broadcast opex drivers

| In millions | 2020A | 2021A | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 2022A | 1Q23A | 2Q23A | 3Q23E | 4Q23E | 2023E | 2024E |
|---|----------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|----------------|----------------|
| OPERATING EXPENSE | | | | | | | | | | | | | |
| Television PF Opex Growth | -4.2% | -0.3% | -3.2% | 1.1% | -0.6% | -2.8% | -1.5% | 4.5% | -0.8% | -4.8% | -11.6% | -3.4% | 3.5% |
| Radio PF Opex Growth | -26.3% | -5.4% | -3.0% | 4.9% | 6.7% | 2.9% | 2.3% | 17.1% | 15.0% | -3.0% | -10.0% | 4.3% | 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 | \$56.6 | \$51.6 | \$52.9 | \$213.3 | \$225.3 |
| Growth | -11.6% | 12.8% | 8.5% | 14.3% | 14.6% | 19.1% | 14.4% | 18.7% | 19.5% | 4.7% | -7.5% | 7.8% | 5.6% |
| 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 | 11.8 | 9.7 | 7.3 | 37.2 | 37.3 |
| Assm: % Incremental | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Incremental Cisneros | 5.7 | 27.5 | 7.9 | 9.3 | 10.2 | 10.5 | 37.9 | 8.4 | 11.8 | 9.7 | 7.3 | 37.2 | 37.3 |
| Opex ex Cisneros adjustment | 147.6 | 145.5 | 35.9 | 38.1 | 39.1 | 46.7 | 159.9 | 43.7 | 44.8 | 41.9 | 45.6 | 176.1 | 188.0 |
| Growth ex Cisneros | -14.9% | -1.5% | 0.8% | 8.9% | 7.2% | 22.0% | 9.9% | 21.6% | 17.6% | 7.3% | -2.4% | 10.1% | 6.7% |
| Fixed & variable cost reductions | (27.2) | (32.8) | (5.8) | (7.0) | (12.8) | (11.6) | (37.2) | (6.5) | (7.5) | (12.3) | (10.3) | (36.6) | (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) | (6.5) | (7.5) | (12.3) | (10.3) | (36.6) | (38.6) |
| Opex ex cost reductions adjustment | 180.5 | 205.7 | 49.7 | 54.4 | 62.0 | 68.8 | 235.0 | 6.5 | 7.5 | 12.3 | 10.3 | 36.6 | 38.6 |
| Growth ex cost reductions | 4.1% | 14.0% | 9.4% | 15.0% | 14.1% | 17.4% | 14.2% | -87.0% | -86.2% | -80.2% | -85.0% | -84.4% | 5.7% |
| Salary true-up | 2.0 | 2.0 | 0.0 | 0.8 | 0.7 | 0.8 | 2.3 | 0.0 | 0.9 | 0.8 | 0.8 | 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 | 0.8 | 0.8 | 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) | (0.8) | (0.8) | (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% | -101.7% | -101.4% | -101.3% | 4.9% |
| Opex ex-non-recurring | 172.8 | 176.3 | 41.8 | 44.4 | 51.1 | 57.5 | 194.8 | 50.2 | 51.4 | 53.4 | 55.1 | 210.1 | 223.9 |
| Opex growth ex all non-recurring | -0.3% | 2.0% | 2.7% | 10.4% | 8.3% | 19.3% | 10.5% | 20.1% | 15.9% | 4.5% | -4.2% | 7.9% | 6.6% |
| Opex grth ex all non-rec 2-yr CAGR | -1.1% | 0.8% | 1.8% | 6.3% | 6.5% | 9.2% | 6.2% | 11.1% | 13.1% | 6.3% | 6.9% | 9.2% | 7.2% |
| Revenue-driven variable expense | 31.7 | 32.3 | 6.5 | 7.3 | 8.3 | 11.1 | 33.3 | 6.2 | 6.4 | 6.2 | 7.6 | 26.4 | 30.4 |
| Non-sales opex ex-non-recurring | 141.1 | 143.9 | 35.2 | 37.0 | 42.8 | 46.4 | 161.5 | 44.0 | 45.0 | 47.2 | 47.5 | 183.7 | 193.5 |
| Non-sales opex growth ex all non-recurring | -0.7% | 2.0% | 4.6% | 13.6% | 10.6% | 19.1% | 12.2% | 25.0% | 21.5% | 10.2% | 2.4% | 13.8% | 5.3% |
| 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% | 14.3% | 17.5% | 10.4% | 10.5% | 13.0% | 9.5% |

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 | 2020A | 2021A | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 2022A | 1Q23A | 2Q23A | 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 | 29.9 | 29.3 | 33.3 | 122.8 | 138.6 |
| Radio | 46.3 | 58.0 | 12.6 | 14.9 | 16.5 | 20.4 | 64.4 | 12.2 | 13.5 | 13.2 | 15.5 | 54.5 | 59.5 |
| Net broadcast revenue | 200.7 | 204.9 | 43.5 | 47.3 | 52.1 | 66.2 | 209.1 | 42.5 | 43.5 | 42.5 | 48.8 | 177.2 | 198.1 |
| Digital | 143.3 | 555.3 | 153.7 | 174.4 | 188.9 | 230.1 | 747.1 | 196.5 | 229.9 | 232.9 | 274.9 | 934.1 | 1,064.3 |
| Total net revenue (core) | 344.0 | 760.2 | 197.2 | 221.7 | 241.0 | 296.3 | 956.2 | 239.0 | 273.4 | 275.3 | 323.6 | 1,111.3 | 1,262.4 |
| 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 | 273.4 | 275.3 | 323.6 | 1,111.3 | 1,262.4 |
| Cost of Revenue | | | | | | | | | | | | | |
| Television | | | | | | | | | | | | | |
| Radio | | | | | | | | | | | | | |
| Digital | 106.9 | 466.5 | 129.9 | 145.0 | 157.1 | 192.0 | 624.0 | 168.3 | 195.8 | 200.6 | 230.4 | 795.2 | 897.7 |
| Digital cost of revenue as % of revenue | 74.6% | 84.0% | 84.5% | 83.1% | 83.2% | 83.4% | 83.5% | 85.7% | 85.2% | 86.2% | 83.8% | 85.1% | 84.3% |
| Total cost of revenue (core) | 106.9 | 466.5 | 129.9 | 145.0 | 157.1 | 192.0 | 624.0 | 168.3 | 195.8 | 200.6 | 230.4 | 795.2 | 897.7 |
| 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 | 195.8 | 200.6 | 230.4 | 795.2 | 897.7 |
| Opex | | | | | | | | | | | | | |
| Television opex | 80.9 | 81.4 | 19.2 | 19.7 | 20.0 | 23.0 | 82.0 | 20.1 | 19.9 | 19.0 | 18.5 | 77.5 | 80.2 |
| Radio opex | 41.8 | 40.0 | 9.4 | 10.4 | 10.2 | 11.7 | 41.7 | 11.0 | 11.7 | 9.9 | 10.1 | 42.7 | 46.1 |
| Digital opex | 30.6 | 51.5 | 15.2 | 17.3 | 19.1 | 22.6 | 74.1 | 21.0 | 25.0 | 22.7 | 24.4 | 93.1 | 99.0 |
| Total opex (core) | 153.3 | 172.9 | 43.9 | 47.4 | 49.3 | 57.2 | 197.8 | 52.1 | 56.6 | 51.6 | 52.9 | 213.3 | 225.3 |
| Spectrum usage rights | | | | | | | | | | | | | |
| Total Opex | 153.3 | 172.9 | 43.9 | 47.4 | 49.3 | 57.2 | 197.8 | 52.1 | 56.6 | 51.6 | 52.9 | 213.3 | 225.3 |
| OCF | | | | | | | | | | | | | |
| Television OCF | 73.6 | 65.4 | \$11.6 | \$12.6 | \$15.7 | \$22.8 | 62.8 | \$10.2 | \$10.1 | \$10.2 | \$14.8 | 45.3 | 58.4 |
| TV OCF Margin | 47.6% | 44.6% | 37.7% | 39.1% | 43.9% | 49.8% | 43.4% | 33.7% | 33.6% | 35.0% | 44.5% | 36.9% | 42.1% |
| Incremental Margin | 173.4% | 106.6% | | | | | 126.6% | | | | | 79.6% | 82.8% |
| Radio OCF | 4.5 | 18.0 | 3.2 | 4.6 | 6.2 | 8.7 | 22.7 | 1.2 | 1.8 | 3.3 | 5.4 | 11.7 | 13.4 |
| Radio OCF margin | 9.7% | 31.0% | 25.5% | 30.5% | 38.0% | 42.6% | 35.2% | 10.0% | 13.5% | 24.8% | 34.9% | 21.5% | 22.6% |
| Incremental Margin | -70.4% | 114.9% | | | | | 74.0% | 520.2% | 195.3% | 90.7% | 67.2% | 110.5% | 33.7% |
| Digital OCF | 5.7 | 37.3 | 8.6 | 12.2 | 12.7 | 15.6 | 49.0 | 7.2 | 9.0 | 9.5 | 20.1 | 45.8 | 67.6 |
| Digital OCF margin | 4.0% | 6.7% | 5.6% | 7.0% | 6.7% | 6.8% | 6.6% | 3.7% | 3.9% | 4.1% | 7.3% | 4.9% | 6.4% |
| Incremental Margin | 7.9% | 7.7% | | | | | 6.1% | -3.3% | -5.6% | -7.1% | 10.0% | -1.7% | 16.7% |
| Total OCF (core) | 83.8 | 120.8 | 23.4 | 29.4 | 34.6 | 47.1 | 134.5 | 18.6 | 20.9 | 23.0 | 40.3 | 102.9 | 139.4 |
| Margin | 24.4% | 15.9% | 11.9% | 13.2% | 14.3% | 15.9% | 14.1% | 7.8% | 7.7% | 8.4% | 12.5% | 9.3% | 11.0% |
| Incremental Margin | | | -0.6% | 3.3% | 6.9% | 15.5% | | -11.5% | -16.3% | -33.7% | -24.9% | | |
| 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 | 20.9 | 23.0 | 40.3 | 102.9 | 139.4 |
| Total OCF Margin | 24.4% | 15.9% | 11.9% | 13.2% | 14.3% | 15.9% | 14.1% | 7.8% | 7.7% | 8.4% | 12.5% | 9.3% | 11.0% |
| Incremental Margin | | | -0.6% | 3.3% | 6.9% | 15.5% | | -11.5% | -16.3% | -33.7% | -24.9% | | |
| Corporate Expense | 27.8 | 33.0 | 8.7 | 8.5 | 9.5 | 22.6 | 49.4 | 10.5 | 12.0 | 11.5 | 12.0 | 46.0 | 46.9 |
| GAAP EBITDA | 56.0 | 87.8 | 14.7 | 20.8 | 25.1 | 24.5 | 85.1 | 8.1 | 8.9 | 11.6 | 28.3 | 56.9 | 92.5 |
| Corporate non-cash comp | 3.9 | 6.4 | 1.6 | 1.7 | 1.8 | 9.2 | 14.3 | 2.2 | 3.2 | 3.4 | 3.5 | 12.4 | 12.7 |
| 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 | 2.7 | 2.8 | (1.6) | 5.8 | 5.9 |
| Non-recurring cash severance | 1.7 | 0.4 | | | | 4.3 | 4.3 | 0.1 | 0.5 | | | 0.6 | |
| EBITDA attributable to redeemable noncontrolling interest | 3.4 | 9.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.4 | | | 0.6 | 0.0 |
| 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) | (2.8) | (2.9) | 1.7 | (5.8) | (5.9) |
| Foreign currency (gain) loss | (1.1) | 0.5 | (0.8) | 1.0 | 2.0 | 0.9 | 3.0 | (1.0) | 0.7 | 0.0 | 0.0 | (0.3) | 0.0 |
| Total Adjusted EBITDA | 60.4 | 88.2 | 18.1 | 22.5 | 25.9 | 36.5 | 103.0 | 13.0 | 14.2 | 17.9 | 30.2 | 75.3 | 111.1 |
| 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 | 14.2 | 17.9 | 30.2 | 75.3 | 111.1 |
| 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% | 5.2% | 6.5% | 9.3% | 6.8% | 8.8% |
| Incremental Margin | 27.3% | 6.7% | 8.1% | 10.8% | 6.2% | 5.9% | 7.6% | -12.2% | -16.0% | -23.4% | -23.2% | -17.9% | 23.7% |

Source: Industry Capital Research estimates and company data

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

| In millions, except per share data | 2020A | 2021A | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 2022A | 1Q23A | 2Q23A | 3Q23E | 4Q23E | 2023E | 2024E |
|--|-----------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|-----------------|-----------------|---------------|---------------|---------------|
| Memo: cash opex (core) | \$153.8 | \$178.4 | \$42.9 | \$46.4 | \$48.3 | \$53.6 | \$191.2 | 50.3 | 53.8 | 48.7 | 54.6 | \$207.5 | 219.3 |
| Memo: cash corporate expense | 23.9 | 26.6 | 7.1 | 6.8 | 7.7 | 13.4 | 35.1 | 8.3 | 8.8 | 8.0 | 8.4 | 33.6 | 34.2 |
| Memo: total non-cash comp | 5.1 | 9.6 | 2.6 | 2.6 | 2.8 | 12.0 | 20.0 | 4.1 | 6.0 | 6.3 | 1.9 | 18.2 | 18.6 |
| Memo: adj. EBITDA - (OCF - cash corporate) | 0.6 | (6.0) | 1.8 | (0.1) | (0.9) | 2.8 | 3.6 | 2.7 | 2.1 | 2.9 | (1.7) | 6.0 | 5.9 |
| 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 | 6.5 | 6.8 | 6.7 | 26.5 | 37.9 |
| 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) | 1.1 | 0.0 | 0.0 | (2.9) | 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 | 0.0 | (0.1) | 1.4 | 1.3 | (1.8) |
| 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 | 0.5 | 4.8 | 20.2 | 32.2 | 56.4 |
| Operating Margin % | 1.9% | 8.0% | 2.1% | 6.1% | 6.6% | 2.3% | 4.2% | 2.8% | 0.2% | 1.7% | 6.2% | 2.9% | 4.5% |
| Interest expense | (8.3) | (6.9) | (1.4) | (2.3) | (2.3) | (2.7) | (8.7) | (3.2) | (4.3) | (2.2) | (2.3) | (12.0) | (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 | 1.0 | 0.0 | (1.0) | 0.0 | 0.0 |
| Net interest expense | (6.5) | (6.8) | (1.4) | (1.6) | (2.3) | (2.7) | (8.0) | (3.2) | (3.3) | (2.2) | (3.3) | (12.0) | (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 | (2.7) | 2.6 | 16.9 | 18.6 | 47.0 |
| Pretax margin | 0.0% | 7.1% | 1.4% | 5.3% | 5.4% | 1.3% | 3.3% | 0.8% | NM | 0.9% | 5.2% | 1.7% | 3.7% |
| Income (taxes) benefit | (1.5) | (18.7) | (0.9) | (3.4) | (4.1) | (3.3) | (11.6) | (0.2) | 0.7 | (4.1) | (3.0) | (6.5) | (16.5) |
| Effective tax rate | 1276.3% | 34.6% | 31.1% | 28.5% | 31.1% | 81.8% | 36.5% | 12.0% | 27.0% | 158.8% | 17.5% | 35.0% | 35.0% |
| Cash tax rate | 6552.5% | 7.6% | 44.2% | 52.6% | 30.6% | 137.3% | 53.4% | 3.7% | -128.1% | 37.0% | 37.0% | 57.8% | 7.0% |
| Net Income (Before Equity Investments) | (1.4) | 35.4 | 1.9 | 8.5 | 9.0 | 0.7 | 20.1 | 1.7 | (2.0) | (1.5) | 13.9 | 12.1 | 30.6 |
| Equity in net of noncon. affils. | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | (2.4) | (2.1) | 0.3 | 0.0 | (0.1) | (2.3) | (2.1) | (2.1) |
| Reported Net Income | (1.4) | 35.4 | 1.9 | 8.5 | 9.4 | (1.6) | 18.1 | 2.0 | (2.0) | (1.6) | 11.6 | 10.1 | 28.5 |
| Net margin | 17.6% | 11.6% | 9.2% | 10.1% | 10.8% | 12.3% | 10.8% | 5.4% | 5.2% | 6.5% | 9.3% | 6.8% | 8.8% |
| Accretion of Preferred | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 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 | (2.0) | (1.6) | 11.6 | 10.1 | 28.5 |
| 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 | (\$0.02) | (\$0.02) | \$0.13 | \$0.11 | \$0.32 |
| 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 | (2.0) | (1.6) | 11.6 | 10.1 | 28.5 |
| EPS - basic | (\$0.05) | \$0.34 | \$0.02 | \$0.10 | \$0.11 | (\$0.02) | \$0.21 | \$0.02 | (\$0.02) | (\$0.02) | \$0.13 | \$0.11 | \$0.32 |
| EPS - diluted | (\$0.05) | \$0.33 | \$0.02 | \$0.10 | \$0.11 | (\$0.02) | \$0.21 | \$0.02 | (\$0.02) | (\$0.02) | \$0.13 | \$0.11 | \$0.31 |
| EPS reported by company | (\$0.05) | \$0.11 | \$0.02 | \$0.10 | \$0.11 | (\$0.02) | \$0.02 | \$0.02 | (\$0.02) | (\$0.02) | \$0.13 | \$0.11 | \$0.31 |
| Model variance: EPS | \$0.00 | \$0.00 | \$0.00 | (\$0.00) | (\$0.00) | \$0.00 | \$0.00 | \$0.00 | (\$0.00) | (\$0.00) | \$0.13 | \$0.11 | \$0.32 |
| 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 | (2.0) | (1.6) | 11.6 | 10.1 | 28.5 |
| Pro forma EPS - basic | \$0.43 | \$0.46 | \$0.08 | \$0.11 | \$0.12 | \$0.20 | \$0.51 | \$0.02 | (\$0.02) | (\$0.02) | \$0.13 | \$0.11 | \$0.32 |
| Pro forma EPS | \$0.43 | \$0.44 | \$0.08 | \$0.11 | \$0.12 | \$0.19 | \$0.50 | \$0.02 | (\$0.02) | (\$0.02) | \$0.13 | \$0.11 | \$0.31 |
| EPS shares - Basic | 84.2 | 85.3 | 86.5 | 85.0 | 84.9 | 85.2 | 85.4 | 87.6 | 87.8 | 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 | 87.8 | 89.9 | 88.3 | 89.4 | 91.1 |
| Free Cash Flow: | | | | | | | | | | | | | |
| EBITDA | 60.4 | 88.2 | 18.1 | 22.5 | 25.9 | 36.5 | 103.0 | 13.0 | 14.213 | 17.9 | 30.2 | 75.3 | 111.1 |
| Cash net interest | -5.9 | -6.2 | -1.2 | -1.2 | -1.9 | -2.5 | -6.7 | -3.0 | -3.223 | -2.2 | -3.3 | -11.9 | -9.3 |
| Other adjustments to cash | 5.3 | 6.8 | 0.1 | 0.8 | 0.1 | -5.7 | -4.7 | 0.7 | 2.2 | 0.0 | 0.0 | 2.9 | -3.3 |
| - Cash taxes | -7.7 | -4.1 | -1.2 | -6.2 | -4.0 | -5.5 | -16.9 | -0.1 | -3.5 | -1.0 | -6.2 | -10.8 | -3.3 |
| Cash taxes / EBITDA | 13% | 5% | 7% | 28% | 15% | 15% | 16% | 1% | 25% | 5% | 21% | 14% | 3% |
| Minus: capex | -9.5 | -5.6 | -1.5 | -1.7 | -4.7 | -3.6 | -11.5 | -6.8 | -8.1 | -4.7 | 3.5 | -16.0 | -12.0 |
| Capex / D&A | 55% | 25% | 24% | 27% | 71% | 55% | 45% | 104% | 125% | 69% | -52% | 61% | 32% |
| Capex / EBITDA | 16% | 6% | 9% | 7% | 18% | 10% | 11% | 52% | 57% | 26% | -12% | 21% | 11% |
| 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 | 1.6 | 10.0 | 24.1 | 39.6 | 86.4 |
| Free cash flow (reported by company) | 43.0 | 79.0 | 14.3 | 14.3 | 15.4 | 19.3 | 63.3 | 3.9 | 1.6 | 10.0 | 24.1 | 39.6 | 86.4 |
| Free Cash Flow (core) | 42.6 | 79.0 | 14.3 | 14.3 | 15.4 | 19.3 | 63.3 | 3.9 | 1.6 | 10.0 | 24.1 | 39.6 | 86.4 |
| FCF per share (core) | \$0.51 | \$0.90 | \$0.16 | \$0.16 | \$0.18 | \$0.22 | \$0.72 | \$0.04 | \$0.02 | \$0.11 | \$0.27 | \$0.44 | \$0.95 |
| Memo: FCF/Adjusted EBITDA (core) | 70.5% | 89.7% | 79.1% | 63.4% | 59.4% | 52.8% | 61.4% | 30.0% | 11.0% | 55.9% | 79.9% | 52.5% | 77.8% |
| 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% | 281.7% | 44.0% | 18.3% | 44.4% | 20.9% |

Source: Industry Capital Research estimates and company data

Figure 12: Financial statement forecasts supporting our valuation (cont.)

| ANNUAL PERCENTAGE CHANGE | 2020A | 2021A | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 2022A | 1Q23A | 2Q23A | 3Q23E | 4Q23E | 2023E | 2024E |
|----------------------------------|---------------|---------------|---------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Net revenue growth | 25.8% | 121.0% | 32.4% | 24.3% | 21.1% | 26.7% | 25.8% | 21.2% | 23.3% | 14.2% | 9.2% | 16.2% | 13.6% |
| Net revenue (core) growth | 25.8% | 121.0% | 32.4% | 24.3% | 21.1% | 26.7% | 25.8% | 21.2% | 23.3% | 14.2% | 9.2% | 16.2% | 13.6% |
| TV revenue growth | 3.2% | -4.9% | -14.5% | -4.9% | -2.1% | 13.8% | -1.4% | -1.8% | -7.5% | -17.9% | -27.4% | -15.2% | 12.8% |
| Radio revenue growth | -15.9% | 25.4% | 11.4% | 5.8% | 0.1% | 26.3% | 11.0% | -3.0% | -9.4% | -20.0% | -23.8% | -15.4% | 9.3% |
| Digital revenue growth | 108.0% | 287.5% | 51.5% | 33.9% | 29.3% | 29.6% | 34.5% | 27.8% | 31.8% | 23.3% | 19.4% | 25.0% | 13.9% |
| Cost of revenue | NM | NM | 53.3% | 33.0% | 26.4% | 29.4% | 33.7% | 29.6% | 35.1% | 27.7% | 20.0% | 27.4% | 12.9% |
| Direct expense | -12.1% | -22.4% | -3.2% | 1.1% | -0.7% | 5.2% | 0.7% | 4.5% | 0.7% | -4.8% | -19.7% | -5.5% | 3.5% |
| SG&A | -10.3% | NM | -3.0% | 4.9% | 4.4% | 33.1% | 28.5% | 17.1% | 12.9% | -3.0% | 24.6% | 22.7% | 11.4% |
| Opex | 23.8% | NM | 38.8% | 27.8% | 23.4% | 26.8% | 28.5% | 26.8% | 31.3% | 22.2% | 13.7% | 22.7% | 11.4% |
| Opex (core) | -11.6% | 12.8% | 8.5% | 14.3% | 14.6% | 19.1% | 14.4% | 18.7% | 19.5% | 4.7% | -7.5% | 7.8% | 5.6% |
| TV opex | -4.2% | 0.6% | -3.2% | 1.1% | -0.7% | 5.2% | 0.7% | 4.5% | 0.7% | -4.8% | -19.7% | -5.5% | 3.5% |
| Radio opex | -26.3% | -4.2% | -3.0% | 4.9% | 4.4% | 9.7% | 4.1% | 17.1% | 12.9% | -3.0% | -13.6% | 2.5% | 7.8% |
| Digital opex | -5.0% | 68.1% | 40.4% | 43.5% | 46.0% | 45.1% | 44.0% | 37.7% | 45.1% | 18.9% | 8.0% | 25.5% | 6.4% |
| Total OCF (core) | 32.1% | 44.1% | -1.2% | 5.1% | 9.2% | 25.9% | 11.4% | -20.5% | -28.8% | -33.4% | -14.5% | -23.5% | 35.5% |
| TV OCF | 12.8% | -11.0% | -28.3% | -13.0% | -3.8% | 24.1% | -4.1% | -12.2% | -20.3% | -34.7% | -35.2% | -27.8% | 28.8% |
| Radio OCF | NM | NM | 97.1% | 7.8% | -6.2% | 58.7% | 26.2% | -62.0% | -60.0% | -47.8% | -37.5% | -48.3% | 14.5% |
| Digital OCF | NM | NM | 46.1% | 32.5% | 45.2% | 15.1% | 31.3% | -16.3% | -25.8% | -24.7% | 28.7% | -6.5% | 47.6% |
| 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% | -36.8% | -31.0% | -17.3% | -26.9% | 47.5% |
| D & A | 3.8% | 29.7% | 23.4% | 23.4% | 11.1% | 3.6% | 14.6% | 1.2% | 3.9% | 3.8% | 3.8% | 3.2% | 42.9% |
| 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% | NM | -80.4% | NM | -41.2% | NM |
| Net income pre-extra. | NM | NM | -65.2% | 7.6% | -23.7% | NM | -38.5% | 8.2% | NM | NM | NM | -44.3% | NM |
| EPS, Continuing Operations | NM | NM | -66.7% | 11.1% | -21.4% | NM | -38.2% | 0.0% | NM | NM | NM | -47.6% | NM |
| EPS - diluted | NM | NM | -65.9% | 8.6% | -22.9% | NM | -38.4% | 6.8% | NM | NM | NM | -45.4% | NM |
| FCF/share | NM | 76.5% | 6.7% | 14.3% | -28.0% | -37.1% | -20.0% | -75.0% | -87.5% | -38.9% | 22.7% | -38.9% | NM |
| EPS shares - Diluted | -1.0% | 4.4% | 1.9% | -0.9% | -1.0% | -0.7% | -0.2% | 1.3% | 0.9% | 2.8% | 0.4% | 1.9% | 1.8% |

Source: Industry Capital Research estimates and company data

APPENDIX

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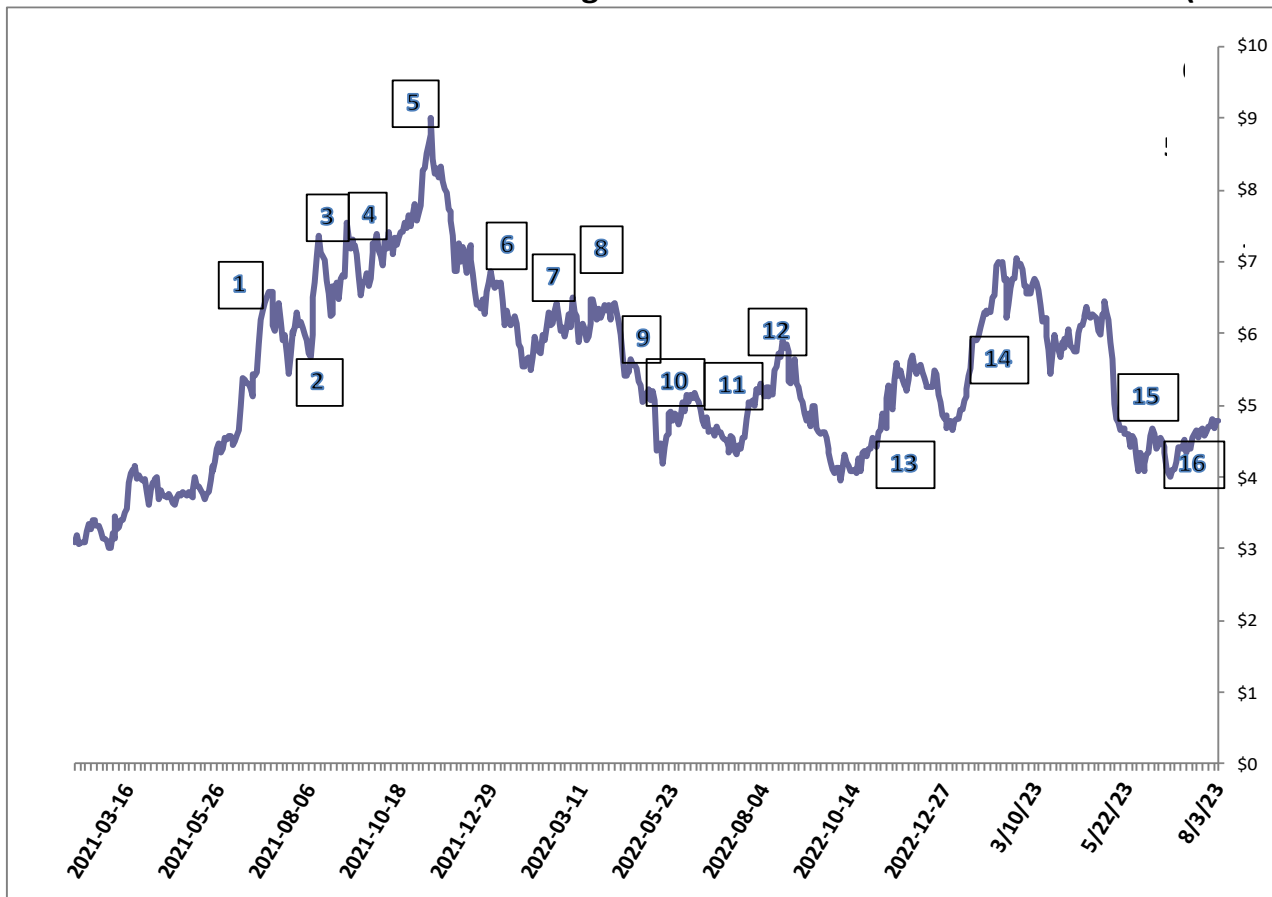
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The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters, 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 |
| 16 | 8/4/23 | Reaffirmed Buy @ \$4.49, Target Price \$5.50 |

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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