

Entravision Communications Corporation (EVC)

3Q Beat, Strong 4Q Digital Revenue Outlook and Another Digital Deal; Price Target Up To \$10.50 and Reaffirm Buy

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3Q EBITDA and EPS beat; we reaffirm our Buy rating and raise our PT. The hits were: 3Q EBITDA margin above our estimates/consensus, with stellar 96% conversion of EBITDA to free cash flow; higher digital media revenue estimates on strong Cisneros Interactive growth; higher radio revenue and EBITDA estimates; and EVC delivering another—albeit small—digital media acquisition, in South Africa. The hits were: TV revenue and EBITDA estimates coming down on deepening auto advertising drag; growth moderation in Asia due to Covid-19 resurgence (as previewed); and outlook for investment at legacy digital business, while not material to EVC's valuation, to cause a bit of a profit drag over the next year.

Our estimates remain above consensus, with digital revenue estimates going higher, and 2022E EBITDA trimmed for auto drag on TV and investments in legacy digital media. 4Q core advertising (ex-political) is pacing -2% for TV, +15% for radio, and +36% for digital, vs. our prior comparable estimates of +9%/+4%/+11%. Auto advertising is pacing down 28% for TV and down 19% for radio, which is better able to shake it off, given that the services category is 36% of radio ad revenue. Our EVC 2021 revenue/EBITDA/EPS estimates go to \$752m/\$85.0m/\$0.44 from \$725m/\$84.9m/\$0.44. See Figure 3. Our 2021 digital segment estimates for revenue/operating cash flow go to \$550m/\$36.4m from \$524m/\$39.0m, as our 2021 pro forma growth estimates for digital revenue/OCF go to 80%/114% from 71%/129%. For the digital acquisition, we include the \$1.9m purchase price in net debt, but otherwise do not yet model any impact of revenue, OCF or earn-out payments.

3Q recap: EBITDA and EPS beat, driven by digital and radio. 3Q results were revenue/EBITDA/EPS of \$199m/\$23.2m/\$0.14, above our estimates of \$199m/\$21.8m/\$0.11 and consensus of \$199m/\$20.1m/\$0.10. See Figure 2. Core advertising growth was +15% for TV (local +25%, national +5%), despite auto being -9%, vs. prior pacing of +13%, +42% for radio (local +39%, national +47%, with core ex-political +54%) vs. prior pacing of +40%, and +95% for digital vs. prior pacing of +89%. Cisneros delivered a fourth straight quarter of revenue growth over 100%, and is seeing little impact of the iOS change headwinds affecting its key ad platform partner, Facebook. TV auto advertising was down 9%. Operating expense excluding cost of revenue was \$43.1m, beating our \$45.0m estimate.

Price target up to \$10.50 from \$10; risks on page 3. Our PT is supported by a DCF valuation based on explicit financial forecasts through 2026. A lower equity risk premium estimate based on October data, partially offset by a higher risk-free rate estimate on higher interest rates, contributes to our higher price target.

BUY

Price at 11/4/21 (USD)	8.83
Price Target	10.50
52-week range	1.89 - 8.91

Performance (%)	1m	3m	12m
Absolute	20	53	383
S&P 500	9	6	36

Market Cap (USDm)	761.5
Shares outstanding (m)	86.2
Float (%)	72
Average volume	664,803
S&P 500	4,596.4

Forecasts and ratios

Year ended 12/31	2020A	2021E	2022E
1Q EPS (USD)	-0.42	0.06	0.00
2Q EPS (USD)	0.03	0.09	0.04
3Q EPS (USD)	0.11	0.14	0.08
4Q EPS (USD)	0.24	0.15	0.30
FY EPS (USD)	-0.05	0.44	0.42
% Change	NE	NM	-4%
P/E (x)	NM	20.2	21.1
EV/EBITDA (x)	12.4	10.6	9.7
Revenue (USDm)	344.0	751.8	845.8
% Change	NE	119%	13%

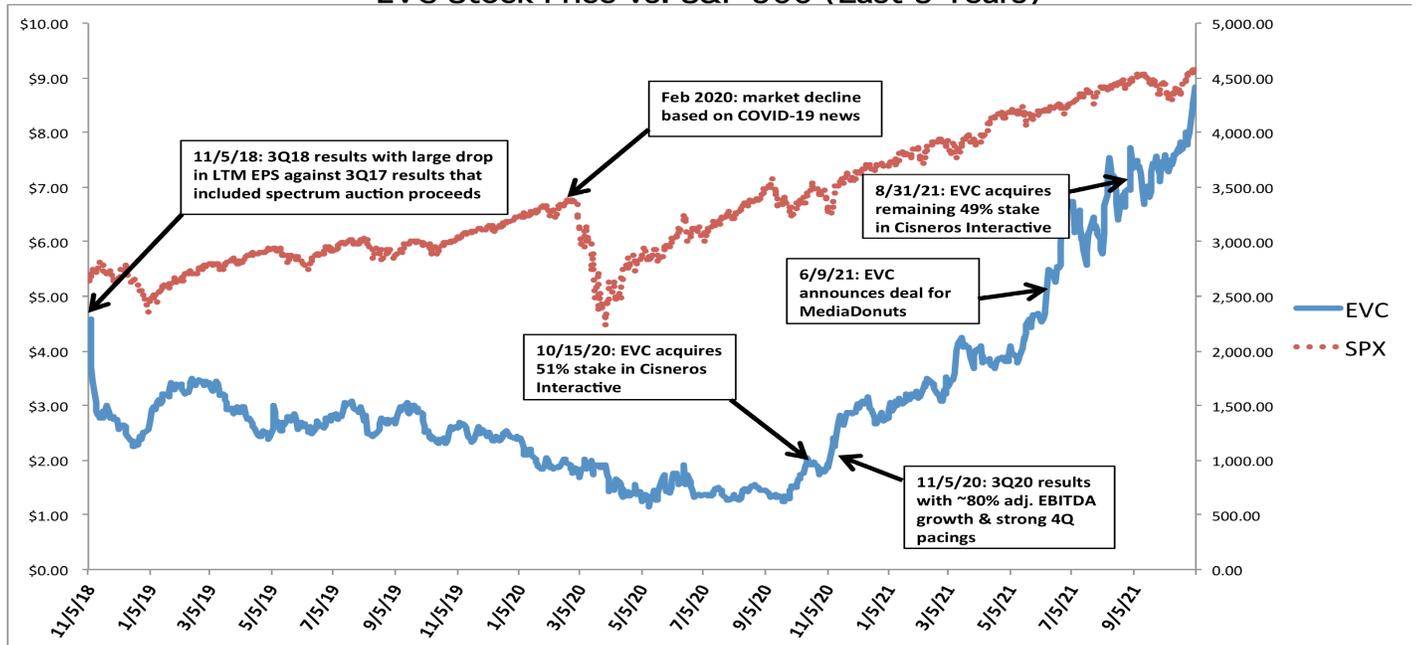
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Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

(in millions, except unit data)
12-month price target: \$10.50

ENTERPRISE VALUE		COMPANY CHARACTERISTICS AND INVESTMENT THESIS	
Price per share	\$8.83	Company description	Entravision is a multimedia company focused primarily on the Spanish-language markets. The company owns or operates 48 TV stations (mostly Univision network affiliates) in 16 U.S. cities, 48 radio stations (38 FM and 10 AM) and a radio network with national distribution, and a digital media segment primarily focused on roughly 20 international markets. We estimate that the company's pro forma 2020 revenue was 30% from TV, 9% from radio, and 61% from digital media. Univision Communications 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	86.2	Strategy	Manage TV-driven broadcast local platforms in fast-growing U.S. Hispanic markets and expand digital media operations into fast-growing markets outside the United States.
Equity market capitalization	762	Est. acquisition capacity	\$144
+Pro forma net debt	206	Management	Walter Ulloa is Chairman and CEO (since 1996). Jeffrey Liberman is President and COO (since 2017 and with EVC since 2000). Christopher Young is CFO (since 2008 and with EVC since 2000).
-Hidden value	62	Positives	<ul style="list-style-type: none"> * Experience in expanding distribution in smaller, faster-growing markets, both in U.S. and internationally * Reduced expense base during and after the pandemic * Strong balance sheet * Most of its TV stations affiliated with leading U.S. Spanish language network * U.S. Hispanic buying power growing faster than general market * Secular growth in U.S. political advertising spending
=Pro forma EV	\$905	Risks	<ul style="list-style-type: none"> * Loss of broadcast audience and advertising share to digital alternatives * Volatility of international media business * Competition with Univision's expanding direct to consumer business * Univision relationship through TV network affiliations and Univision's ownership stake may limit strategic flexibility * Impact of sudden advertising declines on cash flow (e.g., 2009, 2020) * Management succession plan (CEO has majority voting power)
OPERATING PROJECTIONS		Valuation	Attributing roughly 3/4 of firm value to digital media business
Pro forma net revenue		Recent events	August 2021 - acquired remaining 49% interest in Cisneros Interactive. July 2021 - announced acquisition of MediaDonuts AsiaPac digital media business for \$17 million plus earnouts. October 2020 - acquired 51% stake in Cisneros Interactive for \$29 million. May 2020 - announced substantial expense costs targeting broadcast operations.
2021	\$770	Upcoming potential catalysts	2021 rebound in U.S. Hispanic employment and spending as pandemic recedes - Additional digital media M&A - 2022 U.S. midterm election ad spending
2020	517		
% Chg	48.8%		
Pro forma EBITDA			
2021	\$86		
2020	73		
% Chg	17.5%		
Pro forma EBITDA margin			
2021	11.1%		
2020	14.1%		
Free cash flow per share			
2021	\$0.83		
2020	\$0.51		
% Chg	62.7%		
Est. 3-5 yr FCF Growth rate	7%		
VALUATION AND LEVERAGE			
Pro forma EV/EBITDA			
2021	10.6x		
2020	12.4x		
Price / Free cash flow per share			
2021	10.6x		
2020	17.3x		
Pro forma net debt / EBITDA			
2021	2.4x		
2020	2.8x		
Dividend yield			
2021	1.1%		
2020	1.4%		

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 \$10.50 Price Target

Positives supporting our Buy rating include: 1) EVC's share price is not fully capturing the potential of digital media acquisitions over the past year because the higher growth with a different business model is more difficult for investors to assess; 2) EVC's lower post-pandemic expense base looks sustainable; 3) apart from the industry-wide pressure on auto advertising because of supply shortages, operating risk at the core U.S. media business should be ebbing based on the cyclical rebound in the U.S. Hispanic economy and secular growth of political advertising; 4) stability of net retransmission fee revenue (61% of 2020 EBITDA) and pro forma net debt leverage under 3x enhance management's longer-term options; and 5) our DCF valuation supports substantial stock price upside over the next 12 months.

Our DCF-based PT is a weighted average of projected equity valuations at year-end 2021 and 2022. First, we adjust the current net debt with the estimated free cash flow to be generated by each valuation date. Second, we adjust the current net debt for any estimated payments on the acquisitions prior to the respective valuation dates. Finally, for each target valuation date, we discount the free cash flow generated by the digital media and broadcast media businesses separately, while deducting any additional forecast payments on acquisitions, which are currently scheduled to occur from early 2022 to 2025. We value EVC both using its own weighted average cost of capital (WACC) and using separate WACCs for its broadcast and digital media business based on sector comparables, giving more weight to the latter as sector measures of risk tend to be more stable. Despite some signs of slowing economic growth and persistent inflation, a lower equity risk premium estimate based on October data, partially offset by a higher risk-free rate estimate, contributes to our higher price target coming out of 3Q21 results.

Risks to our investment thesis include: 1) secular challenges and potentially increasing competition from Univision for EVC's broadcast media business, 2) potential volatility of EVC's digital media business, given its increasing focus on emerging markets and its dependence on a small number of relationships with digital ad platforms, 3) potential barriers to sale of all or a portion of the company; and 4) risk of regression to mean in share price performance given shares' substantial appreciation relative to the overall market and sector peers over the past year.

Figure 2: 3Q beat on EBITDA/EPS; strong 4Q revenue outlook at Cisneros and radio offset by auto drag on TV and Asia drag on MediaDonuts

Entravision Communications									
Summary of Quarterly Estimates									
In millions, except per share data									
	Last Yr	E	Results		E	YoY %CHG		Consensus	A vs Consensus
			Beat/Miss	A		Beat/Miss	A		
3Q21A									
Pro Forma *									
Revenue	\$124.1	\$198.9	\$0.1	\$199.0	60.2%	0.1%	60.3%		
Op Expense	103.8	177.1	(1.2)	175.8	70.6%	-1.2%	69.4%		
Adjusted EBITDA	20.4	21.8	1.4	23.2	7.1%	6.8%	13.9%		
As Reported									
Revenue	63.0	198.9	0.1	199.0	215.8%	0.2%	216.0%	199.3	-0.1%
Op Expense	46.6	177.1	(1.2)	175.8	279.9%	-2.7%	277.2%		
Adjusted EBITDA	16.4	21.8	1.4	23.2	33.2%	8.5%	41.7%	20.1	15.4%
Margin	26.0%	11.0%	0.7%	11.7%				10.1%	1.6%
Pro Forma EPS	\$0.11	\$0.11	+\$0.03	\$0.14	0.0%	27.3%	27.3%	\$0.10	40.0%
FCF/sh (core)	\$0.12	\$0.21	+\$0.04	\$0.25	75.0%	33.3%	108.3%		
	Last Yr	Prior	Estimates		Prior	YoY %CHG		Consensus	ICR vs Consensus
			Chg	Current		Chg	Current		
4Q21E									
Pro Forma *									
Revenue	\$194.4	\$198.4	\$27.1	\$225.5	2.1%	13.9%	16.0%		
Op Expense	157.5	167.3	28.4	195.7	6.2%	18.0%	24.3%		
Adjusted EBITDA	36.9	31.1	(1.3)	29.8	-15.6%	-3.6%	-19.2%		
As Reported									
Revenue	171.7	198.4	27.1	225.5	15.6%	15.8%	31.4%	215.4	4.7%
Op Expense	139.0	167.3	28.4	195.7	20.3%	20.4%	40.8%		
Adjusted EBITDA	32.6	31.1	(1.3)	29.8	-4.6%	-4.1%	-8.7%	26.3	13.3%
Margin	19.0%	15.7%	-2.5%	13.2%				12.2%	1.0%
Pro Forma EPS	\$0.24	\$0.18	(\$-0.03)	\$0.15	-25.0%	-12.5%	-37.5%	\$0.13	15.4%
FCF/sh (core)	\$0.33	\$0.27	+\$0.01	\$0.28	-18.2%	3.0%	-15.2%		
* reflects announced acquisitions and dispositions									
Source: Company reports, FactSet, Industry Capital Research estimates									

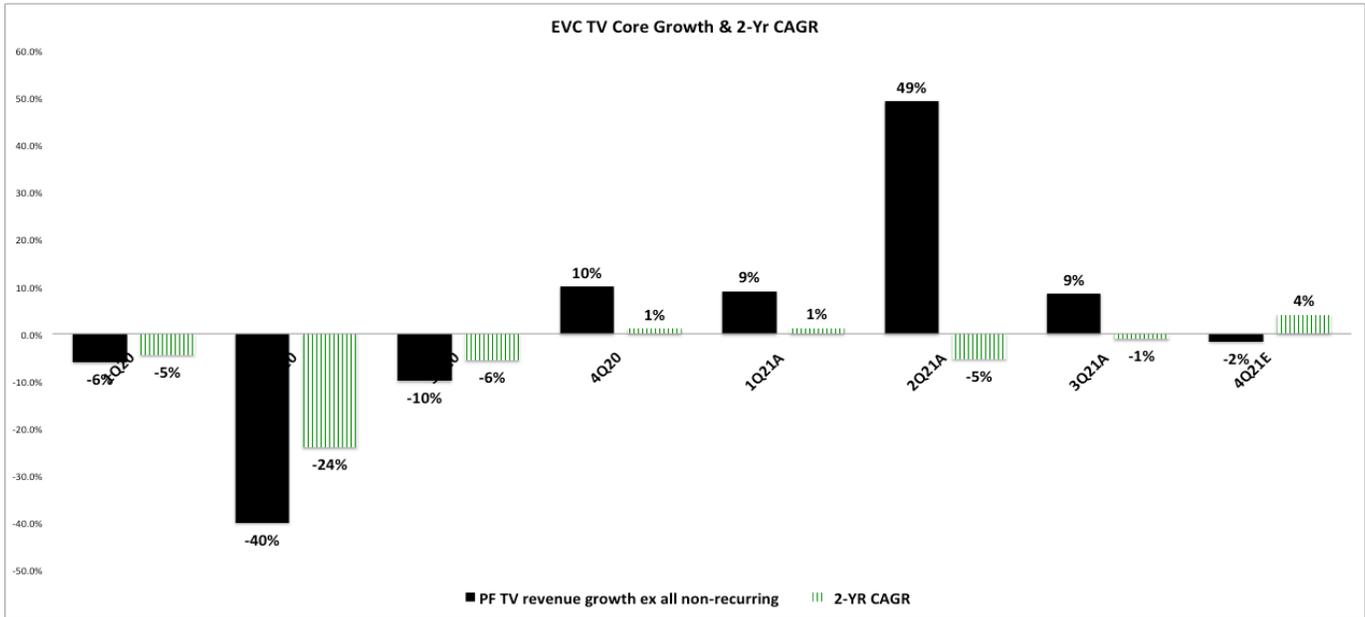
Figure 3: Our estimates remain above consensus, with 2022E EBITDA trimmed for auto drag on TV and investment in legacy digital media

Entravision Communications (NYSE: EVC)									
Summary of Annual Estimates									
In millions, except per share data									
	Last Yr	Prior	Estimates		YoY %CHG			Consensus	ICR vs Consensus
			Chg	Current	Prior	Chg	Current		
2021E									
Pro Forma *									
Revenue	\$517.4	\$742.5	\$27.2	\$769.7	43.5%	5.3%	48.8%		
Op expense	444.7	657.0	27.2	684.2	47.8%	6.1%	53.9%		
Adjusted EBITDA	72.7	85.5	0.1	85.5	17.5%	0.1%	17.5%		
As Reported									
Revenue	344.0	724.6	27.2	751.8	110.6%	7.9%	118.5%	742 ▼	1.3%
Op expense	283.6	639.7	27.2	666.8	125.5%	9.6%	135.1%		
Adjusted EBITDA	60.4	84.9	0.1	85.0	40.6%	0.1%	40.7%	81	4.9%
Margin	17.6%	11.7%	-0.4%	11.3%				10.9%	0.4%
EPS	(\$0.05)	\$0.44	(\$0.00)	\$0.44	-1045.4%	NM	NM	\$0.38 ▼	15.0%
Cash FCF/sh	\$0.51	\$0.77	\$0.06	\$0.83	51.0%	11.8%	62.7%		
2022E									
Pro Forma *									
Revenue	769.7	803.1	42.7	845.8	4.3%	5.5%	9.9%		
Op expense	684.2	704.0	48.4	752.4	2.9%	7.1%	10.0%		
Adjusted EBITDA	85.5	99.1	(5.8)	93.4	15.9%	-6.7%	9.2%		
As Reported									
Revenue	751.8	803.1	42.7	845.8	6.8%	5.7%	12.5%	833 ▼	1.5%
Op expense	666.8	704.0	48.4	752.4	5.6%	7.3%	12.8%		
Adjusted EBITDA	85.0	99.1	(5.8)	93.4 ▼	16.6%	-6.8%	9.9%	92	1.8%
Margin	11.3%	12.3%	-1.3%	11.0%				11.0%	0.0%
EPS	\$0.44	\$0.49	(\$0.07)	\$0.42 ▼	11.3%	-15.5%	-4.2%	\$0.48 ▼	-12.8%
Cash FCF/sh	\$0.83	\$0.89	(\$0.07)	\$0.82	7.2%	-8.4%	-1.2%		

* reflects announced acquisitions and dispositions

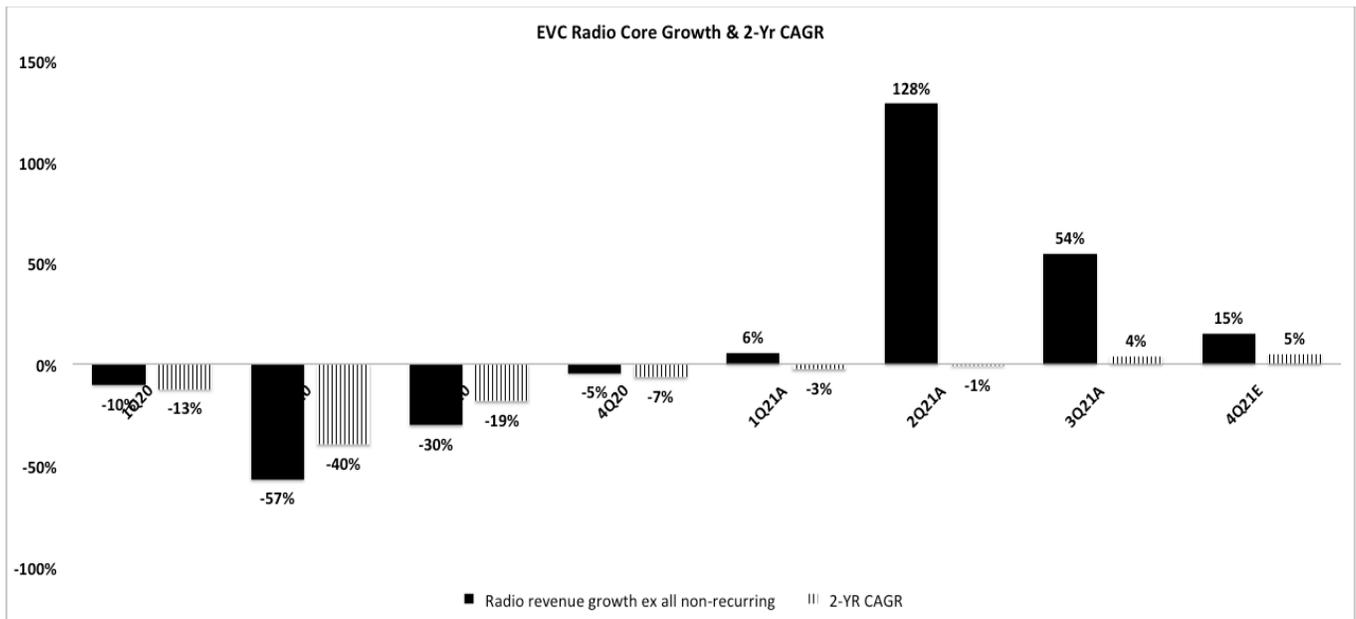
Source: Company reports, FactSet, Industry Capital Research estimates

Figure 4: TV core growth sliding back to negative in 4Q because of auto advertising declines



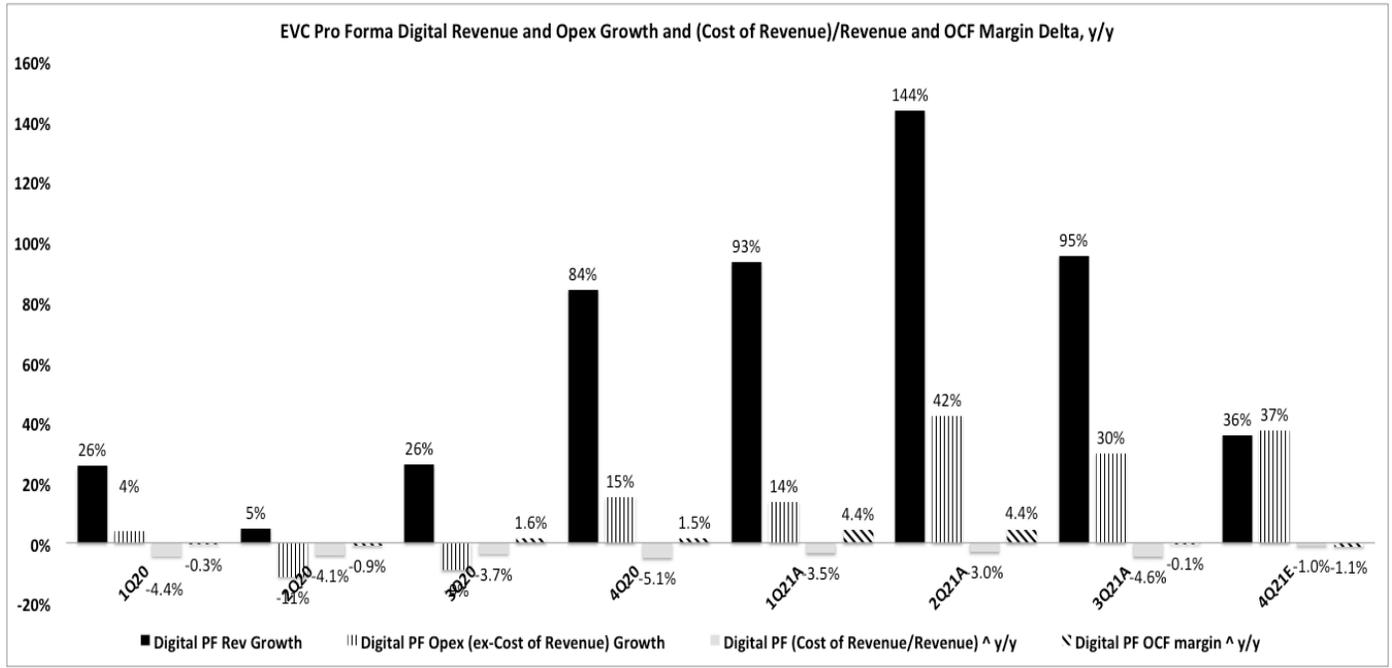
Source: Industry Capital Research estimates and company data

Figure 5: Radio revenue core growth estimates go higher again, and solidly positive in 4Q, despite auto ad drag



Source: Industry Capital Research estimates and company data

Figure 6: Digital revenue growth tracking ahead of expectations for 4Q



Source: Industry Capital Research estimates and company data

Figure 7: Despite Facebook's 2H deceleration and tougher 4Q comp, Cisneros' growth remains strong and steady on a 2-year CAGR basis

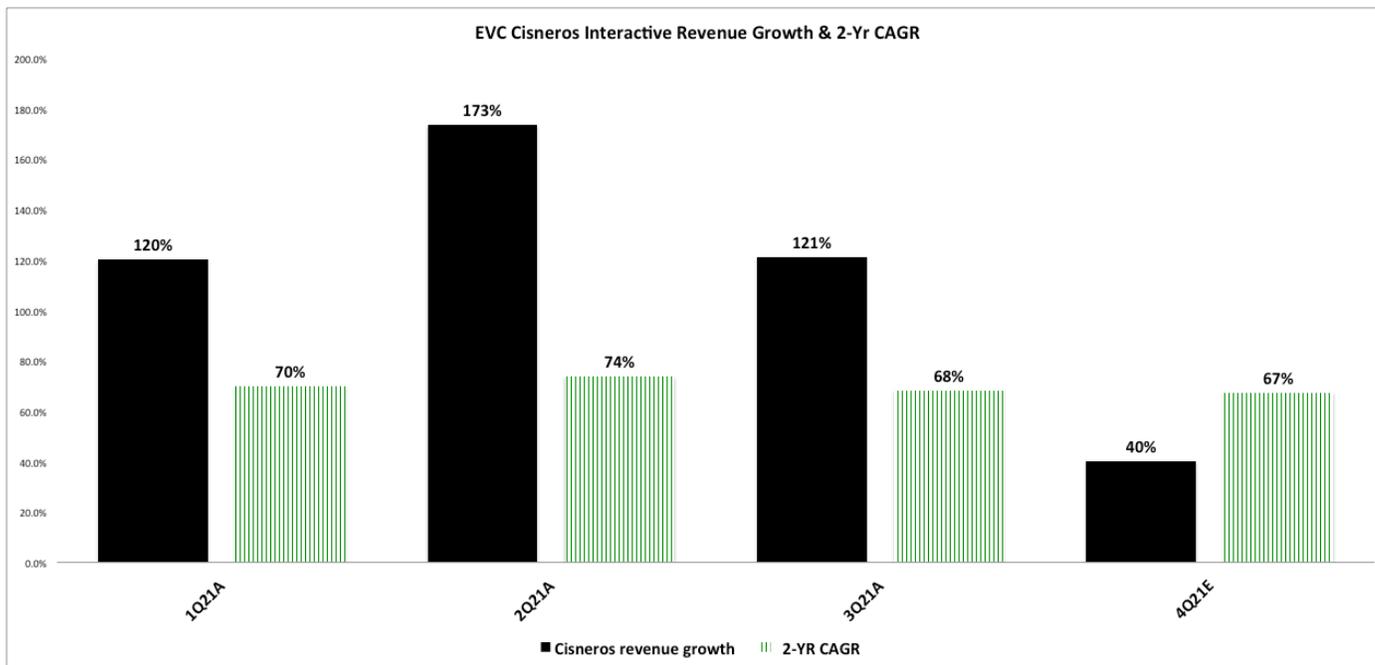


Figure 8: Forecast Drivers—Television Segment

In millions	2016A	2017A	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
TELEVISION SEGMENT															
Television PF Rev Growth	0.3%	-7.2%	2.5%	-1.4%	2.5%	-29.2%	3.7%	39.1%	3.7%	-7.9%	26.3%	-9.0%	-25.9%	-6.9%	-11.3%
Reported TV revenue	\$159.5	\$148.1	\$151.7	\$149.7	\$39.2	\$27.0	\$37.8	\$50.5	\$154.5	\$36.1	\$34.1	\$36.5	\$38.0	\$144.6	\$128.3
Growth	7.4%	-7.2%	2.5%	-1.4%	2.5%	-29.2%	3.7%	36.9%	3.2%	-7.9%	26.3%	-3.5%	-24.7%	-6.4%	-11.3%
TV non-recurring items:															
TV Political/Census	8.6	0.2	9.8	0.2	5.3	1.3	4.9	11.1	22.6	0.0	0.0	0.0	0.8	0.8	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%	100.0%	100.0%
Incremental political	8.6	0.2	9.8	0.2	5.3	1.3	4.9	11.1	22.6	0.0	0.0	0.0	0.8	0.8	8.6
TV revenue ex political	151.0	147.9	141.9	149.4	33.9	25.7	32.9	39.4	131.9	36.1	34.1	36.5	37.2	143.8	119.6
Growth ex Political	1.8%	-2.0%	-4.0%	5.3%	-11.4%	-32.4%	-9.7%	7.4%	-11.7%	6.4%	32.5%	10.8%	-5.6%	9.0%	-16.8%
Retransmission Consent	29.6	31.4	35.1	35.4	9.6	9.4	9.1	8.8	36.8	9.6	9.3	9.1	9.1	37.1	37.5
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Retrans	29.6	31.4	35.1	35.4	9.6	9.4	9.1	8.8	36.8	9.6	9.3	9.1	9.1	37.1	37.5
TV revenue ex Retrans	130.0	116.6	116.7	114.3	29.6	17.6	28.7	41.7	117.7	26.5	24.8	27.4	28.9	107.5	90.8
Growth ex Retrans	7.6%	-10.2%	0.0%	-2.0%	0.5%	-39.2%	3.8%	48.1%	3.0%	-10.7%	40.6%	-4.7%	-30.8%	-8.7%	-15.6%
TV World Cup/Other Soccer	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.5	0.0	2.0	0.0
Assm: % Incremental to Core	25.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.5	0.0	2.0	0.0
TV revenue ex WC	159.1	148.1	151.7	149.7	39.2	27.0	37.8	50.5	154.5	36.1	33.6	35.0	38.0	142.6	128.3
Growth ex WC	7.1%	-7.0%	2.5%	-1.4%	2.5%	-29.2%	3.7%	36.9%	3.2%	-7.9%	24.5%	-7.5%	-24.7%	-7.7%	-10.1%
TV Acquisitions/Dispositions (inc. Affiliations)		(6.4)	(11.0)	(10.7)	(2.0)	(1.6)	(2.6)	(3.3)	(10.2)	(2.1)	(1.6)	(2.8)	(3.2)	(10.1)	(25.4)
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	92.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental M&A	0.0	(6.4)	(11.0)	(10.7)	(2.0)	(1.6)	(2.6)	(3.3)	(9.4)	(2.1)	(1.6)	(2.8)	(3.2)	(10.1)	(25.4)
TV revenue ex M&A	159.5	154.5	162.8	160.4	41.2	28.5	40.3	53.8	163.9	38.2	35.6	39.2	41.3	154.7	153.6
Growth ex M&A	7.4%	-3.2%	5.4%	-1.5%	2.0%	-29.9%	2.7%	34.9%	2.2%	-7.4%	24.9%	-2.8%	-23.3%	-5.6%	-0.7%
Spectrum usage/auktion	1.5	0.0	3.6	13.1	1.4	1.4	1.4	1.4	5.4	2.8	1.1	1.5	1.5	7.0	5.0
Assm: % Incremental to Core	25.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	67.0%	67.0%
Incremental Spectrum Usage	0.4	0.0	3.6	13.1	1.4	1.4	1.4	1.4	5.4	2.8	1.1	1.5	(0.8)	4.7	3.4
TV revenue ex Spectrum Usage	159.1	148.1	148.2	136.6	37.8	25.6	36.4	49.2	149.0	33.2	33.0	35.0	38.8	139.9	124.9
Growth ex Spectrum Usage	7.1%	-7.0%	0.1%	-7.8%	14.1%	-25.0%	7.9%	38.3%	9.1%	-12.1%	28.7%	-4.1%	-21.1%	-6.1%	-10.7%
PF TV revenue ex-all non-recurring	120.7	122.9	114.3	111.7	25.0	16.6	25.0	32.6	99.2	25.7	24.7	27.1	32.0	110.1	104.1
PF TV revenue growth ex all non-recurring	1.5%	1.8%	-7.0%	-2.3%	-5.8%	-40.0%	-10.1%	10.0%	-11.3%	2.8%	49.3%	8.6%	-1.6%	11.0%	-5.4%
TV rev grth ex all non-rec 2-yr CAGR		1.7%	-2.7%	-4.6%	-4.4%	-24.8%	-5.7%	4.3%	-6.9%	-1.6%	-5.4%	-1.2%	4.0%	-0.7%	2.5%
PF TV advertising growth ex-political		-3.8%	-11.3%	-2.2%	-5.8%	-40.0%	-10.1%	10.0%	-11.2%	2.8%	57.8%	15.3%	-1.6%	13.7%	-22.8%
TV ad rev grth ex political 2-yr CAGR		-1.9%	-7.6%	-6.9%	-4.4%	-24.8%	-5.7%	4.3%	-6.8%	-1.6%	-2.7%	1.8%	4.0%	0.5%	-6.3%
PF TV revenue growth ex-political		-2.0%	-4.0%	5.3%	-11.4%	-32.4%	-9.7%	7.4%	-11.7%	6.4%	32.5%	10.8%	-5.6%	9.0%	-16.8%
TV rev grth ex political 2-yr CAGR		-0.1%	-3.0%	0.5%	-0.3%	-15.0%	-2.9%	2.7%	-3.6%	-2.9%	-5.4%	0.1%	0.6%	-1.9%	-4.8%
PF TV advertising growth		-10.0%	-3.0%	-10.5%	15.9%	-35.1%	9.5%	50.5%	10.9%	-16.4%	45.6%	-5.4%	-26.6%	-8.4%	-15.0%

Source: Company reports; Industry Capital Research estimates

Figure 9: Forecast Drivers—Radio Segment

In millions	2016A	2017A	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
RADIO SEGMENT															
Radio PF Rev Growth	-0.4%	-11.8%	-4.5%	-13.9%	-2.0%	-52.7%	-22.0%	16.6%	-15.9%	-3.5%	108.2%	42.5%	-6.2%	23.4%	7.0%
Revenue	\$75.8	\$66.9	\$63.9	\$55.0	\$11.7	\$6.8	\$11.5	\$16.2	\$46.3	\$11.3	\$14.1	\$16.4	\$15.2	\$57.1	\$61.1
Growth	-0.4%	-11.8%	-4.5%	-13.9%	-2.0%	-52.7%	-22.0%	16.6%	-15.9%	-3.5%	108.2%	42.5%	-6.2%	23.4%	7.0%
Radio non-recurring items:															
Political/Census	2.1	0.1	2.2	0.1	1.0	0.6	1.2	3.0	5.9	0.0	0.0	0.5	0.0	0.6	2.6
Assm: % Incremental to Core	50.0%	50.0%	50.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	2.1	0.1	1.1	0.1	1.0	0.6	1.2	3.0	5.9	0.0	0.0	0.5	0.0	0.6	2.6
Radio revenue ex political	73.8	66.9	62.8	54.9	10.7	6.2	10.3	13.2	40.4	11.3	14.1	15.9	15.2	56.5	58.5
Growth ex Political	-2.7%	-9.3%	-6.0%	-12.6%	-10.4%	-57.0%	-30.2%	-4.5%	-26.4%	5.5%	128.5%	54.4%	15.1%	39.9%	3.5%
NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex NTR	35.1	36.2	36.2	38.4	11.7	6.8	11.5	16.2	39.5	11.3	14.1	16.4	15.2	39.5	39.5
Growth ex NTR	3.0%	3.0%	0.0%	6.1%	-2.0%	-52.7%	-22.0%	16.6%	3.0%	-3.5%	108.2%	42.5%	-6.2%	0.0%	0.0%
World Cup/Other Soccer			1.9											0.0	2.5
Assm: % Incremental to Core	66.7%	66.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup			1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5
Radio revenue ex WC	75.8	66.9	63.9	55.0	11.7	6.8	11.5	16.2	46.3	11.3	14.1	16.4	15.2	57.1	58.6
Growth ex WC		-11.8%	-4.5%	-13.9%	-2.0%	-52.7%	-22.0%	16.6%	-15.9%	-3.5%	108.2%	42.5%	-6.2%	23.4%	2.6%
Revenue	73.8	66.9	61.8	54.9	10.7	6.2	10.3	13.2	40.4	11.3	14.1	15.9	15.2	56.5	56.0
Radio revenue growth ex all non-recurring	-2.4%	-9.3%	-7.5%	-11.2%	-10.4%	-57.0%	-30.2%	-4.5%	-26.4%	5.5%	128.5%	54.4%	15.1%	39.9%	-0.9%
Radio rev grth ex all non-rec 2-yr CAGR		-5.9%	-8.4%	-9.4%	-12.5%	-39.9%	-18.5%	-6.7%	-19.2%	-2.7%	-0.9%	3.8%	4.8%	1.4%	17.7%

Source: Company reports; Industry Capital Research estimates

Figure 10: Forecast Drivers—Operating Expense

(In millions)	2016A	2017A	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
OPERATING EXPENSE															
Television PF Opex Growth				0.1%	4.9%	-14.7%	-10.3%	3.2%	-4.2%	-8.6%	10.0%	6.2%	-5.9%	-0.3%	-12.0%
Radio PF Opex Growth				-4.5%	-18.4%	-34.3%	-31.4%	-21.3%	-26.3%	-16.9%	8.2%	0.8%	-9.9%	-5.4%	5.8%
Pro forma consolidated:															
Opex ex-cost of revenue	\$160.2	\$168.4	\$176.8	\$173.4	\$40.3	\$33.0	\$34.1	\$45.9	\$153.3	\$40.4	\$41.4	\$43.1	\$50.4	\$175.4	\$182.3
Growth	4.6%	5.1%	5.0%	-1.9%	-5.8%	-23.5%	-21.3%	4.0%	-11.6%	0.4%	25.4%	26.6%	9.8%	14.4%	3.9%
Non-recurring opex items:															
M&A (Cisneros, MediaDonuts acquisitions)	0.0	0.0	0.0	0.0				5.7	5.7	4.8	6.4	7.2	12.7	31.1	40.2
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Cisneros	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.7	5.7	4.8	6.4	7.2	12.7	31.1	40.2
Opex ex Cisneros adjustment	160.2	168.4	176.8	173.4	40.3	33.0	34.1	40.2	147.6	35.7	36.0	36.0	37.7	144.3	142.1
Growth ex Cisneros	4.6%	5.1%	5.0%	-1.9%	-5.8%	-23.5%	-21.3%	-8.9%	-14.9%	-11.5%	6.0%	5.6%	-6.3%	-2.2%	-1.5%
Fixed & variable cost reductions	0.0	0.0	0.0	0.0		(6.2)	(11.0)	(10.0)	(27.2)	(5.0)	(5.8)	(11.2)	(10.4)	(32.5)	(44.4)
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental cost reductions	0.0	0.0	0.0	0.0	0.0	(6.2)	(11.0)	(10.0)	(27.2)	(5.0)	(5.8)	(11.2)	(10.4)	(32.5)	(44.4)
Opex ex cost reductions adjustment	0.0	168.4	176.8	173.4	40.3	39.2	45.1	56.0	180.5	45.4	47.3	54.3	60.9	207.9	226.8
Growth ex cost reductions	-27.8%		5.0%	-1.9%	-5.8%	-9.2%	4.2%	26.7%	4.1%	12.8%	20.5%	20.6%	8.8%	15.2%	9.1%
Salary true-up	0.0	0.0	0.0	0.0				2.0	2.0	0.0	0.7	0.7	0.7	2.0	2.2
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental salary true-up	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	0.0	0.7	0.7	0.7	2.0	2.2
Opex ex salary true-up	0.0	168.4	176.8	173.4	40.3	33.0	34.1	43.9	151.3	40.4	40.8	42.4	49.8	173.4	180.2
Growth ex salary true-up			5.0%	-1.9%	-5.8%	-23.5%	-21.3%	-0.5%	-12.7%	0.4%	23.4%	24.6%	13.2%	14.6%	3.9%
Opex ex-non-recurring	160.2	168.4	176.8	173.4	40.3	39.2	45.1	48.3	172.8	40.7	40.2	46.5	47.5	174.8	184.4
Opex growth ex all non-recurring	8.0%	5.1%	5.0%	-1.9%	-5.8%	-9.2%	4.2%	9.3%	-0.3%	1.0%	2.4%	3.2%	-1.6%	1.2%	5.5%
Opex grth ex all non-rec 2-yr CAGR		6.5%	5.0%	1.5%	-4.7%	-5.3%	1.1%	4.1%	-1.1%	-2.5%	-3.6%	3.7%	3.7%	0.4%	3.3%
Revenue-driven variable expense	41.1	36.7	35.4	31.2	8.0	4.6	7.8	11.3	31.7	7.0	7.6	8.5	9.0	32.0	29.7
Non-sales opex ex-non-recurring	119.1	131.7	141.4	142.1	32.3	34.6	37.3	36.9	141.1	33.7	32.6	38.1	38.5	142.9	154.7
Non-sales opex growth ex all non-recurring	9.3%	10.5%	7.4%	0.5%	-9.0%	-2.0%	5.6%	2.5%	-0.7%	4.3%	-5.8%	2.1%	4.3%	1.2%	8.3%
Non-sales opex grth ex all non-rec 2-yr CAGR		9.9%	8.9%	3.9%	-5.8%	-0.3%	2.4%	3.6%	-0.1%	-2.6%	-3.9%	3.8%	3.4%	0.3%	4.7%

Source: Company reports; Industry Capital Research estimates

Note: The above figure attempts to estimate core opex growth excluding the impact of variable sales expense by deducting 20% of estimated broadcast advertising revenue in all periods.

Figure 11: Digital Segment Forecast Separates Legacy Digital From Cisneros and MediaDonuts Businesses

In millions, except unit data	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
Legacy												
Revenue	\$68.9	\$13.3	\$11.4	\$13.7	\$15.8	\$54.1	\$13.0	\$15.3	\$16.2	\$18.3	\$62.8	\$65.8
Cost of Revenue	36.8	7.3	6.4	7.8	9.0	30.6	7.4	8.7	9.3	10.5	35.8	37.5
Opex ex-cost of revenue	32.3	6.9	6.2	5.4	6.1	24.5	5.9	5.6	6.0	6.4	23.9	29.3
OCF	(0.1)	(0.9)	(1.2)	0.5	0.6	(1.0)	(0.2)	1.0	0.9	1.4	3.1	(1.0)
OCF Margin	-0.2%	-6.6%	-10.8%	3.4%	4.0%	-1.9%	-1.9%	6.8%	5.6%	7.5%	4.9%	-1.6%
Acquisitions-Pro Forma												
Cisneros revenue	159.4	40.2	42.0	53.3	97.8	233.3	88.5	114.9	117.8	136.8	458.0	524.6
Cisneros cost of revenue	136.2	35.3	36.7	46.0	83.6	201.7	77.6	100.4	106.0	117.0	400.9	458.7
Cisneros opex ex-cost of revenue	13.2	3.2	3.3	4.1	6.7	17.4	4.8	6.4	5.1	10.0	26.3	30.0
Cisneros OCF	9.9	1.7	2.0	3.1	7.4	14.2	6.1	8.1	6.7	9.8	30.8	35.9
OCF Margin	6.2%	4.2%	4.8%	5.9%	7.6%	6.1%	6.9%	7.1%	5.7%	7.2%	6.7%	6.8%
MediaDonuts revenue	0.0	3.1	4.1	7.9	13.3	28.5	8.0	9.9	12.1	17.2	47.2	66.1
MediaDonuts cost of revenue	0.0	2.5	2.7	6.3	9.4	20.9	6.0	6.9	9.1	12.9	34.9	49.5
MediaDonuts opex ex-cost of revenue	0.0	0.9	0.8	0.7	1.1	3.5	1.8	2.7	2.0	2.7	9.2	10.2
MediaDonuts OCF	0.0	-0.2	0.6	0.9	2.8	4.0	0.2	0.3	1.0	1.6	3.1	6.3
OCF Margin		-5.5%	13.6%	11.2%	20.9%	14.2%	2.9%	3.0%	8.3%	9.0%	6.5%	9.5%
Acquisitions-As Reported												
Cisneros revenue					89.2	89.2	88.5	114.9	117.8	136.8	458.0	524.6
Cisneros cost of revenue					76.3	76.3	77.6	100.4	106.0	117.0	400.9	458.7
Cisneros opex					5.9	5.9	4.8	6.4	5.1	10.0	26.3	30.0
Cisneros OCF					7.0	7.0	6.1	8.1	6.7	9.8	30.8	35.9
EBITDA to red non-con interests					3.4	3.4	3.0	4.0	2.2	0.0	9.2	0.0
Cisneros EBITDA					3.6	3.6	3.1	4.1	4.5	9.8	21.6	35.9
MediaDonuts revenue					0.0	0.0	0.0	0.0	12.1	17.2	29.3	66.1
MediaDonuts cost of revenue					0.0	0.0	0.0	0.0	9.1	12.9	22.0	49.5
MediaDonuts opex					0.0	0.0	0.0	0.0	2.0	2.7	4.8	10.2
MediaDonuts OCF					0.0	0.0	0.0	0.0	1.0	1.6	2.6	6.3
EBITDA to red non-con interests					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MediaDonuts EBITDA					0.0	0.0	0.0	0.0	1.0	1.6	2.6	6.3
Digital segment pro forma												
Digital revenue	228.3	56.7	57.5	74.8	126.8	315.9	109.5	140.1	146.1	172.3	568.0	656.4
Digital cost of revenue	173.0	45.1	45.9	60.2	102.1	253.2	91.0	116.0	124.3	140.4	471.6	545.7
Digital opex ex-cost of revenue	45.5	10.9	10.3	10.2	14.0	45.4	12.4	14.7	13.2	19.2	59.4	69.5
Digital OCF	9.8	0.7	1.3	4.5	10.8	17.3	6.1	9.5	8.6	12.7	36.9	41.2
Digital segment as reported												
Digital revenue	68.9	13.3	11.4	13.7	105.0	143.3	101.5	130.2	146.1	172.3	550.1	656.4
Digital cost of revenue	36.8	7.3	6.4	7.8	85.3	106.9	85.0	109.0	124.3	140.4	458.7	545.7
Digital opex	32.3	6.9	6.2	5.4	12.0	30.4	10.6	12.0	13.2	19.2	55.0	69.5
Digital OCF	(0.1)	(0.9)	(1.2)	0.5	7.6	5.9	5.9	9.2	8.6	12.7	36.4	41.2
Digital Adj. EBITDA	(0.1)	-0.9	-1.2	0.5	4.2	2.5	2.9	5.2	6.4	12.7	27.2	41.2

Source: Company reports; Industry Capital Research estimates

Metrics	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
Legacy growth												
Reported digital revenue growth					424%	108%	661%	1045%	970%	64%	284%	19%
Legacy digital revenue growth	-14.9%	-7.9%	-32.3%	-22.5%	-21.2%	-21.4%	-2.6%	34.5%	18.6%	16.2%	16.0%	4.8%
2-yr CAGR		-14.5%	-25.6%	-22.0%	-10.6%	-18.2%	-5.3%	-4.6%	-4.1%	-4.3%	-4.5%	10.2%
Legacy digital opex growth		-11.1%	-27.4%	-32.4%	-24.7%	-24.1%	-14.4%	-9.2%	12.0%	5.6%	-2.3%	22.5%
Legacy digital OCF		-1.1%	128.0%	-257.3%	-60.9%	822.5%	-71.9%	-184.0%	95.7%	118.4%	-403.0%	-133.5%
Cisneros growth												
Cisneros revenue growth		31.0%	10.2%	27.8%	100.1%	46.4%	120.0%	173.4%	121.2%	39.9%	96.3%	14.5%
2-yr CAGR							69.8%	73.6%	68.1%	67.3%	69.5%	50.0%
Cisneros opex ex-COR growth		14.2%	5.5%	28.0%	66.7%	31.5%	48.6%	92.5%	25.1%	48.3%	51.4%	14.0%
Cisneros OCF		10%	-13%	8%	132%	43%	258%	307%	115%	32%	116%	17%
Cisneros revenue growth q/q		-17.7%	4.5%	26.7%	83.5%		-9.5%	29.9%	2.5%	16.1%		
Cisneros cost of revenue growth q/q		-15.2%	3.9%	25.5%	81.6%		-7.2%	29.3%	5.6%	10.4%		
Cisneros opex ex-COR growth q/q		-20.5%	4.3%	22.8%	63.8%		-29.2%	35.2%	-20.2%	94.3%		
Cisneros OCF growth q/q		-82.8%	16.9%	56.2%	137.7%		-57.0%	32.8%	-17.7%	46.5%		
MediaDonuts growth												
MediaDonuts revenue growth y/y							154.3%	140.0%	53.5%	29.2%	65.8%	40.0%
2-yr CAGR												52.4%
MediaDonuts opex ex-COR growth y/y							108.0%	216.5%	201.2%	141.8%	163.0%	11.0%
MediaDonuts cost of revenue growth y/y							143%	155%	43%	37%	67%	42%
MediaDonuts OCF growth y/y							-233%	-47%	14%	-44%	-24%	104%
MediaDonuts revenue growth q/q			31.0%	91.2%	68.9%		-39.9%	23.7%	22.3%	42.1%		
MediaDonuts cost of revenue growth q/q			10.1%	132.8%	48.4%		-36.1%	15.4%	31.0%	42.1%		
MediaDonuts opex ex-COR growth q/q			-0.8%	-20.4%	68.9%		55.9%	50.9%	-24.2%	35.6%		
MediaDonuts OCF growth q/q			NM	57.2%	216.2%		-94.3%	28.9%	237.5%	55.2%		
Digital segment pro forma growth												
Digital revenue					84%	38%	93%	144%	95%	36%	80%	16%
Digital revenue, PF, pro rated for 4Q by days EVC owned Cisneros in 4Q20					67%		83%					
Digital cost of revenue					96%	46%	102%	153%	107%	38%	86%	16%
Digital opex ex-cost of revenue					15%	0%	14%	42%	30%	37%	31%	17%
Digital OCF					125%	76%	831%	613%	93%	18%	114%	12%
Legacy margins												
Legacy cost of revenue/revenue	53.3%	55.1%	56.7%	57.2%	57.4%	56.6%	56.6%	56.7%	57.2%	57.4%	57.0%	57.0%
Legacy COR margin ^ y/y		2.3%	4.0%	0.7%	5.8%	3.3%	1.5%	0.0%	0.0%	0.0%	0.4%	0.0%
Legacy opex ex-COR/revenue	46.8%	51.5%	54.1%	39.4%	38.6%	45.3%	45.3%	36.6%	37.2%	35.1%	38.1%	44.6%
Legacy OCF margin	-0.2%	-6.6%	-10.8%	3.4%	4.0%	-1.9%	-1.9%	6.8%	5.6%	7.5%	4.9%	-1.6%
Legacy OCF margin ^ y/y		-0.5%	-7.6%	5.1%	-4.1%	-1.7%	4.7%	17.6%	2.2%	3.5%	6.8%	-6.5%
Cisneros margins												
Cisneros cost of revenue/revenue	85.5%	87.8%	87.3%	86.4%	85.5%	86.4%	87.7%	87.3%	90.0%	85.5%	87.5%	87.4%
Cisneros COR margin ^ y/y		2.0%	1.6%	1.1%	0.3%	1.0%	-0.1%	0.0%	3.5%	0.0%	1.1%	-0.1%
Cisneros OCF margin ^ y/y		-0.8%	-1.3%	-1.1%	1.0%	-0.1%	2.7%	2.3%	-0.2%	-0.4%	0.6%	0.1%
Cisneros EBITDA margin ^ y/y		-0.8%	-1.3%	-1.1%	1.0%	-0.1%	2.7%	2.3%	-0.2%	-0.4%	0.6%	0.1%
MediaDonuts margins												
MediaDonuts cost of revenue/revenue		78.5%	65.9%	80.3%	70.6%	73.5%	75.0%	70.0%	75.0%	75.0%	74.0%	75.0%
MediaDonuts COR margin ^ y/y							-3.5%	4.1%	-5.3%	4.4%	0.5%	1.0%
MediaDonuts OCF margin ^ y/y							8.4%	-10.6%	-2.9%	-11.9%	-7.7%	3.0%
MediaDonuts EBITDA margin ^ y/y							8.4%	-10.6%	-2.9%	-11.9%	-7.7%	3.0%
Digital Segment margins												
Digital Segment cost of revenue/revenue		55.1%	56.7%	57.2%	81.3%	74.6%	83.7%	83.7%	85.1%	81.5%	83.4%	83.1%
MediaDonuts COR margin ^ y/y							28.6%	27.0%	27.9%	0.2%	8.8%	-0.3%
MediaDonuts OCF margin ^ y/y							300.0%	398.5%	218.6%	-343.6%	573.6%	-917.2%
MediaDonuts EBITDA margin ^ y/y							300.0%	398.5%	218.6%	-343.6%	573.6%	-917.2%
Revenue mix:												
Total company revenue	273.6	64.2	45.1	63.0	171.7	344.0	148.9	178.4	199.0	225.5	751.8	845.8
Digital as % of company revenue	25%	21%	25%	22%	61%	42%	68%	73%	73%	76%	73%	78%
Minority interest							1.6	2.4	1.3	0.0	5.3	0.0

Source: Company reports; Industry Capital Research estimates

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

Figure 12: Financial Statement Forecasts Supporting Our Valuation

Consolidated Income Statement															
Fiscal Year Ends December 31															
In millions, except per share data															
AS REPORTED	2016A	2017A	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
Net revenue:															
Television	\$159.5	\$148.1	\$151.7	\$149.7	\$39.2	\$27.0	\$37.8	\$50.5	\$154.5	\$36.1	\$34.1	\$36.5	\$38.0	\$144.6	\$128.3
Radio	75.8	66.9	63.9	55.0	11.7	6.8	11.5	16.2	46.3	11.3	14.1	16.4	15.2	57.1	61.1
Net broadcast revenue	235.4	215.0	215.7	204.7	50.9	33.7	49.3	66.7	200.7	47.4	48.2	52.9	53.2	201.7	189.4
Digital	23.1	57.1	81.0	68.9	13.3	11.4	13.7	105.0	143.3	101.5	130.2	146.1	172.3	550.1	656.4
Total net revenue (core)	258.5	272.1	296.6	273.6	64.2	45.1	63.0	171.7	344.0	148.9	178.4	199.0	225.5	751.8	845.8
Revenue from spectrum usage rights		263.9	1.2	0.0					0.0					0.0	0.0
Total net revenue	258.5	536.0	297.8	273.6	64.2	45.1	63.0	171.7	344.0	148.9	178.4	199.0	225.5	751.8	845.8
Cost of Revenue															
Television		0.0													
Radio		0.0													
Digital	9.5	33.0	45.1	36.8	7.3	6.4	7.8	85.3	106.9	84.8	109.0	124.3	140.4	458.5	545.7
Digital cost of revenue as % of revenue	41.2%	57.8%	55.7%	53.3%	55.1%	56.7%	57.2%	81.3%	74.6%	83.5%	83.7%	85.1%	81.5%	83.3%	83.1%
Total cost of revenue (core)	9.5	33.0	45.1	36.8	7.3	6.4	7.8	85.3	106.9	84.8	109.0	124.3	140.4	458.5	545.7
Cost of revenue from spectrum usage rights (television)		12,340													
Total cost of revenue	9.5	45.3	45.1	36.8	7.3	6.4	7.8	85.3	106.9	84.8	109.0	124.3	140.4	458.5	545.7
Opex															
Television opex	83.6	81.7	84.3	84.4	21.8	17.7	19.0	22.4	80.9	19.9	19.5	20.1	21.1	80.7	71.0
Radio opex	65.4	63.3	59.4	56.7	11.6	9.1	9.7	11.3	41.8	9.7	9.9	9.8	10.2	39.5	41.8
Digital opex	11.2	23.4	33.1	32.3	6.9	6.2	5.4	12.2	30.6	10.9	12.0	13.2	19.2	55.2	69.5
Total opex (core)	160.2	168.4	176.8	173.4	40.3	33.0	34.1	45.9	153.3	40.4	41.4	43.1	50.4	175.4	182.3
Spectrum usage rights															
Total Opex	160.2	168.4	176.8	173.4	40.3	33.0	34.1	45.9	153.3	40.4	41.4	43.1	50.4	175.4	182.3
OCF															
Television OCF	75.9	66.3	67.4	65.2	\$17.4	\$9.2	\$18.8	\$28.1	73.6	\$16.2	\$14.5	\$16.3	\$16.9	64.0	57.3
TV OCF Margin	47.6%	44.8%	44.4%	43.6%	44.5%	34.2%	49.8%	55.6%	47.6%	44.9%	42.7%	44.7%	44.5%	44.2%	44.7%
Incremental Margin	-566.3%	83.6%	30.3%	105.6%					173.4%					97.5%	40.8%
Radio OCF	10.5	3.6	4.6	(1.7)	0.1	(2.4)	1.8	4.9	4.5	1.6	4.2	6.7	5.0	17.6	19.3
Radio OCF margin	13.8%	5.4%	7.1%	-3.1%	0.6%	-34.7%	15.9%	30.4%	9.7%	14.4%	29.9%	40.5%	33.1%	30.7%	31.5%
Incremental Margin	1189.2%	76.7%	-31.0%	70.1%					-70.4%					120.8%	42.6%
Digital OCF	2.4	0.7	2.8	(0.1)	(0.9)	(1.2)	0.5	7.4	5.7	5.9	9.2	8.6	12.7	36.4	41.2
Digital OCF margin	10.2%	1.3%	3.4%	-0.2%	-6.6%	-10.8%	3.4%	7.0%	4.0%	5.8%	7.0%	5.9%	7.4%	6.6%	6.3%
Incremental Margin	28.8%	-4.8%	8.5%	23.9%					7.9%					7.5%	4.5%
Total OCF (core)	88.7	70.7	74.8	63.4	16.6	5.6	21.1	40.4	83.8	23.7	27.9	31.6	34.7	117.9	117.7
Margin	34.3%	26.0%	25.2%	23.2%	25.9%	12.5%	33.5%	23.5%	24.4%	15.9%	15.7%	15.9%	15.4%	15.7%	13.9%
Incremental Margin	-114.5%	-132.9%	16.6%	49.1%	-542.5%	47.9%	-94.2%	23.9%		8.4%	16.7%	7.7%	-10.6%		
Spectrum sales	0.0	251.6	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000
Total OCF	88.7	322.3	75.9	63.4	16.6	5.6	21.1	40.4	83.8	23.7	27.9	31.6	34.7	117.9	117.7
Total OCF Margin	34.3%	60.1%	25.5%	23.2%	25.9%	12.5%	33.5%	23.5%	24.4%	15.9%	15.7%	15.9%	15.4%	15.7%	13.9%
Incremental Margin	-114.5%	84.2%	103.4%	51.6%	-542.5%	47.9%	-94.2%	23.9%		8.4%	16.7%	7.7%	-10.6%		
Corporate Expense	24.5	27.9	26.9	28.1	6.8	5.4	6.3	9.3	27.8	7.2	7.3	7.3	7.3	29.1	29.8
GAAP EBITDA	64.2	294.4	49.1	35.4	9.8	0.2	14.8	31.1	56.0	16.6	20.6	24.3	27.4	88.8	88.0
Corporate non-cash comp	3.7	4.9	5.1	3.6	0.7	0.7	0.7	1.9	3.9	0.8	0.8	0.8	1.6	4.0	4.0
Opex adjustments to cash:															
Amortization of syndication contracts	(0.4)	(0.5)	(0.7)	(0.5)	(0.130)	(0.1)	(0.1)	(0.1)	(0.5)	(0.119)	(0.1)	(0.1)	(0.2)	(0.5)	(0.5)
Payments on syndication contracts	(0.4)	(0.4)	(0.6)	(0.5)	(0.130)	(0.1)	(0.1)	(0.1)	(0.5)	(0.124)	(0.1)	(0.1)	(0.1)	(0.5)	(0.5)
Non-cash comp in direct opex	1.3	1.2	0.7	0.7	0.131	0.1	0.1	0.9	1.2	0.316	0.3	0.3	0.3	1.3	1.3
Non-recurring cash severance			0.8	2.3	0.606	0.5	0.5	1.7	0.000						
EBITDA attributable to redeemable noncontrolling interest									3.4	2.837	4.3	2.0	0.0	9.1	0.0
Total opex (positive) adjustments to cash	(1.3)	(1.2)	(1.5)	(2.9)	(0.737)	(0.6)	(0.2)	2.0	0.5	2.526	3.9	1.7	(0.3)	7.8	(1.3)
Foreign currency (gain) loss	0.0	0.4	1.6	0.8	1.5	(0.2)	(0.7)	(1.7)	(1.1)	0.6	(0.3)	0.2	(0.5)	0.0	0.0
Total Adjusted EBITDA	69.2	300.1	54.0	41.2	9.7	1.7	16.4	32.6	60.4	14.2	17.8	23.2	29.8	85.0	93.4
Other opex for spectrum (in corporate)		2.1	1.2												
Adjusted EBITDA (core)	69.2	50.6	54.0	41.2	9.7	1.7	16.4	32.6	60.4	14.2	17.8	23.2	29.8	85.0	93.4
Memo: adj. EBITDA (core) reported	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Model variance: adj. EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adj. EBITDA core margin	26.8%	18.6%	18.2%	15.1%	15.1%	3.8%	26.0%	19.0%	17.6%	9.5%	10.0%	11.7%	13.2%	11.3%	11.0%
Incremental Margin	-161.7%	-137.3%	14.0%	55.6%	-376.3%	45.0%	-123.8%	21.4%	27.3%	5.3%	12.1%	5.0%	-5.3%	6.0%	8.9%

Source: Industry Capital Research estimates and company data

Figure 13: Financial Statement Forecasts Supporting Our Valuation (cont.)

	2016A	2017A	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
In millions, except per share data															
Memo: cash opex (core)	\$158.9	\$167.2	\$175.3	\$170.4	\$39.5	\$32.4	\$33.9	\$48.0	\$153.8	\$42.9	\$45.4	\$44.8	\$50.1	\$183.2	\$181.0
Memo: cash corporate expense	20.8	23.1	21.8	24.4	6.2	4.7	5.6	7.4	23.9	6.4	6.5	6.5	5.7	25.1	\$25.7
Memo: total non-cash comp	5.0	6.1	5.8	4.4	0.8	0.8	0.8	2.7	5.1	1.1	1.1	1.1	1.9	5.2	\$5.3
Memo: adj. EBITDA - (OCF - cash corporate)	1.3	3.0	1.1	2.2	(0.8)	0.8	0.9	(0.3)	0.6	(3.1)	(3.6)	(1.9)	0.8	(7.8)	\$1.3
Memo: PF EBITDA attributable to redeemable noncontrolling interest					0.8										
D&A	15.3	16.4	16.3	16.6	4.5	3.9	3.9	5.0	17.3	5.2	5.1	5.9	5.9	22.1	24.0
D&A % of Revenue	5.9%	6.0%	5.5%	6.1%	7.0%	8.6%	6.2%	2.9%	5.0%	3.5%	2.8%	3.0%	2.6%	2.9%	0.0
Change in fair value contingent consideration			(1.2)	(6.478)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairments	0.0	0.0	0.0	32.1	39.8	0.0	0.0	0.2	40.0	1.3	0.1	0.2	0.0	1.6	0.0
Other operating (gain) loss		(0.3)	(1.2)	(6.0)	(0.8)	(2.0)	(2.7)	(1.3)	(6.9)	(1.9)	(0.5)	(2.4)	0.0	(4.9)	(0.8)
Gain (Loss) on Sale	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserves, accruals and other, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Income (EBIT Inc. Impairments)	48.9	277.9	33.6	(1.7)	(35.2)	(1.4)	14.3	29.0	6.6	11.4	16.2	20.5	21.9	70.0	64.8
Operating Margin %	18.9%	51.8%	11.3%	-0.6%	-54.8%	-3.2%	22.6%	16.9%	1.9%	7.6%	9.1%	10.3%	9.7%	9.3%	7.7%
Interest expense	(15.5)	(16.7)	(13.7)	(13.7)	(2.7)	(2.0)	(2.0)	(1.6)	(8.3)	(1.7)	(1.8)	(1.7)	(1.9)	(7.1)	(9.1)
Noncash interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	0.3	0.8	2.0	3.4	0.6	0.5	0.5	0.1	1.7	0.1	0.0	0.0	(0.2)	0.0	0.0
Net interest expense	(15.2)	(15.9)	(11.8)	(10.3)	(2.1)	(1.5)	(1.5)	(1.5)	(6.5)	(1.6)	(1.8)	(1.7)	(2.1)	(7.1)	(9.1)
Loss on debt extinguishment	(0.2)	(3.3)	(0.6)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other income, net	0.0	0.0	0.2	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	(0.2)	0.0	0.0
Pretax income	33.5	258.6	21.4	(11.3)	(37.3)	(2.9)	12.8	27.6	0.1	9.8	14.5	19.0	19.7	62.9	55.7
Pretax margin	13.0%	48.2%	7.2%	NM	NM	NM	20.2%	16.0%	0.0%	6.6%	8.1%	9.5%	8.7%	8.4%	6.6%
Income (taxes) benefit	(13.1)	(82.6)	(7.9)	(8.2)	1.7	5.3	(3.7)	(4.7)	(1.5)	(2.8)	(4.0)	(5.1)	(6.9)	(18.8)	(19.5)
Effective tax rate	39.1%	31.9%	36.8%	-72.1%	4.5%	179.9%	29.3%	17.1%	1276.3%	28.5%	27.6%	26.9%	35.0%	29.9%	35.0%
Cash tax rate	1.8%	0.3%	15.2%	-25.2%	-0.4%	-11.0%	39.9%	7.9%	6552.5%	-2.0%	22.7%	2.5%	3.8%	6.8%	7.7%
Net Income (Before Equity Investments)	20.4	176.0	13.5	(19.5)	(35.6)	2.3	9.0	22.9	(1.4)	7.0	10.5	13.9	12.8	44.1	36.2
Equity in net of noncon. affils.	0.0	(0.3)	(1.4)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported Net income	20.4	175.7	12.2	(19.7)	(35.6)	2.3	9.0	22.9	(1.4)	7.0	10.5	13.9	12.8	44.1	36.2
Net margin	26.8%	9.4%	18.1%	15.1%	15.1%	3.8%	26.0%	19.0%	17.6%	9.5%	10.0%	11.7%	13.2%	11.3%	11.0%
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	0.0	0.0
Minority Interest							2.5	2.5	1.6	2.6	1.8	0.0	5.9	0.0	0.0
Net inc. to common pre-1-time	20.4	175.7	12.2	(19.7)	(35.6)	2.3	9.0	20.3	(3.9)	5.4	7.9	12.1	12.8	38.2	36.2
Net margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EPS - Basic, Continuing Operations	\$0.23	\$1.95	\$0.14	(\$0.23)	(\$0.42)	\$0.03	\$0.11	\$0.24	(\$0.05)	\$0.06	\$0.09	\$0.14	\$0.15	\$0.45	\$0.43
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	0.0	0.0
Net income to common	20.4	175.7	12.2	(19.7)	(35.6)	2.3	9.0	20.3	(3.9)	5.4	7.9	12.1	12.8	38.2	36.2
EPS - basic	\$0.23	\$1.95	\$0.14	(\$0.23)	(\$0.42)	\$0.03	\$0.11	\$0.24	(\$0.05)	\$0.06	\$0.09	\$0.14	\$0.15	\$0.45	\$0.43
EPS - diluted	\$0.22	\$1.91	\$0.13	(\$0.23)	(\$0.42)	\$0.03	\$0.11	\$0.24	(\$0.05)	\$0.06	\$0.09	\$0.14	\$0.15	\$0.44	\$0.42
EPS reported by company	\$0.22	\$1.91	\$0.13	(\$0.23)	(\$0.42)	\$0.03	\$0.11	\$0.24	(\$0.05)	\$0.06	\$0.09	\$0.14	\$0.15	\$0.44	\$0.42
Model variance: EPS	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	\$0.00	\$0.00	(\$0.00)	(\$0.00)			
Pro forma adjustments	0.0	0.0	0.0	0.0	39.8	0.0	0.0	0.0	39.8	0.0	0.0	0.0	0.0	0.0	0.0
Pro forma net income	20.4	175.7	12.2	(19.7)	4.2	2.3	9.0	20.3	35.9	5.4	7.9	12.1	12.8	38.2	36.2
Pro forma EPS - basic	\$0.23	\$1.95	\$0.14	(\$0.23)	\$0.05	\$0.03	\$0.11	\$0.24	\$0.43	\$0.06	\$0.09	\$0.14	\$0.15	\$0.45	\$0.43
Pro forma EPS	\$0.22	\$1.91	\$0.13	(\$0.23)	\$0.05	\$0.03	\$0.11	\$0.24	\$0.43	\$0.06	\$0.09	\$0.14	\$0.15	\$0.44	\$0.42
EPS shares - Basic	89.3	90.3	89.1	85.1	84.3	84.1	84.2	84.3	84.2	85.0	85.2	84.8	84.8	85.0	83.9
EPS shares - Diluted	91.3	91.9	90.3	86.2	84.3	84.7	84.9	86.0	84.2	87.0	87.8	88.3	87.4	87.4	86.5
Free Cash Flow:															
EBITDA	69.2	50.6	54.0	41.2	9.7	1.7	16.4	32.6	60.4	14.2	17.8	23.2	29.8	85.0	93.4
Cash net interest	-14.4	-12.7	-10.6	-9.4	-1.9	-1.3	-1.3	-1.3	-5.9	-1.4	-1.6	-1.5	-2.1	-6.7	-9.1
Other adjustments to cash		250.0	1.9	4.7	0.3	1.5	2.7	0.8	5.3	1.9	0.5	2.6		5.1	0.0
- Cash taxes	-0.6	-0.8	-3.3	-2.8	-0.1	-0.3	-5.1	-2.2	-7.7	0.2	-3.3	-0.5	-0.8	-4.3	-4.3
Cash taxes / EBITDA	1%	2%	6%	7%	1%	19%	31%	7%	13%	0.0	18%	2%	3%	5%	5%
Minus: capex	-9.1	-12.1	-17.0	-25.3	-2.7	-3.0	-2.1	-1.3	-9.1	-1.8	-1.0	-1.4	-2.2	-6.5	-8.8
Capex / D&A	59%	74%	105%	152%	59%	78%	52%	27%	52%	35%	20%	24%	38%	29%	37%
Capex / EBITDA	13%	24%	31%	61%	28%	174%	13%	4%	15%	13%	6%	6%	7%	8%	9%
Plus: cost of revenue for spectrum usage rights		12.1													
= Free Cash Flow	45.2	287.1	25.0	8.3	5.2	(1.4)	10.6	28.6	43.0	13.0	12.4	22.4	24.8	72.6	71.2
Free cash flow (reported by company)	45.2	287.1	25.0	8.3	5.2	(1.4)	10.6	28.6	43.0	13.0	12.4	22.4	24.8	72.6	71.2
Model variance: free cash flow	0.0	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (core)	45.2	37.6	25.0	8.3	5.2	(1.4)	10.6	28.6	43.0	13.0	12.4	22.4	24.8	72.6	71.2
FCF per share (core)	\$0.50	\$0.41	\$0.28	\$0.10	\$0.06	(\$0.02)	\$0.12	\$0.33	\$0.51	\$0.15	\$0.14	\$0.25	\$0.28	\$0.83	\$0.82
Memo: FCF/Adjusted EBITDA (core)	65.3%	74.3%	46.3%	20.1%	54.0%	-81.8%	64.5%	87.7%	71.2%	91.8%	69.8%	96.5%	83.1%	85.4%	76.3%
Dividends per share	\$0.12	\$0.16	\$0.20	\$0.20	\$0.05	\$0.02	\$0.02	\$0.02	\$0.13	\$0.02	\$0.03	\$0.03	\$0.03	\$0.10	\$0.10
Dividends as % of FCF	24%	39%	70%	197%	83%	-124%	21%	7%	25%	16%	18%	10%	9%	12%	12%
- Dividends	(11.2)	(14.7)	(17.8)	(17.0)	(4.2)	(2.1)	(2.1)	(2.1)	(10.5)	(2.1)	(2.2)	(2.2)	(2.2)	(8.7)	(8.6)

Source: Industry Capital Research estimates and company data

Figure 14: Financial Statement Forecasts Supporting Our Valuation (cont.)

ANNUAL PERCENTAGE CHANGE	2016A	2017E	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
Net revenue growth	1.7%	107.4%	-44.4%	-8.1%	-0.7%	-34.8%	-8.5%	142.4%	25.8%	131.7%	295.5%	216.0%	31.4%	118.5%	12.5%
Net revenue (core) growth	1.7%	5.3%	9.0%	-7.8%	-0.7%	-34.8%	-8.5%	142.4%	25.8%	131.7%	295.5%	216.0%	31.4%	118.5%	12.5%
TV revenue growth	0.3%	-7.2%	2.5%	-1.4%	2.5%	-29.2%	3.7%	36.9%	3.2%	-7.9%	26.3%	-3.5%	-24.7%	-6.4%	-11.3%
Radio revenue growth	-0.4%	-11.8%	-4.5%	-13.9%	-2.0%	-52.7%	-22.0%	16.6%	-15.9%	-3.5%	NM	42.5%	-6.2%	23.4%	7.0%
Digital revenue growth	22.5%	146.7%	41.8%	-14.9%	-7.9%	-32.3%	-22.5%	424.2%	108.0%	661.2%	1045.0%	970.1%	64.2%	283.9%	19.3%
Cost of revenue	31.7%	NM	36.7%	-18.5%	-3.9%	-27.2%	-21.5%	NM	NM	NM	NM	NM	64.5%	NM	19.0%
Direct expense	3.7%	-2.2%	3.1%	41.7%	-7.8%	-25.3%	-21.5%	6.3%	-12.1%	-25.5%	-11.9%	-16.7%	-33.9%	-23.1%	-12.0%
SG&A	5.9%	NM	NM	-21.1%	-1.6%	-19.5%	-20.7%	-0.8%	-10.3%	-28.8%	-9.2%	-1.1%	NM	NM	14.9%
Opex	5.9%	NM	NM	-4.8%	-5.5%	-24.2%	-21.3%	NM	23.8%	NM	NM	NM	45.4%	NM	14.9%
Opex (core)	4.6%	5.1%	5.0%	-1.9%	-5.8%	-23.5%	-21.3%	4.0%	-11.6%	0.4%	25.4%	26.6%	9.8%	14.4%	3.9%
TV opex	3.7%	-2.2%	3.1%	0.1%	4.9%	-14.7%	-10.3%	3.2%	-4.2%	-8.6%	10.0%	6.2%	-5.9%	-0.3%	-12.0%
Radio opex	5.5%	-3.2%	-6.2%	-4.5%	-18.4%	-34.3%	-31.4%	-21.3%	-26.3%	-16.9%	8.2%	0.8%	-9.9%	-5.4%	5.8%
Digital opex	7.0%	107.8%	41.8%	-2.6%	-11.1%	-27.4%	-32.4%	51.1%	-5.0%	58.1%	95.3%	145.0%	56.6%	80.3%	25.9%
Total OCF (core)	-5.3%	-20.3%	5.8%	-15.2%	16.4%	-67.2%	35.2%	NM	32.1%	42.6%	NM	49.5%	-14.1%	40.7%	-0.1%
TV OCF	-3.2%	-12.6%	1.7%	-3.3%	-0.4%	-46.6%	23.2%	85.0%	12.8%	-7.1%	57.7%	-13.3%	-39.7%	-13.0%	-10.4%
Radio OCF	-26.3%	-65.4%	25.8%	NM	NM	NM	NM	NM	NM	NM	NM	NM	2.3%	NM	9.7%
Digital OCF	NM	-68.5%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	72.3%	NM	13.2%
Corporate expense	9.0%	12.1%	1.0%	3.0%	0.0%	0.0%	0.0%	11.3%	3.0%	2.0%	15.0%	-4.0%	-18.0%	3.0%	3.0%
Adjusted EBITDA (core)	-9.3%	-26.9%	6.8%	-23.7%	20.1%	-86.3%	79.1%	NM	46.6%	46.7%	NM	41.7%	-8.7%	40.7%	9.9%
D & A	-4.0%	7.0%	-0.8%	2.3%	15.2%	-10.1%	-6.1%	17.2%	3.8%	14.9%	31.0%	50.0%	18.9%	27.6%	8.8%
Operating income	-11.5%	NM	-88.5%	-36.9%	31.0%	NM	NM	NM	88.3%	81.4%	NM	39.4%	-12.0%	51.8%	11.0%
Pretax income	-20.3%	NM	-91.7%	NM	NM	NM	NM	NM	NM	NM	NM	49.0%	-28.6%	NM	-11.5%
Net income pre-extra.	-20.5%	NM	-93.1%	NM	NM	NM	NM	NM	NM	NM	NM	34.5%	-37.1%	NM	-5.2%
EPS, Continuing Operations	-20.7%	NM	-92.8%	NM	NM	NM	NM	NM	NM	NM	NM	27.3%	-37.5%	NM	-4.4%
EPS - diluted	-21.4%	NM	-93.0%	NM	NM	NM	NM	NM	NM	NM	NM	29.3%	-38.1%	NM	-4.2%
FCF/share	NM	-18.0%	-31.7%	-64.3%	NM	NM	NM	NM	NM	NM	NM	NM	-15.2%	62.7%	-1.2%
EPS shares - Diluted	1.1%	0.6%	-1.7%	-4.5%	-3.3%	-0.8%	0.1%	0.6%	-2.3%	3.2%	3.7%	4.1%	1.6%	3.8%	-1.1%

Source: Industry Capital Research estimates and company data

Figure 15: Financial Statement Forecasts Supporting Our Valuation (cont.)

Segments															
In millions															
AS REPORTED	2016A	2017A	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
Revenue:															
Television	\$159.5	\$148.1	\$151.7	\$149.7	\$39.2	\$27.0	\$37.8	\$50.5	\$154.5	\$36.1	\$34.1	\$36.5	\$38.0	\$144.6	\$128.3
Radio	75.8	66.9	63.9	55.0	11.7	6.8	11.5	16.2	46.3	11.3	14.1	16.4	15.2	57.1	61.1
Digital	23.1	57.1	81.0	68.9	13.3	11.4	13.7	105.0	143.3	101.5	130.2	146.1	172.3	550.1	656.4
Revenue	258.5	272.1	296.6	273.6	64.2	45.1	63.0	171.7	344.0	148.9	178.4	199.0	225.5	751.8	845.8
Cost of revenue:															
Television	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Digital	9.5	33.0	45.1	36.8	7.3	6.4	7.8	85.3	106.9	84.8	109.0	124.3	140.4	458.5	545.7
Cost of revenue	9.5	33.0	45.1	36.8	7.3	6.4	7.8	85.3	106.9	84.8	109.0	124.3	140.4	458.5	545.7
Opex:															
Television	83.6	81.7	84.3	84.4	21.8	17.7	19.0	22.4	80.9	19.9	19.5	20.1	21.1	80.7	71.0
Radio	65.4	63.3	59.4	56.7	11.6	9.1	9.7	11.3	41.8	9.7	9.9	9.8	10.2	39.5	41.8
Digital	11.2	23.4	33.1	32.3	6.9	6.2	5.4	12.2	30.6	10.9	12.0	13.2	19.2	55.2	69.5
Opex	160.2	168.4	176.8	173.4	40.3	33.0	34.1	45.9	153.3	40.4	41.4	43.1	50.4	175.4	182.3
OCF:															
Television	75.9	66.3	67.4	65.2	17.4	9.2	18.8	28.1	73.6	16.2	14.5	16.3	16.9	64.0	57.3
Radio	10.5	3.6	4.6	(1.7)	0.1	(2.4)	1.8	4.9	4.5	1.6	4.2	6.7	5.0	17.6	19.3
Digital	2.4	0.7	2.8	(0.1)	(0.9)	(1.2)	0.5	7.4	5.7	5.9	9.2	8.6	12.7	36.4	41.2
OCF	88.7	70.7	74.8	63.4	16.6	5.6	21.1	40.4	83.8	23.7	27.9	31.6	34.7	117.9	117.7
PRO FORMA	2016A	2017A	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
Revenue:															
Television	159.5	148.1	151.7	149.7	39.2	27.0	37.8	51.3	155.3	36.1	34.1	36.5	38.0	144.6	128.3
Radio	75.8	66.9	63.9	55.0	11.7	6.8	11.5	16.2	46.3	11.3	14.1	16.4	15.2	57.1	61.1
Digital			92.1	228.3	56.7	57.5	74.8	126.8	315.9	109.5	140.1	146.1	172.3	568.0	656.4
Revenue	273.7	281.7	307.8	433.0	107.6	91.3	124.1	194.4	517.4	156.9	188.3	199.0	225.5	769.7	845.8
Cost of revenue:															
Television	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Digital	9.5	33.0	45.1	173.0	45.1	45.9	60.2	102.1	253.2	91.0	116.0	124.3	140.4	471.6	545.7
Cost of revenue	9.5	33.0	45.1	173.0	45.1	45.9	60.2	102.1	253.2	91.0	116.0	124.3	140.4	471.6	545.7
Opex:															
Television	83.6	81.7	84.3	84.4	21.8	17.7	19.0	22.4	80.9	19.9	19.5	20.1	21.1	80.7	71.0
Radio	65.4	63.3	59.4	56.7	11.6	9.1	9.7	11.3	41.8	9.7	9.9	9.8	10.2	39.5	41.8
Digital			43.9	45.5	10.9	10.3	10.2	14.0	45.4	12.4	14.7	13.2	19.2	59.4	69.5
Opex	160.2	168.4	187.6	186.6	44.3	37.2	38.8	47.7	168.1	42.0	44.1	43.1	50.4	179.6	182.3
OCF:															
Television	75.9	66.3	67.4	65.2	17.4	9.2	18.8	28.9	74.4	16.2	14.5	16.3	16.9	64.0	57.3
Radio	10.5	3.6	4.6	(1.7)	0.1	(2.4)	1.8	4.9	4.5	1.6	4.2	6.7	5.0	17.6	19.3
Digital	17.5	10.4	3.2	9.8	0.7	1.3	4.5	10.8	17.3	6.1	9.5	8.6	12.7	36.9	41.2
OCF	103.9	80.3	75.2	73.4	18.2	8.2	25.1	44.7	96.1	23.9	28.2	31.6	34.7	118.4	117.7
CONSOLIDATED PRO FORMA	2016A	2017A	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E
Revenue	273.7	281.7	307.8	433.0	107.6	91.3	124.1	194.4	517.4	156.9	188.3	199.0	225.5	769.7	845.8
Growth	7.7%	2.9%	9.3%	40.7%	12.8%	-15.0%	12.3%	62.4%	19.5%	45.8%	106.3%	60.3%	16.0%	48.8%	9.9%
Cost of Revenue	9.5	33.0	45.1	173.0	45.1	45.9	60.2	102.1	253.2	91.0	116.0	124.3	140.4	471.6	545.7
Growth	31.7%	246.0%	36.7%	283.6%	32.8%	10.5%	32.2%	96.5%	46.4%	101.6%	152.8%	106.6%	37.5%	86.3%	15.7%
Opex	160.2	168.4	187.6	186.6	44.3	37.2	38.8	47.7	168.1	42.0	44.1	43.1	50.4	179.6	182.3
Growth	4.6%	5.1%	11.4%	-0.5%	-2.7%	-19.7%	-16.4%	-1.1%	-9.9%	-5.3%	18.5%	11.0%	5.8%	6.9%	1.5%
OCF	103.9	80.3	75.2	73.4	18.2	8.2	25.1	44.7	96.1	23.9	28.2	31.6	34.7	118.4	117.7
Growth	2.9%	-22.7%	-6.4%	-2.4%	14.6%	-58.0%	35.7%	128.3%	31.0%	31.8%	244.8%	25.7%	-22.3%	23.2%	-0.6%
Corporate	20.8	23.1	21.8	24.4	6.2	4.7	5.6	7.4	23.9	6.4	6.5	6.5	5.7	25.1	25.7
Growth	8.5%	10.8%	-5.5%	12.0%	-0.7%	-19.0%	-7.0%	16.8%	-2.0%	3.6%	39.7%	15.3%	-23.4%	5.0%	2.4%
Memo: adj. EBITDA - (OCF - cash corporate)	1.3	3.0	1.1	2.2	(1.6)	0.8	0.9	(0.3)	0.6	(3.1)	(3.6)	(1.9)	0.8	(7.8)	1.3
EBITDA	84.4	60.2	54.4	51.2	10.4	4.3	20.4	36.9	72.7	14.4	18.1	23.2	29.8	85.5	93.4
Growth	3.2%	-28.7%	-9.6%	-6.0%	7.9%	-71.2%	69.3%	158.7%	42.2%	39.0%	322.5%	13.9%	-19.2%	17.5%	9.2%

Source: Industry Capital Research estimates and company data

Figure 17: DCF Analysis allocates ~20% of firm value to broadcast media business

Entravision DCF analysis - Broadcasting			
	Current	YE 2021	YE 2022
Firm Value	339	323	313
(-) Total Net Debt	206	206	206
(+) NOLs	62	62	62
(-) Options (Claims on Entravision)	(3.3)	(3.3)	(3.3)
Common Equity Value	191.7	176.3	165.8
Shares Outstanding	87.0	87.0	87.0
Current Share Price	\$8.83	\$8.83	\$8.83
Value Per Share	\$2.20	\$2.03	\$1.91
12-month	\$2.00		

ASSUMPTIONS	
Risk Free Rate	1.6%
Equity Premium	4.6%
Assumed LT Growth Rate (g)	-1%
MV of Equity Calculation	\$8.83
Share Price	87.0
Outstanding Shares	768.1
MV of Equity	7.1
Estimate MV of Debt Calculation	4.00%
Interest Expense	205.8
Current Cost of Debt	205.8
Wgtd Avg Maturity of Debt	205.8
BV of Debt	205.8
Estimate MV of Debt	205.8

	2018	2019	2020	2021	2022	2023	2024	2025	2026	Terminal
EBITDA	51.3	41.3	58.1	57.7	52.2	39.3	58.6	37.3	43.4	
EBIT	35.0	24.7	40.8	40.4	35.4	21.2	38.9	18.1	23.2	20.4
Less Cash Taxes	(14.0)	(9.9)	(16.3)	(16.2)	(14.2)	(8.5)	(15.6)	(7.3)	(9.3)	0.0
Plus DDA	16.3	16.6	17.3	17.3	16.8	18.1	19.7	19.2	20.2	19.2
Less Cap Ex	(17.0)	(23.3)	(9.1)	(6.5)	(6.8)	(9.2)	(9.7)	(10.2)	(10.7)	(19.2)
Less Increase in VC	(9.4)	(8.7)	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm	10.8	(2.5)	41.4	35.0	28.2	21.5	33.3	19.9	23.4	20.4
Tax Rate	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	0.0%
Net Debt	206									
Leverage Mult.	3.5x									
D/Equity	27%									
D/EV	21%									
E/EV	79%									
Unlevered Beta	1.0									
Levered Beta	1.2									
D/Equity (long term)	38%									
Cost of Debt (AT)	2.4%									
Cost of Equity	7.1%									
WACC	5.8%									
PV of CF			6%	6%	6%	6%	6%	6%	6%	
				33.1	26.1	18.2	26.6	15.0	16.7	
					27.6	19.2	28.1	15.9	17.7	
						20.4	29.8	16.8	18.7	
										301.0
										7x EBITDA

Sum of PV	135.7	108.5	85.6
PV of Terminal Value	202.9	214.7	227.1
NPV of all CF	338.7	323.2	312.7

Source: Industry Capital Research estimates and company data

APPENDIX

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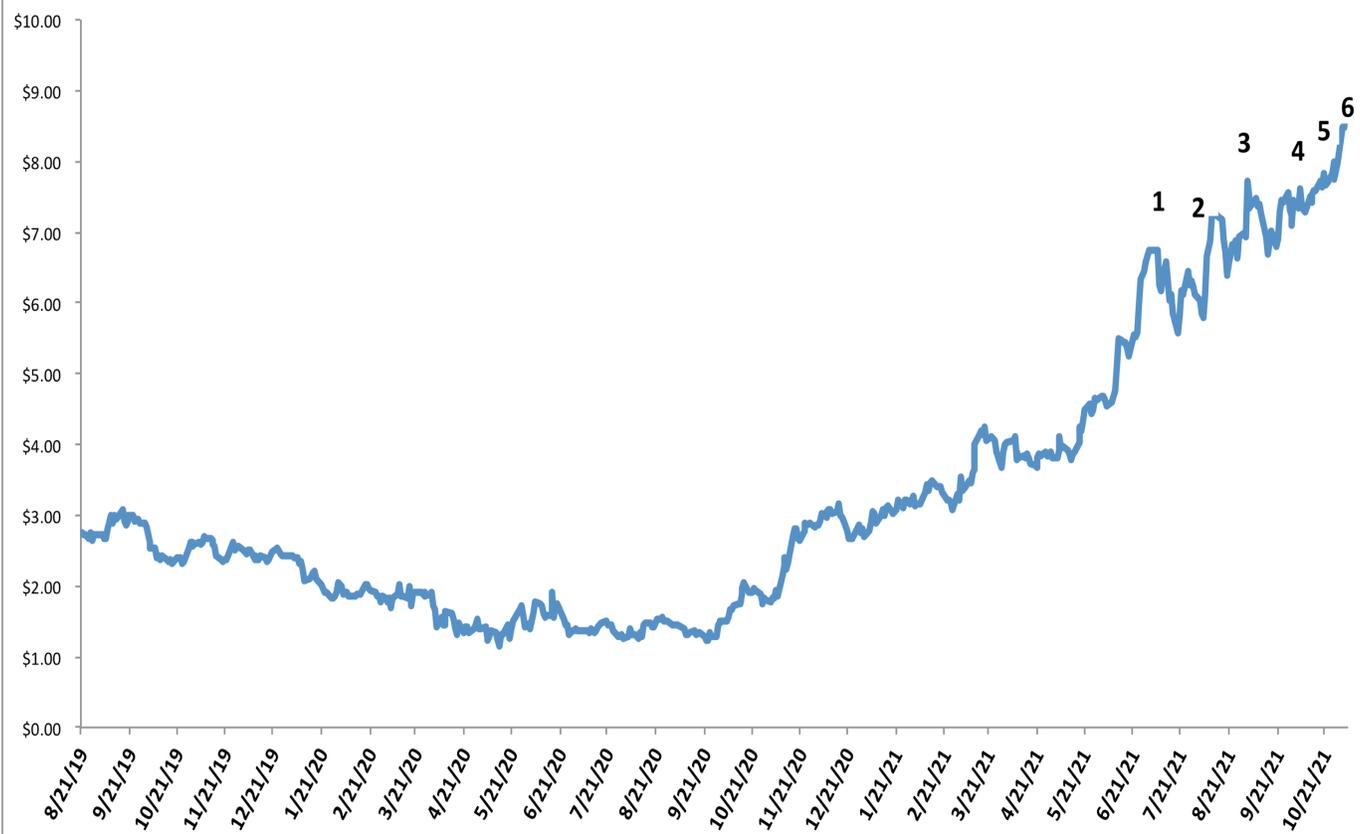
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The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters,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

CONTINUING COVERAGE

Unless otherwise noted through the termination of coverage or change in analyst, the analyst who is the author of this report will provide continuing coverage of the Company through the publishing of research available through the Company and Industry Capital Research’s distribution lists, website, and third-party distribution partners.

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	10/28/21	Reaffirmed Buy @ \$7.85, Target Price \$10.00
6	11/5/21	Reaffirmed Buy @ \$8.83, Target Price \$10.50

Ratings Definitions	% of Securities Covered	% Investment Banking Clients
BUY: total return expected is >15% over a 12-month period	100%	0%
HOLD: total return expected is between 15% and -15% over a 12-month period	0%	0%
SELL: total return expected is <-15% over a 12-month period	0%	0%

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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