

Entravision Communications Corporation (EVC)

Higher '22E EBITDA Balanced Against Incremental '23 Macro Caution; Reaffirm \$7 PT and Buy

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Three keys from 3Q: 1) 2022 political blowout is likely to recur, but in 2024, not 2023; 2) macro headwinds faced by some digital media representation partners, FB in particular, warrant a bit of caution on 2023 digital margins; and 3) we continue to see recession risk as priced in, based on our downside case of 2023 EBITDA in the mid-80s in millions of USD. Massive political ad revenue beat for the year drives our 2022 EBITDA estimate higher, while slightly lower digital margin assumptions given macro caution for EVC's social media partners trim our 2023 EBITDA estimate by a similar amount. See Fig. 3. Lower discount rate driven by lower equity risk premium offsets impact of digital margin changes to leave our valuation unchanged. See Fig. 5.

For our EBITDA estimates, we raise 2022 largely for political and reduce 2023 largely for trimmed digital segment operating cash flow margins. 4Q core advertising (ex-political) is pacing ahead of our expectations, at -4% for TV, -5% for radio, and +13% for digital, vs. our prior comparable estimates of -35%/-9%/+14%. Note that, based on management commentary, we assume that political advertising in 4Q is roughly 50% incremental for TV. Our digital revenue estimate for 2022 goes higher on closing the acquisition of a majority stake in a digital ad tech company, which will have only a minor impact on OCF this year, while puts and takes for other digital businesses are essentially neutral to 2022E OCF. See Fig. 4. Management now expects at least \$30m in political advertising for 2022, far above the \$17-19m range given on the 2Q call. Net-net, our EVC 2022 revenue/EBITDA/EPS estimates go to \$940m/\$104.3m/\$0.45 from \$906m/\$98.0m/\$0.41, while our 2023 revenue/EBITDA/EPS estimates go to \$1,064m/\$96.4m/\$0.38 from \$965m/\$101.6m/\$0.44. See Fig. 3.

3Q recap: EBITDA of \$26.0m (10.8% margin) missed our \$27.0m (11.7% margin) estimate because of \$2m drag from currency headwinds. See Fig. 2. Core advertising growth was -19% for TV vs. prior pacing of -14%, -6% for radio vs. prior pacing of +1%, and +24% pro forma for digital, in line with prior pacing of +24%. Revenue growth at EVC Latin America (formerly Cisneros Interactive) of 11% was in line with our 11% estimate. Smadex revenue was up 141%, similarly to 2Q, helping the legacy digital business to again beat our estimates. OCF margin for TV was 43.9%, above our 43.1% estimate, and for radio was 38.0%, vs. our 38.6% estimate. EVC repurchased no shares of its stock in 3Q.

Reaffirm our \$7.00 price target; risks on page 3. Our PT is supported by a DCF valuation based on explicit financial forecasts through 2027.

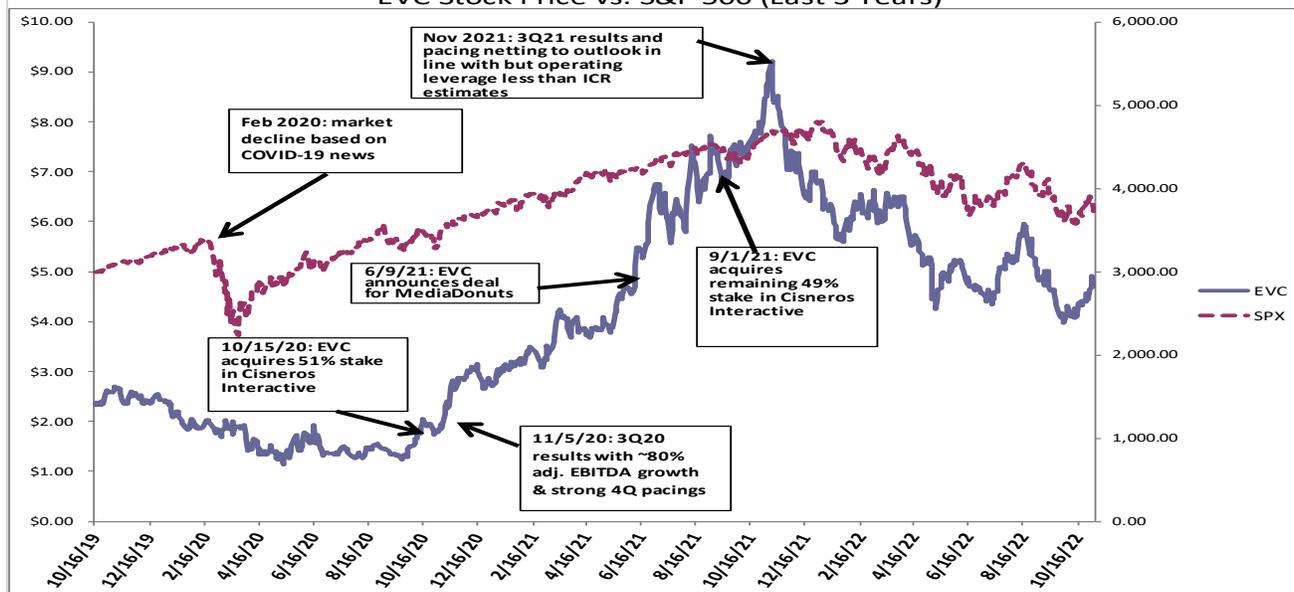
BUY			
Price at 11/3/22 (USD)	4.69		
Price Target	7.00		
52-week range	3.96 - 9.34		
Performance (%)	1m	3m	12m
Absolute	8	-12	-46
S&P 500	-2	-10	-20
Market Cap (USDm)	411.8		
Shares outstanding (m)	87.8		
Float (%)	73		
Average volume	195,757		
S&P 500	3,719.9		
Forecasts and ratios			
Year ended 12/31	2021A	2022E	2023E
1Q EPS (USD)	0.06	0.02	0.06
2Q EPS (USD)	0.09	0.10	0.11
3Q EPS (USD)	0.14	0.11	0.12
4Q EPS (USD)	0.04	0.23	0.09
FY EPS (USD)	0.33	0.45	0.38
% Change	NM	35%	-15%
P/E (x)	14.0	10.4	12.3
EV/EBITDA (x)	5.5	4.8	5.2
Revenue (USDm)	760.2	939.6	1,063.7
% Change	121%	24%	13%

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Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

(in millions, except unit data)				
		12-month price target:	\$7.00	
ENTERPRISE VALUE		COMPANY CHARACTERISTICS AND INVESTMENT THESIS		
Price per share	\$4.69	Company description Entravision is a multimedia company focused primarily on Spanish-language markets globally. The company operates a digital media segment serving the U.S. and roughly 30 international markets, 49 TV stations (mostly Univision network affiliates) in 16 of the top-50 U.S. Hispanic markets, and 46 radio stations (37 FM and 9 AM) as well as a radio network with distribution to over 100 U.S. markets. The company's 2021 revenue by segment was 73% from digital, 19% from TV, and 8% from audio. TelevisaUnivision owns ~11% of Entravision's stock. On August 2, 2000, Entravision completed an initial public offering at \$16.50 per share of its Class A common stock, which is listed on the NYSE under the symbol "EVC."	Strategy Expand digital media operations into fast-growing markets outside the United States and manage for free cash flow and asset value TV-driven broadcast local platforms in U.S. Hispanic markets. \$345	
Diluted shares outstanding	87.8			
Equity market capitalization	412			
+Pro forma net debt	118			
-Hidden value	31			
=Pro forma EV	\$499	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).	Positives * Experience in expanding distribution in smaller, faster-growing markets, both in U.S. and internationally * Reduced expense base during and after the pandemic * Low leverage and high cash balances * Most of its TV stations affiliated with leading U.S. Spanish language network Univision * U.S. Hispanic buying power growing faster than general market * Secular growth in U.S. political advertising spending * Loss of broadcast audience and advertising share to digital alternatives * Volatility of international media business, reflecting early stage and potential competition * Competition with TelevisaUnivision's expanding direct to consumer business * TelevisaUnivision relationship through TV network affiliations and TelevisaUnivision's ownership stake may limit strategic flexibility * Impact of sudden advertising declines on cash flow (e.g., in 2009 and 2020) * Management succession plan (CEO has majority voting power)	
OPERATING PROJECTIONS				Risks Attributing ~2/3 of firm value to digital media business
Pro forma net revenue				
2022	\$940			
2021	782			
% Chg	20.2%			
Pro forma EBITDA				Recent events September 2021 - acquired remaining 49% interest in Cisneros Interactive for \$84 million. July 2021 - announced acquisition of MediaDonuts AsiaPac digital media business for \$36 million. October 2020 - acquired 51% stake in Cisneros Interactive for \$29 million. May 2020 - announced substantial expense costs targeting broadcast operations.
2022	\$104			
2021	91			
% Chg	15.2%			
Pro forma EBITDA margin				
2022	11.1%	Upcoming potential catalysts 2022 U.S. midterm election political ad spending - 2022/23 Recession risk to advertising-based revenue, both in U.S. and internationally - Additional digital media M&A		
2021	11.6%			
Free cash flow per share				
2022	\$0.81			
2021	\$0.90			
% Chg	-10.0%			
Est. 3-5 yr FCF Growth rate				
VALUATION AND LEVERAGE				
Pro forma EV/EBITDA				
2022	4.8x			
2021	5.5x			
Price / Free cash flow per share				
2022	5.8x			
2021	5.2x			
Pro forma net debt / EBITDA				
2022	1.1x			
2021	1.3x			
Dividend yield				
2022	2.1%			
2021	2.1%			

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



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

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

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

Our DCF-based 12-month price target is a weighted average of projected equity valuations at year-end 2022 and 2023; our updated PT assumes a 50% chance of a recession in 2023, resulting in a target valuation range of \$6.25-\$7.75. First, we adjust the current net debt with the estimated free cash flow to be generated by each valuation date. Second, we adjust the current net debt for any estimated payments remaining on the acquisitions (e.g., earnouts), which are currently scheduled to occur from early 2022 to 2025. Finally, we value EVC both using a weighted average cost of capital (WACC) reflecting its own stock price trading and using separate WACCs for its broadcast and digital media businesses based on sector comparables, applied to separate free cash flow forecasts for each of these businesses. The results of these two methods set the range for our valuation, with the EVC-specific method incorporating market data on EVC shares' actual volatility setting the upper bound, and the sector method relying on measures of risk of comparables setting the lower bound. Note that in our DCF, for our terminal value estimates, we assume that capex equals D&A, which results in a substantially higher capex estimate than in our financial statement forecasts because capex should be like D&A for a terminal value forecast, to support the need for an asset base in perpetuity.

Risks to our investment thesis include: 1) sensitivity of EVC's advertising-based businesses to macroeconomic shocks, such as a recession, 2) potential volatility of EVC's digital media business, given its increasing focus on emerging markets, its dependence on a small number of commercial relationships with media tech platforms, and increasing competition, 3) secular challenges and potentially increasing competition from TelevisaUnivision for EVC's broadcast media business, 4) potential barriers to sale of all or a portion of the company, and 5) risk-off market sentiment as an overhang for valuation of EVC's fast-growing, less mature digital advertising businesses.

Figure 2: While 3Q EBITDA missed slightly on \$2m f/x drag, political surge drives 4Q estimates much higher and well above consensus

Entravision Communications									
Summary of Quarterly Estimates									
In millions, except per share data									
	Last Yr	E	Results		YoY %CHG			Consensus	A vs Consensus
			Beat/Miss	A	E	Beat/Miss	A		
3Q22A									
Pro Forma *									
Revenue	\$199.0	\$231.3	\$9.7	\$241.0	16.2%	4.9%	21.1%		
Op Expense	175.7	204.3	10.8	215.0	16.3%	6.1%	22.4%		
Adjusted EBITDA	23.3	27.0	(1.0)	26.0	15.9%	-4.5%	11.4%		
As Reported									
Revenue	199.0	231.3	9.7	241.0	16.2%	4.9%	21.1%	231.0	4.3%
Op Expense	175.7	204.3	10.8	215.0	16.3%	6.1%	22.4%		
Adjusted EBITDA	23.3	27.0	(1.0)	26.0	15.9%	-4.5%	11.4%	26.1	-0.5%
Margin	11.7%	11.7%	-0.9%	10.8%				11.3%	-0.5%
Pro Forma EPS	\$0.14	\$0.14	(\$-0.02)	\$0.12	0.0%	-14.3%	-14.3%	\$0.14	-14.3%
FCF/sh (core)	\$0.25	\$0.23	(\$-0.05)	\$0.18	-8.0%	-20.0%	-28.0%		
	Last Yr	Prior	Estimates		YoY %CHG			Consensus	ICR vs Consensus
			Chg	Current	Prior	Chg	Current		
4Q22E									
Pro Forma *									
Revenue	\$233.9	\$256.0	\$23.6	\$279.7	9.5%	10.1%	19.6%		
Op Expense	201.0	225.6	16.3	241.9	12.2%	8.1%	20.3%		
Adjusted EBITDA	32.9	30.4	7.4	37.8	-7.5%	22.4%	14.9%		
As Reported									
Revenue	233.9	256.0	23.6	279.7	9.5%	10.1%	19.6%	255.3	9.5%
Op Expense	201.0	225.6	16.3	241.9	12.2%	8.1%	20.3%		
Adjusted EBITDA	32.9	30.4	7.4	37.8	-7.5%	22.4%	14.9%	31.7	19.1%
Margin	14.0%	11.9%	1.6%	13.5%				12.4%	1.1%
Pro Forma EPS	\$0.15	\$0.15	\$+0.06	\$0.21	0.0%	40.0%	40.0%	\$0.17	23.5%
FCF/sh (core)	\$0.35	\$0.18	\$+0.13	\$0.31	-48.6%	37.1%	-11.4%		

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

Figure 3: We raise our 2022 estimates, driven by political beat, while trimming our 2023 estimates, largely for macro caution on digital margins

Entravision Communications (NYSE: EVC)									
Summary of Annual Estimates									
In millions, except per share data									
	Last Yr	Prior	Estimates		YoY %CHG			ICR vs	
			Chg	Current	Prior	Chg	Current	Consensus	Consensus
2022E									
Pro Forma *									
Revenue	781.8	906.2	33.4 ▲	939.6	15.9%	4.3%	20.2%		
Op expense	691.3	808.2	27.0	835.2	16.9%	3.9%	20.8%		
Adjusted EBITDA	90.6	98.0	6.3	104.3	8.2%	7.0%	15.2%		
As Reported									
Revenue	760.2	906.2	33.4	939.6 ▲	19.2%	4.4%	23.6%	903 ▲	4.0%
Op expense	672.0	808.2	27.0	835.2	20.3%	4.0%	24.3%		
Adjusted EBITDA	88.2	98.0	6.3	104.3 ▲	11.2%	7.2%	18.3%	98.0 ▲	6.5%
Margin	11.6%	10.8%	0.3%	11.1%				10.9%	0.3%
EPS	\$0.33	\$0.41	\$0.04	\$0.45 ▲	23.9%	11.0%	34.8%	\$0.42 ▲	7.4%
Cash FCF/sh	\$0.90	\$0.74	\$0.07	\$0.81	-17.8%	7.8%	-10.0%		
2023E									
Pro Forma *									
Revenue	939.6	965.4	98.3	1,063.7	2.7%	10.5%	13.2%		
Op expense	835.2	863.7	103.6	967.3	3.4%	12.4%	15.8%		
Adjusted EBITDA	104.3	101.6	(5.2)	96.4	-2.6%	-5.0%	-7.6%		
As Reported									
Revenue	939.6	965.4	98.3	1,063.7	2.7%	10.5%	13.2%	1,002	6.1%
Op expense	835.2	863.7	103.6	967.3	3.4%	12.4%	15.8%		
Adjusted EBITDA	104.3	101.6	(5.2)	96.4	-2.6%	-5.0%	-7.6%	101.6	-5.1%
Margin	11.1%	10.5%	-1.5%	9.1%				10.1%	-1.1%
EPS	\$0.45	\$0.44	(\$0.06)	\$0.38	-1.4%	-14.1%	-15.5%	\$0.50	-23.7%
Cash FCF/sh	\$0.81	\$0.75	(\$0.09)	\$0.66	-7.4%	-11.1%	-18.5%		

* reflects announced acquisitions and dispositions

Source: Company reports, FactSet, Industry Capital Research estimates

Figure 4: Our digital revenue estimates rise to reflect recent acquisitions, while our 2023E digital OCF comes down for lower margins

Entravision Communications (NYSE: EVC)							
Summary of Digital Segment Annual Estimates							
In millions, except per share data							
	Last Yr	Estimates			YoY %CHG		
		Old	Chg	Current	Old	Chg	Current
2022E							
As Reported							
Legacy Digital Revenue	68.7	102.9	3.3	106.2	49.9%	4.8%	54.6%
Legacy Digital Opex	63.0	93.6	0.3	93.9	48.7%	0.4%	49.1%
Legacy Digital OCF	5.7	9.3	3.0	12.3	63.3%	52.4%	115.7%
Margin	8.3%	9.0%	2.5%	11.6%			
Cisneros Interactive Revenue	453.9	512.8	(2.4)	510.4	13.0%	-0.5%	12.5%
Cisneros Interactive Opex	425.3	481.1	(0.6)	480.5	13.1%	-0.1%	13.0%
Cisneros Interactive OCF	28.6	31.7	(1.8)	29.9	10.7%	-6.3%	4.4%
Margin	6.3%	6.2%	-0.3%	5.9%			
MediaDonuts Revenue	30.9	84.0	(0.8)	83.1	171.7%	-2.6%	169.1%
MediaDonuts Opex	28.1	77.3	(0.0)	77.2	175.2%	-0.1%	175.1%
MediaDonuts OCF	2.8	6.7	(0.8)	5.9	137.0%	-27.5%	109.5%
Margin	9.1%	8.0%	-0.9%	7.1%			
365 Digital Revenue	1.9	9.7	2.0	11.7	410.5%	NM	NM
365 Digital Opex	1.7	9.4	2.1	11.5	456.4%	NM	NM
365 Digital OCF	0.2	0.3	(0.1)	0.2	56.2%	-42.3%	13.9%
Margin	11.5%	3.5%	-1.4%	2.1%			
Digital Segment Revenue	555.3	709.4	22.7	732.1	27.7%	4.1%	31.8%
Digital Segment Opex	518.0	661.4	21.9	683.3	27.7%	4.2%	31.9%
Digital Segment OCF	37.3	48.0	0.7	48.7	28.5%	2.0%	30.5%
Margin	6.7%	6.8%	-0.1%	6.7%			
2023E							
As Reported							
Legacy Digital Revenue	106.2	109.0	24.0	133.0	5.9%	19.3%	25.2%
Legacy Digital Opex	93.9	98.8	23.2	122.0	5.5%	24.4%	29.9%
Legacy Digital OCF	12.3	10.2	0.8	11.0	9.2%	-19.8%	-10.6%
Margin	11.6%	9.3%	-1.1%	8.3%			
Cisneros Interactive Revenue	510.4	569.4	0.0	569.4	11.0%	0.5%	11.6%
Cisneros Interactive Opex	480.5	526.2	6.2	532.4	9.4%	1.4%	10.8%
Cisneros Interactive OCF	29.9	43.2	(6.2)	37.0	36.4%	-12.6%	23.8%
Margin	5.9%	7.6%	-1.1%	6.5%			
MediaDonuts Revenue	83.1	91.2	0.0	91.2	8.7%	1.1%	9.7%
MediaDonuts Opex	77.2	82.4	1.8	84.2	6.7%	2.4%	9.1%
MediaDonuts OCF	5.9	8.8	(1.8)	7.0	31.5%	-13.2%	18.3%
Margin	7.1%	9.6%	-2.0%	7.7%			
365 Digital Revenue	11.7	18.5	(5.0)	13.5	91.2%	-75.8%	15.4%
365 Digital Opex	11.5	18.0	(5.0)	13.0	91.8%	-79.1%	12.7%
365 Digital OCF	0.2	0.6	0.0	0.6	74.7%	64.8%	139.6%
Margin	2.1%	3.2%	1.2%	4.4%			
Digital Segment Revenue	732.1	788.1	94.0	882.1	11.1%	9.4%	20.5%
Digital Segment Opex	683.3	725.4	97.2	822.6	9.7%	10.7%	20.4%
Digital Segment OCF	48.7	62.7	(3.2)	59.5	30.7%	-8.5%	22.2%
Margin	6.7%	8.0%	-1.2%	6.8%			

* reflects announced acquisitions and dispositions

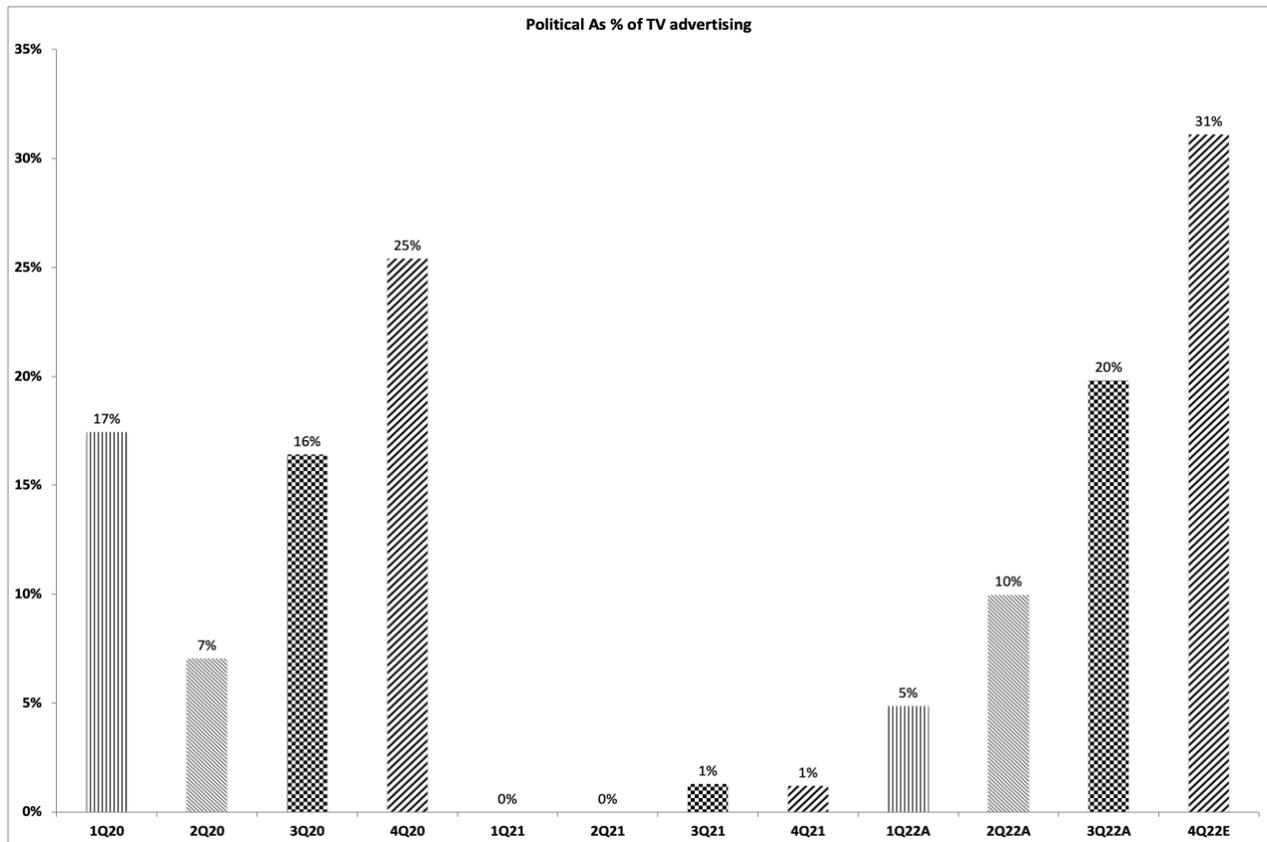
Source: Company reports, FactSet, Industry Capital Research estimates

Figure 5: Valuation basically unchanged, as lower equity risk premium based on October data offsets lower digital profitability assumptions

Entravision Communications													
Summary of Changes to Forecast and Valuation													
(in \$ million except unit data)													
CAGRs	2022		DCF Valuation		EBITDA CAGRs				Risk Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-B
	Rev	EBITDA	Low	High	2019-23	2021-25	2023-27	2022-26					
Prior	906.2	98.0	\$6.50	\$8.50	25%	8%	6%	9%	4.0%	5.3%	9.2%	12.5%	9.1%
Current	939.6	104.3	\$7.00	\$8.50	24%	8%	8%	9%	4.1%	4.6%	8.6%	11.5%	8.5%
Delta	33.4	6.3	\$0.50	\$0.00	-1.6%	-0.5%	1.7%	-0.3%	0.1%	-0.7%	-0.6%	-1.0%	-0.6%

Source: Company data and Industry Capital Research estimates

Figure 6: Competitive Republican spending levels in key Hispanic markets suggest a new, bullish era for EVC’s political advertising revenue



Source: Industry Capital Research estimates and company data

Metrics	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	2023E
Legacy growth													
Reported digital revenue growth		108%	661%	1045%	970%	69%	288%	51%	34%	29%	21%	32%	20%
Legacy digital revenue growth		-21.4%	-2.6%	34.5%	27.4%	45.8%	26.9%	68.7%	81.8%	59.8%	24.8%	54.6%	25.2%
2-yr CAGR		-18.2%	-5.3%	-4.6%	-0.6%	7.2%	-0.2%	28.2%	56.3%	42.7%	34.9%	40.1%	39.2%
Legacy digital opex growth		-24.1%	-14.4%	-9.2%	21.5%	-4.7%	-2.8%	34.0%	47.6%	22.3%	59.6%	40.2%	38.4%
Legacy digital OCF		822.5%	-71.9%	-184.0%	95.7%	532.7%	-661.1%	-757.3%	266.3%	329.5%	-25.7%	115.7%	-10.6%
Cisneros growth													
Cisneros revenue growth		46.4%	120.0%	173.4%	118.9%	36.9%	94.5%	27.1%	8.7%	10.4%	7.8%	12.5%	11.6%
2-yr CAGR		69.8%	73.6%	67.3%	65.5%	68.7%	68.7%	67.2%	72.4%	55.5%	21.4%	47.9%	12.0%
Cisneros opex ex-COR growth		31.5%	44.3%	88.2%	22.7%	5.1%	32.5%	63.4%	32.4%	0.6%	-26.6%	13.6%	19.5%
Cisneros OCF		43%	266%	314%	122%	4%	105%	-9%	-17%	5%	30%	3%	24%
MediaDonuts growth													
MediaDonuts revenue growth y/y			205.0%	191.2%	53.5%	41.3%		79.1%	57.1%	75.2%	37.8%	58.4%	9.7%
2-yr CAGR								133.7%	113.9%	64.0%	39.5%	70.9%	31.8%
MediaDonuts opex ex-COR growth y/y			38.7%	183.8%	687.2%	264.3%		166.6%	43.2%	188.1%	90.1%	105.4%	6.3%
MediaDonuts cost of revenue growth y/y			192%	209%	54%	56%		79%	68%	64%	32%	56%	10%
MediaDonuts OCF growth y/y			-803%	116%	-25%	-44%	5%	-6%	6%	36%	14%	12%	18%
365 Digital growth													
365 Digital revenue growth y/y												515.8%	15.4%
365 Digital opex ex-COR growth y/y												941.0%	0.7%
365 Digital cost of revenue growth y/y												532%	15%
365 Digital OCF growth y/y												13%	140%
Digital segment pro forma growth													
Digital revenue		38%	96%	147%	95%	40%	83%	38%	23%	29%	21%	27%	20%
Digital revenue, PF, pro rated for 4Q by days EVC owned Cisneros in 4Q20			83%										
Digital cost of revenue		46%	104%	156%	107%	45%	90%	37%	21%	26%	20%	25%	19%
Digital opex ex-cost of revenue		0%	8%	40%	29%	11%	21%	60%	41%	46%	41%	46%	33%
Digital OCF		76%	980%	681%	95%	25%	130%	21%	17%	46%	13%	23%	22%
Legacy margins													
Legacy cost of revenue/revenue	53.3%	56.6%	56.6%	56.7%	57.2%	57.4%	57.0%	56.6%	56.7%	57.2%	57.4%	57.0%	57.0%
Legacy COR margin ^ y/y		3.3%	1.5%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Legacy opex ex-COR/revenue	46.8%	45.3%	45.3%	36.6%	37.6%	25.3%	34.7%	36.0%	29.7%	28.8%	32.3%	31.5%	34.8%
Legacy OCF margin	-0.2%	-1.9%	-1.9%	6.8%	5.2%	17.4%	8.3%	7.4%	13.6%	14.0%	10.4%	11.6%	8.3%
Legacy OCF margin ^ y/y		-1.7%	4.7%	17.6%	1.8%	13.4%	10.2%	9.3%	6.9%	8.8%	-7.0%	3.3%	-3.3%
Cisneros margins													
Cisneros cost of revenue/revenue	85.5%	86.4%	87.7%	87.3%	89.7%	89.0%	88.5%	88.2%	87.8%	90.4%	89.5%	89.0%	88.0%
Cisneros COR margin ^ y/y		1.0%	-0.1%	0.0%	3.3%	3.4%	2.1%	0.5%	0.5%	0.7%	0.5%	0.5%	-1.0%
Cisneros OCF margin ^ y/y		-0.1%	2.8%	2.4%	0.1%	-1.8%	0.3%	-2.0%	-1.7%	-0.3%	1.2%	-0.6%	0.6%
Cisneros EBITDA margin ^ y/y		-0.1%	2.8%	2.4%	0.1%	-1.8%	0.3%	-2.0%	-1.7%	-0.3%	1.2%	-0.6%	0.6%
MediaDonuts margins													
MediaDonuts cost of revenue/revenue		73.5%	75.0%	70.0%	80.3%	78.0%	76.2%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
MediaDonuts COR margin ^ y/y			-3.5%	4.1%	0.0%	7.4%		0.0%	5.0%	-5.3%	-3.0%	-1.2%	0.0%
MediaDonuts OCF margin ^ y/y			18.2%	-3.5%	-9.0%	-15.0%		-6.0%	-3.2%	-1.9%	-1.7%	-2.9%	0.6%
MediaDonuts EBITDA margin ^ y/y			18.2%	-3.5%	-9.0%	-15.0%		-6.0%	-3.2%	-1.9%	-1.7%	-2.9%	0.6%
365 Digital margins													
365 Digital cost of revenue/revenue		80.0%	75.0%	70.0%	0.0%	78.0%	77.9%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
365 Digital COR margin ^ y/y			-5.0%	-10.0%	-80.0%	-2.0%		5.0%	10.0%	80.0%	2.0%	2.1%	0.0%
365 Digital OCF margin ^ y/y			6.9%	6.9%	34.2%	1.5%		-12.6%	-9.7%	-41.4%	-14.6%	-9.4%	2.3%
Digital Segment margins													
Digital Segment cost of revenue/revenue		74.6%	83.7%	83.7%	85.1%	83.6%	84.0%	82.1%	81.3%	83.2%	82.7%	82.4%	81.2%
Digital segment OCF margin as % of revenue-COR			35.6%	43.3%	40.0%	46.6%	42.1%						
MediaDonuts COR margin ^ y/y			28.6%	27.0%	27.9%	2.3%		-1.6%	-2.4%	-1.9%	-0.9%	-1.7%	-1.2%
MediaDonuts OCF margin ^ y/y			-83.7%	-97.9%	-152.9%	-363.3%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MediaDonuts EBITDA margin ^ y/y			-83.7%	-97.9%	-152.9%	-363.3%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Digital Segment reported revenue mix:													
Digital as % of company revenue	25%	42%	68%	73%	73%	76%	73%	78%	79%	78%	77%	78%	83%
Cisneros Interactive as % of digital segment revenue		62%	87%	88%	80%	75%	82%	73%	72%	68%	67%	70%	65%
MediaDonuts as % of digital segment revenue		0%	0%	0%	8%	11%	6%	11%	11%	11%	12%	11%	10%
Legacy digital as % of digital segment revenue		38%	13%	12%	12%	13%	12%	14%	16%	15%	13%	15%	15%
365 Digital as % of digital segment revenue		0%	0%	0%	0%	1%	0%	1%	2%	2%	2%	2%	2%
Jack of Digital as % of digital segment revenue		0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	1%
Digital M&A as % of digital segment revenue		0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	1%
Digital Segment reported OCF mix:													
Cisneros Interactive as % of digital segment OCF		-5%	104%	89%	78%	56%	77%	67%	57%	57%	65%	61%	62%
MediaDonuts as % of digital segment OCF		0%	0%	0%	12%	13%	8%	13%	11%	11%	14%	12%	12%
Legacy digital as % of digital segment OCF		1%	-4%	11%	10%	29%	15%	19%	31%	31%	19%	25%	18%
365 Digital as % of digital segment OCF		0%	0%	0%	0%	2%	1%	1%	2%	1%	-1%	1%	1%

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

Figure 8: Broadcast revenue drivers—Television segment

In millions	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	2023E
TELEVISION SEGMENT																
Television PF Rev Growth	0.3%	-7.2%	2.5%	-1.4%	3.2%	-7.9%	26.3%	-3.5%	-20.3%	-6.9%	-16.0%	-6.0%	-3.4%	14.7%	-1.2%	-14.0%
Reported TV revenue	\$159.5	\$148.1	\$151.7	\$149.7	\$154.5	\$36.1	\$34.1	\$36.5	\$40.2	\$146.8	\$30.9	\$32.4	\$35.7	\$46.2	\$145.1	\$124.8
Growth	7.4%	-7.2%	2.5%	-1.4%	3.2%	-7.9%	26.3%	-3.5%	-20.3%	-4.9%	-14.5%	-4.9%	-2.1%	14.7%	-1.2%	-14.0%
TV non-recurring items:																
TV Political/Census	8.6	0.2	9.8	0.2	22.6	0.0	0.0	0.4	0.4	0.8	-1.3	2.8	6.4	13.6	24.0	-0.2
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	8.6	0.2	9.8	0.2	22.6	0.0	0.0	0.4	0.4	0.8	1.3	2.8	6.4	13.6	24.0	-0.2
TV revenue ex political	151.0	147.9	141.9	149.4	131.9	36.1	34.1	36.1	39.8	146.0	29.6	29.6	29.3	39.4	121.1	125.0
Growth ex Political	1.8%	-2.0%	-4.0%	5.3%	-11.7%	6.4%	32.5%	9.7%	1.1%	10.7%	-18.1%	-13.1%	-18.9%	-1.2%	-12.5%	-2.5%
Retransmission Consent	29.6	31.4	35.1	35.4	36.8	9.6	9.3	9.1	8.9	37.0	9.2	9.0	8.9	8.9	36.2	35.4
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%	100.0%	100.0%	100.0%
Incremental Retrans	29.6	31.4	35.1	35.4	36.8	9.6	9.3	9.1	8.9	37.0	9.2	9.0	8.9	8.9	36.2	35.4
TV revenue ex Retrans	130.0	116.6	116.7	114.3	117.7	26.5	24.8	27.3	31.3	109.9	21.7	23.4	26.7	37.2	108.9	89.4
Growth ex Retrans	7.6%	-10.2%	0.0%	-2.0%	3.0%	-10.7%	40.6%	-4.8%	-25.0%	-6.6%	-18.2%	-5.6%	-2.1%	18.9%	-0.9%	-17.9%
TV World Cup/Other Soccer	1.5	0.0	0.0	0.0	0.0	0.0	0.5	1.5	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Assm: % Incremental to Core	25.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.4	0.0	0.0	0.0	0.0	0.0	0.5	1.5	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0
TV revenue ex WC	159.1	148.1	151.7	149.7	154.5	36.1	33.6	35.0	40.2	144.8	30.9	32.4	35.7	46.2	145.1	124.8
Growth ex WC	7.1%	-7.0%	2.5%	-1.4%	3.2%	-7.9%	24.5%	-7.5%	-20.3%	-6.2%	-14.5%	-4.5%	2.1%	14.7%	0.2%	-14.7%
TV Acquisitions/Dispositions (inc. Affiliations)	(6.4)	(10.9)	(10.6)	(9.4)	(9.4)	(2.1)	(1.6)	(2.8)	(3.3)	(9.8)	(6.5)	(6.1)	(7.2)	(8.2)	(28.0)	(28.2)
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental M&A	0.0	(6.4)	(10.9)	(10.6)	(9.4)	(2.1)	(1.6)	(2.8)	(3.3)	(9.8)	(6.5)	(6.1)	(7.2)	(8.2)	(28.0)	(28.2)
TV revenue ex M&A	159.5	154.5	162.6	160.3	163.9	38.2	35.6	39.2	43.6	156.6	37.4	38.5	42.8	54.4	173.1	153.0
Growth ex M&A	7.4%	-3.2%	5.3%	-1.5%	2.3%	-7.4%	24.9%	-2.8%	-19.0%	-4.4%	-2.0%	8.0%	9.2%	24.8%	10.5%	-11.6%
Spectrum usage/auction	1.5	0.0	3.6	13.1	5.4	2.8	1.1	1.1	1.1	6.2	1.5	1.7	1.6	1.8	6.6	6.8
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%	100.0%
Incremental Spectrum Usage	0.4	0.0	3.6	13.1	5.4	2.8	1.1	1.1	1.1	6.2	1.5	1.7	1.6	1.8	6.6	6.8
TV revenue ex Spectrum Usage	159.1	148.1	148.2	136.6	149.0	33.2	33.0	35.3	39.1	140.7	29.3	30.7	34.1	44.4	138.5	118.0
Growth ex Spectrum Usage	7.1%	-7.0%	0.1%	-7.8%	9.1%	-12.1%	28.7%	-3.0%	-20.4%	-5.6%	-11.8%	-6.9%	-3.6%	13.3%	-1.6%	-14.8%
PF TV revenue ex-all non-recurring	120.7	122.9	114.2	111.6	99.2	25.7	24.7	27.1	33.1	110.7	25.4	25.0	25.9	36.9	113.1	110.7
PF TV revenue growth ex all non-recurring	1.5%	1.8%	-7.1%	-2.3%	-11.2%	2.8%	49.3%	8.6%	1.8%	11.7%	-1.3%	1.2%	-4.5%	11.2%	2.1%	-2.1%
TV rev grth ex all non-rec 2-yr CAGR	1.7%	-2.7%	-4.7%	-6.8%	-6.8%	-1.6%	-5.4%	-1.2%	5.8%	-0.4%	0.7%	22.9%	1.8%	6.4%	6.8%	0.0%
PF TV advertising growth ex-political	-3.8%	-11.3%	-2.2%	-11.2%	2.8%	2.8%	57.8%	15.2%	1.8%	14.8%	-20.3%	-20.0%	-27.5%	-3.9%	-17.4%	-3.1%
TV ad rev grth ex-political 2-yr CAGR	-1.9%	-7.6%	-6.9%	-6.8%	-1.6%	-2.7%	1.8%	5.8%	1.0%	1.0%	-9.5%	12.4%	-8.6%	-1.1%	-2.6%	-10.5%
PF TV revenue growth ex-political	-2.0%	-4.0%	5.3%	-11.7%	6.4%	6.4%	32.5%	9.7%	1.1%	10.7%	-18.1%	-13.1%	-18.9%	-1.2%	-12.5%	-2.5%
TV rev grth ex-political 2-yr CAGR	-0.1%	-3.0%	0.5%	-3.6%	-2.9%	-2.9%	-5.4%	-0.5%	4.2%	-1.1%	-6.6%	7.3%	-5.6%	-0.1%	-1.6%	-7.6%
PF TV advertising growth	-10.0%	-3.0%	-10.5%	10.9%	-16.4%	45.6%	-4.1%	-25.2%	-7.6%	-7.6%	-14.8%	-8.3%	-4.1%	17.3%	-1.4%	-19.3%

Source: Company reports; Industry Capital Research estimates

Figure 9: Broadcast revenue drivers—Radio segment

In millions	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	2023E
RADIO SEGMENT																
Radio PF Rev Growth	-0.4%	-11.8%	-4.5%	-13.9%	-15.9%	-3.5%	108.2%	42.5%	-0.5%	23.4%	9.7%	5.8%	0.1%	14.1%	7.6%	-9.0%
Pro forma radio:																
Revenue	\$75.8	\$66.9	\$63.9	\$55.0	\$46.3	\$11.3	\$14.1	\$16.4	\$16.1	\$58.0	\$12.6	\$14.9	\$16.5	\$18.4	\$62.4	\$56.8
Growth	-0.4%	-11.8%	-4.5%	-13.9%	-15.9%	-3.5%	108.2%	42.5%	-0.5%	25.4%	11.4%	5.8%	0.1%	14.1%	7.6%	-9.0%
Radio non-recurring items:																
Political/Census	2.1	0.1	2.2	0.1	5.9	0.0	0.0	0.6	0.2	0.8	0.3	0.6	1.5	3.6	6.0	0.1
Assm: % Incremental to Core	50.0%	50.0%	50.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	2.1	0.1	1.1	0.1	5.9	0.0	0.0	0.6	0.2	0.8	0.3	0.6	1.5	3.6	6.0	0.1
Radio revenue ex political	73.8	66.9	62.8	54.9	40.4	11.3	14.1	15.9	15.9	57.2	12.3	14.3	15.0	14.8	56.4	56.7
Growth ex Political	-2.7%	-9.3%	-6.0%	-12.6%	-26.4%	5.5%	128.5%	54.2%	20.4%	41.6%	8.7%	1.6%	-5.8%	-6.7%	-1.4%	0.5%
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	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%	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	0.0
Radio revenue ex NTR	35.1	36.2	36.2	38.4	39.5	11.3	14.1	16.4	16.1	39.5	12.6	14.9	16.5	18.4	39.5	39.5
Growth ex NTR	3.0%	3.0%	0.0%	6.1%	3.0%	-3.5%	108.2%	42.5%	-0.5%	0.0%	11.4%	5.8%	0.1%	14.1%	0.0%	0.0%
World Cup/Other Soccer			1.9							0.0%						
Assm: % Incremental to Core	66.7%	66.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	1.0	0.0	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
Radio revenue ex WC	75.8	66.9	63.9	55.0	46.3	11.3	14.1	16.4	16.1	58.0	12.6	14.9	16.5	18.4	62.4	56.8
Growth ex WC	-0.4%	-11.8%	-4.5%	-13.9%	-15.9%	-3.5%	108.2%	42.5%	-0.5%	25.4%	11.4%	5.8%	0.1%	14.1%	7.6%	-9.0%
Revenue	73.8	66.9	61.8	54.9	40.4	11.3	14.1	15.9	15.9	57.2	12.3	14.3	15.0	14.8	56.4	56.7
Radio revenue growth ex all non-recurring	-2.4%	-9.3%	-7.5%	-11.2%	-26.4%	5.5%	128.5%	54.2%	20.4%	41.6%	8.7%	1.6%	-5.8%	-6.7%	-1.4%	0.5%
Radio rev grth ex all non-rec 2-yr CAGR	-5.9%	-8.4%	-9.4%	-19.2%	-2.7%	-0.9%	3.7%	7.2%	2.0%	2.0%	7.1%	52.3%	20.5%	5.9%	18.2%	-0.4%

Source: Company reports; Industry Capital Research estimates

Figure 10: Broadcast opex drivers

In millions	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	2023E
OPERATING EXPENSE																
Television PF Opex Growth				0.1%	-4.2%	-8.6%	10.0%	6.2%	-2.6%	-0.3%	-3.2%	1.1%	-0.6%	-2.8%	-1.5%	-8.0%
Radio PF Opex Growth				-4.5%	-26.3%	-16.9%	8.2%	0.8%	-5.5%	-5.4%	-3.0%	4.9%	6.7%	2.9%	2.3%	-7.0%
Pro forma consolidated:																
Opex ex-cost of revenue	\$160.2	\$168.4	\$176.8	\$173.4	\$153.3	\$40.4	\$41.4	\$43.0	\$48.1	\$172.9	\$47.5	\$50.5	\$49.3	\$54.1	\$201.4	\$218.3
Growth	4.6%	5.1%	5.0%	-1.9%	-11.6%	0.4%	25.4%	26.2%	4.6%	12.8%	17.6%	21.8%	14.6%	12.5%	16.5%	8.4%
Non-recurring opex items:																
M&A (Cisneros, MediaDonuts, 365 acquisitions)	0.0	0.0	0.0	0.0	5.7	4.8	6.4	6.5	9.7	27.5	11.0	12.1	9.5	10.5	43.1	49.2
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Cisneros	0.0	0.0	0.0	0.0	5.7	4.8	6.4	6.5	9.7	27.5	11.0	12.1	9.5	10.5	43.1	49.2
Opex ex Cisneros adjustment	160.2	168.4	176.8	173.4	147.6	35.7	35.0	36.5	38.3	145.5	36.5	38.4	39.8	43.6	158.3	169.1
Growth ex Cisneros	4.6%	5.1%	5.0%	-1.9%	-14.9%	-11.5%	6.0%	7.1%	-4.7%	-1.5%	2.4%	9.6%	9.2%	13.7%	8.8%	6.8%
Fixed & variable cost reductions	0.0	0.0	0.0	0.0	(27.2)	(5.0)	(5.8)	(11.4)	(10.6)	(32.8)	(5.8)	(7.0)	(12.8)	(11.6)	(37.2)	(33.9)
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental cost reductions	0.0	0.0	0.0	0.0	(27.2)	(5.0)	(5.8)	(11.4)	(10.6)	(32.8)	(5.8)	(7.0)	(12.8)	(11.6)	(37.2)	(33.9)
Opex ex cost reductions adjustment	0.0	168.4	176.8	173.4	180.5	45.4	47.3	54.4	58.6	205.7	53.4	57.5	62.0	65.7	238.6	33.9
Growth ex cost reductions	-27.8%		5.0%	-1.9%	4.1%	12.8%	20.5%	20.7%	4.8%	14.0%	17.6%	21.6%	14.1%	12.0%	16.0%	-85.8%
Salary true-up	0.0	0.0	0.0	0.0	2.0	0.0	0.7	0.7	0.7	2.0	0.0	0.8	0.7	0.7	2.3	2.4
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%	100.0%
Incremental salary true-up	0.0	0.0	0.0	0.0	2.0	0.0	0.7	0.7	0.7	2.0	0.0	0.8	0.7	0.7	2.3	2.4
Opex ex salary true-up	0.0	168.4	176.8	173.4	151.3	40.4	40.8	42.3	47.4	170.9	47.5	49.7	48.5	53.3	199.1	(2.4)
Growth ex salary true-up			5.0%	-1.9%	-12.7%	0.4%	23.4%	24.3%	7.9%	13.0%	17.6%	21.9%	14.7%	12.5%	16.5%	-101.2%
Opex ex-non-recurring	160.2	168.4	176.8	173.4	172.8	40.7	40.2	47.2	48.2	176.3	42.3	44.6	51.8	54.4	193.2	200.7
Opex growth ex all non-recurring	8.0%	5.1%	5.0%	-1.9%	-0.3%	1.0%	2.4%	4.8%	-0.1%	2.0%	4.2%	11.0%	9.8%	12.8%	9.6%	3.9%
Opex grth ex all non-rec 2-yr CAGR		6.5%	5.0%	1.5%	-1.1%	-2.5%	-3.6%	4.5%	4.5%	0.8%	2.5%	6.6%	7.2%	6.2%	5.7%	6.7%
Revenue-driven variable expense	41.1	36.7	35.4	31.2	31.7	7.0	7.6	8.5	9.3	32.3	6.5	7.3	8.3	10.8	32.9	27.9
Non-sales opex ex-non-recurring	119.1	131.7	141.4	142.1	141.1	33.7	32.6	38.7	39.0	143.9	35.8	37.3	43.5	43.6	160.2	172.8
Non-sales opex growth ex all non-recurring	9.3%	10.5%	7.4%	0.5%	-0.7%	4.3%	-5.8%	3.7%	5.5%	2.0%	6.4%	14.3%	12.5%	12.0%	11.3%	7.8%
Non-sales opex grth ex all non-rec 2-yr CAGR		9.9%	8.9%	3.9%	-0.1%	-2.6%	-3.9%	4.7%	4.0%	0.6%	5.3%	3.8%	8.0%	8.7%	6.6%	9.6%

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: Financial statement forecasts supporting our valuation

In millions, except per share data	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	2023E
AS REPORTED																
Net revenue:																
Television	\$159.5	\$148.1	\$151.7	\$149.7	\$154.5	\$36.1	\$34.1	\$36.5	\$40.2	\$146.8	\$30.9	\$32.4	\$35.7	\$46.2	\$145.1	\$124.8
Radio	75.8	66.9	63.9	55.0	46.3	11.3	14.1	16.4	16.1	58.0	12.6	14.9	16.5	18.4	62.4	56.8
Net broadcast revenue	235.4	215.0	215.7	204.7	200.7	47.4	48.2	52.9	56.4	204.9	43.5	47.3	52.1	64.6	207.5	181.6
Digital	23.1	57.1	81.0	68.9	143.3	101.5	130.2	146.1	177.5	555.3	153.7	174.4	188.9	215.1	732.1	882.1
Total net revenue (core)	258.5	272.1	296.6	273.6	344.0	148.9	178.4	199.0	233.9	760.2	197.2	221.7	241.0	279.7	939.6	1,063.7
Revenue from spectrum usage rights																
Total net revenue	258.5	536.0	297.8	273.6	344.0	148.9	178.4	199.0	233.9	760.2	197.2	221.7	241.0	279.7	939.6	1,063.7
Cost of Revenue																
Television		0.0														
Radio		0.0														
Digital	9.5	33.0	45.1	36.8	106.9	84.8	109.0	124.3	148.4	466.5	126.2	141.9	157.1	178.0	603.1	716.2
Digital cost of revenue as % of revenue	41.2%	57.8%	55.7%	53.3%	74.6%	83.5%	83.7%	85.1%	83.6%	84.0%	82.1%	81.3%	83.2%	82.7%	82.4%	81.2%
Total cost of revenue (core)	9.5	33.0	45.1	36.8	106.9	84.8	109.0	124.3	148.4	466.5	126.2	141.9	157.1	178.0	603.1	716.2
Cost of revenue from spectrum usage rights (television)																
Total cost of revenue	9.5	45.3	45.1	36.8	106.9	84.8	109.0	124.3	148.4	466.5	126.2	141.9	157.1	178.0	603.1	716.2
Opex																
Television opex	83.6	81.7	84.3	84.4	80.9	19.9	19.5	20.1	21.8	81.4	19.2	19.7	20.0	21.2	80.2	73.8
Radio opex	65.4	63.3	59.4	41.8	41.8	9.7	9.9	9.8	10.7	40.0	9.4	10.4	10.2	11.0	41.0	38.1
Digital opex	11.2	23.4	33.1	32.3	30.6	10.9	12.0	13.1	15.5	51.5	18.9	20.4	19.1	21.9	80.2	106.4
Total opex (core)	160.2	168.4	176.8	158.5	153.3	40.4	41.4	43.0	48.1	172.9	47.5	50.5	49.3	54.1	201.4	218.3
Spectrum usage rights																
Total Opex	160.2	168.4	176.8	173.4	153.3	40.4	41.4	43.0	48.1	172.9	47.5	50.5	49.3	54.1	201.4	218.3
OCF																
Television OCF	75.9	66.3	67.4	65.2	73.6	\$16.2	\$14.5	\$16.3	\$18.4	65.4	\$11.6	\$12.6	\$15.7	\$24.9	64.9	51.0
TV OCF Margin	47.6%	44.8%	44.4%	43.6%	47.6%	44.9%	42.7%	44.7%	45.7%	44.6%	37.7%	39.1%	43.9%	54.0%	44.7%	40.9%
Incremental Margin	-566.3%	83.6%	30.3%	105.6%	173.4%					106.6%					32.5%	68.4%
Radio OCF	10.5	3.6	4.6	(1.7)	4.5	1.6	4.2	6.7	5.5	18.0	3.2	4.6	6.2	7.4	21.4	18.7
Radio OCF margin	13.8%	5.4%	7.1%	(3.1%)	9.7%	14.4%	29.9%	40.5%	33.9%	31.0%	25.5%	30.5%	38.0%	40.3%	34.3%	32.9%
Incremental Margin	1189.2%	76.7%	(31.0%)	70.1%	(70.4%)					114.9%					48.9%	59.5%
Digital OCF	2.4	0.7	2.8	(0.1)	5.7	5.9	9.168	8.7	13.6	37.3	8.6	12.2	12.7	15.3	48.7	59.5
Digital OCF margin	10.2%	1.3%	3.4%	(0.2%)	4.0%	5.8%	7.0%	6.0%	7.6%	6.7%	5.6%	7.0%	6.7%	7.1%	6.7%	6.8%
Incremental Margin	28.8%	(4.8%)	8.5%	23.9%	7.9%					7.7%					6.4%	7.2%
Total OCF (core)	88.7	70.7	74.8	63.4	83.8	23.7	27.9	31.7	37.4	120.8	23.4	23.2	34.6	47.6	135.0	129.2
Margin	34.3%	26.0%	25.2%	23.2%	24.4%	15.9%	15.7%	15.9%	16.0%	15.9%	11.9%	13.2%	14.4%	17.0%	14.4%	12.1%
Incremental Margin	(114.5%)	(132.9%)	16.6%	49.1%		8.4%	16.7%	7.8%	(4.8%)		(0.6%)	3.3%	7.0%	22.3%	6.8%	6.9%
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	0.0	0.0
Total OCF	88.7	322.3	75.9	63.4	83.8	23.7	27.9	31.7	37.4	120.8	23.4	29.4	34.6	47.6	135.0	129.2
Total OCF Margin	34.3%	60.1%	25.5%	23.2%	24.4%	15.9%	15.7%	15.9%	16.0%	15.9%	11.9%	13.2%	14.4%	17.0%	14.4%	12.1%
Incremental Margin	(114.5%)	84.2%	103.4%	51.6%		8.4%	16.7%	7.8%	(4.8%)		(0.6%)	3.3%	7.0%	22.3%	6.8%	6.9%
Corporate Expense	24.5	27.9	26.9	28.1	27.8	7.2	7.3	7.3	11.2	33.0	8.7	8.5	9.5	10.2	37.0	38.1
GAAP EBITDA	64.2	294.4	49.1	35.4	56.0	16.6	20.6	24.4	26.2	87.8	14.7	20.8	25.1	37.4	98.1	91.1
Corporate non-cash comp	3.7	4.9	5.1	3.6	3.9	0.8	0.8	0.8	4.0	6.4	1.6	1.7	1.8	1.4	6.5	6.6
Opex adjustments to cash:																
Amortization of syndication contracts	(0.4)	(0.5)	(0.7)	(0.3)	(0.3)	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.1)	(0.3)	(0.3)
Payments on syndication contracts	(0.4)	(0.4)	(0.6)	(0.5)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	(0.5)
Non-cash comp in direct opex	1.3	1.2	0.7	0.7	1.2	0.3	0.3	0.3	2.3	3.2	1.0	0.9	1.0	1.0	3.9	4.0
Non-recurring cash severance			0.8	2.3	1.7	0.0	0.0	0.0	0.4	0.4						
EBITDA attributable to redeemable noncontrolling interest						3.4	2.8	4.3	2.0	0.0	9.1	0.0	0.0	0.0	0.0	0.0
Total opex (positive) adjustments to cash	(1.3)	(1.2)	(1.5)	(2.9)	0.5	2.5	3.9	1.7	(2.7)	5.5	(1.0)	(0.9)	(1.0)	(1.0)	(3.9)	(2.7)
Foreign currency (gain) loss	0.0	0.4	1.6	0.8	(1.1)	0.6	(0.3)	0.2	0.1	0.5	(0.8)	1.0	2.0	2.0	4.1	4.0
Total Adjusted EBITDA	69.2	300.1	54.0	41.2	60.4	14.2	17.8	23.3	32.9	88.2	18.1	22.5	26.0	37.8	104.3	96.4
Other opex for spectrum (in corporate)		2.1	1.2													
Adjusted EBITDA (core)	69.2	50.6	54.0	41.2	60.4	14.2	17.8	23.3	32.9	88.0	18.1	22.5	26.0	37.8	104.3	96.4
Memo: adj. EBITDA (core) reported	69.2	50.6	54.0	41.2	60.4	14.2	17.8	23.3	32.9	88.0	18.1	22.5	26.0	37.8	104.3	96.4
Model variance: adj. EBITDA	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.1	0.0	0.1	0.0	(0.0)	0.0			
Adj. EBITDA core margin	26.8%	18.6%	18.2%	15.1%	17.6%	9.5%	10.0%	11.7%	14.0%	11.6%	9.2%	10.1%	10.8%	13.5%	11.1%	9.1%
Incremental Margin	(161.7%)	(137.3%)	14.0%	55.6%	27.3%	5.3%	12.1%	5.1%	0.3%	6.7%	8.1%	10.8%	6.3%	10.7%	9.0%	(6.4%)

Source: Industry Capital Research estimates and company data

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

In millions, except per share data	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	2023E
Memo: cash opex (core)	\$158.9	\$167.2	\$175.3	\$170.4	\$153.8	\$42.9	\$45.4	\$44.7	\$45.4	\$178.4	\$46.6	\$49.5	\$48.3	\$53.1	\$197.5	\$215.6
Memo: cash corporate expense	20.8	23.1	21.8	24.4	23.9	6.4	6.5	6.5	7.2	26.6	7.1	6.8	7.7	8.8	30.5	31.5
Memo: total non-cash comp	5.0	6.1	5.8	4.4	5.1	1.1	1.1	1.1	6.3	9.6	2.6	2.6	2.8	2.4	10.4	10.6
Memo: adj. EBITDA - (OCF - cash corporate)	1.3	3.0	1.1	2.2	0.6	(3.1)	(3.6)	(1.9)	2.6	(6.0)	1.8	(0.1)	(0.9)	(1.0)	(0.2)	(1.3)
Memo: PF EBITDA attributable to redeemable noncontrolling interest																
D&A	15.3	16.4	16.3	16.6	17.3	5.2	5.1	5.9	6.3	22.4	6.4	6.3	6.6	6.6	25.8	28.8
D&A % of Revenue	5.9%	6.0%	5.5%	6.1%	5.0%	3.5%	2.8%	3.0%	2.7%	2.9%	3.2%	2.8%	2.7%	2.3%	2.7%	2.7%
Change in fair value contingent consideration			(1.2)	(6.478)	0.000	0.0	0.0	0.0	8.2	8.2	5.1	1.0	0.7	(1.7)	5.1	0.0
Impairments	0.0	0.0	0.0	32.1	40.0	1.3	0.1	0.2	1.4	3.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating (gain) loss		(0.3)	(1.2)	(6.0)	(6.9)	(1.9)	(0.5)	(2.4)	(2.1)	(7.0)	(0.1)	(0.8)	(0.1)	(0.1)	(1.1)	(1.1)
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	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	0.0
Operating Income (EBIT Inc. Impairments)	48.9	277.9	33.6	(1.7)	6.6	11.4	16.2	20.6	12.4	60.6	4.2	13.4	15.9	30.7	64.2	59.4
Operating Margin %	18.9%	51.8%	11.3%	-0.6%	1.9%	7.6%	9.1%	10.4%	5.3%	8.0%	2.1%	6.1%	6.6%	11.0%	6.8%	5.6%
Interest expense	(15.5)	(16.7)	(13.7)	(13.7)	(8.3)	(1.7)	(1.8)	(1.7)	(1.7)	(6.9)	(1.4)	(2.3)	(2.3)	(1.5)	(7.6)	(8.4)
Noncash interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	0.3	0.8	2.0	3.4	1.7	0.1	0.0	0.0	0.0	0.2	0.0	0.7	0.0	(0.7)	0.0	0.0
Net interest expense	(15.2)	(15.9)	(11.8)	(10.3)	(6.5)	(1.6)	(1.8)	(1.7)	(1.7)	(6.8)	(1.4)	(1.6)	(2.3)	(2.3)	(7.6)	(8.4)
Loss on debt extinguishment	(0.2)	(3.3)	(0.6)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.2	0.0	0.2	0.0	0.0	(0.5)	0.5	0.0	0.0
Pretax income	33.5	258.6	21.4	(11.3)	0.1	9.8	14.5	19.1	10.6	54.0	2.7	11.8	13.2	28.9	56.6	51.0
Pretax margin	13.0%	48.2%	7.2%	NM	0.0%	6.6%	8.1%	9.6%	4.6%	7.1%	1.4%	5.3%	5.5%	10.3%	6.0%	4.8%
Income (taxes) benefit	(13.1)	(82.6)	(7.9)	(8.2)	(1.5)	(2.8)	(4.0)	(5.1)	(6.8)	(18.7)	(0.9)	(3.4)	(4.1)	(8.7)	(17.0)	(17.9)
Effective tax rate	39.1%	31.9%	36.8%	-72.1%	1276.3%	28.5%	27.6%	26.8%	63.7%	34.6%	31.1%	28.5%	31.0%	30.1%	30.0%	35.0%
Cash tax rate	1.8%	0.3%	15.2%	-25.2%	6552.5%	-2.0%	22.7%	2.5%	5.4%	7.6%	44.2%	52.6%	30.5%	19.2%	30.0%	33.9%
Net Income (Before Equity Investments)	20.4	176.0	13.5	(19.5)	(1.4)	7.0	10.5	14.0	3.9	35.4	1.9	8.5	9.1	20.2	39.6	33.2
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	0.3	(0.3)	0.0	0.0
Reported Net income	20.4	175.7	12.2	(19.7)	(1.4)	7.0	10.5	14.0	3.9	35.4	1.9	8.5	9.4	19.9	39.6	33.2
Net margin	26.8%	9.4%	18.1%	15.1%	17.6%	9.5%	10.0%	11.7%	14.0%	11.6%	9.2%	10.1%	10.8%	13.5%	11.1%	9.1%
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	0.0
Minority Interest					2.5	1.6	2.6	1.8	0.0	5.9	0.0	0.0	0.0	0.0	0.0	0.0
Net inc. to common pre-1-time	20.4	175.7	12.2	(19.7)	(3.9)	5.4	7.9	12.3	3.9	29.4	1.9	8.5	9.4	19.9	39.6	33.2
Net margin	NM	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)	(\$0.05)	\$0.06	\$0.09	\$0.14	\$0.04	\$0.34	\$0.02	\$0.10	\$0.11	\$0.23	\$0.46	\$0.39
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	0.0
Net income to common	20.4	175.7	12.2	(19.7)	(3.9)	5.4	7.9	12.3	3.9	29.4	1.9	8.5	9.4	19.9	39.6	33.2
EPS - basic	\$0.23	\$1.95	\$0.14	(\$0.23)	(\$0.05)	\$0.06	\$0.09	\$0.14	\$0.05	\$0.34	\$0.02	\$0.10	\$0.11	\$0.23	\$0.46	\$0.39
EPS - diluted	\$0.22	\$1.91	\$0.13	(\$0.23)	(\$0.05)	\$0.06	\$0.09	\$0.14	\$0.04	\$0.33	\$0.02	\$0.10	\$0.11	\$0.23	\$0.45	\$0.38
EPS reported by company	\$0.22	\$1.91	\$0.13	(\$0.23)	(\$0.05)	\$0.06	\$0.09	\$0.14	\$0.04	\$0.34	\$0.02	\$0.10	\$0.11	\$0.23	\$0.45	\$0.38
Model variance: EPS	\$0.00	\$0.00	\$0.00	(\$0.00)	\$0.00	\$0.00	(\$0.00)	(\$0.00)	\$0.00	\$0.00	\$0.00	(\$0.00)	(\$0.00)	\$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	9.6	9.6	5.1	1.0	0.7	(1.7)	5.1	0.0
Pro forma net income	20.4	175.7	12.2	(19.7)	35.9	5.4	7.9	12.3	13.5	39.1	7.0	9.4	10.1	18.2	44.7	33.2
Pro forma EPS - basic	\$0.23	\$1.95	\$0.14	(\$0.23)	\$0.43	\$0.06	\$0.09	\$0.14	\$0.16	\$0.46	\$0.08	\$0.11	\$0.12	\$0.21	\$0.52	\$0.39
Pro forma EPS	\$0.22	\$1.91	\$0.13	(\$0.23)	\$0.43	\$0.06	\$0.09	\$0.14	\$0.15	\$0.44	\$0.08	\$0.11	\$0.12	\$0.21	\$0.51	\$0.38
EPS shares - Basic	89.3	90.3	89.1	85.1	84.2	85.0	85.2	85.4	85.6	85.3	86.5	85.0	84.9	85.2	85.7	84.8
EPS shares - Diluted	91.3	91.9	90.3	85.1	84.2	87.0	87.8	88.3	88.6	87.9	88.6	87.0	87.4	87.3	87.8	87.0
Free Cash Flow:																
EBITDA	69.2	50.6	54.0	41.2	60.4	14.2	17.8	23.3	32.9	88.2	18.1	22.5	26.0	37.8	104.3	96.4
Cash net interest	-14.4	-12.7	-10.6	-9.4	-5.9	-1.4	-1.6	-1.5	-1.6	-6.2	-1.2	-1.2	-1.9	-3.3	-7.6	-8.4
Other adjustments to cash		250.0	1.9	4.7	5.3	1.9	0.5	2.6	1.7	6.8	0.1	0.8	0.1	1.0	1.0	1.0
- Cash taxes	-0.6	-0.8	-3.3	-2.8	-7.7	0.2	-3.3	-0.5	-0.6	-4.1	-1.2	-6.2	-4.0	-5.5	-17.0	-17.3
Cash taxes / EBITDA	1%	2%	6%	7%	13%	0.0	18%	2%	2%	5%	7%	28%	15%	15%	16%	18%
Minus: capex	-9.1	-12.1	-17.0	-25.3	-9.5	-1.8	-1.0	-1.4	-1.3	-5.8	-1.5	-1.7	-4.7	-2.1	-10.0	-13.0
Capex / D&A	59%	74%	105%	152%	55%	35%	20%	24%	21%	25%	24%	27%	71%	32%	39%	45%
Capex / EBITDA	13%	24%	31%	61%	16%	13%	6%	6%	4%	6%	9%	7%	18%	6%	10%	13%
Plus: cost of revenue for spectrum usage rights		12.1														
= Free Cash Flow	45.2	287.1	25.0	8.3	42.6	13.0	12.4	22.5	31.1	79.0	14.3	14.3	15.4	26.8	70.8	57.7
Free cash flow (reported by company)	45.2	287.1	25.0	8.3	43.0	13.0	12.4	22.4	31.1	79.0	14.3	14.3	15.4	26.8	70.8	57.7
Free Cash Flow (core)	45.2	37.6	25.0	8.3	42.6	13.0	12.4	22.5	31.1	79.0	14.3	14.3	15.4	26.8	70.8	57.7
FCF per share (core)	\$0.50	\$0.41	\$0.28	\$0.10	\$0.51	\$0.15	\$0.14	\$0.25	\$0.35	\$0.90	\$0.16	\$0.16	\$0.18	\$0.31	\$0.81	\$0.66
Memo: FCF/Adjusted EBITDA (core)	65.3%	74.3%	46.3%	20.1%	70.5%	91.8%	69.8%	96.5%	94.6%	89.7%	79.1%	63.4%	59.5%	70.9%	67.9%	59.9%
Dividends per basic share	\$0.13	\$0.16	\$0.20	\$0.20	\$0.13	\$0.02	\$0.03	\$0.03	\$0.02	\$0.10	\$0.03	\$0.03	\$0.03	\$0.03	\$0.10	\$0.10
- Dividends	(11.2)	(14.7)	(17.8)	(17.0)	(10.5)	(2.1)	(2.1)	(2.1)	(2.1)	(8.5)	(2.2)	(2.1)	(2.1)	(2.1)	(8.5)	(8.5)
Dividends as % of FCF	24.7%	39.0%	71.1%	204.6%	24.7%	16.3%	17.2%	9.5%	6.9%	10.8%	15.1%	14.9%	13.8%	8.0%	12.1%	14.7%

Source: Industry Capital Research estimates and company data

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

ANNUAL PERCENTAGE CHANGE	2016A	2017E	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	2023E
Net revenue growth	1.7%	107.4%	-44.4%	-8.1%	25.8%	131.7%	295.5%	216.0%	36.2%	121.0%	32.4%	24.3%	21.1%	19.6%	23.6%	13.2%
Net revenue (core) growth	1.7%	5.3%	9.0%	-7.8%	25.8%	131.7%	295.5%	216.0%	36.2%	121.0%	32.4%	24.3%	21.1%	19.6%	23.6%	13.2%
TV revenue growth	0.3%	-7.2%	2.5%	-1.4%	3.2%	-7.9%	26.3%	-3.5%	-20.3%	-4.9%	-14.5%	-4.9%	-2.1%	14.7%	-1.2%	-14.0%
Radio revenue growth	-0.4%	-11.8%	-4.5%	-13.9%	-15.9%	-3.5%	NM	42.5%	-0.5%	25.4%	11.4%	5.8%	0.1%	14.1%	7.6%	-9.0%
Digital revenue growth	22.5%	146.7%	41.8%	-14.9%	108.0%	661.2%	1045.1%	970.1%	69.1%	287.5%	51.5%	33.9%	29.3%	21.2%	31.8%	20.5%
Cost of revenue	31.7%	NM	36.7%	-18.5%	NM	NM	NM	NM	73.9%	NM	48.9%	30.1%	26.4%	19.9%	29.3%	18.8%
Direct expense	3.7%	-2.2%	3.1%	41.7%	-12.1%	-25.5%	-11.9%	-16.7%	-31.5%	-22.4%	-3.2%	1.1%	-0.7%	-2.8%	-1.5%	-8.0%
SG&A	5.9%	NM	NM	-21.1%	-10.3%	-28.8%	-9.2%	-1.1%	NM	NM	-3.0%	4.9%	4.4%	29.9%	25.8%	16.2%
Opex	5.9%	NM	NM	-4.8%	23.8%	NM	NM	NM	49.7%	NM	38.8%	27.8%	23.3%	18.1%	25.8%	16.2%
Opex (core)	4.6%	5.1%	5.0%	-1.9%	-11.6%	0.4%	25.4%	26.2%	4.6%	12.8%	17.6%	21.8%	14.6%	12.5%	16.5%	8.4%
TV opex	3.7%	-2.2%	3.1%	0.1%	-4.2%	-8.6%	10.0%	6.2%	-2.6%	0.6%	-3.2%	1.1%	-0.7%	-2.8%	-1.5%	-8.0%
Radio opex	5.5%	-3.2%	-6.2%	-4.5%	-26.3%	-16.9%	8.2%	0.8%	-5.5%	-4.2%	-3.0%	4.9%	4.4%	2.9%	2.3%	-7.0%
Digital opex	7.0%	107.8%	41.8%	-2.6%	-5.0%	58.1%	95.3%	142.7%	27.1%	68.1%	74.3%	69.4%	46.0%	40.7%	55.8%	32.6%
Total OCF (core)	-5.3%	-20.3%	5.8%	-15.2%	32.1%	42.6%	NM	50.1%	-7.4%	44.1%	-1.2%	5.1%	9.3%	27.3%	11.8%	-4.3%
TV OCF	-3.2%	-12.6%	1.7%	-3.3%	12.8%	-7.1%	57.7%	-13.3%	-34.5%	-11.0%	-28.3%	-13.0%	-3.8%	35.5%	-0.9%	-21.4%
Radio OCF	-26.3%	-65.4%	25.8%	NM	NM	NM	NM	NM	11.0%	NM	97.1%	7.8%	-6.2%	35.8%	19.2%	-12.8%
Digital OCF	NM	-68.5%	NM	NM	NM	NM	NM	NM	83.5%	NM	46.1%	32.5%	45.7%	12.6%	30.5%	22.2%
Corporate expense	9.0%	12.1%	1.0%	3.0%	3.0%	2.0%	15.0%	-4.0%	-18.0%	3.0%	-2.0%	-13.0%	4.2%	47.9%	3.0%	3.0%
Adjusted EBITDA (core)	-9.3%	-26.9%	6.8%	-23.7%	46.6%	46.7%	NM	42.4%	0.6%	45.9%	27.6%	26.4%	11.4%	14.9%	18.3%	-7.6%
D & A	-4.0%	7.0%	-0.8%	2.3%	3.8%	14.9%	31.0%	50.0%	26.2%	29.7%	23.4%	23.4%	11.1%	4.7%	14.9%	11.9%
Operating income	-11.5%	NM	-88.5%	-36.9%	88.3%	81.4%	NM	40.4%	-18.7%	47.7%	15.2%	17.3%	1.9%	42.0%	21.4%	-100.0%
Pretax income	-20.3%	NM	-91.7%	NM	NM	NM	NM	50.0%	-61.4%	NM	-72.0%	-18.2%	-31.1%	NM	4.8%	-9.9%
Net income pre-extra.	-20.5%	NM	-93.1%	NM	NM	NM	NM	35.9%	-81.0%	NM	-65.2%	7.6%	-23.3%	NM	34.7%	-16.3%
EPS, Continuing Operations	-20.7%	NM	-92.8%	NM	NM	NM	NM	27.3%	-83.3%	NM	-66.7%	11.1%	-21.4%	NM	35.3%	-15.2%
EPS - diluted	-21.4%	NM	-93.0%	NM	NM	NM	NM	30.6%	-81.5%	NM	-65.9%	8.6%	-22.5%	NM	34.8%	-15.5%
FCF/share	NM	-18.0%	-31.7%	-64.3%	NM	NM	NM	NM	6.1%	76.5%	6.7%	14.3%	-28.0%	-11.4%	-10.0%	-18.5%
EPS shares - Diluted	1.1%	0.6%	-1.7%	-5.8%	-1.0%	3.2%	3.7%	4.1%	3.0%	4.4%	1.9%	-0.9%	-1.0%	-1.5%	-0.1%	-1.0%

Source: Industry Capital Research estimates and company data

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

Segments																
In millions	2016A	2017A	2018A	2019A	2020A	2021A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
AS REPORTED																
Revenue:																
Television	\$159.5	\$148.1	\$151.7	\$149.7	\$154.5	\$36.1	\$34.1	\$36.5	\$40.2	\$146.8	\$30.9	\$32.4	\$35.7	\$46.2	\$145.1	\$124.8
Radio	75.8	66.9	63.9	55.0	46.3	11.3	14.1	16.4	16.1	58.0	12.6	14.9	16.5	18.4	62.4	56.8
Digital	23.1	57.1	81.0	68.9	143.3	101.5	130.2	146.1	177.5	555.3	153.7	174.4	188.9	215.1	732.1	882.1
Revenue	258.5	272.1	296.6	273.6	344.0	148.9	178.4	199.0	233.9	760.2	197.2	221.7	241.0	279.7	939.6	1,063.7
Cost of revenue:																
Television	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Digital	9.5	33.0	45.1	36.8	106.9	84.8	109.0	124.3	148.4	466.5	126.2	141.9	157.1	178.0	603.1	716.2
Cost of revenue	9.5	33.0	45.1	36.8	106.9	84.8	109.0	124.3	148.4	466.5	126.2	141.9	157.1	178.0	603.1	716.2
Opex:																
Television	83.6	81.7	84.3	84.4	80.9	19.9	19.5	20.1	21.8	81.4	19.2	19.7	20.0	21.2	80.2	73.8
Radio	65.4	63.3	59.4	56.7	41.8	9.7	9.9	9.8	10.7	40.0	9.4	10.4	10.2	11.0	41.0	38.1
Digital	11.2	23.4	33.1	32.3	30.6	10.9	12.0	13.1	15.5	51.5	18.9	20.4	19.1	21.9	80.2	106.4
Opex	160.2	168.4	176.8	173.4	153.3	40.4	41.4	43.0	48.1	172.9	47.5	50.5	49.3	54.1	201.4	218.3
OCF:																
Television	75.9	66.3	67.4	65.2	73.6	16.2	14.5	16.3	18.4	65.4	11.6	12.6	15.7	24.9	64.9	51.0
Radio	10.5	3.6	4.6	(1.7)	4.5	1.6	4.2	6.7	5.5	18.0	3.2	4.6	6.2	7.4	21.4	18.7
Digital	2.4	0.7	2.8	(0.1)	5.7	5.9	9.2	8.7	13.6	37.3	8.6	12.2	12.7	15.3	48.7	59.5
OCF	88.7	70.7	74.8	63.4	83.8	23.7	27.9	31.7	37.4	120.8	23.4	29.4	34.6	47.6	135.0	129.2
PRO FORMA																
Revenue:																
Television	159.5	148.1	151.7	149.7	154.5	36.1	34.1	36.5	40.2	146.8	30.9	32.4	35.7	46.2	145.1	124.8
Radio	75.8	66.9	63.9	55.0	46.3	11.3	14.1	16.4	16.1	58.0	12.6	14.9	16.5	18.4	62.4	56.8
Digital			92.1	228.3	315.9	111.1	142.2	146.1	177.5	577.0	153.7	174.4	188.9	215.1	732.1	882.1
Revenue	273.7	281.7	307.8	433.0	516.6	158.5	190.4	199.0	233.9	781.8	197.2	221.7	241.0	279.7	939.6	1,063.7
Cost of revenue:																
Television	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Digital	9.5	33.0	45.1	173.0	253.2	92.2	117.4	124.3	148.4	482.3	126.2	141.9	157.1	178.0	603.1	716.2
Cost of revenue	9.5	33.0	45.1	173.0	253.2	92.2	117.4	124.3	148.4	482.3	126.2	141.9	157.1	178.0	603.1	716.2
Opex:																
Television	83.6	81.7	84.3	84.4	80.9	19.9	19.5	20.1	21.8	81.4	19.2	19.7	20.0	21.2	80.2	73.8
Radio	65.4	63.3	59.4	56.7	41.8	9.7	9.9	9.8	10.7	40.0	9.4	10.4	10.2	11.0	41.0	38.1
Digital			43.9	45.5	45.4	11.8	14.4	13.1	15.5	54.9	18.9	20.4	19.1	21.9	80.2	106.4
Opex	160.2	168.4	187.6	186.6	168.1	41.4	43.9	43.0	48.1	176.3	47.5	50.5	49.3	54.1	201.4	218.3
OCF:																
Television	75.9	66.3	67.4	65.2	73.6	16.2	14.5	16.3	18.4	65.4	11.6	12.6	15.7	24.9	64.9	51.0
Radio	10.5	3.6	4.6	(1.7)	4.5	1.6	4.2	6.7	5.5	18.0	3.2	4.6	6.2	7.4	21.4	18.7
Digital	17.5	10.4	3.2	9.8	17.3	7.1	10.4	8.7	13.6	39.7	8.6	12.2	12.7	15.3	48.7	59.5
OCF	103.9	80.3	75.2	73.4	95.3	24.9	29.1	31.7	37.4	123.2	23.4	29.4	34.6	47.6	135.0	129.2
CONSOLIDATED PRO FORMA																
Revenue	273.7	281.7	307.8	433.0	516.6	158.5	190.4	199.0	233.9	781.8	197.2	221.7	241.0	279.7	939.6	1,063.7
Growth	7.7%	2.9%	9.3%	40.7%	19.3%	47.3%	108.6%	60.3%	20.8%	51.3%	24.4%	16.4%	21.1%	19.6%	20.2%	13.2%
Cost of Revenue	9.5	33.0	45.1	173.0	253.2	92.2	117.4	124.3	148.4	482.3	126.2	141.9	157.1	178.0	603.1	716.2
Growth	31.7%	246.0%	36.7%	283.6%	46.4%	104.3%	156.1%	106.6%	45.4%	90.5%	36.9%	20.8%	26.4%	19.9%	25.0%	18.8%
Opex	160.2	168.4	187.6	186.6	168.1	41.4	43.9	43.0	48.1	176.3	47.5	50.5	49.3	54.1	201.4	218.3
Growth	4.6%	5.1%	11.4%	-0.5%	-9.9%	-6.6%	17.8%	10.7%	0.8%	4.9%	14.8%	15.1%	14.6%	12.5%	14.2%	8.4%
OCF	103.9	80.3	75.2	73.4	95.3	24.9	29.1	31.7	37.4	123.2	23.4	29.4	34.6	47.6	135.0	129.2
Growth	2.9%	-22.7%	-6.4%	-2.4%	29.9%	37.2%	255.8%	26.2%	-14.6%	29.2%	-6.0%	0.8%	9.3%	27.3%	9.6%	-4.3%
Corporate	20.8	23.1	21.8	24.4	23.9	6.4	6.5	6.5	7.2	26.6	7.1	6.8	7.7	8.8	30.5	31.5
Growth	8.5%	10.8%	-5.5%	12.0%	-2.0%	3.6%	39.7%	15.3%	-3.2%	11.3%	11.0%	4.3%	19.1%	22.8%	14.5%	3.2%
Memo: adj. EBITDA - (OCF - cash corporate)	1.3	3.0	1.1	2.2	0.6	(3.1)	(3.6)	(1.9)	2.6	(6.0)	1.8	(0.1)	(0.9)	(1.0)	(0.2)	(1.3)
EBITDA	84.4	60.2	54.4	51.2	71.9	15.4	19.0	23.3	32.9	90.6	18.1	22.5	26.0	37.8	104.3	96.4
Growth	3.2%	-28.7%	-9.6%	-6.0%	40.6%	48.4%	343.5%	14.5%	-8.9%	25.9%	17.6%	18.4%	11.4%	14.9%	15.2%	-7.6%

Source: Industry Capital Research estimates and company data

Figure 15: DCF analysis supports \$7.00 12-month price target within \$7.00-\$8.50 Range

Entravision DCF analysis			
<i>\$ in millions except per share amounts</i>			
	Current	YE 2022	YE 2023
Firm Value	728	722	724
(-) Total Net Debt	118	47	(11)
(+) NOLs/Tax Assets	30	30	30
(-) Options (Claims on Entravision)	(2.5)	(2.5)	(2.5)
Common Equity Value	637.1	702.2	762.2
Shares Outstanding	87.8	87.8	87.8
Current Share Price	\$4.65	\$4.65	\$4.65
Value Per Share	\$7.26	\$8.00	\$8.68
12-month	\$8.50		
12-month (SoTP)	\$7.00		

ASSUMPTIONS					
Risk Free Rate	4.07%				
Equity Premium	4.59%				
Assumed LT Growth Rate (g)	0%				
MV of Equity Calculation					
Share Price	\$4.65				
Outstanding Shares	87.8				
MV of Equity	408.3				
Estimate MV of Debt Calculation					
Interest Expense	6.9				
Current Cost of Debt	6.0%				
Wgtd Avg Maturity of Debt					
BV of Debt	118.0				
Estimate MV of Debt	118.0				

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
Discounted Cash Flow											
EBITDA	54.0	41.2	60.4	88.2	104.3	96.4	127.0	119.7	146.6	131.5	
EBIT	37.8	24.6	43.1	65.7	78.6	67.6	91.5	82.0	105.8	90.1	98.0
Less Cash Taxes	(11.3)	(7.4)	(12.9)	(19.7)	(23.6)	(20.3)	(27.4)	(24.6)	(31.7)	(27.0)	(34.3)
Plus D&A	16.3	16.6	17.3	22.4	25.8	28.8	35.5	37.7	40.7	41.4	41.4
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(10.0)	(13.0)	(13.7)	(14.3)	(15.0)	(15.8)	(41.4)
Less Increase in WC	(9.4)	(8.7)	8.7	(15.5)	(2.7)	(3.6)	(4.8)	(4.8)	(5.7)	(5.1)	(5.4)
Free Cash Flow to Firm	16.3	(0.1)	46.6	47.3	68.1	59.5	81.1	76.0	94.1	83.6	58.3
Tax Rate		30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%
Net Debt		118									
Leverage Mult.		2.0x									
D/Equity		29%									
D/EV		22%									
E/EV		78%									
Unlevered Beta		1.05									
Levered Beta		1.29									
D/Equity (long-term target)		33%									
Cost of Debt (AT)		4.2%									
Cost of Equity		10.0%									
WACC		8.6%	9%	9%	9%	9%	9%	9%	9%	9%	
PV of CF					62.7	50.5	63.4	54.7	62.4	51.0	
						54.8	68.8	59.4	67.7	55.4	
							74.7	64.5	73.5	60.1	
Sum of PV	344.8	306.2	272.9								680.6
PV of Terminal Value	383.0	415.7	451.3								5x EBITDA
NPV of all CF	727.7	722.0	724.3								

Source: Industry Capital Research estimates and company data

Figure 16: DCF analysis allocates ~2/3 of firm value to digital media business

Entravision DCF analysis - Digital			
\$ in millions except per share amounts			
	Current	YE 2022	YE 2023
Firm Value	389	400	405
(-) Total Net Debt	-	-	-
(+) NOLs			
(-) Options (Claims on Entravision)			
Common Equity Value	389.2	399.8	405.2
Shares Outstanding	87.8	87.8	87.8
Current Share Price	\$4.65	\$4.65	\$4.65
Value Per Share	\$4.43	\$4.55	\$4.62
12-month	\$4.50		

ASSUMPTIONS					
		CAGRs			
		2018-22	2020-24	2022-26	2025-26
Risk Free Rate	4.1%				
Equity Premium	4.6%				
Assumed LT Growth Rate (g)	1%				
MV of Equity Calculation					
Share Price	\$4.65				
Outstanding Shares	87.8				
MV of Equity	408.3				
Estimate MV of Debt Calculation					
Interest Expense	6.9				
Current Cost of Debt	6.0%				
Wgtd Avg Maturity of Debt					
BV of Debt	-				
Estimate MV of Debt	-				

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
Discounted Cash Flow											
EBITDA	2.8	(0.1)	2.3	28.2	48.7	58.2	69.1	80.9	91.0	96.2	
EBIT	2.8	(0.1)	2.3	23.1	39.9	47.6	56.5	66.2	74.4	78.7	71.0
Less Cash Taxes	(0.8)	0.0	(0.7)	(6.9)	(12.0)	(14.3)	(17.0)	(19.9)	(22.3)	(23.6)	(24.9)
Plus D&A				5.1	8.9	10.6	12.6	14.7	16.6	17.5	14.7
Less Cap Ex											(14.7)
Less Increase in WC				(15.5)	(2.7)	(3.6)	(4.8)	(4.8)	(5.7)	(5.1)	(5.3)
Free Cash Flow to Firm	1.9	(0.1)	1.6	5.7	34.1	40.3	47.4	56.3	63.0	67.5	40.9
Tax Rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%
Net Debt	0										
Leverage Mult.	0.0x										
D/Equity	0%										
D/EV	0%										
E/EV	100%										
Unlevered Beta	1.61										
Levered Beta	1.6										
D/Equity (projected long term)	0.0%										
Cost of Debt (AT)	4.2%										
Cost of Equity	11.5%										
WACC	11.5%		11%	11%	11%	11%	11%	11%	11%	11%	
PV of CF					30.6	32.5	34.2	36.5	36.6	35.2	
						36.2	38.1	40.7	40.8	39.2	
							42.5	45.3	45.5	43.7	
Sum of PV	205.6	195.0	177.1								392.5
PV of Terminal Value	183.7	204.7	228.2								4x EBITDA
NPV of all CF	389.2	399.8	405.2								

Source: Industry Capital Research estimates and company data

Figure 17: DCF analysis allocates ~1/3 of firm value to broadcast media business

Entravision DCF analysis - Broadcasting			
\$ in millions except per share amounts			
	Current	YE 2022	YE 2023
Firm Value	210	193	191
(-) Total Net Debt	118	47	(11)
(+) NOLs	30	30	30
(-) Options (Claims on Entravision)	(2.5)	(2.5)	(2.5)
Common Equity Value	119.0	173.6	228.5
Shares Outstanding	87.8	87.8	87.8
Current Share Price	\$4.65	\$4.65	\$4.65
Value Per Share	\$1.36	\$1.98	\$2.60
12-month	\$2.50		

ASSUMPTIONS				
Risk Free Rate	4.1%			
Equity Premium	4.6%			
Assumed LT Growth Rate (g)	-1%			
MV of Equity Calculation				
Share Price	\$4.65			
Outstanding Shares	87.8			
MV of Equity	408.3			
Estimate MV of Debt Calculation				
Interest Expense	6.9			
Current Cost of Debt	6.0%			
Wgtd Avg Maturity of Debt				
BV of Debt	118.0			
Estimate MV of Debt	118.0			

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
Discounted Cash Flow											
EBITDA	51.3	41.3	58.1	59.9	55.6	38.2	57.9	38.8	55.6	35.2	
EBIT	35.0	24.7	40.8	42.7	38.7	19.9	35.0	15.8	31.4	11.4	23.4
Less Cash Taxes	(10.5)	(7.4)	(12.2)	(12.8)	(11.6)	(6.0)	(10.5)	(4.7)	(9.4)	(3.4)	(8.2)
Plus D&A	16.3	16.6	17.3	17.3	16.9	18.2	22.9	23.0	24.2	23.9	23.0
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(10.0)	(13.0)	(13.7)	(14.3)	(15.0)	(15.8)	(23.0)
Less Increase in WC	(9.4)	(8.7)	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm	14.3	(0.0)	45.0	41.5	34.0	19.2	33.7	19.7	31.1	16.0	15.2
Tax Rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%
Net Debt		118									
Leverage Mult.		2.0x									
D/Equity		29%									
D/EV		22%									
E/EV		78%									
Unlevered Beta		1.03									
Levered Beta		1.3									
D/Equity (long-term target)		33%									
Cost of Debt (AT)		4.2%									
Cost of Equity		9.9%									
WACC		8.5%	8%	8%	8%	8%	8%	8%	8%	8%	
PV of CF					31.3	16.3	26.4	14.2	20.7	9.8	
						17.7	28.7	15.4	22.5	10.7	
							31.1	16.7	24.4	11.6	
Sum of PV	118.9	94.9	83.8								160.3
PV of Terminal Value	90.7	98.4	106.7								3x EBITDA
NPV of all CF	209.5	193.3	190.5								

Source: Industry Capital Research estimates and company data

Entravision Communications Corporation (EVC)

APPENDIX

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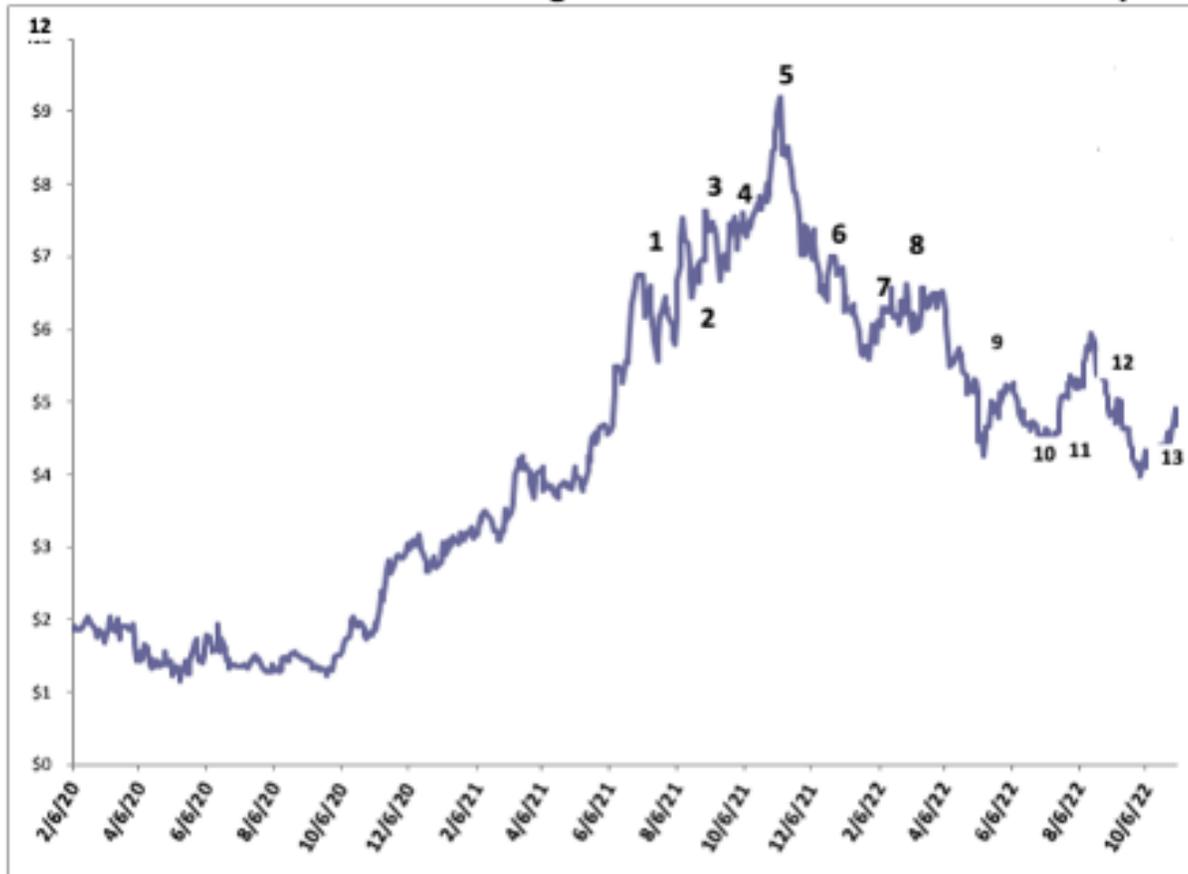
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The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters, holds a BA (Economics) and MBA from the University of Chicago and a JD from the University of Virginia, and is a member of the Beta Gamma Sigma and Phi Beta Kappa honor societies.

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1	7/6/21	Initiated Buy @ \$6.76, Target Price \$9.00
2	8/6/21	Reaffirmed Buy @ \$6.15, Target Price \$9.00
3	9/2/21	Reaffirmed Buy @ \$7.75, Target Price \$10.00
4	10/5/21	Reaffirmed Buy @ \$7.60, Target Price \$10.00
5	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	10/31/22	Reaffirmed Buy @ \$4.65, Target Price \$7.00

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

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

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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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