

Entravision Communications Corporation (EVC)

4Q Beat and Raise, As Share Buyback Returns While Rival's IPO Looks on Hold; PT Up To \$8.50 and Reaffirm Buy

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4Q21 beat and raise pushes our 2022 estimates further above consensus and our PT to \$8.50 from \$8. The EBITDA beat rolled through to free cash flow, which was \$30.9m, above our \$24.8m estimate. Reflecting the consistency of free cash flow generation, EVC announced a new \$20m share repurchase program, and we initially model \$10m of repurchases for 2022. We raise our 2022 EBITDA estimate, on both the higher 2021 base and taking our 2022 EBITDA growth estimate up to 8% from 6%. We note that EVC's digital segment—despite having clients across 30 countries and campaigns across 120 countries—generates little revenue from geopolitically risky Eastern Europe, unlike rival Aleph Group, whose planned IPO may be on hold.

We raise our 1Q and full-year 2022 estimates. 1Q core advertising (ex-political) is pacing -18% for TV (although +4% excluding Univision affiliation changes in Orlando, Tampa and Washington, DC), +7% for radio, and +39% for digital, vs. our prior comparable estimates of -17%/+9%/+46%. Auto advertising is pacing down 20% for TV (adjusting for the loss of 3 Univision affiliations) and down 17% for radio. Our EVC 2022 revenue/EBITDA/EPS estimates go to \$942m/\$95.0m/\$0.40 from \$947m/\$93.4m/\$0.42. See Figure 3. Our 2022 digital segment estimates for revenue/operating cash flow go to \$752m/\$48.6m from \$754m/\$48.0m, as our 2022 pro forma growth estimates for digital revenue/OCF go to 31%/28% from 33%/30%. There is little change to our broadcast media estimates for 2022. We estimate that, pro forma for Univision affiliation changes at the end of 2021, EVC's expense base excluding cost of revenue is \$15-20m lower than prior to the pandemic.

4Q recap: 4Q revenue and EBITDA beat across all 3 segments, with total EBITDA of \$32.9m above our \$29.8m estimate. See Figure 2. Core advertising growth was +2% for TV vs. prior pacing of -2%, +22% for radio vs. prior pacing of +15%, and +40% for digital vs. prior pacing of +36%. Cisneros Interactive growth is holding course despite some headwinds from iOS on spending with Facebook, Cisneros' biggest commercial partner. At the legacy digital business, Smadex positively surprised, with revenue up 120%, driven by gaming and crypto advertising. TV growth, while modest, was still impressive given that its auto vertical was down 30%, as services, TV's largest vertical, was up 8%, and travel/leisure was a positive outlier, up 92%. Operating expense excluding cost of revenue was \$48.1m, slightly above our \$46.9m estimate.

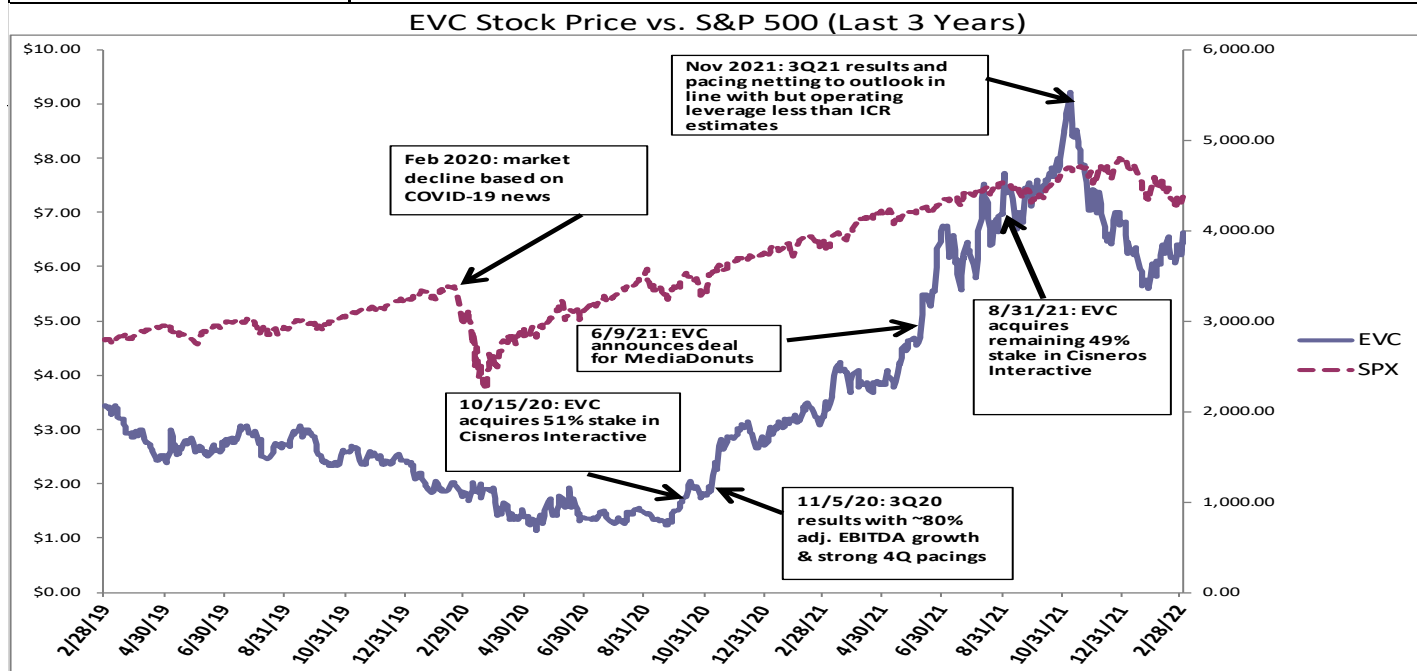
Price target up to \$8.50 from \$8; risks on page 3. Our PT is supported by a DCF valuation based on explicit financial forecasts through 2027. Note that a higher equity risk premium estimate based on February data, partially offset by a lower risk-free rate estimate based on lower U.S. Treasury yields, clips the upper end of our valuation range by ~\$0.50 per share.

BUY			
Price at 3/4/22 (USD)	6.42		
Price Target	8.50		
52-week range	3.28 - 9.34		
Performance (%)	1m	3m	12m
Absolute	9	-10	82
S&P 500	-5	-4	14
Market Cap (USDm)	567.2		
Shares outstanding (m)	88.4		
Float (%)	72		
Average volume	417,981		
S&P 500	4,363.5		
Forecasts and ratios			
Year ended 12/31	2021A	2022E	2023E
1Q EPS (USD)	0.06	0.04	0.07
2Q EPS (USD)	0.09	0.08	0.10
3Q EPS (USD)	0.14	0.13	0.12
4Q EPS (USD)	0.04	0.14	0.12
FY EPS (USD)	0.33	0.40	0.42
% Change	NM	20%	4%
P/E (x)	19.3	16.0	15.5
EV/EBITDA (x)	8.3	7.6	7.3
Revenue (USDm)	760.2	942.2	1,007.4
% Change	121%	24%	7%

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Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

		(in millions, except unit data) 12-month price target: \$8.50	
ENTERPRISE VALUE		COMPANY CHARACTERISTICS AND INVESTMENT THESIS	
Price per share	\$6.42	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	88.4	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	567	Est. acquisition capacity	\$109
+Pro forma net debt	205	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 * Loss of broadcast audience and advertising share to digital alternatives * Volatility of international media business, reflecting early stage and potential competition * 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)
=Pro forma EV	\$711	Risks	<ul style="list-style-type: none"> * 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 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 ~80% 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.
2022	\$942	Upcoming potential catalysts	2021/22 rebound in U.S. Hispanic employment and spending as pandemic recedes - Additional digital media M&A - 2022 U.S. midterm election ad spending
2021	775		
% Chg	21.6%		
Pro forma EBITDA			
2022	\$95		
2021	87		
% Chg	9.6%		
Pro forma EBITDA margin			
2022	10.1%		
2021	11.2%		
Free cash flow per share			
2022	\$0.83		
2021	\$0.90		
% Chg	-7.8%		
Est. 3-5 yr FCF Growth rate	7%		
VALUATION AND LEVERAGE			
Pro forma EV/EBITDA			
2022	7.5x		
2021	8.2x		
Price / Free cash flow per share			
2022	7.7x		
2021	7.1x		
Pro forma net debt / EBITDA			
2022	2.2x		
2021	2.4x		
Dividend yield			
2022	1.6%		
2021	1.5%		



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

Investment Thesis and Valuation: Buy With \$8.50 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. 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 similar to 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, 2) secular challenges and potentially increasing competition from Univision for EVC's broadcast media business, 3) potential volatility of EVC's digital media business, given its increasing focus on emerging markets, its dependence on a small number of commercial relationships with media tech platforms, and increasing competition, 4) potential barriers to sale of all or a portion of the company; and 5) 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: 4Q beat on revenue and EBITDA; we raise our 1Q22 EBITDA and EPS estimates

Entravision Communications									
Summary of Quarterly Estimates									
In millions, except per share data									
	Results				YoY %CHG			A vs	
	Last Yr	E	Beat/Miss	A	E	Beat/Miss	A	Consensus	Consensus
4Q21									
Pro Forma *									
Revenue	\$194.4	\$225.5	\$5.2	\$230.8	16.0%	2.7%	18.7%		
Op Expense	157.5	195.7	4.0	199.8	24.3%	2.6%	26.8%		
Adjusted EBITDA	36.9	29.8	1.2	31.0	-19.2%	3.2%	-16.0%		
As Reported									
Revenue	171.7	225.5	8.4	233.9	31.4%	4.9%	36.2%	226.4	3.3%
Op Expense	139.0	195.7	5.3	201.0	40.8%	3.8%	44.6%		
Adjusted EBITDA	32.6	29.8	3.1	32.9	-8.7%	9.4%	0.6%	26.1	25.9%
Margin	19.0%	13.2%	0.8%	14.0%				11.5%	2.5%
Pro Forma EPS	\$0.24	\$0.15	+\$0.00	\$0.15	-37.5%	0.0%	-37.5%	\$0.16	-6.3%
FCF/sh (core)	\$0.33	\$0.28	+\$0.07	\$0.35	-15.2%	21.2%	6.1%		
	Estimates				YoY %CHG			ICR vs	
	Last Yr	Prior	Chg	Current	Prior	Chg	Current	Consensus	Consensus
1Q22E									
Pro Forma *									
Revenue	\$156.9	\$202.5	(\$3.3)	\$199.2	29.1%	-2.1%	27.0%		
Op Expense	142.5	188.1	(4.9)	183.3	32.0%	-3.4%	28.6%		
Adjusted EBITDA	14.4	14.4	1.6	16.0	0.1%	10.8%	10.8%		
As Reported									
Revenue	148.9	202.5	(3.3)	199.2	36.0%	-2.2%	33.8%	169.5	17.5%
Op Expense	134.7	188.1	(4.9)	183.3	39.7%	-3.6%	36.1%		
Adjusted EBITDA	14.2	14.4	1.6	16.0	1.7%	10.9%	12.6%	19.2	-16.7%
Margin	9.5%	7.1%	0.9%	8.0%				11.3%	-3.3%
Pro Forma EPS	\$0.06	\$0.03	+\$0.01	\$0.04	-50.0%	16.7%	-33.3%	\$0.10	-60.0%
FCF/sh (core)	\$0.15	\$0.10	+\$0.02	\$0.12	-33.3%	13.3%	-20.0%		
* reflects announced acquisitions and dispositions									
Source: Company reports, FactSet, Industry Capital Research estimates									

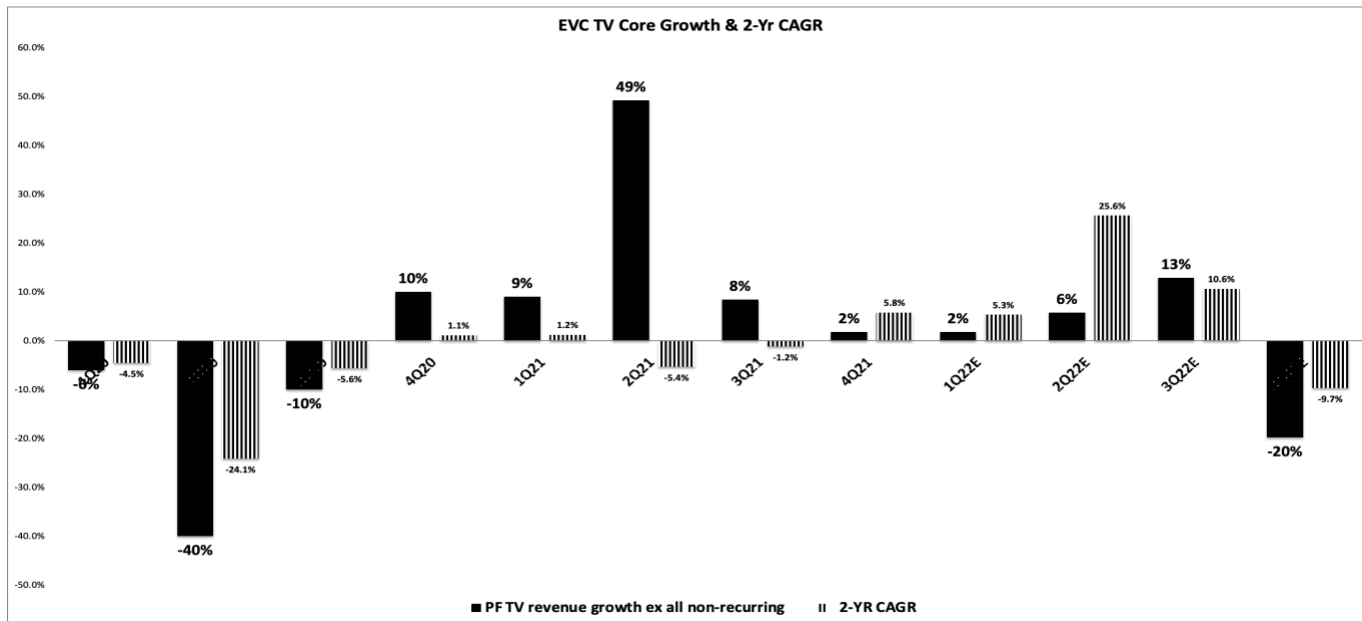
Figure 3: We raise our 2022 and 2023 EBITDA estimates

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		
2022E									
Pro Forma *									
Revenue	775.0	947.0	(4.8)	942.2	22.2%	-0.6%	21.6%		
Op expense	688.3	853.6	(6.4)	847.2	24.0%	-0.9%	23.1%		
Adjusted EBITDA	86.7	93.4	1.7	95.0	7.7%	1.9%	9.6%		
As Reported									
Revenue	760.2	947.0	(4.8)	942.2	24.6%	-0.6%	23.9%	865 ▼	9.0%
Op expense	672.2	853.6	(6.4)	847.2	27.0%	-1.0%	26.0%		
Adjusted EBITDA	88.0	93.4	1.7	95.0 ▼	6.1%	1.9%	7.9%	91	4.3%
Margin	11.6%	9.9%	0.2%	10.1%				10.5%	-0.5%
EPS	\$0.33	\$0.42	(\$0.02)	\$0.40 ▼	27.1%	-7.0%	20.1%	\$0.51 ▼	-21.5%
Cash FCF/sh	\$0.90	\$0.82	\$0.01	\$0.83	-8.9%	1.1%	-7.8%		
2023E									
Pro Forma *									
Revenue	942.2	1,009.6	(2.2)	1,007.4	7.2%	-0.2%	6.9%		
Op expense	847.2	911.9	(3.8)	908.1	7.6%	-0.4%	7.2%		
Adjusted EBITDA	95.0	97.7	1.6	99.3	2.8%	1.7%	4.5%		
As Reported									
Revenue	942.2	1,009.6	(2.2)	1,007.4	7.2%	-0.2%	6.9%		
Op expense	847.2	911.9	(3.8)	908.1	7.6%	-0.4%	7.2%		
Adjusted EBITDA	95.0	97.7	1.6	99.3	2.8%	1.7%	4.5%		
Margin	10.1%	9.7%	0.2%	9.9%					
EPS	\$0.40	\$0.43	(\$0.02)	\$0.42	7.9%	-4.2%	3.7%		
Cash FCF/sh	\$0.83	\$0.87	\$0.01	\$0.88	4.8%	1.2%	6.0%		

* reflects announced acquisitions and dispositions

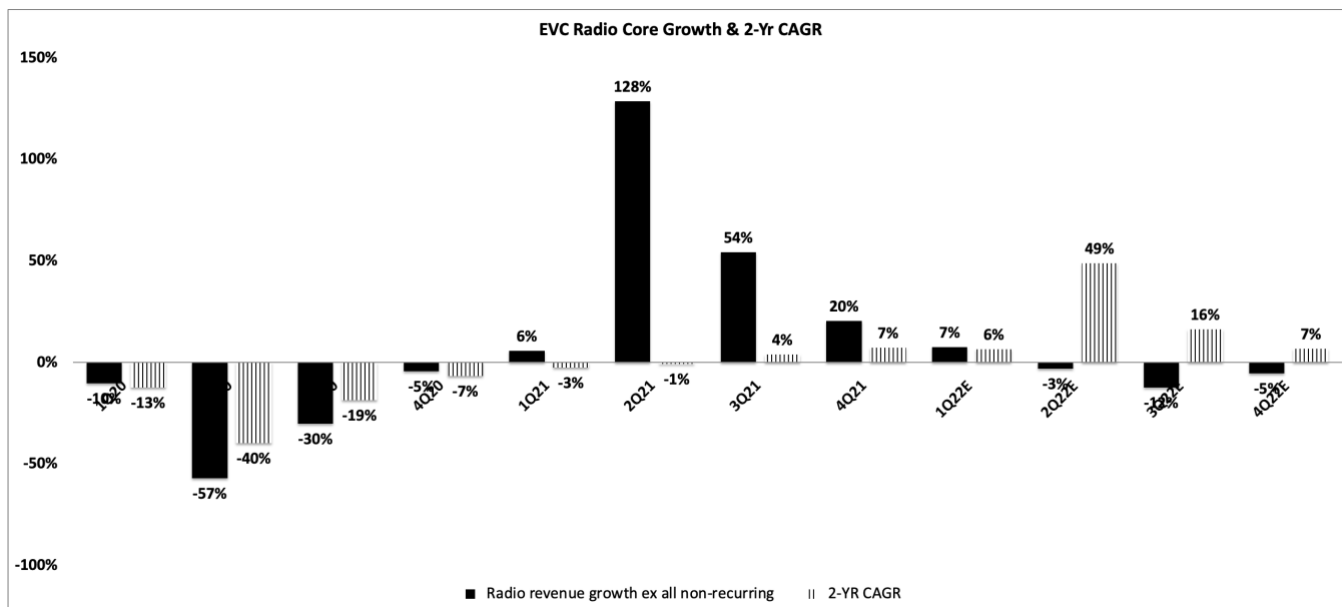
Source: Company reports, FactSet, Industry Capital Research estimates

Figure 4: We expect core TV ad growth (ex-political) to weather the drag from auto advertising over the next few quarters



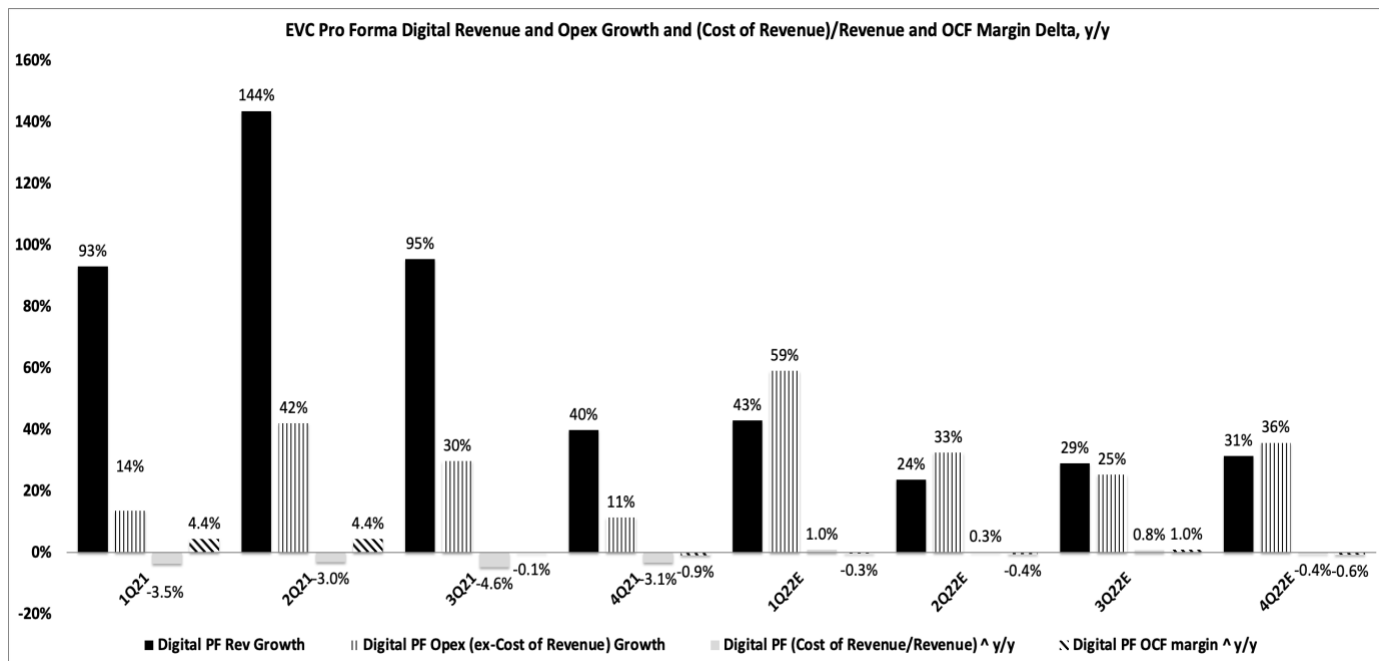
Source: Industry Capital Research estimates and company data

Figure 5: We assume radio revenue stabilizes in 2022



Source: Industry Capital Research estimates and company data

Figure 6: We continue to model relatively stable Digital Segment OCF margins throughout 2022, which could be conservative



Source: Industry Capital Research estimates and company data

Figure 7: Expect Cisneros Interactive to power through iOS challenges to Facebook ad spending

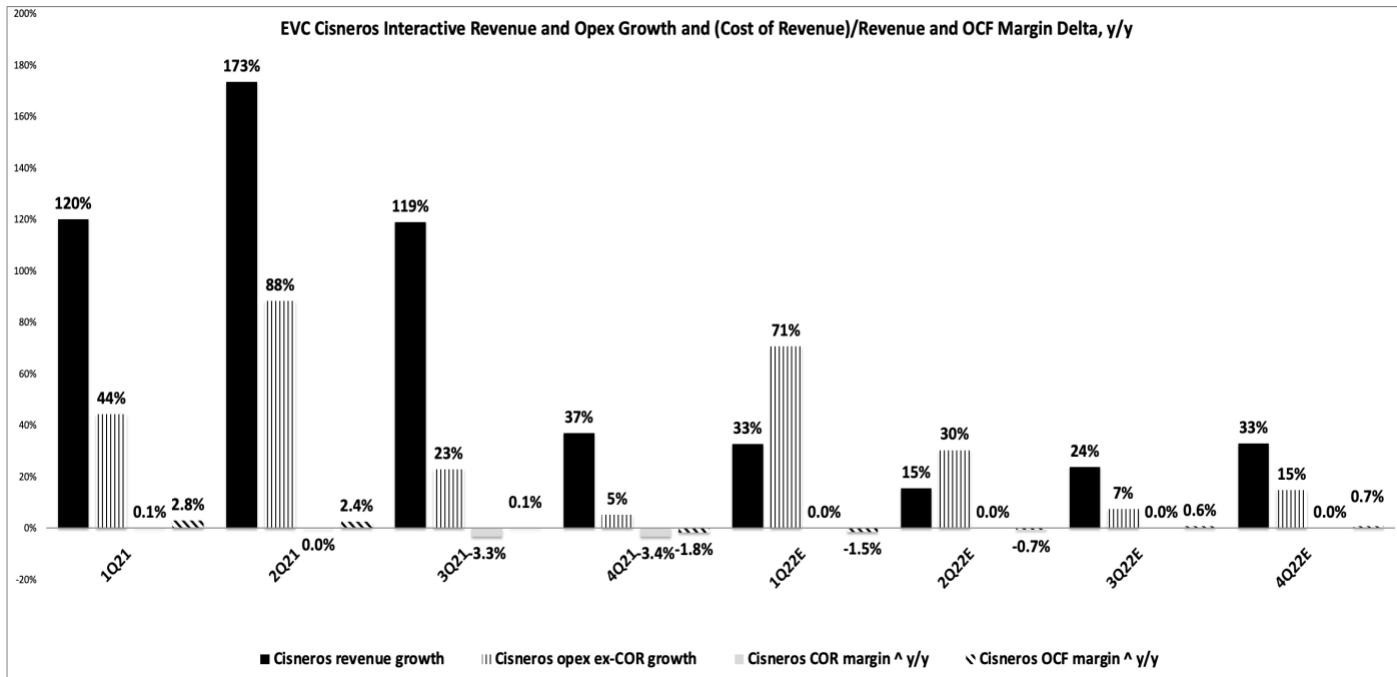


Figure 10: Forecast Drivers—Operating Expense

In millions	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
OPERATING EXPENSE																
Television PF Opex Growth				0.1%	-4.2%	-8.6%	10.0%	6.2%	-6.0%	-0.3%	-2.9%	-0.3%	-1.5%	-4.5%	-2.4%	-10.0%
Radio PF Opex Growth				-4.5%	-26.3%	-16.9%	8.2%	0.8%	-9.9%	-5.4%	-0.4%	4.0%	6.9%	-1.1%	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	\$43.1	\$48.1	\$173.0	\$48.7	\$49.2	\$46.8	\$51.3	\$196.0	\$191.9
Growth	4.6%	5.1%	5.0%	-1.9%	-11.6%	0.4%	25.4%	26.6%	4.6%	12.9%	20.5%	18.8%	8.6%	6.7%	13.3%	-2.1%
Non-recurring opex items:																
M&A (Cisneros, MediaDonuts, 365 acquisitions)	0.0	0.0	0.0	0.0	5.7	4.8	6.4	6.6	9.7	27.6	11.2	10.9	8.3	11.8	42.2	47.2
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	6.6	9.7	27.6	11.2	10.9	8.3	11.8	42.2	47.2
Opex ex Cisneros adjustment	160.2	168.4	176.8	173.4	147.6	35.7	35.0	36.5	38.3	145.5	37.5	38.4	38.5	39.5	153.8	144.7
Growth ex Cisneros	4.6%	5.1%	5.0%	-1.9%	-14.9%	-11.5%	6.0%	7.1%	-4.7%	-1.5%	5.2%	9.6%	5.5%	2.9%	5.7%	-5.9%
Fixed & variable cost reductions	0.0	0.0	0.0	0.0	(27.2)	(5.0)	(5.8)	(11.4)	(10.8)	(32.8)	(6.6)	(7.8)	(13.9)	(12.6)	(40.9)	(38.7)
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	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)	(10.8)	(32.8)	(6.6)	(7.8)	(13.9)	(12.6)	(40.9)	(38.7)
Opex ex cost reductions adjustment	0.0	168.4	176.8	173.4	180.5	45.4	47.3	54.5	58.6	205.8	55.3	57.1	60.7	63.9	237.0	38.7
Growth ex cost reductions	-27.8%		5.0%	-1.9%	4.1%	12.8%	20.5%	21.0%	4.8%	14.0%	21.7%	20.7%	11.3%	9.0%	15.1%	-83.7%
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	0.8	0.7	2.3	2.1
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	0.8	0.7	2.3	2.1
Opex ex salary true-up	0.0	168.4	176.8	173.4	151.3	40.4	40.8	42.4	47.4	171.0	48.7	48.5	46.1	50.5	193.8	(2.1)
Growth ex salary true-up			5.0%	-1.9%	-12.7%	0.4%	23.4%	24.6%	7.9%	13.0%	20.5%	18.8%	8.5%	6.6%	13.3%	-101.1%
Opex ex-non-recurring	160.2	168.4	176.8	173.4	172.8	40.7	40.2	47.2	48.2	176.3	44.1	45.4	51.6	51.3	192.5	181.3
Opex growth ex all non-recurring	8.0%	5.1%	5.0%	-0.3%	-0.3%	1.0%	2.4%	4.8%	-0.1%	2.0%	8.5%	13.0%	9.3%	6.5%	9.2%	-5.8%
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%	4.7%	7.6%	7.0%	3.1%	5.5%	1.4%
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	7.2	8.0	8.5	30.1	26.6
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	37.6	38.2	43.7	42.9	162.4	156.6
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%	11.8%	17.2%	12.9%	10.0%	12.8%	-4.8%
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%	8.0%	5.1%	8.2%	7.7%	7.3%	3.7%

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.

Metrics	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
Legacy growth													
Reported digital revenue growth		108%	661%	1045%	970%	69%	288%	54%	33%	29%	31%	35%	11%
Legacy digital revenue growth	-14.9%	-21.4%	-2.6%	34.5%	27.4%	45.8%	26.9%	61.8%	32.7%	26.8%	5.1%	27.5%	5.8%
2-yr CAGR		-18.2%	-5.3%	-4.6%	-0.6%	7.2%	-0.2%	25.5%	33.6%	27.1%	23.8%	27.2%	16.1%
Legacy digital opex growth		-24.1%	-14.4%	-9.2%	21.5%	-4.7%	-2.8%	45.9%	53.8%	25.3%	59.6%	45.4%	4.6%
Legacy digital OCF		822.5%	-71.9%	-184.0%	95.7%	532.7%	-661.1%	-316.8%	-81.6%	37.7%	-74.0%	-47.0%	18.8%
Cisneros growth													
Cisneros revenue growth		46.4%	120.0%	173.4%	118.9%	36.9%	94.5%	32.6%	15.5%	23.7%	32.8%	26.0%	11.0%
2-yr CAGR		69.8%	73.6%	67.3%	65.5%	68.7%	68.7%	70.8%	77.7%	64.5%	34.8%	56.6%	18.2%
Cisneros opex ex-COR growth		31.5%	44.3%	88.2%	22.7%	5.1%	32.5%	70.7%	30.3%	7.5%	14.8%	28.7%	12.2%
Cisneros OCF		43%	266%	314%	122%	4%	105%	4%	4%	35%	49%	24%	28%
MediaDonuts growth													
MediaDonuts revenue growth y/y			154.3%	140.0%	53.5%	41.3%		99.8%	60.0%	42.2%	34.0%	52.1%	8.5%
2-yr CAGR								125.4%	95.9%	47.7%	37.6%	61.5%	28.4%
MediaDonuts opex ex-COR growth y/y			106.5%	215.0%	757.3%	264.3%		67.6%	-16.1%	64.5%	42.6%	32.9%	-3.4%
MediaDonuts cost of revenue growth y/y			143%	155%	54%	56%		100%	71%	33%	29%	49%	8%
MediaDonuts OCF growth y/y			-240%	-45%	-34%	-44%	-35%	333%	458%	107%	65%	133%	25%
365 growth													
365 revenue growth y/y													55.6%
365 opex ex-COR growth y/y													101.8%
365 cost of revenue growth y/y													56%
365 OCF growth y/y													14%
Digital segment pro forma growth													
Digital revenue		38%	93%	144%	95%	40%	81%	43%	24%	29%	31%	31%	11%
Digital revenue, PF, pro rated for 4Q by days EVC owned Cisneros in 4Q20			83%										
Digital cost of revenue		46%	102%	153%	107%	45%	89%	41%	23%	28%	32%	31%	10%
Digital opex ex-cost of revenue		0%	14%	42%	30%	11%	23%	59%	33%	25%	36%	38%	9%
Digital OCF		76%	831%	613%	93%	25%	118%	30%	16%	51%	20%	28%	27%
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%	40.8%	42.4%	37.2%	38.3%	39.6%	39.1%
Legacy OCF margin	-0.2%	-1.9%	-1.9%	6.8%	5.2%	17.4%	8.3%	2.6%	0.9%	5.7%	4.3%	3.4%	3.9%
Legacy OCF margin ^ y/y		-1.7%	4.7%	17.6%	1.8%	13.4%	10.2%	4.5%	-5.8%	0.4%	-13.1%	-4.8%	0.4%
Cisneros margins													
Cisneros cost of revenue/revenue	85.5%	86.4%	87.7%	87.3%	89.7%	89.0%	88.5%	87.7%	87.3%	89.7%	89.0%	88.5%	87.5%
Cisneros COR margin ^ y/y		1.0%	-0.1%	0.0%	3.3%	3.4%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.0%
Cisneros OCF margin ^ y/y		-0.1%	2.8%	2.4%	0.1%	-1.8%	0.3%	-1.5%	-0.7%	0.6%	0.7%	-0.1%	1.0%
Cisneros EBITDA margin ^ y/y		-0.1%	2.8%	2.4%	0.1%	-1.8%	0.3%	-1.5%	-0.7%	0.6%	0.7%	-0.1%	1.0%
MediaDonuts margins													
MediaDonuts cost of revenue/revenue		73.5%	75.0%	70.0%	80.3%	78.0%	76.5%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
MediaDonuts COR margin ^ y/y			-3.5%	4.1%	0.0%	7.4%		0.0%	5.0%	-5.3%	-3.0%	-1.5%	0.0%
MediaDonuts OCF margin ^ y/y			8.5%	-10.5%	-10.0%	-15.0%		3.5%	7.8%	3.4%	2.2%	3.6%	1.6%
MediaDonuts EBITDA margin ^ y/y			8.5%	-10.5%	-10.0%	-15.0%		3.5%	7.8%	3.4%	2.2%	3.6%	1.6%
365 margins													
365 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 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 OCF margin ^ y/y			6.9%	6.9%	34.2%	1.5%		-25.3%	-6.9%	-34.2%	2.0%	-0.9%	-2.8%
Digital Segment margins													
Digital Segment cost of revenue/revenue		74.6%	83.7%	83.7%	85.1%	83.6%	84.0%	82.1%	82.4%	84.3%	84.0%	83.3%	82.7%
MediaDonuts COR margin ^ y/y			28.6%	27.0%	27.9%	2.3%		-1.6%	-1.3%	-0.8%	0.4%	-0.7%	-0.6%
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%	79%	79%	79%	82%	80%	83%
Cisneros Interactive as % of digital segment revenue		62%	87%	88%	80%	75%	82%	75%	77%	77%	76%	76%	76%
MediaDonuts as % of digital segment revenue		0%	0%	0%	8%	11%	6%	10%	9%	9%	11%	10%	10%
Legacy digital as % of digital segment revenue		38%	13%	12%	12%	13%	12%	13%	12%	12%	10%	12%	11%
365 as % of digital segment revenue		0%	0%	0%	0%	1%	0%	1%	3%	3%	3%	2%	3%
Digital Segment reported OCF mix:													
Cisneros Interactive as % of digital segment OCF		118%	104%	89%	79%	56%	77%	79%	78%	72%	70%	74%	75%
MediaDonuts as % of digital segment OCF		0%	0%	0%	10%	13%	7%	13%	16%	14%	18%	16%	16%
Legacy digital as % of digital segment OCF		-18%	-4%	11%	11%	29%	15%	7%	2%	10%	6%	6%	6%
365 as % of digital segment OCF		0%	0%	0%	0%	2%	1%	1%	4%	4%	5%	4%	4%
Minority interest		2.5	1.6	2.6	1.8	0.0	5.9	0.0	0.0	0.0	0.0	0.0	0.0

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

Figure 12: Financial Statement Forecasts Supporting Our Valuation

In millions, except per share data	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	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	\$30.3	\$30.9	\$34.2	\$35.3	\$130.7	118.9
Radio	75.8	66.9	63.9	55.0	46.3	11.3	14.1	16.4	16.1	58.0	12.4	15.1	15.5	16.8	59.8	52.6
Net broadcast revenue	235.4	215.0	215.7	204.7	200.7	47.4	48.2	52.9	56.4	204.9	42.7	46.0	49.7	52.1	190.5	171.6
Digital	23.1	57.1	81.0	68.9	143.3	101.5	130.2	146.1	177.5	555.3	156.5	173.4	188.5	233.2	751.7	835.8
Total net revenue (core)	258.5	272.1	296.6	273.6	344.0	148.9	178.4	199.0	233.9	760.2	199.2	219.4	238.2	285.3	942.2	1,007.4
Revenue from spectrum usage rights		263.9	1.2	0.0	0.0					0.0					0.0	0.0
Total net revenue	258.5	536.0	297.8	273.6	344.0	148.9	178.4	199.0	233.9	760.2	199.2	219.4	238.2	285.3	942.2	1,007.4
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	128.6	142.9	159.0	195.8	626.2	691.0
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%	82.4%	84.3%	84.0%	83.3%	82.7%
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	128.6	142.9	159.0	195.8	626.2	691.0
Cost of revenue from spectrum usage rights (television)		12.340														
Total cost of revenue	9.5	45.3	45.1	36.8	106.9	84.8	109.0	124.3	148.4	466.5	128.6	142.9	159.0	195.8	626.2	691.0
Opex																
Television opex	83.6	81.7	84.3	84.4	80.9	19.9	19.5	20.1	21.8	81.4	19.3	19.5	19.8	20.1	78.7	70.8
Radio opex	65.4	63.3	59.4	56.7	41.8	9.7	9.9	9.8	10.7	40.0	9.6	10.3	10.5	10.1	40.4	37.6
Digital opex	11.2	23.4	33.1	32.3	30.6	10.9	12.0	13.2	15.5	51.6	19.8	19.5	16.5	21.1	76.9	83.4
Total opex (core)	160.2	168.4	176.8	173.4	153.3	40.4	41.4	43.1	48.1	173.0	48.7	49.2	46.8	51.3	196.0	191.9
Spectrum usage rights																
Total Opex	160.2	168.4	176.8	173.4	153.3	40.4	41.4	43.1	48.1	173.0	48.7	49.2	46.8	51.3	196.0	191.9
OCF																
Television OCF	75.9	66.3	67.4	65.2	73.6	\$16.2	\$14.5	\$16.3	\$18.4	65.4	\$11.0	\$11.4	\$14.4	\$15.2	52.0	48.1
TV OCF Margin	47.6%	44.8%	44.4%	43.6%	47.6%	44.9%	42.7%	44.7%	45.7%	44.6%	36.3%	37.0%	42.0%	43.0%	39.8%	40.4%
Incremental Margin	-566.3%	83.6%	30.3%	105.6%	173.4%					106.6%					83.4%	33.1%
Radio OCF	10.5	7.6	4.6	(1.7)	4.5	1.6	4.2	6.7	5.5	18.0	2.8	4.8	5.0	6.8	19.4	15.0
Radio OCF margin	13.8%	5.4%	7.1%	-3.1%	9.7%	14.4%	29.9%	40.5%	33.9%	31.0%	22.2%	31.8%	32.6%	40.2%	32.4%	28.5%
Incremental Margin	1189.2%	76.7%	-31.0%	70.1%	-70.4%					114.9%					77.0%	60.6%
Digital OCF	2.4	0.7	2.8	(0.1)	5.7	5.9	9.167	8.6	13.6	37.2	8.2	11.0	13.0	16.3	48.6	61.4
Digital OCF margin	10.2%	1.3%	3.4%	-0.2%	4.0%	5.8%	7.0%	5.9%	7.6%	6.7%	5.3%	6.3%	6.9%	7.0%	6.5%	7.3%
Incremental Margin	28.8%	-4.8%	8.5%	23.9%	7.9%					7.6%					5.8%	15.2%
Total OCF (core)	88.7	70.7	74.8	63.4	83.8	23.7	27.9	31.6	37.4	120.6	22.0	27.2	32.4	38.3	119.9	124.5
Margin	34.3%	26.0%	25.2%	23.2%	24.4%	15.9%	15.7%	15.9%	16.0%	15.9%	11.0%	12.4%	13.6%	13.4%	12.7%	12.4%
Incremental Margin	-114.5%	-132.9%	16.6%	49.1%		8.4%	16.7%	7.7%	-4.8%		-3.4%	-1.7%	2.2%	1.6%		
Spectrum sales	0.0	251.6	1.2	0.0	0.0	0.0	0.0	0.0	0.0	88.0	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	31.6	37.4	120.6	22.0	27.2	32.4	38.3	119.9	124.5
Incremental Margin	-114.5%	84.2%	103.4%	51.6%	24.4%	15.9%	15.7%	15.9%	16.0%	15.9%	-1.4%	-1.7%	2.2%	1.6%	12.7%	12.4%
Corporate Expense	24.5	27.9	26.9	28.1	27.8	7.2	7.3	7.3	11.2	33.0	7.9	7.8	7.5	10.9	34.2	35.2
GAAP EBITDA	64.2	294.4	49.1	35.4	56.0	16.6	20.6	24.3	26.2	87.6	14.1	19.4	24.9	27.3	85.7	89.3
Corporate non-cash comp	3.7	4.9	5.1	3.6	3.9	0.8	0.8	0.8	4.0	6.4	1.2	1.3	1.3	2.7	6.5	6.6
Opex adjustments to cash:																
Amortization of syndication contracts	(0.4)	(0.5)	(0.7)	(0.5)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.5)
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)	(0.1)	(0.5)	(0.5)
Non-cash comp in direct opex	1.3	1.2	0.7	2.3	1.2	0.3	0.3	0.3	2.3	3.2	0.8	0.9	0.8	0.8	3.3	3.4
Non-recurring cash severance			0.8	0.7	1.7	0.0	0.0	0.0	0.4	0.4						
EBITDA attributable to redeemable noncontrolling interest				3.4	2.8	2.8	4.3	2.0	0.0	9.1	0.0	0.0	0.0	0.0	0.0	0.0
Total opex (positive) adjustments to cash	(1.3)	(1.2)	(1.5)	(2.9)	0.5	2.5	3.9	1.7	(2.7)	5.5	(0.8)	(0.9)	(0.8)	(0.8)	(3.3)	(3.4)
Foreign currency (gain) loss	0.0	0.4	1.6	0.8	(1.1)	0.6	(0.3)	0.2	0.1	0.5	0.1	0.1	0.1	0.1	0.5	0.0
Total Adjusted EBITDA	69.2	300.1	54.0	41.2	60.4	14.2	17.8	23.2	32.9	88.0	16.0	21.5	26.9	30.7	95.0	99.3
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	23.2	32.9	88.0	16.0	21.5	26.9	30.7	95.0	99.3
Memo: adj. EBITDA (core) reported	69.2	50.6	54.0	41.2	60.4	14.2	17.8	23.2	32.9	88.0						
Model variance: adj. EBITDA	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	(0.0)	0.0						
Adj. EBITDA core margin	26.8%	18.6%	18.2%	15.1%	17.6%	9.5%	10.0%	11.7%	14.0%	11.6%	8.0%	9.8%	11.3%	10.8%	10.1%	9.9%
Incremental Margin	-161.7%	-137.3%	14.0%	55.6%	27.3%	5.3%	12.1%	5.0%	0.3%	6.6%	3.6%	9.0%	9.4%	-4.2%	3.8%	6.5%

Source: Industry Capital Research estimates and company data

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

ANNUAL PERCENTAGE CHANGE	2016A	2017E	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	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%	33.8%	23.0%	19.7%	22.0%	23.9%	6.9%
Net revenue (core) growth	1.7%	5.3%	9.0%	-7.8%	25.8%	131.7%	295.5%	216.0%	36.2%	121.0%	33.8%	23.0%	19.7%	22.0%	23.9%	6.9%
TV revenue growth	0.3%	-7.2%	2.5%	-1.4%	3.2%	-7.9%	26.3%	-3.5%	-20.3%	-4.9%	-16.0%	-9.3%	-6.2%	-12.3%	-11.0%	-9.0%
Radio revenue growth	-0.4%	-11.8%	-4.5%	-13.9%	-15.9%	-3.5%	NM	42.5%	-0.5%	25.4%	9.7%	6.9%	-5.7%	4.2%	3.1%	-12.0%
Digital revenue growth	22.5%	146.7%	41.8%	-14.9%	108.0%	661.2%	1045.0%	970.1%	69.1%	287.5%	54.3%	33.2%	29.0%	31.4%	35.4%	11.2%
Cost of revenue	31.7%	NM	36.7%	-18.5%	NM	NM	NM	NM	73.9%	NM	51.7%	31.1%	27.8%	31.9%	34.2%	10.3%
Direct expense	3.7%	-2.2%	3.1%	41.7%	-12.1%	-25.5%	-11.9%	-16.7%	-31.5%	-22.4%	-2.9%	-0.3%	-1.5%	-7.9%	-3.3%	-10.0%
SG&A	5.9%	NM	NM	-21.1%	-10.3%	-28.8%	-9.2%	-1.1%	NM	NM	-0.4%	4.0%	6.9%	32.9%	28.6%	7.4%
Opex	5.9%	NM	NM	-4.8%	23.8%	NM	NM	NM	49.7%	NM	41.6%	27.7%	22.9%	25.8%	28.6%	7.4%
Opex (core)	4.6%	5.1%	5.0%	-1.9%	-11.6%	0.4%	25.4%	26.6%	4.6%	12.9%	20.5%	18.8%	8.6%	6.7%	13.3%	-2.1%
TV opex	3.7%	-2.2%	3.1%	0.1%	-4.2%	-8.6%	10.0%	6.2%	-2.6%	0.6%	-2.9%	-0.3%	-1.5%	-7.9%	-3.3%	-10.0%
Radio opex	5.5%	-3.2%	-6.2%	-4.5%	-26.3%	-16.9%	8.2%	0.8%	-5.5%	-4.2%	-0.4%	4.0%	6.9%	-5.8%	1.0%	-7.0%
Digital opex	7.0%	107.8%	41.8%	-2.6%	-5.0%	58.1%	95.3%	145.0%	27.1%	68.5%	82.0%	62.0%	25.4%	35.7%	49.0%	8.6%
Total OCF (core)	-5.3%	-20.3%	5.8%	-15.2%	32.1%	42.6%	NM	49.5%	-7.4%	44.0%	-7.3%	-2.5%	2.7%	2.3%	-0.6%	3.8%
TV OCF	-3.2%	-12.6%	1.7%	-3.3%	12.8%	-7.1%	57.7%	-13.3%	-34.5%	-11.0%	-32.1%	-21.3%	-11.9%	-17.5%	-20.6%	-7.5%
Radio OCF	-26.3%	-65.4%	25.8%	NM	NM	NM	NM	NM	11.0%	NM	69.4%	13.6%	-24.2%	23.8%	7.8%	-22.4%
Digital OCF	NM	-68.5%	NM	NM	NM	NM	NM	NM	83.5%	NM	40.1%	20.0%	51.1%	20.4%	30.5%	26.3%
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	41.7%	0.6%	45.7%	12.6%	20.8%	15.8%	-6.6%	7.9%	4.5%
D & A	-4.0%	7.0%	-0.8%	2.3%	3.8%	14.9%	31.0%	50.0%	26.2%	29.7%	24.6%	27.3%	9.5%	3.2%	15.3%	1.3%
Operating income	-11.5%	NM	-88.5%	-36.9%	88.3%	81.4%	NM	39.4%	-18.7%	47.4%	-5.9%	10.9%	13.0%	2.4%	6.0%	-100.0%
Pretax income	-20.3%	NM	-91.7%	NM	NM	NM	NM	49.0%	-61.4%	NM	-37.2%	-20.7%	-11.1%	81.2%	-0.2%	2.4%
Net income pre-extra.	-20.5%	NM	-93.1%	NM	NM	NM	NM	34.5%	-81.0%	NM	-38.2%	-5.8%	-3.8%	NM	19.4%	2.4%
EPS, Continuing Operations	-20.7%	NM	-92.8%	NM	NM	NM	NM	27.3%	-83.3%	NM	-33.3%	-11.1%	-7.1%	NM	20.6%	4.9%
EPS - diluted	-21.4%	NM	-93.0%	NM	NM	NM	NM	29.3%	-81.5%	NM	-38.9%	-5.5%	-2.5%	NM	20.1%	3.7%
FCF/share	NM	-18.0%	-31.7%	-64.3%	NM	NM	NM	NM	6.1%	76.5%	-20.0%	28.6%	-4.0%	-17.1%	-7.8%	6.0%
EPS shares - Diluted	1.1%	0.6%	-1.7%	-4.5%	-2.3%	3.2%	3.7%	4.1%	3.0%	4.4%	1.1%	-0.3%	-1.3%	-2.0%	-0.6%	-1.3%

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	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
Revenue:																
Television	\$159.5	\$148.1	\$151.7	\$149.7	\$154.5	\$36.1	\$34.1	\$36.5	\$40.2	\$146.8	\$30.3	\$30.9	\$34.2	\$35.3	\$130.7	\$118.9
Radio	75.8	66.9	63.9	55.0	46.3	11.3	14.1	16.4	16.1	58.0	12.4	15.1	15.5	16.8	59.8	52.6
Digital	23.1	57.1	81.0	68.9	143.3	101.5	130.2	146.1	177.5	555.3	156.5	173.4	188.5	233.2	751.7	835.8
Revenue	258.5	272.1	296.6	273.6	344.0	148.9	178.4	199.0	233.9	760.2	199.2	219.4	238.2	285.3	942.2	1,007.4
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	128.6	142.9	159.0	195.8	626.2	691.0
Cost of revenue	9.5	33.0	45.1	36.8	106.9	84.8	109.0	124.3	148.4	466.5	128.6	142.9	159.0	195.8	626.2	691.0
Opex:																
Television	83.6	81.7	84.3	84.4	80.9	19.9	19.5	20.1	21.8	81.4	19.3	19.5	19.8	20.1	78.7	70.8
Radio	65.4	63.3	59.4	56.7	41.8	9.7	9.9	9.8	10.7	40.0	9.6	10.3	10.5	10.1	40.4	37.6
Digital	11.2	23.4	33.1	32.3	30.6	10.9	12.0	13.2	15.5	51.6	19.8	19.5	16.5	21.1	76.9	83.4
Opex	160.2	168.4	176.8	173.4	153.3	40.4	41.4	43.1	48.1	173.0	48.7	49.2	46.8	51.3	196.0	191.9
OCF:																
Television	75.9	66.3	67.4	65.2	73.6	16.2	14.5	16.3	18.4	65.4	11.0	11.4	14.4	15.2	52.0	48.1
Radio	10.5	3.6	4.6	(1.7)	4.5	1.6	4.2	6.7	5.5	18.0	2.8	4.8	5.0	6.8	19.4	15.0
Digital	2.4	0.7	2.8	(0.1)	5.7	5.9	9.2	8.6	13.6	37.2	8.2	11.0	13.0	16.3	48.6	61.4
OCF	88.7	70.7	74.8	63.4	83.8	23.7	27.9	31.6	37.4	120.6	22.0	27.2	32.4	38.3	119.9	124.5
PRO FORMA	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
Revenue:																
Television	159.5	148.1	151.7	149.7	155.3	36.1	34.1	36.5	38.0	144.6	30.3	30.9	34.2	35.3	130.7	118.9
Radio	75.8	66.9	63.9	55.0	46.3	11.3	14.1	16.4	15.2	57.1	12.4	15.1	15.5	16.8	59.8	52.6
Digital			92.1	228.3	315.9	109.5	140.1	146.1	177.5	573.2	156.5	173.4	188.5	233.2	751.7	835.8
Revenue	273.7	281.7	307.8	433.0	517.4	156.9	188.3	199.0	230.8	775.0	199.2	219.4	238.2	285.3	942.2	1,007.4
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	91.0	116.0	124.3	148.4	479.7	128.6	142.9	159.0	195.8	626.2	691.0
Cost of revenue	9.5	33.0	45.1	173.0	253.2	91.0	116.0	124.3	148.4	479.7	128.6	142.9	159.0	195.8	626.2	691.0
Opex:																
Television	83.6	81.7	84.3	84.4	80.9	19.9	19.5	20.1	21.1	80.6	19.3	19.5	19.8	20.1	78.7	70.8
Radio	65.4	63.3	59.4	56.7	41.8	9.7	9.9	9.8	10.2	39.5	9.6	10.3	10.5	10.1	40.4	37.6
Digital			43.9	45.5	45.4	12.4	14.7	13.2	15.5	55.8	19.8	19.5	16.5	21.1	76.9	83.4
Opex	160.2	168.4	187.6	186.6	168.1	42.0	44.1	43.1	46.8	176.0	48.7	49.2	46.8	51.3	196.0	191.9
OCF:																
Television	75.9	66.3	67.4	65.2	74.4	16.2	14.5	16.3	17.0	64.0	11.0	11.4	14.4	15.2	52.0	48.1
Radio	10.5	3.6	4.6	(1.7)	4.5	1.6	4.2	6.7	5.0	17.6	2.8	4.8	5.0	6.8	19.4	15.0
Digital	17.5	10.4	3.2	9.8	17.3	6.1	9.5	8.6	13.6	37.7	8.2	11.0	13.0	16.3	48.6	61.4
OCF	103.9	80.3	75.2	73.4	96.1	23.9	28.2	31.6	35.6	119.3	22.0	27.2	32.4	38.3	119.9	124.5
CONSOLIDATED PRO FORMA	2016A	2017A	2018A	2019A	2020A	1Q21	2Q21	3Q21	4Q21	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E
Revenue	273.7	281.7	307.8	433.0	517.4	156.9	188.3	199.0	230.8	775.0	199.2	219.4	238.2	285.3	942.2	1,007.4
Growth	7.7%	2.9%	9.3%	40.7%	19.5%	45.8%	106.3%	60.3%	18.7%	49.8%	27.0%	16.5%	19.7%	23.7%	21.6%	6.9%
Cost of Revenue	9.5	33.0	45.1	173.0	253.2	91.0	116.0	124.3	148.4	479.7	128.6	142.9	159.0	195.8	626.2	691.0
Growth	31.7%	246.0%	36.7%	283.6%	46.4%	101.6%	152.8%	106.6%	45.4%	89.4%	41.3%	23.3%	27.8%	31.9%	30.6%	10.3%
Opex	160.2	168.4	187.6	186.6	168.1	42.0	44.1	43.1	46.8	176.0	48.7	49.2	46.8	51.3	196.0	191.9
Growth	4.6%	5.1%	11.4%	-0.5%	-9.9%	-5.3%	18.5%	11.0%	-1.8%	4.7%	16.0%	11.6%	8.6%	9.6%	11.4%	-2.1%
OCF	103.9	80.3	75.2	73.4	96.1	23.9	28.2	31.6	35.6	119.3	22.0	27.2	32.4	38.3	119.9	124.5
Growth	2.9%	-22.7%	-6.4%	-2.4%	31.0%	31.8%	244.8%	25.7%	-20.4%	24.1%	-8.2%	-3.5%	2.7%	7.6%	0.5%	3.8%
Corporate	20.8	23.1	21.8	24.4	23.9	6.4	6.5	6.5	7.2	26.6	6.7	6.5	6.2	8.3	27.7	28.6
Growth	8.5%	10.8%	-5.5%	12.0%	-2.0%	3.6%	39.7%	15.3%	-3.2%	11.3%	4.3%	-0.7%	-3.6%	14.9%	4.0%	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)	0.7	0.7	0.7	0.7	2.8	3.4
EBITDA	84.4	60.2	54.4	51.2	72.8	14.4	18.1	23.2	31.0	86.7	16.0	21.5	26.9	30.7	95.0	99.3
Growth	3.2%	-28.7%	-9.6%	-6.0%	42.2%	39.0%	322.5%	13.9%	-16.0%	19.2%	10.8%	18.8%	15.8%	-1.0%	9.6%	4.5%

Source: Industry Capital Research estimates and company data

Figure 16: DCF Analysis Supports \$8.50 12-Month Price Target Within \$7-9.50 Range

Entravision DCF analysis			
\$ in millions except per share amounts			
	Current	YE 2022	YE 2023
Firm Value	897	905	904
(-) Total Net Debt	205	133	57
(+) NOLs/Tax Assets	40	40	40
(-) Options (Claims on Entravision)	(3.8)	(3.8)	(3.8)
Common Equity Value	726.9	808.2	883.1
Shares Outstanding	88.3	88.3	88.3
Current Share Price	\$6.40	\$6.40	\$6.40
Value Per Share	\$8.23	\$9.15	\$10.00
12-month	\$9.50		
12-month (SoTP)	\$7.00		

ASSUMPTIONS	
Risk Free Rate	1.7%
Equity Premium	5.4%
Assumed LT Growth Rate (g)	0%
MV of Equity Calculation	
Share Price	\$6.40
Outstanding Shares	88.3
MV of Equity	565.2
Estimate MV of Debt Calculation	
Interest Expense	6.9
Current Cost of Debt	5.00%
Wgtd Avg Maturity of Debt	
BV of Debt	205.4
Estimate MV of Debt	205.4

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
Discounted Cash Flow											
EBITDA	54.0	41.2	60.4	88.0	95.0	99.3	127.1	122.0	136.8	130.2	
EBIT	37.8	24.6	43.1	65.6	69.2	73.1	93.4	86.2	98.5	91.1	94.8
Less Cash Taxes		(11.3)	(7.4)	(12.9)	(19.7)	(20.8)	(21.9)	(25.9)	(29.5)	(27.3)	(33.2)
Plus D&A	16.3	16.6	17.3	22.4	25.8	26.2	33.7	35.7	38.3	39.1	39.1
Less Cap Ex		(17.0)	(25.3)	(9.1)	(5.8)	(12.5)	(11.1)	(11.7)	(12.3)	(12.9)	(13.5)
Less Increase in WC		(9.4)	(8.7)	8.7	(13.0)	(9.3)	(3.3)	(3.5)	(4.4)	(2.0)	(3.2)
Free Cash Flow to Firm	16.3	(0.1)	47.1	49.5	52.5	62.9	83.9	80.4	90.0	87.4	58.5
Tax Rate		30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%
Net Debt		205									
Leverage Mult.		3.4x									
D/Equity		36%									
D/EV		27%									
E/EV		73%									
Unlevered Beta		0.94									
Levered Beta		1.16									
D/Equity (long-term target)		33%									
Cost of Debt (AT)		3.5%									
Cost of Equity		7.9%									
WACC		6.8%	7%	7%	7%	7%	7%	7%	7%	7%	
PV of CF					49.1	55.1	68.8	61.7	64.7	58.8	
						58.9	73.5	65.9	69.1	62.8	
							78.6	70.4	73.8	67.1	
Sum of PV	358.1	330.2	289.8								855.3
PV of Terminal Value	538.5	575.3	614.6								6x EBITDA
NPV of all CF	896.6	905.4	904.4								

Source: Industry Capital Research estimates and company data

Figure 17: DCF Analysis Allocates ~80% of firm value to digital media business

Entravision DCF analysis - Digital			
\$ in millions except per share amounts			
	Current	YE 2022	YE 2023
Firm Value	496	517	525
(-) Total Net Debt	-	-	-
(+) NOLs			
(-) Options (Claims on Entravision)			
Common Equity Value	496.0	517.4	525.3
Shares Outstanding	88.3	88.3	88.3
Current Share Price	\$6.40	\$6.40	\$6.40
Value Per Share	\$5.62	\$5.86	\$5.95
12-month	\$6.00		
Minority Interest	1		

ASSUMPTIONS												
		CAGRs										
		2018-22	2020-24	2022-26	2025-26							
Risk Free Rate	1.7%											
Equity Premium	5.4%											
Assumed LT Growth Rate (g)	1%											
MV of Equity Calculation		EBITDA	105%	138%	19%	11%						
Share Price	\$6.40	FCF to Firm	94%	139%	26%	10%						
Outstanding Shares	88.3											
MV of Equity	565.2											
Estimate MV of Debt Calculation												
Interest Expense	6.9											
Current Cost of Debt	5.00%											
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	28.1	48.6	61.4	74.5	87.2	96.4	101.9	
EBIT	2.8	(0.1)	2.3	23.0	39.7	50.1	60.8	71.2	78.8	83.2	75.8
Less Cash Taxes		(0.8)	0.0	(0.7)	(6.9)	(11.9)	(15.0)	(18.3)	(21.4)	(23.6)	(26.5)
Plus D&A				5.1	8.9	11.2	13.6	15.9	17.6	18.6	15.9
Less Cap Ex											(15.9)
Less Increase in WC				(13.0)	(9.3)	(3.3)	(3.5)	(3.5)	(4.4)	(2.0)	(4.0)
Free Cash Flow to Firm	1.9	(0.1)	1.6	8.2	27.4	43.0	52.7	62.3	68.4	74.9	45.3
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	1.51										
Levered Beta	1.5										
D/Equity (projected long term)	0.0%										
Cost of Debt (AT)	3.5%										
Cost of Equity	9.8%										
WACC	9.8%		10%	10%	10%	10%	10%	10%	10%	10%	
PV of CF					24.9	35.6	39.8	42.8	42.8	42.7	
						39.1	43.7	47.0	47.0	46.9	
							48.0	51.7	51.6	51.5	
Sum of PV	228.7	223.8	202.8								515.4
PV of Terminal Value	267.4	293.6	322.5								5x EBITDA
NPV of all CF	496.0	517.4	525.3								

Source: Industry Capital Research estimates and company data

Figure 18: DCF Analysis allocates ~20% of firm value to broadcast media business

Entravision DCF analysis - Broadcasting			
\$ in millions except per share amounts			
	Current	YE 2022	YE 2023
Firm Value	179	168	161
(-) Total Net Debt	205	133	57
(+) NOLs	40	40	40
(-) Options (Claims on Entravision)	(3.8)	(3.8)	(3.8)
Common Equity Value	9.6	70.6	139.4
Shares Outstanding	88.3	88.3	88.3
Current Share Price	\$6.40	\$6.40	\$6.40
Value Per Share	\$0.11	\$0.80	\$1.58
12-month	\$1.00		

ASSUMPTIONS		CAGRs			
		2018-22	2020-24	2022-26	2025-26
Risk Free Rate	1.7%				
Equity Premium	5.4%				
Assumed LT Growth Rate (g)	-1%				
MV of Equity Calculation					
Share Price	\$6.40				
Outstanding Shares	88.3				
MV of Equity	565.2				
Estimate MV of Debt Calculation					
Interest Expense	6.9				
Current Cost of Debt	5.00%				
Wgtd Avg Maturity of Debt					
BV of Debt	205.4				
Estimate MV of Debt	205.4				

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Terminal
Discounted Cash Flow											
EBITDA	51.3	41.3	58.1	59.9	46.5	37.9	52.6	34.8	40.4	28.4	
EBIT	35.0	24.7	40.8	42.7	29.5	22.9	32.6	15.0	19.7	7.9	17.2
Less Cash Taxes	(10.5)	(7.4)	(12.2)	(12.8)	(8.8)	(6.9)	(9.8)	(4.5)	(5.9)	(2.4)	(6.0)
Plus D&A	16.3	16.6	17.3	17.3	17.0	15.0	20.1	19.8	20.7	20.5	19.8
Less Cap Ex	(17.0)	(25.3)	(9.1)	(5.8)	(12.5)	(11.1)	(11.7)	(12.3)	(12.9)	(13.5)	(19.8)
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)	45.5	41.3	25.1	19.9	31.2	18.0	21.6	12.5	11.2
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		205									
Leverage Mult.		3.5x									
D/Equity		36%									
D/EV		27%									
E/EV		73%									
Unlevered Beta		1.1									
Levered Beta		1.4									
D/Equity (long-term target)		33%									
Cost of Debt (AT)		3.5%									
Cost of Equity		9.0%									
WACC		7.6%	8%	8%	8%	8%	8%	8%	8%	8%	
PV of CF					23.3	17.2	25.0	13.4	14.9	8.0	
						18.5	26.9	14.5	16.1	8.6	
							29.0	15.6	17.3	9.3	
Sum of PV	101.9	84.6	71.2								129.5
PV of Terminal Value	77.4	83.3	89.6								3x EBITDA
NPV of all CF	179.3	167.9	160.8								

Source: Industry Capital Research estimates and company data

Entravision Communications Corporation (EVC)

APPENDIX

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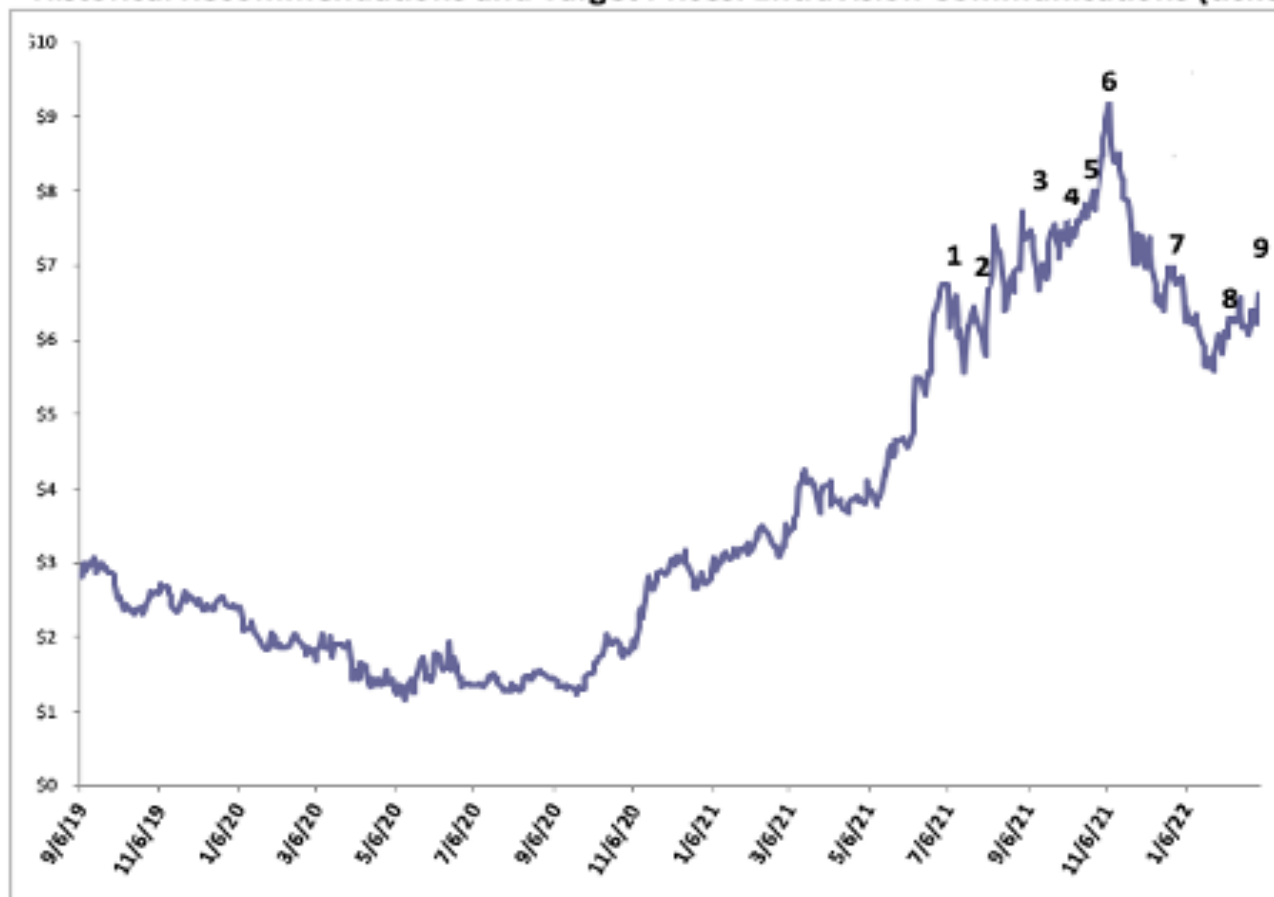
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The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters, 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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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
7	12/20/21	Reaffirmed Buy @ \$6.40, Target Price \$10.00
8	2/2/22	Reaffirmed Buy @ \$5.87, Target Price \$8.00
9	3/1/22	Reaffirmed Buy @ \$6.40, Target Price \$8.00

Ratings Definitions

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

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

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

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

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