

Entravision Communications Corporation (EVC)

Upcoming Loss of META Business Resets Digital Outlook and Valuation; PT to \$1.50; Hold

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Focusing on the essentials of a changing situation, our valuation range goes to \$1.00-\$2.00, and our rating stays Hold, reflecting in part price indications in the aftermarket. We revise our valuation based primarily on an assessment of the META wind down as of 7/1/24 announced with the earnings release, as part of META's terminating its authorized sales partner program globally, while tabling our risk scenarios. EVC disclosed that its META representation accounted for an estimated \$586.4m of revenue and \$23.8m of EBITDA in 2023. With the earnings release, EVC announced cancellation of its earnings call, and thus our updated outlook and estimates are without this management color.

Although resources are likely to be re-allocated, we assume that EVC remains committed to its digital media business. We estimate that EVC's digital business excluding the META representation generates over 50% of digital segment OCF. See Fig. 4. The primary components here are the legacy business, principally Smadex and mobile growth, EVC Asia (whose only META market is Mongolia), Adsmurai, and BCNMonetize. The geographic mix of the digital businesses not representing META skews to Europe and Asia (including India and Pakistan). The strategic flexibility afforded by EVC's low leverage and ample liquidity could prove particularly valuable during any transition; at year-end, total and net leverage were 2.8x and 1.6x, respectively, and EVC had \$118.9m in cash and marketable securities.

Our 2024 adjusted EBITDA estimate goes to \$73.1m from \$104.2m, primarily reflecting the estimated impact of the loss of revenue and OCF from META representation. Our 2024E digital OCF margin goes to 5.3% from 6.0%, and our digital OCF to \$37.0m from \$63.5m. See Fig. 9. Our 2024E TV and radio broadcast combined OCF estimate goes to \$65.9m from \$69.2m, on slightly higher opex to reflect recent TV news initiatives, while our estimate for total 2024 political revenue remains \$34m. See Fig. 2-3 for a summary of our estimate changes. Our updated price target reflects our new estimates, a base case DCF with updated macro inputs for interest rates and equity risk premium, and the estimated impact of the termination of the commercial representation business for META by 7/1/24. See Fig. 5 & 12.

4Q recap: adj. EBITDA of \$16.2m (5.1% margin) missed our \$20.8m (6.7% margin) estimate, and higher consensus. See Fig. 2. Reported revenue growth was +19% for digital, -32% for TV and -31% for radio, vs. prior pacing of +15%/-32%/-30%. Although broadcast OCF was slightly (\$1.2m) below our estimates, digital OCF missed by more (\$2.0m), reflecting a shift in mix of digital business to lower-margin sources, as digital segment revenue actually beat our estimate. Reported digital/TV/radio OCF margins at 4.1%/32.5%/26.5% were below our 5.0%/35.2%/28.1% estimates. EPS was a loss of \$0.21, vs. our breakeven estimate, reflecting the operating miss as well as a \$12.3m impairment charge.

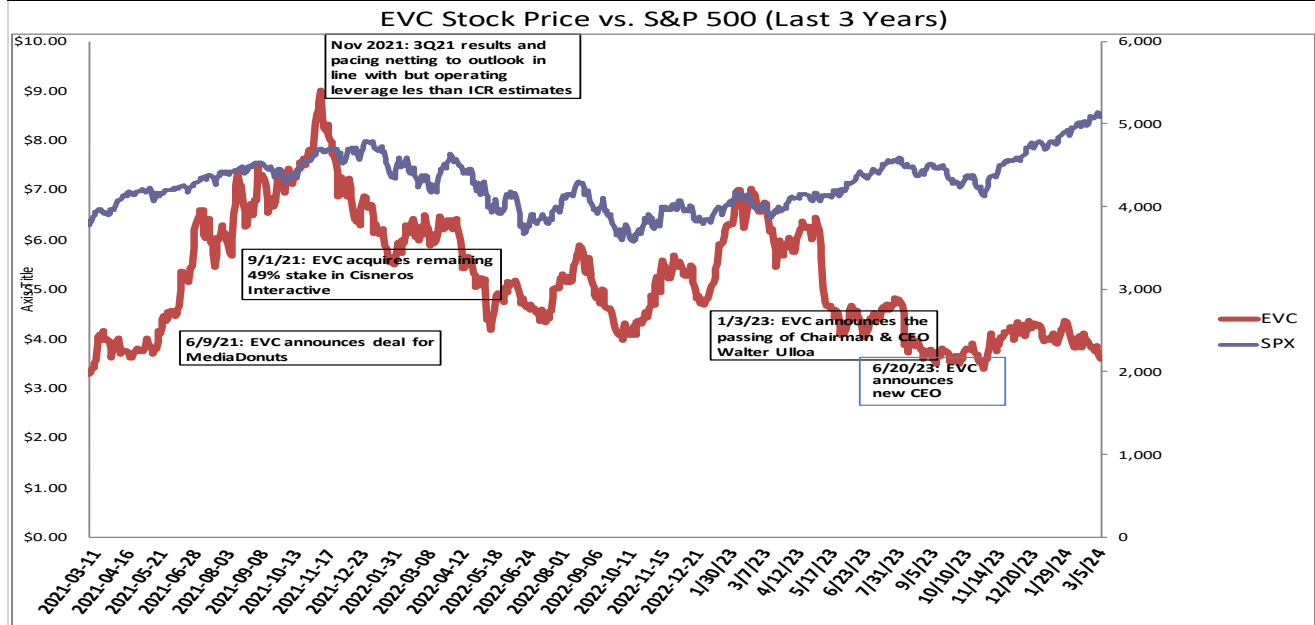
Our price target goes to \$1.50; risks on page 3. Our PT is supported by a DCF valuation based on financial forecasts through 2029. See Fig. 5 & 12.

HOLD			
Price at 3/5/24 (USD)			3.57
Price Target			1.50
52-week range			3.35 - 6.77
Performance (%)	1m	3m	12m
Absolute	-6	-13	-47
S&P 500	3	11	25
Market Cap (USDm)			323.8
Shares outstanding (m)			90.7
Float (%)			89
Average volume			250,542
S&P 500			5,078.7
Forecasts and ratios			
Year ended 12/31	2022A	2023A	2024E
1Q EPS (USD)	0.02	0.02	-0.06
2Q EPS (USD)	0.10	-0.02	-0.02
3Q EPS (USD)	0.11	0.03	0.05
4Q EPS (USD)	-0.02	-0.21	0.15
FY EPS (USD)	0.21	-0.06	0.13
% Change	-38%	-129%	NM
P/E (x)	17.3	NM	28.3
EV/EBITDA (x)	4.6	8.3	6.5
Revenue (USDm)	956.2	1,106.9	902.1
% Change	26%	16%	-18%

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Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

		(in millions, except unit data) 12-month price target: \$1.50	
ENTERPRISE VALUE		COMPANY CHARACTERISTICS AND INVESTMENT THESIS	
Price per share	\$3.57	Company description	Entravision operates a digital media business serving the U.S. and roughly 40 international markets, and a broadcast business targeting U.S. Hispanics with 49 TV stations (mostly Univision network affiliates) in 14 of the top-50 U.S. Hispanic markets, and 45 radio stations (37 FM and 8 AM) as well as a radio network with distribution to over 100 U.S. markets together covering 31% of the U.S. Hispanic population. The company's 2022 revenue by segment was 78% from digital, 15% from TV, and 7% from audio. TelevisaUnivision owns ~11% of Entravision's stock. On August 2, 2000, Entravision completed an initial public offering at \$16.50 per share of its Class A common stock, which is listed on the NYSE under the symbol "EVC."
Diluted shares outstanding	90.7	Strategy	Expand digital media operations into fast-growing markets outside the U.S. and manage for free cash flow and asset value its TV-driven broadcast platforms in U.S. Hispanic markets.
Equity market capitalization	324	Est. acquisition capacity	\$100
+Pro forma net debt	163	Management	After the untimely death of former Chairman and CEO Walter Ulloa last December, Michael Christenson joined EVC from outside the company to become CEO effective July 1, 2023. Jeffrey Liberman is President and COO (since 2017 and with EVC since 2000). Christopher Young is CFO (as which he has served since 2008, having been with EVC since 2000).
-Hidden value	9	Positives	* Experience in expanding distribution in smaller, faster-growing ad markets , both in U.S. and internationally
=Pro forma EV	\$479	Risks	* Low debt leverage and high free cash flow support returns of capital and strategic resilience * Higher post-pandemic broadcast margins * Most of its TV stations are affiliated with leading U.S. Spanish language network Univision * Secular growth in U.S. political advertising spending * Management succession and corporate control , especially given loss of management voting control triggered by death of prior CEO * Volatility of international media business, reflecting early stage and potential competition * Impact of sudden advertising declines on cash flow (e.g., in 2009 and 2020) * Competition with TelevisaUnivision's expanding direct to consumer business * TelevisaUnivision relationship (network affiliations and ownership stake) may limit strategic flexibility
OPERATING PROJECTIONS		Valuation	Attributing most of firm value to digital media business
Pro forma net revenue		Recent events	March 2024 - META informed the company that it would wind down the company's representation of META business by July 1 - June 2023 - appointment of new CEO effective July 1. December 2022 - death of co-founder, CEO & Chairman Walter Ulloa. September 2021 - acquired remaining 49% interest in Cisneros Interactive for \$84 million. July 2021 - announced acquisition of MediaDonuts AsiaPac digital media business for \$36 million. October 2020 - acquired 51% stake in Cisneros Interactive for \$29 million.
2024	\$902	Upcoming potential catalysts	Digital strategy review in light of META developments - Risk from macroeconomic slowdown to advertising-based revenue, both in U.S. and internationally - Advertising in upcoming U.S. election cycle - Changes in capital return/allocation with new senior management
2023	1,107		
% Chg	-18.5%		
Pro forma EBITDA			
2024	\$73		
2023	58		
% Chg	26.8%		
Pro forma EBITDA margin			
2024	8.1%		
2023	5.2%		
Free cash flow per share			
2024	\$0.47		
2023	\$0.08		
% Chg	487.5%		
Est. 3-5 yr FCF Growth rate	7%		
VALUATION AND LEVERAGE			
Pro forma EV/EBITDA			
2024	6.5x		
2023	8.3x		
Price / Free cash flow per share			
2024	7.6x		
2023	44.6x		
Pro forma net debt / EBITDA			
2024	2.2x		
2023	2.8x		
Dividend yield			
2024	5.6%		
2023	5.6%		



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

Investment Thesis and Valuation: Hold With \$1.50 Price Target

We rate Hold the shares of EVC. Despite 1) the higher growth of EVC's digital media assets, whose mix of businesses and extensive international presence provide EVC with a range of potential partners and advertisers as well as strategic options, and 2) a reduced operating risk profile for EVC's overall business because of the stability of TV retransmission revenue (35% of 2022E EBITDA), secular growth of political advertising revenue (31% of 2022E EBITDA), pro forma net debt leverage under 2x, and potential monetization from future spectrum auctions (as in 2017), EVC shares nevertheless face 4) challenges from EVC's digital businesses' being more difficult for investors to assess, given their dependence on a small number of commercial relationships with media tech platforms, increasing focus on emerging markets, and changes in competition, 5) pressure on operating cash flow margins, and 6) secular challenges and potentially increasing competition from TelevisaUnivision for EVC's broadcast media business. Our DCF valuation supports stock price performance over the next 12 months consistent with a Hold rating.

Our DCF-based 12-month price target is a weighted average of projected equity valuations at year-end 2024 and 2025, assuming a base case forecast with 2024/25 adjusted EBITDA of \$73m/\$49m. In structuring our DCF, first we adjust the current net debt for the value of any estimated payments remaining on the acquisitions (e.g., earnouts) and noncontrolling interest. Second, we adjust the current net debt by the estimated free cash flow to be generated by each valuation date. Finally, we value EVC both using a weighted average cost of capital (WACC) reflecting its own stock price trading and using separate WACCs for its broadcast and digital media businesses based on sector comparables, applied to separate free cash flow forecasts for each of these businesses. The results of these two methods set the range for our valuation. Note that in our DCF, for our terminal value estimates, we assume that capex equals D&A, which results in a substantially higher capex estimate than in our financial statement forecasts because capex should be like D&A for a terminal value forecast, to support the need for an asset base in perpetuity.

Risks to our investment thesis include: 1) impact of new CEO and change in voting control on company's strategy and pursuit of potential longer-term options, including sale of all or a portion of the company, 2) sensitivity of EVC's advertising-based businesses to macroeconomic flux, 3) volatility of EVC's digital media business, and 4) impact of changes in overall market sentiment on the valuation of EVC's fast-growing, less mature digital advertising businesses.

Figure 2: 4Q EBITDA missed on margin reflecting lower-margin digital revenue mix; our 1Q estimates reflect higher TV opex for news initiatives

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
4Q23									
As Reported									
Revenue	\$239.0	\$310.5	\$9.6	\$320.1	29.9%	4.0%	33.9%	309.0	3.6%
Op Expense	226.0	289.7	14.1	303.8	28.2%	6.2%	34.4%		
Adjusted EBITDA	13.0	20.8	(4.5)	16.2	59.9%	-35.0%	25.0%	26.0	-37.5%
Margin	5.4%	6.7%	-1.6%	5.1%				8.4%	-3.3%
Pro Forma EPS	\$0.02	\$0.00	(\$-0.21)	(\$0.21)	-100.0%	NM	NM	\$0.07	NM
FCF/sh (core)	\$0.04	\$0.19	(\$-0.21)	(\$0.02)	375.0%	-525.0%	-150.0%		
	Estimates				YoY %CHG			ICR vs	
	Last Yr	Prior	Chg	Current	Prior	Chg	Current	Consensus	Consensus
1Q24E									
As Reported									
Revenue	239.0	265.4	(\$4.1)	261.3	11.0%	-1.7%	9.3%	262.0	-0.3%
Op Expense	226.0	248.6	3.5	252.2	10.0%	1.6%	11.6%		
Adjusted EBITDA	13.0	16.7	(7.6)	9.1	28.7%	-58.4%	-29.7%	16.0	-42.9%
Margin	5.4%	6.3%	-2.8%	3.5%				6.1%	-2.6%
Pro Forma EPS	\$0.02	\$0.03	(\$-0.09)	(\$0.06)	50.0%	NM	NM	\$0.01	NM
FCF/sh (core)	\$0.04	\$0.11	(\$-0.05)	\$0.06	175.0%	-125.0%	50.0%		
* pro forma reflects announced acquisitions and dispositions									
Source: Company reports, FactSet, Industry Capital Research estimates									

Figure 3: Our 2024 EBITDA estimate cut primarily reflects impact of META wind down by July 1

Entravision Communications (NYSE: EVC)									
Summary of Annual Estimates									
In millions, except per share data									
	Last Yr	Estimates		YoY %CHG			ICR vs		
		Prior	Chg	Current	Prior	Chg	Current	Consensus	Consensus
2023E									
As Reported									
Revenue	956.2	1,097.2	9.7	1,106.9	14.7%	1.0%	15.8%	1,095	1.1%
Op expense	853.2	1,035.0	14.2	1,049.2	21.3%	1.7%	23.0%		
Adjusted EBITDA	103.1	62.2	(4.5)	57.6	-39.7%	-4.4%	-44.1%	65.0	-11.3%
Margin	10.8%	5.7%	-0.5%	5.2%				5.9%	-0.7%
EPS	\$0.21	\$0.03	(\$0.09)	(\$0.06)	-86.7%	-42.6%	-129.3%	\$0.10	-160.4%
Cash FCF/sh	\$0.72	\$0.29	(\$0.21)	\$0.08	-59.7%	-29.2%	-88.9%		
2024E									
As Reported									
Revenue	1,106.9	1,252.9	(350.8)	902.1	13.2%	-31.7%	-18.5%	1,242	-27.4%
Op expense	1,049.2	1,148.7	(319.7)	829.0	9.5%	-30.5%	-21.0%		
Adjusted EBITDA	57.6	104.2	(31.1)	73.1	80.8%	-54.0%	26.8%	91.0	-19.7%
Margin	5.2%	8.3%	-0.2%	8.1%				7.3%	0.8%
EPS	(\$0.06)	\$0.29	(\$0.16)	\$0.13	-575.8%	NM	NM	\$0.30	-57.9%
Cash FCF/sh	\$0.08	\$0.72	(\$0.25)	\$0.47	800.0%		NM		

Source: Company reports, FactSet, Industry Capital Research estimates

Figure 4: We estimate that digital businesses not involving representation of META accounted for over 50% of 2023 segment OCF

EVC digital segment, other than META representation			
(\$ in millions)	2023E	2024E	2025E
Legacy revenue	110.7	126.2	138.1
Legacy OCF	8.9	9.7	11.1
Entravision Asia revenue	114.0	131.4	155.6
Entravision Asia OCF	4.7	7.8	9.1
Adsmurai revenue	81.8	88.9	102.2
Adsmurai OCF	4.0	5.6	7.4
BCNMonetize revenue	14.0	16.8	18.5
BCNMonetize OCF	4.7	4.8	5.5
Jack of Digital revenue	5.7	9.0	10.4
Jack of Digital OCF	0.2	1.4	1.7
Subtotal rev	326.3	372.3	424.8
Subtotal OCF	22.5	29.3	34.6
Digital revenue	932.7	701.3	441.7
Digital OCF	36.5	37.0	35.4
<u>Subtotal as % of Digital segment ...</u>			
Revenue	35%	53%	96%
OCF	62%	79%	98%

Source: Company data and Industry Capital Research estimates

Note: Legacy digital is EVC's digital segment excluding acquisitions since 2020.

Figure 5: Our discounted cash flow valuation range goes to ~\$1.00-\$2.00 per share, assuming impact of META changes at mid-year 2024

Entravision Communications															
Summary of Changes to Forecast and Valuation															
CAGRs	2023		DCF Valuation		EBITDA CAGRs						Risk Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-B
	Rev	EBITDA	Low	High	2019-23	2021-25	2022-26	2023-27	2024-28	2025-29					
Prior	1,097.2	62.2	\$4.50	\$4.50	12%	3%	5%	13%	13%	2%	3.9%	4.5%	9.1%	10.6%	7.2%
Current	1,106.9	57.6	\$2.00	\$1.00	10%	-12%	-9%	-4%	-4%	-1%	4.2%	4.2%	9.0%	10.5%	7.2%
Delta	9.7	-4.5	(\$2.50)	(\$3.50)	-2.2%	-15.5%	-13.4%	-16.9%	-16.9%	-2.9%	0.3%	-0.3%	-0.1%	-0.1%	0.0%
Memo:															
Digital OCF					NM	-1%	-5%	5%	6%	8%					

Source: Company data and Industry Capital Research estimates

Figure 6: Broadcast revenue drivers—Television segment

In millions	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23	2Q23	3Q23	4Q23	2023A	2024E
TELEVISION SEGMENT													
Television PF Rev Growth	3.2%	-6.9%	-16.0%	-6.0%	-3.4%	14.7%	-1.2%	-1.8%	-1.8%	-1.8%	-32.2%	-11.5%	11.1%
Reported TV revenue	\$154.5	\$146.8	\$30.9	\$32.4	\$35.7	\$45.8	\$144.7	\$30.3	\$29.9	\$29.6	\$31.1	\$120.9	\$142.7
Growth	3.2%	-4.9%	-14.5%	-4.9%	-2.1%	13.8%	-1.4%	-1.8%	-7.5%	-17.2%	-32.0%	-16.4%	18.0%
TV non-recurring items:													
TV Political/Census	22.6	0.8	1.3	2.8	6.4	14.8	25.2	0.0	0.0	0.0	0.1	0.2	27.6
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	22.6	0.8	1.3	2.8	6.4	14.8	25.2	0.0	0.0	0.0	0.1	0.2	27.6
TV revenue ex political	131.9	146.1	29.6	29.6	29.3	31.1	119.5	30.3	29.9	29.6	31.0	120.8	115.1
Growth ex Political	-11.7%	10.7%	-18.1%	-13.1%	-18.9%	-22.1%	-18.2%	2.5%	1.1%	0.9%	-0.1%	1.1%	-4.7%
Retransmission Consent	36.8	37.0	9.2	9.0	8.9	8.9	36.0	9.6	9.3	8.9	8.7	36.5	37.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Retrans	36.8	37.0	9.2	9.0	8.9	8.9	36.0	9.6	9.3	8.9	8.7	36.5	37.0
TV revenue ex Retrans	117.7	109.9	21.7	23.3	26.8	36.9	108.7	20.7	20.6	20.7	22.5	84.4	105.7
Growth ex Retrans	3.0%	-6.6%	-18.2%	-5.7%	-2.1%	18.0%	-1.1%	-4.5%	-11.6%	-22.8%	-39.2%	-22.3%	25.1%
TV World Cup/Other Soccer	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TV revenue ex WC	154.5	144.8	30.9	32.4	35.7	45.8	144.7	30.3	29.9	29.6	31.1	120.9	142.7
Growth ex WC	3.2%	-6.2%	-14.5%	-3.5%	2.1%	13.8%	-0.1%	-1.8%	-7.5%	-17.2%	-32.0%	-16.4%	18.0%
TV Acquisitions/Dispositions (inc. Affiliations)	(9.4)	(9.8)	(6.5)	(6.1)	(7.2)	(7.4)	(27.1)	(6.4)	(6.0)	(7.1)	(7.2)	(26.7)	(23.9)
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental M&A	(9.4)	(9.8)	(6.5)	(6.1)	(7.2)	(7.4)	(27.1)	(6.4)	(6.0)	(7.1)	(7.2)	(26.7)	(23.9)
TV revenue ex M&A	163.9	156.6	37.4	38.5	42.8	53.2	171.9	36.7	35.9	36.6	38.3	147.6	166.6
Growth ex M&A	2.3%	-4.4%	-2.0%	7.9%	9.2%	22.0%	9.8%	-1.8%	-6.6%	-14.5%	-27.9%	-14.1%	12.8%
Spectrum usage/auktion	5.4	6.2	1.5	1.7	1.6	1.2	6.0	2.1	2.1	2.1	1.8	8.2	9.8
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Spectrum Usage	5.4	6.2	1.5	1.7	1.6	1.2	6.0	2.1	2.1	2.1	1.8	8.2	9.8
TV revenue ex Spectrum Usage	149.0	140.6	29.3	30.7	34.1	44.6	138.7	28.2	27.9	27.5	29.3	112.8	132.9
Growth ex Spectrum Usage	9.1%	-5.6%	-11.8%	-6.8%	-3.5%	14.0%	-1.4%	-4.0%	-9.2%	-19.4%	-34.3%	-18.7%	17.8%
PF TV revenue ex-all non-recurring	99.2	110.7	25.4	25.0	25.9	28.3	104.6	25.0	24.5	25.6	27.7	102.8	120.8
PF TV revenue growth ex all non-recurring	-11.2%	11.6%	-1.3%	1.0%	-4.4%	-14.5%	-5.5%	-1.6%	-1.9%	-1.1%	-2.1%	-1.7%	-10.3%
TV rev grth ex all non-rec 2-yr CAGR	-6.8%	-0.4%	0.7%	22.8%	1.9%	-6.8%	2.7%	-1.5%	-0.5%	-2.8%	-8.5%	-3.6%	-6.1%
PF TV advertising growth ex-political	-11.2%	14.7%	-20.3%	-20.1%	-27.4%	-29.6%	-24.8%	-1.6%	-1.9%	-1.1%	-2.1%	-1.7%	-10.3%
TV ad rev grth ex political 2-yr CAGR	-6.8%	0.9%	-9.5%	12.2%	-8.5%	-15.4%	-7.1%	-11.5%	-11.5%	-15.3%	-17.0%	-14.0%	-6.1%
PF TV revenue growth ex-political	-11.7%	10.7%	-18.1%	-13.1%	-18.9%	-22.1%	-18.2%	2.5%	1.1%	0.9%	-0.1%	1.1%	-4.7%
TV rev grth ex political 2-yr CAGR	-3.6%	-1.1%	-6.6%	7.3%	-5.6%	-11.2%	-4.8%	-8.4%	-6.3%	-9.5%	-11.8%	-9.1%	-1.9%
PF TV advertising growth	10.9%	-7.6%	-14.8%	-8.4%	-4.0%	18.3%	-1.0%	-7.9%	-14.4%	-26.2%	-42.2%	-25.7%	25.7%

Source: Industry Capital Research estimates and company data.

Figure 7: Broadcast revenue drivers—Radio segment

In millions	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23	2Q23	3Q23	4Q23	2023A	2024E
RADIO SEGMENT													
Radio PF Rev Growth	-15.9%	23.4%	9.7%	5.8%	0.1%	14.1%	7.6%	-1.5%	-5.1%	-20.0%	-22.5%	-13.7%	8.0%
Pro forma radio:													
Revenue	\$46.3	\$58.0	\$12.6	\$14.9	\$16.5	\$20.4	\$64.4	\$12.2	\$13.5	\$13.4	\$14.1	\$53.2	\$58.1
Growth	-15.9%	25.4%	11.4%	5.8%	0.1%	26.3%	11.0%	-3.0%	-9.4%	-18.7%	-31.0%	-17.4%	9.3%
Radio non-recurring items:													
Political/Census	5.9	0.8	0.3	0.6	1.5	4.4	6.8	0.0	0.0	0.0	0.0	0.1	6.1
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	5.9	0.8	0.3	0.6	1.5	4.4	6.8	0.0	0.0	0.0	0.0	0.1	6.1
Radio revenue ex political	40.4	57.2	12.3	14.3	15.0	16.0	57.6	12.2	13.5	13.4	14.0	53.1	52.0
Growth ex Political	-26.4%	41.6%	8.7%	1.6%	-5.8%	0.6%	0.7%	-0.7%	-5.5%	-10.7%	-12.3%	-7.7%	-2.0%
NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex NTR	39.5	39.5	12.6	14.9	16.5	20.4	39.5	12.2	13.5	13.4	14.1	39.5	39.5
Growth ex NTR	3.0%	0.0%	11.4%	5.8%	0.1%	26.3%	0.0%	-3.0%	-9.4%	-18.7%	-31.0%	0.0%	0.0%
World Cup/Other Soccer													
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex WC	46.3	58.0	12.6	14.9	16.5	20.4	64.4	12.2	13.5	13.4	14.1	53.2	58.1
Growth ex WC	-15.9%	25.4%	11.4%	5.8%	0.1%	26.3%	11.0%	-3.0%	-9.4%	-18.7%	-31.0%	-17.4%	9.3%
Revenue	40.4	57.2	12.3	14.3	15.0	16.0	57.6	12.2	13.5	13.4	14.0	53.1	52.0
Radio revenue growth ex all non-recurring	-26.4%	41.6%	8.7%	1.6%	-5.8%	0.6%	0.7%	-0.7%	-5.5%	-10.7%	-12.3%	-7.7%	-2.0%
Radio rev grth ex all non-rec 2-yr CAGR	-19.2%	2.0%	7.1%	52.3%	20.5%	10.0%	19.4%	3.9%	-2.0%	-8.3%	-6.1%	-3.6%	-4.9%

Source: Industry Capital Research estimates and company data.

Figure 8: Broadcast opex drivers

In millions	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23	2Q23	3Q23	4Q23	2023A	2024E
OPERATING EXPENSE													
Television PF Opex Growth	-4.2%	-0.3%	-3.2%	1.1%	-0.6%	-2.8%	-1.5%	4.5%	4.5%	4.5%	-12.8%	-0.1%	9.5%
Radio PF Opex Growth	-26.3%	-5.4%	-3.0%	4.9%	6.7%	2.9%	2.3%	17.1%	15.0%	-3.0%	-1.0%	6.7%	7.9%
Pro forma consolidated:													
Opex ex-cost of revenue	\$153.3	\$172.9	\$43.9	\$47.4	\$49.3	\$57.2	\$197.8	\$52.1	\$56.7	\$53.8	\$57.4	\$220.0	\$231.0
Growth	-11.6%	12.8%	8.5%	14.3%	14.6%	19.1%	14.4%	18.7%	19.8%	9.2%	0.2%	11.2%	5.0%
Non-recurring opex items:													
M&A (acquisitions since 2020)	5.7	27.5	7.9	9.3	10.2	10.5	37.9	8.4	11.8	9.5	11.8	41.6	35.3
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Cisneros	5.7	27.5	7.9	9.3	10.2	10.5	37.9	8.4	11.8	9.5	11.8	41.6	35.3
Opex ex Cisneros adjustment	147.6	145.5	35.9	38.1	39.1	46.7	159.9	43.7	44.9	44.3	45.5	178.4	195.8
Growth ex Cisneros	-14.9%	-1.5%	0.8%	8.9%	7.2%	22.0%	9.9%	21.6%	17.9%	13.3%	-2.6%	11.6%	9.7%
Fixed & variable cost reductions	(27.2)	(32.8)	(5.8)	(7.0)	(12.8)	(11.6)	(37.2)	(6.5)	(7.7)	(12.9)	(10.8)	(37.8)	(40.8)
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental cost reductions	(27.2)	(32.8)	(5.8)	(7.0)	(12.8)	(11.6)	(37.2)	(6.5)	(7.7)	(12.9)	(10.8)	(37.8)	(40.8)
Opex ex cost reductions adjustment	180.5	205.7	49.7	54.4	62.0	68.8	235.0	6.5	7.7	12.9	10.8	37.8	40.8
Growth ex cost reductions	4.1%	14.0%	9.4%	15.0%	14.1%	17.4%	14.2%	-87.0%	-85.8%	-79.3%	-84.3%	-83.9%	7.9%
Salary true-up	2.0	2.0	0.0	0.8	0.7	0.8	2.3	0.0	0.9	0.9	0.8	2.6	2.8
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental salary true-up	2.0	2.0	0.0	0.8	0.7	0.8	2.3	0.0	0.9	0.9	0.8	2.6	2.8
Opex ex salary true-up	151.3	170.9	43.9	46.6	48.6	56.5	195.5	(0.0)	(0.9)	(0.9)	(0.8)	(2.6)	(2.8)
Growth ex salary true-up	-12.7%	13.0%	8.5%	14.3%	14.7%	19.1%	14.4%	-100.0%	-102.0%	-101.8%	-101.5%	-101.3%	7.6%
Opex ex-non-recurring	172.8	176.3	41.8	44.4	51.1	57.5	194.8	50.2	51.7	56.3	55.5	213.6	233.7
Opex growth ex all non-recurring	-0.3%	2.0%	2.7%	10.4%	8.3%	19.3%	10.5%	20.1%	16.5%	10.1%	-3.5%	9.7%	9.4%
Opex grth ex all non-rec 2-yr CAGR	-1.1%	0.8%	1.8%	6.3%	6.5%	9.2%	6.2%	11.1%	13.4%	9.2%	7.3%	10.1%	9.5%
Revenue-driven variable expense	31.7	32.3	6.5	7.3	8.3	11.2	33.4	6.2	6.4	6.4	6.9	25.9	30.8
Non-sales opex ex-non-recurring	141.1	143.9	35.2	37.0	42.8	46.3	161.4	44.0	45.3	49.9	48.5	187.7	202.9
Non-sales opex growth ex all non-recurring	-0.7%	2.0%	4.6%	13.6%	10.6%	18.8%	12.1%	25.0%	22.3%	16.6%	4.8%	16.3%	8.1%
Non-sales opex grth ex all non-rec 2-yr CAGR	-0.1%	0.6%	4.5%	3.4%	7.1%	12.0%	6.9%	14.3%	17.8%	13.5%	11.6%	14.2%	12.1%

Note: The above figure attempts to estimate core opex growth excluding the impact of variable sales expense by deducting 20% of estimated broadcast advertising revenue in all periods. Source: Industry Capital Research estimates and company data.

Figure 9: Financial statement forecasts supporting our valuation

In millions, except per share data	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23	2Q23	3Q23	4Q23	2023A	2024E
AS REPORTED													
Net revenue:													
Television	\$154.5	\$146.8	\$30.9	\$32.4	\$35.7	\$45.8	\$144.7	30.3	29.9	29.6	31.1	120.9	142.7
Radio	46.3	58.0	12.6	14.9	16.5	20.4	64.4	12.2	13.5	13.4	14.1	53.2	58.1
Net broadcast revenue	200.7	204.9	43.5	47.3	52.1	66.2	209.1	42.5	43.5	42.9	45.2	174.1	200.8
Digital	143.3	555.3	153.7	174.4	188.9	230.1	747.1	196.5	229.9	231.5	274.9	932.7	701.3
Total net revenue (core)	344.0	760.2	197.2	221.7	241.0	296.3	956.2	239.0	273.4	274.4	320.1	1,106.9	902.1
Revenue from spectrum usage rights	0.0	0.0					0.0					0.0	0.0
Total net revenue	344.0	760.2	197.2	221.7	241.0	296.3	956.2	239.0	273.4	274.4	320.1	1,106.9	902.1
Cost of Revenue													
Television													
Radio													
Digital	106.9	466.5	129.9	145.0	157.2	192.0	624.0	168.3	195.7	199.289	237.5	800.9	568.1
Digital cost of revenue as % of revenue	74.6%	84.0%	84.5%	83.1%	83.2%	83.4%	83.5%	85.7%	85.1%	86.1%	86.4%	85.9%	81.0%
Total cost of revenue (core)	106.9	466.5	129.9	145.0	157.2	192.0	624.0	168.3	195.7	199.3	237.5	800.9	568.1
Cost of revenue from spectrum usage rights (television)													
Total cost of revenue	106.9	466.5	129.9	145.0	157.2	192.0	624.0	168.3	195.7	199.3	237.5	800.9	568.1
Opex													
Television opex	80.9	81.4	19.2	19.7	20.0	23.0	82.0	20.1	19.9	19.9	21.0	80.9	87.7
Radio opex	41.8	40.0	9.4	10.4	10.2	11.7	41.7	11.0	11.7	10.7	10.3	43.8	47.1
Digital opex	30.6	51.5	15.2	17.3	19.1	22.6	74.1	21.0	25.2	23.2	26.0	95.3	96.2
Total opex (core)	153.3	172.9	43.9	47.4	49.3	57.2	197.8	52.1	56.7	53.8	57.4	220.0	231.0
Spectrum usage rights													
Total Opex	153.3	172.9	43.9	47.4	49.3	57.2	197.8	52.1	56.7	53.8	57.4	220.0	231.0
OCF													
Television OCF	73.6	65.4	\$11.6	\$12.6	\$15.7	\$22.8	62.8	\$10.2	\$10.1	\$9.7	\$10.1	40.1	54.9
TV OCF Margin	47.6%	44.6%	37.7%	39.1%	43.9%	49.8%	43.4%	33.7%	33.6%	32.7%	32.5%	33.1%	38.5%
Incremental Margin	173.4%	106.6%					126.6%					95.5%	68.5%
Radio OCF	4.5	18.0	3.2	4.6	6.2	8.7	22.7	1.2	1.8	2.6	3.7	9.4	11.0
Radio OCF margin	9.7%	31.0%	25.5%	30.5%	38.0%	42.6%	35.2%	10.0%	13.5%	19.7%	26.5%	17.7%	18.9%
Incremental Margin	-70.4%	114.9%					74.0%	520.2%	195.3%	117.3%	78.4%	118.9%	32.2%
Digital OCF	5.7	37.3	8.6	12.2	12.7	15.6	49.0	7.2	9.0	9.025	11.3	36.5	37.0
Digital OCF margin	4.0%	6.7%	5.6%	7.0%	6.7%	6.8%	6.6%	3.0%	3.9%	3.9%	4.1%	3.9%	5.3%
Incremental Margin	7.9%	7.7%					6.1%	-3.3%	-5.6%	-8.6%	-9.6%	-6.7%	-0.2%
Total OCF (core)	83.8	120.8	23.4	29.4	34.6	47.1	134.5	18.6	20.9	21.3	25.2	86.0	103.0
Margin	24.4%	15.9%	11.9%	13.2%	14.4%	15.9%	14.1%	7.8%	7.7%	7.8%	7.9%	7.8%	11.4%
Incremental Margin			-0.6%	3.3%	6.9%	15.5%		-11.5%	-16.3%	-39.8%	-92.5%		
Spectrum sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total OCF	83.8	120.8	23.4	29.4	34.6	47.1	134.5	18.6	20.9	21.3	25.2	86.0	103.0
Total OCF Margin	24.4%	15.9%	11.9%	13.2%	14.4%	15.9%	14.1%	7.8%	7.7%	7.8%	7.9%	7.8%	11.4%
Incremental Margin			-0.6%	3.3%	6.9%	15.5%		-11.5%	-16.3%	-39.8%	-92.5%		
Corporate Expense	27.8	33.0	8.7	8.5	9.5	22.6	49.4	10.5	12.0	13.3	14.5	50.3	51.3
GAAP EBITDA	56.0	87.8	14.7	20.8	25.1	24.5	85.1	8.1	8.9	8.0	10.7	35.7	51.7
Corporate non-cash comp	3.9	6.4	1.6	1.7	1.8	9.2	14.3	2.2	3.2	4.4	4.4	14.2	14.5
Opex adjustments to cash:													
Amortization of syndication contracts	(0.5)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.5)
Payments on syndication contracts	(0.5)	(0.5)	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.5)
Non-cash comp in direct opex	1.2	3.2	1.0	0.9	1.0	2.8	5.7	1.9	2.7	2.6	2.3	9.5	9.7
Non-recurring cash severance	1.7	0.4					4.3	0.1	0.5		0.3	0.5	
EBITDA attributable to redeemable noncontrolling interest	3.4	9.1	0.0	0.0	0.0	0.0	0.0	0.2	0.4	0.3	0.8	1.7	2.7
EBITDA attributable to noncontrolling interest							3.4					0.0	0.0
Total opex (positive) adjustments to cash	0.5	5.5	(1.0)	(0.9)	(1.0)	(3.7)	(6.6)	(1.8)	(2.8)	(2.3)	(1.8)	(8.6)	(6.9)
Foreign currency (gain) loss	(1.1)	0.5	(0.8)	1.0	2.0	0.9	3.0	(1.0)	0.7	0.5	0.6	0.9	0.0
Total Adjusted EBITDA	60.4	88.2	18.1	22.5	25.9	36.5	103.1	13.0	14.2	14.2	16.2	57.6	73.1
Other opex for spectrum (in corporate)													
Adjusted EBITDA (core)	60.4	88.2	18.1	22.5	25.9	36.5	103.1	13.0	14.2	14.2	16.2	57.6	73.1
Memo: adj. EBITDA (core) reported	60.4	88.0	18.1	22.5	25.0	36.5	103.1	13.0	14.2	14.2	16.2	57.7	73.7
Model variance: adj. EBITDA	(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)
Adj. EBITDA core margin	17.6%	11.6%	9.2%	10.1%	10.8%	12.3%	10.8%	5.4%	5.2%	5.2%	5.1%	5.2%	8.1%
Incremental Margin	27.3%	6.7%	8.1%	10.8%	6.2%	5.9%	7.6%	-12.2%	-16.0%	-35.2%	-85.4%	-30.1%	-7.5%

Source: Industry Capital Research estimates and company data

Figure 10: Financial statement forecasts supporting our valuation (cont.)

In millions, except per share data	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23	2Q23	3Q23	4Q23	2023A	2024E
Memo: cash opex (core)	\$153.8	\$178.4	\$42.9	\$46.4	\$48.3	\$53.6	\$191.2	\$0.3	\$4.0	\$1.5	\$5.6	\$211.4	224.1
Memo: cash corporate expense	23.9	26.6	7.1	6.8	7.7	13.4	35.1	8.3	8.8	8.9	10.1	36.1	36.8
Memo: total non-cash comp	5.1	9.6	2.6	2.6	2.8	12.0	20.0	4.1	6.0	7.0	6.6	23.7	24.2
Memo: adj. EBITDA - (OCF - cash corporate)	0.6	(6.0)	1.8	(0.1)	(0.9)	2.8	3.6	2.7	2.1	1.8	1.2	7.7	6.9
Memo: PF EBITDA attributable to redeemable noncontrolling interest													
D&A	17.3	22.4	6.4	6.3	6.6	6.5	25.7	6.5	6.5	7.4	7.7	28.0	22.6
D&A % of Revenue	5.0%	2.9%	3.2%	2.8%	2.7%	2.2%	2.7%	2.7%	2.4%	2.7%	2.4%	2.5%	2.5%
Change in fair value contingent consideration	0.000	8.224	5.1	1.0	0.734	7.4	14.210	(4.1)	1.1	(6.0)	6.4	(2.5)	0.0
Impairments	40.0	3.0	0.0	0.0	0.0	1.6	1.6	0.0	0.0	1.0	12.3	0.0	0.0
Other operating (gain) loss	(6.9)	(7.0)	(0.1)	(0.8)	(0.1)	1.4	0.4	0.0	0.0	0.0	0.6	0.6	(2.0)
Gain (Loss) on Sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserves, accruals and other, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Income (EBIT Inc. Impairments)	6.6	60.6	4.2	13.4	15.9	6.7	40.2	6.6	0.5	5.1	(16.9)	8.7	31.1
Operating Margin %	1.9%	8.0%	2.1%	6.1%	6.6%	2.3%	4.2%	2.8%	0.2%	1.9%	(5.3%)	0.8%	3.4%
Interest expense	(8.3)	(6.9)	(1.4)	(2.3)	(2.3)	(2.7)	(8.7)	(3.2)	(4.3)	(2.9)	(2.9)	(13.3)	(10.3)
Noncash interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	1.7	0.2	0.0	0.7	0.0	0.0	0.7	0.0	1.0	0.0	0.0	0.0	0.0
Net interest expense	(6.5)	(6.8)	(1.4)	(1.6)	(2.3)	(2.7)	(8.0)	(3.2)	(3.3)	(2.9)	(2.9)	(13.3)	(10.3)
Loss on debt extinguishment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.6)	0.0	0.0	0.0	(1.6)	0.0
Other income, net	0.0	0.2	0.0	0.0	(0.5)	(0.1)	(0.5)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0
Pretax income	0.1	54.0	2.7	11.8	13.1	4.0	31.7	1.9	(2.7)	2.2	(19.8)	(6.1)	20.8
Pretax margin	0.0%	7.1%	1.4%	5.3%	5.4%	1.3%	3.3%	0.8%	NM	0.8%	NM	NM	2.3%
Income (taxes) benefit	(1.5)	(18.7)	(0.9)	(3.4)	(4.1)	(3.3)	(11.6)	(0.2)	0.7	0.5	1.7	2.8	(7.3)
Effective tax rate	1276.3%	34.6%	31.1%	28.5%	31.1%	81.8%	36.5%	12.1%	27.0%	(24.1%)	8.7%	45.0%	35.0%
Cash tax rate	6552.5%	7.6%	44.2%	52.6%	30.6%	137.3%	53.4%	3.8%	(128.1%)	106.6%	(36.3%)	(214.6%)	37.0%
Net Income (Before Equity Investments)	(1.4)	35.4	1.9	8.5	9.1	0.7	20.1	1.7	(2.0)	2.7	(18.1)	(3.4)	13.5
Equity in net of noncon. affils.	0.0	0.0	0.0	0.0	0.3	(2.4)	(2.1)	0.3	0.0	(0.0)	(0.2)	(2.1)	(2.1)
Reported Net Income	(1.4)	35.4	1.9	8.5	9.4	(1.6)	18.1	2.0	(2.0)	2.7	(18.2)	(5.4)	11.5
Net margin	17.6%	11.6%	9.2%	10.1%	10.8%	12.3%	10.8%	5.4%	5.2%	5.2%	5.1%	0.1	8.1%
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
Minority Interest	2.5	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net inc. to common pre-1-time	(3.9)	29.4	1.9	8.5	9.4	(1.6)	18.1	2.0	(2.0)	2.7	(18.2)	(5.4)	11.5
Net margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EPS - Basic, Continuing Operations	(\$0.05)	\$0.34	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.06)	\$0.13
Extraordinary items/discontinued items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income to common	(3.9)	29.4	1.9	8.5	9.4	(1.6)	18.1	2.0	(2.0)	2.7	(18.2)	(5.4)	11.5
EPS - basic	(\$0.05)	\$0.34	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.06)	\$0.13
EPS - diluted	(\$0.05)	\$0.33	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.06)	\$0.13
EPS reported by company	(\$0.05)	\$0.02	\$0.10	\$0.11	(\$0.02)	(\$0.02)	\$0.02	(\$0.02)	\$0.03	\$0.03	(\$0.21)	(\$0.06)	\$0.13
Model variance: EPS	\$0.00	\$0.00	(\$0.00)	(\$0.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pro forma adjustments	39.8	9.6	5.1	1.0	0.7	18.8	25.6	0.0	0.0	0.0	0.0	0.0	0.0
Pro forma net income	35.9	39.1	7.0	9.4	10.1	17.1	43.6	2.0	(2.0)	2.7	(18.2)	(5.4)	11.5
Pro forma EPS - basic	\$0.43	\$0.46	\$0.08	\$0.11	\$0.12	\$0.20	\$0.51	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.06)	\$0.13
Pro forma EPS	\$0.43	\$0.44	\$0.08	\$0.11	\$0.12	\$0.19	\$0.50	\$0.02	(\$0.02)	\$0.03	(\$0.21)	(\$0.06)	\$0.13
EPS shares - Basic	84.2	85.3	86.5	85.0	84.9	85.2	85.4	87.6	87.8	88.0	88.2	87.9	90.2
EPS shares - Diluted	84.2	87.9	88.6	87.0	87.4	88.0	87.8	89.8	87.8	89.9	88.2	87.9	91.1
Free Cash Flow:													
EBITDA	60.4	88.2	18.1	22.5	25.9	36.5	103.1	13.0	14.2	14.2	16.2	57.6	73.1
Cash net interest	(5.9)	(6.2)	(1.2)	(1.2)	(1.9)	(2.5)	(6.7)	(3.0)	(3.223)	(2.811)	(2.8)	(11.9)	(10.3)
Other adjustments to cash	5.3	6.8	0.1	0.8	0.1	(5.7)	(4.7)	0.7	2.2	0.0	(0.9)	2.0	2.0
- Cash taxes	(7.7)	(4.1)	(1.2)	(6.2)	(4.0)	(5.5)	(16.9)	(0.1)	(3.5)	(2.3)	(7.2)	(13.1)	(7.7)
Cash taxes / EBITDA	13%	5%	7%	28%	15%	15%	16%	1%	25%	17%	44%	23%	11%
Minus: capex	(9.5)	(5.6)	(1.5)	(1.7)	(4.7)	(3.6)	(11.5)	(6.8)	(8.1)	(5.0)	(7.4)	(27.3)	(12.0)
Capex / D&A	55%	25%	24%	27%	71%	55%	45%	104%	125%	68%	97%	98%	53%
Capex / EBITDA	16%	6%	9%	7%	18%	10%	11%	52%	57%	35%	46%	47%	16%
Plus: cost of revenue for spectrum usage rights													
= Free Cash Flow	42.6	79.0	14.3	14.3	15.4	19.3	63.3	3.9	1.6	4.0	(2.1)	7.4	43.1
Free cash flow (reported by company)	43.0	79.0	14.3	14.3	15.4	19.3	63.3	3.9	1.6	4.0	(2.1)	7.4	43.1
Free Cash Flow (core)	42.6	79.0	14.3	14.3	15.4	19.3	63.3	3.9	1.6	4.0	(2.1)	7.4	43.1
FCF per share (core)	\$0.51	\$0.90	\$0.16	\$0.16	\$0.18	\$0.22	\$0.72	\$0.04	\$0.02	\$0.04	(\$0.02)	\$0.08	\$0.47
Memo: FCF/Adjusted EBITDA (core)	70.5%	89.7%	79.1%	63.4%	59.4%	52.8%	61.4%	29.9%	11.0%	28.2%	(12.8%)	12.8%	58.9%
Dividends per basic share	\$0.13	\$0.10	\$0.025	\$0.025	\$0.025	\$0.025	\$0.10	\$0.05	\$0.05	\$0.05	\$0.05	\$0.20	\$0.20
- Dividends	(10.5)	(8.5)	(2.2)	(2.1)	(2.1)	(2.1)	(8.5)	(4.4)	(4.4)	(4.4)	(4.4)	(17.6)	(18.0)
Dividends as % of FCF	24.7%	10.8%	15.1%	14.9%	13.8%	11.0%	13.5%	112.7%	281.8%	109.9%	(212.4%)	238.5%	41.9%

Source: Industry Capital Research estimates and company data

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

ANNUAL PERCENTAGE CHANGE	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23	2Q23	3Q23	4Q23	2023A	2024E
Net revenue growth	25.8%	121.0%	32.4%	24.3%	21.1%	26.7%	25.8%	21.2%	23.3%	13.8%	8.0%	15.8%	-18.5%
Net revenue (core) growth	25.8%	121.0%	32.4%	24.3%	21.1%	26.7%	25.8%	21.2%	23.3%	13.8%	8.0%	15.8%	-18.5%
TV revenue growth	3.2%	-4.9%	-14.5%	-4.9%	-2.1%	13.8%	-1.4%	-1.8%	-7.5%	-17.2%	-32.0%	-16.4%	18.0%
Radio revenue growth	-15.9%	25.4%	11.4%	5.8%	0.1%	26.3%	11.0%	-3.0%	-9.4%	-18.7%	-31.0%	-17.4%	9.3%
Digital revenue growth	108.0%	287.5%	51.5%	33.9%	29.3%	29.6%	34.5%	27.8%	31.8%	22.5%	19.4%	24.8%	-24.8%
Cost of revenue	NM	NM	53.3%	33.0%	26.4%	29.4%	33.8%	29.6%	35.0%	26.8%	23.7%	28.3%	-29.1%
Direct expense	-12.1%	-22.4%	-3.2%	1.1%	-0.7%	5.2%	0.7%	4.5%	0.7%	-0.6%	-8.6%	-1.3%	8.5%
SG&A	-10.3%	NM	-3.0%	4.9%	4.4%	33.1%	28.5%	17.1%	12.9%	5.2%	25.9%	24.2%	-21.7%
Opex	23.8%	NM	38.8%	27.8%	23.4%	26.8%	28.5%	26.9%	31.3%	22.6%	18.3%	24.2%	-21.7%
Opex (core)	-11.6%	12.8%	8.5%	14.3%	14.6%	19.1%	14.4%	18.7%	19.8%	9.2%	0.2%	11.2%	5.0%
TV opex	-4.2%	0.6%	-3.2%	1.1%	-0.7%	5.2%	0.7%	4.5%	0.7%	-0.6%	-8.6%	-1.3%	8.5%
Radio opex	-26.3%	-4.2%	-3.0%	4.9%	4.4%	9.7%	4.1%	17.1%	12.9%	5.2%	-11.6%	5.1%	7.6%
Digital opex	-5.0%	68.1%	40.4%	43.5%	46.0%	45.1%	44.0%	37.7%	45.7%	21.5%	15.3%	28.6%	0.9%
Total OCF (core)	32.1%	44.1%	-1.2%	5.1%	9.2%	25.9%	11.4%	-20.6%	-28.8%	-38.4%	-46.6%	-36.1%	19.7%
TV OCF	12.8%	-11.0%	-28.3%	-13.0%	-3.8%	24.1%	-4.1%	-12.2%	-20.3%	-38.4%	-55.7%	-36.2%	37.1%
Radio OCF	NM	NM	97.1%	7.8%	-6.2%	58.7%	26.2%	-62.0%	-60.0%	-57.8%	-57.1%	-58.6%	16.9%
Digital OCF	NM	NM	46.1%	32.5%	45.2%	15.1%	31.3%	-16.5%	-25.8%	-28.8%	-27.4%	-25.5%	1.4%
Corporate expense	3.0%	3.0%	-2.0%	-13.0%	4.2%	47.9%	3.0%	0.0%	0.0%	0.0%	9.2%	3.0%	3.0%
Cash corporate expense	-2.0%	11.3%	11.0%	4.3%	19.1%	86.1%	31.7%	16.8%	29.0%	15.2%	-24.9%	2.9%	2.0%
Adjusted EBITDA (core)	46.6%	45.9%	27.6%	26.4%	11.2%	11.2%	16.9%	-28.2%	-36.8%	-45.3%	-55.5%	-44.1%	26.8%
D & A	3.8%	29.7%	23.4%	23.4%	11.1%	3.6%	14.6%	1.2%	3.9%	12.2%	18.3%	9.0%	-19.5%
Operating income	88.3%	47.7%	15.2%	17.3%	1.7%	-11.3%	2.1%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	NM
Pretax income	NM	NM	-72.0%	-18.2%	-31.3%	-62.6%	-41.3%	-30.3%	NM	-83.2%	NM	NM	NM
Net income pre-extra.	NM	NM	-65.2%	7.6%	-23.6%	NM	-38.5%	7.0%	NM	-70.9%	NM	NM	NM
EPS, Continuing Operations	NM	NM	-66.7%	11.1%	-21.4%	NM	-38.2%	0.0%	NM	-72.7%	NM	NM	NM
EPS - diluted	NM	NM	-65.9%	8.6%	-22.8%	NM	-38.4%	5.6%	NM	-71.7%	NM	NM	NM
FCF/share	NM	76.5%	6.7%	14.3%	-28.0%	-37.1%	-20.0%	-75.0%	-87.5%	-77.8%	NM	-88.9%	NM
EPS shares - Diluted	-1.0%	4.4%	1.9%	-0.9%	-1.0%	-0.7%	-0.2%	1.3%	0.9%	2.8%	0.4%	1.9%	1.8%

Source: Industry Capital Research estimates and company data

Figure 12: Base case DCF analysis supports \$1.50 12-month price target

Entravision DCF analysis			
\$ in millions except per share amounts			
	Current	YE 2024	YE 2025
Firm Value	311	272	266
(-) Total Net Debt	163	174	148
(-) Hidden Value (inc. NOLs)	9	9	9
(-) Options (Claims on Entravision)	0.0	0.0	0.0
Common Equity Value	156.6	106.8	126.0
Shares Outstanding	90.7	90.7	90.7
Current Share Price	\$3.57	\$3.57	\$3.57
Value Per Share	\$1.73	\$1.18	\$1.39
12-month	\$1.00		
12-month (SOTP)	\$2.00		

ASSUMPTIONS		2018-22	2020-24	2022-26	2024-28	2028-29
Risk Free Rate	4.18%					
Equity Premium	4.18%					
Assumed LT Growth Rate (g)	0%					
CAGRs						
EBITDA	18%	6%	-9%	-2%	-2%	-2%
FCF to Firm	43%	2%	-13%	-7%	-7%	-41%

MV of Equity Calculation		2019-23	2021-25	2023-27	2025-29
Share Price	\$3.57				
Outstanding Shares	90.7				
MV of Equity	323.8				
Estimate MV of Debt Calculation					
Interest Expense	6.9				
Current Cost of Debt	6.0%				
Wgtd Avg Maturity of Debt					
BV of Debt	163.3				
Estimate MV of Debt	163.3				

	2023	2024	2025	2026	2027	2028	2029	Terminal
EBITDA	59.4	75.8	52.2	71.4	51.2	71.4	50.7	43.1
EBIT	31.4	53.3	36.9	54.5	34.2	53.4	32.9	43.1
Less Cash Taxes	(9.4)	(16.0)	(11.1)	(16.4)	(10.3)	(16.0)	(9.9)	(15.1)
Plus D&A	28.0	27.6	15.3	16.9	18.0	17.8	17.8	17.8
Less Cap Ex	(27.3)	(12.0)	(12.6)	(13.3)	(13.9)	(14.6)	(15.4)	(17.8)
Less Increase in WC	(4.2)	1.8	1.8	(3.1)	(2.2)	(3.2)	(3.2)	(3.2)
Free Cash Flow to Firm	18.4	49.6	30.3	36.6	24.8	37.5	22.3	24.8
Tax Rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%
Net Debt	163							
Leverage Mult.	2.7x							
D/Equity	50%							
D/EV	34%							
E/EV	66%							
Unlevered Beta	1.24							
Levered Beta	1.53							
D/Equity (long-term target)	33%							
Cost of Debt (AT)	4.2%							
Cost of Equity	10.6%							
WACC	9.0%							
PV of CF								
			27.8	32.5	19.2	26.6	14.5	
			35.5	20.9	29.0	15.8		
								2762
								4x EBITDA

	Current	YE 2024	YE 2025
Sum of PV	160.1	120.5	101.1
PV of Terminal Value	151.2	151.2	164.8
NPV of all CF	311.3	271.7	265.9

Source: Industry Capital Research estimates and company data

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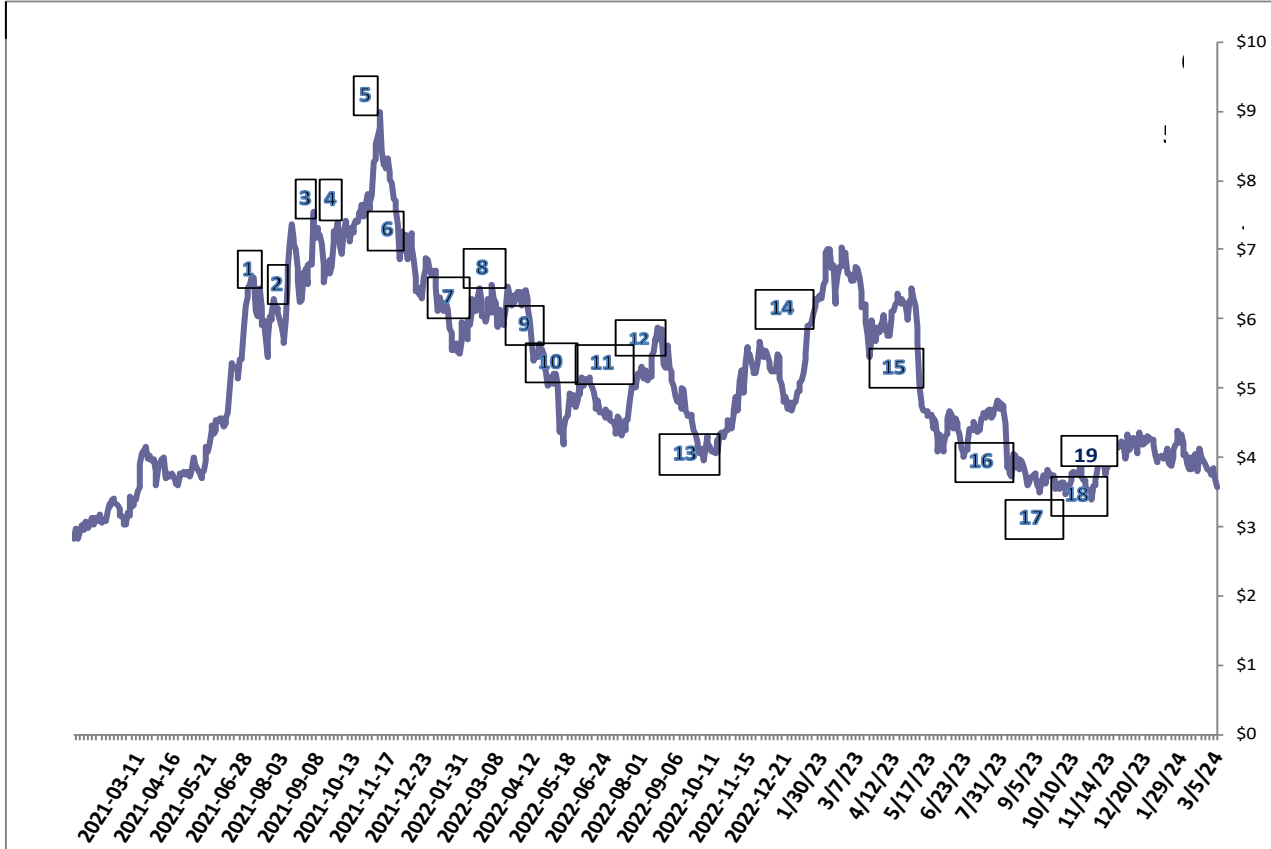
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The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters, 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	11/3/22	Reaffirmed Buy @ \$4.69, Target Price \$7.00
14	1/27/23	Reaffirmed Buy @ \$6.33, Target Price \$7.50
15	5/5/23	Reaffirmed Buy @ \$5.87, Target Price \$7.00
16	8/4/23	Reaffirmed Buy @ \$4.49, Target Price \$5.50
17	10/4/23	Reaffirmed Buy @ \$3.56, Target Price \$5.00
18	11/3/23	Reaffirmed Buy @ \$3.81, Target Price \$4.50
19	11/8/23	Downgraded to Hold @ \$3.97, Target Price \$4.00

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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