

## **Entravision Communications Corporation (EVC)**

Downgrading to Hold from Buy on Lower Price Target as We Reconsider Risks; Hold

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Our PT goes to \$4.00 from \$4.50; risks on page 2. Our PT is supported by a DCF valuation based

on financial forecasts through 2028, using probability-weighted scenarios. See Fig. 2-4.

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We reincorporate into our valuation from earlier this year the risk of a growth slowdown, HOLD and add risks to long-term digital margin expansion and how additive TV political advertising Price at 11/8/23 (USD) 3.97 will be; this reduces our price target to \$4 from \$4.50 and our rating to HOLD from BUY. We provide our updated valuation and considerations that would lead us to revisit it and our rating. Price Target 4.00 Although our base case forecast is unchanged, our revised valuation includes three additional 52-week range 3.35 - 7.33 scenarios. See Fig. 2-4. First, on its 2023 earnings calls, EVC has regularly noted demand Performance (%) 1m 3m 12m challenges for its advertising-based businesses, even as the U.S. economy continued its solid growth. Second, from 2021A-23E, digital OCF margins are not tracking to improve, despite strong Absolute 8 5 -21 revenue growth affording opportunities for increasing economies of scale in a benign global economy. Third, we have been somewhat uncertain how incremental political advertising is to S&P 500 -3 14 EVC's total revenue growth. This motivates us to include scenarios assuming that 1) there is a 2024 Market Cap (USDm) 360.1 slowdown in EVC's growth (50% chance), 2) digital OCF margin expansion from 2023-28 is half the assumption in our published model (25% chance), and 3) political advertising is 50%, not 100%, Shares outstanding (m) 90.7 incremental to core TV advertising, assumed to trend to LSD-MSD declines (25% chance). The slowdown assumption, at a 50% probability, is the main driver of the change in our price target. Float (%) 89 To revisit our rating, we will look for evidence confirming or disconfirming these risks. First, Average volume 306,260 avoiding a growth slowdown depends in part on macro conditions beyond EVC's control, but also in S&P 500 4,382.8 part on its continuing to deliver promised revenue growth. Prior to 3Q results, management indicated that digital's revenue growth would be stronger in 2H 2023 than in 1H, and yet it Forecasts and ratios decelerated to 23% in 3Q from 32% in 2Q and we forecast further deceleration to 15% in 4Q. See Year ended 12/31 Fig. 18. This would nevertheless be in line with the low-to-mid-teen growth the company has said it 2022A 2023E 2024E is targeting over the next year (we model 14% in 2024), and delivering here would be positive. 1Q EPS (USD) 0.02 0.02 0.10 Second, although our concern about digital OCF margins is more long-term, we do look for 2Q EPS (USD) 0.10 -0.02 0.05 some tea leaves in the nearer term. Our adjusted EBITDA estimates for EVC have fallen this year 3Q EPS (USD) 0.11 0.03 0.19 despite revenue actually beating expectations. See Fig. 5. As we have observed more than once, shortfalls in EVC's OCF margins, particularly in the digital business, have contributed more to our 4Q EPS (USD) 0.00 -0.05 -0.02 reduced valuations than have shortfalls in organic growth. EVC has given a goal of digital OCF margins in the high single digit range by mid-year 2024. Signs that margins are indeed reversing FY EPS (USD) 0.21 0.03 0.29 course and tracking north of our 6.0% estimate for 2024 (see Fig. 10) would be positive. % Change -38% -86% 927% Finally, although EVC has hinted that 2024 could be a record year for political advertising, 142.0 P/E (x) 19.3 13.8 posting positive core TV ad growth would help allay concerns about how incremental political advertising is to overall revenue. A turn in national TV advertising could be significant, EV/EBITDA (x) 7.0 4.8 particularly given that it will face relatively easy comparisons. 1,252.9 Revenue (USDm) 956.2 1,097.2

#### ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE LOCATED IN THE APPENDIX. Industry Capital

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% Change

15%

26%

14%

## Investment Thesis and Valuation: Hold With \$4.00 Price Target

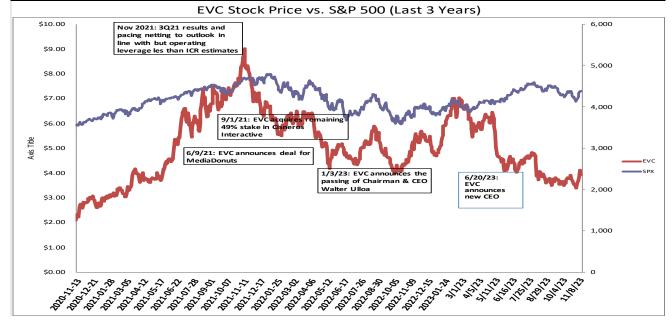
We rate HOLD the shares of EVC. Despite 1) the higher growth of EVC's digital media assets, whose mix of businesses and extensive international presence provide EVC with a range of potential partners and advertisers as well as strategic options, and 2) a reduced operating risk profile for EVC's overall 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 2023 and 2024; our PT assumes a base case forecast with 2023/24 adjusted EBITDA of \$62m/\$104m, with a 50% chance of a scenario with slower 2024 growth, 25% chance of a scenario with less long-term digital OCF margin expansion, and 25% chance of a scenario where political advertising will be only ~50% incremental to core TV advertising, resulting in a target valuation range of \$4.00-\$4.50. 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 surges and shocks, 3) volatility of EVC's digital media business, and 4) the impact of changes in overall market sentiment on the valuation of EVC's fast-growing, less mature digital advertising businesses.

Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

		(in millions, except unit data)	
		12-month price target:	\$4.00
ENTERPRISE VALUE			COMPANY CHARACTERISTICS AND INVESTMENT THESIS
Price per share	\$3.97	Company description	Entravision operates a digital media business serving the U.S. and roughly 40 international
Diluted shares outstanding	90.7		markets, and a broadcast business targeting U.S. Hispanics with 49 TV stations (mostly Univision
Equity market capitalization	360		network affiliates) in 14 of the top-50 U.S. Hispanic markets, and 45 radio stations (37 FM and 8
+Pro forma net debt	151		AM) as well as a radio network with distribution to over 100 U.S. markets together covering 31%
-Hidden value	9		of the U.S. Hispanic population. The company's 2022 revenue by segment was 78% from digital,
=Pro forma EV	\$503		15% from TV, and 7% from audio. TelevisaUnivision owns $^{\sim}$ 11% of Entravision's stock. On August
		1	2, 2000, Entravision completed an initial public offering at \$16.50 per share of its Class A common
OPERATING PROJECTIONS			stock, which is listed on the NYSE under the symbol "EVC."
Pro forma net revenue		Strategy	Expand digital media operations into fast-growing markets outside the U.S. and manage for free
2023	\$1,109		cash flow and asset value its TV-driven broadcast platforms in U.S. Hispanic markets.
2022	1,000	Est. acquisition capacity	\$287
% Chg	10.9%	Management	After the untimely death of former Chairman and CEO Walter Ulloa last December, Michael
Pro forma EBITDA			Christenson joined EVC from outside the company to become CEO effective July 1, 2023. Jeffrey
2023	\$72		Liberman is President and COO (since 2017 and with EVC since 2000). Christopher Young is CFO
2022	114		(as which he has served since 2008, having been with EVC since 2000).
% Chg	-37.1%	Positives	* Experience in expanding distribution in smaller, faster-growing ad markets, both in U.S. and
Pro forma EBITDA margin			internationally
2023	6.5%		* Low debt leverage and high free cash flow yield support returns of capital and digital-focused
2022	11.4%		acquisitions
Free cash flow per share			* Higher post-pandemic broadcast margins
2023	\$0.29		* Most of its TV stations are affiliated with leading U.S. Spanish language network Univision
2022	\$0.72		* Secular growth in U.S. political advertising spending
% Chg	-59.7%	Risks	* Management succession and corporate control, especially given loss of management voting
Est. 3-5 yr FCF Growth rate	7%		control triggered by death of prior CEO
		1	* Volatility of international media business, reflecting early stage and potential competition
VALUATION AND LEVERAGE			* Impact of sudden advertising declines on cash flow (e.g., in 2009 and 2020)
Pro forma EV/EBITDA		1	* Competition with TelevisaUnivision's expanding direct to consumer business
2023	7.0x		* TelevisaUnivision relationship through TV network affiliations and ownership stake may limit
2022	4.4x		strategic flexibility
Price / Free cash flow per shar	e	Valuation	Attributing most of firm value to digital media business
2023	13.7x	Recent events	June 2023 - appointment of new CEO effective July 1. December 2022 - death of co-founder, CEO
2022	5.5x		& Chairman Walter Ulloa. September 2021 - acquired remaining 49% interest in Cisneros
Pro forma net debt / EBITDA			Interactive for \$84 million. July 2021 – announced acquisition of MediaDonuts AsiaPac digital
2023	2.1x		media business for \$36 million. October 2020 – acquired 51% stake in Cisneros Interactive for \$29
2022	1.3x		million. May 2020 – announced substantial expense costs targeting broadcast operations.
Dividend yield		Upcoming potential catalysts	Recession risk to advertising-based revenue, both in U.S. and internationally - Digital growth
2023	5.0%		initiatives - Advertising in upcoming U.S. election cycle - Changes in capital return/allocation with
2022	2.5%		new senior management



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

## A Closer Look at Our Valuation Scenarios

Figure 2: Our base case discounted cash flow valuation range remains \$4.50-\$5.00 per share

Entravision Commi		-												
Summary of Changes	to Forecast	and Valua	tion											
(in \$ million except unit data)	20	23	DCF Va	luation	l	EB	ITDA CAG	GRs						
CAGRs	Rev	EBITDA	Low	High	2019-23	2021-25	2022-26	2023-27	2024-28	Risk Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-8
Prior	1,097.2	62.2	\$4.50	\$5.00	11%	4%	5%	15%	15%	4.8%	4.4%	9.7%	11.4%	7.8%
Current	1,097.2	62.2	\$4.50	\$5.00	11%	4%	5%	15%	15%	4.8%	4.4%	9.7%	11.4%	7.8%
Delta	0.0	0.0	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Source: Company data and Industr	ry Capital Resear	ch estimates												

**EVC** has noted all year demand challenges for its advertising-based businesses, even as the U.S. economy continued its solid growth. EVC's TV national advertising has been weak, down 8%/12%/14% in 1Q-3Q. Consensus on the chance of a U.S. recession in the next year in the October Wall Street Journal quarterly survey is still 48%, a coin toss. EVC's new CEO noted on the 3Q call that global macro could make 2024 challenging. All this motivates our scenario assuming a 2024 slowdown in EVC's growth. See Fig. 8-9.

From 2021A-23E, OCF margins are not tracking to improve for EVC's digital segment, despite its strong revenue growth affording opportunities for increasing economies of scale in a benign global economy. See Fig. 10. Our view that digital drives most of EVC's equity value makes this margin trajectory more important. See Fig. 6. In the near term, EVC does have the opportunity to improve profitability by adapting its cost structure to commission reductions imposed during 2023. Furthermore, we believe that EVC could boost digital OCF margins by, for example, offering additional services. Nevertheless, achieving negotiating leverage on commissions with large tech platform clients is likely to remain a challenge. This motivates our valuation scenario that assumes that digital OCF margin expansion from 2023-28 is half the assumption in our published model, that is, ~150bps rather than ~300bps. See Fig. 10-12.

It is frankly difficult to estimate exactly how incremental political advertising is to EVC's total revenue growth. Strong political advertising demand likely displaces some commercial advertising, especially on TV in the run-up to elections. We estimate that over the two U.S. political cycles from 2015-2023, EVC's TV quarterly core advertising growth has averaged 1) -4.6% in even years and +4.0% in odd years, assuming that political was 100% incremental, versus 2) -4.1% in even years and -4.8% in odd years, assuming that political was 50% incremental. See Fig. 13. The greater similarity of core TV advertising growth across even and odd years using the assumption of 50% incrementality lends this approach some support. Indeed, in our years of following EVC, we have at various times assumed that political advertising was roughly 50% incremental. Moreover, the general trend of advertising to shift to digital from broadcast media could aggravate the displacement of commercial advertisers during the run-up to elections, as these advertisers use other options to get their message out. This motivates our scenario that political advertising will be 50%, not 100%, incremental to core TV advertising, which we assume trends to LSD-MSD annual declines. See Fig. 14-15.

Our probability-weighted valuation scenarios result in our revised price target of \$4.00, down from \$4.50. In aggregate, these three scenarios would reduce our target valuation range by ~\$2 per share. See Fig. 4. We weight the slowdown scenario with 50% probability, in line with economists' surveys on U.S. recession odds, and the other two scenarios as less likely. The slowdown assumption, with its higher probability weighting, is the main driver of the change in our price target. However, we believe that investors should consider the risks to how much digital margins will expand and how additive TV political advertising will be, and thus include a means to do so in our valuation.

## Industry Capital Research

Figure 3: Our base case DCF analysis is unchanged

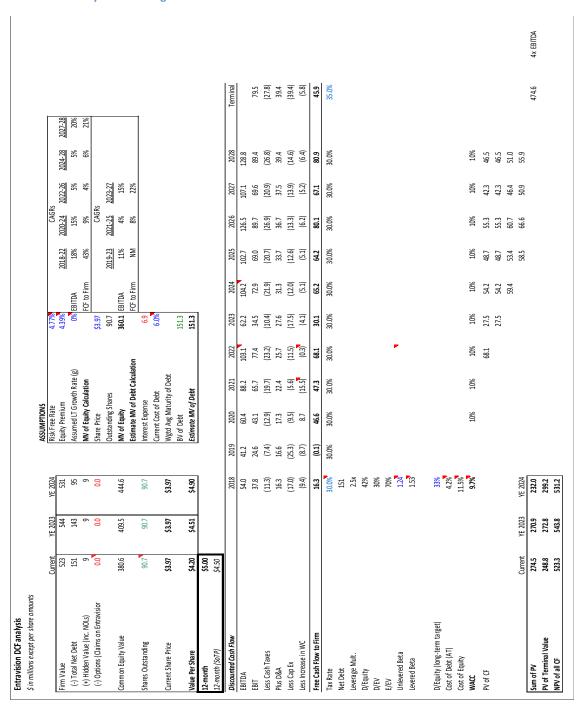


Figure 4: Including these three scenarios in our valuation supports reducing our valuation range to ~\$4.00-\$4.50

Estimated Impact on EVC Valuation  Scenarios	Per Share Valuation Impact	Enterprise Value Impact (\$m)	(Chg in EV) / (Chg in 2024E OCF)
Slowdown impact on 2024	(\$0.50)	(49.2)	6.0x
Digital margins +150bps 2023-28	(\$1.25)	(120.8)	6.9x
TV broadcast core advertising/political incrementality	(\$0.50)	(61.3)	6.5x
Total	(\$2.25)	(231.3)	
Total	(\$2.25)	(231.3)	

Source: Industry Capital Research estimates and company data

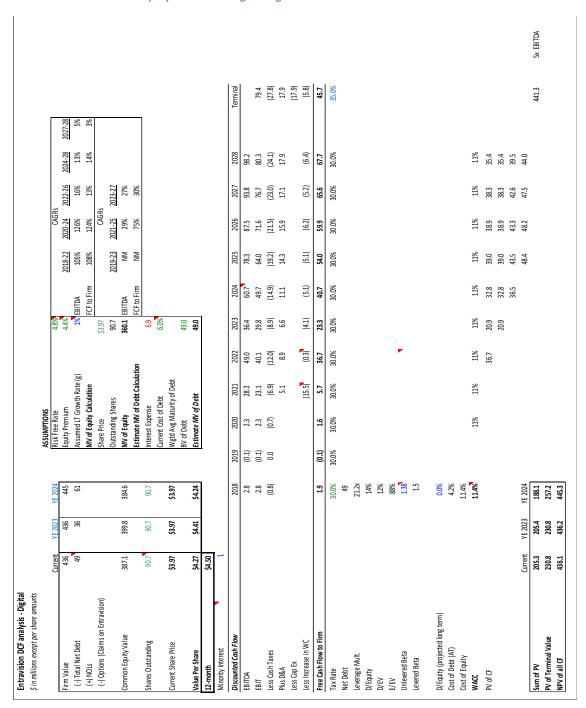
Figure 5: In year of uncertain macro and few acquisitions, revenue has still beat expectations, but margins have missed, raising 2024 growth bar

Entravision ( Summary of A		•	NTSE: EVC				
In millions, except p		liates					
m mane, except p	or orial o data		Estimates		•	oy %CHG	
	Last Yr	ВОҮ	Chg	Current	ВОҮ	Chg	Current
2023E			_				
As Reported							
Revenue	956.2	1,074.2	23.0	1,097.2	12.3%	2.4%	14.7%
Op expense	853.2	980.2	54.8	1,035.0	14.9%	6.4%	21.3%
Adjusted EBITDA	103.1	94.0	(31.8)	62.2	-8.8%	-30.9%	-39.7%
Margin	10.8%	8.8%	-3.1%	5.7%			
EPS	\$0.21	\$0.29	(\$0.26)	\$0.03	41.2%	-127.6%	-86.4%
Cash FCF/sh	\$0.72	\$0.61	(\$0.32)	\$0.29	-15.3%	-44.4%	-59.7%
2024E							
As Reported							
Revenue	1,097.2	1,220.7	32.2	1,252.9	13.6%	0.6%	14.2%
Op expense	1,035.0	1,095.1	53.6	1,148.7	11.7%	-0.7%	11.0%
Adjusted EBITDA	62.2	125.6	(21.4)	104.2	33.6%	34.0%	67.6%
Margin	5.7%	10.3%	-2.0%	8.3%			
EPS	\$0.03	\$0.49	(\$0.20)	\$0.29	68.2%	NM	NM
Cash FCF/sh	\$0.29	\$0.95	(\$0.23)	\$0.72	55.7%	92.5%	148.3%

<sup>\*</sup> pro forma reflects announced acquisitions and dispositions

Source: Company reports, FactSet, Industry Capital Research estimates

Figure 6: We attribute over 90% of EVC's equity value to its digital segment



# Industry Capital Research

Figure 7: In valuing EVC's equity, we allocate most of the debt to EVC's broadcast operations

\$ in millions except per share amounts				٩	ASSUMPTIONS											
	Current	YE 2023	YE 2024	. <u>ICC</u>	Sisk Free Rate			4.8%			CAGRs	S		Γ		
Firm Value	29	62	43	ш	quity Premium	_		4.4%		2018-22	2020-24	2022-26	2024-28	2027-28		
(-) Total Net Debt	102	107	34	q	Assumed LT Growth Rate (g)	owth Rate (g)		-1% EBITDA	BITDA	1%	-7%	%8-	-8%	130%		
(+) NOLs	6	6	6		MV of Equity Calculation	elculation			FCF to Firm	22%	-14%	-10%	-14%	778%		
(-) Options (Claims on Entravisior	0.0	0:0	0:0	S	share Price			\$3.97			CAGRS					
ommon Equipally line	(1,00)	(7.36)	7.91	<u> </u>	Outstanding Shares	ares		90.7	VULI	2019-23	2021-25	2023-27				
minori Equity value	(53.4)	(7:00)	70.7	<u>. u</u>	ini V or Equity Estimate MV of Debt Calculation	Debt Calculat	ion	1000	EDITOR FCF to Firm	N N	-30%	.31%				
Shares Outstanding	90.7	7:06	200.7	<u> </u>	nterest Expense	a.			3							
•				J	Current Cost of Debt	Debt		%0.9								
Current Share Price	\$3.97	\$3.97	\$3.97		Ngtd Avg Maturity of Debt	rrity of Debt										
Value Per Share	\$0.00	\$0.00	\$0.18	<u> ч</u>	3V of Debt Estimate MV of Debt	'Debt		102.3 102.3								
Discounted Cash Flow			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		Terminal	
EBITDA			51.3	41.3	58.1	59.9	54.0	25.8	43.5	24.4	38.9	13.3	30.5			
EBIT			35.0	24.7	40.8	42.7	37.3	4.8	23.2	4.9	18.1	(7.2)	9.0		6.0	
Less Cash Taxes			(10.5)	(7.4)	(12.2)	(12.8)	(11.2)	(1.4)	(2.0)	(1.5)	(5.4)	2.1	(2.7)		(0.3)	
Plus D&A			16.3	16.6	17.3	17.3	16.8	21.0	20.3	19.4	20.8	20.4	21.5		21.5	
Less Cap Ex			(17.0)	(25.3)	(6.5)	(2.6)	(11.5)	(17.5)	(12.0)	(12.6)	(13.3)	(13.9)	(14.6)		(21.5)	
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		0:0	
Free Cash Flow to Firm			14.3	(0.0)	45.0	41.5	31.4	8.9	24.5	10.2	20.2	1.5	13.2		9.0	
Tax Rate			30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%		35.0%	
Net Debt			102													
Leverage Mult.			1.8x													
D/Equity			78%													
D/EV			22%													
E/EV			78%				ı									
Unlevered Beta			0.78				-									
evered Beta			1.0													
D/Equity (long-term target)			33%													
Cost of Debt (AT)			4.2%													
Cost of Equity			%0.6													
WACC			7.8%		%	%8	%	%	%	%8	%	%8	%	%8		
PV of CF							31.4	6.3	21.1	8.2	15.0	1.0	8.4	0.0		
								6.3	21.1	8.2	15.0	1.0	8.4	0.0		
									22.7	8.8	16.1	1.1	9.1	0.0		
	Current	YE 2023	YE 2024							9.5	17.4	1.2	8.6	0:0		
Sum of PV	90.0	27.8	37.8												8.9	0x EBITDA
PV of Terminal Value	4.4	4.4	4.7													

Figure 8: Our slowdown scenario for 2024 assumes lower revenue growth, as well as some margin compression for the broadcast business

Entravision Commun	ications (N	YSE: EVC	)
Operating Estimate Cha	nges: 2024	Slowdo	wn
In millions, except per share data	a		
		Estimates	
	Current	Chg	Recession
2024E			
Revenue Growth:			
Digital	14%	-4%	10%
Core TV Advertising	-10%	-7%	-17%
Core Radio Advertising	-2%	-9%	-11%
Operating Expense Growth:			
Digital (Ex-Cost of Revenue)	3%	-1%	2%
TV	4%	-3%	1%
Radio	8%	-3%	5%
OCF Margin:			
Digital	6.0%	0.0%	6.0%
TV	41.2%	-0.5%	40.8%
Radio	18.9%	-4.9%	14.0%
Source: Industry Capital Research estimates			

Figure 9: We see ~\$0.50 per share valuation downside in our 2024 slowdown scenario

<b>Entravision Comm</b>	unication	s												
Summary of Changes	to Forecast	and Valua	tion											
(in \$ million except unit data)	20	23	DCF Val	uation		EB	ITDA CAC	Rs						
CAGRs	Rev	EBITDA	Low	High	2019-23	2021-25	2022-26	2023-27	2024-28	Risk Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-8
Base	1,097.2	62.2	\$4.50	\$5.00	11%	4%	5%	15%	15%	4.8%	4.4%	9.7%	11.4%	7.8%
Slowdown Scenario	1,097.2	62.2	\$4.00	\$4.50	11%	2%	3%	13%	13%	4.8%	4.4%	9.7%	11.4%	7.8%
Delta	0.0	0.0	(\$0.50)	(\$0.50)	0.0%	-2.0%	-1.8%	-2.1%	-2.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Source: Company data and Industr	ry Capital Resear	ch estimates												



Figure 10: Our current long-term forecast assumes that digital segment OCF margins will increase by ~300bps from 2023-2028

In millions, except per share data									
AS REPORTED	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Net revenue:	2020/1	202271	LULLI	20202	20212	20252	20202	20272	20202
Television	\$154.5	\$146.8	\$144.7	121.1	141.1	120.0	135.9	113.6	132.6
Radio	46.3	58.0	64.4	53.4	58.1	52.3	55.2	48.4	52.3
	200.7	204.9	209.1	174.5	199.3	172.3	191.1	162.1	184.9
Net broadcast revenue		-	The second secon	-					
Digital	143.3	555.3	747.1	922.7	1,053.6	1,175.0	1,277.8	1,339.4	1,391.1
Total net revenue (core)	344.0	760.2	956.2	1,097.2	1,252.9	1,347.3	1,468.9	1,501.5	1,576.0
Revenue from spectrum usage rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total net revenue	344.0	760.2	956.2	1,097.2	1,252.9	1,347.3	1,468.9	1,501.5	1,576.0
Cost of Boursey									
Cost of Revenue									
Television									
Radio							_	_	
Digital	106.9	466.5	624.0	788.1	890.7	993.1	1,081.0	1,133.4	1,178.0
Digital cost of revenue as % of revenue	74.6%	84.0%	83.5%	85.4%	84.5%	84.5%	84.6%	84.6%	84.7%
Total cost of revenue (core)	106.9	466.5	624.0	788.1	890.7	993.1	1,081.0	1,133.4	1,178.0
Cost of revenue from spectrum usage rights (television)									
Total cost of revenue	106.9	466.5	624.0	788.1	890.7	993.1	1,081.0	1,133.4	1,178.0
Opex									
Television opex	80.9	81.4	82.0	80.1	82.9	77.1	79.8	77.4	81.6
Radio opex	41.8	40.0	41.7	43.7	47.1	44.6	45.6	44.1	45.0
Digital opex	30.6	51.5	74.1	96.1	99.5	103.6	109.3	112.2	114.9
Total opex (core)	153.3	172.9	197.8	219.9	229.6	225.4	234.8	233.7	241.4
Spectrum usage rights									
Total Opex	153.3	172.9	197.8	219.9	229.6	225.4	234.8	233.7	241.4
OCF									
Television OCF	73.6	65.4	62.8	41.0	58.2	42.8	56.1	36.3	51.0
TV OCF Margin	47.6%	44.6%	43.4%	33.8%	41.2%	35.7%	41.2%	31.9%	38.4%
Incremental Margin	173.4%	106.6%	126.6%	92.2%	86.0%	72.6%	82.9%	88.9%	77.6%
Radio OCF	4.5	18.0	22.7	92.2%	11.0	7.7	9.6	4.3	77.6%
	-		-	-	_		_	_	_
Radio OCF margin	9.7%	31.0%	35.2%	18.1%	18.9%	14.8%	17.4%	8.8%	14.0%
Incremental Margin	-70.4%	114.9%	74.0%	118.5%	27.4%	56.2%	64.2%	77.9%	78.9%
Digital OCF	5.7	37.3	49.0	38.5	63.4	78.3	87.5	93.8	98.2
Digital OCF margin	4.0%	6.7%	6.6%	4.2%	6.0%	6.7%	6.8%	7.0%	7.1%
Incremental Margin	7.9%	7.7%	6.1%	-6.0%	19.1%	12.2%	9.0%	10.2%	8.5%
Total OCF (core)	83.8	120.8	134.5	89.2	132.6	128.9	153.2	134.4	156.6
Margin	24.4%	15.9%	14.1%	8.1%	10.6%	9.6%	10.4%	9.0%	9.9%
Incremental Margin									
Spectrum sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total OCF	83.8	120.8	134.5	89.2	132.6	128.9	153.2	134.4	156.6
Total OCF Margin	24.4%	15.9%	14.1%	8.1%	10.6%	9.6%	10.4%	9.0%	9.9%
Incremental Margin									
Corporate Expense	27.8	33.0	49.4	48.8	49.8	50.8	51.8	52.9	53.9
GAAP EBITDA	56.0	87.8	85.1	40.3	82.8	78.1	101.4	81.5	102.7
			_						
Corporate non-cash comp	3.9	6.4	14.3	14.0	14.3	14.6	14.9	15.2	15.5
Oney adjustments to each:									
Opex adjustments to cash:	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.7)
Amortization of syndication contracts	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Payments on syndication contracts	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Non-cash comp in direct opex	1.2	3.2	5.7	9.6	9.8	10.0	10.2	10.4	10.6
Non-recurring cash severance	1.7	0.4	4.3	0.6					
EBITDA attributable to redeemable noncontrolling interest	3.4	9.1	0.0	2.1	2.7	0.0	0.0	0.0	0.0
EBITDA attributable to noncontrolling interest	1		3.4	0.0	0.0	0.0	0.0	0.0	0.0
Total opex (positive) adjustments to cash	0.5	5.5	(6.6)	(8.1)	(7.1)	(10.0)	(10.2)	(10.4)	(10.6)
Foreign currency (gain) loss	(1.1)	0.5	3.0	0.3	0.0	0.0	0.0	0.0	0.0
Total Adjusted EBITDA	60.4	88.2	103.1	62.2	104.2	102.7	126.5	107.1	128.8
Other opex for spectrum (in corporate)									
	60.4	88.2	103.1	63.3	104.2	102.7	126 5	107.1	128.8
Adjusted EBITDA (core)  Memo: adj. EBITDA (core) reported	_			62.2	104.2	102.7	126.5	107.1	128.8
	60.4	88.0	103.1						
Model variance: adj. EBITDA	(0.0)	0.1	40.001		0.000	7.001	0.000	7.461	0.354
Adj. EBITDA core margin	17.6%	11.6%	10.8%	5.7%	8.3%	7.6%	8.6%	7.1%	8.2%
Incremental Margin	27.3%	6.7%	7.6%	-29.0%	27.0%	-1.7%	19.6%	-59.4%	29.0%

Figure 11: Our downside digital margin scenario assumes that OCF margins will only increase by ~150bps from 2023-2028

In millions, except per share data									
AS REPORTED	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Net revenue:									
Television	\$154.5	\$146.8	\$144.7	121.1	141.1	120.0	135.9	113.6	132.6
Radio	46.3	58.0	64.4	53.4	58.1	52.3	55.2	48.4	52.3
Net broadcast revenue	200.7	204.9	209.1	174.5	199.3	172.3	191.1	162.1	184.9
Digital	143.3	555.3	747.1	922.7	1,053.6	1,175.0	1,277.8	1,339.4	1,391.1
Total net revenue (core)	344.0	760.2	956.2	1,097.2	1,252.9	1,347.3	1,468.9	1,501.5	1,576.0
I							-		
Revenue from spectrum usage rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total net revenue	344.0	760.2	956.2	1,097.2	1,252.9	1,347.3	1,468.9	1,501.5	1,576.0
Cost of Revenue									
Television									
Radio			_			<u>_</u>		_	
Digital	106.9	466.5	624.0	788.1	890.7	993.1	1,081.0	1,133.4	1,178.0
Digital cost of revenue as % of revenue	74.6%	84.0%	83.5%	85.4%	84.5%	84.5%	84.6%	84.6%	84.7%
Total cost of revenue (core)	106.9	466.5	624.0	788.1	890.7	993.1	1,081.0	1,133.4	1,178.0
Cost of revenue from spectrum usage rights (television)							,	,	,
Total cost of revenue	106.9	466.5	624.0	788.1	890.7	993.1	1,081.0	1,133.4	1,178.0
Total cost of revende	100.5	400.5	024.0	700.1	030.7	333.1	1,001.0	1,133.4	1,170.0
Oney									
Opex	0.5		00 -				=0 -		a
Television opex	80.9	81.4	82.0	80.1	82.9	77.1	79.8	77.4	81.6
Radio opex	41.8	40.0	41.7	43.7	47.1	44.6	45.6	44.1	45.0
Digital opex	30.6	51.5	74.1	96.1	117.0	121.4	128.1	131.5	134.7
Total opex (core)	153.3	172.9	197.8	219.9	247.0	243.2	253.6	253.0	261.2
Spectrum usage rights									
Total Opex	153.3	172.9	197.8	219.9	247.0	243.2	253.6	253.0	261.2
· ·									
OCF									
Television OCF	73.6	65.4	62.8	41.0	58.2	42.8	56.1	36.3	51.0
	-	-	-	-	-	-	-	-	
TV OCF Margin	47.6%	44.6%	43.4%	33.8%	41.2%	35.7%	41.2%	31.9%	38.4%
Incremental Margin	173.4%	106.6%	126.6%	92.2%	86.0%	72.6%	82.9%	88.9%	77.6%
Radio OCF	4.5	18.0	22.7	9.7	11.0	7.7	9.6	4.3	7.3
Radio OCF margin	9.7%	31.0%	35.2%	18.1%	18.9%	14.8%	17.4%	8.8%	14.0%
Incremental Margin	-70.4%	114.9%	74.0%	118.5%	27.4%	56.2%	64.2%	77.9%	78.9%
Digital OCF	5.7	37.3	49.0	38.5	46.0	60.5	68.7	74.5	78.4
Digital OCF margin	4.0%	6.7%	6.6%	4.2%	4.4%	5.1%	5.4%	5.6%	5.6%
Incremental Margin	7.9%	7.7%	6.1%	-6.0%	5.7%	12.0%	8.0%	9.4%	7.6%
Total OCF (core)	83.8	120.8	134.5	89.2	115.2	111.1	134.4	115.1	136.8
Margin	24.4%	15.9%	14.1%	8.1%	9.2%	8.2%	9.1%	7.7%	8.7%
	24.470	13.576	14.170	8.176	3.276	8.276	3.176	7.770	8.776
Incremental Margin									
Spectrum sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total OCF	83.8	120.8	134.5	89.2	115.2	111.1	134.4	115.1	136.8
Total OCF Margin	24.4%	15.9%	14.1%	8.1%	9.2%	8.2%	9.1%	7.7%	8.7%
Incremental Margin									
Corporate Expense	27.8	33.0	49.4	48.8	49.8	50.8	51.8	52.9	53.9
· · · · · · · · · · · · · · · · · · ·								·	
GAAP EBITDA	56.0	87.8	85.1	40.3	65.4	60.3	82.5	62.2	82.9
	23.0	20							
Corporate non-cash comp	3.9	6.4	14.3	14.0	14.3	14.6	14.9	15.2	15.5
co.po.ate non cash comp	3.9	0.4	14.3	14.0	14.5	14.0	14.5	13.2	13.5
Ones, additional and the seals.									
Opex adjustments to cash:	/a =:		(6.5)		10.51	(5.5)	(0.5)	(5.5)	/a
Amortization of syndication contracts	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Payments on syndication contracts	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Non-cash comp in direct opex	1.2	3.2	5.7	9.6	9.8	10.0	10.2	10.4	10.6
Non-recurring cash severance	1.7	0.4	4.3	0.6					
EBITDA attributable to redeemable noncontrolling interest	3.4	9.1	0.0	2.1	2.7	0.0	0.0	0.0	0.0
EBITDA attributable to noncontrolling interest			3.4	0.0	0.0	0.0	0.0	0.0	0.0
Total opex (positive) adjustments to cash	0.5	5.5	(6.6)	(8.1)	(7.1)		(10.2)	(10.4)	(10.6)
The specific of adjustments to tush	0.5	3.3	(0.0)	(0.1)	(7.1)	(10.0)	(10.2)	(10.4)	(10.0)
Foreign currency (gain) loss	(1.1)	0.5	3.0	0.3	0.0	0.0	0.0	0.0	0.0
Torcign currency (gain) 1055	(1.1)	0.3	3.0	0.3	0.0	0.0	0.0	0.0	0.0
Table 1 A disease of EDITOA									
Total Adjusted EBITDA	60.4	88.2	103.1	62.2	86.8	84.9	107.6	87.8	109.0
Other opex for spectrum (in corporate)									
Adjusted EBITDA (core)	60.4	88.2	103.1	62.2	86.8	84.9	107.6	87.8	109.0
Memo: adj. EBITDA (core) reported	60.4	88.0	103.1						
Model variance: adj. EBITDA	(0.0)	0.1							
Adj. EBITDA core margin	17.6%	11.6%	10.8%	5.7%	6.9%	6.3%	7.3%	5.8%	6.9%
Incremental Margin	27.3%	6.7%	7.6%	-29.0%	15.8%	-2.0%	18.7%	-60.9%	28.4%
moremental margin	21.370	0.770	7.070	23.070	13.070	-2.070	10.770	00.570	20.470

Figure 12: We see over ~\$1.00 per share valuation downside in our reduced digital OCF margin scenario

Entravision Commu			tion											
(in \$ million except unit data)	20	Г	DCF Val	uation		EB	ITDA CAG	GRs						
CAGRs	Rev	EBITDA	Low	High	2019-23	2021-25	2022-26	2023-27	2024-28	Risk Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-B
Base	1,097.2	62.2	\$4.50	\$5.00	11%	4%	5%	15%	15%	4.8%	4.4%	9.7%	11.4%	7.8%
Lower Digital Margins	1,097.2	62.2	\$3.50	\$3.50	11%	-1%	1%	9%	9%	4.8%	4.4%	9.7%	11.4%	7.8%
Delta	0.0	0.0	(\$1.00)	(\$1.50)	0.0%	-4.8%	-4.2%	-5.6%	-5.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Source: Company data and Industry	y Capital Resear	ch estimates												

Figure 13: Not unreasonable to assume that, given displacement of core advertising, TV political advertising revenue is ~50% incremental

Entravision	Commun	ications	
Core TV Adver	tising Gro	wth, Quarter	y Average
Year	Model	Reported	Model-50%
2016	1.3%	1.3%	4.0%
2018	-10.8%	-6.6%	-6.5%
2020	-11.5%	-11.5%	-0.6%
2022	-24.4%	-1.5%	-13.2%
2017	-3.6%	0.8%	-6.6%
2019	-2.7%	-3.8%	-6.8%
2021	19.4%	19.3%	8.6%
2023E	-2.2%	0.0%	-14.4%
Even	-11.3%	-4.6%	-4.1%
Odd	2.7%	4.0%	-4.8%
All	-4.3%	-0.3%	-4.5%
Even ex-'22	-7.0%	-5.6%	-1.0%
Note: 2022 refl	ects loss of	three Univis	ion
affiliations at e	end of 2021		
Source: Company repor	rts; Industry Capita	al Research estima	ites

Figure 14: Excluding the highs and lows of pandemic, recovery and 2021 affiliation losses, core TV ad growth trends down LSD-MSD, we estimate

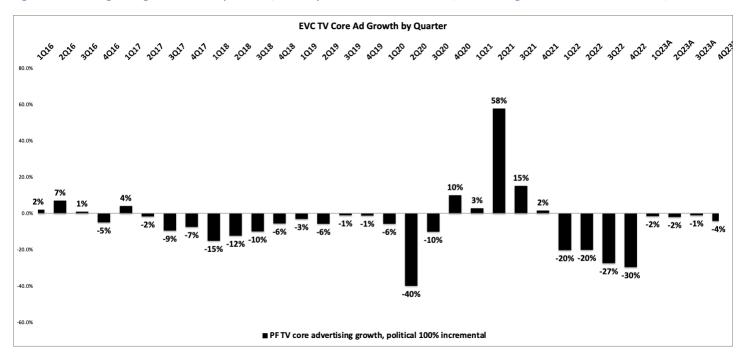




Figure 15: We see ~\$0.50 per share downside in our scenario assuming that political advertising is only ~50% incremental to core TV ad growth

<b>Entravision Communicat</b>	ions													
Summary of Changes to Fore	cast and \	/aluation			_									
(in \$ million except unit data)	20	23	DCF Va	luation		EB	ITDA CAC	GRs						
CAGRs	Rev	EBITDA	Low	High	2019-23	2021-25	2022-26	2023-27	2024-28	Risk Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-B
Base	1,097.2	62.2	\$4.50	\$5.00	11%	4%	5%	15%	15%	4.8%	4.4%	9.7%	11.4%	7.8%
TV Political 50% Incremental	1,097.2	62.2	\$4.50	\$4.00	11%	3%	3%	13%	13%	4.8%	4.4%	9.7%	11.4%	7.8%
Delta	0.0	0.0	\$0.00	(\$1.00)	0.0%	-0.7%	-2.4%	-1.2%	-1.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Source: Company data and Industry Capital R	Research estim	ates												

**Figure 16: Financial statement forecasts** 

In millions, except per share data													
AS REPORTED	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	2024E
Net revenue:					,								
Television	\$154.5	\$146.8	\$30.9	\$32.4	\$35.7	\$45.8	\$144.7	30.3	29.9	29.552	31.3	121.1	141.1
			12.6	14.9	16.5		· ·	12.2	13.5	13.378		-	-
Radio	46.3	58.0				20.4	64.4				14.3	53.4	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	45.5	174.5	199.3
Digital	143.3	555.3	153.7	174.4	188.9	230.1	747.1	196.4	229.9	231.487	265.0	922.7	1,053.6
Total net revenue (core)	344.0	760.2	197.2	221.7	241.0	296.3	956.2	238.9	273.4	274.4	310.5	1,097.2	1,252.9
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	238.9	273.4	274.4	310.5	1,097.2	1,252.9
Total liet revenue	311.0	700.2	257.2	221.7	212.0	250.5	330.2	250.5	275.1	27	510.5	1,037.12	1,232.3
Cost of Revenue													
Television													
Radio			-					-	_		-		
Digital	106.9	466.5	129.9	145.0	157.2	192.0	624.0	168.3	195.7	199.3	224.8	788.1	890.7
Digital cost of revenue as % of revenue	74.6%	84.0%	84.5%	83.1%	83.2%	83.4%	83.5%	85.7%	85.1%	86.1%	84.9%	85.4%	84.5%
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	224.8	788.1	890.7
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	224.8	788.1	890.7
Total cost of revenue	100.5	400.5	125.5	143.0	137.2	132.0	024.0	100.5	133.7	155.5	224.0	700.1	030.7
Oney													
Opex			40.0	40 =	20.0	22.0		22.1	400	400			
Television opex	80.9	81.4	19.2	19.7	20.0	23.0	82.0	20.1	19.9	19.9	20.3	80.1	82.9
Radio opex	41.8	40.0	9.4	10.4	10.2	11.7	41.7	11.0	11.7	10.7	10.3	43.7	47.1
Digital opex	30.6	51.5	15.2	17.3	19.1	22.6	74.1	21.0	25.2	23.2	26.8	96.1	99.5
Total opex (core)	153.3	172.9	43.9	47.4	49.3	57.2	197.8	52.1	56.7	53.8	57.3	219.9	229.6
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	57.3	219.9	229.6
- State Open	155.5	1/2.3	-3.3	77.4	73.3	31.2	137.0	32.1	50.7	33.0	31.3	213.3	223.0
ocr													
OCF													-
Television OCF	73.6	65.4	\$11.6	\$12.6	\$15.7	\$22.8	62.8	\$10.2	\$10.1	\$9.7	\$11.0	41.0	58.2
TV OCF Margin	47.6%	44.6%	37.7%	39.1%	43.9%	49.8%	43.4%	33.7%	33.6%	32.7%	35.2%	33.8%	41.2%
Incremental Margin	173.4%	106.6%					126.6%					92.2%	86.0%
Radio OCF	4.5	18.0	3.2	4.6	6.2	8.7	22.7	1.2	1.8	2.6	4.0	9.7	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%	28.1%	18.1%	18.9%
Incremental Margin	-70.4%	114.9%	25.570	30.370	30.070	42.070	74.0%	520.2%	195.3%	117.3%	76.3%	118.5%	27.4%
	1	-				47.0	-				-	_	-
Digital OCF	5.7	37.3	8.6	12.2	12.7	15.6	49.0	7.1	9.0	9.0	13.3	38.5	63.4
Digital OCF margin	4.0%	6.7%	5.6%	7.0%	6.7%	6.8%	6.6%	3.6%	3.9%	3.9%	5.0%	4.2%	6.0%
Incremental Margin	7.9%	7.7%					6.1%	-3.4%	-5.6%	-8.6%	-6.6%	-6.0%	19.1%
Total OCF (core)	83.8	120.8	23.4	29.4	34.6	47.1	134.5	18.6	20.9	21.3	28.3	89.2	132.6
Margin	24.4%	15.9%	11.9%	13.2%	14.4%	15.9%	14.1%	7.8%	7.7%	7.8%	9.1%	8.1%	10.6%
Incremental Margin			-0.6%	3.3%	6.9%	15.5%		-11.6%	-16.3%	-39.8%	-132.4%		
	0.0	0.0					0.0					0.0	0.0
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	28.3	89.2	132.6
Total OCF Margin	24.4%	15.9%	11.9%	13.2%	14.4%	15.9%	14.1%	7.8%	7.7%	7.8%	9.1%	8.1%	10.6%
Incremental Margin			-0.6%	3.3%	6.9%	15.5%		-11.6%	-16.3%	-39.8%	-132.4%		
Corporate Expense	27.8	33.0	8.7	8.5	9.5	22.6	49.4	10.5	12.0	13.3	13.0	48.8	49.8
GAAP EBITDA	56.0	87.8	14.7	20.8	25.1	24.5	85.1	8.1	8.9	8.0	15.4	40.3	82.8
57011 2511571	30.0	07.0	2,	20.0	25.1	21.5	05.1	0.1	0.5	0.0	25.1	10.5	02.0
Corporate non-cash comp	3.9	6.4	1.6	1.7	1.8	9.2	14.3	2.2	3.2	4.4	4.2	14.0	14.3
least portate non-east comp	3.3	0.4	1.0	1.7	1.0	3.2	14.5	2.2	3.2	4.4	7.2	14.0	14.5
0													
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	2.4	9.6	9.8
Non-recurring cash severance	1.7	0.4				4.3	4.3	0.1	0.5			0.6	
EBITDA attributable to redeemable noncontrolling interest	3.4	9.1	0.0	0.0	0.0	0.0	0.0	0.2	0.4	0.3	1.2	2.1	2.7
	5.4	3.1	0.0	0.0				0.2	0.4	0.5	1.2		
EBITDA attributable to noncontrolling interest			4	16.71	(0.0)	3.4	3.4	,	, ·	/·		0.0	0.0
Total opex (positive) adjustments to cash	0.5	5.5	(1.0)	(0.9)	(1.0)	(3.7)	(6.6)	(1.8)	(2.8)	(2.3)	(1.2)	(8.1)	(7.1)
				_		_							
Foreign currency (gain) loss	(1.1)	0.5	(0.8)	1.0	2.0	0.9	3.0	(1.0)	0.7	0.5		0.3	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	20.8	62.2	104.2
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	20.8	62.2	104.2
											20.8	02.2	104.2
Memo: adj. EBITDA (core) reported	60.4	88.0	18.1	22.5	26.0	36.5	103.1	13.0	14.2	14.2			
Model variance: adj. EBITDA	(0.0)	0.1	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%	6.7%	5.7%	8.3%
Incremental Margin	27.3%	6.7%	8.1%	10.8%	6.2%	5.9%	7.6%	-12.3%	-16.0%	-35.2%	-111.0%	-29.0%	27.0%

Figure 17: Financial statement forecasts (continued)

In millions, except per share data	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	2024E
Memo: cash opex (core)	\$153.8	\$178.4	\$42.9	\$46.4	\$48.3	\$53.6	\$191.2	50.3	54.0	51.5	56.1	\$211.8	222.5
Memo: cash corporate expense	23.9	26.6	7.1	6.8	7.7	13.4	35.1	8.3	8.8	8.9	8.8	34.8	35.5
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	24.1
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	7.8	7.1
Memo: PF EBITDA attributable to redeemable noncontrolling in		(0.0)	1.0	(0.1)	(0.5)	2.0	3.0	2.7	2.1	1.0	1.2	7.8	7.1
INVENTO. PE EBIT DA attributable to redeemable noncontrolling in	iterest												
D&A	17.3	22.4	6.4	6.3	6.6	6.5	25.7	6.5	6.5	7.4	7.2	27.6	21.2
			6.4			6.5	25.7	6.5	6.5	7.4	7.3	27.6	31.3
D&A % of Revenue	5.0%	2.9%	3.2%	2.8%	2.7%	2.2%	2.7%	2.7%	2.4%	2.7%	2.3%	2.5%	2.5%
Change in fair value contingent consideration	0.000	8.224	5.1	1.0	0.734	7.4	14.2	(4.1)	1.1	(6.0)	0.0	(8.9)	0.0
Impairments	40.0	3.0	0.0	0.0	0.0	1.6	1.6	0.0	0.0	1.0	(1.0)	0.0	0.0
Other operating (gain) loss	(6.9)	(7.0)	(0.1)	(0.8)	(0.1)	1.4	0.4	0.0	0.0	0.0	0.0	0.0	(2.2)
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	9.1	21.4	53.7
Operating Margin %	1.9%	8.0%	2.1%	6.1%	6.6%	2.3%	4.2%	2.8%	0.2%	1.9%	2.9%	1.9%	4.3%
Interest expense	(8.3)	(6.9)	(1.4)	(2.3)	(2.3)	(2.7)	(8.7)	(3.2)	(4.3)	(2.9)	(2.4)	(12.8)	(10.4)
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
	1.7	0.2	0.0	0.7			0.7	0.0	1.0			0.0	0.0
Interest income					0.0	0.0	-			0.0 (2.9)	(1.0)		
Net interest expense	(6.5)	(6.8)	(1.4)	(1.6)	(2.3)	(2.7)	(8.0)	(3.2)	(3.3)		(3.5)	(12.8)	(10.4)
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)	0.1	0.0	0.0
	<u> </u>			_	_					_			
Pretax income	0.1	54.0	2.7	11.8	13.1	4.0	31.7	1.9	(2.7)	2.2	5.6	7.0	43.4
Pretax margin	0.0%	7.1%	1.4%	5.3%	5.4%	1.3%	3.3%	0.8%	NM	0.8%	1.8%	0.6%	3.5%
	1												
Income (taxes) benefit	(1.5)	(18.7)	(0.9)	(3.4)	(4.1)	(3.3)	(11.6)	(0.2)	0.7	0.5	(3.5)	(2.4)	(15.2)
Effective tax rate	1276.3%	34.6%	31.1%	28.5%	31.1%	81.8%	36.5%	12.2%	27.0%	-24.1%	61.7%	35.0%	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%	54.7%	128.8%	37.0%
Cush tax rate	0332.3%	7.0%	44.Z70	J2.070	30.0%	137.3%	J3.476	3.0%	-120.170	100.0%	34.770	140.070	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	2.2	4.5	28.2
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)	(2.4)	(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	(0.2)	2.5	26.1
Net margin	17.6%	11.6%	9.2%	10.1%	10.8%	12.3%	10.8%	5.4%	5.2%	5.2%	6.7%	5.7%	8.3%
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
Interest	2.5	5.5	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	(0.2)	2.5	26.1
T													
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	\$0.00	\$0.03	\$0.29
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	(0.2)	2.5	26.1
EPS - basic	(\$0.05)	\$0.34	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.21	\$0.02	(\$0.02)	\$0.03	\$0.00	\$0.03	\$0.29
EPS - diluted	(\$0.05)	\$0.33	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.21	\$0.02	(\$0.02)	\$0.03	(\$0.00)	\$0.03	\$0.29
EPS reported by company	(\$0.05)		\$0.02	\$0.10	\$0.11	(\$0.02)		\$0.02	(\$0.02)	\$0.03			
Model variance: EPS	\$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
T	35.9	39.1	7.0	9.4	10.1	17.1	43.6	2.0		2.7		2.5	26.1
Pro forma net income									(2.0)		(0.2)		
Pro forma EPS - basic	\$0.43	\$0.46	\$0.08	\$0.11	\$0.12	\$0.20	\$0.51	\$0.02	(\$0.02)	\$0.03	\$0.00	\$0.03	\$0.29
Pro forma EPS	\$0.43	\$0.44	\$0.08	\$0.11	\$0.12	\$0.19	\$0.50	\$0.02	(\$0.02)	\$0.03	\$0.00	\$0.03	\$0.29
EPS shares - Basic	84.2	85.3	86.5	85.0	84.9	85.2	85.4	87.6	87.8	88.0	88.3	88.0	90.2
EPS shares - Diluted	84.2	87.9	88.6	87.0	87.4	88.0	87.8	89.8	87.8	89.9	88.3	89.4	91.1
	1												
Free Cash Flow:	1												
EBITDA	60.4	88.2	18.1	22.5	25.9	36.5	103.1	13.0	14.213	14.185	20.8	62.2	104.2
Cash net interest	-5.9	-6.2	-1.2	-1.2	-1.9	-2.5	-6.7	-3.0	-3.223	-2.811	-3.5	-12.5	-10.4
Other adjustments to cash	5.3	6.8	0.1	0.8	0.1	-5.7	-4.7	0.7	2.2	0.0	0.0	2.9	- 1
- Cash taxes	-7.7	-4.1	-1.2	-6.2	-4.0	-5.5	-16.9	-0.1	-3.5	-2.3	-3.1	-9.0	-16.0
Cash taxes / EBITDA	13%		7%	28%	15%	15%		1%	25%	17%	15%	15%	15%
		5%					16%						
Minus: capex	-9.5	-5.6	-1.5	-1.7	-4.7	-3.6	-11.5	-6.8	-8.1	-5.0	2.3	-17.5	-12.0
Capex / D&A	55%	25%	24%	27%	71%	55%	45%	104%	125%	68%	-32%	64%	38%
Capex / EBITDA	16%	6%	9%	7%	18%	10%	11%	52%	57%	35%	-11%	28%	12%
Plus: cost of revenue for spectrum usage rights	1		_	_	_			_	_	_			
= Free Cash Flow	42.6	79.0	14.3	14.3	15.4	19.3	63.3	3.9	1.6	4.0	16.6	26.0	65.8
Free cash flow (reported by company)	43.0												
Free Cash Flow (core)	42.6	79.0	14.3	14.3	15.4	19.3	63.3	3.9	1.6	4.0	16.6	26.0	65.8
FCF per share (core)	\$0.51	\$0.90	\$0.16	\$0.16	\$0.18	\$0.22	\$0.72	\$0.04	\$0.02	\$0.04	\$0.19	\$0.29	\$0.72
Memo: FCF/Adjusted EBITDA (core)	70.5%	89.7%	79.1%	63.4%	59.4%	52.8%	61.4%	29.8%	11.0%	28.2%	79.7%	41.8%	63.1%
memo or / Aujusteu EDTEA (COTE)	70.5%	33.1/6	, 3.1/0	03.470	JJ.470	32.070	J1.4/0	23.070	11.070	20.2/0	13.170	71.0/0	03.170
	\$0.13	60.40	ć0.035 <sup>3</sup>	ćo car	ćo car	60.035	60.40	\$0.05	ćo or	ćo or	60.05	60.30	ć0.30
	50.13	\$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 per basic share			71	/	/							,	
- 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)
		(8.5) 10.8%	(2.2) 15.1%	(2.1) 14.9%	(2.1) 13.8%	(2.1) 11.0%	(8.5) 13.5%	(4.4) 113.3%	(4.4) 281.8%	(4.4) 109.9%	(4.4) 26.6%	(17.6) 67.6%	(18.0) 27.4%

Figure 18: Financial statement forecasts (continued)

ANNUAL PERCENTAGE CHANGE	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	2024E
Net revenue growth	25.8%	121.0%	32.4%	24.3%	21.1%	26.7%	25.8%	21.2%	23.3%	13.8%	4.8%	14.7%	14.2%
Net revenue (core) growth	25.8%	121.0%	32.4%	24.3%	21.1%	26.7%	25.8%	21.2%	23.3%	13.8%	4.8%	14.7%	14.2%
TV revenue growth	3.2%	-4.9%	-14.5%	-4.9%	-2.1%	13.8%	-1.4%	-1.8%	-7.5%	-17.2%	-31.7%	-16.3%	16.6%
Radio revenue growth	-15.9%	25.4%	11.4%	5.8%	0.1%	26.3%	11.0%	-3.0%	-9.4%	-18.7%	-29.9%	-17.0%	8.9%
Digital revenue growth	108.0%	287.5%	51.5%	33.9%	29.3%	29.6%	34.5%	27.8%	31.8%	22.5%	15.1%	23.5%	14.2%
Cost of revenue	NM	NM	53.3%	33.0%	26.4%	29.4%	33.8%	29.5%	35.0%	26.8%	17.1%	26.3%	13.0%
Direct expense	-12.1%	-22.4%	-3.2%	1.1%	-0.7%	5.2%	0.7%	4.5%	0.7%	-0.6%	-11.9%	-2.2%	3.5%
SG&A	-10.3%	NM	-3.0%	4.9%	4.4%	33.1%	28.5%	17.1%	12.9%	5.2%	24.1%	22.7%	11.1%
Opex	23.8%	NM	38.8%	27.8%	23.4%	26.8%	28.5%	26.8%	31.3%	22.6%	13.2%	22.7%	11.1%
Opex (core)	-11.6%	12.8%	8.5%	14.3%	14.6%	19.1%	14.4%	18.7%	19.8%	9.2%	0.1%	11.2%	4.4%
TV opex	-4.2%	0.6%	-3.2%	1.1%	-0.7%	5.2%	0.7%	4.5%	0.7%	-0.6%	-11.9%	-2.2%	3.5%
Radio opex	-26.3%	-4.2%	-3.0%	4.9%	4.4%	9.7%	4.1%	17.1%	12.9%	5.2%	-12.4%	4.9%	7.9%
Digital opex	-5.0%	68.1%	40.4%	43.5%	46.0%	45.1%	44.0%	37.7%	45.7%	21.5%	18.8%	29.7%	3.5%
Total OCF (core)	32.1%	44.1%	-1.2%	5.1%	9.2%	25.9%	11.4%	-20.7%	-28.8%	-38.4%	-39.8%	-33.7%	48.8%
TV OCF	12.8%	-11.0%	-28.3%	-13.0%	-3.8%	24.1%	-4.1%	-12.2%	-20.3%	-38.4%	-51.8%	-34.8%	42.1%
Radio OCF	NM	NM	97.1%	7.8%	-6.2%	58.7%	26.2%	-62.0%	-60.0%	-57.8%	-53.7%	-57.3%	13.4%
Digital OCF	NM	NM	46.1%	32.5%	45.2%	15.1%	31.3%	-16.8%	-25.8%	-28.8%	-14.7%	-21.5%	64.8%
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%	-34.4%	-0.7%	2.0%
Adjusted EBITDA (core)	46.6%	45.9%	27.6%	26.4%	11.2%	11.2%	16.9%	-28.3%	-36.8%	-45.3%	-43.1%	-39.7%	67.6%
D & A	3.8%	29.7%	23.4%	23.4%	11.1%	3.6%	14.6%	1.2%	3.9%	12.2%	12.4%	7.5%	13.4%
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%	-31.1%	NM	-83.2%	42.0%	-77.9%	NM
Net income pre-extra.	NM	NM	-65.2%	7.6%	-23.6%	NM	-38.5%	6.0%	NM	-70.9%	NM	-86.2%	NM
EPS, Continuing Operations	NM	NM	-66.7%	11.1%	-21.4%	NM	-38.2%	0.0%	NM	-72.7%	NM	-85.7%	NM
EPS - diluted	NM	NM	-65.9%	8.6%	-22.8%	NM	-38.4%	4.6%	NM	-71.7%	NM	-86.4%	NM
FCF/share	NM	76.5%	6.7%	14.3%	-28.0%	-37.1%	-20.0%	-75.0%	-87.5%	-77.8%	-13.6%	-59.7%	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%



#### **APPENDIX**

Additional information relative to securities, other financial products or issuers discussed in this report is available upon request.

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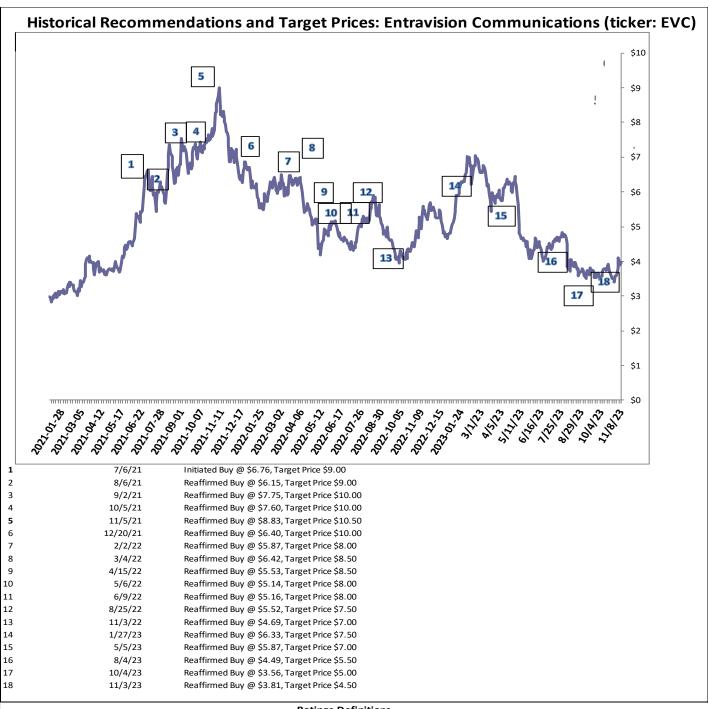
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