

## Entravision Communications Corporation (EVC)

Target Of Opportunity Takes Our Price Target Up To \$10 From \$9

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**Accelerated acquisition of 49% Cisneros Interactive stake gives EVC its second major digital deal this year.** Pros are 1) a deal price at the previously negotiated 6x EBITDA multiple, even as market prices have inflated towards ~10x over the past year and 2) clearer direction and management incentives for Cisneros within EVC's digital media strategy. Main con is EVC's sharing with Cisneros the upside on its 2021-2023 EBITDA, rather than on any single year in which a future buy-in option might have been exercised under the preexisting agreement.

**Terms keep 6x multiple of initial deal announced last October.** The acquisition announced 8/31 eliminates the uncertainty on whether and when EVC would fully consolidate Cisneros Interactive. EVC will now make 3 payments at the 6x EBITDA multiple negotiated in the initial acquisition last October, based on Cisneros' 2021, 2022 and 2023 full year results. In return, EVC will fully consolidate Cisneros results from 9/1 on.

**Deal boosts EVC's free cash flow and pro forma net debt at favorable valuation.** For September, EVC will book 100% of Cisneros EBITDA, with no minority interest. EVC was already booking all of Cisneros' revenue, and this will not change. Based on our Cisneros forecast, we estimate payments by EVC under the acquisition of \$31m in 2022, \$38m in 2023, and \$48m in 2024. We allocate the impact of these payments to our pro forma net debt estimate.

**Acquisition is part of aligning structure with strategy.** With this deal, EVC now has two wholly-owned digital media firms focused on similar digital representation businesses. Cisneros Interactive, predominantly in Central and South America, has a mandate to grow both there as well as in Africa and Eastern Europe. The new deal will give Cisneros management economic upside on additional opportunities—and cash flow—that they can bring into their business. Cisneros co-founder Adriana Cisneros will remain on EVC's board, with a special focus on Cisneros Interactive's growth, with her co-founder Victor Hong continuing as Cisneros CEO. We expect MediaDonuts to focus on developing and expanding its footprint in Asia.

**Our 12-month price target for EVC goes to \$10.00 from \$9.00; risks.** Our PT is supported by a discounted cash flow valuation. On explicit financial forecasts through 2026, we assume weighted average cost of capital (WACC) and stable FCF growth rates, respectively, of roughly 6% and -1% for broadcast business and 8% and 1% for digital media business. Our updated DCF valuation reflects both estimated impact of the announced transaction for Cisneros (~\$2.50 per share positive impact) and updated market assumptions for risk-free rate and equity risk premium (~\$1.50 negative impact). Our view could change based on 1) outlook for emerging markets digital media, 2) core growth or profitability of U.S. broadcast media, and 3) capital allocation. Risks to our investment thesis include: 1) secular challenges and potentially increasing competition from Univision for EVC's broadcast media business, 2) potential volatility of EVC's digital media business, 3) potential barriers to sale of all or a portion of the company; and 4) regression to mean in share price performance relative to the market.

BUY

Price at 9/2/21 (USD)	7.75
Price Target	10.00
52-week range	1.25 - 7.97

Performance (%)	1m	3m	12m
Absolute	30	68	423
S&P 500	3	8	27

Market Cap (USDm)	666.7
Shares outstanding (m)	86.0
Float (%)	71
Average volume	779,306
S&P 500	4,538.8

### Forecasts and ratios

Year ended 12/31	2020A	2021E	2022E
1Q EPS (USD)	-0.42	0.06	0.02
2Q EPS (USD)	0.03	0.09	0.05
3Q EPS (USD)	0.11	0.11	0.10
4Q EPS (USD)	0.24	0.18	0.32
FY EPS (USD)	-0.05	0.44	0.49
% Change	NE	NM	11%
P/E (x)	NM	17.7	15.9
EV/EBITDA (x)	11.1	9.5	8.2
Revenue (USDm)	344.0	724.6	803.1
% Change	NE	111%	11%

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## Investment Thesis and Valuation: Buy With \$10 Price Target

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

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

Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

(in millions, except unit data)  
12-month price target: \$10.00

ENTERPRISE VALUE		COMPANY CHARACTERISTICS AND INVESTMENT THESIS	
Price per share	\$7.75	<b>Company description</b>	Entravision is a multimedia company focused primarily on the Spanish-language markets. The company owns or operates 48 TV stations (mostly Univision network affiliates) in 16 U.S. cities, 48 radio stations (38 FM and 10 AM) and a radio network with national distribution, and a digital media segment primarily focused on roughly 20 international markets. We estimate that the company's pro forma 2020 revenue was 30% from TV, 9% from radio, and 61% from digital media. Univision Communications owns ~11% of Entravision's stock. On August 2, 2000, Entravision completed an initial public offering at \$16.50 per share of its Class A common stock, which is listed on the NYSE under the symbol "EVC."
Diluted shares outstanding	86.0	<b>Strategy</b>	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	667	<b>Est. acquisition capacity</b>	\$30
+Pro forma net debt	203	<b>Management</b>	<b>Walter Ulloa</b> is Chairman and CEO (since 1996). <b>Jeffrey Liberman</b> is President and COO (since 2017 and with EVC since 2000). <b>Christopher Young</b> is CFO (since 2008 and with EVC since 2000).
-Hidden value	62	<b>Positives</b>	<ul style="list-style-type: none"> <li>* Experience in expanding distribution in smaller, faster-growing markets, both in U.S. and internationally</li> <li>* Reduced expense base during and after the pandemic</li> <li>* Strong balance sheet</li> <li>* Most of its TV stations affiliated with leading U.S. Spanish language network</li> <li>* U.S. Hispanic buying power growing faster than general market</li> <li>* Secular growth in U.S. political advertising spending</li> </ul>
=Pro forma EV	\$808	<b>Risks</b>	<ul style="list-style-type: none"> <li>* Loss of broadcast audience and advertising share to digital alternatives</li> <li>* Volatility of international media business</li> <li>* Competition with Univision's expanding direct to consumer business</li> <li>* Univision relationship through TV network affiliations and Univision's ownership stake may limit strategic flexibility</li> <li>* Impact of sudden advertising declines on cash flow (e.g., 2009, 2020)</li> <li>* Management succession plan (CEO has majority voting power)</li> </ul>
<b>OPERATING PROJECTIONS</b>		<b>Valuation</b>	Attributing roughly 3/4 of firm value to digital media business
Pro forma net revenue		<b>Recent events</b>	August 2021 - acquired remaining 49% interest in Cisneros Interactive. July 2021 - announced acquisition of MediaDonuts AsiaPac digital media business for \$17 million plus earnouts. October 2020 - acquired 51% stake in Cisneros Interactive for \$29 million. May 2020 - announced substantial expense costs targeting broadcast operations.
2021	\$742	<b>Upcoming potential catalysts</b>	2021 rebound in U.S. Hispanic employment and spending as pandemic recedes - 2022 U.S. midterm election ad spending
2020	517		
% Chg	43.5%		
Pro forma EBITDA			
2021	\$85		
2020	73		
% Chg	17.5%		
Pro forma EBITDA margin			
2021	11.5%		
2020	14.1%		
Free cash flow per share			
2021	\$0.77		
2020	\$0.51		
% Chg	51.0%		
Est. 3-5 yr FCF Growth rate	7%		
<b>VALUATION AND LEVERAGE</b>			
Pro forma EV/EBITDA			
2021	9.5x		
2020	11.1x		
Price / Free cash flow per share			
2021	10.1x		
2020	15.2x		
Pro forma net debt / EBITDA			
2021	2.4x		
2020	2.8x		
Dividend yield			
2021	1.6%		
2020	1.6%		

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

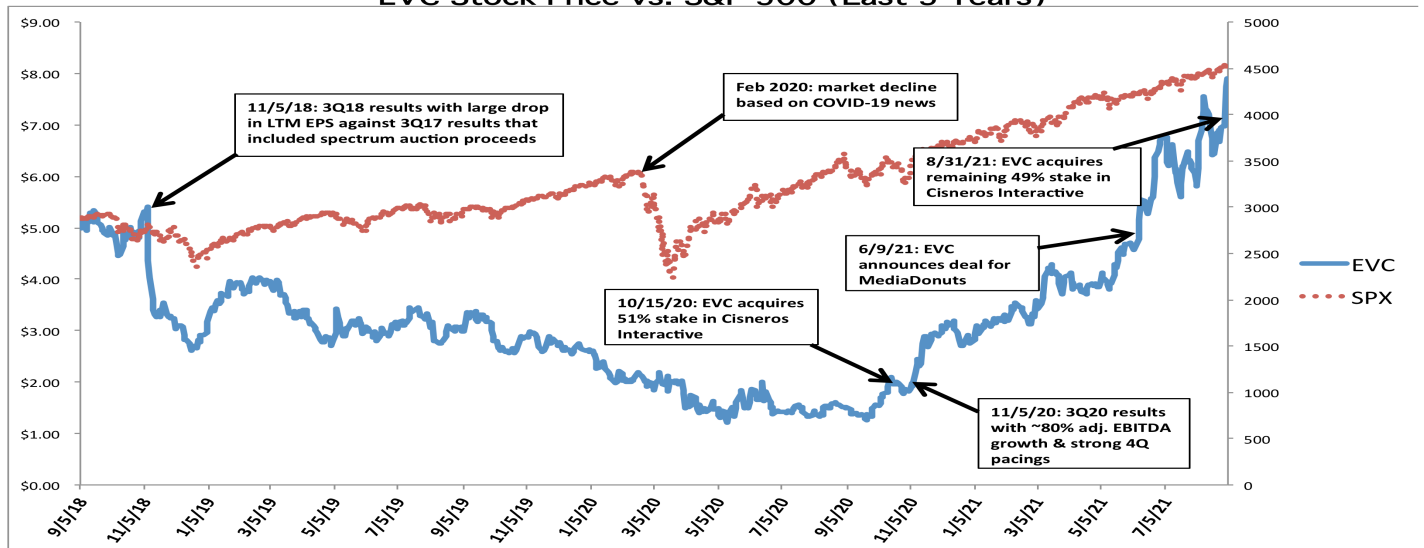


Figure 2: We raise estimates for 3Q for one month of Cisneros Interactive and for 4Q for a full quarter of consolidation

<b>Entravision Communications</b>							
<b>Summary of Quarterly Estimates</b>							
In millions, except per share data							
	Last Yr	Prior	Estimates		YoY %CHG		
			Chg	Current	Prior	Chg	Current
<b>3Q21E</b>							
Pro Forma *							
Revenue	\$124.1	\$198.9	\$0.0	\$198.9	60.2%	0.0%	60.2%
Op Expense	103.8	178.6	(1.5)	177.1	72.1%	-1.5%	70.6%
Adjusted EBITDA	20.4	20.3	1.5	21.8	-0.3%	7.4%	7.1%
As Reported							
Revenue	63.0	198.9	0.0	198.9	215.8%	NM	NM
Op Expense	46.6	178.6	(1.5)	177.1	283.1%	NM	NM
Adjusted EBITDA	16.4	20.3	1.5	21.8	24.0%	9.2%	33.2%
Margin	26.0%	10.2%	0.8%	11.0%			
Pro Forma EPS	\$0.11	\$0.10	+\$0.01	\$0.11	-9.1%	9.1%	0.0%
FCF/sh (core)	\$0.12	\$0.19	+\$0.02	\$0.21	58.3%	16.7%	75.0%
<b>4Q21E</b>							
Pro Forma *							
Revenue	\$194.4	\$198.4	\$0.0	\$198.4	2.1%	0.0%	2.1%
Op Expense	157.5	171.5	(4.2)	167.3	8.9%	-2.7%	6.2%
Adjusted EBITDA	36.9	26.9	4.2	31.1	-26.9%	11.4%	-15.6%
As Reported							
Revenue	171.7	198.4	0.0	198.4	15.6%	0.0%	15.6%
Op Expense	139.0	171.5	(4.2)	167.3	23.3%	-3.0%	20.3%
Adjusted EBITDA	32.6	26.9	4.2	31.1	-17.5%	12.8%	-4.6%
Margin	19.0%	13.6%	2.1%	15.7%			
Pro Forma EPS	\$0.24	\$0.15	+\$0.03	\$0.18	-37.5%	12.5%	-25.0%
FCF/sh (core)	\$0.33	\$0.22	+\$0.05	\$0.27	-33.3%	15.2%	-18.2%
* reflects announced acquisitions and dispositions							
Source: Company reports, Industry Capital Research estimates							

Figure 3: Our 2021 and 2022 estimates go higher for EBITDA, EPS and Free Cash Flow

Entravision Communications (NYSE: EVC)								
Summary of Annual Estimates								
In millions, except per share data								
	Last Yr	Estimates			YoY %CHG			
		Prior	Chg	Current	Prior	Chg	Current	
<b>2021E</b>								
Pro Forma *								
Revenue	\$517.4	\$742.5	\$0.0	\$742.5	43.5%	0.0%	43.5%	
Op expense	444.7	662.7	-5.7	657.0	49.0%	-1.3%	47.8%	
Adjusted EBITDA	72.7	79.8	5.7	85.5	9.6%	7.8%	17.5%	
As Reported								
Revenue	344.0	724.6	0.0	724.6	110.6%	0.0%	110.6%	
Op expense	283.6	645.4	(5.7)	639.7	127.6%	-2.0%	125.5%	
Adjusted EBITDA	60.4	79.2	5.7	84.9	31.1%	9.4%	40.6%	
Margin	17.6%	10.9%	0.8%	11.7%				
EPS	(\$0.05)	\$0.40	\$0.04	\$0.44	-961.2%	NM	NM	
Cash FCF/sh	\$0.51	\$0.71	\$0.06	\$0.77	39.2%	11.8%	51.0%	
<b>2022E</b>								
Pro Forma *								
Revenue	742.5	803.1	0.0	803.1	8.2%	0.0%	8.2%	
Op expense	657.0	723.0	(19.0)	704.0	10.0%	-2.9%	7.1%	
Adjusted EBITDA	85.5	80.1	19.0	99.1	-6.2%	22.2%	16.0%	
As Reported								
Revenue	724.6	803.1	0.0	803.1	10.8%	0.0%	10.8%	
Op expense	639.7	723.0	(19.0)	704.0	13.0%	-3.0%	10.1%	
Adjusted EBITDA	84.9	80.1	19.0	99.1	-5.7%	22.4%	16.7%	
Margin	11.7%	10.0%	2.4%	12.3%				
EPS	\$0.44	\$0.36	\$0.12	\$0.49	-17.4%	28.2%	10.8%	
Cash FCF/sh	\$0.77	\$0.68	\$0.21	\$0.89	-11.7%	27.3%	15.6%	

\* reflects announced acquisitions and dispositions

Source: Company reports, Industry Capital Research estimates

Figure 4: Digital Segment Forecast Separates Legacy Digital From Cisneros and MediaDonuts Businesses

In millions, except unit data												
	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21E	4Q21E	2021E	2022E
<b>Legacy</b>												
Revenue	\$68.9	\$13.3	\$11.4	\$13.7	\$15.8	\$54.1	\$13.0	\$15.3	\$15.7	\$17.3	\$61.3	\$64.1
Cost of Revenue	36.8	7.3	6.4	7.8	9.0	30.6	7.4	8.7	9.0	9.9	34.9	36.5
Opex ex-cost of revenue	32.3	6.9	6.2	5.4	6.1	24.5	5.9	5.6	5.7	6.5	23.7	25.2
OCF	(0.1)	(0.9)	(1.2)	0.5	0.6	(1.0)	(0.2)	1.0	1.0	0.9	2.7	2.4
OCF Margin	-0.2%	-6.6%	-10.8%	3.4%	4.0%	-1.9%	-1.9%	6.8%	6.3%	5.1%	4.3%	3.7%
<b>Acquisitions-Pro Forma</b>												
Cisneros revenue	159.4	40.2	42.0	53.3	97.8	233.3	88.5	114.9	121.0	105.4	429.8	489.9
Cisneros cost of revenue	136.2	35.3	36.7	46.0	83.6	201.7	77.6	100.4	104.6	90.1	372.7	424.6
Cisneros opex ex-cost of revenue	13.2	3.2	3.3	4.1	6.7	17.4	4.8	6.4	7.2	6.7	25.1	26.5
Cisneros OCF	9.9	1.7	2.0	3.1	7.4	14.2	6.1	8.1	9.2	8.5	32.0	38.8
OCF Margin	6.2%	4.2%	4.8%	5.9%	7.6%	6.1%	6.9%	7.1%	7.6%	8.1%	7.5%	7.9%
MediaDonuts revenue	0.0	3.1	4.1	7.9	13.3	28.5	8.0	9.9	13.8	18.6	50.3	62.9
MediaDonuts cost of revenue	0.0	2.5	2.7	6.3	9.4	20.9	6.0	6.9	10.3	14.0	37.2	47.1
MediaDonuts opex ex-cost of revenue	0.0	0.9	0.8	0.7	1.1	3.5	1.8	2.7	2.0	1.8	8.3	8.9
MediaDonuts OCF	0.0	-0.2	0.6	0.9	2.8	4.0	0.2	0.3	1.4	2.8	4.8	6.8
OCF Margin		-5.5%	13.6%	11.2%	20.9%	14.2%	2.9%	3.0%	10.3%	15.2%	9.5%	10.8%
<b>Acquisitions-As Reported</b>												
Cisneros revenue					89.2	89.2	88.5	114.9	121.0	105.4	429.8	489.9
Cisneros cost of revenue					76.3	76.3	77.6	100.4	104.6	90.1	372.7	424.6
Cisneros opex					5.9	5.9	4.8	6.4	7.2	6.7	25.1	26.5
Cisneros OCF					7.0	7.0	6.1	8.1	9.2	8.5	32.0	38.8
EBITDA to red non-con interests					3.4	3.4	3.0	4.0	3.0	0.0	10.0	0.0
Cisneros EBITDA					3.6	3.6	3.1	4.1	6.2	8.5	22.0	38.8
MediaDonuts revenue					0.0	0.0	0.0	0.0	13.8	18.6	32.4	62.9
MediaDonuts cost of revenue					0.0	0.0	0.0	0.0	10.3	14.0	24.3	47.1
MediaDonuts opex					0.0	0.0	0.0	0.0	2.0	1.8	3.8	8.9
MediaDonuts OCF					0.0	0.0	0.0	0.0	1.4	2.8	4.3	6.8
EBITDA to red non-con interests					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MediaDonuts EBITDA					0.0	0.0	0.0	0.0	1.4	2.8	4.3	6.8
<b>Digital segment pro forma</b>												
Digital revenue	228.3	56.7	57.5	74.8	126.8	315.9	109.5	140.1	150.5	141.3	541.4	616.9
Digital cost of revenue	173.0	45.1	45.9	60.2	102.1	253.2	91.0	116.0	123.9	114.0	444.8	508.3
Digital opex ex-cost of revenue	45.5	10.9	10.3	10.2	14.0	45.4	12.4	14.7	14.9	15.0	57.1	60.6
Digital OCF	9.8	0.7	1.3	4.5	10.8	17.3	6.1	9.5	11.6	12.3	39.5	48.0
<b>Digital segment as reported</b>												
Digital revenue	68.9	13.3	11.4	13.7	105.0	143.3	101.5	130.2	150.5	141.3	523.5	616.9
Digital cost of revenue	36.8	7.3	6.4	7.8	85.3	106.9	85.0	109.0	123.9	114.0	431.9	508.3
Digital opex	32.3	6.9	6.2	5.4	12.0	30.4	10.6	12.0	14.9	15.0	52.6	60.6
Digital OCF	(0.1)	(0.9)	(1.2)	0.5	7.6	5.9	5.9	9.2	11.6	12.3	39.0	48.0
Digital Adj. EBITDA	(0.1)	-0.9	-1.2	0.5	4.2	2.5	2.9	5.2	8.6	12.3	29.0	48.0

Source: Company reports; Industry Capital Research estimates

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

Figure 5: Financial Statement Forecasts Supporting Our Valuation

Consolidated Income Statement															
Fiscal Year Ends December 31															
In millions, except per share data															
AS REPORTED	2016A	2017A	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21E	4Q21E	2021E	2022E
Net revenue:															
Television	\$159.5	\$148.1	\$151.7	\$149.7	\$39.2	\$27.0	\$37.8	\$50.5	\$154.5	\$36.1	\$34.1	\$34.4	\$42.7	\$147.3	\$134.0
Radio	75.8	66.9	63.9	55.0	11.7	6.8	11.5	16.2	46.3	11.3	14.1	14.0	14.4	53.8	52.2
Net broadcast revenue	235.4	215.0	215.7	204.7	50.9	33.7	49.3	66.7	200.7	47.4	48.2	48.4	57.1	201.1	186.2
Digital	23.1	57.1	81.0	68.9	13.3	11.4	13.7	105.0	143.3	101.5	130.2	150.5	141.3	523.5	616.9
<b>Total net revenue (core)</b>	<b>258.5</b>	<b>272.1</b>	<b>296.6</b>	<b>273.6</b>	<b>64.2</b>	<b>45.1</b>	<b>63.0</b>	<b>171.7</b>	<b>344.0</b>	<b>148.9</b>	<b>178.4</b>	<b>198.9</b>	<b>198.4</b>	<b>724.6</b>	<b>803.1</b>
Revenue from spectrum usage rights		263.9	1.2	0.0					0.0					0.0	0.0
Total net revenue	258.5	536.0	297.8	273.6	64.2	45.1	63.0	171.7	344.0	148.9	178.4	198.9	198.4	724.6	803.1
Cost of Revenue															
Television		0.0													
Radio		0.0													
Digital	9.5	33.0	45.1	36.8	7.3	6.4	7.8	85.3	106.9	84.8	109.0	123.9	114.0	431.7	508.3
Digital cost of revenue as % of revenue	41.2%	57.8%	55.7%	53.3%	55.1%	56.7%	57.2%	81.3%	74.6%	83.5%	83.7%	82.3%	80.7%	82.5%	82.4%
<b>Total cost of revenue (core)</b>	<b>9.5</b>	<b>33.0</b>	<b>45.1</b>	<b>36.8</b>	<b>7.3</b>	<b>6.4</b>	<b>7.8</b>	<b>85.3</b>	<b>106.9</b>	<b>84.8</b>	<b>109.0</b>	<b>123.9</b>	<b>114.0</b>	<b>431.7</b>	<b>508.3</b>
Cost of revenue from spectrum usage rights (television)		12,340													
Total cost of revenue	9.5	45.3	45.1	36.8	7.3	6.4	7.8	85.3	106.9	84.8	109.0	123.9	114.0	431.7	508.3
Opex															
Television opex	83.6	81.7	84.3	84.4	21.8	17.7	19.0	22.4	80.9	19.9	19.5	20.1	21.9	81.5	73.3
Radio opex	65.4	63.3	59.4	56.7	11.6	9.1	9.7	11.3	41.8	9.7	9.9	9.9	10.2	39.7	38.5
Digital opex	11.2	23.4	33.1	32.3	6.9	6.2	5.4	12.2	30.6	10.9	12.0	14.9	15.0	52.8	60.6
<b>Total opex (core)</b>	<b>160.2</b>	<b>168.4</b>	<b>176.8</b>	<b>173.4</b>	<b>40.3</b>	<b>33.0</b>	<b>34.1</b>	<b>45.9</b>	<b>153.3</b>	<b>40.4</b>	<b>41.4</b>	<b>45.0</b>	<b>47.2</b>	<b>174.0</b>	<b>172.4</b>
Spectrum usage rights															
Total Opex	160.2	168.4	176.8	173.4	40.3	33.0	34.1	45.9	153.3	40.4	41.4	45.0	47.2	174.0	172.4
OCF															
Television OCF	75.9	66.3	67.4	65.2	\$17.4	\$9.2	\$18.8	\$28.1	73.6	\$16.2	\$14.5	\$14.3	\$20.8	65.8	60.7
TV OCF Margin	47.6%	44.8%	44.4%	43.6%	44.5%	34.2%	49.8%	55.6%	47.6%	44.9%	42.7%	41.5%	48.7%	44.7%	45.3%
Incremental Margin	-566.3%	83.6%	30.3%	105.6%					173.4%					107.9%	38.5%
Radio OCF	10.5	3.6	4.6	(1.7)	0.1	(2.4)	1.8	4.9	4.5	1.6	4.2	4.1	4.1	14.1	13.7
Radio OCF margin	13.8%	5.4%	7.1%	-3.1%	0.6%	-34.7%	15.9%	30.4%	9.7%	14.4%	29.9%	29.2%	28.8%	26.2%	26.3%
Incremental Margin	1189.2%	76.7%	-31.0%	70.1%					-70.4%					127.1%	21.2%
Digital OCF	2.4	0.7	2.8	(0.1)	(0.9)	(1.2)	0.5	7.4	5.7	5.9	9.2	11.6	12.3	39.0	48.0
Digital OCF margin	10.2%	1.3%	3.4%	-0.2%	-6.6%	-10.8%	3.4%	7.0%	4.0%	5.8%	7.0%	7.7%	8.7%	7.4%	7.8%
Incremental Margin	28.8%	-4.8%	8.5%	23.9%					7.9%					8.7%	9.7%
<b>Total OCF (core)</b>	<b>88.7</b>	<b>70.7</b>	<b>74.8</b>	<b>63.4</b>	<b>16.6</b>	<b>5.6</b>	<b>21.1</b>	<b>40.4</b>	<b>83.8</b>	<b>23.7</b>	<b>27.9</b>	<b>30.0</b>	<b>37.2</b>	<b>118.8</b>	<b>122.4</b>
Margin	34.3%	26.0%	25.2%	23.2%	25.9%	12.5%	33.5%	23.5%	24.4%	15.9%	15.7%	15.1%	18.7%	16.4%	15.2%
Incremental Margin	-114.5%	-132.9%	16.6%	49.1%	-542.5%	47.9%	-94.2%	23.9%	24.4%	8.4%	16.7%	6.5%	-12.1%	16.4%	15.2%
Spectrum sales	0.0	251.6	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.000
Total OCF	88.7	322.3	75.9	63.4	16.6	5.6	21.1	40.4	83.8	23.7	27.9	30.0	37.2	118.8	122.4
Total OCF Margin	34.3%	60.1%	25.5%	23.2%	25.9%	12.5%	33.5%	23.5%	24.4%	15.9%	15.7%	15.1%	18.7%	16.4%	15.2%
Incremental Margin	-114.5%	84.2%	103.4%	51.6%	-542.5%	47.9%	-94.2%	23.9%	24.4%	8.4%	16.7%	6.5%	-12.1%	16.4%	15.2%
Corporate Expense	24.5	27.9	26.9	28.1	6.8	5.4	6.3	9.3	27.8	7.2	7.3	6.5	8.1	29.1	28.7
GAAP EBITDA	64.2	294.4	49.1	35.4	9.8	0.2	14.8	31.1	56.0	16.6	20.6	23.5	29.1	89.8	93.7
Corporate non-cash comp	3.7	4.9	5.1	3.6	0.7	0.7	0.7	1.9	3.9	0.8	0.8	0.8	1.6	4.0	4.0
Opex adjustments to cash:															
Amortization of syndication contracts	(0.4)	(0.5)	(0.7)	(0.5)	(0.130)	(0.1)	(0.1)	(0.1)	(0.5)	(0.119)	(0.1)	(0.1)	(0.2)	(0.5)	(0.5)
Payments on syndication contracts	(0.4)	(0.4)	(0.6)	(0.5)	0.131	0.1	0.1	0.1	(0.5)	(0.124)	(0.1)	(0.1)	(0.2)	(0.5)	(0.5)
Non-cash comp in direct opex	1.3	1.2	0.7	0.7	0.131	0.1	0.1	0.9	1.2	0.316	0.3	0.5	0.1	1.3	1.3
Non-recurring cash severance			0.8	2.3	0.606	0.5	1.7	0.000		0.000					
EBITDA attributable to redeemable noncontrolling interest								3.4	3.4	2.837	4.3	3.0	0.0	10.1	0.0
Total opex (positive) adjustments to cash	(1.3)	(1.2)	(1.5)	(2.9)	(0.737)	(0.6)	(0.2)	2.0	0.5	2.526	3.9	2.5	(0.1)	8.8	(1.3)
Foreign currency (gain) loss	0.0	0.4	1.6	0.8	1.5	(0.2)	(0.7)	(1.7)	(1.1)	0.6	(0.3)	0.0	(0.3)	0.0	0.0
Total Adjusted EBITDA	69.2	300.1	54.0	41.2	9.7	1.7	16.4	32.6	60.4	14.2	17.8	21.8	31.1	84.9	99.1
Other opex for spectrum (in corporate)		2.1	1.2												
<b>Adjusted EBITDA (core)</b>	<b>69.2</b>	<b>50.6</b>	<b>54.0</b>	<b>41.2</b>	<b>9.7</b>	<b>1.7</b>	<b>16.4</b>	<b>32.6</b>	<b>60.4</b>	<b>14.2</b>	<b>17.8</b>	<b>21.8</b>	<b>31.1</b>	<b>84.9</b>	<b>99.1</b>
Memo: adj. EBITDA (core) reported	69.2	50.6	54.0	41.2	9.7	1.7	16.4	32.6	60.4	14.2	17.8	21.8	31.1	84.9	99.1
Model variance: adj. EBITDA	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Adj. EBITDA core margin	26.8%	18.6%	18.2%	15.1%	15.1%	3.8%	26.0%	19.0%	17.6%	9.5%	10.0%	11.0%	15.7%	11.7%	12.3%
Incremental Margin	-161.7%	-137.3%	14.0%	55.6%	-376.3%	45.0%	-123.8%	21.4%	27.3%	5.3%	12.1%	4.0%	-5.6%	6.4%	18.1%

Source: Industry Capital Research estimates and company data



Figure 6: Financial Statement Forecasts Supporting Our Valuation (cont.)

	2016A	2017A	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21E	4Q21E	2021E	2022E
In millions, except per share data															
Memo: cash opex (core)	\$158.9	\$167.2	\$175.3	\$170.4	\$39.5	\$32.4	\$33.9	\$48.0	\$153.8	\$42.9	\$45.4	\$47.5	\$47.1	\$182.8	\$171.0
Memo: cash corporate expense	20.8	23.1	21.8	24.4	6.2	4.7	5.6	7.4	23.9	6.4	6.5	5.7	6.5	25.1	\$24.6
Memo: total non-cash comp	5.0	6.1	5.8	4.4	0.8	0.8	0.8	2.7	5.1	1.1	1.1	1.2	1.8	5.2	\$5.3
Memo: adj. EBITDA - (OCF - cash corporate)	1.3	3.0	1.1	2.2	(0.8)	0.8	0.9	(0.3)	0.6	(3.1)	(3.6)	(2.5)	0.4	(8.8)	\$1.3
Memo: PF EBITDA attributable to redeemable noncontrolling interest					0.8										
D&A	15.3	16.4	16.3	16.6	4.5	3.9	3.9	5.0	17.3	5.2	5.1	5.1	5.1	20.4	20.7
D&A % of Revenue	5.9%	6.0%	5.5%	6.1%	7.0%	8.6%	6.2%	2.9%	5.0%	3.5%	2.8%	2.6%	2.6%	2.8%	0.0
Change in fair value contingent consideration			(1.2)	(6.478)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairments	0.0	0.0	0.0	32.1	39.8	0.0	0.0	0.2	40.0	1.3	0.1	0.0	(1.4)	0.0	0.0
Other operating (gain) loss		(0.3)	(1.2)	(6.0)	(0.8)	(2.0)	(2.7)	(1.3)	(6.9)	(1.9)	(0.5)	(0.5)	(0.5)	(3.5)	(0.8)
Gain (Loss) on Sale	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserves, accruals and other, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operating Income (EBIT Inc. Impairments)</b>	<b>48.9</b>	<b>277.9</b>	<b>33.6</b>	<b>(1.7)</b>	<b>(35.2)</b>	<b>(1.4)</b>	<b>14.3</b>	<b>29.0</b>	<b>6.6</b>	<b>11.4</b>	<b>16.2</b>	<b>19.0</b>	<b>26.2</b>	<b>72.8</b>	<b>73.8</b>
Operating Margin %	18.9%	51.8%	11.3%	-0.6%	-54.8%	-3.2%	22.6%	16.9%	1.9%	7.6%	9.1%	9.5%	13.2%	10.1%	9.2%
Interest expense	(15.5)	(16.7)	(13.7)	(13.7)	(2.7)	(2.0)	(2.0)	(1.6)	(8.3)	(1.7)	(1.8)	(1.8)	(1.9)	(7.2)	(9.1)
Noncash interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	0.3	0.8	2.0	3.4	0.6	0.5	0.5	0.1	1.7	0.1	0.0	0.0	(0.1)	0.0	0.0
Net interest expense	(15.2)	(15.9)	(11.8)	(10.3)	(2.1)	(1.5)	(1.5)	(1.5)	(6.5)	(1.6)	(1.8)	(1.8)	(2.0)	(7.2)	(9.1)
Loss on debt extinguishment	(0.2)	(3.3)	(0.6)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other income, net	0.0	0.0	0.2	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0
<b>Pretax income</b>	<b>33.5</b>	<b>258.6</b>	<b>21.4</b>	<b>(11.3)</b>	<b>(37.3)</b>	<b>(2.9)</b>	<b>12.8</b>	<b>27.6</b>	<b>0.1</b>	<b>9.8</b>	<b>14.5</b>	<b>17.2</b>	<b>24.2</b>	<b>65.6</b>	<b>64.7</b>
Pretax margin	13.0%	48.2%	7.2%	NM	NM	NM	20.2%	16.0%	0.0%	6.6%	8.1%	8.6%	12.2%	9.1%	8.1%
Income (taxes) benefit	(13.1)	(82.6)	(7.9)	(8.2)	1.7	5.3	(3.7)	(4.7)	(1.5)	(2.8)	(4.0)	(6.0)	(8.5)	(21.3)	(22.7)
Effective tax rate	39.1%	31.9%	36.8%	-72.1%	4.5%	179.9%	29.3%	17.1%	1276.3%	28.5%	27.6%	35.0%	35.0%	32.4%	35.0%
Cash tax rate	1.8%	0.3%	15.2%	-25.2%	-0.4%	-11.0%	39.9%	7.9%	6552.5%	-2.0%	22.7%	4.4%	3.1%	7.0%	7.1%
Net Income (Before Equity Investments)	20.4	176.0	13.5	(19.5)	(35.6)	2.3	9.0	22.9	(1.4)	7.0	10.5	11.2	15.7	44.4	42.1
Equity in net of noncon. affils.	0.0	(0.3)	(1.4)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	0.1	0.0	0.0
Reported Net income	20.4	175.7	12.2	(19.7)	(35.6)	2.3	9.0	22.9	(1.4)	7.0	10.5	11.1	15.8	44.4	42.1
Net margin	26.8%	9.4%	18.1%	15.1%	15.1%	3.8%	26.0%	19.0%	17.6%	9.5%	10.0%	11.0%	15.7%	11.7%	12.3%
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	0.0	0.0
Minority Interest								2.5	2.5	1.6	2.6	1.8	0.0	6.0	0.0
Net inc. to common pre-1-time	20.4	175.7	12.2	(19.7)	(35.6)	2.3	9.0	20.3	(3.9)	5.4	7.9	9.3	15.8	38.4	42.1
Net margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EPS - Basic, Continuing Operations	\$0.23	\$1.95	\$0.14	(\$0.23)	(\$0.42)	\$0.03	\$0.11	\$0.24	(\$0.05)	\$0.06	\$0.09	\$0.11	\$0.18	\$0.45	\$0.50
Extraordinary items/discontinued items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income to common</b>	<b>20.4</b>	<b>175.7</b>	<b>12.2</b>	<b>(19.7)</b>	<b>(35.6)</b>	<b>2.337</b>	<b>9.016</b>	<b>20.328</b>	<b>(3.911)</b>	<b>5.4</b>	<b>7.9</b>	<b>9.3</b>	<b>15.8</b>	<b>38.4</b>	<b>42.1</b>
EPS - basic	\$0.23	\$1.95	\$0.14	(\$0.23)	(\$0.42)	\$0.03	\$0.11	\$0.24	(\$0.05)	\$0.06	\$0.09	\$0.11	\$0.19	\$0.45	\$0.50
<b>EPS - diluted</b>	<b>\$0.22</b>	<b>\$1.91</b>	<b>\$0.13</b>	<b>(\$0.23)</b>	<b>(\$0.42)</b>	<b>\$0.03</b>	<b>\$0.11</b>	<b>\$0.24</b>	<b>(\$0.05)</b>	<b>\$0.06</b>	<b>\$0.09</b>	<b>\$0.11</b>	<b>\$0.18</b>	<b>\$0.44</b>	<b>\$0.49</b>
EPS reported by company	\$0.22	\$1.91	\$0.13	(\$0.23)	(\$0.42)	\$0.03	\$0.11	\$0.24	(\$0.05)	\$0.06	\$0.09	\$0.11	\$0.18	\$0.44	\$0.49
Model variance: EPS	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pro forma adjustments	0.0	0.0	0.0	0.0	39.8	0.0	0.0	0.0	39.8	0.0	0.0	0.0	0.0	0.0	0.0
Pro forma net income	20.4	175.7	12.2	(19.7)	4.2	2.3	9.0	20.3	35.9	5.4	7.9	9.3	15.8	38.4	42.1
Pro forma EPS - basic	\$0.23	\$1.95	\$0.14	(\$0.23)	\$0.05	\$0.03	\$0.11	\$0.24	\$0.43	\$0.06	\$0.09	\$0.11	\$0.19	\$0.45	\$0.50
<b>Pro forma EPS</b>	<b>\$0.22</b>	<b>\$1.91</b>	<b>\$0.13</b>	<b>(\$0.23)</b>	<b>\$0.05</b>	<b>\$0.03</b>	<b>\$0.11</b>	<b>\$0.24</b>	<b>\$0.43</b>	<b>\$0.06</b>	<b>\$0.09</b>	<b>\$0.11</b>	<b>\$0.18</b>	<b>\$0.44</b>	<b>\$0.49</b>
EPS shares - Basic	89.3	90.3	89.1	85.1	84.3	84.1	84.2	84.3	84.2	85.0	85.2	85.1	84.8	85.0	83.9
EPS shares - Diluted	91.3	91.9	90.3	86.2	84.3	84.7	84.9	86.0	84.2	87.0	87.8	87.6	87.4	87.4	86.5
Free Cash Flow:															
EBITDA	69.2	50.6	54.0	41.2	9.7	1.7	16.4	32.6	60.4	14.2	17.8	21.8	31.1	84.9	99.1
Cash net interest	-14.4	-12.7	-10.6	-9.4	-1.9	-1.3	-1.3	-1.3	-5.9	-1.4	-1.6	-1.8	-2.0	-6.9	-9.1
Other adjustments to cash		250.0	1.9	4.7	0.3	1.5	2.7	0.8	5.3	1.9	0.5			2.4	0.0
- Cash taxes	-0.6	-0.8	-3.3	-2.8	-0.1	-0.3	-5.1	-2.2	-7.7	0.2	-3.3	-0.8	-0.8	-4.6	-4.6
Cash taxes / EBITDA	1%	2%	6%	7%	1%	19%	31%	7%	13%	0.0	18%	3%	2%	5%	5%
Minus: capex	-9.1	-12.1	-17.0	-25.3	-2.7	-3.0	-2.1	-1.3	-9.1	-1.8	-1.0	-1.0	-4.6	-8.4	-8.8
Capex / D&A	59%	74%	105%	152%	59%	78%	52%	27%	52%	35%	20%	20%	90%	41%	43%
Capex / EBITDA	13%	24%	31%	61%	28%	174%	13%	4%	15%	13%	6%	5%	15%	10%	9%
Plus: cost of revenue for spectrum usage rights		12.1													
<b>= Free Cash Flow</b>	<b>45.2</b>	<b>287.1</b>	<b>25.0</b>	<b>8.3</b>	<b>5.2</b>	<b>(1.4)</b>	<b>10.6</b>	<b>28.6</b>	<b>43.0</b>	<b>13.0</b>	<b>12.4</b>	<b>18.3</b>	<b>23.8</b>	<b>67.5</b>	<b>76.6</b>
Free cash flow (reported by company)	45.2	287.1	25.0	8.3	5.2	(1.4)	10.6	28.6	43.0	13.0	12.4	18.3	23.8	67.5	76.6
Model variance: free cash flow	0.0	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow (core)</b>	<b>45.2</b>	<b>37.6</b>	<b>25.0</b>	<b>8.3</b>	<b>5.2</b>	<b>(1.4)</b>	<b>10.6</b>	<b>28.6</b>	<b>43.0</b>	<b>13.0</b>	<b>12.4</b>	<b>18.3</b>	<b>23.8</b>	<b>67.5</b>	<b>76.6</b>
<b>FCF per share (core)</b>	<b>\$0.50</b>	<b>\$0.41</b>	<b>\$0.28</b>	<b>\$0.10</b>	<b>\$0.06</b>	<b>(\$0.02)</b>	<b>\$0.12</b>	<b>\$0.33</b>	<b>\$0.51</b>	<b>\$0.15</b>	<b>\$0.14</b>	<b>\$0.21</b>	<b>\$0.27</b>	<b>\$0.77</b>	<b>\$0.89</b>
Memo: FCF/Adjusted EBITDA (core)	65.3%	74.3%	46.3%	20.1%	54.0%	-81.8%	64.5%	87.7%	71.2%	91.8%	69.8%	83.7%	76.4%	79.5%	77.3%
Dividends per share	\$0.12	\$0.16	\$0.20	\$0.20	\$0.05	\$0.02	\$0.02	\$0.02	\$0.13	\$0.02	\$0.03	\$0.03	\$0.05	\$0.12	\$0.20
Dividends as % of FCF	24%	39%	70%	197%	83%	-124%	21%	7%	25%	16%	18%	12%	19%	16%	22%
- Dividends	(11.2)	(14.7)	(17.8)	(17.0)	(4.2)	(2.1)	(2.1)	(2.1)	(10.5)	(2.1)	(2.2)	(2.2)	(4.4)	(10.9)	(17.3)

Source: Industry Capital Research estimates and company data



Figure 7: Financial Statement Forecasts Supporting Our Valuation (cont.)

ANNUAL PERCENTAGE CHANGE	2016A	2017E	2018A	2019A	1Q20	2Q20	3Q20	4Q20	2020A	1Q21A	2Q21A	3Q21E	4Q21E	2021E	2022E
Net revenue growth	1.7%	107.4%	-44.4%	-8.1%	-0.7%	-34.8%	-8.5%	142.4%	25.8%	131.7%	295.5%	215.8%	15.6%	110.6%	10.8%
<b>Net revenue (core) growth</b>	<b>1.7%</b>	<b>5.3%</b>	<b>9.0%</b>	<b>-7.8%</b>	<b>-0.7%</b>	<b>-34.8%</b>	<b>-8.5%</b>	<b>142.4%</b>	<b>25.8%</b>	<b>131.7%</b>	<b>295.5%</b>	<b>215.8%</b>	<b>15.6%</b>	<b>110.6%</b>	<b>10.8%</b>
TV revenue growth	0.3%	-7.2%	2.5%	-1.4%	2.5%	-29.2%	3.7%	36.8%	3.2%	-7.9%	26.3%	-9.0%	-15.4%	-4.7%	-9.0%
Radio revenue growth	-0.4%	-11.8%	-4.5%	-13.9%	-2.0%	-52.7%	-22.0%	16.6%	-15.9%	-3.5%	NM	21.6%	-11.5%	16.4%	-3.0%
Digital revenue growth	22.5%	146.7%	41.8%	-14.9%	-7.9%	-32.3%	-22.5%	424.2%	108.0%	661.2%	1045.0%	1001.8%	34.7%	265.3%	17.8%
Cost of revenue	31.7%	NM	36.7%	-18.5%	-3.9%	-27.2%	-21.5%	NM	NM	NM	NM	NM	33.7%	NM	17.7%
Direct expense	3.7%	-2.2%	3.1%	41.7%	-7.8%	-25.3%	-21.5%	6.3%	-12.1%	-25.5%	-11.9%	-16.8%	-31.2%	-22.4%	-10.0%
SG&A	5.9%	NM	NM	-21.1%	-1.6%	-19.5%	-20.7%	-0.8%	-10.3%	-28.8%	-9.2%	0.5%	NM	NM	12.4%
Opex	5.9%	NM	NM	-4.8%	-5.5%	-24.2%	-21.3%	NM	23.8%	NM	NM	NM	22.8%	NM	12.4%
<b>Opex (core)</b>	<b>4.6%</b>	<b>5.1%</b>	<b>5.0%</b>	<b>-1.9%</b>	<b>-5.8%</b>	<b>-23.5%</b>	<b>-21.3%</b>	<b>4.0%</b>	<b>-11.6%</b>	<b>0.4%</b>	<b>25.4%</b>	<b>32.1%</b>	<b>2.7%</b>	<b>13.5%</b>	<b>-0.9%</b>
TV opex	3.7%	-2.2%	3.1%	0.1%	4.9%	-14.7%	-10.3%	3.2%	-4.2%	-8.6%	10.0%	6.0%	-2.1%	0.7%	-10.0%
Radio opex	5.5%	-3.2%	-6.2%	-4.5%	-18.4%	-34.3%	-31.4%	-21.3%	-26.3%	-16.9%	8.2%	2.4%	-9.4%	-4.9%	-3.2%
Digital opex	7.0%	107.8%	41.8%	-2.6%	-11.1%	-27.4%	-32.4%	51.1%	-5.0%	58.1%	95.3%	177.5%	22.9%	72.5%	14.7%
<b>Total OCF (core)</b>	<b>-5.3%</b>	<b>-20.3%</b>	<b>5.8%</b>	<b>-15.2%</b>	<b>16.4%</b>	<b>-67.2%</b>	<b>35.2%</b>	<b>NM</b>	<b>32.1%</b>	<b>42.6%</b>	<b>NM</b>	<b>42.2%</b>	<b>-8.0%</b>	<b>41.8%</b>	<b>3.0%</b>
TV OCF	-3.2%	-12.6%	1.7%	-3.3%	-0.4%	-46.6%	23.2%	85.0%	12.8%	-7.1%	57.7%	-24.1%	-26.0%	-10.5%	-7.8%
Radio OCF	-26.3%	-65.4%	25.8%	NM	NM	NM	NM	NM	NM	NM	NM	NM	-16.1%	NM	-2.4%
Digital OCF	NM	-68.5%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	65.9%	NM	23.1%
Corporate expense	9.0%	12.1%	1.0%	3.0%	0.0%	0.0%	0.0%	11.3%	3.0%	2.0%	15.0%	-4.0%	-18.0%	3.0%	3.0%
<b>Adjusted EBITDA (core)</b>	<b>-9.3%</b>	<b>-26.9%</b>	<b>6.8%</b>	<b>-23.7%</b>	<b>20.1%</b>	<b>-86.3%</b>	<b>79.1%</b>	<b>NM</b>	<b>46.6%</b>	<b>46.7%</b>	<b>NM</b>	<b>33.2%</b>	<b>-4.6%</b>	<b>40.6%</b>	<b>16.7%</b>
D & A	-4.0%	7.0%	-0.8%	2.3%	15.2%	-10.1%	-6.1%	17.2%	3.8%	14.9%	31.0%	29.0%	2.2%	18.1%	1.4%
Operating income	-11.5%	NM	-88.5%	-36.9%	31.0%	NM	NM	NM	88.3%	81.4%	NM	33.3%	-2.7%	56.0%	23.3%
Pretax income	-20.3%	NM	-91.7%	NM	NM	NM	NM	NM	NM	NM	NM	34.7%	-12.2%	NM	-1.4%
Net income pre-extra.	-20.5%	NM	-93.1%	NM	NM	NM	NM	NM	NM	NM	NM	2.6%	-22.1%	NM	9.6%
EPS, Continuing Operations	-20.7%	NM	-92.8%	NM	NM	NM	NM	NM	NM	NM	NM	0.0%	-25.0%	NM	11.1%
<b>EPS - diluted</b>	<b>-21.4%</b>	<b>NM</b>	<b>-93.0%</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>-0.6%</b>	<b>-23.3%</b>	<b>NM</b>	<b>10.8%</b>
FCF/share	NM	-18.0%	-31.7%	-64.3%	NM	NM	NM	NM	NM	NM	NM	75.0%	-18.2%	51.0%	15.6%
EPS shares - Diluted	1.1%	0.6%	-1.7%	-4.5%	-3.3%	-0.8%	0.1%	0.6%	-2.3%	3.2%	3.7%	3.3%	1.6%	3.8%	-1.1%

Source: Industry Capital Research estimates and company data

Figure 8: DCF Analysis Supports \$10.00 12-Month Price Target

Entravision DCF analysis		Current	YE 2021	YE 2022	CAGR's																																																																																																																																																																																																																																																																																																																																																																																								
Firm Value		1,083	1,127	1,148	2018-22	2020-24	2022-26	2025-26	2025-26																																																																																																																																																																																																																																																																																																																																																																																				
(-) Total Net Debt		203	203	203	16%	21%	5%	8%	8%																																																																																																																																																																																																																																																																																																																																																																																				
(+) NOL's/Tax Assets		62	62	62	45%	17%	7%	5%	5%																																																																																																																																																																																																																																																																																																																																																																																				
(-) Options (Claims on Entravision)		(2.7)	(2.7)	(2.7)	Free Cash Flow to Firm																																																																																																																																																																																																																																																																																																																																																																																								
Common Equity Value		948.4	982.9	1,003.7																																																																																																																																																																																																																																																																																																																																																																																									
Shares Outstanding		87.8	87.8	87.8																																																																																																																																																																																																																																																																																																																																																																																									
Current Share Price		\$7.75	\$7.75	\$7.75																																																																																																																																																																																																																																																																																																																																																																																									
Value Per Share		\$10.80	\$11.20	\$11.43																																																																																																																																																																																																																																																																																																																																																																																									
12-month		\$11.50																																																																																																																																																																																																																																																																																																																																																																																											
12-month (507P)		\$10.00																																																																																																																																																																																																																																																																																																																																																																																											
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<td>1,092.6</td> <td>1,127.1</td> <td>1,147.9</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>										ASSUMPTIONS		2018	2019	2020	2021	2022	2023	2024	2025	2026	Terminal	Risk Free Rate												Equity Premium												Assumed LT Growth Rate (g)												MV of Equity Calculation												Share Price												Outstanding Shares												MV of Equity												Estimate MV of Debt Calculation												Interest Expense												Current Cost of Debt												Wghtd Avg Maturity of Debt												BY of Debt												Estimate MV of Debt												Free Cash Flow to Firm		54.0	41.2	60.4	84.9	99.1	98.8	128.8	113.2	121.8	86.3	Tax Rate		40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	Net Debt		203	203	203	203	203	203	203	203	203	203	Leverage Mult.		3.4x	3.4x	3.4x	3.4x	3.4x	3.4x	3.4x	3.4x	3.4x	3.4x	D/Equity		30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	D/EV		23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	E/EV		77%	77%	77%	77%	77%	77%	77%	77%	77%	77%	Unlevered Beta		1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	Levered Beta		1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	D/Equity (projected long term)		55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	Cost of Debt (AT)		3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	Cost of Equity		8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	WACC		7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	PV of CF												Sum of PV		291.1	271.8	235.2								PV of Terminal Value		801.5	855.3	972.7								NPV of all CF		1,092.6	1,127.1	1,147.9							
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D/Equity		30%	30%	30%	30%	30%	30%	30%	30%	30%	30%																																																																																																																																																																																																																																																																																																																																																																																		
D/EV		23%	23%	23%	23%	23%	23%	23%	23%	23%	23%																																																																																																																																																																																																																																																																																																																																																																																		
E/EV		77%	77%	77%	77%	77%	77%	77%	77%	77%	77%																																																																																																																																																																																																																																																																																																																																																																																		
Unlevered Beta		1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1																																																																																																																																																																																																																																																																																																																																																																																		
Levered Beta		1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5																																																																																																																																																																																																																																																																																																																																																																																		
D/Equity (projected long term)		55%	55%	55%	55%	55%	55%	55%	55%	55%	55%																																																																																																																																																																																																																																																																																																																																																																																		
Cost of Debt (AT)		3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%																																																																																																																																																																																																																																																																																																																																																																																		
Cost of Equity		8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%																																																																																																																																																																																																																																																																																																																																																																																		
WACC		7%	7%	7%	7%	7%	7%	7%	7%	7%	7%																																																																																																																																																																																																																																																																																																																																																																																		
PV of CF																																																																																																																																																																																																																																																																																																																																																																																													
Sum of PV		291.1	271.8	235.2																																																																																																																																																																																																																																																																																																																																																																																									
PV of Terminal Value		801.5	855.3	972.7																																																																																																																																																																																																																																																																																																																																																																																									
NPV of all CF		1,092.6	1,127.1	1,147.9																																																																																																																																																																																																																																																																																																																																																																																									

Source: Industry Capital Research estimates and company data

Figure 9: DCF Analysis Allocates Roughly 25% Of Firm Value To Broadcasting Business

Entravision DCF analysis - Broadcasting			
	Current	YE 2021	YE 2022
Firm Value	274	260	249
(-) Total Net Debt	203	203	203
(+) NOLs	62	62	62
(-) Options (Claims on Entravision)	(2.7)	(2.7)	(2.7)
Common Equity Value	129.6	115.8	105.2
Shares Outstanding	87.0	87.0	87.0
Current Share Price	\$7.75	\$7.75	\$7.75
Value Per Share	\$1.49	\$1.33	\$1.21
12-month	\$1.50		

ASSUMPTIONS		2018-22	2020-24	2022-26	2025-26
Risk Free Rate		1.3%			
Equity Premium		4.70%			
Assumed LT Growth Rate (g)		-1%			
MV of Equity Calculation		27%	0%	-4%	16%
Share Price					17%
Outstanding Shares					
MV of Equity		\$7.75			
Estimate MV of Debt Calculation		87.0			
Interest Expense		7.2			
Current Cost of Debt		6.00%			
Wgtd Avg Maturity of Debt		203.5			
BV of Debt		203.5			
Estimate MV of Debt		203.5			

	2018	2019	2020	2021	2022	2023	2024	2025	2026	Terminal
EBITDA	51.3	41.3	58.1	56.1	51.2	38.8	58.4	37.3	43.4	
EBIT	35.0	24.7	40.8	38.8	35.7	18.4	35.9	14.9	20.0	17.3
Less Cash Taxes	(14.0)	(9.9)	(16.3)	(15.5)	(14.3)	(7.4)	(14.4)	(6.0)	(8.0)	0.0
Plus DDA	16.3	16.6	17.3	17.3	15.5	20.4	22.5	22.3	23.4	22.3
Less Cap Ex	(17.0)	(23.3)	(9.1)	(8.4)	(8.8)	(9.3)	(9.7)	(10.2)	(10.7)	(22.3)
Less Increase in VC	(9.4)	(8.7)	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm	10.8	(2.5)	41.4	32.2	28.1	22.2	34.3	21.1	24.6	17.3
Tax Rate	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	0.0%
Net Debt	203									
Leverage Mult.	3.5x									
D/Equity	30%									
D/EV	23%									
E/EV	77%									
Unlevered Beta	1.1									
Levered Beta	1.5									
D/Equity (long term)	55%									
Cost of Debt (AT)	3.6%									
Cost of Equity	8.4%									
WACC	7%									
PV of CF			7%	7%	7%	7%	7%	7%	7%	
				30.1	24.7	18.2	26.5	15.2	16.7	
					26.3	19.5	28.2	16.3	17.8	
						20.8	30.1	17.4	19.0	
										224.4
										5x EBITDA

Sum of PV	131.4	108.1	87.3
PV of Terminal Value	142.4	151.9	162.1
NPV of all CF	273.8	260.0	249.4

Source: Industry Capital Research estimates and company data

Figure 10: DCF Analysis Allocates Roughly 75% Of Firm Value To Digital Media Business

Entravision DCF analysis - Digital		Current	YE 2021	YE 2022
Firm Value		665	715	749
(-) Total Net Debt		-	-	-
(+) NOLs		-	-	-
(-) Options (Claims on Entravision)		-	-	-
Common Equity Value		665.4	715.3	749.2
Shares Outstanding		87.0	87.0	87.0
Current Share Price		\$7.75	\$7.75	\$7.75
Value Per Share		\$7.65	\$8.22	\$8.61
12-month		\$8.50		
Minority Interest				

	2018	2019	2020	2021	2022	2023	2024	2025	2026	Terminal
EBITDA	2.8	(0.1)	2.3	28.8	48.0	61.0	70.4	75.9	78.5	69.5
EBIT	2.8	(0.1)	2.3	25.7	42.8	54.4	62.8	67.7	70.0	68.5
Less Cash Taxes	(1.1)	0.0	(0.9)	(10.3)	(17.1)	(21.8)	(25.1)	(27.1)	(28.0)	0.0
Plus D&A				3.1	5.2	6.6	7.6	8.2	8.5	8.2
Less Cap Ex										(8.2)
Less Increase in IVC				(11.9)	(4.1)	(5.0)	(0.8)	(0.8)	(2.2)	(1.5)
Free Cash Flow to Firm	1.7	(0.1)	1.4	6.7	26.8	34.2	44.5	48.1	48.2	68.0
Tax Rate	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	0.0%
Net Debt	0									
Leverage Mult.	0.0x									
D/Equity	0%									
D/EV	0%									
E/EV	100%									
Unlevered Beta	1.5									
Levered Beta	1.5									
D/Equity (projected long term)	0.0%									
Cost of Debt (AT)	3.6%									
Cost of Equity	8.5%									
WACC	8.5%									
PV of CF										
Sum of PV				149.4	155.4	141.8				
PV of Terminal Value				516.0	599.8	607.4				
NPV of all CF				665.4	715.3	749.2				

	2018-22	2020-24	2022-26	2025-26
CAGR	104%	135%	13%	3%
Free Cash Flow to Firm	100%	138%	16%	0%

	2018-22	2020-24	2022-26	2025-26
Risk Free Rate	1.3%			
Equity Premium	4.70%			
Assumed LT Growth Rate (g)	1%			
MV of Equity Calculation	\$7.75			
Outstanding Shares	87.0			
MV of Equity	674.1			
Estimate MV of Debt Calculation	7.2			
Interest Expense	6.00%			
Current Cost of Debt				
Wghtd Avg Maturity of Debt				
BV of Debt				
Estimate MV of Debt				

Source: Industry Capital Research estimates and company data

## APPENDIX

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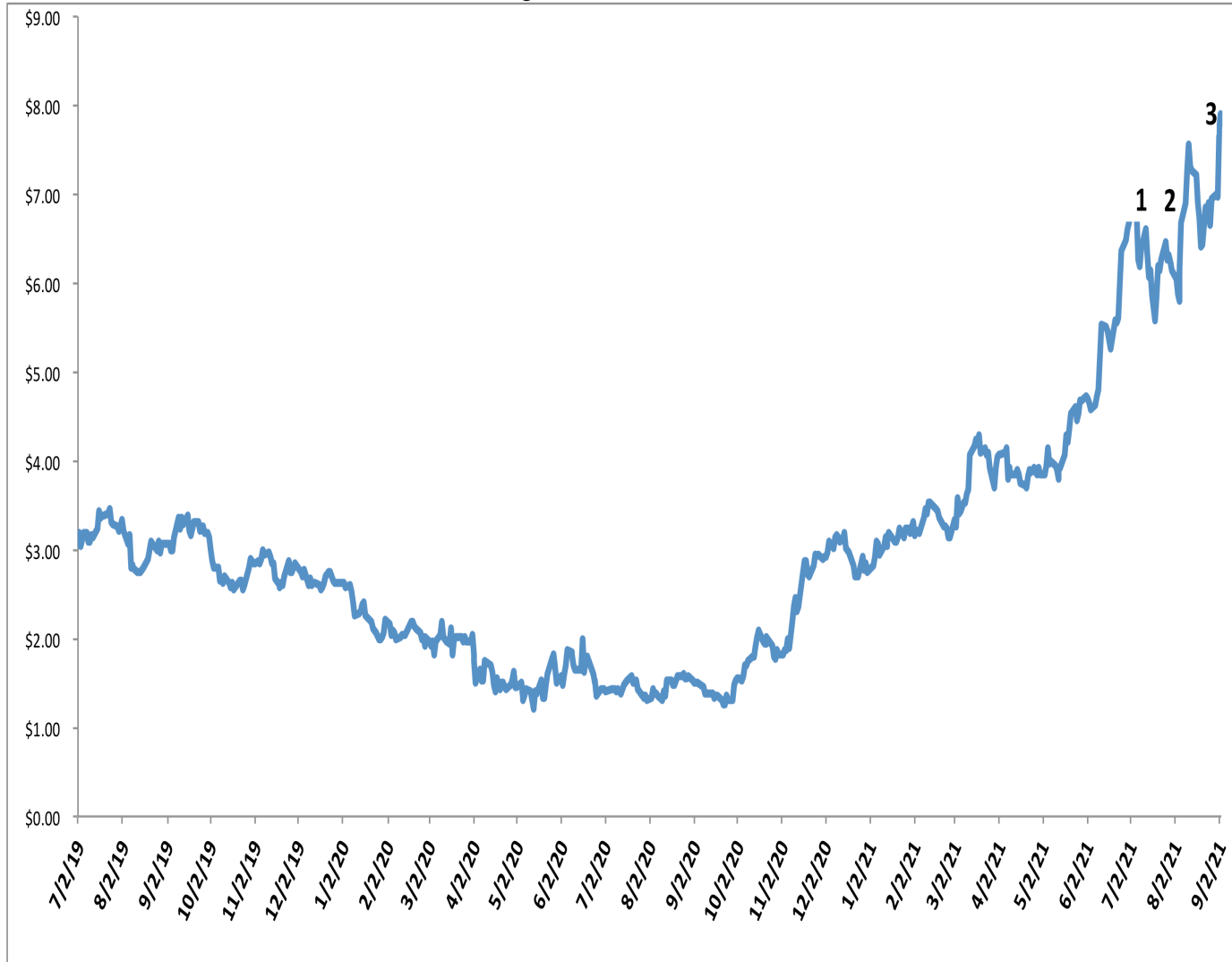
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1	7/6/21	Initiated Buy, Target Price \$9.00
2	8/6/21	Reaffirmed Buy, Target Price \$9.00
3	9/2/21	Reaffirmed Buy, Target Price \$10.00

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