

## Entravision Communications Corporation (EVC)

Reaffirming \$10 Price Target and Buy Rating After Valuation Update, While Noting Headwinds

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**We update our views on valuation and acquisition capacity, given the huge changes in sources of value for EVC shareholders over the past year and rising discount rates over the past quarter.** The upshot is no change to our \$10 price target, although the range of outcomes widens to ~\$9-17 from ~\$10-11.50.

**Valuation trends over the past quarter create incremental headwinds.** Macro market inputs push up discount rates, on rising bond yields increasing the risk-free rate and greater equity market volatility increasing the equity risk premium.

**A key driver of our higher upper-end valuation is incorporating into our valuation of EVC as a whole the unlevered beta based on EVC's price performance.** The lower volatility of EVC's returns than those of its sector comps has persisted even as the input data has rolled forward to cover more of the past year's digital acquisitions. Our valuation of EVC as a sum of its broadcasting and digital media businesses uses the higher betas of broadcasting and digital media peers, which contributes to the reduction in the lower-end valuation.

**EVC's dramatic digital transformation over the past year has been well timed, at least to the extent of netting some acquisitions prior to a surge in target valuations.** With Cisneros Interactive joining MediaDonuts as of 9/1/21 as a fully consolidated business of EVC, we estimate that on a pro forma basis for 2021 EVC's digital segment would account for 73% of EVC's revenue, 33% of its OCF, and ~80% of overall firm value. Pre-pandemic, EVC's digital media segment accounted for 25% of revenue, none of OCF, and focused on relatively commoditized ad tech and digital marketing businesses. EVC's pre-Covid valuation was dominated by the free cash flow outlook for its broadcast media business, in particular its Spanish-language TV station group. Now, the valuation rests primarily on EVC's place in the value chain of emerging markets digital advertising.

**We estimate acquisition capacity of ~\$130m, rising to ~\$200m at year-end on the strength of projected 2H increases in EBITDA and FCF.** Acquisition capacity is important to the company's strategy, given additional potentially accretive digital media opportunities. To put this capacity in further context, ~\$200m is our estimate for the all-in cost of the Cisneros and MediaDonuts acquisitions. By dint of cycling the downer of 2Q20, pro forma LTM net debt leverage, even including the estimated impact of additional earnout payments for the two acquisitions, has declined to 2.3x from 2.6x a year ago.

**Headline risks persist; company may have some color at a conference on Wednesday.** The decline in sales (down 26% in September) of autos, EVC TV's largest ad category, continues on sapped supply, and we suspect that EVC's 3Q TV auto advertising missed the down 4% pacing given on the 2Q call. Perhaps the best thing to be said of the current harsh scrutiny of Facebook, Cisneros' key platform partner, is that—assuming no further outages—changes seem less likely to affect FB's operations in the emerging markets, where consumer and advertiser reliance on FB is greater. EVC's presentation is set for 3:15pm ET on 10/6 at <https://onlinexperiences.com/scripts/Server.nxp?LASCmd=AI:4;F:QS!10100&ShowUUID=E48527E7-277D-4E74-B1E0-B757ACDAF7FC&GroupID=Public>.

**Our price target for EVC is \$10.00; risks on p.2.** Our PT is supported by a discounted cash flow valuation based on explicit financial forecasts through 2026. 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.

BUY

Price at 10/5/21 (USD)	7.60
Price Target	10.00
52-week range	1.53 - 8.11

Performance (%)	1m	3m	12m
Absolute	3	13	405
S&P 500	-4	0	27

Market Cap (USDm)	655.5
Shares outstanding (m)	86.2
Float (%)	72
Average volume	695,253
S&P 500	4,345.7

### 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	17.3	15.6
EV/EBITDA (x)	11.0	9.3	8.0
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) apart from the industry-wide pressure on auto advertising because of supply shortages, 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.

**Our DCF-based PT is a weighted average of projected equity valuations at year-end 2021 and 2022.** First, we adjust the current net debt with the estimated FCF to be generated by each valuation date. Second, we adjust the current net debt for any estimated payments on the acquisitions of MediaDonuts and Cisneros Interactive prior to the respective valuation dates. Finally, for each target valuation date, we discount the free cash flow generated by the digital media and broadcast media businesses separately, while deducting any additional forecast payments on the acquisitions, which are scheduled to occur from early 2022 to 2025. We value EVC both using its own weighted average cost of capital (WACC) and using separate WACCs for its broadcast and digital media business using sector comps, giving primary weight to the latter as sector measures of risk tend to be more stable.

**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	\$7.60	<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	86.2	<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	655	<b>Est. acquisition capacity</b>	\$132
+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	\$797	<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	9.3x		
2020	11.0x		
Price / Free cash flow per share			
2021	9.9x		
2020	14.9x		
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)

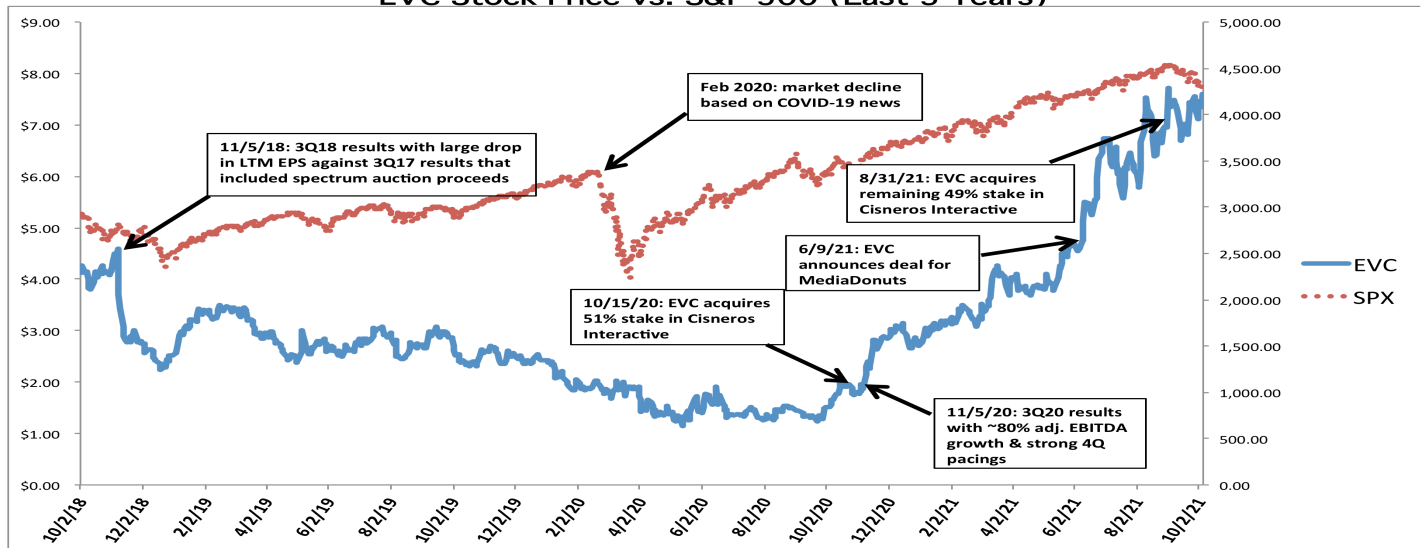


Figure 2: We Update Our Weighted Average Cost Of Capital Estimates

Metric	EVC			EVC-B			EVC-Digital			EVC Broadcasting Media Comparables				EVC Digital Media Comparables					
	EVC	EVC-B	EVC-Digital	NXST	SBGI	GTN	N-S-G AVG	STGW	PERI	QNST	S-P-Q AVG	NXST	SBGI	GTN	N-S-G AVG	STGW	PERI	QNST	S-P-Q AVG
<b>WACC assumptions</b>																			
Equity beta (based on Sept 2019-Sept 2021 weekly returns)	0.81	1.79	1.56	1.83	1.84	1.70	1.79	1.22	1.82	1.46	1.50	1.83	1.84	1.70	1.79	1.22	1.82	1.46	1.50
Std error	0.09	0.06		0.06	0.07	0.06	0.06	0.11	0.10	0.05		0.06	0.07	0.06	0.06	0.11	0.10	0.05	
Equity beta (based on projected leverage)	0.78	1.13		0.5	0.5	0.6	0.97	1.4	0.7	0.7		0.5	0.5	0.6	0.97	1.4	0.7	0.7	
Debt beta	0.5	0.5		0.71	0.97	1.56	1.07	0.83	1.00	1.46	1.56	1.07	0.83	1.00	0.97	1.39	1.82	1.46	1.56
Unlevered beta	0.71	0.97	1.56	5.0%	6.2%	9.2%	6.8%	5.6%	6.4%	8.3%	9.2%	6.8%	5.6%	6.4%	6.4%	8.3%	10.5%	8.7%	9.2%
Unlevered cost of capital	5.3%	7.1%	9.2%	5.3%	7.1%	9.2%	10.5%	10.5%	9.9%	7.5%	8.9%	10.5%	10.5%	9.9%	9.9%	7.5%	10.5%	8.7%	8.9%
Equity cost of capital	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Debt cost of capital	0.38	0.38	-	0.38	0.38	0.38	1.5	4.0	2.0	4.5	7.0%	0.38	0.38	0.38	4.5	4.5	-	-	7.0%
Debt value (D)/Equity value (E)	0.27	0.27	-	0.60	0.80	0.67	0.60	0.80	0.67	0.82	1.00	0.60	0.80	0.67	0.82	0.82	-	-	1.00
D/Total Value (V)	0.73	0.73	1.00	0.40	0.20	0.33	0.40	0.20	0.33	0.18	1.00	0.40	0.20	0.33	0.18	0.18	1.00	1.00	1.00
Projected long-term net debt/EBITDA	2.0x	2.0x		40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Tax rate	40%	40%		5.8%	4.3%	5.2%	5.8%	4.3%	5.2%	5.5%	8.7%	5.8%	4.3%	5.2%	5.5%	5.5%	10.5%	8.7%	8.7%
WACC (based on unlevered cost of capital)	5%	6%	9%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
<b>Historical capital structure</b>																			
D/E	0.6	0.6		1.5	4.4	2.3	1.5	4.4	2.3	4.4	(0.1)	1.5	4.4	2.3	1.5	4.4	2.3	(0.1)	(0.1)
	0.7	0.7		1.5	4.2	2.0	1.5	4.2	2.0	4.1	(0.0)	1.5	4.2	2.0	1.5	4.1	2.0	(0.0)	(0.0)
	0.3	0.3		1.1	1.1	1.4	1.1	1.1	1.4	5.7	-	1.1	1.1	1.4	1.1	5.7	5.7	-	-
	0.5	0.5		1.4	3.2	1.9	1.4	3.2	1.9	4.7	-	1.4	3.2	1.9	4.7	4.7	-	-	-
Average	0.38	0.38		1.50	4.00	2.00	1.50	4.00	2.00	4.50	-	1.50	4.00	2.00	4.50	4.50	-	-	-
Projected D/E	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%
Risk-free interest rate	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%	4.93%
Equity market risk premium																			

Sources: Company data, Yahoo Finance, Damodaran Online, Moody's, and Industry Capital Research estimates

Figure 3: 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	4.2	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	0.5	1.7	0.000						
EBITDA attributable to redeemable noncontrolling interest									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	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
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 4: 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	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>(35.592)</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	0.0	0.0	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%
<b>Dividends per share</b>	<b>\$0.12</b>	<b>\$0.16</b>	<b>\$0.20</b>	<b>\$0.20</b>	<b>\$0.05</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.13</b>	<b>\$0.02</b>	<b>\$0.03</b>	<b>\$0.03</b>	<b>\$0.05</b>	<b>\$0.12</b>	<b>\$0.20</b>
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 5: 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 6: DCF Analysis Supports \$10.00 Per Share 12-Month Price Target, Within \$9-17 Range

Entravision DCF analysis			
	Current	YE 2021	YE 2022
Firm Value	1,566	1,603	1,626
(-) Total Net Debt	203	203	203
(+) NOLs/Tax Assets	63	63	63
(-) Options (Claims on Entravision)	(2.7)	(2.7)	(2.7)
Common Equity Value	1,422.9	1,460.0	1,482.9
Shares Outstanding	87.8	87.8	87.8
Current Share Price	\$7.60	\$7.60	\$7.60
Value Per Share	\$16.21	\$16.63	\$16.89
12-month	\$17.00		
12-month (507P)	\$9.00		

ASSUMPTIONS		2018	2019	2020	2021	2022	2023	2024	2025	2026	Terminal
Risk Free Rate											
Equity Premium	1.5%										
Assumed LT Growth Rate (g)	4.9%										
W of Equity Calculation	0%										
Share Price	\$7.60										
Outstanding Shares	87.8										
MV of Equity	667.1										
Estimate MV of Debt Calculation	7.2										
Interest Expense	4.00%										
Current Cost of Debt											
Wghtd Avg Maturity of Debt											
BY of Debt											
Estimate MV of Debt	203.5										
	203.5										

	2018	2019	2020	2021	2022	2023	2024	2025	2026	Terminal
EBITDA	54.0	41.2	60.4	84.9	99.1	98.8	128.8	113.2	121.8	
EBIT	37.8	24.6	43.1	64.5	78.4	72.8	98.7	82.6	90.0	86.3
Less Cash Taxes	(15.1)	(9.8)	(17.3)	(25.8)	(31.4)	(29.1)	(39.5)	(33.0)	(36.0)	0.0
Plus DDA	16.3	16.6	17.3	20.4	20.7	27.0	30.1	30.6	31.8	30.6
Less Cap Ex	(17.0)	(25.3)	(9.1)	(8.4)	(8.8)	(9.3)	(9.7)	(10.2)	(10.7)	(30.6)
Less Increase in WC	(9.4)	(8.7)	8.7	(11.9)	(4.1)	(5.0)	(0.8)	(2.2)	(2.2)	(1.5)
Free Cash Flow to Firm	12.5	(2.6)	42.8	38.8	54.8	56.4	78.8	69.2	72.9	84.8
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									
Leverage Mult.	3.4x									
D/Equity	31%									
D/EV	23%									
E/EV	77%									
Unlevered Beta	0.77									
Levered Beta	0.87									
D/Equity (projected long term)	38%									
Cost of Debt (AT)	2.4%									
Cost of Equity	5.8%									
WACC	4.8%									
PV of CF			5%	5%	5%	5%	5%	5%	5%	
			37.1	49.9	48.9	65.2	54.6	54.9	57.5	
			52.3	51.3	68.4	57.2	57.5	60.3	60.3	
			53.8	71.7	60.0	60.3	60.3	60.3	60.3	
										1,749.2
										14x EBITDA

Sum of PV	310.6	286.8	245.8
PV of Terminal Value	1,253.8	1,316.7	1,380.5
NPV of all CF	1,566.3	1,603.4	1,626.3

Source: Industry Capital Research estimates and company data



Figure 7: DCF Analysis Allocates Roughly 25% Of Firm Value To Broadcasting Business

Entravision DCF analysis - Broadcasting			
	Current	YE 2021	YE 2022
Firm Value	299	285	274
(-) Total Net Debt	203	203	203
(+) NOLs	63	63	63
(-) Options (Claims on Entravision)	(2.7)	(2.7)	(2.7)
Common Equity Value	155.7	141.5	130.4
Shares Outstanding	87.0	87.0	87.0
Current Share Price	\$7.60	\$7.60	\$7.60
Value Per Share	\$1.79	\$1.63	\$1.50
12-month			

ASSUMPTIONS		2018-22	2020-24	2022-26	2025-26
Risk Free Rate		1.5%			
Equity Premium		4.9%			
Assumed LT Growth Rate (g)		-1%			
MV of Equity Calculation		\$7.60			
Share Price		87.0			
Outstanding Shares		661.1			
MV of Equity		7.2			
Estimate MV of Debt Calculation		4.00%			
Interest Expense		203.5			
Current Cost of Debt		203.5			
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
\$ in millions except per share amounts										
Discounted Cash Flow										
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	31%									
D/EV	24%									
E/EV	76%									
Unlevered Beta	1.0									
Levered Beta	1.2									
D/Equity (long term)	38%									
Cost of Debt (AT)	2.4%									
Cost of Equity	7.4%									
WACC	6.0%									
PV of CF			6%	6%	6%	6%	6%	6%	6%	
				30.3	25.0	18.6	27.2	15.8	17.4	
					26.5	19.7	28.8	16.7	18.4	
						20.9	30.6	17.7	19.5	
										6x EBITDA
										247.6
Sum of PV	134.3	110.2								
PV of Terminal Value	164.8	174.7								
NPV of all CF	299.1	284.9								

Source: Industry Capital Research estimates and company data

Figure 8: DCF Analysis Allocates Roughly 75% Of Firm Value To Digital Media Business

Entravision DCF analysis - Digital		Current	YE 2021	YE 2022
Firm Value		598	647	679
(-) Total Net Debt		-	-	-
(+) NOLs		-	-	-
(-) Options (Claims on Entravision)		-	-	-
Common Equity Value		598.4	646.6	679.1
Shares Outstanding		87.0	87.0	87.0
Current Share Price		\$7.60	\$7.60	\$7.60
Value Per Share		\$6.88	\$7.43	\$7.81
12-month		\$7.50		
Minority Interest				

ASSUMPTIONS		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Terminal
Risk Free Rate		1.5%													
Equity Premium		4.5%													
Assumed LT Growth Rate (g)		1%													
MV of Equity Calculation															
Share Price						\$7.60									
Outstanding Shares						87.0									
MV of Equity						661.1									
Estimate MV of Debt Calculation															
Interest Expense						7.2									
Current Cost of Debt						4.00%									
Wgt'd Avg Maturity of Debt															
BV of Debt															
Estimate MV of Debt															

Free Cash Flow to Firm		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Terminal
EBITDA		2.8	(0.1)	2.3	28.8	48.0	61.0	70.4	75.9	78.5					
EBIT		2.8	(0.1)	2.3	25.7	42.8	54.4	62.8	67.7	70.0					69.5
Less Cash Taxes		(1.1)		(0.9)	(10.3)	(17.1)	(21.8)	(25.1)	(27.1)	(28.0)					0.0
Plus DDA					3.1	5.2	6.6	7.6	8.2	8.5					8.2
Less Cap Ex															(8.2)
Less Increase in WC					(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		1.6													
Levered Beta		1.6													
D/Equity (projected long term)		0.0%													
Cost of Debt (AT)		2.4%													
Cost of Equity		9.2%		9%	9%	9%	9%	9%	9%	9%					
WACC		9.2%		9%	9%	9%	9%	9%	9%	9%					
PV of CF					6.1	22.5	26.3	31.3	31.0	28.5					
						24.5	28.7	34.2	33.8	31.1					
						31.4	37.4	36.9	34.0						
															836.6
															11x EBITDA

	Current	YE 2021	YE 2022
Sum of PV	145.7	152.4	139.6
PV of Terminal Value	452.6	494.2	539.5
NPV of all CF	598.4	646.6	679.1

Source: Industry Capital Research estimates and company data

## APPENDIX

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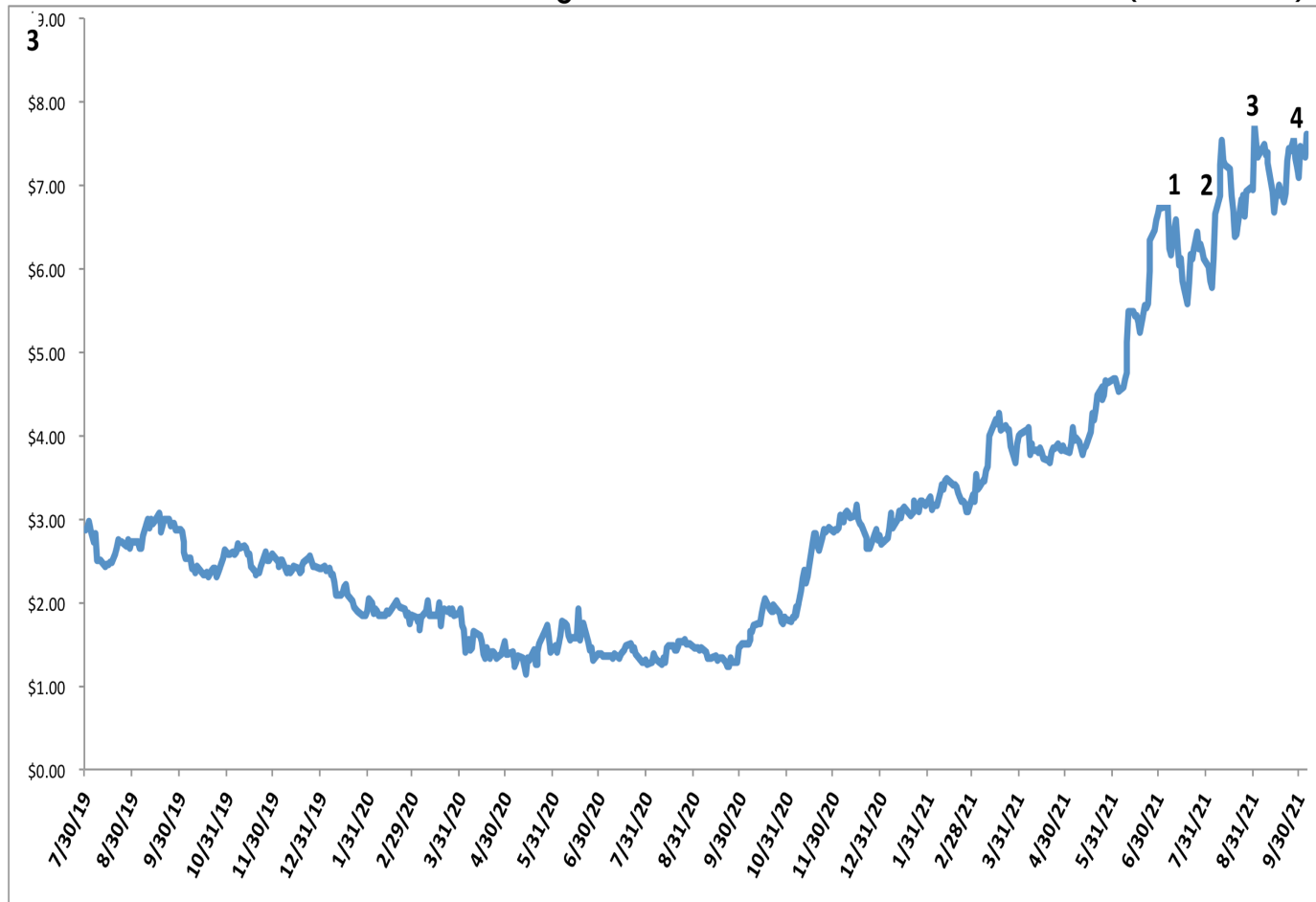
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1	7/6/21	Initiated Buy, Target Price \$9.00
2	8/6/21	Reaffirmed Buy, Target Price \$9.00
3	9/2/21	Reaffirmed Buy, Target Price \$10.00
4	10/5/21	Reaffirmed Buy, Target Price \$10.00

Ratings Definitions	% of Securities Covered	% Investment Banking Clients
BUY: total return expected is >15% over a 12-month period	100%	0%
HOLD: total return expected is between 15% and -15% over a 12-month period	0%	0%
SELL: total return expected is <-15% over a 12-month period	0%	0%

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

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