

## Entravision Communications Corporation (EVC)

Succession: Raising PT to \$7.50 from \$7 and Reaffirming Buy

James Dix, CFA

(1) 917 292 4293

[james.dix@industrycapitalresearch.com](mailto:james.dix@industrycapitalresearch.com)

**We haven't seen a minute of TV's "Succession," but that is what 2023 has brought EVC.** With no next generation waiting in the wings, and the disappearance of management voting control with the conversion of Class B to Class A shares triggered by Walter Ulloa's passing, some re-imagining of EVC as a public company is on the agenda, and we note the shares have outperformed the market since EVC's 1/3 announcement regarding Mr. Ulloa.

**"Shareholder-friendly" takes on new meaning, highlighting outreach and conventional signaling.** The board is now more reliant on management to maintain good shareholder relations, lest there be shareholder activism. Senior management no longer has voting control in its back pocket when it meets with shareholders, putting priority on different skills and messaging. Investor questions about returns of capital, given EVC's low leverage and the stability which broadcast still provides the overall business (secularly favored retransmission and political revenue were 35% and 31% of 2022E EBITDA, respectively), are more likely to be answered with dividend increases than share repurchases, as the latter now have little impact on corporate control.

**Big deals? Not for now.** EVC seems committed to its digital transformation, which has delivered some surprisingly strong results, like the step-function growth of Cisneros Interactive after its 4Q20 acquisition, and the long-gestating and now delivering surge of Smadex's mobile demand side platform. Such surprises drive share value, especially if seen to have legs (query whether investors sell short the legs of the surprises being delivered by political advertising at legacy broadcast). Aleph Group, EVC's chief global competitor in media platform sales representation, has been frustrated for over a year in its attempts to go public. Although a deal with EVC could achieve this, a combination would have to quell concerns about conflicts of interest from having the business of rival media platforms under the same roof in the same markets. Media platforms always have the option, as LinkedIn has shown, of pulling sales operations in-house.

**We see catalysts from exploiting financial slack for more capital return and continuing digital acquisitions, and our updated discounted cash flow valuation supports a higher price target.** Pro forma net debt leverage near 1x and double-digit free cash flow yield would support at the least restoration of the dividend to the pre-pandemic level of \$0.20 (vs. our 2023E FCF/share of \$0.66). Our base case model assumes no recession, making us comfortable with EBITDA estimates of \$104m in 2022 and \$96m in 2023 being above consensus. See Fig. 2. We address recession uncertainty through a separate scenario producing \$78m in 2023 EBITDA. See Figs 12-13. In effect, our valuation range of \$6-8 assumes a 50% chance of a recession and scenario-weighted average of ~\$87m in 2023 EBITDA. We extend the explicit forecast for our DCF to 2028, with a higher equity risk premium being the main driver of, on balance, higher discount rates. See Fig. 19.

**Price target up to \$7.50 from \$7.00; risks on page 3.** Our PT is supported by a DCF valuation based on explicit financial forecasts through 2028.

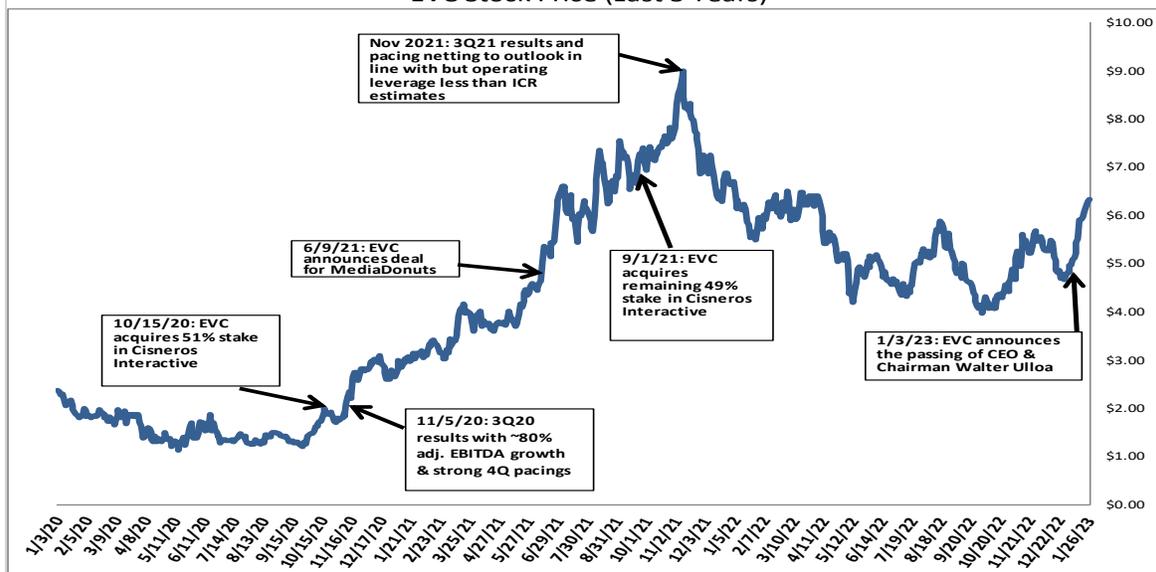
BUY			
Price at 1/26/23 (USD)	6.33		
Price Target	7.50		
52-week range	3.96 - 6.80		
Performance (%)	1m	3m	12m
Absolute	32	40	15
S&P 500	6	6	-7
Market Cap (USDm)	555.8		
Shares outstanding (m)	87.8		
Float (%)	73		
Average volume	216,488		
S&P 500	4,060.4		
Forecasts and ratios			
Year ended 12/31	2021A	2022E	2023E
1Q EPS (USD)	0.06	0.02	0.05
2Q EPS (USD)	0.09	0.10	0.09
3Q EPS (USD)	0.14	0.11	0.08
4Q EPS (USD)	0.04	0.23	0.16
FY EPS (USD)	0.33	0.45	0.38
% Change	NM	35%	-16%
P/E (x)	18.9	14.0	16.7
EV/EBITDA (x)	7.3	6.3	6.8
Revenue (USDm)	760.2	939.6	1,063.7
% Change	121%	24%	13%

**ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES ARE LOCATED IN THE APPENDIX.** Industry Capital Research does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm might have a conflict of interest that could affect the objectivity of this report.

Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

(in millions, except unit data)		12-month price target: \$7.50	
<b>ENTERPRISE VALUE</b>		<b>COMPANY CHARACTERISTICS AND INVESTMENT THESIS</b>	
Price per share	\$6.33	<b>Company description</b>	Entravision operates a digital media business serving the U.S. and roughly 40 international markets, and a broadcast business targeting U.S. Hispanics with 49 TV stations (mostly Univision network affiliates) in 16 of the top-50 U.S. Hispanic markets, and 46 radio stations (37 FM and 9 AM) as well as a radio network with distribution to over 100 U.S. markets. The company's 2021 revenue by segment was 73% from digital, 19% from TV, and 8% from audio. TelevisaUnivision owns ~11% of Entravision's stock. On August 2, 2000, Entravision completed an initial public offering at \$16.50 per share of its Class A common stock, which is listed on the NYSE under the symbol "EVC."
Diluted shares outstanding	87.8	<b>Strategy</b>	Expand digital media operations into fast-growing markets outside the U.S. and manage for free cash flow and asset value its TV-driven broadcast platforms in U.S. Hispanic markets.
Equity market capitalization	556	<b>Est. acquisition capacity</b>	<b>\$342</b>
+Pro forma net debt	119	<b>Management</b>	Since the untimely death of Walter Ulloa in December, <b>Christopher Young is Interim CEO, as well as CFO</b> (as which he has served since 2008, having been with EVC since 2000). Paul Zevnik is Interim Chairman. Jeffrey Liberman is President and COO (since 2017 and with EVC since 2000).
-Hidden value	16	<b>Positives</b>	<ul style="list-style-type: none"> <li>* Experience in expanding distribution in smaller, faster-growing ad markets, both in U.S. and internationally</li> <li>* Low debt leverage and high free cash flow yield support returns of capital and digital-focused acquisitions</li> <li>* Higher post-pandemic broadcast margins</li> <li>* Most of its TV stations affiliated with leading U.S. Spanish language network Univision</li> <li>* Secular growth in U.S. political advertising spending</li> </ul>
=Pro forma EV	\$659	<b>Risks</b>	<ul style="list-style-type: none"> <li>* <b>Management succession</b>, especially given loss of management voting control triggered by death of prior CEO</li> <li>* Volatility of international media business, reflecting early stage and potential competition</li> <li>* Impact of sudden advertising declines on cash flow (e.g., in 2009 and 2020)</li> <li>* Competition with TelevisaUnivision's expanding direct to consumer business</li> <li>* TelevisaUnivision relationship through TV network affiliations and ownership stake may limit strategic flexibility</li> </ul>
<b>OPERATING PROJECTIONS</b>		<b>Valuation</b>	Attributing almost 80% of firm value to digital media business
<b>Pro forma net revenue</b>		<b>Recent events</b>	<b>December 2022 - death of co-founder, CEO &amp; Chairman.</b> September 2021 - acquired remaining 49% interest in Cisneros Interactive for \$84 million. July 2021 - announced acquisition of MediaDonuts AsiaPac digital media business for \$36 million. October 2020 - acquired 51% stake in Cisneros Interactive for \$29 million. May 2020 - announced substantial expense costs targeting broadcast operations.
2022	\$940	<b>Upcoming potential catalysts</b>	Recession risk to advertising-based revenue, both in U.S. and internationally - Additional digital media M&A - Changes in capital return/allocation with new senior management
2021	782		
% Chg	20.2%		
<b>Pro forma EBITDA</b>			
2022	\$104		
2021	91		
% Chg	15.2%		
<b>Pro forma EBITDA margin</b>			
2022	11.1%		
2021	11.6%		
<b>Free cash flow per share</b>			
2022	\$0.81		
2021	\$0.90		
% Chg	-10.0%		
<b>Est. 3-5 yr FCF Growth rate</b>	7%		
<b>VALUATION AND LEVERAGE</b>			
<b>Pro forma EV/EBITDA</b>			
2022	6.3x		
2021	7.3x		
<b>Price / Free cash flow per share</b>			
2022	7.8x		
2021	7.0x		
<b>Pro forma net debt / EBITDA</b>			
2022	1.1x		
2021	1.3x		
<b>Dividend yield</b>			
2022	1.6%		
2021	1.6%		

EVC Stock Price (Last 3 Years)



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

## Investment Thesis and Valuation: Buy With \$7.50 Price Target

**Positives supporting our Buy rating include:** 1) EVC's share price is not fully capturing the potential of digital media acquisitions because their higher growth and different business models are more difficult for investors to assess; 2) higher post-pandemic broadcast margins, stability of TV retransmission revenue (~35% of 2022E EBITDA) and secular growth of political advertising revenue (~31% of 2022E EBITDA), and potential monetization from future spectrum auction (as in 2017) substantially reduce the operating risk profile of overall business; 3) pro forma net debt leverage under 2x and double-digit free cash flow yield will give new senior management flexibility to increase returns of capital and continue accretive digital acquisitions; and 4) our DCF valuation supports substantial stock price upside over the next 12 months.

**Our DCF-based 12-month price target is a weighted average of projected equity valuations at year-end 2023 and 2024; our updated PT assumes a 50% chance of a recession in 2023, resulting in a target valuation range of \$6-\$8.** First, we adjust the current net debt with the estimated free cash flow to be generated by each valuation date. Second, we adjust the current net debt for any estimated payments remaining on the acquisitions (e.g., earnouts), which are currently scheduled to occur until 2025. Finally, we value EVC both using a weighted average cost of capital (WACC) reflecting its own stock price trading and using separate WACCs for its broadcast and digital media businesses based on sector comparables, applied to separate free cash flow forecasts for each of these businesses. The results of these two methods set the range for our valuation, with the EVC-specific method incorporating market data on EVC shares' actual volatility setting the upper bound, and the sector method relying on measures of risk of comparables setting the lower bound. Note that in our DCF, for our terminal value estimates, we assume that capex equals D&A, which results in a substantially higher capex estimate than in our financial statement forecasts because capex should be 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 upcoming management succession 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 shocks, such as a recession, 3) potential volatility of EVC's digital media business, given its increasing focus on emerging markets, its dependence on a small number of commercial relationships with media tech platforms, and increasing competition, 4) secular challenges and potentially increasing competition from TelevisaUnivision for EVC's broadcast media business, and 5) risk-off market sentiment as an overhang for valuation of EVC's fast-growing, less mature digital advertising businesses.

## EVC Is a Value Story Transforming into Growth, Better Than Vice-Versa

**First off, we are comfortable with EBITDA estimates above consensus for 2022 and 2023, as we address the risk of recession through a separate scenario that feeds into our valuation range.** See Fig. 2 for our current estimates, unchanged, vs. consensus. Our updated valuation range assumes a 50% chance of a 2023 recession—in the range of the 61% chance from the Wall Street Journal’s latest quarterly survey of economists—and a weighted average 2023 EBITDA of ~\$87m (\$96m in our base case and \$78m in our recession case). See Fig. 13. Setting aside recession risk, 2023 could be the tipping point when EVC’s digital segment accounts for the largest share of EVC’s operating cash flow. See Fig. 4. Our digital segment estimates, set forth in detail in Fig. 3, include the latest digital deal for Adsmurai, which we believe contributes to our estimates being above revenue consensus, and call for solid double-digit growth. On the margin, within digital, we shift our 2023 growth expectations slightly to Smadex, in the legacy business in our model, and from the digital media representation business, on some caution about growth at Facebook and TikTok (which has reduced its 2022 global targets). At all three segments, over the longer term, margins are healthy but on balance unlikely to expand. Our longer-term OCF margin assumptions are in 40s in percent for TV, ~30% for radio, and increasing to 8-9% for digital. See Fig. 5. At broadcast, political is the main wild card, with TV retransmission revenue surprisingly steady given industry subscriber declines. U.S. political advertising on TV should be entering an even more bullish era, marked by EVC’s record 2022 results. See Fig. 7. For TV retransmission revenue, higher YouTube TV payments may help offset declines from pay TV subscriber losses. See Fig. 9. We estimate TV retransmission plus political advertising revenue rose to 43% from 29% of TV revenue over 2018-22 cycle. See Fig. 8. We assume TV core ad growth will continue to be negative, with 2022’s decline aggravated by the loss of Univision affiliates in 2021. See Fig. 10. We expect less volatility in radio’s core ad declines than in TV’s, given less political advertising crowd-out in radio. See Fig. 11.

**Looking at the bigger picture, in particular at EVC without a controlling management shareholder, it is tempting to consider transactions for “unlocking value,” given the apparent differences between the international digital business and the legacy U.S. broadcast business.** However, the structure of the media platform sales representation business in developing markets could be a barrier to a combination of EVC’s digital business with its most likely partner/buyer, Aleph Group. For example, the combined sales representation of EVC and Aleph might cover close to 90% of Twitter’s ad sales outside of the developed markets, by our estimates. Moreover, the permissions required from TelevisaUnivision for transfer of EVC’s TV stations have long served as a practical barrier to a material broadcast sale/combination by EVC.

**We continue to see the DNA of EVC’s sales culture as a key rationale for its digital transformation.** At broadcast, EVC has been able to build a top-notch sales operation at its core TV station group, better in many ways than Univision’s owned and operated group. Univision’s providing a 24/7 feed has long meant that sales was a key differentiator for its TV network affiliates. Sales acumen has helped make EVC a shrewd entrant into the international digital media sales representation space. In addition, EVC has learned the art of maintaining a good working relationship with a key network partner and supplier like TelevisaUnivision, a skill we see as handy in managing relationships with large media platform partners like Facebook, TikTok and Twitter.

**Thus, we see capital allocated to EVC as pursuing returns that might be difficult for investors to find elsewhere.** Management has focused on achieving defensible positions: EVC is TelevisaUnivision’s largest TV affiliate partner, and EVC’s digital business is the only publicly held provider of media platform sales representation, where it has only one meaningful global competitor. EVC’s businesses are not capital-intensive, and yet benefit as toll collectors of sorts for their larger partners, whether TelevisaUnivision in broadcast or Facebook et al. in digital media representation. Warren Buffett among others has long liked advertising businesses for these

characteristics—having owned TV station groups like Capital Cities, newspapers like the Washington Post and ad agencies like Omnicom—and we see these strengths at EVC as well.

**Through its digital acquisitions, EVC has shifted the majority of its valuation (~80%, by our estimates—see Fig. 21) to a digital business where it is arguably one of two leading global players from a broadcast business with strategic limitations because of its substantial reliance on a single programming supplier, which also happens to have meaningful control over EVC’s execution of broadcast M&A.** Digital acquisitions are still the most likely catalyst, in our view. Although Smadex is not EVC’s most recent digital acquisition, it looks to be the most recent one to be making an outsized contribution to growth and, potentially, margin expansion. See Fig. 6.

**2022 was an unusually bad year for the U.S. equity market, unlikely to be repeated anytime soon, and EVC’s shares should likely see better sailing as a result.** Per a 1/21/23 analysis from New York University professor Aswath Damodaran, available at <https://aswathdamodaran.blogspot.com>, over the past 95 years, in only 6 has the U.S. stock market performed worse than in 2022, while in 88 it has performed better. Revisiting our DCF, and updating our beta regression analyses in particular, reminds us that the market is the biggest single driver of the direction of EVC’s share price. For example, the catalyst of the October 2020 acquisition of Cisneros Interactive turned out to be well timed. For the year after the end of 3Q20, while the S&P 500 was up 30%, EVC shares were up 378%. However, with the market turn in November 2021, courses reversed over the next year, with the S&P 500 down 15% and EVC shares down 43%. The pattern was similar on an annual basis, with the 2021 surge (EVC up 151% vs. S&P 500 up 29%) followed by the 2022 decline (EVC down 28% vs. S&P 500 down 18%). We conclude that, on balance, EVC’s higher volatility (which we capture in our 2023-28 forecast and our measures of beta of EVC and its industry comparables) is more likely than not going to work in shareholders’ favor going forward.

**At the end of the day, we see EVC as a value story transforming into a growth story, which is more likely to favor shareholders than vice-versa.** We start by observing that value stocks, characterized by lower earnings growth, consistently outperform growth stocks. For example, per Boston-based asset manager Verdad Advisers, recent analysis of July 1926-August 2022 U.S. stock returns revealed that the Fama-French U.S. Value Research Index returned 12.7% per annum, above the 9.8% return of the Fama-French U.S. Growth Research Index. We see the essential driver of this difference being that the superior earnings growth rates of growth stocks do not persist, and in fact revert to the mean faster than expected, delivering a double whammy to returns, both in terms of earnings underperformance and valuation multiple compression. Thus, in our view, at ~6.5x 2022/23 EV/EBITDA on our estimates, EVC has a better chance of delivering superior returns than would, say, an Aleph IPO targeting the growth investor. An Aleph IPO likely would be a digital pure play looking for a pricey growth multiple out of the gate, and thus, in our view, a candidate for share price underperformance. EVC’s potential to positively surprise versus expectations is likely even greater given that it is redeploying capital from a slower-growing broadcast business to a faster-growing digital business.

Figure 2: Our forecast, which assumes no recession this year, is above consensus on EBITDA estimates

<b>Entravision Communications (NYSE: EVC)</b>					
<b>Summary of Annual Estimates</b>					
In millions, except per share data					
	Last Yr	Estimates Current	YoY %CHG Current	Consensus	ICR vs Consensus
<b>2022E</b>					
Pro Forma *					
Revenue	781.8	939.6	20.2%		
Op expense	691.3	835.2	20.8%		
Adjusted EBITDA	90.6	104.3	15.2%		
As Reported					
Revenue	760.2	939.6 <span style="color:red">▼</span>	23.6%	921 <span style="color:red">▼</span>	2.0%
Op expense	672.0	835.2	24.3%		
Adjusted EBITDA	88.2	104.3 <span style="color:red">▼</span>	18.3%	98.4 <span style="color:red">▼</span>	6.0%
Margin	11.6%	11.1%		10.7%	0.4%
EPS	\$0.33	\$0.45 <span style="color:red">▼</span>	35.1%	\$0.41 <span style="color:red">▼</span>	10.2%
Cash FCF/sh	\$0.90	\$0.81	-10.0%		
<b>2023E</b>					
Pro Forma *					
Revenue	939.6	1,063.7	13.2%		
Op expense	835.2	967.3	15.8%		
Adjusted EBITDA	104.3	96.4	-7.6%		
As Reported					
Revenue	939.6	1,063.7	13.2%	978	8.8%
Op expense	835.2	967.3	15.8%		
Adjusted EBITDA	104.3	96.4	-7.6%	94.6	1.9%
Margin	11.1%	9.1%		9.7%	-0.6%
EPS	\$0.45	\$0.38	-16.3%	\$0.42	-9.9%
Cash FCF/sh	\$0.81	\$0.66	-18.5%		
<b>2024E</b>					
Pro Forma *					
Revenue	1,063.7	1,208.2	13.6%		
Op expense	967.3	1,081.1	11.8%		
Adjusted EBITDA	96.4	127.1	31.8%		
As Reported					
Revenue	1,063.7	1,208.2	13.6%	1,095	10.3%
Op expense	967.3	1,081.1	11.8%		
Adjusted EBITDA	96.4	127.1	31.8%	118.8	7.0%
Margin	9.1%	10.5%		10.9%	-0.3%

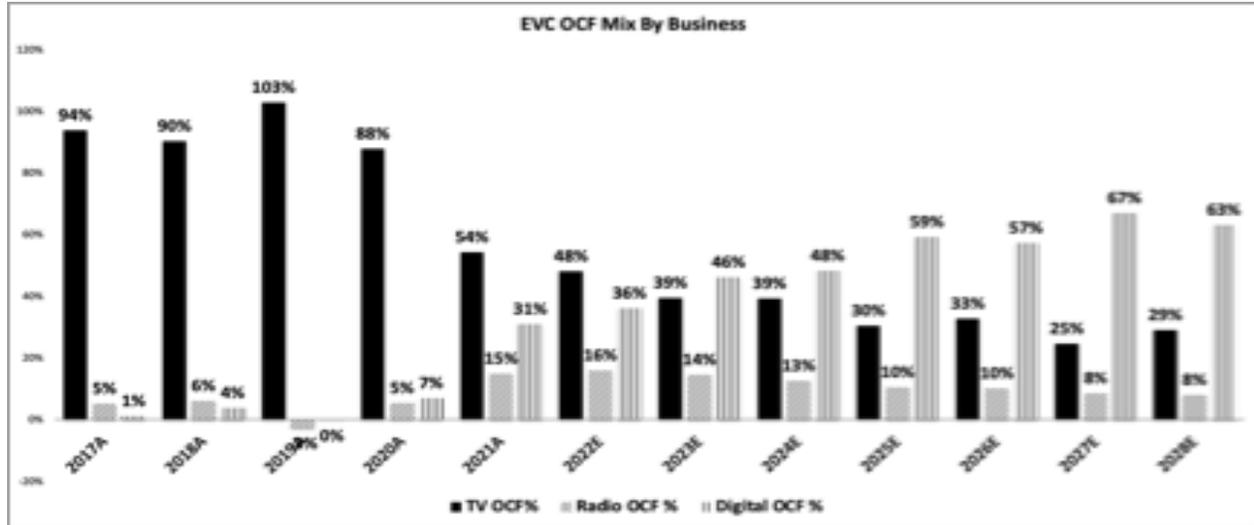
Source: Industry Capital Research estimates and company data

Figure 3: Including the latest deal for Adsmurai, our digital estimates are above consensus revenue, and call for solid double-digit growth

<b>Entravision Communications (NYSE: EVC)</b>							
<b>Summary of Digital Segment Annual Estimates</b>							
In millions, except per share data							
	Last Yr	Old	Estimates Chg	Current	YoY %CHG Current	Consensus	ICR vs Consensus
<b>2022E</b>							
As Reported							
Legacy Digital Revenue	68.7	106.2	0.0	106.2	54.6%		
Legacy Digital Opex	63.0	93.9	0.0	93.9	49.1%		
Legacy Digital OCF	5.7	12.3	0.0	12.3	115.7%		
Margin	8.3%	11.6%	0.0%	11.6%			
Cisneros Interactive Revenue	453.9	510.4	0.0	510.4	12.5%		
Cisneros Interactive Opex	425.3	480.5	0.0	480.5	13.0%		
Cisneros Interactive OCF	28.6	29.9	(0.0)	29.9	4.4%		
Margin	6.3%	5.9%	0.0%	5.9%			
MediaDonuts Revenue	30.9	83.1	0.0	83.1	169.1%		
MediaDonuts Opex	28.1	77.2	0.0	77.2	175.1%		
MediaDonuts OCF	2.8	5.9	0.0	5.9	109.5%		
Margin	9.1%	7.1%	0.0%	7.1%			
365 Digital Revenue	1.9	11.7	0.0	11.7	NM		
365 Digital Opex	1.7	11.5	0.0	11.5	NM		
365 Digital OCF	0.2	0.2	0.0	0.2	13.9%		
Margin	11.5%	2.1%	0.0%	2.1%			
Digital Segment Revenue	555.3	732.1	0.0	732.1	31.8%	721.1	1.5%
Digital Segment Opex	518.0	683.3	0.0	683.3	31.9%		
Digital Segment OCF	37.3	48.7	(0.0)	48.7	30.5%		
Margin	6.7%	6.7%	0.0%	6.7%			
* reflects announced acquisitions and dispositions							
<b>2023E</b>							
As Reported							
Legacy Digital Revenue	106.2	133.0	7.0	140.0	31.8%		
Legacy Digital Opex	93.9	122.0	5.0	127.0	35.2%		
Legacy Digital OCF	12.3	11.0	2.0	13.0	5.8%		
Margin	11.6%	8.3%	1.0%	9.3%			
Cisneros Interactive Revenue	510.4	569.4	(7.0)	562.4	10.2%		
Cisneros Interactive Opex	480.5	532.4	(5.0)	527.4	9.8%		
Cisneros Interactive OCF	29.9	37.0	(2.0)	34.9	17.0%		
Margin	5.9%	6.5%	-0.3%	6.2%			
MediaDonuts Revenue	83.1	91.2	0.0	91.2	9.7%		
MediaDonuts Opex	77.2	84.2	0.0	84.2	9.1%		
MediaDonuts OCF	5.9	7.0	0.0	7.0	18.3%		
Margin	7.1%	7.7%	0.0%	7.7%			
365 Digital Revenue	11.7	13.5	0.0	13.5	15.4%		
365 Digital Opex	11.5	13.0	0.0	13.0	12.7%		
365 Digital OCF	0.2	0.6	0.0	0.6	139.6%		
Margin	2.1%	4.4%	0.0%	4.4%			
Digital Segment Revenue	732.1	882.1	0.0	882.1	20.5%	756.7	16.6%
Digital Segment Opex	683.3	822.6	0.0	822.6	20.4%		
Digital Segment OCF	48.7	59.5	(0.0)	59.5	22.2%		
Margin	6.7%	6.8%	0.0%	6.7%			
<b>2024E</b>							
As Reported							
Legacy Digital Revenue	140.0	141.0	20.0	161.0	15.0%		
Legacy Digital Opex	127.0	128.4	15.3	143.7	13.1%		
Legacy Digital OCF	13.0	12.6	4.7	17.3	33.2%		
Margin	9.3%	8.9%	1.8%	10.7%			
Cisneros Interactive Revenue	562.4	632.0	0.0	632.0	12.4%		
Cisneros Interactive Opex	527.4	589.9	(0.0)	589.9	11.8%		
Cisneros Interactive OCF	34.9	42.1	0.0	42.1	20.5%		
Margin	6.2%	6.7%	0.0%	6.7%			
MediaDonuts Revenue	91.2	109.5	0.0	109.5	20.0%		
MediaDonuts Opex	84.2	98.7	1.6	100.3	19.1%		
MediaDonuts OCF	7.0	10.7	(1.6)	9.2	31.3%		
Margin	7.7%	9.8%	-1.4%	8.4%			
365 Digital Revenue	13.5	16.3	0.0	16.3	20.0%		
365 Digital Opex	13.0	14.7	0.0	14.7	13.1%		
365 Digital OCF	0.6	1.6	0.0	1.6	170.1%		
Margin	4.4%	9.9%	0.0%	9.9%			
Digital Segment Revenue	882.1	980.3	28.4	1,008.7	14.3%		
Digital Segment Opex	822.6	909.0	23.6	932.6	13.4%		
Digital Segment OCF	59.5	71.2	4.9	76.1	27.9%		
Margin	6.7%	7.3%	0.3%	7.5%			
* reflects announced acquisitions and dispositions							

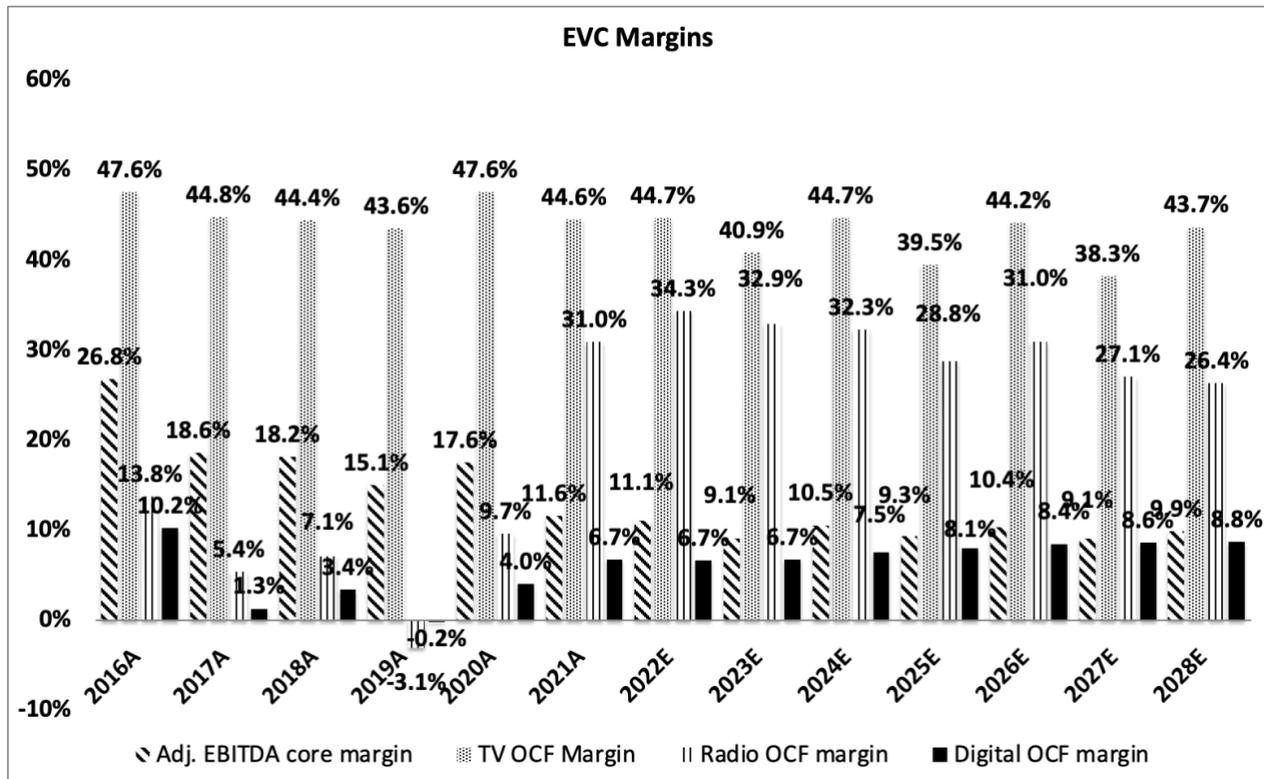
Source: Industry Capital Research estimates and company data

Figure 4: 2023 could be the tipping point when digital segment accounts for largest share of OCF



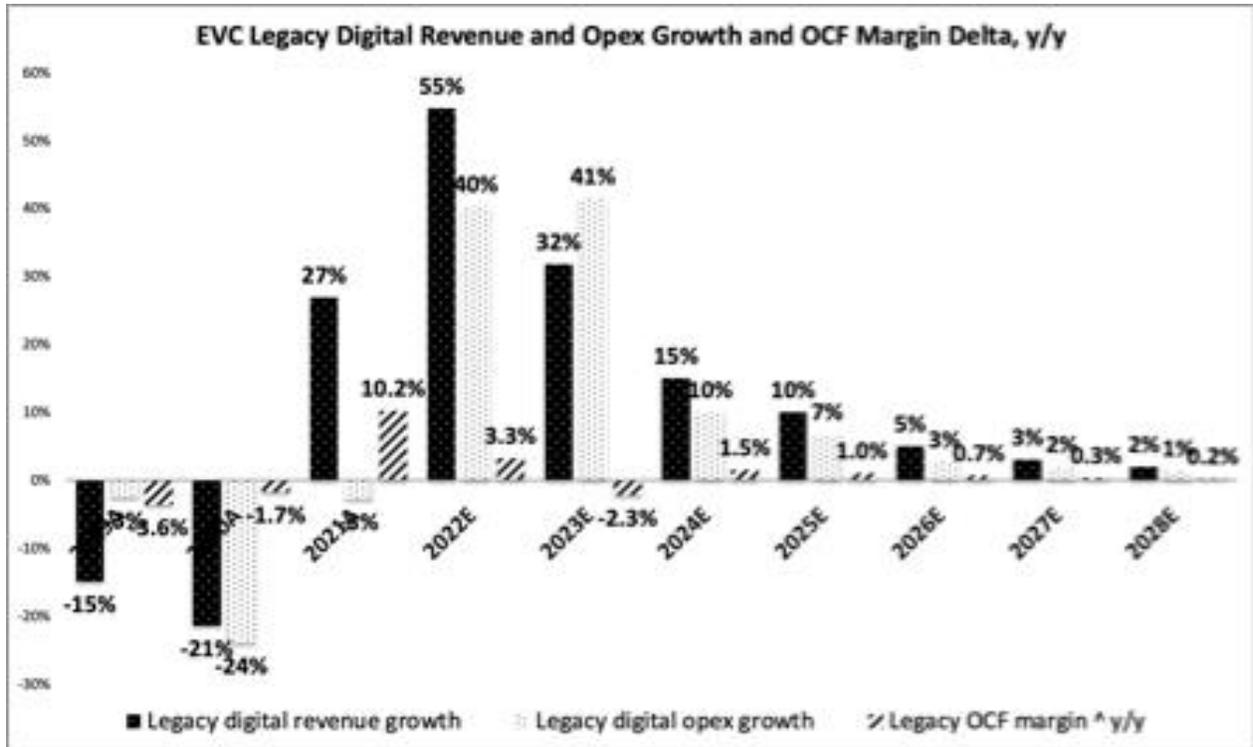
Source: Industry Capital Research estimates and company data

Figure 5: Our longer-term OCF margin assumptions are in 40s for TV, ~30% for radio, and increasing to 8-9% for digital



Source: Industry Capital Research estimates and company data

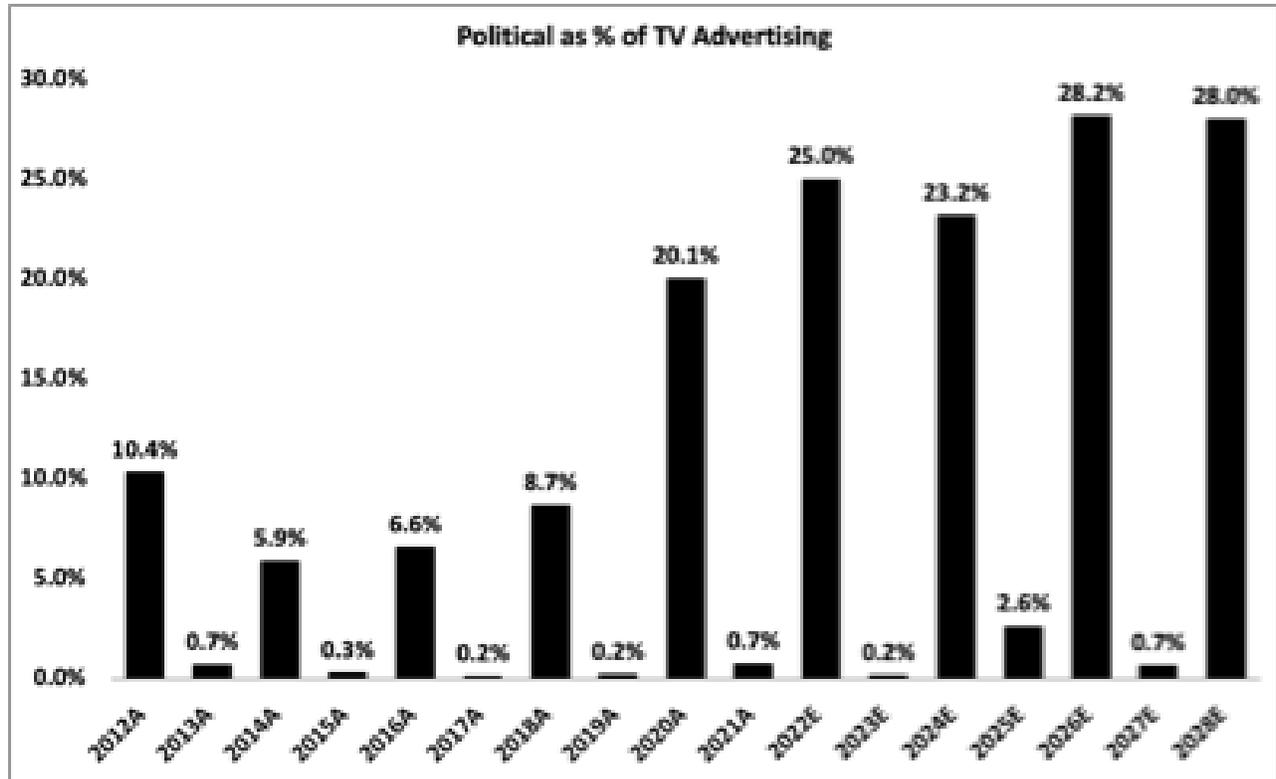
Figure 6: Looking for strong legacy digital revenue growth from Smadex to drive its OCF margins higher



Note: Legacy digital is EVC's digital segment excluding Cisneros Interactive, MediaDonuts, 365 Digital, Jack of Digital and Adsmurai.

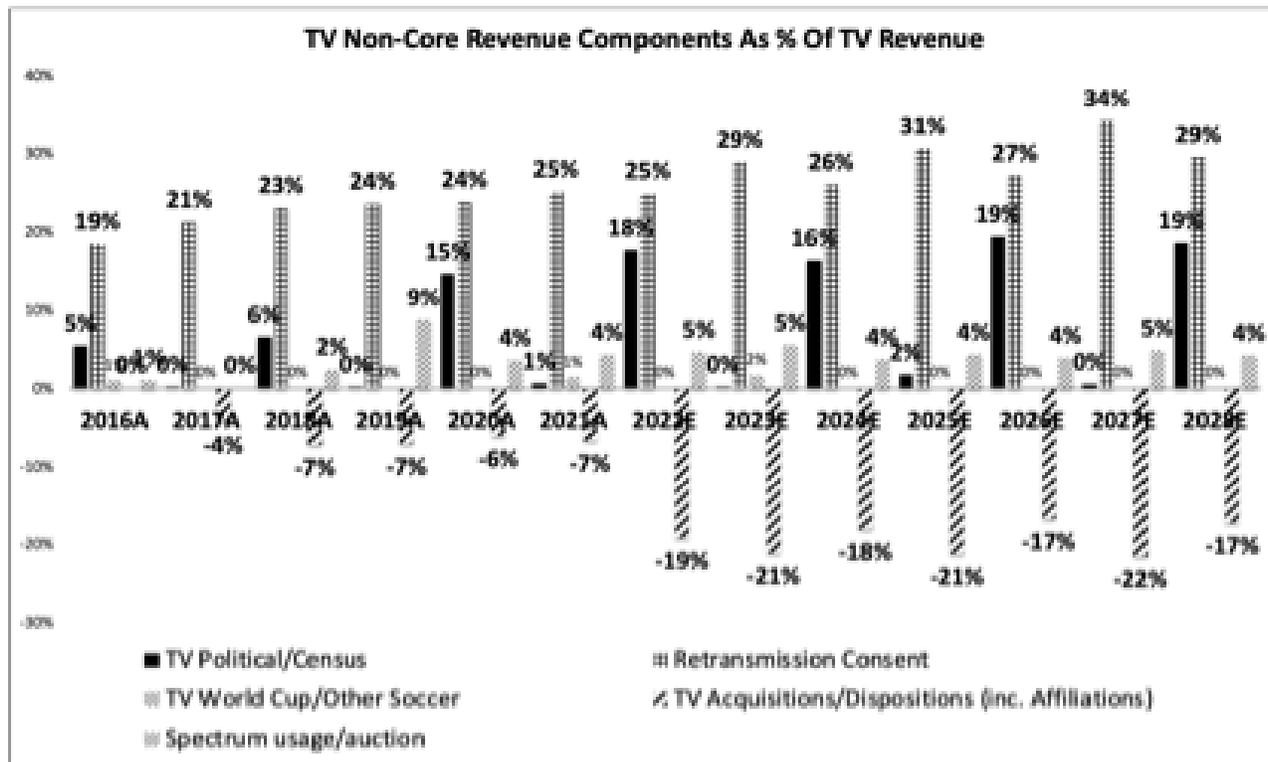
Source: Industry Capital Research estimates and company data

Figure 7: U.S. political advertising on TV should be entering even more bullish era for EVC’s Spanish-language stations, marked by record 2022



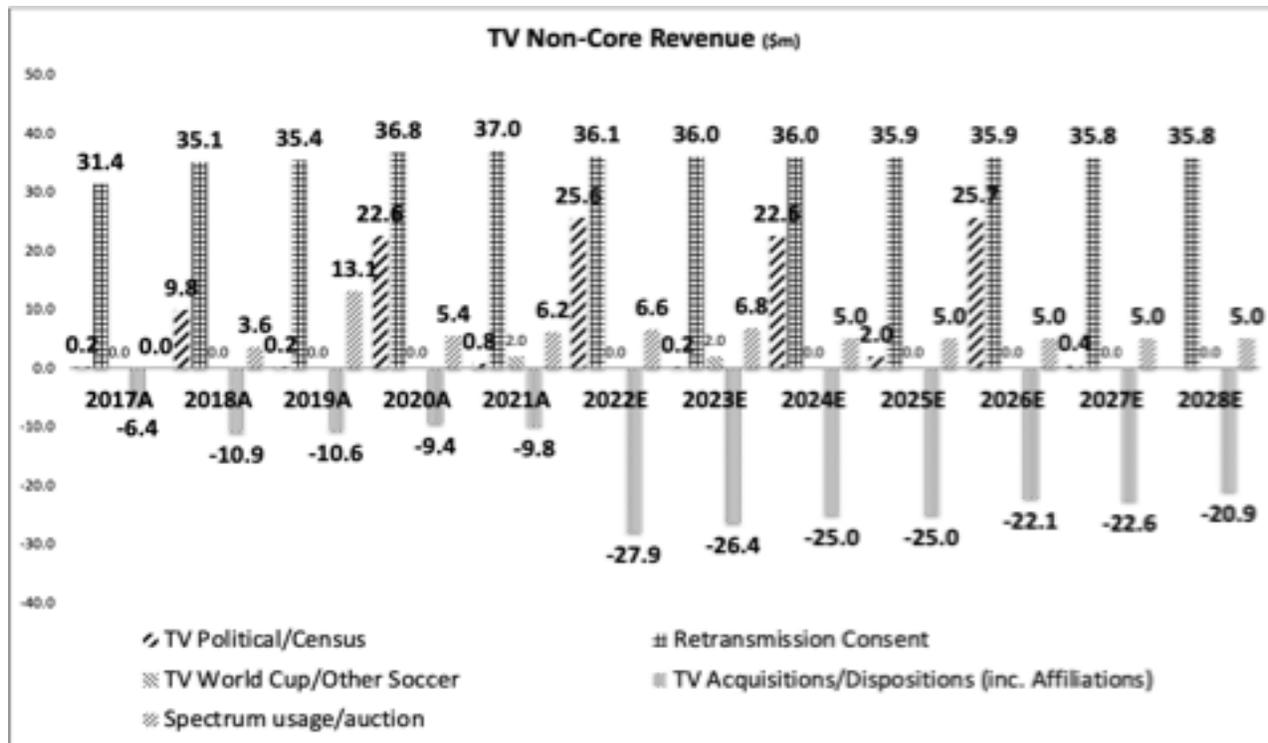
Source: Industry Capital Research estimates and company data

Figure 8: We estimate TV retransmission plus political rose to 43% from 29% of TV revenue over 2018-22 cycle



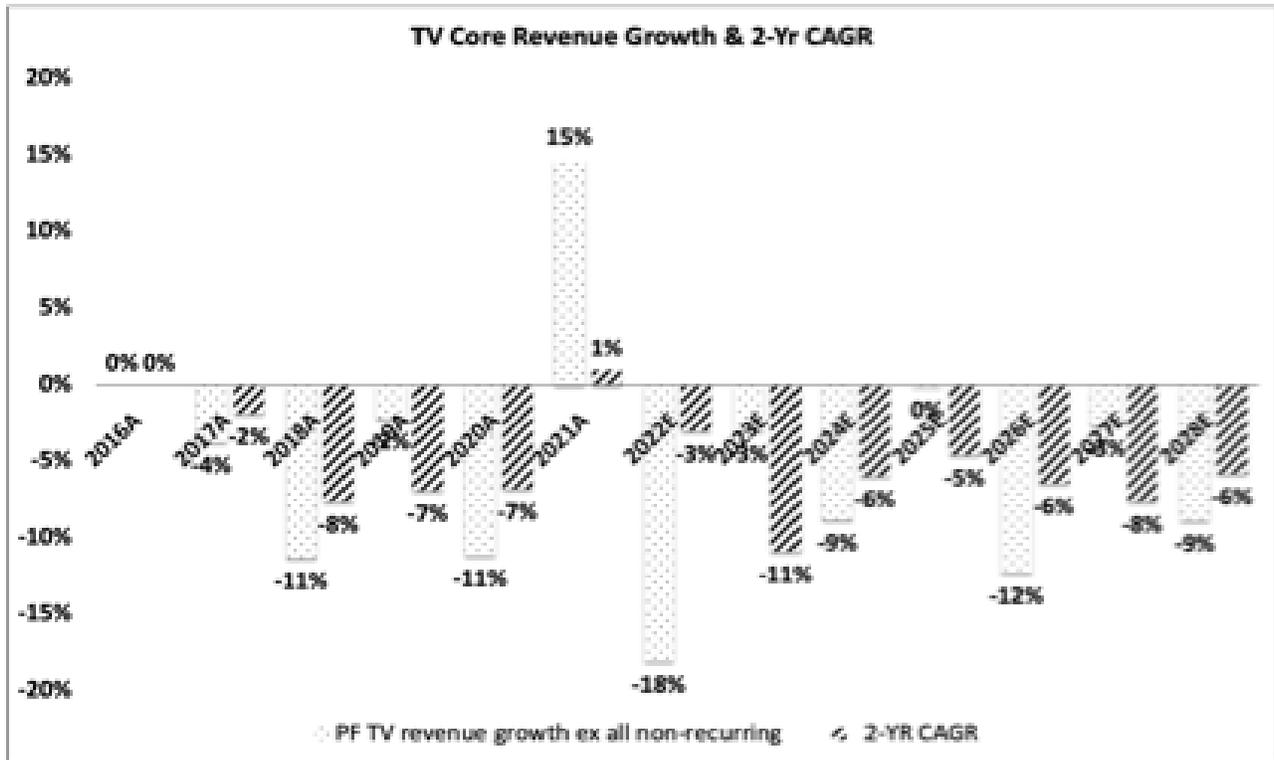
Source: Industry Capital Research estimates and company data

Figure 9: For TV retransmission, higher YouTube TV payments may offset declines from pay TV subscriber losses



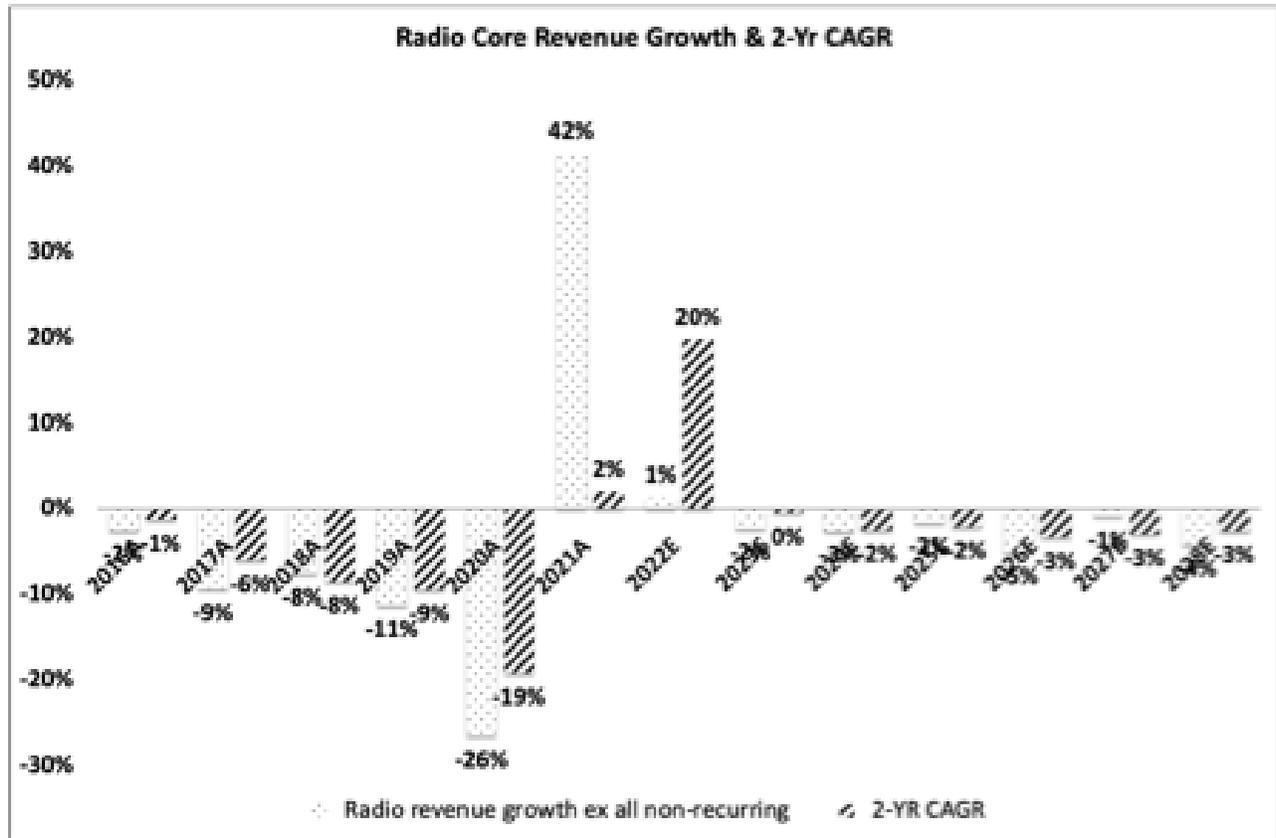
Source: Industry Capital Research estimates and company data

Figure 10: We assume TV core ad growth will continue to be negative, with loss of Univision affiliates aggravating 2022 decline



Source: Industry Capital Research estimates and company data

Figure 11: We expect less volatility in radio's core ad declines than in TV's, given less political crowd-out



Source: Industry Capital Research estimates and company data

Figure 12: We base recession scenario assumptions on impact on advertising and opex of prior recessions

<b>Entravision Communications (NYSE: EVC)</b>			
<b>Operating Estimate Changes: Recession Case</b>			
In millions, except per share data			
	<b>Current</b>	<b>Estimates Chg</b>	<b>Recession</b>
<b>2023E</b>			
Revenue Growth:			
Digital	20%	-6%	14%
Core TV Advertising	-3%	-14%	-17%
Core Radio Advertising	-2%	-12%	-14%
Operating Expense Growth:			
Digital (Ex-Cost of Revenue)	35%	-2%	34%
TV	-8%	-4%	-12%
Radio	-7%	-4%	-11%
OCF Margin:			
Digital	6.7%	-0.1%	6.6%
TV	40.9%	-3.6%	37.3%
Radio	32.9%	-5.9%	27.0%

Source: Industry Capital Research estimates and company data

Figure 13: In our recession scenario, our 2023 EBITDA estimate would drop to ~\$78m, well below current consensus

<b>Entravision Communications (NYSE: EVC)</b>							
<b>Summary of Annual Estimates: Recession Case</b>							
In millions, except per share data							
	<b>Last Yr</b>	<b>Prior</b>	<b>Estimates Chg</b>	<b>Current</b>	<b>YoY %CHG Current</b>	<b>Consensus</b>	<b>ICR vs Consensus</b>
<b>2023E</b>							
Pro Forma *							
Revenue	939.6	1,063.7	(64.4)	999.3	6.4%		
Op expense	835.2	967.3	(46.2)	921.1	10.3%		
Adjusted EBITDA	104.3	96.4	(18.2)	78.2	-25.1%		
As Reported							
Revenue	939.6	1,063.7	(64.4)	999.3	6.4%	978	2.2%
Op expense	835.2	967.3	(46.2)	921.1	10.3%		
Adjusted EBITDA	104.3	96.4	(18.2)	78.2	-25.1%	94.6	-17.4%
Margin	11.1%	9.1%	-1.2%	7.8%		9.7%	-1.9%
EPS	\$0.45	\$0.38	(\$0.13)	\$0.26	-43.3%	\$0.42	-39.0%
Cash FCF/sh	\$0.81	\$0.66	(\$0.15)	\$0.51	-37.0%		

\* reflects announced acquisitions and dispositions

Source: Industry Capital Research estimates and company data

Figure 14: Broadcast revenue drivers—Television segment

In millions	2016A	2017A	2018A	2019A	2020A	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E
<b>TELEVISION SEGMENT</b>																	
Television PF Rev Growth	0.3%	-7.2%	2.5%	-1.4%	3.2%	-6.9%	-16.0%	-6.0%	-3.4%	14.7%	-1.2%	-1.0%	-9.0%	-20.0%	-21.6%	-14.0%	10.700%
Reported TV revenue	\$159.5	\$148.1	\$151.7	\$149.7	\$154.5	\$146.8	\$30.9	\$32.4	\$35.7	\$46.2	\$145.1	\$30.6	\$29.5	\$28.5	\$36.2	\$124.8	\$138.1
Growth	7.4%	-7.2%	2.5%	-1.4%	3.2%	-4.9%	-14.5%	-4.9%	-2.1%	14.7%	-1.2%	-1.0%	-9.0%	-20.0%	-21.6%	-14.0%	10.7%
TV non-recurring items:																	
TV Political/Census	8.6	0.2	9.8	0.2	22.6	0.8	1.3	2.8	6.4	15.2	25.6	0.0	0.0	0.0	0.1	-0.2	22.6
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	50.0%	70.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	8.6	0.2	9.8	0.2	22.6	0.8	1.3	2.8	6.4	7.6	18.1	0.0	0.0	0.0	0.1	0.2	22.6
TV revenue ex political	151.0	147.9	141.9	149.4	131.9	146.1	29.6	29.6	29.3	38.6	127.0	30.6	29.4	28.5	36.1	124.6	115.5
Growth ex Political	1.8%	-2.0%	-4.0%	5.3%	-11.7%	10.7%	-18.1%	-13.1%	-18.9%	-3.2%	-13.0%	3.4%	-0.5%	-2.5%	-6.5%	-1.9%	-7.3%
Retransmission Consent	29.6	31.4	35.1	35.4	36.8	37.0	9.2	9.0	8.9	8.9	36.1	9.4	9.0	8.9	8.7	36.0	36.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Retrans	29.6	31.4	35.1	35.4	36.8	37.0	9.2	9.0	8.9	8.9	36.1	9.4	9.0	8.9	8.7	36.0	36.0
TV revenue ex Retrans	130.0	116.6	116.7	114.3	117.7	109.9	21.7	23.3	26.8	37.2	109.0	21.2	20.4	19.6	27.5	88.7	102.1
Growth ex Retrans	7.6%	-10.2%	0.0%	-2.0%	3.0%	-6.6%	-18.2%	-5.7%	-2.1%	18.9%	-0.8%	-2.3%	-12.4%	-26.6%	-26.2%	-18.6%	15.1%
TV World Cup/Other Soccer	1.5	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	1.3	0.0	2.0	0.0
Assm: % Incremental to Core	25.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.4	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	1.3	0.0	2.0	0.0
TV revenue ex WC	159.1	148.1	151.7	149.7	154.5	144.8	30.9	32.4	35.7	46.2	145.1	30.6	28.8	27.2	36.2	122.8	138.1
Growth ex WC	7.1%	-7.0%	2.5%	-1.4%	3.2%	-6.2%	-14.5%	-3.5%	2.1%	14.7%	0.2%	-1.0%	-11.1%	-23.7%	-21.6%	-15.4%	12.5%
TV Acquisitions/Dispositions (inc. Affiliations)		(6.4)	(10.9)	(10.6)	(9.4)	(9.8)	(6.5)	(6.1)	(7.2)	(8.1)	(27.9)	(6.8)	(5.8)	(6.3)	(7.5)	(26.4)	(25.0)
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental M&A	0.0	(6.4)	(10.9)	(10.6)	(9.4)	(9.8)	(6.5)	(6.1)	(7.2)	(8.1)	(27.9)	(6.8)	(5.8)	(6.3)	(7.5)	(26.4)	(25.0)
TV revenue ex M&A	159.5	154.5	162.6	160.3	163.9	156.6	37.4	38.5	42.8	54.3	173.0	37.3	35.3	34.9	43.7	151.2	163.1
Growth ex M&A	7.4%	-3.2%	5.3%	-1.5%	2.3%	-4.4%	-2.0%	7.9%	9.2%	24.5%	10.5%	-0.2%	-8.3%	-18.6%	-19.5%	-12.6%	7.9%
Spectrum usage/auction	1.5	0.0	3.6	13.1	5.4	6.2	1.5	1.7	1.6	1.8	6.6	1.7	1.7	1.7	1.7	6.8	5.0
Assm: % Incremental to Core	25.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Spectrum Usage	0.4	0.0	3.6	13.1	5.4	6.2	1.5	1.7	1.6	1.8	6.6	1.7	1.7	1.7	1.7	6.8	5.0
TV revenue ex Spectrum Usage	159.1	148.1	148.2	136.6	149.0	140.7	29.3	30.7	34.1	44.4	138.5	28.9	27.8	26.8	34.5	118.0	133.1
Growth ex Spectrum Usage	7.1%	-7.0%	0.1%	-7.8%	9.1%	-5.6%	-11.8%	-6.9%	-3.5%	13.3%	-1.6%	-1.6%	-9.6%	-21.3%	-22.2%	-14.8%	12.8%
PF TV revenue ex-all non-recurring	120.7	122.9	114.2	111.6	99.2	110.7	25.4	25.0	25.9	36.0	112.3	26.2	23.9	22.9	33.1	106.2	99.6
PF TV revenue growth ex all non-recurring	1.5%	1.8%	-7.1%	-2.3%	-11.2%	11.7%	-1.3%	1.0%	-4.4%	8.5%	1.4%	3.4%	-4.5%	-11.6%	-7.9%	-5.4%	-6.2%
TV rev grth ex all non-rec 2-yr CAGR	1.7%	-2.7%	-4.7%	-6.8%	-0.4%	0.7%	22.8%	1.9%	5.1%	6.4%	1.0%	-1.8%	-8.1%	0.0%	-2.1%	-5.8%	-5.8%
PF TV advertising growth ex-political	-3.8%	-11.3%	-2.2%	-11.2%	14.8%	-20.3%	-20.2%	-27.4%	-6.6%	-18.1%	3.4%	-0.9%	-4.5%	-7.9%	-3.0%	-8.8%	-8.8%
TV ad rev grth ex political 2-yr CAGR	-1.9%	-7.6%	-6.9%	-6.8%	1.0%	-9.5%	12.2%	-8.5%	-2.5%	-3.0%	-9.2%	-11.1%	-16.7%	-7.2%	-10.9%	-6.0%	-6.0%
PF TV revenue growth ex-political	-2.0%	-4.0%	5.3%	-11.7%	10.7%	-18.1%	-13.1%	-18.9%	-3.2%	-13.0%	3.4%	-0.5%	-2.5%	-6.5%	-1.9%	-1.0%	-1.0%
TV rev grth ex political 2-yr CAGR	-0.1%	-3.0%	0.5%	-3.6%	-1.1%	-6.6%	7.3%	-5.6%	-1.1%	-1.9%	-8.0%	-7.0%	-11.1%	-4.9%	-7.6%	-1.0%	-1.0%
PF TV advertising growth	-10.0%	-3.0%	-10.5%	10.9%	-7.6%	-14.8%	-8.4%	-4.0%	17.3%	-1.3%	-3.3%	-13.5%	-28.8%	-27.2%	-20.0%	18.6%	18.6%

Source: Company reports; Industry Capital Research estimates

Figure 15: Broadcast revenue drivers—Radio segment

In millions	2020A	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E
<b>RADIO SEGMENT</b>													
Radio PF Rev Growth	-15.9%	23.4%	9.7%	5.8%	0.1%	14.1%	7.6%	-3.0%	-5.0%	-11.0%	-14.6%	-9.0%	8.0%
Pro forma radio:													
Revenue	\$46.3	\$58.0	\$12.6	\$14.9	\$16.5	\$18.4	\$62.4	\$12.2	\$14.2	\$14.6	\$15.7	\$56.8	\$61.3
Growth	-15.9%	25.4%	11.4%	5.8%	0.1%	14.1%	7.6%	-3.0%	-5.0%	-11.0%	-14.6%	-9.0%	8.0%
Radio non-recurring items:													
Political/Census	5.9	0.8	0.3	0.6	1.5	4.0	6.4	0.0	0.0	0.0	0.1	0.1	6.1
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	50.0%	69.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	5.9	0.8	0.3	0.6	1.5	2.0	4.4	0.0	0.0	0.0	0.1	0.1	6.1
Radio revenue ex political	40.4	57.2	12.3	14.3	15.0	16.4	58.0	12.2	14.2	14.6	15.7	56.7	55.2
Growth ex Political	-26.4%	41.6%	8.7%	1.6%	-5.8%	3.2%	1.4%	-0.6%	-0.9%	-2.3%	-4.6%	-2.2%	-2.6%
NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex NTR	39.5	39.5	12.6	14.9	16.5	18.4	39.5	12.2	14.2	14.6	15.7	39.5	39.5
Growth ex NTR	3.0%	0.0%	11.4%	5.8%	0.1%	14.1%	0.0%	-3.0%	-5.0%	-11.0%	-14.6%	0.0%	0.0%
World Cup/Other Soccer		0.0%											
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex WC	46.3	58.0	12.6	14.9	16.5	18.4	62.4	12.2	14.2	14.6	15.7	56.8	61.3
Growth ex WC	-15.9%	25.4%	11.4%	5.8%	0.1%	14.1%	7.6%	-3.0%	-5.0%	-11.0%	-14.6%	-9.0%	8.0%
Revenue	40.4	57.2	12.3	14.3	15.0	16.4	58.0	12.2	14.2	14.6	15.7	56.7	55.2
Radio revenue growth ex all non-recurring	-26.4%	41.6%	8.7%	1.6%	-5.8%	3.2%	1.4%	-0.6%	-0.9%	-2.3%	-4.6%	-2.2%	-2.6%
Radio rev grth ex all non-rec 2-yr CAGR	-19.2%	2.0%	7.1%	52.3%	20.5%	11.5%	19.8%	3.9%	0.3%	-4.0%	-0.8%	-0.4%	-2.4%

Source: Company reports; Industry Capital Research estimates

Figure 16: Financial statement forecasts supporting our valuation

In millions, except per share data	2020A	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E
<b>AS REPORTED</b>													
Net revenue:													
Television	\$154.5	\$146.8	\$30.9	\$32.4	\$35.7	\$46.2	\$145.1	30.6	29.5	28.5	36.2	124.8	138.1
Radio	46.3	58.0	12.6	14.9	16.5	18.4	62.4	12.2	14.2	14.6	15.7	56.8	61.3
Net broadcast revenue	200.7	204.9	43.5	47.3	52.1	64.6	207.5	42.8	43.7	43.2	51.9	181.6	199.4
Digital	143.3	555.3	153.7	174.4	188.9	215.1	732.1	192.0	215.5	223.5	251.2	882.1	1,008.7
<b>Total net revenue (core)</b>	<b>344.0</b>	<b>760.2</b>	<b>197.2</b>	<b>221.7</b>	<b>241.0</b>	<b>279.7</b>	<b>939.6</b>	<b>234.8</b>	<b>259.2</b>	<b>266.7</b>	<b>303.1</b>	<b>1,063.7</b>	<b>1,208.2</b>
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	279.7	939.6	234.8	259.2	266.7	303.1	1,063.7	1,208.2
Cost of Revenue													
Television													
Radio													
Digital	106.9	466.5	126.2	141.9	157.1	178.0	603.1	155.2	172.0	182.6	204.2	714.0	815.6
Digital cost of revenue as % of revenue	74.6%	84.0%	82.1%	81.3%	83.2%	82.7%	82.4%	80.9%	79.8%	81.7%	81.3%	80.9%	80.9%
<b>Total cost of revenue (core)</b>	<b>106.9</b>	<b>466.5</b>	<b>126.2</b>	<b>141.9</b>	<b>157.1</b>	<b>178.0</b>	<b>603.1</b>	<b>155.2</b>	<b>172.0</b>	<b>182.6</b>	<b>204.2</b>	<b>714.0</b>	<b>815.6</b>
Cost of revenue from spectrum usage rights (television)													
Total cost of revenue	106.9	466.5	126.2	141.9	157.1	178.0	603.1	155.2	172.0	182.6	204.2	714.0	815.6
Opex													
Television opex	80.9	81.4	19.2	19.7	20.0	21.2	80.2	18.9	18.5	16.6	19.8	73.8	76.4
Radio opex	41.8	40.0	9.4	10.4	10.2	11.0	41.0	9.0	9.8	9.3	10.0	38.1	41.5
Digital opex	30.6	51.5	18.9	20.4	19.1	21.9	80.2	26.8	27.8	26.8	27.1	108.6	117.0
<b>Total opex (core)</b>	<b>153.3</b>	<b>172.9</b>	<b>47.5</b>	<b>50.5</b>	<b>49.294</b>	<b>54.1</b>	<b>201.4</b>	<b>54.7</b>	<b>56.1</b>	<b>52.7</b>	<b>56.9</b>	<b>220.5</b>	<b>234.9</b>
Spectrum usage rights													
Total Opex	153.3	172.9	47.5	50.5	49.3	54.1	201.4	54.7	56.1	52.7	56.9	220.5	234.9
OCF													
Television OCF	73.6	65.4	\$11.6	\$12.6	\$15.7	\$24.9	64.9	\$11.7	\$10.9	\$11.9	\$16.4	51.0	61.7
TV OCF Margin	47.6%	44.6%	37.7%	39.1%	43.9%	54.0%	44.7%	38.3%	37.1%	41.8%	45.3%	40.9%	44.7%
Incremental Margin	173.4%	106.6%					32.5%					68.4%	80.7%
Radio OCF	4.3	18.0	3.2	4.6	6.2	7.4	21.4	3.2	4.4	5.4	5.7	18.7	19.8
Radio OCF margin	9.7%	31.0%	25.5%	30.5%	38.0%	40.3%	34.3%	26.2%	31.3%	36.6%	36.2%	32.9%	32.3%
Incremental Margin	-70.4%	114.9%					48.7%	0.6%	16.6%	49.2%	64.5%	48.9%	24.5%
Digital OCF	5.7	37.3	8.6	12.2	12.7	15.3	48.7	10.0	15.7	14.0	19.8	59.5	76.1
Digital OCF margin	4.0%	6.7%	5.6%	7.0%	6.7%	7.1%	6.7%	5.2%	7.3%	6.3%	7.9%	6.7%	7.5%
Incremental Margin	7.9%	7.7%					6.4%	3.6%	8.7%	3.8%	12.6%	7.2%	13.1%
<b>Total OCF (core)</b>	<b>83.8</b>	<b>120.8</b>	<b>23.4</b>	<b>29.4</b>	<b>34.6</b>	<b>47.6</b>	<b>135.0</b>	<b>24.9</b>	<b>31.1</b>	<b>31.3</b>	<b>41.9</b>	<b>129.2</b>	<b>157.7</b>
Margin	24.4%	15.9%	11.9%	13.2%	14.4%	17.0%	14.4%	10.6%	12.0%	11.7%	13.8%	12.1%	13.0%
Incremental Margin			-0.6%	3.3%	7.0%	22.3%		3.8%	4.6%	-12.9%	-24.3%		
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	47.6	135.0	24.9	31.1	31.3	41.9	129.2	157.7
Total OCF Margin	24.4%	15.9%	11.9%	13.2%	14.4%	17.0%	14.4%	10.6%	12.0%	11.7%	13.8%	12.1%	13.0%
Incremental Margin			-0.6%	3.3%	7.0%	22.3%		3.8%	4.6%	-12.9%	-24.3%		
Corporate Expense	27.8	33.0	8.7	8.5	9.5	10.4	37.2	9.8	9.6	10.7	8.3	38.5	39.2
GAAP EBITDA	56.0	87.8	14.7	20.8	25.1	37.2	97.8	15.0	21.5	20.6	33.6	90.7	118.4
Corporate non-cash comp	3.9	6.4	1.6	1.7	1.8	1.4	6.5	1.6	1.7	1.8	1.4	6.6	6.8
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)	(0.2)	(0.5)	(0.5)
Non-cash comp in direct opex	1.2	3.2	1.0	0.9	1.0	1.0	3.9	1.2	1.1	1.2	0.5	4.0	4.1
Non-recurring cash severance	1.7	0.4											
EBITDA attributable to redeemable noncontrolling interest	3.4	9.1	0.0	0.0	0.0	0.0	0.0	(0.3)	0.1	0.5	0.9	1.3	2.2
EBITDA attributable to noncontrolling interest													
Total opex (positive) adjustments to cash	0.5	5.5	(1.0)	(0.9)	(1.0)	(1.0)	(3.9)	(1.4)	(1.0)	(0.7)	0.5	(2.7)	(1.9)
Foreign currency (gain) loss	(1.1)	0.5	(0.8)	1.0	1.966	1.8	3.9	1.8	1.8	0.0	0.0	3.6	0.0
Total Adjusted EBITDA	60.4	88.2	18.1	22.5	26.0	37.8	104.3	16.3	22.4	23.1	34.5	96.4	127.1
Other opex for spectrum (in corporate)													
<b>Adjusted EBITDA (core)</b>	<b>60.4</b>	<b>88.2</b>	<b>18.1</b>	<b>22.5</b>	<b>26.0</b>	<b>37.8</b>	<b>104.3</b>	<b>16.3</b>	<b>22.4</b>	<b>23.1</b>	<b>34.5</b>	<b>96.4</b>	<b>127.1</b>
Memo: adj. EBITDA (core) reported	60.4	88.0	18.1	22.5	26.0								
Model variance: adj. EBITDA	(0.0)	0.1	0.0	(0.0)	0.0								
Adj. EBITDA core margin	17.6%	11.6%	9.2%	10.1%	10.8%	13.5%	11.1%	6.9%	8.6%	8.7%	11.4%	9.1%	10.5%
Incremental Margin	27.3%	6.7%	8.1%	10.8%	6.3%	10.7%	9.0%	-4.8%	-0.2%	-11.1%	-13.7%	-6.4%	

Source: Industry Capital Research estimates and company data

Figure 17: Financial statement forecasts supporting our valuation (cont.)

In millions, except per share data	2020A	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E
Memo: cash opex (core)	\$153.8	\$178.4	\$46.6	\$49.5	\$48.3	\$53.1	\$197.5	53.2	55.1	52.0	57.4	\$217.8	233.0
Memo: cash corporate expense	23.9	26.6	7.1	6.8	7.7	9.0	30.7	8.2	7.9	8.9	6.9	31.9	32.5
Memo: total non-cash comp	5.1	9.6	2.6	2.6	2.8	2.4	10.4	2.8	2.9	3.0	1.9	10.6	10.8
Memo: adj. EBITDA - (OCF - cash corporate)	0.6	(6.0)	1.8	(0.1)	(0.9)	(0.8)	(0.0)	(0.4)	(0.8)	0.7	(0.5)	(0.9)	1.9
Memo: PF EBITDA attributable to redeemable noncontrolling interest													
D&A	17.3	22.4	6.4	6.3	6.6	6.6	25.8	6.4	7.0	7.2	8.2	28.8	36.2
D&A % of Revenue	5.0%	2.9%	3.2%	2.8%	2.7%	2.3%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	3.0%
Change in fair value contingent consideration	0.000	8.2	5.1	1.0	0.7	(1.7)	5.1	0.0	0.0	0.0	0.0	0.0	0.0
Impairments	40.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating (gain) loss	(6.9)	(7.0)	(0.1)	(0.8)	(0.1)	(0.1)	(1.1)	(0.1)	(0.8)	(0.1)	(0.1)	(1.1)	(3.1)
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
<b>Operating Income (EBIT Inc. Impairments)</b>	<b>6.6</b>	<b>60.6</b>	<b>4.2</b>	<b>13.4</b>	<b>15.9</b>	<b>30.7</b>	<b>64.2</b>	<b>7.0</b>	<b>13.5</b>	<b>13.4</b>	<b>25.5</b>	<b>59.4</b>	<b>85.2</b>
Operating Margin %	1.9%	8.0%	2.1%	6.1%	6.6%	11.0%	6.8%	3.0%	5.2%	5.0%	8.4%	5.6%	7.1%
Interest expense	(8.3)	(6.9)	(1.4)	(2.3)	(2.3)	(1.5)	(7.6)	(2.1)	(2.1)	(2.1)	(2.1)	(8.4)	(8.6)
Noncash interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	1.7	0.2	0.0	0.7	0.0	(0.7)	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0
Net interest expense	(6.5)	(6.8)	(1.4)	(1.6)	(2.3)	(2.3)	(7.6)	(2.1)	(2.1)	(2.1)	(2.1)	(8.4)	(8.6)
Loss on debt extinguishment	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
Other income, net	0.0	0.2	0.0	0.0	(0.5)	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Pretax income</b>	<b>0.1</b>	<b>54.0</b>	<b>2.7</b>	<b>11.8</b>	<b>13.2</b>	<b>28.9</b>	<b>56.6</b>	<b>4.9</b>	<b>11.4</b>	<b>11.3</b>	<b>23.4</b>	<b>51.0</b>	<b>76.6</b>
Pretax margin	0.0%	7.1%	1.4%	5.3%	5.5%	10.3%	6.0%	2.1%	4.4%	4.2%	7.7%	4.8%	6.3%
Income (taxes) benefit	(1.5)	(18.7)	(0.9)	(3.4)	(4.1)	(8.7)	(17.0)	(0.9)	(3.4)	(4.1)	(9.6)	(17.9)	(26.8)
Effective tax rate	1276.3%	34.6%	31.1%	28.5%	31.0%	30.1%	30.0%	17.3%	29.6%	36.1%	40.9%	35.0%	35.0%
Cash tax rate	6552.5%	7.6%	44.2%	52.6%	30.5%	19.1%	30.0%	87.8%	37.9%	38.3%	18.5%	33.9%	30.0%
Net Income (Before Equity Investments)	(1.4)	35.4	1.9	8.5	9.1	20.2	39.6	4.1	8.0	7.2	13.8	33.2	49.8
Equity in net of noncon. affils.	0.0	0.0	0.0	0.0	0.3	(0.3)	0.0	0.0	(0.1)	(0.1)	0.2	0.0	0.0
Reported Net income	(1.4)	35.4	1.9	8.5	9.4	19.9	39.6	4.1	8.0	7.1	14.0	33.2	49.8
Net margin	17.6%	11.6%	9.2%	10.1%	10.8%	13.5%	11.1%	6.9%	8.6%	8.7%	11.4%	9.1%	10.5%
Accretion of Preferred	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	2.5	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net inc. to common pre-1-time	(3.9)	29.4	1.9	8.5	9.4	19.9	39.6	4.1	8.0	7.1	14.0	33.2	49.8
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	\$0.23	\$0.46	\$0.05	\$0.09	\$0.08	\$0.16	\$0.39	\$0.58
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
<b>Net income to common</b>	<b>(3.9)</b>	<b>29.4</b>	<b>1.9</b>	<b>8.5</b>	<b>9.4</b>	<b>19.9</b>	<b>39.6</b>	<b>4.1</b>	<b>8.0</b>	<b>7.1</b>	<b>14.0</b>	<b>33.2</b>	<b>49.8</b>
EPS - basic	(\$0.05)	\$0.34	\$0.02	\$0.10	\$0.11	\$0.23	\$0.46	\$0.05	\$0.09	\$0.08	\$0.16	\$0.39	\$0.58
<b>EPS - diluted</b>	<b>(\$0.05)</b>	<b>\$0.33</b>	<b>\$0.02</b>	<b>\$0.10</b>	<b>\$0.11</b>	<b>\$0.23</b>	<b>\$0.45</b>	<b>\$0.05</b>	<b>\$0.09</b>	<b>\$0.08</b>	<b>\$0.16</b>	<b>\$0.38</b>	<b>\$0.57</b>
EPS reported by company	(\$0.05)	\$0.02	\$0.02	\$0.10	\$0.11								
Model variance: EPS	\$0.00	\$0.00	\$0.00	(\$0.00)	(\$0.00)								
Pro forma adjustments	39.8	9.6	5.1	1.0	0.7	(1.7)	5.1	0.0	0.0	0.0	0.0	0.0	0.0
Pro forma net income	35.9	39.1	7.0	9.4	10.1	18.2	44.7	4.1	8.0	7.1	14.0	33.2	49.8
Pro forma EPS - basic	\$0.43	\$0.46	\$0.08	\$0.11	\$0.12	\$0.21	\$0.52	\$0.05	\$0.09	\$0.08	\$0.16	\$0.39	\$0.58
<b>Pro forma EPS</b>	<b>\$0.43</b>	<b>\$0.44</b>	<b>\$0.08</b>	<b>\$0.11</b>	<b>\$0.12</b>	<b>\$0.21</b>	<b>\$0.51</b>	<b>\$0.05</b>	<b>\$0.09</b>	<b>\$0.08</b>	<b>\$0.16</b>	<b>\$0.38</b>	<b>\$0.57</b>
EPS shares - Basic	84.2	85.3	86.5	85.0	84.9	85.2	85.4	85.2	85.2	85.2	85.2	85.2	85.2
EPS shares - Diluted	84.2	87.9	88.6	87.0	87.4	87.6	87.7	87.6	87.6	87.6	87.6	87.6	87.6
Free Cash Flow:													
EBITDA	60.4	88.2	18.1	22.5	26.0	37.8	104.3	16.3	22.4	23.1	34.5	96.4	127.1
Cash net interest	-5.9	-6.2	-1.2	-1.2	-1.9	-3.3	-7.6	-2.1	-2.1	-2.1	-2.1	-8.4	-8.6
Other adjustments to cash	5.3	6.8	0.1	0.8	0.1	1.0	1.0						
- Cash taxes	-7.7	-4.1	-1.2	-6.2	-4.0	-5.5	-17.0	-4.3	-4.3	-4.3	-4.3	-17.3	-23.0
Cash taxes / EBITDA	13%	5%	7%	28%	15%	15%	16%	27%	19%	19%	13%	18%	18%
Minus: capex	-9.5	-5.6	-1.5	-1.7	-4.7	-2.1	-10.0	-3.3	-3.3	-3.3	-3.3	-13.0	-10.5
Capex / D&A	55%	25%	24%	27%	71%	32%	39%	51%	46%	45%	40%	45%	29%
Capex / EBITDA	16%	6%	9%	7%	18%	6%	10%	20%	15%	14%	9%	13%	8%
Plus: cost of revenue for spectrum usage rights													
<b>= Free Cash Flow</b>	<b>42.6</b>	<b>79.0</b>	<b>14.3</b>	<b>14.3</b>	<b>15.4</b>	<b>26.8</b>	<b>70.8</b>	<b>6.7</b>	<b>12.7</b>	<b>13.4</b>	<b>24.8</b>	<b>57.7</b>	<b>85.0</b>
Free cash flow (reported by company)	43.0												
<b>Free Cash Flow (core)</b>	<b>42.6</b>	<b>79.0</b>	<b>14.3</b>	<b>14.3</b>	<b>15.4</b>	<b>26.8</b>	<b>70.8</b>	<b>6.7</b>	<b>12.7</b>	<b>13.4</b>	<b>24.8</b>	<b>57.7</b>	<b>85.0</b>
<b>FCF per share (core)</b>	<b>\$0.51</b>	<b>\$0.90</b>	<b>\$0.16</b>	<b>\$0.16</b>	<b>\$0.18</b>	<b>\$0.31</b>	<b>\$0.81</b>	<b>\$0.08</b>	<b>\$0.15</b>	<b>\$0.15</b>	<b>\$0.28</b>	<b>\$0.66</b>	<b>\$0.97</b>
Memo: FCF/Adjusted EBITDA (core)	70.5%	89.7%	79.1%	63.4%	59.5%	70.9%	67.9%	40.9%	56.9%	58.1%	71.9%	59.9%	66.9%
Dividends per basic share	\$0.13	\$0.10	\$0.025	\$0.025	\$0.025	\$0.025	\$0.10	\$0.025	\$0.025	\$0.025	\$0.025	\$0.10	\$0.10
- Dividends	(10.5)	(8.5)	(2.2)	(2.1)	(2.1)	(2.1)	(8.5)	(2.1)	(2.1)	(2.1)	(2.1)	(8.5)	(8.5)
Dividends as % of FCF	24.7%	10.8%	15.1%	14.9%	13.8%	8.0%	12.1%	31.9%	16.7%	15.8%	8.6%	14.8%	10.0%

Source: Industry Capital Research estimates and company data

Figure 18: Financial statement forecasts supporting our valuation (cont.)

ANNUAL PERCENTAGE CHANGE	2020A	2021A	1Q22A	2Q22A	3Q22A	4Q22E	2022E	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E
Net revenue growth	25.8%	121.0%	32.4%	24.3%	21.1%	19.6%	23.6%	19.1%	16.9%	10.6%	8.4%	13.2%	13.6%
<b>Net revenue (core) growth</b>	<b>25.8%</b>	<b>121.0%</b>	<b>32.4%</b>	<b>24.3%</b>	<b>21.1%</b>	<b>19.6%</b>	<b>23.6%</b>	<b>19.1%</b>	<b>16.9%</b>	<b>10.6%</b>	<b>8.4%</b>	<b>13.2%</b>	<b>13.6%</b>
TV revenue growth	3.2%	-4.9%	-14.5%	-4.9%	-2.1%	14.7%	-1.2%	-1.0%	-9.0%	-20.0%	-21.6%	-14.0%	10.7%
Radio revenue growth	-15.9%	25.4%	11.4%	5.8%	0.1%	14.1%	7.6%	-3.0%	-5.0%	-11.0%	-14.6%	-9.0%	8.0%
Digital revenue growth	108.0%	287.5%	51.5%	33.9%	29.3%	21.2%	31.8%	24.9%	23.6%	18.3%	16.8%	20.5%	14.3%
Cost of revenue	NM	NM	48.9%	30.1%	26.4%	19.9%	29.3%	23.0%	21.2%	16.2%	14.8%	18.4%	14.2%
Direct expense	-12.1%	-22.4%	-3.2%	1.1%	-0.7%	-2.8%	-1.5%	-2.0%	-6.0%	-17.0%	-6.8%	-8.0%	3.5%
SG&A	-10.3%	NM	-3.0%	4.9%	4.4%	29.9%	25.8%	-4.0%	-6.0%	-9.0%	19.2%	16.2%	12.4%
Opex	23.8%	NM	38.8%	27.8%	23.3%	18.1%	25.8%	20.8%	18.6%	14.0%	12.6%	16.2%	12.4%
<b>Opex (core)</b>	<b>-11.6%</b>	<b>12.8%</b>	<b>17.6%</b>	<b>21.8%</b>	<b>14.7%</b>	<b>12.5%</b>	<b>16.5%</b>	<b>15.0%</b>	<b>11.2%</b>	<b>7.0%</b>	<b>5.3%</b>	<b>9.5%</b>	<b>6.6%</b>
TV opex	-4.2%	0.6%	-3.2%	1.1%	-0.7%	-2.8%	-1.5%	-2.0%	-6.0%	-17.0%	-6.8%	-8.0%	3.5%
Radio opex	-26.3%	-4.2%	-3.0%	4.9%	4.4%	2.9%	2.3%	-4.0%	-6.0%	-9.0%	-8.6%	-7.0%	9.0%
Digital opex	-5.0%	68.1%	74.3%	69.4%	46.0%	40.7%	55.8%	41.7%	36.6%	40.6%	24.0%	35.3%	7.8%
<b>Total OCF (core)</b>	<b>32.1%</b>	<b>44.1%</b>	<b>-1.2%</b>	<b>5.1%</b>	<b>9.3%</b>	<b>27.3%</b>	<b>11.8%</b>	<b>6.2%</b>	<b>5.9%</b>	<b>-9.6%</b>	<b>-12.0%</b>	<b>-4.3%</b>	<b>22.0%</b>
TV OCF	12.8%	-11.0%	-28.3%	-13.0%	-3.8%	35.5%	-0.9%	0.7%	-13.7%	-23.8%	-34.1%	-21.4%	21.1%
Radio OCF	NM	NM	97.1%	7.8%	-6.2%	35.8%	19.2%	-0.1%	-2.7%	-14.3%	-23.3%	-12.8%	6.0%
Digital OCF	NM	NM	46.1%	32.5%	45.6%	12.6%	30.5%	16.0%	29.4%	10.4%	29.7%	22.2%	27.9%
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%
<b>Adjusted EBITDA (core)</b>	<b>46.6%</b>	<b>45.9%</b>	<b>27.6%</b>	<b>26.4%</b>	<b>11.4%</b>	<b>14.9%</b>	<b>18.3%</b>	<b>-9.9%</b>	<b>-0.3%</b>	<b>-11.0%</b>	<b>-8.5%</b>	<b>-7.6%</b>	<b>31.8%</b>
D & A	3.8%	29.7%	23.4%	23.4%	11.1%	4.7%	14.9%	-0.5%	12.1%	10.3%	25.3%	11.9%	25.7%
Operating income	88.3%	47.7%	15.2%	17.3%	1.9%	42.0%	21.4%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	NM
Pretax income	NM	NM	-72.0%	-18.2%	-31.1%	NM	4.8%	80.0%	-3.7%	-14.1%	-19.0%	-9.9%	50.2%
Net income pre-extra.	NM	NM	-65.2%	7.6%	-23.3%	NM	34.7%	NM	-6.0%	-24.2%	-29.5%	-16.3%	50.2%
EPS, Continuing Operations	NM	NM	-66.7%	11.1%	-21.4%	NM	35.3%	NM	-10.0%	-27.3%	-30.4%	-15.2%	48.7%
<b>EPS - diluted</b>	<b>NM</b>	<b>NM</b>	<b>-65.9%</b>	<b>8.6%</b>	<b>-22.5%</b>	<b>NM</b>	<b>35.1%</b>	<b>NM</b>	<b>-6.7%</b>	<b>-24.4%</b>	<b>-29.5%</b>	<b>-16.3%</b>	<b>50.2%</b>
FCF/share	NM	76.5%	6.7%	14.3%	-28.0%	-11.4%	-10.0%	-50.0%	-6.3%	-16.7%	-9.7%	-18.5%	47.0%
EPS shares - Diluted	-1.0%	4.4%	1.9%	-0.9%	-1.0%	-1.0%	-0.3%	-1.1%	0.7%	0.2%	0.0%	0.0%	0.0%

Source: Industry Capital Research estimates and company data

Figure 19: Summary of updates to base case DCF valuation assumptions

Entravision Communications														
Summary of Changes to Forecast and Valuation														
(in \$ million except unit data)	2022		DCF Valuation		EBITDA CAGRs					Risk Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-B
	Rev	EBITDA	Low	High	2019-23	2021-25	2022-26	2023-27	2024-28					
Current	939.6	104.3	\$7.50	\$9.00	24%	8%	8%	9%	8%	3.5%	4.6%	8.1%	10.9%	8.0%
Current	939.6	104.3	\$7.00	\$8.50	24%	8%	9%	8%	8%	3.5%	5.1%	8.5%	11.8%	7.1%
Delta	0.0	0.0	(\$0.50)	(\$0.50)	0.0%	0.2%	0.6%	-1.2%	-0.4%	-0.1%	0.6%	0.3%	1.0%	-0.9%

Source: Company data and Industry Capital Research estimates

Figure 20: DCF analysis supports \$7.50 12-month price target within \$7.00-\$8.50 Range

Entravision DCF analysis			
\$ in millions except per share amounts			
	Current	YE 2021	YE 2023
Firm Value	751	854	734
(-) Total Net Debt	119	8	8
(+) NOLs/Tax Assets	15	15	15
(-) Options (Gains on Entravision)	(3.9)	(3.9)	(3.9)
Common Equity Value	642.5	745.7	814.0
Shares Outstanding	87.8	87.8	87.8
Current Share Price	\$6.33	\$6.33	\$6.33
Value Per Share	\$7.32	\$8.49	\$9.27
12-month	\$8.50		
12-month (SortP)	\$7.00		

ASSUMPTIONS											
Risk Free Rate	3.46%										
Equity Premium	5.11%										
Assumed LT Growth Rate (g)	0%										
MV of Equity Calculation	\$6.33										
Share Price	87.8										
Outstanding Shares	555.8										
MV of Equity	6.9										
Estimate MV of Debt Calculation	6.0%										
Interest Expense	119.2										
Current Cost of Debt	119.2										
Wtdg Avg. Maturity of Debt	119.2										
BY of Debt	119.2										
Estimate MV of Debt	119.2										

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
Discounted Cash Flow	54.0	41.2	60.4	88.2	104.3	96.4	127.1	120.6	145.6	129.6	148.2	95.0
EBITDA	37.8	24.6	43.1	65.7	78.6	67.6	90.8	81.8	103.4	86.7	103.3	(33.2)
Less Cash Taxes	(11.3)	(7.4)	(12.9)	(19.7)	(23.6)	(20.3)	(27.2)	(24.5)	(31.0)	(26.0)	(31.0)	(44.9)
Plus D&A	16.3	16.6	17.3	22.4	25.8	28.8	36.2	38.8	42.2	42.9	44.9	(44.9)
Less CapEx	(17.0)	(25.3)	(9.5)	(5.6)	(10.0)	(13.0)	(10.5)	(11.0)	(11.6)	(12.2)	(12.8)	(44.9)
Less Increase in WC	(9.4)	(8.7)	8.7	(15.5)	(2.7)	(3.6)	(4.9)	(4.9)	(5.9)	(5.3)	(6.4)	(5.9)
Free Cash Flow to Firm	16.3	(0.1)	46.6	47.3	68.1	59.5	84.4	80.0	97.1	86.1	98.1	55.9
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	119											
Leverage Mult.	2.0x											
D/Equity	21%											
D/EV	18%											
E/EV	82%											
Unlevered Beta	1.0											
Levered Beta	1.26											
D/Equity (long-term target)	33%											
Cost of Debt (AT)	4.2%											
Cost of Equity	9.9%											
WACC	8.5%											
CF in DCF	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Time Period (CF in DCF)	1	1	1	1	1	1	1	1	1	1	1	1
Multipplier	0	1	2	3	4	5	6					
PV of CF	68.1	54.9	71.7	62.7	70.1	57.3	60.2	62.7	70.1	57.3	60.2	65.3
	54.9	71.7	62.7	70.1	57.3	60.2	62.7	70.1	57.3	60.2	65.3	70.8
	77.8	68.0	76.1	62.2	65.3	70.8	66.0	73.8	82.5	67.5	70.8	66.0
	660.0	5x EBITDA										

	Current	YE 2023	YE 2024
Sum of PV	377.0	349.4	294.6
PV of Terminal Value	373.6	476.8	439.6
NPV of all CF	750.6	826.2	734.2

Source: Industry Capital Research estimates and company data

Figure 21: DCF analysis allocates almost 80% of firm value to digital media business

Entravision DCF analysis - Digital		YE 2021	YE 2023	YE 2024
\$ in millions except per share amounts				
Firm Value	Current	494	483	489
(-) Total Net Debt		-	-	-
(+) NOLs		-	-	-
(-) Options (Claims on Entravision)		-	-	-
Common Equity Value		494.3	483.2	489.5
Shares Outstanding		87.8	87.8	87.8
Current Share Price		\$6.33	\$6.33	\$6.33
Value Per Share		\$5.63	\$5.50	\$5.58
12-month		\$5.50		
Minority Interest		1		

ASSUMPTIONS	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
Risk Free Rate						3.5%						
Equity Premium						5.1%						
Assumed LT Growth Rate (g)						1%						
EBITDA	2.8	(0.1)	2.3	28.2	48.7	58.2	74.0	87.3	98.8	105.7	111.4	88.7
Less Cash Taxes						47.6	60.5	71.4	80.8	86.5	91.1	(31.4)
Plus D&A	(0.8)	0.0	(0.7)	(6.9)	(12.0)	(14.3)	(18.1)	(21.4)	(24.3)	(25.9)	(27.3)	(20.3)
Less Cap Ex				5.1	8.9	10.6	13.5	15.9	18.0	19.3	20.3	(20.3)
Less Increase in WC				(15.5)	(2.7)	(3.6)	(4.9)	(4.9)	(5.9)	(5.3)	(6.4)	(5.9)
Free Cash Flow to Firm	1.9	(0.1)	1.6	5.7	34.1	40.3	50.9	60.9	68.7	74.5	77.6	54.4
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	0											
Leverage Mult.	0.0x											
D/Equity	0%											
D/EV	0%											
E/EV	100%											
Unlevered Beta	1.64											
Levered Beta	1.6											
D/Equity (projected long term)	0.0%											
Cost of Debt (AT)	4.2%											
Cost of Equity	11.8%											
WACC	11.8%											
CF in DCF			12%	12%	12%	12%	12%	12%	12%	12%	12%	
Time Period (CF in DCF)			1	1	1	1	1	1	1	1	1	
Multiplier			0	0	0	1	2	3	4	5	6	
PV of CF			1.00	1.00	1.12	1.12	1.25	1.40	1.56	1.75	1.96	
			34.1	34.1	36.0	40.7	43.5	43.5	43.9	42.6	39.7	
					36.0	40.7	45.5	43.5	43.9	42.6	39.7	
						45.5	48.7	49.1	47.6	44.4		
							54.5	54.9	53.3	49.6		
												485.2
												5x EBITDA

	Current	YE 2023	YE 2024
Sum of PV	246.4	246.4	212.2
PV of Terminal Value	247.9	310.1	277.3
NPV of all CF	494.3	556.5	489.5

Source: Industry Capital Research estimates and company data

Figure 22: DCF analysis allocates ~20% of firm value to broadcast media business

Entravision DCF analysis - Broadcasting		YE 2023		YE 2024	
<i>\$ in millions except per share amounts</i>					
Firm Value	139	127	103		
(-) Total Net Debt	119	8	(69)		
(+) NOLs	15	15	15		
(-) Options (Claims on Entravision)	(3.8)	(3.8)	(3.8)		
Common Equity Value	30.7	130.4	182.4		
Shares Outstanding	87.8	87.8	87.8		
Current Share Price	\$633	\$633	\$633		
Value Per Share	\$035	\$149	\$208		
12-month	\$150				

ASSUMPTIONS		2018-22	2020-24	2021-25	2023-27	2024-28	2027-28
Risk Free Rate		3.3%	3.3%				
Equity Premium		5.1%	5.1%				
Assumed LT Growth Rate (g)		-1%	-1%				
MV of Equity Calculation		FCF to Firm	FCF to Firm	FCF to Firm	FCF to Firm	FCF to Firm	FCF to Firm
Share Price		\$6.33	\$6.33				
Outstanding Shares		87.8	87.8				
MV of Equity		555.8	555.8				
Estimate MV of Debt Calculation		Interest Expense	6.9				
		Current Cost of Debt	6.0%				
		Wghtd Avg Maturity of Debt	119.2				
		BV of Debt	119.2				
Estimate MV of Debt							

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
Discounted Cash Flow	14.3	(0.0)	45.0	41.5	34.0	19.2	35.5	19.1	28.4	11.6	20.4	4.0
EBITDA	51.3	41.3	58.1	59.9	55.6	38.2	53.1	33.3	46.8	23.8	36.8	350%
EBIT	35.0	24.7	40.8	42.7	38.7	20.0	30.3	10.4	22.6	0.2	12.2	6.1
Less Cash Taxes	(10.5)	(7.4)	(12.2)	(12.8)	(11.6)	(6.0)	(9.1)	(3.1)	(6.8)	(0.1)	(3.7)	(2.1)
Plus D&A	16.3	16.6	17.3	17.3	16.9	18.2	22.8	22.9	24.2	23.6	24.7	24.7
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(10.0)	(13.0)	(10.5)	(11.0)	(11.6)	(12.2)	(12.8)	(24.7)
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	34.0	19.2	35.5	19.1	28.4	11.6	20.4	4.0
Tax Rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Net Debt	119											
Leverage Mult.	2.1x											
D/Equity	21%											
D/EV	18%											
E/EV	82%											
Unlevered Beta	0.73											
Levered Beta	0.9											
D/Equity (long-term target)	33%											
Cost of Debt (AT)	4.2%											
Cost of Equity	8.1%											
WACC	7.1%											
CF in DCF												
Time Period (CF in DCF)												
Multiplier												
PV of CF												
Sum of PV	106.1	94.4	67.6									49.2
PV of Terminal Value	32.6	32.6	34.9									1x EBITDA
NPV of all CF	138.7	127.1	102.6									

Source: Industry Capital Research estimates and company data



## APPENDIX

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

### COMPANY-SPECIFIC DISCLOSURES

The following disclosures relate to relationships between Industry Capital Research and the company covered by Industry Capital Research and referred to in the research report (the “Company”).

The Company in this report is a participant in an issuer-paid research program by which Industry Capital Research receives compensation from the Company. Additional details of this program, including compensation rate information, are available at [www.industrycapitalresearch.com](http://www.industrycapitalresearch.com). No part of the Industry Capital Research compensation was, is, or will be directly or indirectly related to any specific recommendation or views expressed by the analyst in this research report.

Industry Capital Research and/or its affiliate(s) does not make a market in securities issued by the Company.

### RESEARCH ANALYST CERTIFICATION

The analyses and recommendations expressed in this research report accurately reflect my personal views and true opinions about the subject securities or issuers. No part of my compensation was, is, or will be directly or indirectly related to any specific recommendations or views expressed in the research report and/or any public appearance.

The author of this report (or a member of his/her household) has a direct ownership position in securities issued by the Company or derivatives thereof. No order that would have the effect of changing this position will be executed until five days after the release of this report.

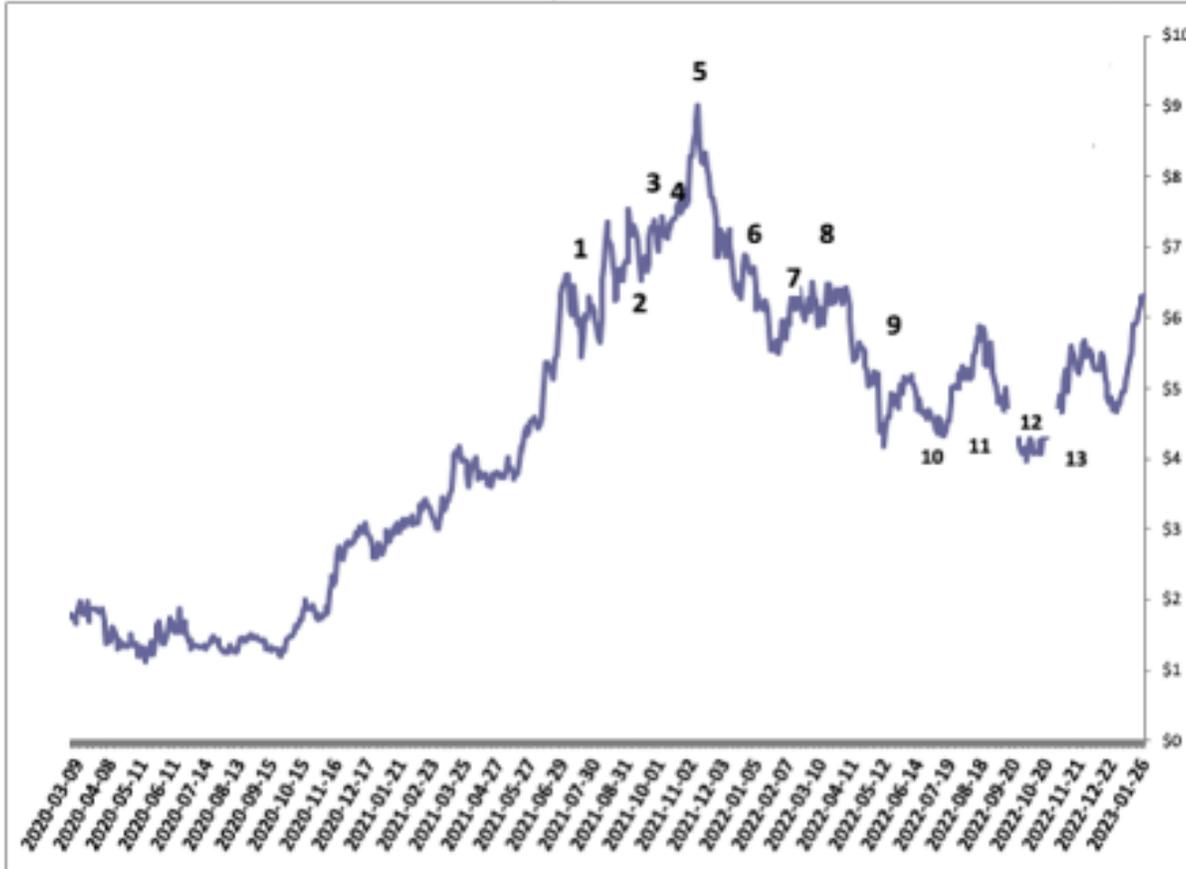
### ANALYST CREDENTIALS, PROFESSIONAL DESIGNATIONS, AND EXPERIENCE

The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters, holds a BA (Economics) and MBA from the University of Chicago and a JD from the University of Virginia, and is a member of the Beta Gamma Sigma and Phi Beta Kappa honor societies.

### CONTINUING COVERAGE

Unless otherwise noted through the termination of coverage or change in analyst, the analyst who is the author of this report will provide continuing coverage of the Company through the publishing of research available through the Company and Industry Capital Research’s distribution lists, website, and third-party distribution partners.

## Historical Recommendations and Target Prices: Entravision Communications (ticker: EVC)



1	7/6/21	Initiated Buy @ \$6.76, Target Price \$9.00
2	8/6/21	Reaffirmed Buy @ \$6.15, Target Price \$9.00
3	9/2/21	Reaffirmed Buy @ \$7.75, Target Price \$10.00
4	10/5/21	Reaffirmed Buy @ \$7.60, Target Price \$10.00
5	11/5/21	Reaffirmed Buy @ \$8.83, Target Price \$10.50
6	12/20/21	Reaffirmed Buy @ \$6.40, Target Price \$10.00
7	2/2/22	Reaffirmed Buy @ \$5.87, Target Price \$8.00
8	3/4/22	Reaffirmed Buy @ \$6.42, Target Price \$8.50
9	4/15/22	Reaffirmed Buy @ \$5.53, Target Price \$8.50
10	5/6/22	Reaffirmed Buy @ \$5.14, Target Price \$8.00
11	6/9/22	Reaffirmed Buy @ \$5.16, Target Price \$8.00
12	8/25/22	Reaffirmed Buy @ \$5.52, Target Price \$7.50
13	11/3/22	Reaffirmed Buy @ \$4.69, Target Price \$7.00

### Ratings Definitions

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

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

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

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

## Global Disclaimer

The information and opinions in this report were prepared by Dix Consulting, LLC, a New York Limited Liability Company doing business as "Industry Capital Research" or one of its affiliates (collectively "Industry Capital Research"). The information herein is believed by Industry Capital Research to be reliable and has been obtained from public and non-public sources believed to be accurate and reliable, but Industry Capital Research does not represent that the information herein is accurate or complete, and it should not be relied on as such.

All statements or opinions contained herein that include the words "we", "us", or "our" are solely the responsibility of Industry Capital Research and do not necessarily reflect statements or opinions expressed by any person or party affiliated with the Company mentioned in this report.

Industry Capital Research may have published, and may in the future publish, other research reports that are inconsistent with, and reach different conclusions from, the information provided in this report. Industry Capital Research is under no obligation to bring to the attention of any recipient of this report any past or future reports.

Industry Capital Research, its officers, employees, and members of their households, or any one or more of them, and their discretionary and advisory accounts, may have a position in any security discussed herein or in related securities and may make, from time to time, purchases or sales thereof in the open market or otherwise. The author of this report will not cause to be executed any order that would change a position in a security of the Company discussed herein in a manner that is contrary to, or inconsistent with, the most recent published recommendations or ratings of Industry Capital Research.

Opinions, estimates and projections in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of Industry Capital Research and are subject to change without notice. Industry Capital Research has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, except if research on the subject Company is withdrawn.

This report is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction.

**Investors should consider this report as only a single factor in making their investment decision.** The financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Investors should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. This report is not to be relied upon as a substitute for the exercise of independent judgment. No judgment is hereby expressed or should be implied as to the suitability of any security described herein for any specific investor or any specific investment portfolio.

Prices and availability of financial instruments are subject to change without notice. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the price or value of, or the income derived from, the financial instrument, and such an investor effectively assumes currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Past performance is not necessarily indicative of future results, and a loss of capital may occur.

This report may not be reproduced, distributed or published by any person for any purpose without Industry Capital Research's prior written consent. Please cite source when quoting.