

## Entravision Communications Corporation (EVC)

Growth Beats, But Brings Growing Pains; Reducing Estimates and Price Target; Maintain Buy

James Dix, CFA

(1) 917 292 4293

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

**In-line 1Q results and 2Q outlook below our estimates weigh on our 2023/24 estimates and PT.** We called 1Q fine, and growth is beating our estimates, but digital margin pressure looks to be greater than expected for the year. U.S. broadcasting is subject to advertising risk if the U.S. goes into recession. The international business is better positioned to ride out macro currents by leveraging its fast-growing partners in emerging markets, but the profitability of this revenue is subject to negotiation. On the plus side, EVC has levers to pull if it can keep expanding its partnerships (as in Mongolia, which is off to an auspicious start, per management on the call), fine-tune its digital opex, and put its acquisition capacity to work closing some of the deals--primarily digital--still in its pipeline.

**For 2023/24, our revenue estimates rise, but EBITDA estimates fall, owing to lower digital operating cash flow margin assumptions.** 2Q core advertising (ex-political) is pacing +25% for digital, -1% for TV, and -1% for radio vs. our prior comparable estimates of +23/-3%/+2%. Although EVC Latam and EVC Asia are pacing above our 2Q estimates, the legacy digital business is tracking well below, as Smadex's tough crypto and fintech comps will not ease until 2H, which could also see more growth from the gaming vertical. TV auto advertising, once again the segment's largest ad vertical, is pacing up 7%. Our EVC 2023 revenue/EBITDA/EPS estimates go to \$1,086m/\$89.3m/\$0.29 from \$1,074m/\$94.0m/\$0.29. For 2023, 1) we raise our estimate for digital revenue growth, on 1Q results and 2Q pacing above our estimates, 2) we reduce our digital gross margin assumption to 15.9% from 17.3%, primarily on flux in the digital representation business model that we have noted previously, and 3) we leave our broadcast operating cash flow estimates unchanged. See Fig. 3-4 for a summary of our annual estimate changes.

**1Q recap: in-line with our below-consensus estimates, although digital revenue beat.** EBITDA of \$13.0m (5.4% margin) was in line with our \$13.4m (5.8% margin) estimate. See Fig. 2. Revenue growth was +28% for digital vs. prior pacing of +21%, +2% for core TV advertising vs. prior pacing of +2%, and -1% for core radio advertising vs. prior pacing of -1%. Revenue growth at EVC Latam of +15% slightly beat our +14% estimate, while at EVC Asia growth of 35% came in vs. our +36% estimate. At the legacy digital business, Smadex revenue growth hit a wall of tough comps in the crypto and fintech verticals, and was -11%, compared to +29% in 4Q. TV shook off some national ad cancellations, and was helped by auto advertising (27% of TV advertising) up 15%. Although Spanish language advertising growth lagged the market in TV, it led the market in radio. OCF margin for digital was 3.7% vs. our 4.4% estimate, for TV was 33.7% vs. our 34.2% estimate, and for radio was 10.0% vs. our 12.7% estimate. EPS was \$0.02, above our \$0.01 estimate.

**Reducing our price target on lower estimates to \$7 from \$7.50; risks on page 3.** Our PT is supported by a DCF valuation based on explicit financial forecasts through 2028.

BUY

Price at 5/4/23 (USD) 5.87  
Price Target 7.00  
52-week range 3.96 - 7.33

Performance (%)	1m	3m	12m
Absolute	1	-16	13
S&P 500	-1	-2	-6

Market Cap (USDm) 526.9  
Shares outstanding (m) 89.8  
Float (%) 89  
Average volume 359,296  
S&P 500 4,061.2

### Forecasts and ratios

Year ended 12/31	2022A	2023E	2024E
1Q EPS (USD)	0.02	0.02	0.09
2Q EPS (USD)	0.10	0.03	0.05
3Q EPS (USD)	0.11	0.06	0.17
4Q EPS (USD)	-0.02	0.18	0.15
FY EPS (USD)	0.21	0.29	0.46
% Change	-38%	40%	59%
P/E (x)	28.5	20.4	12.8
EV/EBITDA (x)	5.8	7.0	5.1
Revenue (USDm)	956.2	1,085.9	1,234.3
% Change	26%	14%	14%

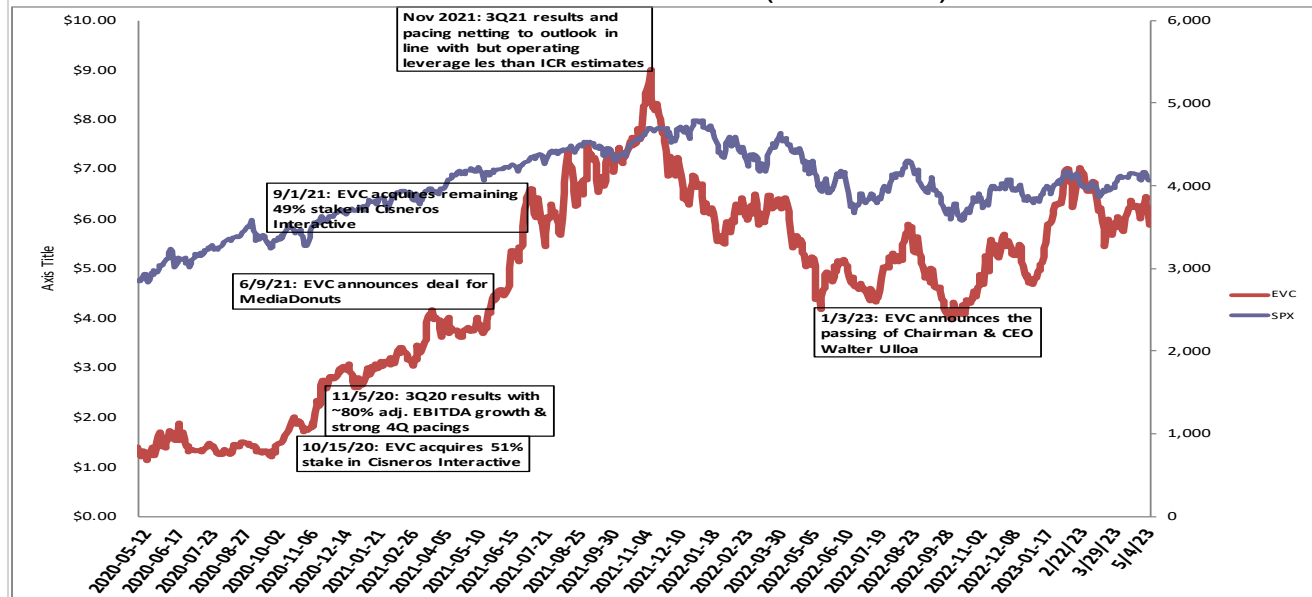
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Figure 1: EVC Investment Thesis, Metrics and Valuation Summary

(in millions, except unit data)		\$7.00	
12-month price target:			
ENTERPRISE VALUE		COMPANY CHARACTERISTICS AND INVESTMENT THESIS	
Price per share	\$5.87	<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 14 of the top-50 U.S. Hispanic markets, and 45 radio stations (37 FM and 8 AM) as well as a radio network with distribution to over 100 U.S. markets together covering 31% of the U.S. Hispanic population. The company's 2022 revenue by segment was 78% from digital, 15% from TV, and 7% from audio. TelevisaUnivision owns ~11% of Entravision's stock. On August 2, 2000, Entravision completed an initial public offering at \$16.50 per share of its Class A common stock, which is listed on the NYSE under the symbol "EVC."
Diluted shares outstanding	89.8		
Equity market capitalization	527		
+Pro forma net debt	107		
-Hidden value	13		
=Pro forma EV	\$621		
OPERATING PROJECTIONS		<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.
<b>Pro forma net revenue</b>			
2023	\$1,086		
2022	984		
% Chg	10.3%		
<b>Pro forma EBITDA</b>		<b>Est. acquisition capacity</b>	<b>\$401</b>
2023	\$89		
2022	108		
% Chg	-17.0%		
<b>Pro forma EBITDA margin</b>			
2023	8.2%	<b>Positives</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, with recently extended contract to 2024).
2022	10.9%		
<b>Free cash flow per share</b>			
2023	\$0.57		
2022	\$0.72		
% Chg	-20.8%	<b>Risks</b>	* <b>Experience in expanding distribution in smaller, faster-growing ad markets</b> , both in U.S. and internationally * Low debt leverage and high free cash flow yield support returns of capital and digital-focused acquisitions * Higher post-pandemic broadcast margins * Most of its TV stations affiliated with leading U.S. Spanish language network Univision * Secular growth in U.S. political advertising spending * <b>Management succession</b> , especially given loss of management voting control triggered by death of prior CEO * Volatility of international media business, reflecting early stage and potential competition * Impact of sudden advertising declines on cash flow (e.g., in 2009 and 2020) * Competition with TelevisaUnivision's expanding direct to consumer business * TelevisaUnivision relationship through TV network affiliations and ownership stake may limit strategic flexibility
<b>Est. 3-5 yr FCF Growth rate</b>			
2023	7%		
2022			
VALUATION AND LEVERAGE		<b>Valuation</b>	Attributing roughly 90% of firm value to digital media business
<b>Pro forma EV/EBITDA</b>			
2023	7.0x		
2022	5.8x		
<b>Price / Free cash flow per share</b>			
2023	10.3x	<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	8.2x		
<b>Pro forma net debt / EBITDA</b>			
2023	1.2x		
2022	1.0x		
<b>Dividend yield</b>		<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
2023	3.4%		
2022	1.7%		

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



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

## Investment Thesis and Valuation: Buy With \$7.00 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, particularly if there is no recession.

**Our DCF-based 12-month price target is a weighted average of projected equity valuations at year-end 2023 and 2024; our PT assumes a 50% chance of a base case with ~\$89m in 2023 EBITDA and a 50% chance of a recession with ~\$83m in 2023 EBITDA, resulting in a target valuation range of \$6-\$7.** In structuring our DCF, first we adjust the current net debt for the value of any estimated payments remaining on the acquisitions (e.g., earnouts) and noncontrolling interest. Second, we adjust the current net debt by the estimated free cash flow to be generated by each valuation date. Finally, we value EVC both using a weighted average cost of capital (WACC) reflecting its own stock price trading and using separate WACCs for its broadcast and digital media businesses based on sector comparables, applied to separate free cash flow forecasts for each of these businesses. The results of these two methods set the range for our valuation, 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.

Figure 2: 1Q beat on revenue but was in line on EBITDA; 2Q pacing is above our revenue estimates, but well below on margins

Entravision Communications									
Summary of Quarterly Estimates									
In millions, except per share data									
	Last Yr	Results			YoY %CHG			A vs	
		E	Beat/Miss	A	E	Beat/Miss	A	Consensus	Consensus
1Q23A									
As Reported									
Revenue	197.2	232.5	6.5	239.0	17.9%	3.3%	21.2%	229.0	4.4%
Op Expense	179.1	219.1	6.9	226.0	22.4%	3.8%	26.2%		
Adjusted EBITDA	18.1	13.4	(0.4)	13.0	-26.0%	-2.2%	-28.1%	17.0	-23.4%
Margin	9.2%	5.8%	-0.3%	5.4%				7.4%	-2.0%
Pro Forma EPS	\$0.08	\$0.01	\$+0.01	\$0.02	-87.5%	12.5%	-75.0%	\$0.04	-50.0%
FCF/sh (core)	\$0.16	\$0.04	\$+0.00	\$0.04	-75.0%	0.0%	-75.0%		
	Last Yr	Estimates			YoY %CHG			ICR vs	
		Prior	Chg	Current	Prior	Chg	Current	Consensus	Consensus
2Q23E									
Pro Forma *									
Revenue	\$237.5	\$258.6	\$5.1	\$263.6	8.9%	2.1%	11.0%		
Op Expense	213.6	236.8	9.8	246.6	10.9%	4.6%	15.4%		
Adjusted EBITDA	23.9	21.8	(4.7)	17.0	-8.8%	-19.8%	-28.7%		
As Reported									
Revenue	\$221.7	\$258.6	\$5.1	\$263.6	16.6%	2.3%	18.9%	254.0	3.8%
Op Expense	199.2	236.8	9.8	246.6	18.9%	4.9%	23.8%		
Adjusted EBITDA	22.5	21.8	(4.7)	17.0	-3.1%	-21.1%	-24.2%	23.0	-25.9%
Margin	10.1%	8.4%	-2.0%	6.5%				9.1%	-2.6%
Pro Forma EPS	\$0.11	\$0.07	(\$-0.04)	\$0.03	-36.4%	-36.4%	-72.7%	\$0.10	-70.0%
FCF/sh (core)	\$0.16	\$0.13	(\$-0.03)	\$0.10	-18.8%	-18.8%	-37.5%		
* reflects announced acquisitions and dispositions									
Source: Company reports, FactSet, Industry Capital Research estimates									

Figure 3: We reduce our 2023 and 2024 EBITDA estimates, largely to reflect the 2Q23 pacing, with some offset for assumed opex cuts

Entravision Communications (NYSE: EVC)									
Summary of Annual Estimates									
In millions, except per share data									
	Last Yr	Estimates			YoY %CHG				ICR vs
		Prior	Chg	Current	Prior	Chg	Current	Consensus	Consensus
<b>2023E</b>									
As Reported									
Revenue	956.2	1,074.2	11.7	1,085.9	12.3%	1.2%	13.6%	1,050	3.4%
Op expense	853.2	980.2	16.4	996.6	14.9%	1.9%	16.8%		
Adjusted EBITDA	103.0	94.0	(4.7)	89.3	-8.8%	-4.5%	-13.3%	94.0	-5.0%
Margin	10.8%	8.8%	-0.5%	8.2%				9.0%	-0.7%
EPS	\$0.21	\$0.29	(\$0.00)	\$0.29	41.4%	-1.5%	39.9%	\$0.37	-22.1%
Cash FCF/sh	\$0.72	\$0.61	(\$0.04)	\$0.57	-15.3%	-5.6%	-20.8%		
<b>2024E</b>									
As Reported									
Revenue	1,085.9	1,220.7	13.6	1,234.3	12.4%	1.3%	13.7%	1,178	4.8%
Op expense	996.6	1,095.1	16.4	1,111.5	9.9%	1.6%	11.5%		
Adjusted EBITDA	89.3	125.6	(2.7)	122.9	40.5%	-3.0%	37.5%	127.0	-3.3%
Margin	8.2%	10.3%	-0.3%	10.0%				10.8%	-0.8%
EPS	\$0.29	\$0.49	(\$0.03)	\$0.46	69.7%	-10.3%	59.5%	\$0.72	-36.2%
Cash FCF/sh	\$0.57	\$0.95	(\$0.04)	\$0.91	66.7%	-7.0%	59.6%		
* reflects announced acquisitions and dispositions									
Source: Company reports, FactSet, Industry Capital Research estimates									

Figure 4: Primary changes to our digital estimates are reduced OCF margins for legacy and EVC Latam businesses

Entervision Communications (NYSE: EVC)									
Summary of Digital Segment Annual Estimates									
In millions, except per share data									
	Last Yr	Estimates			YoY %CHG			ICR vs	
		Old	Chg	Current	Old	Chg	Current	Consensus	Consensus
<b>2023E</b>									
As Reported									
Legacy Digital Revenue	103.7	137.0	(5.3)	131.7	32.2%	-5.1%	27.0%		
Legacy Digital Opex	89.4	122.8	(1.9)	121.0	37.4%	-2.1%	35.3%		
Legacy Digital OCF	14.3	14.2	(3.5)	10.7	-0.7%	-24.2%	-24.9%		
Margin	13.8%	10.4%	-2.2%	8.2%					
EVC Latam Revenue	508.8	568.5	7.6	576.1	11.7%	1.5%	13.2%		
EVC Latam Opex	480.2	535.4	9.6	545.0	11.5%	2.0%	13.5%		
EVC Latam OCF	28.6	33.1	(2.0)	31.1	15.7%	-7.0%	8.7%		
Margin	5.6%	5.8%	-0.4%	5.4%					
EVC Asia Revenue	89.5	99.2	4.1	103.3	10.8%	4.6%	15.3%		
EVC Asia Opex	84.2	92.2	3.7	95.9	9.5%	4.3%	13.9%		
EVC Asia OCF	5.3	7.0	0.4	7.4	30.0%	8.0%	38.0%		
Margin	6.0%	7.0%	0.1%	7.1%					
365 Digital Revenue	11.4	11.7	(1.6)	10.1	2.2%	-14.2%	-11.9%		
365 Digital Opex	10.7	11.5	(0.5)	11.0	7.2%	-4.9%	2.4%		
365 Digital OCF	0.7	0.2	(1.1)	(0.9)	-71.0%	NM	NM		
Margin	6.4%	1.8%	-10.6%	-8.8%					
Digital Segment Revenue	747.1	890.3	11.7	902.0	19.2%	1.6%	20.7%	756.7	19.2%
Digital Segment Opex	698.1	832.9	16.4	849.3	19.3%	2.3%	21.7%		
Digital Segment OCF	49.0	57.5	(4.7)	52.8	17.2%	-9.6%	7.7%		
Margin	6.6%	6.5%	-0.6%	5.8%					
<b>2024E</b>									
As Reported									
Legacy Digital Revenue	131.7	161.0	(6.1)	154.8	22.2%	-4.7%	17.5%		
Legacy Digital Opex	121.0	143.6	(2.1)	141.5	18.7%	-1.8%	17.0%		
Legacy Digital OCF	10.7	17.3	(4.0)	13.3	61.6%	-37.5%	24.1%		
Margin	8.2%	10.8%	-2.2%	8.6%					
EVC Latam Revenue	576.1	638.9	8.5	647.4	10.9%	1.5%	12.4%		
EVC Latam Opex	545.0	597.9	7.3	605.2	9.7%	1.3%	11.1%		
EVC Latam OCF	31.1	41.0	1.2	42.2	31.8%	3.8%	35.6%		
Margin	5.4%	6.4%	0.1%	6.5%					
EVC Asia Revenue	103.3	109.5	4.9	114.4	6.0%	4.8%	10.8%		
EVC Asia Opex	95.9	101.2	3.7	104.8	5.5%	3.8%	9.3%		
EVC Asia OCF	7.4	8.3	1.3	9.6	12.7%	17.1%	29.8%		
Margin	7.1%	7.6%	0.8%	8.4%					
365 Digital Revenue	10.1	16.3	(1.5)	14.8	61.4%	-14.9%	46.4%		
365 Digital Opex	11.0	14.7	(0.4)	14.3	34.0%	-3.6%	30.5%		
365 Digital OCF	(0.9)	1.6	(1.1)	0.5	NM	NM	-150.8%		
Margin	-8.8%	9.6%	-6.6%	3.1%					
Digital Segment Revenue	902.0	1,015.6	13.6	1,029.3	12.6%	1.5%	14.1%		
Digital Segment Opex	849.3	941.5	15.2	956.8	10.9%	1.8%	12.7%		
Digital Segment OCF	52.8	74.1	(1.6)	72.5	40.4%	-3.0%	37.4%		
Margin	5.8%	7.3%	-0.3%	7.0%					
* reflects announced acquisitions and dispositions									
Source: Company reports, FactSet, Industry Capital Research estimates									

Figure 5: Base case valuation range drops by ~\$0.50 to \$6-\$7.50 per share

Entravision Communications														
Summary of Changes to Forecast and Valuation														
CAGRs	2023		DCF Valuation		EBITDA CAGRs					Risk Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-B
	Rev	EBITDA	Low	High	2019-23	2021-25	2022-26	2023-27	2024-28					
Prior	1074.2	94.0	\$6.00	\$8.00	23%	8%	9%	8%	8%	3.4%	4.8%	8.1%	11.3%	6.9%
Current	1085.9	89.3	\$6.00	\$7.50	21%	7%	8%	8%	8%	3.6%	4.8%	8.2%	11.4%	7.0%
Delta	11.7	-4.7	\$0.00	(\$0.50)	-1.6%	-1.0%	-0.9%	0.3%	0.3%	0.2%	0.0%	0.1%	0.2%	0.1%

Source: Company data and Industry Capital Research estimates

Figure 6: Recession case would reduce 2023E EBITDA to ~\$83m and valuation range by ~\$1 per share

Entravision Communications (NYSE: EVC)			
Operating Estimate Changes: Recession Case			
In millions, except per share data			
	Estimates		
	Current	Chg	Recession
<b>2023E</b>			
Revenue Growth:			
Digital	21%	-3%	18%
Core TV Advertising	-5%	-7%	-12%
Core Radio Advertising	3%	-10%	-7%
Operating Expense Growth:			
Digital (Ex-Cost of Revenue)	18%	-1%	17%
TV	-4%	-4%	-8%
Radio	5%	-8%	-3%
OCF Margin:			
Digital	5.8%	0.0%	5.9%
TV	38.5%	-0.6%	37.9%
Radio	27.0%	-1.5%	25.5%

Source: Industry Capital Research estimates

<b>Entravision Communications (NYSE: EVC)</b>									
<b>Summary of Annual Estimates: Recession Case</b>									
In millions, except per share data									
	Last Yr	Prior	Estimates Chg	Current	Prior	YoY %CHG Chg	Current	Consensus	ICR vs Consensus
<b>2023E</b>									
As Reported									
Revenue	956.2	1,085.9	(35.2)	1,050.7	13.6%	-3.7%	9.9%	1,050	0.1%
Op expense	853.2	996.6	(28.7)	967.9	16.8%	-3.4%	13.4%		
Adjusted EBITDA	103.0	89.3	(6.5)	82.8	-13.3%	-6.3%	-19.6%	94.0	-11.9%
Margin	10.8%	8.2%	-0.3%	7.9%				9.0%	-1.1%
EPS	\$0.21	\$0.29	(\$0.05)	\$0.24	39.9%	-22.9%	17.0%	\$0.37	-34.9%
Cash FCF/sh	\$0.72	\$0.57	(\$0.05)	\$0.52	-20.8%	-6.9%	-27.8%		
<b>2024E</b>									
As Reported									
Revenue	1,050.7	1,234.3	(39.4)	1,195.0	17.5%	-3.7%	13.7%	1,178	1.4%
Op expense	967.9	1,111.5	(31.4)	1,080.1	14.8%	-3.2%	11.6%		
Adjusted EBITDA	82.8	122.9	(8.0)	114.9	48.3%	-9.6%	38.7%	127.0	-9.5%
Margin	7.9%	10.0%	-0.3%	9.6%				10.8%	-1.2%
EPS	\$0.24	\$0.46	(\$0.05)	\$0.41	90.8%	-20.4%	70.3%	\$0.72	-43.0%
Cash FCF/sh	\$0.52	\$0.91	(\$0.07)	\$0.84	75.0%	-13.5%	61.5%		
* reflects announced acquisitions and dispositions									
Source: Company reports, FactSet, Industry Capital Research estimates									

Entravision Communications														
Summary of Changes to Forecast and Valuation														
(In \$ million except unit data)														
CAGRs	2023		DCF Valuation		EBITDA CAGRs					Risk-Free Rate	Equity Premium	WACC-EVC	WACC-EVC-D	WACC-EVC-B
	Rev	EBITDA	Low	High	2019-23	2021-25	2022-26	2023-27	2024-28					
Current	1050.7	82.8	\$5.00	\$6.50	19%	6%	7%	8%	8%	3.6%	4.8%	8.2%	11.4%	7.0%
Source: Company data and Industry Capital Research estimates														



Figure 7: Digital segment forecast continues to assume solid revenue growth but is more cautious on margin expansion

In millions, except unit data	2019A	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
<b>Legacy</b>														
Revenue	\$68.9	\$54.1	\$68.7	\$22.0	\$27.9	\$27.8	\$26.0	\$103.7	\$23.2	\$31.7	\$36.2	\$40.6	\$131.7	\$154.8
Cost of Revenue	36.8	30.6	39.2	13.0	15.9	16.1	15.4	60.4	13.5	18.7	21.1	23.7	77.0	90.5
Opex ex-cost of revenue	32.3	24.5	23.8	6.9	7.5	6.7	7.9	29.0	8.9	10.8	12.3	12.1	44.0	51.0
OCF	(0.1)	(1.0)	5.7	2.1	4.5	5.0	2.7	14.3	0.8	2.2	2.8	4.9	10.7	13.3
OCF Margin	-0.2%	-1.9%	8.3%	9.5%	16.1%	18.0%	10.4%	13.8%	3.5%	7.0%	7.8%	12.0%	8.2%	8.6%
<b>Acquisitions Since 2020-Stand Alone</b>														
Entravision Latam revenue	159.4	233.3	453.9	112.5	124.9	128.3	143.1	508.8	129.0	142.7	141.0	163.5	576.1	647.4
Entravision Latam cost of revenue	136.2	201.7	401.7	101.2	111.0	114.4	126.8	453.4	118.6	128.4	127.7	148.5	523.2	582.9
Entravision Latam opex ex-cost of revenue	13.2	17.4	23.0	5.4	6.9	7.5	7.0	26.8	4.6	7.0	4.2	6.0	21.7	22.3
Entravision Latam OCF	9.9	14.2	29.1	5.9	7.0	6.4	9.3	28.6	5.7	7.3	9.1	9.1	31.1	42.2
EL OCF Margin	6.2%	6.1%	6.4%	5.2%	5.6%	5.0%	6.5%	5.6%	4.5%	5.1%	6.4%	5.5%	5.4%	6.5%
Entravision Asia revenue	0.0	28.5	52.5	17.2	18.9	21.2	32.3	89.5	23.2	26.3	23.1	30.8	103.3	114.4
Entravision Asia cost of revenue	0.0	20.9	40.0	14.1	15.7	17.7	27.4	74.9	19.4	22.0	19.5	26.0	86.9	95.7
Entravision Asia opex ex-cost of revenue	0.0	2.5	7.2	2.2	2.0	2.3	2.8	9.3	3.0	2.8	1.6	1.6	9.0	9.1
Entravision Asia OCF	0.0	5.0	5.3	0.9	1.2	1.2	2.1	5.3	0.8	1.5	1.9	3.2	7.4	9.6
Entravision Asia OCF Margin		17.7%	10.0%	5.2%	6.2%	5.7%	6.5%	6.0%	3.3%	5.8%	8.4%	10.3%	7.1%	8.4%
365 Digital revenue	0.0	0.0	1.9	2.1	2.8	2.9	3.6	11.4	2.1	2.4	2.4	3.2	10.1	14.8
365 Digital cost of revenue	0.0	0.0	1.5	1.7	2.3	2.4	2.5	8.9	1.7	2.0	1.9	2.5	8.0	11.8
365 Digital opex ex-cost of revenue	0.0	0.0	0.2	0.3	0.4	0.4	0.7	1.8	0.8	0.9	0.6	0.7	3.0	2.5
365 Digital OCF	0.0	0.0	0.2	0.1	0.1	0.1	0.4	0.7	(0.4)	(0.5)	(0.1)	0.0	(0.9)	0.5
365 Digital OCF Margin		10.0%	11.5%	4.3%	5.0%	3.4%	11.1%	6.4%	-17.5%	-20.2%	-3.0%	1.1%	-8.8%	3.1%
Jack of Digital revenue	0.0	0.0	0.0	0.0	0.0	0.3	1.4	1.7	0.7	0.9	0.9	2.1	4.5	9.0
Jack of Digital cost of revenue	0.0	0.0	0.0	0.0	0.0	0.2	1.0	1.2	0.6	0.7	0.7	1.5	3.4	6.9
Jack of Digital opex ex-cost of revenue	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.4	0.2	0.2	0.0	0.2	0.6	0.8
Jack of Digital OCF	0.0	0.0	0.0	0.0	0.0	(0.0)	0.1	0.1	(0.1)	(0.0)	0.2	0.4	0.5	1.4
Jack of Digital OCF Margin		10.0%	21.6%	11.9%	6.9%	-13.3%	7.1%	3.5%	-14.3%	-3.5%	26.9%	17.3%	10.4%	15.4%
Adsmurai revenue	0.0	0.0	10.4	10.4	15.7	11.8	23.7	61.6	18.4	16.0	19.0	23.0	76.4	88.9
Adsmurai cost of revenue	0.0	0.0	8.3	8.3	12.5	9.4	18.8	48.9	14.6	12.7	15.0	18.2	60.5	70.4
Adsmurai opex ex-cost of revenue	0.0	0.0	2.5	2.5	2.5	2.5	1.6	9.1	3.5	2.2	3.5	2.9	12.0	12.9
Adsmurai OCF	0.0	0.0	(0.3)	0.7	(0.1)	3.3	3.6	3.6	0.3	1.2	0.5	1.9	4.0	5.6
Adsmurai OCF Margin		10.0%	-3.4%	4.8%	-0.5%	13.9%	5.9%	5.9%	1.8%	7.4%	2.7%	8.4%	5.2%	6.3%
<b>Digital segment as reported</b>														
Digital revenue	68.9	143.3	555.3	153.7	174.4	188.9	230.1	747.1	196.5	219.9	222.5	263.2	902.0	1,029.3
Digital cost of revenue	36.8	106.9	466.7	129.9	145.0	157.1	192.0	624.0	168.3	184.4	185.9	220.4	759.0	858.0
Digital opex	32.3	30.6	51.3	15.2	17.3	19.1	22.6	74.1	21.0	23.8	22.1	23.4	90.3	98.7
Digital OCF	(0.1)	5.7	37.3	8.6	12.2	12.7	15.6	49.0	7.2	11.7	14.5	19.4	52.8	72.5

Metrics	2019A	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
<b>Legacy growth</b>														
Legacy digital revenue growth		-21.4%	26.9%	69.5%	82.4%	59.8%	13.0%	51.0%	5.4%	13.8%	30.1%	56.3%	27.0%	17.5%
2-yr CAGR		-18.2%	-0.2%	28.5%	56.6%	42.7%	28.4%	38.4%	33.6%	44.1%	44.2%	32.9%	38.5%	22.2%
Legacy digital opex growth		-24.1%	-2.8%	17.4%	34.2%	2.4%	36.0%	21.7%	28.4%	43.9%	83.4%	53.0%	51.8%	15.9%
Legacy digital cost of revenue growth		-16.6%	27.8%	76.9%	83.4%	61.8%	16.7%	54.2%	3.9%	17.8%	30.8%	53.7%	27.4%	17.5%
Legacy digital OCF growth		822.5%	-661.1%	-948.4%	335.2%	450.7%	-32.5%	151.1%	-61.0%	-50.6%	-43.8%	80.9%	-24.9%	24.1%
<b>Entravision Latam growth</b>														
Entravision Latam revenue growth		46.4%	94.5%	27.1%	8.7%	10.0%	7.0%	12.1%	14.7%	14.2%	9.9%	14.2%	13.2%	12.4%
2-yr CAGR			68.7%	67.2%	72.4%	55.2%	21.0%	47.7%	20.7%	11.4%	9.9%	10.5%	12.7%	12.8%
Entravision Latam opex ex-COR growth		31.5%	32.5%	16.8%	9.7%	48.9%	-1.0%	16.4%	-15.3%	1.6%	-44.3%	-14.6%	-18.9%	2.7%
Entravision Latam cost of revenue growth		48.0%	99.2%	30.4%	10.6%	9.3%	6.5%	12.9%	17.2%	15.7%	11.6%	17.1%	15.4%	11.4%
Entravision Latam OCF		43%	105%	-6%	-15%	-8%	22%	-2%	-2%	3%	42%	-3%	9%	36%
<b>Entravision Asia growth</b>														
Entravision Asia revenue growth y/y				79.1%	57.1%	75.2%	71.8%		34.9%	39.3%	8.7%	-4.8%	15.3%	10.8%
2-yr CAGR				133.7%	113.9%	64.0%	55.8%		55.4%	47.9%	38.0%	27.9%	40.2%	13.0%
Entravision Asia opex ex-COR growth y/y				86.4%	-16.5%	69.9%	21.0%		37.7%	38.7%	-30.1%	-44.2%	-3.5%	1.8%
Entravision Asia cost of revenue growth y/y				96%	87%	82%	87%		38%	40%	10%	-5%	16%	10%
Entravision Asia OCF growth y/y				-27%	-4%	17%	15%	1%	-14%	31%	61%	51%	38%	30%
<b>365 Digital growth</b>														
365 Digital revenue growth y/y									-2.8%	-14.4%	-17.5%	-11.0%	-11.9%	46.4%
365 Digital opex ex-COR growth y/y									132.1%	154.5%	50.3%	-3.6%	65.5%	-14.8%
365 Digital cost of revenue growth y/y									-3%	-15%	-22%	0%	-10%	47%
365 Digital OCF growth y/y									-496%	-446%	-173%	-92%	-221%	-151%
<b>Jack of Digital growth</b>														
Jack of Digital revenue growth y/y													164.3%	100.1%
Jack of Digital opex ex-COR growth y/y													60.1%	17.2%
Jack of Digital cost of revenue growth y/y													173%	103%
Jack of Digital OCF growth y/y													674%	196%
<b>Adsmurai growth</b>														
Adsmurai revenue growth y/y													24.0%	16.3%
Adsmurai opex ex-COR growth y/y													31.3%	8.2%
Adsmurai cost of revenue growth y/y													24%	16%
Adsmurai OCF growth y/y													9%	41%
Adsmurai revenue growth q/q														
Adsmurai cost of revenue growth q/q														
Adsmurai opex ex-COR growth q/q														
Adsmurai OCF growth q/q														
<b>Digital segment growth</b>														
Digital revenue, PF, excluding Adsmurai									16%	17%	13%	16%	15%	
Digital revenue, PF									20%	16%	16%	14%	16%	14%
Digital revenue									28%	26%	18%	14%	21%	14%
Digital cost of revenue									30%	27%	18%	15%	22%	13%
Digital opex ex-cost of revenue									38%	38%	16%	4%	22%	9%
Digital OCF									-16%	-4%	14%	24%	8%	37%
<b>Digital Segment reported revenue mix:</b>														
Digital as % of company revenue	25%	42%	73%	78%	79%	78%	78%	78%	82%	83%	84%	83%	83%	83%
Entravision Latam Interactive as % of digital segment		62%	82%	73%	72%	68%	62%	68%	66%	65%	63%	62%	64%	63%
Legacy digital as % of digital segment revenue		38%	12%	14%	16%	15%	11%	14%	12%	14%	16%	15%	15%	15%
Entravision Asia as % of digital segment revenue		0%	6%	11%	11%	11%	14%	12%	12%	12%	10%	12%	11%	11%
365 Digital as % of digital segment revenue		0%	0%	1%	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%
Jack of Digital as % of digital segment revenue		0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	1%	0%	1%
Adsmurai as % of digital segment revenue		0%	0%	7%	9%	6%	10%	8%	9%	7%	9%	9%	8%	9%
<b>Digital Segment reported OCF mix:</b>														
Entravision Latam Interactive as % of digital segment OCF		118%	77%	68%	58%	51%	60%	58%	80%	62%	63%	47%	59%	58%
Legacy digital as % of digital segment OCF		-18%	15%	24%	37%	39%	17%	29%	11%	19%	19%	25%	20%	18%
Entravision Asia as % of digital segment OCF		0%	8%	10%	10%	9%	13%	11%	11%	13%	13%	16%	14%	13%
365 Digital as % of digital segment OCF		0%	1%	1%	1%	1%	3%	1%	-5%	-4%	-1%	0%	-2%	1%
Jack of Digital as % of digital segment OCF		0%	0%	0%	0%	0%	1%	0%	-1%	0%	2%	2%	1%	2%
Adsmurai as % of digital segment OCF		0%	0%	0%	0%	0%	21%	7%	5%	10%	3%	10%	7%	8%

Note: Legacy digital is EVC's digital segment excluding acquisitions since 2020. Source: Industry Capital Research estimates and company data

Figure 8: Broadcast revenue drivers—at Television segment, we assume core ad revenue is down low-to-mid-single digits in percent in 2023/24

In millions	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
<b>TELEVISION SEGMENT</b>													
Television PF Rev Growth	3.2%	-6.9%	-16.0%	-6.0%	-3.4%	14.7%	-1.2%	-1.8%	-8.7%	-20.0%	-21.2%	-14.0%	13.2%
Reported TV revenue	\$154.5	\$146.8	\$30.9	\$32.4	\$35.7	\$45.8	\$144.7	\$30.3	\$29.5	\$28.5	\$36.4	\$124.8	\$141.2
Growth	3.2%	-4.9%	-14.5%	-4.9%	-2.1%	13.8%	-1.4%	-1.8%	-8.7%	-20.0%	-20.6%	-13.8%	13.2%
TV non-recurring items:													
TV Political/Census	22.6	0.8	1.3	2.8	6.4	14.8	25.2	0.0	0.0	0.0	0.1	0.2	22.6
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	50.0%	70.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	22.6	0.8	1.3	2.8	6.4	7.4	17.9	0.0	0.0	0.0	0.1	0.2	22.6
TV revenue ex political	131.9	146.1	29.6	29.6	29.3	38.4	126.9	30.3	29.5	28.5	36.2	124.6	118.7
Growth ex Political	-11.7%	10.7%	-18.1%	-13.1%	-18.9%	-3.5%	-13.1%	2.5%	-0.2%	-2.5%	-5.8%	-1.8%	-4.8%
Retransmission Consent	36.8	37.0	9.2	9.0	8.9	8.9	36.0	9.6	9.2	9.1	8.8	36.7	37.4
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Retrans	36.8	37.0	9.2	9.0	8.9	8.9	36.0	9.6	9.2	9.1	8.8	36.7	37.4
TV revenue ex Retrans	117.7	109.9	21.7	23.3	26.8	36.9	108.7	20.7	20.3	19.4	27.6	88.1	103.8
Growth ex Retrans	3.0%	-6.6%	-18.2%	-5.7%	-2.1%	18.0%	-1.1%	-4.4%	-12.8%	-27.3%	-25.4%	-19.0%	17.9%
TV World Cup/Other Soccer	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	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental World Cup	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	1.3	0.0	2.0	0.0
TV revenue ex WC	154.5	144.8	30.9	32.4	35.7	45.8	144.7	30.3	28.9	27.2	36.4	122.8	141.2
Growth ex WC	3.2%	-6.2%	-14.5%	-3.5%	2.1%	13.8%	-0.1%	-1.8%	-10.8%	-23.7%	-20.6%	-15.2%	15.0%
TV Acquisitions/Dispositions (inc. Affiliations)	(9.4)	(9.8)	(6.5)	(6.1)	(7.2)	(8.1)	(27.9)	(6.5)	(5.7)	(6.1)	(7.4)	(25.8)	(24.4)
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental M&A	(9.4)	(9.8)	(6.5)	(6.1)	(7.2)	(8.1)	(27.9)	(6.5)	(5.7)	(6.1)	(7.4)	(25.8)	(24.4)
TV revenue ex M&A	163.9	156.6	37.4	38.5	42.8	53.9	172.6	36.8	35.2	34.7	43.8	150.5	165.6
Growth ex M&A	2.3%	-4.4%	-2.0%	7.9%	9.2%	23.7%	10.2%	-1.6%	-8.4%	-19.0%	-18.8%	-12.8%	10.0%
Spectrum usage/auction	5.4	6.2	1.5	1.7	1.6	1.8	6.6	2.0	2.0	2.0	2.0	8.0	8.0
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 Spectrum Usage	5.4	6.2	1.5	1.7	1.6	1.8	6.6	2.0	2.0	2.0	2.0	8.0	8.0
TV revenue ex Spectrum Usage	149.0	140.7	29.3	30.7	34.1	44.0	138.1	28.3	27.5	26.5	34.4	116.8	133.2
Growth ex Spectrum Usage	9.1%	-5.6%	-11.8%	-6.9%	-3.5%	12.5%	-1.8%	-3.5%	-10.3%	-22.1%	-21.9%	-15.5%	14.1%
PF TV revenue ex-all non-recurring	99.2	110.7	25.4	25.0	25.9	35.9	112.2	25.2	23.4	22.3	32.8	103.7	97.7
PF TV revenue growth ex all non-recurring	-11.2%	11.7%	-1.3%	1.0%	-4.4%	8.3%	1.3%	-0.7%	-6.6%	-14.2%	-8.5%	-7.6%	-5.8%
TV rev grth ex all non-rec 2-yr CAGR	-6.8%	-0.4%	0.7%	22.8%	1.9%	5.0%	6.4%	-1.0%	-2.9%	-9.4%	-0.5%	-3.2%	-6.7%
PF TV advertising growth ex-political	-11.2%	14.8%	-20.3%	-20.2%	-27.4%	-6.8%	-18.2%	-0.7%	-3.0%	-7.0%	-8.5%	-5.2%	-8.3%
TV ad rev grth ex political 2-yr CAGR	-6.8%	1.0%	-9.5%	12.2%	-8.5%	-2.6%	-3.1%	-11.0%	-12.0%	-17.8%	-7.7%	-11.9%	-6.8%
PF TV revenue growth ex-political	-11.7%	10.7%	-18.1%	-13.1%	-18.9%	-3.5%	-13.1%	2.5%	-0.2%	-2.5%	-5.8%	-1.8%	-4.8%
TV rev grth ex political 2-yr CAGR	-3.6%	-1.1%	-6.6%	7.3%	-5.6%	-1.3%	-1.9%	-8.4%	-6.9%	-11.1%	-4.7%	-7.6%	-3.3%
PF TV advertising growth	10.9%	-7.6%	-14.8%	-8.4%	-4.0%	16.4%	-1.6%	-7.1%	-15.3%	-30.7%	-27.3%	-21.6%	19.7%

Source: Industry Capital Research estimates and company data.

Figure 9: Broadcast revenue drivers—at Radio segment, we still assume relatively flat core advertising revenue growth for 2023 and 2024

RADIO SEGMENT	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
<b>RADIO PF Rev Growth</b>	-15.9%	23.4%	9.7%	5.8%	0.1%	14.1%	7.6%	-1.5%	-5.1%	-9.0%	-3.6%	-5.3%	8.0%
Pro forma radio:													
Revenue	\$46.3	\$58.0	\$12.6	\$14.9	\$16.5	\$20.4	\$64.4	\$12.2	\$14.2	\$15.0	\$17.7	\$59.1	\$63.8
Growth	-15.9%	25.4%	11.4%	5.8%	0.1%	26.3%	11.0%	-3.0%	-5.1%	-9.0%	-12.9%	-8.2%	8.0%
Radio non-recurring items:													
Political/Census	5.9	0.8	0.3	0.6	1.5	4.4	6.8	0.0	0.0	0.0	0.1	0.1	6.1
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental political	5.9	0.8	0.3	0.6	1.5	4.4	6.8	0.0	0.0	0.0	0.1	0.1	6.1
Radio revenue ex political	40.4	57.2	12.3	14.3	15.0	16.0	57.6	12.2	14.2	15.0	17.7	59.0	57.7
Growth ex Political	-26.4%	41.6%	8.7%	1.6%	-5.8%	0.6%	0.7%	-0.7%	-1.0%	-0.1%	10.5%	2.5%	-2.2%
NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assm: % Incremental to Core	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental NTR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex NTR	39.5	39.5	12.6	14.9	16.5	20.4	39.5	12.2	14.2	15.0	17.7	39.5	39.5
Growth ex NTR	3.0%	0.0%	11.4%	5.8%	0.1%	26.3%	0.0%	-3.0%	-5.1%	-9.0%	-12.9%	0.0%	0.0%
World Cup/Other Soccer	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 World Cup	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Radio revenue ex WC	46.3	58.0	12.6	14.9	16.5	20.4	64.4	12.2	14.2	15.0	17.7	59.1	63.8
Growth ex WC	-15.9%	25.4%	11.4%	5.8%	0.1%	26.3%	11.0%	-3.0%	-5.1%	-9.0%	-12.9%	-8.2%	8.0%
Revenue	40.4	57.2	12.3	14.3	15.0	16.0	57.6	12.2	14.2	15.0	17.7	59.0	57.7
Radio revenue growth ex all non-recurring	-26.4%	41.6%	8.7%	1.6%	-5.8%	0.6%	0.7%	-0.7%	-1.0%	-0.1%	10.5%	2.5%	-2.2%
Radio rev grth ex all non-rec 2-yr CAGR	-19.2%	2.0%	7.1%	52.3%	20.5%	10.0%	19.4%	3.9%	0.3%	-3.0%	5.4%	1.6%	0.1%

Source: Industry Capital Research estimates and company data.

Figure 10: Broadcast opex drivers

In millions													
OPERATING EXPENSE	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
Television PF Opex Growth	-4.2%	-0.3%	-3.2%	1.1%	-0.6%	-2.8%	-1.5%	3.0%	-0.8%	-4.2%	-16.0%	-4.4%	3.5%
Radio PF Opex Growth	-26.3%	-5.4%	-3.0%	4.9%	6.7%	2.9%	2.3%	13.6%	15.0%	2.0%	-10.9%	5.3%	7.8%
Pro forma consolidated:													
Opex ex-cost of revenue	\$153.3	\$172.9	\$43.9	\$47.4	\$49.3	\$57.2	\$197.8	\$52.1	\$55.3	\$51.7	\$51.0	\$210.1	\$224.6
Growth	-11.6%	12.8%	8.5%	14.3%	14.6%	19.1%	14.4%	18.7%	16.8%	4.9%	-10.9%	6.2%	6.9%
Non-recurring opex items:													
M&A (acquisitions since 2020)	5.7	27.5	7.9	9.3	10.2	10.5	37.9	8.4	10.7	6.4	8.2	33.7	34.0
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental Cisneros	5.7	27.5	7.9	9.3	10.2	10.5	37.9	8.4	10.7	6.4	8.2	33.7	34.0
Opex ex Cisneros adjustment	147.6	145.5	35.9	38.1	39.1	46.7	159.9	43.7	44.7	45.3	42.8	176.4	190.6
Growth ex Cisneros	-14.9%	-1.5%	0.8%	8.9%	7.2%	22.0%	9.9%	21.6%	17.2%	15.9%	-8.5%	10.4%	8.0%
Fixed & variable cost reductions	(27.2)	(32.8)	(5.8)	(7.0)	(12.8)	(11.6)	(37.2)	(6.3)	(7.5)	(12.6)	(10.0)	(36.5)	(38.6)
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental cost reductions	(27.2)	(32.8)	(5.8)	(7.0)	(12.8)	(11.6)	(37.2)	(6.3)	(7.5)	(12.6)	(10.0)	(36.5)	(38.6)
Opex ex cost reductions adjustment	180.5	205.7	49.7	54.4	62.0	68.8	235.0	6.3	7.5	12.6	10.0	36.5	38.6
Growth ex cost reductions	4.1%	14.0%	9.4%	15.0%	14.1%	17.4%	14.2%	-87.3%	-86.2%	-79.7%	-85.4%	-84.5%	5.7%
Salary true-up	2.0	2.0	0.0	0.8	0.7	0.8	2.3	0.0	0.9	0.9	0.7	2.5	2.7
Assm: % Incremental	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Incremental salary true-up	2.0	2.0	0.0	0.8	0.7	0.8	2.3	0.0	0.9	0.9	0.7	2.5	2.7
Opex ex salary true-up	151.3	170.9	43.9	46.6	48.6	56.5	195.5	0.0	(0.9)	(0.9)	(0.7)	(2.5)	(2.7)
Growth ex salary true-up	-12.7%	13.0%	8.5%	14.3%	14.7%	19.1%	14.4%	-100.0%	-102.0%	-101.8%	-101.3%	-101.3%	6.6%
Opex ex-non-recurring	172.8	176.3	41.8	44.4	51.1	57.5	194.8	50.0	51.2	57.1	52.1	210.4	226.5
Opex growth ex all non-recurring	-0.3%	2.0%	2.7%	10.4%	8.3%	19.3%	10.5%	19.8%	15.5%	11.6%	-9.5%	8.0%	7.7%
Opex grth ex all non-rec 2-yr CAGR	-1.1%	0.8%	1.8%	6.3%	6.5%	9.2%	6.2%	10.9%	12.9%	9.9%	3.9%	9.2%	7.8%
Revenue-driven variable expense	31.7	32.3	6.5	7.3	8.3	11.1	33.3	6.2	6.5	6.5	8.7	27.8	31.9
Non-sales opex ex-non-recurring	141.1	143.9	35.2	37.0	42.8	46.4	161.5	43.8	44.7	50.6	43.4	182.6	194.5
Non-sales opex growth ex all non-recurring	-0.7%	2.0%	4.6%	13.6%	10.6%	19.1%	12.2%	24.5%	20.8%	18.2%	-6.5%	13.1%	6.6%
Non-sales opex grth ex all non-rec 2-yr CAGR	-0.1%	0.6%	4.5%	3.4%	7.1%	12.1%	7.0%	14.1%	17.1%	14.3%	5.5%	12.6%	9.8%

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

Figure 11: Financial statement forecasts supporting our valuation

In millions, except per share data	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
<b>AS REPORTED</b>													
Net revenue:													
Television	\$154.5	\$146.8	\$30.9	\$32.4	\$35.7	\$45.8	\$144.7	30.3	29.5	28.5	36.4	124.8	141.2
Radio	46.3	58.0	12.6	14.9	16.5	20.4	64.4	12.2	14.2	15.0	17.7	59.1	63.8
Net broadcast revenue	200.7	204.9	43.5	47.3	52.1	66.2	209.1	42.5	43.7	43.5	54.1	183.9	205.1
Digital	143.3	555.3	153.7	174.4	188.9	230.1	747.1	196.5	219.9	222.5	263.2	902.0	1,029.3
<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>296.3</b>	<b>956.2</b>	<b>239.0</b>	<b>263.6</b>	<b>266.0</b>	<b>317.3</b>	<b>1,085.9</b>	<b>1,234.3</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	296.3	956.2	239.0	263.6	266.0	317.3	1,085.9	1,234.3
Cost of Revenue													
Television													
Radio													
Digital	106.9	466.5	129.9	145.0	157.1	192.0	624.0	168.3	184.4	185.9	220.4	759.0	858.0
Digital cost of revenue as % of revenue	74.6%	84.0%	84.5%	83.1%	83.2%	83.4%	83.5%	85.7%	83.9%	83.5%	83.7%	84.1%	83.4%
<b>Total cost of revenue (core)</b>	<b>106.9</b>	<b>466.5</b>	<b>129.9</b>	<b>145.0</b>	<b>157.1</b>	<b>192.0</b>	<b>624.0</b>	<b>168.3</b>	<b>184.4</b>	<b>185.9</b>	<b>220.4</b>	<b>759.0</b>	<b>858.0</b>
Cost of revenue from spectrum usage rights (television)													
Total cost of revenue	106.9	466.5	129.9	145.0	157.1	192.0	624.0	168.3	184.4	185.9	220.4	759.0	858.0
Opex													
Television opex	80.9	81.4	19.2	19.7	20.0	23.0	82.0	20.1	19.6	19.2	17.8	76.7	79.4
Radio opex	41.8	40.0	9.4	10.4	10.2	11.7	41.7	11.0	11.9	10.4	9.8	43.1	46.5
Digital opex	30.6	51.5	15.2	17.3	19.1	22.6	74.1	21.0	23.8	22.1	23.4	90.3	98.7
<b>Total opex (core)</b>	<b>153.3</b>	<b>172.9</b>	<b>43.9</b>	<b>47.4</b>	<b>49.3</b>	<b>57.2</b>	<b>197.8</b>	<b>52.1</b>	<b>55.3</b>	<b>51.7</b>	<b>51.0</b>	<b>210.1</b>	<b>224.6</b>
Spectrum usage rights													
Total Opex	153.3	172.9	43.9	47.4	49.3	57.2	197.8	52.1	55.3	51.7	51.0	210.1	224.6
OCF													
Television OCF	73.6	65.4	\$11.6	\$12.6	\$15.7	\$22.8	62.8	\$10.2	\$10.0	\$9.4	\$18.5	48.1	61.9
TV OCF Margin	47.6%	44.6%	37.7%	39.1%	43.9%	49.8%	43.4%	33.7%	33.8%	32.9%	50.9%	38.5%	43.8%
Incremental Margin	173.4%	106.6%					126.6%					73.5%	83.7%
Radio OCF	4.5	18.0	3.2	4.6	6.2	8.7	22.7	1.2	2.2	4.6	8.0	16.0	17.3
Radio OCF margin	9.7%	31.0%	25.5%	30.5%	38.0%	42.6%	35.2%	10.0%	15.8%	30.5%	44.8%	27.0%	27.1%
Incremental Margin	-70.4%	114.9%					74.0%	520.2%	303.4%	113.8%	27.3%	127.6%	28.5%
Digital OCF	5.7	37.3	8.6	12.2	12.7	15.6	49.0	7.2	11.7	14.5	19.4	52.8	72.5
Digital OCF margin	4.0%	6.7%	5.6%	7.0%	6.7%	6.8%	6.6%	3.7%	5.3%	6.5%	7.4%	5.8%	7.0%
Incremental Margin	7.9%	7.7%					6.1%	-3.3%	-1.1%	5.4%	11.5%	2.4%	15.5%
<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>47.1</b>	<b>134.5</b>	<b>18.6</b>	<b>23.9</b>	<b>28.4</b>	<b>45.9</b>	<b>116.8</b>	<b>151.7</b>
Margin	24.4%	15.9%	11.9%	13.2%	14.3%	15.9%	14.1%	7.8%	9.1%	10.7%	14.5%	10.8%	12.3%
Incremental Margin			-0.6%	3.3%	6.9%	15.5%		-11.5%	-13.0%	-24.7%	-5.8%		
Spectrum sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total OCF	83.8	120.8	23.4	29.4	34.6	47.1	134.5	18.6	23.9	28.4	45.9	116.8	151.7
Total OCF Margin	24.4%	15.9%	11.9%	13.2%	14.3%	15.9%	14.1%	7.8%	9.1%	10.7%	14.5%	10.8%	12.3%
Incremental Margin			-0.6%	3.3%	6.9%	15.5%		-11.5%	-13.0%	-24.7%	-5.8%		
Corporate Expense	27.8	33.0	8.7	8.5	9.5	22.6	49.4	10.5	9.4	10.5	9.6	39.9	40.7
GAAP EBITDA	56.0	87.8	14.7	20.8	25.1	24.5	85.1	8.1	14.5	17.9	36.3	76.9	111.0
Corporate non-cash comp	3.9	6.4	1.6	1.7	1.8	9.2	14.3	2.2	2.3	2.5	1.7	8.6	8.8
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	2.8	5.7	1.9	1.8	1.9	0.2	5.8	5.9
Non-recurring cash severance	1.7	0.4				4.3	4.3	0.1				0.1	
EBITDA attributable to redeemable noncontrolling interest	3.4	9.1	0.0	0.0	0.0	0.0	0.0	0.2	0.6	0.3	1.0	2.1	2.8
EBITDA attributable to noncontrolling interest						3.4	3.4					0.0	0.0
Total opex (positive) adjustments to cash	0.5	5.5	(1.0)	(0.9)	(1.0)	(3.7)	(6.6)	(1.8)	(1.2)	(1.7)	0.8	(3.9)	(3.1)
Foreign currency (gain) loss	(1.1)	0.5	(0.8)	1.0	2.0	0.9	3.0	(1.0)	1.0	0.0	0.0	0.0	0.0
Total Adjusted EBITDA	60.4	88.2	18.1	22.5	25.9	36.5	103.0	13.0	17.0	22.1	37.2	89.3	122.9
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>25.9</b>	<b>36.5</b>	<b>103.0</b>	<b>13.0</b>	<b>17.0</b>	<b>22.1</b>	<b>37.2</b>	<b>89.3</b>	<b>122.9</b>
Memo: adj. EBITDA (core) reported	60.4	88.0	18.1	22.5	26.0	36.5	103.1						
Model variance: adj. EBITDA	(0.0)	0.1	0.0	0.0	(0.0)	0.0							
Adj. EBITDA core margin	17.6%	11.6%	9.2%	10.1%	10.8%	12.3%	10.8%	5.4%	6.5%	8.3%	11.7%	8.2%	10.0%
Incremental Margin	27.3%	6.7%	8.1%	10.8%	6.2%	5.9%	7.6%	-12.2%	-12.9%	-15.4%	3.1%	-10.6%	22.6%

Source: Industry Capital Research estimates and company data

Figure 12: Financial statement forecasts supporting our valuation (cont.)

In millions, except per share data	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
Memo: cash opex (core)	\$153.8	\$178.4	\$42.9	\$46.4	\$48.3	\$53.6	\$191.2	\$0.3	\$4.1	\$0.0	\$1.8	\$206.3	\$221.5
Memo: cash corporate expense	23.9	26.6	7.1	6.8	7.7	13.4	35.1	8.3	7.1	8.0	7.9	31.3	31.9
Memo: total non-cash comp	5.1	9.6	2.6	2.6	2.8	12.0	20.0	4.1	4.1	4.4	1.9	14.4	14.7
Memo: adj. EBITDA - (OCF - cash corporate)	0.6	(6.0)	1.8	(0.1)	(0.9)	2.8	3.6	2.7	0.2	1.7	(0.8)	3.8	3.1
Memo: PF EBITDA attributable to redeemable noncontrolling interest													
D&A	17.3	22.4	6.4	6.3	6.6	6.5	25.7	6.5	6.3	6.6	6.6	26.0	37.0
D&A % of Revenue	5.0%	2.9%	3.2%	2.8%	2.7%	2.2%	2.7%	2.7%	2.4%	2.5%	2.1%	2.4%	3.0%
Change in fair value contingent consideration	0.000	8.224	5.1	1.0	0.7	7.4	14.2	(4.1)	0.0	0.0	0.0	(4.1)	0.0
Impairments	40.0	3.0	0.0	0.0	0.0	1.6	1.6	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)	1.4	0.4	0.0	(0.8)	(0.1)	1.4	0.5	(2.0)
Gain (Loss) on Sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserves, accruals and other, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<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>6.7</b>	<b>40.2</b>	<b>6.7</b>	<b>8.0</b>	<b>11.4</b>	<b>28.4</b>	<b>54.4</b>	<b>76.0</b>
Operating Margin %	1.9%	8.0%	2.1%	6.1%	6.6%	2.3%	4.2%	2.8%	3.0%	4.3%	8.9%	5.0%	6.2%
Interest expense	(8.3)	(6.9)	(1.4)	(2.3)	(2.3)	(2.7)	(8.7)	(3.2)	(2.2)	(2.2)	(2.3)	(9.9)	(9.3)
Noncash interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	1.7	0.2	0.0	0.7	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Net interest expense	(6.5)	(6.8)	(1.4)	(1.6)	(2.3)	(2.7)	(8.0)	(3.2)	(2.2)	(2.2)	(2.3)	(9.9)	(9.3)
Loss on debt extinguishment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.6)	0.0	0.0	0.0	(1.6)	0.0
Other income, net	0.0	0.2	0.0	0.0	(0.5)	(0.1)	(0.5)	(0.0)	0.0	0.0	0.0	0.0	0.0
<b>Pretax income</b>	<b>0.1</b>	<b>54.0</b>	<b>2.7</b>	<b>11.8</b>	<b>13.1</b>	<b>4.0</b>	<b>31.7</b>	<b>1.9</b>	<b>5.8</b>	<b>9.1</b>	<b>26.1</b>	<b>43.0</b>	<b>66.6</b>
Pretax margin	0.0%	7.1%	1.4%	5.3%	5.4%	1.3%	3.3%	0.8%	2.2%	3.4%	8.2%	4.0%	5.4%
Income (taxes) benefit	(1.5)	(18.7)	(0.9)	(3.4)	(4.1)	(3.3)	(11.6)	(0.2)	(3.4)	(4.1)	(7.4)	(15.0)	(23.3)
Effective tax rate	1276.3%	34.6%	31.1%	28.5%	31.1%	81.8%	36.5%	12.0%	57.8%	44.7%	28.2%	35.0%	35.0%
Cash tax rate	6552.5%	7.6%	44.2%	52.6%	30.6%	137.3%	53.4%	3.7%	35.0%	35.0%	35.0%	33.6%	30.0%
Net Income (Before Equity Investments)	(1.4)	35.4	1.9	8.5	9.0	0.7	20.1	1.7	2.5	5.0	18.7	27.9	43.3
Equity in net of noncon. affils.	0.0	0.0	0.0	0.0	0.3	(2.4)	(2.1)	0.3	(0.1)	(0.1)	(2.2)	(2.1)	(2.1)
Reported Net Income	(1.4)	35.4	1.9	8.5	9.4	(1.6)	18.1	2.0	2.4	4.9	16.5	25.9	41.3
Net margin	17.6%	11.6%	9.2%	10.1%	10.8%	12.3%	10.8%	5.4%	6.5%	8.3%	11.7%	8.2%	10.0%
Accretion of Preferred	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	2.5	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net inc. to common pre-1-time	(3.9)	29.4	1.9	8.5	9.4	(1.6)	18.1	2.0	2.4	4.9	16.5	25.9	41.3
Net margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EPS - Basic, Continuing Operations	(\$0.05)	\$0.34	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.21	\$0.02	\$0.03	\$0.06	\$0.18	\$0.30	\$0.47
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>(1.6)</b>	<b>18.1</b>	<b>2.0</b>	<b>2.4</b>	<b>4.9</b>	<b>16.5</b>	<b>25.9</b>	<b>41.3</b>
EPS - basic	(\$0.05)	\$0.34	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.21	\$0.02	\$0.03	\$0.06	\$0.18	\$0.30	\$0.47
<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>(\$0.02)</b>	<b>\$0.21</b>	<b>\$0.02</b>	<b>\$0.03</b>	<b>\$0.06</b>	<b>\$0.18</b>	<b>\$0.29</b>	<b>\$0.46</b>
EPS reported by company	(\$0.05)	\$0.00	\$0.02	\$0.10	\$0.11	(\$0.02)	\$0.00	0.0	0.0	0.0	0.0	0.0	0.0
Model variance: EPS	\$0.00	\$0.00	\$0.00	(\$0.00)	(\$0.00)	\$0.00	\$0.00	0.0	0.0	0.0	0.0	0.0	0.0
Pro forma adjustments	39.8	9.6	5.1	1.0	0.7	18.8	25.6	0.0	0.0	0.0	0.0	0.0	0.0
Pro forma net income	35.9	39.1	7.0	9.4	10.1	17.1	43.6	2.0	2.4	4.9	16.5	25.9	41.3
Pro forma EPS - basic	\$0.43	\$0.46	\$0.08	\$0.11	\$0.12	\$0.20	\$0.51	\$0.02	\$0.03	\$0.06	\$0.19	\$0.30	\$0.47
<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>\$0.19</b>	<b>\$0.50</b>	<b>\$0.02</b>	<b>\$0.03</b>	<b>\$0.06</b>	<b>\$0.18</b>	<b>\$0.29</b>	<b>\$0.46</b>
EPS shares - Basic	84.2	85.3	86.5	85.0	84.9	85.2	85.4	87.6	87.6	87.6	87.6	87.6	87.6
EPS shares - Diluted	84.2	87.9	88.6	87.0	87.4	88.0	87.8	89.8	89.8	89.8	89.8	89.8	89.8
Free Cash Flow:													
EBITDA	60.4	88.2	18.1	22.5	25.9	36.5	103.0	13.0	17.0	22.1	37.2	89.3	122.9
Cash net interest	-5.9	-6.2	-1.2	-1.2	-1.9	-2.5	-6.7	-3.0	-2.2	-2.2	-2.3	-9.8	-9.3
Other adjustments to cash	5.3	6.8	0.1	0.8	0.1	-5.7	-4.7	0.7	0.0	0.0	0.0	0.7	1.6
- Cash taxes	-7.7	-4.1	-1.2	-6.2	-4.0	-5.5	-16.9	-0.1	-2.0	-3.2	-9.1	-14.4	-20.0
Cash taxes / EBITDA	13%	5%	7%	28%	15%	15%	16%	1%	12%	14%	25%	16%	16%
Minus: capex	-9.5	-5.6	-1.5	-1.7	-4.7	-3.6	-11.5	-6.8	-4.0	-4.7	0.4	-15.0	-12.0
Capex / D&A	55%	25%	24%	27%	71%	55%	45%	104%	63%	71%	-6%	58%	33%
Capex / EBITDA	16%	6%	9%	7%	18%	10%	11%	52%	23%	21%	-1%	17%	10%
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>19.3</b>	<b>63.3</b>	<b>3.9</b>	<b>8.8</b>	<b>12.0</b>	<b>26.2</b>	<b>50.8</b>	<b>81.5</b>
Free cash flow (reported by company)	43.0	79.0	14.3	14.3	15.4	19.3	63.3	3.9	8.8	12.0	26.2	50.8	81.5
<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>19.3</b>	<b>63.3</b>	<b>3.9</b>	<b>8.8</b>	<b>12.0</b>	<b>26.2</b>	<b>50.8</b>	<b>81.5</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>\$0.22</b>	<b>\$0.72</b>	<b>\$0.04</b>	<b>\$0.10</b>	<b>\$0.13</b>	<b>\$0.29</b>	<b>\$0.57</b>	<b>\$0.91</b>
Memo: FCF/Adjusted EBITDA (core)	70.5%	89.7%	79.1%	63.4%	59.4%	52.8%	61.4%	30.0%	51.8%	54.1%	70.3%	56.9%	66.3%
Dividends per basic share	\$0.13	\$0.10	\$0.025	\$0.025	\$0.025	\$0.025	\$0.10	\$0.05	\$0.05	\$0.05	\$0.05	\$0.20	\$0.20
- Dividends	(10.5)	(8.5)	(2.2)	(2.1)	(2.1)	(2.1)	(8.5)	(4.4)	(4.4)	(4.4)	(4.4)	(17.5)	(17.5)
Dividends as % of FCF	24.7%	10.8%	15.1%	14.9%	13.8%	11.0%	13.5%	112.1%	49.7%	36.7%	16.8%	34.5%	21.5%

Source: Industry Capital Research estimates and company data

Figure 13: Financial statement forecasts supporting our valuation (cont.)

ANNUAL PERCENTAGE CHANGE	2020A	2021A	1Q22	2Q22	3Q22	4Q22	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E
Net revenue growth	25.8%	121.0%	32.4%	24.3%	21.1%	26.7%	25.8%	21.2%	18.9%	10.4%	7.1%	13.6%	13.7%
<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>26.7%</b>	<b>25.8%</b>	<b>21.2%</b>	<b>18.9%</b>	<b>10.4%</b>	<b>7.1%</b>	<b>13.6%</b>	<b>13.7%</b>
TV revenue growth	3.2%	-4.9%	-14.5%	-4.9%	-2.1%	13.8%	-1.4%	-1.8%	-8.7%	-20.0%	-20.6%	-13.8%	13.2%
Radio revenue growth	-15.9%	25.4%	11.4%	5.8%	0.1%	26.3%	11.0%	-3.0%	-5.1%	-9.0%	-12.9%	-8.2%	8.0%
Digital revenue growth	108.0%	287.5%	51.5%	33.9%	29.3%	29.6%	34.5%	27.8%	26.1%	17.8%	14.4%	20.7%	14.1%
Cost of revenue	NM	NM	53.3%	33.0%	26.4%	29.4%	33.7%	29.6%	27.2%	18.3%	14.8%	21.6%	13.1%
Direct expense	-12.1%	-22.4%	-3.2%	1.1%	-0.7%	5.2%	0.7%	4.5%	-0.8%	-4.2%	-22.4%	-6.4%	3.5%
SG&A	-10.3%	NM	-3.0%	4.9%	4.4%	33.1%	28.5%	17.1%	15.0%	2.0%	18.8%	17.9%	11.7%
Opex	23.8%	NM	38.8%	27.8%	23.4%	26.8%	28.5%	26.8%	24.7%	15.1%	8.9%	17.9%	11.7%
<b>Opex (core)</b>	<b>-11.6%</b>	<b>12.8%</b>	<b>8.5%</b>	<b>14.3%</b>	<b>14.6%</b>	<b>19.1%</b>	<b>14.4%</b>	<b>18.7%</b>	<b>16.8%</b>	<b>4.9%</b>	<b>-10.9%</b>	<b>6.2%</b>	<b>6.9%</b>
TV opex	-4.2%	0.6%	-3.2%	1.1%	-0.7%	5.2%	0.7%	4.5%	-0.8%	-4.2%	-22.4%	-6.4%	3.5%
Radio opex	-26.3%	-4.2%	-3.0%	4.9%	4.4%	9.7%	4.1%	17.1%	15.0%	2.0%	-16.3%	3.5%	7.8%
Digital opex	-5.0%	68.1%	40.4%	43.5%	46.0%	45.1%	44.0%	37.7%	38.1%	16.0%	3.6%	21.8%	9.3%
<b>Total OCF (core)</b>	<b>32.1%</b>	<b>44.1%</b>	<b>-1.2%</b>	<b>5.1%</b>	<b>9.2%</b>	<b>25.9%</b>	<b>11.4%</b>	<b>-20.5%</b>	<b>-18.6%</b>	<b>-17.8%</b>	<b>-2.6%</b>	<b>-13.1%</b>	<b>29.8%</b>
TV OCF	12.8%	-11.0%	-28.3%	-13.0%	-3.8%	24.1%	-4.1%	-12.2%	-21.1%	-40.2%	-18.9%	-23.4%	28.7%
Radio OCF	NM	NM	97.1%	7.8%	-6.2%	58.7%	26.2%	-62.0%	-50.9%	-27.0%	-8.3%	-29.6%	8.4%
Digital OCF	NM	NM	46.1%	32.5%	45.2%	15.1%	31.3%	-16.3%	-3.9%	14.4%	24.4%	7.7%	37.4%
Corporate expense	3.0%	3.0%	-2.0%	-13.0%	4.2%	47.9%	3.0%	0.0%	0.0%	0.0%	9.2%	3.0%	3.0%
<b>Adjusted EBITDA (core)</b>	<b>46.6%</b>	<b>45.9%</b>	<b>27.6%</b>	<b>26.4%</b>	<b>11.2%</b>	<b>11.2%</b>	<b>16.9%</b>	<b>-28.1%</b>	<b>-24.2%</b>	<b>-14.8%</b>	<b>1.8%</b>	<b>-13.3%</b>	<b>37.5%</b>
D & A	3.8%	29.7%	23.4%	23.4%	11.1%	3.6%	14.6%	1.2%	1.2%	1.2%	1.2%	1.2%	42.4%
Operating income	88.3%	47.7%	15.2%	17.3%	1.7%	-11.3%	2.1%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	NM
Pretax income	NM	NM	-72.0%	-18.2%	-31.3%	-62.6%	-41.4%	-29.5%	-50.7%	-30.5%	NM	35.6%	55.1%
Net income pre-extra.	NM	NM	-65.2%	7.6%	-23.7%	NM	-38.5%	8.2%	-71.7%	-47.2%	NM	43.1%	59.5%
EPS, Continuing Operations	NM	NM	-66.7%	11.1%	-21.4%	NM	-38.2%	0.0%	-70.0%	-45.5%	NM	42.9%	56.7%
<b>EPS - diluted</b>	<b>NM</b>	<b>NM</b>	<b>-65.9%</b>	<b>8.6%</b>	<b>-22.9%</b>	<b>NM</b>	<b>-38.4%</b>	<b>6.8%</b>	<b>-72.6%</b>	<b>-48.6%</b>	<b>NM</b>	<b>39.9%</b>	<b>59.5%</b>
FCF/share	NM	76.5%	6.7%	14.3%	-28.0%	-37.1%	-20.0%	-75.0%	-37.5%	-27.8%	31.8%	-20.8%	59.6%
EPS shares - Diluted	-1.0%	4.4%	1.9%	-0.9%	-1.0%	-0.7%	-0.2%	1.3%	3.2%	2.7%	2.1%	2.3%	0.0%

Source: Industry Capital Research estimates and company data

Figure 14: DCF analysis supports \$7 12-month price target within \$6-\$7.50 range, assuming no recession

Entravision DCF analysis			
\$ in millions except per share amounts			
	Current	YE 2023	YE 2024
Firm Value	714	722	701
(-) Total Net Debt	107	73	10
(+) NOLs/Tax Assets	12	12	12
(-) Options (Claims on Entravision)	(0.9)	(0.9)	(0.9)
Common Equity Value	618.1	659.0	702.3
Shares Outstanding	89.8	89.8	89.8
Current Share Price	\$5.87	\$5.87	\$5.87
Value Per Share	\$6.89	\$7.34	\$7.82
12-month	\$7.50		
12-month (SoTP)	\$6.00		

ASSUMPTIONS							
Risk Free Rate	3.59%	CAGRs					
Equity Premium	4.77%	2018-22	2020-24	2022-26	2024-28	2027-28	
Assumed LT Growth Rate (g)	0%	EBITDA	18%	19%	8%	4%	18%
MV of Equity Calculation		FCF to Firm	43%	14%	8%	4%	17%
Share Price	\$5.87	CAGRs					
Outstanding Shares	89.8	2019-23	2021-25	2023-27			
MV of Equity	526.9	EBITDA	21%	7%	8%		
Estimate MV of Debt Calculation		FCF to Firm	NM	13%	12%		
Interest Expense	6.9						
Current Cost of Debt	6.0%						
Wgtd Avg Maturity of Debt							
BV of Debt	106.8						
Estimate MV of Debt	106.8						

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
EBITDA	54.0	41.2	60.4	88.2	103.0	89.3	122.9	117.2	141.7	121.9	143.6	
EBIT	37.8	24.6	43.1	65.7	77.4	63.3	85.8	77.5	98.5	78.0	97.6	87.8
Less Cash Taxes	(11.3)	(7.4)	(12.9)	(19.7)	(23.2)	(19.0)	(25.7)	(23.3)	(29.6)	(23.4)	(29.3)	(30.7)
Plus D&A	16.3	16.6	17.3	22.4	25.7	26.0	37.0	39.6	43.2	43.9	46.0	46.0
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(11.5)	(15.0)	(12.0)	(12.6)	(13.3)	(13.9)	(14.6)	(46.0)
Less Increase in WC	(9.4)	(8.7)	8.7	(15.5)	(0.3)	(4.0)	(5.0)	(5.0)	(6.1)	(4.9)	(6.2)	(5.6)
Free Cash Flow to Firm	16.3	(0.1)	46.6	47.3	68.1	51.3	80.1	76.3	92.8	79.6	93.5	51.5
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		107										
Leverage Mult.		1.8x										
D/Equity		20%										
D/EV		17%										
E/EV		83%										
Unlevered Beta		1.02										
Levered Beta		1.26										
D/Equity (long-term target)		33%										
Cost of Debt (AT)		4.2%										
Cost of Equity		9.6%										
WACC		8.2%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
PV of CF					68.1	47.4	68.4	60.1	67.6	53.6	58.1	
						47.4	68.4	60.1	67.6	53.6	58.1	
							74.0	65.1	73.2	58.0	62.9	
								70.5	79.2	62.8	68.1	

	Current	YE 2023	YE 2024
Sum of PV	355.2	333.2	280.6
PV of Terminal Value	358.8	388.3	420.3
NPV of all CF	713.9	721.5	700.9

624.7

4x EBITDA

Source: Industry Capital Research estimates and company data



Figure 15: DCF analysis allocates ~90% of firm value to digital media business

Entravision DCF analysis - Digital

\$ in millions except per share amounts

	Current	YE 2023	YE 2024
Firm Value	480	473	479
(-) Total Net Debt	-	-	-
(+) NOLs			
(-) Options (Claims on Entravision)			
Common Equity Value	480.3	472.5	478.8
Shares Outstanding	89.8	89.8	89.8
Current Share Price	\$5.87	\$5.87	\$5.87
Value Per Share	\$5.35	\$5.26	\$5.33
12-month	\$5.50		
Minority Interest		1	

ASSUMPTIONS																	
Risk Free Rate	3.6%	CAGRs															
Equity Premium	4.8%	2018-22	2020-24	2022-26	2024-28	2027-28											
Assumed LT Growth Rate (g)	1%	EBITDA	105%	134%	18%	11%	5%										
MV of Equity Calculation		FCF to Firm	108%	133%	15%	11%	3%										
Share Price	\$5.87	CAGRs															
Outstanding Shares	89.8	2019-23	2021-25	2023-27													
MV of Equity	526.9	EBITDA	NM	31%	18%												
Estimate MV of Debt Calculation		FCF to Firm	NM	79%	20%												
Interest Expense	6.9																
Current Cost of Debt	6.0%																
Wgtd Avg Maturity of Debt																	
BV of Debt	-																
Estimate MV of Debt	-																

Discounted Cash Flow	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
EBITDA	2.8	(0.1)	2.3	28.2	49.0	50.7	69.7	84.0	93.5	99.8	104.4	
EBIT	2.8	(0.1)	2.3	23.1	40.1	41.5	57.0	68.7	76.5	81.7	85.4	84.4
Less Cash Taxes	(0.8)	0.0	(0.7)	(6.9)	(12.0)	(12.4)	(17.1)	(20.6)	(22.9)	(24.5)	(25.6)	(29.5)
Plus D&A				5.1	8.9	9.2	12.7	15.3	17.0	18.2	19.0	19.0
Less Cap Ex												(19.0)
Less Increase in WC				(15.5)	(0.3)	(4.0)	(5.0)	(5.0)	(6.1)	(4.9)	(6.2)	(5.6)
Free Cash Flow to Firm	1.9	(0.1)	1.6	5.7	36.7	34.2	47.6	58.4	64.5	70.4	72.5	49.2
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	11.4%											
WACC	11.4%		11%	11%	11%	11%	11%	11%	11%	11%	11%	
PV of CF					36.7	30.7	38.3	42.2	41.9	41.0	37.9	
						30.7	38.3	42.2	41.9	41.0	37.9	
							42.7	47.1	46.7	45.7	42.3	
								52.4	52.0	50.9	47.1	
Sum of PV	232.1	224.4	202.4									474.5
PV of Terminal Value	248.1	248.1	276.4									5x EBITDA
NPV of all CF	480.3	472.5	478.8									

Source: Industry Capital Research estimates and company data

Figure 16: DCF analysis allocates ~10% of firm value to broadcast media business

Entravision DCF analysis - Broadcasting												
\$ in millions except per share amounts												
	Current	YE 2023	YE 2024									
Firm Value	124	114	90									
(-) Total Net Debt	107	73	10									
(+) NOLs	12	12	12									
(-) Options (Claims on Entravision)	(0.9)	(0.9)	(0.9)									
Common Equity Value	28.4	51.7	91.1									
Shares Outstanding	89.8	89.8	89.8									
Current Share Price	\$5.87	\$5.87	\$5.87									
Value Per Share	\$0.32	\$0.58	\$1.01									
12-month	\$0.50											

ASSUMPTIONS												
Risk Free Rate	3.6%											
Equity Premium	4.8%											
Assumed LT Growth Rate (g)	-1%											
MV of Equity Calculation												
Share Price	\$5.87											
Outstanding Shares	89.8											
MV of Equity	526.9											
Estimate MV of Debt Calculation												
Interest Expense	6.9											
Current Cost of Debt	6.0%											
Wgtd Avg Maturity of Debt												
BV of Debt	106.8											
Estimate MV of Debt	106.8											

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal
EBITDA	51.3	41.3	58.1	59.9	54.0	38.7	53.2	33.2	48.2	22.0	39.3	
EBIT	35.0	24.7	40.8	42.7	37.3	21.9	28.8	8.8	22.0	(3.7)	12.2	4.2
Less Cash Taxes	(10.5)	(7.4)	(12.2)	(12.8)	(11.2)	(6.6)	(8.7)	(2.6)	(6.6)	1.1	(3.7)	(1.5)
Plus D&A	16.3	16.6	17.3	17.3	16.8	16.8	24.3	24.3	26.1	25.7	27.0	27.0
Less Cap Ex	(17.0)	(25.3)	(9.5)	(5.6)	(11.5)	(15.0)	(12.0)	(12.6)	(13.3)	(13.9)	(14.6)	(27.0)
Less Increase in WC	(9.4)	(8.7)	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm	14.3	(0.0)	45.0	41.5	31.4	17.0	32.5	17.9	28.3	9.2	21.0	2.8
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		107										
Leverage Mult.		1.8x										
D/Equity		20%										
D/EV		17%										
E/EV		83%										
Unlevered Beta		0.73										
Levered Beta		0.9										
D/Equity (long-term target)		33%										
Cost of Debt (AT)		4.2%										
Cost of Equity		7.9%										
WACC		7.0%	7%	7%	7%	7%	7%	7%	7%	7%	7%	
PV of CF					31.4	15.9	28.4	14.6	21.6	6.6	14.0	0.0
						15.9	28.4	14.6	21.6	6.6	14.0	0.0
							30.4	15.6	23.1	7.0	15.0	0.0
								16.7	24.7	7.5	16.0	0.0
Sum of PV	101.1	91.1	64.9									34.6
PV of Terminal Value	23.1	23.1	24.7									1x EBITDA
NPV of all CF	124.2	114.2	89.7									

Source: Industry Capital Research estimates and company data

Entravision Communications Corporation (EVC)

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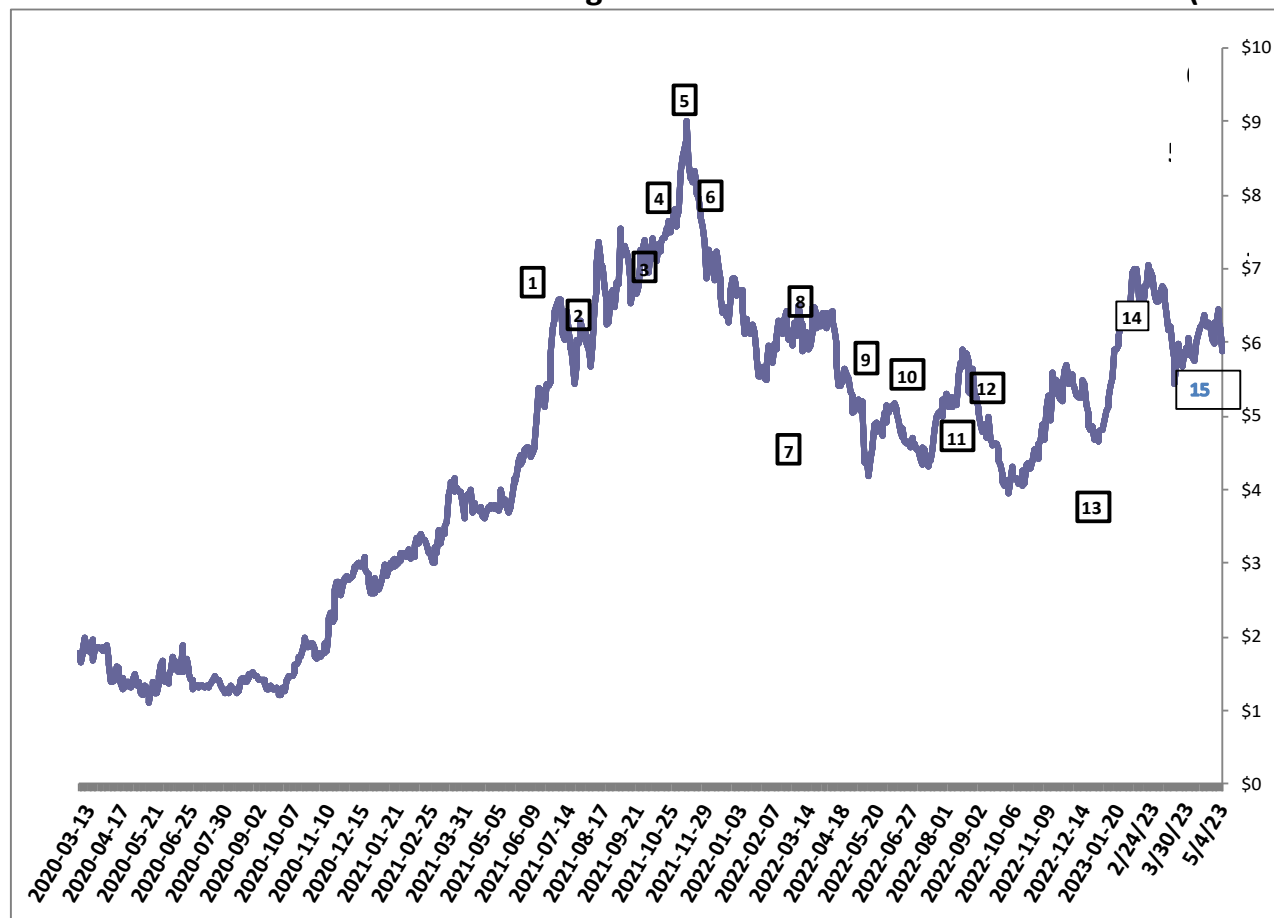
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The author, Director of Research at Industry Capital Research, is a CFA® charterholder who has 18 years of experience as an analyst at U.S. broker-dealers covering the media sector, was rated #2 Stock Picker in U.S. Media for 2016 by Thomson Reuters,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

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



### 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

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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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