



Third Quarter 2024 Earnings Report Script

Roy Nir, VP, Financial Reporting and Investor Relations:

Good afternoon everyone, I am Roy Nir, Vice President of Financial Reporting and Investor Relations.

Welcome to Entravision's third quarter 2024 earnings report. Joining me today are Michael Christenson, Chief Executive Officer and Mark Boelke, Chief Financial Officer.

Before we begin, I must inform you that our report will contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ. Please refer to Entravision's SEC filings for a list of risks and uncertainties that could impact actual results.

Our report will also include non-GAAP financial measures. The Company has provided a reconciliation of these non-GAAP financial measures to their most comparable GAAP measures in its press release.

The press release is available on the Company's Investor Relations page and was filed with the SEC on Form 8-K.

I will now turn it over to Michael Christenson.



Michael Christenson, CEO

Thank you Roy, and thanks to all of you for joining us for this report today.

When we last reported our 2Q results for the quarter ending in June, we talked about the transformation we completed with the separation of our digital platform representation business and the sale of several other operations. More importantly, we talked about how we were investing in our media business and in our remaining advertising technology and services businesses.

In media, our mission is to serve our Latino audience, to be the trusted provider of useful news, information and entertainment, and to serve our advertisers by providing multi-channel marketing capabilities to engage our audience. Remember, this is an audience we have served for three decades.

We talked about two important investments in our media business - news and political sales. We have made significant investments this year to expand our news production capabilities. We doubled the amount of news that we provide to our audience. We now provide morning, midday, early evening and late news in all of our markets. And we have weekend early evening and late news in San Diego, Las Vegas and Denver, and in El Paso and McAllen, Texas. We feel good about our news investment, and the progress we have made since our launch in the first quarter of this year.



What I can tell you today is that the expanded news operation was profitable in its first full quarter 2Q and profitability improved through the year through 3Q. We are proud of our team for their work in expanding this business profitably.

We also invested in our sales organization to build a team to engage directly with political decision makers, to educate them about our audience , and how Entravision can help them reach our audience.

One in five of the Latinos in America are in our broadcast markets. We believe that analysis will show that our audience was critical to determining the outcome of these 2024 elections. And we believe our audience will be critical to the outcome of future elections.

We had four objectives for our political initiative:

First, to Serve our audience by providing news and information about the elections.

Second, to Maximize our political revenue.

Third, to convince the campaigns to allocate their investment in Spanish language media in proportion to the percentage of registered voters that are Latino. Across our markets in our six southwestern states, 27% of registered voters are Latino. Historically the allocation to Spanish language media has been in the low to mid-single digits.

And our fourth objective was to promote civic engagement by our audience. Get them to register and get them to vote.

So two days after the election we can share a preliminary assessment of how we did:



Number one, serving our audience: We did a very good job of providing news and information to our audience about the candidates and the elections. So we believe our first objective was accomplished.

Number two, maximizing political revenue: We focused on five critical races in building our revenue plan: The Presidential race in Nevada and Arizona, the US Senate races in Nevada, Texas and Arizona. What I can tell you today is that our political revenue for 2024 will be higher than our previous high in 2022, but it will not meet our most ambitious expectations. The amount of money spent on those five races was lower than we had hoped.

Objective number three, significantly increase the allocation to Spanish language media: We are proud to say that based on early reports, TV spend for Spanish language media in those five races, again, the Presidential race in Nevada and Arizona, the US Senate races in Nevada, Texas and Arizona, was actually higher on a percentage basis than the percentage of registered voters that are Latino. We are very pleased with this result.

And our fourth objective, promote civic engagement and voter registration and voter turnout: We are still gathering that data and will have more to say about that in the future.

In conclusion, we feel very good about the financial outcome for Entravision. We believe we served our audience well. We believe we changed the way people think about our audience and how they think about Entravision.



In addition to our investments in media, we continue to invest in our remaining advertising and technology and services business: Smadex and Adwake. The investments are to improve their platforms and their operational capabilities, and as we said in our last report, both of these businesses continue to grow faster than industry growth rates and they are both profitable.

So In closing, I want to thank everyone at Entravision for their hard work and commitment to Entravision, and to thank our shareholders for their support.

We are excited about the opportunities ahead, and we look forward to building value for Entravision and our shareholders.

Now I would like to turn it over to Mark, our CFO, to provide the financial report.

Mark Boelke, CFO

Thank you, Mike.

During 2024 we've undertaken initiatives to reorganize our business units and their management, operations, sales and support teams in order to better drive revenue, support our business units and reduce expense. As a result of these initiatives, we have realigned our financial reporting into two operating segments, consistent with our management and operational structure, beginning with third quarter 2024.

The first operating segment is Media, which consists of our television, radio and U.S. digital media businesses. The Media business primarily consists of the sale of advertising to local and national advertisers in the United States through a combination of television, radio and digital media platforms.



The second operating segment is Advertising Technology & Services, which consists of two business units: Smadex, which is our programmatic digital advertising purchasing platform or DSP, and Adwake, our mobile growth solutions services business.

These two operating segments are consistent with our current structure of how we manage, operate and report on our business.

I want to also note that during the second quarter of 2024, Entravision completed the sale of our global sales representation business known as “Entravision Global Partners”, or EGP. As a result of this sale, financial results for EGP are reported in our financial statements as discontinued operations, for both the third quarter and prior periods.

I'll now review third quarter financial results for our continuing operations.

On a consolidated basis, revenue for the third quarter was \$97.2 million, up 25% compared to the third quarter of 2023. The increase was driven primarily by political advertising revenue in our Media segment and growth of Smadex in our Advertising Technology & Services Segment, partially offset by decreases in spectrum rights usage revenue and retransmission consent revenue in our Media segment.

In the third quarter, net loss attributable to common stockholders was \$12 million, compared to net income of \$2.7 million in the prior year third quarter. The decline in net income year-over-year was primarily due to an Income tax loss incurred in the third quarter of 2024. As I mentioned earlier, Entravision sold our EGP global sales rep business in Q2 of '24. This sale had an impact on the timing of our quarterly tax expense, particularly in Q2 and Q3, although we expect this tax expense to even out to a normalized rate for the full year 2024.



I'll now review financial results for each of our two operating segments.

Starting with our Media segment, revenue for the third quarter was \$59.8 million, up 23% compared to the third quarter of 2023. The increase was driven by political advertising revenue, partially offset by decreases in spectrum usage rights revenue and retransmission consent revenue.

During the third quarter, operating profit for the Media segment was \$11.7 million, up 19% compared to the third quarter of 2023.

Operating margin during the 3rd quarter was 20%, which was similar to 3rd quarter 2023.

Looking ahead to the fourth quarter, revenue from our Media segment is currently pacing +28% compared to the fourth quarter of 2023. That's the pace as of today, which includes 4th quarter political advertising that ended a few days ago. We don't expect to end the quarter at that pace, but that's where we are as of today.

Turning to our Advertising Technology & Services segment, revenue for the third quarter was \$37.4 million, up 30% compared to the third quarter of '23. The growth in the Advertising Technology & Services segment was driven primarily by both of our businesses within this segment, Smadex, again our programmatic ad purchasing platform and Adwake, our mobile growth solutions services business.

During the third quarter, operating margin for the Advertising Technology & Services segment was 5%, compared to 3% in the third quarter of 2023.



Operating margin on net revenues, minus the cost of revenue, was 13%, compared to 8% in the third quarter of '23.

The improvement in Advertising Technology & Services segment operating margins was attributed to better performance and better margins in both of our Smadex and Adwake businesses.

Looking ahead to the fourth quarter, revenue from our Advertising Technology & Services segment is currently pacing at +30% compared to the fourth quarter of '23.

I'll now turn to a review of our corporate financial performance.

Corporate expense for the third quarter was \$6.9 million. This was a decrease of 48% compared to the third quarter of 2023 or about \$6.5 million in reduced corporate expense. As I mentioned earlier, during 2024 we've taken steps to reorganize and better align our management and operational structure in order to drive revenue, support our businesses and reduce expense. Of the \$6.5 million of decreased corporate expense, approximately \$4 million of the decrease is due to a reduction in personnel and related compensation expense including salary, bonus and non-cash stock-based compensation, and also decreased professional services expense. Approximately \$2.5 million of the decrease is now included in operating expense, due to the reassignment of certain personnel and business responsibilities.

Looking at our balance sheet, we had a total of \$93 million in cash and marketable securities as of September 30, 2024. Indebtedness under our credit facility at quarter-end was \$187.8 million. During 2024 we have prepaid \$20 million of our bank debt, including a prepayment of \$10 million during the first quarter and an additional \$10 million during the second quarter.



Cash capital expenditures during the third quarter were \$1.6 million. This represented 14% of net cash provided by operating activities, compared to 23% during the prior year third quarter. Cash capital expenditures for the year-to-date period of January through September 2024 were \$6.3 million, representing 10% of net cash provided by operating activities, compared to 29% for the prior year period.

This lower capex in 2024 was driven primarily by last year's buildout of our new office headquarters, which was completed in the third quarter of 2023. Capital expenditures are expected to be approximately \$7 million for full-year 2024.

Free cash flow is defined as cash provided by operating activities, less cash capital expenditures. During third quarter 2024, free cash flow was \$9.3 million, compared to \$17.0 million in third quarter 2023. This decrease was primarily due to cash flow that was generated by our EGP global sales rep business in third quarter 2023 that did not return in third quarter 2024, due to the sale of that business earlier this year in Q2 2024.

We paid \$4.5 million in dividends to stockholders in the third quarter, or 5 cents per share, representing 41% of our net cash provided by operating activities. We paid \$13.5 million in dividends to our stockholders in the nine-month period year-to-date, or 15 cents per share, representing 22% of our net cash provided by operating activities during the period. Our Board of Directors has approved a 5 cent dividend per share for the fourth quarter of 2024, which will be payable on December 31 to stockholders of record as of December 16, 2024, for a total dividend payment of approximately \$4.5 million.



This concludes our earnings report. Thank you for joining us. If you have questions, please connect with us through the Investor Relations page on our corporate website, where you will also have access to the transcript of this report, the press release for our results and a copy of our Form 10-Q filed with the SEC.

We welcome feedback and input from our shareholders and we look forward to hearing from you. Thank you.

Operator?