Baptista Research

TEGNA Inc. (TGNA)

Industry View:	In-Line
Stock Rating:	Hold
Price Target:	$21.0
Current Price:	$19.8
Shares Outstanding:	219.66 MM
Average Daily Volume (3 months):	1.84 MM
52-Week High:	$20.78
52-Week Low:	$9.61

Company Overview

Tegna Inc. is a Virginia-based media company that operates television stations and radio stations in order to deliver television programming and digital content. It offers content and information to consumers across various platforms. The company also provides solutions for advertisers through Tegna Marketing Solutions which helps businesses through a suite of services and solutions that reach consumers in television, email, and social platforms, as well as over-the-top platforms. This local advertising network is known as Premion, which places advertisements alongside premium long-form and live streaming content across networks. Tegna has close to 49 television stations and 2 radio stations in 41 markets in the United States.

Investment Thesis

Tegna started the year 2020 with a series of acquisition related talks with the likes of media companies such as Allen Media, Gray Television, and even Apollo Global. While the M&A deal may not have worked out, Tegna did end up having a fantastic year on account of high political revenues resulting from the U.S. elections. The company has witnessed a decent subscriber growth as well and has surpassed analyst estimates for most of the quarterly results in the year. While it does not have the political revenue tailwinds in 2021, the management has given a strong guidance particularly with respect to subscriber growth. We maintain our 'Hold' rating on the stock.

Baptista Research looks to evaluate the different factors that could influence the company's price in the near future and attempts to carry out an independent valuation of the company using a Discounted Cash Flow (DCF) methodology. In this report, we have carried out a fundamental analysis of the historical financial statements of the company. We have also added reasonable forecasts of the annualized income statement and cash flows and carried out a DCF valuation of the company using its Weighted Average Cost of Capital (WACC) to determine a forecasted share price.

Key Drivers

Financial Performance & Expectations

Tegna reported a top-line of $937.58 million for the most recent quarterly result for the period ended 31/12/20 which implies a 35.11% change as compared to the $693.96 million number reported in the corresponding quarter of the previous year.The company beat the analyst consensus estimate of $934.35 million.

These revenues translated into a gross margin of 57.40% and an operating margin of 42.18% which was higher than that in the same quarter of last year. Tegna reported an EBITDA of $429.80 million which translated into a Net Income of $244.30 million. The company's adjusted EPS of $1.16 outperformed the analyst consensus estimate of $1.15.

In terms of cash flows, Tegna reported $289.39 million in the form of operating cash flows and spent $35.11 million in investing activities during the previous quarter. The company produced higher cash flows as compared to the same period in the previous year. For the coming quarterly result, we expect Tegna to report a top-line of $707.30 million and an adjusted EPS of $0.44.

Subscription Revenues

Tegna has a strong asset base in terms of its TV towers coupled with a solid subscriber base. Subscription revenues account for a little over one-third of the company's top-line. If we eliminate the political revenues (which are obviously going to drop significantly in 2021), the company still delivered a small growth at the top-line level which was largely due to higher subscribers. The company had $313.7 million in subscription revenues for the previous quarter and the management expects the profitability in this segment to grow in the range of 25-30%. Margin expansion could be the driver of the stock's value in 2021 if the management is able to achieve this guidance as it would imply a significantly enhanced bottom-line.

Strong Macro & Market Consolidation

As per the research published by PwC in 2019, about 67% of U.S. households still have traditional pay-TV subscriptions which implies a strong decline over the years, driven largely by online streaming services provided by the likes of Netflix, Amazon, Disney, AT&T, and so on. This decline in traditional viewership has led to a wave of consolidation as media companies are readying themselves for the viewership war. Tegna had been a part of this consolidation process in the beginning of 2020 with interest expressed from companies like Allen Media, Gray Television, and Apollo Global. Clearly, the intent was to capitalize on election revenues but there is a good chance that Tegna might be targeted again despite the election opportunity being exhausted. Apart from its subscriber base, the company covers about 39% of U.S. households and has a strong base of TV towers that are valuable assets that could be the point of acquisition. Some examples of consolidation in the industry are as follows – In 2019, Nexstar Media Group Inc acquired Tribune Media Company for $7.2 billion. Another example is that of Sinclair Broadcast Group which acquired Disney's 21 regional sports networks for $10.6 billion. Tegna could become an acquisition target all over again resulting in value unlocking from a shareholders' point of view.

Historical Quarterly Statement Analysis - Income Statement & Cash Flows (USD Million)

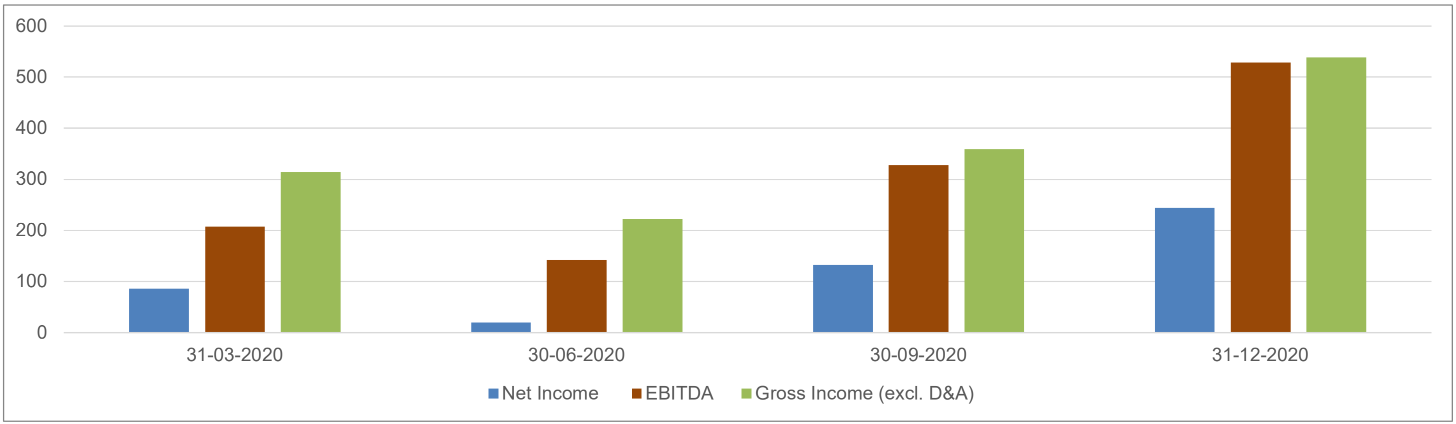
Particulars	31-03-2020	30-06-2020	30-09-2020	31-12-2020
Revenues	684	578	738	938
% growth		*-15.6%*	*27.8%*	*27.0%*
Cost of Goods Sold	369	355	379	399
% of revenue	*54.0%*	*61.5%*	*51.4%*	*42.6%*
Gross Income (excl. D&A)	315	222	359	538
% of revenue	*46.0%*	*38.5%*	*48.6%*	*57.4%*
EBITDA	208	142	328	528
% of revenue	*30.4%*	*24.6%*	*44.4%*	*56.3%*
Depreciation & Amortization	33	67	100	135
% of Fixed Assets	*0.5%*	*1.1%*	*1.7%*	*2.2%*
Extraordinary Expenses	-3	0	-3	1
EBIT (incl. extraordinary exp)	175	75	228	394
% of revenue	*25.5%*	*13.0%*	*30.8%*	*42.0%*
Pretax Income	107	26	174	329
% of revenue	*15.7%*	*4.5%*	*23.6%*	*35.1%*
Income Tax	21	7	42	85
% rate	*19.7%*	*25.2%*	*24.1%*	*25.7%*
Net Income	86	20	132	244
% of revenue	*12.6%*	*3.5%*	*17.9%*	*26.1%*

Twelve Month Quarterly Cash Flows (USD Million)

Particulars	31-03-2020	30-06-2020	30-09-2020	31-12-2020
Duration Covered	**3 months**	**6 months**	**9 months**	**12 months**
Cash From Operating Activities	177	314	516	805
Cash From Investing Activities	-16	-21	-24	-60
Free Cash Flows	162	292	491	746

- Let us start off with analyzing the most recent and historical quarterly data reported by the company.
- Tegna has reported a top-line of $937.58 million in its recent quarterly result which is a 26.98% appreciation over the previous quarter.
- The company reported a positive gross margin of 57.40% for the quarter ended 31-12-2020.
- Its EBITDA for the quarter was $528.22 million and the EBITDA margin was 56.34%.
- This was a 11.92% margin expansion at the EBITDA level which is definitely a positive outcome.
- Tegna's operating income (EBIT) was reported at $393.65 million and a margin of 41.99%.
- This EBIT margin grew by 11.15% in this quarter.
- The company's pre-tax margin for the quarter was 35.12%.
- Tegna reported a net income of $244.3 million which resulted in a diluted earnings per share (EPS) of $0.39.
- The company's net margin was 26.06%

Evolution Of Gross Income, EBIT, & Net Income (USD Million)



- Now let us move on to the cash flow generation in the recent quarter.
- Tegna generated $805.14 million in terms of operating cash flows for the 12 months period ended 31-12-2020.
- The company was able to convert about 30.87% of its revenues into operating cash flows in the recent quarter.
- This quarter's EBITDA-to-operating cash flow conversion ratio is 54.79%
- Overall, Tegna delivered a positive free cash flow of $745.62 million for the past 12 months.

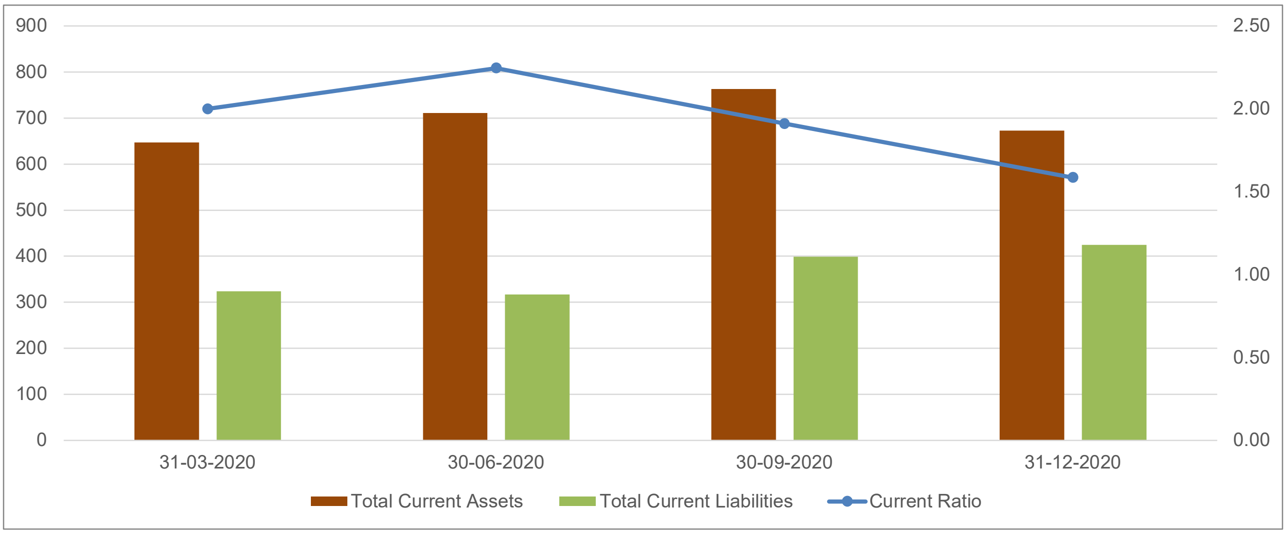
Historical Quarterly Statement Analysis - Balance Sheet (USD Million)

Balance Sheet	**31-03-2020**	**30-06-2020**	**30-09-2020**	**31-12-2020**
Assets				
Net Intangible Fixed Assets	5506	5487	5470	5472
Net Tangible Fixed Assets	590	583	569	568
Total Fixed Assets	**6096**	**6069**	**6039**	**6040**
% of revenue	*891.0%*	*1050.7%*	*817.8%*	*644.2%*
LT Investments	151	148	143	136
Inventories	0	0	0	0
% of revenue	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Accounts Receivable	558	500	517	565
% of revenue	*81.5%*	*86.6%*	*70.0%*	*60.2%*
Cash and ST Investments	35	173	165	41
% of revenue	*5.1%*	*30.0%*	*22.3%*	*4.4%*
Other Current Assets	54	38	82	67
Total Current Assets	**647**	**711**	**763**	**673**
Other Assets	0	0	0	0
Total Assets	**6894**	**6928**	**6945**	**6849**
Liabilities & Shareholder's Equity				
Equity & Minorities	1672	1690	1814	2073
% of capital employed	*25.5%*	*25.6%*	*27.7%*	*32.3%*
LT Debt	4072	4098	3906	3553
Other LT Liabilities	826	824	825	798

Total LT Liabilities	**4898**	**4922**	**4731**	**4352**
% of capital employed	*74.5%*	*74.4%*	*72.3%*	*67.7%*
ST Debt	0	0	0	0
% of capital employed	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Accounts Payable	54	37	61	58
% of COGS	*8.0%*	*6.4%*	*8.3%*	*6.2%*
Other ST Liabilities	269	280	338	366
% of revenue	*39.3%*	*48.4%*	*45.8%*	*39.0%*
Total Current Liabilities	**324**	**317**	**399**	**424**
Total Liabilities	**5222**	**5239**	**5131**	**4776**
Total Liabilities & Shareholder's Equity	**6894**	**6928**	**6945**	**6849**

- When we look at the quarterly Balance Sheet of the company, we see that the Fixed Asset base has evolved from $6.03851 billion to $6.03988 billion over the last 2 quarters.
- The current level of fixed assets, including tangibles & intangibles, is around 644.20% of the company's quarterly turnover.
- There was a -4.88% decrease in the long-term investments over the past quarter.
- The company's receivables were around 60.24% of the quarterly top-line.
- As a result of the positive free cash flows, the company had a final cash and short-term investment balance of $40.97 million.
- When we analyze the capital structure of Tegna, we realize that the company relies more on debt to finance its operations.
- The company's equity accounts for 32.27% of its total capital employed whereas debt (both long-term and short-term) accounts for about 67.73% of the total capital.
- Tegna's payables account for 6.19% of its cost of goods sold.
- The following chart demonstrates the evolution of the company's working capital elements and its current ratio over the past 4 quarters.

Current Assets & Current Liabilities (USD Million)



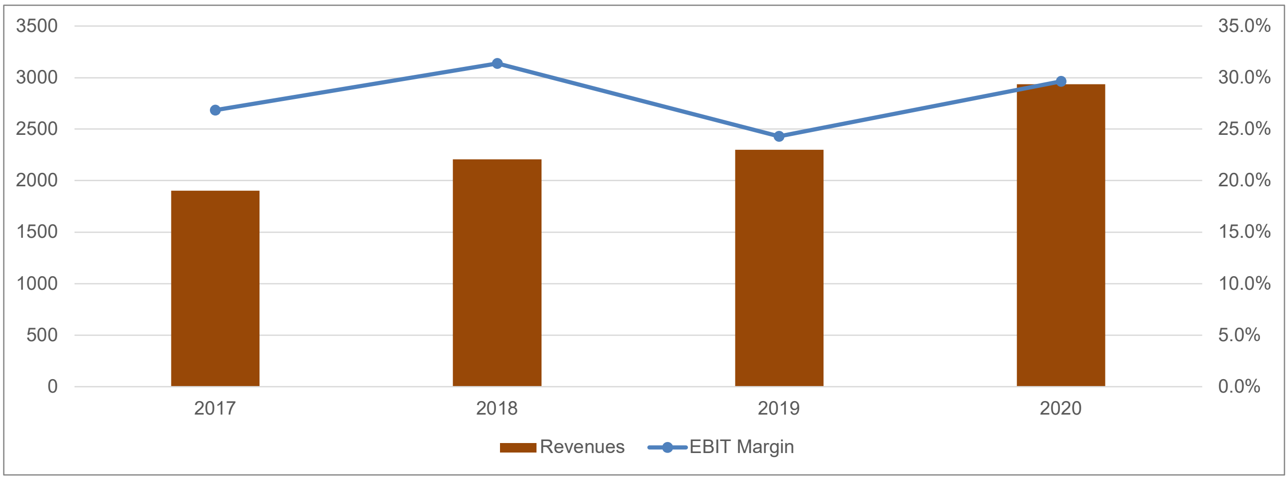
Historical Income Statement - Annual (USD Million)

Particulars	**2017**	**2018**	**2019**	**2020**
Revenues	1903	2207	2300	2938
% growth		*16.0%*	*4.2%*	*27.8%*
Cost of Goods Sold	934	1066	1228	1503
% of revenue	*49.1%*	*48.3%*	*53.4%*	*51.2%*
Gross Income (excl. D&A)	969	1141	1071	1434

% of revenue	*50.9%*	*51.7%*	*46.6%*	*48.8%*
EBITDA	781	708	1024	888
% of revenue	*41.0%*	*32.1%*	*44.5%*	*30.2%*
Depreciation & Amortization	270	15	465	17
% of Fixed Assets	*6.4%*	*0.3%*	*7.6%*	*0.3%*
Extraordinary Expenses	39	-6	27	-10
EBIT (incl. extraordinary exp)	511	693	559	871
% of revenue	*26.8%*	*31.4%*	*24.3%*	*29.6%*
Pretax Income	311	509	376	637
% of revenue	*16.3%*	*23.0%*	*16.3%*	*21.7%*
Income Tax	84	108	89	154
% rate	*27.0%*	*21.3%*	*23.8%*	*24.2%*
Net Income	274	406	286	483
% of revenue	*14.4%*	*18.4%*	*12.4%*	*16.4%*

- When we analyze the company's annualized historical income statement, we see that the top-line was $2.93778 billion for the previous financial year ending in 2020.
- The revenue growth was 27.76% in 2020 as compared to around 4.18% in 2019.
- Tegna's cost of goods sold has decreased from 53.41% to 51.17% as a percentage of the top-line resulting in a rise in the gross margins.
- The company's overall annual EBITDA margin of 30.23% is lower than the reported quarterly EBITDA margin for the most recent quarter.
- Non-cash expenses in the form of depreciation and amortization have gone down as compared to the result in 2019.

Revenue & Operating Margin (USD Million)



- In terms of the bottom-line, Tegna reported an operating income (EBIT) of $870.98 million and a net income of $482.78 million resulting in an EPS of $2.19.
- The good news for investors holding the stock is that its net margin had increased from 12.45% in 2019 to 16.43% in 2020.

Historical Balance Sheet - Annual (USD Million)

Particulars	2017	2018	2019	2020
Assets				
Net Intangible Fixed Assets	3853	4123	5512	5472
Net Tangible Fixed Assets	335	375	589	568
Total Fixed Assets	**4188**	**4498**	**6101**	**6040**
% of revenue	*220.1%*	*203.8%*	*265.3%*	*205.6%*

LT Investments	137	143	145	136
Inventories	0	0	0	0
% of revenue	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Accounts Receivable	439	446	601	565
% of revenue	*23.1%*	*20.2%*	*26.2%*	*19.2%*
Cash and ST Investments	99	136	29	41
% of revenue	*5.2%*	*6.2%*	*1.3%*	*1.4%*
Other Current Assets	99	53	77	67
Total Current Assets	**637**	**635**	**707**	**673**
Other Assets	0	0	0	0
Total Assets	**4962**	**5277**	**6954**	**6849**
Liabilities & Shareholder's Equity				
Equity & Minorities	995	1341	1590	2073
LT Debt	3007	2944	4179	3553
Other LT Liabilities	635	622	823	798
Total LT Liabilities	**3642**	**3567**	**5002**	**4352**
ST Debt	1	0	0	0
Accounts Payable	53	83	52	58
% of COGS	*2.8%*	*3.8%*	*2.3%*	*2.0%*
Other ST Liabilities	272	286	309	366
Total Current Liabilities	**325**	**369**	**361**	**424**
Total Liabilities	**3967**	**3936**	**5364**	**4776**
Total Liabilities & Shareholder's Equity	**4962**	**5277**	**6954**	**6849**

- Moving on to the company's historical annualized balance sheet, when we analyze the fixed assets versus the revenues, we see that the percentage has evolved from 265.34% to 205.59%
- Its receivables of $564.79 million are about 19.23% of the top-line.
- Tegna has close to $40.97 million in terms of liquidity i.e. cash and short term investments.
- On the other hand, its payables for 2020 account for around 1.98% of the cost of goods sold.
- The company's long term debt is around 2.1x times its equity.

Key Ratios - Annual

Other Metrics	2017	2018	2019	2020
Total Cash Dividends Paid	90.17	60.29	60.62	76.47
% growth		*-33.1%*	*0.5%*	*26.1%*
Total Common Shares Outstanding	215	216	217	220
% change		*0.4%*	*0.8%*	*0.9%*
Dividend Per Share	0.42	0.28	0.28	0.35
% change		*-33.4%*	*-0.2%*	*25.0%*

Operating Ratios	2017	2018	2019	2020
Receivables Turnover	4.3	4.9	3.8	5.2
Days Receivable	84.3	73.8	95.5	70.2
Inventory Turnover	NA	NA	NA	NA
Inventory Days	NA	NA	NA	NA
Payables Turnover	17.6	12.8	23.7	25.9
Days Payable	20.7	28.5	15.4	14.1
Fixed Asset Turnover	0.5	0.5	0.4	0.5
Total Asset Turnover	0.4	0.4	0.3	0.4

Other Performance Ratios	2017	2018	2019	2020
Return on Assets	5.5%	7.7%	4.1%	7.0%
Return on Equity	27.5%	30.3%	18.0%	23.3%

- Tegna has paid close to $76.47 million via dividends which accounts for close to $0.35 of dividend per share and has a growth rate of 24.97%
- Tegna's total common shares outstanding have increased in 2020 by 0.94% implying a share issuance.
- The receivables turnover helps quantify a company's effectiveness in collecting the money owed by clients and demonstrates how well it uses and manages the credit it extends to customers.
- As per the days receivable, the company takes an average period of 70.2 days to collect money from its clients which appears to be reasonable.

- The inventory turnover shows the number of times a given company has sold and replaced inventory during the year and is an indicator of how many days of working capital is blocked in inventory.
- The inventory days ratio is not applicable as the company has no inventory.

- The accounts payable turnover is a short-term liquidity measure used to quantify the rate at which a company pays off its suppliers. It shows how many days of credit a company gets from its suppliers.
- As per the days payable, the company takes an average period of 14.1 days to pay off its creditors which appears to be on the lower side and implies that it gets limited credit.
- The fixed asset turnover ratio measures how well a company generates sales from its tangible as well as intangible fixed assets. The higher the ratio, the greater the company’s efficiency to its assets to generate revenues.
- Tegna's fixed assets turnover ratio of 0.5 has increased in 2020 indicating that the company is generating greater revenues from its fixed assets.

- The total asset turnover ratio measures the value of a company's sales or revenues relative to the value of its assets. The higher the asset turnover ratio, the more efficient a company is, with respect to using its assets to generate revenues.
- Tegna's total assets turnover has increased to 0.43 in 2020.

Evolution of Return on Equity & Return on Assets

- In the above chart, we see the evolution of the company's return on equity and its return on assets.

- Return on assets is an excellent indicator of how efficient a company's management is in generating earnings from their economic resources or assets on their balance sheet.
- On the other hand, the return on equity of a company measures the value creation of the management and profitability in relation to stockholders' equity.
- The company's overall Return on Assets is 7.05%.
- Tegna's Return on Equity is 23.29%. The company's Return on Equity is higher than its Return on Assets and this is because it uses debt to maximize shareholder returns.

Forecasted Income Statement - Annual (USD Million)

Particulars	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Revenues	2207	2300	2938	2929	3233	3566
% growth		*4.2%*	*27.8%*	*-0.3%*	*10.4%*	*10.3%*
EBITDA	781	708	1024	888	1102	1204
% of revenue	*35.4%*	*30.8%*	*34.9%*	*30.3%*	*34.1%*	*33.8%*
Depreciation & Amortization	87	111	135	134	136	139
EBIT	694	597	890	760	973	1064
% of revenue	*31.4%*	*26.0%*	*30.3%*	*25.9%*	*30.1%*	*29.8%*
EBT (GAAP)	509	376	637	568	716	783
% of revenue	*23.0%*	*16.3%*	*21.7%*	*19.4%*	*22.1%*	*21.9%*
Net Income (GAAP)	401	286	483	440	580	634
% of revenue	*18.2%*	*12.4%*	*16.4%*	*15.0%*	*17.9%*	*17.8%*
Earnings Per Share (GAAP)	1.85	1.31	2.19	1.95	2.47	2.70

Forecasted Cash Flow Statement (USD Million)

Particulars	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Net Income (GAAP)	401	286	483	440	580	634
+ Depreciation & Amortization	87	111	135	134	136	139
+/- Working Capital, Deferred Taxes & Other Adjustments	39	-99	188	-3	-97	-102
Cash Flow from Operations	**527**	**297**	**805**	**570**	**619**	**671**
% of EBITDA	*67.5%*	*42.0%*	*78.6%*	*64.2%*	*56.2%*	*55.7%*
Net Capex	-65	-88	-46	-67	-63	-69
% of revenues	*3.0%*	*3.8%*	*1.5%*	*2.3%*	*2.0%*	*1.9%*
Other Investment Cash Flow items	-309	-1475	-14	-14	-14	-14
Cash Flow after Investments	**-374**	**-1563**	**-60**	**-81**	**-77**	**-83**
Free Cash Flow	**462**	**209**	**760**	**503**	**556**	**602**

Key Ratios

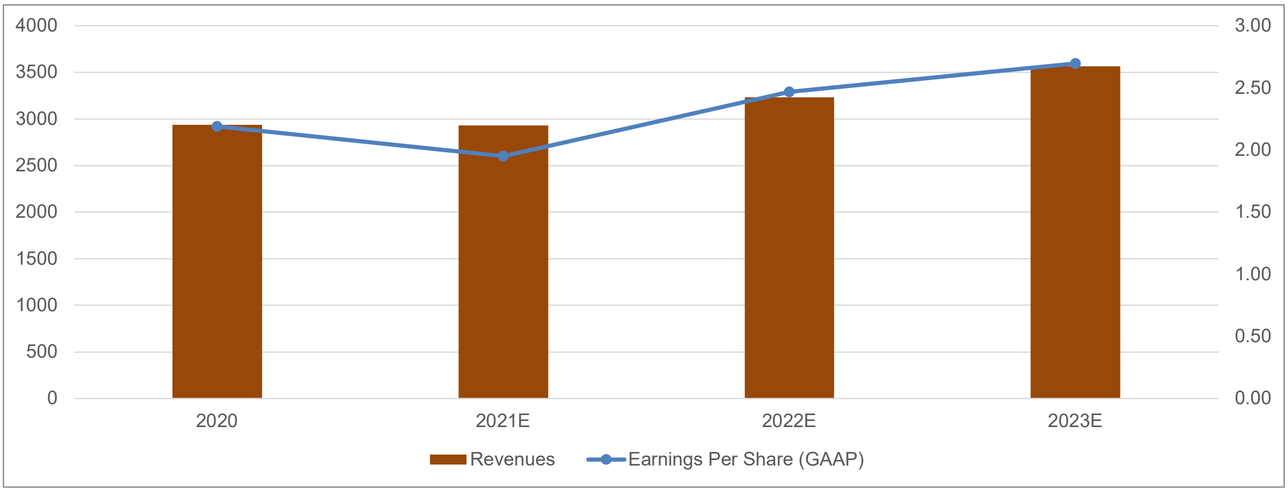
Growth & Margins	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Sales Growth		4.2%	27.8%	-0.3%	10.4%	10.3%
EBITDA Margin	35.4%	30.8%	34.9%	30.3%	34.1%	33.8%
EBIT Margin	31.4%	26.0%	30.3%	25.9%	30.1%	29.8%
Net Profit Margin	18.2%	12.4%	16.4%	15.0%	17.9%	17.8%

Leverage Ratios	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Net Debt	2,809	4,150	3,512	3,203	2,823	2,489
Net Debt/ Equity	2.1	2.6	1.7			

Net Debt/ EBITDA	3.6	5.9	3.4	3.6	2.6	2.1

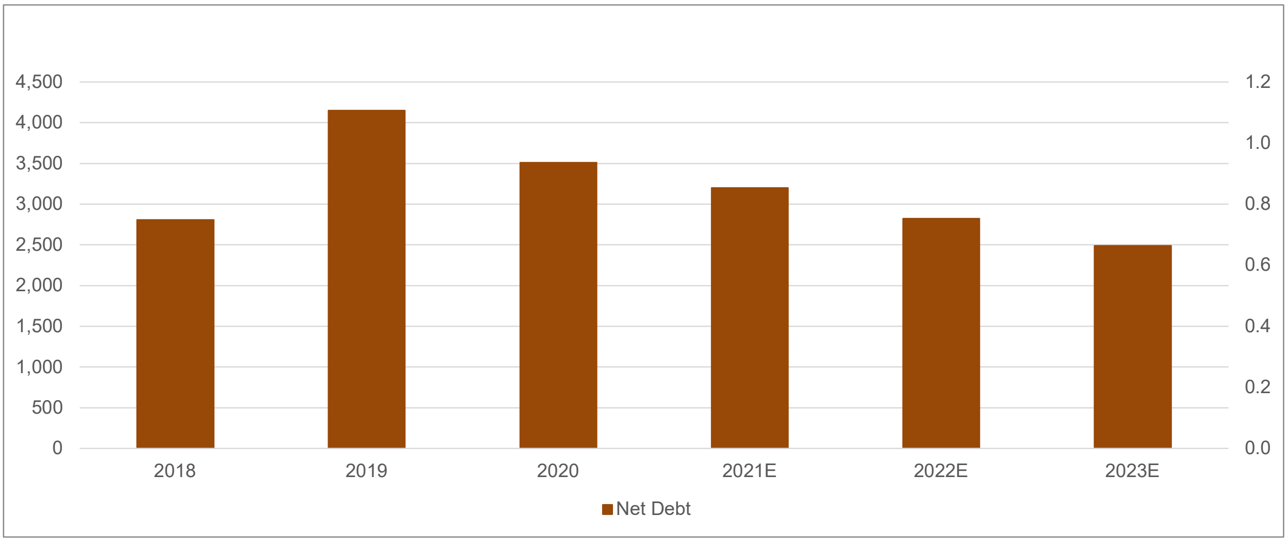
- Now let us move on to Baptista Research's forecasts for Tegna's income statement and cash flows.
- We forecast a top-line growth of -0.3% for 2021, around 10.4% for 2022, and about 10.3% for 2023.
- This growth is expected to translate into an EBITDA of $888.087582 million in 2021 with a margin of 30.32%
- Tegna's EBIT margin is expected to be 25.95% in 2021, about 30.10% in 2022, and 29.83% in 2023.
- Our estimate for the company's Net Income (GAAP) is $439.5879 million implying a net margin of 15.01% and resulting in an earnings per share of $1.95.
- We expect the growth to follow a similar trend in 2022 and 2023.

Forecasted Revenues & Earnings Per Share



- In terms of the cash flows, we expect Tegna to generate around $570.114 million in operating cash flows in 2021.
- This implies an EBITDA-to-Operating-Cash-Flow conversion ratio of 64.20%
- Tegna is expected to invest a lower amount in capex and other investing activities in 2021.
- Overall, the company is expected to generate free cash flows to the tune of $502.770534 million in 2021.

Evolution of Net Debt Levels



- Tegna's Net Debt is expected to decrease in 2021 and is expected to follow a similar trend over the coming years.
- The Net Debt-to-EBITDA ratio is a measure of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. It shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
- Tegna's Net Debt-to-EBITDA ratio is expected to be 3.61 in 2021 which indicates that the company is reasonably leveraged.
- Net-Debt-to-Equity ratio, also known as the gearing ratio shows how encumbered a company is with its debt.
- The company's Net Debt-to-Equity ratio for 2020 is 1.69 and it indicates that the company has reasonable gearing.

Discounted Cash Flow Valuation

Key DCF Assumptions	
WACC	7.1%
CoD	5.1%
CoE	8.8%
Market Rate	5.2%
Risk Free Rate	2.00%
Beta	1.3
Perpetual Growth Rate (g)	-0.6%
Terminal Value	7820
Tax Rate	23.0%

- For the purpose of carrying out the discounted cash flow valuation of Tegna, we have used the standard capital asset pricing model (CAPM).
- We have used a 5.2% equity market risk premium based on the S&P 500 returns for the past 5 years.
- The risk-free rate has been assumed as the 10-year U.S. Government bond rate of 2.00%.
- The company's stock is more volatile than the market as a whole and has a beta of 1.3 which we shall use without leveraging the same as we are going for the enterprise value approach.
- This is used in order to arrive at the cost of equity (CoE) of 8.8% which appears reasonable for a company like Tegna.
- Based on the company's long term debt and interest payments, the cost of debt is 5.1%.
- After incorporating the CoE and the CoD and average tax rate of 23.0%, we arrive at a Weighted Average Cost of Capital (WACC) of 7.1%.
- The terminal value is a key component of any DCF valuation as it accounts for the largest chunk of the total projected value of the company. There are a number of methodologies used to determine the same such as the perpetual growth rate method or the multiples method.
- In this case, we have gone ahead and determined the terminal value by applying the current EV/Sales ratio of 2.3 to our forecasted revenues of 2023.

EV and Market Cap	Current	2021E	2022E	2023E
Price ($)	19.8	21.0	22.9	25.5
Outstanding Number of shares (million)	220	222	224	226
Total Market Cap (billion)	4.34	4.65	5.12	5.76
Net Debt	3512	3203	2823	2489
Enterprise Value (billion)	7.85	7.86	7.95	8.25

- After applying the discount rate (WACC) of 7.1%, we arrive at a price target of $21.0 for 2021.
- Our target price at the end of 2022 is $22.9 and for 2023 is $25.5 which implies a total appreciation of nearly 29.2% in the coming 3 years in the stock price.

Valuation Ratios	Current	2021E	2022E	2023E
EV/ Sales	2.7	2.7	2.5	2.3
EV/ EBITDA	7.7	8.8	7.2	6.9
EV/ EBIT	8.8	10.3	8.2	7.8
Price/Earnings	9.0	10.6	8.8	9.1

- During this phase, we see the EV/ EBITDA to be in the range of 6.85 and 8.85
- The EV/ EBIT will be in the range of 7.76 to 10.34 over the coming 3 years.

Key Risks

It is important to highlight the key risks associated with an investment in Tegna as well as the inherent risks associated with the financial projections and price forecasts presented in this report.

Tegna's industry is highly competitive in nature and is witnessing consolidation because of giant players like Netflix, Disney, and Amazon controlling the streaming services market. This implies a very high inherent risk if the company does not get acquired and over the years, it is definitely possible that the growth could stop and the margins could go into negative levels.

With respect to our price projection, we would like to clarify that the valuation of Tegna in this report is specific to the date of the analysis i.e. 25-03-2021.

We must emphasize that the projected valuation and the share price of Tegna are dependent on the realization of the revenue growth, free cash flows and the other assumptions taken into account. Our analysis cannot be directed to providing any assurance about the achievability of these financial forecasts.

There is a possibility that the actual results of the company are different from the projected results as a result of unexpected events and circumstances such as the realization of the threats mentioned in the paragraph above. Lastly, we would like to clarify that we had no interaction with the management of the company and they did not comment on the achievability or the reasonableness of the assumptions underlying the financial forecasts. Please check out our detailed disclosures at the end for further details.

Analyst Ratings

Buy: Expected to outperform market over next 6 to 12 months. Minimal risk to fundamentals and valuation. Good long-term investment.
Outperform: Expected to outperform the market over next 6 to 12 months but there is a moderate risk to fundamentals and valuation.
Sell: Expected to significantly underperform the market over next 6 to 12 months. There is a strong likelihood of the security delivering negative returns and a very high risk to fundamentals and valuation.
Underperform: Expected to underperform the market over next 6 to 12. There is a moderate to high risk to fundamentals and valuation.
Hold: Expected to perform in line with the market over next 6 to 12 months. However, there is a moderate to high risk to fundamentals and valuation.

Analyst Industry Views

Attractive: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
In-Line: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
Cautious: The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500; Latin America – MSCI Emerging Markets Latin America; Europe – MSCI Europe; Japan - TOPIX; Asia - relevant country index or sub-regional index. Please contact us to know the relevant index in case it is not specified in the report.

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