

MEDIA FOR EUROPE

Sector: Media

OUTPERFORM

Price: Eu4.51 - Target: Eu5.10

Strong Cash Generation Enabled More Generous Dividend

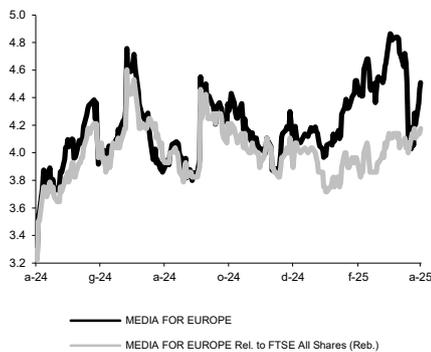
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 5.40 to 5.10		
	2025E	2026E	2027E
Chg in Adj EPS	-1.6%	-1.4%	

Next Event 1Q25 Results
 Results out: 21 May 2025

MEDIA FOR EUROPE - 12M Performance



Stock Data

Reuters code:	MFEB.MI		
Bloomberg code:	MFEB IM		
Performance	1M	3M	12M
Absolute	-3.1%	13.3%	37.0%
Relative	3.5%	12.7%	29.4%
12M (H/L)	4.86/3.26		
3M Average Volume (th):	303.90		

Shareholder Data

No. of Ord shares (mn):	236
Total no. of shares (mn):	568
Mkt Cap Ord (Eu mn):	1,065
Total Mkt Cap (Eu mn):	2,117
Mkt Float - Ord (Eu mn):	281
Mkt Float (in %):	26.4%
Main Shareholder:	
Fininvest S.p.A.	50.0%

Balance Sheet Data

Book Value (Eu mn):	3,322
BVPS (Eu):	5.85
P/BV:	0.8
Net Financial Position (Eu mn):	-493
Enterprise Value (Eu mn):	2,610

- The BoD approved FY24 results and announced a Eu0.27 DPS, +8% YoY.** On 27 February MFE released preliminary FY24 results that showed consolidated net revenues at Eu2,949mn, up 5% YoY thanks to 6.8% YoY growth in advertising revenue in Italy, EBIT up 18% to Eu355mn, net profit – before the contribution from the Prosieben stake – at Eu351mn, +15% YoY, and FCF at Eu343mn, +23% YoY, which took net debt as at end-December to Eu692mn. Full results unveiled a Eu128mn non-cash impact on group net profit from the impairment of the stake held in Prosieben, resulting from valuations implicit in the Verivox transaction. Finally, the board proposed a Eu0.27 DPS, 8% higher than expected.
- Business updates.** The cross-media strategy is going very well. Advertising trends in 1Q25 were moderately positive, with Italy up 1% YoY and Spain down mid-single digit. The remainder of the year is still facing a tough comparison, but competitors will not have the major sport events that took place in 2024, while MFE will broadcast the 2025 FIFA World Cup (co-exclusivity for the best evening match). Other revenues are expected to remain flat in Italy and Spain, with cinema revenues the main moving part. Cost assumptions for the year are set to remain flat/+1% in Italy (i.e. Eu1,870mn) and to be up about Eu20mn in Spain (new labour regulation).
- Change in estimates:** in this report we are confirming our 2025 and 2026 advertising revenue forecast for Italy (+0.5%/+0.0%), while for the Spanish business, we are trimming our 2025 assumption from +1.0% to +0.5%. As for “other revenues” and cost forecasts, we are aligning our estimates to the management guidance outlined above. All in all, we are cutting our 2025/26 EBIT by c.10%, an effect that is largely offset at bottom line by assuming lower taxes.
- Above 30% in Prosiebensat.** On 26 March, MFE announced its intention to launch a voluntary offer at Eu5.74 per share, to be paid Eu4.47 in cash and Eu1.27 by assigning 0.4 newly-issued class A MFE shares. On 15 April, with the purchase of 500 shares on the market, MFE exceeded the 30% threshold in Prosieben. At present, the most likely scenario in our view is that only a very limited number of shareholders will accept the offer. For MFE, crossing the 30% threshold is an important step as once the offer concludes it will enable the purchase of further shares on the market without triggering a PTO. We think that in the coming months MFE will assume an active role in determining the Prosieben strategy, completing the disposal of non-core assets and increasing the focus on the core entertainment business. We note that at present our target price for MFE simply values the stake in Prosieben at the market price.
- OUTPERFORM confirmed; MFE-B target Eu5.1 (from Eu5.4); MFE-A target Eu4.1 (from Eu4.3).** Our target price is calculated applying a fair 7.0x EV/EBIT multiple (from 6.75x) to 2025 EBIT. FY25 results, for which we have fine-tuned our estimates in this report, should remain positive, with excellent FCF generation (c.Eu320mn in our estimates), which we deem sustainable in 2026 as well. On these numbers, the stock is very attractive on fundamentals (15% FCF yield). As for Prosiebensat (simply valued at market price), crossing the 30% threshold, MFE is in a position to play a much more active role in directing the strategy. The excellent synergies achieved between Italy and Spain confirm that MFE’s industrial project makes sense.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,810	2,949	2,962	2,975	2,984
EBITDA Adj (Eu mn)	808	833	844	858	874
Net Profit Adj (Eu mn)	217	274	310	324	334
EPS New Adj (Eu)	0.382	0.482	0.545	0.570	0.588
EPS Old Adj (Eu)	0.382	0.520	0.554	0.578	
DPS (Eu)	0.250	0.270	0.270	0.280	0.290
EV/EBITDA Adj	3.0	3.0	3.1	2.8	2.5
EV/EBIT Adj	7.9	6.9	7.4	6.6	5.8
P/E Adj	11.8	9.4	8.3	7.9	7.7
Div. Yield	5.5%	6.0%	6.0%	6.2%	6.4%
Net Debt/EBITDA Adj	1.1	0.8	0.6	0.3	0.1

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

- BUY: stock expected to outperform the market by over 25% over a 12 month period;
 - OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
 - NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
 - UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
 - SELL: stock expected to underperform the market by over 25% over a 12 month period.
- Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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