

# MEDIA FOR EUROPE

Sector: Media

# OUTPERFORM

Price: Eu5.14 - Target: Eu5.80

## A Decisive Step Towards Creation of a European Champion

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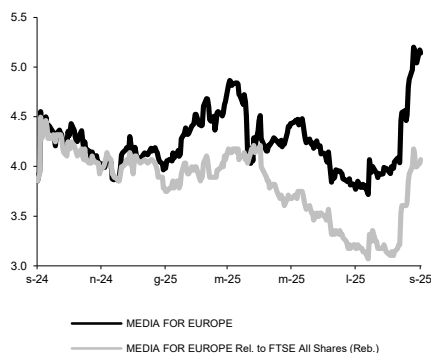
### Stock Rating

Rating:	Unchanged	
Target Price (Eu):	from 5.20 to 5.80	
	2026E	2027E
Chg in Adj EPS	-7.0%	0.0%

### Next Event 1H25 Results

Results out: 24 September 2025

### MEDIA FOR EUROPE - 12M Performance



### Stock Data

Reuters code:	MFEB.MI		
Bloomberg code:	MFEB IM		
Performance	1M	3M	12M
Absolute	29.1%	24.3%	33.4%
Relative	29.3%	17.8%	6.9%
12M (H/L)	5.20/3.72		
3M Average Volume (th):	546.51		

### Shareholder Data

No. of Ord shares (mn):	229
Total no. of shares (mn):	698
Mkt Cap Ord (Eu mn):	1,177
Total Mkt Cap (Eu mn):	2,906
Mkt Float - Ord (Eu mn):	310
Mkt Float (in %):	26.4%
Main Shareholder:	
Fininvest S.p.A.	50.0%

### Balance Sheet Data

Book Value (Eu mn):	2,956
BVPS (Eu):	4.24
P/BV:	1.2
Net Financial Position (Eu mn):	-2,464
Enterprise Value (Eu mn):	5,369

MFE is taking a decisive step towards the creation of a European broadcasting leader, able to leverage its larger operating scale to unlock a number of value initiatives, especially in technology and a centralised go-to-market, reinvesting in local premium content and next-gen technologies. We expect the group to be able to recover solid FCF generation, as we forecast a strong double-digit FCF yield even after the excellent recent share performance.

■ **The offer has been a complete success for MFE.** On 4 September, MFE announced it had reached 75.61% of PS71 capital, a stake that guarantees control of the EGM (in Germany, the qualified majority is 75%). The group is now positioned to implement the scenario that envisages synergies of up to Eu315mmn achievable in 4 years, with one-off costs ranging from Eu80mn to Eu110mn. Cost synergies are seen in a Eu130mn to Eu171mn range, to be achieved in 6 different fields, the most important being Procurement & Acquisition Contracts, IT/ Tech & Gen-AI, and G&A. These synergies account for ca. 4% of the addressable cost baseline. Revenue synergies are worth Eu131mn-Eu144mn, i.e. 2% of combined revenues, with Advertising the main opportunity, since the group can occupy a currently underserved market segment that combines reach (broad audience scale) with brand safety and quality content.

■ **Change in estimates.** For the pre-deal MFE perimeter, we are raising our 2025 advertising revenue forecast for Italy (from +0.5% to +2.0%), while for the Spanish business, we are lowering our 2025 assumption from +0.5% to -6.0%. Overall, we are cutting our 2025/26 EBIT by 11.5% and 9.4%, because the lower Spanish contribution more than offsets a better Italian operating result. At the same time, we consolidate PS71 starting from 2026. Our 2025 PS71 estimates are in line with the low end of management guidance, which was officially downgraded yesterday, but the profit warning was useful to rebase expectations to a more realistic level. Our new group forecasts assume 2027 EPS in line with our pre-deal estimates, mainly because we now assume lower numbers for the Spanish business and also because we are quite cautious on Prosieben in our pre-synergy estimate model. However, there are two considerations we can make. First of all, by 2027, only 43% of the total synergies envisaged by the deal should have been achieved. Secondly, management will likely focus on free cash flow rather than on the P&L, and, on this metric, we forecast an improving picture by 2027.

■ **OUTPERFORM confirmed, MFE-B target Eu5.8 (from Eu5.2); MFE-A target Eu4.7 (from Eu4.2).** Our target price is calculated by applying a fair 7.0x EV/EBIT multiple to 2027 EBIT. Thanks to the significant synergies envisaged, the group should still enjoy positive EPS accretion from 2027; as MFE is confirming the dividend policy (at least 50% of group net income), specifying that it is sustainable over time, this implies that the group will continue to pay an extremely generous dividend in the years to come.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,810	2,949	2,927	6,740	6,863
EBITDA Adj (Eu mn)	771	792	775	1,154	1,228
Net Profit Adj (Eu mn)	217	274	253	370	411
EPS New Adj (Eu)	0.376	0.474	0.363	0.530	0.589
EPS Old Adj (Eu)	0.382	0.482	0.545	0.570	0.588
DPS (Eu)	0.250	0.270	0.270	0.280	0.290
EV/EBITDA Adj	3.2	3.2	6.9	4.5	4.0
EV/EBIT Adj	nm	nm	17.7	7.4	6.2
P/E Adj	13.7	10.8	14.1	9.7	8.7
Div. Yield	4.9%	5.3%	5.3%	5.4%	5.6%
Net Debt/EBITDA Adj	1.2	0.9	3.2	1.9	1.6

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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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEIMIB40 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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As at 17 September 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	30.60%
OUTPERFORM:	38.06%
NEUTRAL:	31.34%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (78 in total) is as follows:

BUY:	48.72%
OUTPERFORM:	32.05%
NEUTRAL:	19.23%
UNDERPERFORM:	00.00%
SELL:	00.00%

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