MEDIA FOR EUROPE

OUTPERFORM

Sector: Media

Price: Eu4.66 - **Target: Eu5.00**

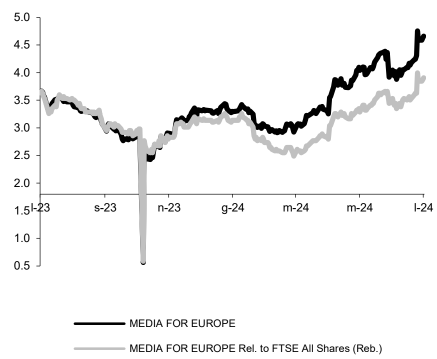
2Q24 Results to Confirm Validity of Management Strategy

Andrea Randone +39-02-77115.364
andrea.randone@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 4.50 to 5.00
	2024E	**2025E**	**2026E**
Chg in Adj EPS	3.2%	3.2%	3.1%

Next Event 1H24 Results
Results out: September 2024

MEDIA FOR EUROPE - 12M Performance



Stock Data			
Reuters code:			MFEB.MI
Bloomberg code:			MFEB IM
Performance	**1M**	**3M**	**12M**
Absolute	15.1%	43.1%	28.5%
Relative	10.7%	40.7%	8.8%
12M (H/L)			4.76/0.56
3M Average Volume (th):			467.90

Shareholder Data	
No. of Ord shares (mn):	236
Total no. of shares (mn):	568
Mkt Cap Ord (Eu mn):	1,101
Total Mkt Cap (Eu mn):	2,274
Mkt Float - Ord (Eu mn):	290
Mkt Float (in %):	26.4%
Main Shareholder:	
Fininvest S.p.A.	50.0%

Balance Sheet Data	
Book Value (Eu mn):	3,297
BVPS (Eu):	5.80
P/BV:	0.8
Net Financial Position (Eu mn):	-752
Enterprise Value (Eu mn):	3,026

- **Positive comments from CEO Pier Silvio Berlusconi.** During a press conference, CEO Pier Silvio Berlusconi stated that in 1H24 MFE's advertising revenues grew 6.7% YoY (improving on the previous indication of +6% growth), while group EBIT should come out 11% YoY higher. Berlusconi said this trend will not continue in 2H24 because of a tougher comparison but expressed his satisfaction on the overall group performance.
- **Our estimates on 2Q24**. In light of management indications, we expect net advertising revenues to grow by 8.1% YoY in Italy to Eu468.0mn and by 3.3% YoY in Spain to Eu202.9mn. The acceleration in Italy compared to 1Q24 (+5.4% YoY) is particularly appreciable, confirming the importance of offering unparalleled customer reach. As for other revenues, Italy is expected up 16.8% YoY to Eu87.1mn (mainly thanks to Mediamond) while Spain is expected 4.3% higher YoY. All in all, we expect quarterly group revenues up 7.6% YoY to Eu777.8mn, while group EBIT should grow 9.0% to Eu110.7mn. OpEx are expected up Eu19mn in Italy, net of the Mediamond effect and similar to the 1Q24 figure (+Eu17mn), while they are expected Eu13mn higher in Spain (vs. +Eu17mn in 1Q24): we expect the group to make a partial reinvestment in programming from better-than-expected ad revenues. Finally, we expect net debt at Eu700mn as at the end of June 2024, confirming excellent FCF generation in the last 12 months.
- **Estimates up, remaining cautious.** In this report, we upgrade our 2024 advertising revenue forecast for Italy (from +2.0% to +3.0%). Our new estimates imply ad revenues down 1% in 2H24 or about -2% net of the Mediamond effect, bearing in mind the very tough comparison on 4Q23 (+7.9% YoY) and the end of Champions League broadcasting rights. For the Spanish business, our 2024 ad revenue forecast is now +3.5% from +2.0% YoY, implying +1.6% YoY in 2H24. At the same time, we are slightly raising our cost forecasts, remaining consistent with management guidance, which we expect to be reiterated. Below EBIT, we leave unchanged Eu25mn of net financial charges as commented by management, and a Eu69.3mn positive contribution from associates. All in all, we raise group 2024E EPS by 3.2%.
- **OUTPERFORM confirmed; MFE-B target Eu5.0 (from Eu4.5); MFE-A target Eu4.0 (from Eu3.6).** In our valuation, we apply our fair 6.5x EV/EBIT multiple to 2024 EBIT (from 6.0x thanks to greater visibility). We note that our targets are expressed ex dividend payment (on 24 July) of Eu0.25 per share. In 2Q24, the group produced an excellent advertising performance, especially in relation to peers, highlighting the company's outstanding work on the adoption of technology to exploit the opportunities offered by targeted TV advertising and by the official tracking of total audience data. Cash generation should remain strong and supports very generous dividend distribution. As expected, MFE is now playing a more active role in governance and this, in our opinion, could be beneficial to value creation at Prosiebensat: in the short-term, key newsflow will be related to the disposal of non-core assets.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	2,801	2,810	2,942	2,951	2,956
EBITDA Adj (Eu mn)	788	822	849	880	891
Net Profit Adj (Eu mn)	245	217	295	301	311
EPS New Adj (Eu)	0.093	0.382	0.520	0.529	0.548
EPS Old Adj (Eu)	0.093	0.382	0.504	0.513	0.532
DPS (Eu)	0.050	0.250	0.250	0.250	0.270
EV/EBITDA Adj	11.6	3.0	3.6	3.2	3.0
EV/EBIT Adj	30.9	7.5	8.1	7.5	6.9
P/E Adj	49.9	12.2	9.0	8.8	8.5
Div. Yield	1.1%	5.4%	5.4%	5.4%	5.8%
Net Debt/EBITDA Adj	1.1	1.1	0.9	0.7	0.4

Intermonte

DISCLAIMER (for more details go to DISCLAIMER)

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the PERFORMANCE web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

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&PMIB40 Index, most of those on the MIDEX 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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

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

As at 30 June 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	23.97 %
OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (49 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte is acting as financial advisor to Retex S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.

Intermonte is acting as financial advisor to Eagle S.p.A. and intermediary responsible for coordinating the collection of sale requests in relation to the sell-out procedure on Greenthesis S.p.A.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Civitanavi Systems, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambienthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIIT.

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DHH, El.En, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, Go Internet, GPI, Greenthesis (formerly Ambienthesis), IEG, Iervolino & Lady Bacardi Entertainment, IndelB, Intred, Luve, Matica Fintec, Mondadori, Notorious Pictures, Omer, Pharmanutra, Reevo, Relatech, Reply, Revo Insurance, Reway, Sababa Security, Saes Getters, Sciuker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performes as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMIB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider on the following companies: Abitare In, Alkemy, Allcore, Almawave, Banca Sistema, Bifire S.P.A., B&C Speakers, Casta Diva Group, Cleanbnb, Cofle, Crowdfundme, Cube Labs, Cy4gate, Cyberoo, Digital Bros, Digital Magics, Digitouch, Doxee, Ediliziacrobatica Spa, Eles, Elica, Emak, Energy, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GPI, High Quality Food, Ikonisys, Intercos, Intred, ISCC Fintech, Lventure Group, Maps Group, Masi Agricola, Matica Fintec, Neodecortech, Notorious Pictures, Olidata, Osai Automation System, Racing Force Group, Relatech, Reti, Sciuker Frames, SG Company, Solid World Group, Spindox Digital Soul, Talea, Tamburi, Tesmec, Tinexta, TMP Group, Tps Group, Trendevice, Ulisse Biomed, Wiit.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website MiFID

Further information is available