

MEDIA FOR EUROPE

OUTPERFORM

Price: Eu4.05 - Target: Eu5.70

Sector: Media

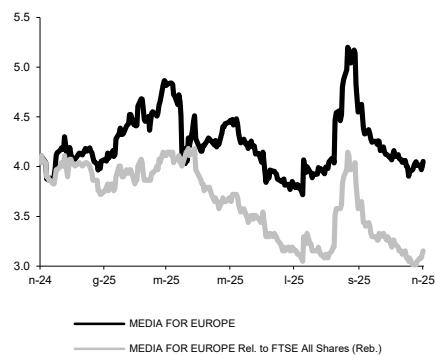
Strong Delivery on FCF, Ad Market Seen Stable in 4Q25

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Stock Rating		
Rating:	Unchanged	
Target Price (Eu):	from 5.80 to 5.70	
2025E	2026E	2027E
Chg in Adj EPS	-10.8%	-2.5%
		-2.0%

 Next Event FY25 Results
 Results out: April 2026

MEDIA FOR EUROPE - 12M Performance



Stock Data		
Reuters code:	MFEB.MI	
Bloomberg code:	MFEB IM	
Performance	1M	3M
Absolute	-0.7%	1.7%
Relative	-1.8%	1.5%
12M (H/L)		5.20/3.72
3M Average Volume (th):		604.27

Shareholder Data	
No. of Ord shares (mn):	229
Total no. of shares (mn):	698
Mkt Cap Ord (Eu mn):	928
Total Mkt Cap (Eu mn):	2,355
Mkt Float - Ord (Eu mn):	263
Mkt Float (in %):	28.3%
Main Shareholder:	
Fininvest S.p.A.	47.5%

Balance Sheet Data	
Book Value (Eu mn):	3,036
BVPS (Eu):	4.35
P/BV:	0.9
Net Financial Position (Eu mn):	-2,778
Enterprise Value (Eu mn):	5,133

■ **3Q25 revenues in line with our estimates, EBIT slightly better, strong FCF.** In a quarter typically of little seasonal significance for group business, net advertising revenues remained stable in Italy (Eu311.8mn, -0.2% YoY) but weak in Spain (Eu131.4mn, -7.1% YoY). As for "other revenues", the Italian business reported sales of Eu55.5mn, -11.4% YoY (difficult comparison base), while the Spanish business was Eu12.5mn, -30.3% YoY (some revenues were brought forward to 2Q25; 9M25 revenues practically in line YoY). In terms of margins, EBIT in Italy was negative by Eu36.2mn, down YoY by Eu28mn, partly due to Eu10.5mn of one-off costs linked to the Prosieben deal, while Spanish EBIT was in the red by Eu8.0mn (Eu-6.7mn adjusted), as the unfavourable revenue trend was partly offset by cost reductions. Finally, net debt was Eu1,021mn as at end-September 2025: bearing in mind that in the quarter there was a Eu456mn cash-out linked to the acquisition of Prosieben (cash component of the offer and the purchased shares), the group indicated cash generation for 9M25 at Eu348.9mn, +9.4% YoY.

■ **4Q25 outlook.** While underlining the limited visibility on advertising market trends in Italy and Spain, based on current scenarios the group expects year-end advertising revenues to be in line with those recorded in the first nine months on a like-for-like basis, with a positive trend in Italy and decline continuing in Spain.

■ **Change in estimates.** For the Italy&Spain perimeter, we are lowering our 2025 advertising revenue forecast for Italy (from +2.0% to +1.0%) and Spain (from -6.0% to -7.4%). We have reduced the Italian "other revenues" line, still assuming a growing performance in 4Q25 thanks to the theatrical release of some important movies. In terms of costs, we leave Italy unchanged (but our FY25 forecast includes Eu15mn one-offs) while we are lowering Spain by 2.6%. Overall, we are cutting our 2026/27 EBIT by 2.6% and 1.8%. Our estimates include the contribution of Prosieben line-by-line from 2026. We are not changing our assumptions on Prosieben for the time being.

■ **OUTPERFORM confirmed, MFE-A target Eu4.6 (from Eu4.7); MFE-B target Eu5.7 (from Eu5.8).** 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 has confirmed 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 a very generous dividend in the years to come. The management change at Prosieben, with the appointments of Marco Giordani as CEO and Bob Rajan as CFO, was excellent news. We believe that in the coming months we will see benefits for revenues, the initial results of action on costs (control over all relevant expenses, sharing of platforms, and rationalization of external purchases), as well as the revaluation of non-core activities. These actions, taken together, should lead to a significant improvement in cash generation and a reduction of debt.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,810	2,949	2,887	6,701	6,837
EBITDA Adj (Eu mn)	770	792	713	1,087	1,161
Net Profit Adj (Eu mn)	217	274	226	361	403
EPS New Adj (Eu)	0.376	0.474	0.324	0.517	0.577
EPS Old Adj (Eu)	0.376	0.474	0.363	0.530	0.589
DPS (Eu)	0.250	0.270	0.270	0.280	0.290
EV/EBITDA Adj	3.2	3.2	7.2	4.6	4.1
EV/EBIT Adj	nm	nm	17.9	7.3	6.2
P/E Adj	10.8	8.5	12.5	7.8	7.0
Div. Yield	6.2%	6.7%	6.7%	6.9%	7.2%
Net Debt/EBITDA Adj	1.2	0.9	3.9	2.4	2.0

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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.

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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.

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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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BUY:	32.06%
OUTPERFORM:	37.40%
NEUTRAL:	29.78%
UNDERPERFORM:	00.76%
SELL:	00.00%

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BUY:	50.65%
OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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