MEDIA FOR EUROPE

OUTPERFORM

Sector: Media

Price: Eu4.45 - **Target: Eu5.20**

Strong Cash Generation Continued in 1Q25

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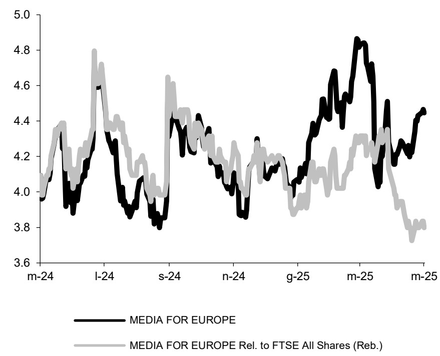
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 5.10 to 5.20
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.0%	0.0%	0.0%

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	3.9%	-3.5%	8.6%
Relative	-8.9%	-9.1%	-8.3%
12M (H/L)			4.86/3.80
3M Average Volume (th):			291.05

Shareholder Data	
No. of Ord shares (mn):	236
Total no. of shares (mn):	568
Mkt Cap Ord (Eu mn):	1,050
Total Mkt Cap (Eu mn):	2,153
Mkt Float - Ord (Eu mn):	277
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):	-503
Enterprise Value (Eu mn):	2,656

- **Good trend in Italy, weaker in Spain. FCF generation remains strong.** As already trailed by management, advertising revenues increased in Italy (+1%) but decreased in Spain (-7%). “Other revenues” in Italy were down Eu20mn (in 1Q24 MFE resold Champions League rights and booked the contribution from an Italian film production, which should be booked in 2Q this year) while those in Spain remained stable. Overall, quarterly group revenues were down 4% to Eu672mn, as expected, while EBIT amounted to Eu6.3mn, down from Eu23.5mn for 1Q24 but better than our Eu3.8mn estimate. The first quarter showed a good trend in Italy (with EBIT improving) counterbalanced by a weak start in Spain, partly due to a tough comparison on advertising, partly to increased costs (+Eu10mn), including some one-offs related to personnel. Below EBIT, on the associates lines the contribution for the stake in Prosieben (P7S1), not included in our estimates, combined a positive one-off revaluation effect of Eu63.1mn (triggered by the offer launched by PPF at Eu7p.s.) and the negative pro-quota quarterly result (Eu-18.5mn). Net debt as at the end of March 2025 (Eu461mn) was a positive surprise (Eu4mn better), highlighting ordinary FCF generation in the quarter of Eu253.6mn vs. Eu213mn in 1Q24 (+19% YoY).
- **Business updates.** The cross-media strategy is going very well. In Italy, advertising trends in April and May were indicated up >2%, while the trend in Spain has remained negative. The remainder of the year is still facing a tough comparison (in Italy), but competitors will not have the major sport events that took place in 2024, while MFE will broadcast the 2025 FIFA Club World Cup (co-exclusivity for the best evening match). Management confirmed positive expectations in terms of FY25 operating income and FCF generation.
- **Change in estimates:** in this report we are confirming our 2025 and 2026 advertising revenue forecasts for Italy (+0.5%/+0.0%) and Spain (+0.5%/+1.5%). In light of 1Q25 indications, we see some upside risk to our Italian forecasts, which represent 70% of group net advertising revenues.
- **Above 30% in Prosiebensat**. As for P7S1, on 26 March MFE launched 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, MFE exceeded the 30% threshold in P7S1. On 12 May PPF, which owns nearly 15% of P7S1, launched a partial PTO to reach 29.99% of the capital. The offer involves payment of Eu7.0 per share in cash. The MFE board decided to call an EGM on 24 June. The objective is to consolidate the role of MFE as the core P7S1 shareholder, and in that respect management is considering a possible hike to the offer price.
- **OUTPERFORM confirmed; MFE-B target Eu5.2 (from Eu5.1); MFE-A target Eu4.2 (from Eu4.1).** Our target price is calculated applying a fair 7.0x EV/EBIT multiple to 2025 EBIT. FY25 results should be positive, with excellent FCF generation. On these numbers, the stock remains attractive on fundamentals. As for P7S1 (simply valued at market price, driving the target up slightly), crossing the 30% threshold, MFE should be 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)	770	791	814	828	844
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	0.482	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	3.3	3.0	2.7
EV/EBIT Adj	8.6	7.6	7.6	6.7	6.0
P/E Adj	11.6	9.2	8.2	7.8	7.6
Div. Yield	5.6%	6.1%	6.1%	6.3%	6.5%
Net Debt/EBITDA Adj	1.2	0.9	0.6	0.4	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 between 5.5%-6.0% 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.

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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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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 %
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