

MEDIA FOR EUROPE

Sector: Media

OUTPERFORM

Price: Eu3.72 - Target: Eu5.20

Offer Raised, Extremely Significant Synergies Expected

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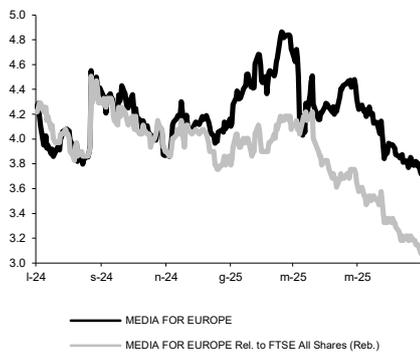
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	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	-6.3%	-12.7%	-13.0%
Relative	-8.8%	-21.6%	-33.1%
12M (H/L)		4.86/3.72	
3M Average Volume (th):		310.18	

Shareholder Data

No. of Ord shares (mn):	236
Total no. of shares (mn):	568
Mkt Cap Ord (Eu mn):	878
Total Mkt Cap (Eu mn):	1,759
Mkt Float - Ord (Eu mn):	232
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:	0.6
Net Financial Position (Eu mn):	-503
Enterprise Value (Eu mn):	2,261

- MFE increased the consideration in the VTO on ProSieben:** the cash component is confirmed at Eu4.48 per share but the share component goes from 0.4 to 1.3 MFE-A ordinary shares for each ProSieben share. The acceptance period will still expire on 13 August 2025 at 24:00, except for further extensions as allowed by law. Valuing the MFE-A shares at yesterday's closing price (Eu2.65) the total consideration corresponds to Eu7.93, 0.8% above yesterday's closing price for ProSieben (Eu7.87). The acceptance period will still expire on 13 August 2025 at 24:00, except for further extensions as allowed by law. Settlement should come by mid-September.
- For the first time, MFE has given figures for the benefits** that the group may obtain from a combination with ProSieben, indicating that the merger, if and when it occurs, could generate EBIT synergies of up to Eu419mn a year, to be obtained in 4 years, mainly in advertising, technology and data. To achieve these synergies, MFE foresees one-off costs and investments of up to Eu145mn. The group has pointed out that 54% of synergies are from costs and 46% from revenues. In the short term, the main initiatives aim to maximise the value of core operations across key markets (Italy and Spain, as well as Germany, Austria, and Switzerland) by unifying advertising and technology operations to better serve cross-border advertising demand. In the long term, MFE will invest in expanding its premium local content offering and in building a future-ready organisation through the integration of artificial intelligence and the large-scale adoption of the best technologies available.
- EPS accretion.** MFE estimates a rise in EPS ranging from +51% if it remains below 50% of the PS71 capital, to up to +82% if the goal of a full combination is achieved (+69% in the case of the intermediate scenario, i.e. a stake of over 50% in ProSieben but below the level needed to approve the merger). In order to try to gain a stronger understanding of the three scenarios, we run a simulation of the potential impact starting from our 2025 estimates for MFE and consensus estimates for ProSieben. Our results are consistent with management targets. In Year 1, even merely assuming achievement of Eu71mn of synergies, we would estimate EPS accretion of 6% in the 100% scenario. The deal is fully financed, and leverage is expected to remain comfortably below covenant thresholds.
- OUTPERFORM confirmed, the combination with PS71 is now a more visible opportunity.** For the time being we are not changing our estimates and target (MFE-B target Eu5.2; MFE-A target Eu4.2), but it is evident that the value creation of the deal should have a meaningful impact on both. The fact that ProSieben CEO Bert Habets expressed his support to the pan-European project, willing to work closely together with MFE, is an encouraging signal. Thanks to the significant synergies envisaged, the group should still be able to have positive EPS accretion from Year 1 in any scenario; as MFE is confirming the dividend policy (at least 50% of group net income) specifying it is sustainable over time, this implies the group will continue to pay an extremely generous dividend in the years to come, with a strong double-digit yield for MFE-A.

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	2.8	2.5	2.2
EV/EBIT Adj	8.6	7.6	6.4	5.7	4.9
P/E Adj	9.7	7.7	6.8	6.5	6.3
Div. Yield	6.7%	7.3%	7.3%	7.5%	7.8%
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 FTSEMIB40 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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BUY:	32.84%
OUTPERFORM:	38.81%
NEUTRAL:	28.35%
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 (79 in total) is as follows:

BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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