

## CASTA DIVA GROUP APPROVES THE STRATEGIC PLAN 2017-2019

### MAIN TARGETS 2019:

**PRODUCTION VALUE € 33.5 MLN up 35% vs. 2016 (CAGR 2016-2019 +10%),  
EBITDA MARGIN 8%, more than triple vs. 2016**

**Focus on strategic partnerships with multinationals in the Commercials and Events sectors.  
The 2019 targets will be reached faster and will be improved based on an M&A  
sustainable policy through an increase in pre-authorized capital.**

*Milan, 06 June 2017*

The Shareholders' Meeting of Casta Diva Group (CDG:IM), a multinational company active in the field of communication listed on AIM Italia, today approved the Strategic Plan 2017-2019.

The Chairman Luca Oddo and the CEO Andrea De Micheli commented: "The Strategic Plan 2017-2019 is based on the integration and enhancement of the companies acquired in 2016 and on the consequent return of the group's performance to the pre-merger situation, equivalent to a margin of 8%. The plan foresees a growth rate of +10%, driven by an expansion in the business area "Commercials - Digital Video Content" where turnover increased from the current 16 million Euro to 21.5 in a context in which Casta Diva is positioned as a producer with the greatest international reach; the area "Events - Live and Digital Communication" is also increasing, rising from 8.9 million Euro to 12. The strategic plan is based on the organic growth of the company but we actually want to implement an international plan of company acquisitions which will allow us to improve and reach the 2019 targets in advance".

### **KEY STRATEGIC GUIDELINES 2017-2019, BY BUSINESS AREA**

The Strategic Plan 2017-2019 is based on the following strategic guidelines.

- **Commercials - Digital Video Content** *(the production and post-production of commercials, digital and viral videos, web series and branded content)*

In the market of commercials, global spending on advertising has shown a steady growth, increasing from \$b 480 in 2011 to \$b 570 in 2015, with a forecast of further growth up to nearly \$b 700 for 2018. As part of this positive trend, there is a substantial hold of the TV sector, which rose from 42% of the total in 2015 to the 40.3% expected for 2017. It also shows a strong growth of digital communication, both web and mobile, which increased from 24.6% of the total in 2015 to the 30.2% expected for 2017 (source: Statista). Compared with Italian competitors, Casta Diva Group is in second place in the ranking of the largest production companies of commercials, and is the one with the greatest international reach through its 13 offices in 10 countries.

In 2016 the **Production value** of BU Spot of CDG amounted to Euro 16.0 million, equal to 64% of the total: **the 2019 Target** is equal to **Euro 21.5 million**. The business area's growth drivers are as follows:

- Growth in the number of commercials at a 2016/2019 CAGR of 7% (in line with the CAGR of the last three years) in the reference countries with a consolidation of the market share

- Strategic partnerships with multinational customers
- Development of proprietary formats in the field of Film and TV
- **EVENTS - Live & Digital Communication** *(the organisation of conventions, web events, road shows, trade stands, team building, product launches and experiential events for both the target B2B and for B2C)*

The events market, in 2015, in Italy, produced 392,000 events (+11.5%) with 35 million participants (+15%). The budget spent on events amounted to €M 819. 81% of the companies surveyed by the Astra research institute for Monitor Events \*stated they were determined to continue investing in events over the next two years. The majority of companies (42.1%) allocate to events more than 20% of their budget for communication. The total budget spending for events in 2017 is expected to be € 1,041 B (CAGR +13% compared to 2015).

In 2016 the **Production value** of BU Eventi of CDG amounted to Euro 8.9 million (36%) of the total: the **2019 Target** is equal to **Euro 12.0 million**. The assumptions of growth of the business area are related to an increase in trade with the inclusion of high-standing figures.

#### **MAIN ECONOMIC-FINANCIAL TARGETS 2019**

Casta Diva Group closed 2016 with a consolidated **Production Value** of Euro 24.9 million, of which 46% (Euro 11.4 million) was achieved abroad: **the 2019 Target** expects a consolidated **Production Value** increase of 35% compared to 2016 and equal to **Euro 33.5 million**, with a 2016-2019 CAGR equal to +10%.

The **Gross Operating Margin (EBITDA)** 2016 amounted to Euro 0.7 million, or 3% of the Production Value: the **2019 Target** expects a return to the typical margin of pre-merger CDG, with an **EBITDA margin of 8%, more than triple compared to 2016** due to the following factors:

- Positive impact of low-cost location use for the production of commercials, thanks to more centralised customer control
- Conservative assumption: no change in the size of the events budget
- Significant growth of the general costs of the holding (CAGR + 15%) aimed at improving the management control, the general coordination and the standardisation of procedures.

The **Net Financial Position** 2016 amounted to Euro 0.8 million: **the 2019 Target** provides a **negative PFN (Cash)** with **Euro 2.6 million**.

The objectives of the plan will be further accelerated as a result of a development plan mainly based on an M&A policy, for financing for which the Board of Directors was authorised by the Extraordinary Meeting of 18 July 2016, pursuant to arts. 2443 and 2420 ter of the Italian Civil Code, to increase, in one or several tranches and divisibly, the share capital and/or to issue convertible bonds, also with the exclusion of option rights, with or without warrant and possibly the warrants service. This policy provides for the acquisition of companies in the events and digital communication sector (in BU Eventi) as well as the opening of new offices in strategic areas, such as China, UAE, Latin America and Germany (in BU Spot).

---

\* market research commissioned annually by the publisher ADC Group

The presentation of the Strategic Plan 2017-2019 is available on the website [www.castadivagroup.com](http://www.castadivagroup.com) .

The press release can be viewed on the websites [www.castadivagroup.com](http://www.castadivagroup.com) and [www.emarketstorage.com](http://www.emarketstorage.com)

**Casta Diva Group (CDG:IM)** is a multinational company listed on AIM of Milan operating in the field of communication for the production of branded content, viral videos, digital content, films and corporate events. It has a presence on 4 continents with offices in 13 cities: Milan, Rome, London, Manchester, Prague, Beirut, Istanbul, New York, Los Angeles, Buenos Aires, Montevideo, Cape Town and Mumbai. The brands of the Group are Casta Diva Pictures, Egg Events, Anteprema Video and Blue Note. It represents the most extensive production network of advertising films and events worldwide, created through an active and continuous interaction between the different locations and the experience of its 62 digital communication and live entertainment professionals. It is a talent hub, equally adept at working with Oscar award-winners and global celebrities as at discovering new creative talent, thereby ensuring the highest standards of excellence. Casta Diva Group and its managers have offered innovative and creative communication strategies to over 100 prominent brands reinterpreting conventional communication rules. Since its foundation in 2005, the Group has grown steadily and has been regularly awarded numerous awards; in 2016 alone it received 52 awards including 2 Lions at the Cannes Lions International Festival of Creativity, and 6 EuBEA — European Best Event Awards, including European Best Event Agency, and 4 NC Digital Awards including Best Digital Production Company. It is the owner of Blue Note Milano, a prestigious jazz club and restaurant which opened in 2003 and is part of the international Blue Note network, a focal point on the world jazz scene, which at the site of via Borsieri, at Isola (just one of the venues) it puts on around 300 shows a year, billing approximately 25% (source: SIAE) of the jazz industry's income in Italy.

#### Contact

##### **CASTA DIVA GROUP — Issuer**

Francesco Merone  
[investor.relations@castadivagroup.com](mailto:investor.relations@castadivagroup.com)  
Via Lomazzo 34, 20154 Milano  
T: +39 02 3450817

##### **IR TOP CONSULTING**

**Investor Relations** - Maria Antonietta Pireddu  
[m.pireddu@irtop.com](mailto:m.pireddu@irtop.com)  
**Media Relations**  
Domenico Gentile, Antonio Buoizzi  
[ufficiostampa@irtop.com](mailto:ufficiostampa@irtop.com)  
Via C. Cantù, 1 - 20123 Milan  
T: +39 02 45473884 - [www.aimnews.it](http://www.aimnews.it)

##### **INTEGRAE SIM — Nomad**

Via Meravigli 13 — 20123 Milan  
T: +39 02 87208720  
[info@integraesim.it](mailto:info@integraesim.it)

##### **CFO SIM — Specialist**

Via dell'Annunciata 23 — 20121Milan  
T: +39 02 303431  
[info@cfosim.it](mailto:info@cfosim.it)