



CASTA DIVA GROUP SHARES THE STRATEGIC PLAN 2018-2020

STRATEGIC GUIDELINES 2018-2020

Strategic partnerships with multinational clients (focusing on China and Middle East)
Proprietary formats development for Cinema and TV Series
Events business diversification

Strategic goals will be easily reached thanks to M&A policies

STRATEGIC GOALS 2020

Production worth: 32€ M
EBITDA: 3,2 €M, EBITDA margin 10%
PFN (Cash): -3 €M

Milan, 21st June 2018

The Casta Diva Group Board (CDG:IM), Innovative PMI listed on AIM Italia, operating internationally in the field of communications, has approved today the Strategic Plan 2018-2020.

Andrea De Micheli and Luca Oddo, Chairman and CEO of Casta Diva Group: *"This continuous market evolution for communications and the entertainment industry has pushed us expediting the development process of our Group. Awards as the Silver Lion at Cannes festival, appreciation from new clients such as Alibaba and loyal clients such as Procter & Gamble, the evolution of the Entertainment industry with renowned productions such as "DIVA!" and the developments of activities for the famous Blue Note club, demonstrate how our results have been achieved and our plan to reach new targets."*

Francesco Merone, Casta Diva Group Managing Director: *"I am proud to be part of Casta Diva group and to share this ambitious development project aimed at strengthening our leadership in this field. As the Managing Director, I will lead our company to a path of optimisation and rationalisation to increase our viability: the new strategic plan includes a marginalisation target of the Group equal to 10%, higher than what expected in the previous plan (8%)."*

CASTA DIVA GROUP PROFILE

Casta Diva Group operates internationally in communications. Founded in 2005 by Andrea de Micheli and Luca Oddo, it is an Innovative PMI that has reinterpreted the rules of conventional communication: our strategic asset is our excellent ability in "communication strategy design" together with the engagement of the best directors and talents in communications and entertainment. The Group operates today with 3 business units that redefine the different business profiles of it.

- ❑ **ADVERTISING PRODUCTION:** production and post production of spots, digital videos and video content;
- ❑ **EVENTS (Live & Digital Communication):** conventions planning, web based events, roadshows, forums, stands, team building, product launches, experiential events for B2B e B2C;
- ❑ **ENTERTAINMENT:** branded content, films and TV series, live entertainment (concerts and performances).

Located in 4 continents with 15 branches, it represents the biggest production network for communications worldwide, built through an active and continuous interaction among the branches and the experience of our professionals. The Group brands are Casta Diva Pictures, Casta Diva Events, Casta Diva Forums, Blue Note Milano e Blue Note Off.



PRINCIPAL TRENDS ON THIS MARKET

ADVERTISING PRODUCTION

Global expenditure in advertising depends over 70% on video contents. Videos represent 82% of the total internet browsing by 2020. The number of users of digital videos worldwide will grow by 40% by 2020.

By 2020, the main advertising markets will be Pacific Asia, North America and Western Europe. The Pacific-Asia area will grow extensively in 2015-2020 (+23%), more than North America by 2020 with 274 Billion Dollars.

Global expenditure in *digital video advertising* was in 2017 26,3 billion Dollars; in 2022 will be equal to 51,2 billion Dollars, with a CAGR 2017- equal to +14%. 65% of the agencies expected to increase their budget for digital videos. Social platforms are controlling videos distribution, especially YouTube and Facebook.

EVENTS

The MICE sector currently represents 54% of the global market in business trips. Recent statistics from the International Congress and Convention Association (ICCA) show that the number of meetings has constantly increased in the last 5 decades. The growth has been more significant after 1997, especially in 1998-2002 (+51%) and 2003-2007 (+60%). The period 2013-2017 has seen the highest number of meetings (around 60 thousand) and a growth by +6%.

MAIN EVENTS IN 2017 AND FIRST SEMESTER 2018

The main events in financial year 2017 and first semester 2018 are listed below, according to strategic guidelines described in the Strategic Plan 2017-2019 approved on 6th June 2017.

Concerning **ADVERTISING PRODUCTION**, **Casta Diva China CO Ltd** was established (Shanghai), controlled by 50,1% by Casta Diva Group SpA and 49,9% by Shanghai Red Horse Advertising Media Co. Ltd. that has a goal to capture the big potential of the market not only in China but also in Korea and Hong Kong. The first important result was winning a project bidding of 500.000 dollars to produce 3 spots for the Alibaba Group.

"Break the Taboo" Spot, produced for the Argentine Society of Urology, won the **Silver Lion for the Healthcare category at Cannes Lions 2018**. This prize has been awarded at the International Festival of Creativity 2018, the most important international event in advertising, where professionals in this field celebrate the best world production from the previous year.

We are currently working on a collaboration with **Impersive Srl**, famous on a national and international level for its excellent skills in producing 360° videos (3D) full body stereoscopic, aimed at using not only commercial synergies but also creative e productive.

The strengthening of the Group for the *Cinema a TV industry*:

- The production of **DIVAI**, first feature film co-produced with D.O. Production, tells the life of Valentina Cortese, one of the most famous Italian actresses. The docufilm has been awarded at NASTRO D'ARGENTO DOC 2018, after being nominated at the 74th Venice International Cinematography Festival, Official Selection out of competition, and the female cast has been awarded with "Starlight Cinema International Award";
- Starting **TV series** productions with Casta Diva Pictures Lebanon for the family-drama **AWAKE**;
- In the music industry, Casta Diva Events has created a new brand **Blue Note Off** aiming at bringing jazz to "unconventional locations" as for Banca Intesa for the Jazzmi event 2017, in Sisal WinCity and Villa for the FAI in the first months of 2018.



As part of the events business, the Group also entered the financial events sector through its subsidiary CDFE with the Casta Diva Forums brand.

The financial events are aimed at organizing meetings between companies with capital needs and the major investors in the sector in the main international financial markets. The offer of these companies refers to their ability to use block chain technology and the possibility of participating issuing their own cryptocurrency through the Initial Coin Offering (ICO).

It's also important the strategic collaboration agreement between Casta Diva Events, through the establishment of Casta Diva Events Dubai, and DR & Partners for the development in the UAE area, in particular for Dubai for Expo 2020.

GUIDELINES AND STRATEGIC OBJECTIVES 2018-2020

The 2018-2020 Strategic Plan is based on the following guidelines, by business area:

- ADVERTISING PRODUCTION:
 - i) Growth in relevant countries, thanks to the consolidation of market share;
 - ii) Strategic partnerships with multinational customers, particularly focusing on China and Middle East;
- EVENTS: growth assumptions are based both on the diversification of business events (Casta Diva Forums, company specialized in financial events), and on the establishment of new companies outside Italy (e.g. Casta Diva Events Dubai, which has targets Expo 2020). Further boost to the business will be guaranteed by B2B events, managed with the new Blue Note Off brand.
- ENTERTAINMENT: development of proprietary format in the Cinema and TV series.

The plan objectives can be further expedited thanks to a M&A policy which remains the main strategic guideline for all business areas. As in recent acquisitions, the selection of the target companies will take place with the aim of integrating the productive and creative chain and penetrating new markets, increasing the group's margins. Casta Diva Group closed 2017 with double the EBITDA margin, which rose from around 3% to around 6%, with a significant improvement in the Net Financial Position, which went from € 0,8 million in 2016 to – 1,8 million euros (positive cash) in 2017. In the three-year period 2018-2020, the Group will focus on increasing EBITDA margin rather than on revenue growth, as already implemented and highlighted by the 2017 consolidated financial year. The strategic objectives forecasts the achievement of an EBITDA margin of 8% in 2018, to reach then 10% in 2020. The previous plan forecasted, in 2019, a turnover of 33.5 million euro to reach an EBITDA of 2,5 million euro, equal to 8% of the value of production. With the strategic plan update, the target for margins is estimated to be reached, in 2018, one year in advance, and exceeded in 2019. The Net Financial Position trend, which forecasts a value of -3.0 million euros (cash) as a strategic target for 2020, confirms a better performance of cash management.



€M	2016A	2017A	2018E	2019E	2020E
Production worth	24,9	23,5	26	29	32
EBITDA	0,7	1,3	2,1	2,6	3,2
EBITDA margin	~3%	~6%	8%	9%	10%
Net financial position (Cash)	0,8	(1,8)	(1,0)	(2,5)	(3,0)

CASTA DIVA GROUP (CDG:IM - ISIN IT0005003782) is a multinational company, which operates in communications and production of branded contents, viral videos, digital contents, film and live music entertainment. It is located in 4 continents with branches in 14 cities: Milan, Rome, London, Manchester, Prague, Beirut, Istanbul, New York, Los Angeles, Buenos Aires, Montevideo, Cape Town, Mumbai and Shanghai. The Group brands are Casta Diva Pictures, Casta Diva Events, Anteprima Video, Blue Note Milano and Casta Diva Forums. It represents the biggest production network for advertising and events worldwide, built through an active and continuous interaction among the different branches and the experience of its professionals in digital communications and live entertainment. It's a talent hub able to get Oscar awards and celebrities from all over the world and to discover and attract new creative talents, who deliver standard of excellence. Casta Diva Group and its managers have offered strategies of innovative and creative communications and 100 big brands, reinterpreting the rules of conventional communication. Since its foundation, in 2005, the Group has constantly developed and awarded with the Lions at Cannes Lions International Festival of Creativity, Mobius Award, LIA - London International Awards, EuBEA – European Best Event Awards. It owns Blue Note Milan, jazz club and cuisine restaurant opened in 2003 and part of the international network Blue Note, well renowned in the jazz world, located in via Borsieri, Isola, (not only there) and produces over 300 shows per year, with an income of 25% (fonte: Siae) of the total income of the jazz industry in Italy.

Press release available on www.castadivagroup.com and www.emarketstorage.com

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