

MILAN, 12° DECEMBER 2018

CASTA DIVA GROUP SpA INDUSTRIAL PLAN 2018-2021

CEO: LUCA ODDO

Castadiva



CASTA DIVA GROUP
Communication strategy and production

As the market trends keep on changing, the Group is developing its strategy by redefining its mission and reshaping its structure. The Group identity is implemented through three main business areas: *Video content Production, Live communication & Entertainment* and *Communication Strategy & Digital*. The business model gets finalised thanks to the development of the strategic and creative consulting department, opening up new opportunities on the market.

Casta Diva Group keeps on growing by optimising and developing internal departments as well as M&A activities, as per the Group recent acquisitions of G.2 EVENTI and METE TRAVEL AND EVENTS, which have contributed to the Group revenue (forecasting for 2018) with over 30 Million Euro, in comparison to 22 Million from the previous year.

Thanks to its structure, subdivided into business and geographical areas, which has always had a positive impact on the market, the Group has been able to face difficulties such as the currency crisis in Argentina and Turkey, Brexit, the trading war between USA and China, forecasting to affect negatively the Italian GDP. The Group has a strong structure and is able to take on opportunities in terms of fiscal optimisation for the new acquisitions on the consolidated financial statement.

The industrial plan 2018 – 2021 highlights all these aspects and forecasts the Group strategy, thanks to its developed positioning, by *supporting Companies with communications strategic plans and producing communication assets*.

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CASTA DIVA GROUP
Communication strategy and production



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MARKET CONTEXT

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The communications market (excluding media) has globally transformed over the years, due to four main factors:

- **Digital development**
- **Media fragmentation**
- **Targeted groups who have changed their methodology and acquisition habits**
- **Companies looking for intersolutions**

CDG has been able to spot new market trends: the hierarchical structure, «Company – Advertising agency – Production supplier of communication assets» is more and more disappearing, or will only play a little part in the world of communications.

Companies are trying more and more to have professional skills in integrated communications, in order to manage communication plans on «multiplatforms».

The main players of this market will have to gain different skills in terms of strategy development and production.

The development of companies such as **MediaMonks**, acquired by Martin Sorrel, communications guru and founder of the WPP world, and **Burson Cohn & Wolfe** of the WPP Group show that our intuition was correct.

Casta Diva Group has been providing a “Multiplatform” offer in different areas of communications. Hence, the Group is ready to take on new challenges over the next years, in terms of strategy development, implementation and production, thanks to its “in house” multiple skills required by the market.

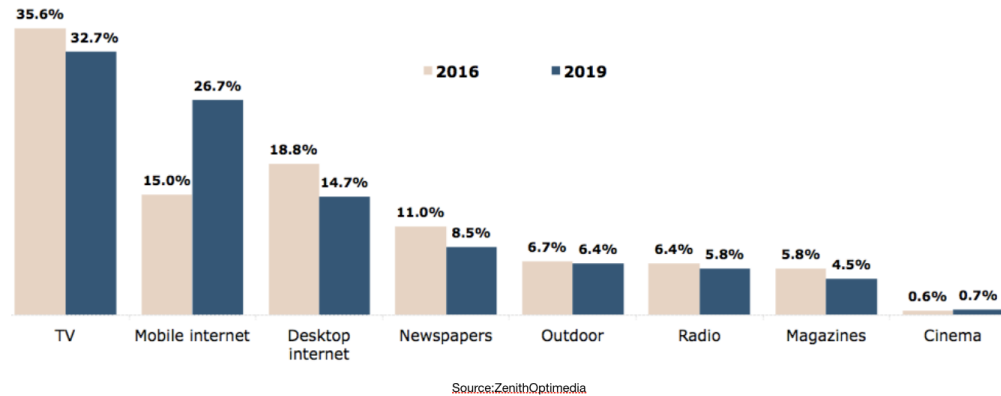
THE GROUP IS READY TO FACE CHALLENGES OVER THE NEXT YEARS



MARKET CONTEXT

Share of Global Ad spending by medium

2019 v. 2016



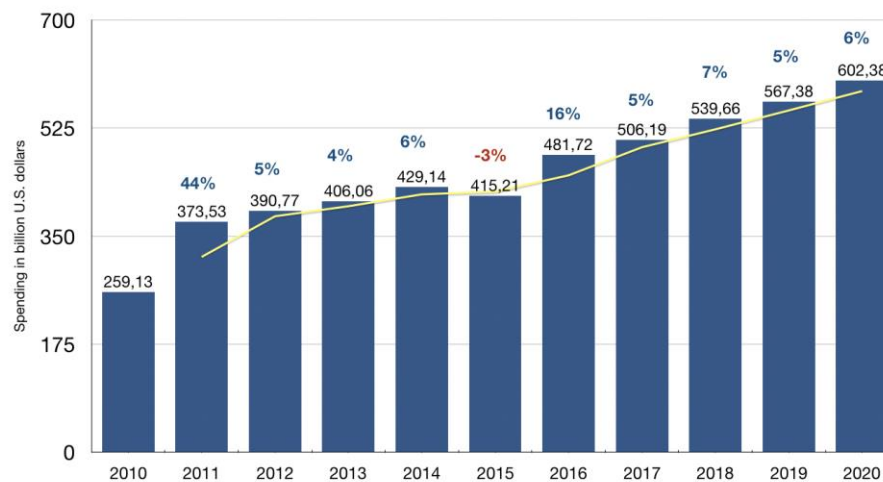
MEDIA TOOLS FRAGMENTATION



MARKET CONTEXT

The increase of media platforms leads to redistribution of the companies communication costs, as well as making communication itself accessible to the new players, who take on the opportunity to use new media tools with a lower cost in comparison to TV and the press.

Global advertising spending from 2010 to 2020 (in billion U.S. dollars)



Source: Wilkofsky Gruen Associates; McKinsey by Statista 2018 <https://www.statista.com/statistics/237803/global-tv-advertising-revenue/>

CONSTANT GROWING MARKET



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MISSION EVOLUTION

Casta Diva Group has been operating in different areas of communications with its subsidiaries. The fragmentation of communications and its tools have strengthened the Group diversification, which has always been active with a wide range of offers, according to the market needs.

The Group evolution has merged different offer opportunities, with a more strategic approach to the market, allowing Casta Diva Group to be partner of companies and to produce different assets for their communication department, by creating a strategic plan of integrated communications. Its implementation has been applied thanks to its know-how and its structure. This is the new Mission of Casta Diva Group:

Supporting Companies with strategic plans of communications, by producing communication assets.

A large, stylized, handwritten-style logo for Casta Diva, oriented vertically on the right side of the slide.

CASTA DIVA GROUP, PARTNER OF COMPANIES AND COMMUNICATIONS





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REDIFINING GROUP IDENTITY

The “developed positioning” of the Group and its re-focused mission allow (as well as offering own individual services), to reach a wider range of clients, targeted in the first phase of the communication plan, by penetrating the market in a more competitive way.

The formation of a team specialised in strategy and communications design relies on the Group’s know-how in terms of implementation and production of communication plans, specifically created for the clients. This has been the Group guideline in 2018.

The Group identity has been redefined. **Communication strategy and production**

CASTA DIVA GROUP, COMMUNICATION STRATEGY AND PRODUCTION.



BUSINESS AREAS

The «developed» positioning of the Group and its re-focused mission have re-defined the business areas where the Group operates:

- ***Video content Production***
- ***Live communication & Entertainment***
- ***Communication Strategy & Digital***

Video Content Production: Production of spots, digital videos, videos for events and corporate, documentaries, film and TV.

This Business Area has strengthened and expanded with the following initiatives:

- New operations in the USA, with a new strategic agreement with a local partner to work on spot production in the US and in the rest of the world.
- New operations per joint venture with China (Red Horse is the local partner of the Group) in the field of advertising spots, playing as a link to abroad productions with local companies, in addition to local productions.
- TV series production in the Middle East
- Increase in number of clients, thanks to the acquisition of G2 and Mete Travel&Events, promoting the Business Unit services to its clients.

THREE BUSINESS AREAS

Video content production
Live Communication & Entertainment
Communication Strategy & Digital





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BUSINESS AREAS

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Live Communication & Entertainment: Planning and creation of corporate events, B2B and incentives for companies, public and private Institutions. Live shows and Entertainment.

The department keeps on strengthening and developing through the following activities:

- After the acquisition of G.2 EVENTI, Mete Travel and Events and their incorporation with Casta Diva Events, the Group has a wider range of clients for this Business Unit; also, these three companies can provide the market with a bigger offer, by integrating different services so far provided individually.
- The optimization of the sales department by creating a Customer Relation team, focused on the acquisition of new businesses.
- The opening of a new branch in Dubai, focusing on the Expo 2020, for projects that could positively affect other activities of the Group.
- Structural implementations of the Blue Note Jazz Club, focusing on inviting local artists.
- Development of the Blue Note Off project with an increase in the number of initiatives outside the venue, for owned events (summer season) and events for Companies, public and private Institutions.

THREE BUSINESS AREAS

Video content production

Live Communication & Entertainment

Communication Strategy & Digital



BUSINESS AREAS

Communication Strategy & Digital: Creation of communications strategic plans, creative production and implementation of communications assets.

This area focuses on:

- A team of local and international professionals from the world of communications strategy and creativity, for one of the Group companies: K2Com
- Strengthening the digital department with a team focused on coordinating all communication initiatives, both for K2Com and the other subsidiaries of the Group.
- Services offer to all Clients of the Group, provided by its subsidiaries as per specific requests.
- New Business projects with companies that need a new integrated approach to communication, by professionals who coordinate all the Group offers with a strategic production plan.
- Offering services to all subsidiaries of the Group, in order to increase the number of clients and improve the offer to existing clients.

THREE BUSINESS AREAS

Video content production
Live Communication & Entertainment
Communication Strategy & Digital





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The growth of CASTA DIVA GROUP has been following internal and external activities. The Group M&A policy has always focused on the geographical development, in order to attract new businesses. Over the years, M&A has constantly given contribution to the Group growth and to the implementation of the business strategic plan, which tends to reach a target of 100 Million Euro revenue.

Careful consideration is constantly given to acquisition opportunities for new target companies, which can broaden up the Group horizons, as a main factor of growth and services development.

REVENUES

CAGR SUPERIORE AL 18%



MERGERS AND ACQUISITIONS : TARGET 100M





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The Group is implementing internal restructuring. On one hand, Casta Diva Group Spa will only include the Holding activities. On the other hand, other operational activities, before managed by the Holding, will be delegated to two new Legal Entities:

Service Zero: administration services, accounting, IT, general services (established by the end of 2018, 100% owned by Casta Diva Group Spa).

K2Com: Communication services, PR, Corporate Image (established in July 2018, 85% owned by Casta Diva Group Spa).

INTERNAL RESTRUCTURING

Two new entities will provide services to all subsidiaries, optimising costs, deadlines and efficiency, bringing competitive advantage to the Group with better synergies and optimisations.

The Production network of all subsidiaries of Casta Diva Pictures will have a managing director, who will coordinate new business activities, in order to strengthen the relation with the existing clients and define communication for its network and subsidiaries.

The three companies of Live Communication, and the new two acquisitions, will be part of the brand "DISTRICT", aiming at optimising the approach to the market, reaching new clients and securing the existing ones, thanks to the development of offered services within the entity.

INTEGRATION AND OPTIMISATION





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These three Business areas are managed by designated Managers with defined targets and strategies.

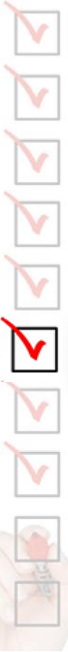
- Coordination of the Business Area activity
- Business development on existing clients
- New business actions with a wider reach

INTERNAL RESTRUCTURING

The managers of the different areas have a designated «tool kit» for «best practice» and «managing procedures», for all the different areas of the Group and its services. Incentives on obtained results are part of the working relation that the Group has with its managers, to secure their loyalty by focusing on their actions.

SUCCESS HAPPENS THROUGH KEY PEOPLE





The process of internal restructuring includes difficulties that have been spotted and analysed by the Group:

- Integration deadlines for new acquisitions (as G.2 EVENTI, Mete Travel & Events)
- Suppliers evaluation and contracts revision
- Human resources optimisation
- Logistics optimisation

INTERNAL RESTRUCTURING

Optimisation and integration operations have been carefully analysed and implemented through an elaborated strategy.

A Team with specific skills and duties will be coordinated by the managing Director and CFO of the Group, to ensure excellent results through a smooth process, without affecting negatively the results with slow activities.

DIFFICULTIES UNDER CONTROL





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COMMUNICATION

Communication is re-organised separating the institutional part from the sales part, allowing individual departments and the Group subsidiaries to operate in a more selective way, according to the markets needs and trends, both in terms of trading and geographical purposes. Communication activities are coordinated by K2Com, according to procedures given by the Holding.

Every Business Area will have a new communication strategy based on the development of the Group and its new Mission.

A large, stylized signature or logo on the right side of the slide, written in a cursive, flowing script.

BUILDING AWARENESS



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The evolution of the Group over the next years, as mentioned in the industrial plan, highlights the revenue increase, together with an increase in EBITDA and Net Profit.

On the following pages, the development of the figures are highlighted both in the consolidated and for every single business area.

FINANCIAL REPORT

Income Statement	2018	2019	2020	2021
Revenue	30.088.059	33.223.652	37.431.234	41.784.544
Production Value	32.763.476	35.917.404	38.991.986	43.195.296
Direct costs	23.953.002	26.106.219	28.624.309	31.846.261
Contribution Margin	8.810.474	9.811.185	10.367.677	11.349.035
Other operational costs	7.804.939	7.911.185	7.541.106	7.801.106
Amortisation	850.000	950.000	926.571	947.929
Operating Profit	155.535	950.000	1.900.000	2.600.000
Amortisation/Depreciations	850.000	950.000	926.571	947.929
Ebitda	1.005.535	1.900.000	2.826.571	3.547.929
Non recurring costs	998.785	321.582		
Ebitda Adjusted	2.004.320	2.221.582	2.826.571	3.547.929
Ebitda Adjusted % on revenues	6,7%	6,7%	7,6%	8,5%
Financial costs	(250.000)	(250.000)	(300.000)	(300.000)
Taxation	264.000	222.759	(332.252)	(465.732)
Net Profit	169.535	922.759	1.267.748	1.834.268
Net Profit %	0,56%	2,78%	3,39%	4,39%

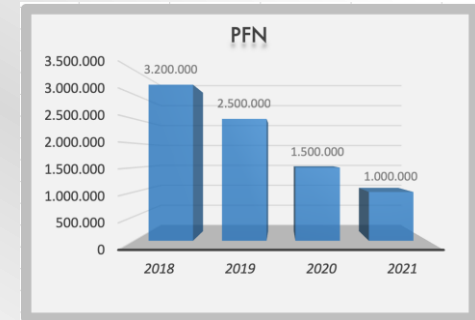
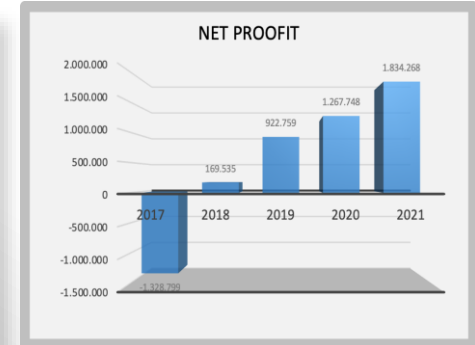
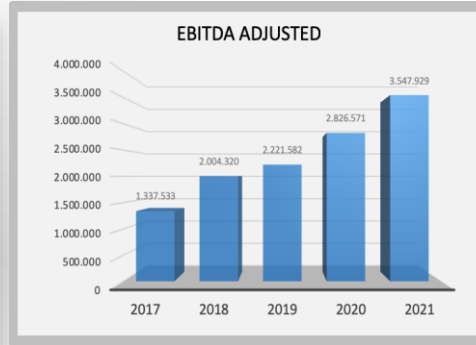
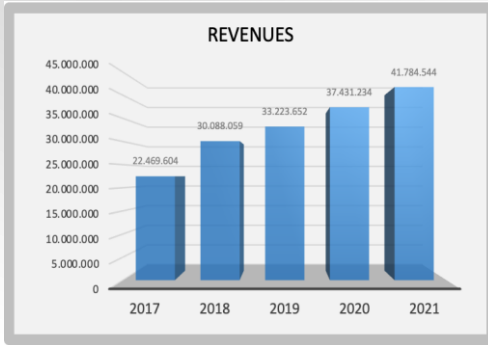


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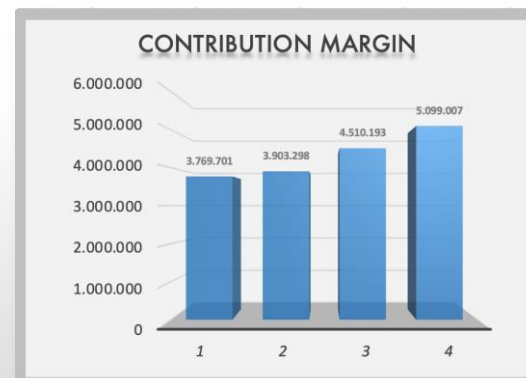
FINANCIAL REPORT

GROUP CONSOLIDATED FIGURES FORECAST





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FINANCIAL REPORT

«VIDEO CONTENT PRODUCTION» FIGURES FORECAST

Forecast for 2018

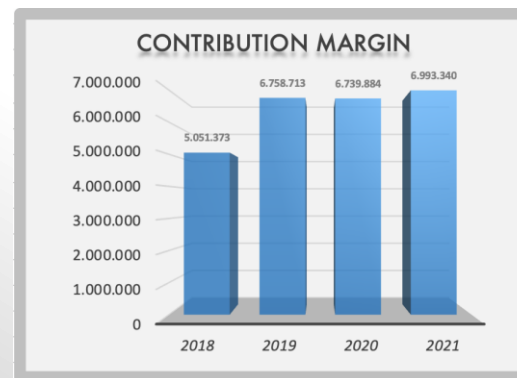
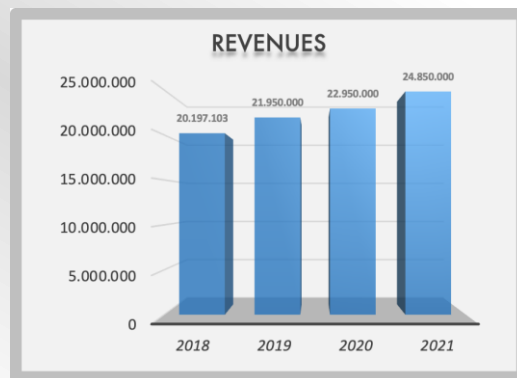
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«LIVE COMMUNICATION & ENTERTAINMENT» FIGURES FORECAST

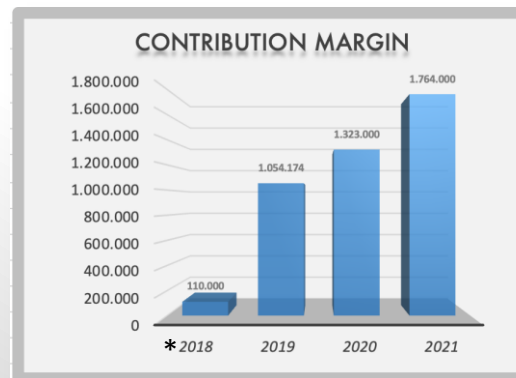
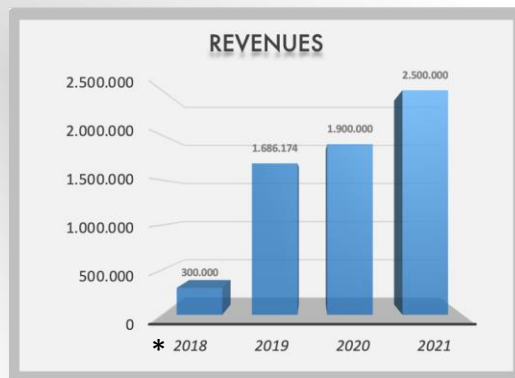
Forecast for 2018

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«COMMUNICATION STRATEGY & DIGITAL» FIGURES FORECAST

Forecast per 2018

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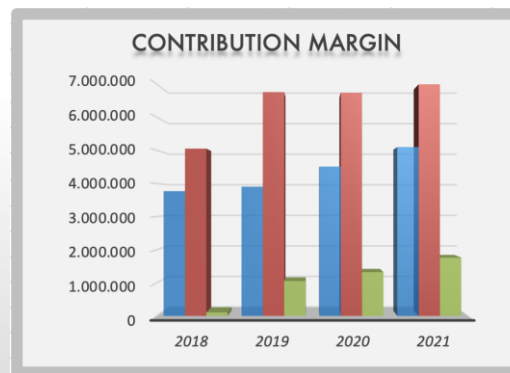
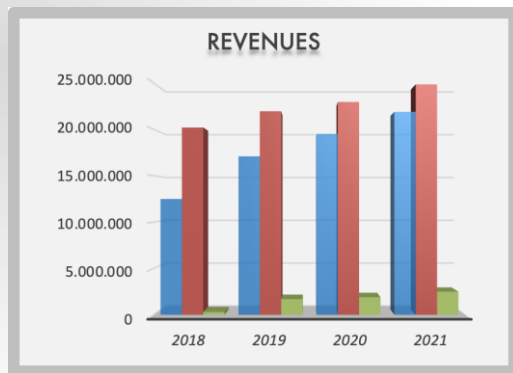
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FINANCIAL REPORT

FIGURES FORECAST FOR BUSINESS AREA

Forecast for 2018

- VIDEO CONTENT PRODUCTION
- LIVE COMMUNICATION / ENTERTAINMENT
- COMMUNICATION STRATEGY / DIGITAL





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**CONCLUSIONS****THE INDUSTRIAL PLAN HIGHLIGHTS THE FOLLOWING :**

- *GROWING MARKET*
- *GROUP FOCUS ON THREE MAIN BUSINESS AREAS*
- *INTERNAL RESTRUCTURING*
- *RE-DEFINED MISSION*
- *STRONG M&A POLICY*
- *GROWTH WITH EXISTING CLIENTS*



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NEW 2018, NEW FUTURE

Many factors in 2018 have had a strong impact on different departments of the Group, affecting its EBITDA and Net Profit.

- Currency crisis in Argentina
- Currency crisis in Turkey
- Brexit
- Trading war between Usa-China
- Negative Italian GDP

Regardless, the Group has been able to achieve results according to the previous plan for EBITDA 2018, and growing results on net profit in comparison to the previous year.

These goals have mainly been achieved thanks to the Group structure, as business and geographical diversification led to the creation of a «ANTIFRAGILE» system, by Nassim Taleb's definition.

CONCLUSIONS

AN «ANTIFRAGILE» STRUCTURE



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NEW 2018, NEW FUTURE

Under different circumstances in comparison to eight months ago, the new industrial plan revises the next three year forecast plan, taking into consideration the problems mentioned above. Revenue keeps on increasing, whereas EBITDA decreased due to currency crisis in Argentina and Turkey, Brexit, USA – China and negative Italian GDP.

Thanks to the optimisation of fiscal policy and acquisition operations, Net Profit forecast keeps on increasing.

CONCLUSIONS

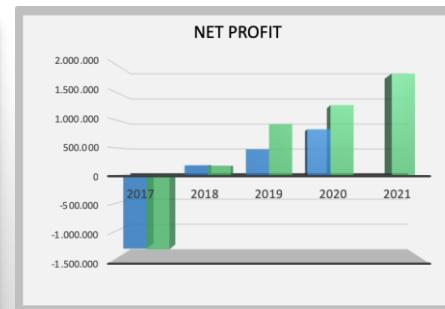
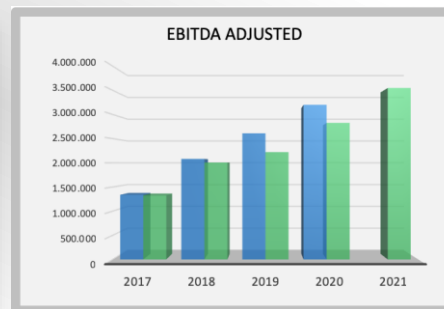
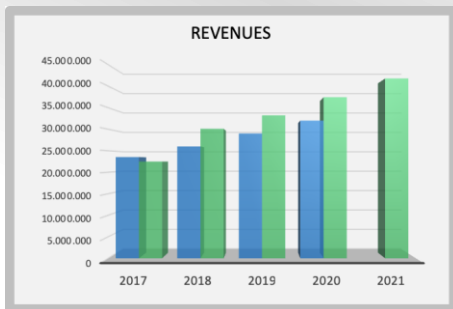
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NET PROFIT GROWTH TO PREVIOUS PLAN



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NEW 2018, NEW FUTURE



CONCLUSIONS

■ PREVIOUS INDUSTRIAL PLAN
■ NEW INDUSTRIAL PLAN

Forecast for 2018

NET PROFIT GROWTH TO PREVIOUS PLAN



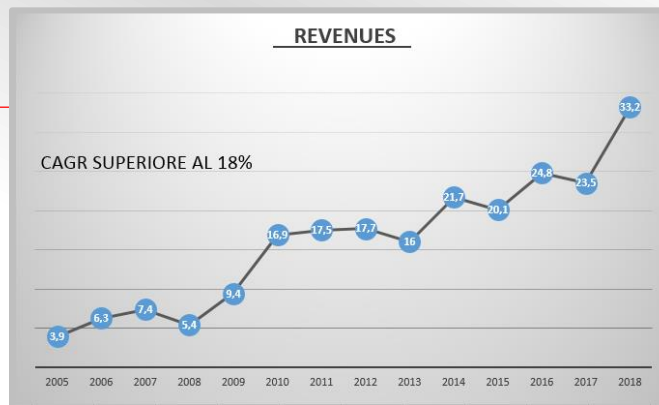
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BILATERAL GROWTH

- 1. The possibility of making the Group members interact among themselves, as well as supporting the Group subsidiaries, led to constant growth through the development of services offered to the clients. The geographical expansion allows to reach companies that need global support, creating growth value for the Group revenue.
- 2. M&A policy aiming at targeting two types of clients on the market:
 - Companies that are growing, to which the Group can give a stronger «status» in order to reach important clients;
 - Companies that want to expand beyond their territory but haven't been able to do so due to lack of resources or methodology, for which the Group can play as a «booster».

The first option strengthens the Group, allowing the second option to support the growth through external lines.

CONCLUSIONS



GROWTH AS PER INTERNAL AND EXTERNAL LINES



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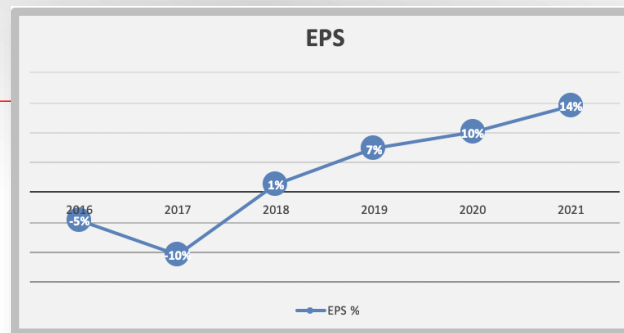
A PLAN TO CREATE VALUE

We believe that all operations mentioned in the plan and the support of managers, key people and collaborators will be reflected on the Group value and the value of the Company Shares. This constant development, backed by a strategic plan, is the Group goal and has been happening since being listed on AIM, growing through a strong business structure and efficient management.

We are aware of operating in a field that faces difficulties because of its complexity. This led to the decision of increasing communication efforts in relation to the world of AIM, with a more detailed plan and with future information.

Spotting the best opportunities both for growth via external lines and M&A policy is the Group approach, in order to create value.

CONCLUSIONS



EPS: VALUE CREATION



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INVESTING IN «COMMUNICATIONS»

Communications represent one of the few fields constantly developing without major drops. In positive and negative financial situations, communication plays a vital role for the companies.

The Group business model, both for services diversification and geographical expansion, in addition to a strategic vision, places Casta Diva Group among the main players on the market and known by company clients.

The growth factors bring advantage to current investors of Casta Diva Group, with a strong and stable business model. This gets strengthened through business expansion over communications strategic consulting.

CONCLUSIONS



STABLE GROWING BUSINESS



MILAN, 12° DECEMBER 2018

CASTA DIVA GROUP INDUSTRIAL PLAN 2018-2021

CEO: LUCA ODDO

Luca Oddo

