Casta Diva Group

Sector: Business Services

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Growth via M&A, Margins to Catch Up

Casta Diva Group (CDG) is active in Live Communication and Video Content Production, mainly focusing on corporate clients, but with an exposure also to the individual target audience.

FY24: Growth Holds, Margins Slow, Net Debt Beats

CDG closed FY24 with €123.1mn in top line (+10% y/y), outperforming its business plan by ~2%, thanks to strategic acquisitions and major event wins. Profitability, however, fell short of expectations: EBITDA Adj. reached €10.4mn vs. €12mn targeted, mainly impacted by underperformance in the luxury segment, a €4.3mn increase in labour costs, higher goodwill amortization, and rising financial charges. Despite over €4mn in M&A-related cash-out, Net Debt increased by only €3.9mn y/y, landing at €9.5mn (better than our €10.9mn estimate).

M&A to Remain Core Strategy Pillar

With 5 acquisitions completed in approximately 2 years, M&A remains a central pillar in CDG's growth strategy. We underline how the Group is targeting extraordinary operations focused on international expansion (Asia, Middle East), end-market diversification (e.g. retail, fashion, pharma), and innovation in AI-driven content and events.

Estimates Fine-Tuned on Margins, FCF Profile Intact

We confirm our top line assumptions (already revised after February's preliminary release) based on a cautious view of organic growth in the current macro environment. At the same time, we revise FY25E-26E EBITDA Adj. by ca. €1.0mnper year to reflect the higher cost base following FY24 M&A. On FCF, a better-than-exp. FY24 Net Debt and the low business capital intensity support continued deleveraging.

For FY27E, we now forecast:

- VoP at €143.6mn (5% $CAGR_{24A\text{-}27E}$) in the absence of new M&A;
- EBITDA Adj. at €13.9mn, supported by medium-term synergies;
- OpFCF at ca. 60%-70% of EBITDA across the entire forecast horizon;
- Net Debt at €1.5m, after €2.8mn in FY25E-27E cumulative dividends.

Fair Value Confirmed at €2.60 p/s

We confirm our FV for CDG at €2.60 p/s, balancing earnings forecast revisions against modest multiple re-rating across peers. CDG boasts a compelling undervaluation (ca. 60% discount on FY25E-26E peers' median multiples) but we think that an improvement in macro scenario is needed in order to boost the shares.

Fair Value (€)	**2.60**
Market Price (€)	**1.27**
Market Cap. (€m)	**25.5**

KEY FINANCIALS (€mn)	2024A	2025E	2026E
VALUE OF PRODUCTION	123.1	131.8	138.6
EBITDA REPORTED	8.8	10.5	12.2
EBIT	5.2	6.6	7.9
NET PROFIT	0.9	2.6	3.7
EQUITY	10.3	12.4	15.3
NET FIN. POS.	-9.5	-7.9	-5.3
EPS ADJ. (€)	0.07	0.18	0.24
DPS (€)	0.03	0.05	0.06

Source: Casta Diva (historical figures)
Value Track (2025E-26E)

KEY RATIOS (*)	2024A	2025E	2026E
EBITDA MARGIN (%)	7.1	8.0	8.8
NET DEBT / EBITDA (x)	1.1	0.8	0.4
ROE (%)	9.6	22.2	25.2
EV/SALES (x)	0.28	0.26	0.22
EV/EBITDA (x)	4.0	3.2	2.6
EV/EBIT (x)	6.8	5.1	3.9
P/E ADJ. (x)	18.6	7.0	5.3
DIV YIELD (%)	2.3	3.6	5.1

Source: Casta Diva (historical figures)
Value Track (2025E-26E)

STOCK DATA (*)	
MARKET PRICE (€)	1.27
SHS. OUT. (m)	20.0
MARKET CAP. (€m)	25.5
ENTERPRISE VALUE (€m)	33.7
FREE FLOAT (%)	41.8
AVG. -20D VOL. (#)	74,417
RIC / BBG	CDG.MI / CDG IM
52 WK RANGE	€0.91 - €1.56

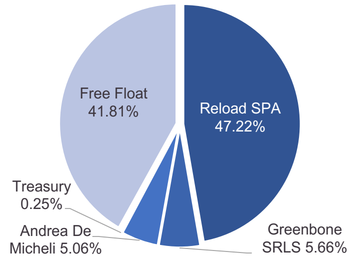
Source: Stock Market Data

Business Description

Casta Diva Group is a communication company operating in branded content, advertising productions, films, tv programming, corporate events, viral videos, digital content and live music shows. A pocket-sized multinational with a presence in fourteen cities across four continents. Casta Diva Group team has worked successfully with over 100 of the world's top brands.

In August 2016 Casta Diva Group went public and is currently listed on the EGM under the ticker CDG.

Shareholders Structure



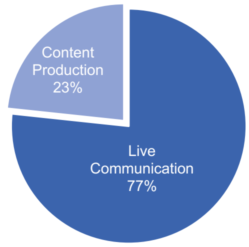
Source: Casta Diva

Key Financials

€mn	2024A	2025E	2026E	2027E
Value of Production	**123.1**	**131.8**	**138.6**	**143.6**
y/y (%)	*10.4%*	*7.0%*	*5.2%*	*3.6%*
EBITDA Reported	**8.8**	**10.5**	**12.2**	**13.4**
EBITDA Margin (% of VoP)	*7.1%*	*8.0%*	*8.8%*	*9.3%*
EBIT Reported	**5.2**	**6.6**	**7.9**	**9.1**
EBIT Margin (% of VoP)	*4.2%*	*5.0%*	*5.7%*	*6.3%*
Net Profit	**0.9**	**2.6**	**3.7**	**4.7**
y/y (%)	*-42.5%*	*nm*	*39.9%*	*26.0%*
Adjusted Net Profit	**1.3**	**3.6**	**4.8**	**5.8**
y/y (%)	*-41.1%*	*nm*	*31.0%*	*20.7%*
Net Fin. Position	**-9.5**	**-7.9**	**-5.3**	**-1.5**
Net Fin. Pos. / EBITDA (x)	1.1	0.8	0.4	0.1
Capex	-1.2	-2.6	-3.1	-3.2
OpFCF b.t.	**4.8**	**6.0**	**7.7**	**9.4**
OpFCF b.t. as % of EBITDA	*54.7%*	*57.3%*	*63.3%*	*70.5%*

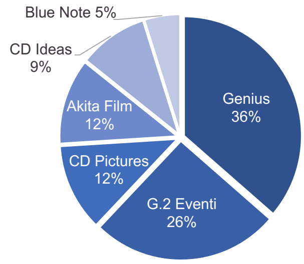
Source: Casta Diva (historical figures), Value Track (estimates)

Revenues by Business Unit



Source: Casta Diva, FY23

Revenues by Legal Entity



Source: Casta Diva, FY23

Investment Case

Strengths / Opportunities

- Italian leader of the communication sector of the media industry;
- Long-lasting retention of highly spending and renowned clients;
- Opportunity to act as consolidator of a fragmented market thanks to stock market listing.

Weaknesses / Risks

- Highly competitive market environment with players from neighbouring industries;
- Market exposed to macroeconomic shocks.

Stock Multiples @ €2.60 Fair Value

	2025E	2026E
EV / SALES (x)	0.46	0.42
EV / EBITDA (x)	5.7	4.8
EV / EBIT (x)	9.2	7.3
EV / CAP.EMP. (x)	3.0	2.8
OpFCF Yield (%)	10.0	13.3
P / E Adj. (x)	14.3	10.9
P / BV (x)	4.4	3.5
Div. Yield. (%)	1.8	2.5

Source: Value Track

FY24 Financial Results

Key Figures & Messages

Casta Diva Group closed FY24 with a 10% y/y increase in top line, slightly outperforming business plan projections (~2%) thanks to strategic acquisitions and key event mandates. However, profitability performance fell short of expectations, mainly due to softer-than-expected results in the luxury segment (notably Genius Progetti), a significant increase in labour costs (+€4.3mn y/y), higher goodwill amortization, and rising financial expenses. Despite over €4mn in M&A-related outflows, Net Debt deteriorated by only €3.9mn y/y and came out better than expected. Key financials include:

- **Value of Production** at **€123.1mn**, up 10% y/y and ca. 2% above business plan target;
- **EBITDA Adj.** at **€10.4mn** (8.4% margin, down 80bps y/y) vs. €12.0mn target (-14%);
- **EBITDA** at **€8.8mn**, 4% below our estimate, but ca. 2% higher than FY23;
- **Net Debt** at **€9.5mn**, better than our expectations (€10.9mn) and €3.4mn lower vs. 1H24.

Casta Diva Group: Key Financials FY23-FY24

Key Financials (IT GAAP, €mn)	FY23	FY24	*y/y*	FY24BP	*A/BP*	FY24VT	*A/VT*
Value of Production	**111.5**	**123.1**	***10%***	**120.7**	***2%***	**123.4**	***0%***
EBITDA Adj.	**10.2**	**10.4**	***1%***	**12.0**	***-14%***	**11.6**	***-11%***
EBITDA Adj. Margin (%)	*9.2%*	*8.4%*	*-80bps*	*9.9%*	*-150bps*	*9.4%*	*-100bps*
EBITDA	**8.6**	**8.8**	***2%***	**na**	***na***	**9.1**	***-4%***
EBITDA Margin (%)	*7.7%*	*7.1%*	*-60bps*	*na*	*na*	*7.4%*	*-30bps*
Net Fin. Position [Net Debt (-) Cash (+)]	**-5.6**	**-9.5**	***-3.9***	**-0.4**	***-9.1***	**-10.9**	***1.4***

Source: Casta Diva, Value Track Analysis

In our view, FY24 results convey three qualitative messages:

1. **Double-digit top line growth underpinned by strategic acquisitions**;
2. **Profitability impacted by luxury events postponement and M&A integration**;
3. **Strong working capital discipline supporting robust FCF generation in 2H**.

Double-digit top line growth underpinned by strategic acquisitions

Casta Diva reported FY24 **Revenues from Sales** of **€121.9mn**, reflecting a 10% increase y/y (vs. €110.8mn in FY23) and over 4.5x FY21 sales of €27.0mn, corresponding to an impressive 65% $CAGR_{21\text{-}24}$. It is important to note that a significant portion of this expansion was fueled by inorganic growth. For instance FY23 and FY24 results include the effect of several acquisitions: *Akita S.r.l.* (completed on 07/10/2023, consolidated retroactively from 01/01/2023), *E-Motion S.r.l.* (17/06/2024, consolidated from 01/01/2024), *Artificio Italiano S.r.l.* (19/12/2024, retroactive from 01/01/2024), and *First Class S.r.l.* (27/12/2024, also consolidated retroactively from 01/01/2024).

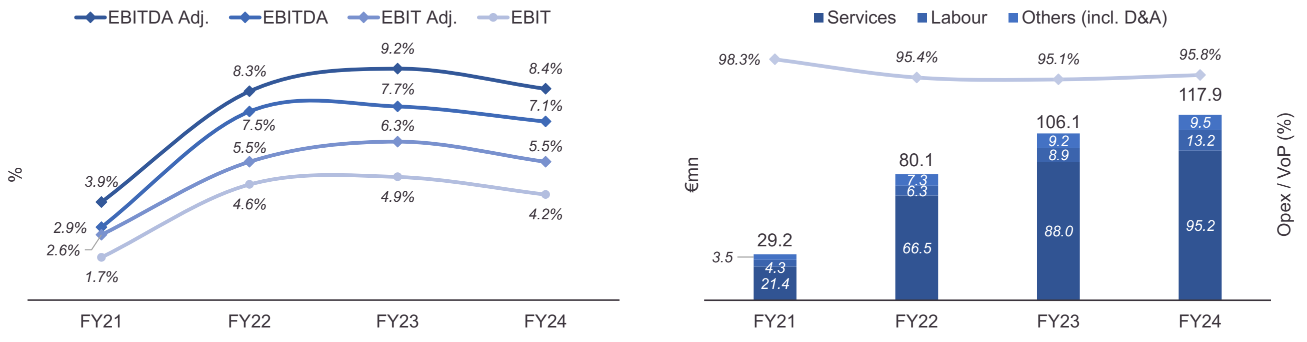
Profitability impacted by luxury events postponement and M&A integration

While the group's historical profitability trajectory remains robust, FY24 margins came under pressure due to temporary and structural factors. These include: (i) the postponement of high-margin luxury events, which delayed both revenue and profit recognition; (ii) a marked increase in labour costs (+€4.3mn y/y), largely due to a broader consolidation perimeter following recent acquisitions. Specifically:

- **First Margin** stood at **€43.7mn**, with a margin of 35.5% (vs. €41.3mn and 37.1% in FY23), up 6% y/y but below topline growth, reflecting the increased weight of direct labour costs;
- **Reported EBITDA** at **€8.8mn** (7.1% margin), broadly flat vs. €8.6mn in FY23, and ~4% below our forecast of €9.1mn;
- **Reported EBIT** came in at **€5.2mn** (4.2% margin), slightly down from €5.4mn in FY23 (4.9%), reflecting the impact of increased goodwill amortization following M&A activity.

Adjusting for €1.6mn in non-recurring items (including due diligence and legal costs, year-end bonuses, and one-off structural optimizations), **Adj. EBITDA** reached **€10.4mn** (margin of 8.4%) vs. €12.0mn targeted in CDG's business plan and €10.2mn in FY23 (margin of 9.2%, with the same level of non-recurring costs).

Casta Diva Group: Profitability and Operating Expenses Evolution



Source: Casta Diva, Value Track Analysis

Casta Diva Group: EBITDA Adj. Reconciliation FY23-FY24

Key Financials (IT GAAP, €mn)	FY23	FY24	y/y
EBITDA	**8.6**	**8.8**	**2%**
EBITDA Margin (%)	*7.7%*	*7.1%*	*-60bps*
Non-Recurring Expenses	1.6	1.6	-4%
EBITDA Adj.	**10.2**	**10.4**	**1%**
EBITDA Adj. Margin (%)	***9.2%***	***8.4%***	***-80bps***

Source: Casta Diva, Value Track Analysis

From EBIT to EBIT Adj., there is the same amount of non-recurring expenses. Hence **EBIT Adj.** was reported at **€6.7mn** (5.5% EBIT Adj. Margin) vs. €7.1mn in FY23 (6.3% margin).

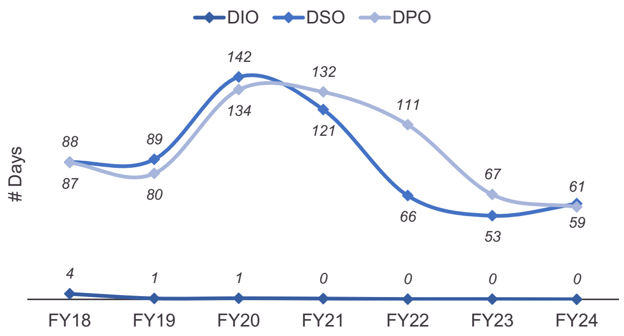
Below EBIT, a significant deviation came from taxes, which totaled €2.7mn compared to our €1.6mn forecast, implying an effective tax rate of approximately 70%. This was mainly due to the reversal of deferred tax assets on past fiscal losses from FY20 and earlier. As a result, **Net Profit** was **€0.9mn**, down from €1.6mn in FY23. The Board proposed to carry forward retained earnings without distribution. However, we continue to expect extraordinary dividends, as occurred in FY24.

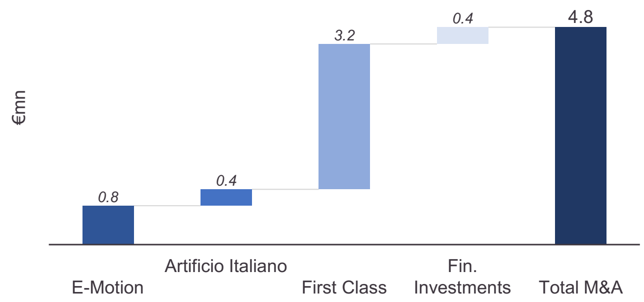
Strong working capital discipline supporting robust FCF generation in 2H

Casta Diva ended FY24 with **Net Debt** of **€9.5mn**, improving from €12.9mn at June 2024 (but up from €5.6mn at December 2023). The solid deleveraging in the second half was made possible by efficient working capital management, which more than offset the M&A cash-out. Specifically:

- **Net Working Capital** improved by €6.5mn in 2H, after absorbing over €10mn in 1H (due in part to a timing mismatch in receivables collection, which occurred in July rather than June);
- **M&A** -related outflows totaled ca. €4.4mn in 2H, including €0.8mn for E-Motion, €0.4mn for Artificio Italiano, and €3.2mn for First Class (all retroactively consolidated from January 1st, 2024). Additionally, CDG invested €0.4mn in financial assets;
- **Capex** amounted to ca. €1.2mn over the full year, of which €0.9mn in 2H, largely focused on intangible assets;
- **Dividends** of roughly €0.8mn were paid out (€0.04007 per share, partially in cash and partially in treasury shares), translating into a dividend yield of ~3% and a payout ratio of ~35% on FY23 Net Profit.

Casta Diva Group: Cash Conversion Cycle Evolution and FY24 M&A Deals





Source: Casta Diva Value Track Analysis

Financial Statements FY23-FY24

Casta Diva Group: P&L FY23-FY24

P&L (IT GAAP, €mn)	FY23	FY24	y/y
Value of Production	**111.5**	**123.1**	***10%***
Raw Materials (incl. Δ Inventory)	-1.5	-1.4	*-6%*
Costs of Services	-88.0	-95.2	*8%*
Costs of Rent	-3.5	-2.9	*-18%*
Labour Costs	-8.9	-13.2	*50%*
G&A	-1.1	-1.6	*44%*
EBITDA	**8.6**	**8.8**	***2%***
EBITDA Margin (%)	*7.7%*	*7.1%*	*-60bps*
D&A & Provisions	-3.2	-3.6	*15%*
EBIT	**5.4**	**5.2**	***-5%***
EBIT Margin (%)	*4.9%*	*4.2%*	*-70bps*
Net Financial Charges	-1.0	-1.5	*45%*
Pre-Tax Profit	**4.4**	**3.7**	***-16%***
Taxes	-2.5	-2.7	*8%*
Minorities	-0.3	0.0	*-85%*
Net Profit	**1.6**	**0.9**	***-42%***

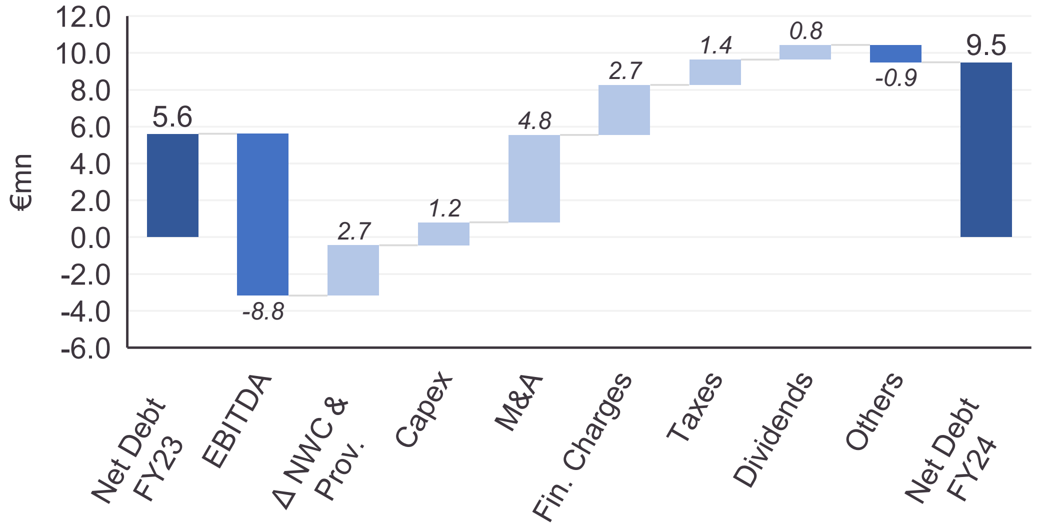
Source: Casta Diva, Value Track Analysis

Casta Diva Group: Balance Sheet FY23-FY24

Balance Sheet (IT GAAP, €mn)	FY23	1H24	FY24
Net Fixed Assets	21.2	20.3	23.7
Net Working Capital	-5.0	5.1	-1.3
Provisions	1.6	2.1	2.5
Total Capital Employed	**14.6**	**23.4**	**19.8**
Group Net Equity	**9.0**	**10.5**	**10.3**
Net Financial Position [Net debt (-) / Cash (+)]	**-5.6**	**-12.9**	**-9.5**

Source: Casta Diva, Value Track Analysis

Casta Diva Group: Cash Flow FY24



Source: Casta Diva, Value Track Analysis

Business & Corporate Development

Outstanding M&A Track Record

CDG has established itself as **Italy's leading communication company**, serving a **top-tier client base** with best-in-class services, recognized by 130+ national and international awards. This success is underpinned by an exceptional M&A strategy, with **18 acquisitions over the past 20 years**, contributing to a **20% revenue CAGR** from 2005 to 2024.

Since 2022, CDG has completed five major acquisitions, investing almost €19mn at **highly attractive valuation multiples** (0.3x EV/Sales and 1.9x EV/EBITDA). These deals have expanded CDG's scale, expertise, synergies, and diversification across corporate events and video content production. We expect this strategy to continue, driving further growth.

Casta Diva Group: Key M&A Deals Recap 2022-2024

Target	Business Unit	Focus	Cash-Out	Stake	Closing Date	Consolid. Since	Sales FY0	EBITDA FY0	Net Debt FY0	EV/Sales	EV/EBITDA
Genius Progetti S.p.A.	Live Comm.	Luxury Events	€6.2mn	100%	27-04-22	01-01-22	€23.0mn	€3.6mn	-€2.3mn	0.2x	1.1x
Akita S.r.l.	Content Prod.	FMCG, Auto, TLC, Ent.	€8.3mn	100%	07-11-23	01-01-23	€14.7mn	€2.8mn	-€1.8mn	0.4x	2.3x
E-Motion S.r.l.	Content Prod.	Corporate & Event Videos	€847k	70%	17-06-24	01-01-24	€3.2mn	€0.6mn	n.a.	0.4x	2.0x
Artificio Italiano S.r.l.	Live Comm.	Celebratory Events	€360k	100%	19-12-24	01-01-24	€1mn	n.a.	€0.0mn	0.4x	n.a.
First Class S.r.l.	Live Comm.	Medical Congresses	€3.2mn	100%	27-12-24	01-01-24	€7.5mn	€740k	n.a.	0.4x	4.3x
Total	**//**	**//**	**€18.9mn**	**//**	**//**	**//**	**€49.4mn**	**€7.7mn**	**-€4.1mn**	**0.3x**	**1.9x**

Source: Value Track Analysis

Acquisition of 100% of Artificio Italiano S.r.l.

Back as of December 19th 2024, CDG has acquired 100% of **Artificio Italiano S.r.l.**, a top tier Italian agency specializing in **major celebratory events** and shows worldwide. The company also owns the "Kitonb" creative studio, and it is known for landmark projects such as Light Is Life (Bergamo and Brescia, 2023) and the 2026 Milano-Cortina Paralympics closing ceremony.

For FY24, Artificio Italiano expects revenue of €1mn. We calculate CDG to have closed the acquisition at ca. **€360k**, reflecting a **0.4x EV/Sales multiple**. The company will be renamed "Casta Diva Art & Show" and will retain operational independence under CDG's subsidiary, G2 Eventi. The founders signed a three-year management agreement (extendable) and a two-year non-compete clause.

Strategic benefits of the acquisition include:

- Establishing CDG as a leader in celebratory events, leveraging Artificio Italiano's expertise and successful track record in events all over the world (e.g., Europe, Asia, Africa, and Middle East);
- Unlocking significant up-selling synergies, as Artificio Italiano previously focused only on creative advisory (ca. 5% of event budgets). of the events that they attend, as they only provide for creative advisory activites. Integration with CDG enables a full-service offering, boosting financial returns.

Acquisition of 100% of First Class S.r.l.

On December 27th, 2024, CDG has acquired 100% of **First Class S.r.l.**, a premier Italian agency organizing **medical-scientific congresses** for pharmaceutical companies, specializing in radiology, neurology, endocrinology, and related fields.

First Class reported FY23 revenue of €7.5mn, and an adjusted EBITDA of €740k. The **€3.18mn** acquisition price (**0.4x EV/Sales, 4.3x EV/EBITDA**) will be paid in two tranches (55% at closing, 45% after 18 months), partially financed through new debt.

Founder Laura Bernardini signed a management agreement until 2026 (extendable) and a two-year non-compete clause. This acquisition aligns with CDG's new pharma division (established in September 2024), with division director Alessandro Scattolin assuming the CEO role at First Class.

Strategic benefits of the acquisition include:

- Strengthening CDG's position in medical-scientific events, complementing its existing capabilities (non-overlapping customer base)
- Enhancing CDG's service portfolio by integrating First Class's extensive industry relationships and operational expertise.

Other Recent M&A Finalized

We flag that in the latest couple of years CDG has finalized further M&A deals:

- **E-Motion S.r.l.**: deal secured on June 17th, 2024, with CDG acquiring 70% of the target's share capital for €826k (two tranches), at ca, 0.4x EV/Sales and 2.0x EV/EBITDA FY0 (more details on previous reports). E-Motion was then retroactively consolidated from January 1st, 2024;
- **Akita S.r.l.**: deal secured on November 7th, 2023, with CDG acquiring the entire share capital for €8.3mn (two tranches), at ca. 0.4x EV/Sales and 2.3x EV/EBITDA FY0 (more details on previous reports). Akita was then retroactively consolidated from January 1st, 2023;
- **Genius Progetti S.p.A.**: first 90% stake acquired on April 27th, 2022 for €5.2mn (in different tranches) and the remaining 10% over the course of 2023 for €1mn cash out. We calculate aggregate acquisition multiples of 0.2x EV/Sales and 1.1x EV/EBITDA FY0. Genius was then retroactively consolidated starting from January 1st, 2022;
- **Overseas** branch acquired over the course of 2023 for €2mn. This business was previously managed on a leasing basis.

CDG's disciplined acquisition strategy continues to enhance its market leadership, synergies, and financial performance, setting the stage for further value creation.

Other Development Moves

3-Year Renewal Contract with Ferrari Valued at €70mn

On October 1st, 2024, Genius Progetti, a CDG subsidiary specializing in the creation and organization of events and experiences for major brands and luxury industries, has announced that it has renewed a **3-year contract with Ferrari**.

The contract includes general management (planning and marketing strategy), planning, tailor-made experiences, concept and entertainment development, as well as client concierge services for various types of formats across Europe. CDG estimates the potential value of the contract to be approx. **€70.0mn over the next three years**, with the FY25E budget already allocated at around €27.0mn.

Dividends Distribution granting 3% Yield

On November 21st, 2024, CDG's shareholders meeting deliberated the distribution of a dividend, partly in cash and partly through the assignment of treasury shares:

- Cash: €0.03471 per outstanding share (excluding treasury), implying a total cash-out of ca. €696k;
- Treasury shares: 1 share per each 250 shares detained.

Considering the closing price of October 30th (€1.34 p/s), the total DPS amounts to €0.04007 per share, corresponding to a **dividend yield of ca. 3%** and a **payout of ca. 35%**.

The dividend distribution is in line with the business plan target of €3mn cumulated over the 2024-2026 period.

Growth Strategy and Key Guidelines

Management remains committed to establishing CDG as a national champion, targeting annual revenue of €200mn-€300mn, with the scale and capabilities to compete with major European players. To achieve this, the company's strategy focuses on **capturing top-tier clients with large marketing and advertising budgets in high-growth end-markets**. The key strategic pillars driving this growth are:

1. **Market Consolidation**: further consolidating market share across both business lines through additional M&A activities. CDG continues to explore several acquisition opportunities, which we believe should materialize already in the short-to-medium term.
2. **International Expansion**: accelerating its global footprint by organizing large-scale celebratory events, leveraging Artificio Italiano's expertise and track record in Asia and the Middle East;
3. **Offer Diversification**: having recently entered the medical congresses and large celebratory events sectors, the Company aims to continue expanding its revenue streams. Key target industries include large-scale retail (leveraging loyalty programs), fashion, and pharmaceuticals, all of which align with CDG's expertise and growth ambitions;
4. **Technological Innovation**: studying options to integrate AI-powered solutions to enhance customized spot advertising and the cinematic, audiovisual, and animation aspects of events. Clients could commission a single high-quality spot, which AI then adapts dynamically for different audiences, locations, or campaigns. This premium solution would strengthen CDG's appeal to high-budget clients, reducing their need for multiple agencies. Additionally, the company could leverage its role in the Web3 Alliance for further differentiation;
5. **Operational Efficiency**: focusing on streamlining the Company's structure through digital transformation and cost-efficiency initiatives, ensuring leaner operations and improved scalability;
6. **Sustainability Commitment**: advancing the sustainability agenda through its "ESG Pact", with the goal of integrating sustainable practices across its operations and transitioning into a Benefit Corporation;
7. **Shareholders Returns**: reaffirming its commitment to dividend distribution, with a cumulative payout of ca. €3mn over the 2024-2026 period.

Forecasts 2025E-27E

Estimates Revision

Following the release of the full set of FY24 financials, we revised our estimates for Casta Diva Group, now extending our forecast horizon to include FY27E. Key revisions include:

- **Top Line** unchanged, as our prior adjustment (made following February's preliminary revenue release) already reflected a more cautious view on organic growth given the current macroeconomic fragility. Furthermore, 1Q25 sales and backlog appeared consistent with our expectations;
- **Profitability**: revised downward by approximately €1.0mn-€1.5mn per year, corresponding to a 50bps-100bps margin contraction, to reflect the higher cost base observed post-M&A in FY24. However, we maintain our assumptions on the magnitude of non-recurring items driving the delta between reported and adjusted profitability;
- **Leverage**: Net Debt beating our FY24 expectations should more than offset the lower Net Profit of FY25E. Going forward, Capex assumptions remained unchanged, while we incorporated a slightly slower cash conversion cycle. Nonetheless, CDG's low capital intensity continues to support robust OpFCF generation, expected at 60%-70% of EBITDA across the forecast horizon.

Casta Diva Group: Old vs. New Estimates

Key Financials (IT GAAP, €mn)	2025E			2026E			2027E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Value of Production	**131.8**	**131.8**	***0%***	**138.6**	**138.6**	***0%***	**//**	**143.6**	**//**
EBITDA	11.9	10.5	*-11%*	13.3	12.2	*-9%*	//	13.4	//
EBITDA Adj.	**13.6**	**12.3**	***-10%***	**14.5**	**13.4**	***-8%***	**//**	**13.9**	**//**
EBIT	7.9	6.6	*-16%*	8.7	7.9	*-8%*	//	9.1	//
EBIT Adj.	**9.6**	**8.3**	***-13%***	**9.9**	**9.2**	***-7%***	**//**	**9.6**	**//**
Net Profit	3.9	2.6	*-32%*	4.9	3.7	*-24%*	//	4.7	//
Net Financial Position	**-8.5**	**-7.9**	***0.6***	**-2.5**	**-5.3**	***-2.9***	**//**	**-1.5**	**//**

Source: Value Track Analysis

New Estimates 2025E-27E

Key Forecasts and Drivers

Our projections remain more conservative than CDG's business plan, which we believe would require additional acquisitions to be fully met, likely entailing higher cash outflows than initially anticipated..

Assuming the current consolidation perimeter, our FY27E forecasts are as follows::

- **Value of Production** at **€143.6mn**, reflecting a 5% CAGR over 2024A–2027E in the absence of new M&A;;
- **EBITDA Adj.** at **€13.9mn**, growing faster than topline and approaching a 10% margin, supported by operational leverage and post-integration efficiencies;
- **Net Debt** at **€1.5m,** after factoring in €2.8mn in cumulative dividend distributions over the 2025E–2027E period.

Casta Diva Group: Business Plan Targets vs. Value Track New Estimates

Key Financials (IT GAAP, €mn)	2024E			2025E			2026E		
	CDG	Actual	Δ	CDG	VT	Δ	CDG	VT	Δ
Value of Production	**120.7**	**123.1**	***2%***	**136.4**	**131.8**	***-3%***	**153.0**	**138.6**	***-9%***
EBITDA Adj.	**12.0**	**10.4**	***-14%***	**14.6**	**12.3**	***-16%***	**17.7**	**13.4**	***-24%***
EBITDA Adj. Margin (%)	*9.9%*	*8.4%*	*-150bps*	*10.7%*	*9.3%*	*-140bps*	*11.6%*	*9.7%*	*-190bps*
EBIT Adj.	**8.0**	**6.7**	***-16%***	**10.7**	**8.3**	***-22%***	**13.6**	**9.2**	***-32%***
EBIT Adj. Margin (%)	*6.6%*	*5.5%*	*-110bps*	*7.8%*	*6.3%*	*-150bps*	*8.9%*	*6.6%*	*-230bps*
Net Financial Position	**-0.4**	**-9.5**	***-9.1***	**3.3**	**-7.9**	***-11.2***	**6.4**	**-5.3**	***-11.7***

Source: Value Track Analysis

Financial Statements 2024A-27E

Casta Diva Group: P&L 2024A-27E

P&L (IT GAAP, €mn)	2024A	2025E	2026E	2027E
Revenues from Sales	**121.9**	**130.8**	**137.6**	**142.6**
Δ Fixed Assets	0.2	0.5	0.5	0.5
Other Revenues	1.1	0.5	0.5	0.5
Value of Production	**123.1**	**131.8**	**138.6**	**143.6**
Raw Materials (incl. Δ Inventory)	-1.4	-1.6	-1.7	-1.7
Costs of Services	-95.2	-98.2	-101.9	-104.1
Costs of Rent	-2.9	-3.0	-3.2	-3.3
Labour Costs	-13.2	-16.4	-17.6	-18.9
G&A	-1.6	-2.0	-2.1	-2.2
EBITDA	**8.8**	**10.5**	**12.2**	**13.4**
EBITDA Margin (%)	*7.1%*	*8.0%*	*8.8%*	*9.3%*
D&A & Provisions	-3.6	-3.9	-4.2	-4.3
EBIT	**5.2**	**6.6**	**7.9**	**9.1**
EBIT Margin (%)	*4.2%*	*5.0%*	*5.7%*	*6.3%*
Net Financial Charges	-1.5	-1.5	-1.3	-1.1
Pre-Tax Profit	**3.7**	**5.1**	**6.6**	**8.0**
Taxes	-2.7	-2.4	-2.9	-3.3
Minorities	0.0	-0.1	-0.1	-0.1
Net Profit	**0.9**	**2.6**	**3.7**	**4.7**

Source: Casta Diva, Value Track Analysis

Casta Diva Group: Balance Sheet 2024A-27E

Balance Sheet (IT GAAP, €mn)	2024A	2025E	2026E	2027E
Net Fixed Assets	23.7	22.4	21.3	20.2
Net Working Capital	-1.3	0.7	2.1	2.9
Provisions	2.5	2.7	2.7	2.8
Total Capital Employed	**19.8**	**20.4**	**20.6**	**20.2**
Group Net Equity	**10.3**	**12.4**	**15.3**	**18.7**
Net Financial Position [Net debt (-) / Cash (+)]	**-9.5**	**-7.9**	**-5.3**	**-1.5**

Source: Casta Diva, Value Track Analysis

Casta Diva Group: Cash Flow Statement 2024A-27E

Cash Flow (IT GAAP, €mn)	2024A	2025E	2026E	2027E
EBITDA	8.8	10.5	12.2	13.4
Capex	-1.2	-2.6	-3.1	-3.2
∆ NWC (incl. Provisions)	-2.7	-1.9	-1.3	-0.7
OpFCF b.t.	**4.8**	**6.0**	**7.7**	**9.4**
As a % of EBITDA	*55%*	*57%*	*63%*	*71%*
Cash Taxes	-2.7	-2.4	-2.9	-3.3
Net Financial Charges	-1.4	-1.4	-1.2	-1.0
Dividends Paid	-0.8	-0.6	-0.9	-1.3
Others (incl. Financial Investments)	-3.8	-0.1	-0.1	-0.1
∆ Net Financial Position	**-3.9**	**1.6**	**2.6**	**3.8**

Source: Casta Diva, Value Track Analysis

Valuation

We maintain our **Fair Equity Value** for CDG at **€2.60 p/s**, which reflects a balanced view between the downward revision in our earnings forecasts and the modest upward re-rating of sector peers since our last update in February.

At this valuation, CDG would command a market cap of approximately €50mn, implying a **potential upside of +100%** versus current trading levels. We continue to view CDG as significantly undervalued by the market, with the stock currently trading at just 3.2x-2.6x EV/EBITDA for FY25E and FY26E, respectively.

At our fair value, CDG would trade broadly in line with the median EV/EBITDA and EV/EBIT peers' multiples for FY26E, while still embedding a ~15% discount vs. FY27E median.

Furthermore, our DCF-derived cross-check supports a Fair Equity Value of €3.00 p/s, reinforcing our view of the stock's undervaluation, despite the methodology's sensitivity to macroeconomic inputs.

Casta Diva Group: Multiples Sensitivity at Various Stock Price Levels

Fair Equity Value p/s (€)	EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)	
	2025E	2026E	2025E	2026E	2025E	2026E
€ 1.70	0.32	0.29	4.0	3.3	6.4	5.0
€ 2.00	0.37	0.33	4.6	3.8	7.3	5.8
€ 2.30	0.41	0.37	5.2	4.3	8.2	6.5
€ 2.60	**0.46**	**0.42**	**5.7**	**4.8**	**9.2**	**7.3**
€ 2.90	0.50	0.46	6.3	5.3	10.1	8.0
€ 3.20	0.55	0.50	6.9	5.7	11.0	8.8
€ 3.50	0.60	0.55	7.4	6.2	11.9	9.5

Source: Value Track Analysis

Peers Analysis

Peers are currently trading at a median of **1.1x EV/Sales**, **5.1x EV/EBITDA**, and **8.6x EV/EBIT** for **FY25E**, with CDG trading at an **average discount of ~60% across FY25E-26E** valuation multiples. However, a breakdown of industry clusters reveals:

- **Live Communication**: median 1.1x EV/Sales, 5.5x EV/EBITDA, 8.6x EV/EBIT 2025E;
- **Creative Content Production**: 1.1x EV/Sales, 2.3x EV/EBITDA, 5.9x EV/EBIT 2025E.

We derive a **Fair Equity Value** of **€2.60 p/s** by applying discount rates of 45%, 15%, and 15% on comparables' median EV/Sales, EV/EBITDA, and EV/EBIT FY25E, respectively. These reflect CDG's smaller scale and M&A integration risks.

Casta Diva Group: Relative Valuation

Relative Valuation 2025E (€mn)	EV/Sales	EV/EBITDA	EV/EBIT
Peers' Median 2025E (x)	1.1	5.1	8.6
Discount (%)	*-45.0%*	*-15.0%*	*-15.0%*
Fair Multiples 2025E	**0.6**	**4.2**	**7.3**
Average Fair Equity Value p/s (€)		**2.60**	

Source: FactSet, Value Track Analysis

Casta Diva Group: Peers Trading Multiples

Peers	EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)	
	2025E	2026E	2025E	2026E	2025E	2026E
Live Communication						
Dentsu Group Inc.	0.67	0.63	5.6	4.6	11.6	6.9
GL events SA	0.85	0.77	5.1	4.6	8.3	7.5
Interpublic Group of Companies, Inc.	1.18	1.14	6.8	6.1	8.7	7.1
Publicis Groupe SA	1.65	1.55	7.6	7.2	9.4	8.8
Pursuit Attractions and Hospitality, Inc.	2.11	1.91	8.5	7.4	18.6	13.9
WPP Plc	0.97	0.94	5.4	5.2	6.5	6.3
Fiera Milano SpA	1.65	1.61	4.8	5.5	8.6	13.2
SG Company Societa Benefit S.p.A.	0.35	0.29	4.0	3.0	4.4	3.3
Average	**1.18**	**1.10**	**6.0**	**5.4**	**9.5**	**8.4**
Median	**1.08**	**1.04**	**5.5**	**5.4**	**8.6**	**7.3**
Creative Content Production						
Notorious Pictures S.p.A.	1.20	1.08	2.7	2.4	4.6	4.4
Leone Film Group SpA	1.65	1.53	2.3	2.2	>40	33.1
Lucisano Media Group S.p.A.	0.78	0.70	1.8	1.7	5.9	5.8
Lionsgate Studios Corp.	1.12	1.05	12.0	10.0	15.5	11.8
Thunderbird Entertainment Group Inc	0.15	0.10	1.6	0.9	na	na
Average	**0.98**	**0.89**	**4.1**	**3.4**	**8.7**	**13.8**
Median	**1.12**	**1.05**	**2.3**	**2.2**	**5.9**	**8.8**
Total Average	**1.10**	**1.02**	**5.2**	**4.7**	**9.3**	**10.2**
Total Median	**1.12**	**1.05**	**5.1**	**4.6**	**8.6**	**7.3**
Casta Diva Group	**0.26**	**0.22**	**3.2**	**2.6**	**5.1**	**3.9**

Source: FactSet,, Value Track Analysis

Cross Check with DCF

We remind that DCF is not the primary valuation tool for companies like CDG given their exposure to macro volatility, but it remains a valuable cross-check when adjusted for sector-specific factors.

Our DCF yields a **Fair Equity Value** of **€3.00 p/s**, based on a rolling WACC of 10.8%-11.6%, which adjusts annually in line with our projected capital structure, in accordance with CAPM methodology.

The Terminal Value in 2032E is calculated using a 4.5x TV/EBITDA multiple (aligning with a ~1% perpetuity growth rate) on our 2032E forecasts, a reasonable level given sector dynamics.

The model also accounts for potential minority interest cash-out adjustments related to E-Motion, ensuring a more comprehensive valuation.

Casta Diva Group: WACC at Rolling Capital Structure

WACC Assumptions	(%)
Risk-Free Rate (%)	2.0
Capital Structure (D/D+E) (%)	26% - 0%
Unlevered Beta (x)	1.1
Market Risk Premium (Italy) (%)	5.4%
Small Cap Market Risk Premium (%)	2.5%
Macroeconomic Scenario Risk Premium (%)	1.0%
Credit Spread (%)	4.5%
Tax Rate (%)	24.0%
Cost of Equity (%)	**13.2% - 11.6%**
Cost of Debt (%)	**4.9%**
WACC (%)	**10.8% - 11.6%**

Source: Market Consensus, Damodaran Data Sets, Value Track Analysis

Casta Diva Group: DCF Valuation

DCF Valuation	€mn
Discounted Free Cash Flows 2025E-31E	32.4
Discounted Terminal Value in 2031E with g=1% or TV/EBITDA=4.5x	36.1
Fair Enterprise Value (€mn)	**68.5**
Net Financial Position 2025E	-7.9
Adjustments 2025E	-0.4
Fair Equity Value (€mn)	**60.2**
NOSH (mn)	20.0
Fair Equity Value p/s (€)	**3.00**

Source: Value Track Analysis

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