

EQUITY RESEARCH

CASTA DIVA GROUP S.P.A

RESULTS REVIEW

BUY

TP 2.30€ (vs 2.50€)
Up/Downside: 81%

Balanced growth, with post-M&A integration temporarily weighing on profitability

Double-digit revenue growth, with operating profitability mainly impacted by the dilutive effects of acquisitions and the slowdown in the luxury segment; improving cash position and expanding order backlog.

As previously announced, Casta Diva Group closed FY2024 with consolidated revenues of €121.9mn (+10.0% YoY) and a production value of €123.1mn (+10.4% YoY), slightly exceeding the target set in the industrial plan (€120.7mn). This top-line performance reflects both solid organic growth and the successful integration of three extraordinary operations (E-Motion, Artificio Italiano, and First Class), which allowed the group to expand into adjacent segments such as AI-generated video, institutional events, and medical-scientific congresses.

In terms of profitability, adjusted EBITDA reached €10.4mn (+1.6% YoY), with a margin of 8.5%, around 60bps below our estimates. This reflects roughly €1.6mn in non-recurring costs related to due diligence and post-M&A optimization. Adjusted EBIT declined to €6.7mn (-3.6% YoY), with a margin of 5.5% (vs 6.3% in 2023), mainly impacted by higher amortization. These variances were explained by the company as a direct consequence of the three acquisitions completed in 2024 and the ongoing integration of prior deals, which continue to have a temporary dilutive effect.

On the financial side, net debt improved to €9.5mn (vs €12.9mn in June), reflecting solid operating cash generation (+€3.3mn YoY), which partially offset the outflows linked to acquisitions.

Q1 2025 confirms this trajectory: production value reached €23.7mn (+4.9% YoY), with an order backlog of €44.5mn (+30.1% YoY), covering around 50% of the annual target set in the strategic plan. These figures provide strong visibility on the current year.

FY2024 results are consistent with the group's growth profile. Despite temporary pressure on profitability due to investments and extraordinary operations, we believe the risk/reward profile remains highly attractive. The acceleration in Q1 2025, combined with an active M&A pipeline, confirms the strength of the model, which we see as significantly undervalued. We reiterate our recommendation to BUY, and anticipating temporary headwinds on 2025 profitability, we slightly adjust our target price to €2.30.

Key data

Price (€)	1.3
Industry	Advertising/Marketing Services
Ticker	CDG-IT
Shares Out (m)	20.045
Market Cap (m €)	25.5
Average trading volumes (k shares / day)	338.348
Next event	FY 2024 - 28.05.2025

Source: FactSet

Ownership (%)

Reload S.p.A.	47.2
Greenbone S.r.l.	5.7
Andrea De Micheli	5.1
Free float	42.0

Source: TPICAP Midcap estimates

EPS (€)	12/24e	12/25e	12/26e
Estimates	0.05	0.25	0.34
Change vs previous estimates (%)	-76.40	-8.09	-2.74

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-9.0	-4.5	1.6
Rel FTSE Italy	-8.6	-9.3	-13.5



Source: FactSet

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	111.5	123.1	135.2	148.3	EV/Sales	0.3	0.1	0.1
Current Op Inc (m €)	5.4	5.2	8.8	11.7	EV/EBITDA	4.7	1.5	0.8
Current op. Margin (%)	4.9	4.2	6.5	7.9	EV/EBIT	8.1	2.3	1.1
EPS (€)	0.08	0.05	0.25	0.34	PE	27.2	5.1	3.7
DPS (€)	0.00	0.00	0.00	0.00	Source: TPICAP Midcap			
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	-9.8	-5.3	21.8	7.5				

Consensus FactSet - Analysts:3	12/24e	12/25e	12/26e
Sales	122.1	133.9	146.3
EBIT	7.1	9.6	12.4
Net income	3.5	4.9	6.4

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FINANCIAL DATA

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	29.7	84.0	111.5	123.1	135.2	148.3
Changes (%)	70.7	182.5	32.8	10.4	9.8	9.6
Gross profit	5.8	13.1	17.4	22.0	23.5	26.5
% of Sales	19.4	15.6	15.6	17.9	17.3	17.8
EBITDA	1.5	6.8	8.6	8.8	13.3	16.1
% of Sales	5.0	8.1	7.7	7.1	9.8	10.8
Current operating profit	0.8	4.4	5.4	5.2	8.8	11.7
% of Sales	2.6	5.3	4.9	4.2	6.5	7.9
Non-recurring items	-0.3	-0.6	-0.0	-0.0	0.0	0.0
EBIT	0.5	3.9	5.4	5.2	8.8	11.7
Net financial result	-0.2	-0.5	-1.0	-1.5	-1.1	-1.2
Income Tax	0.1	-1.6	-2.5	-2.7	-2.7	-3.7
Net profit, group share	0.4	2.1	2.2	1.0	5.0	6.9
EPS	0.02	0.08	0.08	0.05	0.25	0.34
Financial Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	2.6	7.4	16.2	16.2	16.2	16.2
Tangible and intangible assets	6.2	5.2	4.6	5.5	5.3	5.7
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.8	0.8	0.4	0.8	0.8	0.8
Working capital	3.5	-2.1	-0.6	13.5	-2.0	-3.1
Other Assets	1.6	2.7	3.1	3.7	3.7	3.7
Assets	14.7	14.1	23.7	39.7	24.0	23.3
Shareholders equity group	6.1	7.8	8.7	9.8	14.8	21.7
Minorities	0.6	0.7	0.4	0.5	0.5	0.5
LT & ST provisions and others	0.2	0.4	0.0	0.4	0.4	0.4
Net debt	3.7	-1.6	5.6	16.2	-5.6	-13.1
Other liabilities	2.7	3.0	4.5	7.3	8.4	8.4
Liabilities	14.7	14.1	23.7	39.7	24.0	23.3
Net debt excl. IFRS 16	3.7	-1.6	5.6	16.2	-5.6	-13.1
Gearing net	0.6	-0.2	0.6	1.6	-0.4	-0.6
Leverage	2.5	-0.2	0.7	1.8	-0.4	-0.8
Cash flow statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
CF after elimination of net borrowing costs and taxes	1.3	4.3	5.2	5.1	9.5	11.2
ΔWCR	-0.5	7.4	-3.7	-4.8	16.6	1.0
Operating cash flow	0.8	11.7	1.5	0.4	26.2	12.2
Net capex	-0.8	-6.3	-11.3	-5.6	-4.3	-4.7
FCF	-0.1	5.4	-9.8	-5.3	21.8	7.5
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.2	-0.1	-0.7	-0.2	0.0	0.0
Change in borrowings	0.3	8.9	2.7	9.1	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.7	0.1	0.6	0.1	0.0	0.0
Change in net cash over the year	1.2	14.4	-6.8	3.3	21.8	7.5
ROA (%)	1.4%	2.4%	2.4%	1.1%	4.7%	5.8%
ROE (%)	6.6%	17.8%	18.2%	9.1%	32.7%	30.9%
ROCE (%)	3.8%	33.4%	21.1%	9.0%	28.1%	38.8%

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Methodology

This Report may mention evaluation methods defined as follows:

1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

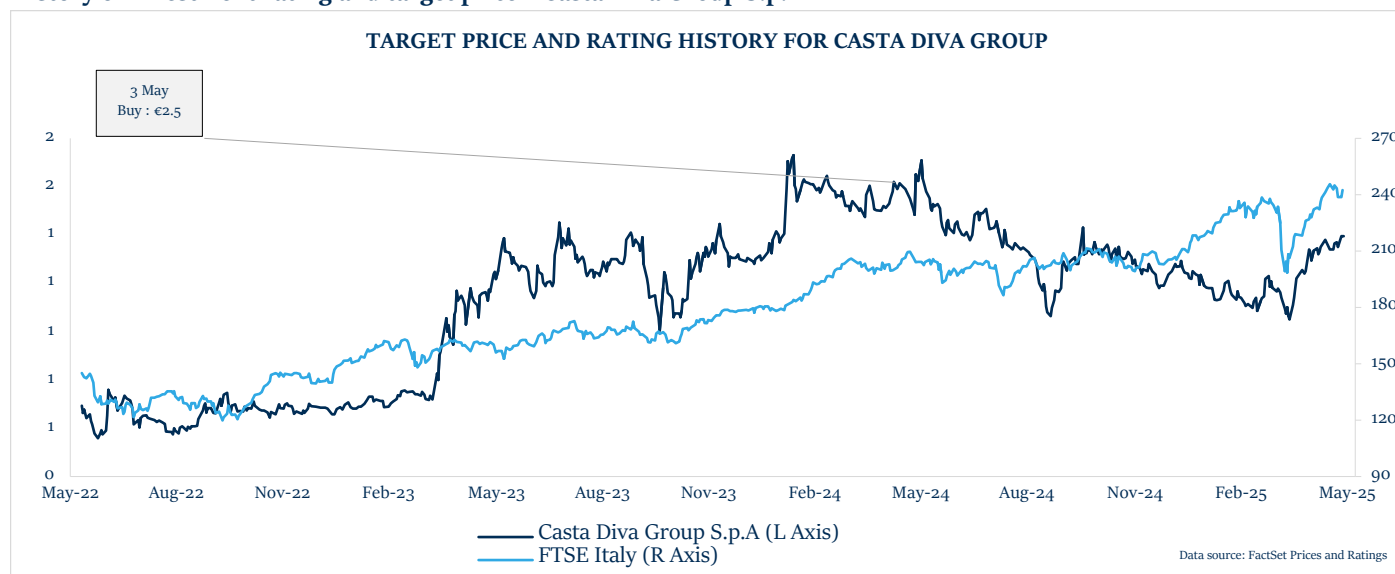
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G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Casta Diva Group S.p.A

J. Sponsored research or other issuer-related revenues represent more than 5% of the external provider's revenues: Casta Diva Group S.p.A



History of investment rating and target price – Casta Diva Group S.p.A



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
18 May 25 - 20:15:20	Alessio Olmi	€ 2.50	€ 2.50	€ 1.34	Achat	Buy
16 Apr 25 - 08:24:34	Alessio Olmi	€ 2.50	€ 2.50	€ 1.14	Achat	Buy
19 Feb 25 - 08:05:56	Alessio Olmi	€ 2.50	€ 2.50	€ 1.19	Achat	Buy
16 Oct 24 - 08:57:30	Filippo Migliorisi	€ 2.50	€ 2.50	€ 1.32	Achat	Buy
01 Oct 24 - 08:52:54	Filippo Migliorisi	€ 2.50	€ 2.50	€ 1.25	Achat	Buy
16 Jul 24 - 09:07:22	Filippo Migliorisi	€ 2.50	€ 2.50	€ 1.50	Achat	Buy
27 Jun 24 - 20:24:44	Filippo Migliorisi	€ 2.50	€ 2.50	€ 1.44	Achat	Buy
27 May 24 - 08:35:55	Filippo Migliorisi	€ 2.50	€ 2.50	€ 1.62	Achat	Buy
03 May 24 - 09:01:58	Filippo Migliorisi	NA	€ 2.50	€ 1.58	NA	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	81%	65%
Hold	15%	63%
Sell	2%	25%
Under review	2%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

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