

## EQUITY RESEARCH

## CASTA DIVA GROUP S.P.A

## RESULTS REVIEW

## Press release

BUY

TP 2.50€

Up/Downside: 67%

## On Route

**Casta Diva Group published yesterday their H1 2024 revenues, up +9% YoY to reach €57.2M. Our Buy recommendation and TP are hereby confirmed.**

Across the first semester, the group's total Value of Production (VoP) amounted to €57.2M (vs €52.7M€ in H1 2023), up +9% YoY. The latter, combined with the latest consolidated backlog as of 30 June 2024 (€34.2M), covers 76% of the management's FY 2024 revenue guidance (€120.7M) and 73% of our FY 2024 revenue estimates (€125M).

Within the press release, the management confirmed their FY outlook provided less than a month ago: positive growth, both from an organic standpoint and external lines. CDG currently has 150 active premium clients, and aims to increase their current market share (10%) to 25-30% in the coming years, to become a market leader in both the Live Communication and Video Production markets.

The management aims to rapidly increase their market share through the creation of new verticals and external lines. On the latter point, the management has confirmed a strong pipeline of targets, and thus expect the management to announce some acquisitions in the short-term. In fact, within our Initiation report, we highlighted the group's ample room for growth in terms of leverage and outlined the potential effect of two different M&A scenarios (€6M and €30M EV), which yield +50% and +100% additional upside.

As a reminder, in the medium/long-term, the management aims to create a national champion (€200-€300M revenue target) by: (i) consolidating the market in Italy (in both Live Communications and Video Production markets), (ii) enter new markets (such as medical conventions, fashion and major events), (iii) optimise the company's structure, and (iv) enter international markets (via M&A).

Following solid H1 2024 revenues and strong visibility on the coming FY (73% VoP covered), we hereby confirm our FY 2024 estimates, in which we call for €125M in revenues (+12% YoY) and €11.9M in EBITDA (9.5% margin). Our Buy recommendation and TP are hereby confirmed.

## Key data

Price (€)	1.5
Industry	Advertising/Marketing Services
Ticker	CDG-IT
Shares Out (m)	20.045
Market Cap (m €)	30.0
Average trading volumes (k shares / day)	104.030
Next event	H1 cons - 30/09

Source: FactSet

## Ownership (%)

Reload S.p.A.	47.2
Greenbone S.r.l.	5.7
Andrea De Micheli	5.1
Free float	42.1

Source: TPICAP Midcap estimates

EPS (€)	12/24e	12/25e	12/26e
Estimates	0.20	0.28	0.35
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	0.8	4.3	15.1
Rel FTSE Italy	1.4	-0.9	1.0



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	125.0	137.7	148.3	EV/Sales	0.2	0.1	0.1
Current Op Inc (m €)	5.4	7.2	9.7	12.0	EV/EBITDA	2.2	1.4	0.8
Current op. Margin (%)	4.9	5.8	7.0	8.1	EV/EBIT	3.7	2.1	1.0
EPS (€)	0.08	0.20	0.28	0.35	PE	7.4	5.4	4.3
DPS (€)	0.00	0.00	0.00	0.00				
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	-9.8	13.4	6.7	7.5				

Source: TPICAP Midcap

Consensus FactSet - Analysts:3	12/24e	12/25e	12/26e
Sales	122.8	136.8	153.0
EBIT	7.7	10.2	14.1
Net income	4.2	5.6	7.5

## Analyst

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**FINANCIAL DATA**

<b>Income Statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
Sales	29.7	84.0	111.5	125.0	137.7	148.3
Changes (%)	70.7	182.5	32.8	12.1	10.2	7.7
Gross profit	5.8	13.1	17.4	20.9	23.9	26.5
% of Sales	19.4	15.6	15.6	16.7	17.3	17.8
<b>EBITDA</b>	<b>1.5</b>	<b>6.8</b>	<b>8.6</b>	<b>11.9</b>	<b>14.3</b>	<b>16.4</b>
% of Sales	5.0	8.1	7.7	9.5	10.3	11.0
<b>Current operating profit</b>	<b>0.8</b>	<b>4.4</b>	<b>5.4</b>	<b>7.2</b>	<b>9.7</b>	<b>12.0</b>
% of Sales	2.6	5.3	4.9	5.8	7.0	8.1
Non-recurring items	-0.3	-0.6	-0.0	0.0	0.0	0.0
EBIT	0.5	3.9	5.4	7.2	9.7	12.0
Net financial result	-0.2	-0.5	-1.0	-1.0	-1.1	-1.2
Income Tax	0.1	-1.6	-2.5	-2.2	-3.0	-3.8
<b>Net profit, group share</b>	<b>0.4</b>	<b>2.1</b>	<b>2.2</b>	<b>4.1</b>	<b>5.6</b>	<b>7.0</b>
EPS	0.02	0.08	0.08	0.20	0.28	0.35
<b>Financial Statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
Goodwill	2.6	7.4	16.2	16.2	16.2	16.2
Tangible and intangible assets	6.2	5.2	4.6	3.9	3.8	4.2
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.8	0.8	0.4	0.4	0.4	0.4
Working capital	3.5	-2.1	-0.6	-4.8	-5.8	-6.7
Other Assets	1.6	2.7	3.1	3.1	3.1	3.1
<b>Assets</b>	<b>14.7</b>	<b>14.1</b>	<b>23.7</b>	<b>18.8</b>	<b>17.7</b>	<b>17.2</b>
Shareholders equity group	6.1	7.8	8.7	12.7	18.3	25.4
Minorities	0.6	0.7	0.4	0.4	0.4	0.4
LT & ST provisions and others	0.2	0.4	0.0	0.0	0.0	0.0
Net debt	3.7	-1.6	5.6	-3.3	-10.1	-17.6
Other liabilities	2.7	3.0	4.5	4.5	4.5	4.5
<b>Liabilities</b>	<b>14.7</b>	<b>14.1</b>	<b>23.7</b>	<b>18.8</b>	<b>17.7</b>	<b>17.2</b>
Net debt excl. IFRS 16	3.7	-1.6	5.6	-3.3	-10.1	-17.6
Gearing net	0.6	-0.2	0.6	-0.3	-0.5	-0.7
Leverage	2.5	-0.2	0.7	-0.3	-0.7	-1.1
<b>Cash flow statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
CF after elimination of net borrowing costs and taxes	1.3	4.3	5.2	8.7	10.1	11.4
$\Delta$ WCR	-0.5	7.4	-3.7	8.7	1.0	0.8
Operating cash flow	0.8	11.7	1.5	17.4	11.1	12.2
Net capex	-0.8	-6.3	-11.3	-4.0	-4.4	-4.7
FCF	-0.1	5.4	-9.8	13.4	6.7	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	0.0	0.0	0.0
Change in borrowings	0.3	8.9	2.7	0.0	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	0.0	0.0	0.0
Change in net cash over the year	1.2	14.4	-6.8	13.4	6.7	7.5
ROA (%)	1.4%	2.4%	2.4%	4.5%	5.6%	6.4%
ROE (%)	6.6%	17.8%	18.2%	31.0%	29.9%	27.4%
ROCE (%)	3.8%	33.4%	21.1%	30.0%	43.3%	55.4%

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### Methodology

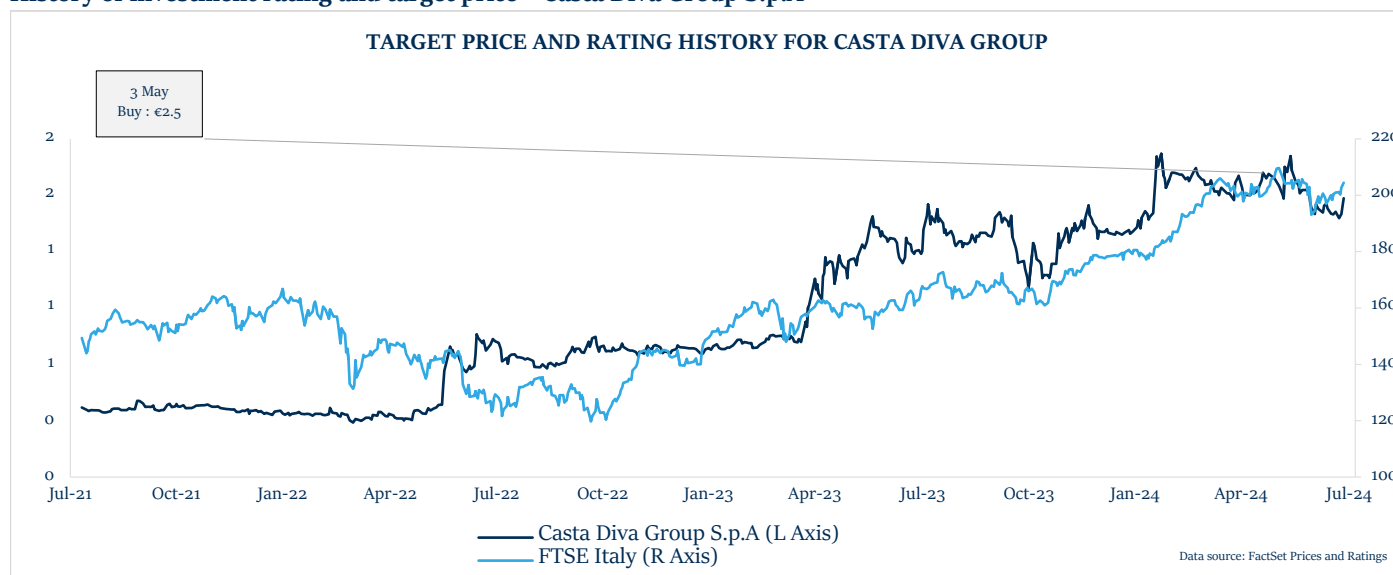
This Report may mention evaluation methods defined as follows:

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.

### Conflict of Interests between TP ICAP Midcap and the Issuer

No conflict of interests between TP ICAP Midcap and the Issuer

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



## Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	82%	65%
Hold	15%	63%
Sell	1%	0%
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.

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