

## BREAKING NEWS

EQUITY RESEARCH

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January 13th, 2025

# Casta Diva Group

Euronext Growth Milan | Entertainment & ADV | Italy

## Acquisition of First Class



Rating  
**BUY**

Target Price  
**€ 3,20**

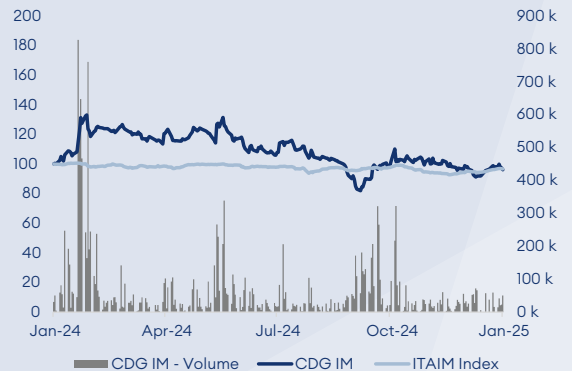


CDG IM Price  
**€ 1,24**

### Stock Data

Price	€ 1,24
Target price	€ 3,20
Upside/(Downside) potential	157,3%
Ticker	CDG IM
Market Cap (€/mln)	€ 24,94
EV (€/mln)	€ 30,54
Free Float	41,80%
Share Outstanding	20.044.719
52-week high	€ 1,79
52-week low	€ 1,03
Average daily volumes (3 months)	38.852

### Stocks performance relative to FTSE Italia Growth



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## Acquisition of First Class

In the press release dated December 27th, 2024, Casta Diva Group SpA, a multinational company listed on Euronext Growth Milan and active in the communication sector through the production of branded content, viral videos, digital content, films, and live music entertainment, announced, in line with the strategy outlined in the 2023–2026 Industrial Plan, the signing of a share purchase agreement. This agreement involves the acquisition, by its subsidiary Nautilus 5 Srl, of 100.0% of the share capital of First Class Srl, one of the most renowned event agencies specializing in the organization of medical congresses in Italy.

Founded in 2005 by Laura Bernardini, whose relational and organizational skills have driven its success, First Class brings significant expertise in the Pharma events sector to CDG. The company designs and organizes predominantly medical-scientific events and congresses for major pharmaceutical companies, with specific expertise in radiology, neurological diseases, endocrinology, and many other therapeutic areas.

The acquired company is characterized by a solid structure and consolidated competencies in creative, technical, compliance, and logistical areas, enabling it to successfully organize medical congresses for over 20 years. The company has established privileged relationships with key national and international opinion leaders and is accredited by the Ministry of Health as an ECM provider, offering both residential and distance training across Italy and Europe.

The founder of First Class Srl, Laura Bernardini, will continue her collaboration within the company. Alessandro Scattolin, currently Director of the newly established Pharma Division of Casta Diva Group, will also assume the role of Chief Executive Officer of First Class, which will retain its name, logo, and autonomous corporate structure while operating under the Group's direction and coordination. The other two members of the Board of Directors will be Michela Morelli, as Chairwoman, and Leonardo Gazzarrini.

In terms of scale, in 2023, First Class recorded a value of production of approximately € 7.50 million, with an adjusted EBITDA of € 0.74 million, corresponding to a 9.9% margin.

The share purchase agreement provides for the acquisition of 100% of FC's share capital for a total consideration of € 3.18 million. This price was calculated based on the average adjusted EBITDA of FC over the past two years. The payment will be made in two tranches: the first, amounting to 55.0%, was paid at the Closing, which took place on the date of the press release, while the remaining 45.0% will be paid within 18 months of the Closing. To finance the transaction, Casta Diva utilized both cash resources and a dedicated bank loan.

Regarding the transaction, Andrea De Micheli, Chairman and CEO of Casta Diva Group, stated: *“The acquisition of First Class fulfills our ambition to also lead the medical events market after achieving leadership in Italy in the corporate events market. Laura is now our partner, and I am confident she will make a fundamental contribution to the development of our activities. During the negotiation process, we got to know and mutually appreciate each other’s intellectual honesty, rigor, professional passion, and sensitivity toward ESG issues. We are confident that our teams will integrate seamlessly, as they have been formed based on the same sound principles that distinguish us: pursuit of excellence, quality in execution, strong entrepreneurial courage tempered by prudent caution, and attention to sustainability and inclusion.”*

In conclusion, this transaction represents a further step forward in the strategic path outlined in CDG’s Industrial Plan, confirming the Group’s ability to attract outstanding organizations within the national and international landscape. The integration of First Class not only strengthens the Pharma Division but also reinforces CDG’s commitment to providing an increasingly comprehensive and innovative offering, focused on service quality and value creation for its clients.

While awaiting a meeting with management for a detailed assessment of the annual results, we confirm our recommendation: **Target Price € 3.20, Rating BUY, and Medium Risk.**

# Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	83,62	110,85	120,50	135,80	153,00
Other revenues	0,35	0,66	0,60	0,60	0,60
<b>Value of Production</b>	<b>83,97</b>	<b>111,51</b>	<b>121,10</b>	<b>136,40</b>	<b>153,60</b>
COGS	1,47	1,54	1,70	1,90	2,10
Services	66,53	87,97	93,00	104,00	115,50
Use of asset owned by others	2,90	3,50	4,00	4,40	5,30
Employees	6,29	8,85	9,50	10,60	11,70
Other operating costs	0,53	1,08	1,00	1,00	1,00
<b>EBITDA</b>	<b>6,26</b>	<b>8,57</b>	<b>11,90</b>	<b>14,50</b>	<b>18,00</b>
<i>EBITDA Margin</i>	<i>7,5%</i>	<i>7,7%</i>	<i>9,8%</i>	<i>10,6%</i>	<i>11,7%</i>
Non recurring items	0,73	1,64	0,00	0,00	0,00
<b>EBITDA Adj.</b>	<b>6,99</b>	<b>10,21</b>	<b>11,90</b>	<b>14,50</b>	<b>18,00</b>
<i>EBITDA Adj. Margin</i>	<i>8,3%</i>	<i>9,2%</i>	<i>9,8%</i>	<i>10,6%</i>	<i>11,7%</i>
D&A	2,39	3,16	3,30	3,30	3,30
<b>EBIT</b>	<b>3,87</b>	<b>5,41</b>	<b>8,60</b>	<b>11,20</b>	<b>14,70</b>
<i>EBIT Margin</i>	<i>4,6%</i>	<i>4,9%</i>	<i>7,1%</i>	<i>8,2%</i>	<i>9,6%</i>
<b>EBIT Adj.</b>	<b>4,60</b>	<b>7,06</b>	<b>8,60</b>	<b>11,20</b>	<b>14,70</b>
<i>EBIT Margin</i>	<i>5,5%</i>	<i>6,3%</i>	<i>7,1%</i>	<i>8,2%</i>	<i>9,6%</i>
Financial management	(0,49)	(1,01)	(1,15)	(1,30)	(1,45)
<b>EBT</b>	<b>3,38</b>	<b>4,41</b>	<b>7,45</b>	<b>9,90</b>	<b>13,25</b>
Taxes	1,57	2,51	3,00	4,00	5,30
<b>Net Income</b>	<b>1,81</b>	<b>1,90</b>	<b>4,45</b>	<b>5,90</b>	<b>7,95</b>
<i>Minorities Income</i>	<i>0,30</i>	<i>0,26</i>	<i>0,30</i>	<i>0,30</i>	<i>0,30</i>
<b>CONSOLIDATED BALANCE SHEET (€/mln)</b>	<b>FY22A</b>	<b>FY23A</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>
<b>Fixed Assets</b>	<b>13,45</b>	<b>21,24</b>	<b>22,50</b>	<b>21,90</b>	<b>21,70</b>
Account receivable	18,49	19,78	33,10	37,40	43,30
Inventories	0,04	0,04	0,05	0,05	0,05
Account payable	26,58	21,02	41,50	46,40	51,00
<b>Operating Working Capital</b>	<b>(8,05)</b>	<b>(1,20)</b>	<b>(8,35)</b>	<b>(8,95)</b>	<b>(7,65)</b>
Other receivable	12,05	15,33	13,10	14,85	16,40
Other payable	10,89	19,17	12,40	13,80	15,00
<b>Net Working Capital</b>	<b>(6,89)</b>	<b>(5,04)</b>	<b>(7,65)</b>	<b>(7,90)</b>	<b>(6,25)</b>
Severance & other provisions	1,13	1,56	1,45	1,50	1,55
<b>NET INVESTED CAPITAL</b>	<b>5,43</b>	<b>14,64</b>	<b>13,40</b>	<b>12,50</b>	<b>13,90</b>
Share capital	9,79	9,79	9,79	9,79	9,79
Reserves	(3,09)	(2,39)	(1,47)	0,85	3,99
Net Income	1,51	1,64	4,15	5,60	7,65
<b>Equity</b>	<b>8,21</b>	<b>9,04</b>	<b>12,46</b>	<b>16,24</b>	<b>21,42</b>
Cash & cash equivalents	18,96	11,43	18,06	21,74	24,52
Financial debt	16,18	17,03	19,00	18,00	17,00
Net Financial Position	(2,78)	5,60	0,94	(3,74)	(7,52)
<b>SOURCES</b>	<b>5,43</b>	<b>14,64</b>	<b>13,40</b>	<b>12,50</b>	<b>13,90</b>

CONSOLIDATED CASH FLOW (€/mn)	FY23A	FY24E	FY25E	FY26E
EBIT	7,06	8,60	11,20	14,70
Taxes	2,51	3,00	4,00	5,30
<b>NOPAT</b>	<b>4,55</b>	<b>5,60</b>	<b>7,20</b>	<b>9,40</b>
D&A	3,16	3,30	3,30	3,30
Change in NWC	(1,85)	2,61	0,25	(1,65)
Change in receivable	(1,29)	(13,32)	(4,30)	(5,90)
Change in inventories	(0,01)	(0,01)	0,00	0,00
Change in payable	(5,56)	20,48	4,90	4,60
Change in others	5,00	(4,54)	(0,35)	(0,35)
Change in provisions	0,43	(0,11)	0,05	0,05
<b>OPERATING CASH FLOW</b>	<b>6,28</b>	<b>11,40</b>	<b>10,80</b>	<b>11,10</b>
Capex	(10,95)	(4,56)	(2,70)	(3,10)
<b>FREE CASH FLOW</b>	<b>(4,67)</b>	<b>6,84</b>	<b>8,10</b>	<b>8,00</b>
Financial Management	(1,01)	(1,15)	(1,30)	(1,45)
Change in Financial debt	0,84	1,97	(1,00)	(1,00)
Change in equity	(1,07)	(1,02)	(2,13)	(2,76)
<b>FREE CASH FLOW TO EQUITY</b>	<b>(5,90)</b>	<b>6,64</b>	<b>3,67</b>	<b>2,79</b>

Source: Casta Diva Group and Integrae SIM estimates

Data as of last Equity Research document (Update) as of 14/10/2024

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21/05/2024	1,48	Buy	3,20	Medium	Initiation of Coverage
24/06/2024	1,42	Buy	3,20	Medium	Update
19/07/2024	1,49	Buy	3,20	Medium	Breaking News
14/10/2024	1,32	Buy	3,20	Medium	Update
23/12/2024	1,19	Buy	3,20	Medium	Breaking News

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Rating	Low Risk	Medium Risk	High Risk
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HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR $\leq$ -5%	ETR $\leq$ -5%	ETR $\leq$ 0%

U.R. Rating e/o target price Under Review

N.R. Stock Not Rated

*Valuation methodologies (long term horizon: 12 months)*

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