

EQUITY RESEARCH

CASTA DIVA GROUP S.P.A

RESULTS REVIEW

Press release

BUY

TP 2.50€

Up/Downside: 89%

Strong quarter

Casta Diva Group published yesterday their 9M24 revenues, showcasing a solid double-digit growth (+19% across the Q3 and +15% across the 9M), above our initial estimates. Our Buy recommendation is confirmed.

Following a strong H1, in which the Value of Production (VoP) rose +15% YoY to €58.2M, the Q3 and 9M did not disappoint. In fact, the group's total VoP amounted to €82M across the first nine months, implying a +19% YoY revenue growth across the Q3 and a +15% YoY revenue growth across the 9M, thanks to the continuous strong demand for events that CDG manages to intercept. These results were slightly above our initial estimates (+15% across the Q3).

Within the press release the management also shone some light on the current backlog. In fact, as of 30/09, the group had contracts worth approximately €19M to be completed by the end of the year, which, according to the management, is expected to increase in the coming months, thanks to the usual Christmas demand. At 30/09, the group's total budget for the year (VoP + backlog) amounted to €101M, accounting for roughly 83% of the revenue guidance for FY 2024 (€120.7M), as outlined in their Strategic Plan 2023-2026 presented last December.

Following a solid set of Q3 results, we have decided to decrease our FY 2024 revenue estimates to €118M (vs €125M) as a precautionary measure, despite the management's positive short term outlook. Despite our adjustment, our view on the stock remains unchanged, having recently announced the assignment of a contract for the creation of the Closing Ceremony of the Paralympics Milan Cortina 2026. The latter, will further enhance Casta Diva's brand (and G2 Eventi), as the event boasts a television audience in the billions worldwide. This assignment in fact marks the foundations for the entry into the world of major events: one of the verticals outlined in their Strategic Plan 2023-2026.

Following the adjustment of our FY 2024E estimates, we hereby confirm our Buy recommendation and TP. The stock currently trades at roughly 3.6x 2025E EBITDA, a significant discount compared to our panel of peers (-35%), representing an attractive entry point for a growth stock.

Key data

Price (€)	1.3
Industry	Advertising/Marketing Services
Ticker	CDG-IT
Shares Out (m)	20.045
Market Cap (m €)	26.5
Average trading volumes (k shares / day)	19.000
Next event	FY 2024 - tbc

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	0.18	0.25	0.35
Change vs previous estimates (%)	-9.37	-8.93	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-7.7	22.2	1.5
Rel FTSE Italy	-7.5	18.5	-13.2



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	118.3	129.7	148.3	EV/Sales	0.2	0.1	0.1
Current Op Inc (m €)	5.4	6.6	8.9	12.0	EV/EBITDA	2.1	1.3	0.6
Current op. Margin (%)	4.9	5.6	6.8	8.1	EV/EBIT	3.6	2.0	0.8
EPS (€)	0.08	0.18	0.25	0.35	PE	7.2	5.2	3.8
DPS (€)	0.00	0.00	0.00	0.00				
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	-9.8	12.7	6.4	8.1				

Source: TPICAP Midcap

Consensus FactSet - Analysts:3	12/24e	12/25e	12/26e
Sales	121.5	134.2	145.7
EBIT	7.7	10.0	12.2
Net income	4.1	5.5	6.9

Analyst

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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	118.3	129.7	148.3
Changes (%)	70.7	182.5	32.8	6.1	9.6	14.3
Gross profit	5.8	13.1	17.4	19.8	22.5	26.5
% of Sales	19.4	15.6	15.6	16.7	17.3	17.8
EBITDA	1.5	6.8	8.6	11.3	13.4	16.4
% of Sales	5.0	8.1	7.7	9.5	10.3	11.0
Current operating profit	0.8	4.4	5.4	6.6	8.9	12.0
% of Sales	2.6	5.3	4.9	5.6	6.8	8.1
Non-recurring items	-0.3	-0.6	-0.0	0.0	0.0	0.0
EBIT	0.5	3.9	5.4	6.6	8.9	12.0
Net financial result	-0.2	-0.5	-1.0	-0.9	-1.0	-1.2
Income Tax	0.1	-1.6	-2.5	-2.0	-2.7	-3.8
Net profit, group share	0.4	2.1	2.2	3.7	5.1	7.0
EPS	0.02	0.08	0.08	0.18	0.25	0.35
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	3.7	3.3	3.7
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.8	0.8	0.4	0.4	0.4	0.4
Working capital	3.5	-2.1	-0.6	-4.3	-5.2	-6.7
Other Assets	1.6	2.7	3.1	3.1	3.1	3.1
Assets	14.7	14.1	23.7	19.1	17.8	16.7
Shareholders equity group	6.1	7.8	8.7	12.3	17.4	24.5
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	-2.6	-9.0	-17.1
Other liabilities	2.7	3.0	4.5	4.5	4.5	4.5
Liabilities	14.7	14.1	23.7	19.1	17.8	16.7
Net debt excl. IFRS 16	3.7	-1.6	5.6	-2.6	-9.0	-17.1
Gearing net	0.6	-0.2	0.6	-0.2	-0.5	-0.7
Leverage	2.5	-0.2	0.7	-0.2	-0.7	-1.0
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	8.4	9.6	11.4
Δ WCR	-0.5	7.4	-3.7	8.1	0.9	1.5
Operating cash flow	0.8	11.7	1.5	16.5	10.5	12.9
Net capex	-0.8	-6.3	-11.3	-3.8	-4.1	-4.7
FCF	-0.1	5.4	-9.8	12.7	6.4	8.1
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	12.7	6.4	8.1
ROA (%)	1.4%	2.4%	2.4%	4.2%	5.3%	6.5%
ROE (%)	6.6%	17.8%	18.2%	28.9%	28.6%	28.4%
ROCE (%)	3.8%	33.4%	21.1%	26.8%	39.1%	57.3%

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Methodology

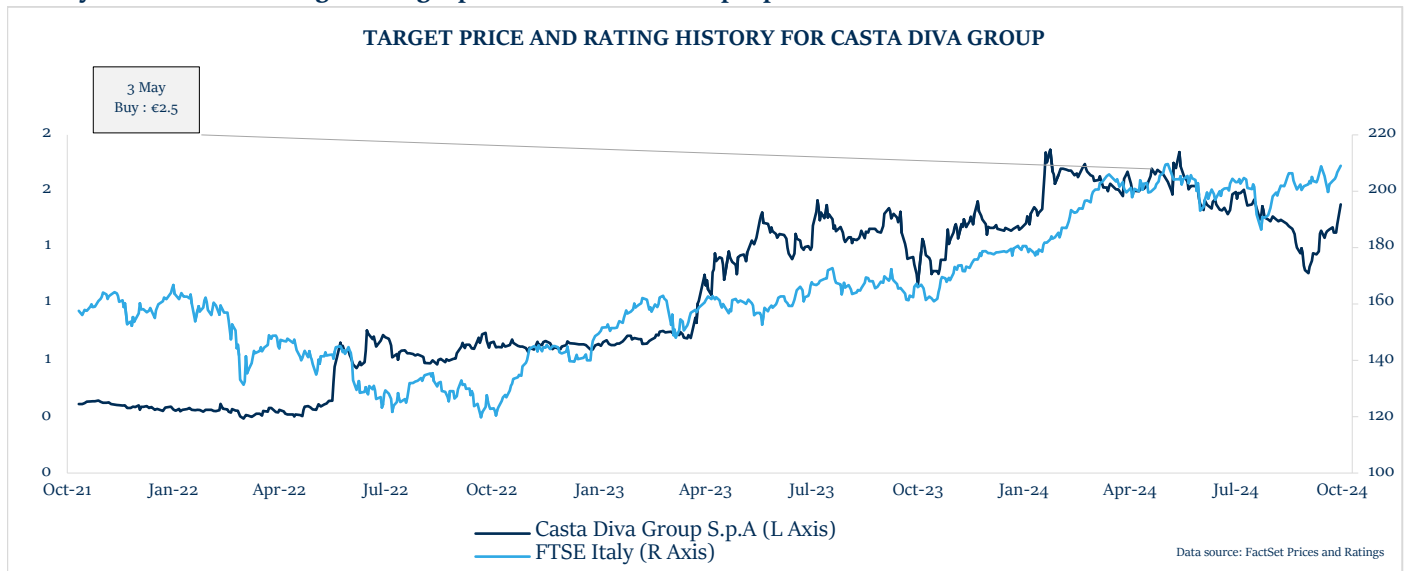
This Report may mention evaluation methods defined as follows:

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	80%	65%
Hold	17%	67%
Sell	2%	0%
Under review	1%	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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