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Document produced on
19 October 2026 at 8:18am CET
Document published on
19 October 2026 at 9:22am CET

EQUITY RESEARCH

CASTA DIVA GROUP S.P.A

RESULTS REVIEW

SELL (vs HOLD)

TP 2.80€ (vs 3.00€)

Up/Downside: -19%

A Challenging H2 Ahead

Casta Diva Group's 9M26 revenue came in below our expectations, hit by a weak Q3 on the back of issues in the Gulf region. Limited visibility on the full year leads us to cut our estimates. On top of this operational weakness, the macro backdrop is unfavourable for advertising spend, and the cost of debt limits the M&A lever. We therefore downgrade to SELL and lower our TP to €2.8 (vs €3.0).

Revenue below expectations, estimates cut. The Group reported preliminary 9M26 revenue of €88.4m, down 6.4% YoY, which implies a Q3 decline of 36% YoY. The 9M backlog grew 7% to €25.9m, but this comes against an already low 2025 base. Revenue booked plus backlog totals €114.3m, down 3.6% YoY. Even if Q4 stays flat vs 2025, which we already see as ambitious in the current environment, we now expect FY26 revenue of around €130m (vs €144m). We cut 2027 by a similar proportion (-7% vs previous estimate).

Margins: resilient so far, but under pressure. Profitability has held up well so far. However, a volume decline of this size makes it harder to absorb fixed costs. Fewer orders, especially on higher value-added projects such as those in the Gulf, could weigh on margins as early as H2.

Unfavourable macro and geopolitical backdrop. In our view, the effects of the economic slowdown are not yet fully reflected in the numbers. We expect high rates and inflation to push corporate clients to cut non-core spending, starting with advertising, events and branded content, which is the Group's core market. Geopolitical instability in the Middle East adds to this, and the timing of a recovery is hard to predict.

M&A less sustainable. The Group has a solid M&A track record, and acquisitions have contributed significantly to its historical growth. However, with the cost of debt rising, financing new deals is becoming more expensive and less accretive. This weakens a key lever for offsetting soft organic growth. New initiatives such as Rebel/OTT and the Business Plan expected by year-end could act as catalysts. At this stage, though, they do not give enough visibility to justify the current valuation.

Valuation. After revising our 2026/27 revenue estimates, with a more limited impact on EBITDA, we have updated our valuation. It also reflects a higher WACC of 13% (vs 12.2%), driven by the increase in the risk-free rate to 4.4% (vs 3.6%). **We therefore lower our TP to €2.8 and downgrade to SELL.** We see this as the right stance in the short term, given the slowdown in order intake and the deteriorating macro environment.

Key data	
Price (€)	3.5
Industry	Advertising/Marketing Services
Ticker	CDG-IT
Shares Out (m)	20.045
Market Cap (m €)	69.6
Average trading volumes (k shares / day)	80.087
Next event	H1 2026 - 30/09/2026

Source: FactSet

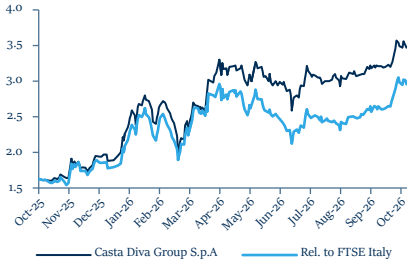
Ownership (%)	
Reload S.p.A.	47.2
Alkemia	9.8
Alberto Previtali	5.8
Free float	37.3

Source: TPICAP Midcap estimates

EPS (€)	12/26e	12/27e	12/28e
Estimates	0.12	0.23	0.27
Change vs previous estimates (%)	-19.54	-10.86	-8.45

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-0.9	7.8	83.6
Rel FTSE Italy	-1.8	12.3	66.9



Source: FactSet

TP ICAP Midcap Estimates	12/25	12/26e	12/27e	12/28e
Sales (m €)	132.9	130.1	139.7	146.7
Current Op Inc (m €)	5.1	5.3	8.2	9.2
Current op. Margin (%)	3.8	4.1	5.9	6.2
EPS (€)	0.03	0.12	0.23	0.27
DPS (€)	0.00	0.00	0.00	0.00
Yield (%)	0.0	0.0	0.0	0.0
FCF (m €)	0.9	3.3	7.2	8.4

Valuation Ratio	12/26e	12/27e	12/28e
EV/Sales	0.7	0.6	0.5
EV/EBITDA	9.0	6.1	5.1
EV/EBIT	16.1	9.6	7.6
PE	29.8	15.0	13.0

Source: TPICAP Midcap

Consensus FactSet - Analysts:4	12/26e	12/27e	12/28e
Sales	149.2	156.3	163.1
EBIT	7.3	10.1	11.9
Net income	3.0	5.0	6.0

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FINANCIAL DATA

Income Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Sales	111.5	121.9	132.9	130.1	139.7	146.7
Changes (%)	33.3	9.3	9.0	-2.1	7.4	5.0
Gross profit	19.1	20.8	20.8	24.2	26.1	29.0
% of Sales	17.1	17.1	15.7	18.6	18.6	19.8
EBITDA	**10.3**	**7.6**	**8.7**	**9.6**	**12.8**	**13.9**
% of Sales	9.2	6.2	6.5	7.3	9.1	9.4
Current operating profit	**7.1**	**3.9**	**5.1**	**5.3**	**8.2**	**9.2**
% of Sales	6.4	3.2	3.8	4.1	5.9	6.2
Non-recurring items	-0.0	-0.0	0.0	0.0	0.0	0.0
EBIT	7.1	3.9	5.1	5.3	8.2	9.2
Net financial result	-1.0	-1.5	-2.1	-1.8	-1.3	-1.2
Income Tax	-2.5	-2.7	-2.3	-1.1	-2.2	-2.5
Net profit, group share	**3.9**	**-0.2**	**0.7**	**2.4**	**4.8**	**5.5**
EPS	0.08	0.05	0.03	0.12	0.23	0.27

Financial Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Goodwill	16.2	16.2	16.5	19.8	19.8	19.8
Tangible and intangible assets	4.6	5.5	10.6	9.0	8.6	7.6
Right of Use	0.0	0.0	-0.0	-0.0	-0.0	-0.0
Financial assets	0.4	2.4	0.4	0.4	0.4	0.4
Working capital	-0.6	11.9	10.9	11.6	9.5	7.7
Other Assets	3.1	3.7	1.3	1.3	1.3	1.3
Assets	23.7	39.7	39.7	42.1	39.7	36.8
Shareholders equity group	8.7	9.8	11.1	13.5	18.3	23.8
Minorities	0.4	0.5	0.4	0.4	0.4	0.4
LT & ST provisions and others	0.0	0.4	1.4	1.4	1.4	1.4
Net debt	5.6	16.2	16.4	16.1	8.8	0.5
Other liabilities	4.5	7.2	4.5	4.9	4.9	4.9
Liabilities	23.7	39.7	39.7	42.1	39.7	36.8
Net debt excl. IFRS 16	5.6	16.2	16.4	16.1	8.8	0.5
Gearing net	0.6	1.6	1.4	1.2	0.5	0.0
Leverage	0.5	2.1	1.9	1.7	0.7	0.0

Cash flow statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
CF after elimination of net borrowing costs and taxes	5.2	5.1	6.3	6.7	9.4	10.2
ΔWCR	-3.7	-4.8	0.1	-0.7	2.1	1.8
Operating cash flow	1.5	0.4	6.4	6.0	11.4	12.0
Net capex	-11.3	-5.6	-5.4	-2.7	-4.2	-3.7
FCF	-9.8	-5.3	0.9	3.3	7.2	8.4
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	-0.7	-0.2	0.1	-3.0	0.0	0.0
Change in borrowings	2.7	9.1	6.3	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	0.6	0.1	0.6	0.0	0.0	0.0
Change in net cash over the year	-6.8	3.3	8.3	0.3	7.2	8.4
ROA (%)	2.4%	1.1%	0.7%	2.3%	4.3%	4.6%
ROE (%)	18.1%	9.1%	6.2%	17.3%	25.6%	22.8%
ROCE (%)	10.8%	4.7%	9.6%	10.2%	16.9%	20.6%

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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

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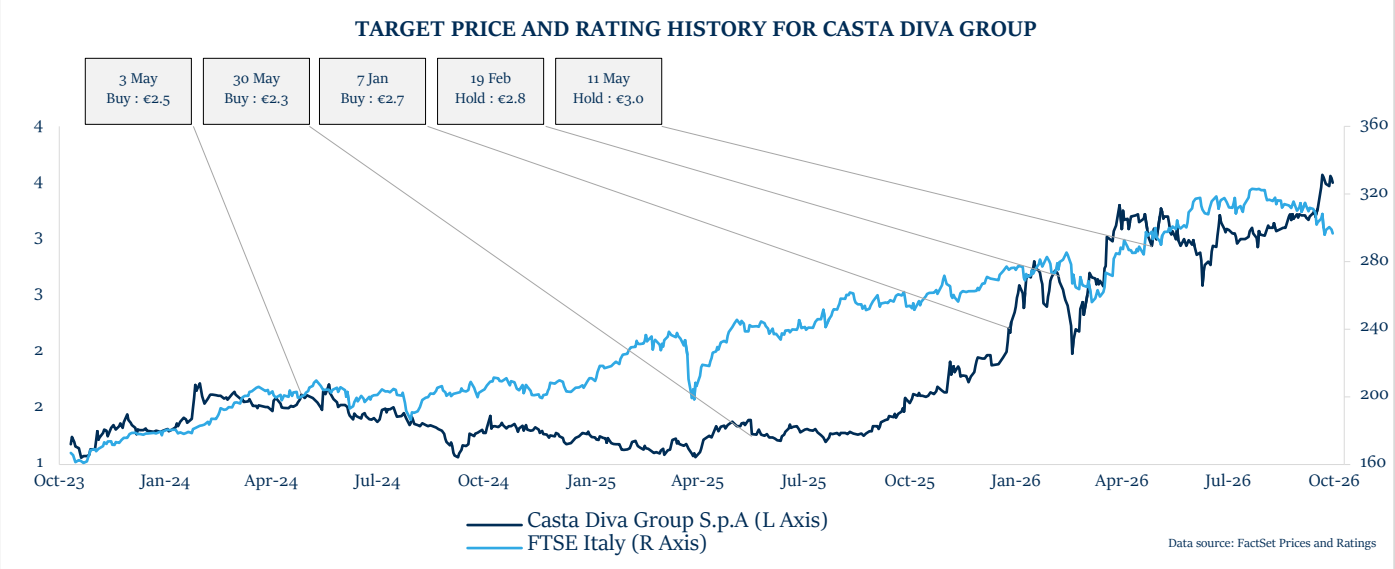
History of investment rating and target price – Casta Diva Group S.p.A



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
30 Sep 26 - 17:10:51	Alessio Olmi	€ 3.00	€ 3.00	€ 3.25	Hold	Hold
16 Jul 26 - 16:13:20	Alessio Olmi	€ 3.00	€ 3.00	€ 3.09	Hold	Hold
08 Jun 26 - 08:10:01	Alessio Olmi	€ 3.00	€ 3.00	€ 2.94	Hold	Hold
10 May 26 - 10:54:32	Alessio Olmi	€ 2.80	€ 3.00	€ 3.02	Hold	Hold
16 Apr 26 - 08:20:24	Alessio Olmi	€ 2.80	€ 2.80	€ 3.09	Hold	Hold
19 Feb 26 - 08:14:18	Alessio Olmi	NA	€ 2.80	€ 2.70	NA	Hold
06 Jan 26 - 18:09:25	Alessio Olmi	€ 2.30	€ 2.70	€ 2.00	Buy	Buy
20 Nov 25 - 08:22:00	Alessio Olmi	€ 2.30	€ 2.30	€ 1.79	Buy	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	69%	77%
Hold	22%	58%
Sell	4%	33%
Under review	5%	88%

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