

## EQUITY RESEARCH

## RACING FORCE SPA

NEWS  
Press release

BUY

TP 6.4€

Up/Downside: 56%

## Imminent Start

**Racing Force announced yesterday that it has received the first order related to the new US Air Force helmet from LIFT Airborne Technologies. This milestone aligns with the group's roadmap and will mark 2024 as the year when the company starts generating revenue in the defense sector.**

This is a significant achievement for Racing Force, which announced the receipt of the first order from LIFT Airborne for the AV2.2, the future helmet of the US Air Force. As a reminder, Racing Force is part of a select group of technological partners that contributed to developing the AV2.2 prototype, and the company will be responsible for producing the helmet's carbon shell. Following this first order, the group officially announced the start of production for this project.

The timing of this announcement is in line with the group's roadmap, as well as our expectations, which are reflected in our valuation by sum of the parts. Due to the confidentiality of the contract, no financial details were provided. However, we maintain our initial estimate, forecasting first revenues below one million euros in the next months.

The press release also hints at further updates on other diversification projects in the coming months. As a reminder, the group is working on two additional helmet projects, including the Gladiator Helmet for special police forces and the Police Riot Helmet, as well as expanding the Driver's Eye product line, notably with the Skier's Eye.

With a nearly 20% drop in stock price this year, we believe the current level represents an attractive entry point. While 2024's commercial momentum is somewhat below the group's usual standards, 2025 is shaping up to be a strong year, driven by new regulatory helmet standards in the Motorsport division and the anticipated commercialization of the two aforementioned helmets. The potential revenue from these projects is not yet factored into the consensus. We reiterate our Buy recommendation, with a target price (OC) maintained at €6.4.

## Key data

Price (€)	4.1
Industry	Protective Equipment
Ticker	ALRFG-FR
Shares Out (m)	25.699
Market Cap (m €)	105.4
Next event	H1 Results - 9/25

Source: FactSet

## Ownership (%)

SAYE S.p.A	49.5
GMP Investments Holdings Limited	4.7
Free float	45.8

Source: TPICAP Midcap estimates

EPS (€)	12/24e	12/25e	12/26e
Estimates	0.15	0.21	1.00
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	2.8	-1.9	-20.8
Rel FTSE Italy	1.9	-7.6	-30.2



Source: FactSet

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	62.7	65.6	70.5	74.8	EV/Sales	1.8	1.6	1.5
Current Op Inc (m €)	6.2	6.1	8.6	8.7	EV/EBITDA	11.0	8.3	7.6
Current op. Margin (%)	9.9	9.3	12.2	11.6	EV/EBIT	19.1	13.2	13.1
EPS (€)	0.18	0.15	0.21	1.00	PE	27.8	19.3	4.1
DPS (€)	0.09	0.06	0.08	0.09	Source: TPICAP Midcap			
Yield (%)	2.2	1.4	2.1	2.1				
FCF (m €)	-5.1	-0.4	5.6	2.4				

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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	46.7	58.8	62.7	65.6	70.5	74.8
Changes (%)	38.4	25.9	6.6	4.6	7.5	6.2
Gross profit	27.2	36.8	38.7	40.7	44.5	47.3
% of Sales	58.3	62.6	61.7	62.0	63.1	63.2
<b>EBITDA</b>	<b>7.9</b>	<b>11.7</b>	<b>9.6</b>	<b>10.6</b>	<b>13.7</b>	<b>14.9</b>
% of Sales	16.9	19.8	15.4	16.2	19.4	19.9
<b>Current operating profit</b>	<b>5.5</b>	<b>8.8</b>	<b>6.2</b>	<b>6.1</b>	<b>8.6</b>	<b>8.7</b>
% of Sales	11.8	15.0	9.9	9.3	12.2	11.6
EBIT	5.5	8.8	6.2	6.1	8.6	8.7
Net financial result	-0.3	-0.1	-0.5	-0.5	-0.5	-0.5
Income Tax	-1.1	-1.2	-1.0	-1.6	-2.2	-2.3
Tax rate (%)	20.4	13.4	27.9	27.9	27.9	27.9
<b>Net profit, group share</b>	<b>4.2</b>	<b>7.5</b>	<b>4.7</b>	<b>4.0</b>	<b>5.8</b>	<b>5.9</b>
EPS	0.18	0.32	0.18	0.15	0.21	1.00
<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	5.7	6.2	6.2	6.2	6.2	6.2
Tangible and intangible assets	13.1	15.5	19.4	25.1	27.2	31.1
Right of Use	2.4	3.1	3.7	3.7	3.7	3.7
Financial assets	0.4	0.3	0.8	0.8	0.8	0.8
Working capital	12.5	19.8	26.9	26.2	25.1	26.6
Other Assets	0.7	0.6	0.6	0.6	0.6	0.6
<b>Assets</b>	<b>34.7</b>	<b>45.6</b>	<b>57.6</b>	<b>62.7</b>	<b>63.7</b>	<b>69.0</b>
Shareholders equity group	29.9	36.5	48.5	50.1	54.3	58.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	1.2	1.3	1.5	1.5	1.5	1.5
Net debt	3.5	7.8	7.6	11.1	7.9	8.5
Other liabilities	0.1	0.0	0.0	0.0	0.0	1.0
<b>Liabilities</b>	<b>34.7</b>	<b>45.6</b>	<b>57.6</b>	<b>62.7</b>	<b>63.7</b>	<b>69.0</b>
Net debt excl. IFRS 16	1.0	4.5	3.7	7.3	4.0	4.7
Gearing net	0.1	0.2	0.2	0.2	0.1	0.1
Leverage	0.4	0.7	0.8	1.0	0.6	0.6
<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	6.7	11.1	8.1	8.5	10.9	12.1
$\Delta$ WCR	-2.2	-8.0	-7.0	0.6	1.1	-1.5
Operating cash flow	4.5	3.2	1.1	9.2	12.0	10.7
Net capex	-5.3	-4.5	-6.2	-9.5	-6.5	-8.2
FCF	-0.8	-1.4	-5.1	-0.4	5.6	2.4
Free Cash Flow excl IFRS 16	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	-2.5	-4.4	-4.5	0.0	0.0	0.0
Dividends paid	-1.3	-1.7	-2.3	-2.5	-1.6	-2.3
Repayment of leasing debt	-0.3	-0.7	-0.7	-0.7	-0.7	-0.7
Equity Transaction	18.8	0.0	9.7	0.0	0.0	0.0
Others	-0.4	0.1	-0.2	0.0	0.0	0.0
Change in net cash over the year	13.5	-8.1	-3.1	-3.6	3.2	-0.6
ROA (%)	6.4%	10.7%	6.0%	5.0%	6.7%	6.4%
ROE (%)	13.9%	20.7%	9.7%	8.1%	10.7%	10.2%
ROCE (%)	12.8%	16.8%	9.1%	7.3%	9.9%	9.3%

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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.

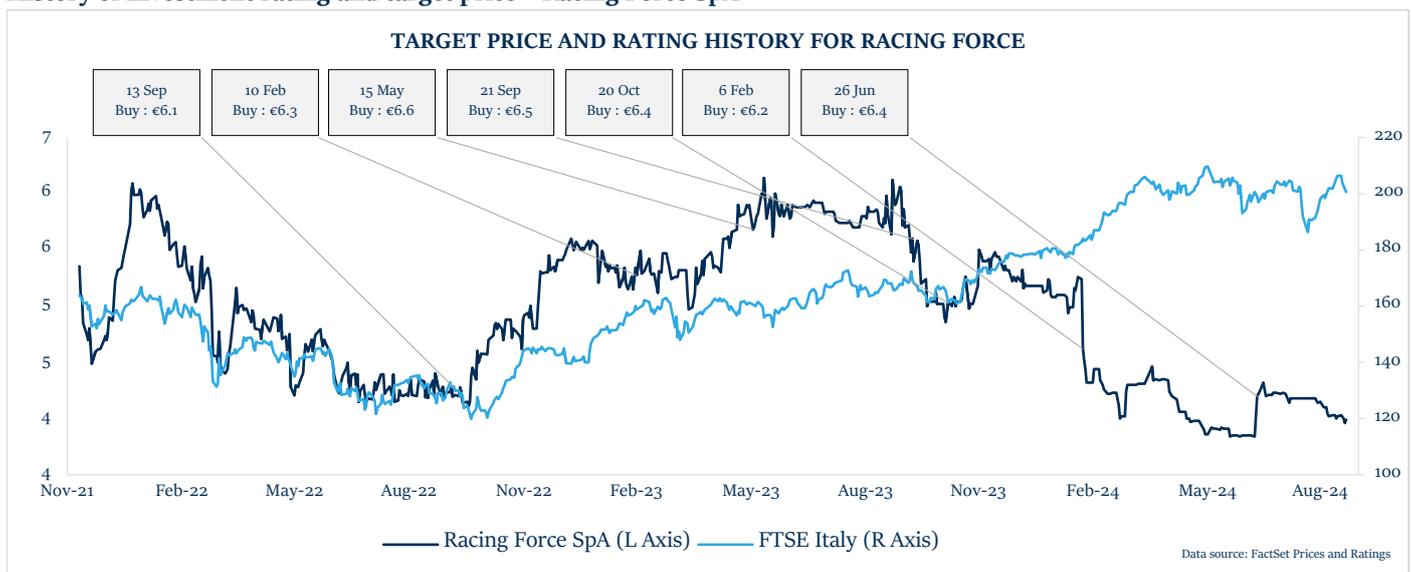
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Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	81%	64%
Hold	16%	69%
Sell	2%	0%
Under review	1%	100%

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