

## EQUITY RESEARCH

## RACING FORCE SPA

NEWS  
Press release

BUY

TP 6.4€

Up/Downside: 78%

## Launch of the SmartLock System Aligned with New Helmet Regulatory Standards

Racing Force announced yesterday the launch of its new visor locking system, SmartLock, designed to meet the latest FIA regulatory standards. This innovative system made its debut during the Abu Dhabi Grand Prix last weekend, worn by Fernando Alonso.

The Racing Force group had previously indicated its readiness to roll out a range of helmets compliant with the updated FIA regulations, and this launch marks a significant milestone. In addition to meeting FIA standards, the SmartLock system will ensure Bell helmets comply with the upcoming Snell regulations, expected to take effect in the second half of 2025.

Positioned on the lower side of the visor, this new system offers enhanced stability and strength in high-speed impact scenarios while maintaining optimal performance standards, including unobstructed visibility and ease of use.

Fernando Alonso officially launched the system by wearing the first helmet equipped with SmartLock during the final Formula 1 Grand Prix of the season in Abu Dhabi last weekend

This launch comes at a pivotal time for Racing Force, following two years of transition in its Motorsport business, which was impacted by destocking trends in the U.S. The 2025 fiscal year is expected to bring renewed momentum, driven by the enforcement of new regulatory standards, which traditionally lead to a spike in sales. Additionally, Racing Force is set to record its first revenues from diversification projects, with product launches anticipated in the first half of 2025—currently not factored into our estimates.

With a favorable outlook for 2025 and beyond, the stock remains at its historical lows. We reiterate our Buy recommendation with a price target maintained at €6.4.

## Key data

Price (€)	3.6
Industry	Protective Equipment
Ticker	ALRFG-FR
Shares Out (m)	25.699
Market Cap (m €)	92.5
Next event	FY24 Sales - TBD

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	0.14	0.20	1.00
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-4.0	-10.7	-30.5
Rel FTSE Italy	-3.4	-12.4	-40.4



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	64.6	69.5	73.8	EV/Sales	1.5	1.4	1.3
Current Op Inc (m €)	6.2	5.8	8.0	8.1	EV/EBITDA	9.4	7.2	6.7
Current op. Margin (%)	9.9	9.0	11.5	11.0	EV/EBIT	16.4	11.8	11.7
EPS (€)	0.18	0.14	0.20	1.00	PE	25.8	18.3	3.6
DPS (€)	0.09	0.06	0.08	0.08	Source: TPICAP Midcap			
Yield (%)	2.5	1.5	2.2	2.2				
FCF (m €)	-5.1	0.6	2.9	2.8				

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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	64.6	69.5	73.8
Changes (%)	38.4	25.9	6.6	3.1	7.5	6.2
Gross profit	27.2	36.8	38.7	39.8	43.5	46.3
% of Sales	58.3	62.6	61.7	61.6	62.7	62.8
<b>EBITDA</b>	<b>7.9</b>	<b>11.7</b>	<b>9.6</b>	<b>10.2</b>	<b>13.1</b>	<b>14.2</b>
% of Sales	16.9	19.8	15.4	15.7	18.8	19.3
<b>Current operating profit</b>	<b>5.5</b>	<b>8.8</b>	<b>6.2</b>	<b>5.8</b>	<b>8.0</b>	<b>8.1</b>
% of Sales	11.8	15.0	9.9	9.0	11.5	11.0
EBIT	5.5	8.8	6.2	5.8	8.0	8.1
Net financial result	-0.3	-0.1	-0.5	-0.5	-0.5	-0.5
Income Tax	-1.1	-1.2	-1.0	-1.5	-2.1	-2.1
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>3.8</b>	<b>5.4</b>	<b>5.5</b>
EPS	0.18	0.32	0.18	0.14	0.20	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	24.3	27.1	30.9
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	25.9	26.3	27.0
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>61.6</b>	<b>64.7</b>	<b>69.2</b>
Shareholders equity group	29.9	36.5	48.5	57.2	61.1	64.5
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	2.8	2.1	2.2
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>61.6</b>	<b>64.7</b>	<b>69.2</b>
Net debt excl. IFRS 16	1.0	4.5	3.7	-1.0	-1.7	-1.7
Gearing net	0.1	0.2	0.2	0.0	0.0	0.0
Leverage	0.4	0.7	0.8	0.3	0.2	0.2
<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	8.2	10.5	11.6
$\Delta$ WCR	-2.2	-8.0	-7.0	1.0	-0.4	-0.6
Operating cash flow	4.5	3.2	1.1	9.2	10.0	11.0
Net capex	-5.3	-4.5	-6.2	-8.6	-7.1	-8.1
FCF	-0.8	-1.4	-5.1	0.6	2.9	2.8
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	-1.5	-2.2
Repayment of leasing debt	-0.3	-0.7	-0.7	-0.7	-0.7	-0.7
Equity Transaction	18.8	0.0	9.7	7.3	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	4.7	0.7	-0.0
ROA (%)	6.4%	10.7%	6.0%	4.4%	5.8%	5.6%
ROE (%)	13.9%	20.7%	9.7%	6.7%	8.8%	8.5%
ROCE (%)	12.8%	16.8%	9.1%	7.0%	9.1%	8.6%

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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.
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### History of investment rating and target price – Racing Force SpA



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Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	80%	64%
Hold	14%	70%
Sell	3%	40%
Under review	2%	100%

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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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