

EQUITY RESEARCH

RACING FORCE SPA
 FEEDBACK CONFERENCE
BUY**TP 6.4€****Up/Downside: 54%**

Diversification projects on the starting grid

Racing Force once again attended our annual conference. While commercial momentum remains strong in the group's core business, management also announced its participation in a first tender in its diversification efforts.

Paolo Delprato (CEO), Roberto Ferroggiaro (CFO), and Alex Haristos (COO) of Racing Force Group were present for this new edition. They confirmed the strong momentum in the order book, already highlighted in Q1, which appears to be continuing—still driven by the latest Bell helmet range, compliant with the new FIA standards. Depending on the month, order intake is growing at or near double-digit rates. This momentum should start to reflect in Q2 revenue, due on July 23, but will mainly benefit H2 performance.

The main announcement from the meeting concerned the group's diversification efforts. Paolo Delprato revealed that Racing Force is participating in a first public tender for Police Riot Helmets, with a response expected in the coming weeks. Although the contract size has not yet been disclosed, a win in this tender would mark a key milestone for the group's entry into the defense market. In addition, management confirmed the first significant deliveries of the (helmet name) to the U.S. Air Force.

This meeting fully reinforces our positive stance on the stock, which, as a reminder, is part of our 2025 Top Picks. The continued momentum in the core business and the expected defense-related newsflow should continue to support the share price performance. We reiterate our Buy rating and maintain our Target Price at €6.4.

Key data

Price (€)	4.2
Industry	Protective Equipment
Ticker	ALRFG-FR
Shares Out (m)	27.389
Market Cap (m €)	113.9
Next event	2025 H1 - 7/23

Source: FactSet

Ownership (%)

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

Source: TPICAP Midcap estimates

EPS (€)	12/25e	12/26e	12/27e
Estimates	0.19	0.20	0.21
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	0.0	3.0	10.6
Rel FTSE Italy	-0.6	-8.2	-7.4



Source: FactSet

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e	Valuation Ratio	12/25e	12/26e	12/27e
Sales (m €)	65.7	69.5	73.8	77.9	EV/Sales	1.7	1.6	1.5
Current Op Inc (m €)	6.5	6.9	7.8	8.1	EV/EBITDA	10.5	8.9	8.0
Current op. Margin (%)	9.9	10.0	10.5	10.4	EV/EBIT	17.2	15.3	14.3
EPS (€)	0.21	0.19	0.20	0.21	PE	22.2	21.1	19.8
DPS (€)	0.09	0.07	0.08	0.08	Source: TPICAP Midcap			
Yield (%)	2.0	1.8	1.9	2.0				
FCF (m €)	-1.2	2.0	3.3	6.1				

Analyst

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FINANCIAL DATA

Income Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Sales	58.8	62.7	65.7	69.5	73.8	77.9
Changes (%)	25.9	6.6	4.9	5.7	6.2	5.6
Gross profit	36.8	38.7	40.1	43.0	46.0	48.6
% of Sales	62.6	61.7	61.0	61.9	62.3	62.4
EBITDA	11.7	9.6	10.1	11.4	13.4	14.5
% of Sales	19.8	15.4	15.4	16.4	18.2	18.6
Current operating profit	8.8	6.3	6.5	6.9	7.8	8.1
% of Sales	15.0	10.0	9.9	10.0	10.5	10.4
EBIT	8.8	6.3	6.5	6.9	7.8	8.1
Net financial result	-0.1	-0.5	0.0	-0.1	-0.3	-0.1
Income Tax	-1.2	-1.0	-0.7	-1.7	-2.1	-2.2
Tax rate (%)	13.4	27.9	27.9	25.0	27.9	27.9
Net profit, group share	7.5	4.8	5.8	5.1	5.4	5.8
EPS	0.32	0.19	0.21	0.19	0.20	0.21
Financial Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Goodwill	6.2	6.2	6.2	6.2	6.2	6.2
Tangible and intangible assets	15.5	19.4	25.6	30.3	33.2	33.3
Right of Use	3.1	3.7	3.7	3.7	3.7	3.7
Financial assets	0.3	0.8	0.8	0.8	0.8	0.8
Working capital	19.8	26.9	28.4	27.4	27.7	29.2
Other Assets	0.6	0.6	0.6	0.6	0.6	0.6
Assets	45.6	57.6	65.4	69.1	72.2	73.9
Shareholders equity group	36.5	48.5	59.3	61.9	65.7	70.5
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	1.3	1.5	1.5	1.5	1.5	1.5
Net debt	7.8	7.6	4.6	5.6	5.1	1.9
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	45.6	57.6	65.4	69.1	72.2	73.9
Net debt excl. IFRS 16	4.5	3.7	0.7	1.8	1.2	-2.0
Gearing net	0.2	0.2	0.1	0.1	0.1	0.0
Leverage	0.7	0.8	0.5	0.5	0.4	0.1
Cash flow statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
CF after elimination of net borrowing costs and taxes	11.1	8.1	9.4	9.6	11.0	12.2
Δ WCR	-8.0	-7.0	-1.5	1.0	-0.3	-1.5
Operating cash flow	3.2	1.1	7.9	10.6	10.7	10.7
Net capex	-4.5	-6.2	-9.1	-8.5	-7.4	-4.7
FCF	-1.4	-5.1	-1.2	2.0	3.3	6.1
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	-4.4	-4.5	0.4	0.0	0.0	0.0
Dividends paid	-1.7	-2.3	-2.5	-2.3	-2.1	-2.2
Repayment of leasing debt	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7
Equity Transaction	0.0	9.7	7.3	0.0	0.0	0.0
Others	0.1	-0.2	0.0	0.0	0.0	0.0
Change in net cash over the year	-8.1	-3.1	3.4	-1.0	0.6	3.2
ROA (%)	10.7%	6.1%	6.5%	5.5%	5.5%	5.5%
ROE (%)	20.7%	9.9%	9.8%	8.3%	8.2%	8.2%
ROCE (%)	16.8%	9.2%	8.9%	7.6%	7.9%	7.9%

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Methodology

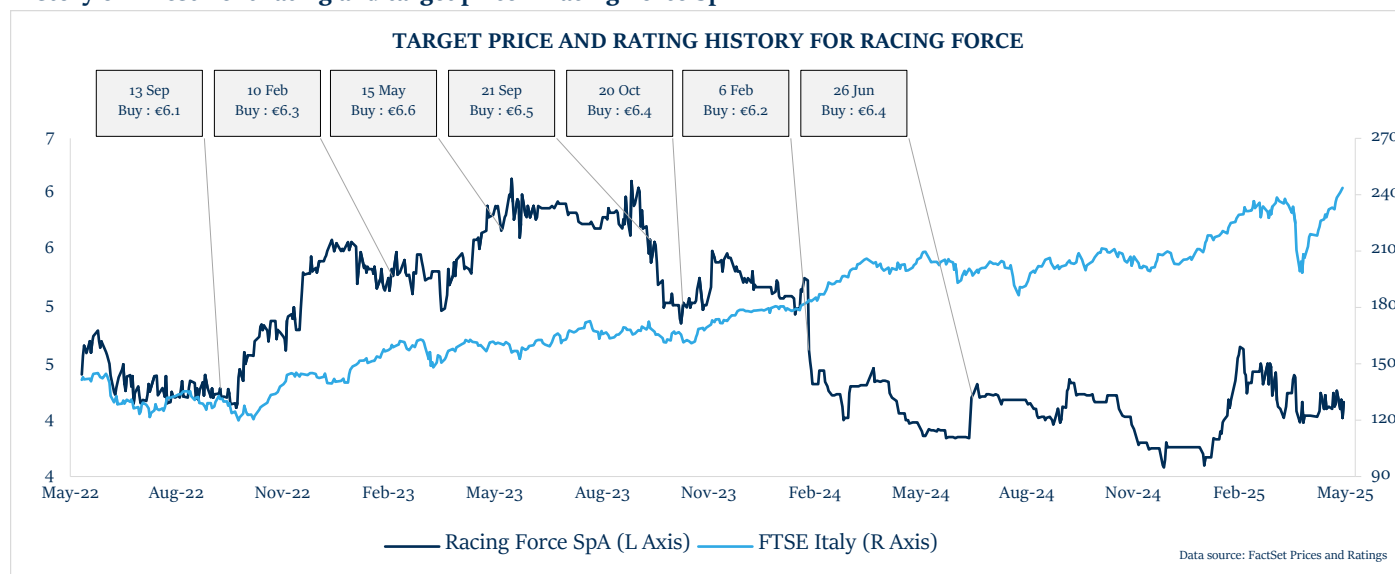
This Report may mention evaluation methods defined as follows:

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.

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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: Racing Force SpA

History of investment rating and target price – Racing Force SpA



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
22 Apr 25 - 19:08:39	Corentin Marty	€ 6.40	€ 6.40	€ 4.03	Achat	Buy
28 Mar 25 - 08:11:51	Corentin Marty	€ 6.40	€ 6.40	€ 4.24	Achat	Buy
27 Mar 25 - 08:18:17	Corentin Marty	€ 6.40	€ 6.40	€ 4.12	Achat	Buy
04 Feb 25 - 08:15:10	Corentin Marty	€ 6.40	€ 6.40	€ 4.04	Achat	Buy
30 Jan 25 - 17:29:27	Corentin Marty	€ 6.40	€ 6.40	€ 3.88	Achat	Buy
11 Dec 24 - 08:19:27	Corentin Marty	€ 6.40	€ 6.40	€ 3.58	Achat	Buy
22 Oct 24 - 07:58:26	Corentin Marty	€ 6.40	€ 6.40	€ 4.16	Achat	Buy
26 Sep 24 - 08:14:00	Corentin Marty	€ 6.40	€ 6.40	€ 4.22	Achat	Buy
25 Sep 24 - 08:33:08	Corentin Marty	€ 6.40	€ 6.40	€ 4.33	Achat	Buy
18 Sep 24 - 08:12:52	Corentin Marty	€ 6.40	€ 6.40	€ 4.26	Achat	Buy
10 Sep 24 - 08:10:55	Corentin Marty	€ 6.40	€ 6.40	€ 4.10	Achat	Buy
25 Jul 24 - 08:26:22	Corentin Marty	€ 6.40	€ 6.40	€ 4.18	Achat	Buy
26 Jun 24 - 08:28:04	Corentin Marty	€ 6.20	€ 6.40	€ 3.85	Achat	Buy
27 May 24 - 07:49:00	Corentin Marty	€ 6.20	€ 6.20	€ 3.91	Achat	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	81%	65%
Hold	14%	65%
Sell	3%	20%
Under review	2%	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.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

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