

EQUITY RESEARCH

RACING FORCE SPA

RESULTS REVIEW

Press release

BUY

TP 6.4€

Up/Downside: 54%

In line

Racing Force released its Q3 2024 revenue this morning, reporting €13.2M (+5% yoy), in line with our expectations of €13.1M. As anticipated, the AMER region continues its recovery with 11% growth in Q3 due to a favorable base effect, but management remains cautious about the region. The company's outlook on diversification projects has been reiterated once again.

Racing Force's Q3 turnover align with expectations. The group closed the quarter with revenue of €13.2M (compared to €13.1M expected), reflecting 5% growth despite the previously mentioned (and resolved) disruptions with a subcontractor. This quarter brings the 9-month (9M) total revenue to €50.8M, up 2%. As expected, the Americas region rebounded in Q3 with 11% growth, with a favorable base effect, marking its second consecutive quarter of growth, benefiting all the group's brands. Over 9 months, Europe and Asia-Pacific remain the group's growth drivers, with respective increases of 2.1% and 8%. In terms of product mix, the Driver's Equipment segment performed well, driven by Bell sales (+10% in Q3 alone), resulting in 9M growth of 4.6% (compared to 2.5% in H1).

While these results meet expectations, the confirmation of a mid-single-digit order book growth in Q3 and deliveries linked to the LIFT project mainly in Q1 2025 rather than by the end of the year has led us to slightly revise our 2024 forecast. We now expect a full-year landing at €64.6M (down from €65.6M).

The timings and events related to diversification projects have been reconfirmed. The 2025 outlook remains promising, both for these diversification projects, which should start contributing to the group's revenue, and for the core business, which is expected to regain momentum after two transition years, boosted by new helmet standards. We view the end of 2024 as a strong entry point into the stock, with significant revaluation potential next year. We maintain our Buy recommendation with a price target of €6.4.

Key data

Price (€)	4.2
Industry	Protective Equipment
Ticker	ALRFG-FR
Shares Out (m)	25.699
Market Cap (m €)	106.9
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 (%)	-7.49	-7.44	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	0.0	-2.8	-19.7
Rel FTSE Italy	-0.4	-7.2	-32.5



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	1.7	1.6	1.5
Current Op Inc (m €)	6.2	5.8	8.0	8.1	EV/EBITDA	10.8	8.4	7.7
Current op. Margin (%)	9.9	9.0	11.5	11.0	EV/EBIT	18.9	13.6	13.5
EPS (€)	0.18	0.14	0.20	1.00	PE	29.8	21.1	4.2
DPS (€)	0.09	0.06	0.08	0.08	Source: TPICAP Midcap			
Yield (%)	2.2	1.3	1.9	1.9				
FCF (m €)	-5.1	0.6	2.9	2.8				

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FINANCIAL DATA

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
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
EBITDA	7.9	11.7	9.6	10.2	13.1	14.2
% of Sales	16.9	19.8	15.4	15.7	18.8	19.3
Current operating profit	5.5	8.8	6.2	5.8	8.0	8.1
% 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
Net profit, group share	4.2	7.5	4.7	3.8	5.4	5.5
EPS	0.18	0.32	0.18	0.14	0.20	1.00
Financial Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
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
Assets	34.7	45.6	57.6	61.6	64.7	69.2
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
Liabilities	34.7	45.6	57.6	61.6	64.7	69.2
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
Cash flow statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
CF after elimination of net borrowing costs and taxes	6.7	11.1	8.1	8.2	10.5	11.6
Δ 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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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.
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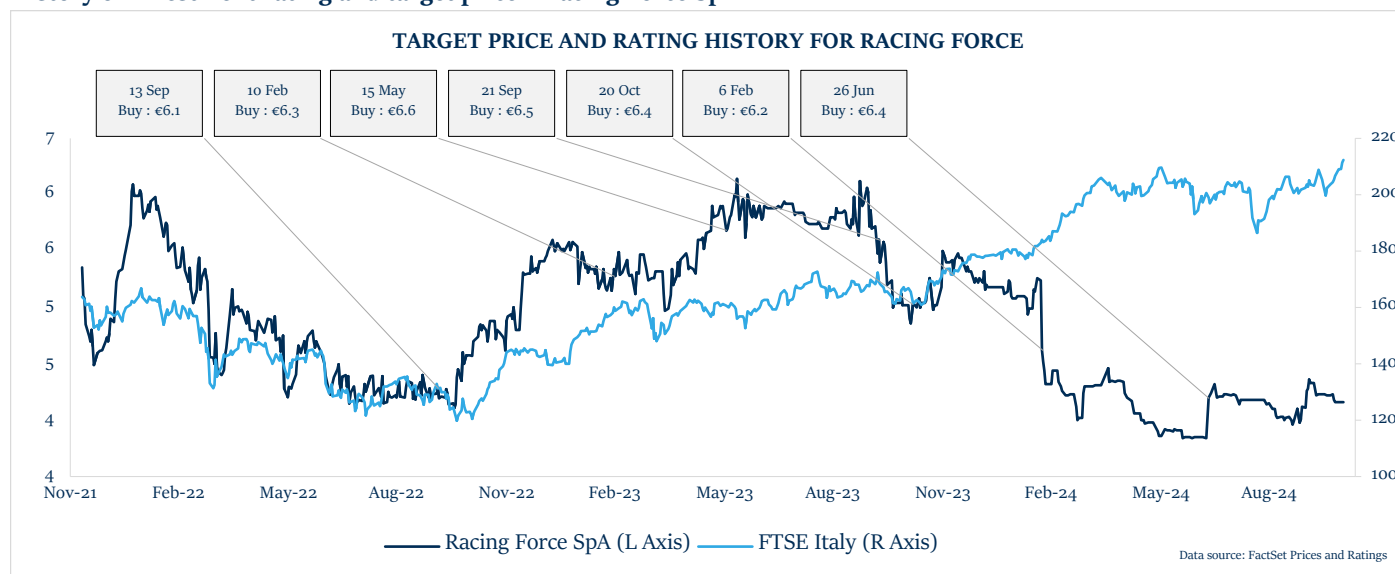
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Hold	17%	67%
Sell	2%	0%
Under review	2%	100%

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