

EQUITY RESEARCH

RACING FORCE SPA

RESULTS REVIEW

Press release

BUY

TP 6.4€

Up/Downside: 51%

SFAF Feedback

Racing Force's management provided further insights yesterday on its recent earnings release and the company's outlook for the coming months. Confidence remains high in the core business, with an order backlog growing at a high single-digit rate, expected to translate into revenue from Q2 onwards. Regarding diversification projects, extensive details were shared, notably confirming the commercialization of two helmets designed for law enforcement.

Paolo Delprato, Stéphane Cohen, Alexandros Miotto Haristos, and Roberto Ferroggiaro—respectively CEO, Co-CEO, COO, and CFO—were in Paris yesterday to present the group's annual results. As a reminder, Racing Force closed fiscal year 2024 with revenue of €65.7M (+4.8% YoY), an EBITDA margin of 16% (vs. 15.4% YoY), an operating cash flow of €7.6M (72% of EBITDA), and a near-zero net debt position (€0.1M) as of 12/31/24. Additional details were provided by CFO Roberto Ferroggiaro, including a more precise breakdown of CAPEX. Out of the €9.1M in CAPEX, €5M was allocated to expanding production capacity, while €4.1M (6.2% of revenue) covered recurring CAPEX. As expected, the increase in inventory is primarily due to the new helmet range meeting the latest FIA standards.

Regarding the group's core motorsport business, Paolo Delprato confirmed an order backlog growing at a high single-digit rate, expected to translate into revenue from Q2. This growth spans all product categories (with a slight emphasis on helmets) and geographic regions. The U.S. market continues its recovery, which began in Q2 2024, with double-digit growth in OMP products and a smaller-than-expected decline in helmet sales ahead of the new Snell regulation taking effect this fall.

As for diversification projects, following positive initial feedback from two trade shows, commercial activities for the Police Riot Helmet and the Gladiator Helmet will begin this year. Both helmets will also be showcased at the Milipol Paris exhibition in November and the World Defense Show in Saudi Arabia in February 2026. More details were provided on their price ranges: between \$350 and \$700 per unit for the Police Riot Helmet, and between \$2,500 and \$4,500 per unit for the Gladiator Helmet. For context, elite French law enforcement units GIGN and RAID have a combined force of approximately 1,100 to 1,200 agents.

Nous réitérons notre recommandation à l'Achat sur le titre avec un OC maintenu à 6,4€.

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	62.7	65.7	69.5	73.8	EV/Sales	1.8	1.8	1.6
Current Op Inc (m €)	6.3	6.5	6.9	7.8	EV/EBITDA	11.9	10.7	9.0
Current op. Margin (%)	10.0	9.9	10.0	10.5	EV/EBIT	18.5	17.6	15.6
EPS (€)	0.19	0.21	0.19	0.20	PE	19.9	22.7	21.5
DPS (€)	0.09	0.09	0.07	0.08	Source: TPICAP Midcap			
Yield (%)	2.1	2.0	1.8	1.9				
FCF (m €)	-5.1	-1.2	2.0	3.3				

Key data

Price (€)	4.2
Industry	Protective Equipment
Ticker	ALRFG-FR
Shares Out (m)	27.389
Market Cap (m €)	116.1
Next event	2025 Q1 - 4/22

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	0.21	0.19	0.20
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	2.9	-4.3	12.8
Rel FTSE Italy	2.7	-5.7	-1.9



Source: FactSet

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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	65.7	69.5	73.8
Changes (%)	38.4	25.9	6.6	4.9	5.7	6.2
Gross profit	27.2	36.8	38.7	40.1	43.0	46.0
% of Sales	58.3	62.6	61.7	61.0	61.9	62.3
EBITDA	7.9	11.7	9.6	10.1	11.4	13.4
% of Sales	16.9	19.8	15.4	15.4	16.4	18.2
Current operating profit	5.5	8.8	6.3	6.5	6.9	7.8
% of Sales	11.8	15.0	10.0	9.9	10.0	10.5
EBIT	5.5	8.8	6.3	6.5	6.9	7.8
Net financial result	-0.3	-0.1	-0.5	0.0	-0.1	-0.3
Income Tax	-1.1	-1.2	-1.0	-0.7	-1.7	-2.1
Tax rate (%)	20.4	13.4	27.9	27.9	25.0	27.9
Net profit, group share	4.2	7.5	4.8	5.8	5.1	5.4
EPS	0.18	0.32	0.19	0.21	0.19	0.20
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	25.6	30.3	33.8
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	28.4	27.4	27.7
Other Assets	0.7	0.6	0.6	0.6	0.6	0.6
Assets	34.7	45.6	57.6	65.4	69.1	72.9
Shareholders equity group	29.9	36.5	48.5	59.3	61.9	65.4
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	4.6	5.6	5.1
Other liabilities	0.1	0.0	0.0	0.0	0.0	1.0
Liabilities	34.7	45.6	57.6	65.4	69.1	73.0
Net debt excl. IFRS 16	1.0	4.5	3.7	0.7	1.8	1.2
Gearing net	0.1	0.2	0.2	0.1	0.1	0.1
Leverage	0.4	0.7	0.8	0.5	0.5	0.4
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	9.4	9.6	11.0
Δ WCR	-2.2	-8.0	-7.0	-1.5	1.0	-0.3
Operating cash flow	4.5	3.2	1.1	7.9	10.6	10.7
Net capex	-5.3	-4.5	-6.2	-9.1	-8.5	-7.4
FCF	-0.8	-1.4	-5.1	-1.2	2.0	3.3
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	0.4	0.0	0.0
Dividends paid	-1.3	-1.7	-2.3	-2.5	-2.3	-2.1
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	3.4	-1.0	0.6
ROA (%)	6.4%	10.7%	6.1%	6.5%	5.5%	5.4%
ROE (%)	13.9%	20.7%	9.9%	9.8%	8.3%	8.3%
ROCE (%)	12.8%	16.8%	9.2%	8.9%	7.6%	7.8%

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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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- J. Sponsored research or other issuer-related revenues represent more than 5% of the external provider's revenues: 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
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
23 Apr 24 - 08:09:18	Corentin Marty	€ 6.20	€ 6.20	€ 4.17	Achat	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	79%	60%
Hold	16%	70%
Sell	4%	17%
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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