

EQUITY RESEARCH

RACING FORCE SPA
 NEWS
BUY**TP 6.4€****Up/Downside: 65%****OMP x Adidas**

Racing Force announced yesterday that it has signed a multi-year partnership with Adidas. Starting from the next Formula 1 season in March, OMP will supply Adidas with racing apparel to equip the Mercedes-AMG Petronas team. The OMP x Adidas products will be unveiled next month.

Racing Force Group revealed a major new partnership yesterday. This deal involves the pinnacle of motorsport, Formula 1, where the group—through its OMP brand—will serve as Adidas' official supplier of technical racing gear (suits, gloves, shoes, etc.). The agreement comes just weeks after Adidas announced its entry into Formula 1, where it will outfit the Mercedes-AMG Petronas team. As a result, Mercedes drivers will wear OMP x Adidas racing suits, among other items, which will be unveiled next month ahead of the upcoming Formula 1 season.

Formula 1 continues to attract the world's biggest brands, including Adidas and LVMH, which recently committed to the competition for the next ten years. Adidas now finds itself in direct competition with Puma, a long-standing presence in Formula 1 and the supplier for teams such as Ferrari and Red Bull.

With this deal, OMP steps up its presence in Formula 1 after being the supplier for Aston Martin last season. Beyond the 2025 season, this partnership presents exciting long-term prospects. Adidas appears to be entering Formula 1 with strong ambitions and is expected to seek agreements with multiple teams in the coming years.

We maintain our price target of €6.4 and reiterate our Buy recommendation on the stock, which remains on our conviction list for 2025.

Key data

Price (€)	3.9
Industry	Protective Equipment
Ticker	ALRFG-FR
Shares Out (m)	27.389
Market Cap (m €)	106.3
Next event	FY24 Sales - 2/4/2025

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	-0.5	3.2	3.2
Rel FTSE Italy	-1.1	-3.5	-3.4



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	1.7	1.6	1.5
Current Op Inc (m €)	6.2	5.8	8.0	8.1	EV/EBITDA	10.7	8.3	7.6
Current op. Margin (%)	9.9	9.0	11.5	11.0	EV/EBIT	18.8	13.6	13.4
EPS (€)	0.18	0.14	0.20	1.00	PE	27.8	19.7	3.9
DPS (€)	0.09	0.06	0.08	0.08	Source: TPICAP Midcap			
Yield (%)	2.3	1.4	2.0	2.1				
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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Methodology

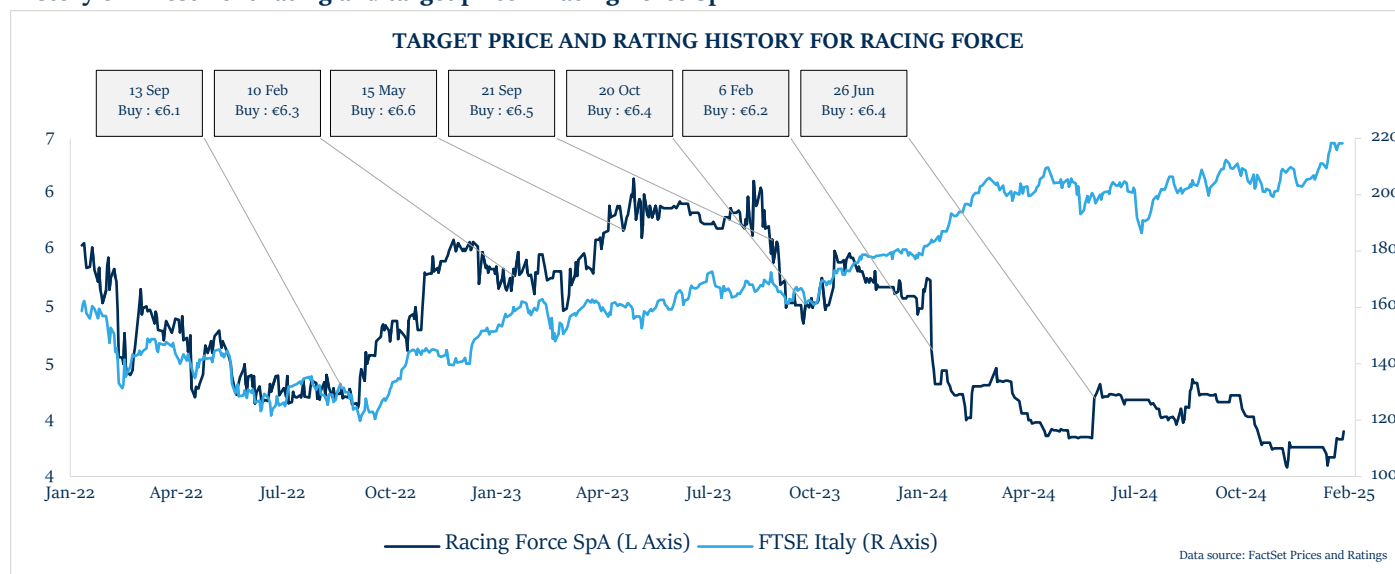
This Report may mention evaluation methods defined as follows:

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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- D. Midcap or any related legal entity is a market maker or liquidity provider with whom a liquidity agreement has been entered into in respect of the Issuer's financial instruments: Racing Force SpA
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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
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Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	80%	63%
Hold	15%	72%
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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