

EQUITY RESEARCH

RACING FORCE SPA

RESULTS REVIEW

Press release

BUY

TP 6.4€

Up/Downside: 60%

A Year-End with the DRS on

Racing Force released its 2024 revenue this morning, reaching €65.7M (+4.8% YoY), slightly above our expectations (€64.6M), driven by a highly dynamic Q4 (+15.5% YoY). As anticipated, the recovery in the U.S. continues, with nearly 20% growth in Q4. Management reaffirms its positive outlook at the start of the year.

Racing Force reported a 2024 revenue of €65.7M, reflecting 4.8% growth and slightly exceeding our latest forecast of €64.6M (previously €65.6M), which we had revised following confirmation that a significant portion of the first LIFT project order was deferred to Q1 2025. Ultimately, the reported revenue meets our initial expectations even without the LIFT project contribution, which will now be recognized in H1 2025, implying a very strong year-end performance. With a favorable base effect (-2.6% in Q4 2023), the company posted 15.5% growth in Q4 2024, significantly outperforming the first three quarters of the year.

Breaking it down, there were few surprises, with growth still driven by the Driver's Equipment division (+7.2% YoY). The Car Parts segment declined by 1.9% (+3% over the first nine months of the year), impacted by an order initially scheduled for Q4 2024 that has been postponed to Q1 2025. From a geographic perspective, while the EMEA and APAC regions continue to show strong growth rates, our focus is primarily on the AMER region, where, as expected, recovery is ongoing, with nearly 20% growth in Q4 and 3.2% over the full year (-4.4% YoY in H1 2024). The company highlights that this growth is driven by both the OMP and Bell brands.

Regarding diversification projects, initial feedback from the SHOT Show in Las Vegas, where the Gladiator Helmet and Police Riot Helmet were showcased, has been positive, and further updates could follow after the Enforce Tac event at the end of the month.

This publication reinforces our positive view on the stock, which we believe should maintain the strong momentum it has shown since the beginning of the year. For now, our 2025 estimates remain unchanged, but they may prove conservative given the 2024 landing. We confirm our price target of €6.4 and maintain our Buy recommendation, with the stock included in our 2025 top picks.

Key data

Price (€)	4.0
Industry	Protective Equipment
Ticker	ALRFG-FR
Shares Out (m)	27.389
Market Cap (m €)	109.6
Next event	2024 Results - 3/27

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	0.15	0.20	1.00
Change vs previous estimates (%)	4.86	-0.67	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	0.5	6.4	6.4
Rel FTSE Italy	0.4	-0.9	-0.9



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	65.7	69.5	73.8	EV/Sales	1.7	1.6	1.5
Current Op Inc (m €)	6.2	6.1	7.9	8.0	EV/EBITDA	10.8	8.6	7.9
Current op. Margin (%)	9.9	9.2	11.4	10.9	EV/EBIT	18.6	14.1	13.9
EPS (€)	0.18	0.15	0.20	1.00	PE	27.4	20.5	4.0
DPS (€)	0.09	0.06	0.08	0.08	Source: TPICAP Midcap			
Yield (%)	2.3	1.5	2.0	2.0				
FCF (m €)	-5.1	0.2	3.3	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	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	40.5	43.4	46.1
% of Sales	58.3	62.6	61.7	61.6	62.4	62.5
EBITDA	7.9	11.7	9.6	10.4	13.0	14.2
% of Sales	16.9	19.8	15.4	15.9	18.8	19.2
Current operating profit	5.5	8.8	6.2	6.1	7.9	8.0
% of Sales	11.8	15.0	9.9	9.2	11.4	10.9
EBIT	5.5	8.8	6.2	6.1	7.9	8.0
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	4.0	5.4	5.4
EPS	0.18	0.32	0.18	0.15	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	24.4	27.2	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	26.3	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	62.1	64.8	69.3
Shareholders equity group	29.9	36.5	48.5	57.4	61.2	64.6
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	3.1	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	62.1	64.8	69.3
Net debt excl. IFRS 16	1.0	4.5	3.7	-0.7	-1.7	-1.7
Gearing net	0.1	0.2	0.2	0.1	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	8.4	10.4	11.6
Δ WCR	-2.2	-8.0	-7.0	0.6	-0.0	-0.6
Operating cash flow	4.5	3.2	1.1	9.0	10.4	10.9
Net capex	-5.3	-4.5	-6.2	-8.7	-7.1	-8.1
FCF	-0.8	-1.4	-5.1	0.2	3.3	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	-1.6	-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	4.4	1.0	-0.0
ROA (%)	6.4%	10.7%	6.0%	4.5%	5.8%	5.5%
ROE (%)	13.9%	20.7%	9.7%	7.0%	8.8%	8.4%
ROCE (%)	12.8%	16.8%	9.1%	7.3%	9.0%	8.6%

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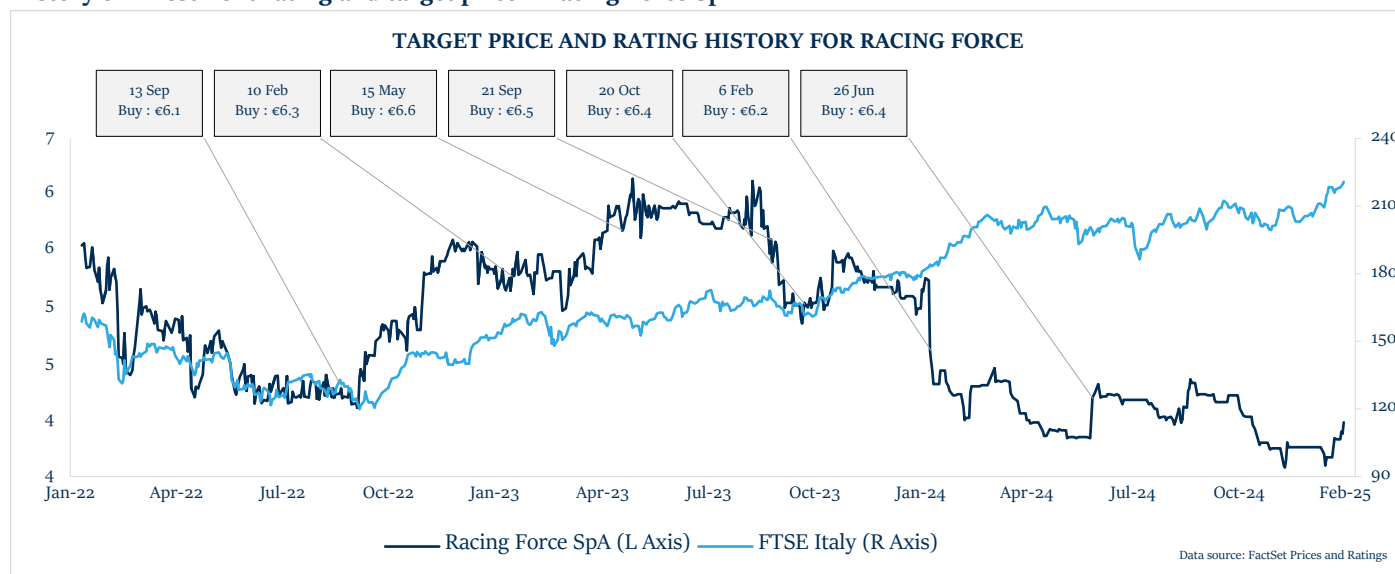
Methodology

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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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
30 Jan 25 - 17:29:27	Corentin Marty	€ 6.40	€ 6.40	€ 3.88		

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	80%	63%
Hold	15%	69%
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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