

Analyst:

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EQUITY RESEARCH

Italy | Sporting Goods

STOCK DATA

Price €	5.0
Bloomberg code	RFG IM
Market Cap. (€ mn)	119
Free Float	29%
Shares Out. (mn)	23.8
52-week range	4.31 - 6.2
Daily Volumes (mn)	0.03

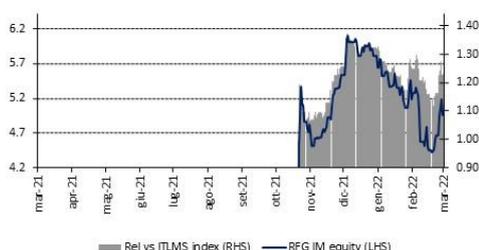
PERFORMANCE	1M	3M	12M
Absolute	-6.7%	-16.9%	-
Rel. to FTSE all shares	-6.4%	-9.5%	-

MAIN METRICS	2021	2022E	2023E
Revenues	46.7	51.0	55.7
Adjusted EBITDA	9.0	10.0	11.5
Adj. net income	4.9	5.5	6.3
Adj. EPS - € cents	20.7	23.3	26.6
DPS ord - € cents	7.0	7.7	8.8

MULTIPLES	2021	2022E	2023E
P/E adj	n.a.	21.4 x	18.7 x
Adj. EV/EBITDA	n.a.	11.9 x	10.4 x

REMUNERATION	2021	2022E	2023E
Div. Yield ord	1.4%	1.5%	1.8%
FCF yield	-0.7%	3.0%	2.0%

INDEBTEDNESS	2021	2022E	2023E
NFP	-3.2	-1.3	-0.8
Debt/EBITDA	0.4 x	0.1 x	0.1 x
Interests cov	28.6 x	22.4 x	29.9 x

PRICE ORD LAST 365 DAYS

BUY (Unchanged)

Target: € 6.7 (Unchanged) | Risk: High

AT FULL THROTTLE

FY21 results above expectations, driven by cross selling opportunities for BELL (helmets) and OMP (technical wear). 2022 got off to a strong start, with sales up double digit. Cost inflation seen as manageable. Execution of the key strategic projects running at full speed.

FY21 results above expectations across the board

FY21 results were above expectations across the board. Sales were particularly strong, up by +38% YoY (+27.5% vs. 2019 pro-forma) vs. +29% expected, with Driver's Equipment segment up by 53% YoY. Sales were sharply up in all key geographies (EMEA +37%, Americas +33%, APAC +56%).

Adj. EBITDA reached € 9.0mn, +67% YoY and € 0.6mn better than expected.

Higher top-line more than offset lower gross margin (58.3% vs. 59.3% exp.).

- **Revenues:** € 46.7mn (+38% YoY) vs € 43.6mn exp.
- **Adjusted EBITDA:** € 9.0mn (+67% YoY) vs € 8.4mn exp.
- **Adj. net income:** € 4.9mn (+242% YoY) vs € 4.1mn exp.

2022 got off to a strong start. Cost inflation manageable so far

2022 got off to a strong start, with sales and orders up double digit in 1Q22 to record highs. Management commented that price increases, higher volumes and positive product mix are **limiting the impact of cost inflation.**

Growth projects at full throttle

Key growth projects are running at full throttle:

1. **Core business. BELL open face helmets have grown by 177% YoY and are already accounting for 20% of the helmet sales. Growth in the US,** thanks to improved penetration of technical wear, **is on track.** For 2022 RFG can count on the first Nascar driver wearing OMP apparel and on the progressive homologation of the full range of products according to SFI standards.
2. **Diversification projects.** An agreement with F1 for the supply of the **Driver's Eye service** for the recently started season has been signed, while a multi-year agreement with Formula E has been renewed. **The new jet pilot helmet** developed in partnership with LIFT, is now under testing by the US Airforce and the result of the first tender is expected by the summer. Certification and first prototypes of the **new ballistic helmets** for Special Police Forces are expected by year end.
3. **M&A opportunities are under evaluation**

Estimates: room to raise sales and confirm EBITDA

In spite of the macro uncertainties and the inflationary scenario, we have basically **confirmed our profitability projections, thanks to a stronger top-line.** We have therefore **raised sales by 3% to € 51mn (+9% YoY) and confirmed Adj. EBITDA at € 10mn** (EBITDA margin 19.7%, +50bps YoY vs. previous 20.6% due to higher cost inflation).

BUY confirmed. Many growth options still available

We confirm our target of €6.7PS, based on a DCF model for the core business (valued €6.0PS) and € 0.7PS option from the optionality in the A&D projects. **We see many attractive growth options for RFG still unexpressed,** from cross selling opportunities in the core business, to diversification projects, to M&A (almost zero debt in FY21). The stock is trading at 12-10x EV/EBITDA 2022-23, similar to peers but with higher growth potential in our view.

MAIN FIGURES € mn	2019PF	2020	2021	2022E	2023E	2024E
Revenues	36.6	33.7	46.7	51.0	55.7	59.8
Growth	-	-8%	38%	9%	9%	7%
EBITDA	4.2	5.4	7.9	10.0	11.5	13.4
Growth	-	28%	47%	27%	14%	17%
Adjusted EBITDA	4.2	5.4	9.0	10.0	11.5	13.4
Growth	-	28%	67%	12%	14%	17%
EBIT	2	2.8	5.5	7.6	8.6	10.0
Growth	-	59%	94%	38%	13%	17%
Profit before tax	3.1	2.1	5.2	7.1	8.2	9.7
Growth	-	-31%	144%	37%	14%	19%
Net income	2.4	1.4	4.2	5.5	6.3	7.5
Growth	-	-41%	190%	33%	14%	19%
Adj. net income	2.4	1.4	4.9	5.5	6.3	7.5
Growth	-	-41%	243%	12%	14%	19%

MARGIN	2019PF	2020	2021	2022E	2023E	2024E
Ebitda Margin	11.4%	15.9%	16.9%	19.7%	20.6%	22.4%
Ebitda adj Margin	11.4%	15.9%	19.2%	19.7%	20.6%	22.4%
Ebit margin	4.9%	8.4%	11.8%	14.9%	15.4%	16.8%
Pbt margin	8.5%	6.4%	11.2%	14.0%	14.7%	16.2%
Ni rep margin	6.6%	4.3%	8.9%	10.9%	11.4%	12.6%
Ni adj margin	6.6%	4.3%	10.6%	10.9%	11.4%	12.6%

SHARE DATA	2019PF	2020	2021	2022E	2023E	2024E
EPS - € cents	12.6	7.4	17.5	23.3	26.6	31.6
Growth	-	-41%	135%	33%	14%	19%
Adj. EPS - € cents	12.6	7.4	20.7	23.3	26.6	31.6
Growth	-	-41%	178%	12%	14%	19%
DPS ord - € cents	n.a.	0.0	7.0	7.7	8.8	10.4
BVPS - €	0.3	0.4	1.3	1.4	1.6	1.8

VARIOUS - € mn	2019PF	2020	2021	2022E	2023E	2024E
Capital employed	27.5	27.2	33.1	35.1	39.1	40.7
FCF	1.7	0.6	-0.8	3.5	2.3	5.9
Capex	0.7	1.1	5.3	3.1	5.2	3.3
Working capital	8.3	9.8	11.7	12.7	14.0	15.2

INDEBTNESS - €mn	2019PF	2020	2021	2022E	2023E	2024E
NFP	-17.8	-18.7	-3.2	-1.3	-0.8	3.1
D/E	2.8 x	2.3 x	0.1 x	0.0 x	0.0 x	n.m.
Debt/EBITDA	4.3 x	3.5 x	0.4 x	0.1 x	0.1 x	n.m.
Interests cov	n.m.	7.7 x	28.6 x	22.4 x	29.9 x	43.7 x

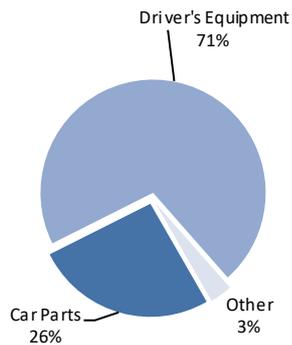
MARKET RATIOS	2019PF	2020	2021	2022E	2023E	2024E
P/E	35.8 x	60.4 x	29.6 x	21.4 x	18.7 x	15.7 x
P/E adj	35.8 x	60.4 x	25.0 x	21.4 x	18.7 x	15.7 x
PBV	13.7 x	10.6 x	4.1 x	3.5 x	3.1 x	2.7 x
P/CF	18.0 x	22.0 x	16.8 x	14.9 x	12.8 x	10.9 x

EV FIGURES	2019PF	2020	2021	2022E	2023E	2024E
EV/Sales	3.46 x	3.75 x	2.71 x	2.35 x	2.14 x	1.93 x
Adj. EV/EBITDA	30.3 x	23.6 x	14.1 x	11.9 x	10.4 x	8.6 x
Adj. EV/EBIT	70.8 x	44.4 x	19.3 x	15.8 x	13.9 x	11.5 x
EV/CE	4.6 x	4.7 x	3.8 x	3.4 x	3.1 x	2.8 x

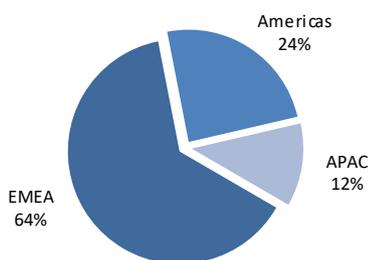
REMUNERATION	2019PF	2020	2021	2022E	2023E	2024E
Div. Yield ord	0.0%	0.0%	1.4%	1.5%	1.8%	2.1%
FCF yield	1.9%	0.6%	-0.7%	3.0%	2.0%	5.0%
ROE	n.a.	19.8%	25.9%	17.4%	17.6%	18.4%
ROCE	n.a.	10.5%	13.3%	16.8%	17.0%	19.1%

Source: Company data and Equita SIM Estimates

REVENUES BY COUNTRY - 2021



REVENUES BY PRODUCT - 2021



BUSINESS DESCRIPTION

Racing Force Group is an international manufacturer (born from the 2019 acquisition of Bell Helmets by OMP Racing) **active in the design, production and distribution of Motorsport Safety Equipment**, a small (>€200mn) but global niche within Motorsport, which mainly includes:

- **Driver's Equipment (more than 70% of 2021 sales):** racing helmets, fire-retardant suits and underwear, racing shoes and gloves;
- **Car Parts (less than 30% of 2021 sales):** racing seats, harnesses, roll bars, steering wheels, fire extinguisher systems, racing accessories.

With **2021 revenues of € 46.7mn**, a 2019pf-21 **12.9% organic CAGR** and a **2021 Adj. EBITDA margin of 19.2%**, the Group today boasts an international footprint, with **sales in 80 countries**, more than **400 employees** located in **6 facilities worldwide in 3 different continents** (o/w, 3 production sites and 3 R&D centers) and, most importantly, a winning and consolidated presence in all major motorsport championships (60% of Formula 1 drivers wear a Bell Helmet).

The Group's offer range includes OMP, Bell and Zeronoise branded products (more than 2,000 items), which are split between **homologated** (c70% of revenues) and **not homologated** (c30% of revenues) ones. RFG owns the OMP and Zeronoise brands and the perpetual worldwide licenses to use the Bell trademark in connection with the development, manufacturing and distribution of motorsport helmets.

Revenues are **extremely diversified** in terms of **customers (+3,400 customers** worldwide, with the top 10 customers accounting for c22% of sales in 2020, of which just one weighting for more than 5%), **and geographies** (sales in 80 countries with no countries, except US, accounting for more than 15% of total sales in 2020), and are mainly generated indirectly through **independent Dealers (69% of 2021 sales)**, and directly to top **Teams and Car Manufacturers (21% of 2021 sales)**.

The group has also embarked in interesting and promising diversification projects:

- **Driver's Eye:** a micro-camera fitted in a special niche inside the helmet, allowing to film the race "through the eyes of the driver" and already adopted by Formula E and, since 2021, Formula 1).
- **Ballistic Military Helmets and Jet Pilot Helmet's Shell:** new products with advanced technical performances positioning RFG as a credible player in this new markets.

Key managers are Paolo Delprato (Chairman and CEO), Stephane Cohen (co-CEO), Alexander Haristos (COO).

The company is controlled by SAYE, the holding company of the Delprato family, owning 56.95% of the capital. Key managers are also present in the share capital.

Strengths / Opportunities	Weaknesses / Threats
<ul style="list-style-type: none"> - Premium, well-known and historical brands, with outstanding reputation - R&D know-how and almost fully vertical integrated supply chain and manufacturing - Low suppliers and customer concentration 	<ul style="list-style-type: none"> - Niche market with moderate growth rates - Quite consolidated core market, with c70% in the hands of 3 players
<ul style="list-style-type: none"> - Commercial synergies post Bell Helmet acquisition: increase of OMP branded products reach in NA, and increase of Bell helmets penetration in open-face categories - Diversification in adjacent markets: Military Ballistic Helmets and Jet Pilot Helmets - Scalability of Driver's Eye technology in core and adjacent markets 	<ul style="list-style-type: none"> - Disruptive innovations from competitors, mainly in terms of technologies or products performances - Reputational damage from product failures / quality leaks - Higher competitions in top categories from larger non "core" players such as Puma

FY21 RESULTS ABOVE EXPECTATIONS ACROSS THE BOARD

- **Revenues:** € 46.7mn (+38% YoY) vs € 43.6mn exp.
- **Adjusted EBITDA:** € 9.0mn (+67% YoY) vs € 8.4mn exp.
- **Adj. EBIT:** € 6.6mn (+130% YoY) vs € 5.9mn exp.
- **Adj. net income:** € 4.9mn (+242% YoY) vs € 4.1mn exp.
- **Net income:** € 4.2mn (+190% YoY) vs € 3.4mn exp.
- **NFP:** € -3.2mn vs € -3.4mn exp. (including leases)

Racing Force Group (RFG) FY21 results **were above expectations across the board.**

	FY RESULTS (€ mn)					
	EXPECTED			ACTUAL		
	FY20A	FY21E	YoY Δ%	FY21A	YoY Δ%	Abs Δ
Revenues	33.7	43.6	29%	46.7	38%	3.1
Adj. EBITDA	5.4	8.4	56%	9.0	67%	0.6
Adj. EBIT	2.8	5.9	108%	6.6	131%	0.7
Adj. Net Income	1.4	4.1	189%	4.9	243%	0.8
Net income	1.4	3.4	137%	4.2	190%	0.8
NFP	-19.7	-3.4	-83%	-3.0	-85%	0.4

Source: Equita SIM estimates & company data

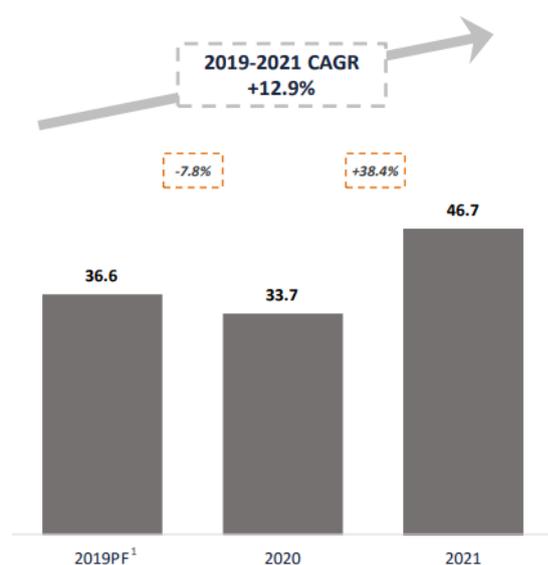
Sales were particularly strong, up by +38% YoY (+27.5% vs. 2019 pro-forma) vs. +29% expected, with 2H21 still running at +30% YoY.

The key driver for top-line growth was the **Driver's Equipment segment (DE) up by 53% YoY. In this segment, both OMP and BELL delivered excellent results**, thanks to cross selling opportunities, as explained during the IPO. Contribution of Helmets to group sales reached around 33% from 31% in 2020, with open-face helmets growing by 177% YoY and already accounting for c20% of the category revenues. Technical wear had a similar impressive performance (above +50%), reaching around 37% of group sales.

From a geographical standpoint, sales were sharply up in all the key geographies, with EMEA up by 37%, Americas +33% and APAC +56% (with China up triple digit).

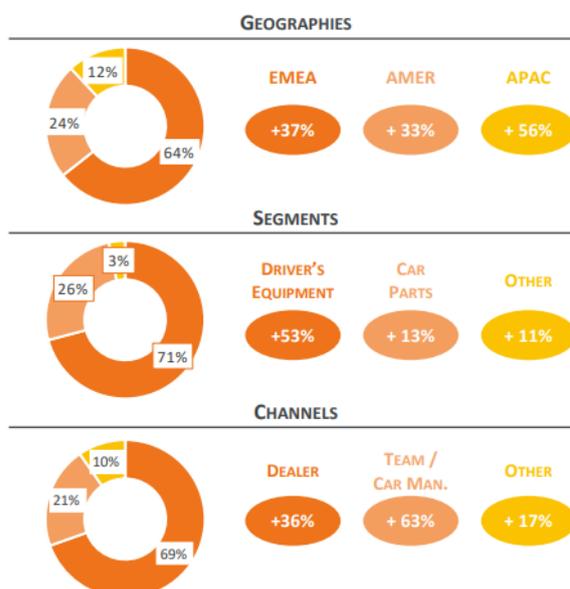
SALES TREND AND SALES BREAKDOWN

REVENUES (€M) AND YOY GROWTH (%)



1. 2019FY is a pro forma unaudited financial statement, which considers Bell Group and Zeronoise as if they were bought on 1st January 2019

FY2021 REVENUES BREAKDOWN AND GROWTH 2021-2020



Source: Company presentation

Adj. EBITDA (excluding € 1.1mn costs related to the IPO) **reached € 9.0mn, up by 67% YoY and € 0.6mn better than expected.** Higher top-line more than offset lower gross margin (58.3% vs. 59.3% exp.) while adjusted operating costs were up by 24% YoY, broadly aligned with our expectations (€ 18.3mn vs. € 17.4mn expected).

Adj EBIT and Adj Net Income were above our expectations, underpinned also by slightly lower D&A and tax rate.

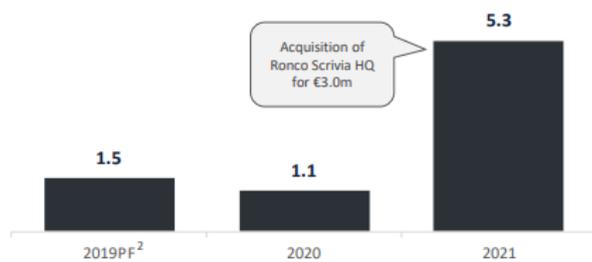
CAPEX were € 5.3mn vs. € 4.8mn expected, of which € 2.2mn recurring (5% of sales) and € 3mn related to the purchase of the HQ.

NFP was in line with our estimates, down to € -3.2mn including leases or € -0.7mn ex leases compared to € -19.7mn in FY20.

The BoD proposed a distribution of a dividend of € 7c (vs. € 5c expected).

CAPEX, NWC, ADJ CASHFLOW AND NET DEBT

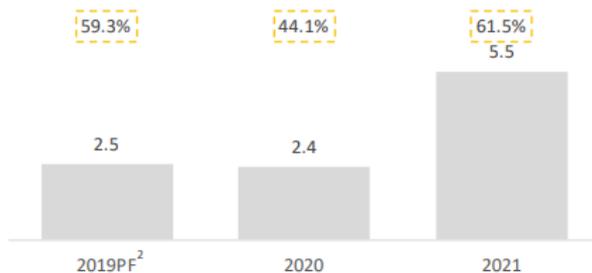
CAPEX (€M)



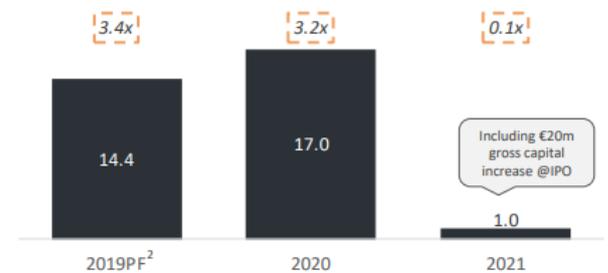
NET WORKING CAPITAL (€M)



ADJ. CASH FLOW FROM OPERATIONS¹ (€M) | CASH CONVERSION (%)



NET FINANCIAL DEBT (€M) AND LEVERAGE ON ADJ. EBITDA (x)



1. Net of €1.1m IPO costs booked through the Profit & Loss
2. 2019FY is a pro forma unaudited financial statement, which considers Bell Group and Zeronise as if they were bought on 1st January 2019

source: Company presentation

2022 GOT OFF TO A STRONG START. COST INFLATION MANAGEABLE

Management highlighted a strong start of the year, with sales and orders up double digit in 1Q22 to new record levels. Growth is still broad based, with EMEA driving the top-line performance and China continuing its excellent progress while healthy order intake in Americas is not fully translating into sales due to some delays in shipments.

Management commented also that price increases introduced in 2H21, higher volumes and positive product mix are **helping to mitigate the impact of cost inflation** affecting mainly raw materials, energy (less than 1% of group sales) and logistic costs.

UPDATE ON THE MAIN KEY GROWTH DRIVERS AND OPPORTUNITIES

Management gave an update on the key growth drivers.

1. Organic development

The strong cross-selling opportunities arising from the combination of OMP and BELL brands are confirmed and will continue to drive the group performance.

BELL open face helmets have grown by 177% YoY and are already accounting for 20% of the helmet sales. Management expects the penetration in this market segment to continue, thanks to the visibility reached with the new multi-year agreements signed with Toyota-Gazoo and M-Sport Ford and the consolidation of the partnership with Hyundai Motorsport, also supported by Zeronoise intercommunication systems. Management thinks that over the medium term there are no reasons for sales generated from the open face helmet to be lower than full face.

Growth in the US, thanks to improved penetration of technical wear, is on track. Sales in USA grew by 37% YoY in 2021. For 2022 RFG can count on the first Nascar driver wearing OMP apparel and on the progressive homologation of the full range of products according to SFI standards.

KEY ORGANIC DEVELOPMENTS

AMERICAS

KEY UPDATES

- ✓ Sales in USA +37% vs 2020
- ✓ Brad Keselowski becomes the first NASCAR driver to wear OMP Apparel together with his team
- ✓ Some products have already been declared homologated by the SFI and many more are in the making
- ✓ Signed partnership agreements with:
 - Nascar (OMP & BELL)
 - IMSA (OMP & BELL)
 - F4/FR (OMP & BELL)
 - USF 2000 (BELL)
 - Indy Pro 2000 (BELL)
 - SVRA (BELL)
 - Trans Am (OMP)



OPEN FACE HELMETS

KEY UPDATES

- ✓ Open Face +177% vs 2020
- ✓ M-Sport Ford World Rally Team are equipped with Bell helmets and Zeronoise intercommunication systems for the coming seasons
- ✓ RACING FORCE and TOYOTA GAZOO RACING multi-year partnership agreement
- ✓ Consolidation of partnership with HYUNDAI MOTORSPORT






- DEVELOPMENT OF PRODUCTS WITHIN THE SFI STANDARDS
- HOMOLOGATION OF A FULL RANGE OF PRODUCTS IN COMPLIANCE WITH SFI STANDARDS WITHIN FALL 2022
- BRAND SYNERGIES WHICH FIND THEIR ROOTS IN THE LONG-LASTING PRESENCE OF BELL IN THE US

A ONE STOP-SHOP OFFERING

DEALERS AND DISTRIBUTORS

PROFESSIONAL TEAMS






Source: Company presentation

2. Diversification projects

An agreement with F1 for the supply of the **Driver's Eye service** for the recently started season has been signed, while a multi-year agreement with Formula E has been renewed. The visibility generated by the adoption of the new technology is generating new commercial opportunities in the motorsport and in new markets.

The new jet pilot helmet developed in partnership with LIFT, presented at the Dubai Airshow in 2H21, is now under testing by the US Airforce. The result of the first tender is expected by summer. Additional opportunities are emerging in the rotary wings (helicopter) market for both civil and military applications.

The first samples for the new ballistic helmets have been manufactured and are in the testing phase for application for Special Police Forces. Certification and first prototypes are expected by year end.

Investments to support diversification plans are under consideration but not yet approved, pending better visibility on the projects.

3. M&A

Limited comments on the M&A front from the call, but management is actively scouting for opportunities.

ESTIMATES: ROOM TO RAISE SALES AND CONFIRM EBITDA

Our main concern, not just for RFG but for the market, is the possible implication of the current geopolitical crisis. While Russia is less than 2% of RFG sales, the key risk is the deterioration in the consumer confidence and in the disposable income, with impacts on market demand. A further concern is the ability of companies to manage the supply chain and cost inflation, allowing them to transform market demand in revenues and to avoid large margin squeeze.

As regards RFG, we do not see any company specific issue on the supply chain and we have seen a good ability to translate orders into sales. Furthermore, given the healthy results of 2021, the structural projects underpinning the company top-line growth and the solid performance of 1Q22, **we have raised our top-line expectations by 3% to € 51mn (+9% YoY)**. This has allowed us to basically **confirm our profitability projections (Adj. EBITDA at € 10mn)**. EBITDA margin is now seen at 19.7%, +50bps YoY, vs. previous 20.6% due to higher cost inflation.

ESTIMATE REVISION (€ mn)								
	2021	2021	2022E	2022E	2023E	2023E	2024E	2024E
	Exp.	Act.	Prev.	Curr.	Prev.	Curr.	Prev.	Curr.
Revenues	43.6	46.7	49.3	51.0	53.5	55.7	57.9	59.8
% chg		7.2%		3.4%		4.1%		3.3%
Abs chg		3.1		1.7		2.2		1.9
Adj. EBITDA	8.4	9.0	10.1	10.0	11.5	11.5	13.4	13.4
% chg		6.9%		-1.1%		-0.3%		0.2%
Abs chg		0.6		-0.1		0.0		0.0
EBIT	4.9	5.5	7.8	7.6	9.0	8.6	10.7	10.0
% chg		12.3%		-2.3%		-4.5%		-6.1%
Abs chg		0.6		-0.2		-0.4		-0.7
Net income	3.4	4.2	5.6	5.5	6.6	6.3	8.0	7.5
% chg		22.6%		-1.9%		-4.4%		-6.0%
Abs chg		0.8		-0.1		-0.3		-0.5
Adj EPS	17.5	20.7	23.8	23.3	27.9	26.6	33.7	31.6
% chg		18.7%		-2.1%		-4.6%		-6.2%
Abs chg		3.3		-0.5		-1.3		-2.1
FCF	-2.1	-1.7	4.4	3.5	2.2	2.3	5.5	5.9
% chg		-19.1%		-18.5%		8.6%		7.3%
Abs chg		0.4		-0.8		0.2		0.4
NFP	-3.4	-3.2	-0.3	-1.3	0.2	-0.8	3.8	3.1
% chg		-6.4%		371.5%		-		-17.6%
Abs chg		0.2		-1.0		-1.0		-0.7

Source: Equita SIM estimates & company data

RFG AND PEERS MULTIPLES

Company	Curr.	Price	Mkt cap (€mn)	Current EV	PERF YTD	EV/EBITDA		EV/EBIT		P/E		EBITDA margin		EBIT margin		ND/ Ebitda 2022E
						2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	
RACING FORCE SPA	EUR	5.0	119	120	-16.9	11.9 x	10.4 x	15.8 x	13.9 x	21.4 x	18.7 x	19.7%	20.6%	14.9%	15.4%	0.4 x
SHOEI CO LTD	JPY	4,675	923	853	3.2	14.3 x	13.6 x	16.2 x	14.5 x	24.9 x	22.3 x	29.8%	28.5%	26.2%	26.8%	-1.4 x
High Performance Sport equipment																
FOX FACTORY HOLD	USD	105.1	3,966	4,174	-38.2	13.3 x	12.1 x	16.1 x	13.4 x	18.0 x	16.0 x	21.6%	22.7%	17.8%	20.5%	0.4 x
CLARUS CORP	USD	23.4	781	904	-15.5	11.0 x	n.a.	16.4 x	n.a.	16.3 x	15.6 x	16.1%	n.m.	10.8%	n.m.	0.4 x
ACUSHNET HOLDING	USD	42.5	2,755	2,863	-20.0	9.3 x	n.a.	13.2 x	12.5 x	14.8 x	n.a.	15.6%	n.m.	11.0%	n.m.	n.m.
PIERER MOBILITY	CHF	82.0	2,689	3,265	-12.8	8.2 x	n.a.	13.9 x	n.a.	16.7 x	n.a.	16.1%	n.m.	9.5%	n.m.	0.2 x
VISTA OUTDOOR	USD	37.4	1,885	2,566	-18.8	3.9 x	4.0 x	4.5 x	5.5 x	5.5 x	5.8 x	20.7%	19.3%	17.7%	14.1%	n.m.
Average						9.1 x	8.1 x	12.7 x	9.5 x	14.1 x	12.5 x	18.6%	21.0%	13.9%	17.3%	0.3 x
Median						9.6 x	8.1 x	15.0 x	9.5 x	16.5 x	15.6 x	18.4%	21.0%	14.2%	17.3%	0.4 x
Military/Medical High Performance Safety Equipment																
MSA SAFETY INC	USD	136.4	4,799	5,205	-9.7	16.0 x	n.a.	19.3 x	n.a.	24.0 x	n.a.	22.7%	n.m.	18.7%	n.m.	n.m.
GENTEX CORP	USD	29.7	6,293	6,058	-14.8	9.7 x	8.5 x	11.7 x	10.3 x	13.7 x	11.5 x	30.5%	32.4%	25.4%	26.7%	n.m.
ANSELL LTD	AUD	25.8	2,219	2,554	-18.1	8.3 x	7.6 x	10.6 x	9.7 x	19.1 x	17.7 x	15.8%	16.3%	12.4%	12.7%	0.4 x
AVON PROTECTION	GBp	1,315	471	519	17.3	8.6 x	8.4 x	11.9 x	11.9 x	13.7 x	12.8 x	22.1%	23.7%	16.1%	16.7%	0.8 x
Average						10.7 x	8.1 x	13.4 x	10.6 x	17.6 x	14.0 x	22.8%	24.1%	18.2%	18.7%	0.6 x
Median						9.2 x	8.4 x	11.8 x	10.3 x	16.4 x	12.8 x	22.4%	23.7%	17.4%	16.7%	0.6 x

Source: Equita SIM estimates and Bloomberg data

STATEMENT OF RISKS

The primary factors that could **negatively impact RFG** include:

- Failure to cope with rapid changes in FIA homologation requirements;
- Disruptive innovations from competitors, mainly in terms of technologies or products performances;
- Reputational damage from product failures or quality leaks;
- Loss of market share in top categories, reducing brands' visibility and cross selling opportunities;
- Value disruptive M&A deals;
- Termination of the Bell Licence 1;
- Deterioration in the geopolitical situation affecting market demand.
- Sharp increase in logistics and energy costs, not matched by price increases.

P&L	2019	2020	2021	2022E	2023E	2024E
Revenues	36.6	33.7	46.7	51.0	55.7	59.8
Growth	-	-8%	38%	9%	9%	7%
Total opex	-16.7	-13.6	-19.5	-21.5	-23.3	-24.5
Growth	-	-19%	43%	10%	8%	5%
Margin	-46%	-40%	-42%	-42%	-42%	-41%
Adjusted EBITDA	4.2	5.4	9.0	10.0	11.5	13.4
Growth	-	28%	47%	27%	14%	17%
Margin	11.4%	15.9%	19.2%	19.7%	20.6%	22.4%
Depreciation& amortization	-2.2	-2.3	-2.3	-2.4	-2.9	-3.4
Provisions	-0.2	-0.2	-0.1	0.0	0.0	0.0
Depreciation&provision	-2.4	-2.5	-2.4	-2.4	-2.9	-3.4
EBIT	1.8	2.8	5.5	7.6	8.6	10.0
Growth	-	59%	94%	38%	13%	17%
Margin	4.9%	8.4%	11.8%	14.9%	15.4%	16.8%
Net financial profit/Expenses	1.3	-0.7	-0.3	-0.4	-0.4	-0.3
Forex/Intercompany loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other financial profit/Exp	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total financial expenses	1.3	-0.7	-0.3	-0.4	-0.4	-0.3
Non recurring pre tax	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit before tax	3.1	2.1	5.2	7.1	8.2	9.7
Growth	-	-0.3	1.4	0.4	0.1	0.2
Taxes	-0.7	-0.7	-1.1	-1.6	-1.8	-2.2
Tax rate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Non recurring post tax	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income	2.4	1.4	4.2	5.5	6.3	7.5
Growth	-	-41%	190%	33%	14%	19%
Margin	6.6%	4.3%	8.9%	10.9%	11.4%	12.6%
Adj. net income	2.4	1.4	4.9	5.5	6.3	7.5
Growth	-	-41%	243%	12%	14%	19%
Margin	6.6%	4.3%	10.6%	10.9%	11.4%	12.6%
CF Statement	2019	2020	2021	2022E	2023E	2024E
Cash Flow from Operations	n.a.	3.3	6.4	8.0	9.2	10.9
(Increase) decrease in ONWC	n.a.	-1.7	-1.9	-1.0	-1.3	-1.3
(Purchase of fixed assets)	n.a.	-1.1	-5.3	-3.5	-5.6	-3.7
(Other net investments)	n.a.	-3.2	-0.6	0.0	0.0	0.0
(Distribution of dividends)	n.a.	0.0	-1.3	-1.7	-1.8	-2.1
Rights issue	n.a.	0.1	18.8	0.0	0.0	0.0
Other	n.a.	1.7	-0.5	0.0	0.0	0.0
(Increase) Decrease in Net Debt	n.a.	-0.9	15.5	1.9	0.5	3.9

Source: Company data and Equita SIM Estimates

INFORMATION PURSUANT TO EU REGULATION 2016/958 supplementing Regulation EU 596/2014 (c.d. MAR)

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RECOMMENDATION/RATING	Low Risk	Medium Risk	High Risk
BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
HOLD	-5% <ETR< 10%	-5% <ETR< 15%	0% <ETR< 20%
REDUCE	ETR <= -5%	ETR <= -5%	ETR <= 0%

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Date	Rec.	Target Price (€)	Risk	Comment
January 24, 2022	BUY (n.a.)	6.7 (n.a.)	High	Initiation of coverage

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