

EQUITY RESEARCH

RACING FORCE SPA

NEWS

Press release

BUY

TP 6.4€

Up/Downside: 49%

The First of Many?

Racing Force announced yesterday that it has won its first tender related to police helmets. Through its new brand, High Protection Systems (HPS), the group will supply Riot Helmets to the Dutch Department of Justice.

After announcing its first participation in a tender for the Police Riot Helmet during our annual conference, the group revealed yesterday that it has won the contract. This multi-year agreement has been signed with the Dutch Department of Justice, which will receive the Riot Helmets developed by Racing Force.

The press release does not include any financial details related to the contract. Nevertheless, this represents an important milestone in the group's diversification strategy. Having already entered the military market with the new US Air Force helmet developed in collaboration with LIFT Airborne, the group is now active in the law enforcement segment. As a reminder, the group is also finalizing certification for its Gladiator Helmet, aimed at police special forces—a high value-added product.

The positive newsflow expected this year around diversification projects was one of the main reasons we included the stock in our annual selection, and the group is living up to expectations. Meanwhile, its core business continues to perform well, supporting the stock's 24% increase year-to-date.

We reiterate our Buy recommendation on Racing Force, with a target price maintained at €6.4.

Key data

Price (€)	4.3
Industry	Protective Equipment
Ticker	ALRFG-FR
Shares Out (m)	27.389
Market Cap (m €)	117.8
Next event	2025 H1 - 7/23

Source: FactSet

Ownership (%)

SAYE S.p.A	49.5
GMP Investments Holdings Limited	4.7
Free float	45.8

Source: TPICAP Midcap estimates

EPS (€)	12/25e	12/26e	12/27e
Estimates	0.19	0.20	0.21
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-0.9	4.9	14.4
Rel FTSE Italy	-1.0	-1.9	-3.0



Source: FactSet

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e	Valuation Ratio	12/25e	12/26e	12/27e
Sales (m €)	65.7	69.5	73.8	77.9	EV/Sales	1.8	1.7	1.5
Current Op Inc (m €)	6.5	6.9	7.8	8.1	EV/EBITDA	10.9	9.2	8.2
Current op. Margin (%)	9.9	10.0	10.5	10.4	EV/EBIT	17.8	15.8	14.8
EPS (€)	0.21	0.19	0.20	0.21	PE	23.0	21.8	20.5
DPS (€)	0.09	0.07	0.08	0.08	Source: TPICAP Midcap			
Yield (%)	2.0	1.7	1.8	2.0				
FCF (m €)	-1.2	2.0	3.3	6.1				

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FINANCIAL DATA

Income Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Sales	58.8	62.7	65.7	69.5	73.8	77.9
Changes (%)	25.9	6.6	4.9	5.7	6.2	5.6
Gross profit	36.8	38.7	40.1	43.0	46.0	48.6
% of Sales	62.6	61.7	61.0	61.9	62.3	62.4
EBITDA	11.7	9.6	10.1	11.4	13.4	14.5
% of Sales	19.8	15.4	15.4	16.4	18.2	18.6
Current operating profit	8.8	6.3	6.5	6.9	7.8	8.1
% of Sales	15.0	10.0	9.9	10.0	10.5	10.4
EBIT	8.8	6.3	6.5	6.9	7.8	8.1
Net financial result	-0.1	-0.5	0.0	-0.1	-0.3	-0.1
Income Tax	-1.2	-1.0	-0.7	-1.7	-2.1	-2.2
Tax rate (%)	13.4	27.9	27.9	25.0	27.9	27.9
Net profit, group share	7.5	4.8	5.8	5.1	5.4	5.8
EPS	0.32	0.19	0.21	0.19	0.20	0.21
Financial Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Goodwill	6.2	6.2	6.2	6.2	6.2	6.2
Tangible and intangible assets	15.5	19.4	25.6	30.3	33.2	33.3
Right of Use	3.1	3.7	3.7	3.7	3.7	3.7
Financial assets	0.3	0.8	0.8	0.8	0.8	0.8
Working capital	19.8	26.9	28.4	27.4	27.7	29.2
Other Assets	0.6	0.6	0.6	0.6	0.6	0.6
Assets	45.6	57.6	65.4	69.1	72.2	73.9
Shareholders equity group	36.5	48.5	59.3	61.9	65.7	70.5
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	1.3	1.5	1.5	1.5	1.5	1.5
Net debt	7.8	7.6	4.6	5.6	5.1	1.9
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	45.6	57.6	65.4	69.1	72.2	73.9
Net debt excl. IFRS 16	4.5	3.7	0.7	1.8	1.2	-2.0
Gearing net	0.2	0.2	0.1	0.1	0.1	0.0
Leverage	0.7	0.8	0.5	0.5	0.4	0.1
Cash flow statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
CF after elimination of net borrowing costs and taxes	11.1	8.1	9.4	9.6	11.0	12.2
ΔWCR	-8.0	-7.0	-1.5	1.0	-0.3	-1.5
Operating cash flow	3.2	1.1	7.9	10.6	10.7	10.7
Net capex	-4.5	-6.2	-9.1	-8.5	-7.4	-4.7
FCF	-1.4	-5.1	-1.2	2.0	3.3	6.1
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	-4.4	-4.5	0.4	0.0	0.0	0.0
Dividends paid	-1.7	-2.3	-2.5	-2.3	-2.1	-2.2
Repayment of leasing debt	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7
Equity Transaction	0.0	9.7	7.3	0.0	0.0	0.0
Others	0.1	-0.2	0.0	0.0	0.0	0.0
Change in net cash over the year	-8.1	-3.1	3.4	-1.0	0.6	3.2
ROA (%)	10.7%	6.1%	6.5%	5.5%	5.5%	5.5%
ROE (%)	20.7%	9.9%	9.8%	8.3%	8.2%	8.2%
ROCE (%)	16.8%	9.2%	8.9%	7.6%	7.9%	7.9%

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Analyst certifications

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Methodology

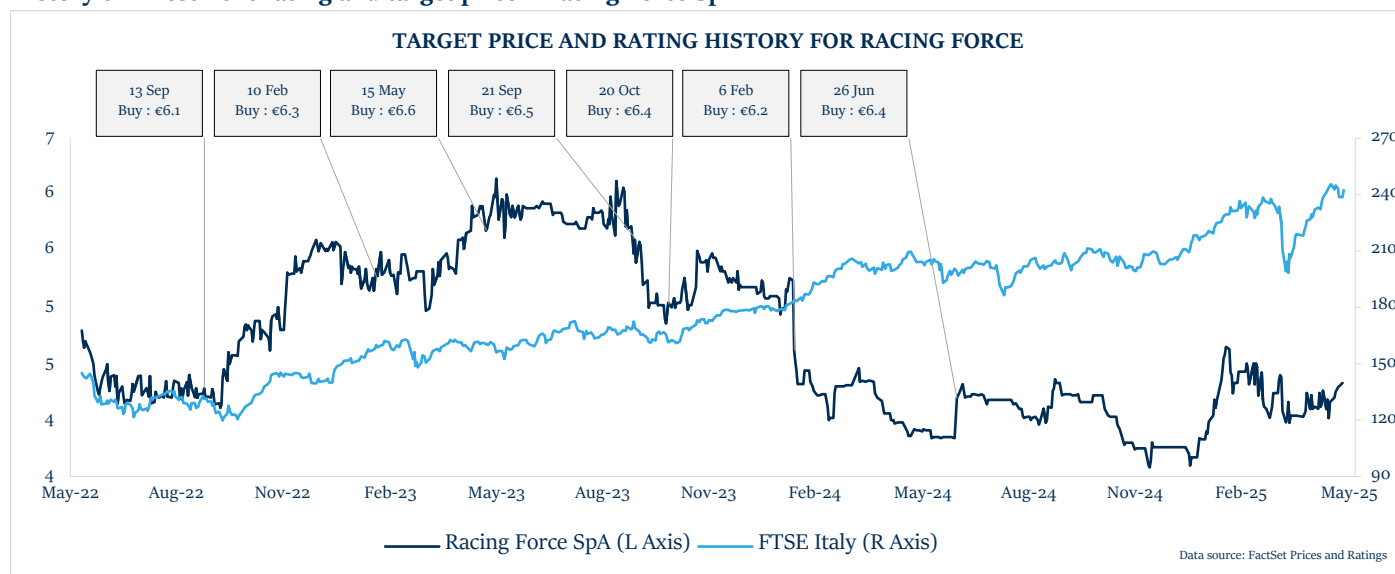
This Report may mention evaluation methods defined as follows:

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.

Conflict of Interests between TP ICAP Midcap and the Issuer

- 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
- E. Midcap or any related legal entity has acted, over the last twelve months, as lead or co-lead in a public offer for financial instruments of the Issuer: Racing Force SpA
- F. Midcap or any legal entity related to it is party to any other agreement with the Issuer relating to the provision of investment services in connection with the corporate activity: Racing Force SpA
- 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
18 May 25 - 21:21:49	Corentin Marty	€ 6.40	€ 6.40	€ 4.16	Achat	Buy
22 Apr 25 - 19:08:39	Corentin Marty	€ 6.40	€ 6.40	€ 4.03	Achat	Buy
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

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	81%	65%
Hold	15%	63%
Sell	2%	25%
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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