

EQUITY RESEARCH

RACING FORCE SPA

SITE VISIT

BUY

TP 6.4€

Up/Downside: 36%

Ready to push

Racing Force's management welcomed us last Wednesday to their recently renovated and expanded headquarters in Ronco Scrivia. Beyond touring the OMP product production facilities, we noted confirmation of strong momentum in the core business as well as further developments around the HPS brand dedicated to defense.

As part of our company visits in Italy, we were received at Racing Force's headquarters in Ronco Scrivia. The visit was also an opportunity for management to inaugurate much of the office extension, which will host employees starting this week.

The Ronco Scrivia site is the group's main production and logistics hub for OMP products, and it has recently been expanded by 50%. Management opened the doors to the R&D and homologation testing departments, which work on the fabric composition of next-generation OMP products, as well as to quality control and production workshops. The manufacturing of racing suits, in particular, is divided into several steps—from fabric cutting to final assembly, including personalization. On this front, the group also introduced a new workshop working on a next-generation fabric enabling sublimation printing. A prototype was worn by Kimi Antonelli during the Miami GP on May 4. This new process could lead to cost and time savings of around 30–40%.

The visit concluded with a presentation by management, reviewing the group's latest financial results and providing updates on HPS. As a reminder, the group recently announced it had won its first tender for one of its two helmets aimed at police forces. More details were provided about the contract for the Police Riot Helmet with the Dutch Ministry of Justice, which spans five years and is worth approximately €1m. Management also shared several ideas for future variants of the Gladiator Helmet, tailored to different branches (police, combat, SEAL), which may eventually incorporate motorsport technologies such as the Driver's Eye.

On the core business side, the group reiterated its guidance of high single-digit growth in the order backlog, which should start to become visible in Q2, with revenue expected to be released at the end of the month.

We leave the visit with strengthened conviction in the company, which remains part of our annual stock selection. We reiterate our Buy recommendation with a target price of €6.4.

Key data

Price (€)	4.7
Industry	Protective Equipment
Ticker	ALRFG-FR
Shares Out (m)	27.389
Market Cap (m €)	128.7
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	-0.4	8.3	25.0
Rel FTSE Italy	-1.4	9.8	7.4



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	1.9	1.8	1.7
Current Op Inc (m €)	6.5	6.9	7.8	8.1	EV/EBITDA	11.8	9.9	8.9
Current op. Margin (%)	9.9	10.0	10.5	10.4	EV/EBIT	19.3	17.1	16.1
EPS (€)	0.21	0.19	0.20	0.21	PE	25.1	23.8	22.4
DPS (€)	0.09	0.07	0.08	0.08	Source: TPICAP Midcap			
Yield (%)	1.8	1.6	1.7	1.8				
FCF (m €)	-1.8	3.1	3.3	6.1				

Analyst

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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	26.2	31.0	33.8	33.9
Right of Use	3.1	3.7	3.5	3.5	3.5	3.5
Financial assets	0.3	0.8	0.8	0.8	0.8	0.8
Working capital	19.8	26.9	29.0	26.9	27.2	28.7
Other Assets	0.6	0.6	0.5	0.5	0.5	0.5
Assets	45.6	57.6	66.2	68.8	72.0	73.6
Shareholders equity group	36.5	48.5	60.6	63.5	67.3	72.1
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	1.3	1.5	1.3	1.3	1.3	1.3
Net debt	7.8	7.6	4.3	4.9	4.4	1.2
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	45.6	57.6	66.3	69.9	73.0	74.7
Net debt excl. IFRS 16	4.5	3.7	0.6	1.3	0.7	-2.5
Gearing net	0.2	0.2	0.1	0.1	0.1	0.0
Leverage	0.7	0.8	0.4	0.4	0.3	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	-2.1	2.1	-0.3	-1.5
Operating cash flow	3.2	1.1	7.3	11.6	10.7	10.7
Net capex	-4.5	-6.2	-9.1	-8.5	-7.4	-4.7
FCF	-1.4	-5.1	-1.8	3.1	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	2.8	0.1	0.6	3.2
ROA (%)	10.7%	6.1%	6.5%	5.4%	5.5%	5.5%
ROE (%)	20.7%	9.9%	9.6%	8.1%	8.0%	8.0%
ROCE (%)	16.8%	9.2%	8.8%	7.6%	7.9%	7.9%

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Methodology

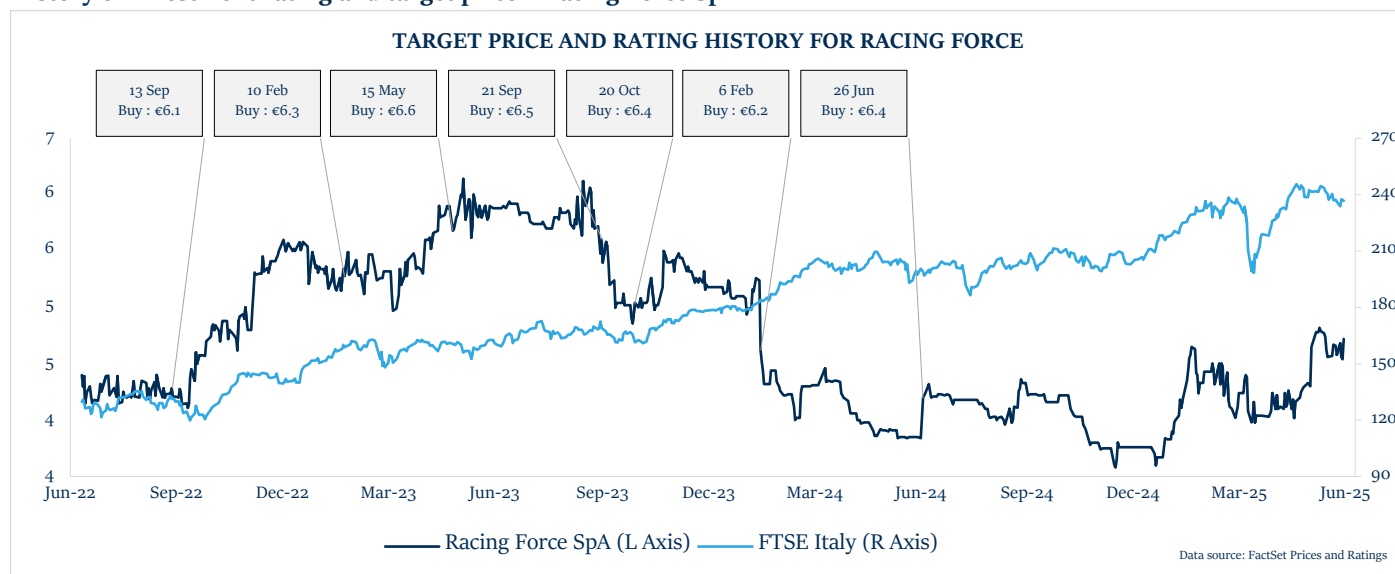
This Report may mention evaluation methods defined as follows:

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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- 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
29 May 25 - 20:10:02	Corentin Marty	€ 6.40	€ 6.40	€ 4.30	Achat	Buy
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

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	79%	66%
Hold	15%	58%
Sell	3%	20%
Under review	3%	75%

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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