

EQUITY RESEARCH

RACING FORCE SPA

NEWS

BUY

TP 6.1€

Up/Downside: 32%

New partnership

The Racing Force Group announced this morning that it has signed a new agreement with Maserati MSG Racing for the FIA Formula E World Championship.

While Maserati announced in April 2022 that it was partnering with ROKiT Venturi Racing to enter the Formula E World Championship, the new team's drivers will wear OMP safety equipment. The ninth season of Formula E will start on 14 January 2023 with the E-Prix in Mexico City.

The new Formula E season will see the introduction of a new generation of single-seaters: Gen3. In addition to benefiting from new power that can take them up to 270km/h, this new generation of vehicles also offers improved environmental performance, with 40% of the energy used during the race coming from regenerative braking.

This is a prestigious new agreement for Racing Force in a championship that has been attracting increasing audiences for several years and which should be boosted by the appearance of the Gen3 next season.

Buy recommendation and OC of €6.1 reiterated.

Key data

Price (€)	4.6
Industry	Protective Equipment
Ticker	RFG-IT
Shares Out (m)	23.757
Market Cap (m €)	109.8

Ownership (%)

SAYE S.p.A	57.0
GMP Investments Holdings Limited	5.4
Others	7.6
Free float	30.0

EPS (€)

	12/22e	12/23e	12/24e
Estimates	0.25	0.30	0.35
Change vs previous estimates (%)	0.00	0.00	0.00

Performance (%)

	1D	1M	YTD
Price Perf	-2.1	1.0	-22.9
Rel FTSE Italy	-2.5	-11.9	-11.4



TP ICAP Midcap Estimates	12/21	12/22e	12/23e	12/24e	Valuation Ratio	12/22e	12/23e	12/24e
Sales (m €)	46.7	54.8	61.5	67.0	EV/Sales	2.1	1.8	1.6
Current Op Inc (m €)	5.5	8.2	10.3	12.0	EV/EBITDA	10.5	8.5	7.3
Current op. Margin (%)	11.8	15.0	16.8	17.9	EV/EBIT	13.8	11.0	9.1
EPS (€)	0.18	0.25	0.30	0.35	PE	18.7	15.4	13.2
DPS (€)	0.07	0.10	0.12	0.14				
Yield (%)	1.5	2.1	2.6	3.0				
FCF (m €)	-0.8	2.0	3.1	6.9				

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FINANCIAL DATA

Income Statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
Sales	25.7	33.7	46.7	54.8	61.5	67.0
Changes (%)	na	31.2	38.4	17.3	12.4	8.9
Gross profit	12.3	20.1	27.2	32.0	36.2	39.4
% of Sales	47.9	59.7	58.3	58.4	58.9	58.8
EBITDA	4.0	5.4	7.9	10.8	13.3	15.1
% of Sales	15.6	15.9	16.9	19.7	21.6	22.5
Current operating profit	2.5	2.8	5.5	8.2	10.3	12.0
% of Sales	9.7	8.4	11.8	15.0	16.8	17.9
EBIT	2.5	2.8	5.5	8.2	10.3	12.0
Net financial result	-0.3	-0.7	-0.3	-0.1	-0.4	-0.4
Income Tax	-0.7	-0.7	-1.1	-2.3	-2.8	-3.2
Tax rate (%)	31.2	33.1	20.4	27.9	27.9	27.9
Net profit, group share	1.5	1.4	4.2	5.9	7.1	8.3
EPS	na	0.07	0.18	0.25	0.30	0.35
Financial Statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
Goodwill	0.0	5.7	5.7	5.7	5.7	5.7
Tangible and intangible assets	0.0	8.8	13.1	15.3	18.1	18.8
Right of Use	0.0	4.1	2.4	2.4	2.4	2.4
Financial assets	0.0	1.8	0.4	0.4	0.4	0.4
Working capital	0.0	10.0	12.5	14.6	16.3	17.5
Other Assets	0.0	0.2	0.7	0.7	0.7	0.7
Assets	0.0	30.7	34.7	39.0	43.5	45.5
Shareholders equity group	0.0	8.2	29.9	34.1	38.8	44.3
Minorities	0.0	0.3	0.0	0.0	0.0	0.0
LT & ST provisions and others	0.0	1.0	1.2	1.2	1.2	1.2
Net debt	0.0	21.2	3.5	3.7	3.4	-0.1
Other liabilities	0.0	0.0	0.1	0.1	0.1	0.1
Liabilities	0.0	30.7	34.7	39.0	43.5	45.5
Net debt excl. IFRS 16	0.0	17.0	1.0	1.2	0.9	-2.6
Gearing net	na	2.5	0.1	0.1	0.1	-0.0
Leverage	0.0	4.0	0.4	0.3	0.3	-0.0
Cash flow statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
CF after elimination of net borrowing costs and taxes	0.0	4.0	6.7	8.4	10.1	11.4
Δ WCR	0.0	-1.7	-2.2	-2.1	-1.7	-1.2
Operating cash flow	0.0	2.4	4.5	6.3	8.4	10.2
Net capex	0.0	-1.1	-5.3	-4.4	-5.2	-3.4
FCF	0.0	1.2	-0.8	2.0	3.1	6.9
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	0.0	5.9	-2.5	0.0	0.0	0.0
Dividends paid	0.0	-0.0	-1.3	-1.7	-2.4	-2.8
Repayment of leasing debt	0.0	-0.7	-0.3	-0.5	-0.5	-0.5
Others	0.0	-3.1	18.5	0.0	0.0	0.0
Changes in exchange rates	0.0	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	0.0	3.3	13.5	-0.2	0.3	3.5
ROA (%)	na	3.3%	6.4%	8.2%	9.2%	9.9%
ROE (%)	na	17.5%	13.9%	17.3%	18.3%	18.8%
ROCE (%)	na	7.0%	12.8%	15.3%	17.4%	19.3%

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This Report may mention evaluation methods defined as follows:

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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.

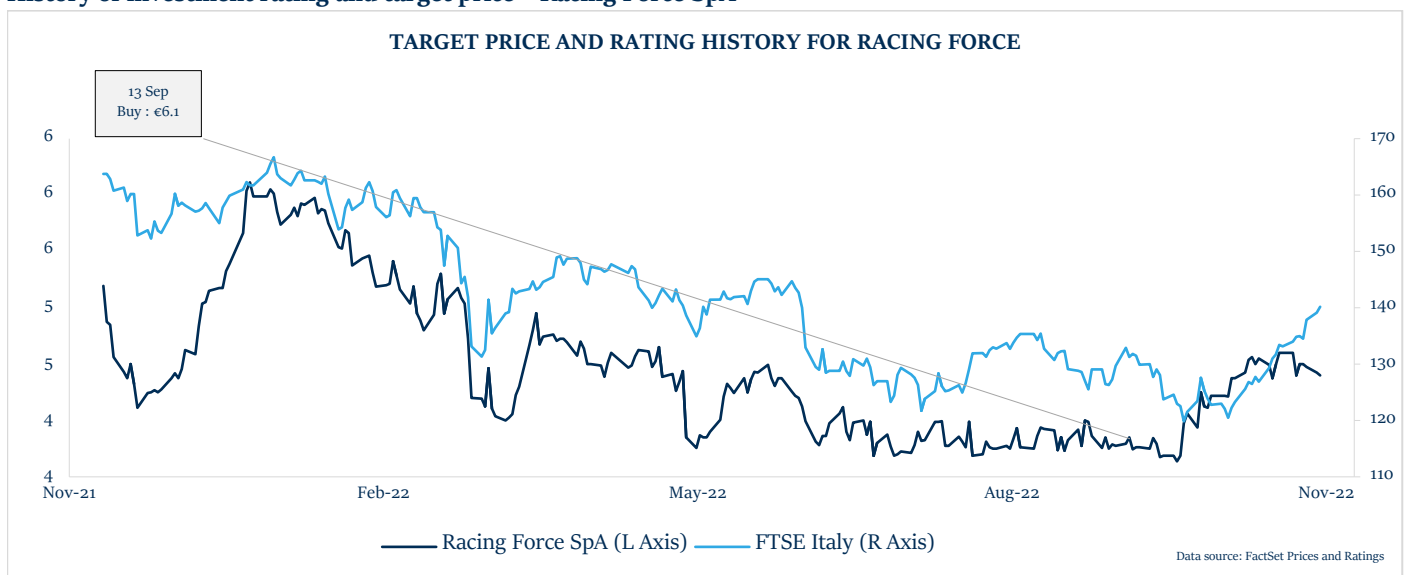
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History of investment rating and target price – Racing Force SpA



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Hold	13%	39%
Sell	1%	0%
Under review	1%	100%

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