

EQUITY RESEARCH

RACING FORCE SPA NEWS

Press release

BUY TP 6.4€ (vs 6.2€) Up/Downside: 66%

Capital Increase of €7.5m

This morning, Racing Force announced a successful capital increase of €7.5m following yesterday's launch. The operation led to the entry of the Bahrain sovereign fund into its capital as the group continues to expand into this region. It was carried out at a price of €4.43 for a 14.5% premium vs. last night's closing price.

1,690,135 new shares were added to the company's share capital, which is now composed of 27,389,333 shares.

The funds, raised mainly from the Bahrain sovereign fund, which now represents approximately 1.6% of the group's capital ($\leq 2m$) as well as from Axon for $\leq 5m$, will enable Racing Force to have a second factory on Bahraini territory. This second production unit will also be located in the space surrounding the Bahrain International Circuit, owned by BIC (Bahrain International Circuit), in front of the one the group currently uses. Racing Force mentioned in its press release that discussions on the final details are underway with the aim of signing the agreement with BIC by the end of the year; BIC will own the factory just like the one currently used. The timing of this operation is the result of the opportunity to take advantage of a second factory in this strategic and highly in-demand location which is the object of numerous projects by BIC. The new factory, whose construction should take two years, will be dedicated to strategic product lines for which the group currently does not have enough production capacity. This additional unit should allow RFG's internal production to increase from around 60% to 80%, with a naturally beneficial effect on the group's gross margin.

Following this operation, we are adjusting our CAPEX expectations for FY 2025 and FY 2026 to ϵ 6.5m (vs. ϵ 5.6m previously) and ϵ 8.2m (vs. ϵ 4.1m previously), for a total cost increased to €5m. These costs could rise to €6.5m in the event of strong demand for the products concerned. After taking into account the adjustments, the funds raised, the new number of shares and the update of our market parameters, our TP has been upgraded to $\in 6.4$ (vs. $\in 6.2$ previously). We reiterate our Buy rating on Racing Force with a revaluation potential that has never been so strong.

Key data	
Price (ϵ)	3.9
Industry	Protective Equipment
Ticker	ALRFG-FR
Shares Out (m)	25.699
Market Cap (m €)	98.9
Next event	FY23 Results - 3/28
Source: FactSet	

Ownership (%)

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SAYE S.p.A	49.5
GMP Investments Holdings Limited	4.7
Free float	45.8
Source: TPICAP Midcap estimates	

Source:	TPICAP	Midcap	estimate
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EPS (€)	12/23e	12/24e	12/25e
Estimates	0.18	0.15	0.21
Change vs previous estimates (%)	0.00	-6.16	-7.55

Source: TPICAP Midcap estimates

Performance (%)	1D	1 M	YTD
Price Perf	0.3	-1.5	-25.7
Rel FTSE Italy	0.6	0.6	-33.7



Source: FactSet

TP ICAP Midcap Estimates	12/22	12/23e	12/24e	12/25e
Sales (m €)	58.8	62.7	65.6	70.5
Current Op Inc (m €)	8.8	6.2	6.1	8.6
Current op. Margin (%)	15.0	9.9	9.3	12.2
EPS (€)	0.32	0.18	0.15	0.21
DPS (ϵ)	0.11	0.09	0.06	0.08
Yield (%)	2.9	2.3	1.5	2.2
FCF (m €)	-1.4	-5.1	-0.4	5.6

1.7	1.7	1.5
11.1	10.4	7.8
17.2	18.0	12.5
21.0	26.1	18.1
	11.1 17.2	11.1 10.4 17.2 18.0





FINANCIAL DATA

Sales 337 4/7 98 6.6 9.6 79.5 Changes (%) 31.3 28.4 75.9 6.6 4.67 79.5 Conse profit 20.4 27.2 36.3 35.7 4.67 44.5 % of Sales 39.7 55.3 6.6.4 6.77 6.6.6 6.73 % of Sales 15.9 16.9 19.8 5.4 40.7 9.4 Void Sales 5.5 8.8 6.6.3 6.4 8.6 EBIT 2.8 5.5 8.8 6.3 6.4 8.6 Net financial result -0.7 -0.3 -0.3 6.35 -0.5 1.00 7.5 4.7 4.0 5.8 EIS 0.07 0.38 0.32 0.0.8 0.03 0.35 0.31 1.02 1.02 1.02 1.02 1.02 1.02 1.02 1.02 1.02 1.02 1.02 1.03 1.03 1.03 1.03 1.03 1.03	Income Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Crosp profit no. no. no. gen S <	Sales	33.7	46.7	58.8	62.7	65.6	70.5
Gronsprint20.477.296.894.794.794.4% of Sales55.735.866.660.660.7% of Sales55.947.919.845.466.364.8% of Sales55.98.845.865.969.99.312.2EBT2.85.58.84.26.08.66.6% of Sales6.77.37.41.44.07.47.4EDT2.77.41.41.47.97.77.47.47.8Net fraincial result-0.77.11.41.47.97.727.8 <td>Changes (%)</td> <td>31.2</td> <td>38.4</td> <td>25.9</td> <td>6.6</td> <td>4.6</td> <td>7.5</td>	Changes (%)	31.2	38.4	25.9	6.6	4.6	7.5
§ of Sales59.79.8.36.6.66.7.760.061.1.1EMTDA547.91.0.81.0.410.010.1.1Current operating profit2.4.81.5.56.8.86.2.26.1.37.1.2EBIT2.85.58.86.2.26.1.37.1.27.1.47.1.	Gross profit	20.1	27.2	36.8	38.7	40.7	44.5
96 of Sales 159 169 19,8 19,4 16.2 19,4 Current operating profit 2.4 5.5 8.8 6.4 8.6 96 f Sales 2.8 5.5 8.8 6.4 8.6 Deff 7.0 3.0 1.0 5.5 8.8 6.2 6.3 Definition of the provide p		59.7	58.3	62.6	61.7	62.0	
Current operating profit 1.8 5.5 8.8 6.2 6.1 8.6 9n of Sales 8.4 1.13 1.50 9.9 3 1.2.3 ERIT 2.8 5.5 8.8 6.6 6.61 8.65 Net financial result -0.7 -0.3 -0.1 -0.5 -0.5 Income Tax -7.07 1.1 -1.4 -1.07 -7.3 7.73 Nat rate (16) .333 .0.4 4.4 7.75 4.7 4.0 5.8 EPS .0.07 .0.18 .0.25 .0.7 6.6 .0.5 .0.35 Tangble and itangible assets .8.8 1.3 .15.5 .9.4 .4.3 .0.3 .0.6 .0.6 .0.6 Aught of Lise .4.1 .4.4 .3.1 .9.4 .4.5 .9.7 .3.7 .3.7 Financial sests .1.6 .0.4 .0.3 .0.6 .0.6 .0.6 .0.6 Asets .9.7 .4.6 <td>EBITDA</td> <td>5.4</td> <td>7.9</td> <td>11.7</td> <td>9.6</td> <td>10.6</td> <td>13.7</td>	EBITDA	5.4	7.9	11.7	9.6	10.6	13.7
90 of Sales 84 1.10 15.0 9.9 9.9 1.13 ENT 2.8 5.5 8.8 6.2 6.6 8.6 Net financial result .0.7 0.3 1.42 1.40 1.45 -2.3 Tax rate (%) .0.31 2.0.4 1.42 1.40 1.45 -2.3 Tax rate (%) .0.31 2.0.4 1.42 1.40 4.75 1.75 Net profit, group share 1.4 4.4 4.75 1.62 6.2 6.2 Tax rate (%) .0.77 0.08 0.32 0.48 0.55 0.21 Tangible and imangible assets 8.8 13.1 15.5 9.4 25.5 7.57 Right Of Use 4.4 2.4 3.4 3.7 3.7 3.7 Right Of Use 4.4 2.4 3.4 3.6 0.62 0.51 Vorking capital .0.0 0.4 2.9.4 0.65 0.63 0.57 Staretolders equity group	% of Sales	15.9	16.9	19.8	15.4	16.2	19.4
EBIT 2.8 5.5 8.8 6.2 6.1 8.6 Net funcial result -0.7 -0.3 -0.1 -0.5 -0.5 Income Tax -0.7 -0.31 -1.4 -1.0 -4.6 -2.3 Tax rate (%) 33.1 -2.44 13.4 27.9 27.9 7.79 Net profit, group share 1.4 4.4 2 7.57 6.2 6.2 6.2 EBS 0.07 0.81 0.55 9.4 4.53 7.73 8 7.73 Goodwill 5.7 5.7 6.2 6.2 6.2 7.73 Right of Use 4.4 2.4 3.1 15.5 19.4 4.83 0.8	Current operating profit	2.8	5.5	8.8	6.2	6.1	8.6
Net financial result 1-0.7 0.0.3 0.0.1 0.0.5 0.0.5 0.0.5 Income Tax 0.07 1.1 1.1.2 1.0.0 1.6.6 1.2.3 Tax rate (%) 0.33 0.0.4 0.33 0.0.4 0.05 0.0.5 Piraccial Statement 1.1.0 1.7.0 1.7.03 1.7.03 1.7.04 0.0.5 Coodwill 0.057 5.7 6.2 0.0.4 0.0.5 0.0.5 Tax rate (%) 0.31 0.55 0.94 0.53 0.0.4 0.0.5 Coodwill 1.20 1.7.1 1.7.26 0.7.26 0.6.2 0.7.2 Right of Use 4.4 2.31 3.7 7.3.7 1.7.2 1.7.	% of Sales	8.4	11.8	15.0	9.9	9.3	12.2
Income Tax no.7 1.1 1.2 1.0 1.6 2.2 Tax rate (%) 33.1 0.4 13.4 23.4 27.9 27.9 Net profit, group share 1.4 4.4 7.5 4.7 4.0 5.8 Financial Statement 12/20 12/21 12/22 12/28 <	EBIT	2.8	5.5	8.8	6.2	6.1	8.6
Tax rate (%) 33.1 20.4 19.4 27.9 27.9 27.9 Net profit, group share 1.4 4.2 7.5 4.7 4.0 5.8 EPS 0.07 0.18 0.32 0.028 0.128 0.128 Financial Statement 12/20 12/20 12/21 12/28 12/28 12/28 Condwill 5 5.7 6.2 6.2 6.2 6.2 Financial Statement 12/20 12/21 13/21 13.7 3.7 3.7 Right of Use 4.41 2.4 3.1 3.7 3.7 3.7 Financial Statement 0.0 10.0 12.5 19.8 2.6.9 2.6.2 2.5.1 Right of Use 0.1 0.0 12.5 19.8 2.6.9 2.6.2 2.5.1 Shareholders equity group 8.3 2.9.9 2.6.5 4.8.5 5.0.1 5.5.5 Net debt 2.1.2 3.5 7.8 7.5 1.5.5 1.5.	Net financial result	-0.7	-0.3	-0.1	-0.5	-0.5	-0.5
Net profit, group share 14 44 75 4.7 4.0 5.8 EPS 0.07 0.08 0.92 0.08 0.15 0.33 Financial Statement 12/20 17/31 17/22 17/28 17/28 17/28 Goodwill 57 57 6.3 53 6.3 6.3 6.3 Tangible and intangible assets 58 0.31 155 19.4 2.7 3.7 Right of Use 4.4 2.4 3.1 3.7 3.7 3.7 Financial assets 1.8 0.4 0.3 0.68 0.6 0.6 Morking capital 1.00 1.22 1.98 2.45 5.67 6.27 6.37 Sharebolders equity group 38 2.8 2.99 3.85 5.48 5.0 1.63 Sharebolders equity group 3.2 3.2 7.3 4.40 3.0 0.0 0.0 0.0 Not of the Cabiners 1.0 1.3 1.45 <td>Income Tax</td> <td>-0.7</td> <td>-1.1</td> <td>-1.2</td> <td>-1.0</td> <td>-1.6</td> <td>-2.2</td>	Income Tax	-0.7	-1.1	-1.2	-1.0	-1.6	-2.2
EPS 0.07 0.18 0.32 0.18 0.15 0.21 Financial Statement 12/20 12/32 13/33 13/34 14/34 13/33 13/34 14/34 13/33 13/34 14/34 13/34 13/34 14/34	Tax rate (%)	33.1	20.4	13.4	27.9	27.9	27.9
EPS 0.07 0.18 0.32 0.18 0.15 0.11 Financial Statement 12/20 12/11 12/22 12/23 12/24 12/25 Coodvill 57 5.6 6.3 6.2 6.2 Tangble and intagible assets 8.8 131 155 19.4 23.7 Financial assets 1.8 0.41 0.3 0.68 0.88 0.88 Working capital 10.0 12.5 19.8 26.9 26.2 25.1 Shareholders equity group 8.2 9.9 36.5 48.5 57.6 62.7 63.7 Shareholders equity group 8.2 9.9 36.5 48.5 51.6 15.7 Shareholders equity group 8.2 1.0 4.0 0.0 0.0 0.0 Uher isabilities 1.0 1.2 1.3 1.5 1.5 1.5 Net debt 2.12 3.5 7.6 6.7.7 6.6.7 6.37 Deter isabilities<	Net profit, group share	1.4	4.2	7.5	4.7	4.0	5.8
Goodwill 57 57 6.2 6.2 6.2 6.2 Tangible and Intangible assets 8.8 13.1 155 19.4 25.1 27.2 Right of Use 4.1 2.4 3.1 3.7 3.7 3.7 Financial assets 1.8 0.4 0.3 0.8 0.8 0.8 Working capital 10.0 12.5 19.8 26.9 26.2 25.1 Other Assets 0.2 0.7 0.6 0.6 0.6 6.6 Assets 30.7 3.47 45.6 57.6 62.7 63.7 Shareholders equity group 8.2 2.9 3.6.5 4.8.5 50.1 54.3 Nit debt 2.1.2 3.5 7.8 7.6 11.1 7.9 Other liabilities 3.0.7 3.4.7 45.6 57.6 62.7 63.7 Net debt 2.1.2 3.5 7.8 7.6 11.1 7.9 40 0.0 0.0		0.07	0.18	0.32		0.15	0.21
Goodwill 57 57 6.2 6.2 6.2 6.2 Tangible and Intangible assets 8.8 13.1 155 194 25.1 27.2 Right of Use 4.1 2.4 3.1 3.7 3.7 3.7 Financial assets 1.8 0.4 0.3 0.8 0.8 0.8 Working capital 10.0 12.5 1948 26.9 26.2 25.1 Other Assets 0.2 0.7 0.6 0.6 0.6 0.6 Assets 30.7 34.7 45.6 57.6 62.7 63.7 Shareholders equity group 8.2 12.2 13 1.5 1.5 1.5 Net debt 21.2 3.5 7.8 7.6 11.1 7.9 Other liabilities 30.7 34.4 45.6 57.6 62.7 63.7 Net debt 21.2 3.5 1.0 0.0 0.0 0.0 Labilities 30.7 3	Financial Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Tangible and intangible assets8.813.115.519.42.5.127.2Right of Use4.42.43.13.73.73.7Financial assets1.80.40.30.80.80.8Working capital1.802.51.882.695.656.626.51Other Assets3.073.474.565.766.276.37Shareholders equity group8.22.993.654.855.015.43Minorities0.30.000.000.000.000.00LT & ST provisions and others1.01.21.31.51.5Net debt2.123.57.87.656.276.37Other habilities0.00.00.00.00.00.0Labilities2.040.410.00.00.00.0Leverage4.00.40.70.81.04.6Cash flow statement12/212/21.0212/21.021.02Net capex7.15.37.455.056.276.57FCF1.315.31.453.000.00.00.0Net capex7.15.37.455.056.675.05FCF5.656.040.00.00.00.00.0Net capex7.15.37.455.045.056.76FCF5.646.056.046.040.00.0<	Goodwill	5.7	5.7	6.2	6.2	6.2	6.2
Right of Use4.12.43.13.73.73.7Financial assets1.80.40.30.80.80.8Working capital10.012.519.826.926.225.1Other Assets30.734.745.657.662.763.7Sharcholders equity group8.229.936.548.550.154.3Minorities0.30.00.00.00.00.0I.7 & ST provisions and others1.11.21.31.51.5Net debt21.23.57.87.611.17.9Other Habilities0.00.10.00.00.00.0I.8 ST provisions and others1.01.445.657.662.763.7Net debt cc.1 FRS 1617.01.11.00.00.00.00.0Leverage4.00.40.70.81.00.6CF after elimination of net borrowing costs and taxes4.07.112/2.212/2.912/2.412/2.4CF after elimination of net borrowing costs and taxes4.06.00.00.00.00.0Net capex1.15.34.53.21.19.212.012.0Net capex1.21.212/2.412/2.412.012.012.0Net capex1.15.34.53.21.19.212.0Net capex1.21.21.21.49.6<	Tangible and intangible assets			15.5	19.4	25.1	27.2
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Other Assets 0.2 0.7 0.6 0.6 0.6 Assets 30.7 34.7 45.6 57.6 62.7 63.7 Shareholders equity group 8.4 20.9 36.5 48.5 50.1 54.3 Minorities 0.3 0.0 0.0 0.0 0.0 0.0 LT & ST provisions and others 1.0 1.2 1.3 1.5 1.5 Net debt 21.2 3.5 7.8 7.6 1.11 7.9 Other liabilities 0.0 0.1 0.0 0.0 0.0 0.0 Labilities 30.7 34.7 45.6 5.7.6 62.7 63.7 Net debt excl. IFRS 16 17.0 1.0 4.5 3.7 7.3 4.0 Gearing net 2.5 0.1 0.2 0.2 0.2 0.1 Leverage 4.0 6.7 1.1.1 8.1 8.5 10.9 Operating cash flow 2.4 4.5 3.2	Working capital	10.0			26.9	26.2	25.1
Assets 30.7 34.7 45.6 57.6 62.7 63.7 Shareholders equity group 8.4 29.9 36.5 48.5 50.1 54.3 Minorities 0.3 0.0 0.0 0.0 0.0 0.0 LT & ST provisions and others 1.0 1.2 1.3 1.5 1.5 Net debt 21.2 3.5 7.8 7.6 1.1.1 7.9 Other liabilities 30.7 34.7 45.6 57.6 62.7 63.7 Net debt 2.12 30.7 34.7 45.6 57.6 62.7 63.7 Other liabilities 30.7 34.7 45.6 57.6 62.7 63.7 Net debt excl. IFRS 16 17.0 1.0 4.5 3.7 7.3 4.0 Gearing net 2.5 0.1 0.2 0.2 0.2 0.1 Leverage 4.0 6.7 1.1.1 8.1 8.5 1.9.9 AWCR 1.7		0.2				0.6	
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Minorities 0.3 0.0 0.0 0.0 0.0 LT & ST provisions and others 1.0 1.2 1.3 1.5 1.5 Net debt 2.1.2 3.5 7.8 7.6 1.1.1 7.9 Other liabilities 0.0 0.0 0.0 0.0 0.0 0.0 Liabilities 30.7 34.7 45.6 57.6 62.7 63.7 Net debt excl. IFRS 16 17.0 1.0 4.5 3.7 7.3 4.0 Gearing net 2.5 0.1 0.2 0.2 0.2 0.1 Leverage 4.0 0.4 0.7 0.8 1.0 0.66 CF after elimination of net borrowing costs and taxes 4.0 6.7 1.1 8.1 8.5 1.09 AWCR -1.7 7.2.2 8.0 7.0 0.6 1.1 Operating cash flow 2.4 4.5 3.2 1.1 9.2 1.20 Net capex -1.1 5.3							
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ROE (%) 17.5% 13.9% 20.7% 9.7% 8.1% 10.7%	Change in net cash over the year	3.3	13.5	-8.1	-3.1	-3.6	3.2
	ROA (%)	3.3%	6.4%	10.7%	6.0%	5.0%	6.7%
ROCE (%) 7.0% 12.8% 16.8% 9.1% 7.3% 9.9%	ROE (%)	17.5%	13.9%	20.7%	9.7%	8.1%	10.7%
	ROCE (%)	7.0%	12.8%	16.8%	9.1%	7.3%	9.9%



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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





Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment
		banking services**
Buy	81%	66%
Hold	16%	58%
Sell	1%	o%
Under review	2%	100%

Midcap employs a rating system based on the following:

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