



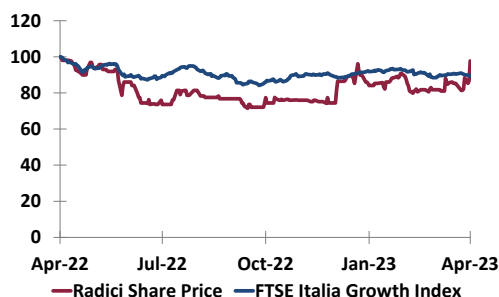
On track with the guidelines, green turn coming soon

OUTPERFORM

Current Share Price (€): 1.26

Target Price (€): 1.71

Radici - 1Y Performance



Source: S&P Capital IQ - Note: 19/04/2022=100

Company data

ISIN number	IT0005379737
Bloomberg code	RAD:IM
Reuters code	RADIC.MI
Industry	Manufacturing
Stock market	Euronext Growth Milan
Share Price (€)	1.26
Date of Price	19/04/2023
Shares Outstanding (m)	8.8
Market Cap (€m)	11.1
Market Float (%)	24.9%
Daily Volume	36,000
Avg Daily Volume YTD	3,658
Target Price (€)	1.71
Upside (%)	35%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
Radici - Absolute (%)	19%	16%	31%	-2%
FTSE Italia Growth (%)	1%	-3%	3%	-11%
1Y Range H/L (€)			1.29	0.92
YTD Change (€) / %			0.12	10%

Source: S&P Capital IQ

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Trading update

Over last 12 months, Radici share price trend has been aligned to market dynamics, ending with -2% LTM vs -11% of FTSE Italia Growth index.

FY22: sales over +20%, successful dealing with higher raw materials and energy prices protecting profitability

Despite the high uncertainty of 2022 economic landscape, Radici sales reached €53.5m, aligned to the sales target set by management (€54m), +21% YoY, according to management for both selling prices adjustments, following higher production costs, and increased sales volumes. Geographical sales breakdown is overall unchanged. By industry, Residential&Contract and Sports recovered pre-pandemic level, while Marine is lagging behind. Cost increase did not affect profitability: EBITDA was €3.7m, 6.9% margin on sales, from €2.1m in FY21 (4.7% margin) EBIT was €0.9m and net income €0.2m. Operating cash flow before capex was €3.5m. TWC increased due to higher inventory to cope with higher demand. Net financial debt slightly improved at €16.5m, from €17.5m as of year-end 2021.

Sustainability: a key pillar of growth strategy

Radici future development will be geared by eco-design, environmental sustainability and innovation. The corporate strategy aims at capturing market shares in the Residential&Contract, Marine and Automotive market segments with new low environmental impact products, made from recycled and regenerated raw materials, and eco-friendly products, to be part of circular economy. Furthermore, in the first month of 2023 a 2.4MWp photovoltaic plant has been connected to the grid, providing at least 40% of the Italian facility energy needs.

Estimates confirmed with fine tuning

Radici performance in FY22 was in line with our expectations and overall matching budget targets, despite a global economic framework of high uncertainty and volatility. Thus, we keep unchanged our sales estimates, factoring in material and services costs increase and fine-tuning Trade Working Capital dynamics.

Target Price of €1.71 per share and OUTPERFORM rating confirmed

The financial performance in FY22 confirms Radici continuity of fundamentals, also showing adaptability to adversity. Sales recovery and margin improvement progress as planned. Sustainability path is the right direction to growth in the next years. We thus confirm the €1.71 target price and the OUTPERFORM rating on the stock.

KEY FINANCIALS AND ESTIMATES

€m	2019	2020	2021	2022	2023E	2024E	2025E
Sales	66.1	43.0	44.2	53.5	59.3	64.7	70.7
Total Revenues	71.1	43.6	45.7	58.0	63.0	67.9	72.5
EBITDA	4.8	0.4	2.1	3.7	4.5	5.1	5.6
Margin on Sales	7%	1%	5%	7%	8%	8%	8%
EBIT	3.6	0.1	(0.1)	0.9	1.8	2.5	2.8
Net Income (Loss)	5.1	(0.9)	(0.9)	0.2	0.8	1.3	1.7
Net (Debt) Cash	(22.2)	(20.0)	(17.5)	(16.5)	(15.1)	(13.8)	(11.2)
Equity	33.8	32.5	31.8	32.5	33.3	34.6	36.3

Source: Company data 2019-22A, EnVent Research 2023-25E

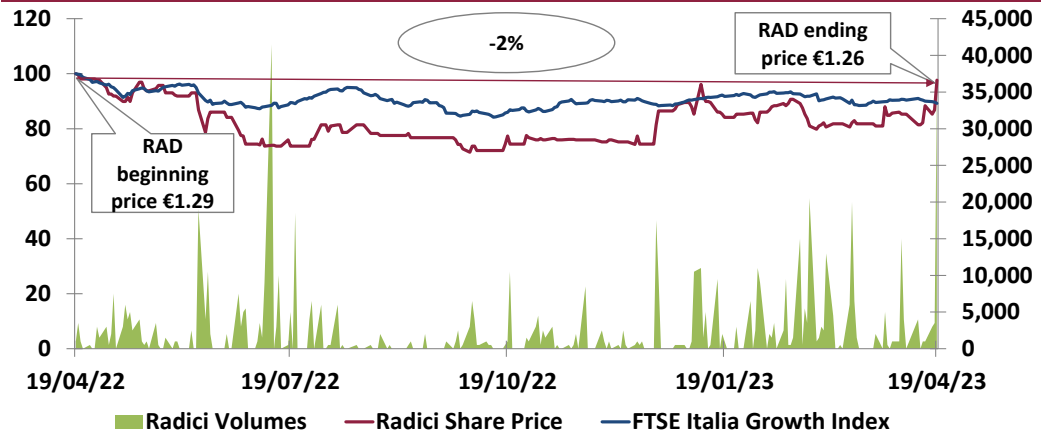
Note: EBITDA 2019 adjusted for €2m one-off item from the deconsolidation of a subsidiary.

Market update

Trading price range €0.92-1.29 per share

-2% for Radici, vs -11% of the Italia Growth Index

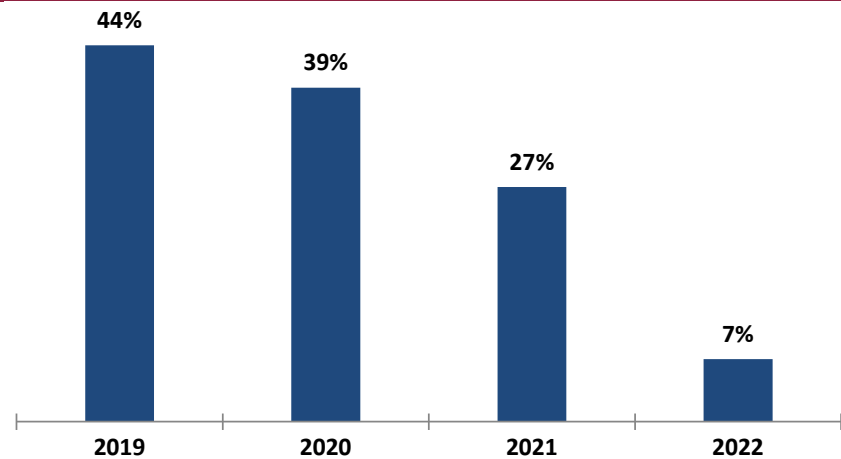
Radici - 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ - Note: 19/04/2022=100

Trading volumes decreasing from pandemic

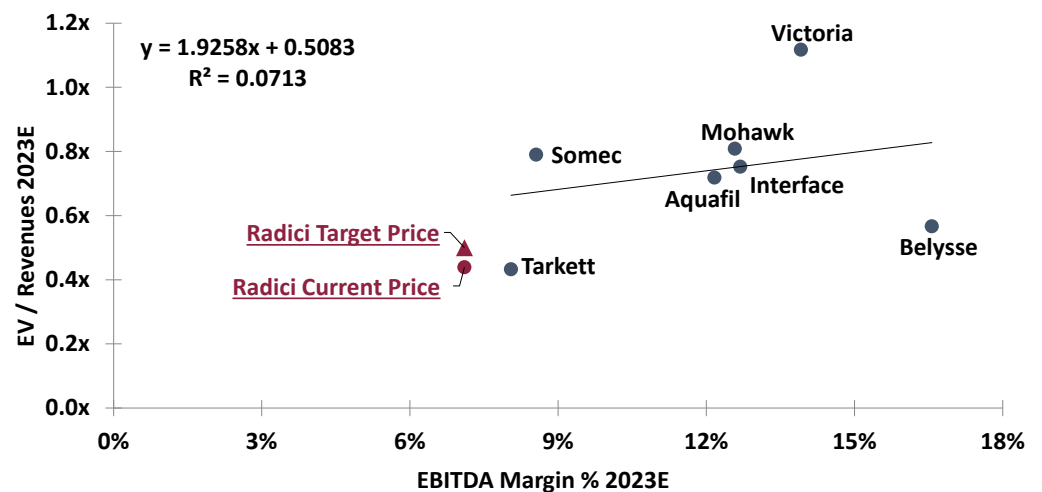
Radici - Liquidity analysis and velocity turnover



Source: EnVent Research on S&P Capital IQ - Velocity turnover=ratio of tot. traded shares to tot. ordinary shares

Poor correlation among industry players, given the differences in business model, size, profitability

Textile floor coverings producers - Regression analysis and Radici target positioning



Source: EnVent Research on S&P Capital IQ, April 2023

Investment case

Made in Italy since 1950

High-end market segment

Wide geographical coverage

Strategy

Radici Pietro Industries & Brands, listed on Euronext Growth Milan, is an Italian group established in the textile district of Seriana Valley (Lombardy), with over 70 years' history in the production of textile coverings for application in the Residential & Contract, Marine, Sports and Automotive industries. Main products are:

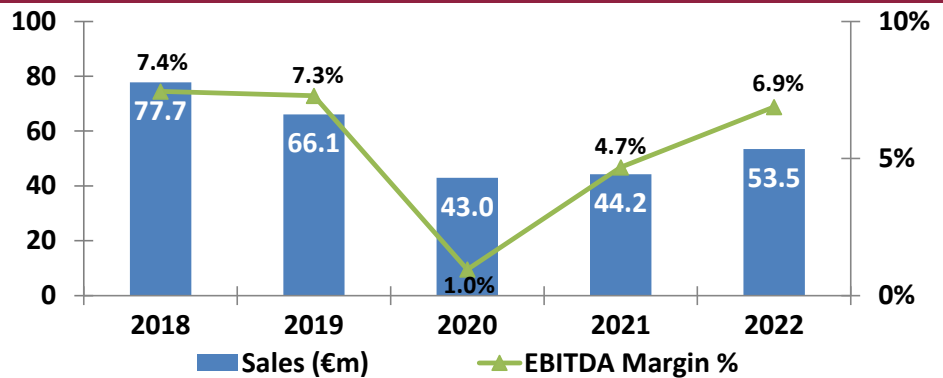
- carpet tufting
- carpet weaving
- artificial turf
- non-woven
- complementary products

Radici reaches over 2,000 customers in 90 countries. The two production sites are in Italy and Hungary, supported by sales and storage branches in the USA, France, Poland and Czech Republic, as well as through a network of distributors covering also other markets. Activities cover key production stages, from raw materials procurement and processing to product testing and distribution.

Main pillars:

- Expansion of the sales network of local agents and partners in countries with growth prospects and through marketing investments to involve architecture and design firms
- B2C e-commerce channel dedicated to the last generation textile flooring and high-end artificial turf
- Sustainability is cornerstone in product innovation
- M&A is taken into consideration to both geographical penetration and to organic growth, integrating production chain

Historical Revenues and EBITDA



Source: Company data

Note: Consolidated figures; EBITDA 2019 adjusted for €2m one-off item from the deconsolidation of a subsidiary.

Drivers

Industry drivers

Quality power. High-quality brands compete more on design and desirability than on price, are more resilient than others and perform better than the overall economy and the mass-market products companies.

Rising expense on quality lifestyle. The unceasing trend of growth of wealthy individuals and global travelers, regardless of economic downturn, displays effects on the international awareness for top quality lifestyle goods. HNWI's are involved in luxury expenses in areas like travel, dining, and hotels. Furthermore, many HNWI's are engaged in sports activities, both as a leisure and as practitioners, fostering investments in sporting facilities.

Fashion and luxury spaces renovation. Luxury boutiques and hotels constantly need to renovate their interior, as high traffic surfaces subject to physical wear and tear, and to keep the pace with customers' taste evolution. Luxury is an experience which begins with aesthetic appealing locations and consumers are more interested than before on brands styling and interior details. As customers' tastes are continuously evolving, luxury brands have to frequently update their locations to provide a satisfactory experience.

Artificial turf growing popularity. Artificial turf market is driven by the increasing demand for durable, easy to maintain and replace flooring for outdoor and by the growing sustainability trend. Artificial turfs are increasingly used in hotels, restaurants, and airports for various applications such as decorating balconies, swimming pools, and rooftops. With ongoing expansion in hospitality, artificial turf market is going to see a steady growth.

Innovation and sustainability in renovation activities. Luxury firms and boutiques ask architects and designers for innovative renovation solutions and environmentally sustainable products, fueling the textile industry growth. Industry increasing and continuous R&D investments led to the introduction of flooring and textile materials with enhanced durability and strength, more customized options and application-specific flooring options: anti-allergenic, heat resistant and sound-proof. ESG issues trend is pushing a growing number of companies to engage in R&D activities to introduce sustainable flooring products, supported by government initiatives.

Cruise market rebound. After Covid19 trauma, cruising has returned. Cruise industry insiders view a transition period, then the cruise market should be back to full capacity. Many companies expect to have their full fleets soon online, recycling several older ships and commissioning more efficient and exciting newbuilds.

Company drivers

Superior quality, wide and diversified product portfolio. Radici is positioned among the few quality players in four demanding sectors, providing customers with a wide offer, distinctive quality products and proven services, working with high-end market partners who have the right reputation and relationships in the local markets or industry segments.

Made in Italy textile tradition blended with innovation. Style and design are distinctive factors compared to competition. Radici combines history, Italian quality and style, advanced textile technologies and design.

State-of-the-art manufacturing, flexibility and plenty of capacity. Radici manufacturing facilities are set up to work out a vast range of small, medium and large quantities of products, highly customized to customer's needs, reaching niche markets where competitors are unable to provide integrated solutions.

International presence. Radici has global presence: two production plants in Italy and Hungary, and three sales and storage subsidiaries in the US, Poland and Czech Republic. The proximity of local customers is a key trait of the industry. This means optimizing the supply chain and developing solutions in partnership with customers. The Group is present in more than 90 countries, through sales agents and distribution network.

Sustainability. Sustainability and social responsibility, both in terms of human capital (local community involvement and short supply chain, employee benefits) and environment (use of sustainable materials and product development with low impact, reduction in the use of chemicals, waste, energy and water) are at the core of Radici operations. The Group has a 2.4MWp photovoltaic plant in the Italian facility that covers 40% of its energy needs.

Challenges

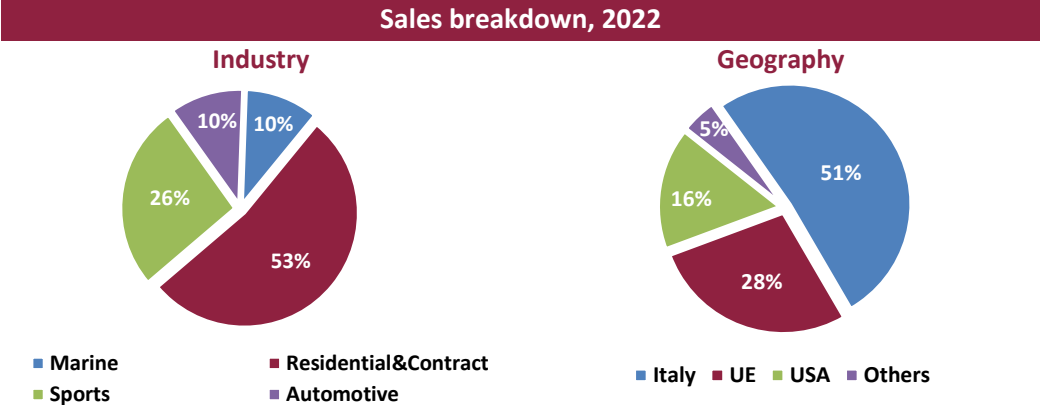
High rivalry in the flooring industry. The flooring industry is highly competitive, with numerous companies offering a variety of products for residential, commercial, and industrial segments, focused on extending their geographical presence through M&A and expanding their product portfolios with investments and partnerships.

Key role of local experts in suppliers' selection. Purchase decision on expensive high-end floorings is heavily conditioned by local factors, such as reputation and competence of local designers or distributors and installation experts.. While market trends are the drivers, Radici task is to expand its network of top-of-the-range local partners as enablers to target its deserved global reach.

Macroeconomic conditions. Currently, inflation is an issue spreading in many countries, carrying a weaker macroeconomic framework and recession threats that

could induce customers to postpone certain expenses. Inflation also means higher raw material prices and, together with the current volatility in energy prices, could question profitability.

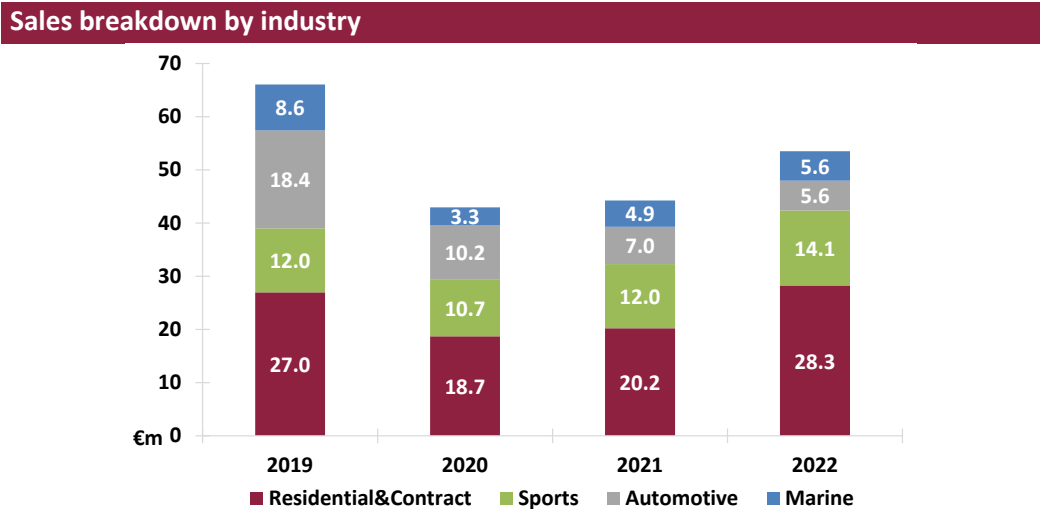
Profitability improvement. Textile flooring sales rely on distributors to reach customers globally, which affects profitability, too. Reducing brokered sales, switching to direct channels sales such as e-commerce or approaching architects and designers, is essential to reset competition from price to quality.



Source: Company data - Note: Consolidated sales

Business update

By industry, sales growth in FY22 was led by Residential&Contract, +40% YoY and over 50% of sales, followed by Sports, +17% YoY, accounting for almost 30% of sales, and by Marine (+12%) and Automotive (-20%), whose share was 10% each. Residential&Contract, Marine and Sports sales were in line with management expectations, while Automotive didn't match the target.



Source: Company data - Note: Consolidated sales

Industry outlook

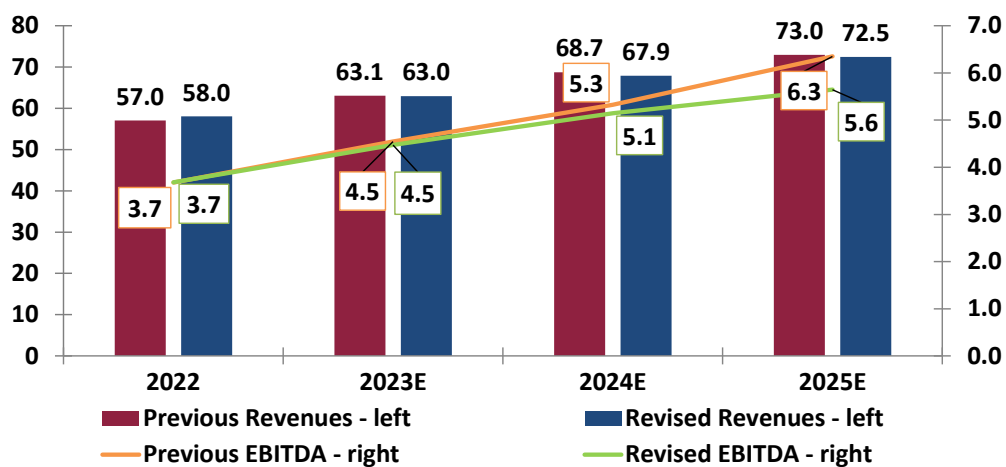
- **Residential&Contract.** According to a survey conduct by house renovation and interior design platform Houzz, US firms are quite optimistic for 2023: residential renovation demand is expected to increase, even if with a slower revenue growth YoY (Source: Houzz, *2023 Houzz state of the industry*, 2023). The specialized website Hospitality Net sees 2023 as the year of renovation and capital expenditure for hotels owners, after fully recovering pre pandemic profitability last year, to fulfil customers' expectations (Source: Hospitality Net, *Hotel owners turn their attention to renovations*, 2022). 2022 also recorded a returning to in-person luxury shopping, as reported by consulting firm Bain & Company: in the omnichannel approach pursued by luxury firms and groups, e-commerce is complemented with monobrand luxury stores and outlets, thus luxury point of sale renovation demand could carry on (Source: Bain & Company, *Luxury Goods Worldwide Market*, 2023).
- **Marine.** According to data provided by industry report firm Cruise Industry News, delays in cruise ships production are expected, with orders rescheduling in the next years (Source: Cruise Industry News, *Global cruise ship orderbook - April 2023*, 2023). Otherwise, travellers desire for exclusivity is calling for a change in the industry: besides mass market ships, shipowners may focus on smaller size ships and luxury yachts able to sail remotest areas to offer wealthy customers more comforts, space, privacy and top-notch experiences (Ship Technology, *Cruising into the new year: top trends to look forward to in 2023*, 2023).

Estimates revision

Radici performance in FY22 were overall in line with our previous estimates. We have slightly revised our 2023-2025E estimates, fine-tuning operating costs and trade working capital dynamics.

Change in estimates

Previous vs Revised Revenues and EBITDA estimates (€m)



Source: EnVent Research

€m	Revised				Previous				Change %			
	2022	2023E	2024E	2025E	2022E	2023E	2024E	2025E	2022	2023E	2024E	2025E
Sales	53.5	59.3	64.7	70.7	54.3	59.3	64.7	70.7	-1%	0%	0%	0%
Revenues	58.0	63.0	67.9	72.5	57.0	63.1	68.7	73.0	2%	0%	-1%	-1%
EBITDA	3.7	4.5	5.1	5.6	3.7	4.5	5.3	6.3	0%	-2%	-3%	-11%
<i>Margin</i>	6%	7%	8%	8%	6%	7%	8%	9%				
EBIT	0.9	1.8	2.5	2.8	0.7	1.4	2.1	3.0	42%	35%	17%	-6%
<i>Margin</i>	2%	3%	4%	4%	1%	2%	3%	4%				
Net Income (Loss)	0.2	0.8	1.3	1.7	(0.2)	0.4	0.9	1.6	-210%	129%	45%	2%
Net (Debt) Cash	16.5	15.1	13.8	11.2	16.4	15.8	15.0	12.2				
<i>Net Debt / EBITDA</i>	-4.5x	-3.4x	-2.7x	-2.0x	-4.5x	-3.5x	-2.8x	-1.9x				

Source: EnVent Research

Financial projections

Consolidated Profit and Loss

€m	2019	2020	2021	2022	2023E	2024E	2025E
Sales	66.1	43.0	44.2	53.5	59.3	64.7	70.7
Change in inventory	1.0	(0.6)	(0.2)	2.7	1.7	1.3	0.4
Capitalization of intangible assets	0.5	0.1	0.0	0.0	0.0	0.0	0.0
Other income	3.5	1.2	1.7	1.8	2.0	1.9	1.4
Total Revenues	71.1	43.6	45.7	58.0	63.0	67.9	72.5
YoY %	-	-38.6%	4.7%	27.0%	8.5%	7.9%	6.7%
Materials	(33.6)	(21.7)	(22.9)	(29.7)	(32.3)	(35.0)	(37.5)
Services	(17.6)	(12.1)	(11.5)	(15.3)	(16.2)	(17.5)	(18.5)
Personnel	(11.7)	(7.8)	(8.0)	(8.5)	(9.0)	(9.5)	(10.0)
Other operating costs	(1.4)	(1.6)	(1.2)	(0.8)	(1.1)	(0.8)	(0.8)
Operating charges	(64.3)	(43.2)	(43.6)	(54.4)	(58.5)	(62.8)	(66.8)
EBITDA	6.8	0.4	2.1	3.7	4.5	5.1	5.6
Margin on Sales	10.3%	1.0%	4.7%	6.9%	7.5%	8.0%	8.0%
Margin on Total Revenues	9.6%	0.9%	4.5%	6.3%	7.1%	7.6%	7.8%
D&A	(3.2)	(0.4)	(2.2)	(2.7)	(2.7)	(2.7)	(2.8)
EBIT	3.6	0.1	(0.1)	0.9	1.8	2.5	2.8
Margin	5.1%	0.1%	-0.2%	1.6%	2.9%	3.6%	3.9%
Interest	(1.4)	(0.9)	(0.9)	(0.7)	(0.6)	(0.6)	(0.5)
EBT	5.2	(0.7)	(0.7)	0.3	1.2	1.9	2.3
Margin	7.4%	-1.6%	-1.6%	0.5%	1.9%	2.8%	3.2%
Income taxes	(0.2)	(0.2)	(0.1)	(0.1)	(0.4)	(0.6)	(0.7)
Net Income (Loss)	5.1	(0.9)	(0.9)	0.2	0.8	1.3	1.7
Margin	7.1%	-2.1%	-1.9%	0.3%	1.3%	2.0%	2.3%

Source: Company data 2019-22A, EnVent Research 2023-25E

Note: 2019 EBITDA Adjusted for one-off item would be €4.8m with 7.3% margin on sales

Consolidated Balance Sheet

€m	2019	2020	2021	2022	2023E	2024E	2025E
Inventory	22.7	21.7	19.7	21.9	23.6	24.8	25.2
Trade receivables	13.7	9.3	9.7	11.7	12.9	14.1	15.4
Trade payables	(13.7)	(11.2)	(9.9)	(11.9)	(14.1)	(15.1)	(16.1)
Trade Working Capital	22.8	19.8	19.5	21.7	22.4	23.8	24.4
Other assets (liabilities)	4.8	2.5	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital	27.6	22.3	19.3	21.5	22.2	23.6	24.2
Intangible assets	1.4	2.0	1.9	1.6	1.4	1.0	0.6
Property, plant and equipment	32.8	34.1	33.9	32.5	31.6	30.6	29.6
Non-current assets	35.3	37.2	36.8	34.1	33.0	31.7	30.2
Provisions	(6.8)	(7.1)	(6.8)	(6.6)	(6.7)	(6.8)	(6.9)
Net Invested Capital	56.0	52.4	49.4	49.0	48.4	48.4	47.6
Net Debt (Cash)	22.2	20.0	17.5	16.5	15.1	13.8	11.2
Equity	33.8	32.5	31.8	32.5	33.3	34.6	36.3
Sources	56.0	52.4	49.4	49.0	48.4	48.4	47.6

Source: Company data 2019-22A, EnVent Research 2023-25E

Consolidated Cash Flow

€m	2020	2021	2022	2023E	2024E	2025E
EBIT	0.1	(0.1)	0.9	1.8	2.5	2.8
Current taxes	(0.2)	(0.1)	(0.1)	(0.4)	(0.6)	(0.7)
D&A	0.4	2.2	2.7	2.7	2.7	2.8
Provisions	0.3	(0.3)	(0.1)	0.1	0.1	0.1
Cash flow from P&L operations	0.5	1.6	3.5	4.2	4.7	5.0
Trade Working Capital	3.0	0.4	(2.2)	(0.7)	(1.4)	(0.6)
Other assets and liabilities	2.3	2.6	0.0	0.0	0.0	0.0
Capex	(2.3)	(1.8)	(1.0)	(1.5)	(1.4)	(1.4)
Operating cash flow after WC and capex	3.4	2.8	0.3	2.0	1.9	3.0
Interest	(0.9)	(0.9)	(0.7)	(0.6)	(0.6)	(0.5)
Equity adjustments	0.0	0.2	0.5	0.0	0.0	0.0
Net cash flow	2.3	2.4	1.0	1.4	1.4	2.5
Net Debt (Beginning)	(22.2)	(20.0)	(17.5)	(16.5)	(15.1)	(13.8)
Net Debt (End)	(20.0)	(17.5)	(16.5)	(15.1)	(13.8)	(11.2)
Change in Net Debt (Cash)	2.3	2.4	1.0	1.4	1.4	2.5

Source: Company data 2020-22A, EnVent Research 2023-25E

Ratio analysis

KPIs	2019	2020	2021	2022	2023E	2024E	2025E
ROE	15%	-3%	-3%	1%	2%	4%	5%
ROS (EBIT/Sales)	5%	0%	0%	2%	3%	4%	4%
ROIC (NOPAT/Invested Capital)	5%	0%	0%	1%	3%	4%	4%
DOI	125	185	162	149	145	140	130
DSO	62	65	65	66	65	65	65
DPO	78	95	83	78	85	85	85
TWC/Sales	34%	46%	44%	40%	38%	37%	35%
Net Debt /EBITDA	3.3x	48.7x	8.5x	4.5x	3.4x	2.7x	2.0x
Net Debt/Equity	0.7x	0.6x	0.6x	0.5x	0.5x	0.4x	0.3x
Net Debt/(Net Debt+Equity)	0.4x	0.4x	0.4x	0.3x	0.3x	0.3x	0.2x
Cash flow from P&L operations/EBITDA	0%	121%	78%	94%	94%	91%	89%
FCF/EBITDA	0%	833%	134%	8%	45%	37%	53%
Per-capita sales (€k)	274	181	200	242	268	293	320
Basic EPS (€)	0.59	-0.10	-0.10	0.02	0.09	0.15	0.19

Source: Company data 2019-22A, EnVent Research 2023-25E

Valuation

The valuation of Radici has been performed through the Discounted Cash Flows method applied to our 2023-25E financial projections and by multiples.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.7% (Italian 10-year government bonds interest rate – last 30 days average. Source: Bloomberg, April 2023)
- Market return: 12.4% (last 30 days average. Source: Bloomberg, April 2023)
- Market risk premium: 11.5%
- Beta: 1 (judgmental on the back of peer market data)
- Cost of equity: 12.4%
- Cost of debt: 4.0%
- Tax rate: 24% (IRES)

- 35% debt/(debt + equity) as target capital structure
- WACC 9.1%
- Perpetual growth rate after explicit projections (G): 3.0%
- Terminal Value assumes a normalized sustainable EBITDA margin of 8%

DCF Valuation								
€m	2019	2020	2021	2022	2023E	2024E	2025E	Perpetuity
Revenues	71.1	43.6	45.7	58.0	63.0	67.9	72.5	74.6
EBITDA	6.8	0.4	2.1	3.7	4.5	5.1	5.6	6.0
<i>Margin</i>	9.6%	0.9%	4.5%	6.3%	7.1%	7.6%	7.8%	8.0%
EBIT	3.6	0.1	(0.1)	0.9	1.8	2.5	2.8	4.8
<i>Margin</i>	5.1%	0.1%	-0.2%	1.6%	2.9%	3.6%	3.9%	6.4%
Taxes	(1.0)	(0.0)	0.0	(0.3)	(0.5)	(0.7)	(0.8)	(1.3)
NOPAT	2.6	0.0	(0.1)	0.7	1.3	1.8	2.0	3.4
D&A	3.2	0.4	2.2	2.7	2.7	2.7	2.8	1.2
Provisions	0.0	0.3	(0.3)	(0.1)	0.1	0.1	0.1	0.0
Cash flow from operations	5.8	0.7	1.8	3.3	4.0	4.5	4.9	4.6
Trade Working Capital	0.0	3.0	0.4	(2.2)	(0.7)	(1.4)	(0.6)	(1.4)
Other assets and liabilities	0.0	2.3	2.6	0.0	0.0	0.0	0.0	0.0
Capex	0.0	(2.3)	(1.8)	(1.0)	(1.5)	(1.4)	(1.4)	(1.2)
Yearly unlevered free cash flow	5.8	3.6	2.9	0.1	1.9	1.8	2.9	2.1
Free Cash Flow to be discounted					1.9	1.8	2.9	2.1
WACC					9.1%			
Long-term growth (G)					3.0%			
Discounted Cash Flows					1.7	1.5	2.2	
Sum of Discounted Cash Flows					5.4			
Terminal Value								33.9
Discounted TV					26.1			
Enterprise Value					31.5			
Net Debt as of 31/12/22					(16.5)			
Equity Value					15.0			
DCF - Implied multiples		2021	2022	2023E	2024E	2025E		
EV/Revenues		0.7x	0.5x	0.5x	0.5x	0.4x		
EV/EBITDA		15.2x	8.6x	7.1x	6.1x	5.6x		
EV/EBIT		neg	33.6x	17.3x	12.8x	11.2x		
P/E		neg	neg	18.1x	11.2x	9.0x		
Discount of current market price vs DCF	-12%							
Current market price - Implied multiples		2021	2022	2023E	2024E	2025E		
EV/Revenues		0.6x	0.5x	0.4x	0.4x	0.4x		
EV/EBITDA		13.3x	7.5x	6.2x	5.4x	4.9x		
EV/EBIT		neg	29.4x	15.2x	11.2x	9.8x		
P/E		neg	neg	13.4x	8.2x	6.6x		

Source: EnVent Research

Market multiples

Company	EV/Revenues			EV/EBITDA			EV/EBIT			P/E		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Aquafil	0.7x	0.7x	0.7x	5.7x	5.9x	5.3x	12.5x	13.9x	11.6x	8.6x	13.5x	9.7x
Somec	0.9x	0.8x	0.7x	12.8x	9.1x	7.5x	44.5x	17.8x	12.5x	48.1x	18.7x	13.1x
Belysse	0.6x	0.6x	0.5x	3.7x	3.4x	3.2x	5.9x	5.3x	4.9x	na	na	na
Interface	0.7x	0.8x	0.7x	5.5x	5.9x	5.1x	7.1x	7.6x	5.4x	5.9x	6.8x	4.4x
Mohawk	0.7x	0.8x	0.8x	5.2x	6.4x	5.7x	8.0x	11.1x	9.1x	7.4x	11.0x	9.0x
Tarkett	0.4x	0.4x	0.4x	5.9x	5.4x	4.5x	14.4x	13.2x	9.0x	18.9x	14.9x	8.3x
Victoria	1.6x	1.1x	1.1x	9.9x	8.0x	7.5x	15.4x	13.8x	13.1x	11.9x	9.0x	8.2x
Mean	0.8x	0.7x	0.7x	7.0x	6.3x	5.5x	15.4x	11.8x	9.4x	16.8x	12.3x	8.8x
Mean w/out extremes	0.8x	0.7x	0.7x	6.5x	6.3x	5.6x	11.5x	11.9x	9.5x	11.7x	12.1x	8.8x
Median	0.7x	0.8x	0.7x	5.7x	5.9x	5.3x	12.5x	13.2x	9.1x	10.2x	12.2x	8.7x

Radici	0.5x	0.4x	0.4x	7.2x	5.9x	5.1x	28.1x	14.5x	10.8x	neg	11.9x	7.3x
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Source: EnVent Research on S&P Capital IQ, 18/04/2023

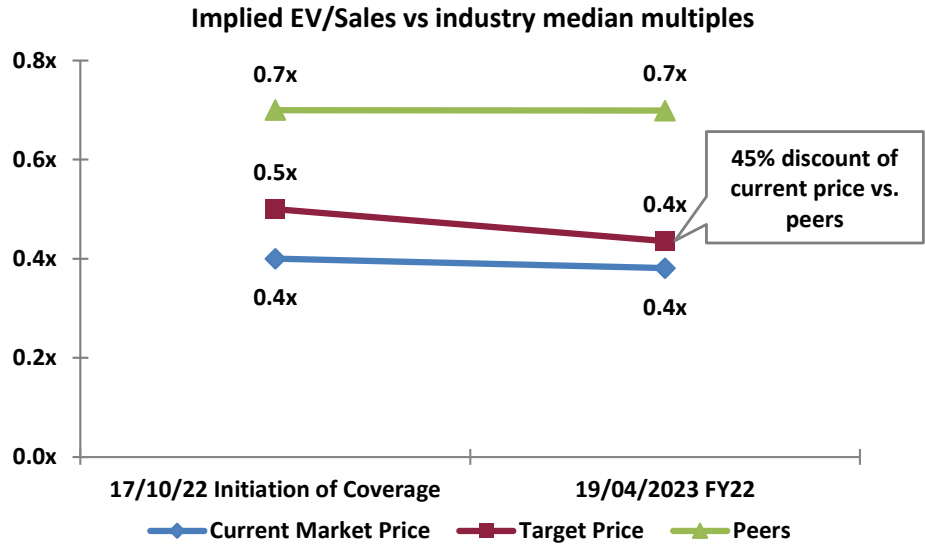
We have applied to our 2023-24 estimates the median EV/Revenues and EV/EBITDA from the peers group. In our view, in a framework of limited comparability of peers and market turmoil, valuation would be more reliable through the fundamentals on which is based the DCF.

Multiples application

€m					
Radici		Multiple	EV	Net Debt	Equity Value
2023E Sales	59.3	0.8x	44.6	(16.5)	28.1
2024E Sales	64.7	0.7x	45.6	(16.5)	29.0
Mean					28.6
2023E EBITDA	4.5	5.9x	26.5	(16.5)	10.0
2024E EBITDA	5.1	5.3x	27.1	(16.5)	10.6
Mean					10.3

Source: EnVent Research

Target Price

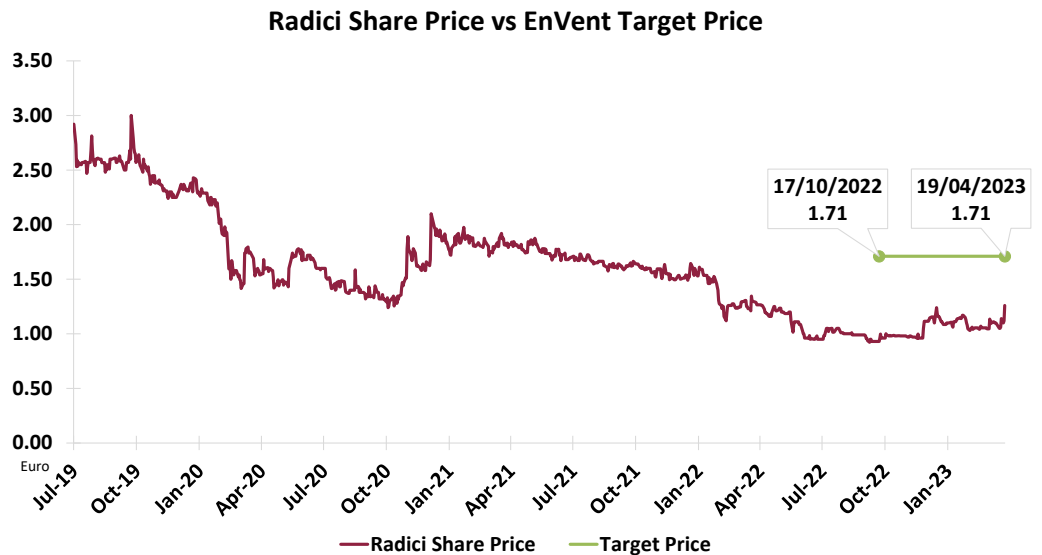


Our updated estimates and DCF-based valuation confirm the previous target price of €1.71 per share, implying a 35% upside on current stock price. We thus confirm the OUTPERFORM rating on the stock.

Please refer to important disclosures at the end of this report.

Radici Price per Share	€
Target Price	1.71
Current Share Price (19/04/2023)	1.26
Premium (Discount)	35%

Source: EnVent Research



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Rating system and rationale (12-month time horizon):

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Date and time of Production: 19/04/2023 h. 6.30pm

Date and time of Distribution: 19/04/2023 h. 7.20pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
17/10/2022	OUTPERFORM	1.71	0.93
19/04/2023	OUTPERFORM	1.71	1.26

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