



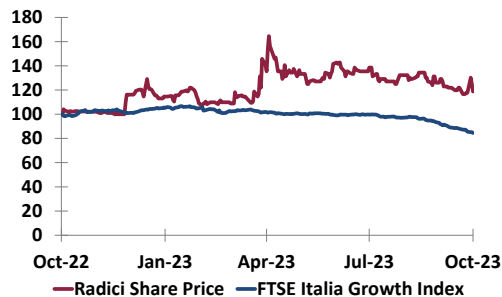
H1 solid performance in a demanding environment, building profitability and backlog

OUTPERFORM

Current Share Price (€): 1.14

Target Price (€): 1.71

Radici - 1Y Performance



Source: S&P Capital IQ - Note: 25/10/2022=100

Company data

ISIN number	IT0005379737
Bloomberg code	RAD:IM
Reuters code	RADIC.MI
Industry	Manufacturing
Stock market	Euronext Growth Milan
Share Price (€)	1.14
Date of Price	25/10/2023
Shares Outstanding (m)	8.8
Market Cap (€m)	10.0
Market Float (%)	24.9%
Daily Volume	15,000
Avg Daily Volume YTD	9,715
Target Price (€)	1.71
Upside (%)	50%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
Radici - Absolute (%)	-6%	-14%	-24%	19%
FTSE Italia Growth (%)	-9%	-15%	-17%	-15%
1Y Range H/L (€)			1.58	0.96
YTD Change (€) / %			-0.01	0%

Source: S&P Capital IQ

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Trading update: overperforming the market

Over last 12 months, Radici stocks have performed better than the market trend: from March 2023 Radici share price began an upward trend with a peak in April, to then settle between €1.15-€1.30. Overall, Radici gained 19% over LTM vs -15% of FTSE Italia Growth index.

H1 2023 sales in line, profitability improved YoY, boost on Marine sales

In the first half of 2023 Radici generated €27m sales, in line with H1 2022 and consistent with management sales budget in the region of €60m for FY23E. A noteworthy progress in Marine and Automotive sales, respectively up by 82% and 32% on H1 2022, has faced Residential&Contract and Sport segments at -11% and -30%. Sales recorded a 14% increase in USA and a 17% drop in Europe. Profitability improved, with EBITDA at €2.1m, +24% on H1 2022, 8% margin on sales from 6% in H1 2022. EBIT was €0.5m and period bottom line was again in the breakeven region at €(0.1)m, after higher interest rates on debt. TWC increased for higher inventory and trade receivables, in line with previous years seasonality, according to management. Net financial debt was €17.4m, from €16.5m as of year-end 2022.

Outlook: Diversification strategy works

Radici H1 performance testifies resilience to changing market scenarios and demand. Marine increase is driven by the cruise market rebound in both new ships and refitting after Covid-19, as well as Automotive has benefitted from car sales restart, while investments in Sport and Residential&Contract markets are being delayed by exogenous factors and are expected to recover financing in the short term. We concur with management that product diversification and market coverage are proving to be effective to adapt to market changes.

Estimates, Target Price of €1.71 per share and OUTPERFORM rating confirmed

Radici H1 2023 financial performance is in line with both our expectations and management sales and profitability guidelines for FY23E - €59.7m sales and €5m EBITDA, 8.3% on sales – based on a full backlog coverage. Thus, we keep unchanged our estimates and we confirm our last target price of €1.71, 50% upside potential on current share price, and OUTPERFORM rating on the stock.

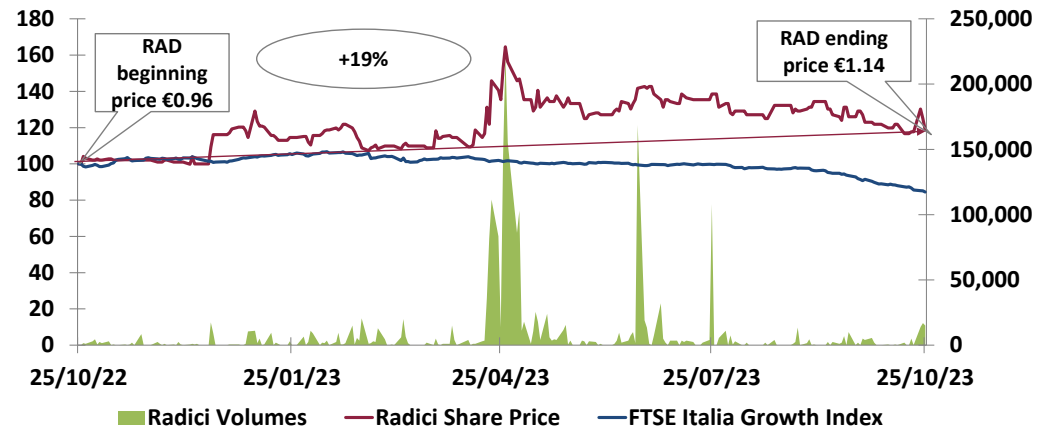
KEY FINANCIALS AND ESTIMATES

€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

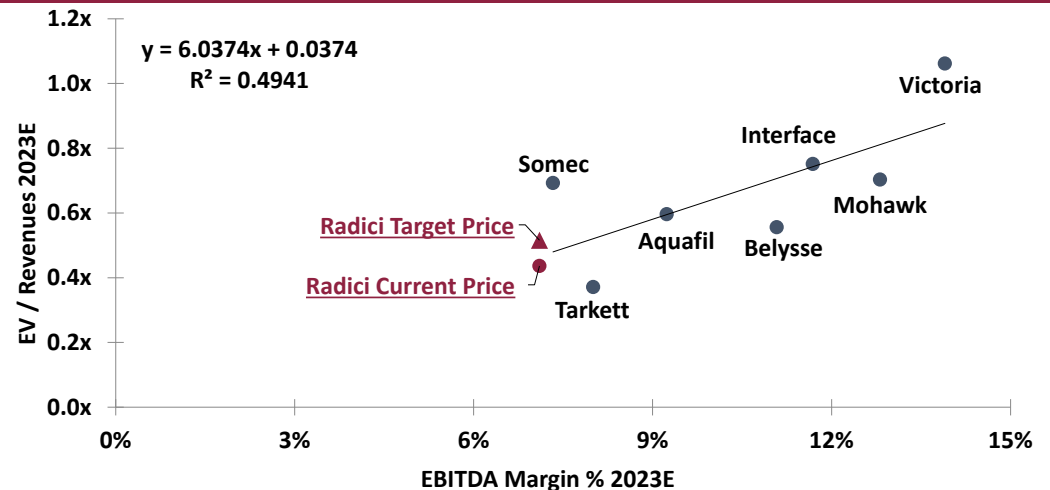
Market update

Radici - 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ - Note: 25/10/2022=100

Textile floor coverings producers - Regression analysis and Radici target positioning



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

Investment case

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

Made in Italy since 1950

High-end market segment

Wide geographical coverage

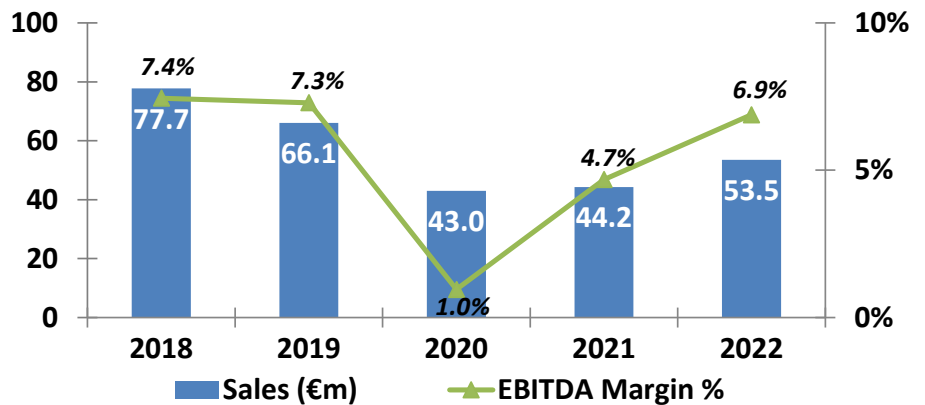
Radici reaches over 2,000 customers in 90 countries. The two production sites are in Italy and Hungary, supported by sales and storage branches in the USA, France, Poland and Czech Republic, as well as through a network of distributors in other markets. Activities cover key production stages, from raw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

Main pillars:

Strategy

- 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 organic growth, integrating production chain

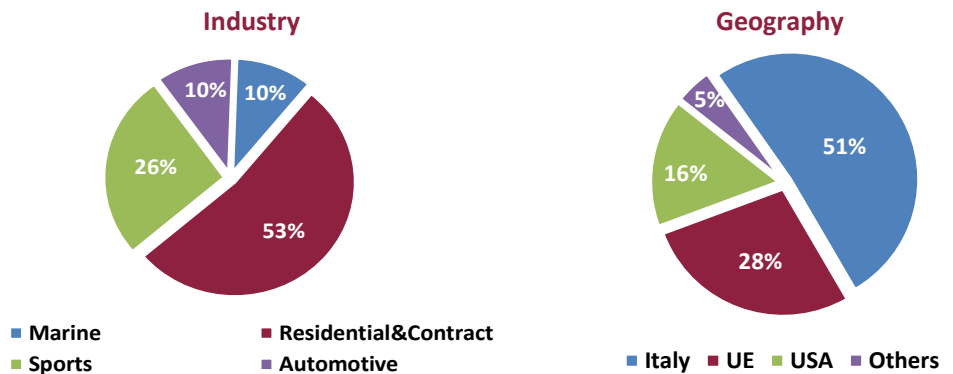
Historical Sales and EBITDA



Source: Company data

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

Sales breakdown, 2022



Source: Company data - Note: Consolidated sales

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 are involved in luxury expenses in areas like travel, dining, and hotels. Furthermore, many HNWI 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 quality players in four demanding sectors, providing customers with a wide offer, distinctive quality products and proven services, working with high-end partners who have reputation and relationships in 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. Local customers proximity is a key industry trait. This means optimizing the supply chain and developing solutions in partnership with customers. Radici is present in more than 90 countries, through sales agents and distribution network.

Sustainability. Sustainability and social responsibility, about 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. A 2.4MWp photovoltaic plant in the Italian facility covers 40% of 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.

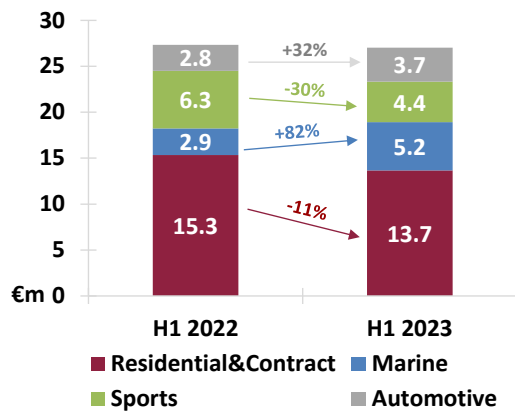
Macroeconomic conditions. Currently, in many countries inflation is carrying a weaker macroeconomic framework and recession threats that could induce customers to postpone certain expenses. Inflation also means higher raw material prices and, together with current energy prices volatility, could question 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.

Business update

By industry, Marine and Automotive drove sales growth in H1 2023, respectively up by 82% and 32% on H1 2022, while Residential&Contract (-11%) and Sports (-30%) slowed down. As a result, Residential&Contract still preserves its leading industry position, accounting for over 50% of sales, now followed by Marine (19%), which overtook Sport (16%), and Automotive (14%).

Sales breakdown by industry



Source: Company data - Note: Consolidated sales

H1 2023 results

Consolidated Profit and Loss

€m	H1 2022	H1 2023
Sales	27.3	27.0
Change in inventory	2.0	(0.1)
Other income	0.7	0.7
Total Revenues	30.0	27.6
YoY %	34.4%	-7.8%
Materials	(15.8)	(13.1)
Services	(7.8)	(7.6)
Personnel	(4.4)	(4.5)
Other operating costs	(0.3)	(0.3)
Operating charges	(28.2)	(25.5)
EBITDA	1.7	2.1
Margin on revenues	5.8%	7.7%
Margin on sales	6.3%	7.9%
D&A	(1.6)	(1.6)
EBIT	0.1	0.5
Margin	0.5%	1.8%
Interest	(0.3)	(0.6)
Exchange gain (loss)	0.0	(0.0)
EBT	(0.1)	(0.1)
Margin	-0.4%	-0.4%
Income taxes	0.0	0.0
Net Income (Loss)	(0.1)	(0.1)
Margin	-0.3%	-0.3%

Consolidated Cash Flow

€m	H1 2022	H1 2023
EBIT	0.1	0.5
Current taxes	0.0	0.0
D&A	1.6	1.6
Provisions	(0.1)	(0.1)
Cash flow from P&L operations	1.7	2.0
Trade Working Capital	(0.3)	(1.6)
Other assets and liabilities	(0.1)	0.3
Capex	(0.5)	(1.0)
Operating cash flow after working capital and capex	0.7	(0.3)
Interest	(0.3)	(0.6)
Equity investments and financial assets	0.9	(0.0)
Equity adjustments	0.5	(0.0)
Net cash flow	1.9	(0.9)
Net (Debt) Cash - Beginning	(17.5)	(16.5)
Net (Debt) Cash - End	(15.6)	(17.4)
Change in Net (Debt) Cash	1.9	(0.9)

Source: Company data

Consolidated Balance Sheet

€m	H1 2022	2022	H1 2023
Inventory	22.4	21.9	22.7
Trade receivables	13.0	12.3	14.4
Trade payables	(14.4)	(11.9)	(13.2)
Trade Working Capital	19.8	21.7	23.3
Other assets (liabilities)	(0.0)	(0.2)	(0.4)
Net Working Capital	19.8	21.5	22.8
Intangible assets	1.8	1.6	1.7
Property, plant and equipment	33.0	32.5	31.7
Non-current assets	34.8	34.1	33.4
Provisions	(6.7)	(6.6)	(6.5)
Net Invested Capital	47.9	49.0	49.8
Bank debt	15.0	16.5	16.7
Other financial debt	0.8	0.6	0.8
Cash and equivalents	(0.1)	(0.6)	(0.0)
Net Debt (Cash)	15.6	16.5	17.4
Equity	32.2	32.5	32.4
Sources	47.9	49.0	49.8

Ratio analysis

KPIs	H1 2022	H1 2023
ROE	0%	1%
ROS (EBIT/Sales)	3%	5%
DOI	138	152
DSO	65	79
DPO	89	93
TWC/Sales	40%	44%
Net Debt / EBITDA	4.5x	4.1x
Net Debt / Equity	0.5x	0.5x
Net Debt / (Net Debt+Equity)	0.3x	0.3x
Cash flow from P&L operations / EBITDA	97%	94%
FCF / EBITDA	43%	neg.

Note: H1 KPIs calculated on LTM economics

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 2019-22A, 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%

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

Valuation

We have updated our Radici valuation through the Discounted Cash Flows and market multiples methods.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 4% (Italian 10-year government bonds interest rate – last 30 days average. Source: Bloomberg, October 2023)
- Market return: 12.5% (last 30 days average. Source: Bloomberg, October 2023)
- Market risk premium: 8.5%
- Beta: 1 (judgmental on the back of peer market data)
- Cost of equity: 12.5%
- Cost of debt: 6%
- Tax rate: 24% (IRES)

- 40% debt/(debt + equity) as target capital structure
- WACC 9.3%
- 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
- H1 unlevered free cash flow					0.4			
Free Cash Flow to be discounted					2.3	1.8	2.9	2.1
WACC	9.3%							
Long-term growth (G)	3.0%							
Discounted Cash Flows					2.2	1.6	2.3	
Sum of Discounted Cash Flows	6.1							
Terminal Value								32.9
Discounted TV	26.4							
Enterprise Value	32.5							
Net Debt as of 30/06/23	(17.4)							
Equity Value	15.0							

DCF - Implied multiples	2021	2022	2023E	2024E	2025E
EV/Revenues	0.7x	0.6x	0.5x	0.5x	0.4x
EV/EBITDA	15.7x	8.8x	7.3x	6.3x	5.7x
EV/EBIT	neg	34.6x	17.8x	13.2x	11.5x
P/E	neg	neg	18.2x	11.2x	9.0x
Discount of current market price vs DCF	-15%				
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	6.1x	5.3x	4.9x
EV/EBIT	neg	29.2x	15.1x	11.2x	9.7x
P/E	neg	neg	12.1x	7.5x	6.0x

Source: EnVent Research

Market multiples

Company	EV/Revenues			EV/EBITDA			EV/EBIT			P/E		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Aquafil	0.6x	0.6x	0.6x	6.5x	5.5x	4.9x	nm	17.3x	11.2x	na	13.1x	5.8x
Somec	0.7x	0.6x	0.6x	9.5x	8.0x	7.2x	nm	17.4x	12.9x	nm	nm	nm
Belysse	0.6x	0.5x	0.5x	5.0x	4.0x	3.7x	10.9x	6.6x	5.8x	na	na	na
Interface	0.8x	0.7x	0.7x	6.4x	6.0x	4.5x	8.8x	7.5x	5.7x	9.8x	7.8x	5.6x
Mohawk	0.7x	0.7x	0.7x	5.5x	5.1x	4.7x	9.6x	8.2x	7.3x	8.4x	7.3x	6.5x
Tarkett	0.4x	0.4x	na	4.6x	4.5x	na	11.1x	10.6x	na	13.0x	11.0x	na
Victoria	1.1x	1.0x	1.0x	7.6x	7.0x	6.7x	13.2x	11.4x	10.7x	6.9x	6.1x	5.6x
Mean	0.7x	0.7x	0.7x	6.4x	5.7x	5.3x	10.7x	11.3x	8.9x	9.5x	9.1x	5.9x
Mean w/out extremes	0.7x	0.6x	0.6x	6.2x	5.6x	5.2x	10.5x	11.0x	8.8x	9.1x	8.7x	5.7x
Median	0.7x	0.6x	0.6x	6.4x	5.5x	4.8x	10.9x	10.6x	9.0x	9.1x	7.8x	5.7x
Radici	0.4x	0.4x	0.4x	6.1x	5.3x	4.9x	15.1x	11.2x	11.2x	12.1x	7.5x	6.0x

Source: EnVent Research on S&P Capital IQ, 25/10/2023

We have applied to our 2023-24 estimates the median EV/Revenues and EV/EBITDA from the peer group. In our view, in a framework of limited comparability of peers and market turmoil, the valuation would be more reliable through the fundamentals on which is based the DCF. Despite Radici profitability on the low side of peers range, the average Equity Value resulting from EV/Revenues and EV/EBITDA application is close to our DCF valuation result.

Multiples application

€m					
Radici		Multiple	EV	Net Debt	Equity Value
2023E Sales	59.3	0.7x	41.1	(17.4)	23.7
2024E Sales	64.7	0.6x	40.6	(17.4)	23.2
Mean					23.4
2023E EBITDA	4.5	6.4x	28.8	(17.4)	11.3
2024E EBITDA	5.1	5.5x	28.2	(17.4)	10.8
Mean					11.1

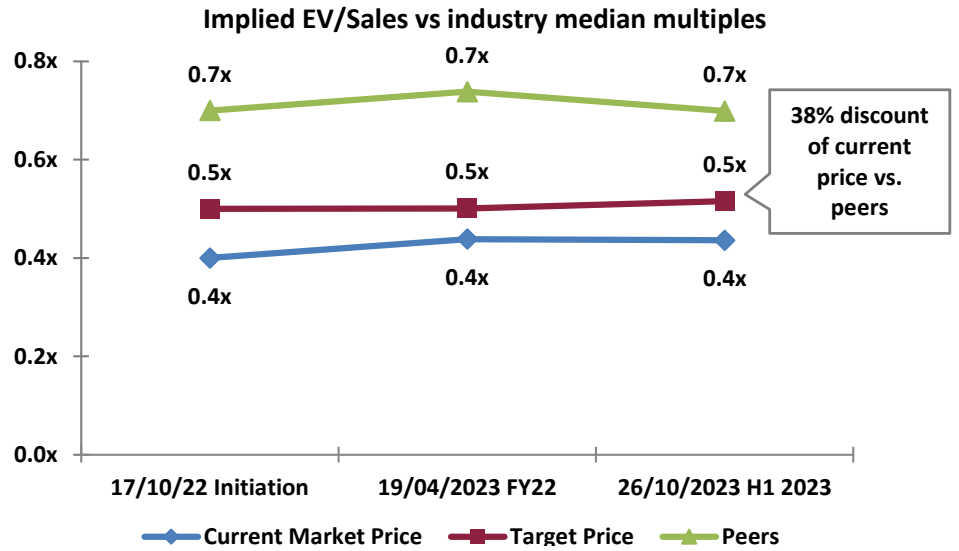
Source: EnVent Research

Target Price

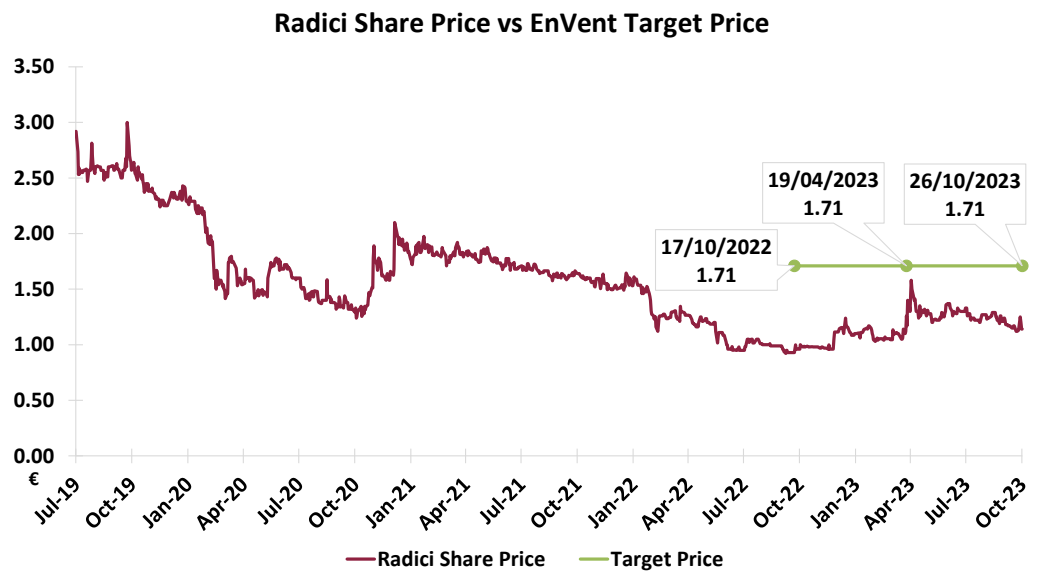
Our updated estimates and DCF-based valuation confirm the previous target price of €1.71 per share, implying a 50% upside on current stock price. We thus confirm the OUTPERFORM rating on the stock.

Radici Price per Share	€
Target Price	1.71
Current Share Price (25/10/2023)	1.14
Premium (Discount)	50%

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



Source: EnVent Research on S&P Capital IQ, 26/10/2023



Source: EnVent Research on S&P Capital IQ, 26/10/2023

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

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Date and time of Production: 25/10/2023 h. 7.00pm

Date and time of Distribution: 26/10/2023 h. 6.15pm

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
26/10/2023	OUTPERFORM	1.71	1.14

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