

## Italy – Textile Flooring

## Higher margins and rapid deleverage in a challenging context

29<sup>th</sup> May 2025

### FY-24 RESULTS RELEASE

RIC: RADIC.MI  
BBG: RAD IM

Radici Pietro's FY-24 results showed almost unchanged top line and growing EBITDA, although both were lower than the company's Budget as well as our estimates, mainly reflecting a downturn in the textile market in H2. As a result, 2025 targets were revised downward. The cash-in from the sale of a portion of the industrial facility for € 2.2m, finalised in Jan-25, further enabled Radici to achieve a more balanced capital structure.

#### Rating:

**Buy**

#### Price Target:

**€ 2.00 (€ 2.50)**

Upside/(Downside): 88.7%

Last Price: € 1.06

Market Cap.: € 9.4m

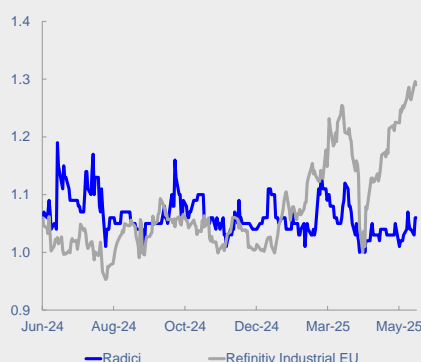
1Y High/Low: € 1.24 / € 0.98

Avg. Daily Turn. (3M, 6M): € 11k, € 10k

Free Float: 24.9%

#### Major shareholders:

MRFoC	69.2%
Radici Family	6.0%



#### Stock price performance

	1M	3M	12M
Absolute	2.9%	-5.4%	-11.7%
Rel.to FTSE IT Growth	-1.0%	-8.3%	-8.9%
Rel.to Peers median	2.9%	-7.4%	0.8%

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#### Estimates revised downward. New DCF-based PT of € 2.00/s (€ 2.50). Buy confirmed

Following the FY-24 results release, we have updated our estimates by factoring in: 1) a downward revision in top line, standing lower than the newly-disclosed targets by a mid-single-digit to embed additional uncertainties due to the potential impact of US tariffs and macroeconomic risks, 2) higher Capex to reflect the planned investments in 2025 and, 3) an adjustment to NWC, more aligned with the latest dynamics. Furthermore, we have introduced our projections for 2027. The combined result is an average decline of 11.1% and 22.9% in top line and EBITDA over the 2025-26 period along with a 31.5% increase in NFP. Moreover, we updated our valuation criteria and rolled forward the DCF model to 2025. As a result, our new DCF-based PT points to € 2.00/s (€ 2.50), still offering an extremely attractive 88.7% upside potential to current price levels. Buy confirmed.

#### Top line almost unchanged YoY at € 56.2m, affected by a marked slowdown in H2

Total Revenues were € 56.2m, broadly unchanged YoY and weaker compared to the company's Budget (€ 65.9m, -14.6%) and our forecast (€ 64.0m), as a result of a pronounced deterioration of the textile market occurred in H2. In terms of business segments: Marine (22% of total) reached € 12.4m, up 4.0% YoY, mainly driven by an increase in the refitting activities of cruise ships; Residential & Contract (43% of the total) declined by 8.4% YoY to € 24.3m (€ 26.5m in FY-23) and was lower than both the Budget (€ 30.1m) and our forecast (€ 26.5m), reflecting a market contraction, especially in the last two months; Sport (29% of the total) jumped by ~40% YoY to € 16.1m (€ 11.5m in FY-23), benefitting from the disbursement of the NRRP-related funds and the contribution of 100%TurfRecyclers, whilst it came in lower than the Budget (€ 18.4m) and our forecast (€ 18.2m); Automotive (6% of the total) witnessed a harsh slowdown (€ 3.4m, -43.4% YoY), negatively affected by the broad-based crisis of the reference market, especially in Italy.

#### EBITDA at € 5.4m, up by 10% YoY. Net Profit benefitted from a deferred tax adjustment

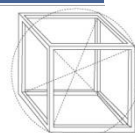
EBITDA rose to € 5.4m, 9.7% margin, (+10% YoY vs € 4.9m, 8.8% margin in FY-23), due to higher Value of Production (€ 60.0m) and fairly stable operating costs, although lower compared to the Budget (€ 6.6m) as well as our estimate (€ 6.3m). EBIT came in at € 1.4m, 2.6% margin, after slightly higher YoY D&As (€ 3.4m), receivables write-offs (€ 0.4m) and provision (€ 0.2m). Following net financial charges of € 1.1m, Net Profit jumped to € 0.9m, 1.7% margin (€ 0.5m, 0.8% margin in FY-23), primarily due to a deferred tax adjustment relating to the sale of a portion of the Italian industrial facility, finalised in Jan-25.

#### NFP down to € 13.3m, backed by favourable NWC trends and despite Capex of € 3.7m

NFP was € 13.3m from € 16.0m recorded in FY-23 and considerably better compared to our estimate, mainly reflecting Op.CF of € 6.3m, positively affected by a meaningful reduction in receivables (~ € 5.1m) as well as Capex of € 3.7m, consisting of 1) intangible investments of € 0.1m, 2) tangible investments of € 3.1m aimed at improving the energy efficiency of the Italian facility, and the cash outlay for the acquisition of 100%TurfRecyclers (€ 0.6m).

#### Radici Pietro, key financials and ratios

€ m	2023	2024	2025e	2026e	2027e
Total Revenues	56.0	56.2	61.8	66.4	69.9
Value of Production	57.6	60.0	63.0	67.6	70.9
EBITDA	4.9	5.4	5.6	6.6	7.3
EBIT	1.7	1.4	1.8	2.7	3.6
Net Profit	0.5	0.9	0.4	1.0	1.5
NFP (cash)/debt	16.0	13.3	13.3	11.6	9.2
EBITDA margin	8.8%	9.7%	9.1%	9.9%	10.4%
EBIT margin	3.0%	2.6%	2.9%	4.0%	5.1%
Net Profit margin	0.8%	1.7%	0.6%	1.4%	2.2%
EPS €	0.05	0.11	0.04	0.11	0.17
EPS growth	n.m.	n.m.	-59.7%	n.m.	57.8%
EV/Sales (x)	0.47	0.41	0.37	0.32	0.27
EV/EBITDA (x)	5.4	4.3	4.1	3.3	2.6
EV/EBIT (x)	15.6	16.0	12.7	8.1	5.3
PER (x)	22.6	10.0	24.6	9.7	6.2



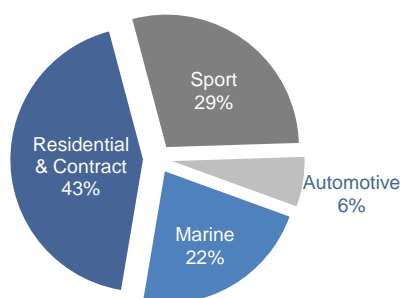
## The Company at a glance

Founded in 1950 in Cazzano Sant'Andrea, close to Bergamo (Italy), Radici Pietro is a leading international player in the textile flooring market. It designs, manufactures and sells high-end carpets, artificial turfs and non-woven fabrics, all of which are chiefly custom made. The group operates three production plants, two in Italy and one in Hungary, and four commercial branches worldwide, managing the entire value chain, from the processing of raw materials to the production of finished goods, including quality control, testing and distribution. Radici Pietro covers almost 90 countries, serving more than 2,000 customers in four different industries: Residential & Contract, Marine, Sport and Automotive.

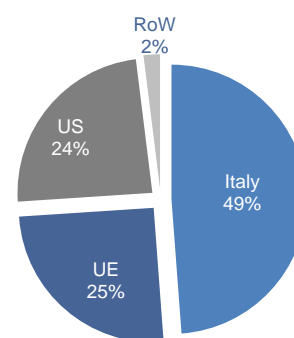
The group's global export sales make up 51% of Total Revenues. 43% of turnover comes from the Residential & Contract segment, 29% from Sport, 22% from Marine and 6% from Automotive.

Radici Pietro has undertaken a good growth path since current management was established in 2012: a 4.1% CAGR in the 2012-24 period, and exhibited a robust recovery following the pandemic outbreak (CAGR<sub>21-24</sub> equal to 8.3%). In FY-24, Total Revenues reached € 56.2m, EBITDA was € 5.4m (9.7% margin) and Net Profit amounted to € 1.1m. Net Financial Position stood at € 13.3m debt (2.4x EBITDA).

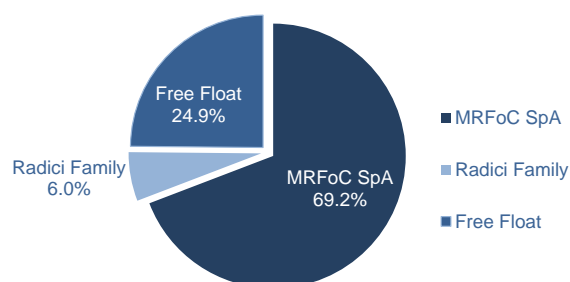
## 2024 breakdown by industry...



## ... and by geography



## Shareholder structure



## Peer group absolute performance

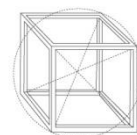
%	1D	1W	1M	3M	6M	YTD
Aquafil SpA	(0.3)	0.4	12.4	(2.6)	14.6	(1.4)
Belysse Group NV	(1.3)	8.5	(1.9)	30.5	3.4	20.3
Interface Inc	(1.5)	(2.9)	7.6	2.0	(23.8)	(17.0)
Mohawk Industries Inc	(3.1)	(5.3)	(4.7)	(14.6)	(27.2)	(14.9)
Somec SpA	(0.7)	0.3	26.4	22.2	12.3	29.2
Tarkett SA	(0.3)	(0.3)	0.0	6.6	62.2	61.4
Victoria PLC	0.0	(11.8)	(25.0)	(44.4)	34.5	(12.5)
<b>Median</b>	<b>(0.7)</b>	<b>(0.3)</b>	<b>0.0</b>	<b>2.0</b>	<b>12.3</b>	<b>(1.4)</b>
<b>Radici Pietro SpA</b>	<b>0.0</b>	<b>1.0</b>	<b>2.9</b>	<b>(5.4)</b>	<b>2.9</b>	<b>1.0</b>

Source: Refinitiv Workspace

## Peer group multiples table

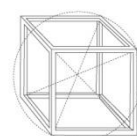
Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Aquafil SpA	0.48	0.43	3.5	3.0	10.3	7.3	11.0	6.8
Belysse Group NV	0.53	0.49	3.6	3.3	7.0	6.0	13.9	6.9
Interface Inc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.7	11.2
Mohawk Industries Inc	0.70	0.67	5.6	5.0	10.0	8.5	11.1	9.6
Somec SpA	0.36	0.30	4.3	3.4	8.9	6.1	14.1	9.5
Tarkett SA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Victoria PLC	0.65	0.35	6.6	3.0	33.8	9.2	n.m.	n.m.
<b>Median</b>	<b>0.53</b>	<b>0.43</b>	<b>4.3</b>	<b>3.3</b>	<b>10.0</b>	<b>7.3</b>	<b>12.7</b>	<b>9.5</b>
<b>Radici Pietro Industries &amp; Brands SpA</b>	<b>0.37</b>	<b>0.32</b>	<b>4.1</b>	<b>3.3</b>	<b>12.7</b>	<b>8.1</b>	<b>24.6</b>	<b>9.7</b>

Sources: CFO SIM, Refinitiv Workspace





Income statement (€ m)	2023	2024	2025e	2026e	2027e
Total Revenues	56.0	56.2	61.8	66.4	69.9
Value of Production	57.6	60.0	63.0	67.6	70.9
Raw material and processing	(27.1)	(27.8)	(29.6)	(31.8)	(33.3)
Services	(15.7)	(15.8)	(16.3)	(17.4)	(18.1)
Personnel expenses	(9.0)	(10.0)	(10.6)	(10.9)	(11.2)
Other opex	(0.8)	(0.8)	(0.9)	(0.9)	(1.0)
EBITDA	4.9	5.4	5.6	6.6	7.3
D&A	(3.2)	(4.0)	(3.8)	(3.9)	(3.7)
EBIT	1.7	1.4	1.8	2.7	3.6
Financials	(1.2)	(1.1)	(0.9)	(0.9)	(0.8)
Re/(Devaluation) of financial assets	0.0	0.0	0.0	0.0	0.0
Extraordinary	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	0.5	0.4	0.9	1.8	2.8
Income taxes	(0.0)	0.9	(0.1)	(0.4)	(0.8)
Minorities	0.0	(0.4)	(0.4)	(0.5)	(0.5)
Net Profit	0.5	0.9	0.4	1.0	1.5
Adjusted Net Profit	0.5	0.9	0.4	1.0	1.5
Balance sheet (€ m)	2023	2024	2025e	2026e	2027e
Net Working Capital	23.1	19.4	22.3	23.7	24.7
Net Fixed Assets	32.3	30.4	28.4	27.0	25.7
Equity Investments	0.0	0.0	0.0	0.0	0.0
Other M/L Term A/L	(6.6)	(1.9)	(1.6)	(1.2)	(0.8)
Net Invested Capital	48.9	47.9	49.2	49.4	49.6
Net Financial Position	16.0	13.3	13.3	11.6	9.2
Minorities	0.0	0.4	0.8	1.3	1.8
Group's Shareholders Equity	32.8	34.3	35.1	36.5	38.5
Financial Liabilities & Equity	48.9	47.9	49.2	49.4	49.6
Cash Flow statement (€ m)	2023	2024	2025e	2026e	2027e
Net Profit before minorities	0.5	1.3	0.8	1.4	2.0
Depreciation	3.2	4.0	3.8	3.9	3.7
Other non-cash charges	0.1	(2.7)	(1.6)	0.1	0.1
CF from Operations (CFO)	3.8	2.6	3.0	5.5	5.8
Change in NWC	(1.8)	3.7	(2.9)	(1.3)	(1.0)
FCF from Operations (FCFO)	2.1	6.3	0.1	4.1	4.8
Net Investments (CFI)	(1.5)	(3.7)	(1.8)	(2.5)	(2.4)
Free CF to the Firm (FCFF)	0.5	2.6	(1.7)	1.6	2.4
CF from Financials (CFF)	(0.7)	(1.3)	1.0	0.0	0.0
Free Cash Flow to Equity (FCFE)	(0.2)	1.3	(0.7)	1.6	2.4
Financial ratios	2023	2024	2025e	2026e	2027e
EBITDA margin	8.8%	9.7%	9.1%	9.9%	10.4%
EBIT margin	3.0%	2.6%	2.9%	4.0%	5.1%
Net profit margin	0.8%	1.7%	0.6%	1.4%	2.2%
Tax rate	1.5%	n.m.	10.0%	20.0%	27.5%
Op. NWC/Sales	0.4%	0.3%	0.4%	0.3%	0.3%
Interest coverage x	0.72	0.74	0.49	0.32	0.22
Net Debt/EBITDA x	3.24	2.44	2.35	1.77	1.26
Debt-to-Equity x	0.49	0.39	0.38	0.32	0.24
ROIC	1.0%	2.0%	0.8%	1.9%	3.1%
ROCE	3.1%	2.7%	3.3%	4.7%	6.1%
ROACE	3.1%	2.6%	3.3%	4.8%	6.2%
ROE	1.4%	2.8%	1.1%	2.6%	3.9%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2023	2024	2025e	2026e	2027e
Number of shares # m	8.81	8.81	8.81	8.81	8.81
Number of shares Fully Diluted # m	8.81	8.81	8.81	8.81	8.81
Average Number of shares Fully Diluted # m	8.81	8.81	8.81	8.81	8.81
EPS stated €	0.05	0.11	0.04	0.11	0.17
EPS adjusted €	0.05	0.11	0.04	0.11	0.17
EBITDA €	0.56	0.62	0.64	0.74	0.83
EBIT €	0.19	0.16	0.21	0.30	0.41
BV €	3.73	3.93	4.08	4.29	4.58
FCFO €	0.23	0.72	0.01	0.47	0.55
FCFF €	0.06	0.30	(0.19)	0.19	0.27
FCFE €	(0.02)	0.15	(0.08)	0.19	0.27
Dividend €	0.00	0.00	0.00	0.00	0.00



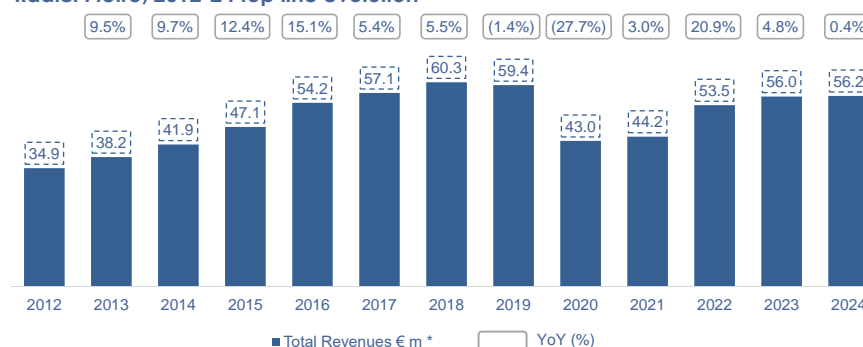
## Radici Pietro in a Nutshell

Founded in 1950 in Cazzano Sant'Andrea, close to Bergamo (Italy), Radici Pietro is a **leading international player in the textile flooring market**, designing, manufacturing and selling **high-end carpets, artificial turfs and non-woven fabrics, chiefly custom-made**. The group runs three production plants, two in Italy and one in Hungary, and four commercial branches worldwide, managing the entire value chain, from the processing of raw materials to the production of finished goods, including the quality control and testing phases and distribution. Radici Pietro covers **almost 90 countries**, serving **more than 2,000 customers** in **four different industries**:

- 1) **Residential & Contract**: tufted, woven and non-woven floorings, primarily for luxury hotels, houses, offices, catwalks and boutiques.
- 2) **Marine**: tufted, woven, artificial turf and non-woven floorings for cruise ships, ferries and luxury yachts.
- 3) **Sport**: different kinds of artificial turf for football and rugby fields, tennis courts, golf courses, sportsgrounds and landscaping, also certified international and domestic sports associations (i.e. FIFA, International Tennis Federation, International Rugby Board, FIGC and LND).
- 4) **Automotive**: tufted and non-woven fabrics for car interiors.

Radici Pietro has undertaken a good growth path since current management was established in 2012: a **4.1% CAGR in the 2012-24 period** (7.9% CAGR<sub>12-19</sub> and a CAGR<sub>21-24</sub> of 8.3%, exhibiting a solid recovery path after being deeply affected by the pandemic). In FY-24, Total Revenues were € 56.2m, EBITDA was € 5.4m, 9.7% margin, and Net Profit reached € 1.1m. Net Financial Position amounted to € 13.3m debt (2.4x EBITDA).

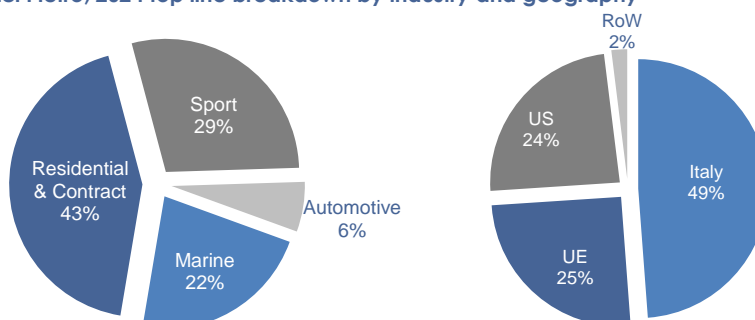
Chart 1 – Radici Pietro, 2012-24 top line evolution\*



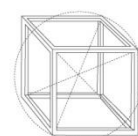
Source: Company data \*excluding ROI Automotive Technology from the scope of consolidation

The group's global **export sales make up 51% of total revenues**. **43%** of turnover comes from the **Residential & Contract** segment, **29%** from **Sport**, **22%** from **Marine** and **6%** from **Automotive**.

Chart 2 – Radici Pietro, 2024 top line breakdown by industry and geography



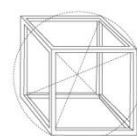
Source: Company data



## Business Model & Strategy

**Radici Pietro operates three production plants**, two in Italy and one in Hungary, **and four commercial branches worldwide**, managing the entire value chain, from raw materials processing to the production of finished goods, including quality control, testing phases and distribution. The installation phase is outsourced, except for artificial turf floorings in a few Northern Italy regions. **The group's value chain** develops as follows:

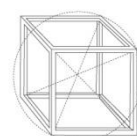
- 1) **Research & Development:** a dedicated R&D team persistently works to improve the existing products and to develop new innovative solutions, focusing on technological innovation and sustainability.
- 2) **Production & Supply Chain:** the group directly manages the procurement of raw materials, production and testing phases.
  - **Raw materials procurement:** the group established a procurement policy based on the **Material Requirements Planning** method (MRP), in order to streamline and plan the raw materials purchases. Furthermore, the group uses **several suppliers for each category of raw materials** in order to mitigate the concentration risk and to avoid production interruptions. Concerning the carded wool yarns, 50% of the group's need is covered by the Hungarian subsidiary's production. The remainder is acquired from third parties, as well as the other types of yarns.
  - **Transformation:** production takes place at the Cazzano Sant'Andrea (Bergamo, Italy) and Mihályfa (Hungary) production plants. In particular, the Hungarian plant carries out the spinning, twisting and thermo-fixing phases of carded wool yarns. The Italian plant manufactures all the different textile flooring categories that make up the group's product portfolio, carrying out the weaving, dyeing, needling, finishing, laminating and cutting phases.
  - **Testing:** in addition to the quality control on the finished goods, the group implemented several check points throughout the entire production process, in order to keep high-end quality standards.
- 3) **Distribution:** the group directly manages internal logistics, storing the finished or semi-finished products in proprietary warehouses, where they are packed and prepared for shipping. The **delivery phase is carried out by third parties** and the group hedges itself against the transport risk with insurance policies. **Radici Pietro and its subsidiaries run sales activities, in addition to a distribution network composed of sole and multi-firm agents.** Furthermore, the company provides its clients with several strategic activities, namely post sales services and, on demand, the installation of textile flooring. In particular, the subsidiary **Sit-in Sport Impianti takes care of installing artificial turf surfaces in a few Northern Italian regions.**



Radici Pietro's development strategy is aimed at **strengthening the group's competitive positioning in its reference markets** and at **increasing its international expansion**. The group's growth path is based on both organic and external growth, with a view to enlarging the sales network, gaining new customers, improving profitability and integrating vertically.

Radici Pietro's key strategic growth pillars are focused on:

- **Organic growth:** the group is planning to increase its production capacity by investing in new machinery and equipment. Furthermore, the group is implementing several marketing activities to identify, and make contact with, architectural and design companies that could be potential partners in developing new products, and to attract new customers.
- **International expansion:** Radici Pietro is enlarging its distribution network by adding new sole and multi-company agents to its salesforce, in order to penetrate new fast-growing strategic areas, namely North Africa, Eastern Europe and the Middle East. The group is also looking for local partners for the promotion and marketing of its product portfolio, focusing on the Residential & Contract and Sports markets.
- **Increase in business profitability,** thanks to:
  - ✓ Cost reduction stemming from investments in energy efficiency;
  - ✓ Shift in revenue mix, with the increase in weight of the higher value-added segments, namely Sports and Marine;
  - ✓ Full utilisation of production capacity (now approximately at 70%);
  - ✓ Operating leverage effect: i.e., the increase in fixed costs is less than proportionate to turnover.
- **Pursuing external growth opportunities:** the group is looking for M&A opportunities among companies carrying out phases of the production process not yet implemented by the group and/or able to expand its product portfolio. Noteworthy, in Mar-24 Radici Pietro announced a binding agreement to purchase a 26% stake in 100%TurfRecyclers, an Italian company engaged in the design, development and marketing of specialised machinery able to dispose of artificial sport turfs by separating all of its components, for a total consideration of € 510k.





## SWOT Analysis

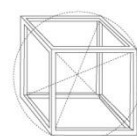
The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieving that objective.

- **Strengths:** characteristics of the business that give it an advantage over others.
- **Weaknesses:** characteristics that place the business at a disadvantage vs. others.
- **Opportunities:** elements that the project could use to its advantage.
- **Threats:** elements in the environment that could cause harm or be detrimental to the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s/70s using Fortune 500 data.

### S.W.O.T. ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>❑ <b>Leading player in textile flooring:</b> +70 years of experience and over 2,000 customers in almost 90 countries</li> <li>❑ <b>Wide product portfolio</b> with several types of textile floor coverings</li> <li>❑ <b>Vertical integration:</b> from raw material processing to finished goods distribution</li> <li>❑ <b>International presence:</b> 51% of FY-24 turnover</li> </ul>	<ul style="list-style-type: none"> <li>❑ Exposure to <b>foreign currency risk</b></li> <li>❑ Few key relevant people represent a <b>vital asset</b> for the company</li> <li>❑ <b>Limited fire power for M&amp;A and development</b></li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>❑ Increased market focus on <b>sustainability and circular economy</b></li> <li>❑ Penetration of <b>new fast-growing markets</b>, such as Northern Africa, Eastern Europe and Middle East</li> <li>❑ <b>Operating leverage:</b> volume growth leads to a more than proportional increase in the group's margins</li> </ul>	<ul style="list-style-type: none"> <li>❑ Expansion via <b>external growth might erode profitability</b> to a certain extent</li> <li>❑ The rise of <b>new production technologies</b>, not implemented by the group, may reduce its competitive advantage</li> </ul>



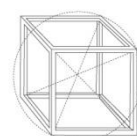
## ESG Profile

Radici Pietro pays close attention to **Environmental, Social and Governance principles**. The company, well aware of the impact that its business may have, adopts the most internationally recognised standards and carefully selects suppliers that minimise risks associated with chemical substances. The company's focus on R&D activities allowed for the development of **eco-friendly products** in all the business units. Moreover, several **sustainability-linked goals** have been set out in the 2024-25 Business Plan. Radici Pietro has always supported local communities both with charity and job placement initiatives.

Chart 3 – Radici Pietro, ESG Profile

<b>E</b> nviro <b>n</b> mental	<ul style="list-style-type: none"> <li>❑ Radici Pietro recycles about 67% of the waste produced annually</li> <li>❑ 'Recyclable Plastic' certification for ReTURF, an artificial turf 100% micro-plastic free developed for football pitches</li> <li>❑ <u>Partnership with Aquafil</u> for the production of carpets made from ECONYL®, a 100% regenerated nylon yarn produced by Aquafil</li> <li>❑ <u>ISO 14001- certified Environmental Management System</u></li> <li>❑ Sustainability strategies included in the <u>2022-23 Business Plan</u>:             <ul style="list-style-type: none"> <li>✓ Installation of a 2.5 MWh photovoltaic plant at the facility in Cazzano Sant'Andrea (BG) operational as from 2023</li> <li>✓ Development of antiviral products for the Residential &amp; Contract, Automotive and Marine segments; 100% eco-compatible and recyclable products for the Sport segment</li> <li>✓ Launch of a B2C e-commerce channel offering recyclable carpets and artificial grass products</li> </ul> </li> </ul>
<b>S</b> ocial	<ul style="list-style-type: none"> <li>❑ Radici Pietro provides information about the composition of its workforce</li> <li>❑ ISO 9001, the international standard for quality management systems</li> <li>❑ 50% subsidy for employees' meals in the canteen</li> <li>❑ The company requires its suppliers to comply with REACH (Registration Evaluation Authorisation of Chemicals) obligations</li> <li>❑ Sponsorship of local charities</li> <li>❑ Collaboration with local schools and universities to set up job placement plans</li> </ul>
<b>G</b> overnance	<ul style="list-style-type: none"> <li>❑ Organisational Model pursuant to Legislative Decree no. 231/2001</li> <li>❑ Code of Ethics, whose compliance is monitored by a supervisory body</li> <li>❑ List voting: 10%</li> <li>❑ 7 members in the BoD, 1 Independent Director</li> </ul>

Source: CFO SIM analysis on company data





## FY-24 Results

Radici Pietro reported FY-24 showing stable top line, weaker than both the company's Budget and our estimate, mainly resulting from a marked downturn in the textile market in H2. Consequently, EBITDA fell short of expectations although margins were up almost 100bps thanks, to a certain extent, to the contribution of 100%TurfRecyclers, which commands higher margins, as well as cost mitigation actions. On a positive note, **NFP came in significantly better than estimates, allowing Radici Pietro for a rapid deleverage** and the achievement of a more balanced overall indebtedness.

It is worth mentioning that Radici Pietro reapproved the draft financial statements on May 19<sup>th</sup>, following **a tax audit report** ("Processo Verbale di Constatazione") **carried out by the Italian Revenues Agency and received by the company on April 18<sup>th</sup>, 2025**. In greater detail, the report included 1) a general assessment of corporate income taxes, IRAP and VAT, as well as withholding tax obligations relative to 2019, and 2) an assessment concerning R&D tax credits for the years 2017, 2018 and 2020.

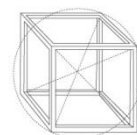
**Prudentially, Radici Pietro has made a provision of € 0.2m** to cover any potential charge arising from future litigations. Compared to the draft financial statements approved on March 25<sup>th</sup>, EBIT and Net Profit were downward revised accordingly.

**Table 1 – Radici Pietro, 2024-23 results summary**

€ m	2024	2023	% YoY	2024e	% Δ
Marine	12.4	12.0	4.0	13.7	(9.6)
Residential & Contract	24.3	26.5	(8.4)	26.5	(8.4)
Sport	16.1	11.5	39.6	18.2	(11.3)
Automotive	3.4	6.0	(43.4)	5.6	(39.2)
<b>Total Revenues</b>	<b>56.2</b>	<b>56.0</b>	<b>0.4</b>	<b>64.0</b>	<b>(12.2)</b>
Δ in finished products + Other Revenues	3.7	1.5		1.4	
<b>Value of Production</b>	<b>60.0</b>	<b>57.6</b>	<b>4.2</b>	<b>65.5</b>	<b>(8.4)</b>
Raw material and processing	(27.8)	(27.1)		(31.9)	
Services	(15.8)	(15.7)		(16.4)	
Personnel expenses	(10.0)	(9.0)		(10.0)	
Other opex	(0.8)	(0.8)		(1.0)	
<b>EBITDA</b>	<b>5.4</b>	<b>4.9</b>	<b>10.0</b>	<b>6.3</b>	<b>(13.4)</b>
% margin	9.7	8.8		9.8	
D&A	(4.0)	(3.2)		(3.3)	
<b>EBIT</b>	<b>1.4</b>	<b>1.7</b>	<b>(3.4)</b>	<b>3.0</b>	<b>(45.5)</b>
% margin	2.6	3.0		4.7	
Financials	(1.1)	(1.2)		(1.1)	
Re/(Devaluation) of financial assets	-	-		-	
Extraordinary	-	-		-	
<b>Pre-Tax Profit</b>	<b>0.4</b>	<b>0.5</b>	<b>23.3</b>	<b>2.0</b>	<b>(70.3)</b>
% margin	0.7	0.8		3.1	
Income taxes	0.9	(0.0)		(0.1)	
Tax rate	n.m.	1.5%		4.5%	
Minorities	(0.4)	-		(0.2)	
<b>Net Profit</b>	<b>0.9</b>	<b>0.5</b>	<b>n.m.</b>	<b>1.7</b>	<b>(32.3)</b>
% margin	1.7	0.8		2.6	
<b>Group's Equity</b>	<b>34.3</b>	<b>32.8</b>	<b>4.9</b>	<b>34.7</b>	<b>(0.8)</b>
<b>Net Debt/(Cash)</b>	<b>13.3</b>	<b>16.0</b>	<b>(16.9)</b>	<b>15.3</b>	<b>(12.9)</b>

Source: Company data, CFO SIM estimates

**Total Revenues were € 56.2m, broadly unchanged YoY** and weaker compared to both the company's Budget (€ 65.9m, -14.6%) and our forecast (€ 64.0m), as a result of a pronounced decline in the textile market occurred in the second semester (Radici's top line was down by 7.2% YoY in H2). In particular, **the strong performance of the Sport segment (+ 39.6% YoY) and the good result of the Marine segment (+4.0% YoY)** were almost entirely offset by the weak results achieved by the Residential & Contract and Automotive.



**Organically**, i.e. by excluding the consolidation effect of 100%TurfRecyclers and assuming it has reached the target anticipated by the management (~ € 3.3m), **we calculated that Radici Pietro's top line declined by 5.5% YoY.**

**Table 2 – Radici Pietro, 2024 results vs Budget 2024**

€ m	2024	Budget 2024	% Δ
Marine	12.4	11.6	7.1
Residential & Contract	24.3	30.1	(19.2)
Sport	16.1	18.4	(12.5)
Automotive	3.4	5.8	(41.3)
<b>Total Revenues</b>	<b>56.2</b>	<b>65.9</b>	<b>(14.6)</b>
<b>EBITDA</b>	<b>5.4</b>	<b>6.6</b>	<b>(17.5)</b>
% margin	9.7	10.0	-34bps
<b>Net Debt/(Cash)</b>	<b>13.3</b>	<b>17.9</b>	

Source: Company data

The revenues breakdown in terms of business segments is as follows:

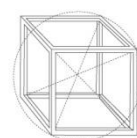
- ✓ **Marine (22% of the total)** reached € 12.4m, up 4.0% YoY from € 12.0m in FY-23, mainly driven by an increase in the refitting activities of cruise ships. The figure came in better-than-expected compared to the company's Budget (€ 11.6m), whereas it fell short of our expectation of € 13.7m;
- ✓ **Residential & Contract (43% of the total)** declined by 8.4% YoY to € 24.3m (€ 26.5m in FY-23) and was lower than both the Budget (€ 30.1m) and our forecast (€ 26.5m), reflecting a market contraction in the domestic market, especially in the last two months of 2024;
- ✓ **Sport (29% of the total)** jumped by ~40% YoY to € 16.1m (€ 11.5m in FY-23), benefitting from the disbursement of the NRRP-related funds earmarked for the realisation of sport infrastructures as well as the contribution of 100%TurfRecyclers, acquired in Mar-24 and entirely consolidated. However, it came in lower than both the Budget (€ 18.4m) and our forecast (€ 18.2m) due to the slippage of some orders;
- ✓ **Automotive (6% of the total)** witnessed a harsh slowdown (€ 3.4m, -43.4% YoY), negatively affected by the broad-based crisis of the reference market, especially in Italy.

**Table 3 – Radici Pietro, 2024-23 revenues by geography and industry**

€ m	2024	2023	% YoY	% on FY-24	% on FY-23
Italy	27.5	30.6	(10.3)	49%	55%
UE	14.1	13.2	6.9	25%	24%
US	13.5	10.1	34.5	24%	18%
RoW	1.1	2.1	(48.6)	2%	4%
<b>Total Revenues</b>	<b>56.2</b>	<b>56.0</b>	<b>0.4</b>	<b>100%</b>	<b>100%</b>
Marine	12.4	12.0	4.0	22%	21%
Residential & Contract	24.3	26.5	(8.4)	43%	47%
Sport	16.1	11.5	39.6	29%	21%
Automotive	3.4	6.0	(43.4)	6%	11%
<b>Total Revenues</b>	<b>56.2</b>	<b>56.0</b>	<b>0.4</b>	<b>100%</b>	<b>100%</b>

Source: Company data

**EBITDA rose to € 5.4m, 9.7% margin**, (+10% YoY vs € 4.9m, 8.8% margin in FY-23), due to higher Value of Production (€ 60.0m) and fairly stable operating costs. However, the figure came in well below compared to both the Budget (€ 6.6m) as well as our estimate (€ 6.3m) on the back of a lower-than-expected top line.



**EBIT declined to € 1.4m, 2.6% margin** from € 1.7m, 3.0% margin, after 1) slightly higher YoY D&As (€ 3.4m vs € 3.2m in FY-23), 2) a receivables write-off equal to € 0.4m and, 3) a provision of € 0.2m relative to the potential future charge arising from the abovementioned tax audit report.

Following net financial charges of € 1.1m, lower compared to FY-23 due to a reduced indebtedness, **Net Profit jumped to € 0.9m, 1.7% margin** (€ 0.5m, 0.8% margin in FY-23), primarily benefitting from the deferred tax adjustment relating to the sale of a portion of the industrial facility located in Cazzano Sant'Andrea for € 2.2m, finalised in Jan-25. Noteworthy, Minorities came in at € 350k, reflecting the solid performance of 100%TurfRecyclers.

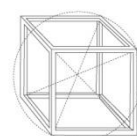
**Table 4 – Radici Pietro, 2024-23 Op. NWC dynamics**

€ m	2024	2023	€ m Δ	2024e	€ m Δ vs E	% Δ vs E
Inventories	24.2	22.1	2.1	24.0	0.1	0.6
Receivables	9.6	14.7	(5.1)	15.8	-6.2	(39.0)
Payable	(14.4)	(13.7)	(0.7)	(14.9)	0.5	(3.6)
<b>Op. NWC</b>	<b>19.4</b>	<b>23.1</b>	<b>(3.7)</b>	<b>24.9</b>	<b>-5.5</b>	<b>(22.0)</b>
Op. NWC/Sales %	34.5%	41.2%		38.9%		

Source: Company data, CFO SIM estimates

**Net Financial Position stood at € 13.3m** from € 16.0m recorded in FY-23 and considerably better compared to our estimate of € 15.3m, mainly reflecting an Op.CF of € 6.3m, positively affected by a meaningful reduction in receivables, to the tune of € 5.1m, along with Capex of € 3.7m, aligned with our estimate, and consisting of:

- ✓ **intangible investments** for € 0.1m, aimed at the renovation of the website and selected action aimed at the improvement of production and maintenance processes;
- ✓ **tangible investments** of € 3.1m aimed at 1) improving the energy efficiency of the Italian production facility, 2) revamping of the asset base with new cutting-edge machinery and, 3) the construction of a bespoke piece of machinery for the recycle of artificial turf;
- ✓ the disbursement for **the acquisition of 33.65% of 100%TurfRecyclers** (€ 0.6m). In particular, Radici Pietro acquired a 26% stake in Mar-24 and a further 7.65% stake in May-24.



## Budget 2025 Update

On the back of FY-24 results, **Radici Pietro disclosed the updated Budget 2025**, which encompasses a high single-digit downward revision of the previously-disclosed revenues target to reflect a more uncertain reference market, namely a slowdown the Residential & Contract segment and some orders postponement in the Sport segment.

**Table 5 – Radici Pietro, Updated 2025 Budget**

€ m	2024	2025 Budget OLD	2025 Budget NEW	% Δ NEW vs OLD	YoY (%)
Marine	12.4	12.6	13.0	3.2	4.6
Residential & Contract	24.3	30.7	27.8	(9.4)	14.4
Sport	16.1	21.5	19.1	(11.2)	18.6
Automotive	3.4	5.8	5.2	(10.3)	52.7
<b>Total Revenues</b>	<b>56.2</b>	<b>70.6</b>	<b>65.1</b>	<b>(7.8)</b>	<b>15.7</b>
<b>EBITDA</b>	<b>5.4</b>	<b>7.9</b>	<b>6.0</b>	<b>(24.1)</b>	<b>10.3</b>
% margin	9.7	11.2	9.3	-189bps	
<b>Net Debt/(Cash)</b>	<b>13.3</b>	<b>15.2</b>	<b>13.1</b>		

Source: Company data

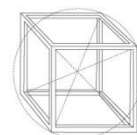
**The 2025 Budget foresees a double-digit growth of top line (+15.7% YoY), expected to climb to € 65.1m**, backed by a double-digit growth of the R&C and Sport segments along with a material rebound of the Automotive segment thanks to the award of several new contracts with major automotive players.

The downward revision compared to the previous target of € 70.6m is mainly attributable to both the R&C segment for ca. € 3.0m, negatively impacted by the current downturn in the textile market and Sport for ca. € 2.4m, due to the slippage of significant orders.

**EBITDA is forecasted at 6.0m. 9.3% margin** (vs the previous target of € 7.9m, 11.2% margin). The 200bps decline in margins reflects a lower-than-expected turnover and, to a minor extent, a lower contribution arising from the Sport segment, which is characterised by higher profitability.

**Net Financial Position is seen to remain broadly steady at € 13.1m**, (NFP/EBITDA at 2.2x), as the operating cash flow and the cash-in related to the sale of a portion of the industrial facility for € 2.2m are almost entirely offset by Capex of € 4.0m geared towards: 1) the acquisition of new machinery to increase the production efficiency and provide the disposal service of high-performance artificial turfs at the end of their life cycle and, 2) reinforce the commercial structure to capture new clients in high-growth markets.

Noteworthy, **the 2024-25 cumulative capex amount over € 6.5m compared to € 5.5m initially anticipated**.



## Estimates, Valuation & Risks

**Radici Pietro reported FY-24 results showing broadly unchanged top line YoY, although weaker than both the company's Budget and our estimates**, resulting from a marked downturn in the textile market in H2. Excluding the Marine segment, all business divisions were somewhat negatively impacted. Moreover, despite a double-digit YoY growth, EBITDA fell short of expectations, whereas bottom line came in materially higher in light of a one-time deferred tax adjustment. On a positive note, **NFP came in significantly better than our estimate, allowing Radici Pietro for a rapid deleverage**. The sale of a portion of the company's industrial facility for € 2.2m, finalised in Jan-25, further enabled Radici to achieve a more balanced indebtedness.

**As a consequence of FY-24 results, the Budget 2025 targets were revised downward.** However, amid heightened macroeconomic uncertainties, geopolitical tensions and a material slowdown in the reference textile market, the company's diversification across product categories and geographies constitute a key pillar. **Tariffs imposed by the US** (which accounted for € 13.5m, 24% of the total in FY-24) **may pose an additional threat in the very short-term** leading to potential orders cancellation and slippage, although assessing the magnitude is quite challenging at this stage.

The company remains focused on enriching the product offering with high-quality and innovative eco-friendly products in the Residential & Contract and Marine segments. Additionally, **a significant potential for synergies in the Sports segment remains to be unlocked**, leveraging on the introduction of 100%TurfRecyclers' service related to the disposal of artificial turfs.

On the back of the FY-24 results release, **we have updated our estimates** by factoring in: 1) a downward revision in top line, standing lower than the newly-disclosed targets by a mid-single-digit to embed additional uncertainties due to the potential impacts of US tariffs and risks of a macroeconomic slowdown, 2) higher Capex to reflect the planned investments in 2025 and, 3) an adjustment to NWC, more aligned with the latest dynamics. Furthermore, we have introduced our projections for 2027. **The combined result is an average decline of 11.1% and 22.9% in Total Revenues and EBITDA over the 2025-26 period along with a 31.5% increase in Net Financial Position**, as a result of higher capex requirement.

**Table 6 – Radici Pietro, 2025e new/old estimates**

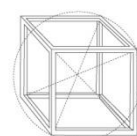
€ m	New	Old	Δ %	Δ € m
<b>Total Revenues</b>	<b>61.8</b>	<b>69.5</b>	<b>(11.0)</b>	<b>(7.6)</b>
<b>EBITDA</b>	<b>5.6</b>	<b>7.4</b>	<b>(23.8)</b>	<b>(1.8)</b>
% margin	9.1	10.7		
<b>EBIT</b>	<b>1.8</b>	<b>4.3</b>	<b>(57.3)</b>	<b>(2.4)</b>
% margin	2.9	6.1		
<b>Net Profit</b>	<b>0.4</b>	<b>2.7</b>	<b>(85.6)</b>	<b>(2.3)</b>
% margin	0.6	3.8		
<b>Net debt / (cash)</b>	<b>13.3</b>	<b>10.9</b>	<b>21.3</b>	<b>2.3</b>

Source: CFO SIM

**Table 7 – Radici Pietro, 2026e new/old estimates**

€ m	New	Old	Δ %	Δ € m
<b>Total Revenues</b>	<b>66.4</b>	<b>74.8</b>	<b>(11.2)</b>	<b>(8.4)</b>
<b>EBITDA</b>	<b>6.6</b>	<b>8.4</b>	<b>(22.0)</b>	<b>(1.9)</b>
% margin	9.9	11.2		
<b>EBIT</b>	<b>2.7</b>	<b>5.3</b>	<b>(50.1)</b>	<b>(2.7)</b>
% margin	4.0	7.1		
<b>Net Profit</b>	<b>1.0</b>	<b>3.0</b>	<b>(67.4)</b>	<b>(2.0)</b>
% margin	1.4	3.9		
<b>Net debt / (cash)</b>	<b>11.6</b>	<b>8.2</b>	<b>41.6</b>	<b>3.4</b>

Source: CFO SIM



Moreover, we updated our valuation criteria, bringing the risk-free rate up to date (3.60% vs prev. 3.80%) and rolled forward the DCF model to 2025. As a result, **our new DCF-based PT points to € 2.00/s (€ 2.50)**, still offering an attractive 88.7% upside potential to current price levels. Buy reiterated.

## DCF

In our DCF-based valuation, we assess explicit estimates until 2029 and assume a long-term growth rate of 1.0%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

**Table 8 – WACC derived from:**

Interest costs, pre-tax	5.5%
Tax rate	27.5%
<b>Int. costs, after taxes</b>	<b>4.0%</b>
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200 days simple moving average)	3.60%
Beta levered (x)	1.00
<b>Required ROE</b>	<b>12.6%</b>

Sources: CFO SIM, Refinitiv Workspace

**Risk premium at 9.0%** factors in the minute size of the company and virtually all concerns that an investor might have with regard to the Euronext Growth Milan market segment. The WACC is computed using a sustainable 40:60 debt/equity balance-sheet structure (prev. 30:70).

**Table 9 – Radici Pietro, DCF model**

€ m	2025e	2026e	2027e	2028e	2029e	TV
EBIT	1.8	2.7	3.6	4.3	4.8	
Tax rate	10.0%	20.0%	27.5%	27.5%	27.5%	
<b>Operating profit (NOPAT)</b>	<b>1.6</b>	<b>2.1</b>	<b>2.6</b>	<b>3.1</b>	<b>3.5</b>	
Δ working capital	(2.9)	(1.3)	(1.0)	(0.5)	(0.1)	
Depreciation	3.8	3.9	3.7	3.1	2.5	
Investments	(4.0)	(2.5)	(2.4)	(2.5)	(2.5)	
<b>Free Cash Flows</b>	<b>(1.5)</b>	<b>2.2</b>	<b>2.9</b>	<b>3.2</b>	<b>3.4</b>	<b>42.6</b>
Present value	(1.4)	1.9	2.3	2.4	2.3	28.5
WACC	9.2%	9.2%	9.2%	9.2%	9.2%	
<b>Long-term growth rate</b>	<b>1.0%</b>					

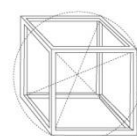
Source: CFO SIM

**Table 10 – Radici Pietro, DCF derived from:**

€ m	
<b>Enterprise Value € m</b>	<b>36.0</b>
	<i>thereof terminal value</i>
NFP last reported	(13.3)
Pension last reported	(1.1)
Minorities FY-25 (valued at 9x)	(4.0)
<b>Equity value € m</b>	<b>17.6</b>
# shares m	8.81
<b>Equity value €/s</b>	<b>2.00</b>
% upside/(downside)	88.7%

Source: CFO SIM

The application of our DCF model returns **an equity value of Radici Pietro of € 17.6m, € 2.00/s (€ 2.50)**, 88.7% upside.





The following tables illustrate the sensitivity of the equity value per share 1) compared to changes in **WACC** (range between 8.41% and 9.91%) and **terminal growth rate** (range between 0.25% and 1.75%), and 2) compared to changes in **risk-free rate** (range between 2.85% and 4.35%) and **Equity Risk Premium** (range between 8.25% and 9.75%).

**Table 11 – Radici Pietro, equity value sensitivity to changes in WACC and terminal growth rate**

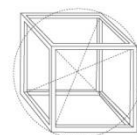
€ per share		Terminal growth rate						
		0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
<b>WACC</b>	8.41%	2.10	2.20	2.30	2.40	2.60	2.70	2.90
	8.66%	1.90	2.10	2.20	2.30	2.40	2.60	2.70
	8.91%	1.80	1.90	2.00	2.10	2.30	2.40	2.50
	<b>9.16%</b>	1.70	1.80	1.90	<b>2.00</b>	2.10	2.20	2.40
	9.41%	1.60	1.70	1.80	1.90	2.00	2.10	2.20
	9.66%	1.50	1.60	1.70	1.80	1.80	2.00	2.10
	9.91%	1.40	1.50	1.60	1.60	1.70	1.80	1.90

Source: CFO SIM

**Table 12 – Radici Pietro, equity value sensitivity to changes in risk-free rate and Equity Risk Premium**

€ per share		Equity Risk Premium						
		8.25%	8.50%	8.75%	9.00%	9.25%	9.50%	9.75%
<b>Risk-free</b>	2.85%	2.60	2.50	2.40	2.30	2.20	2.10	2.00
	3.10%	2.50	2.40	2.30	2.20	2.10	2.00	1.90
	3.35%	2.40	2.30	2.20	2.10	2.00	1.90	1.80
	<b>3.60%</b>	2.30	2.20	2.10	<b>2.00</b>	1.90	1.80	1.80
	3.85%	2.20	2.10	2.00	1.90	1.80	1.80	1.70
	4.10%	2.10	2.00	1.90	1.80	1.80	1.70	1.60
	4.35%	2.00	1.90	1.80	1.80	1.70	1.60	1.50

Source: CFO SIM



## Market Multiples

**Radici Pietro operates in the textile flooring market.** It designs, manufactures and sells a wide range of various textile floor coverings. Thanks to its large product portfolio, the group is able to work in numerous industries, namely: Residential & Contract, Marine, Sport and Automotive. We have included seven peers in our sample. They are both domestic and foreign B2B players, operating in the same industries as those being targeted by Radici Pietro:

**Aquafil SpA:** the company provides filaments for textile floorings to carpet manufacturers and synthetic fibres for the clothing, swimwear, and sportswear sectors. Aquafil provides engineering services, such as the supply of complete production plants, supervision of erection and start-ups, training for plant operators, and modernisation of plants.

**Belysse Group NV:** the company designs and distributes worldwide broadloom carpets, mechanically woven rugs, modular carpet tiles, and other upholstery products for events, buildings, automotive, printing, and other industries.

**Interface Inc.:** the company manufactures, markets, installs, and supplies products for the commercial and institutional interiors market. The company provides modular carpets, panel fabrics for use in open-plan office furniture systems, and complementary products, as well as carpet replacement, installation, and maintenance services.

**Mohawk Industries Inc.:** the company designs, manufactures, sources, distributes, and markets flooring for residential and commercial applications. The company offers carpet, ceramic tile, laminate, wood, stone, vinyl, and rugs. Mohawk markets residential and commercial flooring in the United States, and residential flooring in Europe.

**Somec SpA:** the company manufactures and distributes glass envelopes for cruise ships and other architectural projects. The group provides balcony sliding doors, windows, balustrades, and dividers, as well as windscreens, skylights, sky walls, and fire-resistant products. Through its subsidiaries, the company operates in the shipyards, in dry-docks and navigation to guarantee the product installation, renovation and maintenance.

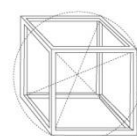
**Tarkett SA:** the company offers a wide range of flooring solutions such as vinyl, laminate, wood, carpet rolls and tiles, linoleum, artificial turf, and accessories.

**Victoria Plc:** the company designs, manufactures, and distributes flooring products. The company offers carpet, ceramic and porcelain tiles, underlay, LVT, artificial grass, and flooring accessories. Victoria serves customers in the United Kingdom, Australia, and Canada.

**Table 13 – Radici Pietro, peer group summary table**

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR <sub>24-27</sub>	EBITDA CAGR <sub>24-27</sub>	EBIT CAGR <sub>24-27</sub>	EPS CAGR <sub>25-27</sub>	NFP / EBITDA
Aquafil SpA	IT	104	605	82	13.6%	6.7%	15.2%	90.0%	33.4%	2.3
Belysse Group NV	BE	28	276	41	14.9%	0.5%	1.5%	3.5%	n.m.	2.9
Interface Inc	US	1,050	1,193	177	14.8%	1.3%	7.0%	9.6%	11.7%	n.a.
Mohawk Industries Inc	US	5,611	9,404	1,180	12.5%	-1.6%	-0.9%	2.2%	13.3%	0.8
Somec SpA	IT	101	400	33	8.3%	5.1%	13.2%	25.3%	37.5%	1.3
Tarkett SA	FR	1,115	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.a.
Victoria PLC	UK	82	1,301	128	9.8%	-2.6%	10.4%	-248.0%	n.m.	6.0
<b>Median</b>		<b>104</b>	<b>899</b>	<b>105</b>	<b>13.1%</b>	<b>0.9%</b>	<b>8.7%</b>	<b>6.6%</b>	<b>23.4%</b>	<b>2.3</b>
<b>Radici Pietro Industries &amp; Brands SpA</b>	<b>IT</b>	<b>9</b>	<b>62</b>	<b>6</b>	<b>9.1%</b>	<b>7.5%</b>	<b>10.2%</b>	<b>35.3%</b>	<b>99.5%</b>	<b>2.3</b>

Source: CFO SIM, Refinitiv Workspace





**Table 14 – Radici Pietro, peer group EV multiples table**

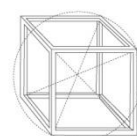
x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Aquafil SpA	0.48	0.43	0.38	3.5	3.0	2.7
Belysse Group NV	0.53	0.49	0.44	3.6	3.3	2.9
Interface Inc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mohawk Industries Inc	0.70	0.67	0.60	5.6	5.0	4.4
Somec SpA	0.36	0.30	0.25	4.3	3.4	2.7
Tarkett SA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Victoria PLC	0.65	0.35	0.33	6.6	3.0	2.4
<b>Median</b>	<b>0.53</b>	<b>0.43</b>	<b>0.38</b>	<b>4.3</b>	<b>3.3</b>	<b>2.7</b>
<b>Radici Pietro Industries &amp; Brands SpA</b>	<b>0.37</b>	<b>0.32</b>	<b>0.27</b>	<b>4.1</b>	<b>3.3</b>	<b>2.6</b>
% premium/(discount)	(29.8)	(24.8)	(27.9)	(6.0)	(0.2)	(4.4)

Source: CFO SIM, Refinitiv Workspace

**Table 15 – Radici Pietro, peer group EV & price multiples table**

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Aquafil SpA	10.3	7.3	6.7	11.0	6.8	6.2
Belysse Group NV	7.0	6.0	5.0	13.9	6.9	3.1
Interface Inc	n.a.	n.a.	n.a.	12.7	11.2	10.2
Mohawk Industries Inc	10.0	8.5	7.2	11.1	9.6	8.7
Somec SpA	8.9	6.1	4.3	14.1	9.5	7.5
Tarkett SA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Victoria PLC	33.8	9.2	6.6	n.m.	n.m.	17.5
<b>Median</b>	<b>10.0</b>	<b>7.3</b>	<b>6.6</b>	<b>12.7</b>	<b>9.5</b>	<b>8.1</b>
<b>Radici Pietro Industries &amp; Brands SpA</b>	<b>12.7</b>	<b>8.1</b>	<b>5.3</b>	<b>24.6</b>	<b>9.7</b>	<b>6.2</b>
% premium/(discount)	27.0	10.9	(18.8)	93.8	2.7	(23.5)

Source: CFO SIM, Refinitiv Workspace



## Peer Stock Performance

Radici Pietro was listed on Euronext Growth Milan on 26<sup>th</sup> July 2019 at € 3.10/share, corresponding to a post-money market capitalisation of € 26.7m. The stock reached a 1Y maximum price of € 1.35/s on 15-Jul-24 and a minimum price of € 0.98/s on 11-Feb-25.

**Table 16 – Radici Pietro, peer group and index absolute performance**

	1D	1W	1M	3M	6M	YTD	1Y
Aquafil SpA	(0.3)	0.4	12.4	(2.6)	14.6	(1.4)	(51.0)
Belysse Group NV	(1.3)	8.5	(1.9)	30.5	3.4	20.3	(14.4)
Interface Inc	(1.5)	(2.9)	7.6	2.0	(23.8)	(17.0)	30.9
Mohawk Industries Inc	(3.1)	(5.3)	(4.7)	(14.6)	(27.2)	(14.9)	(12.5)
Somec SpA	(0.7)	0.3	26.4	22.2	12.3	29.2	(5.8)
Tarkett SA	(0.3)	(0.3)	0.0	6.6	62.2	61.4	78.8
Victoria PLC	0.0	(11.8)	(25.0)	(44.4)	34.5	(12.5)	(73.5)
<b>Median</b>	<b>(0.7)</b>	<b>(0.3)</b>	<b>0.0</b>	<b>2.0</b>	<b>12.3</b>	<b>(1.4)</b>	<b>(12.5)</b>
<b>Radici Pietro Industries &amp; Brands SpA</b>	<b>0.0</b>	<b>1.0</b>	<b>2.9</b>	<b>(5.4)</b>	<b>2.9</b>	<b>1.0</b>	<b>(11.7)</b>
MSCI World Index	(0.6)	0.4	5.2	0.6	1.6	3.7	11.0
EUROSTOXX	(0.6)	(1.0)	4.7	0.3	15.2	12.3	8.8
FTSE Italia All Share	(0.0)	(0.9)	6.8	2.7	20.9	17.1	15.5
FTSE Italia STAR	(0.1)	0.8	8.0	0.6	5.4	4.1	(2.8)
FTSE Italia Growth	0.3	1.4	3.9	3.0	4.7	1.6	(2.7)

Source: Refinitiv Workspace

**Table 17 – Radici Pietro relative performances**

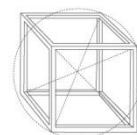
	1D	1W	1M	3M	6M	YTD	1Y
To MSCI World Index	0.6	0.5	(2.3)	(6.0)	1.3	(2.8)	(22.7)
To EUROSTOXX	0.6	2.0	(1.8)	(5.7)	(12.2)	(11.3)	(20.5)
To FTSE Italia All Share	0.0	1.9	(3.9)	(8.0)	(18.0)	(16.2)	(27.2)
To FTSE Italia STAR	0.1	0.2	(5.1)	(5.9)	(2.5)	(3.2)	(8.8)
To FTSE Italia Growth	(0.3)	(0.4)	(1.0)	(8.3)	(1.8)	(0.6)	(8.9)
To Peers Median	0.7	1.2	2.9	(7.4)	(9.4)	2.4	0.8

Source: Refinitiv Workspace

## Risks

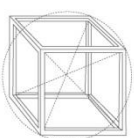
The principal investment **risks** associated with Radici Pietro include:

- Impact on P&L and balance sheet profiles triggered by a sharp decline in global economic growth and geopolitical instability;
- The introduction of new production technologies, not implemented by the group, may reduce its competitive advantage;
- Exposure to foreign exchange rate risk;
- Departure of one, or a few, of the key people.





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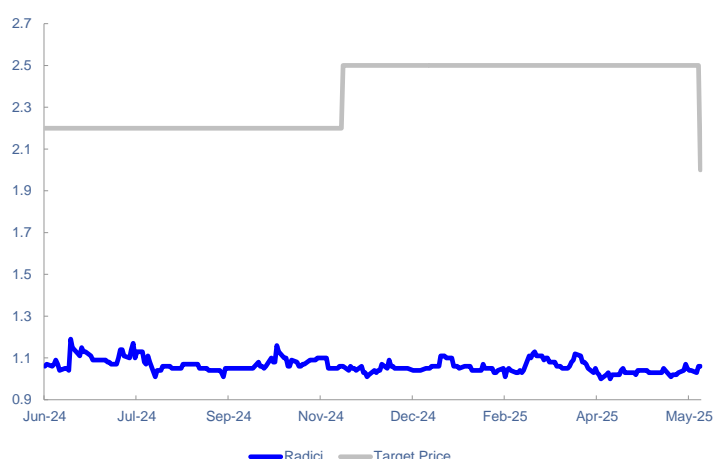
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DATE	TARGET PRICE	RATING
29/05/2025	€2.00	BUY
09/10/2024	€2.50	BUY
02/04/2024	€2.20	BUY
15/03/2024	€2.20	BUY

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- ☐ a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- ☐ a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/-15% range identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated.

