CORPORATE FAMILY OFFICE SIM

RADICI

Italy – Textile Flooring

Solid backlog set to drive a strong rebound in H2

23rd October 2025

H1-25 RESULTS RELEASE

RIC: RADIC.MI
BBG: RAD IM

Radici Pietro reported H1 results exhibiting a mid-single-digit decline in sales, mainly due to the sharp drop in the Automotive sector. Nonetheless, despite the difficult outlook, the other segments performed well. Budget 2025 forecasts for Revenues and EBITDA are confirmed, supported by a strong order backlog, while the sale of some industrial and commercial facilities is expected to accelerate the company's right-sizing process.

Rating:
Buy

Price Target:
€ 2.30 (€ 2.00)

Upside/(Downside): 121.2%

Last Price: € 1.04

Market Cap.: € 9.2m

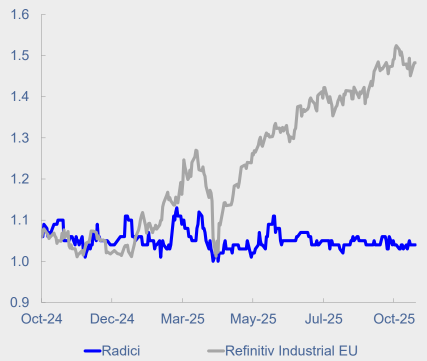
1Y High/Low: € 1.17 / € 0.98

Avg. Daily Turn. (3M, 6M): € 5k, € 6k

Free Float: 24.9%

Major shareholders:

MRFoC	69.2%
Radici Family	6.0%



Stock price performance

	1M	3M	12M
Absolute	-1.0%	-1.0%	-3.7%
Rel.to FTSE IT Growth	-2.2%	-5.6%	-10.2%
Rel.to Peers	3.6%	-15.2%	-13.1%

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Estimates fine-tuned. New DCF-based PT points to € 2.30/s (€ 2.00). Buy reiterated

Following the H1-25 results release, we have updated our estimates by factoring in 1) a slight increase in the top line, now closer to the Budget target, while leaving our 2026-27 projections broadly unchanged, 2) a fine-tuning in D&A charges and interest expenses and, 3) the expected cash-in from the sale of the commercial property in Bergamo. The combined result is an average increase of 1.7% and 1.2% in Total Revenues and EBITDA in 2025-27, respectively, along with a 4.9% improvement in Net Debt over the same period. Moreover, we have updated our DCF valuation criteria. As a result, our new DCF-based PT points to € 2.30/s (€ 2.00), 121.2% upside potential to current price levels. Buy rating reiterated.

Top line down by 4.1% YoY to € 28.1m, largely due to the sharp drop of Automotive

Revenues came in at € 28.1m, down by 4.1% YoY (€ 29.3m in H1-24), resulting from a steady performance of all the business divisions except for the Automotive, whose harsh contraction primarily reflects the ongoing widespread upheaval of the reference market. With respect to business segments: (i) Marine (27% of the total) witnessed a slight decline (€ 7.6m, -2.0% YoY), primarily attributable to some orders slippage in the US market; (ii) Residential & Contract (46% of the total) totalled € 12.9m, in line if compared with € 13.0m registered in H1-24, notwithstanding a subdued reference market, affected by the current challenging macroeconomic environment; (iii) Sport (21% of the total) amounted to € 6.0m compared to € 6.1m in the first half of 2024; (iv) Automotive (6% of the total) posted a sharp decline of 36.8% YoY to € 1.6m (€ 2.5m in H1-24), due to the persisting contraction of the reference market. However, the management remains confident of achieving the Budget target (€ 5.2m), in light of the award of material orders from major automotive players.

EBITDA at € 2.3m, 8.1% margin, reflecting a lower top line. Bottom line at break-even

EBITDA fell by 9.2% YoY to € 2.3m, 8.1% margin (€ 2.5m, 8.6% margin, in H1-24), mainly suffering from a lower top line, notwithstanding some cost mitigation actions. Notably, the management stated that a contribution to profitability more skewed to H2 was already expected. Following stable D&A expenses at € 1.7m, EBIT was € 0.6m, 2.2% margin (€ 0.8m, 2.8% margin in H1-24). The bottom line was a touch above the break-even level, as the positive effect relating to lower interest rate charges was offset by a FX loss of € 0.1m.

NFP improved to € 12.1m, benefitting from the one-off disposal of a non-core asset

NFP improved by € 1.2m to € 12.1m (€ 13.3m at year-end 2024), reflecting an Op. CF of € 3.0m primarily benefitting from the cash-in of € 2.2m from the sale of a portion of an industrial facility finalised in Jan-25. This was partially offset by higher NWC requirements (primarily increased receivables) and Capex to the tune of € 1.7m. On July 8th, 2025, Radici Pietro signed a preliminary agreement for the sale of a portion of a commercial property located in Bergamo for € 685k. Closing is expected by October 31st. The transaction is anticipated to generate a capital gain to the tune of € 350k, and will support Radici Pietro's ongoing right-sizing process and enable a more efficient redeployment of capital.

Radici Pietro, key financials and ratios

€ m	2023	2024	2025e	2026e	2027e
Total Revenues	56.0	56.2	63.1	67.4	71.0
Value of Production	57.6	60.0	64.2	68.6	72.0
EBITDA	4.9	5.4	5.7	6.6	7.4
EBIT	1.7	1.4	2.1	2.8	3.6
Net Profit	0.5	0.9	0.9	1.2	1.7
NFP (cash)/debt	16.0	13.3	12.4	11.0	8.9
EBITDA margin	8.8%	9.7%	9.1%	9.8%	10.4%
EBIT margin	3.0%	2.6%	3.3%	4.2%	5.1%
Net Profit margin	0.8%	1.7%	1.5%	1.8%	2.4%
EPS €	0.05	0.11	0.11	0.14	0.19
EPS growth	n.m.	n.m.	-0.3%	29.6%	40.3%
EV/Sales (x)	0.47	0.41	0.35	0.31	0.26
EV/EBITDA (x)	5.4	4.3	3.8	3.1	2.5
EV/EBIT (x)	15.6	16.0	10.7	7.3	5.1
PER (x)	22.6	10.0	9.8	7.5	5.4

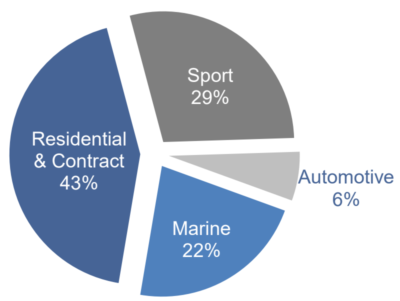
The Company at a glance

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.

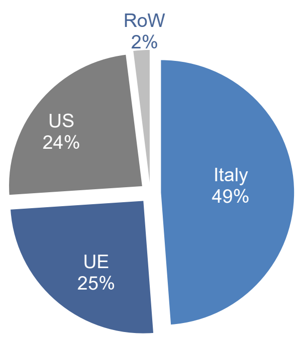
The group's global export sales make up 51% of Total Revenues. 43% of turnover comes from the Residential & Contract segment, 29% from Sport, 22% from Marine and 6% from Automotive.

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 ($CAGR_{21-24}$ 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).

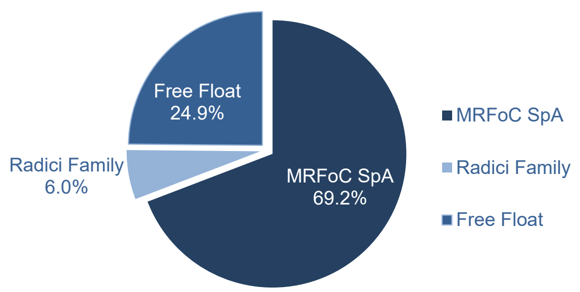
2024 breakdown by industry…



… and by geography



Shareholders structure



Peer group absolute performance

%	1D	1W	1M	3M	6M	YTD
Aquafil SpA	(0.1)	(7.7)	(0.3)	30.7	55.9	29.1
Belysse Group NV	(5.2)	(3.2)	(8.0)	30.5	19.5	43.8
Interface Inc	1.6	6.0	(4.5)	36.1	55.2	15.8
Mohawk Industries Inc	2.5	4.6	2.9	14.2	26.2	10.4
Somec SpA	(2.1)	(5.7)	(5.7)	(1.1)	29.5	24.3
Tarkett SA	(0.3)	0.0	1.2	0.3	0.0	58.6
Victoria PLC	(1.2)	0.2	(14.6)	(16.1)	(31.0)	(16.2)
Median	**(0.3)**	**0.0**	**(4.5)**	**14.2**	**26.2**	**24.3**
Radici Pietro SpA	**0.0**	**1.0**	**(1.0)**	**(1.0)**	**1.0**	**(1.0)**

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	0.55	0.49	4.0	3.4	12.2	8.4	15.5	9.0
Belysse Group NV	0.57	0.52	4.1	3.6	9.6	8.1	33.2	11.1
Interface Inc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	16.1	14.5
Mohawk Industries Inc	0.87	0.82	7.0	6.3	12.8	10.8	14.4	12.6
Somec SpA	0.37	0.31	4.5	3.6	8.8	6.3	17.5	10.3
Tarkett SA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Victoria PLC	0.63	0.62	5.4	4.3	15.4	10.5	n.m.	n.m.
Median	**0.57**	**0.52**	**4.5**	**3.6**	**12.2**	**8.4**	**16.1**	**11.1**
Radici Pietro Industries & Brands SpA	**0.35**	**0.31**	**3.8**	**3.1**	**10.7**	**7.3**	**9.8**	**7.5**

Sources: CFO SIM, Refinitiv Workspace

Income statement (€ m)	2023	2024	2025e	2026e	2027e
Total Revenues	56.0	56.2	63.1	67.4	71.0
Value of Production	57.6	60.0	64.2	68.6	72.0
Raw material and processing	(27.1)	(27.8)	(30.5)	(32.4)	(34.0)
Services	(15.7)	(15.8)	(16.4)	(17.6)	(18.4)
Personnel expenses	(9.0)	(10.0)	(10.6)	(10.9)	(11.3)
Other opex	(0.8)	(0.8)	(0.9)	(1.0)	(1.0)
EBITDA	4.9	5.4	5.7	6.6	7.4
D&A	(3.2)	(4.0)	(3.7)	(3.8)	(3.8)
EBIT	1.7	1.4	2.1	2.8	3.6
Financials	(1.2)	(1.1)	(1.1)	(0.9)	(0.9)
Re/(Devaluation) of financial assets	0.0	0.0	0.0	0.0	0.0
Extraordinary	0.0	0.0	0.4	0.0	0.0
Pre-Tax profit	0.5	0.4	1.3	2.0	2.7
Income taxes	(0.0)	0.9	(0.1)	(0.4)	(0.7)
Minorities	0.0	(0.4)	(0.2)	(0.3)	(0.4)
Net Profit	0.5	0.9	0.9	1.2	1.7
Adjusted Net Profit	0.5	0.9	0.6	1.2	1.7

Balance sheet (€ m)	2023	2024	2025e	2026e	2027e
Net Working Capital	23.1	19.4	22.5	24.3	25.7
Net Fixed Assets	32.3	30.4	29.9	28.6	27.3
Equity Investments	0.0	0.0	0.0	0.0	0.0
Other M/L Term A/L	(6.6)	(1.9)	(4.0)	(3.9)	(3.8)
Net Invested Capital	48.9	47.9	48.5	49.0	49.3
Net Financial Position	16.0	13.3	12.4	11.0	8.9
Minorities	0.0	0.4	0.6	1.0	1.3
Group's Shareholders Equity	32.8	34.3	35.4	37.0	39.1
Financial Liabilities & Equity	48.9	47.9	48.5	49.0	49.3

Cash Flow statement (€ m)	2023	2024	2025e	2026e	2027e
Net Profit before minorities	0.5	1.3	1.2	1.6	2.1
Depreciation	3.2	4.0	3.7	3.8	3.8
Other non-cash charges	0.1	(2.7)	0.6	0.3	0.2
CF from Operations (CFO)	3.8	2.6	5.4	5.7	6.1
Change in NWC	(1.8)	3.7	(3.1)	(1.7)	(1.4)
FCF from Operations (FCFO)	2.1	6.3	2.3	3.9	4.7
Net Investments (CFI)	(1.5)	(3.7)	(3.2)	(2.5)	(2.5)
Free CF to the Firm (FCFF)	0.5	2.6	(0.9)	1.4	2.2
CF from Financials (CFF)	(0.7)	(1.3)	1.0	0.0	0.0
Free Cash Flow to Equity (FCFE)	(0.2)	1.3	0.1	1.4	2.2

Financial ratios	2023	2024	2025e	2026e	2027e
EBITDA margin	8.8%	9.7%	9.1%	9.8%	10.4%
EBIT margin	3.0%	2.6%	3.3%	4.2%	5.1%
Net profit margin	0.8%	1.7%	1.5%	1.8%	2.4%
Tax rate	1.5%	n.m.	9.0%	20.0%	24.0%
Op. NWC/Sales	0.4%	0.3%	0.4%	0.4%	0.4%
Interest coverage x	0.72	0.74	0.54	0.30	0.24
Net Debt/EBITDA x	3.24	2.44	2.18	1.66	1.20
Debt-to-Equity x	0.49	0.39	0.35	0.30	0.23
ROIC	1.0%	2.0%	1.9%	2.5%	3.5%
ROCE	3.1%	2.7%	3.7%	5.0%	6.1%
ROACE	3.1%	2.6%	3.8%	5.0%	6.2%
ROE	1.4%	2.8%	2.7%	3.3%	4.4%
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	0.11	0.14	0.19
EPS adjusted €	0.05	0.11	0.07	0.14	0.19
EBITDA €	0.56	0.62	0.65	0.75	0.84
EBIT €	0.19	0.16	0.23	0.32	0.41
BV €	3.73	3.93	4.09	4.31	4.59
FCFO €	0.23	0.72	0.26	0.45	0.53
FCFF €	0.06	0.30	(0.10)	0.16	0.25
FCFE €	(0.02)	0.15	0.01	0.16	0.25
Dividend €	0.00	0.00	0.00	0.00	0.00

H1-25 Results

In H1-25, Radici Pietro reported **a mid-single-digit decline in sales, almost exclusively attributable to the sharp drop of the Automotive division**. The other business lines, particularly R&C, held up well, flagging the company's diversified value proposition across both product categories and geographies.

Backed by a solid order backlog, **the management confirmed the FY-25 projections outlined in the Budget with respect to both Revenues** (€ 65.1m, +15.7% YoY) **as well as EBITDA** (€ 6.0m, 9.3% margin, +10.3% YoY).

Table 1 – Radici Pietro, H1-25 results

€ m	H1-25	H1-24	% YoY
Marine	*7.6*	*7.8*	*(2.0)*
Residential & Contract	*12.9*	*13.0*	*(0.2)*
Sport	*6.0*	*6.1*	*(1.5)*
Automotive	*1.6*	*2.5*	*(36.8)*
Total Revenues	**28.1**	**29.3**	***(4.1)***
Δ in finished products + Other Revenues	0.1	3.8	*(96.1)*
Value of Production	**28.3**	**33.1**	***(14.6)***
Raw material and processing	(12.6)	(16.3)	
Services	(7.7)	(8.5)	
Personnel expenses	(5.2)	(5.4)	
Other opex	(0.4)	(0.4)	
EBITDA	**2.3**	**2.5**	***(9.2)***
% margin	*8.1*	*8.6*	
D&A	(1.7)	(1.7)	
EBIT	**0.6**	**0.8**	***(25.1)***
% margin	*2.2*	*2.8*	
Financials	(0.6)	(0.5)	
Pre-Tax profit	**0.0**	**0.3**	***(90.6)***
% margin	*0.1*	*1.1*	
Income taxes	0.0	(0.0)	
Tax rate	*n.m.*	*2.6%*	
Net Profit	**0.0**	**0.3**	***n.m.***
% margin	*0.1*	*1.0*	
Net debt / (cash)*	**12.1**	**13.3**	***(8.8)***

*Source: Company data, *compared to FY-24*

Revenues came in at € 28.1m, down by 4.1% YoY (€ 29.3m in H1-24), resulting from a steady performance of all the business divisions except for the Automotive, whose harsh contraction primarily reflects the ongoing widespread upheaval of the reference market.

Delving deeper into details:

- ✓ **Marine (27% of the total)** witnessed a slight decline (€ 7.6m, -2.0% YoY), primarily attributable to some orders slippage in the US market;
- ✓ **Residential & Contract (46% of the total)** totalled € 12.9m, in line if compared with € 13.0m registered in H1-24, notwithstanding a subdued reference market, affected by the current challenging macroeconomic environment;
- ✓ **Sport (21% of the total)** amounted to € 6.0m compared to € 6.1m in the first half of 2024;
- ✓ **Automotive (6% of the total)** posted a sharp decline of 36.8% YoY to € 1.6m (€ 2.5m in H1-24), as a consequence of the persisting contraction of the reference market. However, the management remains confident of achieving the target of € 5.2m set in the Budget 2025, in light of the award of significant orders from major automotive players.

Table 2 – Radici Pietro, H1-25/H1-24 revenues by geography and industry

€ m	H1-25	%	H1-24	%	% YoY
Italy	13.8	*49%*	15.6	*53%*	*(11.3)*
UE	7.9	*28%*	7.3	*25%*	*8.2*
US	5.9	*21%*	6.0	*21%*	*(1.7)*
RoW	0.5	*2%*	0.4	*1%*	*15.0*
Total Revenues	**28.1**	***100%***	**29.3**	***100%***	***(4.1)***
Marine	7.6	*27%*	7.8	*26%*	*(2.0)*
Residential & Contract	12.9	*46%*	13.0	*44%*	*(0.2)*
Sport	6.0	*21%*	6.1	*21%*	*(1.5)*
Automotive	1.6	*6%*	2.5	*9%*	*(36.8)*
Total Revenues	**28.1**	***100%***	**29.3**	***100%***	***(4.1)***

Source: Company data

Geographically, **the Italian market accounted for 49% of the total** (vs 53% in H1-24), **showing the most pronounced decline (-11% YoY), partially mitigated by an 8% YoY increase in the EU market**, particularly thanks to higher sales in East Europe. Furthermore, US and RoW contributions to the total remained broadly unchanged at 21% and 2% of the total, respectively, albeit the latter was the target market exhibiting the highest growth.

EBITDA fell by 9.2% YoY to € 2.3m, 8.1% margin (€ 2.5m, 8.6% margin, in H1-24), mainly suffering from a lower top line, notwithstanding some cost mitigation actions put in place. Notably, the management stated that a contribution to profitability more skewed to H2 was already expected.

Following stable D&A expenses equal to € 1.7m, **EBIT came in at € 0.6m, 2.2% margin** (€ 0.8m, 2.8% margin in H1-24). **The bottom line was a touch above the break-even level**, as the positive effect relating to lower interest rate expenses YoY was offset by a FX loss of ~ € 0.1m.

Table 3 – Radici Pietro, H1-25 Op. NWC

€ m	H1-25	FY-24	Δ € m
Inventories	23.8	24.2	*(0.4)*
Receivables	11.1	9.6	*1.5*
Payable	(14.5)	(14.4)	*(0.1)*
Op. NWC	**20.4**	**19.4**	***1.0***

Source: Company data

NFP improved by € 1.2m to € 12.1m (€ 13.3m at year-end 2024), reflecting an Op. CF of € 3.0m primarily benefitting from the cash-in of € 2.2m from the sale of a portion of an industrial facility finalised in Jan-25. This was partially offset by higher NWC requirements (primarily increased receivables) and Capex to the tune of € 1.7m.

On July 8th, 2025, **Radici Pietro signed a preliminary agreement for the sale of a portion of a commercial property located in Bergamo for € 685k,** whose closing is expected by October 31st. The transaction is anticipated to generate a capital gain to the tune of € 350k, and will support Radici Pietro's ongoing right-sizing process and enable a more efficient redeployment of capital.

Estimates, Valuation & Risks

Radici Pietro's 2025 interim results once again highlighted how the company's highly-diversified strategic positioning across product categories and geographies has enabled it to effectively navigate periods of heightened macroeconomic uncertainty and geopolitical instability. **Excluding the sharp downturn in the Automotive division, which is expected to rebound significantly in H2, interim revenues were broadly stable (-1% YoY).**

The management **expects double-digit top line growth in H2-25, close to +30% YoY**, backed by a solid order backlog. The company also confirmed the 2025 Budget targets disclosed in March 25, namely:

- **Revenues of € 65.1m**, implying +15.7% YoY growth;
- **EBITDA of € 6.0m**, **9.3% margin**, +10.3% YoY growth.

Although not explicitly confirmed, we deem the NFP target of € 13.0m announced in March 2025 to be fairly achievable, particularly taking into account the planned sale of a portion of a commercial property located in Bergamo. The transaction, expected to generate proceeds of approximately € 0.7m which, together with the € 2.2m cash-in relative to the sale of a portion of the company's industrial facility in Jan-25, will allow Radici Pietro to accelerate its efforts to optimise the capital structure and redeploy resources toward projects offering higher returns.

Following the H1-25 results release, we have updated our estimates by factoring in 1) a slight increase in the top line, now closer to the target set in the Budget, while leaving our 2026-27 projections broadly unchanged, 2) a fine-tuning in D&A charges and interest expenses and, 3) the expected cash-in from the sale of the commercial property in Bergamo. **The combined result is an average increase of 1.7% and 1.2% in Total Revenues and EBITDA in 2025-27, respectively, along with a 4.9% improvement in Net Debt over the same period**.

Table 4 – Radici Pietro, 2025e new/old estimates

€ m	New	Old	Δ %.	Δ € m
Total Revenues	**63.1**	**61.8**	*2.0*	**1.2**
EBITDA	**5.7**	**5.6**	*1.3*	**0.1**
% margin	*9.1*	*9.1*		
EBIT	**2.1**	**1.8**	*13.1*	**0.2**
% margin	*3.3*	*2.9*		
Net Profit	**0.9**	**0.4**	*n.m.*	**0.6**
% margin	*1.5*	*0.6*		
NFP debt/(cash)	**12.4**	**13.3**	*(6.1)*	**(0.8)**

Source: CFO SIM

Table 5 – Radici Pietro, 2026e new/old estimates

€ m	New	Old	Δ %.	Δ € m
Total Revenues	**67.4**	**66.4**	*1.5*	**1.0**
EBITDA	**6.6**	**6.6**	*1.1*	**0.1**
% margin	*9.8*	*9.9*		
EBIT	**2.8**	**2.7**	*5.8*	**0.2**
% margin	*4.2*	*4.0*		
Net Profit	**1.2**	**1.0**	*27.2*	**0.3**
% margin	*1.8*	*1.4*		
NFP debt/(cash)	**11.0**	**11.6**	*(5.0)*	**(0.6)**

Source: CFO SIM

Table 6 – Radici Pietro, 2027e new/old estimates

€ m	New	Old	Δ %.	Δ € m
Total Revenues	**71.0**	**69.9**	*1.5*	**1.1**
EBITDA	**7.4**	**7.3**	*1.3*	**0.1**
% margin	*10.4*	*10.4*		
EBIT	**3.6**	**3.6**	*0.4*	**0.0**
% margin	*5.1*	*5.1*		
Net Profit	**1.7**	**1.5**	*13.0*	**0.2**
% margin	*2.4*	*2.2*		
NFP debt/(cash)	**8.9**	**9.2**	*(3.7)*	**(0.3)**

Source: CFO SIM

Moreover, we updated our valuation criteria. As a result, **our new DCF-based PT points to € 2.30/s (€ 2.00)**, with an upside of 121.2% from current price levels. **Positive stance and 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 7 – WACC derived from:

Interest costs, pre-tax	6.0%
Tax rate	24.0%
Int. costs, after taxes	**4.6%**
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
Required ROE	**12.6%**

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.

Table 8 – Radici Pietro, DCF model

€ m	2025e	2026e	2027e	2028e	2029e	TV
EBIT	2.1	2.8	3.6	4.2	4.6	
Tax rate	9.0%	20.0%	24.0%	27.0%	27.0%	
Operating profit (NOPAT)	**1.9**	**2.3**	**2.7**	**3.1**	**3.4**	
Δ working capital	(3.1)	(1.7)	(1.4)	(0.8)	(0.1)	
Depreciation	3.7	3.8	3.8	3.1	2.5	
Investments	(3.9)	(2.5)	(2.5)	(2.5)	(2.5)	
Free Cash Flows	**(1.5)**	**1.8**	**2.6**	**3.0**	**3.3**	**39.5**
Present value	(1.5)	1.6	2.1	2.2	2.3	27.1
WACC	9.4%	9.4%	9.4%	9.4%	9.4%	
Long-term growth rate	**1.0%**					

Source: CFO SIM

Table 9 – Radici Pietro, DCF derived from:

€ m	
Enterprise value € m	**33.9**
thereof terminal value	*80%*
NFP FY-24	(13.3)
Pension provision	(1.1)
Minorities FY-25 (valued at 9x)	(2.2)
Net proceeds from sale of non-operating assets	2.9
Equity value € m	**20.3**
# shares m	8.81
Equity value €/s	**2.30**
% upside/(downside)	*121.2%*

Source: CFO SIM

The application of our DCF model returns **an equity value of Radici Pietro of € 20.3m, € 2.30/s (€ 2.00)**, 121.2% upside to current price levels**.**

The following tables illustrate the sensitivity of the equity value per share 1) compared to changes in **WACC** (range between 8.63% and 10.13%) 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 10 – 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%
	8.63%	2.40	2.50	2.60	2.70	2.80	3.00	3.10
	8.88%	2.20	2.30	2.50	2.60	2.70	2.80	2.90
	9.13%	2.10	2.20	2.30	2.40	2.50	2.70	2.80
WACC	**9.38%**	2.00	2.10	2.20	**2.30**	2.40	2.50	2.60
	9.63%	1.90	2.00	2.10	2.20	2.30	2.40	2.50
	9.88%	1.80	1.90	2.00	2.10	2.20	2.30	2.40
	10.13%	1.70	1.80	1.90	2.00	2.10	2.10	2.20

Source: CFO SIM

Table 11 – 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%
	2.85%	2.80	2.70	2.60	2.50	2.50	2.40	2.30
	3.10%	2.70	2.60	2.50	2.50	2.40	2.30	2.20
	3.35%	2.60	2.50	2.50	2.40	2.30	2.20	2.20
Risk-free	**3.60%**	2.50	2.50	2.40	**2.30**	2.20	2.20	2.10
	3.85%	2.50	2.40	2.30	2.20	2.20	2.10	2.00
	4.10%	2.40	2.30	2.20	2.20	2.10	2.00	2.00
	4.35%	2.30	2.20	2.20	2.10	2.00	2.00	1.90

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 12 – Radici Pietro, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales $CAGR_{24-27}$	EBITDA $CAGR_{24-27}$	EBIT $CAGR_{24-27}$	EPS $CAGR_{25-27}$	NFP / EBITDA
Aquafil SpA	IT	136	588	81	13.7%	5.6%	14.5%	89.2%	46.9%	2.3
Belysse Group NV	BE	33	270	37	13.7%	0.3%	0.7%	0.7%	n.m.	3.2
Interface Inc	US	1,419	1,197	177	14.8%	1.9%	6.8%	9.5%	10.7%	n.a.
Mohawk Industries Inc	US	7,044	9,248	1,145	12.4%	-2.3%	-1.8%	0.9%	12.6%	0.9
Somec SpA	IT	103	396	33	8.2%	4.7%	12.5%	24.2%	47.8%	1.4
Tarkett SA	FR	1,095	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.a.
Victoria PLC	UK	76	1,287	150	11.6%	1.3%	16.3%	n.m.	n.m.	4.9
Median		**136**	**892**	**115**	**13.0%**	**1.6%**	**9.6%**	**9.5%**	**29.8%**	**2.3**
Radici Pietro Industries & Brands SpA	IT	**9**	**63**	**6**	**9.1%**	**8.1%**	**10.7%**	**35.5%**	**34.9%**	**2.2**

Source: CFO SIM, Refinitiv Workspace

Table 13 – Radici Pietro, peer group EV multiple table

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Aquafil SpA	0.55	0.49	0.44	4.0	3.4	3.1
Belysse Group NV	0.57	0.52	0.48	4.1	3.6	3.1
Interface Inc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mohawk Industries Inc	0.87	0.82	0.75	7.0	6.3	5.6
Somec SpA	0.37	0.31	0.26	4.5	3.6	2.8
Tarkett SA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Victoria PLC	0.63	0.62	0.61	5.4	4.3	3.8
Median	**0.57**	**0.52**	**0.48**	**4.5**	**3.6**	**3.1**
Radici Pietro Industries & Brands SpA	**0.35**	**0.31**	**0.26**	**3.8**	**3.1**	**2.5**
% premium/(discount)	*(38.8)*	*(41.8)*	*(45.7)*	*(15.4)*	*(14.5)*	*(20.6)*

Source: CFO SIM, Refinitiv Workspace

Table 14 – Radici Pietro, peer group EV & price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Aquafil SpA	12.2	8.4	7.6	15.5	9.0	7.2
Belysse Group NV	9.6	8.1	5.9	33.2	11.1	4.7
Interface Inc	n.a.	n.a.	n.a.	16.1	14.5	13.2
Mohawk Industries Inc	12.8	10.8	9.2	14.4	12.6	11.4
Somec SpA	8.8	6.3	4.5	17.5	10.3	8.0
Tarkett SA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Victoria PLC	15.4	10.5	9.3	n.m.	n.m.	9.6
Median	**12.2**	**8.4**	**7.6**	**16.1**	**11.1**	**8.8**
Radici Pietro Industries & Brands SpA	**10.7**	**7.3**	**5.1**	**9.8**	**7.5**	**5.4**
% premium/(discount)	*(12.8)*	*(13.5)*	*(32.7)*	*(39.5)*	*(32.0)*	*(39.0)*

Source: CFO SIM, Refinitiv Workspace

Peer Stock Performance

Radici Pietro was listed on Euronext Growth Milan on 26th July 2019 at € 3.10/share, corresponding to a post-money market capitalisation of € 26.7m. The stock reached a 1Y maximum price of € 1.17/s on 23-Oct-24 and a minimum price of € 0.98/s on 11-Feb-25.

Table 15 – Radici Pietro, peer group and index absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
Aquafil SpA	(0.1)	(7.7)	(0.3)	30.7	55.9	29.1	9.4
Belysse Group NV	(5.2)	(3.2)	(8.0)	30.5	19.5	43.8	17.9
Interface Inc	1.6	6.0	(4.5)	36.1	55.2	15.8	45.5
Mohawk Industries Inc	2.5	4.6	2.9	14.2	26.2	10.4	(18.5)
Somec SpA	(2.1)	(5.7)	(5.7)	(1.1)	29.5	24.3	(6.0)
Tarkett SA	(0.3)	0.0	1.2	0.3	0.0	58.6	67.5
Victoria PLC	(1.2)	0.2	(14.6)	(16.1)	(31.0)	(16.2)	(49.3)
Median	**(0.3)**	**0.0**	**(4.5)**	**14.2**	**26.2**	**24.3**	**9.4**
Radici Pietro Industries & Brands SpA	**0.0**	**1.0**	**(1.0)**	**(1.0)**	**1.0**	**(1.0)**	**(3.7)**
MSCI World Index	(0.1)	1.5	1.1	6.5	24.5	17.1	16.1
EUROSTOXX	0.2	2.0	3.5	6.3	14.9	18.4	16.8
FTSE Italia All Share	0.6	1.3	0.4	6.1	18.8	24.4	22.0
FTSE Italia STAR	1.1	2.5	1.4	5.2	20.4	9.8	6.3
FTSE Italia Growth	0.6	0.7	1.2	4.6	14.6	10.1	6.5

Source: Refinitiv Workspace

Table 16 – Radici Pietro relative performances

%	1D	1W	1M	3M	6M	YTD	1Y
To MSCI World Index	0.1	(0.5)	(2.1)	(7.5)	(23.5)	(18.0)	(19.8)
To EUROSTOXX	(0.2)	(1.0)	(4.4)	(7.2)	(13.9)	(19.3)	(20.5)
To FTSE Italia All Share	(0.6)	(0.3)	(1.4)	(7.0)	(17.8)	(25.4)	(25.7)
To FTSE Italia STAR	(1.1)	(1.5)	(2.3)	(6.2)	(19.4)	(10.8)	(10.0)
To FTSE Italia Growth	(0.6)	0.2	(2.2)	(5.6)	(13.6)	(11.0)	(10.2)
To Peers Median	0.3	1.0	3.6	(15.2)	(25.3)	(25.3)	(13.1)

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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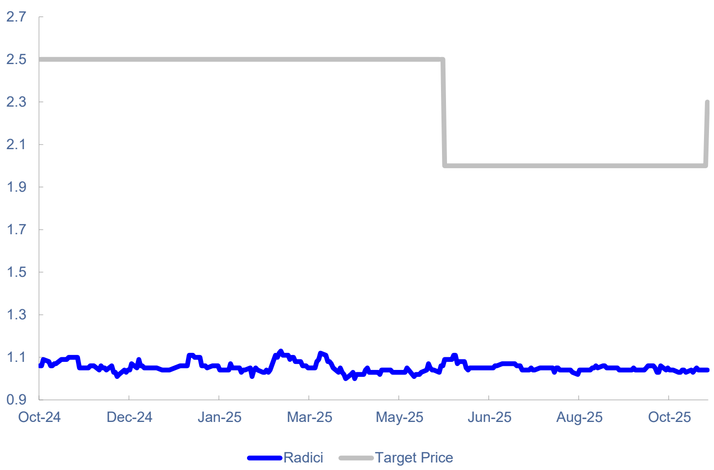

DATE	TARGET PRICE	RATING
23/10/2025	€2.30	BUY
29/05/2025	€2.00	BUY
09/10/2024	€2.50	BUY

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