FERRARI

OUTPERFORM

Sector: Consumers

Price: Eu385.30 - **Target: Eu479.00**

When "Solid" Isn't Enough: We've Grown Used to High Standards

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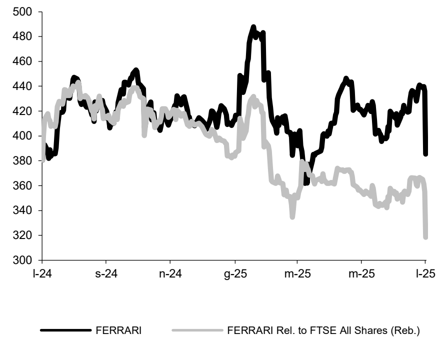
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 482.00 to 479.00
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-1.2%	-0.6%	-0.8%

Next Event
CMD next 9th of October

FERRARI - 12M Performance



Stock Data			
Reuters code:			RACE.MI
Bloomberg code:			RACE IM
Performance	**1M**	**3M**	**12M**
Absolute	-7.4%	-4.1%	1.3%
Relative	-10.3%	-13.1%	-19.7%
12M (H/L)			487.90/361.90
3M Average Volume (th):			287.57

Shareholder Data	
No. of Ord shares (mn):	180
Total no. of shares (mn):	178
Mkt Cap Ord (Eu mn):	69,351
Total Mkt Cap (Eu mn):	69,351
Mkt Float - Ord (Eu mn):	45,418
Mkt Float (in %):	65.5%
Main Shareholder:	
Exor	24.2%

Balance Sheet Data	
Book Value (Eu mn):	3,741
BVPS (Eu):	21.08
P/BV:	18.3
Net Financial Position (Eu mn):	-1,515
Enterprise Value (Eu mn):	68,771

RACE delivered a solid quarter in line with forecast, and confirmed guidance. However, the absence of the usual "beat and raise", including undemanding 2H prospects, prompted the weak share price reaction, exacerbated by mention of issues on the residual value of some models in the US. Nevertheless, management is already addressing that, and we believe it has all the levers to improve the situation. Moreover, while we understand the disappointment on guidance, we do not see negative read-across on the business in light of usual management caution (2025 targets already achieved, upcoming CMD 9 October, and volatile external scenario) and other signs of strength such as no cancellations and the strong initial feedback for the two recently launched models. With growth set to rev up again going into next year, mainly buoyed by mix, we confirm our OUTPERFORM rating. TP at €479 from €482 on marginally lower estimates.

- **2Q25 results in line.** 2Q25 results in line with expectations: softer Auto&Parts than assumed but stronger Spons., Com. and Brand**: Revenues €1.79bn (+4% YoY, o/w +5% organic), vs our/cons. 1.83/1.83.** Auto&Parts (84% of total) was up +2% YoY vs +6% exp. on the back of slightly lower shipments at 3.49k (+0% vs +2% exp.) and ARPU of €431k (+2% YoY vs +4% exp.). SBC & Others grew by +18% YoY, above the +13% exp. thanks to new sponsorship, lifestyle act, and higher income from a better 2024 F1 ranking; **EBIT €552mn (+8% YoY, 30.9% margin, +1.0pp YoY) vs our/cons 551/555.** Industrial costs, price/mix and volumes were slightly below forecast, offset by strong "Other" contribution due to the above-mentioned trends, while SG&A and FX were in line; **FCF of €232mn vs our/cons. 401/269** due to less favourable timing of NWC items.
- **2025 guidance reiterated but a bit disappointing.** While 2025 guidance has been reiterated, it implies a 2H with essentially no growth at the bottom of the floor provided. While we understand the rather neutral mix due to the Daytona phase-out and FX headwinds, we see that as a bit disappointing, also considering that management sees some benefits from lower industrial costs and lower tariff impact (the initial ~50bp risk to margins [~€35mn] has been removed). That said, we do not see negative read-across, as with targets essentially achieved, management is adopting a cautious production plan amid the volatile environment. We continue to expect results slightly above the floor of the guidance, though with a lower contribution from mix and volumes offset by greater benefits from "Others", and lower, less adverse industrial costs, SG&A costs and FX.
- **Conference call highlights. Order book spans into 2027 (vs "covers 2026" indicated in the last call**) without even considering the new model launches. **The absence of cancellations has been noted**, while it is **difficult to gauge whether tariffs have an impact on customers' behaviour as the current model portfolio is essentially sold out. Positive reaction to new models:** the Amalfi has seen strong initial demand, with the company attracting customers from other brands. This model is expected to see good traction in China too, as it is better suited than the current portfolio; demand for the 296 Special has been "overwhelming" from all over the world with order collection under way. **Residual values**: **UK improving, but first mention of US not a strong sign.** Commercial actions taken in the UK show a good trend. The same applies to the US, where there was a little pressure on some models, but nothing particularly strange according to management. However, the fact that for the first time some issues were noted in the US may raise questions.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	5,970	6,678	7,002	7,521	8,044
EBITDA Adj (Eu mn)	2,280	2,555	2,687	3,050	3,339
Net Profit Adj (Eu mn)	1,254	1,522	1,568	1,783	1,974
EPS New Adj (Eu)	6.910	8.455	8.811	10.047	11.121
EPS Old Adj (Eu)	6.910	8.455	8.916	10.106	11.214
DPS (Eu)	2.443	2.986	3.112	3.548	3.927
EV/EBITDA Adj	22.0	27.8	25.6	22.2	19.9
EV/EBIT Adj	31.0	37.6	33.8	29.2	26.0
P/E Adj	55.8	45.6	43.7	38.3	34.6
Div. Yield	0.6%	0.8%	0.8%	0.9%	1.0%
Net Debt/EBITDA Adj	0.6	0.6	0.6	0.5	0.5

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	32.84%
OUTPERFORM:	37.31%
NEUTRAL:	29.85%
UNDERPERFORM:	00.00%
SELL:	00.00%

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BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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