

FERRARI

Sector: Consumers

NEUTRAL

Price: Eu353.50 - Target: Eu365.00

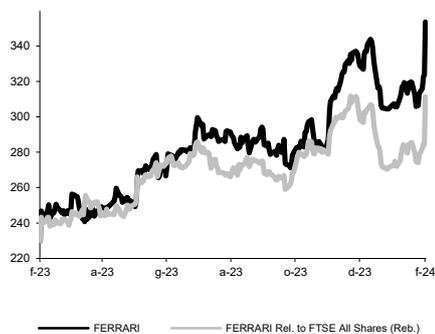
Guidance Consistent with Expectations

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 361.00 to 365.00		
	2024E	2025E	2026E
Chg in Adj EPS	3.2%	2.2%	

FERRARI - 12M Performance



Stock Data

Reuters code:	RACE.MI		
Bloomberg code:	RACE IM		
Performance	1M	3M	12M
Absolute	15.8%	23.1%	53.7%
Relative	14.7%	12.8%	40.2%
12M (H/L)	353.50/240.80		
3M Average Volume (th):	339.67		

Shareholder Data

No. of Ord shares (mn):	181
Total no. of shares (mn):	181
Mkt Cap Ord (Eu mn):	63,913
Total Mkt Cap (Eu mn):	63,913
Mkt Float - Ord (Eu mn):	41,856
Mkt Float (in %):	65.5%
Main Shareholder:	
Exor	24.2%

Balance Sheet Data

Book Value (Eu mn):	3,991
BVPS (Eu):	22.16
P/BV:	16.0
Net Financial Position (Eu mn):	-1,363
Enterprise Value (Eu mn):	63,398

■ **4Q23 results: above forecast on better cost trends.** Revenues came to €1.52bn (our est./cons. €1.51bn), up +11% YoY o/w +12% organic growth and -1% ForEx. Auto&Parts was a bit softer due to lower volumes (3.24k, -2% YoY vs exp. 3.47k) partly offset by higher ASP (€397k, +13% YoY vs exp. €384k). Adj. EBIT was €373mn (our est./cons. €355/353mn), up +25% YoY for a 24.5% margin. Looking at the bridge, lower ForEx headwind, cost inflation and SG&A more than offset a lower contribution from volumes and others, while price&mix was essentially in line.

■ **2024 guidance: consistent with expectations, FCF light.** RACE provided FY24 guidance as a floor, with the starting point being slightly below consensus on the P&L, but considering the company's track record we deem it broadly in line. Indications were all consistent with expectations, with positive but decelerating mix and price and slightly negative ForEx, while we forecast mid-single-digit volume growth. Personalisations are expected to remain at high levels of about 19% achieved in 2023. Racing activities were hit by a lower F1 ranking despite a rise in the number of races, while the contribution from Lifestyle activities is expected to increase (we estimate ~2% of group revenue). Cost inflation is projected to persist, with higher R&D spending, SG&A growing in line with revenues and investments in the brand to continue. On the negative side, the FCF indication was well short of expectations and roughly flat YoY due to higher CapEx, taxes and a reversal of the advance payments received in 2022/23. In detail, guidance is as follows: revenues >€6.4bn (+7% YoY, cons. €6.50bn), EBITDA ≥€2.45bn (+8% YoY, ≥38% margin, cons. €2.50bn), EBIT of €1.77bn (+9% YoY, ≥27% margin, cons. €1.82bn), EPS ≥€7.5 (+9% YoY, cons €7.6), FCF ≥€0.9bn (-3 YoY, cons. €1.10bn).

■ **Feedback from the call.** The call contained no groundbreaking elements but was consistent with expectations, with management discussing guidance in more detail. Comments on the order book are in line with previous indications, while comments on residual values point to "normalisation" after the post-pandemic peak. Given FY24 guidance and visibility, the company expressed confidence in hitting the upper end of 2026 target ranges. We don't consider this a particularly bullish statement, however, as our FY25 estimates are already well above these targets.

■ **Change in estimates.** We are upgrading our 2024/25 forecasts by +3/2%, bringing estimates in line with consensus and slightly above the guidance starting point.

■ **NEUTRAL confirmed; target to €365.0.** We recently move the recommendation to Neutral after last year outperformance as expected limited further re-rating potential and because we anticipated a lack of earnings momentum in the short term, with the potential for FY24 guidance to fall short of expectations. While we argue that yesterday's outcome was relatively consistent with this view, as the guidance provided won't trigger an upgrade in consensus estimates and FCF also looks light, the stock reacted strongly to the release, proving us wrong. Although the business remains in good shape and arguably offers ample visibility during downturns, the all-time high valuation amid decelerating growth and low upside to our TP induces us to stay on the sidelines. TP to €365.0 from €361.0 on the back of higher estimates that are still in line with consensus. The stock is trading at P/E NTM/STM of 46/41x vs. 41/36x in the last twelve months, with EPS growth of +10% vs. +36% in 2023.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	5,096	5,970	6,449	6,949	7,342
EBITDA Adj (Eu mn)	1,774	2,279	2,472	2,761	3,007
Net Profit Adj (Eu mn)	933	1,254	1,378	1,549	1,695
EPS New Adj (Eu)	5.094	6.910	7.622	8.570	9.374
EPS Old Adj (Eu)	5.094	6.774	7.386	8.386	
DPS (Eu)	1.810	2.419	2.668	2.999	3.281
EV/EBITDA Adj	20.4	22.0	25.6	22.7	20.5
EV/EBIT Adj	29.5	31.0	35.5	31.1	28.1
P/E Adj	69.4	51.2	46.4	41.3	37.7
Div. Yield	0.5%	0.7%	0.8%	0.8%	0.9%
Net Debt/EBITDA Adj	0.7	0.5	0.6	0.5	0.5