

FERRARI

Sector: Consumers

OUTPERFORM

Price: Eu303.30 - Target: Eu369.00

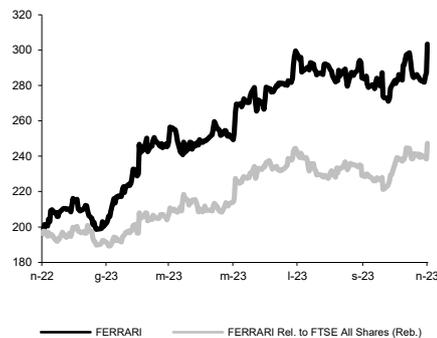
Record FY23 Brings FY26 Ever Closer; Hypercar Already Sold Out

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 362.00 to 369.00		
	2023E	2024E	2025E
Chg in Adj EPS	2.5%	0.9%	0.2%

FERRARI - 12M Performance



Stock Data

Reuters code:	RACE.MI
Bloomberg code:	RACE IM

Performance	1M	3M	12M
Absolute	7.2%	4.9%	54.8%
Relative	5.2%	7.1%	32.1%
12M (H/L)	303.30/196.65		
3M Average Volume (th):	341.92		

Shareholder Data

No. of Ord shares (mn):	182
Total no. of shares (mn):	182
Mkt Cap Ord (Eu mn):	55,079
Total Mkt Cap (Eu mn):	55,079
Mkt Float - Ord (Eu mn):	36,071
Mkt Float (in %):	65.5%
Main Shareholder:	
Exor	24.2%

Balance Sheet Data

Book Value (Eu mn):	3,115
BVPS (Eu):	17.20
P/BV:	17.6
Net Financial Position (Eu mn):	-1,448
Enterprise Value (Eu mn):	55,053

■ **3Q23 results beat expectations.** RACE reported better-than-expected 3Q23 results thanks to a stronger mix effect that more than offset slightly higher R&D costs. Revenues were €1.54bn (vs. our estimate /consensus of €1.49/1.48bn), up +23% YoY with +26% organic growth partly offset by a -3% ForEx effect. Auto&Parts (86% of the total) was up +26%, driven by an ASP of €385k, +16%, benefitting from country and model mix, personalisation and higher pricing, and volumes of 3.46k, +9% YoY. Adj. EBIT was €423mn (our est./cons. €395/399mn), up +37% YoY for a 27.4% margin vs. 23.8% in 3Q22 and our est./cons. of 26.6%/27.0%. Looking at the bridge, price&mix was strong, beating our expectations due to the top line effect (drop-through was in line), partly offset by higher R&D, while all other items were in line. FCF was €301mn, in line with expectations, which combined with a €195mn buyback brought net industrial debt to €233mn.

■ **2023 guidance: upgraded with new floor targets in line with consensus.** Thanks once again to strong personalisation (~19% vs. 17% in the plan), RACE upgraded its FY23 guidance. New targets are a floor that is in line with consensus, suggesting that estimates may edge slightly higher (low single-digit) after the release. EBITDA/EBIT/EPS/FCF are now seen at >€2.25bn/1.57bn/6.55/900mn. Implicit 4Q margins are still up YoY, but down QoQ due to lower planned sequential volumes, higher D&A linked to the start of production of new models, inflation and the usual seasonal increase in F1 related R&D.

■ **Feedback from the call.** The key elements emerging from the call were:

- FY24 indications fully support our forecast:** the mix will be positive, although less so than this year, while there is flexibility on pricing depending in part on cost trends. In FY23, we estimate price&mix at +14% with mix at +9%, while for FY24 we have +5% with mix at +3/4%;
- 2026 targets will be updated in 2025** supporting our view that they will be reached one year in advance;
- strong interest from customers across geographical markets** (in spite of peers and luxury players reporting weaknesses) **and powertrain technologies** (BEVs are attracting customers that are not interested in current ICE models);
- the “Super/Hypercar” based on the LeMans winning car, was presented three days ago and is already sold out** (we reported about this in June and more recently in our 3Q23 preview). Volumes are in the “few tens” (a bit lower than we imagined), but the ASP is well above at €5.1mn+VAT. We view this as the car that will be able to fix and fill the mix vacuum created by the changeover of the Icona model.

■ **OUTPERFORM confirmed; target to €369.0.** We remain positive on the stock as we believe RACE is well placed to significantly outpace 2026 targets, reaching the upper end of the range a year earlier than indicated. RACE enjoys strong demand for products that already have a 2-year waiting list, which cannot be lengthened much further. The launch of the mix-accretive white-space Purosangue and the effective launch of a “Supercar”, which fill and fix the mix vacuum between “Icona” models, are factors providing further visibility on earnings growth. We believe the spicy valuation in a context of high interest rates is a trade-off with the visibility offered by the business model. TP to €369.0 from €362.0 on the back of our raised estimates.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	4,271	5,095	5,940	6,466	6,963
EBITDA Adj (Eu mn)	1,531	1,774	2,253	2,516	2,816
Net Profit Adj (Eu mn)	831	933	1,229	1,365	1,544
EPS New Adj (Eu)	4.497	5.094	6.765	7.540	8.529
EPS Old Adj (Eu)	4.497	5.094	6.602	7.473	8.512
DPS (Eu)	1.362	1.810	2.368	2.639	2.985
EV/EBITDA Adj	22.5	20.4	24.4	21.5	18.9
EV/EBIT Adj	32.1	29.5	34.8	30.5	26.6
P/E Adj	67.4	59.5	44.8	40.2	35.6
Div. Yield	0.4%	0.6%	0.8%	0.9%	1.0%
Net Debt/EBITDA Adj	0.6	0.7	0.6	0.6	0.6