

FERRARI

Sector: Consumers

NEUTRAL

Price: Eu378.80 - Target: Eu382.00

Positive Quarter, but In Line with Forecasts

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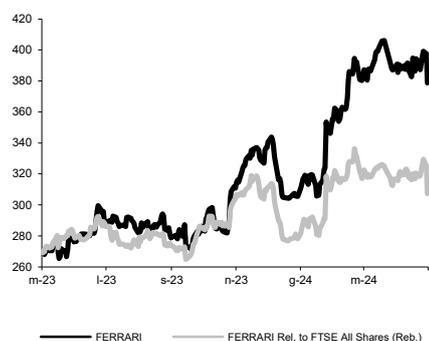
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 365.00 to 382.00		
	2024E	2025E	2026E
Chg in Adj EPS	3.5%	3.4%	3.2%

Next Event

 e-building presentation 21st of June (sell-side)

FERRARI - 12M Performance



Stock Data

Reuters code:	RACE.MI		
Bloomberg code:	RACE IM		
Performance	1M	3M	12M
Absolute	-2.2%	6.6%	40.6%
Relative	-3.0%	-3.6%	16.9%
12M (H/L)	406.20/265.50		
3M Average Volume (th):	299.15		

Shareholder Data

No. of Ord shares (mn):	180
Total no. of shares (mn):	180
Mkt Cap Ord (Eu mn):	68,222
Total Mkt Cap (Eu mn):	68,222
Mkt Float - Ord (Eu mn):	44,679
Mkt Float (in %):	65.5%
Main Shareholder:	
Exor	24.2%

Balance Sheet Data

Book Value (Eu mn):	3,770
BVPS (Eu):	21.00
P/BV:	18.0
Net Financial Position (Eu mn):	-1,388
Enterprise Value (Eu mn):	67,877

- 1Q24 results in line with expectations.** 1Q24 results were in line with expectations, featuring a strong price&mix contribution. Revenues were €1.58bn, up +11% YoY, o/w +13% organic and -2% ForEx. The Car & Parts business (87% of the total) posted an +11% YoY increase, entirely driven by a higher ARPU benefitting from strong product (~80 Icona's vs. ~40 in 1Q23) and geo mixes and customisation (slightly above 19%), while shipments were flat YoY. EBIT was €442mn, up +15% YoY (margin 27.9%, +1.0pp YoY), thanks to a strong price&mix contribution that offset cost inflation, higher R&D/SG&A costs and ForEx headwinds. FCF was €321mn (vs. €269mn in 1Q23) thanks to higher operating results and better NWC trends, despite higher CapEx related to different investment seasonality vs. last year. The NFP turned cash positive at €38mn (vs. debt of €99mn at YE23) after a €136mn buyback.
- 2024 guidance: "floor" confirmed with indications supporting consensus.** Guidance, which was provided in the form of a floor, was confirmed, with figures pointing to: revenues of >€6.4bn, EBITDA of ≥€2.45bn (margin ≥38%), EBIT of €1.77bn (margin ≥27%), EPS ≥€7.5 and FCF of >€0.9bn. Compared to our previous expectations, management seemed to rely more on price&mix growth (seen at ~10%) rather than volumes (comments suggest flat at FY23 level) consistent with the strategy of prioritising value. The recent partnership signed with HP for the title sponsor in F1 was already embedded in the guidance and will contribute from 2Q, supporting profitability as price&mix should ease slightly compared to 1Q. Personalisations are still targeted at 19% for FY24, despite coming in higher in 1Q, which featured the presence of highly-priced cars for which personalisation has a lower weight on ARPU. Overall, we think these indications support consensus estimates.
- "Normalising" order backlog reflection of sold-out product portfolio.** RACE said that the order backlog normalised during the quarter. However, we don't take this as a sign of weakness, as it mechanically reflects the fact that Ferrari's models are sold out (i.e. order book trends can sometimes follow a lumpy trajectory). The order backlog extends well into 2026, with some softness in China explained by a higher share of hybrids in that market. Residual values held up well; problems in one country with one model now seem to have been solved.
- Change in estimates.** We are raising our 2024-26 EPS by 3% on average on the back of a higher price&mix effect that more than offsets slightly lower volumes and higher R&D and SG&A costs.
- NEUTRAL; target €382.0.** RACE reported positive results, but we believe the lack of any surprises and/or comments about the normalization of the order backlog drove the negative share price reaction. The business remains in good shape and arguably offers ample visibility during a downturn, but the rich valuation commands more dynamic estimate trends. We are lifting our target to €382.0 from €365.0 on the back of higher estimates (€+11.5) and the partial roll-over of the valuation (€+5.5), but the absence of upside leads us to confirm our rating. The stock is trading at P/E NTMA/STMA of 46/41x, above vs its historical average and essentially in line with topflight luxury peers BC and RMS.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	5,096	5,970	6,529	7,038	7,435
EBITDA Adj (Eu mn)	1,774	2,220	2,521	2,824	3,071
Net Profit Adj (Eu mn)	933	1,254	1,421	1,595	1,742
EPS New Adj (Eu)	5.094	6.910	7.889	8.858	9.670
EPS Old Adj (Eu)	5.094	6.910	7.622	8.570	9.374
DPS (Eu)	1.810	2.419	2.761	3.100	3.385
EV/EBITDA Adj	20.4	22.6	26.9	23.8	21.6
EV/EBIT Adj	29.5	31.0	36.9	32.4	29.3
P/E Adj	74.4	54.8	48.0	42.8	39.2
Div. Yield	0.5%	0.6%	0.7%	0.8%	0.9%
Net Debt/EBITDA Adj	0.7	0.6	0.6	0.5	0.5

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- 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)

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Frequency of research: quarterly.

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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.

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OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emitente	%	Long/Short
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