

FERRARI

Sector: Consumers

OUTPERFORM

Price: Eu406.90 - Target: Eu494.00

Stronger Mix Driving Our Upgrade

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Stock Rating

Rating: from NEUTRAL to OUTPERFORM

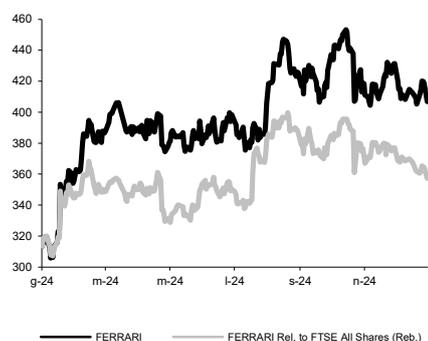
Target Price (Eu): from 418.00 to 494.00

| | 2024E | 2025E | 2026E |
|----------------|-------|-------|-------|
| Chg in Adj EPS | 0.1% | 5.4% | 8.8% |

Next Event

 4Q24 Results Out 30th January (TBC)

FERRARI - 12M Performance



Stock Data

Reuters code: RACE.MI

Bloomberg code: RACE IM

| Performance | 1M | 3M | 12M |
|-------------------------|---------------|-------|-------|
| Absolute | -5.7% | -4.7% | 27.4% |
| Relative | -5.2% | -6.0% | 14.1% |
| 12M (H/L) | 453.20/305.80 | | |
| 3M Average Volume (th): | 282.33 | | |

Shareholder Data

| | |
|---------------------------|--------|
| No. of Ord shares (mn): | 180 |
| Total no. of shares (mn): | 179 |
| Mkt Cap Ord (Eu mn): | 73,242 |
| Total Mkt Cap (Eu mn): | 73,242 |
| Mkt Float - Ord (Eu mn): | 47,966 |
| Mkt Float (in %): | 65.5% |
| Main Shareholder: | |
| Exor | 24.2% |

Balance Sheet Data

| | |
|---------------------------------|--------|
| Book Value (Eu mn): | 4,703 |
| BVPS (Eu): | 26.34 |
| P/BV: | 15.4 |
| Net Financial Position (Eu mn): | -1,567 |
| Enterprise Value (Eu mn): | 72,279 |

We are upgrading the stock to **OUTPERFORM** from Neutral on the back of positive earnings momentum, as our estimates are MSD above consensus amid a stronger-than-previously assumed mix effect. Residual values are strong worldwide and we believe the partial weakness in the UK will be addressed by management. In light of the higher estimates, we are raising our forecast and increasing the weight of outer years; we increase our TP to €494. At our TP, the stock would soon trade at ~50x, in line with the recent average and current RMS multiples.

■ **4Q24 preview: a positive quarter, but don't look for big surprises.** We expect a positive quarter with earnings growth solidly above double-digit levels thanks to a strong mix contribution. We estimate revenue of €1.65bn, +8% YoY; EBIT of €428mn, +15% YoY; EPS of €1.90, +17% YoY; and FCF of €141mn. Our estimates are in line with consensus.

■ **2025 outlook: strong mix to continue to push earnings.** Looking at FY25, we expect growth to continue in line with the pace in 2024, with a strong mix powering a mid-teen earnings increase and ~5% above consensus. In brief, we see revenues of €7.25bn, +10% YoY; EBITDA €2.86bn, +14% YoY for a 39.5% margin; EBIT €2.12bn, +15% YoY for a 29.2% margin; EPS of €9.3, +13% YoY; and FCF of €1.29bn. By driver:

- **Volumes:** should grow LSD to ~14k, +2% YoY, consistent with the 2022-26 BP;
- **ARPU:** should reach €445k, +8% YoY incl. a ~2% FX effect, amid a positive mix supported by the SF90XX, 12 Cilindri and Purosangue. The Daytona SP3 should phase out by 2Q and the F80 ramp-up by 4Q, implying an essentially stable contribution from the "Icona & Supercar" pillar despite a vacuum in central quarters;
- **SCB & Others:** up +8% YoY benefitting from improved F1 ranking and new sponsorships;
- **Costs:** we see a 2pp EBIT headwind (~€120/130mn), with higher SG&A due to the Hamilton contract and digital transformation, R&D to support vehicle development and new launches, and marginal cost inflation.

■ **Residual value: UK to be addressed; strong in all other countries.** During the 3Q call, management acknowledged some weakness for residuals in UK. Our analysis confirms that the UK is effectively the weakest market, though average residuals are not far off parity with starting prices. Weakness is visible among more recent models, but re-allocation of production and a new, extended warranty on hybrids should provide support. On the other hand, we note that in EU countries, the US and Japan (~67% of group volumes), prices are 20% to 30% firmly above SP.

■ **Mix: the reason for our higher estimates.** We are raising our forecast by 7% on average between 2025 and 2026 amid higher ARPU, mainly driven by a stronger-than-previously-assumed mix and partly by FX and a lower tax rate. Though we understand that part of the increase is due to cost inflation, higher technological content (incl. hybridization), and other factors (such as model cadence), our analysis shows that the current family of products makes a stronger price&mix contribution than previous fleet renewals, e.g., the 12 Cilindri is priced +33% above its predecessor, the 812, vs a 9% increase of the 812 vs the F12.

| Key Figures & Ratios | 2022A | 2023A | 2024E | 2025E | 2026E |
|------------------------|-------|-------|-------|-------|--------|
| Sales (Eu mn) | 5,096 | 5,970 | 6,594 | 7,247 | 7,880 |
| EBITDA Adj (Eu mn) | 1,774 | 2,220 | 2,518 | 2,863 | 3,210 |
| Net Profit Adj (Eu mn) | 933 | 1,254 | 1,479 | 1,666 | 1,893 |
| EPS New Adj (Eu) | 5.094 | 6.910 | 8.218 | 9.299 | 10.564 |
| EPS Old Adj (Eu) | 5.094 | 6.910 | 8.211 | 8.827 | 9.706 |
| DPS (Eu) | 1.810 | 2.419 | 2.876 | 3.255 | 3.697 |
| EV/EBITDA Adj | 20.4 | 22.6 | 28.2 | 25.2 | 22.2 |
| EV/EBIT Adj | 29.5 | 31.0 | 38.4 | 34.1 | 29.6 |
| P/E Adj | 79.9 | 58.9 | 49.5 | 43.8 | 38.5 |
| Div. Yield | 0.4% | 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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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; 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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX 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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As at 31 December 2024 Intermonte's Research Department covered 132 companies. Intermonte's distribution of stock ratings is as follows:

| | |
|--------------|---------|
| BUY: | 31.34 % |
| OUTPERFORM: | 43.28 % |
| NEUTRAL: | 25.38 % |
| UNDERPERFORM | 00.00 % |
| SELL: | 00.00 % |

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

| | |
|--------------|---------|
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| OUTPERFORM: | 29.58 % |
| NEUTRAL: | 19.72 % |
| UNDERPERFORM | 00.00 % |
| SELL: | 00.00 % |

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| Emittente | % | Long/Short |
|-----------|---|------------|
|-----------|---|------------|

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