

FERRARI

Sector: Consumers

NEUTRAL

Price: Eu327.50 - Target: Eu361.00

Growth to Continue, But at a Lower Pace

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Stock Rating

Rating: from OUTPERFORM to NEUTRAL

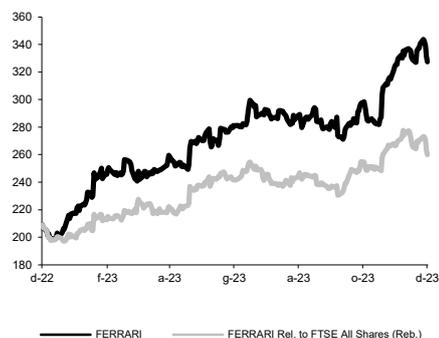
Target Price (Eu): from 369.00 to 361.00

	2023E	2024E	2025E
Chg in Adj EPS	0.1%	-2.0%	-1.7%

Next Event

Results Out 1 February 2024 (projected)

FERRARI - 12M Performance



Stock Data

 Reuters code: RACE.MI
 Bloomberg code: RACE IM

Performance	1M	3M	12M
Absolute	0.6%	15.3%	56.5%
Relative	-2.6%	10.1%	30.6%
12M (H/L)	343.80/198.70		
3M Average Volume (th):	319.63		

Shareholder Data

No. of Ord shares (mn):	182
Total no. of shares (mn):	182
Mkt Cap Ord (Eu mn):	59,474
Total Mkt Cap (Eu mn):	59,474
Mkt Float - Ord (Eu mn):	38,950
Mkt Float (in %):	65.5%
Main Shareholder:	
Exor	24.2%

Balance Sheet Data

Book Value (Eu mn):	3,038
BVPS (Eu):	16.80
P/BV:	19.5
Net Financial Position (Eu mn):	-1,454
Enterprise Value (Eu mn):	59,536

■ **4Q23 preview: strong, but consensus already bullish.** We expect RACE to report a positive end to the year, although we see limited scope to surprise as consensus estimates are already above guidance for a quarter that historically has lower upside potential. We project revenues of €1.52bn, +11% YoY (+13% organic), driven by ASP up +8% amid robust pricing and mix, volume up +4%, and others down -2% due to the end of the Maserati contract. In terms of profitability, we forecast EBIT of €355mn (+19% YoY) for a 23.5% EBIT margin, up vs 21.8% in 4Q22, but down vs 27.4% in 3Q23 despite similar revenues on the back of higher D&A, higher FX headwinds, and seasonally higher SG&A and R&D. Net industrial debt is foreseen at €62mn after FCF generation of €221mn and a €78mn buyback. FY23 should close with revenues of €5.96bn (guid. ~€5.9bn), EBIT of €1.60bn (guid. >€1.57bn, up +30% YoY for a 26.8% margin), EPS of €6.77 (up +33% YoY, guid. >€6.55) and FCF of €929mn (guid. >€900mn).

■ **2024 outlook softer than previously envisaged; we expect guidance to undershoot current consensus forecast.** Looking at FY24, we expect another year of growth for RACE, but at a more moderate pace compared to recent periods and to our forecasts (prior to this note) and those of consensus. After the +14%/30% EBIT growth seen in FY22/23E, we forecast growth slowing amid a revenue rise that will still be positive but moderating (+7% vs +19%/+17% in 22/23E). We see growth decelerating for all components, namely volumes (+4%), mix (+3%), and pricing (+1/2% vs +5% in 23E), with the greatest impact on earnings growth of the latter on a tough comparison base. In particular, the increased contribution from the Daytona, Purosangue, SF90XX and Roma Spider are partly offset by higher 296 GTS (entry level) and lower 812 Competizione and SF90. After the better-than-expected and record breaking 2023, personalizations are expected to moderate. On top of that, we also expect a more adverse FX effect (relevant for RACE given the cost base predominantly in €). We believe RACE will guide for EBIT of ~€1.75bn implying +9% growth, in line with our new estimates but below our old forecast and the current consensus forecast of €1.78/1.85bn or +12% and +15%.

■ **Change in estimates.** While our 23E estimates are unchanged overall as slightly higher operating forecasts are offset by higher net financial changes and minorities, we are cutting FY24/25 forecasts by -2% in light of the abovementioned trends and more adverse FX. Our forecast is some ~5% below consensus.

■ **Downgrade to NEUTRAL from Outperform; TP to €361 from €369.** While the business is in good shape and arguably offers ample visibility during downturns, we expect RACE to guide for a FY24 below the current consensus forecast, as the positive beat & improved track record prompted the Street to be a little too optimistic. Although we continue to expect the company to reach the high end of FY26 targets as early as FY25, we downgrade the stock as we expect earnings momentum to temper over the coming weeks and limited upside to our updated TP (€361 from €369). Also in terms of the valuation we find little support, as the stock essentially trades in line with RMS, while it historically traded at a ~15/20% discount. Lastly, we do not expect any benefit from less movement of interest rates as during the rise the stock did not suffer and consequently this would make the valuation even more stretched.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	4,271	5,095	5,961	6,407	6,921
EBITDA Adj (Eu mn)	1,531	1,774	2,259	2,455	2,744
Net Profit Adj (Eu mn)	831	933	1,230	1,337	1,518
EPS New Adj (Eu)	4.497	5.094	6.774	7.386	8.386
EPS Old Adj (Eu)	4.497	5.094	6.765	7.540	8.529
DPS (Eu)	1.362	1.810	2.371	2.585	2.935
EV/EBITDA Adj	22.5	20.4	26.4	23.9	21.1
EV/EBIT Adj	32.1	29.5	37.2	33.6	29.3
P/E Adj	72.8	64.3	48.3	44.3	39.1
Div. Yield	0.4%	0.6%	0.7%	0.8%	0.9%
Net Debt/EBITDA Adj	0.6	0.7	0.6	0.6	0.6