

# FERRARI

Sector: Consumers

## NEUTRAL

Price: Eu252.10 - Target: Eu253.00

### Good Start To The Year But Not Enough To Upgrade Guidance

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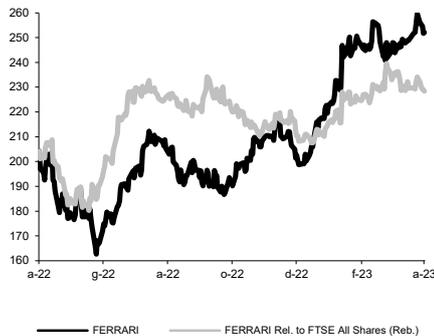
#### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 243.00 to 253.00		
	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>Chg in Adj EPS</b>	1.8%	1.0%	0.7%

#### Next Event

 Results Out 4<sup>th</sup> of May

#### FERRARI - 12M Performance



#### Stock Data

Reuters code:	RACE.MI
Bloomberg code:	RACE IM

Performance	1M	3M	12M
Absolute	2.1%	13.3%	23.5%
Relative	-2.0%	6.2%	13.1%
12M (H/L)	259.60/162.65		
3M Average Volume (th):	312.44		

#### Shareholder Data

No. of Ord shares (mn):	183
Total no. of shares (mn):	183
Mkt Cap Ord (Eu mn):	46,152
Total Mkt Cap (Eu mn):	46,152
Mkt Float - Ord (Eu mn):	30,225
Mkt Float (in %):	65.5%
Main Shareholder:	
Exor	24.2%

#### Balance Sheet Data

Book Value (Eu mn):	3,310
BVPS (Eu):	18.18
P/BV:	13.9
Net Financial Position (Eu mn):	-1,401
Enterprise Value (Eu mn):	45,819

■ **1Q23 results preview: a good start to the year.** We expect RACE to report a good start to the year, with growth rates in line with FY expectations thanks to robust volume growth. We expect group revenues to have come to €1.39bn, +17% YoY, driven by +18% YoY growth in the core Auto & Parts division (86% of the total). In particular, we envisage an 11% rise in shipments to 3.6k units, while ASP is expected to have come to €331k, +6% YoY thanks almost entirely to price. This comes as 2023 should be a front-loaded year for volumes (strong shipments of entry level models in 1H) and back-end loaded for mix, as the Daytona SP3 and Purosangue contribute from end-2Q/3Q respectively. Sponsorship, commercial and brand (SCB) revenues are forecast to have risen +18% YoY (9% of the total) on a higher F1 payout and momentum for lifestyle activities. Adj. EBIT should have come to €364mn (+18% YoY), with a fairly flat margin at 26.1% (vs. 25.9% in 1Q22), as strong volume and price contributions are likely to have been offset by cost inflation and higher D&A given the initiation of production of new models. Industrial FCF is expected to have come to €258mn, down from €299mn in 1Q22 given the reversal on advance payments on the SP3 and 812 Competizione. Overall, our estimates are in line with consensus.

■ **2023 outlook: no changes in sight.** We do not foresee any revisions to full-year guidance at this stage, as 1Q expectations seem consistent with the growth rate expected for the year and the business is predictable by nature. Our estimates are consistent with the upper end of the guidance range, pointing to: revenues of €5.77bn, up +13% YoY, adj. EBITDA at €2.18bn (+23% YoY), implying a 37.8% margin (+3.0pp YoY), adj. EBIT at €1.49bn (+22% YoY) with a 25.9% margin (+1.8pp YoY) and adj. EPS at €6.21 (+22% YoY). Looking at consensus, we note adj. EBIT estimates are already positioned slightly above the top end of the company guidance range (consensus adj. EBIT €1.52bn, guidance €1.45-1.50), but in line with the mid-point for adj. EPS (€6.1, guidance €6.0-6.2).

■ **Change in estimates.** We are slightly upgrading our estimates (2023-25 average adj. EPS +1%) thanks to higher SCB revenues which, given their nature, pass directly through to the bottom line.

■ **NEUTRAL confirmed; target from €243.0 to €253.0.** We expect RACE to report a positive set of results, in line with the FY23 growth trajectory. Nevertheless, we confirm our NEUTRAL rating on the stock, as we find no upside to our current valuation, and we view little scope for results to surprise consensus on the upside, given that it is already slightly above the upper end of the guidance range. While the company shows no signs of weakness despite the macro scenario, we find the valuation unattractive, as the stock is trading at 39/35x the NTM/STMA P/E, above the average of 37/32x over the last 5 years. We are lifting our target price to €253.0 from €243.0 to reflect the inclusion of 2025 estimates in our framework (from 2023/24 previously), as well as the raised estimates mentioned above.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	4,271	5,095	5,770	6,182	6,542
EBITDA Adj (Eu mn)	1,531	1,774	2,181	2,384	2,608
Net Profit Adj (Eu mn)	831	933	1,134	1,252	1,392
EPS New Adj (Eu)	4.497	5.094	6.210	6.854	7.624
EPS Old Adj (Eu)	4.497	5.099	6.100	6.787	7.570
DPS (Eu)	1.362	1.810	2.173	2.399	2.668
EV/EBITDA Adj	22.5	20.4	21.0	18.9	17.0
EV/EBIT Adj	32.1	29.5	30.6	27.4	24.5
P/E Adj	56.1	49.5	40.6	36.8	33.1
Div. Yield	0.5%	0.7%	0.9%	1.0%	1.1%
Net Debt/EBITDA Adj	0.6	0.7	0.6	0.6	0.6