

FERRARI

Sector: Consumers

OUTPERFORM

Price: Eu291.30 - Target: Eu362.00

FY26 High-End to Be Reached One Year Earlier; Up To OUTPERFORM

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Stock Rating

Rating: from NEUTRAL to OUTPERFORM

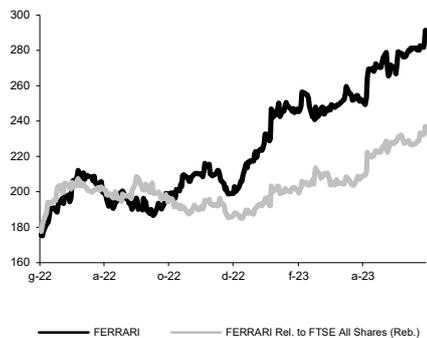
Target Price (Eu): from 257.00 to 362.00

	2023E	2024E	2025E
Chg in Adj EPS	3.3%	6.4%	9.3%

Next Event

 Results Out 2nd of August

FERRARI - 12M Performance



Stock Data

Reuters code: RACE.MI

Bloomberg code: RACE IM

Performance	1M	3M	12M
Absolute	7.2%	18.4%	62.9%
Relative	4.2%	14.1%	40.0%
12M (H/L)	291.30/175.20		
3M Average Volume (th):	289.51		

Shareholder Data

No. of Ord shares (mn):	182
Total no. of shares (mn):	182
Mkt Cap Ord (Eu mn):	52,929
Total Mkt Cap (Eu mn):	52,929
Mkt Float - Ord (Eu mn):	34,663
Mkt Float (in %):	65.5%
Main Shareholder:	
Exor	24.2%

Balance Sheet Data

Book Value (Eu mn):	3,270
BVPS (Eu):	18.05
P/BV:	16.1
Net Financial Position (Eu mn):	-1,438
Enterprise Value (Eu mn):	52,742

■ **Upgrade to OUTPERFORM; TP to €362.0.** We are upgrading the stock to OUTPERFORM from Neutral as we believe Ferrari is well placed to significantly outpace 2026 targets, reaching the high-end of target ranges a year earlier. 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 on which we raise our forecast and our expectations for the launch of a “Supercar” that will fill and fix the mix vacuum between “Icona”: these are the factors driving our upgrade. Expectations for a strong quarter and a guidance upgrade are the short-term catalysts. Our TP goes to €362 (from €257) as we raise TGR to 4.0% (from 3.0%) to reflect higher structural growth, higher forecast, roll-over & extend the valuation to 2026, partly offset by higher WACC (6.1% vs 5.6% prev.).

■ **2Q23 preview: we see a record quarter.** We expect another set of record results due to a strong mix and price effect, leading to an almost 40% EBITDA margin. Revenues are projected at €1.5bn, up +16% YoY, led by the Auto&Parts division, where we see an ASP of €372k, up +17%/+7% YoY/QoQ as the Daytona and 812 Competizione have ramped up, and personalization should have remained strong. Volumes should be flattish as RACE is intentionally rebalancing 1H vs 2H shipments. Adj. EBIT is estimated at €435mn, up +35% YoY for a 29.1% margin vs 25.0% in 2Q22, with price&mix the main contributors.

■ **2023 guidance: expecting an upgrade.** In light of the strong set of results envisaged for 1H23, we see scope for a guidance upgrade, mainly thanks to personalization (i.e. mix). We do not expect a massive upgrade (~3%, adj. EBIT of €1.55bn) given the high level of planning and predictability of the business. For 2H, we forecast shipments of ~7.0k, up +7% YoY and stable vs 1H, with an ASP at €372k helped by the ramp-up of the Purosangue (starting MRSP of €390k). Adj. EBIT margin of ~25%, up 2.1pp YoY, though lower vs ~28% expected in 1H due to higher D&A from the SoP of the Purosangue and some cost inflation. Our / cons. estimates are some 4% above current guidance.

■ **2026 guidance to be reached a year earlier.** It appears increasingly visible to us that the high-end of 2026 targets will be achieved one year earlier. This is because RACE will deliver more than half of the 2022-26 EBITDA growth as early as this year (~€460mn) and we cannot reconcile the shape of the business with the implicit 2024-26 EBITDA CAGR of +4% (EBITDA growth never below 8%, ex-Covid). In particular:

- Strong demand and a waiting list of ~2 years**, which we do not believe can lengthen further for customer relationship reasons. While RACE is prioritizing price&mix growth in this plan, we find no volume growth as unrealistic (historically 8%);
- the Purosangue**, a >€1bn mix-accretive white-space vehicle with volumes of 2.9k units which we increase from 2.3k prev. (+4% on tot.) due to strong demand as 2 years of production sold out in a month (books recently re-opened). Moreover, it will still be an exclusive vehicle as it will be <20% RACE volumes for ~13% mkt share;
- the likely launch of a “Supercar”** akin to Icona in financial terms, filling (and fixing) the mix vacuum during the model changeover but more focused on “Performance” than “Style” (similar to the Le Mans 24h winning car?). The “Supercar” was listed along with the “Icona” pillar in CMD slides, but we feel it was overlooked. RACE is not currently present in this market that we estimate is worth ~€1.0bn and the firm has the brand and technology to exploit it.

■ **Change in estimates.** We raise our forecast by an average of +6% between '23-25, mainly due to slightly higher volumes and ASP growth. We introduce the FY26 forecast envisaging +10% growth for adj. EBITDA of €3.07bn and a 41.8% margin vs guidance of €2.7bn and 40% margin. Adj. EPS is seen at €6.6/7.5/8.5/9.4 in FY23/24/25/26.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	4,271	5,095	5,905	6,437	6,948
EBITDA Adj (Eu mn)	1,531	1,774	2,233	2,498	2,801
Net Profit Adj (Eu mn)	831	933	1,197	1,353	1,544
EPS New Adj (Eu)	4.497	5.094	6.588	7.456	8.509
EPS Old Adj (Eu)	4.497	5.094	6.379	7.009	7.782
DPS (Eu)	1.362	1.810	2.306	2.610	2.978
EV/EBITDA Adj	22.5	20.4	23.6	20.8	18.2
EV/EBIT Adj	32.1	29.5	33.7	29.5	25.6
P/E Adj	64.8	57.2	44.2	39.1	34.2
Div. Yield	0.5%	0.6%	0.8%	0.9%	1.0%
Net Debt/EBITDA Adj	0.6	0.7	0.6	0.6	0.6