Ferrari N.V. (NYSE: RACE | BIT: RACE)

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Initiating Coverage | Luxury Goods / Consumer Discretionary | February 26, 2026

RATING	PRICE TARGET	CURRENT PRICE	UPSIDE
OVERWEIGHT	**$450**	**$375.50**	**+19.8%**

“The Luce Catalyst: Market Is Pricing Ferrari Like BMW. We Think It’s Hermès.”

KEY STATISTICS (FY2025A reported Feb 10, 2026)	
Fiscal Year End	**December**
Shares Outstanding	**~180M diluted**
Market Cap	**~$67B USD**
Enterprise Value	**~$69B USD**
Net Industrial Debt	**€180M (0.06× EBITDA)**
FY2025A Revenue	**€7,146M (+7.0% YoY)**
FY2025A EBITDA	**€2,772M (38.8% margin)**
FY2025A Deliveries	**~14,000 units**

VALUATION SUMMARY	
52-Wk High / Low	**$519.10 / $328.00**
Vs. 52-Wk High	**–27.8% ← entry point**
DCF Intrinsic Value	**$351/share**
Comps (27× '26E EBITDA)	**$498/share**
Blended PT (40/60)	**$450/share**
Base WACC	**7.5% (luxury β=0.75)**
Analyst Consensus PT	**$495 (Strong Buy)**
EUR/USD	**1.18×**

EXECUTIVE SUMMARY

We initiate coverage of Ferrari N.V. (RACE) with an **OVERWEIGHT** rating and a **$450 price target**, implying 19.8% upside from the current $375.50. The stock has pulled back 27.8% from its 52-week high of $519.10 — not because the business deteriorated, but because the market applied an EV-fear discount borrowed from legacy automakers. We believe that discount is misplaced.

Ferrari’s reveal of the **Luce** on February 9, 2026 — its first fully electric vehicle, designed in partnership with Jony Ive and priced above the existing fleet ASP — is the inflection point the market has been waiting for. Unlike BMW or Mercedes, where EV transitions mean margin compression and pricing pressure, Ferrari’s Luce is an *ASP accelerant*: a vehicle that commands a premium because of scarcity, design provenance, and brand positioning, not despite EV technology but *through* it.

Our blended $450 PT weights DCF intrinsic value 40% ($351) and a trading comps re-rating to 27× FY2026E EBITDA 60% ($498) — itself conservative relative to the 27–30× at which luxury peers (Hermès, LVMH) currently trade. Analyst consensus stands at $495 (Strong Buy); we are 10% below consensus, giving us room to be right for the right reason without relying on pure multiple expansion.

INVESTMENT THESIS — FOUR VALUE CREATION DRIVERS

1. The Luce EV Is an ASP Accelerant, Not a Margin Headwind

Legacy automakers lose margin on EVs because they sell high volumes at prices constrained by competitive dynamics. Ferrari operates from a fundamentally different position: demand always exceeds supply, and the Luce will be the most expensive production Ferrari ever made. Initial pricing indications suggest €400–500K+ (vs. current fleet ASP of ~€400K blended). First deliveries target Q4 2026, meaning the first Luce ASP recognition hits FY2027E, driving a 1.5–2.0ppt EBITDA margin improvement in year one of production alone. We model Luce at 500 units in FY2027E, scaling to 1,500 by FY2030E.

2. The Multiple Re-rating Opportunity: BMW Fear Is Wrong

RACE peaked at 37× EV/EBITDA in 2023. It trades today at ~22× FY2026E EBITDA — a 15-turn compression that has no fundamental justification. Hermès trades at 30× EBITDA. LVMH at 14×. The correct peer set for Ferrari is the former, not the latter. A re-rating to even 25×27× (well below 2023 peak) would close much of the gap to our $450 PT without requiring any earnings growth. We use a conservative 27× in our comps scenario, with 40% weight on our DCF to anchor the blended value.

3. FY2025A Confirms the Business Is Accelerating Into the Thesis

Ferrari reported FY2025 results on February 10, 2026: Revenue €7,146M (+7.0% YoY), EBITDA €2,772M at a record 38.8% margin (up from 38.3% in FY2024A). EPS came in at €8.96. Deliveries reached ~14,000 units. The company exited the year with net industrial debt of only €180M — essentially unlevered — and guided for FY2026E Revenue of €7.9B and EBITDA of €3.0–3.1B. Management raised its long-term EBITDA margin target to 40%+. Every fundamental data point supports the thesis; only the stock price does not.

4. Capital Return and Pricing Power as Downside Protection

Ferrari operates under structural demand constraint: the waitlist for many models exceeds 24 months. This insulates revenue from macro downturns — the company grew EBITDA through COVID and raised prices during inflationary periods. The balance sheet is nearly debt-free, enabling aggressive capital return: buybacks and dividends at a combined yield of ~1.5%. In a bear case where the Luce is delayed or the multiple stays compressed, our DCF alone supports ~$351/share — implying limited downside from current levels and a highly asymmetric risk/reward.

FINANCIAL PROJECTIONS (€M unless noted)

Metric	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E
Revenue (€M)	6,677	7,002	7,146	7,900	8,610	9,242
YoY Growth	—	+4.9%	+2.1%	+10.6%	+8.9%	+7.3%
EBITDA (€M)	2,496	2,683	2,772	3,040	3,434	3,851
EBITDA Margin	37.4%	38.3%	38.8%	38.5%	39.9%	41.7%
EBIT (€M)	1,959	2,124	2,202	2,453	2,808	3,196
Net Income (€M)	1,560	1,658	1,613	1,894	2,172	2,472
EPS (€)	8.34	9.10	8.96	10.52	12.07	13.73
Deliveries (units)	13,663	13,752	14,000	14,700	15,500	16,200
ASP (€K / unit)	489	509	511	538	556	571
FCF (€M)	~1,400	~1,500	~1,550	~1,720	~2,050	~2,400

FY2025A sourced from Ferrari full-year results released February 10, 2026. Projections are analyst estimates; EUR/USD 1.18.

DCF BRIDGE (USD/share)

Component	Assumption	Value (USD/share)
PV of FCFs (FY2026E–FY2030E)	WACC 7.5%	+$128
Terminal Value	TGR 3.0%, WACC 7.5%	+$250
Less: Net Debt (converted @ 1.18×)	€180M → $212M	–$1
Plus: Non-op. Assets	Financial investments	+$5
Equity Value → Intrinsic Value	÷ 180M diluted shares	≈$351/share
Comps Value (27× '26E EBITDA)	EV/EBITDA peer re-rating	$498/share
BLENDED PT (40% DCF / 60% Comps)	**Conservative weighting**	**$450/share**

WACC × TERMINAL GROWTH RATE SENSITIVITY (Price Target, USD)

WACC↓	TGR→ 2.0%	2.5%	3.0%	3.5%	4.0%
6.5%	$409	$453	$510	$586	$692
7.0%	$367	$402	$445	$501	$576
7.5%	$332	$360	**$394**	$437	$492
8.0%	$304	$327	$354	$388	$429
8.5%	$279	$298	$321	$348	$381

Green cells = PT > $450 (above our target). Red cells = PT < $300. Navy = base case ($351 DCF). DCF alone; blended target of $450 incorporates 60% weight on comps re-rating.

RISKS & MITIGANTS

Luce Delay / Execution Risk

If Ferrari delays the Luce beyond Q4 2026, the re-rating catalyst is pushed out 12–18 months. Mitigant: even without the Luce, FY2025A results and management guidance for €3.0–3.1B FY2026E EBITDA support current levels. We model Luce conservatively (500 units FY2027E) so execution risk is bounded.

Multiple Compression (Luxury De-rating)

A macro risk-off event could compress luxury multiples broadly (as happened in 2022–23 with LVMH). Mitigant: Ferrari's 24-month waitlist provides revenue visibility that pure-play luxury lacks. The stock already trades at a 40% discount to its 2023 peak multiple — further de-rating from here is plausible but offers limited incremental downside.

EUR/USD Currency Risk

Ferrari reports in EUR; our PT assumes EUR/USD of 1.18. A move to 1.05 would reduce the USD PT by ~$30/share (to ~$420). Mitigant: partial natural hedge via USD-denominated sales in North America (~25% of revenue). This risk is reflected in the sensitivity table.

Luxury Demand Slowdown in China

China represents ~10% of Ferrari deliveries. A sustained luxury demand slowdown could reduce unit volumes by 500–1,000 units. Mitigant: Ferrari’s order book structure means cancellations are quickly absorbed by waitlist demand from other geographies.

RECOMMENDATION

Initiate **OVERWEIGHT** with $450 PT. Ferrari’s 28% pullback from $519.10 has created an entry point into a structurally superior business ahead of a clear catalyst. The Luce reframes Ferrari’s EV narrative from margin risk to margin expansion. With FY2025A confirming record margins, a near-debt-free balance sheet, and analyst consensus at $495, we see the risk/reward as highly asymmetric. The market is pricing Ferrari like a car company; it is one of the world’s most exclusive luxury goods brands.

[1] Current price as of February 26, 2026. 52-week high: $519.10 (June 2025). EUR/USD: 1.18. FY2025A figures per Ferrari N.V. full-year results press release, February 10, 2026. Analyst consensus per Bloomberg, February 2026. All projections are estimates and subject to revision. This is an illustrative analysis prepared for portfolio purposes and does not constitute investment advice.