

FINANCIAL STATEMENTS ANALYSIS

Ferrari

Advanced Accounting



PRESENTATION GUIDE

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“EVERYONE DREAMS
OF DRIVING
A FERRARI,
IT WAS MY INTENT
FROM THE START.”

— Enzo Ferrari —



HISTORY

1929

Enzo Ferrari formed
in Modena
"Scuderia Ferrari"



SEPT. 6, 1939

Foundation of
**"Auto Avio
Costruzioni"**
for machine and
aircrafts tools

1940

race car **Tipo 815**



1943

headquarters from
Modena to **Maranello**



1960 - 1969

Ferrari as **Limited
company**

Sold to **Fiat Chrysler
Automobiles**

1980

FCA increased
investment by
covering **90%** of
Ferrari's shares



1989

renamed **Ferrari S.p.A.**

2000 - 2008

most successful period:
13 World titles
successful models

2015

NYSE : RACE



2018 - 2020

CEO:
Louis Carey Camilleri

President:
John Elkmann

INDUSTRY ...

Luxury Performance Car Market

UNITS SOLD

10,000

SELLING PRICE

€ 150,000

MARKET ESTIMATED VALUE

€ 469 BILLION

MARKET SHARE

23%



... AND COMPETITION



- Founded in 1963
- Recognized as the third most successful F1 Team



VALUE WORTH

€ 1,4 B



ASTON MARTIN

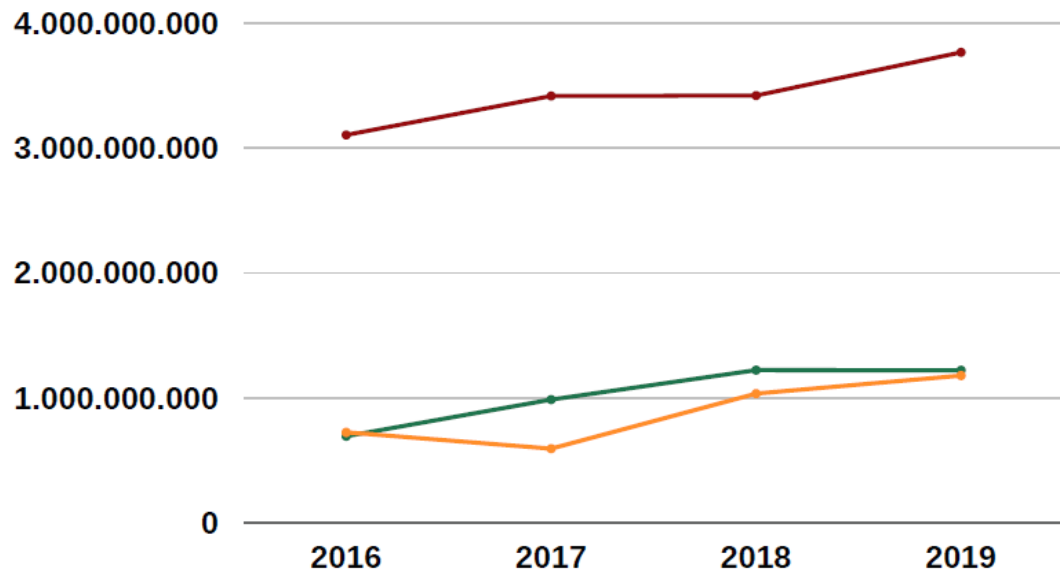
- Founded in 1913 as dealership "Bamford and Martin"
- Sponsor of **Red Bull Racing** from 2016

VALUE WORTH

€ 3,6 B



NET REVENUES



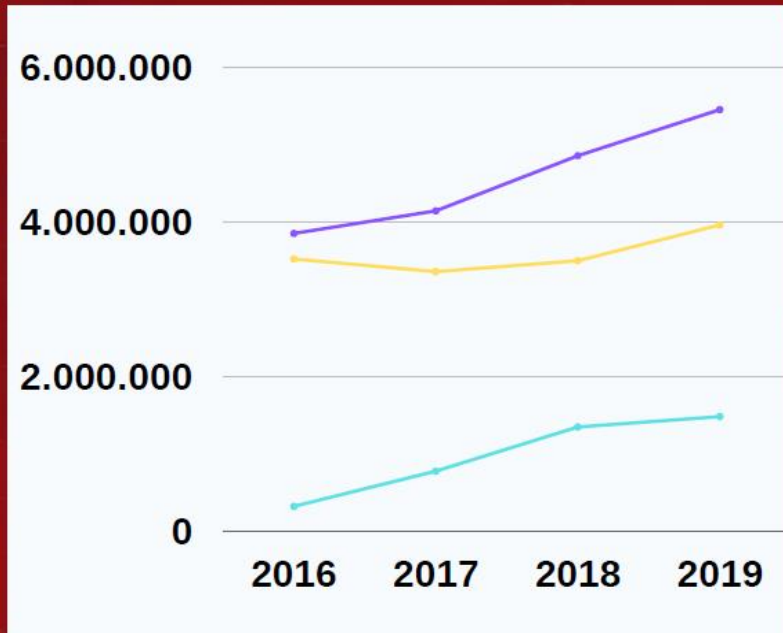
From the graph we can notice that **Ferrari** has always had a positive trend and it has always topped the other two firms by showing figures almost doubled compared to Aston Martin and McLaren.

McLaren has a positive trend

Aston Martin faced a decrease in sales from 2018 to 2019.

● FERRARI ● ASTON MARTIN ● MCLAREN

HORIZONTAL ANALYSIS



BALANCE SHEET

TOTAL ASSETS

increase of 41,48% from 2016 to 2019

TOTAL EQUITY

increase of 455,79% of base year

TOTAL LIABILITIES

increase from 2017 to 2019 after decrease from 2016 to 2017

INCOME STATEMENT

Growth in sales, EBIT, Profit before taxes

Increase in net revenues

CASH FLOW

Operating activities

overall decline of 35,07% in 2017 respect to 2016, growth in 2018 continued in 2019

Investing activities

rising through years

Financing activities

decreasing trend (2016 to 2018), increasing in 2019

VERTICAL ANALYSIS

REVENUES	100%
COGS	47.93%
NET PROFIT/LOSS	18.55%

REVENUES	100%
COGS	64.44%
NET PROFIT/LOSS	(10.47%)

REVENUES	100%
COGS	69.58%
NET PROFIT/LOSS	(10.47%)

Ferrari has way higher profits than its competitors

Every income statement component of **Aston Martin** and **McLaren** is always higher than Ferrari in % (excluded profit)

COGS almost half of sales in **Aston Martin** and **McLaren**, which is a factor of their lower revenues

A dark red background featuring a blurred image of a Ferrari sports car.

NONCUR. ASSETS	51.51%
CURRENT ASSETS	48.49%
TOTAL	100%
LIABILITIES	72.69%
EQUITY	27.31%
TOTAL	100%

A dark brown background featuring a blurred image of an Aston Martin sports car.

NONCUR. ASSETS	74.56%
CURRENT ASSETS	25.44%
TOTAL	100%
LIABILITIES	83.91%
EQUITY	16.09%
TOTAL	100%

A dark orange background featuring a blurred image of a McLaren sports car.

NONCUR. ASSETS	66.16%
CURRENT ASSETS	33.84%
TOTAL	100%
LIABILITIES	85.52%
EQUITY	14.48%
TOTAL	100%

Ferrari's assets are concentrated in non-current ones having 48.49%, which may be linked to the will to maintain them higher than current liabilities (40.14%)

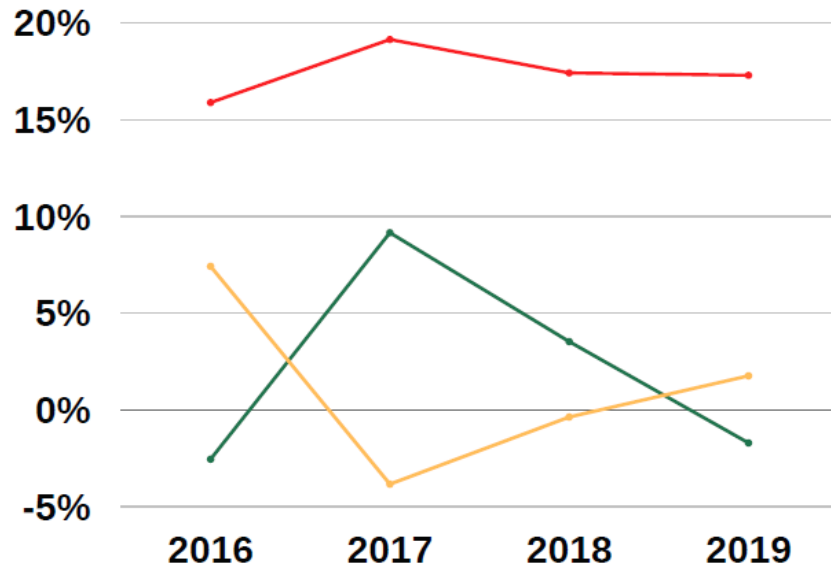
Ferrari's equity, seen as percentage, is almost double than its competitors' equities

Aston Martin and **McLaren** have a solid financial situation as seen as high percentage of fixed assets

PROFITABILITY ANALYSIS



RETURN ON INVESTMENTS



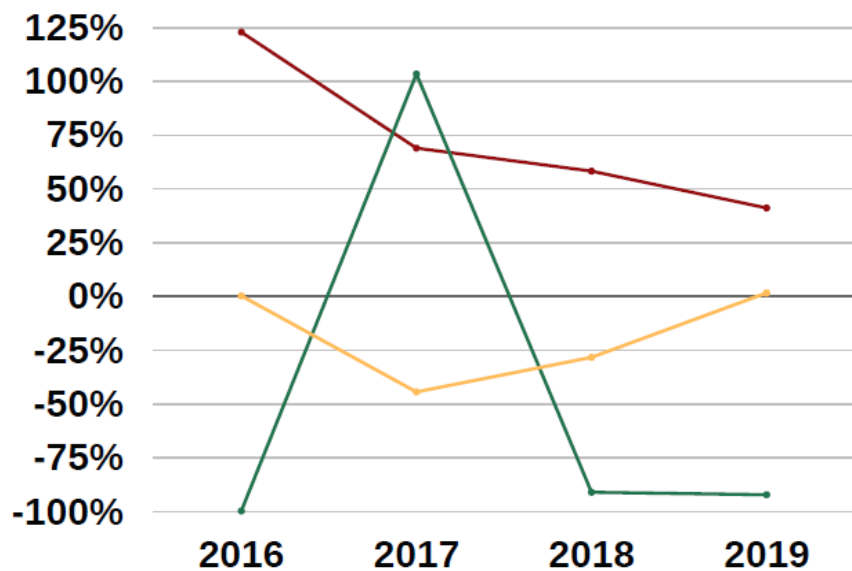
Ferrari has a balanced trend with a percentage ranging from 15% to 19%.

Its competitors instead, show a conflicting trend compared to Ferrari:

Aston Martin shows a sudden increase of 9,16% in 2017 after falling quickly again the next two years;

McLaren instead, had a rapid decline to -3,84% in 2017 and then has risen but still with negative percentages.

RETURN ON EQUITY

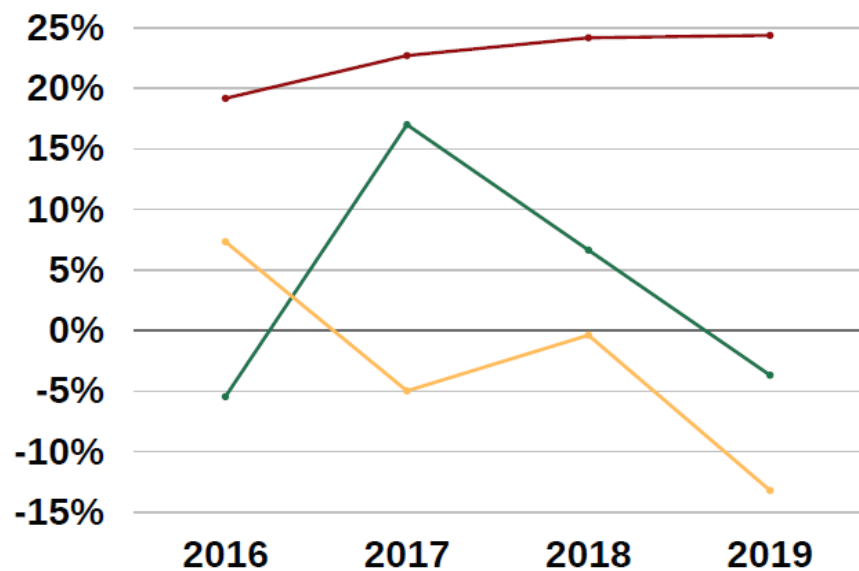


For **Ferrari** trend is decreasing with jump from 123% to 69% in 2017

Aston Martin had a sharp growth in 2017 before rapidly falling

McLaren starts from a little bit above 0 to suddenly drop to negative values.

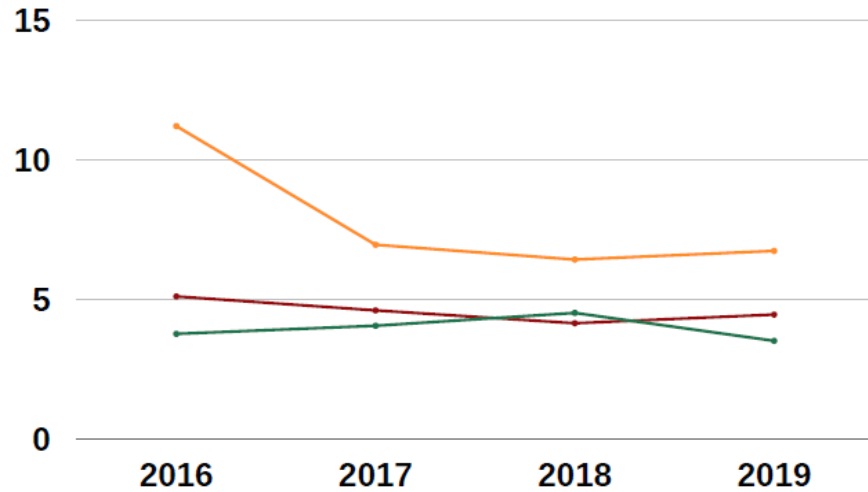
RETURN ON SALES



Ferrari has always had an increasing ROS reaching 24,36% in 2019.

Aston Martin and **McLaren** show an irregular trend going up and down, similar to the one of ROI.

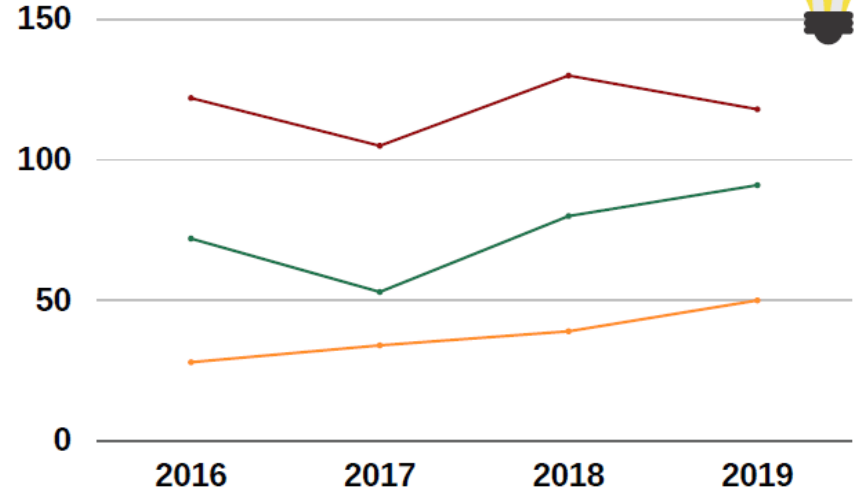
EFFICIENCY ANALYSIS



INVENTORY TURNOVER RATIO

Both **Ferrari** and **Aston Martin** have a linear direction though the time.

McLaren shows a relatively higher turnover ratio, with a peak of 11.2

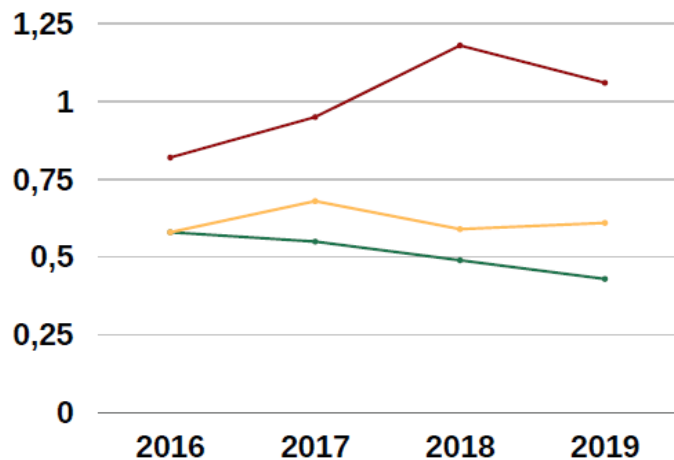


DAYS OF SALES OUTSTANDING RATIO

Both **Aston Martin** and **McLaren** trends are increasing, which means that the time to collect accounts receivable is rising as well

Ferrari shows a non-linear trend

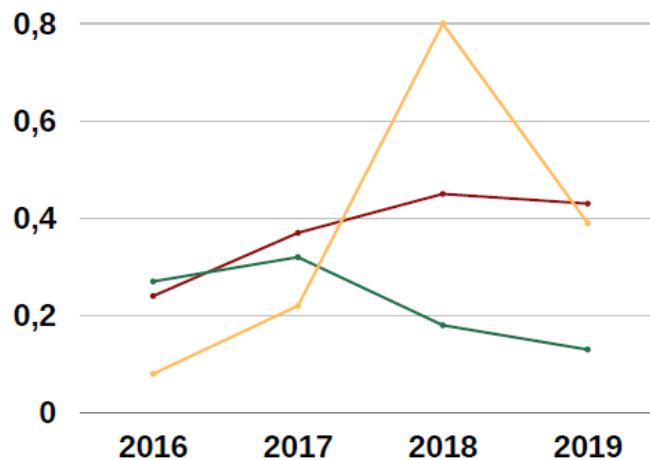
LIQUIDITY ANALYSIS



QUICK RATIO

Ferrari in 2016 and 2017 was under the threshold of 1 but then went above it the next two years.

Its **competitors** stay all the period studied under this threshold.

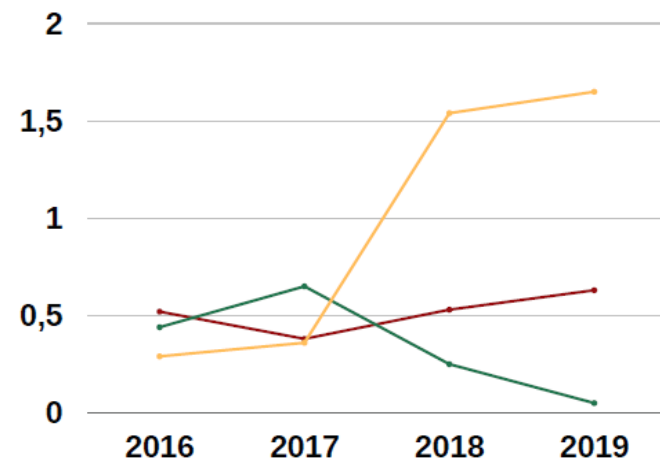


CASH RATIO

Ferrari has always been growing since 2016

Aston Martin faces the opposite trend, waning.

McLaren has a fluctuating trend



CASH FLOW RATIO

Ferrari has a slight increase

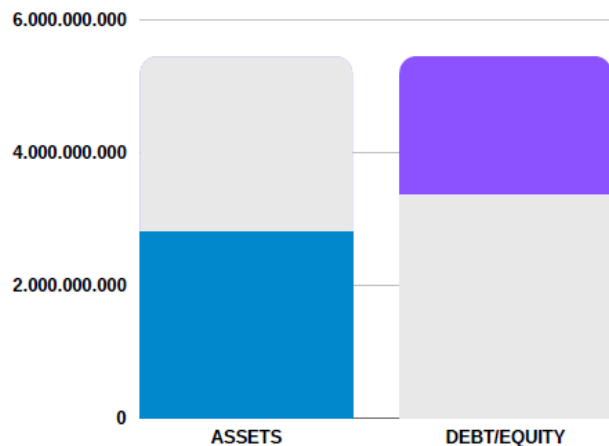
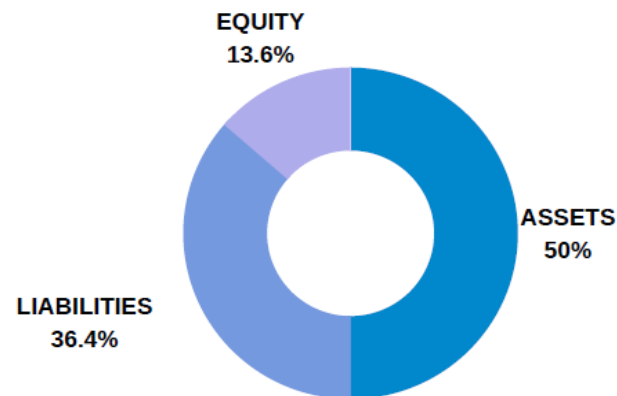
Aston Martin dramatically falls near to 0

McLaren faced a remarkable growth in 2018 which goes beyond the threshold of 1

SOLVENCY ANALYSIS



CAPITAL STRUCTURE



The analysis has been performed on the basis of the vertical analysis.

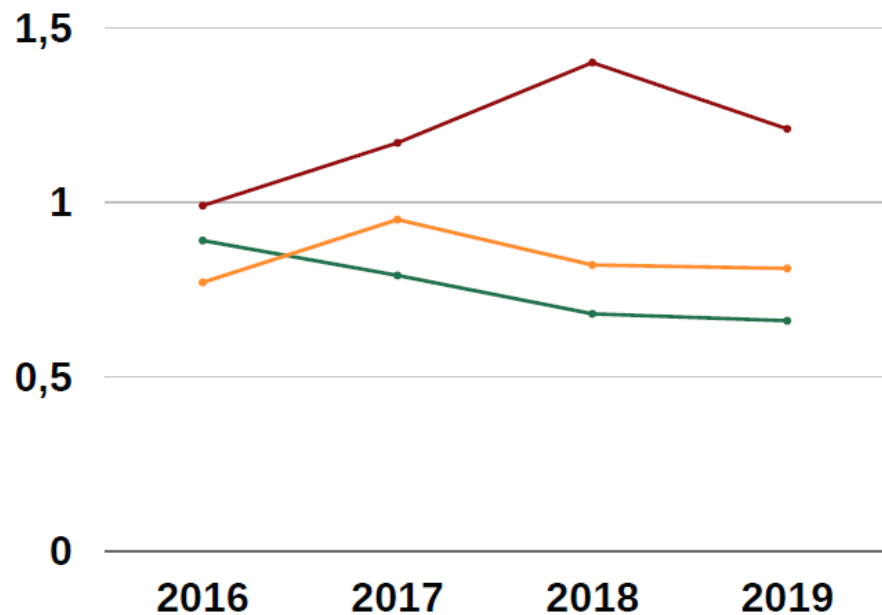
FERRARI shows:

- higher proportion of debts as compared to equity

LIABILITIES: 4B EQUITY: 1.5B

- current assets and current liabilities cover a relevant portion of the capital structure

CURRENT RATIO



● FERRARI ● ASTON MARTIN ● MCLAREN

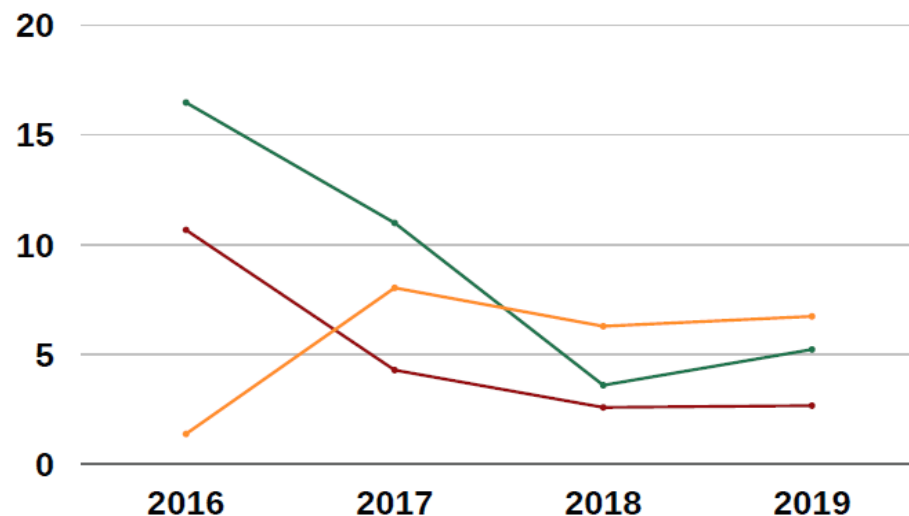
Current ratio < 1 symbolizes a "lack of liquidity"

ASTON MARTIN and **MCLAREN**
had difficulties in meeting short-term obligations

FERRARI
high current ratio, due to increase of current assets

€240M in 2016 - €1.1B in 2019

FINANCIAL GEARING

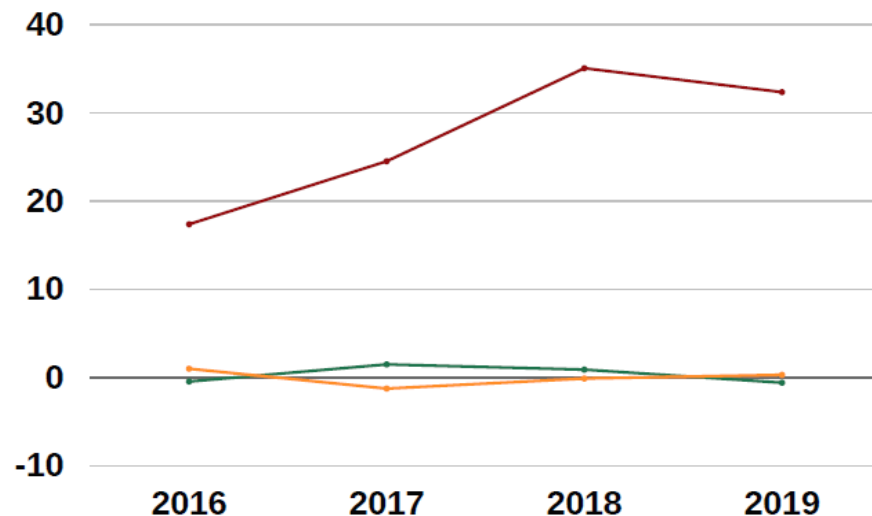


DEBT-TO-EQUITY RATIO

2016: Ferrari and Aston Martin show high degree of debt financing

2016- 2017: McLaren faced a sudden increase in the level financial leverage, due to a decrease of equity of €300M

EARNINGS COVERAGE



TIMES INTEREST EARNED

Ferrari free from debt constraints
range 17.41 to 35.09

2018 PEAK: decrease in Interest Expense to €23M, due to complete repayment of Term Loan

Competitors: below the minimum and with negative values

range -1.21 to 1.53

CONCLUSIONS

- ✓ **HORIZONTAL ANALYSIS** → positive trend cash flow (especially 2019) reflected in balance sheet and income statement too
- ✓ **PROFITABILITY** → high ROI, less positive ROE, growth of ROS
- ✓ **EFFICIENCY** → high days of outstanding sales but the product are luxury cars
- ✓ **LIQUIDITY** → only quick ratio above 1 but the company is working to improve
- ✓ **VERTICAL ANALYSIS** → Ferrari shines among competitors

FORECAST:

- next profit will decline a little due to decrease of sponsorship and Maserati's decision to produce its own engines
- production of hybrid engines in 2030 and launch of "Purosangue" in 2022

THREATS: COVID-19, BREXIT, USA new policies about import of vehicles

**OVERALL, OUR ANALYSIS SHOWS
THAT FERRARI IS AN HEALTHY
AND ROBUST COMPANY**