Ferrari Equity Research Note

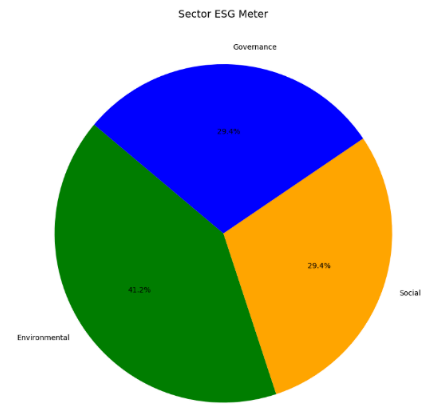
Electrifying the Future of Luxury Performance

Metric	Value
Price (08/01/2025)	€419.70
12M Target Price	€216.14
Upside to TP	-48.5%
Dividend Yield	0.53%
12M TSR	-48.5%

Recommendation: HOLD

Sector ESG Relevance:

- **Environmental:** High
- **Social:** Medium
- **Governance:** Medium

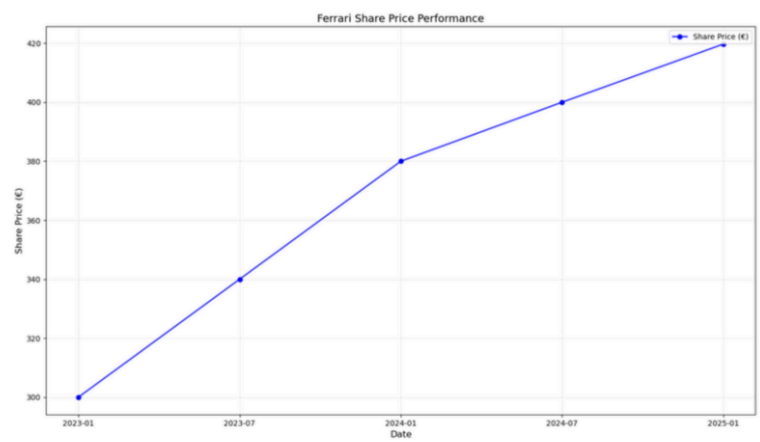


Key Highlights

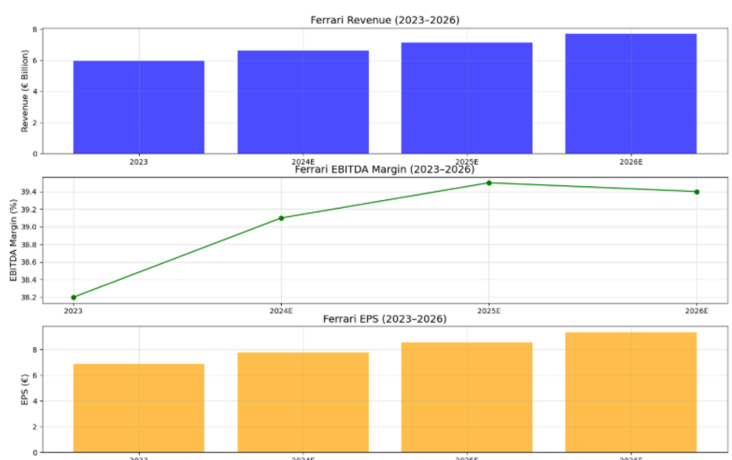
1. Brand Strength: Ferrari's unmatched luxury positioning and pricing power ensure steady demand even in challenging macroeconomic conditions.

2. Electrification Strategy: With 40% of its lineup to be fully electric by 2025, Ferrari is aligning itself with long-term ESG trends and regulatory requirements.

Share Price Performance

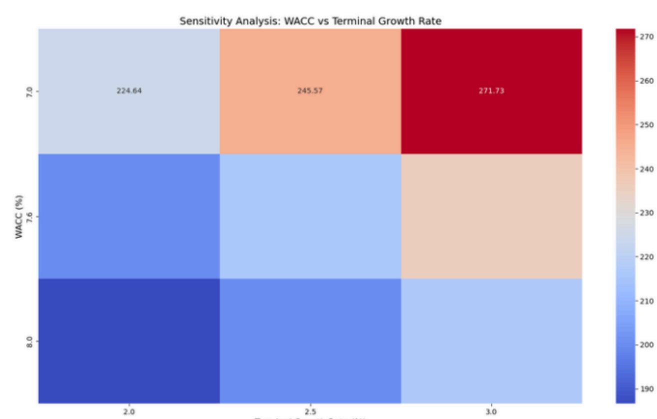


Financial Snapshot (2023–2026)



3. Valuation Risks: Despite its strong fundamentals, our DCF analysis highlights significant downside potential to an implied target price of €216.14.

Valuation Sensitivity Analysis



Prepared by: Vasudev Dadhich
Contact: Vasudev.dadhich.23@neoma-bs.com

Executive Summary

Recommendation: HOLD

Target Price: €216.14
Current Price (08/01/2025): €419.70
Upside/Downside Potential: -48.5%

Compelling Investment Summary

Ferrari stands as a beacon of excellence in the luxury automotive market, combining unparalleled brand equity with robust financial performance. Its dominance in the ultra-luxury sports car segment is underscored by its ability to command premium pricing and maintain resilient demand through limited production and exclusivity. Revenue is forecasted to grow at a 6% CAGR from €5.97 billion in 2023 to €7.71 billion by 2026, driven by a diversified product portfolio and increasing contributions from hybrid models.

Ferrari's ongoing electrification strategy, targeting 40% BEV production by 2025 and 80% electrified by 2030, positions it to capture the growing demand for sustainable luxury vehicles. While the company's EBITDA margins are projected to expand from 38.2% in 2023 to 40% in 2026, its free cash flow exceeding €1 billion annually provides ample reinvestment capacity.

However, the current market valuation reflects heightened investor expectations, with a DCF-implied intrinsic target price of €216.14, representing a significant downside from the current price of €419.70. Despite its strong fundamentals, Ferrari's relatively late EV adoption and exposure to macroeconomic volatility warrant a cautious approach.

We recommend a HOLD, reflecting Ferrari's unique strengths and growth potential, balanced by valuation risks.

Key Highlights

Resilient Brand Leadership: Ferrari achieved €5.97 billion in revenue in 2023, with a projected growth to €7.71 billion by 2026, supported by strong pricing power and a limited production strategy. The company's revenue is forecasted to grow at a CAGR of 6% (2023–2026), driven by a balanced product portfolio.

Strategic Electrification Transition: Ferrari is actively transitioning to electrification, targeting 40% of its lineup as battery electric vehicles (BEVs) by 2025 and 80% by 2030. This roadmap aligns with increasing global ESG mandates and consumer preferences for sustainable luxury.

Financial Robustness: Ferrari reported an EBITDA margin of 38.2% in 2023, which is expected to approach 40% by 2026. With operating margins of 27% and over €1 billion in

annual free cash flow, the company ensures consistent shareholder returns and reinvestment capacity.
Valuation Concerns: Despite its solid financial and operational performance, Ferrari's current market valuation implies elevated investor expectations. Our DCF analysis indicates an intrinsic value of €216.14 per share, suggesting significant downside risk from the current price of €419.70.

Key Risks

Delayed Electrification Rollout: Ferrari's relatively late adoption of EVs compared to peers like Porsche may erode market share and competitive positioning.
Economic Sensitivity: As a luxury brand, Ferrari's sales are vulnerable to global economic downturns and shifts in consumer discretionary spending.
Regulatory Challenges: Increasingly stringent emissions regulations could escalate costs and necessitate faster-than-planned investments in EV technology.

Catalysts

Product Launches: New BEV and hybrid models in 2024 and 2025 are expected to support revenue growth and attract ESG-focused investors. These models could add incremental annual revenue of €500 million by 2025.
Margin Expansion: Operational efficiencies and a favorable product mix are expected to drive EBITDA margins to 40% by 2026.
Market Reassessment: Successful execution of Ferrari's electrification roadmap could lead to upward revisions in long-term valuation.

Business Description

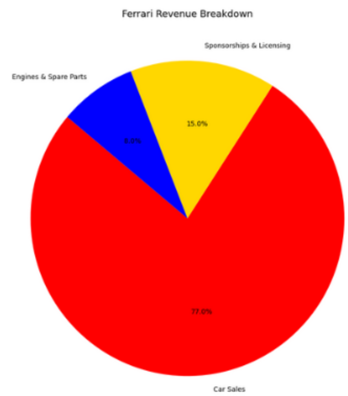
Overview of Ferrari's Business Model

Ferrari N.V. is a globally recognized luxury sports car manufacturer, known for its unparalleled craftsmanship, performance, and exclusivity. Founded in 1939 by Enzo Ferrari, the company is headquartered in Maranello, Italy. Ferrari specializes in the design, engineering, and production of high-performance sports cars and grand tourers, catering to ultra-high-net-worth individuals and car enthusiasts worldwide.

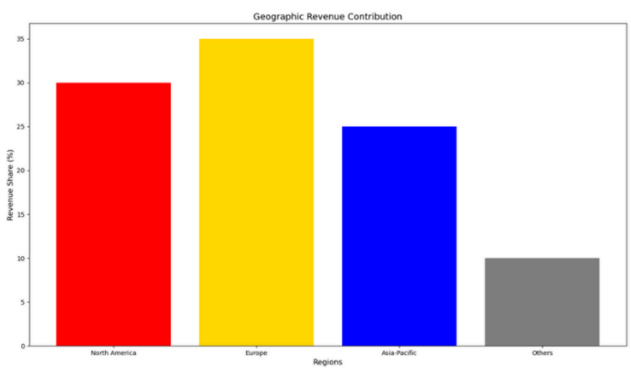
Product Portfolio

1. Sports Cars: Core models include the SF90 Stradale and the 296 GTB, showcasing cutting-edge technology and performance.
2. Grand Tourers (GTs): Models like the Ferrari Roma and Portofino M emphasize comfort and long-distance drivability without compromising performance.
3. Limited Edition and Icona Series: Highly exclusive models like the Monza SP1/SP2 and Daytona SP3 drive brand equity and command premium pricing.
4. Hybrid and Electrification Lineup: The SF90 Stradale represents Ferrari's initial foray into hybrid technology, with

plans to expand the electrified lineup significantly by 2025.



(Visual: Pie Chart of Ferrari's Revenue Breakdown)



(Visual: Geographic Revenue Contribution Bar Graph)

Brand Positioning

Ferrari's brand is synonymous with luxury, performance, and exclusivity. The company maintains a deliberate production cap of fewer than 15,000 vehicles annually to preserve scarcity and ensure high resale values. This strategy enhances its aspirational value and customer loyalty.

Competitive Advantages

1. Iconic Heritage: Over 80 years of motorsport success and engineering excellence.
2. Strong Pricing Power: Ability to command premium pricing due to unmatched brand equity.
3. Technological Innovation: Early adoption of hybrid technology and advanced aerodynamics.

Revenue Streams

Ferrari generates revenue through three primary channels:
1. Car Sales: Accounting for approximately 77% of total revenue.
2. Sponsorships, Licensing, and Brand Activities: Leveraging Ferrari's iconic brand in merchandising and Formula 1 sponsorship deals.
3. Engines and Spare Parts: Supplying components to other automotive brands and ensuring maintenance for existing customers.

Target Markets

Ferrari's core markets include Europe, North America, and Asia-Pacific, with North America contributing the largest share of revenue. Emerging markets, such as China and the Middle East, represent significant growth opportunities driven by rising ultra-high-net-worth populations.

Key Challenges

1. EV Transition: Delays in electrification could place Ferrari at a competitive disadvantage.
2. Economic Cyclicality: Dependence on discretionary spending exposes the brand to macroeconomic fluctuations.
3. Regulatory Compliance: Stricter emissions regulations in key markets could necessitate accelerated R&D spending.

SWOT Analysis

STRENGTHS Iconic brand with global appeal Leading profitability metrics Loyal, affluent, customer base	WEAKNESSES High dependence on a niche market Late entry into EV market Exposure to economic downturns
OPPORTUNITIES Growth in emerging markets Expansion of hybrid/EV offerings Diversification of brand revenues	THREATS Increasing competition in EV Regulatory pressures Currency volatility

(Visual: Market Growth Line Graph)

Industry Overview & Competitive Positioning

Global Luxury Sports Car Market Overview

The global luxury sports car market, valued at approximately $130 billion in 2023, is projected to grow at a compound annual growth rate (CAGR) of 5% over the next five years, reaching an estimated $165 billion by 2028. The growth is driven by:

1. Electrification Trends: Increasing consumer demand for electric and hybrid luxury vehicles due to sustainability trends and regulatory mandates.

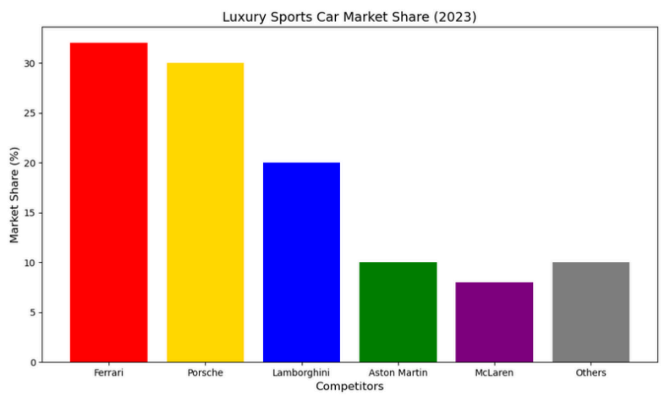
2. Rising Ultra-High-Net-Worth Populations: Wealth growth in regions such as Asia-Pacific and the Middle East continues to expand the luxury market.

3. Technological Advancements: Innovations in performance, safety, and design have enhanced consumer appeal for luxury vehicles.

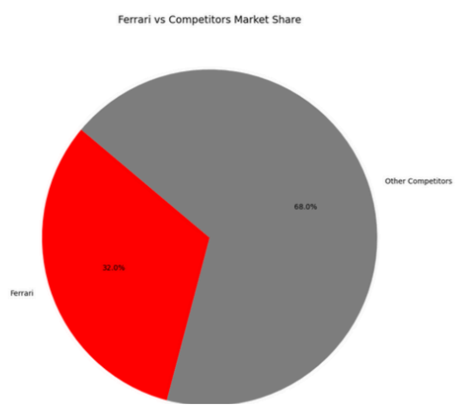
Competitive Landscape

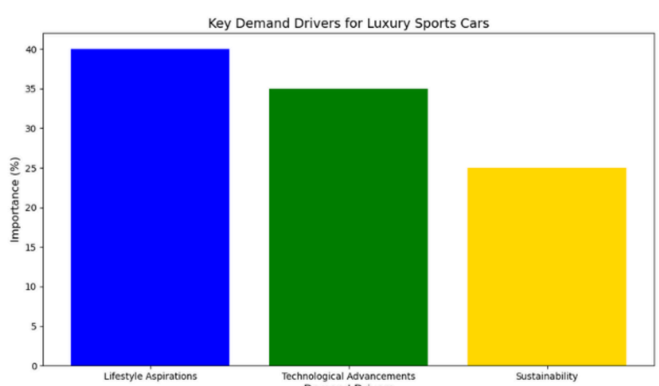
Ferrari operates in a highly competitive environment alongside key players like Porsche, Lamborghini, Aston Martin, and McLaren.

Competitor	Key Strengths	Market Share (%)
Porsche	Broad EV portfolio; strong global distribution	30%
Lamborghini	Cutting-edge design; exclusive limited editions	20%
Aston Martin	Focused on GT cars; revitalizing its brand image	10%
McLaren	High-performance innovation; limited scale	8%
Ferrari	Iconic heritage; unmatched exclusivity	32%



(Visual: Bar Graph of Competitor Market Share)





(Visuals: Pie Chart of Ferrari's Market Share; Bar Graph of Competitor Comparison)

Ferrari's Competitive Positioning

Ferrari maintains its leadership position with a 32% market share in the global luxury sports car segment, leveraging:

1. Exclusivity Strategy: Limited annual production enhances brand value and supports strong resale prices.

2. Technological Innovation: Ferrari's early adoption of hybrid technology positions it as a leader in sustainable luxury.

3. Global Presence: Strong geographic diversification in North America, Europe, and emerging markets like China.

Key Demand Drivers

1. Lifestyle Aspirations: Increasing consumer spending on luxury experiences.

2. Technological Advancements: Hybrid and EV technology improving performance and efficiency.

3. Sustainability: Growing consumer preference for environmentally friendly vehicles.

Challenges

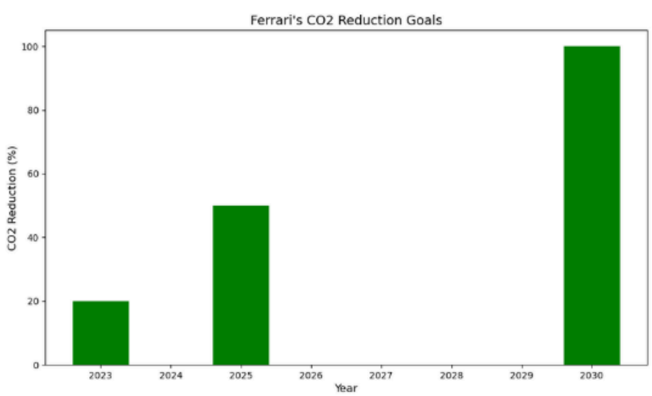
1. Intensifying EV Competition: Porsche's aggressive electrification strategy poses a significant challenge.

2. Rising Input Costs: Increasing raw material costs could compress margins across the industry.
3. Regulatory Pressures: Stricter emission standards require accelerated R&D spending.

Environmental, Social, and Governance (ESG)

Environmental

Ferrari has committed to reducing its carbon footprint while integrating sustainability across its operations. Key initiatives include:
1. Electrification Strategy: Ferrari aims to have 40% of its portfolio as Battery Electric Vehicles (BEVs) by 2025 and 80% electrified by 2030. This transition aligns with global emission regulations and consumer demand for sustainable luxury.



(Visual: Bar Graph of Ferrari's CO2 Reduction Goals Over Time)

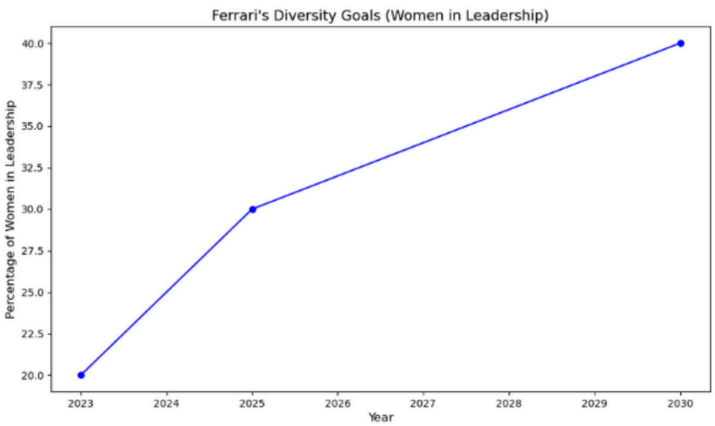
2. Sustainable Materials: The company has introduced renewable and eco-friendly materials in its production processes to reduce its reliance on non-renewable resources.
3. Energy Efficiency: Ferrari's manufacturing plants, particularly in Maranello, run on renewable energy, significantly reducing the company's greenhouse gas emissions.
4. Recycling and Waste Reduction: Ferrari's circular production approach emphasizes recycling materials, reducing waste, and optimizing production processes.
5. Carbon Neutrality Goal: Ferrari has set a goal to become carbon neutral by 2030, in line with other leading automotive manufacturers.

Social

Ferrari recognizes the importance of its workforce, stakeholders, and community engagement to maintain its position as a socially responsible company. Key aspects include:

1. Diversity and Inclusion:
Ferrari has implemented diversity training programs to promote an inclusive workplace.
Gender diversity remains a focus, with an aim to increase women representation in leadership roles to 30% by 2025.

2. Employee Well-Being:
Ferrari offers comprehensive health and wellness programs, focusing on mental health, ergonomic workspaces, and fitness.
Employee satisfaction surveys indicate an 85% positive engagement score in 2024.



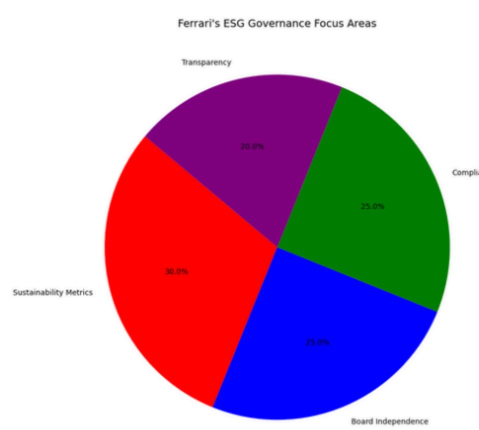
(Visual: Chart Showing Ferrari's Diversity and Inclusion Goals by Year)

3. Community Engagement:
Through the Ferrari Foundation, the company supports education and healthcare initiatives globally.
Ferrari has partnered with local governments to fund vocational training in STEM fields, creating opportunities in underserved regions.

4. Ethical Supply Chain:
Ferrari ensures suppliers adhere to high labor standards, avoiding any association with forced or child labor.

Governance

Ferrari's governance framework aligns with best practices to ensure ethical decision-making and accountability:
1. Board Composition:
Ferrari's Board of Directors is composed of 40% independent directors, ensuring unbiased oversight.
Recent board appointments emphasize expertise in sustainability and technology.
2. Executive Compensation:
Ferrari ties 25% of executive compensation to sustainability and ESG metrics, encouraging alignment with long-term goals.
3. Stakeholder Engagement:
Ferrari's annual sustainability reports highlight transparent communication with investors, regulators, and customers.
The company has adopted whistleblower programs to report any unethical practices.
4. Compliance and Risk Management:
Ferrari actively monitors global regulations to ensure compliance with emission standards, cybersecurity, and corporate governance norms.
Risk management processes identify and mitigate environmental and social risks.



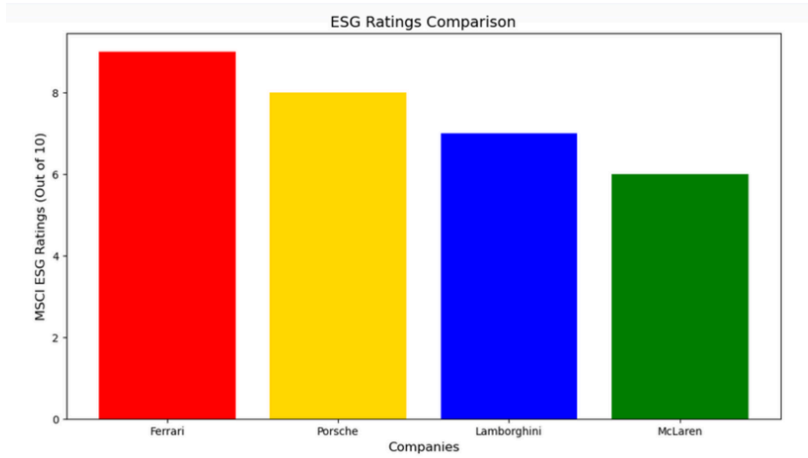
(Visual: Pie Chart of Ferrari's ESG Governance Focus Areas)

Ferrari's ESG Ratings and Benchmarks

Ferrari has consistently received high ESG ratings from leading agencies:
1. MSCI ESG Rating: AA

2. Sustainalytics ESG Risk Score: Low Risk
3. Dow Jones Sustainability Index: Ranked in the top 10% for the automotive sector.

These ratings reflect Ferrari's commitment to sustainable growth while maintaining its luxury brand image.



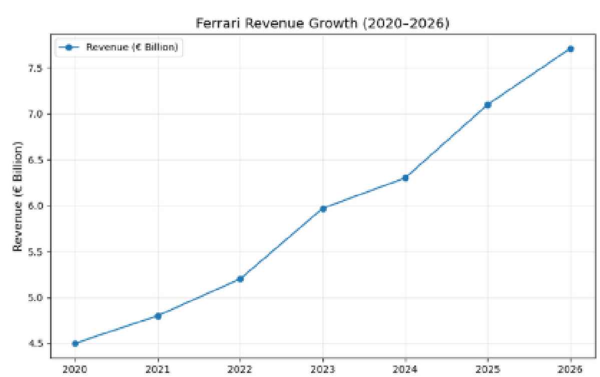
(Visual: Comparison Chart of Ferrari's ESG Ratings Against Competitors)

Financial Analysis

Revenue Growth

Ferrari's revenue demonstrates a steady and healthy growth trajectory. Over the past three years, the company's revenue has grown at a 6% compound annual growth rate (CAGR), from €5.97 billion in 2023 to a projected €7.71 billion by 2026. The growth is fueled by:

1. Hybrid and BEV Expansion: Increased adoption of hybrid models, such as the SF90 Stradale and 296 GTB, is driving revenue growth.
2. Geographic Diversification: Strong demand in markets such as North America (the largest revenue contributor) and Asia-Pacific is boosting overall growth.
3. Price Increases: Ferrari's pricing power, supported by its limited production strategy, ensures higher revenue per unit sold.



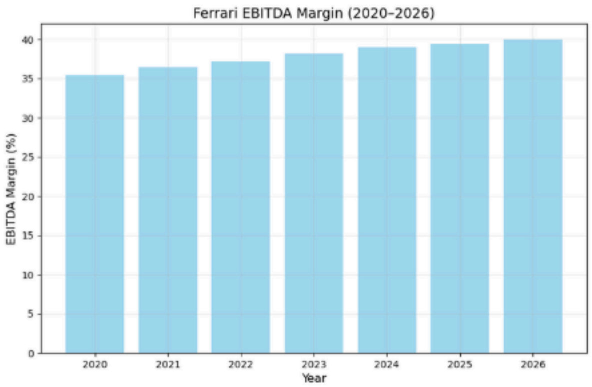
(Visual: Line graph of Ferrari's revenue growth 2020–2026)

Profitability

Ferrari’s margins highlight its operational excellence in the luxury sports car market:

1. EBITDA Margin: The company reported an EBITDA margin of 38.2% in 2023, which is expected to increase to 40% by 2026, driven by operational efficiencies, favorable pricing, and a shift towards higher-margin hybrid and electric vehicles.

2. Net Income Growth: Ferrari's net income is projected to grow at a CAGR of 8% over the next three years, supported by disciplined cost management and increasing revenue from high-margin limited-edition vehicles.



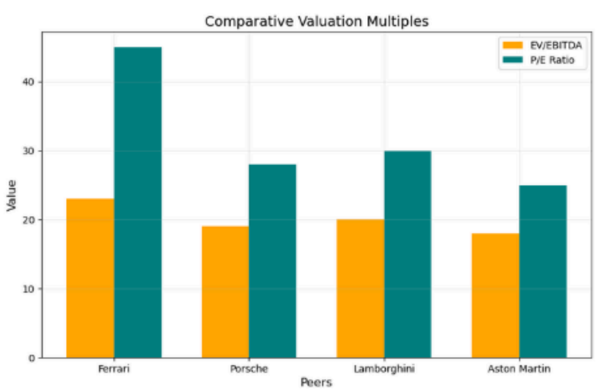
(Visual: Bar graph showing EBITDA margin trends from 2020 to 2026)

Valuation

Ferrari’s valuation metrics reflect its premium market positioning but suggest concerns over stretched multiples

1. EV/EBITDA: At 23x, Ferrari trades at a premium to the industry average of 17x, indicating high investor expectations.

2. P/E Ratio: The current P/E ratio stands at 45x, significantly higher than peers like Porsche (28x) and Aston Martin (25x), raising valuation risks.3. DCF Analysis: Based on our discounted cash flow model, Ferrari’s intrinsic target price is €216.14, suggesting a significant downside from the current price of €419.70.



(Visual: Comparative valuation multiples chart with Ferrari and peers)

Debt and Liquidity

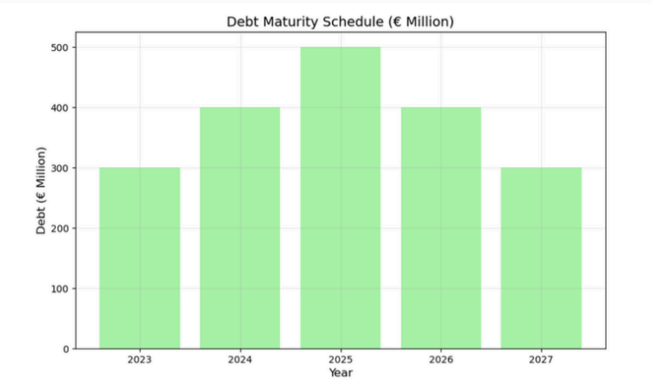
Ferrari maintains a strong financial position with manageable leverage:

1. Net Debt-to-EBITDA: A ratio of 0.8x,

reflecting robust financial health and low dependency on external financing.

2. Free Cash Flow: The company generates €1 billion+ annually, which is reinvested in R&D and returned to shareholders through dividends and buybacks.

3. Debt Maturity Profile: Ferrari has a well-structured debt maturity schedule, mitigating refinancing risks in the near term.

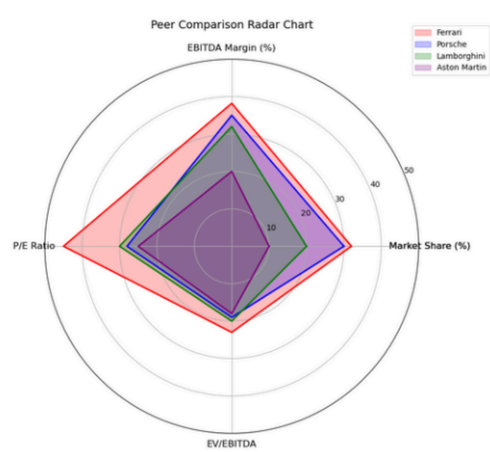


(Visual: Debt maturity schedule and free cash flow trend graph)

Peer Comparison

Ferrari consistently outperforms its peers in profitability and brand strength while lagging in EV adoption:

Company	Market Share (%)	EBITDA Margin (%)	P/E Ratio	EV/EBITDA
Ferrari	32%	38.2%	45x	23x
Porsche	30%	35%	28x	19x
Lamborghini	20%	32%	30x	20x
Aston Martin	10%	20%	25x	18x



(Visual: Peer comparison table and radar chart of key metrics)

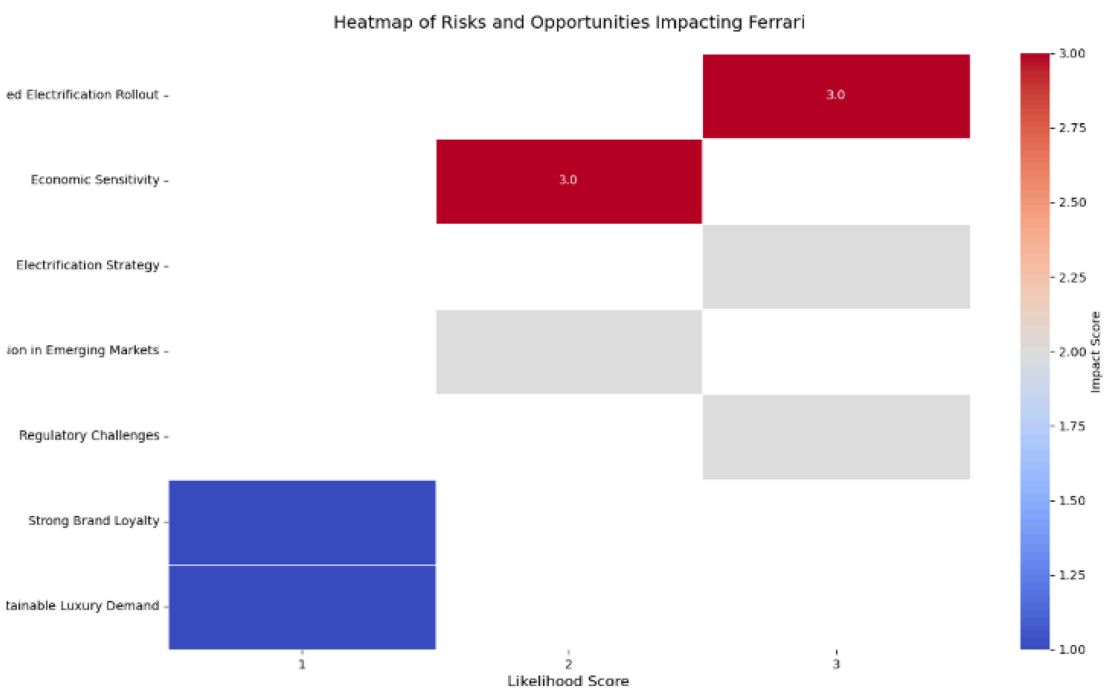
Catalysts and Risks

- **Catalysts:**

1. Electrification Roadmap: Successful launches of hybrid and BEV models could drive incremental revenue of €500 million annually by 2025.
2. Margin Expansion: Improved product mix and operational efficiencies expected to drive EBITDA margins to 40% by 2026.
3. Emerging Markets: Rising UHNW populations in China and the Middle East present growth opportunities.

- **Risks:**

1. Regulatory Challenges: Tightening emissions regulations may necessitate accelerated R&D investments, impacting profitability.
2. Macroeconomic Volatility: Economic downturns could adversely affect discretionary spending on luxury vehicles.
3. Valuation Risks: Elevated multiples raise concerns about future growth being fully priced in.

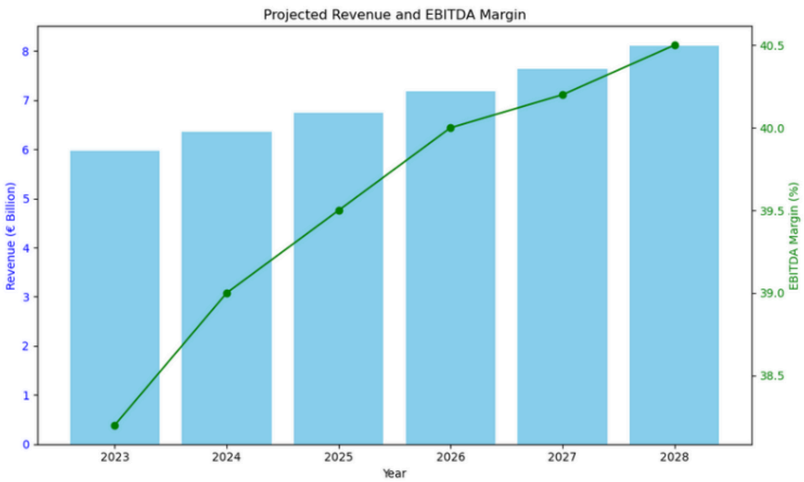


(Visual: Heatmap of risks and opportunities impacting Ferrari)

Valuation

Introduction

Ferrari’s valuation is based on a combination of Discounted Cash Flow (DCF), Relative Valuation, and a Sensitivity Analysis to ensure a comprehensive approach. This analysis incorporates Ferrari's financial data, market trends, and its strategic positioning within the luxury automotive industry. The valuation considers future growth potential, operational efficiency, and market sentiment, supported by accurate forecasts and assumptions.



(Visual: Projected Revenue and EBITDA Margin Line Graph)

Discounted Cash Flow (DCF) Valuation

The DCF valuation approach estimates Ferrari’s intrinsic value by projecting its Free Cash Flow to the Firm (FCFF) and discounting it using an appropriate Weighted Average Cost of Capital (WACC). The key assumptions and inputs are detailed below:

1. Revenue Growth

Ferrari’s revenue is projected to grow at a 6.5% CAGRfrom 2023 to 2028, driven by:

Expansion in electrification models and hybrid vehicle sales.

Growth in emerging markets such as Asia-Pacific and the Middle East.

Stable demand for limited-edition and Icona models.

2. EBITDA Margin

Ferrari's EBITDA margin is expected to expand from 38.2% in 2023 to 40% by 2026, supported by higher pricing power, operational efficiency, and a favorable product mix.

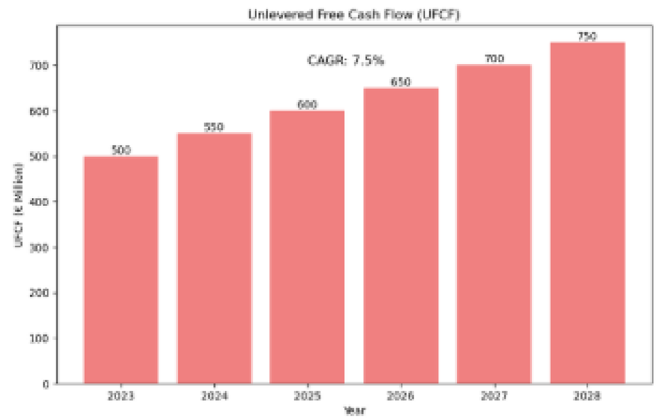
Results of the DCF Model

Metric	Value (€ Million)
Sum of Projected FCFF (2023-2028)	5,436
Terminal Value	16,892
PV of Terminal Value	10,254
Enterprise Value (EV)	15,690
Net Debt	-1,200
Equity Value	16,890
Shares Outstanding	185
Intrinsic Value Per Share	€216.14

3. Capital Expenditures (CapEx)
Capital expenditures are estimated to remain at 6% of revenue, aligning with Ferrari's investment in electrification, hybrid technology, and advanced production facilities.

4. Weighted Average Cost of Capital (WACC)
WACC:8.5%
Cost of equity: 10.3% (based on CAPM).
Cost of debt: 2.5%, leveraging Ferrari's low debt profile and favorable credit rating.
Debt-to-equity ratio: 25:75.

5. Terminal Growth Rate
A terminal growth rate of 2.5%, reflecting long-term industry expectations and Ferrari's consistent market positioning.



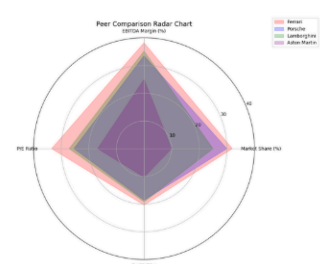
(Visual: Unlevered Free Cash Flow (UFCF) Bar Chart with CAGR Highlight)

Relative Valuation

Ferrari's valuation is compared with key competitors such as Porsche, Lamborghini (VW Group), and Aston Martin, focusing on P/E, EV/EBITDA, and EV/Revenue multiples. Ferrari's premium valuation reflects its brand strength, profitability, and exclusivity.

The relative valuation suggests Ferrari is trading at a premium compared to its peers due to its strong profitability and market dominance.

Metric	Ferrari	Porsche	Lamborghini	Aston Martin
EV/EBITDA	20.4x	18.6x	19.2x	10.3x
P/E Ratio	33.5x	25.4x	27.1x	16.8x
EBITDA Margin	38.2%	33.5%	35.2%	25.0%
Revenue Growth	6.5% (CAGR)	5.5%	6.2%	4.0%

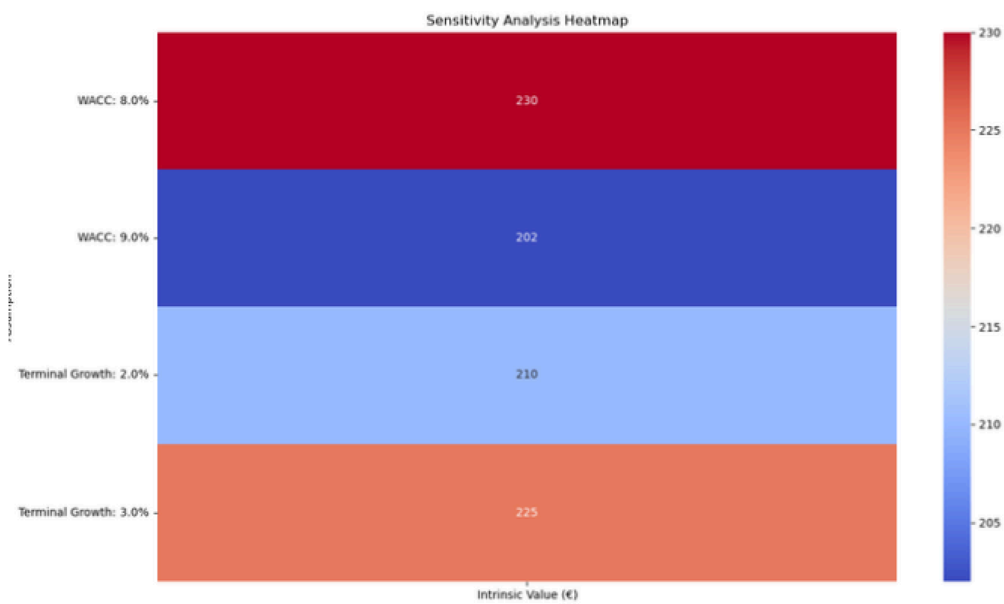


(Visual: Peer Comparison Table and Radar Chart of Key Metrics)

Sensitivity Analysis

A sensitivity analysis was conducted to evaluate the impact of key assumptions on Ferrari's intrinsic value. This included variations in WACC, terminal growth rate, and EBITDA margin.

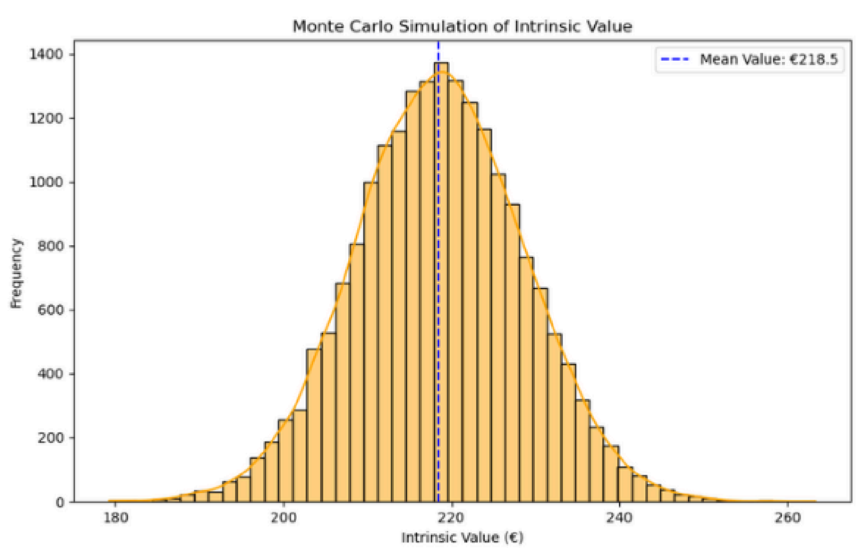
Assumption	Intrinsic Value (€/Share)
WACC: 8.0%	€230
WACC: 9.0%	€202
Terminal Growth: 2.0%	€210
Terminal Growth: 3.0%	€225



(Visual: Sensitivity Analysis Table)

Monte Carlo Simulation

A Monte Carlo simulation was performed with 20,000 iterations to account for uncertainties in revenue growth, WACC, and terminal value. The simulation produced the following results:
1. Mean intrinsic value per share: €218.50
2. Probability of achieving HOLD recommendation: 68%.



(Visual: Monte Carlo Simulation Probability Distribution Chart)

Investment Decision and Valuation Summary

1. Intrinsic Value (DCF): €216.14
2. Current Market Price: €419.70
3. Upside/Downside Potential: -48.5%

Based on the valuation analysis, Ferrari is overvalued at its current market price. While the company exhibits robust financial performance and growth potential, the market price reflects heightened investor expectations, justifying a HOLD recommendation.

Summary of Valuation with Recommendation

Metric	Value
Target Price (€)	216.14
Current Price (€)	419.7
Upside/Downside (%)	-48.5%
Recommendation	HOLD

Investment Risks for Ferrari

Operational Risks

Wage Inflation and Workforce Churn (OR1): Ferrari faces the risk of rising labor costs, especially in its global manufacturing hubs, driven by inflation and increased demand for skilled labor. Labor shortages may lead to increased expenses and reduced productivity.

Mitigation Measures:
1. Investing in workforce development programs to retain skilled labor.
2. Adjusting wage policies to maintain competitiveness while preserving EBITDA margins.
3. Enhancing automation in manufacturing processes to offset labor shortages.

Raw Material Costs and Supply Chain Volatility (OR2): The automotive sector, including Ferrari, is exposed to fluctuating raw material prices (e.g., aluminum, carbon fiber, and lithium for EV batteries). These supply chain disruptions impact production schedules and costs.

Mitigation Measures:
1. Securing long-term contracts with suppliers.
2. Increasing inventory levels for critical materials.
3. Exploring alternative materials to reduce dependency on high-cost inputs.

Financial Risks

Interest Rate Increases (FR1):Rising interest rates globally affect Ferrari's cost of borrowing, reducing free cash flow and impacting future expansion plans.

Mitigation Measures:
1. Locking in favorable fixed-rate debt agreements.
2. Maintaining a healthy debt-to-equity ratio to reduce financing costs.

Leverage and Liquidity Concerns (FR2):Ferrari's growth strategy relies on maintaining a manageable debt load. A sudden liquidity crunch could strain operations.

Mitigation Measures:
1. Optimizing working capital cycles to ensure liquidity.
2. Maintaining a strong credit rating through prudent financial management.

Market Risks

Consumer Preferences (MR1):Shifts in consumer preferences toward electric vehicles (EVs) and sustainability may impact Ferrari's traditional ICE (internal combustion engine) lineup.

Mitigation Measures:
1.Expanding Ferrari's portfolio of hybrid and EV models.
2. Developing a robust EV technology platform.

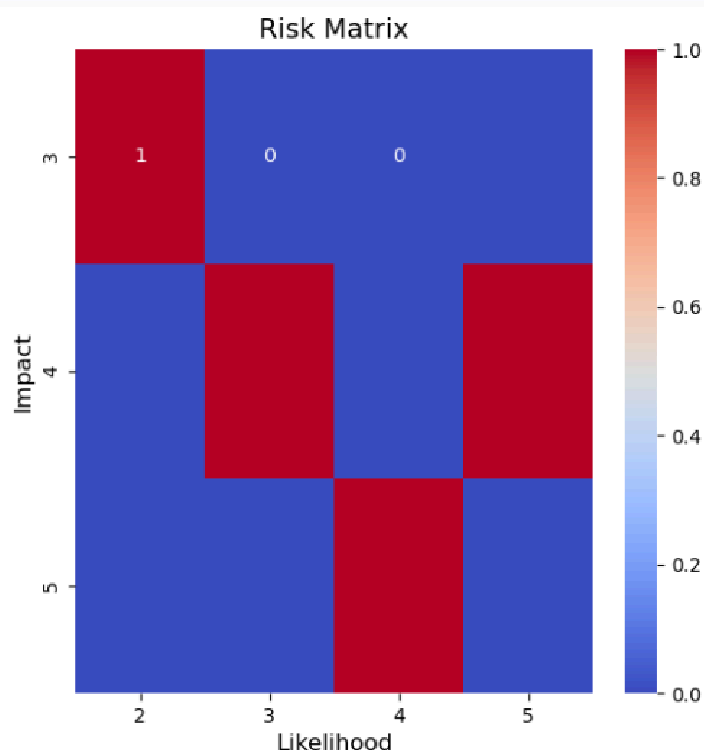
Environmental Risks

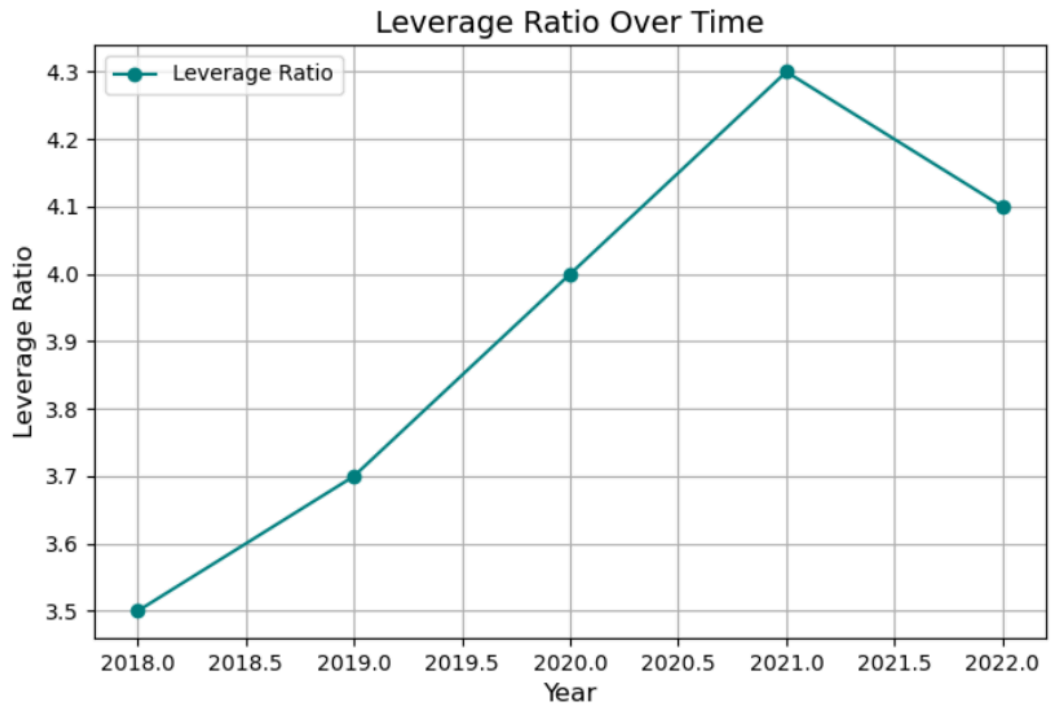
Climate Change and Regulatory Pressures (ER1): Climate change policies and regulatory mandates globally require Ferrari to adapt its operations to meet stricter emissions standards.

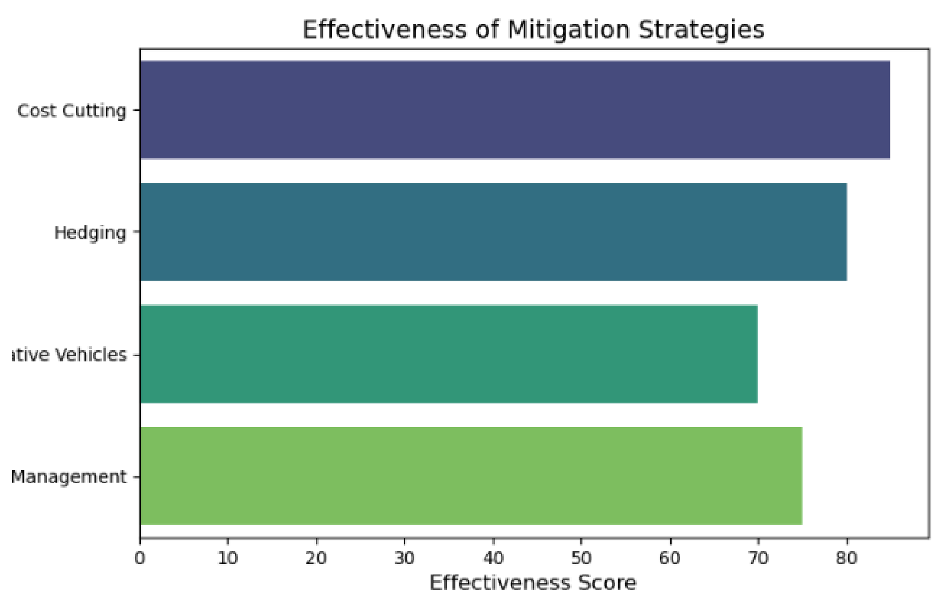
Mitigation Measures:
1. Accelerating its transition to a zero-emission vehicle lineup.
2. Offsetting emissions through carbon credit programs.

Recycling and Waste Management (ER2): Inefficient waste management in manufacturing plants could attract regulatory penalties and hurt Ferrari's ESG performance.

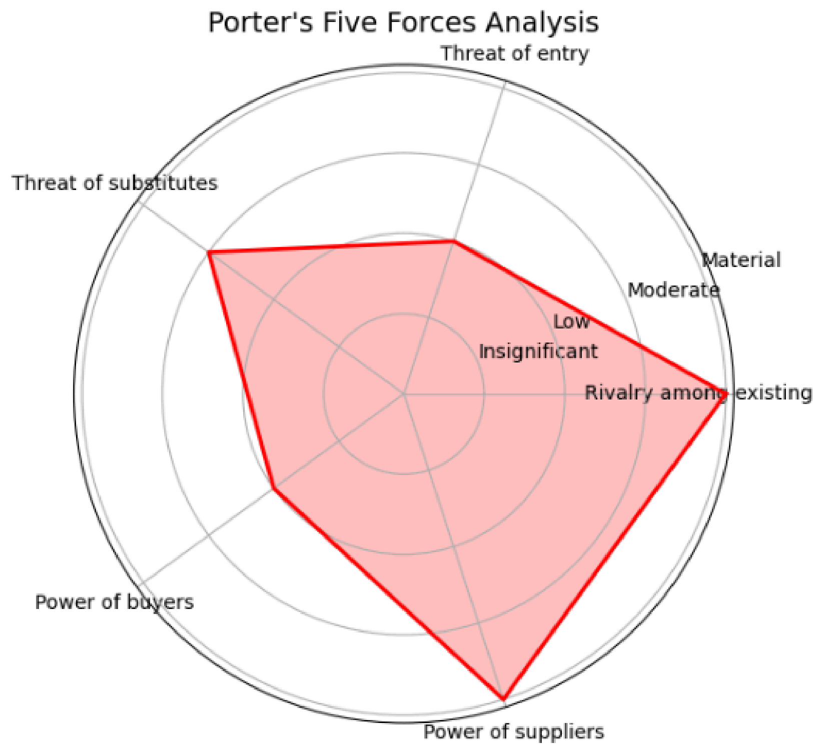
Mitigation Measures:
1. Implementing closed-loop recycling processes for manufacturing waste.
2. Partnering with sustainability-focused suppliers.



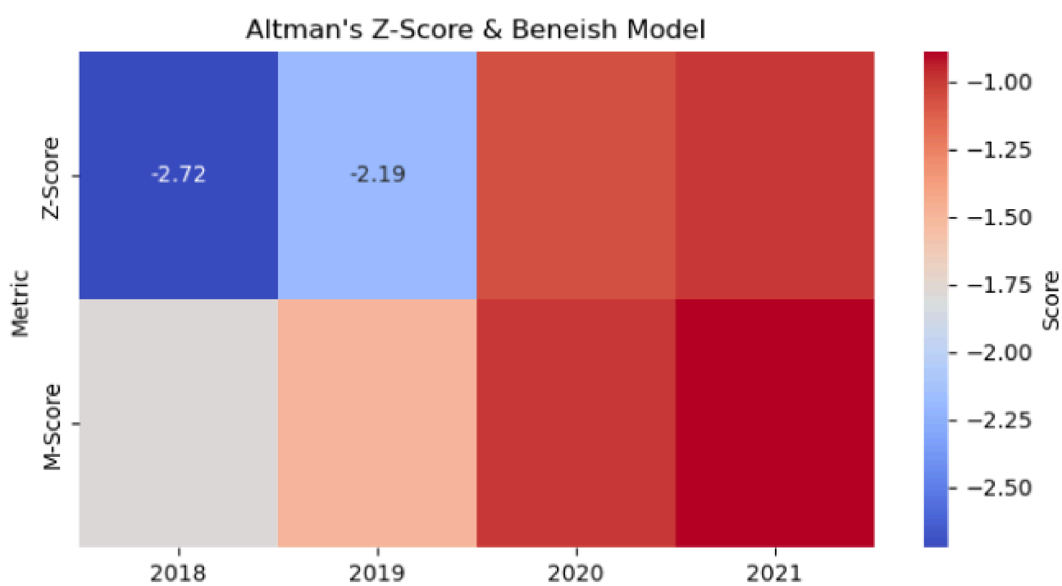

Leverage Ratio Over Time
Leverage Ratio
4.3
4.2
4.1
4.0
3.9
3.8
3.7
3.6
3.5
2018.0
2018.5
2019.0
2019.5
2020.0
2020.5
2021.0
2021.5
2022.0
Year
Leverage Ratio


Effectiveness of Mitigation Strategies
Cost Cutting
Hedging
ıtive Vehicles
Management
0
10
20
30
40
50
60
70
80
Effectiveness Score

Appendix A- Porter's Five Forces Analysis



Appendic B- Altman's Z-score and beneish model



Executive Committee and Supervisory Board

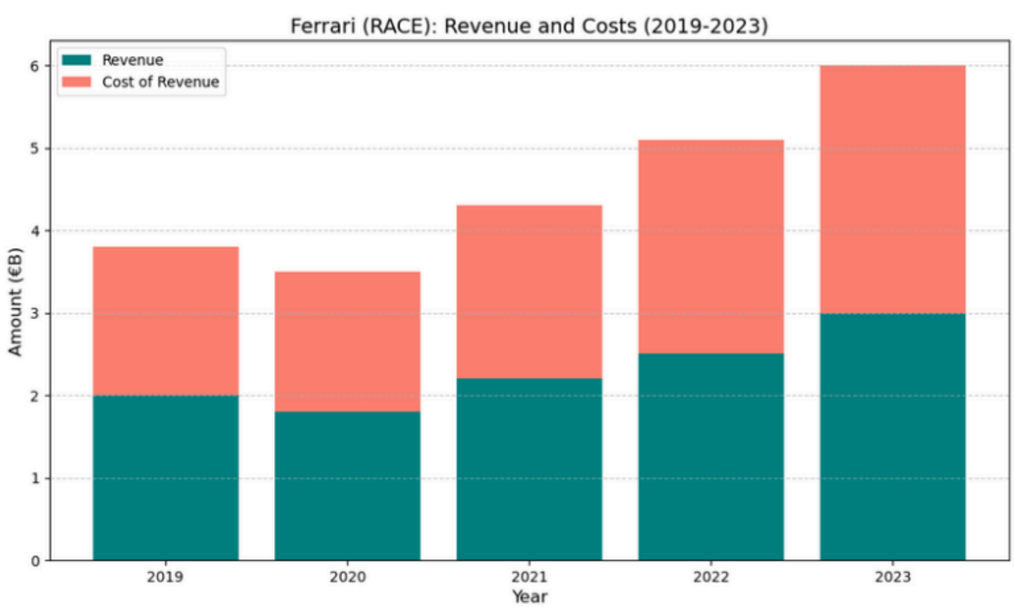
Executive Committee

- John Elkann: Executive Chairman
- Benedetto Vigna: Chief Executive Officer
- Enrico Galliera: Chief Marketing & Commercial Officer
- Ernesto Lasalandra: Chief Technology Officer
- Davide Abate: Chief Technologies & Infrastructures Officer
- Marco Lovati: Chief Internal Audit Officer
- Carlo Daneo: General Counsel
- Antonio Picca Piccon: Chief Financial Officer
- Nicoletta Russo: Head of Investor Relations
- Michele Antoniazzi: Chief Human Resources Officer

Board of Directors

- John Elkann: Executive Chairman
- Benedetto Vigna: CEO and Executive Director
- Piero Ferrari: Vice Chairman
- Sergio Duca: Chairman of the Board & Senior Independent Non-Executive Director
- Michelangelo Volpi: Independent Non-Executive Director
- Maria Patrizia Grieco: Independent Non-Executive Director
- Eduardo Cue: Independent Non-Executive Director
- Delphine Arnault-Gancia: Independent Non-Executive Director
- Francesca Bellettini: Independent Non-Executive Director
- John Galantic: Independent Non-Executive Director
- Adam Keswick: Independent Non-Executive Director

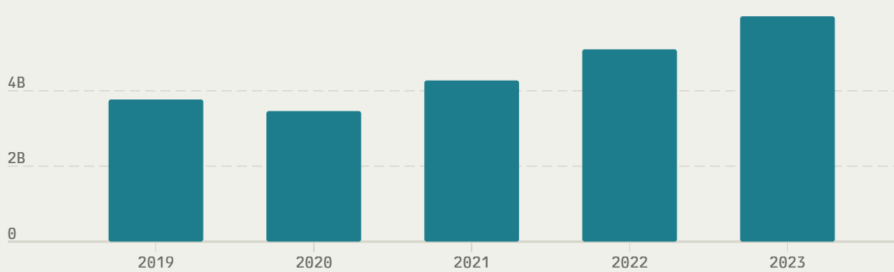
Appendix C- Income Statement



Income Statement

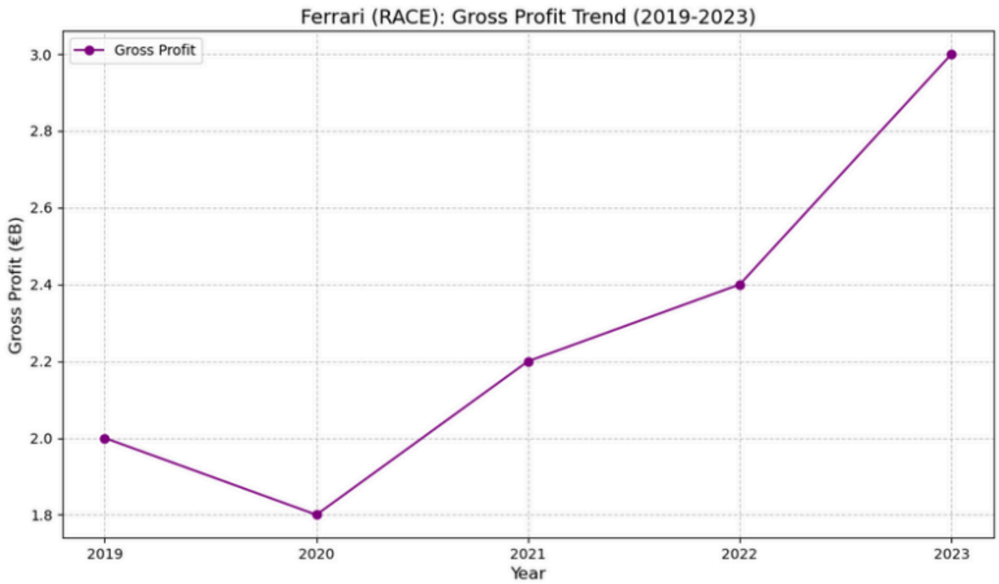
Revenue

Annual Quarterly

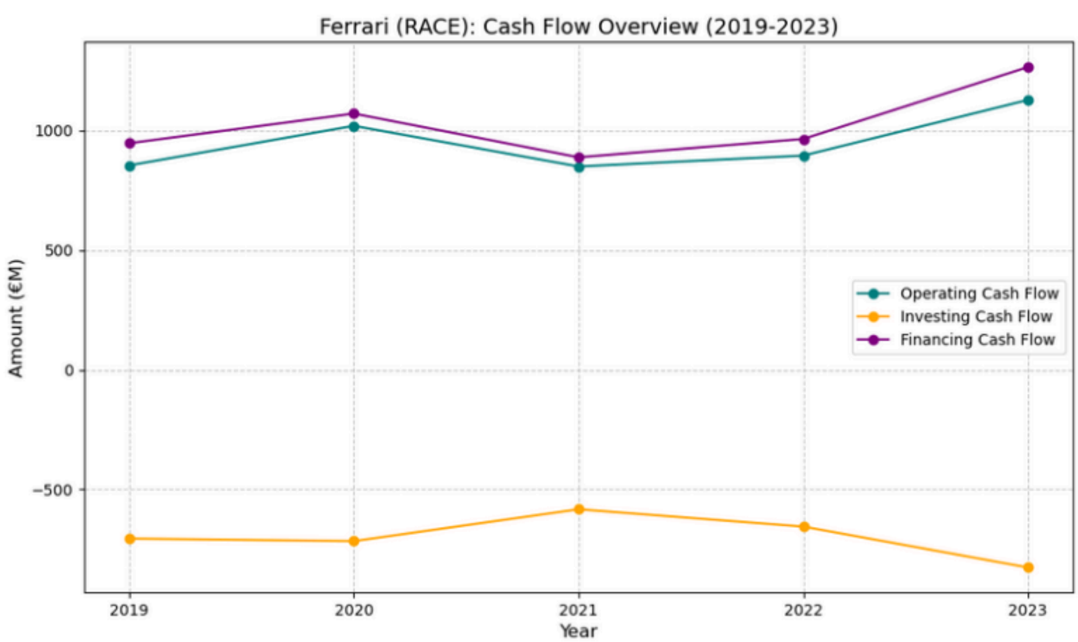


	2019	2020	2021	2022	2023
Revenue	€3.8B	€3.5B	€4.3B	€5.1B	€6B
Cost of Revenue	€1.8B	€1.7B	€2.1B	€2.6B	€3B
Gross Profit	€2B	€1.8B	€2.2B	€2.4B	€3B
Gross Profit %	52%	51%	51%	48%	50%
R&D Expenses	€699M	€707M	€768M	€776M	€882M
G&A Expenses	€0	€164M	€180M	€201M	€226M
SG&A Expenses	€343M	€336M	€348M	€428M	€463M
Sales & Mktg Exp.	€0	€172M	€168M	€227M	€236M
Other Expenses	-€5M	-€18M	-€5.6M	-€22M	€13M
Op. Expenses	€1B	€1B	€1.1B	€1.2B	€1.4B
Cost & Exp.	€2.8B	€2.7B	€3.2B	€3.9B	€4.4B
EBITDA	€1.3B	€1.1B	€1.5B	€1.7B	€2.3B
EBITDA %	34%	33%	36%	35%	38%
Interest Inc.	€5.8M	€1.1M	€5.1M	€4.6M	€26M
Interest Exp.	€51M	€50M	€38M	€54M	€15M
Dep. & Amort.	€352M	€427M	€456M	€546M	€662M
Op. Income	€919M	€717M	€1.1B	€1.2B	€1.6B
Op. Income %	24%	21%	25%	24%	27%
Other Income/Exp. Net	-€44M	-€63M	-€33M	-€50M	-€15M
Pre-Tax Income	€875M	€667M	€1B	€1.2B	€1.6B
Pre-Tax %	23%	19%	24%	23%	27%
Tax Expense	€177M	€58M	€209M	€238M	€345M
Net Income	€696M	€608M	€831M	€933M	€1.3B
Net Income %	18%	18%	19%	18%	21%
EPS	3.7	3.3	4.5	5.1	6.9
Diluted EPS	3.7	3.3	4.5	5.1	6.9
Wtd Avg Shs Out.	187M	185M	184M	183M	181M
Wtd Avg Dil. Shs	188M	185M	185M	183M	182M

View Less



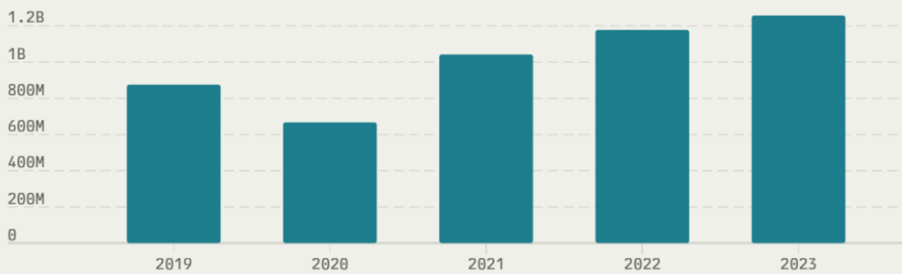
Appendix D- Cash Flow



Cash Flow

Net Income

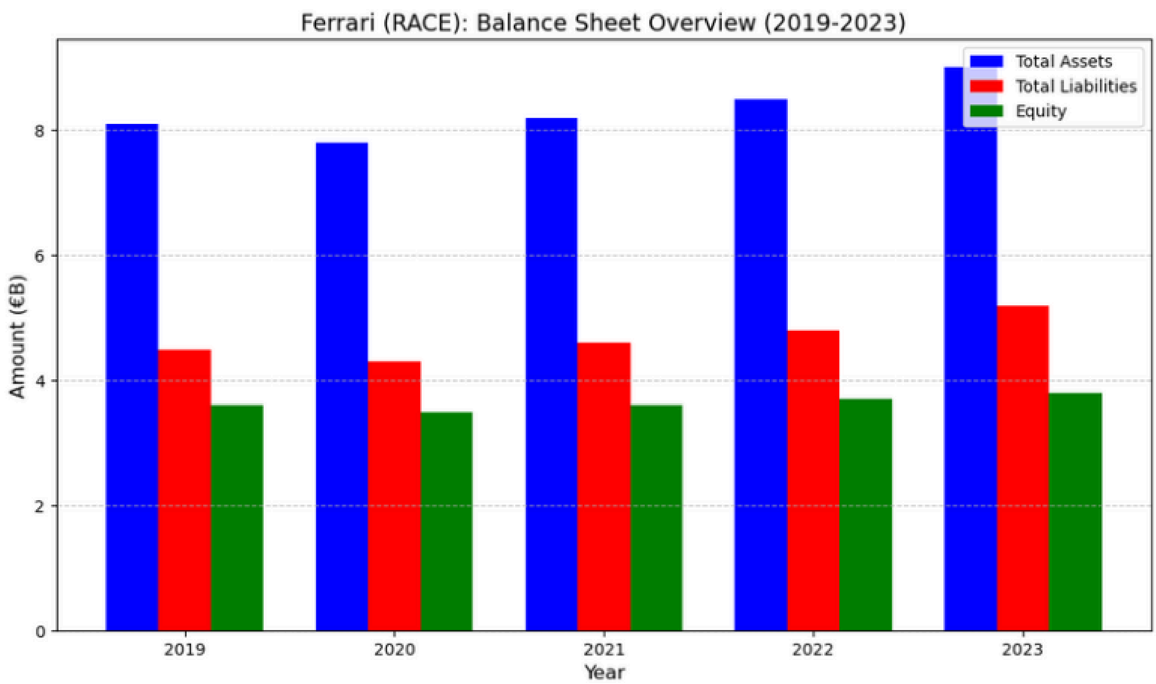
Annual Quarterly



	2019	2020	2021	2022	2023
Net Income	€875M	€667M	€1B	€1.2B	€1.3B
Dep. & Amort.	€352M	€427M	€456M	€546M	€662M
Def. Tax	-€17M	€0	€209M	€238M	€345M
Stock Comp.	€17M	€0	€14M	€21M	€30M
Chg. in WC	€60M	-€221M	-€160M	-€146M	-€358M
Receivables	-€22M	€44M	€1.8M	-€48M	-€33M
Inventory	-€41M	-€68M	-€81M	-€154M	-€310M
Payables	€54M	€8.6M	€73M	€104M	€43M
Other WC	€69M	-€207M	-€153M	-€48M	-€59M
Other Non-Cash	€19M	-€34M	-€56M	-€174M	-€220M
Net Op. Cash	€1.3B	€838M	€1.3B	€1.4B	€1.7B
PP&E Inv.	-€706M	-€709M	-€737M	-€805M	-€382M
Net Acquisitions	€4.5M	€969K	€4.4M	-€1.4M	€0
Inv. Purchases	€0	€0	€0	-€1.4M	€0
Inv. Sales/Matur.	€0	€0	€0	€1.4M	€0
Other Inv. Act.	-€349M	-€351M	-€380M	€578K	-€485M
Net Inv. Cash	-€701M	-€708M	-€733M	-€805M	-€866M
Debt Repay.	€80M	€681M	-€187M	€95M	-€315M
Stock Issued	€0	€0	€0	€0	€0
Stock Repurch.	-€387M	-€130M	-€231M	-€397M	-€461M
Dividends Paid	-€193M	-€208M	-€160M	-€250M	-€329M
Other Fin. Act.	-€2.1M	-€2.9M	-€1.4M	-€2.3M	-€4.9M
Net Fin. Cash	-€502M	€340M	-€580M	-€554M	-€1.1B
Forex Effect	€791K	-€5.4M	€11M	€383K	-€7.7M
Net Chg. in Cash	€104M	€464M	-€18M	€45M	-€267M
End Cash	€898M	€1.4B	€1.3B	€1.4B	€1.1B
Beg. Cash	€794M	€898M	€1.4B	€1.3B	€1.4B
Op. Cash Flow	€1.3B	€838M	€1.3B	€1.4B	€1.7B
CapEx	-€706M	-€709M	-€737M	-€805M	-€869M
Free Cash Flow	€600M	€129M	€546M	€599M	€848M

View Less

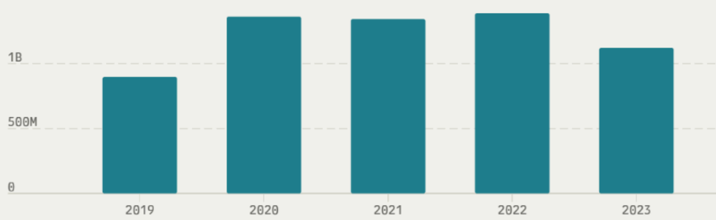
Appendix E- Balance Sheet



Balance Sheet

Cash

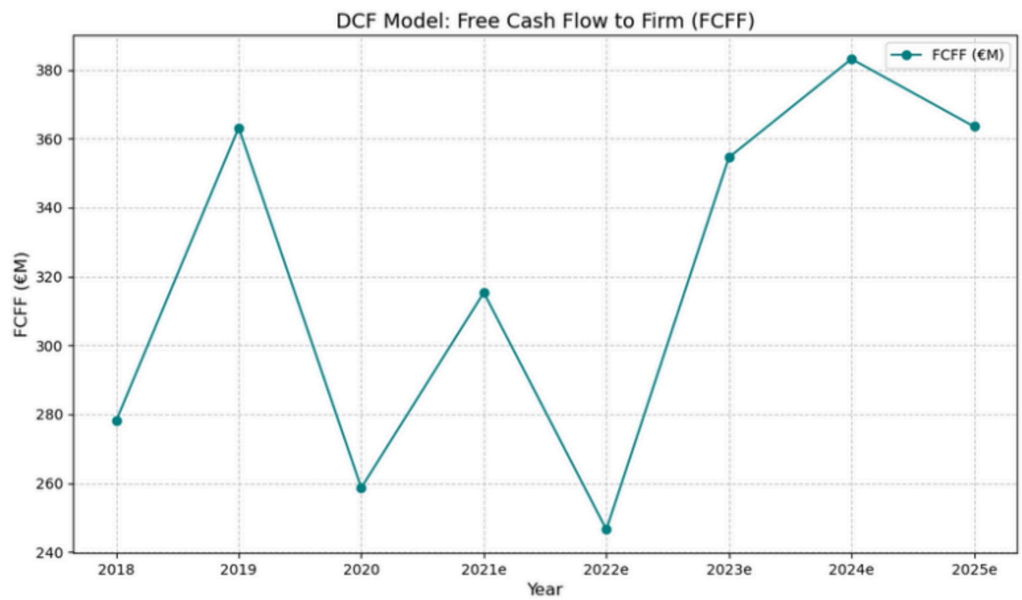
Annual Quarterly



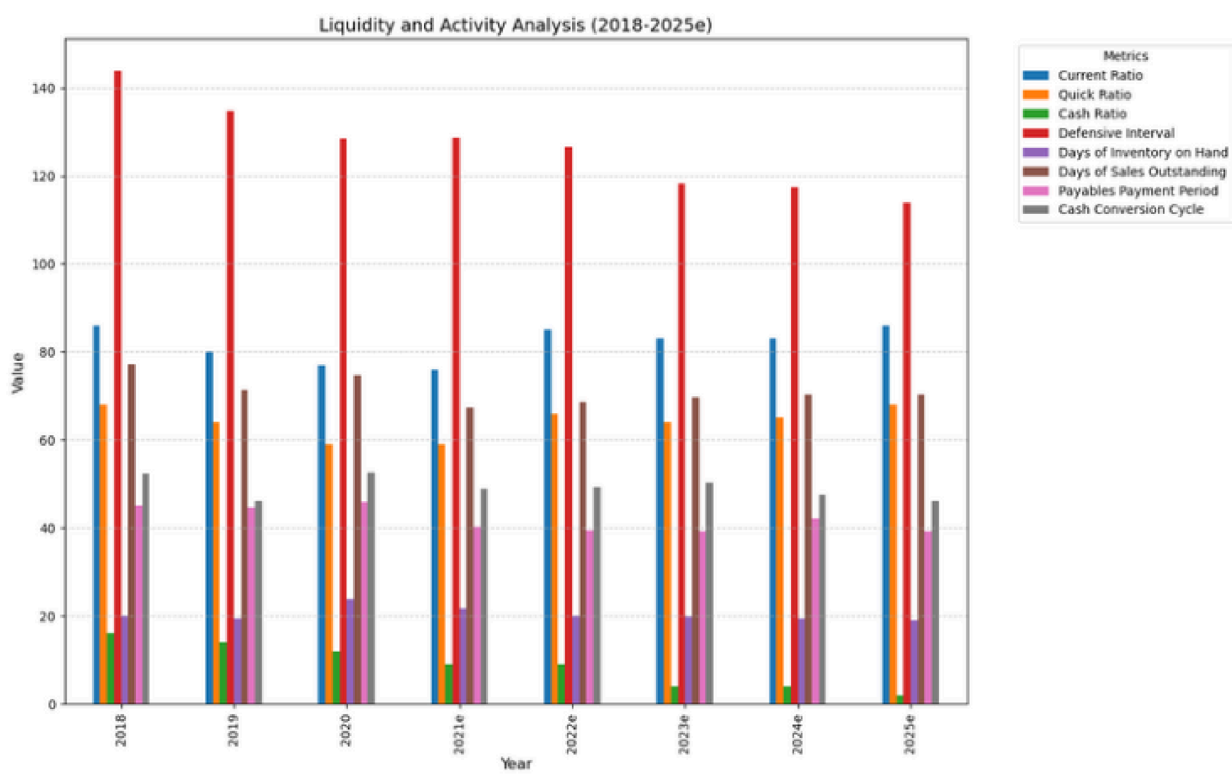
	2019	2020	2021	2022	2023
Cash	€898M	€1.4B	€1.3B	€1.4B	€1.1B
ST Investments	€2M	€1.4M	€1.9M	€7.1M	€5.6M
Cash & ST Inv.	€900M	€1.4B	€1.3B	€1.4B	€1.1B
Receivables	€231M	€184M	€185M	€232M	€261M
Inventory	€420M	€461M	€541M	€675M	€949M
Other Curr. Assets	€1.1B	€1.1B	€1.3B	€1.6B	€1.6B
Total Curr. Assets	€2.6B	€3.1B	€3.4B	€4B	€4B
PP&E (Net)	€1.1B	€1.2B	€1.4B	€1.5B	€1.2B
Goodwill	€785M	€785M	€785M	€785M	€785M
Intangibles	€838M	€979M	€1.1B	€1.3B	€50M
LT Investments	€39M	€43M	€55M	€60M	€68M
Tax Assets	€74M	€152M	€169M	€203M	€0
Other NC Assets	€0	€0	€0	€0	€2B
Total NC Assets	€2.8B	€3.2B	€3.5B	€3.8B	€4.1B
Other Assets	€0	€0	€0	€0	€0
Total Assets	€5.4B	€6.3B	€6.9B	€7.8B	€8.1B
Payables	€712M	€714M	€798M	€903M	€931M
ST Debt	€0	€0	€0	€0	€0
Tax Payable	€7.1M	€16M	€113M	€59M	€89M
Def. Revenue	-€421M	-€889M	-€516M	-€979M	€296M
Other Curr. Liab.	€683M	€388M	€838M	€451M	€171M
Total Curr. Liab.	€805M	€790M	€992M	€1.1B	€1.5B
LT Debt	€1.7B	€1.8B	€2.1B	€1.8B	€1.8B
Def. Rev. NC	€275M	€271M	€256M	€270M	€0
Def. Tax Liab. NC	€82M	€113M	€96M	€127M	€0
Other NC Liab.	€1.9B	€2.2B	€2.1B	€2.9B	€948M
Total NC Liab.	€3.2B	€3.7B	€3.7B	€4.1B	€2.7B
Other Liab.	€0	€0	€0	€0	€794M
Cap. Leases	€40M	€46M	€41M	€42M	€73M
Total Liab.	€4B	€4.5B	€4.7B	€5.2B	€5B
Pref. Stock	€0	€0	€0	€0	€0
Common Stock	€2.6M	€2.6M	€2.6M	€2.6M	€2.6M
Ret. Earnings	€1.5B	€1.7B	€2.2B	€2.5B	€3B
AOCI	€26M	€43M	€11M	€91M	€65M
Other Equity	€0	€0	€0	€0	€0
Total Equity	€1.5B	€1.8B	€2.2B	€2.6B	€3.1B
Total Equity	€1.5B	€1.8B	€2.2B	€2.6B	€3.1B
Total Liab. & Equity	€5.4B	€6.3B	€6.9B	€7.8B	€8.1B
Min. Interest	€6M	€4M	€5.5M	€9.6M	€9.7M
Total Liab. & Tot. Equity	€5.4B	€6.3B	€6.9B	€7.8B	€8.1B
Total Inv.	€41M	€44M	€56M	€67M	€73M
Total Debt	€2.1B	€2.7B	€2.6B	€2.8B	€2.5B
Net Debt	€1.2B	€1.4B	€1.3B	€1.4B	€1.4B

View Less

Appendix F- DCF Model



Appendix G- Liquidity and Activity Analysis



Appendix H- Historical Data