

Company

Ferrari

Rating

Buy

Date

24 May 2025

Europe

Italy

Sector

Consumer Discretionary & Autos

Price at May 23 2025 (EUR)

€420.70

Price Target (EUR)

€478.30

Analyst

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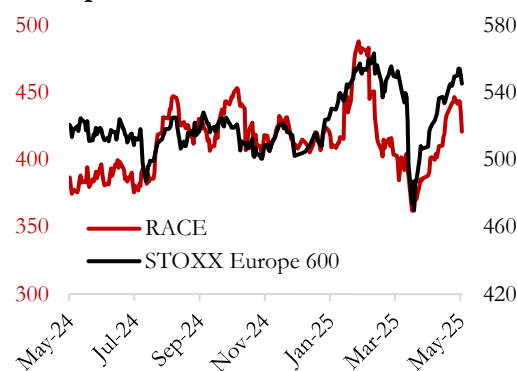
The luxury auto brand weathering the tariff storm and coming out stronger

Ferrari, perhaps the most recognizable luxury sports car manufacturer, has been one of the standout auto companies during the last quarters where the introduction of tariffs and a weakening of macroeconomic conditions has ushered in an extended period of heightened volatility. Through this period, Ferrari has shown resilience where other auto manufacturers have struggled. Their strong brand and luxury offerings have largely insulated them from the weaker economy with customers of their sports vehicles largely unbothered by macroeconomic conditions. This was shown over the last quarters with a strong and deep order book showcasing that demand that far exceeds supply for Ferrari's vehicles with the order book currently covering the entire 2026 fiscal year for deliveries. The company's continued commitment to innovation has helped bolster the book with new models helping drive revenue and adding to deliveries. Ferrari is on pace to launch six new models this year along with the group's first electric sports car in Q4 which will have its own standalone event and campaign. Personalization has also provided a positive effect to the order book with Ferrari seeing increased customization requests driving orders. Increased orders in tandem with the company's unmatched pricing power in the sector driving higher profits is one of the driving forces behind the rating in this report. Margins have helped drive this increase in profit as Ferrari has shown an ability to execute on its long-term plan with margins steadily growing over the quarters. The company however did flag a tariff risk to margins although price increases broadly cover the blanket tariff hit. The new EU 50% tariff imposed by President Trump to end the trading week is also an area to monitor but can be seen as a transitory cost as of now with margins able to absorb a short period of higher tariffs while negotiations take place between the US and the EU. With the company's current positioning, strong order book, and macroeconomic stability only an accelerant to growth; I recommend a buy with a price target of €478.30.

Key Q1 Findings

- Q1 revenue came in at €1,791M which represented a 13% YoY increase.
- Shipments came in at 3,593 for the quarter which was a slight increase YoY.
- Order book covers the entire 2026 driven by the 12Cilindri family which has performed strong in the opinion of management as it ramps.
- The Dayton deliveries slowed in the quarter but this decrease was largely expected with other models picking up the slowing orders for this model.
- Earnings were enriched by product mix in the quarter with higher personalization.
- Country mix was positive to earnings driven by the Americas region.
- Ferrari flagged a 50bps risk to margins due to tariffs but price increases broadly cover the possible effects.
- Improved contributions from racing activities which was driven by higher sponsorships as well as strong Formula 1 performance in 2024.
- Guidance for the year remains largely unchanged but tariffs are in flux.

Price performance



	1M%	3M%	6M%	12M%
RACE	7.68	-12.74	0.60	9.39
STOXX 600	5.49	-1.57	7.21	4.52

Key Stats

Ticker	RACE-IT
52 Week Range	347.00 – 492.80
Market Cap (M)	78,428.3
Enterprise Value (M)	79,678.1
P/E (LTM)	47.69x
EV/EBITDA (LTM)	30.66x
Beta (3Y Adj)	0.85
Dividend Yield	0.72%

Revenue by Business Unit

	As of FY 2024	
(EUR thousands)	Revenue	% Rev
Cars & Spare Parts	5,727,688	85.8
Sponsor, com., & brand	669,776	10.0
Other	279,204	4.2

Revenue by Geography

	As of FY 2024	
(EUR thousands)	Revenue	% Rev
Italy	462,832	4.6
Rest of EMEA	2,690,613	26.5
of which UK	625,391	6.2
of which Germany	549,093	5.4
Americas	2,183,435	21.5
of which US	1,921,459	18.9
Mainland CH, HK, & Japan	539,500	5.3
of which Mainland China	390,529	3.8
Rest of APAC	800,288	7.9

Investment Thesis

As auto manufacturers struggled in the face of tariffs, Ferrari was one of the only outliers in the sector actually coming out stronger. The most recognizable brand in the luxury auto space leveraged multiple core strengths to grow revenues and profits over the last quarters. The company's unmatched brand and pricing power allowed it preserve in the face of tariffs and saw Ferrari demand grow to the point where the order book covers all of 2025 and 2026 as it currently stands. While the average consumer has appeared to weaken as a result of the macroeconomic uncertainty, Ferrari's core customer base of HNWI's have not inhibited the company's revenue growth over the past quarters. Albeit, operating in a cyclical industry, Ferrari is not as exposed to the economic cycle as the broad auto sector is. The negative headlines that have weighed on the sector have not weighed on the company, and I believe that Ferrari is a buy for the following reasons:

Growing Revenues and Order Book

Autos were among the first sectors to feel the impacts of negative sentiments and tariffs. As many of these companies started pulling or softening guidance, Ferrari continued to report impressive earnings. The standout line item being top line revenues which keep growing at an impressive rate. Many factors have contributed to this, from pricing and brand power to impressive new launches and a resilient and loyal customer base. Ferrari's success can best be measured through their order book which has grown to cover deliveries until 2026. With some of their newer models still ramping up, Ferrari has ample room to continue growing their order book knowing that they have a strong waiting list to lean on in the meantime. Deliveries were up slightly in Q1 YoY and the company still has capacity to grow without jeopardizing scarcity.

Largely Immune to Economic Downturns

In a cyclical sector, the economic cycle is the main driver of growth. Prior to President Trump's tariff announcement, the strength of the global consumer was already in question and the announcement only made matters worse. With many forecasting a negative year for most companies, it came as a surprise to many that an auto manufacturer could actually grow in the face of a weak consumer and increasing costs. The key difference between Ferrari and the broader sector was the core customer base. Compared to the more affordable car brands such as GM, Honda, and Volkswagen who target the average consumer, Ferrari's clientele largely consists of high net worth individuals. This group is largely unaffected by economic weakness and are stable spenders across market cycles. The strength of this consumer base was best displayed through Ferrari's revenue growth of 11.8% in FY2024 and the company's deep order book which grew to cover deliveries until 2026. The past year has shown that Ferrari can continue to excel in this environment and macroeconomic stability will only be an accelerant to further growth.

Price and Mix Improvement

One of Ferrari's core tenants, innovation, has served the brand extremely well over the past years and will be a key lever to the company's continued growth. In the past, Ferrari was concentrated around certain models which inhibited both demand and growth in the long run. As new models have been introduced, Ferrari has benefited from the diversification effect with mix improvements driving revenues. The company is set to launch six new vehicles in the year which includes their first electric sports vehicle. Personalization has also had a positive effect where customizations have further improved the mix and helped drive increased demand. Price improvements have also contributed to stronger top line revenue with price increases made to offset tariff impacts. With a strong 2025 lineup and price growth, Ferrari is on pace for continued mix improvements driving revenues.

Risks and Mitigations

Key risks to the upside:

- Faster than expected recovery of the consumer across geographies.
- New product launches perform better than expected with six in 2025.
- Ferrari's first EV model performs better than expected when it launches in Q4.
- Personalization trend continues.
- China luxury spend recovers.

Key risks to the downside:

- Prolonged trade conflicts and tariffs.
- New product launches are unsuccessful and weigh on revenues.
- Tariffs outpace pricing power in the US.
- China weakness continues long term.
- Delivery growth harming exclusivity of Ferrari vehicles in turn harming profits.
- Emission regulations become increasingly restrictive and possible early ban on combustion engines.
- Favorable tax treatment ends.

Mitigations to downside risks:

- Current minimal impacts from tariffs and pricing changes have covered the cost.
- New models have been additive to the order book which covers all of 2026 and personalization has had a positive effect.
- Deliveries have not reached surplus levels and supply expansion has room to grow over the current ~14k per annum amount.
- Personalization is an added lever which mitigates saturation or fatigue.
- The new EV launch will provide Ferrari customers an option which differs from the combustion engine models and could be more favorable with emission regulations.
- Customer base consisting of mainly HNWI's is largely unaffected by weakening of macroeconomic conditions.

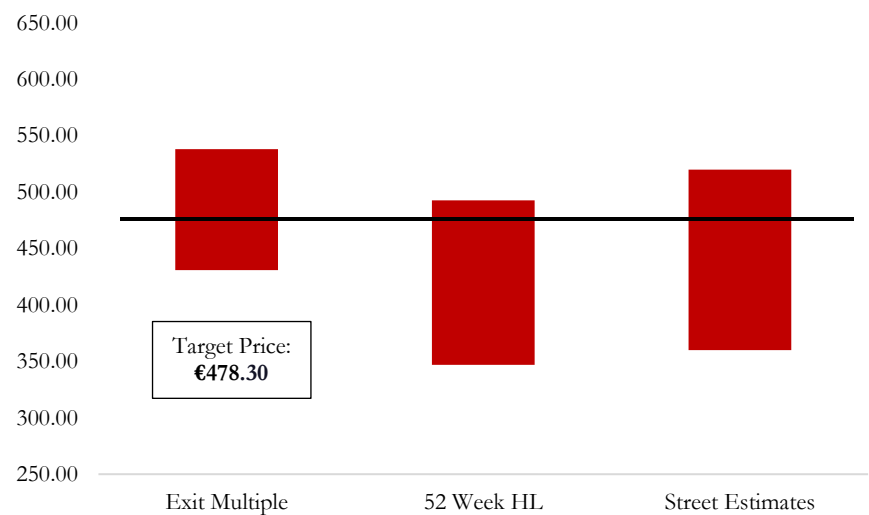
Company Profile

Ferrari is among the world's leading luxury brands which focuses on the design, engineering, production and sale of the luxury performance sports cars. The company produces their range of performance vehicles in Maranello, Italy, and sell in over 60 markets worldwide through a network of 180 authorized dealers operating 200 points of sale as of the end of 2024. Ferrari also owns and operates their Formula 1 racing team, Scuderia Ferrari, the most successful team in the history of the sport with over 248 Grand Prix victories and 16 titles. The company was founded in 1939 by Enzo Ferrari and is headquartered in Italy.

Valuation

My valuation centres around continued strong organic growth in 2025 and stable revenue and margin growth over the long run. Q1 earnings further displayed a strong demand for Ferrari vehicles with deliveries slightly higher YoY and an order book that covers all of 2025 and 2026. Unlike non-luxury auto comps, Ferrari has not seen the same demand impact through the recent volatile quarters and has been able to continue to execute on their long-term plan. The company's core client base is one largely immune to weaker economic conditions and the reverse wealth effect is not as much as a drag as compared to non-luxury auto competitors. Ferrari has embarked on an expansionary journey with new models into new segments and have made their intention clear of improving the mix to drive higher profits and sustained high revenue. My price target is calculated with the assumptions noted above along with other inputs which follow the trends I have set for Ferrari based on their long-term plans and guidance. Using a DCF with a WACC of 7.00% and an EV/EBITDA exit multiple of 25.00x, I arrive at a target price of €478.30 representing an upside of ~14% to the current price.

Valuation Football Field



Ferrari – Summary Model (EUR thousands)

Income Statement	2024A	2025E	2026E	2027E	2028E	2029E
Revenue	6,676,668	7,244,185	8,113,487	8,924,836	9,817,319	10,700,878
<i>Revenue Growth</i>	11.8%	8.5%	12%	10%	10%	9%
Gross Profit	3,347,185	3,766,976	4,300,148	4,774,787	5,252,266	5,724,970
<i>Gross Profit Margin</i>	50.1%	52.0%	53.0%	53.5%	53.5%	53.5%
Operating Profit	1,887,751	2,109,059	2,430,121	2,703,545	2,973,075	3,239,910
<i>Operating Profit Margin</i>	28.3%	29.1%	30.0%	30.3%	30.3%	30.3%
Net Income	1,525,913	1,660,349	1,930,115	2,162,393	2,395,382	2,630,437
EBITDA	2,554,528	2,779,969	3,169,100	3,504,952	3,845,695	4,192,808
<i>EBITDA Margin</i>	38.3%	38.4%	39.1%	39.3%	39.2%	39.2%
EPS	8.47	9.29	10.80	12.10	13.41	14.72
Balance Sheet	2024A	2025E	2026E	2027E	2028E	2029E
Current Assets	5,019,903	5,526,077	6,373,321	7,410,744	8,662,495	10,105,339
Non-current Assets	4,477,243	4,854,248	5,183,787	5,579,120	6,022,913	6,500,889
Total Assets	9,497,146	10,380,325	11,557,108	12,989,864	14,685,408	16,606,228
Debt	3,351,888	3,368,361	3,407,533	3,469,188	3,553,188	3,659,505
Total Liabilities	5,953,908	6,251,629	6,644,548	7,122,149	7,690,763	8,311,411
Total Equity	3,543,238	4,128,696	4,912,560	5,867,714	6,994,645	8,294,817
Total Liabilities & Equity	9,497,146	10,380,325	11,557,108	12,989,864	14,685,408	16,606,228
Cash Flow Statement	2024A	2025E	2026E	2027E	2028E	2029E
Cash Flow from Operations	1,926,656	2,534,199	2,885,841	3,064,686	3,397,799	3,747,223
Capital Expenditure	(989,151)	(1,014,186)	(1,054,753)	(1,160,229)	(1,276,251)	(1,391,114)
Cash Flow from Investing	(987,110)	(1,014,186)	(1,054,753)	(1,160,229)	(1,276,251)	(1,391,114)
Cash Flow from Financing	(324,761)	(1,139,917)	(1,188,578)	(1,227,084)	(1,265,951)	(1,305,449)
Ending Cash	1,742,214	2,121,310	2,762,819	3,439,192	4,293,788	5,343,449
Free Cash Flow	819,951	1,319,355	1,564,612	1,581,930	1,743,766	1,923,626

Ferrari – DCF Output Summary

Exit Multiple Approach		Exit Multiple	
Terminal Year EBITDA	4,192,808	Enterprise Value	87,034,821
Exit EBITDA Multiple	25.00x	Less: Net Debt	1,419,307
Terminal Value	104,820,199	Equity Value	85,615,514
PV of Terminal Value	79,979,823	Diluted Shares	179,000
PV of UFCF	7,054,999	Equity Value per Share	€ 478.30
Enterprise Value	87,034,821	<i>Premium/ (Discount)</i>	13.69%
WACC	7.00%		

Ferrari – Comparables Table (EUR)

Name	Ticker	Share Price	Mkt Cap (M)	EV (M)	P/E	EV/EBITDA LTM	EV/EBITDA 2025E
Volkswagen Vz	VOW3-DE	96.40	48,856.0	212,880.7	5.20x	3.82x	4.90x
Tata Motors	500570-IN	7.40	27,256.4	31,222.5	8.02x	4.94x	5.38x
Stellantis	STLAM-IT	9.17	26,679.7	16,949.7	4.94x	1.34x	1.26
Ford Motor	F-US	9.26	37,696.3	144,594.7	7.96x	15.93x	12.99x
Mercedes-Benz Group	MBG-DE	52.64	50,687.3	121,343.3	5.90x	7.41x	6.89x
BMW	BMW-DE	78.16	48,395.2	113,896.2	7.43x	5.91x	5.83x
Honda Motor	7267-JP	8.73	42,084.5	79,649.6	6.54x	4.40x	6.77x
Porsche	P911-DE	44.00	39,997.2	46,950.2	12.57x	5.17x	6.92x
Tesla	TSLA-US	302.38	1,068,337.5	1,041,382.3	178.52x	88.37x	85.73x
General Motors	GM-US	43.69	43,533.6	29,537.8	6.76x	1.01x	1.97x
Ferrari	RACE-IT	420.70	78,428.3	79,678.1	49.46x	30.06x	29.33x