

Adapt or die

Ferrari N.V. & Pirelli C SpA

The HUSTlers

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Executive Summary



Founded in 1947, Ferrari has cemented its place as an automotive and motorsport icon, blending racing heritage with cutting-edge engineering. With 16 Constructors' and 15 Drivers' Championships in Formula 1, Ferrari infuses track-proven technology into every road car, delivering unmatched performance, precision, and emotion. Ferrari is known as an Italian luxury supercar and Formula 1 icon, blending racing DNA with high-performance engineering, exclusive design, and ultimate driving emotion.

Ferrari SHOULD NOT acquire Pirelli & C. S.p.A.



Key Items

Pirelli & C. S.p.A., founded in Milan in 1872, is a leading global tire manufacturer renowned for its cutting-edge technology and high-end production excellence.

In 2023, Pirelli reported revenues of €6,650.1 million. The company's net profit rose by 13.8% to €495.9 million

Valuation

Pirelli & C. S.p.A. has a market capitalization of approximately €5.77 billion.

Ferrari would need to take on substantial leverage to facilitate a transaction of this scale or break its payout ratio commitment.

Making the deal could reduce Ferrari's gross profit margin, which is maintained at around 50% as part of the company's financial strategy.

Reasoning

Acquiring a global tire brand would distract Ferrari from its core competency: **designing and engineering exclusive supercars, maintaining soul and racing DNA**

Ferrari does not need full control over Pirelli to ensure high-quality tires; a long-term partnership would be recommended

Low Synergy & High Risk:

- Mass Production of tires do no go well with low volumn of cars production from Ferrari
- Unpredictable risks: Client attrition, Italian Government Restrictions (Golden Power Law) EU & Global Antitrust Scrutiny

Ferrari SHOULD INSTEAD acquire Solid Power Inc.



Solid Power, Inc., established in 2011, is a leading developer of all-solid-state rechargeable battery technology, primarily targeting the electric vehicle (EV) market.

The company's innovative approach replaces the flammable liquid electrolyte found in conventional lithium-ion batteries with a proprietary sulfide-based solid electrolyte,

Solid Power recorded a net loss of \$96.5 million, or \$0.54 per share, for 2024.

Solid Power has a market capitalization of approximately €193.19 million.

Ferrari could fully buyout the company immediately at the price of €1.38/share (a 30% premium).

Solid Power has been facing losses for three consecutive years, which could make this the perfect timing for Ferrari to acquire it.

Solid Power's solid-state battery technology could give Ferrari a technological edge in lightweight, high-performance EV batteries, focus on powerstrain system, enhance core competency of **designing and engineering high-performance engine**

By acquiring Solid Power, Ferrari could own the technology instead of licensing it, saving money on future battery development.

High Synergies:

- Ferrari is known for pushing the limits of **performance, weight reduction, and aerodynamics**.
- Solid-state batteries would allow Ferrari to create **ultra-lightweight EVs** with **better handling and acceleration** than lithium-ion-powered competitors.

Glossary for acronyms

Acronym

FY	Fiscal Year
COGS	Cost of Goods Sold
NPV	Net Present Value
EV	Enterprise Value
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
R&D	Research and Development
MOU	Memorandum of Understanding
ICE	Internal Combustion Engine
F1	Formula 1
CAGR	Compound Annual Growth Rate
ESG	Environmental, Social, and Governance
WACC	Weighted Average Cost of Capital
REOI	Residual Operating Income
EBIT	Earnings Before Interest and Taxes
ROI	Return on Investment
IRR	Internal Rate of Return
S&P	Standard and Poor's
IPO	Initial Public Offering
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
KPI	Key Performance Indicator
B2B	Business to Business
B2C	Business to Consumer
CRM	Customer Relationship Management
ERP	Enterprise Resource Planning
API	Application Programming Interface
GDP	Gross Domestic Product
P&L	Profit and Loss
PR	Public Relations
M&A	Mergers and Acquisitions
BOM	Bill of Materials
CSR	Corporate Social Responsibility
KYC	Know Your Customer
RPA	Robotic Process Automation
NLP	Natural Language Processing
VPN	Virtual Private Network

Acronym

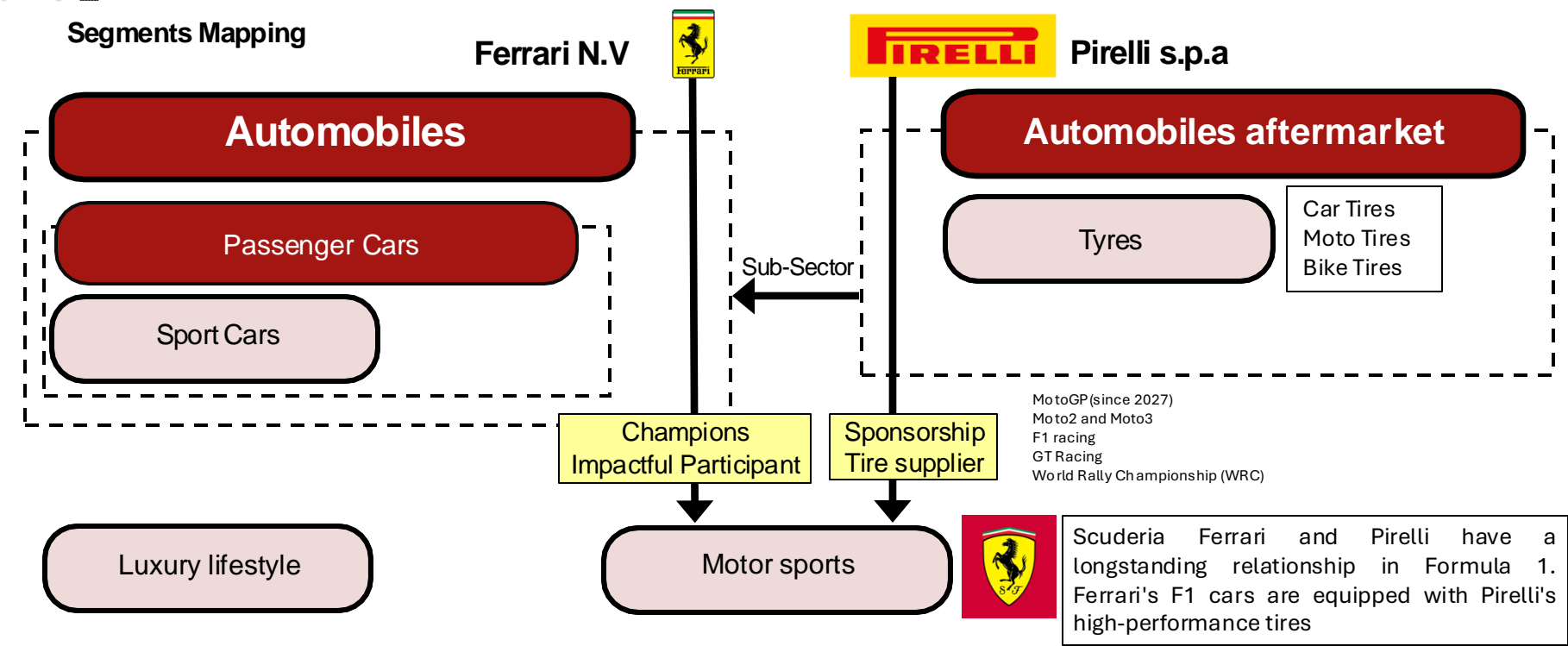
HTML	HyperText Markup Language
CSS	Cascading Style Sheets
JS	JavaScript
SQL	Structured Query Language
CRM	Customer Relationship Management
UX	User Experience
UI	User Interface
SEM	Search Engine Marketing
SEO	Search Engine Optimization
PPC	Pay Per Click
TCO	Total Cost of Ownership
VMI	Vendor Managed Inventory
RMA	Return Merchandise Authorization
BOM	Bill of Materials
TAM	Total Addressable Market
SAM	Serviceable Available Market
SOM	Serviceable Obtainable Market
HQLA	High Quality Liquid Assets
NDA	Non-Disclosure Agreement
SOC	System and Organization Controls
GDPR	General Data Protection Regulation
PCI	Payment Card Industry
PaaS	Platform as a Service
O2C	Order to Cash
D2C	Direct to Consumer
C2C	Consumer to Consumer
CAGR	Compound Annual Growth Rate
R&D	Research and Development
LTV	Lifetime Value
MRR	Monthly Recurring Revenue
ARR	Annual Recurring Revenue
SaaS	Software as a Service
PaaS	Platform as a Service
IaaS	Infrastructure as a Service
IoT	Internet of Things
AI	Artificial Intelligence
ML	Machine Learning



Market Analysis

Competitive Market Mapping

Business segment of Ferrari N.V & Pirelli S.p.a, their connection to each other



Key Market Insights

- The Passenger Cars market realized a total revenue of **US \$2111.4 billion**. Sports Cars accounted for 4.0% of the worldwide market revenue in 2023.
- The overall automotive aftermarket is expected reach approximately EUR 1,200 billion by 2030. EV and AV are expected to be result in a net decrease in the aftermarket value per vehicle, due to lower maintenance efforts, and crash repair spending.
- As of 2024, the global tire industry is valued at \$142.7 billion. With a **CAGR of 5%** between 2023 and 2032, that valuation is expected to reach **\$211.6 billion** by 2032.
- The size of the global motorsports market was USD 5.95 billion in 2024. The global market size is expected to grow at a CAGR of 7.9% during the forecast period from 2025 to 2033.

Partnerships

Motorsport Collaborations:



Formula 1: Pirelli has been the exclusive tire supplier for the F1 World Championship since 2011, supplying tires to Scuderia Ferrari, with their latest high-performance racing tires.



Ferrari Challenge Series: Since its inception in 1993, the Ferrari Challenge—a one-make racing series featuring various Ferrari models—has exclusively used Pirelli tires.

Partnerships High-Performance Cars:

Model		Tires used
Daytona SP3		P Zero Corsa System
812 Superfast		P Zero
F512 M		P Zero
275 GTB		Cinturato CN72

The long-standing collaboration between Ferrari and Pirelli exemplifies their mutual commitment to cutting-edge innovation, top-tier performance, and excellence within the automotive industry.

Source: Statista, McKensey, Consumeraffairs

KEY CHALLENGES & OPPORTUNITY

Adapting CO2 emission reduction: Toward Net-zero series and Luxury trend



Electrification in automobiles help decarbonize the planet.

European Union 's "Fit for 55" Program

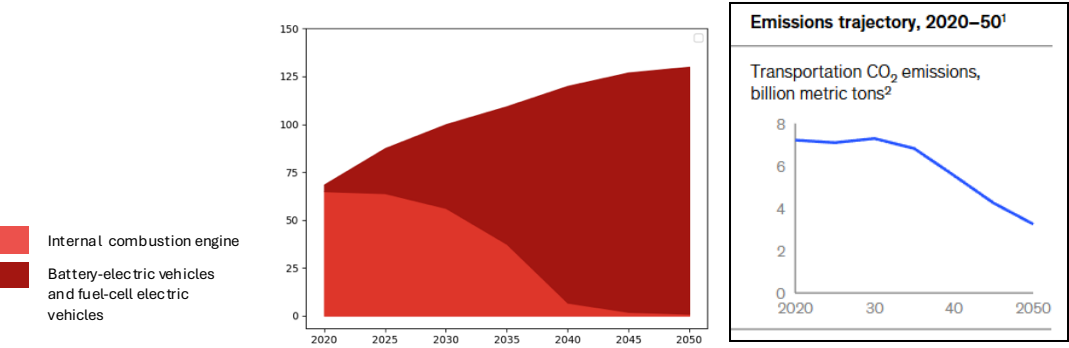


Reduce net greenhouse gas emissions **by at least 55% by 2030**

The Biden administration



50 percent **electric vehicle (EV)** target for 2030



By 2035, the largest automotive markets will go electric. According to Mckensey, to achieve net zero emissions, EVs would need to account for 75 percent of passenger car sales globally by 2030

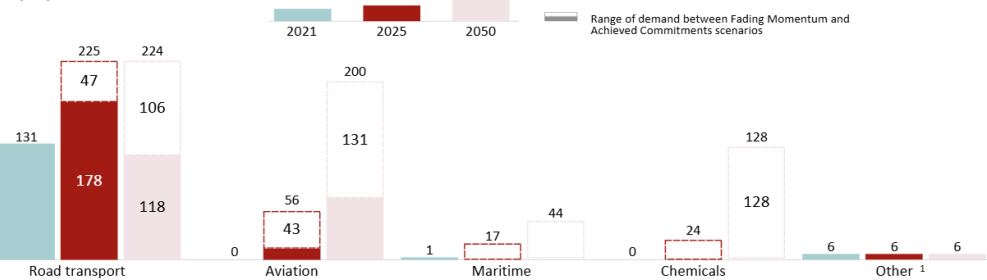
Ferrari announced they will present its first fully-electric vehicle (EV) at its capital markets day scheduled on Oct. 9, 2025

Source: McKensey, redesigned by team

Toward Net-zero series: Electrification is not the only solutions. Meet Substainable Fuel

Sustainable fuels are made from renewable materials instead of from fossil fuels. They include biofuels made from **organic matter, so-called green gasoline, and hydrogen-based fuels.**

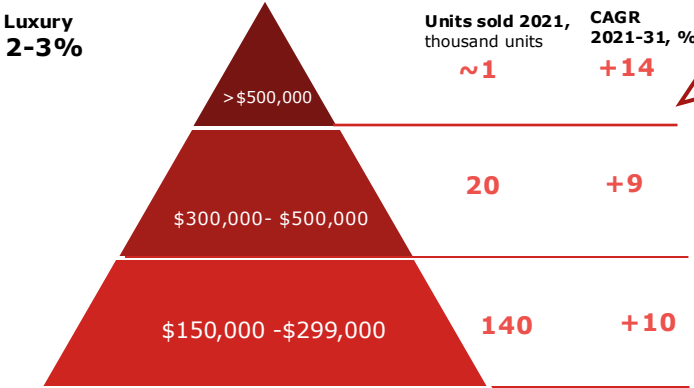
Global sustainable fuels demand by sector.
Mt per year



Formula 1 is set to introduce fully sustainable fuels starting from the 2026 season, aligning with the sport's commitment to environmental sustainability. Ferrari, in collaboration with its technical partner Shell, is actively engaged in this transition

The luxury market will grow more

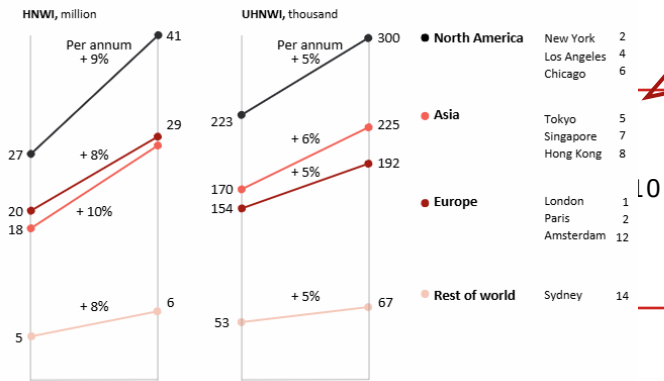
Segmentation of car market by vehicle cost range



The average market price of Ferrari in the Sports Cars US market, is approximately \$900,000

Source: McKinsey analysis, Redesigned by team

High-net-worth individuals and ultra-high-net-worth by geography



The Ferrari's potential clients group tends to grow worldwide at 5 percent from 2021 to 2026

Source

Ferrari: road to the unique fusion and position for

"Ferrari" is derived from "ferraro," means "blacksmith"—a brand that forges high-performance machines with precision and craftsmanship.



Revenue Segments

Cars and spare part
85.8%



Operating in the ultra-luxury automotive industry, focusing on exclusive sports cars and racing. Offering parts for both current and older models dating back to 1995.

Sponsorship,
commercial and
brand: 10%



Its **Formula 1 racing activities** and related sponsorships provide meaningful revenue and marketing value – the **Sponsorship, Commercial & Brand** segment (which includes F1 prize money, team sponsor deals, licensing and merchandising)

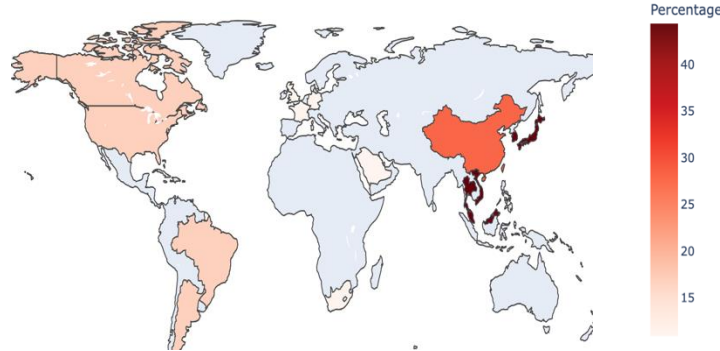
Others: 4.2%



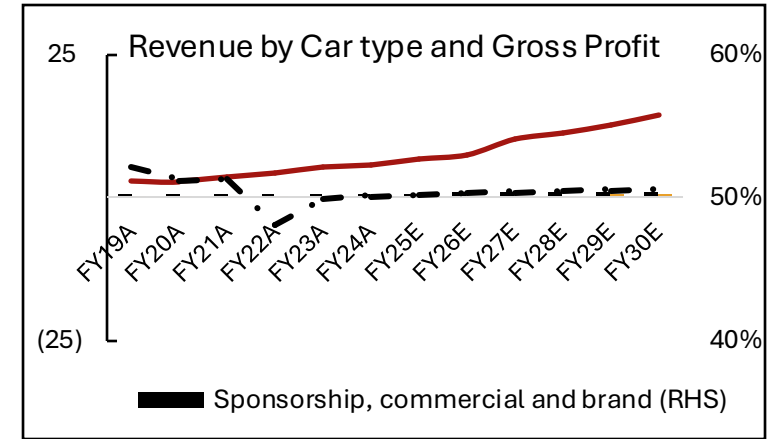
Extensing into lifestyle: it earns royalties from theme parks, brand merchandise, and launched its own fashion line in 2021 to tap new customers

Market Presence

Car sale by region
FY23



Projected Revenue



Ferrari N.V unique Possition

What's special about Ferrari?

- ✓ Ferrari's limited production strategy ensures that **each car is exclusive and highly desirable**.
- ✓ Ferrari **select their client, not everyone could buy Ferrai car** (Justin Bieber Is Banned From Buying Ferrari for unauthorized modification Ferrari car)
- ✓ Ferrari Tailor Made and Special Projects allow customers **personalize every detail, from interior materials and paint colors to bespoke liveries**.

Ferrari N.V Competitors/Players

Luxury Car	Luxury Sports Car	Luxury Supercars	Ultra-luxury Car

Ferrari N.V Partnerships



Ferrari N.V Strategy Direction

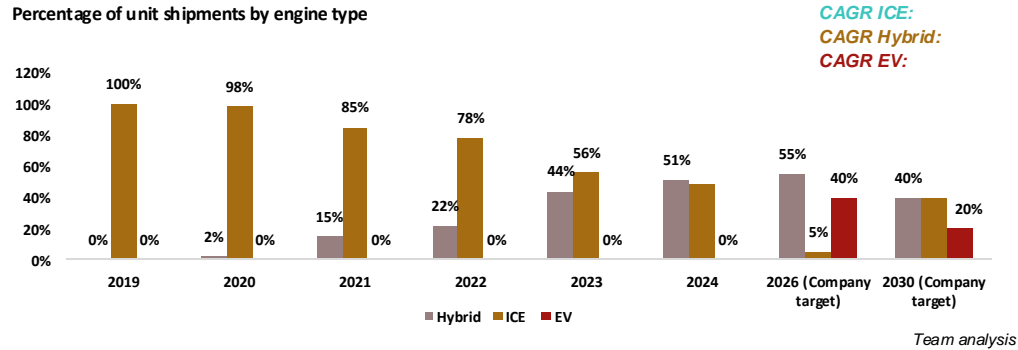
Ferrari core value and strategic plan



Electrification Strategy

Ferrari announced that 15 new launches between 2023 and 2026. The first full electric Ferrari will be unveiled in 2025, as previously announced.

By 2026, the product offering will be 40% ICE, 60% hybrid and full electric.



"I don't want to be arrogant and impose a choice on our client... if they want an ICE, a hybrid or an electric car,"
CEO Vigna

"Our operating model is a blend of strategic craftsmanship and advanced technology"
Ferrari Chief Manufacturing Officer, Andrea Antichi

Efforts towards Sustainability

Ferrari is actively pursuing a comprehensive sustainability strategy, aiming to achieve carbon neutrality by 2030 to reduce the company's environmental footprint and promote sustainable practices.



Oct 1, 2024, Ferrari opens shut down a methane gas-fueled electricity generation plant its home town of Maranello as it aims to **double its solar power production**



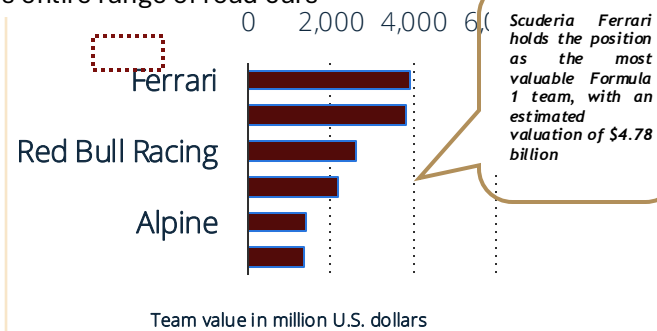
Ferrari's e-building, inaugurated on June 21, 2024 in Maranello is set to produce **internal combustion engine vehicles, hybrids, and Ferrari's inaugural fully electric models.**

Racing DNA

Ferrari's DNA racing is intricately woven into its legacy, guiding its philosophy, engineering, and competitive spirit. The brand's deep-rooted motorsport tradition extends beyond its dominance in Formula One (F1), influencing the performance, design, and innovation of its entire range of road cars

- 2025** Runners-up in the constructors' standings, losing out to McLaren at the final round
- 2023** Only team other than Red Bull to win a race – Carlos Sainz in Singapore
- 2015** Fernando Alonso makes way for Sebastian Vettel and the restructured team improve. They achieve three Grand Prix wins
- 2008** Eight wins help power them to their 16th constructors' title, beating McLaren

2000-2004 was the most dominant era with an unprecedented five consecutive World Drivers' Championships. 2025 promise to bring back The Schumacher with seven-time World Champion Lewis Hamilton



Lifestyle

The goal and mission of our lifestyle strategy is that of bringing to life a universe that encapsulates Ferrari's DNA while accompanying our clients through different stages and moments of their lives.

Ferrari Lifestyle has three pillars:

Personal Luxury Goods



A wide range of Ferrari branded products, including our fashion collection and selected merchandising and licenses.

Collectibles



Ferrari branded products such as high-end watches and high-end writing instruments, consumer electronics, sportswear, toys, leading video games, and other accessories.

Experience



nurturing heritage and celebrate our craftsmanship through dedicated and tailor-made experiences.

Pirelli & C. s.p.a Overview

Business segment, Revenue breakdown by region, and strategic planning

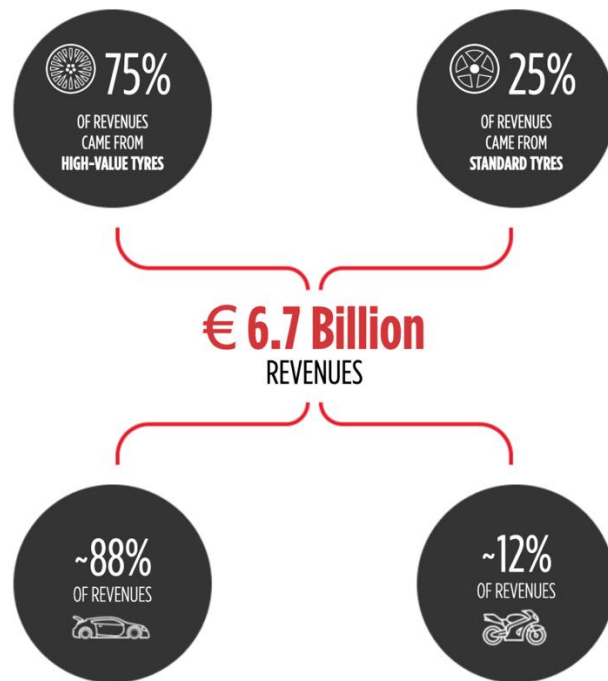


Segmentation:

Pirelli operates in several sectors, offering products for various types of vehicles, from standard passenger cars to the highest performing sports cars and motorcycles:

- **Consumer Tires** focuses on high-performance tires for sports, luxury, and premium vehicles.
- **Moto Tires** develops tires specifically designed for motorcycles, including both street and racing.
- **Industrial Tires** includes products designed for trucks, buses, and other industrial applications, but this segment is relatively smaller than consumer tires.
- **Racing & Motorsport** involves in motorsports, supplying tires for competitions like Formula 1, MotoGP, World Rally Championship (WRC), and more.

B2B company

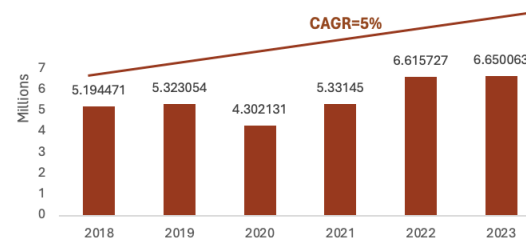


HEADQUARTERS & WORLDWIDE R&D CENTER OF EXCELLENCE IN MILAN, ITALY
PRESENCE IN 5 REGIONS

18 FACTORIES in 12 COUNTRIES

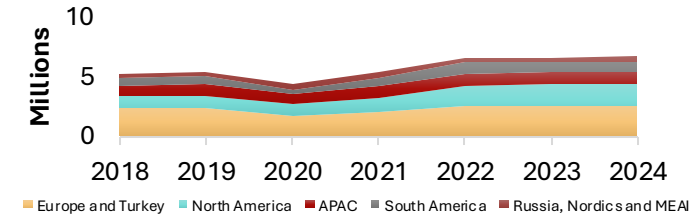
20,000 POINT OF SALES in +160 COUNTRIES

Revenue growth



Long-term plan:

1. Globalization and Regional Focus



Focusing on **emerging markets (Asia and South America)** while maintaining strong positions in mature markets such as **North America and Europe**.

Pirelli's revenue by Region

2. Commitment to Motorsports.

- The company is the **exclusive tire supplier for Formula 1**,... which have enhanced its global reputation for **quality, performance, and durability**.
- This presence in top-level motorsport allows Pirelli to constantly refine its tire technology, applying the insights gained on the racetrack to commercial tire products.



3. Diversification into Lifestyle Products and Services

- Expanding its brand beyond tires into **lifestyle products**. This includes offering **fashion lines**, branded **luxury merchandise**, and even **Pirelli calendars**, which are iconic in the world of high-end photography and design.
- Pirelli also operates in the **telecommunications** sector through **Pirelli Cables and Systems**, though this segment is less prominent in comparison to its tire business.

Pirelli & C. s.p.a Strategy Direction

Towards sustainability, centering around four action pillars

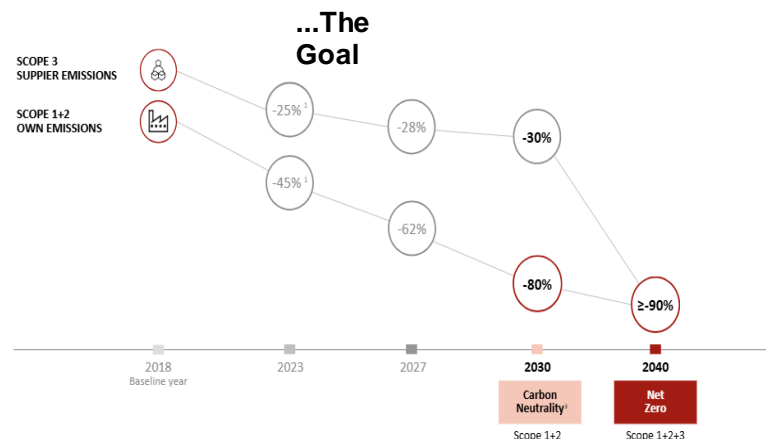


Decarbonization Plan: Commitment to reach Net Zero

How to reach...

- By 2025, >90% Scope 3 upstream emissions with available primary data and 100% requested to set SBTi targets.
- By 2040, > 80% Bio-based and recycled materials.

- 100% Renewable Electricity by 2025, relying on proven market tools and additionalities.
- 75% of curing presses electrified by 2030.
- 90+ Energy efficiency projects with 50Mln € Capex 2022-25.



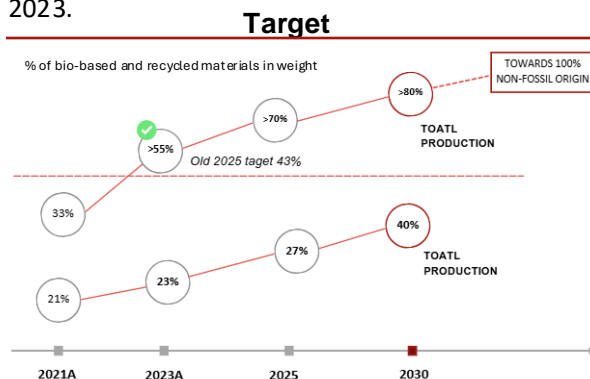
Diverse and talented global workforce

Safety first	Towards Zero Accident at work	>> Frequency Index	~11 @2025 <1 @2030
Caring & wellbeing	New Pirelli Global Welfare Program	>> Enhanced welfare offer	covering all employees @2026
Diversity, equity & inclusion	Towards Zero Accident at work	>> Women in management position	≥33% @2030
Diversity, equity & inclusion	Equality in remuneration	>> Gender pay gap	±2% @2030
Skills development	Upskilling and reskilling focus on digital transformation, excellence in operations, climate science	>> Average training days per employee per year	Constantly >5.0 days
Engagement & retention	Leveraging on employees listening and experience	>> Global Sustainable Engagement Index	Constantly ≥80%

Eco-Safety Design

- Tyre rolling resistance plays a key role in **reducing fuel and energy consumption** and thus vehicles CO2 emissions.
 - We aimed for 100% of non-fossil origin, third-party certified.
- ✓ Old Target @2025 reached in 2023.

New PZERO E



Actions

- We push innovation to increase bio-based and recycled materials while decreasing fossil ones.
- Transparency for consumers: New Pirelli logo identifying tyres with ≥ 50% of bio-based and recycled materials.
- Sustainable content certified by third party.

Pirelli unique FSC™ strategy

We promote the development of a Sustainable Natural Rubber Economy based on traced and certified supply chains.

Forest Stewardship Council ensures that products from Forest origin are managed in a way that preserves biological diversity and benefits the lives of local people and workers.



A close-up, low-angle shot of the front of a dark-colored Ferrari sports car. The image is dark and moody, with the car's sleek lines and the iconic yellow Ferrari shield emblem on the front fender being prominent. A large, white, rectangular box is superimposed over the center of the image, containing the title 'Strategic Fit' in a bold, white, sans-serif font.

Strategic Fit

Ferrari N.V. & Pirelli C SpA

Strategic fit

When A Violinist's Bow on the Perfect String, but a little "too" perfect



"Unfair" Competitive Advantage in motorsports

Share Partners of Ferrari N.V & Pirelli S.p.a



Ferrari

Cadillac and Audi are participating Formula 1 racing in 2026 season.

F1 Motorsport Participant



All of them are automobiles manufacturing. More than half of them are Ferrari N.V competitors. Three of them has participated Formula 1, which has selected Pirelli as the exclusive tyre supplier until 2027.

Ferrari N.V might gain the ability to shape the development of Formula 1 tires in a way that favors Ferrari's race cars. However, rival teams could challenge this as a conflict of interest.

See more in Acquisition Risk, page 12

Branding and Sponsorship activities

Where both firms presents together



Ferrari's F1 team, Scuderia Ferrari, drives our brand's image and history. Pirelli has extended its presence in Formula 1 as Global Tyre Partner.

Both Pirelli and Ferrari are iconic Italian brands with rich histories dating back to the early 20th century. Their collaboration reinforces this shared identity, appealing to a clients that values exclusivity and superior engineering, exemplifies a harmonious alignment of brand values, heritage, and performance excellence.

Co-Investment in Research & Development



Pirelli has developed Elect™ tires, specifically engineered to meet the unique demands of electric and plug-in hybrid vehicles.



Ferrari N.V announced they are preparing to present its first electric car in 2025 and predicts that 40% of its sales will come from completely electrified vehicles by 2030.

Ferrari N.V could use Pirelli Elect™ tires upcoming EV model for better rolling resistance, noise reduction, and optimized traction for electric



Control Over High-performance tyre production

- ✓ **Exclusive ecosystem** around Ferrari's high-performance vehicles and reducing reliance on external suppliers like Michelin or Bridgestone.
- ✓ **More Flexibility** in manufacturing and developing customized tires for Ferrari limited cars such as Ferrari Daytona SP3 (599 units)(2022 – now) or Ferrari LaFerrari (499 units)(2013 – 2016)
- ✓ **Cost Efficiency** for high-performance tyre manufacturing



Speed meets grip

Powertrain System



Chassis & Aerodynamics System

Suspension & Handling System

Ferrari's high-end engine

Pirelli's high-performance tyres

By working together, both brands can optimize R&D cost towards enhanced handling, stability, speed, edurance and unparalleled

Ferrari actively engages in research and development (R&D) in aerodynamics to enhance the performance of its vehicles through The Ferrari XX Programme. These systems rely on tires that can maintain consistent performance across varying loads and speeds.

Strategic fit

They matches for their new segment extension, and they are well-prepared for the sustainable future



PERFECT FIT FOR LUXURY LIFESTYLE BRAND STORYTELLING

Segments	Clients	Strategic Fit
Ferrari's luxury lifestyle segments	HNWIS UHNWIS	Both brand use limited access and prestige branding to maintain exclusivity and desirability among high-net-worth individuals
The Pirelli Calendar, an annual publication, renowned for its exclusive and artistic photography	exclusive circle of VIPs, celebrities, and influential figures	

Ferrari at Milan Fashion Week	Pirelli Calendar's Fashion & Art Connection	Both brands integrate into the high-fashion ecosystem, ensuring their presence among elite consumers.
Ferrari Cavalcade		
Ferrari Fashion Shows		

SUBSTAINABLE DEVELOPEMENT FIT

BEAR	BASE	BULL
<p>Stated Policies Scenario: current government policies without assuming additional future commitments.</p> <p>(1) Gasoline and hybrid vehicles will remain dominant</p> <p>(2) The transition to EVs will be slower</p> <p>(3) Governments may continue supporting synthetic fuels (e-fuels) as an alternative.</p>	<p>Announced Pledges Scenario: Assume countries follow through on their emission reduction commitments</p> <p>(1) Many countries will gradually phase out gasoline/diesel vehicles, but not all.</p> <p>(2) Emission standards will continue tightening.</p> <p>(3) Investment in hybrid and EV technology is essential.</p>	<p>"Net zero emmision: ambitious scenario</p> <p>(1) No more internal combustion engine (ICE) vehicles after 2035</p> <p>(2) Rapid expansion of EV production and charging infrastructure</p> <p>(3) Falling costs of renewable energy, encouraging Ferrari to invest in sustainable technology</p>

Ferrari's Emission Reduction Process

2010: Ferrari introduce the first hybrid model, Ferrari LaFerrari with high performance and environmentally friendlier technologies.

2015-2018: Ferrari makes specific pledges to reduce its carbon footprint by utilizing lighter materials (aluminum and carbon fiber) for reduction vehicle weight and increase fuel efficiency

2020-2024: Phasing out of trigeneration plant (2024), Installation of photovoltaic panels (2023).

Future

- Launch of the first full electric Ferrari (2025), engine production with 100% recycled alloy. Use of recycled materials circular economy in products.
- Committed to becoming carbon-neutral by 2050, started working on new materials that are lighter and more sustainable, including bio-based composites for car parts.
- Purchase of Carbon Credits.
- Introduction of Hydrotreated Vegetable Oil (HVO) fuel in our European outbound logistics on road.

Pirelli's Emission Reduction Process

2010-2015: launched Green Performance tires: tires designed to improve fuel efficiency and reduce CO2 emissions from vehicles.

2016-2023: launched the Pirelli 4.0 Project to reduce energy consumption and use 100% renewable energy in its operations (2025). Pirelli's tire recycling initiatives also became a priority, aiming to integrate more recycled materials into tire production.

Future

Committed to becoming carbon-neutral by 2050, started working on new materials that are lighter and more sustainable, including bio-based composites for car parts

Both are well-prepared and expecting the most ambitious scenarios

Focusing on scope 3 emission

Focusing on scope 1,2 emission

Feasibility

Ferrari N.V. & Pirelli C SpA

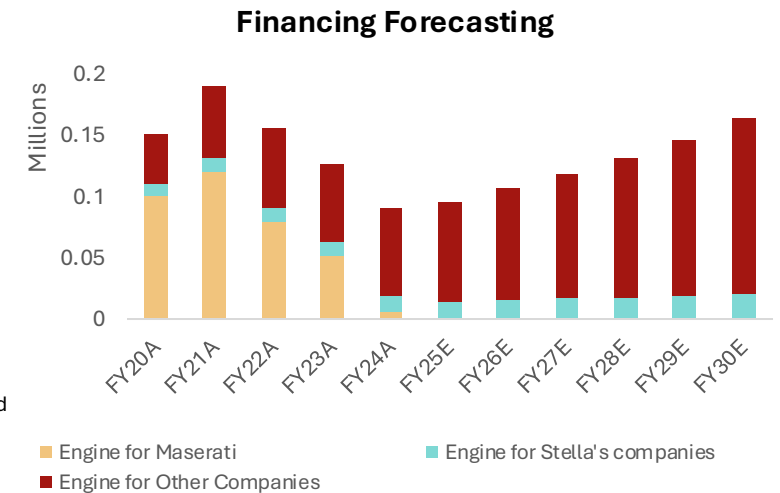
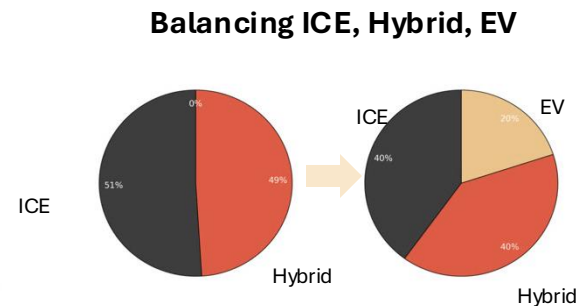
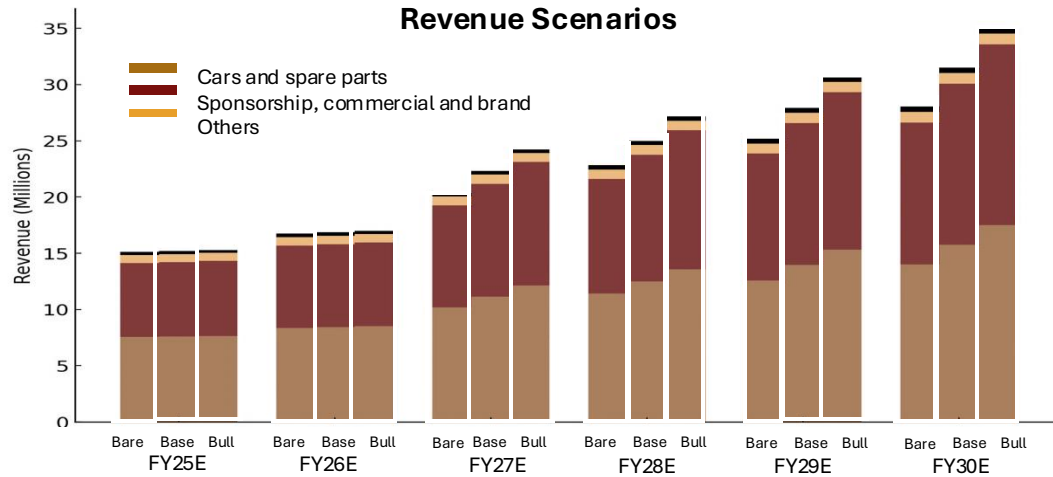
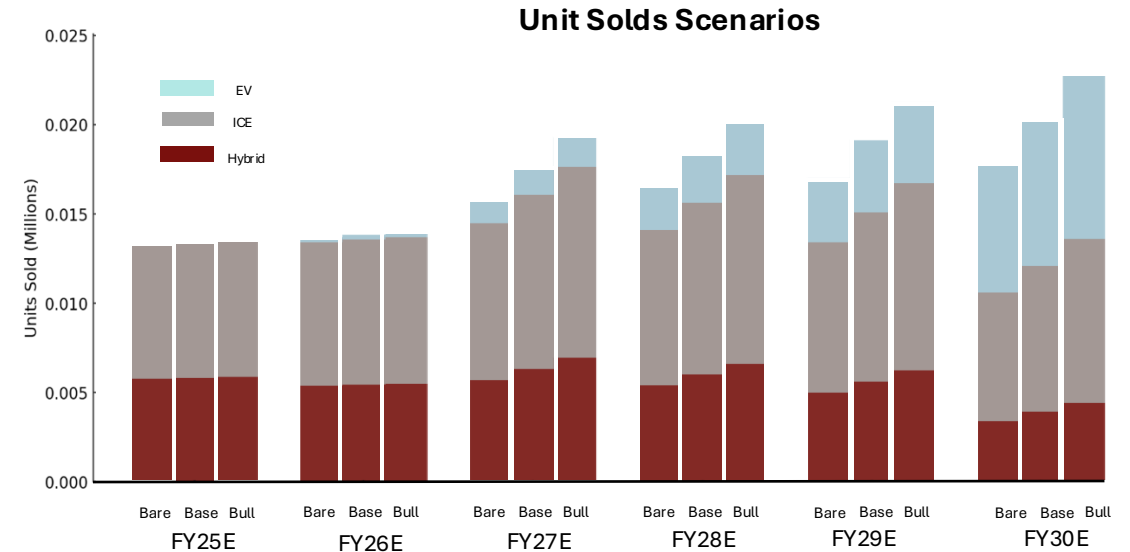


Ferrari Projection and Forecasting

Engine planning, revenue forecasting. How to do it?



- Ferrari's revenue projections indicate steady growth through FY30E, with the primary contribution coming from cars and spare parts sales, supplemented by sponsorship, commercial ventures, and other revenue streams.
- Ferrari's powertrain composition is undergoing a transformation, with ICE vehicles declining from 51% to 40% by FY30E, while hybrids maintain a 40% share and EVs increase to 20%. This reflects Ferrari's commitment to electrification and regulatory compliance in the evolving automotive landscape.
- Sponsorship, commercial and brand continue to grow sustainably as Ferrari maintains a strong influence in major racing events, particularly in Formula 1 (F1).
- Others: Projected to recover, following the past impact of Maserati's contract termination. Additionally, the Financing segment is expected to offset revenue losses from the engine division.



Ferrari Peer Group Trading Multiple

Some luxury companies for valuation. They are not automobile manufacture



	Enterprise Value	EV/EBITDA	Profit Margin	EV/EBIT	Gross Profit Margin
	81.3	32.9	23.60	40.4	50.10%
	255.1	42.6	20.00	50.0	70.98%
	10.0	31.5	15.00	25.0	47.75%
	320.0	28.8	18.00	28.0	67.92%
	8.0	20.8	10.00	18.0	69.60%
	6.0	19.7	8.00	15.0	76.56%
	4.0	15.2	5.00	12.0	69.77%
	15.0	16.3	12.00	22.0	66.19%

Exclusive Brand Positioning & Heritage Value

- These brands maintain **strong brand equity** by emphasizing **heritage, craftsmanship, and exclusivity**.
- Ferrari dominates **high-performance luxury automobiles**, while **Hermès, LVMH, and Richemont** lead in **high-end fashion, accessories, and jewelry**.

Premium Pricing & Scarcity Model

- They **intentionally limit production** to maintain exclusivity and pricing power.
- Ferrari's limited **vehicle production strategy** is akin to **Hermès' controlled distribution of Birkin bags** and **Moncler's selective luxury outerwear collections**.

Sustainability & Ethical Luxury

- High-end brands **align with ESG (Environmental, Social, and Governance) principles**.
- Brunello Cucinelli and Hermès** emphasize **sustainable craftsmanship**, while **Ferrari** commits to **hybrid and EV models**.

Sensitivity Analysis					
Exit Multiple					
	24.99	25.49	25.99	26.49	26.99
EV	75,987,975.71	77,508,495.49	79,029,015.26	80,549,535.04	82,070,054.81
Equity Value	71,776,281.71	73,296,801.49	74,817,321.26	76,337,841.04	77,858,360.81
Shares' Price	400.89	409.38	417.87	426.36	434.86

EBITDA (2025)	3,041,039.55
EV/EBITDA	25.99
Enterprise Value	79,029,015.26
Debt	5,953,908.00
Cash	1,742,214.00
Preferred Stock	-
Non-controlling Interest	-
Equity Value	74,817,321.26
Share Outstanding	179,044.33
Implied Shares Price	417.87

Ferrari Valuation

Method to do valuation and results



ReOI Model	2024	2025F	2026F	2027F	2028F	2029F	2030F
Discount year		0	1	2	3	4	5
NOPAT	1,518,641	1,800,106	2,022,332	2,864,926	3,244,829	3,661,139	4,188,465
NOA	5,671,518	6,105,788	6,775,181	8,963,939	10,038,791	11,209,319	12,657,210
Residual Operating Income		1,484,555	1,682,619	2,487,969	2,746,095	3,102,602	3,564,803
Discount factor		1.00	1.06	1.11	1.18	1.24	1.31
PV of RIM		1,484,555	1,593,936	2,232,621	2,334,375	2,498,425	2,719,323
Terminal value							79,029,015
PV of TV							60,285,352
Total firm value							73,148,587
Debt							-2,128,280
Intrinsic value							71,020,307
Outstanding Shares							179,044
Intrinsic Price of Shares							396.65

Share Price

Exit Multiple

	396.65	23.00	24.00	25.00	26.00	27.00
WACC	4.56%	417.45	417.45	417.45	417.45	417.45
	5.06%	406.9	406.9	406.9	406.9	406.9
	5.56%	396.65	396.65	396.65	396.65	396.65
	6.06%	386.7	386.7	386.7	386.7	386.7
	6.56%	376.95	376.95	376.95	376.95	376.95

Enterprise Value

Exit Multiple

	73,148,587	23.00	24.00	25.00	26.00	27.00
WACC	4.56%	76868583	76868583	76868583	76868583	76868583
	5.06%	74981423	74981423	74981423	74981423	74981423
	5.56%	73145959	73145959	73145959	73145959	73145959
	6.06%	71360512	71360512	71360512	71360512	71360512
	6.56%	69623466	69623466	69623466	69623466	69623466

Ferrari employs the **Residual Operating Income (REOI)** valuation method due to its **unique business model, luxury positioning, and capital efficiency**.

Ferrari's WACC is lower than the average in the car industry, primarily due to its capital structure, which includes a high payout ratio of 35%

Target Capital Structure	
Debt-to-total Capitalization	67%
Equity-to-total Capitalization	33%
Cost of Debt	
Cost-of-debt	4.69%
Tax rate	23.21%
After-tax cost of debt	3.60%
Cost of Equity	
Risk-free Rate	4.24%
Market Risk	9.86%
Market Risk Premium	5.62%
Company's beta	0.95
Unlevered Beta	0.3696374
Relevered Beta	0.95
Size premium	
Cost of Equity	9.58%
WACC	5.56%

1. Gov bonds (US 10 Year Treasury Bond Note Yield, 28 Feb)
2. Damodaran default spread (Aaa) 0.45%
3. Market CAGR Return 1Y, 28/02/2025
4. Beta (5Y Monthly), 2/28/2025

Pirelli Valuation

Method to do valuation and results



Target Capital Structure	
Debt-to-total Capitalization	63.03%
Equity-to-total Capitalization	36.97%
Cost of Debt	
Cost-of-debt	5.15%
Tax rate	26.10%
After-tax cost of debt	3.81%
Cost of Equity	
Risk-free Rate	3.95%
Market Risk	15.67%
Market Risk Premium	11.72%
Company's beta	1.28
Unlevered Beta	0.566437
Relevered Beta	1.28
Size premium	
Cost of Equity	18.95%

1. Gov bonds (Italy 10-Year Government Bond Yield, 08 Mar)
2. Market CAGR Return 1Y, 08 Mar
3. Beta (5Y Monthly), 2/28/2025
4. Damodaran. Default spread (BBB) 1.20%

The valuation is based on the **Residual Operating Income (ReOI)** model, projecting Pirelli's intrinsic stock value at 4.10 USD. It reveals significant instability with EBIT margins fluctuating between -15% and +30%. Additionally, the high cost of equity at 18.95% underscores the downward trend flagged by the model.

ReOI Model	2024	2025F	2026F	2027F	2028F	2029F	2030F
Discount year		0	1	2	3	4	5
NOPAT	579,196	688,382	795,502	886,924	962,226	1,020,115	1,058,394
NOA	7,503,374	6,439,809	5,452,510	4,486,545	3,581,969	2,684,799	1,835,893
Residual Operating Income		(17,686)	189,516	373,843	540,042	683,051	805,754
Discount factor		1.00	1.09	1.20	1.31	1.43	1.57
PV of RIM		(17,686)	173,216	312,302	412,341	476,678	513,946
Terminal value							6,007,937
PV of TV							3,832,130
Total firm value							5,702,928
Debt							-1,598,711
Intrinsic value							4,104,217
Outstanding Shares							997,351
Intrinsic Price of Shares							4.10

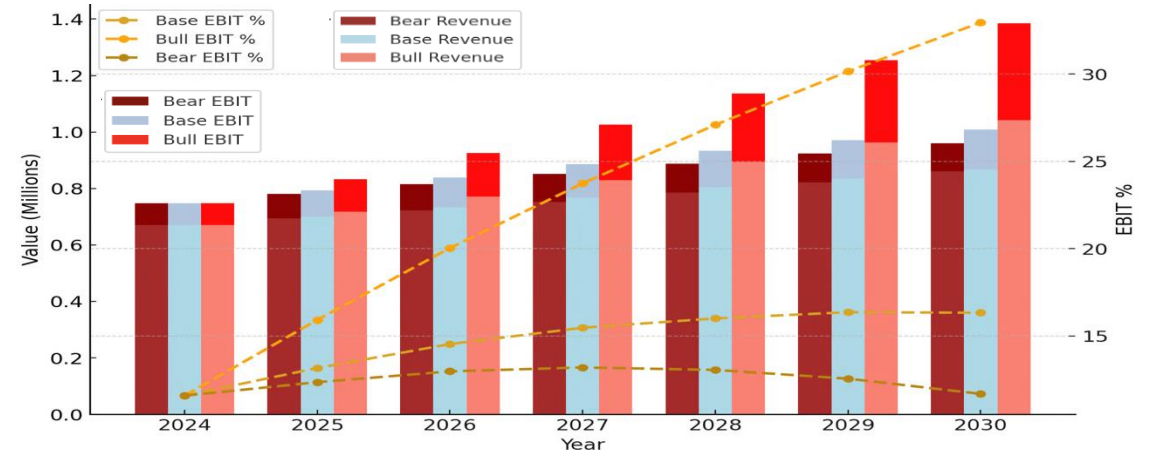
Share Price

		Exit Multiple					
		4.10	4.24	5.24	6.24	7.24	8.24
WACC	8%	3.35	3.95	4.60	5.25	5.90	
	9%	3.10	3.75	4.35	5.00	5.60	
	9%	2.90	3.50	4.10	4.75	5.35	
	10%	2.65	3.25	3.85	4.45	5.10	
	10%	2.45	3.05	3.65	4.20	4.80	

Enterprise Value

Enterprise Value		Exit Multiple				
5,702,928		23.00	24.00	25.00	26.00	27.00
WACC	4.56%	21250263	22020508	22790753	23560998	24331243
	5.06%	20646952	21399042	22151133	22903224	23655315
	5.56%	20058835	20793283	21527731	22262178	22996626
	6.06%	19485429	20202728	20920027	21637325	22354624
	6.56%	18926266	19626894	20327522	21028150	21728778

Revenue and EBIT Scenarios with EBIT margin



Pirelli & C s.p.a Peer Group Trading Multiple

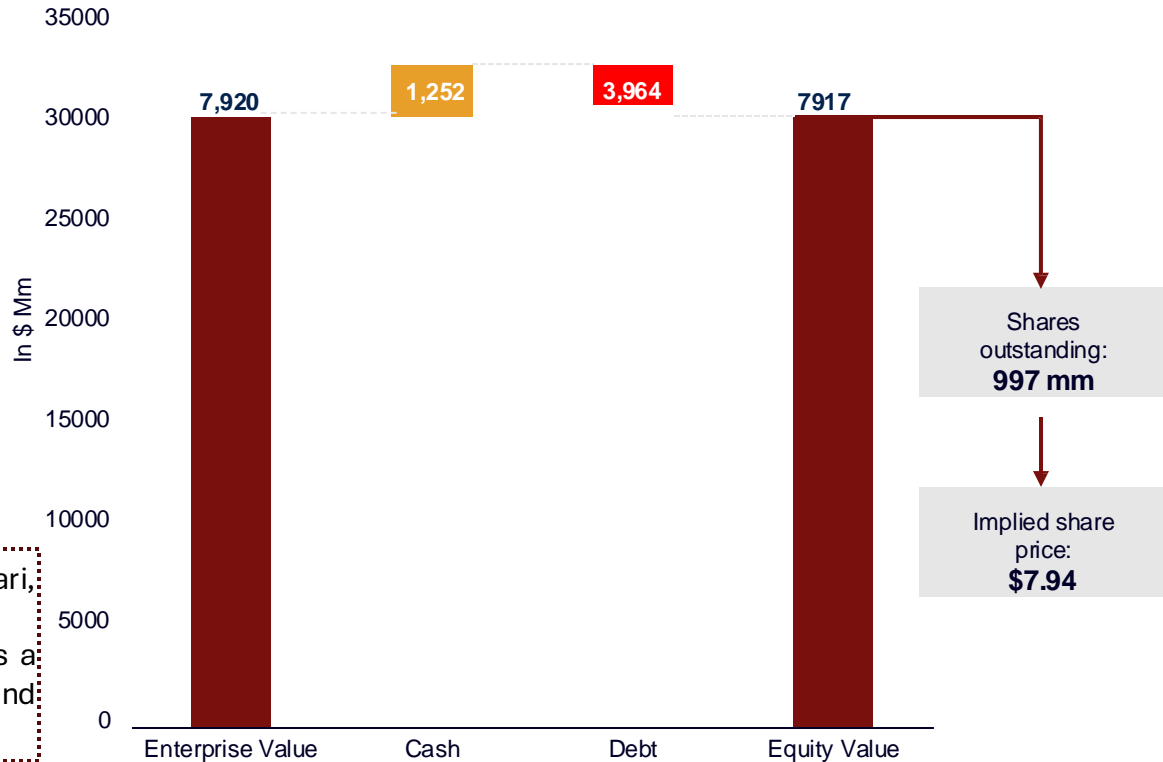
Financial peers of Pirelli & C s.p.a for valuation



	Enterprise Value	EV/EBITDA	Gross profit Margin	Profit Margin
Bridgestone Corporation	27.86	0.03	0.38	6.43
The Goodyear Tire & Rubber Company	10.77	6.24	0.2	0.37
Apollo Tyres	298.24	7.85	0.43	5.04
Nokian Tyres	1.5	11.91	0.18	-1.77
Michelin	28.57	5.85	0.28	0.28

EBITDA (2025)	1,269,341,200.91
EV/EBITDA	6.24
Enterprise Value	7,920,512,592.03
Debt	3,964,205.00
Cash	1,252,769.00
Preferred Stock	-
Non-controlling Interest	-
Equity Value	7,917,801,156.03
Share Outstanding	997,351,064.00
Implied Shares Price	7.94

Michelin is an alternative tire supplier for Ferrari, providing more suitable tires for road cars. Unlike the luxury goods industry, the tire industry has a lower gross profit margin, fluctuating between 18% and 43%



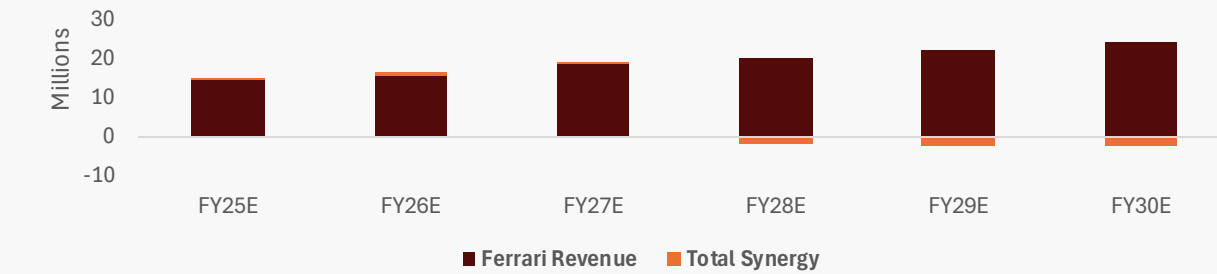
Sensitivity Analysis					
Exit Multiple					
	5.2399	5.7399	6.2399	6.7399	7.2399
EV	6651171391	7285841992	7920512592	8555183192	9189853793
Equity Value	6648459955	7283130556	7917801156	8552471756	9187142357
Shares' Price	6.6661	7.3025	7.9388	8.5752	9.2115

Synergy: Ferrari N.V + Pirelli & C s.p.a

They slowdown each other for a while



Revenue Synergy



	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Pirelli Revenue	(6,061,906)	(6,519,519)	(7,918,232)	(8,629,913)	(9,403,601)	(10,351,127)
Total Synergy	2,433	2,197	2,982	3,833	3,450	3,654

Revenue

Ferrari could **secure exclusive access** to Pirelli’s cutting-edge tire technology, optimizing performance for its supercars.

Ferrari might have to close existing Pirelli contracts with competitors or navigate anti-competition regulations. might have to **close existing Pirelli contracts** with competitors or **navigate anti-competition regulations**.

Ferrari could **expand Pirelli’s brand presence** in the luxury EV segment, aligning with Ferrari’s future hybrid and EV strategy.

NPV
€3,912,810

NPV
€15,169

Opex Synergy

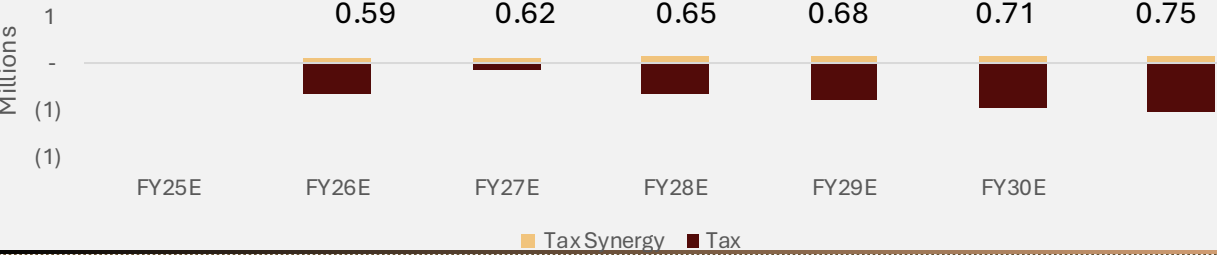
	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
OPEX Synergy	5,268	5,869	6,640	7,482	8,397	9,406
OPEX	(5,298,468)	(5,577,747)	(6,036,294)	(6,458,160)	(6,947,282)	(7,525,592)

Opex

If Ferrari acquires Pirelli, operational expense (Opex) synergies would primarily come from cost efficiencies, supply chain integration, and enhanced R&D capabilities.

NPV
€35,129

Tax Synergy



Tax

If Ferrari acquires Pirelli, the combined entity could leverage Italy’s tax incentives for research & development (R&D) to reduce taxable income, enhance innovation funding, and optimize cost efficiency

NPV
€331,043

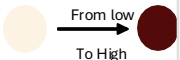
Acquisition Risk

Things might prevent them from combining



Time of event	Type of Risk	Risk	Evaluation of Severity	Likelihood	Threat Assessment
Pre-merge	Financial & Valuation	Overvaluation	Pirelli is a well-established premium tire manufacturer, and its valuation reflects its strong brand presence. Ferrari, a luxury performance automaker, may have to pay a premium, leading to overvaluation risks due to luxury brand M&A deal characteristics		
Pre-merge	Regulatory & Geopolitical	Italian Government Restrictions (Golden Power Law)	<p>The “Golden Power Law” (Decree-Law No. 21/2012) allows the Italian government to block foreign takeovers in strategic sectors, including Pirelli high-tech manufacturing, automotive supply chain. Ferrari N.V is legally a Dutch-registered company, meaning it qualifies as a foreign entity under Italian law.</p> <p>Mitigation: Ferrari must seek explicit approval from the Italian government before starting acquiring Pirelli.</p>		
		EU & Global Antitrust Scrutiny	EU & Global Antitrust Scrutiny analyze whether mergers reduce market competition for countering potential monopolistic power. Pirelli is one of the world’s top tire manufacturers, supplying Lamborghini, McLaren, Porsche, and others and Ferrari’s acquisition could lead to market dominance in the high-performance tire sector, reducing competition.		
Post-merge	Operational	Supply Chain Complexity	<p>Ferrari is a high-performance automaker, while Pirelli is a mass-market tire company, making their business models significantly different. Even the tires supply chain synergies from Pirelli is low due to limited volume of production of Ferrari N.V.</p> <p>Pirelli operates factories worldwide, including in China, Europe, and South America, which could introduce logistical challenges for Ferrari.</p>		

Ferrari will never move production out of its home in Maranello, Italy, company CEO Benedetto Vigna said on Tuesday at a conference in New York organized by Reuters.



Synergies

When speed meet grips, it accelerates



Cost Synergies

Shared Innovation and Research & Development Acceleration



Pirelli's expertise in track-ready and road-legal tires would help Ferrari in design custom tire compounds optimized for its high-performance vehicles, including upcoming EV models, thus push performance boundaries in aerodynamics system and reduce cost.



Strategic Synergies

F1 Motorsports Competitive Edge & Domination



With Pirelli as the exclusive tire supplier for Formula 1, Ferrari could potentially influence tire development to better suit its F1 cars, gaining a strategic advantage over rival teams. Additionally, the ability to test and refine Pirelli's tire technology in real racing conditions could directly enhance Ferrari's road car performance.



Diversification & Expansion into the Luxury EV Market



By owning Pirelli, Ferrari could develop exclusive tire compounds tailored to its future EVs. Ferrari could expand Pirelli's luxury tire division, positioning it as the exclusive supplier for ultra-premium brands.

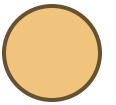


Operation synergies

Supply chain Optimization



Integrating Pirelli into Ferrari's operations would provide greater control over tire supply, reducing reliance on third-party manufacturers and ensuring priority production slots for Ferrari's high-end models. This could lead to cost efficiencies by eliminating intermediaries and securing stable pricing in a volatile raw materials market.

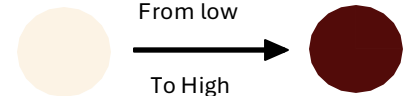


Financial Synergies

Tax Synergies



Both Ferrari and Pirelli actively engage with national and EU-level R&D tax incentives to support their innovation efforts and reduce tax liabilities. These incentives play a crucial role in fostering technological advancements and maintaining competitiveness within the automotive industry.



A close-up, slightly blurred photograph of a classic Ferrari steering wheel and dashboard. The steering wheel is black with a prominent yellow Ferrari prancing horse logo in the center. The dashboard features several round analog gauges and a vintage radio unit. The image has a dark, moody color palette with a semi-transparent dark overlay. A white rectangular box is centered over the image, containing the text "Alternative Solution".

Alternative Solution

Solid Power Overview

A new that might suit well for Ferrari strategic plan



- The **only publicly traded company** that focuses exclusively on developing **solid-state batteries**.
- Having established partnerships with **3 industry-leading development partners**: BMW, Ford, and SK On.
- The company holds nearly **50 worldwide patent families**, demonstrating its technological innovation and intellectual property.



Transition to Fully Electric Vehicles:

- ✓ Aligning itself with the growing demand for **EV** by partnering with leading automakers
- ✓ Will be at the forefront of this transition.



Leading in Solid-State Battery Market:

Improved performance for consumer:

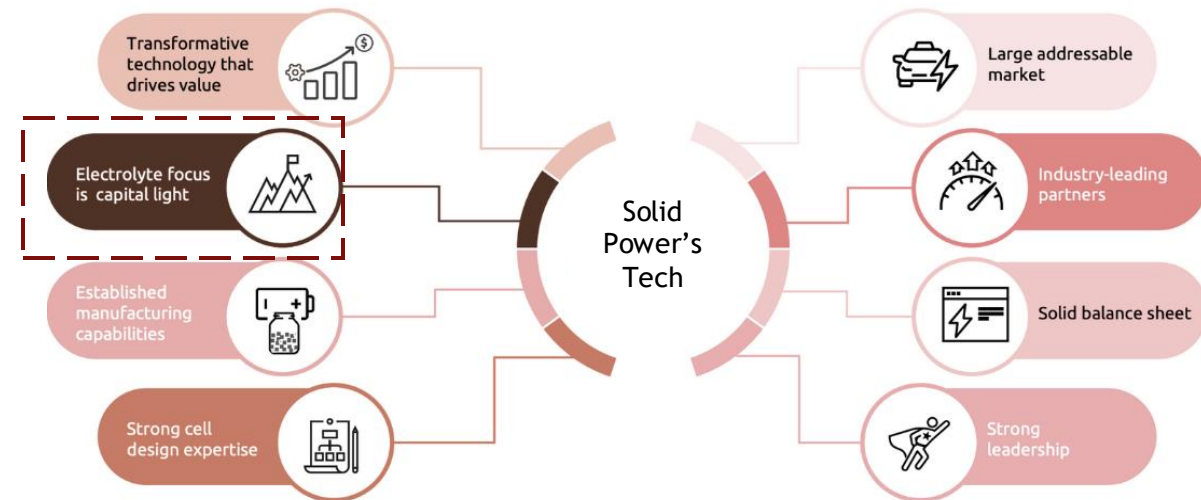
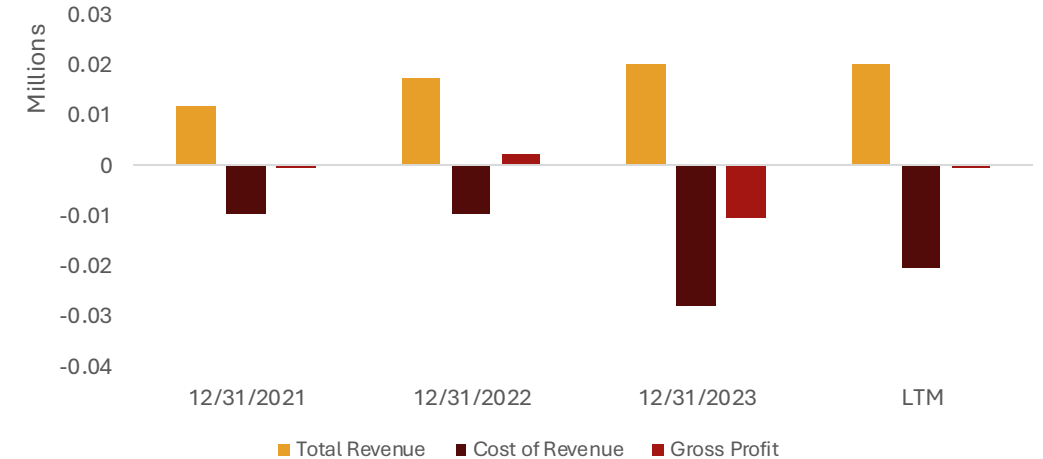
- ✓ Driving range
- ✓ Greater temperature stability expected to lengthen battery life
- ✓ Targeting improved safety through removal of flammable liquids and gels.
- ✓ Targeted cost reductions: Battery pack reduction, eliminate pack cooling, simpler manufacturing



Sustainability Focus:

- ✓ Advancing **sustainable energy solutions**, particularly in terms of safety and longevity.
- ✓ Aligns with global trends in reducing the environmental impact of energy storage.

Financial Overview



Ferrari future strategic goal

What would be the best plan for Ferrari at this time?



Product Portfolio and Electrification:

Ferrari's 2022-2026 strategic plan outlines a significant shift towards electrification. By 2026, the company aims for its product lineup to consist of 40% internal combustion engine (ICE) vehicles and 60% hybrid and fully electric models.

This transition includes the unveiling of Ferrari's first fully electric vehicle, scheduled for October 9, 2025. In total, six new models are set to debut in 2025, reflecting Ferrari's commitment to innovation and adaptation to evolving market demands.

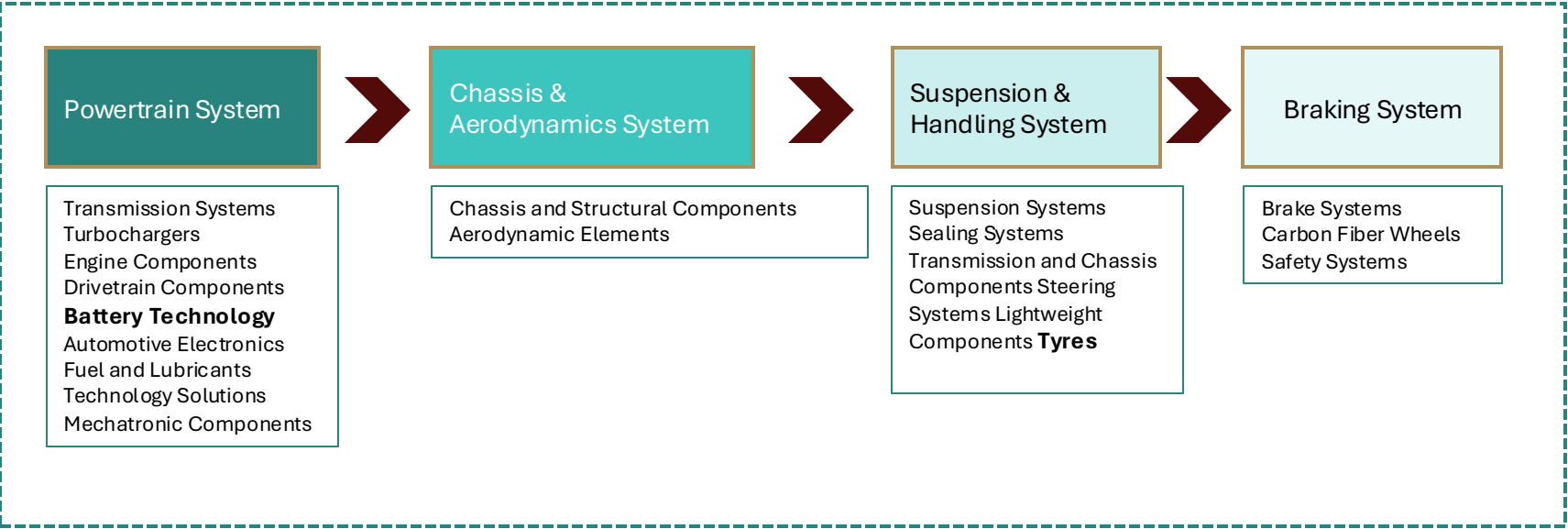
Ferrari N.V needs to accelerate and EV powerstrain system

Ferrari focus on keeping the “soul” of the car and seek for the best import supporting components to add-up value to their “soul”

Ferrari make-or-buy strategy

Ferrari maintain its technological edge and uphold the brand's exclusivity. This strategy involves determining which components and processes are best developed internally and which can be outsourced without compromising quality or innovation.

Ranking important system for high-performance cars



Solid Power is the Leader in Solid-State Battery Market which suits best for Ferrari EV engines

Owning a supreme battery technologies for EV cars and engines make Ferrari excel from other Luxury Car Brand

Ferrari strategic goal

Battery, Yes, But why Solid-State Battery?



Solid-State Battery (SSB) – The Optimal Choice?

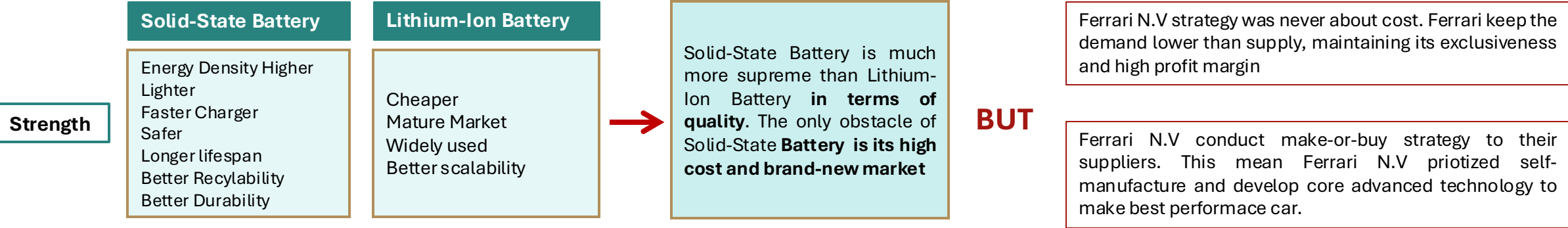
Factor	Lithium-Ion Battery (Li-ion)	Solid-State Battery (SSB)	Lithium-Sulfur Battery (Li-S)	Lithium-Air Battery (Li-Air)
Main Structure	Liquid electrolyte	Solid electrolyte	Liquid or solid electrolyte	Uses oxygen from the air
Cathode	Metal oxides (LiCoO ₂ , LiMn ₂ O ₄ , LiFePO ₄)	Similar to Li-ion	Sulfur (S)	Oxygen from the air
Anode	Graphite or Silicon	Lithium metal or Graphite	Lithium metal	Lithium metal
Electrolyte	Lithium salt in organic solvent	Ceramic oxide, sulfide, or solid polymer	Liquid or solid electrolyte	Liquid or solid electrolyte
Energy Density (Wh/kg)	150-250	300-500	500-600	Up to 1,200
Charge Cycles (times)	1,000-2,000	2,500-4,000	300-1,000	<500
Charging Time	30 min - 2 hours	10-60 min	20 min - 1 hour	Unclear (under research)
Energy Efficiency	85-95%	90-98%	70-85%	60-80%
Production Cost (\$/kWh)	100-150	200-400	50-100	>500
Optimal Operating Temperature	-20°C to 60°C	-30°C to 100°C	-10°C to 60°C	Unclear
Safety	High risk of fire/explosion	Safer, lower fire risk	Unstable, rapid degradation	Requires more safety research
Recyclability	Medium	High	Medium	No effective recycling method yet
Commercialization Status	Widely commercialized	Under research, some trial applications	In development, not widely used	Still in R&D phase
Specific Applications	EVs, smartphones, laptops	High-end EVs, aerospace, energy storage	EVs, electric aircraft, military equipment	Racing cars, high-tech, space
Research Companies	LG Chem, Panasonic, CATL	Toyota, ProLogium, WeLion	Lyten, Zeta Energy, Idemitsu Kosan	IBM, Honda, MIT, Argonne Lab

Ferrari & Solid Power Strategic Fit & Synergies

Synergies Arise, Combination works



Strategic fit in the differentiation strategy of Ferrari N.V



Ferrari’s Shift Toward Electrification with luxury EV Differentiation

Potential Synergies

Performance & Energy Density & Better Aerodynamics for EV cars

Solid Power’s higher energy-density cells allow Ferrari to acceleration faster while keeping vehicle weight low—critical for sports cars.

Solid-state batteries are lighter than lithium-ion alternatives, enabling better weight distribution and improved aerodynamics—crucial for Ferrari’s racing-inspired design philosophy

Challenges & Risks

Later Technology Appliance: Solid-state batteries are still in the R&D phase, with mass production challenges expected through later. This might slow down EV car shifting plan of Ferrari N.V

Supply Chain & Cost: SSBs are currently expensive to produce. Although Ferrari Strategy is never about low-cost, this could impact Ferrari’s cost structure, which lead to the change of car price

Risk Assessment

Medium

Low



High Synergies, Acceptable Risk for Ferrari N.V acquiring Power Solid

Feasibility for Ferrari acquiring Power Solid

Ferrari N.V might consider some other options for risk mitigation

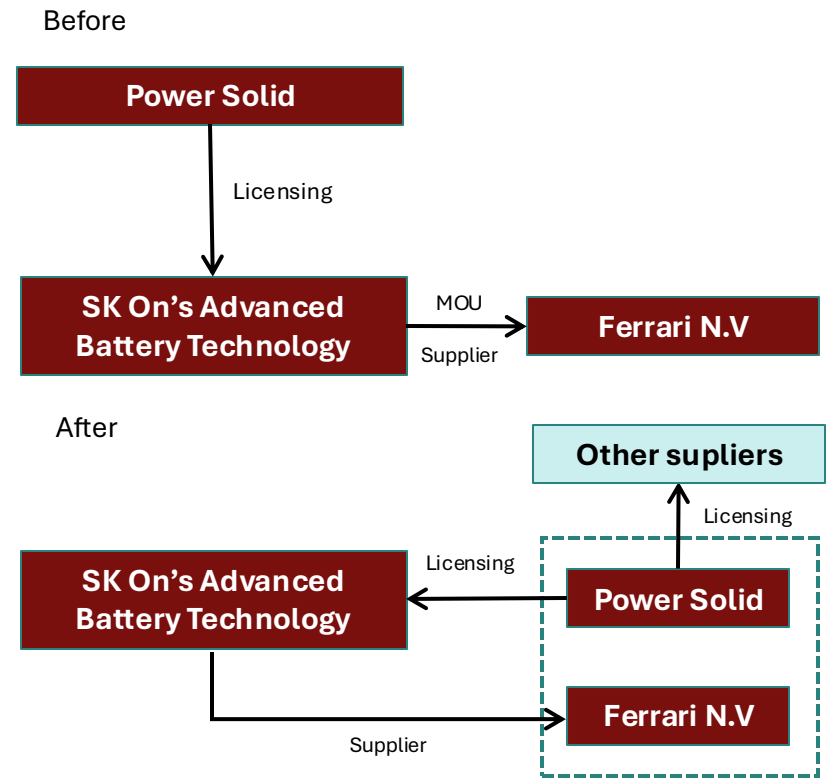


Ferrari N.V could plan for other partnerships before totally acquiring Power Solid

	Memorandum of Understanding	Joint Venture	Acquisition
Definition	A non-binding agreement between two or more parties that outlines the intended terms of cooperation	A legal partnership where two or more companies create a new entity to pursue a specific business opportunity while remaining independent.	A company buys another company (either fully or partially), gaining control over its assets, technology, and business operations.
Purpose	Explore potential partnerships or Test feasibility before a Joint Venture or Acquisition.	Share resources, technology, and expertise while reducing risks. Gain market access (e.g., foreign companies entering new regions). Develop new products or services through joint investment.	Expand market share or enter new industries. Acquire new technology, patents, or intellectual property. Eliminate competition and create synergies.
Key Takeaway	An MOU is not legally binding, but it sets the framework for future negotiations.	A JV allows companies to collaborate while remaining separate entities, sharing both profits and risks	In an acquisition, one company takes full control of another

Ferrari N.V can consider other partnership before acquiring for risk mitigation

Ferrari N.V can optimized supply chain after acquiring Power Solid



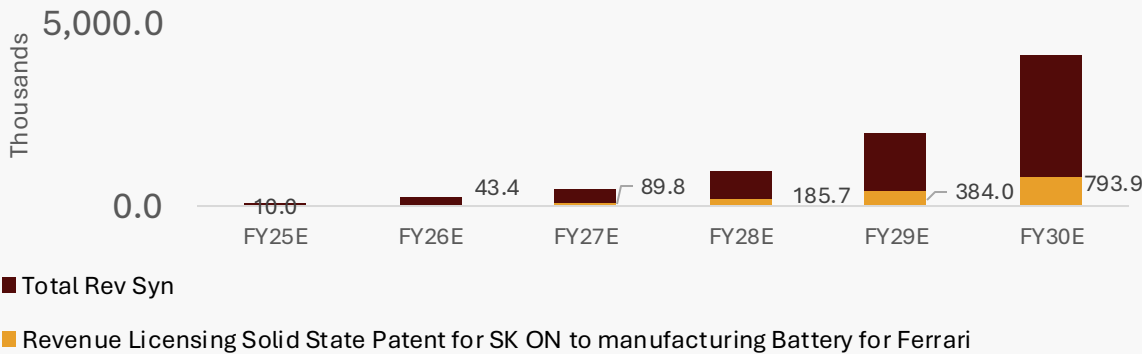
Ferrari N.V can optimized supply chain and gain other income source at the same time

Synergy: Ferrari N.V + Solid Power Inc.



What would be the best plan for Ferrari at this time?

Revenue Synergy

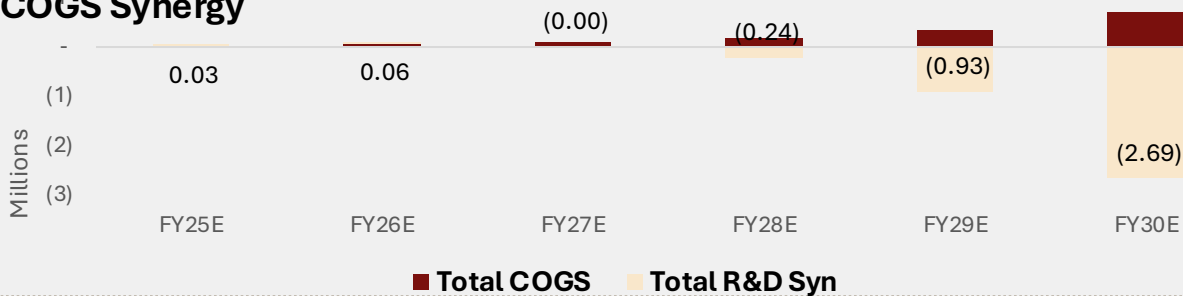


Revenue

- Solid Power could generate more revenue due to the increasing demand for solid-state batteries for Ferrari's upcoming F80 hypercar.

NPV
€4,753,266.08

COGS Synergy

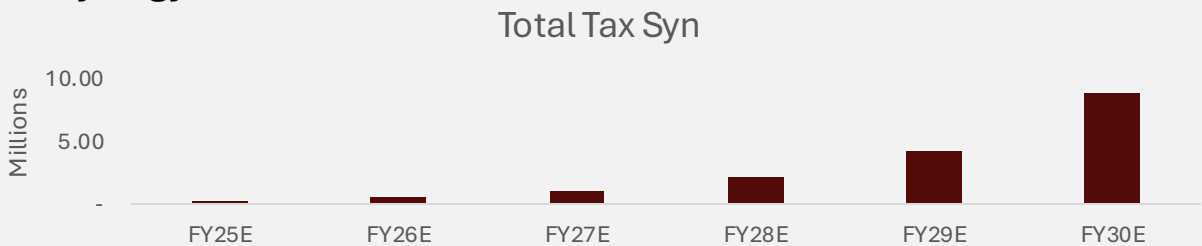


COGS

- From facing the risk of liquidity shortages before achieving profitability, Solid Power will gain abundant financial resources to accelerate R&D.

NPV
€946,813.65

Tax Synergy



Tax

- Higher R&D Expensed lead to higher tax deduction from R&D Tax Credit Act.

NPV
€12,614,498.34

Ferrari N.V strategic goal

Business segment and total revenue breakdown through 2028



Solid Power's Earnings Outlook

Factor	Average Time to Profitability	Notes
Strong Brand Company	Under 2 years	Established valuable IP, easily attracts partners
Standard Licensing Company	2 - 5 years	Requires time to build a strong licensing portfolio
New Company with Low Brand Recognition	Over 5 years	Dependent on expansion speed and growth strategy
Optimizing Licensing Portfolio	Reduces time to profitability	Selecting the right partners accelerates revenue generation
Effective Cost Control	Reduces time to profitability	Minimizing unnecessary costs improves financial stability



A red Ferrari Enzo sports car is prominently displayed in the foreground of an auto show. The car is a low-profile, aerodynamic model with distinctive headlights and a yellow Ferrari shield emblem on the side. In the background, other red sports cars and people are visible, suggesting a busy exhibition environment. The word "Appendix" is overlaid in a large, white, sans-serif font, enclosed in a thin white rectangular border.

Appendix

Merger Model: Ferrari N.V + Pirelli &C s.p.a



Company Profile

Ferrari Financial Profile

Fully Diluted Shares Outstanding	179,044.33
Current Share Price	412.30
Equity Value	73,819,977.67
Forecasted Earnings Per Share (EPS) t+1	9.37
P/E Multiple	44.00

Pirelli Financial Profile

Fully Diluted Shares Outstanding	997,351.00
Current Share Price	€ 5.65
Equity Value	5,635,033.15
Forecasted Earnings Per Share (EPS) t+1	\$0.77
P/E Multiple	7.29

Transaction Assumptions

Transaction Assumptions

Offer Price Per Share	€ 7.35
% Offer Premium	30.00%
Offer Value	7,325,543.10
Offer Value	
% Cash	57.11%
% Debt	42.89%
Total Debt Financing	\$3,142,280
Financing Fee	21053274.83%
Financing Fee % Total Debt	6.70%
% Interest Rate	-5.02%
Annual Interest Expense	(157,609)

Accretion/Dilution Analysis

Accretion/Dilution Analysis

Acquirer Standalone Net Income	\$1,677,653
% Tax Rate	22.81%
Earnings Before Taxes (EBT)	\$2,173,468

Pro Forma Financials

Consolidated EBT	\$3,080,307
Less: Interest Expense and Financing F	\$90,048
Plus: Synergies, net	(931,601.93)
Pro Forma Adjusted EBT	\$2,058,657
Less: Taxes	(\$341,218)
Pro Forma Net Income	\$1,717,439

Form of Consideration

Value	
% Stock	0.00%
% Cash	100.00%

Deal Assumptions

Synergies, net	(931,601.93)
Transaction Fees	(23,290.05)
Transaction Fees % Offer Value	2.50%

Target Standalone Net Income	\$772,684
% Tax Rate	-25.31%
Earnings Before Taxes (EBT)	\$1,034,496

Pro Forma Net Income € 1,717,439.00

Pre-Deal Acquirer Shares Outstai	179,044.33
Plus: New Shares Issuances	0
Pro Forma Diluted Shares	179,044.33

Pro Forma EPS	€ 9.59
% Accretion / (Dilution)	2.37%

Purchase Price Allocation

Total Purchase Price	5,635,033.15
Net Book Value of Assets	5,619,594.00
Excess Purchase Price	15,439.15

Write-off Existing Goodwill

Fair Value Adjustments	-
Excess Purchase Price After Adju	15,439.15
Goodwill	15,439.15

Merger Model: Ferrari N.V + Solid Power Inc.



Company Profile

Ferrari Financial Profile

Fully Diluted Shares Outstanding	179,044.33
Current Share Price	412.30
Equity Value	73,819,977.67
Forecasted Earnings Per Share (EPS) t+1	9.37
P/E Multiple	44.00

Solid Power Financial Profile

Fully Diluted Shares Outstanding	180,364,028.00
Current Share Price	€ 1.06
Equity Value	191,185,869.68
Forecasted Earnings Per Share (EPS) t+1	(\$0.00)
P/E Multiple	-1099.30

Transaction Assumptions

Transaction Assumptions

Offer Price Per Share	€ 1.38
% Offer Premium	30.00%
Offer Value	248,541,630.58

Offer Value	
% Cash	100.00%
% Debt	0.00%
Total Debt Financing	\$0
Financing Fee	0.00%
Financing Fee % Total Debt	6.70%
% Interest Rate	-5.02%
Annual Interest Expense	-

Accretion/Dilution Analysis

Accretion/Dilution Analysis

Acquirer Standalone Net Income	\$1,677,653
% Tax Rate	22.81%
Earnings Before Taxes (EBT)	\$2,173,468

Pro Forma Financials

Consolidated EBT	\$2,205,158
Less: Interest Expense and Financing Fees	(\$158,643)
Plus: Synergies, net	15,224,442.09
Pro Forma Adjusted EBT	\$17,588,243
Less: Taxes	(\$495,815)
Pro Forma Net Income	\$17,092,428

Form of Consideration

Value	
% Stock	0.00%
% Cash	100.00%

Deal Assumptions

Synergies, net	15,224,442.09
Transaction Fees	380,611.05
Transaction Fees % Offer Value	2.50%

Target Standalone Net Income	(\$93,999)
% Tax Rate	-25.31%
Earnings Before Taxes (EBT)	(\$95,193)

Pro Forma Net Income € 17,092,428.14

Pre-Deal Acquirer Shares Outstanding	179,044.33
Plus: New Shares Issuances	0
Pro Forma Diluted Shares	179,044.33

Pro Forma EPS	€ 95.46
% Accretion / (Dilution)	918.83%

Purchase Price Allocation

Total Purchase Price	191,185,869.68
Net Book Value of Assets	236,398.74
Excess Purchase Price	190,949,470.94

Write-off Existing Goodwill

Fair Value Adjustments	-
Excess Purchase Price After Adjustments	190,949,470.94
Goodwill	190,949,470.94

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