



Ferrari N.V.

Ticker: RACE

Equity Valuation Report

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Recommendation: **HOLD** **Target Price:** **EUR 392.46**

Stock Data

Price (EUR)	370.50
52w Range	321.70 – 492.80
Mkt Cap (EUR bn)	65.74
Avg Daily Vol	518.903K
Beta	0.9947
Shares Out. (mn)	177.6
CEO	Benedetto Vigna
Employees	5435

Stock YTD



Company Overview

Ferrari N.V. is an Italian luxury automotive manufacturer founded in 1947 by Enzo Ferrari, headquartered in Maranello (MO) and incorporated in the Netherlands. Listed on both the NYSE and Euronext Milan (ticker: RACE), the company is **globally recognized** as a symbol of engineering excellence, Italian design, and high-performance craftsmanship in the premium sports car segment.

Ferrari's business model is based on a controlled **exclusivity strategy**, aimed at maintaining a delicate balance between supply and demand to preserve the brand's uniqueness. Its operations are divided into **four main segments**:

- Cars and spare parts, representing the company's core revenue stream.
- Motorsport, essential for brand image and technological innovation.
- Brand diversification, including merchandising, licensing, and lifestyle services.
- Financial services, related to leasing and sales support.

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The model portfolio includes V8, V12, and plug-in hybrid vehicles, with the first fully electric model scheduled for launch by 2026. Ferrari’s production volumes are a defining feature of its strategy: in 2024, the company delivered 13,752 vehicles, up from the previous year, confirming its ability to combine selective expansion with brand exclusivity. Net revenues reached €6.68 billion (+11.8% YoY), supported by a favourable product mix and exceptional pricing power.

Ferrari’s geographical footprint is well balanced across three key regions: EMEA, the Americas, and Asia-Pacific, the main future growth driver.

Ferrari’s **ownership structure** is characterized by long-term stability and concentrated control:

- **Exor N.V.:** Largest shareholder (21.20% capital, 32.17% voting rights).
- **Piero Ferrari:** Holds 10.61% stake (16.09% voting rights) via family trust.
- **Shareholders’ Agreement:** Exor and Piero Ferrari are bound by a formal pact.
- **Public Float:** Remaining 68.19% freely traded on the market.

Qualitative Analysis

SWOT Analysis



Figure 1: SWOT Analysis

Porter's Five Forces

COMPETITIVE RIVALRY	THREAT OF SUBSTITUTES	THREAT OF NEW ENTRANTS	BARGAINING POWER OF SUPPLIERS	BARGAINING POWER OF CUSTOMERS
Medium	Medium – Low	Very Low	Medium	Low
<p>Competitors: Lamborghini, McLaren, Aston Martin, Bentley, Rolls-Royce.</p> <p>Competition focuses on performance and design, not price.</p> <p>Historical heritage and F1 link ensure unique positioning.</p>	<p>Other supercars exist but none match Ferrari's status.</p> <p>Alternative luxury goods (yachts, jets) don't replicate daily driving experience.</p> <p>Electrification and sharing economy have limited impact on brand value</p>	<p>Strong brand built over 75+ years and F1 legacy.</p> <p>Advanced hybrid and composite technologies require decades of expertise.</p> <p>Exclusive client network and limited production (~13,000 cars/year) create high entry barriers.</p>	<p>Critical components supplied by few specialized vendors.</p> <p>Ferrari internalizes core tech (engines, aerodynamics) and diversifies suppliers.</p> <p>Strict quality standards limit supplier options.</p>	<p>Ferrari sets prices with minimal discounts.</p> <p>Limited editions: Ferrari selects buyers.</p> <p>Strong brand loyalty ensures customer acceptance of restrictive conditions.</p>

Figure 2: Porter's Five Forces

ESG Overview

Ferrari belongs to the automotive sector, known for its high responsibility in terms of greenhouse gas emissions. However, the company stands out as an industry leader in low emissions intensity, with a 55% reduction in emissions per unit of revenue over the last 5 years (from 19,000 to 9,000 tons of GHG per million dollars of revenue).

GHG Emissions (Absolute and Relative):

- Absolute emissions (Scope 1+2+3): +11% CAGR over the last five years.
- GHG/Revenue: -55% (from 19k → 9k tons/\$M)

This calculation includes both direct emissions (**Scope 1**) and indirect emissions (**Scope 2 and Scope 3**), with the latter segment having the greatest impact on total emissions. Total emissions increased slightly, but revenue grew faster thanks to greater operational and energy efficiency.

Table 1: ESG Indicators – Trend YoY

Indicator	Previous Value	Actual Value	YoY
Green Auto Sales (%)	44.2	51.3	+16%
Renewable Energy Used (%)	13.5	26.7	+98%
Energy per Vehicle (MWh/Veicolo)	30.9	29.9	-3.4%

Ferrari is increasing the proportion of “green” vehicles, doubling its use of renewable energy compared to the previous year and reducing energy consumption per unit of production through the use of less impactful techniques and systems.

Performance Sociale

Table 2: ESG Indicators – Governance e Social

Indicator	Score	Market Position
Product Quality Management	5.23	Above Median
Labor & Employment Practices	7.98	Leading
Ethics & Compliance	3.00	Below Median
Community Rights & Relations	10.00	Leading

Ferrari excels in work management and community relations, but has critical issues in the areas of ethics and compliance.

Table 3: ESG Indicators – Governance

Indicator	Score	Momentum
Board Composition	5.88	Above Median
Executive Composition	6.37	Leading
Shareholder Rights	7.20	Leading
Audits	9.93	Leading

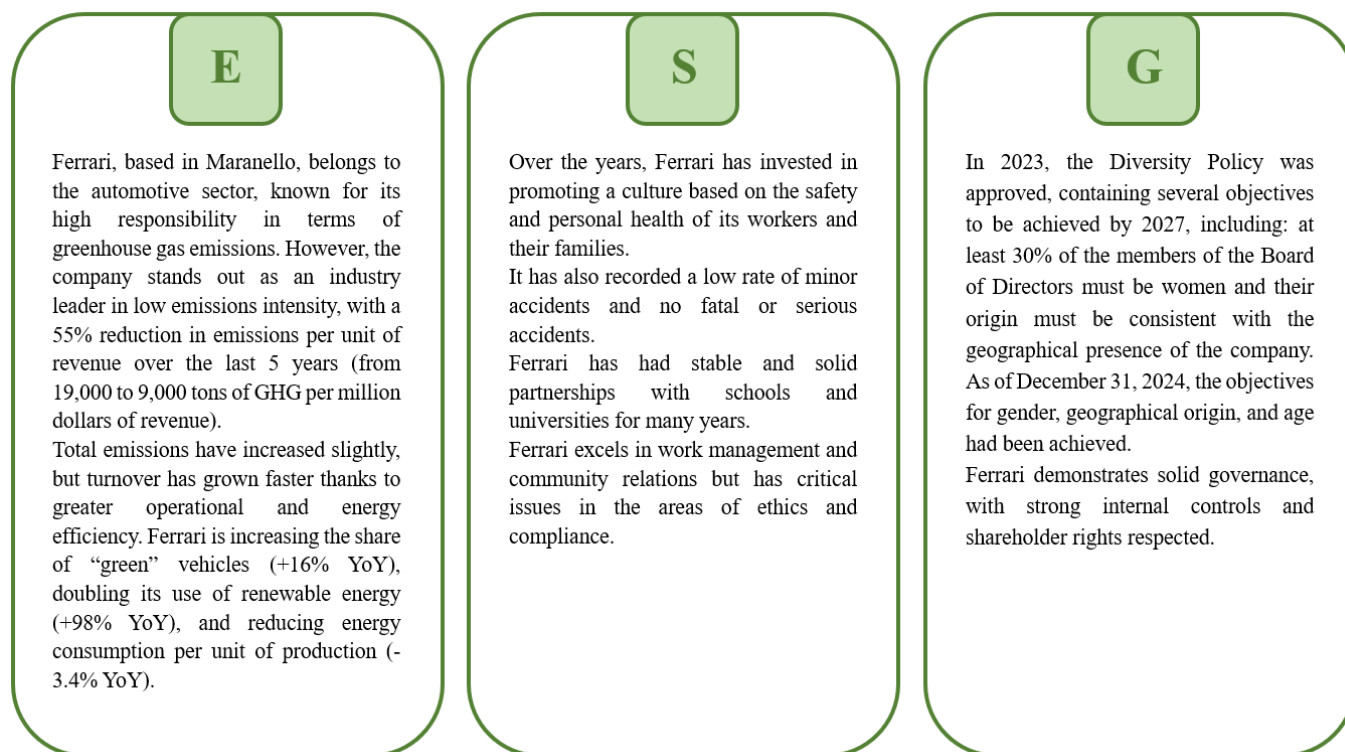


Figure 3: ESG Analysis

Q3 Earnings Analysis

The results for the third quarter of 2025, published on November 4, reflect a balance between the solidity of the business model and the pressures of a complex macroeconomic environment. **Net revenues** grew by 7.4% to €1,766 million, driven by a richer product mix (SF90 XX, 12Cilindri models) and increased customization. **EBIT** rose by 7.6% to €503 million, with a margin of 28.4%, substantially stable year-on-year. **Industrial free cash flow**, amounting to €365 million, confirms the company's self-financing capacity and supports a significant buyback and dividend program. Ferrari maintains a unique positioning in the automotive landscape: a manufacturer of luxury goods with an economic dynamic more similar to a **premium brand** than to an industrial producer.

Pricing power remains the main source of value: revenue growth does not come through volumes, but through the ability to raise average prices and the contribution of customization programs, which strengthen margins. At the Capital Markets Day in early October, Ferrari announced its goal to reach and significantly exceed 30% EBIT on revenues and surpass 40% for EBITDA. The stagnation in shipments (3,401 units, +0.5% YoY) suggests that future growth will increasingly depend on the ability to preserve the brand's exclusivity without excessively expanding production (Source: Ferrari Q3 2025 Results Press Release) .

Table 4: Financial Performance – Q3 2025

Metric	Q3 2025	YoY Change
Total Shipments	3,401 units	≈ stable
Net Revenues	€1,766 mln	+7.4%
EBIT	€503 mln	+7.6%
EBIT Margin	28.4%	+0.1 p.p.
Net Profit	€382 mln	+1.8%
Free Industrial Cash Flow	€365 mln	n.a.

Regarding positioning in the luxury automotive market, Ferrari continues to dominate the **ultra-high-end segment**, with margins and multiples superior to peers such as Porsche, facing notable difficulties in the recent period, and Aston Martin, which still struggles to achieve positive profitability. However, the sector is undergoing a **structural transition toward electrification**, which brings technological and positioning risks. Unlike many rivals, Ferrari is pursuing a **gradual** and balanced **approach**: the Q3 powertrain mix shows 57% internal combustion engines and 43% hybrids, while the new 2030 plan foresees a 40% ICE, 40% hybrid, and 20% electric split (vs 20/40/40 in the 2022 plan). The revision reflects stronger demand for hybrid versions and a slower maturation of the EV market, signaling pragmatism and attentiveness to its clientele, a reflection of Ferrari's cautious modus operandi in executing the transition, fully aware of the uncertainty surrounding it.

Guidance

At the Capital Markets Day on October 9, 2025, management updated the 2025 guidance:

- **Revenues** \geq €7.1 billion (from $>$ €7.0 bn).
- **EBIT** \geq €2.06 billion.
- **EBIT Margin** \geq 29%.

- **Free Cash Flow** \geq €1.3 billion

The 2026-2030 industrial plan foresees revenues of around €9 billion, EBIT margin above 30%, EBITDA above 40%, and cumulative Capex of €4.7 billion, with €7 billion in shareholder returns (50% buyback, 50% dividends). An ambitious yet coherent strategy, consistent with the operational efficiency and financial discipline that characterize the brand.

Main Risks

- **Electrification and Brand Identity:** The main challenge will be preserving the emotion and distinctive sound in electric vehicles. The risk of an “Electric Ferrari” that fails to meet customers’ emotional expectations is real. The electric transition represents a crucial test: success in translating the brand’s identity into a zero-emission context will determine the sustainability of its competitive advantage in the long term.
- **High Valuation:** With a P/E around 38x, Ferrari trades at a significant premium compared to the sector (luxury automotive peers 15–20x). Any disappointment on margins or growth could trigger a significant derating. The current valuation already prices in flawless execution, leaving little room for error.
- **Cost and Investment Pressures:** Rising R&D and S&M expenses to support electrification will limit margin expansion in the short term.
- **Macroeconomic and Regulatory Risks:** The customer base is less cyclical but not immune to global shocks, tariffs, and FX volatility. Emission pressure remains an uncertainty.
- **Brand Dilution:** Excessive expansion of models or volumes could undermine exclusivity, the main driver of Ferrari’s value.

Ferrari remains a solid company in terms of brand equity and financial strength, with structural profitability above the sector and a resilient business model.

Discounted Cash Flow (DCF) - Valuation

Key Assumptions

For the valuation of Ferrari, **Discounted Cash Flow** (DCF) method was adopted, as it allows for estimating the intrinsic value of the company based on its ability to generate future cash flows. This approach is particularly appropriate for a company like Ferrari, characterized by high profitability, strong visibility on future results, and a solid competitive positioning.

WACC was estimated as the weighted average between the cost of equity and the cost of debt, net of the tax effect. Regarding the financial structure, the current Debt/Equity ratio was used, since management has stated that it does not intend to significantly change the composition of its financing sources in the medium term.

The **cost of equity** (K_e) was determined using the Capital Asset Pricing Model (CAPM), with the risk-free rate represented by the daily average yield of the **10-year Italian government bond** (BTP) over the past twelve months, based on data from Investing.com. This choice helps to smooth

out short-term fluctuations and provides a more stable measure of sovereign risk.

Beta was estimated over a five-year horizon, using weekly data, relative to the STOXX Europe 600 index, considered more representative of Ferrari's reference market than the FTSE MIB, which would have led to an overestimation of domestic risk. For the **Equity Risk Premium (ERP)**, data published by Aswath Damodaran (NYU Stern School of Business) were used, specifically the value relating to Germany. This choice allows for a consistent representation of the systematic risk of the Euro area, avoiding duplication of country risk already included in the Italian government bond yield.

Ferrari's cost of debt (Kd) was estimated using bonds issued directly by the company, maturing in 2030, consistent with the time horizon of the DCF projections. The yield to maturity (YTM) of these bonds is 2.97%, reflecting the marginal cost of financing in line with Ferrari's credit quality.

A **tax rate** of 24% was applied, corresponding to the current **Italian IRES** rate and consistent with the average values reported in the databases of Damodaran ("Effective Tax Rates by Industry") and KPMG ("Corporate Tax Rate Tables"). This value aligns with Ferrari's effective tax position and with commonly adopted valuation practices for companies operating in Italy.

WACC	
Risk Free rate - BTP 10Y	3,51%
Equity Risk Premium GER	4,33%
Beta (RACE ; STOXX)	0,99473
Ke	7,82%
Bond Rate	3,63%
Bond Price	102,71
Bond Expiration	21/05/2030
Bond YTM (Kd)	2,97%
Corporate tax rate Italy	24%
D/E target	3,219%
WACC	7,70%

Figure 4: WACC Calculation

Once the WACC was determined, the valuation was carried out by projecting **Free Cash Flows to Firm (FCFF)** based on operating assumptions consistent with Ferrari's industrial plan and market guidance. In particular, three revenue growth scenarios were considered: a **pessimistic case**, reflecting official forecasts and implying a CAGR of 4.94%; a **base case**, with an average growth of 7.99%, corresponding to the five-year historical average adjusted downward by 2% to account for the recent bullish phase and the conservative revisions of expectations communicated during the Capital Markets Days; and finally, a **bullish case**, characterized by a CAGR of 9.44%, assuming

full achievement of long-term industrial targets.

The cash flow projections were adjusted to reflect expected trends in EBIT, CAPEX, and net working capital, consistent with the phase of the industrial cycle Ferrari is currently in. Specifically, the company is at the end of a major investment cycle in new plants and products, including hybrid and electric models, and expects a progressive increase in profitability thanks to the consolidation of new production lines and its traditional discipline in managing working capital.

Income Statement		2026	2027	2028	2029	2030
Revenue (Base case)		8571.69	9598.95	10608.85	11583.90	12587.34
<i>% growth</i>						
<i>Pessimistic case</i>		10%	8%	7%	5%	4%
<i>Base Case</i>		14%	12%	11%	9%	9%
<i>Optimistic Case</i>		15%	13%	12%	11%	11%
EBIT		2686.06	3126.73	3629.32	4122.88	4662.65
<i>% revenues</i>		0.31	0.33	0.34	0.36	0.37
Taxes		508.35	606.17	722.87	859.29	1020.90
<i>% Tax Rate</i>		0.19	0.19	0.19	0.19	0.19
EBIAT (NOPAT)		2177.71	2520.56	2906.45	3263.59	3641.75
<i>% revenues</i>		0.25	0.26	0.27	0.28	0.29
FCFF Calculation						
Plus: D&A		916.12	1026.13	1133.44	1228.13	1350.00
<i>% revenues</i>		0.11	0.11	0.11	0.11	0.11
Less: Capex		968.65	970.34	951.85	910.02	813.65
<i>% revenues</i>		0.11	0.10	0.09	0.08	0.06
Less: Change in Working Capita		313.45	349.50	402.64	388.55	362.38
<i>% revenues</i>		0.04	0.04	0.04	0.03	0.03
FCFF		1811.73	2226.85	2685.40	3193.16	3815.73

Figure 5: FCFF Calculation

The **Terminal Value** was calculated using the perpetual growth model, with a **long-term growth rate** (g) of 3%, a moderately optimistic assumption justified by Ferrari's strong pricing power and brand value, which allow it to maintain margins above the industry average even during periods of economic slowdown.

The **results** of the valuation indicate a fair value of approximately **€392.46** in the **base scenario**, **€316.39** in the **pessimistic scenario**, and **€431.37** in the **bullish scenario**. Considering a current market price of around €373.80, the stock appears aligned with the value estimated in the base

scenario, suggesting an **overall fair valuation** relative to the company’s fundamentals.

Overall, Ferrari confirms itself as a company with a strong competitive position, a solid balance sheet, and a sustainable profitability profile over time. The stock appears fairly valued in light of its fundamentals and growth prospects, already reflecting to a large extent the potential related to the transition toward electrification and the consolidation of its long-term strategy.

Table 5: Scenario Analysis - Target Prices

Scenario	Revenue CAGR	Target Price (€)
Pessimistic	4.94%	€316.39
Base	7.99%	€392.46
Optimistic	9.44%	€431.37

Multiples Valuation

When valuing Ferrari, our team identified the P/E FY1 ratio as the most appropriate metric to capture the company’s underlying fundamentals. This choice reflects Ferrari’s distinctive positioning - a blend of industrial precision and luxury exclusivity - and the way its profitability translates directly into shareholder value.

The **P/E** multiple effectively encapsulates how much investors are willing to pay for a firm’s earnings. In Ferrari’s case, this is particularly relevant: the company consistently delivers EBIT margins above 25%, sustained by a unique brand strategy, disciplined production volumes, and exceptional pricing power. Hence, the P/E ratio provides the clearest lens through which to assess the “quality of earnings” and benchmark it against peers across both the automotive and luxury universes.

By contrast, **EV-based multiples** (EV/EBITDA or EV/EBIT) tend to be less informative for Ferrari’s relative valuation. Two main factors explain this:

- **Atypical Financial Structure:** Ferrari’s capital-light model and **minimal leverage** make its Enterprise Value largely equivalent to its market capitalization, unlike traditional automakers such as BMW or Mercedes. This structural divergence distorts comparability.
- **Nature of the Business:** Investors buy into Ferrari not merely as an industrial manufacturer, but as a luxury franchise with enduring brand equity. Consequently, equity-based valuation (P/E) better captures what the market truly rewards - scarcity, desirability, and intangible value creation.

The extreme dispersion of implied prices from EV multiples (€94–€256) underscores this mismatch. Yet, it also conveys a key insight: Ferrari’s fair valuation emerges only when compared with its true peers, namely Porsche on the automotive side and Hermès within luxury. The market’s consistent convergence around these two benchmarks validates Ferrari’s hybrid identity - a brand straddling both worlds, but priced rationally within them. In summary, while EV metrics remain useful for operational benchmarking, P/E provides the most faithful measure of Ferrari’s intrinsic equity value - and, ultimately, what investors are willing to pay for excellence.

Peer Group Overview and Benchmarking

To reflect Ferrari's dual nature, our relative valuation leverages two peer clusters: one rooted in automotive manufacturing, the other in luxury goods.

- **Automotive Peer Group** (Implied Avg. P/E \approx 36.26x). **Constituents:** BMW, Mercedes-Benz, Porsche, Aston Martin, Stellantis. This cohort captures the industrial side of Ferrari's DNA. Despite its technical proximity to automakers, Ferrari's profitability is in a league of its own - its EBIT margins are more than twice those of Porsche and far above the broader automotive average. The implied price target of €358.95 derived from this group reflects Ferrari's value as a high-end carmaker, yet fails to fully capture the brand premium embedded in its valuation.
- **Luxury Peer Group** (Implied Avg. P/E \approx 39.69x). **Constituents:** LVMH, Kering, Brunello Cucinelli, Moncler, Hermès. This cluster mirrors Ferrari's evolving business model - focused on exclusivity, long waiting lists, and aspirational consumption. Among these, Hermès represents the closest analogue: both companies thrive on controlled scarcity, timeless desirability, and monetization of brand equity through lifestyle and licensing extensions. The implied price target of €392.89 from this group values Ferrari as a genuine luxury asset, recognizing the structural quality of its earnings.

By applying a 70% weight to the luxury peers and 30% to automotive, we obtain a **weighted fair value** of €383 per share, positioning Ferrari's current market price of €375 as broadly in line with intrinsic value. The implied upside of roughly +2% is insufficient to justify a BUY rating within a disciplined equity research framework.

We therefore maintain a HOLD recommendation:

- **For existing shareholders**, the investment thesis remains intact - Ferrari's premium valuation is justified by its fundamentals and brand strength.
- **For potential investors**, a more attractive entry point would lie below €350, ideally paired with upside potential toward €390–€400.

Ratios	Automotive	Luxury	Weighted
P/E Ferrari	39.78x	39.96x	-
EPS 2026E	9.90	9.90	-
P/E Peers	36.26x	39.69x	-
Price Ferrari	358.95	392.89	382.71

Table 6: P/E FY1

Ferrari continues to stand as a best-in-class asset, delivering exceptional margins, strong brand equity, and predictable cash generation. However, **current valuations already discount much of its long-term growth potential**. Both our relative valuation (€383) and DCF midpoint (€379) converge near market levels, supporting a balanced view.

Final Recommendation

Ferrari maintains its position as a **best-in-class luxury automotive manufacturer**, with unparalleled brand equity, exceptional pricing power, and disciplined production strategy supporting robust cash generation and industry-leading margins.

However, our **HOLD recommendation** reflects the balanced risk-reward profile at current levels, primarily due to the uncertainties surrounding Ferrari's **electric transition**:

- **Execution Risk:** The 2026 EV launch represents Ferrari's most significant technological and brand challenge, with unproven ability to translate emotional brand attributes into electric powertrains
- **Valuation Premium:** Current multiples (P/E 39x) already price in flawless execution, leaving limited room for disappointment
- **Client Adoption:** Uncertain reception from Ferrari's traditional client base towards electric vehicles may impact pricing power and residual values

While Ferrari's fundamentals remain exceptional, we believe the **asymmetric risk/reward** favors waiting for clearer evidence of EV execution before committing new capital at current valuation levels.

Final Rating	Target Price
HOLD	EUR 392.46

Investment Strategy: Existing holders maintain position for quality exposure; new investors await better entry points below €350 or successful EV prototype reception in 2026.

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