Ferrari N.V. (RACE)

Updated February 5th, 2025 by Nathan Parsh

Key Metrics

Current Price:	$459	**5 Year CAGR Estimate:**	8.8%	**Market Cap:**	$83 Billion
Fair Value Price:	$338	**5 Year Growth Estimate:**	15.0%	**Ex-Dividend Date:**	04/21/25[1]
% Fair Value:	136%	**5 Year Valuation Multiple Estimate:**	-5.9%	**Dividend Payment Date:**	05/05/25[2]
Dividend Yield:	0.6%	**5 Year Price Target**	$679	**Years Of Dividend Growth:**	8[3]
Dividend Risk Score:	D	**Retirement Suitability Score:**	F	**Rating:**	Hold

Overview & Current Events

Ferrari was founded in 1947 and is headquartered in Italy. The company began trading as a public company in 2015, following a spinoff from Fiat Chrysler. Today, the company manufactures luxury sports cars under a variety of models. Its cars are generally high performance, with a number of V-8 and V-12 models among its best sellers. Ferrari's luxury vehicles cater to the very top of the consumer automotive market. In 2020, shipments fell more than 10% to 9,119 units, with about half of that in Europe, Middle East, and Africa, and a third coming from the Americas. Shipments for 2024 rebounded to a new record of nearly 14,000. Ferrari generates more than $7 billion in annual revenue.

On February 22nd, 2024, Ferrari raised its annual dividend 30.3% to $2.60, which follows the company's 35.8% increase last year. Ferrari has now raised its dividend three consecutive years in USD.

On February 4th, 2025, Ferrari announced fourth quarter and full year earnings results for the period ending December 31st, 2024. All figures reported in USD. For the quarter, revenue grew 8.9% to $1.8 billion, which beat estimates by $80 million. Earnings-per-share of $2.22 compared favorably to earnings-per-share of $1.76 in the prior year and was $0.33 more than expected. For the year, revenue grew 10% to $7.15 billion while EPS of $9.06 compared to $7.47 in 2023.

For the year, units shipped totaled 13,752, which represented a 0.7% increase from 2023. Shipments grew 192 units for the Americas, 141 units for the EMEA, and 84 units for the Rest of Asia. Unit shipments declined 328 for Mainland China, Hong Kong, and Taiwan. Internal combustion engine models accounted for 49% of units shipped during 2024 with hybrid models contributing the remainder.

Management is more cautious on 2025 as revenue is projected to grow ~5% while EPS is projected to be ~$8.89. The market does expect $9.37 of earnings-per-share for the year, but we initiate 2025 estimates using company guidance.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.66	$2.22	$3.38	$3.89	$4.12	$3.33	$5.25	$5.28	$7.47	$9.06	***$8.89***	***$17.88***
DPS	---	$0.46	$0.64	$0.88	$1.16	$1.23	$1.04	$1.47	$2.00	$2.60	***$2.60***	***$4.19***
Shares[4]	189	189	189	189	186	185	185	183	182	180	***180***	***175***

Ferrari became a publicly-traded company in 2015, when it was spun-off from its former parent company Fiat Chrysler. The company has posted strong growth as a public company as EPS has increased by 20.8% over the last decade and by 21.7% over the last five years. As long as the global economy remains strong, Ferrari's sales and earnings should continue to grow. Of course, this growth trajectory would be called into question in tougher times. Given the name brand, growth in all markets, and recent results, we now estimate that Ferrari can grow earnings by a rate of 15% annually, up from 10% previously, through 2030. This is a premium to other car manufacturers' expected growth rates, but still below the medium- and long-term growth rates Ferrari will also be investing in new products to generate

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[1] Estimated ex-dividend date
[2] Estimated dividend date
[3] In local currency
[4] In millions of shares

growth. For example, Ferrari recently released its first SUV model, called the Purosangue. It is a hybrid based on a new platform that Ferrari will be using for many of its next-generation models going forward. The company has four hybrid engine models in its portfolio and released three new models last year.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	29.7	20.7	26.9	31.6	36.5	68.9	49.3	40.6	45.3	46.7	***51.6***	***38.0***
Avg. Yld.	0.0%	1.0%	0.7%	0.7%	0.8%	0.8%	0.4%	0.7%	0.6%	0.6%	***0.6%***	***0.6%***

Much like Ferrari's sports cars, the current share price continues to trade a premium to the stock's historical average. While we do believe that some sort of upward revision is warranted because of the strong brand name and growth prospects, the current valuation still appears lofty. Ferrari's business was greatly impacted by COVID-19, but has more than recovered since. Shares of Ferrari have increased $16, or 3.6%, since our November 6th, 2024 report. Using earnings-per-share estimates for 2025, the stock trades with a P/E of 51.6. Ferrari has typically had an average P/E in the mid-30 to mid-40 since becoming a publicly traded company. We are reaffirming our 2030 target P/E of 38 to bring it more in-line with the stock's long-term average valuation. If shares revert to our 2030 target P/E by this time then valuation would be a 5.9% headwind to total annual returns.

The current dividend payout is prudent – pegged at 25% to 40% of past year's profits and paid once a year – but the yield is unexciting due to the elevated valuation. That said, the last two dividend increase were very strong.

Safety, Quality, Competitive Advantage, & Recession Resiliency

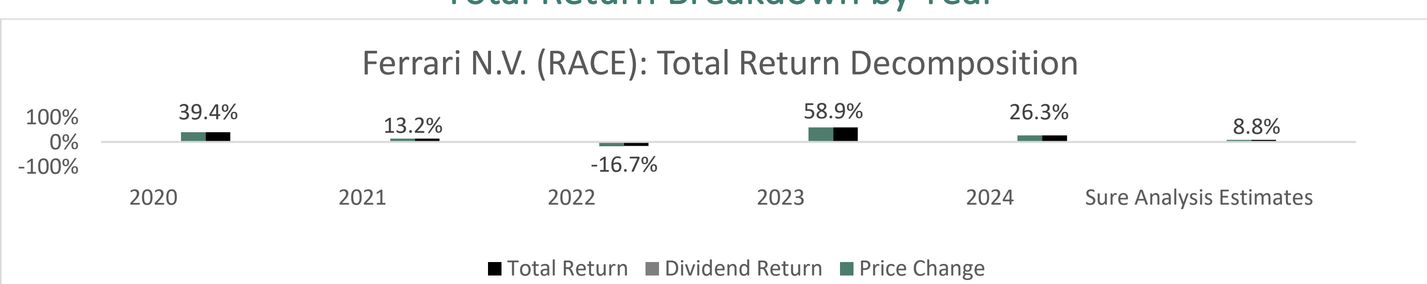
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	21%	19%	23%	28%	37%	20%	28%	27%	29%	***29%***	***29%***

Ferrari's lasting competitive advantage is its brand. In some ways, the more expensive its vehicles, the more inaccessible they are to the average person, the more appealing the ultra-luxury automobiles become. Interestingly, substantially increased production is unlikely to be a long-term growth driver as this would devalue the exclusivity of the brand. The company currently generates healthy profit margins, as Ferrari does not have to battle it out in the exceptionally competitive middle-market segment. That said, the next recession could be concerning if luxury vehicle purchases were to decline significantly as we expect they would.

Final Thoughts & Recommendation

Following fourth quarter results, Ferrari is expected to produce an annual return of 8.8% through 2030, up from our prior estimate of 4.3%. Our projection stems from 15.0% annual earnings growth and a starting yield of 0.6% that are offset by a mid-single-digit headwind from multiple contraction. Shipments were up slightly for the year as declines in mainland China were offset by growth elsewhere. Ferrari's valuation remains very high. We have raised our five-year price target $148 to $679 due to EPS estimates and a higher expected growth rate, but we reaffirm our holding rating on shares of Ferrari due to projected returns.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	3,673	3,167	3,437	3,870	4,039	4,217	3,951	5,053	5,373	6,463
Gross Profit	1,671	1,504	1,688	2,000	2,122	2,196	2,025	2,591	2,580	3,220
Gross Margin	45.5%	47.5%	49.1%	51.7%	52.6%	52.1%	51.3%	51.3%	48.0%	49.8%
SG&A Exp.	399	376	327	373	387	384	384	412	451	501
D&A Exp.	384	305	274	295	341	394	487	540	576	717
Operating Profit	553	505	682	883	977	1,029	834	1,271	1,311	1,744
Operating Margin	15.0%	16.0%	19.9%	22.8%	24.2%	24.4%	21.1%	25.2%	24.4%	27.0%
Net Profit	348	319	441	606	927	779	694	983	984	1,355
Net Margin	9.5%	10.1%	12.8%	15.7%	22.9%	18.5%	17.6%	19.5%	18.3%	21.0%
Free Cash Flow	128	390	734	307	349	672	148	646	631	918
Income Tax	177	160	186	236	19	198	66	247	251	373

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	5,644	4,237	4,070	4,968	5,550	6,101	7,702	7,771	8,328	8,900
Cash & Equivalents	163	200	484	777	908	1,006	1,676	1,522	1,489	1,240
Accounts Receivable	223	173	258	287	242	259	227	209	249	289
Inventories	360	323	343	472	447	471	567	612	724	1,048
Goodwill & Int. Ass.	1,280	1,197	1,205	1,470	1,637	1,818	2,170	2,178	2,244	2,437
Total Liabilities	2,630	4,258	3,721	4,028	4,001	4,435	5,501	5,267	5,537	5,506
Accounts Payable	651	555	650	729	748	797	878	903	968	1,029
Long-Term Debt	620	2,471	1,954	2,167	2,204	2,273	3,275	2,914	2,954	2,658
Shareholder's Equity	3,003	(27)	344	934	1,543	1,659	2,196	2,498	2,781	3,384
LTD/E Ratio	0.21	(90.0)	5.69	2.32	1.43	1.37	1.49	1.17	1.06	0.79

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	6.3%	6.5%	10.6%	13.4%	17.6%	13.4%	10.1%	12.7%	12.2%	15.7%
Return on Equity	11.3%	21.5%	279%	94.9%	74.8%	48.7%	36.0%	41.9%	37.3%	43.8%
ROIC	9.6%	10.5%	18.6%	22.4%	27.0%	20.3%	14.7%	18.0%	17.6%	23.0%
Shares Out.	---	189	189	189	189	186	185	185	183	182
Revenue/Share	19.44	16.77	18.19	20.39	21.32	22.49	21.31	27.36	29.35	35.61
FCF/Share	0.68	2.06	3.89	1.62	1.84	3.58	0.80	3.49	3.45	5.06

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise