AZ STOCKS
Stocks from A to Z

Ferrari

A luxury company that makes sports cars, and that the market already values as such

DEEP DIVE

November 2026

azstocks.net

COMPANY PROFILE

Ferrari

THESIS

Ferrari doesn't sell cars. It sells scarcity. The analysis assesses what a company that has turned exclusivity into one of the most powerful competitive advantages in the world is really worth.

THE COMPANY

Ferrari is not a traditional carmaker: it is a luxury company that makes sports cars, races in Formula 1 and manages scarcity with discipline. It aims to sell fewer cars than the market would be willing to buy.

In 2025 it generated revenue of €7,146 million, a 29.4% EBIT margin and free cash flow of €1,864 million, with 13,640 cars delivered. Price, mix and personalization matter more than volume.

TARGET PRICE
EUR 297

UPSIDE / DOWNSIDE
-20.6%

SECTOR
Luxury

EXCHANGE
Euronext Milan

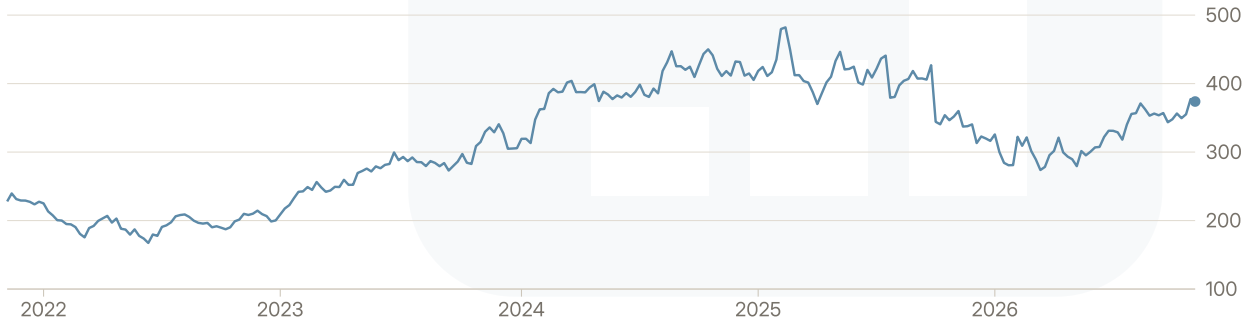
CURRENCY
EUR

LAST UPDATED
November 2026

MARKET DATA AS OF 2026-11-06

PRICE	52-WEEK RANGE	5-YEAR CHANGE	BETA (5Y)
EUR 373.85	269.00 – 390.70	+64%	0.87

WEEKLY SHARE PRICE, LAST 5 YEARS



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SECTION 01

Introduction

Ferrari is not a traditional carmaker. **It is a luxury company that makes sports cars**, races in Formula 1, monetizes one of the most desired brands in the world and manages scarcity with a discipline few companies can replicate.

The difference may seem subtle, but it is central to the thesis. A traditional carmaker tries to improve efficiency, increase volume, optimize platforms, share parts and defend margins in a very competitive sector. Ferrari works with a different logic: **it does not try to sell as many cars as possible, but fewer cars than the market would be willing to buy**. That decision protects desire, supports residual values, feeds the waiting list and turns every unit into a very high-margin product.

In 2025 Ferrari generated net revenue of €7,146 million, EBITDA of €2,772 million, EBIT of €2,110 million, a 29.4% EBIT margin and free cash flow of €1,864 million. Deliveries, however, fell slightly to 13,640 units. That contrast sums up the essence of the business: Ferrari can grow profits and cash without needing an aggressive expansion in volume. Mix, price, personalization and limited supply matter more than the number of cars shipped.

The stock, as usually happens with companies of exceptional quality, rarely looks cheap. The market understands that Ferrari should not be compared linearly with mass-market carmakers. Its margins, return on capital, brand strength and resilience of demand bring it closer to the world of luxury than to the traditional auto industry.

This analysis covers the business model, the history, the sources of competitive advantage, the quality of the financial statements, the main ratios, the competitive structure, the risks and a valuation based on a DCF with two methods (perpetuity and exit multiple on EBITDA).

History

Ferrari's history begins before the company became a maker of road cars. Enzo Ferrari founded Scuderia Ferrari in 1929, originally as a racing team. The obsession with the track came before the commercial business. The first car to carry the Ferrari name, the 125 S, appeared in 1947. From the start, then, Ferrari was born as an extension of racing, not as a mass manufacturer.



FERRARI 125 S

Many carmakers use motorsport as marketing. Ferrari did the opposite: it built road cars to fund and amplify an identity born on the track. The engine, the sound, the design, the speed and the prancing horse are not decorative elements, but part of a story built over decades.

The separation from Fiat Chrysler and the independent listing allowed the market to start valuing Ferrari with an identity of its own. Since the IPO, the question was whether it should trade as a carmaker or as a luxury company. Over the years the market's answer has been clear: Ferrari has shown that its fundamentals look nothing like those of a traditional carmaker.

SECTION 02

Business model

Ferrari's model can be summed up in one phrase: **selling desire with discipline**. The car is the tangible product, but the real economic asset is the relationship between brand, scarcity and access. Ferrari does not only monetize metal, carbon fiber and engines. It monetizes history, belonging, status, engineering, design, Formula 1, community and the possibility of owning something not everyone can buy.

Cars and spare parts

Cars and spare parts account for most of revenue. This line includes sales of new vehicles, spare parts and the personalization associated with each unit. At any mass-market manufacturer, this line would be driven by volume, discounts, shared platforms and sensitivity to the cycle. At Ferrari, the most important driver is value per unit.

The company can grow without significantly increasing deliveries because each car carries a higher price, a better mix and more personalization. Launches of special models, range transitions, demand for limited series and the growing weight of high-margin options allow revenue per vehicle to expand. This is one of the elements that most separates Ferrari from the traditional auto sector.

Personalization

Personalization is one of the most important economic levers and one of the least visible from the outside. For many customers, buying a standard Ferrari is not enough. The appeal lies in configuring the car to specific preferences: colors, interiors, materials, carbon fiber details, stitching, finishes and unique options.

This has two effects. First, it raises the average ticket. Second, it strengthens the emotional relationship with the product. A personalized Ferrari is not simply a car purchased; it is an object built around the buyer's identity. That differentiation increases willingness to pay and raises margins.

Unlike a mass-market carmaker, where the complexity of options can hurt efficiency, at Ferrari that complexity is part of the value proposition. The customer pays for it.

Tailor Made, Special Projects and limited series

The most advanced personalization programs, special editions and one-off projects deepen the logic of access. Not every customer can access every model. Purchase history, the relationship with the brand and the customer's profile can influence the allocation of the most sought-after models.

This creates a very particular dynamic. The customer does not just buy the current car; they look after their relationship with Ferrari to access the next one. That relationship reduces the incentive to negotiate on price and increases the value of belonging to the ecosystem. Ferrari sells products, but it also sells continuity within an exclusive community.

Sponsorship, commercial and brand

Formula 1 and brand activities should not be read only as a revenue line. They are a permanent investment in cultural relevance. Ferrari is probably the most recognizable brand in Formula 1. Even in periods without championships, the Scuderia keeps an emotional and media presence that no traditional campaign could replicate efficiently.

The sponsorship, licensing and lifestyle business monetizes that visibility. But its strategic value is greater than its direct contribution to the income statement. Racing keeps alive the story of performance, innovation and passion that then carries over to the road cars.

Financial Services

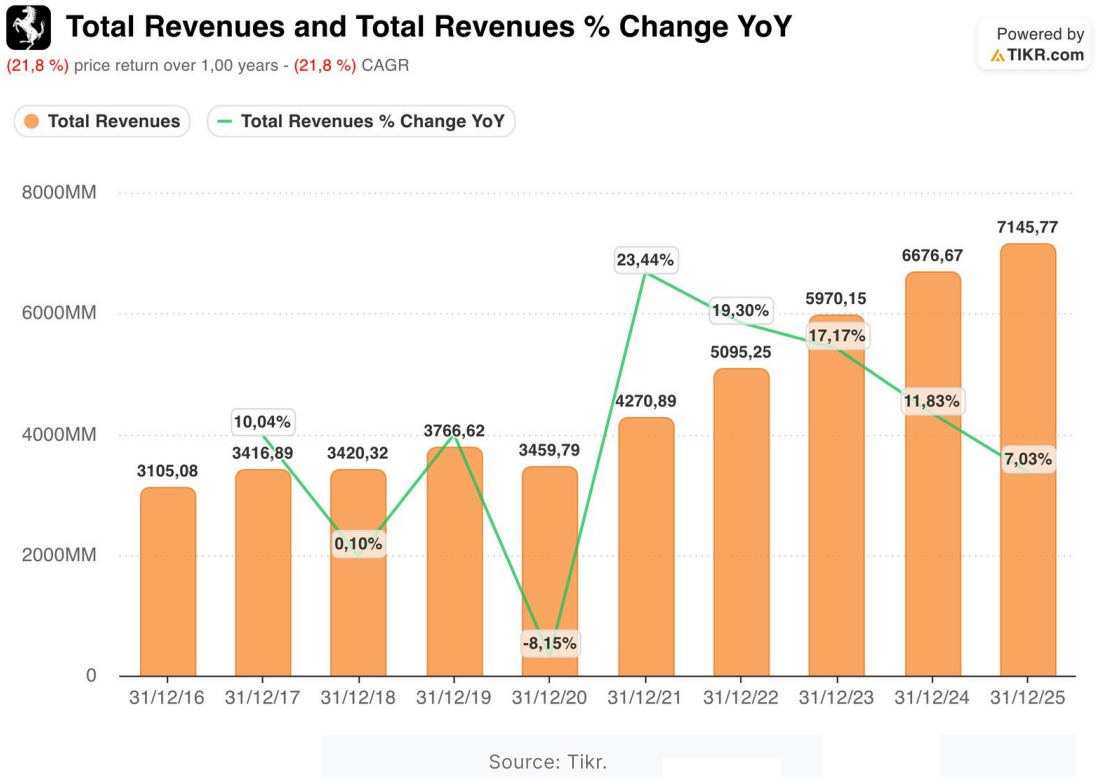
Ferrari also offers financial services to customers and dealers. This line does not define the thesis, but it helps facilitate sales, deepen the customer relationship and capture additional margin. It is important to distinguish it from a financial business: Ferrari does not need to leverage its growth through mass lending. Its main strength remains demand that exceeds supply.

SECTION 03

Business quality

Ferrari's quality is clear when you look at its financial statements over a decade. It is not a company that grew through mass volume, aggressive leverage or acquisitions. Growth came from a combination of price, mix, personalization, supply discipline and controlled expansion of the brand.

Revenue



Source: Tikr.

Between 2016 and 2025, revenue went from €3,105 million to €7,146 million. That is more than doubling sales in a decade, with deliveries growing much less. For a company that strategically protects volume, this growth is very attractive, as it shows Ferrari can expand value without destroying exclusivity.

2020 was the exception because of the pandemic, with an 8.1% drop in revenue. The recovery afterwards was very strong: +23.4% in 2021, +19.3% in 2022, +17.2% in 2023, +11.8% in 2024 and +7.0% in 2025. The slowdown is natural, but the company keeps growing from an ever-higher base.

DELIVERIES BY REGION

EMEA

Europe, the Middle East and Africa are Ferrari's **largest geographic segment**, with about **50-53% of the total**. Italy, Germany, the United Kingdom, Switzerland and the United Arab Emirates are the most relevant markets by volume. EMEA has the largest share of multi-generation customers, families who have owned several Ferraris over decades. That highly loyal base is the hardest for any competitor to erode.

Americas

The Americas, led by the US, **represent about 28-32%**. The US is Ferrari's largest single market and the one that has historically shown the greatest willingness to pay for extreme personalization. It is also the market most exposed to tariff risk: a 25% tariff on European imports would pressure prices or margins in a market that represents a quarter of total revenue.

China and Asia

China, Taiwan and Hong Kong represent **between 8% and 11%**. Ferrari has managed its presence in China more cautiously than other luxury makers, limiting growth so as not to overexpose the brand to a market with high regulatory and cultural volatility. Geopolitical tension between China and the West adds a further risk of regulatory restrictions. The rest of Asia-Pacific, especially Japan, is a growing segment with a strong appetite for personalization.

Latest results: third quarter of 2026

On November 3 Ferrari reported its third-quarter results. Once again, the company grew more in value than in volume:

- **Deliveries:** 3,368 cars, 33 fewer than a year earlier. EMEA and the rest of Asia grew, while China, Hong Kong and Taiwan fell to 143 units (-105).
- **Revenue:** €1,896 million, +7% (+10% at constant currency), thanks to model mix and personalizations.
- **Profitability:** EBITDA of €753 million (+12%, 39.7% margin) and EBIT of €563 million (+12%, 29.7% margin). Net income was €431 million and diluted EPS €2.44, versus €2.14 a year earlier.
- **Cash:** industrial free cash flow of €567 million (+43%). Ferrari ended September with net industrial cash of €219 million and bought back €173 million of stock in the quarter.

With these numbers the company raised its 2026 guidance again: revenue of about €7,650 million, adjusted EBITDA of at least €3,000 million (39.2% margin or more), adjusted EBIT of at least €2,285 million, adjusted diluted EPS of at least €9.85 and industrial free cash flow of up to €1,650 million. According to Benedetto Vigna, the order book already reaches into 2028.

Ferrari's results follow a familiar pattern: fewer cars, more value per car and resilient margins.

Vertical analysis

INCOME STATEMENT

Fiscal year Income Statement — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	(49.7%)	(48.3%)	(47.5%)	(47.9%)	(48.7%)	(48.7%)	(51.5%)	(49.2%)	(48.5%)	(46.9%)	**(48.2%)**	**(49.0%)**
Gross Profit	**50.3%**	**51.7%**	**52.5%**	**52.1%**	**51.2%**	**51.3%**	**48.0%**	**49.8%**	**50.1%**	**51.7%**	**50.5%**	**50.2%**
Selling General & Admin Expenses	(9.5%)	(9.6%)	(9.6%)	(9.1%)	(9.7%)	(8.1%)	(8.4%)	(7.8%)	(8.4%)	(9.0%)	**(8.4%)**	**(8.3%)**
R&D Expenses	(19.8%)	(19.2%)	(18.8%)	(18.6%)	(20.4%)	(18.0%)	(15.2%)	(14.8%)	(13.4%)	(12.9%)	**(13.7%)**	**(14.8%)**
Total Operating Expenses	**(29.7%)**	**(29.1%)**	**(28.5%)**	**(27.8%)**	**(30.7%)**	**(26.3%)**	**(24.0%)**	**(22.8%)**	**(22.0%)**	**(22.2%)**	**(22.4%)**	**(23.5%)**
Operating Income	**20.6%**	**22.5%**	**24.1%**	**24.3%**	**20.5%**	**25.0%**	**24.0%**	**27.0%**	**28.2%**	**29.4%**	**28.2%**	**26.7%**
Interest Expense	(1.0%)	(1.0%)	(0.8%)	(1.1%)	(1.5%)	(0.6%)	(0.5%)	(0.5%)	(0.6%)	(0.6%)	**(0.6%)**	**(0.5%)**
EBT Incl. Unusual Items	**18.3%**	**21.8%**	**23.5%**	**23.2%**	**19.3%**	**24.4%**	**23.1%**	**26.8%**	**28.3%**	**28.9%**	**28.0%**	**26.3%**
Income Tax Expense	(5.4%)	(6.1%)	(0.5%)	(4.7%)	(1.7%)	(4.9%)	(4.7%)	(5.8%)	(5.4%)	(6.5%)	**(5.9%)**	**(5.5%)**
Net Income	**12.9%**	**15.7%**	**23.0%**	**18.5%**	**17.6%**	**19.5%**	**18.3%**	**21.0%**	**22.8%**	**22.3%**	**22.0%**	**20.8%**
EBITDA	25.3%	30.2%	32.5%	33.6%	32.9%	30.8%	29.3%	32.0%	32.8%	33.7%	**32.8%**	**31.7%**

Source: author's analysis based on Tikr data.

The income statement shows a very unusual profitability structure. Cost of sales was 46.9% of revenue in 2025, leaving a gross margin of 51.7%. This confirms that the product has monetization power far above the sector average.

SG&A was 9.0% of revenue in 2025. This line includes commercial, administrative and brand expenses and part of the structure needed to sustain exclusivity. It should not be read as a traditional selling expense. At Ferrari, investment in brand, experience and customer relationships is part of the product.

R&D was 12.9% of revenue in 2025. This level is high, but consistent with a company that must maintain technological leadership in engines, hybrids, electric cars, chassis, materials, aerodynamics and racing. The difference versus a mass carmaker is that Ferrari can spread that investment over very high-priced, high-margin units.

Operating income reached €2,104 million in 2025, a 29.4% margin. The combination of a high gross margin, controlled SG&A and R&D that can be monetized explains why Ferrari can generate such high returns on capital.

BALANCE SHEET

Fiscal year Balance Sheet — % of total assets	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Cash And Short Term Investments	**12.1%**	**15.8%**	**16.5%**	**16.5%**	**21.8%**	**19.7%**	**18.5%**	**14.2%**	**17.9%**	**14.7%**	**15.6%**	**17.0%**
Total Receivables	**6.9%**	**6.3%**	**7.4%**	**5.5%**	**3.6%**	**3.8%**	**4.2%**	**4.2%**	**4.4%**	**5.1%**	**4.6%**	**4.4%**
Inventory	8.4%	9.5%	8.1%	7.7%	7.4%	7.9%	8.7%	11.8%	11.5%	11.6%	**11.6%**	**10.3%**
Total Current Assets	**49.0%**	**50.3%**	**51.1%**	**48.5%**	**49.1%**	**49.0%**	**50.9%**	**49.5%**	**52.9%**	**50.1%**	**50.8%**	**50.5%**
Net Property Plant And Equipment	15.1%	15.8%	13.1%	15.9%	14.3%	15.1%	15.7%	14.7%	14.0%	16.1%	**14.9%**	**15.1%**
Long-term Investments	0.6%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%	0.9%	1.0%	**0.9%**	**0.9%**
Goodwill	20.4%	19.0%	16.2%	14.4%	12.5%	11.4%	10.1%	9.8%	8.3%	8.2%	**8.7%**	**9.5%**
Other Intangibles	0.8%	0.8%	0.7%	0.7%	0.7%	0.5%	0.6%	0.6%	0.5%	0.4%	**0.5%**	**0.5%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Liabilities	**34.8%**	**29.2%**	**26.5%**	**25.7%**	**29.7%**	**25.5%**	**29.0%**	**24.9%**	**27.9%**	**21.8%**	**24.9%**	**25.8%**
Long-Term Debt	37.6%	36.1%	32.5%	29.9%	28.6%	30.2%	14.1%	13.8%	13.5%	13.2%	**13.5%**	**17.0%**
Capital Leases	–	–	–	0.7%	0.7%	0.6%	0.5%	0.7%	1.1%	1.4%	**1.0%**	**0.9%**
Total Liabilities	**91.4%**	**81.1%**	**72.1%**	**72.7%**	**71.4%**	**67.8%**	**66.5%**	**61.9%**	**62.7%**	**59.3%**	**61.3%**	**63.6%**
Total Equity	**8.6%**	**18.9%**	**27.9%**	**27.3%**	**28.6%**	**32.2%**	**33.5%**	**38.1%**	**37.3%**	**40.7%**	**38.7%**	**36.4%**
Total Debt	**48.0%**	**43.6%**	**39.7%**	**38.4%**	**43.5%**	**38.3%**	**36.2%**	**30.8%**	**35.3%**	**30.0%**	**32.0%**	**34.1%**
Net Debt	35.9%	27.8%	23.2%	21.9%	21.7%	18.6%	17.8%	16.5%	17.4%	15.2%	**16.4%**	**17.1%**

Source: author's analysis based on Tikr data.

The vertical analysis of the balance sheet reflects the dual nature of the business: a manufacturer with significant physical assets and a growing financial services arm. In FY2025, current assets were 50.1% of total assets. Cash and short-term investments reached 14.7%.

On the liabilities side, the most relevant item is non-current unearned revenue (12.4% of assets), which reflects customer deposits and advance payments for vehicles in production. That is free financing from customers to Ferrari: the company receives money before delivering the product. Equity, at 40.7% of assets in FY2025, is at its highest level of the last decade.

CASH FLOW

Fiscal year Cash Flow — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Net Income	**12.9%**	**15.7%**	**23.0%**	**18.5%**	**17.6%**	**19.5%**	**18.3%**	**21.0%**	**22.8%**	**22.3%**	**22.0%**	**20.8%**
Total Depreciation & Amortization	**4.6%**	**7.6%**	**8.5%**	**9.3%**	**12.3%**	**6.1%**	**5.7%**	**5.3%**	**5.0%**	**4.7%**	**5.0%**	**5.4%**
Cash from Operations	**32.4%**	**19.4%**	**27.3%**	**34.7%**	**24.2%**	**30.0%**	**27.5%**	**28.8%**	**28.9%**	**32.9%**	**30.2%**	**29.6%**
Capital Expenditure	(5.7%)	(5.5%)	(8.8%)	(9.3%)	(10.3%)	(8.2%)	(6.8%)	(6.4%)	(7.2%)	(6.8%)	**(6.8%)**	**(7.1%)**
Cash Acquisitions	–	–	–	–	–	–	–	–	–	(0.0%)	**(0.0%)**	**(0.0%)**
Cash from Investing	**(10.3%)**	**(11.1%)**	**(18.6%)**	**(18.6%)**	**(20.5%)**	**(17.2%)**	**(15.8%)**	**(14.5%)**	**(14.8%)**	**(13.2%)**	**(14.2%)**	**(15.1%)**
Total Debt Issued	**31.2%**	**24.4%**	**2.8%**	**10.7%**	**20.3%**	**13.1%**	**5.1%**	**7.3%**	**16.7%**	**8.2%**	**10.7%**	**10.1%**
Total Debt Repaid	**(45.5%)**	**(23.4%)**	**(0.3%)**	**(8.6%)**	**(0.6%)**	**(17.4%)**	**(3.3%)**	**(12.6%)**	**(6.2%)**	**(13.1%)**	**(10.6%)**	**(10.5%)**
Repurchase of Common Stock	–	–	(2.9%)	(10.3%)	(3.8%)	(5.4%)	(7.8%)	(7.7%)	(8.7%)	(11.0%)	**(9.1%)**	**(8.1%)**
Common Dividends Paid	(2.8%)	(3.5%)	(3.9%)	(5.1%)	(6.0%)	(3.7%)	(4.9%)	(5.5%)	(6.6%)	(7.4%)	**(6.5%)**	**(5.6%)**
Cash from Financing	**(13.2%)**	**(2.5%)**	**(4.4%)**	**(13.3%)**	**9.8%**	**(13.6%)**	**(10.9%)**	**(18.6%)**	**(4.9%)**	**(23.3%)**	**(15.6%)**	**(14.2%)**
Free Cash Flow	26.7%	13.9%	18.5%	25.3%	13.9%	21.8%	20.7%	22.4%	21.6%	26.1%	**23.4%**	**22.5%**

Source: author's analysis based on Tikr data.

Cash generation is one of the strongest points of the thesis. In 2025 cash from operations was €2,349 million and free cash flow €1,864 million. That is a free cash flow margin of 26.1% of revenue. For a business with a physical product, factories and R&D, that cash conversion is excellent.

Capex was €485 million in 2025, relatively stable relative to revenue. Investment in intangibles is also relevant, so cash flow should be looked at carefully. Even so, Ferrari converts a very high share of its revenue and EBIT into available cash.

Financial ratios

- **Growth**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Growth												
Revenue growth		10.0%	0.1%	10.1%	(8.1%)	23.4%	19.3%	17.2%	11.8%	7.0%	**12.0%**	**15.8%**
EBIT growth		20.1%	7.0%	10.9%	(22.2%)	50.4%	14.2%	31.9%	16.7%	11.9%	**20.2%**	**25.0%**
Diluted EPS growth		33.6%	46.8%	(10.4%)	(11.6%)	37.2%	13.1%	35.6%	22.6%	5.9%	**21.4%**	**22.9%**
Change in diluted shares (dilution / buybacks)		0.5%	(0.5%)	(0.5%)	(1.6%)	–	(1.1%)	(0.5%)	(1.1%)	(1.1%)	**(0.9%)**	**(0.8%)**

Source: author's analysis based on Tikr data.

Revenue grew 7% in 2025 after five years of double-digit growth (except 2020), and EBIT grew 11.9%. Since 2016 the share count has fallen every year thanks to buybacks (-1.1% in 2025).

- **Profitability**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Profitability												
Gross margin	50.3%	51.7%	52.5%	52.1%	51.2%	51.3%	48.0%	49.8%	50.1%	51.7%	**50.5%**	**50.2%**
SG&A % revenue	9.5%	9.6%	9.6%	9.1%	9.7%	8.1%	8.4%	7.8%	8.4%	9.0%	**8.4%**	**8.3%**
R&D % revenue	19.8%	19.2%	18.8%	18.6%	20.4%	18.0%	15.2%	14.8%	13.4%	12.9%	**13.7%**	**14.8%**
EBIT margin	20.6%	22.5%	24.1%	24.3%	20.5%	25.0%	24.0%	27.0%	28.2%	29.4%	**28.2%**	**26.7%**
EBITDA margin (EBIT + D&A)	25.3%	30.2%	32.5%	33.6%	32.9%	31.2%	29.6%	32.3%	33.2%	34.1%	**33.2%**	**32.1%**
Net margin	12.9%	15.7%	23.0%	18.5%	17.6%	19.5%	18.3%	21.0%	22.8%	22.3%	**22.0%**	**20.8%**
Stock-based compensation % revenue	–	–	–	–	–	–	–	–	–	–	–	–
Effective tax rate	29.6%	28.0%	2.0%	20.2%	8.7%	20.1%	20.2%	21.5%	19.2%	22.5%	**21.1%**	**20.7%**

Source: author's analysis based on Tikr data.

Gross margin of 51.7%, EBIT margin of 29.4% and net margin of 22.3% in 2025. EBIT margin rose nine points in a decade, while R&D spending fell as a share of revenue (from 20% to 13%).

- **Cash flow and reinvestment**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Cash flow & reinvestment												
Cash from operations % revenue	32.4%	19.4%	27.3%	34.7%	24.2%	30.0%	27.5%	28.8%	28.9%	32.9%	**30.2%**	**29.6%**
FCF margin (TIKR FCF / revenue)	26.7%	13.9%	18.5%	25.3%	13.9%	21.8%	20.7%	22.4%	21.6%	26.1%	**23.4%**	**22.5%**
FCF conversion (FCF / net income)	208.0%	88.6%	80.6%	137.1%	79.1%	111.9%	113.2%	106.6%	94.9%	116.7%	**106.1%**	**108.7%**
Capex % revenue	5.7%	5.5%	8.8%	9.3%	10.3%	8.2%	6.8%	6.4%	7.2%	6.8%	**6.8%**	**7.1%**
D&A % revenue	4.6%	7.6%	8.5%	9.3%	12.3%	6.1%	5.7%	5.3%	5.0%	4.7%	**5.0%**	**5.4%**
Capex / D&A	1.2x	0.7x	1.0x	1.0x	0.8x	1.3x	1.2x	1.2x	1.4x	1.4x	**1.4x**	**1.3x**
D&A % beginning net PP&E		44.9%	44.2%	55.4%	49.2%	29.2%	27.9%	26.2%	28.4%	25.3%	**26.6%**	**27.4%**
Acquisitions % revenue	–	–	–	–	–	–	–	–	–	0.0%	**0.0%**	**0.0%**

Source: author's analysis based on Tikr data.

Free cash flow was 26.1% of revenue in 2025, the highest of the decade, with CapEx of 6.8%. Free cash flow exceeds net income.

- **Working capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Working capital												
Receivables days (DSO)	31.3	27.9	38.4	29.1	24.1	22.3	23.5	20.7	23.1	25.1	**22.9**	**22.9**
Inventory days (DIO)	76.6	87.1	87.9	84.9	99.8	94.9	94.0	118.0	122.5	121.2	**120.6**	**110.1**
Payables days (DPO)	145.5	134.4	147.1	144.0	154.6	140.0	125.7	115.8	106.5	91.5	**104.6**	**115.9**
Cash conversion cycle (DSO + DIO − DPO)	(37.5)	(19.4)	(20.7)	(29.9)	(30.7)	(22.8)	(8.2)	22.9	39.0	54.8	**38.9**	**17.1**
Deferred revenue % revenue	8.8%	8.0%	8.0%	7.3%	7.8%	6.0%	5.3%	13.5%	13.2%	16.7%	**14.5%**	**10.9%**
Operating NWC % revenue	(17.2%)	(13.1%)	(10.9%)	(12.5%)	(12.7%)	(11.5%)	(9.3%)	(12.8%)	(10.9%)	(10.2%)	**(11.3%)**	**(10.9%)**

Source: author's analysis based on Tikr data.

The most interesting figure is customer prepayments: deferred revenue went from 5-8% of revenue to almost 17% in 2025. Customers pay in advance for cars delivered one or two years later. Inventory days rose to 121, a point to watch.

- **Returns on capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Returns on capital												
NOPAT = EBIT × (1 − normalized tax rate)	503	604	647	717	558	839	958	1,264	1,475	1,651	**1,463**	**1,237**
Invested capital = debt + equity − cash & ST inv.	1,714	1,937	2,481	2,677	3,150	3,489	3,981	4,403	5,197	5,382	**4,994**	**4,490**
ROIC = NOPAT / average invested capital		33.1%	29.3%	27.8%	19.1%	25.3%	25.7%	30.2%	30.7%	31.2%	**30.7%**	**28.6%**
ROIC incl. cash = NOPAT / average (debt + equity)		25.3%	22.0%	20.9%	13.8%	17.9%	18.7%	23.1%	23.7%	24.1%	**23.6%**	**21.5%**
Pre-tax ROIC = EBIT / average invested capital (reference)		42.2%	37.3%	35.4%	24.4%	32.2%	32.7%	38.4%	39.2%	39.8%	**39.1%**	**36.5%**
ROE = net income / average equity		96.1%	73.4%	49.0%	37.1%	41.6%	38.8%	44.1%	46.0%	42.8%	**44.3%**	**42.7%**
ROA = net income / average total assets		13.4%	17.5%	13.5%	10.4%	12.7%	12.8%	15.8%	17.3%	16.7%	**16.6%**	**15.1%**

Source: author's analysis based on Tikr data.

ROIC was 31% in 2025 (24% including cash) and ROE 43%. These are luxury-company returns, not carmaker returns.

- **Leverage and liquidity**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Leverage & liquidity												
Net debt (debt − cash & ST inv.)	1,384	1,153	1,127	1,190	1,361	1,278	1,379	1,332	1,654	1,467	**1,484**	**1,422**
Net debt / EBITDA	1.8x	1.1x	1.0x	0.9x	1.2x	1.0x	0.9x	0.7x	0.7x	0.6x	**0.7x**	**0.8x**
Interest coverage (EBIT / interest expense)	21.1x	21.6x	32.1x	23.0x	14.2x	45.2x	47.9x	55.1x	46.9x	51.1x	**51.0x**	**49.2x**
Debt / (debt + equity), book	84.8%	69.7%	58.7%	58.4%	60.4%	54.3%	51.9%	44.6%	48.6%	42.4%	**45.2%**	**48.4%**
Current ratio	1.41	1.72	1.93	1.88	1.65	1.92	1.75	1.99	1.90	2.30	**2.06**	**1.97**

Source: author's analysis based on Tikr data.

Consolidated net debt was €1,467 million in 2025, just 0.6x EBITDA, with interest coverage of 51x. Much of that debt funds the financial services business; excluding it, Ferrari has net industrial cash.

- **Shareholder returns and valuation**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)												
Dividends + buybacks % FCF	10.5%	25.3%	36.8%	60.8%	70.3%	42.0%	61.3%	59.2%	70.7%	70.5%	**66.8%**	**60.7%**
EV / EBITDA	15.5x	17.2x	15.7x	22.6x	32.0x	32.8x	25.4x	29.6x	34.5x	24.1x	**29.4x**	**29.3x**
EV / revenue	3.9x	5.2x	5.1x	7.6x	10.5x	10.1x	7.4x	9.5x	11.3x	8.1x	**9.6x**	**9.3x**
P/E	26.2x	30.9x	20.8x	39.4x	57.3x	50.3x	39.0x	44.0x	48.5x	35.4x	**42.6x**	**43.4x**
FCF yield (FCF / market cap)	7.9%	2.9%	3.9%	3.5%	1.4%	2.2%	2.9%	2.4%	2.0%	3.3%	**2.6%**	**2.6%**

Source: author's analysis based on Tikr data.

Ferrari returned 70% of its free cash flow in 2025 through dividends and buybacks. At the end of 2025 it traded at 24x EBITDA and 35x earnings, with a 3.3% FCF yield.

SECTION 04

Management and capital allocation

Benedetto Vigna, CEO

Benedetto Vigna became CEO in September 2021, coming from STMicroelectronics, where he had led the automotive applications semiconductor division. His appointment was controversial but visionary. Ferrari needed someone who understood power electronics, battery systems and software integration in high-performance vehicles without turning toward the volume mindset of a mass EV maker. Vigna has delivered that balance with precision.

Under his leadership Ferrari launched the Purosangue (the brand's first SUV, with demand that exceeded all expectations), accelerated its hybrid program and presented its first fully electric Ferrari. Financial results during his tenure are the best in the company's history in terms of margins and cash generation. On earnings calls Vigna is consistent about priorities: do not sacrifice exclusivity for volume, invest heavily in the transition to electrification and keep the product's value proposition as the driver of growth.

John Elkann, Executive Chairman

John Elkann is the grandson of Gianni Agnelli and heir of the family that controls Ferrari through Exor N.V. As Executive Chairman since the IPO, Elkann has been the guarantor of the company's cultural and strategic continuity. He is the architect of Ferrari's positioning as a luxury company rather than a premium carmaker, a distinction with direct consequences for the valuation multiples the market assigns to it. The governance structure, with family control concentrated in Exor, has been an advantage: Ferrari has never given in to pressure from activist investors who might have wanted to sacrifice exclusivity for volume.

Leadership continuity as a competitive advantage

Since the IPO, Ferrari has maintained remarkable strategic continuity. Every CEO has preserved the same fundamental philosophy: **exclusivity is sacred, margin discipline is non-negotiable and the long term prevails over the short term**. Every transition has preserved that philosophy and accumulated decades of cultural discipline that no competitor can replicate with capital.

Capital allocation

Ferrari has a relatively balanced capital policy. It invests in new models, innovation, facilities, racing and personalization, while returning capital to shareholders through dividends and buybacks. Between 2023 and 2025 free cash flow was very high and the company kept buying back stock and paying dividends.

The key point is that Ferrari does not need large acquisitions to grow. Its main asset already exists: the brand. Capital allocation is about protecting it, strengthening it and monetizing it without excess. In that sense, the biggest risk is not that Ferrari fails to find investment opportunities, but that it invests in a way that dilutes its positioning.

Good management at Ferrari must resist the most dangerous temptation: selling too much. In a company built on scarcity, discipline is worth more than expansion.

SECTION 05

Competitive position

Moat: scarcity, desire and residual value

Saying Ferrari has a strong brand is not enough. Many companies have strong brands. Very few have the ability to turn that brand into a disciplined supply policy for decades. Ferrari's moat is not only that people want its cars. It is that the company has **the discipline not to fully satisfy that demand**.

SCARCITY AS A STRATEGIC DECISION

Most industrial companies try to increase production when demand exceeds supply. Ferrari does the opposite: it manages volume to protect desire. This point is central. Scarcity is not an inevitable consequence of limited capacity; it is a strategic tool.

If Ferrari doubled deliveries, it would probably increase short-term revenue. But it would also risk weakening residual values, shortening waiting lists, normalizing the brand and turning an aspirational purchase into something more accessible. **In extreme luxury, selling too much can destroy value**. Exclusivity is part of the product.

RESIDUAL VALUE

The residual value of a Ferrari is an important part of the moat. When the customer knows the asset can hold its value better than other luxury cars, the purchase decision becomes more rational. This does not mean every Ferrari is an investment or that none depreciate. It means the perception of scarcity and limited supply reduce the perceived economic cost of buying one.

The cycle is powerful: high residual value increases buyer confidence; greater confidence sustains demand; demand above supply allows pricing power; pricing power reinforces margins; and high margins fund innovation, racing and the brand.

PRICING POWER

Ferrari has one of the clearest cases of pricing power. The base price of the car is only the starting point. Personalization, special series, model mix and access to limited editions allow it to capture additional value. Unlike a mass manufacturer, Ferrari does not depend on discounts to move inventory. Its problem is usually not selling cars, but allocating them without diluting exclusivity.

The evidence is in the numbers: between 2016 and 2025 revenue grew from €3,105 million to €7,146 million, while deliveries grew much less. The business is not a pure volume story, but a value-per-unit story.

Electric vehicles: opportunity, risk and cultural test

This is one of the most important issues for Ferrari because it touches the emotional heart of the brand. A Ferrari is bought for its design, sound, feel, history and experience. The transition to hybrids and electric cars can widen the customer base, but it also raises a difficult question: can an electric Ferrari still feel like a Ferrari?

The company adjusted its electrification strategy toward 2030, with an expected range mix of 40% combustion models, 40% hybrids and 20% electric cars, according to reports on the new strategic plan. Ferrari does not need to lead in EV volume. It needs to preserve the brand's identity.

The first fully electric model is a test of execution. If Ferrari manages to carry its attributes into the electric world, it can open a new path to growth. If customers feel the essence of the brand is lost, the reputational risk could be significant.

Electrification should not be assessed with the same framework as Tesla, BYD or mass manufacturers. For Ferrari, the EV is not a transition in industrial efficiency but a cultural translation. The challenge is not only technological; it is emotional.



Ferrari Luce, the first 100% electric Ferrari.

WHY THE TRANSITION CAN BE POSITIVE

Ferrari has been using hybrid technology in very high-performance models for years. Partial electrification is not new for the brand. In addition, the Ferrari customer does not necessarily reject technology; they reject trivialization. If the product keeps its exclusivity, performance, design and experience, technology can strengthen its appeal.

WHY IT CAN ALSO GO WRONG

The risk is that the ultra-luxury market does not adopt electrification at the pace some investors expect, or that the electric product fails to convey enough emotion. At a mass company, a failed model is corrected with scale and price. At Ferrari, an identity mistake can be more costly because the brand is the central asset.

Main competitors

Ferrari competes on several fronts at once. It competes against supercar makers, ultra-luxury brands, alternative status experiences and the market for classic and collectible cars. However, no comparison is perfect.

PORSCHE

Porsche is a technological, sporting and brand benchmark. It has a much broader customer base, higher volume, more platforms and a mix that includes SUVs, sports cars, electric cars and larger-scale models. It is an extraordinary company, but its economics are different. Porsche sells sporting luxury at scale. Ferrari sells extreme scarcity.

LAMBORGHINI

Lamborghini competes more directly in supercars with high visual and emotional impact. It has a very powerful brand, but not the same historical weight in Formula 1 or the same company profile. Its proposition is more aggressive and theatrical; Ferrari combines performance, history, racing and more sophisticated management of access.

ASTON MARTIN AND MCLAREN

Aston Martin and McLaren have heritage, design and performance, but their financial histories have been much more fragile. This matters: in luxury, the brand matters, but so does execution. Ferrari managed to turn desire into margins, cash and returns on capital. Not every desired brand manages to do so.

HERMÈS AND EXTREME LUXURY

Conceptually, the most interesting comparable is not always a carmaker. Ferrari resembles the great luxury houses in the way it manages scarcity, protects price, preserves residual value and sells belonging. The difference is that its main product is industrially complex, regulated and technologically demanding.

Luxury brands tend to share certain attributes: premium quality in all their products, recognized design, limited production to create exclusivity, marketing that appeals to emotions, a global reputation, some connection with a country of origin known for that industry (Italy with design and fashion, for example), high prices, a distinctive aesthetic, and a particular heritage and history, among others.

Ferrari versus carmakers and luxury brands

Should Ferrari be compared with carmakers or with luxury brands? The numbers answer the question quite clearly.

A) AUTO INDUSTRY

Does it make sense to compare Ferrari with BMW, Volkswagen or Mercedes-Benz? The short answer is no. But doing it anyway has enormous analytical value, because the data does not lie: the tables show with unusual clarity why Ferrari does not belong in this group and why the market is right not to value it as if it did.

Let's look first at margins and ROIC:

Company	Ticker	Gross Profit Margin	Operating Margin	Return on Invested Capital
Ferrari N.V.	**RACE**	**51,6%**	**29,3%**	**23,6%**
Bayerische Motoren Werke Aktiengesellschaft	BMW	13,1%	6,7%	2,8%
Volkswagen AG	VOW3	14,0%	4,2%	1,7%
Mercedes-Benz Group AG	MBG	15,5%	5,3%	2,7%
Dr. Ing. h.c. F. Porsche AG	P911	14,1%	1,6%	0,9%
Aston Martin Lagonda Global Holdings plc	AML	30,8%	(10,2%)	(11,2%)

Source: author's analysis based on Fiscal.ai data.

Ferrari's gross margin is 51.6%. BMW's is 13.1%, Volkswagen's 14.0%, Mercedes-Benz's 15.5% and Porsche's 14.1%. Ferrari's gross margins are more than three times those of its "competitors" in the sector. The operating margin is even more striking: Ferrari operates at about 29%, while the rest of the group ranges from 1.6% at Porsche to 6.7% at BMW. And ROIC settles the argument: Ferrari earns a 23.6% return on invested capital, while BMW earns 2.8%, Volkswagen 1.7%, Mercedes-Benz 2.7% and Porsche 0.9%. Aston Martin directly destroys capital, with a negative ROIC of 11.2%.

They are not the same kind of company. They are companies that happen to make vehicles with wheels.

B) LUXURY SECTOR

At first glance, comparing Ferrari with Hermès, LVMH or Richemont seems strange. What does a company that makes high-performance cars have in common with houses that sell bags, watches or champagne? More than it seems. As we saw throughout this analysis, Ferrari does not sell cars: it sells scarcity and desire. And that brings it much closer to the logic of luxury than to that of the auto sector.

The numbers confirm it. Ferrari's 29.3% operating margin is the second highest in the whole group of comparables, behind only Hermès (41.8%), and well above LVMH (21.9%), Richemont (20.7%), Kering (11.1%) and Burberry (6.6%). Its 24% ROIC also leads the group, except for Hermès (46%), and is well above the levels of the largest European luxury houses.

Company	Ticker	Gross Profit Margin	Operating Margin	Return on Invested Capital
Ferrari N.V.	**RACE**	**51,6%**	**29,3%**	**24%**
Compagnie Financière Richemont SA	CFR	64,4%	20,7%	16%
Burberry Group plc	BRBY	67,9%	6,6%	3%
Kering SA	KER	72,6%	11,1%	0%
Hermès International Société en commandite par actions	RMS	71,1%	41,8%	46%
LVMH Moët Hennessy - Louis Vuitton, Société Européenne	MC	66,2%	21,9%	11%

Source: author's analysis based on Fiscal.ai data.

Porter's five forces

Threat of new entrants - Low

Creating a brand like Ferrari from scratch is practically impossible. With enough capital you can build a fast car. You cannot build history, Formula 1, legacy, residual value, community and desire accumulated over decades. The main barrier is not technological; it is cultural.

Bargaining power of suppliers - Medium

Ferrari depends on specialized components, materials, technology and suppliers. However, its low volume and premium positioning allow it to absorb certain costs better than mass manufacturers. In addition, the company keeps critical capabilities in-house in strategic areas.

Bargaining power of customers - Low

The Ferrari customer has great purchasing power but little bargaining power with the brand. Demand exceeds supply, waiting lists are long and access to special models depends on the relationship with the company. This reduces pressure for discounts.

Threat of substitutes - Medium

The ultra-high-net-worth customer can spend on other forms of luxury: art, watches, yachts, real estate, classic cars or experiences. However, Ferrari holds a unique cultural place among sports cars. Substitutes exist, but none replicates exactly the combination of history, performance and belonging.

Competitive rivalry - Medium

Rivalry exists in supercars and luxury, but it does not work as it does in mass-market cars. Ferrari does not compete for market share at any price. Its goal is not to win volume, but to protect exclusivity and profitability. This reduces the risk of a direct price war.

SWOT analysis

Strengths

- A global brand that cannot be replicated
- Demand above supply
- Pricing power
- Extraordinary margins and ROIC
- A waiting list of 2-3 years
- Personalizations with incremental margins

Opportunities

- More personalization
- Expansion of lifestyle and experiences
- New special models
- Growth in ultra-high-net-worth customers
- Well-executed electrification
- Further monetization of the Ferrari community
- Expansion in Asia

Weaknesses

- High geographic concentration: EMEA and the Americas represent more than 80% of consolidated revenue
- Cultural dependence on F1: long periods of poor sporting results could erode the brand's aspirational appeal

Threats

- A strategic mistake in electric vehicles
- Environmental regulation
- Tariffs
- A global slowdown in luxury
- Loss of relevance in Formula 1
- Valuation: multiple compression

SECTION 06

The bulls vs. the bears

What do the bulls say?

The first argument is the **moat**: a brand that cannot be replicated, demand above supply, an order book that reaches into 2028 and residual values that lower the perceived cost of buying a Ferrari.

The second is the **quality of the numbers**: an EBITDA margin close to 40%, ROIC above 30% and earnings growth that depends not on volume but on price, mix and personalization.

The third is **predictability**: customers pay in advance, the company raises guidance quarter after quarter and it returns most of the cash it generates.

What do the bears say?

The first argument is **valuation**: at €374 it trades at about 38x expected 2026 earnings. Even with an exceptional business, that price leaves little room for mistakes.

The second is **electrification**: the first electric Ferrari is a test of identity. If customers feel the essence of the brand is lost, the damage could be greater than that of a model that does not sell.

The third is **growth**: with deliveries flat or falling, growth depends more and more on raising prices and personalizations. China is already showing weakness and US tariffs remain a risk.

SECTION 07

Valuation

I built a ten-year **discounted cash flow (DCF)** model with two methods for the terminal value: **perpetuity growth** and an **exit multiple on EBITDA**. The target price is the average of both in the base case.

Model inputs and assumptions

2. Operating drivers by scenario (explicit forecast)															
Driver	Δ vs Base	FY2023A	FY2024A	FY2025A	3Y avg	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2033E	FY2034E	FY2035E
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		17.2%	11.8%	7.0%	**11.9%**	**7.2%**	**7.8%**	**6.8%**	**6.3%**	**5.5%**	**5.0%**	**5.0%**	**4.5%**	**4.0%**	**3.5%**
Best case	1.5%					8.7%	9.3%	8.3%	7.8%	7.0%	6.5%	6.5%	6.0%	5.5%	5.0%
Base case						7.2%	7.8%	6.8%	6.3%	5.5%	5.0%	5.0%	4.5%	4.0%	3.5%
Worst case	(2.0%)					5.2%	5.8%	4.8%	4.3%	3.5%	3.0%	3.0%	2.5%	2.0%	1.5%
Gross margin ▸ selected scenario		49.8%	50.1%	51.7%	**50.5%**	**52.5%**	**52.5%**	**52.6%**	**52.8%**	**53.0%**	**53.0%**	**53.0%**	**53.0%**	**53.0%**	**53.0%**
Best case	0.5%					53.0%	53.0%	53.1%	53.3%	53.5%	53.5%	53.5%	53.5%	53.5%	53.5%
Base case						52.5%	52.5%	52.6%	52.8%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%
Worst case	(1.0%)					51.5%	51.5%	51.6%	51.8%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%
EBIT margin ▸ selected scenario		27.0%	28.2%	29.4%	**28.2%**	**29.8%**	**30.0%**	**30.2%**	**30.4%**	**30.5%**	**30.5%**	**30.5%**	**30.5%**	**30.5%**	**30.5%**
Best case	1.0%					30.8%	31.0%	31.2%	31.4%	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%
Base case						29.8%	30.0%	30.2%	30.4%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%
Worst case	(2.0%)					27.8%	28.0%	28.2%	28.4%	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%
Capex % of revenue ▸ selected scenario		6.4%	7.2%	6.8%	**6.8%**	**7.5%**	**7.5%**	**7.0%**	**7.0%**	**7.0%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**
Best case	–					7.5%	7.5%	7.0%	7.0%	7.0%	6.5%	6.5%	6.5%	6.5%	6.5%
Base case						7.5%	7.5%	7.0%	7.0%	7.0%	6.5%	6.5%	6.5%	6.5%	6.5%
Worst case	0.5%					8.0%	8.0%	7.5%	7.5%	7.5%	7.0%	7.0%	7.0%	7.0%	7.0%

Source: author's analysis.

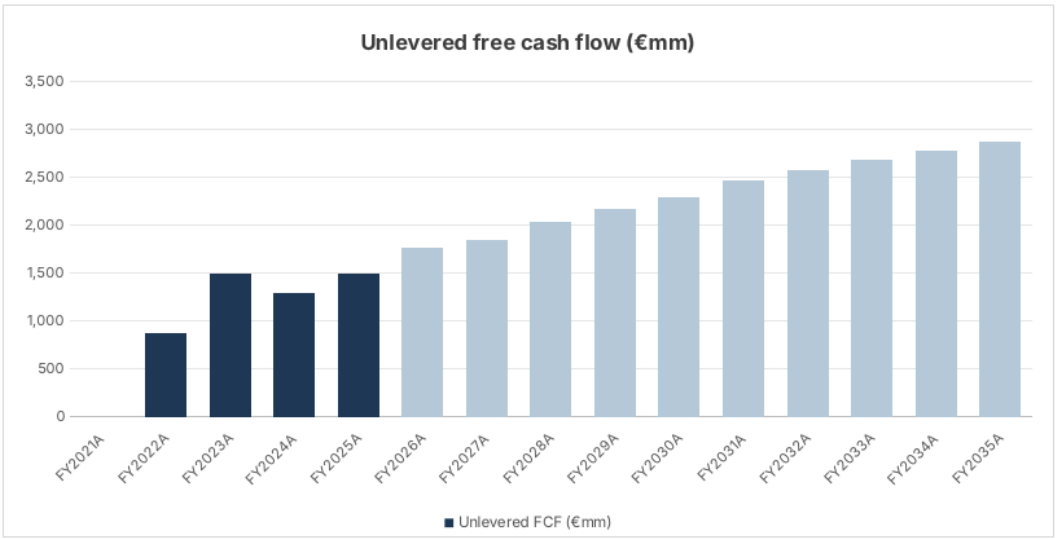
Revenue growth: in the Base Case I project 7.2% in 2026 (in line with the €7,650 million guidance), 7.8% in 2027 with new launches, 6.8% in 2028 and 6.3% in 2029, and then a gradual slowdown to 3.5% in 2035. That is somewhat lower growth than in the last decade, consistent with a company that prefers not to raise deliveries much.

Margins: gross margin goes from 52.5% to 53% and EBIT margin from 29.8% in 2026 (the guidance) to 30.5% at maturity. I assume a moderate improvement, supported by pricing and personalization.

CapEx: 7.5% of revenue in the first years, because of new models and electrification, and 6.5% afterwards.

What does each scenario mean?

- **Base Case:** Ferrari keeps its supply discipline, continues to raise prices above inflation and the transition to hybrids and electric cars is executed without damaging the brand.
- **Best Case:** more personalization, special series and growth in very high-net-worth customers. It adds 1.5 points of growth per year and 1 point of EBIT margin.
- **Worst Case:** a slowdown in luxury, problems with the electric car or a larger impact from tariffs. It subtracts 2 points of growth, 1 point of gross margin and 2 points of EBIT margin.



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)		Value
Risk-free rate		3.0%
Equity beta (levered)	x	0.90
Equity risk premium		5.0%
Country risk premium		-
Cost of equity		7.5%
Pre-tax cost of debt		4.0%
Tax rate (debt tax shield)		21.5%
After-tax cost of debt		3.1%
Market value of equity	€ mm	66,545
Total debt	€ mm	2,884
Debt / (Debt + Equity)		4.2%
Equity / (Debt + Equity)		95.8%
WACC		7.3%

Source: author's analysis.

I use a 3% risk-free rate, a 5% equity risk premium and a beta of 0.9 (the five-year historical beta is 0.87). The result is a **cost of equity of 7.5%**. For debt I use a 4% pre-tax cost. With a capital structure carrying very little debt, the **resulting WACC is 7.3%**.

To go from Enterprise Value to Equity Value I subtracted consolidated net debt of €1,378 million, which includes the debt of the financial services business. The diluted share count is 178 million.

Model results

PERPETUITY METHOD

With 2.5% perpetual growth and a 30% return on new invested capital, the model gives an Enterprise Value of €46,075 million and an Equity Value of €44,697 million, equivalent to **€251.10 per share**.

Ferrari N.V.

RACE · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 6 Nov 2026 · EUR mm · Scenario: Base Case

INTRINSIC VALUE PER SHARE

€251.10

Current share price	€373.85
Upside / (downside)	(32.8%)

VALUATION SUMMARY

Enterprise value	46,075
Equity value	44,697
PV of forecast cash flows	15,792
PV of terminal value	30,283
Terminal value % of EV	65.7%
Implied exit EV / EBITDA	13.0x

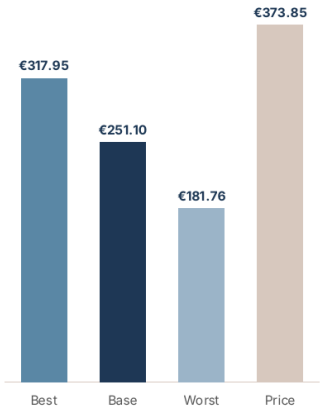
KEY ASSUMPTIONS

WACC (year 1)	7.3%
Terminal WACC	7.3%
Terminal growth (g)	2.5%
RONIC (terminal)	30.0%
Net debt & other claims	1,378
Diluted shares (mm)	178.0

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	3.0%	57,973	56,594	**€317.95**	(15.0%)
Base case	2.5%	46,075	44,697	**€251.10**	(32.8%)
Worst case	2.0%	33,731	32,353	**€181.76**	(51.4%)
Current share price				*€373.85*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Terminal growth rate (g)

WACC / g	1.5%	2.0%	2.5%	3.0%	3.5%
6.3%	€276.88	€295.36	€318.67	€349.01	€390.12
6.8%	€249.57	€263.64	€280.97	€302.83	€331.28
7.3%	€226.99	€237.91	**€251.10**	€267.35	€287.85
7.8%	€208.02	€216.64	€226.88	€239.24	€254.46
8.3%	€191.86	€198.75	€206.83	€216.42	€228.00

Source: author's analysis.

In the Best Case the value is **€317.95** and in the Worst Case **€181.76**.

With a WACC half a point lower, the value rises to €281; with one half a point higher, it falls to €227. As with every company that trades at very high multiples, the perpetuity method is very sensitive to the gap between WACC and terminal growth.

EBITDA MULTIPLE METHOD

Applying a **20x** multiple to EBITDA in the last projected year of the Base Case (24x in the Best Case and 16x in the Worst Case), the model gives an Enterprise Value of €62,290 million and a value of **€342.20 per share**.

Ferrari N.V.

RACE · Discounted Cash Flow · Exit Multiple Method

Valuation date 6 Nov 2026 · EUR mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

€342.20

Current share price	€373.85
Upside / (downside)	(8.5%)

VALUATION SUMMARY

Enterprise value	62,290
Equity value	60,911
PV of forecast cash flows	15,792
PV of terminal value	46,498
Terminal value % of EV	74.6%
Implied perpetual growth	3.9%

KEY ASSUMPTIONS

WACC (year 1)	7.3%
Terminal WACC	7.3%
Exit EV / EBITDA	20.0x
EBITDA, final forecast year	4,437
Net debt & other claims	1,378
Diluted shares (mm)	178.0

SCENARIOS

Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	24.0x	83,257	81,878	**€459.99**	+23.0%
Base case	20.0x	62,290	60,911	**€342.20**	(8.5%)
Worst case	16.0x	42,858	41,479	**€233.03**	(37.7%)
Current share price				*€373.85*	

SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	18.0x	19.0x	20.0x	21.0x	22.0x
6.3%	€340.92	€355.15	€369.38	€383.61	€397.84
6.8%	€328.22	€341.85	€355.48	€369.11	€382.74
7.3%	€316.08	€329.14	**€342.20**	€355.26	€368.32
7.8%	€304.47	€316.99	€329.50	€342.02	€354.54
8.3%	€293.37	€305.37	€317.37	€329.37	€341.36

VALUE PER SHARE VS. CURRENT PRICE



Source: author's analysis.

Today Ferrari trades at about 23x expected 2026 EBITDA. I use 20x because it is a multiple that still recognizes the premium of a top-tier luxury company, but applied ten years from now, when growth will be lower. With a 7.3% WACC, 20x already implies perpetual growth close to 4%, so I do not think it is prudent to go higher.

In the Best Case the value is **€459.99** and in the Worst Case **€233.03**.

Reading both methods together

Averaging both methods in the base case, I arrive at a **target price of €297 per share**, compared with a market price of €373.85. That is a downside of about 21%.

I still think the multiple method better captures the value of a company like Ferrari, because the brand premium is hard to model in a spreadsheet. But even taking only that method (€342), the stock trades 10% above my fair value. Only the Best Case under the multiple method (€460) justifies the current price.

SECTION 08

Conclusion

Ferrari is one of the most special businesses in the market. Its competitive advantage does not come only from making fast cars or having a well-known brand. It comes from something much harder: managing desire for decades without giving in to the temptation of selling too much.

The third quarter of 2026 showed it again. With fewer cars delivered, revenue grew 10% at constant currency, EBITDA margin reached almost 40% and the company raised its guidance again.

The investment thesis, however, does not end with quality. The market already recognizes Ferrari as a luxury company and values it as such. My model gives a **target price of €297 per share**, versus a price of €374.

I like the business, I like the history, I like the returns and I like its ability to turn brand into cash. But I would not buy it today. I do not have a position, and if the price came closer to my fair value I would not hesitate to buy it.

Alan



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