

**Company Description:** Owned by Fiat Chrysler Automotive, Ferrari is among the world's leading luxury brands focused on the design, engineering, production and sale some of the world's most recognizable luxury performance sports cars. The brand associates itself with exclusivity, innovation, state-of-the-art sporting performance, Italian design and engineering heritage. Ferrari designs, engineers and produces their cars in Maranello, Italy, and sells them in over 60 markets worldwide through a network of 164 authorized dealers operating 185 points of sale.

**BUY**

**Current Price:** \$120.42  
**Target Price:** \$145.08  
**Market Cap:** 22B  
**Beta:** 1.0  
**Avg. Volume:** 432,000  
**S&P Debt Rating:** bbb  
**ROE:** 96.36%  
**Ke:** 8.92%  
**EBITDA Margin:** 30.32%  
**ROIC:** 23.89%  
**WACC:** 8.428%



**Thesis:** Ferrari (RACE) is one of the premier auto-manufacturers in the world currently. The super-luxury car industry has been consistently increasing over the past number of years in growth, along with this Ferrari has seen high levels of margin growth and revenue growth as well. This has been managed through a mixture of their high quality of product and the power of their brand itself. The opportunity for high levels of growth comes from the fact that Ferrari has seen this financial success without branching out into new car segments, it was achieved by continually innovating in their established product lines. Currently the industry is pushing towards luxury, SUV, and EV segments, Ferrari has only just begun to put their focus on the luxury segment recently. The growth will come from applying their ability to innovate with these new product segments to create large increases in revenue and sales. The Monte Carlo simulation has shown that they have a greater upside than downside due to this projected increase in revenue. Based on this Analysis Ferrari appears to be in a strong position to succeed financially over the next year.

**Catalysts:**

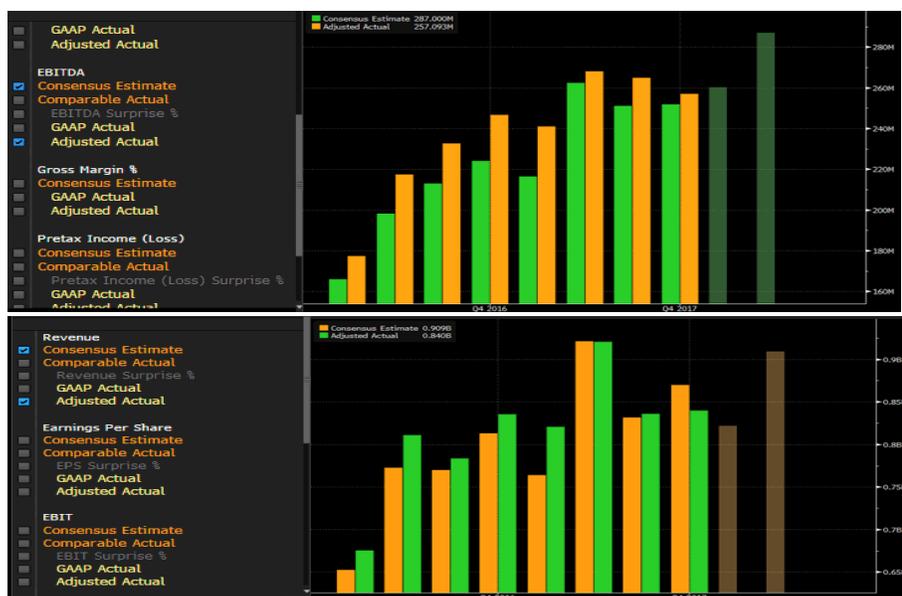
- **Short Term(within the year):**  
Introduction of new products to further market share in the luxury segment of the industry.
- **Mid Term(1-2 years):**  
Unveiling of company's first SUV, and subsequent entrance into the SUV segment of this industry which competitors have shown to be highly profitable.  
Further development of hybrid systems and further inclusion of them down the product line (currently only found on flagship model).
- **Long Term(3+):**  
Unveiling of company first EV, subsequent entrance into the EV segment of the industry which is currently in its early phases.  
Unveiling of new flagship model, previous flagship models have been the face of the brand and generate a large amount of publicity and interest in Ferrari, along with revenue growth.  
Formula 1 contract runs out, Ferrari's continuation in the sport will be reevaluated.

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### Earnings Performance:

RACE ended their fiscal year on 12/31/2017, they began 2018 with the strongest performance they have seen to date, with improvements in almost all of their margins and numbers. Adj. Revenue grew by 10% to 3416.9M, Adj. Gross Profit was 1766.0M with the margin being 51.7%. Adj. EBITDA hit 1031.0M with EBITDA Margin increasing to 30.2%, Adj. Net Income hit 531.8M from 419.8 last year and Adj. EPS grew by 26.1% to 28%. Shipments of cars has increased by 4.8% compared to the previous year, their V12 model shipments grew by 25% while V8 model shipments were in line with the previous year. RACE cut Net industrial Debt by 27.5%, decreased Short Term Borrowings from 399.9M to 306M, and increased their Long Term Borrowings by 3.5% to 1500.2M. Capital Expenditures increased by 7% since last year and are expected to increase substantially into 2018 as RACE ramps up production volume levels and branches into new product segments.

EBITDA, Gross Profit, and Net Income margins are all projected to continue to increase into 2018 and 2019 as the product mix of RACE expands. The price of RACE stock has also seen a high percentage of growth in the past year increasing from its 52 week low of \$68 in March 2017 to its 52 week high of \$130 in February of this year before dropping to around \$120 where it is right now. The increases RACE has seen in stock price is mostly due to the strong sales and earnings performance they have seen over the past year, reporting earnings per share surprises in each of their reports.

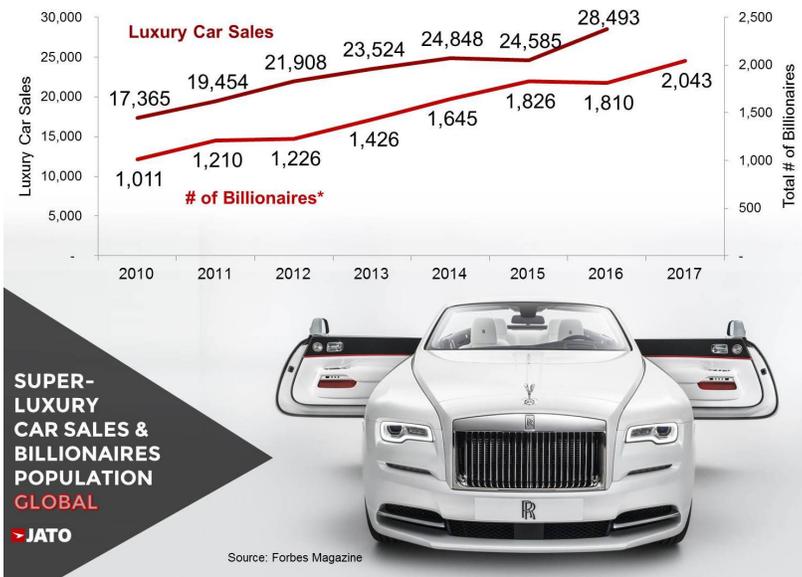


### Industry Outlook:

RACE finds itself in a niche market of the super luxury cars industry. This industry is not correlated to many macro effects due to the high price point of the products and the financial status of those with the ability to purchase them. What drives the majority of growth in this industry is the wealthy's desire for status and to have products that are on the cutting edge of technology and design. As a result of this, the industry is directly correlated with the number of people who are able to afford the products offered, the majority of which are millionaires and billionaires. The Credit Suisse Research Institute's Global Wealth Report found that the growth level of new millionaires has been increasing over the past few years. Although the number specifically in each country varies depending on the way wealth is measured, the consensus is there is consistent growth in the number of wealthy individuals in the world. According to the World Wealth Report the increase in the number of millionaires from 2014-2015 was 7%, and the number from 2016 to 2017 was over 8%.



This also obviously proves true for billionaires, who amounts of have likewise been increasing. Not all millionaires have enough disposable income to afford many of the products offered in this industry, so billionaires make up a large portion of who purchases the vehicles, mainly the top tier limited models offered by the brands.



Many of the trends within this industry are also evolving, with hybrid and electric technology making regular advancements, many brands within this industry are putting an increased emphasis on having the highest level of this technology in their products. This is driving demand for these high-tech products up with the wealthy as they can own current peak of cutting edge technology. There's is also a quickly growing market for super luxury SUVs, and it attracts many of those who are wealthy enough to afford products in this industry but do not have the desire to drive a high performance sports car. It comes from a desire to obtain the status of the brands in the industry, but it also maintains the practicality and usability that is lost on high performance cars. SUVs represent a large opportunity for these brands as they sell high numbers, attract first time buyers along with introducing new clients to the brand. A significant portion of demand in the industry is also driven by new product launches themselves. The market share of individual producers fluctuates over time reflecting the timing of product launches. New launches tend to drive sales volumes even in difficult market environments because the novelty, exclusivity and excitement of a new product is capable of creating and capturing its own demand from clients.

### Business Model:

RACE, through with its subsidiaries, designs, engineers, produces, and sells luxury performance sports cars. The company offers sports cars, GT cars, special series cars, limited edition supercars, limited editions series, and one-off cars; and open air roadsters and two-seater mid-rear-engined roadsters. It also provides non-registered racing cars; and parts, as well as after sales, repair, maintenance, and restoration services for cars. In addition, the company licenses its Ferrari brand to various producers and retailers of luxury and lifestyle goods; and Ferrari World, a theme park in Abu Dhabi, the United Arab Emirates. Additionally, the company provides direct or indirect finance and leasing services to retail clients and dealers; and manages race tracks, as

well as owns and manages two museums in Maranello and Modena, Italy. As of December 31, 2017, it had a total of 48 retail Ferrari stores, including 30 franchised stores and 18 owned stores. The company also sells its products through a network of 164 authorized dealers operating 185 points of sale worldwide, as well as through its Website, store.ferrari.com.

One of RACE's key business models is to sell fewer cars than the market demands to likewise keep prices high, keep demand high, and keep the exclusivity of the brand, they do this through a balance of product innovation, high levels of manufacturing quality, and strategic product distribution. They operate with a large waitlist for customers, at times taking up to two years to get the ordered car, however with recent increases in production the waitlist time is down to around a year depending on the model.

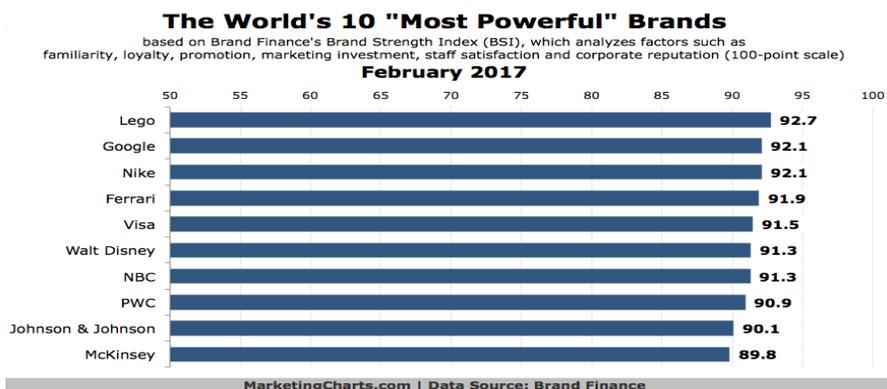
## Segment Analysis:

RACE has 4 reportable segments; Cars and Spare Parts which is 71.9% of their revenue, Sponsorship, Commercial, and Brand, which makes up 14.5%, Engines sales which make up 10.9%, and Other which is 2.7% of revenue. They are an international company making 38.3% of their revenue in the EMEA (Europe, Middle East, Africa) Countries, 27.0% of their revenue in the Americas, 16.5% to Italy, 10% to the Asia-Pacific Region, and 8.3% in the Greater China region.

The Cars and Spare Parts segment is by far the most profitable of RACE's segments and is what the brand itself is known for. In the 2017 year, 3 new cars were launched; Ferrari's step into the luxury segment with the Ferrari Portofino, the supercar the Ferrari 812 Superfast, and the track only hypercar the LaFerrari Fxx K Evo, which is an extremely expensive, exclusive, and high performance version of their flagship model The LaFerrari. 2018 recently had Ferrari's first new product announcement, the 488 Pista, a special series car. All of these new offerings have resulted in a continually strengthening waitlist. Including these new offerings RACE currently has 10 models available for purchase, 3 are GT cars, 3 are sports cars, 3 special series cars, and 1 limited edition hypercar. Their sales volume has supported the majority of the margin growth that they have seeing over the past year with sales increasing from 8014 cars to 8398 cars in 2017. This coincides with revenue increasing 3105.1M to 3416.9M in the past year. This segment continues to be highly profitable and should continue to become even more so in the future as Ferrari expands into other geographic locations and new product segments.

The Sponsorship, Commercial, and Brand segment does not bring in as much profit for RACE but it is integral to the company as it helps the power of the brand itself which drives sales in the Cars and Spare Parts Segment. The basis of this segment is the success of the Ferrari racing teams, in particular the success of their Formula 1 team. Through success on the largest stage in racing RACE is able to make their brand synonymous with elite levels of competition and excellence, success in Formula 1 relates to very high levels of brand recognition and increases the power of the logo. The success determines the level of sponsorships RACE can attain on their cars as well. The racing team is a key component of their marketing strategy and can be perceived by their clients as a demonstration of the technological capabilities of RACE's Sports and GT cars which also supports the appeal of other Ferrari-branded luxury goods. These other luxury goods make up the Commercial and Brand portion of this segment. RACE has put a large amount of marketing effort into making the Ferrari logo coincide with a certain wealthy lifestyle. As a result you will find the logo on different types of high premium products, from watches worth thousands of dollars to clothes worth just as much. The success of the racing team and their racing pedigree is what makes the general public associate

Ferrari with greatness, and through this it allows them to put their logo on so many high end products and associate the brand with an affluent lifestyle. In 2017 Forbes ranked the Ferrari brand as the 4<sup>th</sup> most powerful in the world, they have been steadily increasing in rank since 2015 where they were ranked 9<sup>th</sup> and subsequently dropped out of the list in 2016. This segment's revenue increased from 488.5M to 494.1M in the last year.



The Engine Segment is directly related to RACE's sister company Maserati, as RACE produces all the engines that are used in Maserati's vehicles. Maserati has seen success and growth in sales in the past years and this reflects in the growth and profit of the Engine Segment. Maserati has seen continued success and growth over the past years with the engines of their cars being sourced from Ferrari. RACE also received the "International Engine of the Year" award for the 2<sup>nd</sup> year in a row. This segment makes up 10.9% of company revenue and increased from 337.9M to 373.3M in the past year.

The Other Segment has revenues that primarily include interest income generated by financial service activities and net revenues from the management of the Mugello racetrack. It decreased from 98.6M to 93.5M, making up 2.7% of company revenues in 2017.

In Millions of EUR except Per Share	2014 Y		2015 Y		2016 Y		2017 Y	
12 Months Ending	12/31/2014		12/31/2015		12/31/2016		12/31/2017	
Revenue	2,762.4	100.0%	2,854.4	100.0%	3,105.1	100.0%	3,416.9	100.0%
Cars and Spare Parts	1,943.7	70.4%	2,080.2	72.9%	2,180.0	70.2%	2,456.0	71.9%
Sponsorship, Commercial, & Bra..	416.7	15.1%	441.1	15.5%	488.5	15.7%	494.1	14.5%
Engines	311.2	11.3%	218.7	7.7%	337.9	10.9%	373.3	10.9%
Other	90.8	3.3%	114.4	4.0%	98.6	3.2%	93.5	2.7%
Vehicles Sold - Worldwide	7,255	100.0%	7,664	100.0%	8,014	100.0%	8,398	100.0%
Vehicles Sold	7,255	100.0%	7,664	100.0%	8,014	100.0%	8,398	100.0%

## Management/Ownership:

RACE is primarily owned by investment advisors with 43.95% of ownership, then Corporations with 29.52%, Individual with 13.54%, and Hedge funds with 3.28%. Hedge fund ownership has fallen by 0.14% in the past year and Investment Advisor ownership has fallen by 2.59%. The majority holder of RACE is EXOR N.V.,

an Italian investment company, with 23.52% of shares outstanding. Then is Piero Ferrari, the only living son of Ferrari founder Enzo Ferrari, with 10% of shares. Next is Blackrock investments with 3.59% of shares. RACE has 67.7% of shares freely floated. As RACE has come down from their 52 week high, the short interest days to cover has increased from 3.04 at the 52 week high to 7.5. The high was at the end of December directly before a positive RACE earnings report with days to cover of 11.5. The low came at the end of July with days to cover of 2.5.



Chairman and CEO Sergio Marchionne was appointed in 2016 and although controversial at first within the car community amidst worry over diluting the brand due to his desire to increase production volume, he has brought the company continued financial success since his appointment. Marchionne is also the CEO of Fiat Chrysler Automobiles (FCA), who are the 7<sup>th</sup> largest automobile manufacturer in the world, although he plans to step down in 2019 and fully commit to Ferrari. He was previously CEO of Fiat before their acquisition of Chrysler and is widely recognized for turning the company around. Ferrari does not have information regarding executive compensation listed as most of the executives are payed through Fiat Chrysler Automotive and their positions held there making the information difficult to consolidate into a single picture, however Marchionne's salary from FCA has increased by roughly 30% in the last two years.

Name	Title	Board	Age	Tenure	Start
1) Sergio Marchionne	Chairman/CEO	✓	65	1.8	05/2016
2) John Philip Elkann	Vice Chairman	✓	41		
3) Piero Ferrari	Vice Chairman	✓	72		
4) Alessandro Gili	Chief Financial Officer		46 *	3.1	02/2015
5) Michael Hugo Leiters	Chief Technology Officer		46 *	4.2	01/2014
6) Vincenzo Regazzoni	Chief Manufacturing Officer		54 *	3.0	03/2015
7) Michele Antoniazzi	Chief Human Resources Ofcr		48 *	1.9	04/2016
8) Enrico Galliera	Chief Mktg & Commercial Ofcr		51 *	2.4	10/19/2015
9) Luca Fuso	Chief Brand Officer		56 *	2.5	09/2015

## Capital Allocation Comparison:

RACE has a Total Debt to Total Asset Ratio of 43.62%, this is slightly higher than the competitor median of 39.83%, along with this RACE has stated that recently that they plan on decreasing their debt levels and it has decreased over the past year. RACE currently has two bonds out, one is a 500 Euro aggregate principal amount of 1.5% note due 2023 and the other is a 700 million aggregate principal amount of 0.25% note due 2021. This makes up roughly 1200M of their 1800M, the remaining being a mix of short and long term industrial debt. RACE has a WACC of 8.428% that is higher than the competitor median of 6.83%, however their ROIC is also much higher than the median, respectively 23.89% to 6.16%. ROE is extremely high compared to their competitors and this is because the difference between Net Income to Common Shareholders and Total Common Equity is much smaller compared to competitors.

Name	Ticker	Mkt Cap	T12M EBITDA Mrgn:Y	NI Mrgn Adj:Y	OPM:Y	ROIC:Y	ROA:Y	ROE:Y	Debt/Assets:Y
Median		50.66B	13.98%	6.28%	7.29%	6.16%	4.02%	16.80%	39.83%
100) FERRARI NV	RACE US	23.34B	30.17%	15.56%	22.55%	23.89%	13.31%	96.36%	43.62%
101) FIAT CHRYSLER AUTOM	FCAU US	33.16B	11.68%	3.59%	6.37%	12.92%	3.97%	19.90%	18.66%
102) VOLKSWAGEN AG	VOW GR	98.55B	16.28%	6.37%	6.73%	3.40%	3.53%	16.08%	38.72%
103) BAYERISCHE MOTOREN	BMW GR	68.17B	18.24%	8.68%	9.92%	6.23%	4.49%	16.93%	48.35%
104) DAIMLER AG-REGISTERE	DAI GR	89.81B	11.30%	6.19%	7.85%	6.08%	4.08%	16.67%	40.93%
105) ROLLS-ROYCE HOLDING	RR/ LN	23.36B	11.04%	3.94%	5.64%	-27.37%	2.31%	15.99%	11.63%

## Profitability Comparison:

Since their IPO in 2015, RACE has seen a large percentage growth in Revenue, Gross Profit, EBITDA, Net Income, and EPS, along with this RACE has seen notably high margin growth. This is due to their continually geographic expansion, high quality of product, and strong brand image.

In Millions of EUR	2014 Y	2015 Y	2016 Y	2017 Y	Current/LTM	2018 Y Est	2019 Y Est
12 Months Ending	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2017	12/31/2018	12/31/2019
Market Capitalization	-	8,345.5	10,414.3	16,478.1	18,892.3		
- Cash & Equivalents	134.3	182.8	457.8	647.7	647.7		
+ Preferred & Other	8.7	5.7	4.8	5.3	5.3		
+ Total Debt	510.2	2,260.4	1,848.0	1,806.2	1,806.2		
Enterprise Value	-	10,428.9	11,809.4	17,641.8	20,056.1		
Revenue, Adj	2,762.4	2,854.4	3,105.1	3,416.9	3,416.9	3,558.7	3,822.8
Growth %, YoY	18.3	3.3	8.8	10.0	10.0	4.1	7.4
Gross Profit, Adj	1,256.5	1,355.6	1,562.4	1,766.0	1,766.0	1,837.4	1,987.9
Margin %	45.5	47.5	50.3	51.7	51.7	51.6	52.0
EBITDA, Adj	692.7	721.9	874.1	1,031.0	1,031.0	1,116.3	1,236.9
Margin %	25.1	25.3	28.1	30.2	30.2	31.4	32.4
Net Income, Adj	270.9	290.3	419.8	531.8	531.8	579.8	648.7
Margin %	9.8	10.2	13.5	15.6	15.6	16.3	17.0
EPS, Adj	-	1.53	2.22	2.80	2.80	3.08	3.43
Growth %, YoY	-	-	44.9	26.1	26.5	10.0	11.2
Cash from Operations	426.1	707.3	1,005.3	662.8	662.8		
Capital Expenditures	-169.4	-184.9	-175.6	-188.9	-188.9	-501.5	-474.2
Free Cash Flow	256.7	522.4	829.7	473.9	473.9	276.0	400.7

RACE's revenue growth rate is 10.04% compared to a competitor median 6.7%. Along with this, Gross and Profit margin over the last year are both over double the competitor median. Asset Turnover and Inventory

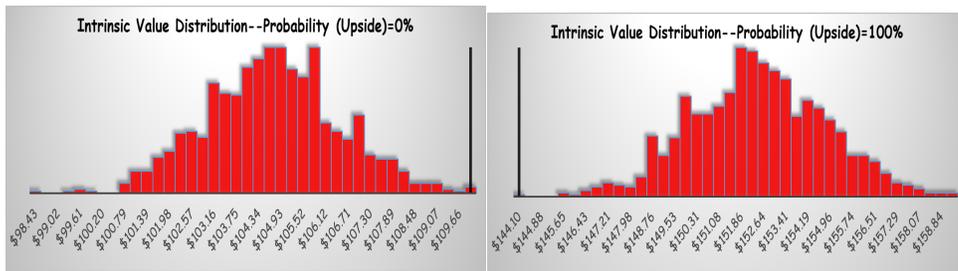
Turnover both hover around the competitor median, however the Cash Conversion Cycle of RACE distinguishes itself from the competitor's median of 107.94 with a value of -24.49. This negative cash conversion cycle implies that they are not paying for their inventory or materials until after they have sold the product that they are associated with and that RACE is using their working capital very efficiently. These numbers back up the strong revenue and margin performance that RACE has been reporting.

Name	Ticker	Mkt Cap	GM:Y	PM:Y	Ast TO:Y	Inv turnover:Y	A/P turnover:Y	Cash Conversion Cycle:Y	Rev - 1 Yr Gr:Y
Median		50.89B	20.10%	6.28%	0.62	4.92	7.79	107.94	6.70%
100) FERRARI NV	RACE US	23.34B	51.69%	15.56%	0.86	4.60	2.82	-24.49	10.04%
101) FIAT CHRYSLER AUTOMO	FCAU US	33.16B	15.29%	3.59%	1.11	7.51	4.25	-19.70	-0.08%
102) VOLKSWAGEN AG	VOW GR	99.21B	19.99%	6.37%	0.55	4.74	8.27	134.44	6.17%
103) BAYERISCHE MOTOREN	BMW GR	68.62B	20.20%	8.68%	0.52	6.42	8.73	140.53	4.79%
104) DAIMLER AG-REGISTERE	DAI GR	90.41B	20.89%	6.19%	0.66	5.09	10.84	148.64	7.22%
105) ROLLS-ROYCE HOLDING	RR/ LN	23.49B	19.46%	3.94%	0.59	3.89	7.32	81.45	9.04%

### Sensitivity Analysis:

RACE's stock price value is very sensitive to revenue and operating costs. The bear and bull case valuation are evaluated using a Monte Carlo simulation with different assumptions. Under the bear case, there is a 0% intrinsic value probability upside. This creates a target price of \$113.36 and a 1 year target return of -5.16%. This is due to making the assumption that sales and revenue will stagnate due to lack of new buyers, and costs are going to increase due to the increasing technological complexity demanded for products in the industry. Specifically assuming that EBITDA margin would shrink by 5%, revenue would stagnate, and CAPEX and R&D Expense would increase 10%. Based on historical financial performance it is highly unlikely that this situation would occur, however if it did the money would be much better off invested elsewhere as this would generate a loss. The bull case involves the assumptions that revenues and margins increase as a result of increased demand for RACE's products, and that costs remain at the historical average through innovating the new technologies required in the industry efficiently and without incident. This case gave a 100% intrinsic value probability upside. It created an intrinsic value of \$152.03, a 1 year target price of \$165.01, and a 1 year target return of 37.73%. Specially the assumption involves the EBITDA margin hitting RACE's currently stated target price of 36% and remaining there. It also assumes that CAPEX and R&D expense remain at their historical averages while revenue increases by 6%. As positive as the bull case is, it is also unlikely as increasing revenue without increasing their costs as well would be an extremely difficult task. The base case was a mixture of probable aspects of both the bear and bull cases. The base case gave a 99.9% intrinsic value probability upside. It created the intrinsic value of \$133.67, a target price of 145.08, and a 1 year target return of 21.18%. Specifically under this assumption, RACE's EBITDA margin increased to their target but did not continue at that level and returned to a median between the historical average and their target margin, as the target margin level of growth would be unlikely to be maintained over time. CAPEX is assumed to increase by 3%, and R&D Expense by 5% over their historical growth averages, both due to the increasingly competitive market conditions, and the increasing demand for technological complexity and innovation within the industry's products. These were offset by an assumed revenue increase of 6% over the historical growth average, due to a large increase in sales driven by product segment diversification, and expansion into

new geographic locations. This base case is the most probable to occur based off the strong financial performance that RACE has shown so far since their IPO. With the forays into the luxury, SUV, and EV market that are planned by RACE into the near future, combined with their brand strength, it is highly likely that financial figures around the base case will be produced.



Bear Case (Left)/Bull Case (Right)

### Summary:

In conclusion, RACE is a buy at its current price. This is due to the fact that they are one of the leaders of the super-luxury car segment, a segment which sees consistent growth, and does not see much volatility in its also consistent growth in demand. Along with their strong financial performance and historically shown ability to drive success through product innovation, RACE is in a strong position to find considerable financial success in the new product segments that this industry is pushing manufacturers toward. Efficient capitalization of these new segments will create a high level of growth for RACE over the next year or more. Based on this analysis, the upside is greater than the downside and the upside is a much more probable occurrence. RACE's 1 year target price is \$145.08 with a 21.18% 1 year target return, which is reasonable based on analysis and current price. RACE appears to be in a strong position to break its 52-week high over the course of the year.

Ferrari N.V. (RACE)

CENTER FOR GLOBAL FINANCIAL STUDIES

BULLISH

Current Price:

\$120.42

Intrinsic Value:

\$133.67

Target 1 year Return: 21.18%

Dividend Yield:

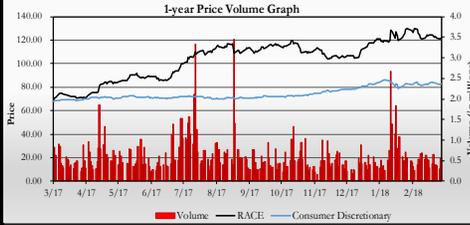
0.7%

Target Price:

\$145.08

Probability of Price Increase: 100%

3/23/2018



<b>Description</b>		<b>Market Data</b>	
Ferrari N.V., through with its subsidiaries, designs, engineers, produces, and sells luxury performance sports cars.		Market Capitalization	\$22,730.87
		Daily volume (mil)	0.43
		Shares outstanding (mil)	188.76
		Diluted shares outstanding (mil)	189.76
		% shares held by institutions	109%
		% shares held by investments Managers	27%
		% shares held by hedge funds	6%
		% shares held by insiders	10.80%
		Short interest	1.78%
		Days to cover short interest	5.94
		52 week high	\$131.20
		52-week low	\$69.49
		Volatility	0.00%
<b>General Information</b>			
Sector	Consumer Discretionary		
Industry	Automobiles		
Last Guidance	February 12, 2018		
Next earnings date	May 3, 2018		
<b>Market Assumptions</b>			
Estimated Equity Risk Premium	6.04%		
Effective Tax rate	23%		

Quarter ending	Revenue	EBITDA
12/31/2016	3.22%	230.94%
3/31/2017	7.04%	0.64%
6/30/2017	-0.22%	18.21%
9/30/2017	0.68%	-2.87%
12/31/2017	-2.55%	8.33%
Mean	1.63%	47.72%
Standard error	1.0%	

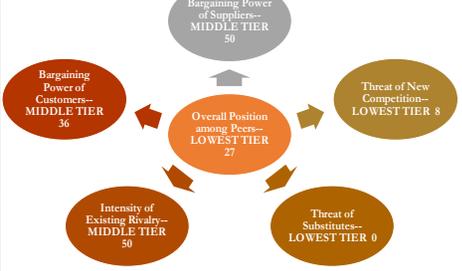
Market and Credit Scores	
Recommendation (STARS) Value--0	
Recommendation (STARS) Description--0	
Quality Ranking Value--0	
Quality Ranking Description--0	
Short Score--0	
Market Signal Probability of Default % (Non-Ratings)	40.467%
CreditModel Score (Non-Ratings)--bbb	6.27%

Industry and Segment Information	
LTN Revenues by Geographic Segments	LTN Revenues by Business Segments
Italy--17%	Sale of Luxury Performance Sports Cars--100%
Other EMEA--38%	--
Americas--27%	--
China, Hong Kong and Taiwan--8%	--
Rest of APAC--10%	--

Management	Position	Total Compensations Growth	Stock Price Growth During Tenure
Marchionne, Sergio	Chairman & CEO	0% per annum over by	
Gil, Alessandro	Chief Financial Officer	0% per annum over by	
Leiters, Michael	Chief Technology Officer	0% per annum over by	
Galleria, Enrico	Chief Marketing & Commercial Officer	0% per annum over by	
Antoniazzi, Michele	Chief Human Resources Officer	0% per annum over by	
Arrivabene, Maurizio	Managing Director of Gestione Sportiva	0% per annum over by	

Profitability	RACE (LTM)	RACE Historical	Peers' Median (LTM)
Return on Capital (GAAP)	20.4%	34.09%	6.51%
Operating Margin	22%	25.74%	9.30%
Revenue/Capital (GAAP)	0.94	1.32	0.70
ROE (GAAP)	44.5%	-126.5%	26.0%
Net margin	18.3%	21.6%	9.0%
Revenue/Book Value (GAAP)	2.43	-5.86	2.88

Invested Funds	RACE (LTM)	RACE Historical	Peers' Median (LTM)
Cash/Capital	17.1%	3.8%	15.7%
NWC/Capital	17.3%	14.1%	-4.5%
Operating Assets/Capital	45.0%	18.3%	81.8%
Goodwill/Capital	20.5%	63.9%	7.0%



Forecast Assumptions	Explicit Period (6 years)	Continuing Period
Revenue Growth CAGR	12%	2%
Average Operating Margin	27%	26%
Average Net Margin	27%	25%
Growth in Capital CAGR	14%	2%
Growth in Claims CAGR	2%	2%
Average Return on Capital	14%	11%
Average Return on Equity	17%	12%
Average Cost of Capital	9%	9%
Average Cost of Equity	9%	9%

