

Case analysis ipo: ferrari n.v.

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➤ Introduction:

Ferrari was incorporated as a public limited liability company (naamloze vennootschap) under the laws of the Netherlands on May 24, 2013 under the name New Business Netherlands N.V. Shortly prior to the date hereof, our name was changed to Ferrari N.V. Its corporate seat (statutaire zetel) is in Amsterdam, the Netherlands, and its registered office and principal place of business is located at Via Abetone Inferiore n. 4, I-41053 Maranello (MO), Italy. Its telephone number is +39-0536-949111. The website: www.store.ferrari.com.

➤ Basic situation:

	IPO (October 2015)	Now (March 2019)	Change %
Employees	2858	3587	26%
Share price	\$52	\$131.78	153%
Shares outstanding	17175000	245138962	1327%
Market cap	\$893100000	\$32304412412	3517%

From Ferrari's basic situational point of view, its IPO is a great success, the number of employees has increased by 26% in the three-year edition, which is enough to show that Ferrari's scale is expanding, share price and market cap are also in the ascendant.

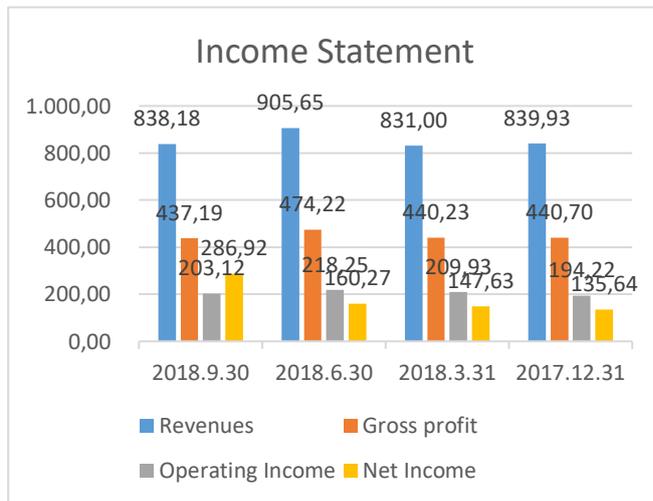
Ferrari NV ▲ 131.78 +0.59 (+0.45%)



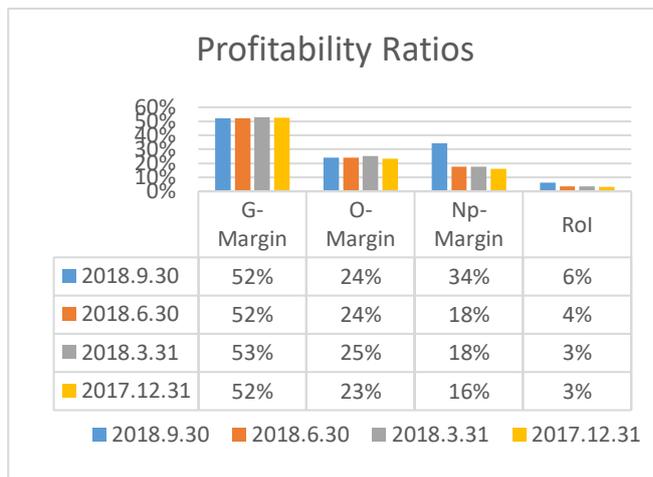
Stock price	2018/3/18	2018/12/18	2019/3/18	change in three months	change in one year
Ferrari	\$121.94	\$101.50	\$131.78	29.83%	8.07%

S&P 500	\$2752.01	\$2598.38	\$2822.48	8.62%	2.56%
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We can see from the changes of Ferrari's stock price that Ferrari's stock price has been rising steadily since its IPO (except for the temporary decline caused by systemic risk in the second half of 2018). This may also be related to Ferrari itself as a long-standing enterprise. Since 1947, Ferrari has been developing for more than 70 years. High-quality cars are well-known in the world, which brings a good reputation and many loyal customers. In contrast, Ferrari's stock is also more profitable than S&P 500, which means that its beta is greater than one.



However, we can see from the income statement that Ferrari's income, gross income and operating income have not changed much in the last four quarters. This shows the stability of Ferrari, but also shows that the market may be saturated and its growth may not be too high. Therefore, Ferrari should expand its own industrial chain, or strengthen technological innovation and product diversity, in order to stimulate consumer demand and achieve the second growth of enterprises.



In addition, we can see that Ferrari's great advantage is that its net profit margin is very high, about 20%, while the net profit margin of the same industry is only about 4%. Ferrari's EPS has a similar situation, Ferrari's EPS is 25.72 and the same industry only 8.96.

In addition, in recent years, Ferrari's cash flow has been positive, even accounting for a large proportion of net profit. All of these show that Ferrari is not short of money. It should be used to repay existing debts and put the rest into the new industry chain to keep the enterprise and capital alive.

In short, Ferrari has won the preference of many investors because of its long-standing reputation and stability. But the steady income and saturation of the market indicate that Ferrari is in the mature period of the enterprise. It should enter into a new round of change. Only by investing surplus funds in reproduction and industrial chain, can Ferrari remain invincible for a long time.