

# **Ferrari**

## **FERRARI N.V. ANNUAL GENERAL MEETING**

Address from  
CEO Louis C. Camilleri

Amsterdam, April 16<sup>th</sup>, 2020



Thank you John

Let me first also welcome everyone to this Annual Meeting and echo John's words in regard to your health and safety and that of your loved ones. Ultimately nothing is more important.

It is often said that the true measure of a person is best taken in a time of crisis. On that score everyone within the Ferrari family, individually and collectively, has been outstanding. I cannot sufficiently underscore the level of commitment, resilience, courage and determination exhibited by all. As John just mentioned, your company and its people have



shown an exemplary level of solidarity for those less fortunate in Italy and within our communities.

We have and continue to use our expertise, technical ingenuity and global network to alleviate the shortage of medical supplies and devices in Italy and especially within the confines of our broader community in the Emilia Romagna region. Much has been accomplished and more is to come. Of particular note are the incredibly generous contributions from numerous Ferrari owners across the world to assist those in the greatest need within the province of Modena. We have often referred to Ferrari as a family. The last few months have more than affirmed this in countless ways and we all need to both salute and applaud the Ferrari family for all that it has undertaken to date to make a real difference.

While production is ceased for the time being, there has been an incredible level of work to prepare for the resumption of all of our activities in a disciplined and progressive manner that will give utmost priority to the wellbeing and welfare of all our employees, while being very conscious of our responsibilities towards our supply chain, our dealers and ultimately our clients.



These are unprecedented times and we are well aware of all the uncertainties that lay ahead, the famous known unknowns or even the unknown unknowns.

I can assure you, however, that all the actions taken so far embed a significant degree of flexibility to both addresses the short term challenges and prepare us to flourish when the time comes. No one knows for sure precisely when this will occur, but as Shakespeare wrote in Hamlet, "If it be not now, yet it will come! The readiness is all!!"

Rest assured that we at Ferrari are ready.

While the year 2019 appears today to be a very long time ago, our record results, which I will cover shortly, have put us in an enviable position to face the future with confidence. This faith rests on the unparalleled strength of our brand, our enduring business model and the strength of our balance sheet which provides us with ample liquidity.

As previously announced, we intend to provide guidance regarding our projections related to 2020 during our first quarter earnings' call scheduled for May 4. Recognizing that full and precise visibility at the time will still not be completely available to us.



Let me now turn to our achievements and results in 2019.



## 2019 PERFORMANCE CONFIRMS STRONG MOMENTUM



2019 record results met upgraded targets

Revenues up 10.1% and operating profitability up 14.0%. Adjusted diluted EPS<sup>(1)</sup> of €3.71 (+9.1%). Industrial free cash flow generation<sup>(1)</sup> of €675 million boosted by advances on the Ferrari Monza SP1 and SP2.

Rewarding shareholders: €195 million of dividend distribution and share repurchase program of €387 million executed in 2019

2019 saw the unveiling of five new models, a record for Ferrari

Finalized and announced Brand Diversification strategy

Brand Finance Global 500 names Ferrari as the world's strongest brand for second consecutive year in 2020



### FURTHER FINANCIAL GUIDANCE UPDATE DURING Q1 2020 EARNINGS' CALL

2020 AGM

Note: (1) Reconciliations to non-GAAP financial measures are provided in the Appendix

April 15<sup>th</sup>, 2020

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It was a significant year for Ferrari from a financial perspective and our overall strategic positioning. We delivered strong results, meeting or exceeding our already upgraded financial targets for the year, as we pursue our long-term vision. The most impressive numerical achievement was our industrial free cash flow, which reached a level of EUR 675 million.

2019 saw the unveiling of five new models, a record for Ferrari, that ensures we are able to satisfy the varied requirements of our existing and new clients.

Our V8 turbo engine was named "International Engine of the Year" for the fourth consecutive



occasion, whilst the styling of the Ferrari Monza SP1 secured us our fifth consecutive “Red Dot Best of the Best” award. Ferrari was also awarded the title of the world’s strongest brand for the second consecutive year by Brand Finance.

Our new brand diversification strategy was presented in November 2019, which we believe will ultimately enhance the vitality of our brand equity and supplements our profitability.



## FY 2019 HIGHLIGHTS



### SHIPMENTS<sup>(2)</sup>

(UNITS)



### NET REVENUES

(€M)



### ADJUSTED EBITDA<sup>(1)</sup>

(€M and margin %)



### ADJUSTED EBIT<sup>(1)</sup>

(€M and margin %)



\*€17 million due to positive impact from IFRS 16 (first time adoption, simplified approach)

### ADJUSTED DILUTED EARNINGS PER SHARE<sup>(1)</sup>

(€)



### INDUSTRIAL FREE CASH FLOW<sup>(1)</sup>

(€M)



Note: (1) Reconciliations to non-GAAP financial measures are provided in the Appendix. Results reflect IFRS 16 (first time adoption, simplified approach). Certain totals in the tables included in this document may not add due to rounding. (2) Refer to notes to the presentation in the Appendix.

2020 AGM

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Our 2019 results were strong on all metrics with **industrial free cash flow** generation for the year nearly doubling versus last year, boosted by the advances collected on the Ferrari Monza.

Our **shipments** grew by 880 units versus the prior year, mainly driven by the robust deliveries of the Ferrari Portofino and the 812 Superfast.

**Group net revenues** increased by 10.1% to EUR 3.8 billion generating an **adjusted EBITDA** of EUR 1,269 million, improving by EUR 155 million or 14.0%. Adjusted EBITDA margin was 33.7%, up 110 basis points versus prior year, in spite of the product mix





available for most of the year and the higher operating expense entailed by the expansion of our activities.

**Adjusted diluted EPS** was up 9.1% to EUR 3.71, benefiting from the Patent Box agreement signed in 2018, but also reflecting the EUR 8 million cost of the cash tender offer on part of the euro bonds outstanding.

**Net industrial debt** at the end of December 2019 was EUR 337 million compared to EUR 370 million at the end of December 2018, which includes the initial implementation of our share repurchase program and the dividend distribution for EUR 195 million.



## EXPANDING THE FAMILY OF FERRARISTI



FERRARI  
**F8 TRIBUTO**



**SF90 STRADALE**



FERRARI  
**F8 SPIDER**



**812 GTS**



FERRARI *Roma*

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2 NEW MODELS TO BE LAUNCHED IN 2020

The highlight of 2019 was undoubtedly the unveiling of 5 new models: our first production hybrid model, the SF90 Stradale, opened a new chapter in our history, whilst the Ferrari Roma is a coupé that effortlessly translates the elegance of the Ferrari Grand Touring cars of the 1950s and 60s into very modern styling, allowing us to tap into the needs of a new client segment. We also unveiled the F8 Tributo, a two-seater V8 mid-rear-engined berlinetta, in addition to its drop-top version, the F8 Spider, and 812 GTS, which hails a return exactly 50 years since the last series spider sported a front-mounted V12.



All garnered an enthusiastic response from the market and worldwide acclaim for both their design and performance thus sustaining our 2020 order book that remains as strong as ever in both absolute and relative terms.

During 2019 we continued to invest in our infrastructure, resources, technological creativity and people:

- i. we strengthened our organization with the development and acquisition of talents to fill the skill gaps that we will need going forward;
- ii. capital expenditures rose to EUR 706 million in 2019, reflecting, further investments in innovation and technology, Formula 1 infrastructure and the purchase of tracts of land contiguous to our facilities in Maranello.

While this reflected higher costs, we are confident that this action will provide us with the necessary flexibility to retain our competitive advantage over the longer run.

Based on these strong results, the Board of Directors has recommended a dividend of EUR 1.13 per outstanding common share, corresponding to a total cash outflow of approximately EUR 210 Million, subject to the approval of the Company's Shareholders at this meeting. We believe that this



payout reflects our confidence in the future and our desire to reward shareholders at a difficult time.

The extraordinary results we achieved this year, both from a financial and operational standpoint, are a tribute to all those who make up the Ferrari Group. I would like to thank everyone at Ferrari for their professional and personal contribution, and for the very clear passion and sense of responsibility displayed in their work each and every day.

I also take this opportunity to thank you - our shareholders - for remaining our trusted partners and supporters in this crucial period of growth and innovation for Ferrari.

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I will now pass the meeting back to the Chairman of the meeting.