Ferrari: The Paradox of Continuity

MANAGEMENT DECISION

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Share-price Volatility

On October 9, 2025, at the Capital Markets Day held at the Maranello headquarters, Ferrari experienced one of the worst trading days since its listing. On the Milan Stock Exchange, its share price plummeted by as much as 16% in a single day, and its market value instantly dropped by 13.5 billion euros.

The reason for this sharp decline was that the company's long-term strategic plan set for 2030 failed to meet the expectations of investors. The management adjusted the expected net income for 2025 to 7.1 billion euros but projected the revenue for 2030 to be approximately 9 billion euros. Analytical institutions such as RBC Capital pointed out that the amount they predicted meant an annualized revenue growth rate of only 6% by 2030. This amount is not only lower than the 10 billion euros that analysts generally predict but also has a growth rate lower than the 10% that Ferrari promised three years ago.

In addition, Ferrari has lowered its electrification target. Ferrari has significantly adjusted the proportion of different types of vehicles. The original plan was to have pure electric vehicles (EVs) account for 40% of sales by 2030, but this has now been halved to 20%. The original planned 20% share for internal combustion engine types has been raised to 40%. The management's response to this change is that this change is a strategic consideration centered on customers and the actual evolution of the current market environment.

Management Response and Strategy

When confronted with the single-day stock market crash and the investors' disappointment, the Ferrari management did not show panic or make new promises to calm the market. Instead, they chose to uphold the core business moat of the brand. Continue to uphold exclusivity and the long-term brand value. As for them, they made efforts in two aspects.

First of all, Ferrari has chosen to maintain its integrity and restraint in relation to the capital market. CEO Benedetto Vigna directly addressed the sharp decline in the stock price and the selling sentiment of investors. He pointed out that the responsibility of the management is to set appropriate and reasonable business goals instead of overpromising in order to stabilize short-term stock prices. The exact words he said to the analysts at the Ferrari capital markets daymeeting were as follows:

"I think people were expecting a higher top line, but I think it is important that we execute what we say. We cannot commit to something we cannot achieve." (CEO Benedetto Vigna, 2025)[1]

In addition, Ferrari continues to strike a balance between technological innovation and exclusivity. Although Ferrari has reduced the proportion of electric vehicles, it still showcased the production chassis of its first electric vehicle, Elettrica, to the market on the event day: a car base with a battery pack and an electric motor, but without wheels or a body. This finished vehicle is expected to be launched globally in 2026. In response to this, Executive Chairman John Elkann reaffirmed Ferrari's car-making philosophy:

"With the new Ferrari Elettrica, we once again affirm our will to progress by uniting the discipline of technology, the creativity of design and the craft of manufacturing."(Executive Chairman John Elkann, 2025)[2]

In response to the issue of brand customer loyalty, the Vigna team released a set of key data. Although Ferrari is holding back on mass production, the number of its active customers has reached 90,000, an increase of 20% compared to 2022. To implement this scarcity positioning strategy, the management has decided to launch only 4 models each year between 2026 and 2030. Continue to adhere to the "value over volume" strategy.

Ferrari first unveiled the interior of the much anticipated Elettrica on February 9th 2026 **(see exhibit 1).** At the same time, they changed the name from "Elletrica" to "Luce". It has received mixed responses from car enthusiasts, because of the different and simplistic design aspect contrasting its combustion-engine cars with the complex racing interior. Ferrari partnered with Sir Jony Ive, the former Apple design chief which draws similarities to the Luce (Elettrica) as Designed in California, Made in Italy.

Current Situation and Market Verification

As time went on, time proved that the strategic determination of Ferrari's management team was correct. The full-year financial report for 2025, released in February 2026, showed that Ferrari's total revenue for the entire year met the expected figure of 7.1 billion euros. The Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) profit margin reached an extremely outstanding 38.8%, and the industrial cash flow exceeded 1.5 billion euros. Although the quarterly earnings per share (EPS) for the fourth quarter was slightly lower than analysts' expectations due to the phased discontinuation of older models, thanks to its brand heritage and extremely high profit margin, its stock price rose by 8.82% after the release of the financial report, and market confidence was enhanced. JPMorgan analysts remain confident in Ferrari's long-term strategy execution under CEO Benedetto Vigna.

[1] Forbes, 2025
[2] Ferrari 2025

Exhibits

Exhibit 1 – Interior of Ferrari Elettrica (Luce)

References

Ferrari. (2025). Ferrari Capital Markets Day 2030 Strategic Plan, *Ferrari.com*, Available Online: https://www.ferrari.com/en-EN/corporate/articles/ferrari-capital-markets-day-2030-strategic-plan [Accessed 3 March 2026]

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