

Should I Buy This Ferrari?



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The question

- **1984, living in London**
- **Ferrari Dino 308 GTB ~1975 model**
- **Price ~GBP 7,000**
- **Should I buy it and bring to Australia to sell?**



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Costs

- **Purchase**
- **Insurance**
- **Running**
- **Shipping**
- **Customs**
- **Miscellaneous sale costs**

Costs

	Year 1	Year 2	Year 3
Purchase	£7,000.00		
Insurance	£1,250.00	£1,250.00	£1,250.00
Running	£4,000.00	£4,000.00	£4,000.00
Shipping			£2,000.00
Customs			£6,500.00
Sale Costs			£1,000.00
Total Cost	£12,250.00	£5,250.00	£13,750.00

Benefits

- Sale
- ???

Benefits

	Year 1	Year 2	Year 3
Sale			£20,000.00
Driving	£500.00	£500.00	£500.00
Total Benefit	£500.00	£500.00	£20,500.00

Cost Benefit Analysis

- **Cash Flow**

	Year 1	Year 2	Year 3
Total Benefit	£500.00	£500.00	£20,500.00
Total Cost	£12,250.00	£5,250.00	£13,750.00
Net Cashflow	(£11,750.00)	(£4,750.00)	£6,750.00

- **NPV**
(£9,536) assuming 10% rate

- **IRR (198%)**

An Alternative Scenario – the Ford Escort XR3i

- **Buy a cheaper car**
- **Use for a few years**
- **Dispose when returning from the UK**



Costs of Escort

	Year 1	Year 2	Year 3
Purchase	£6,000.00		
Insurance	£500.00	£500.00	£500.00
Running	£3,000.00	£3,000.00	£2,500.00
Shipping			£0.00
Customs			£0.00
Sale Costs			£200.00
Total Cost	£9,500.00	£3,500.00	£3,200.00

Benefits of Escort

	Year 1	Year 2	Year 3
Sale			£4,000.00
Driving	£500.00	£500.00	£500.00
Total Benefit	£500.00	£500.00	£4,500.00

Cost Benefit Analysis for Escort

- **Cash Flow**

	Year 1	Year 2	Year 3
Total Benefit	£500.00	£500.00	£4,500.00
Total Cost	£9,500.00	£3,500.00	£3,200.00
Net Cashflow	(£9,000.00)	(£3,000.00)	£1,300.00

- **NPV**
(£9,684) assuming 10% rate

- **IRR (158%)**

Decision

- **Would you buy the Ferrari?**
- **Would you buy the Ford?**
- **Would you do something else?**
- **What I did**

Who was this?



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The Aftermath

- Enzo Ferrari passes in 1988, age 90
- All cars he works on become instant collector's items
- In April 2015 a Ferrari 308 GTB was listed on www.carandclassic.co.uk at GBP 55,000

The Aftermath

The screenshot shows a web browser window displaying a listing for a Ferrari 308 GTB Fibreglass. The browser's address bar shows the URL: www.classicandperformancecar.com/ferrari/308/ferrari-308-gtb-fibreglass-in-maidstone-kent-united-kingdom/44543/ad. The website header includes the logo for "CLASSIC & PERFORMANCE CAR" with the tagline "THE WORLD'S GREATEST CARS FOR SALE", and navigation links for "REGISTER", "LOGIN", and "POST YOUR AD". The breadcrumb trail reads "HOME » FERRARI » 308 » FERRARI 308 GTB FIBREGLASS". A "BACK TO SEARCH RESULTS" link is visible. The main listing features the text "FERRARI 308 GTB FIBREGLASS £129,995", where the price is circled in red. Below the price, the contact information "The Ferrari Centre" and "01622 759599" is displayed. The listing includes three images of the red car: a large front view, a smaller side view, and a smaller front view. To the right of the images is a map of the location, "The Ferrari Centre", with the phone number "01622 759599" and an "EMAIL DEALER" button. At the bottom of the listing, there are social media sharing options for "Tweet", "Share", and "G+1".

From the Internet 24 April 2015

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Final word ...



“The client is not always right.”

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Enzo Ferrari

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To Contact Me

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