2023 Full Year Results

Wednesday 28th February 2024

2023 Full Year Results Presentation

Lawrence Stroll

Executive Chairman, Aston Martin Lagonda

Good morning. Thank you for joining the Aston Martin Lagonda 2023 Full Year Results Presentation and Q&A. I am Lawrence Stroll, Executive Chairman. I am pleased to welcome alongside me today Amedeo Felisa, Chief Executive Officer, and Doug Lafferty, Chief Financial Officer.

2023 Highlights during our historic 110th anniversary

The historic year of our 110th anniversary, 2023 marked an important crossroads for Aston Martin Lagonda. An opportunity to reflect on our rich heritage and progress to date, whilst accelerating forward in our vision for the Company… To be the world's most desirable, ultra-luxury British performance brand.

It's now almost four years since I became Executive Chairman. As I outlined at our Capital Markets Day in June 2023, we have made tremendous progress within that time.

- We've transformed our iconic global brand,
- Reinvigorated our product portfolio,
- And improved our balance sheet, supported by our long-term strategic partners

As a high-performance car enthusiast myself, I take immense personal pride in the collection of stunning new models we've introduced to our community of owners and enthusiasts around the world. We have combined Aston Martin's renown for timeless design and Saville Row craftsmanship with the very best performance engineering and latest technology.

Significant financial and strategic progress delivered in 2023

In 2023, Aston Martin delivered significant financial and strategic progress. This has been driven by continued execution of our growth strategy and demand for our ultra-luxury, high-performance vehicles. We have created one of the strongest, and most exciting, product portfolios in our segment. Leveraging all the skills and knowledge from across the business, we are benefiting from our continued investment in product innovation.

Infusing ultra-luxury with high-performance, our brand position sets us apart as a truly unique business. While investment in people and leadership, which Amedeo will discuss shortly, positions us strongly for accelerated growth in the future.

As we review 2023, it's clear this has been a year of growth for Aston Martin. Supported by a rich mix of sales, we have taken Average Selling Prices to record levels, with 18% year-on-year revenue growth. This resulted in a significantly enhanced gross margin, continuing progress towards our longstanding target of around 40% gross margin in 2024, which Doug will take you through in more detail. The two graphs showing ASP and gross margin improvements since I took over as Executive Chairman in 2020, highlight the significant progress we have made. We are benefitting from our commitment to ensuring all new models have a minimum 40% gross margin.

Our journey of product transformation reached an important strategic milestone in 2023, as we commenced delivery of DB12. The first of our next generation of front-engine sports cars. Launched to tremendous excitement, nine months on we continue to receive positive acclaim. DB12 has been named "Car of the Year" for 2024 by the Robb Report and confirmed by Autocar magazine as a true "Super GT", toppling Italy's finest in a group test. This model has driven reappraisal of Aston Martin amongst new audiences, whilst at the same time engaging our loyal customers. Specials continued to play a significant role, demonstrating the Company's unique ability to operate at the very highest levels of the luxury automotive segment. This included Aston Martin Valkyrie, along with the first Valkyrie Spiders, the production of DBR22 and the 110th anniversary celebration Valour. The DBS 770 Ultimate, the most powerful production Aston Martin ever, was unveiled in January 2023, with the entire run sold out before production commenced. We also continue to experience demand for the world's most powerful ultra-luxury SUV, DBX707, which has added more industry awards to its collection and enjoyed strong visibility as the Official FIA Medical Car of F1.

We continue to invest in establishing Aston Martin as an ultra-luxury, high-performance brand – supercharged by our continued involvement in the pinnacle of motorsport, Formula 1. Proven to bring our brand to new audiences and drive heightened consideration of our products.

Just last weekend, the latest season of 'Drive to Survive' was released globally, featuring Aston Martin in episode one. The most watched show on Netflix in more than 40 countries, the series prominently brings our brand and products to millions of viewers.

Capitalising on the prevailing trend of personalisation within the realm of luxury goods, our Q by Aston Martin bespoke division has helped to increase options revenue whilst providing the tailored service our clientele are seeking. A key landmark in that ultra-luxury retail strategy was achieved in June 2023, as we opened our first global flagship location, Q New York, on one of the most prominent corners of Midtown Manhattan. Aligned with our renewed corporate identity, the new showroom brings the highest levels of our Q by Aston Martin bespoke service to North America for the very first time, providing the most sophisticated luxury specification experience available anywhere in the world.

An exciting view into 2024

2024 is already proving to be another significant and exciting one for the brand, with the highly anticipated arrival of new products.

This includes the completion of our thrilling line-up of new generation, front-engine sports cars, with the recent unveiling of Vantage receiving significant excitement from dealers, customers and the international media. I hope you enjoyed seeing the promotional video with Fernando Alonso at the start of the presentation. Boosted by the addition of over 150 brake horse power, this is the fastest and most driver focused Vantage in the famous nameplate's 74-year history. A model which represents our commitment to delivering a thrilling driving experience and integrating the very best in motorsport technologies. Joining Vantage and DB12, later this year we will reveal a new flagship sports car to complete our front-engine portfolio, replacing DBS.

Continuing our highly desirable Specials programme, we have an incredible, mid-engine hybrid supercar on the horizon in Valhalla. Prototype testing is already taking place and we are currently on course to enter production before the end of this year, marking a key step in our electrification programme.

Critical to the success of our electrification strategy is our supply agreement with Lucid Group, a world-leading electric vehicle technologies company. This long-term relationship will help propel our first battery electric vehicles, as the Company develops alternatives to the Internal Combustion Engine. Recognising changes in our market, we will operate a blended drivetrain approach between 2025 and 2030, including PHEV and BEV, with a clear plan to have a line-up of electric sports cars and SUVs.

And finally, we look forward to continuing the expansion of our ultra-luxury retail strategy in 2024. This will include doors opening to our stunning new showroom at The Peninsula Hotel in Tokyo. And building on the success of Q New York, a second flagship in London, with a high-profile location now identified.

These and other advancements will support the delivery of the Company's near- and medium-term financial targets, including achieving positive free cash flow generation in the second half of 2024, as we unleash the power of our brand and continue our growth trajectory. And with that I would like to hand over to Amedeo.

Amedeo Felisa

Chief Executive Officer, Aston Martin Lagonda

Thank you Lawrence, and good morning everyone.

Before introducing Doug for the financials, I would like to provide some insight on the operational progress we made as an organisation in 2023.

2023 Operational progress

We are led by one guiding principle…*"No one builds an Aston Martin on their own".* And I believe that the significant progress we have made in 2023 demonstrates this strong spirit of collaboration. As Lawrence has outlined, 2023 was a landmark year for Aston Martin's portfolio transformation. Demonstrating our operational progress, we have successfully delivered new core and Special models to the market, the majority of which were in line with our initial production plans.

Commercially, the successful launch of DB12 has reinforced the market opportunity we saw in our new positioning and sets the basis for our future product direction. Media and customer feedback about the design, performance and driving dynamics of the car have been incredible. Whilst incredibly proud of the step-up made with DB12, the ramp up of production was slower than we expected as it was temporarily affected by supplier readiness and integration of the new EE architecture that supports the fully redeveloped infotainment system. That said, the process of resolving these initial production hurdles has provided valuable learnings. Particularly to position us well for future model launches as we embrace our culture of operational improvement, mitigate supply chain risks, and focus on quality, in line with our ultra-luxury positioning.

I am pleased by the continuous improvements and actions we have taken to align the business for its future direction. As a business we are supporting and developing our people, whilst delivering successful model launches to drive our growth ambitions.

In 2023 we strengthened our team with expertise in important areas such as software and supply chain. We've expanded our commitment to training, investing in electrification skills and in-house capabilities to complement our landmark supply agreement with Lucid Group and strong technology partners.

Our investment in people goes far beyond new hires. In 2023 we formalised new company Values and our commitment to becoming a Great Place to Work. This runs alongside completion in the first phase of renovations at our Gaydon headquarters.

We’ve also expanded employee engagement programmes. Including through the introduction of our first all employee share plan, giving colleagues a sense of ownership of our business.

And we expanded our ‘Racing Green’ sustainability strategy with updated targets relating to carbon emissions and biodiversity.

Accelerating. Forward.

Following last year’s progress, let me now look to our future operational goals. At our Capital Markets Day in June 2023, I outlined four areas of mid- and long-term priorities for Aston Martin:

- Our suppliers: Working with suppliers, as partners. Ensuring their readiness and commitment to supporting our product innovation and the ramp up of new models. And critically, further strengthening relationships with our key strategic suppliers – including Mercedes-Benz, Lucid and Geely.
- Manufacturing: Driving continuous improvements in our product launch programmes. Whilst at the same time upskilling teams to support our electrification transition and targeting zero accidents across our facilities.
- People: Attracting and retain the best talent, as we target Great Place to Work Certification and uplift female representation in leadership positions.
- Sustainability: Continuing our journey to net-zero and maximum energy efficiency.

These are priorities that our entire organisation are engaged and focused on, as we drive the future growth ambitions of Aston Martin.

I will now hand over to Doug, to take you through our financial results and outlook.

Doug Lafferty

Chief Financial Officer, Aston Martin Lagonda

Thank you Amedeo, and good morning all. To complete today’s full year results presentation, I’ll take you through our financial performance for the year, before spending some time on our 2024 guidance and medium-term outlook, which remain unchanged.

2023 Financial summary

As Lawrence and Amedeo have discussed, 2023 was a landmark year for the transformation of our portfolio. This has also been reflected in our financial performance, as we made significant progress towards our near- and medium-term financial targets. Importantly this includes progress towards achieving our long standing positive free cash flow inflection point in the second half of 2024.

As shown on the 2023 financial summary slide, we have delivered continuous improvements since 2020 with a positive trajectory across our wholesales, revenues and adjusted EBITDA. This demonstrates the impact of our evolving product portfolio, continual operational improvements and ultra-luxury high-performance brand strategy outlined earlier in the presentation.

Starting at the top of the slide, total wholesales increased by 3% to 6,620 units, driven by a 14% growth in Sport and GT models.

Revenue increased by 18% year-on-year to £1.6 billion, which reflects the continued execution of our growth strategy and enriched product portfolio, with increased options revenue helping to drive our average selling prices to record levels.

Adjusted EBITDA of £306 million increased by 61%, delivering 490 basis points of year-on-year margin expansion, primarily driven by a 42% increase in gross profit. Q4 was a record EBITDA quarter for Aston Martin, at £175 million, a 58% increase year-on-year. Q4 performance reflected the expected growth in Sports and GT models with the production ramp up of DB12 supported by Specials volumes including Aston Martin Valkyrie Spiders, DBR22 and Valour models.

Wholesale volume growth & record ASPs

Looking at full year wholesales and ASPs in more detail, the split of our wholesales is shown on the left-hand side of the slide.

Sport and GT volumes represented 53% of the mix – supported by deliveries of DBS 770 Ultimate and DB12, despite the slight delays incurred to the initial production ramp up`.

It is worth noting that due to the timing of DB12 deliveries in December, total wholesale volumes were temporarily ahead of retail volumes. Prior to the initial delays, retails across the portfolio were ahead of wholesales for the year, and following the unwinding of this position early in 2024 we expect to see retails outpace wholesales again going forward – aligned with our demand-led luxury retail strategy.

Moving to SUV wholesales, we are delighted that the DBX707 is now clearly established as the benchmark in the ultra-luxury SUV segment. DBX707 volumes increased by 25% in 2023 and represented 71% of SUV wholesales, up from 52% in the prior year, with this dynamic benefiting ASPs and margin. This demand underpins the next phase of the model's evolution, as the DBX707 will become the sole SUV model marketed in 2024. We expect this to further support our margin expansion.

Overall SUV volumes were down 9% year-on-year, reflecting the portfolio transition and the previously mentioned elevated Q4 2022 wholesales following disruptions earlier in 2022.

As I've also mentioned, the overall contribution from our Special models was strong this year. This comprised a mature cadence of Aston Martin Valkyries, including the first Aston Martin Valkyrie Spiders, as well as DBR22 and initial Valour deliveries. This demonstrates the Company's unique ability to operate at the very highest levels of the luxury automotive segment, attracting both new customers and collectors to the brand.

On the right-hand side of the slide is wholesale average selling price, which was again one of the highlights of the year. Both core and total ASPs reached record highs, reflecting our enhanced product portfolio, supported by the repositioning of, and investment in, the Aston Martin brand over the last four years, with our ASPs achieving a CAGR of 14% over that period.

In the year, Core ASP was £188k, an increase of 6% year-on-year, driven by strong pricing dynamics and favourable mix from DBS 770 Ultimate, DBX707, V12 Vantage Roadster and new DB12. Total ASP of £231k for the year, increased 15%, also reflecting the Specials programme I've mentioned.

We are addressing the growing demand for unique personalised products in the ultra-luxury market which drove increased options revenue in 2023, further supporting our ASPs and margin progression, which I'll come on to shortly. Moving onto the geographical split on the next slide.

Wholesales by region

As you can see, wholesale volumes remained well balanced across all regions in 2023, reflecting our global demand which is strengthened by our strategic marketing activities and relationship with Aston Martin Formula One team.

The Americas and EMEA, excluding the UK, were our largest regions in 2023, collectively representing 61% of overall wholesales, primarily driven by strong demand for DBX707, DBS770 Ultimate, and DB12. We also grew volumes in the UK by 3% year-on-year, driven by demand for our Sport and GT models. Finally, APAC volumes declined by 20% year-on-year, though excluding China these were up 12% year-on-year, driven by DBX707 and DBS 770 Ultimate volumes. In China, volumes decreased by 47% compared to 2022. This was driven by a combination of market dynamics and the lapping of 2022's peak in DBX Straight Six volumes. China continues to be a market where we see significant opportunity for long-term growth, and we are excited to bring our new portfolio of products to this market.

Gross margin

Moving to Gross Margin, this remains a key building block of our future ambitions and financial targets, with, as Lawrence mentioned, our commitment to ensuring all new models achieve a minimum 40% gross margin.

2023 saw us make a significant improvement of 650 basis points towards our longstanding target of circa 40%, with a gross margin of 39.1% for the year. This reflects the benefits of our ongoing portfolio transformation which drove favourable pricing dynamics, as well as product mix and volume growth.

As you can see on the slide, our core range gross margin performance was the largest driver of the overall improvement, contributing approximately 450 basis points year-on-year. We improved our mix towards DBS 770 Ultimate, DB12 and DBX707 as I described earlier. As we continue to deliver our next generation of sports cars, we expect gross margin from the Core range to continue improving.

Limited edition, high margin Specials are also an important part of our overall strategy, and these drove approximately 360 basis points of our year-on-year improvement to overall gross margin, with Aston Martin Valkyries, including Aston Martin Valkyrie Spider, Valour, and DBR22 deliveries in 2023.

As mentioned, through our strategic focus on addressing the demand for luxury personalisation, we delivered increased options revenue, which further supported our margin improvement. These positive improvements were partially offset by general inflationary impacts on higher manufacturing, logistics and other costs, and foreign exchange headwinds.

Adjusted EBITDA

On this slide you can see our adjusted EBITDA, which increased by 61% year-on-year to £306 million, with a margin expansion of 490 basis points to 18.7%. The biggest positive drivers were the strong pricing dynamics, mix and options revenue growth.

This was, as you can see, partially offset by foreign exchange headwinds, general inflationary impacts on the cost base and our ongoing, planned investment in the brand through marketing activities to support our future growth leading to a 26% increase in adjusted operating expenses. During the year we also recognised £11 million due to the positive revaluation of our investment in AMR GP Holdings Limited.

In the table on the right-hand side, and as previously guided, depreciation and amortisation increased year-on-year, driven by the timing of our Specials programme deliveries, as well as accelerated amortisation of capitalised development costs ahead of the launch of our next generation sports cars. Our adjusted operating loss reduced to £80m from £118m, despite the 25% increase in D&A.

Net adjusted financing expense decreased significantly versus 2022 to £92 million, influenced by the positive £61 million non-cash FX revaluation of our US dollar denominated debt. Finally, adjusting items included ERP implementation costs, one-off legal expenses, movements in the fair value of outstanding warrants and financing expenses associated with the transactions we concluded during the year.

Capital expenditure, cash flow and balance sheet

Now looking at our capital expenditure, cash flow and balance sheet. Capital expenditure in 2023 totalled £397 million as we continued to invest in our future product pipeline, including our electrification programme, which will deliver significant future benefits to the Company. As we announced in June 2023, we entered into a new strategic supply arrangement with Lucid Group, and made our initial technology access payment of £27 million in Q4 2023. Excluding this, our capex was in line with our initial guidance.

Free cash outflow increased to £360 million, including a £63 million outflow in Q4. We guided at Q3 to positive free cashflow in the fourth quarter, however due to the timing of DB12 and Valour deliveries at the end of the year we did miss this target, with a year-on-year receivables increase of £82 million. We saw the related receivables unwind in January this year.

As shown on the slide, we also increased our capex by £111 million, for the reasons I just outlined, and this was also reflected in our free cashflow in 2023. At the end of 2023, our net debt position increased to £814 million whilst we reduced our net leverage ratio to 2.7x. I will return to our net debt position shortly, after providing some further colour on free cash flow.

Free cash flow

Starting with the loss before tax and adding back D&A, and other items including tax cash paid, resulted in £231 million of cash generation.

Working capital was an £86 million outflow, an increase from a £15 million outflow in 2022. This was primarily driven by the £82 million increase in receivables, resulting from timings of the delivery of DB12 and Valour in December 2023, and, as mentioned, those related receivables unwinding in January 2024. This was partially offset by a decrease in inventories of £12 million due to reduced work-in-progress and finished goods, and a £51 million increase in payables due to higher production in December 2023. As we delivered Specials throughout the year, and in particular during Q4, the balance of deposits held reduced by £66 million.

After capex, as I previously described, and net interest payments of £109 million, our free cash outflow for the year was £360 million. We expect this to materially improve in 2024 as we execute on our new model deliveries, helping us to reach the positive free cash flow inflection point in the second half of the year.

Cash and debt

Turning to cash and debt. We ended the year with £392 million of cash, reflecting the free cash outflow as I've described, partly offset by the proceeds from Augusts placing and proceeds from new shares issued to Geely. As previously guided, we also redeemed a portion of the outstanding second lien notes in November 2023.

As described earlier, net debt increased to £814m, however, due to the strong EBITDA performance, our net leverage ratio at the end of 2023 reduced to 2.7x from 4.0x at the end of 2022. We continue to focus on our mid-term deleveraging target.

Guidance and outlook underpinned by continued strong demand

Now. looking ahead to our 2024 guidance which remains unchanged. We expect 2024 to deliver another year of significant strategic and financial progress. We remain on track to substantially achieve our 2024/25 targets in 2024, driven by continued strong demand for our products and boosted by the next generation sports car launches of Vantage and our final front-engine sportscar, the flagship DBS replacement, later in the year.

In terms of volumes in 2024, we expect to deliver high single-digit percentage growth, driving enhanced profitability and EBITDA, with gross margin further improving to achieve our longstanding target of circa 40%. This combination of volume growth and margin enhancement is expected to deliver EBITDA margin expansion continuing into the low 20s.

Important to note is the profile of 2024, which is predominantly driven by the launch timings and ramp up of the next generation sports cars. We expect wholesale volumes to be heavily weighted to the second half of the year and for that to result in significant growth in gross profit and EBITDA in the second half, as compared with the prior year. Further to this, we expect that our continued capital investment in new product developments to support our growth strategy, will total circa £350 million in 2024, and for this to be relatively evenly spread across the year.

As I've mentioned, we expect free cashflow to materially improve in 2024, and to achieve our targeted inflection point for positive free cashflow generation in the second half of the year, driven by the timing of wholesale volumes. Finally, in line with our Q3 2023 results announcement, we expect to refinance our outstanding debt in the first half of 2024. We are in the advanced stages of preparation and look forward to launching this process in due course. Our medium-term outlook for 2027/2028, on the right-hand side of the slide, remains unchanged.

So, to close, and as Lawrence and Amedeo have outlined with our portfolio, brand, and operations, 2024 will be another significant year for Aston Martin's growth. We thank all the teams that have supported the business to deliver our objectives this year and will continue to focus on ensuring we deliver value to all of our stakeholders.

Thank you, and I'll now hand back to Lawrence before the operator begins the Q&A session.

Lawrence Stroll

Executive Chairman, Aston Martin Lagonda

Closing remarks

Thank you, Doug and Amedeo. To conclude, in 2023 Aston Martin delivered significant strategic milestones and further financial progress.

Joining DBX707, the best performance SUV in the luxury segment and now the highly acclaimed DB12 and Vantage move us another step closer to having the newest and the strongest product portfolio in our segment.

With a completely refreshed product our showrooms are being transformed with 60% of customers new to the brand. We are not just driving reappraisals of Aston Martin, but are welcoming new franchise inquiries and investment from our dealer partners. These innovations, along with operational advancements, will support the delivery of the Company's near- and medium-term financial targets, which remain unchanged.

This includes achieving our targeted inflection point for positive free cash flow generation in the second half of 2024. I could not be more excited about the future as we further unleash the power of the brand and to continue our growth trajectory.

And with that, I would like to open for questions.

Q&A

George Galliers (Goldman Sachs): Thank you for taking my questions. I wanted to ask three questions, if I may. The first one is related to volumes. The top end of your guidance for this year suggests volumes of somewhere between 7,000 and 7,300 units. Could you give us some insight into the anticipated split between the models that you see for this year?

And also, although you've said it will be heavily weighted to the second half, could you also help us a little bit in better understanding the distribution by quarter?

Second question I had was with respect to the new Vantage. Looking back at the DB12, I know many journalists are comparing the interior quality to a Bentley. And similarly, the performance in driving dynamics have been very well received by mainstream media. Are you content that the media praise is sufficiently converting into consumer interest and ultimately orders? And have there been any lessons learned from the DB12 introduction that are going to result in you doing something differently with the Vantage in order to maximize consumer impressions?

And then finally, maybe for Doug, just with regards to customer deposits, they still form a substantial part of your net cash balance. In terms of treasury and liquidity management, are you content with this set up? Do you have a target max threshold of the amount of cash liquidity which should be contributed by customer deposits?

Lawrence Stroll: I'll take the first 2. So firstly, DB12 got off to the greatest launch that we've ever had in our 111-year history with thousands of customer orders before anyone ever saw or touched the car based on the launch that happened in April, in the South of France before the Monaco Grand Prix. We've never had a launch with that level of customer retail tagged orders within the thousands.

Then as you rightly point out, when the journalists got to drive the cars, DB12 got critically acclaimed as the best front-engine sports car probably ever made in the world. So that's a hell of a statement comparing to our competitors in other parts of the world. And I'm sure you've seen in magazine articles. So before we get into interiors, it's the driving dynamics of the car that were so impressive, how DB12 really took a giant step from DB11 in terms of driving dynamics, in terms of horsepower and what you're talking about in terms of our new interiors. So it really focused on delivering the super GT we were looking for, super performance, outperforming our competitors with the greatest, newest touchscreen HMI interiors. So we couldn't have been happier with the reception by the automotive world.

The customer orders back that up, and we are now ramping up, as you know, our next car Vantage, which we launched last Monday, as the trilogy of cars at Silverstone with our Formula One car and our GT3 race car.

The same level of excitement in the new Vantage versus the predecessor model, far superior, 650 horsepower, new vehicle driving dynamics, new dampers, new suspensions and again, new interiors. Always the biggest complaint in the previous models was that our interiors were dated. So we've addressed that and taken it to a new level. And ultimately, later in the year, you'll see our DBS replacement, which will be our most exciting front-engine sports car flagship.

If you look at our history, George, on a full run rate on all of our predecessors, DB11, predecessor Vantage and DBS, on a full run rate, we make -- had made about 6,000 front-engine sports cars, not counting SUV and not counting specials.

Our estimation is because those vehicles are so far superior than the predecessors, and because Aston Martin has such a higher level of consumer awareness in the last three years, and because the products are superior and 60% of our customers and the spillover of Formula One, we see on a full year run rate much more than 6,000 cars for all these new front-engine sports cars. We should easily be able to surpass the volume as we did with the predecessors.

The media praise I addressed, I think the next question was for you, Doug.

Doug Lafferty: George, I'll take the third question. I think in essence, no, there's no maximum threshold target or anything like that when it comes to the balance of customer deposits. Obviously, it's something which has been fairly consistent in the business over the last few years.

What I would say is that the trend that balance is held and the ratio has been sort of trending down over the last few years. I would expect deposits balance to further decline during this year as we conclude deliveries of the Aston Martin Valkyrie program and the Valour. But over time, I suspect there'll be a bit of ebbing and flowing depending on exactly what kind of specials we're bringing into the program, how quickly we turn those around.

So for example, on the DBR22, deposits collected, cars delivered within the same year, and obviously, on other programs, the deposit profile will be slightly different. But there's no particular target we're working to. But obviously, it's on our minds that we need to manage that in the context overall.

George Galliers: Great. And may I just follow up just in terms of the distribution of the volumes on a quarterly basis for this year, can you give any insight there above and beyond the heavily weighted to 2H commentary?

Doug Lafferty: So I don't know we're going to go into quarterly, George. But obviously, we've guided to a heavy weighting to the second half of the year. And I think clearly, that's by virtue of the fact that we've just launched the Vantage. So that will sort of commence its ramp up now, will ramp up slowly in Q2, and then it will be running more at its rate in Q3 and Q4. So one might assume that the first quarter is going to be DB12 and DBX predominantly, and then we'll really hit our stripes in the second half of the year.

So that's how I'd encourage you to think about just the profile of the delivery of the business this year. I think specials will be delivered across the course of the year and then, of course, the final next-generation sports car comes later in the year. So that's how I think you should probably think about the profile.

Henning Cosman (Barclays): Congratulations on the execution in Q4. I also have three questions, if I may. The first one, perhaps on orders, order intake and order book. You haven't given us the disclosure this time that you had done in recent releases. So I was hoping for a bit more color there, specifically perhaps on the DB12. Is that sold out now for 2024? And if you could maybe a bit of an indication on what order books look like model by model, as you have done in previous releases? That's the first question.

The second question is on ASP trajectory. It looks very good on slide there with this continuous improvement, especially also in the core ASPs. Is it fair to assume further rising ASPs versus 2023? And if you could give us a bit of perhaps building blocks of that, how to think about like-for-like pricing mix?

There were, as Doug pointed out, of course, quite a few limited series with the Ultimate and the DB12 Vantage. So what that could look like against that what one would think is a fairly tough comp.

And then finally, perhaps third question. On the underlying unit and ASP assumptions for 2027-2028. If you could give us a sort of rough split how you see those units between SUV, sports, GT, Valhalla, Specials Limited Series, just roughly through to -- or indeed in 2027/28, so we have something to extrapolate that would be great?

Lawrence Stroll: I'll take the first 2. D12, as I mentioned, on the last call, when we launched the car at the Cannes Film Festival prior to Monaco Grand Prix, we had taken several thousand customer orders at launch. Those were the cars that we pretty much delivered, and are delivering, but pretty much delivered in the third and fourth quarter of last year.

We are currently sold out on D12 to the end of third quarter of this year. We should be sold out to the end of the year and even into next year quite comfortably. The reason we aren't is dealers have just received - in the third, fourth week of December, beginning of January - they just received their dealer demonstrators. So we have a pipeline of customers waiting to test drive globally all through the next weeks.

So we feel comfortably that certainly by end of March, will be sold out for the end of the year. Again, if demos would have been on time, we would have been sold out already today. But as I say, we're sold out through the third quarter.

On the other models, we only launched Vantage on Monday of last week. I can tell you the excitement through the press, I hope you've seen some of the articles headlines, the Porsche 911 beater, Aston Martin’s sports cars to new levels. So, we're getting the same level of response from the automotive journalists and level of excitement that we received from our DB12 super tourer to now our Vantage sports car, obviously, for a different segment of the market.

And of course, we will have our DBS replacement coming at the end of this year. As I said on the last question, Henning, historically, we ran 6,000 front engine sports cars when you put all the volumes together on the predecessors for each car. These cars are far superior. The ASPs are more expensive. The option intakes are much greater. The consumer awareness to the brand due to Formula One and 60% of the customers are new. So in total, we see far exceeding the previous volumes for the predecessors once we're at full run rate for each car.

In addition, DBX707 gained 23% in 2023, quite a substantial number. So still the hottest or one of the hottest in luxury high performance. We took over 20% share of luxury, high-performance market in only three years, I think, quite a great statistic.

So it keeps remaining 23% up in '23, and we will keep that same momentum. And we're going to have a refresh of DBX707 coming out very shortly that will keep that volume trajectory upwards. So what's very exciting is for all the dealers within the next few weeks, they're going to have all brand-new product, all brand-new sports cars and GT, brand-new SUV, Valhalla coming brand-new. So unlike some of our other competitors that are selling 3-, 4-, 5-year-old product in our showrooms, we will be the only ones that will have every product absolutely brand new, which is what we've been working so hard on the last three years to be able to deliver, we've now reached that point.

Doug Lafferty: I'll take the second question on the ASP. So really, really pleased with last year 15% growth on the total ASP in the business was fantastic. That was driven by some pure pricing, and a lot of mix. So Lawrence was just talking about the transition in the portfolio, obviously, that benefits our ASPs.

We were pleased with the progress that we've made from a personalization and an options uptake point of view and hope to see that continue to grow as we come through this year. And I think you mentioned it yourself, the mix of specials that we've seen in the year.

So I'm expecting us to continue on the same path in 2024, driven by those same featuring items. So as we bring the new Vantage, as we bring the final next-generation sports cars and as we look at pricing relative to what we're bringing to the market, I think we'll continue to move in a positive direction on ASP.

And fundamentally, if you look at our gross margin delivery, across last year, we came pretty close to hitting that 40% number that we've talked about for a long time. And as we've guided, we expect to achieve that 40% this year, facilitated in no small part by the momentum that we have in pricing.

Henning Cosman: Okay. I guess I'll take Lawrence's comments for the 6,000 exceeding on the front-engine portfolio plus the DBX707. I take that as an indication for 27/28 as well, right?

Doug Lafferty: Yes. I think that's probably a good place to think about it. I think we expect to see consistent volume growth in this business out to that sort of 27/28 period. The 6,000 sports cars that Lawrence mentioned, the weighting will favour sports cars over DBX.

Lawrence Stroll: I think you're looking at a 6,000, 4,000 kind of ratio plus the specials on top of that would be a very fair estimation.

Christoph Laskawi (Deutsche Bank): Good morning, thank you for taking my questions. I have a couple of questions. The first one is a follow-up a bit on what you just said on the options for the DB12 versus, for example, DB11. Could you give us a rough estimate of the options as percent of ASP for that model and how it changed in the new model versus the old one?

And then the second question would be just on the cash generation and your target to be free cash flow positive in H2'24. Thinking ahead after that, should we expect always a seasonality very weighted to H2 and also in cash? Or do you think you can reach a relatively sustainable quarter-by-quarter positive free cash flow after that?

Doug Lafferty: Okay. So I think both of those are for me. On the first one on options and personalization, as I said, we're really pleased with the progress that we're making. If I look at the contribution to ASP on the core range over the course of last year that improved by 200 basis points. That percentage is now over 15% for the first time in this business.

So we're making good progress on our journey to improving our ASPs and driving our gross margins through that part of the profile of the delivery of the cars in personalization terms. And of course, that's supported by the things that Lawrence has alluded to earlier in terms of transforming the dealerships and ensuring that the brand is represented appropriately in dealerships, our flagship stores in New York and others that we'll be opening. So that all adds towards the benefit in that regard.

As to free cash flow. Yes, we intend for the inflection point to be in the second half of this year, and for that to be the point at which we turn sustainable free cash flow positive. Over the course of the last couple of years, we've had a heavy skew to, let's say, the second half of the year, and in particular, Q4. We know the reasons why that was in 2022 and 2023.

We've talked about the reasons why that phenomenon occurs in 2024 given the transition of the portfolio to, quite frankly, what's going to be super good line-up of cars by the time we meet the end of the year. And we believe that, that will stand us in really good stead moving into 2025 with really positive momentum in this business to deliver sustainably free cash flow positive and hopefully a bit more of a steady cadence in terms of what the quarters deliver from '25 onwards.

Christoph Laskawi: And that would then from '25 would also be the case on earnings, I guess, when it is the case? Okay.

Doug Lafferty: Yes. Look, I think -- yes, look, the intention is to have a much more stable delivery and cadence. And I think once we've got all the cars launched and we're running at the appropriate rates in the factories, there's no reason to believe there should be serious discrepancies between what we deliver in the year. Of course, given that the high margin profile of some of the specials then you might experience some peaks and troughs as regard to that. But from a core portfolio point of view, I'd like to think that we can have a much more consistent delivery from ’25 onwards.

Daniel Roeska: Good morning. Lawrence, maybe two for you to start. You just mentioned '24 is the year where we get to see all the models kind of next to each other. What are your key to-do items for the team in as you think about the upcoming weeks to ensure kind of a smooth production in '24?

And maybe secondly, more strategically, you've worked with Lucid for a while now. And I just want to ask what surprised you or asked a different way, any additional ideas and opportunities you've uncovered when you think about the technology that's about to come.

And then, Doug, do you expect the miss on free cash flow in Q4 to influence the negotiations for the debt refinancing? And maybe very bluntly, can you answer with a yes or no, whether that refinancing will include any equity this year? So kind of just a question whether there's an equity raise among that as well.

Lawrence Stroll: On the first question on '24 production, we are extremely confident. We, like every other OEM, had our challenges on HMI software at the initial launch of DB12. Those challenges are now well behind us, and we're moving on and building new cars. Like, again, every other OEM, new HMI is an ongoing process. It will constantly be upgraded deliveries over the air as we get more feedback from customers and what they're looking for in these vehicles. We made our own Aston Martin interiors. They're not taken, as we've had Mercedes type of interiors previously, we could customize to our own market and to our customer needs.

So with the software issues now comfortably behind us, we've never had any hardware issues, or any manufacturing issues, we are beyond extremely confident to deliver on the '24 production plan. You should also be aware that the new DBX has the same infotainment, the new Vantage has the same infotainment, the new DBS replacement has the same infotainment.

So what we experienced once thankfully we don't have to experience for each individual car. So to answer your question, super-duper confident.

Second, on Lucid. We are in the same place we described last time. We confirmed that Lucid still has the best high performance powertrain from a technology point of view that's most suitable to personalize in an Aston Martin personalization for our needs. That is still exactly on track and on plan. We will have a portfolio of BEV vehicles currently in plan, we will have four in total. What's changed slightly since really we all had this last conversation, we feel more immediate consumer demand for a PHEV plug-in hybrid before we go to full BEV. I don't think we're the only ones feeling that. I think the market is feeling that.

And we have addressed that and we will be coming out with a couple of very important plug-in hybrids before we launch our full BEV. So we'll have a full complement of ICE, PHEV and BEV to last us well into the mid-2030s.

Doug Lafferty: Yes, as I'll pick up the last question, obviously. Look, talking about Q4, yes, we delivered a good Q4. I think somebody else mentioned earlier. It was a strong delivery that we needed to do. I was a little bit disappointed with the cash. Obviously, we've said that we were targeting free cash flow positive in Q4. But ultimately, it was a timing thing only. So we received the cash that you can see evident in the receivables balance at the end of Q4 in early January. So, it's timing only.

And as regards to the refinancing, nor we or our advisers who we are working with believe that, that does anything to diminish the confidence that we have in launching the refinancing in due course. So I think the answer to that question is no.

And then the answer to your yes and no question is, we're not currently considering equity as part of the refinancing.

Michael Tyndall (HSBC): Thanks for taking my questions. Just 2, if I may. -- one on DB12. I wonder if you could say, are you running now at full production rate on D12? And then the second question is more around the specials. I'm just wondering what the hurdle is for Specials in '24? Because Q4 looked like it was a very strong performance. What's the cadence as we go through '24 on the Special side?

Lawrence Stroll: I can confirm that DB12 is now at full production rate, and has been for several weeks. So the answer to that question is yes.

Doug Lafferty: So on the Specials, yes, look, we had a strong Q4 with the Specials with delivery of the DBR22s, the initial delivery of the Valours and the Valkyries. And obviously, as we've moved through 2023, I think the mix of the specials improved.

And that's going to continue in 2024. So the finalization of delivery of the Valkyries, they're all with a similar sort of mix profile, the inclusion of the Spiders where the first deliveries of those took place in the second half of 2023, so that will continue to assist the mix.

And then we've still got the majority of Valours to deliver, and we'll continue with our Specials program as we move through the year. So a really rich mix of Specials, again, in 2024, contributing to all of the things that we talked about earlier in terms of margin improvement and the considerable improvement in the financial performance of the business in the second half.

Michael Tyndall: Got it. If I could just have one quick follow-up. Valhalla, when do you think you'll open the order books for that?

Lawrence Stroll: Order books have been open -- we've already sold more than our whole first year's production. So first year's production is all sold out. We will start delivering the car early next year.

Closing remarks

Lawrence Stroll

Executive Chairman, Aston Martin Lagonda

I'd like to thank everybody. Obviously, very exciting times. The years of very hard work are now bearing the fruits of all that labor with all these fantastic new cars, a complete new lineup and being marketed are fantastic exciting Formula One team has transformed this business as well to a new consumer, 60% new to a younger consumer, the car enthusiast consumer, which is what Aston Martin is all about and being able to blend the luxury we've always had with high-performance really is a unique model in the high-performance luxury OEMs. I think we're unique in that space.

I hope everybody watches the Grand Prix this weekend in Bahrain and cheers for us. So thank you, and I hope we answered all your questions.