2024 Full Year Results

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Full Year Results Introduction

Adrian Hallmark
Chief Executive Officer, Aston Martin Lagonda

Good morning, everyone. And thank you for joining us today for Aston Martin's '24 Financial Year Results Presentation. It's a pleasure to be here for my first full year results as CEO of this company. And I want to start by recognizing what has been the most intensive period of product development in Aston Martin's history.

There's been a huge amount of investment and work put in by everyone in the Company over the past few years. And pleasingly, we can now boast a fully reinvigorated core product portfolio, which is one of the most diverse, dynamic and desirable in our segment in the high luxury performance segment. Hopefully, you enjoyed seeing the whole video at the start of the presentation from our Vanquish Media launch event in Sardinia last year, which showcased this flagship V12 in action. It completed our product launches in 2024. And together with this, the multi award-winning models continue to receive acclaim from customers and the media. And perhaps for the first time in our history, we're consistently beating competition in independent and critical comparative road tests. Each product holds a clear positioning and point of difference with each other and is supported by continued product innovation. I believe we have a great foundation to continue driving demand and to enhance the quality of our order book.

2024 – a year of significant product milestones

Looking more broadly at 2024. As an outsider to the business until last September, one of the things that impressed me most was Aston Martin's ability to consistently design and drive demand for world-class ultra-exclusive Specials.

In 2024, we delivered three extraordinary such cars. The Valkyrie, which broke the track record for a production road car at Silverstone last year. And we also launched Valour and Valiant. These models epitomize the innovation and performance at the beating heart of the Aston Martin brand. Continuing with this momentum in Specials, whilst enhancing and building on the success of our core range will provide a further foundation upon which to build for future success as the leader in the ultra-luxury segment.

In addition, we made substantial improvements in our customer experience including the opening of new landmark retail locations with the investment from our dealer partners around the world, while we continue to enhance our performance credentials through our high-profile involvement in Formula One and Endurance rating with our partner, the heart of Racing, recording already a maiden victory with the Vantage in the GT3 series.

Cementing our status as an iconic British brand, we were also proud to receive the Kings Award for innovation in 2024. In addition, we were one of the first companies in the world to be awarded a new Royal Warrant by appointment to his majesty King Charles III.

Whilst these operational achievements should be all be celebrated, it's important to also recognise the financing activities completed in 2024, ensuring we ended the year with total liquidity in line with our guidance of over £500m to support our strategy and delivery of future growth.

However, despite the strides that we've made on the product innovation front, 2024 was not without its challenges, and we didn't deliver the financial performance that we originally set out to achieve.

We faced external challenges that affected our volumes and financial performance, particularly in quarter four. Industry-wide supply chain disruptions and a weaker macroeconomic environment, especially in China, alongside our internal actions to reshape production resulted in us announcing a circa 1,000 unit reduction to our wholesale volumes last year. Doug will take you through the detailed financial results later.

But before that, I want to share how we intend to build on our strong foundations and create a profitable business model that is sustainable for the future. Readying ourselves for a significant year ahead, a year of growth, delivering positive full year adjusted EBIT and free cash generation in the second half of the year, continuing our transformation from a high potential business to a high performing one that is better equipped for the future.

Consistent feedback from key stakeholders: our customers, dealers and people

Now in the month since I joined Aston Martin, I've had the privilege of meeting literally hundreds of colleagues face-to-face around the business. I've also engaged with more than 150 customers around the world from China to the U.S. and in between. And I have also held detailed discussions with the majority of our dealers around the world. These interactions have deepened my understanding of our company's position and its strengths and reinforce my belief in its potential. And the good news is that everybody says the same things, albeit in different ways. There's a deep affinity for our brand, a huge excitement for the transformation that we've already achieved with our products.

In fact, the power and desirability of the brand, the connection people have with our products way surpasses my initial expectations. And the feedback is also consistent in what the brand stands for. It's both refined and rare, it's high performance, it's exciting, and it's both elegant and strong.

These qualities are core to how we communicate our brand externally, and they align with our internal culture. And it's this combination of performance, craftsmanship and exclusivity that sets us apart in the ultra-luxury segment. We truly are a unique company. But let's talk about the future and what excellence looks like.

Requirements to successfully deliver in the ultra-luxury sector

Before we consider the key ingredients Aston Martin already has to build from, it's important to reflect what I consider is required to make a great ultra-luxury car company successful. It's not complex.

First of all, the brand has to be highly attractive to an engaged, loyal and growing customer base. It has to be aspirational and unique, difficult to replicate with a strong heritage, and it has to ignite passion.

Second, innovation. Just great design isn't enough. We need to bring technically advanced, high-performing, great design products to marketplace time and time again. And working with the best technical partners in the world to ensure that we deliver the best durability and quality.

The third element in production and manufacturing is rigor, discipline as well as the skills and craftsmanship that's required to distinguish from all competitors.

And finally, having the appropriate investment and capital available to deliver these complex programs, world-class performance through well-invested facilities, people and capabilities.

So encouragingly, as you can probably see, we have much of what's already required but not all of these aspects are fully exploited. It's here where I believe we must make the biggest improvements from today and beyond, positioning Aston Martin not only as a benchmark top performer in the sector, but as a sustainably profitable company for the future.

Foundations to build future success

So we have a clear vision to be the world's most desirable ultra-luxury British performance brand, creating the most exquisitely addictive performance cars. In recent years, much progress has been made towards achieving this vision. Having reviewed the business in detail, I'm confident that we have the vital ingredients to build a strong future for this company. Much of this is due to the significant investment made in recent years from all of our strategic shareholders led by the Yew Tree Consortium. As you can see here, we've already laid strong foundations.

Our brand history and ultra-luxury positioning are amongst best-in-class.

Our core models are in place, and we've successfully launched Specials that have consistently proven themselves in the marketplace.

We have a talented and passionate team that's ambitious and driven to succeed.

Our brand partnerships, especially with Formula One, continue to provide us with performance credibility and mass visibility.

We've made substantial investments in facilities and have strengthened our liquidity position following financing activities and with the support of our committed long-term strategic shareholders.

These are all the key strengths that will help to unlock Aston Martin's full potential. We're well on our way, but there's a lot to do to accelerate our progress and continue our transformation journey.

Unlocking our future potential

As we look ahead, I want to introduce the same passion and energy that we have brought into our brand and products across how we operate as a company. We will do this alongside instilling operational excellence and discipline, which is what's needed to deliver sustainable profitability.

When we last spoke in October at the quarter three results following my initial reviews of the business, I'd identified four key areas, and it's here where we will focus on making the biggest improvements. We're already making progress in certain activities. And as we move through the year, I'd expect further benefits to materialize, particularly in the second half of 2025 onwards.

The first of the four priorities were brand awareness and demand generation. We're taking huge steps to target our investment into greater regional, customer and local marketing initiatives and moving away from the big global launch events over the last couple of years. Making up for some of the momentum we lost following delays getting products into the market, we'd expect this targeted approach to stimulate demand and enhance the quality of the order book with particular focus on key markets like the U.S., which holds huge untapped potential. Extending the order book for our core models out to between six to nine months is what we need to achieve. In addition, we're continuing to elevate our luxury retail strategy and the Q by Aston Martin proposition, alongside working with our dealer partners to upgrade our network and truly deliver the ultra-luxury experience our customers deserve.

As part of this area of improvement, we've also taken action to appropriately balance our supply to meet our demand in a disciplined and value-orientated way. Where I've mentioned previously pockets of aged stock, mostly in the U.S. and China that have required our particular focus, progress has now been made. And we will remain strictly focused on this approach, seeking to maximize the value of every vehicle and only build one less than the customer demands.

As a result, in 2025, I expect to see retails consistently outpace wholesales, an indication of underlying demand for our products and the demonstration of our approach to guide production and shape the wholesales in a way that creates a positive pull from the marketplace. This will position us strongly as we enter 2026 and clear up the total pipeline in 2025.

The second priority is to optimize our cost base and drive productivity enhancements throughout the production system. We're prioritizing action on our cost base across the business and refining our supply chain with multiple sourcing arrangements to reduce risks and enhance cost efficiencies. As part of our ongoing transformation, we must also continuously look at our overheads and cost base, what it takes to deliver our objectives including delivery of operating leverage. We've already made adjustments to our discretionary cost base to support SG&A in 2024 and the target for 2025, with, for instance, the move in Q4'24 to a single shift for manufacturing for our colleagues.

We've also announced today an organizational adjustment, ensuring the business is appropriately resourced for its future plans. This process will ultimately see the departure of around 170 of our valued colleagues, representing 5% of our global workforce. Linked directly to this difficult but necessary action, we expect annualized adjusted operating expenditure savings of around £25m, which will be circa 50% realized in '25 and the full year effect only in 2026.

Product innovation will continue to be the heartbeat of our business. But as well as the big first launches, we're now going to innovate throughout the life cycle. It's key that we offer our customers the most relevant, exciting and compelling vehicles in the sector every year on every model across our core range and across our Specials.

So whilst we can benefit operationally from a more stable production environment following the intense period of new vehicle launches, we will ensure updated derivatives and offers are periodically available, aligned with our focus of maximizing customer appeal and value for the company. This will keep our models fresh and relevant, maintaining the enviable status they now hold in the sector. A great example of this is the strictly limited DB12 Goldfinger edition. And already in 2025, we've successfully launched the Vantage Roadster to be followed by the Vanquish Volante later this year.

We can offer customers a higher value proposition with minimal changes to the overall bill of materials, and we're not stopping there. We're enhancing our product options, too. Having already benchmarked against competitors, we've identified around 100 relevant options that competitors offer that are missing from our proposition. And with minimal investment, we expect to add around 40 new options already by the end of 2025, which contribute to a higher average selling price and, of course, higher satisfaction from our customers.

The next topic is delivering excellence in quality and our product launch cycles. Here, we plan to build on the significant learnings from the intense period of new launches over the past couple of years, in particular, ensuring we provide sufficient capacity and time between launches to deliver programs effectively. We need also to deliver the highest standards and consistency across the portfolio. And this disciplined approach I mentioned is a key component to delivering the real benefits in this area, not just the exceptional standards in quality, but also improvement in cars completing the production process right first time. And for example, middle of last year, we're at about 60% right first time. And by the end of the year, we're around 90%, a huge benefit to the flow, the process, the cost and efficiencies of the organization.

It's also encouraging to report that for the upcoming launches this year, Vantage Roadster, Vanquish Volante and Valhalla, they're all on track and being delivered to the levels of

excellence we would expect to consistently now achieve in the future. But more on Valhalla shortly, given the significance to the business moving forward.

Our bespoke infotainment system has benefited from several software upgrades since its initial launch of DB12, and we'll continue to invest in improvements to this key customer-facing asset, again, partnering with the best names in the industry to deliver for our customers. These areas of focus will evolve as we continue our business transformation through a formalized program of work led by our newly appointed Chief Transformation Officer. This will help us to identify and drive further opportunities and cost efficiency and create real value for the business as we progress towards our mid-term financial targets. Through driving towards industry benchmarks for operational and manufacturing processes, we have the goal for Aston Martin to become a sector benchmark and in doing so, realize our high performance. As these areas of improvement develop, we will update you in detail and quantify the expected outputs.

Valhalla – a milestone for 2025

Now I spoke a moment ago about Valhalla. It's a key milestone for 2025. It's an eagerly awaited launch and our first mid-engine plug-in electric hybrid vehicle. It's a game-changing model for Aston Martin, bringing hypercar performance at a super car price.

We expect it to be a significant contributor to our financial performance over the next few years. Valhalla marks our entry into a new segment of the market as well as a step forward in our commitment to hybrid and electric technologies. Deliveries will commence in the second half of '25, and we're already working with customers on their detailed specifications.

We plan to produce 999 cars over a 2.5-year period, with more than the first full year of production already fully sold out. This vehicle represents not just a new product but an evolution in our performance and innovation capabilities with direct involvement from Aston Martin Performance Technologies, the consulting arm of the Formula One team. Whilst there is always risk of delay heading towards the initial production of a complex new vehicle, we're determined to honor our current timelines and demonstrate that we can deliver excellence in our product launch cycle, a key area of improvement, as I've described prior.

Creating a sustainably profitable business model to deliver future success

And finally, what I've outlined today is how we create a sustainably profitable business for the future. I really want to be the first CEO at Aston Martin to deliver continued sustainable growth and success. As I mentioned, we have many of the ingredients already on the table.

Our focus now will be on managing our cost base and enhancing productivity, continuing with a disciplined approach and rebalancing supply and demand, delivering sustainable growth that's profitable and scalable, maximizing the value in every vehicle and driving our options and derivatives strategy, transitioning from a high potential to a high performing business, consistently generating positive adjusted EBIT and free cash flow as we progress towards our mid-term financial targets.

I'm under no illusions that this task will be challenging. We face potential tariffs, supply chain disruptions as well as continued uncertainties in China, which although small in terms of contribution, may still provide opportunity in the long term. We're monitoring these factors closely and are prepared to adapt to changes. Internally, we will stay focused on executing our plans and making disciplined decisions in terms of volume and production cadence, and we will benefit from a more stable production environment now to deliver optimized launches and cost management. We're laser-focused on Valhalla and on our ongoing transformation to set us on the right course to hit our mid-term financial targets.

So looking ahead to 2025, this will be a year of materially improved financial performance. It's also a year of setting ourselves up to be in a stronger position as we enter two026. Profitable growth is the key this year as we extend our order book. That will get us on the right path for future years and enable us to drive a smoother production cadence that we desire.

For quarter one 2025, the company expects volumes broadly to be in line with the prior year period, although the mix will negatively be impacted by fewer special deliveries. Thereafter, our performance is expected to progress throughout the year with a significantly stronger second half compared with half one 2025, where we'll be benefiting from the contribution of Valhalla and the incremental launches from Vanquish Volante and Vantage Roadster early in the year. And all of this will manifest in quarter four.

So whilst the shape of the year and how we deliver it may be somewhat different to expectations, the outcome remains the same. We will deliver positive adjusted EBIT in the financial year 2025, and we will generate free cash flow in the second half of this year, driven by that strong quarter four. Now I'd like to hand you over to Doug, who will take you through the 2024 financial results in detail and provide further insight into our performance and outlook for the year ahead. We'll then be available and delighted to answer your questions. Thank you.

Doug Lafferty
Chief Financial Officer, Aston Martin Lagonda

Thank you, Adrian. And good morning, all. To complete today's full year results presentation, I'll take you through our financial performance for 2024 before spending some time on our 2025 guidance and medium-term outlook, which aligns to the plans Adrian just outlined.

FY 2024 Financial summary

2024 was a year marked by a number of product launches. And as we guided, overall performance reflected the significant delivery of wholesale volumes in the second half of the year as we continue to transition to our new core model range.

However, like many of our peers, we unfortunately experienced both supply chain disruptions and continued macroeconomic weakness in China, which disrupted our ability to meet our initial targets for the year. These factors impacted us at a time when we were preparing to significantly ramp up production into the fourth quarter. As a result, we took decisive action to revise our guidance in September, reducing our volume expectation by around 1,000 units, particularly impacting Q4. Despite this, we still delivered meaningful sequential growth in financial performance in the second half of 2024 compared to the first half of the year, which I will discuss further shortly.

Starting at the top of the slide, our full year 2024 total wholesales decreased by 9% to 6,030 units, impacted by the points I've just outlined. Despite the late revision to our full year outlook, Q4 volumes increased by 8% year-on-year and included, for the first time deliveries from the entire new product range including the flagship V12 Vanquish.

Revenue decreased by 3% year-on-year to GBP 1.58 billion, which reflects the lower volumes and FX headwinds experienced as GBP strengthened. These were partially offset by growth in ASP driven by core pricing from new models, strong Specials performance and a pleasing increase in options revenue.

Adjusted EBITDA of £271m decreased by 11%, in line with our revised guidance, reflecting the lower core volumes during the period of transition to our new models and the industry

challenges experienced in the second half. We partially offset this impact through a 6% reduction in adjusted operating expenses, excluding depreciation and amortization and higher Specials volumes. I'll come back to these financial metrics in more detail shortly.

Performance progression

As we look at the shape of our performance in 2023 and 2024, you can see in the top left corner of the slide, the weighting of wholesale volumes to the second half of each year, which has been driven by various factors and in line with our guidance. This, in turn, has driven the significant financial improvement in both the second half periods.

As Adrian has already mentioned, while we expect to deliver materially improved full year financial performance in 2025 across all measures, the shape of the performance won't be dissimilar to that of 2023 and 2024. I'll provide more color on this when we reach the outlook slide.

Wholesale volumes & ASPs

As we turn to our 2024 full year performance in more detail, the split of our wholesales is shown on the left-hand side of the slide. Sport and GT volumes represented 65% of the mix and volume increased 11% year-on-year, reflecting a full year of DB12 wholesales supported by new Vantage and Vanquish wholesales in the second half.

As expected, SUV volumes at around 31% of the mix decreased 36% compared to 2023. This reduction reflected the ramp down in production and wholesales of the outgoing DBX models in the first half of the year ahead of commencing deliveries of the new upgraded DBX 707 in the second half. SUV volumes in the second half of the year at 1,380 were broadly in line with the prior year period.

As I've already mentioned, we benefited from a strong Specials contribution in 2024. This comprised of Aston Martin Valkyries, Valour and the commencement of Valiant deliveries in Q4 2024. Our Specials program 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 and will continue to be an important part of our future strategy.

On the right-hand side of the slide, our annual average selling prices. Total ASP in 2024 was at a record level of £245k, increasing by 6% versus 2023. This reflected the strong demand for personalization across our new model range and demand for our Specials. Core ASP was £177k for the year, a decrease of 6%. This was significantly impacted by FX headwinds, partially offset by the positive contribution from our new model range and increased options revenue. In addition, the 2023 comparative mix included benefits from the contribution of higher-priced exclusive derivatives for outgoing core models, which included the V12 Vantage and the DBS 770 Ultimate.

We've made strong progress to address the growing demand for unique personalized products in the ultra-luxury market, which drove a continued positive trend in core options revenue, up 310 basis points in 2024 to 18%. This aligns with the approach outlined by Adrian of seeking to maximize the value of every vehicle we sell and we will continue to expand our options list as we move forward. Moving on to geographical split on the next slide.

Wholesales by region

In line with our overall performance, wholesale volumes declined across all regions in 2024 compared with 2023, reflecting the impact of our portfolio transition and the revision to volumes announced in September.

Volumes remained well balanced across all regions, reflecting our global footprint and demand. This is supported by ongoing regional marketing activities, investments by our

dealer partners and our relationship with the Aston Martin Formula One team, benefiting from the ever-increasing profile of the sport.

As Adrian has discussed in relation to the brand awareness and demand generation, moving forward, we will focus more of our investment on regional and local marketing efforts following a series of global product launch events in 2023 and 2024 as we transition to our all-new core portfolio. The Americas and EMEA, excluding the U.K., continue to be our largest regions in 2024, collectively representing over 60% of overall wholesales. The trend of the past couple of years in China continued largely due to the ongoing macroeconomic weakness impacting demand with volumes decreasing by 49% compared with 2023, in line with the trend reported by others in the sector.

Whilst China now reflects a very small percentage of our total wholesales, it remains a long-term growth opportunity, and we continue to monitor the situation to assess the timing of potential mid-term upside. 2024 wholesales in APAC, excluding China, were up 2%, reflecting increased demand, which aligns to our strategic dealer expansions in the region, such as the reopening of Aston Martin Seoul and the new Aston Martin Suwon dealer in South Korea.

Gross margin

Moving to gross margin. Whilst this was a source of underperformance this year, it remains a key building block of our future growth ambitions and financial targets. We continue to target over 40% gross margin from our existing, new and future models.

2024 gross margin decreased by 220 basis points to 36.9% as a result of lower core wholesales as we transition to the new model range as well as higher manufacturing and logistics costs, largely associated with the expected volume ramp-up in production in the second half of 2024 and FX headwinds.

As outlined at our Q3 results and given the changes to our production volume, some costs were ultimately absorbed by fewer vehicles in Q4 2024 than originally planned, causing inefficiency in our operations.

These impacts offset the benefits I've already outlined from our next-generation models, strong volumes of high-margin Specials and increased options revenue across the portfolio. When we look at 2025 on the outlook slide, I'll discuss our expectations for gross margin improvements, which is supported by disciplined wholesale volume growth of our new models and a focus on operational excellence including smoother production profiles.

Adjusted EBITDA

Adjusted EBITDA was in line with our revised guidance at £271m, decreasing 11% compared to the prior period, which, as a reminder, included £11m related to the upward revaluation of our investment in Aston Martin Racing. This resulted in a 160 basis point decrease in margin to 17.1%, predominantly as a result of the decline in gross margin being partially offset by the 6% decrease in adjusted operating expenses, excluding D&A.

With D&A decreasing by 8% due to the timing of new model launches, our adjusted operating loss remained broadly flat year-over-year. As shown on the right-hand side of the slide, net adjusted financing costs increased to £173m from £92m, primarily due to the £75m year-on-year impact of noncash U.S. dollar debt revaluations.

Finally, 2024 adjusting items included gains on financial instruments recognized through the income statement, which were more than offset by the redemption premiums associated with our refinancing of our senior secured notes, in addition to ERP implementation costs related to the ongoing deployment of the new system, which includes rollouts at our Gen headquarters in Q2 this year. Now moving on to free cash flow.

Free cash flow

We remain determined to address this key metric head on and are committed to demonstrate that our strategy can deliver sustainably positive free cash flow. Our expectation of achieving this in the second half of 2024 was delayed due to the volume reduction in Q4.However we continue to deliver a quarterly sequential improvement throughout the year with a materially improved second half performance. And in Q4 2024, we delivered modest positive free cash flow of £2m. This was supported by the higher volumes in Q4 and also the benefits of a working capital inflow in the quarter.

Starting with the loss before tax of £289m and adding back D&A and other items including cash tax paid and net refinancing costs resulted in £242m of cash generated after tax.

Working capital was a £118m outflow compared with an £86m outflow in 2023. This was primarily driven by the unwinding of deposits with the balance held decreasing by £178m as we delivered our Specials throughout the year. As recent Specials programs conclude, we expect to see this trend normalize in 2025 ahead of Valhalla deliveries commencing in the second half of the year. Payables decreased by £34m due to the earlier timing of payments in 2024 compared to 2023 and inventories increased by £13m as preparations for our Q4 production ramp-up were impacted by our revision to volumes . This was partially offset by a decrease in receivables of £107m following strong cash collections in Q4.

Capital expenditure in 2024 totaled £401m, broadly in line with 2023, albeit ahead of our guidance, predominantly as a result of accelerated spend related to preparations for the eagerly awaited launch of Valhalla in 2025. After CapEx and net interest payments of £115m, our free cash outflow in 2024 was £392m.

We expect this to materially improve in 2025, as I will discuss when we come to our outlook slide. Turning to cash and debt.

Cash and debt

We ended the year with £360m of cash and total liquidity of £514m, in line with guidance and reflecting the financing activities in 2024. These included the senior secured notes on improved terms during our planned refinancing and an increase in our senior revolving credit facility agreement in addition to two private debt placings and an equity placing in November.

With the financing activities increasing gross debt and a marginally lower cash balance, net debt increased to £1.16bn, which, coupled with the adjusted EBITDA performance, resulted in an adjusted net leverage ratio of 4.3x. Through disciplined strategic delivery and profitable growth in the future, we expect to deleverage in line with our medium-term target, which I'll discuss as we finish with our guidance and outlook.

Guidance and outlook

Finally, looking ahead to 2025. As Adrian and I have both mentioned, we expect to make significant improvements across all key financial performance metrics, as you can see on the slide, in particular, with a focus on delivering positive adjusted EBIT for the full year, a key metric we are now guiding on both for 2025 and our mid-term targets and achieving positive free cash flow in the second half of 2025.

As I mentioned earlier, we're not alone in having experienced challenges which have impacted our performance in 2024. We remain alert to industry-wide risk factors that present an element of uncertainty that could impact our plans. These include, but aren't limited to changes in customs duties, supply chain disruptions and wider macroeconomic and political instability. We also recognize that the Valhalla program is well advanced with

firm launch plans. But as with any major car launch, risks exist in the run-up to the start of production that could impact the timing of initial deliveries.

We are focused on executing well. Our plan for 2025 is driven by the benefits of our all-new core range in addition to initial customer deliveries of Valhalla in the second half of the year, with the majority of those 2025 deliveries occurring in Q4.

As indicated, when we looked at the shape of '23 and '24 on Slide 14, due to the expected phasing of core wholesales building throughout 2025 and Valhalla volumes in the second half of the year, we do expect this year's volumes to exhibit a similar shape. Directly linked to this volume phasing, financial performance including free cash flow, is expected to sequentially improve quarter-on-quarter throughout the year.

For Q1 2025, as Adrian has mentioned, the company expects volumes to be broadly in line with the prior year period, although mix will be negatively impacted by fewer Specials deliveries. Thereafter, our performance is expected to progress with a significantly stronger H2 2025 compared with the first half, primarily driven once again by Q4. This profile of delivery should positively position the company as it enters 2026. The full details of our 2025 guidance are included on the slide and in the results announcement.

Finally, and just to reiterate that we remain focused on creating a sustainably profitable business by turning potential into performance. As we have taken you through today, our planned growth, combined with the four key areas of improvement outlined, disciplined operational execution and continued business transformation all support our progress towards our mid-term financial targets, which remain unchanged with the inclusion of adjusted EBIT as a metric as we move forward.

Adrian Hallmark
Chief Executive Officer, Aston Martin Lagonda

So first of all, thank you, Doug, and for everybody for joining. And to conclude, as you've heard this morning, our strategy is now designed to unlock the potential that we have as a company and deliver a sustainable, profitable business, focusing on disciplined operational execution and continued business transformation including cost optimisation this year and in the mid-term. We still have and are building upon an incredible product portfolio, amazing strategic partnerships, dealer partners and a dedicated and motivated workforce that will help us achieve this vision to be the world's most desirable ultra-luxury British performance brand. I'm confident with the strong foundations that we've laid combined with our ongoing transformation, we are poised for long-term success. With that, I'd now like to hand over to the operator so we can take your questions.

Q&A

Henning Cosman (Barclays): Thanks good morning everyone and thanks for taking my questions. I'll start with three, and then I'll try and get back in line after. Maybe we can start with volumes. Your 2025 volume guidance remains several hundred units short of your original guidance for 2024, right, 7,000 units. So I just wanted to check with you if this is attributable to any specific elements. You obviously called out supply chain disruption. There was a particular comment on China at the time. I think, Adrian, you now mentioned pockets of dealer stock. So are there still specific areas? Or we're mainly looking towards lower demand really that's driving a '25 volume guidance below the original target for 2024? That's the first question.

Second question, I think, again, Adrian, you mentioned the delivery, the shape of 2025. I think your words was perhaps a little bit different than expected. And I think you're probably making reference to the more balanced cadence that you had indicated when you first spoke to us.

I believe we're looking towards £400m ballpark EBITDA for '25, probably something like minus £150m free cash flow or so and the seasonality of that again geared to H2, right? So I was hoping you could again take us through there, to your point, how and why this is different from I think also what yourselves had envisaged.

And then finally, third question, on the sustainably positive free cash flow, I just wanted to check, do you now see this effectively from the first quarter of 2026 as Valhalla ramps? You made several references that Valhalla is now really a key focus, laser focus and quite how important Valhalla is to the continued and sustainable performance on free cash flow.

I think your wording on Valhalla on the order book for several quarters has now been that it's sold out for the first year of production. So I just wanted to check with you two things really on the Valhalla. When you expect this order book to expand and I suppose as a function of probably first vehicles being on the road?

And then also, if you could conceptually what's going to fill the gap once you've delivered the 999 units of Valhalla? And what conceptually or what combination of vehicles can replace this to fill the gap once that ramps down?

Adrian Hallmark: Okay. Thank you, Henning. Starting from the top then, in terms of the volume for 2025, clearly, we don't quote retails in our forecast to the market. But one of the key factors that you need this year is, first of all, the retail sales will be significantly higher than the wholesale. And there's two specific reasons for that.

Number one, the product portfolio rollout is now approaching its peak. We still have three launches to come in the second half of the year. That links to the second question about the shape of the year, but I'll come back to that again in a moment. So three major launches in the back half of this year, the Vanquish Volante, the Vantage Roadster as well as Valhalla.

We also have a significant uplift in the number of options that we will offer to customers, things that we don't currently offer that competitors do. And both of these things will have an effect both upon the timing of volume, but also the value per vehicle that we build and sell. And the volume in 2025 will be much higher in retail than wholesale.

And the second reason that we're doing that is no longer to do with supply chain. That's the good news. We've stabilized that. We have no disruptions in the system now because of catastrophic supply situation.

We, for example, around 90% right first time. I think I quoted we were 65% in quarter three, four last year. That means at the end of production, almost a third of cars had missing parts or need for rework because of supplier problems. Now we're down to single-digit problems. So we’ve really stabilized the system. That is not the reason for volume restraint.

In fact, the reason for that is despite the fact we've made great progress in the last four months of last year on aged stock levels and total stock reduction. We also said that we continue that discipline into the first half of 2025, and we would ruthlessly balance supply and demand.

So this links to the phasing question, which was the second one. But the main reason that the volume is the way it is today is that we are actively managing that supply and demand ratio and further driving down the total stock in the system. The pockets of stock that we

now have remaining tend to be in China only. We'd like to be lower globally, but it's not a significant issue. We'll drive that out by the half year point.

It's China where the market has not recovered yet that we have the most work to do. I guess the only consolation there is that it's such a small part of our global volume as a performance brand rather than a luxury brand that it doesn't materially affect our forecast negatively compared with what we said before. So in fact, turning that around, we see an upside when the market recovers and when we have burned through the situation that we have with excess stock there. That's the only market where we have a real issue.

In terms of the shape of 2025, it links exactly to what I just said. It's both the supply and demand balancing in the first half of the year, the over-retailing that we plan compared with wholesaling and then the bumper supply, if you like, of new models and content in the second half of the year including Valhalla, which is an incremental product.

That's why the full year looks pretty much in line with the estimates that certain external analysts have had on the company, close to where we previously committed, but with a different mix and a different way of getting there. So the shape is different, but the net outcome is very similar to where we've guided.

I'll just comment on Valhalla orders and then I hand over to Doug to talk about the free cash flow and further issues on the shape of '25. But in terms of the order book expansion, you'll probably recognize that we launched Valhalla as a concept around six years ago. And at that point, we generated a lot of interest and a lot of deposits. But as the car was longer than expected to come to market, we'd seen a tail off in interest in the vehicle and in fact, some refunds on some of those deposits.

What we've seen since January, since we've relaunched the car with a clear date of delivery, a new price position, five-year service and warranty package with that price, we've seen a restart of the order intake. And that means we are now in a position where we're middle -- sorry, end of quarter two, early quarter three next year for fresh orders coming into the system. We sold out for that period. So the Valhalla order book and the expansion of the order book has already started in the last two months, and we expect that to accelerate even further as we physically deliver cars for static and dynamic testing over the next three months.

We already have one car in the atrium here at Gaydon, which is being seen daily by customers coming in, to place their second orders and do their final specs. And the initial order schedule is now filled for the first three months of production.

And finally, in terms of the gap filler, as you called it, post-Valhalla. Well we've talked about derivatives of existing cars. You'll see the first one of those on the core product range already delivered this year. Next year, there will be three derivatives of core cars that have different characteristics. And within the '26 to '28 period, we'll also be delivering more Specials, not like Valkyrie, but in the same spirit as Valiant and Valour.

We won't talk yet about which basis they're from and what the nature of those Specials are. But the Valhalla is not the end of the story. It's beginning of, well a mid-engine strategy for us, but also further activity in the Specials market. And at that point, I'll hand to Doug maybe to just pick up on the free cash flow point that you mentioned.

Doug Lafferty: Morning Henning, morning everybody. I think, yes, Henning, so sustainably positive from the second half of this year. I know that language is similar to what you've heard in the past, and I'm cognizant of that. But we do expect the second half of this year to be the inflection point. And all of this should set us up positively for the beginning of 2026. So I would expect the start of 2026 to be stronger than we've seen the commencement of both 2025 and 2024.

And with the Valhalla up and running at the rate that we expect it to be for the year, that will support positive financial performance including strong cash flow in the first part of '26. The only thing I'd add to what Adrian said in terms of Valhalla is to remind everybody, Valhalla is not only important for 2025, it's clearly a milestone for us this year to get the car launched and deliveries commenced, but it's important part of '26 and ‘27 as well. So Valhalla is the 999 coupes that's going to see us begin into '25 through '26 into '27. So I hope that helps answer the question.

George Galliers (Goldman Sachs): The first question I wanted to focus on is really just reiterating some of the points from the prior questions from Henning. Just with respect to the Q1 shipments, obviously you're guiding for it to be flat year-over-year, which would be less than 1,000 units. Can you just give us some insight what is actually happening with demand here? Because as I think about that, when we look at last year, you clearly were in a period where you had several products out of production, whereas this year, you have a completely new lineup of all of your vehicles.

Secondly, at 1,000 units, it does suggest that your five-month order backlog is very small indeed if we're only going to be producing 1,000 units in the first three months of that five-month period.

And then, Adrian, also your comments around retail consistently outperforming wholesale does suggest substantial inventory in the system. And I know you mentioned that most of this sits in China. But even if we were to take a 50% cut to the wholesale for APAC in Q1, it would only suggest a 10% improvement in wholesale to other regions like the new product lineup. So I think reading between the tea leaves, it does suggest that the pickup in demand as a result of the new products has been slow to put it mildly. So further insights there would be very helpful.

The second question I had was just with respect to, obviously the deviation between where we're sitting today and the original £500m of EBITDA, which was envisaged for 2025. I think Henning mentioned that the guide potentially implied around £400m of EBITDA for this year. Clearly, that's £100m short despite the products now being in the market. Perhaps you could give us some insights into what have been the incremental headwinds that you had not anticipated when you gave that guidance originally?

And then finally, just coming back to the free cash flow. Obviously with CapEx at around £400m and cash interest expense of £145m, it would imply you need to generate EBITDA in excess of £545m in order to generate positive free cash flow on a sustained basis. Given £400m for this year, that does seem like a big step-up in 2026? Or are you confident with the new options, the new derivatives from the Valhalla, that's a step-up that may be feasible for next year?

Adrian Hallmark: Okay. Thank you, George. I'll start with the shipments quarter one and order bank questions. Again, without giving actual numbers today on retail, retail rate is higher than the wholesale rate in quarter one. And that's the key reason why we have this disconnect, if you like, between the numbers. So we are actively running down stocks. And as you say, even though the majority of the problem is in China, we could carry on with the stock cover as we have today and keep on at that higher level of cash trapped, et cetera, et cetera. But as I've said repeatedly, we want to be in a situation where the cars that are already built that are out there, we want to create a tension in supply and demand that is befitting of the ultra-luxury positioning we hold in the marketplace. So it's an active positive step that we've taken to actually reduce that overall stock level by the end of the half year. It's a conscious decision.

And in terms of the five month order cover, circa five months being low, that includes the ramp-up as we get into quarter two. So quarter one is the lowest figure of the year. It's the

peak of our correction or the trough in the wholesale picture as it were. As we get into the subsequent months and bearing in mind, we're already now pretty much in March. So if you project five months forward, we're up at the normal run rate in the build schedule for the outlook going forward over that five-month period. So the five months order cover is at that higher rate and the stock optimisation is really that the majority of the correction that we're making will be done in quarter one. And there'll be a little bit more in quarter two, but you'll already start to see a step change in wholesales in quarter two and quarter three.

So that's the background to why there's the difference between the numbers. In terms of the deviation to the EBITDA guidance in the past and the outlook for '25, '26, I think I'll hand to Doug for that to start with.

Doug Lafferty: Yes. No worries, George. So look, I think we always provide more specific guidance as we move into the new year like we have done in the past. What I would say is we still expect a material step towards that £500m of EBITDA that we talked about for a long time. I think that was original guidance from 2020 or 2021. So we still expect a material step. We're moving to guide more linked to EBIT because we expect this year to be the turning point for the business to become EBIT positive, and that's also what the market was expecting. So still a big step towards it.

I think Adrian has outlined some of what might have changed. But obviously to counteract some of the change in what we're expecting from a volume point of view, we're obviously being very active from a cost, from an efficiency, from a productivity perspective to try to make sure that we provide a really sustainable platform for the business going forward and start to drive the operating leverage through the business this year that actually we've been talking about for a number of years. So that's really going to help support the delivery of what we expect during the course of the year.

And then on 2026, yes, we're expecting free cash flow positivity for the full year in 2026, supported by all of the things that you mentioned. I think, first and foremost, supported by the cost optimisation, the efficiency, the productivity, also supported by the rebalance that we'll go through this year in terms of the supply and demand that Adrian has talked about, a full year of Valhalla and a full year of the provision of options and continued derivatives on the core portfolio. So there's plenty to come beyond what we're doing in 2025 to support the delivery of our mid-term targets, which we're still confident in.

Harry Martin (Bernstein): The first question I have is just a bit of color on the £25m cost reduction. If I take the implied cost per employee on the 170 headcount, it implies that compared to the 5% headline number you gave, it's a much more significant restructuring at the management level. So can you confirm that and outline what the new management model looks like internally for us, that would be helpful.

The second question, just on the mid-term guidance and you're thinking about free cash flow positive sustainably £2.5bn of revenue. I understand that 10,000 unit target is a few years gone now. But what are you assuming about the volume size of the business at that point, and also how that splits across the SUV, the core models and the Specials, I think, would be useful.

And then finally, on the DBX, the 822 units in Q4 was a good step-up. Was that primarily a case of getting the new 707 stock into the dealers? Or is there any underlying signs that the upgrades are starting to drive a demand turnaround? And then any thoughts on the sort of the pace of the turnaround in the customer awareness on the DBX that you talked about on our last call would be helpful as well.

Adrian Hallmark: Okay. Thank you very much, Harry. Let's start with the cost reduction topic. I won't comment at this stage because we're obviously in a legal process and the consultation process will kick off in due course. But needless to say that, that is the full year

effect. It will affect all aspects of the business, and it is foreseeable that we can reach that level and operate the business effectively thereafter. And it's all linked to the second question actually, which is how do we create a high-value and return business at whatever volume and not be hung on a specific figure on volume, but actually look at the quality of business that we do, sustainable cash and profit generation. So the £25m reduction, we kick it off this year. We get some of the effect of this year's P&L, plus we fund it as part of the transformation activity.

Going forward, and in relation to this previously stated 10,000 level that we aim for, if we can sell 10,000 cars profitably, we wouldn't refuse to sell the cars. The mission and the plan that we now have to create a profitable business model that delivers the outputs in line with what we've previously guided, not volume, but outputs, financial outputs, but with a different configuration. And I've already given examples before, but I'll throw a few more in again just to give you a flavor of this, but we'll give a bigger update at the half year point when we've actually delivered on more of the things that I'm about to speak about.

First of all, if I look at the activity over the past 24 months and the launch events that have occurred, the amount of disruption in our supply base and in our production system in our flow and in the logistics through to dealers, the stop-start approach and the rework that we've had to do to catch this all back. This has cost us tens of millions per year over the last couple of years. So one of the key things that we can focus on is a regularized flow of production that gives suppliers a planning basis, gives our team an opportunity to improve both quality and cost of operations in a systematic way. And this, as many of you know is the core to being sustainably profitable in the automotive business.

And I've used the phrase boring before, and I don't mean in the boring sense, but the excitement that we generate around the product and the brand is inspirational. What we need to do is create no excitement with suppliers and in our manufacturing systems. It needs to be predictable, regular, constantly optimized and lean as well as the, if you like, extra costs of that disruption, we've not had a chance to fundamentally look at things like tack time and the total assembly hours nor with all of the supply disruptions, have we had a real opportunity to focus on bill of material and how can we optimize that.

So together with those things, cost of quality plus the demand side in terms of extra options that we don't even offer, derivatives that will increase the attractiveness of the products through the life cycle and give more reasons for repurchase, we're confident that there is enough opportunity across the whole business, cost and revenue and contribution generation that will give us similar outputs to what we've previously described, but with a different mix of revenue and cost structure. And that's the mission of the transformation approach that we're on.

And finally, I'll go over to Doug after the DBX comment to add anything. But the DBX in quarter four did work well. It's a combination of factors. Number one, we had specific campaigns on the aging stock in America and in the Chinese market, where we have these pockets that we've mentioned in quarter three last year or quarter four last year.

But also because of the residual value performance in our finance programs and leasing programs being improved and because of the dealer focus that we created in the back end of last year, we managed to get the traction finally that we needed. And you'll see when we do the quarter one results without giving specific numbers today that, that wasn't a one-off, and that trend has continued. Whilst I say that, we obviously need and we will do so with the derivatives and with the extra work that we're doing on the product, we need to take that to the next level. But the quarter four performance on DBX is not a one-off.

Philippe Houchois (Jefferies): I'll start with a comment, though, which I think the fact you're guiding to EBIT instead of EBITDA for me is already an upgrade. So I think that's going to the real world. So well done on this.

The questions I had otherwise more detailed and I'm just trying to figure out, at one point do we see deposits becoming an inflow again in your working capital? And how much of that is a contribution to your positive free cash in the second half of 2025?

Second detailed question is on this leftover inventory understood, mostly in China. Just to figure out, have you already written that off already in your accounts? Or is that an overhang that we have to consider in the next few quarters as you really physically eliminate that inventory?

And my last question is more, and it could be a sensitive one, but more on the footprint. You have an operation that is split between Gaydon and St Athan. And compared to your peers, whether it's Bentley or Ferrari or even Porsche around 911, your competitors are much more focused on one location. And I wonder to what extent it is a structural impediment as Adrian, as you go through leaving no stone unturned on the cost base, is that spread in the footprint a structural issue that needs to be addressed?

Adrian Hallmark: Thank you. I can start with Doug on the deposits question.

Doug Lafferty: Yes. So I think deposits last year, as we indicated, was a meaningful outflow, I think around £170-odd million of a working capital headwind last year. This year, we expect it to be broadly neutral, I would say. So as Adrian alluded, we're continuing to take first deposits and indeed second deposits from Valhalla customers as they spec the cars. But obviously as we deliver the cars, those will unwind. So I wouldn't expect deposits to be a meaningful part of any working capital deviation, let's call it, for this year or indeed the following year. So I think that phenomenon is broadly dealt with.

Adrian Hallmark: In terms of inventory, we don't write off inventory. We obviously make provisions for older stock. But just to give you an indication, in China, which is where the biggest issue still remains, the really old stock, we're talking about handfuls of cars, not a mass problem. So for each car, we have a provision at the year-end, not a full write-off, but a provision. And of course, we have variable marketing planned in this year, which is a professional level, not distressed level, and that will ensure that we can, together with the production adaptation in the first quarter and some degree in the second quarter, together with this approach, we can harmonize or balance supply and demand as we get to the half year point. So no write-off, but adequate provisions make those cars attractive versus the new models and incentivize the sale of them.

And in terms of footprint, of course, there's no stone unturned. But if I look at St Athan, the cost of St Athan and the efficiency of it, even though we have two sites, so do Porsche, by the way, so we do have two sites. We don't have the space in Gaydon to build everything.

St Athan is an amazing facility that has huge opportunities to be even more efficient, but there's no fundamental review of that currently on the table. And if it were, we talk about that in due course, but it's not something that's on the list of things to look at immediately.

So I think we've now come to the end of the Q&A session. I'd like to thank you all for your attendance and for the questions that we've had. Look forward to catching up you with an update at the next results. Thank you.