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15 July 2022

## Aston Martin Lagonda Global Holdings plc

### Proposed New Equity Financing and Strategic Investment by the Public Investment Fund (“PIF”)

Aston Martin Lagonda Global Holdings plc (“Aston Martin”, “Aston Martin Lagonda” or the “Company”) today provides the following market update

- **£653m. proposed equity capital raise with the proceeds used to meaningfully deleverage the balance sheet, strengthen and accelerate long-term growth**
- **Leading global investment fund, PIF, to become a new anchor investor and the second largest shareholder**
- **PIF, the Yew Tree Consortium and Mercedes-Benz AG to invest c. £335m in total**
- **Proposed equity capital raise provides clear pathway for significant shareholder value creation with pro-forma cash of £500 - 600m post debt pay down, driving Aston Martin’s growth ambitions and supporting positive free cash flow generation from 2024**
- **FY 2022 outlook reaffirmed in H1 trading update with strong demand trends continuing**
- **Company also announces the Board’s rejection of Atlas Consortium Proposal**

### Proposed Equity Capital Raise

The Company announces its intention to undertake a proposed equity capital raise (the “**Capital Raise**”) to meaningfully deleverage the balance sheet, strengthen and accelerate its long-term growth. The Company confirms the following plans for a linked primary issuance of shares, subject to shareholder and regulatory approvals:

- a proposed placing of approximately 23.3 million new ordinary shares at a price of £3.35 per ordinary share in the capital of the Company to PIF (the “**Placing Shares**”), conditional upon the subsequent underwritten rights issue, to raise approximately £78.0 million (the “**Placing**”), representing approximately 16.7% of the post-placing share capital of the Company; and
- a subsequent underwritten rights issue to raise approximately £575 million (the “**Rights Issue**” and, together with the Placing, the “**Capital Raise**”).

The Company intends to use the net proceeds from the Capital Raise for the following purposes:

- up to half to repay existing debt, strengthening financial resilience and improving the company’s cash flow generation by reducing its interest costs;
- the balance to maintain a substantial liquidity cushion to underpin and accelerate future capital expenditure, and to support execution of its targets in what remains a challenging operating environment, impacted by the war in Ukraine, COVID-19 lockdowns in China, as well as continued supply chain and logistics disruptions

The Capital Raise has been in development for some time, and follows a comprehensive Board review of the Company’s optimal capital structure and growth capital requirements over the medium-term and beyond, as well as the debt reduction required in order to achieve a net debt leverage ratio of c. 1-1.5x by 2024/25.

Over the coming years, Aston Martin's capital expenditure profile, enhanced by this Capital Raise, will focus on:

- next year's next-generation front-engine sports cars, and furthering the DBX offering,
- the development of the Group's high margin mid-engine vehicles, including the Valhalla special edition,
- its electric platform for future sports cars/GTs and SUVs, working towards the following timelines:
  - o 2024: First PHEV targeted for delivery
  - o 2025: First BEV targeted for launch
  - o 2030: Fully electrified GT/Sport and SUV portfolio

The Board believes the proposed Capital Raise will serve to further support the Company's re-affirmed medium-term targets of c. 10,000 wholesales, c. £2bn revenue and c. £500m adjusted EBITDA by 2024/25, and strongly positions it for positive FCF generation from 2024.

The specific terms and conditions of the Capital Raise will be announced by the Company in due course. The Company expects to separately publish a circular (the "**Circular**") in mid-August, which will contain notice of the General Meeting of the Company (the "**General Meeting**") required in connection with the Capital Raise, which it is expected will take place in early September and at which the Company will seek approval from its shareholders. It is expected that a prospectus, (the "**Prospectus**") containing further information on the Capital Raise will also be published in early September and in any event before the General Meeting and that completion of the Capital Raise will take place by the end of September.

In connection with the Capital Raise, the Company confirms that:

- PIF has entered into a binding transaction agreement with the Company on the date of this announcement. Pursuant to this agreement, PIF and the Company agree to use reasonable endeavours to negotiate in good faith and finalise all definitive documents in relation to PIF's participation in the Capital Raise, and to enter into such definitive documents immediately prior to announcement of the Capital Raise. PIF's participation in the Placing remains subject to customary conditions, in addition to the Rights Issue being fully underwritten ahead of launch;
- PIF will also have the right, subject to owning more than 7% of the Company's voting rights, to a Non-Executive Director seat as a Shareholder Representative on the Aston Martin Board of Directors, and the right to a second Non-Executive Director seat provided that PIF owns more than 10% of the Company's voting rights;
- Goldman Sachs International acted as sole Financial Adviser to PIF;
- Yew Tree Overseas Limited (on its own behalf and in its capacity as Representative Shareholder on behalf of the members of the Yew Tree Consortium, being Yew Tree Overseas Limited, Saint James Invest SA, J.C.B. Research, RRRR Investments LLC, John Idol, Francinvest Holding Corporation, ErsteAM Ltd and Omega Funds I Limited) which owns approximately 22.0% of the issued share capital of the Company as at the date of this announcement and which is expected to own approximately 18.3% following the proposed Placing, has irrevocably agreed to: (a) vote in favour of the Capital Raise at the General Meeting; and (b) take up in full its entitlement to shares to be issued in the Rights Issue for a total equity investment of £105.3 million;
- Mercedes-Benz AG which owns approximately 11.7% of the issued share capital of the Company as at the date of this announcement and which is expected to own approximately 9.7% following the proposed Placing has irrevocably agreed to: (a) vote in favour of the Capital Raise at the General Meeting; and (b) take up in full its entitlement to shares to be issued in the Rights Issue for a total equity investment of £56.0 million;
- The Company continues to enjoy a long-term strategic relationship with MBAG as evidenced by their proposed investment and our planned deployment of MBAG technologies, accessed via tranche 1 of the Strategic Cooperation Agreement (the "**SCA**"), in new product ranges delivered 2022 through 2025. The strength of relationship makes it natural that the Company is exploring a BEV partnership with them, as it has the option to via tranche 2 of the SCA, subject to reaching a commercial agreement, which would be targeted for the benefit of financial year 2026 and onwards. The Company would note that the structure and terms of the SCA may

be amended in due course, having regards to the best interests of the Company, to better reflect Aston Martin's planned BEV time horizons and the impact of the Capital Raise.

- In addition, the Company has entered into a standby underwriting letter on the date of this announcement with J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) and Barclays Bank PLC (the "**Banks**"), pursuant to which the Banks have agreed to underwrite on a standby basis the Rights Issue up to £318 million, which excludes the shares undertaken to be taken up by PIF, Yew Tree Overseas Limited and Mercedes-Benz AG. The standby underwriting letter contains customary representations and warranties, conditions and termination rights, and the Rights Issue will be subject to customary conditions.

## H1 2022 trading update

Aston Martin is pleased to reaffirm its 2022 outlook with strong demand trends continuing:

- The Company continued to benefit from strong demand across its product lines, with GT/Sports cars fully sold out into 2023 and order intake for DBX more than 40% higher year-on-year
- Despite supply chain disruption impacting the timing of early DBX 707 deliveries in Q2, order intake remains robust and in-line with expectations
- As noted above, supply chain and logistics disruptions, including COVID-19 lockdowns in China, impacted wholesale volumes, most notably DBX deliveries in Q2
  - H1 wholesale volumes of 2,676 (H1 2021: 2,901)
- Wholesale ASP continued to increase year-on-year, supported by strong pricing dynamics throughout the core portfolio, as well as FX tailwinds
- Initial deliveries of the fully sold out V12 Vantage run of 333 cars commenced in Q2, with expected H2 ramp supportive of gross margin progression
- 27 Aston Martin Valkyrie deliveries in H1 2022. Production rates continued to increase with 38 vehicles assembled in H1 and the Company remains on track to achieve its full year target range (75-90)
- Given FX movements during the period, the Company anticipates a further FX revaluation impact (mostly non-cash) on its dollar denominated debt
- In addition to its planned capital expenditure in H1 2022 and cash interest payment in Q2 2022, the Company's H1 free cash flow and cash balance was highly impacted by elevated working capital outflows related to supply chain and logistics disruptions, as well as movements in the level of usage of the revolving credit facility at the end of the period. The Company expects cashflows from working capital to significantly improve in the second half of the year
- The Company continues to trade in line with expectations for full year 2022 and reaffirms its operational financial guidance for the year as follows:
  - Wholesales: growth to > 6,600 units
  - Adjusted EBITDA margin: c.350-450bps expansion
  - Capex and R&D: c.£300m
  - Depreciation and amortisation: c.£315m-£330m

The Company's Interim Results for the six months to 30 June 2022 will be announced on 29 July 2022

## **Atlas Consortium Proposal**

On 8 July 2022, the Company received a proposal (the “**Proposal**”) from Investindustrial Group Holdings S.à r.l. (“**InvestIndustrial**”) and Geely International (Hong Kong) Limited (“**GIHK**”) (Investindustrial and GIHK together being referred to the “**Atlas Consortium**”) for an equity investment of up to £1.3 billion in aggregate into the Company comprising of a £203 million firm placing and subsequent £1,105 million underwritten rights issue (pursuant to which the Atlas Consortium would take up its pro rata rights for approximately £300 million and underwrite, subject to relevant regulatory and shareholder approvals, any residual shares not taken up by existing shareholders.)

The Board of Aston Martin considered the Proposal carefully in the light of the Company’s current financial performance and future capital requirements. Having done so, the Board does not believe that the Proposal presented an attractive funding option or value creation opportunity for existing shareholders. Accordingly, the Board unanimously rejected the Proposal and believes there is no basis for further discussion.

The Board of Aston Martin believes that the Proposal markedly overestimated the Company’s new equity capital requirements, would have been heavily dilutive for existing shareholders, and comprised a number of execution obstacles.

Furthermore, the structure of the Proposal and the nature of its delivery are such that the Board of Aston Martin considered this an attempt by the Atlas Consortium to acquire a controlling and prospectively majority ownership position without any premium paid to existing shareholders.

### **Commenting on this announcement, Lawrence Stroll, Executive Chairman of the Board, said:**

*“Today’s announcement marks the latest success in the evolution of Aston Martin, the restoration of the business and balance sheet we inherited, and the acceleration of our long-term growth potential. Since I became Executive Chairman in 2020, we have made significant progress on our journey to become the world’s most desirable, ultra-luxury British performance brand.*

*We started by fixing the core fundamentals of the Company, successfully de-stocking the dealer network to rebalance supply to demand, optimising inventory levels aligned for an ultra-luxury business, and now benefit from the strongest order book we have seen in many years. We also signed a strategic co-operation agreement with Mercedes-Benz and have developed a breathtaking pipeline of products, starting with the DBX707 and V12 Vantage, all of which are aligned with our 40%+ contribution margin targets – a significant increase from the past.*

*Aston Martin’s return to the pinnacle of motorsport with the Aston Martin Aramco Cognizant Formula One™ team, has also ushered in a new era for our iconic British brand. Our focus on building brand equity and unleashing the potential of Aston Martin is already delivering growing demand from a new generation of customers, with more than 60% new to the brand in 2021.*

*I am delighted to welcome the Public Investment Fund as a new anchor shareholder in the Company, alongside my consortium. We have a shared vision and our joint participation in this important strategic financing demonstrates both our confidence in the prospects for the Company and our commitment to the future success of Aston Martin.*

*I would also like to thank Mercedes-Benz for their continued support and investment as well as the strong long-term partnership we have created.*

*Overall, this is a game changing event for Aston Martin, supporting the delivery of our strategic plans and accelerating our long-term growth potential. It transforms our balance sheet, liquidity and cashflow profile and provides greater clarity on our pathway to become sustainably free cash flow positive and create significant shareholder value. With the new leadership team in place, led by Amedeo Felisa, we have the right team and the right strategy to fully realise the long-term potential of Aston Martin.”*

## Appointment of Corporate Broker

Aston Martin also announces the appointment of Barclays Bank PLC (“Barclays”) as its joint Corporate Broker, alongside J. P. Morgan Securities PLC, with immediate effect.

## Other information

This announcement includes inside information as defined in Article 7 of the UK Market Abuse Regulation No. 596/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 and is being released on behalf of the Company by Liz Miles, Company Secretary.

The financial information contained herein is unaudited.

All metrics and commentary in this announcement exclude adjusting items unless stated otherwise and certain financial data within this announcement have been rounded.

## Conference Call

- There will be a call for investors and analysts today at 08:30am
- The conference call can be accessed live via the corporate website <https://www.astonmartinlagonda.com/investors/calendar>
- A replay facility will be available on the website later in the day
- Interim Results for the six months to 30 June 2022 will be announced on 29 July 2022

## Enquiries

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## **Notes to editors**

### **About PIF**

The Public Investment Fund (“PIF”) is one of the largest and most impactful sovereign wealth funds in the world. Since 2015, when the Board was reconstituted and oversight transferred to the Council of Economic and Development Affairs, the Fund’s board of directors has been chaired by HRH Prince Mohammed bin Salman Al Saud, Crown Prince, Deputy Prime Minister and Chairman of the Council for Economic and Development Affairs. As of April 2022, PIF’s Assets Under Management have reached more than \$620 billion (over 2.3 trillion Saudi Riyals). The Fund plays a leading role in advancing Saudi Arabia’s economic transformation and diversification, as well as contributing to shaping the future of the global economy. Since 2017, the Fund has established 54 companies and created, directly and indirectly, more than 500,000 jobs as at the end of 2021.

PIF is building a diversified portfolio by entering into attractive and long-term investment opportunities in 13 strategic sectors in Saudi Arabia and globally. The Fund’s strategy, as set out in the PIF Program 2021-2025 - one of the Vision 2030 realization programs - aims to enable many promising sectors and contribute to increasing local content by creating partnerships with the private sector, in addition to injecting at least 150 billion riyals annually into the local economy. PIF works to transfer technologies and localize knowledge to build a prosperous and sustainable economy in Saudi Arabia. As the investment arm of Saudi Arabia, the Fund looks to make unique investments, and is building strategic alliances and partnerships with prestigious international institutions and organizations, which contribute to achieving real long-term value for the Kingdom in line with the objectives of Vision 2030. PIF has also created an operational governance model that reflects its main tasks and objectives, in line with best international practices. Applying this model of governance enhances the level of transparency and effectiveness in decision-making and future progress.

More information about PIF can be found at [www.pif.gov.sa](http://www.pif.gov.sa)

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