



# **2025 Third Quarter Results**

Wednesday 29<sup>th</sup> October 2025

## Third Quarter Results Presentation

Adrian Hallmark

*Chief Executive Officer, Aston Martin Lagonda*

Good morning. Thank you, Adam.

So, first of all, a warm welcome to everybody. Thank you for joining the call for the Aston Martin Q3 2025 results. Before we take questions on the line, Doug and I would like to provide a summary of our operational and financial review for the last quarter and outlook for the rest of the year.

I recognise that we already updated the market earlier this month. Much of what we will share today you'll be already aware of. But it is important that we focus now on what we're doing and building forward to highlighting some of the actions that we've already taken in response to the challenges that we face.

Let's start with operations, the heart of our business - and that's essentially our cars. As we said at the beginning of this year, we remain focused on refreshing our core models available to customers. Aston has a long-standing tradition of using the 'S' suffix for the high-performance derivatives of core models, and we've continued that tradition this year by adding the Vantage S, DBX S and most recently, the DB12 S.

We now also have the Volante or Roadster models available for all of our sports cars, and we recently celebrated the 60th anniversary of the iconic Volante name with the release of limited edition, Q by Aston Martin, DB12 and Vanquish models.

There will be much more to come in 2026 and each of these small product events provide an opportunity for communications, product relaunch and customer engagement on a global basis.

Valhalla has been a monumental and groundbreaking product for Aston Martin. It's our first mid-engined PHEV in series production, and it's set to transform the business. I'm delighted to confirm that this week, we commenced initial deliveries of Valhalla to Europe. We've achieved homologation there and the first cars have been shipped and will be ready to be delivered to customers in the coming days and weeks. But that's just the start. We will continue that process through to the end of this year, and we expect to deliver about 150 cars before we close out 2025.

In parallel to this, there is an extensive customer driving program where some 600 customers, existing and new, are testing the vehicle around the world. This week, the team are in Miami and the feedback has already been incredible. I can only concur with the positive feedback that we've had, having driven the car myself, both on public roads around Warwickshire, but also at pace on the limit at Gaydon, and the car is truly phenomenal. And that's the feedback we get from all participants at these events. As you're probably aware, already more than 50% of these cars are already deposited. And that means that any new orders that we generate over the coming days, weeks and months will be delivered successively towards the end of 2026.

This level of direct customer engagement is the platform that we will use going forward for the rest of the core range. We've seen fantastic response from these Valhalla supercar buyers when testing the Vantage on the same tracks before they go in the high-

performance car and we've actually sold core models as a result of them being tested before the main reason for those visits. A clear example that getting behind of the wheel of the Aston makes a truly unique thrilling experience and surprises the unconverted.

However, as we flagged earlier this month, our performance this year from a financial and operational point of view has been challenged by some significant macroeconomic headwinds; sustained impact of the U.S. tariffs and continued weak demand in China, compounded by a change in luxury taxation in the second and third quarter of this year. This trend has also been noted by other premium and luxury automotive peers, but obviously, we have to respond in our way to our specific situation.

So, we've taken decisive and proactive steps to strengthen our position. First of all, we've passed through a second 3% price increase in the U.S. from the 1<sup>st</sup> October to offset more of the impact that we've been absorbing due to the tariff increases announced earlier this year. As we said at the H1 results, we provided support to dealers in China, in order to accelerate sales, clear stocks and get us ready for a strong 2026. Unfortunately, this new luxury tax slowed that process down, but we redoubled our efforts, and we're making strong strides to ensure that we recover the situation by the end of 2025 as originally planned.

What we're also doing is taking a long hard look at our Opex and Capex plans, both for 2025 and in subsequent years. With that in mind, work is underway to review our future cycle plan with the dual aim of optimising capital investment, while continuing to secure innovative products that meet customer demand in our plan and, of course, meet regulatory requirements. We will not mortgage the future. We will merely reprioritise, retime and refocus that Capex to make it more efficient going forward. We'll give you more details on that as we get to the FY results, but you can expect that the five-year Capex envelope instead of the previously indicated £2bn range will be more in the £1.6bn-1.7bn range, a significant shift, but without damaging our future prospects.

We'll continue to build on our current strengths of exquisitely designed high-performance cars, GTs and SUVs, together with V8 and V12 engines. This is at the heart of Aston Martin's strategy, and we need to embrace this and ensure that we have a business fit for today and the future.

With that overview, I'd now like to hand over to Doug, who will take you through the key financials before we take questions from the invited guests. Thank you.

Doug Lafferty

*Chief Financial Officer, Aston Martin Lagonda*

Thanks, Adrian.

Good morning, everybody.

So overall, our Q3 performance reflects the position that we announced earlier in the month and really predicated on the lower-than-expected wholesale volumes.

Our Q3 wholesale volumes of 1,430 were down 13% compared to the prior year period and below our previous guidance of expecting Q3 to be broadly in line with Q3 of last year. This volume performance reflected the heightened challenges in the global macroeconomic

environment including the ongoing effects of tariffs, weak demand in China and the planned delivery of fewer specials versus last year.

YTD revenue and total ASP also reflected the lower Specials volumes, when compared with the prior year period. As a result, revenue decreased by 26% and total ASP decreased by 22%. However, YTD core ASP increased by 4%, driven by improved mix including both Vanquish and Vanquish Valante, as well as continued strong options contribution stable at around 18% of core revenue.

Core ASP was lower sequentially in Q3 compared to Q2 this year due to the additional dealer support including in China that we mentioned earlier, foreign exchange and mix within the sports car portfolio. The fewer special deliveries and to a lesser extent, the lower core volumes also impacted YTD gross profit and gross margin.

The margin also reflected the impact of the previously communicated warranty costs and other investments made in product quality earlier in the year as well as the elements impacting the core ASP I've just mentioned. We expect to deliver an improved gross margin performance in Q4, benefiting from additional core derivatives and the contribution from around 150 Valhallas.

YTD adjusted EBITDA decreased against the prior year period by £105m to £8m, reflecting the gross profit movement. This was partially offset by a 24% decrease in adjusted operating expenses, excluding D&A, as we continue to focus on optimising our cost base and to drive operating leverage. Here we've taken further action and now expect to reduce FY 2025 adjusted operating expenses, excluding D&A, to around £275m from £313m in 2024.

YTD adjusted EBIT decreased by 42% to minus £172m, with D&A decreasing by 23% to £180m, primarily reflecting the lower Specials volumes ahead of Valhalla deliveries commencing in Q4.

Capital expenditure of £254m was below the comparative period and we've taken action to further reduce FY 2025 Capex to around £350m, down from the initial £400m guidance at the start of the year and the £375m referenced at the Q3 Trading Update.

Free cash outflow in Q3 was £94m, and from a liquidity perspective, and as previously announced, we received the net proceeds of £106m for the sale of the shares in AMR GP, which resulted in total liquidity at the end of Q3 of £248m. Whilst we announced at the beginning of the month our expectation that we'd no longer be free cash flow positive in H2 2025, we do expect to deliver an improved sequential Q4 performance for the reasons already outlined.

As we move into next year, we expect to complement the current core portfolio with additional derivatives and to deliver around 500 Valhallas with our production and delivery cadence established at the end of 2025. This, in addition to driving further operating leverage and being disciplined in our approach to Capex supports our outlook for materially improved financial performance in 2026.

With that, I'll hand back to Adam, so we can start to take some questions in the time we have remaining.

## Q&A

**Henning Cosman (Barclays):** I have three, please, if I may. Really good to see the further action on Capex and Opex, but I have to ask, how do you manage to do that with no effect to cycle plans or so on? Obviously, you're telling us the cycle plan is under review, but do you have that leeway or headroom to cut these costs? Perhaps, in other words, why wouldn't you have done that anyway? That's the first question. What are the effects?

Second question, it's also great to see these new variants come through, 'S' variants across the model range, but what levers do you really have to stimulate demand, because I believe these variants, they tend to take up quite a large share of the overall model mix and don't really tend to be that incremental over and above the existing unit sales. So, perhaps you could remind us, what levers you're foreseeing to increase overall unit sales?

And finally, third question on the liquidity. I don't know, Doug, if you can give us a feel for where you think you might be ending FY'25 in terms of liquidity? But perhaps, also a feel beyond 2025, perhaps not the time to talk about whether you're foreseeing free cash flow breakeven next year or not. But if you could just give us a bit of colour if you think you can stay well within that £200m-£300m liquidity range without any need for further debt or equity, that would be great.

**Adrian Hallmark:** Adrian here. I'll kick off, and I'll pick up on the demand and variance and their influence, and then we'll come on to the financials.

I think the idea of the variance (without giving a detailed forecast of next year's volume) even without incremental volume, the variances are a better average selling price and a different product proposition to the products that we've sold in 2025.

So, the levers that we have are new models. They offer new performance, new features and a different price value relationship. They give us some reason to go back to existing customers, which is clearly a significant opportunity for re-selling and upgrading through their life cycle, but also an opportunity in a platform to recommunicate the nameplate because there's still people that don't know every model that we do in the world and get new business too. So, it's an ASP activation. It's an existing customer repurchase opportunity. And of course, it gets more awareness for each nameplate and keeps the brand salient in between the big life cycle changes on new product launches, so that's the basis of those.

And just in terms of the mix of then, to clarify that point, as we move through the year, we intend to essentially switch most production to these new models so that the existing core range is ordered on demand and is a much smaller percentage of our total mix. That also helps the residual values.

**Doug Lafferty:** Okay, so I'll pick up on questions one and three, Henning, which I think was kind of linked to be honest with you.

So, obviously, from a cost and Capex point of view, you can see that we're taking the action that we outlined we would when we updated the market early in October.

And indeed, on the cost front, so on SG&A, it's really a continuation of the action that we've been sort of taking all year. So, I think you can expect SG&A at the end of this year, as I said, around £275m. So hopefully, a little bit improved versus what we previously indicated. And then our job is to try and obviously offset the impact of any inflationary or other

impacts on the SG&A cost base as we move into next year and try and make sure that we do deliver operating leverage.

And from a Capex perspective, it's really about having a really good long hard look at the product cycle plan, making sure that we do it in the most efficient way that we possibly can. A little bit of rephrasing with the benefit of electrification moving to the right, as we've already outlined earlier in the year. We're already running at the kind of rate that I would expect Capex to be in the window of next year, so we're guiding to c. £350m this year. I think next year, it's probably likely to be somewhere between £300m-£350m. And we're focused on ensuring that we don't impact any near-term revenue-generating products with the rephrasing of the Capex plan. So, that's how we'll go about doing that.

And of course, those two things are then linked to your third question around liquidity. And of course, we're absolutely laser-focused on ensuring that the company has the liquidity it requires, £200m-£300m window that I've talked about previously remains the sort of goal and the avenue that we're operating within. We were around £250m of liquidity at the end of Q3. And look, we're targeting to make sure that we stay in that window as we move through next year.

**Harry Martin (Bernstein):** I have two questions on Valhalla to start with. The first one, with the activation going on right now and in the coming months, would you expect to be fully sold for the 2026 build slots by the year-end of this year? What is your updated expectation for the full 999?

And then the second question on the Valhalla is, just how many of the 150 deliveries in the guide for this year are earmarked for the U.S. if we do get an ongoing government shutdown there?

**Adrian Hallmark:** Okay Harry, so I'll start with the easy one first. The number of cars going to the States is around 40 in the final quarter of this year.

In respect to the government shutdown, the certification process that we have to run is complete. The documentation has all being submitted. And until about 10 days ago, we were still getting responses from them until they ran out of funding. So, it is tight. We no longer have a significant risk on quotas. We're not gleeful about this, but the unfortunate and critical situation that JLR found themselves in has probably taken significant pressure off the quota allocation risk for Q4. So yes, you're right, we now just still face the certification risk, but until a few days ago, we were still in active contact. The work has been done. The documents are submitted. So, we're cautiously optimistic that it will flow, and we should know in the coming weeks how that looks.

In terms of the sellout of Valhalla, I mean it would be great if we could sell them all tomorrow. By the year-end, I think certainly, we will have sold the majority that will be available in 2026, because we've already sold most of them as we sit here today, if you add the total numbers up. And in terms of the 999, that's still a plan over the 2.5 year period, of all the cars in the marketplace. And we are encouraged by the fact we've got more than 50% of those sold before anybody saw the actual car or drove it. So, we have a high number of people that are currently specing, negotiating and finalising arrangements for the car. So, I won't predict exact numbers and exact dates, but it's looking positive as we open up the marketing channel.

**Harry Martin (Bernstein):** Then I wondered, Adrian, if I could just ask for an update on some of the strategic agenda. It's totally acceptable with a lot of the market issues hitting demand for the luxury manufacturers out there, but when you came in, you highlighted

opportunities versus peers in terms of option availability and more personalisation revenue, and also on optimising manufacturing and supplier processes. So, I wondered if you could share any data points that you have, maybe the personalisation rates on those new S variants or any other data points that you have on some of those strategic goals that you had when you came in?

**Adrian Hallmark:** Yes. I think if we start from the really good news. If you think around 6-9 months ago, the condition that we were in operationally as a company was pretty dire. The right first-time performance in manufacturing was nowhere near industry norms. I think we quoted 55%-65% of vehicles being right first time out of the factory, massive shortages from suppliers, problems with production and launch of cars - some of which is caused by external and some by internal factors. The good news is we fixed all of that. If you were to sit in the regular reviews that we have on a weekly basis, supply stability, manufacturing KPIs are normal, 96%-98% right first time and 4 or 5 suppliers that we are monitoring or working with on a weekly basis to ensure that things move smoothly compared with 30-40 critical one's going back a year. The quality process at the end of the line, the quality flow to dealers, we've seen massive reductions in demerits and in issues in that part of the process. So, from an industrial operational point of view, I would say we have done the turnaround. We have a balanced production system, and it works. We've also taken huge cost out of it.

We mentioned the transformation program, which covers cost of quality, material costs, all of the 39 fields of action that we've defined are well underway with huge amounts of energy and effective activities going on across the company. And that's partly the reason why we've been able to cap the SG&A this year, and we're, again, quietly confident that we can sustain similar levels of SG&A next year despite the inflationary effects. The underlying efficiency and capability of the company, we have made a step change with.

If I look at the external side and the added-value and incremental value per car, I have to be honest that the rate of development and launch of those incremental options to catch up with competition has been slower than we originally planned, and it's for three reasons. One, these derivatives that we've launched, bear in mind, we didn't have any of these assets, all of them take time and effort. They took a lot of the resource effort that we had in engineering and in the whole process chain last year, and we underestimated the effort that would take. Together with the significant quality improvements that we've made during the period, it meant that there was more limited resource to be able to really boost those options. We have added c.15, but we didn't add the c. 40 that we wanted. The derivatives have been done, body styles as well as these performance and character models. Options, that will continue, and it will ramp up during this year and watch this space for that.

Operationally, strengthened market ASP and customer attractiveness, derivatives are very successful. About a third of the incremental options that we wanted this year have been delivered, but we will play catch-up next year.

**Michael Tyndall (HSBC):** If I look at your guide for shipments, it feels like we are, again, expecting a very strong Q4. And I guess the concern in my head, I can see that Valhalla is incremental, and that's part of why we're going to see that sequential lift, but it also feels like there's a big lift in the core volumes. What confidence do you have that we don't end up in the same situation we were this year where first half of next year, you are then trying to unwind that inventory?

**Adrian Hallmark:** Okay Michael, thanks for the question. And the first thing I would say, if you look at the inventory development through the year this year, we've also been pretty effective at bringing that down significantly. As we get towards the year end, you're right,

we have a disproportional reliance on Q4 for various historic reasons, but the market is also stronger in Q4 than other quarters, and particularly December. If I separate two elements, if I look at the retail rate for this year, we will see a step-up in retail rate in Q4. That's predicted, and we're, again, quietly confident that that will occur. As we stand today from the low point that we've seen in stocks, we do and can imagine that by the year end, that total stock in the pipeline will go up again to somewhere between the low point at the start of the year but not at the level of the beginning of the year. And that's based around the combination of retails and the phasing of those wholesales. And you're right that those late Valhallas, in particular, we will be able to invoice them, but some of them will be so late that maybe some customers won't take delivery this year, so the wholesale will happen, but the retail may be held off until the 1st of January for residual value reasons.

So looking forward, and part of our planning that we've done for the Capex, Opex and outlook, we have made sure that for next year, we have an even more balanced approach throughout the four quarters and that we continue this trend to bring stock down in line with norms and market expectations.

Final thought, we have been quite prudent, at least on the baseline planning for next year on core models, and we have already pre-planned production, sales and stocks accordingly.

**Akshat Kacker (JP Morgan):** Two quick ones, please. The first one, coming back to the core portfolio. Given the product cycle plan review, and as you mentioned, electrification is moving to the right, could you just give us some more insight on what that means for the core portfolio going forward? How are you thinking about powertrain derivatives or probably if there's a new generation of core cards that is within that Capex plan of £1.7bn over five years?

And the second question is on the underlying demand trends. I see you have talked about an order book that is still at five months of sales. Could you just give us more insight on the regional demand that you're seeing, specifically in the U.S., as you have implemented a second price hike in the region? And also, if you could talk about some demand trends in Europe?

**Adrian Hallmark:** I think first, powertrains, it's pretty consistent with what we said, in that we will be predominantly between now and in 2035 if you use that time window, we will be predominantly combustion engine and electrified combustion engine dominated. We will have BEVs in the first part of the 2030s, but it will be a low proportion of the volume over that 10-year run. And we believe high-performance ICE and ever more efficient EU7 engines, but V8 and V12 should be our foundation stones for the future. Between now and the relaunch of the current core models, we will also be launching a number of specials based around the various technology stacks that we have available to us. Without going through those today, each of them, sequentially and well timed, will give us an ASP and a cash boost each year between 2026 all the way through to 2030 and 2031. That's as far as we planned the specials at this stage.

But in respect to the core programs, which is key, I can absolutely confirm that the period between late 2020s and early 2030s and in the next five years, we will refresh all of our core nameplates with new models that are both exterior, interior and powertrain, e-architecture and technology renewed from the ground up. That is secured within the Capex plan that we've indicated in this £1.6bn-£1.7bn range that we've now defined.



As Doug mentioned, who we've done that is ruthless prioritisation of the Specials and efficient use of technologies across all programs, SUVs and sports cars and changing the way that we buy and create that platform in the next generation of cars.

I think in terms of demand and the outlook, the U.S. is interesting. Overall, we definitely can see there's a little bit of holdback or more competition because of tariffs. It has created inflation and it's created a bit of macro uncertainty, which is making customers slower to make decisions. We still have good footfall. We still have great interest in the products and helped massively by the great press that we get on everything that we launch, including DBX S being ranked better than the Purosangue, which was fantastic. The general demand is strong, but the conversion rate is slower than we would normally expect, and competitors are working a lot harder to keep their customers.

China is very difficult and remains very difficult. UK is pretty strong. Europe is in line with our expectations. Between the two, we're slightly above. Middle East remains an area that we want to develop in the future, but there's particular reasons why we can't fully activate the brand potential there, but that will be an area of focus for us in 2026. And finally, India, with a trade deal at least highlighted or outlined, we're working with government and within the team to look at what can we do to get ready for that opening up of India, which could be quite significant as a result of the drop in import tariffs on cars built in the UK is a significant opportunity. That's the outlook for the next 12 months.

Thank you for your time and the clear questions and look forward to seeing you for the year-end call. Thank you very much.