2 November 2022

Aston Martin Lagonda Global Holdings plc

Results for the nine months to 30 September 2022

- **Successfully completed strategic £654 million equity capital raise**
- **Year to date revenue increased by 16%, driven by record core ASPs**
- **Impressive demand continued across the portfolio with GT/Sports sold out into Q2 2023, DBX orders up by more than 40% year-on-year**
- **Supply chain challenges continued to moderate potential growth & impact working capital through Q3**
- **Medium-term targets re-iterated, 2022 outlook modestly revised to reflect the impact of new, temporary supply chain challenges in H2**

£m	YTD 2022	YTD 2021	% change	Q3 2022	Q3 2021	% change
Total wholesale volumes[1]	**4,060**	**4,250**	*(4%)*	**1,384**	**1,349**	*3%*
Revenue	857.2	736.4	*16%*	315.5	237.6	*33%*
Adjusted EBITDA[2]	**79.8**	**72.3**	*10%*	**21.2**	**23.5**	*(10%)*
Adjusted operating loss[2]	(128.2)	(65.1)	*n.m.*	(55.5)	(29.1)	*n.m.*
Operating loss	**(148.4)**	**(68.2)**	*n.m.*	**(58.5)**	**(30.2)**	*n.m.*
Loss before tax	(511.3)	(188.6)	*n.m.*	(225.9)	(97.9)	*n.m.*
Net debt[2]	833.4	808.6	*3%*	833.4	808.6	*3%*

1. Number of vehicles including specials; 2. For definition of alternative performance measures please see Appendices

Financial highlights

- Retails[1] continued to outpace wholesales[2] with strong demand across product lines. GT/Sports cars now sold out into Q2 2023 and DBX orders up by more than 40% year-on-year
- Due to supply chain challenges and logistics disruptions wholesale volumes decreased by 4% year-on-year to 4,060 (YTD 2021: 4,250), most notably impacting DBX deliveries in Q2 and Q3. GT/Sports wholesales of 2,184 increased by 9% year-on-year (YTD 2021: 2,002)
- Despite lower wholesale volumes, revenue increased by 16% year-on-year to £857m and Q3 revenue increased by 33% to £316m, driven by
  - strong pricing dynamics throughout the core portfolio
    - Core ASP of £173k YTD in 2022, up 15% vs £150k YTD in 2021
    - Core ASP of £189k in Q3 2022, up 28% vs £148k in Q3 2021
  - Aston Martin Valkyrie deliveries of 44 vehicles YTD in 2022, of which 17 vehicles were delivered in Q3 2022
  - Foreign exchange tailwinds
- Gross profit increased by 29% year-on-year to £286m (YTD 2021: £222m) and gross margin increased to 33% (YTD 2021: 30%) reflecting improved pricing and core mix, partially offset by higher logistics and manufacturing costs, particularly in Q3 2022
- Adjusted EBITDA increased by 10% year-on-year to £80m, primarily driven by revenue growth and higher gross profit, partially offset by higher operating expenses including reinvestments into brand, marketing and new product launch activities, as well as inflationary impacts on general costs
- Operating loss of £148m included a £71m year-on-year increase in depreciation and amortisation, driven by accelerated amortisation of capitalised development costs ahead of next generation GT/sports vehicles starting in 2023

[1] Dealers' sales to customers (some Specials are direct to customer)
[2] Company sales to dealers (some Specials are direct to customer)

- Loss before tax of £511m was materially impacted by a £245m negative non-cash FX revaluation of US dollar-denominated debt as the GBP significantly weakened against the US dollar during the period
- Free cash outflow[3] of £336m included:
  - Capital expenditure of £213m, primarily related to new model development including the next-generation of front-engine sports cars, starting in 2023
  - Working capital outflow of £106m driven by temporary supply chain and logistics disruptions. Similar to Q2, this dynamic pushed planned deliveries towards and beyond the end of the period, resulting in elevated receivables as well as more than 400 ordered vehicles awaiting final parts at the end of September, which are now expected to be delivered in Q4
  - Net cash interest payments of £65m
- Significantly enhanced liquidity with cash balance of £772m (December 2021: £419m) including net proceeds from the equity capital raise
- Net debt of £833m (December 2021: £892m) including £245m impact of non-cash FX revaluation of US dollar-denominated debt as the GBP significantly weakened against the US dollar during the period
- Announced and completed $200m debt tender in early Q4

Operational Highlights

- Strategy aligned with ultra-luxury positioning
  - Retail customer demand continuing to run ahead of wholesales
  - Record core average selling price of £173k (year-to-date) and £189k in Q3 2022
  - New V12 Vantage Roadster fully sold-out following unveiling at Pebble Beach
  - Ultra-exclusive DBR22, limited to 22 units, declared Best of Show at the influential Chantilly Arts & Elegance Richard Mille, priced at £1.75m and sold out, with deliveries expected to start in 2023
  - New V12 Vantage Coupe launched, with all 333 units sold before the car's reveal in March
  - Development upgrades to hybrid supercar Valhalla showcased to customer acclaim
- Active management of supply chain and logistics challenges is expected to minimise the impact on the Group as we enter FY 2023 and beyond
- Bold new brand strategy generating heightened brand awareness and salience
  - New creative identity unveiled, as part of strategic repositioning to accelerate growth
  - 48.8 million online impressions generated for new *Intensity.Driven*. brand campaign
- Expanding customer reach and appeal to new audiences
  - More than 60% of customers new to the brand
  - Year-on-year sales leads up by more than 20%
  - Aston Martin Aramco Cognizant Formula One™ Team connecting brand with engaged audience,1.8bn impressions since March; brand equity research shows increasing perception and buying intent among luxury car buyers, particularly in China and the US; double-digit percentage uplift to website traffic on race weekends
- Racing.Green., new ESG strategy, reiterating electrification plans and sustainability targets;
  - First PHEV deliveries in 2024 and first BEV targeted for launch in 2025
  - Fully electrified front-engine and SUV portfolio by 2030
  - Targeting net-zero emissions within our manufacturing facilities by 2030, entire supply chain by 2039
  - £2.9m raised for charitable causes from sale of DB5 James Bond stunt car

[3] Operating cashflow less capital investment and net cash interest; note cash interest payments are in Q2 and Q4

Lawrence Stroll, Executive Chairman of Aston Martin Lagonda commented:

“We have continued to make excellent progress through the first nine months of the year in our vision to become the world’s most desirable, ultra-luxury British performance brand.

“On one hand, we have continued to see very impressive demand across our product range and the underlying fundamentals of Aston Martin are very strong. Retails continue to outpace wholesales, front-engine sports cars are now sold out into the second quarter of 2023 and we have seen an acceleration in orders for our DBX707 – the premier ultra-luxury performance SUV on the market – as we increase its availability to dealers. We have also seen substantial revenue growth, driven by record average selling prices, and continued excitement around our iconic brand.

“On the other hand, and in the context of supply chain and logistics disruption as well as inflationary pressures impacting the broader automotive industry, over the last two quarters we have encountered specific supply chain challenges that have delayed our ability to meet customer demand. Whilst we moved quickly to resolve the shortages that affected our Q2 performance, our Q3 growth was hindered by new supply chain challenges, impacting more than 400 vehicles that had been planned to be delivered in the quarter. Although these headwinds, which are already improving in Q4, have disrupted our near-term financial performance and modestly impacted our full year guidance, the medium and long-term outlook is robust. I remain extremely confident in our strategy and ability to deliver the targets we have set.

“The third quarter also saw the successful completion of our equity capital raise, which saw the arrival of the Public Investment Fund (PIF) as a new anchor shareholder, along with fresh investments from both the Yew Tree Consortium and Mercedes-Benz. As I commented back in July, I strongly believe that the capital raise is the last foundation we need to realise our vision and start to unlock long-term shareholder value creation. We have already taken action to deleverage our balance sheet and have clarity on our pathway to become sustainably free cash flow positive from 2024.”

Amedeo Felisa, Chief Executive Officer of Aston Martin Lagonda commented:

“Our year-to-date performance has seen us continue to build the foundations for our long-term growth. We have refreshed our brand, further strengthening our ultra-luxury positioning and launched a number of breath-taking new products with strong consumer desirability. In addition to the DBX707 and V12 Vantage Coupe, which were announced earlier this year, we unveiled the ultra-exclusive DBR22 as well as the stunning V12 Vantage Roadster, both of which are fully sold out, in Q3 at Pebble Beach.

“We have also made good progress enhancing our operational capabilities and processes to support our longer-term growth. This has included simplifying and addressing some of the legacy complexities which will both improve our execution and reduce costs.

“At the same time, I am personally involved in the steps we are taking to address the supply chain issues we have encountered during the course of the year. Whilst this has created short-term impacts on our performance, I am confident that with the actions we are taking, we will exit the year in a stronger position to deliver on our goals for 2023 and beyond.”

Outlook

We remain on our pathway to achieving our medium-term targets of c.10,000 wholesales, c.£2bn revenue and c.£500m adjusted EBITDA by 2024/25.

For 2022, we continue to expect to deliver growth on 2021. Driven by sustained demand, we continue to expect a significant increase in volumes, profitability and cashflows in Q4, supported by the continued ramp up of deliveries of the DBX707 and V12 Vantage. In addition, 75-90 Aston Martin Valkyrie programme vehicles remain on track for shipment in 2022.

The Group is updating its outlook for 2022 to reflect impacts of new supply chain and logistical disruption we have encountered in the second half which we expect to be short-term in nature following active management of the relevant issues.

We now expect total wholesales to be more in-line with current consensus expectations and in the range of 6,200 to 6,600. In addition to this revision to our volume outlook, we are also incurring incremental costs specifically associated with mitigating these issues, impacting margin expansion. We now have visibility on resolution to these isolated supply chain disruptions, including the associated incremental costs, which we expect to be in the range of approximately £20m, and are confident of optimising Q4 to ensure the best transition into 2023.

Given the new supply chain disruptions experienced in Q3, and the more prolonged impact on working capital than previously assumed, we now expect the cash inflows from more normalised working capital dynamics to only become visible towards the end of Q4 2022 and into early 2023.

2022 guidance:

- Wholesales: growth to 6,200-6,600 units *(revised from > 6,600 units)*
- Adjusted EBITDA margin: c.100-300bps expansion *(revised from c.350 to 450bps expansion)*
- Capex and R&D: c.£300m
- Depreciation and amortisation: c.£315m-£330m

  Reflecting Aston Martin Valkyrie programme shipments and a full year of accelerated depreciation of capitalised development costs ahead of next generation GT/sports vehicles starting in 2023
- Interest costs updated for FX movements (assuming £:$1.12, versus previous assumption of £:$1.21):
  - c.£425m (P&L), £135m higher than previous guidance of c.£290m largely driven by non-cash FX revaluation of dollar-denominated debt in Q3, as well as the redemption premium paid on second lien notes
  - c. £130m (cash), unchanged from previous guidance

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.

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- There will be a call for investors and analysts today at 08:30am GMT
- 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
- Full year Results for the twelve months ending 31 December 2021 will be announced on 1 March 2022

No representations or warranties, express or implied, are made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this release. This release contains certain forward-looking statements, which are based on current assumptions and estimates by the management of Aston Martin Lagonda Global Holdings plc ("Aston Martin Lagonda"). Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. Such statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements. These risks may include, for example, changes in the global economic situation, and changes affecting individual markets and exchange rates.

Aston Martin Lagonda provides no guarantee that future development and future results achieved will correspond to the forward-looking statements included here and accepts no liability if they should fail to do so. Aston Martin Lagonda undertakes no obligation to update these forward-looking statements and will not publicly release any revisions that may be made to these forward-looking statements, which may result from events or circumstances arising after the date of this release.

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Sales & Revenue analysis

Despite strong demand across the portfolio, total wholesales declined by 4% year-on-year in the first nine months of 2022 due to the continued challenging operating environment, most notably disruptions to both supply chain and logistics. Total wholesales of 4,060 units included 50 Specials, compared to 4,250 units and 56 Specials in the first nine months of 2021. Total wholesales in the third quarter of 2022 increased by 3% year-on-year despite significant supply chain and logistics disruptions which delayed our ability to meet consumer demand.

Geographically, APAC was the strongest and largest region, representing 35% of wholesales, driven by strong year-on-year DBX growth. Within APAC, China grew by 27% year-on-year over the comparative period, and represented 21% of total wholesales. Year-on-year wholesale volumes in the Americas were disproportionately impacted by the supply chain and logistics disruptions experienced in the second and third quarters, particularly for the DBX707. Our home market, the UK, and EMEA saw 5% and 13% year-on-year declines in wholesales due to supply chain shortages, particularly in Q3, which delayed our ability to meet strong customer demand for both GT/Sports and SUVs.

Revenues of £857m increased by 16% over the comparative period, primarily driven by strong pricing and mix dynamics, Aston Martin Valkyrie programme deliveries and foreign exchange tailwinds. Revenues in the third quarter of 2022 of £316m increased by 33% year-on-year, driven by strong wholesale average selling price (ASP) growth, and to a lesser extent, by modestly higher wholesale volumes.

The strong year-on-year pricing dynamics enjoyed in the first nine months of 2022 were supported by price increases implemented across the range during late 2021 and in the first half of 2022, reflecting the strong pricing power of the Aston Martin brand. In addition, favourable mix, lower customer and retail financing support as well as improved residual values in market contributed to strong year-on-year and sequential ASP growth. Year-to-date total wholesale ASP of £195k (2021 YTD total ASP: £157k) included 50 Specials in the period, compared with 56 in the comparative period. Year-to-date core ASP was £173k (2021 YTD core ASP: £150K). Q3 ASP was a record level for Aston Martin, with total ASP of £211K (Q3 2021: £160K) and core ASP of £189K (Q3 2021: £148k).

Income statement

Gross profit of £286m increased by £64m, or 29% year-on-year. This translated to a gross margin of 33%, a year-on-year expansion of approximately 330 basis points. The strong gross margin expansion was primarily driven by favourable pricing and core mix dynamics, and to a lesser extent, by FX benefits. This was partially offset by higher logistics and manufacturing costs, particularly in Q3 2022. Starting with the V12 Vantage and DBX707, the Company continues to target a 40%+ contribution margin from its future products.

Adjusted EBITDA was £80m, an improvement of £8m on the comparative period, or 10% year-on-year. This translated to an adjusted EBITDA margin of 9%, a decline of approximately 50 basis points compared to the prior year period. The increase in adjusted EBITDA was primarily due to higher year-on-year gross profit, as described above; and a £21m benefit from exchange rate movements, partially offset by increased brand and product launch investments such as the DBX707, V12 Vantage and Valhalla, marketing initiatives at events such as the Goodwood Festival of Speed and Pebble Beach, as well as higher general costs.

Adjusting operating items of £20m (2021 YTD: £3m) predominantly related to the closure to future accrual of the pension scheme disclosed at the Full Year 2021 results, ERP implementation costs, as well as one-time expenses related to the change of CEO and appointment of other new executives.

Net adjusted financing costs of £382m were significantly higher than the £133m prior year period, reflecting the revaluation of the US dollar-denominated debt as the GBP weakened against the US dollar during the period, which resulted in a non-cash FX charge of £245m (2021 YTD included a £18m FX charge). The £19m adjusted finance credit was primarily due to movements in the fair value of outstanding warrants (2021 YTD: £13m credit).

The loss before tax was £511m (2021 YTD: £189m loss) and the loss for the period was £518m (2021 YTD: £161m loss), both impacted by the significant revaluation of the US dollar-denominated debt.

Cash flow and net debt

Cash flow from operating activities was an outflow of £57m (2021 YTD: £151m inflow), primarily due to a working capital outflow of £106m (2021 YTD: £89m inflow). The largest driver of the working capital outflow was a £137m increase in inventories (2021 YTD: £7m decrease), reflecting a significant number of ordered vehicles awaiting final parts at the end of the third quarter. In addition, there was a £37m increase in receivables (2021 YTD: £28m decrease) as supply chain and logistics disruptions pushed planned deliveries towards the end of the third quarter.

Demand for Specials remains strong with a £9m increase in the deposit balance in the first nine months of 2022, as new deposits more than offset the unwind from Specials delivered in the period.

Capital expenditure was £213m, an increase of £78m year-on-year with investment focused on the future product pipeline, particularly, the next generation GT/Sports vehicles, as well as development of the mid-engine PHEV programme.

Free cash outflow of £336m compared to a £39m outflow in the prior year period. This was primarily due to the significant year-on-year movement in working capital related cash flows as detailed above, as well as the £78m year-on-year increase in capital expenditure.

Cash at 30 September 2022 of £772m was significantly higher (31 December 2021: £419m) including £641m of net proceeds from the equity capital raise. Net debt of £833m, down from £892m at 31 December 2021, despite a £245m impact of non-cash FX revaluation of US dollar-denominated debt as the pound weakened against the US dollar during the period.

APPENDICES

Wholesale number of vehicles

	YTD 2022	YTD 2021	*change*	Q3 2022	Q3 2021	*change*
Total	**4,060**	**4,250**	*(4%)*	**1,384**	**1,349**	*3%*
Core (excluding Specials)	4,010	4,194	*(4%)*	1,366	1,313	*4%*
By region:						
UK	694	728	*(5%)*	206	294	*(30%)*
Americas	1,152	1,438	*(20%)*	432	382	*13%*
EMEA ex. UK	785	898	*(13%)*	171	298	*(43%)*
APAC	1,429	1,186	*20%*	575	375	*53%*
By model:						
Sport	1,219	959	*27%*	398	289	*38%*
GT	965	1,043	*(7%)*	225	433	*(48%)*
SUV	1,826	2,186	*(16%)*	743	591	*26%*
Other	0	6	*nm*	0	0	
Specials	50	56	*(11%)*	18	36	*(50%)*

Note: Sport includes Vantage, GT includes DB11 and DBS, SUV includes DBX and Other includes prior generation models

Summary Income Statement

£m	YTD 2022	YTD 2021	Q3 2022	Q3 2021
Revenue	**857.2**	**736.4**	**315.5**	**237.6**
Cost of sales	(571.0)	(514.5)	(217.4)	(159.0)
Gross profit	**286.2**	**221.9**	**98.1**	**78.6**
Gross margin %	*33.4%*	*30.1%*	*31.1%*	*33.1%*
Operating expenses[2]	(414.4)	(287.0)	(153.6)	(107.7)
of which depreciation & amortisation	*208.0*	*137.4*	*76.7*	*52.6*
Adjusted EBIT[2]	**(128.2)**	**(65.1)**	**(55.5)**	**(29.1)**
Adjusting operating items	(20.2)	(3.1)	(3.0)	(1.1)
Operating loss	**(148.4)**	**(68.2)**	**(58.5)**	**(30.2)**
Net financing expense	(362.9)	(120.4)	(167.4)	(67.7)
of which adjusting financing income	*19.0*	*12.9*	*(5.4)*	*(1.1)*
Loss before tax	**(511.3)**	**(188.6)**	**(225.9)**	**(97.9)**
Taxation	(6.7)	28.0	(2.3)	8.4
Loss for the period	**(518.0)**	**(160.6)**	**(228.2)**	**(89.5)**
Adjusted EBITDA[1,2]	**79.8**	**72.3**	**21.2**	**23.5**
Adjusted EBITDA margin	*9.3%*	*9.8%*	*6.7%*	*9.9%*
Adjusted loss before tax[2]	**(510.1)**	**(198.4)**	**(217.5)**	**(95.7)**
EPS (pence) [2,3]	(156.1)	(49.8)		
Adjusted EPS (pence) [2,3]	**(155.7)**	**(57.0)**		

1. For definition of alternative performance measures please see Appendices; 2. Excludes adjusting items; 3. EPS has been restated in the comparative period to reflect the 4 for 1 rights issue in September 2022

Summary Cash Flow

£m	YTD 2022	YTD 2021	Q3 2022	Q3 2021
Cash (used in)/generated from operating activities	(56.9)	151.4	(23.8)	47.6
Cash used in investing activities (excl. interest)	(213.4)	(136.2)	(75.2)	(45.2)
Net cash interest (paid) / received	(65.3)	(54.3)	(2.8)	2.8
Free cash (outflow)/inflow	**(335.6)**	**(39.1)**	**(101.8)**	**5.2**
Cash inflow / (outflow) from financing activities (excl. interest)	666.7	44.0	707.7	(18.4)
Increase / (decrease) in net cash	**331.1**	**4.9**	**605.9**	**(13.2)**
Effect of exchange rates on cash and cash equivalents	21.8	0.9	9.7	2.8
Cash balance	**771.8**	**495.2**	**771.8**	**495.2**

Net Debt Overview

£m	30-Sep-22	31-Dec-21	30-Sep-21
Loan notes	(1,339.5)	(1,074.9)	(1,074.1)
Inventory financing	(39.5)	(19.7)	(19.3)
Bank loans and overdrafts	(126.9)	(114.3)	(113.5)
Lease liabilities (IFRS 16)	(101.3)	(103.4)	(98.4)
Gross debt	**(1,607.2)**	**(1,312.3)**	**(1,305.3)**
Cash balance	771.8	418.9	495.2
Cash not available for short term use	2.0	1.8	1.5
Net debt	**(833.4)**	**(891.6)**	**(808.6)**

Summary Balance Sheet

£m	30-Sep-22	31-Dec-21	30-Sep-21
Non-current assets	1,978.2	1,974.6	1,978.1
Current assets	1,416.0	867.9	856.8
Total assets	**3,394.2**	**2,842.5**	**2,834.9**
Current liabilities	1,082.8	905.2	878.4
Non-current liabilities	1,526.4	1,276.9	1,267.4
Total liabilities	**2,609.2**	**2,182.1**	**2,145.8**
Total equity	**785.0**	**660.4**	**689.1**

Alternative performance measures

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"). APMs should be considered in addition to IFRS measurements. The Directors believe that these APMs assist in providing useful information on the underlying performance of the Group, enhance the comparability of information between reporting periods, and are used internally by the Directors to measure the Group's performance.

- Adjusted EBIT is loss from operating activities before adjusting items
- Adjusted EBITDA removes depreciation, loss/(profit) on sale of fixed assets and amortisation from adjusted operating loss
- Adjusted EBITDA margin is adjusted EBITDA (as defined above) divided by revenue
- Adjusted Earnings Per Share is loss after income tax before adjusting items, divided by the weighted average number of ordinary shares in issue during the reporting period
- Net Debt is current and non-current borrowings in addition to inventory financing arrangements, lease liabilities recognised following the adoption of IFRS 16, less cash and cash equivalents, excluding cash held not available for short-term use
- Free cashflow is represented by cash (outflow)/inflow from operating activities plus the cash used in investing activities (excluding interest received) plus interest paid in the year less interest received.