27 February 2020

Aston Martin Lagonda Global Holdings plc

Preliminary results for the 12 months to 31 December 2019

A challenging year resulting in revised business and funding plans
Focus now on execution in FY 2020

£m	31-Dec-19	31-Dec-18	*% change*
Total wholesale volumes[1]	**5,862**	**6,441**	*(9%)*
Revenue	997.3	1,096.5	*(9%)*
Adjusted EBITDA[2]	**134.2**	**247.3**	*(46%)*
Adjusted operating profit[2]	**5.4**	**146.9**	*n.m.*
Adjusted diluted EPS (pence)[2,5]	(32.1)	27.5	*n.m.*
Total adjusting items before tax	(48.7)	(136.0)	-
Operating (loss) / profit	**(36.7)**	**72.8**	*n.m.*
(Loss) before tax	(104.3)	(68.2)	*(53%)*
Diluted EPS (pence)	(49.6)	(31.0)	*(60%)*
Net debt[2,3]	876.2	559.5	
Adjusted leverage[2,4]	7.3x	2.3x	

[1]Number of vehicles including specials; [2]Alternative performance measures are defined in the Appendix; [3] 2019 Net debt including £111m lease liabilities following the adoption of IFRS 16 was £988m [4] 2019 adjusted EBITDA included in the adjusted leverage calculation excludes the £15m benefit from first time adoption of IFRS 16; [5] 2018 Adjusted diluted EPS is presented on a normalised basis

Results

- Revenues fell to £997m due to wholesale volume (sales to dealers) declines, coupled with the impact of retail and customer financing support, required to drive retail growth, and the shift in core mix to Vantage weighing on average selling price (ASP); in addition, there were fewer Specials year-on-year.
- Core[1] retail sales (dealer sales to customers) rose 12% year-on-year, ahead of wholesales in unit terms leading to reduced dealer inventory (down c.190 units); starting to reverse the position from the prior year.
- Core[1] wholesales were down 7%; total down 9%, with planned lower Specials volume (64 vs 185)
  - Americas (+16%), APAC (-6%; with China +28%), UK (-21%) and EMEA (-28%).
- Operating profit declined primarily due to the revenue decline, higher depreciation and amortisation and increased marketing costs; in addition to a £19m provision for doubtful debt relating to the sale of legacy Intellectual Property in the prior year.
- Adjusting items pre-tax of £49m (2018: £136m) are principally due to impairment of assets associated with the Rapide E programme (£39m) which has been paused as announced on 31 January; and the one-off £7m adjusting finance expense item recognised in H1.
- Net debt was £876m with adjusted net leverage of 7.3x adjusted EBITDA (December 2018: £560m, 2.3x); movements driving the increase included operating cash generation of £19m (2018: £223m), continued investment in the period (including capex of £310m) and the placement of $340m of bonds and £39m of inventory repurchase arrangements.

[1] Core is total excluding specials

Reset business plan and proposed £500m equity raise

- Reset of business plan to manage medium-term investment, improve cash generation and rephase product cadence to deliver long term profitable growth
  - Mid-engined portfolio remains a key focus starting with Valhalla in 2022; investment in electric vehicles no earlier than 2025.
- Proposed equity raise of c.£500m, subject to shareholder approval to improve liquidity, finance the ramp up in production of DBX and start to turnaround the Company's performance
  - Strategic equity investment of c.£182m (the "**Placing**") by a consortium led by Lawrence Stroll (the "**Consortium**").
  - Fully underwritten rights issue of c.£317m (the "**Rights Issue**") supported by Prestige/Strategic European Investment Group (SEIG) and Adeem/Primewagon (the "**Major Shareholders**") further details of which have been separately announced today.

Operational updates

- Achieving operational milestones ahead of DBX planned launch in Q2 2020; DBX has received extremely positive media reviews and the order book built rapidly since opening in November 2019, with total orders now taken in excess of the planned retail target for FY 2020.
- Relaunching Vantage (at Geneva motorshow), including the Roadster derivative with deliveries to start in Q2 2020.
- Delivering Aston Martin Valkyrie and *Goldfinger* DB5 Continuations from H2 2020.
- Production of V12 engines will move to the UK from 2021, increasing domestic content and generating cost benefits.

Board changes

- Separately announced today, following discussions and by mutual agreement Mark Wilson will step down as Chief Financial Officer and as an Executive Director of the Company no later than 30 April 2020. He will remain available to the Company to assist with transition in the period through to 30 June 2020.
- As a condition of the Consortium's investment, Mr. Stroll will join the Board and become Executive Chairman and Penny Hughes will step down as a Director and the Chair on 7 April, following the completion of the Rights Issue.
- As detailed in the Rights Issue Announcement, Richard Solomons, Imelda Walsh and Tensie Whelan have notified the Company that they do not intend to stand for re-election at the Annual General Meeting, currently planned for 3 June 2020. In the meantime, they will stay to support the Company and Lawrence Stroll as he transitions to the role of Executive Chairman during their period of notice.

Outlook

- 2020 is the year in which the business will be reset in order that it can start to operate as a true luxury car brand. This process is absolutely necessary for the long-term performance and value of the Company.
- The uncertainties and risks to the financial performance in 2020 will include:
  - Sports car wholesales for 2020 are planned to be materially lower than in 2019 as the Company focuses on further reducing dealer inventories to a luxury norm. The Company is planning to control and align shipments to dealers with customer demand in order to build a stronger order book and regain price positioning.
  - DBX and Aston Martin Valkyrie are key launch programmes for the business. Both currently remain on plan. At St Athan the DBX production trial to test line and suppliers at run-rate and to ensure that the final build quality meets required standards has started. Initial deliveries are scheduled for Summer 2020, subject to any Covid-19 impact on the supply chain and completion of quality maturation. The Company's management will be fully focused on overseeing the delivery of these programmes.

- Adjusted EBITDA in FY 2020 is expected to be almost entirely H2 weighted due to initial deliveries of the DBX and Specials and as H1 revenues are expected to decline as wholesales are managed. The final outcome for the year will be significantly dependant upon the successful execution of model rollouts and Specials in H2. Operational cost savings are expected to yield £10m of annualised savings with £7m delivered during 2020 after one-off costs, broadly offsetting expected cost increases due to the opening of the new plant in St Athan.
- In light of the ongoing evolution of Covid-19, the primary concern remains the health and safety of colleagues and their families, business partners and the local communities and the Company continues to provide all the support possible. Public health measures advised by governments are being followed in support of their efforts to contain the spread of the virus.
- Covid-19 has the potential to impact both the supply chain and customer demand in China and other markets. China was the Company's fastest growing market in 2019 and represented 9% of total wholesales. None of the Company's Tier 1 suppliers manufactures in China. The supply chain is being proactively managed in China and other markets. Despite some disruption to supply of some components from China, there has been no impact on production. Supply is secured until at least end March.

- FY 2020 Capex is expected to be c.£285m, with about half of this investment in Q1 and two-thirds in H1 reflecting final St Athan and DBX development costs. Depreciation and amortisation is expected to be c.£220m and net interest c.£90m (P&L charge assuming current exchange rates prevail for 2020). Working capital outflow of about £100m is expected for the year; in H1 up to £100m of incremental inventory for DBX is expected to be partially offset by receivables unwind and deposit inflows.
- The Company's focus is on the successful completion of the Placing and Rights Issue and the delivery of key model roll out milestones. The Company will continue to update its guidance to the market as the year progresses. The Company confirms its belief in the longer-term opportunity for significant growth and recovery of margins in order to achieve a path to a cash generative, global luxury car brand through the resetting of the business during 2020.

Dr Andy Palmer, Aston Martin Lagonda President and Group CEO said:

"2019 was an extremely challenging period for the Company. While retail sales grew, we were unable to generate the revenue and profits we had originally planned and today report a 9% year-on-year revenue decline alongside an operating loss of £37m. This performance led to severe liquidity pressures, higher year-end net debt of £876m and significantly increased adjusted leverage to 7.3x.

As announced last month, we are proposing an equity fundraising of £500m to improve liquidity, stabilise the balance sheet and provide a platform for the future. The equity raise includes a proposed investment of £182m from a consortium led by Lawrence Stroll. Further, we have revised our business plan to reset, stabilise and de-risk the business, positioning it for controlled, long-term profitable growth. We are focused on turning around performance, restoring price positioning by operating a pull vs push model, reducing dealer inventories to a luxury norm and delivering a more efficient operational footprint.

This year, in Q2 we plan to launch the DBX and Vantage Roadster; and Aston Martin Valkyrie deliveries are set to start in H2. DBX and our entrance into the luxury SUV market is a key moment for us, therefore it is crucial that it is delivered to customers with the highest quality standards. We always maintain our quality assurance and testing standards and will continue to do so through the third production trial that has just started at St Athan and once full production has started.

With our revised plan and appropriate funding in place, I believe we will have the building blocks in place to secure the necessary financial turnaround of the business consistent with our position as a luxury automotive company."

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 meeting for investors and analysts today at 09:00am at Deutsche Bank, Winchester House, 75 London Wall, EC2N 2DB
- The conference call can be accessed live via a dial-in facility on +44 (0) 203 0095710; PIN: 7286519#, please find more details on the corporate website: www.astonmartinlagonda.com/investors
- Results for the first quarter of 2020 will be released on 13 May 2020

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BUSINESS REVIEW

Trading in 2019 was weaker than anticipated, particularly for Vantage and in Europe and the UK across all car lines. The year started with elevated levels of dealer inventory, partially due to the supply chain disruption at the end of 2018 but also as a result of the lower than expected demand for Vantage and the lead-time required to adjust manufacturing and supply levels.

Achieving the retail sell-through to start to de-stock the dealer network and reduce the Company's own stock levels, required more retail and customer financing support than planned particularly in H2, weighing on average selling price. Despite core retail dealer sales increasing by 12% year-on-year, this was not high enough to support the Company's original expectations and wholesale volumes were lower than planned. As a result of the lower than planned wholesales in H1, Company stock had built up at 30 June 2019 and the Company took steps to reduce its outlook for the year accordingly. A further reduction in H2 volumes created an immediate need for liquidity with pressure on liquidity continuing in Q4 as revised targets were not met during the largest selling season.

Whilst dealer stocks at 31 December 2019 were c.190 units lower than they were a year previously, they remain elevated and the Company is focused on reducing these to new lower norms repairing the balance between demand and supply, to allow Aston Martin to regain its price positioning.

Finally, costs were higher than planned due to a combination of incremental marketing campaigns in December, particularly in the US and in support of DBX launch activities, alongside headcount and other SG&A cost savings falling short of savings targets.

DB11 and DBS Superleggera performed comparatively well and have grown market share in recent years but have not been immune to the challenging trading conditions experienced in 2019. Despite gaining share in a declining segment, which was down a double-digit percentage for the year, the Vantage underperformed versus original expectations, particularly in Europe and the UK.

A key focus has been the development and execution of the launch and production plans for DBX, a car which will mark the entry of Aston Martin into the growing SUV segment of the market. St Athan, the new production facility in Wales, has been running production trial builds since April 2019 and was officially opened on 6 December. The third production trial when the factory and its supplier base will be tested at run rate capacity and to final build quality has just started.

DBX was unveiled on 20 November at simultaneous events in Beijing and Los Angeles. The order book built more rapidly than for any of our prior launches and on 7 January 2020 it stood at c.1,800 with c.1,200 of those being a combination of customer orders and specifications in progress and c.600 dealer-specified to maintain the successful launch of DBX including test vehicles, marketing vehicles and showroom vehicles. The order book has continued to build and now is in excess of planned DBX retail sales for FY 2020. Geographically, over 60% of orders are from the Americas and APAC; and over half are from customers who are new to the brand.

DBS Superleggera Volante, the highest priced current core car and named the Sunday Times' Sports Car of the Year, launched in Q3. Deliveries of the limited run Vantage AMR, the first manual variant of the new Vantage, started in Q4.

Specials were a key profit driver, particularly in the second half. The majority of the 64 specials delivered in the year were the final Vanquish Zagato Shooting Brakes. The first 19 cars of the Aston Martin DBZ Centenary Collection, the DB4 GT Zagato Continuations, were also delivered in 2019. The pair will be completed with deliveries of the DBS GT Zagatos in Q4 2020.

Aston Martin Valkyrie made its dynamic debut at the British Grand Prix in July. Development of the car continues apace with delivery of the first car planned for H2 2020 ramping up to run rate through the second half.

Revised business plan

The underperformance of the Company against its original plans and the resulting severe pressure on liquidity prompted an operational and financial review. As announced on 31 January 2020, this resulted in a reset of the business plan. The Company is focusing on providing greater financial and operational stability and flexibility through controlling medium-term investment, improving cash generation and rephasing product cadence.

The Company is taking a more conservative view for sports car wholesales for 2020, particularly for Vantage and, in the medium-term, sports car volumes will be managed to maintain the appropriate balance between supply and demand and restore pricing to previous levels.

The timing of future product launches has been reviewed to manage medium-term investment requirements, improve cash generation and provide greater financial stability and flexibility:

- Aston Martin's mid-engined core car (Vanquish) is expected to be revealed following the unveiling of Valhalla in 2022;
- Development of a fuel efficient, modular V6 engine with hybrid and plug-in capabilities continues, which will support Aston Martin core cars being available as hybrid and plug-in hybrid variants from the mid-2020s;
- The Lagonda brand will be relaunched no earlier than 2025 (previously 2022) and while development of Rapide E is substantially complete, the programme has been paused pending a review (previously deliveries had been expected to start in 2020).

Mid-engined cars are a core part of Aston Martin Lagonda's future. As part of this, an enhanced approach to F1™ is considered important. As part of the investment from the Consortium:

- Aston Martin Lagonda has entered into an agreement with Racing Point F1™, which will become the Aston Martin F1™ team with effect from the 2021 season;
- The agreement is for a 10-year initial term, with Aston Martin Lagonda receiving an economic interest in the team. It also includes a sponsorship agreement from 2021 and for the subsequent four years, with commercial terms commensurate with the Company's current annual F1™ expenditure, renewable for five years, subject to satisfying certain conditions at the time;
- For the 2020 F1™ season Aston Martin will continue its proud sponsorship with Red Bull Racing F1™ Team;
- The technology partnership between Aston Martin Lagonda and Red Bull Advanced Technologies will continue until Aston Martin Valkyrie is delivered.

Specials continue to be a key component of the plan

- Production of the Aston Martin Valkyrie is expected to ramp up through H2 2020;

- Deliveries of the Goldfinger DB5 Continuations are due to start in 2020 as well as the DBS GT Zagatos, which will complete the DBZ Centenary Collection;
- The recently announced V12 Speedster will be unveiled later this year with deliveries due to start in Q1 2021;
- The Aston Martin Valkyrie AMR Pro is expected to be revealed in 2021;
- Valhalla is expected to be unveiled in 2022;
- New specials which have not yet been revealed will comprise the balance of one heritage Special and two contemporary Specials each year.

Operating structure

- Restructuring sees changes in management of Sales, Marketing & Communications and Engineering;
- A significant reduction in contractors, a voluntary redundancy and early retirement programme actioned in 2019 led to a c.22% reduction in headcount year-on-year, additional reductions will be made to rebalance our permanent and contractor headcount; 300 new roles will be created at the St Athan facility in addition to the 300 employees currently at the site;
- The property footprint will also reduce alongside general SG&A reductions commensurate with our financial and operational ambitions;
- These changes are expected to yield £10m of annualised savings with £7m delivered during 2020 after one-off costs, broadly offsetting expected cost increases due to the opening of the new plant in St Athan;
- Efficiencies in manufacturing costs are expected to be delivered through improved supply chain management and ongoing designed-in initiatives
    - Production of V12 engines is to move to a third-party supplier in the UK from 2021, increasing our domestic content and delivering cost savings

Key strategic priorities going forward are:

- Controlling production to prioritise demand over supply, to build a stronger order book and regain price positioning;
- Successfully launching DBX in Q2;
- Successfully relaunching Vantage including the Roadster derivative, with deliveries scheduled for Q2 and starting Aston Martin Valkyrie deliveries in the second half of the year;
- Reducing the operating cost base by £10m on an annualised basis, with £7m in 2020 after one-off costs, broadly offsetting expected cost increases due to the new St Athan plant; and
- Improving the cash flow profile of the business and transitioning towards a business generating positive free cash flow over the medium term.

FINANCIAL REVIEW

Revenue analysis

Wholesale volumes by region

Wholesales [1]	31-Dec-19	31-Dec-18	*Change*
UK	1,429	1,798	(21%)
Americas	2,050	1,761	16%
EMEA ex.UK	1,074	1,489	(28%)
APAC	1,309	1,393	(6%)
Total	**5,862[(2)]**	**6,441**	**(9%)**
Core	**5,798 [(2)]**	**6,256**	**(7%)**

[1] Number of vehicles. [2] Adjustment of 12 (11 core and one Special) to numbers reported on 7 January 2020 as closed FY accounts

Total wholesales decreased 9% to 5,862 units, with core volumes down 7%. The Americas continued to grow, now the largest region at 35%, as the Company focuses on upgrading the dealer network capabilities and investing in appropriate brand and marketing activities. EMEA and the UK were impacted as economic uncertainty weighed on sentiment; EMEA wholesales declined by 28% and the UK declined by 21%. Within Asia, strong growth in China (up 28%) was offset by a more muted performance in other markets with APAC down 6% overall.

The Company began 2019 with higher inventory in the dealer network than originally planned, partially due to supply chain disruptions late in Q4 2018 and weaker than planned demand for Vantage. Core retail sales grew 12%, exceeding wholesale volumes, leading to a reduction in dealer inventories of c.190 units over the year, although dealer inventories remain at elevated levels.

Revenue by Category

£m	31-Dec-19	31-Dec-18	*Change*
Sale of vehicles	897.6	1,010.7	*(11%)*
Sale of parts	63.0	61.1	*3%*
Servicing of vehicles	9.3	14.6	*(36%)*
Brand and motorsport	27.4	10.1	*171%*
Total	**997.3**	**1,096.5**	***(9%)***

For core cars, Average Selling Price (ASP) declined to £135k (2018: £141k) reflecting the impact of higher retail and customer financing support and the model mix shift towards Vantage. Total ASP declined to £152k (2018: £157k) with fewer Specials than the prior year. The core ASP reduction combined with lower volumes and lower revenue from Specials year-on-year led to an 11% decline in revenue from sale of vehicles.

Revenue from the sale of parts increased by 3% to £63m as the segment continues to benefit from the growth in vehicle sales in recent years. Servicing of vehicles declined by £5m to £9m mainly due to a reduced amount of restorations in the year as the team focused on the production of the DB4 GT Zagato continuations reducing the Company's service capacity.

Brand and motorsport revenues increased to £27m, predominantly reflecting revenues from the sale of 61 race cars in the year.

Total revenues were down 9% to £997m.

Summary income statement

£m	31-Dec-19	31-Dec-18	*% change*
Revenue	**997.3**	**1,096.5**	*(9%)*
Cost of sales	(642.7)	(660.7)	
Gross profit	**354.6**	**435.8**	*(19%)*
Gross margin %	*35.6%*	*39.7%*	
Operating expenses[1,3]	(330.2)	(308.9)	
of which depreciation & amortisation[2]	*128.8*	*100.4*	
Other income	(19.0)	20.0	
Adjusted operating profit[1,3]	**5.4**	**146.9**	*(96%)*
Adjusted operating profit margin	*0.5%*	*13.4%*	
Adjusting operating items	(42.1)	(74.1)	
Operating (loss)/profit	**(36.7)**	**72.8**	*n.m.*
Net financing expense	(67.6)	(141.0)	
of which adjusting financing items	*(6.6)*	*(61.9)*	
Loss before tax	**(104.3)**	**(68.2)**	*(53%)*
Taxation	(0.1)	11.1	
Loss after tax	**(104.4)**	**(57.1)**	*(83%)*
Adjusted EBITDA[1,3]	**134.2**	***247.3***	*(46%)*
Adjusted EBITDA margin	*13.5%*	*22.6%*	
Adjusted (Loss)/profit before tax[1,3]	**(55.6)**	**67.8**	*n.m.*
Diluted EPS (pence)	(49.7)	*(31.0)*	
Adjusted diluted EPS (pence)[1,3, 4]	***(32.1)***	**27.5**	

[1]Excludes adjusting items; [2]Includes loss / (profit) on disposal of fixed assets,[3] Alternative Performance Measures are defined in the Appendix [4] 2018 Adjusted diluted EPS is presented on a normalised basis

Operating (loss)/profit analysis

Operating loss of £37m (2018: £73m profit) was impacted by a £19m provision (2018: £20m income) relating to the sale of legacy Intellectual Property taken in the first half of 2019. Further headwinds included:

- Higher than anticipated retail and customer financing support;
- Weaker core model mix weighing on average selling price, with a shift towards Vantage;
- Lower wholesale volumes as the Company started to de-stock the dealer network;
- Incremental fixed marketing spend to support retail campaigns, particularly in the US, leading to lower cost savings than originally planned and;
- First time St Athan costs and full year of PLC costs.

Total adjusted operating expenses were up c.£20m including increased depreciation and amortisation (D&A) of £129m (2018: £100m) due to the expanded range of core sports cars selling. The adoption of IFRS 16 in the year increased D&A by £12m which was more than offset by reduced operating lease costs of £16m. Adjusted operating profit in the period was £5m (2018: £147m).

Adjusted EBITDA was £134m with a margin of 13.5% after the £19m provision mentioned above. Adjusted EBITDA included a £9m foreign exchange benefit, primarily due to USD:Sterling movements. This benefit was lower than originally expected due to the late December rally in Sterling resulting in an incremental

headwind due to retranslation of non-Sterling balances. Further, the first-time adoption of IFRS 16 resulted in a £15m EBITDA benefit year-on-year.

Adjusting operating items of £42m are principally an impairment of assets associated with the Rapide E programme which has been paused as announced on 31 January as well as £3m of restructuring costs as we sought efficiencies across the business.

Net financing expense

£m	**31-Dec-19**	**31-Dec-18**
Bank deposit and other interest income	5.0	4.2
Foreign exchange gain on borrowings not designated as part of a hedging relationship	11.3	-
Bank loans, overdrafts and secured loan notes	(55.3)	(44.3)
Interest on preference shares, deposits held, lease liabilities, defined benefit liability and other interest	(22.0)	(39.0)
Net finance expense before adjusting items	**(61.0)**	**(79.1)**
Adjusting financing items	(6.6)	(61.9)
Net finance expense	**(67.6)**	**(141.0)**

The net finance expense over the period was £68m (2018: £141m), including a one-off £7m financing charge booked in the first half relating to derivative financial instruments where the criteria for hedge accounting had not been met. The net finance expense includes the interest charges on the $340m new notes issued during the year. The charge was lower than the £83m as guided at the time of the Q3 results (November 2019) predominantly due to exchange movements on some of the USD denominated notes, £11m in the year.

Adjusted loss before tax was £56m (2018: £68m profit). Loss before tax after adjusting items was £104m (2018: £68m).

Taxation

The tax charge on the adjusted loss before tax was £9m mainly driven by income tax charges in overseas entities, partially offset by a credit in relation to deferred taxation. Tax on adjusting items mainly relates to the impairment charge and resulted in an overall charge of £0.1m, on the loss before tax.

Earnings per share

Adjusted diluted EPS was (32.1p) (2018: 27.5p on a normalised basis[1]).

[1] Alternative Performance Measures are defined in the Appendix

Cash Flow / Net Debt

£m	31-Dec-19	31-Dec-18
Net cash generated from operating activities	19.4	222.6
Net cash used in investing activities	(305.2)	(306.3)
Net cash inflow from financing activities	243.3	57.8
Effect of exchange rates on cash and cash equivalents	5.8	2.7
Net cash outflow	(36.7)	(23.2)
Cash balance	**107.9**[1]	**144.6**
Cash not available for short-term use	8.7	-
Borrowings and inventory repurchase arrangement	992.8	704.1
Net debt[2]	**876.2**	**559.5**
Adjusted Leverage[2]	7.3x	2.3x

[1]Excluding £9m in cash not available for short-term use; [2] 2019 Net debt including £111m lease liabilities following the adoption of IFRS 16 was £988m; [3] 2019 adjusted EBITDA for leverage calculation excludes the £15m benefit from first time adoption of IFRS 16

Cash generated from operating activities was £19m (2018: £223m). This included a net working capital outflow of £84m with, an inventory outflow of £33m due to higher finished goods stock year-on-year reflecting the weaker than expected wholesale performance and additional stock held in anticipation of the United Kingdom's planned exit from the European Union (c.£9m); a £29m receivables outflow due to timing of wholesales and a £70m payables outflow predominantly driven by capex timing. These outflows were partially offset by an inflow of £48m of customer deposits.

Deposits on the balance sheet stood at £319m (2018: £271m), with increasing deposits for Valhalla and *Goldfinger* DB5 continuations. As deliveries of Aston Martin Valkyrie start, the deposit balance is expected to unwind although this will be partially offset by building deposits on other Specials.

Capex of £310m was broadly in-line with guidance and the prior year (2018: £311m), the majority of spend was focused on DBX, St Athan and Valkyrie development. Investment plans were reduced from original guidance of £320m-£340m due to the liquidity constraints.

With a net cash outflow of £37m, the closing cash balance at year-end was £108m (2018: £145m), excluding £9m of cash not available for short-term use. Net debt at 31 December 2019 was £876m, up £316m over the period (2018: £560m). The increase in borrowings reflected the issue of $340m in bonds during the year and the re-valuation of the U.S. tranche of Senior Secured Notes alongside a partial drawdown of the RCF (£70m). In addition, the Company secured £39m of short-term financing through an inventory repurchase arrangement during the period to support short-term liquidity needs.

Adjusted net leverage was 7.3x adjusted EBITDA (2018: 2.3x). Adjusted return on invested capital (ROIC) was (0.3%) (2018:12.8%). Adjusted ROIC is defined as adjusted operating profit after tax divided by the sum of gross debt and equity. Both measures reflect the financial performance of the business and the associated cash outflow during the year.

No dividends have been paid or proposed for the Group.

APPENDICES

Dealerships

	31 Dec-19	31 Dec-18
UK + S. Africa	22	21
Americas	45	44
EMEA ex. UK	56	55
APAC	45	42
Total	**168**	**162**
Number of countries	*54*	*53*

During 2019, the Company continued to strengthen the dealer network, increasing the total to 168 and expanding to one new country, Bahrain. The Company selectively chose areas in China (opened 5, closed 4) and Japan (opened 2) to provide further penetration in APAC and improve the network ahead of DBX in 2020.

Regional wholesale units

Wholesales [1]	FY 2019	FY 2018	Q4 2019	Q4 2018
UK	1,429	1,798	480	625
Americas	2,050	1,761	749	720
EMEA ex.UK	1,074	1,489	344	584
APAC	1,309	1,393	358	437
Total	**5,862**	**6,441**	**1,931**	**2,366**
Core	**5,798**	**6,256**	**1,912**	**2,291**

[1] Number of vehicles.

Summary financials

£m	FY 2019	FY 2018	Q4 2019	Q4 2018
Total wholesale volumes[1]	5,862	6,441	1,923	2,366
Revenue	997.3	1,096.5	340.1	389.2
Gross profit	354.6	435.8	110.8	149.0
Gross margin	*35.6%*	*39.7%*	*32.6%*	*38.3%*
Adjusted EBITDA	134.2	247.3	64.5	87.0
Adjusted EBITDA margin	*13.5%*	*22.6%*	*19.0%*	*22.4%*
Adjusted operating profit	5.4	146.9	27.2	55.4
Adjusted operating profit margin	*0.5%*	*13.4%*	*8.0%*	*14.2%*
Adjusting operating items	(42.1)	(74.1)	(36.7)	(72.3)
Adjusting financing items	(6.6)	(61.9)	-	(61.9)
Operating (loss) / profit	(36.7)	72.8	(9.5)	(16.9)
(Loss) / profit before tax	(104.3)	(68.2)	(12.0)	(92.1)

Note: For definition of alternative performance measures please see Appendix and note 14 of the Financial Statements; [1]Number of vehicles including specials

Summary cash flow statement

£m	FY 2019	FY 2018	Q4 2019	Q4 2018
Net cash generated from / (used in) operating activities	19.4	222.6	(49.5)	71.1
Net cash used in investing activities	(305.2)	(306.3)	(54.7)	(86.5)
Net cash inflow from financing activities	243.3	57.8	95.5	71.0
Effect of exchange rates on cash and cash equivalents	5.8	2.7	6.7	*2.3*
Decrease in net cash	(36.7)	(23.2)	(2.0)	57.9
Cash balance	**107.9**[1]	**144.6**	**107.9**	***144.6***

[1] Excluding £8.7m in cash not available for short-term use

Adjusted ROIC calculation

£m	31-Dec-19	31-Dec-18
Adjusted Operating Profit (EBIT)	5.4	146.9
Tax (charge)/ credit	(8.9)	0.6
Adj. operating profit after tax (NOPAT)	**(3.5)**	**147.5**
Senior Secured Notes	829.9	590.9
Unsecured loans	-	1.4
Inventory financing arrangement	38.9	-
Bank loans and overdrafts	124.0	111.8
Gross Debt	992.8	704.1
Equity	358.9	449.4
Gross Debt + Equity	**1,351.7**	**1,153.5**
Adjusted ROIC	**(0.3%)**	**12.8%**

Alternative performance measures / Adjusted EBITDA reconciliation

£m	31-Dec-19	31-Dec-18
(Loss) for the year before tax	**(104.3)**	**(68.2)**
Adjusting operating expense	42.1	74.1
Adjusting finance expense	6.6	61.9
Adjusted EBT	**(55.6)**	**67.8**
Adjusted finance income	(16.3)	(4.2)
Adjusted finance expense	77.3	83.3
Adjusted EBIT	**5.4**	**146.9**
Reported depreciation	42.7	32.4
Reported amortisation	85.2	67.6
Loss on sale of fixed assets	0.9	0.4
Adjusted EBITDA	**134.2**	**247.3**

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 EBT is the profit / (loss) before income tax and adjusting items
- Adjusted EBIT is profit / (loss) from operating activities before adjusting items
- Adjusted EBITDA removes depreciation, loss / (profit) on sale of fixed assets and amortisation from adjusted EBIT
- Adjusted Earnings Per Share is (loss)/profit after income tax before adjusting items, divided by the weighted average number of ordinary shares in issue during the reporting period
- Normalised adjusted EPS is (loss) / profit after income tax before adjusting items, divided by the number of ordinary shares in issue at 31 December 2018
- Net Debt is current and non-current borrowings in addition to inventory repurchase arrangements, less cash and cash equivalents and cash held not available for short-term use but excluding lease liabilities recognised following the adoption of IFRS 16, as shown in the Consolidated Statement of Financial Position
- Adjusted leverage is represented by the ratio of Net Debt, to the last 12 months adjusted EBITDA excluding any benefit from the first-time adoption of IFRS 16
- Adjusted Return on Invested Capital represents adjusted operating profit after adjusted tax divided by the sum of gross debt, including inventory repurchase arrangements whilst excluding lease liabilities, and equity.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019**			2018		
		Adjusted £m	**Adjusting items* £m**	**Total £m**	Adjusted £m	Adjusting items* £m	Total £m
Revenue	2	**997.3**	**–**	**997.3**	1,096.5	-	1,096.5
Cost of sales		**(642.7)**	**–**	**(642.7)**	(660.7)	-	(660.7)
Gross profit		**354.6**	**–**	**354.6**	435.8	-	435.8
Selling and distribution expenses		**(95.0)**	**–**	**(95.0)**	(89.8)	-	(89.8)
Administrative and other operating expenses		**(235.2)**	**(42.1)**	**(277.3)**	(219.1)	(74.1)	(293.2)
Other (expense)/income	4	**(19.0)**	**–**	**(19.0)**	20.0	-	20.0
Operating profit/(loss)		**5.4**	**(42.1)**	**(36.7)**	146.9	(74.1)	72.8
Finance income	6	**16.3**	**–**	**16.3**	4.2	-	4.2
Finance expense	7	**(77.3)**	**(6.6)**	**(83.9)**	(83.3)	(61.9)	(145.2)
(Loss)/profit before tax		**(55.6)**	**(48.7)**	**(104.3)**	67.8	(136.0)	(68.2)
Income tax (charge)/credit	8	**(8.9)**	**8.8**	**(0.1)**	0.6	10.5	11.1
(Loss)/profit for the year		**(64.5)**	**(39.9)**	**(104.4)**	68.4	(125.5)	(57.1)
(Loss)/profit attributable to:							
Owners of the group				**(113.2)**			(62.7)
Non-controlling interests				**8.8**			5.6
				(104.4)			(57.1)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of defined benefit liability				**(1.4)**			5.4
Taxation on items that will never be reclassified to the Income Statement	8			**0.2**			(0.9)
Items that are or may be reclassified to the Income Statement							
Foreign exchange translation differences				**(2.7)**			0.7
Fair value adjustment - cash flow hedges				**9.0**			(30.5)
Amounts reclassified to the Income Statement - cash flow hedges				**15.6**			3.5
Taxation on items that may be reclassified to the Income Statement	8			**(3.4)**			3.5
Other comprehensive income/(loss) for the year, net of income tax				**17.3**			(18.3)
Total comprehensive loss for the year				**(87.1)**			(75.4)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the group				**(95.9)**			(81.0)
Non-controlling interests				**8.8**			5.6
				(87.1)			(75.4)
Earnings per ordinary share							
Basic loss per share	9			**(49.6p)**			(31.0p)
Diluted loss per share	9			**(49.6p)**			(31.0p)

All operations of the Group are continuing.

* Adjusting items are defined in note 1, with further detail shown in note 5.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share Capital £m	Share Premium £m	Capital Reserve £m	Translation Reserve £m	Hedge Reserve £m	Retained Earnings £m	Non-controlling Interest £m	Total Equity £m
At 1 January 2019	**2.1**	**352.3**	**6.6**	**2.3**	**(23.5)**	**99.4**	**10.2**	**449.4**

Adjustment on adoption of IFRS 16 (note 11)	–	–	–	–	–	(2.2)	–	(2.2)
At 1 January 2019 *adjusted*	**2.1**	**352.3**	**6.6**	**2.3**	**(23.5)**	**97.2**	**10.2**	**447.2**
Total comprehensive loss for the year								
(Loss)/profit for the year	–	–	–	–	–	(113.2)	8.8	(104.4)
Other comprehensive income								
Foreign currency translation differences	–	–	–	(2.7)	–	–	–	(2.7)
Fair value movement - cash flow hedges	–	–	–	–	9.0	–	–	9.0
Amounts reclassified to the Income Statement - cash flow hedges	–	–	–	–	15.6	–	–	15.6
Remeasurement of defined benefit liability	–	–	–	–	–	(1.4)	–	(1.4)
Tax on other comprehensive income (note 8)	–	–	–	–	(3.4)	0.2	–	(3.2)
Total other comprehensive (loss)/income	–	–	–	(2.7)	21.2	(1.2)	–	17.3
Total comprehensive (loss)/income for the year	–	–	–	(2.7)	21.2	(114.4)	8.8	(87.1)
Transactions with owners, recorded directly in equity								
Credit for the year under equity settled share-based payments	–	–	–	–	–	3.7	–	3.7
Dividend paid to non-controlling interest	–	–	–	–	–	–	(4.9)	(4.9)
Tax on items credited to equity	–	–	–	–	–	–	–	–
Total transactions with owners	–	–	–	–	–	3.7	(4.9)	(1.2)
At 31 December 2019	**2.1**	**352.3**	**6.6**	**(0.4)**	**(2.3)**	**(13.5)**	**14.1**	**358.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share Capital £m	Share Premium £m	Share Warrants £m	Capital Reserve £m	Translation Reserve £m	Hedge Reserve £m	Retained Earnings £m	Non-controlling Interest £m	Total Equity £m
At 1 January 2018	–	353.7	18.5	94.1	1.6	–	(339.4)	7.6	136.1
Total comprehensive loss for the year									
(Loss)/profit for the year	–	–	–	–	–	–	(62.7)	5.6	(57.1)
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	0.7	–	–	–	0.7
Fair value adjustment - cash flow hedges	–	–	–	–	–	(30.5)	–	–	(30.5)
Amounts reclassified to the Income Statement - cash flow hedges	–	–	–	–	–	3.5	–	–	3.5
Remeasurement of defined benefit liability	–	–	–	–	–	–	5.4	–	5.4
Tax on other comprehensive income (note 8)	–	–	–	–	–	3.5	(0.9)	–	2.6
Total other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**0.7**	**(23.5)**	**4.5**	**–**	**(18.3)**

Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**0.7**	**(23.5)**	**(58.2)**	**5.6**	**(75.4)**
Transactions with owners, recorded directly in equity									
Shares issued during the year	2.1	–	–	–	–	–	–	–	2.1
Share premium on shares issued	–	352.2	–	–	–	–	–	–	352.2
Capital reduction	–	(353.6)	–	(87.5)	–	–	441.1	–	–
Exercise of share warrants	–	–	(18.5)	–	–	–	18.5	–	–
Credit for the year under equity settled share-based payments	–	–	–	–	–	–	24.1	–	24.1
Dividend paid to non-controlling interest *	–	–	–	–	–	–	–	(3.0)	(3.0)
Tax on items credited to equity (note 8)	–	–	–	–	–	–	13.3	–	13.3
Total transactions with owners	**2.1**	**(1.4)**	**(18.5)**	**(87.5)**	**–**	**–**	**497.0**	**(3.0)**	**388.7**
At 31 December 2018	**2.1**	**352.3**	**–**	**6.6**	**2.3**	**(23.5)**	**99.4**	**10.2**	**449.4**

* See note 1 for further details.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	Notes	**2019 £m**	2018 restated* £m
Non-current assets			
Intangible assets		1,183.6	1,071.7
Property, plant and equipment		350.5	313.0
Right-of-use lease assets	11	81.8	–
Trade and other receivables		1.8	1.8
Other financial assets		0.2	–
Deferred tax asset	8	45.7	32.1
		1,663.6	**1,418.6**
Current assets			
Inventories		200.7	165.3
Trade and other receivables		249.7	240.8
Income tax receivable		0.3	0.8
Other financial assets		8.9	0.1
Cash and cash equivalents		107.9	144.6
		567.5	**551.6**
Total assets		**2,231.1**	**1,970.2**
Current liabilities			
Borrowings		114.8	99.4
Trade and other payables		702.1	671.0
Income tax payable		8.9	4.9
Other financial liabilities		6.3	4.2
Lease liabilities	11	14.1	–
Provisions		12.0	10.8
		858.2	**790.3**
Non-current liabilities			
Borrowings		839.1	604.7
Trade and other payables		9.4	49.8
Other financial liabilities		2.6	4.4
Lease liabilities	11	97.3	–
Provisions		16.2	12.9
Employee benefits		36.8	38.7

	Notes	2019	2018
Deferred tax liabilities	8	12.6	20.0
		1,014.0	**730.5**
Total liabilities		**1,872.2**	**1,520.8**
Net assets		**358.9**	**449.4**
Capital and reserves			
Share capital		2.1	2.1
Share premium		352.3	352.3
Capital reserve		6.6	6.6
Translation reserve		(0.4)	2.3
Hedge reserves		(2.3)	(23.5)
Retained earnings		(13.5)	99.4
Equity attributable to owners of the group		**344.8**	**439.2**
Non-controlling interests		14.1	10.2
Total shareholders' equity		**358.9**	**449.4**

* See note 1 for further details.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019 £m**	2018 restated* £m
Operating activities			
Loss for the year		**(104.4)**	(57.1)
Adjustments to reconcile loss for the year to net cash inflow from operating activities			
Tax charge/(credit) on continuing operations	8	**0.1**	(11.1)
Net finance costs		**67.6**	141.0
Other non-cash movements		**(4.4)**	13.3
Loss on sale of property, plant and equipment		**0.9**	0.4
Depreciation and impairment of property, plant and equipment		**38.8**	32.4
Depreciation and impairment of right-of-use lease assets	11	**13.3**	–
Amortisation and impairment of intangible assets		**112.4**	67.6
Difference between pension contributions paid and amounts recognised in Income Statement		**(4.4)**	(3.8)
Increase in inventories		**(33.3)**	(37.5)
Increase in trade and other receivables		**(28.9)**	(122.4)
(Decrease)/increase in trade and other payables		**(70.0)**	136.1
Increase in advances and customer deposits		**48.4**	68.8
Movement in provisions		**4.5**	2.8
Cash generated from operations		**40.6**	230.5
Increase in cash held not available for short-term use		**(8.7)**	–
Income taxes paid		**(12.5)**	(7.9)
Net cash inflow from operating activities		**19.4**	222.6
Cash flows from investing activities			
Interest received	6	**5.0**	4.2
Payments to acquire property, plant and equipment		**(82.2)**	(101.9)
Payments to acquire intangible assets		**(228.0)**	(208.6)
Net cash used in investing activities		**(305.2)**	(306.3)
Cash flows from financing activities			
Interest paid		**(52.0)**	(42.2)
Proceeds from equity share issue		**–**	4.6
Dividend paid to non-controlling interest in subsidiaries		**–**	(3.0)
Principal element of lease payments		**(10.9)**	–
Repayment of existing borrowings		**(91.5)**	–
Proceeds from existing borrowings		**102.3**	0.3
Proceeds from inventory repurchase arrangement		**38.7**	–
New borrowings		**260.8**	98.1
Transaction fees paid on new borrowings		**(4.1)**	–
Net cash inflow from financing activities		**243.3**	57.8
Net decrease in cash and cash equivalents		**(42.5)**	(25.9)

Cash and cash equivalents at the beginning of the year	**144.6**	167.8
Effect of exchange rates on cash and cash equivalents	**5.8**	2.7
Cash and cash equivalents at the end of the year	**107.9**	144.6

* See note 1 for further details

Notes to the Consolidated Financial Statements

1. Basis of Accounting

Aston Martin Lagonda Global Holdings plc (the "Company") is a Company incorporated in England and Wales and domiciled in the UK. The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Group Financial Statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The Financial Statements are prepared on a going concern basis and under the historical cost convention except where the measurement of balances at fair value is required.

The financial information set out does not constitute the Company's financial statements for the years ended 31 December 2019 or 2018 but is derived from those financial statements. Financial statements for 2018 have been delivered to the registrar of companies, and those for 2019 will be delivered in due course. The auditors have reported on those accounts. Their report for both years ended 31 December 2018 and 31 December 2019 were not qualified, however the report in respect of the year-ended 31 December 2019 included a paragraph drawing attention to Material Uncertainty Related to Going Concern. Their reports did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The Group meets its day-to-day working capital requirements and medium term funding requirements through a mixture of Senior Secured Notes ($400m and $190m 6.5%, $150m 12%, £230m and £55m at 5.75% which all mature in April 2022), a revolving credit facility (£80m) which matures January 2022, facilities to finance inventory, a number of back-to-back loans and a vehicle wholesale financing facility. The amounts outstanding on all the borrowings are shown in the financial statements.

2019 was a challenging year for the Group and, following an operational and financial review, on 31 January 2020 the Group announced its intention to raise £500m by way of a placing of shares totalling £182m to a consortium led by Lawrence Stroll, and a rights issue of £318m. Receipt of the £500m is dependent upon sufficient shareholders voting in favour of the placing and rights issue at a General Meeting of the Company scheduled for 16 March 2020. At the date of approving the financial statements, the Company had irrevocable support from the major shareholders for the placing and rights issue but this was below the 75% needed for the proposals to be approved. Assuming the relevant resolutions are passed, and other formalities are consequently met, the rights issue is fully underwritten and committed.

Based on the reset business plan described in the financial statements the Directors have prepared trading and cash flow forecasts for the 12-month period from the date of approval of the financial statements. These forecasts assume that the £500m placing and rights issue funding is received in March and April 2020 and show that the Group has sufficient financial resources to meet its obligations as they fall due for the period of at least 12 months from the date of these financial statements.

The forecasts make assumptions in respect of future market conditions and, wholesale volumes, average selling price, the launch of new models including DBX and Valkyrie and the potential impact of Coronavirus on sales in China and the supply of components needed for production. The nature of the Group's business is that there can be variation in the timing of cash flows around the development and launch of new models and the availability of funds provided through the vehicle wholesale finance facility. The forecasts take into account these factors to an extent which the directors consider represent their best estimate of the future based on the information that is available to them at the time of approval of these financial statements.

The Directors have also prepared a downside forecast which incorporates certain adverse sensitivities representing those key risks disclosed in the Strategic Report which the directors consider most likely to impact cash flows over the period of the forecast, including lower wholesale volumes as a result of trading or supply chain disruption, product launch delays and the non-renewal of financing facilities that mature in the period. In the event that these downsides materialise the Directors have considered the mitigating actions that could be taken including renewals of current financing, access to other financing and deferral of capital expenditure. If the Placing and Rights Issue were not to happen this downside could not be mitigated by other actions. As the Placing and Rights Issue is not guaranteed as it is subject to shareholder approval and is critical to the funding requirements of the Group, the directors consider this matter represents a material uncertainty which could cast significant doubt on the Group's ability to continue as a going concern.

Despite the material uncertainty noted, the Directors are of the view that there is a reasonable expectation that the Rights Issue and Placing will proceed and that they can therefore conclude that they have a reasonable expectation

that the Group has adequate resources to continue in operational existence for the foreseeable future and they can continue to adopt the going concern basis in preparing the financial statements. Therefore, the financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

On 3 September 2018 the Company obtained control of the entire share capital of Aston Martin Holdings (UK) Limited by way of a share for share exchange with one share in the Company being exchanged for one share in Aston Martin Holdings (UK) Limited. Consequently, the Group incorporated the assets and liabilities of Aston Martin Holdings (UK) Limited at their pre-combination carrying amounts without fair value uplift. The equity balance as of 1 January 2018 reflects the equity of Aston Martin Holdings (UK) Limited. The share capital of £2.1m as of 31 December 2018 and 31 December 2019 reflects the share capital of the Company. Although the share for share exchange in 2018 resulted in a change in legal ownership, the comparative results presented reflect the continuation of the pre-existing group headed by Aston Martin Holdings (UK) Limited. The transaction was accounted for as a reverse acquisition in line with IFRS 3. The Consolidated Statement of Changes in Equity for the year ended 31 December 2018 explains the impact of these transactions in more detail.

Prior year restatement

The following reclassifications have been made in the Statement of Financial Position regarding the 2018 comparative values:

i) Following a review of the nature of the service plan liability, it has been reclassified from non-current provisions into current and non-current trade and other payables and additional disclosures as a contract liability have been disclosed in the group financial statements. The provision balance presented within these financial statements relates solely to expected future warranty costs provided for at the point of revenue recognised on a new vehicle sale.

ii) The nature of certain trade and other payables have been revisited resulting in the reclassification of lease incentives from current trade and other payables to non-current trade and other payables, as a large portion of the balance relates to periods greater than 12 months in the future. From 1 January 2019 lease incentives have been accounted for under IFRS 16 and offset against the right of use assets.

iii) Deferred tax assets and deferred tax liabilities, where a right of offset exists in certain jurisdictions, have been offset in the Statement of Financial Position as at 31 December 2018.

The impact on the Consolidated Statement of Financial Position for the year ended 31 December 2018 is:

As at 31 December 2018	As disclosed 2018 Annual Report £m	(i) £m	(ii) £m	(iii) £m	As restated 2019 Annual Report £m
Non-current assets					
Deferred tax assets	**123.1**	–	–	(91.0)	**32.1**
Current liabilities					
Trade and other payables	**(696.1)**	(5.2)	30.3	–	**(671.0)**
Non-current liabilities					
Trade and other payables	**(12.2)**	(7.3)	(30.3)	–	**(49.8)**
Provisions	**(25.4)**	12.5	–	–	**(12.9)**
Deferred tax liabilities	**(111.0)**	–	–	91.0	**(20.0)**

Point i) has resulted in a reclassification of a £7.2m cash inflow from *Movement in provisions* to *increase in trade and other payables* with no impact on the cash generated from operations.

There is no impact on the Group's Consolidated Income Statement, earnings per share, retained earnings or net assets for the year ended 31 December 2018 as a result of these restatements.

The Statement of Changes in Equity for the year-ended 31 December 2018 has been restated to reclassify the £3.0m dividend paid to non-controlling interest from Total Comprehensive income/(loss) for the year to Transactions with owners, recorded directly in equity.

Where the notes included in this Preliminary announcement provide additional analysis in respect of the above restatements, the comparative values presented have been re-analysed on a consistent basis.

New IFRS standards and interpretations adopted during 2019

In 2019 the following standard were endorsed by the EU, became effective and adopted by the Group:

- IFRS 16 *Leases*

See note 11 for further detail including transition disclosures and elections taken.

- *Interpretation 23 Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatment involve uncertainty that affects the application of IAS 12 *Income Taxes*.

The Group assessed any uncertainties over income tax treatments. Since the Group operates in a multinational environment, it evaluated whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The subsidiaries' filings in different tax jurisdictions may lead to challenges from the local tax authorities related to transfer pricing.

This interpretation has not had a material impact on the Group's reported financial performance or position.

The following standards and interpretations, which are not yet effective or endorsed by the EU and which have not been early adopted by the Group, will be adopted in future accounting periods:

- Definition of material – amendments to IAS 1 and IAS 8 (effective 1 January 2020).
- Interest rate benchmark reform – amendments to IFRS 9, IAS 39 and IFRS 7.

None of these amendments above are expected to have a material impact on the Group.

Adjusting items

An adjusting item is disclosed separately in the Consolidated Statement of Comprehensive Income where the quantum, nature or volatility of such items would otherwise distort the underlying trading performance of the Group as they are not expected to repeat in future periods. The tax effect is also included.

Details in respect of adjusting items recognised in the current and prior year are set out in note 5.

2. Segmental information

Operating segments are defined as components of the Group about which separate financial information is available and is evaluated regularly by the chief operating decision-maker in assessing performance. The Group has only one operating segment, the automotive segment, and therefore no separate segmental report is disclosed. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles including consulting services; as well as the sale of parts, servicing and automotive brand activities from which the Group derives its revenues.

Revenue	**2019 £m**	2018 £m
Analysis by category		
Sale of vehicles	**897.6**	1,010.7
Sale of parts	**63.0**	61.1
Servicing of vehicles	**9.3**	14.6
Brands and motorsport	**27.4**	10.1
	997.3	1,096.5

Revenue	**2019 £m**	2018 £m
Analysis by geographic location		
United Kingdom	**229.6**	255.4
The Americas	**295.3**	305.7
Rest of Europe, Middle East & Africa	**231.2**	247.1
Asia Pacific	**241.2**	288.3
	997.3	1,096.5

3. Operating Profit/(loss)

The Group operating profit/(loss) is stated after charging/(crediting):

	2019 £m	2018 £m
Depreciation and impairment of property, plant and equipment	**41.8**	32.4
Depreciation absorbed into inventory under standard costing	**(3.0)**	–
Depreciation and impairment of right-of-use assets	**13.3**	–
Amortisation and impairment of intangible assets	**116.1**	67.6
Amortisation absorbed into inventory under standard costing	**(3.2)**	–
Loss on sale of property, plant and equipment	**0.9**	0.4
Depreciation, amortisation and impairment charges included in Administrative and other operating expenses	**165.9**	100.4

		2019	2018
Increase in trade receivable loss allowance - Other Expenses (note 4)		**19.0**	–
Increase in trade receivable loss allowance - Administrative and other operating expenses		**1.0**	0.1
Net foreign currency differences		**8.6**	1.7
Cost of inventories recognised as an expense		**538.2**	552.9
Impairment of inventories held (note 10)		**2.3**	–
Write-down of inventories to net realisable value		**2.5**	1.1
Expenditure related grant income*		**(0.2)**	(0.3)
Operating lease payments (gross of sub-lease receipts)			
	• Land and buildings	**–**	7.5
	• Plant and machinery and IT equipment**	**1.2**	2.2
Sub-lease receipts	• Land and buildings	**(0.3)**	(0.3)
Auditor's remuneration***:			
	• Audit of these financial statements	**0.2**	0.2
	• Audit of financial statements of subsidiaries pursuant to legislation	**0.3**	0.3
	• Taxation compliance	**–**	0.3
	• Taxation advisory services	**–**	0.6
	• Other corporate finance services	**–**	1.0
	• All other services	**0.1**	0.2
Research and development expenditure recognised as an expense		**–**	11.5

	2019 £m	2018 £m
Total research and development expenditure	**226.0**	213.8
Capitalised research and development expenditure	**(226.0)**	(202.3)
Research and development expenditure recognised as an expense	**–**	11.5

* Government grant income has been offset against the qualifying employee expenditure within the Consolidated Income Statement.
** Election taken by the Group to not recognise right-of-use lease assets and equivalent lease liabilities for short-term and low-value leases.
*** The auditors remuneration for year ended 31 December 2018 relates to services provided by the Group's former incumbent auditors.

4. Other (expense) / income

	2019 £m	2018 £m
Sale of intellectual property	**–**	20.0
Loss allowance recognised in relation to the sale of intellectual property	**(19.0)**	–
	(19.0)	20.0

Other income from the ordinary course of business of £20.0m was recognised from the sale of certain legacy intellectual property during the year ended 31 December 2018. During the year ended 31 December 2019 the recoverability of the outstanding receivable was assessed as doubtful resulting in a loss allowance of £19.0m recognised as a charge to the Consolidated Income Statement.

5. Adjusting items

	2019 £m	2018 £m
Adjusting operating expenses:		
Impairment of assets:		
Development costs	**(27.7)**	–
Plant, machinery, fixtures and fittings	**(4.7)**	–
Tooling	**(3.7)**	–
Inventory	**(2.3)**	–
Right-of-use lease assets (note 11)	**(1.0)**	–
	(39.4)	–
Restructuring costs	**(2.8)**	**–**
Initial Public Offering costs:		
Staff incentives	**0.6**	(61.2)
Professional fees	**(0.5)**	(12.9)

	2019	2018
	(42.1)	(74.1)
Adjusting finance expenses:		
Movement on derivatives not qualifying for hedge accounting	**(6.6)**	–
Premium paid on the redemption of preference shares	**–**	(46.8)
Preference share fee write-off	**–**	(15.1)
	(6.6)	(61.9)
Total adjusting items before tax	**(48.7)**	(136.0)
Tax credit on adjusting items	**8.8**	10.5
Adjusting items after tax	**(39.9)**	(125.5)

The Lagonda brand is expected to be relaunched no earlier than 2025 (previously 2022) and while development of Rapide E is substantially complete, the programme has been paused pending further review. An assessment of the carrying value of Rapide E assets, and assets carried across from Rapide as part of the Group's carry-over-carry-across ("COCA") principle, has resulted in an impairment charge of £39.4m – see note 10 for further details.

In 2019 the Group incurred employee redundancy costs of £2.8m (31 December 2018: £nil) as part of the first phase of a restructuring plan that is expected to conclude in 2020.

During the year ended 31 December 2018 staff incentive and other costs were incurred as part of the Initial Public Offering ("IPO"). These costs included accrued staff incentives due for payment in 2019. In the context of the continuing challenging trading conditions during 2019, the executive team no longer believed that it was appropriate to receive their 2018 IPO related bonus payments and, following further discussion with the Remuneration Committee, agreed to waive their unpaid bonus in full. This resulted in £4.2m being credited back to the Consolidated Income Statement in 2019 as an adjusting item to remain consistent with the treatment of the initial accrual in 2018.

The Legacy LTIP share option charge for the year ended 31 December 2019 related to the IPO was £3.6m and is included in Staff incentives (2018: £24.1m).

In the year-ended 31 December 2019 a charge of £6.6m was recognised in relation to fair value movements of derivative financial instruments held to hedge future foreign currency cashflows, but where the necessary criteria for hedge accounting had not been met. Once the criteria for hedge accounting had been met, all movements in the fair value of these derivative financial instruments are recorded either in Other Comprehensive Income or in arriving at adjusted operating profit/(loss) in the Consolidated Income Statement.

6. Finance income

	2019 £m	2018 £m
Bank deposit and other interest income	**5.0**	4.2
Foreign exchange gain on borrowings not designated as part of a hedging relationship	**11.3**	–
Total finance income	**16.3**	4.2

7. Finance expense

	2019 £m	2018 £m
Bank loans, overdrafts and secured notes	**55.3**	44.3
Other interest	**7.5**	0.3
Interest on lease liabilities (note 11)	**4.6**	–
Net interest expense on the net defined benefit liability	**1.1**	1.1
Interest on preference shares classified as financial liabilities	**–**	32.0
Interest on contract liabilities held	**8.8**	5.6
Finance expense before adjusting items	**77.3**	83.3
Adjusting finance expense items:		
Premium paid on the redemption of preference shares	**–**	46.8
Preference share fee write-off	**–**	15.1
Movements on derivatives not qualifying for hedge accounting	**6.6**	–
Total Adjusting finance expense	**6.6**	61.9
Total finance expense	**83.9**	145.2

8. Taxation

Current tax charge/(credit)	**2019 £m**	2018 £m
UK corporation tax on (losses)/profits	**(1.3)**	1.3
Overseas tax	**13.2**	6.4
Prior period movement	**2.0**	0.9
Total current income tax charge	**13.9**	8.6
Deferred tax credit		
Origination and reversal of temporary differences	**(13.0)**	(13.5)
Prior period movement	**(0.8)**	(6.2)
Total deferred tax credit	**(13.8)**	(19.7)
Total income tax charge/(credit) in the Income Statement	**0.1**	(11.1)
Tax relating to items charged/(credited) to other comprehensive income		
Deferred tax		
Actuarial gains on defined benefit pension plan	**(0.2)**	0.9
Fair value adjustment on cash flow hedges	**0.1**	(3.5)
Current tax		
Fair value adjustment on cash flow hedges	**3.3**	–
	3.2	(2.6)
Tax relating to items charged in equity – deferred tax		
Share based payments	**–**	(13.3)

(a) Reconciliation of the total tax charge/(credit)

The tax charge/(credit) in the Consolidated Statement of Comprehensive Income for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%). The differences are reconciled below:

	2019 £m	2018 £m
Loss from operations before taxation	**(104.3)**	(68.2)
Loss on operations before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2018: 19.0%)	**(19.8)**	(13.0)
Difference to total income tax charge/(credit) due to effects of:		
Expenses not deductible for tax purposes	**0.2**	21.3
Recognition of previously unrecognised tax losses	**(6.3)**	(18.9)
Movement in unprovided deferred tax	**10.5**	–
Derecognition of deferred tax asset of interest deductible in future periods	**8.0**	–
Irrecoverable overseas withholding taxes	**1.2**	–
Adjustments in respect of prior periods	**1.2**	(5.3)
Effect of lower rates applied to deferred tax	**2.2**	(0.1)
Difference in overseas tax rates	**1.5**	1.5
Other	**1.4**	3.4
Total income tax charge/(credit)	**0.1**	(11.1)

(b) Tax paid

Total net tax paid during the year of £12.5m (2018: £7.9m).

(c) Factors affecting future tax charges

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly.

(d) Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018	Liabilities 2018

	Assets 2019 £m	*restated** £m	Liabilities 2019 £m	*restated** £m
Property, plant and equipment	**(54.2)**	(49.3)	**–**	–
Intangible assets	**–**	–	**117.3**	111.0
Employee benefits	**(6.3)**	(6.6)	**–**	–
Provisions	**(13.7)**	(0.6)	**–**	–
Interest deductible in future periods	**–**	(7.6)	**–**	–
RDEC credit	**(7.0)**	–	**–**	–
Losses	**(56.6)**	(45.7)	**–**	–
Share based payments	**(13.3)**	(13.3)	**–**	–
Other	–	–	**0.7**	–
Deferred tax (assets)/liabilities	**(151.1)**	(123.1)	**118.0**	111.0
Set off of tax liabilities/(assets)	**105.4**	91.0	**(105.4)**	(91.0)
Total deferred tax (assets)/liabilities	**(45.7)**	(32.1)	**12.6**	20.0

* See note 1 for further details.

Movement in deferred tax in 2019	**1 January 2019 £m**	**Gross tax recognised in income and OCI £m**	**Gross tax recognised in equity £m**	**Other movement £m**	**31 December 2019 £m**
Property, plant and equipment	**(49.3)**	**(4.9)**	**–**	**–**	**(54.2)**
Intangible assets	**111.0**	**6.3**	**–**	**–**	**117.3**
Employee benefits	**(6.6)**	**0.3**	**–**	**–**	**(6.3)**
Provisions	**(0.6)**	**(13.0)**	**–**	**(0.1)**	**(13.7)**
Interest deductible in future periods	**(7.6)**	**7.6**	**–**	**–**	**–**
RDEC credit	**–**	–	**–**	**(7.0)**	**(7.0)**
Losses	**(45.7)**	**(10.9)**	**–**	**–**	**(56.6)**
Share based payments	**(13.3)**	**–**	**–**	**–**	**(13.3)**
Other	**–**	**0.7**	**–**	**–**	**0.7**
	(12.1)	**(13.9)**	**–**	**(7.1)**	**(33.1)**

Movement in deferred tax in 2018	1 January 2018 £m	Gross tax recognised in income and OCI £m	Gross tax recognised in equity £m	Less amounts unrecognised £m	31 December 2018 £m
Property, plant and equipment	8.8	(58.1)	–	–	(49.3)
Intangible assets	51.8	59.2	–	–	111.0
Employee benefits	(8.0)	1.4	–	–	(6.6)
Provisions	(1.4)	0.8	–	–	(0.6)
Interest deductible in future periods	–	(7.6)	–	–	(7.6)
Losses	(27.7)	(18.0)	–	–	(45.7)
Share based payments	–	–	(13.3)	–	(13.3)
	23.5	(22.3)	(13.3)	–	(12.1)

Other movements reflect the reclassification of RDEC credits from Trade and other receivables to deferred tax and foreign exchange differences.

The Group believes that it is appropriate to recognise a Deferred Tax Asset in respect of historic tax losses due to the future forecast profitability of the Group as demonstrated by the reset business plan.

In addition to the deferred tax recognised above, the Group has a £18.5m (2018: £nil) unrecognised net deferred tax asset in respect of interest deductions deductible in future periods where the likelihood of recoverability is not considered to support recognition of the asset.

The aggregate amount of temporary differences associated with investment in subsidiaries and branches, for which deferred tax liabilities have not been recognised is £32.5m for the year ended 31 December 2019 (2018: £34.5m).

9. Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the loss for the year available for equity holders by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per ordinary share is calculated by adjusting basic earnings per ordinary share to reflect the notional exercise of the weighted average number of dilutive ordinary share awards outstanding during the year. The weighted average number of dilutive ordinary share awards outstanding during the year are excluded when including them would be anti-dilutive to the earnings per share value.

Continuing and total operations	2019	2018
Basic earnings per ordinary share		
Loss available for equity holders (£m)	**(113.2)**	(62.7)
Basic weighted average number of ordinary shares (million)	**228.0**	202.1
Basic loss per ordinary share (pence)	**(49.6p)**	(31.0p)
Diluted earnings per ordinary share		
Loss available for equity holders (£m)	**(113.2)**	(62.7)
Diluted weighted average number of ordinary shares (million)	**228.0**	202.1
Diluted loss per ordinary share (pence)	**(49.6p)**	(31.0p)

	2019 Number	2018 Number
Diluted weighted average number of ordinary shares is calculated as:		
Basic weighted average number of ordinary shares[1] (million)	**228.0**	202.1
Adjustments for calculation of diluted earnings per share[2]:		
Legacy long-term incentive plan	**–**	–
2019 long-term incentive plan	**–**	–
Weighted average number of diluted ordinary shares (million)	**228.0**	202.1

1. Additional ordinary shares issued as a result of the share split conducted in 2018, have been incorporated in the 2018 earnings per share calculation in full without any time apportionment.
2. The number of ordinary shares issued as part of the Legacy long-term incentive plan, and the potential number of ordinary shares issued as part of the 2019 Long-term incentive plan, have been excluded from the weighted average number of diluted ordinary shares as including them is anti-dilutive to diluted earnings per share.

Adjusted earnings per share is disclosed in note 14 to show performance undistorted by adjusting items and give a more meaningful comparison of the Group's performance.

10. Impairment testing

INDEFINITE USEFUL LIFE NON-CURRENT ASSETS

Goodwill and brands acquired through business combinations have been allocated for impairment testing purposes to one cash-generating unit – the Aston Martin Lagonda Group business. This represents the lowest level within the Group at which goodwill and brands are monitored for internal purposes.

The Group tests the carrying value of goodwill and brands at the cash-generating unit level for impairment annually or more frequently if there are indicators that goodwill or brands might be impaired. At the year-end reporting date, a review was undertaken on a value in use basis, assessing whether the carrying values of goodwill and brands were supported by the net present value of future cash flows derived from those assets.

Key assumptions used in value in use calculations

The calculation of value in use for the cash-generating unit is most sensitive to the following assumptions:

- Cash flows were projected based on actual operating results and the reset five-year business plan. Beyond this, cash flows were extrapolated using a constant growth rate of 2.0% per annum. Key assumptions such as revenue, gross margin and fixed costs within the forecasts are based on past experience and the reset business plan;
- Discount rates are calculated using a weighted average cost of capital approach. They reflect the individual nature and specific risks relating to the business and the market in which the Group operates. The pre-tax discount rate used was 9.0% (2018: 10.2%*); and
- An exchange rate of $1.33/£ has been used for 2020, with $1.40/£ used for 2021 into perpetuity.

Sensitivity analysis

- the pre-tax discount rate would need to increase to 16.2% for the assets to become impaired; or
- the growth rate of 2.0% per annum beyond the five-year plan would need to be -11.8% for the assets to become impaired; or
- the USD exchange rate would need to increase to $1.97/£ (with all other currencies moving against the £ in line with the $) for the assets to become impaired.

*Restated – the post-tax discount rate was incorrectly disclosed in the 31 December 2018 Consolidated Financial Statements.

FINITE USEFUL LIFE NON-CURRENT ASSETS

Recoverability of non-current assets with finite useful lives include property, plant and equipment, right-of-use lease assets and certain intangible assets. Intangible assets with finite useful lives mainly consist of capitalized development costs.

The Group reviews the carrying amount of non-current assets with finite useful lives when events and circumstances indicate that an asset may be impaired. Impairment tests are performed by comparing the carrying amount and the recoverable amount of the cash-generating unit ("CGU"). The recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks.

IMPAIRMENT

At 31 December 2019 the Group was engaged in early stage discussions with strategic investors in relation to building longer term relationships. The impact on current project lifecycles and the cadence of future model launches was under review.

On 31 January 2020, the Group announced its intention to strengthen its financial position in order to immediately improve liquidity and reduce leverage. A proposed placing of newly issued ordinary shares of the Company to a Consortium, and a subsequent underwritten rights issue, was proposed for completion following the publication of the 2019 Annual Report and Accounts. The Group and ventures affiliated to the Consortium agreed, as part of the reset business plan, to control medium-term investment requirements providing greater financial stability and flexibility. The Lagonda brand is now expected to be relaunched no earlier than 2025 (previously 2022) and while development of Rapide E is substantially complete, the programme has been paused pending further review.

With the aforementioned indicators of impairment, a review of the carrying value of Rapide E assets and assets carried across from Rapide as part of the Group's carry-over-carry-across ("COCA") principle has been completed. As a result of this review an impairment charge has been recognised in full for the Rapide E assets:

	2019 £m
Development costs	**27.7**
Plant, machinery, fixtures and fittings	**4.7**
Tooling	**3.7**
Inventory	**2.3**
Right-of-use lease assets (note 11)	**1.0**
Total impairment charge recognised as adjusting in the Consolidated Income Statement	**39.4**

11. Leases

The Group holds lease contracts for buildings, plant and machinery and IT equipment.

The application of IFRS 16 required the Group to make estimates that affect the valuation of lease liabilities and right-of-use lease assets. These predominantly include determining the contracts that fall under IFRS 16, the contract term and the interest rate used for the discounting of future cash flows.

The lease term determined by the Group comprises a non-cancellable period, periods covered by an option to extend if the Group is reasonably certain to exercise the option and periods covered by an option to terminate if the Group is reasonably certain not to exercise that option. The same period is applied to determine the useful economic life and therefore the depreciation rate of the right-of-use lease assets.

The modified retrospective transition approach was chosen under which, prior to reflecting the impact of lease incentives, deposits and dilapidation provisions, the Group evaluated its lease liability on transition using incremental borrowing rates assessed at the date of transition with a right-of-use assets of equal value.

The Group has elected, under IFRS 16, not to recognise right-of-use lease assets and lease liabilities for short-term and low value leases. It continues to recognise these lease costs on a straight-line basis over the lease term within Administrative and other operating expenses in the Consolidated Income Statement.

The equity reserves of the Group at 1 January 2019 have been reduced by £2.2m to reflect the derecognition of legal and other costs associated with lease agreements previously expensed over the lease term. Whilst qualifying costs of this nature incurred would be included in the value of the associated right-of-use asset following adoption of IFRS 16, under the transition approach adopted this treatment is not followed.

	£m
Operating lease commitment disclosed at 31 December 2018	**124.3**
Exemption applied	(2.0)
Embedded leases	5.3
Lease incentives and other	43.2
Gross lease liabilities at 1 January 2019	**170.8**
Discounting	(54.3)
Lease liabilities upon adoption of IFRS 16 at 1 January 2019	**116.5**

Management have implemented new processes and procedures across the Group to ensure compliance with the new accounting standard.

a) Right-of-use lease assets

The Group is party to property leases with terms of 1 to 30 years, in addition to plant, machinery and IT equipment leases of between 1 to 5 years.

	Properties £m	Plant and machinery £m	IT equipment £m	Total £m
Cost				
Introduced on adoption of IFRS 16 at 1 January 2019	**72.7**	**4.6**	**5.2**	**82.5**
Additions	3.3	5.3	1.2	9.8
Modifications	(0.3)	–	–	(0.3)
Transfer from tangible fixed assets	–	3.3	–	3.3
Effect of movements in exchange rates	(0.4)	–	–	(0.4)
Balance at 31 December 2019	**75.3**	**13.2**	**6.4**	**94.9**
Depreciation				
Introduced on adoption of IFRS 16 at 1 January 2019	–	–	–	–
Charge for the year	7.7	2.1	2.5	12.3
Impairment (note 10)	1.0	–	–	1.0
Effect of movements in exchange rates	(0.2)	–	–	(0.2)
Balance at 31 December 2019	**8.5**	**2.1**	**2.5**	**13.1**
Carrying value				
Introduced on adoption of IFRS 16 at 1 January 2019	72.7	4.6	5.2	82.5
At 31 December 2019	**66.8**	**11.1**	**3.9**	**81.8**

b) Obligations under leases

Future gross minimum rentals payable accounted for under IAS 17 as at 31 December 2018 were:

	2018 £m
Not later than one year	0.2
After one year but not more than five years	12.6
More than five years	111.5
	124.3

The weighted average of the incremental borrowing rate applied to the lease liabilities recognised in the Statement of Financial Position at 1 January 2019 was 4.04%.

The maturity profile of undiscounted lease cash flows accounted for under IFRS 16 as at 31 December 2019 are:

	2019 £m
Less than one year	**14.8**
One to five year	**30.4**
More than five years	**126.4**
	171.6

The maturity profile of discounted lease cash flows accounted for under IFRS 16 as at 31 December 2019 are:

	2019 £m
Less than one year	**14.1**
One to five year	**26.3**
More than five years	**71.0**
	111.4
Analysed as:	
Current	**14.1**
Non-current	**97.3**
	111.4

The total lease interest expense for the year ended 31 December 2019 was £4.6m. Total cash outflow for leases accounted for under IFRS 16 for the current year was £15.5m.

Expenses charged to the Consolidated Income Statement for short-term and low-value leases for the year-ended 31 December 2019 were £1.0m and £0.2m respectively. The portfolio of short-term leases at 31 December 2019 is representative of the expected annual short-term lease expense in future years.

The impact of IFRS 16 on the Consolidated Income Statement excluding tax, for the year-ended 31 December 2019 is:

	As Reported 31 December 2019 £m	Add back IFRS 16 interest charge £m	Add back IFRS 16 depreciation charge £m	Less Amortisation of Legal fees £m	Less Lease incentives £m	Less IAS 17 lease cost £m	Excluding impact of IFRS 16 31 December 2019 £m
Revenue	**997.3**						997.3
Cost of sales	**(642.7)**						(642.7)
Gross profit	**354.6**	–	–	–	–	–	354.6
Selling and distribution expenses	**(95.0)**						(95.0)
Administrative and other operating expenses	**(277.3)**	–	12.3	(0.2)	1.2	(15.5)	(279.5)
Other (expense)/income	**(19.0)**						(19.0)
Operating profit/(loss)	**(36.7)**	–	12.3	(0.2)	1.2	(15.5)	(38.9)
Finance income	**16.3**						16.3
Finance expense	**(83.9)**	4.6	–	–	–	–	(79.3)
(Loss)/profit before tax	**(104.3)**	4.6	12.3	(0.2)	1.2	(15.5)	(101.9)
Adjusted EBITDA (note 14)	**134.2**	–	–	(0.2)	1.2	(15.5)	119.7

The above disclosure has been included to facilitate the understanding of the impact of adopting IFRS 16 on the Group.

12. Net Debt

The Group defines Net Debt as current and non-current borrowings in addition to inventory repurchase arrangements, less cash and cash equivalents including cash held not available for short-term use. Lease liabilities accounted for under IFRS 16 are excluded from Net Debt.

	2019 £m	2018 £m
Cash and cash equivalents	**107.9**	144.6
Cash held not available for short-term use	**8.7**	–
Inventory repurchase arrangement	**(38.9)**	–
Loans and other borrowings – current	**(114.8)**	(99.4)
Loans and other borrowings – non-current	**(839.1)**	(604.7)
Net debt	**(876.2)**	(559.5)
Movement in net debt		
Net decrease in cash and cash equivalents	**(42.5)**	(25.9)
Add back cash flows in respect of other components of net debt:		
New borrowings	**(260.8)**	(98.1)
Proceeds from inventory repurchase arrangement	**(38.7)**	–
Proceeds from existing borrowings	**(102.3)**	(0.3)
Repayment of existing borrowings	**91.5**	–

Movement in cash held not available for short-term use	**8.7**	–
Transaction fees	**4.1**	–
Increase in net debt arising from cash flows	**(340.0)**	(124.3)
Non-cash movements:		
Conversion of preference shares to ordinary shares	**–**	302.9
Foreign exchange gain/(loss) on secured loan	**23.7**	(18.4)
Interest added to debt	**(1.1)**	(49.3)
Unpaid transaction fees	**(2.0)**	–
Foreign exchange gain and other	**2.7**	2.7
(Increase)/decrease in net debt	**(316.7)**	113.6
Net debt at beginning of the year	**(559.5)**	(673.1)
Net debt at the end of the year	**(876.2)**	(559.5)

13. Capital Commitments

Capital expenditure contracts to the value of £74.4m (2018: £94.2m) have been committed but not provided for as at 31 December 2019.

14. 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.

The key APMs that the Group focuses on are as follows:

i) Adjusted EBT is the (loss)/profit before tax and adjusting items as shown in the Consolidated Income Statement.

ii) Adjusted EBIT is the (loss)/profit from operating activities before adjusting items.

iii) Adjusted EBITDA removes depreciation, loss on sale of fixed assets and amortisation from adjusted EBIT.

iv) Adjusted Earnings Per Share is loss after tax before adjusting items as shown in the Consolidated Income Statement, divided by the weighted average number of ordinary shares in issue during the reporting period.

v) Normalised Adjusted Earnings Per Share is loss after tax before adjusting items as shown in the Consolidated Income Statement, divided by the closing number of ordinary shares in issue at the end of the reporting period.

vi) Net Debt is current and non-current borrowings in addition to inventory repurchase arrangements, less cash and cash equivalents and cash held not available for short-term use but excluding lease liabilities recognised following the adoption of IFRS 16, as shown in the Consolidated Statement of Financial Position.

vii) Adjusted leverage is represented by the ratio of Net Debt to the last twelve months (‘LTM’) Adjusted EBITDA, excluding the impact of IFRS 16.

viii) Adjusted Return on Invested Capital represents adjusted operating profit after adjusted tax divided by the sum of gross debt, including inventory repurchase arrangements whilst excluding lease liabilities, and equity.

Income statement

	2019 £m	2018 £m
Loss before tax	**(104.3)**	(68.2)
Adjusting operating expenses (note 5)	**42.1**	74.1
Adjusting finance expenses (note 5)	**6.6**	61.9
Adjusted (loss)/profit before tax (EBT)	**(55.6)**	67.8
Adjusted finance income	**(16.3)**	(4.2)
Adjusted finance expense	**77.3**	83.3
Adjusted Operating Profit (EBIT)	**5.4**	146.9
Reported depreciation	**42.7**	32.4
Reported amortisation	**85.2**	67.6
Loss on disposal of fixed assets	**0.9**	0.4
Adjusted EBITDA	**134.2**	247.3

Earnings per share

	2019 £m	2018 £m

Adjusted earnings per ordinary share		
Loss available for equity holders (£m)	**(113.2)**	(62.7)
Adjusting items (note 5)		
Adjusting items before tax (£m)	**48.7**	136.0
Tax on adjusting items (£m)	**(8.8)**	(10.5)
Adjusted (loss)/earnings (£m)	**(73.3)**	62.8
Basic weighted average number of ordinary shares[1] (million)	**228.0**	202.1
Adjusted (loss)/earnings per ordinary share (pence)	**(32.1p)**	31.1p
Adjusted diluted earnings per ordinary share		
Adjusted (loss)/earnings (£m)	**(73.3)**	62.8
Diluted weighted average number of ordinary shares[1] (million)	**228.0**	202.1
Adjusted diluted earnings per ordinary share (pence)	**(32.1p)**	31.1p

	2019 £m	2018 £m
Normalised adjusted earnings per ordinary share		
Adjusted (loss)/earnings (£m)	**(73.3)**	62.8
Basic number of ordinary shares as at 31 December[2] (million)	**228.0**	228.0
Normalised adjusted (loss)/earnings per ordinary share (pence)	**(32.1p)**	27.5p
Normalised adjusted diluted earnings per ordinary share		
Adjusted (loss)/earnings (£m)	**(73.3)**	62.8
Diluted number of ordinary shares as at 31 December[2] (million)	**228.0**	228.0
Normalised adjusted diluted (loss)/earnings per ordinary share (pence)	**(32.1p)**	27.5p

1. Additional ordinary shares issued as a result of the share split conducted in 2018 have been incorporated in the earnings per share calculation in full without any time apportionment.
2. The basic and diluted number of ordinary shares as at 31 December have been used as the basis for the current year normalised EPS calculation. This represents an indication of the future weighted average number of ordinary shares for evaluating performance of the Group. No adjustment is made for the potential number of ordinary shares issued as part of the 2019 Long-term incentive plan as including them is anti-dilutive.

Net debt

	2019 £m	2018 £m
Opening cash and cash equivalents	**144.6**	167.8
Cash inflow from operating activities	**19.4**	222.6
Cash outflow from investing activities	**(305.2)**	(306.3)
Cash inflow from financing activities	**243.3**	57.8
Effect of exchange rates on cash and cash equivalents	**5.8**	2.7
Cash and cash equivalents at 31 December	**107.9**	144.6
Cash held not available for short-term use	**8.7**	–
Borrowings	**(953.9)**	(704.1)
Inventory repurchase arrangement	**(38.9)**	–
Net Debt	**(876.2)**	(559.5)
Adjusted EBITDA	**134.2**	247.3
Impact of IFRS 16 on adjusted EBITDA	**(14.5)**	–
Adjusted EBITDA (excluding the impact IFRS 16 – note 11)	**119.7**	247.3
Adjusted leverage	**7.3x**	2.3x

Adjusted Return on Invested Capital

	2019 £m	2018 £m
Adjusted operating profit (EBIT)	**5.4**	146.9
Tax (charge)/credit	**(8.9)**	0.6
Adjusted operating (loss) / profit after tax	**(3.5)**	147.5

Senior Secured Notes	**829.9**	590.9
Unsecured loans	**–**	1.4
Inventory repurchase arrangement	**38.9**	–
Loans and borrowings	**124.0**	118.8
Gross Debt	**992.8**	704.1
Total Shareholders' equity	**358.9**	449.4
	1,351.7	1,153.5
Adjusted Return on Invested Capital	**(0.3%)**	12.8%