



ASTON MARTIN

# **Aston Martin Lagonda Full Year 2019 Results**

Thursday, 27<sup>th</sup> February 2020

## Opening Remarks

Penny Hughes

*Non-Executive Chairman of the Board*

### 2019 Overview

Good morning, everyone. It has gone nine o'clock. I'm Penny Hughes, Chairman of Aston Martin Lagonda. Welcome to our results meeting.

This has been a disappointing year for Aston Martin Lagonda, with revenues 9% lower and a significant fall in adjusted EBITDA to 134 million have contributed to severe pressure on liquidity, which has left the company with no alternative but to seek 500 million of additional equity financing, without which the balance sheet is not robust enough to support the operations of the Group.

The Second Century Plan, to which the business was committed since 2015 and through IPO, ultimately proved to be too ambitious and was not able to withstand the demanding scale of investment required, including committed new manufacturing facilities and the unexpectedly large downside risk of underperformance that the business has experienced. This has required decisions of the Board in relation to the capital structure of the company and the business plan to be reset.

A thorough process was conducted, which resulted in the unanimous decision of the Board to announce, on 31 January 2020, a proposed strategic investment of 182 million by a consortium led by Lawrence Stroll and an underwritten rights issue, supported by major shareholders Prestige/SEIG and Adeem/Primewagon, of £318 million, to raise combined gross proceeds of 500 million. This is subject to further announcement today and to shareholder approval in general meeting.

I am pleased to confirm that undertakings to vote for all resolutions at the general meeting prior to today's launch stand at 65%, and since our announcement on 31<sup>st</sup> January, the Adeem/Primewagon shareholding group will no longer subscribe for at least 50% of their rights, but intend to take up 39%. However, the consortium led by Lawrence Stroll has undertaken to take up all the remaining rights from Adeem/Primewagon. So, for the rights issue, post placing, undertakings saw 71% for taking up rights have been received.

### Board Changes

We also, today, announce several Board changes, which I will summarise. By mutual consent, Mark Wilson, CFO, will step down as a director at the end of April, being available for supporting handover until the end June. The process to appoint a successor is underway and we thank Mark for his five years of service and especially acknowledge the recent challenging period that he has helped to manage the business through. We wish him every success in the future.

We have previously announced the sad passing of Peter Rogers, a nominated director for Prestige, and Richard Solomons, Imelda Walsh and Tensie Whelan, independent directors, have also advised they will not stand for re-election at the AGM in June.

As previously announced, as a condition of his investment, Lawrence Stroll will join the Board as Executive Chairman, timed after completion of the rights issue on 7<sup>th</sup> April, and I will then stand down as a director and Chair. Having led all the principle negotiations directly with

Lawrence Stroll in recent months, I am very comfortable he is an excellent fit to the business and each of the departing directors will provide him with every support during this transition period and in their period of notice.

While the results of the past year are not satisfactory, I am satisfied that the reset of the plan, the investment by the Stroll consortium and the rights issue to repair the balance sheet will enable the business to move forward into its next phase of development.

Let me now hand over to CEO Andy Palmer to report on the year's results.

## **2019 Key Results**

Andy Palmer

*President, Group CEO & Director*

### **Agenda**

Thank you, Penny. Good morning, everyone, and welcome to Aston Martin Lagonda's 2019 full year results. I'll start by giving a brief overview of the year and then Mark will cover the financials before I come back to provide a strategic update on the business, and we'll have plenty of time for questions thereafter.

### **2019: A Challenging Year**

So there's no doubt that 2019 was a challenging year for the business. Whilst we were able to grow core retail sales, i.e., the sales to customers, which relates to the real demand, by 12%, core wholesales or, if you prefer, sales to our dealer network, were down 7%, resulting in a revenue decline of 9% year-on-year. Revenue was also impacted by retail and customer financing support required to drive that retail growth. The shift in core mix to Vantage, weighed on average selling price, meant that margins and profit were both negatively impacted and behind plan.

This disappointing performance led to liquidity pressures and prompted a thorough operational and financial review, resulting in a series of actions to reset the business, which of course, as Penny said, includes an investment from a consortium led by Lawrence Stroll as well as a proposed equity financing and placement that I'll speak about later in this presentation.

Despite the difficulties faced, there were some key achievements in the year that I would like to highlight. As I mentioned, core retail sales exceeded wholesales and were up 12% year-on-year; actually, our best performance since 2007. This has led to a reduction in dealer inventory, thereby reversing the position of the prior year.

We completed and officially opened the St Athan factory in Wales, where we'll be producing the DBX. And production of the DBX remains on track, with initial deliveries being scheduled for this summer. Since the reveal, the order book has built more rapidly than any of our previous core models, with total orders now in excess of the planned retail target for the full year of 2020.

We added two variants to our core line with the DBS Superleggera Volante in Q3, as well as the Vantage AMR (manual) in Q4. And further, we delivered 64 specials, including the 19 DB4 GT Zagato Continuations.

I'd now like to welcome Mark to take us through the financials, but before that, I'd like to echo on Penny's sentiment and thank Mark for his hard work, personal commitment and dedication to the company in the past five years. I've enjoyed working with Mark and he's been a valued member of my senior team. Mark leaves with my personal thanks and best wishes for the future. Mark.

## **Financial Review and Guidance**

Mark Wilson  
*Executive VP, CFO & Director*

### **FY 2019 Financial Results**

Thank you, Andy. Good morning, everyone. I've had a fantastic five years here. This is a wonderful company; I wish it every success going forward.

Moving on to the results, as Andy stated, 2019 was an extremely challenging period for the company. Our key KPIs that you'll be familiar with now that track performance of the business have declined across the board.

On this slide and starting in the top left, wholesales declined 9% to 5,862 units, with the sharpest decline seen in European and the United Kingdom, consistent with the message we've given for most of the year. This year-on-year unit decline was exacerbated by lower average selling prices (ASPs), driven by headwinds from retail and customer financing support along with a negative mix shift. Revenue itself down 9% to £997 million.

Adjusted EBITDA, our key measure of profit performance, is down 46% at £134 million. This falling very far short of our original expectations due to the double impact of declining revenues, higher costs versus the plan.

Adjusted leverage, at 7.3 times last 12 months' EBITDA, reflects both the decrease in EBITDA I just spoke about and our increased debt burden following the issuance of \$340 million of new notes during the year.

Adjusted EPS, reflecting profitability per share, down significantly at negative 32.1 pence.

And finally, return on invested capital just below zero as CAPEX spend maintained while the earnings I just described declined.

#### *Total wholesales decreased*

Looking at wholesales in more detail, on the right-hand side and a chart most of you will be familiar with by now, you can see regions that were severely impacted by the trading conditions in 2019, highlighted by Europe, Middle East and Africa and, of course, the United Kingdom; those regions down 28% and 21% respectively.

The Americas, however, as Andy said, grew 16% year-over-year. We're pleased with the progress in that region in 2019. It's now our largest region, contributes over a third of our total wholesales for the period.

China, which makes up 9% of company wholesales, delivered 28% growth and this was more than offset, however, by a more muted performance in other Asia Pacific markets, most notably Australia and Japan.

Although we experienced a more difficult trading environment for Europe and the UK amidst Brexit and underlying economic uncertainty, our poor performance in these regions was exacerbated by the performance of the Vantage and most particularly in Germany, our largest European market.

In terms of model mix, from the chart there on the top left you can see the proportions of V12 to V8 broadly consistent year-over-year and, looking at our product line up, we expect this to shift further towards V8 in 2020 as we launch DBX, itself of course powered at launch by a V8 engine.

The chart on the bottom left shows our average selling prices. For the core cars, these were impacted by the high retail and customer financing support in addition to a headwind from greater Vantage mix. At a Group level, fewer specials this year – 64 contrasts with 185 in the prior year – and this dragged itself on the average selling price of 152 compared to 157 in the prior year.

*Total revenues decreased*

Revenue: down 9% in total. Sale of vehicles itself actually down 11% due to the wholesale and ASP decline I've previously described.

Sale of parts continued to growth, although at a more modest pace than in 2018; this benefiting from the increased number of vehicles sold in recent years.

However, this growth was offset by a decrease in servicing of vehicles due to the heritage team's focus on production of the DB4 GT Zagato Continuation, which of course reduced our capacity for historic restorations.

Finally, brand and motorsport continues to grow, contributing an additional £17 million year-over-year to overall revenues, and the revenues in there include sponsorship and, most notably, 61 race car sales from the new GT3 and GT4 Vantage.

*Adjusted EBITDA decreased*

Moving down the income statement to our key profit metric of adjusted EBITDA. This declined to £134 million, down 46% at a margin of exactly 13.5%. Initially, of course, we had the provision of £19 million taken in half one this year against a doubtful debt relating to the £20 million sale of intellectual property made in the prior year. Of course, this itself being a £40 million swing on adjusted EBITDA year-over-year.

The wholesale decline of £22 million is a combination of core volume decline offset by slightly greater profit from specials with, of course, 19 very high margin DB4 GT Zagatos delivered in the final part of the year.

The most significant drag to profit was mix and retail financing support, a combined 66 million year-over-year decline. And planned cost increases of £12 million were driven largely by marketing spend to support retail campaigns, most particularly in the US and most particularly in support of DBX launch. And these higher and other selling costs, particularly in Q4, meant we were unable to realise all of the savings that we had planned. Of course, we also had first time St Athan costs as we started to build up headcount and facilities at the site and the first full year of plc-related costs.

On FX, sterling has been relatively weaker year-on-year and that gives us a nine million FX benefit, although the late rally in December means that this is lower than we had expected a few months prior. And, of course, this is the first year of IFRS 16 adoption and we have a benefit of £15 million to EBITDA as leases are now capitalised.

Finally on this slide, a word on the pre-tax adjusting items. Consistent with our 31<sup>st</sup> January announcement, we've paused the Rapide E programme pending further review and, as such, we've taken the prudent decision to impair £39 million of sunk costs. Adjusting items also includes the seven million reported at half year relating to cross-currency forward exposures, which were not eligible for hedge accounting. And as we've started to seek and drive efficiencies through the business, we have suffered £3 million of restructuring costs.

#### *Year-end cash balance*

Moving on to cash, the business generated £19 million of operating cash in the year. In terms of working capital, the outflow was £84 million and this was comprised as follows:

- An inventory outflow of £33 million, driven by higher finished goods stock, reflecting the weaker than expected wholesale and some incremental Brexit self – some incremental Brexit stock rather, itself around nine million.
- A £29 million receivable outflow, driven by the proportionately later timing of wholesales at the end of the year.
- A £70 million payables outflow, predominantly driven by CAPEX timing later in the year.

And these outflows partially offset by an inflow of £48 million of customer deposits.

In terms of investment, we reduced our original CAPEX and R&D guidance of £320-340 million down to approximately £300 million and that was driven by the well understood liquidity constraints we faced during 2019. A spend of £310 million, therefore, was broadly in line with that revised guidance and the prior year and investment prioritised for St Athan DBX and Aston Martin Valkyrie.

I'll touch on financing on the next slide when we discuss our current leverage position.

The year-end cash balance of 108 million doesn't include £9 million of restricted cash, which is frozen cash regarding ongoing litigation and which we've highlighted for you on the slide, on the right-hand side of this chart. Including that, which is how it's treated for leverage purposes, then the net cash outflow is £28 million.

#### *Net debt*

Turning to net debt and leverage itself, as you can see on the slide, adjusted leverage increased substantially. Senior secured notes increased to £239 million equivalent as we issued \$190 million of mirror notes in April 2019 and a further \$150 million of senior secured notes in October. To note, once the proposed equity raise completes, we no longer plan to draw the additional \$100 million of delayed draw notes, which of course you'll be aware we secured back in October.

Working capital financing of £39 million relates to an inventory repurchasing arrangement secured late in the year supporting liquidity. Other loans and overdrafts increased modestly by £11 million and they relate to short-term asset financing at St Athan and the ongoing back-to-back China working capital facilities. Finally, you can see that the RCF is neutral

year-on-year, the £70 million remaining drawn at the end of 2019, consistent with how it was at the end of 2018.

These movements resulted in a closing adjusted net debt of £876 million, with a leverage ratio of 7.3 times, up from 2.3 times in the prior year. And including IFRS 16 lease liabilities of £111 million, net debt rises to 988 million which, against an adjusted EBITDA of £130 million, gives leverage of 7.4 times.

#### *Placement and rights issue timeline*

Today, we also confirm our plans for a proposed £500 million equity raise, consistent with the announcement on 31<sup>st</sup> January and as you've already heard Penny talk about. The prospectus will be released later today and a general meeting has been called for 16<sup>th</sup> March for the proposed placing to the Stroll-led consortium and the rights issue to be approved by our shareholders by a 75% majority vote. This will be followed by a two-week trading period of nil-paid right, with trading commencing 18<sup>th</sup> March and the results of the rights issue being announced in 2<sup>nd</sup> April.

Mirroring the announcement on 31 January, on the right, there, of this slide we have summarised the mechanics of the placement and the rights issue. Key points to draw to your attention:

- We've already received £55.5 million of short-term working capital support from the vehicle controlled by Lawrence Stroll; that vehicle called Yew Tree. This will be paid back on finalisation of the rights issue and has allowed us not to draw the DDNs.
- The first part of the equity raise is a placing of £45.6 million shares in the company at £4 per share to the Yew Tree consortium, and this raises £182 million for 16.7% of the pre-rights equity.
- The fully underwritten rights issue will raise £317 million and has support from our two major shareholders, Prestige/Strategic European Investment Group and Adeem/Primewagon. And they, as Penny has already told you, have undertaken to take up 100% and 39% respectively of their rights.
- The Yew Tree consortium will undertake its rights in full and has agreed to buy the remaining Adeem/Primewagon rights in full also.

With this proposed funding in place, we will have a more resilient balance sheet supporting the ramp up of DBX launch and the turnaround of the company's performance.

#### **2020 – Focused on Execution**

Now, just before handing back to Andy, let me touch on outlook. For 2020, we are planning a material reduction in sports car wholesales year-on-year as we continue to reduce dealer inventories, with the goal of reaching a new luxury norm balancing demand and supply appropriately. Further, due to the majority of our product launches being weighted to Q2, half two, our adjusted EBITDA will be almost entirely weighted into the second half of the year.

In terms of cash, we currently expect up to £100 million of incremental inventory in the first half as we stock up the DBX at St Athan to start production, and this is partially offset by some receivables unwind and, of course, some deposit inflows. For the full year 2020, we're expecting about £100 million of working capital outflow.

CAPEX for 2020 will around £285 million, with about half of that in Q1, with final DBX and Valkyrie-related costs and two-thirds of that total 285 coming in the first half itself. And to help with modelling, we've also, as you can see, given D&A and net interest guidance.

We've also brought to your attention today some of the uncertainties in 2020. Firstly, of course, and of course the topic on everybody's mind is the coronavirus outbreak. Our primary concern, of course, is for the health and safety of our colleagues and their families, business partners and the local communities being affected.

In terms of the business, China was our fastest-growing market in 2019 and that market alone represented 9% of total wholesales. As economic conditions in China have been negatively impacted, we would expect, if the outbreak continues and it results in a prolonged period of travel and commercial restrictions, retail sales and supply chain might be affected. As is the case for all of our automotive peers, our supply is being managed proactively both in China and other markets. Despite some disruption to supply of components from China, there's been no impact on production and supply is secured until at least the end of March. Also, the start of production of DBX and Aston Martin Valkyrie are key programmes for the business and while both currently remain on plan, this means we are even more than usually focused on execution for those two very key launches.

The company's focus is now on the successful completion of the placing and the rights issue and the delivery of 2020 key milestones, from which confidence can be rebuilt and at which point further guidance will be given.

In the longer term, we have the opportunity for significant growth and recovery of margins to pave the way to being a cash-generative business, through resetting and controlling demand and supply dynamics to regain our price position.

Thank you. I'll now pass you back to Andy.

## **Strategic Update**

Andy Palmer

*President, Group CEO & Director*

### **Revised Plan**

Thank you, Mark. On 31<sup>st</sup> January, we announced a reset to our business plan, fundamentally to control production, control shipments to dealers and to prioritise demand over supply. This will be one of the two key mantras going forward. This will build a stronger order book and will allow us to regain price positioning by operating a pull versus push model and, ultimately, reduce dealer inventories to a new, lower luxury norm and deliver a more efficient operational footprint.

To execute this plan, we must de-risk the business by gradually deleveraging through measured CAPEX spend and reduced operating costs, positioning the business for long-term profitability.

The start of our revised plan, however, is underpinned by focusing on delivery of the exciting new products that we have for this year, starting with the Vantage Roadster in Q2, quickly followed by the DBX and then by the Aston Martin Valkyrie in H2.



Although Lagonda and our plans for electric vehicles have been delayed, we remain in line with our luxury peer group in this segment of the market. We are also developing a fuel-efficient, modular V6 engine with hybrid and plugin hybrid capabilities, which will be available for Aston Martin core variants from the mid-2020s.

*Product plan with revised programme timings*

As part of our revised business plan, we've reviewed our future product cadence and aligned them to the new medium-term investment requirements. With this, we've rephased some of our vehicle cadence: Valhalla will be revealed in 2022, Vanquish will be revealed in 2023 and Lagonda will be relaunched no earlier than 2025. We will, however, maintain our specials cadence, releasing two specials and one heritage vehicle every year.

*Product launches in 2020*

As mentioned earlier, 2020 is an important year for Aston Martin Lagonda, with two flagship vehicles being delivered. Looking at the top left of this slide, the DBX marks our first entry into the high luxury SUV market. Not only does the DBX provide the opportunity to enter new markets but it also enables us to expand to a more diverse demographic. DBX allows us to design and deliver a product which targets that group of wealthy and highly influential individuals, primarily American and Asian customers, who desire beauty where it doesn't currently exist. For example, women's wealth and financial independence has continued to grow over the last decade, with women now holding 40% of the global wealth. This, coupled with more emotional empowerment and a desire for purchasing in the luxury SUV segment, provides a perfect opportunity for DBX to bring more customers to the brand.

That brings me to our second mantra, which is 'quality always trumps quantity'. To show our continued commitment to quality, I will personally inspect the first 500 1913-specced cars that come off the line and put my name on each car inspection plaque before it leaves the plant.

In the top right is our next key delivery, the Aston Martin Valkyrie, which is our entry into mid-engine vehicles. In partnership with Red Bull Advanced Technologies, we've created a track car that is street legal. The Aston Martin Valkyrie will open the door to Valhalla, followed by Vanquish, which is our core mid-engine car.

We'll soon be relaunching the Vantage at Geneva and, in Q2, will start deliveries of our second Vantage variant, the Roadster, shown in the bottom-left corner. This traditionally accounts for around 40% of overall Vantage sales. You may have noticed that we've added the classic Aston Martin front grille as an option to the Roadster and the Coupe, after considering customer feedback.

As I mentioned on the prior slide, specials shown on the right continue to be key to our strategy. In addition to the Aston Martin Valkyrie, we will deliver two further specials in H2, with the James Bond *Goldfinger* DB5 Continuations and the DBS GT Zagatos, which will complete the Zagato centenary collection.

*St Athan preparing for start of production*

Following St Athan's official opening on 6<sup>th</sup> December, we've made strong progress in the staffing of the plant with highly trained employees. As I mentioned last year, we trained a significant number of employees at our Gaydon facility so that they would be able to pass on the Aston Martin culture and skills to our new employees in St Athan. I'm happy to say that

we've over 300 employees at St Athan, with the plan of having 600 employees by start of production.

#### *Launch of DBX*

The DBX has had much critical acclaim, as shown by some of the media sentiment, and on this slide we show our DBX launch schedule. We had a very successful global reveal of DBX in LA and Beijing and, as earlier mentioned, orders taken are now in excess of the planned retail target for 2020. DBX's third production trial, which tests line and suppliers at rate and to final build quality, has already commenced. In just over a month or so, we will have the full media launch, when you and our customers will start to hear and see more of the cars. We plan to launch the DBX in Q2, with initial deliveries scheduled for the summer.

To give some detail on customer demand, the bottom-left portion of this slide shows that over 50% of the orders have been from customers who are new to our brand, while over 60% of our orders have come from key target geographies APAC and the Americas.

Finally, the feedback from media surveys has been very positive, with engine technology and performance being top attributes of the DBX, closely followed by quality and design.

#### *More efficient operating footprint*

Let us now turn to the company's operating footprint. Although costs were higher than planned, as Mark outlined earlier, we're taking steps to make our operating footprint more efficient. A voluntary redundancy and early retirement programme actioned in 2019 saw a 22% reduction in year-end headcount and, of course, more actions will be taken in 2020. Further, we plan to close or reduce our property footprint at up to six of our 20 operating sites globally, as we continue to evaluate our fixed costs base.

This year, we also plan on a circa 5% reduction in operating costs, which will offset incremental costs of St Athan; no mean feat if you consider that we're doubling our production capacity.

Finally, we've confirmed production of our V12 engines back into the UK from 2021, increasing domestic production content and generating significant cost benefits.

#### *New strategic investment with Lawrence Stroll consortium*

As Mark mentioned, the proposed placement and rights issue will help to improve liquidity, stabilise the balance sheet and provide a platform for the future. The new strategic investment with Lawrence Stroll – well, with the Lawrence Stroll-led consortium and with Lawrence as Executive Chair, brings strong and proven expertise in both automotive retail and luxury brands to Aston Martin Lagonda and, of course, I look forward to working with him in due course.

Lawrence's involvement in Formula 1 gives us the ability to leverage Formula 1 to provide a strong platform for Aston Martin Lagonda's mid-engine business, starting with the Valkyrie and moving forward to our core mid-engine Vanquish. For the 2020 Formula 1 season, we'll continue our proud sponsorship of the Red Bull Racing Team Formula 1, while continuing the technology partnership with Red Bull Advance Technologies until the Valkyrie is delivered. We're grateful for our partnership with Red Bull, as they have been a tremendous partner to us.

As part of the strategic investment with Lawrence, we will rename the Racing Point F1 team to the Aston Martin Formula 1 team, and that starts from 2021. We've agreed to a ten-year initial term and we will receive an economic interest in the team. Further, we'll be sponsoring the

team from 2021 and the subsequent four years, with a renewal for five years subject to certain criteria being met. This gives us a significant marketing platform, particularly for mid-engine cars and, of course, the 22 Formula 1 races a year gives us a fantastic global opportunity to build the brand and engage with existing and potential customers.

*Reset, stabilise and de-risk the business to fulfil true potential*

In summary, 2019 has brought many challenges. However, 2020 brings promise with our revised business plan to reset, stabilise and de-risk the business. The proposed placement and rights issue will provide the company with the right amount of liquidity and balance sheet strength and Lawrence Stroll joining us as Executive Chair brings some strong and proven expertise both in retail – automotive retail and luxury brands. With this, I believe we have the building blocks all in place to secure the necessary financial turnaround of the business, consistent with its luxury automotive positioning. We look forward to keeping you up to date on progress, and thank you.

With that, Mark and I will be happy to take your questions. Thank you.

## Q&A

**George Galliers-Pratt (Goldman Sachs):** Thank you. George Galliers, Goldman Sachs. The first question I had for you was just on the cost savings that you've outlined, 5% operating cost reduction for 2020 and then £10 billion in savings from 2021. Just to be clear, are these gross numbers or net numbers? I.e., will the operating costs actually be down year-on-year in 2020 and in 2021 or flat?

**Mark Wilson:** No. In 2020, George, they'll be flat. They'll be offset by growth at St Athan's. So broadly flat is where we're saying.

**George Galliers-Pratt:** And for 2021, the £10 billion – sorry, £10 million.

**Mark Wilson:** Yes. £10 billion, that's quite a stretch. No, it won't be £10 billion. Yes, that having reached maturity in 2020, you would expect then to flatten out and come off at that commensurate level, yes.

**George Galliers-Pratt:** Okay. And the second question I had was just on the Vantage. Obviously, based on the experience in 2019 when the product was new to the market and the volumes you saw, do you still think that the 3,250 average annual volumes over the life cycle that you outlined in the IPO is achievable for that product? Or do you think on reflection, the market for that product is smaller? And if smaller, how much smaller?

**Andrew Palmer:** I won't give you guidance on volumes, but very clearly, the – we're saying that we're expecting materially lower volumes. Now look, bear in mind that when we planned that product, we'd estimated a 6% increase in CAGR, and in fact, what we saw during last year was a double-digit reduction. So the – whilst our market share has increased, the size of the pie has reduced. And I think, basically, 2020 globally is going to be probably as difficult as 2019, and I don't think that we should count on there being suddenly an upshift in the market. So our guidance basically is that the reduction in volume is material, and you should work on it on that basis.

**George Galliers-Pratt:** Okay. And then just one final one, sort of housekeeping. Obviously, with the postponement of the Rapide E, I think, originally, you were targeting 155 units.

**Andrew Palmer:** Yes.

**George Galliers-Pratt:** Did you take deposits on those? And if you did, have you repaid those deposits 2019?

**Mark Wilson:** We took a modest amount of deposits, and that's in the process of going through at the moment. But it is very, very modest, the amount of deposits we took. And so yes, customers will be – a bid contact and then we'll be getting those back in good order.

**Kai Mueller (Bank of America):** Kai Mueller from Bank of America Merrill Lynch. The first one, on your DBX volumes, you outlined, obviously, an order number earlier this year. You said it's in line or actually more than your targeted retail sales this year. Can you give us a little sense what you're targeting? Or how is your retail sales target different possibly to your wholesale production target, given you always say, obviously, your putting more cars into the network at the start?

**Andrew Palmer:** Well, you're correct, obviously. When you start any new car production, you need to fill the network, which means that each dealer normally needs a showroom car and a test car. So obviously, that's – those are not retail sales. And you know how many dealers we have, so you can approximate how many cars that would be. Everything else is basically a customer order, either complete customer order with everything signed, the spec done, load it to line or is in the progress of going from a customer maybe saying, 'I want the car. I've signed the contract, but I don't now need to specify it.' So – and we gave the number in January of 1,800. Obviously, that's continued to increase. Our 2020 retail plan is now full, finished. So obviously, we're looking now into 2021. But I think you'll appreciate every time we meet, I don't want to get into the habit of updating our DBX order. So I can only say that 2020 retails are done, and we're at a faster cadence of orders than we've ever had before.

**Kai Mueller:** Can you give us a colour on what size of retail sales you're expecting this year?

**Mark Wilson:** No.

**Andrew Palmer:** No.

**Kai Mueller:** Okay. Maybe the other way around is if you think about, obviously, your guidance with a material reduction in the sports car volumes, can the DBX offset that material reduction to still have flat volumes or even growth? Or do you think that might not be possible?

**Mark Wilson:** I mean look, we delivered 5,800 sports cars, and you know that we started the year talking about trying to deliver 7,000. So already, 5,800 is a fair number lower than our original expectations. And for prudence and for proper planning, we're going lower than that again. DBX launches, as we've said, on – in line with our plan, and we'll have a good run at getting those cars out this year. And as you've seen, they're already spoken for in terms of the customer deliveries. So we are going to take a reduction in sports cars, but there's a decent amount of growth in DBX.

**Kai Mueller:** Are they offsetting sites[?] or even the DBX can offset more than the reduction in sports cars?

**Andrew Palmer:** I think I would prefer not to answer that. But what – the reason I say that is, I said in my talk, there are two mantras in the company as we go forward. Number one is that demand always outstrips supply, and we want to bring inventory down to a new norm, best-in-class norm so that we stimulate the ASP. The other is quality will always trump quantity. So when you launch a new car, you have to be sure that the quality is correct. I'm going to be basing myself largely in St Athan and ensuring the quality is right. So in that context, it would be wrong of me to say that we're going to do xxx cars because what I'm telling you is, we're going to do x level of quality.

**Kai Mueller:** Okay, perfect. And then on your Valkyrie, I know that it was slightly delayed because of technical issues. How have they been resolved? And for the second half, what is actually your full year – for the second half or your full year unit target for these?

**Andrew Palmer:** Look, on technical problems, I'm not sure that I would fully agree with that sentiment. The car is an amazing technological feat, and it has been delayed somewhat in terms of developing the car. But there's no specific something broken. It's just the development of the car took a little longer, and I fully expect for it to launch in the second half of this year.

**Kai Mueller:** Okay. And maybe just the last one. You mentioned, obviously, you get a share or an economic interest in the Formula 1 racing team. Can you give us a sense of what magnitude that could be? Or how substantial that could be?

**Andrew Palmer:** Think of it in terms of a few percentages. There are still talks ongoing in terms of how that might work. I think the important point for everybody here is that the amount of money that we pay into the team for the sponsorship each year is basically aligned with what we currently pay for the Red Bull sponsorship.

**Kai Mueller:** Okay. Thank you.

**Andrew Palmer:** Anybody down here? Yes – yes, please go ahead.

**Giulio Pescatore (HSBC):** Yes. Giulio Pescatore from HSBC. So first one, can you help us better frame what is going to be Mr Stroll involvement in the business on a day-to-day basis? And how is that reshaping maybe your role at the company and how committed you are to oversee the completion of the plan to 2022?

**Andrew Palmer:** Look, when he – when this was mooted, and I asked him very specifically does my role change anything, he said no. So I continue to be the CEO and run the company as it is. But let's be honest and say that he's a hands-on kind of a guy, and I'm sure that there will be plenty of consultation and involvement in – involved in him going forward, and in particular, I think, in terms of how we shape the marketing strategy with the Formula 1 team and, therefore, with the promotion of the mid-engine cars. So I'm under no illusion that he will be – not passive. He'll be active. But I'm also under no illusions that his intention is that my role continues basically as it is.

Look, you always sit on a – in a company at the will of the shareholders and the Board. My intention is basically to deliver as planned, and I hope that I'll have the opportunity to do that. And as far as I know, that's the intention of the Board, and I have the support of the Board to do that.

**Giulio Pescatore:** Perfect. The second one, maybe for Mark. I just want to make 100% sure about when you actually get the money, the cash inflow from the placement and the right issue. Because as things stand today and given the colour you gave us on the CAPEX and working capital and given the currency situation with coronavirus, I mean, it still looks quite tight. So I just want to make sure when – how confident you are that you won't need another injection and when do you get the cash from the placement.

**Mark Wilson:** Well, we're getting cash in two tranches. So the placement happens immediately post the General Meeting on 16<sup>th</sup> March, a handful of days. And then the transaction, we would expect to close in the first days of April, as you saw, and the money to follow commensurately again within a couple of days. And so the answer is that's what we need, and that's why we've configured it that way.

**Giulio Pescatore:** Okay. And the deposit number, the deposit inflow number you gave, the £41 million, is that a net number or a gross number? I mean does that include the deposits outflow or just an inflow from you?

**Mark Wilson:** It's a net number, yes. It's a net number.

**Giulio Pescatore:** Okay. Thank you.

**Angus Vere Tweedie (Citigroup):** Angus Tweedie from Citigroup. Can I ask, firstly, on the Vantage and – the Roadster? You've taken some actions there. How confident are you on that model? And what have you really done, how your thoughts have changed on that?

And then I suppose, secondly, just thinking about the competitive dynamics in the market, can you discuss residual value trends in the UK and Europe, specifically?

**Andrew Palmer:** So we – obviously, Vantage is a mixed bag. I mean basically, it was the biggest issue that we had during the course of last year. It grew its market share, but it reduces volume expectation. So we had to look at what was driving – beyond just the overall economics, what were the other things that were driving the shortfall on volume. And we went through a whole series, as you can imagine. There's a bunch of engineers. We looked at things through a sort of five whys point of view and basically look at the actions we needed to take.

One of the actions was around visible pricing and having a better ladder. So you'll see in a way that we've positioned, for example, the manual and, therefore, the coupe and, therefore, the Roadster is a little different from what we would've done in the past. You'll see – obviously, there was some criticisms of the hunter grille looked overly aggressive, that it was driving away some of our more traditional customers. So obviously, we've adopted the softer, more classical grilles as an option.

Leasing has become an important point during the course of the year. One of the reasons that we were able to see volume increasing in the United States was that we eventually found a more appropriate leasing point. And on residuals, one of the downsides is – it's – outside of having moved into incentivising the car in order to make the volume is that – obviously, that can have an impact on your residuals.

We're very clear as we reset the business plan it's pretty aggressive medicine that we're taking. So we're taking stock out. By taking stock out, there's an obvious common sense point of view, but there's also a mathematical relationship to what impact that has on the need for incentives. And so we can model that fairly accurately and say that by taking this heavy medicine, basically,

I would expect to try and compensate for any damage that we may have done to the residuals during the course of 2019 and do it quickly in 2020.

So one of the reasons that we're guiding up of material reductions in wholesales is because we need to take that stock out. And we started in 2019, but we're looking much more aggressively in 2020. So it has been a very thorough review. And having been through, what you see is a reset to the business plan, which is significantly tough. But that's what's needed.

**Angus Vere Tweedie:** And can I just ask your midterm guidance, of positive free cash flow, can you help us think about how deposits might change in 2021 and 2022? Is there anything material to pull out there in that kind of bridge?

**Mark Wilson:** I mean no – I mean look, we've talked about Valkyrie being a rump of deposits, a generational rump of deposits. And clearly, as we start to deliver those cars, you'll see it flow out. But the rest of it, we stick with our plan of previous – you see we still have a flow-through of Specials that come. Those Specials that come will not generate the sort of deposits that Valkyrie generated, but they will likely generate the sort of deposits that refresh the models as they delivered.

**Angus Vere Tweedie:** Thank you.

**Sanjay Jha (Panmure Gordon):** This is Sanjay Jha from Panmure Gordon. Quite a few questions. First of all, you mentioned Slide 14 that about 2/3 of the CAPEX will be spent in H1. Could you sort of give us an idea of what this CAPEX is? And why is it so heavily H1-weighted?

**Mark Wilson:** Well, it's predominantly DBX and Valkyrie.

**Sanjay Jha:** Okay. So this is all merely St Athan's?

**Andrew Palmer:** Look, Valkyrie isn't. But obviously, DBX, as you know, we launch quite soon. So obviously, you've got final payments to suppliers, etc. So obviously, you got significant outflow there. And so we're not that far away from Valkyrie. Valkyrie is basically in the Midlands where it's manufactured. But obviously, there's outflow there.

**Sanjay Jha:** Okay. On the Vantage Roadster, what's this – what will be the retail price for that when it's sort of launched, given that you're now planning to keep the prices high.

**Penelope Lesley Hughes:** We haven't announced that, have we?

**Andrew Palmer:** I can't remember whether we've announced or not...

**Mark Wilson:** We'd announce in Geneva.

**Andrew Palmer:** We will announce at Geneva.

**Sanjay Jha:** Okay. But I'm guessing you're planning to be much higher than...

**Andrew Palmer:** Well, as I mentioned to the earlier question, one of the countermeasures that we've looked at is basically the ladder of costs. So in fact, it's not as aggressively as we would normally have put a Roadster. So it's – but it is a premium over and above a coupe.

**Sanjay Jha:** And can I understand the DBX, the dynamics. Now you've said previously, you had 1,800 orders. Have you taken deposits on it?

**Andrew Palmer:** We don't take deposits on cool cars.

**Mark Wilson:** Some of our dealers may have done, but we don't take deposits.

**Sanjay Jha:** Okay. So you have no deposits right now on DBX SUV?

**Andrew Palmer:** Correct.

**Sanjay Jha:** Okay. So – and you said 60% plus is Asia Pac and?

**Andrew Palmer:** America.

**Sanjay Jha:** Americas. I'm just trying to understand how many of these orders are cancelled, given what's happening in Asia Pac. The – what I'm saying is can they just be cancelled.

**Mark Wilson:** Well, yes. I mean they have a contract with the dealer, and the dealer places the order with us in the same way they do for any cars. If you're getting to coronavirus impact, then clearly, the thing we'd say about coronavirus impact is no – everybody is taking it very, very seriously. We've said in the presentation earlier that we are, helpfully, not affected at this point in time. And those areas that we are affected by, we're managing adequately.

I'd also say this, just another point, in terms of DBX when it delivers, of course, it delivers in H2, there's a greater distance between delivering a DBX to China than there is taking it out of gate and bring it to London. And of course, they will naturally be a later market anyway. So there is a level of protection in there for this year in that respect. And if you look at what people like the Agios said yesterday on how they expect the coronavirus to develop, clearly, by that part of the year, our expectation is that things may well be returned to normal.

**Andrew Palmer:** I think there's some – let me reiterate the last region to launch DBX is China, not because of the coronavirus at all, because of plan, because the homologation cycle to launch a car in China is longer than any other market. So it's later this year, and one hopes and prays that the coronavirus is passed by then. To the earlier question, we have announced the Roadster price. It's £126,950. So £127,000.

**Sanjay Jha:** Is that – just remind me, is that higher than the Vantage?

**Andrew Palmer:** Higher than the coupe, yes.

**Sanjay Jha:** Okay. And just one final question, which I've not completely forgot it. I mean how long does it take? You said you want to increase average selling price. How long does it take for the market to reduce supply and get to the average selling price? Which I'm guessing you're targeting £150,000 plus now because you thought had a couple of years ago. Is that your target for average selling price?

**Mark Wilson:** We haven't given a target for average selling price, but what we have seen in recent years is that, that has waned a little. Some of it naturally because advantages come in at a point where we're selling only DB11s, but some of it clearly due to the erosion that we had in sales.

We've made a statement today that we're very much focused in H1 this year in really taking strong action to right that demand and supply imbalance. So there's a time period for you, you could think about. And clearly, it's not going to happen overnight, even with that rebalancing.

So we're going to be thoughtful about how we go through the rest of the year as well. DBX will help, of course, because again, this is a car that has, as Andy said, strong retail demand, and we're very, very encouraged by the level of orders we have. So that helps pull us back the other way.



But we're not going to – we're not setting ASP targets again today.

**Andrew Palmer:** I think your point is on speed of ASP return, and obviously, it's quite quick because we start by no discounting of DBX. So you can see quickly in the market. And obviously, as new model years has come across, we come to – back to this demand pull rather than wholesaling what was needed to be pushed. So the return to pricing happens quite quickly.

**Sanjay Jha:** And just one final question. I know you have two factories. Is that now – given that you're now thinking of demand or supply, do you have too much capacity? I mean – and surely 40,000 cars is quite a way away now, isn't it?

**Andrew Palmer:** Well, yes. But your size of your factory is dependent on your shift pattern. So very clearly, we will start with a single shift in Wales, and we're on a single shift in Gaydon. Remember, within the midterm plan, that you'll see the Vanquish, which is going to be produced on the Vantage line in Gaydon, so that will fill up some of that available capacity. And eventually, the Lagonda products will go into – or are expected to go into St Athan. So we've physically taken the – if you want, the fixed costs out by taking the shifts out. But of course, yes, you have the flexibility to go to a second shift later if that's so desired.

**Sanjay Jha:** Thank you very much.

**Andrew Palmer:** Could you pass behind? Yes, over here.

**Christoph Laskawi (Deutsche Bank):** Christoph Laskawi, Deutsche. A follow-up question, a bit on the pricing and inventory side. Given the current challenges in the market, which are not only in China but also in Europe and we've seen that in the wholesale numbers that you have shown, is it working as fast as you would've expected when you basically set the [resend]? Or is it a bit more challenging to take out the inventory? And can you realise the price point that you figured you would? Or – is it tough? That's the first question.

**Mark Wilson:** Well, obviously, we can't talk about current trading. We're some months and – some weeks into the past this year. So that would be instructive in answering the first part of your question. But I think I'd go back to what we said to Sanjay a moment ago, we're going to take the right action in the first half, and we've been very clear that that's bringing production down in order to normalise against supply.

And then we've got actions in place with new products, DBX and the Roadster included, which will help. Yes. I mean look, the – you can go back in our history and look at when this has happened before and how quickly pricing can come back, but it's not something that's going to happen overnight. It is something we are taking the right steps for, though, to deliver on this year.

**Andrew Palmer:** But to try to – I mean, our behaviour right now is in line with the reset.

**Christoph Laskawi:** Okay. On the Vantage Roadster, is the price point that you now get in line with what you sold. And just as a confirmation, I think you made it quickly already. But just to confirm it, again, you are certainly willing to compromise on volumes for that just to keep what you have out now?

**Andrew Palmer:** Yes. I mean that's exactly the point, which is – I mean, for example, starting with all the new products DBX, Roadster being point in case, we won't be discounting those cars. We'll be making to order. So whilst the price position may have been a little lower than

we would've traditionally have put it as a premium to the coupe, that's part of making sure that we've repositioned the car correctly. We're not going to be discounting in any way, like the way that we have been in the past.

**Christoph Laskawi:** Last one for me, on the DBX. If I read what you said correctly, you are now working on the 2020 sales essentially. So whenever someone comes to you wanting to order DBX, the waiting time is actually quite long, close to a year already, which would be a very healthy indication.

**Andrew Palmer:** Yes. So basically, 2020 retails are done. Quality is first. So I'm not looking to increase volumes. Made it very clear that one of the reasons that we capped volumes in St Athan so that we won't be tempted to go after a quick reduction of an order book. So what will happen now is just simply waiting times will increase.

**Mark Wilson:** One of the things we've been very fortunate, in many respects, in the position we're in is watching how the Bentley life cycle has evolved, watching how Lamborghini learned from that and have evolved their life cycle as well. So you would imagine we spent a lot of time studying how those products come to market. Colour them slightly different, but still similar a sort of process. We'll be following that sort of buildout that you've seen from the more recent introductions.

**Andrew Palmer:** So I mean – yes, it's relevant. We're only building to customer orders, and we're not discounting, simple.

**Mark Wilson:** I think Philippe was waiting at the back there over the line.

**Philippe Houchois (Jefferies LLC):** I just had a few questions. Philippe Houchois, Jefferies. The first one was on the £66 million negative impact on mix and price. Can you quantify maybe how much you actually paid dealers to get rid of inventory? Because that will not repeat in 2020 – or most of it won't repeat in 2020.

**Mark Wilson:** No. I mean we're not breaking that out. But obviously, you can see versus 2018 on not dissimilar volumes, you can see where quite a lot of it would be. But of course, remember, first full year of Vantage as well. So that would naturally bring some of it down in any case. But clearly, a lot of that is the retail and the customer financing support, which is the way we've done it. I mean it's not quite as bad as simply paying dealers either. I mean there is – clearly, there's a little bit of that goes on, but a lot of it you're supplanting leases. You're making attractive finance offers, and that simply brings the average selling price down because you have to reserve for that at the time there's some income.

**Philippe Houchois:** So I'm going to assume it's a meaningful part of the £66 million.

**Mark Wilson:** Yes.

**Philippe Houchois:** Okay. All right. I was just curious about – I think, Andy, you said that Vantage lost volume but gained share.

**Andrew Palmer:** Yes.

**Philippe Houchois:** Which means your segment is shrinking.

**Andrew Palmer:** Yes.

**Philippe Houchois:** I guess 911, your competitor, and those type of vehicles. My slight concern on the mid-engine platform in AM9 is I don't see a lot of growth in mid-engine volume, and you've got three very entrenched competitive with McLaren, Ferrari and Lamborghini. What's your expectation that you can grow that segment?

**Andrew Palmer:** There is still growth in that segment. So it's more resilient than the front engine part and you're absolutely right. We saw a contraction of the segment, although our share grew. We see a trend moving towards that mid-engine segment. And very clearly the – but the ASP and, therefore, the margin in that segment is quite healthy, and I would say that we're following the trend.

Clearly, we're looking to position a car in that segment, which is not face-to-face with Lamborghini or McLaren. We're looking – obviously, design will be a key element in the way that we execute that car. And very clearly, we're using the V6 plug-in hybrid as the powertrain for that. So it's actually important part of our CO<sup>2</sup> reduction. So the same segment but, if you want, differentiated. But it's also still a growing segment as opposed to Vantage, which is a reducing segment and, therefore, from an industrial logic, that's why we put the mid-engine car on the Vantage line so every mid-engine car that we gain, we reduce one Vantage. And obviously, that's a highest ASP versus lowest ASP.

**Mark Wilson:** Just a point to make on that segment so more people understand as well, that mid-engine segment. Very often given by life cycle, think about the key components in there, Huracan very, very old. The F8 is a replacement for the 488, but wasn't necessarily expected. It hasn't really kicked sales on. 720, it's a couple of years old now. So I think you – there isn't growth because of the relative maturity of the – those product sets. Actually, they've all harmonised in some respects, in a way that in the DBX market, we're not organised. So you've got overlapping.

So I think that's just worth bearing in mind. I think if you look historically, that mid-engine segment, and you can go way back to 2003 on this, data is all – the IHS data is there, when people bring new product to market, the segment grows. And that's the most profound in that mid-engines.

**Philippe Houchois:** Okay. All right. Just a couple of question on financials. But you're guiding to £90 million of interest expense. That assumes you're not going to redeem debt. You're basically going to keep the cash and you still have the option, of course, in Q3 to debt, but it's not built in your plan. At least £90 million suggests you're not beginning.

**Mark Wilson:** No. And therefore, we've put what we think the worst case will be, right.

**Philippe Houchois:** And then last one for me is on the timing of your capital increase. When does Mr Stroll actually become Executive Chairman? Is it after the first tranche or...?

**Andrew Palmer:** It's the second – it's the 7<sup>th</sup> April.

**Mark Wilson:** 7<sup>th</sup> April.

**Philippe Houchois:** Right? So you'll be doing a right issue road show on your own without Mr Stroll.

**Andrew Palmer:** Yes.

**Philippe Houchois:** He will not – he'll be an outsider, basically, until the rights issue completes.

**Andrew Palmer:** Yes, basically. Yes. So we'll – I'll be doing the road show. Yes.

**Mark Wilson:** There's a few handful more over this side, and I think we're nearly done.

**Akshat Kacker (JP Morgan):** Akshat from JPMorgan. First one, again, on CAPEX, please. You still said that a large part have skewed in first half this year and still linked to the Valkyrie and the DBX. How should we think about that into 2021? Does a large part come off? Or is it still linked to the Valhalla and the Vanquish? That's the first one.

**Mark Wilson:** Think about our CAPEX generally and think about what we've always tried to do, which is to smooth product cycles. We've elongated them a little bit this time. Hence, why you get some relief in H2, okay? Elongation of the product cycle pushes things out and gives CAPEX relief in H2.

But over time, where we are now, you should still expect our CAPEX principles to be the same. We're trying to cut out P/E control. I think that's helpful and healthy. That – notwithstanding, we haven't given specific guidance for 20 – beyond 2020, but our principle of trying to smooth CAPEX over a long cycle is still there.

**Akshat Kacker:** Okay. And the second one is, as of today, can you confirm the total number of units on the Valkyrie and the Valkyrie AMR Pro? Are they still 150 and 25?

**Andrew Palmer:** Plus 20 times, yes. So yes, no change.

**Mark Wilson:** There's one right at the back.

**Andrew Palmer:** The lady at the back.

**Speaker:** Sorry. So back to the glum subject of the coronavirus. Can we talk about the health of dealers and how those dealers can support themselves and be diversified in Asia Pacific over this time? And also your dealers in Northern Italy, should traffic fall a lot in the coming weeks or months, how they deal with fuller plan that's different than incentivising, of course?

**Andrew Palmer:** Well, yes. I mean initially, back in the last week, the Milan dealers closed as I think did all dealers in the area anyway. So in China, we're closed in places like Wuhan, but we're open in other parts of the country. Now traffic is down. Clearly, people are not coming out very much. But it's not that we're selling zero cars. We are selling cars. Now obviously, one has to be concerned about dealer health in like the Wuhan or the Milan area, and I think it simply is going to depend on the duration. I hope that answers the question.

**Speaker:** I'm guessing you're not on the hook for supporting. But –

**Andrew Palmer:** No.

**Speaker:** – how can they support themselves and move on, especially for the DBX launch, at their parts and service operations?

**Andrew Palmer:** Most of our dealers are, ultimately, multi-franchise dealers. There are very few which rely only on Aston Martin. Now that just means that, obviously, it's still tough because it's – all of their other dealers are closed as well, but it's not simply a small operation. They're often part of large groups. We're not – to use your terminology, we're not on the hook for any support to those dealers. But – so obviously, one hopes that they're robust enough to survive a period of drought.

**Speaker:** And also on the supply chain, and I believe one of my colleagues asked this, but tier 1, tier 2 from Asia, no real exposure, no premiums for the bid.

**Andrew Palmer:** We have no tier 1 suppliers from China, none. Now obviously, the supply chain of the automotive is very long. So one has to look at tier 2 and tier 3 and tier 4. And there, we do find Chinese suppliers and Italian suppliers.

So far – we have been impacted in so far as there's been risks. We've mitigated those risks. And rather bizarrely, obviously, in preparation for Brexit, we have stock. And Brexit didn't happen in the worst kind of way. But obviously, we've been able to use that stock, and that's allowed us to continue production. As it stands today, we have a clean supply through until the end March.

Now that's changing every day, right? So the Italian supply base, which has just become a concern, doesn't add anything to that. It doesn't make it worse. But every 24 hours, as the virus – well, if it spreads, I guess it will, then obviously one needs to recalculate to see whether any of our suppliers sit in an area. And the problem is it's not just tier 1. It's tier 2, tier 3, tier 4. But as we sit here today, we have clean supply until the end March.

**Mark Wilson:** Don't forget, what we also have is a heavier balance sheet in respect of both finished goods and inventory than we'd expected coming into the year. So there is a bit of insulation sales-wise. We also have a far more elongated supply chain in the sense of there aren't lorries arriving every five minutes to our site. It's luxury just in time, but it's not just in time as you would know it. So all of that timing gives us a level of protection. But we're not complacent. We are all over it. And if there's anything else to say, we clearly will update you.

**Andrew Palmer:** Thank you very much, ladies and gentlemen. I'd like to draw the session to a close, and thank you for your attendance and, well, in many cases, look forward to seeing you on the road in the near future. Thank you very much.

**Mark Wilson:** Thank you.

[END OF TRANSCRIPT]