

# H1 2020 RESULTS

SIX MONTHS ENDED 30 JUNE 2020



ASTON MARTIN LAGONDA



# AGENDA

- 1 H1 2020 HIGHLIGHTS
- 2 FINANCIAL REVIEW
- 3 STRATEGIC PLAN
- 4 Q&A

APPENDIX





EXECUTIVE CHAIRMAN  
**LAWRENCE STROLL**



# H1 2020: STRONG INITIAL PROGRESS ON STRATEGIC PLAN



Rebalancing sports car exclusivity with 869 units destocked across the dealer network



Appointment of new Executive leadership team



Decisive action taken on costs to align organisation to lower wholesales



DBX deliveries started in July and media launch underway



Secured additional liquidity successfully raising £688m of new equity





CHIEF FINANCIAL OFFICER  
**KENNETH GREGOR**



LAG  NDA



# STRATEGIC RESET WHILST NAVIGATING COVID-19

## Strategic reset impacting financial results

- Lower wholesales as reduce dealer stock
- High retail and customer financing support

## Covid-19 impacts

- Customer (retail) & dealer (wholesale) demand reduced
- Manufacturing operations temporarily suspended

## Continued capital investment to support new models

- Particularly DBX in H1; Capex £162m

## Working capital outflow

- Payables £110m and inventory £30m

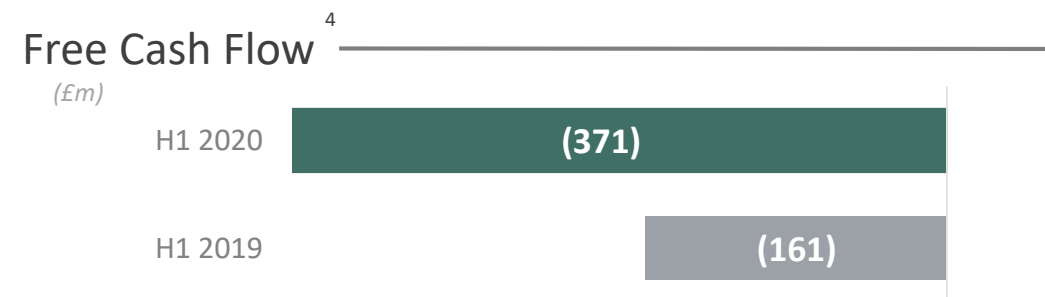
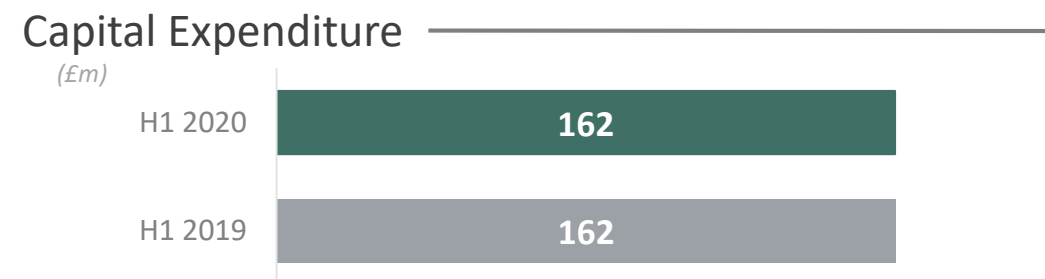
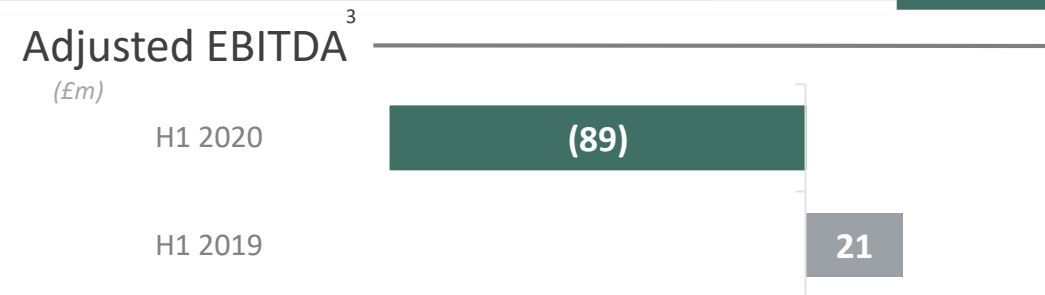
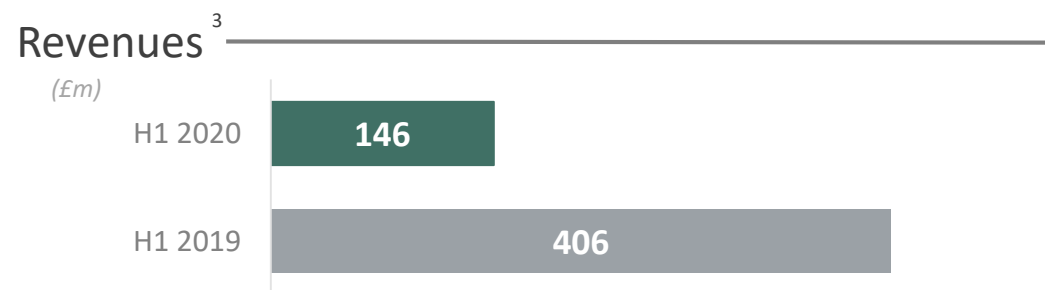
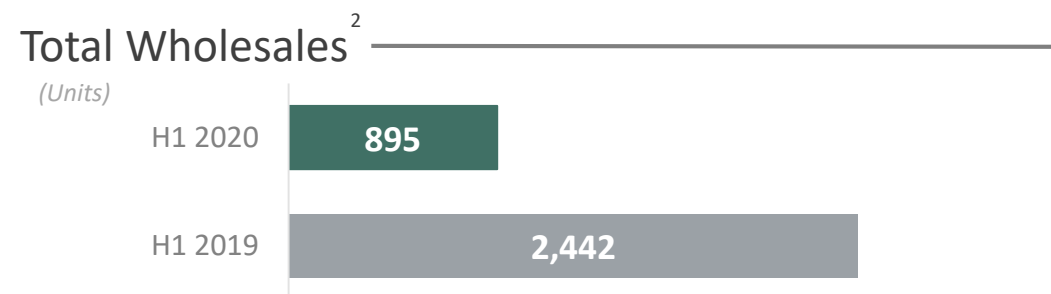
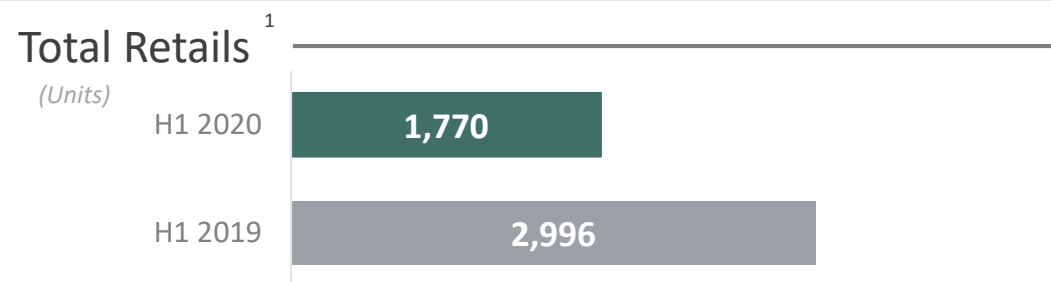
## Non- cash accounting adjustment relating to the timing of variable marketing expense accruals for the US region

- Restated 2019 balance sheet and income statement
- Impact is a reduction to EBIT of £15.3m in 2019



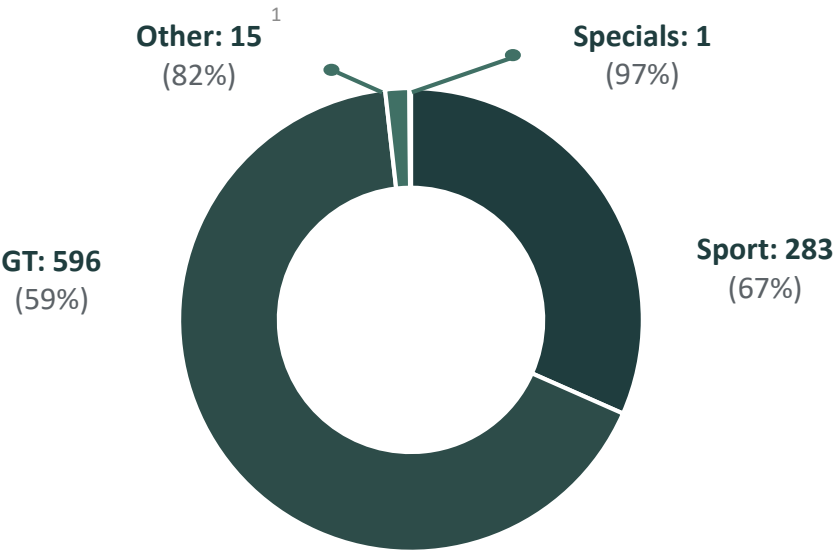
ASTON MARTIN LAGONDA

# H1 2020 FINANCIAL RESULTS

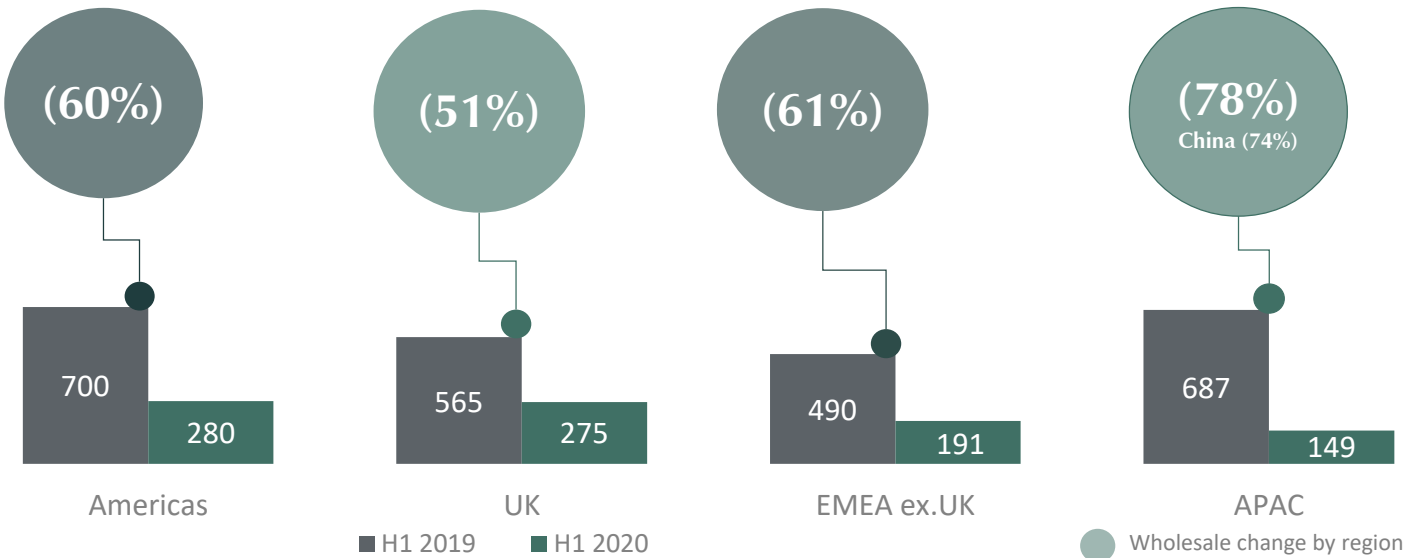


# TOTAL WHOLESALLES 895 (63%); TOTAL RETAILS 1,770 (41%)

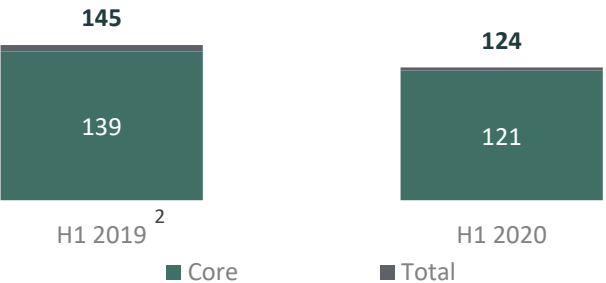
Total wholesales by model  
(Units)



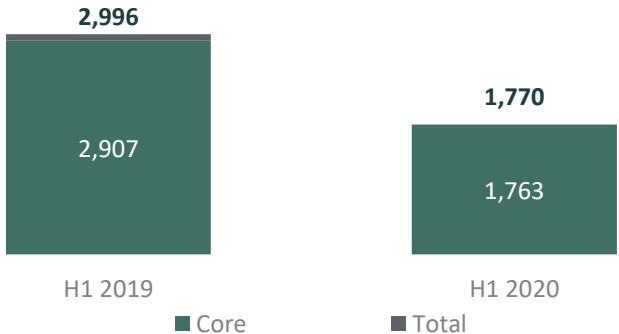
Total wholesales by geography



Wholesale ASP (£k)



Retails



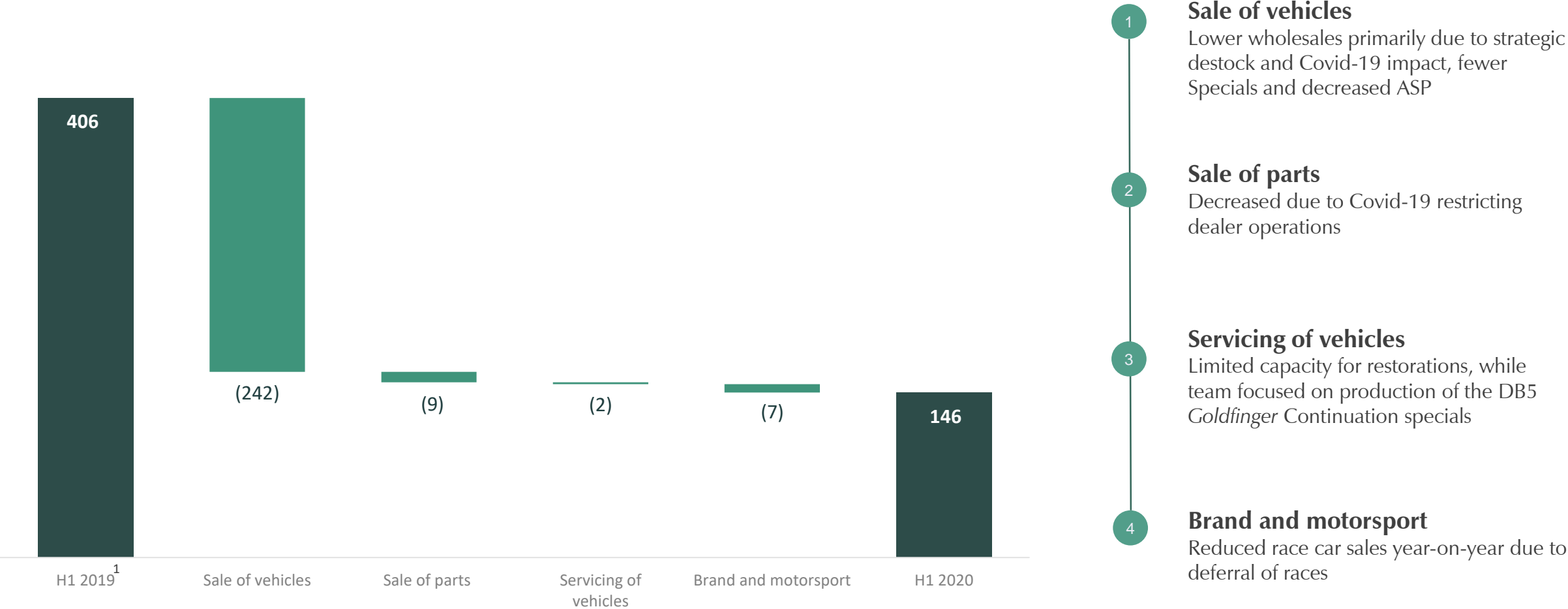
➤ Total retails: (41%)  
➤ Dealer Inventory: 869-unit reduction

Note: Certain financial data within this presentation has been rounded; See Appendix for more detail on APMs; wholesales are company sales to dealers (1) Other consists of prior generation models including 10 Rapide AMRs; GT is DB11 + DBS Superleggera; Sport is Vantage; (2) 2019 has been restated



# REVENUE DECLINE REFLECTS STRATEGIC ACTIONS AND COVID-19 DISRUPTIONS

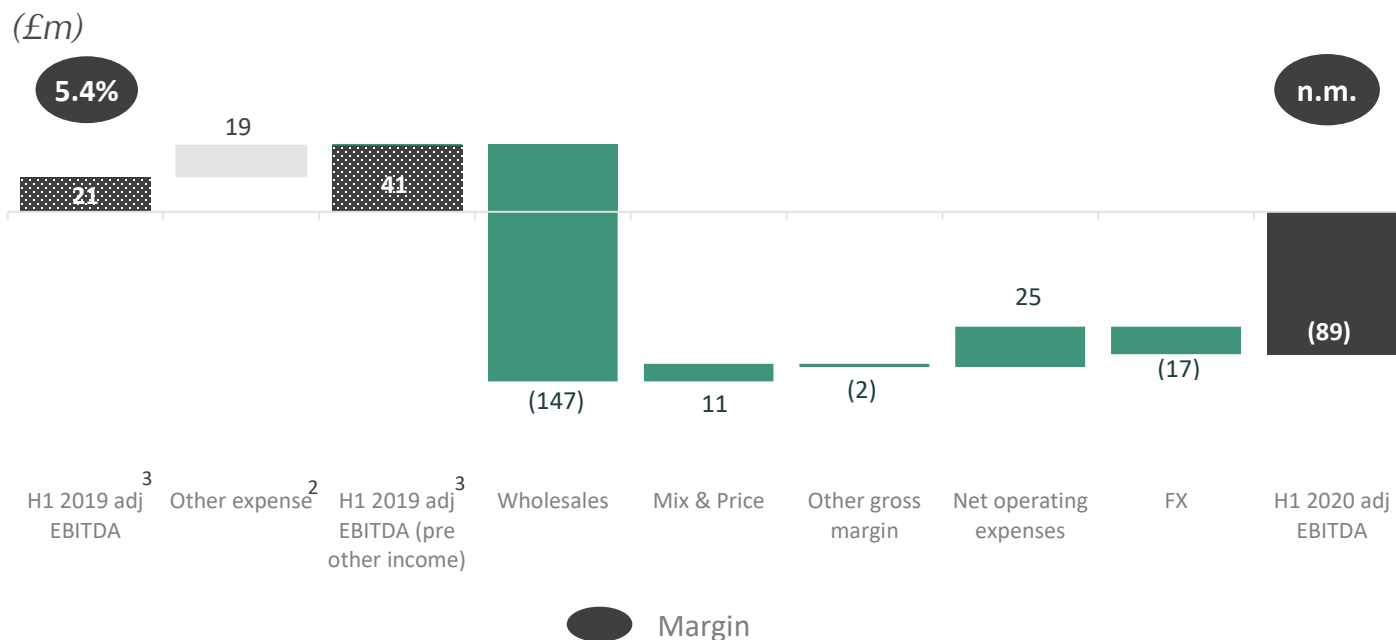
(£m)



9 Note: Certain financial data within this presentation has been rounded; See Appendix for more detail on APMs; (1) 2019 has been restated



# STRATEGIC REPOSITIONING REDUCES PROFITS DESPITE TIGHT OPERATIONAL COST CONTROL



## PBT Analysis

£m	H1 2020	H1 2019 Restated
Adjusted EBITDA	(89)	21
D&A	(57)	(57)
Adjusted EBIT	(146)	(36)
Net financing expense	(68)	(35)
Adjusted PBT	(214)	(71)

### 1 EBITDA decline driven by strategic plan to lower wholesales to reset to luxury positioning, exacerbated by Covid-19

Continued retail and customer financing support to drive retails, relative proportion of retails to wholesales (c.2x) and lower Specials weighed on ASP

### 2 Net operating expenses

Re-phased marketing spend and c. £10m of furlough credits more than offset incremental St Athan costs (c. £3m)

### 3 D&A broadly unchanged year on year

Same core models as prior year and only one Special

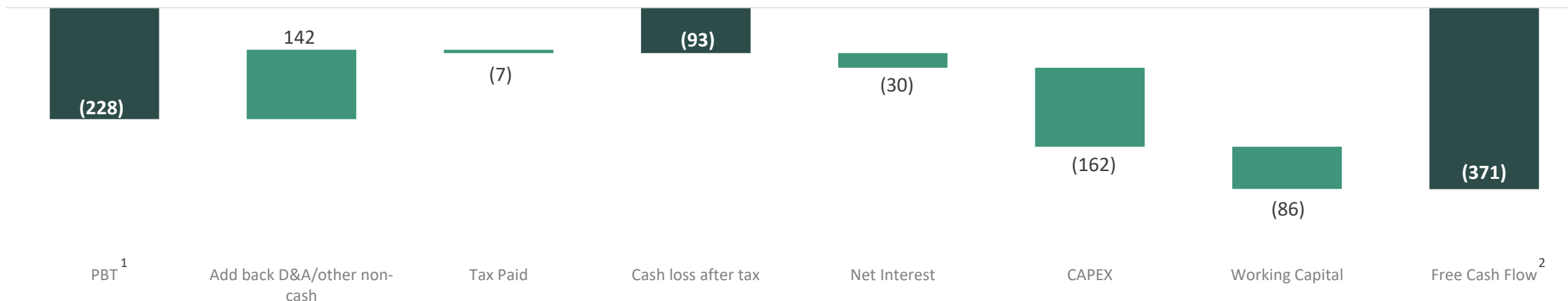
### 4 Net financing expense of £68m

Increased interest payments given full six months of \$190m notes and \$150m of notes issued in H2 2019 (£44m) and £20m adverse FX



# H1 WEIGHTING OF INVESTMENT PRIOR TO DBX DELIVERIES FROM JULY; FREE CASH OUTFLOW OF £371m<sup>1</sup>

(£m)



**1 PBT**  
Loss primarily due to decline in revenue  
- £(260)m

**2 Add backs**  
Key items include:  
- D&A £57m  
- Net financing expense £68m

**3 Net Interest**  
Cash interest items:  
- £2m of interest received  
- £(31)m of interest paid

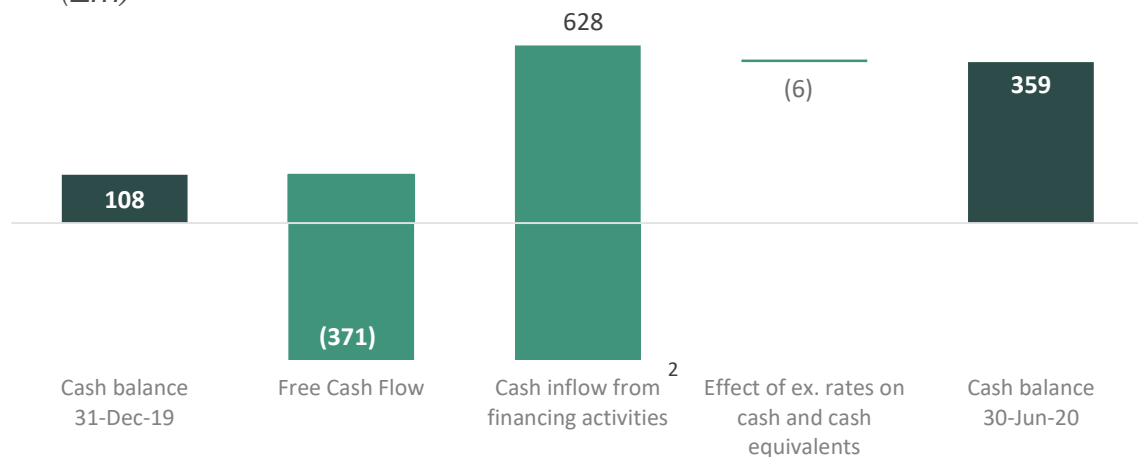
**4 Working Capital**

Payables	£(110)m
Inventory	£(30)m
Receivables	£51m
Deposits	£3m

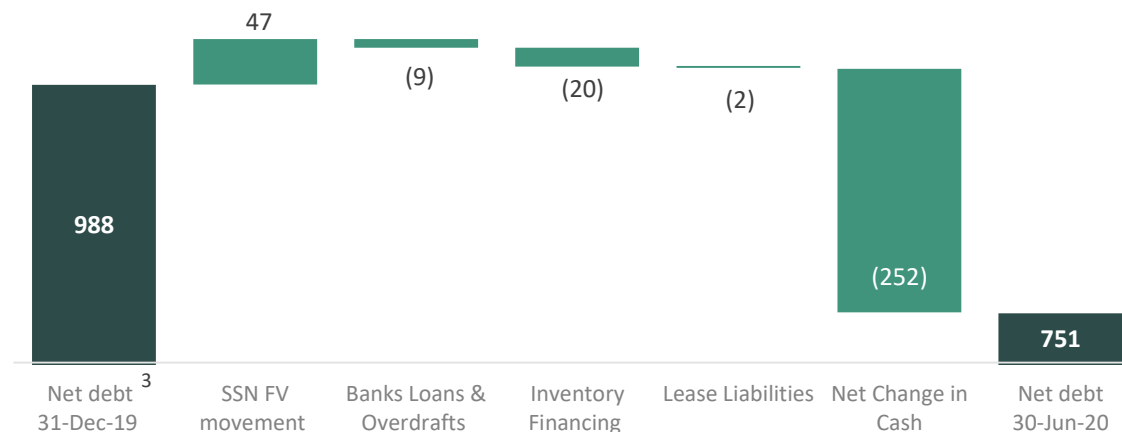
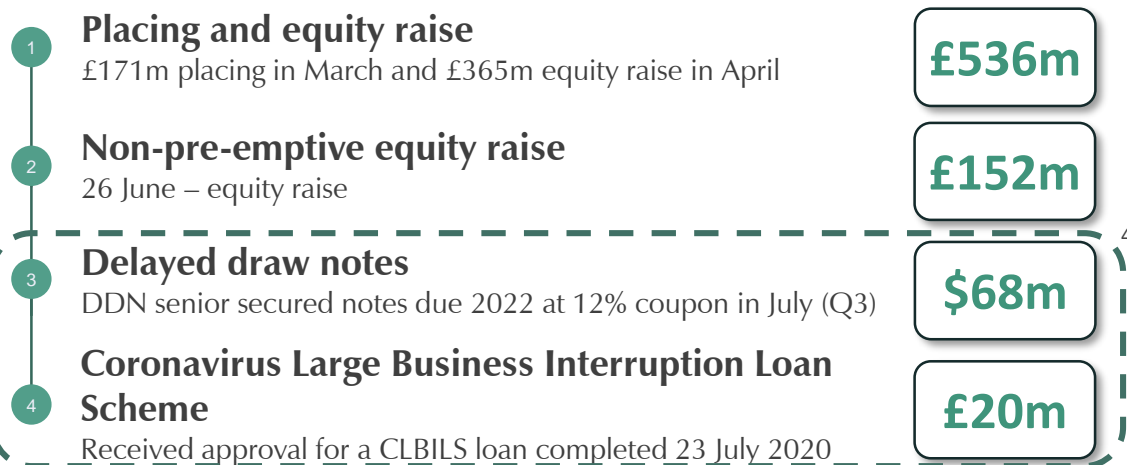


# SECURED ADDITIONAL LIQUIDITY, SUCCESSFULLY RAISED GROSS PROCEEDS OF C. £688m<sup>1</sup>

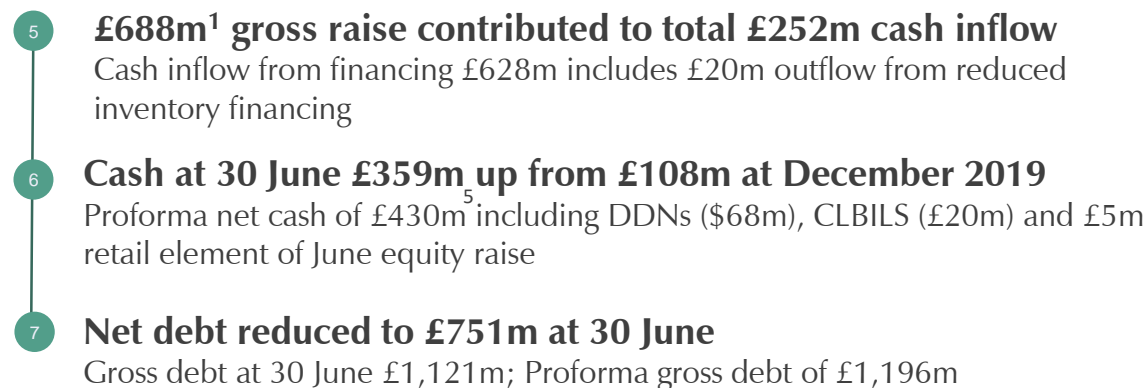
(£m)



## Financing



## Net Debt / Cash



# 2020 RESET TO BUILD SUSTAINABLE BUSINESS



## **Pace of emergence from Covid-19 and consumer recovery varies by geography**

- Destock of global dealer network likely to extend well into 2021
- >90% of the global dealer network now open
- Early signs from China positive



## **2020 wholesales currently expected to be broadly balanced between sports cars and DBX**

- Specials in H2 (DB5 *Goldfinger* Continuations and DBS GT Zagatos)
- Aston Martin Valkyrie deliveries start 2021



## **DBX deliveries commenced St Athan ramping build rate**

- Positive contribution to H2

## **Gaydon to resume manufacturing at end of August**

- Later than originally planned as balance supply to demand



## **Rigorous cost control and investment discipline**

- C. £28m annualised savings in 2021; low single digit £m in H2 2020
- FY 2020 capex of c. £260m to deliver new products





EXECUTIVE CHAIRMAN  
**LAWRENCE STROLL**





# STRONG BRAND HERITAGE

**<100,000**

CARS BUILT IN  
OUR HISTORY

**107**

YEARS OLD  
(EST. 1913)

**\$22.5m**

1956 ASTON  
MARTIN DBR1





# REALISING THE OPPORTUNITY FOR ASTON MARTIN LAGONDA



Unique luxury brand defined by unparalleled design and beauty



Focus on desirability and scarcity value to build orderbook

- Sport/GT (Vantage, DB11 & DBS Superleggera)
- SUV (DBX)
- Mid-engine (Valhalla & Vanquish)



F1™ team further strengthening brand equity



Operational efficiencies and cost control amplifying financial impact of strategy



World class leadership combining the best of automotive and luxury industries



# SPORTS/GT CARS

SPORT



VANTAGE ROADSTER

GT



DB11 VOLANTE

SUPER GT



DBS SUPERLEGGERA VOLANTE



# SUV – DBX





# MID ENGINE – ASTON MARTIN VALKYRIE

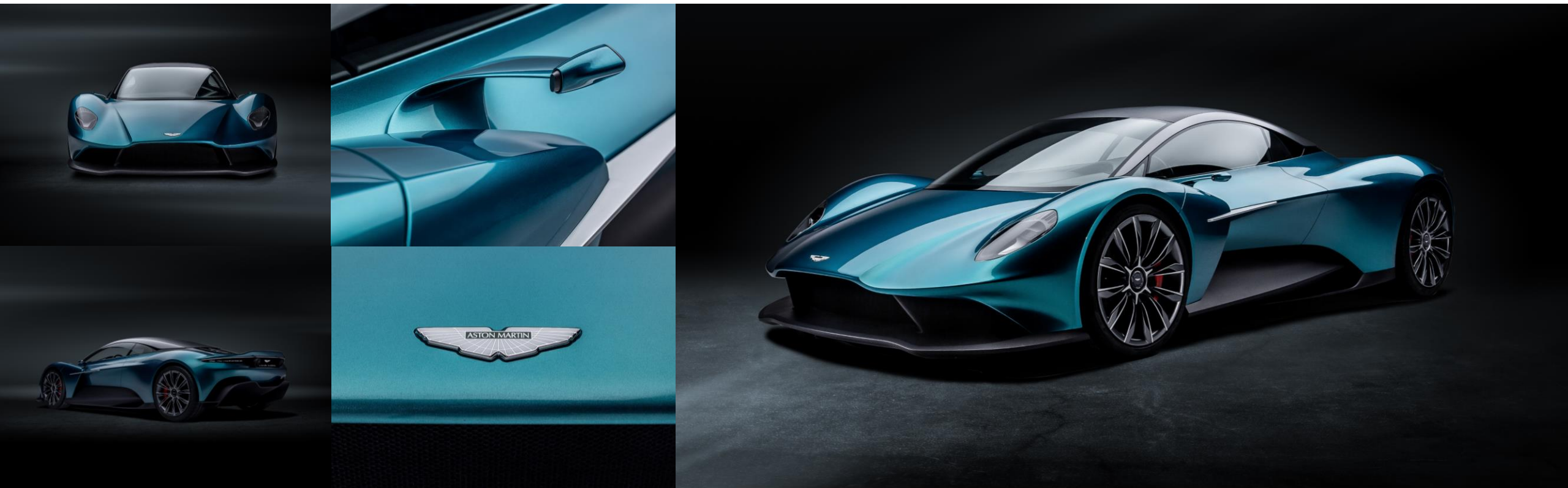




# MID ENGINE – VALHALLA



# MID ENGINE – VANQUISH





# 2021 FORMULA ONE™ TEAM SIGNIFICANT MARKETING OPPORTUNITY



## **22 RACES**

OPPORTUNITY TO ENGAGE  
CUSTOMER BASE

## **20 DEALERS**

IN RACE MARKETS

## **GLOBAL MARKETING**

PLATFORM TO LAUNCH  
MID-ENGINE CARS

## **STRENGTHEN BRAND**

>80% OF LUXURY/PREMIUM CAR  
BUYERS ARE INTERESTED IN F1™

# SIGNIFICANT OPPORTUNITY AHEAD

## STRONG PROGRESS EXECUTING PLAN

Rebalancing sports cars;  
destocking 869-units

New Executive leadership team;  
combining luxury and automotive

## ALIGNING COSTS TO DRIVE PROFITABILITY

Headcount reduction aligned to  
lower sports car volumes

Focus on appropriate capital  
investment

## EXPANDING PRODUCT PORTFOLIO

DBX has started deliveries

Mid-engine development started





# Q & A



LAGONDA

# Income Statement, Cash Flow and Net Debt

£m	H1 2020	H1 2019 <sup>(1)</sup>
<b>Revenue</b>	<b>146.0</b>	<b>406.0</b>
Cost of sales	(148.8)	(259.2)
<b>Gross profit<sup>(2)</sup></b>	<b>(2.8)</b>	<b>146.8</b>
<i>Gross margin</i>	<i>n.m.</i>	<i>36.2%</i>
Operating expenses <sup>(2)</sup>	(142.7)	(164.2)
<i>of which depreciation &amp; amortisation</i>	<i>56.5</i>	<i>57.2</i>
Other Expense	-	(19.0)
<b>Adj. operating loss</b>	<b>(145.5)</b>	<b>(36.4)</b>
<i>Adj. operating loss margin</i>	<i>n.m.</i>	<i>n.m.</i>
Adjusting operating items	(13.8)	(2.5)
<b>Operating loss</b>	<b>(159.3)</b>	<b>(38.9)</b>
Net financing expense	(68.1)	(41.1)
<i>of which adjusting financing items</i>	<i>-</i>	<i>(6.6)</i>
<b>Loss before tax</b>	<b>(227.4)</b>	<b>(80.0)</b>
Taxation	27.6	17.2
<b>Reported net income</b>	<b>(199.8)</b>	<b>(62.8)</b>
 <b>Adj. EBITDA</b>	 <b>(89.0)</b>	 <b>20.8</b>
<i>Adj. EBITDA margin</i>	<i>n.m.</i>	<i>5.1%</i>
<b>Adj. loss before tax</b>	<b>(213.6)</b>	<b>(70.9)</b>
 <i>Diluted EPS (pence)</i>	 <i>(16.7)</i>	 <i>(7.3)</i>
<b>Adjusted diluted EPS (pence)</b>	<b>(15.8)</b>	<b>(6.4)</b>

£m	H1 2020	H1 2019 <sup>(1)</sup>
Net cash generated from operating activities	(179.4)	20.8
Net cash used in investing activities	(159.9)	(159.0)
Net cash inflow from financing activities	597.3	121.0
Effect of exchange rates on cash and cash equivalents	(6.5)	(0.5)
Cash not available for short-term use <sup>(3)</sup>	10.7	-
Net cash outflow	251.5	(17.7)
<b>Cash balance</b>	<b>359.4</b>	<b>126.9</b>
Borrowings	877.0	734.9
Unsecured Loans	-	0.9
Inventory repurchase arrangement	19.5	-
IFRS 16 Lease Liabilities	110.0	111.6
Bank Loans and Overdrafts	114.6	123.1
<b>Net debt</b>	<b>751.0</b>	<b>843.6</b>
 <i>Adj. Leverage<sup>(4)</sup></i>	 <i>n.m.</i>	 <i>5.3x</i>

Note: See Appendix for more detail on APMs; (1) 2019 was restated; (2) Excludes adjusting items; (3) Cash not available for use, but included in leverage calculation



# APM reconciliation and Adjusting items

## Income Statement reconciliation

£m	H1 2020	H1 2019 <sup>(1)</sup>
<b>(Loss) for the year before tax</b>	<b>(227.4)</b>	<b>(80.0)</b>
Adjusting operating expenses	13.8	2.5
Adjusting finance expenses	-	6.6
<b>Adjusted EBT</b>	<b>(213.6)</b>	<b>(70.9)</b>
Adjusted finance (income)	(1.6)	(3.2)
Adjusted finance expense	69.7	37.7
<b>Adjusted EBIT</b>	<b>(145.5)</b>	<b>(36.4)</b>
Reported depreciation	22.7	24.7
Reported amortisation	33.8	32.5
<b>Adjusted EBITDA</b>	<b>(89.0)</b>	<b>20.8</b>

## H1 2020 Adjusting items

£m	Income Statement
Staff incentives	3.3
Settlement arrangements & Incentive Payments	(2.7)
Impairment	(2.0)
Restructuring Costs	(12.4)
<b>Adjusting operating items</b>	<b>(13.8)</b>
Tax on adjusting items	3.6
<b>Total adjusting items</b>	<b>(10.2)</b>

Note: See Appendix for more detail on APMs; (1) 2019 has been restated

# EPS reconciliation

	H1 2020	H1 2019 <sup>(3)</sup>
Adjusted Earnings Per Ordinary Share		
<b>(Loss) available for equity holders (£m)</b>	<b>(200.3)</b>	<b>(63.8)</b>
Adjusting Items		
Adjusting items before tax (£m)	13.8	9.1
Tax on adjusting items (£m)	(3.6)	(1.4)
<b>Adjusted Earnings (£m)</b>	<b>(190.1)</b>	<b>(56.1)</b>
<b>Basic weighted average number of ordinary share (millions)</b>	<b>1,203.0</b>	<b>870.4</b>
<b>Adjusted earning per ordinary shares (pence)</b>	<b>(15.8p)</b>	<b>(6.4p)</b>
Adjusted Diluted Earnings Per Ordinary Share		
<b>Adjusted Earnings (£m)</b>	<b>(190.1)</b>	<b>(86.5)</b>
Diluted weighted average number of ordinary shares (million)	1,203.0	870.4
<b>Adjusted diluted earnings per ordinary share (pence)</b>	<b>(15.8p)</b>	<b>(6.4p)</b>

Note: See Appendix for more detail on APMs; (1) Excludes adjusting items; (2) Cash not available for use, but included in leverage calculation; (3) 2019 has been restated



# H1 Results

<i>£m</i>	Q1-20	Q1-19	Q2-20	Q2-19	H1-20	H1-19
Total wholesale volumes (#) <sup>(1)</sup>	578	1,057	317	1,385	895	2,442
Revenue	88.8	201.5	57.2	204.5	146.0	406.0
Adj. EBITDA	(38.1)	34.0	(50.9)	(13.2)	(89.0)	20.8
Adj. operating loss	(67.0)	3.5	(78.5)	(39.9)	(145.5)	(36.4)
Operating loss	(67.9)	2.5	(91.4)	(41.4)	(159.3)	(38.9)
Loss before tax	(110.1)	(11.6)	(117.3)	(68.4)	(227.4)	(80.0)

Note: See Appendix for more detail on APMs; (1) Includes Specials (2) 2019 has been restated

# Restatement Summary

£m	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20
Additional accrual (£m)	8.1	15.0	21.8	29.1	20.3
Impact on EBIT (£m)	5.7	(7.0)	(6.8)	(7.2)	8.8
ASP Total/core (£k)	165/154	129/128	147/126	158/127	113/113
As previously reported ASP total/core (£k)	160/149	134/134	151/130	163/132	98/98

Note: See Appendix for more detail on APMs; (1) Includes Specials (2) 2019 has been restated



# Alternative Performance Measures

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## 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 loss before tax and adjusting items
- Adjusted operating loss is 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 after income tax before adjusting items, divided by the weighted average number of ordinary shares in issue during the reporting period
- Net Debt is current and non-current borrowings in addition to inventory financing arrangements, lease liabilities recognised following the adoption of IFRS 16, less cash and cash equivalents, cash held not available for short-term use (the definition of this APM has been updated since 31 December 2019)
- Adjusted leverage is represented by the ratio of Net Debt, to the last 12 months adjusted EBITDA (the definition of this APM has been updated since 31 December 2019)
- Free cashflow is represented by net cash (outflow)/inflow from operating activities plus the net cash used in investing activities plus interest paid in the period.

Further details and definitions of adjusting items are contained in note 5 of the Interim Financial Statements.

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