**4 November 2021**

# Aston Martin Lagonda Global Holdings plc

**Results for the nine months to 30 September 2021**

**- Year to date revenue almost trebled, adjusted EBITDA improved by £190m to £72m**

**- Building track record of consistent delivery, re-iterating 2021 guidance**

**- Brand strength and ultra-luxury positioning driving strong customer demand, pricing dynamics across portfolio and dealer profitability**

**- Excellent progress with 'Project Horizon' transformation plan delivering growth**

| *£m* | YTD 2021 | YTD 2020 | *change* | Q3 2021 | Q3 2020 | *change* |
|---|---|---|---|---|---|---|
| **Total wholesale volumes[1]** | **4,250** | **1,555** | *173%* | **1,349** | **660** | *104%* |
| Revenue | 736.4 | 270.0 | *173%* | 237.6 | 124.0 | *92%* |
| **Adjusted EBITDA[2]** | **72.3** | **(117.6)** | *n.m.* | **23.5** | **(28.6)** | *n.m.* |
| Adjusted operating loss[2] | (65.1) | (215.2) | *n.m.* | (29.1) | (69.7) | *n.m.* |
| | | | | | | |
| **Operating loss** | **(68.2)** | **(229.1)** | *n.m.* | **(30.2)** | **(69.8)** | *n.m.* |
| Loss before tax | (188.6) | (307.9) | *n.m.* | (97.9) | (80.5) | *n.m.* |
| | | | | | | |
| Net debt[2] | 808.6 | 868.5 | | 808.6 | 868.5 | |

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

## Financial highlights

- Strong growth in wholesales[3] driven by customer demand; DBX on plan with >2,100 delivered, Q3 impacted by planned ramp up of St Athan following efficiency actions completed in August
- Revenue almost trebled to £736m with substantial volume growth driven by customer demand
- £190m improvement in adjusted EBITDA with a 10% margin reflecting good progress on strategic transformation, improving efficiency and profitability
- Operating loss significantly improved despite increased investment in brand and marketing activities, particularly in Q3, higher D&A and non-repeat of 2020 £13m furlough credit
- Free cash outflow[4] of £39m (Q3 inflow £5m) a £475m improvement over comparative period
- Cash of £495m (December 2020: £489m); Net debt of £809m (December 2020: £727m)

## 'Project Horizon' transformation well underway

- Delivering compelling products:
  - Era-defining hypercar, Aston Martin Valkyrie – production scaling up with first customer car completed and deliveries starting in Q4
  - Valkyrie AMR Pro on track for deliveries to commence later in Q4
  - Valkyrie Spider unveiled at Pebble Beach, now two times oversubscribed and finalising unit allocations to customers
  - Valhalla hybrid supercar officially unveiled at British Grand Prix, with strong response
  - Production of first DBX derivative commenced; second derivative to launch in H1 2022

- Focusing on customer and brand:
  - Brand strength supporting higher pricing and residual values
  - Class-leading configurator with improved customer experience launched in July, trebling leads to dealers

3. Company sales to dealers (some Specials are direct to customer); 4. Operating cashflow less capital investment and net cash interest; note cash interest payments are in Q2 and Q4

- Dealer profitability in all regions significantly improved; confidence in plan and performance leading to strong growth in new dealer franchise demand
- Aston Martin Cognizant Formula One™ Team connecting brand with engaged audience, 2.1bn impressions since March; brand equity research shows increasing perception and buying intent among luxury car buyers, particularly in China and the US; double-digit percentage uplift to website traffic on race weekends
- Aston Martin takes leading role in latest critically-acclaimed James Bond film, *No Time To Die*, starring four Aston Martin models

- Delivering operational excellence, agility and efficiency:
  - Paint shop consolidation completed in August, delivering efficiency and quality improvements
  - St Athan plant efficiency actions complete, benefits building through Q4
  - Navigating challenging supply chain environment and monitoring the evolving landscape daily to mitigate disruption

- Integrating electrification and ESG strategy:
  - Electrification strategy remains on course, with all new Aston Martins to have an electrified powertrain option – either hybrid or battery electric from 2025/26 – and over 90% of global portfolio electrified or battery electric by 2030
  - Collaborating with key stakeholders and industry-leading organisations to establish a renewed ESG strategy to be published in Q1 2022, setting ambitious new commitments to reduce carbon emissions, increase diversity and engage communities, further strengthening Aston Martin’s ambition to be a world-leading sustainable ultra-luxury automotive business

*Lawrence Stroll, Aston Martin Lagonda Executive Chairman commented:*

“Through the first nine months of this year we have successfully built on the foundations we put in place for the company’s success in 2020. Not only do we have low dealer inventory, but it is also healthy and fresh – a testament to our shift to ultra-luxury positioning.

The excitement around and demand for the brand are tremendous, with good visibility for sales, increased interest to be part of our journey from potential new dealers and fantastic demand for our limited run Specials. The Aston Martin Cognizant Formula One™ Team is significantly expanding our audience with over 87 million people per race seeing our brand in the heat of intense performance competition.

Our team has been laser-focused on successfully executing our exciting plans to transform Aston Martin to be one of the greatest ultra-luxury brands in the world. Our progress to date, the new products we are launching, the team we have assembled and the partnerships we have forged give me great confidence in our continued success on the path to achieve our medium-term objectives of £2bn in revenue and £500m of adjusted EBITDA.”

*Tobias Moers, Aston Martin Lagonda Chief Executive Officer commented:*

“I am pleased with our performance to date, delivering strong results in-line with our plans to improve profitability. The shift to a demand-led, ultra-luxury operating model achieved earlier this year continues to support strong pricing dynamics with order cover through 2021 and extending into 2022.

Our excellent progress on ‘Project Horizon’ as we drive efficiency and agility throughout our business is delivering results with further operational milestones of consolidating our paint shops and restructuring our St Athan operations completed during the quarter.

We continue to strengthen our operational teams, with a triple-digit number of new engineers joining the company over the last year as we focus on developing our future portfolio of compelling products on our journey from combustion to hybrid to electric.

Our confidence in delivering our transformational growth strategy to create a world-class, sustainable ultra-luxury brand is underpinned by our excellent progress on execution to date, as demonstrated with the results we have reported today.”

## Outlook

The significant progress we are making to transform Aston Martin underpins our confidence in delivering our medium-term plans and targets. By 2024/25:

- c.10,000 wholesales, c.£2bn revenue and c.£500m adjusted EBITDA
- Annual capex and R&D £250m-£300m

This year, the first full year of the plan, is expected to deliver the first steps towards improved profitability.

Trading year-to-date is in-line with our expectations and our guidance for 2021 remains unchanged. A significant proportion of expected FY adjusted EBITDA relates to the number of Aston Martin Valkyrie and AMR Pro vehicles due to be shipped in the fourth quarter.

- 2021 guidance

| | |
|---|---|
| - Wholesales | c. 6,000 |
| - Adjusted EBITDA margin | mid-teens %, prior to the £15m impact of legal action announced 22 June (i.e. <14% after impact) |

Updated to reflect current exchange rates and timing, no change to product plan:

| | |
|---|---|
| - CAPEX and R&D | c.£215m - £235m reflecting timing of spend (previously c.£250m- £275m), re-phased into 2022 which is currently expected to be > £300m |
| - Depreciation and amortisation | c.£225m - £235m reflecting timing (previously c.£255m-£265m), re-phased into 2022 which is currently expected to be > £300m |
| - Interest costs[5] | P&L financial charge: Unchanged at constant currency, now c.£165m (previously c.£135m) reflects revaluation of USD debt at current exchange rates<br>Cash interest: Unchanged at c.£120m |

The financial information contained herein is unaudited.

All metrics and commentary in this announcement exclude adjusting items unless stated otherwise and certain financial data within this announcement have been rounded.

5. Assuming current exchange rates prevail for the remainder of 2021; interest payments are made in Q2 and Q4

## Enquiries

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- There will be a call for investors and analysts today at 08:30am GMT
- The conference call can be accessed live via the corporate website https://www.astonmartinlagonda.com/investors/calendar
- A replay facility will be available on the website later in the day
- Full year Results for the twelve months ending 31 December 2021 will be announced on 24 February 2022

## Sales & Revenue analysis

Total wholesales almost trebled year-to-date, to 4,250 units, and included 56 Specials compared with 11 Specials in the comparative period. DBX represented over half of the core mix with 2,186 units despite being impacted by the planned phased ramp up of St Athan through September, following efficiency actions completed in August.

Geographically, the Americas and APAC were the strongest and largest markets (representing 34% and 28% of wholesales respectively) with these markets showing high DBX penetration, as expected. Within APAC, China grew more than 600% over the comparative period and represented 16% of total wholesales (2020 YTD: 6%).

Revenues were £736m, up 173% over the comparative period, driven mainly by increased wholesales, Specials and stronger pricing dynamics.

With dealer stock currently low for GT/Sport both in terms of units and age, following completion of supply-to-demand rebalance during Q1, residual values have increased and financial support per vehicle has been significantly reduced compared with the prior year period. Wholesale average selling price (ASP) year-to-date was £157k, benefiting from Specials, and core ASP was £150k (2020 YTD total: £137k; core: £126k). Q3 ASP total: £160k; core: £148k (2020 Q3 total: £152k; core: £130k).

## Income statement

Adjusted EBITDA was £72m, an improvement of £190m on the comparative period with a margin of 10%. The significantly improved operating loss of £(68)m (2020 YTD: £(229)m) reflected:

- strong revenue growth, positive Specials mix and manufacturing efficiency actions contributing to a gross margin of 30%, more than offsetting the non-repeat of c. £13m of furlough credits received in the comparative period;
- increased brand investment at events such as Goodwood Festival of Speed and Pebble Beach which resumed post-pandemic, as well as events associated with F1™ and James Bond;
- higher depreciation and amortisation charges, up £40m on the comparative period, principally due to DBX which started delivering in late Q3 2020 and Specials; and
- an £8m benefit from exchange rate movements.

Adjusting operating items of £3m predominantly related to ERP implementation costs (2020 YTD: £14m – predominantly restructuring costs).

Net adjusted financing costs of £133m were higher than the £79m in the comparative period. The charge reflected interest on the £1.1bn equivalent notes issued in October 2020 as part of the re-financing at that time and the £70m equivalent notes issued in February 2021. The net financing costs also included a £18m adverse FX charge given the US dollar denomination of the notes (2020 YTD included a £4m adverse FX charge) and a £13m adjusting finance credit due to fair value movements of outstanding warrants (2020 YTD: nil). The reduced loss before tax was £189m (2020 YTD: £308m loss).

## Cash flow and net debt

Net cash inflow from operating activities was £151m (2020 YTD: £272m outflow), largely due to improved trading and included a working capital inflow of £89m. The largest component of the working capital inflow was £45m from deposits, reflecting strong demand for Specials following the launch of Valkyrie Spider and unveiling of Valhalla.  All other working capital components were also positive (receivables £28m; payables £9m; and inventory £7m) reflecting Project Horizon benefits.

Capital expenditure was £135m with investment focused on development of the future product pipeline including DBX derivatives, front-engine refreshes and mid-engine programmes aligned to product plan.

Free cash outflow of £39m; (2020 YTD: £514m outflow), reflected improved trading performance, working capital inflow and planned capital expenditure phasing. Q3 free cash inflow of £5m due to the above factors and including a £38m deposit inflow and no interest payment in the quarter.

Cash at 30 September 2021 was higher at £495m (31 December 2020: £489m) including £77m gross proceeds from the new $98.5m note issuance completed in Q1 and £13m from executed warrants. Interest on all outstanding notes is paid in Q2 and Q4.

Net debt of £809m was up from £727m at 31 December 2020.

## APPENDICES

### Wholesale number of vehicles

| | YTD 2021 | YTD 2020 | *change* | Q3 2021 | Q3 2020 | *change* |
|---|---|---|---|---|---|---|
| **Total** | **4,250** | **1,555** | ***173%*** | **1,349** | **660** | ***104%*** |
| Core (excluding Specials) | 4,194 | 1,544 | *172%* | 1,313 | 650 | *102%* |
| | | | | | | |
| By region: | | | | | | |
| UK | 728 | 470 | *55%* | 294 | 195 | *51%* |
| Americas | 1,438 | 342 | *320%* | 382 | 62 | *516%* |
| EMEA ex. UK | 898 | 440 | *104%* | 298 | 249 | *20%* |
| APAC | 1,186 | 303 | *291%* | 375 | 154 | *144%* |
| | | | | | | |
| By model: | | | | | | |
| Sport | 959 | 369 | *160%* | 289 | 86 | *236%* |
| GT | 1,043 | 809 | *29%* | 433 | 213 | *103%* |
| SUV | 2,186 | 345 | *534%* | 591 | 345 | *71%* |
| Other | 6 | 21 | *(71%)* | - | 6 | *n.m.* |
| Specials | 56 | 11 | *409%* | 36 | 10 | *260%* |

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

### Summary Income Statement

| *£m* | YTD 2021 | YTD 2020 | Q3 2021 | Q3 2020 |
|---|---|---|---|---|
| **Revenue** | **736.4** | **270.0** | **237.6** | **124.0** |
| Cost of sales | (514.5) | (255.9) | (159.0) | (107.1) |
| **Gross profit** | **221.9** | **14.1** | **78.6** | **16.9** |
| *Gross margin %* | *30.1%* | *5.2%* | *33.1%* | *13.6%* |
| | | | | |
| Operating expenses[6] | (287.0) | (229.3) | (107.7) | (86.6) |
| *of which depreciation & amortisation* | *137.4* | *97.6* | *52.6* | *41.1* |
| **Adjusted operating loss**[2] | **(65.1)** | **(215.2)** | **(29.1)** | **(69.7)** |
| Adjusting operating items | (3.1) | (13.9) | (1.1) | (0.1) |
| **Operating loss** | **(68.2)** | **(229.1)** | **(30.2)** | **(69.8)** |
| | | | | |
| Net financing expense | (120.4) | (78.8) | (67.7) | (10.7) |
| *of which adjusting financing income* | *12.9* | - | *(1.1)* | - |
| | | | | |
| **Loss before tax** | **(188.6)** | **(307.9)** | **(97.9)** | **(80.5)** |
| Taxation | 28.0 | 40.0 | 8.4 | 12.4 |
| **Loss for the period** | **(160.6)** | **(267.9)** | **(89.5)** | **(68.1)** |
| | | | | |
| **Adjusted EBITDA**[2,6] | **72.3** | **(117.6)** | **23.5** | **(28.6)** |
| *Adjusted EBITDA margin* | *9.8%* | *n.m.* | *9.9%* | *n.m.* |
| **Adjusted loss before tax**[6] | **(198.4)** | **(294.0)** | **(95.7)** | **(80.4)** |
| | | | | |
| EPS (pence) [7] | (141.1) | (384.0) | (77.6) | (77.4) |
| **Adjusted EPS (pence)** [2,7] | **(161.6)** | **(370.0)** | **(76.1)** | **(77.5)** |

*2. For definition of alternative performance measures please see Appendix; 6. Excludes adjusting items; 7. EPS has been restated in the comparative period to reflect the 20:1 share consolidation in December 2020; Weighted average number of shares YTD 2021: 115.2m, Q3 2021: 115.9m and total share count at 30 September 2021: 116.2m*

## Summary Cash Flow

| £m | YTD 2021 | YTD 2020 | Q3 2021 | Q3 2020 |
|---|---|---|---|---|
| Cash generated from/(used in) operating activities | 151.4 | (272.1) | 47.6 | (92.7) |
| Cash used in investing activities (excl. interest) | (136.2) | (204.1) | (45.2) | (42.6) |
| Net cash interest (paid) / received | (54.3) | (37.4) | 2.8 | (7.7) |
| **Free cash (outflow)/inflow** | **(39.1)** | **(513.6)** | **5.2** | **(143.0)** |
| Cash inflow / (outflow) from financing activities (excl. interest) | 44.0 | 717.6 | (18.4) | 89.0 |
| **Increase / (decrease) in net cash** | **4.9** | **204.0** | **(13.2)** | **(54.0)** |
| Effect of exchange rates on cash and cash equivalents | 0.9 | (4.6) | 2.8 | 1.9 |
| **Cash balance** | **495.2** | **307.3** | **495.2** | **307.3** |

## Net Debt Overview

| £m | 30-Sep-21 | 31-Dec-20 | 30-Sep-20 |
|---|---|---|---|
| Loan notes | (1,074.1) | (965.0) | (907.6) |
| Inventory financing | (19.3) | (38.2) | (39.6) |
| Bank loans and overdrafts | (113.5) | (119.8) | (133.6) |
| Lease liabilities (IFRS 16) | (98.4) | (103.0) | (105.6) |
| **Gross debt** | **(1,305.3)** | **(1,226.0)** | **(1,186.4)** |
| Cash balance | 495.2 | 489.4 | 307.3 |
| Cash not available for short term use | 1.5 | 9.9 | 10.6 |
| **Net debt** | **(808.6)** | **(726.7)** | **(868.5)** |

## Summary Balance Sheet

| £m | 30-Sept-21 | 31-Dec-20 | 30-Sept-20 |
|---|---|---|---|
| Non-current assets | 1,978.1 | 1,905.3 | 1,822.3 |
| Current assets | 856.8 | 889.5 | 767.5 |
| **Total assets** | **2,834.9** | **2,794.8** | **2,589.8** |
| Current liabilities | 878.4 | 808.3 | 775.7 |
| Non-current liabilities | 1,267.4 | 1,182.4 | 1,081.1 |
| **Total liabilities** | **2,145.8** | **1,990.7** | **1,856.8** |
| **Total equity** | **689.1** | **804.1** | **733.0** |

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