



ASTON MARTIN

Q2 2015 Results 26 August 2015

PRIVATE AND CONFIDENTIAL



Presenters

Q2 2015 Results

Andrew Palmer - CEO



Mark Wilson - CFO



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Second Century plan

Q2 2015 Results

Diagnostic

- ❑ Lifetime: 102 years, 70k units, loss-making
- ❑ 2007: 7,000 units with 110 dealers

Second Century Plan

- ❑ Driven by Hoshin Kanri – specific objectives for EBIT and FCF

Inspiring Customer Focused Product

Replacement of current product portfolio with new competitive luxury products focused on a diverse global customer base

Strengthened Global Brand & Sales Power

Power Beauty Soul will be recognised internationally as defining Aston Martin; driving the business and global sales growth

Leadership in Value Excellence

Sustainability depends on robust cost control, ensuring value add is in everything we do

Top Class Quality

The foundation of being a luxury marque is in the quality of everything we do – product quality, service excellence, customer experience

Passionate and Professional People

The culture of the team that is the Aston Martin family – employees, our dealers and brand partners defines Aston Martin

Financing & Funding

Ensure delivery of the vision through robust corporate financing structure and drive business to be self-sustaining through positive cash flow

- ❑ Plan agreed with AMH end of January 2015
- ❑ Preferred shares fund plan until FCF 'Self Sustainability' (3 sports cars + DBX = £200m, secured end of April 2015)





2015 Requirements

- ☐ EBITDA flat versus 2014 – as per ‘Second Century Plan’
- ☐ Invest in new vehicles
 - £200m preferred stock is only for investment in new vehicles
 - New vehicles to be On-Time and On-Budget
- ☐ Organisational changes: one layer of management deleted, project axis created; new regional heads empowered
 - Retail driven
 - Cross-functional
 - Cost & price focus
- ☐ 5 cross-functional workstreams established:
 - Total delivered Cost
 - Fixed Costs
 - Revenue
 - Sales
 - Product Investment

2015 YTD Summary

Q2 2015 Results

- ❑ EBITDA Budget met for both quarters
- ❑ 5 cross-functional workstreams have mitigated risks e.g. FOREX, sales mix
 - Note: China sales remain flat vs 2014
- ❑ Retail focus is demonstrated by a substantial reduction in inventory
 - Optimisation of the number of pre-registered cars
 - Significant reduction in port stock
 - Retails > Wholesales - driving towards retail pull rather than wholesale push
- ❑ New products On-Time and On-Budget (DB9 replacement, Vantage replacement, Vantage GT12 & Aston Martin Vulcan)



Recent developments

Q2 2015 Results



New York & Shanghai Motor Shows - April

- ❑ New York – showcased Vulcan as part of seven cars stand, over 1.1m visitors
- ❑ Shanghai – showcased DBX concept and Lagonda, almost 1m visitors, over 10,000 media



Goodwood Festival of Speed – June

- ❑ Vulcan unveiled to media
- ❑ Global dynamic debut for track-only Vulcan
- ❑ Dynamic displays of Vulcan, Lagonda Taraf, Vantage GT12 and Vantage GTE

Recent developments

Q2 2015 Results



DB9 GT Announcement - June

- ☐ New GT model showcases the very best of DB9
- ☐ Most powerful DB9 to date with 547 PS from 6.0-litre V12 engine



16MY Vantage & Rapide S – June

- ☐ Vantage line-up and Rapide S benefited from colour, trim and equipment enhancements including new touch-sensitive centre console fascia and AMi II infotainment system



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Preparing for the launch of new models

Q2 2015 Results



- ❑ 10,000 sqm extension at Gaydon to house new chassis and pilot build facility nearing completion
- ❑ Engineering testing of prototypes underway
- ❑ All project milestones on target
- ❑ High confidence in launch of first new model in 2016

Financial Summary

Q2 2015 Results

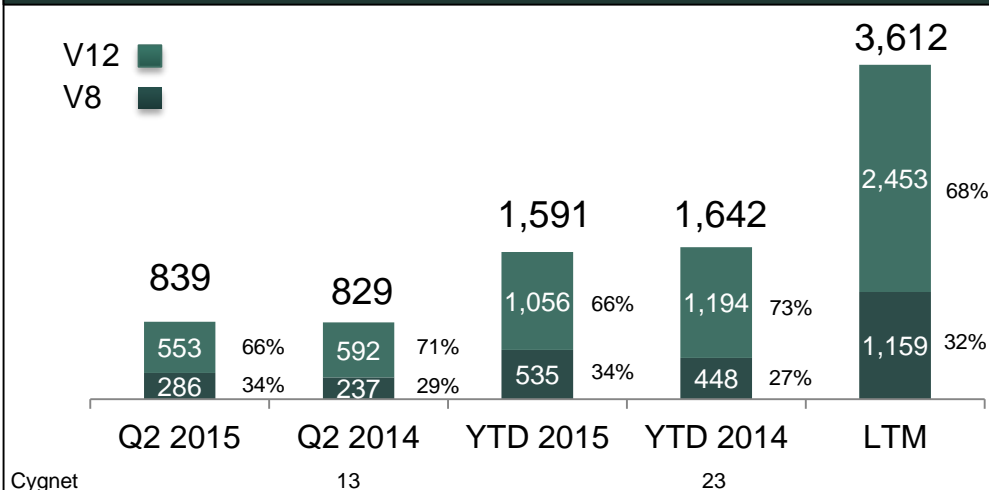
- ❑ Financial performance in first half of 2015 on plan as per fully funded “Second Century” strategy
- ❑ Product development spend increases as Aston Martin invests in its next generation of luxury sports cars
- ❑ High level of confidence on project timings, first of next generation of cars to be launched in 2016 as per previous communications
- ❑ £200m of preference shares placed, of which £100m cash received, provides sufficient liquidity for Aston Martin to deliver “Second Century” plan
- ❑ Remaining £100m of preference shares is under a binding subscription and will be drawn prior to April 2016
- ❑ RCF increased to £40m and extended to July 2018 to mirror maturity of related debt facilities



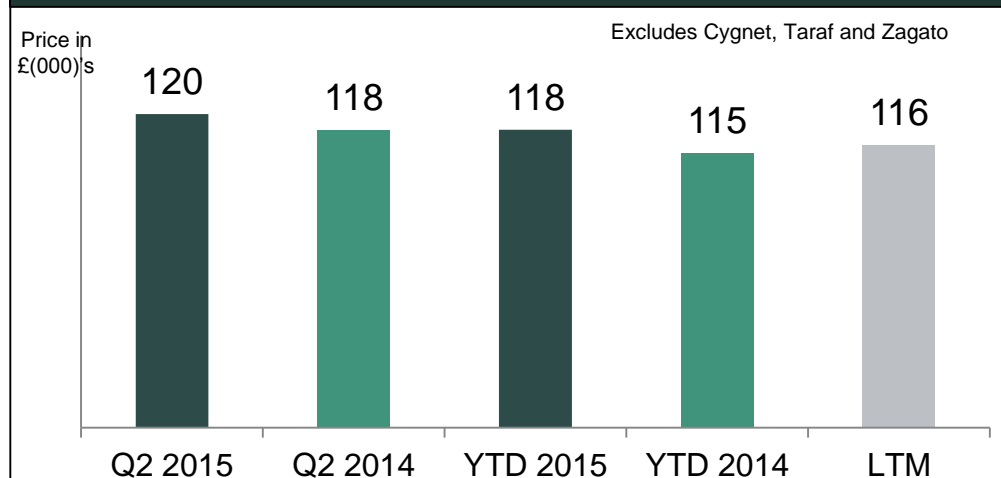
Modest revenue growth from prior year

Q2 2015 Results

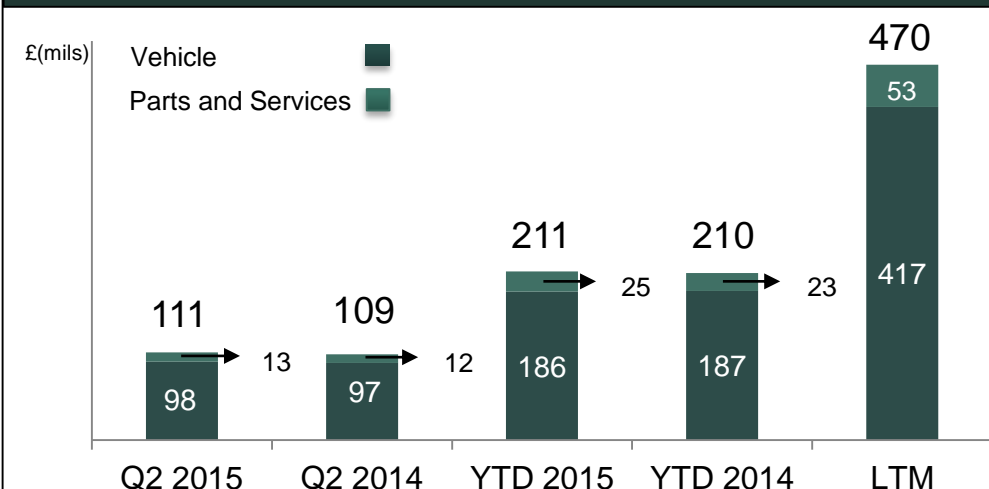
Wholesale Volume



Average Selling Price (ASP)



Revenue



- ☐ Volume performance in line with budget expectations
- ☐ V8 Vantage special editions drove growth, increasing V8 mix
- ☐ ASP increased due to favourable exchange benefit despite increased V8 mix
- ☐ 2015 revenues maintained versus 2014

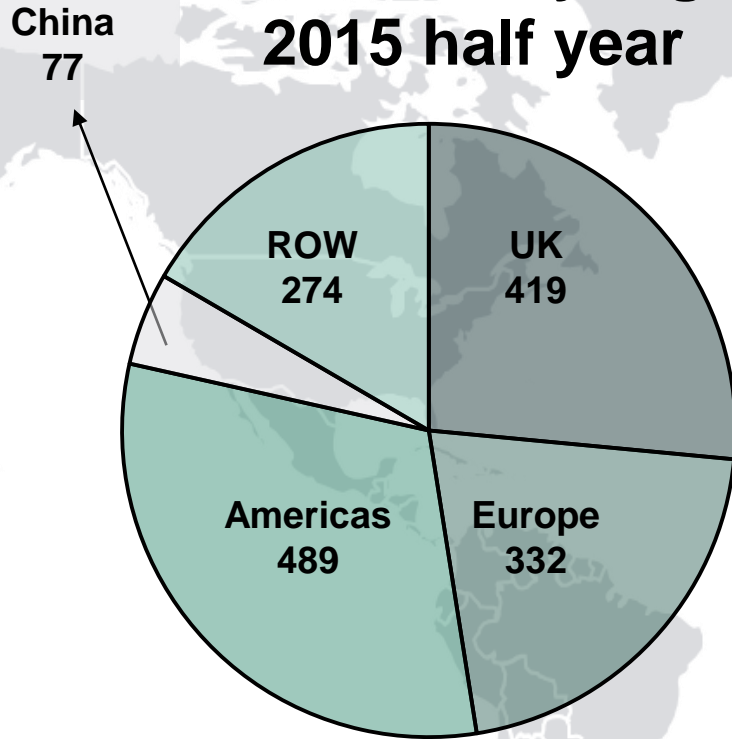


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2015 half year wholesale mix consistent with 2014

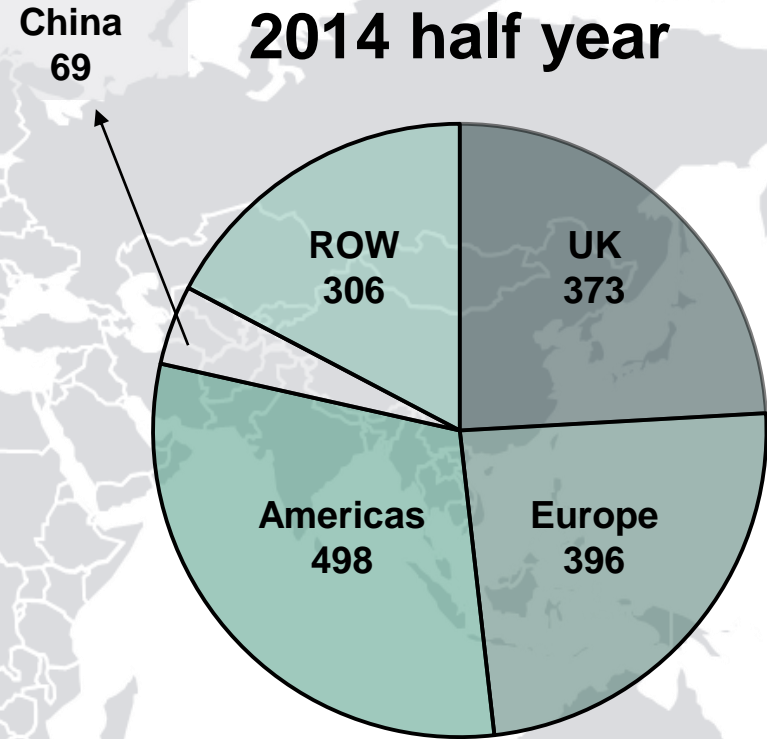
Q2 2015 Results

Wholesales by region 2015 half year



Total: 1,591

Wholesales by region 2014 half year



Total: 1,642

Excludes Cygnet

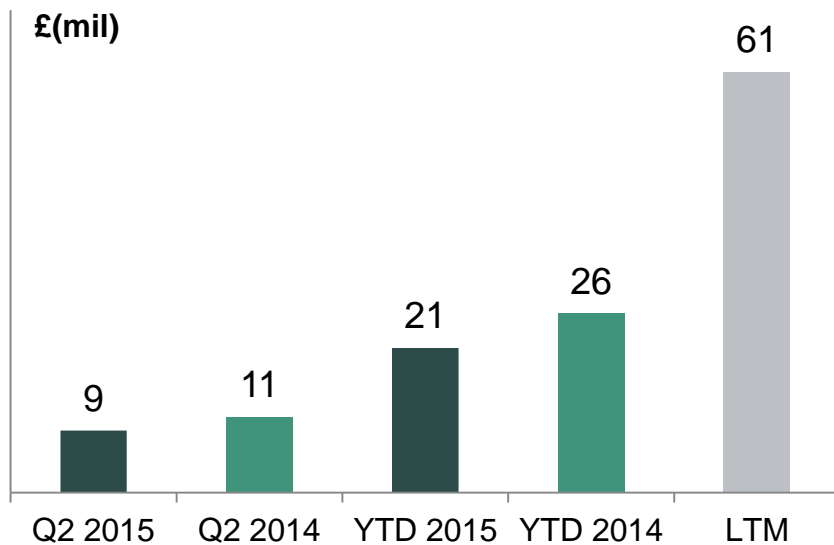


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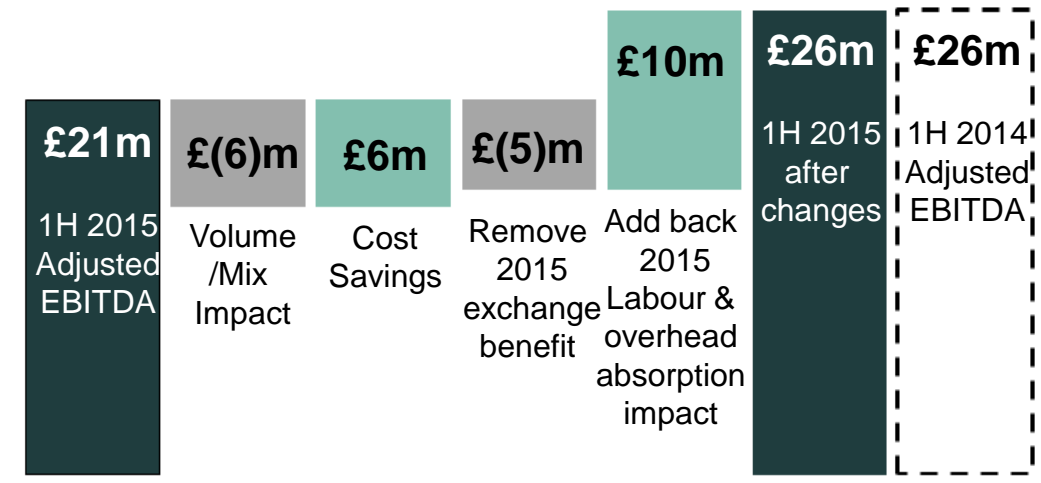
Underlying half year EBITDA performance in line with prior year

Q2 2015 Results

Adjusted EBITDA



Adjusted EBITDA Walk

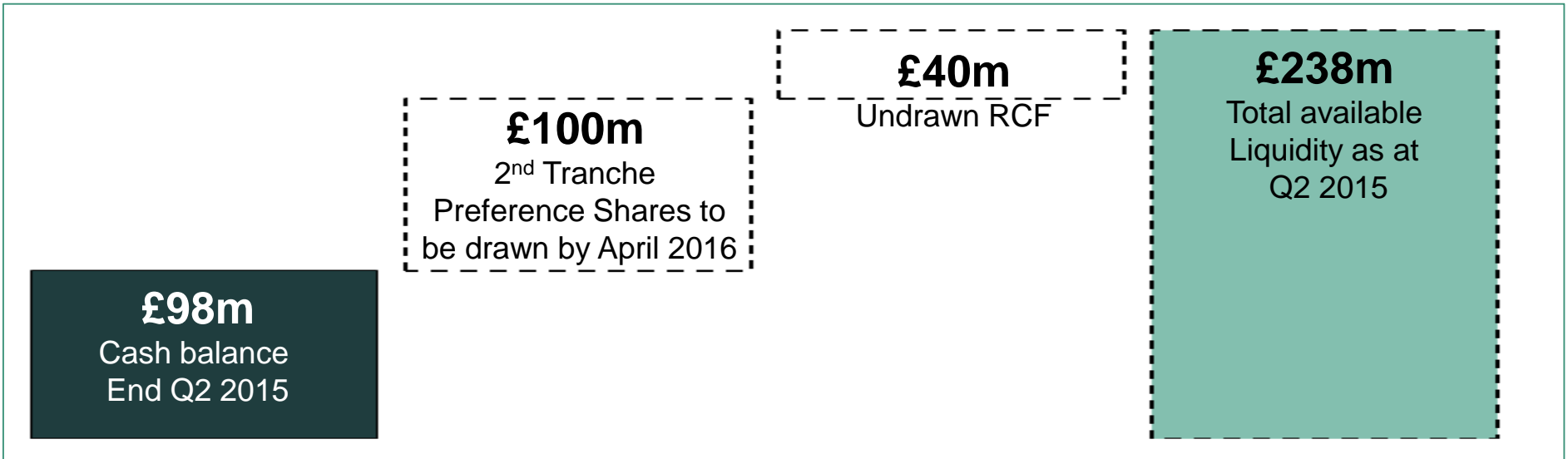


- ☐ Q2 & YTD adjusted EBITDA in line with company budget and expectations
- ☐ Cost savings offset lower sales volumes and weaker model mix (higher V8)
- ☐ Exchange benefit in 2015 compared to 2014
- ☐ Destocking resulted in labour and overhead absorption costs timing variance for 2015



Sufficient liquidity to fund investment in new models

Q2 2015 Results



- ☐ Including Q2 cash position, 2nd tranche of preference shares and undrawn RCF the company has £238m of liquidity to support investment in new models
- ☐ In 2015 – 2017 the group will be investing more than it generates
- ☐ Free cash outflow peak expected to be in 2015
- ☐ As new models are launched at the end of 2016, the cash generated from operating activities will start to increase
- ☐ By 2018 we plan to be cash positive

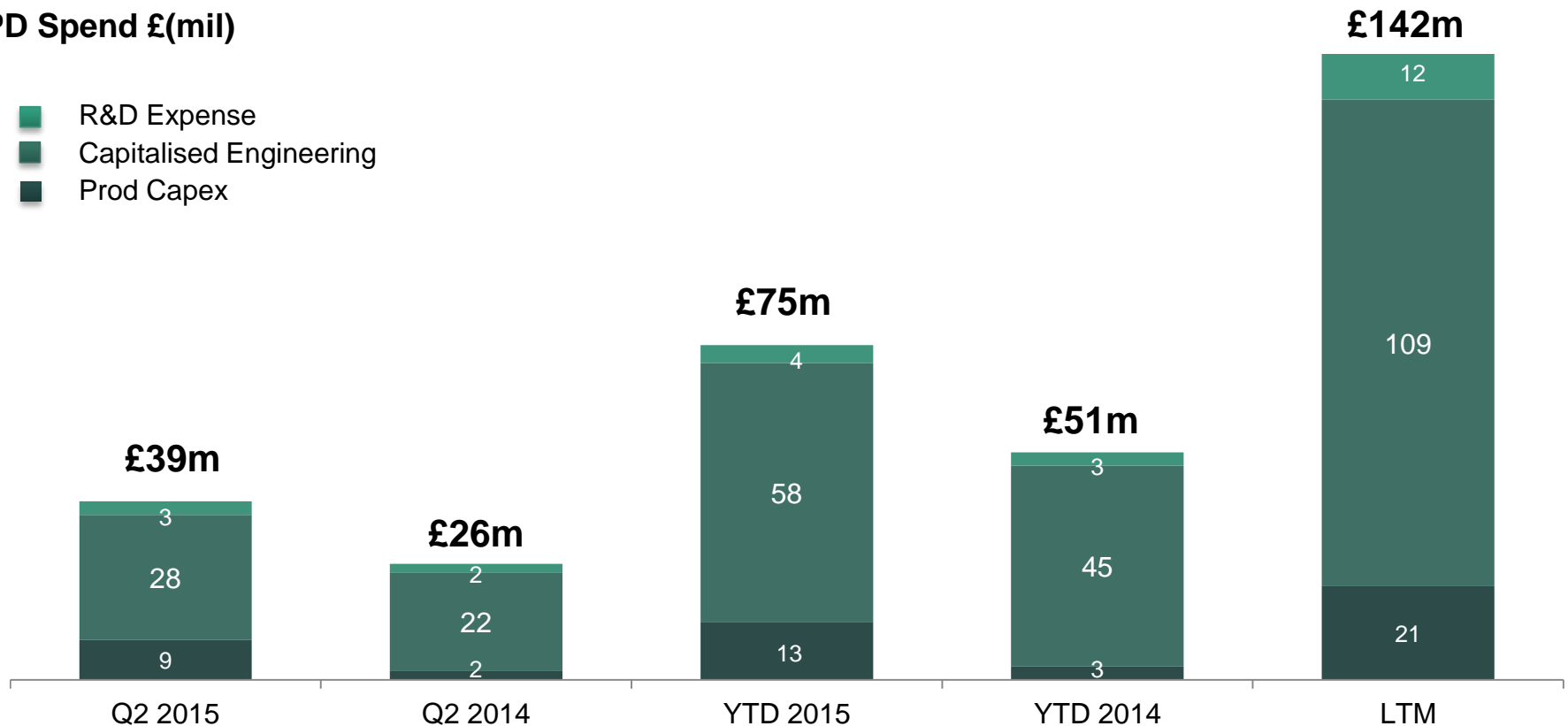


Increase in product development spend driven by new model investment

Q2 2015 Results

PD Spend £(mil)

- R&D Expense
- Capitalised Engineering
- Prod Capex



- ❑ Increased product development expenditure as group invests in next generation of sports cars
- ❑ Full year expected spend on product development £150m-£160m



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Standard & Poor's stabilised outlook based on improved liquidity position following issuance of £200m preference shares

Q2 2015 Results

Updated S&P		Previous S&P	
Rating	Outlook	Rating	Outlook
B -	Stable	B -	Negative

Following Moody's stabilisation of rating as announced in the Q1 presentation



Increased and extended revolving credit facility

Q2 2015 Results

- ❑ RCF increased to £40m (from £30m) and extended to July 2018 (previous maturity July 2016) now in line with the maturity of the Senior Secured Notes & PIK notes
- ❑ Provides further headroom for liquidity as we invest in the next generation of models
- ❑ In recognition of the issue of £200m preference shares, temporary covenant relief granted reducing LTM adjusted EBITDA to £50m (previously £55m) until the end of 2016
- ❑ Company expectation is that we will have sufficient headroom above the previous covenant of LTM £55m adjusted EBITDA
- ❑ HSBC replaces UBS in the banking consortium
- ❑ Allied Irish Bank make up the additional £10m



2015 Outlook

Q2 2015 Results

- ❑ Adjusted EBITDA expected to be greater than prior year
 - ❑ 2015 guide £65m - £70m Q4 weighted, influenced by GT12 & Vulcan sales
 - ❑ UK markets expected to remain relatively strong
 - ❑ Other markets stable, including China
- ❑ Increased product development spend as new model launches approach
 - ❑ 2015 guide £150m - £160m
- ❑ Focus on cost reduction programmes for both fixed & variable costs



Summary

Q2 2015 Results

- ❑ 2015 financial performance expected to exceed internal budgets, from which “Second Century” plan funding derived
- ❑ Addition of preference shares and extension of RCF give the group a strong liquidity position to deliver the “Second Century” plan
- ❑ Group is on target to meet launch profile of new models – commencing towards the end of 2016



Questions

We will initially take written questions and time permitting move onto verbal questions

Appendices



Summary Income Statement

Q2 2015 Results

	Q2 2015 (mils)		Q2 2014 (mils)		YTD 2015 (mils)		YTD 2014 (mils)		LTM (mils)	
Revenue	£111.4		£108.8		£211.4		£209.5		£470.3	
Cost of Sales	(79.9)	-72%	(73.7)	-68%	(145.4)	-69%	(136.9)	-65%	(322.0)	-68%
Gross Profit	£31.5	28%	£35.1	32%	£66.0	31%	£72.6	35%	£148.2	32%
Selling & Distribution	(8.6)	-8%	(9.0)	-8%	(16.9)	-8%	(16.5)	-8%	(33.9)	-7%
Administrative & Other	(36.9)	-33%	(32.3)	-30%	(72.2)	-34%	(67.7)	-32%	(144.2)	-31%
Operating Loss	(14.0)	-13%	(6.2)	-6%	(23.1)	-11%	(11.5)	-5%	(29.9)	-6%
Net Financing Expense	(0.2)	-0%	(6.4)	-6%	(29.9)	-14%	(13.5)	-6%	(69.9)	-15%
Loss before Tax	(14.2)	-13%	(12.6)	-12%	(53.0)	-25%	(25.0)	-12%	(99.8)	-21%
Taxation	1.9	2%	2.9	3%	5.3	3%	4.7	2%	7.7	2%
Loss after tax	(12.2)	-11%	(9.7)	-9%	(47.7)	-23%	(20.4)	-10%	(92.1)	-20%

*Percentages refer to revenue



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Adjustments to EBITDA

Q2 2015 Results

	Q2 2015 <u>(mils)</u>		Q2 2014 <u>(mils)</u>		YTD 2015 <u>(mils)</u>		YTD 2014 <u>(mils)</u>		LTM <u>(mils)</u>	
Operating (Loss)	£(14.0)	-13%	£(6.2)	-6%	£(23.1)	-11%	£(11.5)	-5%	£(29.9)	-6%
D&A	20.9	19%	19.3	18%	41.6	20%	39.5	19%	82.4	18%
EBITDA	£6.9	6%	£13.1	12%	£18.5	9%	£27.9	13%	£52.5	11%
<u>Adjustments</u>										
Gain on the disposal of an associated company			(1.7)				(1.7)			
Concept vehicle development costs									6.0	
Payment to former director relating to settlement for shares	2.6				2.6				2.6	
Adj. EBITDA (£m)	£9.5	9%	£11.4	10%	£21.2	10%	£26.2	13%	£61.1	13%

*Percentages refer to revenue



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Summary Cashflow Statement

Q2 2015 Results

	Q2 2015 <u>(mils)</u>	Q2 2014 <u>(mils)</u>	YTD 2015 <u>(mils)</u>	YTD 2014 <u>(mils)</u>	LTM <u>(mils)</u>
Cash generated from operating activities	£4.1	£10.7	£3.1	£10.4	£50.5
Cash used in investing activities	£(37.6)	£(26.9)	£(72.2)	£(54.0)	£(150.3)
Cash inflow from financing activities	£91.0	£2.9	£75.8	£85.8	£70.7
Effect of exchange rates on cash and cash equivalents	£3.8	£(1.1)	£1.8	£(1.9)	£3.1
Net cash inflow/(outflow)	£61.3	£(12.2)	£8.6	£40.2	£(17.0)
Cash at period end	£97.8	£114.9			



Disclaimer

This presentation contains certain forward-looking statements, which are based on current assumptions and estimates by the management of Aston Martin Holdings (UK) Limited ("Aston Martin"). Such statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements. These risks may include, for example, changes in the global economic situation, and changes affecting individual markets and exchange rates.

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

We confirm that to the best of our knowledge the condensed set of consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and fairly represent the financial condition and operations of the Aston Martin group as at 30 June 2015.

