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31 January 2020

Aston Martin Lagonda Global Holdings plc

Strategic equity investment of £182m by a consortium led by Lawrence Stroll (the “Consortium”) and proposed rights issue supported by the major shareholders of £318m to raise combined proceeds of £500m

Operational and financial review leads to reset business plan

Aston Martin Lagonda Global Holdings plc (“Aston Martin Lagonda” or the “Company”) today announces its intention to strengthen its balance sheet to necessarily and immediately improve liquidity and reduce leverage. This follows the disappointing performance of the business through 2019 resulting in severe pressure on liquidity exacerbated by the current high leverage. As such the Company confirms the following plans for a primary issuance of shares subject to shareholder approval:

- A proposed placing of 45.6m new ordinary shares in the capital of the Company at a price of £4.00 per share to the Consortium (the “**Placing**”) to raise £182m, representing 16.7% of the post-Placing issued share capital of the Company.
- A subsequent proposed underwritten rights issue to raise £318m (the “**Rights Issue**”) to be launched after the publication of the Preliminary Results for 2019.
- Prestige/Strategic European Investment Group (SEIG) and Adeem/Primewagon (the “**Major Shareholders**”) who together own c.61% of the issued share capital of the Company as at the date of this announcement and who are expected to own c.50.5% following the proposed Placing have irrevocably undertaken to vote in favour of the Placing and the Rights Issue. Prestige/SEIG and Adeem/Primewagon have also irrevocably undertaken to take up 100% and at least 50% of their rights respectively.
- The Consortium will irrevocably undertake to take up in full its rights under the Rights Issue, following completion of the Placing to it for a total equity investment of approximately £235m.
- The net proceeds from the proposed Placing and Rights Issue will be used to improve liquidity and finance the ramp up in production of DBX and the turnaround of the Company’s performance.

As part of the investment from the Consortium:

- Yew Tree Overseas Limited (“**Yew Tree**”), a vehicle controlled by Mr. Stroll, has agreed to provide £55.5m of short-term working capital support, the financial terms of which are significantly favourable compared with the Delayed Draw Notes, in order to improve the liquidity of the Company immediately. Upon settlement of the Placing, this will be refunded, and the Company would no longer plan to draw the \$100m of Delayed Draw Notes.
- The Consortium, which will be led and controlled by Mr. Stroll, is expected to comprise a number of individuals including, but not limited to, André Desmarais (Former CEO of Power Corp. Canada), Michael de Picciotto (Vice-Chairman of the Supervisory Board of Engel & Volkers AG), Silas Chou (the Hong Kong fashion sector investor), John Idol (Chairman and CEO of Capri Holdings), Lord Anthony Bamford (Chairman of JCB) and John McCaw (former part owner of McCaw Cellular).
- The Consortium has indicated its intention to seek to increase its holding up to 20% of the issued share capital of the Company.
- As a condition of the Consortium’s investment, Mr. Stroll will join the Board and become Executive Chairman upon completion of the Placing.
 - Mrs Penny Hughes has confirmed her intention to step down as a Director following the completion of the Placing.

- In addition, the Consortium will have the right to appoint a further Board member for so long as its holding of voting rights of the Company is equal to or exceeds the lower of (i) 20% or (ii) the % holding that it has immediately upon completion of the Placing and upon completion of the Rights Issue, as applicable.
 - During the turnaround the Board recognises that, in this special situation, it will continue not to be fully compliant with the UK Corporate Governance Code with respect to Board composition. It will be necessary for the Board to consider its composition over time. Further details on Governance will be covered in the circular and prospectus to be published by the Company in relation to the Placing and Rights Issue.
- Mid-engined cars are a core part of Aston Martin Lagonda's future. As part of this, an enhanced approach to F1™ is considered important. Aston Martin Lagonda and ventures affiliated to the Consortium have agreed to collaborate in pursuit of driving the successful execution of the reset plan:
 - As part of this, Aston Martin Lagonda has entered into a legally binding termsheet under which the Racing Point F1™ team will become the Aston Martin F1™ works team with effect from the 2021 season. This agreement is for a 10-year initial term and Aston Martin Lagonda will receive an economic interest in the team.
 - The agreement also includes a sponsorship arrangement from 2021 and for the subsequent four years with commercial terms commensurate with the Company's current annual F1™ expenditure, renewable for five years, subject to satisfying certain conditions at the time.
 - For the 2020 F1™ season Aston Martin will continue with its proud sponsorship of the Red Bull Racing F1™ Team.
 - The technology partnership between Aston Martin Lagonda and Red Bull Advanced Technologies will continue until Aston Martin Valkyrie is delivered.

As announced on 7 January 2020, the Company has experienced challenging trading conditions throughout 2019, resulting in lower sales, higher selling costs and lower margins versus expectations. The underperformance of the Company against its original plans and the resulting severe pressure on liquidity, has prompted an operational and financial review of the business. This has resulted in a revised business plan, the reset plan, as described in this announcement.

- The Company is focusing on providing greater financial and operational stability and flexibility through controlling medium-term investment, improving cash generation and rephasing product cadence. Investment in electric vehicles will be delayed beyond 2025, however the mid-engined portfolio remains a key focus for the Company starting with Valhalla in 2022.
- To turn around the Company's performance, key priorities going forward are:
 - Controlling production to prioritise demand over supply, to build a stronger order book and regain price positioning;
 - Successfully launching DBX in Q2, which has received extremely positive media reviews and a rapidly building order book since opening in November 2019;
 - Successfully relaunching Vantage including the Roadster derivative in the spring of 2020 and starting Aston Martin Valkyrie deliveries later in the year;
 - Reducing the operating cost base by £10m on an annualised basis, with £7m in 2020, after one-off costs broadly offsetting expected cost increases due to the new St Athan plant; and
 - Improving the cash flow profile of the business and transitioning towards a business generating positive free cash flow over the medium term

Commenting on the announcement, Penny Hughes, Aston Martin Lagonda Chair, said:

"The difficult trading performance in 2019 resulted in severe pressure on liquidity which has left the Company with no alternative but to seek substantial additional equity financing. Without this the balance sheet is not robust enough to support the operations of the group. Notwithstanding recent weak trading, the strength of the Aston Martin brand and our expanding portfolio of cars has allowed us to attract a strong new partner in Mr. Stroll to support the turnaround of the business."

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

"As we announced on 7 January 2020, the past year has been a regrettably disappointing and challenging time for the Company. Despite our continued efforts, the difficult trading conditions and resulting poor performance in 2019 has put the Company in a stressed position with severe pressure on liquidity and affected our ability to deliver against our original plan. Today's fundraising is necessary and provides a platform to support the long-term future of the Company. Mr. Stroll brings strong and proven expertise in both automotive and luxury brands more widely which we believe will be of significant benefit to Aston Martin Lagonda. Following a comprehensive review, today we announce a series of immediate actions to reset, stabilise and de-risk the business, positioning it for controlled, long-term profitable growth. These include rebalancing supply-demand dynamics, reducing capital expenditure and the re-phasing of some future product launches, together with cost-efficiency initiatives.

We are focused on turning around performance, restoring price positioning and delivering a more efficient operational footprint. We will deliver some exciting new products this year with the much-anticipated DBX during Q2, Vantage Roadster in the spring and Aston Martin Valkyrie deliveries starting in H2.

We have also announced plans to leverage a new motorsport collaboration with Racing Point to enhance the execution of the plan. I would like to thank Red Bull Racing, who we will continue to sponsor this year, for their partnership and support in us being able to say this today.

The actions announced today will allow us to implement and deliver on our reset plan and provide Aston Martin Lagonda with a sustainable platform for the future."

Mr. Stroll said:

"I am very pleased that I, and my partners in the Consortium, have reached agreement with the Board and major shareholders to make this significant long-term investment. Aston Martin Lagonda makes some of the world's most iconic luxury cars, designed and built by very talented people. Our investment announced today underpins the Company's financial security and ensures it will be operating from a position of financial strength.

On completion of the £500m of fundraising I look forward to working with the Board and management team in Aston Martin Lagonda to review and improve each aspect of the company's operations and marketing; to continue to invest in the development of new models and technologies and to start to rebalance production to prioritise demand over supply.

I, and my partners, firmly believe that Aston Martin is one of the great global luxury car brands. I believe that this combination of capital and my experience of both the motor industry and building highly successful global brands will mean that, over time, we fulfil Aston Martin Lagonda's potential."

Operational and financial review

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

Consequently, achieving the retail sell through to start to de-stock the dealer network required more retail and customer financing support than planned, weighing on average selling price. Despite retail sales increasing by 12% year-on-year this was not high enough to support our own expectation and as a result we were unable to wholesale cars in the volumes that were planned. As a result of lower than planned wholesales in H1 company stock remained elevated at 30 June 2019 and the Company

took steps to reduce its outlook for the year accordingly. A further reduction in H2 volumes created an immediate need for liquidity and pressure on liquidity continued in Q4 as revised targets were not met during our largest selling season.

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

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

DB11 and DBS Superleggera have performed well and have grown market share in recent years but have not been immune to the challenging trading conditions experienced in 2019. Despite gaining share in a declining segment, which was down a double-digit percentage for the year to November, the Vantage underperformed versus original expectations, particularly in Europe and the UK. The reset plan includes a more conservative view for sports car wholesales for 2020, particularly for Vantage and, in the medium-term, sports car volume is expected to be managed to maintain the appropriate balance between supply and demand.

DBX start of production in Q2 2020 expands the range into a new and growing segment. As confirmed on 7 January 2020, the DBX order book built rapidly since opening on 20 November 2019 and stood at c.1,800 orders, c.1,200 of which were customer-specified. The c.600 difference was a combination of customers' orders in progress and dealer showroom/test vehicles. That order rate is materially better than for any previous models. Key operational milestones are being met and the start of production remains on track for Q2 2020, with first deliveries to customers at the end of the quarter.

Spring 2020 will also see the launch of the Vantage Roadster, a variant expected to generate c.40% of Vantage sales mix over the life of the model.

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

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

Specials continue to be a key component of the reset plan

- Production of the Aston Martin Valkyrie is still expected to ramp up through H2 2020
- Deliveries of the *Goldfinger* DB5 Continuations are due to start in 2020 as well as the DBS GT Zagatos, which will complete the DBZ Centenary Collection
- The recently announced V12 Speedster will be unveiled later this year with deliveries due to start in Q1 2021
- The Aston Martin Valkyrie AMR Pro is still expected to be revealed in 2021
- Valhalla is now expected to be unveiled in 2022
- New specials which have not yet been revealed will comprise the balance of one heritage Special and two contemporary Specials each year.

Operating structure

- Restructuring sees changes in management of Sales, Marketing & Communications and Engineering in order to deliver the reset plan
- Further to the significant reduction in contractors, a voluntary redundancy and early retirement programme actioned in 2019, additional reductions will be made to rebalance our permanent

and contractor headcount, while 300 new roles will be created at the St Athan facility in addition to the 300 employees currently at the site

- The property footprint will also reduce alongside general SG&A reductions commensurate with our financial and operational ambitions
- These changes are expected to yield £10m of annualised savings with £7m delivered during 2020, after one-off costs, broadly offsetting expected cost increases due to the opening of the new plant in St Athan
- Efficiencies in manufacturing costs are expected to be delivered through improved supply chain management and ongoing designed-in initiatives.

The actions announced today are expected to provide Aston Martin Lagonda with a platform to be able to execute the reset plan and to serve all its stakeholders including customers, employees, the pension scheme and shareholders.

Outlook

- As communicated on 7 January 2020 Adjusted EBITDA for FY2019 is expected to be in the range of £130-140m
- With respect to FY 2020: Capex is expected to be c.£285m and Depreciation and Amortisation c.£220m

The opportunity remains to expand margin and increase free cash flow. A more fulsome update on mid-term guidance will be provided in due course.

This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is being released on behalf of Aston Martin Lagonda Global Holdings plc by Catherine Sukmonowski, Company Secretary.

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

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Investor and analyst update call

- There will be a call for investors and analysts today at 07:45am
- The conference call can be accessed live via a dial-in facility on +44 (0) 2071 928016; PIN: 9078980#, please find more details on the corporate website <https://www.astonmartinlagonda.com/investors>
- Preliminary Results for FY 2019 are currently scheduled to be announced on 27 February 2020

Notes to editors

About Mr. Stroll

Mr. Stroll has a great deal of experience and success in building some of the world's most prominent luxury brands such as Tommy Hilfiger and Polo Ralph Lauren, and notably led the IPO of Michael Kors which went on to enjoy further strong growth as a publicly listed company. Mr. Stroll has also been for many years an active investor in the racing and luxury car industry, historically including the Ferrari dealership in Quebec and Circuit Mont-Tremblant and currently the Racing Point Formula 1™ team.

There are no additional matters that would require disclosure under LR9.6.13R (1) to (6) in respect of Mr. Stroll.

Expected timetable for Placing and Rights Issue

The Placing and Rights Issue are expected to launch following the publication of the Aston Martin Lagonda Preliminary Results for FY 2019.

Shareholder approval of the Placing and Rights Issue

The Company will seek the approval of its shareholders for the Placing and Rights Issue at a general meeting of the Company (the “**General Meeting**”).

The Company expects to publish a combined circular and prospectus (the “**Combined Circular and Prospectus**”) which will contain notice of the General Meeting and further information on the Placing and Rights Issue in Q1 2020.

The Aston Martin Lagonda Directors intend unanimously to recommend that Aston Martin Lagonda shareholders vote in favour of all Resolutions in the Combined Circular and Prospectus, as the Aston Martin Lagonda Directors intend to do in relation to their beneficial holdings.

In addition, the Major Shareholders have irrevocably undertaken to vote in favour of all Resolutions to approve the Placing and Rights Issue to be proposed at the General Meeting in relation to their holdings, which amount, in aggregate to approximately c.61% of Aston Martin Lagonda’s issued ordinary share capital as at the date of this announcement.

Summary of transaction documents

Binding Transaction Agreement

The Company has today entered into a binding transaction agreement with Yew Tree. Pursuant to this agreement, the parties agree to use reasonable endeavours to negotiate in good faith and finalise all definitive documentation required to implement the Consortium's participation in the Placing and Rights Issue (including a placing agreement, a relationship agreement and an appointment letter for Mr. Stroll) and to enter into such definitive documentation immediately prior to the release of the announcement formally launching the Placing and Rights Issue. The agreement appends a placing agreement, a relationship agreement and an appointment letter in substantially agreed forms.

The transaction agreement is subject to certain conditions including the Company filing its audited accounts for the financial year ended 31 December 2019 with the Registrar of Companies, such accounts to not contain a modified opinion from the Company's auditors and the Placing and Rights Issue proceeding on substantially the terms set out in this announcement.

The agreement also contains certain rights of termination including, among other things, for material adverse change and where a competing proposal is recommended by the Company's board of directors or completes, becomes effective or is declared or becomes unconditional in all respects.

Placing agreement

It is proposed that the Company and the Consortium enter into a placing agreement immediately prior to the formal announcement of the Placing and Rights Issue. Pursuant to the placing agreement, the Consortium will agree to subscribe for 45,600,577 new ordinary shares under the Placing and take up its rights in full under the Rights Issue.

The placing agreement will be conditional upon, among other things, the formal approval of the Combined Circular and Prospectus by the Financial Conduct Authority and the passing of all Resolutions at the General Meeting.

The placing agreement will contain customary warranties and undertakings from the Company typically included in a placing agreement.

The placing agreement will also contain certain customary termination rights for, including, among other things, material adverse change, breach of warranty and a competing proposal being recommended by the Company's board of directors or completing, becoming effective or being declared or becoming unconditional in all respects.

F1™

Aston Martin Lagonda has entered into an arrangement under which the Racing Point F1™ team will become the Aston Martin F1™ works team with effect from the 2021 season, as described above. Under this arrangement, the parties have agreed to use all reasonable efforts to negotiate in good faith with a view to agreeing a formal sponsorship agreement as soon as reasonably practicable, and in any event within 28 days of this announcement.

Further details will be contained in the Combined Circular and Prospectus when published including in relation to the relationship agreement with the Consortium, the F1™ sponsorship arrangement and Mr. Stroll's appointment letter.

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No representations or warranties, express or implied, are made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this release. This release contains certain forward-looking statements, which are based on current assumptions and estimates by the management of Aston Martin Lagonda Global Holdings plc ("Aston Martin Lagonda"). Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. 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 Lagonda provides no guarantee that future development and future results achieved will correspond to the forward-looking statements included here and accepts no liability if they should fail to do so. Aston Martin Lagonda undertakes 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 release.

This release is for informational purposes only and does not constitute or form part of any invitation or inducement to engage in investment activity, nor does it constitute an offer or invitation to buy any securities, in any jurisdiction including the United States, or a recommendation in respect of buying, holding or selling any securities.

Morgan Stanley is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and Financial Conduct Authority. Morgan Stanley is acting as financial adviser to Aston Martin Lagonda Global Holdings plc in relation to the Placing and Rights Issue, will not regard any other person as a client in relation to the Placing and Rights Issue and will not be responsible to anyone other than Aston Martin Lagonda Global Holdings plc for providing the protections afforded to clients of Morgan Stanley nor for providing advice to any such other person.

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Barclays Bank PLC, acting through its investment bank ("Barclays"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for SHL Capital (UK) Limited (an affiliate of Yew Tree) and no one else in connection with the transaction referred to herein and will not be responsible to anyone other than SHL Capital (UK) Limited for providing the protections afforded to clients of Barclays nor for providing advice in relation to the transaction referred to herein or any other matter referred to in this announcement

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