2024 First Half Results

Wednesday 24th July 2024

2024 Half Year Results Presentation

Lawrence Stroll

Executive Chairman, Aston Martin Lagonda

Good morning. Thank you for joining the Aston Martin Lagonda first half 2024 Results presentation and Q&A.

I am Lawrence Stroll, Executive Chairman. I am pleased to welcome alongside me today Amedeo Felisa, Chief Executive Officer, and Doug Lafferty, Chief Financial Officer.

Successful execution of our strategy in H1 2024

As we enter an exciting second half of 2024, Aston Martin is approaching a pivotal moment in our vision, as we progress towards our long-term commitment to deliver sustainable positive free cash flow generation.

This builds on the solid bedrock of our successfully completed planned refinancing. Securing improved five-year terms following credit rating agency upgrades and enhancing our liquidity through a new increased RCF provided by our existing lenders.

The results we are reporting today demonstrate our focus on execution in the first half of 2024. Reflecting the strong strategic progress made by the Company in recent years, we have delivered two of our four new models this year, on track, during Q2.

In May, we were delighted to be among the first companies in the world to be awarded a Royal Warrant by appointment to His Majesty The King. The same month also saw Aston Martin honoured with a King's Award for Enterprise, solidifying Aston Martin's position as a symbol of British excellence.

Awarded for innovation, this accolade comes at an incredibly apt time, as we continue at pace to progress the most exciting phase of product development in our history.

By the end of this year, we will have the newest – and in my opinion, the strongest – portfolio in the ultra-luxury, high-performance segment.

As I mentioned at the 2023 Full Year Results, I take immense personal pride in the collection of stunning new models we've introduced to our community of owners and enthusiasts around the world. We have combined Aston Martin's renown for timeless design and craftsmanship with the very best performance engineering and latest technology – supercharged by our involvement in the pinnacle of motorsport – Formula One.

As you will have seen from our opening video, since I last presented to you, the new Vantage has received widespread acclaim.

Extensive media test drives have seen the car highlighted as one of the most exciting front engine sports cars Aston Martin has ever produced, and a true drivers' car to disrupt our segment.

Five-star reviews have also followed for the new upgraded DBX707, with its technologically advanced interior now matching its unrivalled, class-leading performance and driving dynamics.

We expect these enhancements will build on DBX707's already strong demand, with around 20% share in key markets of the global ultra-luxury SUV segment.

Earlier this month we also revealed the DBX707 AMR24 Edition, further cementing the link with our Formula One team and maximising our visibility as the Official Medical Car of the sport.

The strong reception for these new products builds on the continued excitement and strong demand for DB12. This model has been the linchpin of our H1 2024 wholesale volumes, as we ceased production of outgoing models ahead of new launches which commenced on track in Q2.

Already a multiple 'Car of the Year' winner, DB12 was recently honoured in Robb Report's 'Best of the Best' issue as the leading GT product in the world. Already sold out for 2024 with orders are now extending into 2025.

Completing our all-new front engine core portfolio, we are delighted to confirm today that we will unveil our new V12 flagship, Vanquish, in September. The first deliveries will take place in Q4 2024, in line with our guidance.

Replacing the DBS, this model features an all-new, 12-cylinder Aston Martin engine, that is set to be a leader in its class.

In addition to our segment-leading core portfolio, Specials continue to play a significant role, demonstrating the Company's unique ability to operate at the very highest levels of the luxury automotive segment. In addition to final deliveries in the second half of the year of Aston Martin Valkyrie's and the 110th anniversary celebration, Valour, we recently unveiled our new ultra-exclusive special, Valiant.

With production strictly limited to 38 units globally and first deliveries to commence in Q4 2024, Valiant received a special ovation when it was driven by Fernando Alonso, up the Hill at the Goodwood Festival of Speed just a couple of weeks ago.

As we complete this phase of product development and innovation, it is an appropriate time for the business to transition to new leadership.

I'd personally like to pay tribute to Amedeo for spearheading the delivery of our next generation of sports cars. Outstanding products which will define his time leading our company and provide a lasting legacy for Aston Martin.

Following a long, and incredibly successful, career at the very top of the global automotive industry, we now wish Amedeo the very best for the future.

We look forward to welcoming Adrian Hallmark to the role of Chief Executive Officer shortly, bringing unrivalled experience in both the ultra-luxury and British automotive sectors to further progress our strategic goals.

Commencing an exciting second half of 2024

We enter the second half of 2024 on track with our plans, as we reach an important point of our journey. We remain confident in delivering our immense product transformation which will support volume growth and sustainable positive free cash flow generation later this year.

The timings of this year's launches all remain to plan, including first deliveries of the new V12 Vanquish and Valiant special in Q4 2024.

We have increased our manufacturing workforce to deliver the ramp up in volumes, with support from the Trade Union, as evidenced by our recent agreement on pay and conditions.

In line with prior guidance, our execution in the first half of the year focused on the successful delivery of our new Vantage and upgraded DBX707. Given the timing of these models being wholesaled towards the end of the period, demonstrators are now arriving at dealers. As experienced with the DB12 launch, we expect this to be a significant catalyst in quickly growing the order book into 2025 for all our models.

Finally, as we've guided since the FY23 results, the volume ramp up of new models will underpin our significant financial performance in the second half of the year and beyond. As shown by our previous Q4 performances, we remain on track and confident in our ability to produce and deliver the significant increase in volumes in the second half, all while maintaining our focus on quality.

As such, today, we are not only continuing to reiterate our 2024 guidance, but importantly, our medium-term targets.

We look forward to taking the momentum built this year from our reinvigorated portfolio into 2025. And with that, I would like to hand over to Doug who will take you through the financial results.

Thank you.

Doug Lafferty

Chief Financial Officer, Aston Martin Lagonda

Thank you Lawrence, and good morning all.

I'll now take you through our financial performance for the first half of the year, which reflected the core portfolio transitioning in line with guidance and strong Specials volumes. Then we will review the 2024 guidance and medium-term outlook, which remain unchanged, as we commence the second half of the year which we expect to be underpinned by significant volume growth supporting positive free cash flow generation.

H1 2024 Financial summary

As Lawrence has outlined, in the first half of 2024 our focus has been on the successful delivery of our new models and we are pleased with how we are executing here.

As previously guided, this transition was reflected in our financial performance for the first six months of the year as we make continued progress towards our near- and medium-term financial targets.

As shown on slide 7, we have delivered continuous improvements from 2021 through to the end of 2023. By the end of this current financial year, we expect that positive trajectory to have continued across our wholesales, revenues and adjusted EBITDA, driven by the significant volume ramp up and benefits of our portfolio transformation we've guided to in the second half of the year.

Performance in the first half of 2024, however, reflects the planned impact of our product portfolio transformation as we transitioned out of previous models and commenced initial deliveries at the end of the period of the new Vantage and upgraded DBX707. These join

DB12 as part of our completely reinvigorated next generation core line up, in addition to Vanquish from Q4 2024.

Starting at the top of the slide, first half total wholesales decreased by 32% to 1,998 units, as our product transformation continued to progress on track. As expected, retails outpaced wholesales.

Revenue decreased by 11% compared to the first half of 2023 to £603 million, which reflects the volume impact of the planned core portfolio transition and FX headwinds as Pound Sterling strengthened. These were partially offset by strong Specials volumes.

Adjusted EBITDA of £62 million decreased by 23%, resulting in 160 basis points of margin dilution to 10.3%. Adjusted EBITDA was ahead of our prior guidance primarily due to the phasing of Specials volumes in Q2. This resulted in a broadly stable H1 2024 gross profit and drove an improved gross margin towards our circa 40% guidance for 2024.

Wholesale volumes & Average Selling Prices (ASP)

Looking at half year wholesales and ASPs in more detail, the split of our wholesales is shown on the left-hand side of the slide.

Sport and GT volumes for the period were underpinned primarily by ongoing DB12 deliveries. This reflects our portfolio transition as we ceased production of previous DBS and Vantage models ahead of the launch of the new Vantage, which commenced on schedule in Q2 2024 and will ramp up through the second half of the year. The new Vanquish will commence delivery in Q4.

As expected, SUV volumes were down by 67% compared to H1 2023, reflecting the planned transition from the outgoing DBX models to the new upgraded DBX707. Initial deliveries commenced on schedule in Q2 2024 and will now ramp up through the second half of the year.

As I've also mentioned, the significant contribution from our Special models in the first half of the year reflected timing of deliveries. This comprised a mature cadence of Aston Martin Valkyries, including the Aston Martin Valkyrie Spiders, and Valour deliveries. As guided, by the end of the year, we expect to complete the final delivery of both these Specials while commencing delivery of the new Valiant in Q4 2024, with the majority delivered by the end of the year.

Looking at the mix in the first half of the year, Sport and GT represented 69% of wholesales, a higher mix than normal due to the change in SUV models.

On the right-hand side of the slide is wholesale average selling prices.

Total ASP of £274k for the first half of the year increased 29%, reflecting the impact of the Specials programme I've mentioned.

Core ASP was £180k, marginally down on the prior year with the comparator including higher priced core vehicles including V12 Vantage Roadster and V12 flagship DBS volumes, in addition to FX headwinds in H1 2024.

Compared with Q1 2024, Core ASP in Q2 increased by 4% as we transition to new Vantage and upgraded DBX707 models in addition to the increased contribution from options revenue.

We are addressing the growing demand for unique personalised products in the ultra-luxury market which drove a continued strong trend in core options revenue up around 400 basis points in the first half of 2024 to 18%. This supports our core ASPs and margins, which I'll come on to shortly. While this current trend reflects the high degree of personalisation typically seen during a new models launch phase, we expect it to remain strong as we move forwards.

Wholesales by region

Moving onto the geographical split on the next slide, as guided, wholesale volumes across all regions were down in the first half of this year compared to H1 2023 due to the portfolio transition. Despite this, volumes remained well balanced across all regions, and we'd expect this to continue as we deliver significant volume growth in H2 2024. Demand for our iconic vehicles is supported by ongoing global and regional marketing activities and of course our fantastic relationship with the Aston Martin Formula One team which continues to be supercharged by the continued positive momentum in the sport.

The Americas and EMEA, excluding the UK, were our largest regions in H1 2024, collectively representing two thirds of overall wholesales, underpinned by strong demand for the DB12.

UK and APAC wholesales were down broadly in line with the overall decline in volumes, reflecting the planned portfolio transition.

The trend we've seen over the last year in China continued, with volumes decreasing by 72% compared with H1 2023, with the region now reflecting a small percentage of total wholesales. This performance reflected a combination of market dynamics and the timing of new model deliveries, which, including DB12, are only due to commence from Q3 2024 onwards. China continues to be a market where we see significant opportunity for long-term growth, and we are excited to bring our new portfolio of products to this market.

As you can see, wholesale volumes remained well balanced across all regions in 2023, reflecting our global demand which is strengthened by our strategic marketing activities and relationship with Aston Martin Formula One team.

The Americas and EMEA, excluding the UK, were our largest regions in 2023, collectively representing 61% of overall wholesales, primarily driven by strong demand for DBX707, DBS770 Ultimate, and DB12. We also grew volumes in the UK by 3% year-on-year, driven by demand for our Sport and GT models. Finally, APAC volumes declined by 20% year-on-year, though excluding China these were up 12% year-on-year, driven by DBX707 and DBS 770 Ultimate volumes. In China, volumes decreased by 47% compared to 2022. This was driven by a combination of market dynamics and the lapping of 2022's peak in DBX Straight Six volumes. China continues to be a market where we see significant opportunity for long-term growth, and we are excited to bring our new portfolio of products to this market.

Gross margin

Moving to Gross Margin, this remains a key building block of our future ambitions and financial targets, with, as we've mentioned, our commitment to ensuring all new models achieve a minimum 40% gross margin.

In the first half of 2024 we delivered a significant improvement of 370 basis points in gross margin to 38.6% as we approach our FY24 target of circa 40%. This reflects the benefits of our ongoing portfolio transformation to next generation models in addition to strong limited edition high margin Specials volumes during the period, which you can clearly see on the slide was a significant contributor to the performance.

As mentioned, through our strategic focus on addressing the demand for luxury personalisation, we delivered increased options revenue, which further supported our margin improvement.

These were partially offset by general inflationary impacts on manufacturing, logistics and other costs, and foreign exchange headwinds.

Adjusted EBITDA

On this slide you can see our adjusted EBITDA result for the first half. As mentioned, at £62 million this was ahead of guidance primarily due to the phasing of Specials. Compared with the prior year, EBITDA decreased 23% resulting in a 160 basis point decrease in margin to 10.3%. This was driven by lower core volumes during the portfolio transition period, FX headwinds and increased net operating expenditure due to general inflationary pressures on the cost base. In addition, increased investment in early stage new product development resulted in higher levels of non-capitalised engineering spend. These were partially offset by strong delivery of Specials and core mix.

With D&A decreasing by 3%, our adjusted operating loss, increased by 15% to £100m in the first half of the year. Compared with Q1 2024, the adjusted operating loss narrowed from £57m to £43m in Q2.

Net adjusted financing costs increased to £88 million from £11 million. The increase primarily reflects the positive impact in the first half of 2023 of non-cash US dollar debt revaluations and the accelerated amortisation of fees in the first half of 2024 related to the prior loan notes.

Finally, adjusting items in the first half of 2024 included movements in the fair value of outstanding warrants and the redemption premiums associated with the refinancing of the senior secured notes.

Capital expenditure, cash flow and balance sheet

Now looking at our capital expenditure, cash flow and balance sheet.

Capital expenditure in the first half of 2024 totalled £200 million as we continued to invest in the future product pipeline, including our next generation models and our electrification programme, which will deliver significant future benefits to the company. Whilst we accelerated some investment into the first half of the year, we expect the pace of investment to moderate in the second half, delivering in line with our FY 2024 guidance.

Free cash outflow increased to £313 million, in line with our guidance at Q1 results. We delivered a sequential improvement in free cash outflow in Q2 2024 compared with Q1, primarily related to the early interest payment made in Q1, improved working capital outflow and the increased EBITDA in Q2. We remain on track to deliver a significant milestone of generating positive free cash flow in the second half of the year and sustainably thereafter.

At the end of June 2024, cash and available facilities totalled £247 million. Our net debt position increased to £1.19 billion following the refinancing in Q1 while our net leverage ratio increased to 4.2x with the focus remaining on deleveraging in the future through continued strategic execution. I will return to our net debt position shortly, after providing some further colour on free cashflow.

Free cash flow

Starting with the loss before tax in the first half of 2024 and adding back D&A, and other items including cash tax paid and net refinancing costs, resulted in £47 million of cash generation.

Working capital was a £119 million outflow, an increase from a £37 million outflow in H1 2023.

This was primarily driven by unwinding of deposits, with the balance of deposits held reducing by £84 million as we delivered Specials throughout the first half of the year. This is a trend we expect to see continue in the second half of the year as we complete deliveries of Aston Martin Valkyries and Valour's in the second half of the year. Inventories increased by £51 million ahead of new model production ramp ups and payables decreased by £39 million mostly relating to the reduction from peak production volumes in Q4 2023.

This was partially offset by a £55 million decrease in receivables following collections from peak sales volumes in Q4 2023.

After Capex, as I previously described, and net interest payments of £41 million, our free cash outflow for the first half of the year was £313 million. We expect this to materially improve as we continue to execute on our portfolio transformation and ramp up of volumes, generating positive free cash flow in the second half of the year.

Cash and debt

And finally turning to cash and debt. We ended the half year with £173 million of cash and total liquidity of £247 million as we reach a pivotal moment in our journey with the unprecedented product transformation that we are on track to deliver supporting growth and positive free cash flow generation in the second half of the year.

As described earlier, net debt increased to £1.19 billion resulting in a net leverage ratio of 4.2x. We expect our leverage ratio to improve by year end and continue improving in line with our medium-term deleveraging target as volume growth drives increased EBITDA in the second half of the year and beyond.

Remain on track to deliver FY 2024 guidance and medium-term targets maintained

In relation to our guidance, we continue to perform in line with expectations and as Lawrence mentioned earlier, remain confident in our ability to deliver the significant second half ramp up in wholesale volumes, which is already well under way. As a result, our 2024 guidance remains unchanged.

Continuing the product portfolio transformation that will drive future growth, in FY 2024 we expect to deliver:

- Enhanced profitability and EBITDA driven by high single-digit percentage wholesale volume growth;
- Gross margin of circa 40%; and
- EBITDA margin expansion continuing into the low 20s driven by the combination of volume growth and gross margin enhancement.

Having commenced delivery of the new Vantage and upgraded DBX707 as planned in H1 2024, we remain confident in the second half launch timings of the remaining two new models, and the ramp up in wholesale volumes resulting in significant second half growth in gross profit and EBITDA compared with the prior year period

From a phasing perspective, Q3 2024 volume performance is expected to materially improve sequentially compared with Q2 2024, including the impact of the annual two-week summer production shut down. Q4 2024 is expected to be the largest quarter of FY 2024 for both volumes and financial performance.

As I've mentioned, we continue to expect free cash flow to materially improve in FY 2024 compared with the prior year and remain on track to generate positive free cash flow in H2 2024. On our way to achieving this milestone, we expect Q3 2024 free cash outflow to continue improving sequentially compared to Q2 2024.

And finally, as shown on the right hand side of the slide, our medium-term outlook for 2027/2028 which delivers significant growth in profitability and free cash flow generation, remains unchanged.

So, to close, and as Lawrence has outlined with our portfolio, brand, and operations, 2024 is already proving to be another significant year of achievement for Aston Martin. We are at a pivotal moment in our journey, with the immense product transformation driving confidence in our ability to deliver volume growth and sustainable positive free cash flow generation in the second half of this year.

We thank all the teams that have supported the business to deliver our objectives so far this year and will continue to focus on ensuring we deliver value to all of our stakeholders.

Thank you, and I'll now hand back to Lawrence before the operator begins the Q&A session.

Lawrence Stroll

Executive Chairman, Aston Martin Lagonda

Closing remarks

Thank you Doug.

To conclude, in the first half of 2024 Aston Martin successfully executed on our strategy and delivered two new models on time, to significant acclaim and strong customer demand.

As we commence an exciting second half of 2024, Aston Martin is now reaching a pivotal moment in our journey, with our immense product transformation supporting volume growth and sustainable positive free cash flow generation later this year, of which we have full confidence in achieving.

I would like to now open the line for questions, to myself, Doug, or Amedeo – who joins me today for what will be his final results call before stepping down with our very best wishes for the future.

Q&A

George Galliers (Goldman Sachs): The first question I had was with relation to the order books. Obviously good news to hear that DB12 is now sold out through into 2025. Can you give us some insight into the recent order momentum on that product and how the order book developed over the 12 months that it's been open? And should we expect a similar pattern in terms of growth in the order book for the Vantage and the new Vanquish, would that be your expectations?

Second question I had was with regards to China. Obviously we're seeing a lot of pressure at some of your automotive peers, as well as some of your luxury competitors in China. What do you think would be the appropriate portion of your deliveries going to China in the medium term, as you think about that market? And is that different at all to your planning assumptions 12 months ago?

Finally, the new U.K. government manifesto did include an intention to restore the 2030 phase-out date for new cars with internal combustion engines. Just wanted to know if you had any engagement with the new administration and whether there was any insight on whether there might be exceptions for small car manufacturers such as Aston Martin?

Lawrence Stroll: I'll take the first question on the DB12 order book. As we mentioned previously once our dealers finally did receive the demonstrators, which is critical to develop the order book, as customers want to drive the car, touch the car, see the car, feel the car, DB12 gained a tremendous amount of traction, hence they sold out the balance of this year and orders commencing into next year.So a lot of customers read the journalist reports, which critically acclaimed the best GT, super tourer probably ever made. So we're very, very pleased with the order book and DB12 has gained a lot of traction.

As far as China is concerned, due to homologation reasons with all of our new product portfolio, China is about six months behind the rest of the world due to the homologation, as I mentioned, to bring the cars into China.

Obviously China is going through a difficult period in all sectors, in automotive as well as other luxury sectors. But our decrease in sales is really due to more of a product portfolio transition rather than the difficulties in China. So we expect China to be, as Doug mentioned, one of our most important markets going forward. Obviously at the moment, going through a difficult time. But again, most of it in terms of our volume is related to a product transition.

As far as the 2030 engines are concerned, we have not spoken to the government. It's too early to say. But I would imagine there will be an exception for car companies making the amount of vehicles we make per year.

So on that note, I will pass over to Doug to answer the balance of your questions.

Doug Lafferty: I think you dealt with it, Lawrence, to be honest with you. So the only thing I would add on China is, obviously over the course of the last 12 months, I think the ratio in terms of our wholesales into China has come down. So it's now well below 10% in terms of the geographic mix. And I think, George, you asked, where do we see that going in the midterm. And I think in the midterm, to Lawrence's point, we do see opportunity for growth back in that market when the market comes back and as we transition to the new portfolio. So I suppose a sort of midterm target there would be to get back to that sort of 10% level in China, as we move forward.

And then on the government, again, we're sort of engaged, as you might expect with the government but not specifically on this topic as yet. We've noted it in the new labor government's manifesto, the intention to move back to 2030. But again, as Lawrence said, we'd expect that there would be a derogation, as there is in the way the legislation is currently written for the small manufacturers.

Henning Cosman (Barclays): Congratulations on the very clean set of results. Perhaps three questions. First one, if you could perhaps discuss a little bit more in detail the Q3/Q4 phasing if you can at all so how do you see wholesales, revenue per unit, gross margin and free cash flow phasing over the next couple of quarters, if you could.

Second question, with Q4, like you say, still being the substantially highest quarter, both with respect to units and to financial performance, it seems production could be around 3,000 units or so, which would be almost 40% higher than the previous record quarter. So in that context, perhaps you could discuss, I think Lawrence addressed it a little bit in the prepared remarks, but perhaps you could address a little bit what that means for capacity and efficiency. Do you have to hire temporary workers? Is there going to be over time involved? Does that cause any execution risk in your opinion?

And finally, perhaps third question, if it's not too premature to talk about 2025, could you perhaps confirm at this point that you expect a lot less phasing in 2025 including in free cash flow as well? And if you could comment if you're okay with current consensus on free cash flow for the full years of 2024 and '25. The observation is just that, that doesn't currently seem to align with the 1.5x net debt-to-EBITDA target ratio.

Doug Lafferty: I think they're probably all questions that I'll answer, Henning. So, on the first one with regards to Q3/Q4 phasing for the second half of this year, we put some guidance in the release this morning.

We've guided to Q3 wholesales being materially higher than Q2, so growing sequentially Q-on-Q, but Q4 will still be the largest quarter of the year from a volume perspective. Remember, we're still ramping up production and wholesales on both the Vantage and the new DBX707 and that we expect to make the first deliveries and wholesales, therefore, of the Vanquish in Q4. So Q3 materially improved on Q2. Q4 will continue to be the largest quarter, and I'll come on to address your second question around that specifically in a second.

As we think about ASPs, I think core ASP will continue to increase over the course of the next couple of quarters. Again, Q4, I expect to be the sort of high point in terms of our average selling price on core vehicles, given that, that will include deliveries and the first wholesales of the Vanquish, which is obviously sits at the top of the core range. Gross margin, we've obviously seen a very strong gross margin in Q2, supported by strong Specials delivery.

As we move through Q3 and Q4, I think gross margin will be less sort of smooth sequentially. So in Q3, we'd expect to see less Specials delivered, which will have an impact on the profile of the gross margin, but then there'll be more Specials delivered again in Q4, as we come with the Valiant.

So in the second half of the year, that would kind of be the profile from a gross margin movement point of view. And just while I'm talking about Specials, I think you could expect to see the volume of Specials delivered in Q3 looking similar to the volume of Specials delivered in Q1 and the volume of Specials delivered in Q4 looking similar to the volume of Specials delivered in Q2.

And then, as it relates to free cash flow, we've guided to materially improved outflow in Q3, but that overall, we still expect the second half to be positive. I would just sort of point out and remind everybody that in terms of the way working capital dynamic is going to work, the major movement will likely continue to be deposit -- the movement in the deposit balance and contributing to outflow. And obviously in the second half, that will be offset, as we continue to grow the volumes. But that's something that I would point out that we expect to see that deposit balance continue to unwind, as we deliver the Specials in the second half. So please keep that in mind when you're thinking about total free cash flow estimations for the full year. So that's the second half.

And I might as well just sort of roll into 2025, Henning, if you allow. So in answering the third question, I think it is a little bit too premature, a little too early to start talking specifically about 2025. But I think when I look at the shape of consensus, it seems reasonable, it seems in the direction of travel that we've been talking about for quite some time. Obviously we can get into the finer guidance points on the various KPIs, as we move closer towards 2025. But our ambition, our target, our focus is clearly on delivering free cash flow positivity for the full year in 2025 and moving towards that leverage ratio target of 1.5x. So that remains absolutely our target in that regard for 2025.

Let me come back to your second question then, which was around Q4. And as you've alluded to, Q4 will remain the largest quarter from a wholesale point of view, which obviously means that it will be the largest quarter from a production point of view. We've been preparing for this for quite some time.

I recall saying at the Q1 results presentation that we've been looking at this plan internally for quite some time, and we know what we need to deliver in the second half. I think the good news is the rates -- the run rates that we need to achieve in the second half of the year in both plants have been achieved previously. The St Athan has run at the kind of rates that we needed to run at in the second half of the year in prior years, and Gaydon has done the same. So we know we have the capability. We have the installed capacity. We've been recruiting a great number of people to come into the business to support the second half of this year and ongoing. We're ready. And I think in terms of execution risk, we have all of the internal capabilities ready. We've demonstrated that we can get through the initial ramp-up phase on the Vantage and the new DBX707 without the disruption that we encountered with the DB12.

So we're ready to go. Execution risks remain the same ones that we've talked about previously. And it's our job to manage those to the best of our ability, but we're confident in delivering what we need to in the second half of the year.

Horst Schneider (Bank of America): Thank you. So the number one is basically on the sales split going forward. So now for example, Vanquish versus DB12, so what I mean I think for Q4, it's going to be more skewed towards the Vanquish. But for 2025, so in a more normal year, what's going to be the split then between Vanquish and DB12?

And then also on the PHEV, so maybe you can clarify again when you expect now the PHEV to be launched? And what strikes me is that all the luxury carmakers raise prices significantly with the PHEVs. So do you plan the same? So can we expect then in 2025 a bigger uplift on the price for the DBX?

And maybe a question for Lawrence. When Adrian starts now basically beginning of September, so basically, what you addressed to him, what Adrian needs to work on first? What are the most pressing tasks you want him to work on? Is there any major agenda that you recommend to him. Very general question, but maybe you can give some insight?

Lawrence Stroll: Hi, Horst. As far as Adrian is concerned, there will be business as usual. He'll step into Amedeo's shoes. We already have a full agenda. So it will basically be continuity. Really looking forward for Adrian to join, with his wealth of knowledge. I think probably the best CEO, certainly in luxury automotive, and maybe in all of automotive. So really looking forward to his wealth of experience and knowledge. I'm sure he'll bring new vision and great ideas, but it will be business as usual and continuity.

As far as the PHEVs are concerned, we will be coming out with a couple of vehicles in PHEV. They no doubt will be more expensive than our current combustion engine versions. I would not say significantly more expensive, I would say, more expensive. That's clearly the demand in the market prior to going directly to BEV, we're feeling it through the customers.

It also brings greater performance to the vehicle, which aligns with our constant thinking of bringing technology and performance into the vehicles. So we're looking forward to bringing our PHEVs in the very near future. And Doug, I'll leave the other questions to you.

Doug Lafferty: So as relating to phasing of volumes and sort of split between the models that you mentioned Horst, I think as I said, second half of the year, we'll continue to see the ramp-up on the new Vantage and the initial deliveries of the Vanquish. The Vanquish, the Vantage and the DB12 all use the same line in Gaydon. So you'll see the DB12 volumes tail off a little bit. DB12 has been the majority of the volumes produced, obviously in the first half of the year, given that in Q1, we were not building the new Vantage, and in Q2, we started that ramp-up. So you'll start to see more Vantage appearing, obviously in the second half of the year, and DB12 will sort of moderate in terms of its volume and then you'll start to see the Vanquish deliveries in Q4.

I still expect to see DB12s ahead of the number of Vanquish was that we'll deliver in Q4. And then, obviously as we go forward, the Vanquish will be the flagship of the range. And if you think about how the volumes used to be structured between the sports cars and the GT on the old Vantage, the DB11 and the DBS, I suspect that the maximum volume of the Vanquish will not be too dissimilar on an annual basis to the maximum volume on the DBS.

That's a sort of rough guide, as to how I see things evolving during the course of the remainder of this year and then in the outer years.

Horst Schneider: Just a follow-up then - the share of the PHEV within the DBX range. I don't know, is that going to be kind of 50/50 split or what do you expect here?

Doug Lafferty: I think it is too early to talk about the split. We haven't come out with any guidance in terms our expected ratio in terms of what our sort of blended powertrain approach is going to be. So we'll bring the PHEVs to market when we can at the appropriate time and make sure that they are competitive in the marketplace, but we're not going to get into the details of what we expect the split of the volumes to be.

Horst Schneider: But the launch is beginning of next year roundabout, right? So it's beginning of next year. It's not later than that.

Doug Lafferty: The first PHEV that we bring to market will be the Valhalla and that will be at the beginning of next year.

Harry Martin (Bernstein): A few questions from me. The first one is just a follow-up on the core ASP numbers. I mean would you still expect the core ASP to grow on a full year basis? So does that sort of imply we can get to something like a mid-single-digit increase in the second half of the year, as the newer models come through and some of those mix shifts drop out of the base? Just a little bit of clarification there.

Second one on the DB12 order book, I'd be interested if you could disclose the level of pricing that's been achieved in that order book and the uplift versus the prior model? And also particularly, if you can give any color on the level of personalisation within that DB12 order book specifically?

And then finally, it'd be good to hear some color on the current conversations with dealers ahead of the product ramp. Are there any changes you're making to incentives or any feedback that you have on the dealer side would be really useful?

Doug Lafferty: No problem. So on core ASP, Harry, as I said, I think we'll see sequential improvement, as we move through the second half of this year, as that product mix improves with the new DBX707 with the Vantage and with the Vanquish coming online.

I think year-over-year, we've guided to expect a sort of modest increase in core ASP versus last year. And obviously last year included V12 Vantage and DBS770 Ultimate, which were both very high-priced vehicles. We're experiencing a bit of FX headwind. So by the time we get to the end of the year, we'll see where we are in terms of our initial sort of ambitions. But on a constant currency basis, I still expect us to be up year-over-year on the core ASP.

With regards to the DB12 order book and personalisation, why don't we focus on the second part of that because I think, Lawrence has covered the order book. And in the release, hopefully, you've seen that we continue to have strong momentum in terms of the contribution for options, and therefore, the element of personalisation of making up the core portfolio.

So last year, we talked about getting to a level of around 15% in terms of the contribution to the core revenue from options and personalisation. And I'm pleased to say that by the sort of first half of this year, we're up to 18%. I think that's flattered slightly by the fact that a lot of the initial vehicles that go into the dealers will have high options take.

But that said, we are seeing significant customer uptake as well in terms of options taken. And we're pleased with the sort of average price we're seeing on the DB12 and that we expect to see on the other core vehicles and the contribution that options make towards that total ASP. So we're moving definitely in the right direction. It's something we'll continue to focus on.

We're seeing the benefits of the New York store, and we'll have other flagship stores, and we're seeing the benefits of focusing a little bit more on Q. And by the way, we're seeing the same thing when it comes to Specials. significant amounts of option take and personalisation.

The third question, I think regards with dealers. Lawrence, I'll hand that one to you.

Lawrence Stroll: As far as the dealers are concerned, firstly, they're all obviously very excited that they will have a full new portfolio of products in their showrooms, all within a year. So no other manufacturer, none of our competitors, can say or have done that. So they're all ecstatic about that.

As far as additional incentives, there are no additional incentives. They remain exactly the same. The incentives come from the demand for the vehicles, and again, being critically acclaimed from the journalists, that's driving a lot, a lot of customers into our dealerships, and that's incentivising enough.

Akshat Kacher (JP Morgan): Three, please. The first one on the order book. When you think about the new Vantage and the DBX, when do you expect to have a good sense of real customer demand or the order bank building up? Should this be by the end of Q3? Or do you expect demonstrator vehicles to arrive later than Q3? That's the first question.

The second one on Gaydon. You mentioned that you expect DB12 production to moderate into the second half versus the first half, because you'll be producing more of the Vantage and the Vanquish. Could you just remind us of the overall production capacity at Gaydon probably by a quarter or the full year annual production capacity based on the current shift and structures at Gaydon, please?

And the third one on Specials. I completely agree, it's too early to talk about 2025, but you should have a very strong visibility in terms of your Specials cadence. And given that you have already had a very strong launch profile in 2024, how should we think about the overall revenue contribution from Specials going into 2025, please?

Lawrence Stroll: On the first question, customer demand for Vantage and Vanquish, if I understood you correctly, the dealers are at the moment just receiving their demonstrators on Vantage, which is key. And we see our order book significantly severely ramp up once the dealers get the demonstrators, so the customers, as I previously mentioned, can drive, see, touch, feel the cars. So that is going to start to happen, as we speak. So literally, Q3, Q4, significant ramp-up in customer demand with the demonstrators in place for Vantage.

As far as Vanquish is concerned, we are launching the car in the beginning of September. The dealers will start receiving the cars in Q4. So again, we'll see that order book start to ramp once the dealers at least have a vehicle to show. So you'll see bigger demand later in Q4 and going into 2025, as we start to deliver the vehicles in the later part of Q4. Doug, I'll pass over to you for the other questions.

Doug Lafferty: So I think the second question was around the execution capability that we have in the footprint. So again, look, just to reassure, we have the capacity, we have the capability to execute on our plans for the second half of this year and to meet our volume ambitions for subsequent years.

I think our installed capacity over both plants is somewhere in the region of 13,000. So there's a lot of headroom. Obviously in order to achieve that, we need to be flexible with our shift patterns. We have the ability to be flexible with shift patterns, and we've got that planned in for the second half of this year, certainly. And hopefully, you may have seen that we've agreed a new pay deal with the workforce over the course of the first half of this year, which gives us security and line of sight in terms of our ability for the workforce to keep delivering in the ways that we need them to. So that was another piece of supporting our ability to execute the second half of this year and into next year.

And then on the third point, with regard to Specials. So yes, look, I think we've tried to be clear in terms of how this year is going to pan out. And obviously we're focused on concluding the deliveries of the Valour and the Valkyrie and getting the majority of Valiant delivered in Q4 this year.

Moving into next year, the focus will shift from the Valkyrie to the Valhalla. So Valhalla deliveries, we expect to commence in the first part of 2025. But look, we have a long heritage and history in terms of bringing Specials to the market. So, our ears will be close to the ground in terms of what customers might be interested in from subsequent Specials for us. And we have a plan in that regard.

So stay tuned in terms of what might come next from Specials. But they are an important part of the mix for us and will continue to be, as we move forward. And the phasing may be a little bit different to the phasing on the core. I would expect core portfolio phasing to be smoother than it certainly has been this year, as we move into 2025 and beyond.

But from a Specials point of view, we'll continue to see deliveries take place in various different parts of the year. So we'll keep you posted on the Specials program as and when. But for sure, next year, we'll switch into gear on the Valhalla in the first part of 2025.

Philippe Houchois (Jefferies): A lot of questions have been asked and answered already, thank you very much. I'm looking on the 40% gross margin you've achieved almost in the first half. It's very heavy on Specials, which is great. But I'm just trying to understand, are we still looking at a business model, where DBX, DB12, Vantage will also be 40% gross margin products? Because it's hard to read right now between the contribution of Specials and the underlying profitability of the core range. Can you confirm that 40% is across the product lineup?

Doug Lafferty: Yes. So 40% gross margin remains a target on all of the core portfolio - sorry, I should say 40% minimum. Obviously there'll be a ladder, which will be somewhat reflective of the price positioning of the cars. So yes, the 40% minimum across the core range is absolutely still a target for us.

This period that we've gone through in the first half of the year, and I talked a little bit about this at Q1, we've been running a fairly inefficient footprint in terms of the volume of cars, versus what our total capacity could be. And if you think we've delivered 2,000 cars in the first half of the year, you might imagine there's quite a lot of fixed costs being absorbed into the core portfolio margin that has been delivered.

So, as we move through the second half of the year and as that ramp-up continues, we'll start to see the core margin improve. And we're still confident that we'll get to a gross margin of c. 40% for this year, which has been our quite long-standing target, and then we'll kick on from there. And then obviously with regards to Specials, we've seen a very strong contribution from Specials in Q2 this year, and that contributed to a very strong gross margin in the second quarter. As I've mentioned, Q3, I expect to be down again from a Specials point of view in terms of volume delivery or margin contribution, but then Q4 will pull back up again.

So overall, we've got to deliver over 40% margin in the second half of the year to get to that circa 40% for the full year. That's what we're focused on. But the short answer to your question is, yes, every core car minimum 40% gross margin target, that has not changed.

Philippe Houchois: Right. Because I understand you don't want to get into discussion about how many Specials in the future, but we're looking at a significantly higher level of Specials potentially. So I don't want to be overly excited about the margin prospects, but this is quite positive if you maintain a level of Specials, around 200, into 2025, for example.

Doug Lafferty: I would encourage you to think of Specials from a sort of margin contribution point of view rather than volume point of view. So, the number of Specials in terms of absolute volume is probably not the way to think about it. The way to think about it is what is the profile of those Specials that we're bringing to market and the margin they contribute.

Philippe Houchois: And can I ask you -- I mean it's great news. You've maintained a high single-digit % growth in terms of units and all this. So it's a lot of production in the second half. We discussed that already. Any indication unless I missed it between Q3 versus Q4? Are we going to have a monster Q4. And I understand you've been preparing for that ramp-up, you've hired new people, and everything is under control. But do we have a massive step-up in Q4 versus Q3? Or do we have a sustained Q3 and just a higher Q4.

Doug Lafferty: Look, we have a materially higher Q3 than we have Q2 in terms of volumes, but Q4 will definitely be the largest quarter. And that was written in our release. I think I've mentioned that in answer to a couple of questions. So materially higher from a volume point of view in Q3, but Q4 will be the highest quarter.

Lawrence Stroll: One point I would like to add on that. This is not new for us. In the last two years, we've always had these strong Q4's. So we know very well how to prepare for it. It's happened in the last two years previously. It's nothing new for us. And again, we've been preparing, we've done it for two years previously and we're going to deal with it again this year.

Philippe Houchois: While I have you on the call Mr. Stroll, if I may. I'm just wondering, I've asked this question before but not to you directly, but we have now Adrian coming as the CEO. Have you considered adjusting the governance of Aston Martin? You're Executive Chairman in the U.K., is an odd position, where you feel like a CEO is not fully in charge if there's an Executive Chairman. Would you consider stepping down from that position to make sure Adrian runs the business, as he should and you're Chairman?

Lawrence Stroll: No. The answer to that question is no. It will remain exactly as it's been with Amedeo and it's working just fine. So if it ain't broke, we don't have to fix it.

Closing remarks

Lawrence Stroll

Executive Chairman, Aston Martin Lagonda

I just would like to thank everybody for their attendance and their questions. We obviously have a very exciting second half of the year. And as I just mentioned, we've done this before. And we will do it again. So stay tuned.