

Business review of another business utilising their published Financial Statements.

Financial Management and Planning

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Student: Sara Ladd

Student Number: 2113131

Tutor: Howard Davies

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Executive Summary

The purpose of this business report explores the potential for a joint venture opportunity for a £5m project with the luxury British car brand, Aston Martin to produce an electric vehicle. An analysis of the financial statement has been carried out to measure the health of the business from a profitability, efficiency and liquidity perspective.

Historic financial ratios indicate that there are no clear trends and no signs of significant improvement. There is an improvement in ratios from 2018 to 2019, but 2020 really affected the financial health of the business.

Initial primary concerns come from management. 2022 saw some big structural changes in leadership at Aston Martin. Doug Lafferty was made Chief Financial Officer (CFO) and Amedeo Felisa, the former Ferrari CEO (a brand that was voted number 1 in the Top 10 Strongest Auto Brands for 2022, and 2021), became Aston Martins's new CEO in May 2022 (Automotive News Europe. 2022).

UK government intend to end sales of all new petrol and diesel vehicles by 2030, and for all new cars and vans to be fully zero emission at the tailpipe by 2035 (GOV UK. 2022).

The goals of this financial statement are to strengthen the conclusion and recommendations for this project and create a clear indication of why this project should not be undertaken.

Introduction

This business report explores the recommendations for a potential joint venture opportunity with Aston Martin for a £5m project. The annual reports from 2019 - 2021 have been reviewed, along with the latest financial figures up until the third quarter (Q3) of 2022.

Aston Martin, an ultra-luxury British brand, aims to be 'the world's most desirable', to create the most exquisitely addictive performance cars (Aston Martin, 2022). Founded in 1913, the company has had a 'roller coaster' ride of different levels of success and several changes of hands (Lovett, D. 2019). Ranked 70 in the Automotive Industry in 2022, down 10 from 2021, and down 40 from 2019 (Brand Finance (a). 2022).

Based in Gaydon, Warwickshire with over 2200 employees and 168 third-party dealer locations (2021 annual report), Aston Martins's average selling price of £162,000 is a reflection of the vehicle's craftsmanship, technology and precision that has gone in to create them. 2021 revenue of £1.1bn (+12% vs 2019) was due to customer demand, substantial volume growth and strong pricing dynamics. 2021 had a 55% increase in wholesale units (3394 units in 2020), where YTD (Q3 2022) was at 4060 units (-4% vs 2021 YTD).

There are financial risks where their leverage levels could inhibit their ability to raise additional capital. £654m was raised in September 2022 via a 'rights issue that brought in Saudi Arabia's Public Investment Fund as a significant investor' (Gibbs, N. 2022).

Although the 'James Bond's favourite carmaker has been on a rocky road since listed on the London Stock Exchange in October 2018'. (Domat, C 2022), it was voted 4th in the Top 10 Strongest Auto Brands 2022 in the world, with a Brand Strength Index (BSI) of 84.8 (Brand Finance (a). 2022). The financial numbers may not be positive, the brand as an image and what it represents from a marketing, reputation and awareness standpoint could be what is keeping the brand afloat.

Aston Martins's future innovation strategy sees the development of Plug-in Hybrid Electric Vehicles (PHEV) and Battery Electric Vehicles (BEV). Through increasing the talent for electrification skills and resources through new powertrain engineers, AM plans to launch its first PHEV in 2024, and the first fully-electric vehicle by 2025. With 2030 being their aim to have a fully electrified Sport / GT and SUV portfolio (Aston Martin Lagonda. 2022), this strategy is showing in line with the UK Government strategy.

This report will critically evaluate profitability, efficiency, liquidity, investments and gearing ratios and analyse the conclusion for this business report.

Financial Statement

A financial statement is a report that shows a business's financial activities and performance (Xero, 2022). Within this financial statement, we will look at annual figures, year on year, with the exception of 2022, where we only have the first three-quarters of the figures.

The benefits of financial reporting allow businesses to track cash flow, analyse assets, liabilities and owner's equity, as well as provide information to investors. The focus will be on the income statement and balance sheet.

The results from the financial statement can determine the ability to generate cash, and the sources and uses of that cash, along with the capability to pay back its debts. A clear insight to spot trends and any issues, and to derive financial ratios from the statements to indicate the condition of the business. (Accounting Tools, 2022).

Financial Statement Limitations

Limiting factors for the financial statements consist of needing at least three years of figures to see the big picture. This allows trends to become more apparent and the ability to do a thorough comparative analysis. (Dennis, M. 1995). They can also be misleading for future projects as the financial statements are entirely historical. (Accounting Tools, 2022).

When looking at other businesses, there may be limitations in comparison possibilities where financial reporting may differ. There's concern that they can be fraudulently manipulated to provide a better result, or even lead a lender to provide financial support to a business that cannot realistically repay it (Accounting Tools, 2022). The financial statement is important to help evaluate, gauge and control financial risk. (Dennis, M. 1995).

Financial Ratios

Financial ratios will help measure two or more components from the financial statements. The ratios can help to analyse and determine various aspects of a business, for example, profitability, liquidity or solvency (CFI Team, 2022), which will help specify any trends which arise annually and predict the direction of future financial performance. Ratios can be used to compare their performance to similar businesses, and to understand the position a company falls within the market.

There are five categories of financial ratios which we will look at in this review.

1. Profitability Ratios
2. Liquidity Ratios

3. Activity Ratios
4. Financial Gearing Ratios
5. Investor Ratios

Financial Ratios Limitations

Some ratios may prove to be more or less useful and accurate. These issues can be dependent on economic factors government actions and market sentiment. With new investments from Saudi Arabia, and new leadership and management, we could see an effect on future ratios and predictions will be unclear.

Financial ratios are only based on historical data. (Vaidya, D. n.d). Failure in capturing the impact of seasonality can cause a false interpretation of ratio analysis. There is also no consideration of market conditions, inflation, and is sometimes seen to be susceptible to creative accounting.

Profitability Ratios

	2022 (Q1-Q3)	2021	2020	2019	2018
Profitability Ratios					
Gross Profit Margin	33.4%	31.4%	18.2%	35.6%	39.7%
Operating Profit Margin	-13.80%	-6.98%	-52.78%	-3.68%	6.64%
Net Profit Ratio	-60.43%	-17.28%	-67.10%	-10.47%	-5.21%
Return on Assets	-	-6.66%	-14.69%	-4.68%	-2.90%
Return on Equity	-	-28.66%	-51.05%	-29.09%	-12.71%

Gross Profit Margin

To assess the financial health of a business, reviewing the gross profit margin, a measure of profitability that shows the percentage of revenue that exceeds the cost of goods sold (COGS) is needed (Maverick, J.B. 2021 a). A gross profit margin of 34% is a considerable achievement (Fields, E, 2011. P131), which may be achievable for 2022.

Aston Martin achieved a gross margin of 31.4% (2021), an improvement from the previous year (2020: 18%). This comes from increased revenue, combined with the efficiency work conducted at Gaydon and St Athan to reduce manufacturing costs per unit by 20%, and other actions on costs. (Aston Martin Lagonda. 2022, p77). Within this, they have achieved to offset the non-repeat £13m of furlough credits received from the year prior (Aston Martin Lagonda. 2022, p79).

Operating Profit Margin & Net Profit Ratio

Both the operating profit margin and net profit ratio have improved from 2020 to 2021. Operating losses for 2021 (-6.98%) were drastically reduced from the previous year (2020 -52.78%), despite increased investment in brand and marketing activities. (Aston Martin Lagonda. 2022, p22). By comparing to Ferrari, which continues to be the most profitable auto brand, its operating profit margin increased from 21.4% (2020) to 25.5% (2021) (Munoz, J. 2022), these are distant figures for Aston Martin.

A good net profit margin for the automotive industry was 7.5% between 2015 and 2020, with most companies scoring at least 4% (Maverick, J.B. 2021 b). 2021 saw an improvement in AM net profit ratio (-17.28%), but based on YTD 2022 (Q3), it has declined to -60.43%.

Unfortunately, it is not possible to see whether a surge in revenue will come in Q4 to improve the ratio as we do not have figures based on previous years' quarters to compare and forecast.

Return on Assets (ROA)

By measuring the profitability of Aston Martin relative to the total amount of assets invested in the business (Fields, E, 2011. P131) we see that the ROA for 2021 was -6.66%, where a good (ROA) in the automotive industry is 3.87% (Maverick, J.B. 2021 b). Included in the assets are working capital, tangible assets and financial assets.

Return on Equity (ROE)

A key financial ratio for evaluating a company, especially within the automotive industry is the ROE (Maverick, J.B. 2021 b), which measures the net profit returned in relation to shareholders' equity. ROE for 2021 was -28.66%, where ideally for investors and analysts, this would be a high figure. Aston Martin has not seen a positive ROE over the last three years.

Liquidity Ratios

	2022 (Q1-Q3)	2021	2020	2019	2018
Liquidity Ratio					
Current Ratio	-	0.96	1.10	0.66	0.70
Quick Ratio	-	0.74	0.84	0.43	0.49
Cash Ratio	-	0.46	0.61	0.13	0.18

To look at the efficiency of Aston Martin, we look at the liquidity ratio, which can determine a company's ability to pay its short-term debt obligations (CFI Team, 2022). Current assets consist of cash, short-term investments, prepaid expenses, accounts receivables and inventories.

Current liabilities (the denominator for each liquidity ratio) include credit card debt, accounts payable, bank operating credit, long-term debt that must be repaid within a year, accrued expenses and taxes payable (BDC. 2022).

Each ratio YoY is inconsistent and there is no clear increase in improvement for these efficiency ratios, whereas if this was the case it could translate to improved profitability (Kenton, W. 2021).

Current ratio

The current ratio for 2021 was 0.96. If the current ratio is below 1.0, there is an indication of a liquidity problem (Fields, E 2011, p116). Although 'other financial liabilities' have been reduced by nearly £50k (2021) vs 2020, the total current liabilities are up by £96,900,000.

An improvement to the current ratio from 2019 to 2020 (+0.44), but it does warrant worry as the business may not be able to withhold their paybacks and liabilities.

Quick Ratio (Acid Test Ratio)

Similar to the current ratio, but with a more immediate time frame (Fields, E 2011, p118), there is a difference in liquidity between accounts receivable and inventory. Within Aston Martins's annual report, 'inventories are stated at the lower of cost and net realisable value'. (Aston Martin Lagonda 2022, p164).

Ferrari achieved a 3.1 quick ratio for 2021, against Aston Martin's 0.74 (-0.1 vs 2020).

There was a reduction of £10.6m in inventories from 2020 to 2021, despite the step up for Aston Martin Valkyrie build and the expanded product portfolio (Aston Martin Lagonda 2022, p81).

Activity Ratios

	2022 (Q1-Q3)	2021	2020	2019	2018
Activity Ratios					
Days Sales Outstanding (DSO)	-	81.11	106.14	91.39	80.16
Inventory Turnover	-	3.82	2.41	3.20	4.00
Days Payable Outstanding (DPO)	-	354.90	427.5	404.1	398.2

Days Sales Outstanding (DSO)

The average number of days the company took to collect accounts receivable from its customers (Fields, E 2011, p120) for 2021 is 81.1. This is very high, as usually a 30-day is thought to be good, and raises caution as there may be inefficient procedures, and can affect supply chain relationships.

Inventory Turnover

Its most valuable asset is inventory. (Fields, E 2011). Inventory analysis is needed to determine the cause of a low score.

From a risk mitigation perspective, Aston Marting is doing routine monitoring of dealer stock levels to support a build-to-demand strategy. (Aston Martin Lagonda 2022 p40), and according to their report, now hold the optimum stock levels for an ultra-luxury business with supply being aligned to customer demand.

For Aston Martin, the inventory consists of the following:

- raw materials, service parts and spare parts – purchase cost on a first-in, first-out basis;
- work in progress and finished vehicles – the cost of direct materials and labour plus attributable overheads based on a normalised level of activity, excluding borrowing costs.

Although the 2021 inventory turnover ratio was the highest in comparison to the two years prior, it stands at a low ratio. Having a low ratio can indicate decreased market demand for certain products (Jenkins, A. 2022).

Financial Gearing Ratios

	2022 (Q1-Q3)	2021	2020	2019	2018
Financial Gearing Ratios					
Gearing Ratio	-	65.91%	59.52%	73.86%	61.91%
Debt / Equity Ratio	-	3.30	2.48	5.22	3.38
Return on Shareholders Equity	-	-28.66%	-51.05%	-29.09%	-12.71%
LT Debt / Equity Ratio	-	1.63	1.21	2.34	1.35
Interest Coverage	-	-0.44	-1.76	-0.44	0.50

Gearing Ratio

To measure the proportion of Aston Martins's borrowed funds to its equity (Accounting Tools 2022 a), we are unaware of the debt repayment schedules, and whether it consists of variable interest rates, leading to potential serious payment problems. If we were to persist with this joint venture, there is worry and uncertainty about the loan to be repaid. In regards to a confident agreement, there is a need to look into restrictive covenants. (Accounting Tools 2022 a).

With consistent high gearing ratios with the highest of 73.86% (2019), further information is needed to see what Aston Martin intends to do to reduce the ratio. Options for this consist of selling shares, converting loans, reducing working capital or increasing profits.

Debt / Equity Ratio

By dividing the company's total liabilities by its shareholder equity (Fernando, J 2022), we see that Aston Martins's financial leverage is high, and worry that the company is financing with debt instead of its own resources.

According to the British Business Bank (n.d), manufacturing industries would often have high ratios greater than 2. With the 2021 D/E ratio calculated at 3.30, there may be benefits for a high D/E ratio, which indicates a levered firm and shows preferability, where it can easily service its debt obligations through cash flow, increasing equity returns (CFI 2022), but concern that AM indicates a less stable levered firm if problems occur.

Return on Shareholder's Equity

A negative shareholder equity ratio of -28.66% (2021), which has significantly improved from 2020, but is still negative, signifies the potential of AM being in financial distress and needs further investment to understand the negative balance.

With an accumulation of losses, this consistently low ratio can lead to investors losing funds and raising a warning that there aren't enough assets to offset their debts (Indeed Editorial Team 2022).

Long Term Debt / Equity Ratio (LT D/E Ratio)

Over the last full four years, there is no trend of the LT D/E ratio improving and figures are inconsistent. Long-term debt includes borrowings, lease liabilities, provisions, and employee benefits (Aston Martin Lagonda. 2022).

To determine the leverage that AM have taken on, there is a concern of a greater risk of bankruptcy when looking at the LT D/E Ratio, with no clear trends to follow for future cash flow (Accounting Tools. 2022 b).

Interest Coverage

Aston Martin has seen a negative interest coverage ratio for the last three years which shows that the current earnings are insufficient to service its outstanding debt. This ratio is used to measure how well they can pay the interest due on outstanding debt.

Investor Ratio

	2022 (Q1-Q3)	2021	2020	2019	2018
Investor Ratios					
Earnings per Ordinary Share		-1.64	-5.32	-0.46	
Dividend cover	-	-	-	-	-
Price per Earnings Ratio		-0.08	-0.04	-0.67	-1.08
Dividend Yield Ratio	-	-	-	-	-

There was no profit in the last three years, meaning no dividend has been paid or declared, therefore we can not calculate the dividend ratio or yield ratio. These ratios would have told us how much money the business is returning to its shareholders versus reinvesting in growth.

Earnings per ordinary share (EPS)

A fundamental measure of share performance. (Atrill, P & McLaney 2019, p226) we can see that the number of ordinary shares reduced from 228m to 77.2m from 2019 to 2020, but with a worse financial year (2020), the EPS has drastically reduced to an EPS of -5.32.

Price-per-earnings ratio (P/E)

The price-per-earnings ratio relates the market value of a share to the earnings per share (Atrill, P & McLaney 2019, p228), helping to gauge market expectations for future earnings. AM have a low P/E ratio which shows that over the last three years, they are not generating sufficient profit, which could lead to a risk of bankruptcy (Estevez, E 2020).

Lawrence Stroll, Executive Chairman of Aston Martin, owning 25.6 million shares as of 31 December 2021, has invested over \$30 million into the company since the start of 2022 and now owns roughly 30% of Aston Martins's shares. Stroll mentions “‘As a group of investors we share a firm belief that Aston Martin is undervalued’ (Bhattacharjee, S. 2023). This shows commitment as there is high insider investment happening, with belief in the brand.

Summary of Findings

From reviewing the financial statements, these are the summary of findings:

- The health of a business is a concern as there is no profitability.
- Aston Martin is not meeting any average industry standard ratios.
- Strategies are in place to improve the liquidity and profitability of the business.
- New management has been in place since 2022, but haven't seen their impact on the business yet.
- There is a commitment from the inside, who are investing in the business, and a positive that shows belief and credibility as a brand.

Conclusion

To conclude this business review, the answer to a joint venture for the business is not to progress. After analysing the financial statement it is clear that Aston Martin has been an 'unprofitable automaker' (Gibbs, N 2022) for the last few years. Looking back further to 2015, where the net profit margin ratio is -11.42% (Aston Martin 2016), there is no confidence in the figures to invest.

Sales in China grew more than 206%, new car sales grew by 82% YoY in 2021, and they reached the highest retail sales since 2007 (Aston Martin Lagonda 2022 p6), but the concern comes from a brand reputation perspective. Share values dropped when news broke of Aston Martin's potential acquisition by Saudi Arabia (Domat, C 2022). With new management being appointed in 2022, there is the worry that the direction of the business may change, with electrification vehicles being pushed back and not a priority.

Frankels' (2023) word to describe Aston Martin would be 'survival', and that it 'simply shouldn't exist'. Surviving by the willingness of investors to buy into the brand does not suffice as a worthy investment (Gibbs, N 2022), and the financial ratios do not show that the brand is recovering or getting stronger.

Risk appetite is considered low on liquidity, and AM has put actions such as raising additional capital through financing activities, daily review of cash and working capital balances, as well as transformation activity to deliver targeted cost savings and efficiencies for risk mitigation (Aston Martin Lagonda 2022), the unpredictability of its liquidity needs further research for a confident joint venture to permit. Although the joint venture falls in line with its strategy toward electric vehicles, the business is not currently in a healthy position and is far from being profitable.

Recommendations

With the change that is happening within Aston Martin, there is a lack of confidence and no clear vision as to what the priorities are for the business. If shareholders are having to 'bail out' the business through investing and opening up the shares to the middle east, there is the worry that the business is losing control of its reputation, quality and authenticity of the luxury brand.

It would be risky to invest in a joint venture as it stands and would recommend looking for another brand which is in a better position or re-evaluating in a few years' time when new management has settled and COVID-19 implications are fully diluted.

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Appendices

Profitability Ratios

Gross Profit Margin = (Gross Profit / Sales) x 100

Operating Profit Margin = Operating Profit / Sales x 100

Net Profit Margin = Net Income / Sales x 100

Return on Assets = Net Income / Total Assets x 100

Return on Equity = Net Income / Shareholder's Equity

Liquidity Ratios

Current Ratio = Current Assets / Current Liabilities

Quick Ratios = Current Assets Less Stock / Current Liabilities

Cash Ratios = Cash and Cash Equivalents / Current Liabilities

Activity Ratios

Daily Sales Outstanding (DSO) = Trade and other receivables / Average Revenue per Day

Inventory Turnover = Cost of Goods Sold / Average Inventory / Stock

Days Payable Outstanding (DPO) = Trade and Other Payables / Average COGS per Day

Average Revenue per Day = Annual Revenue / 365

Average COGS per Day = Annual COGS / 365

Financial Ratios

Gearing Ratio = Non Current Liabilities / Equity plus Non Current Liabilities x 100%

Debt / Equity Ratio = Total Liabilities / Stockholders Equity x 100%

Return on Shareholders Equity = Net Income / Stockholders Equity x 100%

Long Term Debt / Equity Ratio = Long Term Debt / Stockholders Equity x 100%

Interest Coverage = Operating Profit / Interest Charge x 100%

Investors Ratios

Earnings Per Ordinary Share = Net Income (Profit after Tax) / No. of Shares

Dividend Cover = Net Income (Profit after Tax) / Dividend Proposed and Paid x 100%

Price per Earnings Ratio = Market Value per Share / EPS

Dividend Yield Ratio = Dividend per Share / Market Value per Share x 100%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021			2020		
		Adjusted £m	Adjusting items* £m	Total £m	Adjusted £m	Adjusting items* £m	Total £m
Revenue	3	1,095.3	–	1,095.3	611.8	–	611.8
Cost of sales		(751.6)	–	(751.6)	(500.7)	–	(500.7)
Gross profit		343.7	–	343.7	111.1	–	111.1
Selling and distribution expenses		(84.8)	–	(84.8)	(79.6)	–	(79.6)
Administrative and other operating expenses		(333.2)	(2.2)	(335.4)	(256.4)	(98.0)	(354.4)
Operating loss	4	(74.3)	(2.2)	(76.5)	(224.9)	(98.0)	(322.9)
Finance income	7	2.3	34.1	36.4	33.1	6.9	40.0
Finance expense	8	(173.7)	–	(173.7)	(107.6)	(75.5)	(183.1)
Loss before tax		(245.7)	31.9	(213.8)	(299.4)	(166.6)	(466.0)
Income tax credit	9	16.2	8.3	24.5	22.6	32.9	55.5
Loss for the year		(229.5)	40.2	(189.3)	(276.8)	(133.7)	(410.5)
(Loss)/profit attributable to:							
Owners of the Group				(191.6)			(419.3)
Non-controlling interests				2.3			8.8
				(189.3)			(410.5)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of Defined Benefit liability	25			3.8			(59.1)
Taxation on items that will never be reclassified to the Income Statement	9			(1.0)			12.3
Effect of change in rate in taxation	9			6.0			–
Items that are or may be reclassified to the Income Statement							
Foreign currency translation differences				2.3			0.8
Fair value adjustment – cash flow hedges	22			(0.3)			6.6
Amounts reclassified to the Income Statement – cash flow hedges	22			(4.3)			9.7
Taxation on items that may be reclassified to the Income Statement	9			1.2			(3.1)
Other comprehensive income/(loss) for the year, net of income tax				7.7			(32.8)
Total comprehensive loss for the year				(181.6)			(443.3)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group				(183.9)			(452.1)
Non-controlling interests				2.3			8.8
				(181.6)			(443.3)
Earnings per ordinary share							
Basic loss per share	11			(165.9p)			(543.0p)
Diluted loss per share	11			(165.9p)			(543.0p)

All operations of the Group are continuing.

* Adjusting items are defined in note 2 with further detail shown in note 5.

The notes on pages 159 to 210 form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

	Notes	31 December 2021 £m	31 December 2020 £m
Non-current assets			
Intangible assets	12	1,384.1	1,336.8
Property, plant and equipment	14	355.5	389.6
Right-of-use lease assets	15	76.0	71.4
Trade and other receivables	17	2.1	0.9
Other financial assets	19	0.5	0.1
Deferred tax asset	9	156.4	106.5
		1,974.6	1,905.3
Current assets			
Inventories	16	196.8	207.4
Trade and other receivables	17	243.4	177.9
Income tax receivable		1.5	0.2
Other financial assets	19	7.3	14.6
Cash and cash equivalents	18	418.9	489.4
		867.9	889.5
Total assets		2,842.5	2,794.8
Current liabilities			
Borrowings	22	114.3	113.5
Trade and other payables	20	721.0	578.9
Income tax payable		5.5	1.2
Other financial liabilities	21	34.8	83.3
Lease liabilities	15	9.7	9.3
Provisions	24	19.9	22.1
		905.2	808.3
Non-current liabilities			
Borrowings	22	1,074.9	971.3
Trade and other payables	20	9.8	7.5
Lease liabilities	15	93.7	93.7
Provisions	24	19.0	16.8
Employee benefits	25	78.7	92.5
Deferred tax liabilities	9	0.8	0.6
		1,276.9	1,182.4
Total liabilities		2,182.1	1,990.7
Net assets		660.4	804.1
Capital and reserves			
Share capital	26	11.6	11.5
Share premium		1,123.4	1,108.2
Merger reserve		143.9	144.0
Capital redemption reserve		9.3	9.3
Capital reserve		6.6	6.6
Translation reserve		2.7	0.4
Hedge reserves	22	6.7	10.9
Retained earnings		(662.4)	(503.1)
Equity attributable to owners of the group		641.8	787.8
Non-controlling interests		18.6	16.3
Total shareholders' equity		660.4	804.1

The Financial Statements were approved by the Board of Directors on 22 February 2022 and were signed on its behalf by

TOBIAS MOERS
CHIEF EXECUTIVE OFFICER
COMPANY NUMBER: 11488166

KENNETH GREGOR
CHIEF FINANCIAL OFFICER

2020

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		2020			2019 restated *		
	Notes	Adjusted £m	Adjusting items** £m	Total £m	Adjusted £m	Adjusting items** £m	Total £m
Revenue	3	611.8	–	611.8	980.5	–	980.5
Cost of sales		(500.7)	–	(500.7)	(642.7)	–	(642.7)
Gross profit		111.1	–	111.1	337.8	–	337.8
Selling and distribution expenses		(79.6)	–	(79.6)	(95.0)	–	(95.0)
Administrative and other operating expenses		(256.4)	(98.0)	(354.4)	(233.7)	(42.1)	(275.8)
Other expense	5	–	–	–	(19.0)	–	(19.0)
Operating loss	4	(224.9)	(98.0)	(322.9)	(9.9)	(42.1)	(52.0)
Finance income	8	33.1	6.9	40.0	16.3	–	16.3
Finance expense	9	(107.6)	(75.5)	(183.1)	(77.3)	(6.6)	(83.9)
Loss before tax		(299.4)	(166.6)	(466.0)	(70.9)	(48.7)	(119.6)
Income tax credit/(charge)	10	22.6	32.9	55.5	(6.8)	8.8	2.0
Loss for the year		(276.8)	(133.7)	(410.5)	(77.7)	(39.9)	(117.6)
(Loss)/profit attributable to:							
Owners of the Group				(419.3)			(126.4)
Non-controlling interests				8.8			8.8
				(410.5)			(117.6)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of defined benefit liability	26			(59.1)			(1.4)
Taxation on items that will never be reclassified to the Income Statement	10			12.3			0.2
Items that are or may be reclassified to the Income Statement							
Foreign exchange translation differences				0.8			(2.7)
Fair value adjustment – cash flow hedges	23			6.6			9.0
Amounts reclassified to the Income Statement – cash flow hedges	23			9.7			15.6
Taxation on items that may be reclassified to the Income Statement	10			(3.1)			(3.4)
Other comprehensive (loss)/income for the year, net of income tax				(32.8)			17.3
Total comprehensive loss for the year				(443.3)			(100.3)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group				(452.1)			(109.1)
Non-controlling interests				8.8			8.8
				(443.3)			(100.3)
Earnings per ordinary share							
Basic loss per share	12			(543.0p)			(290.6p)
Diluted loss per share	12			(543.0p)			(290.6p)

All operations of the Group are continuing.

* Detail on the restatement of the comparative period is disclosed in note 2 and the impact on Earnings Per Share in note 12.

** Adjusting items are defined in note 2 with further detail shown in note 6.

The notes on pages 101 to 145 form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Notes	31 December 2020 £m	31 December 2019 restated* £m	1 January 2019 restated* £m
Non-current assets				
Intangible assets	13	1,336.8	1,183.6	1,071.7
Property, plant and equipment	15	389.6	350.5	313.0
Right-of-use lease assets	16	71.4	81.8	82.5
Trade and other receivables	18	0.9	1.8	1.8
Other financial assets	20	0.1	0.2	–
Deferred tax asset	10	106.5	45.7	32.7
		1,905.3	1,663.6	1,501.7
Current assets				
Inventories	17	207.4	200.7	165.3
Trade and other receivables	18	177.9	249.7	240.1
Income tax receivable		0.2	0.3	0.8
Other financial assets	20	14.6	8.9	0.1
Cash and cash equivalents	19	489.4	107.9	144.6
		889.5	567.5	550.9
Total assets		2,794.8	2,231.1	2,052.6
Current liabilities				
Borrowings	23	113.5	114.8	99.4
Trade and other payables	21	578.9	734.1	655.2
Income tax payable		1.2	8.9	4.9
Other financial liabilities	22	83.3	6.3	4.2
Lease liabilities	16	9.3	14.1	15.0
Provisions	25	22.1	12.0	10.8
		808.3	890.2	789.5
Non-current liabilities				
Borrowings	23	971.3	839.1	604.7
Trade and other payables	21	7.5	9.4	49.8
Other financial liabilities	22	–	2.6	4.4
Lease liabilities	16	93.7	97.3	101.5
Provisions	25	16.8	16.2	12.9
Employee benefits	26	92.5	36.8	38.7
Deferred tax liabilities	10	0.6	9.9	20.0
		1,182.4	1,011.3	832.0
Total liabilities		1,990.7	1,901.5	1,621.5
Net assets		804.1	329.6	431.1
Capital and reserves				
Share capital	27	11.5	2.1	2.1
Share premium		1,108.2	352.3	352.3
Merger reserve		144.0	–	–
Capital redemption reserve		9.3	–	–
Capital reserve		6.6	6.6	6.6
Translation reserve		0.4	(0.4)	2.3
Hedge reserves	23	10.9	(2.3)	(23.5)
Retained earnings		(503.1)	(42.8)	81.1
Equity attributable to owners of the group		787.8	315.5	420.9
Non-controlling interests		16.3	14.1	10.2
Total shareholders' equity		804.1	329.6	431.1

* Detail on the restatement of the comparative period is disclosed in note 2.

The Financial Statements were approved by the board of directors on 24 February 2021 and were signed on its behalf by

TOBIAS MOERS
CHIEF EXECUTIVE OFFICER
COMPANY NUMBER: 11488166

KENNETH GREGOR
CHIEF FINANCIAL OFFICER

2019

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		2019			2018		
	Notes	Adjusted £m	Adjusting items* £m	Total £m	Adjusted £m	Adjusting items* £m	Total £m
Revenue	3	997.3	–	997.3	1,096.5	–	1,096.5
Cost of sales		(642.7)	–	(642.7)	(660.7)	–	(660.7)
Gross profit		354.6	–	354.6	435.8	–	435.8
Selling and distribution expenses		(95.0)	–	(95.0)	(89.8)	–	(89.8)
Administrative and other operating expenses		(235.2)	(42.1)	(277.3)	(219.1)	(74.1)	(293.2)
Other (expense)/income	5	(19.0)	–	(19.0)	20.0	–	20.0
Operating profit/(loss)	4	5.4	(42.1)	(36.7)	146.9	(74.1)	72.8
Finance income	8	16.3	–	16.3	4.2	–	4.2
Finance expense	9	(77.3)	(6.6)	(83.9)	(83.3)	(61.9)	(145.2)
(Loss)/profit before tax		(55.6)	(48.7)	(104.3)	67.8	(136.0)	(68.2)
Income tax (charge)/credit	10	(8.9)	8.8	(0.1)	0.6	10.5	11.1
(Loss)/profit for the year		(64.5)	(39.9)	(104.4)	68.4	(125.5)	(57.1)
(Loss)/profit attributable to:							
Owners of the Group				(113.2)			(62.7)
Non-controlling interests				8.8			5.6
				(104.4)			(57.1)
Other comprehensive income							
Items that will never be reclassified to the Income Statement							
Remeasurement of defined benefit liability	26			(1.4)			5.4
Taxation on items that will never be reclassified to the Income Statement	10			0.2			(0.9)
Items that are or may be reclassified to the Income Statement							
Foreign exchange translation differences				(2.7)			0.7
Fair value adjustment – cash flow hedges	23			9.0			(30.5)
Amounts reclassified to the Income Statement – cash flow hedges	23			15.6			3.5
Taxation on items that may be reclassified to the Income Statement	10			(3.4)			3.5
Other comprehensive income/(loss) for the year, net of income tax				17.3			(18.3)
Total comprehensive loss for the year				(87.1)			(75.4)
Total comprehensive (loss)/income for the year attributable to:							
Owners of the Group				(95.9)			(81.0)
Non-controlling interests				8.8			5.6
				(87.1)			(75.4)
Earnings per ordinary share							
Basic loss per share	12			(49.6p)			(31.0p)
Diluted loss per share	12			(49.6p)			(31.0p)

All operations of the Group are continuing.

* Adjusting items are defined in note 2 with further detail shown in note 6.

The notes on pages 131 to 174 form an integral part of the financial statements.

FINANCIAL STATEMENTS CONTINUED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	Notes	2019 £m	2018 restated* £m
Non-current assets			
Intangible assets	13	1,183.6	1,071.7
Property, plant and equipment	15	350.5	313.0
Right-of-use lease assets	16	81.8	–
Trade and other receivables	18	1.8	1.8
Other financial assets	20	0.2	–
Deferred tax asset	10	45.7	32.1
		1,663.6	1,418.6
Current assets			
Inventories	17	200.7	165.3
Trade and other receivables	18	249.7	240.8
Income tax receivable		0.3	0.8
Other financial assets	20	8.9	0.1
Cash and cash equivalents	19	107.9	144.6
		567.5	551.6
Total assets		2,231.1	1,970.2
Current liabilities			
Borrowings	23	114.8	99.4
Trade and other payables	21	702.1	671.0
Income tax payable		8.9	4.9
Other financial liabilities	22	6.3	4.2
Lease liabilities	16	14.1	–
Provisions	25	12.0	10.8
		858.2	790.3
Non-current liabilities			
Borrowings	23	839.1	604.7
Trade and other payables	21	9.4	49.8
Other financial liabilities	22	2.6	4.4
Lease liabilities	16	97.3	–
Provisions	25	16.2	12.9
Employee benefits	26	36.8	38.7
Deferred tax liabilities	10	12.6	20.0
		1,014.0	730.5
Total liabilities		1,872.2	1,520.8
Net assets		358.9	449.4
Capital and reserves			
Share capital	27	2.1	2.1
Share premium		352.3	352.3
Capital reserve		6.6	6.6
Translation reserve		(0.4)	2.3
Hedge reserves	23	(2.3)	(23.5)
Retained earnings		(13.5)	99.4
Equity attributable to owners of the group		344.8	439.2
Non-controlling interests		14.1	10.2
Total shareholders' equity		358.9	449.4

* Further detail on the restatement of the comparative period is disclosed in note 2.

The financial statements were approved by the board of directors on February 26 2020 and were signed on its behalf by:

Market Value Per Share

Time Period: [Dec 30, 2021 - Jan 01, 2022](#) Show: [Historical Prices](#) Frequency: [Daily](#) [Apply](#)

Currency in GBp [Download](#)

Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 31, 2021	1,293.00	1,356.03	1,293.00	1,353.00	1,353.00	426,539

Time Period: [Dec 30, 2020 - Jan 01, 2021](#) Show: [Historical Prices](#) Frequency: [Daily](#) [Apply](#)

Currency in GBp [Download](#)

Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 31, 2020	2,004.00	2,023.00	1,960.00	2,009.00	2,009.00	381,215

Time Period: [Dec 30, 2019 - Jan 01, 2020](#) Show: [Historical Prices](#) Frequency: [Daily](#) [Apply](#)

Currency in GBp [Download](#)

Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 31, 2019	3,338.70	3,397.77	3,302.74	3,337.41	3,337.41	14,344

Time Period: [Dec 30, 2018 - Jan 01, 2019](#) Show: [Historical Prices](#) Frequency: [Daily](#) [Apply](#)

Currency in GBp [Download](#)

Date	Open	High	Low	Close*	Adj Close**	Volume
Dec 31, 2018	7,806.13	7,996.18	7,806.13	7,856.21	7,856.21	16,110

*Close price adjusted for splits. **Adjusted close price adjusted for splits and dividend and/or capital gain distributions.

Yahoo Finance. (2023). *Aston Martin Lagonda Global Holdings plc (AML.L)*. [Online].
finance.yahoo.com. Available at:
<https://finance.yahoo.com/quote/AML.L/history?period1=1546128000&period2=1546300800&interval=1d&filt> [Accessed 30 January 2023].