



Student Name: Lois Harris

Student ID Number: 1907505

Employer: Bisley F C Brown Steel Equipment Limited

Role: Technical Buyer

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Lecturer: Howard Davies

Internal Verifier: Graham Howe

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Section 1: Executive Summary

The purpose of the paper is to present the recommendations on a potential joint venture opportunity for a £5 million project with Aston Martin Lagonda Holdings Plc. The conclusions of the paper have been drawn through the analysis of the company's financial statements (income statement, balance sheet and cash flow statements) and calculations of the resulting financial ratios (profitability, liquidity, efficiency, leverage, etc.) The paper addresses the importance and relevance of the trends these metrics present, whilst also identifying limitations and risks to their use.

Additionally, the importance of contextualisation of these results is considered, in order to understand the true position and performance of the company. SWOT analysis is used to compare these findings to those of an industry competitor.

The company's annual report from 2021 has been analysed (as this is the most recent full-year report available) in order to present any additional information, outside of the financial reports, which may be necessary to form a conclusive decision on the opportunity. The unprecedented backdrop of the COVID-19 pandemic and the resulting new leadership team presented some challenging times for Aston Martin; however, they continue with a clear vision for the future; to establish a culture of operation excellence and engineering innovation.

It is suggested that the potential joint venture is considered not only from the perspective of the financial performance of Aston Martin Lagonda Holdings Plc – but also from an environmental, social, ethical, and technological stand-point. It is important to consider the economic climate over the past few years, and the impact that the global pandemic has had on the supply chain around the world (Deloitte, 2020).

The conclusions to the findings of the paper suggest that with the strategy of the new leadership team in place at Aston Martin, it is a long time since core business was in such good health (Aston Martin Lagonda Holdings Plc.). There have been significant improvements across most areas of the financial statements, particularly the income statement. The financial ratios also indicate that the company's performance with respect to profitability and efficiency have improved. It is apparent after reviewing both the balance sheet and cash flow statements that investment spend has increased, which of course does impact the amount of debt and hence the liquidity ratios of the company. Although, with the overall improving business performance and brand value, combined with its manufacturing capabilities, there is an opportunity to take advantage of strategic and operational risks. It is clear that the company strives to be technological driven and innovative, and the investment demonstrates a long-term plan for the longevity and success of the company. Their focus with regards to environmental impact and employee engagement show strong, ethical core values.

It is recommended that the £5 million joint venture project with Aston Martin Lagonda Holdings Plc is pursued, based on both the financial and non-financial information analysed to present this report.

Section 2: Introduction

2.1 Aston Martin Lagonda Global Holdings plc - is the iconic luxury British sports car manufacturer (Aston Martin, 2022). Lagonda founded in 1899 and Aston Martin in 1913, the two brands combined in 1947 when both were purchased by the late Sir David Brown. The company is listed on the London Stock Exchange (London Stock Exchange, 2023) and in 2021 employed over 2,000 people – its revenue £1.1 billion pounds. Its sports cars are produced in Gaydon, England and its SUVs in St Athan, Wales.

In 2020, Lawrence Stroll became the Company's Executive Chairman. This saw significant investment to ensure that the excellence that defines the company's products also extended to how the business was run. Cutting-edge technology continues to push new boundaries in British engineering mastery. 2021 was a pivotal year for the company – it marked the completion of Tobias Moers' first full year as Chief Executive Officer. With a new leadership team and against the challenging global backdrop of the COVID 19 pandemic, the company had a clear vision for the future; to establish a culture of operation excellence and engineering innovation (Aston Martin Lagonda Holdings Plc.)

2.2 Financial Statements - There are three core statements used for financial reporting: the income statement, the balance sheet, and the cash flow statement. Each of these intricately link together to present the financial picture of the company. The primary purpose of the income statement is to present the performance of the business throughout each period and is used to assess profitability. The purpose of the balance sheet is to display the company's assets, liabilities, and shareholders' equity at a point in time. The cash flow statement takes the net income and adjusts it for any non-cash expenses. This statement provides the reasoning for the changes in company's cash and cash equivalents (Schmidt, 2023).

2.3 Financial Ratios - are created using the numerical values from a company's financial statements. They are used to perform quantitative analysis and assess a company with respect to its profitability, liquidity, efficiency, leverage, etc. There are three main purposes of analysis using financial ratios: firstly, to track the performance of the company (Srivastav, Importance of Financial Statements, 2023). Calculating individual financial ratios per period and evaluating their change over time can highlight trends which may be developing. They can also help to understand the trajectory of operations. Secondly, the analysis can be used to make comparative judgements regarding company performance. Comparing results with those of competitors can indicate performance with respect to industry average. However, for an accurate comparison, ratio analysis can only be compared with other companies the same size and type. Thirdly, ratio analysis may be used to strive for specific internally or externally set benchmarks (Srivastav, Objectives of Financial Statements, 2023).

2.4 Limitations and Risks - Financial statements and ratio analysis aim to provide an assessment of the company's past performance and current position. The financial analysis helps stakeholders and other users make economic decisions (CFI Team, 2022). Nevertheless, it is important to remember the limitations and risks. For example, using any financial statement or financial ratio in silo may skew the perception of the company (Bloomenthal, 2022). Additionally, financial statements and ratios do not provide reasoning or rationale for all results, for example external contributing factors such as global pandemics, recessions or supply chain problems could not be identified from these results alone – context is important (Parikh, 2020). Similarly, whilst the financial performance of a company is often one of the most important metrics for investors, considerations should also be made towards other core values of the company such as environmental, social, ethical, technological, and industrial decision-making.

Another type of analysis used to evaluate a company's competitive position is SWOT (Kenton, 2022). This assesses internal and external factors, plus current and future potential to develop strategic

planning. It is designed to facilitate a data-driven look at the strengths and weaknesses of an organization, its initiatives or within its industry. (See appendices 1.1).

Section 3: Review of Financial Statements

3.1 Income statement, balance sheet and cash flow – The primary purpose of the income statement is to present the performance of the business throughout each period and is used to assess profitability. The company's sales revenue is presented at the very top, and then deducts the cost of goods sold (COGS) to find the gross profit. This is impacted by other operating expenses and income, to reach net income – as known as “the bottom line” (CFI Team, 2022).

The purpose of the balance sheet is to display the company's assets, liabilities, and shareholders' equity at a point in time (see appendices 1.2). As the name suggests, the two sides of the balance sheet must balance, meaning assets must equal liabilities plus equity (Economic Times, 2023). The asset section begins with cash and equivalents, which should equal the balance found at the end of the cash flow statement. The balance sheet then displays the ending balance in each major account from period to period. From the income statement, the net income flows into the balance sheet as a change in retained earnings (adjusted for payment of dividends).

The cash flow statement takes the net income and adjusts it for any non-cash expenses. Changes in the balance sheet can be used to calculate cash inflows and outflows. The cash flow statement displays the change in cash per period, as well as the beginning and ending balance of cash. This statement provides the reasoning for the changes in company's cash and cash equivalents. For example, from operating activities, from investing activities and financing activities. Notes to the financial statement provide additional information such as disclosures of significant exchanges of items that did not involve cash, the amount paid for income taxes and the amount paid for interest (Averkamp, 2023).

3.2 External factors and non-financial information - The business model is centred around the brand and its heritage, with an extensive dealer network, innovative partnerships, and world class supply base. It's people, skills and innovation are at the heart of its transformational journey to become an *ultra-luxury* British performance brand. The focus is on style, luxury, performance, and exclusivity – aiming to become most desirable from a customer perspective and experience focus. Creating special models for VIP customers, and winning awards for functionality and beauty, this all helps generate brand awareness – including desirability and relevance.

Leading through innovation, and a breath-taking portfolio, the return to Formula 1 for the first time in more than 60 years exploited marketing and promoted media presence. Accelerating growth and driving profitability are fundamental aspects which can be achieved through attracting and retaining world-class talent. Twenty-four apprentices graduated through the apprentice scheme in 2021, and STEM programmes see regular engagement with local schools to promote careers in manufacturing and inspire the next generation. The pillars of Aston Martin's strategy centre around the “I AM” culture and include aspects such as embedding their I AM values, driving improvements for diversity and inclusion, a focus on employee engagement, clear communication and growing the team to meet the business' future capability needs. The organisational values are honest, transparent, accountable, and courageous.

The Environmental, Social Governance (ESG) strategy shows a commitment to tackling climate change and creating a better environment. Aston Martin aims to achieve net-zero emissions arising from their

manufacturing facilities by 2030, and across their entire supply chain by 2039. Embracing electrification within their products is a key element of the future innovation strategy – by 2030, the sport/GT and SUV portfolio will be fully electrified. The first plug in hybrid electric vehicle is expected to launch in 2024 and the first battery electric vehicle is targeted to launch in 2025 (Aston Martin Lagonda Holdings Plc.).

Section 4: Analysis of Financial Ratios

The results of this quantitative analysis can be used by parties both internal and external to the company. Internal users may include management team, employees, and owners – whilst external users include financial analysts, retail investors, creditors, competitors, tax and regulatory authorities and industry observers (Bloomenthal, 2022). Generally, ratios should not be used in isolation; it is only in combination they can provide a comprehensive view of the company from different angles. There are a few limitations to ratio analysis: ratio analysis information is historic -it is not current, it does not consider external factors, it does not measure the human element of a company, and it may be difficult to compare with other businesses as they may not be willing to share the information (BBC, 2023).

4.1 Profitability Ratios - are used to convey how well a company can generate profits from its operations. Just three examples of these types of ratios are profit margin, return on assets, and return on equity. Profit margins can measure profitability at various levels – the margins shrink as layers of additional costs are taken into consideration, such as the cost of goods sold, operating expenses and taxes. These are calculated as gross margin, operating margin, and pre-tax margin (see appendices 1.3).

Return on assets is used to measure how effective a company is in deploying its assets to generate sales and profit. The greater assets the company amasses, the more sales and potential the company may generate. Economies of scale help to lower cost and improve margins – returns may grow at a faster rate than assets, ultimately increasing return on assets.

Return on equity is a fundamental ratio for shareholders because it is a measure of a company's ability to earn a return on its equity investments. This ratio is calculated as net income divided by the shareholders' equity. The ratio can rise due to higher net income being generated from a larger asset base funded with debt. Therefore, this may increase without any additional equity investments (Hayes, Profitability Ratios: What They Are, Common Types, and How Businesses Use Them, 2022).

4.2 Liquidity Ratios - are used to demonstrate a company's ability to pay off its short-term debt obligations without raising external capital. There are three types of liquidity ratios including the current ratio, quick ratio, and cash (or working capital) ratio. The current ratio demonstrates a company's ability to pay off its current liabilities with its total current assets. This includes cash, accounts receivables and inventories. The higher this ratio, the better the company's liquidity position.

The quick ratio, also known as the acid-test ratio demonstrates a company's ability to meet its short-term obligations with its most liquid assets and therefore excludes inventories from its current assets. The cash ratio demonstrates the number of times a company can pay off current debts with cash generated in the same period. A value greater than one, indicates that the company has generated more cash in a period than what is needed to pay off its current liabilities. The opposite indicates not

enough cash generated therefore more capital is required (Hayes, Understanding Liquidity Ratios: Types and Their Importance, 2022) .

4.3 Efficiency / Activity Ratios - can evaluate how efficiently a company uses its assets and liabilities to generate sales and maximise profits. Some fundamental efficiency ratios for a company are inventory turnover, days sales outstanding and days payable outstanding. Inventory turnover is a measure of how often a company replaces inventory relative to its cost of sales. Generally, the higher the ratio, the better – this suggests strong sales. Low inventory turnover ratio might be a result of overstocking; alternatively high inventory turnover may suggest insufficient inventory levels to support sales activity.

Days sales outstanding is a ratio to establish how effective a company is at collecting cash from customers that paid on credit. If this ratio increases, the company is taking longer to collect cash payments whereas the opposite indicates that it is becoming more efficient in this respect and therefore has more free cash flow (Wall Street Prep, 2023).

On the other hand, days payable outstanding is a measure of the number of days a company takes on average before paying outstanding supply invoices for purchases made on credit. This metric can present the bargaining power of the company within its supply chain – it implies the extent to which the company has negotiated favourable terms. The more a supplier relies on a customer, the more negotiating leverage that buyer holds. Therefore, here a low ratio value indicates low bargaining leverage and therefore less free cash flow, and vice versa.

4.4 Leverage Ratios - measures the amount of capital that comes from debt. Common ratios evaluated in this respect are gearing ratio, debt to equity ratio and interest coverage. The first measures the proportion of company's borrowed funds to its equity. A high gearing ratio indicates a company is using debt to pay for its continuing operations. Those industries with large and ongoing fixed asset requirements typically have high gearing ratios.

The debt-to-equity ratio calculates the weight of total debt against the total shareholders' equity. This highlights how a company's capital structure is tilted either towards debt or equity financing. A high ratio in this respect can be advantageous because it shows that a company can easily service its debt obligations through cash flow and is using the leverage to increase equity returns. Conversely, if debt to equity ratio is too high, the cost of borrowing will increase, as will the cost of equity. As a result, the company's WACC will increase, driving share prices down. (Corporate Finance Institute Team, 2022)

The interest coverage ratio gives an understanding of how easily a company can pay its interest expenses. It is predominantly used by lenders, creditors, and investors to determine the risk associated with lending money to the company. A low interest coverage ratio means a greater company's debt and therefore risk of bankruptcy. This is also an indication that insufficient operating profits are available to meet interest payments and therefore exposes vulnerability to volatile interest rates. However, a ratio too high also suggest that the company is overlooking opportunities to magnify their earnings through leverage. Lower than 1 implies poor financial health, above 3 would be reassuring for investors.

4.5 – Investment ratios - are also commonly known as market value ratios are used to present the current share price of a publicly-held company's stock. These ratios are commonly used by current and potential investors to determine whether a company's shares are over or under priced. Earnings per share does not reflect the market price of a company's share but can be used by investors to derive the price they think the shares are worth. The price per earnings ratio is used to compare the same ratio results for competing companies, to evaluate their share pricing. The dividend yield is the return on investment to investors if they were to buy the shares at the current market price. The dividend cover can measure the number of times that a company can pay dividends to its shareholders, although this ratio is a fairly poor indicator of future risk.

4.6 – Financial ratio calculations -

		2021	2020
Profitability Ratios	Gross profit = revenue - cost of goods sold	343.70	111.10
	Gross margin% = gross profit / sales	31.38%	18.16%
	Operating profit margin% = operating profit / sales	-6.98%	-52.78%
	Net profit margin% = net income / sales	-17.28%	-67.10%
	Return on assets% = net income / total assets	-6.66%	-14.69%
	Return on equity = net income / shareholder's equity	-28.66%	-51.05%
Liquidity Ratios	Current ratio = current assets / current liabilities	0.96	1.10
	Current assets less stock	671.10	682.10
	Quick ratios (or acid test ratio) = current assets less stock / current liabilities	0.74	0.84
	Cash ratio = cash and cash equivalents / current liabilities	0.46	0.61
Efficiency / Activity Ratios	Total trade and other receivables = non-current + current	245.50	178.80
	Average revenue per day = annual revenue / 365	3.00	1.68
	Days sales outstanding (DSO) = trade and other receivables / average revenue per day	81.83	106.43
	Inventory turnover = cost of goods sold / average inventory	3.82	2.41
	Total trade and other payables = current + non-current	730.80	586.40
	Average cost of goods sold per day = annual cost of goods sold / 365	2.06	1.37
	Days payable outstanding (DPO) = trade and other payables / average cost of goods sold per day	354.76	428.03
Leverage Ratios	Gearing ratio = non current liabilities / (equity plus non current liabilities)	65.91% or 0.66	59.52% or 0.6
	Debt / equity ratio = total liabilities / stockholders equity	330.42% or 3.33	247.57% or 2.48
	Long term debt / equity ratio = long term debt / stockholders equity	193.35% or 1.93	147.05% or 1.47
	Interest coverage = operating profit / finance expense	44.04% or 0.44	176.35% or 1.76
Investment Ratios	Earning per ordinary share = net income (profit after tax) / no. of shares	-165.90	-543.00
	Dividend cover = net income (profit after tax) / dividend proposed and paid		x100%
	Price per earnings ratio = market value per share / EPS		
	Dividend yield ratio = dividend per share / market value per share		x100%

Section 5: Conclusion and Recommendations

5.1 Financial Information –

- Income statement reflects improvement in all areas in 2021, with comparison to 2020 company performance.
- The greatest improvement is seen within the operating income, demonstrating an emphasis to reduce manufacturing costs.
- With anticipated sales growth (revenue), due to product portfolio and also the recovery from the global pandemic, positive net income and operating income would be expected in 2022.
- Whilst current assets have decreased, total assets have increased. This demonstrates the consideration to a long-term business model and strategy for the business.
- Total liabilities have increased by a greater amount than current liabilities which shows realistic expectations for performance improvements. This echoes the CFO statement, “we will continue to monitor our liquidity needs and maintain a prudent approach to managing our balance sheet”.
- The book value has decreased in comparison to 2020, although shows an improvement from the performance in 2018. It is recommended that this is analysed further to understand whether this is a reflection of the overall UK market condition. Comparison to Porsche SE highlights that their book value increased from 2020 to 2021, however, this company does operate primarily within the UK market – therefore is not a fair comparison in this regard.
- There has been a greater increase overall in the total assets compared to the overall increase in total liabilities. This would suggest that the strategy towards resources accrual is beneficial in the long term.
- The cash flow from operating activities has significantly improved in 2021 compared to the two years prior.
- The cash flow from both investing and financing activities remains negative though, which means the net change in cash remains negative as well. The company doesn’t appear to be over-investing due to cash availability but recognises that financing both short term and long term is necessary to pursue goals and take some business risk.

5.2 Non – financial information –

- ESG strategy shows commitment to responsible and economic growth, and conducting business in an ethical and transparent manner.
- Strategic priorities to transform and help realise strategic goals and reinforce competitive position.
- Strategy surrounding the I AM culture – aspects such as embedding core values, driving improvements for diversity and inclusion and focus on employee engagement.
- Healthy dealer stock, with supply to match demand – driving an improved, more efficient operating footprint and a balance sheet to support medium term plan.
- Long term vision for the company includes supporting and engaging with the next generation through apprenticeship schemes and STEM programmes with local schools.

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Section 7: Appendices

1.1 SWOT analysis – strengths, weaknesses, opportunities, and threats

Aston Martin with comparison to Porsche SE

Aston Martin - Strengths:

- Manufacturing capabilities
- Brand value
- Improved business performance

Aston Martin - Weaknesses:

- Increase in debt

Aston Martin - Opportunities:

- Market outlook: electric vehicles
- Contract agreements
- Electric vehicles: the US

Aston Martin - Threats:

- Dependence on few suppliers
- Regional and economic influences
- Competition

Porsche SE – Strengths:

- Brand portfolio
- Operational network
- Improved operating performance

Porsche SE – Weaknesses:

- Decrease in vehicles delivered

Porsche SE – Opportunities:

- Strategic partnership
- Global automotive manufacturing market
- Global hybrid and electric vehicles market

Porsche SE – Threats:

- Stiff competition
- Increase in raw materials costs
- Automotive emission standards

1.2 – Key terms – balance sheet

- Assets are company owned resources – divided into current and non-current or long term.
- Liabilities are debts or obligations (the amount owed to creditors) – divided into current and long term.
- Shareholders' or owner's equity is known as the book value of the company.

1.3 – Key terms – profitability ratios

- Gross margin is how much a company makes after accounting for the cost of goods sold.
- Operating margin is the percentage of sales left after covering cost of goods sold and operating expenses.
- The pre-tax margin shows a company's profitability after further accounting for non-operating expenses.
- Net profit margin is a company's ability to generate earnings after all expenses and taxes.

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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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £m	2020 £m
Operating activities			
Loss for the year		(189.3)	(410.5)
<i>Adjustments to reconcile loss for the year to net cash inflow from operating activities</i>			
Tax credit on operations	9	(24.5)	(55.5)
Net finance costs		137.3	143.1
Other non-cash movements		(0.1)	2.2
Depreciation and impairment of property, plant and equipment	4	65.3	50.8
Depreciation and impairment of right-of-use lease assets	4	9.3	14.8
Amortisation and impairment of intangible assets	4	137.6	168.5
Difference between pension contributions paid and amounts recognised in Income Statement		(11.4)	(4.1)
Decrease/(increase) in inventories		7.7	(4.8)
(Increase)/decrease in trade and other receivables		(75.4)	67.4
Increase/(decrease) in trade and other payables		52.8	(118.6)
Increase/(decrease) in advances and customer deposits	20	70.7	(52.8)
Movement in provisions		(0.2)	11.0
Cash generated from/(used in) operations		179.8	(188.5)
Decrease/(increase) in cash held not available for short term use	19	8.1	(0.9)
Income taxes paid	9	(9.0)	(9.2)
Net cash inflow/(outflow) from operating activities		178.9	(198.6)
Cash flows from investing activities			
Interest received	7	1.1	2.3
Increase in loan assets	17	(1.4)	–
Decrease in loan assets	17	0.9	–
Payments to acquire property, plant and equipment	14	(40.7)	(81.0)
Payments to acquire intangible assets	12	(144.0)	(179.7)
Net cash used in investing activities		(184.1)	(258.4)
Cash flows from financing activities			
Interest paid	27	(118.0)	(82.3)
Proceeds from equity share issue		–	812.8
Proceeds from issue of equity warrants		15.3	34.6
Proceeds from financial instrument utilised as part of refinancing transactions		–	6.9
Principal element of lease payments	27	(9.9)	(12.2)
Repayment of existing borrowings	27	(37.3)	(1,092.3)
Proceeds from inventory repurchase arrangement	20	19.0	76.8
Repayment of inventory repurchase arrangement		(40.0)	(80.0)
Proceeds from new borrowings	27	108.5	1,252.7
Transaction fees paid on issuance of shares		(1.3)	(34.9)
Transaction fees paid on financing activities	27	(2.8)	(41.9)
Net cash (outflow)/inflow from financing activities		(66.5)	840.2
Net (decrease)/increase in cash and cash equivalents	23	(71.7)	383.2
Cash and cash equivalents at the beginning of the year		489.4	107.9
Effect of exchange rates on cash and cash equivalents		1.2	(1.7)
Cash and cash equivalents at the end of the year		418.9	489.4

Parameters	Currency	2017	2018	2019	2020	2021
Income Statements						
Total Revenue	GBP	876	1096.5	980.5	611.8	1095.3
Gross Profit	GBP	379.8	435.8	337.8	111.1	343.7
Operating Income	GBP	148.8	26	-52	-346.2	-42.4
Net Income	GBP	76.4	-62.7	-126.4	-419.3	-191.6
Diluted Normalized EPS	GBP	0.6	0.2	-0.7	-1.3	-0.8
Balance Sheet						
Total Current Assets	GBP	418.3	553.8	567.5	889.5	867.9
Total Assets	GBP	1632.1	2055.5	2231.1	2794.8	2842.5
Total Current Liabilities	GBP	529.5	789.5	887.3	808.3	905.2
Total Liabilities	GBP	1503.6	1631.7	1912.7	2007	2200.7
Total Equity	GBP	128.5	423.8	318.4	787.8	641.8
Total Common Shares Outstanding	GBP	94	93.3	93.3	302.1	306.1
Cash Flow						
Cash from Operating Activities	GBP	344	222.6	19.4	-198.6	178.9
Cash from Investing Activities	GBP	-346.6	-306.3	-305.2	-258.4	-184.1
Cash from Financing Activities	GBP	69.9	57.8	243.3	840.2	-66.5
Net Change in Cash	GBP	66.1	-23.2	-36.7	381.5	-70.5

2020	100%	use of renewable energy within manufacturing facilities	2026	NEW CAR LINES	all new car lines to have the option of an electrified powertrain by 2026 (PHEV or BEV)
2021	GHG EMISSIONS	Scope 1 and 2 emissions intensity per unit reduced 44% to 2.79 tCO2e between 2020 and 2021	2030	ELECTRIFICATION	ambition to develop fully electrified Sport/GT and SUV portfolio by 2030
2022	SBTi	development and validation of SBTi targets		NET-ZERO	ambition to achieve net-zero emissions from our manufacturing facilities by 2030*
2024	FIRST PHEV	Aston Martin commences customer deliveries		30%	reduction in supply chain emissions from 2020 baseline
2025	ZERO PLASTIC	packaging waste by 2025	2039	NET-ZERO	ambition to achieve net-zero emissions in the supply chain by 2039*
	FIRST BEV	targeting launch in 2025			
	15%	reduction in water consumption (from 2019)			

STRATEGIC RISKS

MACROECONOMIC AND POLITICAL INSTABILITY

Exposure to multiple political and economic factors could impact customer demand or affect the markets in which we operate.

RISK MOVEMENT
↓
RISK APPETITE
MODERATE

LINK TO STRATEGY



IMPACT ON BUSINESS

- Global economic slowdown due to COVID-19
- Unfavourable movement in exchange rates
- Adverse economic global conditions could adversely impact our dealer network or supply chain

RISK MITIGATION

- Regular operational and financial reviews of the business
- Business Plan reset with consideration of current economic climate mid-pandemic
- Monitoring global market trends to target areas for future growth
- Routine monitoring of dealer stock levels to support build-to-demand strategy

BRAND/REPUTATIONAL DAMAGE

Our brand and reputation are critical in securing demand for our vehicles and in developing additional revenue streams.

RISK MOVEMENT
↔
RISK APPETITE
LOW

LINK TO STRATEGY



IMPACT ON BUSINESS

- Product recall or postponed delivery of previously-communicated and market-expected product delivery could impact customer confidence and loyalty
- Dealer network may not be effective in raising, maintaining and promoting brand awareness
- Inadequate dealer training in new products and technologies could impair the customer experience

RISK MITIGATION

- Standardised embedded quality procedures (e.g., 300 Call Procedure, Customer Perception Audit, Parts Approval Process) to maintain focus on vehicle quality
- Expanded dealer network and improved training to ensure delivery of a luxury customer experience
- Quality-led production ramp up for the Aston Martin Valkyrie programme

TECHNOLOGICAL ADVANCEMENT

It is essential to maintain pace with technological development to meet evolving customer expectations and remain competitive.

RISK MOVEMENT
↔
RISK APPETITE
LOW

LINK TO STRATEGY



IMPACT ON BUSINESS

- Reliance on third parties to support development of new and emerging technologies
- Competitors may have better access to funding to develop new technology faster and be first to market
- Changing and more stringent regulations may make current technology obsolete and increase the risk of future non-compliance

RISK MITIGATION

- Strategic arrangements with key partners, including the Strategic Cooperation Agreement with Mercedes-Benz AG, to provide powertrain and electrical architecture
- Commodity strategy plans developed
- Development of modular architecture "Carry Over – Carry Across" approach for key systems and components

CLIMATE CHANGE RISKS

CLIMATE CHANGE

The impact of climate change could significantly impact demand for our vehicles, our ability to sell within certain markets or have financial consequences through increased carbon pricing and taxes.

RISK MOVEMENT
↑
RISK APPETITE
LOW

LINK TO STRATEGY



IMPACT ON BUSINESS

- TRANSITION RISKS**
 - Policy – loss of small volume derogation status and increased carbon taxes and import tariffs
 - Market – changing customer preferences towards non-ICE powertrains and an evolving view of what "luxury" means to different customer segments
 - Technology – disruption from new technologies and new entrants and the increased demand for sustainable products
 - Reputation – inability to create a credible sustainability proposition as we manage the transition from ICE to EV powertrains

PHYSICAL RISKS

- Increased frequency/severity of extreme weather events causing supply chain disruption
- Potential increased insurance costs as more claims are made due to climate-related physical damage/business disruption

RISK MITIGATION

- Development of our ESG strategy and the establishment of the Sustainability Committee to oversee its implementation
- Strategic Co-operation Agreement with Mercedes-Benz AG providing access to new powertrain technology
- Investment in R&D to develop PHEV/BEV powertrain capabilities to enable launch of our first PHEV in 2024 and targeting our first BEV launch in 2025
- Investment in R&D to reduce average fleet greenhouse gas (GHG) emissions
- Forward purchase/pooling of carbon credits to reduce exposure to carbon-related financial penalties and taxes
- Sourcing of 100% renewable energy within our operations
- Committing to the SBTi to establish and track GHG reduction targets to establish a credible roadmap to net-zero in our manufacturing facilities by 2030 and our supply chain by 2039
- Setting targets with plans to source green aluminium, reduce water and energy consumption and reduce waste

LEGEND



Parameters	Currency	2017	2018	2019	2020	2021
Income Statements						
Total Revenue	EUR	3391	3744	4522	2642	4631
Gross Profit	EUR	3380	3716	4493	0	0
Operating Income	EUR	3307	3517	4393	2658	4572
Net Income	EUR	3278	3490	4407	2623	4565
Diluted Normalized EPS	EUR	10.7	11.6	14.4	8.7	15
Balance Sheet						
Total Current Assets	EUR	991	916	684	637	960
Total Assets	EUR	31576	33708	35592	36250	42533
Total Current Liabilities	EUR	130	133	102	105	149
Total Liabilities	EUR	285	293	309	305	338
Total Equity	EUR	31291	33415	35283	35945	42195
Total Common Shares Outstanding	EUR	306.3	306.3	306.3	306.3	306.3
Cash Flow						
Cash from Operating Activities	EUR	250	558	722	773	732
Cash from Investing Activities	EUR	376	-54	-318	-186	-4
Cash from Financing Activities	EUR	-609	-539	-681	-680	-691
Net Change in Cash	EUR	17	-35	-277	-93	37

FTSE 250



Profitability ratios:

Gross profit = revenue – cost of goods sold

Gross margin = gross profit / sales

Operating profit margin = operating profit / sales

Net profit margin = net income / sales

Return on assets = net income / total assets

Return on equity = net income / shareholder's equity

Liquidity ratios:

Current ratio = current assets / current liabilities

Quick ratio = current assets less stock / current liabilities

Cash ratio = cash and cash equivalents / current liabilities

Efficiency / activity ratios:

Total trade and other receivables = non-current + current

Average revenue per day = annual revenue / 365 days

Days sales outstanding (DSO) = trade and other receivables / average revenue per day

Inventory turnover = cost of goods sold / average inventory

Total trade and other payables = current + non-current

Average cost of goods sold per day = annual cost of goods sold / 365 days

Days payable outstanding (DPO) = trade and other payables / average cost of goods sold per day

Leverage ratios:

Gearing ratio = non-current liabilities / (equity + non-current liabilities)

Debt (equity) ratio = total liabilities / stockholder's equity

Long term debt (equity) ratio = long term debt / stockholder's equity

Interest coverage = operating profit / finance expense

Investment ratios:

Earnings per ordinary share = net income (profit after tax) / number of shares

Dividend cover = net income (profit after tax) / dividend proposed and paid

Price per earnings ratio = market value per share / earnings per share

Dividend yield ratio = dividend per share / market value per share

Key Ratios	Unit/Currency	2017	2018	2019	2020	2021
Growth Ratios						
Sales Growth	%	47.6	25.2	-10.6	-37.6	79
Operating Income Growth	%	560.4	-82.5	-300	-565.8	87.8
EBITDA Growth	%	128.9	-45.4	-10.7	-199.6	
Net Income Growth	%	151.6	-182.1	-101.6	-231.7	54.3
EPS Growth	%	146.9	-67.4	-453.8	-94.6	36.9
Working Capital Growth	%	171.1	112	35.7	-125.4	-145.9
Profitability Ratios						
Gross Margin	%	43.4	39.7	34.5	18.2	31.4
Operating Margin	%	17	2.4	-5.3	-56.6	-3.9
Net Profit Margin	%	8.7	-5.7	-12.9	-68.5	-17.5
Profit Markup	%	76.5	66	52.6	22.2	45.7
PBT Margin (Profit Before Tax)	%	9.9	-6.2	-12.2	-76.2	-19.5
Return on Equity	%	59.4	-14.8	-39.7	-53.2	-29.9
Return on Capital Employed	%	13.5	2.1	-3.9	-17.4	-2.2
Return on Assets	%	5.3	-3.4	-5.9	-16.7	-6.8
Return on Fixed Assets	%	67.6	8.1	-12.6	-77.5	-9.5
Return on Working Capital	%	-133.8	-11	16.3	-426.4	113.7
Efficiency Ratios						
Asset Turnover	Absolute	0.6	0.6	0.5	0.2	0.4
Fixed Asset Turnover	Absolute	4	3.4	2.4	1.4	2.5
Inventory Turnover	Absolute	4	4.5	3.5	2.5	3.7
Current Asset Turnover	Absolute	2.3	2.3	1.7	0.8	1.2
Capital Employed Turnover	Absolute	0.8	0.9	0.7	0.3	0.6
Working Capital Turnover	Absolute	-7.9	-4.7	-3.1	7.5	-29.4
Revenue per Employee	GBP					496284.5
Net Income per Employee	GBP					-86814.7
Capex to Sales	%	33.6	28.3	31.6	42.6	16.9
R&D to Sales	%					
Cost Ratios						
Operating Costs (% of Sales)	%	83	97.6	105.3	156.6	103.9
Administration Costs (% of Sales)	%	26.4	28.2	33.5	54.9	38.2
Liquidity Ratios						
Current Ratio	Absolute	0.8	0.7	0.6	1.1	1
Quick Ratio	Absolute	0.5	0.5	0.4	0.8	0.7
Cash Ratio	Absolute	0.3	0.2	0.1	0.6	0.4
Leverage Ratios						
Debt to Equity Ratio	Absolute	6.7	1.9	3.3	1.5	2
Net Debt to Equity	Absolute	5.3	1.6	3.1	0.9	1.4
Debt to Capital Ratio	Absolute	0.9	0.7	0.8	0.6	0.7
Equity Ratios						
EPS (Earnings per Share)	GBP	1.5	0.5	-1.8	-3.4	-2.2
Dividend per Share	GBP					
Book Value per Share	GBP	3.6	11.9	9	6.9	5.5
Cash Value per Share	GBP	4.7	4.1	2.2	4	3.3