Aston Martin – H1 2020 Results

Wednesday, 29th July 2020

H1 2020 Highlights

Lawrence Stroll

Executive Chairman, Aston Martin

Good morning, and I hope you are all safe and well. I'm Lawrence Stroll, and thank you for joining the H1 results of Aston Martin Lagonda.

I'm pleased to be talking to you today for the first time since joining the business just over 90 days ago as Executive Chairman. It's been a busy three months. We have made excellent progress, executing the initial key phases of our multi-year plan while managing the challenge presented by COVID-19. My primary concern of course is the health and safety of our teams and partners, and I thank them and am proud of their response in these uncertain times.

On trading, COVID-19 impacted operations, with most of our dealers closed for much of the trading period. Despite this, we have made tremendous progress on the first key phase of our plan. We are restoring exclusivity to our sports cars, rebalancing supply to demand, which in the short term means lower wholesale volumes, but is necessary for future success.

What has impressed me the most is that despite our dealers being closed, we have destocked the dealer network by 869 sports car units, equivalent to three months' retail sales.

I'm also extremely delighted to announce the appointment of Tobias Moers as CEO. He joins next week. He has a fantastic track record of profitable product expansion from leading Mercedes-AMG. Tobias is the right leader for this business. He has a unique combination of being both a CEO and CTO. He has worked at our key partner and I am looking forward to him starting imminently.

Also, Ken Gregor, who will be taking you through the financial results today, joined us last month as CFO.

Operationally, we have taken decisive action on costs, with plans to reduce employee numbers by up to 500, right sizing the business for lower sports car volumes and focusing on driving profitability.

DBX production has started. First deliveries have been made, with the first car rolling off the line on 9th July, and the media launch is happening now.

My final point on introduction here is really critical. We have raised £688 million of new equity. Me personally and my consortium have contributed a large portion of that to improve the financial flexibility of the Company and deliver the plan as is prudent through the current uncertain period.

With that, I'll hand over to Ken.

Financial Review

Kenneth Gregor

CFO, Aston Martin Lagonda

Thank you, Lawrence, and good morning, everyone. I'm Ken Gregor. I'm the new CFO of Aston Martin. I'm delighted to be joining this iconic British brand. I'm really looking forward to working with Lawrence, Tobias and the team here to deliver upon its potential.

It's obviously been a really tough and challenging first half for the business. It's also been a really intense first six weeks for me, as I've got up to speed with the business, started to work with the team here and started to address the issues we face.

Turning to the factors that have impacted the half, the first has been the strategic reset, which successfully reduced dealer stock by 869-units, but brought with it lower wholesale and higher incentive spending. We've seen the impact of COVID-19 closing our production facilities temporarily and reducing customer demand, and these headwinds together also caused a working capital outflow in the first half, largely as payables unwound.

Notwithstanding these headwinds, we've continued to invest in the vehicles that are vital for our future, especially the DBX, which we're really pleased to be launching now at St Athan.

And the last point on this slide is that we identified in our half-one closing process that our US region had been deducting wholesale and retail incentive support from revenue later than it should have been. And as a result, we've restated the balance sheet of 2019, 2018 and the income statement for 2019 to reflect the impact of this error. I should point out that there's no cash effect of this, and neither are historic nor predicted cash flows impacted by this change, and there are further details in the appendix. And the rest of the numbers in this presentation have been adjusted to include this impact.

Turning to the next slide, some of the key metrics of the business in the first half are shown, and you can obviously see the impact on wholesales, revenue, and the EBITDA loss of £89 million. Free cash outflow was £371 million in the first half.

On this chart, which talks to volumes, I've included some additional disclosure to help you understand the business better. The first is retail sales. Those are the sales from our dealers to end customers. Those were 770 units in the first half, down 41% on the same period last year. Wholesales in the first half were 895 units, down 63%, and you see the difference between those two numbers being the reduction in dealer stock of 869 units that we successfully achieved.

A second bit of additional disclosure is the split of wholesales between GT – that's DB11 and DBS – and Sports cars –Vantage –which I think will just help you understand the mix of the business better. You can see the reduction in wholesale by geography as the impact of COVID-19 impacted different regions at different times, but obviously they're all down substantially year-on-year.

Moving to the next slide, this shows the impact on our revenue and broadly it's what you'd expect to see – significantly lower due to the wholesale volume being lower, being £146 million in the first half of the year, and also including the effect of the higher incentive spending year-on-year.

The next slide talks to EBITDA. The bridge in the top left shows the effect on a like-for-like basis of the reduction from £41 million to minus £89 million year-on-year. And again, of course, the significant impact is the reduction in volume driving the substantial reduction in EBITDA that we've seen, partially offset by cost reductions, furlough credits and delayed marketing spending.

Moving to the next slide, I've included a bridge here to help explain our cashflow better, and I've also included a new metric, which I'll be talking about in the future, of free cashflow. And by that metric, what I mean is the cashflow of the business after interest, tax, working capital and our capital spending, and in the first half it was £371 million and you can see the make-up of it on this chart, as I've previously described.

We've clearly raised a substantial amount of equity in the first half, as you all know – £688 million, which has both offset the free cash outflow and built the cash balance to finish the first half at £359 million, and also reduced the net debt to £752 million, while providing the liquidity we need to run the business.

After the first half, we raised about £75 million from a combination of Delayed Draw notes ($68m) and CLBILS (£20m), which have added to the liquidity. On a pro forma basis the cash position is £430m.

Looking forward, COVID still presents uncertainty as we continue to see how the consumer recovery varies by geography. We presently expect wholesales in this year to be broadly balanced between Sports cars and DBX. We are looking forward to DBX ramping up as we build in St Athan and, of course, we're going to continue with the rigorous cost control and investment discipline as we've been doing for the last six months.

And with that, I'm delighted to hand back to Lawrence, who's going to talk to you about his vision for the business. Thank you, everyone.

Strategic Plan

Lawrence Stroll

Executive Chairman, Aston Martin

Thank you, Ken.

The reason I and my consortium members made this large investment in Aston Martin is because we see the incredible potential for the following reasons.

First and foremost, Aston Martin is an incredible brand. It has a rich heritage of over 100 years of history. The exclusivity and volumes naturally position Aston Martin as a preeminent luxury brand. Historically, there is a clear consumer demand for approximately 4,000 front-engine sports cars.

Secondly, the SUV has become a substantial category in the automotive today, and when you look at our competitors, they make around 5,000 SUVs a year. With the launch of the critically acclaimed DBX, which has been developed on its own unique platform and handles and drives like an Aston Martin sports car, we believe we have a game changer. I feel confident that we could similarly have a market for 4,000 to 5,000 SUVs a year over time.

In addition, there is a full complement of mid-engine cars, starting from the Aston Martin Valkyrie through to the Valhalla and ultimately the Vanquish.

Lastly, there will be the EV platform, and I am confident that prior to the EV launch, through the front engine, the SUV and its variants, as well as the mid-engine, we will build to scale of about 10,000 vehicles a year. From next year, we will have the great benefit of our own highly competitive Formula 1 team to further strengthen the brand. And all of this is underpinned by strong financial controls and led by a world-class leadership team.

So, looking at our current offer, you've seen the refresh of the Vantage this year, with the launch of the Roadster in March. Customer feedback has been very positive, and it now has the classic Aston Martin grille as an option on both the Roadster and the Coupe.

We're also bringing in a new, younger customer this year, with this car. These cars will start to be built to order at Gaydon, when it reopens at the end of August.

For DB11 and DBS Superleggera, we have variants in the market for both and have started to work on the mid-cycle refreshes of these sports cars to keep the line-up fresh and compelling

Now, to DBX, our first SUV and first step into a new market. As you have heard, we are in production and the first cars have been shipped to customers. With this car, we are putting into practice the build-to-order model for the future. We have a strong order book, with the media launch under way—the embargo lifts on 10th August And you will see more then. With the fleet getting into the market and dealer test drives starting we're expecting to see another step up in orders. Of course, we will also build out on that platform, with many variants coming, the first of which you will see next year.

Development of our range of mid-engine cars, descended from the era-defining Aston Martin Valkyrie hypercar, continues apace. The first Valkyrie will be delivered next year. This really is an awe-inspiring car and from this stable we will develop the Valhalla supercar to form the basis for the core mid-engine offer with the Vanquish following.

Key to supporting this product range, it is fundamental to get the marketing right. From next year, we'll have our own highly competitive F1 team, a significant global marketing platform, with 22 races a year, and we have dealers in 20 of those markets. This gives us a huge opportunity to engage with our customers and partners in each of those markets. There aren't many businesses that have that sort of opportunity to spend face-to-face time with such a high proportion of its customers every year.

To close, our ambition for the company is significant, clear and only matched by our determination to succeed. In my first 90 days or so, we have made great progress in taking the right actions to deliver the turnaround required. We've appointed new executive leadership with the right CEO for the business, who arrives imminently. We're doing the right things to restore and reset the fundamentals for Sports cars. We've started to deliver the DBX. We've taken action on the cost base, aligned the lower volumes in the plan. We can now focus on the engineering and marketing programmes to transform Aston Martin and capture the huge opportunity ahead of us.

Appreciating what's been accomplished in just 90 days, I feel confident in delivering. There is a lot to be done and we look forward to keeping you updated on our progress.

And now, we'll be happy to take your questions.

Q&A

Lawrence Stroll: Executive Chairman, Kenneth Gregor: CFO, Marek Reichman: EVP & Chief Creative Officer

Lawrence Stroll: You have myself, Ken Gregor and Marek Reichman here to take your questions

George Galliers (Goldman Sachs): Good morning and thank you for taking my question. The first question, Mr Stroll, is just around strategy. It looks like you're aiming to achieve a very healthy balance between supply and demand, you're looking to build a global marketing and franchise effort through Formula 1. As a result, the strategy does sound very similar to that of Ferrari. Is it too simplistic to say that you are using Ferrari as a template for the business model for Aston Martin going forward, and are there other areas where you see Aston Martin operating outside of the auto business where potentially Ferrari does not compete today?

Lawrence Stroll: Well, firstly, Ferrari is a great brand and I believe that they have the correct model for a luxury automotive firm. So, we are not modelling ourselves after Ferrari, we are modelling ourselves on our own business model. However, to be a luxury automotive player, supply and demand is critical and if you look at the history of Aston Martin, in 2018, 2017, there were roughly 4,000 front-engine sports cars true consumer demand. We also plan a lot of emphasis on our SUV programme, which I guess would differ us from Ferrari in that sense. And yes we do intend to have a very strong mid-engine programme and market it off Formula 1. That is a formula that works to build a true automotive luxury firm. But we definitely have our own goals and our own targets.

George Galliers: Okay. Thank you. And then, a second question, if I may. You mentioned the critical acclaim for the DBX. Obviously, the Vantage launch was before your involvement in the company, but it too did receive critical acclaim, with four out of five stars – 4.5 stars out of five in *Motoring* magazine and being described as a spectacular achievement. Do you have a view on why that model didn't achieve its targeted volumes, but the DBX will? Was it simply the targets were too high from the beginning, or do you think there were other issues around the brand and product awareness that held the Vantage back?

Lawrence Stroll: Since Marek Reichman was involved in the Vantage and obviously still involved in the DBX, I'll ask Marek to answer that question for you.

Marek Reichman: Yeah. I think if we look at how we are preparing the marketplace for DBX, it's very different in terms of how we've gone about and strategised where the product is going to go in terms of our customer, the outreach, the new markets that we're looking at that are either in developing or developed markets. And we're planning a marketing campaign and advertising campaign around DBX. We're currently going through the press launch of the car as well, in obviously very different, difficult times around COVID, but so far, we've had a very positive reaction to DBX, we're preparing the marketplace much better than we had done for Vantage, and we're also being more conservative with the projected volumes.

George Galliers: Thank you. And then, Ken, if I may, just one quick question for you. Price mix was obviously a positive in the first half and appears very strong in the second quarter. Can you explain what drives this? We can see from your wholesale that GT cars performed better and also the UK market on a relative basis. Is it just the function of the outperformance of these two segments or are there other considerations we should factor in?

Kenneth Gregor: Yes, I don't think there's really any other considerations, George. I think you captured the effects we would be thinking about fairly well.

Charles Coldicott (Redburn): Good morning and thank you for taking my questions. I had two please.

The first to Mr Stroll. You mentioned in your opening remarks that historically there's been demand for about 4,000 front-engine sports cars per year. It would seem that this year it's going to be closer to half that and that's partly because of the dealer destock, of course. But when do you think that you can return to demand of about 4,000 units, or production of 4,000 units of sports cars per year?

And then my second question is actually on working capital. So I think at the start of the year the guidance was for working capital to be £100 million outflow this year. Now obviously, a lot has changed since then. But given that the outflow's only £86 million in H1, and we would expect, some of that to come back in H2 as production begins to ramp up, I just wondered if you could give a latest guidance on working capital for this year. Thanks.

Lawrence Stroll: Well I'll answer your first question and I'll ask Ken to answer the second question.

On your first question, the reason these volumes are so significantly less this year, you mentioned destocking. That was only a small component. The bigger component of course was COVID and all of our dealers closed for a very long period of time. So, that's a key reason for the lower sales, and of course the factory was closed as well.

The second part of your question, we anticipate returning to that level of volume in the next few years. I think that is realistic.

Ken, maybe you could answer the second.

Kenneth Gregor: And on the second point on working capital, yes, we saw working capital in the first half at the level that you say, with the payables unwinding for two reasons. One, because we were catching up with supplier payments from year-end; and two, because the level of production at the end of June was obviously much smaller than the level of production at the end of December, so with those you had that payable unwind.

We also had in the first half a smaller inventory build-up than we were expecting, largely due to COVID and the fact that we had to stop production. So in the second half of the year, the factors, although I'm not going to provide any specific numerical guidance, the factors that we'd expect to see would be:the payables wind back up as we ramp up production both of DBX and Sports cars, where we're starting at the end of August, and we would also expect to see company inventory build somewhat as we fill the pipeline of the factory in DBX and Sports cars.

Angus Tweedie (Citigroup): Hi and thank you for taking my questions. The first one is probably a little bit along the lines of George's at the start. Could you perhaps discuss, given that the sort of focus on more constrained supply of the products and better pricing, how you think about the mid-term capacity needs for the business, and whether to reach the profitability that we were expecting back at IPO you really need to hit those volumes that we were thinking back in 2018?

And then secondly, could you just discuss on leverage, how you're thinking about that structurally? With £700 million of debt still outstanding, how comfortable are you with that much leverage and what are your thoughts about that into the refinancing next year? Thank you.

Lawrence Stroll: Marek is probably best positioned to answer the first question and Ken the latter.

Marek Reichman: In terms of the positioning of DBX now into the marketplace, obviously we've done a lot more research into the various markets, whether they are existing or developing markets, and also much more work has gone into planning the marketing campaign and advertising campaign of DBX as it comes into the marketplace. We're currently going through the press ride and drives, although constrained a little bit by the COVID issue, obviously, but we're getting very, very favourable results back so far prior to the embargo going out, and we have a planned advertising and marketing campaign that quite frankly we hadn't done previously. As we get towards the variants around the DBX platform, we will be closer to 10,000 units in four to five years, with capacity in both Gaydon and St Athan plants.

Kenneth Gregor: And Angus, on the second point on the debt, I mean, look, obviously, as you rightly say, with the debt maturing in April 2022, then that's something we're very aware of. Equally, at the same time of course, I'm six weeks in, so that's clearly a focus area for me going forward, but at this point of time, I don't have anything to say other than we're very well aware of the need to refinance the debt and as and when we've got more to say, we will.

Thomas Besson (Kepler Cheuvreux): Thank you very much. I'd like to come back to the accounting restatement to be sure I fully understand what happened and how that impacts both 2019 and 2020 accounts.

So, first, can you precisely describe what effectively happened in your US operations and explain what we see as substantial adjustments to your Q1 and I assume Q2 revenues, and adjusted EBIT please? That would be my first question.

Kenneth Gregor: Fair question. I think in terms of the impact, what we're talking about here is the timing at which the – some variable marketing expenses in the US ought to have been recognised against revenue. And basically, what we've assessed is those costs should have been deducted from revenue earlier. So, having assessed that, we saw that adjustment and the need to make it and we've done so.

In terms of the effect for last year, that would serve to have to reduced the full-year revenue and EBIT by about £15 million. We have said in the first quarter of this year, the impact versus what we'd previously seen was a £9 million improvement in EBIT for the first quarter of this year. So, it's timing adjustment. It's not cash. And it doesn't impact either historic cashflows or expected future cashflows.

Thomas Besson: Okay. So basically it's fair to say it's lowered 2019 and it has a benefit the H1 numbers, right?

Kenneth Gregor: Yes, correct.

Thomas Besson: Okay. Thank you very much for giving us more details on the quarterly retail and wholesale figure. May I ask if I can get something more, which would be an absolute dealer inventory figure? Is there a number for the end of June or for the previous quarter as well, so we can have a way to assess how long it takes effectively to take it down, the excess dealer inventories that you had in place? Because if I read the release correctly, you said it would go well into next year, so I assume it's not completely finished yet.

Marek Reichman: Hi, it's Marek here. I'll answer that question for you. Obviously, as you can see, we're around 870 units of destocking thus far, and if you track that throughout the rest of the year with a similar number, around 900 units, our aim is to destock by around 1,250 units into Q1, Q2 of next year, which will bring us down to what we believe is the right level of stock. So, we're into next year in terms of destocking, following and tracking as we have been throughout H1 this year.

Thomas Besson: Great. May I ask a question about the dealers' financial health, please? We've seen obviously a very, very unique situation due to the pandemic and there has also been for you a complete change ongoing on your business model, as you've been describing it. Are you confident that the dealers you have today first are sound financially and able to go through this route with you? And second, whether they are the right ones in terms of right partners for a true luxury business?

Kenneth Gregor: Good questions. I think in terms of the financial health of the dealers, I mean, obviously they will have faced significant financial pressures, but we've not seen substantial problems in the dealer network, it's fair to say, over the first half of the year. And I think in terms of the representation, I'd perhaps ask Marek to just add a bit of texture on how you see this.

Marek Reichman: Absolutely. I think over the past years as well, we've been starting to move our business model to larger dealer groups, where they have multiple franchises and therefore more of the stability needed. and We're starting to see some recovery through China in particular, dealers getting back to full strength in that respect, so we're starting to see some confidence in the dealer groups around the world already. Obviously, some areas still affected by COVID, but these tend to be the areas where our dealerships are selling single-digit number cars.

Thomas Besson: Okay, thank you. A last question, if I may. You've raised cash in different forms, more than initially anticipated because of the environment in H1. Should we expect eventually more of that should the end of the year prove more complex than expected due to either Brexit or a second wave, or do you believe the balance sheet in its current form is going to be sufficient, or that the share count is sufficient……

Lawrence Stroll: Hi. It's Mr Stroll. I'll answer that question. We have no anticipation to raise any further equity. We feel we are covered in order to meet our business plan requirements.

Kai Mueller (Bank of America): Hi. Thank you very much for taking my question and doing the call today. First one for you, Mr Stroll. Maybe – we obviously listened to your recording earlier, sort of what your plan is and your vision. What were the biggest challenges, maybe aside from COVID, that you sort of found as you are now taking over the chairmanship or having taken over the chairmanship of the business? And what you've really learned over the last 90 days what you want to change? Maybe as a first question.

Lawrence Stroll: Yeah. First of all, what I found when I took over the business was a lot of great people in Aston Martin – great engineers, great designers – making fantastic products. As I've stated very clearly, the first intention is to align demand with supply for this great product. So, that was step one. And as I've mentioned earlier in the call and on the presentation, historically there's been 4,000 true demand for front-engine sports cars historically. We want to manufacture to that demand. We don't want to over-supply.

And secondly, the great opportunity of the SUV – obviously the hottest category today in the automotive sector is the SUV. I think we have a game changer. I think it will be best in class. Hopefully, you'll get to drive it very soon, to experience it for yourself.

And then lastly, the excitement of the mid-engine programme, starting with the era-defining Valkyrie, the best hypercar that'll be made, followed up by a great supercar, the Valhalla, and then an opening price point mid-engine in the Vanquish. So, when you put all three of those programmes together, from the historic front engine sales, you can look at what our competitors sell in the SUV market, and then you put a mid-engine programme on top of that, you get a full complement and a full range, which also will help dealers, for the previous question. The more product we give to the dealers, we're going to go out there and get a lot of more standalone dealers. You know, when you have front-engine product only, it's one thing. When you give a full complement – front-engine, SUVs, many various mid-engines – we're going to be looking to open a lot more standalone Aston Martin dealers. So, it's tremendously exciting.

Kai Mueller: Perfect. And when I think of that, in your presentation, you mentioned also EV. We obviously know the Lagonda lines are sort of scrapped for the moment. Is there a plan in the longer term to revisit that? I mean, it's also in particular light of if you just look at the valuations, some of the electrified plays that don't produce anything, are getting, is that something that you keep an eye on as well?

Lawrence Stroll: Yes. We haven't scrapped our EV at all. It's very much part of our plans. It will follow on right after and during the launch of our mid-engine. We are just simply taking our time and prioritising realistically what we can deliver and when. And right after the mid-engine programmes will be released, we will be launching our EV platforms.

Kai Mueller: Okay, excellent. Then, a question on the volumes. We understand now obviously the destocking is taking for longer. What is the optimal stock level at dealers that you expect?

Marek Reichman: Hi, it's Marek here. We would anticipate around 800 to 850 units as the ideal stock in Sports cars.

Kai Mueller: Okay, okay. And is it fair then to assume that until you reach that point, you will continue to give dealer incentives and therefore have a depressed ASP? So, is it fair to assume that the ASP will be under pressure also throughout H2 this year, in order to destock?

Marek Reichman: Obviously, as we've gone through the first half of the year and destocking in quite significant numbers, that variable marketing or discounting starts to reduce, and as the stock reduces, obviously we need less of that discounting to remove the stock from the business. So, you will start to see that come down as the stock reduces.

Kai Mueller: Okay. And then maybe as a last one, if I just think about your volumes throughout the rest of the year, you obviously say a balanced approach between DBX volumes and Sports cars. Can you give us any colour in terms of how your order flow has been for the DBX since the start of the year, and also quantify a little bit what sort of numbers we should be expecting?

Marek Reichman: I mean, we're very, very confident in the order book as we go forward, as I mentioned earlier. We are just currently going through the press launch and the embargo launch and we are confident with the numbers and we're seeing that once the customers start to get the cars through the dealerships, then we start to see the positivity for the product and the verbatims that so far have come back from the journalists are, I think as Mr Stroll mentioned earlier, 'game changer', 'remarkable product', etc., etc. And you know, we're very, very confident, as the cars get into the dealerships and they're starting to trickle in now, that we'll start to see the confidence in our numbers grow.

Kai Mueller: And then a last one. If you think about your typical DBX customer, is it the one that would have bought the Lamborghini Urus, or the one that would have bought the Cullinan

Marek Reichman: We're actually looking at several customers in terms of the competitors, so it could be in some instances the Cullinan. It could be in some instances Urus. It could also come from Bentayga, but also upwards from the Porsche as well. So, you know, we've looked at the marketplace and we have the advantage of coming into the marketplace as one of the newcomers and have seen where the competition's been. As I said, we've engineered and designed something that thus far the journalists are incredibly impressed by and we've done a lot of focus in terms of new customers, female customers and the bigger markets – America and obviously China – in terms of this product proposition.

Akshat Kacker (JP Morgan): Thank you. Good morning. Askhat from JP Morgan. Two from my side. First, for Mr Stroll maybe, if you can share your views on the agreement with the Racing Point F1 team, the structure of the deal and the relationship that you envisage between Racing Point, Mercedes and Aston Martin. And can you remind us the economic interest that Aston Martin has in that agreement?

And the second one, maybe for Ken, can – just following up on Kai's question. Is there an updated number on the DBX order book and what are the deliveries that are we looking at in the second half of 2020, please? Thank you.

Lawrence Stroll: As far as the relationship between Aston Martin and Racing Point, Racing Point has an agreement from Aston Martin that Racing Point will convert into an Aston Martin

Formula 1 works team to be on the grid next year, and there is currently no shareholding relationship between the two.

Kenneth Gregor: Yes, Akshat, on the DBX order book, as Marek just explained, we're not providing an update on the number of orders but, as he said, you know, we really pleased with how that's developing, we're super excited about the mid-year ride and drive that's taking place right now and the verbatims we're getting back to mid-year that we'll be releasing 10th August. So, we're really looking forward to that.

Christoph Laskawi (Deutsche Bank): Good morning. Chris from Deutsche. The first would be also on the DBX. The previous management has commented that obviously orders are reaching well into 2021 and the order book is so good currently that there even would be potential upside for pricing if the momentum keeps on coming in that way for orders. Is that a statement that you would overall still support? And could you give us an indication how long roughly a customer would have to wait when he orders the DBX today? Is it like 12 to 18 months or even above that, as a first one?

Marek Reichman: I mean, we – again – it's Marek here – we are very, very confident with the order book and we're seeing the anticipation of customers, through the dealer groups obviously. They are waiting to get the cars into the dealerships. We're very confident with that response. In terms of if you were to order a car and we were not at the maximum production, in terms of answering your question there, it's 12 weeks as an order intake before you would get your car, but obviously there's a stacked up inventory of customers waiting to get theirs prior to that.

Christoph Laskawi: Thank you. The second question will be on the inventories that you still need to wind down. Could you comment on the mix of that inventory? Is it largely Vantage and, if that's the case, should we expect mix to be fairly good in the coming quarters, of wholesale, simply because you would probably reduce the Vantage production and go more for the DB11 and DBS? Or is it a broad mix between the current models that you have?

Marek Reichman: Hi, it's Marek again. It's a broad mix, yes. Obviously, Vantage, because Vantage is more of a volume product, has a slightly higher percentage of that mix, but it's broadly mixed across the Sports car range, and obviously as the stock comes down, then we reduce the discounts or the help that the dealers have to remove that stock.

Christoph Laskawi: And a last one from me. When you ramp up Gaydon again, do you ramp it up for the whole line-up, or do you start with single models first

Marek Reichman: I mean, the factory is balanced and very flexible. We've got Roadster, which is due to hit production as we come back and get Gaydon back on track. So, the majority to begin with would be Vantage Roadster, as that's one of the new models that will come out as a 2021 model year, and then the balancing of other product.

Kai Mueller: Hi. Thank you very much. I just had a follow-up actually from Akshat's question regarding the Racing Point AML deal. I always understood that it was part of the investment that Aston Martin receives some sort of stake within the business. Has that been redone as part of the agreement, maybe when the second agreement was struck? As a first question.

And then the second one: can you remind us what are the actual sort of economics for Aston Martin right now with Racing Point? I understand the spending that has been – you know, the marketing spending that has been committed to the – to the Red Bull team is now basically moving over to Aston Martin. Can you give us a bit of colour sort of what quantity that is?

Lawrence Stroll: Yeah. Aston Martin has an option in the future if they choose to exercise to purchase shares in Racing Point at a very favourable price. And the second part of your question is correct. Aston Martin is paying to Racing Point actually a lower amount – a bit reduced [commensurate] to what it was paying to sponsor Red Bull.

Operator: There are no further questions at this time. Please continue.

Lawrence Stroll: Thank you – thank everybody very much and I hope you enjoyed our presentation and watched it on screen, and we look forward to coming back to you in the future and delivering on these very, very, very, very, very exciting opportunities. Thanks again. Bye bye.

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