



The strategy that has driven Lamborghini's latest financial successes

Interview with Paolo Poma, CFO and Managing Director of Automobili Lamborghini

Sant'Agata Bolognese, 9 August 2022 - Automobili Lamborghini has just closed the best half-year in its history: sales, turnover, operating result and profitability are the highest ever. A path of continued success and a positive response from the markets confirms the company's solidity and its strong appeal internationally, despite the uncertainties and challenges of the geopolitical context and the persistence of the pandemic.

The financial strategy driving these results and the future ambitions of the House of Sant'Agata are among the topics covered in this interview with Paolo Poma, Chief Financial Officer and Managing Director of Automobili Lamborghini.

In 2021, Lamborghini made an impression with its exceptional growth, recording a level of performance that is more than double compared to 2018. Has this trend continued in the first six months of 2022, and will it continue through the end of the year?

I can say that in the first half of 2022, this trend has not only been consolidated but is showing a further acceleration. We're coming out of a period of two years of the pandemic, during which, thanks to our timely response and our resilience, we've managed to continue the growth path, especially in terms of the operating margin, which has gradually reached a level in line with the best brands in the luxury industry.

We set a clear goal to be the "best in class", and we're on track to meet that goal. The results of the first half of the year have reinforced our conviction that we can end the year with strong growth results over 2021.

In the first six months of this year, global deliveries stood at 5,090 units (+4.9%), and in terms of financial indicators turnover reached 1.332 billion euros, an increase of 30.6% compared to the first six months of 2021. The operating result showed an increase of 69.6% over the previous year, from 251 to 425 million euros. The corresponding operating margin reached 31.9%, exceeding the 24.6% achieved in the same period of 2021.

Lamborghini is aiming for an even more challenging financial goal for the coming years: to push annual profitability to a level between 22% and 25% in the mid-term.

Lamborghini's profitability is now in line with other top players in the luxury sector. What has enabled this leap?

We are very proud to say that today we are a luxury brand for all intents and purposes.

Nevertheless, we also have to deal with the complexities of our target segment, which is automotive. This is very important to remember, as it's not trivial to have profitability comparable to companies like those in the general luxury segment that are much less capital intensive.



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In the luxury segment, the main factor of financial sustainability is high product margins, something we've worked very hard on over the past five years, with a clear objective: to replace previous products with higher-margin successors. We cannot deviate from this; we cannot compromise. It's necessary to continue this path of growth with products that are more and more attractive to the market but that at the same time also have higher margins.

What is the financial strategy that has driven the leap in recent years?

Over the last five years, our growth has been mainly marked by a focus on three important factors.

The first is business development, through the expansion of our product range. We operate in an industry that is totally product-driven, a fact we cannot disregard. Through the allocation of resources, we've developed and supported our strategy of the super sports car derivatives, and in parallel brought in our third model, the Urus, which has enabled an important dimensional leap for the company.

The second factor, which takes longer to develop, though, is higher product profitability. As you can imagine, this doesn't happen overnight, given the very long development cycles of new products that can take up to five years. It's been a process developed over the years, while in parallel we've been selectively evaluating the positioning of our products in the range and enhancing the opportunities offered in certain markets and segments.

The third factor is orderly growth management. This means controlling investments and fixed overheads. It's clear that in a growing company the fixed costs must also increase, but a careful size analysis must be carried out on this too, and it must always be in line with the expected growth. At a time when the company is putting major dimensional growth on track, a corresponding growth in overheads has to be expected. At the same time however, this growth must be controlled and kept within parameters that ensure the sustainability of our financial goals and allow us to sustain the margins we're currently achieving.

The most recent events have taught us how winning business strategies are those which can adapt to new contexts very rapidly. Risk management has become one of the main responsibilities in the financial sphere, and Lamborghini has made it possible to face periods of challenges and uncertainties at a geopolitical level with solidity and great flexibility. On the other hand, there are the new technologies and ever-increasing digitization, opportunities that Lamborghini itself, also in the financial sphere, constantly monitors: technological innovation has always been part of the company's DNA and is the bridge to a future of new possibilities.

Speaking of the future, what will be the essential skills required for the CFO of tomorrow?

The role of the CFO has changed a great deal over the years, shifting more and more from controlling and managing transactions to generating value through the oversight and allocation of resources. The role is no longer solely concerned with finance, accounting, control, and management, but the role of business partner has become increasingly important. This has placed the CFO in a position to help evaluate the options and alternatives of the various stakeholders and



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choose those with the greatest value, the greatest prospects, to which the available resources should be allocated.

The new CFO will be increasingly tuned in to the mega-trends, especially two of them for us in the automotive industry: sustainability, through electrification, which is a real revolution for the industry; and digitization, which brings the concept of the car ever closer to the younger generations.

So, the CFO will be an executive who is increasingly integrated in the creation of 360-degree strategies.

Photos and videos: media.lamborghini.com

Information on Automobili Lamborghini: www.lamborghini.com



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