

Aston Martin agrees deal with buyout group

AUTOMOBILES

By John Reed in London

Investindustrial, the European buyout group, is to pay £150m through a capital increase for a 37.5 per cent stake in Aston Martin Lagonda, giving the financially strapped maker of James Bond cars a much-needed cash infusion.

The carmaker, based in central England, announced the deal yesterday, a day after Investindustrial emerged in the lead to take the stake when Indian automaker Mahindra & Mahindra withdrew.

Aston Martin said it intended to invest more than half a billion pounds in new products and technology over the next five years.

David Richards, the carmaker's chairman, told the Financial Times that the new investors would take four seats on the carmaker's board, alongside five representatives of its current shareholders, who are led by Kuwaiti group Investment Dar.

Aston Martin, which employs 1,600 people, has seen its sales fall by more than half during the financial crisis, even as it faces the need to keep up with competitors by investing in new cars and engines.

The company gets V8 and V12 engines from a leased section of a factory in Cologne owned by its former owner Ford Motor, but industry analysts say it will need to invest in a new

engine family to meet tighter emissions standards around the world.

When asked whether Aston Martin and its new investors intended to develop new engines on their own or work with another carmaker to share costs, Mr Richards said this was "under consideration".

"We have spoken to a number of people over the last couple of years and looked at various options and these are on the table," he said. "We may well go our own way - who knows?"

Mr Richards declined to comment in detail on the carmaker's plans for new models but said its focus would be a sports car to replace its DB9 model.

"We have to stick to our knitting and focus on core activities before we go into new products and segments," he said.

The deal came a week after Moody's said it was putting Aston Martin's B3 credit rating under review for a possible downgrade because its financial and operating performance had weakened this year.

However, the rating agency said the capital increase, still under discussion at the time, "should have a material positive impact on Aston Martin's liquidity profile".

Moody's said that the carmaker had an interest payment of £14m due in January.

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