



ASTON MARTIN

Official name:

Aston Martin Holdings UK (AMH UK)

Owns: Aston Martin Lagonda Limited

Owned by: Italian private equity firm *Investindustrial*, Kuwait's *Investment Dar* and *Adeem Investment*, plus *Daimler* (5%).

Current situation: Aston Martin company has lost money for over 100 years and has gone bankrupt seven times. Ford, Aston Martin's second-most-recent owner, lost billions on its investment. After a brief period of growth under new owners, Aston Martin is in trouble, as usual.

Chances of survival: doubtful. The luxury car market is in decline. Aston Martin is running at a loss, and this loss has increased since 2013. Every single investor in Aston Martin has lost money; when will the current ones bail out? •



A brief history of Aston Martin



IN THE EARLY twentieth century, wealthy motoring enthusiast Lionel Martin successfully drove his Singer Ten motorcar in a hill climb event at a place called Aston Clinton. Encouraged by his success, he formed a car company in 1913 with local engineer Robert Bamford, calling it *Bamford & Martin*. A prototype sports car was produced, but World War I put everything on hold until 1919, when a newer version was ready for production.



Mr Bamford bailed out and Mrs Martin was brought in as the new partner. Lionel Martin combined the name 'Aston', from the place where he had had his first motoring successes, with his own surname and the new car was called the *Aston Martin*.



Despite a massive injection of capital by Martin and other investors, Aston Martin went belly-up in 1924. In 1926 a Birmingham engineering firm, *Renwick and Bertelli*, came to the rescue. A few years later, the company was in trouble again and was rescued this time by wealthy aristocrat Lancelot Prideaux-Brune. Then a few short years later, the company was in trouble again, and was rescued, this time by Sir Arthur Sutherland.

And so on, for over one hundred years, the pattern continued. Such was the charm of the Aston Martin legend that otherwise hard-nosed investors were always there to perpetuate the dream.



After World War II, the latest saviour was David Brown, the tractor magnate, and other than millions of lost pounds, his chief contribution to Aston Martin was his initials.

The *DB2*, released in 1950, kept Aston Martin in the spotlight. Despite some near misses, the Aston Martins never achieved the racing successes that would have assured their success, and the expense of racing kept Aston Martin from ever returning a profit.



Thus it was a bad-tempered and tense Aston Martin management that initially refused to let the roof be cut off their brand new DB5 for the filming of the 1964 James Bond movie *Goldfinger*.



Eventually, however, the management agreed to let the DB5 go, and the rest, as they say, is history: James Bond's gadget-filled DB5, which included missiles and an **ejector seat** for unwelcome passengers, was the second star of the *Goldfinger* movie.



Without the massive publicity that this 1964 James Bond movie gave Aston Martin, it is doubtful that the company would have survived.

Even so, Aston Martin was still in trouble and was sold to *Company Developments Ltd*, a Midland-based investment company. Then the 1973 fuel crisis pushed petrol prices sky high and made gas-guzzlers suddenly unsaleable. Aston went broke again and was sold to North American businessmen Peter Sprague and George Minden for £1.05 Million.





The resulting 1976 Aston Martin Lagonda was loved by oil-rich Arabs, but hated by just about everyone else. However, thanks to money from the Middle East, Aston Martin looked like having a prosperous future. Aston Martin was on-sold to oil magnate Victor Gauntlett.



By 1984, Aston Martin was in trouble again. This time Greek shipping tycoon George Livanos came to the rescue. But not even Livanos' millions could stave off the inevitable. Aston Martin was sold to Ford Motor Co in 1987.



Ford gave Aston Martin access to finance, management, design and marketing skills. However Ford's involvement meant that post-'87 Astons were chock full of parts shared with other Ford vehicles.

Like every other company that's invested in Aston Martin, Ford lost heavily on the deal. Ford eventually sold off most of Aston Martin in March 2007 for about \$US850 million.

Aston's new owners are Italian private equity firm *Investindustrial*, together with Kuwaiti-based *Investment Dar* and *Adeem Investment*.



The Aston Martin jinx has continued: in 2015, Aston Martin reported an annual pre-tax loss of £71.8million, much worse than the £25.5million it lost the year before.





Given Aston Martin's track record for permanently parting investors from their money, we can only hope that this time things will be different. But there's little sign of that. Sales in the critical Chinese market have fallen and the company is currently shedding staff.

In 2015, Aston Martin's new manager, Andy Palmer, was asked to describe his company's business model.

He replied: "102 years of losing money."

You have to admire the man's honesty. •

