

Saab Leases \$40 Million In Property To Pay Workers

Louise Nordstrom, Associated Press

STOCKHOLM (AP) — Crisis-hit car maker Saab has struck a \$40 million deal to sell and lease back property in an effort to improve its ailing finances that have forced it to halt production and withhold workers' salaries.

If approved by Swedish and European regulators, Tuesday's property deal could help Saab ease a severe cash shortage that has pushed the loss-making Swedish brand closer to bankruptcy. However, Saab's future remains in doubt as it needs a lot more funding to stay afloat long term.

The announcement from Saab owner Swedish automobile, a Dutch company previously known as Spyker Cars, comes a day after a euro13 million (\$18.4 million) car order from an unnamed Chinese company.

The deals have helped ease fears that the company was facing bankruptcy within days or weeks. That showed through in another 11 percent rise in Swedish Automobile's share price to euro1.17 (\$1.66) on the Amsterdam Stock Exchange.

Despite the deals, analysts cautioned about the Saab brand's future.

Tom Muller, an analyst at Theodoor Gilissen in Amsterdam, said Saab needs something in the region of \$70 million to \$140 million in the next six months to stay afloat and convince suppliers to start delivering parts again.

"I'm not sure they will be able to have a solid financial base," said Muller, who is not related to the CEO of Swedish Automobile, Victor Muller.

He added that most of the money Saab has managed to raise in the immediate term will be used to pay back debt it has already accumulated.

Under the terms of the property deal, Saab owner Swedish Automobile is selling 50.1 percent of the shares in the unit to a consortium led by Swedish real estate company Hemfosa. The buyers also have the option to buy additional shares in the property business for another 45 million kronor (\$7 million).

The unit owns the Saab factory in Trollhattan in southwestern Sweden, where production has been at a standstill for months because Saab hasn't been able to pay suppliers.

Swedish Automobile said it aims to enter a 15-year lease agreement so that Saab can continue to use the property.

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"Our next step will be to reach an agreement with our suppliers so that we can get our material and resume production," Saab spokeswoman Gunilla Gustavs said.

The property deal hinges on approval from the Swedish National Debt Office, the government and the European Investment Bank. The debt office hasn't yet made a decision and the Swedish government has tentatively approved the deal.

The debt office has guaranteed Saab's loans from the European Investment Bank and must agree to release its collateral in the shares of Saab Property.

Last week, Saab said it had run out of cash to pay its 3,700 workers, raising doubts over how long the brand could survive. Previous owner General Motors was winding down the brand when Spyker, a small luxury sports car maker, bought it last year.

In the long-term, Saab and its owners are awaiting approvals from regulatory authorities for three parties who have said they want to invest in the brand.

Pang Da Automobile Trade Co. has agreed to buy a 24 percent stake in Swedish Automobile and Zhejiang Youngman Lotus Automobile Co. wants a 29.9 percent holding. The deals also include different agreements on the production and distribution of Saab cars in China.

In addition, Russian investor Vladimir Antonov wants to inject between \$50 million to \$150 million into Saab, but hasn't yet received the necessary approvals from the European Investment Bank.

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