

Saab might soon file for court protection

Written by AFP / The Swedish Wire

Monday, 29 August 2011 08:11 - Last Updated Monday, 29 August 2011 08:12

Troubled Swedish carmaker Saab admitted Friday it was considering all possible options, amid media reports it might soon file for court protection as unpaid bills and salaries pile up.

Saab's parent company Swedish Automobile (Swan), previously known as Spyker, and the automaker announced they were "aware of certain reports ... related to a possible filing by Saab ... for voluntary reorganisation under Swedish law," adding that they were "evaluating all available options."

"Swan will update the market in case of new developments," the statement added.

Saab went through a large-scale restructuring in 2009 to avoid bankruptcy, when it belonged to US car giant GM.

The company, which had been scheduled to publish its second quarter results Friday, announced earlier in the day that its earnings statement would be delayed for nearly a week and would be published next Wednesday.

The announcements and reports that bankruptcy could not be far off for Saab sent Swan's share price plunging on the Amsterdam stock exchange Friday, shedding nearly 15 percent in late afternoon trading to 0.49 euros a share.

Rumours of a looming bankruptcy have long been circulating, as production has remained halted for months and the company has scrambled to dig up cash to pay off piles of unpaid bills to suppliers.

The reports took on new life this week when Saab for the third month in a row said it would not be able to pay all of its 3,700 employees salaries on time after promised funds from new investors failed to materialise.

Last week, Swedish authorities began procedures to recover funds owed to suppliers in what could be a first step towards bankruptcy.

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Swedish Automobile and Saab chief executive Victor Muller has for months been scrambling to raise cash to pay suppliers and relaunch production at the carmaker's plant in Trollhaettan in southwestern Sweden.

The company has among other things entered a deal to sell and lease back its real estate, and signed deals with Chinese distributors. Last week it announced its third new stock issue to raise fresh cash.

The iconic Swedish brand Saab was saved from closure at the last minute at the beginning of 2010 when the small Dutch firm Spyker, now Swan, bought it from GM.