

SAAB owner posts massive first half loss

Written by AFP / The Swedish Wire

Wednesday, 31 August 2011 20:53 - Last Updated Wednesday, 31 August 2011 20:57



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Swedish Automobile, the owner of troubled carmaker Saab, on Wednesday posted a huge first half loss and said it was still looking for funding to restart production.

Dutch-based Swedish Automobile, formerly known as Spyker, saw its six months to June loss spike to 201.5 million euros (\$289 million) from 21.9 million for the same period in 2010.

It was widely expected that the owner of Saab, whose production has been halted on and off since April as suppliers halted deliveries over unpaid bills, would post poor results.

The company has recently faced bankruptcy threats and in July had to delay salary payments to its staff, saying expected funds from investors had failed to come through.

It said Wednesday that "securing additional funding, restarting production and stabilising operations (are a) top priority for management," but did not indicate when the cash was expected or production could restart.

"It will come as no surprise that this has been an unbelievably tough quarter for this company. Nothing is worse than having to delay salary payments to your loyal employees and they deserve nothing less than my sincere apologies," Swedish Automobile head Victor Muller said.

"Moreover, our ever tighter financial situation resulted in sustained production stoppages, lost revenues and a significantly increased operating loss," he said.

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He said the company's business plan was "under review" as it negotiated to obtain more funding.

Over the last six months, Saab has signed deals with Chinese distributors Pang Da and Youngman, and entered a deal to sell and lease back its real estate, giving it access to liquidity.

But the cash has not been enough to restart production at its Trollhaettan plant in southwestern Sweden and many Saab suppliers have been forced to lay off staff.

Iconic Swedish brand Saab was saved at the last minute at the beginning of 2010 when it was bought by small Dutch firm Spyker from US giant GM.

The new owner had big ambitions for Saab but the carmaker has since lurched from one cash crisis to another.

At the end of July, Saab had 3,700 employees.