

Saab will turn a profit no later than 2014

Written by AFP / The Swedish Wire

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- [Chinese firms take over Saab](#)

Saab will turn a profit no later than 2014, under an ambitious plan laid out on Monday by two Chinese companies aiming to buy the beleaguered Swedish carmaker and proposing significant long-term funding.

According to a preliminary business plan filed with the Vaenersborg district court in southwestern Sweden and presented to Saab's creditors Monday, Chinese companies Pang Da and Youngman intend to supply 610 million euros (\$855 million) in long-term funding to Saab.

Saab, which revealed last week that the two firms had offered to buy it for 100 million euros from its Dutch owner Swedish Automobile (Swan), would also immediately receive 50 million euros in bridge financing and would tap a European Investment Bank credit for another 63 million euros, the court filing showed.

The funding is intended to prop up Saab, which halted production six months ago as suppliers stopped deliveries due to mountains of unpaid bills and which is currently restructuring under bankruptcy protection, until it can begin on the long road to recovery.

The creditor's meeting on Monday will examine the plan, which is widely seen as Saab's last chance at survival.

However, if creditors deem the plan not credible, the Swedish carmaker will likely be pushed out of bankruptcy protection and thrown to the wolves.

According to the plan presented Monday, the company will start production again next year, making between 35,000 and 55,000 cars, and by 2014 it will be turning a profit.

By 2016 Saab is expected to be pushing out up to 200,000 cars a year, the plan showed, adding that the carmaker's biggest growth market will be in China, which is expected to account for a third of its global sales.

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Returning Saab to profit will meanwhile entail cutting costs by one billion kronor (111 million euros, \$155 million), according to the plan.

Saab itself, which currently counts around 3,700 employees, said in a statement that the cost-cutting plan would include slashing 500 jobs.

The court filing meanwhile showed that Saab would continue producing cars at its Trollhaettan factory in southwestern Sweden, but that Saab cars would also be made in China going forward.

Saab has previously said it had about 220 million euros in unpaid bills to suppliers, but the speedily assembled business plan did not show how creditors would be repaid.

Saab's court-appointed administrator Guy Lofalk said that part of the plan would be presented soon.