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SWEDEN: European suppliers body says Saab seems in "negative spiral"

By: Simon Warburton | 18 April 2011



Saab seems in a "negative spiral" according to a pan-European suppliers body that is estimating the Swedish automaker will need hundreds of millions of Euros to survive.

Saab's Trollhattan factory is idle again today (18 April) as the manufacturer has its application for the site to be sold and leased back considered by Sweden's National Debt Office.

"With a very unclear ownership structure and no financial muscle, it seems they [Saab] are into a very negative spiral," European Association of Automotive Suppliers (EAAS) CEO Lars Holmqvist told *just-auto* from Brussels.

"The reason they are stopping is they have not paid their bills and will not get components. They are not selling cars and are making very big losses. Those losses mean you need hundreds of millions of Euros in your kitty."

The EAAS chief added Saab had never really made money, but had benefited from having "rich parents," while he doubted the "hard-nosed" Swedish government would help out.

Holmqvist noted reports Russian businessman Vladimir Antonov could step in, but the initial fund speculated about by the media would only see limited component supply.

"If it is right what is being reported, it means Antonov would go in immediately with SEK270m (US\$43.2m) - that is not [enough] even to cover the debt owing to the suppliers," he said.

"It would not even help starting. It could release some components, but that is of course not [the] major problem."

Sweden's Enterprise Ministry confirmed to *just-auto* Saab had asked for its EUR400m loan from the European Investment Bank (EIB) to be changed to allow it to raise capital elsewhere.

The country has guaranteed the EIB loan and a Ministry spokeswoman said: "We need to be OK, give our blessing to see a change. Since they [Saab] have been a bit short in cash flow, they wanted to lower their loan and use that space to get loans elsewhere."

The EIB loan can only be used for certain environmental projects and not for everyday running of the business. Saab has asked the Debt Office permission to sell and lease back its property, although the government spokeswoman declined to give any amount this could raise.

"We like to look after the taxpayer's money and make as good as possible for Swedish companies - in this sense the Swedish car industry in general," she added.

The EIB in Luxembourg declined to comment on the matter when contacted by *just-auto*.

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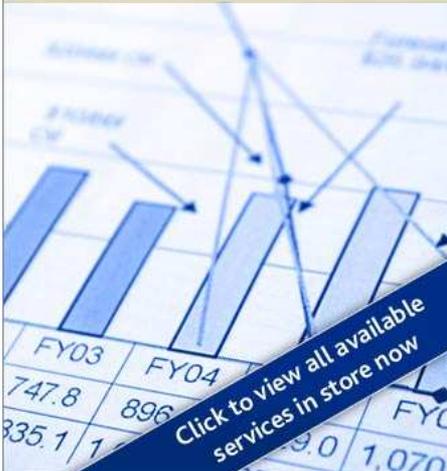
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Sweden's National Debt Office is meeting today (18 April) in Stockholm to discuss Saab's application to use its property to release collateral.

THE WEEK THAT WAS: Saab and 'spies'

The two big questions as we lurched into this week were "What will happen to Saab?" and "What will happen at Renault?" One was answered, sort of.

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