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## Chinese Investors Save Saab from Bankruptcy

At the 11th hour, Chinese investors Pang Da and Youngman have agreed to buy over 100% of Swedish auto maker, Saab thus saving the debt-ridden company from bankruptcy. The purchase price – €100 million or \$142 million. Victor Muller, Chief Executive of Saab said, “After the better part of seven months of agony for the company we have come to a point where we can proudly say that we made it.” As part of the deal, the Chinese companies have also agreed to provide long term funding.

Altogether, Pang Da and Youngman will inject €245 million into the company in a deal including joint ventures and buy up about half of Saab’s shares. In addition, the Chinese will also provide a bridging loan of €70 million to tide the company over during a three-month restructuring that began in September.

Saab had been granted approval for 3 months of renegotiation of debts and funding during which it will be protected from creditors and avoid filing for bankruptcy. Just last week, Saab’s court appointed administrator, Guy Lofalk applied to have Saab’s bankruptcy protection lifted, a move that would have opened the way for creditors to claim against the company and pave the way for bankruptcy. At that time, talks with the Chinese had fallen through after Saab’s owners, Swedish Automobile rejected Pang Da and Youngman’s initial offer of \$30.4 million to buy over the company.

In a sudden turn of events, Muller announced the deal was back on track after terms were renegotiated and have become acceptable. At that point, Lofalk withdrew his petition to lift bankruptcy protection.

Under the new proposal, Youngman will buy 60% of Saab and Pang Da will buy 40%. According to Muller, the Chinese had agreed to provide funding to Saab that was “way in excess of the original agreement. It will probably be more like double that amount.”

The new agreement would still require approval from a host of creditors, but Muller has expressed his optimism that they will find the new terms “convincing and compelling”.

This buy over is now the second Swedish company bought by Chinese investors after another Chinese company, Geely bought over Volvo for \$1.5 billion in August last year. Initially, there was also concern that the Chinese would move Saab’s operations to China should they become its owners. But now, it appears that they will continue operating in Sweden’s Trollhaettan plant. Geely also has not moved their production to China.

Commenting on the deal, Sweden’s enterprise minister, Annie Loeoef said, “I am glad they have taken a step forward and that the reorganization will continue”.