

Daily Tribune

Serving southeastern Oakland County

News

Saab plan falls flat

Sunday, December 20, 2009

By Joseph Szczesny, Journal Register News Service

GM halts efforts to sell automaker to outside investor.

Plans for building a new headquarters for Saab's North American Operations in Royal Oak are dead, after General Motors Corp. halted efforts to sell the Swedish brand to an outside investor.

Saab had already secured property and was also negotiating for tax credits before GM's efforts to sell the fabled brand ran into trouble last month.

Last month Saab Cars North America was in line for \$1.4 million of state tax incentives to lure it to the offices of Ronnisch Construction Co., 4327 Delemere Court.

Royal Oak officials and residents also were looking forward to 52 new jobs and a \$2.2 million investment in the north-end industrial district.

Saab Cars North America also was discussing a \$1.2 million grant from the Michigan Economic Growth Authority to help defray the cost of the investment in Royal Oak.

GM's efforts to find another buyer ended in failure — and frustration — Friday.

After the withdrawal of Koenigsegg Group AB last month, GM had been in discussions with Spyker Cars about its interest in acquiring Saab.

During the due diligence, certain issues arose that both parties believed could not be resolved, GM said in a statement.

"We knew that was a long shot and we didn't have our hopes up," said Janet Gekiere, business development and marketing manager for Ronnisch, which was going to relocate from its renovated industrial space for Saab. "We'll stay in our beautiful building."

No other viable potential buyers have emerged, said a GM official familiar with the deal said privately.

"Despite the best efforts of all involved, it has become very clear that the due diligence required to complete this complex transaction could not be

executed in a reasonable time. In order to maintain operations, Saab needed a quick resolution," said GM Europe President Nick Reilly.

"We regret that we were not able to complete this transaction with Spyker Cars. We will work closely with the Saab organization to wind down the business in an orderly and responsible manner. This is not a bankruptcy or forced liquidation process.

"Consequently, we expect Saab to satisfy debts, including supplier payments, and to wind down production and the distribution channel in an orderly manner while looking after our customers," Reilly said.

Saab will continue to honor warranties while providing service and spare parts to current Saab owners around the world.

As part of its efforts to become a leaner organization, GM began seeking a buyer for Saab's operations in January. Last week, Saab Automobile AB announced that it had closed on the sale of certain Saab 9-3, current 9-5 and powertrain technology and tooling to Beijing Automotive Industry Holdings Co. Ltd. GM expects Friay's announcement to have no impact on the earlier sale.

Reilly said GM has been faced with some very difficult but necessary business decisions. The focus will remain on the four core brands — Buick, Cadillac, Chevrolet and GMC — and several regional brands, including Opel/Vauxhall in Europe.

GM's efforts to sell its Saturn brand also ended in failure earlier this fall.

Van Conway, a turnaround specialist from the firm of Conway MacKenzie Inc. in Birmingham, said Saab probably didn't have the capital required to survive. Slow sales also contributed to the crisis at Saab.

"In a robust economy, you probably could have sold it," he said.

Daily Tribune Staff Writer Catherine Kavanaugh contributed to this report.