

Press release

Restructuring in the form of debtor-in-possession proceeding for FIMA

„Management stays in charge– daily business continues“

Obersontheim, 06.05.2019

FIMA Maschinenbau GmbH has filed an application for the opening of insolvency proceedings (self-administration) in the form of a debtor-in-possession proceeding to restructure and reorganize the company in a sustainable and permanent way. The request has been granted by the district court Heilbronn. The Turkish subsidiary FIMAprö is not involved in this procedure. This also applies for the service subsidiary Serafima GmbH & Co. KG located in Untermünkheim-Kupfer, which had just been founded in January 2019.

Positive forecast for restructuring

The precondition for such a procedure is that a third, independent party confirms, that the marketability and competitiveness can be restored. Independent Consultants and auditors from Baker Tilly issued a positive forecast for the future of FIMA. The well-known business consulting company belongs to the worldwide top ten in their fields.

Through the debtor-in-possession proceeding management continues to be in charge and performs their rights and obligations as before. The business continues as usual.

Two experts complement management from now on. With the start of the procedure, attorney Dr. Höpfner from the law firm BBL Bernsau Brockdorff will support FIMA management as additional CEO. He supports FIMA in all questions concerning insolvency principles.

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Furthermore, Volker P. Zimmerer will be a new member of the management and is in charge of accelerating the restructuring process. The certified business economist and Master of Business Administration is founder, shareholder and chairman of the management of ZKK Group in Freiberg am Neckar. Besides their own investments and shares in redevelopment companies they specialize in integrated support for companies in upheaval. Mr. Zimmerer contributes his broad experience from industry and consulting and worked for Ernst & Young, Helbling and Volkswagen Consulting. He is an expert for the areas strategy, financing, restructuring and business development.

The management is accompanied by a trustee who is deployed by the court and monitors management. This function is performed by lawyer Steffen Rauschenbusch from the law company Ernestus, Mannheim.

Objective: Plan for restructuring in three months

Submitting an insolvency plan within the next three months is the declared aim for bringing FIMAs former strength back again. The expert in flow technology and world market leader with some of its product lines faces a weakening global economy and a drop in prices in one of its major markets the oil industry. In particular, the prices for a barrel of oil dropped about 80 percent in the past few years, which had a big impact on the demand for FIMA products in this particular industry. The oil price is rising again at the moment but this can't compensate the drop in demand. The current development of the market for petrochemicals confirms the assessment of management, who sees a major future prospect for FIMA products in the rising demand for petrochemical products like polypropylene and polyethylene which are made from petroleum.

First actions already implemented

For one thing FIMA CEO Dr. Serdar Ertong counts on the previous successes of the traditional long-standing enterprise: 'We can still count on a solid business model, and our products as well as our company still have a good reputation.' On the other hand, Dr. Ertong and his management team know exactly what is important now, to turn the positive prospects into reality: 'What we already

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started and are still consequently working on is to adjust our cost structure to the new market conditions.'

The current situation of the company is also due to the collective tariff increases in wages which could not be sufficiently absorbed by productivity and efficiency gains. In the future this shall be counteracted with the help of an optimized project process and production planning and logistics aligned to the level of complexity.

Accordingly the Turkish subsidiary FIMAprö based in Denizli will be developed into a more modern and cost-efficient production site. Processes were optimized at all FIMA sites and project calculation was improved. The standardization of components is also accelerated. The sales department was restructured according to sales channels to reach target markets and customers more effectively.

High confidence in the management

FIMA belongs to the investment portfolio of Schaeff Group in Schwäbisch Hall. Alexander Schaeff, CEO of Schaeff Group and managing partner of FIMA is convinced that the measures taken already contribute to recover the performance power of the company. 'The new management' he attests, 'is working with all their expertise and commitment to create a new FIMA with a sustainable future.' He is confident about the further restructuring process: 'We have a shared vision about FIMA. I am positive about the restructuring process and I am sure that the scope for action within the debtor-in-possession proceeding is used optimally.'

About FIMA:

FIMA Maschinenbau GmbH is a leading expert in the area of flow technology and specializes in ecologically-friendly and economical solutions in the area of radial blowers and turbo compressors for complex applications. Amongst others, customers belong to the chemical and petrochemical industry as well as refineries or oil and gas. FIMA is world market leader for explosion-proof Zone 0 blowers and for radial compressors for small volume flows. The company was founded in 1946 for the repair of agricultural machinery. Today the company employs about 200 employees at its sites in Germany, Brazil, China, India and Turkey.

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At the beginning of 2019 the service branch became independent through the founding of the service subsidiary 'Serafima GmbH & Co. KG'. FIMA is part of the Schaeff Group, an association of different companies in the high-tech industry, especially in the area of automation and mechanical engineering.

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