

Press Release

Acquisition of toolmaker Schwarz completed

23 December 2022 · Preußisch Oldenburg · Business Area: Insolvency Administration

The successful solution to preserve medium-sized automotive supplier Heinz Schwarz GmbH & Co. KG, which was achieved in the in-court restructuring proceedings conducted for the company, has now been formally implemented: since the purchase agreement with the investor was signed on 11 November 2022, the final obstacles have now been surmounted and all conditions necessary to transfer the company to the investor have been met. This means that the takeover is now legally effective, which involves the operations of toolmaker Schwarz being transferred to the Kesseböhmer Group with retroactive effect from 1 October 2022. "In view of the fact that the creditors' assembly had previously unanimously approved the purchase agreement during a meeting at the Local Court of Bielefeld, all those involved are relieved and delighted that it has now actually come into force. It was only thanks to the pragmatism of all parties and their determination to achieve and implement a final solution that it has been possible to secure the future of Schwarz as soon as this year. I would especially like to thank the investor, Mr Oliver Kesseböhmer, the (main) customers and banks that made a contribution and, last but not least, the management team and the highly motivated employees, without whom this successful outcome would not have been possible," summarised attorney Mr Stefan Meyer from

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About PLUTA

PLUTA helps companies in legally and economically difficult situations. Since the company was founded in 1982, PLUTA has constantly grown. Today PLUTA has a staff of about 500 employees in Germany, Spain and Italy including more than 290 graduates in business economics and business management, attorneys, business lawyers, tax consultants, public auditors, certified accountants, economists, bankers, bookkeepers, engineers and insolvency administration specialists. Many of them own multiple qualifications what ensures practicable and economically sensible solutions. In particular, PLUTA provides support in restructuring companies affected by a crisis or insolvency and in continuing business operations, if necessary by involving restructuring experts in a responsible role. PLUTA is one of the top enterprises specialising in restructuring and turning around companies, as demonstrated by rankings and awards from INDat, JUVE, The Legal 500, Who's Who Legal, brandeins, and Focus. Further information at www.pluta.net

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PLUTA Rechtsanwalts GmbH in his capacity as insolvency monitor.

Full steam ahead

“Business will go on at toolmaker Schwarz. This is the message of the day for us and means that a turbulent year, which was not easy for any of us, has finally come to a successful end. Our employees, customers and partners can enter the well-deserved Christmas season knowing that the company’s activities will go on. I would like to offer my sincerest thanks to everyone for their loyalty, perseverance and confidence. We are now in a position to hit the ground running together in the new year,” said Mr Diedrich Diedrichsen, the managing director of the transfer company who also heads up the business following the takeover. Likewise, there are no changes to the company’s premises, customer orders and name, ‘Schwarz Werkzeugbau’. What’s more, the investor is also well known to the long-established toolmaker, as the Kesseböhmer Group has been a co-owner of the medium-sized company for many years. The fact that Schwarz has now been anchored even more strongly within the Kesseböhmer Group will allow it to benefit from additional strategic options and synergistic effects.

Schwarz will continue to concentrate on the automotive business, with an even stronger focus on series production, and only operate specifically in the toolmaking segment if adequate prices can be agreed with customers in the automotive industry. Consequently, toolmaking will remain an important mainstay at Schwarz when it comes to the production of large-volume tools for the outer shell



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of vehicles. Unlike powertrains, for example, which never played a major role at Schwarz, this business is not affected by the current mobility trend towards electrification. A significant expansion to series production, especially the production of parts in small series, is planned over the next few years. This segment is seeing a variety of negotiations with customers, which inspire confidence concerning the company's future development.

Quick results thanks to debtor-in-possession proceedings

"The speed with which the solution for Schwarz, which can now be implemented, was found during debtor-in-possession proceedings was decisive to the preservation of the company. In fact, it has only been possible to plan new business for 2023 because a secure solution could be presented to customers before the end of the year, with initial enquiries for long-term projects having already been received. This development makes us all very happy," said attorney Mr Thomas Ellrich from law firm VOIGT SALUS. In cooperation with Mr Christian Krönert, his partner in Leipzig, Mr Ellrich was the general agent for all aspects involving insolvency law that had to be dealt with during the debtor-in-possession proceedings. Both were supported by Dr Franz Zilkens, the law firm's partner in Cologne. "Now that the business has been saved and secured by the investor and is being continued under a new legal entity, the shell of the previous company will have to be wound up over the further course of the proceedings. We expect to complete this routine measure, which is typical for such cases, in just under two years. Our expertise in insolvency administration will help us a lot in

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this process. The fact that the debtor-in-possession proceedings will be maintained, even for these liquidation activities, is a clear sign of the creditors' trust in our restructuring team. Once this task is completed, we are confident that we will be able to disburse an insolvency dividend of more than 30% to the creditors concerned," predicts attorney Mr Christian Krönert, who will join the debtor's management team as Chief Workout Officer (CWO) after the business operations have been transferred to the investor.

The preceding M&A process was primarily coordinated by management consultancy firm MONTAG & MONTAG. During the proceedings, controlling staff were supported in business management issues by ABG Consulting-Partner GmbH und Co. KG. The team under managing director Mr Simon Leopold provided ongoing commercial support during the restructuring process, which also encompassed financial and liquidity planning.

Mitigation of social effects despite the difficult financial situation

Even though most of the company's jobs have been saved, an adjustment to the personnel structure could unfortunately not be avoided. Ultimately, 51 jobs had to be cut because the financial planning in the investor's concept assumes reduced performance and sales, at least over the next two to three years, even if only adequately priced toolmaking orders are accepted. However, thanks to the intensive cooperation between the works council, investor, management and insolvency monitor, the social effects on staff were mitigated to the greatest extent

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possible. For this purpose, a transfer/qualification company was founded to ensure that the employees who are affected will benefit from the best possible transition to new employment in the primary labour market and from fully-fledged employment in the transfer/qualification company during the transition period. The corresponding agreements have already been reached with the works council and their legal advisers (with the involvement of the trade union concerned) as part of negotiations on a reconciliation of interests and social compensation plan.

Long-standing company Heinz Schwarz GmbH & Co. KG found itself in a crisis due to the difficult economic situation. In addition to far-reaching structural changes, especially in the automotive sector, the toolmaking industry has seen huge increases in energy and material prices and a significant jump in transport costs in 2022. These additional costs could not be passed on sufficiently, and the payments that need to be made in advance and especially the amounts to be pre-financed have increased drastically. Without the 'toolbox' offered by the German Insolvency Code (InsO), it was not possible for the company to complete out-of-court measures that had been taken immediately to stabilise its liquidity. Therefore, management of tool manufacturer Schwarz filed for insolvency under debtor-in-possession proceedings with the competent court, namely the Local Court of Bielefeld. In-court restructuring proceedings were opened on 1 October 2022.

In addition to Mr Stefan Meyer, the PLUTA team also included attorney Mr Christoph Chrobok and business

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