

Press Release

FRIMO Group to restructure itself under insolvency proceedings

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The FRIMO Group, a German technology group, intends to restructure itself with the means afforded by insolvency proceedings. Management therefore filed for insolvency with the competent court, namely the Local Court of Münster. Following this, the court appointed Mr Stefan Meyer, a restructuring expert from PLUTA Rechtsanwalts GmbH, as provisional insolvency administrator. The FRIMO Group is a leading provider of technologically advanced tools, equipment and turnkey production systems for automotive customers on an international scale.

In addition to the holding company, FRIMO Group GmbH, subsidiary FRIMO GmbH, an operating company, has also filed for insolvency. Mr Stefan Meyer is acting as provisional administrator in these proceedings too. Both companies are based in Lotte, near Osnabrück. FRIMO GmbH has dependent subsidiaries and production facilities in Freilassing, Hamburg and Sontra. “FRIMO’s production operations will be maintained in full and closely coordinated with customers during the restructuring process,” emphasised Mr Stefan Meyer today at the FRIMO headquarters in Lotte. “All orders in the project business are currently being reviewed and renegotiated with customers – if possible, processing will be continued by mutual consent. It is intended that the services and product support business will also be maintained without

PLUTA press contact

Patrick Sutter
relatio PR
+49 89 210 257-22
presse@pluta.net

PLUTA expert



Stefan Meyer

Rechtsanwalt,
Fachanwalt für Insolvenz-
und Sanierungsrecht



Dr. Ria Brüninghoff

Rechtsanwältin,
Fachanwältin für Insolvenz-
und Sanierungsrecht

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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restriction.” The FRIMO subsidiaries abroad (in Hungary, Poland, the USA, Mexico and Shanghai) are not directly affected by the insolvency proceedings now opened. They will be stabilised through appropriate measures in order to prevent them having to file for insolvency as far as possible. The FRIMO Group employs 1,200 people and is an international market and technology leader in its segment.

Mr Meyer, the provisional administrator, said, “We will do everything within our power to stabilise the business and will examine all options that may allow the group to be restructured and embark on a new future. We will also move quickly to look for an investor as part of a structured M&A process, in close coordination with the creditors’ committee.” Mr Meyer and his team are currently holding talks on site with the senior and extended management team and are negotiating with customers and stakeholders to get an idea of the overall economic and legal situation. Over the next few days, Mr Meyer will provide the roughly 500 members of staff at the German locations with detailed information on the steps taken so far and how they are affected as employees. The wages and salaries of all employees are guaranteed up to April 2023 inclusive thanks to specific substitute benefits provided under German insolvency law, pre-financing of which has already been initiated.

The FRIMO Group designs and builds equipment and tools for a wide range of technologies, specialising in equipment for the production of plastics and composite material in large quantities for both automotive interiors and exteriors, such as interior panels, roof/floor modules and



Christoph Chrobok

Rechtsanwalt



Philip Konen

Rechtsanwalt

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bumpers. This equipment is supplied to automotive suppliers and car manufacturers in Germany and worldwide. The group has been pursuing a consistent crisis management and restructuring process since the beginning of the sales and supply crisis in the automotive industry, or even before. The crises are well known and range from the lockdowns in the coronavirus pandemic and the supply crisis in the automotive sector through to the current geopolitical crises that have entailed deliveries being blocked or even completely prevented. Added to these are drastic hikes in raw material and energy costs, which could not be passed on to customers. This situation has been exacerbated by the payment terms in use in the industry.

However, there has recently been a clear trend towards recovery in terms of order intake and sales, not least thanks to the growing e-mobility market. This resulted in the group generating around 160 million euros last year, having only achieved an operating performance of 145 million euros in the preceding year. Given that the level was more than 200 million euros in 2019, the group still has a lot of room for improvement in terms of capacity and possibilities. During its sluggish years of 2021 and 2022, the FRIMO Group lost a lot of liquidity that could not now be balanced by loan and equity providers in order to maintain its out-of-court restructuring process.

“Despite our consistent strategic orientation and favourable growth indicators, it is no longer possible for us to fully adhere to our business model,” stated Mr Siegfried Köhler, co-CEO Sales & Operations in the FRIMO Group.

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“The insolvency proceedings now give us the opportunity to develop sustainable new concepts for our group, which will provide added value for our customers, while maintaining business operations.” Mr Paulo Cruz Pinto, co-CEO Finance & Administration in the FRIMO Group, added, “In technological terms, FRIMO is ideally equipped to remain competitive on a global scale, serving our customers’ interests.”

During the restructuring process pursued under the insolvency proceedings, the FRIMO Group will continue to be supported by a team of advisors from well-known restructuring law firm Wellensiek (Frankfurt and Munich branch offices).

In addition to Mr Stefan Meyer, the PLUTA restructuring team includes attorneys Dr Ria Brüninghoff, Mr Christoph Chrobok and Mr Philip Konen.

About FRIMO

The FRIMO Group, founded in 1962 near Osnabrück, comprises companies in Germany and abroad with a total of approximately 1,200 employees. Its core business is manufacturing solutions for plastics processing in the automotive industry, with a focus on interior panels. Based on its many years of experience, FRIMO supports its customers from the conception of manufacturing solutions through to production. The FRIMO Group companies in Lotte, Hamburg, Sontra and Freilassing are significant employers in their regions.
www.frimo.com

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