

Press Release

Markdorf manufacturer ZIM Flugsitz to restructure itself under debtor-in-possession proceedings

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ZIM Flugsitz GmbH has filed an application for debtor-in-possession insolvency proceedings with the Local Court of Constance. The court has ordered the provisional proceedings to be opened and appointed attorney Mr Martin Mucha from law firm GRUB BRUGGER as provisional insolvency monitor. Management at the aircraft seat manufacturer based in Markdorf, in the Federal State of Baden-Württemberg, will be supported by experts Mr Jochen Glück and Dr Maximilian Pluta from the PLUTA restructuring company.

ZIM Flugsitz has a staff of more than 200 people whose salaries are guaranteed thanks to specific substitute benefits provided under German insolvency law. In spite of the circumstances, the business will remain fully operational while meeting the prerequisite hygiene requirements. The application was filed due to a persistent and considerable decline in sales since the start of the coronavirus pandemic. Given the travel bans in place and the collapse in passenger demand, the entire aviation industry is currently facing major economic challenges.

With these proceedings, the company is availing itself of a mechanism created by the legislator through the German Act to Further Facilitate the Restructuring of Companies

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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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(ESUG). Companies can use debtor-in-possession proceedings to reposition themselves in difficult situations. The management team remains in charge and carries out the restructuring itself under the supervision of the court and an insolvency monitor.

Strategy for the future needed due to the pandemic

PLUTA restructuring expert Mr Jochen Glück, who is supporting management as Chief Restructuring Officer (CRO), said: "The current situation is not easy. The aviation industry is still reeling from the effects of the coronavirus pandemic. The company is known for its high-quality products, and the debtor-in-possession proceedings give us an opportunity to put the business on a viable footing. We will review each process together with all stakeholders and adjust them in line with the changed situation." Dr Maximilian Pluta will provide support during the debtor-in-possession proceedings and advise on all legal matters.

Those responsible will develop possible solutions and draw up a strategy for the future over the coming weeks. The aim of the debtor-in-possession proceedings is to reach an agreement with creditors within the framework of what is known as an insolvency plan in order to keep the company in business.

Well-known international customers

ZIM Flugsitz, founded in 1995, designs and produces Economy, Premium Economy and Business Class seats for commercial passenger aircraft at two locations. Retrofitting the seating of aircraft already in use is also

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part of the Swabian company's portfolio of services. The company has recorded strong sales growth in recent years in the Premium Class seat segment in particular. Its main customers are well-known international airlines and aircraft manufacturers. It has its headquarters in Markdorf, near Lake Constance, and a second site in the northern German city of Schwerin. Both plants work independently of each other and have their own design, administration and production teams.

ZIM Managing Director Mr Heiko Fricke said: "The entire aviation industry is experiencing an unprecedented slump due to the coronavirus pandemic. The months ahead will be very challenging for our company. However, I'm convinced that we will overcome this crisis under the protection afforded by debtor-in-possession proceedings."

About the proceedings

Debtor-in-possession proceedings are in-court restructuring proceedings to rescue and rehabilitate financially distressed companies. The company concerned is allowed to manage the restructuring process itself, supervised by an insolvency monitor and supported by restructuring experts with relevant experience in this field. The provisional proceedings, that last between two and three months, are followed by the main proceedings, in the course of which the creditors can file their claims.

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