

Press Release

Sächsische Druckguß begins Restructuring – PLUTA Expert Dr Stephan Thiemann is the provisional Insolvency Monitor

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The die casting company Sächsische Druckguß GmbH (Drubo) has filed for debtor-in-possession proceedings with the Local Court of Leipzig. The Local Court appreciated the company's reasons and approved the application. Dr Stephan Thiemann from PLUTA Rechtsanwalts GmbH was appointed as the provisional insolvency monitor.

“For several years now, the die casting industry has been suffering from overcapacities, shrinking markets and falling prices. But when turnover with one of our main customers unexpectedly slumped dramatically, the sizeable investments made as a result of these orders proved to be in retrospect a mistake. In spite of the ongoing cost-cutting programmes and the optimisations in our processes, the remaining revenues simply do not cover these costs. The investments led to a high debt service, the weight of which the company simply cannot bear in the current situation. Therefore we decided to file for debtor-in-possession proceedings in order to restructure the company so that it is once more competitive and to lead it into the future on a sustained

PLUTA press contact

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

PLUTA expert



Dr. Stephan Thiemann

Rechtsanwalt,
Fachanwalt für Insolvenz-
und Sanierungsrecht

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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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basis," explained the managing director Eduard Jahn. Essentially, the restructuring approach focuses on three points: diversification, to achieve a higher degree of independence from individual customers and products; adjustments to the very wide product range; and finally a conventional optimisation of the costs in all sections of the company. The South German partner company Korundal GmbH will not be affected by the application for debtor-in-possession proceedings.

The casting company's business activities and production will be continued as usual during the proceedings. All the orders will be completed in the quality that customers are used to. The employees were informed of the application and the next steps today during a staff meeting. Their salaries are secure for a period of three months thanks to the insolvency substitute benefits. Redundancies are not planned.

Sächsische Druckguß has chosen the consulting company Buchalik Brömmekamp (Berlin, Düsseldorf) to provide advice and support during the debtor-in-possession proceedings. The business consultancy and business law firm has provided more than 100 companies, including Hulvershorn Iron Foundry (Bocholt) and an iron foundry in Bünde, with advice on debtor-in-possession proceedings since the introduction of the new insolvency law in 2012. The consultancy will give Sächsische Druckguß advice on legal issues involved in the debtor-in-possession proceedings and will implement both the business and operational restructuring measures. Besides creating a restructuring plan, the restructuring expert Nils Aeverbeck

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(Buchalik Brömmekamp) will give the management advice and support.

“During the debtor-in-possession proceedings, the business operations of Sächsische Druckguß will be restructured and sufficient liquid funds will be generated to cover the debt service in future. I consider the conditions to be excellent since the company has an unusually high level of equity with an equity ratio of almost 50 per cent and also has the time required for achieving the goals of these restructuring measures thanks to the protection provided by the Law on Further Facilitating the Restructuring of Companies,” remarked Dr Hubertus Bartelheimer, one of the partners of the business law firm Buchalik Brömmekamp.

“The staff are highly motivated and the current order situation justifies our optimism about achieving the targets we have set ourselves quickly, particularly in view of the fact that the losses we made in the last fiscal year were only slight. But we were forced to take these steps because of the pressure from the high debt service costs,” added the managing director Eduard Jahn.

Thanks to these proceedings, the company can take advantage of the chance created by the legislator when the Law on Further Facilitating the Restructuring of Companies (ESUG) was introduced four years ago so that companies in dire straits can resort to restructuring their business operations. The company’s management team will remain in office during the debtor-in-possession proceedings and will implement the restructuring measures autonomously. “My first task will be to convince

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the customers, suppliers and staff to believe in the continued existence of the company. I think that Sächsische Druckguß is very well positioned and that filing for debtor-in-possession proceedings was the right step to take so that restructuring measures can be implemented quickly and successfully in the interests of everybody concerned," explained the restructuring expert Nils Aeverbeck.

During the debtor-in-possession proceedings, the company's management team will be under the supervision of a provisional insolvency monitor. The Local Court of Leipzig appointed Dr Stephan Thiemann from PLUTA Rechtsanwalts GmbH for this position. "The staff of Sächsische Druckguß are very motivated. The external parties involved have also signalled that they are prepared to continue the collaboration," said the provisional insolvency monitor Dr Stephan Thiemann after a visit to the die casting company.

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