

Press Release

ZIM Flugsitz implements restructuring programme

8 September 2020 · Markdorf / Schwerin · Business
Area: Restructuring

- Schwerin site to be retained
- Change in company size needed in light of the coronavirus pandemic
- Sustainable restructuring of the company the objective; PLUTA restructuring team supporting management

ZIM Flugsitz GmbH, which has been engaged in debtor-in-possession proceedings since July 2020, is to commence negotiations on a restructuring concept that envisages the retention of both the Markdorf and Schwerin sites. However, the site in Schwerin would then specialise in the areas of service, maintenance, pre-development and development support. Repairs and on-site services would still be offered to customers. 20 employees would work at the Schwerin site in the future. For those employees that could not be kept on, the company will act swiftly to conduct negotiations with the works council with the aim of agreeing solutions designed to mitigate the impact. The goal is to conclude a balance of interests agreement and social plan by October. A total of 68 people are currently employed at the Schwerin site.

At the main site in Markdorf in federal state of Baden-Württemberg, the company has already moved in recent months to implement an efficiency programme, which has

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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

Press Release

included considerable cost-cutting measures. In addition to staff savings at management level, costs of both materials and external service providers have also been significantly reduced. Moreover, processes have been optimised with the aim of boosting efficiency. These measures should save all of the jobs in Markdorf, where compulsory redundancies are not expected. There are currently 132 people employed at the site.

Change in capacity

ZIM Flugsitz's business operations have not been restricted in any way since the application was filed. By adjusting its capacity, the company is responding to the changed conditions in the aviation industry in light of the effects of the coronavirus pandemic. From the perspective of management, ZIM as a leaner company will be perfectly positioned to handle current and future customer orders. Every alternative has been examined and discussions have been held with all parties involved. The analysis shows that a capacity adjustment is needed if the company is to avoid heavy losses due to a considerable decline in sales since the start of the pandemic and lower capacity utilisation. Management therefore feels that the agreed concept represents the best possible outcome in that it gives the company and most employees good prospects of a successful future.

ZIM managing director Mr Heiko Fricke said: "We reviewed all options for keeping the Schwerin site going over recent days and weeks. We know that this measure is a heavy blow for the workforce in Schwerin, but it will allow us to keep the site operational, albeit at a smaller scale. We are

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Press Release

aware of our corporate responsibility and will offer employees solutions that help to mitigate the impact and provide career support.”

Assistance from restructuring experts during the debtor-in-possession proceedings

In this difficult situation, the company will be able to reposition itself through the options offered by debtor-in-possession proceedings. During such proceedings, the management team remains in charge and carries out the restructuring itself under the supervision of the court and an insolvency monitor. Management at the aircraft seat manufacturer are being supported in this by experts Dr Maximilian Pluta, Mr Jochen Glück and Mr Florian Schiller from the PLUTA restructuring company.

ZIM Flugsitz GmbH will now draw up an insolvency plan based on the restructuring concept. An M&A process will run in parallel as part of a dual-track process in order to ensure that no stone is left unturned in the efforts to restructure the company. Management aims to reach an agreement with creditors within the framework of what is known as an insolvency plan, and is convinced that an insolvency plan and the preservation of the company represents the best possible solution for both the creditors and employees and will save as many jobs as possible. The shareholders have backed this approach.

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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Press Release

part of the 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.

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