

Press Release

Mechanical engineering firm Baldwin Technology to restructure as debtor in possession

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Area: Restructuring

Baldwin Technology GmbH has filed an application for debtor-in-possession insolvency proceedings with the Local Court of Augsburg. The court has ordered provisional insolvency proceedings and appointed attorney Mr Christian Plail from Augsburg-based law firm SGP Schneider Geiwitz as provisional insolvency monitor. The management team of the mechanical engineering company based in Friedberg, Bavaria, will be supported and advised by PLUTA restructuring experts Dr Stephan Laubereau, Mr Georg Stemshorn and Mr Philip Konen.

Filing for insolvency became inevitable for the company due to imminent illiquidity. The company had registered a decline in sales for several years, and its turnover had plummeted in the 2019/20 business year. Baldwin Technology's customers mainly operate in the printing sector, which has been facing major difficulties for quite some time now. A particularly important customer was lost in 2020 when it decided to move manufacturing in-house. Most recently, the mechanical engineering company has also been hit hard by the coronavirus pandemic. Despite great efforts and the measures taken, e.g. short-time working, it has not been possible to offset this drop in sales.

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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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Baldwin Technology will avail itself of the opportunities afforded by debtor-in-possession proceedings to reposition itself for the future. The German Act to Further Facilitate the Restructuring of Companies (ESUG) allows companies to restructure themselves in difficult situations. This means that the mechanical engineering company's management will be able to remain in charge during the proceedings and carry out the restructuring itself under the supervision of the court and an insolvency monitor. Insolvency monitor Mr Plail said, "My role in the proceedings is to protect the interests of Baldwin Technology's creditors. At the same time, I will support all involved in achieving a viable solution. These debtor-in-possession proceedings will give the company a chance to align itself to the specific challenges of the sector."

PLUTA restructuring expert Dr Laubereau added, "Together with all those responsible, we are preparing a comprehensive restructuring concept that will also be suitable to mitigate the social effects on employees. The coronavirus pandemic is particularly affecting industries that had already been facing difficult developments. The goal is to restructure the company based on an insolvency plan, as it has to adapt to new conditions."

Business operations to continue without restrictions

Baldwin Technology GmbH currently has a workforce of 122 employees and two trainees, whose salaries are guaranteed thanks to specific substitute benefits provided under German insolvency law.

The business will initially be kept fully operational, while observing the stricter hygiene measures in place. In the medium term, however, the company sees no possibility of



Philip Konen
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maintaining production in Friedberg in view of the drop in sales. It therefore intends to have products manufactured by a sister company, Ahlbrandt System GmbH based in Lauterbach in the federal state of Hesse, in future. Ahlbrandt System GmbH has sufficient capacity and know-how to manufacture important Baldwin products in its existing production facilities in Lauterbach in addition to its own goods. This would not entail any changes for customers or suppliers. Management will start negotiations with the works council concerning a balance of interests agreement and social plan with regard to the associated staff cuts at the Friedberg site.

Mr Dieter Rößler, managing director of Baldwin Technology GmbH, said, "The forthcoming closure of our production facility really hurts a lot. But, unfortunately, it cannot be avoided if we are to save our company as a whole and as many jobs as possible at our remaining site, e.g. in maintenance and repair, research and development, engineering, and sales. In addition to talks with the works council and creditors, executing all orders as planned and to customers' full satisfaction is now our top priority. We will only get back on the road to success if our customers continue to put their trust in us. The next few months won't be easy, but I am confident that, together with the PLUTA restructuring experts, insolvency monitor Mr Plail from SGP Schneider Geiwitz and our works council, we will be able to overcome the challenges ahead."

The mechanical engineering company from Friedberg belongs to Baldwin Technology Company Inc. based in the US. However, only the German company in Friedberg is affected by the application for insolvency.

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