Press Release
Kress-elektrik: restructuring measures begin to take shape
Insolvency plan developed by administrator Jochen Sedlitz of Menold Bezler aims to continue the company under a new owner

Stuttgart, 27 December 2016
The restructuring of the insolvent electric tools manufacturer KRESS-elektrik GmbH & Co. KG from Bisingen is beginning to take shape. No later than by the beginning of February 2017, the insolvency administrator, lawyer Jochen Sedlitz, intends to submit an insolvency plan to the court and to present the plan for approval by the creditors. On approval of the plan, the company will pass to a new owner and the creditors will receive the fixed rate payment allocated to their claims.

KRESS applied to Hechingen District Court for the initiation of insolvency proceedings in May 2016. Since then, insolvency administrator Jochen Sedlitz, of Stuttgart-based firm Menold Bezler, has continued the company's operations. The search for a buyer both willing and able to bridge the company's financing gap proved extremely difficult. "The investment volume that the purchaser of the business would have had to finance from the insolvency assets was simply too large. As a result of low-cost competition from China, pricing in the power tool market is at rock bottom. Thus, despite a global search, it has not yet been possible to find a potential buyer willing and able to take on this volume," says insolvency administrator Jochen Sedlitz.

As such, it was not possible to continue the company in its previous form. Therefore, the insolvency administrator created a bankruptcy plan aimed at maintaining KRESS and continuing business operations in a limited form. Production is to be reduced and the system switched to more external
procurement. In the opinion of the insolvency administrator, KRESS's key skills lie not in production, but in know-how. Thus, the solution is innovation, rather than volume. In the course of the restructuring, the workforce will have to undergo a significant reduction once again and around 30 jobs are to be axed under the restructuring plan. "We have reached an agreement with staff representatives on the necessity and framework conditions for the redundancies. The employees affected by the measures were given the option to move to a transition company", said Sedlitz. "Naturally, looking at KRESS’s fortunes over the past decade, it hurts having to reduce staff. These people have worked long and hard for the company, they’ve been through a great deal and have had to do without, even though they are not responsible for the situation at KRESS. In spite of this, the employees have stood by the company. I am extremely grateful for the commitment of both the staff and the management team", said Sedlitz. "They refused to bury their heads in the sand, and instead fought with incredible dedication to save the company."

Shortly before applying for insolvency, KRESS won a bidding competition for the production of highly sophisticated machinery. "This was a really outstanding achievement", said Sedlitz. Together with the management, the insolvency administrator succeeded, despite the ongoing insolvency, in keeping the contract, thus laying the foundations for the preservation of KRESS. The current investor is willing to make the much-needed investments to set the future course for the company. Around 40 jobs will be saved if the creditors approve the insolvency plan in February.

**Insolvency Administration for KRESS-elektrik GmbH & Co. KG:**
Menold Bezler (Stuttgart): Jochen Sedlitz (Partner, Insolvency Administration, Insolvency Law / Reorganisation and Restructuring), Dr. Sebastian Mielke (Insolvency Administration, Insolvency Law / Reorganisation and Restructuring), Dr. Jasmin Urlaub (Insolvency Law / Reorganisation and Restructuring)
About Menold Bezler:

Menold Bezler is one of Germany’s leading medium-sized commercial law firms - with over 90 professionals based in Stuttgart. It advises both private companies and the public sector in all aspects of business law: from employment, corporate, competition and antitrust law to energy and real estate law, as well as environmental and planning law and public procurement law. The firm assists clients in restructuring, mergers and acquisitions, financing and capital market transactions as well as restructuring, reorganization and succession planning. The Juve Handbook of German Commercial Law Firms published by Juve Publishing, Cologne, counts Menold Bezler among the top 30 commercial law firms in Germany. For more information, please visit www.menoldbezler.de.

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