

Pressemitteilung

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ENKA GmbH & Co.KG uses protective shield proceeding and is repositioning itself

- Measures taken to deal with the consequences of the COVID 19 pandemic
- Business operations continue without restrictions
- Company will develop restructuring plan

Obernburg am Main. Yarn producer ENKA GmbH & Co. KG uses a protective shield proceeding to soften the consequences of the Covid 19 pandemic for the company and to reorganise its business operations. The management filed for opening this proceeding, which is comparable to a Chapter-11-proceeding in the USA, with the local court in Aschaffenburg (Germany) on May 12, 2020. Other companies of the ENKA Group remain unaffected by the proceedings.

"Fashion industry and textile retail trade in particular have been severely affected by the collapse of textile consumption and the interruptions in the global supply chain. For our company, too, business has largely come to a standstill since the end of March, because the machines of most of our customers, who produce in the north of Italy and in other European countries, came to a standstill," says Managing Director Wolfgang Menrath, explaining the background to the application for the protective shield proceeding. But even before the COVID 19 pandemic, business prospects in textile and clothing industry had already been poor.

"We are sure that the protective shield proceeding at ENKA will allow us to cope with the consequences of the corona-related lockdown in many European countries and to align the company for the future. Even before the start of the pandemic, we began to adapt ENKA's production capacities and processes to the changed conditions. With Covid-19, however, a situation has arisen that nobody would have imagined a few months ago," adds Dr. Till Boldt, also Managing Director at ENKA.

The protective shield proceeding aims at restructuring the company while the management remains in control of the company. Well-known restructuring expert Detlef Specovius from the law firm Schultze & Braun will support ENKA's management in this process. Specovius is a proven expert in the textile industry. In 2008, he already assisted textile retailer Sinn Leffers through restructuring, most recently Lindenfarb, an established manufacturer of technical textiles. Specovius is currently also involved in the protective shield proceedings of Hong-Kong-listed fashion company Esprit. "ENKA will develop a detailed restructuring plan in the coming weeks and discuss it with its creditors. With this plan, we want to make ENKA more efficient and more competitive and thus we want to secure and expand ENKA's good position in the world market," says Specovius.

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In addition, restructuring expert Marcus Winkler supports the reorientation as a court-appointed supervisor. Winkler will monitor the proceeding from the creditor's perspective. "The initial situation meets the requirements of a protective shield proceeding and is promising for the intended reorganisation of the yarn producer Enka", says Winkler.

Business operations at ENKA will continue without restrictions. "We are able to fulfil all our delivery obligations without restrictions and on time", ENKA's managing director Menrath emphasises.

ENKA is a traditional manufacturer of endless viscose yarns (so-called multifilament yarns) with the brand name ENKA Viscose. In the textile industry, fabric manufacturers and silk weavers use these yarns for high-quality clothing. ENKA Viscose is also used in medical and technical applications. The ENKA GmbH & Co. KG is based in Obernburg am Main, Bavaria (Germany), and generated sales of approximately 42 million euros in 2019. Enka GmbH & Co KG currently employs 268 people.



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