

PRESS RELEASE

Growth financing not possible from own resources

ILLIG continues equity and restructuring process as part of self-administered restructuring proceedings

Heilbronn, 09.04.2024 - The Heilbronn-based mechanical engineering company ILLIG is continuing its equity capitalization and restructuring process as part of its self-administered restructuring proceedings (equal to a chapter 11 according to the US law). The Heilbronn Local Court today accepted the company's filing. The self-administration will be led by the existing management and supported by the restructuring expert Jochen Sedlitz and his team of GRUB BRUGGER (Stuttgart). The restructuring process should not result in any restrictions for customers. ILLIG can and will continue to work on projects and provide its services. The company's presence at important global market platforms such as ChinaPlas 2024 and NPE in the USA will continue as planned in order to present ILLIG products and innovations to customers and interested parties.

External factors are decisive

ILLIG continues to be a global technology driver and is regarded as a strong and internationally broad-based quality brand in the development and manufacture of high-performance machines and tools for packaging and thermoforming. The following two factors are particularly important for the current business development:

Like many medium-sized companies, ILLIG has been hit hard by the current economic situation: extremely high costs due to inflation, interest rates and energy prices, as well as the after-effects of the corona virus pandemic and the consequences of international conflicts. Changing customer requirements for more sustainable and flexible solutions are being met by an increasing, internationally felt lack of investment in thermoforming and packaging machinery. This is primarily due to the reluctance of potential customers to invest as a result of interest rate developments over the past two years and other political conditions at national and international level. For ILLIG, this means that it has to invest heavily in technology and innovation without being able to compensate for this on the market side. As a result, the company lacks the necessary financial flexibility to respond to these market changes on its own.

Last year, ILLIG therefore initiated an investor process to enable it to finance growth and innovation in the changing markets. ILLIG's shareholders gave the green light to this growth strategy and fully supported management's plans in a spirit of partnership. Several strategic partners and financial investors have expressed interest and submitted initial offers, but have not yet concluded agreements due to the overall economic situation. The investor process must therefore be supported by judicial restructuring instruments and continued in the context of the self-administered restructuring proceedings.

Good starting conditions for equity capital and restructuring process

ILLIG has already repositioned itself with a comprehensive strategy program. Among other things, the program focuses on a clearer production and supply chain strategy, an innovative technology focus and more intensive market development. After all, speed, innovation and growth in international markets are the key factors for the company's future success. ILLIG's shareholders have supported this process in many ways and helped the company to achieve an optimal strategic starting position. The shareholders and the ILLIG management are convinced that packaging will continue to be an indispensable component of branded products in the future and that it will fulfill even more functions, especially in the area of product protection. At the same time, the demands on the sustainability of products are increasing. ILLIG intends to contribute to these global megatrends with its existing expertise, technologies and services, and to set its own innovative trends for the packaging technologies of the future.

To achieve this, it now needs partners from the market. The starting conditions for this investor process are good. ILLIG is a strong global brand and the "installed base", i.e. the number of ILLIG machines and services in operation, is one of the world's largest in the field of mechanical engineering for packaging and thermoforming at over 10,000. ILLIG has developed and patented a new packaging technology for non-plastic packaging, which is already attracting great customer interest and will be launched on the market next year. The capacity is available: With its new plant in Romania, ILLIG is in a position to respond very quickly to a revival in demand.

About ILLIG

ILLIG is a leading global supplier of thermoforming, tooling and packaging systems for cardboard, paper and plastics. The company's product and services portfolio includes the development, design, manufacture, installation and commissioning of complex production lines and components. With its unique approach to packaging development, "Pactivity® 360", ILLIG supplies its customers with resource-friendly and sustainable solutions. With its subsidiaries and sales agencies, ILLIG is active in all markets around the world. For over 75 years, the family business has been serving its customers as a reliable partner with innovative technology of unsurpassed quality and comprehensive global service.

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