



Media release

Phoenix Mecano to consolidate Chinese operations of its high-growth DewertOkin business at new industrial park in Jiaxing, Xiuzhou District – Group considers accessing Chinese capital market to finance growth

Kloten/Stein am Rhein, 23 January 2020. Phoenix Mecano, a leading technology company active in the production of enclosures, electrotechnical and mechanical components, is embarking on a project that will bring together existing manufacturing, development and sales operations at a single purpose-built industrial complex in Jiaxing, Xiuzhou District, around 120 km south-west of Shanghai.

The planned industrial complex will have a total floor space of 115,000 m², and following its completion (scheduled for 2022) will house DewertOkin activities currently spread across various sites in the region. These include the production of linear drives, electronic control systems and other components for electrically adjustable seating furniture and bedding as well as ergonomic office desks.

The project will deliver space for future growth and boost efficiency by shortening logistics chains and improving communication between different parts of the business.

The Group plans to invest up to €100 million in construction, infrastructure and manufacturing equipment over a period of around five years. There are also plans to set up a certification laboratory that meets the requirements of the China National Accreditation Service for Conformity Assessment (CNAS) and to increase internal added value, for example in the production of electronic switching power supplies and electric motors. At the same time, the aim is to significantly expand capacity for developing control technology, sensors, software and mechanism technology.

The DewertOkin business area, part of the Group's Mechanical Components division, has seen strong growth in China in recent years. Including MyHome, a manufacturer of mechanism technology for motor-adjustable seating acquired on 1 April 2019, it generated sales of around €160 million in China in 2019.

To fund the industrial complex and leverage further growth opportunities in the market, the Phoenix Mecano Group's Board of Directors decided on 22 January 2020 to approve a project designed to assess growth financing options, including accessing the Chinese capital market. This could see DewertOkin partially listed on the Shanghai Stock Exchange's STAR Board in connection with a possible capital increase for the business area. For regulatory reasons, the earliest that this could happen would be towards the end of 2021.

Ahead of the planned site consolidation, the Phoenix Mecano Group has decided to change the name of its subsidiary OKIN Refined Electric Technology Co., Ltd., China to DewertOkin Technology Group Co., Ltd. The Group's Board of Directors also intends to set up an employee participation programme for the Chinese subsidiary part of efforts to attract the additional staff needed, especially highly-skilled employees.

The management and Board of Directors of the Phoenix Mecano Group believe that these measures will create the right conditions for optimally exploiting the attractive growth potential of the DewertOkin business area in China and worldwide, both now and in the future.

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