



WORLD WIDE WEAVE

## **GKD continues on the road to success**

Consistent expansion of innovative leadership, profitability and growth

**Owner-managed technical mesh weavers GKD – GEBR. KUFFERATH AG, headquartered in Düren, Germany, pushed ahead successfully in the financial year under review. In a challenging environment, this global technological leader for mesh-based media and system solutions succeeded in increasing its turnover by 6.4 percent to 84.2 million euros. All three business units – SOLID WEAVE (industrial mesh), WEAVE IN MOTION (process belt mesh) and CREATIVE WEAVE (architectural mesh) – recorded growth in sales in the fiscal year 2015. Once again, the greatest increase in sales was achieved in the USA and in Asia. Thanks to this positive profit position, the equity ratio rose to 51.9 percent. With investments to the sum of 4.4 million euros in 2015, the non-listed joint stock corporation commenced the digital transformation toward an enterprise-wide introduction of a smart production environment. On the balance sheet date, GKD's worldwide staff numbered 693 employees (2014: 665), 410 of them in Düren including 21 trainees (2014: 20).**

"Thanks to massive investments into technology and locations, but also to new business models, we managed last year to continue creating the necessary conditions for growth," says Dr. Stephan Kufferath, Managing Director of GKD, explaining the ongoing success of the enterprise. In addition to countless innovations and further developments in the company's core business areas, the last financial year also saw the development of a global platform strategy and the continuous opening up of new markets. "With our high level of technological competence and our all-round systems



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know-how, we are a highly valued development partner and solutions provider for the industrial and architectural sector all over the world," Stephan Kufferath adds. And the figures confirm his claim. The business unit GKD-SOLID WEAVE reaffirmed its strong position as an innovative leader through an increase in sales of 10.6 percent. The main driver for this sales growth was the continued rise in demand for Volumetric Mesh for low-pressure exhaust gas recirculation (LP EGR) systems for the reduction of CO<sub>2</sub> in motor vehicles. Practically all leading automotive manufacturers are opting for these filter media, which are mass-produced under clean-room conditions in Düren. But business with mesh filters for inkjet printers also increased during the fiscal year 2015. And there was a particularly pleasing upswing in the demand for optimised plain dutch weaves for micro-screening in a wide range of industrially and ecologically relevant applications. Their contribution to the increase in revenue was mainly due to the declared focus topic for GKD – water filtration –, where they are being increasingly deployed worldwide for the processing and treatment of wastewater, ballast water, process water and drinking water. For Stephan Kufferath, this is confirmation that GKD's consistent alignment of all three business units towards being a sought-after solutions partner is the right strategy, also for future key ecological issues: "We are very consciously focusing ourselves on products and solutions with which we can make a contribution towards a healthier, cleaner and safer world." The success of this approach is also clearly reflected in the 2015 figures for GKD's business unit WEAVE IN MOTION, which achieved a record-breaking turnover for the third time in a row. Here, innovative process belt solutions for wastewater treatment and for the production of corrugated board or nonwovens for the hygiene industry contributed to a renewed increase in sales of 4.9 percent. The business unit CREATIVE WEAVE also continued the positive development of the previous financial year. In its core business area of architectural meshes, its system



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solutions for acoustic and energy optimisation of buildings and its safety applications brought an increase of 6.7 percent in sales. In addition to external sun shade systems, acoustic room dividers and ceiling- and wall-cladding from the SILENT MESH product range also played an important role in the growth in turnover. Representative applications like the Bertelsmann Guesthouse in Berlin or the *Tour Europlaza* in La Défense, Paris, amply demonstrate the deployment potential of such systems. Prestigious major projects – like Dominique Perrault's zig-zag facade on the new Mechanics Hall for the *Ecole Polytechnique Fédérale de Lausanne (EPFL)* or the *Centro Cultural Kirchner* in Buenos Aires, Argentina – also testify to the leading market position of GKD architectural meshes. And transparent media facades also continued their positive development from the previous year with a further surge in sales. In the year under review, the passenger airport in Doha, Qatar, universities in Cleveland and Copenhagen as well as the Mellon Independence Center in Philadelphia were all high-profile objects to be fitted out with large-scale MEDIAMESH® screens.

### **Global platform strategy proves effective**

As in all years, GKD's overseas subsidiaries made a substantial contribution to GKD-Group earnings. In the architectural sector, GKD USA was able to take full advantage of its local manufacturing facilities, a mandatory requirement for supplying public buildings in the USA. But the other two business units also enjoyed very successful development there. Their mesh solutions for the beverages and nonwovens industries as well as for mineral prospecting attracted significant increases in demand. The weaving platform installed in GKD India for the local production of fine meshes very quickly pulled in sales and results as soon as it was put into operation. Since February this year, it has been producing at full capacity for a range of local key markets. GKD China remained behind expectations in 2015, although it



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has caught up again in the meantime. A positive development of business at GKD South Africa in the process belt and architectural mesh sectors was boosted by infrastructural expansion in the form of two further technical looms. And in South America, too, growth in profitability and productivity in all three business units at GKD LatAm confirmed the success of the platform strategy with local manufacturing. Current uncertainty in the Arab world, particularly in Saudi Arabia, certainly left its mark on GKD Middle East. In spite of the major project Muscat International Airport, this subsidiary fell far behind expectations. In Europe, a positive sales development in the architectural sector in Spain indicated that the crisis in the construction sector of that country has been overcome. In France, too, sales figures for architectural meshes began to climb again.

#### **Digital transformation successfully introduced**

Besides the expansion of its global locations, in 2015 GKD also advanced the digital networking of its production. "Smart products and processes need an infrastructure that has been adapted accordingly," says Ingo Kufferath, who co-manages GKD together with his brother. And so, after massive investments in the previous financial year into machines, equipment and buildings, the focus of investment in 2015 was firmly set on measures for the intelligent networking of the company's state-of-the-art machine park. Apart from the procurement of the necessary software and the expansion of quality management systems, the main objective of investment was the introduction of a Manufacturing Execution System (MES). The MES records all data along the whole of the process chain, and controls and monitors it. This ensures flawless high-quality performance and traceability. "Software has become an integral part of our production," Ingo Kufferath remarks. "We must continue in the future, as we have been doing in the past, to adapt our company to current advances." The aim is to complete the creation of a



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digital central knowledge database by 2018. This will automatically control and evaluate the complete process – from planning and product development right through to production and delivery. The smart processes that this will engender will enable even greater production flexibility and speed. Furthermore, in the mid-term, smart products will make automated exchange of data between GKD and users possible for the purpose of product monitoring, maintenance or the timely replacement of worn components. "There are still a lot of challenges to overcome on the way," Ingo Kufferath emphasises, "but in our view we simply have to make this change if we want to consolidate and expand our role as a technological and market leader." And his brother Stephan adds: "With the expansion of the platform strategy and the commencement of the digital transformation in 2015, we have once again laid important strategic groundwork for the further expansion of our competitive edge and the sustainable future success of our business." The two brothers see their company in correspondingly good shape for 2016. The multi-platform strategy is showing increasing effectiveness in the current financial year, especially in India and South Africa: "In 2016 we're expecting – for the first time in the history of our company – that our overseas subsidiaries will generate more revenue than the parent company," says Stephan Kufferath. And he adds, "This will strengthen our profile and weight as a global player." This concomitant growth on the outer shell underlines the objective of the multi-platform strategy, namely the continuous expansion of market proximity. No jobs will be lost at the location of the parent company in Düren as a result of the development. "This is our innovation centre, where we will continue as before at full steam with the expansion of our innovative leadership, and in this way secure our long-term growth targets," Stephan Kufferath emphasises. The two brothers view the current financial year with "justified



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optimism“: "For 2016, we expect the GKD Group to achieve a further increase in sales volume and, once again, a positive outcome."

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### **GKD – GEBR. KUFFERATH AG**

The owner-run technical weaver GKD – GEBR. KUFFERATH AG is the global market leader for metal and plastic woven solutions as well as transparent media facades. Under the umbrella of GKD – WORLD WIDE WEAVE the company combines three independent business units: SOLID WEAVE (industrial meshes), WEAVE IN MOTION (process belt meshes) and CREATIVE WEAVE (architectural meshes). With its six plants – including the headquarters in Germany and other facilities in the US, South Africa, China, India and Chile – as well as its branches in France, Great Britain, Spain, Dubai, Qatar and worldwide representatives, GKD is never far from its customers.

**For more information:**

GKD – Gebr. Kufferath AG  
Metallweberstraße 46  
D-52353 Düren  
Tel.: +49 (0) 2421 / 803-0  
Fax: +49 (0) 2421 / 803-227  
E-mail: [info@gkd.de](mailto:info@gkd.de)  
[www.gkd.de](http://www.gkd.de)

**Please send a reprint to:**

impetus.PR  
Ursula Herrling-Tusch  
Charlottenburger Allee 27-29  
D-52068 Aachen  
Tel.: +49 (0) 241 / 189 25-10  
E-mail: [herrling-tusch@impetus-pr.de](mailto:herrling-tusch@impetus-pr.de)