

THE FREUDENBERG GROUP

A company profile

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FREUDENBERG & CO

A COMPANY PROFILE

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Introduction

FREUDENBERG & CO., has remained a genuine family firm, nowadays active in a dozen extremely different fields, with production facilities and sales companies.

The company based in Weinheim, Germany, is through its operating divisions Engineered Products, Nonwovens, and Other Activities, engaged in the following:

The Engineered Products Group is engaged in the manufacture of seals, molded parts, vibration control components, sound-absorbing products, high quality plastic components for round-the-engine applications, special purpose lubricants and electromechanical components.

The Nonwovens Group manufactures a spectrum of products, including staple fiber nonwovens, spunbonded nonwovens, and household products, which are marketed for a range of different activities.

The third division Other Activities manufactures building materials; leather and shoes; and bioproducts¹.

At the end of 1994 the Freudenberg group comprised 174 companies, in 34 countries. The average number of employees in 1994 was: 24 486.

In this company profile we will mainly look at the Freudenberg activities which concern the Textile, leather and clothing industry. The author of this report estimates that about one-third of the activities of the Freudenberg Group fall directly within this scope.

The macro-economic environment was favorable for the Group's global operations in 1994. However Germany continues to be a very expensive manufacturing location, while at the same time the price-sensitive products are permanently being displaced by imports.

The worldwide crisis in the clothing industry did not show any signs of lifting in 1994: consumer demand remained weak, price pressure severe, and more production capacity was transferred to low-wage countries².

¹ Moody's, 1995, p.3172.

² Annual report 1994, p.6.

History

The history of family firm Freudenberg starts with leather. In 1849 Carl Johann Freudenberg took over a small tannery in Weinheim, and specialized primarily in patent leather.

In 1936 the chemist Carl Ludwig Nottebohm succeeded in linking textile fibers to form a new kind of fabric, called nonwovens. Twelve years later the first nonwoven products were launched by the company.

From 1950 the company started to produce rubber-based floorings, and in 1956 it introduced its new vibration control elements.

In 1965 we see the start of spunbonded nonwovens production. Since 1849 the company has grown into an innovative group of companies with worldwide operations and an unusually broad spectrum of products³.

In 1991 the company acquired: Woodland Moulded Plastic Corp. of France, and Carl Batsch GmbH & Co. KG. It disposed of Wheaton Health Care Products and Pharma Tech GP.

In 1992 Freudenberg Dichtungs- und Schwingungstechnik GmbH, and Formenbau und Kunststofftechnik GmbH, were acquired. During 1993 the following acquisitions were made: Procal and P.U. SA in France; Precision Rubber Sealings in Italy; FHP Vileda (Belgium); Estia Trading (Greece); and the technical trading company, Hesscon GmbH⁴.

In 1994 'Carl Freudenberg Machine and Plant Engineering' and 'Tool and Die shop' were merged to form: Freudenberg Anlagen- und Werkzeugtechnik KG. At the same time, Formenbau und Kunststofftechnik GmbH (acquired in 1992), was taken over by its own workforce⁵.

In January 1996 the Helvoet group (Neth.) concluded a preliminary contract with Freudenberg & Co for acquisition (by its Swiss daughter Daetwyler) of the Pohl group. The Pohl group has a workforce of 130 and reports a turnover of about DM 35 Million in the field of pharmaceutical packaging⁶.

Structure

The Freudenberg Group consists of three main divisions, each consisting of several sub-divisions:

Engineered products

Seals and Vibration Control Technology Europe

Seals and Vibration Control Technology North America:

Freudenberg-NOK; General Partnership

Special-purpose lubricants

³ Discovering Freudenberg, April 1994, p.5.

⁴ Moody's 1995, p.3172.

⁵ Annual Report, 1994, p.7.

⁶ Chemische Rundschau, Vol. 48, No. 50, 15-12-1995, p.5.

Freudenberg Distributors
Other Activities

Nonwovens

Staple Fiber Nonwovens
Spunweb Nonwovens
Household Products

Other Activities

Building Systems and Shoe Components
Leather and Footwear

The activities and performance of these (sub-)divisions are discussed in the following chapters of this company profile.

In fall 1994 the board of management decided to convert the parent company Carl Freudenberg's Business units and Central Services into legally autonomous limited commercial partnerships as of January the first 1996. This step was taken to make the companies more quickly responsive.

MANAGEMENT
(31-12-1994)

Board of management:

Dr. Reinhart Freudenberg	Rudolf Fischer (untill 31/3)
Dr. Peter Bettermann (from 1/7)	Dr. Peter Stehle
Norbert Dahlström	Dr. Ernst Schön
Dr. Hans-Jochen Hüchting	

Board of Partners:

Hermann Freudenberg (Chmn)	Dr. Wolfram Freudenberg
Prof. Dr. Herbert Grünwald (untill 25/6)	Dr. Bettina Hahne
Dr. Michael Rogowski (from 25/6)	Norbert Hoffmann
Dr. Walter Fabricius	Rudolf Scharpff
Dr. Klaus O. Fleck (untill 7/12)	Dr. Walter Sigle
Dieter Freudenberg	Prof. Dr. Helmut Sihler
Martin Wentzler	

Cosmo R. Camelio has been named president and CEO of Freudenberg Nonwovens LP, effective 01 March 1995. Freudenberg Nonwovens is the North American manufacturing and distribution company for Freudenberg & Co. of Germany⁷.

Freudenberg practises a liberal style of management, based on the principle of delegating responsibility.

⁷ Daily News Record 1 March 1995 Page 9.

Activities

The Freudenberg Group achieves at least three quarters of its turnover from a broad spectrum of engineered products and a multifaceted range of highly versatile nonwovens. The Group develops, manufactures and sells its products in all the world's important industrialized countries - mostly through its own subsidiaries, but also in conjunction with affiliated companies⁸.

Freudenberg's multiplicity of its products have -according to the company- a common origin: a deep knowledge about the materials used and superior applicational expertise.

Brands:

Viltec; MicronAir; Vilmed; Vileda; Simrit; Lutrabond; Lutrasil; Pellon; Laysa; Cf-leder; Viledon; Fliselina; Lutradur; Simrax; Megulastik; Freudenberg-NOK; Corteco; Wettex; Nora; Vildona; Transtec; Vilene; Klüber; Simflex; Vlieseline; Tack; Elefanten; Sidat; NOK; cFw; Enka; Gaco.

We will take a closer look at the divisions and their activities:

ENGINEERED PRODUCTS

During the initial 80 years of its existence Freudenberg concentrated solely on leather manufacture, but with the 'Simmerring' in the late twenties it unveiled its first engineered product. Since then the range of engineered products has been enormously expanded. With these products the Group's consolidated turnover worldwide reached 2479 million DM in 1994.

Main customer groupings of this division are: automotive industry, mechanical engineering sector, and their suppliers.

Business units/sub-divisions in this Engineered Products Division are:

Seals and Vibration Control Technology Europe

This sub-division produces: Simmer rings, Damper seals, O-rings, Fluid and Brake parts, Precision Moldings, and Automotive and Industrial Vibration Control Technology. It underwent restructuring in 1994, in order to cut costs and enhance performance, helped by the GROWTTH (Get Rid Of Waste Through Team Harmony) Kaizen Program. Turnover in Europe rose 9% in 1994 to reach 1124 million DM.

Dashboard manufacture was discontinued in 1995.

Seals and Vibration Control Technology North America:

Freudenberg-NOK; General Partnership

With the same sort of products as the preceding one, this sub-division employs over 4000 people in the USA and Mexico at 15 different facilities, vending for the automotive industry. Sales were upped by 10.8% to 782 million DM in 1994.

Special-purpose lubricants

The Klüber Group produces and markets special purpose lubricants worldwide. Sales

⁸ Annual Report, 1994, p.12.

reached in 1994 240 million DM (+ 14.4%).

Freudenberg Distributors

This is Germany's largest technical distributor of industrial spare parts, with 32 facilities in all, and a turnover of 148 million DM in 1994 (+ 15.3%).

Other Activities

Simflex GmbH is a joint venture with the Japanese Mektron Corp., specializing in developing and manufacturing flexible PCB's. Pohl GmbH makes metal and plastic closure caps for the pharmaceutical industry, but was recently (Jan. '96) acquired by Helvoet group of the Netherlands.

NONWOVENS

The company has become the world's largest manufacturer of nonwoven materials. It all began when in the 30's a research chemist succeeded in bonding textile fibers in a new way, by using heat, chemical bonding agents, or mechanical processes. In that way the Freudenberg Group today makes an extremely varied and versatile spectrum of nonwovens, mainly high-quality specialties. Nonwovens are applied in textile and shoe fashions, without drawing attention to themselves. Furthermore they play an essential role in industry as filters, and in medical applications like wound pads and compresses.

The group operates 20 factories of its own, employing 6000 employees.

The company's consolidated nonwovens turnover worldwide (Nonwovens + Household) reached 1811 million DM, an 0.8% increase.

The 'International Top 40 Roll Goods Companies' list ranks the top 40 roll goods companies in the nonwoven industry based on 1994 roll goods sales. These 40 companies represent about 90% of the nonwoven roll goods business. The ranking includes 15 North American companies, 17 European companies, 2 South American companies and 6 Japanese companies. Freudenberg is ranked No 1 with Dollars 1.117 billion sales worldwide in 1994; followed by DuPont and PGI⁹.

In 1994 US sales amounted to Dollars 168 million. It operates in 12 countries. The company has an ISO 9001 certification¹⁰. Its plant in Suzhou, China is a 50:50 Joint venture of Freudenberg and Japanese spun fleece manufacturer Japan Vilene Co Ltd. This new company **Freudenberg & Vilene Nonwovens (Suzhou) Co Ltd** will supply the domestic (Chinese) clothing industry with high quality fleece padding, and regular type inner lining. The project represents an investment of Dollars 30 million. Construction of this new facility began in July 1995 and start up is scheduled mid-1996¹¹.

The Colmar-based (France) yarn plant of Freudenberg realised a turnover of FFr 250 million

⁹ Nonwovens Industry September 1995 Page 38.

¹⁰ Nonwovens Industry September 1995 Page 40.

¹¹ Kunststoff Information, Vol. 25, No. 1236, 28-4-1995, p.3.;
Japan Chemical Week, 11-05-1995, p.2.

in 1994. The plant produces non-woven spun yarn, of which 95% are used as armature of watertight diaphragms. Due to the growth of this market in Europe (up 3 to 5% a year) and in order to optimise the site, Freudenberg's spun division was to increase by 30% the production capacity of the plant, to 16,500 tonnes within a year. This was part of an investment program which represented a global investment of FFr 120 million over the last five years for Freudenberg, which ranks first in the market of non-woven fabric¹².

The Group's nonwovens activities are organized in three (sub-)divisions:

Staple Fiber Nonwovens

Sales of this activity dropped 3.6% to 935 million DM in 1994. Main product in this business unit is Vilene Interlinings for the clothing industry, where recession kept going on worldwide. Price concessions were inevitable. There was a significant growth however in the sales of technical and medical nonwovens. The first are used primarily in electrical engineering and surface treatment applications, as well as in the construction industry (acoustic materials), and automotive industry (gas filtration).

Spunweb Nonwovens

This new kind of nonwoven was invented by Freudenberg during the sixties. The principle is simple: granulate chemical raw materials are melted and pressed through spinning nozzles. The endless filaments thus produced are accelerated by an air stream, and deposited on a conveyor belt, then bonded and wound into large rolls, all in a single operation. Spunwebs can possess all kinds of different property profiles, for example be air-permeable, water-repellent, puncture-resistant or absorbent.

In December 1995 Freudenberg, for its activities in spunbonded fabrics, started setting up an independent unit for these operations under the name of **Freudenberg Spinnvliesstoffe KG** effective from 1 January 1996. The spunbonded fabrics division is to be expanded by 1997 with huge investments. Plans provide for a new production line and modernization of two production plants in Kaiserslautern, where costs were significantly cut by restructuring measures in 1994. Unprofitable product groups like polyamide spunbonded nonwovens were discontinued in this context. Freudenberg expects the spunbonded operations to see a 5-10% growth in the long term.

1995 was reckoned to see a turnover worth around DM 330 million (340 million), whilst the target for 1996 has been set at 8%¹³.

Sales were up 5.4% to 341 million DM in 1994. The production facility in Taipei/Taiwan, inaugurated in 1990, went into the black after several difficult years.

At the end of 1995 a new spun fleece unit with a capacity of 4000 tonnes per year came on-stream at the Colmar plant. The unit manufactures novel products with a newly developed process. The Colmar plant specialises in the production of spun fleece made

¹² L'Usine Nouvelle, 11 May 1995, p.42.

¹³ Handelsblatt, 21 Dec 1995, p.13.

from polyester, mainly for application as carrier materials for bitumen roofing profiles¹⁴.

Household Products

This division markets the Vileda, Enka and Wettex brands in Europe, mainly in Great Britain, Italy and Spain, with sales up 5.4% in 1994 to reach 571 million DM. New innovative products were introduced. The integrated sales organization was used optimally, and new markets were tapped, like France, Austria, Greece and Turkey.

In Spain the subsidiary of Freudenberg with the largest sales is VILED A, number one on the Spanish market of household and cleaning articles. In 1995 however its establishment was destroyed by a fire¹⁵.

OTHER ACTIVITIES

This third and final division is organized in two business areas:

Building Systems and Shoe Components

Here mainly floorcoverings on a rubber basis are produced, with sales up to 186 million DM in 1994 (+ 13%).

In June 1995 Freudenberg group was hiving off business units into independent companies, while Freudenberg & Co remained the holding company. The new company **Freudenberg Bausysteme KG** should make the company more flexible and client-oriented in the market for floor coverings and shoe components. The company became operative on 1 July 1995, and would have about 600 staff and an annual turnover of almost DM 200mn. 'Norament' and 'Noraplan' rubber-based floor coverings are the company's main product, but also shoe components contribute about 10% to sales¹⁶.

Leather and Footwear

In this business area the company is the leading supplier of upmarket classical and high-fashion calf leather to internationally prominent brand manufacturers of high quality leather shoes. Retail chains are: Elefanten and Tack shoe, both showing a slight increase in turnover during 1994.

Shoes

Freudenberg produces not only leather for the shoe industry, but also numerous other shoe materials, for soles, interiors and uppers, made of rubber, plastic or nonwovens.

¹⁴ Kunststoff Information, Vol. 25, No. 1235, 24-4-1995, p.3.

¹⁵ Expansion (Madrid) 28 September 1995.

¹⁶ Objekt, Jun/Jul 1995, p.6.

Elefanten, the largest European producer of shoes for children and young people, and the parent company of such brands as Elefanten USA, Nora, Freewalk and Jela, has October 1st 1995 changed its name to **Freudenberg Schuh GmbH**. The name change was part of a restructuring program devised to allow individual brands under the Elefanten label to establish their own identity and to flourish as separate entities¹⁷.

Customers shopping in 1996 will see new graphics and packaging for those European brands, and will associate the brands only with Freudenberg¹⁸.

Elefanten-Schuh, (Freudenberg Schuh !) launched production early May 1995 at its third foreign plant in Partizanske, West Slovakia. The plant will only have 50 employees and produce up to 1,000 pairs of shoes per day. By 1997, Elefanten would like to build another plant there with an annual capacity of one million pairs of shoes and a workforce of 250. Elefanten's management chose to locate in West Slovakia because of good infrastructure and trained personnel in the area, and its suitable geographic position.

Freudenberg's international turnover in 1994 was DM220m on output of 7.2 million pairs of shoes¹⁹.

Freudenberg is actively represented in the shoe trade by the **Conrad Tack KG** retail chain which offers an international range of fashionable shoes at 40 branches located in most of Germany's cities.

Leather

Freudenberg, as said, was once Europe's largest tannery with several thousand employees. Leather production today plays only a small part in the group's activities. At the beginning of July 1995 the tannery division was hived off into a legally independent company, **Freudenberg Leder KG** of Weinheim.

Freudenberg supplies manufacturers of luxury leather goods across the world, including French handbag manufacturers and UK and US shoe manufacturers. The export ratio is 80%. The most important export destinations are France, the USA, the UK, Italy and South Korea. At the end of 1995 turnover of DM 56 million was generated. For the next few years a 15% return on capital is being targeted²⁰.

The Dutch company Akzo Nobel in July 1995 decided to stop production of chamois leather at its Kleefse Waard plant in Arnhem and to transfer activities to Freudenberg. Akzo Nobel had wanted to hand over its chamois activities to Freudenberg already in 1989, together with the cleaning sponge production but the transfer was blocked by Germany's monopoly board on the grounds Freudenberg would have too strong a market position²¹.

¹⁷ Children's Business 1 December 1995 Page 14.

¹⁸ Footwear News 30 October 1995 Page 4.

¹⁹ CSTK Ecoservice, 25 May 1995, Page 9.

²⁰ Frankfurter Allgemeine Zeitung, 24 November 1995, Page 27.

²¹ Financieele Dagblad (Het), 18 July 1995.

Financial Data

When we look at the financial performance of the company it is obvious that sales have constantly increased over the past five years.

The Freudenberg Group increased its consolidated sales during 1994 with 5.5% to 4908 million DM. The proportion of exports in overall sales rose to 63.9 per cent against 63.2% the preceeding year.

Consolidated profit for 1994 (1993) amounted 123 343 thousand DM (59 364).

Financial results Freudenberg Group 1990 - 1994

(in Million DM)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Sales	4273	4495	4603	4653	4908
Domestic	1721	1828	1837	1714	1772
Foreign	2552	2667	2766	2939	3136
Net Investment	443	326	327	312	227

The consolidated financial statements include (full consolidation) in addition to Freudenberg & Co., 31 German and 93 Foreign companies in which Freudenberg holds, directly or indirectly, an interest of more than 50% of the partners' voting rights. 48 of the 125 fully consolidated companies are production companies, 46 are sales companies.

Six foreign companies (50% ownership) are included according to the method of pro-rata consolidation.

Revenue from minority interests, (of 8 German and 16 foreign companies) not included in the consolidated group turnover, was up 5.8% attributable to the altered average DM/Yen exchange rate.

The most important minority shareholdings of Freudenberg are the Japanese companies: NOK Corporation (23%) and Vilene Company Ltd.(20%). Turnover of these two companies based in Tokyo was respectively: 2886 million DM and 851 million DM in 1994.

Net investment was in 1994 about a quarter down on the preceeding year. Most significant projects were: relocation of Carl Freudenberg's production activities from the 'Müllheimer Tall' to the 'zwischen Dämmen' works; and a new distribution center for the Building Systems and Shoe Components Division, in Weinheim.

In January 1996 Freudenberg, invested FFr 30 million to build a new plant for its subsidiary PU S.A. at Langres (Haute-Marne department), and to update existing facilities at the site. PU S.A., which specialises in sealing, will move into the new plant by the summer of this year. Sites in the UK and Italy will operate as production satellites and carry out sales tasks. All told, the new organisation will create an antivibration sealing division generating FFr 4.7bn of Freudenberg's total FFr 16bn turnover.

A similar reorganisation is in the offing for Freudenberg's US and Japanese subsidiaries,

Freudenberg Nok and Nok Corporation²².

Breakdown Net sales by operations 1994-1993
(million DM)

	<u>1994</u>	<u>1993</u>
Engineered products	2479.3	2264.0
Nonwovens	1239.6	1254.4
Household Products	571.0	541.8
Leather and Footwear	383.9	373.0
Other sales	233.9	219.9
<hr/>		
TOTAL	4907.7	4653.1

Total net sales of the Nonwovens division are, according to the annual Report 1994: 1239.6 million DM. In the same annual report however we find the net sales of the two business areas in the nonwovens division, amounting for Staple Fibre Nonwovens to 935 million DM; and for the Spunweb nonwovens: 341 million DM, which makes together: 1276 million DM²³.

In shoes alone, (part of Leather and Footwear) Freudenbergs's international turnover in 1994 was DM220 million on output of 7.2 million pairs of shoes.

The regional breakdown of the sales markets reveals that the significance of the German domestic market has dropped slightly from 37 to 36%. The share of the North American market continues to increase.

Breakdown Sales Markets 1994-1993²⁴
(million DM)

	<u>1994</u>	<u>%</u>	<u>1993</u>
Germany	1772.5	36%	1714.4
Other EU countries	1248.4	26%	1157.4
North America	1062.3	22%	992.6
Rest Europe	335.9	7%	296.9
Far East	207.1	4%	227.2
Latin America	170.6	3%	161.7
Other Areas	110.9	2%	102.9

The customers of the Freudenberg are as divers as the activities of the company are. About one-third of sales are realised with customers in the automotive industry. Textile, Clothing and Leather products are mainly sold to the Textile and Clothing Industry; and to the industrial sectors of Footwear and Leather, and Household Products.

²² L'Usine Nouvelle, 4 January 1996, Page 19.

²³ Annual report Freudenberg 1994, p.15/6 and 33.

²⁴ Annual Report 1994, p.8 + 33.

Sales structure by industry, 1994

Automotive Industry	34%
Capital Goods Industry	21%
Household Products	13%
Textile and Clothing	13%
Footwear and Leather	10%
Building Industry	5%
Other customers	4%

Carl Freudenberg

The parent company, and still the largest firm in the Freudenberg Group is **Carl Freudenberg** in Weinheim, with six domestic production facilities.

Corporate turnover fell in 1993 by 10.6%, but in 1994 rose again with 2.8% to 1653 million DM.

Financial results Carl Freudenberg 1990 - 1994

(in million DM)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
sales	1794	1771	1799	1609	1653
Export share (%)	39.2	37.7	38.1	39.6	40.4
Net Investment	144	137	111	101	66

1995

Further recovery was expected by tyhe Group for 1995, however businessin the consumer sector remained uncertain. Cost-to-performance ratio's therefore needed to be improved further. Investment for 1995 was budgeted at 310 million DM.

Employment

The Freudenberg Group was employing 25 443 people worldwide at the end of 1994, including trainees, students, and temporary employees. The drop in the number compared with 1993 was partly due to what the company calls: "rightsizing the staffing levels at Carl Freudenberg", meaning that 701 persons were dismissed at the parent company. However 343 of them are working in a hived-off company: Freudenberg Anlagen- und Werkzeugtechnik KG. The annual report 1994 of the company also states that : "the payroll adjustment process (...) has thus been completed for the present"²⁵.

Number of employees year-end and Personnel expenses 1990 - 1994 The Group and Carl Freudenberg KG

	<u>Employees</u>		<u>Personnel Expenses</u> (million DM)	
	<u>The group</u>	<u>Carl Freudenberg</u>	<u>The Group</u>	<u>Carl Freudenberg</u>
1990	26 594	11 375	1 470	750
1991	25 848	10 882	1 587	806
1992	25 904	10 166	1 642	814
1993	25 609	8 994	1 678	759
1994	25 443	8 293	1 713	717

Personnel expenses in the Group in 1994 came to 1713 million DM including contributions, but also including reorganization costs.

Total remuneration of members of the Boards of Partners and Management amounted: 5 806 000 DM in 1994.

In 1994 an average of 24 486 persons were employed by the Group, and working in the following functions:

	<u>Germany</u>	<u>Abroad</u>	<u>Total</u>
Production	7019	9009	16028
Marketing and Sales	2451	1749	4200
Research and development	872	194	1066
Administration	1688	1504	3192
TOTAL	12030	12456	24486

Employees of companies consolidated on a pro-rata basis were included at a corresponding rate, totalling: 384 persons.

In the **Nonwovens** Division in 1994 in all were 6000 people employed.

Freudenberg says to enjoy a high reputation for the high quality of its training programs. In 1994 aroun 390 trainees and 230 students underwent training at Carl Freudenberg, as well as 80 unemployed people.

²⁵ Annual Report, 1994, p.10.

The Group has production facilities in the following countries:

Germany	Argentina
Belgium	Brazil
France	Canada
United Kingdom	Mexico
Italy	South-Africa
Netherlands	Taiwan
Austria	Turkey
Portugal	USA
Sweden	China
Spain	
West-Slovakia	

There seems to be a very broad European basis for the company, but at the same time we can conclude that Freudenberg, like most of its competitors and other big companies, is investing in Eastern Europe and the Far East. Those are not only the new markets for the future, but also possible areas for production, where labor costs still are considerably lower.

ENVIRONMENT

The company has written down its aspirations in the field of people's safety and the preservation of the natural environment in its 'corporate guidelines for environmental protection and workplace safety'. An intra-company environmental audit has been formulated and tried at five facilities, as a step towards the EU eco-audit or ISO 14000. In Weinheim the recycling quota has topped the 65% in 1994.

ANNEX I Participations of the Freudenberg Group: Manufacturing companies

Ident. No.	Company	Profit transfer agreement	Capital	Holding %	by *)
I. Affiliated companies included in the consolidated financial statements					
1	Freudenberg & Co., Weinheim (FRG)		DEM 300 000 000		
Manufacturing companies					
Germany					
2	Carl Freudenberg, Weinheim		DEM 220 000 000	100	1/98
3	Bienefeld-Peukert GmbH & Co. KG, Neuss		DEM 200 000	100	102
4	Conwert Vliesveredlung GmbH & Co. KG, Waldfischbach-Burgalben		DEM 600 000	60	1
5	Elefanten-Schuh GmbH, Kleve	x	DEM 20 000 000	100	1
6	Freudenberg Anlagen- und Werkzeugtechnik KG, Laudenschbach		DEM 5 000 000	100	1
7	Freudenberg Dichtungs- und Schwingungstechnik GmbH, Berlin-Friedrichshain		DEM 10 000 000	100	1
8	Freudenberg Haushaltsprodukte Augsburg KG, Augsburg		DEM 13 000 000	100	101
9	Klüber Chemie KG, Maisach		DEM 4 000 000	100	10/96
10	Klüber Lubrication München KG, Munich		DEM 30 000 000	100	1/98
11	Pohl GmbH & Co. KG, Karlsruhe		DEM 6 000 000	100	1
12	Simflex GmbH & Co. KG, Weinheim		DEM 17 000 000	60	1
13	Simrax GmbH, Gleitringdichtungen, Weinheim		DEM 1 200 000	60	1
Abroad					
14	Freudenberg S.A. Telas sin tejer, Villa Zagala - San Martín (Argentina)		ARS 2 000 000	100	1/98
15	Klüber Lubrication Argentina S.A., Buenos Aires (Argentina)		ARS 700 000	100	10
16	Klüber Lubrication Benelux S.A., Dottignies (Belgium)		BEF 30 000 000	100	10/96
17	Freudenberg Componentes Ltda., São Paulo (Brazil)		BRL 7 900 000	75	98

18	Freudenberg Não-Tecidos Ltda. & Cia., São Paulo (Brazil)	BRL	727 273	100	1/105
19	Klüber Lubrication Lubrificantes Especiais Ltda. & Cia., Barueri (Brazil)	BRL	368 000	100	10/106
20	Freudenberg S.A., Mâcon (France)	FRF	141 670 000	100	1
21	Freudenberg Spunweb S.A., Colmar (France)	FRF	200 000 000	100	1
22	PU S.A., Langres (France)	FRF	5 500 000	60	20
23	Freudenberg Engineering Ltd., Lutterworth (Great Britain)	GBP	2 000 000	100	109
24	Freudenberg Nonwovens Ltd., Greetland (Great Britain)	GBP	7 653 538	100	109
25	Freudenberg Technical Products LP, Wallsend (Great Britain)	GBP	16 700 000	75	95/111
26	Klüber Lubrication Great Britain Ltd., Halifax (Great Britain)	GBP	42 540	100	96
27	Klüber Lubrication Italia S.a.s. di G. Pieri, Milan (Italy)	ITL	1 430 000 000	100	10
28	Precision Rubber Sealings s.r.l., Castelli Calepio (Italy)	ITL	80 000 000	100	74
29	Rognoni S.p.A., Milan (Italy)	ITL	950 090 000	100	74
30	Freudenberg-NOK Inc., Tillsonburg (Canada)	CAD	1 499	100	45
31	Disogrin Mexicana S.A. de C.V., Cuautla (Mexico)	MXN	5 000	100	45
32	Freudenberg Household Products B.V., Arnheim (Netherlands)	NLG	15 000 000	100	1/101
33	Elefanten-Schuh-Ges.m.b.H., Gmunden (Austria)	ATS	26 500 000	100	5
34	Freudenberg Simrit Kufstein Ges.m.b.H. & Co. KG, Kufstein (Austria)	ATS	39 180 000	100	1
35	Klüber Lubrication Austria Ges.m.b.H., Salzburg (Austria)	ATS	8 000 000	100	96
36	Elefanten Portuguesa Industria de Calçado Lda., Seixezelo (Portugal)	PTE	280 000 000	100	5
37	FHP, Freudenberg Household Products AB, Norrköping (Sweden)	SEK	42 000 000	100	101
38	Freudenberg Iberica S.A., S.en C., Barcelona (Spain)	ESB	1 749 000 000	100	1
39	Freudenberg Telas sin tejer S.A., Barcelona (Spain)	ESB	200 000 000	76.86	38
40	Klüber Lubrication Iberica S.A., Barcelona (Spain)	ESB	83 673 000	100	96/114
41	Freudenberg Nonwovens (Pty.) Ltd., Cape Town (South Africa)	ZAR	2 975 820	100	98
42	Freudenberg Far Eastern Spunweb Comp. Ltd., Taipei (Taiwan)	TWD	858 333 330	57.24	98
43	Klüber Lubrication Yaglama Ürünleri Sanayi Ve Ticaret A.S., Istanbul (Turkey)	TRL	10 000 000 000	90	96
44	Auttocom L.L.C., Wilmington (USA)	USD	14 000 000	51	45
45	Freudenberg-NOK GP, Plymouth (USA)	USD	105 000 000	75	117
46	Freudenberg Nonwovens Limited Partnership, Chelmsford (USA)	USD	46 908 679	100	97/123
47	Freudenberg Spunweb Company, Durham (USA)	USD	16 082 000	100	119/121
48	Klüber Lubrication North America Inc., Londonderry/NH (USA)	USD	100 000	100	10

*) Ident. No. of the holding company involved

ANNEX II List of available addresses of production facilities

Germany

Freudenberg & Co. (Headquarters)
D-69465 Weinheim

tel.: 06201 80-5807
fax.: 06201 80-3430

Carl Freudenberg
idem HQ

and:
D-6750 Kaiserslautern
Postfach 1220

tel.: 0631 53410
fax.: 0631 5 1259

number of employees: 8 293 (1994)

Elefanten-Schuh GmbH (Freudenberg-Schuh GmbH)
D-4190 Kleve
Hoffmann-Allee 41-51
Postfach 13-20

tel.: 02821 861
fax.: 02821 86208

number of employees: 1 430 (1991)

Freudenberg Anlagen- und Werkzeugtechnik KG
Dr. Werner-Freyberg-Str.7
69514 Laudendach

tel.: 06201 80-6300
fax.: 06201 80-4461

number of employees: ?

Klüber Chemie KG
D-8031 Maisach/Gernlinden
Ganghoferstrasse 47

tel.: 08142 4170
fax.: 08142 15884

number of employees: ?

Klüber Chemie KG

D-8500 Nürnberg 61
Duisburger Strasse 9
Postfach 610263

tel.: 0911642930
fax.: 0911 634035

number of employees: 60 (1991)

Klüber Lubrication München KG

D-8000 München 70
Geisenhausenerstrasse 7

tel.: 089 78760
fax.: 089 7876333

Number of employees: 520 (1991)

Pohl GmbH & Co.KG

D-7500 Karlsruhe 21
Hertzstrasse 12
Postfach 21 10 38

tel.: 0721 75090
fax.: 0721 750944

number of employees: 130 (1991)

Simflex GmbH & Co.KG

idem headquarter

number of employees: 200 (1991)

Simrax GmbH Gleitringdichtungen

D-6940 Weinheim/Bergstr.
Müllheimer Talstrasse 19

tel.: 06201 809250
fax.: 06201 16045

Number of employees: ?

Belgium

Klüber Lubrication Benelux SA

Rue Cardinal Mercier 100
7711 Dottignies

tel.: 056 483311
fax.: 056 48 6252

number of employees: 100 (1994)

France

Freudenberg S.A.

170, rue Branly
B.P. 2062
71020 Macon Cedex 9

tel.: 85293000
fax.: 85348503

number of employees: 1550 (1994)

and:

Ave. Pierre Piffault
72100 Le Mans Cedex

tel.: 43862000
fax.: 43862556

number of employees: 218 (1994)

and:

Ave. d'Islande Z.A. de Courtaboeuf
B.P. 5
97941 Les Ulis Cedex

tel.: 1 69 183800
fax.: 1 69 283975

number of employees: 54 (1994)

and:

Saint Andre le Puy
B.P. 8
42210 Montrond Les Bains Cedex

tel.: 77545156
fax.: 77946665

number of employees: 457 (1994)

and:

Z.I. les Franchises
52206 Langres cedex

tel.: 25878080
fax.: 25873946

number of employees: ?

Freudenberg - Spunweb
20, rue Ampere
68000 Colmar

tel.: 89 206400
fax.: 89 413239

number of employees: 160 (1994)

United Kingdom

Freudenberg Engineering Ltd.
Gilmorton Road,
Lutterworth LE17 4DU

tel.: 0455 553081
fax.: 0455 554704

number of employees: 140 (1991)

Freudenberg Nonwovens Ltd.
P.O. Box 3
Ellistones Lane
Greetland, Halifax,
HX4 8NJ

tel.: 0422 313000
fax.: 0422 313288

number of employees: 380 (1991)

Freudenberg Technical Products LP
Coast Road
Wallsend NE28 9NR

tel.: 091 2624551

fax.: 091 263 4301

number of employees: 500 (1991)

Freudenberg Lp.
Gilmorton Road,
Lutterworth LE17 4DU

tel.: 0455 553081
fax.: 0455 556529

number of employees: 45 (1991)

Klüber Lubrication Great Britain Ltd.
Hough Mills
Northowram, Halifax
HX3 7BN

tel.: 0422 205115
fax.: 0422 206073

number of employees: 20 (1991)

Italy

Klüber Lubrication Italia Srl.
20089 S. Giuliano Milanese (MI)
Via Monferrato 57

tel.: 02 9881121
fax.: 02 98281595

number of employees: 50-99 (1993)

Rognoni SpA
20127 Milano (MI)
Viale Monza 38

tel.: 02 28861
fax.: 02 26147834

and:
20040 Roncello (MI)
Via Leonardo Da Vinci 5

tel.: 039 6959033

number of employees: 100-199 (1993)

Sweden

FHP-Freudenberg Household Products AB

Box 608
S-60114 Norrköping
Lindöv 5 A

tel.: 011-197900
fax.: 011-197905/07

number of employees: 183 (1993)

Freudenberg AB

Box 644
S-50109 Borås
Ryssnäs 6

tel.: 033-101300
fax.: 033 100330

number of employees: 14 (1993)

Spain

Freudenberg Iberica, S.A. Sedat. en Comandita

Provenza, 388 7#
08025 Barcelona

tel.: 93 4590000
fax.: 93 4194231

number of employees: ?

Freudenberg Componentes, S.A.

Ctra. National 152 KM 22
Polig Indl Can Volart
08150 Parets del Valles (Barcelona)

tel: 93-5621011

number of employees: 126 (1992)

Freudenberg Telas sin Tejer, S.A.

Ctra National, 152 KM 22
08150 Parets del Valles (Barcelona)

tel.: 93-5621511
fax.: 93-5621303

number of employees: 200 (1992)

Klüber Lubrication Iberica, S.A.
Ctra National, 152 KM 22
08150 Parets del Valles (Barcelona)

tel.: 93-5730668
fax.: 93-5621754

number of employees: 86 (1992)

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Brazil

Freudenberg Nao-Tecidos Ltda & Cia
Av Pres Humberto A C Branco 2735,
Jaracei, Sp 12300

number of employees: 190 (1991)