

FURTHER MEASURES TO BE ADOPTED TO
ENSURE THE FUTURE VIABILITY OF MEISSEN
STATE PORCELAIN MANUFACTORY



Meissen, 14th November 2019. In order to address the challenges of the market and the current economic cycle, the manufactory will be making further strategic adjustments. The main focus of these adjustments continues to be the long-term protection of the manufactory's unique cultural heritage and the preservation of the handcrafted porcelain production at the Meissen location.

Over the past two years, the strategic realignment of the Meissen Porcelain Manufactory has been pursued with a great deal of energy and dedication thanks to the strong support of the manufactory's employees. The product range is focussed on porcelain. New designs and patterns have served to rejuvenate the brand. Much-needed investment has gone into the Meissen location, in particular to reduce the maintenance backlog in the production facilities by refurbishing the kilns, equipment, and buildings, as well as through process optimisation. The brand image has been thoroughly modernised. This includes a new website and social media presence, new packaging and a new advertising strategy. Customers from around the world can now find Meissen porcelain at a centrally located Signature Store just a short walk from the Frauenkirche in Dresden. This has allowed us to lay key foundations for the future of the manufactory.

However, difficult conditions in the porcelain industry and an economic downturn in key markets that is proving to be greater than anticipated are forcing us to adjust our growth projections accordingly. Although the manufactory has reported a slight increase in sales in recent years, it has been unable to achieve its ambitious growth targets. For this reason, structural and cost adjustments are required in order to achieve the economic results necessary to ensure the long-term preservation of the manufactory.

This means, among other things, that Meissen will be closing any non-profitable locations, which, for the most part, were opened a

few years ago as part of a strategy to develop the brand in the luxury segment, while at the same time expanding personal sales and e-commerce. The number of employees will be reduced from 619 to 418. This will be done together with the works council in a socially sustainable way that reconciles the interests of both parties, as well as by not filling vacancies created when current employees retire. These measures will not impact the training of our younger employees. We will continue to strive to take on up to 10 new employees annually from our in-house painter and ceramist training programme in order to secure the future survival of Meissen craftsmanship. From the Executive Board's perspective, these measures are absolutely essential for the long-term preservation of the manufactory. After in-depth discussion, the Supervisory Board approved of the measures at its meeting yesterday.

What is most important is that the manufactory no longer spends more money than it makes, and that it will be able to survive well into the future despite challenging market conditions.