



Kannegiesser[®]

Partner in Laundry Technology

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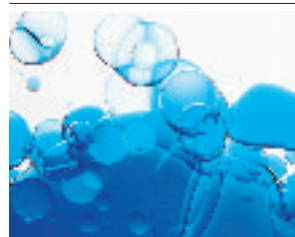
Preface by Martin Kannegiesser

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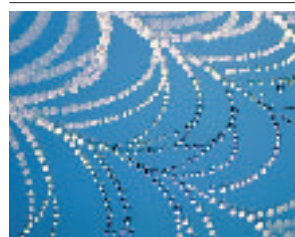
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Ladies and Gentlemen,
Dear Business Friends,

since long we had been wondering whether a sufficient number of persons would be interested in such a company brochure to justify the effort involved.

Today, the necessity of an up-to-date presentation of our company has become more than obvious: The changes which our company has been undergoing in the course of the last few years were dramatic, our company has repositioned itself, and we owe you transparency.

For decades our roots have been in Vlotho/Westphalia where we pursued our three business divisions "laundry technology", "garment technology" and, to a lesser extent, "plastics processing technology" in our modern factory.

All this has changed.

We now exclusively concentrate on laundry technology, our production range in this field has more than doubled, today our machines are manufactured in six German plants, our activities have become global, the internal structures and operating methods were entirely reconceived and renewed.

In a way we are a mirror image of our customers who have also dramatically changed together with their individual markets.

For decades, I have been personally part of this process; as a 16 year old I wrote the first small company brochure on the occasion of the 10th company anniversary, and later also for its 25th, and since then another 26 years have passed. Although the company is literally part of me, I have always tried to create a certain internal distance in order to retain a sense for proportions and relativity.

If I am asked to describe the very heart of our company character from this distance and yet fuelled by my increased personal involvement, I would reply as follows, without, I hope, creating an impression of pathos: The above average personal commitment of the great majority of our staff, an extraordinarily high identification with the company and its



objectives, and a deep sense to serve, encompassing both the company management and all its departments.

Qualities of this nature enabled the mastering of the many setbacks and crises which have hit our specialized markets, far better than most of our competitors.

The first crisis the company experienced in the 60's was in the dress shirt markets; at that time shirt ironers were our only product.

The 70's struck with the sudden collapse of the thermal printing technology, our absolute top-selling products in those days.

The textile industry then underwent fundamental changes, the East Block markets disappeared which had contributed to our sales figures by a good 20 %.

Entirely new market structures evolved in the laundry industry, we had to change our production from a relatively stable small series production to complete systems with included many options and extras – the nature of our organisation had to be changed to cope with this challenge.

In the Vlotho factory 300 jobs were made redundant, at the same time new structures had to be created, until finally in the second half of the 90's a company emerged with above average earnings and modern work places, strong enough to take over, modernise and integrate four other companies.

In a fierce market environment our company will have to constantly prove itself, from today's point of view there will be no respite. Our team, strengthened by Schlema, Augsburg, Sarstedt, Steinheim and Hoya will continue to draw its strength from its key qualities: Personal commitment, identification with the company, ability to serve.

Martin Kannegiesser



November 2001



**We are
a mirror
image
of our
customers**



THE CUSTOMER IN FOCUS

Our customers

In the 70's the textile care market notably started to divide into the segment of textile care for the private consumer and into collective institutions, such as hospitals, homes, hotels, hospitality, industry etc.

Today, this process has been completed in all highly developed economies. Private consumers are covered by small companies operating in locally confined areas, the market for collective textile care has concentrated more and more in relatively large companies and expanded into professional textile service companies.





OUR CUSTOMERS ARE EXPANDING THEIR SERVICES AND RANGES – THE DEMANDS ON LAUNDRY PROCESSES ARE INCREASING.

Laundry finishing from one source

Almost everywhere just a core number of public companies exist, generally the increased capital requirement, the automation and professionalism with regard to logistics and hygiene standards have resulted in large companies, which are in part strong and independent regionally acting companies, and in part company groups and concerns operating on supraregional terrain.

These textile service companies form the core of our customers in Europe, North America, Japan and Australia – they cover the entire chain of textile services: Creation of the textile collections, for instance workwear, hospital, hotel and restaurant work

through to cabinet roller towels and walk-off mats. Furthermore: Textile care and service logistics, knowing that service has constantly gained importance, up to delivery to the wards, increasing individualisation and offers of complete service packages comprising sterilisation of surgery textiles.

In the workwear business, a constantly growing differentiation according to person-related categories with their special requirements regarding textile properties has taken place, for instance in the food manufacturing industry. Processes previously deemed simple, such as washing and drying, became part of textile re-conditioning.

It is against the background of increasing professionalism that our customers continuously diversify and broaden their scope of services. The mere laundry process is only part of their value added chain of processes, although a central one. And the requirements of the laundry process increase in terms of rationalisation, logistics, availability, optimi-

sation of energy and water consumption.

The expansion of the own value added chain of processes, as the complexity of the laundry processes grow, is leading an increasing number of large textile service companies to look for a technology partner able to cover the entire process spectrum. From this partner they expect solutions to many technical questions and problems, to relieve them of work, permitting them to concentrate on their real key functions. This holds especially true in growth areas such as workwear, tourism, old people's homes or senior citizen care.

Our key mission is to accompany our customers throughout this permanent change, to be their technology partner, and this mission encompasses the entire spectrum of our industry, from smaller laundries handling private household work and small batches to the complex, fully automatic and streamlined large company as part of a supraregionally or internationally operating textile service groups of companies.





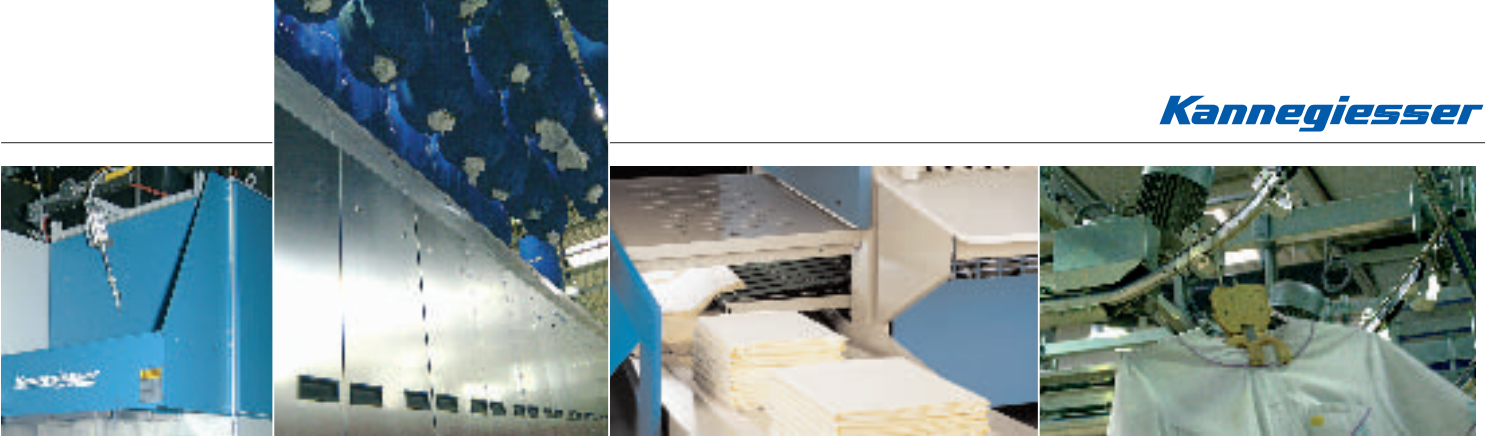
VERSATILITY – SOPHISTICATED SOLUTIONS – INDIVIDUALITY

Our Products

Future-oriented companies have to offer their customers comprehensive solutions and must be capable of offering a “closed loop” solution for a defined area of tasks to help the customer with even the smallest detail of a problem.

It is before this background that Kannegiesser is increasingly regarded as a technology partner by many of their customers, a responsible partner expected to design, to evolve and to maintain the degree of efficiency and availability of their entire laundry technology.

Those who today even briefly lose sight of state-of-the-art technology will face tremendous difficulties in regaining lost terrain, in most cases, with the associated competitive disadvantage.



AS A TECHNOLOGY PARTNER, WE OFFER OUR CUSTOMERS COMPLETE SOLUTIONS THAT INCLUDE EXCELLENT QUALITY AND COMPREHENSIVE SERVICE.

As a technology partner for our customers it is our task to offer system solutions with future potential. The right direction has been taken with our consequent organisation into three divisions:

- Wetwork area (washing / water extraction / drying)
- Flatwork processing
- Garment finishing



Wetwork area



Garment area



Flatwork area

All three divisions are based on uniform control technology, backed by our Technical Services as a fourth division. Based on the principle of this fundamental philosophy, we perform intensive development work in each of our divisions to increase productivity, flexibility and, as a result, the economic viability of laundry operations.



Technical Services

- We manufacture a complete range of machines, units and systems for every step of a modern laundry process, starting with soiled work sorting, via the washing and water extraction technology through to all types of finishing systems, conveyor and sorting machinery and garment hand-out systems.
- Our strength resides in being the supplier of complete processing solutions, including: Optimum table linen finishing, processing systems for hospital garments, process and sequence optimised processing of drywork etc.
- Design, installation and start of completely new operations with the entire new laundry technology from one source.
- Systems for the Operating data management including the realisation of internal networks
- Full availability systems which include service components such as customer service network, Teleservice, maintenance systems, spare parts services, training offers.



Wetwork area

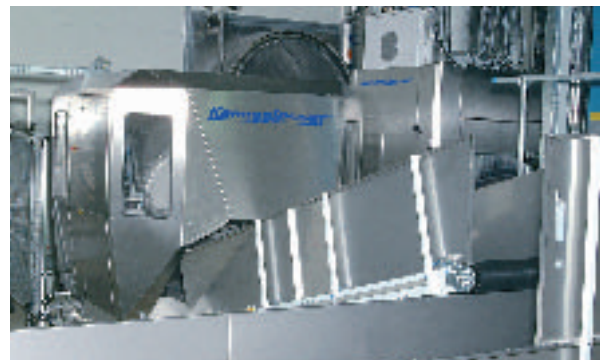
Washing, water extraction, drying – one system



- The modern and exceptionally sturdy machine concept contributes to the successful development of your company.
- The latest processing methods and process technology result in a notable operating cost reduction.
- Advanced logistics concepts (sequence orientated plant planning) improve the throughfeed times and thus the overall capacity.
- Up-to-date data technology controls the sequences, safeguarding processing and ensuring hygiene.
- Disinfection systems provide for hygiene transport facilities in the laundry.

Products:

- Batch washer lines
- Washer extractor technology
- Water extraction presses / centrifuges
- Dryer systems
- Monorail bag systems
- Trolley disinfection tunnels





Flatwork technology

Feeding, ironing and folding – one system



- High performance and reliable flatwork processing technology guarantees optimum economic viability and competitiveness.
- Harmonised machine technology is linked to form customised system solutions.
- Individual operating steps are automated – especially those between dryer and ironer.
- Integrated system solutions that include both rational feeding systems and management information systems guarantee an increase in productivity.

Products:

- Automatic feeding and separating systems
- Feeding and folding technology for high capacity, combination, table linen and small piece ironer lines
- HighPower Ironers of heating band technology
- Small piece folding and stacking machines
- Towel folding machines
- Dryer system solutions





Garment technology

Finishing, conveying, folding and dispensing – one system



- The garment market still has growth potential, however, it places high demands on automation and logistics.
- Accordingly, the requirements placed on the technology partner has increased: Consulting, planning and a first class service system giving full coverage are indispensable especially in this area.
- The professional combination of equipment design and manufacturing, control technology, transport and conveying systems, machines and identification systems are gaining in importance for the textile care industry.

Products:

- Universal ironing presses
- Rotary presses
- Combination cabinet units
- Trouser cabinet units
- Tunnel finishers
- Loading systems for finishers
- Conveying technology for transport, distribution and sorting
- Folding devices and folding robots
- Stacking and sorting systems
- Garment hand-out systems





Technical services



In addition to the classical customer service, the Technical Services division also includes new elements, such as targeted application training, new maintenance systems as well as teleservice at various levels. In this regard, the internet offers excellent possibilities which are also used for the operating data management of our customers.

Maintenance systems

The Kannegiesser maintenance systems ensure the technical availability and maximum performance of the machines. Unexpected down times are reduced by the early detection of a malfunction potential.

The following services are available:

- Inspection service
- Maintenance for a preventive repair
- Full service with remote diagnostic system

Spare parts

We offer a high availability of original Kannegiesser spare parts to minimise possible downtimes of your Kannegiesser machine. The use of the latest storage technology, the implementation of up-to-date order processing software and the close co-operation with renowned parcel service companies helps us to ensure a fast and smooth execution of your spare parts orders. Our principle rule for all original Kannegiesser spare parts: Quality has top priority!



Customer service

Our customers regard the fast availability of a qualified service technician as a service to be taken for granted. We guarantee the high availability of our service technicians through our area technicians located in the individual regions. These mission co-ordinators have the additional possibility to draw from a pool of works technicians who are available in the individual companies of the Kannegiesser Group.

Customer seminars

Also high performance and reliable machines require regular and targeted maintenance for the early detection and remedy of problems and to avoid down times. To do so, you need good knowledge across all disciplines.

We offer a training scheme under the leitmotiv "From practice into practice" which logically complements itself in theory and practice. The seminars transfer comprehensive knowledge covering the machine structure, the control system, the operation, trouble-shooting, programming and optimisation.





Teleservice

The Kannegiesser Teleservice module establishes an online connection between the machine controls and a Kannegiesser support technician.

Our staff can quickly diagnose and remedy an error thanks to access to almost all control functions.



Advantages of the Teleservice network solution

Higher availability

Faster reaction

The support technician establishes an on-line connection to the machine while you are explaining the malfunction to him on the phone.

Targeted use of a technician

The history data and status messages are evaluated prior to a scheduled inspection and maintenance mission. Spare parts and installation aids can be effectively prepared for each individual case.

Reduction of service costs

Simple operation and control

Due to the consequent operator prompting, the customer's maintenance personnel do not need special qualifications for malfunction remedy.

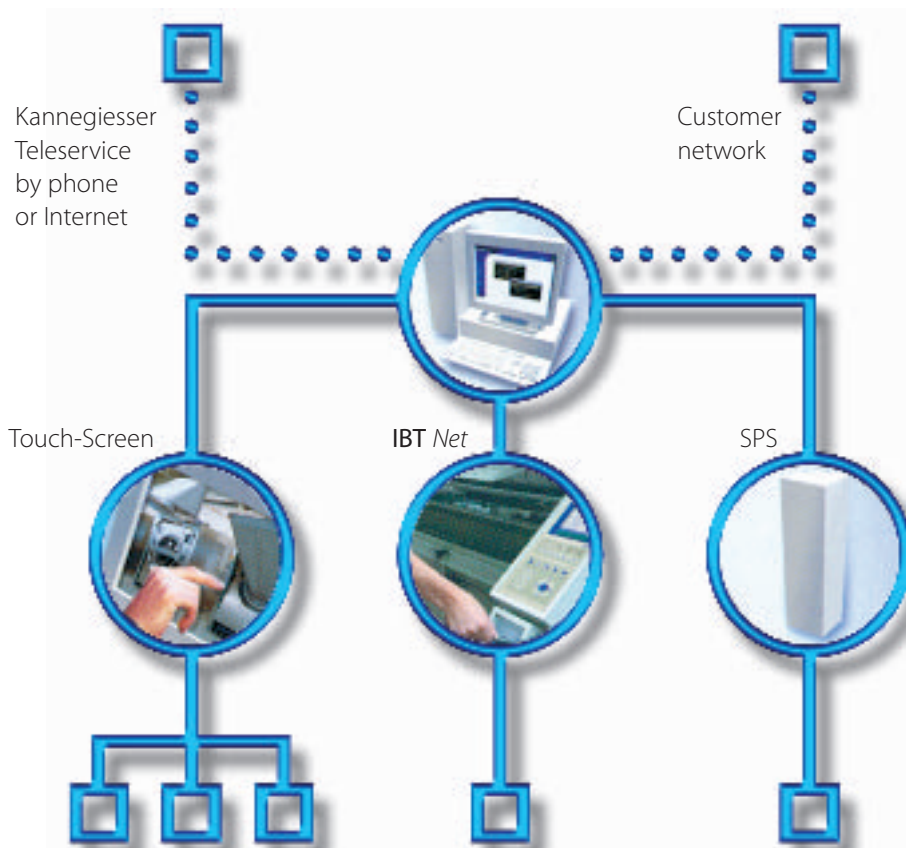
Fast support

Direct connection

The entire technical know-how of the Kannegiesser Group can be accessed by the support technician in a direct and targeted manner via the online connection of the machine controls.

Management information systems

The Kannegiesser MIS especially features the integration with the machine controls: By activating a certain type of operation, for instance the polling of a stored article or customer program, simultaneously the corresponding setting parameters of the machine functions and the data recording are activated. This not only yields a considerable simplification of the operating and control steps, but is also a prerequisite for certified quality. Only in this way can it be ensured that the individually logged quantities per customer and article have actually been achieved with the desired setting parameters.



Decentral machines

- Transport and conveying technology
- Batch washer lines
- Monorail bag systems
- Garment hand-out systems

Machine lines

- Feeding/Folding
- Drywork
- Tunnel finishers
- Folding robots

Special machines

- Dryers
- Conveyor controls
- Presses



CONNECTED THINKING DEFINES ACTIONS

Our organisation

In our role as technological partner for the entire laundry equipment, we accompany our customers through the permanent changes required by their market. To be able to adequately respond to this challenge, two strategic decisions were made for our company:

- Kannegiesser is the responsible developer and supplier of the entire industrial laundry technology – encompassing washing and drying, through to finishing and sorting.
- The core element of our range is the networking of the entire laundry technology by means of uniform control architectures, operating data management information systems, full support and customer service structures.

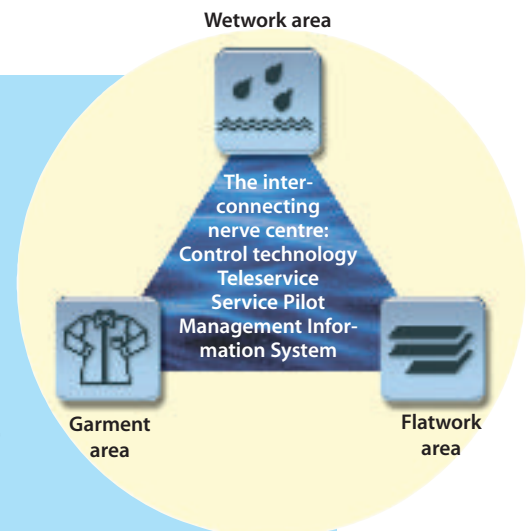




THE STRUCTURE OF OUR COMPANY HAS BEEN CONSEQUENTLY ALIGNED TO THREE PRODUCT GROUPS TO ENSURE OPTIMUM COMPETENCE FOR EACH DIVISION.

Principles of our organisation:

- Subdivision into product groups to ensure a high competence for each area.
- Specialisation of the six German plants in one discipline to guarantee efficiency and permanent improvement processes.
- Uniform sales organisations to install a responsible contact partner for each customer and to ensure that this contact person will fully identify him/herself with all subjects of the customer's individual environment.
- Uniform application of service methods with a technical connection at the concentration point of individual product competence.
- Interlinking by group teamwork across departments to keep cross sectional competence constantly updated (information and communication technology, control technology, data management, customer service methods, overall planning and market coverage, innovation management, production methods)





Augsburg Plant



Schlema Plant



Hoya Plant



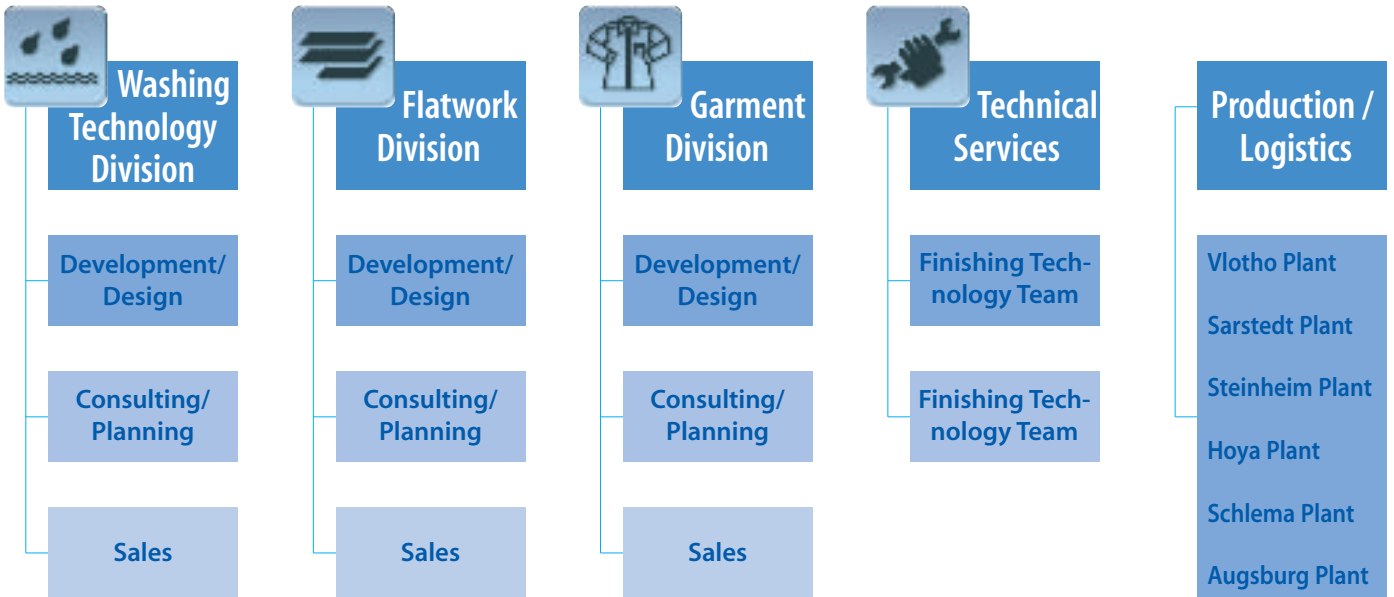
Vlotho Plant



Sarstedt Plant

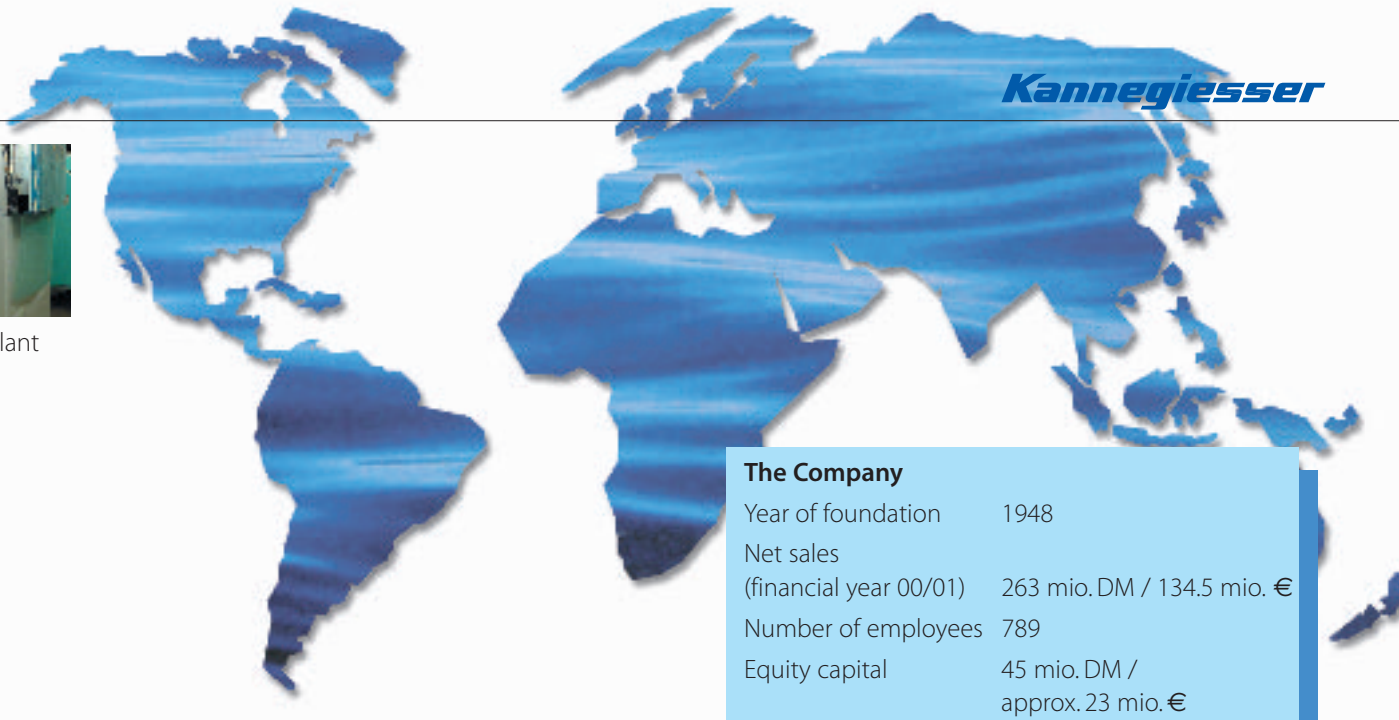


Company Management





Steinheim Plant



The Company	
Year of foundation	1948
Net sales (financial year 00/01)	263 mio. DM / 134.5 mio. €
Number of employees	789
Equity capital	45 mio. DM / approx. 23 mio. €
Partners	Martin Kannegiesser (95%) Irma Kannegiesser (5%)
Distribution and services	in 46 countries worldwide

Issue October 2001

Success factor: Training and continued education

Those who wish to remain a player in the world of intensive competition and fast technical changes have to permanently work on maintaining a clear edge in knowledge. For this reason, Kannegiesser place high emphasis on qualified training and continued education.

Currently Kannegiesser offer eight different professions requiring initial training. For years, the training quota of the company has been about 10 percent, a figure which is far higher than the average both in the country and in our line

of industry. Since the foundation of the company in 1948, over 1.000 apprentices have successfully concluded their training with Kannegiesser.

Continuous further education following initial training means that all training and education methods and concepts at Kannegiesser closely intermesh. To be able to master qualification measures together with other medium sized companies in the region, Martin Kannegiesser founded the MACH 1 in 1988 as an "Arbeitsgemeinschaft der Wirtschaft für berufliche Weiterbildung im Kreis Herford e.V." (Industrial Working Group for Continued Vocational Education in the County Herford e.V.). In 1993 MACH 2 was founded as a "Further Education Consultation" to professionally systematise further education within the member companies with a common personnel com-

missioner, an idea which is unique in the Federal Republic of Germany.

Within Kannegiesser, about 80 percent of the further education measures are dealt within MACH 1 and MACH 2. The main training and education tools are open seminars (e.g. relating to quality assurance), in-company seminars (e.g. relating to machine controls) and technical round tables (e.g. relating to quality management).

The amount of qualification required is continually established by discussions among employees, members of the company management and the works council. A continued education data base supports the planning scheme. More than one third of the Kannegiesser staff attends one or more continued education measures per year.

Professions offered by Kannegiesser which require apprenticeships

- **Energy electronics technician**
specialisation: works technology
- **Industrial mechanic**
specialisation: machine and system technology
- **Construction mechanic**
specialisation: thin sheet construction technology
- **Mechano-electronics technician**
- **Chip removal mechanic**
specialisation: turning and milling technology
- **Technical draftsman**
specialisation: mechanical engineering
- **Industrial clerk**





SHAPED BY THE FLOW OF TIME

Our history

The company was founded in 1948 by Dipl.-Ing. Herbert Kannegiesser who worked in the aircraft industry until the end of the war. In a wooden barrack near Vlotho he and four employees started the production of ironing machines for the garment industry which at that time was one of the major industries in East Westphalia.



Ironing presses for dress shirts became the specialty of the young company and established its international reputation. Wherever in the world – from Hong Kong to Brazil, from Russia to South Africa – dress shirts were machine ironed, a Kannegiesser machine was in operation. Over decades, the company position in this market niche came close to that of a monopoly. Irma Kannegiesser, the wife of the company founder, laid the foundation for the worldwide agency network.





**System
solutions:
The way to
success**

From 1950 specially developed shirt presses conquered the laundries and were confronted with already established brands, such as Kleindienst, Brown, Ajax or Prosperity.

The involvement in the garment industry on the one hand, and the laundry businesses on the other have left their imprint on the further development of the company.

Following a rapid growth to a 20 million DM sales figure and 180 employees in 1963, the shirt market unexpectedly collapsed on a worldwide scale, both in laundry and in the garment industry. The company faced its first crisis in the 60's.

The consequences drawn from this situation included the extension of the production range. For the garment industry, Kannegiesser became the pioneer in fusing technology, and for decades the brand Kannegiesser was a synonym for "fusing machines" in many countries, such as the USA: Those who talked of their Kannegiesser meant their fusing machine.

But also the product range for the laundry industry was subject to a systematic expansion, and Kannegiesser evolved into the finishing specialist for modern laundries.

In 1970 the company founder Herbert Kannegiesser was struck by a serious illness which led him to assign the company management to his son Martin, 28 years old at that

time, who became the company owner after the early death of his father in 1974. His mother Irma remained active in the company until 1980 and has continued to take part in it with a great deal of interest and commitment ever since.





The internationalisation of the company was consequently continued and the product ranges enlarged.

Again and again Kannegiesser devoted itself to the concept of complete system solutions. This approach started in 1978 with the so-called garment lines with their core machine, the tunnel finisher. Kannegiesser was able to gain an unrivalled leading position in Europe in this sector.

In 1983 Kannegiesser presented the "Ironer line from one source" and started a development which ended the concept of one manu-

facturer supplying the ironer and another manufacturer the other complementary equipment.

As the structural and technological changes in laundries became fiercer, Kannegiesser eventually made the decision to regard laundries as a complete system and, accordingly, to follow the path of developing and offering a harmonised complete range of machinery for the industrial laundry:

In 1990 – following the reunification of the two Germany's – an effective ironer production was developed backed by the immense

fund of know-how of the former company Textima in Aue / Saxony, today's group member Kannegiesser Aue GmbH.

During the era of the former German Democratic Republic, the plant in Aue was the central ironer manufacturer for the entire Eastern Block, supplying enormous numbers. It was equipped with modern machinery for that time and achieved good quality standards.

At the end of 1999 Kannegiesser relocated the production from the old site in the centre of the town of Aue to the neighbouring

Schlema, to large production facilities of more than 6.000 sqm, with modern offices and special production methods for the new heating band technology of the HighPower ironer range.

In 1996 Kleindienst Wäschereitechnik GmbH in Augsburg was acquired and restructured into a highly productive manufacturing plant specialising in the transport and conveying sector.

The production ranges of Kannegiesser and the former company Kleindienst were overlapping in the area of garment processing and had to be merged according to the motto: Take the best of each range.

2002 will see the move into new production buildings in Augsburg which are specially matched to meet the requirements of transport and conveying technology. By the way, the new garment hand-out systems DressCare Select were also developed in Augsburg.

While the take-over of the companies Aue and Augsburg was performed before the background of complementing our product range, the purchase of the companies Passat and Pharmagg in 1998 represented the decisive step into the so-called wetwork area: Since that time, Kannegiesser has been a manufacturer of the full range of industrial laundry technology, able to offer a complete range for all individual laundry processes.

Passat was founded in 1949 and is deemed as a pioneer of modern drying and water extracting technology. In the 70's Passat took over the successful tunnel washer manufacturers Poensgen and Voss – no other manufacturer in the world installed more batch washer systems than Passat – so this company was the unrivalled No. 1 with its pace-making batch washer lines Archimedia and Poensgen PWZ.





The new PowerTrans batch washer, officially launched in June 2000 seems to continue the legendary success of the two afore-mentioned tunnel washer systems: Many new and bright ideas have been incorporated into this new development and have yielded astounding success in the field. The production capacity in the Sarstedt works had to be almost doubled much faster than planned.

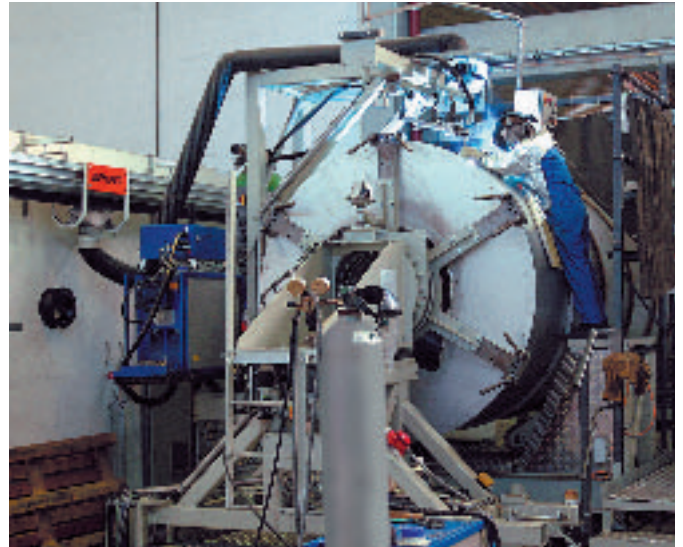
In contrast to Passat with its worldwide market presence, Pharmagg in Hoya was a relatively young company founded in 1978 by Dipl.-Ing. Hans Joachim Rippe. This company enjoyed a regional success, especially in Northern Germany as a manufacturer of barrier wall constructions, trolley washing and disinfection tunnels and staff cubicles and as a laundry machinery dealer.

It was only in 1990 that Pharmagg started their development and production of washer-extractors, especially of barrier wall design.

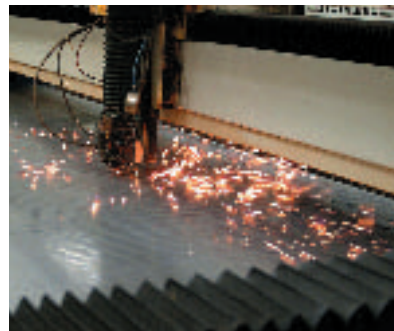
In many ways, the company initiated new and unconventional design concepts which amazed the industry. A remarkable growth started, the dealer activities and the production of barrier walls were abandoned, Pharmagg focussed on washer-extractors and yielded an exceptional success.

However, the dynamic growth also meant that the still small company with its only 20 million DM annual turnover in 1998 faced increasing financial, staff-related and structural boundaries leading Hans Joachim Rippe to sell his company and make it a member of a strong group.

In the meantime, substantial investments have been made in Hoya with the extension of the production site and the products as well as of the structure.



Welding and machining robot for manufacturing of the PowerTrans cylinders – two were especially constructed and installed for the Kannegiesser plant in Sarstedt.



Three high performance laser installations are the centre core of metal sheet processing in Vlotho.



1994

One specialist for every task

Passat

Kleindienst

Pharmagg

Textima

Kannegiesser

2001

System solutions from one source

The six Kannegiesser production sites are well prepared, each for its core business – some activities are grouped into a production pool. For instance, there will be a new and additional laser centre for metal sheet machining with a connected surface processing line in operation early 2002 in Vlotho. This new centre will service the works at Vlotho, Sarstedt and Hoya: The critical mass of the three works is sufficient to run such a high-cost machining centre in three shifts, whereas each company alone would remain notably below the optimum utilisation coefficient.

Kannegiesser – Partner in Laundry Technology



In 2001 the Passat GmbH will be dissolved and integrated into the Kannegiesser GmbH to create an entity with a clearly structured company management: The division managements, sales, finances and accountings are concentrated in Vlotho. The individual companies are strong production units each headed by one works manager.

Our claim to be a partner in laundry technology was realised within the entire group of companies step by step and has become the way of thinking and acting for every employee.

The decision made at the beginning of 2001 precisely reflects this logical thinking, i. e. to withdraw from the traditional field of textile and garment technology and to concentrate worldwide on laundry technology.

The garment technology business section was sold to the German company Veit, the textile technology section to the Swiss company Schaetti, although the corresponding products continue to be manufactured in Vlotho on behalf of these companies until further notice.

A central chapter of the company history has come to an end, a new page has been turned to write another powerful story of success.



Kannegiesser worldwide





Kannegiesser is the
competent partner
for all their customers
with numerous distribution-
and service-centres
worldwide.

Kannegiesser[®]
Partner in Laundry Technology

Kannegiesser[®]

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