

## Employee Shareholders' Money: How to reconcile capital with labour

Friday 20 November 2009, 12:45 – 14:00

**Speaker:**

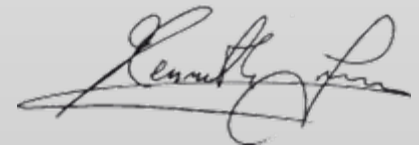
**Kenneth Iversen, CEO  
UNIMERCO GROUP, Denmark**

[www.unimerco.com](http://www.unimerco.com)



## UNIMERCO – a different approach and a different model

1. In a modern society we consider the conflict between capital and labour as belonging to the past. A conflict that was based on premises of another time and society.
2. Management and employees must sit at 'the same side of the table' and work together in order to successfully meet the challenges of the global market today.
3. Unless both parties are successful (management and employees), the company will not be successful in the long run.

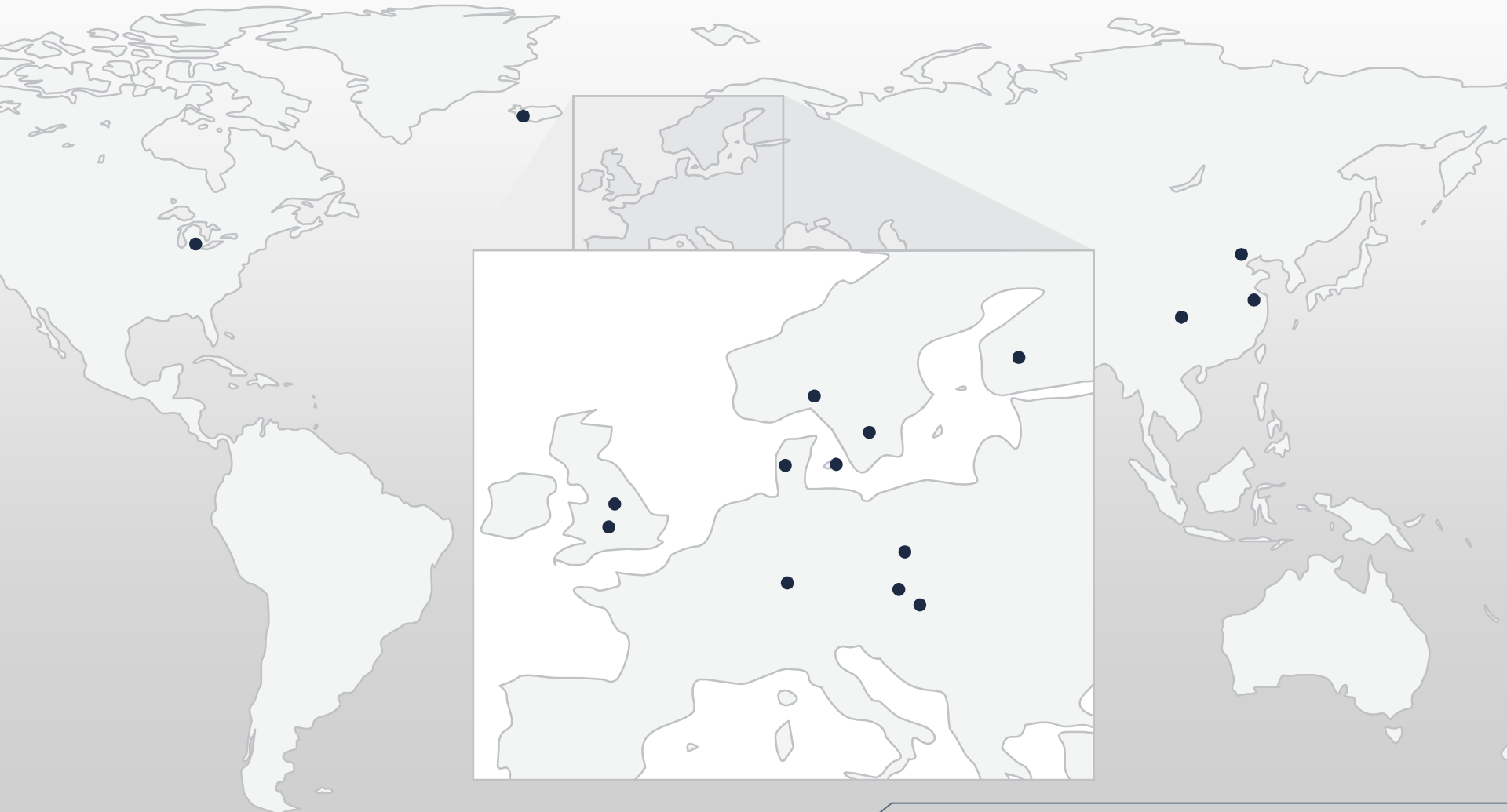
A handwritten signature in black ink, appearing to read 'Kenneth Iversen'.

*Kenneth Iversen*  
UNIMERCO GROUP A/S

## UNIMERCO's business concept

1. We wish to create a healthy global company within trading, service, production and advising. We supply to the industrial market and focus on the activities:
  - Chip removal / machining
  - Fastening and jointing
2. When used properly, the products and services should considerably strengthen the competitiveness of our customers and increase their earnings potential.
3. Everywhere we operate, we wish to create good workplaces with respect for the community as well as the well-being and development of the individual.
4. We wish to create a safe, healthy and respectable investment for our owners while ensuring a high level of employee involvement in the ownership.

**12 countries – 16 companies/branches**



## Products



Cutting tools



Fastening tools



Advising, trade, production and service

# Our segments

## UNIMERCO's main segments:



**Automotive**



**Aerospace**



**General machining**



**Fluid power**



**Power generation /  
energy sector**



**Woodworking**



**Food processing**

## Within fastening and jointing, UNIMERCO focuses on:

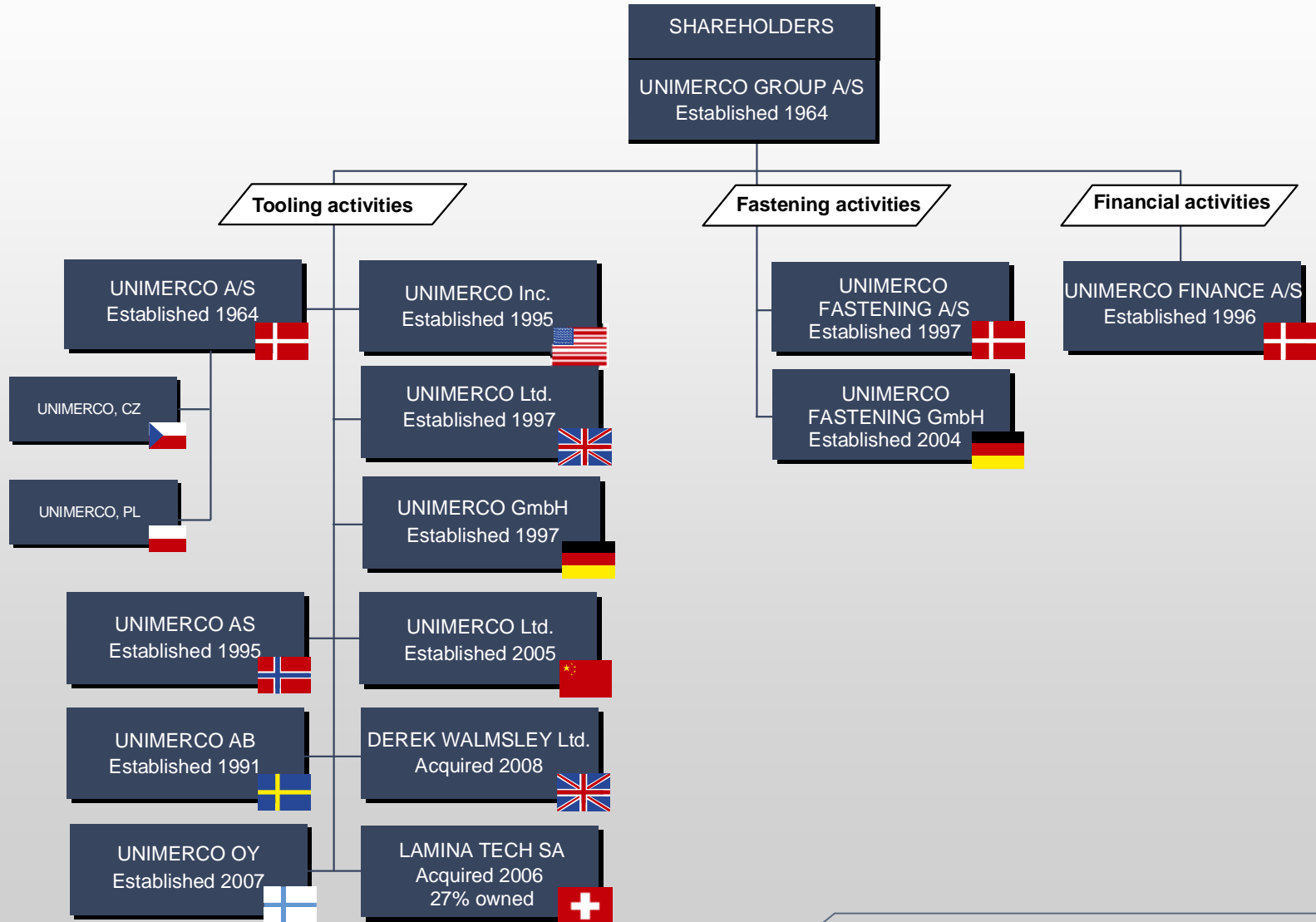


**Building/construction**



**Packing**

# Company structure – as of 01.10.2009



## As of 01.10.2008

- 650 employees, 15 companies in 12 countries
- Owned by employees and management
- Monthly profit sharing
- Information meetings every other month
- Equal pay for equal jobs
- Flat organisational structure
- Low level of staff turnover
- Low level of sickness absence
- 34 years of uninterrupted increase in turnover
- Among the best in the 'Great Place to Work' competition





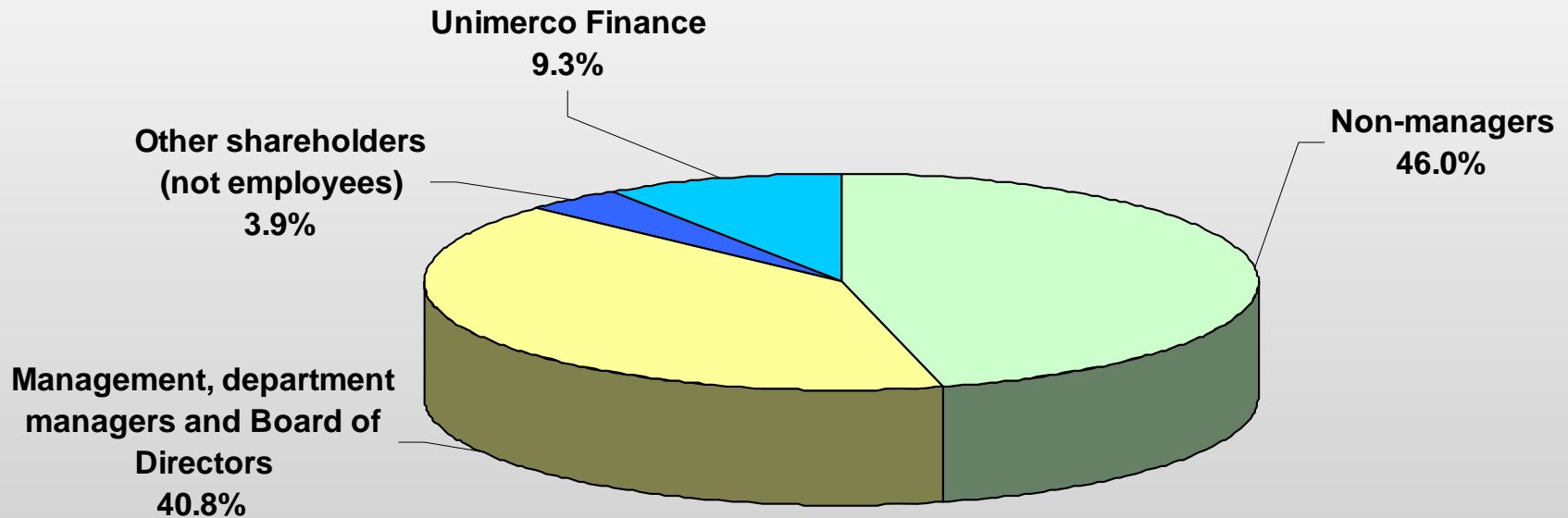
- 77% of all employees hold shares in the company
- Non-managers can buy shares for €100,000
- The shares cannot be sold during the employment  
– however 30% may be sold after 5 years
- The shares must be sold when leaving the company
- The employees take up individual bank loans secured on the shares

# The UNIMERCO model



# Distribution of ownership

Distribution of ownership, Unimerco Group A/S, as of 30.09.2009

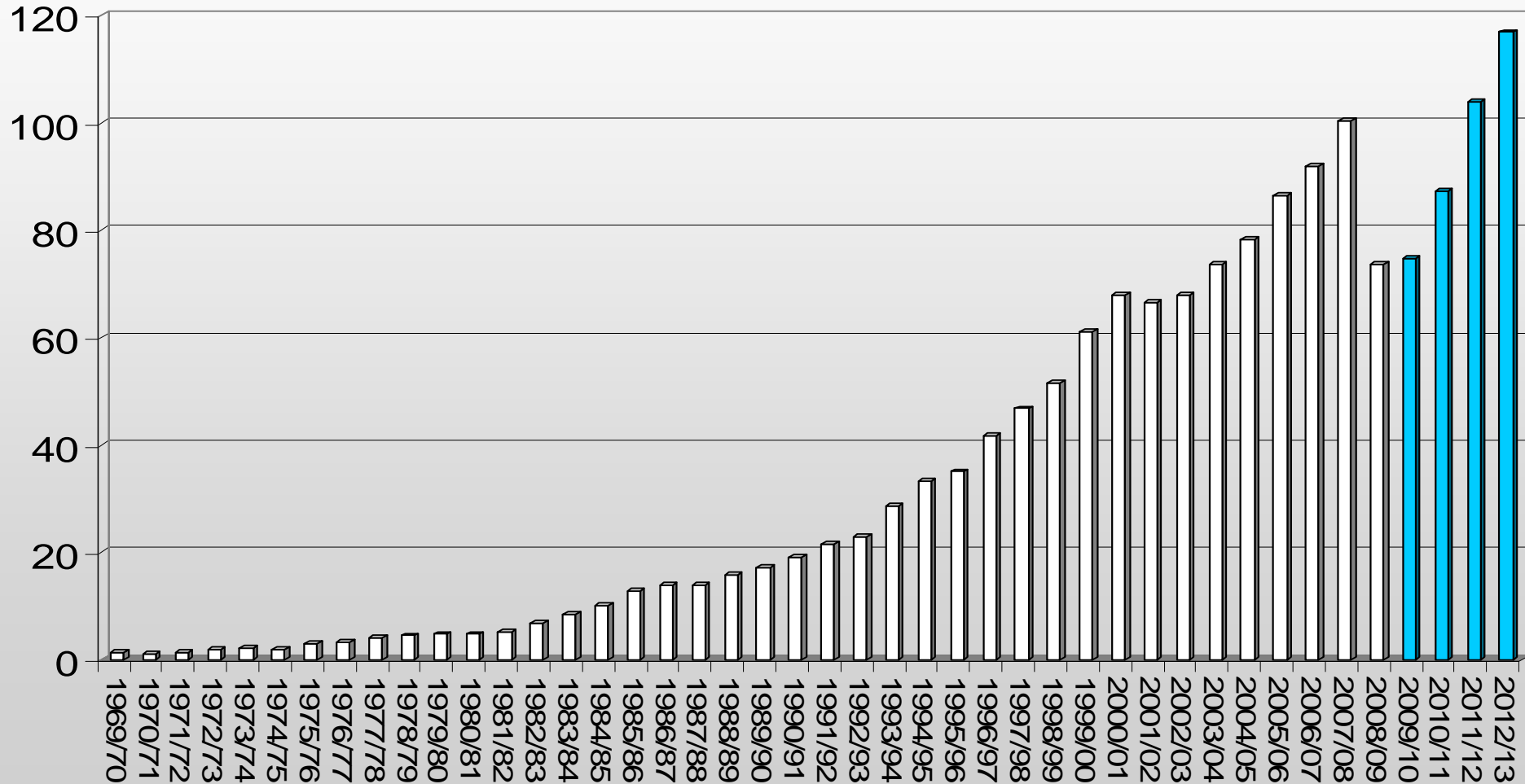


# Results of the UNIMERCO model



Development in turnover 1969/70 – 2012/13

EUR million



- Has financed a development in turnover from € 2 million to € 100 million
- Capital and reserves from € 0.15 million to € 65 million
- Has created a fortune for more than 170 employees exceeding € 70,000 per employee
- Has made it possible to withstand and overcome the global crisis

	€
100 employees resign	4 million
550 employees (all) take 3 unpaid days off every month	4 million
Savings in all other areas	<u>4 million</u>
	12 million

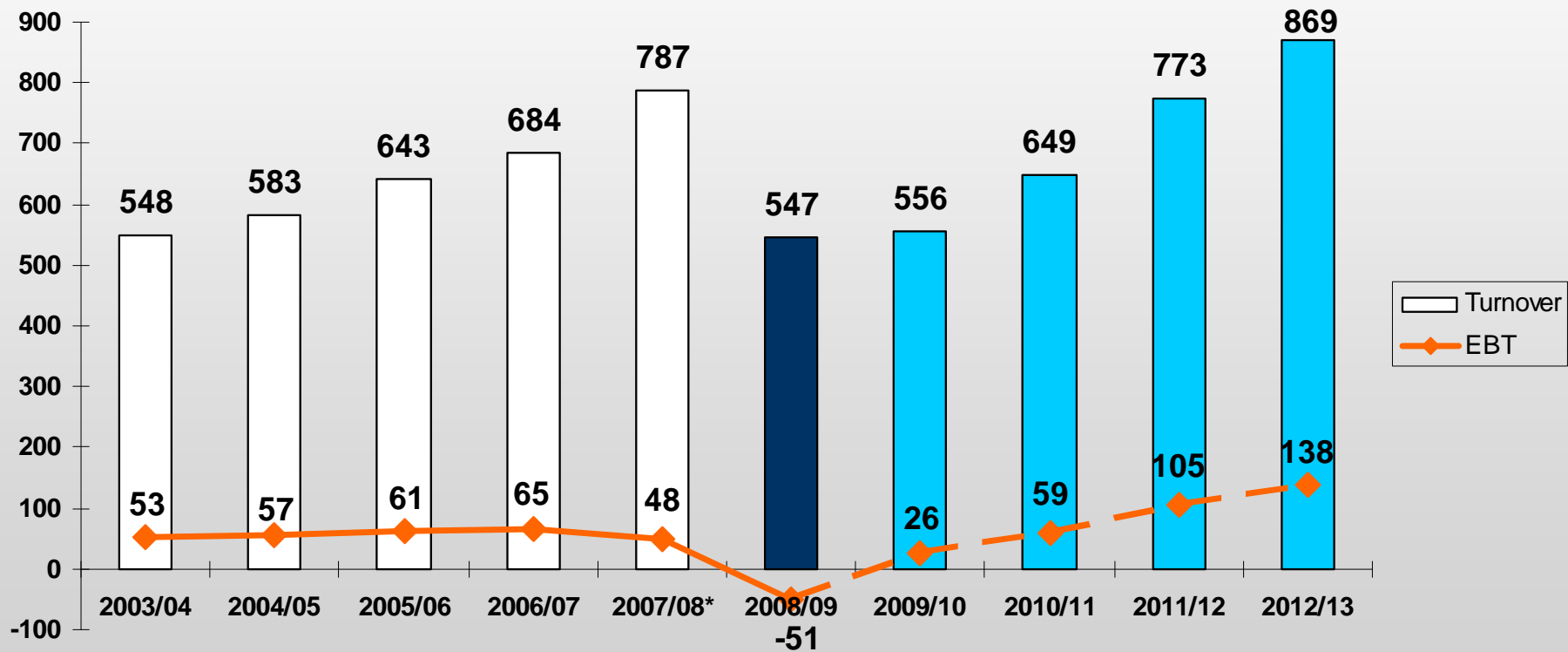
- Total cost reductions: € 12 million (27%)
- Our joint efforts save 160 jobs

- It is less hard to say 'goodbye and thank you' to an employee when you are able to give him a cheque for € 150,000 as a result of his investment and commitment
- Weakness: the amount of the company's own shares can become alarmingly high due to a lot of buy-back in times of crisis
- There has been an extremely positive attitude towards savings
- Everyone has showed a great understanding of business
- The Danish flexi-curity model makes it flexible to adjust your organisation

# New goals

## Turnover / EBT, UNIMERCO GROUP

DKK million

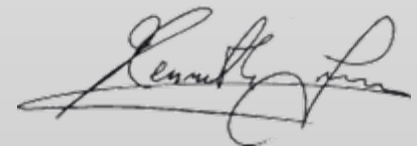


\* Incl. DW turnover 1.10.06-30.09.07: DKK 40 million



In the right model,

capital and labour walk well hand in hand

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UNIMERCO GROUP A/S

**Thank you for your attention!**