

WHAT DOES UNIO DO?



UNIO buys, optimizes – and if necessary, transforms – mature operating companies in good businesses, where long-term expectations are low, often because these companies have failed to identify and capitalize on strategic opportunities.

UNIO CAPITAL – an internal investment management company created by UNIO – invests long-term capital, including free cash flow allocated from operating companies. UNIO CAPITAL also acts as UNIO’s panoramic “eye” on markets and risks.

UNIO and UNIO CAPITAL work independently but jointly as well. UNIO CAPITAL evaluates companies across business categories and generates new operating company opportunities for UNIO, which in turn produce additional free cash flow for UNIO CAPITAL – in a positive feedback loop.

WHAT IS UNIO?

For starters, what does the word “UNIO” mean?

UNIO is derived from the Latin root “uni-” – meaning “one”, “whole,” “integrated” and the root behind “unify”, “unique” and “universal.”

How do these words apply to what we’re doing?

Everything we do is driven by a *one*-culture mentality –that no matter how different we are, we are *united* by one set of values, attitudes, and practices. Everything we do is subordinated to *one* master objective – “making money by making things great”. Much of what we do is *integrating* what is typically kept apart – for example combining in UNIO the businessperson’s operating know-how with the investor’s macro and comparative industry and company knowledge – in order to tap the exponential power of these two mindsets working together. In addition, our bias is to own or invest in companies, or employ people that are *one-of-a-kind* and special. Finally, we’re looking for principles, knowledge, solutions and products that as much as possible have *universal* validity – as evidenced by their lasting value and their wide application.

UNIO IS A 21ST CENTURY OPERATING & ASSET MANAGEMENT BUSINESS

Why “21st century”?

In our view, the 21st century has ushered in a generational shift. The Financial Collapse of 2007-09 marked the turning point. We face a future that is discontinuous from the past with more-than-normal dislocation and structural change ahead. One of these changes will be the imperative of generating wealth by emphasizing not the growth, but the productivity of assets. In the 20 years preceding 2007 we experienced explosive asset growth, funded by more

and more debt. Yet despite rising labor productivity, asset productivity fell. In the next 20 years, partly because debt will play a lesser role, the main road to wealth will be through making existing and new assets increasingly productive. In the business world, “21st century” will apply to companies that understand and are structured to adapt to the new era we’re in. In that sense UNIO, with its feel for where history is heading and its focus on “making assets pervasively more productive” is a deeply “21st century” company.

And why combine operating companies and an asset manager under one roof?

Businesspeople who run operating companies have to have narrow and deep understanding of their companies’ operations and marketplaces. Their job is to organize concrete resources; direct them to their most productive uses; and continually improve their use through review and redeployment.

Investors who buy and sell liquid assets across a full spectrum of investment possibilities have to have panoramic macro- awareness and judgment and comparative industry and company knowledge. Their job is to see macro and micro trends and how they interact; discover new ideas; evaluate businesses, companies, and risks; and select investments and re-investments that fit into an overall framework.

From UNIO’s standpoint, there is enormous overlooked benefit from fusing business and investor mindsets into one enterprise – creating what we call “the Power of 2” – to supercharge the capability of the corporation. Businesspeople teach investors about real world marketplaces and companies. Investors provide businesspeople with macro and risk management perspective plus an inventory of acquisition ideas and intelligence on how other companies are managing their businesses. For delivering value to shareholders two mindsets, properly integrated, are definitely better than one.

UNIO HAS 7 INTERLOCKING BUSINESS MISSIONS

Optimizing companies intent on realizing their untapped potential.

“Optimizing” at UNIO means “making assets pervasively more productive” and “assets” mean all four types of assets: things (tangible assets), ideas (intangible assets), money (financial assets), and people (potentially the most productive assets of all). We are looking for good companies, in good businesses that see or sense themselves at a crossroads: between following the road they’ve been on or taking a road toward realizing their untapped potential.

Owning for the long-term and as a management-partner.

Our interest is buying an ownership stake – typically a controlling ownership stake – for the indefinite future and becoming deeply involved as an active partner in the management of the company until it is clearly on a path to realizing the vision that brought it and us together in the first place.

Allocating capital and free cash flow to their optimal uses.

The first part of this critical job is to assure that the company is putting enough maintenance capital in the right places to be the best at what it’s already doing. The second part of the job is to direct free cash flow that’s left over to its optimal uses in one or more of six alternatives – expanding an existing business, acquiring within an existing business, acquiring a new operating business, retaining cash, returning capital to shareholders, or investing in publicly-traded securities.

Investing cash not used in operations across a spectrum of liquid assets.

As we just said, one use of free cash flow is to invest it, through UNIO CAPITAL, in publicly-traded securities. Although it operates independently, UNIO CAPITAL is also UNIO’s corporate investment account. Through UNIO CAPITAL we take both a macro-view of what we’re doing – looking at the totality of asset allocation alternatives – and a micro-view that looks deeply into the securities we own. Because our intent is long-run and absolute

appreciation, equity or equity-like securities will dominate what we do. But we will use cash, fixed income, and other capital protection overlays like short-selling to attenuate risk. On another level, as we've already explained, UNIO CAPITAL's investment work helps UNIO's operating companies by providing them with a panoramic view of markets and risk and comparative industry and company intelligence that can help them better manage their businesses.

Generating wealth by making assets pervasively productive.

Asset productivity is the only way to sustainably generate real wealth and it's our focus. To give you an idea what we mean by "pervasive", we look at four asset types: things, ideas, money, and people. And we look at each type of asset in four corporate dimensions: operations, strategy, capital allocation, and culture. Our goal: to get the most return out of our four asset types, balanced across the four dimensions of corporate life, to create pervasive productivity that shows up in ROA – return on assets.

Delivering value to clients/customers and owners alike.

"Value" in the eyes of the customer/client is the only sustainable basis for business success and the only reliable way for shareholders to realize "value" in the form of long-lasting, above-average returns on their investment. For customer/clients "value" is the objective and subjective experience of receiving at, or above, what they expect for what they pay. For investors, "value" is making above-average returns in a risk-averse way. "Value for value" is our mantra: giving client/customers and shareholders alike satisfyingly good results.

Unifying these missions in one healthy & dynamic culture.

To us, culture is key – the sum total of the attitudes, values, and practices of an organization. "Trust", "top quality", "positive energy", "effectiveness", "improvement" are among the words or phrases describing cultural traits we attach great value to. We view culture not just as a state of being but as the DNA of action, not just as a given but as something identifiable, manageable, and evolvable. We will never ignore our own culture. We will never acquire a company where there is no cultural fit. We will never ignore culture after we acquire. There is simply no end to making culture healthy, dynamic and central to corporate life.

MAKING MONEY BY MAKING THINGS GREAT

In the end we're about making money by making things great –

Enabling companies to be greater than they otherwise would be if we and they did not join forces...

Building great investment portfolios through deep insight into the world's opportunities and risks...

Delivering greater-than-expected value to customers and clients...

Making above-average and risk-averse financial returns for our shareholders in the process...

That's what UNIO is.