

## **RUWEL Emerges From Insolvency**

Wednesday, September 16, 2009 | RUWEL

RUWEL, the PCB producer with the longest tradition in Europe and based in Geldern on the Lower Rhine, has been rescued--and it couldn't have been more dramatic. RUWEL is the leading European producer of printed PCBs for the automotive industry worldwide. In the wake of the financial and automobile crisis, orders dropped and the quality producer was forced to file an application to institute insolvency proceedings at the beginning of February 2009.

Horst Piepenburg from Düsseldorf was appointed insolvency administrator and took direct control of the company as of May 1, 2009 after insolvency proceedings had been instituted, but with a workforce of 220 adapted to the order situation--180 employees had to be dismissed or made redundant.

Thanks to their outstanding reputation, RUWEL succeeded in the following months in gaining a new major customer, while other key customers placed additional orders in an effort to support their strategic supplier-cum-partner. At the end of July, a solution for the future was found for the Pfullingen plant with the former owner of RUWEL, Bernd Zevens.

In this situation, it was a matter of finding a solution for the RUWEL headquarters in Geldern. Financial investor BlueBay, one of three partners in RUWEL since 2006, signalled their readiness to continue their involvement with the Geldern location under certain conditions. BlueBay has a worldwide network and indicated that, together with an Asian partner, they were prepared to take over responsibility for approximately 220 jobs in Geldern in a new company named "RUWEL International GmbH" as future majority shareholder.

However, this ultimately depended on a number of conditions being fulfilled. To obtain the necessary legal certainty in regard to the number and form of future employment relationships, the parties concerned required prior clarification of the approximately 200 pending actions against "unfair dismissal" and earmarked a budget for severance payments since, at the time, there was not enough work for 420 employees at the Geldern location. Because of insufficient assets, RUWEL would not have been in a position to make severance payments and implement a social compensation plan.

In the end, the economic risk attaching to claims for unfair dismissal, which had, in the meantime, dropped to some 180, was too great for the investors, and at the end of August they rejected their plan to take a capital interest in RUWEL. A creditors' meeting and the court decided to close down the company.

Recognizing how serious the situation was, company employees got together in an unprecedented initiative and informed laid-off colleagues at home about the hopeless situation in which all actions for reemployment would not in any case prove successful. In addition, the company employees, while forgoing part of their income, collected some half a million Euros for a solidarity fund from which those laid-off colleagues who dropped their action and, in so doing, would clear the way for an investor solution would be able to top up their severance payment. This motivated the majority of the complainants to understand and appreciate the situation. NRW

finance minister Dr. Helmut Linssen (CDU), himself coming from the Gelderland, Thursday last, invited all parties to attend mediatory talks with the NRW labour minister Karl-Josef Laumann (CDU) at the regional government offices in Düsseldorf.

After in-depth, constructive negotiations, the breakthrough and a compromise solution were finally found which were also acceptable for the competent IG Metall (trade union). An in-house collective wage agreement for RUWEL was negotiated together with the trade union and the works council under the leadership of Peter Behr, attorney-in-fact; this included that the level of pay agreed in the previous year would also be secure in future, as well as future income growth rates and incentive payments based on company performance.

Moreover, the entitlements acquired by the employees from their previous job at RUWEL are retained, such as periods of notice, years of service, etc. A shop agreement has laid down that planned additions of personnel in the foreseeable future will be recruited, assuming appropriate qualifications, preferentially from the group of laid-off employees. Also, criteria of social selection will be taken as a basis jointly with the works council.

After further consultations over the weekend, the investor BlueBay then gave the definitive "go ahead" for the new "RUWEL International GmbH."

The company is heading into the future with an order scope extending to the end of February and has prospects with an Asian partner.