

# ANNUAL REPORT 2013





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*“The Group is  
younger and  
stronger  
than ever*”



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# Message from the General Director

*On our 125<sup>th</sup> anniversary, once again we talk of growth. 2013 has meant another historical record for Grupo Irizar with a turnover of more than 550 million Euros.*

The Group is younger and stronger than ever before. We continue growing in the geographic and industrial diversification as the basic strategy for our growth. We are definitely committed to technology and sustainability, by our own and brand products, both in coaches and electrical buses as in the rest of products in the sectors where we are present.

This reality is developed from our six coach plants around the world, the other five companies, fruit of industrial diversification and our Technological Centre from where we intensify the applied research process and development of products of our own brand.

All that aimed at growth, guaranteeing the future and generating wealth and employment.

This year is the time for celebrating this anniversary and sharing our happiness and pride with all that form part of this family, of this history of 125 years.

I would like to highlight the most important milestones of 2013:

- Growth in the aggregate turnover up to 556 million Euros. Growth in all the business areas of the Group including Irizar Ormaiztegi with strong growth in manufactured units due to the change of regulations in our sector (Euro 5 to Euro 6).

- Technology is what is going to provide independence to the group and this year has been that of consolidation of our R&D centre, CREATIO and of our program for capturing talent (ITP). The efforts dedicated to knowledge and technology are more and more intensive and we are creating products that are going to mark our medium term future. The research effort is being carried out on the main components and systems of our bodywork for conventional coaches and all the systems of our range of complete coaches.

We are also working intensively on the project of our electrical urban bus with its first unit being delivered in the coming month of July.

- We have extended by 1200 square meters and strongly improved the image of our installations in Ormaiztegi housing a showroom, a large client area, the offices and installations for our R&D centre and a corporate area. Also we have improved the access to the installations and have built a new and modern building for delivery of coaches to the clients.

- We continue with our unequivocal commitment for the environment and for improving society. We have increased our support to society in cultural, environmental, and sustainable movement aspects. The maximum evidence of this vocation is the creation of our electrical urban bus.

I would like to thank, as always, the confidence our clients place on us and all the persons of Grupo Irizar and all our collaborators for always being there, whenever necessary.

**José Manuel Orcasitas**  
CEO of the Irizar Group



# Annual report in figures

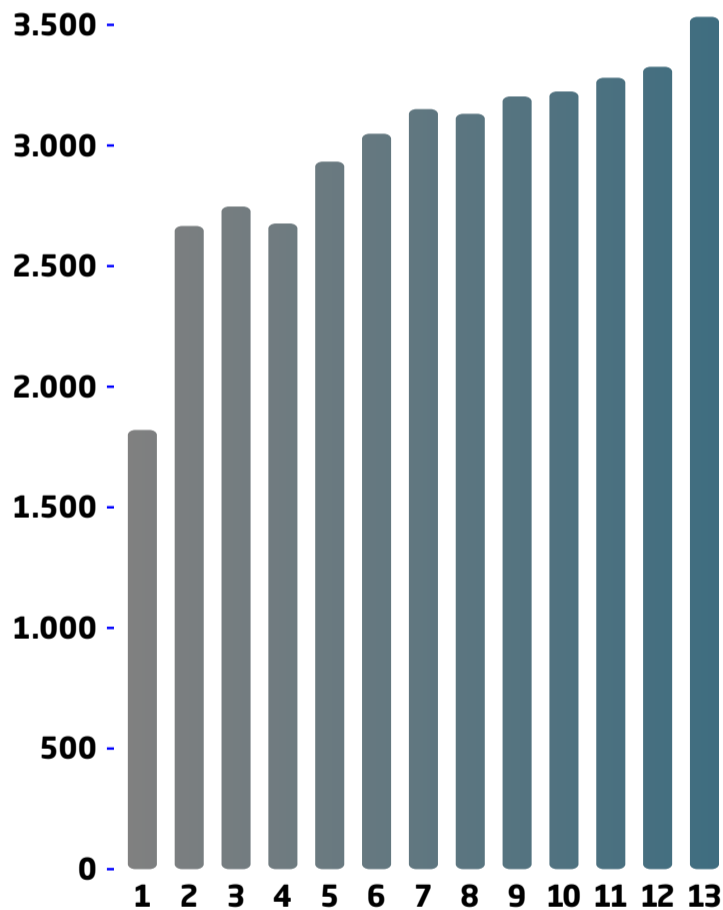


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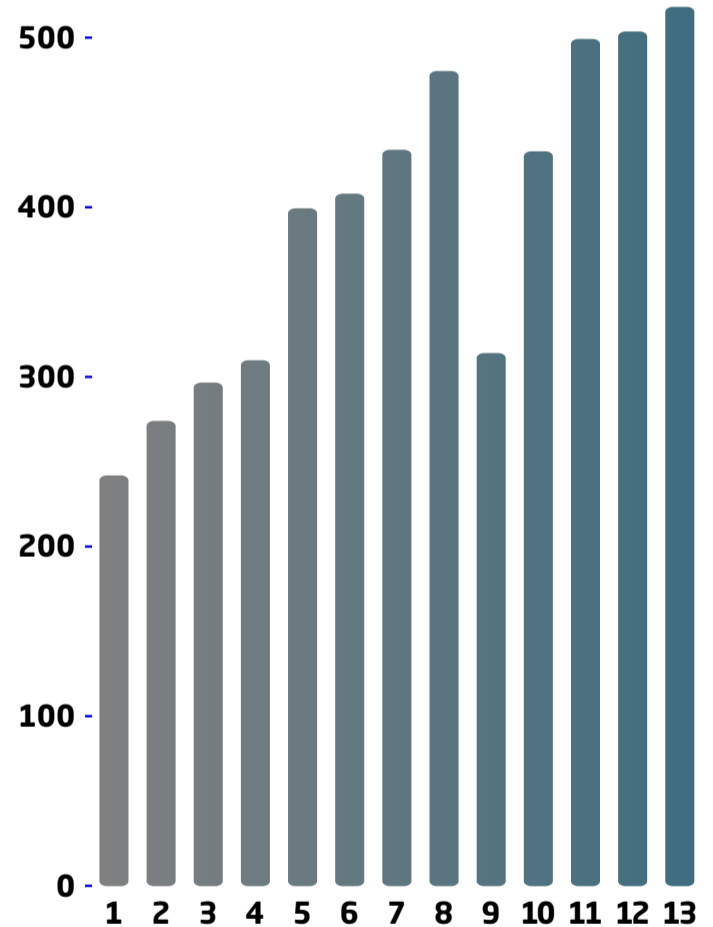
## Wealth-employment generation

Number of persons



## Sales

Millon euros



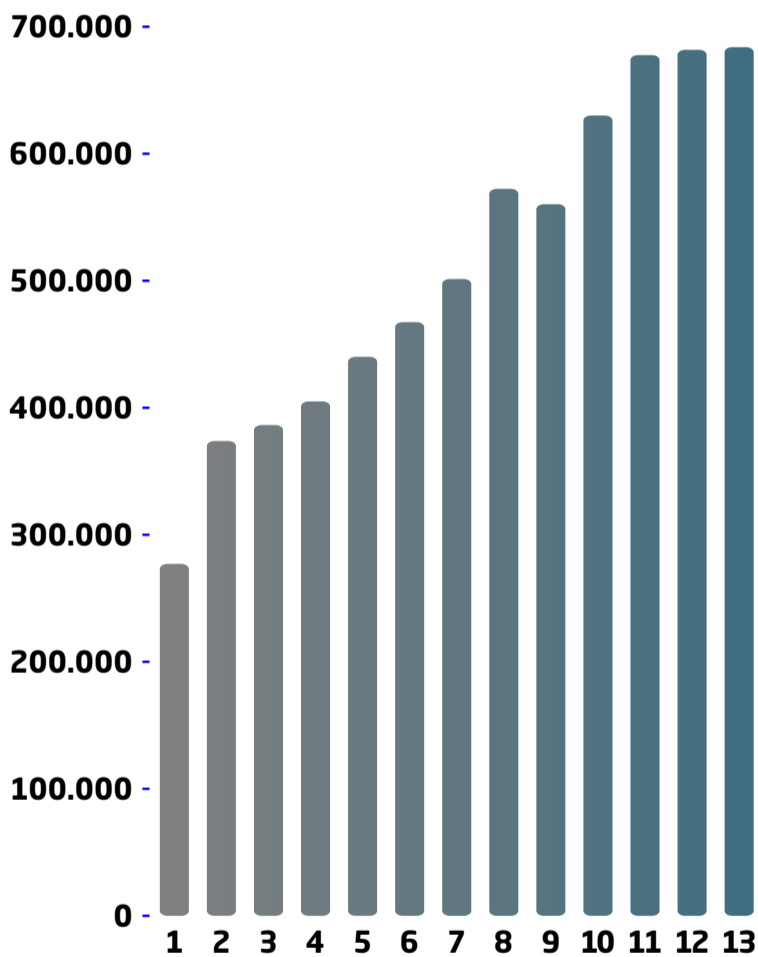
Group Irizar ends year 2013 with a new record turnover of 556 million Euros. This growth is the consequence of strength in the Irizar brand and of the other brands the form the group, as well as the trust of our clients. That way Irizar continues its consolidation as one of the most important worldwide references in the manufacturing of high class coaches.

In 2013 Irizar has produced 5,368 coaches, of which 2,988 correspond to the high class range. 35%, more than 1,000 units were produced in the Ormaiztegi plant for the European and Israel markets.



## Total assets

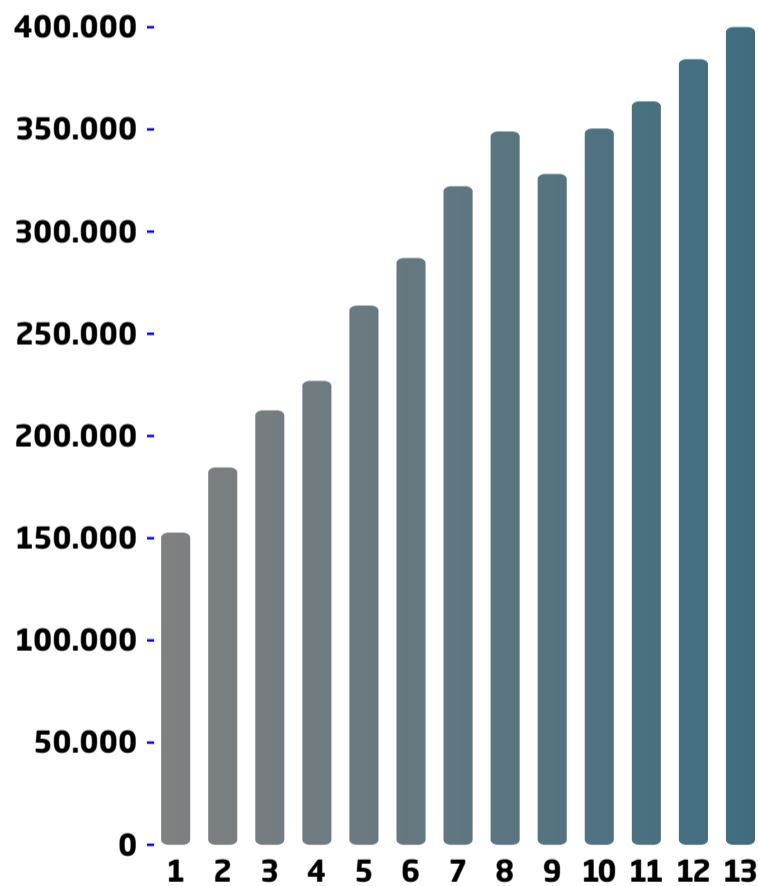
Thousand euros



34% of all the sales correspond to the Irizar plant at Ormaiztegi, 46% to the other Irizar plants around the world, and 20% to the joint sales of the other companies in the Grupo Irizar.

## Own funds

Thousand euros



88% of all the sales are from the export market, corresponding to all the plants of the Group, taking into account that Irizar is a group with a high level of internationalisation and diversification.

All the investments made during the past year in Irizar Ormaiztegi were improvements of the installations, as well as R&D, and were for 18 million Euros.





# Global growth

## Coach companies



### Irizar Ormaiztegui

It has been a great year for the activity in Ormaiztegui given the general situation affecting the European markets and, above all, the Spanish market.

Manufacturing has increased by more than 15% regarding year 2012. This increase in volume was caused by the change of the current regulation of emissions that enters into force in Europe in 2014. Although this new regulation Euro 6 is more demanding with the environment, it involves a very high price regarding the previous one for the clients, meaning that the clients have brought their purchases forward.



### Irizar Mexico



Irizar Mexico continues exceeding production records and during the year 2013 ha reached the historical figure of 900 units, thanks to a strategy based on approximation to the client, with the support of the main values of Grupo Irizar, reliability, profitability, comfort, safety, and service: In this sense it has continued increasing its penetration into the Mexican market up to the point where the majority of Mexican passenger transport companies have Irizar coaches in their fleets.

The Irizar brand is very strong in that market and the coaches are considered as the most profitable and advanced in the country. That way, Irizar is confirmed as the indisputable leader of the Mexican market with a share well above 50%.



## ***Irizar Marocco***

2013 has also been very positive. The Irizar i6 model has been launched very successfully in Morocco and the Irizar objective of serving coaches to the European market from the plant in this country has started to become a reality, especially caring that the quality standards are already equivalent to those of the entire Group.

The Group strategy includes manufacturing the high class products in its plant at Ormaiztegi and, in function of the market growth, attending the rest of the range from its plant at Skhirat.



Already the first units of the Irizar i3 Low Entry model have been manufactured for the Spanish, English, and Danish markets. In addition a batch of 60 units of the Irizar Century model, on a Scania chassis has been served to Poland.

## ***Irizar Brazil***



There has also been growth in Irizar Brazil and this in both the domestic market and its export markets.

The approximation and better products offered to the clients with the Irizar i6 model; together with the strategy of positioning itself in the Premium segment have caused strong growth in market share both in Brazil as in the exports markets it attends to. That way, in 2013, Irizar Brazil reached its record after 16 years of history with the production of 800 high class units.

## ***Irizar TVS India***

At year end, our participation in the India joint venture was reduced to 5%.

Irizar will continue being the technological partner so that, according to the evolution of the market and the strategy of future partners, it can support the development of the project by transferring technology.

## ***Irizar Southern Africa***

Irizar Southern Africa continues to be a reference in the luxury coach segment. With the launch of front and rear engine versions of the Irizar i6 model in 2012, the complete range of Irizar coaches is now available so it may continue to expand.

# Irizar Group

## Companies for industrial diversification

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A good year 2013 for Hispacold with an increase in activity due to exports and diversification into the railway sector that is now being consolidated. This growth has occurred in spite of the urban bus market in Spain being practically null.



Is growing due to exports above all to Europe and South East Asia. It has become a reference in Singapore with 800 vehicles equipped with Masats systems in circulation in 2014.

In addition, it is consolidating its presence in the railway sector with accessibility systems and passenger doors.



Jema continues maintaining its volume of activity despite the strong decrease in the renewable energy area.

Since 2013 it is present in Brazil, Mexico and USA form where it has access to adjacent markets like in the case of Chile.

Jema nowadays is a worldwide reference for highly technical unique «projects».

At the same time, Jema electronics that was founded with the aim of supplying systems to Grupo Irizar already represents 15% of its turnover. Important growth is foreseen in this division, with the manufacturing of charges and electronics for electrical buses. In addition, currently they are trying to find opportunities in the offshore marine market by the hand of Alconza.



2013 was a year of large projects and a lot of prospection work form Datik, both in Spain and Mexico. The first units have already been installed in the vehicles of clients.

There are good expectations in 2014 for obtaining orders for all the Bizkaibus buses (Pesa, CAV and ALSA) with the complete device package and information programmes, as well as a large Mexican client as technological collaborator for implantation and development of units.



For Alconza, the last company to form part of the group in 2013, this was a record year for turnover, mainly due to the activity of motors and generators for the offshore marine market.

The good expectations are maintained for the coming years in this same sector which we expect to translate into future growth.

# Important milestones



## **Irizar maintains its leadership in the UK**

Irizar has maintained its leadership in the United Kingdom throughout 2013, with a market share of 23.6% of conventional coaches with Scania chassis and its line of complete coaches.



## **20 years of successful collaboration Scania Great Britain**

Irizar and Scania GB jointly celebrated with the clients the joint success during 20 years of relationship. That has led to both becoming market leaders since 2012 and to the commercialisation of more than 1800 coaches in 20 years of history.



## **20 years of Irizar in Italy**

In November 2013, the twentieth anniversary of the establishment of Irizar Italia was celebrated in Rimini with clients, journalists, and representatives of leasing institutions and banks. 20 years of successful collaboration that has led to delivering 1800 coaches in that country.



## **Opening frontiers:**

*Ankara, Aegean, Mediterranean and Black Sea*

The presence of Irizar in Turkey is confirmed with the delivery of the first ten Irizar i6 model coaches in October 2013 to Ulusoy in that country. These units will cover for the first time the luxury service lines between Ankara, the Aegean Sea, the Mediterranean Sea, and the Black Sea.





## ***New generation of Irizar Euro VI coaches***

In the framework of the Busworld fair in Kortrijk held in October, the new generation of complete Irizar brand coaches was presented, incorporating innovations regarding safety, consumption, and weight.





## ***Launching of the new Irizar i3 Low Entry coach in Europe***

Also in the framework of the Busworld fair, the Irizar i3 was presented and is now available for commercialisation on European markets in its conventional version (with chassis) in a first phase.





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## **The Brand**

*Strong improvement of image:  
New Irizar installations for our clients*

**In 2013 a 1200 square meter extension was made at Irizar in Ormaiztegi with the objective of housing both the offices and installations of Creatio (the Irizar Research and Development Centre), as well as a showroom and a new and modern building for the delivery of coaches to the clients.**

**The extension of the building includes a second floor and new reception to host visitors and take them through the Irizar world, a solid brand in constant growth, where future and technology acquire special importance. The showroom is a large space mainly aimed at the clients, a design centre where the client can customise coaches as well as living the experience of the Irizar brand.**





## ***Technology as a commitment for the future***

Technology is what is going to provide independence to the group and this year has been that of consolidation of our R&D centre, CREATIO and of our program for capturing talent (ITP).

The resources dedicated to knowledge and technology are more and more intensive and we are creating products that are going to mark our medium term future. The research effort is being carried out on the main components and systems of our bodywork for conventional coaches and all the systems of our range of complete coaches.

We are also working intensively on the project of our 100% electrical urban bus.







# Corporate Social Responsibility



Without doubt, the 100% electrical urban bus continues being the greatest evidence of our commitment with sustainability. It has now become a reality. Currently we are finalising the durability tests and the first unit will be delivered in San Sebastian the coming month of July.



## Adhesion of Irizar to the Global Compact

At Irizar we are committed to a better world, and in coherence with our mission, we promote the commitment of all our persons with sustainable competitiveness in social, environmental, and economic aspects.

For that, we are working to become recognised as a socially responsible brand. And long that line, we have adhered to the United Nations Global Compact, that way reflecting our commitment with Human Rights, Employment Rights, the Environment, and Anticorruption.

## Commitment with people

During October the 50th Cooperative Anniversary was celebrated, and for which we invited the families of the persons who work in the same, gathering around 1,700 persons in all.

