

IRIZAR GROUP - YEAR 2013

Irizar Group ends year 2013 reaching a new historical record with a turnover of 556 million Euros

Ormaiztegi, 3 June 2014

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

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.

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 company

Irizar Ormaiztegi

It has been a great year for the activity in Ormaiztegi 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.



Regarding the behaviour of the markets, 2013 was a year when the European markets, and above all the peripheral ones, seem to have reached their bottom. Certain signs of growth are apparent this year, above all at the mainland level where the market has grown by 9% up to April of 2014.

Irizar Mexico

Irizar Mexico continues exceeding production records and during the year 2013 has 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%.

The Mexican economy grew less than was expected last year although the coach market remained very strong. Nevertheless, this year, we foresee a slight drop of the coach market, mainly due to the affect of the Tax Reform that is being carried out by the country.

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.

At the end of last year, the Brazilian market started to give signs of weakening, something that was confirmed this year, with a 30% drop in the market of the coach sector up to April. The economy is starting to weaken, the international investors have lost their confidence and there is a very important social problem.



Irizar Morocco

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 Ormaiztegui and, in function of the market growth, attending to 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.

The Moroccan economy has been affected very little by the crisis and this year is showing strong growth.

Irizar TVS India

In line with our strategy of strengthening the brand by generating more confidence in the clients, at the end of the year the participation of the joint-venture in India has been reduced by 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.

Companies for industrial diversification

Hispacold

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 non-existent.

Masats



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

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.

Datik

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 its 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.

Alconza



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.

Currently the works for the constructions of new higher building are under way with the capacity for manufacturing larger diameter and tonnage motors.

New Irizar installations at the headquarters for and our clients

In 2013 a 12000 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 and capture of talent

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. Currently we are finalising the durability tests and the first unit will be delivered in San Sebastian the coming month of July.



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