

IRIZAR IS SET TO INVEST A TOTAL OF 25 MILLION EUROS IN A NEW PLANT PRODUCING UP TO ONE THOUSAND COACH BODIES PER YEAR

The Irizar Group opens a new plant in Morocco to produce intercity bus and coach bodies

On 10 July the Irizar Group based in Ormaiztegui (Guipúzcoa, Spain) opened a new plant to produce intercity bus and coach bodies in the Moroccan town of Skhirat near Rabat, in close proximity to the Tangiers-Marrakesh motorway.

The decision to produce city coach bodies in Morocco is a new feature of Group strategy, and was taken in view of the great need for quality buses in the country, where most of the units will be used.

The envisaged investment package is 25 million euros for the new plant – 15,000 square metres of covered space and over 200 employees. Depending on demand, plans have been made to increase production capacity to eight times the capacity of the old Salé factory, and manufacture bodywork for one thousand buses and coaches annually.

The Skhirat plant 20 km south of Rabat was built on a 60,000 square metre plot, and commenced operations in June this year.

Current levels of production are already double those of the first plant, and further

increases are expected in the months ahead.

José Manuel Orcasitas, Chairman of Irizar Maroc, said that the new facilities allow Irizar to substantially step up coach production to meet demand in Morocco

during an initial phase, focusing on other markets subsequently.

He feels that the new plant consolidates the Group's globalisation strategy both in terms of increased capacity and a quantum leap in available means, providing the factory with state-of-the-

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Mr Orcasitas also said that since market launch in the 1990s Irizar has sold over 20,000 coaches all over the world.

City buses

The Irizar Group took the decision to produce bodies for city buses in Morocco, and manufacturing work on the first units is expected to start before the end of the year. The country's need for buses and recurrent demand from the authorities led Irizar to launch this product in Morocco, which will represent a huge quality leap with respect to the current standard of city buses in the country.

In order to cope with potential bodywork needs for city buses in countries where the Group was already operating, in 2004 Irizar signed a technology transfer agreement with the Galician body producer Castrosua in relation to its CS40 model.

According to José Manuel Orcasitas, the agreement gave Irizar access from the very outset to "reliable, tried and tested technology, instead of leaping into a business adventure on our own." In the years ahead, depending on market trends, Irizar will be in a position to develop its own model in coherence with the image of Group products.



art Group facilities in order to better meet the needs of customers.

On the day of the presentation, Irizar Maroc's CEO, Abouchane Mohammed, welcomed the Moroccan entity's outright progress with the new facilities, which have all the latest equipment to enable it to manufacture products with the same technology and quality of other Irizar plants, and claimed this would doubtless set it apart from its Moroccan competitors.

Increase in Coach Production

Beyond any shadow of a doubt, the Century model remains the highest standard for top-of-the-range coaches in Morocco. The short-term objective is

to produce 240 coaches over the first year, and subsequently accelerate production in accordance with internal and external demand.

José Manuel Orcasitas said the Group intends to gradually increase daily production levels for the purpose of training incoming employees in coming years.

Each production increase, on average, requires 70 more employees to be hired, and so the final number of jobs created in Morocco could be around 600.

The Chairman also stated that Irizar's market share in Morocco in terms of top-range coaches is almost 100%, and that the Century model is viewed there as a "top-quality product".

Inauguration of the new plant was attended by many Moroccan dignitaries.



A rising star

Since Irizar decided to launch its operations in Morocco in 1997, and especially since outright purchase of Irizar Maghreb in 2001, growth and consolidation of the Group as the main player in the coach sector have been on the up and up.

Irizar Maghreb was created in 1997 in Salé after Irizar became a shareholder in the city bus manufacturer Faconvel, which was experiencing economic difficulties.

In a bid to rectify this situation the owners of Faconvel requested assistance from Irizar to improve their products, and also coach body manufacturing technology. Irizar took up the Moroccan opportunity

and provided economic resources and technology for its Everest bus model predating the Century.

Irizar staff and company management in the joint venture managed to reverse financial and economic trends to make it a market leader in the luxury coach market by 1999.

Supply trends among manufacturers in Morocco led the Everest model to become outdated, and so Irizar suggested to its partner that the product should be renovated using new technology and innovation, along the lines of the Century model which had already been a major success in Europe. To implement this idea, however, it was necessary to wait until 2002 when the Irizar Group bought up all the shares in Irizar Maghreb. The subsequent impact of the product was such that Irizar Maghreb's share of the market with this model increased annually to almost 100%, and in 2007 the entity produced 140 units.

Growth in the luxury range market led Irizar Maghreb to a situation in which it became well nigh impossible to meet demand using only the Salé facility, and so at the end of 2005 Irizar approved the investment package for the new Skhirat facility in order to increase coach production capacity while retaining its reputation in terms of quality and service in Morocco, and also produce bodywork for city coaches.

After these decisions had been taken, at the beginning of 2006 Irizar bought a 60,000 m² plot in Skhirat, and in February 2007 work began there on construction of the recently opened plant, which was built over 15,000 m² of covered surface area.





Staff at Irizar Maroc approach this new phase with a renewed burst of enthusiasm.

Mohammed Abouchane, General Director of Irizar Maroc, who answered the questions raised by the journalists.

The official opening was in the afternoon and was attended by authorities, including the Moroccan Minister for Industry, Trade and New Technologies, Ahmed Reda Chami, and by the King's Governor in Rabat, "Guali" and other key figures. During his speech, the Minister expressed his pride that Irizar had chosen Morocco for this important project and the new plant that would undoubtedly help to improve and foster the country's industry.

After the speeches, the tape was cut, the commemorative plaque was unveiled and Mr. Orcasitas then showed the visitors around the installations and explained the various manufacturing processes. The visit included the existing prototype of urban buses for the Moroccan market.

The opening ceremony concluded with a performance by a local music group and regional dances, and refreshments.

Irizar's enthusiasm and confidence in Morocco in its construction of this new plant will improve and boost the country's industry.

A day for the history books

On 10 July, the Irizar Group opened the new Irizar Maroc plant to build coaches and urban buses in Skhirat. The inaugural event was attended by many key figures from the Moroccan political and business worlds, along with customers and suppliers.

The event began at 11.00 a.m with a presentation to the media which showcased the Irizar project in Morocco, from its setting up in Salé in 1997 to its development and its plans for the future. José Manuel Orcasitas, Chairman of Irizar Maroc S.A., then spoke and outlined the evolution of the Group in Morocco. The press conference was also attended by the Irizar Maroc S.A. board members, Peio Alcelay and , together with





SALAHEDDINE MEZOUAR, THE MOROCCAN MINISTER OF FINANCE

“Irizar’s investment initiative in our market ought to serve as an example for all other companies”

The man in charge of Morocco’s economy talks to Irizar, giving his analysis of the state of the market and outlining the economic situation and new plans for the next few years.

In recent years Morocco has seen its market increase by more than 30 million inhabitants who continually want more goods and services. In fact, the state's commitment to modernising of the economy and opening Morocco up to the outside world has made its economy extremely attractive to Spanish companies. With a forecast of an increase of 6.8% this year, the foremost need of the country is to improve and expand its network of motorways and roads.

Salaheddine Mezouar, the Minister of the Economy, has announced that public investment in the period 2008-2012 will be over 80,000 million dollars. This will inevitably provide a boost for the strategic transformation of the country and the development of new areas. In the same vein, the 2008-2015 programme between the state and the Moroccan National Motorway Company (ADM) aims to construct 1,880 kilometres of new motorways by 2015. Morocco has 850 km of motorways at the moment, a figure that will be doubled to 1420 km by 2010.

Given Morocco's continuing economic growth and its bright prospects, how do you value Irizar's initiative to invest more than 25 million Euros in a developing market?

Morocco has witnessed a strong increase in foreign investment for some years now, which includes that of Irizar, and we are very happy about it. Irizar's new initiative ought to serve as an example to Spanish companies who should recognise that they too could increase their competitiveness by implanting themselves in Morocco while maintaining at the same time their investments in Spain. For us it is just one more indication that the fundamental choices that we have made during the reign of King Mohammed VI are the right ones. Morocco is a country that is open to the

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In recent years Morocco has invested heavily in its infrastructure, specially in roads.

world. It is a springboard for production and trade with access to a market of more that 1,000 million consumers thanks to agreements for free exchange signed with the United States, Europe, Turkey, the Northern African Arab countries and the Middle East and also its privileged relations with the rest of Africa.

As someone who is familiar with Irizar and market globalisation, what is your general opinion about the internationalisation of Irizar, and specifically, how it relates to Morocco?

The internationalisation of a company of Irizar's size is a strategic decision which opens up great development opportunities. By choosing Morocco, Irizar has considered rightly that it is somewhere that will allow it to optimise its production and create synergies with its Spanish-based institutions.

Irizar has decided to transfer the latest product and management technologies to our Moroccan project. Do you consider that the Moroccan workforce and product markets are ready for this.

For some years now we have been modernising our economy and making it competitive. This means that we have also been concerned with strengthening the capacity of our workforce via ambitious training plans. At the moment, our training plans are based on the needs of the country's economy. This is the aim of the training programme for the "10,000 engineers" which industry needs. Internationally renowned companies know that they can base themselves in Morocco because they can count on a competitive and highly qualified workforce. This is the case of the first phase of Irizar's project which is getting excellent results.



We have seen that in recent years Morocco has invested heavily in its infrastructure, especially in roads. Will it maintain its investments in this sector or a change its orientation?

We will, of course, maintain our investment in communication infrastructures such as roads and motorways that will extend to a length of 1,200 km in 2012, in ports and airports with the Tanger Med port, a new international hub, and in many other sectors such as housing, tourism, agriculture... Morocco is pursuing simultaneously many large-scale development projects, without anybody's help and relying on its own resources. Looking at what we have achieved, we are very proud of the progress we have made over the last decade.

There is also a marked improvement in the economic situation of Moroccans. Could you give us some information about what's been significant in the evolution of the Moroccan economy?

All the economic indicators show significant progress, as I outlined in my presentation in Madrid a few days ago. Morocco is a country that is growing and will consolidate itself and be at the same level in the future as European countries. We have shown ourselves capable of achieving an efficient economic and social transformation but this rhythm needs to be more strictly matched by the EU. It is crucial that it orientates itself towards the Mediterranean in order to secure stability and balance in the future

The enormous unexploited potential of Morocco as a holiday resort is one of the things that is most evident to anyone visiting the country. What plans do the government have for developing this sector?

It is true that there are great possibilities for developing the tourist sector. We have designed the "Azure" plan which aims at attracting 10 million tourists by 2010, with a capacity of almost 250,000 beds and the creation of 6 top-level, international spas to strengthen and diversify the offer. We intend to become



one of the most important holiday destinies in the Mediterranean and we are investing a lot to this end.

Finally, how is the world economic crisis affecting Morocco?

We are aware that it's a difficult moment and that uncertainty that exists in the market. However, the forecast for growth in Morocco this year is about 6.8%, the inflation rate is at 2.8%, while the unemployment rate which is now at 9.8% could drop to 9.2%. Nevertheless, our own forecast for growth in 2009 is for considerably less, between 6 and 6.5%.

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