

# ANNUAL REPORT 2015

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mirza

A close-up, low-angle shot of a car's front grille. The grille is composed of numerous rectangular chrome slats that reflect light, creating a shimmering effect. Prominently displayed on the grille is the 'mirza' logo in a stylized, three-dimensional chrome font. To the right, the edge of the car's headlight is visible, showing a modern, angular design with a clear lens and a glowing yellowish light source. The overall image conveys a sense of luxury and modern automotive design.



# Message from the General Director of Irizar Group

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2015 has, once again, been a year full of projects and developments where we have combined the launch of our high-end product, the Irizar i8 model, which we presented with great success in Kortrijk, in Spain and in Mexico, with intense work in terms of deploying products in new markets, technology and electromobility.

The Irizar i8 is the result of multiple technological solutions and offers detailed aesthetics arising from our experience and drive to innovate. We have created a coach with great personality, which is also safe, reliable and comfortable. We continue to prioritise profitability and customisation and have added a new generation of seats.

This class-leading and iconic coach is the pillar on which Irizar is building its future prospects in the long-distance and occasional service sector. The vehicle, with a dynamic aesthetic and innovative technology, is the ultimate representation of quality, robustness and reliability in a sector where its personality and overwhelming visual impact stand out.

This year, we have also produced a DOT (Department of Transport) version of the Irizar i6 model for the US market. We have begun manufacturing the first units for what we believe will be a very important market for Irizar in the coming years.

Following the first deliveries of electric buses in 2014, we continue to manufacture electric city buses for several European cities and we are engaged in several major R&D programmes in electromobility that should lead to significant growth in this line of business over the coming years.

We continue to focus on research and development to incorporate technology into our products, especially our integral Irizar-brand coaches and electric buses, in order to keep on giving more value to our customers.

We have once again experienced strong growth this year in the manufacture of integral coaches, which now account for over 20% of production.

We have also completed the technology transfer of these coaches to the plant in Mexico, where we will be offering integral products to customers from 2016.

The Ormaiztegui plant, which has experienced strong growth once again this year, has been the main driving force behind the Group's progression. All markets, both domestically and in Europe, have once again seen growth this year and we are set to achieve a new all-time record of units for the Spanish market with over 600 vehicles, slightly less than half of total production.

It is also worth highlighting the leading role played by the Moroccan plant, working alongside the parent plant to support the manufacture of coaches for the European markets.

The other Group companies are also experiencing growth this year and diversifying their markets.

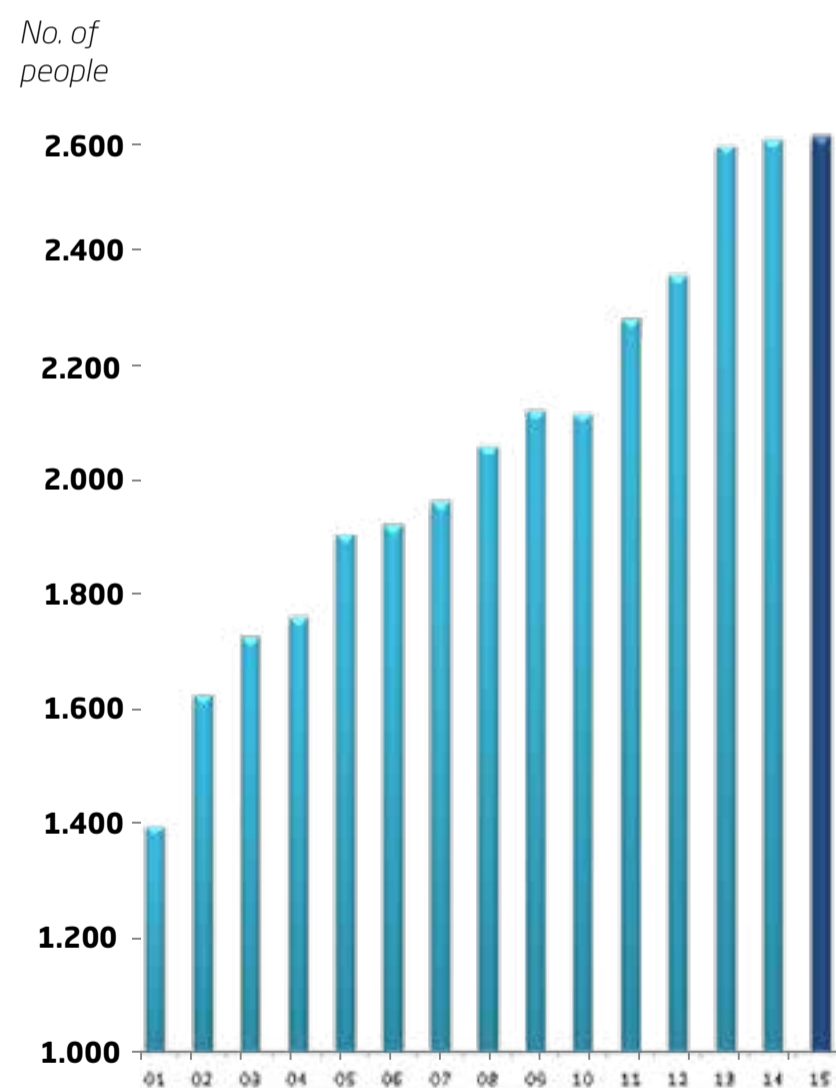
Once again, we are confident that this growth of the group and the launching of innovations, alongside the trust you place in us each day, will allow us to continue along the path of strengthening the Group in the future.

Many thanks to all of you

**José Manuel Orcasitas**  
General Director of Irizar Group

# Annual report in figures - 2015

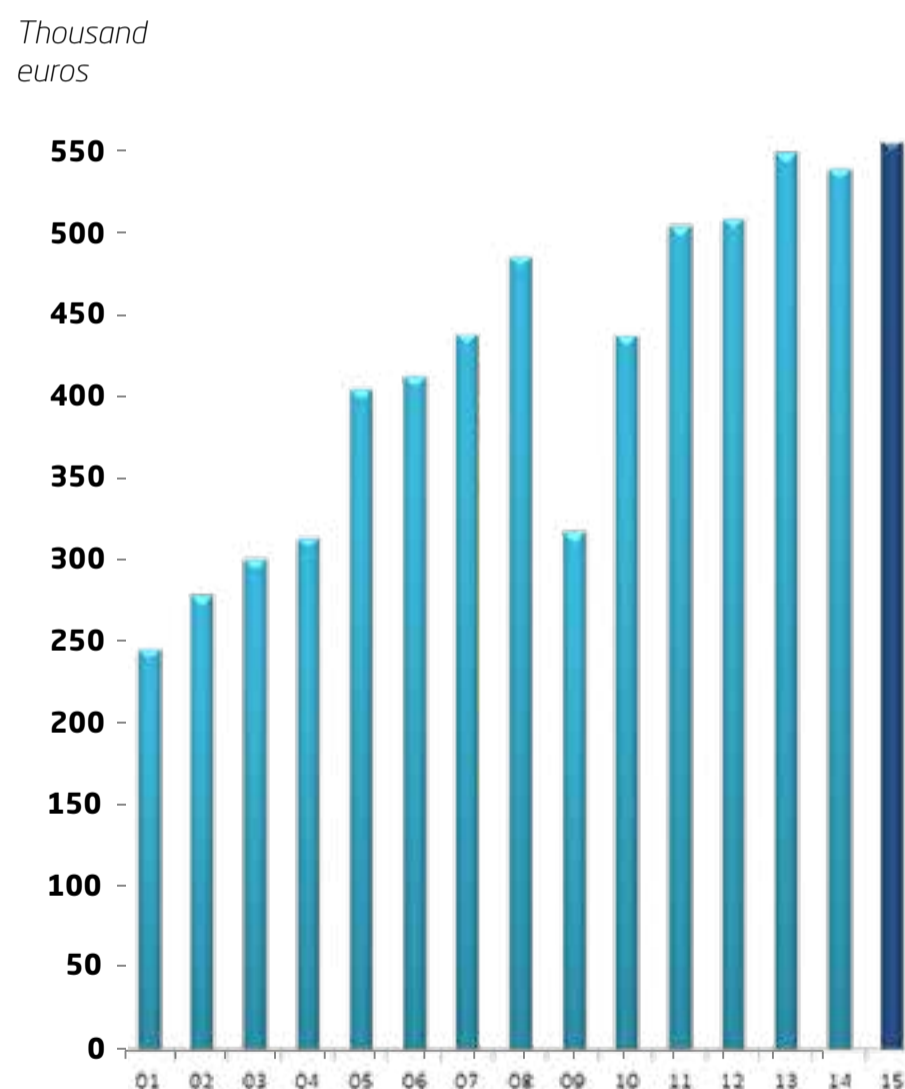
## Job creation



The Irizar Group closes the year with a total aggregate turnover of over EUR 550 million, of which 83% corresponds to the export market.

The trend from 2014 continues, which saw Irizar Ormaiztegui grow more than the other group companies, a change from the growth parameters that had been seen in previous years in which, as a result of the economic crisis and the lack of

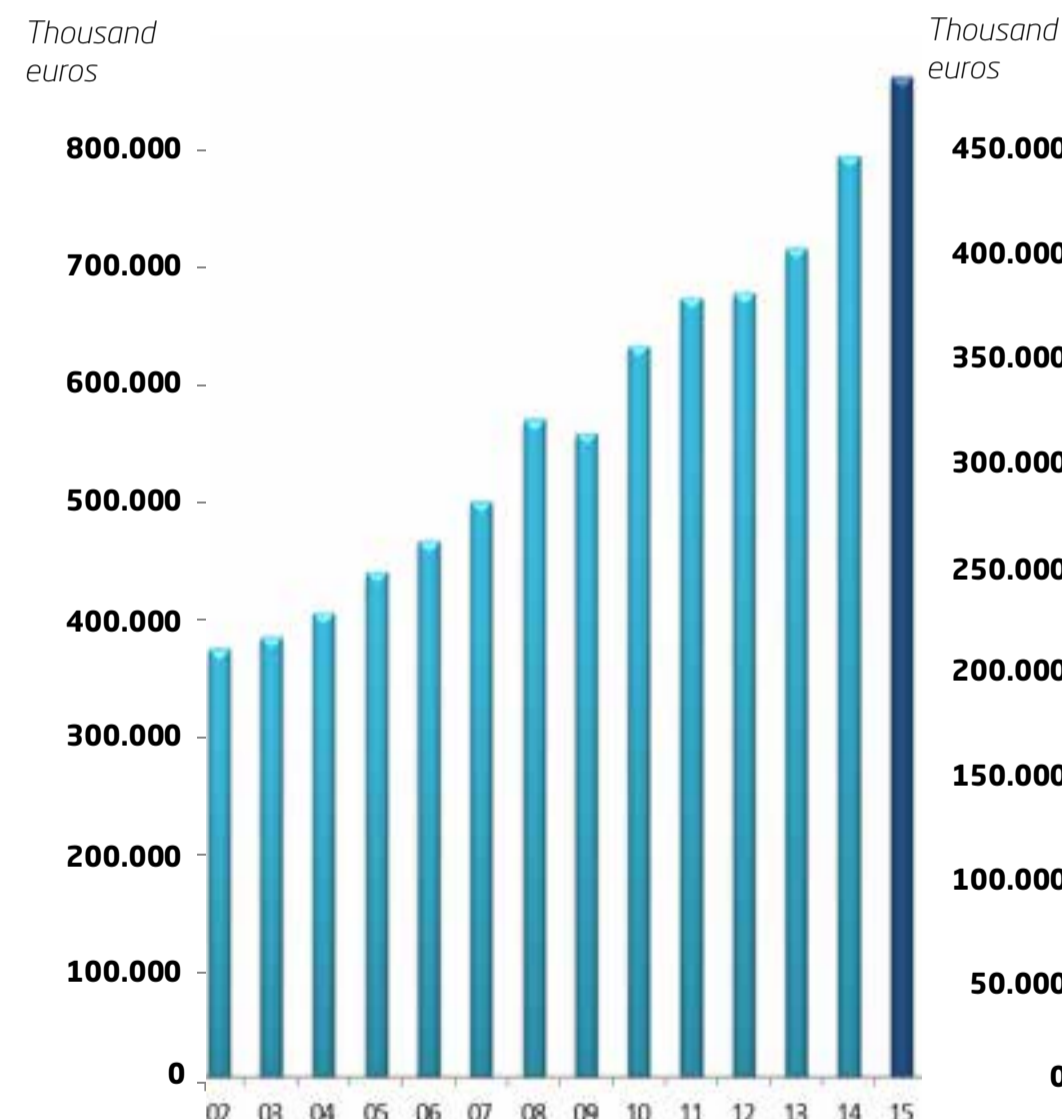
## Sales



growth in Europe, the Brazilian and Mexican plants assumed responsibility for the group's growth.

Overall, in 2015 the foreign plants accounted for 34% of total group sales compared to 42% the previous year, while the Ormaiztegui plants account for 46% compared to 38% the previous year. The other Group companies accounted for the remaining 20% of turnover.

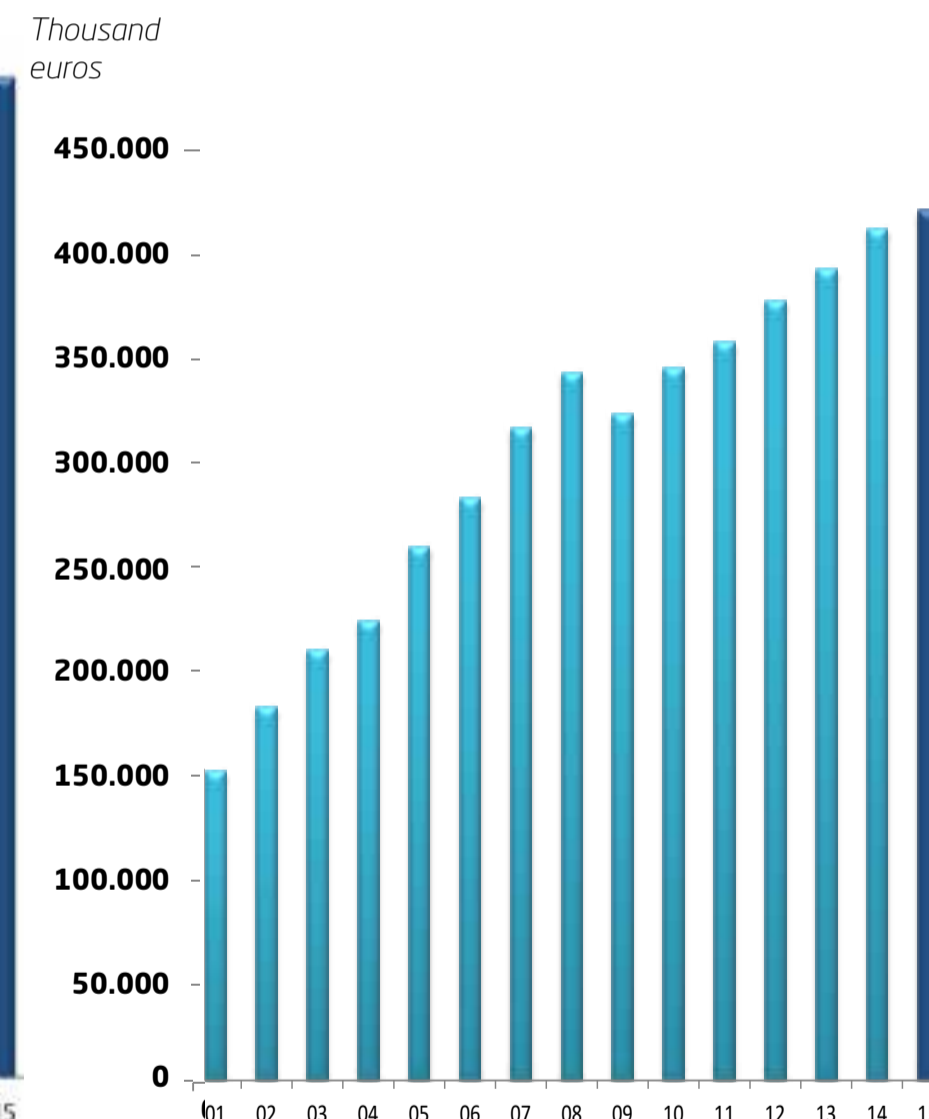
## Assets



Irizar Ormaiztegui grew by 30% in 2015, thanks both to growth in Europe with its integral coaches and to growth in Spain with its bodies on chassis.

The contribution of the overseas plants went down to 34% while the remaining companies accounted for 20% of the group's total turnover.

## Own funds



As far as coach production is concerned, we have produced 3,000 "Premium" coach units across the group of which 1,100, 36% of the total, will be manufactured at the plant in Ormaiztegui.



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# Global growth

## Coach companies



### Irizar Ormaiztegi

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Irizar Ormaiztegi grew by 30% in 2015, thanks both to growth in Europe with its integral coaches and to growth in Spain with its bodies on chassis. We have also begun to manufacture integral coaches for the US market.

In addition to growth in units, the trend of strengthening our brand in the Premium segment continues which also leads to an improvement in the average fit-out of our coaches.

Our market share in Spain is over 40%, having far exceeded 600 units for this market which has grown by 30% compared to 2014, a year which itself experienced around 20% growth compared to 2013.

With this growth, Ormaiztegi once again leads the group and now accounts for 46% of its total turnover.

The contribution of the overseas plants went down to 34% while the remaining companies account for 20% of the group's total turnover.

As a result of this growth trajectory over the past two years in Ormaiztegi, we have taken on 142 people, steadily increasing the workforce by 20%.

Of these new hires, 99 correspond to higher-level vocational training profiles and the remaining 43 people are Masters graduates hired, above all, to increase our te-

chnological capability and ability to carry out our R&D projects.

In 2015, we would like to highlight the launch of Irizar's top-of-the-range model, the Irizar i8, in Kortrijk, Ormaiztegi and Madrid in October and in Mexico in November.

This coach, a technological icon of the Irizar group, marks a watershed in product evolution and points the way for future releases for the rest of the Irizar coach range.

We are continuing to work intensively on a wide range of products and systems for our new line of business - electromobility - and construction is already underway on its new plant in Gipuzkoa.

### Irizar Mexico

Although registrations in Mexico were down by 27% in 2015 due to economic reasons, we ended the year maintaining our production volume and with a market share of over 60%, mainly due to the anticipation surrounding the launch of the new high-end model, the Irizar i8.

We anticipate a strong 2016 based, above all, on the manufacture of the Irizar i8 model which is the subject of huge demand.



### Irizar Morocco

In Morocco, a new record turnover has been achieved this year due to covering the country's luxury market and to assisting Irizar Ormaiztegi with the manufacture of units of the Century model for European markets.

Irizar Morocco has consolidated its position as a Group production facility to assist Ormaiztegi in production for Europe.

In response to this growing export demand in the aforementioned product segments, the plant has been extended by 3000 m<sup>2</sup> in order to increase the production rate with a greater variety of models.

Locally, Irizar Morocco continues to lead the luxury coach market with a market share close to 100%. It has produced more than 1500 high-quality luxury coaches.

### Irizar South Africa

With more than 70 coaches sold in the Premium segment, it has been a good year and will continue with good prospects for the coming years.

### Irizar Brazil

Given the economic situation in Brazil, the strategy has been to increase export opportunities by taking advantage of a heavily devalued currency. We continue to position ourselves in the Premium coach segment and have resisted the temptation to change strategy because of the economic crisis and the market situation.

Australia, Chile and Peru continue to be the main destinations for exports. We also manufacture PKDs (Partially Knocked Down) for our assembly plant in South Africa.

These great opportunities are where Irizar Brazil is primarily focusing its efforts.



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# Irizar Group

## Group companies



Both Masats and Hispacold have experienced solid growth this year, a year in which the markets have generally performed better.

Strong growth in the domestic market, where both companies are regular suppliers to almost all body-builders, and increased market share in major European manufacturers have been key to this growth.

They are also consolidating their brands as suppliers of systems for the railway sector.



Jema Energy has taken a giant step forward in its internationalisation process supported by major Spanish companies in the photovoltaic solar power sector.

It has experienced growth in all business areas, but it is worth highlighting the growth seen each year by Jema Electrónica for the supply of electronic systems to the group's coaches and buses.

With the launch of the new flagship, the i8, all the technological innovations incorporated in this product have been presented. Jema has developed all the electronics and their management as well as the entire vehicle's multiplexed systems, providing simple and reliable maintenance which can even be carried out online (MMI - Man Machine Interface).



Datik has secured the first contracts for intelligent information and transport safety systems, primarily in Mexico and Spain.

In Mexico, those contracts are with large-scale operators who are regular Irizar clients in that country.

Datik is the Group's technological company which offers solutions for safer, more reliable, sustainable and high-quality transport. At the same time, it is committed to each company having key data to help them improve competitiveness by reducing operating costs.

New innovations were showcased at the Busworld exhibition such as a permanently connected navigation system with the possibility of making handsfree voice calls which enables the driver to communicate with the manager without letting go of the steering wheel and provides them with information on the punctuality of the service they are currently offering.



In addition to playing a key role in the Group's technological developments in terms of electric traction, Alconza is carving out niches in alternative markets to the market for rotating machinery for offshore oil and gas extraction ships and heavily focusing on research and development projects for its product range.

With the support of the group, it is strengthening its production capabilities with new and modern facilities in order that it can confidently tackle future challenges.



# Important milestones

## Launch of the Irizar i8



Irizar has successfully presented the Irizar i8, the new flagship of the brand, a coach with great personality and a demonstration of the Group's great technological capacity.

The chosen settings for the official presentation of the new Irizar i8 were the Busworld international bus and coach exhibition in Kortrijk, Ormaiztegui and Madrid in October and Mexico and Italy in November.

This coach is the result of multiple technological solutions and offers detailed aesthetics arising from our experience and drive to innovate. We have created a coach with great personality, which is also safe, reliable and comfortable. We continue to prioritise profitability and customisation and have added a new generation of seats.

The class-leading and iconic Irizar i8 is the pillar on which Irizar is building its future prospects in the long-distance and occasional service sector. This vehicle, with a dynamic aesthetic and innovative technology, is the ultimate representation of quality, robustness and reliability in a sector where its personality and overwhelming visual impact stand out.

The driver is our focus, which is why we have taken great care to ensure that their environment facilitates their work and conveys a sense of well-being that results in improved safety for all passengers who, in turn, experience the pleasure of travelling in an Irizar i8.



## New generation of seats and new catalogue of finishes



Along with this coach, Irizar has also developed a new generation of seats prioritising concepts such as comfort, equipment integration, functionality and adaptability. This has seen the addition of two versions of the i8 seat and an i6 plus seat. In addition to respecting the principles of ergonomics, 3-point seatbelts, integrated screens, tables, coat hangers and handles have been added to their configuration... an endless array of possibilities when it comes to customised and perfectly integrated configurations.

Alongside this new generation of seats, we have developed a new concept and catalogue of finishes born out of the journey to all parts of the world which have been our source of inspiration to collect new worldwide trends and create a new vision of our interior. The result is the fruit of 2 years of development through a unique methodology of work with trend experts and collaboration with the best suppliers and our innovation and marketing teams to create our "Irizar Habitat".

A catalogue that includes six ranges of colours, textiles and new generation fibres and new materials, textures, finishes and hues..



# Irizar i8 in pictures



Irizar i8 presentation





# ***The brand***

## ***Irizar, a prestigious brand in the sector***

Since 2009, when the Irizar Group began to manufacture integral coaches as a complementary activity to coachwork on chassis from different brands, many things have changed in the parent company and, six years on, it is seen as a key manufacturer with all the implications this entails regarding design and technology, manufacturing structure and after-sales structure. From that point on, growth has been constant and, since the manufacture of the pre-series in 2012, 80 units have been produced in 2013, another 150 in 2014, and 250 in 2015.

This has resulted in Irizar's consolidation as a prestigious brand in the sector and growth in the European markets where we began our journey.

It is worth highlighting that 2015 was a major milestone as, for the first time, we showcased the whole new range of Irizar-brand coaches available in integral version at the Busworld exhibition in Kortrijk.

Irizar's latest creation, the Irizar i8, is a luxury tourist vehicle for long-distance, regular lines and other special services, equipped with the most advanced technology on the market. In addition to the Irizar i6 and Irizar i4 models that are already available, we also presented an integral version of the Irizar i3 low entry with a DAF Biodiesel engine especially developed for the intercity segment. As far as city buses are concerned, the range is complemented by the 100% electric city bus, the Irizar i2e.

Another aspect worth highlighting is the incorporation of new technologies across the range of brand products. The industrial diversification strategy carried out by the group has made it possible for Irizar's new launches to incorporate the latest electronics and communication technologies, positioning itself well ahead of its competitors.

There are currently more than 400 Irizar coaches operating in countries like the United Kingdom, Denmark, Finland, Sweden, Austria, Germany, Belgium, Holland, Luxembourg, France, Poland, Romania, Spain and the United States. The United Kingdom has become the most representative market for our integral coaches, and more than 80 units will be registered there this year.



***integral***





## Heading for the United States

2015 saw us begin sales of our Irizar i6 coach, with its proven technology and European reliability, in the US with the support of local distributor, INA Bus Sales.

After several months tacking the job of developing and adapting Irizar products to regulatory requi-

rements and demands and those of North American operators, the first units of the integral Irizar 6 model with Cummins engine and Allison automatic transmission were delivered in August. These vehicles have been fully developed and adapted to North American regulatory requirements and demands and are manufactured entirely in the European Union.

## Electromobility. The new strategic line for the future of the Irizar Group

Irizar is dedicated to leading the market for electromobility in cities and positioning itself at the forefront of new technologies related to these concepts, with the aim of promoting the use of clean and accessible transport that is committed to the environment, to the well-being and health of people and to creating better urban environments. We are committed to reducing noise pollution, to achieving low fuel consumption which reduces costs and to zero-emission vehicles.

This is the new strategic line for the future of the Irizar Group.

In addition to the Irizar i2e city bus, which is already a reality, the Group is engaged in new and ambitious projects for new products and has already begun construction of a new facility dedicated to this new line of business which is expected to be completed by the end of 2016 and operational in early 2017.

The new projects underway will complement the electromobility needs of cities as well as the main electromobility components and systems: vehicles, charging systems, energy storage systems, etc.



## Bus of the year in Spain

In January, the Irizar i2e received the Bus of the Year Award 2015 in Spain, an award established by the road transport sector magazine 'Viajeros' which rewards excellence in new coach and bus models and is recognised as the most important nationwide award in the bus and coach category.

### Operating in major European cities London, Paris, Marseille, Bayonne

Nearly one and a half years after presenting the first units in San Sebastian and Barcelona, the results could not be more satisfactory. Major European cities with firm commitments to sustainability are showing a particular interest in the Irizar Group's 100% electric bus.

London, Marseille, Paris and Bayonne already have buses operating on their lines with successful operational data, and they are sure to soon be joined by more cities. These vehicles can be added to those already delivered in 2014.





# Corporate Social Responsibility

## Thinking of future generations helps to build a better world

We have renewed our adherence to the United Nations Global Compact for a further year, unequivocally demonstrating our commitment to sustainable development and to Human Rights, Labour Rights, the Environment and Anti-Corruption.

The most important actions carried out in this regard are reflected in the sustainability report that is openly available on our website.

Our most important step; promoting electromobility in cities with major improvements and elimination of CO<sub>2</sub>

Electromobility for cities is undoubtedly our first strategic and far-reaching commitment in terms of innovation in sustainable mobility. It reflects our firm commitment to contribute to improving transport safety and the quality of life for citizens.



The 100% electric vehicle is designed to achieve the best possible energy efficiency (reduced consumption) and vehicle range as well as the optimal end of life management of the vehicle.

With a carbon footprint of 8.45 g CO<sub>2</sub> eq/pkm (per passenger kilometre), the i2e model is the result of joint work by the Irizar Group companies; Jema, Datik, Hispacold and Masats.

Another notable aspect is the quantity and quality of employment created in Irizar.

In recent years, and in the midst of the crisis, we have taken on 142 people, steadily increasing the workforce by 20%.

Of these new hires, 99 correspond to higher-level vocational training profiles and the remaining 43 people are Masters graduates hired, above all, to increase our technological capability and ability to carry out our R&D projects.

The high standard of the employment is due to the fact that all contracts become permanent following a training period in order to assess the suitability of all the persons hired.

One million euros per year invested in the health and safety of persons

In recent years, we have invested one million euros in the health and safety of persons which has undoubtedly delivered an improvement in health.

We have a highly-developed preventive health system which includes a team of physiotherapists to treat physical problems and prevent future issues.

Thanks to the work of the health and safety team through actions related to all accidents and incidents, we can confirm that accident and incident rates have decreased significantly.

We also play our part in improving our social environment. We are contributing EUR 1.5 million per year to support our community.

We are currently involved in more than 40 projects across 20 NGOs on 5 continents, working to care for the most disadvantaged and elderly persons, in terms of their education and their health, as well as in the development of children with and without disabilities (physical or mental) or at risk of social exclusion. In addition, we collaborate with 20 Guipuzkoa-based associations in order to help them achieve their goals.