

Begira

ULMA

March 2003

Nº 2

**Grupo ULMA
around the world**



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8000 metres of
sheer excitement**

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a growth industry**



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BEGIRA

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Business growth in times of crisis

2002 saw a general slowdown and widespread economic instability. Spanish GDP grew at less than 2% but was still twice the EU average. The capital goods sector shrunk by 3.8% whereas the construction industry grew by around 4.4% and continues to drive the Spanish economy along. Spanish exports, however, were unable to break out of the shackles of worldwide recession and fell by 4%.

And yet, in spite of all this gloom and doom, we should take great satisfaction from the fact that Grupo ULMA as a whole posted reasonably good results last year. Annual sales for the Group rose 11.8% to around €350 million, clear evidence of the progress we are making, with our policies of diversification and commitment to total quality continuing to figure as our principal assets.

Despite the unfavourable economic climate of 2002, Grupo ULMA increased its sales by 11.8% and hired 162 new employees. Earnings stood at €17.8 million.

Txomin García

CEO
Grupo Ulma



Grupo ULMA's workforce is also continuing to expand albeit at a slightly slower rate than last year. 162 new employees joined the co-operative in 2002 bringing its total workforce (including subsidiaries) to 2,578 employees, 426 of which (16.5% of the total) are employed overseas.

The company is also continuing to promote its co-operative employment policies with 168 new members. Members now account for 73.5% of the total workforce of our co-operatives.

Net earnings after deductions for capital interest (2.1% of sales) are forecast to reach around €17.8 million.

2003 looks like following a similar pattern to the previous year. The economic outlook is less than rosy, a situation made worse by continuing uncertainty created by the likelihood of military intervention in Iraq.

Group-wide forecasts for 2003 include a sales target of €355 million with international sales expected to increase significantly to around €122 million (34% of total sales). Profitability levels are expected to remain unchanged. As far as employment is concerned, the Group will continue to join members with the aim being to increase the number of members employed by

the co-operatives to 80% by the end of 2003.

The consolidation in 2003 of the EFQM Excellence Model as a reference for management will lead to significant developments in the Total Quality Management System in all Grupo ULMA's business.

Aside from the generally unfavourable economic situation that, because of globalisation, affects all our competitors, we must focus our efforts on areas where we have the power to bring about change: improving customer satisfaction and internal efficiency.

In the final analysis, these are the factors that will determine which companies stay in business and come out of the crisis with renewed vigour and in a healthier, stronger position and which companies will fall back or disappear altogether. In general crisis, such as the one we are experiencing at the moment, success cannot be gauged according to past achievements but by seeing where we are in relation to our competitors, and that depends on our efforts and on implementing good practice. We will continue to pursue the true indicators of success: customer satisfaction and making our internal processes more efficient. By standing side-by-side and working together we can reach the goals we have set for ourselves and become even stronger.



ULMA Packaging pick up Silver Q Award

■ On 19 February, the Basque Government's Industry Minister, Josu Jon Imaz, and the President of Euskalit, Jesús Murga, visited ULMA's facilities to present ULMA Packaging's employees with the 2002 Silver Q Award for Business Excellence. As you all know, the award is made to companies that apply the EFQM Excellence Model as a framework for improving the

way they operate and who have committed themselves to pursuing total quality.

In 2002, ULMA Packaging, with a workforce of nearly 500 professionals, had a turnover of €64 million. 65% of its production is aimed at overseas markets, served by a network of ULMA subsidiaries and distributors that covers the globe.



In the photo, Tinamenor's new fish farm in Cantabria.

ULMA Agrícola installs new fish farm for Tinamenor in Cantabria, Northern Spain

TINAMENOR, one of the largest business groups in the Spanish aquaculture sector, will use its newly opened fish farm at Pesués (Cantabria) to breed young dorado, turbot and sea-bass.

The facility consists of two multi-section units (6.4 metres wide, 45 metres long and 5.5 metres high) located beneath a channel with a roof structure featuring rigid panelling. These units will store the plankton tanks. The farm also features six other units (9 x 42.5 metres), fitted with plastic roofing and thermal screens, to house the tanks where the young fish will be reared. The farm covers a total area of 2,295 m².

Grupo ULMA appoints new Financial Director

Jokin Ugarte has just been appointed as Grupo ULMA's new Financial Director, replacing José Ramón Anduaga, who has just taken over as the new Financial Director of ULMA Construcción. Jokin joins us from the co-operative EIKA, part of MCC's Components Division.



Name:

Jokin Ugarte Azpiri.

Age:

42.

Place of birth:

Bergara (Gipuzkoa), Basque Country.

Marital status:

Married.

Educational background:

Graduate in Business Studies.

Interests:

The mountains, reading and cinema.



The Finnish company, **Schauman Wood** pays a visit to **ULMA Construcción**

■ Towards the end of last year, the Finnish company, Schauman Wood, which supplies phenolic boards for modular concrete form systems, paid a visit to Grupo ULMA's Construction Business. The delegation was led by Mikkola Olavi, the Vice President and Production Manager at the company's factory in Lahti. Mr Olavi was accompanied by managers from a number of the company's factories, development managers, quality control supervisors and employee and union representatives as well as Olli Ahopelto and Lola Unzueta, representing the company's Spanish subsidiary, Schauman Ibérica.

Schauman Wood operates 13 laminated board factories with a production capacity of 910,000 m³, equivalent to 23,000 lorry loads per year. In 2001 ULMA bought 5,190 m³ of board from the company, almost double the amount for 2001.

There were two main reasons for the visit. Firstly, Schaumann Wood was interested in gathering information about the co-operative business model. The Finnish company was also repaying the visit ULMA made to its factories last February; the two companies regularly exchange information and knowledge and also hold frequent negotiations.



ULMA Packaging holds a Trade Convention for its Spanish Sales Network.

The trade convention ULMA Packaging holds every year for its sales network took place in Oñati on the 4th and 5th of February. The meetings focused on activity during the previous financial year and also provided an opportunity to discuss general perspectives for the year ahead. In the photo, a group of participants at this year's convention.

ULMA Handling Systems secures **new automatic storage projects**

■ This year ULMA Handling Systems will install new automatic storage systems for major companies such as Imaginarium, Rendelsur and Altadis.

ULMA will erect a new logistics centre for Imaginarium, the children's toy store chain, in Zaragoza, where the company's central toy depot is located. The new facility will feature conventional shelving and ULMA will supply two identical systems comprising automatic transfer trolleys.

ULMA will also install a high-capacity picking system for trailers for Rendelsur, which specialises in the distribution of Coca-Cola, at its Seville depot. The system will be supplied in two phases with the first scheduled for May and the second for October. Rendelsur also works with other well-known brands such as Aquarius, Nestea, Fruitopia, Ginger Ale, etc. and will shortly begin distributing Nordic Mist, which has just been launched on the market by Coca-Cola.

ULMA Handling Systems is set to install a new facility for the tobacco company ALTADIS in Agoncillo (La Rioja) comprising 17 aisles served by four vertical lifts, with a storage capacity of over 3,000 pallets up to 2.5 metres high. ALTADIS distributes boxes of cigarettes for recognised brands such as Ducados, Nobel, Fortuna, Habanos, etc.

ULMA volunteers head to Galicia

Grupo ULMA employees go to 'Coast of Death' to help clean up Prestige oil spill



■ Five ULMA employees -Iban Mugarza, Iker López, Javier Osa, Saioa Biain and Manu González- joined up with more than 200 students on a trip organised by Mondragon University and financed by Grupo ULMA and other co-operatives in the region to help clean up the oil slick that has devastated the Galician coastline.

The group set off for Lira on the 'Coast of Death' and after a 12-hour

journey they finally reached the sports hall in the fishing village where they bedded down for the night along with many other volunteers. According to our colleagues, the work was far from easy; even putting on their protective suits was a complex task. *"It took us some time to get the safety gear on. We all had to put yellow plastic trousers and jackets on over our clothes and then a polyurethane protective suit on top*

of all that. Then we had to get the boots and gloves on and seal up all the gaps with tape. That wasn't all, however; we still had the safety glasses and masks to put on."

The team got down to work on the 21st at Javotas Beach before moving onto a stony beach known as En Por Alto and from there onto Ximprón where they worked on the 22nd. The group came back on the 23rd after two days of backbreaking work.



Iban Mugarza
ULMA Packaging

"They get their information from Portugal"

"I thought the trip was an extremely fruitful experience as I was able to see for myself what was really going on. As we all know, the picture being painted by the media is a confusing one, and this confusion is reflected in the way the clean-up is being organised. On the first day, a huge amount of equipment arrived but as they hadn't been expecting so many people they were caught completely unawares, which was particularly obvious in the morning as it took ages to get everyone organised. We ended up cleaning the beach ourselves without any kind of supervision. The clean-up didn't go very smoothly because we didn't have enough bins, buckets shovels or machinery. There was plenty of protective clothing though.

Things were a lot better on the Sunday, however, and right from the start we had people looking after us and giving us water and the whole thing went much better. The local people complained to us about the censorship surrounding the whole affair and the misinformation being pedalled by the regional government. They told us that they got all their information from Portugal."



Javier Osa
ULMA Construcción

"I wanted to see the disaster with my own eyes"

"I was amazed by what I saw on TV and when I was given the chance to go and see it for myself I didn't think twice about it. We worked solid for the two days we were there and although the organisation on the first day left a lot to be desired, things were much better on the second day and I think we all went home satisfied with the work we had put in.

The bad weather prevented us from going to other villages and as we didn't have much chance to speak to local people and received very little information, I went home a little disappointed. I felt that we didn't make the most of the chance we had to get to know what was really going on in the surrounding villages."

ULMA Forklift Trucks launches its spare parts division

■ ULMA Forklift Trucks will shortly begin marketing spare parts for forklift trucks made by the likes of Mitsubishi, Nichiyu, Prat, Toyota, Nissan, Linde, Still, BT, Jungheinrich, etc.

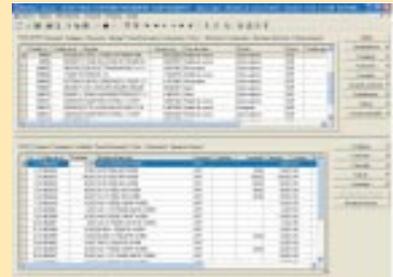
Up to now the Business has focused solely on supplying spare parts for forklifts distributed by ULMA: Mitsubishi, Nichiyu and Prat. But after carrying out an extensive review, ULMA Forklift Trucks has drawn up new strategic directives for the business line by



deciding to market spare parts and accessories not just for Mitsubishi, Nichiyu and Prat forklifts but for other leading makes too. To satisfy demand ULMA Forklift Trucks has set up a new company called SR 2002 S.L. which aims to develop a business line with tremendous potential. The new company's Communication Plan is currently being launched.



ULMA Handling Systems leads the way. ULMA has designed and erected 49 of the 117 fulfilment centres currently operating in Spain, nearly 50% in a year, 2002, in which it has accounted for nearly 60% of market demand. Certain projects have seen ULMA supply machinery able to operate at ever-increasing heights, 17.6 metres in the case of Vinco's hardware depot in Bilbao. ULMA also supplied a vertical lift which can operate up to a height of 18 metres for JMA's facility in Mondragón. In 2002, ULMA took top spot in the sector ranking with 89 projects and 199 machines, putting it just ahead of Siemens Dematic with 83 stores and 200 vertical lifts. ULMA is expected to remain at the top during 2003 with orders for at least 12 automatic warehouses equipped with 24 vertical lifts and five fulfilment centres with five vertical lifts (Source: *Maintenance and Storage Magazine*).



ULMA Forging's new integrated Information Management System (ERP) gets up and running

In March ULMA Forging will launch a new Information Management System to cover finance modules, production, planning, quality control, sales network, warehouse management, estimates, orders -delivery notes-invoices-, shipments, etc.

The project is being introduced to provide ULMA Forging with the means to adapt to new trends in IT arising from the communications revolution in the business world and the use of Internet, e-mail etc.

The new system, which will provide information for the Customer Service website, www.ulmaforging.com, will feature Microsoft tools and an SQL Server 2000 database. The initial phase will shortly be up and running in Oñati and the system will soon be introduced at ULMA Forging Venezuela office.

This is a strategically vital project for ULMA Forging. It aims to improve both customer service and the way in which internal resources are used by improving control of production processes and management procedures when making decisions. ULMA will install the Navision Axapta ERP, to be supplied by Watermark (formerly known as Vanenburg).



MCC, listed among Fortune Magazine's top ten best places to work in Europe

■ As reported by the prestigious magazine, Fortune, Mondragón Corporación Cooperativa (MCC) has been named one of the ten best companies to work for in Europe. Joining MCC in the list are companies of the stature of the car maker Ferrari; Intel's semiconductors subsidiary in Ireland, the world's leading cement maker, Lafarge from France; Nestlé, the world's largest food company; the British beverages

company, Bacardi Martini; Schering, the German pharmaceutical; the Danish water-pump manufacturer, Grundfos; Unes, the Italian supermarket chain and the clothes dealer, H&M, from Sweden.

Fortune lauded the company for its democratic structure and its spirit of solidarity and equality. In the photo, a view of ULMA Packaging's facilities used by Fortune for their article.

DID YOU KNOW THAT ...?

- ULMA Polymer Concrete has supplied prefabricated material for the drainage channel project at Jerez Race Track. About 1,700 linear metres of two different types of drainage channel with cast-iron grilles have been laid in the pit lane and the paddock.



ULMA Forging holds a celebration. Last December the staff at ULMA Forja celebrated the 40th anniversary of the founding of the co-operative. The day began with a visit to the Mirandaola Foundry. The festivities then moved onto the Etxe-Aundi Restaurant in Oñati. Following the meal, the Group's President, José Luis Madinagoitia, and the Head of ULMA Forging, Fernando Recalde, presented the co-operative's founders with a commemorative gift.

MCC enjoys

a successful year despite the economic slowdown of 2002

■ Figures released before the close of financial year 2002 show that MCC has experienced a difficult and testing year but that this has been offset by the increases in sales posted by the corporation's industrial and distribution groups.

MCC's Industrial Group posted sales totalling €3,428 million, an increase of 6.7% on 2001 with international sales jumping by a healthy 10.3%. Early indications are that the Industrial Group will post a profit of €125.6 million for 2002, practically unchanged on the year before

although the incorporation of the co-operative AMPO and Grupo ULMA into MCC should be taken into consideration.



The Distribution Group's consolidated sales for February to December rose to €4,725 million, an increase of 11.8% on the same period in 2001. 2,411 new posts were crea-

ted in 2002 with the workforce expanding to 32,848 employees. Earnings up to December were slightly better than expected and were also up on figures for the same period in 2001.

The Financial Group has experienced a difficult year in an uncertain climate typified by sharp falls on the stock markets and interest rate cuts which have impacted on intermediation margins. The company's net surplus stands at €64.5 million with Caja Laboral and Lagun Aro both recording falls.

ULMA Hormigón Polímero organises a training course on emergency situations for its First Aid Teams



Last January ULMA Polymer Concrete organised a training course consisting of two half day sessions for its EPIs (First Aid Teams). The teams received training on areas of responsibility, risks to employees in the plant, the location of access points, stairways, emergency exits, telephones and protective equipment, etc.

The main aim of the course, which forms part of the General Emergency Plan that the Business has put into operation,

is to ensure a rapid and effective response to emergencies such as fires, accidents and spillages at the facility.

ULMA Polymer Concrete is fully committed to ensuring the safety of all its employees and will gradually phase in the plan and inform all relevant personnel of its contents so that they are properly trained and know how to react in the event of an emergency.

ULMA Forklift Trucks and ULMA Handling Systems, with the assistance of a specialised company in the field, have drawn up their own emergency plans and are currently in the process of setting up evacuation and response teams. An emergency drill simulation will be held after the employees of both business have been notified of the plans.



ULMA unveils its latest innovations at the trade fair, Emballage, in Paris.

At the end of last year ULMA Packaging took part in the international trade fair, Emballage, held at Villepinte in Paris, where more than 2,600 exhibitors from more than 40 countries presented their latest packaging innovations. ULMA also displayed its latest packaging solutions in 5 product lines: Vertical (ETNA 380 X), Flow Pack (PACIFIC, ATLANTA and PV-350-LSHI), Shrink Wrap (HORNO HRJ), Traysealing & Thermoform (TAURUS, SCORPIUS, TF-MINI and TF-OPTIMA) and Stretch Film (GALAXY). The fair proved to be a resounding success for ULMA Packaging's representatives.



Alberto Iñurrategi

"Excitement is the most accurate indicator of balance"

Whenever you listen to Alberto Iñurrategi it seems as if his words come down from the highest peaks. Alberto is a calm, unruffled character with a refreshingly uncomplicated take on life and there is a weight and depth to the message he conveys and the language he uses. At the tender age of 34, he has just become the tenth person on the planet to climb all 14 of the world's 8,000-metre peaks and is widely regarded as one of the world's leading mountaineers.

You started out in the Oñati area, climbing the rock faces at Araotz. Why Araotz and what do you remember about those early days? That was back at the beginning of the 1980's. In those days the best climbing areas were Atxarte, Etxauri, Egino, etc. Competitive climbing was just starting to take off when a group of firemen from Zubillaga started to climb at Araotz. We started climbing at about the same time and I suppose you could say that we grew up together. We

developed much more slowly than the beginners of today do. There was only a few of us who went to Araotz but we went every week probably because we didn't want to make fools of ourselves and because it was so close.

People in the know tell me that you've replaced your brother, Félix, in the expeditions with Jon Beloki and Jon Lazkano. They are both technically adept climbers but there must be a void there, you must miss the close relations-

hip you had with Félix, not just as a brother but also as a companion... No one can replace Félix in my life. I did everything with him and put all my trust in him. It's impossible for me to fill that void, both in terms of climbing and life in general.

As you ticked off each of the 8,000-metre peaks you used to say that that wasn't your specific goal, that you were just looking for challenges, regardless of the height. You carried on though

until you'd climbed all of them. And you didn't stop there; you've just climbed Cho Oyu. Why is that? Are you doing it for the sponsorship? Where do you think the balance lies between personal and commercial goals?

I've said this many times but I feel that circumstances led me there. But we didn't set out in the Himalayas with that specific goal in mind; it was something that came to us very late on. I suppose you could say that it was a mix of personal and commercial factors but we've always had the ability to turn things around and do things with the same spirit that we had at the start. Excitement is the most accurate indicator of balance.

Do you agree when people say that mountaineering today is all about getting yourself into the Guinness Book of Records, that it's all about competition? And if you do accept that it is almost like a competition why do you think people stop after doing Messner's official fourteen 8,000-metre peaks instead of carrying on and scaling others such as secondary climbs like Lhotse Shar, Yalung Kang, Annapurna Central, Shisha Pangma Central, etc.? To be absolutely honest, I've no idea why climbing the 14 eight-thousanders has become a way of making money. It's just one of those mysteries that people have created. I think that as more people complete the list there will be less and less interest in it until someone adds to it to make it commercially viable.

Years ago people learnt to climb so that they could realise their ambition of scaling peaks; it was a way of reaching the ultimate goal, nothing more and nothing less than climbing a mountain. Then along came other climbers who didn't care about reaching summits but who scaled faces or tried ice climbing for the fun of it. What motivated them was the sheer difficulty of the climb and

the adrenalin rush, not the top of the mountain. And now there's competitive climbing. Do you think that competitive climbing has got anything to do with mountaineering?

Competitive climbing is an activity in its own right now and in many cases competitive climbers have never had any contact with a mountain. There are some close links, however, and competitive climbing has even been held on some of the great faces such as the Trango Towers, Patagonia, Naranjo, etc. Even though it is a sport in its own right I think it will always have a connection with mountaineering.

┌
**2002 has been
a testing year.
My body's crying
out for a break.**
└

The Felix Iñurrategi Foundation has just been set up. Could you tell us about the aims of the foundation? Nearly two years ago we started to provide aid to the village of Machulu, a relationship that has grown out of the friendship that

Félix and many other climbers built up with the village on our many visits there. We are working on two projects at the moment: the construction of a new mountaineering school with equipment, courses, etc. and a pump house to operate alongside the irrigation system as they've suffered a number of droughts there in recent years.

What projects have you planned for the medium-term? The last few years have been pretty tough, particularly 2002. It was a testing but ultimately successful year. My body's crying out for a break though and I don't want to end up having to drag myself along. Right now I don't have any plans for the next few months. What I am sure about is that it's unlikely I'll ever have another year like the last one.

Have you thought about what you're going to do when you get into your forties and the body starts to go a little? I don't know. Right now I can't imagine what life would be like without climbing. Time will tell I suppose.

Finally, what message would you give to all the youngsters out there who are starting to discover the mountains? If you don't mind, I'd rather not say anything. I don't like giving advice to anyone.



Our subsidiaries in the US

Our subsidiaries are playing an increasingly important role in the future of Grupo ULMA. More and more of them are being opened and in increasingly advantageous positions in their respective markets. We now have 20 subsidiaries around the world staffed by 426 of the Group's 2,578 employees, 16.5% of the total workforce. Of the total turnover of €350 million for 2002, international markets accounted for €109 million. The forecast is for these markets to generate €122 million in sales in 2003, 34%

of the total. But behind all these figures and numbers is a large team of people committed to Grupo Ulma. Their efforts and dedication take on even greater significance when you bear in mind that their work is carried out far away from the co-operative's base in Oñati. So we at Begira have decided to launch a new section dedicated to Grupo ULMA's many subsidiaries around the world so you can get to know them better. First up are ULMA Construcción's and ULMA Packaging's subsidiaries in the US.

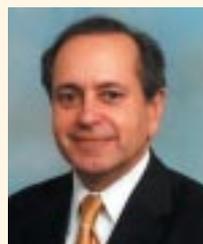


ULMA Formworks, Inc.

ULMA FORMWORKS, ULMA Construcción's US subsidiary, employs 34 people and operates in the American construction market. The company is based in Hawthorne, New Jersey, a small town in Greater New York, some 30 kilometres from Manhattan. The offices and warehouse cover a total area of approximately 14,000 m².

ULMA FORMWORKS has worked on a number of large scale projects in recent months including construction work at Philadelphia Airport, New York University, Macy's Foundation, the viaduct in Queens Boulevard, the Harlem Center, the Northeast Regional Aqueduct, the Trump Building, Tiffany & Co., the New York City Transit Authority, the National Archives, etc.

It is currently working on projects at Columbia University, the Philadelphia Phillies' new baseball stadium, Triboro Bridge in New York, the Stevens Institute of Technology in New Jersey and on a number of other important buildings. In the US ULMA markets the vertical concrete form system, MEGAFORM, designed solely for the American market and available in imperial sizes as well as BIRA, a circular concrete form system also available in imperial sizes.



Jorge I. Calvo
Director,
ULMA FORMWORKS, Inc.

"We hope to become a key component of ULMA Construcción"

> "First of all, we'd like to take this opportunity to thank all the people at ULMA for helping ULMA Formworks reach its initial objectives. We are now in our fourth year of business and we believe we have broken into extremely important areas of the market at the same time as retaining quality clients throughout these four years. This has allowed us to grow and to become, in the very near future, a key component of ULMA Construcción. Thanks once again to you all and we hope we can continue to rely on your support".

Grupo ULMA's

INTERNATIONAL SALES

growth (millions of Euros)

69,7	1998
65,7	1999
85,3	2000
108,0	2001
109,0	2002
122,0	2003 forecast



ULMA Packaging Systems, Inc.

ULMA Packaging Systems is ULMA Packaging's US subsidiary. The company currently has a workforce of 10. Its newly built offices and warehouse are located in Woodstock, Georgia, north west of Atlanta.

ULMA has set up a sales and services network in the US and Canada and works in conjunction with 30 of its own independent distributors and two large corporations, one of which (UNISOURCE) has 19 offices operating throughout North America. The other (ASSOCIATED PACKAGING) is based in Southeast USA and has eight offices providing sales and services regionally.

SUPER CHIK machines are the best sellers and demand for stretch film packaging solutions is high. The company's TERMOFORMADO (THERMOFORM) line is also proving popular in both the United States and Canada and the TF Mini, TF Plus, Optima, TF 2000 and Univers machines have already carved out important niches for themselves.

ULMA is currently working with ConAgra, the largest fresh-food processor in North America, on the development of NEMA4X (IP65) machines in stainless steel and on adapting the Pacific model to meet the special health and hygiene standards regulating food processing factories in the US.

ULMA Packaging supplies machines to large American companies for the packaging of body care accessories such as brushes and combs as well as machines that can provide rigid and flexible packaging for sandwiches in a modified atmosphere.



Bill Chastain - Harvey Fine
Directors at ULMA Packaging Systems, Inc.

"Demand for packaging solutions is still strong despite the recession affecting the country"

> Demand for packaging machinery throughout the United States remained high last year despite the economic slowdown affecting the country. We expect sales to continue to grow and for ULMA Packaging Systems to break into new sectors and launch new machines onto the market. We are keeping existing clients extremely satisfied by providing excellent technical support and maintaining stock levels. We are also opening up new markets and attracting new clients at the same time. This solid base of satisfied customers has led to existing customers coming back to us to buy products again and again and has enabled us to build up a reputation within the industry for high-quality machinery and technical support. This reputation and the references we get from existing clients will help ULMA Packaging Systems to continue growing in the future.

From TMC to ULMA Construcción

TMC or Tecnologías Mecánicas para la Construcción (Mechanical Construction Technologies) was founded back in 1987. The company, located in Sonseca (Toledo), used the knowledge its founding shareholders had of the construction sector to manufacture form-work systems.

We can safely say that many things have changed since then, with the first and surely most important change being TMC's incorporation into ULMA Construcción in 1998, a move that saw ULMA break into the civil engineering market.

The transformation of a mainly family business to the current set-up where profitability and competitiveness are all-important is essential to understanding the importance civil engineering now has for ULMA Construcción.

Perhaps this is best illustrated by the fact that at Christmas dinners years ago new employees had to get together to sing a Christmas carol, a tradition that created a certain amount of unease among the new entrants as there were only ever one or two of them. The problem is a thing of the past, however, with many more budding carol singers joining us every year.

Finally, a few words in memory of the late Juan López, TMC's founding father and a man with great technical and business vision. It was Juan who designed and created the HM beam and projecting beams. Juan was the maestro of TMC, the very image of the company in those early years and his work will not be forgotten.

Civil Engineering: up to our ears in mud

ULMA Construcción boasts a large and qualified team of people whose job it is to find solutions to the problems they encounter in civil engineering. Thanks to our many years of experience in the sector, at ULMA we can provide the engineering expertise and solutions our customers need. ULMA's contribution to civil engineering is based on a workforce that has seen many changes in recent years, from the founding of TMC to its full integration into ULMA Construcción.

Back in 1987, when TMC started up, it had just over 20 people on its books, a technical office in Madrid and a manufacturing facility in Sonseca (Toledo). Things remained that way until 1998. TMC concentrated on very specific areas of civil engineering and at the time it saw an opening in the market for form-work systems. Little by little, by focusing on the unique nature of each construction project, the company began to grow. Today things have changed and following the

acquisition of TMC on 28 December 1997 ULMA has moved into civil engineering. The incorporation of TMC was an unqualified success, a process that fully respected the wishes of the workforce and one that the market views as a definite change for the better.

At the moment we have dedicated civil engineering personnel operating at each of ULMA Construcción's 4 Regional Divisions in Spain: Madrid, the North, Barcelona and Seville. At our Civil Engineering Office in Madrid we have 19 engineers, draughtsmen and office staff working on projects and tenders. We have also introduced a civil engineering project classification system made up of 4 different levels. ULMA's Civil Engineering Production Logistics Office is located in Sonseca and employs 55 people, 17 of them in the Technical Office working on both national and international projects, with the remainder working in the Manufacturing and Logistics Department.



Prospects for the civil engineering market are good

"If we take the volume of prospective investments into consideration, the prospects for the domestic market in the next few years look bright. We're working on the Madrid - Barcelona section of the AVE (High-Speed Train), which is nearing completion, as well as the link to Portugal and the north of the peninsula.

The National Hydrological Plan is also underway as is work on the main and regional road network, which is still some way from completion.

On an international level the market continues to present opportunities all the time, particularly with technologically advanced equipment, which is where demand is greatest at the moment: projecting beams, transporters and specially designed equipment.

At ULMA we supply shoring and formwork systems and a wide range of standard equipment and materials: boring equipment for the construction of all kinds of faces from standard walls to dams and bridge piles in all shapes and sizes. We can also provide standard and special formwork systems from false tunnels to section transporters".



In the photo, Benjamín Navamuel and Juan Carlos Redondo give us their views of the civil engineering market.

ULMA Construcción's new Civil Engineering Logistics Centre in Ajofrin (Toledo)

It is hoped that the new Civil Engineering Warehouse and Special Major Project Logistics Centre (for non-standard, large-scale projects) that ULMA Construcción is setting up in Ajofrin, near Toledo, some 3 kilometres away from the existing facilities at Sonseca, will be fully operational by the end of February.

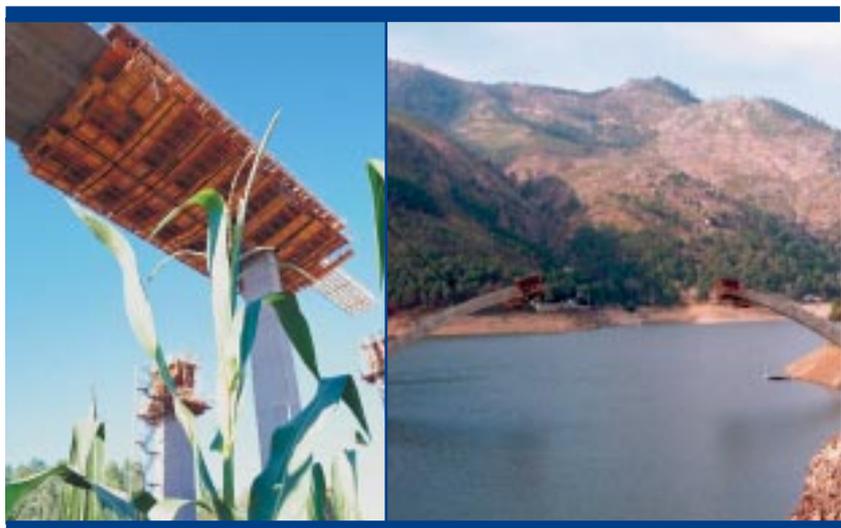
Last August saw earthmoving work

begin on the near 200,000 sq. metre site. 50,000 m² of concrete floor has already been laid.

As the new facilities will lead to the closure of the Control Centre at Manzanares, the facilities at Sonseca and the warehouse at Orgaz, we are currently conducting flow studies so we can calculate how many square metres of floorspace we need altogether.

ULMA'S CIVIL ENGINEERING TOP TEN

- > Overhead walkways at the Radial 4 motorway toll, Madrid-Ocaña underground section: N-IV / N-II MADRID. Section A E-113.
- > Diversion and underground works on the M-111 at Barajas Airport, Madrid.
- > Widening of the N-260 (Pyrenees Road Network). Montagut-Olot section (Gerona).
- > Curved underground walkways on the Lleida-Barcelona motorway (N-II Madrid-Barcelona-France). Cervera section.
- > Lintel sections on the Burgos-León road.
- > Overhead walkways on the Bergara Bypass.
- > Valduno piles and barrier CN-634 Bypass. Llera-Grado section.
- > Viaduct over the River Marlantes. The CN-611, Cantabria-Meseta road. Section from Reinosa to the border of Palencia province.
- > Circular climbing formwork for the lifts at the theatre/auditorium in Roquetas del Mar (Almería).
- > Bridge piles on the Guadalquivir River. Lav Córdoba-Málaga. Almodóvar del Río section. CP-234 road.
- > Viaduct on the Jerez-Los Barrios road. Section VI.
- > Underground walkways on the Autovía de la Plata (Silver Route). Gerena-Camas section.
- > Bridge piles for the A-10 project: Arte do Sub-Lanço Bucelas / Arruda-Bucelas / Carregado. Portugal.
- > Millares II Hydroelectric Power Station. Valencia.



Hobekuntza;

You have to take part to improve



All the divisions at ULMA have focused a great deal of attention in recent years on developing a management strategy based, in the main, on Hobekuntza (ULMA's total quality, continuous improvement programme). Some business have developed the strategy further than others, giving rise to a variety of different experiences, all of them very enriching and which, if properly guided, can lead to improvements for the company as a whole and specific improvements in the way Grupo ULMA and its business are managed. The strategy is designed to make our Group a unique organisation and a reference point in business management, recognised for its excellence through regular evaluations carried out within the ambit of the European EFQM Model. To get a closer look at how things are developing we asked two people from divisions directly involved in Hobekuntza-related improvement processes for their views.

What is Hobekuntza?

Hobekuntza is a management model that seeks to promote and encourage all the company's employees to participate creatively and actively in order to sustain continuous improvement in customer and employee satisfaction.



José Mª Igartua
ULMA Forging

"Hobekuntza is a necessity"

"ULMA Forging started to implement Hobekuntza a few years ago with the aim of improving the way the division was run and to improve our processes and product. The challenge we faced was to bring about a change of mentality and approach so that we could introduce a continuous improvement programme. We weren't used to working as a team, to developing skills or to working with facts and data.

We had to break down the barriers between departments, focus the efforts of the organisation on the satisfaction and needs of external and internal clients and encourage people to participate in projects. In order to implement Hobekuntza the entire industrial area was restructured by defining the lan-tegis (Basque for 'factories') or mini forging and machining plants. There are three teams operating at the moment holding daily meetings to analyse incidents and weekly meetings to plan improvement-related actions and discuss the manufacturing programme. Then there's the monthly Kaizen meeting attended by the operators, managers and engineers.

The implementation of the 5S system in our offices has freed up a lot of space by getting rid of unnecessary material and documents. It has also reduced the time we spend looking for papers; everything is now properly referenced and filed away. We've also done away with stock rotations, etc. As for the manufacturing facility itself, zones have been properly demarcated, and tools and equipment have been properly identified and stored which has helped us to cut changeover times.

Although it does take us some time to execute certain processes, the way the self-managing teams are operating and the improvements for office staff brought about by 5S are definite plus points.

In short, we feel that Hobekuntza is more than just a positive development; it is an absolute necessity in our business. As we can't modify the product because it is standardised and because of regulations and as the market determines quality we have to focus our efforts on reducing costs and improving delivery times".



Francisco Benito
ULMA Polymer Concrete

"People will come to accept it and it will become part of our everyday work, just another task"

"In my opinion it has proved a positive, enriching experience, both from a personal and professional point of view. Hobekuntza is showing us how to detect problems and come up with solutions. Working in a group also generates more ideas and it's easier to find solutions to these problems. Nobody knows the problems we face better than we do and that makes us the people best qualified to deal with them. For example, in the areas in which I work, related to physical effort and unnatural and awkward postures, solutions are being found, albeit slowly, but they are being found.

This is a relatively new project that only came into being less than a year ago. It's only just starting to develop. As with anything new it always takes time to get used to it and accept it but I believe that as time goes by people will come to accept it and it will become part of our everyday work, just another task. We have ten Hobetaldes (improvement groups), each one consisting of eight people, and I feel that the results they obtain will show us the way forward.

Have people taken it all on board? Well, I'd have to say that, like everything, some have and some haven't. Not everyone puts the same into it and there could be any number of reasons for this: some people work in several Hobetaldes at the same time and they put in twice the effort and dedication and work overtime to boot. We have to give the whole thing time. People don't get paid extra for the time they put into the Hobetaldes and you can't always see the results of their work straightaway. Some people don't understand this and are unable to see the results. I honestly think that this will all be forgotten about in time and people will embrace Hobekuntza without reservations. One day we will all realise how vital this all is if we want to keep on improving from day to day.

The project has only just got under way and we still have a lot of work left to do but I honestly believe the project will continue to move forward, produce results and help us to improve the way we work. I'd just like to finish by saying that the most important and essential thing is that we all put our heart and soul into the project".



Julio Saiz

ULMA's first Managing Director

"I feel proud when I look at the employment situation in Oñati"



José Luis Madinagoitia and Julio Saiz.

Back in the 1960's Julio Saiz became the co-operative's first managing director. Born in Guadalajara, he emigrated to Catalonia before being brought to Oñati, along with José Vidal, by Ignacio Egaña. As he himself says, with a smile on his face: *"I'm Castillian by birth, Catalan by adoption and Basque by obligation."* Now 86, Julio is enjoying his well-deserved retirement.

So tell me Julio, how are you? What is a normal day for you?

I'm not feeling too bad thank you. Sometimes I feel good, other times not so good. My memory, for example, is not what it used to be. I get up early and if the weather's nice I'll go out for a walk. Then I have lunch and a little nap. I usually read quite a lot in the afternoon but since I came out of hospital I don't feel like reading. I've got quite a few books to read but all I want to do is sleep.

When did you retire? On the 1st of March 1981 I asked ULMA for ten months' leave because my wife had gone blind and because I was a little annoyed with what I was going through and seeing at ULMA. I officially retired in December that year.

What made you leave Catalonia in 1960 to come to Oñati with José Vidal?

Ignacio Egaña knew both of us and suggested that we come to Oñati. José and I came and joined up with what was then known as Talleres Ignacio Maiztegi. When we first came to Oñati they made mudflaps for motorbikes. They also had a patent for scaffolding that Jesús Lizarralde had brought back from America and which had yet to be launched. That was when we started to sell mudflaps and scaffolding just to see if we could get through each week.

I imagine that the early days of ULMA were far from easy, especially if you were the managing director. We came to start up the co-operative because there was

"We formed the co-operative with underage apprentices, with permission from their parents"

hardly anything else around. We formed the co-operative on Innocents' Day (28th December) 1961 with underage apprentices. We had to get permission from their parents as the law we needed 15 members to start a company. I remember the

bank, Caja Laboral, telling us that there wouldn't be any money for us until we had survived on our own for a year.

One of the first things I did when I came to Oñati was to see José María and I remember him telling me: *"There might be a lot of money where you're going but you'll have trouble getting work until you gain their confidence"* The words are etched on my memory. It wasn't long before we started selling practically everything we made with very high margins. The structure for the scaffolding cost us 360 pesetas and we sold it on for 960; a net profit of 17%. We made all our money from scaffolding as at that time all packaging machines were made by hand. It took months to make one. They were lever-operated and were made with old equipment and parts.

What did it feel like back in 1960 to come to a different place with different people you didn't know? I preferred the atmosphere of Oñati to that of the capital. The problem was my family; I didn't know whether to bring them here or not. I remember the letters I wrote to my wife and daughter when I was still on my own here. I told them how much I admired the confidence



In the photo, José Vidal and Julio Sainz back in the 1960's.

of the people here; they would lend you money, leave their milk churns out in the street, etc. Those kind of things really struck me. I would also say in my letters, though, that I didn't like their lack of punctuality.

Tell me Julio, how did you go about setting up a sales network in the sixties? Well, to be able to set up a sales network you have to have something to sell. We couldn't survive on mudflaps. So what we did was to make lots of scaffolding, load up the lorry and drive down to Logroño where we would set it up for building contractors to use. We would leave everything there and go back 15 days later to charge them. Then we started to appoint scaffolding reps all over Spain including, if I remember rightly, Martínez, Azurmendi, Pinilla and De Pedro among others. We had a similar set up overseas but we used distributors instead. The distributors would go to the trade fairs and that's where we did our deals. In Portugal we worked with the Pereira family, with Amerel in Greece and with Hans Knopp in England. I also remember the early days of bread machines in Mexico. I'll never forget the first fair we went to in Düsseldorf, Germany. We had problems exhibiting the machines because they didn't comply with the regulations. We

"Our net profit back then was 17%, all of it from scaffolding"

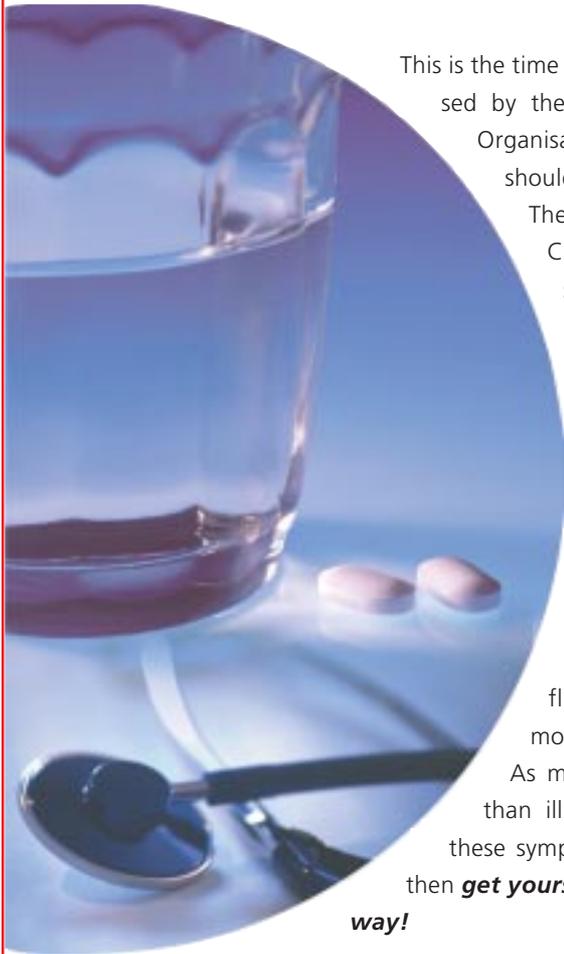
had no problems selling them here but it was a different story there.

As you know, just over a year ago we celebrated the 40th anniversary of the founding of ULMA. How do you see ULMA today? I think it's doing really well, fantastically well, but I have to say that I'm not entirely convinced about it becoming part of the Mondragón co-operatives (MCC). I think we were better off when we were the sole owners. I am, however, proud of what I see today and of the employment situation in Oñati.

As you're chatting here to Begira is there anything or anyone you'd like to recall from your time at ULMA? I'd rather not mention anyone at the company for fear of forgetting someone else. I'd just like to thank the Urrutia brothers for the welcome they gave me when I first arrived in Oñati.

Before we round things off, is there anything you would like to say to ULMA's new generation of employees? Just that they remain loyal to the co-operative spirit and that they are honest in their work.

Here comes the flu



This is the time of year when the dreaded flu hits us the hardest. Flu is a viral infection caused by the influenza virus. As new strains appear every year, the World Health Organisation makes annual recommendations about what kind of vaccinations we should have.

There is no known cure for the flu despite numerous efforts to find one. VACCINATION is, therefore, the only effective way of preventing it and people should get vaccinated between September and November, particularly the elderly and those suffering from chronic illnesses such as diabetes and bronchitis as well as people with heart complaints.

The main symptoms of flu are a fever (over 38°) that usually lasts for four days, tiredness, general muscular pain, headache, cough and a runny or blocked nose. Flu should not be confused with the common cold; with a cold there is no fever and the symptoms are less serious. Flu should only be treated SYMPTOMATICALLY. You should rest, drink lots of liquid and take a mild analgesic. You must visit your doctor if after three or four days the fever shows no signs of abating, or if after ten days you are still coughing, have difficulty breathing or experience wheezing in your chest as the flu may give way to more serious illnesses such as bronchitis or even pneumonia.

As medicine is more to do with patients than illnesses, if you have some or all of these symptoms or you have any doubts at all then **get yourself along to our doctor straightaway!**

70 employees based at Grupo ULMA's headquarters in Oñati have been vaccinated this winter.



Doctor's Surgery:

The flu; "make sure you get vaccinated"

The best and only way of making sure you don't get flu is to get vaccinated and although vaccination is especially advisable for people at risk such as the elderly, diabetics, people with heart complaints, etc. it is something that we recommend for everyone. Every now and then you hear someone saying, "I got vaccinated last year and I still got the flu." Anti-flu vaccinations can sometimes have side effects but these are relatively mild and, in any case, are becoming less and less frequent in new vaccinations. However, being vaccinated doesn't necessarily mean that you won't get a cold or some milder form of flu. You won't get a full-blown flu, though. The economic side of things shouldn't be overlooked either. Flu is a major cause of absenteeism among employees and can have a significant financial impact both on the company and the employee.



Jon Azpiazu, head of Occupational Health at Grupo ULMA



40 years together

As you know, this is where we bring you a piece of ULMA's 40 years of history. If there's something you'd like to know about the history of the company, if you want to know what so-and-so is up to or if you just want to make a suggestion to us, send an e-mail to us at, begira@ulma.es, or write to us at: Centrais Deparments, Paseo Otadui, 3, Oñati. Please write "Begira /40 años" on the envelope



The way we worked 40 years ago. Back in the sixties the men of ULMA donned their boiler suits and got down to the business of making machines. The women, on the other hand, put on their smocks and did the typing and books etc. These photos, found at the Otadui 3 Plant in Oñati, show how duties were divided up.

From where you work how do you see things at Grupo ULMA?

Where do you think the Group should adopt a more hands-on approach?



Ander Yarza
ULMA Agrícola

In my view, ULMA is more than just a group of companies dedicated to making profits; it also has a more significant role to play in society and this must figure among its main objectives. As I see it, this role involves bringing about social well-being for the people of Oñati, which is where the co-operative has been based since it was founded, thereby linking the objectives of the town and the co-operative. In the last few years this work has been performed both in Oñati and the towns and villages in the surrounding area. This is something we're seeing in the hiring of employees, new members joining the company and also in the business network as a whole including suppliers, hauliers and subcontractors, etc. I feel that this is extremely important and I also believe that Grupo ULMA ought to carry on with this work and continue to be one of the main reference points for the people of Oñati and the entire surrounding area.



José Mª Arozena
ULMA Forklift Truck

Visitors to the warehouse see Grupo ULMA as a strong and stable organisation although they often confuse ULMA Construcción with Grupo ULMA. At "ULMA Forklift Trucks" it also seems that job stability is the thing that people value most about the Group, something that has been reinforced further since we became part of MCC. The Group needs to pay more attention though to how it functions as a group by taking into consideration the concerns and needs of all the businesses and not go around like an older brother imposing his way of doing things on his younger brothers and sisters, something that came over in the last POGU (Organisational Project for Grupo ULMA), where the only motions approved were the ones that directly concerned ULMA C y E, S.Coop.



Aitor Garai
ULMA Construcción

You might as well ask me what I think about the moon. At our level, you can only see the reality of Grupo ULMA when issues such as, "Who got the fifteenth payment?" or the returns on our investments are brought up. We also find out when one business is short of work or another snowed under with work. I would also like to bring up comments made in the past and more recently when Grupo ULMA became part of MCC. It was as if the Group was made up of different co-operatives and the returns on investments tended to vary as a result. I think it would be a good idea if we made sure that all the members of Grupo ULMA got the same returns, something along the lines of one members, one return. As for the fifteenth payment, the work performed by each co-operative has already been rewarded. These are all things people spoke about when the Group was going through bad times. If things were shared out a little more evenly, that Group feeling would come through.



Miguel Ángel Gómez
ULMA Forging

First of all, I would like to say that ULMA Forging only exists today because it is part of Grupo ULMA and for us, therefore, the Group provides both a guarantee and solidarity. That said, we have worked hard to get where we are today and nobody has put anything on a plate for us. I'd also like to add that improvements in the Group have come in indirect labour as the improvements in direct labour have been horizontal and not vertical; changes in machinery, courses, etc.

Our Group is doing particularly well in economic terms compared with other groups but I do think we need to work harder on social programmes. As for what the future holds for Grupo ULMA, I think it's pretty bright. Investment is being made and it also looks like we're relatively stable. I think we're pretty disaster-proof.



Luis Ruiz de Azua
ULMA Handling Systems

Personally speaking, I think we need more information on the new projects that the Group in general and our Business in particular are working on. Changes are planned in the short to mid-term and the paper and word of mouth have become the best sources of information. We're also starting to see the ULMA brand out in the street more and more, through sponsors and advertising, etc. and this is to everyone's benefit. Becoming part of MCC also had its positive points although we have had to give way in the way we do certain things. I don't think that everything that happens within the Group should be so polarised; it gives the impression that everything revolves around C y E. It's also true that the more we grow the harder it becomes for Businesses to communicate with each other. We don't know the other Businesses in the Group very well either and it would be nice to have a little more contact with them.



Esteban Igartua
ULMA Polymer Concrete

In my opinion, Grupo ULMA is a kind of general assembly where objectives are reviewed and work areas set out for the next few years. As a result, the information we receive is limited to say the least because we don't know if the objectives are being met or what's going on in Grupo ULMA. Begira has an important role to play here. Grupo ULMA should also be looking at creating more jobs in the surrounding area. We would be failing in our obligations if some of us have a future while others around us struggle. One of the things on the Group's to-do list is to create more jobs for women. Finally, I would just like to add that it's just as important to improve working conditions so that we can do our work properly as it is to achieve sales targets. If you're unhappy in your work, you've only got one thing in mind: leaving.



José Mª Agiriano
ULMA Packaging

I don't think our division participates much in the Group and our knowledge of what's going on is pretty limited. We get to find out very few things; a little bit of information and little else, not even from ULMA Construcción, which is part of our cooperative. There should be more information made available at all levels. I get the impression that each Business does their own thing and that there's little coordination in the Group, and if there is, well I haven't heard about it. We also need to put a little more into social programmes. I think the Central Social Committee ought to be coming up with a few more proposals such as the setting up of a commission to promote this area.

diary and suggestions

RETIREMENTS:

The following people retired from Grupo ULMA between 1/01/2003 and 30/04/2003:



VICENTE ELGUERO



JUAN LUIS IRACULIS



SEBASTIAN LETAMENDI



BIXENTE KORTABARRIA



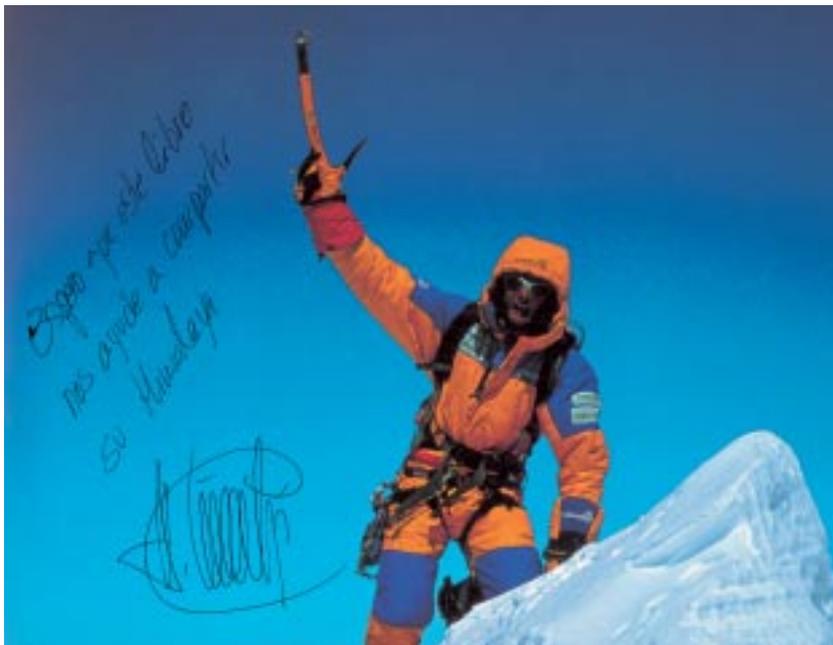
JOXEMARI KORTABARRIA



JUAN CARLOS GALDOS

TOMAS LETAMENDI

*Thanks to all of you and have a very happy retirement!
Congratulations*



A signed copy of Alberto Iñurrategi's book "Hire Himalaya" with a special dedication to Grupo ULMA.



SUGGESTION BOX

So far we have received 9 suggestions from our readers. Keep sending your opinions and suggestions to us:

By mail:

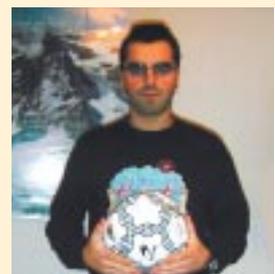
Grupo ULMA
Departamentos Centrales
Ps. Otadui, 3 - Apdo. 13
20560 OÑATI
Ref; BEGIRA

By e-mail:

begira@ulma.es

All the suggestions made will go into the hat with the lucky winner getting a copy of the book, **HIRE HIMALAYA**, by the Iñurrategi brothers. Even if you're not a climbing enthusiast it's a wonderful book, well-written and very detailed.

The lucky winners of the Real Sociedad football and shirt for this issue are:



Argider Isasti and



Julen Barinaga