

cooperatives and COVID

THE NINE GENERAL MANAGERS TELL US HOW THE BUSINESSES ARE COPING WITH THE COVID-19 PANDEMIC AND THE SITUATION AND DEGREE OF UPHEAVAL PREDICTED IN THE MEDIUM TERM

A large, 3D ULMA logo is mounted on a dark, textured building facade. The logo consists of a stylized 'U' symbol followed by the word 'ULMA' in bold, uppercase letters. The building's surface has a grid-like pattern of rectangular panels.

.How has the Business responded to the situation arising from Covid-19 throughout this year 2020?

.And by 2021, what affectation and incidence is expected?

Jesús Urien

GENERAL MANAGER OF ULMA ADVANCED FORGED SOLUTIONS



The Pandemic has burst into our lives and more specifically into our Businesses. At ULMA Forja, S.Coop, the initial impact was “cushioned” by the orders that came in at the beginning of the year. The global crisis and the crisis in our sector in particular began to be felt as we experienced a drastic drop in orders in the following months.

We had to adapt our structures, investments and expenses and implement a reduced work schedule. However, we are convinced that showing up to work every day with a positive attitude and a job well done will help us overcome this slump.

Alberto Galdos

GENERAL MANAGER OF ULMA AGRÍCOLA



With an excellent start to the year in terms of orders, we had a good workload when the virus first appeared at the end of the first quarter. Given the situation, the behaviour of the staff at ULMA Agrícola has been exceptional, an object lesson in responsibility and commitment to the business that I would like to highlight above all else. During the next quarter we mostly had a sense of insecurity: we received many quotes but few order confirmations by customers; finally, after the summer, projects that had been on standby were reactivated and we managed to land several of them, thus giving us some stability at least until the end of the year.

Without a clear vision of how the pandemic will evolve, the outlook for 2021 is highly uncertain. On the one hand, beyond the caution shown by investors due to Covid in terms of making new investments, in our specific case, we have encountered difficulties caused by this situation in terms of travel by the sales and technical team, which is an essential part of our strategy for attracting projects and executing them properly.

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Eneko Ugalde
GENERAL MANAGER OF ULMA ARCHITECTURAL SOLUTIONS

The virus, which we thought was only going to affect the Chinese has completely changed our lives at work and at home. In our Business we have had to adapt, implement and adjust our preventive measures, implement cost and investment containment measures, adjust goodwill, use the furlough scheme, make staff adjustments, implement flexible schedules and a host of other measures in order to protect people (Gu, Pertsonak), customers, (Bezeroa Bizi) and safeguard the economic and financial situation of our cooperative (Commitment).

Our products are associated with investment projects undertaken before the pandemic, so to a certain extent it can be said that the most difficult phase of the crisis is yet to come. This means that the years 2021 and 2022 will probably be worse than 2020, although this is a hypothesis that will depend on how the pandemic evolves over time and on the stimulus plans that get approved by the government. In the meantime, 2020 is going to be a good year, so we will “enjoy our gains thus far.”



Egoitz Jimenez
GENERAL MANAGER OF ULMA CONVEYOR COMPONENTS

During 2020, COVID-19 has negatively affected us at ULMA Conveyor Components in a range of areas. The first is health, as people were infected during the first wave and in self-isolation during the second wave. However, we have been able to solve this by putting resources in place and the hard work by everyone involved. Economically, the health crisis and the lockdowns in the mining countries, in addition to a fall in industrial demand, have meant that the mines we supply the rollers to have reduced their production and stopped their investments, thereby reducing their demand for rollers. The replacement market has fallen by 30%, as has the awarding of Engineering Contracts. Finally, in terms of our operational capacity, travel limitations have hindered our growth options in new markets. We have provided resources to continue maintaining contact with customers, but above all, we have reinvented our sales methods by developing online sales tools and further developing our International Sales Network by adding local sales representatives.

It appears that this trend will continue in 2021, although we hope it will not affect us as bad as it has in 2020. In terms of health, being responsible during our free time, following the rules set by the authorities and complying with the ULMA protocol can help us avoid infection. In terms of activity, we hope that the efforts we have made in new markets will begin to bear fruit, as well as the commercial tools that we began to develop during 2020. However, if the global health crisis remains unresolved, the economic crisis will continue and being able to win new orders and customers will be difficult in such an environment. Although with the help of everyone at ULMA Conveyor Components, we will continue moving forward as best we can. Thanks!



Aitor Ayastuy
GENERAL MANAGER OF ULMA CONSTRUCTION

Those of us who are part of the ULMA Construction project are responding as expected of us, with responsibility and flexibility because we understand that we are facing an extraordinary situation; we are taking care of ourselves and making efforts to ensure the project is not affected, improving in key aspects and avoiding any structural damage to the project as we move forward.

All aspects of the Business are being affected, turnover has declined by activity and prices and so has our profit. We have adjusted our investment in equipment rentals and we are working to minimise the impact on our finances. Unfortunately, it seems that in 2021 the effect of the pandemic on the economy is going to be a determining factor. We need to be cautious as it is highly likely that the measures implemented in 2020 will remain in place in 2021, at least until the effects of the pandemic start to abate and the economy shows improvement as investments in real estate and/or infrastructure return to normal. It is vital for us to remain close to our customers and, as they notice things getting better, we must be ready, with the firm intention of rebounding from this crisis alongside our customers. The pandemic will pass, it may take years or months, but it will pass, and houses, corporate buildings and infrastructures will be built once again. Finally, we would like to thank the people comprising ULMA Construction for their commitment and involvement in the project. Present efforts will definitely help us to overcome this situation more quickly once the effects of the pandemic begin to subside.



Asier Olaguenaga
GENERAL MANAGER OF ULMA EMBEDDED SOLUTIONS

ULMA Embedded Solutions has had to adapt to the situation caused by Covid-19 from a business and operational perspective. Our work distributed geographically as well as in terms of human resources work has enabled us to continue developing projects for customers as normal, without any notable problems in terms of our operations. However, from a business point of view the impact of Covid-19 during the second quarter of the year was considerable, which forced us to implement a more flexible schedule. As the year progressed, the market situation stabilised and we ended the year with a considerable workload.

As for 2021, we have noticed an increase in customer digitization in terms of the new products and services they demand from us as well as in the upgrades to their existing products; therefore, we hope the market will continue progressing in this current positive trend.

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Álvaro Martínez de Lagos

GENERAL MANAGER OF ULMA HANDLING SYSTEMS



The Business responded to the Covid situation by implementing labour flexibility measures resulting from the temporary suspension of a number of ongoing projects due to the difficulties encountered in travelling and overnight stays, mainly during March, April and May. Although some difficulties were encountered, beginning in June we resumed a more normal activity in terms of the implementation of the projects as we tried to adapt the protective measures to the different state of the pandemic in Euskadi.

In terms of sales and new orders and contracts, not being able to travel as normal is affecting the entire year 2020 and will continue to have an impact in 2021. We run large-scale engineering projects and it is not technically and contractually easy to close these types of orders as they are conditioned by difficulties relating to travel and the impossibility of holding face to face meetings. Overshadowing all of this is the economic uncertainty, which logically generates delays in terms of our customers making decisions on new investments with uneven impacts depending on the sectors.

Javier Elías

GENERAL MANAGER OF ULMA MAINTENANCE SERVICES



The year 2020 began as expected, with a decline in comparison with previous years in terms of forklifts. However, the outbreak of the pandemic led to a collapse in activity during the months of March and April - and even worse at that time, we felt completely uncertain about the future. The group immediately took cognizance of the situation and implemented significant measures to mitigate the damage. The responsibility demonstrated by the group under these circumstances has been commendable. Of course, I also want to thank all the personnel, who due to the demands of their activity, continued providing their services at the customer's facilities. In June our activity started to pick up again and thanks to the fact that we had a significant portfolio generated before March, our production activities have continued practically non-stop. In the past few months we have been able to stop using the Mobile Calendar tool without having to renew it and we look forward to having a good end of the year.

In 2021 we expect to experience a slight rebound compared to 2020 (where we expect a 20% drop in activity); however, the current state of complete uncertainty prevents us from accurately assessing the situation. On a separate note, I would like to mention the Inoxtruck business line which, due to the characteristics of its target sectors (food and pharmaceuticals) and despite the existing situation, has been able to maintain its business volumes from the previous year and we expect that in 2021, it will continue to grow significantly.

Cecilio Lejarreta

GENERAL MANAGER OF ULMA PACKAGING



In terms of the market, although we have experienced falls in activity in some specific areas such as turnkey projects and services, in Packaging as a whole orders have continued to come in at a good pace. In accomplishing this it helps that we have been present internationally with our own staff and in some sectors there has been an increase in demand for packaged products as consumers have valued the safety provided by packaging. The Packaging group has adapted well to the changes that the covid pandemic has forced upon us, our people have understood the difficulties and have been supportive in every possible way. We have incurred many expenses to improve safety against Covid but on the other hand, we have also tried to make adjustments in other types of expenses and overall we expect a good year-end for 2020.

Looking ahead to 2021, there is still a lot of uncertainty and as this situation continues over time, it may result in a reduction in investments. Moreover, we are once again having problems visiting or receiving visitors from areas that were opening up and this can be detrimental to us. In short, there is a lot of uncertainty in the outlook for 2021, although we are confident that we are well positioned in the market and we trust in our ability to overcome the difficulties ahead.

