



Kepa Bedialauneta,
Managing Director of ONNERA Group and of Fagor Industrial

“The Fagor brand continues to be our group's emblem”

On 9 October the Fagor Industrial Group decided to take a step forward in its business strategy changing its name and corporate image. Hence, ONNERA Group has been set up after a long process of work and reflection, a global business group that integrates seven well-known equipment brands for the catering, laundry and refrigeration sectors: Fagor, Asber, Edesa, Efficold, Danube, Domus and Primer. Without a doubt, an ambitious and brave change reflected in the new 2013-2016 Strategic Plan, which has been led from the Oñati (Guipúzcoa) office by Kepa Bedialauneta, Managing Director of the group and of Fagor Industrial, and which has come at a key moment for the future of the MONDRAGON Corporation.

What is ONNERA Group and what change does it represent for Fagor Industrial S.Coop?

ONNERA Group is the new name that replaces what has been Grupo Fagor Industrial up to now. It is an international business group that has 10 of its own manufacturing plants in 6 countries and is made up of 17 companies, and one of these companies is Fagor Industrial S.Coop.

What is the reason behind changing the name?

The decision has been made for three reasons. On the one hand we wanted to give the group a name that did not coincide with any of the brands marketed in it to put them all on the same level. The second objective is to address the market as a group, something that we had not done up to now and that we can use to strengthen our image on a commercial level. Finally, we wanted to create a much

bigger feeling of belonging to the group, to work the scale economies and the synergies between brands and companies.

How does the creation of the new group affect decision making in the companies that make it up?

Up to now each of the brands and businesses was more independent and therefore the change will generate a bigger interrelation and a more consensual decision making.

To what extent is this change going to affect relations of the ONNERA Group with suppliers, customers, employees and distributors?

The change of name will not mean any change whatsoever in the nature of the group, nor will it affect existing business relations with customers, partners, suppliers, financial management, manufacturing, contracts, personnel or shareholders.

Did announcing the pre-creditor's meeting of Fagor Electrodomésticos have anything to do with the change of name of the group notified just a few days earlier?

The change has been made public now but it is the result of a reflection preceding the 2013-2016 Strategic Plan. The announcing of the pre-creditor's meeting of Fagor Electrodomésticos coincided with the most important catering fair in the world, Host Milan 2013, where we had planned to present the new name of the group since the beginning of the project. It must not be understood as distancing ourselves from the Fagor brand as this continues to be the emblem of our group and one of our business' insignias.

Is the Fagor Electrodomésticos crisis affecting Fagor Industrial?

Fagor Industrial is a company with a sound and solvent balance, that has obtained positive profits even in the worst years of

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the crisis. It is also a sovereign company, that shares its commercial brand with Fagor Electrodomésticos but which is completely independent. This crisis has generated many doubts for the different players of the sector (customers, suppliers and banks) and the only way it has affected us is to have to make a bigger communication efforts to explain who we are and to reaffirm the strength of our business.

With all of these changes and the creation of ONNERA Group, do you foresee growing in volume and profitability?

Behind the strategic plan is not only a change in name, but also a bigger differentiation of the brands, a commitment to strengthening the value proposal of each of them and a quantifiable growth. This plan is going to bring an increase in sales, which will let us go beyond the 174 million euros we invoiced in 2012 to 225 million euros in 2016. Furthermore, from the costs point of view, with the increase in the synergies between the brands we think that we are going to gain in efficiency, productivity and profitability.”

What are the main keys of that Strategic Plan with regard to the Fagor brand?

Regarding the Fagor brand, the plan distinguishes three different objectives. In the first place we have wanted to define a clear value proposal differentiated from the rest of the ONNERA Group's brands, for the group to be an umbrella for all of them. Secondly, we want to position ourselves

as a general manufacturer. Finally, we have committed ourselves to raising brand perception 30%, an objective that includes increasing efforts in the products and services development phase.

What product development objectives are included in the plan?

Our main goal is to renew the entire product catalogue in two years. A few months ago we presented an evolution of our ovens, in laundry we have the new low revolution washing machines and the new, more efficient tumble dryers, Green Evolution and the second half of next year will be packed with innovations ranging from the presentation of a new generation of dish washers in April to the cooking offer at the beginning of 2015.

And in the services part?

As we have reported during 2013, our after-sales service is one of our differentiating competences and something we are particularly proud of. Therefore in the 2013-2016 Strategic Plan we have included improved service levels, logistics management, delivery of spare parts and more after-sales services. We are also working on a new website geared to products that will provide the distributor with more added value.

What role does internationalisation play in the new Strategic Plan?

For us internationalisation has always been one of the fundamental pillars of our business plan. Last year 66% of the group's sales were made outside

Spain, where we have 10 of our own manufacturing plants, 1000 distribution points and group delegations in the five continents.

What is your growth potential abroad?

To enter new countries we always start with commercial subsidiaries, until we establish ourselves and create our own manufacturing presence. We are currently a multinational with an enormous growth potential thanks to our presence in emerging countries in Asia and America.

What is your international growth forecast?

Our model points towards internationalisation, and we therefore think that we can go from the current 66% to 80% of sales outside Spain in four years.

What is the group's current financial situation?

2012 was a difficult year as the Spanish Market, with the biggest volume for the Group, behaved extremely negatively, but in 2013 we have grown 2% in sales and 40% in results.

What are your prospects for the future?

We expect to develop a strategic consolidation plan for the projects, investments and growth we are planning, in both sales and in results. In 2016 we want to invoice 50 million more and triple the results.