



ANNUAL  
REPORT  
2013

**MONDRAGON**

  
HUMANITY  
AT WORK

Finance  
Industry  
Retail  
Knowledge

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# 2013

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JANUARY   FEBRUARY   MARCH   APRIL   MAY   JUNE   JULY   AUGUST   SEPTEMBER   OCTOBER   NOVEMBER   DECEMBER

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## LOOKING AHEAD

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One of the most notable landmarks in 2013 was the crisis affecting Fagor Electrodomésticos (FED) and the company's final shutdown. The market and its competitive dynamics do not listen to legal reasons, preferring to judge companies on their ability to compete.

This was an unprecedented situation, particularly due to the large number of people it affected – around 2,000 worker members – and it meant new initiatives needed to be thought up to find job solutions for all of them.

Meanwhile, the Corporation has focused on commitment to employment and defence of the cooperative model. With regard to employment, the temporary relocation of over 1,000 worker members at other cooperatives was a remarkable achievement. This is tangible evidence that suitable solidarity mechanisms have been put in place, requiring a group effort and much generosity and which are a different way of tackling problems from a cooperative perspective.

The Corporation's cooperatives have also reaffirmed their full confidence in the Cooperative Model, positively advocating a different kind of business: fair, supportive, deeply rooted in society and backed by decades of experience. Cooperative companies continue to be key players in the generation of wealth for our country. It is therefore time for us to advocate a modern way of running businesses, where people and

cooperation are the key factors, suitably responding to the demands of today's society.

As regards the performance of the other cooperatives in 2013, the year can be said to have been relatively satisfactory overall, despite the tough economic backdrop, particularly affecting the retail area due to stagnant consumption. International expansion and innovation have been decisive this year, with a significant increase in sales abroad, which now account for 71.1% of all sales, and net investment of almost €400m. On a scenario marked by a slight drop in sales (2%), the cooperatives as a whole have managed to maintain their staff and have based their development on positive evolution of the main business ratios in the financial area and a similar good performance of most of their industrial business units.

From now on, in the words of Father José María Arizmendiarieta, we need to "look ahead", as "the best symptom of a community's genuine vitality is its desire to improve". We trust that group responsibility, management capacity, sharing our work and inter-cooperative solidarity will once again be the trademarks allowing us to widen our footprint in the future with renewed strength and ambition.

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## Acknowledgement of Management Excellence

Data to 31 December 2013



### EFQM ASSESSMENTS

8 entities have been awarded a Gold Q and 14 a silver Q

### CORPORATE MANAGEMENT MODEL ASSESSMENTS

149 self-assessments made since 2007

### CURRENT CERTIFICATION

#### Quality management system:

Over 100 entities have the ISO 9000

23 have the ISO/TS 16949 (automotive industry), 1 has the ISO 9100 (aerospace) and 1 has the ISO 13485 (biomedical)

#### Environmental management system:

56 entities have the ISO 14001

4 have the ISO 14006 (eco-design)

#### Workplace health and safety management system:

27 entities have the OHSAS 18000

#### Other systems:

2 have the BIKAIN (Basque language management)  
1 has the ISO 166002 and the ISO 166006 (RDI and Technology Surveillance)

1 has the EFR (Family-responsible companies)

1 has the SA 8000 (social responsibility)

# BASIC INFORMATION

## MONDRAGON

**103**  
COOPERATIVES

**122**  
PRODUCTION  
PLANTS

**8**  
FOUNDATIONS

**1**  
MUTUAL  
SOCIETIES

**10**  
SUPPORT  
ENTITIES

**13**  
INTERNATIONAL  
SERVICE COMPANIES

### BUSINESS DEVELOPMENT

In millions of euros

	2012*	2013	% Var.
TOTAL ASSETS	34,673	34,011	-1.9
EQUITY	3,845	3,848	0.1
EBITDA	1,312	1,272	-3.0
Intermediated Funds LABORAL Kutxa	16,524	17,160	3.8
LAGUNARO ASSETS FUND	4,876	5,205	6.7
TOTAL INCOME	12,791	12,574	-1.7
Total SALES (Industry + Retail)	11,819	11,582	-2.0
Net INVESTMENT	317	394	24.3

### EMPLOYMENT

	2012*	2013	% Var.
AVERAGE jobs	73,985	74,060	0.1
% WORKER MEMBERS as compared to cooperative staff, Industry Area	83	84	1.2
% WOMEN worker-members on cooperative staff	43	43	0
Incidence or ACCIDENT RATE, Industry Area	34.1	31.0	-9.1

Note:  
Basic details on the MONDRAGON companies  
may be consulted at the website  
[www.mondragon-corporation.com](http://www.mondragon-corporation.com)

\* Homogenised data

## PARTICIPATION

	2012*	2013	% Var.
WORKER-MEMBERS' SHARE CAPITAL	1,753	1,711	-2.4
N° OF WORKER-MEMBERS on management committees	872	812	-6.9

## SOLIDARITY

	2012*	2013	% Var.
FUNDS EARMARKED for activities with social content	17	13.5	-21.5
NUMBER OF STUDENTS at education centres	11,348	11,404	0.5

## ENVIRONMENTAL MANAGEMENT

	2012*	2013	% Var.
Number of current ISO 14000 certificates	54	56	3,7
N° of ECO-DESIGN certificates	4	4	0

## FUTURE INVESTMENT

	2012*	2013	% Var.
% funds earmarked for R&D as compared to value added, Industry Area	9.3	8.5	-8.6
Number of TECHNOLOGY CENTRES and R&D Units	14	15	7.1
Total number of RESEARCHERS	1,742	1,679	-3.6



## FINANCE



LABORAL Kutxa showed outstanding solvency, liquidity, efficiency and profitability ratios.





The thorough reform of the banking sector has continued to progress as expected, helping reinforce the capital, liquidity and efficiency of the financial system.

However, 2013 was another very tough year for the banking sector, characterised by a general drop in turnover, with interest rates at an all-time low, high levels of bad debt and continued restructuring in the sector, resulting in a large number of regulatory demands and a further drop in installed capacity and employment.

## LABORAL KUTXA

2013 was another very tough year for the banking sector, characterised by a general drop in turnover, with interest rates at an all-time low, high default ratios and continued restructuring in the sector, resulting in a large number of regulatory demands and a further drop in installed capacity and employment.

In spite of this negative backdrop, LABORAL Kutxa has met the targets set for its first year of business as a new cooperative after its merge with Ipar Kutxa and has obtained notable results, with outstanding solvency, liquidity, efficiency and profitability ratios.

In 2013, LABORAL Kutxa concluded the processes for integration of the financial business of the two cooperatives and also that of the commercial insurance network, with over 200 insurance specialists working at its branches and enabling it to offer its 1,215,000 customers a specialist service unique in Spain's financial sector.

As regards the range of products and services, notable advancements were made in multi-channel customer relations, with 250,000 active online banking customers and 110,000 mobile banking customers. As regards company banking, in 2013 the specialist network was consolidated, with 12 specific branches for SME's and 3 Corporate Banking centres, and the international alliance policy for backing the international expansion of SME's continued to be developed, with contracts being signed with financial institutions from the USA, Canada, Central Europe and Eastern European countries including Russia.

As regards the balance sheet at 31 December 2013, the new merged entity's total assets amounted to €24.364bn, items of note being Equity, which stood at €1.442bn, and Net Assets, which amounted to €1.569bn. The solvency coefficient is thus 12.92%, once again among the highest in the financial sector, and with a wide margin over legal requirements, which are currently 8%.

Customer intermediated funds, including deposits and off-balance-sheet funds, have increased by 3.8% during the year, much more than even the most optimistic forecasts.

Loan investment stood at €16.163bn at the year end, although its growth was slowed down by shrinkage of families' and companies' borrowing capacity.

Deterioration in economic activity made bad debt control another challenge for this financial year, with the NPL ratio standing at 9.68% at the close of the year, a very positive figure when compared to the habitual ratios for the sector.

As for results, rigorous application of cost containment and efficiency policies has allowed us to withstand the pressure on margins and turnover deriving from a weak economy and to achieve the anticipated profitability levels. More specifically, profit for the year amounted to €104.3m.

A contribution was made to this outstanding figure by the fact that the high provision requirements for the financial

## LABORAL KUTXA

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year – €140.4bn in total – were considerably lower than those of previous years, as a result of major write-offs from previous years, made using extreme caution criteria.

The efficiency ratio, a key indicator of the relationship between the entity's operating costs and its income, stood at 46.6%, which is a favourable level when compared to the performance of other larger banks.

During the past year, LABORAL Kutxa continued to strengthen its commitment to the environment, biodiversity and sustainable development, signing several agreements and backing different rural development initiatives. Work in this area included renewal of the agreement with the LORRA Management Centre to provide financial coverage for over 4,000 rural producers, participation in the business creation fund Hazilur, in which the Basque credit union took part together with the Basque Government and the Federation of Basque Agri-Food Cooperatives and, in the international sphere, LABORAL Kutxa's involvement as a member of the World Rural Forum in United Nations' declaration of 2014 as the "International Year of Family Farming".

The Gaztempresa Foundation, LABORAL Kutxa's social project for creating self-employment businesses, has played a leading role at times of crisis such as the current one, financing entrepreneurs and guiding and counselling new companies to help them establish their projects and making a very positive contribution to regenerating the social and economic fabric of the Basque Autonomous Community and Navarra. In 2013, 458 direct jobs were created at the 265 micro-businesses set up during the year. The challenge for 2014 is now to double last year's figures for the number of companies and jobs created.

In 2013, the main rating agencies conducted the corresponding reviews of LABORAL Kutxa. Moody's confirmed its rating

### Customer Loans

2011	2012	2013
15.365	16.502	15.835
bn	bn	bn

### Intermediated Funds

2011	2012	2013
13.944	16.524	17.160
bn	bn	bn

### Total Assets

2011	2012	2013
20.839	24.364	24.613
bn	bn	bn

and Fitch Ibcá has recently improved it, particularly valuing the Entity's solvency and liquidity levels and the high quality of its assets in view of the current economic backdrop, affirming that this is the result of the Entity's appropriate risk management. It also highlighted its sound risk coverage and monitoring procedures, noting a satisfactory level of problematic risk provisioning.

## LAGUNARO, EPSV

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The LagunAro EPSV mutual association is mainly made up of MONDRAGON cooperative members. Lagun-Aro EPSV focuses on providing social welfare cover for this group and their beneficiaries, with a scope similar to that of the public social security system.

At 31 December 2013, a total of 29,186 people belonging to 141 different cooperatives were members of this mutual benefit society, 345 less than the previous year.

Retirement, widowhood and permanent disability benefits, whose coverage must be guaranteed over long periods of time for a large number of members, are funded by creating suitable provisions to ensure the corresponding pensions.

By the end of 2013, the number of pensioners stood at 11,448, an increase of 519 on 2012, with the total sum paid out to these members amounting to €146m, 8.38% up on the previous year.

These capitalisation provisions are underwritten by an Asset Fund that closed 2013 with a figure of €5.205bn, after application of the yields and value adjustments recorded at the close of the year. The Asset Fund has shown a €329m increase on 2012, which is 6.75% in percentage terms.

2013 was a very positive year in general for the financial markets, with a stock exchange boom backed by signs of improvement in the most developed economies, particularly the USA. The results of managing LagunAro EPSV's investment may be considered very positive to this regard, as profitability at the year-end was 7.47% and the Solvency Margin, at 10.00%, remained much higher than the legal minimum of 4.00%.

The amount earmarked for Allocation Provisions, covering short-term provisions, rose to €77m in 2013, with the contribution for Employment Aid requiring the highest funding. This amount was mainly for:

- Temporary Disablement: €28.5m (37% of the total).
- Employment Aid: €30.5m (40% of the total).
- Health Care: €13.5m (18% of the total).
- Other (Family Aid and Provisions): €4.5m (5% of the total).

Expenditure for the Temporary Disablement provision was lower in 2013 due to the downward trend in absenteeism, which decreased from 4.68% in 2012 to 4.42% at the end of 2013.

As regards the Employment Aid provision, €30m was spent in 2013, much higher than expected due to the bankruptcy proceedings of the large cooperative Fagor Electrodomésticos, with an 11 million euro deficit having been generated during the year, which was covered by the Fund created in previous years. Despite this reduction, the Fund continues to maintain a cumulative balance of €26.76m for forthcoming years, as the high expenditure is expected to continue.

During the year, permanent solutions have been found for a total of 299 benefit society members, with permanent relocation (88) and early retirement (171) the most common solutions.

## SEGUROS LAGUN ARO

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In 2013, Seguros Lagun Aro achieved ordinary profit before tax of €23.2m, a 15.4% increase on the previous year's figures. During this period the insurance company reached a turnover of €185m, a 4% increase on the previous financial year.

Seguros Lagun Aro, S.A. yielded €111.3m of the total turnover (down 5.4% compared to 2012) and Seguros Lagun Aro Vida S. A. €73.3m (a 19.3% increase on the figures for 2012).

The context of economic weakness affecting Spain as a whole and fierce competition between insurance companies has led to a general drop in turnover, basically in Vehicle insurance, due to a major reduction in the average premium.

For Seguros Lagun Aro the drop in this area was 7.8% as compared to the previous year, while in the Home Insurance area there was a 1.4% increase, meaning its figures are above average for the sector. The combined ratio, which compares income from premiums to the sum of costs and the loss ratio, stood at an impressive 84.4%, a 4% improvement on 2012.

Seguros Lagun Aro Vida S.A.'s increase came mainly from the Savings Insurance area, with a growth of 26.7% in comparison to the previous year, while Life Risk Insurance also achieved a 2.6% increase, also helping to improve the data for the sector.

Seguros Lagun Aro's Solvency Margin stood at 257.6% in 2013, a 47% increase on the previous year.

The following factors contributed to these results:

- The new strategy put into practice by the Laboral Kutxa Group, the first financial institution to develop a genuine "Bancassurance" model, integrating Seguros Lagun Aro's commercial network at its branches for this purpose and providing its services at 365 of these branches, which are now attended by a specialist insurance manager.

- The positive performance of mediation channel profitability.

- In the technical area, the significant improvement achieved in the loss rate.

- The provision of high quality service, competitive products and its proximity to sales channels.

- Finally, from an internal management perspective, cost reduction and implementation of efficiency improvement processes.

This data strengthens Seguros Lagun Aro's commitment to maintaining its leadership in the Basque Country and Navarra and to achieving sustained, profitable growth across the rest of Spain. Also, at the close of 2013, Seguros Lagun Aro was elected the company providing the "Best Customer Service" in the sector.

Lastly, in early 2013 the 2014-2017 Strategic Plan was approved. This Plan will set out the guidelines to be followed over the next few years, and it aims to consolidate the recent new strategies in both the Bancassurance area and the Mediation Channel and improve internal efficiency and profitability.





INDUSTRY



MONDRAGON now has 122  
production subsidiaries abroad.



The world economy was consolidated in 2013, with GDP growth of 3%, although the growth rate differential between the emerging economies (+4.7%) and the advanced economies (+1.3%) has fallen by practically half over the last 4 years.

As regards evolution of the Eurozone and Spanish economies in 2013, their negative growth has continued (-0.5% and -1.2% respectively), although positive progress has been made in comparison with 2012 (-0.7% and -1.6%).

2013 will also go down in history as the year in which Fagor Electrodomésticos, the group's first industrial cooperative, ended its business.

Against this backdrop, the MONDRAGON Industrial Area achieved a total sales figure of €4.796bn, which in uniform terms means a 1.5% increase on the turnover for 2012.

Strategic commitment to international expansion has been confirmed, with sales of €3.411bn on foreign markets being reached, a 6.7% increase on last year's figures. As a result, international sales accounted for 71.1% of the total, a 3.4% increase on 2012.

International expansion is another important aspect, with the start-up and consolidation of production centres in China, India, USA, Brazil, Mexico, Saudi Arabia and Russia bringing the number of establishments abroad to 122. The following are of particular note:

## CHINA

- MONDRAGON received the "Business Dragon Award" from the Spanish Chamber of Commerce.
- Significant progress was made by Fagor Ederlan, Batz and Cikautxo, with recent factory set-ups.
- DanobatGroup set up a joint venture with the Chinese state

rail sector company "February 7th".

- Mondragon Assembly opened a new plant at the Kunshan Industrial Estate.

## INDIA

- MONDRAGON concluded its set-up at the Shirwal Industrial Estate in Pune.
- Cikautxo purchased the share of its partner Taurus in the joint venture.
- A collaboration agreement was signed by Mondragon University with the Pune College of Engineering.
- LKS Ingeniería opened 3 new offices.

## USA

- Start-up of Cikautxo USA.
- Development of Mondragon Lingua USA.

## BRAZIL

- Orona purchased AMG Elevadores, Brazil's fourth largest lift sector business group.
- Creation of Mondragon Assembly do Brasil.

## MEXICO

- Mondragon University acquired the UCO University in Querétaro.
- Cikautxo set up a production plant.

## SAUDI ARABIA

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- Alecop was awarded a contract for running a training centre in Saudi Arabia, the MONDRAGON Muhayil Asir College of Excellence.

## RUSSIA

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- 14 cooperatives concentrated their business at MONDRAGON Russia's corporate offices

Investment totalled €305m, 3.9% up on the 2012 figure.

For yet another year MONDRAGON has continued to place its faith in innovation. Some examples of this are as follows:

- 1,679 full-time researchers at the fifteen centres specialising in a variety of technologies, at Mondragon University and at the industrial cooperatives.
- €136m was earmarked for R&D.
- €628m was obtained from sales of products and services that did not exist five years ago.

Other achievements under this heading include the official opening in September of Orona Ideo Innovation City, for application of state-of-the-art technologies in vertical transportation, sustainability and efficient energy management, making Orona a European benchmark in eco energy efficiency.

As regards promotion of new business units, MONDRAGON Eko conducted an extensive survey of industrial opportunities in the renewable energy area, identifying some new potential lines of business such as metal forging or development of

waterless cleaning equipment for photovoltaic panels.

A European and international interpreneurial networking platform has been completed, enabling the study and channelling of over 100 opportunities for cooperatives in the green economy area.

The MONDRAGON Green Community forum has also been consolidated, with the participation of 25 cooperatives sharing a virtual network for pooling and studying the different opportunities in this area.

MONDRAGON Health continues its strategy of backing cooperatives for the development of new Health sector activities.

Ongoing projects in this sector include the following:

**GSR**, which has begun its expansion to Navarra with the acquisition of three new nursing homes for the elderly. 31,000 citizens are now attended by the Basque Government's remote healthcare programme.

The **OSATU**-based company **BEXEN CARDIO** has developed and launched new defibrillator units.

The **OIARSO**-based company **BEXEN MEDICAL** is continuing its strategy of international expansion and new products.

**CIKAUTXO MEDICAL** continues to specialise in silicone materials for medical use..

**FAGOR HEALTHCARE** is continuing to expand sales of its medicine blister packaging equipment.

**KIRO ROBOTICS**, has confirmed the success of the Kiro Oncology technical project for hospital equipment for automatic preparation of medicines to treat cancer patients.

**MONDRAGON UNIVERSITY** is now offering its first degree course in Biomedical Engineering.



As regards profitability in the Industrial Area, EBITDA totalled €517m in 2013, 10.8% of the Area's total sales.

As for employment, in uniform terms an average of 30,901 people worked in the Industry Area in 2013, 11,012 of them employed at factories and offices abroad.

As regards training, €7.8m were earmarked for this area last year, distributed across a variety of technical and socio-business programmes. Of particular note was the Cooperative Training received by 2,697 people and the Leadership and Teamwork Training provided for 347 managers.

With regard to workplace health and safety, reducing the accident rate continues to be the main objective, and it currently stands at 30.95 per 1,000 workers, a significant 3% lower than the previous year. The fact that 20 industrial cooperatives now have the OHSAS-compliant Workplace Risk Prevention Systems certificate is also of note in this area.

Finally, it should be mentioned that as regards cooperatives' social responsibility and environmental concern, 56 cooperatives now have the ISO-14000 environmental quality certificates.





RETAIL



Eroski has been committed  
to improving its prices and  
customer promotions.



This Area consists of the Eroski Group, whose core activity is retail trading and whose parent company is Eroski S. Coop., and Erkop, a second-degree cooperative consisting of five agri-food sector cooperatives and their subsidiaries.

The economic situation and its huge impact on consumer habits once again affected Eroski in 2013, and its work focused on being closer to consumers to increase their quality of life and help them save money, with a view to alleviating consumption restraint and the tendency to purchase lower value-added products.

Eroski therefore once again channelled its efforts into optimising its value proposition for customers, by bringing down prices and through money-saving offers. One of Eroski's main aims in 2013 was to reduce prices, and it invested over €79m in creating offers and promotions for all types of products.

Consumer health and wellbeing is another of Eroski's main concerns, and last year it continued to develop and market healthier products. In 2013 it completed the first prototypes for the 'VII Gama' range (tasty, healthy, traditional ready-cooked meals that are quick, easy and fun to cook and involve consumer interaction). These were highly rated by the Eroski staff, who gave them a score of 8 out of 10. A pilot test for this range was run in 10 Eroski shops in the second quarter of 2013.

Innovation continues to be a feature of all Eroski's activities, from its distribution platforms to its shops, products and work teams. Progress was also made as regards automation of the Majorca and Elorrio Logistics Platforms in 2013, and in the commercial area, a new supermarket in accordance with the new hypermarket concept set up in Zarauz in 2011 was opened in early 2013 in Serafin Olave and the Garbera, Abadiño and Albacete hypermarkets were also adapted to this new model.

As regards environmental development, after confirming the expectations of the Zero Emissions shop in Oñati with a 60% reduction in electricity consumption, the project for

building an advanced version enabling self-supply of all its energy requirements is now underway.

The proposal involves combining the Oñati shop's eco-efficiency measures with implementation of new trigeneration technology enabling cooling and power to be obtained from the heat produced by biomass combustion. This project will run until the end of 2016. To implement this solution, Eroski is currently piloting a consortium consisting of the Pamplona Technology Centre CENER and three companies specialising in trigeneration technology (Apina, Rank and Girasolar), and the scheme is also directly backed by the EU through the LIFE+ programme.

As part of its community collaboration effort, Eroski also supports the regional economies. In 2013 it continued to work to promote consumption of local produce. Contracts were signed for this purpose with local authorities, producers' associations, representatives of designations of origin and other institutions. These included a contract with the Department of Economic Development and Competitiveness for promotion of Basque food producers and Basque produce. It included over 20 actions, which will be embarked on with the different agri-food sectors during 2014. Events were also held to promote this local produce, and regional meetings analysed the situation in the different sectors, Eroski's local produce management policy and ways to generate opportunities for both parties involved.

The gross sales of the Retail Area as a whole totalled €6.786bn in 2013, a 4.3% reduction on the previous year's performance.

As regards profitability, the Eroski Group ended 2013 with a net loss of €102m, a 15.7% improvement on 2012. Operating results (without financial impact and provisions, i.e. regular business only) yielded profit of €41.4m, 6.5 times the amount achieved in 2012. EBITDA showed a slight increase, to €269m. The forecast for a mild recovery in consumption over the next few years has enabled Eroski S.Coop., the Group's parent company, to make a significant provision for impair-



ments to its subsidiary companies as a cautionary measure. After earmarking this large amount, Eroski S. Coop. registered a loss of €168m, despite maintaining profit of €94.8m, a result in line with previous years, notwithstanding the adverse economic climate.

As regards Investment, EROSKI is currently adapting its shops to the new “Eroski and You” (“Contigo”) business model. 40 shops, 7 hypermarkets and 33 supermarkets are already working in accordance with this model, representing a total investment of €17m.

As for Employment, 36,432 people work at EROSKI, 12,295 of them worker-members. EROSKI also has a network of over 400 franchised supermarkets, generating a further 1,700 jobs.

The Erkop cooperatives, led by Ausolan, achieved €202m of turnover in 2013, with a staff of 7,520 and profit of €19m. The agri-food sector is bearing up reasonably well in spite of the crisis. As regards the catering business, despite the continuing standstill in consumption the year went extremely well, beating all the targets set. Three companies were acquired (in Catalonia, Castilla León, and Asturias), and the cleaning business unit began its expansion.





**KNOWLEDGE**

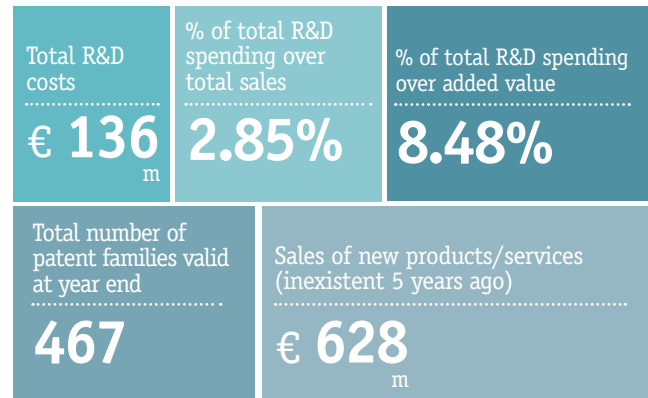


Together, the cooperatives have a total  
of 467 patent families in force.



## R&D+i FIGURES

### Business



2013 was a very busy year as regards innovation. New content, processes and governance components were developed within the framework of the M4FUTURE Corporate Innovation Model. The 2012-15 Corporate Science and Technology Plan progressed as expected, generating new knowledge in the strategic areas defined, which will enable us to continue renewing our business portfolio in the future.

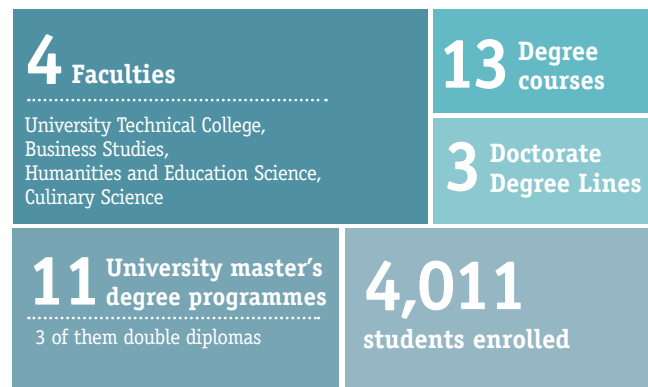
The MONDRAGON Corporation has continued the international expansion of its R&D and has opened a Corporate Office in Brussels. This initiative will provide major backing for collaborative projects with key players on a European level, enabling greater collaboration with the European Commission for the definition of policies and action plans.

The BAC programme (Business Acceleration Center), which forms part of the Promotion Centre, involved intensive promotion of the development of new businesses based on inter-cooperation.

MONDRAGON Health and MONDRAGON Eko have continued working to develop new companies within the strategic areas of Health and Sustainability, enabling job creation.

Finally, as will be described later in this report, progress has been made by the internal network of Technology Centres and Company R&D Units and Mondragon University's new educational programmes.

### Higher Education (2012/2013 academic year)



## Investigación y tecnología



## Other

**MONDRAGON Science and Technology Plan:**  
5 strategic lines of action

Corporate office opened in Brussels

Participation in the main international forums

**SIE** (Strategic Information Service):  
500 users

**Elkarbide social network**  
for collaborative entrepreneurship: 426 users

**BAC** (Business Acceleration Center)  
Inter-division entrepreneurship centre

Launch of the new  
"Innovative Thinking" corporate website

MONDRAGON: technical office of the Spanish advanced  
manufacturing technology platform MANU-KET

## TECHNOLOGY CENTRES AND BUSINESS R&D UNITS

**FAGOR AOTEK** works in the Automation and Optics areas and aims to achieve a level of excellence in the technologies used in the products developed and manufactured by Fagor Automation: numerical controls, drives, motors and digital readout and position control systems.

In 2013, Fagor Aotec took part in the following collaborative research projects, among others: Power-OM, a European FP7 project for power consumption-driven machine tool reliability, operation and maintenance; HHDMM, an integrated project run by the CDTI (Centre for Industrial Technology Development) for developing a highly dynamic hybrid milling machine; FORE, an INNPACTO programme project for recording and reading pattern grids on metal substrates; the PROFUTURE II, INPRORET and INPRORET II projects, as part of the ETORTEK programme in collaboration with CIC MARGUNE, for research into new, more precise, faster and more energy-efficient machining processes and development of accurate non-conventional portable machine tools that adapt to the geometry of the parts to be machined; the ECOFAB and IMAGHINE projects on rational energy consumption and incorporation of smart modules to machine tools, both part of the ETORGAI programme; the project "Highly reliable and scalable embedded modular systems eliminating dependence on hardware platforms and operating systems", part of the SAIOTEK programme.

**CIKATEK** is a company R&D unit belonging to the Basque Science and Technology Network and specialising in research, development and innovation of polymer materials, technologies and products (rubbers, thermoplastics and TPEs) for anti-vibration, sealing and fluid conduction functions. Its work focuses on the automotive, household appliance and medical sectors. In 2013, Cikatek developed 20 R&D projects and took part in collaborative projects in Spain and abroad, working closely with some of the world's leading companies for development of new polymer materials. Its main lines of



research are geared to weight reduction and smart materials research.

**CS CENTRO STIRLING** is the business RDI unit mainly serving Components Division companies. It specialises in product design and optimisation and manufacturing and testing of prototypes for power generation and rational, sustainable use of energy in the home environment. In 2013 its turnover increased by 5%.

Its work with local businesses in 2013 included collaboration with the Fagor Group, Fagor Ederlan and ISEA, with the BAC as an umbrella entity, for finding relevant niches for launching new business activities connected with energisation in remote or difficult to access areas.

In the Basque Autonomous Community, for the third year running it continued to develop biomass-fuelled heating and cogeneration systems, in collaboration with Orkli, Tifell, Giroa and IK4-Ikerlan. In Europe, it concluded the EFFIHEAT project for development of geothermics-based air conditioning systems.

Lastly, it is a relevant fact that Stirling International appointed CS Centro Stirling as organiser of the ISEC (International Stirling Engine Conference) in 2014.

More than ten years have elapsed since **EDERTEK** was founded in 2003, and since this time its main goal has been to respond to Fagor Ederlan Taldea's technology innovation requirements. Its three areas of business focus on research into new materials and processes for the development of new automotive sector components.

In 2013, it worked on several innovation projects. In the market-oriented innovation area, it is at the industrial model definition stage with projects including bimetallic brake discs, structural parts and an aluminium open deck engine block.

Progress was also made in the field of product, process and material-oriented innovation with projects for improving metal quality at foundries or reducing manufacturing times for the different production processes.

It also continued with its design of a new Technology Surveillance system.



**ETIC.** In 2013, ETIC continued with its transformation from a centre specialising in embedded technologies to a centre focusing its expertise on all the technology areas connected with Smart Cities. It develops ICT solutions in areas including Smart Systems, natural interfaces (voice, gestures, touch), Cloud Computing, Business Intelligence and Big Data, and mobile devices (Tablets and Smartphones).

**IK4-IDEKO**, is a Technology Centre specialising in industrial manufacturing and production technologies. In spite of the delicate socio-economic situation, the Centre achieved an income of €88m in 2013. Collaboration with companies remained stable in 2013. 60% of the Centre's €5.3m income was from on-demand projects, while the remaining 40% (€3.5m) corresponded to research projects for different public administrations.

In 2013 IK4-Ideko registered 16 publications in SCI (Science Citation Index) journals, and two new patents were developed and filed: a PCT connected with vibration elimination technology and a European patent for the health sector.

Based in Elgoibar in Gipuzkoa province, IK4-Ideko has a staff of 100 people, 23 of whom are doctoral graduates. It carries out its work in two different buildings and also has a prototype workshop over 2,000 sqm in size, laboratories for metrology and ultra-precision processes, high-performance dynamics, measurement systems, composites, laser processing and advanced components.

It specialises in advanced manufacturing, conducting research and on-demand industrial projects connected with its 8 lines of research: Strategic Innovation, Production Management, Mechanical Design, Smart Software, Manufacturing Processes, Dynamics and Control, Inspection and Measuring and Micro-technology and Ultra-precision.

**IK4-IKERLAN**, a historical reference for the Corporation in the research area, obtained total income of €18.5m in 2013. It participated in 8 Etorgai programme projects and 17 Gai-tek programme projects, both run by the Basque Government, and also took part in 10 INNFACTO projects run by the Ministry of the Economy and Competitiveness. Similarly, 11 proposals for research projects have been submitted for the Seventh EU Framework Programme and 7 new projects are already underway in the areas of Green Cars (a project piloted by IK4-IKERLAN), Factories of the Future, ARTEMIS and Information and Communication Technologies.

As regards scientific production, 22 SCIE articles were published and 61 congresses attended. Ten doctor's theses were also read and 4 new theses launched in the fields of electronics, mechanical design and electric power storage.

As regards the Global Collaboration Network for the Centre's own research, in addition to the collaboration projects set up in previous years with EPFL, IMEC, ISEA, CGIP (Valencia Technical University), TU-Vienna, Edinburgh University, and KU in Louvain, Oviedo University, Cantabria University, Bensaçon University, the Codolab Group at Catalonia Technical University and the Amade Group at Girona University, the École Centrale de Paris, Siegen University, Patras University and the IREC in Catalonia, a new collaboration agreement has also been signed with the Swedish University of Lulea.

Lastly, IK4-Ikerlan filed three new patent applications in 2013, all connected with micro-systems.

It employs 255 professionals at its Olandixo and Garaia facilities in Mondragón (Gipuzkoa province) and Miñano (Álava province).

**ISEA** is a Technology, Innovation and Entrepreneurship Centre specialising in the Business Services Sector, created by the Engineering and Business Services Division. Its aim is to develop applied research with a market impact relevant to the interests of its user companies.

As part of the science and technology work carried out in 2013 as part of the Basque Government's ETORTEK Programme, ISEA participated in the PYME 2025 Project "Towards a SME with international collaborative innovation and entrepreneurship dynamics based on people involvement". It also works on the JAKIBERRI project for creation of "Healthy Basque Fast Food": natural, varied and nutritional ready-cooked meals.

ISEA also coordinates the MONDRAGON BAC, an initiative for boosting the launch processes of new enterprises by promoting new businesses generated through inter-cooperation. Its work in 2013 included 8 "Dreamworks" (sessions for promotion of new businesses through inter-cooperation), a "Technology Brocante", the third "Saioka" event for promotion of entrepreneurs, and boosting 8 business plans.

Finally, ISEA collaborates on developing the KIMU BERRI initiative aiding young entrepreneurs in Debagoiena (Gipuzkoa), specifically focused on technology and market domains associated with young people, leisure and sport.

**KONIKER** is a technology centre specialising in research and development of new technologies connected with forming and assembly processes.

2013 was a year of consolidation of the major growth achieved in the two previous years. The projects with the company Loramendi were furthered, and composite forming also became an area of great interest in Fagor Arrasate's projects. Backing was also provided for the interesting challenge posed by the new Kiro Robotics business.

As regards income received from public administrations, this increased even more than in 2012, with growing support from European aid programmes.

**LEARTIKER** is a Research, Development and Innovation Centre specialising in Polymer Technology and Food Technology.

Through its main business units (Compounding, Health, Testing & Simulation and Lightweight), Leartiker Polymer Technology provides a comprehensive service from idea generation to development of the final product and market positioning. In 2013 it began to use Digimat software, which takes into account the influence of the manufacturing process in structural simulations. Por otro lado, Leartiker ha dado un paso importante en el desarrollo de tecnologías Lightweight. It also continued with its health sector diversification plan, working with new customers in the field of medical device and prosthesis system development. In 2013, it organised the "Polymers & Medical Applications" conference, for the second year running.

Leartiker Food Technology backs companies in the search for new business opportunities and better diversification of their products. It specialises in meat, dairy and fisheries products, ready-cooked meals and cakes and confectionery. The GAXURE project was presented at the conference "Eco-innovation in the Agri-food Industry", with a new product developed from whey. It is also collaborating with the fish processing sector expert María Leonor Nunes to define diversification projects with sector companies.

**IK4-LORTEK**, is a technology centre specialising in bonding materials, additive processes and technologies. In 2013 it received income of €3.8m, 70% of which was for R&D activities under contract with companies and 30% for strategic research projects financed by the Basque Government, the Gipuzkoa Regional Government, AGE and the European Union.

IK4-Lortek ended 2013 with a total of 52 employees, including 12 doctoral graduates. It published 14 papers in 2013, including 4 ISI publications, and developed 35 R&D projects, 23 for businesses and 12 consisting of research projects such as "WELDMINT", piloted by IK4-LORTEK, for non-destructive control by shearography, active thermography and advanced ultrasound, or "MERLIN", a project focusing on additive manufacturing for the aeronautical sector.

In a European context, it gained good positioning in the manufacturing area, the transport and capital goods sectors and in bonding technologies, additive manufacturing of metal components and monitoring and assessment, taking part in 4 new European projects, 3 of which were piloted by IK4-Lortek.

**MIK** is a Research Centre focusing on management innovation in 4 basic areas: Entrepreneurship, Internationalisation, Invested Enterprises and Open Enterprises. In 2013 the PYME2025 project was begun, piloted by MIK with the aim of reflecting and conducting active experimentation on the future competitiveness of SMEs.

**MTC**, which forms part of the Basque Technology Network, is a centre specialising in research and development of thermoplastic parts and assemblies, mainly for the automotive sector.

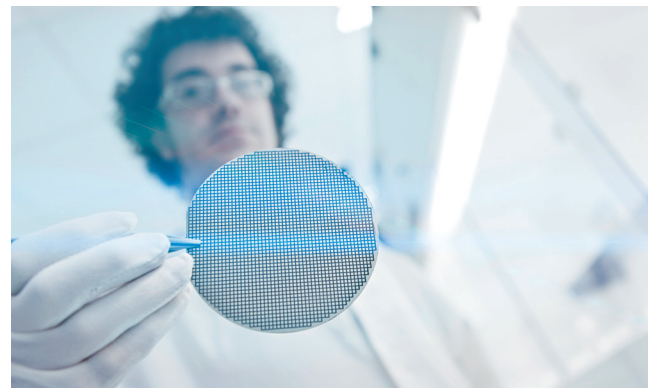
2013 was marked by reflection on RDI and design of the third Technology Plan, with a transition management plan focusing on "Aesthetics". The interest in innovation as a profitable channel for growth has also resumed. As regards customer relations, an optimum relationship has been forged with some customers, obtaining good prospects for the market launch of new technologies and incorporation of new materials.

After the debut of the new MTC in 2011, with an approach more closely focusing on customers, RDI and improving the possibilities of industrial production of its future innovations, 2013 was characterised by a large number of new projects that have greatly boosted the centre's developments. The chemical laboratory has also been extended to include a corrosion testing room, rounding off MTC's ambitious innovation transformation plan begun as part of the first technology plan.

Finally, projects were also developed in compliance with the UNE 166002 standard, passing the audit with no non-conformities.

**ORONA IDEO.** 2013 was the year of Orona Ideo, a project designed as Orona's most visible innovation icon. This innovation ecosystem applies state-of-the-art technologies for vertical transport, sustainability and efficient energy management. It is housed in a group of buildings that have obtained LEED Gold and BREEAM Excellent certification. Orona was also a pioneer in this area, obtaining the first extraordinary innovation point awarded by BREEAM in Spain, for the zero energy balance lifts (ZEL) installed in the building.

**UPTC** is a centre specialising in technology research and development for the packaging sector. In 2013 it designed its own comprehensive machine control/UPC system for use with all ULMA Packaging's models. A high value-added man-machine interface platform with advanced functions was also developed, and work was done on integrating machine vision to packaging processes and making a series of hygiene improvements to food industry packaging processes.





## Technology Centres and R&D Units

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### **GARAIA INNOVATION PARK**

Garaia has become well-established as a meeting point and inter-cooperation space for ideas and projects. Its aim is to nurture different fields of innovation including sustainable mobility, the home, embedded systems, sustainable building and energy efficiency and innovation in new sectors and markets such as healthcare.

Garaia provides people, institutions and businesses with a variety of high quality spaces and infrastructures as venues for events of all kinds: work meetings, presentations, conferences, promotions, etc.

In 2013 around 9,500 people took part in events of different kinds at Garaia Innovation Park.

### **SAIOLAN**

Saiolan is a Business and Innovation Centre located in Arrasate (Gipuzkoa province), which has created employment since 1985 through promotion of new business activities. High points in 2013 included its entrepreneurship dissemination activities (with the involvement of 650 people) and entrepreneur training (11 courses held, with 251 participants).

26 prospective studies, 10 business collaborations for development of technology products and 32 feasibility studies were also carried out in 2013. New activities included the creation of 7 new companies, 6 diversification projects and 5 institutional funding plans.

All this work focused on generation of new ideas and business activities.

### **MONDRAGON UNIVERSITY**

In the 2012-2013 academic year, Mondragon University offered 13 degree courses in its 6 areas of knowledge: Engineering, Business Management, Entrepreneurship, Communica-

tion, Education and Culinary Science.

In accordance with the European Higher Education Area's new university system, the former postgraduate studies model has now been replaced, and another major new development is the creation of a University Master's degree, at a level midway between a Bachelor's degree and a Doctorate.

These specialist Master's Degrees are strongly geared to labour market integration in emerging strategic sectors and branches of knowledge, with an international focus and a strong link with companies.

Eleven University Master's Degrees were offered in the 2012-2013 academic year, 3 of which were double diplomas, in collaboration with French universities and in the field of engineering.

Eight online upgrade courses were also offered, together with a wide range of ongoing training and postgraduate courses for professionals.

A total of 4,011 students enrolled, 3,167 of whom studied degree courses, 233 official postgraduate courses and 581 the university's own postgraduate courses.

979 students undertook work placements, while final year projects were completed by 812 undergraduates and 208 master's degree students.

As regards work and study abroad, 443 students attended foreign universities – a 20% increase on the previous year – 52% of them undertaking placements and final year projects at universities and/or companies outside Spain. Mondragon University was also attended by 130 foreign students, a 60% increase on the previous year's figures.

It also continued to promote the work of MEI (Mondragon Education International), a body constituted by Mondragon University, Alecop and MONDRAGON with the main aim of transferring the Mondragon University model to higher education entities in other countries. As a result of this initia-

tive, collaboration is continuing with the Pan-American University of Colombia, in which MEI has an equity interest of 20%, and the 2012-2013 academic year also saw the creation of the UCO-MONDRAGON University in Querétaro, Mexico, in which MEI holds an 80% equity interest.

As regards R&D, Mondragon University endeavours to anticipate technologies and lines of research that will be required by local businesses in the foreseeable future and embark on numerous projects in these areas. These will consist of specifically oriented science research projects generating and/or acquiring a relevant knowledge differential.

The principles of Mondragon University's collaborative research model are based on research alignment, with the collaborative participation of the three key players: the University, the Technology Centres and local business. This alignment enables the creation of a critical research mass, necessary for developing excellent research.

Despite cutbacks and reductions in public administration funding for investment in research programmes, Mondragon University has continued to reinforce its research activity. An example of this are 6 ETORTEK projects, 18 ETORGAI projects, 12 MINECO INNPACTO projects and a further 10 projects forming part of the 7th Framework Programme, run by the Higher Technical School; the OPENBASQUE, IMPULSO and LONTECH projects developed by MIK (the Business Faculty's management research centre), the research carried out by the Humanities and Education Science Faculty in its 3 lines of research and the scientific coordination received by the Basque Culinary Center/Culinary Science Faculty from the European Project SIforAGE as part of the FP7 Programme Science in Society.

Lastly, 98 papers were published in specialist publications and 111 reports were presented at various Spanish and international congresses, and Mondragon University organised 49 congresses and conferences.

As regards entrepreneurship, the Entrepreneurship Meeting

was held for the 7th time, attended by 165 students and with the presentation of 57 projects. The first students completed the new degree course in Entrepreneurial Leadership and Innovation at the Business Faculty in 2012-2013, and the 3rd Master's Degree course in Intrapreneurship and Innovation (MINN) was launched.

The Higher Technical School also continued to develop the TEKIN initiative to provide infrastructure, counselling, training and support for the creation and development of technology-based ideas likely to have market projection.

Lastly, in the 2012-2013 academic year Mondragon University also worked on other strategic projects including the following:

- The opening of the new Humanities and Education Science Faculty Campus in Aretxabaleta, basically geared to developing the audiovisual communication area.
- Involvement in the development of the new Higher Technical School Campus at Orona Ideo Innovation City, in Donostialdea, focusing on the energy area.
- The development of Bilbao Berrikuntza Faktoria, in collaboration with INIT and Bilbao City Council, to boost the creation of a different range of university studies focusing on innovation and entrepreneurship.

## OTHER TRAINING CENTRES

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### **POLITEKNIKA IKASTEGIA TXORIERRI**

In the 2012-2013 academic year, the Politeknika Ikastegia Txorierri technical school ran vocational training courses for 347 students and employment training courses for 443 students, both employed and unemployed. We would particularly like to highlight the organisation and development of two courses with recruitment commitment with the companies Matrici, S.Coop. and Gestamp S.A. Three specifically tailored courses were also given in the areas of Drawing Interpretation, Metrology and Regulation and Control.

In the international sphere, 13 students undertook work placements at companies in Europe (the Netherlands, UK, Italy, Poland and the Czech Republic). The centre was also involved in 3 Transfer of Innovation (TOI) projects funded by the Erasmus programme. Lastly, the Hotel Association and Confebask formed an alliance to increase the number of Global Training scholarships and improve their management, which will enable around 80 vocational training diploma holders to undertake a 6-month work placement at companies abroad, with the Politeknika Txorierri school as a “one-stop shop” for processing and managing all the Basque Autonomous Community’s Vocational Training diplomas.

Several entities have formalised their relationship with the business sector: Politeknika Txorierri has become a fully-fledged member of the Bizkaia Technology and Science Park and the Automotive Enterprise Cluster (ACICAE), and the company Proinyec S.L., specialising in injection mould manufacture, has also become a cooperative member of the Park.

In the research area we would also highlight a project developed in collaboration with the GAIKER Technology Centre and the company ARDOLAN (an incubator enterprise for the centre), funded by SPRI, for improving the quality of wine, making this a new area of activity for this company.

Lastly, the centre continues to be a leader in use of ICTs. This year, its projects included implementation of an Intranet application for process management innovation through

implementation of a surveillance system and a procedure for standardising start-up of innovation projects.

### **LEA ARTIBAI IKASTETXEA**

In the 2012-2013 academic year, the Lea Artibai Ikastetxea school taught courses to 18 higher education and vocational training groups, and 68 of its students undertook placements at companies. Work also began on the dual vocational training programme, where students combine their training at the centre with work at a company.

On an international level, 7 higher education students received Erasmus and Leonardo scholarships to carry out the In-Company Training module abroad. Thirteen students successfully completed the Master’s course in Plastic Product Design. In the Training for Employment area, around 8,000 hours of training were given, with a turnover of more than a million euros. 105 of the students on training courses were able to take part in work placements, and 23 of them were subsequently recruited by the companies.

The school also collaborated with the Chilean government for a course on the Meat Industry to obtain the certificate of professional competence, and this collaboration is continuing this year. The second course in General Managerial Skills was also taught, together with an expert course in Innovation Management for Business Competitiveness, in collaboration with Azaro Fundazioa.

### **ARIZMENDI IKASTOLA**

The Arizmendi Ikastola school was created from an alliance of 4 ikastolas (Basque-medium schools) in the Leniz Valley in Gipuzkoa province: San Frantzisko Xabier, Umezaintza, Almen and San Viator. It teaches students aged up to 21, providing Pre-school Education, Primary Education, Compul-





sory Secondary Education, Higher Secondary Education and Vocational Training.

Its 3,200 students attend 12 schools in the towns of Aretxabaleta, Eskoriatza and Arrasate. Arizmendi Ikastola is an integrated cooperative consisting of beneficiary members (the families), worker members and collaborating members, and it is the largest Ikastola school in the Basque Country.

It describes itself as a Leniz Valley-based Basque education cooperative aiding the development of Basque cooperative members so that they can deal with different day-to-day situations in the Basque language, with trust and integration as the mainstays of its educational project.

## **OTALORA**

Otalora, MONDRAGON's management and cooperative development centre, engaged in numerous activities in 2013.

In the Cooperative Education area, it ran programmes for members of company Boards of Directors (12 groups), Company Council members (11 groups) and cooperative members (39 groups).

Induction sessions were also held for 26 groups of new members.

In the Managerial Development field, the MBA Executive and IKAS courses were run once again and a new programme on 'Cultural Intelligence' was launched for people working abroad.

In the Cultural Development area, an organisational culture survey was conducted among 15 cooperatives, a qualitative cultural diagnosis among 3 cooperatives, a desired culture definition survey among 3 cooperatives, leader profile assessment with 3 cooperatives and a cultural development project with 3 cooperatives.

In the Leadership and Teamwork field, the new Cooperative Leadership programme continues to be highly valued, with a total of 49 participating groups plus 16 groups developing teamwork competence and 48 groups taking part in in-depth studies on different leadership skills, those most in demand being Positivity, Achievement and People and Team Development.

As for Cooperative Dissemination, 30 groups on 1-day visits to MONDRAGON were attended, and a total of 20 seminars lasting 2-5 days were taught on the subject of MONDRAGON, together with 8 conferences at different events in Spain and abroad.

Finally, as in previous years, the People Management Forum for personnel managers from the Corporation's cooperatives was held, attended by 112 people.







## FINANCIAL STATEMENTS AND BALANCE SHEETS



A total of €628m came from  
sales of new products  
and services.



## BALANCE SHEET PERFORMANCE

MONDRAGON's Balance Sheet at 31 December 2013 included an accumulated €34.010bn of managed funds, falling by €663m over the year, i.e. 1.9% in percentage terms. The most notable aspects of each item on MONDRAGON's balance sheet at 31 December 2013 are as follows:

### NON-CURRENT ASSETS

Fixed assets at the end of 2013 amounted to €6.379bn, after a net reduction of €65m (1.0%) over the year.

Total investment for the year stood at €394m and was mainly made by the Industry Area. Total amortisations applied in 2013 totalled €419m, which is 6.1% lower than the figure for 2012.

### CURRENT ASSETS

Current assets are the most substantial equity item (€27.631bn), representing a drop of €598m over the year, which is 2.1% in relative terms. This shrinkage occurred in all the Areas, although it was mainly concentrated on the Finance and Retail Areas.

### EQUITY

At the end of last year MONDRAGON's net equity stood at €3.848bn, excluding the amount for external partners, which also forms part of the equity of the subsidiaries. Of this total net equity, €1.898bn corresponded to Share Capital and the remaining €1.95bn to Reserves.

### EXTERNAL PARTNERS

In recent years the MONDRAGON Corporation has combined internal growth with the development of new businesses in collaboration with different partners, with a view to expansion both in Spain and abroad.

This section presents an overview of the MONDRAGON Corporation's financial statements and balance sheets, showing their evolution over the past year.

Several cooperatives closed down in 2013 (including Fagor Electrodomésticos, as a result of its bankruptcy situation), and are therefore not included in the 2013 accounts. As the relative weighting of these cooperatives as compared to MONDRAGON's assets as a whole in 2012 amounted to 14%, and they represented 8% of MONDRAGON's income, we have decided to exclude them from the 2012 accounts for reasons of uniformity.

The information presented here refers to the integrated Balance Sheet for all the Corporation's businesses, together with the Added Value they generated over the last two years, after exclusion of crossed internal balances and transactions.

The total amount of these external holdings amounted to €141m at 31 December 2013 and was largely held in subsidiary companies included in the consolidated financial statements of the industrial and retail sector cooperatives.

### NON-CURRENT LIABILITIES

The balance for long-term funding received from third parties and used by the cooperatives and their subsidiaries amounted to €11.732bn, undergoing a €1.129bn reduction during 2013, which in relative terms amounts to 8.8%.

This reduction affected all the areas, although the Finance Area suffered the heaviest drop in funding.

### CURRENT LIABILITIES

This item on the balance sheet stood at €18.289bn, with a €469m increase during 2013, a relevant impact being made by debt reprofiling.

This evolution has led to a substantial reduction in MONDRAGON's working capital as a whole, which is €1.067bn lower than at the end of 2012.

## Evolution of MONDRAGON's Consolidated Balance Sheet

Item	31.12.2012		31.12.2013		Annual variation	
	M€	%	M€	%	M€	%
Non-current assets	6,444	18.6	6,379	18.8	-65	-1.0
Current assets	28,229	81.4	27,631	81.2	-598	-2.1
<b>ASSETS</b>	<b>34,673</b>	<b>100.0</b>	<b>34,010</b>	<b>100.0</b>	<b>-663</b>	<b>-1.9</b>
Equity	3,845	11.1	3,848	11.3	3	0.1
External Partners	147	0.4	141	0.4	-6	-4.1
Non-current Liabilities	12,861	37.1	11,732	34.5	-1,129	-8.8
Current Liabilities	17,820	51.4	18,289	53.8	469	2.6
<b>LIABILITIES</b>	<b>34,673</b>	<b>100.0</b>	<b>34,010</b>	<b>100.0</b>	<b>-663</b>	<b>-1.9</b>

## EVOLUTION OF VALUE ADDED

To complement the evolution of MONDRAGON's balance sheet, the following table presents a breakdown of its financial statements over the last two years, structured according to distribution of Value Added.

The total Value Added generated by MONDRAGON in 2013 amounted to €3.474bn, 1.8% down on the previous year's figures.

The largest contribution to the total Value Added was made by the Industry Area (€1.649bn, 47% of the total), followed by the Retail Area (34%), with the remaining 19% corresponding to the Finance Area.

Staff Costs (€2.201bn) fell by €24m as compared to the previous year, with reductions in the Retail Area and increases in both the Industry Area and, particularly, the Finance Area, as a result of integration of the Iparkutxa staff throughout the whole year.

Even so, EBITDA stood at €1.273bn, 3.0% down on the previous year's figures, although it maintained its relative weight as compared to the total Value Added.

### Evolution of MONDRAGON's Value Added

Item	31.12.2012		31.12.2013		Annual variation	
	M€	%	M€	%	M€	%
Value Added	3,537	100.0	3,474	100.0	-63	-1.8
Staff costs	-2,225	-62.9	-2,201	-63.4	24	-1.1
Ebitda	1,312	37.1	1,273	36.6	-39	-3.0





**ORGANISATIONAL  
STRUCTURE**





## STANDING COMMITTEE

### Chairman

Agustín Markaide

### Deputy Chairman

José Miguel Lazkanotegi

### Members

Irene Alberdi

Lino Alberdi

José Antonio Alústiza

Jose M<sup>a</sup> Azurmendi

Xabier Bengoetxea

Ander Bilbao

Iñaki Durañona

Julio Gallastegi

Javier Goienetxea

Aitor Irure

Gotzon Juaristi

Esther Korta

Mikel Larrea

Leire Mugerza

Iñaki Ormaetxe

Koldobika Ortueta

José Luis Pérez

Cristophe Tytgat

Mikel Uribe txebarria

### Secretary

Arantza Laskurain

### Legal Advisor

Amets Ugalde

## GENERAL COUNCIL

### Members

Joxemi Arregi

Iñaki Gabilondo

Txomin García

Belen Kortabarria

Agustin Markaide

Francisco Javier Mutuberria

Javier Sotil

Juan Mari Palencia

Iñigo Ucin

Mikel Zabala

### Secretary

Arantza Laskurain

## INDUSTRIAL COUNCIL

### Members

José Miguel Arregi

Victor Arrizabalaga

Iñaki Gabilondo

Oscar Goitia

José Luis Lizarbe

Miguel Ocaña

Juan M. Palencia

Javier Sotil

Iñigo Ucin

Josu Ugarte

Xabier Mutuberria

Mikel Zabala

### Secretary

Juan Andrés Joaristi



*“The best symptom of a  
community’s genuine vitality  
is its desire to improve”*

**José María Arizmendiarieta**  
(1915-1976)

- LinkedIn** ([www.linkedin.com/company/mondragon-corporation](http://www.linkedin.com/company/mondragon-corporation)) 
- YouTube** ([www.youtube.com/user/mondragoncorporation](http://www.youtube.com/user/mondragoncorporation)) 
- Vimeo** ([www.vimeo.com/mondragoncorp](http://www.vimeo.com/mondragoncorp)) 
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- Twitter** (<https://twitter.com/esMONDRAGON>) 
- Slideshare** ([www.slideshare.net/MONDRAGONCorporation](http://www.slideshare.net/MONDRAGONCorporation)) 
- Web MONDRAGON** ([www.mondragon-corporation.com](http://www.mondragon-corporation.com)) 
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