



PORTUGAL - Industry

Portuguese local manufacturing is enjoying a strong export-led renaissance in the most competitive markets in Europe, Africa & Asia

Photo: Port of Sines

PORTUGAL IS A GLOBAL PLAYER

PORTUGAL'S INDUSTRY HAS GAINED A GLOBAL PRESENCE THANKS TO ITS BOOMING EXPORTS

Driven by new export markets, high-quality goods and competitive wages, Portugal is now a major player in European industry, turning out both new and updated traditional products for the country's expanding number of global customers.

It took the economic implosion that began a decade ago to usher in this new era in Portuguese industry as those companies which survived the crisis realised that they needed to transform their operations to compete on the world stage.

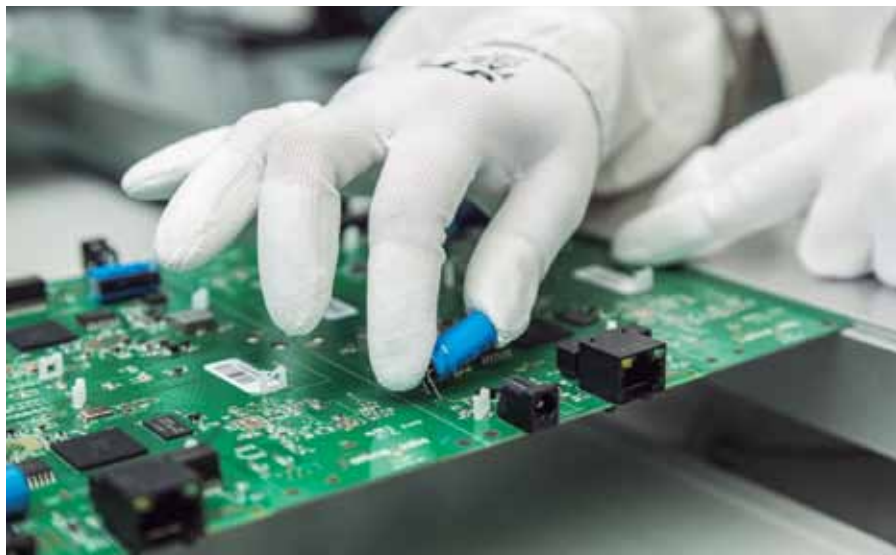
Industrialists overhauled their manufacturing methods through cost cutting, major investment in new technology and ditching loss-making products and practices, while savvy entrepreneurs jumped into exciting high-tech sectors, spurring a boom in exports.

And it's been a resounding success. Portugal is the 46th largest export economy in the world and in 2016 Portugal exported goods worth \$55 billion.

While Portugal's European Union partners remain the leading buyers of Portuguese-made goods, exports to non-EU countries have doubled since 2005 and account for much of the growth.

Among these markets, the United States is especially important and remains Portugal's biggest non-European trading partner with U.S.-bound exports growing by almost 60% over the past 15 years.

Now, along with such well-regarded Portuguese industries as paper manufactu-



ring, wood products, cork, textiles, footwear, canned fish, cement, wine and ceramics, the label "Made in Portugal" can be proudly applied to the automotive, injection moulding, pharmaceutical, aerospace and IT industries, among others.

At the same time, delivering these goods rapidly and efficiently to both the domestic and international markets has been vastly improved thanks to huge investments in logistics, distribution channels and transport, making the country a major player in exports.

Ideal Location

But that is no surprise as it reflects Portugal's long experience in world trade thanks to its seafarers who set out hundreds of years ago to discover new routes to the East Indies, says Portuguese executive, Carlos Alves, co-founder and CEO of HFA Electrónica e Telecomunicações S.A.

"We are small, but we were the first country that came up with the notion of globalization 500 years ago and we continue that tradition now with our high-tech products and knowledge value," he says.

In business for more than 20 years, HFA is a subcontractor dedicated to assembling and testing state-of-the-art electronic and telecommunication equipment according to

its client's requirements.

"Our activities include assembling LED information displays, access control systems, production of automatic payment terminals and domotics, automation and control and telemetry and telematics," the CEO explains.

Working with the telecoms industry, HFA handles transmission and multiplexing of digital fibre optic and copper pairs, FTTx equipment; M2M equipment (IoT), analysis and quality management systems for telecommunication lines and digital terrestrial television.

In the transportation sector, the company custom assembles electronic traffic information systems, components for operation control systems and automatic ticket vending, passenger counting, stoplight control, GPS and fleet control systems.

"HFA is made up of several divisions and all of them work for the foreign market in some capacity," Alves says. "In recent years, our overseas work has grown, plus there is a lot of material we sell to other Portuguese companies, like Altice, which is then exported.

"Around 80% of what we do is for foreign markets and our main ones are France, Germany, Switzerland, Austria and others in Europe. We've also worked with some American clients."

Located in the northern city of Águeda in the Aveiro district with branches in Lisbon and

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Casarão, HFA employs around 600 people with the group billing 30 million euros a year.

“This is a good place for a company like ours as there is an IT cluster in Aveiro and we also have an excellent university nearby,” the executive explains. “There are a number of tech incubators and start-ups in the region so it’s a real centre of excellence.”

Alves attributes the success of the company to the high quality of its staff and how closely management works with the employees on the assembly floor.

And he sees the entire Portuguese tech industry going from strength to strength as the global market for its products and services grows.

“We’re seeing many foreign tech firms coming here and opening in Portugal because of the local companies that we have, not only in Lisbon and Porto but also in Aveiro and Braga.

“So I am very confident of the Portuguese technology industry which is proving so dynamic in the IT, electronics and telecommunications markets in both hardware and software. For international clients and investors in our sector, Portugal is definitely worth a look to really understand and see what is happening here.”

Natural Exporter

While Portuguese high tech is taking off, also doing well is a much more traditional industry: wood and wood products. One company, Balbino & Faustino, is riding the export wave to success with an annual turnover of around 40 million euros.

“This past year was very good for us, following growth in 2017 as well,” says Manager Marco Faustino, “and exports certainly helped drive those results.”

Founded in 1980, the company began selling its range of products outside Portugal six years later, first to Germany and Italy and then the United Kingdom, France and Spain. Today, Balbino & Faustino sells in some 15 international markets, including Chile and Mexico.

“And now we’ve taken a step into the United States where we have established



MARCO FAUSTINO

MANAGER OF BALBINO & FAUSTINO

“TO COMPETE WE’VE OPTED FOR QUALITY, INVESTMENT & PRODUCT DIVERSIFICATION”

ourselves in the state of Ohio. It’s an important step and we should have done it years ago,” the executive says.

“It’s a logical move as we have been importing oak and other woods from the United States for years and even sold some products in that market so it made sense to have an increased presence there.”

Export strategy, he continues, is not just part of the company’s DNA, but also a core part of its growth strategy.

“We have reached a point where we can always grow in the markets we are in, but we want to have new products in new markets and I see that in five years we’ll have more than one company outside Portugal,” the manager predicts.

At its operation centres and warehouses around Portugal, Balbino & Faustino produces veneer edge bandings and veneer edge boards, while it also distributes flooring, plywood, doors, laminates, sandwich panels and components and accessories.

Around 70% of the company’s turnover comes from wood-based products and components for the furniture industry, with unprocessed wood panels, veneer edgings and layons accounting for the remaining 30%.

These products turned out by the company’s highly-trained, 220-strong staff have gained a sterling reputation among customers but Faustino says that new competitors from Eastern Europe and China are now posing a threat.

“We can’t really compete on price with some of these other producers so we’ve opted to go for high levels of quality, investing in the best machinery and product diversification and that helps us compete with the best in all our current and potential markets,” he says.

The company’s careful choice of raw materials is also a factor in customer satisfaction with wood selected from sustainable sources and processing adhering to the highest standard of environmental responsibility.

“I believe all of this will ensure that we can continue increasing our business,” Faustino explains. “It’s all about wood which is a sustainable and unique product that we know and value for its characteristics.

“We do wood best and we believe we can continue to prosper by offering what we do best to the world.”

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Rapid Growth

Exports are also fuelling a rapid growth at Tecnobento Custom Engineering Services which designs, manufactures, installs and maintains machinery and equipment for the food, beverage, dairy, chemical and pharmaceutical industries, as well as for water treatment.

“Over the past three years, we’ve seen growth in countries like Spain and France, and we’re doing well in Angola which is now opening up following years of economic and political stagnation,” says Manager Nuno Bento.

“There are improved incentives and a freeing up of capital and Angolan customers now represent 80% of Tecnobento’s exports.”

In an ambitious programme to meet rising demand, Tecnobento has expanded its production facility in Arouca in northern Portugal from 1,000 square metres to 8,000 square metres.

“Before we had to hire out work to sub-contractors because we just didn’t have the room, but now we can do everything internally and we can diversify our current product line,” the executive says.

Tecnobento produces such equipment as pasteurisation systems, clean-in-place and sterilization-in-place (SIP) systems, tanks and reservoirs for a wide range of purposes, pumping stations, wine and olive oil production systems and many others.

Its services include welding, maintenance and repair, and component and accessories marketing.

“We’re mostly directed at the food and beverage industry and now we’re just getting started in pharmaceuticals and chemicals,” Bento explains. “And we’re beginning to work in the cork sector.”

The manager complains that the one concern for his company and many others in Portugal is finding workers, whether qualified or not, as the economy is doing so well, especially in the north.

“We’re in a region where the unemployment rate is practically zero and although it is tough to find workers it’s a good sign as it

means we’re enjoying good economic times.”

Bento also notes that unlike in the past, Portugal no longer offers vocational and technical courses to those young people who do not wish to attend university, reducing the number of skilled craftsmen like welders, locksmiths and others.

“Our company is still boosting production despite this labour shortage but we could be doing even more projects if we had the manpower,” he says.

Last year, Tecnobento had billings of close to 4 million euros and the manager expects that figure to increase in the future thanks to new export markets as the world takes note of the quality of Portuguese products.

“Portuguese companies decided to actively pursue more opportunities abroad after the country’s economic crisis and the realisation that our domestic market was so small, and we’re doing the same.

“I think this has spread the idea among foreign customers that Portuguese producers really have something to offer and can compete on a worldwide level,” he says. “And we all believe that the best is yet to come.”

World’s Oyster

Opening exciting new markets in regions relatively untouched by Portuguese exporters is the goal of Edol, one of the country’s leading manufacturers of pharmaceuticals, medical devices, cosmetics and food supplements.

“This year we’re already in around 40 countries and in places like Iraq and Ethiopia which most exporters wouldn’t think of but they’ve become very important for us,” says Export Manager Gonalo Terceiro Pimpao.

“And, of course, we’re present in Europe although Africa, and especially Portuguese-speaking countries there, is very much our focus.”

Exports account for around 20% of Edol’s annual turnover of 20 million euros with foreign sales growing at 15% per year. And that figure should grow as the company expands its production to meet expected demand from new global customers.

“This is our major challenge at the moment: to finish up this enormous investment we’re making to create new product lines and then work to penetrate new markets where we have been absent so far such as South America,” the executive says.

“In Brazil, for example, we’ve been looking for a partner for 20 years but now with



GONALO
TERCEIRO
PIMPAO

MANAGER OF
EDOL

“WE ARE ALREADY PRESENT IN FORTY COUNTRIES IN EUROPE, AFRICA AND THE MIDDLE EAST”

these new production facilities we’ll have the capacity to serve these new markets.”

One of Edol’s advantages in the global marketplace over sector rivals from other regions is quality, the export manager argues, because as its products are made in Europe they have to adhere to the European Union’s strict requirements for health products.

“So our quality is guaranteed. Regarding price, we make a great effort to be competitive with our European rivals and these factors have given us the advantage not only in Europe but also in Africa,” he says.

Pimpao predicts that Edol’s revenue will grow by 20% to 30% annually over the next five years, driven partly by a tripling of exports, reflecting his optimism about Portugal, its economy and its export sector.

“The Portuguese and Portuguese companies have so much potential so while we still have a lot of work to do, I know that we can achieve this.”

Competitive Solutions

Supplying highly technical and precise solutions to some of the most demanding clients in the world at a fair price has made TSF Precision Metalworking a success after almost 25 years in business, says co-founder and manager Fernando Moreira.

“We started out with the very ambitious aim of turning out high-precision machines for the nuclear, aeronautical, chemical, pharmaceutical and perfume sectors,” he recalls.

“However, it was hard at first because we were so small and so we could only serve the national market before we got a break and signed on with a large French group which was our first foray into the international market.”

But that group went out of business, owing TSF large sums of money. Some of the French group’s staff went off to other





PEDRO SOUSA & FERNANDO MOREIRA

MANAGERS OF TSF



firms and recalling the quality of TSF's work, re-established contact.

"So we were back in the export game and within five or six years more than 80% of our production was already for foreign clients," Moreira says.

"And now, 95% of our income is from direct exports to countries like France, Germany, Sweden, Austria and others in Europe and we're competing with some of the best companies in the business."

TSF's suppliers are also international and the company buys from the United States, Japan, Germany and France.

"We have specific parts, for example, being produced right now in the United States", the manager says.

Moreira and fellow manager Pedro Sousa expect turnover this year of around 8 million euros, a slight increase over 2018 which was another year of steady growth.

Based in the northern town of Vila Nova de Famalicão, TSF specialises in precision CNC machining, technical welding construction and equipment assembly.

"What has helped us in the international market is that we are very competitive in price and quality, as our machinery is so high-tech that we don't need so much manpower," Sousa explains.

"Also contributing to our success is transparency, customer confidence and, of course, the quality of the finished product," he adds.

"Portugal has always had a very strong tradition in exporting quality goods and the other European countries see our high-tech companies as being competitive in terms of price and quality, especially the metal-mechanics sector."

Can-do Attitude

Portuguese companies are keen on following the world-wide trend towards environmentally sustainable practices and products, and the chemicals firm United Group has embraced that ethos.

The group was founded in 2008 in the central coastal city of Figueira da Foz as United Resins to develop, produce and market gum rosin resin derivatives.

Four years ago, the company expanded with the establishment of United Biopolymers to bring to market the patented BIO-PAR® Technology which allows the production of a next gen starch-based bioplastic for both primary and secondary packaging.

"We're now the biggest independent gum rosin resin producer in Europe with sales last year of 30 million euros," notes CEO and con-founder Mendes Ferreira.

"Today, we are perhaps the most advanced factory in the sector with 98% of our production for export with most of it going to Germany, France, Sweden and the Benelux countries, and some to the United States and the Middle East."

United Resins produces derivatives sourced largely from the natural and renewable raw material gum rosin for the chewing gum, packaging, printing, adhesives, cosmetics, flooring, road marking and other industries under the Unik Tack™, Unik Print™, and Unik Gum™ brands.

"This past year we've been able to develop products and positions for new and existing customers and our market is certainly consolidating," the CEO explains.

"When we started, we had a portfolio of 50 clients taking 80% of our product but now we have ten clients taking that same amount. This is consolidation and within consolidation there are a great number of opportunities."

In an exciting development for the company and the future of green technology, the group has embarked on a project to open resins to other markets, namely bioplastics and biodegradable plastics based on renewable materials.



MENDES FERREIRA

CEO OF UNITED RESINS

"TO REPLACE POLYETHYLENE, OUR NEW FACTORY PRODUCES BIODEGRADABLE PLASTIC"



"At this moment the project has a new factory already built which is being conditioned for producing this new material that will replace polyethylene in such mundane items as packaging and shopping bags.

"And it is promising as countries such as France are moving to totally ban plastic for these types of applications, plus there is this growing public awareness about the need for a renewable economy," he says.

United Group has already made an initial investment in the project of 6 million euros which will grow to 20 million euros over the next five years and it is money well spent, the executive argues.

"I would say that the potential market for plastics from this new technology is much, much bigger than that for our resins and the technology can be licensed and the product manufactured worldwide."

"Our one challenge is that there will be a reluctance and a reaction to accepting this 'green' plastic because the price of biodegradable materials is higher than conventional materials.

"It seems that everyone wants to improve the environment but no one wants to pay for it."

But Ferreira is confident of success, based on what could be described as the "can do" mind set of the Portuguese. "Portugal has people of quality and versatility and when properly organised, we can achieve success in just about every field."

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TEXTILE SECTOR

THE REAWAKENED LOCAL TEXTILE INDUSTRY HAS EXPERIENCED PROFOUND AND SWIFT CHANGES

Over the past several years Portugal's textile sector has come roaring back after a low point in the not too distant past caused by years of decline due to a number of factors, plus the country's economic slump triggered by the global economic crisis a decade ago.

Now, industry executives say that a new entrepreneurial spirit throughout the sector, coupled with fresh confidence in textiles and clothing "Made in Portugal" by clients wary of low-cost alternatives ensures that the business is on the right track.

In its most recent report, the Textile and Apparel Association of Portugal, or ATP, notes the sector's importance to the Portuguese economy with almost 140,000 people working in the industry, representing 20% of employment in the country's manufacturing sector.

In 2017, sales results for textiles and clothing improved dramatically over the previous year, racking up a turnover of 7.5 billion euros with sales abroad worth 5.2 billion euros, accounting for 10% of the country's exports. Its five top overseas clients were Spain, France, Germany, the U.K. and the U.S.

Quite a change from the situation not so long ago when Portuguese manufacturers were hit hard by foreign rivals, especially from Asia while struggling with out-of-date manufacturing methods, a fall in domestic sales being and hindered by European customs rules.

Production fell by a third and the number of jobs in the industry was almost halved.

Key to the turnaround in the industry's fortunes were new business strategies put in place by Portuguese textile and clothing executives which included recapturing the industry's reputation for quality, pursuing foreign markets, installing state-of-the-art equipment, taking on production partners in low-cost countries and creating their own clothing brands.

"Nevertheless, there are exciting new opportunities created by the so-called 'fast fashion' business model which fits perfectly with the Portuguese textile industry's strengths that include

flexibility, adaptability, geographic and cultural proximity, short lead time response and putting custom service first."

"The industry", the association says, "has undergone three fundamental changes: shifting from competition based on price to competition based on value; differentiating itself by design, technological innovation and service; and switching from being order takers to solution sellers."

Innovative Textiles

New innovations in textile technology and non-traditional materials have been embraced by Têxteis Penedo, a manufacturer of items for the home and hotels, says General Manager Xavier Leite.

"Our move from more traditional production methods to those which are more technology-based came about because we saw a need to reorganize ourselves and formulate new structures," he explains

"In order to do this, we created a research and development centre and reached out to the University of Minho and the University of Porto. With these partners we've been able to evolve the technology we're using today."

One of those methods is known as ELS and is based on electro-luminescence technology which provides a perfect symbiosis between light, design, energy and flexibility.

Another key innovation uses LED technology that produces a flexible textile that is easy to handle and is ideal for decoration.

"Applying LED to fabric is a manual process but we have developed a robotic machine that does it all in one operation," the general manager explains.

"This has already been presented to the public and the machine is in the final stages of fine tuning. Once everything is ready we are going to demonstrate it this year at one of the big trade fairs in Frankfurt."

The company is also developing a fabric based on cork which Leite describes as an insulator and very resistant to wear and tear, with thermal, anti-bacterial and anti-allergic qualities. There is already interest from hotel clients for work uniforms. When recently presented to potential customers in Dubai, it arose a great interest.

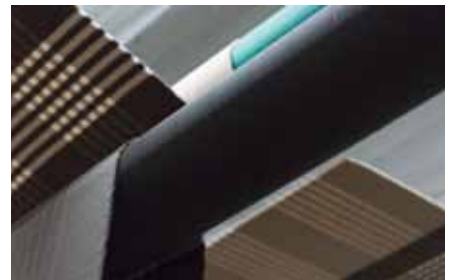
Têxteis Penedo's product line for the household includes bed linen, table linen, blankets, bedspreads and décor accessories like throw pillows, all in jacquard fabric, which



XAVIER LEITE

GENERAL MANAGER OF TÊXTEIS PENEDO

"OVER THE NEXT 3 TO 4 YEARS I'D LIKE TO HAVE 30% OF SALES FROM NEW TECHNICAL FABRICS"



le its hotel line includes sheets, blankets, bathrobes, table linen and other items for leading four and five-star properties.

Last year, the company posted a turnover of around 11 million euros with a significant amount of that coming from exports. The United States accounts for around 60% of total sales.

"Over the next three to four years, I'd like to have around 30% of our production from these technical fabrics I've mentioned and especially the cork fabric as we're the only ones in the world who are producing it," he says.

"It's clear that Portuguese textile producers like ourselves are coming up with great design and quality and we're reliable trade partners for our foreign customers who are seeking long-term business relationships."



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Reliable Supplier

Innovation is also a key factor in the Portuguese industry's rebirth and this is one of the guiding principles at Tintex which just celebrated its 20th anniversary thanks to steady growth fuelled by constantly improving its products and aggressive marketing tactics.

"We were the true pioneers in Portugal and in Europe as a dyeing service company and then we began offering finished knitwear," recalls CEO Mário Jorge Silva, one of the founders of the Tintex, who started in the industry at age 26 as the technical director.

Over the years, Silva has seen many other Portuguese textile firms fail when they could not compete in this often difficult market.

"In the year we founded Tintex, there were a lot of other dyeing companies but besides us only two of these have survived," he says. "What we did was make known our potential as a leading finished knitwear company using the most state-of-the-art technology."

Two years after it was founded, Tintex took a bold step which would establish it as one of the most innovative of textile firms and one that embraced sustainability in the sourcing of fibres for processing into knitwear.

"This ground-breaking fibre was Lyocell, which is made from wood, needs little water and is excellent to work with. We treated it for a Spanish company that was immediately impressed with the results," the CEO says.

"We set up a cooperation arrangement fusing their expert knowledge of the fibre with our expertise in dyeing."

Since then, Tintex has branched out into other natural fibres from plants such as corn, soy and bamboo and recently obtained certification for organic cotton.

The company's dedication to sustainability has been recognized by the Ellen MacArthur Foundation which groups brands, retailers,



producers and other players promoting what is called "circular" or recyclable manufacturing.

And Tintex is the only Portuguese company and the only knitwear producer worldwide invited to join the group.

To keep abreast of its customers' demands, the company has ploughed 7 million euros into investments in new technologies, including water-based lines to coat knits with elastic, water repellent or windproof coverings which are unique in the industry, providing a truly differentiated product for clients.

Such innovations are handled by Tintex's R&D department, staffed by a dozen of the firm's some 126 employees and who are continually investigating new materials and processes which could be adopted over the short term, always with their eyes on the future in an industry undergoing many changes.

"In addition to our in-house R&D department we work closely with scientific and technological entities so we are constantly involved in major projects and always developing innovative products," the CEO says.

At the same time that all of this was taking place, Silva and his team mounted a major marketing effort to reposition Tintex so clients would clearly recognize its value. "We launched a very well-structured campaign to refresh the image of the company and to communicate assertively and professionally to our customers what we were becoming and what we are now," he explains.

A heavy presence at international trade shows, branding and establishing an online presence are also part of the marketing scheme

aimed at grabbing the attention of young sector players such as designers, and of course the final target, the high street consumer.

"The international market has become very important for us and we are actively promoting Tintex and its products in northern Europe, which is our main market, and now we're starting up in the United States."

Looking to the future, the company is hoping to grow by some 20% through this year and into 2020 and expected to close last year with a sales volume of 13 million euros.

"I believe that within three years, we'll have grown dramatically from where we are today and be a significant supplier to not only northern Europe and the US but eastern Europe and Japan as well," Silva predicts.

"I would urge those international companies in the industry which are seeking out reliable suppliers to come visit Portugal, analyse what we have to offer and they will see that they can have full confidence in the excellent quality of what we are producing."

Cultural Advantage

Technology is also at the forefront of the success of Cottonanswer, success which has come fairly rapidly to the company which was started in 2013 just prior to the turnaround in the Portuguese economy which helped the firm get going.

"Over the past five years we've increased our turnover, grew our client portfolio and now we are at around 16 million euros in annual billing," explains CEO Antonio Santos. "We've already made a huge investment in renovating the company's technology so those costs are now out of the way."

That overhaul has boosted Cottonanswer's production capacity from five tonnes a week to 15 tons a day of fine textiles valued by its clients and aided by a firm commitment to creativity, vision and design.

And sterling service is a prime concern of the firm which strives to ensure that the customers always feels that they are special. That goal was behind the company's recent move

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to create client-focused, commercial units as spin-offs in a bid to forge a truly personal relationship with its purchaser base.

“There are two paths to success in this business,” the executive says. “One is customer service as each client has his or her special needs. And the other is fast delivery. If you can provide both of these, you have the ideal mix.”

Like other European textile firms, Cottonanswer faces stiff competition from Asia and other regions but the executive sees its European roots as an advantage.

“We have this great cultural advantage because as we are European we have a Western mind set and we can more easily perceive what our customers want,” Santos argues and identifies Turkey and Morocco as the greatest threat to European textile manufacturers.

“Turkey is extremely strong in textiles with a technical capacity which has a large German element,” he says. “At the same time salary costs are much lower than in Portugal and the devaluation of the Turkish currency makes its very difficult to compete on price.”

Morocco also has cheap labour and is close to Spain whose fast fashion clothing chains are major customers, Santos notes, arguing that while European firms like his cannot compete on price with these rivals, they can and do compete very successfully on quality.

It is all about market differentiation as a competitive advantage which means companies like Cottonanswer have to provide something others cannot, but they also have to keep an eye for rivals pirating their products.

“We always look out for and are very concerned so as not to deliver a product that can be copied easily,” the CEO points out.

“My vision is very simple. There are clear opportunities out there and as I’ve mentioned, one opportunity which we are pursuing is customer service, like the Italian textile firms have done for a long time.

“And another opportunity is supplying the mass market represented by companies like Inditex which you cannot ignore. So now that Portuguese manufacturers are back in the game, we have to grab these opportunities.”



Lead Times

One Portuguese company that has skilfully weathered the ups and downs of the local textile industry is Silsa which has been operating for 45 years. According to its administrator Rui Silva this longevity can be linked to quality and careful planning.

“These are perhaps the two most important factors for which I credit our success. We have always been recognized for offering our customers the highest quality goods and that has made us stand out from the competition,” he explains.

“And the other is our meticulous, long-term planning which has helped us cut the lead times as much as possible. This is the era of fast fashion in which we have to supply the customer almost immediately, that practice is definitely vital.”

Silsa’s super modern facilities operated by expert staff carry out pattern making, design, cutting, sewing, finishing, knitting and packing. The firm currently employs some 180 people at its Portuguese plant and another 80 workers at its assembly factory in Tunisia.

“We established a partnership in Tunisia in 2006 for subcontracting,” the executive recalls. “Our less expensive pieces are cut in Portugal then sent to Tunisia for assembly and final shipment to the customer.

“So our higher added-value products are done here at home and the lower value-added goods are finalised there.”

Last year, Silsa had a turnover of around 20 million euros up from 17 million in 2017, and the company is actively pursuing new markets as well as seeking to boost sales in its established markets around Europe.

According to Silva, executives took a look at exporting to the U.S. market but postponed

its decision because of the protective trade policies of the Trump administration.

“There is also a possibility that we would approach the Japanese market but that might take a little more time, although the new agreement between the European Union and Japan will help in that direction,” he says.

Quality and quick delivery are two factors attracting customers to Silsa and other Portuguese textile producers, but the sector’s widening embrace of sustainable manufacturing is also winning the industry applause and foreign customers.

“There is this trend concerning a sustainable economy with recycled and organic products and the brands recognize that Portugal is a leader in this regard. It is a path the country is on and I believe it is important to continue investing in this,” the administrator says.

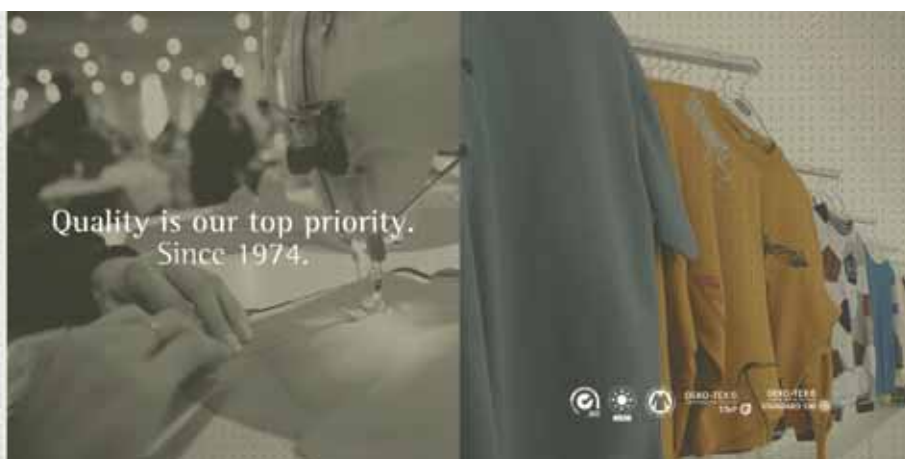
Looking ahead to the future of his own company, Silva says that the firm will attempt to sustain the growth it has enjoyed through strategies such as diversifying its client base.

“We are hoping that moves like that will help us achieve an annual turnover of 25 million euros, but we are always aware that this will depend a lot on what happens here in Europe and globally in the coming years.”

Sustainable Mentality

Adhering to sustainable textile manufacturing policies is the hallmark of Jadifex where Manager Pedro Dias boasts that the company has strived to be eco-friendly since it began a recycling programme for all its materials back in 1998.

“In addition to producing high quality goods and, this is our core as we follow new technologies and we are fully positioned for sustainability for many years,” he explains.



Along with recycling, Jadifex's two manufacturing facilities are equipped with solar photovoltaic panels, high-density roof panels with thermal and acoustic insulation, LED lighting; the replacement of the water heating boiler with a vapour recovery system and even electrical vehicles for the company fleet.

But the firm has also invested heavily in state-of-the-art machinery to turn out its highly regarded product line, technology that the executive says is vital for any textile company these days to survive.

"This is how the Portuguese industry has changed since the crisis years, through the mentality. There is more dynamism and more openness to new things like technology where there has been this huge evolution," Dias says.

"There has also been a transformation regarding image. The industry never looked af-



PEDRO DIAS

MANAGER OF JADIFEX

"IN ADDITION TO HIGH QUALITY, SUSTAINABILITY IS OUR CORE AS WE FOLLOW NEW TECHNOLOGIES"

ter its image like it does now which has been forced by the new paradigm in the sector."

Jadifex's worldwide client portfolio includes customers in major markets such as the United Kingdom, Germany, France, Sweden and Italy, billing around 10 million euros annually. "We worked with the United States for

a while but with their new leader and his current policies, it might take a big effort with minimum results in the end," he says.

Portuguese textile firms are doing well, but Dias cautions that the biggest challenge is human resources, especially regarding the backbone of the industry – the seamstresses.

"The education level in Portugal has increased enormously over the years," he notes, with more women staying in school longer and pursuing white collar careers.

"So I think that we'll have problems at the operational and sewing level, although qualified and mid-management staffing will remain the same."

"But I'm satisfied at the moment. I'd like to maintain our current level of business, ensure the quality of life of our employees and continue being proud of what we do," Dias says.

INTERVIEW WITH NUNO BENTO

Manager of Tecnobento Lda.

The custom engineering services company Tecnobento has been growing steadily, as its customary African clients continue to demand ever greater services, and the European markets shows a great potential for fresh growth in the wine and cork industries, explains the cofounder and manager of the young northern Portuguese company



How was 2018 for Tecnobento?

N.B.- The year of 2018 was quite good, as our turnover surpassed that of 2017, which was three and a half million Euro. Many of the ongoing projects will be reflected in the numbers for 2019 so we shall be growing.

Are you satisfied with your new facilities in Arouca, near Porto?

N.B.- Four years ago we were working in rented facilities with barely a thousand sq m of workable space. Our new facilities offer eight thousand sq m, with a height of 12 m, so it allows us to do all our work internally. Thanks to that we have recently entered into the cork industry, and we have installed now laser cutting machinery so we can take some work from other similar companies in this region.

How difficult has it been to attract human resources as you grow?

N.B.- We currently employ 36 people, and in some cases we have had to subcontract some of our work. At this moment it is very hard to recruit new employees, no matter what qualification we are looking for. Even if you search for workers with no experience, and try to give them training in-house, this has become one of our greatest challenges.

Will you continue on the African market?

N.B.- We will continue to solidify our strong presence in Angola, which represents 80 percent of our sales, yet we wish to increase our presence in other European markets. We want to penetrate the wine industry in Spain and

France, while in Portugal we have been making strides into the cork industry. We expect those markets to grow, yet for any foreseeable future Angola will continue to be our main market.

Are you interested in foreign partnerships?

N.B.- It depends, we never had partnerships of such kind before, yet as we venture into new countries we may be interested in contacting local engineering firms that know the market, create full industrial solutions for their clients and may be willing to subcontract part of their work to other suppliers. So such international partnerships would be welcome in order to help us grow in foreign markets.

How has the northern Portuguese industry been faring these last few years?

N.B.- The metal-mechanic industry in northern Portugal has traditionally been very strong, and it is so the case for steel transformation and industrial automation. Exports have been increa-



sing for all these industries and the workload has been going up for a number of years now. The rate of unemployment in this area is negligible, so I believe that we are going through an excellent economic period, and I am optimistic that the sector will continue to stay strong in the near future.

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LOGISTICS AND TRANSPORT

THE SECTOR HAS ADAPTED QUICKLY TO FOLLOW THE CONTINUED GROWTH IN PORTUGUESE EXPORTS

Portugal has long been a hub of world trade thanks to its prime location on major sea routes linking the Americas, Europe and Africa and its position as Europe's western-most mainland point.

The country has wisely exploited these advantages and today Portuguese companies are renowned for their expertise in European and international transport, whether it's by sea, air or land.

International Opportunities

A Portuguese firm which offers special transport needs around Europe and internationally is LASO Transportes which has been growing the past few years serving both the niche and general markets.

"Our core business is special and large transport but we are also involved in smaller cargo and groupage transport," Manager Pedro Pedrosa explains. "We've had some good years with turnover since 2015 growing by between 15 and 20% per year."

Much of that business comes from transporting such major items as wind turbine blades, heavy construction machinery, public works infrastructure components and mammoth factory parts, aeronautical components and even pleasure boats.

LASO Transportes deploys a fleet of



around 1,800 highly specialized vehicles for these tasks, including vehicles which can carry up to 200 tonnes and tractors capable of towing as much as 250 tonnes. Annually, the company's vehicles move 2 million tonnes over more than 50 million kilometres in countries around the world.

The company's other services include carrying out road surveys, consultancy for research and technical assessments of the conditions necessary for errorless transportation, and integrated management of road, rail, sea or air transport from origin to destination.

Employing some 850 people and headquartered in Casais da Serra - Milharado, north of the Portuguese capital, the firm has a branch in Porto, and maintenance and fleet centres in Casais da Serra and Cacia.

But, the executive says, the company's best opportunities are international.

"At the moment, our business is about 50-50 between foreign and domestic business. But it appears the future will be outside Portugal. In our country there haven't been any large public works projects since the crisis which provided us with a lot of work, although we still managed to grow with our private clients."

The company has been active internationally for years and has a major operation in neighbouring Spain with three centres located in Madrid, Valencia and Badajoz. LASO Transportes also has a branch in Morocco which Pedrosa sees as its opening into new markets in the region.

"We have easy access to Morocco from southern Spain and there are transport challenges there but it is still the most European of African countries. We also operate in Mozambique where lately the results are not so great, however we believe there will be a turnaround in business there fairly soon," he says.

"When we consider whether or not to go into a foreign market, we look at it very carefully and follow the customers. In Africa, for example, LASO has accompanied European wind energy firms setting up operations there."

In addition to these operations, the company has a subsidiary in Senegal and has ca-



PEDRO PEDROSA

CEO OF LASO TRANSPORTES

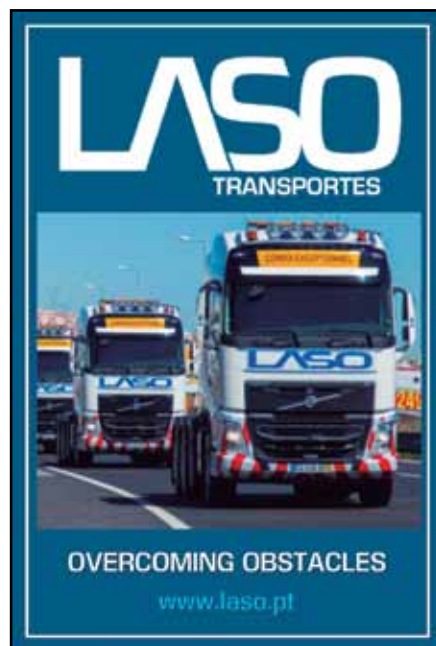
"WE HAVE ACCOMPANIED EUROPEAN WIND ENERGY FIRMS SETTING UP IN AFRICA"

rried out projects in South Africa, Cape Verde and Nicaragua, amongst other countries.

While his company expands abroad, Pedrosa sees challenges closer to home and one in particular affecting Portuguese companies in many traditional sectors: difficulty in attracting the country's increasingly well-educated young people as employees.

"There is a problem in finding people who want to make driving a career," he complains. "It is getting harder to find drivers as it is a profession which is not attractive to young people and I think this is something which will only grow worse in the coming years."

But the administrator is still bullish on the future of LASO Transportes, noting that the company has made major investments in equi-



ment, infrastructure and vehicles, along with a new headquarters that opened early this year.

“We are investing and the prospects are that the next few years will be good ones. The market is strong and you need companies like ours to get the goods to wherever they have to be. We venture, we risk and we go.”

Far East Pioneer

“Providing freight forwarding, customs brokerage, and consultant services from the Far East was the initial idea behind Portocargo when it started up back in 1990, at a time when very few Portuguese companies were working in that part of the world”, recalls CEO Mário de Sousa.

“Very few importers worked directly with the Far East as they turned to traders in Germany and the Netherlands to buy goods there,” he explains. “There was a total lack of knowledge on how to buy directly from that region. We felt that there was a real gap here, and a true business opportunity.”

“To be more accurate, we opened the company to act as customs brokerage in the Netherlands, more precisely in Rotterdam, when, simultaneously, the opening of China to the world economy begins. Thanks to the know-how we had already acquired on these matters, we effectively became a reference company in the market,” the CEO recalls.

Nowadays, Portocargo manages cargo all around the world, using different ways of transport, individually or combined - that is, multimodal -, always adapting the solution in accordance to the needs of each customer, and also taking into consideration the type of commodity to be carried and the effective timing required.

The company did suffer from the economic crisis of a decade ago, not only in its domestic market but also in other countries where it was very active. Portocargo expanded rapidly until 2010 when the full effects of the crisis took hold, triggering the collapse of many exporters and importers and a big drop in international trade.

And then some years later, the oil crisis hit some of the biggest markets when it came to the import and export trade. As a result of this, the company saw its business reduced by 80% relative to freight traffic in some of these markets - such as Angola, for example.

“After all of this happened, we were forced to approach new markets and develop fresh businesses and one of the first steps was to seek out exporters in sectors we had not worked with before,” de Sousa says.

Today, business is increasing, especially in the Middle East and the USA where growth has been very positive and promising, while



“IN THE 1990’S WE OPENED THE DOORS TO CHINA FOR PORTUGUESE EXPORTERS”

the domestic market has really taken off as Portuguese exports of many traditional manufactured products such as textiles, footwear, metal goods, plastics, moulds and auto parts are growing.

“For example, many companies in the textile, footwear sector and seasonal goods left Portugal because of high labour costs and were moving to cheaper countries such as China. But now China has become more expensive, and this fact coupled with the logistical difficulties regarding deliveries because of the distance has led many of them to return here,” he explains.

“This is especially important for those European retailers, such as fashion companies, which need to switch out often their



stocks in stores, as it’s harder to do it using factories in China. After all, in this way, the logistics process will always be more complex, not only because of the distance but also because Chinese companies normally require larger orders.”

Portocargo works in sea freight, air freight, overland, supply chain solutions, multimodal - NVOCC- as well as international trade consultants and managing customs formalities. Last year it had a turnover of 15 million euros.

Challenges facing the company include the effort to evolve technologically, which Portocargo is actively doing, so it can improve its ability to adapt to the needs of each and every individual client.

“There are ongoing training programs to ensure that employees become experts in state-of-the-art technology, which enables them to generate added value for the company and our clients and partners”, the CEO says.

“It is then crucial to keep in mind that the technological improvement of a company comes also with new demands when it comes to managing the supply chain solutions. With our assistance, the customers can focus on their core business, which also allows them to become more competitive within their own industry, paying attention to other vital issues to their business”, de Sousa explains.

The CEO sees these efforts as the best path to stay competitive in the industry, and their customer satisfaction is evident as 73 percent of the company’s revenue comes from long-term clients, those who have been with Portocargo for more than 10 years. This fact corroborates the capacity and seriousness of the services provided by the company, as well as the knowledge and technical capacity of its staff.

“That’s why we focus on small and medium-sized companies, which are the majority in Portugal, and not the big multinationals operating here. For a very simple reason: in most cases, for the multinational businesses operating in our country nowadays, the crucial decisions to close a deal are not taken here”, de Sousa states.



HENRIQUE CARDOSO
MANAGER OF LUSOCARGO

“PORTUGAL HAS BEGUN EXPORTING TO MANY MORE COUNTRIES THAN BEFORE”

Organic Growth

Portugal's growing trade links throughout the world are credited by another sector executive with fuelling the growth of his company and the entire local transport industry.

“Over the past several years, Portugal has begun exporting to many more countries than was the case before and it is natural that our company would benefit from this,” explains Lusocargo Manager Henrique Cardoso.

“Traditionally, Western Europe was the main destination for Portuguese exports and there were no real trade links with other regions. But today, trade with the Far East, India, Africa, Latin America, Canada and the United States has substantially increased.”

Regarding exporters, the local automobile and parts sector is becoming more and more important for companies like Lusocargo as that industry grows in Portugal and he says these same manufacturers are also boosting their imports of raw materials and other components.

The executive notes that there was a slight decline in business last year, but Lusocargo still managed to grow. In 2017, the company had a turnover of 85 million euros, largely from its freight forwarding business.

With four operational centres in Portugal and one in the Netherlands, the company's more than 300 employees manage customs services and legal representation, logistics and the air, land and sea transport operations.

“We've been in business for more than 30 years but it has been in the last decade that we've seen incredible growth, doubling in size regarding personnel, billing, the number of shipments and facilities,” Cardoso says.

“Lusocargo has always grown by taking advantage of market opportunities in an organic way and not through acquisitions. But we are open to partnerships with foreign firms.”

Cardoso sees the company's main challenge as attracting qualified staff and changing the culture and mentality of Lusocargo as it

embraces the digital revolution to apply to a wide range of tasks including tracking the location and status of its clients' shipments.

“And these days, more and more manufacturers are outsourcing activities like logistics and storage whereas in the past they would do everything themselves. But now,” the manager says, “companies want to focus on their products and hand over these activities to outfits like ours.”

“So whereas before we were dedicated to customs and then transport, now we have to do it all. That means we have to invest in things like warehouses and equipment in Lisbon and Porto which have grown so much. But we're happy to do it as it adds value to our services.”

Cardoso sees a bright future for Portugal as it emerges from its economic and financial struggles which he believes forced the Portuguese to take stock of what they needed to do to get back in the game.

“Nowadays, Portugal has a great image internationally as a serious and capable country and I expect this will aid our economy, our sector and our company,” he says.

African Focus

Since ancient times, the Portuguese have been recognized as masters of the seas and such historic figures as Vasco da Gama, Pedro Álvares Cabral and Ferdinand Magellan were instrumental in opening up the great era of ocean exploration in centuries past.

Such proud maritime traditions are carried on by Portuguese companies such as TMB (Terminal Multiusos do Beato) Group which operates one of the country's biggest port facilities in Lisbon.

“We began as a port operator in 2000 and now have expanded with four different terminals and then invested in the shipping agency Portmar and now also work in logistics and the cruise business among other related activities,” explains TMB and Portmar CEO Sebastião Figueiredo.

Portmar operates from the country's main ports: Lisbon, Porto, Aveiro, Setúbal and Funchal, as well as from subsidiaries in Africa. This strategic presence in main Portuguese-speaking countries ensures the agency's efficient offer of integrated shipping solutions throughout these markets.

“There were a series of port strikes here which hurt business for everyone but now its peaceful and in 2018 we noticed an increase in terminal activity thanks to the uptick in the economy,” he explains.

Located on the north bank of the Tagus River, with direct connections to the main national and international highway networks,



the TMB terminal has two internal rail tracks directly linked with the country's main national network allowing unrestricted circulation around the country and beyond.

As a multiservice terminal working with all types of cargo TMB handles solid bulk, liquid bulk, grains, cement, oil, wine and bio-diesel, along with wood, stones, pallets, steel products and pulp and paper.

Vehicles and heavy equipment are also within TMB's capabilities as well as containers.

The terminal boasts 500 metres of berthing quay and a total area of 20,500 square metres. Its warehouses have a 20,000-tonne capacity for bulk agricultural products with temperature control and four refrigerated and freezing rooms with a 2,100 pallet total capacity.

“Amongst our various companies we see most growth at the Lisbon logistics terminal and we are also present in the port of Aveiro which is just taking off,” the executive says. “And our shipping agency Portmar is also growing.”

Figueiredo argues that Lisbon's growth as a transport centre makes perfect sense as it is the country's hinterland, the richest and most populated region and there are a lot of TMB's industrial clients concentrated there.

“I think this growth is sustainable as imports are up thanks to the health of the





economy while at the same time we're seeing more exports to the African lusophone countries like Cape Verde, São Tomé and Príncipe and Guinea-Bissau."

"We've seen growth in our activities in Africa of around 15% over just three years."

The CEO says that Africa should play a major role in the group's future as it could offer logistic services there to some of its current shipping clients. A partnership would also be a wise move.

"I'd like to work with an international partner who could take advantage of our added value which is our knowledge of the African market," he explains. "We've been approached by some Portuguese firms for potential tie ups but I think an international partner would be best."

Road to Success

International transport is one of the key activities of Autotranscais which is specialised in automobile transport and covers Europe from its base in Cascais, north of Lisbon.

"We do a lot of cabotage, mainly by transporting new cars from Spain to France, or vice-versa, and we're heavily involved in moving automobiles to trade shows and special events," explains Manager Frederico Gomes.

"Many of our clients are some of the big multinational assembly plants here in Portugal so you could say that the transport of new cars is our bread-and-butter business."

Founded in 1987 by Frederico Gomes' father to transport individual automobiles, the company expanded into working with insurance companies and then providing travel assistance.

This service includes towing broken down or damaged vehicles, small on-site repairs and storage of damaged and new cars, while its newest sector is in the area of road safety

and environmental protection, cleaning debris and spills from road accidents which allows traffic to be restored safely and help preserve the environment.

Today, Autotranscais employs 52 people and has a turnover of 3 million euros, mostly from foreign clients, with business growing between 5% and 10% annually.

"Our greatest difficulty is attracting professionals, qualified people to work. First of all, the European Union has created more regulations regarding those who want to enter the profession," he says.

"And secondly, people don't want to enter this line of work because they're on the road the whole time a long way from home, far from their families. It's a profession which was attractive to the older generation, but young people these days aren't interested."

"But I'm optimistic," Gomes says. "Portugal is a country where one can invest with confidence, there is a lot of development and we are seeing exciting start-ups. So I'm very bullish on this country's prospects."

Niche Markets

While most other transport companies go after the big exporters and importers, one firm, Incotrans, is more interested in the niche markets, seeking out clients that the bigger operators cannot be bothered with, CEO Bruno Fonseca says.

"I like to go after these smaller, more specialized customers because very few of our competitors are interested in these but they can often be more complex."

"For example, we have been working for the pharma and medical sectors for many years and last week we had the challenge of placing a two-tonne machine in a hospital up ten flights of stairs," he recalls.

Bruno Fonseca joined the company, which was founded 32 years ago, in 2014. A small firm then with only six employees, it now has a staff of 16 and is tripling its office space and building a much expanded warehouse.

Incotrans operates in six areas: air, sea and land transport, customs, logistics and storage. Last year it had a turnover of almost 3 million euros, largely from Portugal's competitive pharmaceutical and medical devices industries which account for 50% of its billings.

"We have now started working with the food sector, and we're handling several pro-



BRUNO FONSECA
CEO OF INCOTRANS

"SMALLER AND SPECIALISED CUSTOMERS CAN OFTEN BE MORE COMPLEX TO SERVE"

ducts for its distribution in Portugal," the CEO explains.

"And this year we have developed into the automotive sector which not everyone is able to serve. It can be very demanding because if a part doesn't arrive on time, the assembly line shuts down. But I like these challenges."

As can be imagined in a small country like Portugal, the freight market is highly competitive with both multinationals and local companies vying for business.

Bruno Fonseca claims that while the multinationals have the benefit of greater bargaining power, local firms like his company have an advantage in being able to forge the close business relationships that often result in contracts.

"So the freight business here is doing well for most players in the sector. Some companies have dropped out but with both imports and exports doing so well, the road is definitely towards growth."



INTERVIEW WITH LURDES SILVA CEO of Fersil Group & Fil Tubos Angola

As the Portuguese economy recovers, piping manufacturer Fersil is taking advantage of the favourable market conditions to continue its expansion into African markets. While its Angolan company Fil Tubos already stands on its own, the group has expanded into Mozambique and is looking at the DRC as its newest challenge



How have the last three years been for Fersil group and Fil Tubos Angola?

L.S.- In Angola our local plant has kept on working under the name of Fil Tubos, serving the local market. In Mozambique we have started a commercial operation, with our own warehouse, but at a smaller scale than Angola, as the market is pretty slow at the moment. From our base here in Portugal we have been expanding our exports to other countries in Africa.

What markets are you targeting in Africa?

L.S.- We are currently working on Egypt, as well as Ghana and Senegal, and the countries bordering with Angola, as we believe they have a great potential for growth. They already represent an important share of our total sales.

What other African markets will you be betting on in 2019?

L.S.- We are actually very focused in Africa, and will continue to be in the future. We are particularly interested in being present in the Democratic Republic of Congo, just north of Angola. It is our major bet at the moment.

Have you been affected by the crisis in the Angolan market?

L.S.- Since the beginning our Angolan operation is independent from the Portuguese one, so it has its own accounts and it is geared towards the local market. So while these last few years the Angolan construction market has been weak, our production there is local and Fersil has not been affected. Fil Tubos Angola produces and distributes for the Angolan market only.

How has the change in the Angolan political leadership and economic reforms affected your business there?

L.S.- At the political level there are a number of initiatives regarding the economy that I believe are bearing fruit. Over the last few months we have noticed a very slight increase of the demand in the construction sector, but I believe this recovery will still take time and it may need another two to three years to regain the previous level of activity that we used to have. We are committed to the Angolan market so we hope to ride the wave once it arrives.

The Portuguese exports and tourism sector have been growing rapidly recently ...

L.S.- That has improved the image of the country and I believe it is extremely important! The general awareness of Portugal has improved tremendously thanks to the tourism boom.

Have you noticed this improvement with your customers?

L.S.- Yes, and now everybody knows where Portugal is on the world map. While this has not helped our exports directly, it is clear that there's the political will to earn an international recognition and that can only be positive.

How has 2018 been for Fersil Group?

L.S.- As far as the company in Portugal, it has proven to be a good year, and we have surpassed the fifty million Euro mark in terms of Sales.

Is this due to a recovery of the market?

L.S.- Well, public works has not yet made a comeback, but we are experiencing a strong recovery in the rehabilitation market, as the recent tourism boom has been pushing for the reconstruction of old houses in city centres.

The Portuguese job market is able to provide for your growth needs?



L.S.- We are currently at a situation of almost full employment and our population is gradually becoming older, so there's a clear lack of human resources available. It has really become a great problem, so in order to solve it we are trying to bring people from different countries, and we have even some refugees working with us at the moment.

Is this need present for all types of jobs?

L.S.- Yes, it is company-wide problem. We need technicians as well as basic labour, for the day shift as well as the night shift. All positions are very hard to find, so we are turning towards international recruiting.

Have you considered opening new plants outside of Portugal?

L.S.- Not right now, but we may decide to open a factory in Mozambique later on as we already have the warehousing facilities. There we are currently importing from Portugal, as importing from Angola is much more expensive, despite the shorter distance.

Are you confident that the recovery of the Portuguese industry will continue?

L.S.- Yes, indeed. We have the technology, we have the education institutions, as well as a long coast line which opens the way for Portuguese industries to export its products anywhere in the world, all those are advantages that we can truly based our industries on.

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**INTERVIEW WITH MR SERAFIM COSTA
PRESIDENT OF GEONEXT**

For over four decades, this industrial and commercial concern, based in northern Portugal, has carved out a commendable position in the extremely competitive lighting sector. Branding, innovation and a focus on customer service are some of the keys to Geonext's success in the local and foreign markets



What's the business model of Geonext and how is it working out in present times?

S.C.- *Our company's business model has remained the same since its foundation four decades ago, in 1982. We operate in the demanding lighting and electrical materials market, where we hold a paramount position based on the quality and innovativeness of our products.*

Currently, Geonext is going through a positive development phase, specially taking into account the different urban regeneration projects being launched throughout Europe, particularly in Portugal.

Our company's growth is based on distributing good products complemented with the good added value service that we provide, so we believe that we have growth prospects both from the industrial and a commercial standpoint.

At Geonext, innovation is a constant concern in the development of our products. In an ever evolving market, we strive to create, develop and update our products with the most recent technologies and materials.

We pay particular attention to the sturdiness and reliability of our products, while our design is aligned with the most recent market trends. Additionally, we give to all of our customers the added value service that helps them find the most suitable solution for each of their projects.

How relevant are international markets for Geonext's growth?

S.C.- *Geonext's growth in international markets has been a challenge that we have eagerly undertaken. Even with its inherent difficulties, we have kept our focus in foreign markets and we will continue to strive to make our brands better known and more widely distributed worldwide.*

In what foreign markets have you managed to break into?

S.C.- *The international markets where we have experienced the largest penetration are those where Portuguese is the official language. Our brands, such as Lumitek, Luxtek, BlinkPro and Fillday, are already present in 17 countries across several continents, and our total foreign sales account for more than thirty percent of our business.*

As for the Portuguese market, what is your main strategic focus?

S.C.- *We have actually based the sustainable growth of our products on the renown of our highly respected brands. They are considered benchmarks in many markets due to their high quality, reliability and innovation.*

How important is your image in the local and foreign markets?

S.C.- *Geonext aims to continue offering its products with accreditations from the competent authorities, as well as with the recognition obtained from reputed local and international architects, in order to better serve the lighting and illumination sector of the 21st century.*

Have you obtained any public support for your expansion plans?

S.C.- *Different support programs such as Portugal 2020 and Compete 2020 have contributed effectively to Portuguese business, and I consider they had a very positive effect. We also believe that as long as these programs continue to be properly applied, they will help the growth of mid and long-term Portuguese exports.*

What are the main challenges for the Portuguese companies today?

S.C.- *The Portuguese companies that have achieved international success have done it so with many sacrifices and a strong spirit of tenacity. Yet, Portugal's international competitiveness is still poor, particularly in the industrial sector.*

Despite the little support we are receiving we are not giving up, as Portugal is proud to have entrepreneurs with an enormous spirit for self sacrifice who don't give up and never turn their backs when faced with a struggle.

What other challenges are on the horizon for the Portuguese Industry?

S.C.- *As Portugal is part of the European Union, we are looking at Brexit with some apprehension. It is still early to know what effects this will have on the commercial exchanges between the member states and the United Kingdom. Whatever agreement is finally reached, we are still confident in the future, as new routes are always open up when old ones are closed.*

Following a similar pattern, the recent crisis between the United States and China regarding their foreign trade with each other places the European Union in a position where it will be forced to take up a stand. While we Europeans are US allies, we must remember that China has been an important partner and investor in European companies, particularly in Portugal.



AUTOMOTIVE INDUSTRY

THE PORTUGUESE AUTO INDUSTRY HAS IMPROVED ITS COMPETITIVE POSITION

Portugal does not immediately spring to mind as an important European automobile and auto parts production centre, but the country hosts four major multinational producers and tens of thousands of companies involved in the automotive sector.

In fact, it is a core industry for Portugal and Europe as well, representing 4% of the country's total GDP, accounts for over 124,000 direct jobs, has an annual business volume of almost 24 billion euros and more than 21% of total fiscal revenue.

And the industry is not only serving the domestic market as 96% of vehicles and components are shipped to foreign customers, representing 11% of the country's total export volume.

In 2017, vehicle production hit 175,000 units from the country's four principal car



Finish milling of the core of a injection mould, ready to produce car dashboards. Photo by Geco Moldes

manufacturers - Toyota, PSA Peugeot/Citroën, Mitsubishi FUSO Trucks and the largest one, Volkswagen Autoeuropa - members of an industry cluster that is supplied by the country's vibrant and world-class component sector.

According to the Portuguese government, the automotive and auto parts industry is fundamental to the future of the economy because of its diversity, job creation, contribution to exports and its role in boosting Portuguese industrial innovation and creativity, high-tech development and knowledge.

"Naturally, the incorporation of technology and knowledge in this sector is linked to

the higher education and research centres in Portugal, creating a unique value chain that starts with knowledge and ends in qualified jobs and wealth, throughout all the country's regions," the government says.

Long Tradition

Contributing to Portugal's reputation abroad for quality products is one of the hallmarks of Geco Moldes, a company specialised in the manufacturing of injection moulds for the production of plastic parts with sales all around the world.

"One could say we started as a multina-

An advertisement for Geco Injection Moulds. The background is a dark blue gradient. On the left, there is a close-up, high-angle shot of a large, polished metal injection mould. In the center, the Geco logo is displayed, which consists of a globe with the word 'GECO' in white letters across it, and the words 'PLASTIC INJECTION MOULDS' in a circular arrangement around the globe. To the right of the logo, the text 'PLASTIC INJECTION MOULDS' is written in white, with the website 'www.geco-moldes.pt' below it. Below the logo and text, a quote in orange and white reads: "Technology, like art, is a soaring exercise of the human imagination" Daniel Bell. In the bottom right corner, there is a photograph of a red industrial machine, likely a moulding machine, with various components and wiring visible.



ANTÓNIO FRANCISCO FEBRA

PRESIDENT OF GECO MOLDES

“WE HAVE MANUFACTURED MOULDS FOR ALMOST EVERY COUNTRY IN THE WORLD”

tional because as a young man I was working for a company in Britain to finance my studies there to be an English teacher,” recalls founder and president António Francisco Febra.

“I was working in the company’s plastics moulding department when the CEO and owner challenged me to take some templates to Portugal and make the moulds there. Which I did and so I began making moulds here in Portugal at home.”

Fifty years later, Geco Moldes today comprises 14 companies manufacturing and selling a wide range of moulds for the automobile industry for vehicle exteriors, interiors and engines, as well as for clients in the electronics, packaging, pharmaceutical, aerospace, home appliances and housewares, gardening and other industries.

The company is able to produce moulds in an array sizes weighing up to 45 tonnes using such technologies as bi-component injection, gas assisted injection, MuCell assisted injection, over-moulding, back-injection and multi-well injection and quality is certified accordingly to the International Standard NP EN ISO 9001.

“Once I realised my success in selling moulds, I travelled to Japan, India, China and all over Europe on sales trips and the company became truly global from then on,” the president says. “Now we have manufactured moulds for almost every country in the world.”

A 16.000-square-metre production area at its headquarters in Maceira, near Marinha Grande, is expanding, along with the group’s offices and design and development facilities.

It also has maintenance or sales offices in the United Kingdom, the United States, Germany and Mexico, and exports to countries as diverse as Sweden and Iran, Russia and South Africa.

Annual turnover averages 17 million euros and the group employs a total of around 310 people at all its operations.



“We are proud to say that Geco Moldes really bets on young people when it comes to employment and many are under 30”, Febra says. “Once people are hired, they undergo two years of continuous training which creates a very strong culture of quality throughout the group.”

The group pays its employees an average monthly salary of some 1,500 euros, well above most of the rest of the industry and the management meets regularly with the workforce for brainstorming sessions and hands out awards for meeting quality and production goals.

“Along with guaranteeing the quality of our workers, we also buy the most sophisticated machinery and technology so as to ensure our clients they are getting the best,” Febra says.

Geco Moldes closely works with its customers from the time they contract the group for a specific product all the way through the design, manufacturing and testing processes, making sure it meets all the client deadlines. There is also close monitoring by the after sales service division.

The president says he understood the importance of quality work while obtaining a degree in aviation mechanics, a field in which he says he learned that absolutely everything has to be correct and work right.

“If there is a broken transistor, a disconnected wire or whatever, there will be a disaster so I have implemented a very rigorous system in my company.”

Automotive and plastics companies are Geco Moldes’ main customer and 2017 was, in Febra’s words, “spectacular in terms of orders.” But last year, sales were down as the automobile industry faced its own challenges.

“However, now the market is moving and we’re getting in a lot of orders while other companies are suffering,” he explains. “So this year looks pretty good for us.”



VIRGÍLIO BARBEIRO

CEO OF PMM MOLDES

“ASIAN PRODUCERS DO NOT HAVE OUR KNOWLEDGE, SKILLS, AND VERY LONG EXPERIENCE”

Customer’s Trust

Another Marinha Grande-based mould manufacturer on a roll is PMM Moldes, which got its start back in 1987 mainly exporting to the US market. For the last 10 years the company has been growing two digits per year thanks to the new H. T. machinery as well as innovating and doing differently every day, explains CEO Virgílio Barbeiro.

“Back in the 80s, our American clients were buying a lot of moulds from Portugal. The PMM team was in charge of performing mould design conception, following up the tools production, test, till shipment, for nearly 100 tools per year to the US market,” Barbeiro recalls.

“But then the crisis in the plastics industry came and our clients dropped or moved to China. So we moved towards the European market and focused our efforts especially on Germany, now our biggest market.”

At first, Germans costumers were reluctant about buying from a new small Portuguese mould maker, but eventually they gave PMM the benefit of the doubt. With its experience in the American market, the company was able to fully satisfy the demands of its new German customers.

“I still remember at the time the difference between the American customers who wanted the parts to be fitted well, and the new Europeans customers who wanted to have the parts per print no matter what,” he said.

Now, the company posts an annual turnover of over 3 million euros and along with Germany is a major supplier to clients in Russia, United States, Hungary, Poland, Romania and France.

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“Due to our constant performance we’re enjoying a solid and strong growth. We attribute this to the trust and confidence our customers have in PMM Moldes,” the CEO says.

“What we do is innovate, creating new ways of doing difficult things easier, by producing the same tool faster, better and more profitably, and that means cheaper for the customer. If we can’t do that, then many of our customers will go and do it in China where they have the best machinery and thousands of workers.”

“Our main advantage is the experience, skills and knowledge of being in the field, having all kinds of challenges, working together shoulder by shoulder as a team, and working with our customers to get the perfect compromise and quality”.

Barbeiro says his idea of innovation is a constant and full training of its employees, twenty percent of which are engineers, by using the most modern and very best technology, and constantly updating its software.

PMM Moldes’ main product line is aimed at the automotive sector, but it also manufactures moulds for producers of packaging and housewares, piping, gardening and irrigation, electronics and domestic appliances, as well as medical, health and sporting goods.

Its integrated solutions include product engineering and development, tooling design, tooling manufacture, injection and production tests, and the company carries out injection of polymers, elastomers and aluminum alloys, bi-material injection and gas-assisted injection and stack moulds.

“And we are particularly proud of our ECP - ElectroChemical Polishing - process, which is unmatched in its ability to remove thermally affected layers caused by the EDM process and giving a shiny finish surface on the molding surface of moulds and dies,” (see www.pmm-moldes.com on the ECP area) the CEO says.

With PMM Moldes performing so well at present, Barbeiro is confident business will continue to steadily increase.

“Everything is going great and in fact we’re doubling our facilities so we can better fill our orders,” he says. “We continue to have new customers knocking on our door as they hear of our reputation from other companies we’ve worked for. So I have every reason to believe that we’ll keep growing.”



JOÃO PEDRO
CONCEIÇÃO

GENERAL
MANAGER OF
DINEFER

“THERE’S A GOOD PRICE-QUALITY RATIO IN OUR OWN ENGINEERING AND MANUFACTURING SKILLS”



International Growth

Growth in international markets is the key goal for Dinefer Engineering and Industrial Systems, SA which designs and manufactures control equipment for the automotive wire harness industry.

Having just celebrated its 30th anniversary in the sector, the Castelo Branco based firm now operates in five countries besides Portugal and foreign customers will continue to be the core of Dinefer’s business, according to General Manager João Pedro Conceição.

“For the past 20 years, 90% of our billing has been from our exported products and there is not that much business for us in Portugal. So our main focus will always be our clients abroad,” he says.

“However, we still manufacture most of our products here in Portugal and it is relatively easy for us to supply our foreign operations.”

Dinefer has operations of various sizes in Slovakia, Romania, Tunisia, Morocco and India, and counting the main headquarters and production facility in Portugal, Dinefer employs around 170 people.

“In India, for example, we have a different configuration with a facility and a technician. The bureaucracy there can be a bit more

complex and with the amount of work we have there, we’ve decided it is best to work in this way,” Conceição says.

“There are two other very interesting countries which a company like ours should be able to do very well in,” he continues. “The first one is Mexico which could also involve the United States and Canada, all three of which are very attractive automotive markets.

“And the second is China which is huge, of course, although at this point I do not feel like exploring it as it is going through a complicated phase and so it is not the ideal time to be there.”

Dinefer’s customer list is impressive and includes Delphi, Yazaki, Lear, Leoni and Cofat, along with their final customers which comprise most automobile makers in the world such as Ford, Volvo, Jaguar, Tata, BMW, Fiat, Citroën, Honda, Mitsubishi and many others.

The general manager admits that his firm operates in a very competitive sector especially regarding costs but he believes that customers value Portuguese companies like Dinefer for a variety of reasons.

“I have no doubt that we Portuguese are very good at what we do. The best Portuguese companies are at the same high level as most European companies. Our education system is excellent and I also think we have a certain gift for working with people from other countries, other cultures,” he explains.

“There is a good price-quality ratio in terms of our engineering and manufacturing skills, and when these are combined with solid management the result is extremely interesting, which is why you can see such prestigious and demanding German companies as Siemens and Bosch operating here.”

Expansion Drive

Germany is in the sights of Big Maq, a mould machining and milling services firm based in Arouça, near Porto, that is mounting a publicity drive there as it seeks to expand its market throughout Europe.

“We currently have only one customer in Germany so we are publicising ourselves by participating in trade fairs such as Moulding Expo coming up in May in Stuttgart,” explains CEO Vitor Mendes.

“It’s a market we want to get into and there is the potential there for many more customers,” he adds.

Founded in 2008 to serve the needs of mould companies, 90% of Big Maq’s business is with the automotive industry supplying some of the biggest vehicle manufacturers in Europe and Portugal.

He says product quality and differentiation are the main attractions for clients with the company using the best machinery available on the market, including CNC milling machines

A banner for Dinefer Engineering and Industrial Systems, SA. On the left is the company logo in green and black. In the center is a QR code. At the bottom, there is contact information: "Castelo Branco, Portugal (351) 272 340 990 mailbox@dinefer.com www.dinefer.com".

with milling capacity of up to 8000 x 3000.

Specialised technical teams at Big Maq use CAD-CAM software and hold DepoCam and Tebis licences.

“These are German and Italian machines in which we have invested 15 million euros over the past three years. We need this technological edge to compete in markets like Germany, the Czech Republic and Spain.”

Big Maq currently has a staff of 45 but like other Portuguese companies faces many problems when trying to recruit new workers.

“There is a shortage of skilled labour which is why we began to actively take part in job fairs at universities to hire a cadre of engineers and we did end up with several candidates to strengthen our team,” Mendes recalls.

“In this job environment it’s very important to keep good care of your employees, provide them with good working conditions and a better quality of life, and look after their families.”

And more staff will be needed as the company seeks to diversify by entering the aeronautics sector.

“We already have some knowledge of the industry through people working there so we thought we would give it a go. It’s important for a company like ours to not rely too much on just one sector,” the executive explains.

“And there will be other challenges ahead as the industry shifts over to the new electric cars which will mean a major shakeup in the automotive industry. But we’re confident of our continued success and that is why we’re investing so much in the future.”

Electric Future

A future world filled with electrical vehicles is something to look forward to, according to Jorge Amaral, the CEO of Mecalbi Engineering Solutions, Lda., which develops and produces heat shrink systems used by major cable harness manufacturers that supply the automobile industry.

“This revolution in the motor vehicle sector will bring the development of new technologies and new challenges,” he says. “And as we specialise in the cabling industry, so it’s very beneficial for us because the electrical content in all kind of cars, whether hybrid or fully electric, will increase!”

Located in Castelo Branco, not far from the Spanish border in central Portugal, the company was established 13 years ago by the CEO to manufacture the machines which retract the thermoplastic sleeves used to protect cables in automobiles.

These days, it produces infrared, hot air, testing and custom machines and counts such automotive parts companies as Aptiv, Lear, Sumitomo, Leoni, Yazaki, FCI, Continental



JORGE AMARAL

CEO OF MECALBI



“ELECTRIFICATION WILL BRING THE DEVELOPMENT OF NEW TECHNOLOGIES & CHALLENGES IN THE AUTOMOBILE INDUSTRY”

and many others on its client list, with annual billing of around 10 million euros.

“We now have operations in three countries and manufacture almost everything here in Portugal with a customisation and adaption centre in Ciudad Juarez in Mexico and a logistics and warehousing operation in the state of Texas in the US,” he explains.

“From these three centres, we supply every continent in the world with 99% of our production. Morocco and Tunisia are our main markets in Africa, and we consider ourselves to be the largest European manufacturer of this type of equipment. The United States and Mexico are growing and now represent already about one-fourth of our sales.”

Its main clients in Europe are in Serbia and Ukraine, and as Mecalbi is sandwiched between the Lisbon, Porto and Madrid air-

ports, that position helps bridge the distance between the portuguese company and its clients all over the European continent.

Plus, he says, it can still be a challenge to attract highly qualified engineers and technicians who often prefer to live and work on the Portuguese coast.

“But once they come here to work they are very happy. This region has a good quality of life you don’t find in most of the rest of Europe and the value for money is excellent. Portugal, as a whole, is quite competitive.”

“Our feeling is that in order for the company to continue growing at the same pace, we will have to also diversify our products.”

As the company will become larger and even more global, the executive thinks it will be required to leave its currently leased facilities and have its own production plant.

“Considering Portugal’s future in the global economy, the country has a long way to go but it will get there through technology,” he explains. “Portugal is a country that likes to experiment and we’re doing that more and more every day.”



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SME'S EXPORT TO THE WORLD

BOLD SMALL & MEDIUM FIRMS ARE SUCCEEDING IN THE WORLD MARKETS

In Portugal, small and medium-sized enterprises have long been the key players in the country's economic activity and they also have the reputation of being more innovative and flexible than large businesses, while creating many more jobs. And as the country's exports take off, these companies are leading the charge.

In a recent report on small and medium-sized enterprises in Portugal, SME's were described as "the core of the Portuguese economy" with approximately 81 SMEs per 1000 inhabitants, more than double the European Union average of around 40, according to government and EU statistics.

At the same time, Portuguese SMEs have an exceptionally high importance for the domestic labour market compared to the country's other EU partners, with more than four out of five jobs depending on the sector, and the contribution to the overall economy in terms of value-creation also considerably exceeds the EU average.

But small and medium-sized enterprises are not just vital to the domestic economy but play a major role in Portugal's international economic activity.

Many of these companies have recently become active exporters and compared with the European Union average, a larger number of Portuguese SME's earn significant income from their subsidiaries and joint ventures abroad.

Brand Recognition

Overseas sales are vital to Solancis, a Portuguese limestone extraction and transformation company whose products adorn the façades and interiors of homes, hospitals, hotels, airports and dozens of other types of buildings around the world.

The company's stone graces such edifices as Science Po University in Paris, the Four Seasons Hotel in London, the Thomas Mann House in Munich and plazas, promenades and parks across Europe.



SAMUEL DELGADO

CEO OF SOLANCIS

"THE PORTUGAL BRAND IS GETTING NOTICED AROUND THE WORLD AND THAT HAS HELPED OUR COMPANY"



"We started to export in 1989 and by 2002 we were exporting 65% of what we produced," says CEO Samuel Delgado. "Today, we export 95% of our total production."

"Last year our main market was France but the outlook for this year is Russia and the U.S. market where we're seeing greater demand and the results of a focused sales campaign by our commercial department."

"China was also a big market for us starting back in 2000, but now our business with the Chinese is falling off; they still buy, but less than before," he explains.

In 2018, business grew by almost 30% and the executive says he expects a further 5% increase this year as the company, this year celebrating its 50th anniversary, launches special products on to the market.

Along with limestone cladding and tiles, Solancis also turns out architectural elements such as steps, lintels, sills, fireplaces, cornices, columns, baseboards, bathtubs, benches, posts, tiles and many others.

And the company offers a wide range of customised finishes for all its products.

Solancis operates a dozen quarries in Portugal from which it extracts top-quality limestone blocks which are cut and modelled in the factory according to each customer's requirements.

Modelling of the pieces into more complex formats is done using CNC (Computer Numerical Control). Solancis operates CNCs with three and five axes which model the pieces in various ways such as for three dimensional façades, window sills or cornices.

Once finished, inspected and labelled, the pieces are carefully placed in custom-made packaging by the company's carpenters and shipped to their eventual destination.

"We already established our brand overseas 30 years ago. Now, 'brand Portugal' is getting noticed around the world and that certainly helps our company," Delgado says.

"Italian and French stone producers have always been the references for the market we operate in, especially the Italians in design and know-how while the French trade on their reputation for fine, luxury goods.

"But, we are now challenging our Italian competitors on projects in the U.S. market, for example. The American clients come here and see the quality of our work, notice that we can do it as well as or even better than the Italians and they immediately place an order," he says.

Last year, Solancis had billings of almost 12 million euros.

Recent labour unrest at Lisbon's main ports have turned off some foreign clients of Portuguese goods, but the CEO says that his company shifted its business to alternative ports at Sines and Leixões, with Solancis absorbing the increased costs.

Another challenge facing the company, as is the case with many others in Portugal, is finding, training and maintaining qualified employees as young people turn away from a career in the industrial sector.

"We have labour shortage problems at all levels of the company, from sales to maintenance, as there is a lack of manpower available in this part of the country which is odd because wages, specially in this industry, are higher here," Delgado complains.

"I think the answer to this is keeping on the older workers as production now is so mechanised and technological and less phy-





sical, and they can pass on their knowledge, skills and valuable experience to our younger employees.”

Despite these concerns, the CEO argues that Portugal is a great place to do business for foreign clients and is attractive for many other reasons. “We have spectacular gastronomy, beautiful beaches, wonderful wine and, of course, superior stone!”

Industrial Investment

A sentiment almost certainly shared by Humberto Caneira, a managing partner at Granitrans which extracts granite and manufactures products from their derivatives for the domestic and foreign markets.

“Our direct export is not that much, but indirect overseas sales through our partners probably accounts for around 70% of our business,” he says.

Founded in 1987, the company has grown every year since, except for a short period during Portugal’s economic crisis a decade ago.

“We took advantage of the crisis to restructure the company as we were burdened by some bad debts,” the managing partner recalls. “So we overhauled our computer system, hired a full-time computer technician, reshaped how we deal with customers and soon our business began to turn around.”

In order to handle the increasing demand, Granitrans opened a new, 3-million-

euro factory three years ago with much of the investment going towards state-of-the-art technology.

The investment has paid off with the company enjoying a turnover last year of 15 million euros.

“Along with our granite quarry and our stone processing factory we are also the exclusive distributors for two products, Compac and Neolith,” Caneira explains.

Compac comes in two formats, marble and quartz, and is used for everything from kitchens, floors and walls to window frames, fireplaces and furniture with technology allowing customised textures, colours and designs.

Neolith is a compact high-tech surface applicable to exterior and interior construction, kitchens, baths, furniture and many other items and areas.

Granitrans has a domestic distribution network with warehouses in six Portuguese locations, as well as a warehouse in France for its European business.

“I think we may see a slowdown in growth in the rest of Europe but I definitely feel we’ll continue to grow in Portugal as the sector is doing well,” the executive says.

“In the granite and marble sectors, we now have companies here with know-how, great raw material, exporting capacity and ambitious sales teams which attend trade fairs all over the world. Portugal has changed so much!

Accelerated Growth

Décor of a different type is the business of Pelcorte, a furniture manufacturing company based in the town of Paredes, that was taken over eight years ago by current manager Julio Carneiro and his brother.

“At that time the company had only five employees and after four years we bought a lot and built our own factory as we were growing very rapidly at between 35% and 40% a year,” he recalls.

Today, Pelcorte has a payroll of 45 employees and, along with a sister company, had billings last year of 3 million euros from its range of sofas, beds, armchairs and accessories.

Exports to foreign markets account for at least 90% of sales, either directly or through partnerships and resellers.

“We have Portuguese clients who sell our products abroad as we have several ways of working and one of those is also with subcontractors who do the upholstery which we apply to our final product,” the executive explains.

“And our main markets are Europe and Africa, not only the Portuguese-speaking countries but also places like Algeria, Tunisia and Morocco.”

But while foreign sales are so important to the company, Carneiro stresses that Portugal is not being neglected. “Although it is small, the Portuguese market is still large enough to take all of our production if it came to that,” he says.

Carneiro credits Pelcorte’s success to sound business practices like looking after the customer and others which he describes as “dynamics that we have impressed on the company.”

“When I speak of dynamics I’m talking about receiving the client well, realising what they need, proving our capabilities and being prepared to do any kind of work so they come back.

“These days, the average customer who used to buy maybe a table and six chairs is now buying a different dresser along with the table and distinct chairs so every customer is almost their own decorator,” he says.

In a bid to overcome Portugal’s labour shortage, Pelcorte has turned to hiring foreign workers from countries like Brazil. They are required to have proven experience in the furniture industry along with letters of recommendation.

“If they don’t work out they can always return home but that has yet to happen. This scheme is generating results and we’re very pleased with the way things are going,” the manager says.





“WHEN WE STARTED WORKING AT PELCORTE WE NEVER THOUGHT THAT WE WOULD BE GROWING SO MUCH AND SO QUICKLY”



“In an increasingly global and competitive market, our commitment is clear: to produce a fashionable, competitive and high-quality product that will meet the demands of our customers, using the most up-to-date technology and qualified, highly experienced human resources.

“There is a Portuguese saying that when a man dreams, his dream will appear and that applies to my brother and I. When we started out we never imagined that we would grow so much or so fast. But it’s happened and everyone can have that same dream.”

Perfect Location

Dreams sometimes need opportunities to come true as was the case with Sitank, a shipping agency located in the port city of Sines which a decade ago saw a chance to diversify and expand, says manager João Damas.

“We had been operating for three decades as a shipping agent when in 2010 the opening of container Terminal XXI in the port of Sines gave us the idea to branch out into logistics,” he recalls.

“Sitank built a customs warehouse and other related facilities. But before all of this, we were the first shipping agency to receive an oil tanker when the Petrogal refinery opened in Sines which then became an important port for Portugal.”



Sines, an hour south of Lisbon in the region of Alentejo, is a natural location for shipping, long a major player in the Portuguese economy. Not only does it boast Europe’s largest deep water port on the Atlantic coast of the Iberian peninsula, it is also the closest European deep water port to the Panama Canal.

Last year, the container facilities at the XXI terminal set another annual record, handling 1.5 million twenty-foot equivalent units, or TEU, of containerised cargo, a 5% increase over 2017.

Along with the container terminal, Sines port also includes a bulk liquid terminal, a multipurpose and RO-RO terminal and, to serve Sines’ growing energy cluster, a petrochemical terminal as well as a liquefied natural gas terminal.

The region is also well served by a modern, efficient and well-maintained road network and in 2022 a new railway corridor will be completed that will cut the rail distance between Sines and the Spanish border by 140 kilometres and reduce transport costs by 30%.

This will definitely benefit Sitank which already handles a significant part of the growing volume of shipments of Chinese imports bound for the large Asian business community in Madrid, and fresh fruit coming in from South Africa and Brazil which is also destined for Spain.

This year, plans call for the expansion of



JOÃO DAMAS

MANAGING DIRECTOR OF SITANK

“WE WERE THE FIRST AGENCY TO RECEIVE A CRUDE OIL TANKER FOR PETROGAL’S NEW SINES REFINERY”



Terminal XXI’s railway platform due to open in April and the construction of the third phase of the facility which Damas says he is counting on to increase business for Sitank.

“We’re a small company with 14 people and the expansion could promote growth for us and more job positions as Portugal’s export sector continues to expand,” he says.





FRANCISCO ARVANA

CEO OF SEL
SALSICHARIA
ESTREMOCENSE

“SEL’S PRODUCTS HAVE WON THE TASTE OF THE YEAR BADGE OF HONOR IN MULTIPLE OCCASSIONS”

Fashion and Food

Another company operating in a traditional sector is SEL, Salsicharia Estremocense, LTD. S.A., which produces fine fresh, frozen and smoked hams, sausages and other pork products from the famed “black pig” Alentejo breed known for its superior flavour.

“Traditionally the region of Alentejo producers have concentrated mainly in pork-based sausages. The problem is that consumers don’t seem to appreciate the sausages as much as they appreciate dry-cured ham, perhaps because of the influence of the Serrano ham coming from Spain,” explains CEO Francisco Arvana.

The black pigs are raised on the plentiful acorns from the extensive oak forests in the Portuguese Region of Alentejo, which impart a more intense taste and produce a meat rich in oleic acid which boasts a high nutritional value and is believed to lower the so-called “bad” cholesterol.

“Most of our sales are still to the domestic market, but the foreign market will be more and more important for us in the future.”

Outside Portugal, SEL currently markets its products across Europe, in Portuguese-speaking Africa, as well as in Brazil, Japan and Macau in Asia.

“We’re now experimenting with new presentations of the dry-cured ham for the hotel sector and industry, for example, and also in a sliced presentation.

“Our only real problem is volume, as we age the hams for between 24 and 36 months, so to meet the demands of the Portuguese and foreign markets we have to have 10,000 hams per year so over 36 months, that’s over 30,000 hams.”

As in any business, higher value means higher margins. But curing and processing superior quality hams require expensive methods, Arvana says, such as drying the hams in high-tech chambers. All this require high levels of working capital and a long-term strategy.

“Cured ham has a different distribution, and it is aimed to a consumer with higher spending power, and a whole ham may cost over 200 euros to the final con-



sumer. A ham leg may weight eight to ten kilograms, once the bone has been taken away,” Mr Arvana explains.

And the effort is worth it, and SEL’s products have won “The Taste of the Year” prize in 2008, 2010, 2012 and 2016, and “The Superior Taste Award” last year, badges honour which will help sales abroad.

“The market will decide, and we will be presenting our cured ham in three different formats: the whole leg, bone-less leg specially for the hotel market, as well as sliced for the final consumer. It will be all under the Vara Negra brand, which reflects the local breed of black pig present only in the Portuguese Alentejo,” the CEO proudly says.

“We had billings last year of close to 11

million euros and we think that should increase this year as we will have more hams available for market. In two years, which will mark our four decades in business, I’m hoping for around 14 million in billings, as we should be selling over 10,000 hams of Vara Negra pork a year” the CEO says with a glee of optimism based on its recent success.

“Portugal is in fashion in many ways, and the Portuguese food industry is taking off with it. We have been recently certified by the IFS and the whole industry is more concerned with quality than in the past. There is no reason this won’t boost our fortunes as a company along with the rest of the food sector and the country.”

INTERVIEW WITH NATALIA BLANCO Deputy General Manager of FUNDILUSA

The highly specialised propeller manufacturer is living proof of the long-standing manufacturing excellence of the Portuguese industry. As it enters its fourth decade of existence as a bronze foundry, new challenges and opportunities are driving the growth of one of the most respected companies in its sector, explains Ms Blanco



Carlos Felgueiras, Natalia Blanco & Susana Azevedo

How has Fundilusa fared in these last few years in the international markets?

N.B.- In 2019 Fundilusa is turning 30 years old. We have been working in propulsion systems for all this time, and in these last few years we have evolved greatly, as our products have become more complex and more technological. We are now working on variable-pitch propellers, and we are investing in technology to be more competitive in our niche market and to assure the highest quality. So we have kept on evolving our product line while we have maintained our reputation in our sector for 30 years now.

What international markets are you currently aiming at?

N.B.- Our main aim has always been the European market, and in all these years we have been supplying companies such as Kawasaki, Siemens, ABB and Rolls-Royce. We are even involved in military projects for the US Navy, which requires a level of quality that not all propeller manufacturers can achieve. We do not work with the final customer, which is the shipyard, but rather provide propellers and shafts to companies such as ABB in Finland, which is the world's leader in the cruise ship market.

What are the current resources of Fundilusa?

N.B.- We are currently employing about 160 people, and our yearly turnover is about 25 million euros. I need to say that we just finalised a merger of the companies that used to make up the group, so Evolusa and Fundilusa have now merged into a single entity, Fundilusa. We are located in northern Portugal near the Spanish border and while most of the employees are Portuguese, the top management and the founding partners come from Vigo, in the northern Spanish region of Galicia.

What are the reasons behind your success in this worldwide competitive market?

N.B.- We have been working for 30 years in a very conservative sector, which prizes a proven track-record and values the established confidence that we have achieved. Our competitors from China, Korea or even Europe still need to realise that level of trust that we have managed to establish with our traditional customers. Moreover, we have already expanded to Tunisia, at the Tangier Free Trade Zone, where lower labour costs allow us to produce the more run-of-the-mill propellers, so we can concentrate on the more complicated and technological-laden ones here in Portugal, where the grey matter and the experience of the Fundilusa's employees reside.

Is Portugal a good location from where to manage a bronze foundry?

N.B.- Perhaps not as much as it used to be, as Portugal has been growing strongly and there is now a larger competition among companies for human resources than we encountered before. As industry develops, more factories are moving in and salaries have been growing to a level close of that in neighbouring Spain. Yet taxes in Portugal are higher than Spanish ones which makes our competitive position a challenging one.

Where would you like Fundilusa to be in the next five years?

N.B.- We wish to continue evolving in our quality commitment, with the same group of customers that we have been working for in the last three decades. I would like to be even more competitive and enlarge our product portfolio, as we have recently done with General Electric and Villeroy & Bosch,



Pablo González - General Manager of Fundilusa

for whom we created a series of seven bronze bathtubs which are quite breathtaking. So while we keep our focus on the manufacturing of propellers for the shipping industry, we still wish to enter new markets with products always related to our core competence as an specialized bronze foundry.

So are you looking at diversifying your product portfolio?

N.B.- The shipping industry can go through good and bad times, as it happened when the oil prices fell a few years ago and the offshore market was greatly affected. We still managed to grow but there's no denying that it affected the whole industry. So we took a hit, adapted and continued working as suppliers to the leading companies in the sector, even when the markets dried up in a short space of time.

What makes you most proud of working for Fundilusa?

N.B.- We are currently working in a very challenging project with MAN, which is testing the endurance and capability of the whole company, and for which the whole team at Fundilusa is working very hard. This project proves what I believe is the core strength of this company, which is the long experience and dedication of our human resources. Our employees really live the company, they are proud to work for us and have been doing so for many years.

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