

EUROPE SERIES

PORTUGAL 2014

PORTUGUESE INDUSTRY CONQUESTS
NEW CUSTOMERS WHILE INVESTMENTS
FLOW TO EXCITING AFRICAN MARKETS

PORTUGAL'S TEXTILE SECTOR RISES OUT OF THE ASHES

Once considered moribund after being almost demolished by foreign competition and antiquated manufacturing methods, Portugal's textile industry is rebounding thanks to innovative business methods adapted to the new realities, modern technology and a strong emphasis on quality.

Even before the country's economy imploded six years ago, the textile industry was devastated by cheaper Asian producers, anaemic domestic demand and hamstrung by European Union customs rules.

Within ten years, production fell by a third as did the number of jobs in the sector.

But over the last several years, Portuguese textiles have turned around and are once again in demand, not just at home but around the world and even in rapidly prospering Asia.

Indeed, Portuguese textiles of natural and man-made fibres are enjoying a real renaissance, with exports rising to 4.2 billion Euros in 2013, a 3.5 percent increase over the previous year.

And most importantly, these sales are contributing to Portugal's overall prosperity as textiles account for over ten percent of the country's exports.

By category, home textile articles led the surge up more than 9 percent, followed by other textiles at 3.4% and clothing at more than 2 percent.

And who's buying these products? Europeans mostly, accounting for 82 percent of sales abroad with Spain in the lead at 30.7 percent last year, followed by France, the United Kingdom, Germany and the United States, all wealthy markets where demanding consumers understand quality at a fair price.

According to the Portuguese textile manufacturer's association, 2014 should be another banner year and sector executives agree, saying they're expanding production, exploring new products and seeking out niche markets to be sure the growth continues for years to come.



Brand Value

"We're increasing our business and we're also increasing our product development to offer more to the textile market," says Sérgio Neto, the CEO of Petrutex, one of the Portuguese sector's most innovative companies.

Founded in 1989, Petrutex manufactures a wide range of textiles, from luxury ready-to-wear goods, underwear and sports clothes to leather apparel, children's clothes and accessories.

Neto says if all goes according to plan, the company expects to achieve an annual turnover of around 100 million euros within four years and is betting that targeting of upscale, luxury markets will bring that success.

"Different products or different markets with larger volumes would be much easier but we want to give priority to quality and product innovation rather than focus purely on market share," he explains. "Our strategy is slower, but more sustained growth."

According to the executive, over the past 15 years Portuguese manufacturing suffered a poor image in terms of innovation and product, but companies like Petrutex are now proving that Portugal is a quality producer and not just a country of cheap labour.

"And the crisis in Portugal also helped as we became aware of our bad habits, not just in manufacturing but throughout all of society. I remember going on sales trips and no one wanted to buy because they said the label would say 'Made in Portugal'. Today I can truthfully say all the best brands are 'Made in Portugal!'"

"In another 10 or 15 years, I believe we will be looked at differently in Europe and we won't be the poor relation which everyone has been looking down on," Neto says.

"Already, when I'm in a sales meeting with customers I can see that Portugal is more respected. I don't feel diminished like in the past."

One criticism levelled at the Portuguese textile industry is that it gains foreign market share at the cost of lower margins and the Petrutex CEO agrees, arguing that due to the global economic crisis companies were forced to accept small margins, especially when dealing in mass market products.

"But we've chosen a different market with more added value and our company's products prove that," he says.

Fast Growth

Concentrating on new customers and becoming reacquainted with old ones was the strategy of FSM Grupo, another Portuguese clothing company, as part of its major restructuring plan carried out over the past two years, says administrator Fernando Machado.

"We saw that we were very focused on the Spanish market and that we had to change our strategy a bit, focusing on others such as France and Angola, and try the British market where we had been very active in the 1990s. We also went back to the United States where we had customers in the 1980s."

Along with overseas sales, FSM Grupo is also seeking out overseas production facilities to augment its manufacturing plants in Portugal and in Morocco, and will soon be

working with China, Vietnam and South Korea.

Quite an accomplishment for a group which began 35 years ago as a small shirt manufacturing outfit in Lousada in northern Portugal, a region where much of the country's textile industry is based.

With the flexibility of subcontracting, FSM group has a production capacity of 3.5 million pieces of clothing a year and boasts an eight-week response period which includes development, assembly and direct delivery to customers.

"My prediction is for growth of 30 percent this year with a turnover of 30 million euros and we're forecasting a turnover of 50 million for 2015 and it is going to be difficult as this is a very complex and competitive market we're in," Machado says.

"Companies have to adjust to the reality which we live in, such as smaller margins and manage to be competitive with those margins. But we can do it because we have 35 years of experience."

One of the major challenges facing FSM Grupo and other clothing producers is "fast fashion", the ability of retailers to spot trends and design, order and get delivery of new clothing lines as quickly as possible to meet fickle, and constantly changing, customer demand.

"We used to work two seasons a year but we had to adapt our company to work ten seasons a year because two seasons is no longer viable," he says. "My goal is to keep our company healthy, our employees happy and be selling 75 million Euros in 2017."

Strong Cluster

Speedy service is also one of the hallmarks of Crispim Abreu Lda., thanks in part to its location in the Guimarães region of northern Portugal, considered the "cradle of the textile" industry, says João Abreu, the company's general manager.

"We have the privilege of being situated in a textile industry cluster with companies that can supply us with just about

everything we need for our range of garments and home textiles. This means we can get what we want quickly to satisfy customer demand," he explains.

Company founder and father of the general manager, Crispim Abreu, notes that the region's long tradition as a textile manufacturing centre means lots of available skilled labour is close at hand.

"This industry has operated here for more than 100 years, basically focused within an 80-kilometre radius, so employees have either worked in the sector or have a deep knowledge of it, and by that I mean they know the industry from top to bottom, real expertise.

"So it is easy here for textile and clothing companies to come here and as there is no real financial advantage in the north because wages, taxes, etc., are no different than anywhere else in Portugal, it's natural that this region attracts companies in the sector."

In its garment line, Crispim Abreu & Cia. produce t-shirts, sweatshirts, trousers, shorts, skirts, leggings and more, and its home textile range includes high-quality fleece blankets, sheets, duvet covers and pillow cases.

Turnover in 2013 was around 20 million Euros, with the general manager predicting 23 million Euros for 2014.

As growth in its traditional European markets improves, the company is now closely studying openings in the U.S. market due to changing circumstances in several areas.

"I recently attended a trade fair in the United States and the mentality there is changing in regard to textiles," the general manager says. "For many years U.S. companies bought Asian which means China and India. But now there is a very high interest in quality European goods.

"And this especially applies to Portuguese companies like ours which have supplied French, Spanish and Italian retail brands and so the Americans appreciate this. And there is also the reduction in customs duties and the appreciation of the dollar which also help us."

Through the bad years, many Portuguese



JOÃO ABREU

GENERAL MANAGER OF CRISPIM ABREU

"THERE IS A HIGH INTEREST IN QUALITY EUROPEAN GOODS FROM MANY U.S. COMPANIES"

clothing and textile companies went under, but the Abreus say that that with the rise in wages in major textile producers like China, coupled with increasing appreciation of European quality, Portuguese producers, both veterans and newcomers, are back in the game.

"There is a new generation of companies which are taking advantage of the expertise which exists and which are stressing quality and diversifying their customer base," says João.

"We have to focus on creating value, come up with different products, innovate with new production techniques and that will all translate into success."

Growth Factors

One recent start up which is doing extremely well after only two years in operation is Coton Couleur, founded by industry veteran Carlos Carvalho who took the brave step of launching a company just as Portugal's economic crisis was peaking.

"I thought a new company would be a

www.casaisangola.co.ao
casaisangola@casaisangola.co.ao

Promoting the growth and development of Angola since 1999

In Angola, as in several other parts of the world, we are moved by the desire to continue to be a reference of knowledge and solidity in the area of Engineering and Construction.

CASAIS
ANGOLA



CARLOS CARVALHO

CEO OF
COTON
COULEUR

“THERE IS THE RECOGNITION AMONG BUYERS THAT MADE-IN-PORTUGAL MEANS QUALITY”

great opportunity even though it was not the best time to take the plunge. But I thought that with my 25 years of experience in the sector, a business plan based on exports, and support from customers with whom I had worked before, it would succeed,” he recalls.

“Our first year, 2013, was extremely positive even though we were starting from scratch with just seven employees and had sales of almost 4 million Euros. The outlook for 2014 is very good and we expect growth of around 60 percent to over 6 million Euros.”

Carvalho attributes Coton Couleur’s performance to three factors: The trust that clients had in the endeavour; the recognition among foreign buyers that “Made in Portugal” means quality; and the company’s agility and execution of product delivery.

Like other executives active in the sector, the CEO argues that Portugal as a brand is now an asset. He recounts the story of a recent meeting he had with some British buyers who told them while they could buy Asian goods for less, they were willing to pay more for the assurance of Portuguese quality.

The fact that 100 percent of Coton Couleur’s output is exported supports his ar-

gument, with Europe as the company’s main market for its range of bedding products.

“Europe is a natural for us because of its proximity and moreover, we know that this market – Spain, France, the United Kingdom, Germany, the Scandinavian countries, etc.– values our designs and quality,” he says.

“And we’ve made some forays into the U.S. market and we’ve gotten some very positive feedback. Everything appears to be going our way and I firmly believe that in five years we will be even better off than we are today.”

International Presence

Already firmly established in the United States is Cotesi, one of the world leaders in twine, ropes, netting and other textile products for agricultural, marine, fishing, industrial and sports use.

Its main product line is sisal and synthetic twine for crop baling, along with netting and film for wrapping silage and Cotesi is, in fact, the world’s largest producers of sisal and synthetic yarn and among the top three of similar products.

“The United States is a huge market for our products and we had the chance to buy a company which was our competitor in Salt Lake City, then we bought a distribution company there and another in Canada,” says CEO Pedro Violas Sá whose grandfather started the company almost 75 years ago.

“And it makes sense to manufacture in the western United States as there is so much business there for our products used in the agricultural sector so we don’t incur the expense of first shipping it across the Atlantic Ocean and then from the east coast to the west coast.”

Cotesi’s acquisitions and subsequent international expansion came after years of downsizings (which at one point cut staff by two-thirds from 1,500 to 500 employees), trimming fat, reorganising the company, buying up other companies in the same sector



PEDRO VIOLAS SÁ

CEO OF
COTESI

“CONTROLLING OUR OWN DISTRIBUTION IS KEY TO OUR INTERNATIONAL SUCCESS”

and setting out to conquer new markets.

“These days we have 10,000 customers in major Western nations like the United States, Australia, New Zealand, Japan and all over Europe and, of course, Brazil is a major market where we are involved in sisal production.

“Right now, more than 97 percent of our output in all categories is exported for an annual turnover of 183 million Euros, about half of which is from the North American market,” the CEO says.

Violas Sá argues that Cotesi’s business strategy cannot be copied by every Portuguese company looking to do well internationally as his company has focused on controlling distribution.

“But for those Portuguese companies which can do this, I say ‘Do it!’ as it will result in enormous competitive advantages and that is a great way to success.”



INTERVIEW WITH LUÍS GUIMARÃES

GENERAL DIRECTOR of POLOPIQUE

Globalization and the high qualification of its workforce have been the leverages on which the successful company Polopique has leaned on to grow against its foreign competitors, explains its CEO Mr Guimarães from the hearth of northern's Portugal textile region

2014 has been a good year for the Portuguese textile industry. How has it been for Polopique?

L.G.- It has been similar to the year before, we have been making some investments in the last few years and we are growing. Our consolidated sales must reach about 100 million Euros, ninety percent of which will come from exports, and with 750 workers we are currently hiring as we are expanding our dyeing and finishing sections. We will increase our production through the hiring of new workers and through round-the-clock production, with shifts to achieve a 24/7 production schedule in our factory.

Was the textile industry in Portugal ready to face the international crisis of 2008?

L.G.- In my opinion the Portuguese industrial sector was ill-prepared in 2008, this industry had suffered a great deal with globalization, it shrank and could not find the means to grow again. In Polopique we had that vision and well before 2008 we were getting ready, so once the crisis arrived not only it wasn't detrimental for us but on the contrary, we have been growing ever since.

What makes this company different to others in the way it has adapted to change in the international markets?

L.G.- I believe that there are two main factors to consider, one is the economic factor and the other how we have managed to motivate the company's employees to make this company grow. In economic terms this is a company that never leveraged its business model, our loans were basically residual. For us growth has always been important, but solid growth.

Competition in this sector is very high, you are competing with behemoths such as China, Vietnam, Turkey....



"I AM NOT AFRAID AT ALL OF GLOBALIZATION, WE DO WELL WHAT WE DO IN PORTUGAL"

L.G.- To be honest they never worried me. This company was founded in 1996, we just turned 18 this year. In 1996 we were already entering into the era of globalization, the strength of Asian countries did not make me change course, because globalization is a double-edge sword: it indeed has some drawbacks, but the other side of the coin, which for me is very important, is that it allows us to go shopping anywhere in the world for the inputs that we need. As a company we can also access those opportunities, and one does not need special economic or financial means to take advantage of it.

In your view has the Portuguese industry turned the corner after the economic crisis that affected it so severely?

L.G.- No, I do not think so. It might be easy with figures that we are seeing to see that way, for any normal citizen things are quite different. Our state, our companies and our families can not turn around a situation where we have an income of 100 and expenditures of 120. That has not improved at all, because the basic

structural reforms that our country needs have not been undertaken.

How would you describe the competitive advantages and disadvantages of the industry in northern Portugal?

L.G.- Our main competitive disadvantage is the lack of structural support. As for the advantages, we are very close to Spain, with a transport network which greatly facilitates our communication, and Spain, whether you like it or not, is our main commercial partner.

Do you personally favour the globalization process?

L.G.- Yes, and it is an aspect that I always mention. I have never been against it, on the contrary, and I have never been afraid for the reason that I mentioned, which is that it opens up a world of supplier to purchase from. An secondly, because in Portugal we have a very qualified workforce, and if we take advantage of it, in this country we do very well what we do.

positivevalue
business solutions

The Positive Value provides a wide range of solutions to help you to invest in Angola!

Your support in Angola

Contact us:
Rua Engrácia Fragoso Ed. Kalunga Atrium 1º Piso, Escritório 103
Luanda - Angola Phone: +244 926 566 182 geral@positivevalue.cc

COTES

Av. Mosteiro, 486
4415-493, Grijó - Portugal
Phone(+351) 227 476 500
Fax (+351) 227 646 575
geral@cotes.com
www.cotes.com

PORTUGUESE CERAMICS INDUSTRY MOVES INTO HIGH GEAR

A visitor to Portugal is immediately struck by the beauty of the traditional tile work adorning the facades, and the interiors, of many buildings, whether homes, commercial establishments or churches. And underfoot, elaborately decorated paving stones are also common in the biggest cities and the smallest villages.

Portuguese ceramics have been known for their design, colour and quality for centuries and today Portuguese companies in the sector are wholeheartedly embracing globalisation to export much of their production around the world.

And it is not just decorative tiles which are being sold abroad but also ceramic tableware and ornamental items, roofing tiles, bricks, insulators, refractories and other technical products, all emblazoned with that mark of quality: "Made in Portugal."

Many consider the manufacture of ceramics as an age-old process which has changed little over time but nothing could be further from the truth. Like most industries these days, ceramics manufacturers apply the latest high-tech production methods and one organisation in Portugal is helping companies stay abreast of developments in their industry.

Established Reputation

"We're a non-profit outfit and have been instrumental in assisting the Portuguese ceramics industry since 1987," explains Paulo Ventura, the CEO of the Centro Tecnológico da Cerâmica e do Vidro (CTCV), located in the city of Coimbra.

"CTCV empowers the industry in terms of

innovation and technology with the idea that the sector can develop better if we all work together than if we work individually," he adds.

Experts at the centre advise on the latest processes in the manufacture of tiles, bricks, flooring, crockery or tableware and glass and provide training in innovative methods. It also sponsors and participates in developing and optimising initiatives in materials, energy and sustainability related to the sector.

"The Portuguese ceramics industry has been around a very long time and so has a well-established reputation for quality like our leather footwear and textile manufacturing," the CEO says.



"PORTUGAL'S CERAMICS INDUSTRY HAS EARNED A WELL ESTABLISHED REPUTATION"

"This reputation, coupled with our efforts at state-of-the-art innovation, gives us an advantage in global competition."

Portugal's more than 300 registered ceramics manufacturers enjoy a combined annual turnover of around \$1.3 billion, account for more than 15,000 jobs and export to 150 different global markets, according to government statistics.

France alone purchases some 25 percent of Portuguese ceramic exports, followed by Spain with 17 percent, Germany with 8 percent and Angola with 7 percent. The United Kingdom and the United States account for 6 percent each of the total.

"Last year, tile exports grew by 12 percent in value and sales abroad of sanitary ware were also up," Ventura says.

"As the Portuguese economy soured and domestic demand dropped, more companies began ramping up their export efforts and the ceramics sector joined in."

"Of course, the European market is and will remain very important to us but new, non-European markets are growing considerably. We'll be in the forefront of exports to these customers as our technology and quality keep pace with our competitors out there," he predicts.

Global Image

A company doing just that with surprising results is Matceramica, headquartered near Fátima in central Portugal and which produces both elegant and utilitarian ceramic tableware in a variety of materials and styles.

"Over many years we concentrated our sales in Europe but we expanded to non-traditional markets in places like India, Lebanon, Morocco, Israel, Brazil, Mexico and even China," says CEO Marcelo Sousa.

"Our sales have really been growing in the Chinese market which now accounts for 3 percent of the total. China is the factory to the world and almost all manufactured goods in Europe come from there but we're doing our part to reverse that situation," he says.

Now celebrating its fourteenth anniversary, Matceramica faced some tough times five years ago when the downturn in business forced the company to sack 300 employees.

"That was the darkest time," the CEO recalls. "But things picked up in 2010 and have gradually gotten better each year. I think 2014 has been really good and we've managed to hire back 200 of the people we let go. Hopefully, we'll have them all back at work this year."

Currently employing 500 staff, the company posted 12,5 million euros in sales last year.

Sousa sees the sector improving because of the economic rebound worldwide and also thanks to a complaint filed with the European Union against alleged dumping in Europe of ceramic products by the Chinese.

"The European Commission launched a probe into this charge, sent investigators to China for nine months and once it was proven, import tariffs on Chinese-made tableware were imposed.

"We're in favour of market liberalisation provided it is fair and that the rules are balanced, but it is clear that was not the case as we lost orders and international customers, not just in Europe. Brazil, Mexico, Argentina and Indonesia all in turn reacted against the Chinese dumping and our markets are coming back," he says.

Portugal is the largest decorative ceramics and dishware producer in the European Union and second in the world after China, but the Portuguese are miles ahead of the com-





MARCELO SOUSA

CEO OF MATCERAMICA

“NEW PROJECTS PROVE THAT PORTUGUESE CERAMICS ARE THE FINEST IN THE WORLD”

petition due to the quality, design and smart marketing, Sousa claims.

“Our companies here in this country listened to the customers and when they wanted a particular type of ceramic, we produced it. We went after niche markets with new designs and we’ve become very competitive.

“Matceramica itself was chosen to take part in an exhibition on Portuguese design at the Museum of Modern Art in New York City and we’re selling to major retailers like Bloomingdale’s in the United States, Laura Ashley in the UK, Galeries Lafayette in France and others,” he says.

The CEO sees exciting times ahead for the company as it prepares to launch two projects currently undergoing development.

“They are requiring a vast amount of investment, with one involving a new product and the other a process which will be truly innovative on a global level. Both these will be real breakthroughs and another example

of how Portuguese ceramics are the finest in the world.”

Overcoming Adversity

Another Portuguese company targeting the international market in the sector is Recer which manufactures interior and exterior ceramic panelling, walls and flooring for the latest aesthetic architectural trends.

“Internationalisation has been crucial for our company, especially after the economic problems, not only in Portugal but elsewhere in Europe, triggered a brutal fall in sales,” says Recer President Antero Calvo.

Founded in 1977, the company began to export abroad in the 1980s and opened showrooms in some countries. France, Germany, Spain and the United Kingdom became important markets, as did North Africa and the former Portuguese colonies further south.

“That whole financial mess drastically reduced construction demand but as we had a long-standing and significant presence in the market and our clients knew of our reputation, we had a definite advantage during this difficult period,” Calvo recalls.

Also helping the company was its geographical spread as the economic crisis did not affect all Recer’s markets at the same time or with the same severity. Even Portugal is now showing signs of recovery and the president argues that domestic sales can only improve from here on.

“We are also now returning to the United States where the exchange rate situation made European products less competitive but which is now again in our favour,” he explains. “And we are also working in the Middle East.”

Recer produces architectural ceramics in a wide range of materials and for many uses.

Just a glance at the company’s 14 catalogues provides photos and descriptions of everything from highly-technical ventilated facades to reproductions of classic floor tiles from the 1920s, and from stone flooring inspired by lava to porcelain paste materials which mimic natural stone.



ANTERO CALVO

PRESIDENT OF RECER, SA

“BUSINESS WILL NOT BE ABLE TO COMPETE IF WE HAVE TO PAY SO MUCH FOR ENERGY”

Racer is based in the northern Portuguese town of Oliveira do Bairro where ceramics companies are common due to the rich, high-quality clay in the region. Calvo also attributes the company’s success to the work ethic and professionalism of its local employees, as well as their entrepreneurial spirit.

However, the president argues that the one factor holding back not just his company, but also the ceramic sector and Portuguese industry in general, is the country’s high cost of energy.

“Portuguese industry has many positives, from the skills of its workers and management to the relatively low cost of labour and innovative use of the latest technology, but change has to come from the top down, which means the government.

“Reindustrialising the country will be a major challenge for us all and key to that will be remaining competitive in this globalised world. But businesses won’t be able to become competitive if we have to spend so much on energy,” he says.

Despite this problem, Calvo is bullish on Portugal’s ability to obtain its potential as a global industrial player and says it is only a matter of time before the country takes its place amongst the major exporting nations.

“I am fully confident that the capacity of the workforce, the skills of our engineers and our business acumen will ensure this country’s future,” he says.



Founded in 1965, Frip® is one of the biggest companies in Portugal and Mozambique of the frozen food sector.

Producing and exporting for more than 30 countries all around the globe, we offer a wide range of high quality frozen seafood, vegetables, meals and others.

Wild frozen food



Global Exporters



Seafood



Vegetables



Meals & Others

geralfrip@frip.pt | (+351) 234 364 345 | Portugal

Export manager: Diogo Salgado, diogo.salgado@frip.pt

INTERVIEW WITH RODRIGO ROSA

President of OGMA – Indústria Aeronáutica de Portugal

Ten years after its privatisation, Portugal's oldest company in the aeronautic sector has managed not only to retain its respected technical prowess but also to successfully change the company's focus towards commercial aviation, explains its CEO Mr Rosa

How has OGMA developed its core business since its privatisation in 2005?

R.R.- OGMA just turned 96 years old, and for the first 86 years it was controlled by the Portuguese State. Thanks to its contracts and the support of the armed forces, it developed a solid grip of several technologies in the aeronautic field. Once Embraer and EADS became its shareholders in 2005, they saw an opportunity to develop the company into new markets, which eventually led Embraer to acquire EADS's share two and half years ago. I can say that the experience of OGMA in the military field together with Embraer's expertise in civil aviation have made almost a perfect marriage, and this has given us the chance to exploit new opportunities in the commercial aviation sector. This has happened as the crisis has affected the military budgets, and not only it has compensated its strong fall but it has also strengthened the search for new business segments. As of today our commercial area accounts for more than 40% of our turnover.

Is your strategy to keep growing in the commercial aviation business?

R.R.- Yes, it is one of our priorities, as the crisis has propelled the low-cost companies and more and more people are flying instead of taking cars, buses, etc. Airbus, Boeing and Embraer are benefiting from this boom and this has opened new opportunities for service providers such as OGMA.

Is being based in Portugal a source of competitive advantages?

R.R.- We have some interesting competitive advantages because of our location. As we are based in Portugal, our costs in average are lower than in most European countries. Although total costs are still lower than in Europe, we have a very qualified labour force, both in the technical fields and regarding university and college

graduates. Attracting and retaining this qualified personnel is key in the aviation business. Our position is also quite strategic too in order to tackle business opportunities in Europe as well as in the African market, which is currently growing.

What new business lines are promising?

R.R.- Mainly commercial and executive aircraft maintenance, today we are servicing several of Embraer's jets, as well as the Airbus A-320 and Falcon. We will be investing in these areas, which we see have experienced a spike in demand recently, specially as there is a great synergy between Embraer and OGMA. Both TAP and Netjets have their headquarters here in Lisbon, and furthermore when it comes to the more profound checks and maintenance work that take longer time, many airlines decide to move their airplanes to lower cost countries that still offer the best technical expertise. This is where there is an opportunity for OGMA and for an aeronautic cluster to be developed in Portugal.

I want to mention our participation in the development of the new Embraer KC390, a new military transport plane for which we are making a great effort, both at the company and at the country's level, in order to be an relevant partner in this exciting new industrial development. Yet we need new suppliers to turn their attention to the aviation sector in order to be competitive and make a strong aeronautic cluster in Portugal.

Where do you see OGMA by its 100th anniversary?

R.R.- By then I would like to have expanded in the commercial business segment, and in the executive business segment, as we expect the military segment to be under severe budget constraints in the foreseeable future. In the industrial area we would like to increase our customer base, which is indeed a long term challenge as most products in this business have a



"PORTUGAL GIVES A VERY STRONG BASE TO DEVELOP BUSINESS WITHIN EUROPE"

gestation period of up to seven years. All in all commercial aviation will be our main focus, and that is where we see our brand and our business growing in the next few years.

What would be your final message?

R.R.- I wish to say that although in the last few years there were some doubts about Portugal on account of the recent crisis, we believe it is a great country in which to operate. The investment that Embraer made in OGMA ten years ago was so successful that two years ago we opened two new factories in Évora, as Portugal gives a very strong base from which to develop business within Europe. The economic indicators show that the government has made serious reforms with the intention to help business that can in turn help the country. The business climate in Portugal is very positive and there are many opportunities waiting to be developed.

FSM group
Clothes manufacturing company

FSM - INDÚSTRIA DE CONFECÇÕES, S.A.
RUA DO COMÉRCIO, Nº 35 - CRISTELOS
4620-583 LOUSADA PORTUGAL

T: +(351) 255810901 / F: +(351) 255 810 989
www.fsm.pt

NEVES & NEVES ENGINEERING

QUALITY COMPONENTS FOR MACHINES.
FULL SATISFACTION OF OUR CLIENTS.

p. +351 229 811 727 | t. +351 229 812 266
nevescia@mail.telepac.pt
WWW.NEVESNEVES.PT

ON2
GR
SISTEMA AUTOMÁTICO DE QUALIDADE

INTERVIEW WITH NELSON NEVES

General Managers of Neves & Neves

Small players with a strong technological content such as Neves & Neves have had a big say in Portugal's export success in the last few years. As its manager Mr Neves explains, quality, access to markets and the qualification of Portuguese workers are all part of a winning recipe

What is Neves & Neves and where is it currently working ?

N.N.- *Neves & Neves is an engineering company founded by my father, from which I took over after studying in South Africa and Portugal. It is thirty years old and should finish 2014 at a level of about one million euros in sales. Right now we are working with international markets such as Ireland, which takes about sixty percent of our production, the United States, Mexico, Canada, Germany and Spain.*

Would you say that the Portuguese engineering sector is internationally competitive?

N.N.- *Yes, it is internationally competitive, even though we do not enjoy much help from the central government, in terms of taxes and incentives. Yet with great effort and the credibility of our name we are managing to place our products abroad.*

Your location in the north of Portugal is affecting your competitive position?

N.N.- *It is positive, as we are well placed to access ports, airports and in general all the transportation hubs are very good, be it road, sea or air.*

Are Portuguese human resources competitive and available?

N.N.- *Yes, and we are proving it by working on attaining quality certificates for the company. We have the ISO 9001 and we are working on others.*

Where do you want Neves & Neves to be in five years' time?

N.N.- *We certainly hope to be in a better position, as long as the world markets evolve in the right way. I do not see the crisis affecting our sector in Portugal, at least as long as we find the motivated and qualified people to work.*

What do you see as the gravest danger for your sector?

N.N.- *At this moment what I see is that as*



"WE ARE WELL PLACED TO ACCESS GOOD PORTS, AIRPORTS AND TRANSPORTATION HUBS"

customers are trying to get much faster delivery times, this is endangering the quality of the work. In this industry a certain time is required to do a good work and to give assurance of quality, which is always possible when the time is too short.

grupo Edifer Angola

Companies of the Group Edifer Angola:

- Edifer Angola
- Tecnasol Angola
- Edimetal Angola

Together in the development of Angola

Rua Fernão Sousa
Condomínio do Bengo
Bloco B, Loja A
Vila Alice - Luanda, Angola
Tel: +244 222 430 040
Fax: +244 222 442 412
E-mail: geral@edifer.co.ao

PORTUGUESE INDUSTRY SUCCEEDS IN NEW MARKETS

Portuguese exporters, who have always enjoyed a certain success due to the quality of their products, are now finding new markets around the world as they focus on overseas sales to offset the domestic slump triggered by their own country's economic troubles.

One of these companies is Oliveira & Irmão S.A., a manufacturer of a full range of high-tech sanitary systems such as cisterns, flush mechanisms, air renewal systems and related products which is now looking beyond its traditional customers in southern Europe to boost sales.

"We saw a slight increase in exports in 2013 and so far this year but it was not as good as expected as the construction industry, which is linked to our sector, has still not fully recovered from the recent troubles," says Oliveira & Irmão's CEO António Oliveira.

Exports count for 80 percent of the company's sales and the executive expects that percentage to grow over the next several years despite troubles in some of its overseas markets.

Political and economic reasons, for example, affected the company's sales in Russia and, as many manufacturers in the West have learned, cheaper Chinese products are also taking a toll.

"However, we are still growing in Europe, especially in the Nordic countries which did not suffer as much from the recession as the rest of the continent. At the same time, we are putting a lot of effort into the Middle East which is a market with vast potential," he says.

Other markets which are natural for Portuguese exporters and where Oliveira & Irmão



ANTÓNIO OLIVEIRA

MANAGING DIRECTOR OF OLIVEIRA & IRMÃO, SA

"PORTUGAL IS ONE OF THE BEST COUNTRIES IN THE WORLD TO LIVE AND WORK"

is entering are those of the former Portuguese colonies in Africa. The company also has strong partnerships in South America with particular interest in Brazil, Colombia, Chile and Peru.

"Construction is coming back in the United States and Canada and we have people there exploring the opportunities in those countries. But there are things like different distribution systems and regulatory differences from what we are used to working with in Europe as well," Oliveira explains.

Founded in 1954 in the central coastal city of Aveiro as an iron works and irrigation equipment manufacturer, the family-run business now has 300 employees and an annual turnover of around 43 million Euros.

The executive argues that Portuguese industry can be very competitive in world markets, not so much because of labour costs but rather because of the level of marketing and management skills found in Portugal

But he also argues that Portugal's geographic location can be a hindrance to those companies, like his, which count so much on the

export market.

"Portugal as a whole is penalized by where we are which is far from central Europe," he says. "Highway transport and seaports are expensive, railways are inefficient and we have a next door neighbour, Spain, which has no interest in facilitating our exports.

"Companies like ours located in Aveiro have some advantages as we are near the port of Sines near Lisbon and on a major north-south highway. But besides this, the city is a good place to do business as we have a good university which works with local companies and turns out highly-qualified graduates," Oliveira explains.

Despite the country's problems, the CEO says he is bullish on Portugal's prospects.

"Portugal's image has been badly hurt in recent years due to the financial crisis but that is unfair. Sure there are problems but Portugal is one of the best countries in the world to live and work."

European Powerhouse

Another family-run business with big export ambitions is Aco Shoes which manufactures a wide range of orthopaedic shoes and already enjoys a strong presence among the quality conscious consumers of northern Europe.

"Our Portuguese sales do not reach 2 percent and here we only have a small niche market such as sales in pharmacies," explains company founder Armindo Costa. "Our sales representatives are particularly active in Sweden, Norway, Finland, Germany, the Netherlands, Denmark, Belgium, Austria, Switzerland and France."

The Netherlands and the German-speaking countries account for 60 percent of Aco Shoe's sales and Scandinavia as much as 20 percent, with the rest in smaller markets, including Israel, Russia and the United States.

But the company isn't just active abroad in sales; it also manufactures much of its shoes in the tiny, former Portuguese colony of Cape Verde where it employs 275 people accounting


Polopique

Yarns Fabrics Finishing Trading













Rua José António Ferreira de Magalhães, nº26 4815-323 Guimarães
 (+351) 253 479 060 - polopique@polopique.pt



ARMINDO COSTA

CEO OF ACO SHOES

“PORTUGUESE SHOEMAKERS CAN COMPETE WITH ITALIANS IN STYLE, DESIGN & QUALITY”

for 40 percent of its output. Other production is carried out at two factories in Portugal with a combined work force of 530 employees.

“We turn out between 1.5 million and 2 million shoes a year,” says Armindo’s son and company managing director Fernando Costa. “Our shoes are for people of a certain age, between 50 and 80 years old who want to be comfortable. So we are all about comfort, not fashion.”

“This age group is largely retired, they have the money to buy our shoes and they want to travel. So comfort is their overriding concern.”

Next year, ACO Shoes will mark the 40th anniversary of its founding as a small enterprise in the northern Portuguese town of Vila Nova de Famalicão. Over the years, the company has expanded, taken care to provide its employees with benefits like a day-care facility and a sports pavilion, and earned a reputation as a quality producer of orthopaedic shoes.

“We are now a powerhouse in the European footwear sector and Portuguese shoemakers can compete in quality, design and quantity with the best of the Italian manufacturers,” says the founder.

“And in ten years,” says his son, “I would like the company to continue being a benchmark in the domestic and international market as it is today, producing a manufactured product with added value and one respected for its high quality.”

Industrial Investment

Another company, in a much different sector, which has the same export/domestic sales ratio as ACO Shoes, is the Aquinos Group home furnishing company which sells 98 percent of its upholstered sofas and mattresses abroad.

CEO Carlos Aquino attributes the group’s success to constant investment which never stopped even during the very rough years at the height of the recent recession at home and in some of its main markets.

“Even in 2008 and 2009 we carried on investing in the company as we knew that someday things would get better as they have over the past two years,” he says. “It is clear that things have improved and we have our foot on the accelerator.”

One of those improvements is the return of confidence in Portugal which, he argues, lost its credibility during the crisis and suffered an image problem. But he now notices that Aquinos’ main customers, the large retail chains, are again open to “buying Portuguese”.

Indeed, the company expects well over twenty percent growth this year and revenues of some 95 million Euros. Aquinos exports 90 percent of its production is focused mostly on foreign markets.

Headquartered in the central Portuguese town of Tábua, Aquinos ships its products throughout Europe with around 70 percent of its production going to major retailers which market it as their “own brand”, while 30 percent carry the Aquinos label.

“Obviously, our most important contract is with IKEA, but we work with other big distributors like Conforama and we have been selling some of our mattresses to hotel chains,” the CEO says.



CARLOS AQUINO

CEO OF AQUINOS GROUP

“OUR ENTREPRENEURS ARE INCREASINGLY SEEING BUSINESS AS PARTNERSHIPS”

But he cautions that working with big retailers is not always easy as they can be very demanding and one always has to know the right answers. Not all product suppliers can do it.

“Not every Portuguese company is able to export,” the CEO explains. “But they have to try because this country is so small and although things are looking up, it will remain a tough market.”

So as to better meet its export demand, the company recently opened a new factory 40 kilometres from its base which will eventually employ 400 people, adding significantly to the current staff of 1,500 at the original plant.

“Our only real problem being located here is that we are a long way from our markets in countries like France and Germany and as we deal in a product with some volume, our transport costs can be very high,” Aquino complains.

Portuguese companies face many challenges but the executive is confident they can meet and overcome the difficulties.

“Our entrepreneurs are as good as



anywhere else in the world and are increasingly seeing businesses as partnerships. Our success is linked to the success of our client so if we work together we all add value so we can continue investing and keep growing.”

Seafaring Nation

As many gourmards know, Portugal means fish and there is the old adage that a proper Portuguese housewife knows how to prepare cod 365 ways, one for each day of the year.



CARLOS AFONSO LEITÃO
CEO OF FRIP GROUP

“WE HAVE THE FISHING KNOW-HOW OF GENERATIONS AND AN EXCLUSIVE ECONOMIC ZONE”

Using that heritage and tradition to found the family business FRIP that has since become a global frozen fish and vegetable brands was the grandfather of the current CEO, Carlos Afonso Leitão.

“My grandfather started this business in 1965 and we have gone through several stages and I became chief executive officer about three years ago,” he recalls. “Today, we export all over the world.”

Sold under the brand name Frip, the group’s products include frozen fish, shellfish, vegetables and other products, with much of

the seafood caught by its own fleet of boats.

“We sell in more than 30 countries and places like Spain are an important market, but we are also present in Japan, China, South Africa and even the United States. A significant part of our wild seafood products are caught by our fleet in Mozambique,” Leitão explains.

Last year, 90 percent of the group’s revenue came from seafood, but in total the export figure is around 73 percent from all FRIP’s products, signalling the success of its globalization

efforts which really began as the economic crisis hit the group’s main markets in Portugal and Spain.

Not one to rest on the company’s laurels, the CEO says it is actively identifying new markets. But relying so heavily on exports is not easy.

“As you can imagine, for example, frozen vegetables can weigh a lot and so transport to distant destinations is neither simple, nor cheap and in some cases we’re talking about shipping costs accounting for 30 percent of a product’s value.

“So markets which are in close proximity, like North Africa, are fairly accessible and open to our products. But in Europe there is a lot of competition in frozen vegetables and it is difficult to compete with producers in Belgium, Poland or Hungary,” he says.

Globally, FRIP employs some 600 people and overall revenue is around 54 million Euros. Leitão is confident of further growth but cites new realities in the industrial fishing sector as possible game changers.

“For Portuguese and European fleet operators the situation could be tricky with the European Community policies and there is also a strong global campaign against trawling with the practice being banned in some zones,” he says.

Leitão also points to the competition for the seabed between fishing fleets and offshore oil exploration which is growing around the world, but expresses confidence that the industry will remain important to Portugal

“We have a relatively large exclusive economic zone and the accumulated fishing know-

how of many generations,” he says. “But it has to be properly cared for and maintained or we risk losing this rich heritage and the economic benefits it brings all of us.”

New Markets

Seeking new markets to survive the domestic doldrums was also the strategy of Iberfibran which manufactures a range of insulation material, medium density foam boards, fixers, adhesives and other related materials for walls, roofs and floors serving the construction industry.

“Until 2008 and the beginning of the crisis our business was very much based on the Iberian market, or Spain and Portugal, and in 2010 we began looking to globalize our business,” recalls director general Alexandre Batista.

“We did our homework on the need for a good quality product which could pass in worldwide markets and today we have a very strong portfolio of clients.”

Germany, France, the United Kingdom, Italy and Ireland are some of Iberfibran’s leading markets with total export sales amounting to around 50 percent of sales. It also sells in Africa and Central America through local partners.

“Even with transport costs, our sales margins are better outside the Iberian peninsula than domestically and the main competitor here for us are Spanish products. But as our industry is constantly evolving, to keep up we are always engaging in research and development.”

Iberfibran’s staff consists of 34 employees as it is a highly automated business and the company is planning to invest in further automation at its newly enlarged plant in Ovar, located between Coimbra and Oporto.

“Our focus right now is to believe in our product, maintain the entrepreneurial spirit and motivate our staff so we are all winners,” he says.

a partner for the competitiveness

CTCV
Technological Center

consultancy
materials innovation
environment
nanomaterials
habitat
solar energy
training

www.ctcv.pt

mcs | mais CENTRO | QUINTO ANO DE CRIAÇÃO DO CENTRO DE INOVAÇÃO TECNOLÓGICA | EUROPEAN UNION

centro@ctcv.pt (T) +351 239 499 200 (F) +351 239 499 204
Rua Coronel Veiga Simão 3025-307 Coimbra PORTUGAL

COTTONANSWER
The textile factory

COTTONANSWER
Rua dos Combatentes do Ultramar nº50
4750-047 Lijó Barcelos, Portugal
T: +351 253 801 110
E: geral@cottonanswer.pt

INTERVIEW WITH ANTÓNIO SANTOS

Executive Director of Cottonanswer

As a start up in its second year, but based on the industrial experience and machinery acquired from a insolvent textile industry, Cottonanswer is proof of the ever-changing nature of the textile and fashion business, explain its founder and director Mr. Santos

How did you start Cottonanswer?

A.S.- Cottonanswer is a start up that I set up in February 2013, as I acquired the factory of an insolvent textile company. As we bought the company we managed to secure the jobs of 88 experienced workers together with the machinery, and in May we were up and running. Since then we have grown to 150 workers.

What segments are working on?

A.S.- Only the medium-high segment. We are designers, not just working on other people's designs, that is our core-business. We should be billing about 12 million Euros by the end of the year.

How did you manage such a success?

A.S.- First we took advantage of the existing know-how in the company while we invested in putting it up-to-date. Our company's vision is that we do not sell a product, we sell a service, in this service the product is included, as we work together with our customers from the first moment, creating a collection from the ground up and delivering the final product to their specifications.

How much do you need to know your client?

A.S.- We even go to see their stores on site! Yet I must mention that there's a track record that we are banking on, as I personally had a company doing the development and design before, hence when I moved into the manufacturing side of the business I was merely closing up the circle. Now this set up allows us to do after-sales, as a way to understand if our customer has sold all the items that it purchased from us. We understand that if they have not succeeded it is our problem as we have not managed to understand precisely what our customer was expecting from us for the particular brand in question.

How did the textile industry in Portugal managed to overcome its own crisis?

A.S.- Our world is global now, and a Portuguese textile industry based solely on price has no chance, as we cannot compete with Asian manufacturers. Yet there are two other factor in which we can be competitive – fast delivery and fashion creation. The world has changed and customers want the latest and stores do not want to keep large and expensive stocks that can run out of fashion. In Portugal we have the know-how and the geographic proximity to deliver the right products on the right time. That



is why it was so important for us to keep the know-how of the workers in this factory. On top of that we are good at creating fashion, so we can deliver fashion to our European clients in a record time.

Where do see you Cottonanswer in the next few years?

A.S.- We want to diversify our customer portfolio and enter into the U.S. market as well as Japan, yet we do not want to grow without control. This factory is ready to accommodate sales of up to twenty million euros, over that we would need to create a spin-off, but that is not our goal. We want to have more clients, innovate more, and invest in style and design for a large number of foreign markets.



Leader in high quality textile manufacturing in Europe.
A hybrid organization, between fashion, sport and high technology.

www.petratex.com petratex@petratex.com tel.: +351 255 868 000 PORTUGAL

NOSEW® is a registered trademark of Petratex. Patent PT NR 102974 EU NR 1633921

innovation . competence . know-how . perfection . **nosew** .
success . superior quality . high-tech . challenges . design . experience
high-performance . textile leader . partner . eco-friendly . dynamic

INTERVIEW WITH HENRIQUE MARTINS

Executive Director of IEN – Instalações Eletromecânicas do Norte, LDA

Not all African markets are the same, even in Portuguese-speaking Africa. As Mr Martins explains, the differences have to do not only with the size of the market, but with its profitability, technical complexity and the convenience to find a suitable local partner

How large is IEN and where is it currently operating?

H.M.- We have nearly a hundred and fifty workers in the group, including our subsidiaries in Angola, Mozambique and Gibraltar. Our turnover is about fifteen million euros currently.

How do you compare Mozambique as a market with Angola?

H.M.- There are two main differences between them. The quality of life is perhaps higher in Mozambique but there's not as much work as in Angola. There's much competition in both markets but as the demand is much higher in Angola it is still a more profitable market for IEN. In terms of volume, though, Mozambique for us is still much larger than Angola, yet last year we had a major project in Luanda, we were responsible for the whole air-conditioning system of the new pavilion where the Roller Hockey World Cup was held.

In Angola you have a stable partner. In Mozambique are you on your own?

H.M.- Our first international market was

Angola, in 2004, we were much smaller then so went by the invitation of the construction company Omatapalo, which is well established there. In Mozambique we were invited by the Portuguese company Empreiteiros Casais, and we became involved in the construction of the headquarters of Banco Único in Maputo.

Is Mozambique a good investment destination for European companies?

H.M.- I believe so, yet it must be said that in construction most works are small, prices are relatively low and there's not much technical complexity. So as long as they are not looking for major works, it is still interesting.

What would be your advise for entering the African markets?

H.M.- One needs to have a partner in each market to open the door for you. Otherwise it is not worth the effort, and I think the endeavour will probably fail. Only for those with very big pockets and willing to wait a long time for the return of their investments, going solo can take up the adventure on their own. Yet one must



always get to know the markets well, as once there they are always different from what one may have thought from their home country.



QR-INOX

Módulo Sanitário



Uma solução universal e versátil para uma rápida e fácil remodelação da sua casa de banho.

No Touch

Com o QR INOX NO TOUCH não necessita de toque para ativar a descarga.

Hidroboost

- Usa a energia do movimento da água;
- A energia é usada para ativar a descarga.

Button

O QR INOX BUTTON incorpora um botão basculante em aço inox



Oliveira & Irmão, S.A.
Travessa do Milão,
Esgueira,
3800 - 314 Aveiro, Portugal

T (+351) 234 300 200
F (+351) 234 300 220
www.oli.pt
geral@oli.pt

Inspired by water...

INTERVIEW WITH HELDER ARAÚJO

Executive Director of Casais Angola

The Angolan subsidiary is the rising star of the northern Portuguese company Empreiteiros Casais, which twenty years ago embarked in an ambitious internationalisation program and is already present in thirteen countries, as Mr Helder Araújo, director of Casais Angola explains

What are the goals of Casais in Angola?

H.A.- Casais is a 55 years old Portuguese construction concern that came to Angola fifteen years ago. This is a market where we try to invest with a long term thinking, as it takes a certain time to develop a presence and eventually make a profit. So we are here for the long haul, this is not a market to make quick gains.

How important is Angola for the group?

H.A.- Angola accounts for about 45 percent of the group's total business. We are currently present in thirteen countries, and the importance of Portugal in the mix has been reduced to about fifteen percent. As a company we realized that the future depended on an internationalization and Angola has become our strongest market.

As a matter of fact Casais leads a group of companies...

H.A.- We soon realized that we had to control the productive process from A to Z due to the lack of companies in the market, from the extraction of sands to the construction work itself. As the market evolved, these companies started offering their expertise to the market and took an independent life. So we have Electro Ideal Angola, dealing with power stations, HidroAngola with mechanical and hydraulic works, CarpinAngola in carpeting, ImoCasais Angola in real estate and others.

Do these companies share some services?

H.A.- We actually transformed a need into an opportunity, and it all works because we all share a logistics platform, as in Angola it is fundamental to have your logistics work. All the administrative and back office work is also shared so each company is focused in its particular business. We employ about 2.300 workers, as we are involved mostly in civil construction, which requires a stronger manpower than infrastructures, and our biggest challenge has been cadre training. For that we just started a new training program for our staff in our own training centre.

Do you see much demand coming from the provinces?

H.A.- We have a lot of hope in the provinces and believe that the future belongs there. We already have working centres in Benguela, the second city in Angola, from where we are serving the south of the country, while from Luanda we cover the north of the country. New or improved infrastructures such as the port of Lobito, the railway of Benguela and others will



"PROMOTING PARTNERSHIPS AND INVESTING IN LOCAL PEOPLE IS THE CASAIS WAY"

spearhead new industrial developments that will result in new buildings and infrastructures to be built outside of Luanda.

Is Angola becoming an easier place to do business?

H.A.- One has to understand that Angola came out of a devastating civil war, and which now is experiencing a process of accelerated growth. So bureaucracy is still a problem, yet we have the rule of law and things are beginning to be normalized. Yet there's still a long way for the public as well as the private sector to advance.

How independently do you operate from the other subsidiaries?

H.A.- While we share a common mission and common values, which can be defined as the way Casais does business, and we share as well a common methodology, in each country we try to adapt to local circumstances regarding its culture, training or legal needs.



Due to the importance of the Angola operation indeed Casais Angola has taken to have a somewhat distinct personality.

Where do you see Casais Angola in five years?

H.A.- In these last few years we have attained the respect of the society in which we are inserted while we have achieved the profitability that our shareholders expect. In the next few years we will continue to develop our business in civil construction while we develop new partnerships on adjacent areas, always with a commitment to the development of Angola. That is way Casais does business, promoting partnerships while investing in the local people to achieve our goals.



PORTUGUESE ENTREPRENEURS WIN IN AFRICA

When the Portuguese economy hit the skids in 2008 and business began drying up, many companies began to look abroad for fresh opportunities.

Brazil was an obvious destination with its emerging economy, largely developed infrastructure, growing middle class and of course, the historical, cultural and linguistic ties between the two countries.

But instead of looking west, other Portuguese entrepreneurs turned south and settled on their country's former colonies in Africa. With its booming oil and gas industry and its needs to rebuild after a long and punishing civil war, Angola was the star.

After struggles with bureaucracy, staffing problems, unfamiliar customs and adjusting to a new country, many of these entrepreneurs, running enterprises both large and small and in a wide variety of sectors, are firmly established in Angola and glad they came.

First Challenges

One such business is GWIC, an engineering consulting company established in 2008 which has operations in Angola, Portugal and São Tomé and Príncipe, and is expanding into the U.S.

"Angola was perfect for us: it was a country under construction, full of possibilities and many challenges, where we could solidify our work," says its director Pedro Volante.

GWIC saw that they could start from scratch in this new environment where they appreciated the cultural affinities and knew the poten-



tial. But their timing was not ideal as the global economic downturn finally arrived in Angola.

Government payments, which basically fuelled the entire economy, slowed and many companies supplying goods and services to both the public and private sectors struggled.

"That whole period was very difficult for us but with a lot of effort and commitment we achieved our goals with success," Volante recalls. But GWIC still faced other challenges common to companies operating in emerging markets, some of which still exist.

One of those is logistics. When a country is basically being rebuilt almost from top to bottom there are difficulties with transport and other infrastructure, either non-existent or not yet efficient enough with resulting delays, bottlenecks and the like.

But Volante is quick to add that things are getting better.

"I always say that anyone returning to Angola after a year away will find fantastic and positive changes," he argues. "The country has improved immensely, one has to recognize that and the beauty of our work is that we play an active part of that transformation."

GWIC helps public and private clients to plan, develop, design, construct, operate and maintain civil engineering projects, and also offers construction management services.

Currently, the company has around fifty-five employees with plans to add many more over the coming year, with a revenue growth of twenty percent a year.

Among GWIC's clients are major international companies active in Angola like Chevron and Volante says working for big and demanding multinationals has helped the group improve its performance across the board.

"THE ANGOLAN ECONOMY DOES NOT RELY SO MUCH ON THE OIL SECTOR ANYMORE"

"And we are expanding internationally as we always had the intention to be a global company," he says. "We have won a project in São Tomé with the African Development Bank. It's obviously a small market there but we have maintained our presence and we want to continue."

"We have also started to work in the United States as we have a number of American partners and customers, and it makes sense to have a more direct presence in that country. It's a global market!"

Extensive Know-How

One Angola-based consultancy helping foreign and domestic companies is Positive Value which had its origins as an IT consulting firm in 2009, recalls company director Marco Ferreira.

"Our business model is the provision of management services and our core activities support the implementation and structuring of projects for the investor, entrepreneur and foreign or domestic producer," he explains.

"We have a wide range of solutions from market analysis and feasibility studies to legal advice, logistical support and more. One of our most important services for foreign clients is tracking projects and managing them until their maturity."

Positive Value's main objective for its clients is to ease its entry into Angola so the customer can avoid steep, and expensive, learning curves and at the same time help build a prosperous Angola, create jobs and promote opportunities.

Clients have access to some 60 professionals who either work directly for Positive Value, are contracted for individual projects or

GWIC
engineering the future

Rua Joshua Benoliel, nº1 - 6ºC
1250-273 Lisboa, Portugal

T: +351 217 930 279 / gwicgroup.com

Grupo Aldeia Global

**Education
Communications
Infrastructure**

CONDOMÍNIO BELAS BUSINESS PARK, N.º1
ED. LUANDA, 1.º ANDAR, 104
TALATONA, LUANDA SUL
LUANDA - ANGOLA

T: +(244) 222 327 272 / contacto@grupoaldeia.com www.grupoaldeia.com

work for other consulting firms with which the company has partnered.

“What foreign companies want from us is our know-how concerning the Angolan market and how it works. Domestic investors are looking for our expertise in things like project feasibility and management,” Ferreira says.

Last year, Positive Value grew by around 75 percent and the director forecasts similar growth over the next five years with the company expanding into the provinces.

As the Angolan market heated up and foreign companies took note, most of the first to arrive were Portuguese and Brazilian, but the director says in the second wave of investors, more and more firms from countries like Spain are contracting Positive Value for its services.

“I tell our clients looking to open operations here that first of all they need a solid business plan and that they cannot expect short-term profitability,” the director explains.

Ferreria says Angola is open to any type of foreign direct investment which provides know-how, experience and that contributes to the country’s development.

“And this has been successful as we have noted that the economy does not rely as much on the oil sector anymore and are a lot more small and medium enterprises flourishing here,” he says.

“Any foreigner should see that Angola is a good place for investing if the person is careful, well prepared through closely studying the situation here, etc. The country has good economic indicators and if one does it right, it’s a winner.”

Local Production

Another member of the “Class of 2008” is the Portuguese quarry and finished stone company Marfilpe which not only exports its marble, limestone, travertine, granite and

other stones into Angola, but also has a production facility there.

“Like many others in the export products for construction sector, we saw that business was falling so we sought out emerging markets to sell our stones,” says manager Felipe Miguel.

“We entered Angola with the help of the government’s National Private Investment Agency (ANIP). Although things weren’t easy at first, we have achieving out goals.

Among the difficulties were logistics headaches and hiring qualified staff. “It was also tough setting up our processing plant here because it is not as easy as it is in Europe, for example. And obtaining visas for our expatriate employees can be a challenge,” he says.

“Another problem area is financial, making transfer payments for imports and repatriating capital. But these things are now getting better and it is not as difficult as it once was.”

Like many foreign executives active in Angola, Miguel advises others looking at the Angolan market to secure a reliable local partner who knows the country, its bureaucracy and business conditions. “That’s the correct way to do things. It makes everything so much easier.”

Marfilpe operates its two quarries and processing plants in Portugal, as well as the Angolan quarry belonging to the company Rokafric, which Marfilpe partially owns, in the Angolan province of Namibe, and from which a rare white marble is extracted. It also owns a factory in Luanda that provides clients with all types of cut and polished stone, such as slabs and pieces cut to measure, as well as customised finishes.

As a company engaged in the extractive sector, Marfilpe is very strict in two areas whenever it operates: employee safety and environmental protection.

According to company policy: “Ensuring the safety conditions of employees is one of the great priorities, maintaining the physical and psychological integrity of all its members from the extraction of stone, through transformation, to delivery.”

Regarding the environment, Marfilpe looks for ways that ensure fulfilling the cha-



FILIPE MIGUEL

MANAGER OF MARFILPE



“ALL PORTUGUESE-SPEAKING AFRICAN COUNTRIES HAVE A VERY PROMISING FUTURE”

llenge of sustainability and minimizing all environmental impact from the extraction and production process.

Along with Angola, the company has expanded into Mozambique and Brazil. Angola currently accounts for around twenty percent of Marfilpe’s export earnings.

“Angola is the most interesting of our markets at the moment. All of these emerging Portuguese-speaking, African countries have a very promising future ahead,” the director predicts.

Quality First

Once Marfilpe’s marble or other stone is cut and polished, it could end up in one of the interiors designed and installed by ADN, another recent firm that has been working in Angola for several years and has made a real success of it.

ADN targets the high end of the market and has done so since administrator Bruno Renato Neves noticed that other interior design firms in the country were falling short on quality.

“I had been working here in Angola for three years and I saw this gap in the market

FACILAUTO
SOLUÇÃO AUTOMÓVEL

Automobile
Renting and
Leasing

Belas Business Park
Edifício Malange, Sala 501 B
Talatona - Luanda Sul, Angola

www.facilauto.co.ao

ADN

Projects, Construction and Interior Design

OFFICES / STORES / HOTELS / RESTAURANTS / BARS

WWW.ADN-INTERIORES.COM

Rua Cónego Manuel das Neves, 258 - Luanda - ANGOLA
Phone: (+244) 943 646 826 | Email: geral@adn-interiores.com





BRUNO RENATO NEVES
DIRECTOR OF ADN

“INVESTMENT IS BOOMING, I SEE ANGOLA REACHING THE LEVEL OF EUROPE IN 10 YEARS”

because of the lack of quality”, he recalls. “There were European, Brazilian and even Chinese firms that were just not doing a good enough job, so we started ADN.”

Neves used his contacts from his previous job to kick start the company, fully analyze the market and pinpoint exactly where to invest.

It seems to have worked. After two years in operation, the company enjoyed a 200 percent spurt in growth and the executive says that could double this year. At the same time, the number of employees has quadrupled from six to 24 and turnover this year is expected to reach \$2 million.

“We were very optimistic when starting out and expected this in a way as we knew we could provide a quality product and carry it out from inception all the way to installing the furniture. We work with only the best European suppliers, mostly Italian, Portuguese and Spanish,” he explains.

Offices represent the lion’s share of ADN’s projects, although lately it has moved into providing interiors for upscale hotels, bars and restaurants. And it is currently working on two government ministries.

“But our biggest clients are connected to oil



industry as it is not every company that can come to this expensive real estate market and buy office space of 500 or 1,000 square meters,” he explains. “Our commitment is to make a real difference in the building interiors sector in Angola.”

When Angola’s petroleum billions first began flowing, Neves says that anything was acceptable and standards were low.

But now the local market has become much more sophisticated and clients can differentiate between products and services that come from, for example, China and those that come from Europe.

“Many Angolans are now entering the middle class and some have studied abroad, they travel a lot and they’ve experienced the kind of interiors we are involved in. They know quality, they demand quality and so this is the environment in which ADN operates.”

This reputation is what the executive says will keep propelling ADN into the future and that the demand for top-grade interiors will continue to grow.

“This market is huge, both in terms of buildings such as offices, shopping malls and even high street shops,” he argues. “And there is this kind of snowball effect with builders coming up with more attractive and more interesting results, which makes the next person want the same.”

“Right now, only companies which are well structured and organized with good marketing departments like ours are going to make a difference,” he adds.

Angola is, in his opinion, one of the fastest developing economies in the world and as it moves away from its reliance on petroleum, the market will only get better.

“Investment here, and I mean knowledgeable and sophisticated investment, is booming so I can see Angola reaching the same level as some European countries in five or ten years.”

First Mover

Another example of successful investment in Angola which has already done very well is Facilauto which in just one year of existence chalked up \$3 million in turnover and is set to expand as it attracts new business clients with automobile fleet rental and management services.

“Our first customers were a patchwork of individuals and small businesses and after a year in operation we have a good balance and some great clients such as an internet services provider and an insurance company,” says Facilauto’s executive director and partner, Rui Castro.

“I am fully confident that we can triple our turnover in the next two years,” he adds.

Facilauto is the first leasing company of its kind in Angola and currently has the market to itself. But competitors are on their way and Castro says there is plenty of room in the market.

“We’ll have international competitors and within the next two years foreign investment will come to this sector in Angola to join up with companies like Facilauto or to compete with us,” he predicts. “And we’re certainly open to partnerships, even with multinationals.”

As for the future of Angola and specifically its business sector, Castro says the country has already entered what he calls its “second phase.”

“The first phase was reconstruction when companies came here or were established by local businesspeople and entrepreneurs and we had to rebuild everything.

“Now, Angola needs people with management and organizational knowledge for companies like ours which are service providers, people with this type of training and expertise. Hence the need for our universities here to turn out graduates who can carry the Angolan business sector into the future which promises to be very exciting indeed,” he says.

IEN
INSTALAÇÕES ELECTROMECÂNICAS DO NORTE
PORTUGAL
GIBRALTAR
MOÇAMBIQUE
ANGOLA
Largo Manuel Couto Viana / Lote 7 / Cave Esc. Trás
Apartado 650 / 4900-51 / Viana do Castelo / Portugal
T: +351 258 813 280 / F: +351 258 813 281
E-mail: geral@ien.pt / www.ien.pt

ENVIRONMENTAL RESPONSIBILITY
Environmental Operational License n. 000014
Recognition that makes us proud ...
CimerTex Angola is one of the first companies in its area of activity in Angola that has been awarded with the Environmental Operational License, thus combating the lack of environmental impact in its projects.
cimerTex angola
Obras Públicas e Mineração | Construção | Compactação | Perfuração | Fundações | Floresta | Agricultura | Geração Energia | Movimentação Carga
KOMATSU **BOMAG** **MERLO** **POLINI** **RED** **SCHWING** **MCCORMICK**
Lisboa (Lote 7, Zona Industrial de Viana - Viana do Castelo) - Lisboa
Tel: +351 258 813 280 - e-mail: info@cimerTex-angola.com **SAV** (923 598 846) 24h www.cimerTexangola.com

INTERVIEW WITH CARLOS MARTINS

President of Vidrul - Vidreira de Angola

Vidrul has become the poster-boy for industrial investment in Angola, as one of the few industries in the country that has succeeded in foreign African markets, although as his CEO Mr Martins confides, the priority is still Angola where demand for glass bottles is booming

You took charge of Vidrul in 2009, what was the situation like at the time?

C.M.- I was very happy to be chosen to lead such a project. In 2009 the factory's productivity reached only forty percent while today it has doubled up to eighty percent. We are still below the worldwide average of ninety-two percent but the whole team has worked hard in the last five years to achieve this. Now we are focusing mostly on quality and we are exporting thirty percent of our production to eleven African countries.

What have been the ingredients of your successful recipe in Vidrul?

C.M.- First we needed to work in the integration of the local workforce and the expatriate team. Our staff is composed of 350 local workers and about fifteen foreigners. Then we have a massive and continuous training program, in order to explain all the industrial cycles and how to operate the machinery, which is world-class. Thirdly, over the last ten years we have invested nearly 160 million dollars in this factory, and as of today we are billing 53 million.

The priority is on still the local market or has it changed to exports?

C.M.- Our first goal is still to provide for the local market, and specially to all the new customers of soft drinks, spirits and alcoholic drinks that are popping up all over the country. Seventy percent of our bottles go to local breweries and bottlers such as Coca-Cola and Fanta. It must be said that the local market is much more profitable for us, as the port costs in Angola are very high, so a group of exporters which I lead has been preparing a paper to present to the government in order to explain the problem that exporters in Angola are facing.

With the new Customs Law implemented, is it the right time to make new investments?

C.M.- I believe so. The new Customs Law is designed to support those industries that are already producing with quality and creating jobs for Angolans. In the next update new industries might be added to this scheme, and mostly what we see is an improved understanding and desire to support the local industries by the government.

What are the right steps for a successful industrial investment in Angola?

C.M.- First on must come and get to know the market. For instance, as the education level is still very low, the availability of personnel in a given area must be studied thoroughly, and not only the availability of energy and water.



"OUR DREAM IS TO EXPORT TO SOUTH AFRICA, THE MOST DEVELOPED MARKET IN AFRICA"

That has been our largest challenge, finding workers with a certain education. Yet it must be said that the government is making a tremendous effort on that front.

What is your dream for Vidrul in the next few years ?

C.M.- We are the market leader, yet there's still a lot of imports so there is plenty of room to grow. But our dream would be to start exporting to South Africa, which has the most

developed beer and wine sector in the whole of Africa. I do not see why we cannot attain the level of quality to achieve that goal.

What makes you proud of what Vidrul is giving to the country on the social side?

C.M.- We have an environmental program by which we pay locals who bring us used glass bottles, as there's no selective garbage collection in this country yet, and the availability of glass has become a challenge for us. At this moment at least of four thousand people are collecting bottles from the streets and making a living out of it, by bringing bottles even from other nearby provinces.

Form and function across all production line



Forma e função em toda a linha

Respondemos às solicitações mais exigentes de fornecimento das cervejeiras, fabricantes de bebidas espirituosas e sumos engarrafados. Temos sempre presente o rigor e a qualidade que nos afirma como uma das principais indústrias angolanas.

Responsabilidade social, sustentabilidade e preocupação com o ambiente fazem parte da nossa missão, que já hoje nos afirma como um importante exportador em Angola.

Answered the most demanding requests of supplying brewers, manufacturers of spirits and bottled juices. We have in mind the accuracy and the quality that affirms us as one of Angola's main industries. *Social responsibility, sustainability and concern for the environment is part of our mission, which already affirm us today, as a major exporter in Angola.*



vidrul
VIDREIRA DE ANGOLA

More form. More function.
Mais forma. Mais função.

Km 14 - Estrada de Cacucaco • P.O. Box 5262
Luanda - ANGOLA • Phone: (+244) 222 441 888
Fax: (+244) 222 446 922 • www.vidrul-ao.com

INTERVIEW WITH FERNANDO ALMEIDA

Executive President & CEO of Edifer Angola

With over twenty years of experience in Angola's construction and public works arena, the seasoned Portuguese executive Mr Almeida has recently taken on a new and exciting challenge: to take the already successful Edifer Angola into the next level, as the Angolan economy moves into maturity and the Portuguese companies adapt to take advantage of the new business climate

How did you become the new CEO of Edifer Angola?

F.A.- I was invited in the beginning of 2013 by one of the shareholders to take the leading position of Edifer Angola, which I took as a great challenge, as the Angolan construction sector is a very competitive market, and over the last twenty years it has become ever more demanding.

Would you say the crisis that started in 2008 has been overturned in Angola?

F.A.- Not completely. The 2008 crisis arrived to Angola later and differently than it did to Europe. The Angolan economy is very dependant on public investment, which in itself influences greatly private investment. Public investment fell in 2010 and 2011 and as the market has become more competitive there's a great reduction of margins. Then we have to factor in that in the Angolan market the cost of financing is very high, and it is difficult for our customers to set up the financing for their development projects.

Yet Edifer group has managed to keep its level of activity...

F.A.- We are currently billing about 200 million dollars, and the success of the company comes directly from the hard work of all its stakeholders and our employees. One of the issues in this business is the delays in payments, yet as our team knows the market extremely well we are managing it. In terms of positioning we are well placed within the largest companies present here.

Are there real opportunities in the provinces outside Luanda?

F.A.- There are some, but other than some major infrastructures, most of the business is



"THE POPULATION IN ANGOLA KEEPS ON GROWING, THAT BRINGS MANY THINGS TO DO"

still concentrated in Luanda, as most the work is in making new roads or updating existing ones. Yet in terms of volume we are expecting that there will be some major increases in the provincial government budgets and economic activity in the coming years.

Do you see Angola as a good location for foreign direct investment?

F.A.- In general I believe that Angola will continue to be a good investment destination, because the main resource of this country is the one where, by the way, Europe is lacking, and that is people. The population in this country keeps on growing, and that creates many needs and things to do. Even though much has been made, and in comparison with fifteen years ago this country has advanced greatly, and there is so much more to do. With a growing population the new investments made in this country will always find plenty of work to be done, in whichever field that they look into.

Where would you like to take Edifer Angola in the next few years?

F.A.- First I wish that the construction sec-



tor in Angola would become better regulated, as there are many players in the market which only exist because the sector is not mature enough, and for that to happen quality needs to become a general requirement. In that spirit we would like Edifer Angola to be recognized as a quality player, and to have our billing increased in the next three or four years by about 50 % from our current figure.

What experience of all these years in Angola could share with us?

F.A.- I would like to stress that Angola is not an easy place in which to do business, first of all because the initial investment needs to be very large. Any company when setting up a business here must make sure that they have the appropriate structure, yet Angola is a place where it can be worthwhile to invest. Those who come should not expect an easy walk, but the rewards are here. This is a market for marathon runners, and companies should see Angola as a long-term investment.

OGMA
MRO SERVICES
AEROSTRUCTURES

www.ogma.pt geral@ogma.pt