

EUROPE SERIES



PORTUGAL 2015
PHARMACY, FOOD & DRINK AND TEXTILES
ARE VALUE-ADDED INDUSTRIES LEADING
PORTUGAL'S SURPRISING EXPORT BOOM

PORTUGAL'S FOODSTUFFS SPREAD FAR AND WIDE



A benign and varied climate, rich soil and a long seafaring tradition have all blessed Portugal with the means to produce quality fruit, vegetables, grains and fish, all of which are becoming increasingly available to discerning consumers around the world attracted by the label: "Produce of Portugal".

Indeed, in recent years agriculture, agro-industry and food processing have become one of Portugal's fastest growing export sectors, accounting for 3 percent of GDP and fuelling job creation while luring highly-qualified professionals into all areas of farming, agribusiness, fishing and food technology.

Exciting Opportunities

The rapidly growing sector is helping pull Portugal out of its economic doldrums as domestic consumption of many food products increases following years of decline, and new international markets explored and opened up by Portuguese companies create exciting new opportunities.

One such company is Cerealis which markets a range of pasta, pizzas, breakfast cereals, biscuits, prepared meals and flours for home and industrial use under such brand names as Milaneza, Nacional, Concordia, Harmonia, Big and Familiar Amiga, which have long been household names in Portugal.

Quite an accomplishment for an enterprise which began as a simple flour mill in 1919.

"Our company almost always focused on the domestic market and did very well through internal growth and acquisitions," explains Cerealis general manager Rui Amorim de Sousa.

"But around 15 years ago we began to

make an effort to export our products, with most going to the Portuguese-speaking countries and Spain. And then we have the markets of Portuguese immigrants and their descendants, largely in other European countries."

Among the company's products, pasta and breakfast cereals are the principal exports and Cerealis is working to broaden its international presence through tie ups with existing foreign firms.

"Around three years ago we bought a stake in a company in the Czech Republic along with a local partner and a Spanish concern. It's our first step in seeing if we can leverage further growth in nearby markets," he says.

In recent years, many companies in Portugal have begun to seek out opportunities in the country's former colonies, like Angola, where oil revenue has led to unprecedented economic growth and a booming consumer market hungry for goods like those produced by Cerealis.

The company exports some products to Angola, but as far as investing in its own production facilities there De Sousa says the time is not quite right. "We did some market studies in Angola from the point of view of a potential investor but we are not yet in a position to make a decision as we are currently focused on central Europe."

Angola, he argues, will someday reach a level of industrialisation when large, capital-intensive businesses will have a better chance of prospering. However, the country's reliance on hydrocarbon exports and current oil price problems does not bode well for these types of projects at the moment.

"We saw a drop in our exports to Angola this year as the country cut its imports because of the situation regarding the price of oil," De Sousa says. "But Angola will solve these problems and come back."

Globalization by Portuguese companies became a way to offset the downturn in business in their home market which also led to restructuring, new management strategies and other methods aimed at spurring growth, or in some cases, simple survival.

"Portuguese companies had a very hard time of it over the past five years, especially regarding financing difficulties," the administrator says. "But it forced them to be more efficient and target their investments in a more intelligent way."

"It seems that we have come to the end of the tunnel and we can see light regarding the problems and now Portugal has the skills it needs to be better. I am especially optimistic about the agro-industrial sector which now has the ability to innovate and is more able to serve overseas markets."

One of the keys to globalizing a business like Cerealis, he claims, is to be accepted by the big multinational retail chains, even if only regionally by serving those customers in the domestic and neighbouring markets.

British Recognition

International sales have helped double business at Panike, a Portuguese deep frozen bakery and pastry company which will celebrate its 30th anniversary next year, according to CEO Henrique Soares.

"We began looking at expansion abroad in 2007 when our annual billing was 13 million euros and now we are at 25 million. Panike began in its campaign to crack foreign markets by attending trade fairs where we made contacts with potential partners and it took off from there," he recalls.

Along with Portuguese-speaking countries like Brazil, Angola and Mozambique, the company now enjoys healthy sales in Spain, Belgium, France and the United Kingdom



HENRIQUE SOARES

CEO OF PANIKE

“PANIKE’S BIGGEST OVERSEAS MARKET IS THE UK, WITH OVER 50% OF OUR FOREIGN SALES”

where it supplies a popular chain of Portuguese-style barbecue chicken restaurants.

“Our biggest overseas market, accounting for more than 50 percent of foreign sales, is definitely the United Kingdom. The company has also supplied fast food restaurants in Portugal with distinctive buns for new lines of traditionally-themed sandwiches and several multinational pizza delivery chains.” Mr Soares proudly explains.

Panike’s standing among international clients received a boost in 2010 when it was awarded an A grade by the British Retail Consortium, the first Portuguese frozen bakery product firm to earn such a qualification.

“This shows Portuguese companies can be competitive internationally as long as our technology is at the same level as our rivals, we have sound management and the most up-to-date processing practices,” Soares says.

Panike’s product range includes savoury and sweet puff pastries, croissants, neapolitans, chicken pies, mini-pizzas, pizza bases, muffins, traditional Portuguese custard tarts, donuts, cakes and a full range of regular and whole grain breads.

The CEO says that this year has started off well and has grown so far around 23 percent, a figure similar to all of 2014. Business with large-scale clients has increased mostly in Spain, but Brazil is also a bright spot along with the domestic market as Portugal turns the corner economically.

With these prospects in mind, Panike is adding new production lines to fuel growth through 2018 with the only obstacle on the horizon the problem of being able to find and hire qualified personnel.

“Human resources can be a difficult issue for us and other manufacturers in Portugal,” he explains. “We have to carry out constant training programmes and improve the quality of the people we have.”

“But I’m optimistic,” Soares adds, “because one has to be.”

Market Advantage

Along with pasta and bakery, once exotic fruits are now becoming popular in regions of the world where they were largely unknown and where consumer demand is growing as more and more people turn to healthier lifestyles.

One of those is kiwi fruit, which as its name suggests, originated in New Zealand and now graces supermarket displays and greengrocer shelves around the world.

Portugal came late to the kiwi game but the founders of one firm, Kiwi Greensun, began experimenting several decades ago with just a few trees in the north of the country and now grow and ship thousands of tons a year.

“My father started with a handful of trees in 1980 and it slowly expanded from there until I got involved full time in kiwi in 1993,” recalls managing partner Aitor Araujo.

“Initially we were just growers but we decided to build our own warehouse so we could store the crop and supply our customers throughout most of the year instead of just at harvest time,” he says. “In 2006, we expanded the facilities to handle 4,000 tons.”

More product, more revenue. In 2004, Kiwi Greensun had a turnover of 1.2 million euros, a figure which almost quadrupled last year. “The only limit to our growth is our cold storage capacity,” Araujo says.

The company’s main market is right next in Spain, accounting for 70 percent of sales, while it also ships fruit to the United Kingdom, Switzerland, Luxembourg and even Brazil, where the company made a brief attempt to produce kiwis.

“We were there for several years testing orchards and we saw that there was definite potential, especially as Brazil could produce kiwis during our off season in Portugal”, the managing partner says. “But the economic crisis put our plans on standby.”

But growth is almost assured at Kiwi Greensun’s Portuguese operations as the land is perfect for growing the two varieties the company specialises in: the Earligreen and Hayward kiwis.

“We will continue to grow. We have our own production and we’ve planted new orchards which will mature. Also, we have partnerships with a dozen other producers to whom we give technical support in exchange for marketing their fruit

“Currently, Portugal produces 20,000 tons of kiwi a year and this could double in the coming years,” Araujo says. “So we have to take advantage of markets that value quality because ours is higher. That’s the path to success.”

Production, Conservation and Distribution of Kiwis

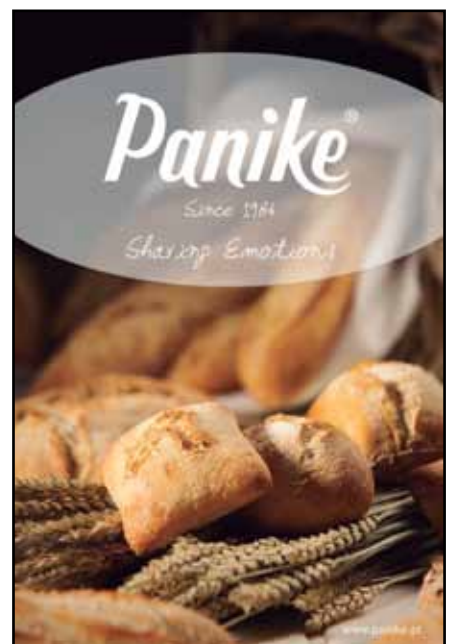
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INTERVIEW WITH MARIA DO CARMO NEVES

Executive President & CEO of GRUPO TECNIMEDE

Being based in small market has not stopped pharmaceutical producer GRUPO TECNIMEDE from thinking big. Banking on a large R&D effort with no parallel in the local industry, this ambitious group is already producing in Morocco and plans to keep expanding abroad to close the loop and reinvest in new treatments that in turn will open exciting doors, explain its dynamic president & CEO Maria do Carmo Neves

How ready was Grupo Tecnimede to face Portugal's financial difficulties?

M.C.N.- Since Tecnimede was created in the 80's we have had two major goals: research&development and internationalization. Before the financial crisis hit Portugal we had made an intense effort in the R&D area, particularly with the creation of our R&D Centre - Labor-qualitas. I must say that currently between 15% to 18% of our turnover is invested in R&D. Our strength in this area has allowed us in the last six to eight years to concentrate on our second goal, international expansion. As a response to the financial crisis we have diversified our sources of business in the domestic market, but most of all we have speeded up our international expansion by opening new affiliates and signing new partnerships in Europe and South America.

Where did you start your international expansion?

M.C.N.- In 2001 we started our international expansion in Morocco, where we set up a commercial branch, and where we have become a pharmaceutical company of reference. This April we finalize the construction of a new production facility, fully dedicated to the production of oral oncologic pharmaceutical products and aimed at international markets. We have invested nearly 15 million euro and this is a new and relevant step in our presence in what we consider to be one of our natural markets.

Where will your next steps take you?

M.C.N.- I must say that today over 50% of our billing comes from international operations. We have defined two guidelines for this expansion: quality and continuous R&D. We have a number of partnerships in some of the markets where we operate, such as in Brazil and Colombia. However today we cover more than 85 countries worldwide and our goal is to increase the number of countries where we are.



"TECNIMEDE IS DEVELOPING THREE NEW MOLECULES WITH ITS VERY OWN RESOURCES "

Is Portugal currently a competitive producer?

M.C.N.- Portugal was not competitive internationally but the crisis has served as an engine for improvement in terms of efficiency. Through much effort on our side, we have reached a comparatively good competitive position in terms of price and quality. We have achieved this despite the fact that all industrial environment and conditions in Portugal are worse than the general conditions of most competitive countries, as energy in Portugal is still some 20% more expensive than in Spain, for instance.

Is Grupo Tecnimede growing abroad through partnerships?

M.C.N.- Yes, mostly we are. We have a direct presence in Morocco, Spain and Italy already with sales, and we are registering in Brazil and Colombia. In another eighty countries we have local partners, and we are always ready to expand our international network.

Can you perceive how Portugal's economic recovery is impacting your business?

M.C.N.- After 2008 the financial conditions of our international suppliers worsened drastically, as the image of Portugal took a severe hit, and that affected the cash-flow position of many companies.

Yet we also have a positive image as exporters of quality products with competitive prices, particularly in the pharmaceutical field. So, despite being affected, we have managed to keep up our image as a supplier and we are currently in the process of reinforcing our place in the European stage.

Where do you see the Group in five years?

M.C.N.- As a family owned company we will remain committed to our two main goals: R&D and international expansion. Currently we are developing three new molecules in the areas of neuroscience, tuberculosis and pain treatment, and we are doing that using only our own resources. All the necessary investment for such developments is only possible through our international growth and presence, which has strengthened our balance sheet and provides resources for R&D.

Since 2008 we have invested continually and heavily. We bought Atlantic Pharma, including its plant and offices. We updated the plant with a new warehouse, already a hundred percent robotized, and obtained GMP certifications from the relevant authorities worldwide. We built a new plant in Morocco and open affiliated companies in Italy, Brazil and Colombia. We also increased our portfolio with more than 50 molecules. In the next few years I hope to be present in more countries, via partnerships with local players, which indeed takes time and effort. As our founder likes to say, as a company we need to "find the little shoe that fits our foot and won't hurt".

Tecnimede Group opens a new state of the art manufacturing site in Morocco fully dedicated to the production of oral oncologic pharmaceutical products:



LOOKING TO THE FUTURE



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From Morocco to the World

INTERVIEW WITH JOÃO CORDEIRO

President of the Board of QUILABAN

As the Portuguese pharmaceutical market took a turn for the worse, nimble player Quilaban looked at Africa and found a continent to grow with, banking on the renowned expertise and capacity to adapt of Portuguese health sector cadres in its former colonies, Mr Cordeiro explains

When did Quilaban enter the Angolan market?

J.C.- Until 2008, we were mostly focused on the Portuguese market, with good margins and growth rates. Then the Ministry of Health started to put downward pressure on prices and payment terms from public hospitals were becoming ever longer. Prior, during an institutional visit to Angola, we were invited to develop a partnership with local entities, and we did it through the recovery of an Angolan company which was under receivership. Our entrance into the Angolan market happened in 2008 when we started exporting drugs and distributing them. We are also present in the diagnostics area, particularly for pharmacies and small clinics, as our equipments are simple and easy to use. Two years ago we became active in the training of personnel for local pharmacies, and consultancy, through which we are helping a number of Portuguese companies in the health sector to enter the Angolan market. In 2014, our billing to Angola was close to 12 million USD.

You presence in Mozambique is following the same pattern?

J.C.- Basically it is, we took advantage of our competencies in pharmaceutical, diagnostics and healthcare products and of our experience in developing business in Angola and, two years ago, we entered Mozambique. It is a difficult market as the bureaucracy is very heavy, and the constant stockouts due to regulatory constraints makes business there very challenging. Nevertheless, we know that there is a positive attitude from the authorities to ease these restrictions.

Is it possible for a player such as Quilaban to survive only on the Portuguese market?

J.C.- I don't think so, if we had not entered other markets, we would be facing serious difficulties today. In Portugal we not only have a problem with administrative price reductions but even more so with payment delays. We need to pay up the VAT even before we are paid by the state. The public hospitals were paying in 2014 with an average delay of 260 days. So, in a way, we are financing the state, which is a situation that we are bringing before the authorities and we hope will be solved soon. Yet I also have to say that, in our international expansion, we were aided by soft loans available to SMEs which have been contributing to our success abroad.

Are you planning to continue your expansion to other markets?

J.C.- We will continue to be focused on Africa,



“WE WILL BE FOCUSED ON AFRICA, FOR ITS NEEDS AND ITS GREAT GROWTH POTENTIAL”

as it is a market with great unfulfilled needs and a great potential to grow. We are actively working to seek and develop business opportunities in a number of other African countries in which we are able to provide global healthcare solutions anchored in our experience and competencies.

What are the long term goals for Quilaban as a company?

J.C.- For 2015, we have a global sales goal of over 34 million USD, and I believe we are on the right track to achieve it. After that, my objective

is to continue building a solid and diversified company that is not too dependant on any single market. International expansion will continue to be a priority for Quilaban. For that, we are relying on the great health professionals that we have in Portugal, which are very adaptable to the African reality. This covers the most experienced ones, that can help develop those markets, as well as the new generation of young Portuguese which may not find enticing opportunities in our country. Also, the Portuguese experience in Africa, which I know well as I did my military service in Angola, serves as an advantage. We are more prepared to understand and adapt to those countries and peoples with the ultimate goal of developing the African continent.

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40 YEARS

THE "MADE-IN-PORTUGAL" LABEL RIDES HIGH IN THE TEXTILE WORLD

Portugal's once thriving textile industry is back. Sector leaders and CEO's are arguing that after years of decline, new global realities coupled with a fresh entrepreneurial spirit and renewed confidence in textiles and clothing "Made in Portugal" ensures that the business has a starry future.

In a recent report, the Textile and Apparel Association of Portugal, or ATP, said the sector should achieve an export target of 5 billion euros by 2018, fuelled by rising sales of Portuguese products to the growing non-European markets.

Just a few years ago, the situation was dire. Decimated by foreign competition, especially from Asia, hindered by out-of-date manufacturing methods, hit by falling domestic demand and struggling with European Union customs rules, the industry was in a tail spin.

And the global economic downturn, which was especially acute in Portugal, certainly did not help. Production fell by one third, and the number of jobs was almost halved.

But now the industry is on a real roll, with Portuguese textiles once again in demand, not just at home and in the rest of Europe but also in rapidly prospering markets in Asia.

Not just Portuguese producers are taking note of the new era. International brands like Adidas and Nike are searching out production facilities in the country, according to the ATP.

Aiding this turnaround 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, taking on production partners in low-cost countries and creating their own clothing brands.

Global Strategies

"One of our strategies was to capitalise on globalisation regarding labour. We knew that like in other industrialised countries such as the United Kingdom, France or Spain, Portuguese young people perhaps did not want to make a living sitting at a sewing



"THIS YEAR IS THE TIME TO CONSOLIDATE, STABILISE AND MAKE NEW INVESTMENTS"

machine and more importantly to give our customers options in lead times and prices, to produce not just in Portugal but in other countries, so we decided to outsource a part of our production in other countries, obviously with all the guarantees needed to do a great service," recalls Pocargil's commercial director José Carlos Vieira.

The firm has four divisions: knitting, dyeing and finishing, printing and sewing. Pocargil group counts with an employment force of 400. "Our turnover last year was around 70 million euros," the director says, "with Spain as a very strong market as we are close to our customers and can give prompt and effective service to the United Kingdom, Germany, France and other markets.

"And we are trying to open new markets." Vieira warns that conditions can change rapidly in the textile and clothing business

and cites last year's warm weather as an example. In 2014, all indications were that the company would enjoy another good year. "We had a very high growth forecast and sales were up by 26 percent by July of last year. But then, it was unseasonably warm in September, October and November with summer staying on and on, and few customers bought winter clothing."

"That really hurt us for a bit. However, we need to adapt to those changes and adapt rapidly to our customers needs and deliver the proper product accordingly with what is needed in store for the next months."

"I think this year is the time to consolidate and stabilise, make new investments and take a long, hard look at the market."

Looking further ahead, the director explains that he would like to boost the company's in Germany and enter the U.S. market which is very attractive with the possibility of a new trade agreement on the horizon.

Pocargil also wants to pour further resources and attention into its children's wear division which was acquired two years ago.

"We also have to work more intensely with our customers to show them that we are a very serious enterprise because there is always someone waiting around to grab away your business," Vieira says. "We believe that we are a company that has huge potential to achieve our aims and serve our customers in a highly satisfactory manner."

Proud Labels

Portugal has already arrived at that point, according to Fernanda de Oliveira, the general manager of Fmoda Indústria Têxtil, S.A. which specialises in knitted garments for men, women, children and infants.

"It is very nice to see that many international designers such as Stella McCartney, Dolce & Gabbana and others produce many of their clothing here in Portugal and this certainly means we are putting out a quality product," she says.

"I remember seeing 'Made in Italy' on a





FERNANDA DE OLIVEIRA

GENERAL MANAGER OF FMODA



Photo: Portugal Fashion

“SEEING ON A CLOTHING LABEL MADE-IN-PORTUGAL MAKES US REAL PROUD”

clothing label as a mark of quality and today we see 'Made in Portugal' and that is a real source of pride.”

Fmoda initially withstood the crisis in the Portuguese textile and clothing market in the mid-2000's with the entry into the global market by the Asian producers, which the general manager attributes to the company's attention to quality goods.

But then the economic downturn came along in 2008 and the company had to step up its efforts, placing more focus on design and internal development, while cutting costs which included laying off staff.

Last year, the company took another step which many Portuguese producers had already made: moving part of its basic production to Morocco to a subcontractor where Fmoda keeps a close watch on quality control. At the same time, its higher-end, more delicate goods are still manufactured at home.

“We make certain that we maintain very strict control of all of our production, inclu-

ding shrinkage and strength tests, and there is no Fmoda product, every loop, every accessory, that is not tested before it is sold to our customers,” De Oliveira says.

That dedication has helped the company secure and maintain its production agreements with such prestigious clients as Zara, Massimo Dutti, Oysho and Stradivarius, of Spain's Inditex Group, as well as other high-street brands.

And the company's managers are always attentive to fashion trends through ongoing market research to identify the “next big thing” which also ensure client loyalty along with tight delivery times and price competitiveness.

Last year, Fmoda had a turnover of 20 million euros, a slightly disappointing result which the general manager blames largely on lower sales due to the warm autumn that left lots of stock in the warehouses.

De Oliveira sees the next challenge as getting the Portuguese economy back on track, although she acknowledges that an improvement will mean higher wages and therefore a less competitive textile industry.

“So what we have to do is automate as much of the production process as possible

with the latest high-tech machinery so labour costs are not such a big drain on our profitability,” she argues. “Higher labour costs are what made the Chinese product less attractive and that could easily happen to us.”

“And I would advise outside investors to 'Bet on Portugal' because of our professionalism, the quality of our manufactured goods and our understanding of what the customer wants. All of this makes us better.”

Strategic Position

One of the Portuguese textile sector's leading dyeing and finishing companies is Clariause whose director, Luis Freitas, is also bullish on the industry as it rebounds after the dismal years of the past decade.

“One of our strengths is our strategic position right next door to Spain with its many growing fashion retailers like those in the Inditex Group which are establishing themselves around the world and doing so well,” he explains.

“Also, this is an industry with a lot of experienced management know-how and with plenty of capacity and skill in development and design. Look at Italy, for example, which I believe is losing its way in this sector while

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LUÍS
FREITAS

MANAGING
DIRECTOR OF
CLARIAUSE

“ONE ADVANTAGE IS BEING NEXT DOOR TO SPAIN AND ITS INNOVATIVE RETAILERS”

Portugal is winning market share.”

Soon to celebrate its 10th anniversary, Clariause registered turnover last year of around 10 million euros and employs 150 people. Freitas is quick to point out that the company has access to good quality water, which is key to top-end dyeing and finishing processes.

Growth, thanks to investment in new technology and service, is assured, but the Portuguese industry as a whole faces some hurdles, the director says.

“One of our problems is competition from countries like Turkey which has a huge production and supply capacity. We here in Portugal lost a lot of that as so many companies went out of business because of the economic problems.

“But I think our industry is recovering and exports are increasing so yes, I am ac-

tually quite optimistic despite our rivals in other parts of the world,” he says.

“Regarding our company, we are able to respond to customer needs regarding materials and design and with this combination, it is clear that we have achieved the desired results.”

Niche Markets

Serving niche markets is another formula for success and Scorecode Textiles Lda., which trades under the brand name Scoop, has carved out a successful business in everything from outerwear and underwear and from athletic apparel to work clothing.

“We understood back in 2001 that there was a great need for a very technical and high-quality product in sports apparel for customers who want European-made products,” recalls managing director Mafalda Pinto.

“THE PORTUGUESE TEXTILE INDUSTRY HAS ITS VERY OWN UNIQUE CHARACTERISTICS”

“So we slowly began to enter the skiwear market and set up a factory just for that, and in this sense we have always been a bit different from the rest of the textile industry in that we have a very flexible production line which is adaptable to constantly changing customer demand.”

And those demands are increasingly co-

ming from foreign clients as Scoop began last year to export to countries like Japan, Mexico, China, Panama and India.

“But this year we are betting on establishing a large presence in the U.S. market as one of our major strategic moves,” Pinto says. “In fact, we already have a foot in that market as we supply three major American companies but until now our relationship has been with their European offices.”

The company closed 2014 with turnover of just over 7 million euros and the managing director says the prospects are good for this year as Scoop, along with the rest of the industry rides the rising reputation of “Brand Portugal”.

“Our textile industry has unique characteristics and the Portuguese business community has really renewed itself,” she says. “We offer a high-quality product, tremendous versatility and a great capacity to meet the demands of today’s global market.”

Added Value

For one Portuguese clothing company, that global market includes Asia which may seem a miracle of sorts but Cordeiro, Campos’ & C^a product range includes high-end luxury brands which are much in demand in that part of the world, explains the managing director of the family-owned firm, José Santos.

“I began in this business as a textile worker tuning sewing machines and then the company I worked for moved elsewhere and I became ill,” he recalls. “I was stuck, but some colleagues of mine suggested I start my own company and that’s what I did, beginning in a garage in 1982.”

After 33 years of gradual growth, Cordeiro, Campos & C^a now commands respect in the market place for its entire range of fine clothing including dresses, shirts, t-shirts, tracksuits, skirts, tops, jackets and more.

Five years after its creation, the company began targeting overseas customers beginning with the United Kingdom and France. Now its international presence extends to



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MANAGEMENT TEAM OF CORDEIRO, CAMPOS & C.ª, LDA

Finland, the Netherlands, Belgium, Sweden, Spain, Denmark and Hong Kong.

José Santos admits his company, like so many others in the sector, experienced difficulties in the past. And back in the 1990s, well before the real crisis hit a decade ago, the family decided to go after the niche luxury market.

That goal involved restructuring the company, boosting the sales force, installing the latest technology and placing a new focus on quality.

The plan worked very well and with the improved conditions in the overall market for Portuguese textiles, the company did better each year, slowly increasing annual turnover. And recently, Cordeiro Campos has

done very well indeed.

In 2012, turnover was 6 million euros and doubled in 2013. Sales were up 15 percent last year. "Our forecast is for continued growth as our current collection are received very well in the market and the orders are coming in," says Mario Campos, also managing director of the society.

Innovation is the key factor to Cordeiro, Campos' success, keeping up with what the customer wants, he argues.

These days, buyers want to be surprised by new things, whether in style or technology, something more elaborate, something which has not yet been fully explored. That is the challenge for textile and clothing manufacturers today.

"Portugal now is associated with a much more valuable product, not only in terms of the materials but also in the quality craftsmanship of its workers," explains Gilberto Campos, CEO at Cordeiro Campos.

"This new face of the Portuguese textile industry is here to stay because whereas once we were valued for our cheap manpower before the Chinese entered the market, now we are known for the added value of our products."



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MANAGING TEAM OF CORDEIRO, CAMPOS & C.ª, LDA
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**INTERVIEW WITH PEDRO VENTURA
GENERAL DIRECTOR of TRINDADE GROUP**

From a humble producer of cardboard shoe boxes to being integrated in some of the most demanding multinational value chains has been the journey of Trindade Group, which has embarked on a fast international expansion, says Mr Pedro Ventura



Trindade is currently market leader in the cardboard packaging sector, right?

P.V.- Yes, we are currently leader in hard packaging not only in Portugal but also in the Iberian market. The group now comprises three companies: Cartonagem Trindade, LitoVentura and Cartotécnica. The group has about 138 workers currently and we are billing about 14 million euro.

Trindade started very linked to the shoe sector, is that still the case?

P.V.- We have followed indeed the growth of the shoe sector where we started, yet we have managed to have a 40% of our turnover in other important sectors, particularly in the textiles, wine and perfume sectors. In terms of direct exports, we have jumped from zero to nearly 32% in just five or six years.

Yet packaging is not supposed to be easy to export because of its volume

P.V.- That is true, at least in theory. But once we have managed to build on our know-how and specially to integrate logistics in our process we start being more and more competitive. That is the case with some of our customers, who send us their products to our factory to be placed in our packages and then be sent to the ultimate customer, be it in Portugal or abroad. This is the case for instance with creams from the L'oreal group.

How do you see your business evolving in 2015 and beyond?

P.V.- 2015 seems to be an atypical year, with flat demand, probably a transitional year that I hope will open the door for 2016 and 2017



"WE HAVE JUMPED FROM ZERO TO 32% OF EXPORTS IN JUST FIVE YEARS"

which I expect to be much better, as I believe trust will be coming back in the international markets . You see, in the last two years we grew 48%, which is not sustainable in the long-term. We anyway expect the keep our turnover with a slight increase in 2015, but that is not stopping us from keeping our investment program in machinery, software and human resources. We have always known where our long-term objectives are and we remain optimistic.

Is your location in the north of the country a competitive advantage?

P.V.- Yes, for many reasons. The shoe-producing factories have traditionally been here, the bulk of the Portuguese textile industry is here, and the export powerhouse of Portugal remains in the north of the country. The wine industry of the Douro region, which is mostly



exported inside Trindade carton boxes, is also here in the north. Yet we are considering other locations from where to keep on growing.

What has been the driving force behind Trindade's success?

P.V.- Transparency over all, in our business, and also in life, in society and in our families. I believe a more transparent business culture ultimately facilitates a faster evolution of not only business but society itself, and as a consequence much less time is wasted without purpose.

INTERVIEW WITH ANTÓNIO NUNES

GENERAL DIRECTOR of NUCASE

The hard times may be over while good times are not yet here, but as NUCASE's general director explains, the opportunities for the accounting and consulting firm lie in helping their customers do more with the information they provide



"OUR ROADMAP IS TO HELP OUR CLIENTS MAKE BETTER USE OF THE INFORMATION"

How did the 2008 crisis affect NUCASE?

A.N.- We felt it mostly in 2010/2011, as some of our customers faced insolvency and others lost some business. Yet we withstood the crisis fairly well, as our portfolio of clients is very solid and diverse. While on business terms we were not so badly affected, the financial conditions have deteriorated as customers have had cash-flow problems accentuated by the lack of financing. All in all I'd say we fared rather well, we finished 2014 with nearly 160 employees and a billing over 5,5 million euro.

How important has Angola in your success?

A.N.- Our international presence in Angola has been growing according to our rather modest expectations. We moved to Angola to accompany some of our clients who were there and needed to have their legal and accounting

matters in order. It is a market with highs and lows, but where the Angolan authorities are ever more demanding in their accounting practices.

Is the Portuguese demand picking up?

A.N.- I have my doubts. It is felt in some sectors that the economic activity is up, but I believe that some essential structural reforms remain to be tackled, and most companies are not taking the opportunity to modernise and change their management practices. Specially SMEs are still living difficult times, as VAT is too high and private demand has not recovered to previous levels. Also the late payments imposed by the large distribution chains is affecting all the chain value and pushing them into non-compliance with their tax obligations.

Where do you see NUCASE in five years' time?

A.N.- First I would like that the economic recovery would reach all players, so that more companies could make business directly with their customers. I believe there is a new wave of entrepreneurs who are doing things differently, more concerned with management and with foreign markets. As for NUCASE we are trying to be up-to-date with this new generation of entrepreneurs, not only helping them meet their fiscal obligations but more and more giving assistance in management, we want that the information that we provide will help companies make the right decisions. Our roadmap is to give a service with higher added value and help our clients make better use of the information that we provide.

INTERVIEW WITH FERNANDO AMARAL

MANAGING PARTNER of SENDYS & ALIDATA

Despite the amelioration of the business climate perceived in the Portuguese IT market, new growth will come from the countries where Portugal has a language and cultural advantage, explains Sendy's & Alidata's managing partner



"I HAVE NEVER HAD AS MANY PROSPECTS AND POTENTIAL CLIENTS AS I HAVE NOW!"

How's the Portuguese IT market today compared to before the crisis?

F.A.- These have been hard times, and in a way they will never revert to what they were. This crisis has had an enormous effect not only on society but also on many companies. However, the market has slowly begun to grow and customers are currently evaluating offers in a greater detail, inquiring about the company's history, track-record, customer portfolio Yet, I have never had as many prospects and potential clients as I have now!

How is your business split geographically?

F.A.- Our revenue comes about 40% from abroad, 55% of which is probably from Angola. Mozambique is coming on strong, after the oil & gas discoveries there's a high expectation for future growth. Yet, there we must consider

a great competition from South African companies. Regarding the Angolan market, today Angolan companies are much more cost concerned, they are trying to have a more modern management than before, in a way, they are becoming more rational. The situation where Angola was in total contrast with Europe has changed dramatically, now there are many similarities between Angolan and European markets.

Do you plan to enter other foreign markets in Africa in the near future?

F.A.- Hardly. First of all, Angola and Mozambique should keep higher growth rates than their neighbors. Their accounting systems are very similar to our own and few people do speak English, which gives us an advantage. Yet, there's one particular area, the printing, where we have teamed up with a Ja-

panese company and together we're entering Mexico, Qatar, Australia and other countries. We are talking about a presence in countries with 17 different languages, which is a totally new challenge for us.

Where do you expect the Group to be in five years' time?

F.A.- I would like our sales balance to be inverted, with 60% coming from abroad and 40% from the local market. We do not have to reinvent the wheel as we can grow with our traditional partners, where we have strong cultural and language ties.

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PORTUGUESE KNOW-HOW CONQUESTS ALL CONTINENTS

Portugal's construction and engineering sector has, like the rest of the economy, suffered greatly over the past seven years as consumer and business confidence dried up, spending and investment plunged and the government struggled with massive debt.

Projects were cancelled, jobs disappeared and companies went bankrupt with no relief in sight. But now, as slowly but surely the Portuguese economy begins to perk up, it appears that the construction and engineering industry is at last coming back.

Launching Pad

One foreign company in the sector which has a long involvement in Portugal is the Brazilian conglomerate Andrade Gutierrez (AG). José Nicomedes, chairman of the board of Andrade Gutierrez Europe, Africa, Asia is confident that the situation is on its way to a turnaround.

"In terms of demand I would say there is still some weakness but it looks good for 2016 not only in Portugal but in Europe as a whole," he says. "We have a team conducting studies on what opportunities specific to our company will emerge in Europe. However, our focus cannot forget Portugal because of our presence here and there are already many projects going forward."

AG has been operating in Portugal since 1988 when the group purchased the local company ZAGOPE, and has completed more than 300 projects on the Portuguese mainland and islands.

From there it launched operations in the former Portuguese colonies and other countries in Africa and other continents.



JOSÉ NICOMEDES

CHAIRMAN OF ANDRADE GUTIERREZ EUROPE, AFRICA, ASIA

"WITH THE BRAZILIAN DROP IN DEMAND MORE COMPANIES WILL BE INVESTING ABROAD"

"We have a strong operation in Africa where we are active in Angola, Mozambique, Congo, Ghana, Algeria and five other countries on the continent with ongoing projects.

"Our expectation is that 2015 will be a difficult year in Africa because of local government budget constraints, but we hope to at least maintain or even have a small increase of our turnover in that part of the world."

Along with construction and engineering, the AG group is involved in energy, technology, health and sanitation, defence and security, sports arenas, transportation and logistics, and real estate development.

Some of the group's signature projects in Brazil are the Amazon Arena in Manaus and the renovation and operation of the Beira Rio in Porto Alegre for the 2014 World Cup, a new line and stations for the São Paulo metro system and many, many more.

One of the largest private conglomerates in Latin America, the group employs 250,000 people in 40 countries and has carried out about 900 engineering projects.

This year, the group is scheduled to complete the North-Eastern Shipyard in Venezuela,

South America's largest, capable of building and repairing large-sized oil tankers.

"We've been operating in the international market for more than 40 years and I think that now, with the Brazilian economic situation triggering a drop off in demand, more Brazilian companies could be encouraged to invest abroad," Nicomedes explains.

The Middle East, and especially Saudi Arabia, is another focus for AG and where the government has realised local companies do not have the capacity to carry out all the ambitious infrastructure projects and is inviting in foreign firms.

"We are also present in Lebanon where we have a contract to build a dam near Beirut and we are present in the United Arab Emirates," the chairman says. AG also has offices in Qatar and Libya.

"There is a lot of competition in the Middle East so to differentiate ourselves, we've been concentrating on innovation and working with programs we call 'operational excellence' to make us more competitive

"At the same time, we have implemented in all of our group's companies a broad programme to reduce waste and contain costs to emphasise our strengths which will, in turn, help us meet competitive challenges," Nicomedes says.

"The crisis in Portugal eventually led to business opportunities in other countries and in all the places we have worked our brand has been strengthened," he adds. "We also work hard on sustainability, managing the local work force and training, all of which is well appreciated in our foreign markets."

One of the group's key training programmes is aimed at young people, Trainee AG, which gives aspiring employees employees of all areas, under the age of 27, a chance to work in the group's offices around the world.

Each year, some 30,000 people apply to the five-year-old programme and approximately 20 are chosen annually to participate in the 18-month course in which they undergo immersion in the AG culture, technical and behavioural training, in-house coaching and monitoring by tutors and a professional in the field of personnel and management.

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Turnkey Advantage

Seeking out new opportunities abroad was also the strategy of Technoedif Engenharia, one of Portugal's leading engineering firms for the industry and energy sectors which is celebrating its 50th anniversary this year.

Over the years, the company has been present either acting alone or working closely with international firms in most of the large industrial and engineering projects executed in Portugal in refining, petrochemicals, natural gas, chemicals, cement manufacturing and mining.

But then the country's economic crisis hit, leading the company to seek out other markets, explains president and chairman.

"In 2008, we had a project that represented 60 percent of our production capacity but then it was halted and our 80 engineers were left wondering what to do from one day to the next.

"In times of crisis, companies have to invest and diversify and so the crisis was an asset for us."

"The Portuguese market has largely stabilised but last year 50 percent of our business was overseas, up from 4 to 5 percent in 2010 and so our internationalisation it has been a gradual process," he says.

"In Portugal, we have mastered the gas and petrochemical industries and we have major customers like Galp Energy and Repsol and have done large projects for others."

On a typical infrastructure project, Technoedif provides all or part of the services for engineering, procurement, construction and project management which could cover feasibility studies and master plans, detailed engineering, commissioning and start-up and personnel training under a full turnkey contract.

Overseas, Technoedif Engenharia is active in Mozambique, Algeria, Kazakhstan, Argentina and Angola where it currently has three important contracts in the petrochemical and refining industries, and is negotiating on two other major projects.

"We are being affected by the late payment situation from Angola, but we continue to work there because we have a solid financial structure that allows us to get by until the payments are made," the executive says.

Last year alone, the company worked on such projects as a new fuel depot, and a port terminal in Angola, a chemical plant in Algeria, a refinery in Argentina and a hydrocarbon storage terminal in Mozambique.

In some of its foreign markets, Technoedif Engenharia works with third-country partners. In Kazakhstan, for example, the company is providing all the technical engineering services for the contract winning German concern, and has done the same in Argentina with a French partner.

"With the Kazakhstan project, we've had 11 engineers there since last July and they'll remain there until late 2016 or early 2017. This project came about from our long-time connections



FERNANDO CARVALHO

PRESIDENT & CHAIRMAN OF TECHNOEDIF ENGENHARIA

"WE WANT TO ESTABLISH THREE OPERATING CENTERS IN AMERICA THE MIDDLE EAST AND AFRICA"

with the large German group with which we worked in Algeria and Libya," Carvalho says.

"This is one of the ways we operate internationally via foreign partners and the other is direct investment. It's a different situation entirely in Angola and Mozambique."

Other Portuguese-speaking countries also present interesting opportunities, as does Colombia and Equatorial Guinea, he says, while the company is also exploring an offer in Dubai.

One hitch in Technoedif Engenharia's expansion plans is finding qualified engineers who know how to work with foreign companies, but the executive is confident that business will increase, especially overseas.

"Our goal over the coming years is to double our work and establish two or three operations centres, one is already in Mozambique since 2013 and another in Angola probably by the middle of this year, in order to seize the opportunities which will certainly appear there. And along with our centre here in Portugal, probably another in the Middle East or Latin America," Carvalho says.

Team Working

Africa has also been profitable for the Novo Modelo Europa & Afrilindo Group based in Braga, Portugal. Founded in 1994, the construction company, like others in Portugal, turned to internationalization with the crisis.

"It was very difficult for us when the economy turned bad and we were affected," recalls group president Manuel Correia. "Many businesses closed and did not pay us so we ran out of money. It forced us to go overseas and this has been very positive."

"Now we are noticing that there is some recovery in the domestic market but very little so we are looking to the broader European market and are now doing a lot of business in France

TECHNOEDIF Engenharia 50
2015

1965-2015

TECHNOEDIF is the nationwide leader in engineering, procurement, construction and project management for the process industry (oil refining, petrochemical, chemical, pulp and paper) and energy. Backed by more than 50 years of experience of which 16 years integrated in one of the world's leading engineering companies (Technip), and thanks to the expertise and know-how of its employees, TECHNOEDIF is a strong contributor to the development of Portuguese capabilities to participate in national and international projects.

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MANUEL CORREIA
 MANAGING DIRECTOR OF NOVO MODELO EUROPA & AFRILINDO

“WE ARE ONE OF THE FEW COMPANIES IN BRAGA THAT HIRED NEW PEOPLE IN 2014”

and Switzerland, and trying to open up Croatia and Corsica,” he says.

“Outside of Europe, a market that is very interesting, has a bright future and a lot of money is Algeria where a potential local investor has invited us to consider setting up operations there.”

In Africa, the group is exploring opportunities in Mozambique and is active in Angola where the market, the president says, is “growing very, very much.” Business, he adds, “is going very well there and the Angolan government pays on time as do our private clients there.

“Our only problem in Angola is transferring foreign currency out of the country.”

Novo Modelo Europa’s products are used in a wide range of structures including housing, cinemas, theatres, museums, schools, sports halls, hospitals, warehouses, hotels and churches.

Correia credits the success of the group to its employees, most of whom were trained by the company with some working there for many years. “We must be one of the few businesses here in the Braga region that hired people in 2014 as most of the companies were letting people go.”

But, he cautions, people trained to the appropriate technical level are hard to find in Portugal as so many have left the country in search of work abroad.

“What I have learned from all of this is that you should never throw in the towel no matter how bad things get. We faced the problems of the crisis and came out on top. Also, you need team work and a good leader and those two elements are key for any business to succeed.”

Solid Turnaround

Another enterprise located in Braga which supplies the construction industry is Perfilnorte, part of the Grupo O Setenta company and that manufactures coverings, roofing, facades, gutters, ventilation accessories, sandwich panels, beams and other sheet metal products used on all types of buildings.

Custom services for construction sector clients includes bending and cutting, CNC milling, profiling, longitudinal and cross-sectional coils.

Founded in 1993, five years later the com-

pany moved to larger facilities as business grew. After the dip in orders caused by Portugal’s economic slump, business is back, says Perfilnorte president and group administrator José Correia Fernandes.

“Our domestic market is performing very well, the crisis has definitely turned around and we have a lot of work at both Perfilnorte and Grupo O Setenta. Just to show you how it has improved, in 2010 we billed 10 million euros and last year it was 14 million euros.”

“We have a lot of work in Lisbon and we are heavily involved in many dam projects here in the north of Portugal. Also, the oil companies have returned to opening new petrol stations and we’re assembling eight of these,” he says.

Despite the resurgence of construction at home, much of company’s recent growth has come from sales, both direct and indirect, in the overseas markets which the president describes as “growing more and more” and one of Perfilnorte’s most important markets is Angola.

“We have a lot of work in Benfica, near Luanda and also in the province of Cabinda where we are working on housing and a factory with aluminium boilers and a large metal structure,” he says.

“So I believe in the future. We have bought some new machinery and within three months we will begin working on some further innovations. These are all signs that the market is alive and well!”

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AVEITRADING IS TAKING THE FAMED PORTUGUESE PRODUCE TO THE FOUR CORNERS OF THE EARTH

Aveitrading is a family firm founded on 2013 with an extended experience in the fields of logistics and exports of food & drink produce to the rest of the world. This Aveiro-based company has set as its goal to serve the Portuguese communities scattered in the four corner of the Earth, taking to them a range of products full of the quality and tradition of their sea-bordering motherland.

Antonio Pinto is the manager of Aveitrading, a company dedicated to exporting food products from the Portuguese side of the Iberian peninsula. His wide range of products offer its customers the opportunity of choosing those best adapted to each taste and that will bring strong memories of the country of origin. "Aveitrading has over two thousand products in its catalog, from sweets to top quality wines. We will endeavour to find any products that a customer may demand, even if it is not a food product. Aveitrading works as a trading partner which offers different types of products to those living abroad, so they not need to come over to get them", affirms Antonio Pinto, the company founder, who together with his son manages the business. The whole team is made up of five people which manage a total

turnover of about 8.5 million euros, all of which come from foreign trade.

"We have grown every year", says António Pinto, insisting that the "saudade" market remain its main business focus, as Aveitrading's most important markets are those with a significant Portuguese immigrant population, such as Switzerland, Germany, France and Canada, in that order in terms of sales volume. Its capability to work with distributors is one of its advantages, which has allowed the company to have also business with two supermarkets based in Ireland and northern Ireland.

"In France and Germany we have achieved a very important goal, that some local residents are beginning to consume wine and other Portuguese products", confesses Antonio Pinto, which considers a success the fact that Portuguese products are already making its way onto the tables of consumers from other countries.

Aveitrading has also created its own brand, with an optimal price/quality ratio and which consumers have largely endorsed. "We are betting on traditional products, such as olives, sweet lupins, traditional pastries (pão-de-ló, linguas de gato), sausages and cheese", explains the managers, which goes on to say that a new partnership is in the works for the local production of olive oil with the Aveitrading brand. "Every year we test new products, novelties and new producers with interesting ideas", Mr Pinto says.



"EVERY YEAR WE TEST NEW PRODUCTS, SOME NOVELTIES AND NEW PRODUCERS WITH INTERESTING IDEAS"

For the near future, one of the main projects of the management team is to have a new cold storage facility fully operational in its premises, a bet that will enlarge its range for its customers by offering new options in the frozen foods segment. This bet on frozen foods is only one of the goals of a company that strives over all to offer a full satisfaction to its clients through our service of quality and excellence.

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Estabelecidos em 2003, em Aveiro : Portugal, eixo Europa-Atlântico das rotas internacionais, onde nos dedicamos à exportação dos sabores tradicionais da nossa Terra, promovendo uma rede comercial global da nossa excelente cultura gastronómica, com os melhores preços, qualidade e confiança.

THE PORTUGUESE INDUSTRY FINDS A WILL TO TRAVEL

Driven by new export markets, high-quality goods and relatively low wages, Portugal is once again becoming a major player in European industry, turning out both traditional and new products for expanding global markets.

But it took the country's financial implosion to usher in this new era in Portuguese industry as those companies which survived the crisis realised that with their domestic market on the skids, they needed to find new business abroad if they wanted to survive.

At the same time, overhauling their manufacturing methods through cost cutting, major investment in new technology and the ditching of loss-making products and practices helped Portuguese industry better able to compete in a globalised environment.

And it has paid off. According to the World Economic Forum's Global Competitiveness report for 2014-2015, Portugal jumped from the 51st position in 2013-2014 on the economic index up to the 36th position.

Portugal has been known as a world leader for decades in such sectors as paper manufacturing, wood products, cork, textiles, canned fish, cement, wine and wind energy, and now its entrepreneurs are gaining a sterling reputation in other industries.

Challenging Environment

Angola has figured largely in the success of many Portuguese companies, such as Tecnobento which designs, manufactures, installs and maintains industrial machinery and equip-



NUNO BENTO & PAULO SILVA

PARTNERS OF TECNOBENTO

"OUR AMBITION IS TO EXTEND OUR RANGE OF CUSTOMERS ABROAD"



ment for the food, beverage, dairy, pharmaceutical, chemical and water treatment industries.

Founded in 2009 as Portugal's economic woes deepened, the company made international sales its priority from the beginning, explains co-company director and finance and quality control chief, Nuno Bento.

"From the first day, we targeted the international market, namely Angola, and worked there with local clients producing soft drinks, water and juices and today, 90 percent of our 5 million euro annual turnover comes from there."

And Tecnobento is as active as ever in the petroleum-dependent country despite the steep fall in oil prices, with new projects including a soft drinks factory and a water plant.

"But Angola is still a challenging environment," the executive says. "One of the difficulties is shipping equipment there and obtain-

ing the proper licences.

"However, the biggest problem is getting work visas for our Portuguese staff going there to set up operations or train the Angolan workers so we usually have to go in on a tourist visa."

The company is also active in Luxembourg, Spain and Mozambique, although Angola will likely remain Tecnobento's main market for the moment.

"We have the ambition to extend our range of customers abroad," says co-company director and electrical and automation department chief Paulo Silva. "And to do that we must demonstrate that we are better than our direct competitors, know what they do and then do it better."

While Silva complains of Portugal's heavy taxes for firms like Tecnobento, he argues that Portuguese industry is competitive on a global scale and innovation and more proactive policies on the part of business and the government will ensure the country's industrial success.

"Even with the difficulties, we have had considerable growth year after year," he says, "and now our goal is to complete our new plant which will give us the chance to devote more effort to innovation and development, something we have not had time to do."

Right Timing

Central Vacuum Systems, Underfloor Heating and Thermostats, is one such sector that the Portuguese firm Aspiglobo/Globovac has expanded from initially buying and selling such equipment and eventually now running its own manufacturing operations, says president and managing partner Vasco Sousa.

"We started up around 10 years ago in Coimbra and we were buying our products from Spain and China just for the domestic market and eventually we started manufacturing our

own systems around two years ago," he recalls. "When the Portuguese market collapsed with the halt in construction, we began focusing on exports."

Recognising the opportunity, the company began to invest so it could meet the expected demand from the new markets. Everyone told Mr Sousa that it was madness to invest at that time, but he is glad he ignored the warnings.

"Fortunately, sometimes a crisis situation can turn into an opportunity and allows us to grow," he argues. "If not for the crisis we could never have grown as much as we did."

The United Kingdom was Aspiglobo/Globovac's first overseas market, followed by Spain, France, Germany and Italy. Brazil, South Africa and China were next, while sales to the rest of Europe also took off.

"In Europe, there are only two countries where we do not have a presence, Greece and Belarus, and we now sell to 47 countries around the world. Last year, exports increased by 35 percent and we expect growth of 40 percent for this year," Mr Sousa says proudly "at home, we now have around 70 percent of the domestic market."

The president goes on to explain that he does not want Aspiglobo/Globovac to be the biggest in its sector, just the best and he feels the company is well on the way to achieving that goal.

"When we started out, there were almost 20 other companies active in this sector in Portugal, now there are just two or three as unfortunately, all the others went out of business.

"Nothing ventured, nothing gained and so I think that it is time for companies, if they really want to succeed, to take the risk at this time and that within two or three years, Europe and Portugal will be back as strong as ever," Mr Sousa predicts.

Rapid Growth

Also involved in providing environmental

comfort solutions for the construction industry is Acustekpro which is about to celebrate its 10th anniversary of manufacturing acoustic, thermal and vibration insulation for industry, civil projects, office buildings, commercial properties and the home.

"Initially, our aim was to supply these products and services only in Portugal and by the sixth year we were the national leaders," says company founder and sole managing partner Pedro Teixeira.

"We had some problems along the way such as very rapid growth which we did not expect and that led to some financial difficulties which were overcome. So we began to be more careful about growth and last year it was around 25 per cent."

Once it had achieved success at home, Acustekpro began to look abroad and found a ready market in the Scandinavian countries where its products were appreciated for their low cost and high-quality technical content.

Then, like many expansion-minded Portuguese firms, the company began to target the country's former colonies in Africa, especially Angola.

"Angola is a mass market because right now the country is undergoing this huge construction boom and we're also working in Mozambique which is a smaller market," Teixeira says.

"We are also now in France, Switzerland, Colombia, Brazil, Qatar and Dubai, among others. Our biggest difficulty in expanding is finding the right partner in each country."

In searching for partners, Teixeira says he first identifies companies operating in the same sector and which ones aspire to be the reference firm for that industry in the market. "Then we approach them about joining us," he explains.

"We already have an interesting partner in Qatar and Dubai where we have a range of

products suitable for that market and which are easy to install by the local builders."

Last year, Acustekpro posted a turnover of 2.5 million euros and is confident that figure will grow as the company pursues its expansion both at home and especially abroad.

"With the crisis, we started looking at the foreign markets for our products with new eyes," the company founder says. "In Portugal, we have goods of excellent quality, competitive prices and the human resources to develop so now is the time to project these attributes to the global market."



Global Player

One Portuguese manufacturer looking beyond just exporting to Africa and setting up its own production facilities there is Sebastião & Martins & SA, or SMSA; which makes a wide range of carton board boxes, corrugated pallets, printing supplies and other packaging items.

"We began globalising our operations back in 1999 in Spain and took it to a second stage in 2009 with clients in the United Kingdom, France, the Netherlands, and then Portuguese-speaking Africa," recalls executive director Miguel Martins.

SMSA has staked its reputation in Africa on the superior quality of its products, particularly those designed for the food sector, compared to those manufactured locally.

"We're offering a type of product and service which they are not used to. For example,

acustekpro

We drive progress
 swiftness · effectiveness · comfort · safety

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we developed a series of carton board trays for the largest poultry producer in Mozambique which was better at keeping the chicken cold and it worked beautifully," Martins says.

Export markets account for around 15 percent of the company's annual turnover which was 23 million euros in 2014, a figure which has quadrupled over the past 15 years and is fuelled mainly by growth in supplying the Iberian peninsula's food sector.

"It is important that we not neglect our core market which is Portugal and Spain, but we need to look to Africa where we are taking the next step with building a production plant there, probably in Mozambique or Angola," the executive director says.

"We cannot replicate our business model here at home to an African country, that is impossible," he explains. "We have to adapt, but I would like our operation there to be very similar to what we have in Portugal.

Closer to home, Martins maintains that the Portuguese industrial sector possesses the ability to become a global player in those areas in which it has the skills and experience.

"I believe that when we focus on what we do best we can compete with any country. We do not have the natural resources which others have but we have human resources and a large capacity.

"Our business model shows that Portuguese companies can find success abroad by focusing on the customer and so I am fully confident that we are able to do this."

Quick Response

A long-time stalwart of Portuguese industry is shoe manufacturing and footwear components which despite taking hits from competition by low wage producers, mostly Asian, is now rebounding.

A leading producer is Atlanta, the biggest maker of soles in the Iberian peninsula and one of the largest in Europe, working with such prestigious international brands and retail groups as Louis Vuitton, Burberry, L'vov, Kenzo, Armani, Versace, Hudson, Gant and



Massimo Dutti.

"We produce components to be incorporated into footwear, in particular soles, but we also provide services and do our own development with internal designers," explains managing partner Alberto Meireles.

"Atlanta works directly with the creators of these globally-successful brands and around 25 percent of our production is directly exported to countries like Spain, Italy, India, China, Mexico and Morocco."

Growth has been substantial and sustainable over the past two years, and in 2014 the company billed 9.2 million euros.

An important reason for the company's success is its practice of constantly monitoring consumer purchasing patterns in the world's fashion capitals by employing what the executive calls "scouts" who closely observe what's hot and what's not, the executive says.

This information is then relayed to Atlanta's clients and the companies cooperate in rapidly coming up with new designs, concepts and products.

"We can confer with a client in Porto and by late afternoon we'll have a physical model of the new sole and this shows what I believe is the Portuguese shoe industry's main strength: it's ability to be responsive, quick and flexible," he says.

These skills were acquired after the major multinationals involved in the sector left the country a decade ago, forcing the local footwear producers to up their game and search for new, niche segments.

"Our challenge now in the industry is to produce fashionable goods, be flexible and



keep an eye on quality," Meireles says. "Portugal has a great footwear tradition and deep know-how accumulated over many years. These are the factors which will help us thrive and overtake rival producers like those in Italy."

Right Timing

Adjusting to new market realities was vital for Esmaltina, Auto-Ciclos SA, Portugal's leading bicycle assembler which was founded in 1970 and has turned out more than 3 million bikes over the years.

Since its beginnings, the company has seen the bicycle go from a means of transport for many of its customers to a lifestyle and leisure conveyance of many models and with many uses.

With globalisation in the late 1990's, there was a major restructuring at the company and we went from 200 employees to 70 which is the number we have today," says company director Paulo Lemos.

Instead of manufacturing all its bicycle components as in the past, Esmaltina now imports many of the parts from foreign producers and assembles the bikes at its Portuguese plant for sale under a range of major retail brands.

Esmaltina banks on a long tradition of bicycle making that has made the region of Aveiro long famous for its manufacturing capability and skilled workforce, for many decades now. With fifteen thousand sqm in its factory, the company has bet on assembling rather than trying to do everything by itself.

"These days," explains Lemos, it is no longer profitable to be just a manufacturer as customers can find bikes made in China at very low prices."

In 2014, the company sold 190,000 bicycles with 50 percent of production exported and France and Angola among its major customers. "We're not afraid of taking on projects of any dimension because we have the capacity and we have the staff," he says.

As for its main markets "We are well represented in Spain and Portugal, as well as in France and Angola. And we are making constant strides to diversify our product-portfolio and find new foreign markets," concludes a confident Lemos, while looking at a world map.

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INTERVIEW WITH JOSÉ PASCOAL

PRESIDENT & CHAIRMAN of TRANSPORTES PASCOAL

Strategically positioned in the centre of the country, and investing heavily in its human resources and core IT systems, Transportes Pascoal is taking full advantage of the recent boom in Portuguese exports, as its President Mr Pascoal details



"ROAD TRANSPORT REMAINS THE MOST EFFICIENT WAY TO MOVE GOODS IN EUROPE"

When did you start looking at expanding beyond the Iberian market?

J.P.- By 2007 we felt that due to our growth in the Iberian market it would be difficult to keep on growing, so we decided to start working first in France and then in the UK. The UK has always been a major destination for us, and we just opened an office there two years ago.

Do you feel more dynamism in Portugal's exports or imports?

J.P.- Exports mostly, as imports still remain weak. In particular regarding the Portuguese exports to the UK there's a great dynamism in the ceramic industry, shoe industry, and even more in the wine industry. Yet we are dedicated specially to the automotive parts industry, which is a very demanding sector and which helps us become ever better and more competitive.

What challenges have you had to overcome to grow in this last few years?

J.P.- First it is difficult to find experienced human resources, so we have a strong internal program of continuous training. We have also invested a great deal in technology to know where our trucks are, when they arrive, etc - so our IT system really gives a competitive advantage to give a better service to our customers. Over the last years we have grown consistently between 12 and 14% a year.

How do you see your business evolving?

J.P.- We are very focused in partnerships in order to overcome all the problems as they appear in the market.

How do you see Portuguese central region economy in 2015?

The central region is not yet benefiting from the current economic recovery, the sentiment is still rather flat, yet most of our customers come from the north of and the Lisbon area.

Will you keep your current focus on the European market?

J.P.- Absolutely, we remain very focused on the European market, and shortly we are planning to open a new office in Germany. I remain optimistic on Portugal and Europe and we are ready to tackle the new challenges in road transportation, still the most efficient way to move goods in Europe.

INTERVIEW WITH ANTÓNIO FRAZÃO

GENERAL DIRECTOR of GRUPO FRAZÃO

The Portuguese ornamental stone producer has successfully seen off their Turkish competitors by investing in design and branding, while it changes its market focus from Brazil to central Africa, explain the Group's general director



particularly in South American markets, such as Colombia, Chile and specially Brazil, where no less than a quarter of our exports have been destined, although lately Brazil's demand has been falling. We have also entered Japan, in partnership with the Spanish concern MKM, that accounts for 15% of our sales. Turkey is probably our biggest competitor in most of those markets.

How can you compete with such a power in your industry as Turkey?

A.F.- The Group at some point decided to create and develop its own brand, the stone nature, a brand with a well thought-out concept which we can present at important international trade fairs such as the Orlando Fair and the London Fair. By investing in branding and design we have been able to compete with the Turkish producers successfully.

Do you see other opportunities in new markets for the stone nature brand?

A.F.- I believe there's a great future in Africa, I believe it is our growth market for the next decade. I just came back from Guinea-Bissau and I saw a great interest in all of central Africa in our products. These countries have the advantage of their size over other more traditional markets for Portuguese exports, such as Angola, as they have green-field projects ready to go up that will be needing our products in the next few years. As an example I can tell that the new headquarters of Ecobank in the Ivorian city of Abidjan are being built with our

"OUR PRODUCTS REACH UP TO 24 COUNTRIES AND WE EXPORT 100 % OF OUR PRODUCTION"

products, after the similarly successful project that we had at the Ecobank's offices in France.

We have been working in Equatorial Guinea as well as Angola recently, and we are looking favorably at new real estate developments in this area. These markets have all the potential to grow and we want to grow along with them.



What field of activity has Grupo Frazão been active into?

A.F.- Grupo Frazão is involved in the extraction and commercialization abroad of ornamental stones destined for pavements and coverings in stone, polished, honed, aged, rustic, etc. All stones are extracted from our local quarry in Alcanede, north of Lisbon. Our products reach up to 24 markets in the world, and our group exports 100 % of its production.

In which foreign markets have you been more successful?

A.F.- From 2000 we have been interested

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INTERVIEW WITH RODRIGO BARROS

GENERAL DIRECTOR of ISOLAGO

Founded only at the beginning of the economic crisis that has affected Portugal, plastics producer Isolago proves once again that hard times may be ideal to start a new company with big international ambitions, explain its young founder Mr. Barros



When was Isolago founded?

R.B.- In 2008 I founded the company, with the Iberian market as a first goal, and from there we moved to France in 2010. The initial investment was nearly eight million euro, we saw the economic crisis as an opportunity as we prepared ourselves in order to grow once the crisis would abate.

Who are your main customers?

R.B.- Any company that needs plastics, specially in the area of polyolefines and polystyrene. We have entered into these clients thanks to our three core competitive advantages, which are service, quality and price, as we excel in the combination of these three factors.

I understand you try to adapt to each client...

R.B.- Precisely! The masterbatch market is a good example, we totally adapt to our client's demands, and only once the product is accepted we can start doing business.

How large is Isolago after only seven years of operation?

R.B.- In 2014 we billed 20 million euro, and we have been growing between 25% and 30% a year. Direct and indirect exports account for 75% of sales. Our main markets are France, Spain and Italy.

Are other markets on your sight?

R.B.- At the end of 2013 we believed that we have reached the point where we feel ready to look for new opportunities in other continents. As we have some good sea ports we are looking at places with a direct sea link to Portugal where we can replicate the same combination of service, price and quality. For instance, we were recently in a Dubai trade fair and we met many interested prospects. Our business takes more than one year to bear fruit, and we are already selling to Turkey and Algeria, we expect to have some products homologated in some five more countries in Africa, South America and Brazil soon.

Is there still potential for Isolago to grow?

R.B.- This company was designed to be a 55 million euro company. In 2015 we hope to achieve between 24 and 25 million euro, and we expect to keep on growing between 15% and 20% for the next few years, so we hope to achieve our ideal size by 2020.

Recently you also started also Componit as part of the group ...

R.B.- It has to do with new and different products. We want to integrate both business



Photo: Isolago

in order to diversify risks by going to the end market and also supply the raw materials for our customers to produce their own material. For instance, Isolago started with a single product and five references, and now it produces five products with over three hundred references, we want to enlarge not only our product portfolio but also our markets. It is the family's philosophy to diversify and not be dependant on a single product or market.

Is Portugal's image an advantage now?

R.B.- It depends, for instance in the German market it could be better, as we still have to sell based on a lower price even for an equivalent quality. Yet in France we are able to sell

"IT IS THE FAMILY'S TRADITION TO DIVERSIFY AND NOT DEPEND ON ANY SINGLE MARKET"

at the same price than some of our competitors. In Spain and Portugal we are fine, our quality is well known and recognized. Once we are out of Europe, we are considered a European producer so we are well positioned to achieve good prices and be on the same standing as other European countries.

Where do you see the main challenges for the future development of Isolago?

R.B.- First, we need to choose carefully our target markets, with the help of the Portuguese Institutions that promote and help us expand abroad. Then we need to say that the vocational training system in Portugal is not currently generating youngsters with enough experience, contrary to a case like Germany where an 18 year old trainee can start being productive, here we need to do most of the training in-house. Yet in general I believe that the industry in Portugal has a bright future and we are at the forefront of international expansion.

LEADING IN PRODUCTION AND EXPORT OF MASTERBATCH

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