

**AFRICA SERIES - II.**

**ANGOLA 2014**

PORTUGUESE INVOLVEMENT AND A STRONG DOMESTIC DEMAND MAKE ANGOLA AN INVESTMENT FAVOURITE

# REDISCOVERING A NEW ANGOLA

## PORTUGUESE INVESTORS ARE BACK IN FORCE IN ANGOLA WITH A WINNING HAND TO PLAY

Portuguese investors are, of course, no strangers to Angola. For half a millennium the country was Portugal's largest and richest African colony and both prospered from Angola's vast reserves of oil, gas, diamonds and other natural resources.

After independence, Portuguese involvement in the Angolan economy logically lessened. But these days, Portugal is again looking to its former colonial territory as a source of prosperity as its own economy struggles with high unemployment, stagnant domestic demand and financial restrictions.

According to a U.S. State Department report on investment, "Angola offers both high returns and great risks to investors and exporters" and the International Monetary Fund predicted 6.3% real GDP growth in 2014.

Portuguese companies are joining in rebuilding Angola after its crippling civil war and among the leading concerns taking part in this effort are those linked to the booming construction sector with both public and private mega-projects transforming the country.

### Mutual Partnership

One Portuguese company which carefully planned its move into Angola is José Moreira Fernandes & Filhos, S.A., or JMF, a family-owned construction business that wisely sent a team to the country to weigh the risks and possible rewards before jumping in with both feet.

"Our first step was to study the country and especially the economy," recalls mana-

ger Sameiro Fernandes. "They brought back a good report and in 2008 we began to invest in the construction sector aided by our extensive knowledge of, and experience in, building roads and public infrastructure."

JMF's strategy was to find a reliable local partner which knew how the market worked. Contracts with the government to build secondary and tertiary roads in Luanda soon followed and in 2013 the company had turnover of around \$13.5 million.

"Our turnover last year in Portugal was almost \$10 million so Angola is now our main market and certainly more important than our domestic operations," she says.



**SAMEIRO FERNANDES**

GENERAL MANAGER OF JOSÉ MOREIRA FERNANDES & FILHOS

**"THERE IS A FEELING OF A MUTUAL PARTNERSHIP, WE NEED EACH OTHER"**

However, partnering with a local firm is not always so easy but the JMF exec says the company is still open to working with others. "We are specialised in one area and other companies are specialised in others so collaborating on one particular project is the way to go."

Despite having a local partner, there were initial headaches which included hassles over visas for JMF's Portuguese executives and senior management. The company's Angolan operations now employ 20 expatriates and around 100 locals, compared to 80 staff members back home.

Fernandes says it is easy to find Portuguese who are eager to emigrate to and work in Angola and that Angolans hired by the company are easy to train. And she argues that Portuguese companies are an easy fit for Angola because of

a shared language and history.

"There are many similarities between the two countries. For example, public works decrees are exactly the same as ours, as are the accounting procedures and there are a number of institutions operating here that are of Portuguese origin.

"So I think we are well accepted by the locals, there is a feeling of a mutual partnership. We need each other and we have given them and they have given us so much. It's a good deal, in my opinion."

Looking ahead, Fernandes says her goal is tripling turnover to \$40 million over the next five years, along with diversifying JMF's activities and changing along with the Angolan construction market.

"Angola is a very good country to live and work in and it can only get better. Obviously, there are many shortcomings as the country rebuilds and there are still effects from the civil war.

"But this is a country of great opportunities and a country with a great future," she says.

### Provincial Investments

Four years ago, the northern Portugal-based firm Novo Modelo Europa, S.A., which produces iron, steel, aluminium and wood products for the construction industry, decided to open operations in Angola, choosing the central coastal province of Benguela for its subsidiary, Afri-Lindo Lda.

"We selected that area as it looked like it was poised for growth and, of course, there is the well-developed port of Lobito. But, like starting out in any new territory, it was tricky and we had some difficulties. Thankfully, those have now been resolved," explains Afri-Lindo executive director Manuel Correia.

"And we are also now working in Huila province and our eventual goal is to branch out into Namibe and other regions," he adds.

In the beginning the company first had to prove itself as a reliable partner to avoid the mistrust generated by other foreign firms which came to the country to get new busi-

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Photo: Novo Modelo Europa



**MANUEL CORREIA**  
EXECUTIVE DIRECTOR OF NOVO MODELO EUROPA, S.A. & AFRI-LINDO LDA.

**“THIS MARKET SHOULD NOT BE SEEN AS A QUICK WAY OF RAISING REVENUE”**

ness, but failed and pulled out of Angola, leaving behind their abandoned projects along with much ill feeling.

Afri-Lindo began its Angolan adventure working with the provincial authorities in Benguela to build two educational facilities. And it is still focused on state projects such as schools, hospitals and housing for government officials but also supplies such projects as leisure facilities, office buildings, businesses and even places of worship.

“Our company is becoming known for its quality, efficiency and speed and so our market is growing as we attract more and more clients.” Correia says.

Indeed, Afri-Lindo’s current annual sales in Angola of almost \$28 million are more than

double those of the parent company back in Portugal. The firm employs 210 people and has a small expatriate staff of more than 30 Portuguese engineers, managers and others.

“It’s one of our basic tenets to train new employees and compensate them fairly and they deserve it as they do an excellent job. We do have employee turnover as some people just do not fit into the company, but this is normal anywhere,” he says.

“And this attitude is greatly appreciated by the Angolans as they can see what we have put into the country; the factories, the warehouses and the auditorium we built as a training facility for our local employees.”

Afri-Lindo has invested close to \$10 million to import equipment and machinery and build factories, and the executive director maintains that he is “100% satisfied” with Angola as a place to do business.

“All investors who decide to invest in the Angolan market must do so in a meaningful way because this market should not be seen as a quick way of raising revenue.”

Correia notes that the government responsibilities to contractors and suppliers is now regular, especially for companies which the authorities trust. “I have no complaints now whatsoever concerning that.”

“My advice is to go to Angola, invest and

stay. It’s a great market and I would tell anyone to put their money there because I love Angola,” he says.

**New Subsidiary**

Based near the northern Portuguese city of Braga, Perflnorte is also expanding in Angola where construction firms are eager customers for the company’s wide range of facade panels, steel profiles, roof gutters, steel false ceilings, profiled sheets, polyurethane sandwich panels, trim and accessories.

Perflnorte’s services include automated cutting and bending for various sheet thicknesses for all types of flashings, gutters, etc. according to customer specifications; CNC cutting and milling for aluminium composite panels for ventilated facades; and profiling services allowing varied lengths and thicknesses for all types of facades, roofs and metal profiles applicable to all kinds of steel structures.

Founded in 1993, Perflnorte moved decisively into the Angolan market just a year ago.

“We were asked to attend the FILDA International Trade Fair in Luanda in 2013 and a lot of people admired our work,” says president José Correia Fernandes. “We had been selling our products in the Angolan market before then but after our appearance at the trade exhibition, the number of orders just took off.”

And so far, so good. By last September, the company had already surpassed billings for all of 2012 which helped offset losses in the Portuguese market due to the domestic economic crisis.

“In Portugal, we had a major problem on our hands as so many contractors had gone bankrupt and we were stuck with all this product. But that’s not the problem anymore thanks to our sales in Angola, France and other foreign markets,” the president says.

Locating its activities in the province of Benguela, Perflnorte is already preparing to launch a new subsidiary called Perfilset which will operate out of a new 40,000-square-metre facility where Portuguese-made products shipped to Angola will be assembled.



**JOSÉ CORREIA FERNANDES**

GENERAL MANAGER OF PERFILNORTE & GRUPO O SETENTA

“WE CHOSE TO LOCATE IN BENGUELA BECAUSE THE PORT OF LOBITO IS CLOSE”



Photo: PERFIL NORTE

Sixteen staff members were expected to begin the assembly work at the start of this year, assisted by an engineer and expatriate management .

“We chose Benguela because the port of Lobito is very close and so shipping merchandise there from Portugal is very easy,” Correia Fernandes explains. “And Benguela is a safer place to operate. It’s almost like being back home in Portugal.”

Perfilnorte fully intends to keep growing in Angola which the president describes as one of the best emerging markets for construction materials in Africa. The company is also active in Mozambique and is studying a proposal to work in Iran.

### Early Success

International expansion is also in the plans for Politérmica Engenharia, a northern Portuguese company which specialises in developing, installing and maintaining air conditioning, ventilation, heating, hydraulic, electrical, solar thermal, photovoltaic and na-

tural gas systems and networks.

Clients include government organizations, business and industry and private individuals and the company also has a service department that carries out technical assistance and consulting for all construction-related environmental and utility systems.

Founded in 1996 in Maia, near Porto, the firm moved several years ago into Mozambique and Angola as domestic contracts dried up just as many other Portuguese companies did. Angola now accounts for the lion’s share of Politérmica’s business and more than a third of its billings.

“I can say that without the Angolan market we as a company would not have survived,” explains administrator Manuel Rodrigues. “In 2012, Angola represented about 34% of our total revenue.”

Politérmica launched its initial activities in Angola with small projects and one of the first was the air conditioning system for a 20-storey building in Luanda being put up by a South African company.

Then came work on a headquarters for a major multinational mining company, international banking offices and Angolan government buildings, among other projects.

With its impressive track record and growing reputation, the company was chosen as the lead systems installer for one of the national government’s prestige projects: the domed National Assembly building in Luanda.

“This is a real reference building for all of Africa,” the administrator says, “so our entry into the Angolan market has been very well received and very successful.”

Rodrigues’ advice for those foreign firms thinking of setting up shop in Angola includes spending time, money and effort on training up local employees. “First of all, bring your top staff to do the training and have patience.

“If companies don’t deploy their best resources and best training schemes, they won’t be successful. Angola is very good from a human resources point of view but the secret is to transfer know-how and knowledge, proceed calmly and



**MANUEL RODRIGUES**

GENERAL MANAGER OF POLITÉRMICA ENGENHARIA

“THE SECRET TO PROGRESS IS TO TRANSFER OUR KNOW-HOW AND KNOWLEDGE ”



Photo: POLITÉRMICA

respectfully and then you’ll see real progress.”

Politérmica’s experience in Angola is being used in other markets. Along with Mozambique, the company is already working in, or has plans to expand to, Algeria, Ivory Coast, Senegal, Togo, Ghana and Cameroon.

“We have already made our first contacts in Venezuela for the supply of equipment for construction projects there which could include material for power grids, heating and ventilation, air conditioning and fire protection.

“And don’t forget that we also have a company that works on indoor air quality called Clean Breeze to analyse and treat what are known as ‘sick buildings’.

Rodrigues says he has detected a very slight improvement in the construction sector in Portugal but admits that it is still largely stagnant. Therefore, for the time being anyway, Politérmica’s focus will be on expansion abroad.

“I would say that for next few years, our international effort will certainly continue and Angola will remain a major source of work and revenue for the company.”

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# ANGOLA BUILDS ITS WAY OUT OF THE CRISIS

DOMESTIC AND FOREIGN COMPANIES ARE BOTH BANKING ON A SECOND BOOM AND LEAVING THE FINANCIAL CRISIS BEHIND

Angola, many expats and nationals say, has become a mammoth construction site. But this is not a complaint as it reflects the tremendous efforts the government and the private sector are making to drag Angola into the 21st century, repair the damage from the long civil war and meet the demands of a burgeoning, and increasingly prosperous, middle class.

Towering cranes punctuate the skyline of the country's capital, Luanda, and the provincial capitals as well. Highways, roads, bridges, ports, airports and water and electricity infrastructure are being upgraded or built from scratch.

At the same time, the government, flush with billions of pounds in oil wealth, is building vast housing projects for millions of people in the cities and the hinterlands who are in need of proper homes.

And a host of private construction companies, both foreign and domestic, are handling those government contracts and putting up the skyscrapers, apartment blocks, shopping malls, factories and other projects financed by private money.

## Integrated Infrastructure

One of the most successful firms taking part in both public and private construction



and engineering is Certave which is active in a broad range of projects, not only in Luanda, where it is based, but also in Huambo, Benguela and all over the country's eighteen provinces.

With a staff of several hundred, the company is composed of six business units: aluminium and PVC joinery; well-digging; electricity; telecommunications; hydraulic, water and sewerage networks; and air conditioning, refrigeration and ventilation.

"Our company has been operating since 2002 and has reached annual revenue of around \$30 million," explains CEO Resende Dias. "Our very first project was in civil engineering, a 50-kilometre stretch of road between Luanda and huambo, in civil engineering".

"Since then we have decided on an 'integrated infrastructure' offer to align with government services to support recent urbanisation and public housing projects."

Nowadays, Dias says, people not only require a home but demand modern and efficient water and electricity supplies, as well as proper sewage facilities, sectors in which the company is now involved in.

"As part of country progressed and we also wanted to get into that sector of the construction business. Although we are



**RESENDE DIAS**  
CEO OF CERTAVE

**"THE LACK OF QUALIFIED HUMAN RESOURCES IS STILL A CONSTRAINT IN CERTAVE'S BUSINESS"**

based primarily in Luanda, Huambo and Benguela, our experience in projects in Kuando Kubango, Saurimo and Uíge provinces allow us to work anywhere."

While infrastructure and logistics improvements carried out over the past decade have eased operations in Angola for companies like Certave, challenges remain such as finding and hiring skilled local labour.

"The lack of qualified human resources is still a constraint in our business, primarily in the specialized areas in which we operate like engineering," the executive complains. "Essentially, it is very difficult to find middle managers and senior managers with the adequate experience".

“At Certave we have been able to recruit Angolans who studied in Portugal they have become great assets to the company. Unfortunately, as the demand for trained quality workers is so intense in the market that sometimes we are unable to keep all the qualified staff,” he says.

Currently, Certave employs 350 people, some are expatriates who work primarily in the technical and administrative departments. Dias mentions that the practice is common in foreign companies operating in Angola as these expats pass on the experience and train local professionals to take over the future growth.

Despite such challenges, the executive argues that Angola is still a promising place for foreign investors’ business and the construction sector should be healthy for many years to come. Securing an agreement with a reliable local partner is important to incorporate local know-how and success.”

“Another factor is that it is almost certainly easier for Portuguese companies to do well here as so many of the laws, legal procedures, etc., are familiar due to the common language and cultural background,” he says.

Certave’s largest current project is 30,000-square-metre complex in Luanda with an initial investment of between \$40 million and \$50 million comprising four buildings which will house offices and guest-house & hotel.

“Hopefully, this is just the first phase and there will be a second phase sometime down the line,” he says.

Such mega-projects give Dias hope that Certave can keep growing. He predicts turnover this year at \$40 million for a 30% increase and perhaps as much as \$50 million by 2018.

“There are many other opportunities as the one mentioned, as well other new projects in the pipeline” he says. “And because of our track record and sterling reputation in construction, engineering and architecture, we are perfectly placed to be involved in most of them.”



Photo: GRINER

### Explosive Growth

Spectacular growth has also been the experience of Griner Engenharia, S.A. which since its founding in 2009 has gone from 100 employees to almost 1,200, and which billed \$200 million last year.

“The challenges have been great and the course of growth has been very demanding but here we are,” says Griner CEO Francisco Pinto. “Our goal is to be a respected Angolan construction company which can compete with the Portuguese, Brazilian and Chinese competitors moving into the sector.”

Over the past ten years, the industry has undergone fundamental changes which the executive argues have come about as the country and business methods have improved, creating a more demanding customer.

“Today, there are proper contracts, building schedules and financial deadlines so everything is much more organised, especially the way the banks and real estate companies operate. We are also seeing much fewer negative events such as payment defaults,” he says.

But Pinto cautions that some sectors of the industry, such as housing construction,



**FRANCISCO PINTO**  
CEO OF GRINER

“I BELIEVE THAT PUBLIC-PRIVATE PARTNERSHIPS ARE ALSO AN ATTRACTIVE AREA FOR FUTURE GROWTH”

have become saturated because not as much engineering expertise, investment or high technology is needed as with civil projects such as bridges, dams and roads.

“Therefore there is not as much competition in the civil engineering sector because it is more difficult to enter the market,” he adds.

However, Griner itself has moved largely out of publicly-financed, government infrastructure projects and is now almost exclusively involved with private buildings. And the board chairman says a promising area for fu-

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CERTIFICATED COMPANIES

ture investment is construction materials manufacturing and services.

“Griner and our shareholders have drawn up a strategic, four-year plan which begins this year with the aim of helping create Angolan industries that complement the construction industry and the market itself.

“We’ve attempted to put together three or four international partnerships to carry this idea forward and establish industries related to construction which the market needs,” he says.

“I believe that public-private partnerships are also an attractive area and this will continue in the future as will government and private sector cooperation in energy generation,” he says. “In fact, we are negotiating with the state on two small hydroelectric projects and this sector also holds a lot of promise.”

After such explosive growth, Pinto believes that now is the time to consolidate Griner’s gains since its founding and focus on the local market.

“This will be the challenge and the priority for the coming years because we are a very young company. What we aim for now is for Griner to have recognition in the market as a great builder as this was the goal our shareholders proposed five years ago.”

**Future Confidence**

Historians note that during the Great California Gold Rush in the 19th century, those who got rich were almost never the miners but rather those who sold them the shovels, picks, pans and other supplies they needed for their work.

This same idea is current today in Angola where operators like the Hiper Máquinas-Angola group have found success through renting heavy equipment and machinery to the dozens of construction companies active in the country.

“We began ten years ago and at that time I predicted that there would be a great need for the kind of rental equipment required by the industry,” recalls company director Paulo Domingos. “And there is still a lot to do in Angola as the industry continues growing, although perhaps not at quite the pace of before.”

Based in Viana, near Luanda, Hiper Máquinas-Angola is Portuguese-owned. It currently has 500 pieces of equipment and employs 600 people, 120 of whom are expatriates.

“Our particular segment, the renting of machines, was becoming more difficult so we branched out and now we do some construction work ourselves as subcontractors for the bigger companies,” the executive explains.

“For example, we are involved in building a 152-kilometer road along with Griner and it seems that partnerships of this kind work very well in Angola and we are certainly interested



in future cooperation of this kind.”

Like many foreign business people working in Angola, Domingos exudes confidence regarding the country’s future.

And while he maintains that the construction industry will remain an excellent bet, the country has many other potentially profitable sectors for companies which come here well funded, well prepared and ready to do serious business.

“There is still so much to develop still in areas like agriculture, minerals and diamonds so there are many, many business opportunities,” the director says.

“One of the things I have learned over the past ten years is that there are many good people here in Angola, eager to learn and eager to work. I’ve worked in Portugal, Spain, Brazil and Mozambique but for me, Angola is the best country in the world.”

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# DISTRIBUTION: THE GOLDEN OPPORTUNITY

## AS THE ECONOMY GROWS SO DO OPPORTUNITIES IN DISTRIBUTION

With Angola's economic growth expected to reach 7.8% in 2014 and with petroleum income filtering down to the general population, consumer goods and the companies involved in their distribution are enjoying unprecedented growth.

At the same time, the Angolan government is launching an ambitious public spending programme, lowering the bureaucratic hurdles for foreign investors and encouraging the diversification of the economy, all factors which are contributing to explosive growth in a broad range of sectors, including consumer goods and services.

### Back on Track

Riding this wave of surging demand are companies like FACAR, a Belgium-based group which moved into the automobile import business in Angola 20 years ago.

"We were first involved here through representatives but then we saw that there was a very large opportunity and came to Angola personally in 1994 to set up our own company," recalls Nagib Farhat, the director of FACAR Angola.

In the early days, Farhat says that both the economy and the automobile sales sector were unstable but that in recent years he has noticed a certain standardization in business practices.

"Back then it was a situation where we

felt comfortable with short term investments but now we see indications that make us confident for the medium and long term," he explains. "And in fact we are now diversifying our operations within the sector."

From importing automobiles, FACAR Angola has moved into sales, marketing and after-sales service to create and hold on to what the director describes as "the ultimate customer" by ensuring client loyalty. "And this has been highly successful as we have managed to keep many of the same customers for 20 years," Farhat says.

FACAR Angola currently employs around 280 people and boasts an annual turnover of some \$160 million. It handles a range of foreign automobile brands and annual sales are in the neighbourhood of 2,000 new units, or some 6% of the total Angolan new car market.

"We deal with the middle and high range of models and our biggest customers are private companies and individuals," the director says. "We have sold many cars to state enterprises but this business is becoming less and less."

Six years ago the company enjoyed its largest sales growth with 2008/2009 its best year ever. But sales declined as the effects of the global economic crisis, coupled with the resulting problems in the petroleum sector, were felt.

However, Farhat says that balanced growth has returned over the past three years. "We now have a growth rate of around 15% but we are feeling strong competition as the country stabilises and more and more investors come into our market."

Partnerships are one way for the company to steel itself against aggressive competitors and the director says FACAR Angola is open to further cooperative agreements.

"We are a multi-brand company and are increasingly looking for the chance to represent even more brands," he argues. "The consumer is becoming increasingly demanding so we are noticing that customers are requi-

ring much more. And we feel that partners are very important in achieving this degree of customer satisfaction."

Farhat is confident of both his company's fortunes and that of his adopted country as Angola goes from strength to strength.

"This is a very complex country but it is becoming more and more organised and so it is becoming more and more demanding," he explains. "And our company is also becoming more organised and I believe that is the only way we can survive."

"Angola is a country of opportunities still. One in which these opportunities are based not only on its natural resources but also on the growing middle class which has many needs. This is a market worth betting on."

### Market Leader

Automobile imports are also the main business of the Cosal Group, the sole distributor in the country for Hyundai's full line of passenger cars as well as the South Korean group's heavy machinery. Cosal is also involved in other sectors, explains managing partner J. Jaime Freitas.

"Cars are the core business of Cosal but we are also distributors for marine engines, Castrol's line of motor oils and lubricants and we have investments in construction, building materials, tourism and hospitality," he says.

According to data gathered by the country's Association of Road Transport Concessionaires trade group, Hyundai represented 20% of vehicle sales in 2012, with Cosal's sales up almost 6% over the previous year.

Headquartered in the country's capital, Luanda, the group is wholly Angolan owned. And while the managing partner is bullish on the country's prospects, he argues that the government still has a long way to go regarding the economy.

"One area where I think there is room for improvement is the government's release of statistical information which can help businesses," he says.

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The government is still hung up on the practices of the centralised socialist economy so it doesn't tell us things like the size of the market or value of the market, for example, imported automobiles.

"And there are further concerns like the taxation system, remaining barriers to investment, bureaucratic headaches, etc. I always say: 'investment is like water, it runs where there are fewer obstacles.' And these are important issues for the business operator in Angola, especially foreigners."

Freitas cites the past experience of South African investors who poured into Angola to set up dozens of construction companies. But few lasted very long as they were not able to adjust to government bureaucracy, controls and rigorous inspections so they packed up and went home.

"I recently read in the paper that the government has created an organisation that streamlines the process so setting up a business can be done in three days.

"However, actually getting a business license takes three months so the government sets out to handle things in an improved manner but in practice it comes out differently," Freitas says.

Despite the obstacles, Cosal's managing partner maintains that Angola is still a good place to do business, especially in the vehicle sector which is the mainstay of the group even though there is a vast need for improvement in road and highway infrastructure.

"The demand of vehicles in Africa is huge and for Angolans in particular, mobility is very important," he says. "Public transport is deficient and doesn't meet the needs of the people so personal cars are a real necessity.

"A good car and a good television are basic needs for the Angolan and it is common here that as soon as someone gets a job which brings them into the middle class, they take out a loan for an automobile."

Freitas also sees potential in Angola's largely untapped agricultural sector.



Photo: Concentra



ADMINISTRATION BOARD OF CONCENTRA

**"ANGOLA IS BECOMING A MUCH MORE COMPETITIVE BUSINESS ENVIRONMENT IN WHICH TO OPERATE"**

"Agriculture is the solution for Angola even more so than oil and gas," he says. "Agricultural production, agro-industry and everything that is related is the future as this country has nearly 20% of Africa's entire water resources and a wide variety of soil and other conditions.

"I am a true defender of Angola and my life has been dedicated to promoting investment here. And investment is the key issue for the country's future."

**Solid Foundation**

Concentra, another Angolan firm which has diversified over the years into seemingly unrelated industries, is also keen on investment to boost its standing among clients as a trusted and reliable partner.

"We've been operating since 1991 when we began in the home furniture business recalls CEO Nurally Mamede Hussene. "Now we are involved in health care, school supplies, home decor, office furniture and PU sandwich panels for several construction purposes which we manufacture."

Concentra execs initially targeted health care as a potential growth market more than 15 years ago and started importing and dis-



Where some see bridges being built, we see people getting closer.

Where some see school buildings, we see generations of professionals.

Where some see houses and parks being planned, we see happy families.

We see Angola through.



tributing drugs from foreign manufacturers, then expanded into vaccines and hospital equipment.

From those simple beginnings, the group geared up its technological prowess and today operates its own state-of-the-art diagnostic laboratory, the first in Angola to obtain the internationally-recognised 9001 standard certified by TÜV of Germany.

“The idea of providing quality goods and services to our partners and clients has always been a vital part of Concentra and we are equally proud of the way in which we have trained up employees to the level that they can provide that kind of quality,” the CEO says.

“We have around 210 employees of which about 90% are locals and this training has been our way of giving something back to Angola, a country which has welcomed us and where we have done well,” says the executive of Indian origin.

Angolans, he says, have a natural talent for acquiring new skills. “The people here are keen to learn, it is easy for them and they do their jobs well. We have offices both in China and India and we know that labour is cheaper there, but the quality of workmanship is better here.”

But he cautions that in a country where highly-trained personnel are still scarce, there is a danger that other companies could pinch Concentra’s employees. “However,” he says, “we treat them well and the proof is that well over 50% of our staff have remained with us for more than ten years.”

Growth is good, Hussene argues, but his real goal is to solidify Concentra’s reputation as a provider of quality to its customers whether it’s in school supplies, home furnishings or medical devices.

“I think our main focus is not so much growing in the market which is limited and, like everywhere else, Angola is becoming a much more competitive environment in which to operate.

“So our goal is to create a solid foundation on which to build Concentra as a brand



Photo: DDM

and consolidate the business as a reference point for the activities in which we are involved. That is what we want to do.”

### Countrywide Network

Another expatriate who has built a successful business from scratch in Angola is South African Ralph Reynolds, the president of DDM, one of the country’s leading importers and distributors of 27 global brands of food products, tobacco and spirits.

“Our business started out in 1997 with flying in British American Tobacco products and whisky as back then air freight was the only way to bring foreign goods into the country,” he recalls.

“There was little, if any, communications or transport infrastructure in those days but you could make the same money then on 100 cases of cigarettes as you do now on 1,000 cases. Because it was risky, we took the risk and made the margins.”

Now, DDM operates a fleet of more than 100 vehicles, employs around 300 people, operates six branches around the country and has an annual turnover of some \$10 million, with close to 60% from the provinces.

“Our business in the provinces is above average for other companies operating here,” the president says. “Two years after



RALPH A. REYNOLDS

PRESIDENT OF DDM

“EMERGING MARKETS LIKE ANGOLA HAVE BEEN A SAVING GRACE FOR FIRMS, AMERICAN AND EUROPEAN”

starting out we opened our first branch outside the capital as we realised you can’t just concentrate on Luanda. You have to get out into the country.”

As infrastructure has improved, distribution is much easier. And, Reynolds says, the local market has expanded as incomes improve and demand for DDM’s products rises.

“Over the past three or four years, emerging markets like Angola have been the saving grace for the big European and American firms in our sector. Competition is fierce but we are doing well as what we try to do is make sure the people who put their trust in us are happy,” he explains.

Along with British American tobacco





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brands such as Dunhill and Rothmans, DDM handles such global names as Glenfiddich, Cutty Sark and The Famous Grouse Scotch whiskies, Cadbury chocolates, Oreo biscuits and Eveready batteries.

“One has to invest huge amounts of money in this country to get where we are, but it has all been worth it,” Reynolds says.

**Expanding Business**

International partners are also key to the success of Cames, an Angolan firm active in office supplies and furniture, printing, graphic arts and related sectors which works with companies from Europe and Asia to supply its customer base with the best products available.

“We have worked with a Swedish company and there is a French company in Singapore who helped us in our search for paper and textiles from that part of the world,” explains director José Baptista da Silva.

“And as far as clients, we work for both Angolan firms and foreign ones such as the multinational oil companies which are all our customers,” he says.

Founded in 1995, the Cames group has expanded into computer parts and textile printing, and also operates a small construction company. Its three branches employ around 40 people and have an annual turnover



Photo: Hipermáquinas

of about \$15 million.

Da Silva says that while Cames is a family concern and has senior Angolan executives who are able to steer the company's future endeavours, he is open to further foreign partnerships.

“These kinds of arrangements can bring us more know-how and there is no doubt

that we would study partnerships with companies within our sector or others which would like to invest.

“The government is making it easier for foreign investment and I see real promise for light industry to supply Angola's domestic needs. This country is really growing and we notice that each and every day.”



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# INVESTMENT CASE STUDY

## THE CJF GROUP IS ONE OF PORTUGAL'S EARLY INVESTMENT SUCCESS STORIES IN ANGOLA

As the Angolan economy rebounds after several years of slow growth due to the global downturn, the government is again ploughing its booming oil revenues into improving infrastructure and services for its citizens with the construction sector reaping much of the benefits.

One of the main Portuguese players in the building sector is Carlos Jose Fernandés & C<sup>a</sup> Ltd., based in Moledo do Minho, Portugal, with its subsidiary CJF Export supporting its activities in the country.

"We began CJF Export after identifying a need for central purchasing and logistical operations for our business in Angola. The move has optimized logistics, cut costs and boosted volume providing a very important added value," explains CJF Export manager Carlos Sobreiro.

In 2012, CJF Export posted 15 million euros in revenue. By mid-2013, the company had billed 12 million euros with executives forecasting 20 million in revenue for the year.

The parent company has a long history of success in the civil engineering and public works sector and is considered one of Portugal's most experienced mid-sized construction firms.

With a staff of 50 highly-qualified employees in Portugal, the company also works with carefully selected subcontractors on a wide ran-

ge of projects including highways, bridges, tunnels, urban development, sanitation infrastructure, electricity and water distribution, building refurbishing and housing, among others.

Carlos Jose Fernandés & C<sup>a</sup> Ltd arrived in Angola ten years ago, one of the first Portuguese companies to do so, setting up its initial operations in the southern province of Huila, instead of in the country's capital of Luanda, a move which raised a few eyebrows.

"This helped us immensely as Luanda's port was so busy that ships were backed up for a month or even six weeks so it took a long time for cargo to clear. We were able to receive goods much quicker and this helped our reputation for quality service and speed," Sobreiro says.

Now also active in the neighbouring provinces of Namibe, Benguela and Huambo, the company is extending its operations to the north, including Luanda and Malanje, as well as the tiny, oil-rich province of Cabinda where it has worked on liquefied natural gas projects with partners.

"We now have name recognition and companies know that we can expertly handle any of their purchasing and logistical needs," he says.

The manager maintains that many opportunities for foreign companies exist in Angola, but warns that it is best to take on a local or a Portuguese partner with experience in the market.

In the past, companies from other European nations have arrived in Angola with great expectations only to see them dashed because of a lack of knowledge and understanding of local conditions.

"We already have some partnerships with other foreign firms in Angola which have been fruitful and we are open to further arrangements of this kind," he says. "Although the construction sector is no longer what it was, it is still very healthy."

Outside of Angola, CJF Export is branching out into other countries with operations in Algeria and is developing contacts in Libya and Italy. "Our idea is to provide services for other companies outside our main market in Angola," Sobreiro says.

Another Carlos Jose Fernandés & C<sup>a</sup> Ltd



Photo: OMATAPALO



CARLOS ALVES

GENERAL MANAGER OF OMATAPALO

"THE GOVERNMENT HAS TIGHTENED QUALITY REQUIREMENTS AND PROJECT DEADLINES"

subsidiary active in Angola is Omatapalo Engenharia & Construção, this year celebrating its 10th anniversary in civil engineering, public works and private construction. Based in Lubango, the capital of Huila province, the company now operates in 11 of the country's 18 provinces.

"The central government is making huge investments in infrastructure in the provinces which is very interesting for us as these regions need a lot of improvement in areas like transport, water supply and electricity distribution," Omatapalo administrator Carlos Alves explains.

"At the same time, the government has tightened quality requirements and project deadlines which is great for companies like ours which work towards these same goals," he adds.

Angola is the perfect example of a country in dire need of such improvements. Three decades of war devastated what little infrastructure remained from colonial times and with its finan-

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cial resources from petroleum, the government is ready to put things right.

Along with roads and highways and other big ticket civil engineering projects, the company has built or refurbished everything from resorts and public housing to universities and restaurants.

And executives are particularly proud of its role in constructing multi-use sports stadiums in Luanda, Namibe and Malanje. The 12,000-seat stadium in the capital and the smaller facilities in the other cities will host this year's Men's Roller Hockey World Cup, the 41st edition of the event and the first to be held in Africa. Sixteen country teams from the Americas, Europe and Africa are to take part.

"This infrastructure is very important for the country and for the promotion of sport among Angolan youth," Alves says. "It is also vital in showcasing Angola to the world so people can come here and see the country's true potential."

That potential includes Angola's human resources. In a recent interview, President José Eduardo dos Santos stressed that one of his government's long-term goals was to ensure that locals receive proper training in all sectors of the economy.

"The government has made major investments in setting up training programmes and young Angolans are entering the labour market but we need many, many more," he argues.

Around 4,000 people work at Omatapalo, but only some 10 per cent are expatriates reflecting the company's commitment to invest in training up locals and reduce the need to contract employees from Portugal.

"Our staff is totally integrated and we want many more Angolans working with us in order to develop the company's potential as well as the country's," he says.

In a bid to attract and keep local employees, Omatapalo has built 150 condominium-style housing units in special company neighbourhoods which boast a cafeteria, lounge, football pitches, a gym and a pool.

"There is still room for foreign companies in the construction sector in Angola and for local



ELTON GONÇALVES

GENERAL MANAGER OF SANUT

**"OUR OVERRIDING GOAL IS TO HELP PEOPLE LIVE HEALTHIER, LONGER, HAPPIER LIVES"**

companies as well," Alves says. "Invest heavily and honestly, with seriousness and commitment is my advice."

"These are the basic conditions for success in Angola or any other part of the world. It's a young country with lots of potential in all industrial sectors that will give added value to the country."

Omatapalo has taken this to heart by diversifying away from construction and is now active in other promising business sectors through four partnerships: automobile and agricultural equipment marketing and distribution company Indagro, wood processor and furniture logistics firm Emadel, stone extraction and processor Britasul and electricity, plumbing and HVAC contractor Siema.

Parent company Carlos Jose Fernandés & Cª Ltd is also diversifying. Last year it became the majority shareholder of MedPoint, a Portuguese company which produces software programmes for nutrition, and which is now known as Sanut.

"MedPoint was created in 2008 by three nutritionists and the goal was simple: we observed a gap in the market and found there was no software or technologies for nutrition," recalls manager Elton Gonçalves.

"Product development took a year and we launched in 2009 and Carlos Jose Fernandés & Cª Ltd joined us in 2012," he adds. "Their input was important because we wanted to grow globally as our product can be applied anywhere in the world. And to that end we changed the

brand name to Sanut as it is easier to pronounce in other languages.

One of the company's main clients is Holmes Place, the Netherlands-based chain of 75 health clubs founded 30 years ago and now present in ten European countries with 250,000 members.

"Holmes Place launched a nutrition service for its members and their nutritionists use our consultation platform as a pilot programme in Portugal," Gonçalves explains. "If the model works well in Portugal, we can move quickly into other countries."

Sanut technicians are constantly evolving the software to meet the needs of its nutritionist clients and upgrading it to keep ahead of the stiff competition out there.

"We are now developing applications for smartphones which are specific to the user's health profile and they can follow all the information and advice from Sanut's professional nutritionists," he says.

Sanut has also branched out into nutritional supplements sold online under the brand name Nutrifix which offers customers a help line should they have questions regarding the use of the product.

"We didn't want to be just another online shop selling dietary supplements because there are already so many. What differentiates us from the others is that we have a component of nutrition awareness available to people.

"For example, a customer is taking antibiotics and wants to know if there will be problem from the supplements. So we're here to help them with that or if someone is trying to lose weight we can give them tips. Our social networks are aimed at enlightening people," Gonçalves says.

Future plans for Sanut call for growing domestically and increasing staff, then international expansion to new markets like Brazil and the United Kingdom.

"Our overriding goal is to help people live healthier, longer and happier lives. Health is becoming more important in society and we want to be part of that," the manager concludes.

A large graphic banner for CJF EXPORT. The logo features the letters 'CJF' in a large, bold, blue font, followed by 'EXPORT' in a smaller, blue, sans-serif font. Below the logo, the tagline 'Your Partner in Angola' is written in a white, italicized font. At the bottom of the banner, the contact information is listed: 'Rua do Cruzeiro, 180 / 4910-253 Moledo / T: (+351) 258 724 000 / F: (+351) 258 724 001 / www.cjlexport.com'. The background of the banner is a gradient of light blue to white.

# RIDING THE IT & SECURITY GROWTH WAVE

## IT & SECURITY CREATE OPPORTUNITIES FOR A WIDE RANGE OF ECONOMIC ACTIVITIES

If all goes according to plan, within two years Angola's very own telecommunication satellite, AngoSat, will be hurtled into space. The \$320 million project, financed by Angola and built, tested and launched by Russian companies, will mark yet another milestone in the African country's progress in all things high tech.

This effort began back in 2001 when the government first moved to liberalise the telecommunications and IT sectors and since then progress has been phenomenal. Angola currently is one of the biggest telecoms and IT markets in Southern Africa and access to the Internet, even in some of the remotest regions, is steadily growing.

AngoSat's launch will coincide with the 20th anniversary of the introduction of the Internet in the country and today web penetration has reached almost 20% of the population while 49% of Angolans have access to mobile telephony.

IT is also helping to solidify the country's democratic aspirations. In parliamentary elections two years ago, the National Electoral Commission used the web and tablets to scan voter registration cards, while Angolans used the Internet to report on voting transparency.



**FRANCISCO FEBRERO**

CEO OF ROFF & ROFFTEC ANGOLA

**"PORTUGUESE TECHNICIANS IN OUR SECTOR ARE VERY WELL REGARDED AND CAN EASILY WORK GLOBALLY"**

### Portuguese Expertise

One Portuguese company helping Angola to reach its technological goals is ROFF, a Lisbon-based firm active in all aspects of SAP solutions consulting with a growing list of clients not only in Portugal and Angola but in half a dozen other countries. There are plans to expand to many more.

"We had been familiar with Angola for many, many years before deciding to open operations there in late 2005 and for the company it was our first foray into another country," says CEO Francisco Febrero. "It was a great choice."

ROFFtec Angola now employs around 35 people, along with expatriate employees from the home office who travel in and out to work on specific projects. Annual revenue of \$9.5 million from Angolas accounts for between 10% and 15% of the parent company's total.

"The Angolan market has responded well to what we offer and the country's need for sophisticated SAP software solutions is evolving very quickly to the level of other countries," the CEO explains.

But working in Angola does present challenges and Febrero says this is true for any African country due to a different culture and a different way of working than in Europe. But he notes that one bright spot is that the labour market is now providing enough qualified personnel, especially for the IT sector.

"There has been a strong effort to train and employ locals and it has paid off. We certainly notice that it is now much easier now to find qualified Angolans than it was several years ago."

The company's services include SAP consulting, application management, development, training, software and maintenance licensing, outsourcing and digital marketing. It also provides targeted IT solutions

for employee scheduling, government accounting and finance, law firm management, construction management, pharmaceutical operations and other business tasks.

Along with Angola, ROFF is also active in Morocco and the company is planning its entry into two other African markets: Mozambique and Ivory Coast.

Overseas expansion is natural for Portuguese companies such as his own, Febrero argues, and especially into countries which were once Portuguese colonies like Brazil where ROFF recently opened an office.

“Being a small country, Portugal’s domestic market is also small so it is natural for our companies to look abroad for growth,” he says.

“We Portuguese are good at foreign languages and we adapt easily to different cultures. At the same time, Portuguese technicians in our sector are very well regarded and easily find work in leading global companies.”

Like many foreign executives working in Angola, Febrero describes the oil and natural resource-rich country as “filled with opportunities” and he is confident that his company will prosper there even as ROFF looks to other foreign markets for future growth.

“I would hope that in five years’ time we are in 15 or even 20 countries and posting annual revenue of around 150\$ million. I want to see us set up more operations in Europe and Asia, and the South American market is very attractive.”

“As long as we keep providing a quality service and our customers are happy, I am sure that all of this will happen.”

### Endless Opportunities

Such ambition is common among top company executives in Angola, whether foreign or local and one man who could be considered both is João Campos Ferreira, the CEO of high-tech security provider Afrilarme - Electrónica e Segurança, Lda.

“I lived in Angola as a child, then I left



Photo: ROFF

with my family in 1975, only to return ten years later. I understood the country’s potential and set up this electronic security company in 1988,” he recalls.



**JOÃO CAMPOS FERREIRA**  
CEO OF AFRILARME

“I WOULD ADVISE TO COME AND ASSES THAT ANGOLA IS ON TRACK TO A BRIGHT AND EXCITING FUTURE”

“It was an adventurous endeavour with all the restrictions imposed by the civil war and the opportunities brought by the moving into a market economy in the early post-war period. We happily persevered and with the national reconstruction effort in motion, it became a thriving place to do business and I’m glad I returned.”

Afrilarme offers what the CEO refers to as “strategic security” for government facilities and large corporations, including the many multinationals active in Angola such as the oil giants Chevron and BP, as well as the Angolan petroleum company, Sonangol.

Its government clients include the Presidency, the Oil and Interior Ministries, the Customs Service, the harbours of Luanda and Lobito, and the headquarters of the state television corporation.

“Afrilarme is 100% Angolan as are most of its one hundred technicians. We are at the forefront of electronic security systems and we have a highly- skilled staff that is continually undergoing training to meet the requirements of our clients, some of the most demanding in the world,” Campos Ferreira explains.

“A very close relationship with manufacturers and a constant presence at the international security sector events keeps us on top of what’s happening out there regarding the state-of-the-art systems and equipment.”

The CEO notes that like every business sector in Angola, competition for established firms is growing but he argues that this is healthy and promotes excellence in business.

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"Angola is a free country and the government has given companies from all over the world the chance to work here so obviously there is competition, but that's healthy. This is huge country, there is plenty to do and there is room for everyone as long as they are competent and honourable." he underlines.

João Campos Ferreira maintains that one Angolan business sector with a lot of promise is agriculture, thanks to the country's size and one particular natural resource - water.

"It is perhaps Angola's greatest wealth! Not often spoken of, the country's incredible watershed will be the countries most important natural resource in the near future.

"The immense land area is there, the water is there and our government has very wisely forged partnerships with companies and organization to help boost the economy's primary sector, specially agriculture, for the benefit of this and future generations."

João Campos Ferreira does not unveil plans to diversify into agriculture or any other sector, claiming that "Afrilarme's aspirations and objectives lay within the high-end electronic security market. However, just like any other company, Afrilarme is open to those eventualities and we would consider a partnership in the right environment," he says.

Angola is naturally a State of contrasts, economically filled with opportunities and of course its counterparts, but Afrilarme's CEO finishes with a solid advise, "I would encourage any international entrepreneur to come for a visit and asses the reality that this country is on track to a bright and exciting future."

**Turnkey Solutions**

Proper financing, patience and persistence is the successful formula for foreign companies planning to establish them-



**"ANGOLA IS A COUNTRY OF REAL OPPORTUNITIES, IT IS WORTH MAKING ALL THE SACRIFICES"**

selves in the country, according to Shahid Merali, the CEO of MultiSoft Projectos & Soluções Tecnológicas, Lda., known as MS Projects and Solutions.

"Unfortunately, many companies treat Angola as just a place to earn money and nothing more. They stay for two, three or maybe five years and then go. But if Angola is a country of real opportunity, it is worth making all the sacrifices," he says.

"And it this is very unfortunate for the clients of these companies because they need continuity of service and all of a sudden their suppliers have left the country, leaving them high and dry.

"On the other hand, there are companies that come to Angola with the proper structure and enough financing to overcome the initial headaches in starting out and these are the ones which succeed."

MS Projects & Solutions arrived in Angola six years ago when Merali, and engi-

neer by trade, detected a real need for a one-stop shop for business ICT solutions.

"What I noticed was that many customers had several suppliers for their ICT needs and if something went wrong, they all blamed each other for the problem. So the idea was to provide turnkey solutions for customers so they had a single supplier for all their ICT - information and communication technology requirements."

The idea has worked and today the company has clients in private business, banking and central and regional government agencies including Mota-Engil, MCA Vias, Grupo Concentra, Sonangol Distribuidora, Sonangol Investimentos Industriais, ZEE, provincial governments, the Health and Commerce Ministries and many others.

MS Projects & Solutions employs around 25 people, either directly or indirectly, and last year posted sales of \$7 million from its four major areas of activity: ICT, lighting protection, distribution as well as web solutions.

And as Angolan businesses and government entities become increasingly sophisticated in their technology requirements, Merali is sure MS Projects & Solutions will continue to prosper.

"Opportunities exist and will continue to do so as long as there is serious work to be done and above all, quality work," he says. "Requirements in the ICT and communications sectors are already at a high level and this can only increase. We'll be there to provide the solutions."

**INTERVIEW WITH CARLOS PINA**  
**CEO and Founder of MOVIMAR**

Where the construction industry goes, the interior kitchen & fitting industry follows. Portuguese kitchen manufacturer Movimar is betting on Angolan growth to compensate for a weak demand in its home market, despite the inherent difficulties of manufacturing in a challenging environment, as its CEO Mr Pina explains



Photo: MOVIMAR

**When did Movimar move into Angola?**

**C.P.-** The first market research and visit to Angola was in 2002, right after Savimbi's (Unita's leader) death. A year later we started planning our introduction, and although our first idea was to do it alone, a Portuguese group showed interest so we went in Partnership through the ANIP (Private Investment National Agency) in 2004.

All this time we tried to learn more about this market, and from the beginning of last year we decided to do business in Angola on our own.

**You have stores in several provinces from early on, why is that?**

**C.P.-** Because I believe that provinces have an enormous potential, in particular the Benguela province, that should experience a very large growth, with the refinery project starting this year. And as I use to say, Benguela is for the Angolans like Algarve is for the Portuguese.

**"I BELIEVE IN 2013 THERE WAS A CERTAIN RECOVERY AND ALL INDICATORS SEEM TO BE POINTING THAT WAY"**

**How difficult has it been to start an industrial enterprise in Angola?**

**C.P.-** It has been very complicated. To have raw materials we need to have them imported. Other than that, I think that we can manufacture without problems as long as we have a qualified workforce. Energy is another major hurdle, in order for the machines to work properly we are using 90% energy coming from diesel generator. In order to have a qualified workforce, we need to bring in personnel from abroad.

So I believe the main difficulties have to do with energy, and with the difficulties in obtaining working visas for bringing in qualified workers.

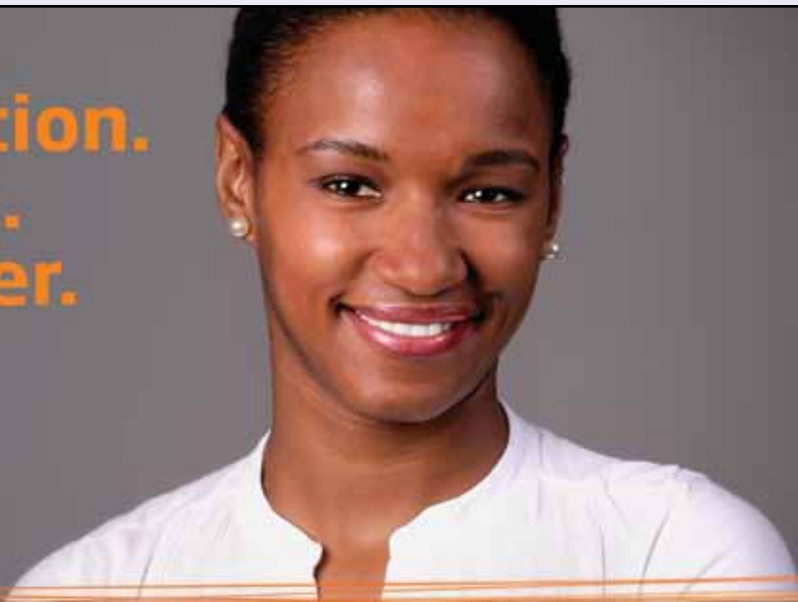
**How important is Angola for your overall business?**

**C.P.-** Now it is around 35% of our total sales, although it reached up to 50% in the past. The Angolan market has been going through a sort of recession but last year we believe that there was a certain recover, and indicators seem to point that way. I believe that 2013 is a year in which we have reached a very reasonable level of activity.

**Do you believe that Angola will continue to be an important market for Portuguese companies?**

**C.A.-** Yes, indeed. I believe that it will continue to be an extremely important market for the Portuguese economy.

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**INTERVIEW WITH LÍGIA COELHO**  
**CEO of OVARGADO**



Facing a falling demand in the European market coupled with a large spare capacity and high technical expertise, the Portuguese animal feeding company Ovargado is a textbook case for internationalisation. As its CEO explains, the time has come to be ambitious and grow in several African markets

**When did Ovargado get involved in Angola?**

**L.C.-** It started in earnest only last year, after we visited a fair in Luanda, as we considered that the country offered an excellent economic opportunity. We are just at the beginning, with only three or four months of sales to both Angolan and Portuguese companies in Angola. We already had a local client that introduced us to the market of animal feeding, and we came to realize that is a market with a strong growth, following the policies implemented by the Angolan government, as currently only a third of the total consumption of foodstuffs is locally produced.

**Is the company ready for an international expansion?**

**L.C.-** Ovargado billed in 2012 about 15,5 million Euros, so we are a small company with a market share in Portugal of around 2% of the animal feeding market. The company has made a great effort in modernisation, R&D, quality control, so we feel we are ready to tackle foreign markets, particularly African countries.

**“WE ARE THE ONLY IBERIAN ENTERPRISE ABLE TO PRODUCE FOOD FOR ALL THE ZOOTECNICAL SPECIES”**

**So Africa is your main objective?**

**L.C.-** Yes but not only, as there are also some interesting market niches, such as falconry and camel feeding, for which we have been developing some products. It is this emphasis in R&D that should take the company to a next level in the next ten years. We can grow without investing much as we are working below 50% of our production capacity due to the fall of the Portuguese market. And the foreign markets is where we can grow.

**What African markets are on your scope?**

**L.C.-** Today our strategy is to enter countries such as Angola, Mozambique, Cape Verde, Morocco, Libya... We want to be in these markets directly or through trading companies.

**Is the Portuguese animal feeding sector competitive internationally?**

**L.C.-** Yes. Yet Portugal needs to grow some of the main raw materials such as corn, wheat, beans and peas, used in our sector and which are mainly imported from third countries. The government is trying to change this situation and we fully support this initiative so our local farmers can return to some traditional crops. We are competitive as our production costs are still substantially lower than in the rest of Europe. Another competitive advantage for us is the cultural and linguistic proximity for most of African countries. Although the historic colonization period, we are appreciated throughout Africa.

**Where will Ovargado be in five years?**

**L.C.-** Ovargado has a rare characteristic in the feeding sector. We have the technology and production capacity to produce food for all the zootecnical species. We are the only iberian enterprise with this feature. Our business plan for the next five years is quite ambitious. We count on doubling the company's billing volume in this period. We'll keep our local market share with a timid growth and we'll be growing in foreign markets. We position our market as leader in price-quality ratio; we shun the lowest price markets. We might lose a customer for price, but never for quality. That is our brand position. In the foreign markets the strategy is similar, and we will develop some niche markets and some premium products.



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## INTERVIEW WITH ANA MACEDO AZEREDO CEO of COSTA FERRAZ



As one of the few companies that stayed working in Angola during the long civil war, the Costa Ferraz group shows how resilience can become a strategic business asset in the competitive health sector. Its dynamic CEO explains how the Angolan health market has changed and what is in store for the group as it continues to expand abroad

### Give us an idea about where the Costa Ferraz group is focusing its efforts.

**A.M.A.-** The Costa Ferraz Group develops its activity in the healthcare sector. We sell and distribute pharmaceutical products, skincare, childcare, hospital equipment and laboratory equipment and at the same time we give training and provide technical assistance to our clients. For this reason, we integrated in our team engineers specialized in biochemistry, biotechnology, biology, chemistry and electronics. The Group's companies strive to create the best solution to our clients' needs, considering the geographic context in which we operate: Angola, Cape Verde, Portugal and China, via Macau.

### How was the Group was born?

**A.M.A.-** The first company was established in Angola in 1927, Costa & Baptista. This company was the first in the country to produce medical products such as injectables, syrups, ointments, tablets and capsules, and all the production was delivered to the Ministry of Health of the time. Nowadays, it continues to work in the same area but focused mainly to supply pharmacies with medical products, OTC's (products not subject to medical prescription), childcare, skincare cosmetics and other medical substances. In 1945 ProQuimica is founded, operating initially in a similar area of Costa & Baptista, eventually focusing on medical and hospital equipment, technical assistance and training.

### After the independence and during the war, did the company continue to work in Angola?

**A.M.A.-** Yes they did. Costa & Baptista suspended its activity for some years and later was reactivated. ProQuimica was always active during those years. And exactly for that reason it's the company that has been the most prominent in the group, having been awarded in 2004 by the Foundation for Excellence in Business Practic. In 1986 QuimExport is created in Portugal with the aim of finding the

**"I CAME PREPARED FOR A MUCH MORE ADVERSE REALITY THAN THE ONE I FOUND, I HAVE TO CONFESS"**

best solution and the best suppliers for the customers of Coast & Baptista and ProQuimica. In 2007 the most recent company of the Group, ProMédica, was established in Cape Verde. The ProMédica takes on part of the activity of Costa & Baptista and ProQuimica in Cape Verde, being responsible for São Tomé and Príncipe, Guinea Bissau, Equatorial Guinea, Senegal and Gabon.

Nowadays I believe that our business is perfectly consolidated. Our companies in Angola and Cape Verde seek to identify business opportunities and mapping our customers' needs and Portugal sends the best solution in terms of suppliers and competitive prices considering the specific nature of each request.

### We are talking of how many employees? How much is the Group's revenue?

**A.M.A.-** The Group has 27 employees in Lisbon, Portugal, about 30 workers in Angola and 5 in Cape Verde. In 2013, our turnover was approximately 23 million dollars. If we look at our turnover in the last five years, we find that Angola has a huge representation, although QuimExport has been diversifying geographically and nowadays is also working with the Chinese market via Macau. Macau currently represents about 35% of our revenue.

### Which are the opportunities in the sector?

**A.M.A.-** I would say that the health sector is currently a highly explored area of business. It's fundamental for new companies settling in Angola to be focused on quality and providing services adequate to the country's reality. Today in the country, we witness the construction of hospitals, health-

care centres, and the expansion of the pharmacy network and therefore, looking to the emerging needs, we try to focus on distributing products and in providing technical assistance in Luanda and also in all provinces.

### Is it still important to have a local partner?

**A.M.A.-** I would say it depends on the type of company. I think it's important to have a local partner, someone who knows the market, someone who can guide the new entrepreneur through the healthcare sector in Angola.

### Were you approached in some way?

**A.M.A.-** Yes, Bayer began working in Angola through a partnership with ProQuimica and Costa & Baptista. Therefore, for many years we were direct partners of Bayer in Angola. Today we continue to have partnerships with Bayer.

### What was your biggest surprise when you took this position in the company?

**A.M.A.-** I came prepared for a much more adverse reality than the one I found, I have to confess. Things are not that easy here in Angola, but because I'm very pragmatic I don't stand still when problems arise. I think that this characteristic of mine has been essential for working in Angola, and particularly in this sector.

### For the future, where do you want to go?

**A.M.A.-** We will continue to capitalize on the strategic partnerships that we have been consolidating for all these years, trying to make our services reach new businesses such as pharmacies, hospitals and private clinics, which are opening throughout the country and that need partners like us! They need suppliers who are familiarised with Africa and can capitalize on their knowledge of the African market in seeking external answers that serve local needs.



O Futuro de Angola. Hoje!

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**INTERVIEW WITH JORGE JOVER**  
**CEO of MITC INVESTIMENTOS, SA**

Having started as a trading company during the first liberalisation of the Angolan economy in the early 90's, MITC Investimentos has diversified to become a trustworthy partner in a large number of business areas. As its CEO explains, the future belongs to those companies that can combine a local presence and experience in the market with the know-know and management expertise of foreign companies ready to partner up



**Are there still opportunities such as those that emerged right after the end of the Angola civil war?**

**J.J.-** Yes, there are. The country is growing firmly, yet it is necessary to bring a great majority of the population to the productive economy. Angola is not a market for the timid, if one does not have a good capital base to enter the market he should not come, as he would only loose.

**"I BELIEVE THAT ANGOLA IS A LOCOMOTIVE FOR AFRICA, AND IT WILL LIFT THE GROWTH OF MANY OTHER COUNTRIES AROUND IT"**

**When was MITC Investimentos created?**

**J.J.-** At the time that the economic layout of the Angola State was being changed, in 1992-93, when a the state-controlled economy gave way to a more open economy with a larger participation of the private sector. We had some experience, having worked for several years with the government in the area of trade, so we decided to set up MITC as a trading company, initially within the food and beverage sector. As the years went by we increased our activities and today MITC acts as a holding company with more than fourteen associated companies.

**Where do you see the best opportunities for the next few years?**

**J.J.-** In agriculture, mining and industry. There's a lot of hard work being done in infrastructure, yet the lack of advancement in industry has a lot to do with the ports issues. Other than that, the development of internal communications is important, and railroads will be particularly so, in Benguela, Namibe, Luanda .... I think that the interconnection of the three parallel railways to create a north-south axis will be also important.

**Where do you see the group in the next five years?**

**J.J.-** I believe the group will deepen its involvement in several sectors. We are on our way out from some of them and we will strengthen our presence in those that we consider important.

**In which sector is MITC currently active?**

**J.J.-** Our main sector of activity is infrastructure development, mostly in drinking water treatment. We are also working in the agriculture sector and making important investments in the health and education sectors. Indeed, with foreign partners, as this is the model we followed as we understood that Angola, contrary to other African nations, has its own capability to invest. We understood that what we lacked was basically know-how and management support so we set out to attracting first-class companies, leaders in their fields, that could be associated with us in order to enter the domestic market.

**Is it still worthwhile to have a local partner in Angola?**

**J.J.-** I believe that in all of Africa it is important to count on a local partner, that knows the stakeholders, that knows the place to be in each case. Hence larger business opportunities can be seized, that could take much longer otherwise. It is like a trail half-blazed.

**Could you leave some sectors for good?**

**J.J.-** Possibly. But in it is also possible that we will enter others, such as the health sector. Angola is importing hundreds of millions of dollars in medical products, vaccines, medicinal kits, much of that could be produced here or at least packed, initiating an industrial process. Regarding the group, this would be our line: concentrating in four or five sectors with a larger foreign share, giving more access to those that want to increase their participation in our group.

**Can you give an example of successful a partnership within your group?**

**J.J.-** Yes, Indeed. Cummins, for instance, a world leader in power generation, they decided to enter the market in partnership with us. In less than two years since we started we have worked aggressively and we have already 45 employees in this project alone.

**What is your advice for foreign investors?**

**J.J.-** One must be coherent, patient and focus on achievable goals, not just come with the idea that one can become rich in five years' time, it is not true. Angola is a country like many others, it is growing according to the opportunities at hand, with some advantages like its ports, its small population, without a religious problem, yet with enough resources to process and export. I believe Angola is a locomotive for Africa, and that it will lift the growth of many other countries around it.

**THE FUTURE IN HEALTH SOLUTIONS**

Group Costa Ferraz solutions for health

Costa Baptista

ProQuimica

QuimExport

ProMedica