

## BRAZIL SERIES - II.

# RIO GRANDE DO SUL

THE TRADITIONAL ECONOMIC POWERHOUSE  
OF SOUTHERN BRAZIL REINVENTS ITSELF TO  
BECOME A KNOWLEDGE-BASED ECONOMY

## INTERVIEW WITH MR. SÉRGIO MAIA

### Chairman and Chief Executive of Trust&Co Investimentos

Rio Grande do Sul is the traditional industrial powerhouse of Southern Brazil, with well developed export industries, a modern service sector and a large agribusiness cluster. Yet, as a recently established Portuguese entrepreneur explains, new competitive advantages must be played right to keep the traditional industries competitive as the rest of Brazil quickly leapfrogs into a new era of tiger-like economic growth not seen for decades



#### What is the role of Trust&Co Investimentos in the economy of Rio Grande do Sul?

**S.M.-** Trust&Co Investimentos is a private business development agency based in Rio Grande do Sul. We work closely with the state government to facilitate investment operations – Brazilian or international – in the state of Rio Grande do Sul. Along with that goal, Trust&Co has established long-term relationships with influential entrepreneurs, positioning itself as their recurrent advisor on the fields of corporate finance, corporate governance and development of new ventures. Such business model was created four years ago, as a result of the perception that both local and foreign strategic investors could benefit from having a business agency specialised on structuring deals. As a European executive and entrepreneur who had recently ended a strong cycle as the managing director of one of the most important companies in the state, I was able to pull together the right capabilities and network to offer a high skilled and experienced service portfolio.

#### How has the business landscape of Rio Grande do Sul changed over the past few years?

**S.M.-** We can see two different dynamics. First one has to do with the Brazilian economic development. I first came to Brazil in 2002, at a time when the country had zero dollar reserves and the candidate Lula da Silva had to make a deal with the IMF in order to receive USD15 billion -nowadays Brazilian international reserves exceed US\$ 350 billion-. That was a time when Brazil didn't play a role in the international scene, amounting to less than 1% of the international trade, had no reserves, and an almost catastrophic internal business scenario, focusing on one macro-economic variable at a time. At that time, Brazil used to issue banknotes generating inflation, issue public debt and explode the state debt, or raise contributions and taxes to an almost unacceptable level.

In this world of excesses, Brazil was not a relevant player on the new globalization era. The current situation is quite different, with

## RIO GRANDE DO SUL IS A REPOSITORY OF BRAZILIAN TALENT

the globalisation process creating an industrial concentration in China, and, consequently, generating a strong demand for Brazilian products which complements the growth of the Chinese and all Asian economies – in terms of minerals, animal proteins, and other commodities – such as soy, and bran. This has created a new trend, with the Brazilian economy at the focal point as an attractive prospect for international markets. Besides, we also benefited from this prosperity wave, since Rio Grande do Sul is predominantly an agricultural state.

The second dynamic relates to the fact that Rio Grande do Sul is also an exporting state for industrial products. At the end of the day, the high exchange currency rate, resulting from a cycle of high commodity prices and strong capital inflow, doesn't help us to export manufactured goods. Government initiatives are trying to counteract this negative trend by attracting investments and materializing the potential of Rio Grande do Sul as a competitive platform.

#### What are the competitive advantages? Why choose Rio Grande do Sul and not other states?

**S.M.-** The first major advantage of Rio Grande do Sul is the favourable business environment considering the Brazilian average: I believe that, nowadays, countries and regions are mainly business platforms, as in a multi-regional or global exchange. Essentially companies need to be placed in business platforms that are both reliable and functional. Rio Grande do Sul has a European-based tradition that makes everything slightly more organized and functional than in the rest of the country. This is the first reason.

The second point is knowledge. Today, knowledge is an important factor when it comes to a company's competitiveness. Knowledge leads to innovation and is crucial to guarantee that it is

spread, both at the base of the pyramid and, most importantly, at the top: in middle management, at the top of companies. In Rio Grande do Sul there are good universities, and a critical mass of talent is being developed in university campuses. It is up to us to keep these people from leaving the state and so prevent a brain drain – something that is already happening to some extent. On the whole, we can say that Rio Grande do Sul is a repository of talent in Brazilian terms.

The third advantage is the strength of our agribusiness, which may multiply and become a force to be reckoned with in the agroindustry that is now competing with the new Midwest borders. In a country where the cost of logistics is still very high, we are close enough to export ports (Rio Grande port, Paranaguá port) to have some important competitive advantages. In addition to that agribusiness, it is possible to set up an industrial cluster that would add value to the primary sector.

The fourth advantage, I would say, is the fact that we are a region that, although peripheral, is at a reasonable distance from São Paulo and from the main Brazilian internal markets, allowing us to function as a supply centre for Brazil's large internal markets. This is the case because, although we are at the southern end of Brazil, the average distance is about 1800 Km, which does not inhibit the transportation of the majority of the goods. I would say that these four pillars can allow a new specialty niche to develop in Rio Grande do Sul.

#### Where is the state coming from and where can it get to from in the future?

**S.M.-** There is a saying in Rio Grande that "the saddled horse is walking by". Do you know what that means? That means that the horse is right in front of you and you have to know how to jump on and mount the horse to show you are a "gaúcho". Who can become our partner? I think Rio Grande do Sul might be really attractive for Asian countries. The USA and Europe are not the first markets that come to mind when I think about internationalizing projects based in Rio Grande do Sul. Instead, I think about Asia. Why? Because, nowadays, the economy most likely to complement Asian markets is Brazil.

#### What would Trust&Co Investimentos like to show us on its eighth anniversary, by 2016?

**S.M.-** We have our strategic plan very well thought out in our minds. Today, Trust&Co is a finance expert, a finance adviser, and an expert in Rio Grande do Sul. We are experts in Rio Grande do Sul; we design the strategic plan for the state; we know how the economy works, and we are finance experts: this is our starting point. When I think about 2020, I can see Trust&Co divided into three areas: financial consulting, which is what we have today; asset management, and private equity. To sum up, Trust&Co will be a key player in the financial market of Rio Grande do Sul and Brazil.

## INTERVIEW WITH JOSÉ RENATO HOPF Managing Director and Chief Executive of GetNet

The biggest success story in the business world of Rio Grande do Sul can be no other than the payment means specialist Getnet. Coming from nowhere, this unusual IT firm has managed to become one of the biggest companies in the state and plans to keep on growing both in Brazil and abroad, while analysts and competitors alike struggle to understand what makes Getnet a unique business case



### THERE ARE VERY FEW COMPANIES LIKE GETNET IN THE WORLD

#### What is the situation of Getnet in 2011?

**J.R.H.-** In the IT area, we are the biggest company in Brazil. In this state, we are among the four or five biggest companies. Yet we are a young company, we are only eight years old. We started from scratch with nine people. Today we have 1,700 direct employees and over a thousand indirect associates, and we have grown really strongly in the last two years. This is a unique moment.

Our business is to assist businesses with electronic transactions. The business of electronic transactions is normally a B2B2C business, with a credit card company which owns the product, a bank, a telecommunication company, a transport company, someone who needs an electronic transaction, and, on the other end, the "C": the end customer. What does GetNet do? We connect both ends; we are the "2". GetNet is what makes the connections possible. When we created GetNet, we were imagining a company that the Brazilian credit card market didn't have at the time. If someone wanted to capture Mastercard transactions they had to use Rede Card, if someone wanted to capture Visa transactions, they had to use Visa Net, currently Cielo. So, what did we do? We thought we could capture the other transactions, but that wasn't enough, so we thought about other types of business for electronic transactions. We therefore started creating solutions for other types of businesses.

We have always been audacious, have always seen far ahead, and I always heard: "C'mon, Zé, we're going to grow! We're going to do this because, when the market opens, there will be so much space for something like this..." So, we started to grow, we started gaining a lot of ground when we started talking with the players that might get an acquiring license for Master Card Brazil and Visa. We talked with many of these banks and we were lucky to meet Banco Santander, they saw an opportunity in this. We reached an agreement and created a joint company, Santander and GetNet Services, to manage the joint business we started developing with them, as well as an extremely modern platform with all the tools and our own architecture, which means that there are companies with a similar concept, but there are very few companies exactly like GetNet in the world. We transcend the world of payment means.

#### Do you believe that part of your success is due to the fact that you started in Porto Alegre?

**J.R.H.-** Here, in Rio Grande do Sul, we have outstanding workers – skilled labour highly specialized in the technology areas. We looked for them in different parts of the country, mainly São Paulo, where we recruited people from the payment methods industries, which is the strongest line of business in São Paulo. Among our 1,700 direct employees, almost 150 are from São Paulo, which adds up to little less than 10%. However, the bulk of our employees are here in Porto Alegre and Campo Bom.

#### Does Rio Grande do Sul maintain a competitive advantage over the rest of the country?

**J.R.H.-** There is a culture and a very strong local identification with the culture of the region, but this is also reflected in human relationships. The "gaúchos" (people from Rio Grande do Sul) have a long-term relationship with the company. These people understand that in other markets, in the corporate world, and in the world in general, relationships are becoming too trivial, based on money: you pay me, I deliver to you. There is no identity, no soul, and no one fights for their team. When we look for people all over the country, we find some professionals who fight for their team. It's true, we do find them, but in the south we still have a different kind of relationship, which is somehow a result of the German and Italian colonization. To sum up, the relationship with one's job is much stronger in the identity of the gaúcho people.

#### How much more do you think the company can grow in Brazil and abroad?

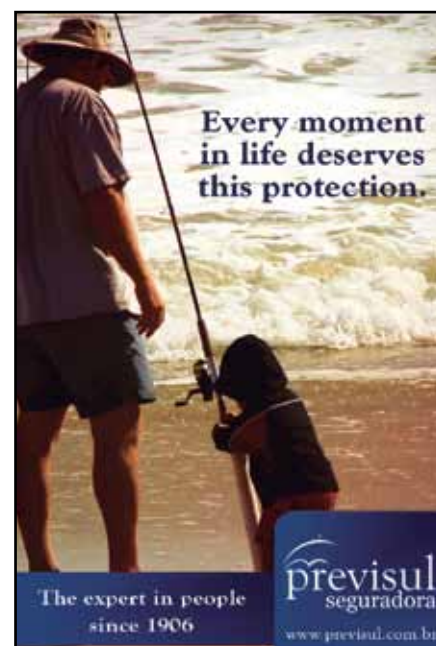
**J.R.H.-** Brazil is a world of opportunities, but if everyone looks at the same market, they will have the same market share, since it is not an infinite business. We can see a lot of opportunities in Brazil, a lot! But we are thinking of expanding internationally in the medium- or long-term. We don't rule out that possibility. Brazil has great potential for growth – huge – because it is very strong in terms of electronic transactions. Some people see our company as just another company in the payment industry, or as a telecommunications company. But there are analysts in each of these sectors, and, because there is no analyst in our business model, people have some difficulty understanding where our company fits, and when they look at our project, they ask "how come your company is so big?" The thing is the company is big in many

industries, so it becomes a much bigger company, taking into account the different positions it has in each of those industries.

#### Will Brazil and GetNet continue to grow at this rate, generating new opportunities?

**J.R.H.-** I believe in Brazil. It has its difficulties, its complexities in terms of administration, which are the result of different cultural contexts, but complexities, nonetheless. In twenty years, Brazil will be a world power. I am absolutely sure of that. In our case in particular, the state of Rio Grande do Sul is working really hard to establish itself as a strong state in terms of jobs and opportunities in intelligence, especially in the technology sector.

Based on the Brazilian context, I would say that GetNet has got great potential. Our expectations for next year, in terms of growth, are that we will grow around 70% or more, because we have launched many projects that will be implemented in 2011 and 2012. At this moment, we are cooperating with nearly 260,000 commercial establishments and over 4000 municipalities. We expect to grow – to cooperate with 200,000 more commercial establishments – because of the actions and projects that we have planned for next year. Of course we will not be able to keep up this growth rate in 2013; for that year, we expect a growth rate for the company of approximately 45%, 40%. In the near future, we expect to grow 30% or 25% each year; I mean, it's considerable growth for the company – it will grow considerably in 2012 and 2013 – always in the region of two digits.



# HIGH-TECH INDUSTRIES FLOURISH IN RIO GRANDE DO SUL

AS THE INDUSTRY PROSPERS, MANUFACTURERS WORK TO SATISFY LOCAL DEMAND BEFORE FOCUSING ON FOREIGN MARKETS

As Brazil's economy grows, diversifies and becomes more global, there is an increasing need for the latest in state-of-the-art technology and domestic players are rushing to fill that demand for both products and staff, including high-tech companies and institutions located in Rio Grande do Sul.

## Successful Local Partner

One such local enterprise that is at the top of its game is electronic component and semiconductor board manufacturer Teikon, a Porto Alegre-based group with four plants turning out products for different applications and a wide variety of clients.

"We were founded 15 years ago to primarily serve two partners that manufacture power metres and equipment for process control," says company president José Ruy Alvarez Filho. "And in recent years, we been entering new markets for such products as computers and mobile phone handsets."

This year, the company expects to see revenues of around \$150 million, with almost the entire amount from domestic sales to Brazilian companies.



TEIKON HAS BECOME THE FIRST BRAZILIAN FIRM TO PROVIDE HANDSETS TO MOTOROLA

## YOU HAVE TO THINK GLOBALLY BUT ACT LOCALLY

Exports account for only 3% of Teikon's revenues and the president says the Brazilian market is growing so fast that the company has little need to seek business elsewhere.

"Outside of Brazil and its Mercosur partners there is a lot of competition and demand here is so strong for our products that we are dedicated to serving our Brazilian customers well and delivering our product on time. This is what is most important to us."

"As the international market begins to improve, eventually we will work in other countries, even with partnerships with other companies to enter foreign markets," he says. "And we are already in China where we have a purchasing office."

Partnering with a local company is the key to success, the president argues, as they know the rules, the local economy and where to find the best staff. "You have to think globally but act locally," he says, "and working with someone who knows the situation on the ground is vital"

Teikon has been growing at a rate of around 25% annually over the past several years and growth this year is expected to be just slightly lower at 20%.

This growth inspired executives to plan new investments, including a factory to make handsets for Motorola, now owned by Google, making Teikon the first Brazilian supplier to the giant U.S. Internet multinational.

Teikon carries out automatic assembly of SMD components, manual assembly of PTH components, in-circuit and functional testing and protection against ESD. Quality is ensured by both optical inspection and SMT post-assembly X-ray equipment.

It also handles box-building assembly featuring integration of assembled boards into cases, assembly of SKD products, integration of software into finished products, and final finishing with tagging, packaging and palletisation.

While Alvarez Filho is bullish on Rio Grande do Sul as a place to do business with its highly-trained professionals, good universities and a get-ahead entrepreneurial spirit coupled with a good sense of business ethics, he cautions that a lack of skilled technicians could impede sector growth.

"I do need more skilled labour and it costs a lot because of the demand for these people," he says. "So I believe the country needs to invest more in training, as well as in infrastructure so we can move our product more easily within the country."

Office Furniture  
Made in Brazil

Integrated Management

ISO9001  
ISO14001  
OHSAS18001  
SA8000  
ASNT

STUDIO DESIGN

Marelli

www.marelli.com.br



Foto: Altus

TECNOSINOS TECH PARK WAS ELECTED "BEST BRAZILIAN TECH PARK" IN 2010

### State of the Art

Solving the skilled manpower problem is one of the aims of Tecnosinos Technology Park which, along with hosting hi-tech companies at its sprawling facilities in São Leopoldo. Tecnosinos was elected as "the best brazilian tech park 2010".

"Around 80% of the university's 27,000 students work during the day and study at night and companies need these young people who are just starting out in the business world," explains Susana Kakuta, the CEO of Tecnosinos.

Established 12 years ago as a partnership between the university, two business associations and the municipal government of São Leopoldo, the technology park now boasts 73 companies specializing in the fields of information technology, semi-conductors, engineering and automation, communication and digital convergence, nutraceuticals and the new energies.

Along with the companies from nine different countries housed on the park's 144,000 square metres, there is also a business incubator for developing budding enterprises operating in the five specialised fields and a market research operation.

Around 3,800 people are directly employed at the technology park.

"One of our leading multinational companies is SAP of Germany, the third largest independent software manufacturer in the world," the president says. "And their facility here does not handle commercial issues, but rather engineering for the company's operations worldwide."

"And a prestigious Brazilian company we have here is Altus which is involved in automation and industrial process control, especially for oil drilling platforms," Kakuta notes.

Rio Grande do Sul is the natural site for a

technology park, the CEO argues, as the state has legislation encouraging investment in innovative companies, universities and technical schools which focus on engineering, and widespread familiarity with foreign languages.

"This is largely due to the state's long history as an exporter. And here in the park, for example, we have companies which work every day in four languages: English, Spanish, German and, of course, Portuguese," the CEO says.

One of the park's most exciting projects, Kakuta says, is attracting companies which

**WE HAVE COMPANIES  
THAT WORK DAILY IN  
FOUR LANGUAGES**

are involved in nutraceuticals, food products from natural ingredients that provide health benefits, including the prevention and treatment of disease.

"This field exists nowhere else in Brazil and is the perfect fit for Rio Grande do Sul as the state is a huge agricultural producer and exporter," she explains.

Another high point for the park will be its planned expansion beginning in 2012 over an adjoining area of 55 hectares which belongs to the state government and where the new

# If you want innovation, security and speed in electronic transactions in Latin America, choose GetNet.

When the subject is electronic transactions, you don't have to think twice: GetNet is the best option in the market. With a well-established network in the retail industry and large national chains, GetNet provides intelligent solutions customized according to each client, generating greater value and profitability in the business of thousands of companies throughout Brazil and Chile.

**GetNet. The best solutions in electronic transactions in Latin America.**



[www.getnet.com.br](http://www.getnet.com.br)

enterprises will focus on green technology.

"This will give us the room we need for even further expansion over the next 20 years," Kakuta says.

### Innovation and Tax Wars

Expansion is also in the plans of Datacom, the largest telecommunications equipment manufacturer in Brazil and in all of Latin America, supplying the continent's top ten telco operators. The company is based in Porto Alegre with offices in Rio de Janeiro, São Paulo and Brasília.

Datacom is building its new plant, with investments of R\$ 30 million, and intends to invest an additional R\$ 200 million in innovation over the next five years to support the growth of the telecommunications industry and the National Broadband Plan.

"We're growing," says CEO Antonio Carlos T. Pôrto. "We have five research and development centres where we are opening up exciting new R&D fields thanks to our 360 researchers who make up almost half of our entire staff."

Datacom's main products include a complete line of SDH and Carrier Ethernet Switches, Multiservice Platforms, Access Products and Network Management Systems.

Pôrto says he expects revenue of R\$200 million this year, from both domestic and international sales.

"Currently, we export to around 40 countries but exports are small compared to total revenues, or just about 5%. And there is a reason for this as we know that developing new markets is costly and we would rather spend that money on product portfolio development," he explains.

For the moment Datacom is focused on growth at home although Pôrto admits that some obstacles are hindering the company's immediate goals.

"Our biggest challenge, and not just for us but for almost every company, is finding qualified people to manage growth, business structure, and everything else," he says. "And this management problem is linked to another, which is hiring qualified personnel at all levels"

Pôrto says local universities in Rio Grande



DATAKOM EXPECTS TO REACH EARNINGS OF R\$1 BILLION IN THE NEXT FIVE YEARS



ANTONIO CARLOS T. PÔRTO  
CEO OF DATAKOM

### WE HAVE A DEEP TRADITION IN HIGH-TECH KNOWLEDGE

do Sul are turning out qualified graduates, but there is not enough of them. That is why, he says, his company had to open research and development centres in other regions around Brazil.

"What we need is more investment in federal and private universities to boost the number of professionals trained to work in the high-tech sector."

The Datacom CEO echoes other local executives in complaining about the different tax structures affecting benefits among the Brazilian states which he would like to see harmonised around the country.

"If one state offers tax benefits and, for example, Rio Grande do Sul does not match them, then companies leave here and go to the more attractive state," he argues. "This means

our state loses revenue through taxes and jobs."

In his opinion, Rio Grande do Sul is attractive for IT companies because of its tradition as a high-tech centre and, he notes, such multinationals as SAP, Hewlett-Packard and Dell have set up in the state. This, Pôrto says, makes Rio Grande do Sul a more logical choice than Sao Paulo.

"From a logistical standpoint, it would be better to locate in São Paulo or somewhere in the centre of the country as our customers are spread around everywhere and we're located in the south.

"But we have that deep tradition of high-tech knowledge and the excellent universities and these are the factors keeping the sector here alive and growing," he says.

"Brazilian companies in this sector can compete with U.S. and European rivals, but a big concern right now is dealing with competition from China as Chinese producers offer often absurd prices at their artificially devalued currency"

Concerning his company, Pôrto sees a bright future as the demand for telecommunications and the Internet grows, especially with the Brazilian government's plans to bring in millions of new users through major investments in the country's broadband network.

"I hope that these factors will help us achieve our goal of multiplying by five our annual revenue so I predict earnings of around R\$1 billion in the next five years," Pôrto says.



### Corporate Finance Advisors

- Merger & Acquisitions
- Funding (Debt/Equity)
- Tax Incentives
- Restructuring

Porto Alegre / Brazil  
+55 51 2108 2682  
[www.trustco.com.br](http://www.trustco.com.br)

## INTERVIEW WITH RUDIMAR BORELLI

Chairman and Commercial Director of Marelli - Ambientes Racionais

In the rapidly growing industry of office furniture, the family-owned company Marelli is reaping the fruits of a close integration with suppliers, offering the shortest delivery time in the market. Other traditional virtues found in the area of Caxias do Sul have played a role in making Marelli one of the shining success stories in the region, with satisfied customers both in Brazil and Latin America



**The furniture industry in Brazil is in a good situation, generally speaking. What is the case with Marelli? Is the company partaking in this growth?**

**R.B.-** Yes, at this point we are. I mean, Brazil, our market, is in a special situation, economically. The companies are producing a lot, responding to the current high level of demand. This is a tendency that started last year: we overcame the crisis in 2008/2009 and, from that point on, the volume of sales in our industry has been rather positive. We, especially "Marelli - office furniture", work with the corporate market and with the government. In these areas, the economic performances are strong and there is great demand at the moment.

**Can you give us some figures? In terms of employees, turnover...**

**R.B.-** At present, we have 210 employees, and last year we had a turnover of R\$105 million. Our estimates for this year are R\$130 million.

**And in the context of this growth, which is the fastest-growing market?**

**R.B.-** Actually, the government increased their demand significantly, but the corporate market is also showing a high level of demand. We work in both sectors: 60% of our turnover comes from the corporate market and 40% from the government.

## RIO GRANDE DO SUL HAS THE CAPACITY FOR INVENTION

**Do you believe that Caxias do Sul is a suitable place for a company as Marelli?**

**R.B.-** There are advantages and disadvantages. The main advantage I can think of is the workforce. In our region, there is an excellent workforce of European descent. The disadvantage is that we are 1000 Km away from our main consumer market - São Paulo.

**One strategy is compensated by the other strategy...**

**R.B.-** It is somewhat paradoxical, but our main strategy is to have the best delivery time, meaning that, while the average delivery time in our industry is 45-60 days, we deliver our products to São Paulo in approximately 15 days. We get everyone and everything here involved. Suppliers, processes, automation, logistics - everyone at the company is involved and we believe that, when we close a sale, having a fast delivery time means added-value for our customers. So, instead of telling the customer that we are 1000 Km away, we tell them that we are 15 hours away from São Paulo and that we deliver the products 30 days ahead of our competitors.

**Do you plan to internationalize the company or are you focused mainly on Brazil?**

**R.B.-** At the moment, we are not planning to sell outside of Latin America. Our goal today is to grow strong in neighbouring countries, much as we did in the five countries where we have been selling for ten years. We are strengthening our brand abroad too.

**Besides the delivery time, what are the other keys to your business in the Brazilian market?**

**R.B.-** Our brand is associated with rational environments. The cost-benefit relationship is the best in the market in our view, since we offer good design, good quality, good logistics and, on top of that, we offer good prices; so, the cost-benefit relationship in our business is very interesting, which is something the market is starting to acknowledge.

**Do you think that the growth on Brazil and Rio Grande do Sul are both sustainable?**

**R.B.-** I think our biggest problem is that we lack infrastructure. Brazil still needs to make great changes in areas such as transport, roads, logistics systems. When it comes to these areas, our situation is still very precarious. The government is taking some action and they have the will. However, when we compare Brazil to European countries and first world countries, we are way behind. That is really detrimental to us.

**What are the main features that make Rio Grande do Sul what it is?**

**R.B.-** I think that Rio Grande do Sul has the capacity for invention and develops more easily than other states. Of course there are other examples in Brazil: São Paulo, Paraná, Minas Gerais. These states also have the same capacities, but I think that Rio Grande do Sul has a strong state tradition, and it takes pride in its distinctive features; sometimes the rest of Brazil calls us provincial, because Rio Grande do Sul has some distinctive qualities, such as its food, culture, and some other things. Rio Grande do Sul has been singing its own anthem for a long time while the other states are only just beginning to learn theirs.

33 Years  
SOLID AS OUR WORKS  
INSURANCE AS OUR PARTNERS

**Intelligent engineering solutions**

**PROQ** CERTIFIED COMPANY  
Quality System PROQ - H - LEVEL A  
SANITATION and CONSTRUCTION

Dona Leopoldina Street, 256  
Higienópolis - Porto Alegre - RS - Brazil  
Phone + 55 51 3027 1212 • Fax + 55 51 3027.1200  
[www.marcoprojetos.com.br](http://www.marcoprojetos.com.br)

**MARCO**  
PROJETOS E CONSTRUÇÕES

# PROSPERITY FUELS GROWTH IN CONSTRUCTION AND REAL ESTATE MARKETS

## LOCAL COMPANIES BROADEN THEIR HORIZONS BEYOND RIO GRANDE DO SUL

Brazil is in a state of frenzy, as it prepares to host the world's two premier sporting events, the 2014 World Cup and the 2016 Summer Olympic Games, and the government is keen to ensure that everything goes to plan, including an unprecedented effort to upgrade the country's sporting, tourist and transport infrastructure to the tune of an estimated \$52 billion.

New stadia are being built or existing ones refurbished at a cost of almost \$6 billion, more than 2,500 kilometres of brand new railroads are being laid, more than \$3 billion is being spent on airport improvement and the country's telecoms system is receiving billions in investment, as are the antiquated highways.

Even if, horror of horrors, the home team fails to reach the finals of the World Cup or no Brazilian athlete mounts the gold medal podium at the Olympics, the legacy of this private and public construction boom will provide Brazilians with an infusion of justifiable pride for decades to come.

### Home Focus

Construction and engineering companies from Rio Grande do Sul are playing their role



ENGINEERING FIRM STE IS HIRING WORKERS FROM OTHER COUNTRIES FOR ITS PROJECTS



**ATHOS  
ROBERTO  
ALBERNAZ  
CORDEIRO**

DIRECTOR OF  
STE - SERVIÇOS  
TECNICOS DE  
ENGENHARIA S.A.

HERE IN BRAZIL WE  
HAVE ENORMOUS  
NEEDS IN TERMS OF  
INFRASTRUCTURE

in this huge undertaking, and Athos Roberto Albernaz Cordeiro, the president of engineering consulting and management firm Serviços Técnicos de Engenharia S.A. (STE) says it is about time.

"Here in Brazil we have enormous needs in terms of infrastructure. If we compare the state of Rio Grande do Sul with European countries of the same size, France for example, there is a huge infrastructure gap," he says.

And the same could be said about the rest of the country. Albernaz Cordeiro points out that because of substandard transport infrastructure, logistic costs for Brazilian companies are double those in developed nations.

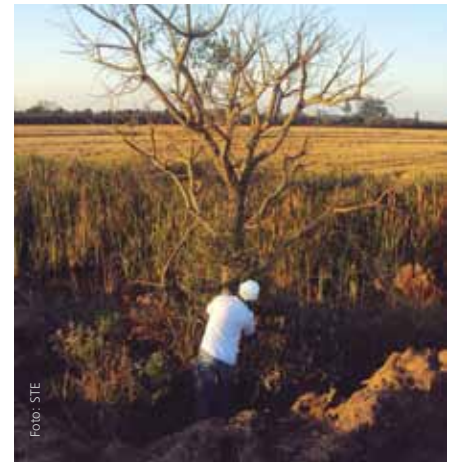


Foto: STE

"Reducing logistics costs means investing heavily in infrastructure and our companies are qualified to meet this challenge," says Albernaz Cordeiro, who is also the president of the Rio Grande Public Works Contractors Association.

Founded in 1973, STE is involved in transportation, sanitation, water resource, water works, environmental, structural architectural, urban planning, economic, energy, communications, computer and industrial projects.

In engineering consulting alone, the company covers planning, surveys, studies, research, technical, economic and environmental feasibility, technological control, su-



Mig-Plus Agroindustrial Lda is building a new manufacturing unit alongside its current site for the treatment and processing of a wide range of cereals for livestock feed production.

The new factory will be able to process 75 tonnes of cereals per hour in a variety of methods and forms including milled, pelleted, rolled, flaked, ground, hulled and puffed.

The new plant is in the early stages of construction, and is planned to be fully operational in early to mid 2013.

**Mig-PLUS**  
AGROINDUSTRIAL



pervision, management and technical support operations and maintenance.

“We currently employ 700 people, of whom around 190 are top-level, permanent staff,” the president says. “Over the 38 years of the company’s existence, we started working in Rio Grande do Sul and then eventually throughout the rest of the country.”

STE’s impressive client list includes public federal and state agencies responsible for everything from ports and airports to water, railroads and irrigation, as well as private companies in the brewing, petrochemical health care and other sectors.

But its largest projects are mostly in surface transport infrastructure and its main focus is close to home.

Investment in highways by the central authorities and the state government of Rio Grande do Sul peaked at over R\$2 billion in 2010, for the largest spending on roads in the state’s history. And while investment contracted in 2011, Albernaz Cordeiro says that forecasts call for an additional annual expenditure of R\$1 billion over the next three years.

With money like that floating around, it is no surprise that foreign engineering and construction firms are coming to Brazil and STE is involved in partnerships with several Spanish companies.

“It is mostly Spanish and Portuguese companies interested in our market, obviously because of the government cost cutting and the difficulties they are facing back in Europe. They are welcome here,” the president says.

“And with so much work around, we are seeing an influx of not only foreign companies but also workers from the rest of Brazil and even other countries. At STE, we have employees from Paraguay, Mexico, and Germany, and we are working with some Americans.”

“Brazil is making a very important effort to improve the infrastructure and as our company is participating, I really believe that we will be stronger in five years,” Albernaz Cordeiro argues. “As an entrepreneur you have to be optimistic and I am optimistic.”



THE CURRENT CONSTRUCTION BOOM HAS MADE MARCO'S EARNINGS MULTIPLY TEN-FOLD



**PAULO AFONSO TERGOLINA**  
MANAGING DIRECTOR OF MARCO PROJETOS E CONSTRUÇÕES



**UNLIKE EUROPE, WE HAVE EVERYTHING YOU NEED FOR SUSTAINABLE GROWTH**

**Changing the Balance**

Public and private construction works are also the domain of Marco - Projetos e Construções, a construction management firm established more than 30 years ago as a regional company involved in housing projects around Porto Alegre.

When that sector declined in 1995, the directors turned to big-ticket public works projects and sanitation infrastructure and soon expanded around the country.

“The current building boom in Brazil has certainly been beneficial for us,” explains managing director Paulo Afonso Tergolina. “To give you an idea, in 2005 our earnings were

R\$15 million and this year we expect ten times that amount, or R\$150 million.”

“Our annual growth has averaged around 20% and while according to our calculations we won’t be hitting that figure over the next several years, it should never be less than 10%, or maybe 20%.”

Marco - Projetos e Construções works in four main areas: industrial buildings such as warehouses and tanks and reservoirs; sanitation facilities such as waste water treatment plants, water supply and sewerage networks, solid waste processing and pumping stations.

Its infrastructure projects include earthwork, drainage, paving, landscaping, urbanization, irrigation systems, dams and road maintenance, while its commercial and public building operations include shopping centres, hospitals, schools, logistic terminals and distribution centres.

“We are predicting sustainable growth in the private sector because with the eco-

**No matter the challenge or the size of your project. Motormac wants to be your partner whenever you need.**

*When it comes to construction, Motormac offers bottom-line solutions in energy and logistics through services, sales and rental of generator sets, as well as machinery and equipment.*

Porto Alegre - RS | Phone +55 51 3349 3200  
 São Gabriel - RS | Phone +55 55 3232 5650  
 São José - SC | Phone +55 48 3271 0100

**MOTORMAC**



nomy and consumer spending performing as they are, Brazilian companies need to expand their facilities, and at the same time foreign companies, mainly from Europe, are coming here," the managing director says.

Foreign companies, he argues, are attracted to Brazil not only for its phenomenal economic growth, but also because of its abundant water and energy resources.

"There are some problems for businesses setting up here such as bureaucracy, the tax system and inadequate infrastructure, but if you compare this country with Europe or the United States where resources are nearly exhausted, we have everything you need for sustainable growth"

Some of Marco Projetos e Construções' foreign clients include GM, Goodyear, John Deere and Dell, while Corsans, Petrobras and AmBev are among its prestigious local clients.

Currently, the company is working on five bottling plants for the Brazilian multinational beverage company AmBev, which the managing director says is his company's biggest client. "Three years ago, our public to private client ratio of 70% and 30%, respectively. But now it's just the reverse," he says.

"These days, food and drink companies here are expanding rapidly, as are automobile parts like tyres and other components, and appliances because Brazilians are spending a lot on these items," Tergolina explains.

Looking ahead, the managing director

says the company is already in the process of opening branches in Rio de Janeiro and São Paulo, and will be focusing more on one of the sectors in which it has long been active for many years, sanitation.

"Government approval for sanitation, sewage projects and the like is a very slow process so it is now opening up to the private sector and we see ourselves playing a major role in this segment over the next five years," the managing director says.

#### Southern Realty Leader

When an economy is roaring ahead as is Brazil's, more and more people enter the middle-class and are, in turn, eager to trade up in the real estate market. Riding that wave of home buying is leading real estate group Goldsztein Cyrela, the product of a merger between the two companies five years ago.

Based in Porto Alegre, the group is rapidly expanding in southern Brazil, is now active in Argentina thanks to Cyrela's partnerships there, and, says chief financial officer Ricardo Antunes Sessegolo, the merger is working out.

"This is a world of large corporations and we know that if we wanted to be a leader in this sector in southern Brazil we needed to partner with somebody to achieve that kind of scale."

"In 2005 before the merger we billed R\$120 million per year and this year we will

invoice R\$1.1 billion, or almost ten times as much, so the operation has been very profitable for everyone," he says.

The company's focus on neighbouring Rio Grande do Sul, Santa Catarina and Paraná states makes sense, according to the CFO.

"In all three states there is a very strong and prosperous middle class and a constant demand for real estate as we see home exchanges around every eight or nine years. This is a market which I believe will continue."

Curitiba, the capital of Paraná state, is proving to be particularly successful for the group and accounts for 45% of sales. "It is a vibrant city, but also closer to São Paulo so there is a lot of competition from other large developers," Antunes Sessegolo says.

A typical Goldsztein Cyrela apartment building is located on the outskirts of a large city in pleasant surroundings with a garden and swimming pool. The facilities include a playground,

**WE WILL REMAIN MARKET LEADER AS WE CONSOLIDATE IN SOUTHERN BRAZIL**

a children's recreation centre, a residents' meeting room, a gym and other amenities.

The apartments themselves are of the latest design and feature hardwood floors, large windows and all modern conveniences.

Antunes Sessegolo's only complaint is that perhaps the real estate market is growing too fast and argues that it will be healthier for the sector if the boom peters out and the market stabilises.

"When you have market growth of 30% to 35% four years in a row, as we have seen, the companies just aren't prepared for it. We call it 'growth pain' and it is really difficult because you lose quality in the management of your company, you can't keep up with technical training for staff, etc.

"But I think once this growth spurt finishes, we will remain the market leader as we consolidate our position here in southern Brazil," he concludes.



## INTERVIEW WITH DIDEROT VELLOSO

### Managing Director of Motormac

The new economic cycle that started in 2009 has given a new thrust to Motormac, the Porto Alegre-based company that sees itself as a survivor of all past crisis in the country. Although the lack of qualified human resources is forcing most companies to invest heavily in the training of new employees, Mr Velloso is positive that the current growth will continue in the future, both for his company and Brazil



## THE CRISIS? THAT IS FOR THOSE COUNTRIES ABROAD!

### What is the business of Motormac?

**D.V.-** We are in the three southern states, but our head office is in Porto Alegre. We have 37 years of experience as a company. We started in Rio Grande do Sul and then expanded to Santa Catarina and Paraná. We develop our business in industrial sectors. In fact, there are three companies, each with its area of expertise: equipment rental, equipment sale, and motor distribution.

### The economy of Rio Grande do Sul has been growing in recent years. What is your take on that?

**D.V.-** The state is growing really strong. Rio Grande do Sul has some peculiarities as a state, for example, our economic growth is slightly above the average when compared to the other Brazilian states, and, like the rest of Brazil, we have some well-structured sectors and some deficiencies at other levels. For instance, we have a particularly strong agricultural sector, and a really strong metal-mechanic industry, but I would say that the most recent governments have been responsible for some things. For example, we have become less competitive when it comes to attracting new companies to Rio Grande do Sul. That is something undeniable, and we are well aware of that due to the tax war that exists in Brazil.

### Is Motormac still growing?

**D.V.-** We are growing at a fairly reasonable rate. Just to give you an idea, our average growth will not be that impressive; this year, it will be approximately 15%, compared to nearly 20% in recent years. However, in the sales sector, our most recent company, we are exceeding 50%. Profitability has increased as well, the number of employees has increased a lot – we have nearly 300 employees at the moment. Yet this is a problem that both Brazil and Rio Grande do Sul face constantly: the lack of skilled labour.

### So you believe that if you had more skilled labour you would be able to grow further?

**D.V.-** Yes, I do. I would say that one of our limiting factors nowadays is technical labour. We have been training some people, we're bringing them from the interior to be trained here. We even rent places in the three states to accommodate all of these people, pay for scholarships and teach the trade; after that, they can choose whether to stay in the company or not. These skilled workers are not available in the market, at least for the new cycle that the economic growth is bringing.

### You are being forced to train your workers from a young age...

**D.V.-** Yes, because we need them. Brazil went through a phase – twenty years until the government of Fernando Henrique Cardoso were able to stabilize the currency – of severe economic stagnation. It was a difficult task to grow as a company in a country with an inflation rate as high as ours and no prediction about the near future. When inflation

finally stabilized, the macroeconomic conditions improved and we were able to start a new phase. After that, president Lula da Silva fortunately continued to implement the same policies aimed at macroeconomic stability that we had under president Fernando Henrique Cardoso, and that has helped Brazil. As for the investments, here, in Rio Grande do Sul, we are very optimistic about the investments that Petrobras is making in the southern region, in Rio Grande and neighbouring areas. We have great confidence in this region.

### What are the secrets of your success here, in Rio Grande do Sul?

**D.V.-** I would say that the most important thing in this business is to work with integrity. It has been 37 years, after all... It's about working to improve quality, after-sales service... When I mentioned the services, the difficulty of finding skilled labour that is somehow stopping us from growing, I was referring to a technical problem in post-sales services, and if we don't have good post-sales services it is very difficult to stay in business. We are investing a lot in this. I would say that, basically, these are the variables which have allowed us to grow. We were living through a very bad crisis, but we got used to working in times of crisis at a time when Brazil – the rest of the world, really – had another vision. Today, Brazil is in a positive situation. The crisis is for those countries abroad.

**TECNOSINOS**  
São Leopoldo Tech Park

GOVERNMENT, COMPANIES AND UNIVERSITY  
PARTNERS FOR INNOVATION.

**BEST TECH PARK OF BRAZIL**  
**BEST HR AND INNOVATION PLATFORM IN LATIN**

WWW.TECNOSINOS.COM.BR • GESTOR@TECNOSINOS.COM.BR

GOVERNANCE: **UNISINOS** Somos infinitas possibilidades

INFORMÁTICA **GOLDEN** SÃO LEOPOLDO

São Leopoldo **Administração Popular** Uma Nova Cidade

**ACIS**

# A TRADITIONAL INDUSTRY FINDS NEW HORIZONS

BRAZIL'S GROWING FOOTWEAR SECTOR HAS A LONG HISTORY IN RIO GRANDE DO SUL

As California surfers, Paris fashionistas or cost-conscious British mums will attest, footwear from Brazil means high quality, style and affordability, but what few know is that Rio Grande do Sul state is the epicentre of the country's shoe industry.

It has a long history. Shoemaking in Rio Grande do Sul dates back to the first wave of German immigrants who arrived in the Vale do Sinos region in the early 19th century, raising cattle and using the leather to carry on the renowned craftsmanship they had practiced back in the Old World.

Over the past two decades, Brazil has gone from being a local producer only and now ranks third in the world for footwear exports, behind Asian competitors number one China and second-placed India.

## Partners for Success

Today, shoes are the second most important Brazilian export, generating almost \$2 billion in annual revenues, with the United Kingdom as the leading customer after the United States by value, accounting for \$180 million in sales in 2010.

And much of the export product total comes from Rio Grande do Sul.

One of the sector's leading producers and retailers is Paquetá Calçados Ltda, which along with its own dozen footwear brands,



PAQUETÁ HAS GROWN BY EXPANDING ITS RETAIL CHAIN THROUGHOUT BRAZIL



**ADALBERTO JOSÉ LEIST**  
PRESIDENT & CEO OF PAQUETÁ CALÇADOS

I BELIEVE THE FUTURE IS IN RETAIL, BE IT MULTI-BRAND OR THE BRAND'S OWN STORES

also operates four retail chains and has partnership agreements with prestigious international brands.

"We began as a small manufacturer of men's shoes in 1945 and 20 years later opened our first retail outlet," says CEO Adalberto José Leist. "We now have 12,500 employees and have expanded our production facilities to northern Brazil, Argentina and the Dominican Republic."

With over a dozen factories, Paquetá turned out 60,000 pairs a day and in 2010, and sales totaled around \$955 million.

"But because of the exchange rate of the Brazilian real, the companies here are in crisis regarding exports," the executive explains.



"However, I believe the future is in retail, whether it is through multi-brand operations or the brand's own stores."

Paquetá's multi-brand retail operations include Paquetá Esportes, which sells leading international and Brazilian brands of sports shoes and clothes, as well as fitness products; Gaston, offering men's, women's and children's footwear and upmarket accessories; Esposende; with a line of shoes and accessories for the entire family; and Paquetá Stores for men's and women's high-fashion footwear. The products sold in these stores are supplied by companies from all across Brazil and especially from Rio Grande do Sul.

## Carrier Ethernet and Access Solutions



Transforming technology into competitive advantage for its customers.

**DATACOM**  
www.datacom.ind.br

The proprietary brands Dumond, Capodarte, Lilly's Closet and Ortopé, are produced and sold by Paquetá. The development of these proprietary brand's collections is entirely carried out in Rio Grande do Sul. Dumond and Capodarte already have their own stores in Brazil and abroad through a franchise system.

Paquetá and its local suppliers have access to a vast skilled workforce, especially in hand labour which is essential to the industry. Rio Grande do Sul also boasts industrial parks, leather tanning processors, mould producers, shoe production machinery manufacturers and other sector enterprises.

"This is why I believe Rio Grande do Sul has great potential," Leist says. "And companies like ours which have a qualified workforce, respect the environment and offer a superior product will always be successful."

Paquetá has partnerships with world brands such as Camuto Group, Clarks, Tory Burch, Adidas, Dillard's, Schwartz & Benjamin and many others, and the CEO says such arrangements should be considered by other foreign companies looking to operate in the state.

"Without a partnership it would be hard for these companies to establish themselves," he cautions. "Brazil has very complex tax laws and difficult legislation and a local partner will know how this all works."

Besides its footwear business, Paquetá also operates cattle ranches as a source for its raw material, a real estate concern and a credit card management company, but Leist says the company's future will always be in multi-brand shoe retailing, whether it be through its proprietary brands in its stores or in multi-brand retail environments.

"Paquetá still has a long way to go," he predicts.

### Branding Through Retail

Retail expansion is also the goal of Bibi - Calçados Fisiológicos, a manufacturer which launched its own-brand children's shoes and accessories stores in 2007 through a network of franchises.

"We now have 40 stores in our retail network around the country and we learn a lot through constant consumer surveys so we can, for example, end a line if it is not proving popular with the public or expand a line if it is successful," explains Bibi CEO Marlin Kohlrausch.

In another marketing move, Bibi franchisers schedule weekly product showcases and other special events so customers feel they are in a new store with every visit.

Celebrating its 62nd anniversary this year, the company exports to more than 60 countries around the world. Previously, 25% of its production was for sales overseas, but that figure has dropped to 15% because of the rise in value of the Brazilian real.



BIBI'S FACTORIES ARE INCREASING THE PRODUCTION OF SHOES BY 20% YEARLY



**MARIL KOHLRAUSCH**  
DIRECTOR & CEO  
OF BIBI -  
CALÇADOS  
FISIOLÓGICOS

## OUR GOAL IS TO BE NUMBER ONE IN THE BRAZILIAN CHILDREN'S SHOE MARKET

Latin America is Bibi's main export market, but the company concentrates on market diversification and also has customers on the other four continents.

"Our company has invested a lot in advertising and even produced television spots in some countries," the CEO says. "However, our principal goal is to be number one in the Brazilian children's shoe market and we are building our brand here at home to achieve that."

"Brazil," he continues, "will be the biggest market, in my view, in the world for us. Sales here are growing, so it is a very promising market."

This year, Kohlrausch expects combined revenue to hit \$130 million, for an increase of around 20% over 2010.

As other footwear executives in Rio Grande do Sul attest, the CEO claims the state is the best place in Brazil for shoe manufacturers, due to its wealth of suppliers, access to leather and qualified workers.

"People here are also very dynamic when it comes to business, very entrepreneurial," he says.

However, taking advantage of available tax breaks and other incentives, the company built a production facility in the north eastern state of Bahia which now accounts for half of Bibi's output.

While Kohlrausch has no complaints about working in Bahia, another shoe company chief executive, Paul Grings of Piccadilly Calçados, says his firm set up a factory there five years ago but the experiment failed.

"During that time we had a lot of quality problems, so we pulled out," Grings recalls.

Bibi produces shoes for children from infants to 12 year olds in dressy, every day and sport models, and, as the company's name suggests, designs its footwear to high physiological standards to ensure the best fit, comfort and health attributes.

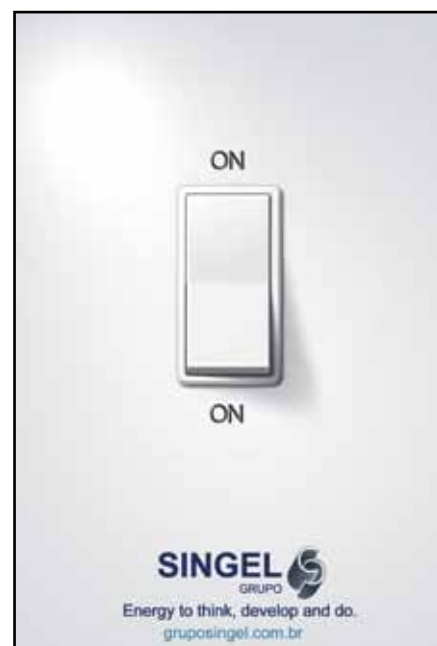
And, the CEO, points out, Bibi's designers also stress colour. "This is one of the major competitive advantages compared to shoes from other countries," he says. "Brazilian products are more colourful, happier and such a contrast to everyone else's sober, muted black and brown designs."

Despite the company's success, Kohlrausch argues that Brazil still has a lot of room for improvement so that industries like his and others can compete better in this rapidly globalising world.

"Brazil has not done nearly enough to correct financial policies affecting industry and help it to be more competitive," he says. "We need to work on the tax rates, our interest rates are among the highest in the world and the social costs of employment are also very high."

Looking ahead, Kohlrausch says he hopes the company will one day have at least 100 stores in Brazil, as well as Bibi shops in the ten countries he describes as "strategic" for the group.

"I also hope our brand will be considered highly desirable by Brazilian consumers and be number one in this country, and we are almost there already," he says.



## INTERVIEW WITH LANES TADEU MIGLIAVACCA

Administrator of Mig-PLUS Agroindustrial

Located at the small rural town of Casca, Mig-Plus Agroindustrial proves that commercial success in the animal feed sector depends more on expertise and the use of prime raw materials than on being close to a major commercial center. The future looks bright for the family-owned company, which plans to increase capacity to multiply its business six-fold by the time the Olympic Games reach Brazil



## WE WORK WITH THE HIGHEST QUALITY, AND THEN WE TALK PRICE

### How was Mig-PLUS created?

**L.T.M.-** We began in 1986, at the time of the Cruzado Plan, we set up a company to represent our area of animal nutrition. At the time there was great excitement about meat in Brazil; there was a boom in pig-breeding, mainly in the northeast, where, because of this heightened interest, we sent breeders to set up new farms. Finally, my brother and I decided to set up a business in this area of industry. My brother is a veterinarian who specialises in pig-breeding - which is our main focus - and what happened? Given that I know how to go about the business area, the numbers, we decided to form a company, which we created in 1991, and in 1994 we set up business here.

We initially launched a product, a complete success, which was eaten by approximately 3 million suckling pigs in Brazil; it's a product that got rid of the problem of an illness called "oedema" and the company grew, coming to be known in the interior of Brazil for the quality and efficacy of the product. It took away the issue of mortality during the weaning phase. And so the company began to evolve, the clients began to demand other varieties of products and we ca-

ried on creating them. Because my brother knew the technical aspects, we hired a nutritionist for the company and so we began to evolve. Today we produce two thousand tonnes per month.

### What are the reasons for this accelerated growth?

**L.T.M.-** One of the main factors is the quality of our products, without implying that any of the others are unworthy. We work with prime raw materials. Our post-sales technical service is of the highest level; our logistics is of the highest level; and our manufacturing process is one of the factors that makes us grow substantially. We are also implementing a new unit that will make ready feed - we don't currently make ready feed - we work with premier raw materials for nuclei, and this new plant is an investment of R\$45 million. It will be located in Casca, in Rio Grande do Sul, and it will process various forms of feed, mainly for milk cows, but also for other species.

### To what extent has your being a company from the interior of Rio Grande do Sul influenced your success?

**L.T.M.-** One of the factors I believe to be vital to our growth is our reliability and promotion by word of mouth by the clients themselves on seeing what we do and the efficiency of our

product in action. We train our manpower here, our workers are trained despite the fact that almost all the processes are automatic, but even so, human beings are indispensable. We opened in a region that is essentially colonised by Italians, Germans, Poles, so the workers are easy to train; we also have a lot of female labour.

### At what point do you believe you'll reach a level at which you will stay?

**L.T.M.-** The growth of agribusiness in general, mainly in our region and in the area of milk, has meant the installation of new plants for milk processing units within a range of 400 km from our business here, so we need to double or triple our production if these plants are to process all the milk that they are capable of. What we need to improve is the quality of the milk, which even today is lacking in quality because the grain, the Brazilian cereals, still lack good storage, good processing, and good industries to transform them.

### How would you define the key points of your success that can be copied by others?

**L.T.M.-** One of the things that I think led us to relative success is having the humility to be able to understand what the market needs and demands; we create this line of products that the market requires and the last thing that we, Mig-PLUS, are concerned about is the sales price. We prefer to work with the highest quality and then talk about price, because the market which is currently our client is a relatively loyal market because of the quality of our product rather than the price.

### What is your dream for your 25th anniversary? What would you like the company to be at that time?

**L.T.M.-** We want our company to continue to grow. We are creating an administrative structure so that our families aren't forced to devote themselves to this just because of our form of management. The company wants to achieve approximately six times our current sales in five years.



## INTERVIEW WITH ERNESTO LUIS PEDROSO JÚNIOR

Chairman of the board of Previsul Seguradora

Specialising in life insurance and working throughout Brazil, Previsul Seguradora is betting on the increasing numbers of the Brazilian middle-class, and the changed habits that come with it, to continue growing in the future. Looking at its most recent accomplishments, the insurance company sees the future with renewed confidence, aware that the best time for the country and the sector are yet to come



### IN THE NEXT 10 YEARS WE WILL EXPERIENCE A HUGE BOOM

**Where do you position yourselves within the insurance sector in the south of the country, and particularly in Rio Grande do Sul?**

**E.L.P.-** Our company specialises in life, in people. We had the audacity to put “the people specialists” on our card, in our logo, so until the last decade we were working with all branches of insurance: basic insurance, car insurance – which is one of the basic branches – with all of this profile, and we decided to work only with life insurance. We had the audacity, in the insurance sector, to dispense with car insurance and other branches, which are branches with large turnovers, and it was very difficult for us to continue to pay the claims; the company underwent a phase of economic, financial and cultural restructuring and today we are fortunate to work only with people, only with life, which is extremely profitable. We operate in a specific area that is close to the civil service in the whole of Brazil, since the head office is in Porto Alegre. In other words, it is the only company in Rio Grande do Sul today that is authorised by Susep (Superintendência de Seguros Privados) to operate in all of Brazil. Our company is the only one which has this authorisation because it holds a level of capital that authorizes it to operate throughout Brazil.

**How will economic growth affect the insurance sector, and in particular the life insurance sector in which you specialise?**

**E.L.P.-** Unlike Europeans and Americans, I don't think that Brazilians are in the habit of allocating

a particular part of the family budget to insurance, to their savings, to capitalization. Brazilians were not used to doing this. With this economic strength, with this boom that the country is currently undergoing and seeing, with projected growth when every country in the world is seeing its economy decline. This year, the Brazilian economy is effectively growing from 3% to 3.5%. We now have a population of 200 million, and between 18 and 19% of those people have life insurance. The market is therefore extremely broad. It is a market that can be widely targeted in terms of marketing because there are practically 140 million Brazilians who could be insured. Nowadays in Brazil it is becoming a better and cheaper sector, in which a person is covered for his funeral, for medical care, hospital care, and also for his life. I think that insurance in Brazil is still in its infancy.

**And in regional terms, which states would you say are the strongest?**

**E.L.P.-** Our company is now ranked 19th out of 107 insurance companies in Brazil. This fills us with pride because we are also in the national rankings of the magazine Valor Econômico, we are ranked as one of the big insurance companies; we are in the rankings of Amanhã magazine, which is published for Rio Grande do Sul, Santa Catarina and Paraná, with companies in the south of the country, which make up the best part of our economy, without disregarding the north and the north-east. In economic terms, these three states are strong, with the exception of the midwest region of São Paulo and Rio de Janeiro, Minas Gerais... We are in 387th place as a company in terms of capital and turnover. Among Brazilian insurance companies, we are in 19th place, the companies occupying places one to seventeen being linked to the banking system. We are then ranked first in the market serviced by insurance brokers. This is a victory for us, representing work done in the six years since we control the company. I don't mean my company or me as a person, but as we became the majority shareholders in the company, we experienced overwhelming growth. The company had a turnover of R\$52 million per year, which rose to R\$144 million in six years. This is unusual in terms of insurance growth in Brazil. Now we have a competitor in banking, because when you want to get a loan for your house you obligatorily have to get insurance. It is not a spontaneous sale or purchase. It is a forced purchase. In 2005 we had 250 brokers working for us. Now we have in the region of almost 3000 brokers providing

services, battling it out across the whole of Brazil. The big advantage that we have and that no one else has are the deduction codes for civil service payroll deductions. We operate at the municipal, state and federal level.

**Would you say that, at the operating level, the Brazilian insurance sector is on the same level as the most advanced countries in the world, or is there work to do?**

**E.L.P.-** There always is. Information technology nowadays is very quick. It is overwhelming. I think that nowadays we have programs, for example, now, here in the company, we are modernising our technological infrastructure, our information technology, always searching for the right option. Now we can issue at the “point of sale”, as they say. I can pay you a specific visit, present the product, issue it to you online, and accept your payment card online at the same time. What I mean is that the technological facility already exists, which Brazil assimilated with the opening of its borders in the 1970s. Brazil has perfectly assimilated the new technologies and this has developed a great deal within the country. In our sector, which is very fast moving and dynamic, both the assimilation of the insurance and the payment of the claim have to take place within a particular time period, so if you don't have a very fast communication channel you lose clients. You leave the clients in doubt. I think that the country has the opportunity to develop more every day. We have very strong infrastructure. We have companies that are developing remarkably. The country is very well served in terms of information technology management.

**Are you still confident about Brazil's growth?**

**E.L.P.-** Very! In the next 10 years, we will experience a huge boom as a result of foreign investments, which have clearly brought benefits; as a result of the European crisis, since it is clear that the big investors return to the countries where they are paid the most; and as a result of the crisis in America, which is struggling to emerge from its limbo. I'm 64 years old, and I've never seen the country pass through such a prolonged positive period. In economic terms, it is unprecedented; and all because of India and China...

**What is your long-term goal for the company?**

**E.L.P.-** When we became majority shareholders in 2006, we drew up a growth plan for Previsul, and today our turnover is three times higher than what we planned, to give you an idea of what it means to believe in, work for and join a team of loyal and competitive people. Our company is lean! Our company has 124 employees with which we generate the turnover that we generate, which is very good! We still have to develop our IT infrastructure more. We have both direct and indirect employees, and we have created ten thousand jobs.

# A PERFECT ENVIRONMENT

FORESTRY PRODUCTS COMPANIES ARE LOOKING TO EXPAND WHILE SAFEGUARDING THE STATE'S ECOLOGY

Extensive forests cover much of Rio Grande do Sul with growth spurred by a humid, yet warm climate, with both plentiful rain and sun. Perfect conditions for the raw material for the expanding wood, paper and related forestry industries which are among Brazil's leading exporters with growing markets around the world, and especially in Asia.

## Accelerated Export Growth

In its 60 years of existence, the Tanac company has grown to become one of the state's leading exporters and now sells its Acacia wood chips, as well flocculants/coagulants derived from the bark for water and wastewater treatment, vegetable tanning extracts for the leather industry and wood-adhesives products to 70 countries around the world.

"Today, 90% of our annual \$80 million turnover comes from exports and our main markets are Europe, China, India and Mexico. But the biggest market by far is Japan which accounts for 50% of our export volume," explains managing director Otávio Guimarães Decusati.

Tanac is perfectly positioned to boost its production and exports at the expense of its competition as its Brazilian source forests are amongst the most prolific in the world.

"In the Nordic countries, for example, a good-sized forest takes between 60 and 80 years to grow but in Brazil you have a mature forest in seven years with much higher productivity than any European country," the managing director says.



TANAC'S FACTORY IN MONTENEGRO MEETS THE MOST STRICT ENVIRONMENTAL RULES



**OTÁVIO GUIMARÃES DECUSATI**  
MANAGING DIRECTOR OF TANAC

IN BRAZIL YOU HAVE A MATURE FOREST IN SEVEN YEARS, MUCH BETTER THAN IN ANY EUROPEAN COUNTRY



"I feel Brazil has to use this opportunity to promote its forest products sector which is very labour intensive so it creates jobs. As far as the forest industry is concerned, I see no limits to its exports for the next 10 years," he adds.

However, like many Brazilian businessmen, Decusati complains that government measures are creating barriers to his company's full potential, mentioning the complex and volatile tax system as one obstacle.

"We need tax reform as we have a maze of tax rules that hinder activities," he says. "These tax rules are changing all the time and we need stability."

This is particularly important for an industry where long-term strategic planning is

key due to the 7-year life cycle of forest planting, harvesting and replanting.

"Another problem is what in Brazil we call 'double taxation' and one example is that we pay social security for our workers but it is very inefficient so we end up having to pay into a private social security plan," Decusati explains.

When discussing the forestry products industry in these environmentally-sensitive times, a main concern for many is sustainability and whether companies are adhering to international standards.

This is particularly true in Brazil where a rash of news stories 20 years ago about the destruction of the country's rain forest triggered world-wide outrage and led to

**Pioneering the MRO market in Brazil since the seventies.**





## WWW.AEROMOT.COM.BR






**Engineering capability to perform avionics upgrades and large mods in electronics systems.**



moves to curb global deforestation.

But Decusati boasts that Tanac is an exemplary model of ecological correctness and that the company is certified by the Forestry Stewardship Council, an independent, non-governmental organization that promotes the responsible management of the world's forests.

"For forest product companies, environmental safeguards can be costly, but we understand that they are an investment in the future," he says.

Addressing the future, the Tanac managing director see the company doubling in size over the next decade with twice the revenues. Diversification is also in the cards as research and development expands the product line.

"We have launched a revolutionary water treatment product which is based entirely on organic products of plant origin. Sales are increasing between 15 and 20 % per year and we expect this will eventually account for 40% of our total sales," Decusati says.

### Operational Excellence

Cellulose pulp and paper producer CMPC Celulose Riograndese is another Rio Grande do Sul forestry products company counting on expansion as it has a lot of room to grow, says president Walter Lidio Nunes.

"This year we expect to produce 450,000 tonnes of pulp but we have a new project which will soon increase output to almost 2 million tonnes. Our current annual revenue is around \$36 million."

Based in Guaiba, near the state capital of Porto Alegre, the company became part of the Chilean group, CMPC, two years ago as a strategic move into a country where forestry resources are among the most extensive in Latin America.

"Brazil has the highest forest productivity in the world for some basic reasons: the development of genetic material adapted to the Brazilian climate, soil, sun and water, and because of technology. This provides a vastly superior product unavailable in most



TMC'S FACTORY IN GUAIBA IS ABOUT TO EXPAND TO INCREASE ITS OUTPUT OF PULP FOUR-FOLD



**WALTER LIDIO NUNES**  
PRESIDENT OF  
CMPC  
CELULOSE  
RIOGRANDENSE

Along with its environmental standards, CMPC Celulose Riograndese is also proud of its human capital and technology management policies.

"What we seek to achieve is operational excellence focused on results. We are constantly looking for innovative alternatives that improve productivity and efficiency, and we are relying more and more on new corporate and information technology," he says.

Challenges facing the company include Brazil's rising labour costs and, for a company for which transporting its products to market is of paramount concern, sometimes poor infrastructure.

"Another problem is the rising value of the Brazilian real which triggers inflation and an increase in costs like wages. These factors add up and reduce our ability to compete," Nunes complains.

On the other hand, he argues, Rio Grande do Sul state is an excellent place to do business with good schools and universities and a population which is strongly European in its outlook and traditions.

"The state is fully open to the investment that will bring further development," the president says. "There was a time when this was not true but I know the government is now actively encouraging large enterprises to locate here and I am very optimistic about the future."

### OUR SOLID WASTE RECYCLING RATE IS THE HIGHEST OF ITS TYPE IN THE WORLD

countries," the president explains.

Employing almost 500 people, the company produces bleached pulp and paper for printing and writing from eucalyptus trees which are sustainably grown and managed. Operations are strictly carried out according to legislation and with minimal ecological impact.

An example of this environmental concern is the company's almost 100% recycling of solid waste and its factory generating 80% of the energy required for pulp production.

"Our solid waste recycling rate is the highest of this type of plant anywhere in the world and our waste water treatment is exemplary," Nunes says. "In fact, if you applied our environmental parameters in the United States, 70% of the plants there would not pass."

## INTERVIEW WITH GUILLERME CUNHA

President of AEROMOT

AEROMOT'S long business life has changed dramatically since it was taken over by the aviation group FIBRAER from Minas Geras. As the new president explains, new and exciting plans include setting up a new distribution center in Porto Alegre's airport, manufacturing of aircraft parts and components, and growing in the U.S. market



Foto: Aeromot



Foto: Aeromot

### IT IS DIFFICULT FOR NEW INVESTORS TO ENTER THE BRAZILIAN MARKET

**In 2009 FIBRAER acquired AEROMOT'S maintenance division. How did this come about?**

**G.C.-** I came from a family company in Belo Horizonte. The company is named FIBRAER, it manufactures composite structural material to reform the structural parts of aircrafts, it's a family business that I took over about ten years ago. We started with a small production line and in the mid-90's we expanded to the marketing of general aeronautical parts. After the acquisition of new units we are focusing on maintenance, aircraft component manufacturing and distribution of an extensive line of aeronautical products. So today, the group consists of five companies, three of them in Belo Horizonte, one here in Porto Alegre and another in the United States. Today, our group deals in the U.S. with all our purchases of materials, since 95% of all products are imported. So AEROMOT today deals primarily with the maintenance business.

**What was interesting about it for you?**

**G.C.-** Beyond representations of commercial companies in the United States - AEROMOT have exclusive agreements with U.S. manufacturers, which is

highly strategic for us - and also for its technological infrastructure, with a great know-how in avionics and engineering. We inherited from old AEROMOT a company with high-level certifications in the old DAC. We managed to hold these certifications in the ANAC (National Civil Aviation Authority), which is a real achievement, since it requires great precision, maintenance tools, and training people. I credit it to the great effort of our team here in Porto Alegre and also to our ability to quickly adapt to new realities.

**Why is the U.S. important to your group?**

**G.C.-** It's important because we work in the aviation market, and nearly 90% of the products are American. Therefore, our maintenance section - which is preventive and corrective - requires U.S. products. So the representations are very strategic for us. We are in the United States because we always believe in the strength of this economy and technological tradition of that country. Besides, we depend on their technology in aircraft maintenance and manufacturing with American technology. So we are always looking for new partnerships to enhance our business.

**Have you managed to achieve your initial goals?**

**G.C.-** Yes, we are restructuring the entire company on an administrative level, because the company we took over was the company of 1967, an old company. This also applied to its personnel, nearly all of whom were employees and collaborators who had been with the company for more than twenty years. So there was a really high level of expertise. We are trying to make changes, not only in terms of the internal policies of the company but also by looking for new business through the know-how we bring from Belo Horizonte. So I am working with some major contacts (the Navy and Air Force) and I am currently focusing chiefly on public bodies, the police, on the issue of public security related to forthcoming major events such as the World Cup, the Olympics.

**Would you say that the Brazilian aeronautical sector is on a par with that of the U.S.?**

**G.C.-** I would say that today Brazil has the second largest fleet in the world. We have 19,000 aircraft, about 13,000 of them in operation. We also have one of the largest fleets of helicopters, the company EMBRAER, which gives patronage to some companies through subcontracting. Our law is very strict, the administration now works closely with the FAA (Federal Aviation Authority) so I believe that current legislation is very focused on safety. The growth of today's domestic aviation in terms of passengers is around 20 to 30% per year - due to higher purchasing power of Brazilians we are experiencing greater social mobility. Thanks to the high level of competition in Brazil, prices have fallen. So my opinion is that the Brazilian aviation is currently in a very strong position, and growing very fast compared to other nations. And it's a large and growing market with potential for new investments.

**What would your ideal company look like in 2016?**

**G.C.-** A goal would be to be equipped to manufacture certain components - this project is already underway (for aircraft components, not for entire aircrafts). Our interests are products and parts and we already have a business plan for this. I would like to see our distribution center up and running, and our company in the United States growing well. These large projects are already starting, and I think they will last for the next three years. All work and efforts will be concentrated on it. The main problem for aviation in Brazil is, in my opinion, a very low level of competition due to the difficulty that exists for new investors to enter the Brazilian market, partly because of our legislation. This also affects the level of knowledge and expertise in Brazil. In short, our workforce and a stronger legislation, would ensure our future and our growth.



# BRAZIL REALTY

**GOLDSZTEIN CYRELA EMPREENDIMENTOS IMOBILIÁRIOS S.A.**

Rua Mostardeiro, 800 - 4º andar - Moinhos de Ventos / Porto Alegre - RS - Brasil - CEP 90430-000

**T: +55 (51) 3382 7000 / 3382 7003 / F: +55 (51) 3382 7005**

[www.cyrelasul.com.br](http://www.cyrelasul.com.br)

## INTERVIEW WITH FLAMARION ZANCHI

Director of Grupo Singel

The entrepreneurial spirit of Rio Grande do Sul is well represented by the multidisciplinary Grupo Singel. Based in Porto Alegre and present in most of the country, the new bet of the family-owned group, Modulare, is a bold yet technically proven attempt to tackle the lack of affordable housing by the new Brazilian middle-class



### FOR US AT SINGEL EVERYTHING BEGINS WITH EDUCATION

**As the founder of the group, can you give me a summary of how the group started?**

**F.Z.-** The group was founded in 1976. Because of the personal decision of mine, as an electrical engineer, to follow my own path instead of working in anything linked to the choices available at the time. I first worked for an electrical installations company, where I learnt a great deal. I opted to go it alone as a planner, designer, and budget expert. Now we operate across the nation, but our main focus is Rio Grande do Sul. About ten years ago we founded another company, SGL Comercial, which is dedicated to imports, exports and renting. We bought Power Service, a maintenance engineering services company which belonged to the Trafo group. The newest company is Modulare, a new technology for concrete houses. After three years of research at the Universidade Federal do Rio Grande do Sul (UFRGS), and after all the trials (it is a process that is ratified by the Caixa Econômica Federal) we are in a position to produce large numbers of residences in a short time.

**In which of your four business lines does your future lie?**

**F.Z.-** Modulare! Modulare is a concrete house. It is the first to have a 5 cm-thick wall. The University carried out all the trials: mechanical, thermal, and acoustic resistance... and they were all approved, with figures that were higher than the Brazilian standard. So Modulare is an assembly system made up of interlocking plates. It is assembly, not construction! A house can be built in 15 days.

**Which market are you trying to reach with this kind of modular construction?**

**F.Z.-** Two income bands: for the bands spanning 0 to 3 minimum wages, which is known as "Minha Casa, Minha Vida" [My House My Life], the houses cost around R\$50,000. For the second band, which is a bit more sophisticated, a bit larger, the houses cost about R\$100,000. We went down this path because in Rio Grande do Sul alone there is a shortage of 400,000 homes, and the government is financing this system. We draw up the project, it is approved by the bank, the houses are built and are handed over to the bank. It receives the houses, pays you, and takes care of the delivery and sale in conjunction with local councils.

**Are you predicting any type of growth for this business over the next few years?**

**F.Z.-** A great deal of growth. We are now working on small projects (20 to 50 houses), but we are negotiating a project for 6,000 houses here in Rio Grande do Sul and 6,000 more in São Paulo. The government of Acre state has become aware of the project and has asked us to make another big amount. The government of Paraná state also contacted us, through the Companhia de Habitação, and they want us to build a factory there. But we are moving step-by-step across Brazil.

**Is it possible that foreign partners may enter this project?**

**F.Z.-** Yes. We are completely open-minded and are always looking for partners. We were in Italy last year, and in Spain, networking, talking. In Spain we spent about four days in Valencia in contact with a co-operative. We're always looking. We are looking for companies in the engineering sector to bring technologies over here. We have several contacts and we are in touch at the moment. We have an agreement signed in Italy with a company in Treviso. We want to bring technology here in the most diverse sectors. We are open-minded.

**Where you see the group in the medium and long term?**

**F.Z.-** We hope that in four or five years' time, the companies will have grown significantly – because they cover many different sectors, but always involving technology, training. We are workforce trainers. One thing is important: the average age of our employees is 22 years of age. We look for our employees in the technical schools and faculties. They leave at the end of the course, carry out probationary internships here, and we train the workforce. Singel trains workers, and has workers all over Brazil. Some of the groups ex-employees are performing very well today in São Paulo, Tocantins, Goiás, Maranhão. Wherever we work, people stay. We have very highly qualified young people. For us, everything begins with education.



### The Strategic Partner in Electronic Product Manufacturing

[www.teikon.com.br](http://www.teikon.com.br)

**Teikon Rio Grande do Sul**  
Av. Francisco Silveira Bittencourt,  
1225 Prédio 24  
Bairro Sarandi - CEP: 91150-010  
Porto Alegre / RS  
Fone: (51) 3026.1800  
Fax: (51) 3026.1806

**Teikon China**  
8, Gui Shan Road, Rooms 901 - 903 Tower C  
Mingwah International Convention Centre,  
Shekou, Nanshan District,  
Shenzhen, China  
PRC 518069  
China phone: 86 755 2689 2486  
Fax: 86 755 26892484  
[www.teikonchina.com](http://www.teikonchina.com)

**São Paulo**  
Endereço: Rua Surubim,  
577 - 5.º andar - conj. 51/52  
Brooklin - CEP 04571-050  
São Paulo - SP  
(11) 2504-0200  
[comercial@teikon.com.br](mailto:comercial@teikon.com.br)

**Teikon Jaguariuna**  
Endereço: Rod SP 340 KM 128,7 A  
Bairro: Tanquinho Velho  
CEP 13820-000 - São Paulo  
(11) 2504-0200

## INTERVIEW WITH ALEXANDRE GEHLEN Managing Director of InterCity - Intelligent Hotels

Already opening its first unit outside Brazil, the hotel operator InterCity - Intelligent Hotel, has found the road to growth by sharing its know-how with both local and foreign investors. Yet it is in the continent-sized country of Brazil that the group CEO sees a great number of new opportunities to explore in conjunction with its partners



### WE ARE PERCEIVED AS A COST EFFECTIVE AND CUTTING-EDGE HOTEL OPERATOR

**What was the original idea for this chain of hotels? In what way did you do something innovative, something of your own, as it were?**

**A.G.-** InterCity was founded in 1999. At the time, our idea was to set up a hotel with a good location in a city in Rio Grande do Sul, which was in need of a mid-scale hotel, the kind of hotel that isn't so common in Brazil as it is in the USA; economy hotels, not luxury. The InterCity project began in the city of Gravataí: the hotel made quite an impression in the market; it became successful fairly quickly, and it was this success that led the company investors to undertake a second investment.

For the second investment, we came to Porto Alegre. We chose a location, next to the airport, an area that was still regarded with contempt by the city. Despite the primarily non-attractive location, the hotel was a total success. Then we decided to build a third property, this time in the city of Caxias do Sul. And this became another successful project. But then we began to realise that in order to grow the company more quickly we could not depend just on our own capital. For this reason we started working on preparing In-



terCity to be an hotel management company for third parties, but one whose management was entirely transparent to those who placed their trust in us. Then in 2003, 2004, we started what would become InterCity Hotel Administration. Nowadays InterCity is an innovative hotel management company with 17 properties placed in 11 different cities in Brazil, and we recently opened our first hotel outside Brazil, in Montevideo, Uruguay. We are proud to be perceived as a cost effective, database integrated and cutting-edge company that offers transparent and fully comprehensible real-time online data to our partners. We are ranked among the 10 largest hotel companies in Brazil.

**Given that you cover the whole of Brazil, what are the priorities in the Brazilian market?**

**A.G.-** We see a lot of opportunities in Brazil. Our economy is strong, we will host major worldwide events and the long-term perspectives are positive. Brazil is an immense territorial country and if I look at a Brazilian map, I would easily identify many regions where the economy is bursting, yet still there is a huge need for accommodation. Basically InterCity will go to any city where

we identify the need for our product. For instance our newest hotel is in Montevideo. It's the first one outside Brazil. But why Montevideo? Because here in the south, increasingly, we are the greatest source of people travelling to Uruguay, and the Uruguayan investors understand this: for them it's more important to have a Brazilian company, let's say, with strong attachment in Rio Grande do Sul, than a European or American company. After Montevideo we will open in Manaus, which is another capital city in the Northern Region, then shortly after in Salvador. And we have many other target cities within Brazil and south America and we are waiting for the right partner. There still a lot to grow in this big country.

**We find that nowadays business people from other countries are visiting Brazil more. Is there more interest?**

**A.G.-** I have no doubt about it! When you travel to Buenos Aires, for example, if you go back seven years, that capital, and even Montevideo, had certain characteristics. Today there are a great number of Brazilians going to do business in these places. Brazilian companies buying Argentinian companies, Brazilian companies buying Uruguayan companies, Uruguayan companies coming to Brazil, wanting to explore the Brazilian market, to sell here; this creates a large flow of people. For example, our opening in Montevideo is entirely aimed at the public who travels to work, so our team is completely focused on that. Today our commercial sales director, who lives in São Paulo, is there in Montevideo training the team. We're already receiving the first reservations which are from Brazil for Montevideo. This shows a certain synergy between the countries of Mercosul. There, it's the investment of Uruguayans, who have identified the importance of having a presence in the management of a Brazilian company.

**Describe the group that you would like to be able to show me at this time in 2016.**

**A.G.-** We have a strategic plan to reach 2014 with, counting operational and contracted hotels, between 45 and 50 hotels.



**PAQUETA.**  
**FEATURING**  
**PROMINENTLY IN THE**  
**FOOTWEAR MARKET**  
**SINCE 1945.**

To win over markets across the world, our secret is to invest in quality, innovation and lots of dedication. Go to [www.paqueta.com.br](http://www.paqueta.com.br) and learn more.

COMPTON