

Brazilian Ceramic Tile Factory with Subsidiaries in the US Exports to 80 Countries

Contributed by Alexandre Rocha
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Eliane S/A, a Brazilian ceramic tile factory, exported the equivalent to US\$ 78 million last year and hopes to reach US\$ 85 million this year. Between January and July, shipments generated US\$ 55 million, about 15% more than in the same period last year.

The company is therefore managing to expand foreign trade revenues despite the devaluation of the dollar against the real, which reduces the competitiveness of Brazilian products in terms of prices.

According to information supplied by the company this week, its operational profit was US\$ 15.1 million in the second quarter of this year, an increase of 28% in comparison to the US\$ 11.8 million in the same period last year.

The strategy adopted by Eliane, starting last year, involves an extra effort in the export of greater added value products. "We have promoted a change in the profile of the products exported," stated Gaidzinski.

Porcellanato, which the company started producing in 1996, represents the top of the line of products. "Nowadays we are working with a more expensive product mix. We have also modified our pricing and released new products," he added. The volume shipped, however, has remained at the same level, of 1,500 containers a month.

According to the executive, foreign trade has "uncontrollable variables" - among them exchange rate fluctuation, price, availability of maritime transport - with which companies have to deal.

"We have been exporting for over 25 years, we did not start four years ago when exchange rates were favorable," he said. "We have long-term customers, with structured partnerships," he pointed out. Apart from changes in products exported and pricing, the company also had to reduce production costs.

Eliane produces around 40 million square meters of ceramic tiles per year in 10 factories installed in Santa Catarina, Paraná, Minas Gerais, Bahia and Espírito Santo. The company offices are in Cocal do Sul, in the southern Brazilian state of Santa Catarina.

The organization employs 2,700 people. Last year, company revenues totaled US\$ 281 million and this year the forecast is to reach US\$ 300 million.

They are also betting on growth of exports to the Arab countries. The company already traditionally sells to Saudi Arabia, Qatar, Jordan, Kuwait and Oman. "At this moment we have people travelling to the Middle East. It is a market with great potential due to the volume of new projects that are there," said the company president, Edson Gaidzinski Jr.

According to him, 5% of company exports go to the Arab countries. "We were very strong in the region during the 1980s," said Gaidzinski. After the Gulf War, in the early 1990s, Eliane lost significant market to Spanish companies, according to the executive. "But little by little, we are returning," he added.

The company also hopes to make new contacts with Arab importers at Cersaie, a fair they traditionally participate in that takes place in the city of Bologna, Italy. This year the fair is going to take place at the end of September.

In November last year, a company representative participated in a mission to Algeria that was headed by the Brazilian Minister of Development, Industry and Foreign Trade, Luiz Fernando Furlan.

The company presents itself as the largest ceramic tile manufacturer in Brazil and the leader in sector exports. According to Gaidzinski, the organization sells to 80 countries. The main markets are the United States, Canada and the United Kingdom.

The company also has a subsidiary in the United States, with installations in Florida and Dallas, Texas, which is responsible for distribution of the products. "We have had this subsidiary for 10 years and it is very profitable," stated the executive.

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