

**Maconde Group**

**A company profile**

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**On behalf of ETUC-TCL in Brussels**

Maconde

## A Company Profile

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## Introduction

The Maconde group is a producer and exporter of clothing, mainly men's outerwear, in Portugal.

Until 1993, Maconde was owned by the Dutch retail group Macintosh. In April 1993 a Management Buy Out took place led by Joaquim Cardoso with the aid of Portuguese banks and government funds. At that time Maconde was operating in Portugal (production and retail) and Spain (retail).

Apart from the textile and clothing business the company has activities in retail, furniture, cleaning, financial management, and mail order. The name 'Maconde' is probably derived from the Dutch words: 'Macintosh Confectie en Detailhandel', meaning Macintosh Clothing and Retail.

Its retail chain in clothing with many stores in Portugal and Spain, is MacModa, formerly known as Superconfex. Tribo, is Maconde's furniture stores chain, which was formerly named Kwantum.

Brands of Maconde are Maconde, Vadim, Alto, The Line and M2.

The company is represented in Portugal, Spain, United Kingdom, Germany and Norway. And furthermore it has some activities in Eastern Europe.

In Portugal the company has more than 2,300 employees. In Spain Maconde, at this moment has 13 shops, and a central office in Madrid, employing about 120 people in total.

## History

Maconde was established in 1969 by the Dutch company **Macintosh**.

At the end of 1990 Maconde was named 'Best Portuguese firm in the clothing sector'<sup>1</sup>.

And in July 1995 Maconde was awarded again, this time in the Dun and Bradstreet's top rating. Maconde was rated number one as the leading exporter of clothes in Portugal<sup>2</sup>.

On April 20, 1993 Macintosh sold its activities in Portugal and Spain. Maconde was bought and transformed into a Public Limited Liability Company in a Management Buy Out operation led by Maconde's chairman Joaquim Cardoso, with funding from the FRIE Funds, which are managed by Sulpedip and Norpedip and six venture capital companies.

At the time of the management buy out, the Portuguese and Spanish activities of Macintosh consisted of the 4 production operations of Maconde in Portugal, sales offices in Portugal, Spain, UK, Germany, and Scandinavia, as well as the 42 Superconfex stores, four Kwantum stores, and 12 Superconfex stores in Spain, and MacModa mail order fashion company. In total employing a number of 2,339 employees<sup>3</sup>. Turnover of these activities amounted over DFl.260 million per year, nearly 25% of Macintosh' total sales<sup>4</sup>.

After the Management Buy Out the company's capital was increased by the group from Esc 70 million to Esc 200 million, maintaining 100% control<sup>5</sup>.

In 1994 the company remodelled its Superconfex shops into **MacModa**. In June of that year the Group's furnishing and decoration chain Kwantum, had been renamed **Tribo**. Furthermore the group made a move into the mail order business in association with Camif, one of the top French companies in the sector. With share capital of Esc 105 million, to be doubled in 1995, **Camif Vendas por Catalogo** is 51% held by Camif and 49% by Maconde.

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<sup>1</sup> Espresso, 10-11-1990.

<sup>2</sup> Diario de Noticias, 27-07-1995.

<sup>3</sup> Het Financieele Dagblad, 15 April 1993.

<sup>4</sup> Het Financieele Dagblad, 15 April 1993.

<sup>5</sup> Espresso, 25-06-1994.



## Structure and Management

When Maconde was still part of Macintosh, the company structure of Macintosh<sup>6</sup> at the end of 1992 was as follows:

Fashion Division	Superconfex Benelux (81 shops) <b>Superconfex Spain/Portugal (54 shops)*</b> <b>Maconde Production (4 production units)*</b>
Living/Decoration	<b>Kwantum Portugal (4 shops)*</b> Kwantum Benelux Klerkx Group
Automotive	Halfords  Macintosh Sport/ Nea International Macintosh International Finance

\* together forming the **Maconde Group**.

In 1991 the fashion division of Macintosh (including Maconde) generated 59% of its total turnover<sup>7</sup>.

By the management buy out in 1993 shares were held by a financial syndicate made up of the management, six venture capital companies and the 'FRIE Funds'.

Initially Maconde's capital would be held by Norpedip and Sulpedip which both invested Esc 960 million. Management invested Esc 500 million. Venture Capital companies: SPR, Promindustria, IPE Capital, BNU Capital, Interrisco and Eurofinanceira invested Esc 770 million. The deal also involved bank borrowing of Esc 6,000 million from BPI, BPA, CGD, BFE and BTA<sup>8</sup>.

The transaction, to be settled in cash, was worth DFI.100 million and generated a book profit of DFI. 20 million for Macintosh<sup>9</sup>.

All the premises of the company are owned.

The Maconde group is managed by:

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<sup>6</sup> Macintosh, Annual Report 1992, p.9.

<sup>7</sup> Het Financieele Dagblad, 26-04-1993.

<sup>8</sup> Reuter Textline, 21 April 1993.

<sup>9</sup> Het Financieele Dagblad, 21-04-1993.

## MANAGEMENT

Joaquim Cardoso	Chairman of the board and Chief Executive
Julio H. Cruz	Managing Director
Fernando Aurelio Silva	Financial Director
Antonio Ferreira	Personnel Manager
Jose Santos Ramos	Marketing Manager
Jeroen wittmarschen	Sales Manager

### Other members of the board:

Luis Pedro Pimentel; Jose Rui Vicente; Maria P. Spratley; Edite A. Guedes; Joao Manuel Ferreira; Domingos Rodrigues; Ricardo Alves Tavares; and Manuel Fernando Marques.

The last three boardmembers mentioned are also active in the 'Sociedade Textil Financiera, S.G.P.S., SA (as advisory member of administration) and other subsidiaries of the company<sup>10</sup>.

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<sup>10</sup> D&B European Financial Records, no.45-442-6412, 1996.



## Activities

### The sector

Handicaps of the Portuguese clothing industry to export Portuguese labels are the country image (not traditionally associated with fashion like Italy) and the high costs.

"Portugals's predominantly small clothing firms cannot afford the investment required to launch and market international brands. A way of surmounting this obstacle that has proved successful for a number of companies is franchising. Maconde franchises its Macmoda brand in Europe as do several other companies. Building growth potential in these ways is important in a traditional sector that still constitutes the lifeblood of Portuguese industry. Clothing is the country's biggest export article, accounting for 18.2 per cent of total export earnings in 1994. Shoes accounted for 9.6 per cent and textiles for 7.9 per cent. Clothing and textiles also employ 20 per cent of the industrial workforce. The overwhelming majority of companies are small- less than 20 per cent employ more than 100 workers- and are often family owned. Because of the dismantling of the Multi-Fibre Arrangement and the gradual easing of restrictions on textile imports into Europe following the reformulation of the GATT, the Portuguese clothing sector has to restructure and refocus itself. Low wages, low processing and high volumes is no longer viable for Portuguese companies faced with Asian and North African companies with even lower wages and prices. Substantial EU aid is being mobilised to help the Portuguese clothing and textile industry modernise, including 80 billion Escudos in compensation for the effects of the GATT agreement. To modernise the clothing industry it is necessary to invest in professional training, marketing and advanced technology, at both production and managerial level. So that more and more companies can develop or design their own garments<sup>11</sup>.

### The company

Maconde is the leading Portuguese industrial textile group. Maconde designs, markets and manufactures its own collections of menswear, and has a prominent position in the European men's fashion market. A large part of its production is for export, mainly to EC countries<sup>12</sup>.

The company, with subsidiaries in the UK, Germany and Scandinavia, has expanded and diversified its business area. Apart from retail and production it has moved into wholesale via its subsidiary Oxford and into home decoration via Kwantum (Tribo). In Spain Maconde today has thirteen shops and a central office.

Set up in 1969 by Netherlands based Macintosh, Maconde was bought and

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<sup>11</sup> Financial Times, 11 October 1995.

<sup>12</sup> Macintosh, Annual Report, 1992.

transformed into a limited company in a management buy out operation<sup>13</sup>, as was described before in this profile.

Maconde today is one of Portugal's most successful exporters of (men's) clothing.

Maconde-confeccoes, SA is known as a Mens and Boys Suit, Coat & Overcoat Manufacturer. Or more in general: a Mens and Boys Clothing Manufacturer<sup>14</sup>.

**Brands** known from Maconde: Alto; Maconde; M2; Vadim; and The Line.

Maconde Group:

There are four production operations in Portugal. The author of this report only found the names of: **Maconde-Confeccoes**, **Macem-confeccoes S.A.**, and **Miniconfex Confeccoes**.

The retail chain of **MacModa** stores, represented in Portugal with 42 stores, and in Spain with 12 stores<sup>15</sup>. In October 1993 the new ready to wear shop in Viana do Castelo was opened. This was its 54th in Spain and Portugal together<sup>16</sup>.

Maconde's strategy regarding these former Superconfex stores was to expand into the retail sector through a chain of ready to wear shops using a producer/consumer sales system<sup>17</sup>.

The retail chain of **Tribo** furniture/decoration stores, is represented in Portugal with 4 stores.

In October 1994 Camif and Maconde launched creditcards<sup>18</sup>. In December of that year MacModa, began the distribution of 120,000 store cards to users of the store's former card Superconfex. Together with Unifina, part of Uniao de Bancos Portugueses, the company planned to extend credit facilities to the customers of the MacModa and also Tribo shops<sup>19</sup>.

Managerial companies: Maconde operates a management Investment Office named: **Sociedade Textil Financiera**.

Wholesale companies: **Oxford Sociedade Comercial De Vestuário Lda.**, and **Momentos Confeccoes Lda.** in Portugal.

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<sup>13</sup> Expresso, 05-02-1994.

<sup>14</sup> D&B European Financial Records, no.45-442-6412, 1996.

<sup>15</sup> Expresso, 26-11-1994.

<sup>16</sup> Expresso, 30-10-1993.

<sup>17</sup> Diario de noticias, 15-11-1993.

<sup>18</sup> Expresso, 15-10-1994.

<sup>19</sup> Expresso, 17-12-1994.



The cleaning agency: Maclimpa Industria de Limpezas Lda., offers contract-based maintenance services to buildings.

Mail order company:

**Camif Venda Por Catalogo SA**, is a joint-venture which is 51% held by Camif and 49% by Maconde.

Camif is ranked third in the list of the top French companies in the mail order sector.

The joint venture was already set up and its first catalogue distributed in August 1994.

In addition to clothes and household textiles, the catalogue featured furniture. Camif operates as club, with members joining when they make their first purchase. Buyers can place orders by fax, telephone or mail<sup>20</sup>. Camif Venda Por Catalogo SA is based at Maia in the suburb of Porto<sup>21</sup>.

For Maconde the new joint-venture will increase its business base. And another factor is that the French partner generally offers a wider range of products in its catalogues from clothes to electrodomestic products and furniture. Portuguese furniture is well regarded in France<sup>22</sup>.

The French CAMIF has expanded even further. In May 1994 CAMIF took, in the Czech Republic over majority shares (51%) in the mail order (distribution) subsidiary, which will take the name Magnet CAMIF<sup>23</sup>. The shares were taken over from Magnet AS, the number two firm in the sector<sup>24</sup>. But as far as the writer of this report knows Maconde does not have any stake in that joint-venture.

Mail order accounted for 0.8% of the retail market in Portugal in 1991 and was forecast to grow at 6% per year until 1995<sup>25</sup>.

Maconde is developing activities in Eastern Europe:

In February 1994 the newspapers reported: Maconde aims to open a chain of ready to wear shops in eastern Europe. The first shops will be in Hungary and the Czech Republic. Studies are at an advanced stage and the company plans to open shops similar to its shops in Portugal.

The company plans to use government lines of credit to open two pilot shops. If they are successful, others will follow in the region.

The company is in contact with various potential local partners. The chain of

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<sup>20</sup> Diario de Noticias, 13-06-1994.

<sup>21</sup> Le Monde, 15 May 1994.

<sup>22</sup> Expresso, 05-02-1994.

<sup>23</sup> Agence Europe, reuter, 18-05-1994.

<sup>24</sup> Agence Europe (Deutsch), 18-05-1994.

<sup>25</sup> Echos, 16 May 1994, Page 14.

shops will target the emerging upper and middle classes<sup>26</sup>. The strategy is part of the government's plan to support international business development.

This support of the government already started in 1993 with the signing (28-07-'93) of a contract between Maconde and ICEP, which covered the investment of Esc 775 million in Superconfex Espana. Maconde funded 25% of its total investment for 1993 and 1994. The other 75% was to be funded by ICEP and the banks, under the NIDE (Novo Instrumento de Desenvolvimento da Exportacao) programme, which aimed to support exporters<sup>27</sup>.

Manuel Marques, director of Maconde, in 1994 said that the purchase of a building in Prague would involve about Esc 1,000 million. A Portuguese bank was involved in the process.

In November 1993 in Hungary, a trade mission from Portugal went in progress. Maconde was looking for the best place to install a shop<sup>28</sup>.

The textile company began exporting to Mexico in 1994 selling jackets to four department stores in Mexico DF<sup>29</sup>.

In 1994 the company has remodelled its 54 Superconfex shops and renamed them MacModa. The group budgeted Esc 400 million for advertising and marketing the change of image of the shops.

The transformation of the shops meant investment of Esc 800 million in 1994. And a similar investment was made the next year<sup>30</sup>. The new identity and redesigning of the interiors was created by Portland Design. The chain was transformed from a supermarket format to a quality fashion department store. Maconde, wanted to give the shops more value and quality while maintaining its price advantage, said Portland managing director Barry Finnegan. 'We have created a warm interior implying comfort and style but not cost, which Macmoda's core market can still enjoy,' Finnegan added. The new logo will feature on redesigned packaging, signs, tickets, labels, graphics and uniforms<sup>31</sup>.

In the beginning of 1995 Maconde started experimenting with production in Eastern Europe and Morocco and may transfer part of its production to these countries soon. Romania could be the chosen location.

In Morocco there are only two plants capable of meeting Maconde's quality standards. Prices - while lower than in Portugal - are not low enough to make the project worthwhile.

Maconde is going to buy the production, not the factories. It will design and

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<sup>26</sup> Espresso, 05-02-1994.

<sup>27</sup> Diario de Noticias, 29-07-1993.

<sup>28</sup> Diario de Noticias, 17-11-1993.

<sup>29</sup> Espresso, 01-04-1994.

<sup>30</sup> Espresso, 07-01-1995.

<sup>31</sup> Design Week, 11-11-1994.



specify the products, as it already does with some factories in Portugal. China is another possibility, probably Shanghai. For the moment, however, production will be in Europe.

Maconde however plans to produce 35% to 40% of its exports outside of its own plants, to sell more than it produces.

In the Vila do Conde plant the company opened a new pilot production line, in which small groups of employees make a complete product. This method of working has been used in the UK, the USA and Germany. The employees are being trained.

Maconde opened a new store in March 1995 in Rua de Santa Catarina, Lisbon. It will be a flagship store with a sales area of over 2,000 square metres.

In the fall of 1995 Maconde was carrying out a major investment programme to upgrade its image with Portuguese consumers. In addition, the group realised it was facing fierce competition from the Spanish groups Cortefiel and Zara. The label 'made in Vila do Conde' was not considered synonymous with elegance according to local consumers.

This contrasted however with the views of demanding international buyers such as Calvin Klein, Massimo Dutti or El Corte Ingles, which considered that the Vila do Conde based company was an excellent sub-contractor, producing men's clothes at a good price.

With an Esc 1.1 billion investment programme, the group has been upgrading and expanding its 'MacModa' chain of outlets. There were also planned to be opened five new furniture stores of the 'Tribo' network<sup>32</sup>.

The investment programme represented a significant increase on the Esc 700 million investment registered in the previous two years<sup>33</sup>.

In October 1995 Maconde planned to expand into France the next year, setting up a wholesale business. After the first move, designed to test the local retail market, Portugal's largest clothes exporter planned to expand its MacModa chain into France.

The expansion into France can be seen as a strategic priority for the company<sup>34</sup>.

The author of this company profile does not have any information on the actual state of Maconde's activities in France, at this moment.

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<sup>32</sup> Expresso, 09-09-1995.

<sup>33</sup> Diario de Noticias, 31-08-1995.

<sup>34</sup> Expresso, 21-10-1995.



## Financial Data

When the Maconde Group was still part of the Macintosh corporation production of fashion realised 11.2 % of total turnover, and fashion retail realised 47.2%, both in 1992. In that year 16,0% of total Macintosh turnover was realised in (not by) Spain and Portugal together<sup>35</sup>.

In its first year of Portuguese ownership (1993) Maconde saw its best ever sales figure of Esc 19,200 million<sup>36</sup> and a post tax profit of Esc 1,050 million. Some 60% of total sales were export sales. Exports were worth Esc 11,500 million, up Esc 2,900 million on 1992. Maconde's cashflow was up 40% at Esc 1,821 million in December 1993 against Esc 1,298 million a year before<sup>37</sup>.

In Portugal, Superconfex is the largest ready-to-wear chain and has 42 shops. In 1993 sales were Esc 7,900 million, down 2.7% on 1992<sup>38</sup>.

Maconde's profits fell sharply last year (1995) to Esc 75 million. In 1994 they had been Esc 492 million.

The parent company's sales also fell, from Esc 18,600 million in 1994, to Esc 17,400 million in 1995 (which is in US\$: 114,8 million).

In consolidated terms 1995 sales were Esc 19,900 million. Export sales were Esc 10,600m. In 1994 export sales had been Esc 11,300 million<sup>39</sup>.

The lower result was due to the slow down in the world economy and slower private consumption in the domestic market.

Last year the company's exports to the UK fell. Exports to North America were up 80%, and exports to the Netherlands were up by 18%. In Portugal 1995 sales were stable at Esc 7,300 million.

In 1995 some Esc 1,500 million were invested in non financial assets, mainly Public Relations and Marketing<sup>40</sup>.

In 1994 the Group obtained consolidated net sales of Esc 21 billion<sup>41</sup>. Exports of the parent company accounted for 60.5% of the total.

Of total production of the parent company about 85 % is exported. Export mainly goes to countries within the European Community, Scandinavia and EUA. Customers are wholesalers, retailers and the public in general.

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<sup>35</sup> Macintosh, Annual Report 1992, p.13.

<sup>36</sup> Espresso, 29-04-1995.

<sup>37</sup> Espresso, 01-04-1994.

<sup>38</sup> Espresso, 05-02-1994.

<sup>39</sup> Diario de Noticias, 10-04-1995.

<sup>40</sup> Diario de Noticias, 29-03-1996.

<sup>41</sup> Diario de Norticias, 31-08-1995

**Maclimpa-Industria de limpeza, Lda.**, had in 1995 a turnover amounting to Esc 686.4 million.

**Momentos Confeccoes Lda.**, Maconde's wholesale company realised sales amounting to Esc 20 billion in 1995. Total turnover of **Sociedade Textil Financeira .S.GP.S., S.A.** was Esc 29.7 million, with profits of Esc 4.9 million in 1995.

**Macem-Confeccoes, S.A.** had 1995 profits of Esc 5.9 million (turnover not available).

**Maconde (UK) Ltd.** realised a turnover of UK£ 949,897 in 1994, and profits of £44,264. **Maconde Espana, S.A.** had 1994 sales of Sp.PTA 1,361.4 million (US\$ 11.2 million), with losses of Sp.PTA 215.5 million (US\$1.8 million)<sup>42</sup>.

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<sup>42</sup> D&B- Europe, 1996.

## Employment

At the end of 1992 the number of employees in Spain and Portugal was:

### Retail trade

Superconfex Portugal	386
Superconfex Spain	182
Kwantum Portugal	60
Macmoda	51

### Production and trade

Maconde Portugal	1653
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(including sales offices in United Kingdom, Germany and Norway)

**total** 2332

The total number of employees of the complete Macintosh corporation was at the year end of 1992: 5,750 people<sup>43</sup>. Therefore Macintosh with the divestment of its Spanish and Portuguese activities, 'sold' slightly over 40% of its total staff.

In 1995 the number of employees of **Maconde Confeccoes, SA** amounted to 2292 people.

When we look at different types of employees, we find the following figures:

Labourers:	1567
Salesmen:	280
Clerks:	103 <sup>44</sup>

**Maclimpa**, engaged in contract cleaning (in 1992 jointly held by Maconde (50%) and Vebego Holding), had in 1992 about 400, mostly part-time employees in Portugal<sup>45</sup>. For 1995 the employee number however is estimated at 900 by D&B Europe.

The number of employees of **Macem** remains unclear, and might be included in the number of Maconde Confeccoes, SA. **Momentos** is reported to have 2000 employees in 1994 in wholesale business.

Unfortunately no address nor employee data are available concerning **Miniconfex** and **MacModa** in Portugal.

**Oxford**, **Camif**, and **Tribo** were reported to have employee numbers of respectively: 19, 10 and 93.

The wholesale activities in Spain of **Maconde Espana, S.A.** employ 117 people (1994) according to the only information available.

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<sup>43</sup> Macintosh, Annual Report 1992, p.85.

<sup>44</sup> D&BEuropean Financial Records, no. 45-442-6412, 1996

<sup>45</sup> Macintosh Annual Report 1992.



## **ANNEX I List of available addresses**

### **PORTUGAL**

**Maconde Confecções SA**  
Apartado 9,  
Lugar de Regufe Vila Do Conde  
4480 Vila Do Conde  
Portugal

Tel: 052-612345  
Fax: 052-614598

Number of employees: 2292 (1995)

**Oxford Sociedade Comercial de Vestuário Lda.**  
Rua Luis Pastor de Macedo 5B  
1700 Lisboa  
Portugal

Tel: 01-7583442  
Fax: 01-7598814

No. of employees in 1993: 19

**Tribo Decorações Lda.**  
Zona Industrial da Varziela, Paus  
4480 Vila Do Conde  
Portugal

Tel: 052-615522/34  
Fax: 052-641892

number of employees: 93 (1995)

**Camif, Venda por Catálogo S.A.**  
Via Francisco Sá Cameiro, 270 Gemunde  
4470 MAIA  
Portugal

Tel: 02- 9416453  
Fax: 02-9416414

(joint venture, for 49% held by Maconde)  
number of employees: 10 (1994)

**Maclimpa Industria de Limpezas, Lda.**

Lugar de Refuge Vila Do Conde  
4480 Vila Do Conde  
Portugal

Tel: 0351-52621111  
fax: 0351-52612275

number of employees: about 400 part-timers (1992)  
estimated at 900 (1995)

**Momentos Confeccoes Lda**

Lugar de Regufe Vila Do Conde  
4480 Vila Do Conde  
Portugal

Tel: +351 2-612345  
Fax: +351 2-614598

number of employees: 2000 (1994)

**Macem Confeccoes, S.A.**

Lugar de Regufe Vila Do Conde  
4480 Vila Do Conde  
Portugal

Tel: +351-17905453

**Sociedade Textil Financeira S.G.P.S., S.A.**

Lugar de Regufe Vila Do Conde  
4480 Vila Do Conde  
Portugal

Tel: 0351-17612483 (?)

no addresses available of:

- Macmoda Lda., Portugal (the retail chain of Maconde)
- Miniconfex Confeccoes, Portugal

SPAIN

**Maconde Espana, S.A.**

Pol. Ind. S. Fernando de Henares  
Calle Sierra de Guadarrama 84-86  
Madrid 28830  
Spain

Tel: 00 34 91-6778740

Fax: 00 34 91-6772935

number of employees: about 117 (1994)

UNITED KINGDOM

**Maconde (UK) Ltd.**

Osprey House 2nd fl.,  
Pacific Quays, Broadway, Salford  
Manchester M5 2UE  
United Kingdom

Tel: 00 44-161 8766555

Fax: 00 44-161 8766501

number of employees: about 11 (1995)

GERMANY

**Maconde Deutschland GmbH**

Schadowplatz 3-5  
4000 Düsseldorf 1  
Germany

Tel: 0211-131391

Fax: 0211-328408

NORWAY

**Maconde Scandinaviaas**

Thronheimsveien 2  
0560 Oslo 5  
Norway

Tel: 02-223440

Fax: 02-223430