

VIDEOLAR

A year for virtual development 11/01/2006

E-commerce was the winning bet in the plastics industry, as Videolar can attest.

The plastics and rubber market performance is strongly dependent on the automotive industry's track record. This trend has been observed for years. In 2005, it guaranteed 55% of the industry's results. Therefore, a huge responsibility burdens the automotive industry. "Fortunately, in that field, as well as in the mining, foundry, construction and electronics fields, the goals have been reached. And our market benefited from that growth", says Ademar Araújo Queiroz do Valle, executive director for the Brazilian Association of Rubber Products Manufacturers (Abiarb). According to data from the entity, the rubber industry numbers 1,200 companies, 850 of them in São Paulo. It directly employs 60,000 workers in the country. Over four years, those companies' sales soared from 1.35 billion (2001) to 1.85 billion reais (2005). Last year alone, exports yielded 244.4 million dollars.

The exception was the shoe sole market, which didn't expand. And everybody knows who's to blame for that stagnation: the Chinese and their ridiculously low-priced product. According to Araújo, the challenge now is to take diversified action in order to establish a price tag for items coming into the country. "Setting a minimum price may be a good solution", he says. The government's commitment, according to Araújo, is fundamental. "Development has got to be the keyword. Longer-term interests would be more useful than lowering rates for financing capital goods", states Abiarb's president.

The rise was more visible in the plastics market. Total sales of transformed products climbed from 13.1 billion (2004) to 15.9 billion dollars (2005). The country exported 275 tons, corresponding to 974 million dollars, according to data from the Brazilian Association of Plastics Manufacturers (Abiplast). In that area, sitting on top of the MELHORES DA DINHEIRO list was Videolar. Founded in 1988, the company soon became a reference in film translation and VHS manufacturing. **The company invested, grew larger and vigorously expanded its horizons. Now it's the top manufacturer of optical and magnetic media in the country, basically acting on three fields: the music and video products-on-demand department; the video platform, with its VHS, CD-R and DVD-R lines; and the petrochemical division, which produces plastic resin.** Its biggest breakthrough came in 2003, precisely with the decision of manufacturing DVDs. The risky bet paid off. Already in the following year, it made the group's sales go up by more than 50%.

| THE BEST | |
|-----------------------|--------|
| COMPANIES | POINTS |
| Videolar | 136 |
| Borrachas Vipal | 132 |
| Pirelli Pneus | 120 |
| Plásticos Mueller | 108 |
| Bridgestone Firestone | 91 |

The man guiding the enterprise is Lírio Parisotto, and he's got Videolar's recipe for success on the tip of his tongue. "We try to see what will come next. We always keep technologically up-to-date, in the products we manufacture as well as internally, with our systems and equipment. We also focus strongly on our clients and we can count on our collaborators", he says. It works. An investment of the order of about 50 million reais generated an operational gross revenue of 1.3 billion reais in 2005. Parisotto intends to invest 70 million reais in 2006 and some 80-100 million more in 2007, because the company is set to reach a monthly production of 20 million DVD-R units and 40 million CD-R units.

The plan is to grow 10%, but a challenging hurdle still stands in Videolar's way: piracy. "We try to fight it by working with the government on possible changes in the laws so that the consumer will be held responsible. Right now, the pressure is only on the seller", the entrepreneur argues. But growing is possible, since the country's borders are getting more and more under control. The company's latest master stroke was buying SomLivre's e-commerce outlet, in a concerted effort with record companies and movie studios. **That way, Videolar began selling products on the Internet, seeking to service the final consumer in every corner of the country and to revert the lack of retail outlets**, which were 6,000 ten years ago and now are less than 600. The website's profit, which already boasts 12,000 products online, increases every month and should double in 2007.

Also worthy of note in the ranking of DINHEIRO was Rio Grande do Sul-based Vipal S.A. on the social responsibility front. This Nova Prata company is active in social projects, some of them related to the environment, benefiting over 1,000 people. Pirelli Pneus S.A., the Brazilian branch of Italian group Pirelli, won in the innovation and technology category. The company prides itself on constantly introducing new marketing ideas, be it with its integrated online supply management system or with new enterprises in the real estate area. Plásticos Mueller S.A., on the other hand, swept two categories: financial sustainability and human resources. Bridgestone Firestone do Brasil wraps up the list.

| FINANCIAL MANAGEMENT | | HUMAN RESOURCES MANAGEMENT | |
|-----------------------|--------|----------------------------|--------|
| COMPANIES | POINTS | COMPANIES | POINTS |
| Plásticos Mueller | 40 | Plásticos Mueller | 38 |
| Videolar | 39 | Borrachas Vipal | 37 |
| Borrachas Vipal | 36 | Videolar | 33 |
| Pirelli Pneus | 35 | Pirelli Pneus | 27 |
| Bridgestone Firestone | 30 | Bridgestone Firestone | 13 |

| SOCIAL AND ENVIRONMENTAL MANAGEMENT | | INNOVATION AND TECHNOLOGY MANAGEMENT | |
|-------------------------------------|--------|--------------------------------------|--------|
| COMPANIES | POINTS | COMPANIES | POINTS |
| Videolar | 36 | Pirelli Pneus | 29 |
| Borrachas Vipal | 33 | Videolar | 28 |
| Bridgestone Firestone | 31 | Borrachas Vipal | 26 |
| Pirelli Pneus | 29 | Bridgestone Firestone | 17 |
| Plásticos Mueller | 15 | Plásticos Mueller | 15 |