



PORTUGAL GLOBAL

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THE US ECONOMY

WALL AND FLOOR COVERINGS OVERVIEW



THE US ECONOMY

- 2020, a very bad year for everyone.
- The partial reopening of the economy in the second half of 2020, led to a rapid and sharp recovery of the American economy in 2021 which ended up to be a very good year for the US economy.
 - GDP growth rate of 5.7% (-3.4% in 2020)
 - Unemployment rate of 3.9% (+6.4 million jobs)
 - Export growth rate of 23.1%



THE US ECONOMY

- In 2021, the gradual reopening of global markets, the existence of a lot of liquidity in the US economy at the consumer and corporate level as a result of various support and stimulus programs implemented by the US Government, the widespread “anti-China” sentiment on the part of many consumers and industries, and an aggressive policy of nearshoring and/or reshoring by many companies in order to avoid being so dependent on Asian supply chains (mainly China), have created countless new opportunities for companies from other countries, including Portugal
- However, in 2022, factors such as the pandemic, the economic impact of the Russia-Ukrainian war, the retreat in inventory build, along with declining help from fiscal and monetary policy (less covid-related stimulus), and higher interest rates (to control high inflation), will keep growth in check. The hope is that households and consumers will be secure enough to keep the economy growing. First quarter GDP forecast of 0.5% and 2022 GDP forecast of 3.5%.



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THE US ECONOMY

WALL AND FLOOR COVERINGS OVERVIEW



WALL AND FLOOR COVERINGS

Overview

- The US construction and housing market is a major contributor to the US economy, and the wall and flooring products are directly impacted by the progress of those industries. The forecast for the housing sector still reflects a post-pandemic rebound based on low mortgage rates, job recoveries, and strong buyer demand. The construction market, valued at USD 2.1 trillion in 2021, is expected to grow 3.7% in 2022
- The US is one of the most important markets for wall and flooring products. The market, which is highly dependent on the imports of ceramic, wood, natural stone, cork, and rubber products.
- The outbreak of the Covid-19 caused major disruptions on the economic and financial markets, including restraints on the wall and floor coverings, with the disruption of the supply chains. However, the market is expected to gain gradual momentum in the long term with the growth forecasted of about 6% until 2028.
- Domestic production of wall and floor coverings is not enough to meet the consumption needs of these types of products, with the imports playing a crucial role to satisfy the demand.



WALL AND FLOOR COVERINGS

US imports of wall and flooring products

Product	2018	2019	2020	2021	Change %
Ceramic	1,860,567.56	1,713,545.70	1,624,481.47	1,987,026.43	22.32
Cork	16,892.92	13,275.97	13,564.74	18,237.41	34.45
Stone	2,688,629.97	2,426,149.17	2,257,963.75	2,904,858.93	28.65
Wood	1,281,053.12	1,234,989.26	1,253,347.87	1,781,166.12	42.11

Source: USITC Value: \$1,000



WALL AND FLOOR COVERINGS

US imports of wall and flooring products from Portugal

Product	Rank	2018	2019	2020	2021	Change %
Ceramic	11	12,074.78	11,342.62	15,098.18	18,093.00	19.84
Cork	1	14,732.69	11,568.15	12,381.73	17,188.10	38.82
Stone	11	23,582.36	20,738.18	21,261.94	26,993.52	26.96
Wood	31	1,972.21	1,011.98	747.38	904.49	21.02

Source: USITC Value: \$1,000



WALL AND FLOOR COVERINGS

Main Suppliers

Product	Country
Ceramic	Italy, Spain, Mexico
Cork	Portugal, China
Stone	Brazil, China, Italy
Wood	Canada, China, Brazil



WALL AND FLOOR COVERINGS

Drivers

- The propellants of this market are the crescent urbanization and lifestyle changes, and the growth of the building (multi-family enjoyed a record year in 2021) and construction industries, which have contributed to the increasing demand of wall and floor coverings.
- Urbanization has also created waves of renovation and improvement, new technologies are helping to cut operational expenditures, millennials (the largest share of home buyers) are entering the housing market, all contributing for increase in the demand of these products.
- The recently approved *Infrastructure Investment and Jobs Act* (1.2 trillion) represents 550 B for infrastructures investment, including roads, bridges, railways, airports, ports, electrical grid, etc., a long-term plan to revitalize the sector that certainly will bring great demand/opportunities for the construction materials.
- Floor covering sales are expected to continue to grow in 2022 due to growing corporate profit, consumer spending, and private investment in home improvement.



WALL AND FLOOR COVERINGS

Constraints

- Worker's shortage, disruption of the global supply chain, and soaring inflation are the main concerns of the future of the sector.

Trends

- Demand for higher-end products...
- Product innovation and customization...
- Design and durability...
- Concern with the environment impact, sustainability, green building, ...
- Home size on the rise (work from home) ...
- Soft surfaces (acoustics and noise reduction) ...
- Use of technology that advances and diversifies the use of the materials...
- Alternative materials and solutions...
- e-Commerce...



WALL AND FLOOR COVERINGS

Competition

In a market highly competitive, the main players are:

- **Domestic competitors:** Mohwak Industries, Shaw Group, Armstrong, Interface, Milliken, Congoleum, Dixie Group, Anderson, Dal-Tile, Crossville, Marazzi, MSI, Titon, Arizona Tile, etc.
- **Foreign competitors:** Tarkett (France), Forbo (Netherlands), Gerflor (France), Beaulieu (Belgium), Toli (Japan), Flowcrete (UK), Balta (Belgium), Krono (Switzerland), Parador (Germany), Kejarla (India), etc.

Market Approach

- Study the market and offer suitable products
- Avail risks, challenges, and opportunities
- Know the competition
- Define near and long-term strategies
- Allocate financial investment
- Marketing and promotional activities
- Regular visits and participation in exhibits



WALL AND FLOOR COVERINGS

Portugal SWOT

- Strengths: Abundance of products, quality and variety, experience, technology and know-how...
- Weaknesses: low visibility in the market, strong competition, high costs, lack of distribution channels, price
- Opportunities: Product premium, new product uses, higher-end segments and niches
- Threats: Competition from lower prices and less quality, costs of transportation...

Main Tradeshows

- Coverings – www.coverings.com
- TISE-The International Surface Event – www.intlsurfaceevent.com
- PCBC – www.pcbc.com
- KBIS – www.kbis.com
- Hospitality Design Expo – www.hdexpo.com
- ICFF – www.icff.com



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