Mapei Group closed 2015 with aggregate revenues of more than 2.67 billion euros, bringing consolidated revenues up to 2,127 million euros - a rise of 12.36% on the previous year.

With permanent establishments in 52 countries, including production facilities in 32 countries spanning five continents, the Group has 79 companies in its scope of consolidation, made up of 46 production companies operating through 67 plants (each with its own quality assurance laboratory), 26 sales operations, seven service providers and 18 research centres.

Group revenues are divided into seven geographical macro areas. Asia, Africa and the Americas reported the largest increase in sales between 2014 and 2015, while the Americas, followed by Central Europe, have come to account for the largest share of total turnover.

We asked Giorgio Squinzi - CEO of Mapei Group - to talk us through the latest developments in the global construction market and tell us about some of the forecasts for the Group’s definitive 2015 figures, so as to get a clearer idea of which are the liveliest sectors and geographical areas.

Needless to say, the conversation soon turned into a round-the-world tour.

Tile International: First of all, could you explain to us what internationalisation means to you?
Giorgio Squinzi: “Together with Research & Development and specialisation in the world of construction, internationalisation is the cornerstone of Mapei’s success. Mapei’s internationalisation strategy is based on two key goals: increasing proximity to local needs and minimising transport costs. So there’s no offshoring, only the acquisition of new areas of the market.

With the clear objective of being close to customers, the undisputed strength of Mapei across five continents is that it never overlooks the specific needs of each country it works in, and therefore relies on skilled, local managers and personnel, without ever losing its own cohesive character.

The Mapei Group offers top quality and 15 lines of products, which always comply with local and international certifications. This plays an important role in ensuring dependable products and transparency towards customers and end-users.”

Tile International: Mapei Group produces various product lines: which of these are the most successful at global level, and which geographical areas are the most dynamic?

Gi. Squinzi: “2015 confirms the same trend that’s been going on for several years, in other words, products for major construction and infrastructure works have generated
the biggest increases in turnover; and since these belong to one of the lines most recently launched on the market, this is entirely normal. It’s equally normal that adhesives for ceramic - which are historically Mapei’s most significant product line, in which the company is a global leader - have seen the smallest increase (about 2.4% in 2014).

But let’s just look for a moment at the Construction and Concrete Admixtures sector, whose continued growth testifies to the importance of major works to the Group’s business. Mapei Group takes part in all the biggest projects, from Mumbai International Airport in India to the Panama Metro Line in Panama; and the Shangri-La Hotel in Toronto, Canada, to the Rayyan Sorouh Residence in Abu Dhabi, United Arab Emirates - and those are just the most recent examples. But we are also involved in the construction of the world’s largest dams, such as the Millennium and the Gibe III in Ethiopia; in underground railways, such as the Circle Line in London and the underground rail networks in Doha and Riyadh; and in tunnels and viaducts for high-speed rail networks, the most recent of which was the Brebe tunnelling project in Doha and Riyadh; and in the construction of the world’s largest underground railways, such as the Panama Metro Line in Panama; and the Gibe III in Ethiopia; in the construction of the world’s largest underground railways, such as the Panama Metro Line in Panama; and the Gibe III in Ethiopia; in the construction of the world’s largest underground railways, such as the Panama Metro Line in Panama; and the Gibe III in Ethiopia; in the construction of the world’s largest...

with the culture and specific characteristics of the market in question. This has always been one of the basics underpinning the Group’s worldwide growth, and it’s even more relevant to Africa, where action needs to be ongoing, however, and initiatives have to contribute to local growth, partly to stem the tide of migration. The aim of the E4Impact (Entrepreneurship for Impact) Foundation, presented in Milan in mid-September, is to support the culture of entrepreneurship, through a far-reaching alliance with African universities. As well as Mapei, a host of other major players signed up to the founding of the initiative, including Securfin, owned by Letizia Moratti, Salini-Impregilo with Piero Salini, Franco Anelli, Rector of the Sacred Heart Catholic University and Mario Molteni with the association Always Africa. More specifically, the E4Impact Foundation intends to take part in the training of new entrepreneurs by offering a Masters in Business Administration in partnership with local universities, under the coordination of the Sacred Heart Catholic University.

**Tile International:** Would it be fair to say that the E4Impact Foundation is part of the legacy of Expo 2015?

**G. Squinzi:** Yes, because since the end of Expo, the E4Impact Foundation has benefited from additional resources due to the transfer of the funds from the Milano per Expo Foundation. Both as an entrepreneur and as a citizen, I would like to see the creation of a deep and lasting alliance between Europe and Africa: our presence there needs to be more specifically targeted and constructive, we cannot go on being just buyers and beneficiaries, and we need to combat unbridled invasion. One of our duties is to create jobs, and this project has the potential to create a class of administrators that’s capable of helping to solve the perennial problems of the African continent. By 2022, we expect to have trained over 3,000 entrepreneurs and 500 new businesses, generating thousands of jobs.

**Tile International:** Mapei has two production plants in Africa. Do you have any other investments in the pipeline?

**G. Squinzi:** Yes, we only have two production sites at present, at the two opposite ends of the continent, one in Egypt - Vinavil Egypt for Chemicals & - and one in South Africa - Mapei South Africa. But our short-term goal is to open four or five more production sites, staffed with local labour. According to the figures, what’s more, Africa generated an increase in turnover of over 20% in 2015. Business across North Africa and beyond is obviously suffering heavily from war and political instability at the moment, but let’s not forget that sub-Saharan Africa was reporting one of the world’s highest rates of GDP growth (5%) as early as 2014. In the same year, Nigeria was by far the best performer in the region’s construction industry, with estimated growth in investments of 8%.

Africa has benefited from massive investments from Asian countries in recent years, aimed mostly at infrastructure projects, but as entrepreneurs and Europeans, there is no justification for us not being involved.

**Tile International:** And what can you tell us about the Asian market, where you achieved your largest percentage increase in turnover in 2014?

**G. Squinzi:** “We stepped up our presence in the region again in 2015, yielding a 21.3% increase in turnover. We operate 11 companies in this geographical area: seven manufacturers, four sales operations and three research centres. Mapei Korea and Mapei Vietnam achieved the highest growth in 2015, with +47% and +33.5% respectively. In line with this growth in the area, we are continuing to invest in new production sites, like the ones in Nilai in Malaysia, Wacol in Australia and Baroda in India, which will come on stream in the early months of 2016. Asia’s emerging economies also boosted world GDP growth in 2015, with a rise of 6.6%, in line with the previous year, according to IMF estimates.

The Chinese construction market is the largest in the world, with an estimated value of around 1,800 billion euros, accounting for 26% of the total value of the world construction market. The Indian
construction market has also seen a 7% increase in investment, and we are opening a new plant there. Of Asia’s other emerging economies, the top performer in 2014 was Indonesia, where Mapei has just opened a new company, with estimated growth of 7%, a trend that was replicated in 2015 and is set to continue this year.”

**Tile International:** And what’s the news from Saudi Arabia and the United Arab Emirates?

**G. Squinzi:** “Saudi Arabia and the United Arab Emirates are the largest markets in the Middle East, and saw an estimated increase in construction investment of 4% to 5% in 2015. Like in Russia, public investments of this type will be adversely affected by the fall in the oil price. We must not overlook the fact that if oil prices fall too far, the Middle Eastern economy will suffer, and this could have repercussions on investment in infrastructure. Having said that, the region is due to hold a number of major events over the next few years, including Expo 2020 in Dubai and the Football World Championship in Qatar in 2022.

Mapei Group, which has had a presence in the area since 2009, with a large production site in Dubai and a company in Doha formed to support major works in the region, has seen a substantial increase in turnover, to the tune of +55.8%. This excellent result is partly due to our participation in the region’s key infrastructure and residential projects, for which our products and systems were chosen because of their innovation and quality, and also because we have a highly specialised Technical Support team, which has always been one of the standout features of our Group.”

**Tile International:** Moving onto the Americas: is the gap between North and South widening there too?

**G. Squinzi:** “Consolidated group turnover across the whole of the Americas exceeded 601.7 million euros in 2015, representing a rise of 30.55% on the previous year. This was partly due to outstanding performance from Polyglass US, a specialist manufacturer of bituminous membranes and waterproofing paints (+42.12%), and Mapei Corp (+31.20%). The Group operates in the area through 15 companies: eight manufacturers with 23 plants, four sales units and three service providers. We also have four research centres in the region and will be adding more in 2016.

According to International Monetary Fund estimates, the economy in the NAFTA countries grew by 2.3% in 2015, on the back of GDP growth of 2.5% in the USA, 2.3% in Mexico and 1.2% in Canada, where growth has slowed. Strong growth in the residential market in the United States and Mexico has undoubtedly boosted the overall buoyancy of the region’s construction market, with a 3.6% rise in construction investment. After the collapse of the North American building market between 2006 and 2011, the upturn that started in 2012 has led to a partial recovery of construction investment, which is estimated to account for about 19% of the value of worldwide construction.

In South America, however, the emerging economies, firstly Brazil, closely followed by Argentina and Venezuela, are in increasing difficulty. Social and political instability in these countries have been compounded by falling demand for raw materials and the continuing risk of a financial default in Argentina. As a result, the recession that hit the construction market in 2014 carried on into 2015. Mapei operates manufacturing plants in Argentina, Panama and Venezuela, so is suffering the fallout from this severe instability. We firmly believe, however, that Latin America is an important, strategic development area for the near future, which we intend to support with more production facilities.”

**Tile International:** We’re almost back home after a round-the-world trip: what can you tell us about the situation in Europe?

**G. Squinzi:** “Western Europe is still an important market for Mapei Group, not least because of its strategic importance and complexity, and we have seen significant growth here again this year, to the tune of 6.2% year-on-year. We have 23 companies in this region, of which the top performers in 2015 in terms of revenues were undoubtedly our UK operation (+24.87%) and Mapei Germany (+15.96%). The value of construction investment in Western Europe saw a modest recovery in 2014 (0.4%), putting an end to the decline, after years of recession. 2015 then saw a further improvement in all countries, except Italy, and according to estimates from the Euroconstruct conference in December, growth will reach 3% this year, followed by a further two years of expansion.

The outlook in Eastern Europe, where Mapei Group has 17 companies, is slightly less rosy, and 2015 revenues were just 4.62% up on 2014, due to recession in Russia, Ukraine, Croatia and Serbia, offset by the good performance of countries such as Poland, Hungary and the Czech Republic, where we have consolidated our position.”

**Tile International:** And what about Italy? Are major works driving the force behind Mapei’s success here too?

**G. Squinzi:** “Definitely, and the new Variante di Valico stretch of the A1 motorway is a case in point. Mapei supplied concrete admixtures and other products, from the excavation stage through to the finishing, as well as high-performance adhesives and grouts for the installation of about 140,000 square metres of large-format, slim-gauge porcelain tiles (1x1 and 1x3 metres) for cladding the Base Tunnel. At 8,703 metres, this is the longest tunnel on the new route.”

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