

Management Report

History will remember 2011 as the year when Portugal again required external assistance, assuming commitments meant to substantially reduce the budget deficit by controlling spending and above all raising tax revenues. As a corollary, a new and more intense austerity programme was implemented, leading to a drastic fall in internal demand, especially consumption, from the second half of the year on. The heightened austerity continued to weigh on consumers' decision-making as they opted for more affordable goods in smaller quantities, altering consumption habits and patterns and placing the Ibersol Group before an added challenge – the need to make the inherent effects on high market competition levels compatible with the need to adjust value proposals to new consumption paradigms. Consumer habits and references are changing quickly and the Ibersol Group has thus sought to anticipate the impact of those changes: at information system level, by stimulating structural projects, in forms of interaction with consumers (where pricing stands out) and the adjustment to new client segments and concept offers.

For the Ibersol Group the future is built in the present, whereby it is vital to strengthen, even in an adverse situation, the capabilities built up over the last several years.

Efforts have therefore been made to maintain innovation levels; the process of reorganizing its portfolio was continued, along with rigorous follow-up of operations to ensure responsible return without jeopardizing active sustainability.

Given the unstable panorama affecting all of Europe, the Group sought to consolidate its internationalization strategy, which aims to extend activity on the Iberian Peninsula to the Portuguese and Spanish speaking countries, penetrating geographic areas that will enable new lines of future growth. It has therefore continued to progress through the various stages required to establish a presence in Angola, where it should begin operations in the very near future, as soon as the last procedures are completed.