

Premia FFL in Latvia - with its fish processing industry, consisting of several firms in Estonia and Finland, in order to raise efficiency and fully exploit the sales networks of different companies (see no 250 page 4).

"Now the first results have been achieved: we have increased the sales of our ice cream in Finland," says Kuldar Leis, CEO of Premia to news2biz.

"This year we aim to severely increase the sales of our frozen and cooled fish products in the Baltics," says Mr Leis. At the moment, Premia's fish products of brands Heimon Kala and Saaristomeren Kala are among the market leaders in Finland, but the company's produce is less known in the Baltic countries.

Mr Leis admits that Premia is challenging the current fish products market leader, the Lithuanian Vicunai, but adds that the market segments targeted by the companies are different. "We do not plan to edge in the overcrowded segment of cheap products," he says.

According to Mr Leis, the company expects to grow its turnover by 5% this year in Finland. "In the Baltics, the market may backfire, so we are prepared to absorb a 5 to 10% loss in turnover," he says.

While settling in more comfortably on its current markets, Premia also explores the markets of other neighbouring countries. "We may consider starting with ice cream in Sweden and Russia," says Mr Leis. "Not on farer markets, though, as it would be very costly considering

marketing expenses." Premia turned over EUR 53m in the first 9 months of 2009, 10% less than in the same period in 2008. Fish production was responsible for 40% of the turnover, and that of ice cream for 25%. The rest was earned by selling other frozen and cooled products, such as pizzas, vegetable mixes, dumplings, etc.

Premia earned EEK 86m profit in the first nine months of 2009, a small increase compared to the same period a year before.

Overall, the company expects to have about the same turnover in 2010 as in 2009 - or a bit less, adds Mr Leis.

We have talked to

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DAIRY INDUSTRY

Saaremaa Piimatööstus magnifies Russian exports

Saaremaa Piimatööstus, a farmers' union - owned dairy in the island of Saaremaa, increased cheese exports to Russia by 167% in 2009.

The company exported 800 tonnes of cheese in 2009, 21.4% of the total production. A lion's share of the exports comprised of wholesale of cheese to the Russian partner of Saaremaa Piimatööstus, who sells the Saaremaa-made cheese in St Petersburg area under its own brands.

"We aim to increase the export by up to 40% of our production, and the largest part of growth has to come from the Russian market," says

Andi Saagpakk, chairman of Saaremaa Piimatööstus to news2biz.

"There are no other alternatives to searching for export markets, as our suppliers with raw material, the milk farmers, also produce about 40% more than the local market absorbs," he adds.

Saaremaa Piimatööstus exports to Finland and Latvia, too, but on a lesser scale. "One should not keep all eggs in the same basket," says Mr Saagpakk. Several Estonian food producers have cut into their fingers in the past by relying too much on the unpredictable Russian market.

The dairy invested EEK 76m in the two previous years in upgrading the production equipment. "After all, it was the upgrade that enabled the increase of our exports," says Mr Saagpakk. In addition, the efficiency of the dairy has risen and expenses on the workforce diminished.



Russian market prefers Tilsiter - type of cheese - like Saare Leet produced in Saaremaa island.

Picture: Saaremaa Piimatööstus

The turnover of Saaremaa Piimatööstus together with its wholly-owned subsidiary **Pinus**, responsible for wholesale of cheese and butter in Estonia, reached EEK 414m in 2008. Saaremaa Piimatööstus is owned by **Saaremaa Liha- ja Piimaühistu**, a cooperative union of the island's farmers.

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PROPERTY & CONSTRUCTION

MODULE HOUSES

Kodumaja signs EEK 330m deals in Denmark, Norway

In January, the Estonian module housing constructor **Kodumaja** signed contracts for building an EEK 66.1m apartment building in Copenhagen, and a similar EEK 63.4m contract in Oslo. In addition, the company won two out of four procurement bids by the Copenhagen city government to build apartments for people with special needs, as well as community dwellings, totalling EEK 200m.

These contracts, already signed or to be signed in the near future, and totalling to EEK 330m, mark the ending of recession for the Tartu-based company. "Should we be able to add another EEK 100m of turnover this year, we could already be satisfied with the result," says Lembit

Lump, chairman of Kodumaja, to news2biz.

Kodumaja, being profitable throughout the 21st century, had to absorb a loss last year, despite the fact that the company prepared for the recession thoroughly. In 2008, the company cut its costs, lay off excess work-force and put one of its two plants into preservation.

"The preservation of one plant, which we did right after the start of the economic crisis, is a temporary solution. We will consider re-launching it after achieving 80% of the maximum capacity of the other, more modern plant," says Mr Lump. "Actually, with both plants running, our yearly turnover has a potential to reach up to EEK 1bn."

Kodumaja constructs houses based on wooden frameworks. The houses consist of modules, which are assembled and finished in Kodumaja's plant, transported to the construction site and joined together. About 95% of the total construction work is done at the plant, where the process is generally better organized and more efficient than on site.

Kodumaja exports 90% of its produce, with Norway and Denmark being its main markets. According to Mr Lump, the company intends to keep that percentage in the future, while also planning to increase its presence in the Finnish and Swedish markets.

"Our target markets have slowly started showing signs of being resurrected; some producers are already raising their prices," says Mr Lump.



Kodumaja's main area of expertise is building 2-5 storey apartment houses from modules. In full steam, the company can produce 74,000 sq.m of dwellings a year.

Photo: Kodumaja

"We will keep our price level, which is currently about 15-20% lower than in the years preceding the recession, unchanged for a while, though. At the moment we are considering increasing volume a more important task than raising our margins."

The cut in prices was achieved through materials and transportation services becoming less expensive, but also by reducing costs on workforce. The company currently employs 205 people, twice less than several years before. "We plan to start hiring again this spring," notes Mr Lump.

Established in 1994, the company started operating in the foreign markets in 1996. In 1997, Kodumaja hired the Norwegian company **Plan Evo** as agent, and built its first multi-story house. Since then Norway has been the main market for Kodumaja (76.6% of production).

In 2008 the Estonians felt themselves confident enough to continue without an agent. "12 years on the market, and 3,700 dwellings built - the clients already know us pretty well, so we didn't need an agent anymore," explains Mr Lump. "In fact, not using a middleman cuts the end price for the client as well."

We have talked to

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RETAIL & SERVICE

NO RELIEF YET

Retail sales continued to decrease in November

The retail sales of goods of retail trade enterprises decreased by 17% at constant prices in November compared to the same month a year ago, amounting to EEK 4.1bn.

The yearly decrease in retail sales was mostly influenced by the drop of 24% for the stores selling manufactured goods. In spite of a slight upswing in October, sales in the stores selling textiles, clothing, footwear and leather goods, continued a sharp downward trend, the statistical office Eesti Statistika reported.

At the same time the sales of pharmaceutical products increased by 5% y-o-y due to the outbreak of the H5N1 flu virus.

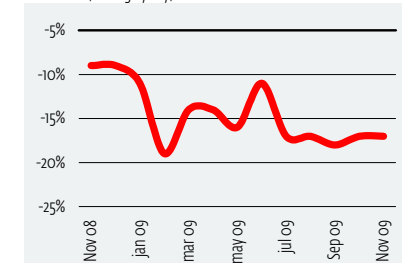
Since July 2009, the decline in the retail sales of grocery stores has steadily shown a 9% decrease every month compared to the respective

month in the previous year. However, in November the decline in the retail sales of grocery stores accelerated, amounting to 10% y-o-y.

On month-on-month basis, retail sales declined by 8% in November, following a 5% increase in October.

Consumption still weak

Retail sales, change y-o-y, %



Source: statistical office Eesti Statistika

SERVICES FOR HOTELS

Swedish Hoist opens offices in the Baltics, Finland

Hoist Technology, a Swedish provider of range of services for hotels, established a subsidiary in Finland in the end of last year, which also covers operations in all three Baltic states.

"We already established offices in Helsinki, Tallinn and Vilnius, and plan to open one in Riga in January," says Patrick Lindqvist, managing director of Hoist's Finnish arm, to news2biz. "We will set our offices up as a network - so they can interact very closely, supplementing or substituting each other."

Hoist provides a wide range of services from minibars and hygiene