



REWARDING PÄRNU

8 good reasons to make business in Pärnu

- International Accessibility
- Fast Growth Zone
- Easy Business Environment
- Quality of Life
- Skilled Workforce
- Global Approach
- Renowned Health Resort
- Availability of Resources

Estonia in general

Location: in the Baltic region of Northern Europe, next to Scandinavia and North-West Russia

Area: 45,227 km²

Population: 1,31 million (70% Estonians, 25% Russians)

Capital: Tallinn (420,000 inhabitants)

Government: Parliamentary Democracy

Language: Estonian

Currency: Euro since 2011

Member: EU, NATO, OECD, WTO, Schengen Area

Pärnu region in general

Location: South-West part of Estonia

Area: 4,807 km² (11% of the territory of Estonia)

Population: 82,300 (87% Estonians, 9% Russians)

Regional Centre: Town of Pärnu (39,700 inhabitants)

Natural resources: Timber, peat, gravel, dolomite, clay

Distances from Pärnu by road:
Tallinn 129 km, Riga 189 km, Helsinki 210 km, St. Petersburg 459 km, Warsaw 895 km, Moscow 1150 km, Berlin 1475 km



WELCOME TO THE ATTRACTIVE BUSINESS REGION OF ESTONIA!



Pärnu region has a long history in entrepreneurship, innovation and international trade.

In the Middle Ages Pärnu used to be an important landmark on the Hanseatic trade road which stretched from the East to West.

At the end of 19th century local manufacturing based on natural resources was started. In the period 1900 – 1915 Waldhof Cellulose Plant was operating in Pärnu, which was the largest wood processing company in the whole of Tsarist Russia and Europe. Industrial activity stepped up through the decades until regaining of independence and joining Estonia with European Union.

In 1838 the first bathing facility was opened in Pärnu. Since then the resort of Pärnu has been hosting holidaymakers from the whole world. Pärnu is well known in Finland, other Scandinavian countries and in Russia. There are a lot of spas, waterparks and rehabilitation centers and plenty of hotels with thousands of beds to book round the year.

Today Pärnu is an economically balanced region with a comprehensive range of industries. Foreign investments and new businesses with up-to-date technologies have enhanced job creation and higher competitiveness of the businesses in the world markets. Several enterprises of Pärnu region stand out as the best in Estonia which makes them reliable business partners for companies all over the world. Today the region is economically balanced with a comprehensive range of industries.



Economic activity has been successful in a number of fields having greatly influenced the region's prosperity. Beautiful nature and secure environment make Pärnu region a most favorable place for people to work and live.

The economy of Pärnu region has great potential. There are a lot of companies looking out for partnerships, there is land and human resources available to set up an efficient business. I would personally like to invite you to explore the business opportunities my region has to offer!

Teet Kurs
Head of the Board
Business and Development Centre of Pärnu Region

Estonia is located in the centre of Baltic Sea region, at the crossroad between East and West and North and South. Estonia is the geographical midpoint of Northern Europe and therefore the best place for investments to set up businesses and companies, logistics and distribution centres to generate added value.

Pärnu is located in the South-West of Estonia between Tallinn, the capital of Estonia, and Riga, the capital of Latvia. Via Baltica motorway passing through Pärnu ensures efficient and fast connections between these two economic hubs which both offer air and ferryways to connect with the rest of the world.

VIA Baltica is also the main connection between the Nordic and the Central and Western European countries functioning as the main freight route to Europe for Estonia, Finland and Sweden.

From Lennart Meri Tallinn Airport (located 129 km north of Pärnu) it is possible to fly directly to more than 17 major destinations in Europe, including Amsterdam, Berlin, Brussels, Copenhagen, Munich, Oslo, Stockholm and also Moscow, Kiev and Saint Petersburg.

Riga International Airport (located 189 km south of Pärnu), the biggest airport in the Baltics, has even a wider choice of direct flights on offer.

Pärnu local airfield is used for smaller planes and private flights thus offering a convenient direct travel for businessmen as well as golfers and holiday-makers.



Port of Pärnu, another important gateway (for the enterprises in Pärnu region and Southern Estonia but also in Northern Latvia) has a 7-metre harbour canal draft making it possible to export goods round the year. The main exports are round timber, wood chips and peat comprising an annual volume of 1,5 tonnes. In 2017 a modern passenger quay will be ready to accommodate cruise vessels.

INTERNATIONAL ACCESSIBILITY



Port of Tallinn (located 130 km north of Pärnu) is the biggest port for cargo and passenger traffic in Estonia playing an important role in Estonian transport system and economy.

It is also one of the biggest ports in the Baltic Sea region. In 2015 Port of Tallinn handled about 10 million passengers. There are passenger liners to Stockholm and Helsinki.

It is possible to load and unload cargos of petroleum products, break bulk and general goods as well as container and rolling stock cargo (Ro-Ro goods). There is also a specialized freezer storage.

At the moment there is an inter-city train commuting between Tallinn and Pärnu two times a day. In the future, as of 2022, Pärnu will be one of the stops on the high-speed railway Rail Baltic, which connects Scandinavia and West-Europe. Rail Baltic is a Baltic



states' joint venture co-financed by the European Union. The aim is to introduce the European standard gauge in the railway systems of these states thus integrating them into the European transport and logistics systems. The upgraded fast connection (the trains can travel at speeds of up to 240 km/h) from Pärnu to Riga, Kaunas, Warsaw and Berlin will considerably boost the competitiveness of both Pärnu region as well as Estonia in general.



Attractive location between West and East with excellent business environment and transparent tax policy has been a driving force of Estonian economy making Estonia a part of Europe's fast growing market of more than 60 million people in neighbouring countries and surrounding areas. Estonia owes its economic success to reforms carried out after the restoration of independence, such as fast privatization, attracting foreign investment, creating open and liberal business environment.

Estonia is the leading country in Central and Eastern European in terms of attracting foreign direct investments. Thanks to close economic ties and trade with neighbouring countries, especially with Sweden and Finland, Estonia has developed the fastest growth tempos among the Central and Eastern European countries.

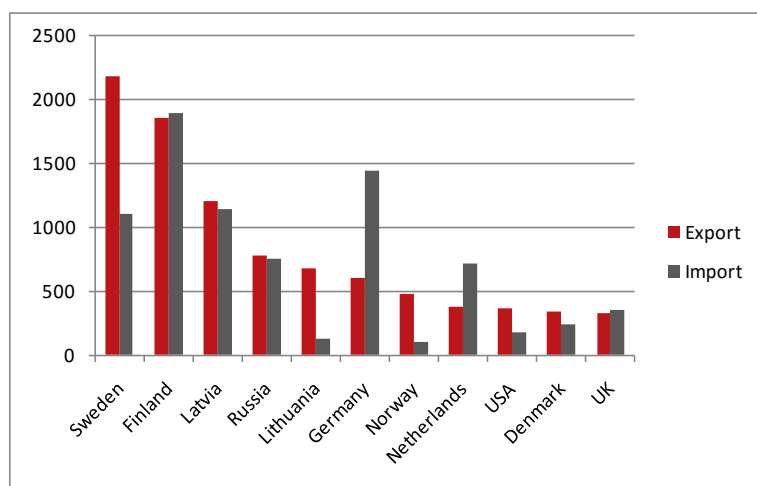
Estonian natural resources are powerful and accessible. Processing and refining of natural resources, such as wood, oil shale, agricultural produce and peat are the main activities underlying the exports. In a number of sectors the production of industrial goods has gained momentum in recent decades. Metalworks, machine building, shipbuilding and electronical engineering have ensured their role in Estonian economy and exports.

Much attention has been paid on logistics hubs and transit corridors and as a result Estonia has become an important junction for east-, west-, north- and southbound transit.

For trade and economy good connections and accessibility and efficient functioning of logistic junctions are crucial.

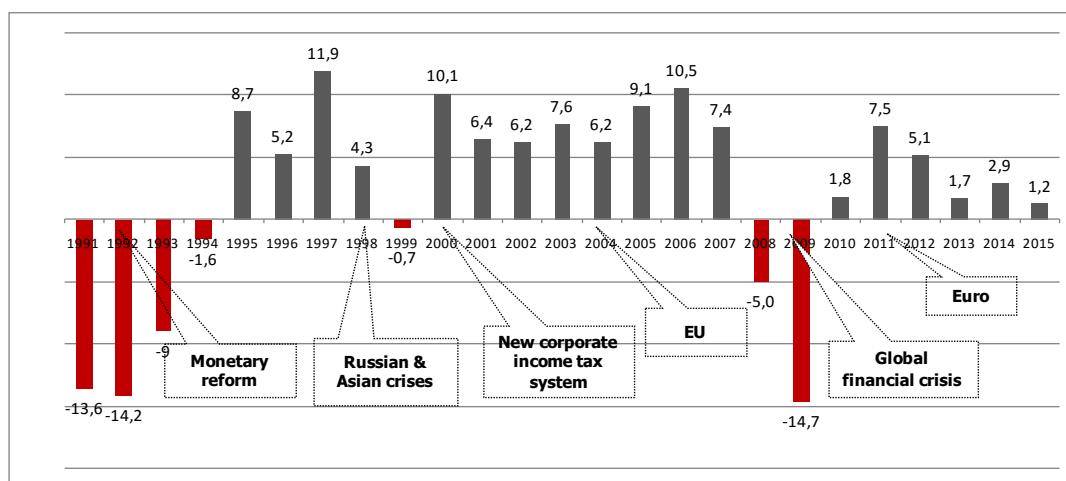


Estonia is often praised for take-up of innovative ideas and new technologies, namely as regards developing and applying ICT and e-solutions. For example Skype, an invention of world-wide recognition and spread, was originally developed by four young Estonian guys and later sold on to the international internet company eBay.



Estonian foreign trade by main partner countries 2015 (MEUR)

FAST GROWTH ZONE



Development of Estonian economic growth 1991 – 2015

Reasons, why Estonia is a country with fast economic growth:

- Starting a business is easy
- Relatively low taxes, taxation is simple and transparent
- Trading across borders is active
- A large number of foreign investments
- Workforce is highly educated and motivated, flexible job regulation
- Highly developed electronic communications - access to internet, digital signature, ID-cards
- The largest banks are subsidiaries and affiliates of Scandinavian banking groups.



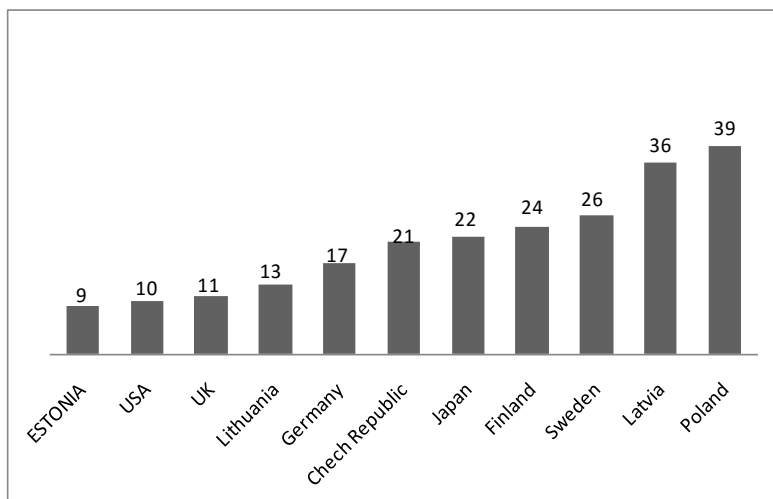
Estonia can offer a progressive business environment with an efficient and compatible infrastructure.

Throughout the period of regained independence since the 1990, the economic and fiscal policy of the Estonian government has been aimed at achieving long-term economic growth. The government attitude is very welcoming toward foreign capital, especially into sectors that are export oriented, innovative and support regional development.

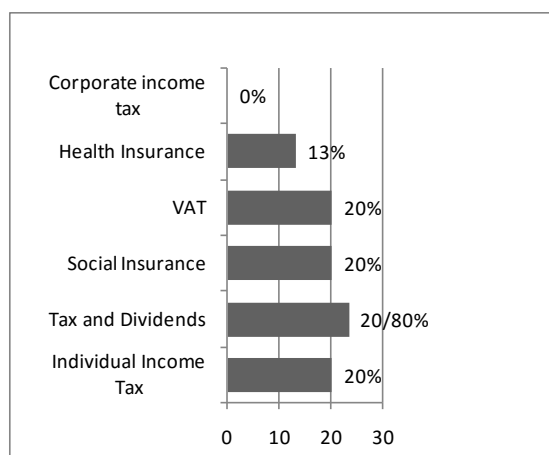
Legislators and governments have always displayed the clear will to make the business environment attractive in order to benefit from tax revenues and the jobs created by attracting foreign investors.

Estonia has relatively low taxes, a simple, stable and transparent tax system. Flat income tax rate 20% since 2015 applies to both individuals and companies.

Most attractive and unique corporate tax system: since 2000 corporate income tax of 0% is imposed on all reinvested earnings in Estonia. All undistributed corporate profits are tax-exempt, income tax is due when profits are paid out as dividends.



Estonia's **Index of Economic Freedom**, published by The Wall Street Journal and The Heritage Foundation to measure the degree of economic freedom in the world's nations, is one of the highest in the world being ranked the 9th out of 175 countries and the 2nd among EU countries in 2016.



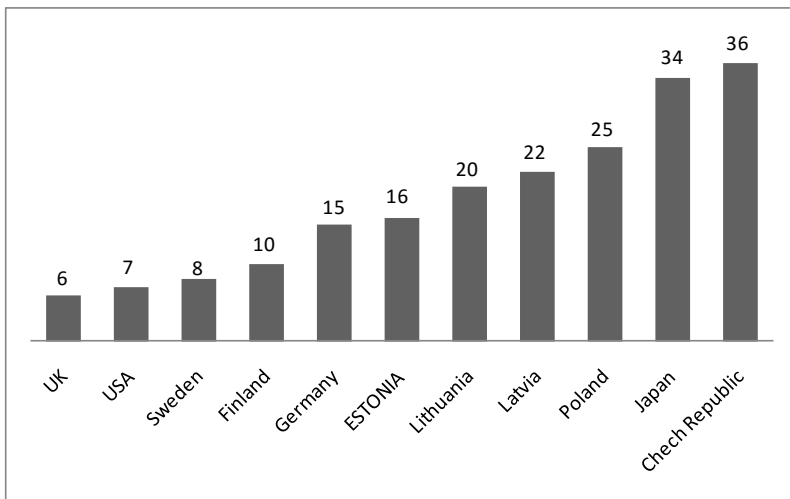
Taxes in Estonia 2016

	Standard & Poor's	Fitch	Moody's
Estonia	AA- (outlook stable)	A+ (outlook stable)	A1 (outlook stable)
Latvia	A-	A-	A3
Lithuania	A-	A-	A3
Finland	AA+	AAA	AAA
Russia	BB+	BBB-	BA1

Estonia demonstrates a number of the highest credit ratings in the region nominated by the world rating agencies.



EASY BUSINESS ENVIRONMENT



Ease of Doing Business ranking, published by World Bank Group, presents quantitative indicators on business regulations and the protection of property rights that can be compared across 189 economies. Estonia is ranked 16th in 2016 among world economies.

tax declarations and annual reports can be presented via E-Tax (the electronic tax filing system set up by the Estonian Tax and Customs Board) in five minutes.

Since 2015 people all over the world have an opportunity to obtain digital identity and may apply for e-Residency which is a state issued secure digital identity that allows digital authentication and the digital signing of documents. The purpose of e-residency is to make life easier for foreigners by using secure e-services that have been accessible to Estonians for years already. For example using Estonian e-Business Register enables entrepreneurs to register their new business online in minutes.

e-Estonia

The Digital Society

Estonian e-services, mobile communications and internet applications are the most progressive in the world. E-solutions are helpful both for companies and citizens. For example, digital signature accessible to everybody via ID-card is a most wide-spread application. Businesses can register in the e-business register in only 30 minutes and





Pärnu is one of the most beautiful regions in Estonia. Convenient size, beautiful nature and secure environment make Pärnu a most favorable place for people to work and live. The sea, the beach, and the forests provide a variety of opportunities for holiday and rehabilitation. There is rich natural, historic and cultural heritage to explore.



The people of the region enjoy a secure social environment - they are well provided with job, education and medical care opportunities. In recent years lots of new homes have been built as an increasing number of young people arrive to settle down here. In Pärnu families with small children can rely on kindergartens. Basic and high school education is sustainable and competitive.

During the last years remarkable developments have occurred in the fields of social services, culture and sport. The theatre Endla, the concert hall, the town museum and a number of other facilities offering programs all year round, are contributing to the very special cultural atmosphere attracting local audiences as well as visitors from afar.



HIGH QUALITY OF LIFE



But in summer the number of visitors equals that of the local population - a cosy beach with fine sand and well-groomed shady parks and alleys attract tourists and holidaymakers of all ages. Summer in Pärnu is always packed full of entertainment for every liking. The highlight of high-level classical music is an internationally recognized Pärnu Music Festival with Järvi Academy initiated by world-famous Estonian conductor Neeme Järvi, whereas electronic dance music festival Weekend has over the last few years proved its magnetism for young audiences, attracting nearly 30 000 fans.

Active sports and pastimes can be enjoyed in the town as well as region-wide: the list of facilities is inexhaustible, including sports halls and stadiums, jogging and cycling tracks, swimming-pools, tennis courts, golf courses and horse riding trails.





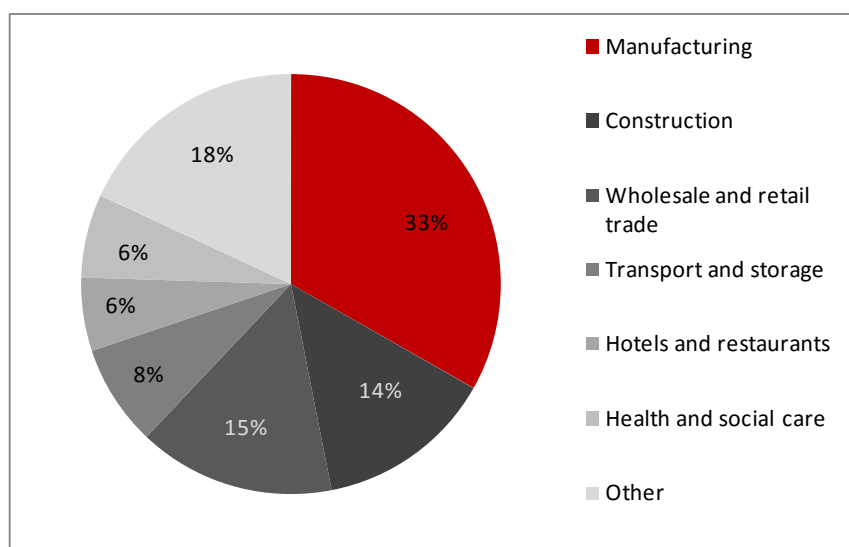
In Pärnu job-seekers can find a job which is truly motivating and professionally challenging, there are good opportunities for education and professional skills improvement.

In traditional sectors, such as timber, textiles and metalworks, the work force has good qualifications and appropriate skills. About 30% of workers in the region are employed in these sectors. Wendre, a group of 850 workers, being one of the biggest textiles industries in Europe, has relocated here a considerable number of its units having pulled them out of other parts of Estonia and nearby countries, because Pärnu has a better leadership and logistics support.

Recent years have been prosperous for electronical engineering. The most important employer in this sector is Scanfil providing jobs to nearly 600 people. Other bigger companies are Note Pärnu, Balti Trafo, Milectira Est, Oshino Electronics.

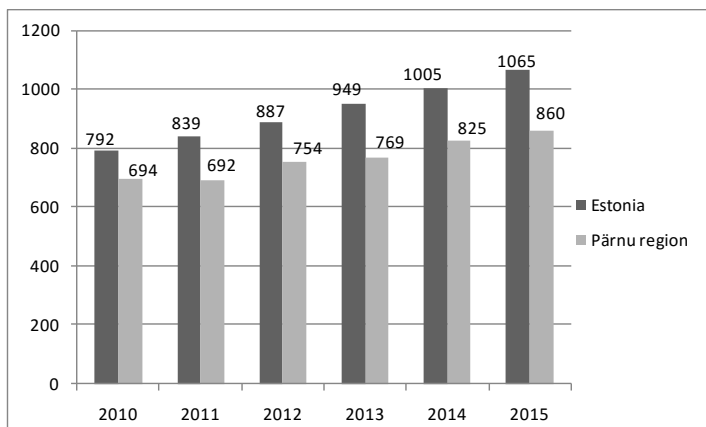
Many people work in hotels and other enterprises in tourist and rehabilitation sector. Big rehabilitation centres and spas Tervis, Estonia and Viiking provide jobs to 1300 people all year round.

Workers are provided with on-the-job training, such as qualification-raising and requalification courses, which are organized by employers in cooperation with vocational training schools located in Pärnu. It is more profitable to hire workforce in Pärnu than for example in Tallinn, as the average wages in Pärnu remain below the average for Tallinn and also for Estonia.



Structure of employment in companies of Pärnu region in 2014

SKILLED WORKFORCE



Average salary (€) in Estonia and Pärnu region 2010 - 2015

Pärnu region has a wide range of educational opportunities available. The schools of Pärnu offer good quality comprehensive education with up-to-date ICT skills and foreign language proficiency.

University of Tartu Pärnu College offers degree programs in business administration, tourism and hotel management and social work administration. In addition to three degree programs the college offers two Master's programs in Service Design and Management and Wellness and Spa Service Design and Management.

The number of students including Open University is about thousand. There are also about 30 foreign students from different countries.



Pärnu Vocational Education Centre provides vocational training in twenty-two specialties. In recent years a remarkable amount of investments has been made for improving study conditions. The training premises have been renovated, new classrooms and workshops built to provide learning opportunities for over 1200 students.

The Centre is the most important partner for local companies and is constantly organising various further education and requalification courses.



Many successful companies with world-renowned produce and brands are based in Pärnu. A number of them engage also in product development and marketing and have made their way to global markets.

WENDRE – from producer brand to product brand

Wendre is one of the biggest home textiles producers in Europe. Its main produce is quilts and duvets, pillows, mattresses and beds. Wendre produces 7 million quilts and duvets and 10 million pillows a year. It belongs to Sweden based global group Trading House Scandinavia AB whose revenue is 120 million euros.

In recent years the company has considerably increased its list of products adding couches and a wide range of customized items. As a result of enhanced product development Wendre is selling its own design and brand name products. Although major production volumes are ensured by the clients demands volumes, creating one's own brand means higher added value which contributes to future sales growth potential in several European markets. Wendre goods are sold globally by big retail groups, such as IKEA, Jysk, Aldi, Auchan, Carrefour etc.



VECTA DESIGN – quality and confidence

Due to its excellent quality and stable production Vecta Design holds a long-term partnership with stretch ceilings installers around the world and has become the most popular manufacturer of stretch ceilings in Europe.

Vecta Design is a private equity company established in 2006 and is the only professional manufacturer of stretch ceilings in the Baltic States. The majority of produce (about 95%) is exported all over the world. The company has successfully developed cooperation with distributors and partners also in the USA, Japan, Canada, Brazil, Iran etc.

Vecta Design updates its product range on regular basis, invests in new technologies and creates new solutions to meet the most demanding needs of the client. Beside stretch ceilings Vecta Design offers clients wide range of solutions: printed wall coverings, starry sky, 3D-shaped ceilings, modules, individual light design and other interesting decoration ideas.

GLOBAL APPROACH

AQ LASERTOOL – we are reliable

AQ Lasertool is a metal industry company which uses modern technology to produce and supply parts and components of various complexity for international clients, mainly in the automotive, railway and energy industries. The clientele of AQ Lasertool includes Bombardier Transportation (global manufacturer of trains), the ABB Group (global engineering), Scania and Volvo (automotive manufacturer of trucks and buses).

The business concept of AQ Lasertool is mainly focused on two customer focused business areas. The first involves the production of components and assemblies for commercial vehicles as well as for track-bound traffic. The other business area involves manufacturing parts for special aluminium and steel products which includes industrial components and assemblies for railway industry, power and automation technology as well as advanced technical parts for telecommunication technology.



OSHINO ELECTRONICS ESTONIA – supplier for automotive industry



Modern car industry makes use of durable, efficient and high-quality LED lighting.

Oshino Electronics Estonia is an electronics manufacturing service provider, whose main products are interior lighting modules for automotive industry. The LED-applications developed in Oshino Group are used in top class models of different car brands.

The company's high standards and innovative approach have built up customer trust, thus giving motivation for new technical solutions to be worked out in cooperation with partners. Manufacture of vehicle interior lighting fixture begins in Oshino Lamps Germany where the mechanical parts are designed which are then fitted with lighting and electronical modules by Oshino Electronics Estonia. New generation products need software, so there is a need to create appropriate software to control LED-applications. For car owner this means the possibility to change the interior lighting color.



In summer 2015 a sauna centre was opened in SPA Estonia. Apart from 7 saunas it offers herbal baths and also Dead Sea salt bath.

Pärnu's fame as a rehabilitation and holiday resort dates back to the middle of the 19th century. The foundation of the first bathing facility in 1838 is considered the birth date of Pärnu resort. Today Pärnu has all desirable qualities of a modern holiday resort – it has spas and rehabilitation centres, hotels, conference and concert venues, golf courses and tennis courts, restaurants and pubs.

Since 1996 Pärnu enjoys the status of the Summer Capital of Estonia. Especially in the hottest months of the year – from June till August there is more entertainment and more cultural events than elsewhere in Estonia. Long tradition of as a resort has made Pärnu well known in Finland and other Scandinavian countries, in Latvia and in Russia.

There are spas and rehabilitation centres and plenty of hotels with more than 4000 beds to book round the year. Medical care and rehabilitation services are in high demand both with local and visiting population.



Pärnu is a perfect conference and seminar venue. There are various conference facilities and ample experience in hosting international conferences. Participants and presenters are guaranteed a pleasant conference experience with various audio-visual and simultaneous interpretation facilities.

Strand SPA&Conference Hotel is the biggest conference hotel offering the most varied possibilities. The biggest of the seven halls accommodates more than 500 people.

RENOWNED HEALTH RESORT

Just in the outskirts of Pärnu there are two top-quality golf courses meeting the international standards - Pärnu Bay Golf Links in Tahkuranna and White Beach Golf Course in Valgeranna.



Pärnu Bay Golf Links is the first links course in the Baltic Sea region and features wide fairways and expansive sand areas, as well as multi-leveled greens with bold movement. The par-72 course plays from 4,500 to 6,200 meters. Pärnu Bay also features a par-three course of five holes, plus a driving range, putting green and clubhouse with a fully equipped pro shop and restaurant.



Lotte is a cheerful girl-dog full of inspiration. She is a natural leader, overwhelming her companions with endless energy. Lotte has a restless and questioning mind that she has inherited from her father Oskar who is a famous inventor. Lotte's world can be experienced in Lottemaa Gadgetville located near Pärnu. It is a treat for the whole family.

Lottemaa attractions offer the joy of discovery for both big and small visitors. Characters from Lotte films and books treat visitors to over a hundred attractions, inventions and games.

Pärnu region is rich in several natural resources. As 54% of the territory is forested and 23% is marsh and bogland, timber and peat appear the most important resources, followed by the sand, gravel and clay from quarries. The forest areas cover 259,000 hectares which is more than a half of the county territory. The most common species of trees are pine, birch, spruce, aspen and alder.

The woods of Pärnu region are slow to grow and therefore the logs cut there are of high quality and can be used for multiple purposes. Local timber is used for manufacturing veneer, fibreboard, windows and doors, furniture, log houses and prefabricated houses.



Production of veneer in Valmos.



Acidic and neutral flower soils of ASB Greenworld are exported to different countries in all over the world.

Since one fourth of the region's territory is marsh and bog land, peat is by far the main mineral here processed in six bogs. Peat excavated in Pärnu county is highly valued, it has accumulated over 100 000 years and has very good chemical and physical characteristics. The peat is mainly used to produce substrates and fertilizers for gardening.

Pärnu region being located at the Baltic Sea, has a coastline of 242 km and therefore fishing has a long history here. The fishermen mainly catch Baltic herring, Baltic sprat, perch and pike. The fish are processed and the products are exported to Western and Central European countries. The perch and pike fillets are a highly regarded gourmet food in Austria, Switzerland and Germany.



Local Baltic herring – delicious for a variety of foods.

AVAILABILITY OF RECOURCES

INDUSTRIAL AREAS

There are several industrial areas and industrial villages available in Pärnu region for establishment of companies. There are free sites in different sizes and purposes equipped with technical communications for fast and comfortable setup of new industrial facilities. All these areas have an easy access to Via Baltica providing transportation connections to ports and major towns..

The biggest development zone, the North-West Pärnu industrial areas, has lately provided space to a number of new production buildings and six enterprises.

1. North-Western Pärnu industrial, business and residential area of 30 ha with 72 lots in the range of 1,000 to 13,000 m²

2. Niidu Production Area with area of 40 ha and 20 available plots in area of 6,000 until 80,000 m².

3. Nurme Tehnovillage has 10 business and production sites of 3,000 to 10,000 m², each with all communications.

4. Mauri Technovillage consists of two 4,000 m² surface area business buildings, that have been divided into approximately 200 m² sized business spaces. The business building's compartments are suitable for small scale production as well as for service purposes.

5. Pärnu City Centre Development area is an attractive position at Pärnu River which would be organically linked with the river and the already existing city structure. The development area is intended for buildings of mixed purposes, public buildings as well as green and leisure areas.



More information about investment possibilities on www.investinparnu.com

General information for Pärnu region

Pärnu region	www.parnumaa.ee
City of Pärnu	www.parnu.ee
Pärnu County Government	www.parnu.maavalitsus.ee

Business Information and Consulting in Pärnu region

Business and Development Centre (PEAK)	www.peak.ee
Estonian Chamber of Commerce and Industry Pärnu Office	www.koda.ee
Investments website of Pärnu Region	www.investinparnu.com
Tourism website of Pärnu Region	www.visitparnu.com

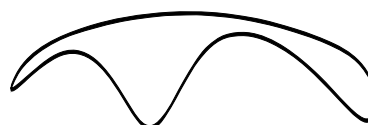
Business Information for Estonia

Enterprise Estonia	www.eas.ee
	www.investinestonia.com
	www.visitestonia.com
Bank of Estonia	www.eestipank.ee
Estonian Chamber of Commerce and Industry	www.koda.ee
Estonian Export Directory	www.estonianexport.ee
Ministry of Foreign Affairs	www.vm.ee
Ministry of economic Affairs and Communications	www.mkm.ee
Ministry of Finance	www.fin.ee
Ministry of Justice	www.just.ee
Estonian Tax and Customs Board	www.emta.ee
Statistical Office of Estonia	www.stat.ee
NASDAQ OMX Tallinn Stock Exchange	www.nasdaqomxbaltic.com

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