

Energizing opportunities

By Christian Lund

StatoilHydro was the first oil company to offer coffee and hotdogs when it entered the Baltic market in 1992. Today the Norwegian company operates around 400 service stations in the Baltic region and Poland.

-Our expectations have been exceeded, and we are very excited to see that StatoilHydro's growth in the Baltic countries and Poland continues, says Vice-President for Retail Jørn Madsen.

As the first foreign oil company, StatoilHydro opened a service station in Tallinn in 1992. Today StatoilHydro operates 190 Statoil stations in the Baltic countries, with a market share of 20 to 30 percent. In Poland StatoilHydro has 260 outlets.

-Early experiences from the Baltic region proved that our concept was very successful with local customers, so expanding in this market has been a natural growth strategy for StatoilHydro, says Madsen. He is now planning for expansion in the Russian market.

-We have already established a presence in Murmansk, with eight service stations, and working towards opening our first station in St. Petersburg by late 2009, says Madsen.

Food to go

-We regard the Baltic countries and Poland as very interesting markets, characterized by strong economic growth, increased purchasing power among consumers and geographical proximity to our home market in Scandinavia.

StatoilHydro has invested a lot in its station network, and has focused on building an organisation with a consistent profile. The stations are primarily company owned, and are mostly full service stations.

-When the company started its Baltic operations in the early 1990s, Statoil was the first chain to introduce hotdogs and coffee, and has been a leading player in convenience ever since, says Madsen.

-The Polish market is even bigger than Scandinavia and the Baltics combined, and we are working to expand our presence. There have been significant developments in these markets since we opened our first stations. The Polish market is very competitive, with many local and international companies. The past few years we have seen a shift in demand from grocery to convenience goods, and we have developed our offer accordingly, says Madsen.

Serving the business market

In addition to servicing retail customers at the pump, StatoilHydro has a considerable energy business in the region, marketing commodities such as fuel oil, aviation fuel, and lubricants for industrial machines.

- In Poland we are the largest foreign supplier of lubricants, with a market share of seven percent, says vice president for Energy, Hans-Olav Høidahl.

While StatoilHydro's home market in Scandinavia is relatively mature, the Baltic region, Poland and Russia are all markets with strong growth. In 2009 StatoilHydro will double the number of employees in the Russian lubricant business.

-We are experiencing increased economic activity, and many of our Scandinavian customers are now moving into new markets in the Baltic region and Russia. They are investing in new capacity, and want the highest quality lubricants for their processes.

New plant in Poland

In Poland, StatoilHydro is serving several large industrial customers, through a program called "Total Fluid Management".

-This is a concept where we enter into partnerships with our customers, to serve all of their fluid management needs. We dedicate several full time employees to a factory, ensuring that the customer is always getting the right product and service quality. This has proven to be a very successful concept, says Høidahl.

StatoilHydro is also building capacity in Poland.

-We recently opened a new lube plant in Ostrowiec, with a production capacity of 15 000 cubic meters extension possibility up to 30 000 cubic meters. This plant is an important part of our strategy, and will also be able to export to the Russian market, where we expect the strongest growth in the years ahead.

Fuelling Riga Airport

StatoilHydro is currently supplying aviation fuel to Riga International Airport and will enter in to the finish market from year end.

-The Polish market for aviation fuel is monopolized, but liberalisation and increased competition are priorities of the European Commission, so we pay close attention to the developments in this market, says Mr. Høidahl.

StatoilHydro has been in the Baltic region and Poland for more than ten years.

-The EU enlargement has been positive for our business. Last year we had six percent growth in our lubricant business, and we aim to keep this rate in the years ahead, says Høidahl.

-It's always a challenge to enter new markets as a foreign player. But we have succeeded in building a good sales organization. I would say that our success is a result of working closely with our customers, and supplying high quality products.

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Facts about StatoilHydro's operations:

Poland 261 gas stations. 1 lubes plant (Ostrowiec).
4 300 employees.

Estonia
52 gas stations. 700 employees.

Latvia
68 gas stations. Aviation fuel. 850 employees.

Lithuania
71 gas stations. 750 employees.

Russia
8 gas stations. 130 employees.