

# Technological preparation for the expansion of Regulated Drainage production line

**UAB Ekodrena**

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## Executive summary of the project

With all the machinery produced on this project, we have significantly increased our production capacity. Before having this machinery, we were producing mostly manually and close to our capacity ceilings, which in numbers of sales turnover can be measured as ~400.000 Eur/year. Meanwhile, the acquisition of the above-mentioned machinery has put our capabilities on the much higher level. This increased capacity is already impacting our future sales and bringing higher environmental benefits:

Before having this machinery, we were mostly producing customer-based orders. That meant we were not able to benefit from the advantages of mass-production. As our products have quite many tailor-made variations (in lengths and widths) and each order was different, this also meant that we were always balancing between being late to produce (due to not stocking materials) and risking our cash-flow while stocking up materials which later are not used in production. Meanwhile, this newly increased production capacity has enabled us to formulate an agreement with our exclusive distributor in Baltic countries that they will create a stock of different variations of our products and will maintain it. As a result, we already received an order of 478.630 Eur which alone is bigger than any whole year turnover in our company' existence (our biggest yearly turnover so far was – 416.245 Eur). This order is already being produced using the new machinery: It is yet to early to precisely measure the increase of our capacity. This is because we have not yet worked with this machinery for a longer period. But the first impressions allows us to estimate that we have increased our production capacity by hundreds of percents. We already estimate that we will produce this newest large order even faster than promised to our distributor. And this is just the beginning. As our distributor is seeing an increased demand for our products in the market, they will order this year from us for an amount of 1.000.000 Eur and the next year for 2.000.000 Eur. Without this machinery in place, we would have never been able to produce such amounts. From the environmental perspective, as mentioned in the BSAP Fund application – 1 Eur investment in the regulated drainage means 12,5kg of nitrogen leakage stopped. Eventually, this order which we are producing right now will alone result in prevention of ~6.000 tons of nitrogen leakage into the surface waters of the Baltic countries and the Baltic Sea.

To achieve the most significant and sustainable impact on the ecosystem of the Baltic Sea, we need to expand the usage of regulated drainage to more countries around the Baltic Sea, not just Lithuania, Latvia, and Estonia. Such a plan was always within our vision, but we were never capable of realizing it due to our previously limited production capacity. Nonetheless, after seeing the first positive production results with already the first part of machinery produced, we started talking with potential distributors in Germany. We found a distributor who is willing to be our exclusive distributor in Germany and are now the final steps of signing the contract with them. Germany alone is farming an area which is over 2 times larger (~14 mill ha) than all three Baltic countries together (~6 mill ha). This is an immense step for us and without the increased capacity we have never had a courage to take it. Meanwhile now, we are expanding into Germany and then will start looking for distributors in other Baltic Sea Region countries as well.