

Press release

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## **CASTEL CONSOLIDATES ITS POSITION ON THE RUSSIAN WINE MARKET WITH A NEW AND PERFECTLY TAILORED RANGE AND REGIONAL STRATEGY**

Over the next five years, CASTEL expects to double its sales volume on the expanding Russian market where the middle class is expressing a growing *penchant* for quality wine. This development shows promise for an annual turnover of 45.6 million euros by 2013, versus the 27.2-million-euro turnover acquired in 2008 (up 19.3% on 2007).

As many as 21 million bottles of wine are expected to go to market in 2013, as opposed to the 11.3 million marketed in 2008 (up 2.7% on 2007).

**In Russia, Castel has just launched three “heart-of-the-market” ranges starting at a price of 110 rubles (2.50 euros) per bottle: *Légende du Sud* (Southern Legend), *Cépages bulgares* (Bulgarian varieties) and *Tuko Tuko*, showcased at VINEXPO 2009.**

Castel aims to develop its commercial network within Russia’s 8 federal districts and 28 main cities exceeding 1 million inhabitants, **increasing its sales force by 50% over the next five years.**

The commercial structure in Russia currently employs 27 staff, with half of these in Moscow and Saint Petersburg, two cities that account for more than 34% of total wine consumption.

### **Russia and wine: a young, fragmented and expanding market**

Accounts to date for 8.7% of the revenue of the European wine market.

Volume consumed in 2008: 931.4 million litres,  
at an average annual growth rate of 9.9% between 2004  
and 2008

Volume forecast for 2013: 1.4 billion litres,  
at an average annual growth rate of 7.9% between 2008  
and 2013

Proceeds in 2008: 14.8 billion dollars,  
at a compound annual growth rate of +11.2% between  
2004 and 2008.

Revenue trend for the market for 2008-2013: +9.1%  
2013: 22.9 billion dollars.

**Still wine:** 65.7% of revenue on the Russian market

**Sparkling wine:** 25.1%

**Red wine:** 70%

**White wine:** 30%

Type: semi-sweet and semi-dry

(source: *Datamonitor Wine in Russia 2008*)

### **Historical overview**

In 2003, the Castel Group set up in Russia by opening an import/marketing subsidiary in Moscow under the name of *Castel Malesan*.

In 2006, the Group acquired a production site at Klin, 80 km outside Moscow. The site’s production capacity stands at 45 million bottles and 1 million three-litre bags-in-boxes.

## A range tailored to the Russian palate

**Wine bottled at Klin, priced at around 110 rubles, accounting for 72% of Castel's offer:**

**Légende du Sud** (4 products: sweet white, dry white, sweet red and semi-dry red wine),  
**Cépages bulgares** (4 products: Kadarka, Cabernet Sauvignon, Muscat and Tamanka),  
**Tuko Tuko** (4 varieties: Malbec, Chardonnay, Cabernet Sauvignon and Muscatel), Kagor, Cambras, Marquis de Clermont, and more besides.

**Imported bottled wine: Castel Malesan range, 130-300 rubles, accounting for 20% of Castel's offer.**

These strategic brands are managed in line with the Group's golden rule: to import the best product at the right place, at the right quantity and at the right price, to cover the various market segments: *Baron de Lirondeau, Jardin du Roy, Beauvillon, Les Ormes de Cambras, Malesan Bordeaux, Famille Castel* (varieties and appellations).

**Imported bottled wine: top of the range, 300-800 rubles, accounting for 5% of Castel's offer** with the *Châteaux Castel* – 18 Estates & Vineyards in leading French wine-growing regions.



*Tuko Tuko*



*Légende du Sud*



*Cépages bulgares*

Castel has consolidated its international position with a perfect knowledge of the market, setting its sights on a choice selection of wine brands tailored to the tastes and pockets of Russian consumers.

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