



VIÑA Chocalán News



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**The
WINE
ADVOCATE®**

Robert Parker's Wine Advocate published their biggest ever Chilean wine review in June. The results of these ratings were outstanding for Viña Chocalán:

91 points Gran Reserva Blend 2004
90 points Selection Carmenère
89 points Reserva Syrah 2005

As a result of this, sales of these wines and all varieties have taken a very healthy leap during the second quarter of 2007. We hope that our success helps you in the market selling the wines, promoting them or gives you pride as a consumer who enjoys our products.

LCBO Vintages - Summer Launch Viña Chocalán Reserve Syrah 2004!



We are excited to report our first wine has been launched at all LCBO stores in Ontario, Canada. We are equally excited at being picked for the back cover and having been featured in several important publications for review in the past 2 months.

The Year So Far

2007 has been a year of great triumphs for Viña Chocalán so far. We thought it would be great to share some of these successes with all our friends and clients.

Our strongest market is North America which accounts for 37% of our global sales. Within this, Canada is the strongest market and showing surprising growth so far this year! We are now present in 6 provinces with another to open before the end of 2007! Given that this country operates on a monopoly system, this is truly a great accomplishment for our team!

Brazil and England are both selling very well in 2007 and close behind them is one of our newly opened markets – China. Mexico rounds out our top performing markets this year.

Sales are up overall at Viña Chocalán by 77% year to date.

So far this year, we have opened the following markets: Mexico, Peru, China, Switzerland and Korea. Our ambitious plans include: Taiwan and Hong Kong, Denmark, Poland and the Czech Republic before year's end!

Our new Gran Reserva wines are showing tremendous growth this year with the first vintage selling out – 2004. These wines will be expanding to include the long anticipated Gran Reserva Pinot Noir 2006.

Rosé sales are growing steadily world-wide and we are already pre-selling our 2007 vintage.

We are also very pleased to find out that in our short time in both China and Canada we rate respectively 16th and 23rd out of all Chilean wineries for wines sold to these important markets.

Production wise we produced 36,000 cases in 2006 and are projected to produce 41,000 cases in 2007.



Javier Cortes
Commercial Manager

Gran Reserva Pinot Noir 2006



For many of you, getting Chocalán Pinot Noir has been almost impossible these past 2 years. Our latest release, in limited quantities, is a celebration of the sought after varietal and does not disappoint.

The wine is being allocated for key markets, so please inquire at your earliest to find out if you will be getting any or can buy it at your favorite retailer.

Fruit-forward, lush and a long finish with a lingering memory of mocha make this wine in a class by itself.

Market Development - Asia

Veronica Toro, Marketing and Communications Manager for Viña Chocalán recently travelled with Prochile and 25 other wineries to Asia for a series of sponsored events to open new Asian markets.

The main objective of my travels was to open new Asian markets and to further establish our presence in those we had opened on our last trip – China and Singapore.

Continued...

As well, I was there to work on developing our relations with Korea, whom we had started working with earlier in 2007. Two other principal markets we are working on: Taiwan and Japan have also had positive results. We are in the process of shipping our first order to Taiwan and in preliminary negotiations with Japan.

It was an important goal to establish direct relations with new partners in these markets. Our brand is of particular interest to them, as our logo symbolizes sun and unity joined together – both highly meaningful in their culture.



We are learning the incredible growth potential of this marketplace and how important it is for us to further establish our brand in these markets. Although the wine culture is very small, there is an increasing interest in learning about our wines; signs of this growth and acceptance include things such as holiday gift-giving and their desire for higher quality red wines in the range of \$35-\$100 US a bottle. This is great for our Gran Reserva range of wines which was released earlier this year. We are also now in the process of shipping out samples of our white wines as well – as there is demand for these also.

All the consumers in these markets expect perfection in each bottle and at Chocalan we are determined to meet and exceed their expectations and work in establishing long-term relationships and partners to grow steadily in this vital market area.

FEATURE INTERVIEW

Guillermo Toro

Founder of Viña Chocalan



Tell us about your bottling business and its evolution since you began in the market some years ago.

We first started in the glass business in 1952, making carafe and glass jugs. Then we evolved our work to include the manufacturing of bottles. At that time, the production was manual and semi-automatic; a lot of bottles were hand blown glass.

In 1954, I traveled to USA and Europe looking for automatic machines for bottle making. From this trip we purchased the first "Push machine" building a special oven for it and finally starting use of the machine in 1961.

Our first efforts failed because of the lack of specialized employees. In 1963, we re-started use on the machine and the results were negative due to the unsatisfactory quality and quantities we obtained.

We took these experiences and in 1967 we tried to put the oven to work again and finally we had success! This achievement continues today. We have since gone on to diversify our production to include: flask, perfume industry and household goods.

When and how did you decide to build a winery?

The majority of our clients were wineries and I learned a lot about their ups and downs. I grew to appreciate the affection and efforts that came with wine production, coupled with my enjoyment of red wines and a realization of the health benefits – I decided at this time to build a winery to produce high quality wines and have it ready for production once my sons and daughters finalized their studies at university.

Has the winery developed the way you envisioned it?

The productivity has been just like we planned obtaining wines of a very good quality and with these wines improving year after year.

In the commercial field, things has been more complicated – we started with an exchange rate 740 pesos to the US dollar but now this is 525 – it was not expected. This has forced us to re-evaluate our methods of doing business and to become more efficient in all areas from production to our commercial office.

What are your short term goals for the winery?

In the short term our objectives are:

- Specialize in top quality red wines and develop our future white wines in the prized region of the San Antonio Valley.
- Consolidate the brand in the 16 markets that we have open, in addition to broadening our national market where we want to have a very strong presence.

What do you think of the international growth of the winery to date?

The winery has grown in a predictable manner to where we are today and we have obtained a consortium of important reps/agents to help expand our growth in the markets, establishing long term relationships. Our goal in the next few years is to export 80,000 cases annually.

How important to you is your family involvement in the winery business?

The winery gives my family new experiences together and allows us to diversify our source of earnings. An important aspect is the family's direct work with our agents and importers world-wide.

What is your favourite wine to date?

Gran Reserva Blend 2004, Reserva Merlot and Syrah and the new Viognier Reserva 2007.

What business mentors do you have in South America that you admire?

Perez Compac - an Argentinean company that has grown a lot, transforming into a multinational corporation.

What is your greatest achievement in life so far?

Having a family of five children and eighteen grand sons – the nineteenth grand son will be born in next January. They are all healthy, responsible and successful in their studies.

Continued...

What do you think of the future for glass bottles in the wine industry?

The glass has been part of the time where plastic, carton, and cans put a lot of resistance in this market and make a threat to replace its use but until now that situation has not happened. Glass will continue being the principal package for the high quality wines for many years to come.

Carmenère - A Special Varietal Q&A with Sebastien Allingri - Winemaker

Describe the main qualities that distinguish the Carmenère varietal.

The Carmenère is a very fruit forward and unique varietal. It is important to remember that this varietal is part of the Carmené family, and therefore has lots of similarities to its cousins: Cabernet Sauvignon and Cabernet Franc, both in mouth and nose. Carmenère presents very ripe red fruits: plum, blackberry, little herbaceous notes, green pepper, chilli pepper, some spicy notes, pepper, chocolate and mocha. In mouth, it often has low acidity and a supple structure with silky tannins.



How does pressing affect the end wine result?

Usually, the wines from pressing are not used in Chocalan blends. The wines from pressing can be astringent and present bitterness. But when the vintage offers us exceptional conditions, it is interesting to add part of the wine from pressing to give body and structure to the wine.

What is a common mistake winemakers make in producing Carmenère?

Very often, the Carmenère is blamed for its vegetal notes. In fact, this varietal contains a high concentration of pyracine which is responsible for the herbal aroma. At Chocalán, without affecting the varietal, we look for the optimum maturity to obtain the maximum aromatic expression. Of course, some oenological tricks exist to mask these green notes by using micro-oxygenation, or by using and excessive amount of American oak. I am not from this school of thought, and prefer having good quality raw material.

This is why we work many months in advance in the vineyards, where the Carmenère parcels are regulated and where we bring much attention and care to the leaves.



Is this grape the flagship to putting Chile on the map like Argentina?

With the Carmenère, Chile has a unique and exclusive possibility of contributing to the diversity and complexity of the wine industry. Like the Chardonnay Bourguignon, the Australian Shiraz, the South African Pinotage, the Argentinean Malbec... the Carmenère has become a commercially significant varietal for Chile. This varietal has great personality, and assets. However, it would be unfortunate to reduce the country's overall image to this one varietal, when Chile offers a multitude of terroirs and different varietals to discover at exceptional quality.

How do you see the 2007 Carmenère vintage?

It is powerful, concentrated, and mature. 2007 was a very good year in Chile and at Chocalan we can say that we evolve to be better and better since the beginning!

After only 3 months in oak barrels we can appreciate the potential and the transformation day after day for the future of these wines. I am very enthusiastic with 2007 and not only for the Carmenère which is incredible, but moreover for the global quality, of all the varietals we produce.

Bill Casselman - A Star Sales Rep

Viña Chocalan's growth in the tiny market of Manitoba, Canada is nothing short of amazing. We caught up with our super star rep to chat briefly on how things are going...

Can you give us a brief background on your experience in the wine industry?

In 1998 I got my start organizing features and promotions for a small wine and spirit based

agency part time. A full time position selling to on premise became available with one of Manitoba's private wine stores shortly after. In December 2000 I joined my current employer Saverio Schiralli Agency Ltd building brands ranging from Old and New World wines, liqueurs, spirits and Single Malt Scotch. Currently I look after the Manitoba and Saskatchewan provinces in all aspects from the marketing and selling of our brands.

Tell us briefly about the Manitoba market.

With a population of one million people and a Liquor Control board - consumer buying trends have shifted significantly from Old World to New World in the last 6 years. While volume is still directed at non-VQA bulk wine, significant growth is seen in profit areas such as Australia, Chile and New Zealand. Diversified and educated buying habits are slowly creating a very exciting wine market.



What are your thoughts on the brand Viña Chocalan?

They are very impressive for such a young company; the selection of Patrick Valette and Eduardo Silva along with other key staff by the Toro family is to be commended. Impressive wine and savvy packaging for a competitive price point has led to Viña Chocalan being widely accepted by buyers in this market. I personally am looking forward to even greater things from this company. Having Cheryl Taylor marketing and co-ordinating in Montreal and knowing what the North American consumers are looking for is a great help.