



President  
Vitaliy Muraviev

*"Pobeda Confectionery" is one of the biggest chocolate manufacturers in Russia. The company started its journey in the late 1990s. It was a tough period, both historically and economically. And "Pobeda" not only survived, but became one of the leaders. We talked to the company's president Vitaliy Muraviev about this journey.*

**If one writes an encyclopedia article about your company, what would be the main facts?**

"Pobeda" confectionery was founded in 1999. Now we may confidently say that it's one of the leading chocolate manufacturers in Russia. An important factor of our operations is the financial

stability. "Pobeda" is a private equity company. And it's worth mentioning that "Pobeda" is not just rapidly developing company, but a fast-growing enterprise. A big event in our recent history is the launch of the first production site in Latvia, in the city of Ventspils. It's already the third production site of "Pobeda".

**What is the strategic potential of the company?**

Right from the start we adhered to the principle of the thorough ingredient control. The formula of our operations is "the best out of possible". And we still follow this motto. "Pobeda" confectionery has three main rules:

- exclusive quality of ingredients;
- regular and thorough internal inspection of suppliers;
- total compliance with all ingredients of three key standards: EAC, UNECE, USDA.

**How do you think, what are the strengths of the company that allowed it to achieve such customer trust?**

Right from the moment the company was founded, when the first production site in Moscow region was launched, we relied on the quality. That's how we defined our strategy: "to produce truly delicious chocolate of high quality". There was nothing like this on the Russian market back then. And our

products belong to the medium price category, so we managed to cover a large customer segment.

I have to say that chocolate production is a really complicated process. To manufacture a real chocolate we, the factory owners and our technologists, underwent a special training program. In the early 2000s at the ZDS confectionery academy, German experts started a course for groups from Russia. And "Pobeda" went through several grade levels in this academy.

Besides, initially "Pobeda" chocolate stood out among rivals not only because of its quality, but also because of the format. In the noughties we were the only Russian manufacturer that started to produce 250 gram chocolates. It is a large bar that Russians could buy for the whole family or as a gift.

**It would be interesting to know about the production process and main products of the company.**

There are more than 200 brands of confectioneries in the "Pobeda" portfolio. These are products in different price segments. 28 most modern production lines are functioning at our factories. And the total production capacity of "Pobeda" factories is 220 tons per day.

We created our own umbrella brand, "Pobeda vkusa" and 5 production groups within it: chocolate bars, truffles with marzipan, sugar free chocolate with stevia and inulin, waffle chocolates, chewing fruit jelly.

We have a wide variety of chocolate bars – white, milk, creamy, dessert and dark. We produce both plain chocolate bars and ones with different kinds of fillings. These include nuts and crisps, grapes, orange, apricot, cranberry and strawberry. We also have products with alcohol, namely cognac, rum, amaretto which are popular in Russia. And our flagship 72% cocoa chocolate firmly holds its position among the best-selling products. It is altogether one of the most high-demand products of the confectionery.



The premium segment of "Pobeda" is represented by chocolate truffles, both classic and truffles with marzipan. We use the know-how unique recipe to produce them. Chocolate is saturated with oxygen, so that candies actually melted in the mouth. It's important to mention that all the ingredients used in the truffle production are high quality products. Cocoa mass and cacao butter, top-grade almonds for marzipan, mascarpone cheese for fillings. So, our truffles are truly a delicacy – in the original sense of the word.

Chocolate with stevia and inulin is a relatively new product. We launched it in 2014, when there was nothing alike on the Russian market. When the company was considering the product line expansion, we made our decision according to the market researches of our target audience. Customers claimed

that they want a sugar-free product that would provide energy. And "Pobeda" confectionery developed a recipe of chocolate with no sugar at all. We use stevia, which is a natural, quality and, what's more important, healthy sweetener.

Waffle chocolates are traditionally popular both in Russia, and former USSR states. We all share childhood memories of having them on holidays, whenever we had guests over. Customers still remember the taste of those waffle chocolates and the festive atmosphere associated with them. "Pobeda" has the whole product line that includes "Bears in forest" with dark chocolate, "Ptitsa schastya" (Bird of Happiness) with creamy chocolate and others.

Currently we're launching the sale of the chewing fruit jellies in individually

wrapped packages throughout large retailer chains. This product is aimed at children and adolescent target audience. We take into consideration both tastes of the kids and interests of their parents. These bright and tasty fruit jellies are made only with natural ingredients: fruit pectin, gelatin, fruit juice and condensed milk. The product line "All at once" that is aimed at teenagers, includes citrus and cocktail flavored jellies. Whereas creamy and fruit flavors are represented in "Bumblebee tummy" line for kids.

**What share of your products do you export and to which countries?**

We sell our chocolate and sweets to 20 countries around the world. In 2015 "Pobeda" exported 2600 tons of chocolate and sweets amounting to 6.5 million US dollars. It is approximately 10% of our revenue in ruble equivalent. The company is focused on the large home market, we're just beginning to establish ourselves as exporters.

When we launched the production site in Ventspils, that is export-oriented, the share of our foreign sales increased. About 30% of the products from the new site is sold on the Latvian market, and the rest is shipped to the other countries and even continents. For instance, one can buy "Pobeda" chocolate in the US and even in Australia.

It's worth mentioning that our products are distributed all over the EAC: in Russia, Kazakhstan, Belarus, Armenia. We work with the former Soviet states and other countries, which include Lithuania, Latvia, Estonia, Moldavia, Ukraine, Turkmenistan, Georgia, Azerbaijan, Kyrgyzstan, Uzbekistan, Tajikistan, Mongolia, USA, Mexico, Peru, Israel, Germany, Greece, China, South Korea, Australia.

**Do you plan to conquer new markets?**

In 2015 apart from launching the production site in Latvia, "Pobeda" opened two offices abroad, in New York and Shanghai. In the coming years we plan to gain a better ground on the markets of both Americas, in Eastern Europe and China.

**The intensive development strategy records outstanding financial results. Tell us about the company's income.**





Yes, "Pobeda" team's goal is the continuous growth and expansion. The large part of our income is always allocated towards the development. Thus, EBITDA profitability of the company was 12.5% in 2016.

**"Pobeda" takes pride in its team that consists of people both experienced and creative. How many employees there are in the company?**

At the end of 2015 we had 1558 people in our team. This year we hired about a hundred new employees. That includes our Latvian branch.

**How do you define the mission of "Pobeda"? What are the company's key values?**

We defined our mission clearly a long time ago: to produce delicious and healthy chocolate and confectionery products of the highest quality causing admiration and confidence of our customers in Russia and abroad.

"Pobeda" is engaged in a lot of social projects. We directly support charitable foundations – Hospice charity fund "Vera", "Volunteers helping orphans" fund. The other way is helping foundations by sponsoring charity events. We cooperate with "Galchonok" fund, "Institute of the family development", "Lada" fund and many others.

**How did the company operations changed throughout the recent years?**

Lately "Pobeda" has largely increased

its production capacity. And our distribution geography was substantially expanded. We increased the number of brands and product groups. But there've been no drastic changes in the way we work and plan our business. Since the first days we've been producing delicious chocolate of high quality, and this strategy won't change for many years to come.

**What plans for the development does the company have for the near future, and what are the strategic goals?**

First of all we are going to increase the export volumes. Mainly to the countries we have already established connections with: USA, China, UAE, EU countries. But the company is also interested to distribute its products to the new countries. Our new production site in Ventspils that is situated on the premises of the free port, should allow us to grow in this direction. "Pobeda" is the first Russian confectionery that has production sites abroad, and that's our advantage over the rivals.

**Do you plan to attract new investments in the near future?**

Currently the company is about to bring our third production site to the break-even point. We invested about 10 million Euros to launch it. And in the near future we don't plan large investments in projects like this.

**Are you going to introduce new products or brands to the market?**

In 2015 we introduced a number of

new products: chocolate glazed soufflé "Ptitsa schastya" (Bird of Happiness), milk sweets "Funny Cows", chewing fruit jelly "Bumblebee tummy" and "All at once". Now we're working on distributing the new brands to the large retail networks. Our plans for the nearest future are to develop healthy chocolate products. But we won't unveil the details of this project yet.

**What certificates and awards does "Pobeda" have?**

We are proud that all our products and ingredients are a quality standard.

"Pobeda" confectionery has won numerous prizes throughout its history. We have an impressive collection of awards: "Healthy Food" by "Social Projects" fund, "Consumer rights and Quality of service", "Top 100 products in Russia" and others.

**What do you take the most pride in?**

We make a truly delicious and quality product. It's important for us that our customers would get real chocolate, so that their highest expectations were met.

And it concerns not only chocolate. All the products of the "Pobeda" confectionery are a golden standard of a kind. Our soufflés and milk sweets are made only from the natural ingredients: milk, butter, condensed milk. Our jellies are made from real fruit juice and pectin. You know, we have five children ourselves. And it gives us a completely different perspective towards life and business. So, we never compromise when it comes to quality. For us it's important that all our products don't only taste good, but also are healthy.

We take pride in the trust that customers put in us. They know that they can be confident about the quality of the "Pobeda" products. Pobeda Confectionery has key certificates that confirm high quality of its products: Bureau Veritas Certification "Global Standard for Food Safety", FSSC 22000 and ISO 22000:2005 from Russian Register Certification System, ISO 22000:2005 certificate from The International Certification Network IQNet.