The Philippine Flour Milling Industry:
Developments, Challenges & Opportunities
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Philippine Association of Flour Millers, Inc.
This year, the Philippine flour milling industry celebrates its 60th year or 6 decades of commercial flour milling activity.

1958 – the first flour mill - Republic Flour Mill (RFM) was established.
INDUSTRY BACKGROUND

- Todate, we have 21 companies engaged in flour milling.

- From eight (8) mills in 1980’s, the industry added four (4) more mills in 1990’s making it to 12 mills. Another ten (10) mills came in 2010 onwards.

- There is a report that another two (2) mills are coming up.
INDUSTRY CLUSTER

INDUSTRY ASSOCIATION/CLUSTER:

1. PHILIPPINE ASSOCIATION OF FLOUR MILLERS, INC. (PAFMIL) – Established in 1962
   Members: 7

2. CHAMBER OF PHILIPPINE FLOUR MILLERS, INC. (CHAMPFLOUR) – Established in 1990
   Members: 4

3. NEW FLOUR MILLS – 2010 onwards
   Companies: 10
## INDUSTRY PLAYERS

### Philippine Flour Millers/Manufacturers

**PAFMIL: (1958-1980)**

1. RFM CORPORATION
2. LIBERTY FLOUR MILLS, INC.
3. WELLINGTON FLOUR MILLS
4. PILMICO FOODS CORP.
5. GENERAL MILLING CORP.
6. UNIVERSAL ROBINA CORP
7. PHILIPPINE FLOUR MILLS

**CHAMPFLOUR: (1990-1995)**

1. SAN MIGUEL MILLS, INC.
2. PHIL. FOREMOST MILLING CORP.
3. MORNING STAR MILLING CORP.
4. DELTA MILLING INDUSTRIES, INC.

**NEW MILLS: (2010 – 2018)**

1. MONDE NISSIN CORP.
2. ATLANTIC GRAIN, INC
3. ASIAN GRAIN, INC
4. NEW HOPE FLOUR MILLING CORP.
5. GREAT EARTH INDUSTRIAL FOOD, INC
6. NORTH STAR FLOUR MILL
7. MABUHAY INTERFLOUR MILL
8. AGRIPACIFIC CORP. (REBISCO)
9. BIG-C AGRI MILLER
10. CALIFORNIA FLOUR MILL GROUP
## INDUSTRY MILLING CAPACITY

### 2017 Industry Wheat Milling Capacity / Utilization

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Capacity (MT/Day)</th>
<th>Capacity (MT/Annual 300 Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAFMIL (50.4%)</td>
<td>8,510 mts</td>
<td>2,553,000 mts</td>
</tr>
<tr>
<td>CHAMPFLOUR (31.7%)</td>
<td>5,350 mts</td>
<td>1,605,000 mts</td>
</tr>
<tr>
<td>NEW MILLS (17.9%)</td>
<td>3,030 mts</td>
<td>909,000 mts</td>
</tr>
<tr>
<td><strong>TOTAL INDUSTRY</strong></td>
<td><strong>16,890 mts</strong></td>
<td><strong>5,067,000 mts</strong></td>
</tr>
</tbody>
</table>

- **2017 Milling Wheat Import** - 2,600,000 mts
- **Capacity Utilization** - 51.3%
GEOGRAPHICAL CAPACITY DISTRIBUTION & LOCATION OF FLOUR MILL PLANTS

Manila
1. RFM Corp.
2. Liberty Flour Mills
3. Universal Robina Corp.
4. Wellington Flour Mills
5. Philippine Flour Mills
6. Phil. Foremost Milling Corp.
7. Morning Star Milling Corp
8. Delta Milling Industries
9. North Star Flour Mill

Bulacan
10. Great Earth Ind’l Food Inc
11. California Flour Mill

Subic
12. Mabuhay Interflour Mills

Bataan
13. Phil. Foremost Milling Corp

Laguna/Cavite
14. Monde Nissin Corp.
15. Atlantic Grain, Inc
16. AgriPacific/Rebisco

Batangas
17. San Miguel Mills Inc

Cebu
1. General Milling Corp.
2. Asian Grain Inc

Iloilo
3. Phil. Foremost Milling Corp.

CDO
1. New Hope Flour Mills

Iligan
2. Pilmico Foods Corp

Davao
3. Universal Robina Corp.
PHILIPPINE ANNUAL MILLING CAPACITY GROWTH IN MT
1960-2020

- 2.46 MMT
- 3.95 MMT (137.4% up)
- 4.18 MMT
- 5.07 MMT (2017)
- 5.85 MMT Projections

1960-80's, 1990's, 2000's, 2010's, 2020's

PAFMIL, CHAMF, INDEPENDENTS
INDUSTRY DEVELOPMENTS

Customization:

- As competition becomes more intense, industry players have started diversifying flour production or customizing according to customer product requirements.

- The local flour milling industry produces high quality types of wheat flour:
  - Bread Flour
  - Noodle Flour
  - All Purpose Flour
  - Cake Flour / Biscuit flour
  - Customized flour as prescribed by customers/bakeries.
    - for siopao, pizza, whole wheat flour, etc.
INDUSTRY DEVELOPMENTS

Downstream Product Development:

- Universal Robina Corp.
  - Baker John Bread Products
  - Pasta/Mac – El Real
  - Noodles – Payless
  - Biscuits/Cookies
  - Others
INDUSTRY DEVELOPMENTS

Downstream Product Development:

- **RFM Corp.**
  - Pasta/Mac – Fiesta & Royal

- **Phil Foremost**
  - Pasta/Mac - Amigo
INDUSTRY DEVELOPMENTS

Downstream Product Development:

- San Miguel Mills Inc.
  - Kambal Pandesal
  - Biscuits/Crackers – La Pacita

- General Milling Corp.
  - Pasta - Magnifico

- Morning Star Milling Corp.
  - Pasta - Prima
INDUSTRY DEVELOPMENTS

- Fortified with Vitamin A & Iron as standard requirement by R.A. 8976 – Food Fortification Law

- Discussions are ongoing to include folic acid as part of the food fortification law.
# WHEAT FLOUR DISTRIBUTION

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>VOLUME (IN 1,000 MT)</th>
<th>PERCENT SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakery Products*</td>
<td>1,146</td>
<td>55%</td>
</tr>
<tr>
<td>Noodles</td>
<td>437</td>
<td>22%</td>
</tr>
<tr>
<td>Cookies &amp; Crackers</td>
<td>375</td>
<td>18%</td>
</tr>
<tr>
<td>Pasta</td>
<td>42</td>
<td>2%</td>
</tr>
<tr>
<td>Others</td>
<td>83</td>
<td>4%</td>
</tr>
<tr>
<td>*bakery products detail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pan de Sal</td>
<td>396</td>
<td>19%</td>
</tr>
<tr>
<td>Loaf Bread</td>
<td>375</td>
<td>18%</td>
</tr>
<tr>
<td>Cakes &amp; Pastries</td>
<td>250</td>
<td>12%</td>
</tr>
<tr>
<td>Buns &amp; Rolls</td>
<td>125</td>
<td>6%</td>
</tr>
</tbody>
</table>
## BREAD & NOODLE SECTOR (Estimate)

### BREAD SECTOR

<table>
<thead>
<tr>
<th>BREAD SECTOR</th>
<th>PERCENT SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LARGE COMPANIES (Gardenia, Julies, Etc.)</td>
<td>20%</td>
</tr>
<tr>
<td>SMALL BAKERIES (Moms-and-Pops)</td>
<td>80%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
</tr>
</tbody>
</table>

= 36,000

(2014 Survey)

### NOODLE SECTOR

<table>
<thead>
<tr>
<th>NOODLE SECTOR</th>
<th>PERCENT SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MONDE NISSIN CORP</td>
<td>60%</td>
</tr>
<tr>
<td>UNIVERSAL ROBINA</td>
<td>17%</td>
</tr>
<tr>
<td>SMALL FACTORIES</td>
<td>23%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
</tr>
</tbody>
</table>
2017 PHILIPPINE FLOUR DEMAND

<table>
<thead>
<tr>
<th></th>
<th>In Bags</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local flour</td>
<td>79,623,858</td>
</tr>
<tr>
<td>Imported flour</td>
<td>6,637,628</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>86,261,486</td>
</tr>
</tbody>
</table>

Local flour: 92%
Imported flour: 8%
2017 JAN-DEC.31 IMPORTED FLOUR ARRIVALS
PERCENT SHARE PER ORIGIN

<table>
<thead>
<tr>
<th>Origin</th>
<th>IN BAGS</th>
<th>% SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TURKEY</td>
<td>2,942,318.52</td>
<td>44.3%</td>
</tr>
<tr>
<td>INDONESIA</td>
<td>1,178,376.80</td>
<td>17.8%</td>
</tr>
<tr>
<td>VIETNAM</td>
<td>1,917,293.60</td>
<td>28.9%</td>
</tr>
<tr>
<td>OTHERS</td>
<td>599,638.80</td>
<td>9.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,637,627.72</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
2017 PER CAPITA FLOUR CONSUMPTION

PHILIPPINES = 20.6 kgs
Basis:
86 M bags flour x 25 kgs
105 M population

In comparison, Philippine per capita rice consumption is 114 kgs.
INDUSTRY CHALLENGES

1. Competition among 21 local flour mills
2. Influx of imported flour specially from Turkey.
3. Volatility of price and supply of good quality wheat.
4. Increasing Fuel/Freight/Logistics Cost
5. Peso depreciation versus Dollar
6. Others
OPPORTUNITIES FOR ALLIED INDUSTRIES

1. Increased requirement for milling equipment.
2. Logistical support system such as conveyors, unloaders, silos, etc.
3. Pest control
4. Bagging equipment & related technologies
   - digital marking, sewing, etc.
THANK YOU!