



Consumer Markets

July 6, 2010 to May 19, 2010



Our industry update from Manabat Sanagustin & Co. CPAs is a biweekly collection of the latest news and developments from the country's Consumer Markets segment. We hope that you will find this service, which the Firm provides its clients for the different Lines Of Business (LOB), interesting and useful.

San Miguel to keep majority stake in SMB

San Miguel Corp. plans to keep a majority stake in flagship San Miguel Brewery Co., which the conglomerate expects to benefit from improved bottling efficiency, acquisition of additional hard liquor business and a potential boom in demand in the Visayas and Mindanao. In a briefing after the company's annual stockholders meeting Tuesday, SMB chair Ramon Sison said the beer unit, which currently enjoys a market share of 96 percent, would likely post double-digit profit growth this year. The beer unit is also working on the valuation of Ginebra San Miguel Inc., which it recently acquired from the parent company. Backed by both San Miguel and Kirin, Ang said SMB would be on the look-out for acquisition opportunities in beer, whiskey, brandy and other hard liquor businesses in the Philippines or overseas. The new bottling plant in Sta. Rosa will increase SMB's bottling capacity by 22 million additional cases per year and is intended to serve Quezon, Batangas and Laguna. The new bottling plant was estimated to cost about P1 billion.

[://archive.inquirer.net/view.php?db=1&story_id=270756](http://archive.inquirer.net/view.php?db=1&story_id=270756)

Gov't rethinking sugar import strategy

The government is rethinking its import strategy for sugar. After three tenders for sugar imports and an export replacement program, the government could not attract enough bidders to complete the import requirement. To date, there are still more than 5,200 tons of sugar that need to be covered. Officials of the Sugar Regulatory Administration (SRA) said in separate interviews that the lukewarm demand may be due to the softening of sugar prices in the local market. Raw sugar now fetches P1,600 per 50-kilogram bag (Lkg) from P1,800 in January. Refined sugar fetches P1,900 per Lkg, down from P2,300. SRA Administrator Bernardo Treñas said SRA head of planning Rosemarie Gumera said they might consider direct negotiations with private companies for the still-unsubscribed volume. However, they have not ruled out the possibility of another tender or reallocating the unsubscribed volume to a program that allows importers to replace some of the sugar they shipped out last year. Direct negotiations will open up opportunities for industrial users to get more sugar than what was allocated to them under the tenders. The government intends to import a total of 150,000 tons of sugar before the current sugar crop year ends on August 1.

Under the exporters' program, there is still 4,386.4 tons to be taken up out of the 90,000 tons.

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In the News

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San Miguel in talks to sell Pure Foods

Diversifying San Miguel Corporation is in talks with a handful of local and foreign investors to sell a substantial or even a majority stake in profitable food unit San Miguel Pure Foods Co. Inc. this year, but US-based Hormel Foods Corp. is no longer among those in the running. It was earlier reported that Hormel was among those in talks with San Miguel for the purchase a strategic investment in the food group.. During the annual stockholders' meeting of its parent San Miguel on May 31, part of the agenda is to seek approval to sell down the conglomerate stake in core subsidiaries to below 51 percent. The food unit, which has an estimated enterprise value of \$1.8 billion, currently enjoys the biggest local market share in poultry (40 percent) and hotdog (63 percent). Its market share in the processed meat business is estimated at 20 percent. In the corned beef segment alone, the company has an estimated market share of 20 percent, making it the second-biggest player. Meanwhile, regional expansion is still seen as part of the company's long-term strategy. The company's businesses—poultry, feeds and flour—were the key profit drivers in 2009, having benefited from stable pricing, softening raw material prices, improved efficiencies and effective management of costs. The dairy and piggery businesses also posted significant improvement in profitability.

http://archive.inquirer.net/view.php?db=1&story_id=269996

RP, US continue talks on bananas

The government of the Philippines and the United States are continuing negotiations over banana exports as domestic producers remain interested in the \$100-million US market, according to Bureau of Plant Industry Director Larry Lacson. Lacson said the Philippines was still trying to convince the US Department of Agriculture that local mitigation measures against pests were sufficient to ensure that only clean fruits were going to be exported. One of the tough demands of the US is for the Philippines to export only bananas grown in so-called "pest-free zones." However, the Philippines has presented alternative mitigation measures such as chlorination, alum sprays, and physical inspection of fruits. Lacson said the US had not directly pushed for concessions in exchange for allowing Philippine bananas into North America. But he admitted that the US had been "pressing" to export vegetables to the Philippines. The US, with its 249 million population, is a lucrative market for Philippine bananas. The US market for bananas may exceed \$100 million, larger than the \$20-million banana market in Australia. The Philippines can supply better quality bananas than those shipped by South American suppliers, according to experts. There are about 60,000 hectare of banana plantations in the Philippines and some 600,000 people depending on the 40-year-old banana industry for their livelihood.

http://archive.inquirer.net/view.php?db=1&story_id=269627

RP mangoes may soon enter Taiwan

Local mango producers are a step closer to accessing the Taiwanese market for their produce, after Taipei asked Manila for measures on how it will control the two fruit-fly species that infest local mango farms. Bureau of Plant Industry (BPI) Director Larry Lacson said the request for protocols to control pests that affect local mangoes was contained in a letter written by Taipei officials. The letter was in response to the follow-up made by Philippine officials two months ago. "Taipei's request for measures to control the two fruit-fly species is a significant progress. This is the first time that Taiwan has asked the Philippines for [such] information," Lacson told reporters in an interview. For years, the Philippines has been asking Taiwan to open its market to local mangoes. In 2003 Manila made a request for Taipei to consider importing Philippine mangoes in a joint economic conference between the two countries. Lacson said the government will respond to Taipei's letter and will indicate that the Philippines will resort to the vapor-heat treatment and the extended hot-water treatment to control Oriental fruit fly and the Philippine fruit fly.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&catid=53%3Aagri-commodities&id=25244%3Aarp-mangoes-may-soon-enter-taiwan&Itemid=1

Hybrid rice planting pushed

SL AGRITECH Corp. (SLAC), which is preparing for its initial public offering, is pushing for private sector-led expansion in hybrid rice production. In a statement, SLAC said the county could move closer to attaining food security if advances made in hybrid-rice technology were supported. SLAC chairman and CEO Henry Lim Bon Liong said area planted to hybrid rice should be more than 800,000 hectares in the next five years, with a yield of 10 tons per hectare. This, he said, would translate to additional rice output of 3.7 million metric tons.

discuss your views / suggestions.

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The figure, he said, was the minimum needed to make the Philippines self-sufficient in rice. "This bid to increase rice production is similar to the successful implantation of hybrid rice technology in China, which has enabled it to feed more than 1.3 billion people with surplus to spare," Lim said. As previously reported, SLAC expects net sales of the seeds and specialty rice combined to reach up to P10 billion in 2015 as the company actively expands its production areas. SLAC has been exporting hybrid rice seeds to other countries such as Indonesia and Bangladesh.

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Philippine Stock Exchange Weekly Top Gainers May 11 - 14, 2010

Last Trade Price, Comparative Price Change & Total Value

Rank	Stock	Last Traded Price (in P)	Comparative Price Change (%)		Total Value (in P'000)
			1 Week	4 Weeks	
1	Central Azucara de Terlac	13.00	52.94	52.94	2,092
2	Euro-Med Laboratories Philippines, Inc.	1.58	49.06	-7.06	2
3	Metro Pacific Tollways Corporation	1.20	17.65	13.21	7
4	Swift Foods, Inc.	0.1950	30.00	25.81	15,777
5	Omico Foundation	0.0110	29.41	29.41	26,611
6	JG Summit Holdings, Inc.	12.0000	27.66	21.21	230,044
7	RFM Corporation	0.99	25.32	41.43	47,694
8	Vulcan Industrial & Mining	0.93	24.00	82.35	2,971
9	First Gen Corporation	11.50	21.05	12.20	990,297
10	Aboitiz Equity Ventures	18.75	20.97	22.95	385,672

Philippine Stock Exchange Weekly Top Gainers May 11 - 14, 2010

PER, EPS & BPV

Rank	Stock	PER	EPS	PBV
1	Central Azucara de Terlac	8.73	1.49	0.42
2	Euro-Med Laboratories Philippines, Inc.	18.22	0.09	1.43
3	Metro Pacific Tollways Corporation	59.92	0.12	5.73
4	Swift Foods, Inc.	-1.13	-0.17	1.13
5	Omico Foundation	54.49	0.0002	1.26
6	JG Summit Holdings, Inc.	9.54	1.26	0.98
7	RFM Corporation	8.59	0.12	0.61
8	Vulcan Industrial & Mining	-305.43	-0.003	0.86
9	First Gen Corporation	21.36	0.54	0.95
10	Aboitiz Equity Ventures	12.46	1.50	2.32

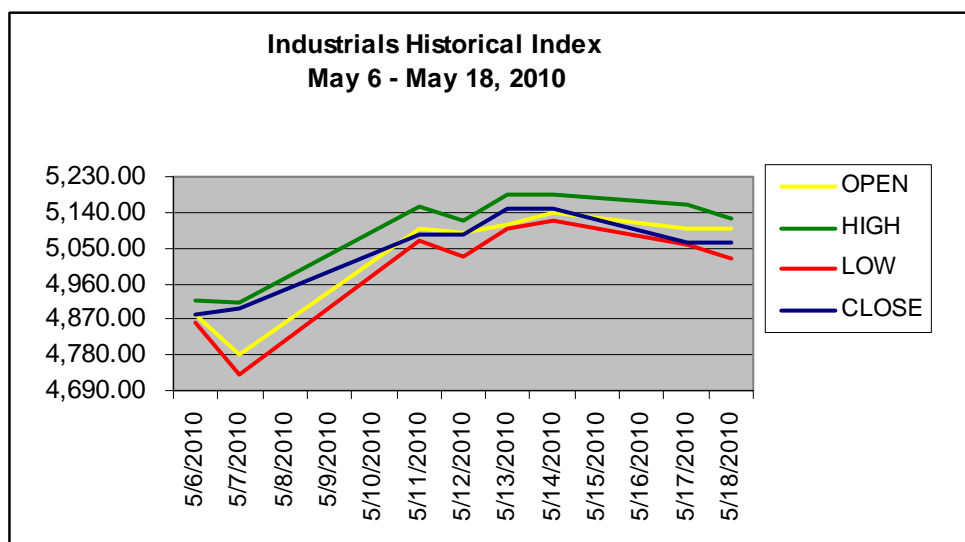
Source: Philippine Stock Exchange, Weekly Market Watch,

Philippine Stock Exchange Index Composition for Industrials

As of TUE MAY 18, 2010 12:10:00 PM

SECURITY NAME	PRICE	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% V
ALASKA MILK CORPORATION	10.75	878,977,202	46.0 %	4,346,542,263.89	1.
AgriNurture, Inc	13.50	195,303,871	26.0 %	685,516,587.21	0.
Aboitiz Power Corporation	16.75	7,358,604,307	23.0 %	28,349,023,092.72	10.
SOUTHEAST ASIA CEMENT HOLDINGS, INC.	0.92	6,449,920,939	16.0 %	949,428,362.22	0.
ENERGY DEVELOPMENT (EDC) CORPORATION	5.10	18,750,000,000	60.0 %	57,375,000,000.00	21.
EEl CORPORATION	3.55	1,036,281,485	43.0 %	1,581,883,686.85	0.
FIRST GEN CORPORATION	11.25	3,362,559,802	20.0 %	7,565,759,554.50	2.
FIRST PHILIPPINE HOLDINGS CORPORATION	56.00	595,483,749	55.0 %	18,340,899,469.20	6.
GINEBRA SAN MIGUEL, INC.	31.50	280,720,222	23.0 %	2,033,818,008.39	0.
HOLCIM PHILIPPINES, INC.	5.70	6,452,099,144	15.0 %	5,516,544,768.12	2.
JOLLIBEE FOODS CORPORATION	61.00	1,033,254,529	38.0 %	23,950,839,982.22	9.
MANILA ELECTRIC COMPANY	166.00	1,127,271,117	22.0 %	41,167,941,192.84	15.
MUSX CORPORATION	0.0825	2,450,000,000	96.0 %	194,040,000.00	0.
MANILA WATER COMPANY, INC.	15.50	2,005,667,966	70.0 %	21,761,497,431.10	8.
PETRON CORPORATION	6.70	9,375,104,497	9.4 %	5,904,440,812.21	2.
Pepsi-Cola Products Philippines, Inc.	2.80	3,693,772,279	38.0 %	3,930,173,704.86	1.
Phoenix Petroleum Philippines, Inc.	7.00	260,160,677	23.0 %	418,858,689.97	0.
San Miguel Brewery, Inc.	10.00	15,410,478,960	0.6 %	924,628,737.60	0.
SAN MIGUEL CORPORATION "A"	73.00	1,454,092,549	11.0 %	11,676,363,168.47	4.
SAN MIGUEL CORPORATION "B"	73.00	840,786,933	12.0 %	7,365,293,533.08	2.

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

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