

## Industry Updates

For the period: April 28-May 9, 2008

### KPMG Philippines weekly Consumer Markets news summary

*This publication is a summary of publicly reported information, the accuracy of which has not been verified by KPMG.*

#### Consumer Markets



#### In the news

#### Procter and Gamble says RP one of top priorities, to hire more workers

Top consumer goods maker Procter & Gamble (P&G) Philippines is targeting double-digit sales growth this year on the back of strong demand for its beauty, laundry and other personal care products.

P&G President and General Manager James M. Lafferty said revenues would likely hit P30 billion for fiscal year 2007, which ends in May.

“The Philippines is one of the top global priorities for P&G,” he told reporters at yesterday’s inauguration of the company’s new P380-million warehouse in Cabuyao, Laguna. P&G Philippines, which was established 75 years ago, is the multinational’s third oldest subsidiary in the world.

In 2005, P&G pledged to invest an additional P1.5 billion in its Philippine operations in three years, a part of which was to be used to expand the capacity of the existing facility.

*Source: BusinessWorld Vol. XXI, No. 197. B.S. Sto. Domingo. Thursday, May 08, 2008.*

#### China approves mango shipments from eight RP companies

Beijing has given the go signal for eight Philippine companies to export mangoes to China starting this month, a move that is expected to benefit the country’s 2.5 million growers of this fruit, the Department of Agriculture said in a press release yesterday.

The statement quoted Agriculture Secretary Arthur C. Yap as identifying the eight exporters as Fruitful Harvest Corporation, Mabuhay 2000 Inc., Phil-Harvest Agro Marketing Corp., Diamond Star Agro Products Inc., DHM Philippine Produce Inc., Wenatchee Marketing Corp., HiLas Marketing Corp. and Marsman Drysdale Food Corp.

Beijing’s approval was relayed in a letter sent last April 18 by Liang Wen Tao, the Chinese Embassy’s economic and commercial counselor, to Agriculture Undersecretary for Special Concerns Berna Romulo Puyat.

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San Miguel Beer gets ‘strong buy’ rating

Dole Philippines may sell more locally

Coco export volume jumped 182% in January

Philip Morris to invest P800M in next three years, expects growth despite ban on ads

Maker of Jack ‘n Jill snack food acquires Granny Goose brands

SM Prime Q1 profit up 7% at P1.6B

Singapore okays RP pork exports

Mr. Puyat said the department expects China's approval of Philippine mango exports would translate into higher incomes for some 2.5 million mango farmers in the country.

Source: *BusinessWorld* Vol. XXI, No. 197. Thursday, May 08, 2008

### San Miguel Beer gets 'strong buy' rating

A leading investment house has rated San Miguel Brewery Inc. stock a "strong buy," citing high profitability, strong brand loyalty, market dominance, and unmatched distribution as major deciding factors.

SMBI is set to debut in the Philippine Stock Exchange (PSE) on Monday, after a successful initial public offering (IPO). The offering is over-subscribed.

In a circular issued to investors recently, Asiasec Equities, Inc. said it gave its strongest recommendation for the 118-year-old brewer for several reasons.

"There is no doubt that the San Miguel Beer franchise stands out in terms of growth potential and profitability. Amongst other comparable businesses, it is actually priced at the lower end of the range," the statement said.

It added that "in contrast to companies that priced themselves out leaving nothing for equity investors, SMB management's decision to price at the low-end and to proceed with the IPO despite weak market conditions demonstrates that is not "greedy."

Source: *Philippine Star*. Saturday, May 10, 2008.

### Dole Philippines may sell more locally

Major fruit exporter Dole Philippines, Inc. is looking at selling more of its products locally over the next couple of years, even as it focuses on improving exports.

The company does not expect growth double-digit growth this year due to rising fuel and raw material costs, as well as the dollar's weakness, Dole Philippines Vice-President and Managing Director Kevin Davis said in a recent interview.

Dole is trying to improve its exports to Asia, the Middle East, New Zealand, Australia, the United States and Europe. "Our domestic market is fairly small — less than 5%. We will increase it when opportunities arise," he said.

Mr. Davis said this year's growth would also depend on the weather. "We still expect positive growth both for domestic and export markets," he added. He said the company plans to expand its Mindanao plantation, product line and other facilities, but declined to say how much Dole is investing.

Source: *BusinessWorld* Vol. XXI, No. 193-A. Saturday, May 3, 2008.

### Coco export volume jumped 182% in January

Coconut exports jumped 182 percent in January to 212,378 metric tons in copra terms, valued at \$156.39 million, from 75,277 metric tons worth \$42.38 million a year earlier, the Philippine Coconut Authority (PCA) reported.

Coconut oil exports surged 323 percent to 121,766 metric tons from 28,777 in January last year. Europe, mainly Netherlands, was the top destination, taking in 42.3 percent of the volume. The United States took 41 percent and Malaysia 7.1 percent.

Copra meal exports rose to 36,031 metric tons from 20,989 metric tons in January last year. South Korea remained as the main destination, taking 41.6 percent of total.

Exports of other coconut products also expanded significantly in volume. Coconut shell charcoal rose 67.6 percent to 1,407 metric tons, activated carbon 102.5 percent to 2,648 metric tons, and glycerin 676.8 percent to 1,624 metric tons.

Source: *Philippine Daily Inquirer*. Wednesday, May 7, 2008.

### **Philip Morris to invest P800M in next three years, expects growth despite ban on ads**

Philip Morris, Inc. has earmarked \$21 million or more than P800 million worth of investments in machinery and equipment for its local operations within the next three years as it capitalizes on the increasing number of Filipinos hooked on cigarettes.

The tobacco firm still expects growth in the local market despite numerous health warnings against tobacco products.

"The cigarette market in the Philippines is not dropping. There is still some growth in terms of volume. We are also looking at supplying other markets of cigarettes [in Asia Pacific] from our Tanauan factory," Mr. Gomez said in an interview yesterday.

The cigarette company presented its investments plans in a meeting with Finance Secretary Margarito B. Teves on Wednesday. deal for diabetics.

Source: *BusinessWorld* Vol. XXI No. 193. Friday, May 2, 2008.

### **Maker of Jack 'n Jill snack food acquires Granny Goose brands**

Gokongwei-Led Universal Robina Corp. has acquired new brand names to expand its snacks portfolio, baring yesterday the purchase of the manufacturing assets of the country's second largest corn chips manufacturer.

Universal Robina is taking over the assets of General Milling Corp., maker of corn- and wheat-based snacks such as Kornets, Tortillos and Brew Bud under the Granny Goose mother brand.

"We are looking forward to this development. The heritage of the Granny Goose brand, as well as [General Milling's] diverse snacks lineup, will complement and grow our existing snack food operations," Universal Robina President and Chief Operating Officer Lance Y. Gokongwei said in a statement.

Universal Robina shares closed unchanged yesterday at P14.

Source: *BusinessWorld* Vol. XXI, No. 198. Ruby Anne M. Rubio. Friday, May 9, 2008.

### **SM Prime Q1 profit up 7% at P1.6B**

Mall developer SM Prime Holdings Inc. reported a seven-percent growth in first-quarter net income to P1.6 billion from P1.5 billion in the same period last year.

The company, controlled by the family of mall magnate Henry Sy Sr., said gross revenues rose eight percent to P3.82 billion from P3.55 billion, largely due to increased rental revenues after three malls opened in 2007: SM City Bacolod, SM City Taytay and SM Supercenter Muntinlupa.

Rental revenues from all of the SM group's malls, which accounted for 85 percent of total income, grew 10 percent year-on-year to P3.26 billion from P2.96 billion. Absence of blockbuster movies resulted in flat growth in cinema ticket sales.

Operating income rose nine percent to P2.2 billion, mainly due to cost-saving measures in the malls, the company said.

This year, SM Prime is to open more malls: SM City Marikina City, SM City Baliuag in Bulacan province and SM Supercenter Rosales in Pangasinan province. These will bring the total number of SM malls to 33.

Source: *Philippine Daily Inquirer*. Elizabeth Sanchez-Lacson. Thursday, May 8, 2008.

### Singapore okays RP pork exports

Singapore has finally approved the country's bid to export pork by accrediting a local firm, National Meat Inspection Service (NMIS) officials yesterday said.

Jane C. Bacayo, NMIS executive director, said Matutum Meat Packing Corp. had been given the green light to ship frozen pork meat by the Agri-Food and Veterinary Authority of Singapore (AVA).

A check with AVA's website showed that as of last April 28, the list of countries approved to export beef, mutton, pork and poultry to Singapore included the Philippines with one pork exporter.

Source: *BusinessWorld* Vol. XXI, No. 195. Romer S. Sarmiento. Tuesday, May 6, 2008.

### Feedback

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