

Bakery ingredients and intermediates China

Market Insight

June 2016

GIRACT

Giract - Introduction

- ❖ Active since 1970 (Gira) and 1989 (Giract) in market research and consultancy
 - ❖ Additives/ingredients for Food & Drink Industry
 - ❖ Fine Chemicals/Pharmaceuticals and Intermediates
 - ❖ Associated Technologies from biotech to packaging, process, medical engineering, waste recycling...
- ❖ Nutrition and Health focus for research, consultancy and strategy planning
- ❖ New focus into developing markets – Asia, Eastern Europe, Latin America, Middle East and Africa



Selected Global Clients



Scope

- **Geographic:** China
- **Ingredients:**
 - Improvers: flour correctors/improvers (which often contain emulsifiers, enzymes, preservatives, etc.). May contain flour
 - Pre-mixes: ready-to-use mixes with part (typically 50–80%) flour addition
 - Mixes: ready-to-use complete mixes
 - Sourdough: ready-to use starters and mixes
 - Margarines: vegetable fats for use baked-goods
 - Enzymes: bakery enzymes such as alpha-amylase, glucose oxidase or lipase
 - Emulsifiers: dough strengtheners and dough softeners
- **Demand Sectors**
 - Bread: Volume and flat breads falling under soft and crusty categories
 - Morning and fried goods: Viennoiserie and fried goods

(Both bread and morning/fried goods also to include semi-finished forms)

 - Frozen goods: Frozen dough (2 types – prefermented frozen, unfermented frozen) and baked frozen (2 types – Fully baked frozen, par baked frozen)

Demographics

The south and East are clusters of bakery production and consumption due to various macro factors



Urban population has greater purchasing power
cultural exchanges

Technology and infrastructure access is improved in urban areas



The market potential in just a few urban pockets is greater than many individual countries

Local vs western products

Reliable estimates are not available, but local bread and pastry is by far the most popular based on indications



50%!

Urban population consumes wheat through processed foods

Western bakery is considered premium, hence popular with urban middle class

Bakery sector - China

Considerable business potential lies in the urban areas despite logistical challenges



The total revenue of the China Bakery market was ~USD 28.2 bio

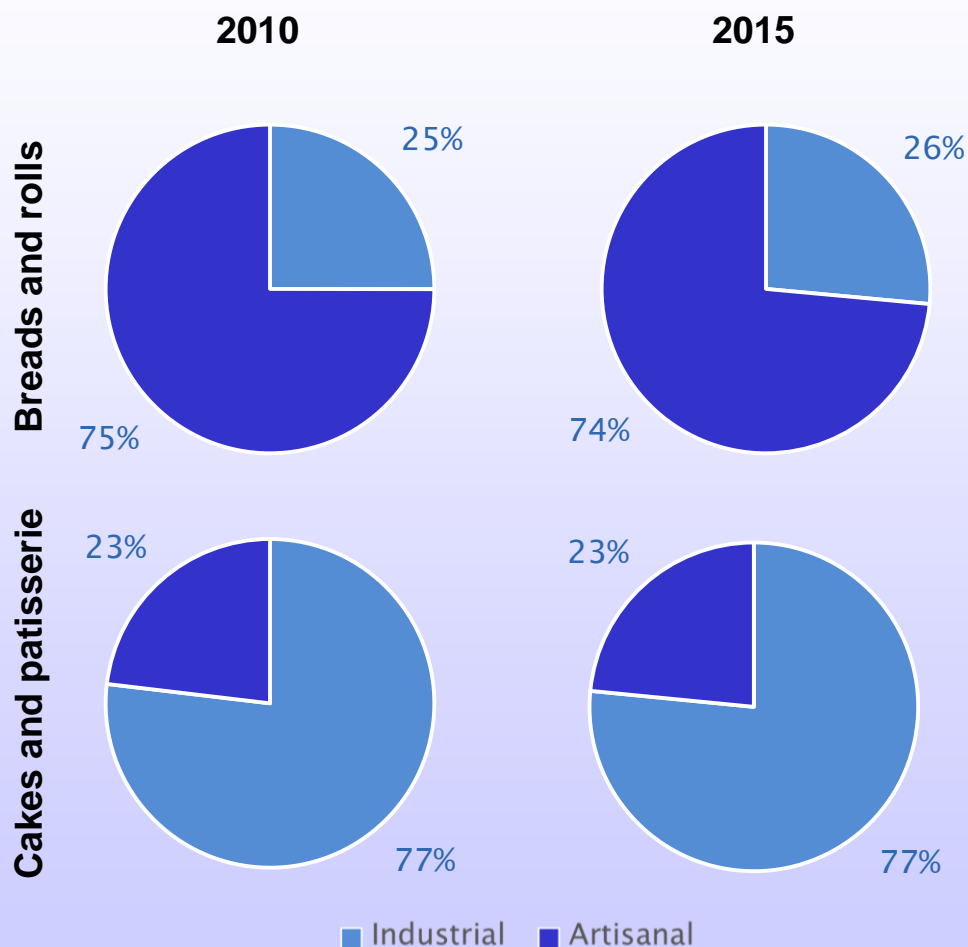
Imports accounted for ~USD 0.5 bio of this market

Volume CAGR was 13.8% (2010–2015). Forecast to 2020 is ~7.5%

The manufacturer base is highly fragmented and localized

Industrial production of baked goods

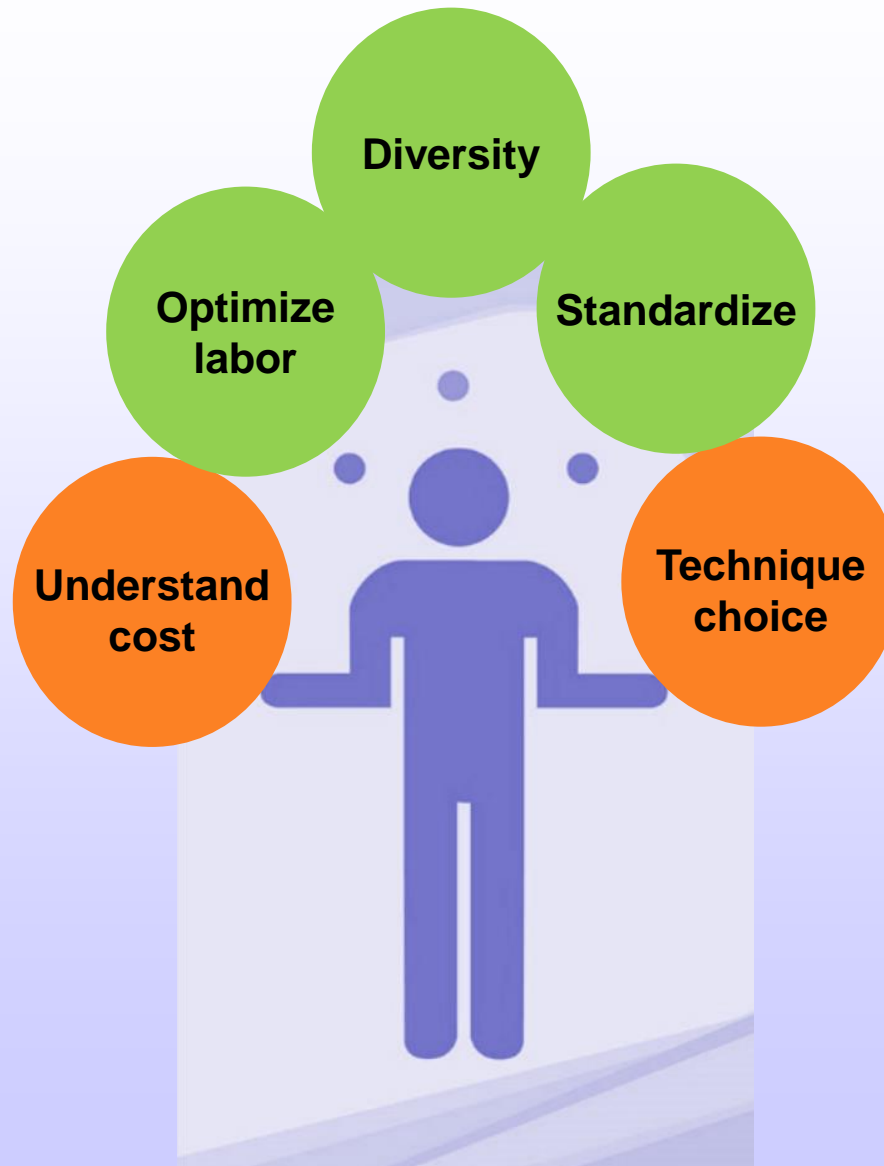
Many indicators point to bread production being highly distributed but biscuits, cakes and pastry production being industrialized



According to the China association of bakery and confectionery industry (in 2012):

- There were 70,000 bakeries employing 80 mio people
- Of this 1036 has a revenue above CNY 20 mio (~USD 3 mio)
- 606 enterprises were involved in biscuit manufacture
- 430 enterprises were involved in pastry manufacture

Advantages and challenges in Frozen technologies



Opportunities/challenges for bakery ingredients/ solutions



Fast growing and maturing market

Diverse western products being introduced

Multinational chain bakers gaining a strong foothold with aggressive growth plans

Northern and interior markets being tapped

Seasonal demand fluctuations are being met

Cold chain logistics need to be developed

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