EPAP
ETHANOL PRODUCERS ASSOCIATION OF THE PHILIPPINES

THE PHILIPPINE ETHANOL INDUSTRY

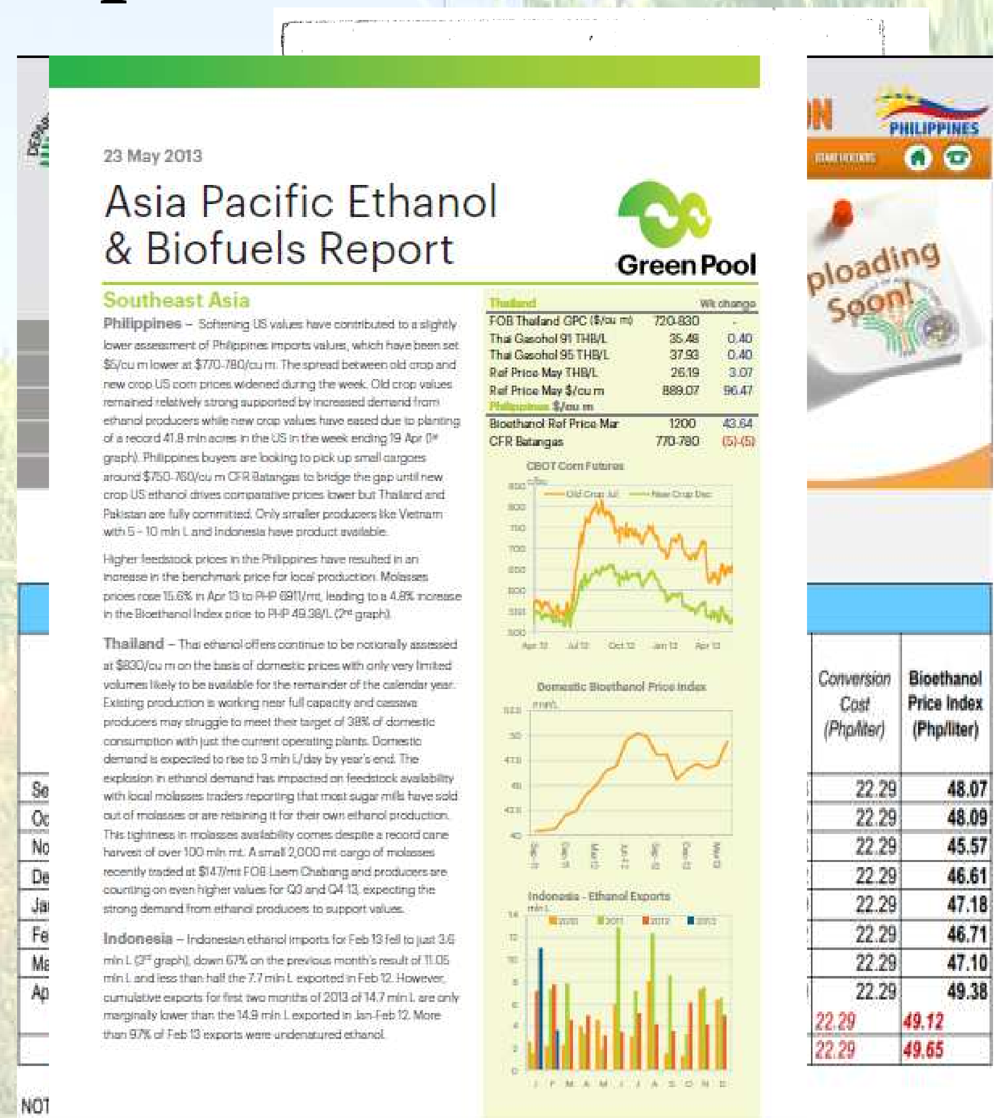
Sugar Asia 2013
Queen Sirikit National Convention Center
Bangkok, Thailand
28-29 May 2013

OUTLINE

- Where is the Philippine Ethanol Industry in 2013?
- What are the constraints and drivers of growth?
- What is the future of the Industry?

What took place prior to 2013?

- Mandated biofuels market, i.e. E10, B2
- Optimization of locally-produced bioethanol
- Reference Price for locally produced bioethanol



Where is the Philippine Ethanol Industry in 2013?

- High cost due to feedstock cost
- Only 4 plants (21 proposals 2006, 8 registered for investment incentives)

23 May 2013

Asia Pacific Ethanol & Biofuels Report

Green Pool

Southeast Asia

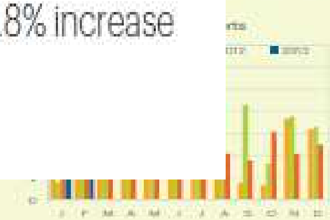
Philippines – Softening US values have contributed to a slightly lower assessment of Philippines imports values, which have been set $5/cu m lower at $770-780/cu m. The spread between old crop and new crop US corn prices widened during the week. Old crop values remained relatively strong supported by increased demand from ethanol producers while new crop values have eased due to planting of a record 41.8 mln acres in the US in the week ending 19 Apr (1st graph). Philippines buyers are looking to pick up small cargoes around $750-760/cu m CFR Batangas to bridge the gap until new crop US ethanol drives comparative prices lower but Thailand and Pakistan are fully committed. Only smaller producers like Vietnam with 5 – 10 mln L and Indonesia have product available.

Higher feedstock prices in the Philippines have resulted in an increase in the benchmark price for local production. Molasses prices rose 15.6% in Apr 13 to PHP 6911/mt, leading to a 4.8% increase in the Bioethanol Index price to PHP 49.38/L (2nd graph).

Thailand – Thai ethanol offers continue to be notionally assessed at $830/cu m on the basis of domestic prices with only very limited volumes likely to be available for the remainder of the calendar year.

Thailand		Wk change
FOB Thailand GPC ($/cu m)	720-830	-
Thai Gasohol 91 THB/L	35.48	0.40
Thai Gasohol 95 THB/L	37.93	0.40
Ref Price May THB/L	26.19	3.07
Ref Price May $/cu m	889.07	96.47
Philippines $/cu m		
Bioethanol Ref Price Mar	1200	43.64
CFR Batangas	770-780	(5)-(5)

Domestic Bioethanol Price Index



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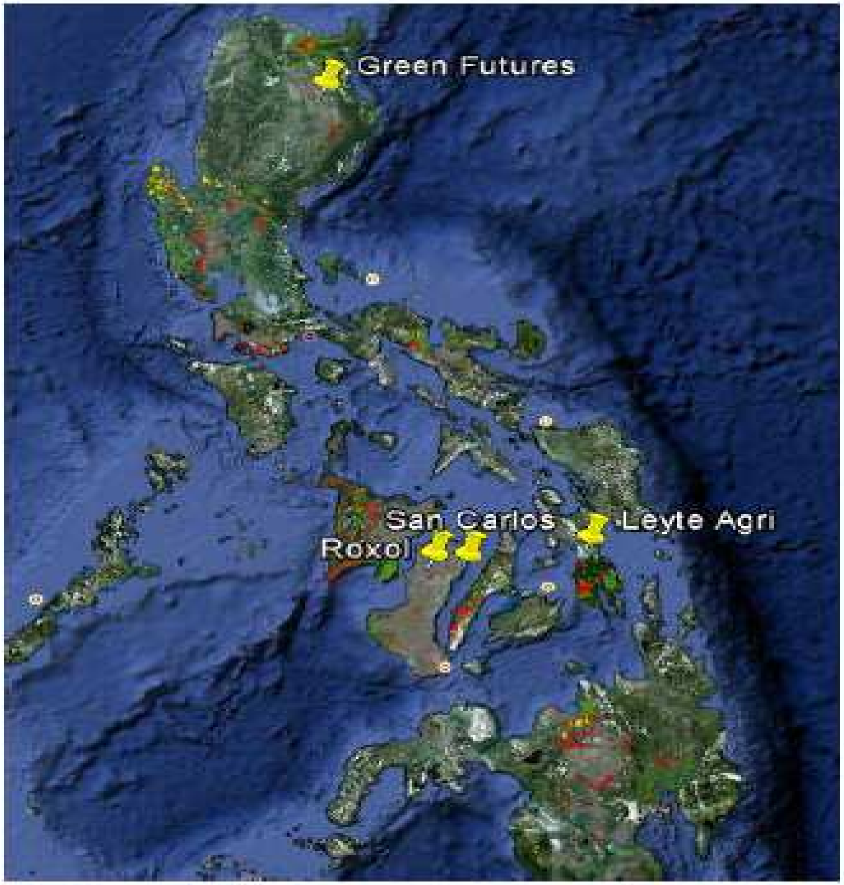
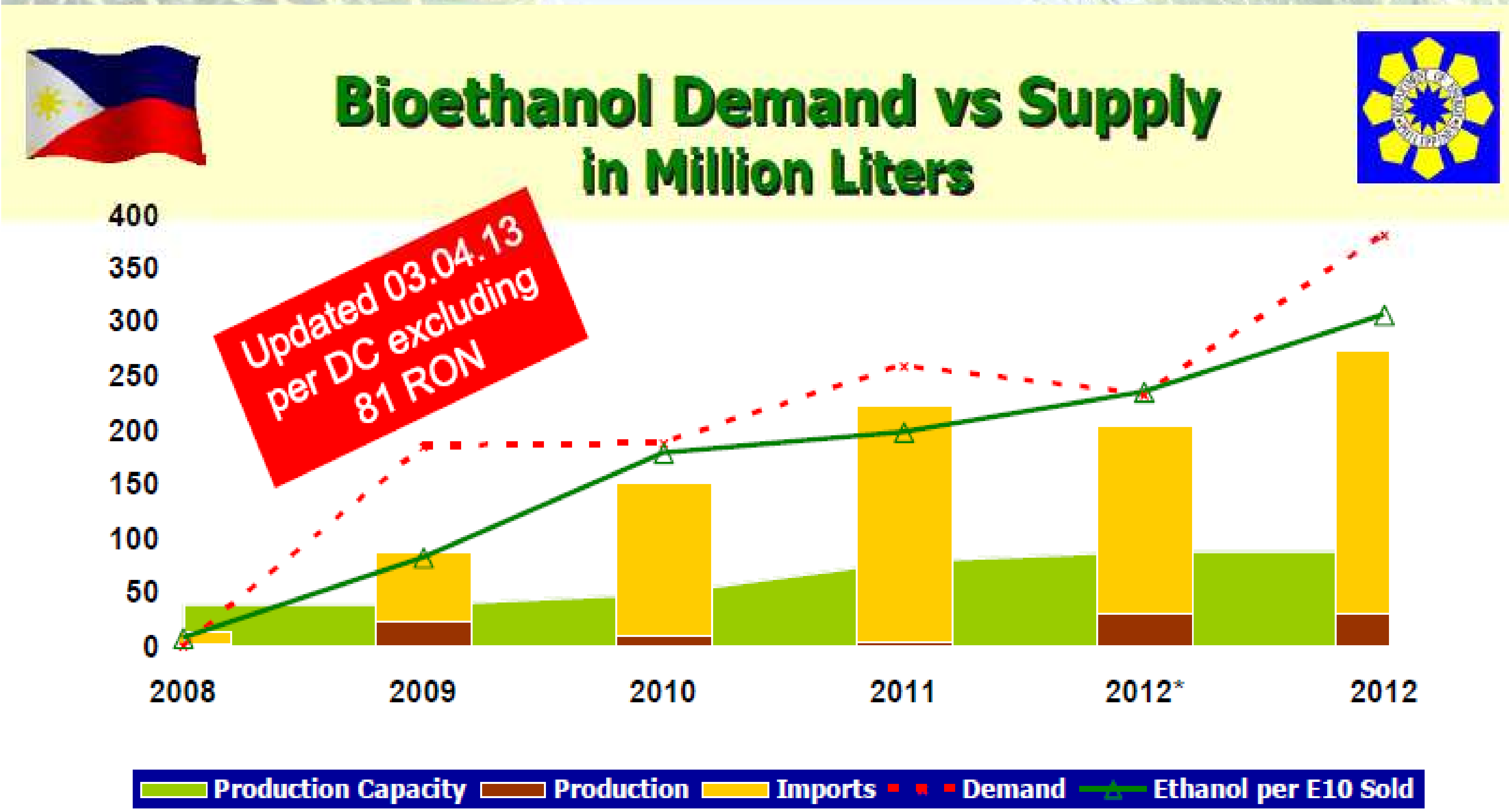
Where is the Philippine Ethanol Industry in 2013?

- 4 operational distilleries: 1 in Luzon, 1 in Leyte and 2 in Negros
- 133 million liters annual production capacity
- 3 distilleries use molasses feedstock
- Balance of mandated blend volume is imported, usually imported through Subic Free Port
- Main market is in Luzon



Source: SRA/Alisla, 2013

What are the constraints and drivers of growth?



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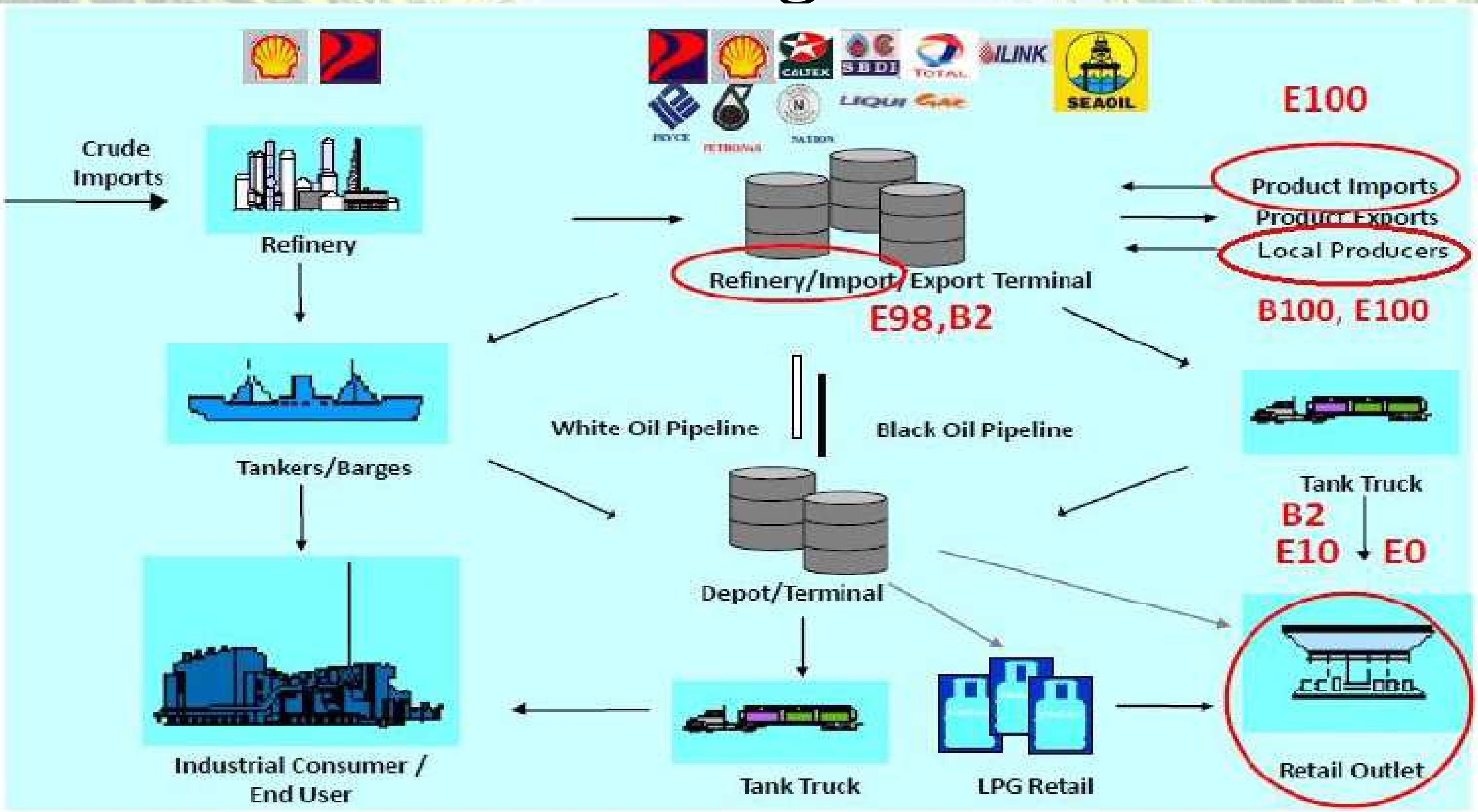

What are the constraints and drivers of growth?

ITEM	BIOETHANOL PRODUCERS	PROJECT LOCATION	Feedstock	PRODUCTION CAPACITY per YEAR in Million liters	STORAGE CAPACITY in MILLION liters	REMARKS
1	San Carlos Bioenergy, Inc.	San Carlos City, Negros Occ.	Sugarcane	40	3	Operational
2	Leyte Agri Corp.	Ormoc City, Leyte	Molasses	9	0.75	Operational
3	Roxol Bioenergy Corporation	La Carlota, Negros Occidental	Molasses	30	12	Operational
4	Green Future Innovations, Inc.	San Mariano, Isabela	Sugarcane	54	7	Operational
		TOTAL		133	22.75	

What are the constraints and drivers of growth?

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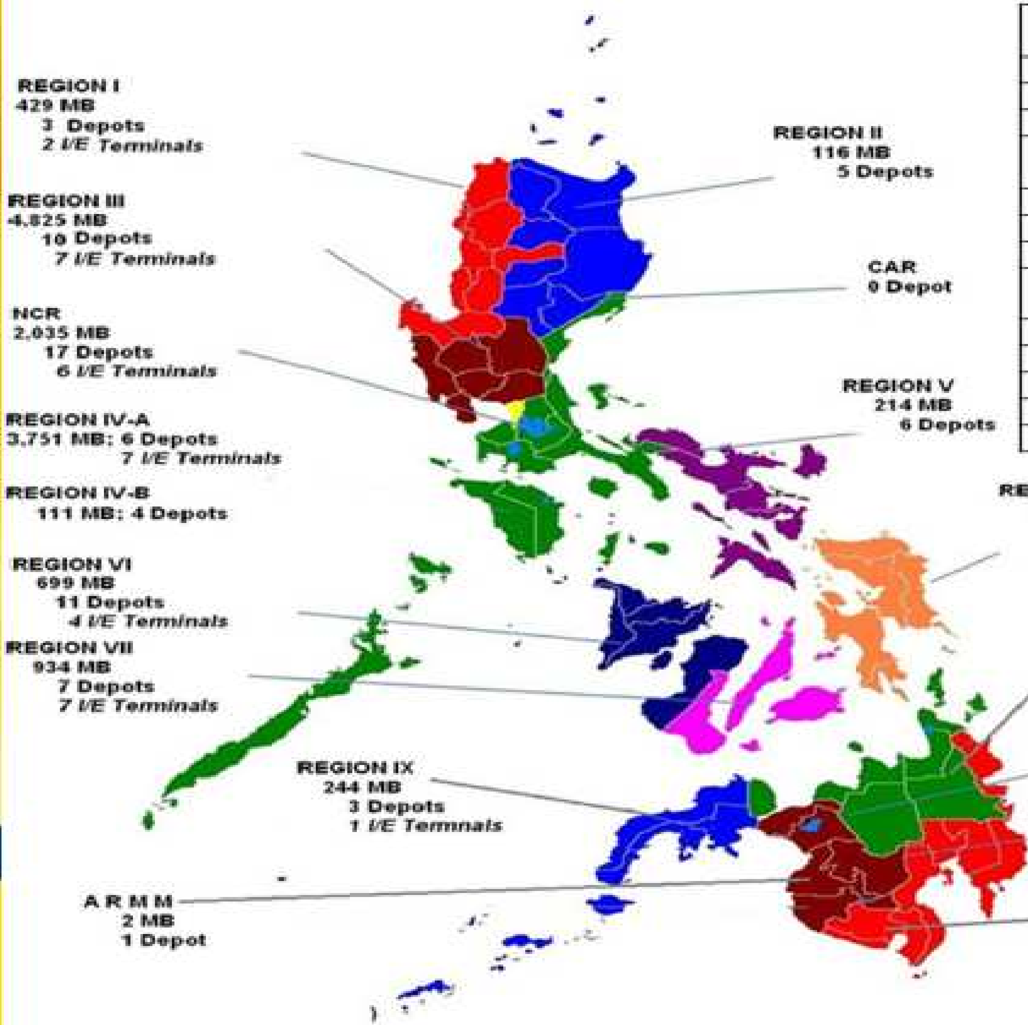
	REGISTRATION WITH NOTICE TO PROCEED				
1	Cavite Biofuels Producers Inc.	Magallanes, Cavite	34.4	Sugarcane	for construction
2	Canlaon Alcogreen Agro Industrial Corp.	Bago City, Negros Occ	45	Sugarcane	for construction
3	Universal Robina Corporation	Brgy. Tamisu, Bais, Negros Oriental	30	Molasses	pending
		TOTAL	109.4		

What are the constraints and drivers of growth?

REGIONAL DISTRIBUTION OF OIL DOWNSTREAM FACILITIES as of Feb 2012				
DEPOT	Depot	thousand barrels (MB)	million liters	Required** in
Major	39	2,413	384	61
Others	59	1,931	307	49
TOTAL DEPOT	98	4,344	691	110
IMPORT/EXPORT TERMINALS				
Major	15	4,295	683	109
Others	30	c 6,643	1,056	168
TOTAL TERMINALS	45	10,938	1,739	276
REFINERY *(Crudes & Products)*				
Petron - Limay, Bataan	1	10,015	1,592	253
Shell - Tabangao, Batangas	1	5,219	830	132
TOTAL REFINERY	2	15,234	2,422	385
TOTAL	145	30,516	4,852	771
** Conversion, li/bbl :	158.984			
Note : Exclude non-operational depots and I/E Terminal				
Source : DOE updated Feb 2012				

What are the constraints and drivers of growth?



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REGIONS WITH CLOSED DEPOTS		
REGION	No. of Depots	Capacity (MB)
I	1	11
III	4	186
IV	1	0
CAR	1	0
LUZON	7	197
VII	2	50
VIII	1	12
VISAYAS	3	62
X	1	42
XI	1	1
XII	2	38
MINDANAO	4	81
TOTAL (COUNTRY)	14	340

What are the constraints and drivers of growth?

Cane Farmers

60,000 farmers

422,384 hectares of sugarcane plantations

57 TC/Ha

Sugar Processors

28 Sugar Mills + 14 Sugar Refineries

66% capacity utilization of mills

Bioethanol Producers

4 Bioethanol Distilleries

25% Production capacity of mandated market

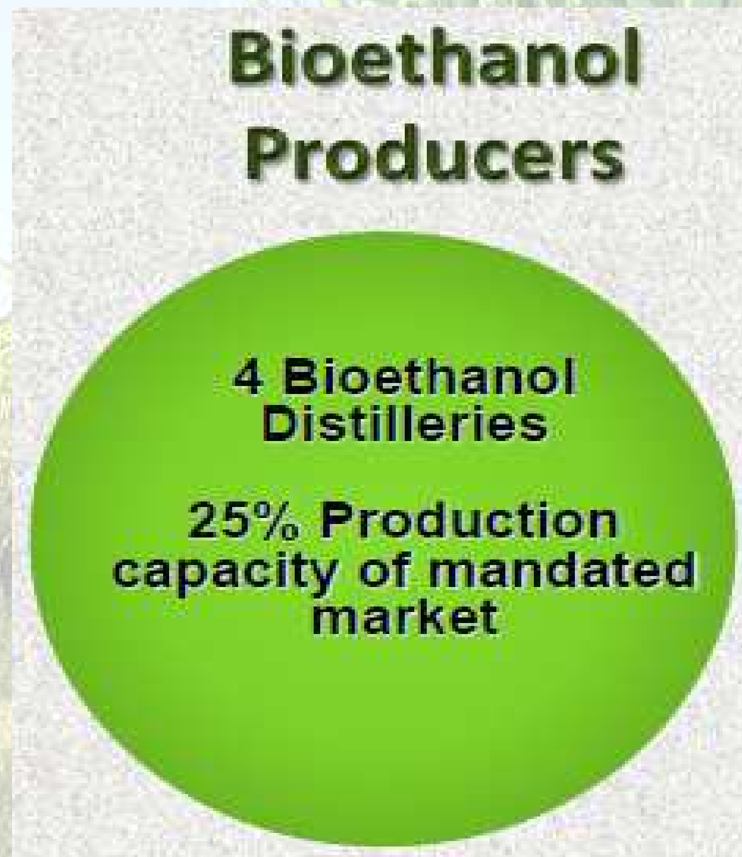
86% of farms are 10 hectares & below in area!

Source: SRA/Alisla, 2013

What are the constraints and drivers of growth?

21 proposals, why only 4 built plant?

- Delayed implementation
- Low tariff @ 1%
- Policy reversal

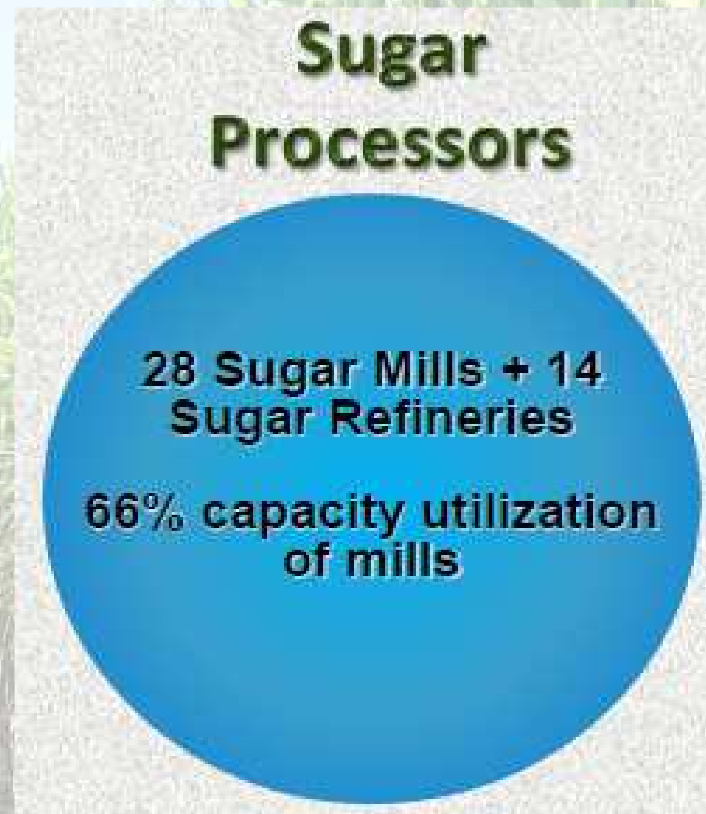


Continue full implementation of biofuels law

What are the constraints and drivers of growth?

Produced only for local and US exports

- Improve Mill Utilization
- Generate power for the grid (biomass power)

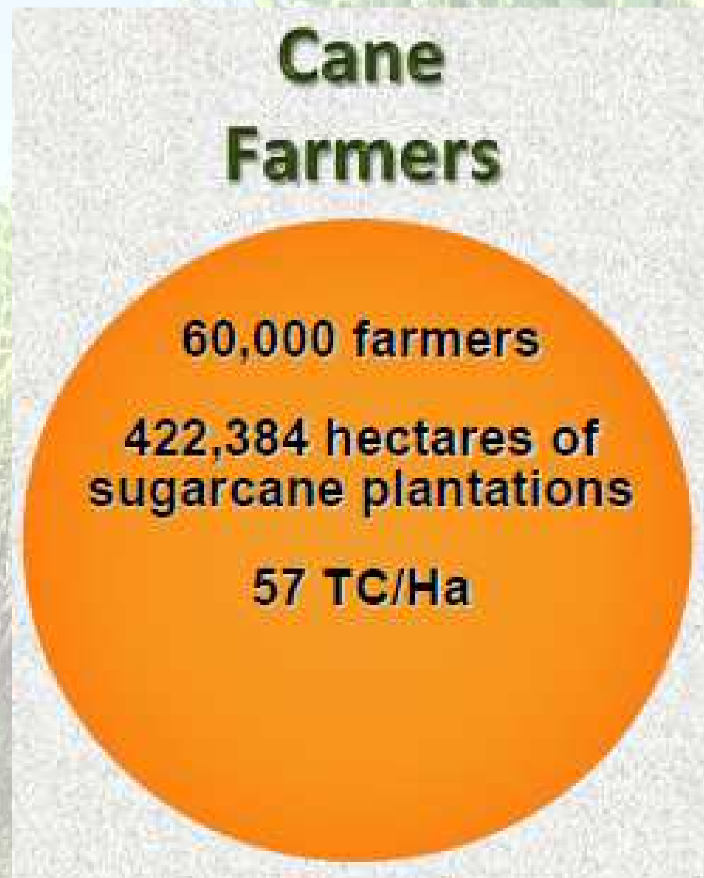


Take advantage of Renewable Energy Law

What are the constraints and drivers of growth?

All cane plantations were distributed to CARP beneficiaries

- Block farming
- Address productivity issues



What are the constraints and drivers of growth?

Cane Farmers	Sugar Processors	Bioethanol Producers
60,000 farmers 422,384 hectares of sugarcane plantations 57 TC/Ha	28 Sugar Mills + 14 Sugar Refineries 66% capacity utilization of mills	4 Bioethanol Distilleries 25% Production capacity of mandated market
✓	✓	✓

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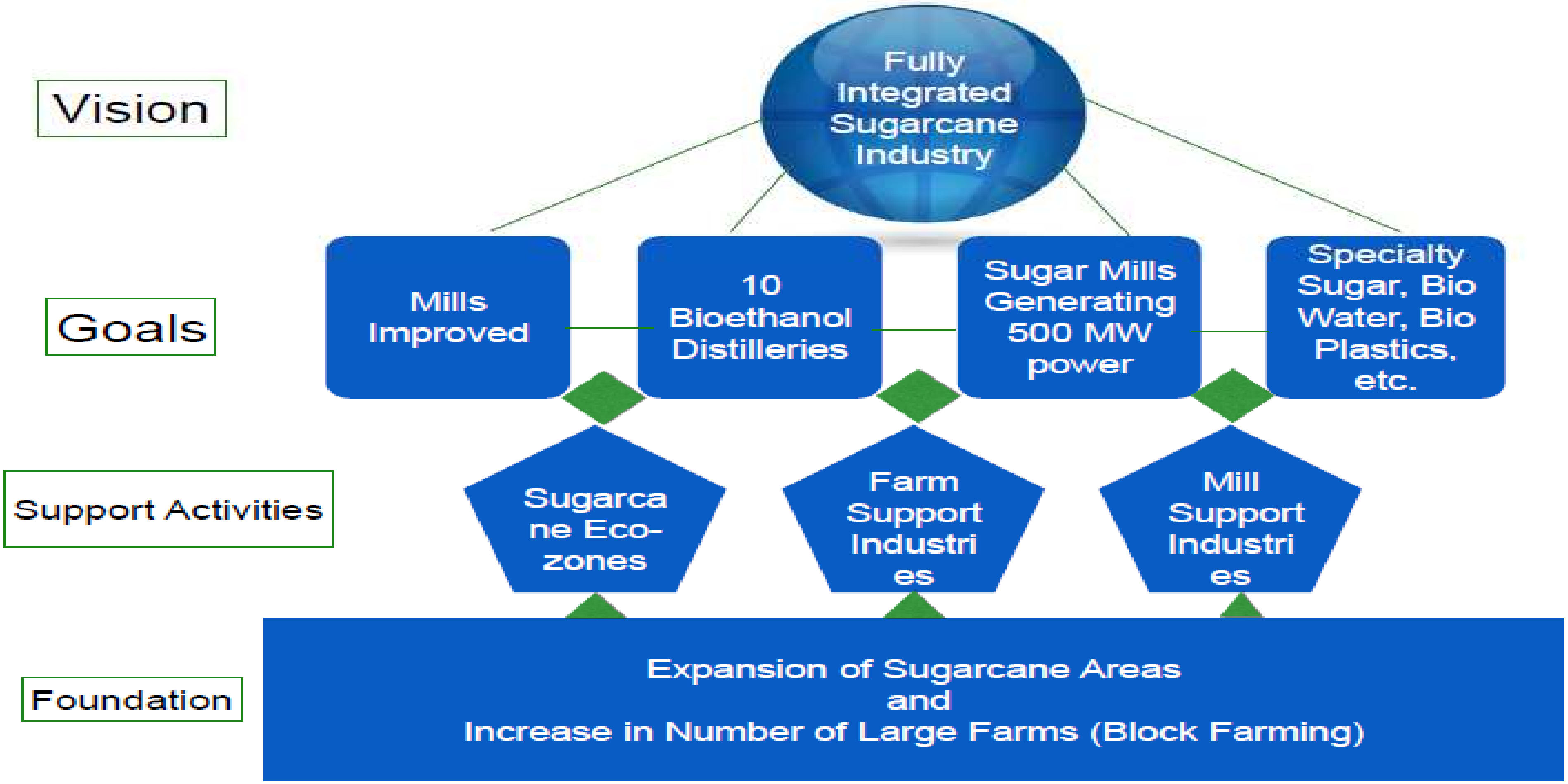
Source: SRA/Alisla, 2013

What is the future of the Industry?



Source: Sugar Regulatory Administration

MARAMING SALAMAT

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San Carlos Bioenergy, Inc.
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