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Axelum expands spray-drying line

INTEGRATED coconut manufacturer Axelum Resources Corp. has completed the expansion of the spray-drying line in its plant in Medina, Misamis Oriental. The project is in line with the company's program to upgrade its production facilities as it prepares for the growing global market for coconut-based products.

According to Axelum president Henry J. Raperoga, the P250-million project will increase the plant capacity from 10 metric tons (MT) of coconut milk powder per day to 20 MT per day. The doubled capacity translates to an annual capacity of 4,800 MT.

"The expansion utilizes the latest agglomeration technology in spray-drying," explained Raperoga. "Agglomeration is a process that makes the powder more dispersible or soluble when introduced to liquid."

"The new spray-drying line will allow us to develop new products from agglomerated – or instant – coconut milk powder," he said, adding that one such product is organic coconut milk powder.

Earlier this month, Axelum disclosed that it had closed a new order for organic coconut milk powder to be used as ingredient in a skin care product/supplement. The initial order, which is for export, is for 170 MT, worth an estimated US\$1.3 million.

Agglomerated organic coconut milk powder is a high-technology, higher-priced coconut milk variant that the company is introducing to address the pressing market demand for healthier products.

Raperoga had earlier reported that coconut milk powder has one of the highest margins among Axelum's product offerings. "If raw material costs are allocated equitably across our products, coconut milk powder is one of the most profitable for the company," he revealed.

"Pound-for-pound, the selling price of coconut milk powder is three to four times that of our mainline product desiccated coconut. Coconut milk powder and desiccated coconut are produced from the same raw material. Thus, the addition of this new spray-drying line enables us to shift production to higher margin products," he further explained.

He shared that health-conscious consumers worldwide are willing to pay a premium for healthy products and that the company plans to capitalize on this trend as well as continue to develop the market for coconut milk powder.

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“In particular, the company is exploring the introduction and production of more gluten-free, dairy-free, and organic variants of existing product offerings,” he said. “The expansion will permit us to actively pursue the development of these products.”

Coconut milk powder contains all the health benefits of liquid coconut milk. “The market is recognizing the added advantages of coconut milk powder such as ease of storage, longer shelf life, less wastage, and is more versatile to use,” said Raperoga.

In a research paper, the University of Asia & the Pacific noted that coconut milk powder exports from the Philippines grew by 38 percent per year on volume and 60 percent per year on value from 2008-2017. In 2018, exports stood at almost 2,300 tons worth US\$8.5 million. The Netherlands, Japan, the United States, France, and Australia are its main markets.

Data from Asian and Pacific Coconut Community (APCC), an intergovernmental organization of states in Asia-Pacific that produce coconuts, also showed that coconut milk powder exports experienced a seven percent average annual growth rate from 2006 to 2015.

“We estimate the levels to increase at a higher rate, especially with growing health awareness, which could drive the demand for organic coconut milk products,” said Raperoga.

The company manufactured 2.4 million MT of coconut milk powder in 2018; with exports totaling 1.3 million MT and the domestic market accounting for 872 MT. Coconut milk powder contributed P658 million to gross revenues in the same year.

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