



RANKING THE WORLD'S BIGGEST FLOUR MILLERS

Fast-growing Wudeli Group of China leads the way

by David McKee

Wudeli Flour Group has more than doubled its production capacity in the last eight years and now ranks No. 1 in installed capacity.

For the first time, *World Grain* has ranked and profiled the world's largest wheat milling groups. The picture is one of increasing consolidation but not yet on a global scale. Four of the top 10 companies have milling operations almost exclusively in China, including Wudeli, the largest by a wide margin. The greatest new capacity addition is happening mostly in China as well. The three U.S. companies making the list are limited to North America, with the exception of ADM's U.K. subsidiary. Nisshin Seifun has the most even distribution of operations among countries but is wholly absent from major parts of the world. Europe's largest milling group ranks just 10th globally and accounts for only 4% of the 70 million tonnes of wheat milled annually in the E.U.-27.

The capacity estimates and other information come from company websites, media reports and reliable industry sources, but *World Grain* cannot fully vouch for its accuracy.

1. Wudeli Flour Group

Headquarters: Daming, Hebei Province, China
Installed capacity: 45,000 tonnes per day

The world's biggest wheat milling company is situated in the heart of the North China Plain, the major growing zone in the top wheat-producing and consuming country. Wudeli has 15 milling subsidiaries in six contiguous provinces of northern China. Projects are un-

derway to build four greenfield mills of 3,000 to 5,500 tonnes per day capacity at new locations and to expand capacity at another six sites. All told, the company will add about 35,000 tonnes of new milling capacity to bring its total to 80,000 tonnes per day. Doubters need only to look at the company's track record. In 2012, daily capacity was 20,000 tonnes, already the largest among Chinese milling companies, but within six years had doubled to 40,000 tonnes. Once the current expansion goal is realized, Wudeli's domestic market share will climb to about 30%. Wudeli's mammoth plants operate at about 90% capacity utilization compared to an average 40% utilization for second and third tier mills in China, so the pace of consolidation is bound to continue. The family-owned business only started milling wheat in 1989 and built its first 200-tonne-per-day mill in 1996. The company is managed by the two sons of the founder, Dan Hong, born in 1940, who still frequently reviews company financial reports.

2. Archer Daniels Midland Co.

Headquarters: Chicago, Illinois, U.S.
Installed capacity: 27,000 tonnes per day
Countries: United States, Canada, United Kingdom, Caribbean

By market share, Archer Daniels Midland (ADM) occupies the second or third position among milling com-



ADM Milling in 2018 expanded and modernized its flour mill located in Enid, Oklahoma, U.S..

panies in the United States, Canada and U.K., all mature markets where industry consolidation has largely run its course. In 2019 in Mendota, Illinois, U.S., ADM Milling opened the largest greenfield plant ever built in the United States with 30,000 cwts (1,800 tonnes) daily capacity. Seven mills in Canada process around 4,000 tonnes daily. Another seven in England and Scotland can grind 800,000 tonnes of wheat per year. ADM Milling operates wheat mills in four countries of the Caribbean basin. The largest is in Jamaica. ADM is the only wheat miller in Belize, Barbados and Grenada as well. ADM's 25% ownership of publicly traded Wilmar International means a large indirect stake in wheat milling in China, which is not counted in the above total.

3. Ardent Mills LLC

Headquarters: Denver, Colorado, U.S.
 Installed capacity: 26,000 tonnes per day
 Countries: United States, Canada, Puerto Rico

Ardent's 31 mills in 21 states account for about half of the flour sold in the U.S. market. Additionally, the company owns three mills in Canada and one in Puerto Rico. The company was formed in May 2014 as a joint venture that merged the milling operations of Cargill, ConAgra and CHS. The companies hold respectively 44%, 44% and 8% equity shares in Ardent. Before approving the transaction, U.S. anti-trust au-

thorities required the divestiture of a number of operations to limit the new company's market share to 50%. Rationalization of its network continues with the closure of three milling plants in 2019 and another scheduled for the first quarter of 2020, reducing installed capacity by 1,000 tonnes per day. Ardent's creation was the biggest step in Cargill's global withdrawal from wheat milling. During the last decade, the process also included the divestiture of flour milling companies in Australia, Argentina and Venezuela, all countries where the world's largest agribusiness firm was once the major player.

4. Wilmar International Limited

Headquarters: Singapore
 Installed capacity: 22,000 tonnes per day
 Countries: China, Indonesia, Myanmar

Wilmar is one of Asia's largest agribusiness company with \$44.5 billion in annual sales turnover in 2018 of which China accounted for 56%. Under the name Yihai Flour Company, it started building state-of-the-art wheat mills on greenfield sites in China over 12 years ago, around the time the Chinese government capped Wilmar's market share in soybean crushing. Yihai Flour operates more than 20,000 tonnes of milling capacity at 18 locations in 12 provinces with a grinding capacity of 6 million tonnes of wheat per year. Compared to those of Wudeli Group, Yihai's mills are smaller with



a wider geographical distribution from Heilongjiang and Liaoning provinces in the northeast to Fujian and Guangdong provinces in the south. It is also present in inland provinces like Yunnan, Sichuan and Shanxi. Yihai's mills are mostly situated near largest population centers in each province like Shenyang, Harbin and Kunming, as well as in Beijing and Shanghai. Industry sources report Yihai has projects underway for 19,000 tonnes of new capacity based on expansion at 11 existing locations and four greenfield sites. Wilmar operates two mills in Indonesia and has included a mill at its port complex in Myanmar.

5. PT Indofood Sukses Makmur,
Headquarters: Jakarta, Indonesia
Installed capacity: 20,600 tonnes per day

Indofood's Bogasari Flour Mills division boasts the world's single largest milling site. Located in the Port of Jakarta, a number of the site's 15 milling lines were expanded from 800 to 1,200 tonnes per day in the

Ardent Mills' flour mill in Puerto Rico, which was damaged by a hurricane in 2017.

Photo courtesy of Ardent Mills



Indofood's Bogasari Flour Mills operates the world's largest mill with 11,650 tonnes of daily production capacity.

last two years to raise total daily capacity to 11,650 tonnes, equivalent to 3.5 million tonnes of wheat annually. Bogasari's second mill in the port of Surabaya, at the eastern end of the densely populated island of Java, also ranks globally among the biggest at 6,150 tonnes per day. Expansion in Cibitung in West Java near Jakarta will raise capacity there to 2,600 tonnes. The country's 270 million people are expected to continue eating more wheat-based products as incomes rise and diets diversify. Indofood takes 22% of Bogasari's output, mainly for noodle production at dozens of factories distributed throughout the vast archipelago. After Egypt, Indonesia is the world's No. 2 wheat importer at 11 million tonnes per year in 2019. Since deregulation of the industry in 1998, the number of milling companies has jumped from five to 28, resulting in a decline of Bogasari's market share to around 50%.

6. Nisshin Seifun Group

Headquarters: Tokyo, Japan
 Installed capacity: 20,000 tonnes per day
 Countries: Japan, United States, Canada
 Australia, New Zealand, Thailand, China

Founded in 1900 as Tatebayashi Flour Milling, Nisshin Seifun Group is Japan's largest wheat miller and one of its largest food companies. Faced with a declining population and stagnant consumption in its home

market, the company increasingly has looked overseas for growth. Its U.S. subsidiary Miller Milling, based in Minneapolis, Minnesota, operates six plants including three in California. Three of these locations were acquired from ConAgra and one from Cargill's Horizon Milling during the formation of Ardent in 2014, enabling Nisshin to become the fourth largest in the U.S. wheat flour market at around 4,000 tonnes (88,000 cwts) daily capacity. The company recently announced the closure of its 816-tonne-per-day mill in New Prague, Minnesota, U.S. Its first overseas milling venture was Rogers Foods with two mills in British Columbia, Canada, that also partially serve the U.S. market. Its next overseas move was in Thailand, where it built and operates two plants. In early 2019, Nisshin acquired Australia's market leader Allied Pinnacle Mills — originally a joint venture between GrainCorp and Cargill — from a private equity firm that had acquired it in 2017. The 11 milling sites in Australia combined with the two plants of Champion Flour Milling in New Zealand make Nisshin the largest milling company in Oceania.

7. COFCO Group

Headquarters: Beijing, China
 Installed capacity: 13,900 tonnes
 Countries: China

As a sprawling, state-owned, "national champion" food conglomerate with 409 billion yuan (\$58 billion) in annual revenues, COFCO differs sharply from its flour industry rivals. Domestic wheat milling is just a small part of its total business mix. COFCO's Hong Kong-listed China Agri Industries Holding Ltd. subsidiary reported 2019 first-half wheat products sales with a value of HK\$6.2 billion (U.S.\$1.46 billion), ranking it third behind the company's oilseed crushing (HK\$43 billion) and rice milling (HK\$9.1 billion) segments. COFCO's 16 milling sites are in 12 provinces and cities. Average mill size of below 900 tonnes results in part from COFCO's early history of rescuing failing government mills. Six of its sites are less than 600 tonnes per day. In the last year, COFCO acquired a 1,200-tonne-per-day mill in Tianjin to strengthen its position in the Beijing-Tianjin metropolitan region. In contrast to the organic growth models practiced by Wilmar and Wudeli, COFCO formerly relied on acquisitions but has more recently switched to building large-scale greenfield plants. Sources report that the company has projects to add 7,000 tonnes of capacity at three new locations, including expansion of its footprint by 3,000 tonnes in Henan, the Middle Kingdom's No. 1 wheat-growing province, where it already has 4,000 tonnes of capacity at four mills. Plants of 2,000 tonnes per day are also

planned for Inner Mongolia province and in Dongguan, Guangzhou province, China's leading export manufacturing hub.

8. Jinshahe Noodle Group

Headquarters: Xingtai, Hebei Province, China
Installed capacity: 11,000 tonnes
Countries: China

Jinshahe was founded in 1996 with a 15-tonne-per-day capacity mill. The private company has steadily expanded its wheat flour milling and pasta operations in parallel and at an accelerating rate. As of 2017, the company's website claimed daily milling capacity at 11,000 tonnes and noodle capacity at 2,800 tonnes per day. The company operates two giant mills, with 6,000 and 4,000 tonnes daily capacity in the cities of Shahe and Nanhe, respectively. Both are in the south of Hebei, the No. 2 province for wheat production after Henan. The Nanhe plant is undergoing a 50% capacity increase to 6,000 tonnes. Investment already has been made in a 1,500-tonne-per-day wheat mill in Alashankou, Xinjiang, province, directly on the border

with Kazakhstan. A regular supply of hard wheat and durum from the Central Asian steppes will enhance Jinshahe's ability to produce western-style pasta products. Sourcing wheat by rail from thousands of kilometers away is a clear case of mutual benefit arising from China's Belt and Road initiative. Insiders talk of company ambitions for a trio of 7,200-tonne-per-day mills in Anhui, Shaanxi and Henan provinces that would vault the noodle company to the No. 3 ranking globally.

9. Grain Craft

Headquarters: Chattanooga, Tennessee, U.S.
Installed capacity: 8,200 tonnes

Grain Craft resulted from the amalgamation of three leading independent U.S. milling companies: Cereal Food Processors, Milner Milling and Pendleton Flour Mills in 2014, the same year Ardent Mills was formed. The company operates 14 plants in eight states with coast-to-coast market coverage. At the time of the merger, Cereal Food Processors and the Milner/PFM combination were the nation's fourth and seventh largest wheat millers. The new entity, now based at Milner's for-

mer headquarters, ranks No. 3 in the hugely consolidated U.S. market. Rationalization of manufacturing, distribution, marketing and administration is a key priority.

10. **GoodMills Group GmbH** Headquarters: Vienna, Austria Installed capacity: 8,000 tonnes

The European Union's largest milling group has a market share of just 4%. GoodMills Group consists of 25 mills held in seven country-based subsidiaries. Total annual milling capacity is 2.8 million tonnes, with the 1.2 million tonnes at the eight sites of GoodMills Germany GmbH accounting for over 40% of the total. Poland and Hungary, each with four mills, are the second and third ranking subsidiaries by capacity at 530,000 and 300,000 tonnes per year. Austria, where the company is headquartered, has three milling locations. Other countries in the group include Romania (two mills), Bulgaria (one mill) and Czech Republic (two mills). The formation of GoodMills Germany and its acquisition by the Austrian group in 2014 arose directly from harsh penalties for price-fixing imposed on

a large number of Germany's flour milling companies in a verdict first handed down by the competition authorities in 2011 after a long investigation. To pay the stiff fines for their cartelistic behavior, selling out was the only option for a number of the family-owned flour mills.

SPECIAL MENTION

Companies deserving special mention include East Africa's Bakhresa Group, Interflour Group in Southeast Asia, and Flour Mills of Nigeria. Their rapid growth could vault them into the top 10 in the near future. The state monopoly Saudi Grains Organization would have placed No. 7 had it not divided its 13 large milling sites among four semi-autonomous companies slated eventually for privatization. **WG**

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