Food Empire Holdings (FEH SP)

Higher Fortune SEA 500 Ranking Underscores Company's Quality

BUY (Maintained)

Share Price	S$2.50
Target Price	S$3.49
Upside	+39.6%

Analyst(s)
John Cheong
johncheong@uobkayhian.com
+65 6590 6623
Tang Kai Jie
kaijietang@uobkayhian.com
+65 6590 6624

Highlights

- FEH climbed 43 places to 421st in the 2026 Fortune Southeast Asia 500, underpinned by strong business fundamentals and momentum.
- FEH's expansion pipelines remain strong, with three expansion pipelines coming online through 2028. This will lift its production network to 10 facilities.
- FEH remains undervalued as a long-term growth compounder, trading at only 17x 2026F PE or a 28% discount to the regional peer average of 24x. Maintain BUY with an unchanged target price of S$3.49 (adjusted for bonus issue).

Analysis

- **Ranking improvement in 2026 Fortune Southeast Asia 500.** Food Empire Holdings (FEH) climbed 43 places to 421st in the 2026 Fortune Southeast Asia 500, up from its debut at 464th in 2025. The advance came despite a higher revenue threshold for inclusion this year, signalling that the group outpaced peers on top-line growth. This was driven by 2025 revenue rising 21.1% yoy to a record US$577m, marking five consecutive years of annual revenue growth. The improved standing reflects the strength of its brand equity and market positioning across key regions.
- **Robust facilities and strong expansion pipeline.** The next two years mark the most concentrated period of capacity additions in FEH's history, with four facilities across four countries coming online sequentially: The Kazakhstan coffee-mix plant (live, 1Q26, +15% production), the Malaysia snack factory expansion (1H26, +50% snack output), India spray-dried coffee Phase 2 (2027, +60% India capacity), and the Vietnam freeze-dried facility (2028). These lift the network to 10 facilities, supporting branded consumer volume growth and B2B soluble coffee revenue from third parties. The India plants are already at full utilisation, making the 2027 expansion demand-backed, while the Vietnam facility, at US$80m capex, is the group's largest ever investment and positions FEH as a regional freeze-dried coffee supplier.
- **1-for-5 bonus issue enhances liquidity.** The group recently completed a 1-for-5 bonus issue on 3 Jun 26. This signals management's confidence in earnings sustainability and is designed to improve secondary market liquidity. This bonus issue increases the adjusted share count by 20% from 551,427,825 shares to 661,713,366 shares. We have incorporated the bonus issue into our metrics.

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	476	577	606	643	680
EBITDA	72	103	103	112	119
Operating profit	63	93	91	100	107
Net profit (rep./act.)	53	36	73	81	86
Net profit (adj.)	50	69	73	81	86
EPS (US$ cent)	9.4	12.5	11.1	12.2	13.1
PE (x)	20.5	15.4	17.5	15.8	14.8
P/B (x)	3.5	2.9	3.3	3.1	3.0
EV/EBITDA (x)	15.6	11.0	11.0	10.1	9.5
Dividend yield (%)	3.2	4.8	4.8	4.8	4.8
Net margin (%)	11.0	6.2	12.1	12.6	12.7
Net debt/(cash) to equity (%)	(31.1)	(36.8)	(39.7)	(41.7)	(44.3)
Interest cover (x)	273.8	22.1	24.5	27.9	30.3
ROE (%)	17.8	10.9	19.3	20.2	20.5
Consensus net profit (US$m)	-	-	72	82	90
UOBKH/Consensus (x)	-	-	1.01	0.99	0.96

Source: FEH, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Consumer Staples
Bloomberg ticker	FEH SP
Shares issued (m)	660.5
Market cap (S$m)	1,651.2
Market cap (US$m)	1,280.0
3-mth avg daily t'over (US$m)	3.8

Price Performance (%)

52-week high/low S$2.86/S$1.43

1mth	3mth	6mth	1yr	YTD
(2.9)	(6.8)	27.1	68.6	25.0

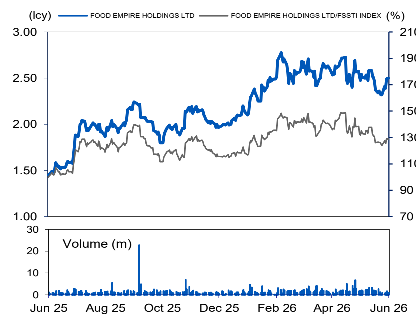
Major Shareholders

	%
Anthoni Salim	24.08
Tan Wang Cheow	21.05
Sudeep Nair	13.14

Balance Sheet Metrics

FY26 NAV/Share (US$)	0.59
FY26 Net Cash/Share (US$)	0.23

Price Chart



Source: Bloomberg

Company Description

Food Empire Holdings manufactures and markets instant beverage products, frozen convenience food, confectioneries and snacks. The company exports its products to markets such as Russia, Eastern Europe, Central Asia, the Middle East and Indochina.

- **Continued momentum in 1Q26.** FEH delivered another record quarter in 1Q26, with revenue of US$159.7m (+16.9% yoy). Growth was broad-based, led by Russia (+29.4% yoy) and Central Asia (+36.4%) as Kazakhstan ramped up, while SEA grew 7.5% and only South Asia was softer at -2.1%. Notably, Asia surpassed FEH's traditional markets for the first time at 58% of group revenue, underscoring the payoff of its diversification strategy.
- **S$228m back to shareholders without deferring growth.** FEH returned a cumulative S$228.5m to shareholders over 2021-25, comprising S$196m in dividends and S$32.5m via buybacks. The dividend trajectory from S$0.022/share in 2021 to a record S$0.12/share in 2025 represents a five-year CAGR of 53%, and 2025 marked the first ever interim dividend.
- **Increasingly diversified geographical mix.** FEH’s geographical mix has quietly shifted, with South Asia (India) growing from 5.4% of revenue in 2021 to 12.3% in 2025, compounding in a 42.1% four-year CAGR. Southeast Asia is now the group's second-largest segment at US$43m/quarter. Meanwhile, Russia's share has declined from 36% in 2021 to 32% in 1Q26 despite the segment itself growing in absolute terms, reducing single-country concentration risk.
- **Margin tailwinds from retreating coffee prices.** Robusta coffee, FEH’s primary input, peaked at US$5,821/tonne in Feb 25, nearly tripling from 2022 levels. The cycle has since turned with Robusta now trading at US$3,670/tonne (-37% from peak) as Vietnam production recovers (+6% forecast for 2025/26) and global supply hit a record 178.8m bags. 2025 captured some of this relief, and we expect further gradual margin expansion in 2026 as the commodity is sensitive to weather shocks.

Valuation/Recommendation

- **Maintain BUY with an unchanged PE-based target price of S$3.49,** pegged to 25x 2026F PE or 2.5SD above the long-term average. The stock trades at only 17x 2026F PE, a 28% discount to the peer average of 24x.

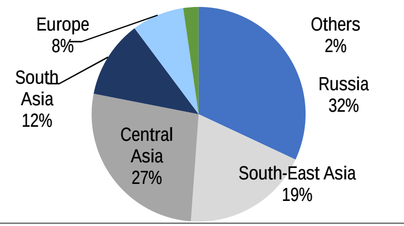
Earnings Revision/Risk

- We make no changes to our earnings forecasts.

Share Price Catalyst

- a) Earnings-accretive acquisitions, b) better-than-expected earnings, or c) higher-than-expected dividends.

1Q26 Revenue By Geography



Source: FEH, UOB Kay Hian

Capacity Expansion Pipeline

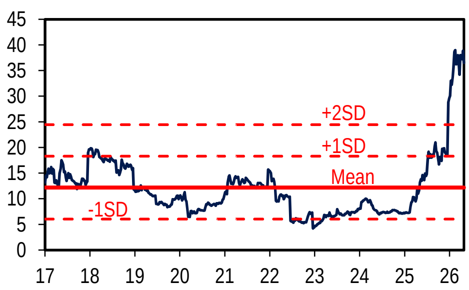
Facility	Location	Timeline	Capacity Impact
Coffee-mix factory	Kazakhstan	1Q26 (live)	+15% production
Snack factory expansion	Malaysia	1H26	+50% snack output
Spray-dried coffee (Phase 2)	India	2027	+60% India capacity
Freeze-dried coffee facility	Vietnam	2028	New entrant

Source: FEH, UOB Kay Hian

Coffee Price Trend (1Y)

Source: Trading Economics

Long-Term Historical PE Band



Source: Bloomberg

Peer Comparison

Company	Ticker	Price @ 18 Jun 26 (lcy)	Market Cap (US$m)	PE 2026 (x)	PE 2027 (x)	P/B 2026 (x)	P/B 2027 (x)	ROE 2026 (%)	Yield 2026 (%)
Regional									
Ccl Products	CCLP IN	1131.1	1,601	30.2	24.2	5.5	4.6	19.4	0.6
Dydo Group	2590 JP	2575	531	15.4	16.0	1.2	1.1	8.4	1.2
Mayora Indah	MYOR IJ	1745	2,183	11.8	10.4	1.9	1.7	17.1	3.4
Nestle (Malaysia)	NESZ MK	95.14	5,419	36.8	33.7	40.2	39.7	102.4	2.6
Carabao	CBG TB	40.75	1,244	14.8	13.6	2.6	2.4	18.6	3.4
Fevertree Drinks	FEVR LN	832	1,250	30.8	22.5	4.8	4.4	15.2	2.2
Ito En	2593 JP	2752.5	1,459	26.3	21.7	1.5	1.4	7.2	1.9
Vita Coco Co	COCO US	83.64	4,777	48.3	42.9	11.6	8.7	27.0	n.a.
Vitasoy	345 HK	5.8	753	21.7	18.7	1.9	1.8	10.0	3.1
Uni-President	220 HK	6.94	3,825	11.6	10.9	1.9	1.9	16.1	8.5
Average				24.2	21.1	7.0	6.5	24.3	3.0
Food Empire	FEH SP	2.5	1,280	17.4	15.8	3.3	3.0	19.3	4.0

Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	576.9	606.1	642.6	679.7
EBITDA	102.9	102.9	112.0	118.6
Deprec. & amort.	9.5	12.0	11.6	11.3
EBIT	93.4	91.0	100.4	107.3
Total other non-operating income	(30.7)	2.7	2.7	2.7
Associate contributions	1.7	0.6	0.6	0.6
Net interest income/(expense)	(4.6)	(4.2)	(4.0)	(3.9)
Pre-tax profit	59.7	90.0	99.6	106.6
Tax	(23.7)	(17.0)	(18.8)	(20.2)
Minorities	0.0	0.0	0.0	0.0
Net profit	36.0	73.0	80.8	86.5
Net profit (adj.)	68.6	73.0	80.8	86.5

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	130.8	126.8	123.2	119.9
Other LT assets	48.7	48.7	48.7	48.7
Cash/ST investment	181.5	206.0	226.7	253.7
Other current assets	205.3	216.6	228.2	240.1
Total assets	566.3	598.1	626.9	662.4
ST debt	24.3	24.3	24.3	24.3
Other current liabilities	95.4	100.2	104.8	109.5
LT debt	21.7	26.9	32.2	37.5
Other LT liabilities	54.6	54.6	54.6	54.6
Shareholders' equity	368.0	389.8	408.7	433.3
Minority interest	2.3	2.2	2.2	2.2
Total liabilities & equity	566.3	598.1	626.9	661.4

Cash Flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	87.1	82.8	89.5	94.7
Pre-tax profit	59.7	90.0	99.6	106.6
Tax	(23.7)	(17.0)	(18.8)	(20.2)
Deprec. & amort.	9.5	12.0	11.6	11.3
Associates	1.7	0.6	0.6	0.6
Working capital changes	(0.8)	(6.5)	(7.1)	(7.2)
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	40.7	3.8	3.6	3.5
Investing	(21.6)	(5.3)	(5.3)	(5.3)
Capex (growth)	(22.2)	(8.0)	(8.0)	(8.0)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	0.6	2.7	2.7	2.7
Financing	(17.4)	(52.2)	(62.7)	(62.6)
Dividend payments	(45.1)	(51.2)	(61.9)	(61.9)
Proceeds from borrowings	144.6	144.6	144.6	144.6
Loan repayment	(138.8)	(138.8)	(138.8)	(138.8)
Others/interest paid	21.9	(6.8)	(6.6)	(6.5)
Net cash inflow (outflow)	48.0	25.3	21.5	26.8
Beginning cash & cash equivalent	130.9	181.5	206.0	226.7
Changes due to forex impact	2.7	(0.8)	(0.8)	0.2
Ending cash & cash equivalent	181.5	206.0	226.7	253.8

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	17.8	17.0	17.4	17.5
Pre-tax margin	10.3	14.9	15.5	15.7
Net margin	6.2	12.1	12.6	12.7
ROA	7.0	12.5	13.2	13.4
ROE	10.9	19.3	20.2	20.5
Growth				
Turnover	21.1	5.1	6.0	5.8
EBITDA	42.3	0.1	8.8	5.9
Pre-tax profit	(8.5)	50.9	10.6	7.0
Net profit	(31.5)	103.0	10.6	7.0
Net profit (adj.)	38.0	6.5	10.6	7.0
EPS	32.8	(11.8)	10.6	7.0
Leverage				
Debt to total capital	11.0	11.6	12.1	12.4
Debt to equity	12.5	13.1	13.8	14.3
Net debt/(cash) to equity	(36.8)	(39.7)	(41.7)	(44.3)
Interest cover (x)	22.1	24.5	27.9	30.3