



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51655.0	0.8	0.9	(1.7)	7.5
S&P 500	7811.5	0.6	1.2	2.0	14.1
FTSE 100	10552.1	1.1	0.9	(0.9)	6.2
AS30	8877.7	0.6	0.3	(0.5)	(1.6)
CSI 300	4317.3	0.2	(2.7)	(4.3)	(6.8)
FSSTI	5401.9	(0.2)	(4.1)	(5.2)	16.3
HSCEI	8147.9	1.7	1.5	(1.2)	(8.6)
HSI	24211.4	1.8	1.0	(2.4)	(5.5)
JCI	6093.8	1.0	0.9	(6.8)	(29.5)
KLCI	1608.5	0.5	(1.4)	(4.6)	(4.3)
KOSPI	6625.9	(2.6)	(3.1)	(4.1)	57.2
Nikkei 225	69030.9	(0.0)	1.1	7.8	37.1
SET	1577.7	0.4	0.4	(1.7)	25.2
TWSE	49313.4	(1.0)	2.0	6.8	70.3
BDI	2917	(1.9)	(7.3)	(16.8)	55.4
CPO (RM/mt)	4400	1.5	0.2	(6.0)	11.9
Brent Crude (US\$/bbl)	106	0.8	5.2	0.9	73.5

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Sharing Session on Global Vegetable Oil Markets with S&P Global Energy	Singapore	19 Oct	19 Oct
Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct

Corporate and Macro Calendar

Economic Indicator/Event	Date
MAS 12-Week Bill Auction	13 Oct
MAS 36-Week Bill Auction	13 Oct
MAS 4-Week Bill Auction	13 Oct
GDP Growth Rate QoQ Adv Q3	14 Oct

Top Stories

Sector Update | Banking

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- Singapore banks are supported by structural tailwinds, which remain intact. We do not expect these seasonal promotions for fixed deposits to degenerate into a price war. DBS would be least affected given its strong deposit franchise with high CASA ratio of 54.4% and low LDR of 73.5%. Maintain MARKET WEIGHT. We upgrade DBS to BUY (Target: S\$83.60) due to its resilient deposit franchise and attractive 2027 dividend yield of 4.7%.

Company Update | Food Empire Holdings (FEH SP/BUY/S\$1.92/Target: S\$3.49)

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- FEH's strong brand equity and distribution network support pricing power and demand resilience amid prolonged inflation, with potential market-share gains. Russian operations remain unaffected by recent measures against Nestlé. Excluding Russian earnings from valuation is unjustifiable. Maintain BUY with an unchanged target price of S\$3.49. FEH trades at an attractive 12.2x 2027F PE, a 39% discount to peers' 20x.

Market Spotlight

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- US stocks were higher on Friday. All indices rose as the real estate, consumer discretionary and health care sectors rose. There were more advancers than decliners on both NYSE and NASDAQ.
- The FSSTI fell 11.07 points to 5,401.89, on the back of weakness in DBS and Sheng Siong, with both mid- and small-cap indices rising with a broad market decline on a S\$2.58b turnover.

Technical Analysis

Food Empire Holdings (FEH SP)

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- Trading Buy Range: S\$1.91-1.92

AEM Holdings (AEM SP)

[Page 10 →](#)

- Trading Buy Range: S\$11.05-11.06

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Banking

Benefitting From Structural Tailwinds; Healthy Competition For Customer Relationships

Highlights

- Singapore banks are supported by structural tailwinds, including continued influx of safe haven liquidity and broad-based trend of monetary tightening, which remains intact. We expect banks to report healthy 3Q26 results.
- OCBC and UOB offer attractive interest rates of 1.7% on new 12-month fixed deposits in October. We do not expect these seasonal promotions to degenerate into a price war. DBS would be least affected given its strong deposit franchise with high CASA ratio of 54.4% and low LDR of 73.5%.
- **Maintain MARKET WEIGHT.** BUY OCBC (Target: S\$35.70) for its diversified growth from wealth management (63% of its fee income), trading income and insurance. We upgrade DBS to BUY (Target: S\$83.60) due to its resilient deposit franchise and attractive 2027 dividend yield of 4.7%.

Analysis

- Banks endured a week of harsh selling. In total, DBS dropped 6.6%, OCBC 9.9% and UOB 8.6%. While the sell-down was sudden, vicious and steep, the structural tailwinds for banks remain intact:
- **Continued influx of safe haven liquidity.** Safe-haven inflows to Singapore are largely driven by structural factors, although their pace will fluctuate with geopolitical tensions and global risk appetite. Singapore's appeal as a base for capital preservation is underpinned by its stable institutions, regulatory credibility and established wealth management ecosystem. Capital inflows to Singapore are also triggered by overseas uncertainties. Currently, several European countries are grappling with increased debt-servicing pressures, rising defence expenditures and ageing populations. Slower growth could add further strain to public finances when the European Central Bank is gradually withdrawing from bond purchases. Risk-adverse investors could reallocate capital from Europe to Singapore on concerns over debt sustainability.
- **Broad-based trend of monetary tightening to suppress elevated inflation.** Persistently high energy prices and prolonged conflict in the Middle East are reinforcing a shift towards tighter monetary policy, as central banks seek to prevent the initial increase in fuel and electricity costs from spreading into wages, services prices and inflation expectations. The latest Fed minutes indicated the unanimous decision to hike 25bp in September. There was broad discussion on the pace of upcoming rate hikes. Most policymakers assessed another rate hike is appropriate by end-26, likely coming on 9 Dec 26. The ECB raised interest rates by 25bp in Sep 26. It cautioned that inflation risk is skewed to the upside and monetary policy must remain restrictive.
- **Seasonal promotions for fixed deposits aimed at luring new customers.** UOB is offering attractive interest rate of 1.7% on new 12-month fixed deposits in October. The promotion is only applicable for fresh funds and last from 1-31 October. Likewise, OCBC is offering 1.7% for 12-month fixed deposits for online premier banking customers. DBS maintained interest rate at 1.0% for 12-month fixed deposits capped at placements of up to S\$19,999. We see these seasonal promotions as healthy competition and jostling for new customers willing to move their savings for better returns and not indicative of system-wide funding shortage.

Peer Comparison

Company	Ticker	Rec	Price	Target	Market Cap	PE		P/B		P/POP		Yield		ROE	
			9 Oct 26 (S\$)	Price (S\$)		2026F (x)	2027F (x)	2026F (x)	2027F (x)	2026F (x)	2027F (x)	2026F (%)	2027F (%)	2026F (%)	2027F (%)
DBS	DBS SP	BUY	73.36	83.60	162,986	18.1	16.8	2.93	2.84	14.6	13.5	4.5	4.7	16.5	17.4
OCBC	OCBC SP	BUY	29.00	35.70	101,846	16.2	14.9	2.05	1.92	13.8	12.9	3.2	3.4	12.7	13.2
UOB	UOB SP	NR	39.96	n.a.	51,428	12.0	11.1	1.26	1.20	8.5	8.2	4.4	4.6	10.8	11.1
Average						15.4	14.3	2.08	1.99	12.3	11.5	4.0	4.2	13.3	13.9

Source: Bloomberg, UOB Kay Hian

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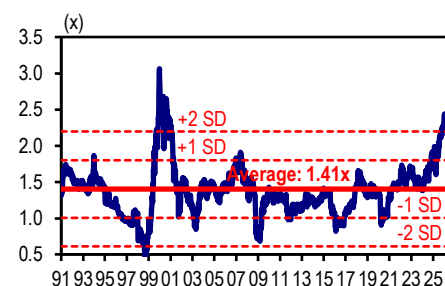
MARKET WEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price	Target Price
			(S\$)	(S\$)
DBS	DBS SP	BUY	73.36	83.60
OCBC	OCBC SP	BUY	29.00	35.70

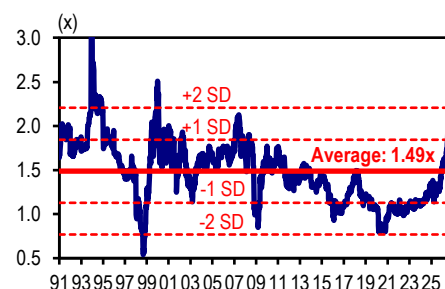
Source: Bloomberg, UOB Kay Hian

P/B – DBS



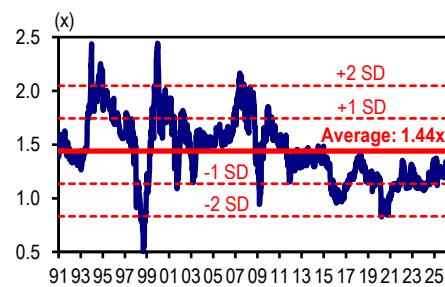
Source: UOB Kay Hian

P/B – OCBC



Source: UOB Kay Hian

P/B – UOB



Source: UOB Kay Hian

- **Banks have ample liquidity as reflected in low LDRs.** The three Singapore banks remain flush with liquidity, supported by substantial customer deposits and buffers comfortably above regulatory requirements. As of Jun 26, DBS held S\$638b in deposits against S\$469b in loans, representing loan-to-deposit ratio (LDR) of 73.5%. Its liquidity coverage ratio (LCR) of 142% and net stable funding ratio (NSFR) of 113% both exceed the 100% regulatory minimum. Similarly, OCBC and UOB have healthy LDRs of 78.4% and 81.7%, respectively. The banks have considerable funding flexibility and capacity to withstand withdrawals.
- **Fixed deposits promotions not indicative of rising competition.** Recent deposit promotions reflect healthy competition for customer relationships, rather than signalling a broad-based funding shortage. With loan-to-deposit ratio at the lower end of historical range, there is no need to compete unhealthily and unnecessarily for deposit market share.

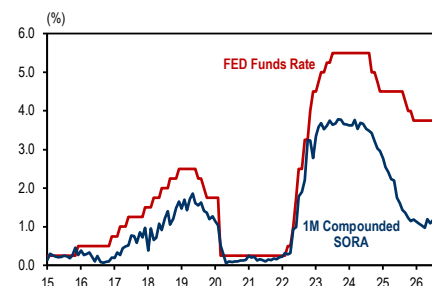
Valuation/Recommendation

- **Weighing the pros and cons.** We postulate that Singapore banks are a hedge against potential sovereign debt crises in developed countries. Higher bond yields are generally indicative of stronger pricing power for banks. However, we want to adopt a defensive posture due to near-term headwinds from a prolonged conflict in the Middle East, which will give rise to elevated inflation. The economy and loan growth could potentially slow down due to weakness in business sentiment.
- **SORA has bottomed and is expected to gradually increase.** We observed that money supply M2 has slowed to a growth of 3.2% yoy in Aug 26, compared to the recent peak of 9.5% yoy in Aug 25, reflecting MAS' tightening bias. One-month compounded SORA troughed at 0.97% in Apr 26. Since then, it has risen smoothly and gradually by 16bp to 1.25% in 3Q26. Assuming the pace of rise remains at 5bp/month, we estimate that one-month compounded SORA would reach 1.4% by end-26.
- **Singapore is an oasis of calm.** Singapore is recognised for its fiscal austerity and conservatism. The stable government bond yields in Singapore stand in stark contrast to rising yields in many developed countries, such as the US, France, Italy and Japan. Singapore's 10-year government bond yield edged higher by 43bp qoq to 2.47% in 3Q26, much more resilient compared with the huge increase of 81bp qoq to 5.28% for 10-year US treasury bonds. In Europe, yield for French 10-year treasury bonds rose 122bp qoq to 4.87%, while Italian 10-year treasury bonds gained 98bp qoq to 4.61%. Yield for 10-year JGB expanded by smaller 38bp qoq to 3.05% in 3Q26.
- **Maintain MARKET WEIGHT.** Our preferred BUY is OCBC (Target: S\$35.70) for its strategic shift to accelerate growth. OCBC is more sensitive to growth in wealth management fees, which accounted for 63% of its fee income. It has delivered the strongest and most diversified 2Q26 results with earnings growth at 22% yoy, driven by wealth, trading income and insurance. We upgrade DBS from HOLD to BUY (Target: S\$83.60) due to its leadership in wealth management and scale of earnings.

DBS Group Holdings (Upgrade to BUY/Target: S\$83.60)

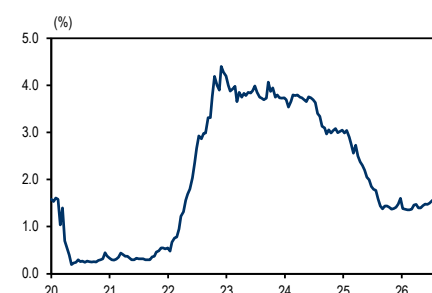
- **DBS is recognised as the world's best private bank** by Euromoney Private Banking Awards 2026. According to Asian Private Banker, DBS is ranked the 4th largest private bank in Asia with AUM having increased 22% to S\$335b in 2025 (DBS is behind UBS and HSBC but neck and neck with JPMorgan). DBS has doubled its wealth management AUM since 2019, representing six-year CAGR of 12.2%. The proportion of AUM invested is also high at 58%. Wealth management fees grew 29% in 2025 and 25% yoy in 1Q26. DBS' cost-to-income ratio of 46% for wealth management stood out as one of the most efficient among top global private banks.
- **Drawing closer to HNW clients through new wealth centres.** DBS plans to open 18 new and 36 upgraded wealth centres in 2H26 across the Asia Pacific region, including Singapore, Hong Kong, China, India, Indonesia and

US Fed Funds Rate vs 1M SORA



Source: Bloomberg

SG Six-month T-bills Auction



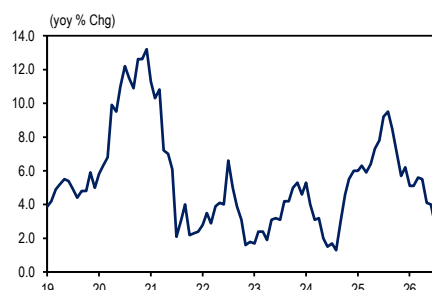
Source: CEIC

SG 10Y Government Bond Yield versus US 10Y Treasury Yield



Source: Bloomberg

SG Money Supply M2, yoy % Chg



Source: CEIC

Taiwan. It aims to be closer to its high-net-worth (HNW) clients, serving them where they live and work. The number of wealth centres in Singapore would expand by 50%. In-person face-to-face meetings remain important for HNW clients, despite actively engaging them through digital wealth platforms.

- **Asset quality is pristine.** NPL formation is muted at S\$126m in 1Q26 and S\$155m in 2Q26. NPL ratio is low at 1.0%, while loan-loss coverage is healthy at 130%. DBS has ample management overlay for general provisions of S\$2,400m.
- **Generous dividend payout supported by high ROE.** We expect DBS to raise its quarterly DPS by 6 S cents to 72 S cents starting 4Q26. DBS provides a dividend yield of 4.7% for 2027 and 3.9% for 2028.
- **Upgrade to BUY.** Our target price of S\$83.60 is based on 3.23x 2027F P/B, derived from the Gordon Growth Model (ROE: 17.0%, COE: 7.0%, growth: 2.5%).

Key Assumptions – DBS

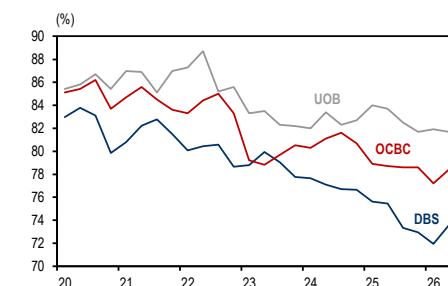
(\$m)	2024	2025	2026F	2027F	2028F
Net Interest Income	14,424	14,500	14,733	16,580	17,396
Non-Interest Income	7,873	8,400	9,497	9,869	10,395
Total Income	22,297	22,900	24,231	26,450	27,790
Pre-Provision Operating Profit	13,259	13,528	14,307	15,499	16,179
Net Profit	11,289	10,933	11,525	12,395	12,940
% Chg	12.2	(3.2)	5.4	7.6	4.4
Loan Growth (%)	3.4	3.3	7.5	4.5	4.5
NIM (%)	2.14	2.02	1.90	2.01	2.01
Fees, % Chg	23.2	17.5	16.6	8.9	8.4
NPL Ratio (%)	1.09	1.03	0.98	0.98	0.97
Credit Costs (bp)	14.0	17.8	15.2	17.1	17.1

Source: UOB Kay Hian

Oversea-Chinese Banking Corp (BUY/Target: S\$35.70)

- OCBC's **New Frontier strategy** targets to deepen its domestic presence within the ASEAN region in Malaysia and Indonesia. It has embarked on a strategic shift to capture growth at its twin wealth hubs of Singapore and Hong Kong. Management targets to deliver Whole-of-Wealth (WoW) value proposition across the banking, wealth management and insurance businesses. Management targets double-digit growth in wealth management fees and AUM.
- OCBC's private banking arm, Bank of Singapore (BOS), is **sharpening its focus on ultra HNW** clients in Southeast Asia and North Asia, in line with the expansion of OCBC's WoW eco-system. BOS has achieved its target of 500 RMs for private banking by end-25. It aims to grow AUM contributed by ultra HNW clients by 30% by 2028. OCBC has set a new target of hiring 600 RMs for consumer financial services over the next three years.
- **OCBC entered into a new 10-year strategic cooperation agreement with Bank of Ningbo (BON)** in Sep 26, extending a partnership established since 2006 to capture trade, investment and wealth opportunities between ASEAN and Greater China. The collaboration combines BON's domestic customer franchise with OCBC's regional network to support Chinese businesses expanding overseas and deepen cooperation in wholesale banking and wealth management. OCBC, which holds a 20% stake in BON, registered a 50% increase in new-to-bank Chinese companies expanding into ASEAN in 2025. The agreement includes a US\$5m training grant to support staff development and knowledge sharing between the two banks.
- **Asset quality is pristine.** OCBC's NPL formation was manageable at S\$123m in 1Q26 and S\$300m in 2Q26. It has the lowest NPL ratio of 0.9%, but the highest loan-loss coverage at 163%.
- **Maintain BUY.** Our target price of S\$35.70 is based on 2.36x 2027F P/B, derived from the Gordon Growth Model (ROE: 13.3%, COE: 7.25%, growth: 2.8%).

Loan-to-Deposit Ratio (LDR)



Source: Respective banks

Key Assumptions – OCBC

(\$m)	2024	2025	2026F	2027F	2028F
Net Interest Income	9,755	9,150	9,352	10,680	11,279
Non-Interest Income	4,718	5,464	6,506	6,519	6,868
Total Income	14,473	14,614	15,858	17,199	18,147
Pre-Provision Operating Profit	8,672	8,710	9,440	10,110	10,668
Net Profit	7,587	7,422	8,100	8,767	9,261
% Chg	8.1	(2.2)	9.1	8.2	5.6
Loan Growth (%)	7.6	6.9	9.0	4.4	4.4
NIM (%)	2.20	1.92	1.75	1.87	1.89
Fees, % Chg	9.2	22.4	15.6	9.7	8.8
NPL Ratio (%)	0.89	0.95	0.87	0.88	0.89
Credit Costs (bp)	22.4	20.1	20.8	20.1	20.1

Source: UOB Kay Hian

Sector Catalyst/Risk

- **Catalysts:** Singapore's strong fiscal standing, which attracts constant influx of safe haven liquidity, thus boosting Singapore banks' AUM, wealth management fees and trading income.
- **Risks:** Economic slowdown caused by uncertainties from a prolonged Middle East conflict and elevated energy prices.

Projected DPS And Dividend Payout Ratios

	DBS (BUY/S\$73.36/Target: S\$83.60)			OCBC (BUY/S\$29.00/Target: S\$35.70)			UOB (NOT RATED / S\$39.96)		
Year to 31 Dec	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F
EPS (S ¢)	384	406	437	163	179	195	276	334	359
DPS (S ¢)	306	330	348	99	94	98	181	174	184
Payout Ratio (%)	79.7	81.3	79.7	60.7	52.4	50.3	65.6	52.1	51.3
Dividend Yield (%)	4.2	4.5	4.7	3.4	3.2	3.4	4.5	4.4	4.6

Source: Bloomberg, UOB Kay Hian

Comparison Of Profit & Loss

2Q26	DBS	OCBC	UOB
Net Interest Income	S\$3,581m	S\$2,264m	S\$2,297m
	-1.8% yoy	-0.8% yoy	-1.7% yoy
	+2.5% qoq	+1.9% qoq	-1.2% qoq
Fee Income	S\$1,460m	S\$739m	S\$665m
	+25.1% yoy	+27.4% yoy	+4.6% yoy
	-1.5% qoq	+9.5% qoq	+4.4% qoq
Insurance	n.a.	S\$382m	n.a.
	n.a.	+69.0% yoy	n.a.
	n.a.	-6.6% qoq	n.a.
Other Non-Interest Income	S\$1,052m	S\$785m	S\$632m
	+14.7% yoy	+71.4% yoy	+28.2% yoy
	+69.4% qoq	+50.4% qoq	+36.8% qoq
Provisions	S\$113m	S\$156m	S\$211m
	10bp	14bp	28bp
Net Profit	S\$3,079m	S\$2,221m	S\$1,476m
	+9.0% yoy	+22.3% yoy	+10.2% yoy
	+5.1% qoq	+12.5% qoq	+2.6% qoq

Source: Respective banks, UOB Kay Hian

Comparison Of Key Ratios

2Q26	DBS	OCBC	UOB
Net Interest Margin (NIM)	1.87	1.70	1.74
	-2bp qoq	-6bp qoq	-8bp qoq
Loan Growth	+8.2% yoy	+12.3% yoy	+5.4% yoy
	+3.5% qoq	+4.9% qoq	+2.1% qoq
Deposit Growth	+11.2% yoy	+12.8% yoy	+5.2% yoy
	+1.3% qoq	+3.4% qoq	-0.2% qoq
NPL Ratio	1.0	0.9	1.6
	Unchanged	Unchanged	+0.1ppt qoq
Loan Loss Coverage	130	163	88
	-1ppt qoq	Unchanged	-12ppt qoq
Core Equity Tier-1 CAR	14.6	14.0	15.4
	-0.2ppt qoq	-1.2ppt qoq	+0.1ppt qoq
Book Value Per Share (BVPS)	S\$24.69	S\$13.73	S\$29.99
	+3.7% yoy	+6.3% yoy	+4.8% yoy
	+1.3% qoq	-0.7% qoq	+0.7% qoq

Source: Respective banks, UOB Kay Hian

Food Empire Holdings (FEH SP)

Meeting Highlights: Strong Brand Equity Supports Inflation Resilience; Russian Risks Warrant Differentiated Assessment

Highlights

- FEH's strong brand equity and extensive distribution network provide an operational hedge against prolonged inflation, supporting demand resilience, pricing power and potential market-share gains.
- FEH's Russian operations remain unaffected by recent measures against Nestlé. While geopolitical risks remain, the development should not be directly extrapolated to FEH or justify excluding Russian earnings from its valuation.
- Maintain BUY and target price of S\$3.49. FEH trades at an attractive 12.2x 2027F PE, a 39% discount to peers' 20x.

Analysis

- Brand equity and distribution infrastructure support inflation resilience and Russia risk requires a differentiated assessment.** Our recent Kuala Lumpur non-deal roadshow highlighted investor concerns over prolonged input-cost inflation amid the Middle East conflict and Russia's intervention in Nestlé's local business. Food Empire Holdings' (FEH) strong brand equity, extensive distribution network and experience operating in volatile markets provide an operational hedge against inflation and could support further market-share gains. While Russia remains a key geopolitical risk requiring continued monitoring, Nestlé's situation should not be directly extrapolated to FEH or justify excluding Russian earnings from its base-case valuation.
- Brand equity and robust network provide an operational hedge against inflation.** Investors raised concerns over prolonged inflation, particularly rising energy, sugar, packaging and logistics costs, alongside climate-related risks to coffee supply. FEH's established brands and extensive distribution network support pricing power, product availability and customer retention. Its experience in managing commodity inflation and supply-chain disruptions also allows for price adjustments, product-mix optimisation and supply flexibility.
- Affordable products reinforce demand resilience.** FEH's coffee products occupy an affordable, everyday consumption category. Consumers facing tighter household budgets may continue purchasing packaged coffee while reducing spending on more expensive discretionary occasions. Brand familiarity, convenient availability and accessible pricing support this demand. In Vietnam, Café Phở's established consumer franchise and distribution reach provide a strong platform for managing pricing while preserving purchase frequency. Affordability remains essential, and price increases have been calibrated carefully.

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	11.0	12.2	13.1
PE (x)	15.9	12.0	13.6	12.3	11.5
P/B (x)	2.7	2.2	2.5	2.4	2.3
EV/EBITDA (x)	11.5	8.1	8.1	7.4	7.0
Dividend yield (%)	4.2	6.3	6.3	6.3	6.3
Net margin (%)	11.0	6.2	12.1	12.6	12.7
Net debt/(cash) to equity (%)	(31.1)	(36.8)	(39.7)	(41.6)	(44.3)
Interest cover (x)	273.8	22.1	24.5	27.9	30.3
ROE (%)	17.8	10.9	19.3	20.2	20.6
Consensus net profit (US\$m)	-	-	74	82	97
UOBKH/Consensus (x)	-	-	0.99	0.98	0.89

Source: FEH, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	S\$1.92
Target Price	S\$3.49
Upside	81.8%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	FEH SP
Shares issued (m)	656.0
Market cap (S\$m)	1,259.5
Market cap (US\$m)	983.9
3-mth avg daily t'over (US\$m)	2.6

Price Performance (%)

52-week high/low				S\$2.858/S\$1.80
1mth	3mth	6mth	1yr	YTD
(12.7)	(24.4)	(26.4)	(5.2)	(4.0)

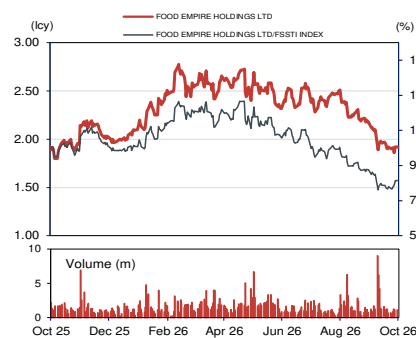
Major Shareholders (%)

Anthoni Salim	24.08
Tan Wang Cheow	21.11
Sudeep Nair	12.91

Balance Sheet Metrics

FY26 NAV/Share (US\$)	0.59
FY26 Net Debt/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.

- **Industry cost pressure could strengthen FEH's competitive position.** Prolonged inflation could benefit established operators as smaller competitors face difficulties managing inventories, promotions and rising operating costs. FEH's strong brand equity and distribution infrastructure position it to maintain market presence and potentially gain shelf space and market share. Distributors and retailers may also favour trusted brands with reliable product turnover.
- **Geographic exposure offers a potential additional buffer.** FEH's exposure to energy-producing economies, particularly Russia and Kazakhstan, could partially offset higher operating costs elsewhere. Elevated energy prices may support export revenues, economic activity and consumer spending in these markets, benefitting consumers' demand.
- **Linear extrapolation from Nestlé to FEH is analytically unsound.** Investors raised concerns over whether Russia's intervention in Nestlé's local business could pose similar risks to FEH. However, FEH's Russian operations remain normal, with no indication of similar intervention reported during the roadshow. While the Nestlé development highlights geopolitical risks, differences in ownership, operating arrangements and local relationships warrant a company-specific assessment. Singapore's targeted sanctions and continued diplomatic engagement with Russia also provide relevant context. Although intervention risks remain, Nestlé's situation should not be directly extrapolated to FEH.
- **Excluding Russian earnings belongs in an extreme downside scenario.** Removing FEH's entire Russian earnings contribution would assume a complete loss of the business' economic benefits, representing an extreme stress case rather than a base-case assumption. While such a scenario helps assess downside risks, FEH's ongoing operations and earnings contribution should continue to be reflected in valuation, with appropriate adjustments for geopolitical risks. Key considerations include operational continuity, cash accessibility, currency exposure and potential government intervention. Although risks remain, excluding Russian earnings entirely without company-specific evidence would be premature.

Valuation/Recommendation

- **Maintain BUY with an unchanged PE-based target price of S\$3.49,** pegged to 25x 2026F PE or 2SD above the long-term average. The stock trades at only 12.2x 2027F PE, a 39% discount to the peer average of 20x.

Earnings Revision/Risk

- No changes to our earnings forecasts.

Share Price Catalyst

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

Peer Comparison

		Price @	Market	PE		P/B		ROE	Yield
Company	Ticker	22 Sep 26	Cap	2026	2027	2026	2027	2026	2026
		(1cy)	(US\$m)	(x)	(x)	(x)	(x)	(%)	(%)
Regional									
Ccl Products	CCLP IN	1058.3	1,461	27.8	22.3	5.1	4.3	19.8	0.6
Dydo Group	2590 JP	2939	616	17.6	18.3	1.4	1.3	8.4	1.0
Mayora Indah	MYOR IJ	1375	1,718	9.2	8.2	1.5	1.4	17.2	4.4
Nestle (Malaysia)	NESZ MK	90.16	5,176	33.3	31.3	34.0	33.4	106.0	2.9
Carabao	CBG TB	49.5	1,476	17.2	15.2	3.2	2.9	19.5	3.6
Fevertree Drinks	FEVR LN	872.5	1,275	31.5	23.1	5.3	4.9	15.6	2.1
Ito En	2593 JP	3136	1,690	24.7	23.1	2.0	n.a.	8.2	1.7
Vita Coco Co	COCO US	55.98	3,213	28.4	25.4	7.1	5.5	33.1	n.a.
Vitasoy	345 HK	6.785	880	25.1	21.2	2.4	2.2	9.9	2.7
Uni-President	220 HK	7.665	4,219	12.8	12.1	2.1	2.0	16.0	7.8
Average				22.2	19.6	6.4	6.2	25.8	3.7
Food Empire	FEH SP	1.92	984	13.5	12.2	2.5	2.4	19.3	5.2

Source: Bloomberg, UOB Kay Hian

Coffee Price Trend (1Y)



Source: Trading Economics, UOB Kay Hian

Long-term Historical PE Band



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

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)	(62.8)	(62.7)
Dividend payments	(45.1)	(51.2)	(62.0)	(62.0)
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	21.4	26.7
Beginning cash & cash equivalent	130.9	181.5	206.0	226.6
Changes due to forex impact	2.7	(0.8)	(0.8)	0.2
Ending cash & cash equivalent	181.5	206.0	226.6	253.5

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	226.6	253.5
Other current assets	205.3	216.6	228.2	240.1
Total assets	566.3	598.1	626.7	662.1
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	408.5	433.0
Minority interest	2.3	2.2	2.2	2.2
Total liabilities & equity	566.3	598.1	626.7	661.1

Key Metric

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	20.6
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	(12.0)	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)	(41.6)	(44.3)
Interest cover (x)	22.1	24.5	27.9	30.3

Market News

US stocks were higher on Friday, as the real estate, consumer discretionary and health care sectors led shares higher. At the close of the NYSE, the Dow Jones rose 0.83% while the S&P 500 Index was up 0.59% and the NASDAQ Composite Index gained 0.64%. Advancing stocks outnumbered falling ones on the NYSE by 1,539 to 1,177 and 78 ended unchanged; on the Nasdaq Stock Exchange, 2,759 advanced and 2,019 declined, while 173 ended unchanged.

During the last trading session, the FSSTI Index fell 11.07pt to 5,401.89. Among the top active stocks were Seatrium (+2.0%), DBS (-0.7%), UMS (+1.4%), SATS (+0.3%) and Sheng Siong (-5.5%). The FTSE ST Mid Cap Index rose 0.1%, while the FTSE ST Small Cap Index gained 0.7%. The broader market had 332 gainers and 209 losers with a total trading value of S\$2.58b.

Technical Analysis

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Food Empire Holdings (FEH SP)

Trading buy range:	S\$1.91-1.92
Last price:	S\$1.92
Target price:	S\$2.21
Protective stop:	S\$1.83

The price could have formed a potential double bottom base, validated by a bullish engulfing candlestick pattern following a successful retest of its previous low support zone. The RSI is curving upward from oversold boundaries and printing a prominent bullish divergence warning. As long as the price defends this double bottom support floor, we see continued upward expansion toward overhead resistance.

The potential upside target is S\$2.21. Stop-loss could be placed at S\$1.83.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S\$3.49.



AEM Holdings (AEM SP)

Trading buy range:	S\$11.05-11.06
Last price:	S\$11.18
Target price:	S\$12.60
Protective stop:	S\$10.30

The price successfully defended its resistance-turned-support boundary. The RSI remains established in strong, bullish territory with a positive slope, confirming healthy trend velocity. As long as the price defends this support, we could expect continued upward expansion toward higher supply targets.

The potential upside target is S\$12.60. Stop-loss could be placed at S\$10.30.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S\$12.99.

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