

**BUY**

\$2.34  
+17%  
Target  
\$2.74

# FOOD EMPIRE | SGX : F03

## Seismic Brew – towards \$1bn Rev

Food Empire Holdings (FEH) has become the dominant Consumer Staple in South East Asia trading at 16x FY26F PE, 3.1x PEG (*based on 5.2% normalized EPS yoy*), 3.8% Dividend Yield, 9.8x EV/EBITDA and 2x EV/Sales. Despite over-reaching concerns on its Russian portfolio (33% of revenues) and record high coffee prices, FEH with its steadfast strategy of vertical integration and calibrated manufacturing capacity growth has delivered record revenue of \$577mil, from \$242mil in 2016 (10.5% average growth) and declared highest ever dividend payouts for shareholders of S\$0.12 (pre-bonus issue) in 2025.

Scaling towards US\$1bn in revenue is highly achievable by 2030 given current earnings trajectory & management's ongoing strategic transformation to make FEH a global FMCG company.

Rising mid-term macro risks from Iran conflict/global Oil Shock scenario augurs well for FEH as expected higher energy prices supports stronger Rouble outlook and upside risks to our forecast ROAE of 19.5% FY26F.

FEH has delivered a **staggering 5-year Total Shareholder Return (TSR) of 260%** since 2021. Based on our forecasts, RHTC expects **Total Shareholder Return of +17.1%** for FY26F. **Initiate coverage with BUY recommendation on Food Empire Holdings with intrinsic value/target price of S\$2.74 (implied 18.7x FY26FPE, 3.6x PEG, 11.6x EV/EBITDA & 2.3x EV/Sales).**

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Mkt cap: US\$1.2bn [S\$2.34 8-Jun-26]

Intrinsic Value: \$2.74

30-day adtv: 1.748mil

Singapore

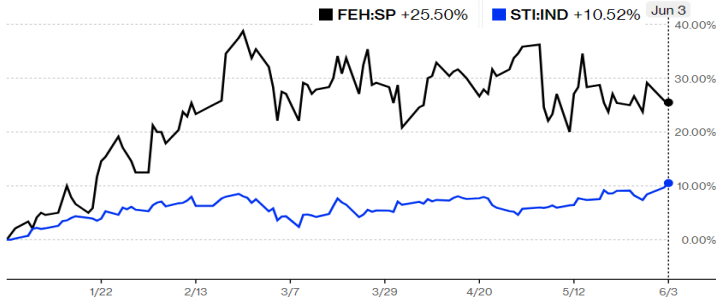
Consumer Staples: Food, Beverage & Tobacco [3020]

RHTC Forecast	2024	2025	2026F	2027F
<b>US\$ mil</b>				
Revenue	476	577	614	653
EBIT	66	63	106	113
Net Income	53	36	75	80
EPS (S\$ cts)	11.1	7.3	14.6	15.6
P/E (x)	23.2	35.4	16.0	15.0
PEG (x)			3.07	
ROAE (%)	17.9	10.8	19.5	19.2
Div Yield (%)	3.2	3.3	3.8	4.0
FCF yield (%)	0.1	4.8	5.6	7.8
Gearing (D/E)%	13.3	12.4	12.6	12.9
(D/TA) %	8.6	8.1	8.3	8.3
<b>Intrinsic Value</b>			<b>S\$2.74</b>	<b>S\$3.22</b>
<b>% upside</b>			<b>17%</b>	<b>38%</b>

<u>Industry Valuation</u>	<u>PE</u>	<u>PEG</u>	<u>BETA<sup>1</sup></u>	<u>EV/</u>
<b>FEH</b>	<b>16.0</b>	<b>3.10<sup>2</sup></b>	<b>0.85</b>	<b>9.8</b>
STI	15.9	1.59	1.0	5.6-16 <sup>3</sup> (ex-FI)
FEH prem to STI	0.3%	93%	<u>EV/</u>	-38 <sup>4</sup> %
			<u>Sales</u>	
KUP	12.5	1.12	2.47	9.4
Nestle	18.2	1.64	2.50	14.9
Avg FMCG	<b>15.4</b>	<b>1.38</b>	<b>2.49</b>	<b>12.2</b>
FEH prem/ FMCG	<b>4%</b>	123%	-19%	-19%
<b>FEH @ IV</b>	<b>\$2.74</b>	<b>18.7</b>	<b>3.60</b>	<b>2.3</b>
				<b>11.6</b>

Source: Company Filings, RHTC estimates 1: Estimated average (CNBC, Yahoo Finance), 2: FEH growth based on normalized Fy25 Net Profit (excl FV loss \$32.6mil). 3. ex-FI, 4. Based on 16x STI EV/EBITDA

Food Empire **BUY** Price \$2.34 10-June-26



### Ratios & Valuations

Dec yr-end	2024	2025	2026F	2027F
ex-cash PE	18.6	28.9	14.2	12.8
PE	21.0	32.1	16.0	15.0
consensus PE			18.6	16.6
PEG			3.1	
Intrinsic Value			2.74	3.22
(potential upside)			17%	38%
Div Yield			3.8%	4.0%
PFCF			17.8	12.8
PB			3.0	2.8
EV/Sales			2.0	1.8
EV/EBITDA			9.8	9.2

### Growth & Margins (%)

YoY (%)	2024	2025	2026F	2027F
Revenue	11.9	21.1	6.4	6.4
PBT	(10.1)	(8.5)	67.5	6.4
EPS	(7.3)	(34.5)	100.5	6.4
DPS	(20.0)	50.0	(12.2)	6.4
FCF	(96.4)	4,236	6.0	38.7
Asset	14.2	23.2	7.2	10.7
Margins (%)	2024	2025	2026F	2027F
Gross margins	30.3	33.5	34.7	34.5
EBITDA margin	16.3	13.0	19.5	19.6
EBIT margins	13.8	10.9	17.2	17.2
PBT margins	13.7	10.3	16.3	16.3
Net margins	11.1	11.9	12.2	12.2

Note FEH bonus issue 1:5 effective 4-Jun-26, prior years # adjusted to reflect this. Source: Company data, RHTC estimates

### Income Statement \$mil

US\$ mil Dec-yr end	2024	2025	2026F	2027F
Revenue	476	577	614	653
COGS	(332)	(383)	(401)	(428)
Gross Profit	144	194	213	225
Selling & Distribution	(36)	(49)	(51)	(54)
General & Admin exp	(45)	(51)	(54)	(57)
Other income	7	3	2	2
Other Opex	(4)	(34)	(4)	(4)
<b>Operating Profit</b>	<b>66</b>	<b>63</b>	<b>106</b>	<b>113</b>
Net Finance costs	(0)	(5)	(6)	(7)
Associate cont	(1)	2	1	1
<b>PBT</b>	<b>65</b>	<b>60</b>	<b>100</b>	<b>106</b>
Tax	(12)	(24)	(25)	(27)
tax rate (%)	18.9	39.7	25.0	25.0
<b>PAT</b>	<b>52.9</b>	<b>36.0</b>	<b>75</b>	<b>80</b>
Minority Interests	0	(0.0)	(0)	(0)
<b>Net Attributable Profit</b>	<b>53</b>	<b>36</b>	<b>75</b>	<b>80</b>

### Top shareholders (Total Interest, AR2025)

#	Beneficial Owner	Total Interests #shrs mil	Est % o/s
a	Tan Wang Cheow & Tan Guek Ming	115.8	21.1%
b	Sudeep Nair	71.30	13.0%
c	Anthoni Salim	132.1	24.1%

### Balance Sheet \$mil

\$mil Dec-yr end	2024	2025	2026F	2027F
<b>Cash &amp; CE</b>	<b>131</b>	<b>182</b>	<b>199</b>	<b>241</b>
Trade receivables	50	56	61	67
Inventories	111	127	114	128
Other CA	15	23	37	21
<b>Current Assets</b>	<b>306</b>	<b>387</b>	<b>411</b>	<b>457</b>
PPE	119	131	144	158
Right of Use assets	13	22	32	34
Intangible assets	10	11	12	13
Deferred Tax Assets	4	5	6	8
Investment in Associates	9	11	12	12
<b>Non-current assets</b>	<b>154</b>	<b>179</b>	<b>194</b>	<b>213</b>
<b>Total Assets</b>	<b>460</b>	<b>566</b>	<b>606</b>	<b>670</b>
Trade payables	56	71	79	106
Other payables	6	11	10	11
Lease liabilities	2	3	3	3
Interests loans	28	24	27	29
Current tax liabilities	6	6	5	6
Other CL	1	2	4	2
<b>Current liabilities</b>	<b>99</b>	<b>118</b>	<b>127</b>	<b>157</b>
Interest Loans & Borrow	12	22	24	26
Redeemable exchg notes	37	37	37	37
Lease liabilities	4	9	10	11
Deferred tax liabilities	8	7	8	7
Other LT Liabilities	4	3		
<b>LT liabilities</b>	<b>65</b>	<b>78</b>	<b>79</b>	<b>81</b>
Share capital	48	48	48	48
Treasury shares	-16	-4	-4	-4
Retained earnings	298	289	319	351
Reserve	-36	36	36	36
Minority Interests	2	2	2	2
<b>Total Equity</b>	<b>296</b>	<b>370</b>	<b>400</b>	<b>432</b>

### CashFlow \$mil

US\$mil	2024	2025	2026F	2027F
PBT	65	60	100	106
Depreciation	12	12	14	15
Working capital changes	(38)	(1)	0	23
Cash from operations	37	111	114	144
Tax paid	(12)	(24)	(19)	(20)
<b>CF operating activities</b>	<b>26</b>	<b>87</b>	<b>95</b>	<b>124</b>
Purchase PPE	(24)	(22)	(27)	(29)
Interest Income	4	4	4	5
<b>CF from investing</b>	<b>(18)</b>	<b>(22)</b>	<b>(24)</b>	<b>(26)</b>
Payment of lease liabilities	(2)	(3)	(3)	(3)
Borrowings repayment	(64)	(139)	5	5
Dividends paid	(39)	(45)	(45)	(48)
Interest paid	(4)	(6)	(6)	(7)
<b>CF from financing</b>	<b>(6)</b>	<b>(17)</b>	<b>(54)</b>	<b>(56)</b>
<b>Net change in cash</b>	<b>1</b>	<b>48</b>	<b>18</b>	<b>42</b>
FX	(2)	2		
Cash beg of period	131	131	181	199
Cash end of period	131	181	199	241

# 1. EXECUTIVE SUMMARY

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**Seismic Brew.** Food Empire Holdings Limited (FEH, SGX: F03) has transformed itself from a regionally concentrated instant beverage distributor into a vertically integrated multinational with commercial operations spanning more than 60 countries. Underpinned by ten (eleven by 2028) owned manufacturing facilities across six countries and a diversified geographic revenue base, FEH is structurally better positioned to absorb supply chain disruption and commodity volatility than at any prior point in its corporate history. We **initiate coverage with a BUY recommendation** and an **intrinsic value of S\$2.74** per share, representing **17.1% upside** from the current price of S\$2.34.

## Investment Thesis

The global instant coffee market represents a large and structurally growing end-market for FEH's core product portfolio. Third-party estimates of the global TAM range from US\$27.3 bn in 2022 growing to US\$39.7 bn by 2030 (4.8% CAGR<sup>1</sup>) to US\$46.9bn in 2025 reaching US\$76.4bn by 2035 (5.0% CAGR<sup>2</sup>). Growth is underpinned by secular tailwinds; rising urbanisation, convenience-driven consumption patterns and premiumisation across emerging markets that align directly with FEH's geographic and product mix. At its core, FEH is a **consumer staples** play with **embedded brand premium** characteristics and within this expanding global opportunity, FEH has built a business characterised by three reinforcing competitive advantages:

**Dominant share in defensible markets.** FEH holds an estimated 60% share of Russia's 3-in-1 instant coffee segment through its flagship MacCoffee brand and has established CaféPHQ as the third-largest player in Vietnam with approximately 15% market share. These entrenched positions deliver sustained pricing flexibility and distribution leverage in the company's two largest revenue pools.

**Proven pricing resilience.** Through a period of approximately 122% robusta coffee price inflation (2022–2025), FEH expanded gross margins by 320 basis points to 33.5% while delivering record normalised net profit of US\$68.6 mil in FY2025. This outcome [margin expansion during acute input cost inflation]

confirms the price pass-through capability and brand equity that reinforced valuation premium amongst consumer staples portfolios.

**Strategic capacity investment.** Over US\$117mil in committed capital expenditure across new and expanded facilities in India (US\$37mil spray-dried expansion, +60% capacity by end-2027), Malaysia (NDC and snack expansions completed 2024–2026) and Vietnam (US\$80mil freeze-dried soluble coffee plant, 5,000–5,500 tonnes annual capacity by early 2028) is designed to unlock volume-led growth. The Vietnam investment is transformational, converting the country from a pure consumption market into an integrated upstream supply node positioned alongside one of the world’s largest robusta-producing regions.

### Earnings Outlook

By early 2026, global coffee prices had declined approximately 20% year-to-date. With consumer-facing prices reset at higher levels and input costs falling, FEH is positioned for meaningful operating leverage. The margin profile achieved in FY2025 appears increasingly structural rather than cyclical, as the company has successfully re-anchored consumer price expectations without triggering demand destruction. The confluence of structural margin improvement, moderating raw material headwinds, and incremental manufacturing scale positions FEH to sustain elevated profitability while continuing to gain share in its highest-growth strategic markets. RHTC forecast FY26F bottom-up 6.4% revenue growth and margin expansion to derive +5.2%<sup>5</sup> EPS growth. The Russian Rouble has staged a massive 18% gain (over FY25) making our FY26F forecasts of 10% Revenue growth in Russia conservative (in-line with average growth 10.5%, but below recent Covid+Ukraine war era +12.7% [2019-2025]). Reported 1Q26 figures saw 29.4% yoy growth in Russia, contributing to over +16.9% revenue growth.

### Key Risks

Geographic concentration is the principal risk: Russia and Ukraine together accounted for approximately 37% of FY2024 revenue, exposing FEH to escalation, currency depreciation and cash-repatriation friction. We judge this partially mitigated by FEH’s consumer-staples positioning (sanctions-exempt) and its

vertically integrated supply chain, which proved resilient through the 2022 disruption. The key downside to our forecasts is broad USD strength against FEH’s basket of operating currencies (notably the RUB and INR).

Conversely, our base case views a higher-energy-price environment as net supportive: a Gulf energy and critical-minerals supply crunch over the next 24 months would underpin a firmer Rouble, while sanctions are unlikely to be lifted before hostilities in Ukraine cease. A restricted Russian market continues to insulate entrenched consumer-staples incumbents such as FEH from new competition, supporting sustained margins in a mature market.

CEO Sudeep Nair recently has some vested share awards (figure 4-2) on 20-April-2026 (after since 2025 Annual Report disclosures), increasing his deemed Interests to 71.795mil shares (or total of 72.295mil [section 4-2]). Note also Mdm Tan Guek Ming is deemed to have an interest in the 35,827,200 shares held by DBS Nominees (Private) Limited. Mdm Tan Guek Ming is spouse of Mr Tan Wang Cheow, and is deemed to have an interest in the 52,440,000 shares which Mr Tan Wang Cheow has an interest in. As of 6-Mar-26, FEH has **33.21% free float** (source: AR 2025).

**Total Shareholder Return (TSR)**

Food Empire has delivered a **staggering 5-year Total Shareholder Return of 260%** (CAGR 28%) supported by generous dividend payouts and share buy-backs (first interim dividend of 3.0cts in 1H2025 and all-time high Dividends declared for FY2025 12cts pre-bonus adjustment).

**Figure ES-1: FEH relative valuation to Global FMCG competitors<sup>3,6</sup>**

Excerpts from Fig 5-9	FEH FY26F	Global FMCG Avg	FEH discount to Global Avg
EV/Sales (x)	2.03	2.49	19%
EV/EBITDA (x)	9.79	12.15	19%
ROAE	19.5%	20.7%	5.8%

Source: RHTC estimates, BBG

Figure ES-1 shows the current relative global competitors (selection of Nestle and Keurig Dr Pepper) whereby FEH trade at a significant 19% valuation discount despite having similar ROAE.

### Figure ES-2: FEH Intrinsic Valuation<sup>3,4</sup>

(%)	FY26F	FY27F	2 yrs cumulative
FCF yield	5.6	7.8	13.4
Dividend yield	3.8	4.0	7.7
Share buy-backs	2.5	2.5	5.0
EPS growth <sup>5</sup>	5.2	6.4	11.6
<b>Total Shareholder Return (TSR)</b>	<b>17.1</b>	<b>20.6</b>	<b>37.7</b>
<b>Implied FEH Intrinsic Value / Target Price</b>	<b>S\$2.74</b>		<b>\$3.22</b>

Source: RHTC estimates

With a forecast FY26F Free Cash Flow yield of 5.6%, Dividends of 3.8%, share buy-back of 2.5% (capacity mandate up to 10%) and EPS growth of 5.2%<sup>5</sup>, the expected **Total Shareholder Return of +17.1%** implies an **Intrinsic Value / Price Target of FEH at \$2.74 (fig ES-3)**. On a two-year holding period through FY27F, cumulative TSR reaches an estimated +37.7%, implying an FY27F IV of S\$3.22. **Initiate BUY on Food Empire Holdings with target price of S\$2.74 (potential +17.1% upside).**

1: Cognitive Research, 2: Fact.MR, 3: Company filings, 4: RHTC estimates, 5: based on normalised FY2025 net profit after tax ("NPAT") of US\$68.6, excluding one-off non-cash, fair value accounting loss on Redeemable Exchangeable Notes ("REN") amounting to US\$32.6 mil in FY2025, 6: Bloomberg

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## 2. OVERVIEW

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### 2.1 History and Evolution

Food Empire Holdings Limited was founded in 1992 by Mr. Tan Wang Cheow, who currently serves as the Executive Chairman. The company originally began in the electronics distribution sector, with Eastern Europe serving as a core market. Following the dissolution of the Soviet Union and the subsequent opening of new consumer markets in the early 1990s, the founders identified a highly lucrative opportunity to enter the instant coffee category. With the strategic support of current CEO Sudeep Nair, who relocated to Moscow to scale operations, Food Empire successfully established its flagship MacCoffee brand as a household name across Russia and Eastern Europe. The company was publicly listed on the Singapore Exchange in 2000 and has since earned numerous accolades, including being repeatedly named to Forbes Asia's "Best Under A Billion" list.

Today, FEH operates as a vertically integrated multinational food and beverage manufacturing and distribution group, delivering tailored products to consumers across more than 60 countries through a portfolio of over 200 instant beverages and snacks.

## 2.2 Business Model and Value Proposition

FEH's value proposition lies in combining deep local market insights with an extensive global distribution footprint. The highly integrated supply chain model spans upstream ingredient manufacturing [freeze-dried and spray-dried soluble coffee plants in India and Vietnam] paired with downstream localised coffee mix packing facilities in major end-markets. This vertical integration enhances cost efficiency, strengthens supply reliability, and insulates the company from broader supply chain disruptions.

The product portfolio encompasses classic and flavoured coffee mixes (MacCoffee, CaféPHQ, Petrovskaya Sloboda, Klassno, Hillway), cappuccinos, chocolate drinks, fruit teas, bubble tea, and snack offerings including Kracks and Chizzpa potato chips. Innovation is extending into the ready-to-drink (RTD) segment, with soft-launches of energy drinks and bird's nest beverages in Vietnam in late 2025, and a co-development partnership with Capital A (AirAsia) to launch Vietnamese iced coffee products through the Santan brand.

This vertical integration enhances cost efficiency, strengthens supply reliability and insulates the company from broader supply chain shocks. The group offers a dynamic portfolio of over 200 instant beverages and snacks, spanning classic and flavored coffee mixes, cappuccinos, chocolate drinks, fruit teas, and potato chips. By tailoring its marketing and product development to match the precise flavor profiles of local markets, FEH establishes high barriers to entry and strong brand recognition among end-consumers.

## 2.3 Geographic Segments

### Geographic and Operating Segments

Food Empire's operations are organized into distinct geographical segments, which act as natural hedges against regional volatility while providing multiple engines for growth.

**Russia:** FEH's largest single market, contributing US\$191.0 mil in FY2025 revenue. The Russian coffee market is projected to grow from US\$2.9bn in 2025 to US\$4.5bn by 2033 (5.4% CAGR). Within the 3-in-1 segment, FEH's MacCoffee brand commands an estimated 60% market share (implied 11% of total Russian coffee market), well ahead of Nestlé and other multinational peers.

**Southeast Asia (SEA)** US\$147.8 mil in FY2025 revenue with average growth of 17.4% (2022-2025): Vietnam is FEH's principal growth market in SEA. The Vietnamese instant coffee market is forecast to expand from US\$325.6 mil in 2021 to US\$731.4 mil by 2028 (12.3% CAGR). FEH has established a top-three position with an estimated 15% market share through its CaféPHỞ brand, which has built sufficient premium positioning to gain share against entrenched incumbents despite being a relatively late entrant.

**Ukraine, Kazakhstan and CIS:** The group dominates the instant coffee market in these regions, holding a significant majority market share that exceeds 60%. The recent acquisition and integration of Tea House LLP has further consolidated the company's strong market position in Kazakhstan. In core Eastern European markets, the competitive landscape features massive global entities like Nestlé and JDE. However, Food Empire captures substantial market share through its specialized focus, holding a 10% volume share in Ukraine compared to Nestlé's 17% and JDE's 22%, while maintaining a solid foothold in Russia alongside heavyweights like Orimi Trade and Strauss.

**South Asia:** Driven primarily by its B2B ingredients business in India, this segment operates full-cycle soluble coffee manufacturing units that are currently running at peak capacity. The region serves as a critical supply hub to support the group's downstream branded products.

## 2.4 Demand Demographics and Consumer Trends

We assess the demographic foundation of FEH's demand across its four principal markets [Russia, Vietnam, India and Kazakhstan] and translates it into the assumptions that drive the revenue model. The central finding is a bifurcated demand base rather than a homogeneous one: a young, urbanising growth bloc (Vietnam, India, Central Asia) alongside an ageing but deeply entrenched cash core (Russia/CIS). This distinction, not a blended average, should anchor the forecast.

### Implications for our forecast assumptions:

**1. Bifurcated volume growth.** Model Russia/CIS as a low-growth, high-retention annuity [volume near or modestly below population change (WPP: Russia -0.6% p.a. in 2025)] and Vietnam, India and Kazakhstan at mid-to-high single-digit volume growth, supported by positive population growth (~0.6–1.2% p.a.), urbanisation and a young consumer base.

**2. Mix / ASP tailwind concentrated in the young markets.** The premium flavoured and on-the-go formats that lift average selling price and margin are demographically supported in Vietnam, India and Central Asia; weight the premiumisation assumption there rather than in Russia.

**3. Geographic mix drift.** Compounding the above shifts the revenue mix toward the growth markets across the forecast horizon, structurally reducing single-market concentration: a modest positive for the segment-level risk and discount-rate treatment.

**4. The Russia tail benefiting from global sanctions.** Sub-replacement fertility (TFR 1.47) and post-2022 flip to net emigration (net migration +2.7 → -1.8 per 1,000 between 2015 & 2025) thin the young, higher-income premium cohort. However, as mentioned earlier, RHTC is of the assumption that the Ukraine war and slew of global sanctions against Russia resulted in a closed market that rewards incumbents with strong margins dissuade competition; FEH as a consumer staple is sanctions exempt and its premium-mix products continue to

be well supported by the entrenched base (60% market share, 94mil habitual consumers, a 33-year consumption runway) with durable cash generation.

**DEMAND DEMOGRAPHICS** FEH’s demand demographics straddle two distinct but complementary profiles. In its emerging growth markets, rapid urbanisation and youthful age structures are converging tailwinds: Vietnam (median age circa 33, in its “golden population” dividend), India (29, with half the population under 30) and Central Asia such as Kazakhstan (30, fertility 2.95, urbanising toward 70%) offer a young, increasingly urban consumer base drawn to convenience, affordable indulgence and on-the-go formats: the cohort most associated with flavour innovation and functional single-serve and ready-to-drink products.

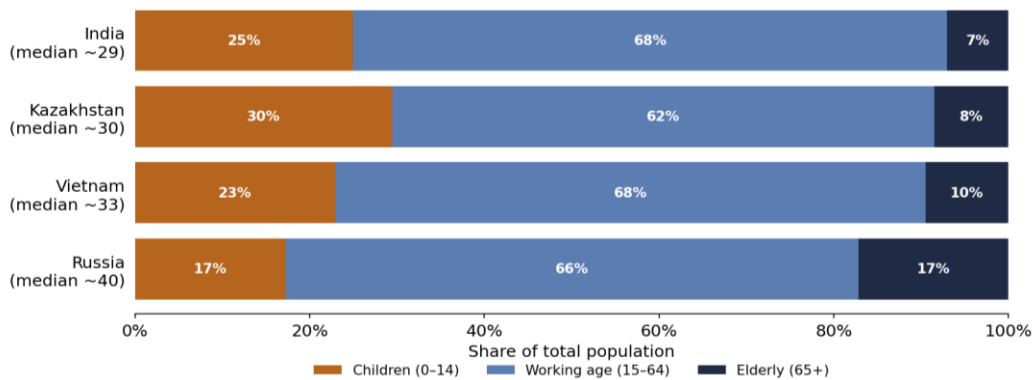
**Figure 2-1: Demographic profile of FEH’s key markets (2026 estimates)**

Market (FEH role)	Median age	TFR	0–14 / 15–64 / 65+	Urban	Decade shift & demographic role
<b>Russia: 60% share, profit core</b>	40.3	1.47	17 / 66 / 17	75%	Median +2.6 yrs; growth turned negative (–0.6%) & net emigration; entrenched annuity base
<b>Vietnam: top-3, CaféPHỐ</b>	33.4	1.88	23 / 68 / 10	42%	Median +4.2 yrs; pop +9.5%/decade; “golden” dividend, urbanising
<b>India: growth market</b>	28.8	1.94	25 / 68 / 7	36%	Median +3.6 yrs; pop +10.2%; half under 30, dividend to ~2055
<b>Kazakhstan / C. Asia – CIS</b>	29.7	2.95	30 / 62 / 8	55%	Median +1.4 yrs; pop +15.3%; TFR rising; youngest CIS core

*Source: UN World Population Prospects 2024, Demographic Indicators (GEN/01) — 2015 estimates and 2025 medium variant; RHTC. TFR = total fertility rate (replacement ≈ 2.1); 0–14/15–64/65+ shares are UN WPP-based 2025 estimates*

In parallel, FEH’s established Russia/CIS core is a different but equally valuable profile: not a Gen-Z growth catalyst [Russia’s population is ageing (median age circa 40) and contracting (fertility 1.47, well below replacement) but an entrenched, habitual consumer base in which MacCoffee commands an estimated 60% category share, generating durable, annuity-like cash flows that help fund expansion elsewhere. The Group captures the first profile through format and flavour innovation aligned with mobile lifestyles and defends the second through brand dominance, distribution reach and pricing power. Cost-of-living pressures and the structural shift from out-of-home cafés to premium at-home instant coffee reinforce demand across both.

**Figure 2-2: Age structure of FEH’s key markets (broad cohorts, 2025)**



Source: UN WPP 2024; RHTC.

**Russia/CIS: qualifying the entrenched core, quantitatively**

Because Russia is ageing and shrinking, the conventional “young consumer” thesis does not apply to FEH’s largest market. The investment-relevant question is therefore not how fast the base grows but how durably it is captured and retained. RHTC assess the following 3 factors: (1) dominance (share and its persistence), (2) retention (habituation, pricing power and revenue stability through shocks) and (3) demographic durability (the size and decay rate of the installed consuming base).

**Figure 2-3: Russia entrenchment & stickiness scorecard**

Metric	What it captures	Russia reading
Brand market share (MacCoffee, RU 3-in-1)	Depth of dominance / moat	60%
Relative share vs #2 player	Width of moat	2-4x
Share persistence through 2022–24	Moat durability under shock	Leadership retained
Brand price premium vs private label	Switching cost	est 50–100%
Consuming base, 15–64 (absolute)	Installed habitual base	94mil
Demographic base decay rate	Annual self-erosion of base	-0.6%/yr
Consumption runway (median → life exp.)	Annuity horizon	est 33 yrs (40→74)

Source: RHTC framework. UN WPP 2024.

Figure 2-3 summarised in scorecard above. With a commanding 60% market share in Russia, the relative share vs #2 and #3 player implies a sufficiently wide moat (circa 2-4x). As shown in figure 5-1, revenue from Russia showed remarkable share persistence from 2022 to 2025 (\$148mil to \$191mil), surpassing pre-Covid highs and staging remarkable recovery from initial Ukraine war correction (\$140mil+ FY2022-24).

**The demographic-durability math reframes Russia from “melting base” to annuity.** Russia’s 15–64 cohort circa 65.5% of 144mil people, i.e. an installed base of roughly 94 mil prime-age, habitual coffee consumers. With the overall population contracting at 0.6% a year (UN WPP, 2025), that base self-erodes only marginally [on the order of half a percent annually] before any brand effect. Set against a captured 60% category share, a habitual daily-consumption category with high repeat purchase, and a sustained price premium over private label, the resulting cash-flow profile behaves far more like an annuity with a long runway (a median consumer aged 40 against life expectancy 73.5 implies a 33-year consumption horizon) than like a rapidly depleting asset. The contrast with the growth markets is instructive: Vietnam, India and Kazakhstan add to their consuming base at 0.6–1.2% a year, but FEH must still win those new consumers against entrenched local incumbents (e.g. G7/Trung Nguyên and Vinacafé in

Vietnam), so a growing base is an opportunity to capture, whereas Russia is a base already captured.

**The quantifiable risks to stickiness are equally explicit.** Three measurable factors temper the annuity view and warrant monitoring: (i) sub-replacement fertility of 1.47 (down from 1.79 a decade earlier) means base erosion compounds beyond the late-2030s as smaller young cohorts fail to replace older consumers; (ii) net migration flipped from +2.7 to -1.8 per 1,000 between 2015 and 2025, with the post-2022 outflow disproportionately removing younger, urban, higher-income consumers [precisely the premiumisation and at-home-café target segment] which pressures mix even as volume holds; and (iii) rouble volatility and sanctions introduce translation and repatriation risk to reported Russia-segment revenue, distinct from underlying demand.

**Figure 2-4: Rouble vs USD**



Source: BBG

The cashflow stability from Russia is further fuelled by recent strength of Russian Rouble vs USD, from RUB 110.6/USD (3-Jan-25) to current 71.38 (29-May-26) or 35% appreciation. Russia’s share of group revenue rose from 30% (FY24) to 33% (FY25), while its brand price premium over private label is discussed in Section 3.5. Its contribution to net profit is more pronounced: approximately 42% on a normalised FY25 basis (excluding the REN fair-value loss) and approximately 76% of reported FY25 net profit, the latter inflated by the one-off charge depressing the group denominator.

Figure 2-5 and the following segment summarizes result of our analysis that we apply in forecasting FEH revenue projections.

**Figure 2-5: FEH geographic portfolio and RHTC forecast assumptions**

Segment [RHT forecasts]	Profile	Key Brands / Highlights
<b>Russia</b> [+10% FY26F, +10% FY27F]	Largest single market. FY2025 revenue US\$191mil. Highly profitable, cash-generative despite geopolitical headwinds.	MacCoffee: ~60% share in 3-in-1 segment. Entrenched brand loyalty, strong in-store execution.
<b>Southeast Asia</b> [+5% p.a.]	High growth market. FY2025 revenue US\$147.8mil (+14.3% YoY).	CaféPHQ: top-3 in Vietnam (~15% share). Aggressive consumer acquisition and continuous product launches.
<b>Ukraine, Kazakhstan &amp; CIS</b> [+5% p.a.]	Dominant position exceeding 60% market share in instant coffee. Tea House LLP (Kazakhstan) integrated May 2024.	MacCoffee, Klassno, Tea House brands. Kazakhstan coffee-mix factory by end-2025 (+15% group capacity).
<b>South Asia (India)</b> [+5% p.a.]	B2B ingredients hub. Full-cycle soluble coffee manufacturing at peak capacity. Critical supply node.	US\$37mil spray-dried expansion (+60% capacity by end-2027). Freeze-dried facility operational since 2021.

Source: Company data, RHTC

**Russia** - This entrenched position delivers sustained pricing flexibility and brand loyalty that has proven durable through multiple macroeconomic and geopolitical disruptions. Ongoing conflict in Gulf has already translated to stronger rouble and positive macro developments in Russia. As such RHTC forecasts a +10% revenue growth (FY26F and FY27F) on the back of stronger rouble expectation in a mature market.

**Southeast Asia (SEA)** – despite strong historical performance from Vietnam (majority of SEA revenue contribution, in light of Vietnam’s macro dependency on Gulf energy with 70% Liquefied Petroleum Gas (LPG) and 88% of crude oil imports and absence of near term resolution, RHTC adopts a conservative +5% p.a. revenue growth assumption for this region.

**Ukraine, Kazakhstan and CIS** FEH revenues from these states averaged 11% (2021-2025) and given developments in Iran [higher global energy prices translating to stronger domestic economy for K and CIS, while conflict zone in Ukraine pose similar situation for FEH in Russia], RHTC expects a 5% p.a. growth.

**South Asia** - Since 2022, FEH average annual growth from South Asia circa +21.5%. However, the gulf states supply over 60% of India's crude oil and more than 90% of LPG imports (CEIC). As such RHTC adopts a conservative forecast at 5% p.a. due to rising risks of Energy crisis emanating from Iran conflict.

## 2.5 Strategic Transformation (FY2010–FY2025)

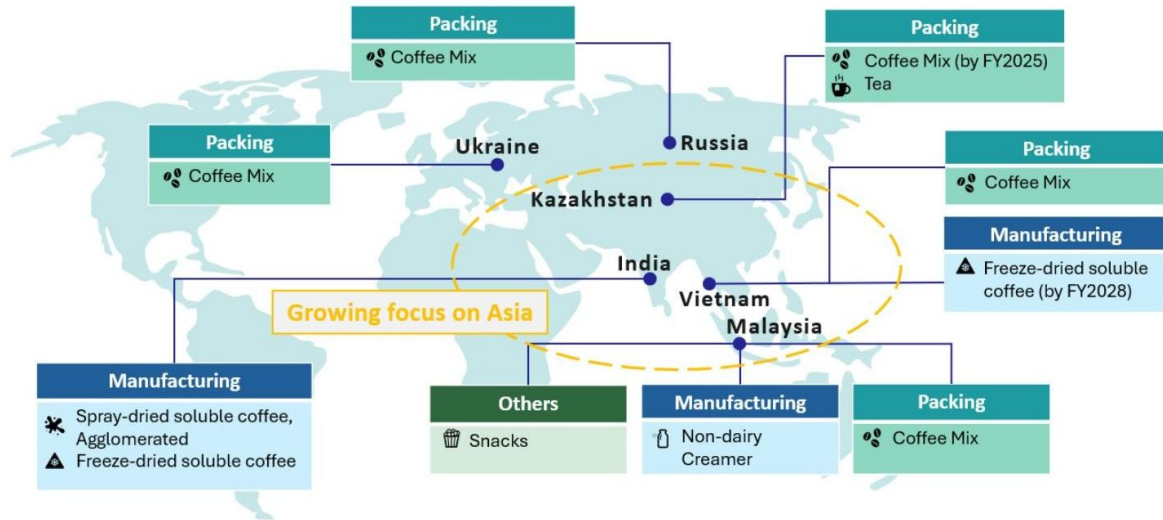
FEH executed a deliberate portfolio rebalancing over the past decade, diversifying away from Eastern European revenue concentration toward high-growth Asian consumer markets through sustained investment in regional commercial teams and vertically integrated manufacturing capacity. The Russia-Ukraine conflict in 2022 served as an unplanned validation of this strategy: the Ukraine factory resumed operations within one week of pausing, while MacCoffee's entrenched brand position in Russia preserved pricing power and market dominance throughout the disruption. Today the business operates across two complementary pillars: a mature, high-margin Eastern European franchise and an accelerating Asian growth platform.

The core strategic priorities centre on an Asia-centric pivot, targeting emerging markets with rising disposable incomes and increasing preference for convenient, high-quality instant beverages. RHTC projects these strategic tailwinds will push group top-line revenue towards US\$1bn (by 2029F), an tripling its net profit to \$150mil+ by 2028F.

### 2-5-1 Manufacturing Platform and Capex Pipeline

FEH operates ten manufacturing facilities across six countries, expanding to eleven by 2028.

**Figure 2-6: FEH manufacturing network**



Source: Company

The footprint is designed to co-locate production with both raw material sources and end-market demand, optimising logistics costs and mitigating geopolitical supply chain concentration risk. Historically, there is a direct and proven correlation between FEH’s expansion of its physical manufacturing footprint and revenue acceleration: the group achieved four consecutive years of record revenue growth (FY2021–FY2024), fundamentally underpinned by successful ramp-up of earlier vertical integration projects.

**Figure 2-7: FEH upcoming manufacturing plants**

Location	Investment	Capacity Impact	Completion
India (spray-dried)	US\$37mil	+60% spray-dried output	End-2027
Vietnam (freeze-dried)	US\$80mil	5,000-5,500t p.a.	Early 2028

Source: Company data, investor presentations, RHTC

## 2-5-2 M&A Track Record

FEH has historically utilised targeted, small-scale acquisitions to consolidate distribution networks and execute strategic bolt-on expansions. The most significant recent transaction was Tea House LLP in Kazakhstan: an initial 50.5% stake acquired in October 2022 for US\$2.45 mil, followed by full management control in May 2024. The fair value of Tea House’s identifiable net assets was US\$10.39 mil, generating a bargain purchase gain of US\$2.92 mil. To fund further M&A and capex, FEH raised US\$40 mil through 5-year redeemable exchangeable notes with ASEAN private equity firm Ikhlas Capital. FEH current balance sheet cash of \$182mil (FY25) and forecasted to reach \$352mil (FY2027F) is more than adequate considering its Bank Borrowings of circa \$55mil and convertibles circa \$37mil or FY27F nett cash position of \$260mil. While market speculation suggests Ikhlas Capital and management are working toward a potential event by November 2029 when the convertible investment matures, potential strategic acquirer Tata Consumer, is possible given operational synergies and India-Russia trade relations.

Figure 2-8 outlines Food Empire's history of direct acquisitions, highlighting a concentrated period in 2005 where the group aggressively bought out its regional distribution partners to internalize revenues and control.

**Figure 2-8: FEH historical M&As**

Name of Target [Acquisition Date]	Deal Value US\$mil [stake]	Strategic Synopsis
<b>Tea House [Oct-22]</b>	2.45 [50%]	Acquired full management control in May 2024
<b>Positive Food Ventures Pte Ltd (Brewhouse) [Dec-17]</b>	0.62 [80%]	Acquired majority stake in the Delhi-based business to expand instant beverage presence in India.
<b>Future Enterprises (Russia) Pte Ltd [Jun-05]</b>	3.38 [100%]	Acquired from a private investor to consolidate its proprietary distribution network in Russia and CIS countries.
<b>FER (HK) Ltd [Jun-05]</b>	1.83 [100%]	Acquired from Bestgate Investments to consolidate beverage and confectionery distribution in Hong Kong.
<b>FES Industries Pte Ltd [Sep-05]</b>	0.20 [12%]	Acquired remaining minority stake via share issuance to make the confectionery producer a wholly-owned subsidiary.
<b>PT ABC Future Indonesia [Sep-04]</b>	0.10 [49%]	Acquired stake to bolster distribution of instant beverages in Indonesia under the "Real Express" brand.

Source: Company

## 3. TOTAL ADDRESSABLE MRK

### 3.1 Global Instant Coffee TAM

The global instant coffee market represents a large and structurally growing end-market for FEH’s core product portfolio.

**Figure 3-1: Key market TAMs**

Market	TAM (base yr)	TAM (target yr)	CAGR	FEH Position
Russia	US\$2.9bn (2025)	US\$4.5bn (2033)	5.4%	~60% in 3-in-1
Vietnam	US\$326mil (2021)	US\$731mil (2028)	12.3%	~15% (top-3)

Source: Cognitive Market Research, Fact.MR, Research and Markets, company data, RHTC estimates

Figure 3-1 is based on third-party estimates of the global TAM, with range from US\$27.3 bn in 2022 growing to US\$39.7bn by 2030 (4.8% CAGR) to US\$46.9 bn in 2025 reaching US\$76.4bn by 2035 (5.0% CAGR). Growth is underpinned by secular tailwinds [rising urbanisation, convenience-driven consumption patterns and premiumisation across emerging markets] that align directly with FEH’s geographic and product mix.

## 3.2 Competitive Landscape by Geography

In core Eastern European markets, the competitive landscape features global entities such as Nestlé and JDE Peet’s. FEH captures substantial market share through its specialised focus: in Ukraine, FEH holds approximately 10% volume share compared to Nestlé’s 17% and JDE’s 22%, while maintaining a dominant position in Russia alongside Orimi Trade and Strauss. In Vietnam, the market is fiercely contested by Vinacafé (Masan Group), G7 (Trung Nguyen), and Nescafé, with FEH’s CaféPHO differentiating through localised flavour profiles.

**Figure 3-2: Estimated FEH & competitor market shares**

Geography	Metric	Market share & competitors
Russia	3-in-1 coffee	FEH 60% (vs Nestlé, JDE)
Russia	Overall coffee value	FEH 4% (Nestlé 26%, JDE 23%, Orimi 7%)
Vietnam	Instant coffee	FEH Café Pho ~15% instant coffee vs locals, Nestlé)
Ukraine	Overall coffee volume	FEH 10% (JDE 22%, Nestlé 17%, Strauss 15%)

Source: Company, RHTC estimates, Euromonitor, Nextinsight

Fig 3-2 shows the relative estimated market shares in FEH’s various markets. Note that we separated 3-in-1 coffee and overall coffee market in Russia to be consistent with Nestle’s and JDR reported coffee numbers for comparison.

Unlike broad-based global FMCG conglomerates, FEH operates with a highly focused niche in instant coffee and localised beverages, granting it superior agility and cultural resonance in frontier markets. The company possesses a narrow but highly durable economic moat derived from intangible assets (deeply entrenched brand equity cultivated over decades through localised marketing and flavour profiles) and cost advantage (vertically integrated manufacturing controlling upstream ingredient production and downstream localised packing).

### 3.3 Commodity Stress Test: The 2022–2025 Robusta Cycle

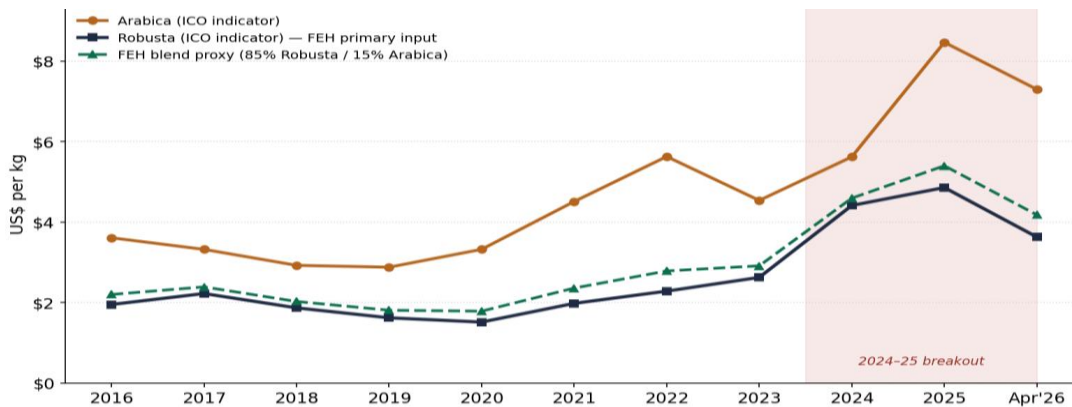
The 122% increase in robusta coffee bean prices between 2022 and 2025, driven primarily by climate-related supply disruptions in Vietnam, provided an involuntary but highly informative stress test. FEH delivered record normalised net profit of US\$68.6 mil in FY2025 while expanding gross margins by 320 basis points to 33.5%. Margin expansion during acute input cost inflation was driven by three factors: successful implementation of consecutive double-digit price increases in core markets, a favourable product mix shift toward premium categories and local currency tailwinds in Russia.

Consumer volumes remained resilient throughout, consistent with the demand inelasticity characteristic of affordable instant coffee, which tends to benefit from down-trading away from more expensive out-of-home alternatives during inflationary periods. FEH also maintained a flexible procurement strategy and leveraged its vertically integrated Indian soluble coffee production to reduce dependence on third-party suppliers. Higher-margin Russia and Central Asia segments served as a portfolio counterweight, absorbing competitive pricing pressure in Vietnam: a deliberate cross-subsidisation strategy enabled by the group's diversified earnings base.

### 3.4 Coffee Price Trajectory: A Ten-Year Perspective

Viewed across a full ten-year horizon, the 2024–2025 episode represents a genuine regime shift rather than ordinary cyclical volatility. World Bank data show the ICO Robusta indicator [the most relevant benchmark given FEH’s Robusta-weighted blend] trading within a stable US\$1.5–2.3/kg band for almost the entire 2015–2023 period before breaking sharply higher: the annual average rose 68% in 2024 to US\$4.41/kg and advanced further to US\$4.86/kg in 2025. On an annual-average basis the increase from 2022 (US\$2.29/kg) to 2025 (US\$4.86/kg) is approximately 113%, while the rise to the intra-cycle monthly peak of roughly US\$5.64/kg in Q1 2025 reaches approximately 147%; the 122% figure cited above falls within this range. By April 2026 the indicator had eased to US\$3.63/kg: meaningful relief, yet still close to double the pre-2024 norm.

**Figure 3-3: Coffee Input Price trajectory 2016-2026**



Source: World Bank Commodity Price Data (Pink Sheet); ICO indicator prices; annual averages 2016–2025, latest month April 2026.

The practical implication for FEH is that the cost base has reset to a structurally higher plateau rather than reverting to the prior decade’s equilibrium. That the group expanded gross margins by 320 basis points to 33.5% and delivered record FY2025 normalised net profit through the steepest leg of this move is therefore a powerful validation of its pricing power, premiumisation-led mix shift, and vertically integrated procurement. The blended input proxy (approximately 85% Robusta / 15% Arabica) illustrated in fig 3-3 tracks this trajectory and serves as a forward monitoring tool: a sustained move back toward the US\$3/kg area would represent a tailwind to FY2026–27 margins, whereas renewed supply shocks in Vietnam or Brazil remain the principal downside risk to the input-cost outlook.

### 3.5 Brand Premium Estimation: FEH / MacCoffee

Brand premium in consumable F&B can be quantified through three complementary lenses: the Price Premium Method, the retail gap between a national brand and private label), the Relief-from-Royalty Method (the capitalised value of royalties a brand owner avoids paying [observed rates of 3–6% for typical food brands, 2–6% (Fonterra), 3–5% (Thai Union, rising to 12% for the niche Petit Navire) and 7–20% for high-equity portfolios (Kraft Heinz)] and the Excess Earnings Method (brand-attributable EBIT above an unbranded manufacturer’s required return/COE). Coca-Cola anchors the upper bound of the FMCG spectrum [ROIC near twice its peer group and concentrate margins functioning as a franchise fee] but FEH occupies a different position: a dominant mass-market incumbent (MacCoffee at roughly 60% of the Russian 3-in-1 category and a top-three position in Vietnam via CaféPHỐ), rather than a super-premium café brand. That positioning supports genuine pricing power over local generics and private label while capping it well below the luxury tier.

Comparable price-premium vs generics evidence across the category establishes the observable range in figure 3-4.

**Figure 3-4: Implied estimated Brand Premiums**

Comparable benchmark	Est Implied premium over generics	Relevance to FEH
India: Nescafé Cappuccino vs Continental 3-in-1	150% (2.5x)	Premium / flavoured tier ceiling
South Africa: Nescafé vs private label	199% (~3x)	Dominant-brand mass market
India: branded vs private label	65% – 100%	Core 3-in-1 vs local generic
UK: branded vs own-label instant	60%	Mature-market core premium
Lays vs private label	350%	Implied ceiling

Source: BBG, FT, WSJ

Applying the Price Premium Method to FEH’s positioning yields a tiered range: entry / core 3-in-1, supports roughly a 40–60% premium over local generics; the dominant branded mass-market level (analogous to Nescafé in the UK and India)

sits at roughly 60–100%; and genuinely differentiated premium or flavoured café-style variants [FEH’s principal growth and margin-insulation vector] can reach 100–150%. A defensible blended brand price premium therefore lands at approximately 50–100%, with the firm caution that pushing core sachets toward the 200%+ zone where loyalty switching becomes sticky.

Translating pricing power into an intangible-asset value, the Relief-from-Royalty Method anchors FEH above the generic-food floor but below high-equity portfolios such as Kraft Heinz (7–20%): given roughly 60% category dominance in Russia and entrenched frontier-market equity, a royalty rate of 4–7% (base case 5.0–5.5%) is appropriate, versus the 3–6% typical of food brands. On an illustrative ~US\$0.5 bn of brand-attributable revenue, a 20% effective tax rate, a 10% WACC and 3% terminal growth, this implies a brand value of approximately US\$230 mil (low) to US\$400 mil (high), with a base case near US\$315 mil.

The two lenses reconcile coherently. FEH’s premiumisation strategy simultaneously shifts volume into the higher 100–150% price-premium tier, supports a higher applicable royalty rate (toward the 6–7% end), and because premium and flavoured variants use materially less coffee per serve, defends the very gross margin that underwrites the premium, insulating it from the Robusta cost cycle examined in Section 3.4.

In summary, FEH commands a defensible brand price premium of approximately 50–100% (with 100–150% achievable on premium variants) and a corresponding intangible brand value in the region of US\$230–400 mil on the stated assumptions. The principal risk to both is the narrowing private-label quality gap and the magic-price ceiling at the entry tier, which together cap the sustainable premium well below the 300–400% levels that the broader evidence now regards as untenable on brand reputation alone.

The above analysis is MOAT EVIDENCE supporting the multiple FEH deserves (not a direct input to our Intrinsic Valuation).

## 4. MANAGEMENT TEAM

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Food Empire Holdings (“FEH”) is governed by an eight-member Board of Directors that pairs deep founder-operator continuity with a recently refreshed independent bench. The Board comprises two Executive Directors, three Non-Executive Directors and three Independent Directors, an independence ratio of 37.5%, with one female director (or 12.5% gender diversity). Although the roles of Chairman and Chief Executive are held separately, the Executive Chairman is a founder (and Executive Director) while the Board accordingly appoints a Lead Independent Director (Mr Saw Meng Tee) and operates three committees: Audit (chaired by Mr Saw), Nominating (chaired by Mr Tan Cher Liang) and Remuneration (chaired by Mr Adrian Chan).

**FEH transitioning to global FMCG corporate structure.** Executive Chairman Mr Tan Wang Cheow together with Group CEO Mr Sudeep Nair has been actively delegating corporate decisions to professional corporate country managers over the years, allowing faster execution and more decisive executive decision making on the ground. This is highly positive for FEH as it substantially reduced key-man and succession risks. Executive Chairman Mr Tan Wang Cheow founded the company and took it public on the SGX in 2000, while Group CEO Mr Sudeep Nair has been with the business since 1993, building its Eastern European and CIS franchise before assuming the CEO role in 2012. The pairing gives FEH more than three decades of uninterrupted strategic ownership and an unusual alignment between a brand-building philosophy at the very top and the brand-equity moat that underpins the Group’s pricing power (Section 3.5).

**The independent and non-executive bench is unusually weighted toward financial, legal and transaction expertise.** Lead Independent Director Mr Saw Meng Tee is a corporate-finance and restructuring specialist who chairs the Audit Committee; Mr Tan Cher Liang brings more than 40 years of corporate-advisory experience and an ACCA qualification; Mr Adrian Chan is a senior corporate lawyer and Vice-Chairman of the Singapore Institute of Directors; and Non-Executive Director Mr Ong Kian Min is an M&A and corporate-finance lawyer. This concentration of audit, governance and deal expertise is well suited to a

company that sell-side coverage has framed as a credible strategic-takeout candidate and would be a clear asset in evaluating and executing the M&A optionality that management has flagged as a growth avenue.

**Board refreshment has been deliberate, but the independence ratio sits below the level many institutional investors prefer.** The three Independent Directors were all appointed between 2019 and 2022, layering fresh governance over a core of directors dating to the 2000 listing and the reclassification of Mr Ong Kian Min from independent to non-independent in December 2021 [after more than nine years' service] signals adherence to SGX independence norms. Nonetheless, with a non-independent founder Executive Chairman and independents comprising roughly a third of the Board, governance leans heavily on the Lead Independent Director and the committee chairs; investors who benchmark to majority-independent boards may regard the current ratio as an area for potential strengthening.

**Ownership alignment is the remaining piece to monitor.** As with most founder-led companies, the alignment between the principals' equity stakes and minority shareholders is a key indicator of governance quality. RHTC believes the Board reflects a deliberate balance of founder continuity and refreshed independent oversight.

## 4.1 Board of Directors

**Figure 4-1: Food Empire Holdings Board of Directors**

Director	Position	Board committees	First appointed
<b>Mr Tan Wang Cheow, PBM</b>	<i>Executive Chairman</i>	—	2000
<b>Mr Sudeep Nair</b>	<i>Group CEO &amp; Executive Director</i>	—	2005
<b>Mdm Tan Guek Ming</b>	<i>Non-Executive Director</i>	—	2000
<b>Mr Koh Yew Hiap</b>	<i>Non-Executive Director</i>	—	2007
<b>Mr Ong Kian Min</b>	<i>Non-Executive Director</i>	Nominating	2000
<b>Mr Tan Cher Liang, PBM</b>	<i>Independent Director</i>	Nominating (Chair); Audit; Remuneration	2020
<b>Mr Saw Meng Tee</b>	<i>Lead Independent Director</i>	Audit (Chair); Nominating; Remuneration	2019
<b>Mr Adrian Chan Pengee</b>	<i>Independent Director</i>	Remuneration (Chair); Audit; Nominating	2022

Source: Food Empire Holdings Annual Report (FY2025)

**Mr Tan Wang Cheow, PBM [Executive Chairman]** Mr Tan founded Food Empire and has provided leadership to the Board since April 2000, having been instrumental in guiding the Group’s business and taking the company public in 2000. As Executive Chairman he is responsible for the achievement of the Group’s long-term goals, providing strategic leadership and exploring new business opportunities. A passionate believer in the power of brands, he remains actively involved in the Group’s marketing and branding activities; a focus that aligns directly with the brand-equity moat underpinning Food Empire’s pricing power. Active in the local grassroots community since 1990, Mr Tan received the Service to Education Award in 2014 and 2020 and was awarded the Public Service Medal in 2014 for his contributions to society and to the field of business. He holds a Bachelor of Accountancy from the National University of Singapore, received the NUS Business School Eminent Award (Senior Alumni Category) in 2018, served as Chairman of the School Advisory Committee of Woodgrove Secondary School from 2010 to 2020, was recognised by Influential Brands as Asia’s Top Chairman of the Year in 2019 and is a member of the NUS Medicine International Council.

**Mr Sudeep Nair [Group Chief Executive Officer & Executive Director]** Mr Nair has been with the Group since 1993 and has served as an Executive Director since July 2005. Prior to joining the Board, he was primarily responsible for the launch and establishment of the Group's brands and businesses across Eastern Europe and the CIS from 1994 to 2005; the markets that remain Food Empire's profit core today. Appointed Group CEO in October 2012 alongside his continuing executive directorship, he has since led the Group's diversification and growth strategy and the day-to-day running of the business, including geographic expansion and the identification of new businesses and M&A opportunities. He brings over 32 years of experience in building and managing the Group's business.

**Mdm Tan Guek Ming [Non-Executive Director]** Appointed to the Board in April 2000, Mdm Tan brings financial and business expertise, having held both executive and non-executive directorships in listed companies with interests across the property, hospitality and food and beverage sectors. She holds a Bachelor of Accountancy degree (Second Class Honours) from the National University of Singapore and has many years of leadership experience in the fields of accounting and auditing.

**Mr Koh Yew Hiap [Non-Executive Director]** Mr Koh joined the Board as a Non-Executive Director in March 2007. He has a distinguished career in business and is the Managing Director of Universal Integrated Corporation Consumer Products Pte Ltd and United Detergent Industries Sdn Bhd. He also sits on the boards of various companies within the Salim Group and holds a Bachelor of Arts (Economics) Honours from the University of Manchester.

**Mr Ong Kian Min [Non-Executive Director]** Mr Ong first joined the Board in April 2000 and served as an Independent Non-Executive Director until December 2021; he currently serves as a Non-Executive Director and a member of the Nominating Committee. A lawyer and corporate adviser called to the Bar of England and Wales in 1988 and the Singapore Bar the following year, he has more than 30 years of legal practice focused on corporate and commercial law, including mergers and acquisitions, joint ventures, restructuring and corporate

finance. He is also the Managing Director of Kanesaka Sushi Private Limited, which invests in and operates Japanese fine-dining restaurants in Singapore. A President's Scholar and Police Force Scholar (1979), he holds a Bachelor of Laws (Hons) external degree from the University of London and a Bachelor of Science (Hons) from Imperial College of Science and Technology and was a Member of Parliament of Singapore from January 1997 to April 2011.

**Mr Tan Cher Liang, PBM [Independent Director]** Appointed to the Board on 24 April 2020, Mr Tan is Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He has more than 40 years of experience in corporate advisory and general management, and currently serves on the boards of various public and private companies in Singapore, including as Non-Executive Chairman of Vibrant Group Limited, Non-Executive Director of Kingsmen Creatives Ltd, and Independent Director of Hiap Seng Industries Limited and IPC Corporation Ltd. He is a Trustee of Kwan Im Thong Hood Cho Temple and a Director of the D S Lee Foundation, a qualified financial professional with the Association of Chartered Certified Accountants (UK) and was conferred the Public Service Medal (PBM) in 1996.

**Mr Saw Meng Tee [Lead Independent Director]** Mr Saw has served as Lead Independent Director since January 2022 and as Chairman of the Audit Committee since April 2020, and is a member of the Nominating and Remuneration Committees; he was first appointed to the Board in April 2019. He brings corporate-finance and accounting expertise, having started the chartered accountancy firm Eisner Amper PAC [the Singapore member of Eisner Amper Global] in 1999, where he is now Managing Partner, as well as a Director of Eisner Amper Global. Very active in the restructuring and insolvency space, he was nominated by Global Restructuring Review for its Insolvency Practitioner of the Year award in 2025. He has served on the boards of other SGX mainboard-listed companies and of a Bermuda-based insurer listed on the New York Stock Exchange, holds a Bachelor of Accountancy from Nanyang Technological University and is a Fellow Chartered Accountant (Singapore and ICAEW) and a Fellow of the Insolvency Practitioners Association of Singapore.

**Mr Adrian Chan Pengee [Independent Director]** Appointed to the Board on 1 January 2022, Mr Chan is Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He is Head of Corporate at the law firm Lee & Lee and has been in legal practice for over three decades. He is Vice-Chairman of the Singapore Institute of Directors and serves on the Legal Service Commission of Singapore, is an independent director on the boards of several SGX-listed companies and has been appointed by the SGX to its Catalist Advisory Panel to review Catalist Sponsor and Registered Professional applications. He has been appointed to Singapore Management University's Enterprise Board and the Institutional Review Board of Singapore Polytechnic, has served on the Board of the Accounting and Corporate Regulatory Authority of Singapore, and is currently a member of its Corporate Law Advisory Panel.

## 4.2 Recent shareholding changes (since 6-Mar-26)

**Figure 4-2: Food Empire changes in shareholding since 2025 annual report.**

Directors Options Award since (6 March 2026)					
Date	Name [Relation to FEH]	Changes	Transaction via	Before	After
5-Jun	Ong Kian Min [Independent Director]	50,000	Share Options Award	145,000	195,000
26-May	Saw Meng Tee [ID]	50,000	Share Options Award	95,000	145,000
25-May	Tan Cher Liang [ID]	50,000	Share Options Award	115,000	165,000
22-May	Adrian Chan Pengee [ID]	50,000	Share Options Award	95,000	145,000
Directors Share changes since (6 March 2026)					
		Changes	Transaction via	Before	After
27-Apr	Saw Meng Tee [ID]	55,000	exercise options	150,000	205,000
20-Apr	Sudeep Nair [CEO] - deemed interests	991,826	vesting share awards	70,803,725	71,795,551

Source: Food Empire website

Figure 4-2 shows the shareholding changes involving Directors of FEH since 2025 annual report disclosures. Note that Group CEO Sudeep Nair has 500,000 shares Direct Interests not reflected in the above table which shows only his Deemed Interest total (total including 0.5mil comes up to 72.295mil shares).

## 5. FINANCIALS, TOTAL SHAREHOLDER RETURNS

*FEH FY25 financials continue to show a trend of robust cash flow and shareholder-value maximization as normalized net profit of US\$68.6, excluding one-off non-cash, fair value accounting loss on Redeemable Exchangeable Notes (“REN”) amounting to US\$32.6 mil in FY2025 gave ROE of 18.5% (in-line with previous 3years average of 19.6%). Revenues were up across its portfolio despite record high coffee prices (+147% fig 3-3) and escalating Ukraine-war related restrictions on its largest market (Russia). FEH benefited from 10% stronger Rouble/USD in 2025 which is expected to continue well into 2026 and 2027 with un-resolvable conflict in Iran that will spillover into higher energy prices and thus benefiting the Russian economy. FEH is on course to open its 11<sup>th</sup> manufacturing facility (by 2028F, fig 2-6) adding substantial capacity and putting FEH on track to achieve \$1bn in sale by 2030F. FEH currently trades at 16x PE, 3.1x PEG, 9.8x EV/EBITDA. FY25 saw record dividends S\$0.12 (pre-bonus) and FEH renewed sharebuy-back mandate (10%). The expected TSR (fig 5-7) yields an implied Intrinsic Value/Target Price for FEH at \$2.74 (potential +17.1% upside).*

**Figure 5-1: Profit & Loss Statement**

US\$ mil Dec-yr end	2023	2024	2025	2026F	2027F	24/23	25/24	26F/25	27F/26F
<b>Revenue</b>	<b>426</b>	<b>476</b>	<b>577</b>	614	653	11.9%	21.1%	6.4%	6.4%
Russia	143	142	191.0	210	231	-1.1%	34.8%	10.0%	10.0%
SEA	111	129	147.8	155	163	16.8%	14.3%	5.0%	5.0%
Central Asia	102	81	102.0	107	112	-20.1%	25.6%	5.0%	5.0%
South Asia	49	61	71	75	78	24.9%	15.7%	5.0%	5.0%
Europe		45	49	50	51		7.6%	2.5%	2.5%
Others	21	18	17	17	17	-16.3%	-5.3%	2.5%	2.5%
COGS	(284)	(332)	(383)	(401)	(428)	16.8%	15.5%	4.6%	6.7%
<b>Gross Profit</b>	<b>141</b>	<b>144</b>	<b>194</b>	213	225	2.1%	34.0%	9.9%	6.0%
Selling & Distribution	-31.6	(36)	(49)	(51)	(54)	14.2%	34.8%	5.0%	5.0%
General & Admin exp	(39)	(45)	(51)	(54)	(57)	15.6%	14.4%	5.0%	5.0%
Other income	-0.57	7	3	2	2		-51.7%	-36.9%	0.0%
Other Opex		(4)	(34)	(4)	(4)		732%	-88.1%	10.0%
Net Finance costs	0.8	(0)	(5)	(6)	(7)	-133%	1659%	38.7%	11.3%
Associate cont	1.34	(1)	2	1	1	-137%	-431%	-50.0%	0.0%
<b>PBT</b>	<b>72</b>	<b>65</b>	<b>60</b>	100	106	-10.1%	-8.5%	67.5%	6.4%
Tax	-16.0	(12)	(24)	(25)	(27)	-23.2%	92.3%	5.5%	6.4%
<i>tax rate (%)</i>	22.1	18.9	39.7	25.0	25.0				
<b>PAT</b>	<b>56.5</b>	<b>52.9</b>	<b>36.0</b>	75	80	-6.4%	-32.0%	108.4%	6.4%
Minority Interests	(0)	0	(0)	(0)	(0)				
<b>Net Attributable Profit</b>	<b>56.5</b>	<b>52.5</b>	<b>36.0</b>	75	80	-7.0%	-31.5%	108.4%	6.4%
less Dividends	(17.3)	(39.2)	(45.1)	(45.0)	(48)	126%	15.1%	-0.2%	6.4%
<b>Retained Earnings</b>	<b>39.2</b>	<b>13.7</b>	<b>(9.1)</b>	30.0	31.9	-65.0%	-166%	-428.5%	6.4%

Source: Company, RHTC estimates

Revenues were up across its portfolio despite record high coffee prices (+147% fig 3-3) and escalating Ukraine-war related restrictions on its largest market

(Russia). FEH benefited from 10% stronger Rouble/USD in 2025 which is expected to continue well into 2026 and 2027 with un-resolvable conflict in Iran that will spill over into higher energy prices and thus.

Revenue forecast assumptions (see fig 2-5)

**Russia:** +10% (FY26F) and +10% (FY27F) on the back of stable margins (in a mature market) and stronger Rouble exchange going into 2027F.

**Southeast Asia (SEA):** despite strong historical performance from Vietnam (majority of SEA revenue contribution, in light of Vietnam’s macro dependency on Gulf energy with 70% Liquefied Petroleum Gas (LPG) and 88% of crude oil imports and absence of near term resolution, RHTC adopts a conservative +5% p.a. revenue growth assumption for this region.

**Ukraine, Kazakhstan and CIS:** FEH revenues from these states averaged 11% (2021-2025) and given developments in Iran [higher global energy prices translating to stronger domestic economy for K and CIS, while conflict zone in Ukraine pose similar situation for FEH in Russia], RHTC expects a revenue pipeline forecast circa 5% p.a.

**South Asia:** Since 2022, FEH average annual growth from South Asia circa +21.5%. However, the gulf states supply over 60% of India’s crude oil and more than 90% of LPG imports (CEIC). As such RHTC adopts a conservative forecast at 5% p.a. due to rising risks of Energy crisis emanating from Iran conflict.

**Figure 5-2: Per share data<sup>a</sup>**

US\$	2024	2025	2026F	2027F		25/24	26F/25	27F/26F
EPS <sup>a</sup> S\$	0.111	0.073	0.146	0.156		-34.5%	100.5%	6.4%
EPS <sup>a</sup> fd S\$	0.111	0.068	0.137	0.146		-38.4%	100.5%	6.4%
EPS consensus S\$			0.126	0.141			72.2%	12.3%
% RHTC/consensus			16.5%	10.3%				-37.4%
DPS <sup>a</sup> S\$	0.067	0.10	0.088	0.093		50.0%	-12.2%	6.4%
payout ratio	59.8%	137%	60.0%	60.0%				
BVPS <sup>a</sup> S\$	0.628	0.751	0.781	0.843		19.5%	4.0%	8.0%
CFPS <sup>a</sup> S\$	0.003	0.097	0.036	0.081		3072%	-63.5%	128.4%
FCF <sup>a</sup> S\$	0.003	0.124	0.131	0.182		4235%	6.0%	38.7%
Cash per shr <sup>a</sup> S\$	0.278	0.368	0.388	0.470		32.6%	5.5%	20.9%

<sup>a</sup>: Adjusted for 1:5 Bonus Issue 4-June-2026. Source: Company, RHTC estimates

The resulting EPS growth circa 100.5 (or +5.2% normalized) affords management flexibility to declare higher dividends (expect forward payout range circa 60%), on top of renewing its share buy-back mandate (10% of mkt cap limit).

Our bottom-up earnings estimates are 16.5% (FY26F) and 10.3% (FY27F) higher than consensus EPS estimates. 1Q26 revenue are already 26% of our FY26F revenues.

**Figure 5-3: FEH Margins**

<i>Margins (%)</i>	2023	2024	2025	2026F	2027F
<b>Gross margins</b>	33.2	30.3	33.5	34.7	34.5
<b>EBITDA margin</b>	19.1	16.3	13.0	19.5	19.6
<b>EBIT margins</b>	16.5	13.8	10.9	17.2	17.2
<b>PBT margins</b>	17.0	13.7	10.3	16.3	16.3
<b>Net margins</b>	13.3	11.1	6.2	12.2	12.2
<b>FCF margin</b>	9.7	0.3	11.7	14.0	18.3

Source: Company, RHTC estimates

The quality of FEH’s earnings is heavily supported by its persistently expanding margin profile. In FY25, the Group generated estimated \$75mil in EBITDA, maintaining a highly lucrative EBITDA margin of 13.0%. This margin expansion is fundamentally driven by structural cost advantages (strategic vertical integration) and result of FEH’s economies of scale (11<sup>th</sup> manufacturing plant to come online in 2028).

**Figure 5-4: Balance Sheet**

\$mil Dec-yr end	2023	2024	2025	2026F	2027F	24/23	25/24	26F/25	27F/26F
Cash & CE	131	131	182	199	241	-0.3%	38.7%	9.6%	20.9%
Trade receivables	38	50	56	61	67	29.8%	12.1%	10.0%	10.0%
Inventories	77	111	127	114	128	44.4%	14.3%	-10.0%	12.0%
Other CA	12	15	23	37	21	20.0%	58.7%	61.1%	-43.4%
<b>Current Assets</b>	<b>258</b>	<b>306</b>	<b>387</b>	411	457	18.4%	26.5%	6.3%	11.0%
PPE	103	119	131	144	158	14.9%	10.2%	10.0%	10.0%
Right of Use assets	12	13	22	32	34	9.0%	70.3%	48.8%	5.0%
Intangible assets	9	10	11	12	13	15.7%	8.9%	10.0%	10.0%
Deferred Tax Assets	4	4	5	6	8	0.8%	28.2%	24.2%	29.0%
Investment in Associates	17	9	11	12	12	-49.0%	30.4%	5.0%	5.0%
Non-current assets	<b>144</b>	<b>154</b>	<b>179</b>	194	213	6.7%	16.6%	8.2%	9.8%
<b>Total Assets</b>	<b>403</b>	<b>460</b>	<b>566</b>	606	670	14.2%	23.2%	6.9%	10.6%
Trade payables	49.8	56	71	79	106	12.1%	28.1%	10.0%	35.0%
Other payables	3.7	6	11	10	11	72.3%	78.3%	-11.6%	10.0%
Lease liabilities	2.2	2	3	3	3	10.4%	22.7%	5.0%	5.0%
Interests loans	15	28	24	27	29	85.4%	-12.7%	10.0%	10.0%
Current tax liabilities	5	6	6	5	6	12.9%	9.9%	-19.6%	15.0%
Other CL	1.2	1	2	4	2	13.4%	56.8%	70.0%	-42.9%
<b>Current liabilities</b>	<b>77</b>	<b>99</b>	<b>118</b>	127	157	29.3%	19.1%	7.3%	24.1%
Interest Loans & Borrow	21.4	12	22	24	26	-45.9%	87.4%	10.0%	10.0%
Redeemable exchg notes		37	37	37	37		-1.0%	0.0%	0.0%
Lease liabilities	2.5	4	9	10	11	53.8%	120.6%	17.5%	10.0%
Deferred tax liabilities	7.7	8	7	8	7	0.9%	-3.5%	6.9%	-18.8%
Other LT Liabilities		4	3				-25.0%	-100.0%	#DIV/0!
<b>LT liabilities</b>	<b>32</b>	<b>65</b>	<b>78</b>	79	81	104.7%	20.3%	1.1%	2.4%
Share capital	48	48	48	48	48	0.0%	0.0%	0.0%	0.0%
Treasury shares	(14)	-16	-4	-4	-4	13.5%	-72.0%	0.0%	0.0%
Retained earnings	285	298	289	319	351	4.7%	-3.0%	10.4%	10.0%
Reserve	-22.9	-36	36	36	36	58.0%	-198%	0.0%	0.0%
Minority Interests	-1.1	2	2	2	2	-297%	0.0%	-11.8%	0.0%
<b>Total Equity</b>	<b>294</b>	<b>296</b>	<b>370</b>	400	432	0.5%	25.0%	8.0%	8.0%

Source: Company, RHTC estimates

The company sits on a cash position of \$112mil or 18.4% of total assets and is equivalent to 9.3% of market cap, giving mgt significant optionality for M&A, dividends or organic investment.

**Figure 5-5: Cashflow Statement**

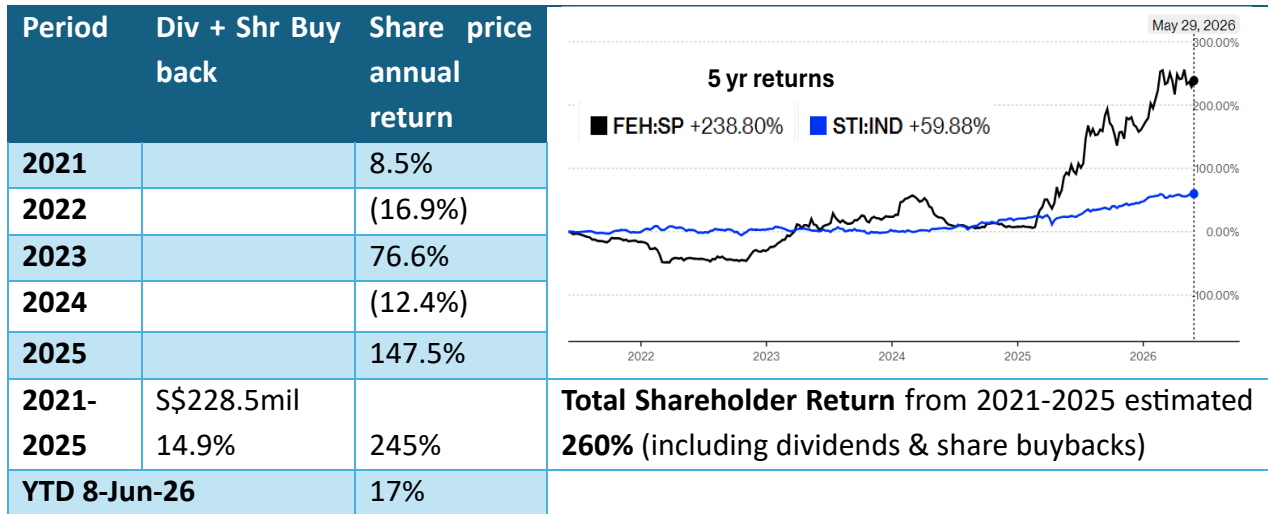
US\$mil	2023	2024	2025	2026F	2027F	24/23	25/24	26F/25	27F/26F
PBT	72	65	60	100	106	-10.1%	-8.5%	67.5%	6.4%
Depreciation	11	12	12	14	15	8.0%	5.7%	12.3%	8.9%
Working capital changes	(16)	(38)	(1)	0	23	133.8%	-97.9%	-135.0%	8095%
Cash from operations	63	37	111	114	144	-41.1%	196.9%	3.0%	26.2%
Tax paid	(13)	(12)	(24)	(19)	(20)	-7.2%	101.2%	-20.9%	6.4%
<b>CF from operating activities</b>	<b>51</b>	<b>26</b>	<b>87</b>	95	124	-49.5%	241.1%	9.5%	30.1%
Purchase PPE	(14)	(24)	(22)	(27)	(29)	75.2%	-8.3%	21.5%	9.4%
Interest Income	1	4	4	4	5	360.9%	-0.8%	5.0%	5.0%
<b>CF from investing</b>	<b>(12)</b>	<b>(18)</b>	<b>(22)</b>	<b>(24)</b>	<b>(26)</b>	48.3%	17.9%	9.0%	10.3%
Payment of lease liabilities	(2)	(2)	(3)	(3)	(3)	9.8%	20.2%	12.3%	5.0%
Borrowings repayment	(79)	(64)	(139)	5	5	-19.1%	118%	-103.3%	10.0%
Dividends paid	(17)	(39)	(45)	(45)	(48)	126.4%	15.1%	-0.2%	6.4%
Interest paid	(4)	(4)	(6)	(6)	(7)	14.4%	32.9%	5.0%	5.0%
<b>CF from financing</b>	<b>(32)</b>	<b>(6)</b>	<b>(17)</b>	(54)	(56)	-81.8%	204%	207.8%	5.3%
<b>Net change in cash</b>	<b>7</b>	<b>1</b>	<b>48</b>	<b>18</b>	<b>42</b>	-78.3%	3220%	-62.1%	128.4%
FX	(1)	(2)	2			90.8%	-202%	-100.0%	
Cash beg of period	126	131	131	181	199	4.5%	-0.3%	38.2%	10.1%
<b>Cash end of period</b>	<b>131</b>	<b>131</b>	<b>181</b>	199	241	-0.3%	38.2%	10.1%	20.9%

Source: Mgt, RHTC estimates

Food Empire Holding's operating and financial performance is unequivocally strong, resilient and continuously improving. FEH revenue model allows robust CF monetization that is expected to generate \$95mil (+9.5% yoy) in Operating CF, resulting in healthy nett cash position.

## 5-1 TSR | Intrinsic Value / Target Price

Figure 5-6: FEH share price performance from 2021-29-May-26



a. Based on mkt cap S\$1.535bn as of 8-Jun-26. Source: Company, BBG, CNBC, RHTC estimates

FEH share performance since 2021-2025 has posted +245% return. Total dividends and share buyback (2021-2025) amounted to S\$228.5mil (equivalent of 14.9% based on current market capitalisation) providing total shareholder return (TSR) of 260% or 29% CAGR. YTD stock has posted +17% return.

Figure 5-7: FEH TSR & Intrinsic Value / Target Price

(%)	FY26F	FY27F	2 yrs cumulative
FCF yield	5.6%	7.8%	13.4%
Dividend yield	3.8%	4.0%	7.7%
Share buy-backs	2.5%	2.5%	5.0%
EPS growth <sup>1</sup>	5.2%	6.4%	11.6%
<b>Total Shareholder Return (TSR)</b>	<b>17.1%</b>	<b>20.6%</b>	<b>37.7%</b>
<b>Implied FEH Intrinsic Value / Target Price S\$</b>	<b>S\$2.74</b>		<b>\$3.22</b>

1: based on normalised FY2025 net profit after tax ("NPAT") of US\$68.6, excluding one-off non-cash, fair value accounting loss on Redeemable Exchangeable Notes ("REN") amounting to US\$32.6 mil in FY2025 Source: RHTC estimates, Company

Based on our assumed forecasts for FY26F and FY27F (fig 5-1), we apply our bespoke Total Shareholder Return (TSR) framework to estimate the implied Intrinsic Value / Target Price for FEH over the next 24 months (fig 5-7).

Essentially shareholders can expect Free Cash Flow yield of 5.6%, receive estimated Dividends 3.8%, share buy-back of 2.5% (capacity mandate up to 10%)

and enjoy (EPS) growth of 5.2%<sup>1</sup> for FY26F. For a 1-year holding period, the expected **Total Shareholder Return of +17.1%**, implies **Intrinsic Value / Price Target of FEH at \$2.74**. Assuming holding period of 2 years, the cumulative TSR based on the above expected returns would yield +37.7% or implied FEH exit price of \$3.22.

## 5-1-1 Relative valuations to STI

Fig 5-8 shows FEH relative valuations to STI Index where FEH is currently trading at relative valuation (row C) to the index, FEH at 16x PE is on par while its 3.1x PEG is almost double STI’s 1.59x while its EV/EBITDA of 9.79x is at 39% discount to STI’s high range at 16x. This is despite FEH higher ROE at 19% (vs index average at 10.25%).

**Figure 5-8: FEH IV relative to STI**

		FY26F PE	FY26F growth	PEG	FY26F PB	Implied ROE	Div Yield	EV/EBITDA
<b>A</b>	<b>STI @5,038</b>	15.9	10%	1.59	1.63	10.25%	4.57%	5.6-16.0 <sup>1</sup> (ex-FI)
<b>B</b>	<b>FEH @ \$2.34</b>	16.0	5.2%	3.07	3.00	19%	3.75%	9.79 <sup>2</sup>
<b>C = B/A-1</b>	<b>(Discount) / Premium</b>	0.3%	-48%	92.7%	83.4%	82.9%	-17.9%	-38.8%
	<b>FEH IV/TP</b>							
<b>D</b>	<b>2.74</b>	18.7		<b>3.60</b>	3.51		3.21%	11.6 <sup>2</sup>
<b>E = D/A-1</b>	<b>(Discount) / Premium</b>	17.5%		125.6%	114.7%		-29.9%	-27.4%

1. Average range for other sectors in STI ex-Financials; Telco average 5.7x, Offshore Marine Engineering sector 5.6x, Aerospace avg 12.8x, Fund Mgt industry 16x. 2. FEH benchmark against 16x (top-end). Source: BBG, RHTC estimates

At estimated Intrinsic Value/Target Price of \$2.74 (fig 5-7), FEH implied PEG at 3.6x (row D) is at a massive 93% premium (row E) to STI. On a EV/EBITDA basis at 11.6.8x, it trades at 27% discount to STI top of range level at 16x.

## 5-1-2 Relative valuations to Global industry peers

FEH currently trades at significant discount to FMCG competitor peer group [Keurig Dr Pepper (recently acquired JD Peet) and Nestle]; 19% EV/Sales and EV/EBITDA discount (fig 5-9 row E).

**Figure 5-9: FEH Intrinsic Valuation relative to Global FMCG competitors**

	Company	EV/Sales	Forward P/E(FY1)	PEG	Growth	EV/EBITDA	ROAE FY26F
A	FEH @ \$2.34	2.03	16.0	3.07	5.2	9.79	19.5
B	Nestle (NESN SW)	2.5	18.18	1.64	6.70	14.9	31.27
C	Keurig Dr Pepper (KDP US)	2.47	12.51	1.12	11.22	9.40	10.18
D=Avg(B,C)	Global FMCG avg	2.49	15.35	1.38	8.96	12.15	20.73
E=A/D-1	<b>FEH premium (disc/t) to FMCG</b>	<b>-19%</b>	<b>4%</b>	<b>123%</b>	<b>-42%</b>	<b>-19%</b>	<b>-6%</b>
F	<b>FEH IV @ \$2.74</b>	<b>2.26</b>	<b>18.7</b>	<b>3.6</b>		<b>11.62</b>	
G=F/D	FEH IV premium (disc/t) to FMCG Avg	-9%	22%	161%		-4%	

Source: BBG, RHTC estimates

At FEH Intrinsic Value of \$2.74 (row F), FEH trades at a 9% EV/Sales discount to global average (row G) and 4% EV/EBITDA discount. However, its FY26F implied PE of 18.7x is now 22% higher than the peer average.

## 5-2 Valuation Key Risks

### Risks to RHT Capital views and intrinsic value/price target:

1. Better/worse execution in pursuing new market shares that would pose an upside/downside risk to our estimates and valuation.
2. Faster/slower-than-expected organic growth would pose an upside/downside risk to our estimates and valuation.

A better/worse-than-expected macro/trade environment that may provide upside/downside risk to growth across business lines.

### **Valuation Method and Risk Statement**

Investing in FEH entails above-average risk given its consumer-staples exposure to emerging and frontier markets: a high revenue concentration in Russia/CIS, sensitivity to green-coffee (Robusta) input costs, foreign-exchange translation and cash-repatriation risk across its operating currencies, and execution risk on its multi-country manufacturing capacity pipeline.

FEH price target based on 2026E FCF yield, Dividend yield, Share buy-back up to 10%. Risks include pace of macro, competition, price of raw materials, product distribution and potential manufacturing facilities coming on stream without delays.

Growth would be curtailed by a slowdown in employment and consumer consumption given the general market's exposure to macroeconomic conditions.

Intrinsic Value is based on 2026E forecasts. We view the derived intrinsic value/target price as fair given macro + geopolitical uncertainty potentially fuel further downward estimate revisions.

Our Intrinsic Value/Price target is based on Total Shareholder Return framework with 1-year holding period premised on our FY26 estimates.

### **Risks:**

- Greater than expected macro slowdown impacting value chain
- Near term cessation of Ukraine hostilities and opening of Russian market
- change in consumption tastes and patterns

### 5-3 Sustainability / ESG

Food Empire is an SGX Mainboard-listed F&B manufacturer and distributor headquartered in Singapore, with products sold in 60+ countries, 10 manufacturing facilities across 6 countries and 23 offices worldwide. Its FY2025 report (“Sustainably Ready”) is prepared with reference to the GRI Standards 2021 and is compliant with SGX-ST Listing Rules 711A and 711B, drawing on SGX Practice Note 7.6. FY2025 marks the Group’s first year aligning with the IFRS ISSB climate standards, ahead of SGX’s mandated timeline.

Singapore HQ, Russia and Vietnam operations (with renewable-energy data also reported for Malaysia and India).

**Figure 5-10: FEH five focus areas in ESG**

Governance & Ethics	Climate Change	Environment	Human Capital	Customer Responsibility
Integrity, anti-corruption, tax, data privacy	IFRS S2 governance, strategy & risk; NGFS scenarios	Energy, emissions, waste, renewables	Diversity, OHS, training, fair pay	Food safety, quality, labelling

Source: Company

The Group’s strategy is organised around five focus areas (fig 5-11), all targets for the year were met and external assurance was assessed as not required at this stage (internal review under Rule 711B(3)).

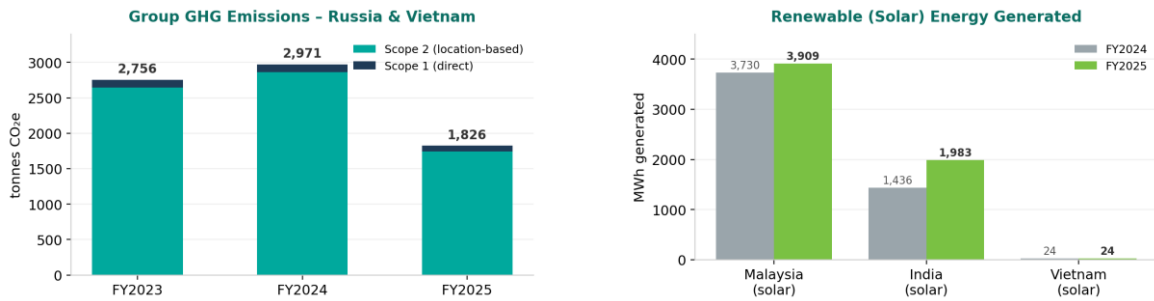
**Figure 5-11: Russia and Vietnam Environmental Performance**

FY2025 metric	Russia	Vietnam	Total
Direct (fuel) energy – GJ	805	371	1,176
Electricity consumed – MWh	2,789	1,168	3,957
Solar self-generated – MWh	–	24	24
Scope 1 GHG – tCO <sub>2</sub> e	57	24	81
Scope 2 GHG (location-based) – tCO <sub>2</sub> e	975	770	1,745
Total waste – tonnes (9t hazardous)	1,105	261	1,366

Source: Company

Total operational emissions fell to **1,826tCO<sub>2</sub>e in FY2025 (-38% vs FY2024)**, with energy- and emissions-intensity also declining year-on-year.<sup>1</sup>

**Figure 5-12: FEH GHG Emissions and Renewable Energy generated**



Scope 1 + 2 (location-based), Russia & Vietnam.

Solar generation, Malaysia & India, YoY.

Source: Company

**Figure 5-13: Social & Governance Highlights**

Human Capital (FY2025)	Governance & Ethics (FY2025)
<ul style="list-style-type: none"> <li>• 3,134 employees (SG, Russia, Vietnam); 56.5% male / 43.5% female</li> <li>• Board: 8 directors, 37.5% independent, 12.5% female</li> <li>• Avg. training 8.47 hrs/employee; all permanent staff appraised</li> <li>• Zero fatalities &amp; zero high-consequence injuries (1 minor injury, Vietnam)</li> <li>• Senior management hired locally: SG 93%, Russia 80%, Vietnam 79%</li> </ul>	<ul style="list-style-type: none"> <li>• Zero confirmed incidents of corruption; zero data-privacy breaches</li> <li>• All directors trained on anti-corruption &amp; sustainability (SGX-recognised)</li> <li>• Local procurement: 26% (Russia), 82% (Vietnam)</li> <li>• Whistleblowing policy overseen by Audit Committee – zero reports</li> <li>• All governance, tax &amp; PDPA compliance targets “in-line”</li> </ul>

Source: Company

### 5-3-1. Alignment with SGX Sustainability Requirements

SGX RegCo (with ACRA) mandates sustainability reporting through Listing Rules 711A/711B and Practice Note 7.6, structured around six primary components and a phased adoption of ISSB-aligned climate disclosures (IFRS S1/S2).

<sup>1</sup> FY2025 Scope 2 reductions partly reflect updated grid emission factors (IEA 2024 for Russia; Vietnam 2023 GEF), alongside lower consumption – per the report’s data methodology notes.

The table below maps Food Empire’s FY2025 report to each component.<sup>2</sup>

**Figure 5-14: FEH-SGX ESG report map**

SGX primary component	How Food Empire addresses it	Status
1. Material ESG factors	Materiality assessment + stakeholder survey; top topics: Governance & Ethics, Human Capital, Customer Responsibility	Met
2. Climate-related disclosures (IFRS S2)	Governance, strategy & risk pillars disclosed; NGFS scenarios; Scope 1 & 2 quantified for Russia & Vietnam	Partial – phasing
3. Policies, practices & performance	Detailed across all five focus areas with FY2023–25 trend data	Met
4. Targets	Perpetual targets set & tracked; all FY2025 targets reported as “Met”	Met
5. Sustainability reporting framework	GRI Standards 2021 (with index); IFRS S2 index; SGX Six-Component index	Met
6. Board statement & governance structure	Board statement + 3-tier structure (Board → SSC → SWC)	Met

*Source: Food Empire’s FY2025 Sustainability Report; SGX requirement details from SGX RegCo/ACRA’s phased roadmap.*

**Where Food Empire is ahead and where potential gaps could be**

- Ahead of timeline: voluntarily began IFRS S2 alignment in FY2025 and reports the qualitative governance/strategy/risk pillars, which are only mandatory from FY2026 for most issuers.
- On track: Scope 1 & 2 GHG reporting meets the FY2025 mandatory baseline for listed issuers.
- Gaps vs. full ISSB baseline: no Scope 3 emissions disclosed (mandatory only for larger / STI issuers from FY2026); no quantified climate financial impacts yet; climate targets still being developed; scope limited to Russia, Vietnam & SG HQ; external assurance not yet obtained (SGX moves toward limited assurance from FY2027).

**Investor Takeaway**

Food Empire’s FY2025 disclosures are well-structured, GRI-referenced and broadly compliant with SGX’s six primary components, with credit for early,

<sup>2</sup>Source for SGX framework: SGX RegCo / ACRA phased climate-disclosure roadmap and SGX Practice Note 7.6; mapping by 6Σ Research.

voluntary IFRS S2 adoption. The maturity gap is concentrated in the quantitative climate dimension [Scope 3, climate-linked financial impacts, science-based targets and external assurance] which the Group itself flags as phased. As a non-STI mid-cap, its current posture meets the FY2025 mandatory bar; the FY2026–27 cycle (full six-component mandate, larger-issuer Scope 3, progressive assurance) is the key area to monitor for disclosure escalation.

## APPENDIX A1 – SWOT ANALYSES

SWOTs	Description
<b>Strengths</b>	<p><b>Undisputed Niche Leadership:</b> Commands &gt;60% share in the CIS 3-in-1 coffee segment and holds a dominant top-three position in Vietnam's high-growth instant market. <b>Vertical Integration:</b> Operates a geographically diversified, multi-country manufacturing platform (ten facilities across six countries) that shields margins and ensures supply reliability. <b>Cash Generation:</b> Maintains a robust balance sheet with a net cash position, supporting aggressive share buybacks, generous dividend payouts and self-funded capital expenditures.</p>
<b>Weakness</b>	<p><b>Geographic Concentration Risk:</b> High exposure to volatile operating environments, with Russia and Ukraine historically accounting for approximately 37% of the group's total revenue.</p> <p><b>Currency Sensitivity:</b> Highly susceptible to foreign exchange swings in emerging markets, with the Indian Rupee (INR) and Russian Ruble (RUB) presenting substantial translation risks to profit before tax.</p>
<b>Opportunities</b>	<p><b>Capacity Monetization:</b> Major upstream expansion projects, including a new freeze-dried facility in Vietnam (FY2028) and expanded spray-dried capacity in India (FY2027), provide significant top-line growth levers.</p> <p><b>Category Adjacencies:</b> High growth headroom to leverage existing distribution networks for brand extensions into the ready-to-drink (RTD) segment and snack categories.</p> <p><b>Strategic M&amp;A:</b> Potential to execute inorganic growth or serve as an attractive acquisition target for larger FMCG players (e.g., Tata Consumer) seeking immediate localized synergies in Eurasia and Asia.</p>
<b>Threats</b>	<p><b>Raw Material Volatility:</b> Margins remain highly sensitive to sharp swings in global green coffee bean prices, which have recently spiked due to climate change impacts.</p> <p><b>Geopolitical Escalation:</b> Operations in Eastern Europe carry ongoing sanctions risks, potential supply chain blockades and the threat of trapped cash if repatriation costs rise. <b>New Entrants:</b> Increasing capacity investments by regional players could temporarily dilute market share in Southeast Asia.</p>

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Name of subject Company	Nature of Business Relation
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