



CHINA  
DEVELOPMENT  
FINANCIAL

# Food Empire Holdings Ltd.

(FEH SP/ F03.SI)

## Growing across all regions

KGI Research / 65 6202 1191

- Strong topline growth across all regions.** Food Empire experienced a sustained increase in sales across its core markets in 1H25, showcasing continued strong consumer demand for the company's products. The company's Southeast Asia and South Asia regions saw the largest growth of 25.3% and 25.1% in 1H25 respectively. Vietnam remains as the group's fastest growing market, with revenue growing 36.6% YoY, and contributing to 60.0% of the group's Southeast Asia revenue. Demand for the group's products in Russia, as well as its Ukraine, Kazakhstan and CIS markets also remains strong, reporting a growth of 21.6% and 19.4% respectively.
- Continued Vertical integration.** Food Empire is significantly expanding its production capabilities across key markets to meet growing demand. The company's current project pipeline includes its first coffee-mix manufacturing facility in Kazakhstan in Central Asia, which is expected to be completed by the end of FY2025; in India, the expansion of its spray-dried soluble coffee manufacturing facility by FY2027 will increase the facility's capacity by 60.0%; as well as a new freeze-dried soluble coffee manufacturing facility in Vietnam by FY2028. These strategic expansions are set to drive continued top-line growth across its key Asian markets.
- First-ever interim dividend.** Food Empire declared an interim dividend of 3.0 Singapore cents per ordinary share as a demonstration of strong business confidence. This is the first-ever interim dividend declared by the Group.
- While the group continues to face headwinds such as elevated coffee prices resulting in price disruptions, alongside ongoing economic uncertainties, demand continues to remain robust for the group's products. We remain optimistic about the group's business going forward and keep an **OUTPERFORM** recommendation and increase our target price (TP) to **S\$2.69**, representing an upside of 18.8%.

### Financials & Key Operating Statistics

YE Dec (US\$'000)	2023	2024	2025F	2026F	2026F
Revenue	425.7	476.3	575.5	670.9	785.7
Net Income	56.5	52.9	71.9	89.8	105.7
EPS (cents)	14.0	13.1	17.7	22.1	26.0
EPS growth (%)	-4.6%	-6.4%	35.5%	24.8%	17.7%
DPS (Sing cents)	10.0	8.0	9.0	9.7	10.5
Div Yield (Y%)	4.3%	3.4%	3.8%	4.1%	4.5%
Net Profit Margin (%)	13.3%	11.1%	12.5%	13.4%	13.4%
Net Debt/ (Net Cash) Gearing (%)	(30.6%)	(28.8%)	(36.6%)	(39.9%)	(41.4%)
ROA (%)	14.0%	11.5%	14.1%	15.5%	15.8%
ROE (%)	19.2%	17.9%	21.7%	23.5%	23.8%

Source: KGI Research

### Outperform - Company Update

Price as of 4 Nov 25 (SGD)	2.32	<b>Performance (Absolute)</b>	
12M TP (\$)	2.69	1 Month (%)	-4.9
Previous TP (\$)	1.40	3 Month (%)	4.8
Upside, incl div (%)	18.8%	12 Month (%)	143.3
<b>Trading data</b>		<b>Perf. vs STI Index (Red)</b>	
Mkt Cap (\$mn)	1,267		
Issued Shares (mn)	546		
Vol - 3M Daily avg (mn)	1.39		
Val - 3M Daily avg (\$mn)	3.38		
Free Float (%)	41.6%		
<b>Major Shareholders</b>		<b>Previous Recommendations</b>	
Universal Integrated Corp.	24.2%	17-Mar-25 (OP)	1.40
Nair Sudeep	12.8%	23-Aug-24 (OP)	1.35
Tan Guek Ming	11.6%	6-Mar-24 (OP)	1.65

**1H25 financial results.** Food Empire Holdings reported higher revenue of US\$274.1mn for 1H25, up 21.7% YoY, compared to US\$225.2mn in 1H24, led by strong growth across all its key markets, which continued to see robust consumer demand. The company's topline was supported by higher sales volume and price gains, coupled with the appreciation of currencies in its key markets against the US dollar. The company also reported an operating profit of US\$42.8mn in 1H25, up 50.2% YoY, compared to US\$28.4mn in 1H24. Normalised net profit after tax also rose by 35.7% to US\$31.5mn in 1H25, compared to US\$23.2mn in 1H24.

**Valuation & Action:** We maintain an **OUTPERFORM** recommendation and increase our TP to **S\$2.69**, based on a blended approach of Discounted Cash Flow (DCF) valuation, with a terminal growth rate of 2% and a WACC of 9.0%, and a target price to sales ratio 1.5x representing an upside of 18.8%.

We anticipate demand to remain healthy across key markets, and the company's strong business momentum in 1H25 to continue in FY25. The company's expansion plans are expected to increase its production capabilities and drive higher sales. The company also maintains a strong cash position in FY24, reflecting its ability to generate cash flow to fund its future expansions. Its robust supply chain and market presence across several regions also give it a competitive advantage over its peers.

## 1H25 Financial Results

**1H25 financial results.** Food Empire Holdings reported a higher revenue of US\$274.1mn for 1H25, up 21.7% YoY, compared to US\$225.2mn in 1H24, led by strong growth across all its key markets, which continued to see robust consumer demand. The company's topline was supported by higher sales volume and price gains, coupled with the appreciation of currencies in its key markets against the US dollar. The company also reported an operating profit of US\$42.8mn in 1H25, up 50.2% YoY, compared to US\$28.4mn in 1H24. Normalised net profit after tax also rose by 35.7% to US\$31.5mn in 1H25, compared to US\$23.2mn in 1H24.

However, the Group recorded a one-time, non-cash fair value loss of US\$32.6 million, arising from mark-to-market adjustments on its US\$40 million redeemable exchangeable notes (REN). The loss was driven by the sharp increase in the Group's share price, which rose from S\$1.09 to S\$1.84 by the end of 1H25. As this adjustment is non-cash in nature, it does not reflect the Group's underlying operating performance.

To address this, the Group entered into a Second Supplemental Agreement to ensure that the REN qualifies under the "fixed-for-fixed" accounting classification. This treatment better reflects the economic intent of the instrument and eliminates the unintended FVTPL-related earnings volatility that previously affected reported results.

**Strong cash position supports growth.** Food Empire ended 1H25 with a cash and cash equivalents balance of US\$135.3 million, providing ample flexibility to fund expansion initiatives, meet rising product demand, and enhance operational efficiency. The Group's healthy balance sheet positions it well to execute on long-term growth plans.

**First interim dividend declared.** As a further sign of confidence, the Group declared its first-ever interim dividend of 3.0 Singapore cents per ordinary share. This milestone highlights management's positive outlook and is expected to lift the company's full-year dividend yield meaningfully.

## Upbeat outlook

**Asia-centric strategy remains key growth driver.** Food Empire sustained strong double-digit growth across its core Asian markets, with Southeast Asia and South Asia each delivering revenue growth of over 25%, while other key markets expanded by around 20% YoY. Although Russia remains the Group's largest market, contributing 30.2% of total revenue, Southeast Asia is catching up quickly at 28.3%. Looking ahead, management expects Asia to be the main

engine of growth, supported by strong brand equity and a robust pipeline of expansion projects.

**Expanding production capacity across Asia.** The Group is executing a series of capacity expansion initiatives across Asia and Central Asia to support its long-term growth trajectory.

- **Vietnam:** Pre-construction is underway for a new freeze-dried soluble coffee facility in Binh Dinh province, the Group's second of its kind in the country. Construction is expected to begin in 4Q25, with completion targeted for 2028. Once operational, the facility will strengthen Food Empire's branded consumer business in Southeast Asia.
- **Malaysia:** The expansion of the Group's snack manufacturing facility was completed in 1H25, with commercial production from the new line set to begin in 3Q25. This is expected to boost output capacity by approximately 50%.
- **Kazakhstan:** Construction of the Group's first coffee-mix plant in Central Asia is on track for completion by end-2025. The facility will expand total coffee-mix capacity by around 15%, supporting deeper penetration in Central Asia.
- **India:** Plans are in place to expand the spray-dried soluble coffee plant, which will increase capacity by about 60% and lift coffee-mix production by roughly 15% by the end of 2027.

Collectively, these strategic investments reinforce Food Empire's ability to capture rising consumption across Asia, laying the foundation for continued topline expansion across its highest-growth markets.

## Fastest growing Vietnam market

**Vietnam remains the fastest-growing market.** Vietnam continues to be Food Empire's strongest growth driver, with revenue surging 36.6% YoY in 1H25, fuelled by higher sales volumes and price gains. Growth momentum was further supported by marketing and promotional campaigns and an expanded sales force, which boosted customer acquisition and deepened market penetration.

Looking ahead, the Group intends to sustain this momentum through ongoing brand-building investments, reinforcing its leadership in the instant coffee mix segment. While these initiatives may elevate near-term marketing and operating expenses, they have proven effective in building consumer loyalty and supporting sustained demand. In the longer term, the Group plans to gradually shift focus toward enhancing margins in Vietnam, balancing growth with improved profitability.

**Capturing market growth and demand in Vietnam.** Vietnam remains a strategic growth focus for Food Empire, underpinned by its position as the company’s fastest-growing market. In 1H25, Vietnam’s GDP expanded by 7.5%, showcasing continued strong growth following a GDP growth of 8.0% in 2024. The World Bank forecasts 5.8% GDP growth for 2025, while the Vietnamese Parliament maintains a more optimistic target of 8%. This strong economic outlook bodes well for Food Empire’s continued expansion in the country. The Group’s investments in marketing, consumer engagement, and production capacity are expected to reinforce its brand presence and position it to capture long-term growth opportunities in Vietnam’s rapidly developing economy.

## Global impact

**Weaker U.S. dollar amidst economic uncertainty.** The U.S. dollar index has trended lower since the start of 2025, reflecting heightened macroeconomic uncertainty. A softer dollar is generally favourable for Food Empire, which reports in U.S. dollars, and has contributed to stronger reported revenue growth. In particular, the Russia market delivered a 21.6% sales increase to US\$82.8 million, driven by price gains and the appreciation of the Russian Ruble against the U.S. dollar. On a local currency basis, revenue rose 17.0% YoY. The outlook for the U.S. dollar remains mixed, with near-term volatility expected to persist amid ongoing economic uncertainty.

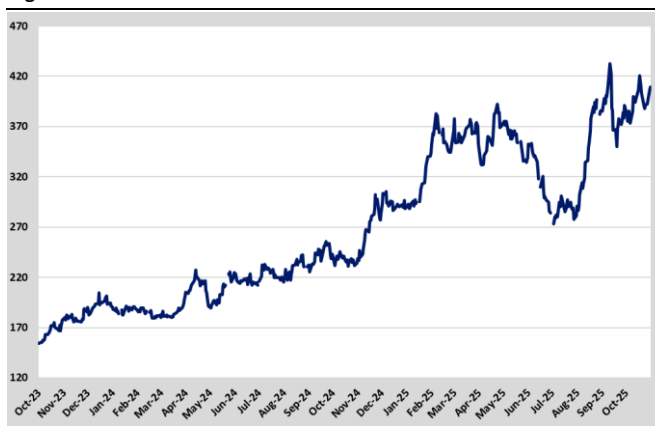
**Limited impact from U.S. tariffs.** The Group does not expect a material impact from recently imposed U.S. tariffs, given that the U.S. is a non-core market for Food Empire. Management also highlighted that its strong brand positioning offers resilience against broader economic disruptions. Nonetheless, the company is closely monitoring potential tariff-induced cost pressures that may indirectly affect operational expenses.

**Rising raw material costs.** Coffee prices have remained elevated in 2025, hovering around US\$3.70/lb despite a brief correction in June. The rally has been supported by speculative buying, low inventories, and supply disruptions following a 50% U.S. tariff on Brazilian exports. With Brazil accounting for roughly a third of U.S. unroasted coffee imports, the tariff has tightened supply, as some U.S. buyers delay contracts in hopes of tariff relief. At the same time,

global supply chain challenges and inflationary pressures—including rising labour, fertilizer, and energy costs—have further driven up production expenses. These factors are expected to sustain elevated coffee prices, adding to cost pressures across the value chain.

For Food Empire, higher coffee prices continue to drive up production costs. To mitigate the impact, the company is gradually adjusting its selling prices, passing on some of the increased costs to customers while maintaining profit margins. Despite these price hikes, consumer demand remains resilient, supported by the strong appeal of the group’s products.

Figure 1: 2Y Coffee Prices



Source: Bloomberg, KGI Research

**Risks.** Food Empire remains exposed to currency volatility given its diversified geographic footprint across Russia, Ukraine, Kazakhstan, Vietnam, and India. Geopolitical tensions and economic uncertainties could trigger local currency depreciation against the U.S. dollar, affecting reported earnings. Recently, however, the weaker U.S. dollar has supported local currency strength, particularly the Russian ruble, which boosted realized revenue from the Russian market.

In addition, ongoing economic and policy uncertainties under President Trump’s administration, including shifting trade regulations and tariffs, pose potential risks that may translate into cost pressures or disrupt supply chains.

While the Group actively manages its currency exposure, it continues to closely monitor geopolitical and macroeconomic developments that could impact its operating environment, profitability, and overall cost structure.

## Valuation

We remain optimistic about Food Empire's sales growth going forward. Its expanding production capabilities, backed by the company's strong cash position, also allow the group to capture the growing demand for its products. We maintain an **OUTPERFORM** recommendation and increase our TP to **S\$2.69**, representing an upside of **18.8%** (including dividends) based on a blended approach of Discounted Cash Flow (DCF) valuation, with a terminal growth rate of 2% and a WACC of 9.0% and a 1.5x target price to sales ratio.

**Table 1: Free Cash Flow Calculations**

Free Cash Flow Calculation (US\$'mn)	2023	2024	2025F	2026F	2027F	2028F	2028F
Earnings before Income Tax	72.5	65.2	92.2	108.2	127.3	148.3	172.0
Add: Interest	-0.8	0.3	-3.3	-4.5	-5.9	-7.4	-7.4
Operating Profit (EBIT)	71.7	65.5	89.0	103.7	121.4	140.9	164.6
Less: Tax	16.0	12.3	20.3	18.4	21.6	25.2	29.2
Add: Depreciation & Amortisation	10.8	11.7	9.6	11.2	13.2	14.6	16.5
Less: Changes in working capital	16.4	38.3	-10.5	4.5	15.6	17.2	20.9
Less: Capital Expenditures	12.5	24.4	21.8	25.4	29.7	32.6	36.5
FCFF	37.6	2.1	67.0	66.6	67.7	80.5	94.4
Terminal Value	-	-	-	-	-	-	1,375.2
Total FCFF	37.6	2.1	67.0	66.6	67.7	80.5	1,469.5
Period			1.0	2.0	3.0	4.0	5.0
Discount Factor			0.92	0.84	0.77	0.71	0.65
<b>PV FCFF</b>			61.5	56.1	52.3	57.0	955.1

Source: KGI Research

**Table 2: DCF Valuation**

Valuations (US\$'000)	
Discounted Cash Flow (DCF)	
Terminal Growth Rate	2.0%
Expected Return/ WACC (%)	9.0%
Sum of PV FCFF	1,181,939.7
Plus: Net Debt	2,436.1
Less: Interest*(1-Tax)	2,540.1
Implied Equity Value	1,186,915.9
Diluted Shares	526,054,399
Implied 12M-TP (US\$)	2.26
Implied 12M-TP (S\$)	<b>2.93</b>
Upside (%)	26.4%

Source: KGI Research

**Table 3: Blended Valuation Approach**

	TP	Percentage (%)	Weighted TP
Discounted Cash Flow (DCF)	2.93	70%	2.05
Price-to-sales Multiple	2.13	30%	0.64
Blended 12m-TP (S\$)			2.69
Upside (Excluding Dividends)			16.1%

Source: KGI Research

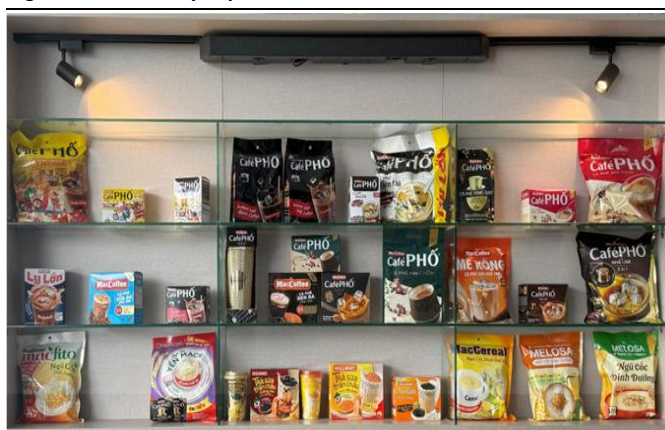
## Site Visit

Food Empire Holdings Ltd. recently hosted us on a site visit to one of its key markets, Ho Chi Minh City, Vietnam. During the trip, we toured the company's office, local supermarkets and retail outlets, as well as its manufacturing facility. The visit offered valuable insights into the performance of Food Empire's Vietnam operations and highlighted the competitive advantages it holds over peers in the local market.

On the first day of our site visit, Food Empire Vietnam took us to the upstream segment of its supply chain, where we toured the company's instant coffee production plant to gain a deeper understanding of the manufacturing process and how products are prepared for end consumers. The facility spans 5,302m<sup>2</sup>, comprising a 1,312m<sup>2</sup> production area and a 1,995m<sup>2</sup> warehouse. Having been operational for 20 years, the plant currently produces around 2.0 million sachets of coffee per day and is running at full utilization with 24-hour operations across three shifts.

**Figure 2: Food Empire's manufacturing plant in Vietnam**


Source: Food Empire Holdings

**Figure 3: FESV's array of products**


Source: KGI Research

Over the years, Food Empire has expanded the plant's capacity by roughly 30% compared to two years ago, largely through increased automation, which has enhanced efficiency and reduced reliance on manual labour. The facility now operates with around 200 staff (both permanent and contract), and management continues to drive automation to further lower costs and improve output. Looking ahead, the company targets an additional 15% capacity increase over the next few years by accelerating automation initiatives.

Digitization is also a key focus, with ongoing efforts to minimize manual work, improve workflow efficiency, and capture live production data for better monitoring. In parallel, the company is progressively adopting renewable energy solutions, including solar lamps and solar water heaters. However, further solar adoption remains constrained by land availability and building load limits.

On the supply side, approximately 15% of Food Empire Vietnam's sales products are imported from its non-dairy creamer plant in Malaysia, which also acts as a backup facility to ensure supply chain resilience in the event of country-specific disruptions.

On the second day of our site visit, we observed the downstream portion of Food Empire Vietnam's supply chain, gaining insights into how its products reach end consumers. The company distributes through two channels: General Trade (GT) and Modern Trade (MT). GT, which accounts for about 88% of revenue, covers neighbourhood stores across the country and is supported by approximately 120,000 distribution outlets and 1,450 sales representatives who ensure sufficient stock

availability. This dominance reflects Vietnamese consumer lifestyles, city infrastructure, and the convenience of small neighbourhood shops. In contrast, MT, which includes supermarket sales, contributes the remaining 12% of topline revenue. Prices in MT are typically 10–12% higher than in GT due to differences in consumer segments and distribution points, with sachets averaging \$0.33 in MT versus \$0.30 in GT.

Figure 44: FESV's GT products



Source: KGI Research

Figure 55: FESV's MT products with free gifts



Source: KGI Research

Figure 66: FESV's MT products



Source: KGI Research

Figure 77: FESV's MT products (continued)



Source: KGI Research

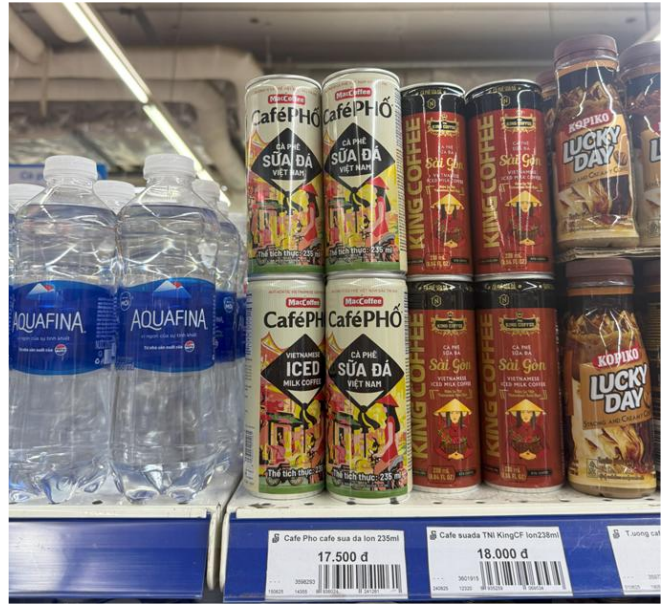
CAFÉ PHO remains the flagship product, contributing roughly 90% of topline sales, while MacCoffee, Hillway, and MacCereal collectively make up the remaining 10%. The MacCoffee brand currently holds a 15.3% share of Vietnam's instant coffee market, with management guiding for a 200 bps increase in FY2025 alongside an expected 24% YoY volume growth. Competition in the 3-in-1 instant coffee segment remains intense, but Food Empire has been active in marketing, including promotions with gifts to drive sales and support product launches. Recently, the company introduced Café PHO Ready-to-Drink (RTD) coffee, targeting younger consumers, and has partnered with events to strengthen brand engagement. Looking forward, FESV plans to expand its RTD range and launch additional SKUs to capture new customers and grow its share of Vietnam's instant coffee market.

Figure 88: FESV's new RTD Ccoffee



Source: KGI Research

Figure 99: FESV's new RTD coffee in MT



Source: KGI Research

The broader operating environment remains favourable, with Vietnam posting 8% GDP growth in 2024 and 7.5% growth in 1H25. Leveraging this momentum, FESV targets FY2025 revenue of about US\$100mn, up 31.6% YoY, driven by rising consumer demand, product diversification, and share gains in the 2-in-1 instant coffee segment. Marketing and distribution resources will be increasingly directed toward RTD products and new SKUs, with less emphasis on e-commerce, which management views as offering limited returns given its consumer base's reliance on GT channels.

Coffee prices remain elevated, and while the company has passed on cost increases more readily in MT, it has taken a more moderate approach in GT to preserve demand, absorbing part of the cost pressures. Nevertheless, given the relatively inelastic demand for instant coffee, the impact has been manageable, with FESV raising product prices by about 3% this year, broadly in line with industry trends.

Figure 1010: FESV's Office



Source: KGI Research

Figure 1111: FESV's products presentation



Source: KGI Research

**Financial Summary**

FYE December					
Income Statement	2023	2024	2025F	2026F	2026F
<b>Revenues</b>	<b>425.7</b>	<b>476.3</b>	<b>575.5</b>	<b>670.9</b>	<b>785.7</b>
Cost Of Goods Sold	(284.3)	(332.0)	(388.5)	(452.9)	(530.3)
<b>Gross Profit</b>	<b>141.5</b>	<b>144.4</b>	<b>187.0</b>	<b>218.0</b>	<b>255.4</b>
Selling & Marketing Expense	(31.6)	(36.1)	(48.9)	(57.0)	(66.8)
General & Administrative Expenses	(38.9)	(45.0)	(51.8)	(60.4)	(70.7)
Other Operating Income/(Expense)	(0.6)	2.7	3.2	3.8	4.4
Interest Income and Others	2.1	(0.8)	2.7	3.8	5.0
<b>Profit Before Income Tax</b>	<b>72.5</b>	<b>65.2</b>	<b>92.2</b>	<b>108.2</b>	<b>127.3</b>
Income Tax Expense	(16.0)	(12.3)	(20.3)	(18.4)	(21.6)
<b>Net Income</b>	<b>56.5</b>	<b>52.9</b>	<b>71.9</b>	<b>89.8</b>	<b>105.7</b>
Balance Sheet	2023	2024	2025F	2026F	2026F
Cash and cash equivalents	131.3	130.9	162.6	194.1	228.8
Inventories	76.7	110.8	106.4	117.9	138.0
Trade receivables	38.2	49.5	50.6	55.3	64.7
Other receivables, deposits and prepayments	10.1	12.2	13.1	14.0	15.1
Other current assets	2.0	2.3	2.3	2.3	2.3
<b>Total current assets</b>	<b>258.3</b>	<b>305.7</b>	<b>335.0</b>	<b>383.5</b>	<b>448.9</b>
Property, plant and equipment	103.3	118.7	129.5	142.2	157.0
Right-of-use Assets	11.6	12.6	13.9	15.4	17.1
Deferred tax assets	3.9	3.9	6.4	5.8	6.8
Other non-current assets	25.9	19.2	19.3	19.4	19.5
<b>Total non-current assets</b>	<b>144.6</b>	<b>154.4</b>	<b>169.1</b>	<b>182.7</b>	<b>200.4</b>
<b>Total assets</b>	<b>402.9</b>	<b>460.1</b>	<b>504.1</b>	<b>566.3</b>	<b>649.3</b>
Trade Payables and Accruals	49.8	55.8	65.3	76.1	89.1
Other Payables	3.7	6.3	6.0	6.9	8.1
Bank Borrowings & Lease Liabilities	17.2	30.3	22.8	20.3	20.3
Other current liabilities	6.2	7.0	6.0	6.7	7.7
<b>Total current liabilities</b>	<b>76.8</b>	<b>99.3</b>	<b>100.0</b>	<b>110.0</b>	<b>125.2</b>
Bank Borrowings & Lease Liabilities	23.9	15.4	11.9	8.3	4.7
Other non-current liabilities	7.7	8.1	13.1	11.9	14.0
<b>Total non-current liabilities</b>	<b>31.6</b>	<b>23.5</b>	<b>25.0</b>	<b>20.2</b>	<b>18.7</b>
<b>Total liabilities</b>	<b>108.4</b>	<b>122.9</b>	<b>124.9</b>	<b>130.2</b>	<b>143.9</b>
Share capital	47.5	47.5	47.5	47.5	47.5
Treasury Shares	(14.0)	(15.9)	(15.9)	(15.9)	(15.9)
Retained Earnings	262.1	262.2	304.2	361.0	430.4
<b>Equity Attributable to owners of the Company</b>	<b>295.6</b>	<b>293.8</b>	<b>335.8</b>	<b>392.6</b>	<b>462.0</b>
Non-Controlling Interest	(1.1)	2.3	2.3	2.3	2.3
<b>Total Equity</b>	<b>294.5</b>	<b>296.1</b>	<b>338.1</b>	<b>394.9</b>	<b>464.3</b>
<b>Total Liabilities and Equity</b>	<b>402.9</b>	<b>419.0</b>	<b>463.0</b>	<b>525.1</b>	<b>608.2</b>
Cash Flow	2023	2024	2025F	2026F	2026F
<b>Profit Before Income Tax</b>	<b>72.5</b>	<b>65.2</b>	<b>92.2</b>	<b>108.2</b>	<b>127.3</b>
Depreciation & Amort.	10.8	11.7	9.6	11.2	13.2
Other Operating Cash Flows Adjustments	(3.7)	(1.3)	(0.0)	(1.1)	(1.4)
<b>Operating cash flows before WC changes</b>	<b>79.7</b>	<b>75.6</b>	<b>101.8</b>	<b>118.3</b>	<b>139.1</b>
Change in working capital	(16.4)	(38.3)	10.5	(4.5)	(15.6)
<b>Cash Generated from Operations</b>	<b>63.3</b>	<b>37.3</b>	<b>112.3</b>	<b>113.8</b>	<b>123.5</b>
Income tax paid	(12.7)	(11.8)	(20.3)	(18.4)	(21.6)
<b>Cash flows from operations</b>	<b>50.6</b>	<b>25.5</b>	<b>92.0</b>	<b>95.4</b>	<b>101.9</b>
Capital expenditure	(12.5)	(24.4)	(17.3)	(20.1)	(23.6)
Interest Received	3.7	4.3	1.0	1.1	1.4
Proceeds from disposal of property, plant and	–	–	–	–	–
Other investing cashflow	(3.6)	1.8	–	–	–
<b>Cash flows from investing</b>	<b>(12.4)</b>	<b>(18.3)</b>	<b>(16.3)</b>	<b>(19.0)</b>	<b>(22.2)</b>
Repayment of bank borrowings	(78.5)	(63.5)	(11.1)	(6.1)	(3.6)
Repayment of principal portion of lease liabil	(2.0)	(2.2)	–	–	–
Interest paid	(3.9)	(4.5)	(1.0)	(0.0)	(0.0)
Dividends paid	(17.3)	(39.2)	(30.0)	(33.0)	(36.3)
Other financing cashflow	70.2	103.6	2.5	(0.6)	1.0
<b>Cash flows from financing</b>	<b>(31.5)</b>	<b>(5.7)</b>	<b>(39.5)</b>	<b>(39.7)</b>	<b>(38.8)</b>
<b>Net increase in cash</b>	<b>6.7</b>	<b>1.4</b>	<b>31.8</b>	<b>31.5</b>	<b>34.7</b>
Effect of Exchange Rate Changes	–	–	–	–	–
Cash and Cash Balance BOP	131.3	130.9	162.6	194.1	228.8
<b>Cash and Cash Balance EOP</b>	<b>130.9</b>	<b>162.6</b>	<b>194.1</b>	<b>228.8</b>	<b>259.2</b>
KEY RATIOS	2023	2024	2025F	2026F	2026F
DPS (SGD cents)	10.00	8.00	7.60	8.36	9.20
Dividend yield (%)	3.8%	3.1%	2.9%	3.2%	3.5%
NAV per share (SGD cents)	75.0	75.4	85.8	100.2	117.8
Price/NAV (x)	3.5	3.4	3.0	2.6	2.2
<b>Profitability</b>					
EBITDA Margin (%)	20.4%	17.0%	17.9%	17.8%	17.9%
Gross Profit Margin (%)	33.2%	30.3%	32.5%	32.5%	32.5%
Net Profit Margin (%)	13.3%	11.1%	12.5%	13.4%	13.4%
ROE (%)	19.2%	17.9%	21.3%	22.7%	22.8%
ROA (%)	14.0%	11.5%	14.3%	15.9%	16.3%
<b>Financial Structure</b>					
Net Debt/ (Net Cash) Gearing Ratio (%)	(30.6%)	(28.8%)	(37.9%)	(41.9%)	(43.9%)

## KGI's Ratings

Rating	Definition
<b>Outperform (OP)</b>	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
<b>Neutral (N)</b>	We take a neutral view on the stock. The stock is expected to perform in line with the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
<b>Underperform (U)</b>	We take a negative view on the stock. The stock is expected to underperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
<b>Not Rated (NR)</b>	The stock is not rated by KGI Securities.
<b>Restricted (R)</b>	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.

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