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CONSUMER DEFENSIVE RESEARCH

Singapore Processed Food & Beverage Manufacturing Market View

Source: IPS Health and Wellness

Summary

Singapore's Food, Beverages & Tobacco manufacturing segment underperformed in 2025, with negative year-on-year growth from February to November despite the broader manufacturing sector expanding. On the demand side, retail sales of food and alcohol also weakened, recording an eight consecutive month of contraction in December, signalling softer consumer appetite for these categories.

Looking ahead, the Singapore food & beverage ("F&B") processing market is projected to grow at a Compounded Annual Growth Rate ("CAGR") of 9.95% from 2023 to 2033, supported by rising demand for processed foods, ongoing government initiatives, and technological advancements. Demand drivers such as population growth and household consumption remain key. When these rise, demand for processed F&B products typically increases as well, leading to higher manufacturing output. Changing consumer preferences will also shape future production patterns, with the Nutri-Grade labelling framework encouraging a shift towards healthier, lower-sugar and lower-fat products, prompting manufacturers to ramp up or reformulate healthier product lines.

On the supply side, softening commodity prices including sugar, wheat, edible oils, and dairy reflect increased global stocks and point to lower raw material costs in the near term. These conditions may lead manufacturers to front-load purchases and increase short-term production, even without matching end-demand growth. At the same time, lower input prices are likely to ease cost pressures and support improved gross profit margins for F&B manufacturers.

Overall, while recent performance in the F&B manufacturing cluster has been subdued, evolving consumer trends, supportive government policy, and easing raw material costs provide a constructive medium-term outlook for Singapore's processed F&B manufacturing sector.

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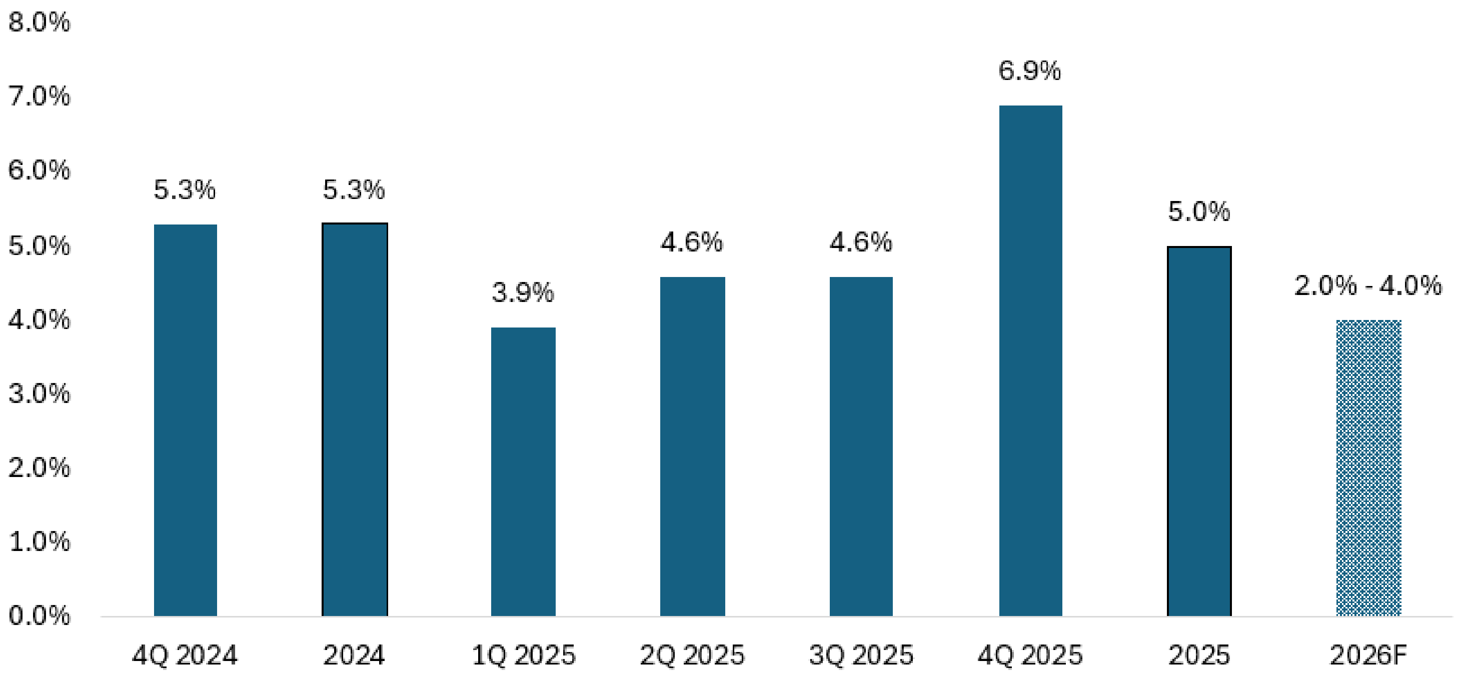
SINGAPORE ECONOMIC OUTLOOK

(I) OVERALL ECONOMIC GROWTH

On 10 February 2026, the Ministry of Trade and Industry ("MTI") announced that the Singapore economy expanded by 5.0% in 2025 as shown in **Exhibit 1**. In 4Q 2025, the economy grew by 6.9% year-on-year ("y-o-y"), faster than the 4.6% y-o-y growth in 3Q 2025. The 5.0% GDP growth in 2025 was mainly driven by the manufacturing, wholesale trade and finance & insurance sectors. In particular, the electronics cluster of the manufacturing sector and the machinery, equipment & supplies segment of the wholesale trade sector grew robustly on account of strong AI-related electronics demand. Meanwhile, the finance & insurance sector saw broad-based growth across all segments amidst largely accommodative financial conditions. By contrast, the food & beverage services sector contracted, partly due to a decline in the sales volume of restaurants amidst shifts in dining preferences.

Exhibit 1: Singapore's GDP Y-o-Y Growth



Source: MTI, FPA

For 2026, MTI has raised the GDP growth forecast to a range of 2.0–4.0%, up from the earlier projection of 1.0–3.0%. This revision reflects a more positive global environment. Major economies performed better than expected in Q4 2025, and global trade stayed resilient despite U.S. tariffs. Strong AI-driven investment, supply chain adjustments that helped divert trade flows, and supportive global financial conditions contributed to the stronger momentum entering 2026.

Global growth in 2026 is expected to be underpinned by continued AI-related capital spending, together with expansionary fiscal policies in large economies including the U.S., Germany, and Japan. However, risks to the outlook remain, including the possibility of renewed tariff escalations, geopolitical tensions, or a significant reduction in AI-related spending that could weaken business and consumer sentiment and cause volatility in global financial markets.

Within Singapore, the outlook for manufacturing and trade-related services has improved. The electronics industry is expected to continue expanding because of strong semiconductor demand from data centres, which will benefit related clusters such as precision engineering and machinery-related trade. Transport engineering, supported by healthy aerospace and marine order books, should also remain stable. Outward-oriented services, including information and communications and the finance and insurance sector, are projected to see steady growth.

Among domestic sectors, construction is expected to grow due to ongoing public sector projects and new private residential launches. In comparison, consumer-focused sectors such as retail and food and beverage services may continue to experience weaker performance due to overseas spending by residents and evolving consumer preferences.

(II) MANUFACTURING SECTOR

The manufacturing sector recorded strong growth of 18.8% y-o-y in 4Q 2025, accelerating from the 5.3% y-o-y expansion in 3Q 2025, as shown in **Exhibit 2**.

The strong performance of the sector was driven by output expansions across all clusters except the general manufacturing cluster. In particular, the output of the electronics cluster surged by 25.1% on account of stronger-than-anticipated AI-related demand for semiconductors, servers and server-related products. Similarly, the output of the biomedical manufacturing cluster increased by 45.9%, supported by a higher-than-expected level of production of a key high-value active pharmaceutical ingredient.

For the full year, the manufacturing sector expanded by 8.7% y-o-y in 2025.

Exhibit 2: Singapore's Manufacturing Sector Y-o-Y Growth

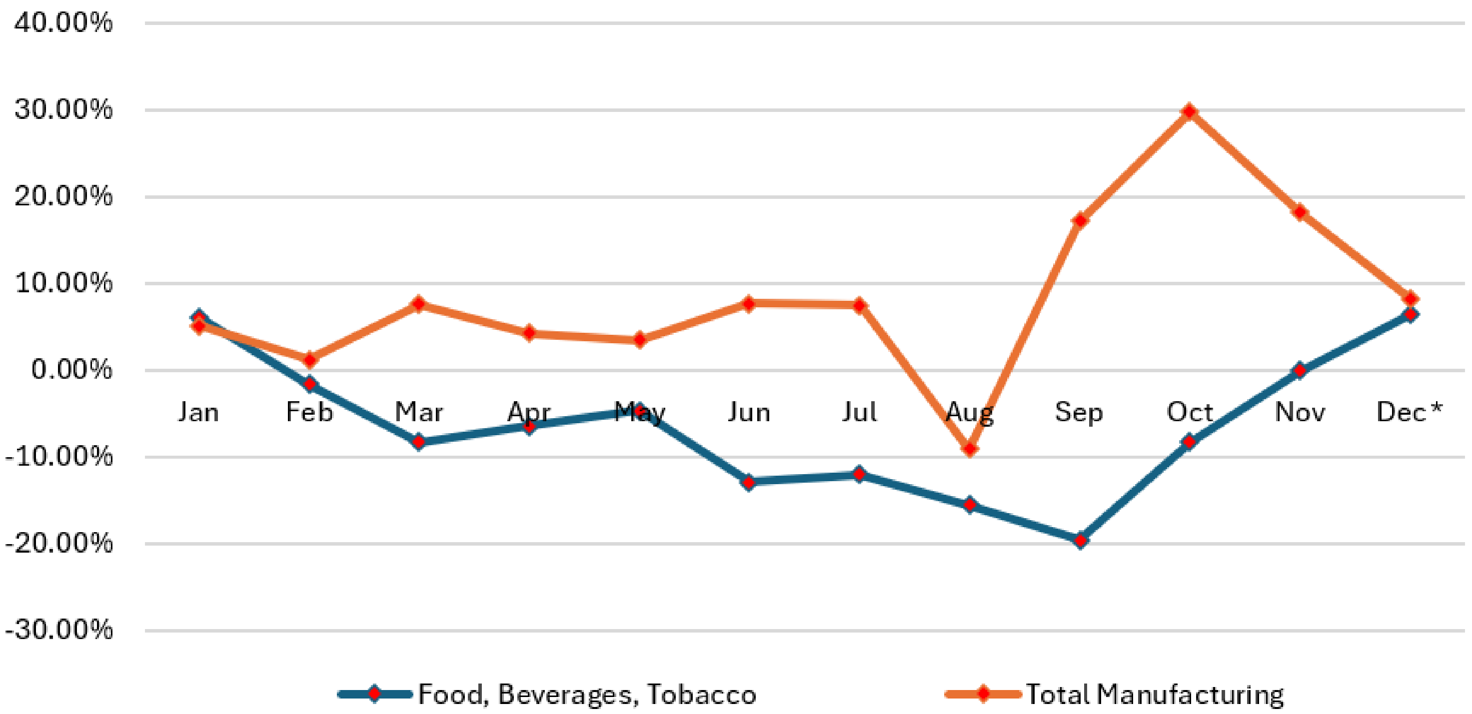
	4Q24	2024	1Q25	2Q25	3Q25	4Q25	2025
	Year on Year % Change						
Total	5.3	5.3	3.9	4.6	4.6	6.9	5.0
Goods Producing Industries	5.0	4.0	4.3	5.0	5.0	15.2	7.6
Manufacturing	5.5	3.8	4.7	5.1	5.3	18.8	8.7
Construction	4.2	5.4	4.2	6.6	5.6	4.6	5.2

Source: MTI

The Economic Development Board ("EDB") reported on 26 January 2026 that Singapore's manufacturing output rose 8.3% y-o-y in December 2025, as shown in **Exhibit 3**. Within the sector, the food, beverages & tobacco cluster expanded 6.3% y-o-y in December, supported by higher production of beverage concentrates and milk powder, as shown in **Exhibit 3**.

Although Singapore's overall manufacturing sector performed well in 2025, the food, beverages & tobacco segment underperformed, recording negative y-o-y growth from February to November 2025 as shown in **Exhibit 3**.

Exhibit 3: Monthly Manufacturing Performance (Y-o-Y Growth, 2025)



Note: December figures are preliminary
Source: EDB, FPA

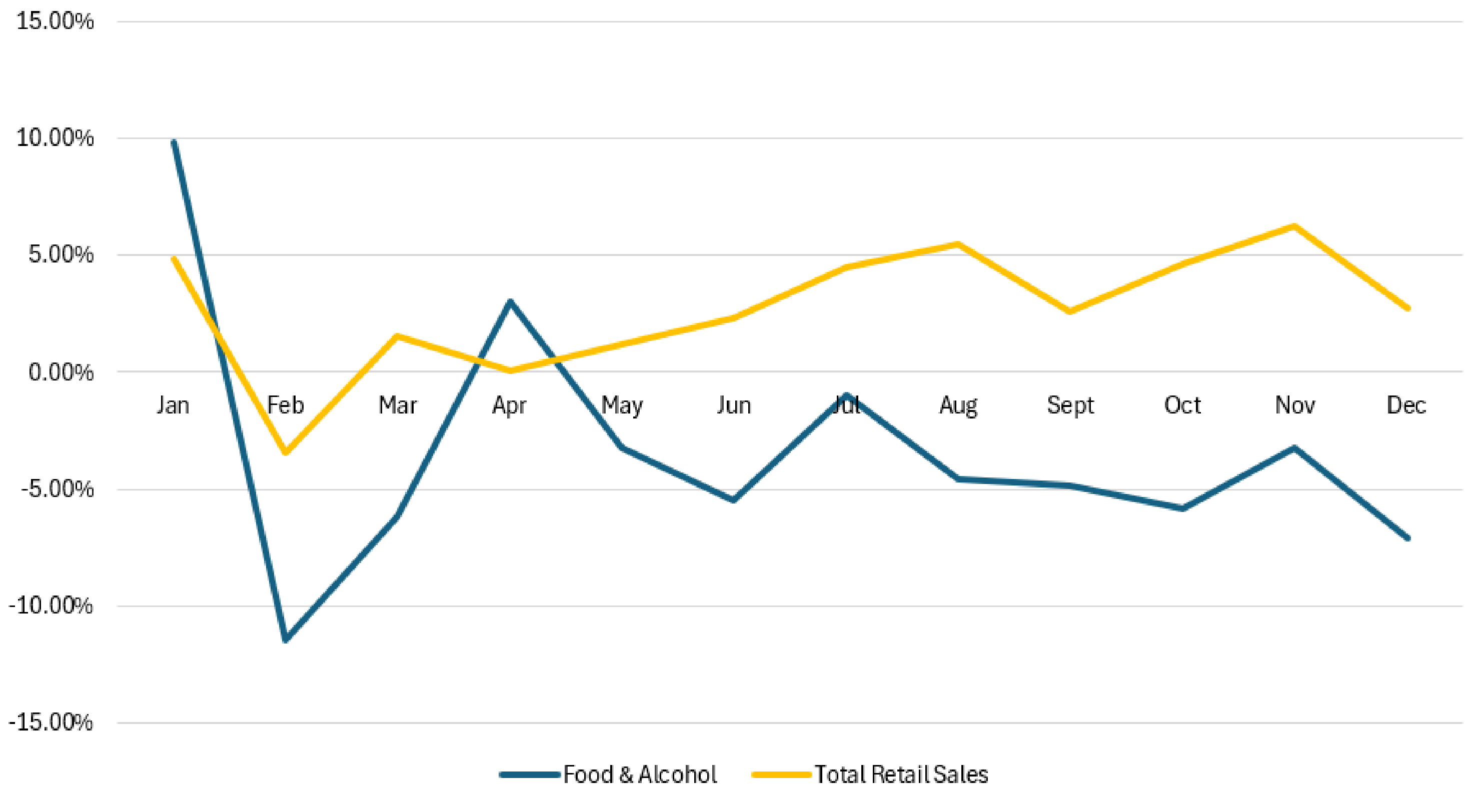
The Straits Times reported that the 8.3% y-o-y increase in December's manufacturing output highlighted the resilience of Singapore's manufacturing sector. However, analysts remain cautious about the outlook for 2026. DBS noted that it is unlikely for manufacturing output in 2026 to replicate the strong growth seen in 2025, given several potential headwinds. Factories will face a high base from 2025, along with lingering challenges arising from tariffs. DBS also added that the divergence between the strong performance of the electronics cluster and the weaker non-electronics clusters could persist in the near term.

(III) RETAIL SALES

On 5 February 2026, the Singapore Department of Statistics ("Singstat") released the Retail Sales Index ("RSI") for December 2025. Total retail sales rose 2.7% y-o-y in December, moderating from the 6.2% y-o-y increase recorded in November, as shown in **Exhibit 4**.

Notably, sales of food & alcohol declined 7.1% y-o-y in December 2025, marking the eighth consecutive month of contraction, as shown in **Exhibit 4**. This suggests that, on the demand side, consumer demand for food & alcohol has been on a downward trend.

Exhibit 4: RSI (Y-o-Y Growth, 2025)



Source: Singstat, FPA

Maybank mentioned in a Straits Times article that it expects retail sales to grow by around 4% in 2026, supported by robust economic growth, falling interest rates, and a healthy job market.

SINGAPORE F&B PROCESSING MARKET OUTLOOK

According to Spherical Insights[1], the Singapore F&B processing market is expected to grow at a CAGR of 9.95% from 2023 to 2033, supported by rising demand for processed foods, government initiatives, and rapid technological advancements. Food processing involves transforming agricultural products such as grains, meats, vegetables, and fruits into value-added, convenient products for sale.

Market growth is underpinned by shifting consumer lifestyles, urbanisation, and higher disposable incomes, all of which contribute to the widespread consumption of processed foods. Government support. through programmes, regulations, and incentives, also plays a significant role, alongside stringent food safety standards set by the Singapore Food Agency, which strengthen trust in processed food products.

In addition, technological advancements, including the adoption of robotic arms and automated packaging systems, are enhancing efficiency, improving product quality, and further accelerating the expansion of Singapore's F&B processing industry.

[1] Spherical Insights is a global consulting firm offering market research reports and business advisory services.

We now discuss the factors that influence both consumer demand and manufacturing output for processed F&B products.

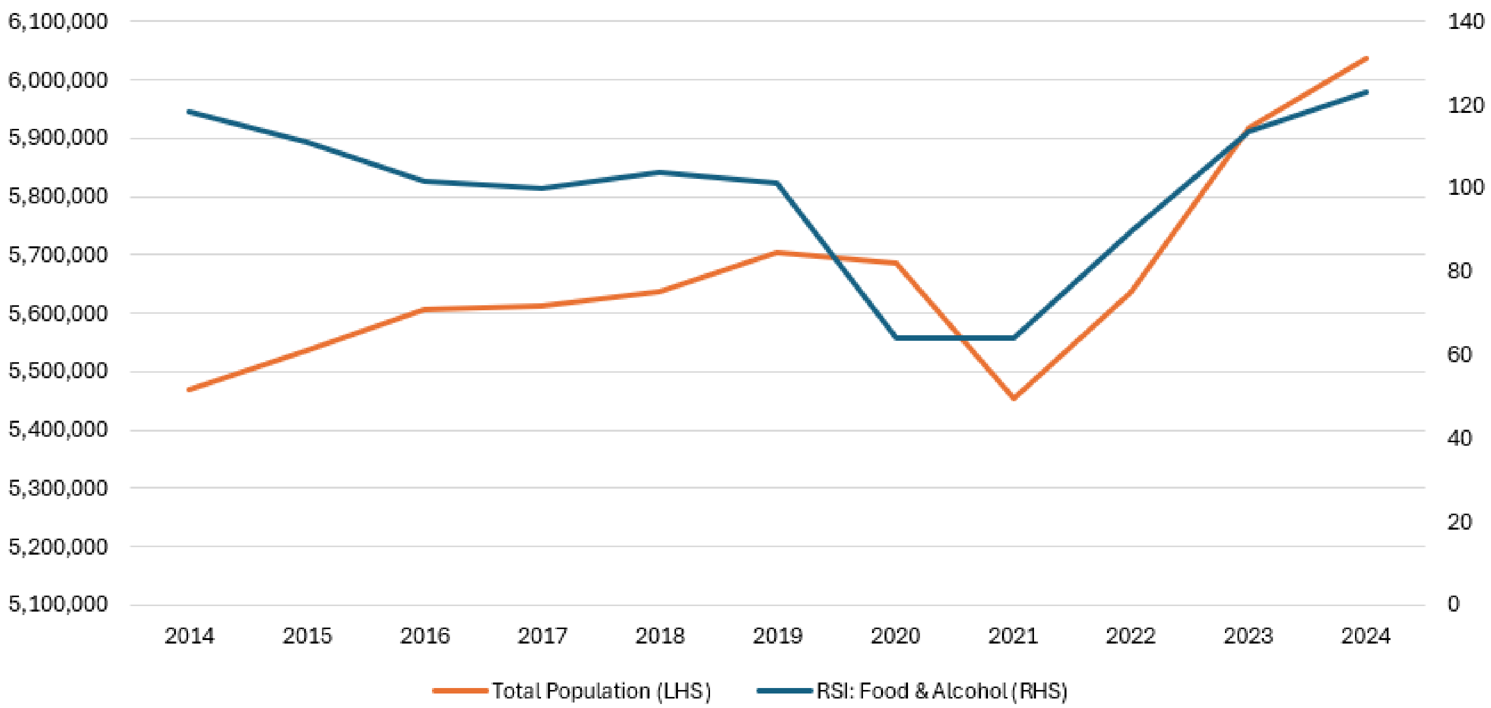
DRIVERS OF PROCESSED F&B PRODUCTS

(I) POPULATION GROWTH & HOUSEHOLD CONSUMPTION

Processed F&B products are generally price-inelastic, as they are staple, low-cost items that consumers purchase regardless of economic conditions. Everyday products such as packet drinks and biscuits tend to see very small changes in quantity demanded even when prices fluctuate, meaning demand remains relatively stable during macroeconomic ups and downs.

Given this inelasticity, the key drivers of demand for processed F&B products are population growth and household consumption rather than price changes. As the population grows, the number of consumers increases, naturally lifting demand for essential processed food and beverage items. This relationship can be seen in **Exhibit 5**, particularly from 2021 to 2024, where the RSI for food & alcohol increased in tandem with population size.

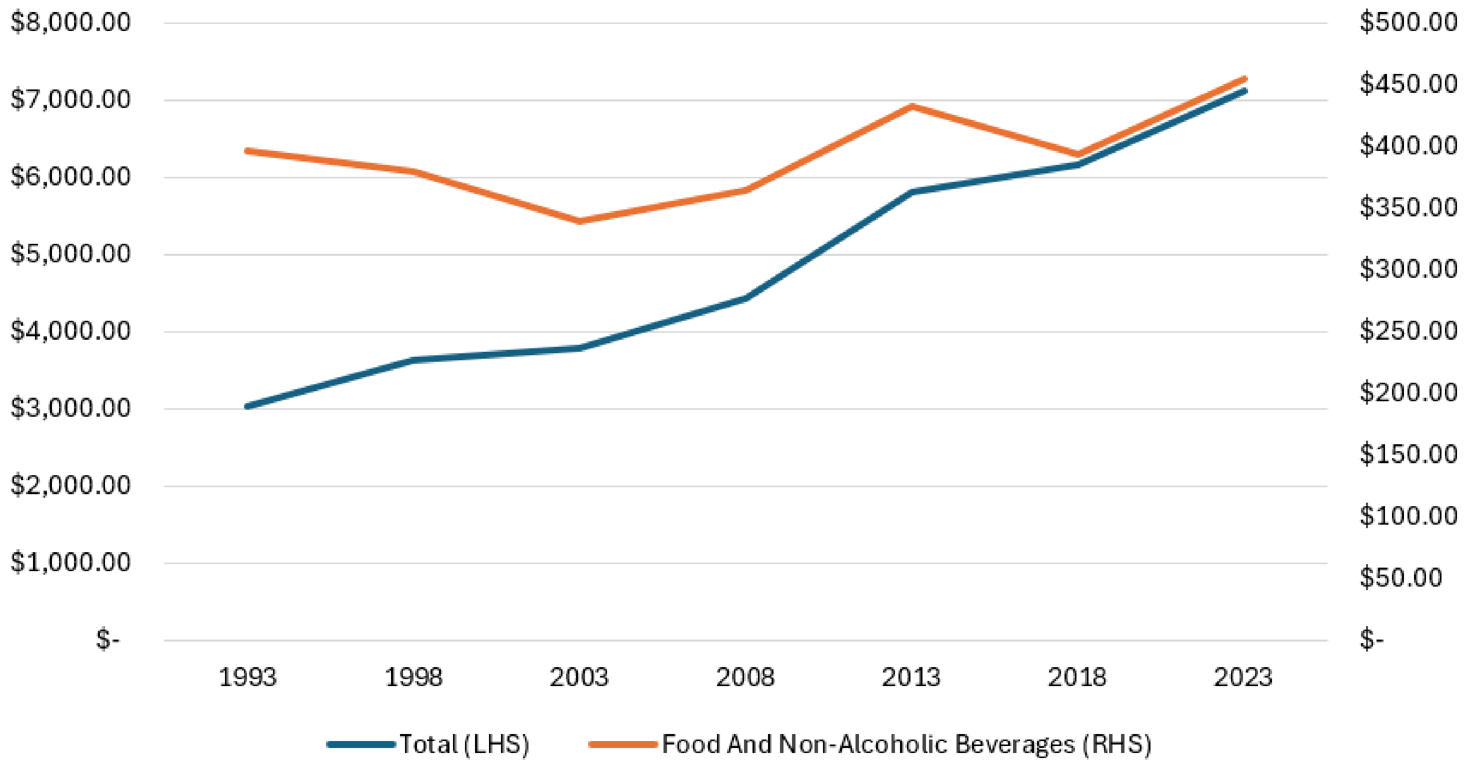
Exhibit 5: Total Population in Singapore vs RSI of Food & Alcohol



Source: Singstat, FPA

Similarly, when household consumption rises, consumers allocate more spending to daily necessities, including packaged foods and drinks. This relationship supports steady demand for processed F&B products over time, as reflected in consumption trends shown in **Exhibit 6**.

Exhibit 6: Average Monthly Household Expenditure Among Resident Households



Source: Singstat, FPA

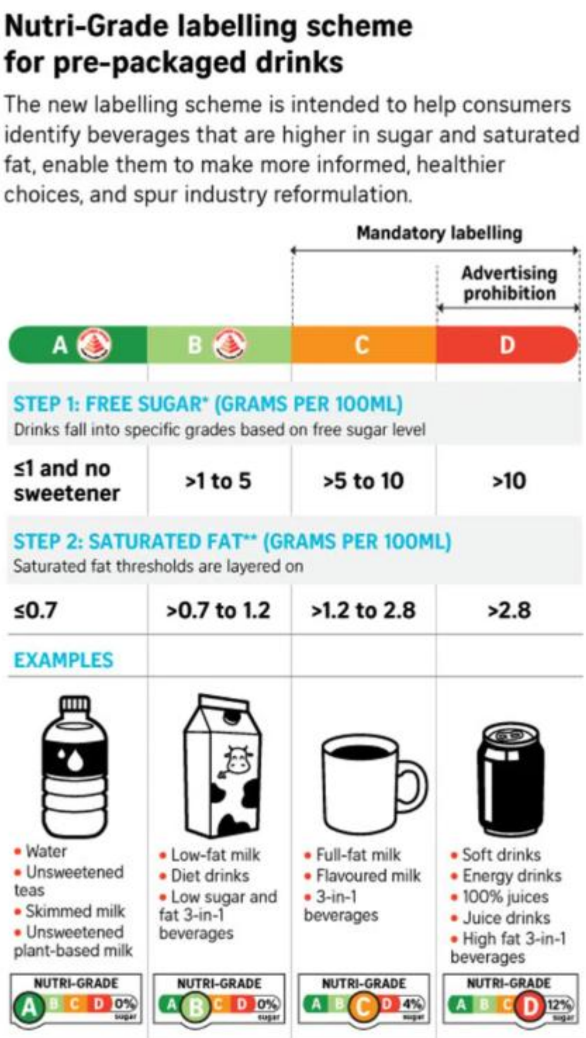
As such, when demand for processed F&B products increases, manufacturing activity typically rises in tandem, as producers scale up output to meet higher consumption needs. In other words, stronger demand leads to increased supply through higher production of processed F&B goods.

(II) CONSUMER PREFERENCES

Other factors that influence demand for processed F&B products include evolving consumer preferences. As consumers become increasingly health-conscious, their product choices and consumption habits shift accordingly. This trend is evident from a Straits Times article published on 29 December 2022, which reported a notable rise in the consumption of healthier beverages, including low- and zero-sugar sodas, Asian drinks, and ready-to-drink teas. The proportion of beverages purchased with lower sugar and saturated fat content increased significantly, rising from 37% in 2017 to 71% of all sales in 2021.

A key government initiative that supports this shift in consumer preferences is the Nutri-Grade labelling system, introduced in 2022. Nutri-Grade is a mandatory nutrition label for beverages sold in Singapore, whether pre-packed or dispensed from automated beverage machines. Under this system, beverages are graded A, B, C, or D based on their sugar and saturated fat content, with D being the least healthy, as shown in **Exhibit 7**. Nutri-Grade applies to pre-packed drinks such as bottles, cans, cartons, and packets, as well as powdered and concentrated beverages like 3-in-1 coffees and cordials. This initiative is part of Singapore's broader effort to promote healthier consumption patterns and reduce the risk of diet-related diseases such as diabetes.

Exhibit 7: Nutri-Grade Criteria



Source: Health Promotion Board, Straits Times

On 6 April 2025, the Ministry of Health ("MOH") announced plans to extend the Nutri-Grade labelling system to cover sodium and saturated fat content from mid-2027. This move aims to address the high prevalence of hypertension and high blood cholesterol among Singapore residents, which stood at 37.0% and 31.9% respectively in 2021 to 2022. Under the expanded scheme, products such as instant noodles, condiments, and cooking oil sold in Singapore will be required to carry a nutrition grade to indicate their relative healthiness and guide consumer choices as shown in **Exhibit 8**. Currently, four in 10 products purchased by Singaporeans are equivalent to grade D, according to data from MOH and the Health Promotion Board.

Exhibit 8: Nutri-Grade Labelling Required for these Food Products from mid-2027

Salt	• **Salt and salt substitutes**	
Sauces and pastes	• **Dark soy sauce** • **Light/flavoured soy sauce** • **Sweet soy sauce** • **Bean paste** • **Oyster sauce** • **Fish sauce** • **Ketchup and brown sauce** (e.g. BBQ) • **Chilli sauce** • **Asian savoury sauces** (e.g. black pepper, laksa paste)	• **Asian sweet sauces** (e.g. plum, sweet and sour) • **Recipe mix** (e.g. curry cubes) • **Emulsified sauce/dressings** (e.g. salad dressing) • **Tomato-based sauces** (e.g. bolognese) • **Non-tomato-based sauces** (e.g. cream, cheese, oil-based) • **Mustard**
Seasoning	• **Soup and broth** (non-concentrate, liquid and dry concentrate) • **Herb, spice and seasoning mix**	
Instant noodles	• **Dry instant noodles** • **Soup instant noodles**	
Oil	• **Cooking oil**	

Infographic: Clara Ho *Source: Ministry of Health, Apr 6, 2025* cna

Source: MOH, Channel News Asia

As such, with these initiatives being rolled out by the Singapore government, consumer purchasing patterns are expected to shift as individuals become more health-conscious and selective about the products they buy. Consumers are likely to favour items with lower sugar, saturated fat, and sodium content, leading to greater demand for processed F&B products that achieve healthier Nutri-Grade ratings, such as A or B. Consequently, manufacturing demand for healthier products is likely to rise, and F&B companies may need to reformulate their existing product lines to meet evolving consumer preferences.

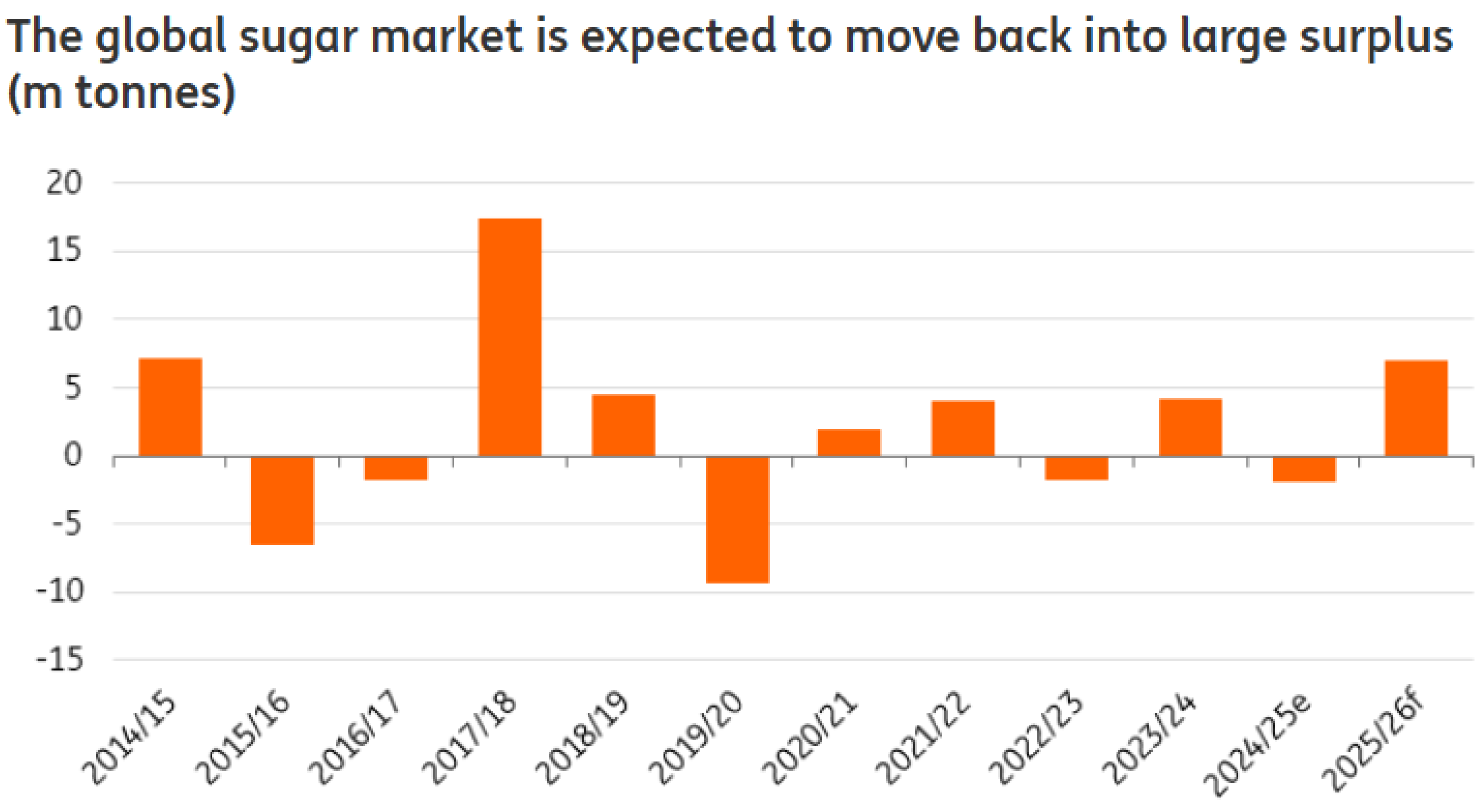
(III) PRICE OF RAW MATERIALS

On the supply side, the manufacturing of processed F&B products is heavily influenced by raw material prices, as these directly affect the cost of goods sold and, consequently, the gross profit margins of manufacturers. Prices of key inputs such as sugar, wheat, edible oils, and dairy tend to be volatile, driven by factors including weather patterns, crop yields, global supply disruptions, and geopolitical events.

Sugar:

ING[1] noted that speculators have become increasingly bearish on the market as expectations for a large surplus in the 2025/2026 marketing year grow, driven by strong output from key producers. Higher production is expected to shift the market from a deficit of almost 2 million tonnes in 2024/2025 to a surplus of around 7 million tonnes in 2025/2026, which would be the largest sugar surplus since 2017/2018, as shown in **Exhibit 9**. This substantial surplus suggests that sugar prices are likely to remain under pressure in the near term.

Exhibit 9: Sugar Market Forecast



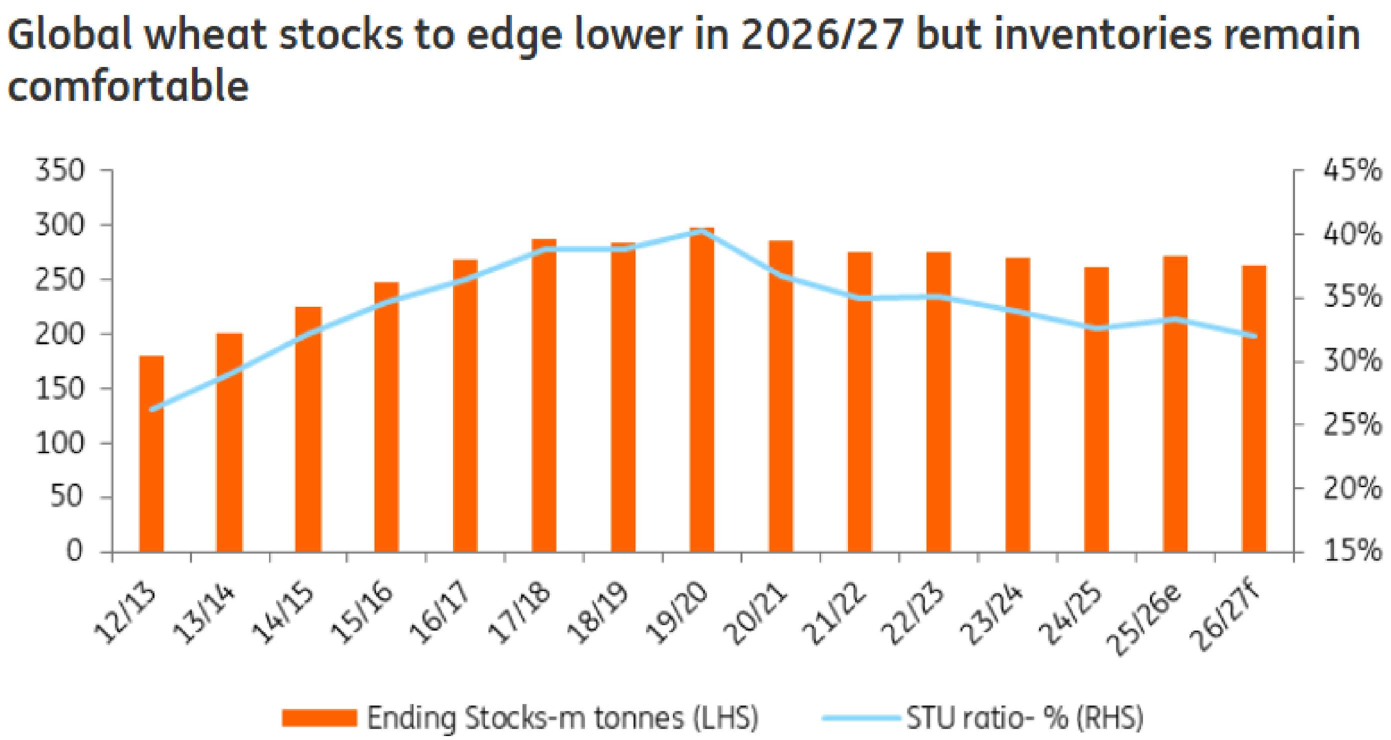
Source: Czarnikow, United States Department of Agriculture, ING Research

[1] ING is a Dutch multinational banking and financial services corporation.

Wheat:

ING also noted that global wheat stocks are forecast to grow over the 2025/2026 season, with inventories expected to increase by around 10 million tonnes y-o-y to 271 million tonnes as shown in **Exhibit 10**. This points to a global market that is better supplied than initially anticipated. However, ING expects that this strong performance is unlikely to be repeated in 2026/2027, which could lead to a slight tightening in the global wheat market. Even so, stocks are expected to remain comfortable, meaning significant increases in wheat prices are unlikely, helping manufacturers maintain more stable input costs.

Exhibit 10: Wheat Market Forecast



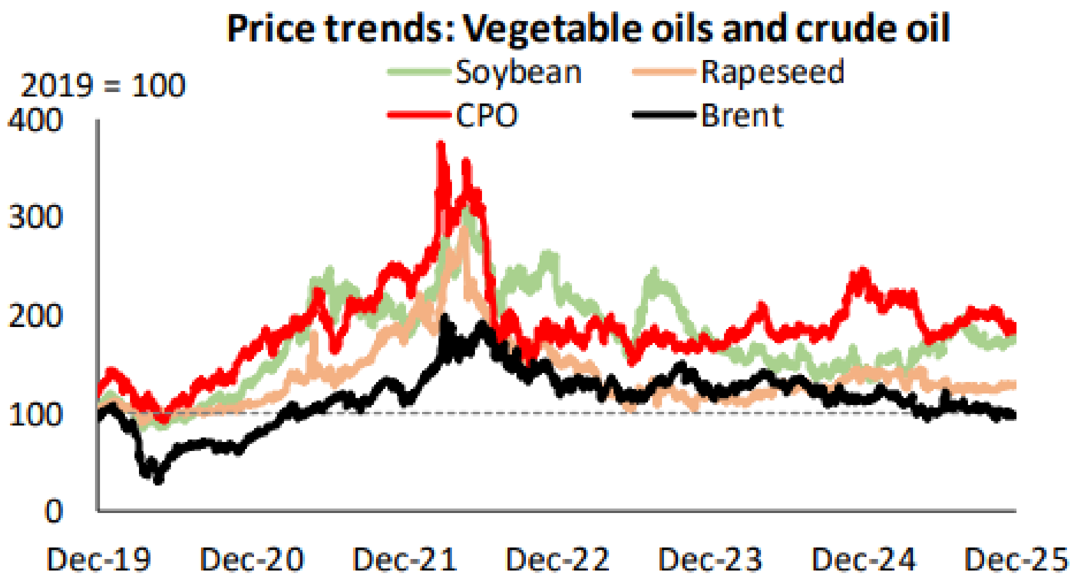
Source: United States Department of Agriculture, ING Research

Edible oils:

OCBC[1], in its 1H 2026 commodities outlook, expects crude palm oil ("CPO") prices to ease slightly in 2026, forecasting an average of around MYR 4,200/mt, compared with an estimated MYR 4,300/mt in 2025. The softer outlook reflects a more comfortable balance in the global vegetable-oil complex. Indonesia's production outlook has been revised higher through 2H 2025, while Malaysia's output has stabilised. Recent rains have picked up across parts of the region, although there is still limited evidence of meaningful supply disruptions.

Overall, markets appear to be transitioning away from earlier tightness, as reflected in the moderation of futures prices since October as shown in **Exhibit 11**. While the passing of the year-end festive season may soften near-term demand, Hari Raya and Chinese New Year in 1Q 2026 should provide seasonal support. On balance, improving supply conditions and stabilising spreads point toward a moderately softer annual average for CPO in 2026.

<u>Exhibit 11: Price Trends: Vegetable Oils & Crude Oil</u>



Source: Bloomberg, OCBC

[1] OCBC is a Singaporean multinational banking and financial services corporation.

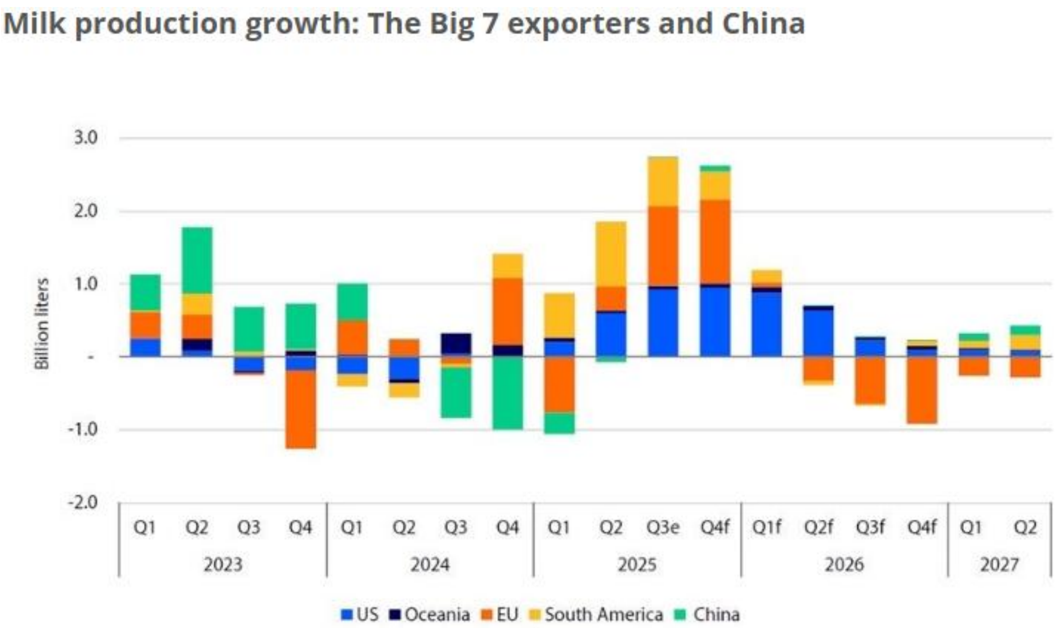
Dairy:

Rabobank[1] expects global milk production to continue rising in 2026, which will keep downward pressure on dairy prices. Output peaked in 3Q 2025 and remained elevated in 4Q, supported by favourable feed costs that kept producer margins positive despite weaker prices. Demand, however, remains sluggish.

Production is forecast to stabilise in 2026, with any growth driven mainly by large-scale, efficient operations. Rabobank expects major exporting regions to stay in production growth through 1Q 2026, with most slowing in 2Q, although the US and Oceania are likely to maintain growth for the full year in 2026 as shown in **Exhibit 12**. Overall, global production is expected to rise about 0.12% y-o-y in 2026.

With strong supplies and soft demand, dairy commodity prices are expected to remain weak through most of 2026. While lower prices should gradually support demand recovery, this adjustment is likely to be slow. Producers are therefore expected to face tighter margins, with only a steady, modest price recovery. Rabobank anticipates that dairy commodity prices will return to historical averages by end-2026 as markets begin to rebalance.

<u>Exhibit 12: Milk Production Growth</u>



Source: Rabobank

Overall, commodity prices appear to be softening in the near term. Given that many processed F&B products have long shelf lives due to preservatives, manufacturers may choose to take advantage of lower raw material costs by front-loading inventory to hedge against potential future price increases. This could temporarily boost manufacturing activity even without a corresponding rise in end-consumer demand for processed F&B products.

[1] Rabobank is a Dutch multinational banking and financial services corporation.

IMPACT ON SGX-LISTED INDUSTRY PLAYERS

As at 20 February 2026, there are four SGX-listed F&B manufacturers with a physical manufacturing presence in Singapore, as shown in **Exhibit 13**.

Exhibit 13: SGX F&B Manufacturers with Singapore Operations

Company	Currency	Stock Symbol	Price (S$) as at 20 Feb '26	Market Cap (S$ million)	Diluted EPS (cents)(1)	P/E	DPS (cents)(2)	Dividend Yield (%)	NAV per share (S$)(3)	P/B
F&N	SGD	F99	1.470	2,170.63	9.70	15.15	5.50	3.74%	1.90	0.77
QAF	SGD	Q01	1.010	586.77	4.50	22.44	5.00	4.95%	0.83	1.22
Yeo Hiap Seng	SGD	Y03	0.605	379.45	0.84	72.02	2.00	3.31%	0.90	0.67
Khong Guan	SGD	K03	0.865	22.33	(1.53)	-	1.00	1.16%	2.12	0.41
Peer average:		-	-	-	-	**36.54**	-	**3.29%**	-	**0.77**

(1) & (2) Trailing Twelve-Months ("TTM"). (3) Most recent financial statement.
Source: SGX Stock Screener, FPA

(I) FRASER & NEAVE, LIMITED ("F&N"; SGX:F99)

F&N has a market capitalisation of S$2.2 billion as at 20 February 2026. The Group is a Southeast Asian consumer company with core expertise in the F&B and Publishing & Printing industries. For FY2025, revenue rose by 7.4% to S$2,322.8 million from S$2,162.1 million in FY2024, driven by robust F&B performance. Profit Before Interest & Tax ("PBIT") increased by 4% to S$308.1 million from S$297.0 million in FY2024, supported by strong sales as well as a favourable commodity and currency environment, according to its 2026 Annual Report ("AR").

F&N also highlighted ongoing product innovation aligned with rising health-consciousness among consumers. In March 2025, its dairy brand Magnolia partnered with Illumination's Minions to launch the limited-edition Banana Low Fat Flavoured Milk, rated Nutri-Grade B, combining playful branding with a healthier formulation. The brand also introduced Earl Grey Low Fat Milk, another limited-edition Nutri-Grade B product, reflecting growing tea appreciation among consumers and reinforcing F&N's commitment to nutritious, high-quality offerings tailored to evolving tastes.

(II) QAF LIMITED ("QAF"; SGX:Q01)

QAF has a market capitalisation of S$586.8 million as at 20 February 2026. It is a multi-industry food group with core businesses in bakery, distribution, and warehousing. In 1H FY2025, revenue declined by 1% to S$306.1 million, from S$309.2 million in 1H FY2024. Profit Before Tax ("PBT") fell 62% to S$6.5 million, compared to S$16.8 million in the previous period, due to higher foreign currency translation losses and increased operating costs.

In September 2025, Gardenia, one of QAF's flagship brands, introduced its Gardenia Chocolate Malt Drink, carrying a Nutri-Grade B rating with only 2% sugar, offering a more balanced option for health-conscious consumers. Gardenia also continues to align with shifting consumer preferences by producing products that qualify for the Healthier Choice Symbol ("HCS"), which helps consumers easily identify packaged foods that are healthier compared with others in the same category.

(III) KHONG GUAN LIMITED ("KHONG GUAN"; SGX:K03)

Khong Guan Limited ("Khong Guan") has a market capitalisation of S$22.3 million as at 20 February 2026. The company is a long-established Singaporean biscuit manufacturer with a strong presence in the local processed food industry. In FY2025, revenue increased by 5% to S$73.4 million, up from S$70.2 million in FY2024. PBT rose to S$0.15 million, reversing a loss of S$0.77 million in FY2024, supported by improved sales performance. Looking ahead, Khong Guan noted that a more stable commodity price environment could benefit the operations of its associates.

(IV) YEO HIAP SENG LIMITED ("YEO'S"; SGX:Y03)

Yeo's has a market capitalisation of S$379.4 million as at 20 February 2026. It is a Singapore-based F&B company involved in the manufacturing and distribution of a wide range of F&B products. In 1H FY2025, revenue declined by 10.1% to S$148.6 million, from S$165.3 million in 1H FY2024. Core F&B sales fell 7.6% to S$140.5 million, compared with S$152.0 million a year earlier, due to the earlier recognition of Chinese New Year shipments in the prior calendar year and lower Hari Raya sales amid subdued consumer demand. In addition, the absence of Oatly co-packing revenue of $5.6 million further contributed to the decline. Profit before tax decreased 45% to S$2.6 million, from S$4.7 million in 1H FY2024.

FPA has initiated coverage on Yeo's, and its financial performance for H1 FY2024 and H1 FY2025 is summarised in **Exhibit 14**.

Exhibit 14: Yeo's Financial Performance (H1 FY2024 vs H1 FY2025)

	Actual		H1 FY2024 vs H1 FY2025	
S$'000	H1 2024 (ended 30 Jun)	H1 2025 (ended 30 Jun)	Absolute Change	Change (%)
Revenue	**165,335**	**148,608**	**(16,727)**	**(10.12%)**
Cost of goods sold	(111,242)	(101,952)	9,290	(8.35%)
Gross profit	**54,093**	**46,656**	**(7,437)**	**(13.75%)**
Marketing & distribution	(41,597)	(39,695)	1,902	(4.57%)
Administrative	(17,107)	(18,610)	(1,503)	8.79%
Finance	(260)	(256)	4	(1.54%)
Operating income/(loss)	**(4,871)**	**(11,905)**	**(7,034)**	**144.41%**
Other income	9,296	7,324	(1,972)	(21.21%)
Other gains	1,526	8,734	7,208	472.35%
Other losses	(1,370)	(1,545)	(175)	12.77%
Share of (loss)/profit of associated companies and a joint venture	158	0	(158)	-
Profit before tax	**4,739**	**2,608**	**(2,131)**	**(44.97%)**
Income tax expense	(1,522)	(1,028)	494	(32.46%)
Net profit	**3,217**	**1,580**	**(1,637)**	**(50.89%)**
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	618,940	624,593	-	-
Basic EPS (Cents)	0.52	0.25	(0.27)	(51.92%)
Diluted EPS (Cents)	0.52	0.25	(0.27)	(51.92%)

Source: Yeo's, FPA

Total assets fell by S$49.5 million to S$662.9 million in 30 June 2025 from S$712.4 million in 31 December 2024 as shown in **Exhibit 15**. Current assets, including assets held for sale, declined by S$29.6 million from S$350.3 million to S$320.7 million. This was mainly due to a S$12.2 million reduction in cash and cash equivalents, arising from the placement of fixed deposits with maturities beyond three months amounting to S$11.1 million, partially offset by net operating cash inflows of S$5.6 million. Inventories also fell by S$13.1 million following a planned reduction in stock levels after the festive season. In addition, assets held for sale decreased by S$17.9 million.

Non-current assets fell by S$19.9 million from S$362.1 million to S$342.2 million. The decline was driven largely by a S$17.2 million decrease in other financial assets, attributable to fair-value losses and disposals during the period. Property, plant and equipment also contracted by S$8.0 million due to depreciation. These declines were partially offset by a S$5.2 million increase in investment properties, mainly reflecting fair-value gains.

Exhibit 15: Yeo's Balance Sheet (31 December 2024 & 30 June 2025)

	Actual			
S$'000	31-Dec-24	30-Jun-25	Absolute Change	Change (%)
Total assets	712,409	662,915	(49,494)	(6.95%)
Total liabilities	110,091	96,132	(13,959)	(12.68%)
Total equity / net assets	602,318	566,783	(35,535)	(5.90%)
Equity attributable to owners of the company	602,318	566,783	(35,535)	(5.90%)
NAV per share (Cents)	96.46	90.37	(6.09)	(6.31%)

Source: Yeo's, FPA

We have also included our financial projections for Yeo's in **Exhibit 16**.

Exhibit 16: Yeo's Forecasted Financial Performance

S$'000	Actual			Forecast	
	FY2022	FY2023	FY2024	FY2025	FY2026
Revenue	358,076	332,742	328,570	300,081	310,722
Cost of goods sold	(250,671)	(224,741)	(219,570)	(198,824)	(203,258)
Gross profit	**107,405**	**108,001**	**109,000**	**101,257**	**107,464**
Marketing & distribution	(80,201)	(81,231)	(82,319)	(76,412)	(79,122)
Administrative	(35,550)	(38,331)	(36,733)	(34,961)	(36,201)
Finance	(589)	(766)	(761)	(547)	(566)
Operating income/(loss)	**(8,935)**	**(12,327)**	**(10,813)**	**(10,663)**	**(8,424)**
Other income	12,841	19,212	18,813	17,090	16,039
Other gains	2,823	8,061	15,463	11,150	6,413
Other losses	(658)	(2,918)	(9,244)	(1,545)	0
Share of (loss)/profit of associated companies and a joint venture	203	338	(692)	0	0
Profit before tax	**6,274**	**12,366**	**13,527**	**16,032**	**14,028**
Income tax expense	(3,886)	(5,659)	(6,647)	(7,519)	(6,579)
Net profit	**2,388**	**6,707**	**6,880**	**8,513**	**7,449**
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	595,338	609,509	621,697	624,593	624,593
Basic EPS (Cents)	0.40	1.10	1.11	1.36	1.19
Diluted EPS (Cents)	0.40	1.10	1.11	1.36	1.19
Dividend per share (Cents)	2.00	2.00	2.00	2.00	2.00

Source: Yeo's, FPA

Yeo's has noted a rising consumer focus on nutrition labelling. In response, the company proactively reformulated its beverage portfolio, phasing out all Nutri-Grade C and D products by the end of 2022. From 2023 onwards, all Yeo's beverages sold in Singapore are Nutri-Grade A or B, a shift that the company said has had a positive impact. Yeo's reported stable sales across its core beverage range and increased traction among health-conscious consumers seeking healthier options.

We maintain our Hold rating on Yeo's.

CONCLUSION

Singapore's Food, Beverages & Tobacco manufacturing segment underperformed in 2025, with negative year-on-year growth from February to November despite the broader manufacturing sector expanding. On the demand side, retail sales of food and alcohol also weakened, recording an eighth consecutive month of contraction in December, signalling softer consumer appetite for these categories.

Looking ahead, the Singapore F&B processing market is projected to grow at a CAGR of 9.95% from 2023 to 2033, supported by rising demand for processed foods, ongoing government initiatives, and technological advancements. Demand drivers such as population growth and household consumption remain key. When these rise, demand for processed F&B products typically increases as well, leading to higher manufacturing output. Changing consumer preferences will also shape future production patterns, with the Nutri-Grade labelling framework encouraging a shift towards healthier, lower-sugar and lower-fat products, prompting manufacturers to ramp up or reformulate healthier product lines.

On the supply side, softening commodity prices including sugar, wheat, edible oils, and dairy reflect increased global stocks and point to lower raw material costs in the near term. These conditions may lead manufacturers to front-load purchases and increase short-term production, even without matching end-demand growth. At the same time, lower input prices are likely to ease cost pressures and support improved gross profit margins for F&B manufacturers.

Overall, while recent performance in the F&B manufacturing cluster has been subdued, evolving consumer trends, supportive government policy, and easing raw material costs provide a constructive medium-term outlook for Singapore's processed F&B manufacturing sector.

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