ANZ

Food Manufacturing Industry:

Benchmarking and Industry Update

ANZ Client Insights & Solutions
2026

Foreword

The food manufacturing sector continues to play a vital role in Australia's food supply chain, economy, and prosperity. The country is fortunate to be almost entirely self-sufficient in producing major food commodities including meat, grains, and horticulture. It also has one of the world's highest food security rankings, meaning imports account for only around 10 per cent of Australia's total food and beverage expenditure.

Additionally, as well as servicing its own needs, Australia's food exports are highly sought internationally. Around 70 per cent of Australia's food production is exported, primarily to the Asia-Pacific, which accounts for nine of our top 10 food export markets. This global reach is made possible by Australia's world-class food manufacturing sector – it is the nation's largest manufacturing employer, supporting over 200,000 jobs and accounts for a quarter of manufacturing output.

This is not a single sector – it is a multitude of sub-sectors, each with their own unique characteristics and trends, operating models and metrics. Government policy continues to recognise the industry's importance, including developing a National Food Security Strategy, as well as establishing a Food Manufacturing Innovation Hub to support small and medium-sized food and beverage businesses to scale up their operations.

As this publication details, the food manufacturing sector encompasses a wide range of distinct manufacturers and processors – from animal protein manufacturing, which includes meat, poultry and seafood processors, to dairy businesses, baked goods and packaged groceries, as well as businesses specialising in servicing growing niches of health and nutrition-focused products.

The key challenges facing the industry are evolving. Inflation and price volatility of raw inputs continue to impact both producers and consumers. Cost-of-living pressures are still weighing on consumers while geopolitical uncertainty remains a source of disruption in global energy markets. At the same time, labour and cost pressures mean that manufacturers are increasingly turning to automation and AI to protect margins.

We trust this publication serves as a valuable resource for companies and stakeholders across the food manufacturing landscape, supporting their strategies and long-term vision.

Your thoughts and questions are always welcome, so please don't hesitate to get in touch.

We look forward to working with you to grow and strengthen this dynamic industry in the years ahead.

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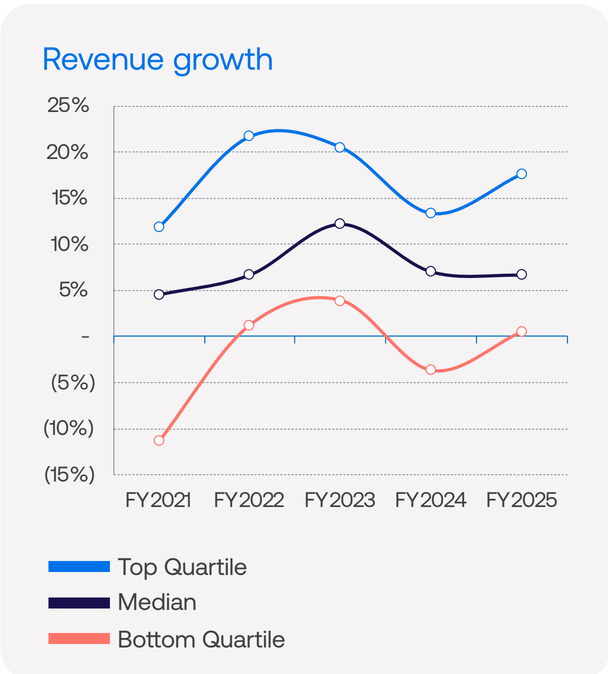
Overview of the report

In this fifth edition of the Food Manufacturing Sector Report, we present an overview of key trends, industry performance and corporate finance benchmarking. This publication includes a summary of key takeaways from the full report.

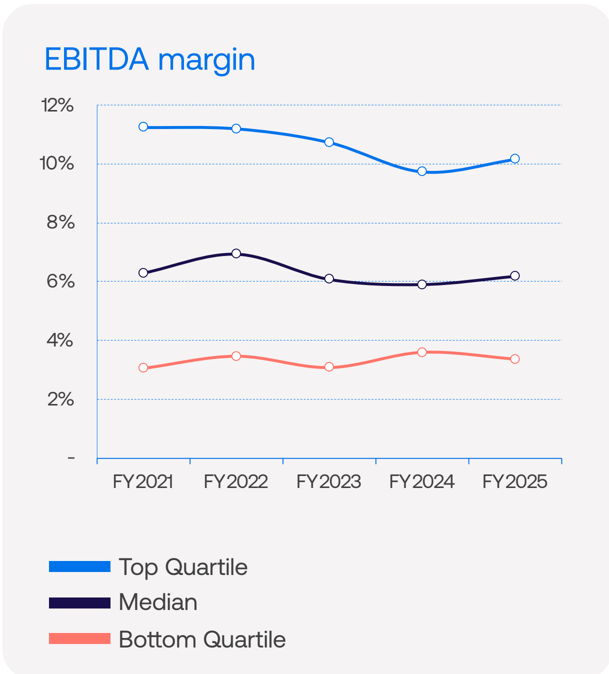
The data sample encompasses 50 companies across Australia, collectively generating approximately $34 billion in revenue in 2025.

The report recognises that operators across the food manufacturing landscape are influenced by a wide range of variables, including their unique input profiles and the differing circumstances of their off takers.

Key financial performance metrics

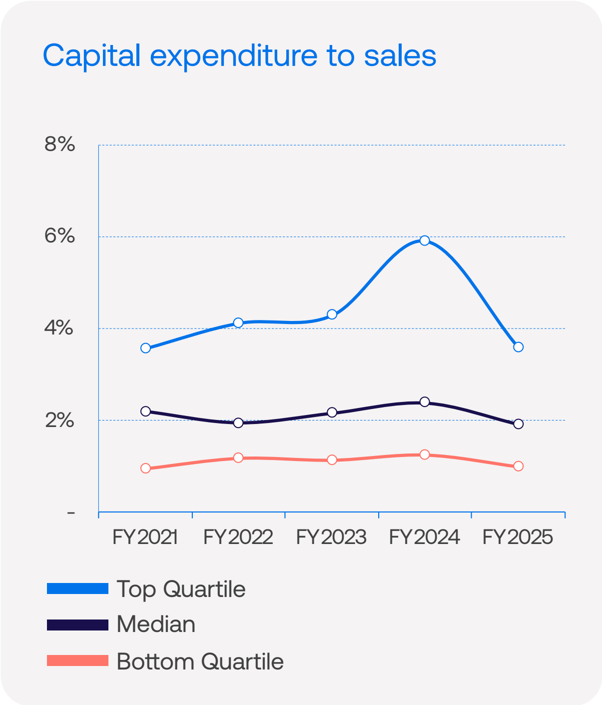


Revenue growth in FY2025 (median 7 per cent) was similar to the prior year, reflecting a cautious consumer spending environment amid rising input costs.



EBITDA margins were relatively flat overall, with a divergence between the top and bottom quartile performers reflecting the ability of these businesses to pass through increasing costs.

Source: Company financials, IBIS World and ANZ analysis. Note: Financial metrics are presented on a post-AASB16 basis



FY2025 investment (relative to revenue) eased from the highs seen during FY2024, reflecting a more cautious spending environment.

Inventory levels reduced from recent highs as supply chains normalised.

Key trends impacting food manufacturers

Input cost pressures: Input costs are rising faster than can be recovered through prices. The Producer Price Index rose 6.6 per cent in the year to March 2026, vs a 4.1 per cent CPI increase.[1]

Labour costs and wage shortages: 54 per cent of manufacturers report skilled worker shortages[2], with wage pressure acting as a structural pull towards further investment in automation.

AI and automation: AI and automation are being applied to demand forecasting, predictive maintenance and spoilage reduction[3].

Health and premium offerings: Growing demand for healthier snacks, with 48 per cent of Australians indicating a willingness to pay a premium for snacks that are high-protein, natural or low-sugar[4].

Key consumer trends spotlight

Growth in the protein economy: Significant growth in 'protein maxxing' with demand for protein supplements. Half a million Australians are estimated to be using GLP-1, with projections that up to 10 per cent of the population could be on GLP-1 therapies by 2030[5].

Gut health: 'Fibre-maxxing' has emerged as the latest consumer focus and the growing popularity of healthy and functional foods.

Continued online growth: The shift towards online spending continues, with online food purchases being the second largest online spend category. In 2025 Australians spent $16b in online food and beverage purchases, up 14 per cent year on year[6].

Supporting home grown: Australians are increasingly willing to support local manufacturing and provenance. Australian consumers have a clear preference for buying Australian-made products (95 per cent) versus the USA (40 per cent) or China (34 per cent)[7].

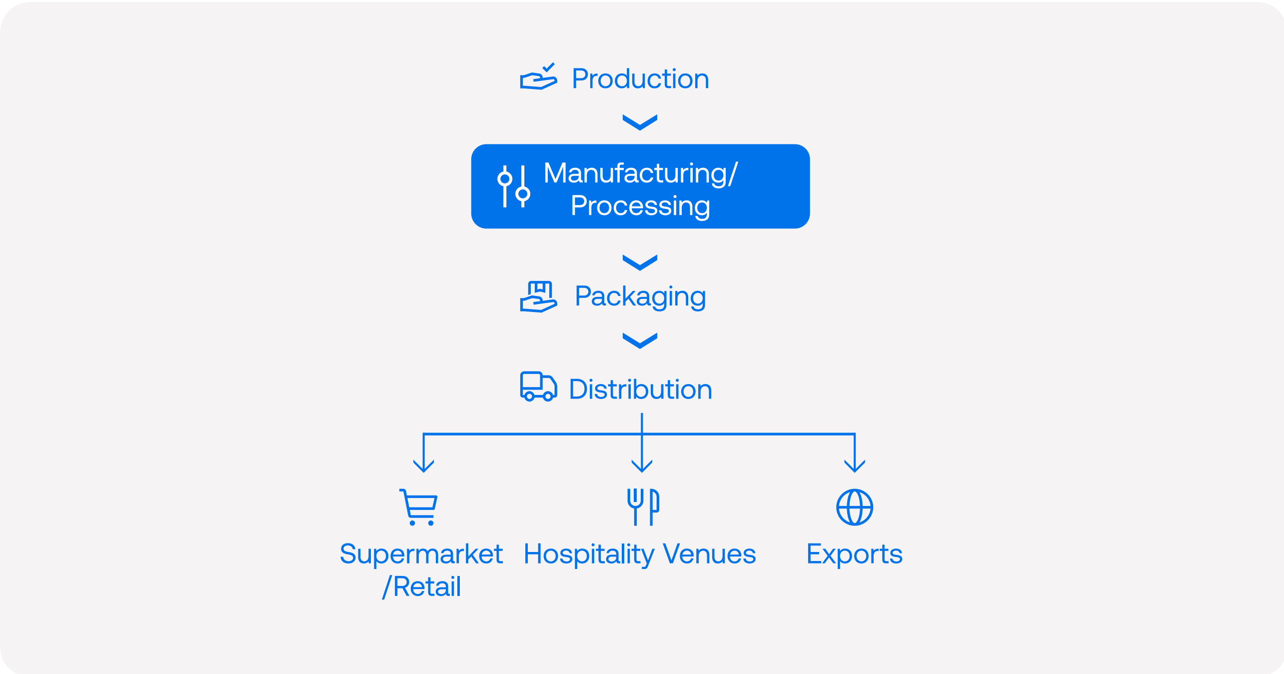
Australians are increasingly willing to support local manufacturing and provenance.

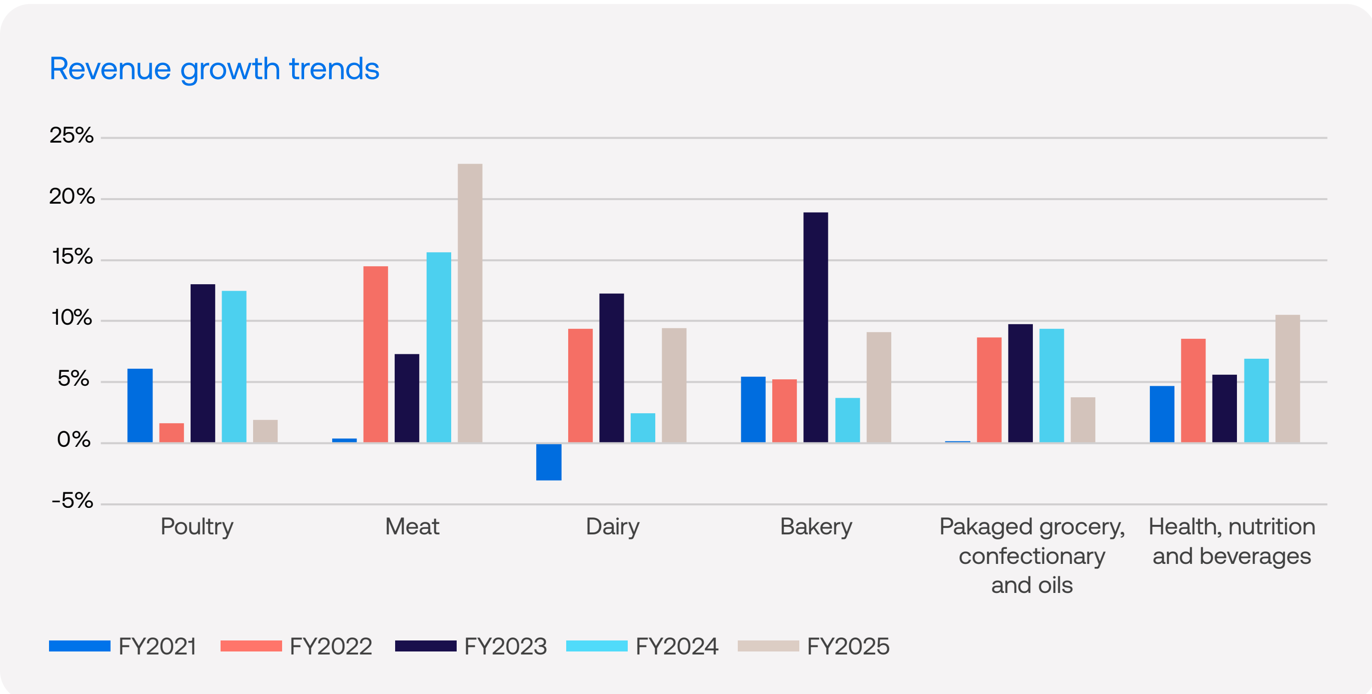
Source: ANZ Analysis, IBIS World. 1. ABS 'Consumer Price Index', ABS 'Producer Price Index' March 2026
2. Australian industry Group 'Australian Industry Outlook for 2026 – January 2026'
3. Deloitte – 'State of AI in the Enterprise: The Untapped Edge, February 2026', IBM 'AI Demand Forecasting' Flinders University 'Food industries embracing AI sensors to improve effiencies'
4. Mintel 'Snacking in Australia: Exploring opportunities for a nation of nibblers in 2025'
5. Inside FMCG – April 2026 6. Australia Post 'eCommerce Report 2026' 7. Roy Morgan September 2025

Breakdown of sub-sector analysis

Our sample comprises businesses primarily focused on manufacturing and processing, with varying degrees of participation in both the production and packaging sections of the supply chain.

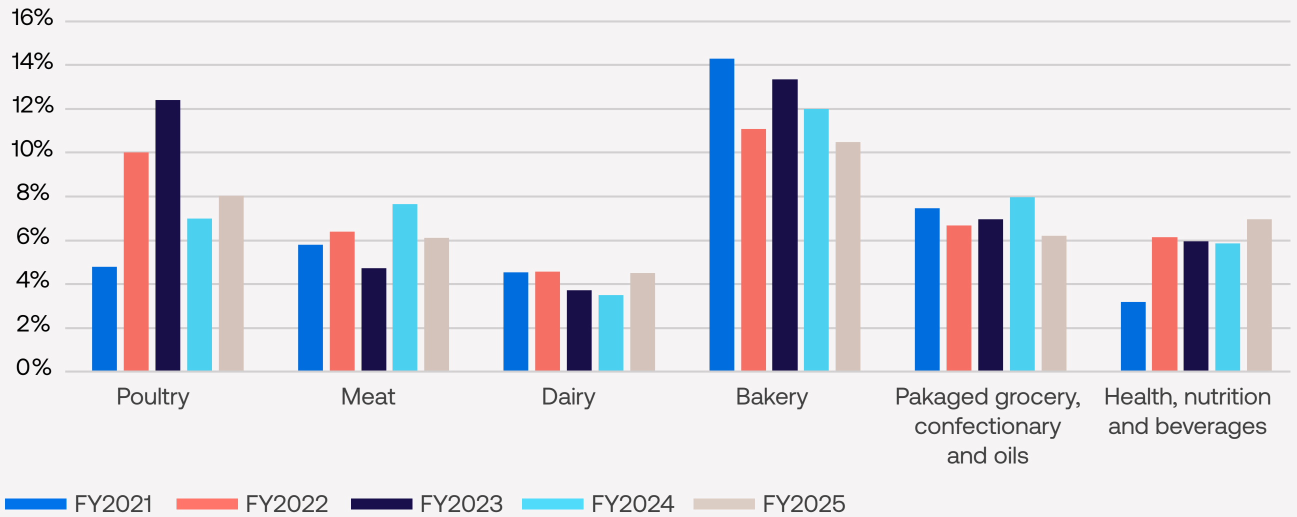
However, some businesses are becoming increasingly involved in downstream distribution of products as vertical integration becomes more prevalent.





Source: Company Financials, IBIS World and ANZ Analysis. Note: Financial metrics are presented on a post-AASB16 basis

EBITDA margin trends



Poultry: Strong margins were maintained despite normalized revenue growth, supported by resilient consumer demand and efficiencies from vertically integrated models

Meat: Strong production year with performance supported by export demand, high processing volumes and continued productivity improvements across the supply chain

Dairy: Revenue growth and EBITDA margins both improved as a result of the shift to more premium ranges as opposed to volumes

Bakery: Revenue growth peaked in FY2023 before moderating, while margins gradually compressed due to sustained input cost inflation

Packaged grocery, confectionary & oils: Revenue growth and margins moderated slightly, with increased competition from private-label products

Health, nutrition and beverages: Delivered the strongest combination of accelerating revenue growth and improving EBITDA margins, supported by premiumisation and growing health-consciousness

What are the next steps?

Get in touch. Your ANZ relationship representative can explore any opportunities or discuss sector insights with you in further detail.

Authored by ANZ Client Insights & Solutions