Corporate Update

Spritzer Berhad

(7103|SPZ MK) Main | Consumer Products & Services

SHARIAH Compliant

Upgrade to **BUY**

Revised Target Price **RM1.75**
(from RM1.66)

4QFY24 Results Review
A Good End

Upgrade to BUY from NEUTRAL with a revised TP of RM1.75. Spritzer exceeded expectations in FY24, driven by better margins from stable raw material costs and improved operational efficiency. We revise our earnings forecast upwards to reflect sustained margin expansion and better product mix. Our TP is raised to RM1.75, based on an unchanged PER of 14.8x pegged to FY25F EPS of 11.8sen. With continued growth catalysts in place, we **upgrade Spritzer to BUY from NEUTRAL**, expecting further upside from strategic market expansion and cost optimization initiatives.

Above expectations. Spritzer chalked in 4QFY24 revenue of RM151.5m (+3.8%qoq; +21.2%yoy) and core PATANCI of RM22.6m (+7.9%qoq, +58.2%yoy) which brought 12MFY24 core PATANCI to RM79.3m (+56.2%yoy). This came in above our full-year FY24 forecast and consensus at 111% and 113% of full-year expectations respectively. The earnings surprise was due to better margin from stable raw material costs and improved operational efficiency. The company proposed a dividend of 4sen per share.

Revenue Surges on Strong Demand and Pricing. Spritzer's 4QFY24 revenue grew 21.2%yoy to RM151.5m, fueled by higher bottled water sales volumes and price adjustments. On a cumulative basis, 12MFY24 revenue increased by 18.0%yoy to RM579.0m, primarily supported by strong manufacturing segment performance and expanded production capacity.

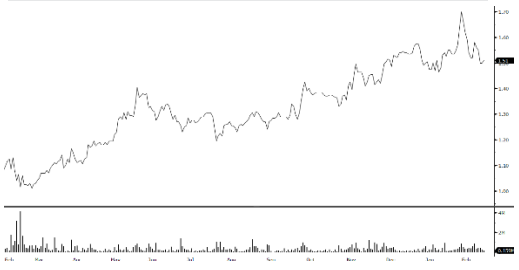
Margin Expansion Drives Profitability. Spritzer delivered strong bottom-line growth, with 12MFY24 profit surging 56.2%yoy outpacing revenue growth. The robust earnings expansion was underpinned by higher operational efficiency, optimized product mix, and cost management strategies. EBIT margin improved to 14.2% in FY24 from 13.8% in FY23, reflecting economies of scale achieved through the installation of new production lines and lower raw material costs. The core PATANCI margin also strengthened, expanding by 3.3ppts yoy to 13.7%.

Outlook. Looking ahead, Spritzer is well-positioned to benefit from strong demand drivers, including increased household spending, a tourism revival, higher out-of-home activities, and prolonged hot weather conditions. The group's focus on expanding distribution channels, particularly in the Singapore market and the HoReCa segment, alongside premium product offerings, is expected to solidify its market position further. Stable raw material prices, particularly for PET resin, provide an additional cushion for margin stability.

Earnings estimate revised upwards. Given that FY24 is above our estimates, we raise our FY25-26F earnings forecasts by +6%/+14% mainly to account for improved operational efficiencies from new production lines, better sales mix with premium products, and stable raw material costs.

RETURN STATISTICS	
Price @ 28th Feb 2025 (RM)	1.51
Expected share price return (%)	+15.7
Expected dividend yield (%)	+2.4
Expected total return (%)	+18.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.6	-3.7
3months	-1.6	5.1
12 months	48.8	46.6

INVESTMENT STATISTICS			
FYE DEC (RM'm)	2025F	2026F	2027F
Revenue	635.9	692.7	761.5
EBITDA	115.2	127.3	140.0
PBT	99.0	108.9	119.1
Core PATANCI	75.2	82.8	90.5
Core EPS (sen)	11.8	13.0	14.2
DPS (sen)	3.5	3.9	4.3
Dividend Yield (%)	2.3	2.6	2.8

KEY STATISTICS	
FBM KLCI	1,574.70
Issue shares (m)	638.63
Estimated free float (%)	19.44
Market Capitalisation (RM'm)	961.47
52-wk price range	RM0.98 - RM1.72
3-mth average daily volume (m)	0.36
3-mth average daily value (RM'm)	0.55
Top Shareholders (%)	
Yee Lee Corp Bhd	32.30
TASIK PUNCAK HOLDINGS LTD	11.02
YEE Lee Holdings Sdn Bhd	10.75

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Spritzer: 4QFY24 Results Summary

FYE DEC (RM'm)	Quarterly results					Cumulative results		
	4QFY24	3QFY24	4QFY23	YoY (%)	QoQ (%)	12MFY24	12MFY23	YoY (%)
Revenue	151.5	146.0	125.0	21.2	3.8	579.0	490.7	18.0
Cost of sales & other operating expenses	(128.7)	(123.1)	(107.6)	19.5	4.5	(494.4)	(426.8)	15.8
Other gains (losses)	(2.3)	(2.4)	0.4	(619.3)	(6.6)	(2.5)	3.7	(169.0)
EBIT	**20.5**	**20.4**	**17.8**	**15.1**	**0.6**	**82.1**	**67.5**	**21.5**
Net finance income/(cost)	(0.5)	(0.7)	(0.5)	16.0	(16.9)	(2.5)	(1.6)	55.0
Profit before tax (PBT)	**19.8**	**19.7**	**17.3**	**14.1**	**0.4**	**79.6**	**65.9**	**20.7**
Tax expense	(1.0)	(2.5)	(4.1)	(74.5)	(58.4)	(8.3)	(16.4)	(49.8)
Profit After tax (PAT)	**18.7**	**17.2**	**13.2**	**41.6**	**9.0**	**71.3**	**49.5**	**44.2**
PATANCI	18.7	17.2	13.2	41.6	9.0	71.3	49.5	44.2
Core PATANCI	**22.6**	**20.9**	**14.3**	**58.2**	**7.9**	**79.3**	**50.8**	**56.2**
Core EPS (sen)	7.1	6.6	4.5	57.0	8.1	24.8	16.9	46.4
DPS (sen)	4.0	0.0	5.5	(27.3)	n.m.	4.0	5.5	(27.3)
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
EBIT Margin	13.5	14.0	14.3	(0.7)	(0.4)	14.2	13.8	0.4
PAT Margin	12.4	11.8	10.6	1.8	0.6	12.3	10.1	2.2
Core PATANCI Margin	14.9	14.3	11.4	3.5	0.6	13.7	10.3	3.3
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	5.3	12.8	23.7	(18.4)	(7.5)	10.4	24.9	(14.6)

Source: Company, MIDFR

Spritzer: Breakdown by operating segment

FYE DEC (RM'm)	Quarterly results					Cumulative results		
	4QFY24	3QFY24	4QFY23	YoY (%)	QoQ (%)	12MFY24	12MFY23	YoY (%)
Revenue (External):								
Manufacturing	145.5	139.4	119.4	21.8	4.3	554.3	468.6	18.3
Trading	5.6	6.1	5.2	7.8	(9.2)	23.1	20.9	10.7
Others	0.4	0.4	0.4	1.9	7.3	1.6	1.2	28.4
Total	**151.5**	**146.0**	**125.0**	**21.2**	**3.8**	**579.0**	**490.7**	**18.0**
Operating Profit:								
Manufacturing	22.6	19.6	18.1	24.8	15.8	83.1	69.1	20.3
Trading	(0.4)	(0.3)	(0.6)	(33.8)	25.1	(1.0)	(2.4)	(59.5)
Others	12.0	1.1	8.1	48.3	945.5	23.3	14.4	61.5
Eliminations	(13.8)	(0.1)	(8.0)	73.5	18,085.5	(23.8)	(14.1)	68.7
Total	**20.4**	**20.3**	**17.7**	**15.6**	**0.6**	**81.7**	**67.1**	**21.8**
Operating profit margin (%):								
Manufacturing	15.6	14.0	15.2	0.4	1.5	15.0	14.7	0.2
Trading	(6.9)	(5.0)	(11.2)	4.3	(1.9)	(4.1)	(11.3)	7.2
Others	2,801.9	287.5	1,924.8	877.1	2,514.4	1,472.4	1,170.8	301.6
Total	**13.5**	**13.9**	**14.1**	**(0.7)**	**(0.4)**	**14.1**	**13.7**	**0.4**

Source: Company, MIDFR

FINANCIAL SUMMARY

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

					2027F						
					119.1						
					73.8						
					(41.4)						
					(27.9)						
PBT	65.9	79.4	99.0	108.9	119.1	Net cash flow	8.9	(9.1)	18.0	3.8	4.5
Taxation	(16.4)	(8.3)	(23.7)	(26.1)	(28.6)	Beginning cash flow	21.7	30.2	21.6	39.6	43.3
PAT	49.5	71.1	75.2	82.8	90.5	Ending cash flow	30.2	21.6	39.6	43.3	47.9
Core PATANCI	50.8	79.3	75.2	82.8	90.5						
Core EPS (sen)	15.6	12.5	11.8	13.0	14.2						
PER (x)	9.7	12.1	12.8	11.6	10.6						
DPS (sen)	5.5	3.7	3.5	3.9	4.3						
Dividend Yield (%)	3.6	2.5	2.3	2.6	2.8						
Growth (%)	**2023A**	**2024A**	**2025F**	**2026F**	**2027F**	**Profitability Ratios (%)**	**2023A**	**2024A**	**2025F**	**2026F**	**2027F**
Revenue Growth	13.2	18.0	9.8	8.9	9.9	Gross Profit Margin	63.2	60.0	60.9	61.0	60.7
Gross Profit Growth	21.4	11.9	11.5	9.1	9.3	EBITDA Margin	18.3	19.6	18.1	18.4	18.4
EBITDA Growth	37.5	26.3	1.4	10.5	10.0	EBIT Margin	13.8	14.2	15.7	15.8	15.7
Core PATANCI Growth	36.8	56.2	(5.2)	10.1	9.3	Core PATANCI Margin	10.3	13.7	11.8	11.9	11.9
Balance Sheet (RM'm)	**2023A**	**2024A**	**2025F**	**2026F**	**2027F**	**Liquidity Ratios (x)**	**2023A**	**2024A**	**2025F**	**2026F**	**2027F**
PPE	473.4	526.1	551.5	568.9	587.1	Current ratio	2.0	1.7	2.0	2.1	2.2
Intangible assets	0.2	0.2	0.2	0.3	0.3	Quick ratio	1.6	1.4	1.6	1.7	1.7
Non-current assets	486.1	538.4	566.8	585.6	605.3						
Inventories	41.4	45.2	56.8	62.2	68.8	**Leverage Ratios (x)**	**2023A**	**2024A**	**2025F**	**2026F**	**2027F**
ST - Trade receivables	96.0	121.5	116.1	126.5	139.0	Total Debt to Equity	0.1	0.1	0.1	0.1	0.1
Cash and cash equivalents	30.2	21.6	39.6	43.3	47.9	Total Debt to Assets	0.1	0.1	0.1	0.1	0.1
Current assets	201.9	233.8	262.5	286.5	315.5	Net debt/total equity	0.0	0.0	0.0	0.0	0.0
Total Assets	687.9	772.1	829.4	872.1	920.8						
Total Equity	527.0	582.0	634.3	668.6	707.1	**Efficiency Ratios (days)**	**2023A**	**2024A**	**2025F**	**2026F**	**2027F**
LT Loans	30.4	25.6	31.0	31.4	31.7	Inventories Turnover	90.8	77.9	81.5	86.9	86.5
Non-current liabilities	61.4	56.2	64.6	67.9	71.9	Receivable Turnover	67.5	70.1	69.9	65.7	65.5
ST Trade payables	41.5	50.2	52.0	56.9	62.9	Payable Turnover	84.1	84.2	83.6	81.6	81.4
ST Loans	17.3	23.0	17.6	17.8	18.0	Cash Conversion Cycle	74.2	63.7	67.7	70.9	70.6
Current Liabilities	99.5	133.9	130.4	135.6	141.8						
Total Liabilities	160.9	190.1	195.0	203.5	213.7						

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology