Corporate Update

Spritzer Berhad

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

SHARIAH Compliant

Downgrade **NEUTRAL**

Unchanged Target Price **RM1.75**

1QFY25 Results Review

Steady Start, but Upside Priced In

Downgrade to NEUTRAL with an unchanged TP of RM1.75. Spritzer started FY25 on a strong footing, supported by steady bottled water sales, improved sales mix, and better cost efficiency. We retain our earnings forecasts as results came in within expectations. Our TP remains unchanged at RM1.75, based on a PER of 14.8x pegged to FY25F EPS of 11.8 sen. However, with limited upside to our target price, we downgrade Spritzer from BUY to **NEUTRAL**.

Within expectations. Spritzer chalked in 1QFY24 revenue of RM148.3m (-2.1%qoq; +9.8%yoy) and core PATANCI of RM20.1m (-11.0%qoq, +31.1%yoy), which came in within our full-year FY25 forecast and consensus at 27% and 26% of full-year expectations respectively. As anticipated, no dividend was declared in 1QFY25, in line with Spritzer's usual practice of declaring dividends in the final quarter.

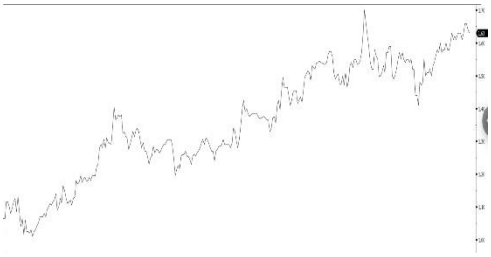
Revenue lifts on resilient bottled water demand. Spritzer's topline expanded +9.8%yoy to RM148.3m in 1QFY25, driven by higher bottled water sales volume and a better sales mix, which contributed to improved average selling price (ASP). We believe the double festive season — Chinese New Year and early Ramadan — helped boost demand, though some CNY-related orders were brought forward to December 2024. On a quarter-on-quarter basis, revenue declined -2.1%, largely due to timing effects from the festive calendar and seasonal moderation during Ramadan.

Bottomline growth outpaces revenue uplift. Spritzer's core PATANCI increased +31.1%yoy to RM20.1m in 1QFY25, outpacing revenue growth, supported by stronger operating leverage and improved cost efficiency. EBIT margin expanded to 18.1% (1QFY24: 13.8%), reflecting better scale utilisation from the installation of new production lines last year and lower production costs. On a sequential basis, core PATANCI declined -11.0%qoq, primarily due to a higher effective tax rate of 25.0% (4QFY24: 5.3%), as the preceding quarter benefitted from one-off tax adjustments. In addition, management had guided last year that the group may no longer benefit from the RA tax incentive, which previously supported a lower effective tax rate.

Outlook. We maintain a positive view on Spritzer's near-term outlook, underpinned by resilient domestic demand, recovering tourism, and increased out-of-home consumption amid ongoing hot weather conditions. Expansion into strategic markets such as Singapore and the HoReCa segment, coupled with a stronger premium product mix, is expected to further reinforce its market position. Additionally, the ongoing downtrend in PET resin prices should provide further margin support. Continued operational enhancements through automation and process optimisation are also set to support greater efficiency and margin stability.

RETURN STATISTICS	
Price @ 30th May 2025 (RM)	1.63
Expected share price return (%)	+7.1
Expected dividend yield (%)	+2.2
Expected total return (%)	+9.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.9	4.2
3months	5.8	12.5
12 months	26.4	33.8

INVESTMENT STATISTICS FYE DEC (RM'm)	2025F	2026F	2027F
Revenue	635.9	692.7	761.5
EBITDA	115.2	127.8	140.6
PBT	98.8	109.2	119.5
Core PATANCI	75.1	83.0	90.8
Core EPS (sen)	11.8	13.0	14.3
DPS (sen)	3.5	3.9	4.3
Dividend Yield (%)	2.2	2.4	2.6

KEY STATISTICS	
FBM KLCI	1,508.35
Issue shares (m)	638.63
Estimated free float (%)	20.57
Market Capitalisation (RM'm)	1,037.88
52-wk price range	RM1.17 - RM1.72
3-mth average daily volume (m)	0.34
3-mth average daily value (RM'm)	0.52
Top Shareholders (%)	
Yee Lee Corp Bhd	32.30
CGS INTL SEC SINGAPORE PTE LTD	11.02
TASIK PUNCAK HOLDINGS LTD	11.02

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Spritzer: 1QFY25 Results Summary

FYE DEC (RM'm)	Quarterly results					Cumulative results		
	1QFY25	4QFY24	1QFY24	YoY (%)	QoQ (%)	3MFY25	3MFY24	YoY (%)
Revenue	148.3	151.5	135.0	9.8	(2.1)	148.3	135.0	9.8
Cost of sales & other operating expenses	(122.9)	(128.7)	(117.7)	4.4	(4.5)	(122.9)	(117.7)	4.4
Other gains (losses)	1.4	(2.3)	1.4	(3.5)	(159.9)	1.4	1.4	(3.5)
EBIT	**26.8**	**20.5**	**18.7**	**43.3**	**30.6**	**26.8**	**18.7**	**43.3**
Net finance income/(cost)	(0.5)	(0.6)	(0.6)	(11.4)	(8.6)	(0.5)	(0.6)	(11.4)
Profit before tax (PBT)	**26.2**	**19.8**	**18.1**	**45.1**	**32.7**	**26.3**	**18.1**	**45.2**
Tax expense	(6.5)	(1.0)	(2.6)	155.6	525.2	(6.5)	(2.6)	155.6
Profit After tax (PAT)	**19.7**	**18.7**	**15.5**	**26.9**	**5.1**	**19.7**	**15.5**	**26.9**
PATANCI	19.7	18.7	15.5	26.9	5.1	19.7	15.5	26.9
Core PATANCI	**20.1**	**22.6**	**15.3**	**31.1**	**(11.0)**	**20.1**	**15.3**	**31.2**
Core EPS (sen)	3.1	3.5	2.4	31.1	(11.0)	3.1	2.4	31.1
DPS (sen)	0.0	4.0	0.0	n.m.	(100.0)	0.0	0.0	n.m.
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
EBIT Margin	18.1	13.5	13.8	4.2	4.5	18.1	13.8	4.2
PAT Margin	13.3	12.4	11.5	1.8	0.9	13.3	11.5	1.8
Core PATANCI Margin	13.5	14.9	11.3	2.2	(1.4)	13.6	11.4	2.2
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	25.0	5.3	14.2	10.8	19.7	24.9	14.2	10.8

Source: Company, MIDFR

Spritzer: Breakdown by operating segment

FYE DEC (RM'm)	Quarterly results					Cumulative results		
	1QFY25	4QFY24	1QFY24	YoY (%)	QoQ (%)	3MFY25	3MFY24	YoY (%)
Revenue (External):								
Manufacturing	142.8	145.5	129.5	10.3	(1.8)	142.8	129.5	10.3
Trading	5.1	5.6	5.1	(0.2)	(8.0)	5.1	5.1	(0.2)
Others	0.3	0.4	0.4	(12.9)	(19.4)	0.3	0.4	(12.9)
Total	**148.3**	**151.5**	**135.0**	**9.8**	**(2.1)**	**148.3**	**135.0**	**9.8**
Operating Profit:								
Manufacturing	27.6	22.6	18.9	45.8	21.8	27.6	18.9	45.8
Trading	(0.6)	(0.4)	(0.1)	455.8	50.5	(0.6)	(0.1)	455.8
Others	0.6	12.0	0.9	(40.9)	(95.4)	0.6	0.9	(40.9)
Eliminations	(1.0)	(13.8)	(1.3)	(26.9)	(93.1)	(1.0)	(1.3)	(26.9)
Total	**26.6**	**20.4**	**18.4**	**44.3**	**30.2**	**26.6**	**18.4**	**44.3**
Operating profit margin (%):								
Manufacturing	19.3	15.6	14.6	4.7	3.8	19.3	14.6	4.7
Trading	(11.3)	(6.9)	(2.0)	(9.2)	(4.4)	(11.3)	(2.0)	(9.2)
Others	159.7	2,801.9	235.6	(75.9)	(2,642.2)	159.7	235.6	(75.9)
Total	**17.9**	**13.5**	**13.7**	**4.3**	**4.5**	**17.9**	**13.7**	**4.3**

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	490.7	579.0	635.9	692.7	761.5
Gross Profit	310.3	392.0	387.3	423.2	462.7
EBITDA	90.0	113.6	115.2	127.8	140.6
EBIT	67.5	82.1	99.7	110.1	120.3
PBT	65.9	79.4	98.8	109.2	119.5
Taxation	(16.4)	(8.3)	(23.7)	(26.2)	(28.7)
PAT	49.5	71.1	75.1	83.0	90.8
Core PATANCI	50.8	78.0	75.1	83.0	90.8
Core EPS (sen)	15.6	12.2	11.8	13.0	14.3
PER (x)	10.5	13.3	13.8	12.5	11.4
DPS (sen)	5.5	4.0	3.5	3.9	4.3
Dividend Yield (%)	3.4	2.5	2.2	2.4	2.6

Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
PBT	65.9	79.4	98.8	109.2	119.5
Operating cash flow	79.7	102.0	74.8	66.1	73.0
Investing cash flow	(82.1)	(88.9)	(33.9)	(37.1)	(40.7)
Financing cash flow	11.4	(22.2)	(23.0)	(25.3)	(27.7)
Net cash flow	8.9	(9.1)	17.8	3.7	4.5
Beginning cash flow	21.7	30.2	21.6	39.4	43.2
Ending cash flow	30.2	21.6	39.4	43.2	47.7

Growth (%)	2023A	2024A	2025F	2026F	2027F
Revenue Growth	13.2	18.0	9.8	8.9	9.9
Gross Profit Growth	21.4	26.3	(1.2)	9.3	9.3
EBITDA Growth	37.5	26.2	1.4	10.9	10.0
Core PATANCI Growth	36.8	53.6	(3.7)	10.5	9.4

Profitability Ratios (%)	2023A	2024A	2025F	2026F	2027F
Gross Profit Margin	63.2	67.7	60.9	61.1	60.8
EBITDA Margin	18.3	19.6	18.1	18.4	18.5
EBIT Margin	13.8	14.2	15.7	15.9	15.8
Core PATANCI Margin	10.3	13.5	11.8	12.0	11.9

Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F
PPE	473.4	526.1	542.9	560.3	578.6
Intangible assets	0.2	0.2	0.2	0.3	0.3
Non-current assets	486.1	538.4	556.9	575.8	595.4
Inventories	41.4	45.2	54.5	59.6	65.9
ST - Trade receivables	96.0	121.5	119.4	130.1	143.0
Cash and cash equivalents	30.2	21.6	39.4	43.2	47.7
Current assets	201.9	233.8	263.3	287.4	316.5
Total Assets	687.9	772.1	820.2	863.1	911.9
Total Equity	527.0	582.0	618.7	652.2	689.7
LT Loans	30.4	25.6	26.1	26.6	27.0
Non-current liabilities	61.4	56.2	59.7	63.1	67.2
ST Trade payables	41.5	50.2	57.7	63.1	69.7
ST Loans	17.3	23.0	23.4	23.8	24.2
Current Liabilities	99.5	133.9	141.8	147.8	154.9
Total Liabilities	160.9	190.1	201.5	210.9	222.2

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