Corporate Update

Spritzer Berhad

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

SHARIAH Compliant

1QFY26 Results Review

Demand Resilience Continues

Maintain **NEUTRAL**

Unchanged Target Price **RM2.45**

Maintain NEUTRAL with an unchanged TP of RM2.45. Spritzer's 1QFY26 results came in within expectations, supported by resilient bottled water demand and a supportive cost environment during the quarter. We make no changes to our earnings forecasts, and our **TP** remains unchanged at **RM2.45**, based on 16x PE pegged to FY26F EPS of 15.32 sen. We maintain our **NEUTRAL** call as the group's operating fundamentals remain intact, though valuation upside appears balanced.

Within expectations. Spritzer posted 1QFY26 revenue of RM158.0m (+6.5%yoy; -9.3%qoq) and core PATANCI of RM22.0m (+9.4%yoy; -13.2%qoq), accounting for 23% of ours and 21% of consensus full-year forecasts. Year-on-year earnings growth was supported by steady bottled water demand and stronger manufacturing margins, while the sequential decline mainly reflected normalisation from a stronger 4QFY25. No dividend was declared for the quarter.

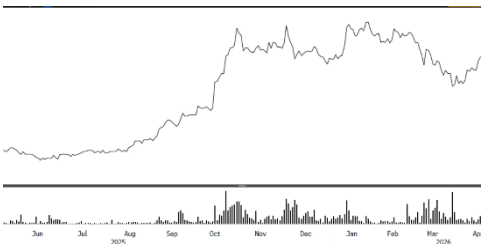
Revenue growth driven by higher sales volume. 1QFY26 revenue rose +6.5%yoy to RM158.0m, mainly due to higher sales volume from both the manufacturing and trading segments. Manufacturing remained the key contributor, with revenue increasing +6.4%yoy to RM152.0m, supported by higher bottled water sales volume. Trading revenue also grew +10.2%yoy to RM5.7m, while the others segment increased +4.1%yoy to RM0.4m, though both remained small contributors. On a quarter-on-quarter basis, revenue declined -9.3%, mainly due to lower sales volume arising from fewer delivery days during the quarter, given the public holidays and shorter month of February, as well as lower average selling prices for bottled water.

Core earnings improved on higher volume and lower raw material costs. Core PATANCI rose +9.4%yoy to RM22.0m, with core PATANCI margin improving to 13.9% (+0.4ppts yoy). The improvement was mainly driven by higher bottled water sales volume and lower raw material costs, which lifted profitability in the manufacturing segment. Manufacturing profit increased +14.7%yoy to RM31.7m, while trading losses narrowed to RM0.4m from RM0.6m a year earlier, supported by higher sales and lower operating expenses. Sequentially, core PATANCI declined -13.2%qoq, in line with the lower sales revenue during the quarter. The year-on-year margin uplift was partly moderated by a higher effective tax rate of 26.1% versus 25.0% in 1QFY25.

Outlook. We expect Spritzer's earnings to remain supported by resilient bottled water demand and tourism-related activities during Visit Malaysia 2026. The group's core manufacturing segment should continue to benefit from its established brand position, production scale and ongoing operational efficiencies. However, we remain mindful of potential input cost volatility, particularly PET resin and packaging-related costs due to the Strait of Hormuz blockade. While Spritzer's fundamentals remain solid, current valuation appears fair relative to our target multiple. Maintain **NEUTRAL** with an unchanged **TP of RM2.45**, based on 16x PE pegged to FY26F EPS of 15.32 sen.

RETURN STATISTICS	
Price @ 29th May 2026 (RM)	2.55
Expected share price return (%)	-3.9
Expected dividend yield (%)	+1.7
Expected total return (%)	-2.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-0.4	1.9
3 months	7.6	-8.7
12 months	59.4	42.3

INVESTMENT STATISTICS

FYE DEC (RM'm)	2026F	2027F	2028F
Revenue	748.0	826.1	879.8
EBITDA	151.4	168.3	184.4
PBT	132.8	147.3	160.4
Core PATANCI	97.5	111.9	121.9
Core EPS (sen)	15.3	17.6	19.1
DPS (sen)	4.6	5.3	5.7
Dividend Yield (%)	1.8	2.1	2.3

KEY STATISTICS	
FBM KLCI	1,683.07
Issued shares (m)	319.31
Estimated free float (%)	28.43
Market Capitalisation (RM'm)	1,632.83
52-wk price range	RM1.49 - RM3.12
3-mth average daily volume (m)	0.94
3-mth average daily value (RM'm)	2.41
Top Shareholders (%)	
Yee Lee Corp Bhd	32.12
YEE Lee Holdings Sdn Bhd	11.00
CGS INTL SEC SINGAPORE PTE LTD	10.96

Analyst
MBSB Research
research@mbsb.com.my

Spritzer: 1QFY26 Results Summary

FYE DEC (RM'm)	Quarterly results					Cumulative results		
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue	158.0	174.2	148.3	6.5	(9.3)	158.0	148.3	6.5
Cost of sales & other operating expenses	(129.1)	(142.5)	(122.9)	5.1	(9.4)	(129.1)	(122.9)	5.1
Other gains (losses)	1.8	1.3	1.4	32.7	38.0	1.8	1.4	32.7
EBIT	**30.7**	**33.0**	**26.8**	**14.5**	**(7.1)**	**30.7**	**26.8**	**14.5**
Net finance income/(cost)	(0.3)	(0.4)	(0.5)	(34.9)	(20.9)	(0.3)	(0.5)	(34.9)
Profit before tax (PBT)	**30.2**	**32.5**	**26.2**	**15.3**	**(7.1)**	**30.2**	**26.2**	**15.3**
Tax expense	(7.9)	(7.8)	(6.5)	20.4	1.3	(7.9)	(6.5)	20.4
Profit After tax (PAT)	**22.3**	**24.8**	**19.7**	**13.6**	**(9.8)**	**22.3**	**19.7**	**13.6**
PATANCI	22.3	24.8	19.7	13.6	(9.8)	22.3	19.7	13.6
Core PATANCI	**22.0**	**25.3**	**20.1**	**9.4**	**(13.2)**	**22.0**	**20.1**	**9.4**
Core EPS (sen)	3.4	3.9	3.1	8.2	(12.8)	3.4	3.1	8.2
DPS (sen)	0.0	5.0	0.0	n.m.	(100.0)	0.0	0.0	n.m.
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
EBIT Margin	19.4	18.9	18.1	1.3	0.5	19.4	18.1	1.3
PAT Margin	14.1	14.2	13.3	0.9	(0.1)	14.1	13.3	0.9
Core PATANCI Margin	13.9	14.5	13.5	0.4	(0.6)	13.9	13.5	0.4
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	26.1	23.9	25.0	1.1	2.2	26.1	25.0	1.1

Source: Company, MBSBR

Spritzer: Breakdown by operating segment

FYE DEC (RM'm)	Quarterly results					Cumulative results		
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue (External):								
Manufacturing	152.0	167.7	142.8	6.4	(9.4)	152.0	142.8	6.4
Trading	5.7	6.1	5.1	10.2	(7.8)	5.7	5.1	10.2
Others	0.4	0.4	0.3	4.1	(11.1)	0.4	0.3	4.1
Total	**158.0**	**174.2**	**148.3**	**6.5**	**(9.3)**	**158.0**	**148.3**	**6.5**
Operating Profit:								
Manufacturing	31.7	32.9	27.6	14.7	(3.9)	31.7	27.6	14.7
Trading	(0.4)	(0.3)	(0.6)	(33.0)	38.7	(0.4)	(0.6)	(33.0)
Others	0.7	19.0	0.6	26.7	(96.3)	0.7	0.6	26.7
Eliminations	(1.5)	(18.7)	(1.0)	52.8	(92.2)	(1.5)	(1.0)	52.8
Total	**30.5**	**32.9**	**26.6**	**14.6**	**(7.2)**	**30.5**	**26.6**	**14.6**
Operating profit margin (%):								
Manufacturing	20.8	19.6	19.3	1.5	1.2	20.8	19.3	1.5
Trading	(6.8)	(4.5)	(11.3)	4.4	(2.3)	(6.8)	(11.3)	4.4
Others	194.4	4,698.3	159.7	34.7	(4,503.8)	194.4	159.7	34.7
Total	**19.3**	**18.9**	**17.9**	**1.4**	**0.4**	**19.3**	**17.9**	**1.4**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	579.0	677.6	748.0	826.1	879.8
Gross Profit	392.0	429.5	471.7	519.3	552.5
EBITDA	113.6	137.4	151.4	168.3	184.4
EBIT	82.1	121.8	133.6	148.0	161.2
PBT	79.4	121.0	132.8	147.3	160.4
Taxation	(8.3)	(29.0)	(31.9)	(35.3)	(38.5)
PATANCI	71.1	91.9	101.0	111.9	121.9
Core PATANCI	78.0	91.9	97.5	111.9	121.9
Core EPS (sen)	12.2	14.4	15.3	17.6	19.1
PER (x)	20.8	17.7	16.6	14.5	13.3
DPS (sen)	4.0	4.3	4.6	5.3	5.7
Dividend yield (%)	1.6	1.7	1.8	2.1	2.3

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	79.4	121.0	132.8	147.3	160.4
Operating cash flow	102.0	153.7	51.8	83.4	87.7
Investing cash flow	(88.9)	(83.7)	(40.0)	(44.2)	(47.1)
Financing cash flow	(22.2)	(47.2)	(9.8)	(34.0)	(37.0)
Net cash flow	(9.1)	22.8	2.0	5.1	3.6
Beginning cash flow	30.2	21.6	44.6	46.6	51.7
Ending cash flow	21.6	44.6	46.6	51.7	55.4

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth	18.0	17.0	10.4	10.5	6.5
Gross Profit Growth	26.3	9.6	9.8	10.1	6.4
EBITDA Growth	26.2	20.9	10.2	11.2	9.5
Core PATANCI Growth	53.6	17.9	6.1	14.8	8.9

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin	67.7	63.4	63.1	62.9	62.8
EBITDA Margin	19.6	20.3	20.2	20.4	21.0
EBIT Margin	14.2	18.0	17.9	17.9	18.3
Core PATANCI Margin	13.5	13.6	13.0	13.5	13.9

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
PPE	526.1	550.9	565.2	586.7	607.9
Intangible assets	0.2	0.2	0.3	0.3	0.3
Non-current assets	538.4	563.5	581.3	604.4	626.8
Inventories	45.2	50.8	60.4	67.2	73.0
ST - Trade receivables	121.5	137.0	140.5	155.2	165.3
Cash	21.6	44.6	46.6	51.7	55.4
Current assets	233.8	299.2	306.3	339.0	362.8
Total Assets	772.1	862.7	887.6	943.4	989.6
Total Equity	582.0	657.7	653.4	696.9	733.1
LT Loans	25.6	18.6	26.6	27.0	27.5
Non-current liabilities	56.2	50.1	66.1	70.7	74.0
ST Trade payables	50.2	52.1	64.0	71.1	77.2
ST Loans	23.0	11.0	23.8	24.2	24.7
Current Liabilities	133.9	154.9	168.2	175.8	182.5
Total Liabilities	190.1	205.0	234.2	246.5	256.4

Source: Bloomberg, MBSBR

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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