Corporate Update

Spritzer Berhad

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

SHARIAH Compliant

2QFY26 Results Review
Volume Growth Drives Beat

Maintain NEUTRAL with higher TP of RM2.92. Spritzer's 2QFY26 results came in above expectations, supported by stronger bottled water sales volume, higher ASP and firmer manufacturing earnings. We raise our FY26/27/28 earnings forecasts by +19%/+9%/+8% to reflect mainly to reflect stronger bottled water volume growth, higher ASP assumptions and better manufacturing margin delivery following the above expectation 1HFY26 performance. Consequently, our **TP** is raised to **RM2.92**, based on an unchanged 16x PE pegged to revised FY26F EPS of 18.22 sen. We maintain **NEUTRAL**, as Spritzer's fundamentals remain solid but recent share price appreciation has made valuations more stretched.

Above expectations. Spritzer posted 2QFY26 revenue of RM203.0m (+23.5%yoy; +28.5%qoq) and core PATANCI of RM36.6m (+54.5%yoy; +66.6%qoq). For 1HFY26, revenue rose +15.4%yoy to RM361.0m, while core PATANCI increased +33.8%yoy to RM58.6m, accounting for 60% of our full-year forecast and 56% of consensus. The positive deviation was mainly driven by stronger-than-expected bottled water sales volume, higher ASP and better manufacturing margin delivery. No dividend was declared for the quarter.

Revenue driven by bottled water volume and ASP. 2QFY26 revenue rose +23.5%yoy to RM203.0m, mainly due to higher sales volume and average selling prices of bottled water from the manufacturing segment. Manufacturing revenue increased to RM195.3m (+23.5%yoy; +28.5%qoq), remaining the key revenue driver, while trading revenue rose to RM7.3m, supported by higher sales volume. Sequentially, revenue improved +28.5%qoq, mainly attributable to stronger demand and a greater number of delivery days, as 1QFY26 was affected by public holidays and the shorter month of February. For 1HFY26, manufacturing revenue rose +15.4%yoy to RM347.3m, while trading revenue increased to RM12.9m.

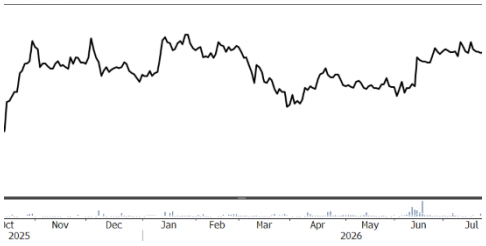
Earnings lifted by manufacturing strength. EBIT rose +56.8%yoy and +56.1%qoq to RM47.9m, with EBIT margin expanding to 23.6% (+5.0ppts yoy; +4.2ppts qoq). PBT increased +58.0%yoy to RM47.4m, while core PATANCI margin improved to 18.0% (+3.6ppts yoy; +4.1ppts qoq). The stronger earnings were primarily driven by higher bottled water sales volume and better operating leverage in the manufacturing segment, where segment profit rose +54%yoy to RM46.3m. Trading also improved, recording a small profit of RM0.3m, supported by higher sales volume and lower operating expenses. This more than offset higher cost of sales, which increased in line with sales and higher manufacturing costs arising from increased raw material prices, as well as higher selling, distribution and general administrative expenses.

Maintain NEUTRAL

Revised Target Price **RM2.92**
(from: RM2.45)

RETURN STATISTICS	
Price @ 27th Aug 2026 (RM)	3.22
Expected share price return (%)	-9.45
Expected dividend yield (%)	+1.35
Expected total return (%)	-8.10

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	11.0	9.2
3 months	10.7	22.7
12 months	84.0	67.8

INVESTMENT STATISTICS

FYE DEC (RM'm)	2026F	2027F	2028F
Revenue	748.0	826.1	879.8
EBITDA	178.9	184.2	201.0
PBT	160.4	163.1	177.1
Core PATANCI	116.0	121.5	131.9
Core EPS (sen)	18.2	19.1	20.7
DPS (sen)	5.5	5.7	6.2
Dividend Yield (%)	1.7	1.8	1.9

KEY STATISTICS

FBM KLCI	1,741.72
Issued shares (m)	640.88
Estimated free float (%)	33.38
Market Capitalisation (RM'm)	2,061.07
52-wk price range	RM1.72 - RM3.27
3-mth average daily volume (m)	0.72
3-mth average daily value (RM'm)	2.06
Top Shareholders (%)	
Yee Lee Corp Bhd	32.13
YEE Lee Holdings Sdn Bhd	10.69
Lim Kok Cheong	7.03

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Outlook. We remain positive on Spritzer's operating fundamentals, supported by stable bottled water demand, strong brand equity, established distribution network and tourism-related activities. Management expects performance to remain supported by demand in key domestic markets, while ongoing marketing initiatives and consumer preference for quality and healthier beverage choices should continue to underpin sales. That said, the operating environment remains challenging amid geopolitical uncertainty, raw material cost volatility, logistics cost pressure and evolving global trade conditions. Spritzer will continue to mitigate cost pressures through operational efficiency, disciplined cost management, strategic procurement, process improvements and measured pricing adjustments. While earnings visibility has improved, current valuation appears stretched after the recent share price appreciation. Maintain **NEUTRAL** with higher **TP of RM2.92**.

Spritzer: 2QFY26 Results Summary

FYE DEC (RM'm)	Quarterly results					Cumulative results		
	2QFY26	1QFY26	2QFY25	YoY (%)	QoQ (%)	1HFY26	1HFY25	YoY (%)
Revenue	203.0	158.0	164.4	23.5	28.5	361.0	312.7	15.4
Cost of sales & other operating expenses	(155.5)	(129.1)	(134.4)	15.7	20.4	(284.6)	(257.3)	10.6
Other gains (losses)	0.4	1.8	0.5	(24.5)	(79.5)	2.2	1.9	17.6
EBIT	**47.9**	**30.7**	**30.5**	**56.8**	**56.1**	**78.5**	**57.3**	**37.0**
Net finance income/(cost)	(0.4)	(0.3)	(0.5)	(23.9)	16.5	(0.7)	(1.1)	(29.4)
Profit before tax (PBT)	**47.4**	**30.2**	**30.0**	**58.0**	**57.0**	**77.7**	**56.2**	**38.1**
Tax expense	(12.1)	(7.9)	(7.3)	65.7	53.4	(20.0)	(13.8)	44.3
Profit After tax (PAT)	**35.3**	**22.3**	**22.7**	**55.6**	**58.2**	**57.7**	**42.4**	**36.1**
PATANCI	35.3	22.3	22.7	55.6	58.2	57.7	42.4	36.1
Core PATANCI	**36.6**	**22.0**	**23.7**	**54.5**	**66.6**	**58.6**	**43.8**	**33.8**
Core EPS (sen)	5.7	3.4	3.7	52.9	66.7	9.1	6.9	32.4
DPS (sen)	0.0	0.0	0.0	n.m.	n.m.	0.0	0.0	n.m.
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
EBIT Margin	23.6	19.4	18.6	5.0	4.2	21.7	18.3	3.4
PAT Margin	17.4	14.1	13.8	3.6	3.3	16.0	13.6	2.4
Core PATANCI Margin	18.0	13.9	14.4	3.6	4.1	16.2	14.0	2.2
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	25.5	26.1	24.3	1.2	(0.6)	25.7	24.6	1.1

Source: Company, MBSBR

Spritzer: Breakdown by operating segment

FYE DEC (RM'm)	Quarterly results					Cumulative results		
	2QFY26	1QFY26	2QFY25	YoY (%)	QoQ (%)	1HFY26	1HFY25	YoY (%)
Revenue (External):								
Manufacturing	195.3	152.0	158.2	23.5	28.5	347.3	301.0	15.4
Trading	7.3	5.7	5.9	24.0	28.6	12.9	11.0	17.6
Others	0.4	0.4	0.4	4.5	3.3	0.7	0.7	4.3
Total	**203.0**	**158.0**	**164.4**	**23.5**	**28.5**	**361.0**	**312.7**	**15.4**
Operating Profit:								
Manufacturing	46.3	31.7	30.0	54.2	46.4	78.0	57.6	35.3
Trading	0.3	(0.4)	0.1	355.9	(169.5)	(0.1)	(0.5)	(77.3)
Others	15.2	0.7	15.1	0.7	2,083.2	15.9	15.7	1.6
Eliminations	(14.2)	(1.5)	(14.9)	(4.8)	871.6	(15.6)	(15.8)	(1.3)
Total	**47.7**	**30.5**	**30.4**	**57.1**	**56.3**	**78.2**	**57.0**	**37.2**
Operating profit margin (%):								
Manufacturing	23.7	20.8	19.0	4.7	2.9	22.5	19.2	3.3
Trading	3.7	(6.8)	1.0	2.7	10.5	(0.9)	(4.7)	3.8
Others	4,107.5	194.4	4,264.5	(157.0)	3,913.1	2,183.2	2,241.4	(58.3)
Total	**23.5**	**19.3**	**18.5**	**5.0**	**4.2**	**21.7**	**18.2**	**3.4**

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	486.7	526.0	559.6
EBITDA	113.6	137.4	178.9	184.2	201.0
EBIT	82.1	121.8	161.2	163.9	177.8
PBT	79.4	121.0	160.4	163.1	177.1
Taxation	(8.3)	(29.0)	(40.9)	(41.6)	(45.2)
PATANCI	71.1	91.9	119.5	121.5	131.9
Core PATANCI	78.0	91.9	116.0	121.5	131.9
Core EPS (sen)	12.2	14.4	18.2	19.1	20.7
PER (x)	26.3	22.3	17.7	16.9	15.5
DPS (sen)	4.0	4.3	5.5	5.7	6.2
Dividend yield (%)	1.2	1.3	1.7	1.8	1.9

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	79.4	121.0	160.4	163.1	177.1
Operating cash flow	102.0	153.7	57.3	86.2	90.7
Investing cash flow	(88.9)	(83.7)	(40.0)	(44.2)	(47.1)
Financing cash flow	(22.2)	(47.2)	(15.3)	(36.9)	(40.0)
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	13.3	8.1	6.4
EBITDA Growth	26.2	20.9	30.2	2.9	9.2
Core PATANCI Growth	53.6	17.9	26.2	4.7	8.6

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin	67.7	63.4	65.1	63.7	63.6
EBITDA Margin	19.6	20.3	23.9	22.3	22.8
EBIT Margin	14.2	18.0	21.5	19.8	20.2
Core PATANCI Margin	13.5	13.6	15.5	14.7	15.0

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	56.9	65.6	71.3
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	302.8	337.4	361.1
Total Assets	772.1	862.7	884.1	941.8	987.9
Total Equity	582.0	657.7	653.6	697.0	733.2
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	60.2	69.4	75.4
ST Loans	23.0	11.0	23.8	24.2	24.7
Current Liabilities	133.9	154.9	164.4	174.2	180.7
Total Liabilities	190.1	205.0	230.5	244.8	254.6

Source: Bloomberg, MBSBR

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MBSB 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