STOCK IDEA

Retail Research

Lew Chee Hao, CMT
lew.chee-hao@ambankgroup.com
+603-2036 2300

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LIFE WATER (LWSABAH | 5328)

Last Price: RM1.21 | Technical Call: BUY | Target Price: RM1.50

Bursa Code: **LWSABAH, 5328**	Support 1: **RM1.12**	Entry: **RM1.12–1.21**
Sector: **Consumer**	Support 2: **RM1.08**	Target: **RM1.40, RM1.50**
Market Cap: **RM573mil**	Resistance 1: **RM1.40**	Exit: **RM1.06**
Shariah Compliant: **Yes**	Resistance 2: **RM1.50**	

Company Profile. Life Water is a leading beverage manufacturer in Sabah, Malaysia, specialising in drinking water and carbonated drinks under brands such as K2, Sasa, Sabah Water, 2more, and TRITONiC. Supported by 3 production plants and fully integrated packaging and delivery operations, the group also provides contract manufacturing for private-label clients. Life Water holds an estimated 11% share of Malaysia's bottled water market and serves more than 4,000 distribution touchpoints. Its growth plan includes expanding drinking water capacity to 804 million litres annually by 2027 through new production lines.

Growth Strategies. (i) Capacity expansion to drive volume growth. Output is set to more than double by FY27, supported by the new Sandakan Sibuga line, a larger delivery fleet and warehouse network, and rising demand in East Malaysia driven by tourism recovery (Visit Malaysia 2026). (ii) Regional expansion and product diversification. The group is entering Sarawak, Brunei, and other underserved markets, strengthening brand visibility, and launching new products such as Lemony while accelerating Twinine's B2C rollout via Life Water's retail network. (iii) Margin enhancement through integration and efficiency. In-house PET preform production lowers costs, while pricing optimisation and a greater mix of higher-margin flavoured and value-added products support profitability.

Financial Performance. In 1QFY26, Life Water posted higher revenue of RM51.2mil (+20.3% YoY) and PAT of RM9.3mil (+25% YoY), primarily driven by higher drinking-water sales volume following the expansion of production capacity at the Sandakan Sibuga Plant 1 in June 2025, as well as the consolidation of Twinine's operations.

Valuation. Life Water is trading at an FY26F P/E of 13.8x, below the Bursa Consumer Index's 1-year forward P/E of 16.8x. In comparison, Spritzer — which produces natural mineral water, carbonated flavoured water, distilled water, and drinking water — trades at a higher FY26F P/E of 20.4x.

Technical Analysis. Life Water may trend higher after closing above the RM1.12 resistance and hitting a new all-time high yesterday. With the 21-day EMA remaining above the 50-day EMA since the bullish crossover in late August, the uptrend may persist in the near term. A bullish bias may emerge above the RM1.12 level, with stop-loss set at RM1.06, below the 21-day EMA. Towards the upside, near-term resistance level is seen at RM1.40, followed by RM1.50.

Source: AmInvestment Bank, Bloomberg

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