

# SPRITZER

(SPZ MK EQUITY, SPTZ.KL)

1 Dec 2025

*Strong demand for mineral water*

## BUY

### Company Report

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(Maintained)

*Rationale for report: Company Results*

Price	RM2.78
Target Price	RM3.15
52-week High/Low	RM3.01/RM1.38

#### Key Changes

Target Price	0
EPS	0

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RMmil)	579.0	655.1	779.8	823.5
Net profit (RMmil)	71.1	91.4	103.8	111.2
EPS (sen)	11.2	14.4	16.3	17.5
EPS growth (%)	43.7	28.6	13.5	7.1
Consensus net (RMmil)		83.9	89.9	96.7
DPS (sen)	4.0	4.5	5.0	5.5
PE (x)	24.9	19.4	17.0	15.9
EV/EBITDA (x)	6.5	7.2	7.5	5.6
Div yield (%)	1.4	1.6	1.8	2.0
ROE (%)	12.8	14.9	15.3	14.7
Net gearing (%)	4.6	1.1	na	na

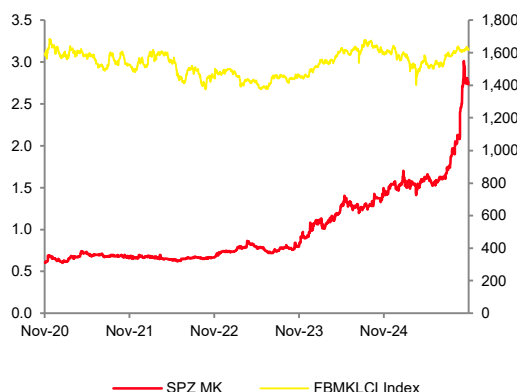
#### Stock and Financial Data

Shares Outstanding (million)	636.7
Market Cap (RMmil)	1,770.0
Book Value (RM/Share)	0.91
P/BV (x)	3.1
ROE (%)	12.8
Net Gearing (%)	4.6

Major Shareholders Yee Lee Corporation (43.2%)

Free Float	23.5
Avg Daily Value (RMmil)	2.2

Price performance	3mth	6mth	12mth
Absolute (%)	+1.1	+70.6	+89.8
Relative (%)	+56.7	+62.2	+86.3



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#### Investment Highlights

*Spritzer's results continued to be robust. Net profit rose by 3.9% QoQ to RM23.6mil in 3QFY25 on the back of healthy demand for bottled water products and low PET resin costs. Comparing 9MFY25 against 9MFY24, net profit climbed by 25.9% to RM66mil. The fall in crude oil prices coupled with a strong MYR vs. USD are expected to keep resin costs down. Also, as Visit Malaysia Year approaches in 2026F, Spritzer is envisaged to benefit from the influx of tourists. Malaysia's target is to achieve 47mil visitor arrivals in 2026F (8M2025: 28.2mil). This should sustain demand for bottled water products. As such, we maintain BUY with a target price of RM3.15/share.*

- **BUY with a higher TP of RM3.15/share vs. RM2.04/share previously.** We have raised the PE assumption to 18x from 15x and based it on FY27F earnings instead of FY26F. The PE of 18x is one SD above the five-year average of 15x. We applied a premium due to Spritzer's dominant market share of 40% in the bottled water industry in Peninsular Malaysia. In addition, the group is one of few companies with mineral water reserves in Malaysia.
- **Spritzer's 9MFY25 net profit of RM66mil was 9% above our forecast and 7% above consensus.** The group's EBITDA margin was higher-than-expected. Spritzer's EBITDA margin was 23.6% in 9MFY25 vs. our forecast of 21.5%. We have raised Spritzer's FY25F and FY26F net earnings by 11.1% and 19.7% respectively to account for the stronger EBITDA margin of 23%.
- **Strong volume growth in 9MFY25.** Revenue rose by 12.9% YoY to RM482.6mil in 9MFY25. As the group did not raise selling prices in 9MFY25, this means that most of the topline growth was driven by sales volume and sales of higher value-added products. We estimate that sales volume grew by 10% YoY in 9MFY25 underpinned mainly by the Spritzer branded water products. The Spritzer brand accounted for more than 80% of revenue in 1HFY25.
- **Spritzer has received SST exemption for resin purchases.** We view this positively as the imposition of the 5% SST would have resulted in higher selling prices for the group's water products. Incidentally, Spritzer's EBITDA margin expanded to 23.6% in 9MFY25 from 19.6% in 9MFY24. This is largely due to the drop in resin costs. Average resin price was RM4.20/kg in 1HFY25 vs. RM4.45/kg in 1HFY24.

## Company profile

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Spritzer is involved in the production and sale of mineral and drinking water. The group's plant is located mainly in Taiping, Perak and Yong Peng, Johor.

Spritzer's earnings are mainly from sale of mineral water, drinking water and non-water products such as dispensers. Mineral water under the "Spritzer" brand name accounts for 80% of the sales volume while drinking water, which comprises cheaper brands such as "Cactus" makes up another 17%. Non-water products account for the balance 3% of sales volume.

Spritzer sells its products via distributors and wholesalers. Customer segments are modern trade, general trade, convenient stores and petrol stations.

Spritzer's operations are mainly in Malaysia. The group also has distributorships in China and Singapore.

Spritzer's competitive edge lies in its natural mineral water products, which is sourced underground from a rainforest in Taiping, Perak. As the water is sourced naturally, it contains minerals such as silica and potassium, which are good for health. Spritzer has a market share of 40% to 45% in the mineral water industry in Malaysia.

## Investment thesis and catalysts

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We have a BUY on Spritzer as its FY27F PE is undemanding at 15.9x.

Share price kickers are stronger-than-expected earnings and dividends.

## Valuation methodology

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We applied a FY27F PE of 18x to arrive at Spritzer's target price of RM3.15/share. The PE of 18x is one SD above the five-year mean of 15x. We applied a premium due to Spritzer's dominant market share of 40% in the bottled water industry in Peninsular Malaysia.

## Risk factors

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Key risks are a fall in sales volume and an increase in PET costs. PET is the main raw material used to produce the bottles.

## EXHIBIT 1: RESULTS SUMMARY

YE 31 Dec (RM 'mil)	2QFY25	3QFY25	QoQ (%)	9MFY24	9MFY25	YoY (%)
<b>Revenue</b>	<b>164.4</b>	<b>169.9</b>	<b>3.4</b>	<b>427.5</b>	<b>482.6</b>	<b>12.9</b>
Cost of sales	(134.4)	(129.9)	(3.3)	(343.6)	(368.6)	7.3
<b>EBITDA</b>	<b>40.2</b>	<b>40.0</b>	<b>(0.3)</b>	<b>83.9</b>	<b>114.1</b>	<b>35.9</b>
D&A	(9.4)	(8.0)	(14.5)	(23.0)	(25.1)	9.1
<b>EBIT</b>	<b>30.8</b>	<b>32.0</b>	<b>4.0</b>	<b>60.9</b>	<b>89.0</b>	<b>46.0</b>
Net interest expense	(0.8)	(0.4)	(49.4)	(1.3)	(1.1)	(14.7)
<b>PBT</b>	<b>30.0</b>	<b>31.6</b>	<b>5.4</b>	<b>59.6</b>	<b>87.9</b>	<b>47.4</b>
Taxation	(7.3)	(8.0)	10.1	(7.2)	(21.9)	>100
<b>Net Profit</b>	<b>22.7</b>	<b>23.6</b>	<b>3.9</b>	<b>52.4</b>	<b>66.0</b>	<b>25.9</b>
EI	0.0	0.0		0.0	0.0	
<b>Core Net Profit</b>	<b>22.7</b>	<b>23.6</b>	<b>3.9</b>	<b>52.4</b>	<b>66.0</b>	<b>25.9</b>
Gross DPS (sen)	0.0	0.0		0.0	0.0	
EBITDA margin (%)	24.4	23.6		19.6	23.6	
EBIT margin (%)	18.7	18.8		14.3	18.4	
PBT margin (%)	18.3	18.6		13.9	18.2	
Effective tax rate (%)	24.3	25.4		12.1	24.9	
Core net profit margin (%)	13.8	13.9		12.3	13.7	

Source: Bursa Announcement

## EXHIBIT 2: VALUATIONS

Target PE (x)	18
FY27F EPS (sen)	17.5 (from 13.6)
ESG premium	-
12-month target price (RM)	3.15 (from RM2.04)

## EXHIBIT 3: CHANGE IN EARNINGS

RMmil	FY25F			FY26F			FY27F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	635.5	655.1	3.1	661.3	779.8	17.9	672.8	823.5	22.4
Net earnings	82.3	91.4	11.1	86.7	103.8	19.7	90.3	111.2	23.1

## EXHIBIT 4: ESG RATING

	Environmental assessment	Parameters	Weightage	Rating				Rationale
1	Carbon emissions	45% CO2 reduction by 2030	40%	*	*	*		Scope 1 emissions were 1,428 tCO2e in FY24 (FY23: 1,389 tCO2e) while Scope 2 were 42,162 tCO2e (FY23: 35,605 tCO2e)
2	Packaging	Use of plastic	40%	*	*	*		100% recyclable bottles
3	Minimise waste generation	Volume of waste generated	20%	*	*	*		Waste generated were 1,290 tonnes in FY24 vs. 971 tonnes in FY23
	<b>Weighted score for environmental assessment</b>		<b>100%</b>	*	*	*		
	<b>Social assessment</b>							
1	Employee turnover	No of workforce changes	33%	*	*	*		44 executive resignations in FY24 vs. 33 in FY23
2	Employee safety	Lost time incident rate	33%	*	*	*		15.8 in FY24 vs. 19.1 in FY23
3	Learning and development	Number of training hours	33%	*	*	*		8.4 hours per employee in FY24
	<b>Weighted score for social assessment</b>		<b>100%</b>	*	*	*		
	<b>Governance assessment</b>							
1	Related party transactions	Value of transactions	40%	*	*	*		More than RM305mil in FY24 - mainly sale of goods to Yee Lee Trading Co
2	Women in workforce	% of women in workforce	30%	*	*	*	*	57.7% of executives were women in FY24 vs. 57.2% in FY23
3	Directors' remuneration	Value of transactions	30%	*	*	*		RM11.7mil in FY24 vs. RM6.7mil in FY23
	<b>Weighted score for governance assessment</b>		<b>100%</b>	*	*	*		
	Environmental score		40%	*	*	*		
	Social score		30%	*	*	*		
	Governance score		30%	*	*	*		
	<b>Overall ESG Score</b>		<b>100%</b>	*	*	*		

We accord a discount/premium of -6%, -3%, 0%, +3% and +6% on fundamental fair value based on the overall ESG rating as appraised by us, from 1-star to 5-star.

Source: AmlInvestment Bank

## EXHIBIT 5: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	490.7	579.0	655.1	779.8	823.5
EBITDA	86.0	112.2	149.7	168.7	180.0
Depreciation	(22.3)	(31.1)	(28.5)	(30.7)	(31.8)
Operating income (EBIT)	63.8	81.1	121.2	138.0	148.2
Other income & associates	0.1	0.0	0.0	0.0	0.0
Net interest	(1.1)	(1.7)	(2.4)	(3.2)	(3.8)
Exceptional items	3.2	0.0	0.0	0.0	0.0
<b>Pretax profit</b>	<b>65.9</b>	<b>79.4</b>	<b>118.8</b>	<b>134.8</b>	<b>144.4</b>
Taxation	(16.4)	(8.3)	(27.3)	(31.0)	(33.2)
Minorities/pref dividends	0.0	0.0	0.0	0.0	0.0
Profit from discount op	0.0	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>49.5</b>	<b>71.1</b>	<b>91.4</b>	<b>103.8</b>	<b>111.2</b>
Balance Sheet (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Fixed assets	473.4	526.1	547.6	569.0	587.3
Intangible assets	0.2	0.3	0.3	0.3	0.3
Other long-term assets	12.4	12.0	13.7	14.7	15.7
<b>Total non-current assets</b>	<b>486.1</b>	<b>538.4</b>	<b>561.6</b>	<b>583.9</b>	<b>603.2</b>
Cash & equivalent	30.2	21.6	61.2	99.4	160.4
Stock	41.4	45.2	54.5	72.1	79.8
Trade debtors	96.0	121.5	145.1	172.8	184.2
Other current assets	34.2	45.5	45.5	45.5	45.5
<b>Total current assets</b>	<b>201.9</b>	<b>233.8</b>	<b>306.3</b>	<b>389.8</b>	<b>470.0</b>
Trade creditors	41.5	50.2	66.5	82.3	89.5
Short-term borrowings	17.3	23.0	38.0	53.0	68.0
Other current liabilities	40.8	60.7	57.6	60.7	63.2
<b>Total current liabilities</b>	<b>99.5</b>	<b>133.9</b>	<b>162.1</b>	<b>196.0</b>	<b>220.6</b>
Long-term borrowings	30.4	25.6	30.4	30.4	30.4
Other long-term liabilities	29.8	30.6	30.6	30.6	30.6
<b>Total long-term liabilities</b>	<b>60.2</b>	<b>56.2</b>	<b>61.0</b>	<b>61.0</b>	<b>61.0</b>
<b>Shareholders' funds</b>	<b>527.0</b>	<b>582.0</b>	<b>644.8</b>	<b>716.8</b>	<b>791.5</b>
Minority interests	0.0	0.0	0.0	0.0	0.0
BV/share (RM)	0.83	0.91	1.01	1.13	1.24
Cash Flow (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	49.5	71.1	91.4	103.8	111.2
Depreciation	22.3	31.1	28.5	30.7	31.8
Net change in working capital	15.4	21.2	2.4	3.2	3.8
Others	(7.8)	(21.3)	(16.7)	(29.5)	(11.9)
<b>Cash flow from operations</b>	<b>79.4</b>	<b>102.0</b>	<b>105.7</b>	<b>108.3</b>	<b>134.9</b>
Capital expenditure	(78.0)	(70.5)	(50.0)	(50.0)	(50.0)
Net investments & sale of fixed assets	10.0	(7.9)	0.0	0.0	0.0
Others	(14.1)	(10.5)	0.0	0.0	0.0
<b>Cash flow from investing</b>	<b>(82.1)</b>	<b>(88.9)</b>	<b>(50.0)</b>	<b>(50.0)</b>	<b>(50.0)</b>
Debt raised/(repaid)	32.0	0.9	15.0	15.0	15.0
Equity raised/(repaid)	(4.9)	(2.4)	0.0	0.0	0.0
Dividends paid	(13.3)	(17.6)	(28.7)	(31.8)	(35.0)
Others	(2.4)	(3.1)	(2.4)	(3.2)	(3.8)
<b>Cash flow from financing</b>	<b>11.4</b>	<b>(22.2)</b>	<b>(16.1)</b>	<b>(20.0)</b>	<b>(23.8)</b>
<b>Net cash flow</b>	<b>8.6</b>	<b>(9.1)</b>	<b>39.6</b>	<b>38.2</b>	<b>61.0</b>
<b>Net cash/(debt) b/f</b>	<b>21.7</b>	<b>30.2</b>	<b>21.6</b>	<b>61.2</b>	<b>99.4</b>
<b>Forex</b>	<b>(0.1)</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net cash/(debt) c/f</b>	<b>30.2</b>	<b>21.6</b>	<b>61.2</b>	<b>99.4</b>	<b>160.4</b>
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	13.2	18.0	13.1	19.0	5.6
EBITDA growth (%)	35.6	25.6	33.5	12.7	6.7
Pretax margins (%)	13.4	13.7	18.1	17.3	17.5
Net profit margins (%)	10.1	12.3	14.0	13.3	13.5
Interest cover (x)	79	65	62	53	47.2
Effective tax rate (%)	25	10	23	23	23.0
Net dividend payout (%)	71	36	31	31	31.5
Debtors turnover (days)	79	70	75	76	77
Stock turnover (days)	39	39	45	45	46
Creditors turnover (days)	45	35	40	41	42

Source: Company, AmlInvestment Bank

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