

Spritzer Berhad (SPZ MK)

Inline

HOLD

Share Price RM1.63
Target Price RM1.70 +4.3%

Within Expectation

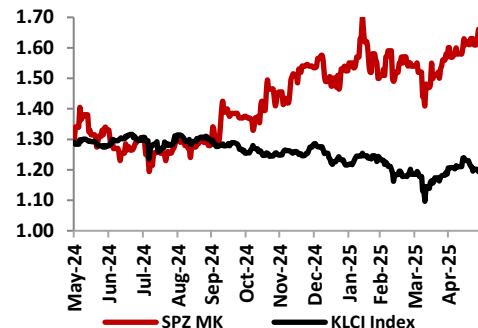
• **Key Highlights.** Spritzer's 1QFY25 net profit of RM19.7mn (+27% YoY) came in line with both ours and consensus expectations at 27% and 26%, respectively. The revenue increased by +10% YoY mainly driven by the manufacturing segment, resulting from the higher sales volume and average selling price (ASP) of bottled water. Similarly, the double-digit growth in net profit was supported by the higher revenue coupled with lower production costs, presumably due to lower prices of PET resin. On a QoQ basis, Spritzer's 1QFY25 revenue declined marginally by -2%, mainly due to a decrease in the ASP of bottled water. In contrast, the net profit increased by +5% QoQ, primarily driven by the absence of PPE write-offs recorded in the previous quarter of RM3.8mn along with the lower production costs.

• **Earnings Revision.** No changes.

• **Outlook.** We remain optimistic on Spritzer's outlook, driven by anticipates stable bottled water demand supported by the hot weather conditions and robust tourism activities, for instance Malaysia's ASEAN Chairmanship and the progress towards Visit Malaysia 2026. Additionally, we like Spritzer's unique selling point of promoting high silica content in their main mineral water brand, alongside an extensive product portfolio of mineral water under the name brands such as Summer, Cactus, and Desa which allows the Group to capture a larger market share. Moreover, we believe Spritzer could benefit from lower production costs such as lower raw material expenses resulting from the declining trend of PET resin prices.

• **Downgrade HOLD (TP: RM1.70).** We downgrade the call from a BUY to a HOLD call with an unchanged TP of RM1.70, pegged at a PER of 15x (+1SD 5-year average historical PE) and FY25F EPS of 11 sen. The downgrade reflects the share prices having risen by +38% from RM1.20 in May 2024, limiting upside potential. We believe the stock is now fairly valued, already trading at +1SD above its 5-year historical average forward PE. While growth prospects remain steady, we see limited near-term new catalysts for a further re-rating.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	1.9	7.9	24.1
vs FBM KLCI	4.2	12.5	33.8

Stock Data

ESG Rating	Good
Mkt Cap (RM mn)	1,037.9
Adjusted Beta	0.8
Free float (%)	45.7
Issued shares (mn)	636.7
52w H/L (RM)	1.72 / 1.17
3m avg daily volume	339,818

Major Shareholders (%)

Yee Lee Corporation	32.3
CGS INTL SEC SINGAPORE	11.0
TASIK PUNCAK HOLDING	11.0

Research Team

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Table 1: Quarterly figures

Spritzer	Quarterly				Change (%)		Cumulative		YTD %	BIMB	
	FYE 31 Dec (RM mn)	1Q24	4Q24	1Q25	QoQ	YoY	1QFY24	1QFY25		FY25F	3M/F %
Revenue	135.0	151.5	148.3	-2%	10%	135.0	148.3	10%	640.5	23%	
EBITDA	24.6	29.0	34.2	18%	39%	24.6	34.2	39%	130.9	26%	
Pretax profit	18.1	19.8	26.2	33%	45%	18.1	26.2	45%	96.1	27%	
Taxation	(2.6)	(1.0)	(6.5)	525%	156%	(2.6)	(6.5)	156%	(23.1)	28%	
Net Profit	15.5	18.7	19.7	5%	27%	15.5	19.7	27%	73.0	27%	
EPS (sen)	2.4	2.9	3.1	5%	27%	2.4	3.1	27%	11.4	27%	
							Chg (ppts)		Chg (ppts)		
EBITDA margin (%)	18.2%	19.2%	23.1%	3.9	4.9	18.2%	23.1%	4.9	20.4%		
PBT margin (%)	13.4%	13.0%	17.7%	4.6	4.3	13.4%	17.7%	4.3	15.0%		
Profit margin (%)	11.5%	12.4%	13.3%	0.9	1.8	11.5%	13.3%	1.8	11.4%		
Effective tax rate (%)	14.2%	5.3%	25.0%	19.7	10.8	14.2%	25.0%	10.8	24.0%		

Source: BIMB Securities, Company

Table 2: Sales breakdown by group

FYE 31 Dec (RM mn)	1Q24	4Q24	1Q25	QoQ	YoY	1QFY24	1QFY25	YTD
Sale of bottled water and related products	128.0	144.5	141.3	-2%	10%	128.0	141.3	10%
Sale of plastic packaging materials	5.6	5.1	5.3	4%	-5%	5.6	5.3	-5%
Sundry trading goods	0.9	1.4	1.3	-8%	43%	0.9	1.3	43%
Income from mini golf operation	0.4	0.4	0.3	-19%	-13%	0.4	0.3	-13%
Total	135.0	151.5	148.3	-2%	10%	135.0	148.3	10%

Source: Company, BIMB Securities

Table 3: Sales breakdown by segment

FYE 31 Dec (RM mn)	1Q24	4Q24	1Q25	QoQ	YoY	1QFY24	1QFY25	YTD
Manufacturing	129.5	145.5	142.8	-2%	10%	129.5	142.8	10%
Trading	5.1	5.6	5.1	-8%	0%	5.1	5.1	0%
Others	0.4	0.4	0.3	-19%	-13%	0.4	0.3	-13%
Total revenue segment	135.0	151.5	148.3	-2%	10%	135.0	148.3	10%
Manufacturing	18.9	22.6	27.6	22%	46%	18.9	27.6	46%
Trading	-0.1	-0.4	-0.6	51%	456%	-0.1	-0.6	456%
Others	0.9	12.0	0.6	-95%	-41%	0.9	0.6	-41%
Elimination	-1.3	-13.8	-1.0	-93%	-27%	-1.3	-1.0	-27%
Total segment results	18.4	20.4	26.6	30%	44%	18.4	26.6	44%
Profit before tax	18.1	19.8	26.2	33%	45%	18.1	26.2	45%

Source: Company, BIMB Securities

Table 4: Earnings forecast

FYE Dec (RM mn)	2023	2024	2025F	2026F	2027F
Turnover	490.7	579.0	640.5	702.4	763.6
EBITDA	89.6	113.2	130.9	147.3	159.6
EBIT	67.0	81.6	98.2	113.0	123.8
Pretax profit	65.9	79.4	96.1	111.1	122.3
Net Profit	49.5	71.1	73.0	84.4	93.0
Consensus			76.4	82.3	86.8
EPS (sen)	15.5	11.1	11.4	13.2	14.6
PER (x)	10.5	14.6	14.2	12.3	11.2
DPS (sen)	5.5	4.0	4.0	4.6	5.1
Div. Yield (%)	3.4%	2.5%	2.5%	2.8%	3.1%
Key Ratios (%)					
ROE	9.7%	12.8%	12.0%	12.7%	12.9%
EBITDA margin	18.3%	19.5%	20.4%	21.0%	20.9%
EBIT margin	13.7%	14.1%	15.3%	16.1%	16.2%
Pretax margin	13.4%	13.7%	15.0%	15.8%	16.0%
Net Profit margin	10.1%	12.3%	11.4%	12.0%	12.2%

Source: Bloomberg, BIMB Securities

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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