

Monday, 05 Feb, 2024

## Spritzer Berhad

### Sales Growth In-Line With Increasing Tourism Activities

- **SPRITZER earnings grew for 2 consecutive quarters with 3Q23 net profit came in at RM17.0m (+48.5% YoY).**
- **Stronger demand is expected for bottled water from greater domestic traveling and international tourist arrivals.**
- **Margin may expand under normalising PET resin prices.**
- **Technically, SRPITZER has experienced a breakout above RM2.17 and last closed at RM2.23. Monitor for a breakout, targeting RM2.40-2.45, with a LT target at RM2.50. Support is located around RM2.14-2.15, while cut loss is at RM2.10.**

Loui Low Ley Yee  
[louilow@msec.com.my](mailto:louilow@msec.com.my)  
(603) 2201 2100

#### Company profile

SPRITZER produces natural mineral water, carbonated flavoured water, distilled water, and drinking water. Spritzer also manufactures and sells Polythene Terephthalate (PET) bottles, tooth brushes, and plastics household goods.

#### SPRITZER daily: Sideways consolidation breakout



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### Trading Catalyst

- **SPRITZER earnings grew for 2 consecutive quarters.** In 3Q23, SPRITZER has achieved a net profit of RM17.0m from RM11.4m (+48.5% YoY), on the back of a stronger revenue of RM132.6m from RM119.6m (+10.8 YoY).
- **Stronger demand from greater domestic traveling and international arrivals.** Tourism Malaysia has reported a 160% YoY increase in 9M Jan-Sep tourist arrivals in 2023. Going forward, global tourism levels are expected to improve gradually to pre-pandemic levels, thus the well-established Spritzer bottled water is to benefit in tandem with the increase in tourism activities.
- **Stronger net profit margins from normalising raw material prices.** The YTD prices for Polyethylene terephthalate (PET) Resin has dropped and maintains at a lower level. Hence, normalising prices going forward on PET Resin is expected to reduce the raw material costs for bottled water and it should improve net profit margins.

#### SPRITZER BHD

|                              |          |
|------------------------------|----------|
| Last Price (RM)              | 2.23     |
| 5 Day Change (%)             | 3.7      |
| 1 Day Range Percentile (%)   | 100.0    |
| 5 Day Range Percentile (%)   | 80.0     |
| 52Week Range Percentile (%)  | 96.4     |
| Volatility 30D               | 46.8     |
| EMA9, EMA20, EMA60 Trend     | Uptrend  |
| Price vs. EMA20 (%)          | 7.3      |
| DMI DI+                      | 40.0     |
| DMI DI-                      | 6.3      |
| ADX                          | 60.8     |
| RSI 14D                      | 46.9     |
| RSI OB/OS                    | Negative |
| Price vs. Bollinger Band (%) | 96.4     |

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#### Financial snapshot

| FYE Dec           | FY21  | FY22  | FY23f |
|-------------------|-------|-------|-------|
| Revenue (RM m)    | 331.0 | 433.3 | 497.3 |
| Net profit (RM m) | 24.2  | 37.0  | 50.5  |
| Shares (m)        | 319.3 | 319.3 | 319.3 |
| EPS (sen)         | 7.6   | 11.6  | 15.8  |
| DPS (sen)         | 6.0   | 8.3   | 5.9   |
| P/E (x)           | 29.4  | 19.3  | 14.1  |
| DY (%)            | 2.7   | 3.7   | 2.6   |

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FY23f represents the forecasted figures for FY23.



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## Technical Outlook

- Share price has been consolidating sideways around RM2.17 and experienced a breakout closing at RM2.23, pending another breakout. As the technical readings are positive, we expect follow-through buying interest to be seen in the near term, targeting RM2.40-2.45, with a LT target at RM2.50. Support is set around RM2.14-2.15, with a cut loss set around RM2.10.

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(a) nil.

## Glossary

|                              |  |
|------------------------------|--|
| Last Price (RM)              | Last closing price   |
| 5 Day Change (%)             | Percent change in price over the last five days. The formula is:<br>[(Last Trade - Closing Price Five Days Ago) / Closing Price Five Days Ago] x 100.  |
| 1 Day Range Percentile (%)   | Calculates the percentile value within the 1-day range   |
| 5 Day Range Percentile (%)   | Calculates the percentile value within the 5-day range   |
| 52 Week Range Percentile (%) | Calculates the percentile value within the 52-week range   |
| Volatility 30D               | A measure of the risk of price moves for a security calculated from the standard deviation of day-to-day logarithmic historical price changes. The 30-day price volatility equals the annualised standard deviation of the relative price change for the 30 most recent trading days closing price, expressed as a percentage. If EMA9 is greater than EMA20 and EMA20 is greater than EMA60 it will be stated as Uptrend. If the EMA9 is lesser than EMA20 and the EMA20 is lesser than EMA60, it will be stated as Downtrend, otherwise Consolidation. |
| EMA9, EMA20, EMA60 Trend     | Position of the price away from the EMA20 level  |
| Price vs. EMA20 (%)          | Positive directional movement.   |
| DMI DI+                      | Negative directional movement.   |
| DMI DI-                      | ADX is a moving average of the directional movement index.   |
| ADX                          | If the average of 20 days closing price is greater than 20 days Median price, it will be stated Up.  |
| Price Skew                   | If the average of 20 days closing price is lower than 20 days Median price, it will be stated Down.  |
| RSI 14D                      | RSI measures the momentum of a security to determine whether it is in an overbought or oversold condition.   |
| RSI OB/OS                    | If RSI 14 days is greater or equal to 70, it will be stated Overbought.  |
|                              | If the RSI 14 days is greater or equal to 50, but lower than 70, it will be stated Positive.   |
|                              | If the RSI 14 days is greater than 30, but lower than 50, it will be stated Negative.  |
|                              | If the RSI 14 days is lower or equal to 30, it will be stated Oversold.  |
| Price vs. Bollinger Band (%) | Position of the price compare to the Bollinger band in percentage  |



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