

Jayden Tan  
(603) 7890 8888 (ext 2069)  
[kdtan@apexsecurities.com.my](mailto:kdtan@apexsecurities.com.my)

<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 0.88
Previous Target Price:	RM 1.19
Target Price:	↔ RM 1.19
Capital Upside/ Downside:	35.2%
Dividend Yield (%):	4.3%
<b>Total Upside/ Downside:</b>	<b>39.6%</b>

<b>Stock information</b>	
Board	MAIN
Sector	Digital service
Bursa/ Bloomberg Code	0253/ INFOTEC.MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	363.2
Market Cap (RM' m)	319.6
52-Week Price Range (RM)	1.21-0.715
Beta (x)	1.1
Free float (%)	32.8
3M Average Volume (m)	0.3
3M Average Value (RM' m)	0.3

<b>Top 3 Shareholders</b>	
	(%)
Choo Chuen Wei	42.5
Loo Hong Wai	15.0
Kaf Investment Funds Bhd	4.2

### Share Price Performance



	1M	3M	12M
Absolute (%)	-3.3	-12.0	9.3
Relative (%)	-5.1	-11.6	6.9

# Infoline Tec Group Berhad

## 4Q24 Exceed expectations

### Executive Summary

- Infoline reported FY24 core net profit of RM17.5m (+46.6% yoy), exceeding expectations at 130% of our RM13.4m forecast, driven by stronger-than-anticipated project deliveries in the IT infrastructure segment.
- 4QFY24 CNP was flat yoy (-0.7%) and declined -2.5% qoq, impacted by higher admin and staff costs from the transfer listing exercise and the absence of a one-off higher-margin project in Managed IT services. Revenue grew +7.1% YoY but fell -5.3% qoq.
- No changes to our earnings forecast, while closely monitoring the conversion of one-off project customers into recurring Managed IT and Cybersecurity service contracts.
- Maintain BUY with an unchanged TP of RM1.19, based on 17.0x P/E on FY26F EPS of 7.0 sen.

**Results exceed expectations.** FY24 core net profit (CNP) of RM17.5m (+46.6% yoy) came in at 130% of our forecast of RM13.4m, primarily driven by stronger-than-anticipated project deliveries in the IT infrastructure segment.

**YoY.** 4QFY24 CNP was largely flat, down 0.7% yoy at RM7.8m, despite revenue growing 7.1% yoy. The muted profit growth stemmed from higher administrative expenses related to the transfer of listing exercise, increased staff costs, and fair value adjustments from an acquisition.

**QoQ.** CNP eased 2.5% qoq, reflecting the absence of a one-off higher-margin project in the Managed IT services segment that boosted 3Q results. Quarterly revenue declined 5.3% qoq.

**Dividend.** Infoline declared a final dividend of 0.63 sen per share, bringing the full-year FY24 dividend to 1.42 sen. The payout is scheduled for 28 March 2025.

**Outlook.** While 4QFY24's earnings were partly driven by one-off projects with uncertain recurring potential, there is scope to convert these customers into subscription-based Managed IT services. Over the longer term, we will closely track the Group's ability to secure customers that offer stable recurring revenue in the Cybersecurity and Managed IT segments.

**Earnings Revision.** Although the results exceeded our expectations, we maintain our FY25F and FY26F earnings forecasts at RM19.3m and RM25.4m respectively, till further stronger evidence of recurring revenue traction.

**Valuation.** We reiterate our **BUY** recommendation on Infoline with a target price of **RM1.19**, derived by applying a 17.0x P/E multiple to FY26F EPS of 7 sen and assuming a 0% ESG premium/discount, in line with its three-star ESG rating.

**Risk.** Near-term margin pressures may arise from aggressive pricing strategies, while slower revenue growth relative to expansion costs could dampen profitability.

## Earnings Summary

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	72.8	71.9	101.3	124.7	158.3
Gross Profit	26.3	37.8	47.3	46.1	60.2
Pre-tax profit	16.7	25.8	23.3	26.2	34.4
Net profit	12.1	19.3	17.5	19.3	25.4
Core net profit	12.1	19.3	17.5	19.3	25.4
Core EPS (sen)	3.3	5.3	4.8	5.3	7.0
P/E (x)	27.6	17.4	19.1	17.3	13.2
P/B (x)	6.6	5.7	5.1	4.6	3.8
EV/EBITDA (x)	21.8	13.2	14.4	12.8	10.3
Dividend Yield (%)	2.3%	2.5%	3.3%	3.8%	3.8%
Net Gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, Apex Securities

# Results Note

Friday, 28 Feb, 2025

## Results Comparison

FYE Dec (RM m)	4QFY24	4QFY23	yoy (%)	3QFY24	qoq (%)	12M FY24	12M FY23	yoy (%)	Comments
Revenue	28.8	26.9	7.1	30.5	(5.3)	101.3	71.9	40.9	
Gross Profit	16.9	15.6	8.4	17.0	(0.5)	47.3	37.7	25.3	
Pre-tax profit	10.2	11.6	(11.6)	10.4	(1.5)	23.3	24.9	(6.5)	
Net profit	7.8	7.9	(0.7)	8.0	(2.5)	17.5	18.3	(4.8)	
Core net profit	7.8	7.9	(0.7)	8.0	(2.5)	17.5	18.3	(4.8)	
Core EPS (sen)	2.2	2.2	(0.7)	2.2	(2.5)	4.8	5.3	(9.3)	
GP margin (%)	58.8	58.1		55.9		46.7	52.5		
PBT margin (%)	35.5	43.0		34.1		23.0	34.6		
Core net profit margin (%)	27.2	29.4		26.4		17.2	25.5		

Source: Company, Apex Securities

## Segmental Breakdown

FYE Sep (RM m)	4QFY24	4QFY23	yoy (%)	3QFY24	qoq (%)	12M FY24	12M FY23	yoy (%)	Comments
<b>Revenue</b>									
IT Infrastructure Solutions	19.6	12.1	62.3	13.8	41.8	58.6	43.1	35.7	
Cybersecurity Solutions	2.1	1.1	99.3	4.2	(48.7)	14.6	3.0	388.6	
Managed IT Services	6.3	10.5	(40.2)	11.6	(45.6)	24.5	20.6	19.3	
Trading	0.8	3.2	(75.3)	0.9	(10.2)	3.6	5.2	(30.8)	
<b>Total</b>	<b>28.8</b>	<b>26.9</b>	<b>7.1</b>	<b>30.5</b>	<b>(5.3)</b>	<b>101.3</b>	<b>71.9</b>	<b>40.9</b>	
<b>Profit before tax (PBT)</b>									
IT Infrastructure Solutions	6.4	5.6	13.9	4.4	44.7	12.6	19.1	(34.2)	
Cybersecurity Solutions	0.1	0.2	(46.5)	0.5	(75.0)	0.2	1.0	(74.8)	
Managed IT Services	3.7	9.2	(60.1)	5.4	(31.5)	10.3	16.7	(38.2)	
Trading	0.1	0.6	(90.1)	0.1	(51.3)	0.1	0.9	(87.5)	
<b>Total</b>	<b>10.2</b>	<b>15.6</b>	<b>(34.5)</b>	<b>10.4</b>	<b>(1.5)</b>	<b>23.1</b>	<b>37.8</b>	<b>(38.7)</b>	
<b>PBT margin (%)</b>									
IT Infrastructure Solutions	32.5%	46.4%		31.9%		21.5%	44.4%		
Cybersecurity Solutions	5.7%	21.2%		11.7%		1.7%	33.1%		
Managed IT Services	58.6%	87.7%		46.5%		42.0%	81.1%		
Trading	7.0%	17.4%		12.9%		3.2%	17.9%		
<b>Aggregate Total</b>	<b>35.5%</b>	<b>58.1%</b>		<b>34.1%</b>		<b>22.8%</b>	<b>52.5%</b>		

Source: Company, Apex Securities

# Results Note

Friday, 28 Feb, 2025

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Revenue</b>	<b>72.8</b>	<b>71.9</b>	<b>101.3</b>	<b>124.7</b>	<b>158.3</b>
<b>Gross Profit</b>	<b>26.3</b>	<b>37.8</b>	<b>47.3</b>	<b>46.1</b>	<b>60.2</b>
<b>EBITDA</b>	<b>17.1</b>	<b>26.7</b>	<b>24.5</b>	<b>27.7</b>	<b>36.1</b>
Depreciation & Amortisation	-0.4	-0.9	-12	-13	-15
<b>EBIT</b>	<b>16.7</b>	<b>25.8</b>	<b>23.3</b>	<b>26.4</b>	<b>34.6</b>
Net Finance Income/ (Cost)	0.0	0.0	0.0	-0.1	-0.2
Associates & JV	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>16.7</b>	<b>25.8</b>	<b>23.3</b>	<b>26.2</b>	<b>34.4</b>
Tax	-4.6	-6.5	-5.8	-7.0	-9.0
<b>Profit After Tax</b>	<b>12.1</b>	<b>19.3</b>	<b>17.5</b>	<b>19.3</b>	<b>25.4</b>
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>12.1</b>	<b>19.3</b>	<b>17.5</b>	<b>19.3</b>	<b>25.4</b>
Exceptionals	0.0	0.0	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>12.1</b>	<b>19.3</b>	<b>17.5</b>	<b>19.3</b>	<b>25.4</b>

### Key Ratios

FYE Sep	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	3.3	5.3	4.8	5.3	7.0
P/E (x)	27.6	17.4	19.1	17.3	13.2
P/B (x)	6.6	5.7	5.1	4.6	3.8
EV/EBITDA (x)	21.8	13.2	14.4	12.8	10.3
DPS (sen)	2.1	2.3	3.0	3.5	3.5
Dividend Yield (%)	2.3%	2.5%	3.3%	3.8%	3.8%
EBITDA margin (%)	23.5%	37.1%	24.2%	22.2%	22.8%
EBIT margin (%)	22.9%	35.9%	23.0%	21.1%	21.8%
PBT margin (%)	22.9%	35.9%	23.0%	21.0%	21.7%
PAT margin (%)	16.6%	26.8%	17.2%	15.5%	16.0%
NP margin (%)	16.6%	26.8%	17.2%	15.5%	16.0%
CNP margin (%)	16.6%	26.8%	17.2%	15.5%	16.0%
ROE (%)	24.1%	33.0%	26.4%	26.4%	29.2%
ROA (%)	17.2%	24.2%	18.8%	20.8%	22.8%
Gearing (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

### Valuations

	FY26F
Core EPS (RM)	0.070
P/E multiple (x)	17.0
<b>Fair Value (RM)</b>	<b>1.19</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>1.19</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Cash</b>	<b>37.9</b>	<b>19.2</b>	<b>19.7</b>	<b>210</b>	<b>38.0</b>
Receivables	16.6	29.1	38.3	43.7	45.5
Inventories	0.4	0.8	10	10	11
Other current assets	5.4	9.3	14.4	3.4	16
<b>Total Current Assets</b>	<b>60.2</b>	<b>58.4</b>	<b>73.4</b>	<b>69.9</b>	<b>87.0</b>
Fixed Assets	9.4	16.3	14.4	19.3	20.9
Intangibles	0.8	3.4	3.4	3.4	3.4
Other non-current assets	0.0	15	17	0.0	0.0
<b>Total Non-current assets</b>	<b>10.2</b>	<b>21.3</b>	<b>19.5</b>	<b>22.7</b>	<b>24.4</b>
Short-term Debt	0.0	0.0	0.0	0.0	0.0
Payables	10.7	6.3	7.4	7.9	9.8
Other Current Liabilities	7.9	10.2	14.6	9.4	11.7
<b>Total Current Liabilities</b>	<b>18.6</b>	<b>16.5</b>	<b>22.0</b>	<b>17.2</b>	<b>21.6</b>
Long-term Debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	16	4.9	4.8	2.2	2.9
<b>Total Non-current Liabilities</b>	<b>1.6</b>	<b>4.9</b>	<b>4.8</b>	<b>2.2</b>	<b>2.9</b>
Shareholder's equity	50.3	58.3	66.1	73.2	87.0
Minority interest	0.0	0.0	0.0	0.0	0.0
<b>Equity</b>	<b>50.3</b>	<b>58.3</b>	<b>66.1</b>	<b>73.2</b>	<b>87.0</b>

### Cash Flow

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Profit</b>	<b>12.1</b>	<b>19.3</b>	<b>23.3</b>	<b>19.3</b>	<b>25.4</b>
Depreciation & amortisation	0.4	2.0	4.0	13	15
Changes in working capital	2.2	-13.9	-6.7	0.9	4.2
Others	0.1	-1.0	-7.3	0.0	0.0
<b>Operating cash flow</b>	<b>14.8</b>	<b>6.3</b>	<b>13.3</b>	<b>21.5</b>	<b>31.2</b>
Net capex	-8.0	-9.5	-2.9	-3.2	-3.2
Others	0.0	-3.7	0.4	0.0	0.0
<b>Investing cash flow</b>	<b>-8.0</b>	<b>-13.2</b>	<b>-2.5</b>	<b>-3.2</b>	<b>-3.2</b>
Dividends paid	-2.0	-11.4	-7.9	-10.5	-11.6
Others	22.3	-0.4	-0.7	-5.7	16
<b>Financing cash flow</b>	<b>20.3</b>	<b>-11.8</b>	<b>-8.6</b>	<b>-16.1</b>	<b>-10.0</b>
<b>Net cash flow</b>	<b>26.5</b>	<b>-18.7</b>	<b>2.2</b>	<b>1.3</b>	<b>17.0</b>
Forex	-0.7	0.0	-1.7	-0.9	-0.9
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	11.3	37.8	19.2	19.7	21.0
<b>Ending cash</b>	<b>37.8</b>	<b>19.1</b>	<b>19.7</b>	<b>21.0</b>	<b>38.0</b>

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Committed to reducing environmental impact through sustainable business practices.
Waste & Effluent	★★★	Implements responsible waste management strategies, ensuring minimal impact on the environment.
Energy	★★★	Promotes energy-efficient operations and explores renewable energy solutions.
Water	★★★	Adopts water conservation initiatives to optimize usage across operations.
Compliance	★★★	Fully complies with environmental laws and regulations, ensuring sustainable growth.

### Social

Diversity	★★★	Advocates a diverse and inclusive workforce, ensuring equal opportunities for all employees.
Human Rights	★★★	Enforces a strict non-discriminatory policy and adheres to fair employment practices.
Occupational Safety and Health	★★★	Provides regular safety training and maintains a safe working environment for employees.
Labour Practices	★★★	Ensures ethical employment practices, offering competitive compensation and benefits.

### Governance

CSR Strategy	★★★	Engages in community development initiatives and educational support programs.
Management	★★★	Strong corporate governance practices with a focus on accountability and transparency.
Stakeholders	★★	2x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

#### Recommendation Framework:

**BUY:** Total returns\* are expected to exceed 10% within the next 12 months.

**HOLD:** Total returns\* are expected to be within +10% to -10% within the next 12 months.

**SELL:** Total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain

#### Sector Recommendations:

**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.

**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

#### ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

**Disclaimer:** The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of Friday, 28 Feb, 2025, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.