

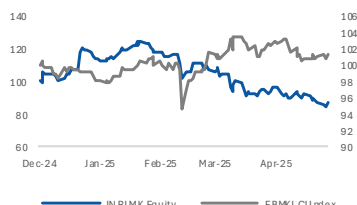
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|                              |              |
|------------------------------|--------------|
| <b>Recommendation:</b>       | <b>BUY</b>   |
| Current Price:               | RM2.02       |
| Previous Target Price:       | RM3.53       |
| Target Price:                | ↓ RM2.94     |
| Capital Upside/Downside:     | 45.5%        |
| Dividend Yield (%):          | 5.4%         |
| <b>Total Upside/Downside</b> | <b>51.0%</b> |

|                          |               |
|--------------------------|---------------|
| <b>Stock information</b> |               |
| Board                    | MAIN          |
| Sector                   | Technology    |
| Bursa / Bloomberg Code   | 0166 / INRIMK |
| Syariah Compliant        | Yes           |
| ESG Rating               | ★★★           |
| Shares issued (m)        | 3,788.9       |
| Market Cap (RM' m)       | 7,653.7       |
| 52-Week Price Range (RM) | 4.03-1.42     |
| Beta (x)                 | 1.5           |
| Free float (%)           | 74.3          |
| 3M Average Volume (m)    | 25.0          |
| 3M Average Value (RM' m) | 49.6          |

|                                |            |
|--------------------------------|------------|
| <b>Top 3 Shareholders</b>      | <b>(%)</b> |
| InsasBhd                       | 13.0       |
| Employees Provident Fund Board | 12.5       |
| Kumpulan Wang Persaraan        | 10.5       |

#### Share Price Performance



|              | 1M   | 3M    | 12M   |
|--------------|------|-------|-------|
| Absolute (%) | 18.1 | -14.0 | -37.8 |
| Relative (%) | 14.4 | -11.7 | -34.9 |

#### Earnings summary

| FYE (Dec)        | FY24  | FY25F | FY26F |
|------------------|-------|-------|-------|
| Revenue (RM' m)  | 1479  | 1301  | 1684  |
| PATAMI (RM' m)   | 300.2 | 267.0 | 367.9 |
| CNP (RM' m)      | 300.2 | 267.0 | 367.9 |
| EPS - core (sen) | 8.0   | 7.1   | 9.8   |
| P/E(x)           | 25.3  | 28.5  | 20.6  |

Source: Company, Apex Securities

## Inari Amertron Berhad

### 3QFY25 Missed Expectations

- Inari reported 9MFY25 core net profit of RM191.6m (-21.6% yoy) came below expectations, accounting for 66% of our and 68% of consensus full-year forecasts, mainly due to unfavourable USD/MYR forex translation and slower-than-expected performance in China.
- Trimmed FY25F/FY26F earnings by -8%/-16% to RM267m/RM367.9m, to reflect softer contributions from China and weaker visibility for RF and automotive product sales.
- Maintain BUY with a lower TP of RM2.94 (from RM3.53), based on 30x FY26F EPS of 11.8 sen, following the earnings revision.

**Results missed expectations.** 9MFY25 core net profit (CNP) of RM191.6m (-21.6% yoy), after excluding minor non-core items, came below expectations, accounting for only 66% and 68% of our in-house and consensus full-year forecasts, respectively. The shortfall was primarily due to an unfavourable USD/MYR forex translation rate and slower-than-expected performance in China.

**YoY.** 3QFY25 CNP came in at RM52.5m, down 18.9% yoy, mainly due to the weaker forex translation, with an average USD/MYR rate of 4.72 during the quarter compared to 4.45 in the same period last year. Revenue was also dragged by lower volume loading from optoelectronic and automotive products. Additionally, the China subsidiary recorded a loss of RM5.0m, attributed to start-up costs from its recent expansion prior to achieving operational scale. On a like-for-like forex basis, smartphone/RF volume loading remained flattish. Overall, revenue declined 11.3% yoy.

**QoQ.** CNP fell 15.3% qoq, mainly due to a seasonally high base in 2Q25, which typically sees higher RF/smartphone product loading from customers. Meanwhile, Datacom products remained weak, as customers continued winding down 400G product deliveries and shifted focus toward 800G. Overall, revenue declined 11.7% qoq.

**Dividend.** A dividend of 1.3 sen per share was declared, payable on 8 July 2025.

**Outlook.** We expect RF volume to see some upticks in 4QFY25, supported by front-loading and rush buying of end-product smartphones during the 90-day trade truce window. However, the longer-term outlook remains clouded, with limited visibility for RF and automotive-related demand due to ongoing tariff uncertainties. Additionally, we remain cautious on the demand of AI-integrated smartphone, as current features lack strong consumer pull to spark a meaningful replacement cycle. That said, we are optimistic on the Datacom segment, which is expected to see robust growth in FY26, supported by the commercial ramp-up of 800G capacity in the Philippines (targeted for June CY25) and the continued strong demand for data centres.

**Earnings Revision.** Given the weaker-than-expected performance, we have lowered our FY25F and FY26F earnings forecasts by 8% and 16% to RM267m and RM367.9m respectively, to reflect slower-than-expected China contributions and revised RF segment sales assumptions amid a clouded demand outlook. Our FY27F forecast remains unchanged.

**Valuation.** We reiterate our **BUY** recommendation on Inari with a lower target price of **RM2.94** (from RM3.53) post earnings revision, based on a 30x P/E multiple applied to FY26F EPS of 11.8 sen, with a 0% ESG premium/discount, reflecting its three-star ESG rating.

**Risk.** Key risk remains the lingering tariff threats under the Trump administration, which may introduce demand volatility and uncertainty in customer order volumes.

# Results Note

Wednesday, 21 May, 2025

## Results Comparison

| FYE Jun (RM m)             | 3QFY25 | 3QFY24 | yoy (%) | 2QFY25 | qoq (%) | 9M FY25 | 9M FY24 | yoy (%) | Comments |
|----------------------------|--------|--------|---------|--------|---------|---------|---------|---------|----------|
| Revenue                    | 308.3  | 347.6  | (11.3)  | 349.0  | (11.7)  | 1,045.2 | 1,145.6 | (8.8)   |          |
| Gross profit               | 62.7   | 69.8   | (10.3)  | 82.0   | (23.6)  | 228.1   | 260.1   | (12.3)  |          |
| Pre-tax profit             | 57.2   | 76.8   | (25.4)  | 93.6   | (38.8)  | 174.8   | 256.8   | (32.0)  |          |
| Net profit                 | 55.5   | 73.7   | (24.7)  | 90.0   | (38.3)  | 163.7   | 245.8   | (33.4)  |          |
| Core net profit            | 52.5   | 64.7   | (18.9)  | 62.0   | (15.3)  | 191.6   | 244.5   | (21.6)  |          |
| Core EPS (sen)             | 1.4    | 1.7    | (18.9)  | 1.7    | (15.3)  | 5.1     | 6.5     | (21.6)  |          |
| GP margin (%)              | 20.3   | 20.1   |         | 23.5   |         | 21.8    | 22.7    |         |          |
| PBT margin (%)             | 18.6   | 22.1   |         | 26.8   |         | 16.7    | 22.4    |         |          |
| Core net profit margin (%) | 17.0   | 18.6   |         | 17.8   |         | 18.3    | 21.3    |         |          |

Source: Company, Apex Securities

## Financial Highlights

### Income Statement

| FYE Jun (RM m)    | FY23   | FY24   | FY25F  | FY26F  | FY27F  |
|-------------------|--------|--------|--------|--------|--------|
| Revenue           | 1354.0 | 1478.7 | 1300.7 | 1684.5 | 2146.6 |
| Gross Profit      | 355.0  | 323.7  | 292.7  | 412.7  | 558.1  |
| Operating profit  | 356.3  | 312.2  | 292.1  | 404.0  | 529.2  |
| EBITDA            | 463.01 | 435.28 | 461.23 | 566.90 | 694.29 |
| Profit before tax | 355.8  | 310.1  | 291.1  | 404.0  | 529.2  |
| Tax               | -30.8  | -10.0  | -24.2  | -33.5  | -43.9  |
| Profit After Tax  | 323.5  | 300.2  | 267.0  | 367.9  | 481.0  |
| Minority Interest | 1.5    | -0.1   | 0.0    | 2.5    | 4.3    |
| Net Profit        | 323.5  | 300.2  | 267.0  | 367.9  | 481.0  |
| Exceptionals      | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Core Net Profit   | 323.5  | 300.2  | 267.0  | 367.9  | 481.0  |

### Key Ratios

| FYE Jun              | FY23     | FY24     | FY25F    | FY26F    | FY27F    |
|----------------------|----------|----------|----------|----------|----------|
| EPS (sen)            | 8.6      | 8.0      | 7.1      | 9.8      | 12.8     |
| P/E (x)              | 23.5     | 25.3     | 28.5     | 20.6     | 15.8     |
| P/B (x)              | 2.9      | 2.4      | 2.5      | 2.6      | 2.5      |
| EV/EBITDA (x)        | 12.5     | 13.1     | 12.6     | 10.2     | 8.4      |
| DPS (sen)            | 8.2      | 7.7      | 9.5      | 11.0     | 12.0     |
| Dividend Yield (%)   | 4.1%     | 3.8%     | 4.7%     | 5.4%     | 5.9%     |
| EBITDA margin (%)    | 34.2%    | 29.4%    | 35.5%    | 33.7%    | 32.3%    |
| Operating margin (%) | 26.3%    | 21.1%    | 22.5%    | 24.0%    | 24.7%    |
| PBT margin (%)       | 26.3%    | 21.0%    | 22.4%    | 24.0%    | 24.7%    |
| PAT margin (%)       | 23.9%    | 20.3%    | 20.5%    | 21.8%    | 22.4%    |
| NP margin (%)        | 23.9%    | 20.3%    | 20.5%    | 21.8%    | 22.4%    |
| CNP margin (%)       | 23.9%    | 20.3%    | 20.5%    | 21.8%    | 22.4%    |
| ROE (%)              | 12.4%    | 9.5%     | 8.8%     | 12.5%    | 16.0%    |
| ROA (%)              | 10.9%    | 8.4%     | 8.1%     | 11.2%    | 14.5%    |
| 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)           | 0.10  |
| P/E multiple (x)        | 30.0  |
| Fair Value (RM)         | 2.94  |
| ESG premium/discount    | 0.0%  |
| Implied Fair Value (RM) | 2.94  |

Source: Company, Apex Securities

### Balance Sheet

| FYE Jun (RM m)                | FY23   | FY24   | FY25F  | FY26F  | FY27F  |
|-------------------------------|--------|--------|--------|--------|--------|
| Cash                          | 1831.0 | 2260.7 | 2125.5 | 2094.2 | 2101.9 |
| Receivables                   | 220.3  | 190.0  | 213.8  | 415.4  | 352.9  |
| Inventories                   | 183.2  | 181.0  | 196.9  | 13.2   | 67.7   |
| Other current assets          | 204.1  | 112.1  | 39.0   | 51.5   | 66.4   |
| Total Current Assets          | 2438.6 | 2743.8 | 2575.2 | 2574.2 | 2588.8 |
| Fixed Assets                  | 509.0  | 779.4  | 714.4  | 686.2  | 692.9  |
| Intangibles                   | 2.5    | 10.9   | 11.0   | 11.0   | 11.0   |
| Other non-current assets      | 16.6   | 19.9   | 14.9   | 17.4   | 16.2   |
| Total Non-current assets      | 528.1  | 810.3  | 740.3  | 714.6  | 720.1  |
| Short-term Debt               | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Payables                      | 118.5  | 98.9   | 81.5   | 119.6  | 126.1  |
| Other Current Liabilities     | 212.9  | 249.2  | 197.5  | 208.4  | 172.3  |
| Total Current Liabilities     | 331.5  | 348.1  | 279.0  | 328.0  | 298.4  |
| Long-term Debt                | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Other non-current liabilities | 29.5   | 31.8   | 12.1   | 12.3   | 12.6   |
| Total Non-current Liabilities | 29.5   | 31.8   | 12.1   | 12.3   | 12.6   |
| Shareholder's equity          | 2602.6 | 2793.8 | 2703.5 | 2657.8 | 2687.5 |
| Minority interest             | 3.2    | 380.4  | 320.8  | 290.7  | 310.3  |
| Total Equity                  | 2605.8 | 3174.2 | 3024.4 | 2948.5 | 2997.8 |

### Cash Flow

| FYE Jun (RM m)              | FY23   | FY24   | FY25F  | FY26F  | FY27F  |
|-----------------------------|--------|--------|--------|--------|--------|
| Pre-tax profit              | 355.8  | 310.1  | 291.1  | 404.0  | 529.2  |
| Depreciation & amortisation | 106.7  | 123.1  | 169.1  | 162.9  | 165.0  |
| Changes in working capital  | 11.0   | 122.6  | 184.5  | -47.6  | -47.4  |
| Others                      | -54.5  | -40.0  | -2.2   | -7.8   | -14.9  |
| Operating cash flow         | 419.0  | 515.7  | 642.5  | 511.4  | 632.0  |
| Net capex                   | -113.0 | -181.6 | -110.6 | -143.2 | -182.5 |
| Others                      | -137.2 | -11.6  | 0.0    | 0.0    | 0.0    |
| Investing cash flow         | -250.3 | -193.2 | -110.6 | -143.2 | -182.5 |
| Dividends paid              | -342.4 | -292.1 | -339.5 | -399.6 | -441.9 |
| Others                      | 42.0   | 102.7  | 0.0    | 0.0    | 0.0    |
| Financing cash flow         | -300.4 | -189.4 | -339.5 | -399.6 | -441.9 |
| Net cash flow               | -131.7 | 133.1  | 192.5  | -31.3  | 7.7    |
| Forex                       | 17.8   | -3.6   | 0.0    | 0.0    | 0.0    |
| Others                      | 27.5   | 300.2  | -327.7 | 0.0    | 0.0    |
| Beginning cash              | 1917.4 | 1831.0 | 2260.7 | 2125.5 | 2094.2 |
| Ending cash                 | 1831.0 | 2260.7 | 2125.5 | 2094.2 | 2101.9 |

# Results Note

Wednesday, 21 May, 2025

## ESG Matrix Framework:

### Environment

| Parameters       | Rating | Comments  |
|------------------|--------|---|
| Climate          | ★★★    | Installed solar panels, reducing 1,407 tCO <sub>2</sub> e in FY2024; committed to achieving net-zero emissions by 2050            |
| Waste & Effluent | ★★★    | Implemented a 3R Program (Reduce, Reuse, Recycle), increasing recycled material tonnage   |
| Energy           | ★★★    | Total energy consumption rose to 472,737 GJ in FY2024 due to higher production, with ongoing efforts to improve energy efficiency |
| Water            | ★★★★   | Water consumption reduced by 7% YoY to 666,133 m <sup>3</sup> ; introduced rainwater harvesting systems                           |
| Compliance       | ★★★    | Fully compliant with international and local environmental regulations; certified for Green Energy usage                          |

### Social

|                                |     |  |
|--------------------------------|-----|--|
| Diversity                      | ★★★ | Workforce comprises 63% female employees, reflecting strong diversity initiatives                                  |
| Human Rights                   | ★★★ | Enforces a robust Code of Ethics and conducts regular audits to ensure compliance                                  |
| Occupational Safety and Health | ★★  | Recorded seven minor workplace incidents in FY2024; completed 87,936 training hours to enhance safety practices    |
| Labour Practices               | ★★★ | Offers market-aligned pay scales and adheres to fair labour practices, ensuring compliance with industry standards |

### Governance

|              |     |   |
|--------------|-----|---|
| CSR Strategy | ★★★ | Donated RM167,005 to community initiatives and participated in tree-planting programs                       |
| Management   | ★★  | 2 out of 9 board members are female; average board member age is 53 years                                   |
| Stakeholders | ★★★ | Regular stakeholder engagement, including four analyst briefings and one AGM annually, ensures transparency |

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 + dividend yield

## 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

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(a) nil.