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<b>Recommendation:</b>	<b>HOLD</b>
Current Price:	RM0.70
Previous Target Price:	RM1.19
Target Price:	↓ RM0.65
Capital Upside/Downside:	-7.1%
Dividend Yield (%)	6.3%
<b>Total Upside/Downside</b>	<b>-0.9%</b>

<b>Stock information</b>	
Board	MAIN
Sector	Digital service
Bursa/ Bloomberg Code	0253/ INFOTEC MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	363.2
Market Cap (RM' m)	254.3
52-Week Price Range (RM)	1.21-0.65
Beta (x)	1.2
Free float (%)	32.8
3M Average Volume (m)	0.2
3M Average Value (RM' m)	0.1

<b>Top 3 Shareholders</b>	<b>(%)</b>
Choo Chuen Wei	42.5
Loo Hong Wai	15.0
Kaf Investment FundsBhd	4.7

#### Share Price Performance



	1M	3M	12M
Absolute (%)	-11.9	-19.1	-10.8
Relative (%)	-10.0	-15.7	-5.6

#### Earnings summary

FYE (Mar)	FY25	FY26F	FY27F
Revenue (RM' m)	114.2	98.1	111.9
PATAMI (RM' m)	14.2	15.2	18.0
CNP (RM' m)	14.2	15.2	18.0
EPS - core (sen)	3.9	4.2	5.0
P/E(x)	20.4	19.1	16.2

Source: Company, Apex Securities

## Infoline Tec Group Berhad

### First loss since listing in 5Q25

- Posted a net loss of RM3.2m in 5Q25 – the first since listing, due to sharp revenue decline and margin compression across segments; results came in below expectations.
- Changed financial year-end to March (from December). We have realigned our earnings forecasts accordingly, with FY26F/FY27F CNP revised down to RM15.2m/RM18.0m (previously RM19.3m/RM25.4m for FY25F/FY26F), to reflect slower project rollout, weaker recurring income, and the removal of an M&E contract.
- Downgrade to HOLD (from BUY) with a lower TP of RM0.65 (from RM1.19), based on a reduced 13x PER on CY27F EPS (from 17x), factoring in weaker earnings visibility.

**Posted net loss for the quarter.** The latest 5Q25 marked the Group's first quarterly net loss since listing, with a reported net loss of RM3.2m, bringing cumulative 15-month net profit to RM14.2m. The result fell short of our expectations despite the seasonally weaker start to the calendar year, mainly due to a sharp revenue decline across all segments following the completion of major projects in the previous quarter, delays in new project commencements, and margin compression across key segments.

**Change of financial year.** The Group has changed its financial year-end from 31 Dec 2024 to 31 Mar 2025. For consistency in trend analysis, we continue to employed 3-month periods for both qoq and yoy comparisons.

**YoY.** Given that the quarter recorded a net loss (vs net profit of RM0.2m a year ago), we assess performance based on revenue and gross profit trends. Revenue declined 42.7% yoy to RM12.8m, largely due to lower contributions from IT Infrastructure Solutions (segment revenue -52% yoy to RM 6.6m) as the absence of high-value one-off projects.

**QoQ.** The Group slipped into a RM3.2m net loss from a CNP of RM7.8m in the previous quarter. Revenue fell sharply by 55.4% qoq from RM28.8m, following the completion of several large IT Infrastructure and Managed IT projects last quarter and delays in new projects due to ongoing US tariff adjustments and regulatory uncertainties. Additionally, the quarter included a provision for impairment of RM440k on inventories and trade receivables.

**Outlook.** The Group's earnings remain volatile, being highly dependent on the timing of one-off high-value project executions, and now further complicated by tariff and geopolitical uncertainties that have delayed customer investment decisions. Meanwhile, recurring income growth in the Cybersecurity and Managed IT Services segments has been slower than expected due to intense competition. Overall, near-term earnings visibility remains limited. However, over the longer term, growth opportunities exist in India's digitalization trend, trade relocation, and advances in cloud and AI technologies, which may provide structural upside for Infoline.

**Earnings Revision.** Following the financial year-end change, we realigned our forecast periods, with new CNP estimates of RM15.2m for FY26F and RM18.0m for FY27F, down from our previous FY25F/FY26F forecasts of RM19.3m and RM25.4m. The earnings downgrade reflects reduced assumptions for revenue and margins in IT Infrastructure and Managed IT segments, slower-than-expected growth in recurring income, and the removal of a previously projected M&E contract due to prolonged delays.

**Valuation.** We downgrade Infoline to **HOLD** (from BUY) with a lower TP of **RM0.65** (from RM1.19), based on a reduced 13x PER on CY27F EPS, representing -1SD below the 2-year historical mean PER of 17x. The downgrade reflects rising earnings volatility, margin pressure, and weak near-term contract visibility.

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

# Results Note

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## Results Comparison

FYE Mar (RM m)	5QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	15MFY25	N/A	yoy (%)	Comments
Revenue	12.8	22.4	(42.7)	28.8	(55.4)	114.2	N/A	N/A	
Gross Profit	4.0	6.1	(35.4)	16.9	(76.6)	51.3	N/A	N/A	
Pre-tax profit	(3.6)	0.7	nm	10.2	nm	19.6	N/A	N/A	
Net profit	(3.2)	0.2	nm	7.8	nm	14.2	N/A	N/A	
Core net profit	(3.2)	0.2	nm	7.8	nm	14.2	N/A	N/A	
Core EPS (sen)	(0.9)	0.1	nm	2.2	nm	3.9	N/A	N/A	
GP margin (%)	30.9	27.4		58.8		44.9	N/A		
PBT margin (%)	(28.2)	3.2		35.5		17.2	N/A		
Core net profit margin (%)	(25.2)	1.0		27.2		12.5	N/A		

Source: Company, Apex Securities

## Segmental Breakdown

FYE Mar (RM m)	5QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	15MFY25	N/A	yoy (%)	Comments
<b>Revenue</b>									
IT Infrastructure Solutions	6.6	14.4	(54.0)	19.6	(66.3)	65.2	N/A	N/A	
Cybersecurity Solutions	2.7	3.9	(30.5)	2.1	27.9	17.3	N/A	N/A	
Managed IT Services	2.9	2.8	3.3	6.3	(53.7)	27.5	N/A	N/A	
Trading	0.6	1.3	(55.0)	0.8	(26.9)	4.0	N/A	N/A	
<b>Total</b>	<b>12.8</b>	<b>22.4</b>	<b>(42.7)</b>	<b>28.8</b>	<b>(55.4)</b>	<b>114.0</b>	<b>N/A</b>	<b>N/A</b>	
<b>Profit before tax (PBT)</b>									
IT Infrastructure Solutions	(2.3)	1.0	nm	6.4	nm	10.1	N/A	N/A	
Cybersecurity Solutions	(1.1)	(0.7)	61.7	0.1	nm	(0.6)	N/A	N/A	
Managed IT Services	(0.2)	0.2	nm	3.7	nm	10.1	N/A	N/A	
Trading	(0.1)	0.2	nm	0.1	nm	0.1	N/A	N/A	
<b>Total</b>	<b>(3.6)</b>	<b>0.7</b>	<b>nm</b>	<b>10.2</b>	<b>nm</b>	<b>19.6</b>	<b>N/A</b>	<b>N/A</b>	
<b>PBT margin (%)</b>									
IT Infrastructure Solutions	-34.1%	6.7%		32.5%		15.5%	N/A		
Cybersecurity Solutions	-40.1%	-17.2%		5.7%		-3.3%	N/A		
Managed IT Services	-6.4%	8.6%		58.6%		36.7%	N/A		
Trading	-13.8%	14.5%		7.0%		1.9%	N/A		
<b>Aggregate Total</b>	<b>-28.2%</b>	<b>3.2%</b>		<b>35.5%</b>		<b>17.2%</b>	<b>N/A</b>		

Source: Company, Apex Securities

# Results Note

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## Financial Highlights

### Income Statement

FYE Mar (RM m)	FY22	FY23	FY25**	FY26F	FY27F
Revenue	72.8	71.9	114.2	98.1	111.9
Gross Profit	26.3	37.8	51.3	36.3	42.5
EBITDA	17.1	26.7	21.3	22.1	26.1
Depreciation & Amortisation	-0.4	-0.9	-1.2	-1.3	-1.5
EBIT	16.7	25.8	20.2	20.8	24.5
Net Finance Income/ (Cost)	0.0	0.0	-0.1	-0.1	-0.2
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	16.7	25.8	19.6	20.7	24.4
Tax	-4.6	-6.5	-5.4	-5.5	-6.4
Profit After Tax	12.1	19.3	14.2	15.2	18.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	12.1	19.3	14.2	15.2	18.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	12.1	19.3	14.2	15.2	18.0

### Key Ratios

FYE Mar	FY22	FY23	FY25**	FY26F	FY27F
EPS (sen)	3.3	5.3	3.9	4.2	5.0
P/E (x)	24.0	15.1	20.4	19.1	16.2
P/B (x)	5.8	5.0	4.8	4.3	3.8
EV/EBITDA (x)	19.2	11.6	15.1	15.2	13.3
DPS (sen)	2.1	2.3	3.0	3.5	3.5
Dividend Yield (%)	2.6%	2.9%	3.8%	4.4%	4.4%
EBITDA margin (%)	23.5%	37.1%	18.7%	22.6%	23.3%
EBIT margin (%)	22.9%	35.9%	17.6%	21.2%	21.9%
PBT margin (%)	22.9%	35.9%	17.2%	21.1%	21.8%
PAT margin (%)	16.6%	26.8%	12.5%	15.5%	16.1%
NP margin (%)	16.6%	26.8%	12.5%	15.5%	16.1%
CNP margin (%)	16.6%	26.8%	12.5%	15.5%	16.1%
ROE (%)	24.1%	33.0%	23.4%	22.4%	23.5%
ROA (%)	17.2%	24.2%	16.0%	14.6%	15.8%
Gearing (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

### Valuations

Valuations	FY27F
Core EPS (RM)	0.050
P/E multiple (x)	13.0
Fair Value (RM)	0.65
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.65

Source: Company, Apex Securities

\*15 months data due to change in FYE to 30 March

### Balance Sheet

FYE Mar (RM m)	FY22	FY23	FY25**	FY26F	FY27F
Cash	37.9	19.2	31.5	46.9	56.8
Receivables	16.6	29.1	15.9	29.4	29.3
Inventories	0.4	0.8	2.8	1.0	1.1
Other current assets	5.4	9.3	20.1	3.4	1.6
Total Current Assets	60.2	58.4	70.4	81.7	89.7
Fixed Assets	9.4	16.3	12.8	19.3	20.9
Intangibles	0.8	3.4	2.0	3.4	3.4
Other non-current assets	0.0	1.5	3.4	0.0	0.0
Total Non-current assets	10.2	21.3	18.3	22.7	24.4
Short-term Debt	0.0	0.0	0.0	0.0	0.0
Payables	10.7	6.3	7.5	6.2	6.9
Other Current Liabilities	7.9	10.2	15.4	7.5	8.5
Total Current Liabilities	18.6	16.5	22.9	34.8	35.5
Long-term Debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	1.6	4.9	5.0	1.7	2.0
Total Non-current Liabilities	1.6	4.9	5.0	1.7	2.0
Shareholder's equity	50.3	58.3	60.6	67.8	76.7
Minority interest	0.0	0.0	0.0	0.0	0.0
Equity	50.3	58.3	60.6	67.8	76.7

### Cash Flow

FYE Mar (RM m)	FY22	FY23	FY25**	FY26F	FY27F
Profit	12.1	19.3	19.6	15.2	18.0
Depreciation & amortisation	0.4	2.0	4.9	1.3	1.5
Changes in working capital	2.2	-13.9	12.5	11.5	3.6
Others	0.1	-1.0	-10.4	0.0	0.0
Operating cash flow	14.8	6.3	26.7	28.1	23.1
Net capex	-8.0	-9.5	-2.1	-3.2	-3.2
Others	0.0	-3.7	0.5	0.0	0.0
Investing cash flow	-8.0	-13.2	-1.6	-3.2	-3.2
Dividends paid	-2.0	-11.4	-10.2	-8.5	-9.1
Others	22.3	-0.4	-0.8	0.0	0.0
Financing cash flow	20.3	-11.8	-11.0	-8.5	-9.1
Net cash flow	26.5	-18.7	14.0	15.5	9.8
Forex	-0.7	0.0	-1.8	-0.9	-0.9
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	11.3	37.8	19.2	31.5	46.9
Ending cash	37.8	19.1	31.5	46.9	56.8

# Results Note

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## 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 + 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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As of **Tuesday, 03 Jun, 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.