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Infoline Tec Group Berhad

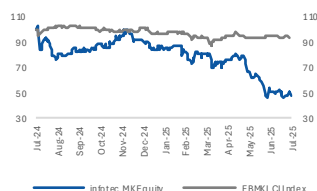
Cease coverage

Recommendation:	NOT RATED
Current Price:	RM 0.495
Previous Target Price:	RM 0.65
Target Price:	N/A
Capital Upside/ Downside:	N/A
Dividend Yield (%):	7.1%
Total Upside/ Downside	N/ A

Stock information	
Board	MAIN
Sector	Digital service
Bursa / Bloomberg Code	0253 / INFOTECMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	363.2
Market Cap (RM' m)	179.8
52-Week Price Range (RM)	1.1-0.475
Beta (x)	1.2
Free float (%)	33.8
3M Average Volume (m)	0.1
3M Average Value (RM' m)	0.1

Top 3 Shareholders	(%)
Choo Chuen Wei	42.5
Loo Hong Wai	15.0
Kaf Investment Funds Bhd	4.7

Share Price Performance



	1M	3M	12M
Absolute (%)	-11.6	-37.3	-53.7
Relative (%)	-10.5	-36.2	-50.3

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)	14.8	13.8	11.7

Source: Company, Apex Securities

- We cease coverage on Infoline Tec with immediate effect due to internal resource reallocation.
- Near-term results are expected to remain sluggish, impacted by project delays, higher operating costs, and competitive pricing, with recovery likely after its largest customer completes its restructuring and resumes Asia expansion.
- Recommendation reclassified from HOLD to NOT RATED. Last TP: RM0.65 (13x FY27F EPS of 5.0 sen). However, investors should no longer rely on our previous earnings forecasts and target price when making investment decisions.

Cease coverage. We are ceasing coverage on Infoline Tec with immediate effect due to the reallocation of internal resources. As such, we will no longer update our financial forecasts, and investors are advised not to rely on our previous earnings forecasts and recommendations when making investment decisions.

Outlook. In the near term, we anticipate Infoline's results to remain sluggish, weighed down by project delays stemming from US-China trade tensions, elevated operational costs, and competitive pricing pressures in the IT infrastructure segment. While recurring revenues from managed services and cybersecurity offerings provide some earnings visibility, growth prospects remain constrained. In our view, a more meaningful recovery timeline would likely coincide with its largest customer, Dell, completing its headcount restructuring and resuming expansion plans across Asia.

Valuation. We are reclassifying our recommendation from **HOLD** to **NOT RATED** following this cessation of coverage. Our last target price for the company was RM0.65, based on a 13.0x P/E multiple applied to the FY27F EPS of 5.0 sen. However, investors should no longer rely on our previous earnings forecasts and target price when making investment decisions.

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 **Friday, 01 Aug, 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.