

Research Team

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Recommendation:	BUY
Current Price:	RM 1.98
Previous Target Price:	RM 2.23
Target Price:	↔ RM 2.23
Capital Upside/Downside:	12.6%
Dividend Yield (%):	3.6%
Total Upside/Downside	16.2%

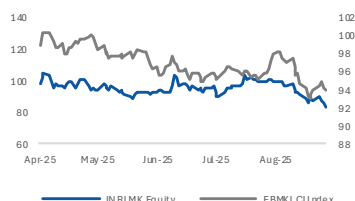
Stock information

Board	MAIN
Sector	Technology
Bursa / Bloomberg Code	0166 / INRIMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	3,789.0
Market Cap (RM' m)	7,502.2
52-Week Price Range (RM)	3.43-1.42
Beta (x)	1.5
Free float (%)	74.4
3M Average Volume (m)	14.0
3M Average Value (RM' m)	27.6

Top 3 Shareholders

	(%)
Employees Provident Fund Board	13.5
InsasBhd	12.9
Kumpulan Wang Persaraan	10.2

Share Price Performance



	1M	3M	12M
Absolute (%)	-2.5	7.0	-36.1
Relative (%)	-6.4	2.4	-33.5

Earnings summary

FYE (Dec)	FY25	FY26F	FY27F
Revenue (RM' m)	1351.9	1481.6	1632.6
PATAMI (RM' m)	218.7	281.9	325.7
CNP (RM' m)	253.4	281.9	325.7
EPS - core (sen)	6.7	7.4	8.6
P/E(x)	29.6	26.6	23.0

Source: Company, Apex Securities

Inari Amertron Berhad

A decent closing

- Inari recorded 4QFY25 core net profit of RM53.8m (-11% QoQ, -14% YoY), bringing FY25 core earnings to RM253.4m (-17% YoY). The results were broadly inline with our (104%) and street (98%) forecasts.
- FY25 core bottom line shrunk 17% due to lower volume of product loading across the board, unfavourable forex movement (FY25: RM4.43/USD vs FY24: RM4.70/USD) and start-up losses of RM16m at its China subsidiary, YSIC in FY25.
- Upon incorporating FY25 results, our FY26/27F forecasts are marginally adjusted by -0.01%/-1.0%, respectively. Also, we introduce FY28F earnings at RM366.5m.
- We maintain our BUY rating on Inari with unchanged target price of RM2.23, based on a 30x P/E multiple applied to FY26F EPS of 7.4 sen.

Closing inline. Inari recorded 4QFY25 core net profit of RM53.8m (-11% QoQ, -14% YoY), bringing FY25 core earnings to RM253.4m (-17% YoY). The results were broadly inline with our (104%) and street (98%) forecasts. 4QFY25 results were arrived after adjusting for unrealised forex loss (+RM12.3m) and reversal for slow moving inventories (-RM7.7m).

QoQ. Despite flattish revenue (-0.5%), core net profit declined 11.3% no thanks to forex headwinds arising from appreciation of RM against USD (4QFY25: RM4.31/USD vs 3QFY25: RM4.45/USD), coupled with unfavourable product mix during the quarter as the group saw higher mix of Optoelectronics but weaker volume from RF segment, which typically commands higher margins.

YoY/YTD. Core earnings shrunk (-14% QoQ, -17% YTD) due to lower volume of product loading across the board, unfavourable forex movement (FY25: RM4.43/USD vs FY24: RM4.70/USD) and start-up losses of RM16m at its China subsidiary, YSIC in FY25.

Dividend. Declared dividend of 1.2 sen per share (ex-date: 17 Sep), bringing total dividend declared to 5.5 sen per share (vs FY24: 7.7 sen).

Outlook. RF segment is set to rebound sequentially in 1H FY26 in anticipation of new flagship smartphone launches in Sep. Nonetheless, we expect its RF segment to stay flattish in FY26 on a full year basis due to limited wow factor for the upcoming models, while potentially higher retail prices may weigh on sales volume. We understand Inari is currently working on a new product initiative (NPI) for its RF customer for the flagship handset lineup to be introduced in 2H CY26. Its memory module production for its new customer is ramping up progressively and will contribute meaningfully going into FY26F. On Optoelectronics, Datacom should see gradual improvement as its new capacity for the 800G fiber transceiver modules gradually comes online (catered for the transition from 400G), though its Automotive segment may remain tepid in FY26.

Forecast. Upon incorporating FY25 results, our FY26/27F forecasts are marginally adjusted by -0.01%/-1.0%, respectively. Also, we introduce FY28F earnings at RM366.5m.

Valuation. We maintain our **BUY** rating on Inari with unchanged target price of **RM2.23**, based on a 30x P/E multiple applied to FY26F EPS of 7.4 sen, with a 0% ESG premium/discount, reflecting its three-star ESG rating.

Risks. Delays in its turnaround plan for Lumileds, and US semiconductor tariff uncertainties.

Results Note

Friday, 29 Aug, 2025

Results Comparison

FYE Jun (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)	Comments
Revenue	306.7	333.1	(7.9)	308.3	(0.5)	1,351.9	1,478.7	(8.6)	
Gross profit	64.9	63.6	1.9	62.7	3.5	293.0	323.7	(9.5)	
Pre-tax profit	45.6	53.2	(14.4)	57.2	(20.4)	220.3	310.1	(28.9)	
Profit after tax	49.2	54.7	(10.1)	55.5	(11.4)	213.1	300.1	(29.0)	
Core net profit	53.8	62.6	(14.1)	60.7	(11.3)	253.4	306.7	(17.4)	
Core EPS (sen)	14	17	(14.1)	16	(11.3)	6.7	8.1	(17.4)	
GP margin (%)	21.1	19.1		20.3		21.7	21.9		
PBT margin (%)	14.9	16.0		18.6		16.3	21.0		
Core net profit margin (%)	17.5	18.8		19.7		18.7	20.7		

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	1478.7	1351.9	1481.6	1632.6	1703.1
Gross Profit	323.7	293.0	311.1	375.5	425.8
Operating profit	245.5	154.5	222.2	272.7	318.5
EBITDA	368.6	292.4	353.0	406.8	455.5
PBT	310.1	220.3	291.5	340.7	385.8
Tax	-10.0	-7.2	-14.6	-17.0	-19.3
Profit After Tax	300.1	213.1	276.9	323.7	366.5
Minority Interest	-0.1	-5.6	-5.0	-2.0	0.0
Net Profit	300.2	218.7	281.9	325.7	366.5
Exceptionals	6.5	34.6	0.0	0.0	0.0
Core Net Profit	306.7	253.4	281.9	325.7	366.5

Key Ratios

FYE Jun	FY24	FY25	FY26F	FY27F	FY28F
Core EPS (sen)	8.2	6.7	7.4	8.6	9.7
P/E (x)	24.2	29.6	26.6	23.0	20.5
BVPS	0.86	0.83	0.83	0.82	0.83
P/B (x)	2.3	2.4	2.4	2.4	2.4
EV/EBITDA (x)	20.4	25.7	21.3	18.4	16.5
DPS (sen)	7.7	6.4	7.1	8.2	9.2
Dividend Yield (%)	3.9%	3.2%	3.6%	4.1%	4.6%
EBITDA margin (%)	24.9%	21.6%	23.8%	24.9%	26.7%
Operating margin (%)	16.6%	11.4%	15.0%	16.7%	18.7%
PBT margin (%)	21.0%	16.3%	19.7%	20.9%	22.7%
PAT margin (%)	20.3%	15.8%	18.7%	19.8%	21.5%
NP margin (%)	20.3%	16.2%	19.0%	19.9%	21.5%
CNP margin (%)	20.7%	18.7%	19.0%	19.9%	21.5%
ROE (%)	9.7%	8.2%	9.1%	10.5%	11.7%
ROA (%)	8.6%	7.4%	8.2%	9.4%	10.5%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Assumptions

RMAUSD	4.43	4.40	4.35	4.35	4.35
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Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	2260.7	2141.4	2112.0	2088.1	2133.0
Receivables	190.0	254.5	278.9	307.3	320.5
Inventories	181.0	179.1	196.2	216.2	225.6
Other current assets	112.1	66.9	66.9	66.9	66.9
Total Current Assets	2743.8	2641.8	2654.0	2678.5	2746.0
PPE	779.4	726.2	745.5	761.3	724.3
Intangibles	11.0	9.9	9.9	9.9	9.9
Other non-current assets	19.9	24.0	24.0	24.0	24.0
Total Non-current assets	810.3	760.1	779.3	795.2	758.1
Short-term Debt	0.0	0.0	0.0	0.0	0.0
Payables	274.7	233.0	255.3	281.3	293.5
Other Current Liabilities	73.4	50.5	50.5	50.5	50.5
Total Current Liabilities	348.1	283.4	305.8	331.8	344.0
Long-term Debt	0.0	0.0	0.0	0.0	1.0
Other non-current liabilities	31.8	28.1	28.1	28.1	27.1
Total Non-current Liabilities	31.8	28.1	28.1	28.1	28.1
Shareholder's equity	2793.8	2763.7	2777.8	2794.1	2812.4
Minority interest	380.4	326.7	321.7	319.7	319.7
Total Equity	3174.2	3090.4	3099.5	3113.8	3132.1

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	310.1	220.3	291.5	340.7	385.8
Depreciation & amortisation	123.1	137.9	130.7	134.2	137.0
Changes in working capital	122.6	-47.1	-19.2	-22.4	-10.5
Others	-40.2	10.6	-14.6	-17.0	-19.3
Operating cash flow	515.5	321.8	388.4	435.5	493.1
Net capex	99.5	-112.4	-150.0	-150.0	-100.0
Others	-291.8	-117.7	0.0	0.0	0.0
Investing cash flow	-192.3	-230.1	-150.0	-150.0	-100.0
Dividends paid	-292.1	-238.3	-267.8	-309.4	-348.2
Others	102.7	38.1	0.0	0.0	0.0
Financing cash flow	-189.4	-200.2	-267.8	-309.4	-348.2
Net cash flow	133.8	-108.5	-29.4	-23.9	44.9
Forex impact	-3.3	-91.6	0.0	0.0	0.0
Beginning cash & cash equivalent	1803.5	1933.9	1733.9	1704.4	1680.5
Ending cash & cash equivalent	1933.9	1733.9	1704.4	1680.5	1725.4
Fixed deposits	326.8	407.5	407.5	407.5	407.5
Ending cash	2260.7	2141.4	2112.0	2088.1	2133.0

Valuations

Core EPS (RM)	0.074
P/E multiple (x)	30.0
Fair Value (RM)	2.23
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.23

Source: Company, Apex Securities

Results Note

Friday, 29 Aug, 2025

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Installed solar panels, reducing 1,407 tCO ₂ 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 ³ ; 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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As of Friday, 29 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.