

## Research Team

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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM2.03
Previous Target Price:	RM2.23
Target Price:	↔ RM2.23
Capital Upside/ Downside:	9.9%
Dividend Yield (%):	3.5%
<b>Total Upside/ Downside</b>	<b>13.3%</b>

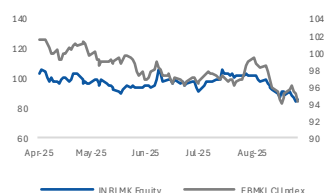
## Stock information

Board	MAIN
Sector	Technology
Bursa / Bloomberg Code	0166 / INRIMK
Syariah Compliant	Yes
ESGRating	★★★
Sharesissued (m)	3,789.0
Market Cap (RM' m)	7,691.6
52-Week Price Range (RM)	3.25- 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



	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute (%)	1.5	6.3	-33.2
Relative (%)	-1.8	2.5	-29.9

## Earnings summary

<b>FYE (Dec)</b>	<b>FY25</b>	<b>FY26F</b>	<b>FY27F</b>
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)	30.4	27.3	23.6

Source: Company, Apex Securities

## Inari Amertron Berhad

## New smartphone launches to drive sequential growth

- RF production is ongoing for the upcoming launch of flagship smartphones on 9 Sep. RF revenue in FY26 will remain largely stable with potential upside arising from better forecasted volume by its key customer for the upcoming product cycle.
- Longer-term upside could stem from its involvement in more RF components due to potential market share gain from its competitors, though there is still lack of clear visibility at this juncture.
- The joint acquisition of Lumileds with San'an is slated for completion by 3QCY26, subject to regulatory approvals.
- Make no changes to our forecasts and maintain BUY rating on Inari with an unchanged target price of RM2.23, based on a 30x P/E multiple applied to FY26F EPS of 7.4 sen.

We came away from Inari's 4QFY25 results briefing with the following takeaways:

**Results recap.** Inari recorded 4QFY25 core net profit of RM53.8m (-11% QoQ, -14% YoY), bringing FY25 core earnings to RM253.4m (-17% YoY). The weaker performance was largely attributed to lower volume of product loading across the board and unfavourable forex movement.

**RF segment on a positive trajectory.** We gathered from management that RF production is ongoing for the upcoming launch of flagship smartphones on 9 Sep. RF revenue in FY26 will remain largely stable with potential upside arising from better forecasted volume by its key customer for the upcoming product cycle. Inari's RF overall loading factor currently stands at 80-85% and is expected to achieve c.65% on a full year basis in FY26. Meanwhile, Inari is working on new product initiatives with its key customer for the next product cycle to be launched in 2HCY26. We expect the next handset model lineup to garner better interests due to renewed form factor and product features, thereby driving better RF volume in FY27, in our view. Longer-term upside could stem from its involvement in more RF components due to potential market share gain from its competitors, though there is still lack of clear visibility at this juncture.

**Non-RF operational updates.** Inari expects its memory business to turnaround as it gradually ramps up its production to 40k/day (from 24k currently) alongside better yields. Management also revealed that several new products are undergoing qualification, which could lift production loading if successful. On Optoelectronics, Inari is seeing rising orders for 800G fibre transceivers at its Philippines subsidiary, driven by growing AI-related demand.

**Pending Lumileds acquisition approval.** The joint acquisition of Lumileds with San'an is slated for completion by 3QCY26, subject to regulatory approvals. Inari remains upbeat on turning around Lumileds as management hinted its financial performance is currently on an improving trajectory and is hopeful of achieving breakeven post-acquisition. Inari aims to support Lumileds as an insourced semiconductor assembly and test (ISAT) partner, which we estimate could contribute c.RM250m p.a. in revenue.

**Forecast.** Unchanged. Our forecast has yet to factor in the proposed Lumileds acquisition.

**Valuation.** We maintain our **BUY** rating on Inari with an unchanged target price of **RM2.23**, based on 5-year historical average PE multiple of 30x on revised FY26F core EPS of 7.4 sen, with a 0% ESG premium/discount, reflecting its three-star ESG rating.

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

# Company Update

Tuesday, 02 Sep, 2025

## 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)	24.8	30.4	27.3	23.6	21.0
BVPS	0.86	0.83	0.83	0.82	0.83
P/B (x)	2.3	2.4	2.5	2.5	2.5
EV/EBITDA (x)	20.9	26.3	21.8	18.9	16.9
DPS (sen)	7.7	6.4	7.1	8.2	9.2
Dividend Yield (%)	3.8%	3.1%	3.5%	4.0%	4.5%
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

RMUSD	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	0.0
Other non-current liabilities	31.8	28.1	28.1	28.1	28.1
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
<b>Fair Value (RM)</b>	<b>2.23</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>2.23</b>

Source: Company, Apex Securities

## 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 yields

## 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, 02 Sep, 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.