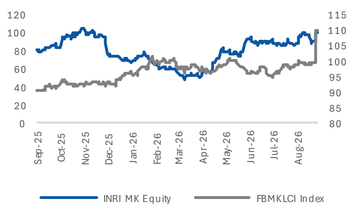
Research Team
(603) 7890 8899
research.dept@apexsecurities.com.my

Recommendation:		HOLD
Current Price:		RM 2.50
Previous Target Price:		RM 2.11
Target Price:	↔	RM 2.11
Capital Upside/Downside:		-15.6%
Dividend Yield (%):		1.9%
Total Upside/Downside:		**-13.7%**

Stock information	
Board	MAIN
Sector	Technology
Bursa / Bloomberg Code	0166 / INRI MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	3,847.6
Market Cap (RM' m)	9,619.0
52-Week Price Range (RM)	2.67-1.21
Beta (x)	1.2
Free float (%)	74.8
3M Average Volume (m)	19.9
3M Average Value (RM' m)	45.6

Top 3 Shareholders	(%)
Employees Provident Fund Board	17.5
Insas Bhd	11.4
Kumpulan Wang Persaraan Diperbadan	9.8

Share Price Performance



	1M	3M	12M
Absolute (%)	15.2	6.4	26.3
Relative (%)	13.3	2.9	15.1

Earnings summary

FYE (Jun)	FY26A	FY27F	FY28F
Revenue (RM'm)	1187.3	1200.9	1263.7
PATAMI (RM'm)	127.5	213.2	217.3
CNP (RM'm)	187.5	213.2	217.3
EPS - core (sen)	4.9	5.6	5.7
P/E (x)	51.0	44.9	44.0

Source: Company, Apex Securities

Inari Amertron Berhad

A Transition Year, Eyes Now on the FY27 Photonics Ramp

- **INARI recorded FY26 core net profit of RM187.5m (-26% YoY) results are deemed in line, accounted for 102.6% of our FY26F forecast and 96.0% of full-year consensus.**
- **We remain cautiously constructive into FY27, underpinned by an expanding photonics and advanced packaging pipeline riding the generative AI cycle, alongside recovery from the Philippines fire disruption and a normalisation in RF loading volumes.**
- **We maintain our FY27F/28F core net profit forecasts of RM213.2m/RM217.3m. We also introduced FY29F core net profit of RM226.6m.**
- **Maintain HOLD with an unchanged TP of RM2.11 (37.7x FY27F core EPS of 5.6 sen), pending further clarity from today's QR briefing as FY27 is expected to mark the turnaround.**

Results inline. INARI's 4QFY26 core net profit came in at RM46.4m, arrived at after adjusting for exceptional items comprising a fire-incident provision (RM41.9m) and forex gain (-RM1.7m). This brought **FY26 core net profit to RM187.5m**, down 26.0% YoY, which is deemed in line with our expectations, accounting for 102.6% of our FY26F core net profit forecast and 96.0% of the full-year consensus estimate.

QoQ. Revenue rose 8.7% QoQ to RM288.9m from RM265.7m in 3QFY26, driven by comparatively higher loading volume in the RF business segment. Core net profit increased 50.6% QoQ to RM46.4m from RM30.8m, mainly due to the RM41.9m fire-related provision recognised in the current quarter following the 10 May 2026 fire incident at the Group's wholly-owned Philippines subsidiary.

YoY. Revenue fell 5.8% YoY to RM288.9m from RM306.7m, mainly due to comparatively lower loading volume in the RF business segment. Core net profit declined by 13.8% to RM46.4m (4QFY25: RM53.8m) mainly due to lower revenue contribution from Singapore (-7.6% YoY) and China (-65.6% YoY).

YTD. For FY26, revenue fell 12.2% YoY to RM1,187.3m from RM1,351.9m, mainly due to comparatively lower loading volume in the RF business segment across the year. FY26 Core net profit fell 26.0% YoY to RM187.5m from RM253.4m, mainly due to lower revenue contribution from Singapore (-15.6% YoY) and China (-16.6% YoY).

Dividend. Declared a fourth interim dividend of **1.37 sen per share** (ex-date: 17 Sep 2026), bringing **FY26 total DPS to 4.7 sen**, compared with 5.5 sen in FY25.

Outlook. Moving forward to FY27, we remain positive on the Group's medium-term outlook, backed by an expanding photonics and advanced packaging pipeline riding the generative AI cycle, layered on the existing RF and industrial base. The Lumileds joint acquisition was terminated in April 2026 after CFIUS objections, freeing management to refocus on core operations. At Plant CK1 in the Philippines, unaffected areas have resumed operations, while Plant CK2 continued operating normally throughout.

Earnings Revision. We maintain our FY27F/FY28F core net profit forecasts of RM213.2m/RM217.3m. **We also introduce our FY29F core net profit forecast of RM226.6m**.

Valuation & Recommendation. We maintain our **HOLD** call with an unchanged TP of RM2.11, based on an unchanged PE of 37.7x applied to FY27F core EPS of 5.6 sen. While the TP implies a 13.7% downside from the current share price, **we retain HOLD pending further clarity from today's QR briefing, given FY26 was a transitional year and FY27 is expected to mark the turnaround**. Key upside triggers to watch: (i) the datacom photonics segment, where Customer B is targeting a 2x increase in order volumes over FY27-FY28 amid tight optical laser supply, and (ii) INARI's participation in the MAPC consortium, which strengthens its advanced packaging foothold and remains the key catalyst for a re-rating.

Risks. Prolonged weakness in RF loading volumes, Forex volatility, delay in resuming full production after the fire incident.

Results Comparison

FYE Jun (RM m)	4QFY26	4QFY25	yoy (%)	3QFY26	qoq (%)	12MFY26	12MFY25	yoy (%)
Revenue	288.9	306.7	*(5.8)*	265.7	*8.7*	1,187.3	1,351.9	*(12.2)*
Gross profit	49.8	64.9	*(23.1)*	41.8	*19.3*	228.6	293.0	*(22.0)*
Pre-tax profit	10.4	45.6	*(77.2)*	28.7	*(63.8)*	137.6	220.3	*(37.6)*
Profit after tax	6.1	49.2	*(87.5)*	28.0	*(78.0)*	127.5	218.7	*(41.7)*
Core net profit	46.4	53.8	*(13.8)*	30.8	*50.6*	187.5	253.4	*(26.0)*
Core EPS (sen)	1.2	1.4	*(13.8)*	0.8	*50.6*	4.9	6.7	*(26.0)*
DPS (sen)	1.4	1.2	*14.2*	1.0	*37.0*	4.7	5.5	*(14.5)*
GP margin (%)	17.3	21.1		15.7		19.3	21.7	
PBT margin (%)	3.6	14.9		10.8		11.6	16.3	
Core net profit margin (%)	16.1	17.5		11.6		15.8	18.7	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Jun (RM m)	FY25	FY26A	FY27F	FY28F	FY29F
Revenue	**1351.9**	**1187.3**	**1200.9**	**1263.7**	**1337.0**
Gross Profit	**293.0**	**228.6**	**240.2**	**252.7**	**267.4**
Operating profit	**154.5**	**80.6**	**152.1**	**159.6**	**166.4**
EBITDA	**292.4**	**209.5**	**278.8**	**290.5**	**291.8**
PBT	**220.3**	**137.6**	**222.3**	**228.7**	**238.5**
Tax	-7.2	-15.0	-11.1	-11.4	-11.9
Profit After Tax	**213.1**	**122.6**	**211.2**	**217.3**	**226.6**
Minority Interest	-5.6	-4.9	-2.0	0.0	0.0
Net Profit	**218.7**	**127.5**	**213.2**	**217.3**	**226.6**
Exceptionals	34.6	60.0	0.0	0.0	0.0
Core Net Profit	**253.4**	**187.5**	**213.2**	**217.3**	**226.6**

Key Ratios

FYE Jun	FY25	FY26A	FY27F	FY28F	FY29F
Core EPS (sen)	6.7	4.9	5.6	5.7	5.9
P/E (x)	37.4	51.0	44.9	44.0	42.2
BVPS	0.83	0.83	0.82	0.82	0.82
P/B (x)	3.0	3.0	3.0	3.1	3.1
EV/EBITDA (x)	32.4	45.2	34.0	32.6	32.5
DPS (sen)	6.4	4.7	5.3	5.4	5.6
Dividend Yield (%)	2.5%	1.9%	2.1%	2.2%	2.3%
EBITDA margin (%)	21.6%	17.6%	23.2%	23.0%	21.8%
Operating margin (%)	11.4%	6.8%	12.7%	12.6%	12.4%
PBT margin (%)	16.3%	11.6%	18.5%	18.1%	17.8%
PAT margin (%)	15.8%	10.3%	17.6%	17.2%	16.9%
NP margin (%)	16.2%	10.7%	17.8%	17.2%	16.9%
CNP margin (%)	18.7%	15.8%	17.8%	17.2%	16.9%
ROE (%)	8.2%	6.0%	6.9%	7.0%	7.2%
ROA (%)	7.4%	5.4%	6.2%	6.2%	6.5%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	FY27F
Core EPS (RM)	0.056
P/E multiple (x)	37.7
Fair Value (RM)	**2.11**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**2.11**

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY25	FY26A	FY27F	FY28F	FY29F
Cash	2141.4	2214.1	2197.8	2232.0	2259.7
Receivables	254.5	250.2	253.1	266.3	281.8
Inventories	179.1	170.1	172.0	181.0	191.5
Other current assets	66.9	64.7	64.7	64.7	64.7
Total Current Assets	**2641.8**	**2699.2**	**2687.7**	**2744.1**	**2797.8**
PPE	726.2	703.9	727.2	696.3	671.0
Intangibles	9.9	9.8	9.8	9.8	9.8
Other non-current assets	24.0	29.7	29.7	29.7	29.7
Total Non-current assets	**760.1**	**743.4**	**766.7**	**735.8**	**710.5**
Short-term Debt	0.0	0.0	0.0	0.0	0.0
Payables	233.0	275.8	278.9	293.5	310.6
Other Current Liabilities	50.5	39.2	39.2	39.2	39.2
Total Current Liabilities	**283.4**	**315.0**	**318.2**	**332.8**	**349.8**
Long-term Debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	28.1	27.6	27.6	27.6	27.6
Total Non-current Liabilities	**28.1**	**27.6**	**27.6**	**27.6**	**27.6**
Shareholder's equity	2763.7	2777.9	2788.5	2799.4	2810.7
Minority interest	326.7	322.1	320.1	320.1	320.1
Total Equity	**3090.4**	**3100.0**	**3108.7**	**3119.5**	**3130.8**

Cash Flow

FYE Jun (RM m)	FY25	FY26A	FY27F	FY28F	FY29F
Pre-tax profit	**220.3**	**137.6**	**222.3**	**228.7**	**238.5**
Depreciation & amortisation	137.9	128.9	126.7	130.9	125.3
Changes in working capital	-47.1	47.5	-1.7	-7.6	-8.9
Others	10.6	6.7	-11.1	-11.4	-11.9
Operating cash flow	**321.8**	**320.6**	**336.2**	**340.5**	**343.0**
Net capex	-112.4	-97.7	-150.0	-100.0	-100.0
Others	-117.7	-297.3	0.0	0.0	0.0
Investing cash flow	**-230.1**	**-395.0**	**-150.0**	**-100.0**	**-100.0**
Dividends paid	-238.3	-183.4	-202.5	-206.4	-215.2
Others	38.1	59.7	0.0	0.0	0.0
Financing cash flow	**-200.2**	**-123.7**	**-202.5**	**-206.4**	**-215.2**
Net cash flow	**-108.5**	**-198.0**	**-16.3**	**34.1**	**27.7**
Forex impact	-91.6	-27.8	0.0	0.0	0.0
Beginning cash & cash equivalent	1933.9	1733.9	1508.1	1491.8	1525.9
Ending cash & cash equivalent	**1733.9**	**1508.1**	**1491.8**	**1525.9**	**1553.6**
Fixed deposits	407.5	706.1	706.1	706.1	706.1
Ending cash	**2141.4**	**2214.1**	**2197.8**	**2232.0**	**2259.7**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Solar panels reduced 2,333 tCO2e in FY2025; total GHG emissions rose to 100,079 tCO2e due to higher NPI activities, with net-zero by 2050 commitment intact.
Waste & Effluent	★★★	3R Programme achieved 91.8% diversion rate in Malaysia, exceeding the 90% target.
Energy	★★★	Total energy consumption rose to 487,384 GJ but energy intensity improved to a 6-year low of 0.0000271 GJ/FOU.
Water	★★★★	Water intensity held steady at 0.000041 m^3/FOU despite higher absolute consumption of 742,812 m^3, supported by rainwater harvesting and RM1.7M in storage investments.
Compliance	★★★	Fully compliant with all environmental regulations across Malaysia, Philippines, and China with zero sanctions.

Social

Diversity	★★★	Board remains 15% female (2/13), with a commitment to reach 30% within 2 years; global workforce is 63% female.
Human Rights	★★★	Zero corruption incidents and zero whistleblowing cases in FY2025; Corruption-Free Pledge signed with MACC.
Occupational Safety and Health	★★	Recorded 8 minor workplace injuries (6 Malaysia, 2 Philippines); zero-injury target remains in progress.
Labour Practices	★★★	78,694 training hours delivered, 100% performance review completion, and zero forced/child labour cases reported.

Governance

CSR Strategy	★★★	Group CEO leads sustainability strategy supported by SRMC and SIWG, with Board KPIs and executive remuneration now linked to ESG performance. RM223,079 contributed to CSR initiatives with 6,208 employee volunteer hours.
Management	★★	13-member board with 15% female representation; majority-independent board remains a noted MCCG departure with a 2-year remediation target.
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

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

As of **Friday, 28 Aug, 2026**, 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.