Inari Amertron Berhad

(5211 | SWB MK) Main | Industrial Products & Services

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

Observing Gestation Period

NEUTRAL

Revised Target Price **RM1.98**
(from RM2.13)

Awaiting indicator for rebound. We maintain our NEUTRAL recommendation on Inari with a revised target price of RM1.98 post the announcement of the 4QFY25 quarterly results. As expected, there was double-digit contraction in FY25 profit which was mainly led by the lower production volume as well as start up cost incurred for its China subsidiary.

We acknowledge that the group has been actively diversifying its business as seen in the recent joint acquisition of Lumiled with Sanan Optoelectronics Co. Ltd. However, we view there are gestation period to be observed. This also applies to the previously announced collaboration with CFTC which has yet to yield any notable results.

Another subdued quarter. Inari's 4QFY25 normalised earnings came in at RM64.3m, an improvement of +8.0%yoy. This was despite lower revenue of RM308.3m. (-11.3%yoy). There was lower volume loading of products in all business segments in the quarter-in-review. Nonetheless, the profit margin expanded to 21.0%. Apart form tax credit, we view that there is also operation efficiencies which help to support the profit margin.

No earnings surprises. On a cumulative basis, full year FY25 normalised earnings was down by -13.5%yoy to RM261.3m due to the aforementioned reasons as well as start up loss of RM16.1m at the group's China subsidiary. Excluding this start-up costs, FY25 earnings would have contracted at a slower pace of -8.2%yoy.

All in, Inari's FY25 financial performance came in within ours and consensus expectation, making up 99.3% and 99.6% of full year FY25 earnings estimates respectively.

Lower dividend payout. The group also announced lower 4QFY25 dividend of 1.2sen, comparatively lower to 1.4sen declared for 4QFY24. This led to full year FY25 dividend payout of 5.5sen per share, a decline from 7.7sen declared FY24 which is in-tandem with the lower earnings performance.

Revision in earnings forecasts and target price. We finetune our estimates and include actual FY25 financial performance into our financial model. This led to minimal change in our FY26 and FY27 earnings estimates of -0.3% and 0.7% respectively.

We also took this opportunity to roll forward our valuation-based year to CY26 and reduced our target PER to 22.7x from 27.1x. The lower valuation multiple reflects our view that the group's diversification effort via M&A may takes longer-than-expected time frame to translate into meaningful earnings contribution. As a results, our target price has been reduced to **RM1.98** from RM2.13 previously.

RETURN STATISTICS	
Price @ 28th August 2025 (RM)	1.98
Expected share price return (%)	+0.0
Expected dividend yield (%)	+4.4
Expected total return (%)	+4.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.0	-8.1
3months	-5.0	-1.1
12 months	-42.7	-41.5

INVESTMENT STATISTICS

FYE Dec (RM'm)	2025E	2026F	2027F
Revenue	1,634.2	1,741.8	1,844.3
Operating Profit	320.7	338.7	364.4
Profit Before Tax	372.1	392.6	419.2
Core PATAMI	321.9	339.9	363.3
Core EPS	8.5	9.0	9.6
DPS	8.0	8.8	8.8
Dividend Yield (%)	4.0	4.4	4.4

KEY STATISTICS	
FBM KLCI	1,587.07
Issue shares (m)	3,774.30
Estimated free float (%)	74.42
Market Capitalisation (RM'm)	7,274.84
52-wk price range	RM1.42 – RM3.45
3-mth average daily volume (m)	13.77
3-mth average daily value (RM'm)	27.11
Top Shareholders (%)	
Insas Bhd	13.45
Employees provident fund	12.87
Kumpulan Wang Persaraan	10.16

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INARI AMERTRON BHD: 4QFY25 RESULTS SUMMARY

Financial year Ending 30th June (All in RM'm unless stated otherwise)	Quarterly Results			Cumulative		
	4Q25	% YoY	% QoQ	FY25	FY24	% YoY
Revenue	306.7	-7.9	-0.5	1,351.9	1,478.7	-8.6
EBITDA	61.2	-12.9	-20.5	292.4	368.6	-20.7
Depreciation and amortisation	-33.1	-5.3	-4.3	-137.9	-123.1	12.0
EBIT	28.1	-20.5	-33.7	154.5	245.5	-37.1
Finance costs	-0.6	-15.4	28.9	-1.9	-1.9	-1.2
Interest income	18.1	-2.8	17.8	67.7	66.7	1.6
Associate contribution	0.0	n.m.	n.m.	0.0	-0.2	n.m.
PBT	45.6	-14.4	-20.4	220.3	310.1	-28.9
Taxation	3.9	280.7	-205.9	-7.2	-10.0	-28.2
Non-controlling interest	0.3	-176.9	-116.8	-5.6	-0.1	4173.3
PATANCI	49.2	-10.1	-11.4	218.7	300.2	-27.1
Normalised PATANCI	64.3	8.0	11.0	261.3	302.1	-13.5
Normalised EPS (sen)	1.7	7.7	11.0	6.9	8.0	-14.2
EBITDA margin (%)	20.0	-1.1	-5.0	21.6	24.9	-3.3
EBIT margin (%)	9.2	-1.4	-4.6	11.4	16.6	-5.2
Normalised PATANCI margin (%)	21.0	3.1	2.2	19.3	20.4	-1.1
Effective tax rate (%)	-8.6	-6.7	-15.1	3.3	3.2	0.0

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,478.7	1,351.9	1,634.2	1,741.8	1,844.3
EBITDA	370.4	346.2	468.7	481.4	502.9
EBIT	247.3	208.3	320.7	338.7	364.4
PBT	310.1	231.5	372.1	392.6	419.2
Normalised PATANCI	302.1	261.3	321.9	339.9	363.3
Normalised EPS (sen)	8.1	6.9	8.5	9.0	9.6
EPS Growth (%)	-2.0	-14.9	23.2	5.6	6.9
PER (x)	24.4	28.7	23.3	22.1	20.7
Dividend Per Share (sen)	7.7	5.5	8.0	8.8	8.8
Dividend yield (%)	3.9	2.8	4.0	4.4	4.4

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Fixed assets	779.4	726.2	698.2	675.5	657.1
Intangible assets	10.9	9.9	9.9	9.9	9.9
Others	19.9	24.0	24.0	24.0	24.0
Non-current assets	810.3	760.1	732.1	709.4	690.9
Cash	2260.7	2141.4	2234.8	2259.1	2303.0
Trade debtors	253.6	254.5	281.5	300.0	317.7
Others	229.5	246.0	222.1	232.4	242.1
Current assets	2743.8	2641.8	2738.4	2791.5	2862.7
Trade creditors	274.7	233.0	277.2	295.5	312.9
Short-term debt	2.0	3.0	4.0	5.0	6.0
Others	71.4	47.5	46.5	45.5	44.5
Current liabilities	348.1	283.4	327.7	345.9	363.3
Long-term debt	2.0	3.0	4.0	5.0	6.0
Others	29.8	25.1	24.1	23.1	22.1
Non-current liabilities	31.8	28.1	28.1	28.1	28.1
Share capital	2144.3	2186.9	2186.9	2186.9	2186.9
Retained earnings	577.2	579.9	598.7	605.2	635.0
Reserve	72.4	-3.1	-3.1	-3.1	-3.1
Minority interest	380.4	326.7	332.3	337.9	343.5
Equity	3174.2	3090.4	3114.7	3126.8	3162.3

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	355.8	310.1	231.5	372.1	392.6
Depreciation & amortisation	106.7	123.1	137.9	148.0	142.7
Changes in working capital	-148.4	122.6	-47.1	41.1	-10.5
Others	-8.6	-58.2	-40.3	-0.6	-44.7
Operating cash flow	255.9	515.5	321.8	516.5	477.7
Capital expenditure	-113.0	-180.7	-112.4	-120.0	-120.0
Others	27.5	-11.6	-117.7	0.0	0.0
Investing cash flow	-85.5	-192.3	-230.1	-120.0	-120.0
Debt raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Dividends paid	-342.4	-292.1	-238.3	-303.1	-333.4
Others	41.673	102.65	38.096	0	0
Financing cash flow	-300.7	-189.4	-200.2	-303.1	-333.4
Net cash flow	-130.4	133.8	-108.5	93.4	24.3
Beginning cash flow	1917.3	1803.5	1933.9	1733.9	1827.3
Ending cash flow	1803.5	1933.6	1733.9	1827.3	1851.5

Profitability Ratios (%))	2024A	2025A	2026E	2027F	2028F
EBITDA margin	29.3	25.0	25.6	28.7	27.6
PBT margin	26.3	21.0	17.1	22.8	22.5
PATAMI margin	22.8	20.4	19.3	19.7	19.5

Source: Bloomberg, MBSBR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology