Inari Amertron Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

Lacklustre Profit Figures

NEUTRAL

Revised Target Price **RM2.09**
(from RM2.12)

Recovery not forthcoming. We maintain our NEUTRAL recommendation on Inari with a revised target price of RM2.09 post the announcement of the 1QFY26 quarterly results. While we see sequential improvement in 1QFY26 revenue, the earnings performance was worse off. We view this to be a deviation from the historical norm whereby 1Q earnings is sequentially higher. We suspect this could be due to the changes in product mix which affected the group's blended profit margin.

Moving forward, we are anticipating different pace of recovery across its business segments. Nonetheless, our immediate concern lies on the group's RF business. Thus, we view that Inari lacks rerating catalyst at this juncture. In near-to-medium term, the impending acquisition of Lumiled could potentially serve as the group's rerating catalyst. We have yet input the earnings potential from this acquisition in our model pending the completion of the transaction as well as corresponding guidance from management.

Not in-tune with the seasonal trend. Inari's 1QFY26 normalised earnings came in at RM55.1m. This translates into a contraction of -28.8%yoy, brought about by lower revenue of RM325.8m (-16.0%yoy). On a sequential basis, the quarterly earnings also pointed to a decline of -14.3%yoy which is a departure from the historical trend. This despite slight uptick in revenue of +6.2%qoq. The divergence could potentially be due to the shift in product mix.

All in, Inari's 1QFY26 financial performance came in below our expectations, making up 17.1% of full year FY26 earnings estimates.

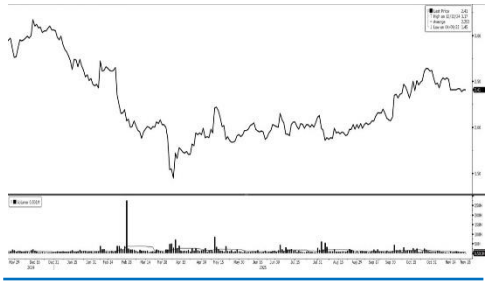
Higher dividend payout. The group announced 1QFY26 dividend of 1.33sen which represents 1QFY26 dividend payout of 97.8%. This is higher as compared to 1QFY25 dividend of 1sen.

Revision in earnings forecasts and target price. We lower our revenue contribution primarily from the smartphone which accounts for more than 60% of the group's revenue. As a result, FY26/27/28 earnings estimates have been reduced by -13.5%/-8.5%/-8.8% respectively.

However, there is a slight revision in our target price to RM2.09 from RM2.12 previously as we ascribed higher target PER of 26.9x (from 22.7x previously) which is the group's historical five-year mean. The higher PER is to account for the group's active effort to gain advanced packaging capability as well as diversify its income stream, in particular the ongoing proposed joint acquisition of Lumiled with Sanan Optoelectronics Co. Ltd which is expected to be completed by the end of 3QFY26 or 1QCY26.

RETURN STATISTICS	
Price @ 27th Nov 2025 (RM)	2.38
Expected share price return (%)	-12.1
Expected dividend yield (%)	+3.4
Expected total return (%)	-8.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.0	-4.3
3months	16.4	18.9
12 months	-18.3	-19.1

INVESTMENT STATISTICS FYE Dec (RM'm)	2026E	2027F	2028F
Revenue	1,553.4	1,687.9	1,786.2
Operating Profit	271.9	307.2	330.2
Profit Before Tax	322.9	359.9	382.9
Core PATAMI	278.6	311.1	331.4
Core EPS	7.4	8.2	8.7
DPS	8.0	8.8	8.8
Dividend Yield (%)	3.4	3.7	3.7

KEY STATISTICS	
FBM KLCI	1,617.46
Issue shares (m)	3,788.95
Estimated free float (%)	75.39
Market Capitalisation (RM'm)	9,155.15
52-wk price range	RM1.42 – RM3.20
3-mth average daily volume (m)	12.17
3-mth average daily value (RM'm)	26.07
Top Shareholders (%)	
Insas Bhd	14.25
Employees provident fund	12.16
Kumpulan Wang Persaraan	10.13

Analyst
Foo Chuan Loong, **Martin**
martin.foo@midf.com.my
03-2173 8353

Extension of time for utilisation of proceeds. As of 27th November 2025, there are still unused proceeds from the private placement exercise amounting to RM339.5m. The group is extending the timeframe for the utilisation of this balance for another 18 months from 30th January 2026 to 29th July 2027. This is to provide additional time for the group to utilise the said proceeds for capital expenditure, acquisitions and investments. Note that a total of RM680.7m has been utilised which comprises capital expenditure RM461.8m and acquisition and investments amounting to RM218.9m.

INARI AMERTRON BHD: 1QFY26 RESULTS SUMMARY

Financial year Ending 30th June (All in RM'm unless stated otherwise)	Quarterly results				
	1QFY26	1QFY25	% YoY	4QFY25	% QoQ
Revenue	325.8	388.0	-16.0	306.7	6.2
EBITDA	72.9	41.1	77.3	61.2	19.1
Depreciation and amortisation	-33.1	-35.2	-6.1	-33.1	-0.1
EBIT	39.8	5.9	574.3	28.1	41.6
Finance costs	-0.4	-0.4	-5.6	-0.6	-42.1
Interest income	14.7	18.4	-20.2	18.1	-19.0
PBT	54.1	23.9	126.4	45.6	18.7
Taxation	-3.7	-1.9	101.7	3.9	-195.4
Non controlling interest	-1.2	-2.1	-44.7	0.3	-452.8
PATANCI	51.5	24.1	113.5	49.2	4.7
Normalised PATANCI	55.1	77.4	-28.8	64.3	-14.3
Normalised EPS (sen)	1.5	2.0	-28.7	1.7	-14.3
EBITDA margin (%)	22.4	10.6	11.8	20.0	2.4
EBIT margin (%)	12.2	1.5	10.7	9.2	3.1
Normalised PATANCI margin (%)	16.9	19.9	-3.0	21.0	-4.0
Effective tax rate (%)	6.9	7.8	-0.8	-8.6	15.5

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,478.7	1,351.9	1,553.4	1,687.9	1,786.2
EBITDA	370.4	346.2	419.9	449.9	468.6
EBIT	247.3	208.3	271.9	307.2	330.2
PBT	310.1	231.5	322.9	359.9	382.9
Normalised PATANCI	302.1	261.3	278.6	311.1	331.4
Normalised EPS (sen)	8.1	6.9	7.4	8.2	8.7
EPS Growth (%)	-2.0	-14.9	6.6	11.7	6.5
PER (x)	29.4	34.5	32.4	29.0	27.2
Dividend Per Share (sen)	7.7	5.5	8.0	8.8	8.8
Dividend yield (%)	3.2	2.3	3.4	3.7	3.7

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	2199.4	2192.2	2204.6
Trade debtors	253.6	254.5	267.6	290.7	307.6
Others	229.5	246.0	214.5	227.3	236.6
Current assets	2743.8	2641.8	2681.4	2710.2	2748.9
Trade creditors	274.7	233.0	263.5	286.3	303.0
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	314.0	336.8	353.5
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	555.4	533.1	531.0
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	3071.5	3054.7	3058.3

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	310.1	231.5	322.9	359.9	382.9
Depreciation & amortisation	123.1	137.9	148.0	142.7	138.4
Changes in working capital	122.6	-47.1	48.9	-13.1	-9.6
Others	-58.2	-40.3	-0.6	-38.8	-43.2
Operating cash flow	515.5	321.8	481.1	446.3	465.8
Capital expenditure	-180.7	-112.4	-120.0	-120.0	-120.0
Others	-11.6	-117.7	0.0	0.0	0.0
Investing cash flow	-192.3	-230.1	-120.0	-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	-292.1	-238.3	-303.1	-333.4	-333.4
Others	102.65	38.096	0	0	0
Financing cash flow	-189.4	-200.2	-303.1	-333.4	-333.4
Net cash flow	133.8	-108.5	58.0	-7.1	12.4
Beginning cash flow	1803.5	1933.9	1733.9	1791.9	1784.7
Ending cash flow	1933.6	1733.9	1791.9	1784.7	1797.1

Profitability Ratios (%))	2024A	2025A	2026E	2027F	2028F
EBITDA margin	25.0	25.6	27.0	26.7	26.2
PBT margin	21.0	17.1	20.8	21.3	21.4
PATAMI margin	20.4	19.3	17.9	18.4	18.6

Source: Bloomberg, MBSBR

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

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