Inari Amertron Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

Yet to Reach Inflection Point

NEUTRAL

Revised Target Price **RM1.54**
(from RM2.09)

RF segments continue to disappoint. We maintain our NEUTRAL recommendation on Inari with a lower target price of RM1.54 (from RM2.09) post the announcement of the 2QFY26 quarterly results. While there is improvement on a sequential basis, 2QFY26 normalised earnings came in lower on a year-over-year basis. This drag the 1HFY26 normalised earnings down by -16.9%yoy. The RF segment continues to disappoint as loading volume remains weak. Sequentially, we anticipate 3QFY26 to come in sequentially lower in view of the shorter working days. We should see some recovery in 4QFY26. On a longer-term note, we do not anticipate significant rebound in the RF business segment in view of the challenges in the smartphone market. Any potential earnings catalyst could only come from the ongoing acquisition of Lumiled, though there will be gestation period to be observe.

Another poor quarter. Inari's 2QFY26 normalised earnings came in at RM60.4m, a marginal decline of -1.9%yoy. This was mainly premised on -12.1%yoy contraction in revenue to RM306.8m. Note that there is lower loading volume in the RF business segment.

On a cumulative basis, 1HFY26 normalised earnings amounted to RM115.6m, a decline of -16.9%yoy. This is reflective of the -14.2%yoy contraction in revenue to RM632.6m which mainly emanate from the RF business segment.

All in, Inari's 1HFY26 financial performance came in below our expectations, making up 41.5% of full year FY26 earnings estimates.

Consequently, lower dividend. The group announced 2QFY26 dividend of 1sen which was lower as compared to 2sen seen in 2QFY25. This was in view of the weaker financial performance. On a cumulative basis, 1HFY26 dividend amounted to 2.33sen, a -22.3% reduction as compared to 3sen declared for 1HFY25. In view of this we are inputting a more conservative dividend of between 4.93 to 7.06 for FY26 to FY27

Revision in earnings forecasts and target price. Given the weak RF business performance, we lower our FY26/27/28 earnings estimates by -25.6%/-27.3%/-10.3% to be on the conservative end. Note that we have yet input any potential contribution from Lumiled given that the acquisition has yet been completed.

Due to the more subdued earnings expectations, we lowered our target price to RM1.54 from RM2.09 previously.

RETURN STATISTICS	
Price @ 26th February 2026 (RM)	1.51
Expected share price return (%)	+2.0
Expected dividend yield (%)	+3.3
Expected total return (%)	+5.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-13.4	-15.1
3months	-7.7	-40.9
12 months	-34.0	-40.2

INVESTMENT STATISTICS

FYE Dec (RM'm)	2026E	2027F	2028F
Revenue	1,191.3	1,283.0	1,465.1
Operating Profit	181.0	198.8	275.9
Profit Before Tax	232.8	253.4	331.2
Core PATAMI	207.4	226.3	297.4
Core EPS	5.5	6.0	7.8
DPS	4.9	5.4	7.1
Dividend Yield (%)	3.3	3.6	4.7

KEY STATISTICS	
FBM KLCI	1,740.94
Issue shares (m)	3,788.95
Estimated free float (%)	73.80
Market Capitalisation (RM'm)	5,897.94
52-wk price range	RM1.42 – RM2.67
3-mth average daily volume (m)	13.29
3-mth average daily value (RM'm)	24.12
Top Shareholders (%)	
Insas Bhd	14.14
Employees provident fund	12.06
Kumpulan Wang Persaraan	9.94

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INARI AMERTRON BHD: 2QFY26 RESULTS SUMMARY

Financial year Ending 30th June (All in RM'm unless stated otherwise)	Quarterly Results			Cumulative		
	2Q26	% YoY	% QoQ	1H26	1H25	% YoY
Revenue	306.8	-12.1	-5.8	632.6	737.0	-14.2
EBITDA	61.8	-45.4	-15.2	134.6	154.3	-12.7
Depreciation and amortisation	-31.9	-8.9	-3.4	-65.0	-70.3	-7.5
EBIT	29.8	-61.8	-25.0	69.6	84.0	-17.1
Finance costs	-0.8	103.7	105.9	-1.1	-0.8	47.8
Interest income	15.3	-3.7	4.1	29.9	34.2	-12.6
PBT	44.3	-52.6	-18.0	98.4	117.5	-16.2
Taxation	-4.0	-28.1	6.4	-7.7	-7.4	4.5
Non controlling interest	-1.5	-19.9	32.7	-2.7	-4.0	-32.8
PATANCI	41.9	-53.5	-18.7	93.4	114.1	-18.2
Normalised PATANCI	60.4	-1.9	9.6	115.6	139.1	-16.9
Normalised EPS (sen)	1.6	-2.2	9.2	3.0	3.7	-17.0
EBITDA margin (%)	20.1	-12.3	-2.2	21.3	20.9	0.3
EBIT margin (%)	9.7	-12.7	-2.5	11.0	11.4	-0.4
Normalised PATANCI margin (%)	19.7	2.0	2.8	18.3	18.9	-0.6
Effective tax rate (%)	9.0	3.1	2.1	7.9	6.3	1.6

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,478.7	1,351.9	1,191.3	1,283.0	1,465.1
EBITDA	370.4	346.2	310.9	327.0	402.8
EBIT	247.3	208.3	181.0	198.8	275.9
PBT	310.1	231.5	232.8	253.4	331.2
Normalised PATANCI	302.1	261.3	207.4	226.3	297.4
Normalised EPS (sen)	8.1	6.9	5.5	6.0	7.8
EPS Growth (%)	-2.0	-14.9	-20.6	9.1	31.4
PER (x)	18.6	21.9	27.6	25.3	19.2
Dividend Per Share (sen)	7.7	5.5	4.9	5.4	7.1
Dividend yield (%)	5.1	3.6	3.3	3.6	4.7

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Fixed assets	779.4	726.2	716.4	708.2	701.3
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	750.2	742.0	735.2
Cash	2260.7	2141.4	2261.9	2289.3	2313.8
Trade debtors	253.6	254.5	205.2	221.0	252.3
Others	229.5	246.0	180.1	188.8	206.1
Current assets	2743.8	2641.8	2647.1	2699.1	2772.2
Trade creditors	274.7	233.0	202.1	217.6	248.5
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	252.6	268.1	299.0
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	600.7	623.3	653.0
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	3116.7	3144.9	3180.3

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	310.1	231.5	232.8	253.4	331.2
Depreciation & amortisation	123.1	137.9	129.8	128.2	126.9
Changes in working capital	122.6	-47.1	84.3	-8.9	-17.8
Others	-58.2	-40.3	-0.6	-19.8	-21.5
Operating cash flow	515.5	321.8	427.1	351.2	412.1
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	-186.6	-203.7	-267.7
Others	102.65	38.096	0	0	0
Financing cash flow	-189.4	-200.2	-186.6	-203.7	-267.7
Net cash flow	133.8	-108.5	120.4	27.5	24.4
Beginning cash flow	1803.5	1933.9	1733.9	1854.3	1881.8
Ending cash flow	1933.6	1733.9	1854.3	1881.8	1906.2

Profitability Ratios (%))	2024A	2025A	2026E	2027F	2028F
EBITDA margin	25.0	25.6	26.1	25.5	27.5
PBT margin	21.0	17.1	19.5	19.8	22.6
PATAMI margin	20.4	19.3	17.4	17.6	20.3

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