Corporate Update

Inari Amertron Berhad

(0166 | INRI MK) Main | Technology

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM2.95**

Maintaining a Responsible Business Leadership

Advocating a win-win operations strategy. We maintain our **BUY** recommendation Inari with an unchanged **target price of RM2.95**. From a business outlook perspective, we remain steadfast that the group is set to regain its earnings growth momentum from FY27 onwards. This is mainly supported by the recovery in the RF business as well as surging demand in the optoelectronic business segment.

Nevertheless, the group remain steadfast in its ESG endeavour. This is evidently reflected in the group being one of the top advocates of ESG in the technology sector. Its net zero carbon target by 2050 is also aligned with Malaysia's target of becoming a carbon-neutral nation by 2050. Having a comprehensive ESG practice also helps the group in fulfilling the customers' ESG requirement.

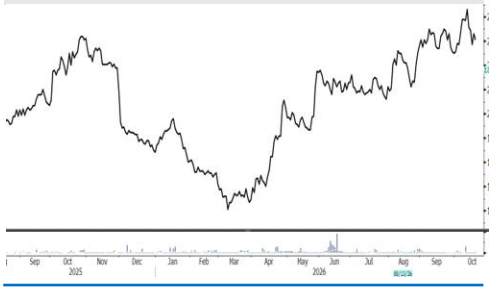
Multiple ESG accolades. Inari has been at the forefront of ESG adoption which entails a mix of aggressive regulatory mandates, proactive corporate policy and systemic green infrastructure investments. This has been reflected in the list of ESG accolades that the group has attained. In June 2026, the group score 4.8 out of 5 in the FTSE Russel rating which placed the group within the top 2% of the technology sector. There is also continuous inclusion in the FTSE4Good Bursa Malaysia Index since June 2020.

The group also won the Gold Award in the technology sector at The Edge Malaysia ESG Awards 2025, a step up from Silver in 2023. It was honored in Extel's 2025 Asia (ex-Japan/ANZ) Executive Team Survey as well, across multiple regional and sector categories which include Best ESG and Best Company Board. Last but not least, Inari has also been awarded the Penang Green Office certification and the Aqua Save Certification by Perbadanan Bekalan Air Pulau Pinang PBAPP across its plants in Penang.

Setting a commendable ESG target. Inari target to achieve Net Zero carbon emissions by 2050. This will be carried out by reducing greenhouse gas emissions, improve energy and water efficiency, minimise waste and maximise material value. In FY25, Inari has achieved Scope 1 emissions reduction, waste reduction and recycling-related targets. Meanwhile, Scope 2 targets remained underway, supported by ongoing efficiency improvement and renewable energy initiatives. In addition, the group also sets objectives for employee development, workplace safety, human and labour rights, and data protection.

RETURN STATISTICS	
Price @ 19th October 2026 (RM)	2.59
Expected share price return (%)	+13.9
Expected dividend yield (%)	+3.4
Expected total return (%)	+17.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.5	2.8
3months	4.0	30.0
12 months	8.3	9.1

INVESTMENT STATISTICS

FYE Dec (RM'm)	2027E	2028F	2029F
Revenue	1,409.5	1,654.5	1,859.7
Operating Profit	293.5	429.5	519.8
Profit Before Tax	347.4	484.6	576.0
Core PATAMI	310.2	432.0	514.4
Core EPS	8.2	11.4	13.6
DPS	7.4	10.3	12.2
Dividend Yield (%)	3.4	4.7	5.6

KEY STATISTICS	
FBM KLCI	1,595.75
Issue shares (m)	3,824.98
Estimated free float (%)	74.87
Market Capitalisation (RM'm)	10,060.95
52-wk price range	RM1.21 – RM2.88
3-mth average daily volume (m)	20.48
3-mth average daily value (RM'm)	50.81
Top Shareholders (%)	
Employees provident fund	19.29
Kumpulan Wang Persaraan	10.03
Vanguard Group	4.30

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For FY2025, the annual employee engagement surveys cover key areas such as human rights and labour practices, learning and development as well as safety and health. Notably, there are zero cases related to breaches of privacy and data protection as well as forced/child labour, discrimination or grievances on human rights. The zero-workplace-injury objective remained in progress, with eight minor cases of workplace injuries from operations in Malaysia (six) and Philippines (two). Nevertheless, we view that this is a commendable feat, given its total workforce of about 6,000 globally, which translates to a workplace injury rate of 1.33 cases per 1,000 workers. According to DOSM, the manufacturing sector in Malaysia has an overall national rate of 2.46 per 1,000 workers based on latest available data as of 2023.

Multi-pronged benefit. Inari's ESG strategy also takes into consideration the expectations of its major semiconductor customers. This entails embedding environmental responsibility, fair labour practices, ethical sourcing and sound governance into its manufacturing process. Apart from achieving the ESG requirement, the ESG strategy also led to enhanced operation efficiency which includes better energy efficiency, greater usage of renewable energy, controlled emission output, safeguarding the employee as well as keeping an ethical supply chain. On the latter, Inari has established Supplier Code of Conduct which sets a framework for environmental, labour, health and safety and ethical standards. Collectively, this practice will ensure the group meets the customer expectations and maintain a long-term relationship.

Comprehensive ESG practice. Some noteworthy practices from environmental, social and governance perspective include:

i) Environmental: Inari incorporates solar energy, energy-efficient equipment and improvements to cooling and facility systems into its operations. Water conservation, reuse of treated water and waste recovery initiatives further support responsible resource management. These practices help reduce environmental impact while improving operating efficiency. To mitigate the impact of climate change, in FY2025 the group have planted approximately 1,844 trees that are more than 6f height across 6 out of 11 manufacturing plants.

ii) Social: Inari invests in employee training, internships and partnerships with educational institutions to develop talent for the semiconductor industry. This endeavor helps to address the brain drain science, technology, engineering and mathematics (STEM) talent in Malaysia. The Group also promotes workplace safety, diversity, employee wellbeing and respect for human and labour rights. Community initiatives include educational support, employee volunteering and other corporate social responsibility programmes.

iii) Governance. Sustainability matters are overseen by the Board, supported by the Sustainability and Risk Management Committee and the Sustainability and Integrity Working Group. This oversight is reinforced through anti-corruption policies, conflict-of-interest declarations, risk assessments, supplier due diligence and confidential whistleblowing channels. In FY2025, all employees received anti-corruption training, with no confirmed corruption incidents reported.

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2025A	2026A	2027E	2028F	2029F
Revenue	1,351.9	1,187.3	1,409.5	1,654.5	1,859.7
EBITDA	346.2	276.0	432.4	565.0	652.4
EBIT	208.3	147.1	293.5	429.5	519.8
PBT	231.5	137.6	347.4	484.6	576.0
Normalised PATANCI	261.3	194.0	310.2	432.0	514.4
Normalised EPS (sen)	6.9	5.1	8.2	11.4	13.6
EPS Growth (%)	-14.9	-25.7	59.9	39.3	19.1
PER (x)	37.6	50.6	26.5	19.0	16.0
Dividend Per Share (sen)	5.5	4.7	7.4	10.3	12.2
Dividend yield (%)	2.1	1.8	3.4	4.7	5.6

Balance Sheet (RM'm)	2025A	2026A	2027E	2028F	2029F
Fixed assets	726.2	703.9	685.0	669.6	656.0
Intangible assets	9.9	9.8	9.8	9.8	9.8
Others	24.0	29.7	29.7	29.7	29.7
Non-current assets	760.1	743.4	724.5	709.1	695.5
Cash	2141.4	2214.1	2275.6	2314.9	2364.4
Trade debtors	254.5	250.2	242.8	285.0	320.3
Others	246.0	234.8	198.6	221.9	241.4
Current assets	2641.8	2699.2	2717.0	2821.7	2926.1
Trade creditors	233.0	275.8	239.1	280.7	315.5
Short-term debt	3.0	4.0	5.0	6.0	7.0
Others	47.5	35.2	34.2	33.2	32.2
Current liabilities	283.4	315.0	278.3	319.9	354.7
Long-term debt	3.0	4.0	5.0	6.0	7.0
Others	25.1	23.6	22.6	21.6	20.6
Non-current liabilities	28.1	27.6	27.6	27.6	27.6
Share capital	2186.9	2250.9	2250.9	2250.9	2250.9
Retained earnings	579.9	535.6	566.6	609.8	661.3
Reserve	-3.1	-8.7	-8.7	-8.7	-8.7
Minority interest	326.7	322.1	326.7	331.2	335.7
Equity	3090.4	3100.0	3135.6	3183.3	3239.3

Cash Flow (RM'm)	2025A	2026A	2027E	2028F	2029F
PBT	231.5	137.6	347.4	484.6	576.0
Depreciation & amortisation	137.9	128.9	138.9	135.5	132.6
Changes in working capital	-47.1	47.5	7.0	-23.9	-20.0
Others	-40.3	-0.6	6.6	-32.6	-48.0
Operating cash flow	321.8	320.6	460.7	548.1	631.4
Capital expenditure	-112.4	-97.5	-120.0	-120.0	-119.0
Others	-117.7	-297.5	0.0	0.0	0.0
Investing cash flow	-230.1	-395.0	-120.0	-120.0	-119.0
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	-238.3	-183.4	-279.2	-388.8	-462.9
Others	38.096	59.733	0	0	0
Financing cash flow	-200.2	-123.7	-279.2	-388.8	-462.9
Net cash flow	-108.5	-198.0	61.4	39.3	49.5
Beginning cash flow	1933.9	1733.9	1508.1	1569.5	1608.8
Ending cash flow	1733.9	1508.1	1569.5	1608.8	1658.3

Profitability Ratios (%)	2025A	2026A	2027E	2028F	2029F
EBITDA margin	25.6	23.3	30.7	34.1	35.1
PBT margin	17.1	11.6	24.6	29.3	31.0
PATAMI margin	19.3	16.3	22.0	26.1	27.7

Source: Bloomberg, MBSBR

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MBSB 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