

15 September 2021

## Inari Amertron

### All-new Experience with 120Hz ProMotion

By Samuel Tan | [samueltan@kenanga.com.my](mailto:samueltan@kenanga.com.my)

We are positive on the new US smartphone launch that took place this morning at 1:00 am MYT. The biggest highlight was the implementation of a 120Hz OLED panel on the 13 Pro and 13 Pro Max, supported by the new A15 chipset which is based on TSMC's N5P processor, with faster processing speed by 44% while achieving 2.5 hours longer battery life. All models retained their starting price with the 13 Mini and 13 having twice the storage capacity at no extra cost. The US smartphone company's commitment to double the support of 5G to 200 carriers across 60 countries means a healthy order pipeline for Inari's RF testing services. Maintain **OUTPERFORM** and TP of **RM4.80**.

**New US smartphone launched.** The US smartphone manufacturer has unveiled its latest smartphone offerings via an online launch event earlier this morning at 1:00 am MYT, featuring four models, the 13 Mini, 13, 13 Pro and 13 Pro Max. All models will be running on the latest A15 chipset based on TSMC's N5P processor, offering 44% faster processing speed while achieving longer battery life of up to additional 2.5 hours.

**Eye-catching display for the flagship models.** We are positive on the launch, with the main highlight being the introduction of an 120Hz OLED display panel which is the first ever implementation in its smartphone line-up. This dynamic high refresh rate display will only be available on the flagship models, 13 Pro and 13 Pro Max, supported by a 5-core GPU paired with the A15 chipset. Maximum storage capacity is now bumped up to 1TB (double of last year's model) to satisfy multimedia enthusiasts with growing demand for media consumption and photography as the 13 Pro and 13 Pro Max features larger camera lenses which promises up to 2.2x improvement in low light scenes. Despite all the new features added, starting prices remain unchanged at US\$999 and US\$1,099 for the 13 Pro and 13 Pro Max.

**Double capacity for the same price.** The 13 Mini and 13 share the same A15 chipset but with a step down 4-core GPU. However, its graphic performance is still 30% better than its predecessor, capable of handling graphic intensive gameplay on its OLED panel. With an unchanged starting price of US\$699 and US\$799 for the 13 Mini and 13, new owners are able to enjoy 128GB of storage, twice the capacity of last year's model.

**Other product launches** include the new entry-level tablet (with the A13 chipset) and the mini tablet (featuring the A15 chipset with new 5G support). There is also a new 7<sup>th</sup> gen smartwatch which offers a larger display in the same form factor with redesigned watch faces and the inclusion of more exercise orientated applications.

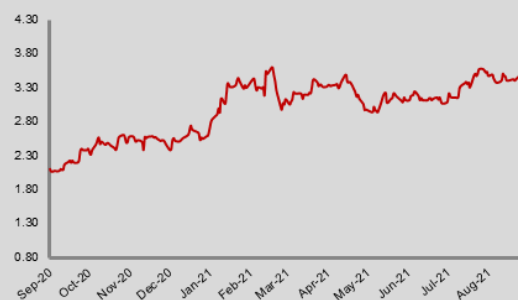
**Expanding 5G support.** The US smartphone company aims to double its support of 5G to 200 carriers across 60 countries by working on custom designed antennas and RF components to support more frequencies. This means that Inari will continue to see healthy demand for RF test and assembly jobs as the adoption and availability of 5G continues to roll out.

**Maintain FY21E and FY22E net profit forecasts** of RM394.0m and RM451.8m, respectively. We reiterate our **OUTPERFORM** call and **Target Price of RM4.80**, based on 40x FY22E PER, at +2SD of 3-year mean.

## OUTPERFORM ↔

Price : **RM3.53**  
Target Price : **RM4.80** ↔

### Share Price Performance



KLCI	1,555.51
YTD KLCI chg	-4.4%
YTD stock price chg	27.9%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	INRI MK Equity
Market Cap (RM m)	13,247.9
Shares Outstanding	3,683.3
52-week range (H)	3.75
52-week range (L)	2.09
3-mth avg daily vol:	35,000,346
Free Float	63%
Beta	0.68

### Major Shareholders

Insas Bhd	14.4%
KWAP	9.3%
EPF	7.7%

### Summary Earnings Table

FYE Jun (RM m)	2021A	2022E	2023E
Turnover	1,428.7	1,750.1	2,006.1
EBITDA	455.7	516.3	574.8
PBT	352.2	419.9	481.5
Net Profit (NP)	330.5	394.0	451.8
Consensus (NP)	n.a	383.9	431.7
Earnings Revision	n.a	0%	0%
EPS (sen)	10.0	11.9	13.7
EPS growth (%)	112.2	19.2	14.7
NDPS (sen)	11.0	8.4	9.6
BVPS (RM)	0.42	0.45	0.49
Price/BV (x)	8.5	7.8	7.2
PER (x)	35.3	29.6	25.8
Gearing (x)	0.0	0.0	0.0
ROA (%)	18.2	20.7	21.9
ROE (%)	24.1	26.4	27.8
Dividend Yield (%)	3.1	2.4	2.7

**Income Statement**

FY Jun (RM m)	2019A	2020A	2021E	2022E	2023E
Revenue	1,153	1,058	1,429	1,750	2,006
EBITDA	312.3	274.1	455.7	516.3	574.8
Depre & Amor	-94.9	-100.3	-102.7	-96.2	-93.2
Operating Profit	217.5	173.7	353.0	420.1	481.7
Other Income	21.8	26.2	20.1	24.6	28.2
Interest Exp	-1.3	-0.8	-0.5	-0.1	-0.1
Associate	0.0	-0.6	-0.2	0.0	0.0
PBT	216.2	172.4	352.2	419.9	481.5
Taxation	-23.9	-15.9	-21.5	-25.7	-29.4
Minority Interest	0.6	0.7	0.2	0.2	0.2
PATAMI	191.7	155.8	330.5	394.0	451.8
Core PATAMI	191.7	155.8	330.5	394.0	451.8

**Balance Sheet**

FY Jun (RM m)	2019A	2020A	2021E	2022E	2023E
Fixed Assets	489.5	478.4	472.2	456.0	442.8
Intangible Assets	2.2	2.3	2.2	2.2	2.2
Other FA	2.2	12.7	20.9	20.9	20.9
Inventories	172.7	145.9	157.5	199.7	231.7
Receivables	202.9	214.4	251.7	308.4	353.5
Other CA	41.1	15.9	15.9	15.9	15.9
Cash	429.7	594.6	904.9	897.3	992.8
<b>Total Assets</b>	<b>1,340</b>	<b>1,464</b>	<b>1,825</b>	<b>1,900</b>	<b>2,060</b>
Payables	160.8	199.2	287.7	364.8	423.1
ST Borrowings	6.2	5.0	1.1	1.1	1.1
Other ST Liability	33.6	35.9	136.8	26.3	-7.8
LT Borrowings	8.7	1.1	0.0	0.0	0.0
Other LT Liability	9.2	14.0	16.2	16.2	16.2
<b>Net Assets</b>	<b>1,122</b>	<b>1,209</b>	<b>1,383</b>	<b>1,492</b>	<b>1,627</b>
Shr. Equity	1,118	1,205	1,373	1,491	1,627
Mnrt. Interest	3.5	4.2	4.5	0.7	0.3
<b>Total Equity</b>	<b>1,122</b>	<b>1,209</b>	<b>1,377</b>	<b>1,492</b>	<b>1,627</b>

**Cashflow Statement**

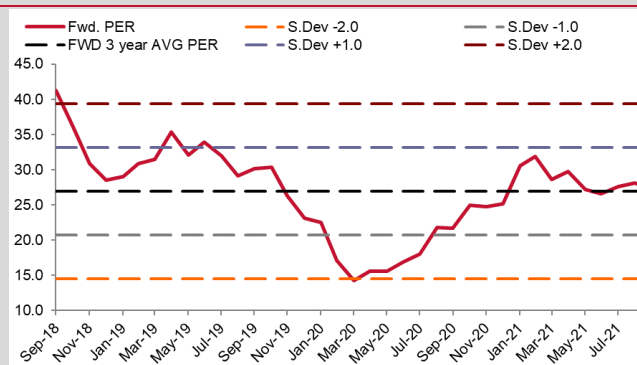
FY Jun (RM m)	2019A	2020A	2021E	2022E	2023E
Operating CF	270.5	347.0	486.5	418.9	488.8
Investing CF	-185.2	-93.2	-95.8	-80.0	-80.0
Financing CF	-190.9	-101.3	-73.0	-272.8	-313.3

**Financial Data & Ratios**

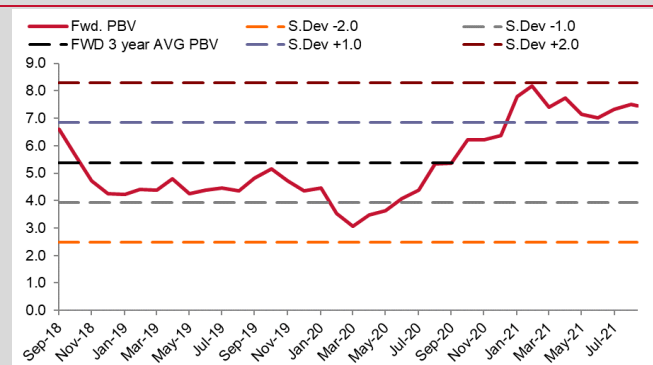
FY Jun	2019A	2020A	2021E	2022E	2023E
<b>Growth (%)</b>					
Turnover	-16.2	-8.2	35.0	22.5	14.6
EBITDA	-17.8	-12.3	66.3	13.3	11.3
Operating Profit	-26.8	-20.1	103.2	19.0	14.7
PBT	-26.8	-20.3	104.4	19.2	14.7
Adj Net Profit	-23.1	-18.8	112.2	19.2	14.7
<b>Profitability (%)</b>					
EBITDA Margin	27.1	25.9	31.9	29.5	28.7
Operating Margin	18.9	16.4	24.7	24.0	24.0
PBT Margin	18.8	16.3	24.7	24.0	24.0
Core Net Margin	16.6	14.7	23.1	22.5	22.5
Effective Tax Rate	11.0	9.2	6.1	6.1	6.1
ROA	18.9	14.3	10.6	18.2	20.7
ROE	17.1	12.9	24.1	26.4	27.8
<b>DuPont Analysis</b>					
Net Margin (%)	16.6	14.7	23.1	22.5	22.5
Assets Turnover (x)	0.9	0.7	0.8	0.9	1.0
Leverage Factor (x)	1.2	1.2	1.3	1.3	1.3
ROE (%)	17.1	12.9	24.1	26.4	27.8
<b>Leverage</b>					
Debt/Asset (x)	0.0	0.0	0.0	0.0	0.0
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0
Net (Cash)/Debt	(415)	(588)	(904)	(896)	(992)
Net Debt/Equity (x)	-0.4	-0.5	-0.7	-0.6	-0.6
<b>Valuations</b>					
Core EPS (sen)	5.8	4.7	10.0	11.9	13.7
DPS (sen)	5.0	4.4	11.0	8.4	9.6
BVPS (RM)	0.3	0.4	0.4	0.5	0.5
PER (x)	60.6	74.6	35.2	29.5	25.7
Div. Yield (%)	1.4	1.3	3.1	2.4	2.7
P/BV (x)	10.4	9.6	8.5	7.8	7.1
EV/EBITDA (x)	35.9	40.3	23.5	20.8	18.5

Source: Kenanga Research

**Fwd PER Band**



**Fwd PBV Band**



Source: Bloomberg, Kenanga Research

15 September 2021

## Malaysian Technology Peers Comparison

Name	Last Price (RM)	Mkt Cap (RM'm)	Shariah Compliant	Current FYE	Revenue Growth		Core Earnings Growth		PER (x) - Core Earnings			PBV (x)		ROE (%)	Net Div Yld (%)	Target Price (RM)	Rating
					1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	1-Yr. Fwd.			
D&O GREEN TECHNOLOGIES BHD	5.55	6,652.5	Y	12/2021	58.9%	15.8%	148%	16.1%	120.5	48.6	41.9	14.5	11.5	23.7%	0.3%	6.00	OP
GHL SYSTEMS BHD	1.86	2,123.2	Y	12/2021	4.3%	36.3%	8.4%	41.8%	73.5	67.8	47.8	4.4	4.0	6.5%	0.0%	2.30	OP
INARI AMERTRON BHD	3.53	13,002.2	Y	06/2021	22.5%	14.6%	19.2%	14.7%	36.0	30.2	26.3	8.7	8.0	26.4%	2.3%	4.80	OP
JHM CONSOLIDATION BHD	1.94	1,081.7	Y	12/2020	29.8%	10.7%	72.2%	11.1%	41.9	24.3	21.9	4.7	3.8	15.8%	0.8%	2.00	MP
KELINGTON GROUP BHD	1.44	925.9	Y	12/2021	25.5%	40.1%	84.7%	45.7%	52.1	28.2	19.4	5.4	4.7	16.7%	0.9%	2.50	OP
KESM INDUSTRIES BHD	12.28	528.2	Y	07/2021	-3.0%	18.7%	10633%	113%	5959	55.5	26.1	1.6	1.6	2.8%	0.7%	12.00	MP
MALAYSIAN PACIFIC INDUSTRIES BHD	45.2	8,990.1	Y	06/2021	10.0%	10.0%	11.3%	10.0%	32.2	28.8	26.2	7.1	8.0	15.6%	0.7%	56.20	OP
P.I.E. INDUSTRIAL BHD	3.35	1,286.5	Y	12/2021	59.9%	7.5%	31.2%	27.0%	24.0	18.3	14.4	2.3	2.0	11.1%	2.5%	4.15	OP
SKP RESOURCES BHD	1.84	2,874.7	Y	03/2022	12.3%	12.4%	21.7%	12.4%	21.6	17.7	15.8	4.1	3.7	21.0%	2.8%	2.60	OP
UNISEM (M) BHD	8.32	6,710.4	Y	12/2021	18.5%	7.0%	64.3%	8.5%	42.5	28.6	26.4	3.5	3.2	12.1%	0.7%	9.80	OP

Source: Kenanga Research

15 September 2021

**Stock Ratings are defined as follows:****Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

---

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

---

Published and printed by:

**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

