

28 November 2025

# Inari Amertron

## Holding Ground Amid Headwinds

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INARI's 1QFY26 results disappointed, weighed down by softer turnover and margins. Against a macro backdrop of tariff uncertainties, geopolitical tensions, and FX volatility, the group continued to see resilient data communications demand, flat smartphone trends and softer industrial semiconductor segment, while supply-chain realignment and increased onshoring in China continued to drag revenue and margins. Post results, we trim our FY26/FY27 net profit forecast by 10%/7% (after reducing our turnover assumptions and recalibrating margins to current run rates) and lower our TP to RM2.45 (from RM2.56), based on an unchanged targeted PER of 32.2x applied to CY26F EPS. We also revise our recommendation to MARKET PERFORM from OUTPERFORM.

INARI's 1QFY26 core net profit of RM54m (-28% YoY, after excluding RM2.9m unrealised forex losses and RM0.2m reversal of slow-moving inventory) came in below expectations, achieving only 19% of our and 18% of consensus full-year forecasts, mainly on weaker-than-expected turnover and margins. The group declared a dividend of 1.33 sen (vs. 1 sen a year ago).

**YoY**, revenue declined 16% to RM326m on reduced volume loading across all segments, with RF/opto-electronics/generic down 21%/1%/28% to RM199m/RM107m/RM19m. Despite the weaker top line, PBT jumped 126% to RM54m, driven by favourable forex movements, with unrealised forex losses narrowing sharply to RM2.9m from RM47.2m a year ago.

**QoQ**, revenue grew 6%, driven by stronger loading volumes in opto-electronics (+21%) and generic (+6%), while the core RF segment remained stable. PBT increased 19%, with margin improving to 16.6% (from 14.9% in the preceding quarter), supported by higher loading volume and favourable FX movements.

**Outlook.** Amid a challenging macro backdrop marked by persistent tariff uncertainties, geopolitical tensions and FX volatility, the semiconductor sector continues to see selective growth anchored by AI-related demand. INARI is seeing sustained strength in data communications, flat smartphone demand and softness in industrial semiconductors segment, while supply-chain realignment from US tariff policies, deflationary pressures and increased onshoring in China continue to weigh on revenue and margins. For the remainder of FY26, the group will prioritise new partnerships and advanced packaging capabilities to capture generative AI opportunities, with the proposed Lumileds acquisition still pending approval from the relevant foreign authorities.

**Forecasts.** We lower our FY26/FY27 net profit forecast by 10%/7% to RM258m/RM287m, respectively, after trimming our turnover assumptions and recalibrating margins to current run-rates. We have yet to factor in any earnings contribution from Lumileds.

**Valuations.** Correspondingly, we lower our TP to RM2.45 (from RM2.56) after pegging valuations to CY26F EPS (vs. FY26F EPS previously), while maintaining our target PER at 32.2x. This implies a c.10% premium to peers' forward mean, justified by INARI's superior double-digit net margins versus peers' single-digit levels. We also ascribe a 5% valuation premium to reflect its 4-star ESG rating as appraised by us (see Page 4). In tandem, we downgrade our call to MARKET PERFORM from OUTPERFORM.

## MARKET PERFORM

Price : **RM2.38**  
Target Price : **RM2.45**

### Share Price Performance



KLCI	1,617.46
YTD KLCI chg	-1.5%
YTD stock price chg	-22.2%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	INRI MK EQUITY
Market Cap (RM m)	9,041.2
Shares Outstanding	3,798.8
52-week range (H)	3.20
52-week range (L)	1.42
3-mth avg. daily vol.	11,879,730
Free Float	75%
Beta	1.4

### Major Shareholders

EPF	14.3%
Insas Bhd	12.2%
KWSP	10.1%

### Summary Earnings Table

FYE Jun (RM m)	2024A	2025A	2026F
Turnover	1,352	1,313	1,391
EBIT	155	201	230
PBT	220	265	297
<b>Core Net Profit</b>	<b>255</b>	<b>258</b>	<b>287</b>
Consensus	-	297	338
Earnings Revision	-	-10%	-7%
Core EPS (sen)	6.7	6.8	7.6
EPS Growth (%)	-18	1	11
NDPS (sen)	5.5	6.7	6.7
BV/Share (RM)	0.73	0.73	0.73
Core PER (x)	35.4	34.9	31.5
P/BV (x)	3.3	3.3	3.3
Gearing (x)	N.Cash	N.Cash	N.Cash
Net Dvd. Yield (%)	2.3	2.8	2.8

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**Investment case.** We like INARI for: (i) being the closest proxy to 5G adoption, (ii) being highly responsive to the market demand with the roll-out of new technologies such as double-sided moulding (DSM) and system-on-module (SOM), and (iii) its significant expansion in China, capitalising on the superpower's aggressive push for semiconductor self-sufficiency.

**Risks to our call include:** (i) a soft global smartphone market, (ii) new offerings not well-received by key customers, (iii) supply-chain disruptions, and (iv) escalating trade tensions.

**Results Highlights**

FYE Jun (RM m)	1Q26	4Q25	QoQ Chg	1Q25	YoY Chg	3M26	3M25	YoY Chg
Turnover	325.8	306.7	6.2%	388.0	-16.0%	325.8	388.0	-16.0%
Gross Profit	66.3	64.9	2.2%	83.4	-20.6%	66.3	83.4	-20.6%
EBIT	39.8	28.1	41.6%	5.9	574.3%	39.8	5.9	574.3%
Interest Exp.	14.3	17.5	-18.2%	18.0	-20.6%	14.3	18.0	-20.6%
PBT/(LPT)	54.1	45.6	18.7%	23.9	126.4%	54.1	23.9	126.4%
Taxation	(3.7)	3.9	-195.4%	(1.9)	101.7%	(3.7)	(1.9)	101.7%
Net Profit	51.5	49.2	4.7%	24.1	113.5%	51.5	24.1	113.5%
Core NP*	54.2	53.8	0.8%	75.3	-28.0%	54.2	75.3	-28.0%
EPS (sen)	1.4	1.3	4.7%	0.6	113.2%	1.4	0.6	113.2%
DPS (sen)	1.3	1.2	10.8%	1.0	33.0%	1.3	1.0	33.0%
Gross Margin	20.3%	21.1%		21.5%		20.3%	21.5%	
EBIT Margin	12.2%	9.2%		1.5%		12.2%	1.5%	
PBT Margin	16.6%	14.9%		6.2%		16.6%	6.2%	
NP Margin	15.8%	16.0%		6.2%		15.8%	6.2%	
Tax Rate	-6.9%	8.6%		-7.8%		-6.9%	-7.8%	

Source: Kenanga Research

\*Exclude unrealised forex loss/(gain), ESOS exp. &amp; provision of slow moving inventories

**Segmental Revenue Breakdown**

Revenue (RM m)	1Q26	4Q25	QoQ Chg	1Q25	YoY Chg	3M26	3M25	YoY Chg
RF	198.7	199.4	0%	252.2	79%	198.7	252.2	-21%
Opto	107.5	88.9	21%	108.6	99%	107.5	108.6	-1%
Generic	19.5	18.4	6%	27.2	72%	19.5	27.2	-28%
<b>Total</b>	<b>325.8</b>	<b>306.7</b>	<b>6%</b>	<b>388.0</b>	<b>84%</b>	<b>325.8</b>	<b>388.0</b>	<b>-16%</b>

Source: Company

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### Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 27 Nov (RM)	Target Price (RM)	Upside	Mkt Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) – Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net. Div. Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.				
								D&O GREEN TECHNOLOGIES BHD	OP	0.855	1.61	88.3%	1,059.8				
INARI AMERTRON BHD	MP	2.38	2.45	2.9%	9,041.2	Y	06/2026	6.8	7.6	1.5%	10.9%	34.9	31.5	3.3	9.3%	7.0	2.9%
KELINGTON GROUP BHD	OP	5.34	6.15	15.2%	4,152.0	Y	12/2025	20.4	20.4	25.3%	21.4%	26.2	26.1	6.1	27.1%	13.0	2.4%
LGMS BHD	MP	0.595	0.730	22.7%	271.3	Y	12/2025	2.2	2.7	-18.7%	23.0%	27.1	22.1	2.7	10.3%	2.0	3.4%
M'SIAN PACIFIC INDUSTRIES BHD	MP	33.00	31.70	-3.9%	6,580.1	Y	06/2026	100.8	115.3	30.5%	14.4%	32.7	28.6	3.0	9.4%	35.0	1.1%
NATIONGATE HOLDINGS BHD	OP	0.995	1.14	14.6%	2,266.3	Y	12/2025	6.7	6.0	-13.7%	-9.8%	14.9	16.6	2.2	15.9%	2.0	2.0%
OPPSTAR BHD	MP	0.370	0.400	8.1%	237.3	Y	03/2026	(1.3)	1.1	-166.9%	-12.0%	N.A.	32.5	1.9	-6.3%	0.0	0.0%
P.I.E. INDUSTRIAL BHD	MP	2.61	2.80	7.3%	1,002.3	Y	12/2025	7.9	14.8	-42.7%	86.5%	33.0	17.7	1.5	4.7%	0.0	0.0%
SKP RESOURCES BHD	OP	0.615	1.18	91.9%	960.9	Y	03/2026	7.2	8.2	-4.2%	14.5%	8.6	7.5	0.8	10.1%	0.0	0.0%
UNISEM (M) BHD	UP	3.26	1.90	-41.7%	5,258.6	Y	12/2025	3.6	6.5	-3.6%	78.1%	89.9	50.5	2.4	2.6%	8.0	2.5%
UWC BHD	OP	3.63	3.82	5.2%	4,003.5	Y	07/2026	10.0	13.9	172.6%	38.8%	36.2	26.1	6.8	20.7%	0.0	0.0%
PENTMASTER CORP. BHD	OP	3.90	4.25	9.0%	2,774.1	Y	12/2025	8.7	12.1	-4.9%	38.9%	44.7	32.2	3.5	8.0%	2.0	0.5%
<b>Simple Average</b>					<b>37,607.4</b>					<b>8.1%</b>	<b>24.2%</b>	<b>32.1</b>	<b>25.8</b>	<b>2.9</b>	<b>9.6%</b>		<b>1.3%</b>

Source: Kenanga Research

**Stock ESG Ratings:**

	Criterion	Rating				
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	★	
	Corporate Social Responsibility	★	★	★	★	
	Management/Workforce Diversity	★	★	★		
	Accessibility & Transparency	★	★	★		
	Corruption-Free Pledge	★	★	★	★	
	Carbon-Neutral Initiatives	★	★	★	☆	
<b>SPECIFIC</b>	Foreign Worker Welfare	★	★	★	★	
	Supply Chain Auditing	★	★	★	☆	
	Waste disposal / pollution control	★	★	★		
	Energy Efficiency	★	★	★	☆	
	Work Site Safety	★	★	★	★	
	Digital Transformation	★	★	★	☆	
<b>OVERALL</b>		★	★	★	★	

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**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.**

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