

26 May 2026

Inari Amertron

Soft Patch, Recovery Ahead

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INARI's 9MFY26 core net profit of RM141m (-30% YoY) missed expectations, accounting for only 65%/69% of our/consensus full-year forecasts, mainly due to weaker revenue and margins. While near-term operations remain mixed amid uneven semiconductor demand, geopolitical uncertainties and emerging supply chain disruptions, potential RF content recovery in the upcoming September flagship refresh cycle, alongside AI-driven demand for high-speed optical interconnects, should support a gradual earnings recovery. We leave our FY26–27F forecasts unchanged pending further insights from today's briefing, maintain our RM2.02 TP and reiterate OUTPERFORM.

INARI's 9MFY26 core net profit of RM141m (-30% YoY), after excluding RM19.1m in unrealised forex losses and a RM0.5m allowance for slow-moving inventory, came in below expectations, accounting for only 65% of our full-year forecast and 69% of consensus estimates. The shortfall was mainly due to weaker-than-expected revenue and margins. The group declared a 3QFY26 dividend of 1.0 sen per share, bringing YTD DPS to 3.3 sen, lower than 4.3 sen in the corresponding period last year.

YoY, revenue declined 14% to RM898m, mainly due to weaker loading volumes in the RF segment which revenue fell 23% to RM535m as we believe its US smartphone customer continued pivoting away from low- and mid-band discrete RF modules, and concentrating demand on premium, higher-band modules. The softer topline, coupled with reduced operating leverage led to a 31% drop in core net profit to RM138m.

QoQ, revenue declined 13% to RM266m, dragged mainly by weaker loading in the RF and opto-electronics segments, which fell 21% and 5.5% to RM149m and RM96m, respectively. This was partially cushioned by a stronger contribution from the generic segment, which rose 16% to RM21m. Correspondingly, PAT fell 45% QoQ to RM31m, weighed down by softer RF loading and weaker operating leverage.

Outlook. The Group expects ongoing operations to remain mixed, reflecting uneven semiconductor demand, geopolitical uncertainties, emerging supply chain disruptions, rising gold and raw material costs, and a weaker US dollar. That said, the RF segment is expected to gain better content traction in the upcoming September flagship smartphone refresh cycle, supported by higher RF content wins versus the previous generation. Meanwhile, opto-electronics remains a key growth pillar, underpinned by rising demand for high-speed optical interconnect solutions driven by AI-related data traffic growth.

Forecasts. We leave our FY26-27F estimates unchanged for now, pending further clarity from today's briefing.

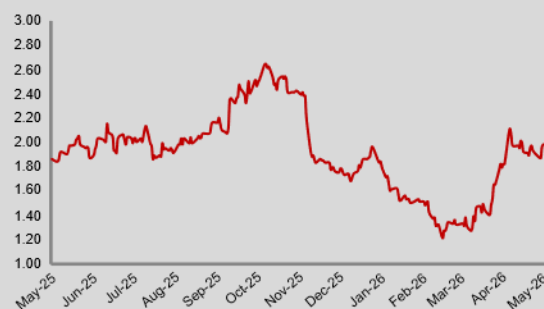
Valuations. We maintained our TP at RM2.02, based on an unchanged targeted PER of 29x, which implies 1SD above its 5-year mean. Our TP continues to incorporate a 5% premium to reflect Inari's 4-star ESG rating (see Page 4). We maintain our OUTPERFORM rating.

Investment case. We like INARI for: (i) being the closest proxy to 5G adoption, (ii) being highly responsive to 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.

OUTPERFORM ↔

Price : RM1.98
Target Price : RM2.02 ↔

Share Price Performance



KLCI	1,708.50
YTD KLCI chg	1.7%
YTD stock price chg	17.9%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	INRI MK EQUITY
Market Cap (RM m)	7,539.5
Shares Outstanding	3,807.8
52-week range (H)	2.67
52-week range (L)	1.21
3-mth avg. daily vol.	21,551,510
Free Float	75%
Beta	1.3

Major Shareholders

EPF	15.6%
Insas Bhd	10.8%
KWSP	10.1%

Summary Earnings Table

FYE Jun (RM m)	2025A	2026A	2027F
Turnover	1,352	1,230	1,460
EBIT	155	147	228
PBT	220	208	293
Core Net Profit	255	218	284
Consensus	-	204	247
Earnings Revision	-	-	-
Core EPS (sen)	6.7	5.7	7.5
EPS Growth (%)	-18	-15	31
NDPS (sen)	5.5	4.7	6.8
BV/Share (RM)	0.73	0.74	0.74
Core PER (x)	29.4	34.5	26.4
P/BV (x)	2.7	2.7	2.7
Gearing (x)	N.Cash	N.Cash	N.Cash
Net Dvd. Yield (%)	2.8	2.4	3.4



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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)	3Q26	2Q26	QoQ Chg	3Q25	YoY Chg	9M26	9M25	YoY Chg
Turnover	265.7	306.8	-13.4%	308.3	-13.8%	898.3	1,045.2	-14.1%
Gross Profit	41.8	70.7	-40.9%	62.7	-33.3%	178.8	228.1	-21.6%
EBIT	15.7	29.8	-47.3%	42.4	-62.9%	85.4	126.4	-32.5%
Interest Exp.	13.0	14.5	-10.3%	14.9	-12.6%	41.8	48.3	-13.5%
PBT/(LPT)	28.7	44.3	-35.2%	57.2	-49.8%	127.2	174.8	-27.2%
Taxation	(2.1)	(4.0)	-46.1%	(3.7)	-42.0%	(9.9)	(11.1)	-11.0%
Net Profit	28.0	41.9	-33.2%	55.5	-49.6%	121.4	169.6	-28.4%
Core NP*	30.8	55.9	-44.9%	54.7	-43.7%	141.0	200.9	-29.8%
EPS (sen)	0.7	1.1	-33.3%	1.5	-49.8%	3.2	4.5	-28.6%
DPS (sen)	1.0	1.0	0.0%	1.3	-23.1%	3.3	4.3	-22.6%
Gross Margin	15.7%	23.0%		20.3%		19.9%	21.8%	
EBIT Margin	5.9%	9.7%		13.7%		9.5%	12.1%	
PBT Margin	10.8%	14.4%		18.6%		14.2%	16.7%	
NP Margin	10.5%	13.6%		18.0%		13.5%	16.2%	
Tax Rate	-7.5%	-9.0%		-6.5%		-7.8%	-6.4%	

Source: Kenanga Research

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

Segmental Revenue Breakdown								
Revenue (RM m)	3Q26	2Q26	QoQ Chg	3Q25	YoY Chg	9M26	9M25	YoY Chg
RF	148.8	187.2	-20.5%	203.4	-26.9%	534.7	692.9	-22.8%
Opto	95.7	101.2	-5.5%	89.4	7.0%	304.4	288.8	5.4%
Generic	21.3	18.4	15.5%	15.4	37.9%	59.2	63.5	-6.8%
Total	265.7	306.8	-13.4%	308.3	-13.8%	898.3	1,045.2	-14.1%

Source: Company

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Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 25 May (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.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
D&O GREEN TECHNOLOGIES BHD	MP	0.445	0.470	5.6%	551.6	Y	12/2026	2.1	2.3	132.7%	39.9%	21.0	19.5	0.8	3.8%	1.0	2.2%
FRONTKEN BHD	OP	4.95	5.10	3.0%	8,974.0	Y	12/2026	12.8	13.9	31.9%	8.7%	38.7	35.7	6.9	19.1%	4.0	0.8%
INARI AMERTRON BHD	OP	1.98	2.02	2.0%	7,539.5	Y	06/2026	5.7	7.5	-14.6%	30.6%	34.5	26.4	2.7	7.2%	5.0	2.5%
KELINGTON GROUP BHD	OP	7.33	9.05	23.5%	6,626.0	Y	12/2026	21.4	24.5	29.1%	14.1%	34.2	30.0	8.3	27.5%	15.0	2.0%
LGMS BHD	OP	0.530	0.580	9.4%	241.7	Y	12/2026	2.9	3.6	30.4%	21.8%	18.2	14.9	1.8	10.5%	2.0	3.8%
M'SIAN PACIFIC INDUSTRIES BHD	MP	48.00	38.90	-19.0%	9,571.1	Y	06/2026	104.7	134.1	35.6%	28.0%	45.8	35.8	4.3	9.7%	40.0	0.8%
NATIONGATE HOLDINGS BHD	MP	0.750	0.660	-12.0%	1,697.0	Y	12/2026	4.7	5.7	7.8%	21.1%	15.9	13.2	1.6	10.2%	2.0	2.7%
OPPSTAR BHD	MP	0.635	0.230	-63.8%	408.6	Y	03/2026	(1.6)	1.0	-184.7%	-40.0%	N.A.	64.5	3.2	-8.0%	0.0	0.0%
P.I.E. INDUSTRIAL BHD	MP	1.52	1.45	-4.6%	583.7	Y	12/2026	5.9	8.4	0.4%	42.3%	25.7	18.1	0.9	3.5%	0.0	0.0%
SKP RESOURCES BHD	MP	0.360	0.500	38.9%	562.4	Y	03/2026	5.7	4.4	-24.4%	-22.5%	6.4	8.2	0.5	8.0%	0.0	0.0%
SKYECHIP BHD	OP	2.92	2.00	-31.5%	5,244.3	Y	03/2027	2.6	3.4	30.1%	32.1%	112.3	85.0	30.2	31.2%	70.0	24.0%
UNISEM (M) BHD	UP	4.85	2.47	-49.1%	7,823.4	Y	12/2026	5.4	9.5	39.6%	74.6%	89.1	51.0	3.6	4.1%	0.0	0.0%
UWC BHD	OP	5.85	4.70	-19.7%	6,454.5	Y	07/2026	9.0	14.3	143.3%	59.0%	65.3	41.0	11.2	18.7%	0.0	0.0%
PENTAMASTER CORP BHD	MP	4.59	3.95	-13.9%	3,264.9	Y	12/2026	12.1	13.1	39.0%	8.1%	37.9	35.0	3.8	10.4%	2.0	0.4%
INFOMINA BHD	OP	1.10	1.90	72.7%	661.4	Y	05/2026	5.6	7.6	60.7%	34.8%	19.5	14.5	3.3	18.3%	1.0	0.9%
Simple Average					60,204.2					20.4%	25.9%	42.0	33.4	5.5	11.6%		2.7%

Source: Kenanga Research

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Stock ESG Ratings:

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

☆ 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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