TA SECURITIES
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COMPANY UPDATE

Monday, March 02, 2026

FBMKLCI: 1716.61

Sector: Technology

Inari Amertron Berhad

Optoelectronics to Play a Larger Role in FY27

TP: RM2.00 (+40.8%)

Last Traded: RM1.42

BUY (ESG: ★★★★)

Chan Mun Chun | Tel: +603-2167 9731 | mcchan@ta.com.my | www.taonline.com.my

Near-term weakness in the RF segment is expected to persist, although upcoming smartphone model launches in 2H2026 could provide a lift to loadings. Management believes FY27 will see a stronger recovery, mainly driven by robust growth in the datacom photonics segment. Separately, the proposed acquisition of Lumileds remains on track and is expected to be completed by the end of 3QFY26. Overall, we maintain our BUY recommendation on INARI with an unchanged target price of RM2.00.

Near Term Weakness in RF to Persist

To recap, INARI's 1HFY26 core profit declined 16.8% YoY to RM115.6mn, in line with a 14.2% drop in revenue to RM632.6mn. The weaker earnings performance was largely attributable to lower loadings in both the RF and generic segments. The core RF segment recorded a 20.7% YoY contraction to RM385.9mn, mainly due to softer low- to mid-range assembly volumes following a shift in key customer product mix.

In terms of sales mix, the RF segment remained the largest contributor in 1HFY26, accounting for 61% of total revenue, followed by optoelectronics at 33% and the generic segment at 6%. Management guided that the RF segment is likely to remain lacklustre in FY26, although upcoming smartphone model launches in 2H2026 could provide a lift to loadings.

Stronger Contribution Expected from Optoelectronics

Although FY26 is expected to remain challenging, management believes FY27 will see a stronger recovery, mainly driven by robust growth in the datacom photonics segment, supported by higher volume ramp-up from key customers. To support this anticipated demand, the P34 plant is currently undergoing further expansion to accommodate additional order intake.

Based on management's guidance, the FY27 revenue mix is expected to comprise 55% RF, 38% optoelectronics, and 7% generic. The optoelectronics segment is expanding rapidly, increasing from approximately 30% a year earlier, driven by wafer fabrication expansion by key customers in Singapore. In addition, demand for power chips and optical interposers for data centre applications is gaining traction.

Meanwhile, the group is also benefiting from trade diversion opportunities. Its power management and testing services for automotive and edge AI products are expected to see increased activity from US customers in the coming quarters.

Lumileds Deal Remains on Track

Management guided that the proposed acquisition of Lumileds Holding B.V. remains on track, with the group currently in the process of fulfilling the

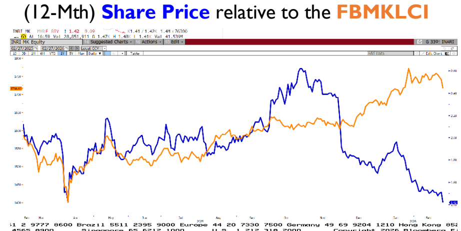
Share Information	
Bloomberg Code	INRI MK
Stock Code	0166
Listing	Main Market
Share Cap (mn)	3,739.8
Market Cap (RMmn)	5,379.5
52-wk Hi/Lo (RM)	2.67/1.41
12-mth Avg Daily Vol ('000 shrs)	15,834.3
Estimated Free Float (%)	73.8
Beta	1.5
Major Shareholders (%)	
	EPF - 14.1
	Insas Bhd - 12.1
	Kumpulan Wang Persaraan - 9.9

Forecast Revision	FY26	FY27
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	238.0	266.0
Consensus	224.3	279.6
TA's / Consensus (%)	106.1	95.1
Previous Rating	Buy (Maintained)	
Consensus Target Price	1.95	

Financial Indicators	FY26	FY27
Net gearing (x)	Net cash	Net cash
CFPS (sen)	6.8	10.8
P/CFPS (x)	21.0	13.2
ROAA (%)	7.1	7.9
ROAE (%)	8.6	9.5
NTA/Share (RM)	0.7	0.8
Price/ NTA (x)	1.9	1.9

Share Performance (%) Price Change	INARI	FBM KLCI
1 mth	(17.4)	(3.1)
3 mth	(40.3)	6.1
6 mth	(30.0)	8.1
12 mth	(35.2)	8.2

(12-Mth) **Share Price** relative to the **FBMKLCI**



Source: Bloomberg

relevant terms and conditions. Management is confident that the transaction will be completed by the end of 3QFY26.

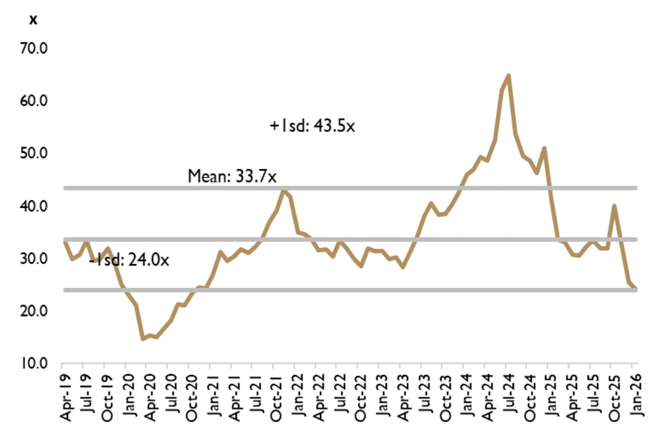
Impact

Maintain FY26 to FY28 earnings forecasts.

Valuation & Recommendation

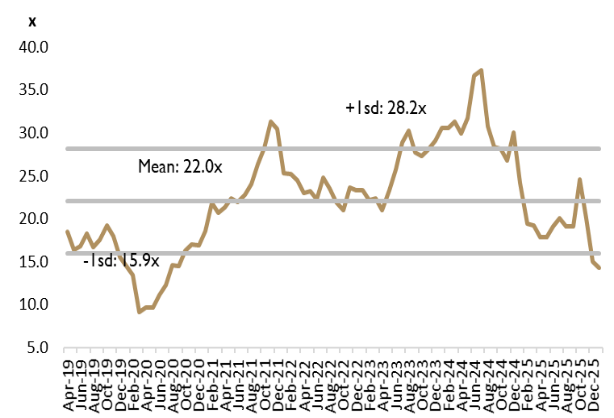
No change to our target price of **RM2.00**, based on a PE multiple of 28.0x CY26F EPS and a 3% ESG premium. Maintain a **Buy** call on the stock.

Figure 1: Forward PE



Source: Bloomberg, TA Securities

Figure 2: Forward EV/EBITDA



Source: Bloomberg, TA Securities

Earnings Summary

P&L

FYE Jun 30 (RMmn)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	1,478.7	1,351.9	1,344.4	1,448.4	1,603.9
EBITDA	370.8	334.9	361.1	390.5	398.8
Depreciation & amortisation	(123.1)	(137.9)	(157.2)	(156.2)	(147.8)
Net finance cost	64.7	65.8	57.3	57.6	59.8
EI	(2.2)	(42.4)	0.0	0.0	0.0
PBT	310.1	220.3	261.2	291.9	310.7
Taxation	(10.0)	(7.2)	(23.5)	(26.3)	(28.0)
MI	0.1	5.6	0.3	0.3	0.3
Net profit	300.2	218.7	238.0	266.0	283.1
Core net profit	301.7	261.2	238.0	266.0	283.1
EPS (sen)	8.2	7.1	6.4	7.2	7.7
DPS (sen)	7.7	5.5	6.1	6.8	7.3

Ratios

FYE Jun 30	FY24	FY25	FY26F	FY27F	FY28F
Valuations					
PER	17.3	20.1	22.0	19.7	18.5
Dividend yield	5.4	3.9	4.3	4.8	5.1
PBV	1.9	1.9	1.9	1.9	1.9
Profitability ratios					
ROAE	10.8	9.5	8.6	9.5	10.1
ROAA	8.5	7.7	7.1	7.9	8.3
EBITDA margin	25.1	24.8	26.9	27.0	24.9
PBT margin	21.0	16.3	19.4	20.2	19.4
Liquidity ratios					
Current ratio	7.9	9.3	11.1	10.8	9.9
Quick ratio	7.4	8.7	10.4	10.0	9.2
Leverage ratios					
Total liabilities/equity	0.1	0.1	0.1	0.1	0.1
Net debt/equity	Nt. Cash	Nt. Cash	Nt. Cash	Nt. Cash	Nt. Cash
Int. coverage ratio	nm	nm	nm	nm	nm
Growth ratios					
Sales	9.2	(8.6)	(0.6)	7.7	10.7
Pretax	(12.9)	(28.9)	18.6	11.8	6.4
Earnings	(5.7)	(13.6)	(8.9)	11.7	6.4
Total assets	19.8	(4.3)	(1.4)	0.8	1.0

Balance Sheet

FYE Jun 30 (RMmn)	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	779.4	735.7	726.1	670.0	705.3
Goodwill	11.0	9.9	9.9	9.9	9.9
Others	19.9	24.0	24.0	24.0	24.0
LT assets	810.3	769.6	760.0	703.8	739.1
Inventories	181.0	179.1	176.3	190.0	210.4
Trade receivables	253.5	244.1	336.1	362.1	401.0
Cash	2,260.7	2,141.4	2,014.9	2,058.8	1,901.1
Others	48.5	66.9	66.9	66.9	163.8
Current assets	2,743.8	2,631.5	2,594.2	2,677.8	2,676.2
Total assets	3,554.1	3,401.1	3,354.2	3,381.6	3,415.4
Trade payables	274.7	232.2	175.9	192.2	213.7
ST borrowings	0.7	0.5	7.5	6.4	5.4
Others	72.8	50.0	50.0	50.0	50.0
Current liabilities	348.1	282.7	233.3	248.5	269.1
LT borrowings	16.0	14.2	5.0	4.2	3.6
Others	15.8	13.9	13.9	13.9	13.9
LT liabilities	31.8	28.1	18.9	18.1	17.5
Share capital	2,144.3	2,186.9	2,186.9	2,186.9	2,186.9
Reserves	649.5	576.9	588.8	602.1	616.2
Shareholders' funds	2,793.8	2,763.7	2,775.6	2,788.9	2,803.1
MI	380.4	326.7	326.4	326.1	325.7
Total liabilities and equity	3,554.1	3,401.1	3,354.2	3,381.6	3,415.4

Cash Flow

FYE Jun 30 (RMmn)	FY24	FY25	FY26F	FY27F	FY28F
PBT	310.1	220.3	261.2	291.9	310.7
Depreciation & amortisation	123.1	137.9	157.2	156.2	147.8
Net interest	(64.7)	(65.8)	(57.3)	(57.6)	(59.8)
Other non-cash	13.5	43.3	0.0	0.0	0.0
Changes in WC	122.6	(39.6)	(145.5)	(23.3)	(37.8)
Tax paid	(55.3)	(33.1)	(23.5)	(26.3)	(28.0)
Net interest	65.5	67.4	57.3	57.6	59.8
Others	0.7	0.8	0.0	0.0	0.0
Operational cash flow	515.4	331.2	249.3	398.5	392.8
Capex	(180.7)	(122.0)	(160.0)	(100.0)	(120.0)
Others	(11.6)	(117.7)	0.0	0.0	0.0
Investing cash flow	(192.3)	(239.6)	(160.0)	(100.0)	(120.0)
Net share issue	103.3	39.7	0.0	0.0	0.0
Dividend paid	(292.1)	(238.3)	(226.1)	(252.7)	(269.0)
Net change in debts	(0.7)	(1.6)	(2.2)	(1.9)	(1.6)
Others	0.0	0.0	420.0	0.0	(160.0)
Financial cash flow	(189.4)	(200.2)	191.7	(254.5)	(430.6)
Net cash flow	133.8	(108.6)	281.0	44.0	(157.7)
Opening cash flow	1,803.5	1,933.9	1,733.8	2,014.9	2,058.8
Forex	(3.3)	(91.5)	0.0	0.0	0.0
Ending cash flow	1,933.9	1,733.8	2,014.9	2,058.8	1,901.1
Adjustments	326.8	407.5	0.0	0.0	0.0
Cash	2,260.7	2,141.4	2,014.9	2,058.8	1,901.1

Sector Recommendation Guideline

OVERWEIGHT: The total return of the sector, as per our coverage universe, exceeds 12%.

NEUTRAL: The total return of the sector, as per our coverage universe, is within the range of 7% to12%.

UNDERWEIGHT: The total return of the sector, as per our coverage universe, is lower than 7%.

Stock Recommendation Guideline

BUY : Total return of the stock exceeds 12%.
HOLD : Total return of the stock is within the range of 7% to12%.
SELL : Total return of the stock is lower than 7%.
Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★★★	★★★★	★★★★	★★★★
Remark	Inari's is committed towards the United Nation's Sustainable Development Goal 13 on Climate Action. It is certified by local and international governing bodies including Certificate of Green Partner (Sony) and REACH Certificate of Compliance. Environmental impact is regularly monitored and assessed via key metrics including energy consumption, greenhouse gas emissions, water, and waste management.	Inari is committed to uphold and protect employees' rights (including foreign labour). Positive feedback (96% score) from employee engagement survey. Zero cases of disputes on human and labour rights. Undertakes CSR initiatives.	Inari is highly transparent on ESG initiatives and progress. Complies with requirement for 1/3 board to be Independent Directors and at least 1 woman director, albeit near minimum levels with 36% independent and 2 females. Practices clear transparency via regular engagement with stakeholders including analysts and investors on the company's outlook (e.g., via on-demand briefings, quarterly conference calls).	

★★★★★	**(≥80%)**	: Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.	+5% premium to target price
★★★★	**(60-79%)**	: Above adequate integration of ESG factors into most aspects of operations, management and future directions.	+3% premium to target price
★★★	**(40-59%)**	: Adequate integration of ESG factors into operations, management and future directions.	No changes to target price
★★	**(20-39%)**	: Have some integration of ESG factors in operations and management but are insufficient.	-3% discount to target price
★	**(<20%)**	: Minimal or no integration of ESG factors in operations and management.	-5% discount to target price

As of Monday, March 02, 2026, the analyst, Chan Mun Chun, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

TA SECURITIES HOLDINGS BERHAD 197301001467 (14948-M)
A Participating Organisation of Bursa Malaysia Securities Berhad
Menara TA One | 22 Jalan P. Ramlee | 50250 Kuala Lumpur | Malaysia | Tel: 603 – 2072 1277 | Fax: 603 – 2032 5048
www.ta.com.my