Corporate Update

D&O Green Technologies Berhad

(7204 | DOGT MK) Main | Technology

SHARIAH Compliant

ESG 4 Stars

Revert to NEUTRAL

Revised Target Price **RM0.95**
(from RM1.04)

Prolonged Downturn Dragged 2QFY25 Performance

Anticipating sequential improvement. We are reverting our recommendation for D&O to Neutral from Trading Sell previously with a lower target price of RM0.95. This is in conjunction with the release of the 2QFY25 quarterly results. 1HFY25 revenue performance remains appalling as its customer revised lower its demand in view of the soft market and policy changes in export market. This has resulted in poor utilisation rate.

Nonetheless, there are small signs of recovery towards the end of 2QFY25. This could potentially lead to stronger performance for 2HFY25. This is also in-line with the historical trend.

On another note, the share price has contracted by -22.9% since we affixed a Trading Sell recommendation during the previous quarterly announcement. Thus, we view that the bulk of the downside risk has already been priced in.

Another loss-making quarter. D&O's 2QFY25 normalised loss came in at -RM2.2m. in contrast to 2QFY24 profit of RM9.5m. This also worse off as compared to 1QFY25 normalised loss of -RM1.1m. The subdued performance was mainly led by the weaker revenue performance of RM244.3m (-8.0%yoy) which we believe is below the breakeven level. This was in view of adjustment in customer orders from key automotive clients, following broader market moderation and policy shifts in export markets.

Failed to meet expectation. Due to the loss-making 2QFY25 quarter, 1HFY25 normalised loss deepened further to -RM3.3m, a stark difference from profit of RM22.7m achieved for 1FHY24. This came in below ours and consensus expectations.

Further earnings downside. Taking cue from the latest results, we further FY25 to FY27 earnings by between -22.1% and -23.9% as we assume lower revenue contribution and slightly higher cost structure.

Revision in target price. Pursuant to our earnings amendments, we also assume a lower target PER of 25.6x (from 29x) which is -1SD below the five-year rolling average PER of 33.5x. This is in view of the longer-than-anticipated downturn in the automotive sector.

We also took this opportunity to roll forward our valuation-based year. As a result, our target price has been reduced to RM0.95 from RM1.04 previously.

RETURN STATISTICS	
Price @ 22nd August 2025 (RM)	0.995
Expected share price return (%)	-4.5
Expected dividend yield (%)	+0.3
Expected total return (%)	-4.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-7.9	-11.8
3months	-11.9	-28.0
12 months	-69.8	-69.0

INVESTMENT STATISTICS

FYE 31st Dec (RM'm)	2025E	2026F	2027F
Revenue	1,011	1,112	1,219
Operating Profit	52.7	68.5	80.6
Profit Before Tax	40.6	55.4	67.5
Core PATAMI	31.4	42.8	51.5
Core EPS	2.7	3.7	4.5
DPS	0.3	0.3	0.3
Dividend Yield (%)	0.3	0.3	0.3

KEY STATISTICS

FBM KLCI	1,597.47
Issue shares (m)	1,239.48
Estimated free float (%)	78.49
Market Capitalisation (RM'm)	1,233.29
52-wk price range	RM0.99 – RM3.30
3-mth average daily volume (m)	3.28
3-mth average daily value (RM'm)	3.74
Top Shareholders (%)	
PRT Capital Pte Ltd	13.05
Aberdeen Group Plc	12.55
Keen Capital Investments	12.38

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D&O GREEN TECHNOLOGIES BHD: 2QFY25 RESULTS SUMMARY

FYE 31st December (All in RM'm unless stated otherwise)	Quarterly			Cumulative		
	2Q25	% YoY	% QoQ	1HFY25	1HFY24	% YoY
Revenue	244.3	-8.0	1.4	485.1	539.4	-10.1
EBITDA	29.4	-15.7	1.6	58.3	74.0	-21.1
Depreciation and amortisation	-24.8	10.9	0.2	-49.6	-44.0	12.6
EBIT	4.6	-63.5	9.7	8.7	29.9	-70.8
Finance costs	-5.1	-12.7	-3.2	-10.3	-11.7	-11.4
Interest income	1.3	-33.6	2.0	2.6	3.8	-32.7
Contribution from JV	0.0	n.m.	n.m.	0.0	0.0	n.m.
Profit before taxation	0.8	-90.9	308.3	1.0	22.1	-95.6
Taxation	-0.2	-68.5	n.m.	-0.2	-1.6	-88.2
Non-controlling interest	-0.1	-134.3	44.0	-0.3	1.4	-118.2
PATANCI	0.7	-91.1	93.5	1.0	19.0	-94.5
Normalised PATANCI	-2.2	-123.3	-104.2	-3.3	22.7	-114.6
EPS (sen)	-0.1	-128.7	-725.9	-0.2	1.4	-114.6
		+/- ppts	+/- ppts			+/- ppts
EBITDA margin (%)	12.0	-1.1	0.0	12.0	13.7	-1.7
EBIT margin (%)	1.9	-2.8	0.1	1.8	5.5	-3.7
Normalised PATANCI margin (%)	-0.9	-4.5	-0.5	-0.7	4.2	-4.9
Effective tax rate (%)	24.0	17.1	22.9	19.5	7.3	12.2

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	1016.6	1074.5	1010.9	1112.0	1219.4
EBITDA	140.1	151.7	151.6	171.8	192.6
EBIT	61.4	61.3	52.7	68.5	80.6
PBT	49.5	45.7	40.6	55.4	67.5
Normalised PATANCI	46.0	38.0	31.4	42.8	51.5
Normalised EPS (sen)	2.8	2.3	2.7	3.7	4.5
Normalised EPS Growth (%)	-60.8	-17.5	16.4	36.4	20.4
PER (x)	35.0	42.4	36.4	26.7	22.2
Dividend Per Share (sen)	0.3	0.3	0.3	0.3	0.3
Dividend yield (%)	0.3	0.3	0.3	0.3	0.3

Source: Company, MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF 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