D&O Green Technologies Berhad

(7204 | DOGT MK) Main | Technology

SHARIAH Compliant

ESG 4 Stars

Corporate Update

Downgrade to SELL (from NEUTRAL)

Revised Target Price **RM0.77** (from RM0.95)

Huge Inventory Impairment in 3Q25

Slow path to recovery. We are downgrading our recommendation to **SELL** from NEUTRAL previously with a lower **target price of RM0.77** (previously RM0.95). This is in conjunction with the release of the 3QFY25 quarterly results. The group reported a significant loss during the quarter as it made a huge one-off inventory impairment to address the changes in inventory usage pattern in view of the soft market. Notwithstanding this, we view the group's earnings recovery path, thus far, has been appalling. In the immediate term, we do not see notable improvement in 4QFY25. Moving forward, we also anticipate the prospect for the automotive market to remain challenging in the foreseeable term. This has resulted in a more subdued earnings improvement in the coming years.

Weak earnings. D&O reported 3QFY25 loss of -RM169.1m. This was mainly due to inventory impairment amounting to -RM248.9m. There was a change in impairment policy to address the movement in production transition cycles and demand visibility. Note that this was a non-cash accounting revision. The impairment also led to deferred tax asset (DTA) of RM62.7m. which led to tax income of RM59.4m for 3QFY25.

On a normalised basis, i.e. excluding the impairment and its corresponding DTA as well as forex, 3QFY25 earnings amounted to RM14.1m (-38.5%yoy). This was mainly brought about by the lower revenue of RM256.5m (-6.1%yoy). The decline in revenue was due to temporary adjustments in customer orders as global automotive manufacturers recalibrated production schedules amid trade policy developments and regional tariff uncertainties earlier in the year.

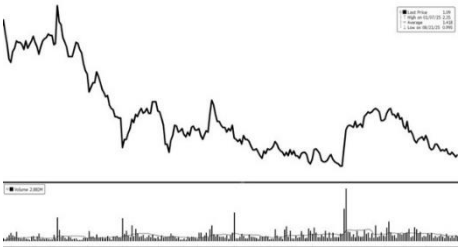
Failed to meet expectation. Cumulatively, 9MFY25 normalised earnings amounted to RM13.2m. This represents a decline of -56.0%yoy. This was reflective of the weaker 9MFY25 revenue of RM741.6m (-8.7%yoy) as production volumes among key clients softened amidst global macroeconomic uncertainty. All in, D&O's 9MFY25 financial performance came in below our expectations, making up only 42.2% of our FY25 full year earnings estimates.

Downward revision in earnings forecast. Given lack luster result, we cut FY/26/27 earnings estimates by -7.5%/-18.9%/-26.9%. Note that we reduce the revenue growth assumption in the coming years.

Revision in target price. Pursuant to our earnings amendments, we cut our target price to RM0.77 from RM0.95 previously. This is achieved by pegging unchanged PER of 25.6x against revised FY26 EPS of 3.0sen.

RETURN STATISTICS	
Price @ 25th November 2025 (RM)	1.09
Expected share price return (%)	-29.3
Expected dividend yield (%)	+0.3
Expected total return (%)	-29.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-8.4	-8.3
3months	-21.6	-7.0
12 months	-51.1	-51.4

INVESTMENT STATISTICS

FYE 31st Dec (RM'm)	2025E	2026F	2027F
Revenue	1,011	1,063	1,127
Operating Profit	49.7	58.0	62.4
Profit Before Tax	37.6	44.9	49.3
Core PATAMI	29.0	34.7	37.6
Core EPS	2.5	3.0	3.3
DPS	0.3	0.3	0.3
Dividend Yield (%)	0.3	0.3	0.3

KEY STATISTICS	
FBM KLCI	1,611.74
Issue shares (m)	1,239.48
Estimated free float (%)	78.49
Market Capitalisation (RM'm)	1,233.29
52-wk price range	RM0.98 – 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
Keen Capital Investments	12.38
Omega Riang Sdn Bhd	9.10

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D&O GREEN TECHNOLOGIES BHD: 3QFY25 RESULTS SUMMARY

FYE 31st December (All in RM'm unless stated otherwise)	Quarterly			Cumulative		
	3Q25	% YoY	% QoQ	9MFY25	9MFY24	% YoY
Revenue	256.5	-6.1	5.0	741.6	812.6	-8.7
EBITDA	-219.2	-564.3	-845.7	-160.9	121.2	-232.8
Depreciation and amortisation	-24.9	7.4	0.4	-74.5	-67.2	10.8
EBIT	-244.1	-1116.9	-5444.8	-235.4	53.9	-536.5
Finance costs	-4.7	-16.2	-7.7	-15.0	-17.3	-13.0
Interest income	1.2	-29.0	-5.3	3.8	5.6	-31.5
Contribution from JV	0.0	n.m.	n.m.	0.0	0.0	n.m.
Profit before taxation	-247.6	n.m.	n.m.	-246.6	42.2	n.m.
Taxation	59.4	n.m.	n.m.	59.2	-1.8	n.m.
Non-controlling interest	-19.0	n.m.	n.m.	-19.3	3.2	n.m.
PATANCI	-169.1	n.m.	n.m.	-168.0	37.3	n.m.
Normalised PATANCI	14.1	-38.5	733.5	13.2	30.1	-56.0
EPS (sen)	0.9	-22.7	1948.5	0.8	1.9	-56.0
		+/- ppts	+/- ppts			+/- ppts
EBITDA margin (%)	-85.4	-102.7	-97.5	-21.7	14.9	-36.6
EBIT margin (%)	-95.2	-103.9	-97.0	-31.7	6.6	-38.4
Normalised PATANCI margin (%)	5.5	-2.9	6.4	1.8	3.7	-1.9
Effective tax rate (%)	24.0	23.3	0.0	24.0	4.2	19.9

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	1016.6	1074.5	1010.9	1062.7	1127.5
EBITDA	140.1	151.7	150.6	163.3	177.4
EBIT	61.4	61.3	49.7	58.0	62.4
PBT	49.5	45.7	37.6	44.9	49.3
Normalised PATANCI	46.0	38.0	29.0	34.7	37.6
Normalised EPS (sen)	2.8	2.3	2.5	3.0	3.3
Normalised EPS Growth (%)	-60.8	-17.5	7.8	19.5	8.4
PER (x)	35.0	42.4	39.3	32.9	30.3
Dividend Per Share (sen)	0.3	0.3	0.3	0.3	1.3
Dividend yield (%)	0.3	0.3	0.3	0.3	1.3

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