D&O Green Technologies Berhad

(7204 | DOGT MK) Main | Technology

SHARIAH Compliant

ESG 4 Stars

Corporate Update

Maintain SELL

Unchanged Target Price **RM0.39**

Quarterly Loss Widens

Sizeable inventory impairment. We are keeping our SELL recommendation on D&O with an unchanged target price of RM0.39. We anticipate challenging automotive market continue to have an impact on the group's wellbeing this year. This should be reflected in the demand of LED from its customers, especially in Europe and China. While the group is placing more reliance on its newer products to gain pricing advantage, we view that it would be insufficient to boost the revenue.

On another note, the inventory impairment should continue throughout FY26 as the group continously adjusting its inventory balance. This would have a negative impact on the profitability. Given the subdued outlook, we do not foresee the company to announce any dividend in the foreseeable term.

Weaker demand. D&O reported 1QFY loss of -RM58.6m. After adjusting for exceptional item, the normalised loss was narrower at -RM18.8m. The bulk of the adjustments mainly pertained to impairment loss on inventory amounting to RM31.1m (1Q25: RM2.7m). We view that the revenue of RM225.5m (-6.4%yoy) has falls below its break-even point.

The lower revenue was premised on weaker automotive market conditions during the quarter, especially China and selected European markets, amide softer vehicle sales and prudent inventory management across the automotive supply chain.

There are some ongoing cost control measures and disciplined spending. As a result, the distribution expenses, administrative expenses and R&D expenses have reduced by -21.7%yoy, -8.7%yoy, -23.2%yoy and -21.1%yoy respectively. Nonetheless, we view that it is insufficient to make up for the weakness in revenue.

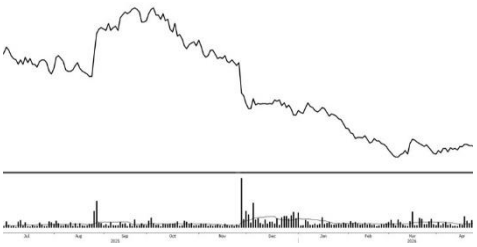
Kept pace with expectation. We view the loss-quarter to be in-line with our expectations. Moving forward, we anticipate 2QFYF26 to remain loss-making before returning to profitability from 3QFY26 onwards. This concurs with the management's outlook that the market conditions have started to improve in 2Q26, supported by improving customer orders and inventory normalisation across parts of the automotive supply chain. Historically, demand usually trend higher in the second half of the year, peaking at the fourth quarter.

Adjustment in earnings forecasts. No change to our earnings estimates at this juncture

No revision in dividend assumption. Given the tough operating environment, we maintain our view that the group will not pay any dividend in the foreseeable term.

RETURN STATISTICS	
Price @ 26th May 2026 (RM)	0.44
Expected share price return (%)	-11.4
Expected dividend yield (%)	+0.0
Expected total return (%)	-11.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-9.8	-11.5
3months	4.5	-15.2
12 months	-66.4	-69.8

INVESTMENT STATISTICS

FYE 31st Dec (RM'm)	2026E	2027F	2028F
Revenue	912	986	1,036
Operating Profit	47.5	59.8	70.4
Profit Before Tax	34.4	45.6	55.3
Core PATAMI	29.3	38.9	47.1
Core EPS	2.4	3.1	3.8
DPS	0	0	0
Dividend Yield (%)	0.0	0.0	0.0

KEY STATISTICS

FBM KLCI	1,699.02
Issue shares (m)	1239.48
Estimated free float (%)	78.40
Market Capitalisation (RM'm)	570.16
52-wk price range	RM0.39 - RM1.60
3-mth average daily volume (m)	6.79
3-mth average daily value (RM'm)	3.33
Top Shareholders (%)	
PRT Capital Pte Ltd	13.05
Keen Capital Investments	12.38
Omega Riang Sdn Bhd	9.10

Analyst
Foo Chuan Loong, **Martin**
martin.foo@mbsb.com
03-2173 8391

D&O GREEN TECHNOLOGIES BHD: 1QFY26 RESULTS SUMMARY

FYE 31st December (All in RM'm unless stated otherwise)	1Q26	1Q25	% YoY	4Q25	% QoQ
Revenue	225.5	240.8	-6.4	248.1	-9.1
EBITDA	-37.3	28.9	-228.8	-12.8	192.0
Depreciation and amortisation	-24.3	-24.8	-2.1	-25.0	-3.0
EBIT	-61.5	4.2	n.m.	-37.8	62.9
Finance costs	-4.1	-5.3	-21.1	-4.1	0.3
Interest income	0.9	1.3	-28.4	1.1	-19.7
Contribution from JV	0.0	0.0	n.m.	0.0	n.m.
Profit before taxation	-64.8	0.2	n.m.	-40.8	n.m.
Taxation	-0.4	0.0	n.m.	-26.2	n.m.
Non-controlling interest	-6.6	-0.2	n.m.	-6.8	3.5
PATANCI	-58.6	0.4	n.m.	-60.1	-2.5
Normalised PATANCI	-18.8	-2.2	n.m.	13.9	n.m.
EPS (sen)	-1.2	0.0	n.m.	-4.8	n.m.
			+/- ppts		+/- ppts
EBITDA margin (%)	-16.5	12.0	-28.5	-5.1	-11.4
EBIT margin (%)	-27.3	1.7	-29.0	-15.2	-12.1
Normalised PATANCI margin (%)	-8.3	-0.9	-7.4	5.6	-13.9
Effective tax rate (%)	-0.7	1.0	-1.7	-64.2	63.5

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,076.2	989.7	912.2	985.7	1,036.4
EBITDA	151.8	-173.6	152.8	168.6	177.0
EBIT	61.3	-273.1	47.5	59.8	70.4
PBT	45.7	-287.4	34.4	45.6	55.3
Normalised PATANCI	53.5	36.3	29.3	38.9	47.1
Normalised EPS (sen)	4.3	2.9	2.4	3.1	3.8
Normalised EPS Growth (%)	51.7	-32.1	-19.2	32.6	21.1
PER (x)	10.2	15.0	18.6	14.0	11.6
Dividend Per Share (sen)	0.3	0	0	0	0
Dividend yield (%)	0.7	0.0	0.0	0.0	0.0

Source: Company, MBSBR

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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