D&O Green Technologies Berhad

(7204 | DOGT MK) Main | Technology

SHARIAH Compliant

ESG 4 Stars

Corporate Update

FY26 to be a Loss-Making Year

Maintain **SELL**

Unchanged Target Price **RM0.30**
(from RM0.39)

Challeging outlook to persist. We are keeping our SELL recommendation on D&O with a lower target price of RM0.30 (previously RM0.39). While we observe that there is sequential improvement in 2QFY26, the pace of improvement is appalling. Moving forward, we anticipate the automotive market remains challenging, caused by pricing pressure and macroeconomi uncertainties. This will affect the damend of LED from its customers, especially in Europe and China. That being said, we acknowledged the group's effort to put more reliance on its newer products though the positive impact could be limited at this juncture. In addition, inventory impairment should continue throughout FY26 and potentially into FY27 as the group continously adjusting its inventory balance.

On the operation side, there has been positive progress following the implementation of its Reset & Remodel (R&R) programme. However, we view that it is insufficient to make up for the persistently weak automotive market. In addition, we do not foresee the company to announce any dividend in the foreseeable term.

Narrowing loss. D&O reported 2Q26 loss of -RM25.6m. After adjusting for exceptional items which mainly pertained to the inventory impairment, the normalised loss came in at -RM7.5m. This is a sequential improvement as compared to 1Q26 normalised loss of -RM18.8m. The improvement was mainly led by higher production utilisation, improved manufacturing efficiency and better cost control.

Note that the group continued implementing its R&R programme under the 4M framework comprising Machine, Material, Money and Manpower which focus on improving manufacturing efficiency, reducing material costs, strengthening cost control and improving workforce productivity.

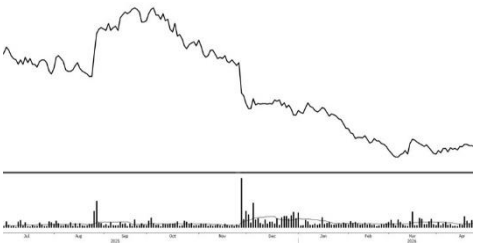
Below expectation. The above led to 1HFY26 normalised loss to -RM20.2m in the wake up -5.8%yoy contraction in revenue to RM457.0m. We view D&O's 1HFY26 financial performance to be severely below our expectation.

Adjustment in earnings forecasts and target price. Given the poor 1HFY26 financial performance, we now anticipate that FY26 to be a loss-making year. Note that we made no changes to our revenue forecasts. However, we are inputting higher expenses to better reflect the results thus far. This led to FY26 loss estimates of -RM17.4m from a previous profit forecast of RM29.3m. Nonetheless, we expect the group to return to profitability in FY27 of RM30.1m.

Premised on our earnings adjustment, our target price has been reduced further to RM0.30 from RM0.39 previously. This is arrived at by pegging revised FY27 EPS of 2.4sen against unchanged PER of 12.3x.

RETURN STATISTICS	
Price @ 21st August 2026 (RM)	0.375
Expected share price return (%)	-20.0
Expected dividend yield (%)	+0.0
Expected total return (%)	-20.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	13.4	12.5
3months	16.9	-16.9
12 months	-61.8	-64.9

INVESTMENT STATISTICS

FYE 31st Dec (RM'm)	2026E	2027F	2028F
Revenue	912	986	1,036
Operating Profit	-7.3	49.4	59.5
Profit Before Tax	-20.3	35.3	44.4
Core PATAMI	-17.4	30.1	37.9
Core EPS	-1.4	2.4	3.1
DPS	0	0	0
Dividend Yield (%)	0.0	0.0	0.0

KEY STATISTICS

FBM KLCI	1,736.48
Issue shares (m)	1239.48
Estimated free float (%)	70.50
Market Capitalisation (RM'm)	471.00
52-wk price range	RM0.31 - RM1.60
3-mth average daily volume (m)	7.04
3-mth average daily value (RM'm)	2.64
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: 2QFY26 RESULTS SUMMARY

FYE 31st December (All in RM'm unless stated otherwise)	Quarterly			Cumulative		
	2Q26	% YoY	% QoQ	1HFY26	1HFY25	% YoY
Revenue	231.5	-5.2	2.6	457.0	485.1	-5.8
EBITDA	-2.5	-108.5	-93.3	-39.8	58.3	-168.2
Depreciation and amortisation	-22.6	-9.0	-6.9	-46.8	-49.6	-5.6
EBIT	-25.1	-649.0	-59.2	-86.6	8.7	-1091.3
Finance costs	-3.7	-27.1	-10.6	-7.9	-10.3	-24.1
Interest income	0.7	-48.6	-26.7	1.6	2.6	-38.6
Contribution from JV	0.0	n.m.	n.m.	0.0	0.0	n.m.
Profit before taxation	-28.1	-3685.7	-56.6	-92.9	1.0	-9624.9
Taxation	-0.6	201.6	28.6	-1.0	-0.2	431.1
Non-controlling interest	-3.0	3164.5	53.9	-9.6	-0.3	3613.5
PATANCI	-25.6	-3821.8	-56.3	-84.3	1.0	-8170.8
Normalised PATANCI	-7.5	234.5	60.3	-20.2	8.6	-333.4
EPS (sen)	-0.5	-1181.7	-87.3	-1.2	0.5	-333.4
		+/- ppts	+/- ppts			+/- ppts
EBITDA margin (%)	-1.1	-13.1	15.4	-8.7	12.0	-20.7
EBIT margin (%)	-10.8	-12.7	16.4	-19.0	1.8	-20.8
Normalised PATANCI margin (%)	-3.2	-2.3	5.1	-4.4	1.8	-6.2
Effective tax rate (%)	-2.0	-26.0	-1.3	-1.1	19.5	-20.6

Source: Company, MBSBR

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1076.2	989.7	912.2	985.7	1,036.4
EBITDA	151.8	-173.6	98.0	158.3	166.1
EBIT	61.3	-273.1	-7.3	49.4	59.5
PBT	45.7	-287.4	-20.3	35.3	44.4
Normalised PATANCI	53.5	36.3	-17.4	30.1	37.9
Normalised EPS (sen)	4.3	2.9	-1.4	2.4	3.1
Normalised EPS Growth (%)	51.7	-32.1	-147.8	-273.4	25.8
PER (x)	9.0	13.3	-27.9	16.1	12.8
Dividend Per Share (sen)	0.3	0	0	0	0
Dividend yield (%)	0.8	0.0	0.0	0.0	0.0

Source: Company, MBSBR

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MBSB 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