

02 March 2026

D&O Green Technologies

Inventory Reset Hits FY25

By Cheow Ming Liang | cheowml@kenanga.com.my

D&O's FY25 results came in below expectations, due to weaker-than-expected revenue and margins amid sub-optimal plant utilisation. Looking ahead, management guides for broadly stable sales in 2026, supported by design-ins and secured design wins, alongside ongoing initiatives to lift yields, optimise costs, and improve margin resilience. Maintain forecasts pending upcoming briefing, and keep our TP at RM0.81 (FY26F PER: 30x, in line with the 5-year mean) with an unchanged MARKET PERFORM rating.

Below expectations. FY25 core net profit of RM11.3m came in below our and the street's expectation. Our core net profit was derived after adding back RM286m inventory impairment and assuming 5% taxation rate (to align with the historical trend). The earnings shortfall was largely attributed to both lower-than-expected turnover and margin that have not rebounded as a result from weak plant utilisation rate.

YoY, despite its total shipment volume increasing by 6%, the group's revenue declined 8% to RM990m, no thanks to the unfavourable FX movement. Gross profit fell 16% to RM160m, with margin contracting to 16.2% (FY24: 20.2%) on lower plant utilisation and weaker fixed-cost absorption. Net other expenses surged to RM321m (FY24: RM27m), largely reflecting a non-cash adjustment arising from inventory impairment and inventory costing reassessment exercise undertaken during the year. Consequently, D&O swung to a LBT of RM287m (vs. PBT of RM46m a year ago) and a net loss of RM228m (vs. net profit of RM39m in the prior corresponding period). Note that, management has taken a more stringent inventory policy since 3QFY25 and moved from a 100% write-off only for inventories aged three years to a more stringent progressive policy (c.10% for current year, 30% for CY-1, 60% for CY-2 and 100% for CY-3).

QoQ, revenue weakened by 3% to RM248m in 4QFY25 with GP margin lowered to 15.9% (vs. 17.3% in 3QFY25) due to lower production utilisation rate. Its net other expenses declined to RM51m (3QFY25: RM260m), due to lower inventory adjustments. Consequently, the group LBT narrowed to RM41m vs. RM248m in the preceding quarter.

Outlook. Looking ahead, management expects 2026 sales to remain broadly stable, supported by encouraging design-in activity and secured design wins. The Group will continue to emphasise operational discipline, selective capital deployment and stringent quality control, with a sustained focus on yield enhancement, material utilisation efficiency and unit cost optimisation. In parallel, management has rolled out a suite of margin uplift initiatives—including cost optimisation programmes, more disciplined procurement, supplier diversification, yield improvement measures and greater production automation—to strengthen manufacturing efficiency, enhance cost structure resilience and support margin recovery as production volumes normalise.

Forecasts. Maintained, pending upcoming briefing.

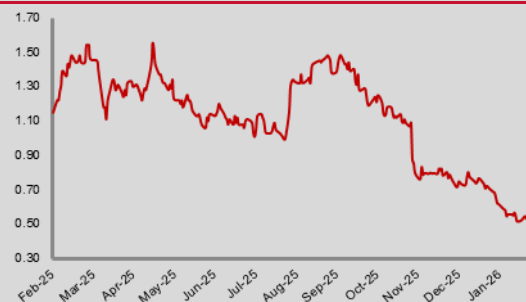
Valuations. TP kept at RM0.81 for now, based on a targeted FY26F PER of 30x, implied D&O's 5-year mean. There is no ESG-related adjustment to our valuation, as the stock carries a 3-star ESG rating on our proprietary assessment (see Page 4). Maintain MARKET PERFORM call.

Risks to our call include: (i) a sharp decline in automotive demand, particularly for electric vehicles (EVs), (ii) an unexpected slowdown in the growth of the smart LED segment, and (iii) a general slowdown in the global economy.

MARKET PERFORM ↔

Price: RM0.47
Target Price: RM0.81 ↔

Share Price Performance



KLCI 1,716.61
YTD KLCI chg 2.2%
YTD stock price chg -37.3%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	DOGT MK EQUITY
Market Cap (RM m)	582.6
Shares Outstanding	1,239.5
52-week range (H)	1.60
52-week range (L)	0.46
3-mth avg daily vol:	6,864,847
Free Float	78%
Beta	1.2

Major Shareholders

Prt Capital Pte Ltd	13.1%
Keen Capital Investm	12.4%
Omega Rieng Sdn Bhd	9.1%

Summary Earnings Table

FYE Dec (RM m)	2024A	2025A	2026F
Turnover	1,075	990	1,060
EBIT	68	-268	55
PBT	46	-287	36
Net Profit	40	-228	33
Core Net Profit	40	11	33
Consensus			35
Earnings Revision	-	-	-
Core EPS (sen)	3.2	0.9	2.7
EPS Growth (%)	-10.6	-71.5	120.8
NDPS (sen)	0.3	0.0	0.6
BV/Share (RM)	0.7	0.5	0.5
Core PER (x)	14.7	51.6	17.4
P/BV (x)	0.6	0.9	1.0
Gearing (x)	0.3	0.3	0.1
Net Dvd Yield (%)	0.6%	0.0%	1.3%



02 March 2026

Results Highlight

FYE Dec (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
Turnover	248.1	256.5	-3.3%	261.9	-5.3%	989.7	1,074.5	-7.9%
Gross Profit	39.5	44.4	-11.2%	52.3	-24.5%	160.2	216.6	-26.1%
EBITDA	(11.6)	(217.9)	-94.7%	30.7	-137.8%	(168.6)	157.5	-207.1%
EBIT	(36.6)	(242.9)	-84.9%	8.6	-527.8%	(268.2)	68.1	-494.0%
PBT/(LBT)	(40.8)	(247.5)	-83.5%	3.5	-1278.9%	(287.3)	45.7	-729.1%
Taxation	(26.2)	59.4	-144.0%	(1.1)	2221.8%	33.1	(2.9)	-1246.5%
MI	6.8	19.0	-64.2%	(0.1)	-5828.6%	26.1	(3.3)	-894.3%
Net Profit/(Loss)	(60.1)	(169.1)	-64.4%	2.2	-2818.5%	(228.1)	39.5	-677.5%
Core Net Profit/(Loss)	3.9	6.3	-38.9%	2.2	75.4%	11.3	39.5	-71.5%
Core EPS (sen)	0.3	0.5	-38.9%	0.2	75.4%	0.9	3.2	-71.5%
DPS (sen)	0.0	0.0	NA	0.0	NA	0.0	0.3	NA
Gross Margin	15.9%	17.3%		20.0%		16.2%	20.2%	
EBITDA Margin	-4.7%	-85.0%		11.7%		-17.0%	14.7%	
EBIT Margin	-14.8%	-94.7%		3.3%		-27.1%	6.3%	
PBT Margin	-16.4%	-96.5%		1.3%		-29.0%	4.3%	
NP Margin	-24.2%	-65.9%		0.8%		-23.1%	3.7%	
CNP Margin	1.6%	2.5%		0.8%		1.1%	3.7%	
Tax Rate	64.2%	-24.0%		-32.6%		-11.5%	-6.3%	

Source: Kenanga Research

Revenue Geographical Breakdown

FYE Dec (RM m)	4Q25	3Q25	QoQ Chg	4Q24	YoY Chg	FY25	FY24	YoY Chg
Asia	176.0	179.5	-1.9%	172.7	1.9%	689.5	701.5	-1.7%
Europe	58.2	61.6	-5.6%	66.4	-12.3%	242.0	291.8	-17.1%
USA	13.9	15.4	-9.8%	19.3	-28.1%	58.2	66.3	-12.2%
Others	0.0	0.0	433.3%	3.6	-98.7%	0.1	14.9	-99.5%
TOTAL	248.1	256.5	-3.3%	261.9	-5.3%	989.7	1,074.5	-7.9%

Source: Kenanga Research

02 March 2026

Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 25 Feb. (RM)	Target Price (RM)	Upside	Mkt Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) – Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net. Div. Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.				
D&O GREEN TECHNOLOGIES BHD	MP	0.470	0.810	72.3%	582.6	Y	12/2026	1.1	2.7	-66.1%	149.3%	43.5	17.4	0.8	-19.5%	1.0	2.1%
INARI AMERTRON BHD	OP	1.42	2.05	44.4%	5,403.3	Y	06/2026	5.7	7.5	-14.6%	30.6%	24.7	18.9	1.9	7.2%	5.0	3.5%
KELINGTON GROUP BHD	OP	5.47	6.15	12.4%	4,292.5	Y	12/2026	20.5	21.9	23.4%	6.8%	26.7	25.0	6.1	26.1%	13.0	2.4%
LGMS BHD	MP	0.510	0.650	27.5%	232.6	Y	12/2026	2.2	2.7	-18.7%	23.0%	23.3	18.9	2.3	10.3%	2.0	3.9%
M'SIAN PACIFIC INDUSTRIES BHD	MP	31.96	35.30	10.5%	6,372.8	Y	06/2026	104.4	120.3	35.2%	15.2%	30.6	26.6	2.9	9.7%	35.0	1.1%
NATIONGATE HOLDINGS BHD	MP	0.865	0.850	-1.7%	1,957.2	Y	12/2026	4.7	5.7	7.8%	21.1%	18.4	15.2	1.8	10.2%	2.0	2.3%
OPPSTAR BHD	MP	0.250	0.280	12.0%	160.3	Y	03/2026	(1.6)	1.0	-184.7%	-40.0%	N.A.	25.4	1.3	-8.0%	0.0	0.0%
P.I.E. INDUSTRIAL BHD	MP	1.54	2.54	64.9%	591.4	Y	12/2026	7.9	14.8	-42.7%	86.5%	19.5	10.4	0.9	4.7%	0.0	0.0%
SKP RESOURCES BHD	MP	0.490	0.530	8.2%	765.6	Y	03/2026	5.7	4.4	-24.4%	-22.5%	8.7	11.2	0.7	8.0%	0.0	0.0%
UNISEM (M) BHD	UP	3.14	2.22	-29.3%	5,065.1	Y	12/2026	7.6	9.2	94.1%	21.8%	41.5	34.1	2.4	5.8%	6.0	1.9%
UWC BHD	OP	4.50	4.38	-2.7%	4,964.1	Y	07/2026	10.0	13.9	172.6%	38.8%	44.9	32.4	8.3	22.6%	0.0	0.0%
PENTAMASTER CORP BHD	OP	3.30	4.25	28.8%	2,347.3	Y	12/2026	12.1	13.1	39.0%	8.1%	27.2	25.2	2.7	10.4%	2.0	0.6%
INFOMINA BHD	OP	1.19	1.90	59.7%	715.5	Y	05/2026	5.6	7.6	60.7%	34.8%	21.1	15.7	3.6	18.3%	1.0	0.8%
Simple Average					33,450.1					14.1%	22.2%	27.8	22.7	2.7	8.1%		1.4%

Source: Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Corporate Social Responsibility	★	★	★	☆	
	Management/Workforce Diversity	★	★	★		
	Accessibility & Transparency	★	★	☆		
	Corruption-Free Pledge	★	★	★	★	
	Carbon-Neutral Initiatives	★	★	★	☆	
SPECIFIC	Worker Welfare	★	★	★		
	Supply Chain Auditing	★	★	★	☆	
	Waste Management	★	★	★		
	Energy Efficiency	★	★	★	☆	
	Work Site Safety	★	★	★		
	Digital Transformation	★	★	☆		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)
 Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
 Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

