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D&O Green Technologies

Normalisation in Progress

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

D&O's post-4QFY25 briefing reinforced the view that FY26 will be a transition year, with the balance sheet set to normalise progressively as the inventory impairment clean-up and demand-led salvage efforts continue, alongside a targeted reduction in inventory days towards a healthier 3–4 months. Operationally, BMW Group is expected to be the key earnings driver in FY26, supported by firmer full-year PO visibility and ongoing capacity catch-up, while margin recovery is skewed to 2H as utilisation improves and China re-sourcing savings begin to flow through. Reflecting a stronger MYR and lower margin assumptions, we cut FY26F core net profit by 21% to RM26m (and introduce FY27F) and reduce our TP to RM0.47 (from RM0.81) on a lower FY26F PER of 22x, while maintaining our MARKET PERFORM call.

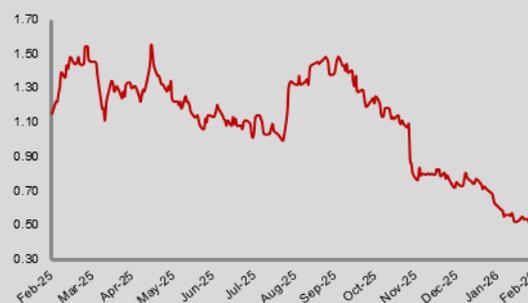
We came away from D&O's post-4QFY25 results briefing with the following key takeaways:

- Balance sheet set to further normalise in FY26.** Management acknowledged that FY25's inventory impairment was a material "clean-up" exercise and reiterated that the group is now executing a structured salvage programme to recover value from on-hold or quarantined inventories. To date, D&O has fully impaired inventories aged more than three years and provided for 14% of inventories aged one to three years, tightening reserve coverage to better reflect ageing risk and recoverability. Importantly, management expects the remaining impairment headwind to be largely addressed within FY26, but stressed that salvage is inherently demand-led—i.e., recovery efforts will only be pursued where there are confirmed orders to ensure any recovered stock can be monetised. While acknowledging there may still be some residual inventory/impairment buffer as the balance sheet continues to normalise, management reiterated that a healthier inventory position is 3–4 months (vs. FY25: 144 days) and expects inventories to be worked down progressively through FY26, rather than resolved in a single step.
- BMW to drive FY26.** Management struck a more constructive tone on BMW Group, noting that order visibility has improved materially with a firm PO covering the full-year FY26 requirement (versus forecast indications previously), supported by competitor disruptions and ongoing equipment lead-time constraints. Management added that the PO structure carries an obligation to honour, although delivery schedules may still be subject to timing slippage. Operationally, the current backlog is about 2 months, but capacity catch-up is underway with additional wire bonders arriving by end-month/early next month to help clear the shortfall. Overall, BMW Group is expected to contribute c.60% of group turnover in FY26. For context, S&P Global estimates global light-vehicle sales at ~91.7m units in 2025 with flat growth expected in 2026, while BMW Group delivered 2.46m vehicles in 2025 (+0.5% YoY) and will present its FY25 results and FY26 outlook on 12 March 2026.
- Material re-sourcing; meaningful benefits skewed to 2HCY26.** Management highlighted an ongoing supplier diversification and China re-sourcing programme—initiated around a year ago—as a key lever to improve cost competitiveness. The initiative targets meaningful material cost-down, with management indicating >30% savings potential in aggregate and potentially higher for simpler components. However, implementation is inherently phased and qualification-driven, given automotive-grade requirements such as thermal cycling, reliability validation and extended run-in testing before any material changes can be scaled for mass production. As a result, management expects the bulk of the cost benefits to be realised in 2H, although early savings may begin to surface by end-2Q as newly qualified materials

MARKET PERFORM ↔

Price : RM0.45
Target Price : RM0.47 ↓

Share Price Performance



KLCI	1,700.21
YTD KLCI chg	1.2%
YTD stock price chg	-40.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	DOGT MK EQUITY
Market Cap (RM m)	557.8
Shares Outstanding	1,239.5
52-week range (H)	1.60
52-week range (L)	0.39
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 Riang Sdn Bhd	9.1%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	990	987	1,012
EBIT	-268	17	28
PBT	-287	-1	10
Net Profit	-228	26	37
Core Net Profit	11	26	37
Consensus	-	31	39
Earnings Revision	-	-21%	NEW
EPS (sen)	0.9	2.1	2.3
EPS Growth (%)	-71.5	-133.6	0.0
NDPS (sen)	0.0	0.5	0.6
BV/Share (RM)	0.5	0.4	0.5
Core PER (x)	49.5	21.2	19.7
P/BV (x)	0.8	1.0	1.0
Gearing (x)	0.3	0.2	0.1
Net Dvd Yield (%)	-	1.1	1.3

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progressively replace existing inputs.

4. **China consolidating; India & Korea emerging as growth markets.** Management noted that China remains a meaningful market but expects ongoing industry consolidation as weaker brands exit, prompting a more selective approach to customer engagement to manage risk. At the same time, growth initiatives are increasingly shifting towards India and Korea as incremental opportunities: India is viewed as a structurally expanding market with a distinct vehicle mix (including sizeable two-wheel penetration) that supports broader demand across power and signal LEDs, while Korea offers share-gain potential as customers look to replace competitor parts
5. **Recovery skewed to 2HCY26 as margins normalise.** While management remained cautious on providing detailed FY26 guidance, it outlined a clear 2H improvement profile, with margin recovery expected to be the key driver of earnings normalisation. Specifically, management is targeting c.20% gross margin in 2H (rather than for the full year; FY25: 16.2%) as utilisation improves and cost actions gain traction. This, in turn, is expected to lift profitability, with management guiding for a PAT margin of about 7–8% in 2H26

Forecasts. We cut our FY26F core net profit by 21% to RM26m, mainly to reflect the stronger MYR and a recalibration of our gross margin assumption to current run-rates (17.1% vs. 20.0% previously). We also take this opportunity to introduce our FY27F estimates.

Valuations. Correspondingly, we reduce our TP to RM0.47 (from RM0.81), anchored on a lower FY26F PER of 22x (vs. 30x previously), which implied -1 standard deviation below its 5-year mean. Maintained MARKET PERFORM rating.

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.

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Income Statement						Financial Data & Ratios					
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F	FY Dec	2023A	2024A	2025A	2026F	2027F
Revenue	1,017	1,075	990	987	1,012	Growth (%)					
EBITDA	151	157	-169	120	135	Turnover	3.4	5.7	-7.9	-0.2	2.5
Dep & Amort.	80	89	100	103	107	EBITDA	-6.7	4.1	-207.1	171.1	-12.7
Operating Profit	71	68	-268	17	28	Operating Profit	-27.7	-4.1	-494.0	106.5	-63.6
Other Income	-30	-27	-321	-37	-35	PBT	-45.3	-7.7	-729.1	99.7	1136.2
Interest Exp	-21	-22	-19	-18	-18	Adj. Net Profit	-41.3	-10.5	-71.5	133.6	39.9
PBT	50	46	-287	-1	10	Profitability (%)					
Taxation	-2	-3	33	0	-1	EBITDA Margin	14.9	14.7	-17.0	12.1	13.3
MI	-4	-3	26	27	27	Operating Margin	7.0	6.3	-27.1	1.8	2.8
Net Profit	44	40	-228	26	37	PBT Margin	4.9	4.3	-29.0	-0.1	1.0
Core Net Profit	44	40	11	26	37	Core Net Margin	4.3	3.7	1.1	2.7	3.6
Balance Sheet						Effective Tax Rate	-3.7	-6.3	-11.5	-8.0	-8.0
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F	ROA	2.5	2.2	0.8	1.8	2.6
Fixed Assets	532	580	497	420	344	ROE	4.7	4.1	1.6	3.7	5.2
Int. Assets	34	37	32	40	40	DuPont Analysis					
Other FA	76	70	124	124	124	Net Margin	4.3%	3.7%	1.1%	2.7%	3.6%
Inventories	579	610	328	246	250	Assets T/O (x)	0.6x	0.6x	0.7x	0.7x	0.7x
Receivables	280	271	243	243	249	Lvg. Factor (x)	1.9x	1.9x	2.1x	2.0x	2.0x
Other CA	14	16	19	19	19	ROE	4.7	4.1	1.6	3.7	5.2
Cash	261	234	232	338	409	Leverage					
Total Assets	1,776	1,818	1,476	1,430	1,435	Debt/Asset (x)	0.3	0.3	0.3	0.3	0.3
Payables	291	297	224	221	224	Debt/Equity (x)	0.5	0.5	0.6	0.7	0.6
ST Borrowings	1	1	1	1	1	Net Cash/(Debt)	-205	-249	-227	-121	-50
Other ST Liability	356	379	387	351	351	Net Debt/Equity (x)	0.2	0.3	0.3	0.2	0.1
LT Borrowings	138	128	109	109	109	Valuations					
Other LT Liability	46	43	43	43	43	Core EPS (sen)	3.6	3.2	0.9	2.1	2.3
Minorities Int.	59	61	35	8	(20)	DPS (sen)	0.3	0.3	0.0	0.5	0.6
Net Assets	886	910	678	698	728	BVPS (RM)	0.72	0.73	0.55	0.43	0.45
Share Capital	469	474	474	474	474	PER (x)	12.6	14.1	49.5	21.2	19.7
Reserves	417	436	204	224	254	Div. Yield (%)	0.7%	0.7%	0.0%	1.1%	1.3%
Equity	886	910	678	698	728	P/BV (x)	0.6	0.6	0.8	1.0	1.0
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F	EV/EBITDA (x)	2.3	1.9	-2.1	5.3	5.2
Operating CF	33	97	42	145	110						
Investing CF	-104	-133	-22	-33	-31						
Financing CF	59	12	-15	-6	-7						

Source: Kenanga Research

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Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 2 Mar. (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	0.450	0.470	4.4%	557.8	Y	12/2026	2.1	2.3	132.7%	39.9%	21.2	19.8	0.8	3.8%	1.0	2.2%
INARI AMERTRON BHD	OP	1.37	2.05	49.6%	5,213.0	Y	06/2026	5.7	7.5	-14.6%	30.6%	23.8	18.3	1.9	7.2%	5.0	3.6%
KELINGTON GROUP BHD	OP	5.30	6.15	16.0%	4,159.1	Y	12/2026	20.5	21.9	23.4%	6.8%	25.9	24.2	5.9	26.1%	13.0	2.5%
LGMS BHD	MP	0.500	0.650	30.0%	228.0	Y	12/2026	2.2	2.7	-18.7%	23.0%	22.8	18.5	2.3	10.3%	2.0	4.0%
M'SIAN PACIFIC INDUSTRIES BHD	MP	31.00	35.30	13.9%	6,181.3	Y	06/2026	104.4	120.3	35.2%	15.2%	29.7	25.8	2.8	9.7%	35.0	1.1%
NATIONGATE HOLDINGS BHD	MP	0.810	0.850	4.9%	1,832.7	Y	12/2026	4.7	5.7	7.8%	21.1%	17.2	14.2	1.7	10.2%	2.0	2.5%
OPPSTAR BHD	MP	0.240	0.280	16.7%	153.9	Y	03/2026	(1.6)	1.0	-184.7%	-40.0%	N.A.	24.4	1.2	-8.0%	0.0	0.0%
P.I.E. INDUSTRIAL BHD	MP	1.46	1.40	-4.1%	560.7	Y	12/2026	8.1	8.8	37.6%	8.0%	18.0	16.7	0.8	4.8%	0.0	0.0%
SKP RESOURCES BHD	MP	0.480	0.530	10.4%	749.9	Y	03/2026	5.7	4.4	-24.4%	-22.5%	8.5	10.9	0.7	8.0%	0.0	0.0%
UNISEM (M) BHD	UP	2.98	2.22	-25.5%	4,807.0	Y	12/2026	7.6	9.2	94.1%	21.8%	39.4	32.3	2.3	5.8%	6.0	2.0%
UWC BHD	OP	4.28	4.38	2.3%	4,721.4	Y	07/2026	10.0	13.9	172.6%	38.8%	42.7	30.8	7.9	22.6%	0.0	0.0%
PENTAMASTER CORP BHD	OP	3.29	4.25	29.2%	2,340.2	Y	12/2026	12.1	13.1	39.0%	8.1%	27.1	25.1	2.7	10.4%	2.0	0.6%
INFOMINA BHD	OP	1.18	1.90	61.0%	709.5	Y	05/2026	5.6	7.6	60.7%	34.8%	20.9	15.5	3.6	18.3%	1.0	0.8%
Simple Average					32,214.6					22.1%	19.2%	26.5	22.2	2.7	9.9%		1.5%

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.**

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KENANGA INVESTMENT BANK BERHAD (15678-H)
 Level 12, 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

