

28 May 2026

D&O Green Technologies

Still in Low Gear

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D&O's 1QFY26 results came in below expectations, due to weaker-than-expected revenue and margins amid sub-optimal plant utilisation. While the near-term light vehicle outlook remains muted, D&O expects 2QFY26 sales to stay broadly stable, supported by design-in activity and secured design wins. We maintain our forecasts pending the briefing, keep our TP at RM0.47 based on 22x FY26F PER, and maintain MARKET PERFORM.

Below expectations. 1QFY26 core net loss of RM21m came in below our, and the street's, expectation. Our core net loss was derived after adding back RM26m 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, revenue declined 6.4% YoY to RM225m in 1QFY26, mainly due to softer automotive market conditions in China and selected European markets, cautious inventory management across the supply chain, and unfavourable forex translation from a stronger Ringgit. GP margin narrowed sharply to 4.9% from 15.8%, dragged by lower production loading and non-cash inventory valuation adjustments. Despite lower operating expenses from cost control measures, the higher inventory impairment (RM32.1m) and forex losses (RM7.5m), led the group posting a loss before tax of RM65m versus a marginal PBT of RM0.2m a year ago. 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 fell 10% to RM225m in 1QFY26, mainly due to lower customer demand and prudent inventory management across parts of the automotive supply chain. GP margin narrowed to 4.9% from 15.9% in 4QFY25, weighed by lower production loading and non-cash inventory valuation adjustments arising from inventory cost remeasurement. Net other operating expenses eased to RM48m from RM51m, supported by lower inventory adjustments of RM32.1m versus RM47.2m previously. Consequently, the Group recorded a net loss of RM59m, broadly unchanged from RM60m in the preceding quarter.

Outlook. The global light vehicle market remains muted, with GlobalData forecasting only 0.3% YoY growth to 92.35m units in 2026, amid weak starts in North America and Europe and added uncertainty from the Middle East conflict. Nonetheless, D&O sees longer-term opportunities from next-generation EV platforms, as premium carmakers push driving ranges beyond 800km and enhance fast-charging capabilities, which could support broader EV adoption and drive higher automotive LED content across EVs, PHEVs and conventional vehicles. Looking ahead, D&O expects 2QFY26 sales to remain broadly stable, underpinned by encouraging design-in activity and secured design wins, while management continues to prioritise cost discipline, quality control and unit cost optimisation.

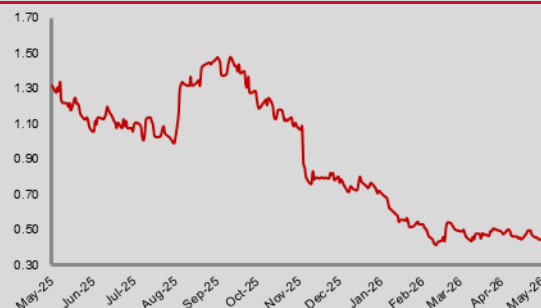
Forecasts. Maintained, pending upcoming briefing.

Valuations. TP kept at RM0.47 for now, based on a targeted FY26F PER of 22x, implied -1 SD below its 5-year mean. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4). Maintain MARKET PERFORM call.

MARKET PERFORM ↔

Price: **RM0.44**
Target Price: **RM0.47** ↔

Share Price Performance



KLCI	1,699.02
YTD KLCI chg	1.1%
YTD stock price chg	-41.3%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	DOGT MK EQUITY
Market Cap (RM m)	545.4
Shares Outstanding	1,239.5
52-week range (H)	1.60
52-week range (L)	0.39
3-mth avg daily vol:	7,184,189
Free Float	78%
Beta	0.9

Major Shareholders

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

Summary Earnings Table

FYE Dec (RM m)	2025A	2026A	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		27	34
Earnings Revision	-	-	-
Core 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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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.

Results Highlight								
FYE Dec (RM m)	1Q26	4Q25	QoQ Chg	1Q25	YoY Chg	3M26	3M25	YoY Chg
Turnover	225.5	248.1	-9.1%	240.8	-6.4%	225.5	240.8	-6.4%
Gross Profit	11.1	39.5	-71.8%	38.1	-70.8%	11.1	38.1	-70.8%
EBITDA	(36.3)	(11.6)	-68.0%	30.2	-183.1%	(36.3)	30.2	-183.1%
EBIT	(60.6)	(36.6)	-39.6%	5.4	-109.0%	(60.6)	5.4	-109.0%
PBT/(LBT)	(64.8)	(40.8)	-37.1%	0.2	-100.3%	(64.8)	0.2	-100.3%
Taxation	(0.4)	(26.2)	5833.6%	0.0	-100.0%	(0.4)	0.0	-100.0%
MI	6.6	6.8	-3.6%	0.2	97.5%	6.6	0.2	97.5%
Net Profit/(Loss)	(58.6)	(60.1)	2.5%	0.4	-100.6%	(58.6)	0.4	-100.6%
Core Net Profit/(Loss)	(21.1)	3.9	-118.4%	0.4	-101.7%	(21.1)	0.4	-101.7%
Core EPS (sen)	(4.7)	0.3	-106.6%	0.0	-100.6%	(4.7)	0.0	-100.6%
DPS (sen)	0.0	0.0	NM	0.0	NM	0.0	0.0	NM
Gross Margin	4.9%	15.9%		15.8%		4.9%	15.8%	
EBITDA Margin	-16.1%	-4.7%		12.5%		-16.1%	12.5%	
EBIT Margin	-26.9%	-14.8%		2.3%		-26.9%	2.3%	
PBT Margin	-28.7%	-16.4%		0.1%		-28.7%	0.1%	
NP Margin	-26.0%	-24.2%		0.1%		-26.0%	0.1%	
CNP Margin	-9.4%	1.6%		0.1%		-9.4%	0.1%	
Tax Rate	0.7%	64.2%		0.0%		0.7%	0.0%	

Source: Kenanga Research

Revenue Geographical Breakdown								
FYE Dec (RM m)	1Q26	4Q25	QoQ Chg	1Q25	YoY Chg	3M26	3M25	YoY Chg
Asia	140.5	176.0	-20.2%	165.8	-15.2%	140.5	165.8	-15.2%
Europe	67.5	58.2	16.1%	62.2	8.5%	67.5	62.2	8.5%
USA	17.4	13.9	25.5%	12.8	35.9%	17.4	12.8	35.9%
Others	0.0	0.0	0.0%	0.0	380.0%	0.0	0.0	380.0%
TOTAL	225.5	248.1	-9.1%	240.8	-6.4%	225.5	240.8	-6.4%

Source: Kenanga Research

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Malaysian Technology Peers Comparison

Name	Rating	Last Price @ 26 May (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.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
								D&O GREEN TECHNOLOGIES BHD	MP	0.440	0.470	6.8%	545.4	Y	12/2026	2.1	2.3
FRONTKEN BHD	OP	4.85	5.10	5.2%	8,792.7	Y	12/2026	12.8	13.9	31.9%	8.7%	38.0	34.9	6.8	19.1%	4.0	0.8%
INARI AMERTRON BHD	OP	2.22	2.42	9.0%	8,453.3	Y	06/2026	4.8	8.0	-28.1%	64.6%	45.9	27.9	3.1	5.9%	5.0	2.3%
KELINGTON GROUP BHD	OP	7.32	9.05	23.6%	6,301.0	Y	12/2026	21.4	24.5	29.1%	14.1%	34.1	29.9	8.3	27.5%	15.0	2.0%
LGMS BHD	OP	0.530	0.580	9.4%	241.7	Y	12/2026	2.9	3.6	30.4%	21.8%	18.2	14.9	1.8	10.5%	2.0	3.8%
M'SIAN PACIFIC INDUSTRIES BHD	MP	49.14	38.90	-20.8%	9,798.4	Y	06/2026	104.7	134.1	35.6%	28.0%	46.9	36.7	4.4	9.7%	40.0	0.8%
NATIONGATE HOLDINGS BHD	MP	0.725	0.660	-9.0%	1,640.4	Y	12/2026	4.7	5.7	7.8%	21.1%	15.4	12.7	1.5	10.2%	2.0	2.8%
OPPSTAR BHD	MP	0.670	0.230	-65.7%	431.1	Y	03/2027	(1.6)	1.0	-184.7%	-40.0%	N.A.	68.1	3.4	-8.0%	0.0	0.0%
P.I.E. INDUSTRIAL BHD	MP	1.42	1.45	2.1%	545.3	Y	12/2026	5.9	8.4	0.4%	42.3%	24.0	16.9	0.8	3.5%	0.0	0.0%
SKP RESOURCES BHD	MP	0.355	0.500	40.8%	554.6	Y	03/2026	5.7	4.4	-24.4%	-22.5%	6.3	8.1	0.5	8.0%	0.0	0.0%
SKYECHIP BHD	OP	2.89	2.00	-30.8%	5,190.4	Y	03/2027	2.6	3.4	30.1%	32.1%	111.1	84.1	29.9	31.2%	70.0	24.2%
UNISEM (M) BHD	UP	5.10	2.47	-51.6%	8,226.7	Y	12/2026	5.4	9.5	39.6%	74.6%	93.7	53.7	3.8	4.1%	0.0	0.0%
UWC BHD	OP	5.89	4.70	-20.2%	6,498.6	Y	07/2026	9.0	14.3	143.3%	59.0%	65.7	41.3	11.3	18.7%	0.0	0.0%
PENTAMASTER CORP BHD	MP	4.60	3.95	-14.1%	3,272.1	Y	12/2026	12.1	13.1	39.0%	8.1%	38.0	35.1	3.8	10.4%	2.0	0.4%
INFOMINA BHD	OP	1.08	1.90	75.9%	649.4	Y	05/2026	5.6	7.6	60.7%	34.8%	19.2	14.2	3.3	18.3%	1.0	0.9%
Simple Average					61,141.2					17.5%	30.2%	43.7	33.6	5.6	11.5%		2.7%

Source: Kenanga Research

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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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