# **Technical Focus**

Tuesday, 17 May, 2022



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# **D&O Green Technologies Bhd**

## Signs of bright sparks

- One of the leading light-emitting diodes (LEDs) makers for automotive manufacturers in the world offering high-performance and innovative solutions.
- Allocated capital expenditure of RM150.0m for 2022, mainly to cater for new production lines at Plant 2 that may increase production capacity by 20.0-30.0%.
- Leverage onto the rising adoption of LED products as global automotive lighting market valued at US\$37.74bn in 2020 expected to increase to US\$57.01bn in 2025.
- Technically, price is forming a double bottom formation and may rebound to target the resistances at RM3.78-RM4.00 with long term target at RM4.73.

### **D&O** daily: Double bottom formation



D&O GREEN TECHNOLOGIES BHD		
Last Price (RM)	3.69	
5 Day Change (%)	0.8	
1 Day Range Percentile (%)	100.0	
5 Day Range Percentile (%)	90.6	
52Week Range Percentile (%)	16.0	
Volatility 30D	49.5	
EMA9, EMA20, EMA60 Trend	Downtrend	
Price vs. EMA20 (%)	-4.5	
DMI DI+	18.2	
DMI DI-	37.4	
ADX	30.4	
Price Skew	DOWN	
RSI 14D	32.8	
RSI OB/OS	Negative	
Price vs. Bollinger Band (%)	28.4	
Bloomberg		

### **Trading Catalyst**

- D&O Green Technologies Bhd (D&O) is regarded as one of the leading light-emitting diodes (LEDs) makers in the world offering high-performance and innovative solutions to world-renowned automotive manufacturers. Current operations are supported by 6 regional offices located in Europe, the United States, China, Japan, South Korea and India.
- Moving forward, D&O has allocated capital expenditure of RM150.0m for 2022, mainly to cater for new production lines at Plant 2 that may increase production capacity by 20.0-30.0%. The installation of new machineries with commencement of LED production is expected to take place sometime in 2Q22.
- We expect D&O to leverage on the rising adoption of LED products as global automotive lighting market valued at US\$37.74bn in 2020 is expected to increase to US\$57.01bn in 2025. As of FY21, D&O is equipped with the solid balance sheet with a net cash position of RM104.3m, translating to net cash per share of 8.4 sen (c.2.3% of share price).

#### Financial snapshot

FYE Mar	FY21	FY22f	FY23f
Revenue	846.5	1168.7	1319.0
(RM m)			
Net profit	110.5	155.7	180.0
(RM m)			
Shares (m)	1237.1	1237.1	1237.1
EPS (sen)	8.9	12.6	14.6
DPS (sen)	1.5	1.7	1.4
P/E (x)	41.3	29.3	25.4
DY (%)	0.4	0.5	0.4
Bloomberg			

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2



### **Technical Outlook**

• Technically, share price is on the downtrend phase since early-2022. After rejecting the EMA60 level from the rebound, the recent pullback appears to be at tail-end as the price is forming a double bottom formation. Price has recovered to re-test daily EMA9 and traders may anticipate for further recovery to target the resistances at RM3.78-RM4.00 with long term target at RM4.73. Support is pegged at RM3.40 and cut loss is located at RM3.39.

Glossary	
Last Price (RM)	Last closing price
5 Day Change (%)	Percent change in price over the last five days. The formula is: [(Last Trade - Closing Price Five Days Ago) / Closing Price Five Days Ago] x 100.
1 Day Range Percentile (%)	Calculates the percentile value within the 1-day range
5 Day Range Percentile (%)	Calculates the percentile value within the 5-day range
52 Week Range Percentile (%)	Calculates the percentile value within the 52-week range
Volatility 30D	A measure of the risk of price moves for a security calculated from the standard deviation of day-to-day logarithmic historical price changes. The 30-day price volatility equals the annualised standard deviation of the relative price change for the 30 most recent trading days closing price, expressed as a percentage. If EMA9 is greater than EMA20 and EMA20 is greater than EMA60 it will be stated as Uptrend. If the
EMA9, EMA20, EMA60 Trend	EMA9 is lesser than EMA20 and the EMA20 is lesser than EMA60, it will be stated as Downtrend, otherwise Consolidation.
Price vs. EMA20 (%)	Position of the price away from the EMA20 level
DMI DI+	Positive directional movement.
DMI DI-	Negative directional movement.
ADX	ADX is a moving average of the directional movement index.
Price Skew	If the average of 20 days closing price is greater than 20 days Median price, it will be stated Up. If the average of 20 days closing price is lower than 20 days Median price, it will be stated Down.
RSI 14D	RSI measures the momentum of a security to determine whether it is in an overbought or oversold condition.
RSI OB/OS	If RSI 14 days is greater or equal to 70, it will be stated Overbought. If the RSI 14 days is greater or equal to 50, but lower than 70, it will be stated Positive. If the RSI 14 days is greater than 30, but lower than 50, it will be stated Negative. If the RSI 14 days is lower or equal to 30, it will be stated Oversold.
Price vs. Bollinger Band (%)	Position of the price compare to the Bollinger band in percentage

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