

# FY2023 Q1 Analysts Briefing

## 25 November 2022



PECCA  
GROUP BERHAD





# About Pecca



**Pecca Group Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad under the industrial products and services sector on 19 April 2016.**



Market Summary > Pecca Group Bhd

**0.82** MYR  
 -0.02 (-1.79%) ↓ past month

+ Follow

\*As of 24 November 2022

24 Nov, 11:16 am MYT • Disclaimer

1D | 5D | **1M** | 6M | YTD | 1Y | 5Y | Max



Open	0.82	Mkt cap	616.71M	52-wk high	0.94
High	0.84	P/E ratio	26.91	52-wk low	0.62
Low	0.82	Div yield	-		

[More about Pecca Group Bhd](#) →

Feedback



VISION

**To be the leading upholstery manufacturer globally.**



MISSION

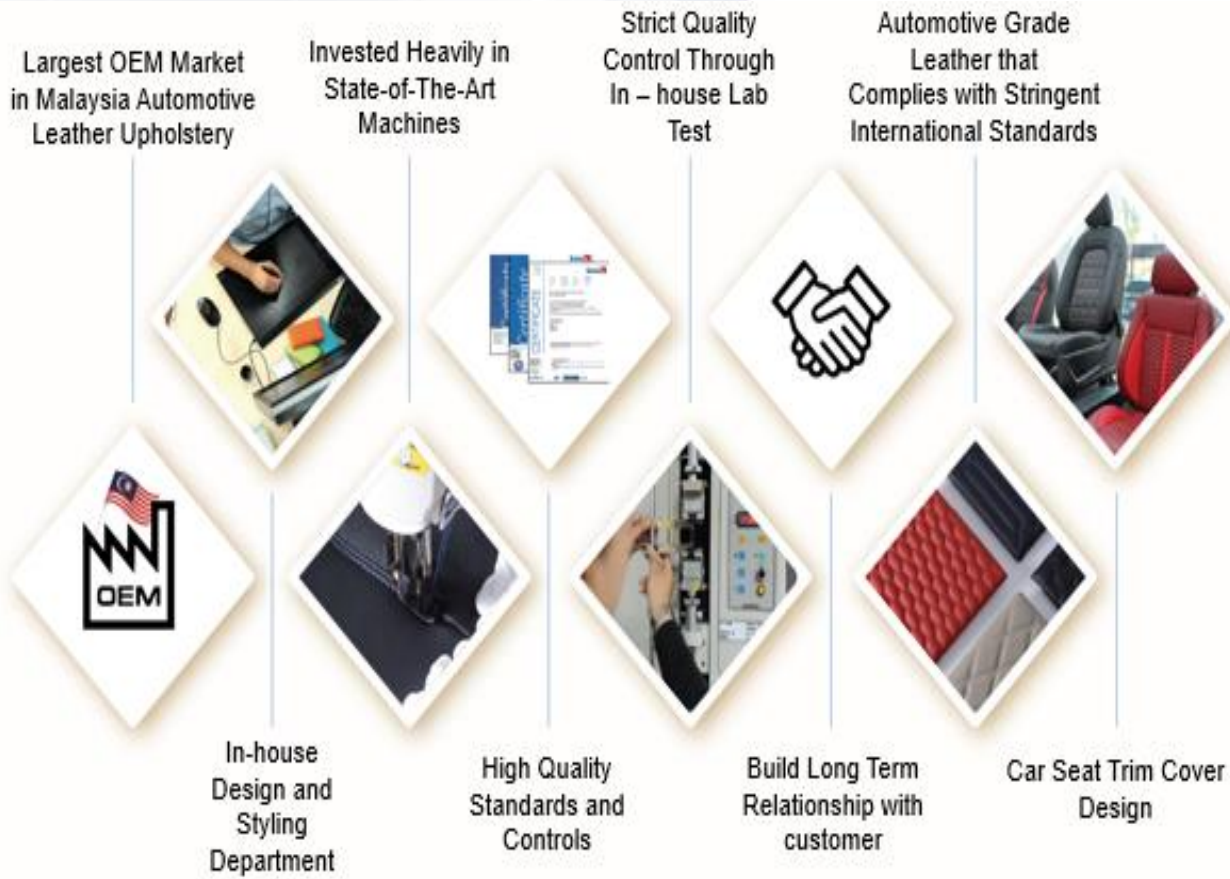
**To keep exceeding our customer expectation in design, quality and innovation.**

# About Pecca



- Pecca Leather’s principal business activities are styling, manufacturing, distribution and installation of leather upholstery for car seat covers as well as supplying of cut pieces to the automotive industry.
- We supply finished goods seat cover or pre-cut leather as Tier-2 to OEM or Tier-1 to PDI.

## PRODUCTS LINE UP





# PECCA GROUP BERHAD (PGB) STRUCTURE



Public Listed in 2016



PECCA LEATHER

P-PLUS

Pecca EV Sdn Bhd 100%  
Registration No. 202201023683 (1469380-W)

Evolusi Mobiliti Sdn Bhd 30%  
Registration No. 202201023651 (1469348-U)

PECCA AVIATION SERVICES

PECCA LEATHER

PECCA LEATHER (THAILAND)

[2000]	[2011]	[2022]	[2022]	[2009]	[2020]	[2014]
Pecca Leather Sdn Bhd	Pecca Plus Sdn Bhd	Pecca EV Sdn Bhd	Evolusi Mobiliti Sdn Bhd	Pecca Aviation Services Sdn Bhd	Pecca Leather Sdn Bhd	Pecca Leather (Thailand) Limited
Styling, manufacturing, distribution & installation of leather upholstery for car seat trim covers, door trim & car accessories, supply of leather cut piece	Supply of car seat trim covers & other products to aftermarket	Importation, distribution & trading of electric or motor vehicles & related EV charger, EV charging station, spare parts & accessories, as well as the provision of after sales services	Importation of motor vehicles, logistics, vehicle pre-delivery inspection (PDI), providing related services to vehicles to vehicles as its PDI centre & the sales of contractual vehicles	Manufacturing, repair, refurbishment, distribution & installation of aircraft seat trim covers & other related products	Specialized in OEM facemask manufacturing, management consulting, business development & marcom in Healthcare & technology sector	Currently dormant, intended to support export business activities

# Extensive Network & Clientele

Various renowned brands around the world



Exports to USA, Europe, Japan, Australia, New Zealand and other SE Asian countries including Thailand, Indonesia and Singapore



# 4 Key Pillars



## ***PILLAR 1: OEM***

- To strengthen our current business and be ready for additional new models with existing customers like Perodua, Nissan, Proton, Mitsubishi, Toyota, etc.
- To expand the business via partnership with MARii to secure luxury car brands as clients such as Porsche, Mercedes-Benz etc via localization programme
- Hence the land acquisition and 2<sup>nd</sup> factory to increase our output capacity



## ***PILLAR 2: REM***

- To be a leading upholstery in REM locally and globally that targeting to further expand the overseas market into US, Australia, New Zealand, Middle East, Singapore and Europe;
- As for local expansion, we intend to expand the REM business through setting up retail outlets.



# 4 Key Pillars



## ***PILLAR 3: AVIATION***

- To further expand the Aviation business which provides upholstery and refurbishment for domestic and overseas registered aircraft;
- Target to finalise the approval from the European Aviation Safety Agency (EASA) to allow The Group to supply leather seats to non-Malaysian registered aircrafts, especially commercial flights



## ***PILLAR 4: NEW BUSINESSES & EV***

- Acquisition in PT Gemilang Maju Kencana (GMK), Indonesia as the largest shareholder of GMK, with an 80% stake, which costs approximately RM1.90 million
- Pecca intends to move up the supply chain from a Tier 2 to Tier 1 supplier in the auto industry
- We are actively seeking & securing partners in the EV Industry

# PGB NEW PLANT – TOP UP NEW CAPACITY

## Current (Plant A)



Capital Plant, Current  
Industri Desa Aman, Kepong  
Size: 2.1 Acres



- Plant A is maintained at Kepong, open new Plant B at Serendah
- Total PGB capacity is Plant A + Plant B
- Eg. Total max capacity for Seat Cover is 40,000 sets/month

## New Plant (Q4 2023) (Plant B)



Long term plan  
UMW Manufacturing Park, Serendah  
Size: 4.3 Acres

PRODUCTS	Seat Cover (Set)	H/Rest (Set)	Cut Piece (Set)	Floor mat (Set)	Others (Set)
Current Capacity	17,000	9,000	2,000	500	3,000
Maximum Capacity	20,000	12,000	4,000	1,800	3,500

No	List Of Process & Services
1	Cutting
2	Sewing
3	Wrapping

PRODUCTS	Seat Cover (Set)	Seat Assy. (Set)	H/Rest (Set)	Cut Piece (Set)	Floor mat (Set)	Others (Set)
Plan Capacity	14,000	2,000	2,000	2,000	500	3,000
Maximum Capacity	20,000	4,000	5,000	5,000	5,000	5,000

No	List Of Process & Services
1	Cutting
2	Sewing
3	Wrapping
4	Sub Seat Assembly
5	Logistic & Warehouse



# Recent Corporate Exercises



**6 January 2022**

## Proposed New Ordinary Shares ("Bonus Shares")

- Proposed Bonus Issue of 564 million new ordinary shares ("Bonus Shares") on the basis of 3 Bonus Shares for every 1 existing share held by its shareholders.
- Completed and Successfully listed of Bonus Issue of 564,000,000 new ordinary shares on 8 June 2022



**12 January 2022**

## Sale and Purchase Agreement ("SPA") with UMW Development Sdn. Bhd. By Pecca Leather Sdn. Bhd.

- Acquisition of a vacant leasehold industrial land free from encumbrances measuring approximately 4.31 acres of land in Serendah, Daerah Ulu Selangor, Negeri Selangor at a purchase consideration of RM8.45 million
- To build and construct a second manufacturing facility for the Company's operations
- Double the Group's capacity once the factory's construction is completed at the end of 2023

# Recent Corporate Exercises



24 Nov 2021

## Memorandum of Understanding (MoU) with Malaysia Automotive Robotics and IoT Institute ("MARii")

- MoU with MARii will allow the company to secure luxury car brands as clients such as Porsche, Mercedes-Benz etc via localization programme and potentially manufacturing new products related to the EV segment to capture fresh opportunities in the automotive and mobility industry
- Pecca able to transform itself into a Tier 1 supplier which markets and sells its current and new products to OEM with access to a larger client base



31 October 2022

## Memorandum of Understanding (MoU) with PT Gemilang Maju Kencana (GMK), Indonesia

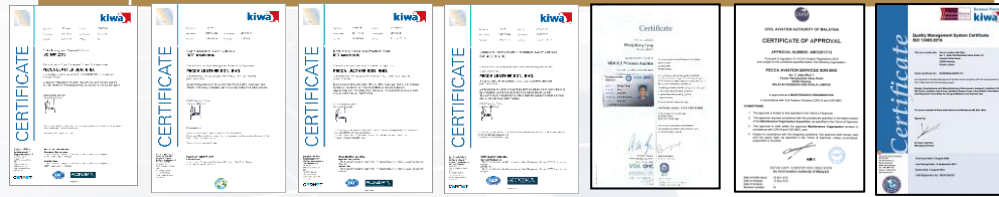
- Pecca Leather Sdn Bhd acquire an 80% equity interest in GMK, which is associated with Indonesia's MPI Group of Companies.
- Indonesian vehicle sales for the January–August 2022 period were 658,232 units.
- The acquisition better help Pecca to expand its market into Indonesian and Asian Market.



# CERTIFICATION & RECOGNITION



Items	Certification
1	ISO 9001:2015 (Quality Management System)
2	IATF 16949:2016 (Quality Management System)
3	ISO 14001:2015 (Environmental Management System)
4	ISO 45001:2018 (Occupational Health & Safety Management System)
5	VDA 6.3 (Process & Product Audit)
6	Civil Aviation Authority of Malaysia (CAAM) (Part 145 Approved Maintenance Organisation [C6 CAAM Approval])
7	ISO 13485: 2016 (Quality Management System – Design & Manufacturing of medical devices)



ISO 9001      IATF 16949      ISO 14001      ISO 45001      VDA 6.3      CAAM      ISO 13485

## SEMA SHOW Las Vegas



- Mitsubishi Motors Malaysia – Quality Appreciation Awards
- The Edge – Highest Returns to Shareholders Over Three Years Award.
- China Press – 2<sup>nd</sup> Malaysia Golden Entrepreneur Award.
- China Press – 1<sup>st</sup> Malaysia Golden Entrepreneur Award.
- TS Lear - Outstanding Quality Performance Award.
- TS Lear - Best Overall Performance.
- TS Lear - Best Vave Cost Awards.
- Perodua – Certificated Appreciation Participant for Built-up “Bezza” for KLIMS 2010.
- The Golden Bull Award.
- The 6<sup>th</sup> International Entrepreneur Excellent Award.
- The 50 Enterprise Award.
- Johnson Controls Best Supplier Award.
- Best Vendor Awards – Azman Hamzah Plastik Sdn Bhd.



# RECENT AWARD

THE EDGE MALAYSIA | SEPTEMBER 26, 2022 S7 | special pullout

## CONGRATULATIONS

PRESENTED BY  
CIMB

THE EDGE  
CENTURION Club  
2022



TO THE WINNERS OF

### THE EDGE CENTURION Club 2022

ATRIUM REIT	KENANGA INVESTMENT BANK BHD
CI HOLDINGS BHD	KOTRA INDUSTRIES BHD
CB INDUSTRIAL PRODUCT HOLDING BHD	MICROLINK SOLUTIONS BHD
COASTAL CONTRACTS BHD	PARAMOUNT CORPORATION BHD
COMFORT GLOVES BHD	PECCA GROUP BHD
CSC STEEL HOLDINGS BHD	PINTARAS JAYA BHD
DELEUM BHD	REDTONE DIGITAL BHD
EUPE CORPORATION BHD	REXIT BHD
GDB HOLDINGS BHD	SAMCHEM HOLDINGS BHD
HARBOUR-LINK GROUP BHD	SARAWAK PLANTATION BHD
HARRISONS HOLDINGS (M) BHD	SEG INTERNATIONAL BHD
HCK CAPITAL GROUP BHD	T7 GLOBAL BHD
INNORISE PLANTATIONS BHD	TASCO BHD
INSAS BHD	UOA REIT
	VSTECs BHD



**INDUSTRIAL PRODUCTS & SERVICES - Highest Returns to Shareholders Over Three Years**  
Pecca Group Bhd (Datuk Teoh Hwa Cheng, group managing director)



# RECENT AWARD



## The Edge Industries Products and Services Award

Highest Return to Stakeholders Over Three Years

26 September 2022



## Mitsubishi Quality Appreciation Award

27 October 2022



# FINANCIAL UPDATES



# Key Highlights in Q1FY2023

## REVENUE

RM54.86 million

## PROFIT BEFORE TAX

RM11.08 million

## PROFIT AFTER TAX

RM8.35 million

## EPS

1.11 sen

## KEY REVIEWS

Cash & Bank RM79.39 million  
And RM8.16 million Borrowings

# Q1FY2023 vs Q1FY2022

## REVENUE

RM54.86 mil  
+140.72 %

Q1FY2022: RM22.79 mil

## PROFIT BEFORE TAX

RM 11.08 mil  
+ 1581.00 %

Q1FY2022: RM0.66 mil

## PROFIT AFTER TAX

RM8.35 million  
+1570.00%

Q1FY2022: RM0.50 mil

## EPS

1.11 sen\*  
+ 282.76%

Q1FY2022: 0.29 sen

## KEY REVIEWS

- Higher sales volume achieved in the Automotive segment for the current quarter.
- A diminishing in Healthcare's PPE sales orders with the Government's relaxation rule in using face mask during the Covid-19 endemic phase.

# Q1FY2023 vs Q4FY2022

## REVENUE

RM54.86 mil  
+8.10%

Q4FY2022: RM 50.75 mil

## EPS

1.11 sen\*  
+0.91 %

Q4FY2022: 1.10 sen

## PROFIT BEFORE TAX

RM 11.08 mil  
- 0.72%

Q4FY2022: RM 11.16mil

## PROFIT AFTER TAX

RM8.35 mil  
+1.21%

Q4FY2022: RM 8.25 mil

## KEY REVIEWS

- Revenue increased by 8% as compared to the immediate preceding quarter on the robust demand in the Automotive segment of upholstery car seat covers.
- Profit after taxation in the current quarter improved marginally by 1.21% to RM8.35 million



# Financial Overview (1QFY23 vs 1QFY22)

	Individual & Cumulative Quarter			
	Current Year Quarter	Preceding Year Quarter	Changes (Amount / %)	
	30.09.2022 RM'000	30.9.2021 RM'000		
<b>Revenue</b>	54,864	22,791	32,073	140.73%
Cost of sales	(39,001)	(18,274)	(20,727)	113.42%
<b>Gross profit</b>	15,863	4,517	11,346	251.18%
<b>Gross profit (%)</b>	29%	20%		
Other Income	559	498	61	12.25%
Selling and distribution expenses	(1,478)	(1,166)	(312)	26.76%
Administrative expenses	(3,866)	(3,190)	(676)	21.19%
<b>Profit before tax</b>	11,078	659	10,419	1581.03%
Income tax expense	(2,729)	(156)	(2,573)	1649.36%
<b>Profit for the period</b>	8,349	503	7,846	1559.84%
<b>Profit for the period (%)</b>	15%	2%		

- Record high revenue of RM54.86 million in 1QFY2023, 140.7% improvement compared to 1QFY2022 attributable to strong demand in the Automotive segment
- Group's Gross profit improved 251% to RM15.86 million from RM4.52 million 1QFY2022.
- The Group's profit after tax improved by 16 times to RM8.35 million from RM0.50 million same quarter last year

# Financial Overview (1QFY23 vs 4QFY22)

	Individual Quarter		
	Current Year Quarter	Immediate Preceding Quarter	Changes (Amount / %)
	30.09.2022 RM'000	30.06.2022 RM'000	
<b>Revenue</b>	54,864	50,751	4,113 8.10%
Cost of sales	(39,001)	(35,578)	(3,423) 9.62%
<b>Gross profit</b>	15,863	15,173	690 4.55%
<b>Gross profit (%)</b>	29%	30%	
Other Income	559	1,239	(680) -54.88%
Selling and distribution expenses	(1,478)	(1,497)	19 -1.27%
Administrative expenses	(3,866)	(3,755)	(111) 2.96%
<b>Profit before tax</b>	11,078	11,160	(82) -0.73%
Income tax expense	(2,729)	(2,915)	186 -6.38%
<b>Profit for the period</b>	8,349	8,245	104 1.26%
<b>Profit for the period (%)</b>	15%	16%	

- The Group's revenue increased by 8% to RM54.90 million from RM50.75 million in 4QFY22 on the robust demand in Automotive segment
- Despite the increase in revenue, the PAT in the current quarter improved marginally by 1% to RM8.35 million as compared to the 4QFY22 of RM8.25 million, primarily attributable to the full impact of minimum labour wage to RM1,500 per month and costly sub-contract labour to cope with the increased volume.
- However, this is a temporary effect during the transition period while replacing the sub-contract labour with newly hired foreign workers to resolve the labour shortages issue.



# Financial Position (1QFY23 vs 4QFY22)



PECCA  
GROUP BERHAD

	Unaudited 30.09.2022 RM'000	Audited 30.06.2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	36,939	38,013
Right-of-use assets	19,884	20,036
Other investments	418	418
	57,241	58,467
<b>Current Assets</b>		
Inventories	27,533	28,983
Trade and other receivables	59,936	46,544
Contract assets	-	337
Prepayments	3,017	3,287
Amount owing by joint venture	200	-
Cash and bank balances	79,390	86,808
	170,076	165,959
<b>Total assets</b>	227,317	224,426
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	135,702	135,702
Reserves	51,987	54,163
	187,689	189,865
Non-controlling interest	(74)	(72)
<b>Equity attributable to owners of the Company</b>	187,615	189,793
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	6,031	5,995
Borrowings	4,924	5,670
Lease Liabilities	229	49
Investment in joint venture	23	-
	11,207	11,714
<b>Current Liabilities</b>		
Trade and other payables	22,969	19,383
Borrowings	3,239	3,214
Lease Liabilities	-	320
Current tax liabilities	2,287	2
	28,495	22,919
<b>Total liabilities</b>	39,702	34,633
<b>Total equity and liabilities</b>	227,317	224,426

**Property, plant and equipment net** decreased by RM1.07m due to depreciation for the period.

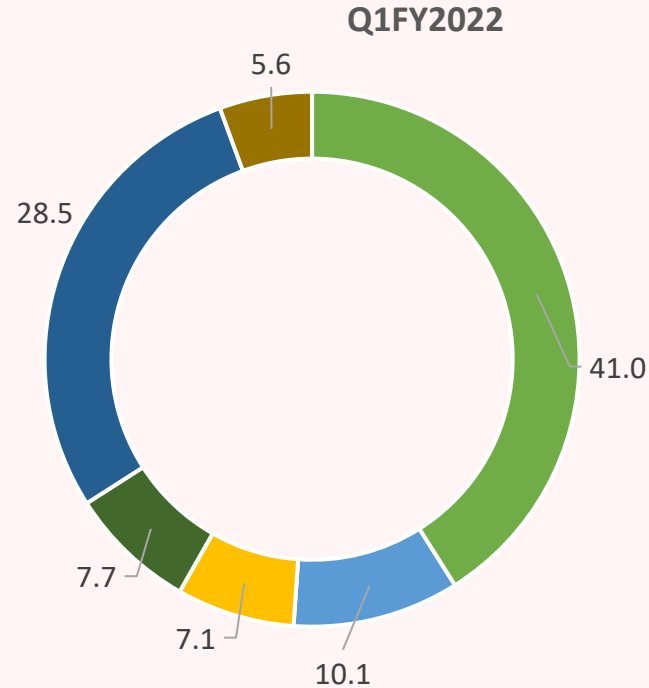
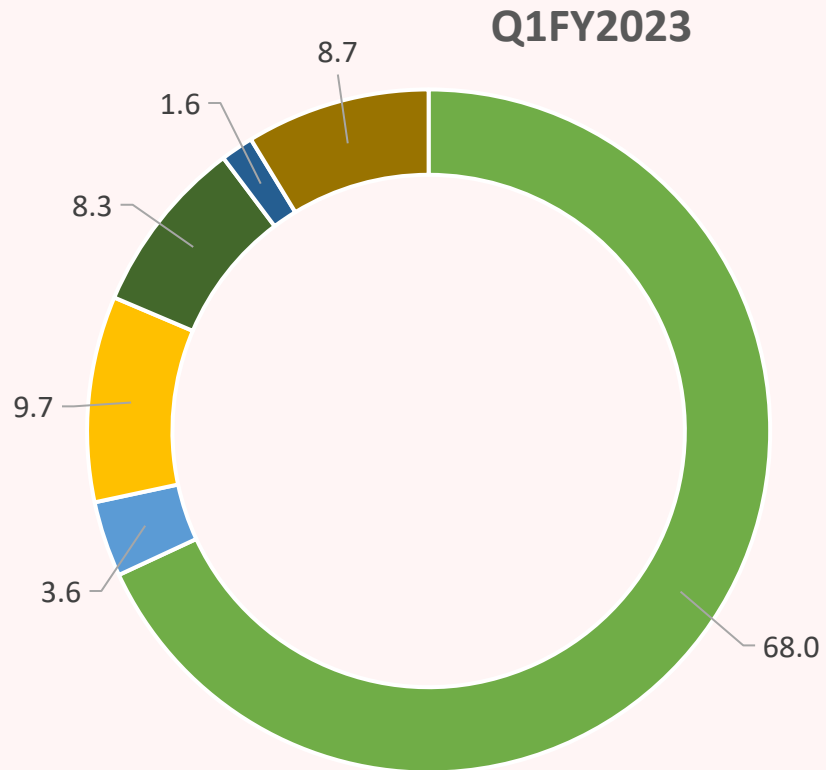
**Inventories** mainly consist of raw materials which amounted to RM24.39m followed by finished goods at RM1.6mil and lastly WIP at RM1.5mil.

**Trade and other receivables** mainly consists of 5 main debtors (Rentas Health, Fuji Seats, Toyota Boshoku, Mitsubishi Motors and APM Plastics) which account for RM43mil. The higher receivables mainly attributable to higher sales volume for the Automotive segment.

**Cash and bank balances** remained strong for the quarter.

**Short term borrowing is mainly** for working capital.

# Business Segment Breakdown (%)



\* Others consist of aviation, furniture and other loose items

- OEM
- PDI
- Healthcare
- REM
- Leather Cut Pieces
- Others

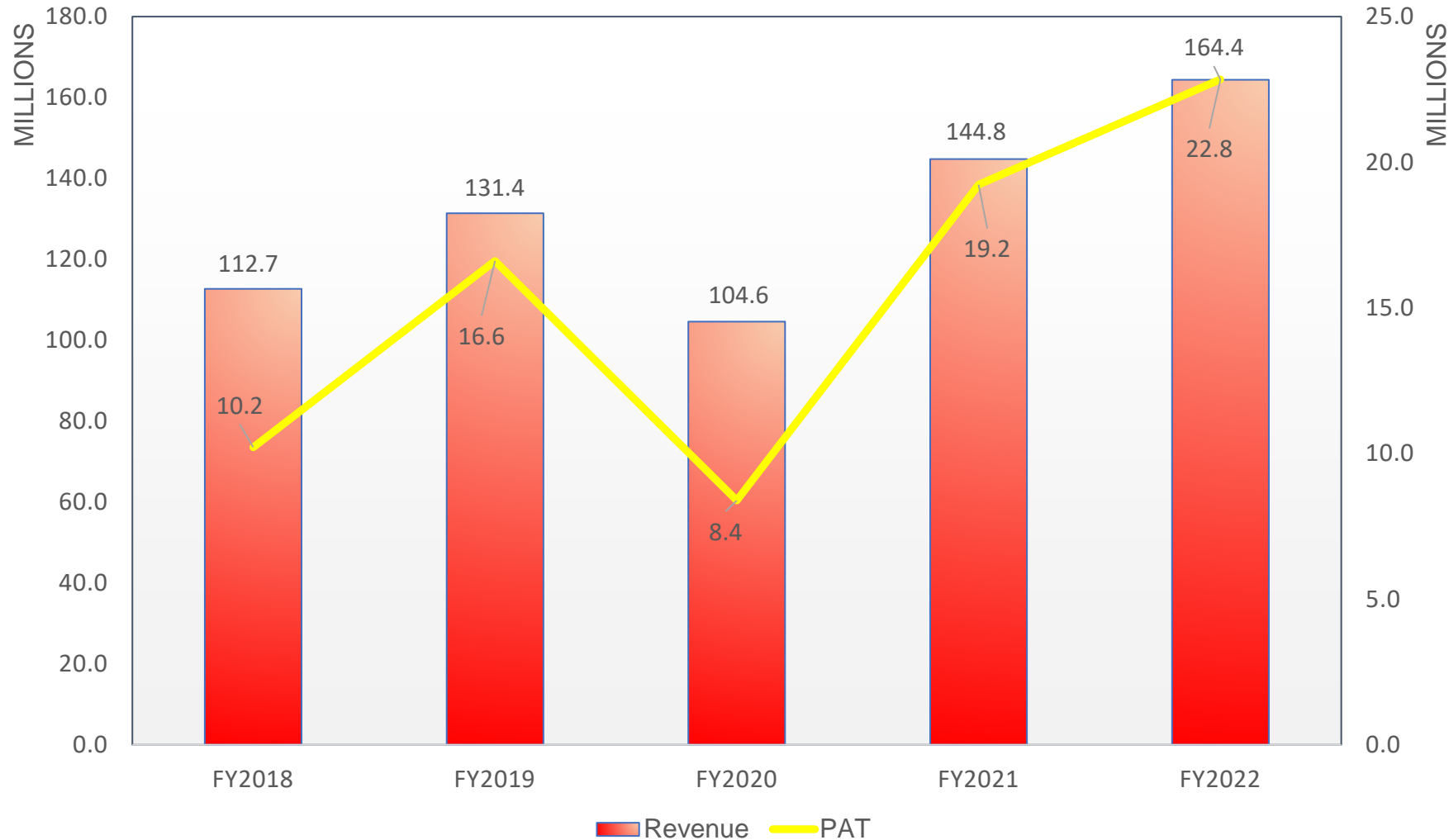
#### Changes in Revenue (%)

OEM	+27.0
REM	- 6.5
PDI	+ 2.6
Leather Cut Pieces	+ 0.6
Healthcare	- 26.9
Others	+ 3.1

- Current business activities comprise three segments namely automotive, leather cut pieces and healthcare segments
- Group revenue in Q1FY2023 mainly driven by leather upholstery, leather cut pieces supply and other division which contributed approx. 81%, 8% and 11%
- OEM upholstery car seat covers segment contributed approximately 84% of the total revenue for car seat covers whilst REM and PDI contributed approximately 4% and 12% respectively.



# 5-Year Financial Performance

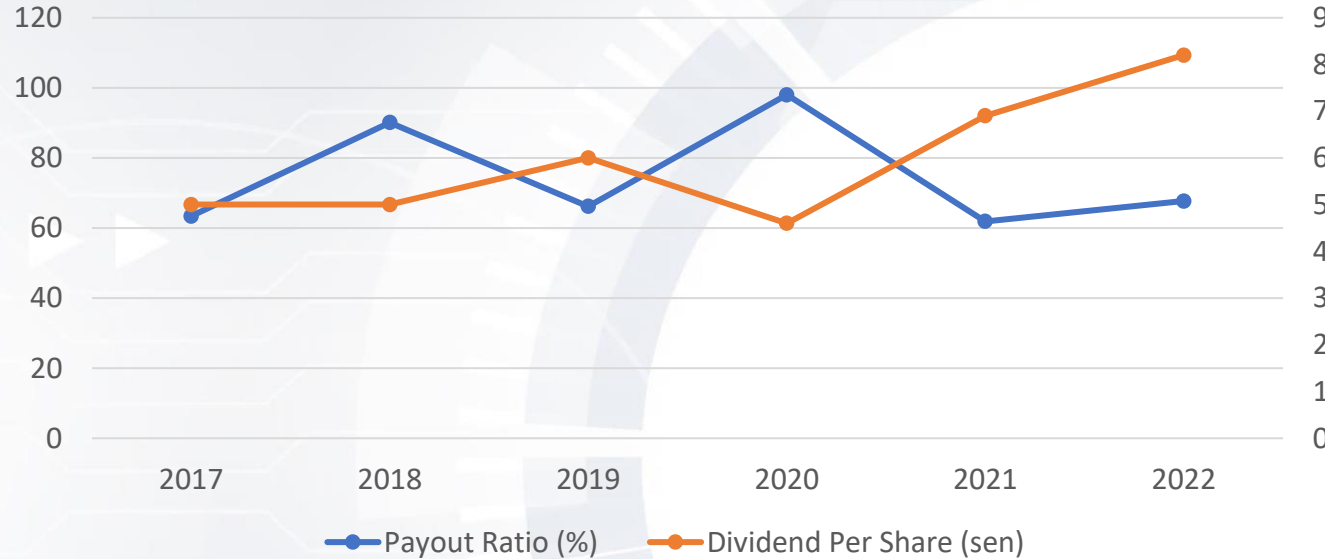


Year	Revenue (mil)	PAT (mil)
<b>FY2018</b>	112.7	10.2
<b>FY2019</b>	131.4	16.6
<b>FY2020</b>	104.6	8.4
<b>FY2021</b>	144.8	19.2
<b>FY2022</b>	164.4	22.8

\*financial year ended June 30.

# Shareholders Appreciation

## Dividend Payout



Year	Payout Ratio (%)	Dividend Per Share (sen)
FY2017	63.4	5
FY2018	90.1	5
FY2019	66.2	6
FY2020	98.0	4.6
FY2021	61.9	6.9
FY2022	67.7	8.2*

(\*To enable comparison with previous years, an assumption for no. of shares in FY2022 at 188 million before bonus shares were issued)

## Rewarding our shareholders

We are a high growth company and committed to reward our shareholders through above 40% Dividend Payout ratio.

The first Interim single-tier dividend via a share dividend distribution of treasury shares based on one (1) treasury share for every forty-one (41) existing ordinary shares held for FY2022 was completed on 20<sup>th</sup> October 2021, equivalent to 2.6sen per ordinary share.

On 16<sup>th</sup> August 2022, Pecca has completed its payment of Interim Single Tier Dividend of 1.4 sen per ordinary share in respect of the financial year ended 30 June 2022.  
(If based on the no. of shares before bonus issue, the value will be 5.6sen per ordinary share).



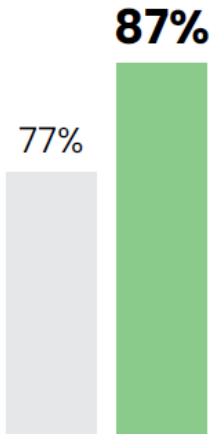


# ESG UPDATES

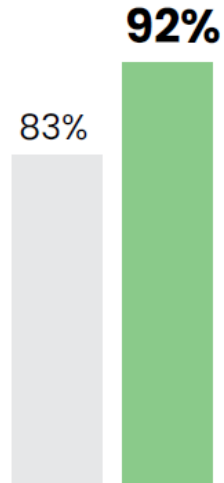


# Customer Satisfaction Level

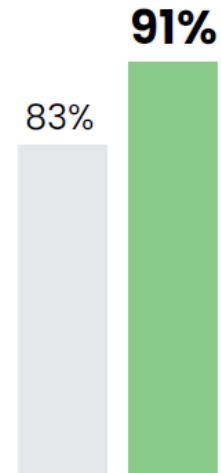
**Our Product**  
Quality, cost, meeting requirements



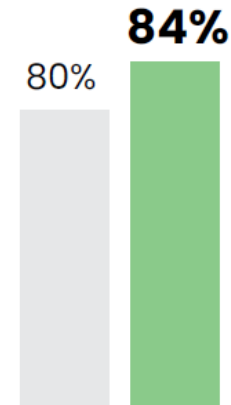
**Our Service**  
Delivery schedule, responsiveness, sales support



**Our People**  
Technical support, staff friendliness, helpfulness



**Overall Satisfaction levels**



■ FY2021    ■ FY2022

- The overall customer satisfaction level in FY2022 is recorded 84%, 4% improvement compared to FY2021.
- Improvement activities in terms of quality and cost by the operation and finance team at 87% satisfactory level
- Service achieved a great improvement of 9% to 92% (FY2021: 83%)
- 91% satisfaction level to people (FY2021:83%).

# Training Program



**First Aid Training**

**OHS Awareness  
and Training**



**1,217**

total hours of training

**2.41**

average training hours  
per employee in FY2022



**Schedule Waste  
& Disposal  
Process Training**

**Machine Handling  
Training for Face  
Mask Department**





# CSR Activities



## Blood Donation Event (17th June 2022)

60 employees participated in the blood donation for the National Blood Centre



## Gotong-royong Activity (25th June 2022)

Employees cleaned up the environment and surrounding areas of Pecca's premises





PECCA  
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**THANK YOU**

**NOVEMBER 2022**

