

# Q3FY2023 Results Briefing

## 1 June 2023



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.



To be the leading upholstery manufacturer globally.



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

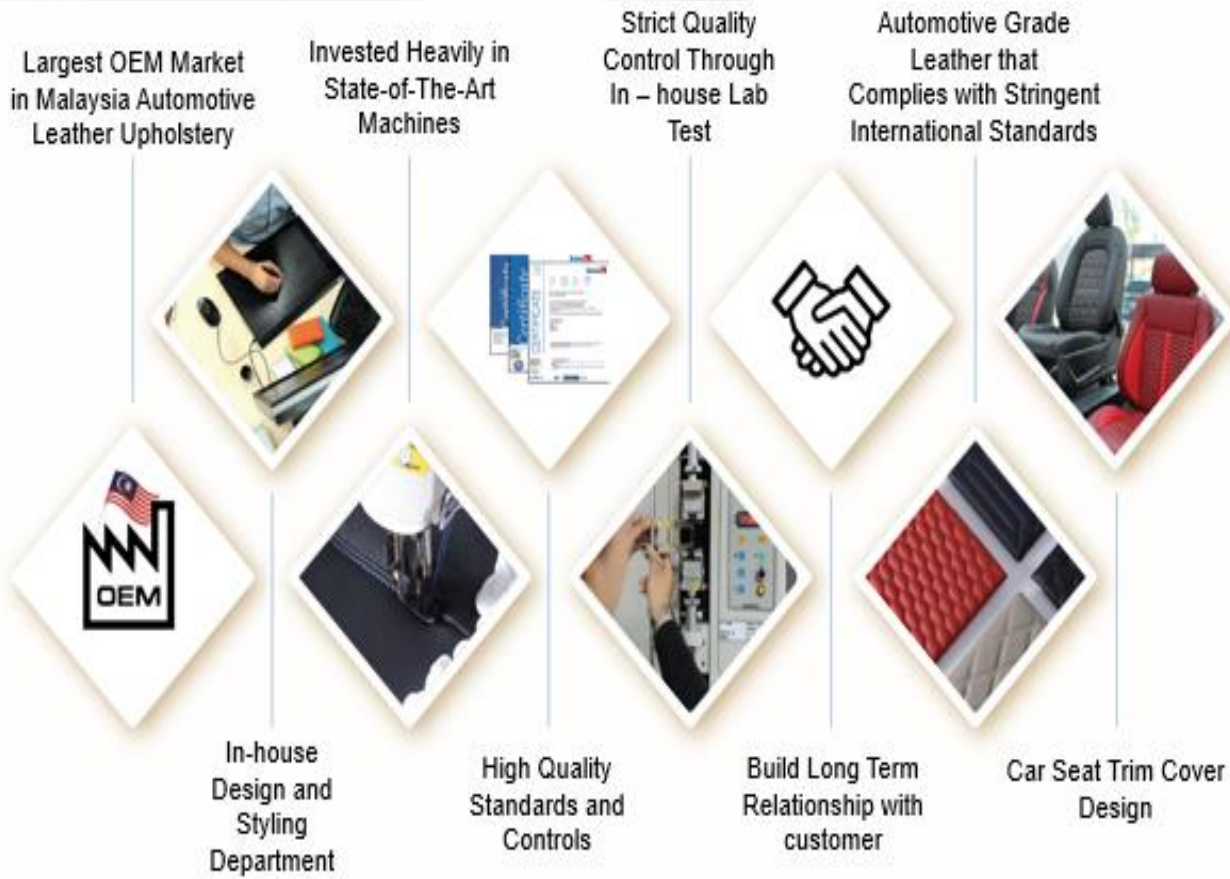
# About Pecca



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- 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



Seat Trim Covers



Door Panel Trim Covers



Steering Wheel Covers



Hand Brake Level Covers



Center Console Box Covers



Gear Knob



Gear Shift Covers



Leatherettes Car Floor Mats



Leatherettes Car Trunk Mats



# PECCA GROUP BERHAD (PGB) STRUCTURE



Public Listed in 2016



## Automotive Division

## Aviation

## Healthcare & Medical

## Overseas Office



[2000]

[2011]

[2022]

[2022]

[2009]

[2020]

[2014]

[2023]

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

PT Gemilang Maju Kencana

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 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

Upholstery leather wrapping & seat cover for automotive industry in Indonesia

# 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.



## **PILLAR 3: AVIATION**

- To further expand the Aviation business which provides upholstery and refurbishment for domestic and overseas registered aircraft;
- Newly obtained European Aviation Safety Agency (EASA) certification 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





**5 April 2023**

## **Aviation business gets certified by the European Union Aviation Safety Agency (EASA)**

- Pecca Aviation Services Sdn Bhd (“PASSB”) received the Production Organisation Approval (“POA”) C2 certificate from the EASA.
- Pecca Group became the first Malaysian company to hold EASA POA C2 certification.
- This milestone unlocks a new revenue stream for Pecca, as the Group can now provide upholstery cum aircraft interior repair and refurbishment services for all EASA-registered aircraft.



17 May 2023

## **Completes acquisition of 80% stake in PT Gemilang Maju Kencana (GMK), Indonesia**

- Pecca Leather Sdn Bhd (“PLSB”) completed the acquisition of an 80% equity interest in GMK, which is associated with Indonesia’s MPI Group of Companies.
- The acquisition will help Pecca to expand its presence in the Indonesian and Asian markets.
- The acquisition was deemed complete following approval from the Republic of Indonesia’s Minister of Law and Human Rights on the transfer of rights of the shares to PLSB.





23 May 2023

## Memorandum of Understanding (“MoU”) with Global Component Asia Sdn Bhd

- Pecca Aviation Services Sdn Bhd (“PASSB”) entered into a MoU with Global Component Asia Sdn Bhd (“GCA”) to explore opportunities to jointly market PASSB’s aircraft cabin interior solution and seat cover products and services in Malaysia and Southeast Asia.
- From PASSB’s perspective, the deal could boost its penetration in civil and military aircraft markets in Southeast Asia and Australasia where GCA already has a presence and network.



# FINANCIAL UPDATES



# Key Highlights in Q3FY2023

## REVENUE

RM58.58 million

## PROFIT BEFORE TAX

RM11.22 million

## PROFIT AFTER TAX

RM8.56 million

## EPS

1.14 sen

## KEY REVIEWS

Cash & Bank Balances RM88.80 million  
And RM9.05 million Borrowings

# Q3FY2023 vs Q3FY2022

## REVENUE

RM58.58 mil  
+28%

Q3FY2022: RM45.65 mil

## PROFIT BEFORE TAX

RM11.22 mil  
+14%

Q3FY2022: RM9.81 mil

## PROFIT AFTER TAX

RM8.56 mil  
+6%

Q3FY2022: RM8.09 mil

## EPS

1.14 sen  
+6%

Q3FY2022: 1.08 sen

## KEY REVIEWS

- Higher growth in sales volume in the automotive segment in Q3FY23



# Q3FY2023 vs Q2FY2023

## REVENUE

RM58.58 mil  
+10%

Q2FY2023: RM53.48 mil

## PROFIT BEFORE TAX

RM11.22 mil  
+0.81%

Q2FY2023: RM11.13mil

## PROFIT AFTER TAX

RM8.56 mil  
+2%

Q2FY2023: RM8.41 mil

## EPS

1.14 sen  
+2%

Q2FY2023: 1.12 sen

## KEY REVIEWS

- Revenue rose 10% as compared to the immediately preceding quarter Q2FY23
- Profit after taxation in the current quarter improved marginally by 2% to RM8.56 million

# Financial Overview (Q3FY23 vs Q3FY22)

		Individual Quarter		
		Current Year Quarter 31.03.2023	Preceding Year Quarter 31.03.2022	Variance
Notes		RM'000	RM'000	%
<b>Revenue</b>	A9	58,583	45,654	28%
Cost of sales		(41,238)	(31,497)	(31%)
<b>Gross profit</b>		17,345	14,157	23%
Other Income		779	357	118%
Selling and distribution expenses		(1,571)	(1,362)	(15%)
Administrative expenses		(5,254)	(3,341)	(57%)
<b>Operating Profit</b>		11,299	9,811	15%
Finance costs		(88)	(5)	(1660%)
Share of result of joint venture		5	-	100%
<b>Profit before tax</b>	B5	11,216	9,806	14%
Income tax expense	B6	(2,654)	(1,717)	(55%)
<b>Profit for the period</b>		8,562	8,089	6%

- In Q3FY23 revenue climbed to RM58.58 million, up approximately 28% compared to Q3FY22. The strong growth in revenue is mostly related to increased sales at the automotive division.
- The Group's gross profit rose 23% to RM17.35 million from RM14.16 million in Q3FY22.
- The Group's profit after tax was RM8.56 million, 6% higher than the RM8.09 million recorded in Q3FY22.



# Financial Overview (Q3FY23 vs Q2FY23)



	Individual Quarter		Variance	
	Current Year Quarter	Immediate Preceding Quarter		
	31.03.2023	31.12.2022		
	RM '000	RM '000	RM '000	%
<b>Revenue</b>	58,583	53,482	5,101	10%
Cost of sales	(41,238)	(37,917)	(3,321)	9%
<b>Gross profit</b>	17,345	15,565	1,780	11%
<b>Gross profit (%)</b>	30%	29%		
Other Income	779	924	(145)	-16%
Selling and distribution expenses	(1,571)	(1,745)	174	-10%
Administrative expenses	(5,254)	(3,547)	(1,707)	48%
Finance costs	(88)	(94)	6	-6%
Share of result of joint venture	5	29	(24)	-83%
<b>Profit before tax</b>	11,216	11,132	84	1%
Income tax expense	(2,654)	(2,720)	66	-2%
<b>Profit for the period</b>	8,562	8,412	150	2%
<b>Profit for the period (%)</b>	15%	16%		

- The Group's revenue increased by 10% to RM58.58 million from RM53.48 million in Q2FY23, driven by the strong performance of the automotive division.
- PAT in the current quarter improved marginally by 2% to RM8.56 million from RM8.41 million.
- Gains in revenue were offset by the increase in the Group's staff, higher bonus provisions for the group allocated for the achievement of record-high PAT in Q3FY2023, as well as exhibition and marketing expenses to promote Pecca locally and overseas.

# Financial Position (Q3FY23 vs Q4FY22)



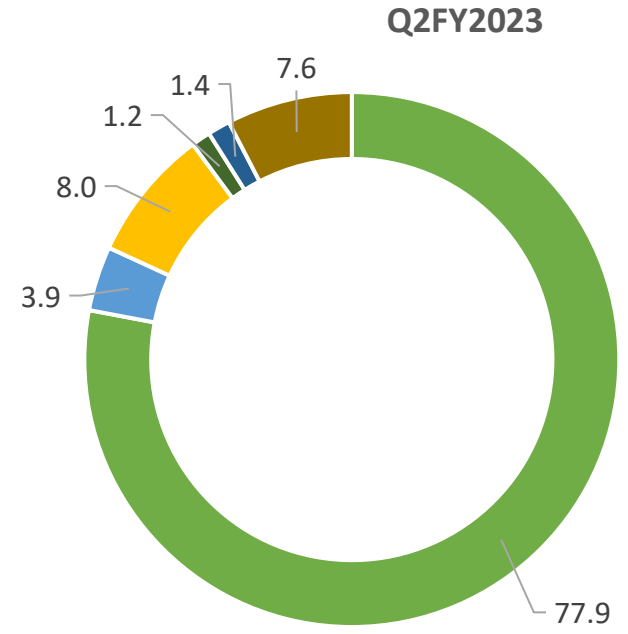
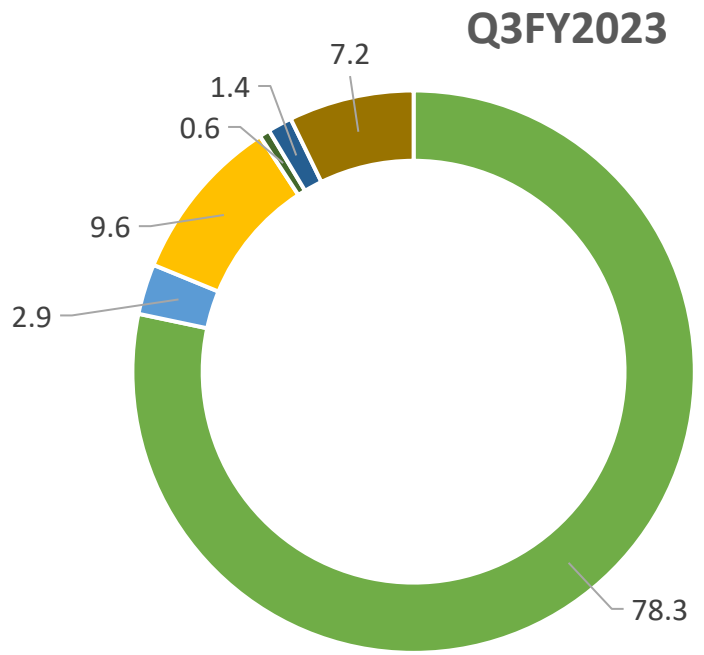
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GROUP BERHAD

	Unaudited 31.03.2023 RM'000	Audited 30.06.2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	37,326	38,013
Right-of-use assets	19,645	20,036
Investment in joint venture	9	-
Other investments	418	418
	<u>57,398</u>	<u>58,467</u>
<b>Current Assets</b>		
Inventories	26,757	28,983
Trade and other receivables	64,456	46,544
Contract assets	-	337
Prepayments	2,004	3,287
Current tax assets	30	-
Amount owing by joint venture	500	-
Cash and bank balances	88,798	86,808
	<u>182,545</u>	<u>165,959</u>
<b>Total assets</b>	<u>239,943</u>	<u>224,426</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	135,702	135,702
Reserves	63,842	54,163
	<u>199,544</u>	<u>189,865</u>
Non-controlling interest	(73)	(72)
<b>Equity attributable to owners of the Company</b>	<u>199,471</u>	<u>189,793</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,791	5,995
Borrowings	5,198	5,670
Lease liabilities	6	49
	<u>10,995</u>	<u>11,714</u>
<b>Current Liabilities</b>		
Trade and other payables	20,292	19,383
Borrowings	3,854	3,214
Lease liabilities	94	320
Current tax liabilities	5,237	2
	<u>29,477</u>	<u>22,919</u>
<b>Total liabilities</b>	<u>40,472</u>	<u>34,633</u>
<b>Total equity and liabilities</b>	<u>239,943</u>	<u>224,426</u>
<b>Net assets per share attributable to owners of the parents (sen)</b>	<u>26.54</u>	<u>25.26</u>

- Property, plant and equipment net decreased by RM687k, mainly due to depreciation expenses of RM3.2 million, but partially reduced by additional of asset of RM2.9m such as Lectra Cutting Machine(RM1.16m), Solar Panel System (RM0.8m) and others.
- Inventories mainly consist of raw materials which amounted to RM24.9m followed by finished goods at RM1.4mil and lastly WIP at RM0.4mil.
- Trade and other receivables mainly consists of 5 main debtors (Fuji Seats, Toyota Boshoku, Rentas Health, Mitsubishi Motors and APM Plastics) which account for RM39.0mil. 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 trade financing for working capital.



# Business Segment Breakdown (%)



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

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

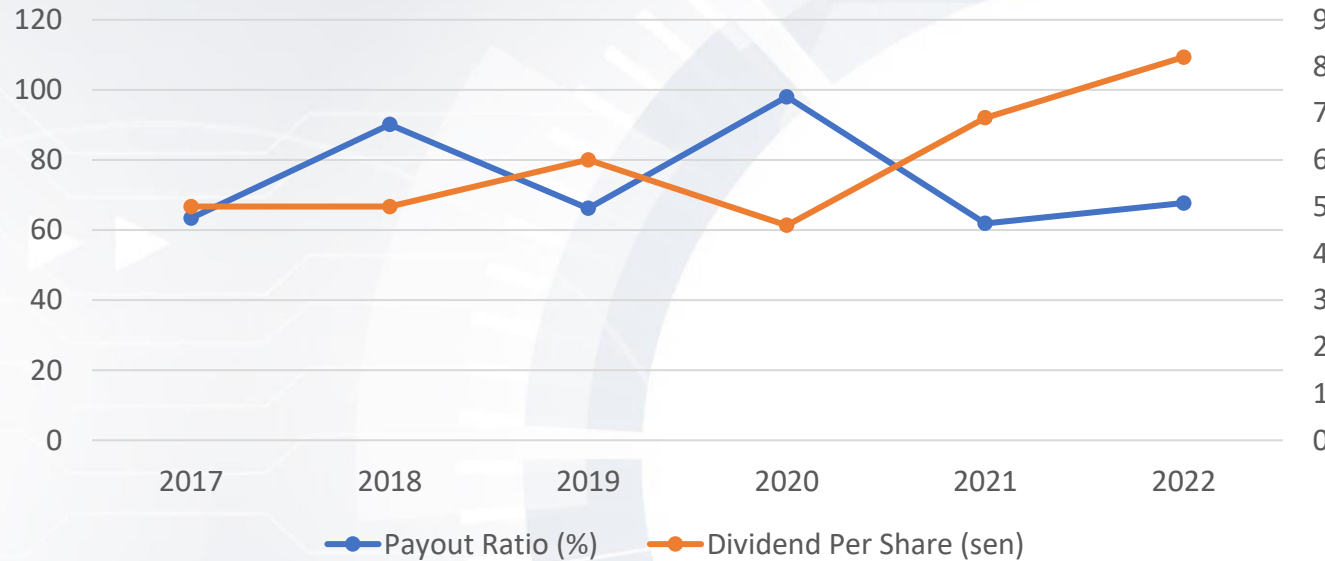
### Changes in Revenue (%)

OEM	+ 0.4
REM	- 1.0
PDI	+ 1.6
Leather Cut Pieces	- 0.6
Healthcare	+ 0.0
Others	- 0.4

- Current business activities comprise three segments, namely automotive, leather cut pieces and healthcare.
- The Group's revenue was driven by upholstery car seat covers, sewing and supply of car accessories covers together with provision of wrapping and stitching services, contributing about 91%, 4% and 3% of the total revenue respectively.
- OEM leather car seat segment contributed about 86% of the total revenue for leather car seat covers whilst REM and PDI contributed about 3% and 11% respectively.

# Shareholders Appreciation

## Dividend Payout



Year	Payout Ratio (%)	Dividend Per Share (sen)
<b>FY2017</b>	63.4	5
<b>FY2018</b>	90.1	5
<b>FY2019</b>	66.2	6
<b>FY2020</b>	98.0	4.6
<b>FY2021</b>	61.9	6.9
<b>FY2022</b>	67.7	8.2*
<b>FY2023 (First and second interim)</b>	40.4	5.4*

(\*To enable comparison with previous years, an assumption for no. of shares in FY2022 & FY2023 at 188 million before bonus shares were issued)

## Rewarding our shareholders

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

### FY2023 – 1<sup>st</sup> & 2<sup>nd</sup> interim dividend

- On 7<sup>th</sup> February 2023, Pecca paid the first interim single-tier dividend of 0.68 sen per ordinary share for the financial year ending 30 June 2023.
- On 30<sup>th</sup> May 2023, Pecca declared the second interim single-tier dividend of 0.68 sen per ordinary share for the financial year ending 30 June 2023.

(If based on the no. of shares before bonus issue, the value will be 5.4\* sen per ordinary share.)





# ▶▶ Pecca Aviation Services Sdn Bhd ("PASSB")





# The status of PASSB after obtaining EASA certification

## Exhibitions that PASSB has attended and will be attending soon

1. Vietnam Aero Summit (VAS) 2023 | International | 22-23 February 2023
2. Global Sky Forum – Business Aviation 2023 | Domestic – Kuala Lumpur | 22-23 February 2023
3. Aircraft Interiors Middle East (AIME) 2023 | International | 1-2 March 2023
4. LIMA 2023 | Domestic - Langkawi | 23-27 May 2023
5. Aircraft Interiors Expo AIX 2023 | International - Germany | 6 - 8 June 2023

## Potential partners

1. Global Component Asia Sdn Bhd | Malaysia (*MOU signed on 23 May 2023 at LIMA*)
2. Maintenance, repair, and overhaul (“MRO”) company in France
3. MRO company in India
4. MRO company in Vietnam

# Existing and Potential customers of PASSB



Lufthansa Technik



Magnetic Group



Collins Aerospace



RECARO



Franklin





# **PT Gemilang Maju Kencana ("PT GMK")**



# PT GMK's Products



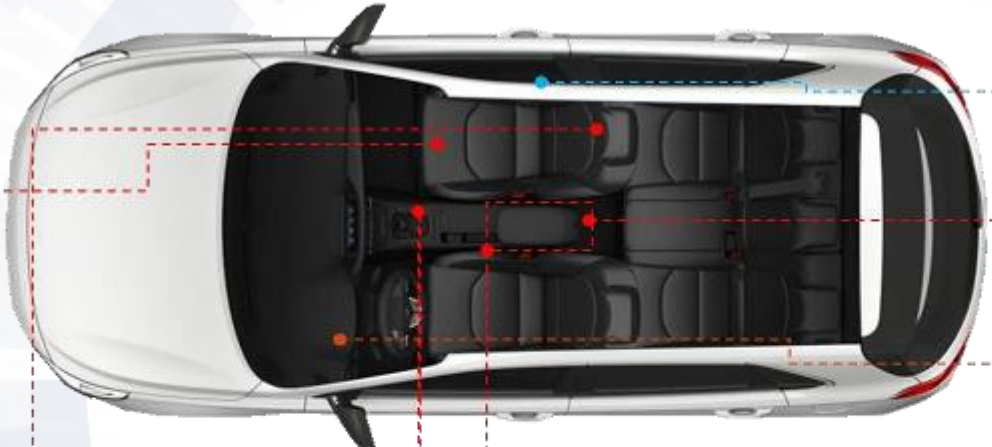
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**Seat Cover**  
(With Air Bag System)



**Headrest Cover**



**SHIFT KNOB**



**BOOT SHIFT**



**PARKING BRAKE**



**Upcoming Product**  
**Door Trim**  
With Leather Wrapping

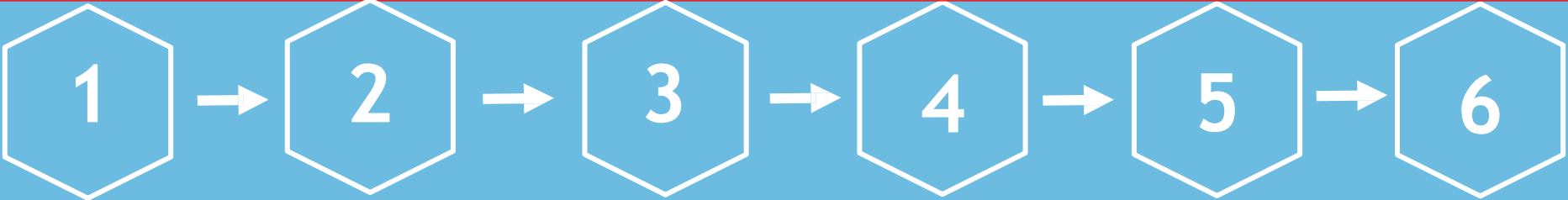


**Instrument panel**  
With Leather Wrapping



**Console Box**  
With Leather Wrapping

# PT GMK's Process flow – Seat cover



Drawing



Cutting



Trimming



Joining  
(Single Line)

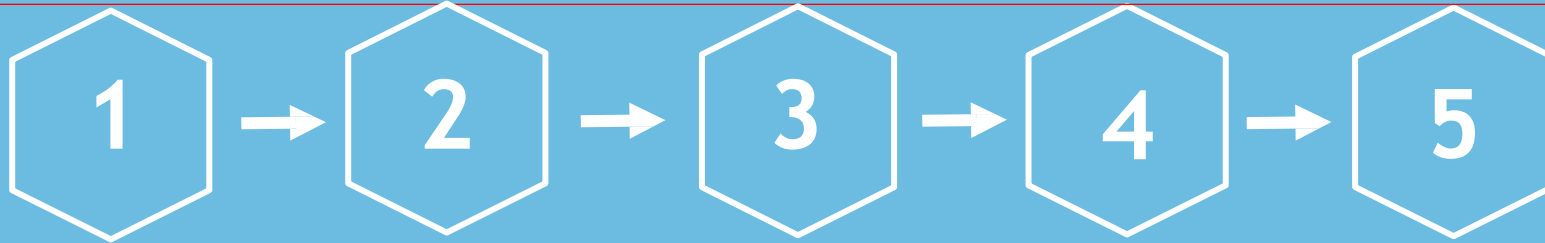


Stitching  
(Double Line)



Airbag  
Sewing

# PT GMK Process flow – Leather wrapping



Skiving



Assy Glue



Manual  
Stitching



Wrapping

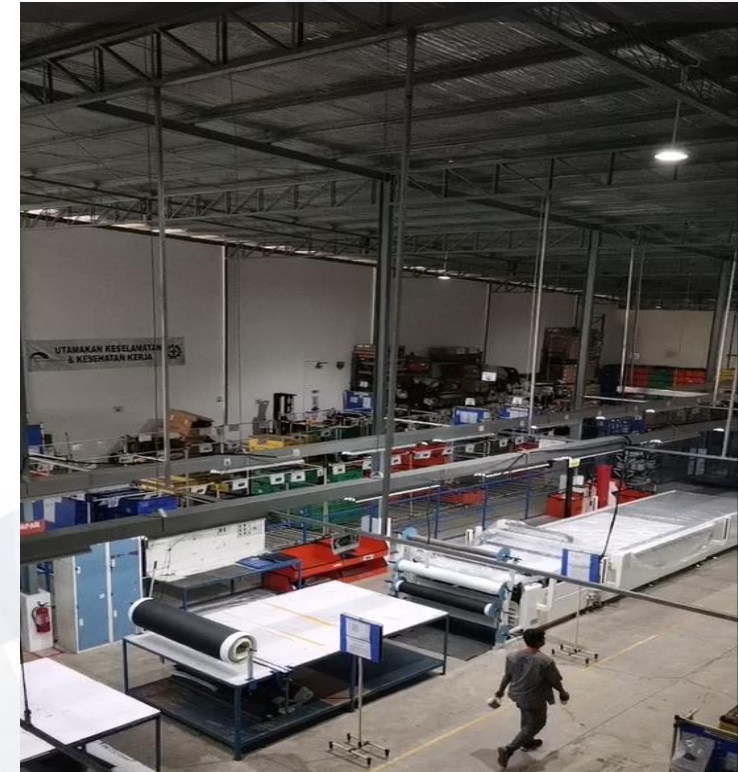


Ultrasonic HF



# PT GMK New plant

- PT GMK moved into its new plant in May 2023. The new plant will double its capacity.
- Key focus:
  - To penetrate OEM automotive industry in Indonesia
  - To expand upholstery car seat covers segment for both OEM and REM markets



# PT GMK's Business Partners



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**THANK YOU**

**June 2023**

