

# Questions raised by MSWG and Management's Response

<Questions addressed in order  
of presenter>

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# AGENDA

01

CORPORATE GOVERNANCE MATTERS

02

OPERATIONAL & FINANCIAL MATTERS

03

SUSTAINABILITY MATTERS

Panasonic

Question 1

The Company is tabling Resolution 7 to approve the continuation of Tan Sri Hasmah Binti Abdullah as an independent director for another term (Notice of 59th AGM). She was appointed an independent director of PMMA on 2 October 2013 (Page 52 of AR2024).

- a) What is PMMA's succession planning process for the long-serving independent director? Specifically, how does the Board plan to identify and appoint a suitable independent director to ensure continuity and effectiveness in its board composition as the abovementioned independent director approaches her tenure limit of 12 years?
- b) How many candidates for the position of independent director have been interviewed to date?

Answer 1

- a) Subject to the shareholders' approval at the 59th AGM, Tan Sri Hasmah will be retained as Independent Non-Executive Director up till the next AGM of the Company scheduled for August 2025. At the moment, the Board is still considering various options on the re-composition of the Board.
- a) No candidates have been interviewed at this juncture.

Question 2

Practice 5.9 of Malaysian Code on Corporate Governance (MCCG) states that the board comprises at least 30% women directors.

PMMA's response: Applied. The percentage of female directors on the Board of the Company is above 30%. (Page 28 of the CG Report 2024).

MSWG's question: What benefits has the board experienced from increased gender diversity among its members? How has the Board's performance been impacted with these benefits?

Answer 2

Since the financial year ended 31 March 2019, the Company has consistently maintained more than 30% women directors on its Board. This commitment to gender diversity underscores the Company's dedication to inclusive governance and ensures that the perspectives of all stakeholders are considered. The increased diversity has enriched team dynamics, particularly in an industry traditionally dominated by men. Given that the Company's primary products are household goods, the presence of more women on the Board has enhanced the Company's insight into customer preferences, leading to better-informed decision-making and improved market alignment.

Question 1

PMMA recorded a revenue of RM905.7 million for FYE2024, lower by 8.7% compared to FYE2023's revenue of RM991.6 million. The decrease of RM85.9 million in revenue was mainly attributed to the discontinuance of the Kitchen Appliances business and lower export sales for Fan products, particularly from the Vietnam market. However, these losses were mitigated, to a certain extent, by increased sales of Vacuum Cleaner products, driven by higher demand in the Middle East market ([Page 5 of AR2024](#)).

- a) How does the Group intend to address the lower export sales of Fan products? What is the current performance of export sales of Fan products?
- b) Does the Group expect the higher demand momentum from the Middle East market for the Group's vacuum cleaner products to continue in FYE2025? If not, why?

Answer 1

Please refer next slide

a) How does the Group intend to address the lower export sales of Fan products? What is the current performance of export sales of Fan products?

The group intend to increase more value-added product through shift from AC model to DC model ceiling fan that is greener for environment. The current performance of export sales of Fan products is 130% more vs last year for Apr-Jun24. The group forecast Fan products will continue perform better.

b) Does the Group expect the higher demand momentum from the Middle East market for the Group's vacuum cleaner products to continue in FYE2025? If not, why?

The group trying to maintain sales momentum from the Middle East Market for the Group's vacuum cleaner products by several activities, for instance, launching of first cordless Stick Vacuum Cleaner of new category to create more demand, launch new Tank-type series for Middle East markets and continue enhance our product line up to level up customer expectations.

## Question 2

The Group will continue to intensify its efforts to strengthen its venture into new product categories, particularly in the water-related businesses. The successful introductions and enhancements of its water-related products, including the Reverse Osmosis Water Purifier (ROWP), Water Purification System (WPS) and the Instant Home Shower series, are significant steps in this direction. Building on this momentum, the Group will be closely monitoring market trends and consumer demands to identify further opportunities for expansion within this category (Page 18 of AR2024).

- a) What are the current market trends and consumer demands for the abovementioned products?
- b) Although PPMA launched these products less than a year ago in the respective markets, we would like to know the current penetration rate for ROWP in Vietnam, WPS in Indonesia, and the Instant Home Shower series in key Asian markets and the targeted penetration rate for these markets in the next few years.
- c) What are these products' current sales and the percentage contribution to the Group's revenue?
- d) Has PMMA identified any opportunities for expansion within this category? If so, what are those opportunities to tap into?

## Answer 2

Please refer next slide 2 & 3.

a) What are the current market trends and consumer demands for the abovementioned products?

The market trends and consumer demands for Reverse Osmosis Water Purifiers (ROWP), Water Purification Systems (WPS) and Instant Home Shower series reflect growing awareness of water quality, sustainability, and the desire for advanced technology.

Here are the keys trends :-

1. Rising Health and Safety Awareness
2. Increasing penetration potential in emerging markets.
3. Shift Toward technological advancements and added-value Products



b.) Although PPMA launched these products less than a year ago in the respective markets, we would like to know the current penetration rate for ROWP in Vietnam, WPS in Indonesia, and the Instant Home Shower series in key Asian markets and the targeted penetration rate for these markets in the next few years.

<b>(b) Current and Target Penetration rate (Next few years)</b>		
ROWP	Vietnam	At present, the overall market penetration rate of RO water purifiers is about 10%, and about 50% in urban areas. In order to expand the sales of this product, we will expand more channels through new business cooperation. Our goal is to achieve a penetration rate of about 20% in the next few years.
WPS	Indonesia	The market penetration rate is around 4% and with increasing awareness of water quality and demand for purification solutions in Indonesia, we are targeting a 5% penetration rate.
HS	Asia	The current penetration rate in the Asian market is about 20%. Panasonic has a strong position in Malaysia with about 30% market share in the Instant Home Shower series, and has great expansion potential in emerging markets such as the Philippines, Vietnam and Cambodia. We are targeting a growth rate of about 5% in the next few years.

c) What are these products' current sales and the percentage contribution to the Group's revenue?

Currently, our new business is still in its early stages and we have launched a series of activities to promote the penetration of the new business.

d) Has PMMA identified any opportunities for expansion within this category? If so, what are those opportunities to tap into?

Yes, we identified several opportunities.

There are expansion opportunities in the Asian market as follows.

- Driving \*\*product differentiation and innovation.
- Providing affordable solutions to emerging markets.
- Expanding through new business channels and strategic partnerships with real estate developers (e.g. B2B business).

Question 3

The Group remains committed to continuous improvement by implementing cost-reduction measures to reduce production costs and improve profitability (Page 18 of AR2024).

a) What are the previous and current overall production costs?

What is the targeted reduction in the production cost to achieve in FYE2025?

b) Which cost components in production are subjected to these cost-reduction measures?

Answer 3

a) Overall production costs for FYE 2024 was lower compared to last financial year.

	FYE 2024	FYE 2023	FYE 2024 vs FYE 2023	
Direct Material cost	63.1%	68.4%	-5.3%	Stabilization of raw material costs
Labor cost	11.5%	11.6%	-0.1%	
Depreciation	1.9%	1.9%	-	
Overhead	8.5%	6.6%	+1.9%	Additional R&D expenditure for new product development
<b>Production cost</b>	<b>85.0%</b>	<b>88.5%</b>	<b>-3.5%</b>	<b>Overall lower production cost</b>

Moving forward, current production costs are managed and targeted to maintain or reduce from the previous financial year to improve profitability.

- b) The Company will review all possible areas of production costs for cost reduction measures and review the necessity of the costs to be incurred.
- The Company will continue to monitor and procure raw materials through Centralized Purchasing; consolidate local suppliers (bulk negotiation with the selected suppliers); resourcing and value engineering activities to drive down cost of materials;
  - As for labor cost, management will review manpower regularly based on production requirements whilst implementing productivity improvements on all its operating processes;
  - Investments in assets are reviewed regularly; with clear ROI guidelines;
  - Overhead costs are monitored closely to eliminate unnecessary spending, and to perform cost comparisons to contain the cost.

#### Question 4

Industry 4.0 is transforming the traditional manufacturing landscape by converging information technology (IT) and operational technology (OT) to create a cyberphysical environment. By integrating Industry 4.0 technologies, such as the Industrial Internet of Things (“IIoT”), PMMA can create more efficient and sustainable production processes. To further this commitment, it will continue to invest in Industry 4.0 technologies (Page 16 of AR2024).

What is the budget allocation for the investment in Industry 4.0 technologies in the next two financial years, and what specific technologies will the Group invest in within these two years?

#### Answer 4

PMMA is estimating investment in Industry 4.0 technologies to approximate RM13 mil for FYE2025 & FYE2026.

Industry 4.0 technologies advancements include:-

1. Robotics & Automation - continuous improvement efforts to increase productivity and ensure consistent quality control.
2. IIOT (Industrial Internet of Things) - to enable real time monitoring for productivity improvement.
3. Energy Monitoring System - to visualize energy consumption trend for sustainability.
4. WMS (Warehouse Management System) - to boost our intralogistics operational efficiency

Question 1Substantiated Complaints

During the reporting year, PMMA received 2 substantiated complaints from regulatory or official bodies regarding violations of human rights concerning its workers. PMMA has taken immediate actions to address the issues and to ensure that similar incidents do not occur in the future (Page 42 of AR2024).

- a) What were the details of the complaints, and how severe were these human rights violations concerning PMMA workers?
- b) How has PMMA addressed these issues? What measures has it taken to ensure these do not occur again?
- c) Was there any cost impact to PMMA from these issues? If so, what is the amount?

Answer 1

- a) We received complaint on power harassment through our Whistleblowing Channel and complaint on sexual harassment through HR. Both incidents did not involve any external regulatory or official bodies.
- b) Both incidents were resolved internally and guided by our internal disciplinary procedures, rules and regulations. PMMA continues in enhancing the employee's awareness towards our "Policies On The Elimination of Workplace: Violent, Harassment and Sexual Harassment".
- c) No



*Thank You!*