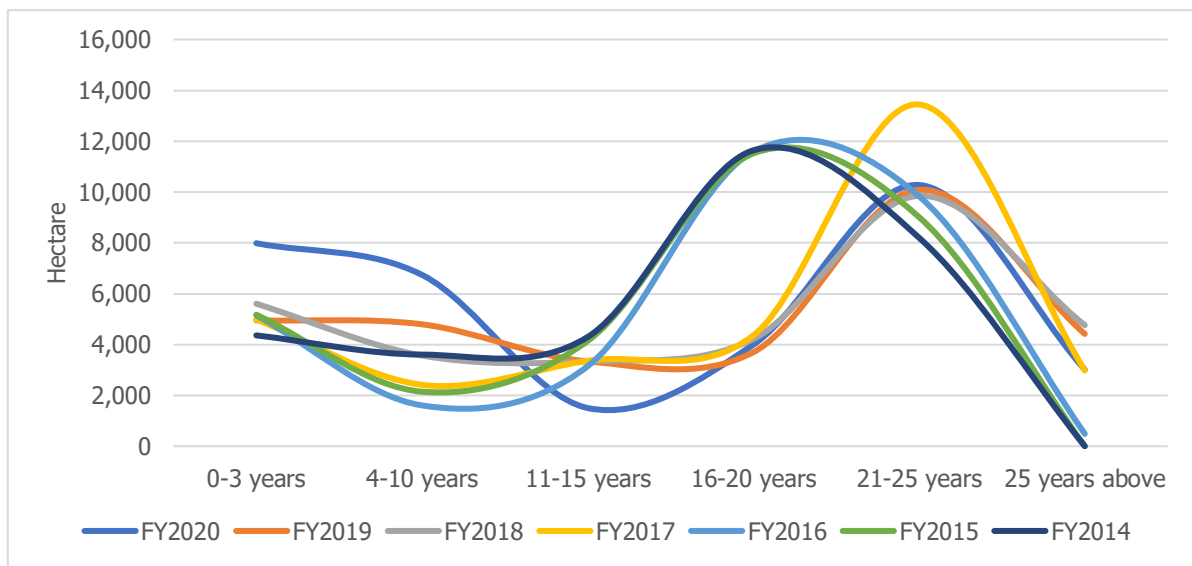


TDM TO ACHIEVE IDEAL OIL PALM AGE PROFILE BY 2025

Rejuvenating Its Plantations and FFB Yield through Aggressive Replanting

Kuala Terengganu - As the plantation business is cyclical in nature with yield largely dependent on age profile, TDM Berhad ("TDM" or "The Group") puts a priority on optimising its oil palm age profile to maximise fresh fruit bunches (FFB) yield at all estates. The Group maintains its annual 5% replanting policy to achieve an ideal age profile, ensuring sustainability and profitability of future FFB production.

Notwithstanding the above, TDM through its plantation counterpart, TDM Plantation (TDMP), has initiated an aggressive replanting exercise from 2019 to 2022 for its Terengganu estates that is 3% to 4% higher than the annual replanting policy to achieve the ideal age profile in a shorter period. Although the approach involves higher costs, the Group is committed to improving its profitability and continue delivering added value to its stakeholders.



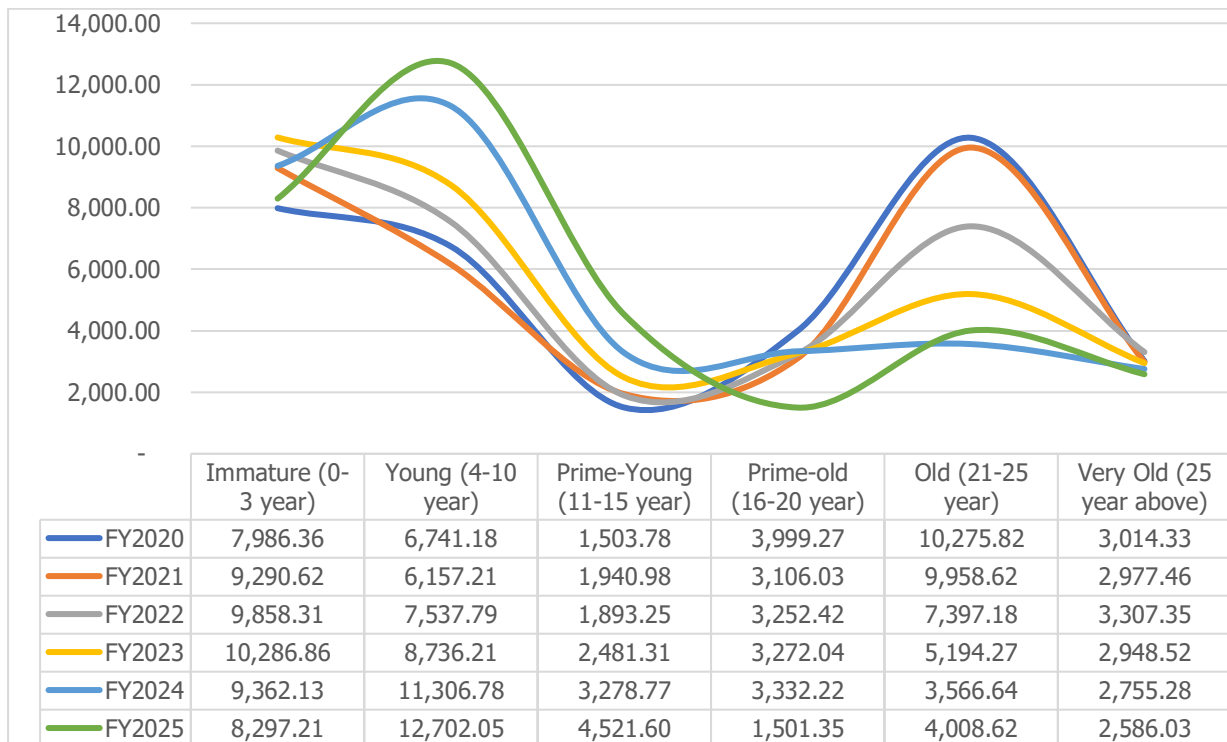
Year		2014	2015	2016	2017	2018	2019	2020
Age Profile		Hectarage						
Immature	0-3 yrs	4,361	5,172	5,151	4,986	5,606	4,954	7,986
Young	4-10 yrs	3,606	2,146	1,607	2,417	3,568	4,796	6,741
Prime-Young	11-15 yrs	4,299	4,144	3,149	3,363	3,339	3,339	1,504
Prime-Old	16-20 yrs	11,642	11,523	11,593	4,361	4,219	3,701	3,999
Old	21-25 yrs	8,201	9,012	9,832	13,444	9,852	10,086	10,276
Very Old	> 25 yrs	0	0	487	2,982	4,762	4,419	3,014
Weighted Average (Years)		15.3	15.5	15.9	15.9	15.0	15.8	14.0

TDM's oil palm age profile in Terengganu from 2014 to 2020

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For the past few years, the Group had spent a total of RM170.5 million for replanting; RM27.4 million (FY2014), RM31.3 million (FY2015), RM24.7 million (FY2016), RM23.7 million (FY2017), RM28.9 million (FY2018), and RM34.6 million (FY2019). As a result, the number of immature and young mature trees have gradually increased year by year and will potentially improve its oil palm yield in the long run.

In FY2020, the group spent approximately RM37.9 million for replanting, covering a total area of 2,740 hectares (ha) or 8.8% out of total planted area against 1,946 ha in the previous year. The increase in replanting area was also supported by the acquisition of Bukit Bidong Estate, which is populated by younger palms ranging from 2 to twelve years old. With that, the group has successfully increased the proportion of its immature and young areas from 31% in FY2019 to 44% in FY2020.



Projected distribution chart by age of oil palms in Terengganu from 2020 to 2025

As of March 2021, the Group’s accumulated replanting hectareage for the past nine years has reached a staggering figure of 12,452 ha. Looking further ahead, the company has set a target of having at least 40% of young prime trees at its estates by 2025. With such improvement in age profile, it is expecting to enjoy a sharp increase in FFB yield from there onwards, and to achieve this, it will continue to exercise its replanting programme aggressively until the year 2025, which is equivalent to 11,421 ha within 5-years period (FY2021 to FY2025).

The ongoing replanting exercise will not only improve the age profile of oil palm but also allow all estates to redesign their field layout, roads, drains, and other infrastructures as preparation for future mechanisation approaches. Through the implementation of Geographical Information System (GIS) for digital field designing, any improvement to the aspects mentioned is simplified and measured at high accuracy.

Since FY2009, planting materials used were of the latest progenies in line with industry's development in oil palm breeding and bio-technology as part the company's effort to realising the latter higher yield potential. Coupled with good agricultural practices such as optimum planting density per ha and introduction of empty fruit bunch bio-compost during the immature stage, the company's aim to reap early high yields from young palms is achievable.

On the other hand, despite the plunge in crude palm oil (CPO) price experienced in 2019 and the recent sudden hike in chemical price due to pandemic COVID-19, the Group continues to purchase fertiliser to sustain profitable yield at its plantations. The controlled-release fertiliser usage is doubled in volume compared to previous years, covering newly planted oil palms until the next three years. Due to a bigger scale in hectareage of replanting and immature fields, TDM has opted for the controlled release fertiliser technology as a drastic action against labour scarcity and surge in other operational costs.

The Group is also looking into acquiring other brownfield estates or plantations with a higher percentage of prime-age palms in the near future. This plan will go parallel with current ongoing efforts of improving its average oil palm age profile. On top of that, the company is putting more emphasis on optimising mechanisation in some of its daily operations. All these, in return, will further boost plantations' productivity and profitability.