

MEDIA RELEASE

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TDM RECORDED 16% RISE IN REVENUE FOR 3QFY2022 ON THE BACK OF IMPROVED PERFORMANCE FROM HEALTHCARE DIVISION

Key Highlights:

- **Plantation Division: 3QFY2022 impacted by lower production output and average prices**
- **Healthcare Division: Stronger performance in 3QFY2022 lifted YTD2022 segmental performance to all-time high**

Kuala Terengganu, 29 November 2022 – TDM Berhad (“TDM” or “the Group”) today announced its financial results for the third quarter ended 30 September 2022 (“3QFY2022”).

For 3QFY2022, the Group recorded a 16% year-on-year (“YoY”) increase in revenue to RM153.3 million, from RM132.1 million reported in the corresponding quarter last year. The increase was mainly attributed to the Healthcare Division which reported a YoY top-line improvement of 38% to RM78.1 million as compared to RM56.4 million in the year before. Revenue from the Plantation Division stood marginally unchanged at RM75.1 million from RM75.7 million over the same period. The stronger financial performance from the Healthcare Division was however offset by the Plantation Division as a result of lower crude palm oil (“CPO”) prices and production.

During the quarter, TDM registered a Loss Before Tax (“LBT”) of RM12.4 million as compared to a Profit Before Tax (“PBT”) of RM19.0 million in 3QFY2021. Earnings before Interest, Taxes, Depreciation, and Amortisation (“EBITDA”) declined by 71% to RM12.4 million.

For the nine months ended 30 September 2022 (“9MFY2022”), TDM’s revenue rose 32% YoY to RM456.3 million. Revenue from the Plantation Division grew 40% YoY, while the Healthcare Division recorded a YoY growth of 23%. PBT came in at RM9.2 million, a decrease of 35% as compared to RM14.3 million in the corresponding period last year. EBITDA stood slightly lower at RM82.7 million from RM86.5 million previously.

	Quarter Ended			Nine Month Ended		
	Q3 2022 RM'000	Q3 2021 RM'000	Var %	9M 2022 RM'000	9M 2021 RM'000	Var %
Revenue:						
Plantation	75,148	75,726	(1)	256,919	183,546	40
Healthcare	78,140	56,422	38	199,394	162,391	23
Investment holding and others	-	-	-	-	-	-
Total Revenue	153,288	132,148	16	456,313	345,937	32
(LBT)/PBT:						
Plantation	(9,217)	24,308	n.m.	33,804	34,524	(2)
Healthcare	7,891	1,911	>100	7,703	1,171	>100
Investment holding and others	(11,046)	(7,230)	(53)	(32,260)	(21,429)	(51)

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Total (LBT)/PBT	(12,372)	18,989	n.m.	9,247	14,266	(35)
EBITDA:						
Plantation	7,819	41,643	(81)	83,454	82,727	1
Healthcare	12,879	5,956	>100	22,021	15,135	45
Investment holding and others	(8,284)	(4,095)	>(100)	(22,746)	(11,344)	>(100)
Total EBITDA	12,414	43,504	(71)	82,729	86,518	(4)

n.m. = not meaningful

Malaysia Plantation Division

In 3QFY2022, the Plantation Division recorded lower sales volume of CPO and Oil Extraction Rate ("OER") by 4% and 1%, respectively, as compared to the previous corresponding quarter of 2021 mainly due to the lower production of internal fresh fruit bunches ("FFB") by 14%. In addition, Palm Kernel ("PK") average prices and Kernel Extraction Rate ("KER") were also lower by 0.3% and 0.2% YoY, respectively. This was offset by a 5% increase in PK sales volume during the quarter. Whilst revenue stood marginally unchanged at RM75.1 million, EBITDA decreased by 81% to RM7.8 million, registering a segmental LBT of RM9.2 million during the quarter mainly due to higher purchase of FFB and higher operational costs.

Meanwhile, for the 9MFY2022, revenue from the Plantation Division improved by 40% YoY to RM256.9 million from RM183.5 million a year ago, driven by higher CPO and PK average prices which rose by 29% and 37%, respectively. The higher revenue was mainly driven by a 7% increase in PK sales volume and a 2% increase in KER. However, this was partly offset by a lower internal FFB production of 10%. The division registered an EBITDA of RM83.5 million, slightly higher than RM82.7 million recorded in the previous year's corresponding period. PBT on the other hand slightly declined by 2% to RM33.8 million.

Palm oil prices have recently stabilised on the back of rising global consumption, record exports, and declining Indonesian stocks as well as ongoing labour shortage and crop losses in Malaysia. Recent firmer prices of soya oil and sunflower oil also lead to a better turn for palm oil.

However, operating challenges remain as the arrival of migrant plantation workers to Malaysia is relatively slow with many companies still facing manpower shortages, especially the much-needed skilled harvesters as the peak crop season is ending.

Divestment of Indonesia Plantation Division

On 29 July 2022, TDM and Ikhasas Sawit Sdn Bhd signed a Conditional Share Purchase Agreement ("CSPA") for the disposal of PT Rafi Kamajaya Abadi ("PT RKA") and PT Sawit Rezki Abadi ("PT SRA") with a total consideration of RM115.0 million. Following the CSPA, the Group also signed a Management Services Agreement with PT Ikhasas Sawit Indo Makmur, handing over the full operations of PT RKA to the company effective from 1 August 2022.

Healthcare Division

For the quarter under review, TDM's Healthcare Division registered a revenue of RM78.1 million, translating to a YoY increase of 38% compared to the previous year's corresponding quarter. The increase in revenue was mainly attributed to the rise in the number of inpatients and outpatients by 65% and 13% YoY, respectively. In addition, inpatient days and bed occupancy rates also improved by 72% and 60%, respectively. However, this was mitigated by a 10% decrease in average revenue per inpatient.

As a result of the stronger top-line performance, 3QFY2022 EBITDA more than doubled to RM12.9 million, whilst PBT soared to RM7.9 million from RM1.9 million recorded in the previous year.

Meanwhile, for the 9MFY2022, revenue came in stronger by 23% at RM199.4 million, compared to RM162.4 million from the corresponding period last year. The top-line growth was attributed to a higher number of inpatient (up 39% YoY), inpatient days (up 32% YoY), and bed occupancy rate (up 29% YoY). Furthermore, EBITDA for the division increased by 45% YoY, reaching RM22.0 million. PBT stood significantly higher at RM7.7 million, from RM1.2 million in 9MFY2021.

The Group's expanded healthcare services are performing well and have started to positively contribute to its overall performance as the new Eye Centre at KMI Kuantan Medical Centre and Catheterisation Lab ("Cathlab") services at KMI Kuala Terengganu Medical Centre have received positive market acceptance. TDM is in the midst of expanding and enhancing other services to maximise revenue generation. Initiatives through inorganic growth are actively undertaken to enlarge the Group's revenue base and profitability level.

To mitigate the impacts of inflationary pressures which may lead to higher healthcare costs and eroding profit margins, TDM will continue to focus on operational efficiency and minimise costs past-through to patients in order to maintain affordability.

Comments from TDM Executive Director, Haji Najman Kamaruddin

"The Healthcare Division has made significant progress during the quarter and we are encouraged to continue introducing new healthcare services that are of high quality and affordable for the community. As for our Plantation Division, we will continue to focus on building a strong operational foundation to ensure long-term sustainability. This includes increasing mechanisation at our estates to reduce labour requirements and replanting efforts to optimise the age of our oil palm trees, enhancing long-term yields."

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About TDM Berhad

Incorporated in 1965, TDM Berhad is one of the Shariah-compliant securities listed on the Main Market of Bursa Malaysia's with core businesses in oil palm plantation and healthcare services.

The Group's plantation arm, TDM Plantation Sdn. Bhd. (TDMP), is a premium producer of Certified Sustainable Palm Oil (CSPO) and Certified Sustainable Palm Kernel (CSPK) with the Malaysian Sustainable Palm Oil (MSPO), Roundtable on Sustainable Palm Oil (RSPO) and International Sustainability and Carbon Certification approved by the European Commission (ISCC EU) certifications. It manages 15 oil palm estates and three palm oil mills, three Bio-Composting plants and three Biogas plants located in Terengganu and Indonesia.

Under Kumpulan Medic Iman Sdn. Bhd. (KMI Healthcare), TDM owns five community specialist hospitals that provide quality and affordable secondary healthcare services. The hospitals are KMI Kelana Jaya Medical Centre, Petaling Jaya, Selangor, KMI Kuantan Medical Centre, Kuantan, Pahang, KMI Kuala Terengganu Medical Centre, Kuala Terengganu, KMI Taman Desa Medical Centre, Kuala Lumpur and KMI Tawau Medical Centre, Sabah.

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