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TDM Berhad

Registration No.: 196501000477 (6265-P)

Wisma TDM, 443D, Jalan Kamaruddin,

20400 Kuala Terengganu, Terengganu

Tel: +609-620 4800

Fax: +609-620 4803

HEALTHCARE DIVISION TO BOLSTER TDM'S FINANCIAL PERFORMANCE IN FY2023 AMID PLANTATION DIVISION CHALLENGES

Key Highlights:

- **Healthcare Division: Poised for a robust performance in FY2023, thanks to the favourable macroeconomic conditions that are steadily improving.**
- **Plantation Division: Outlook expected to be muted due to the impact of increased global supply and weak palm oil prices.**

Kuala Terengganu, 29 May 2022 –TDM Berhad (“TDM” or “the Group”) announced its financial results for the first quarter ended 31 March 2023 (“1QFY2023”) today.

1QFY2023 revenue decreased by 9% year-on-year (“YoY”) to RM131.1 million compared to RM143.7 million in 1QFY2022, mainly due to the Plantation Division’s revenue declining by 37% YoY. The Healthcare Division posted significant improvement during the quarter under review with revenue increasing by 32% YoY to RM78.0 million from RM59.1 million in 1QFY2022. Earnings Before Interest, Taxes, Depreciation and Amortisation (“EBITDA”) declined to RM7.6 million, in line with the overall lower revenue, and the Group reported a Loss Before Tax (“LBT”) of RM17.5 million in 1QFY2023.

	Quarter Ended		
	Q1FY2023 RM'000	Q1FY2022 RM'000	Variance %
Revenue:			
Plantation	53,123	84,567	(37)
Healthcare	77,972	59,104	32
Investment holding and others	-	-	-
Total Revenue	131,095	143,671	(9)
(LBT)/PBT:			
Plantation	(16,113)	25,511	(>100)
Healthcare	6,391	1,942	>100
Investment holding and others	(7,804)	(10,484)	(26)
Total (LBT)/PBT	(17,526)	16,969	(>100)
EBITDA:			
Plantation	311	41,137	(99)
Healthcare	11,803	6,569	80
Investment holding and others	(4,525)	(6,955)	(35)
Total EBITDA	7,589	40,751	(81)

Plantation Malaysia

The Plantation Division's 1QFY2023 revenue declined by 37% YoY due to a 30% and 54% YoY decrease in average prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK") respectively. Sales volumes for CPO and PK also decreased by 2% and 23% YoY respectively, driven by an 11% YoY decline in Fresh Fruit Bunch ("FFB") production during the quarter. This led to the division's EBITDA declining to RM0.3 million in 1QFY2023 compared to RM41.1 million in 1QFY2022.

TDM foresees a soft demand for palm oil in the coming quarters of FY2023 due to the abundant global supply of palm oil and other oils which resulted in weak palm oil prices. The possibility of Indonesia releasing its palm oil stockpiles; primary palm oil consumers like China and India importing mainly soft oils; and record rapeseed and soyabean crops are expected to impact palm oil demand. In addition, the price for benchmark palm oil futures contract for July 2023 delivery declined by 8% to RM3,453 at the end of April 2023, the lowest since October 2022.

In FY2023, TDM will continue to prioritise cost rationalisation to mitigate the impact of price fluctuations. Furthermore, the Group plans to increase its sales volume of Certified Sustainable Palm Oil ("CSPO") and Certified Sustainable Palm Kernel ("CSPK") to secure higher price premiums.

Healthcare

The Healthcare Division's delivered significant improvement in its financial performance during the quarter under review. Revenue grew 32% YoY, from RM59.1 million in 1QFY2022 to RM78.0 million during the quarter under review. This was mainly driven by a 37% YoY increase in the number of inpatients and a 48% YoY increase of inpatient days, resulting in a 44% YoY increase in bed occupancy rate. The division's EBITDA grew by 80% and PBT increased by more than 3 times in 1QFY2023 compared to 1QFY2022, in line with the division's revenue growth.

The Group expects a robust financial performance from the division in FY2023, supported by a favourable business environment. In the second half of FY2023, inflation is anticipated to stabilise, and domestic demand and private household consumption are projected to continue growing, including spending on healthcare-related services. The Malaysian Government's fiscal and monetary policies are expected to have a positive impact on household purchasing power.

TDM is embarking on an exciting phase of service expansion aimed at increasing its patient base and meet the growing demand for quality healthcare. Deals on the construction of a few new greenfield hospitals are on-going.

Divestment of Plantation Indonesia Division

The Conditional Share Purchase Agreement ("CSPA") for the disposal of PT Rafi Kamajaya Abadi ("PT RKA") and PT Sawit Rezki Abadi ("PT SRA") was signed between TDM and Ikkhasas Sawit Sdn. Bhd. on the 29 July 2022. PT RKA continues to be fully managed by PT Ikkhasas Sawit Indo Makmur through a management services arrangement starting 1 August 2022.

Comments from TDM Executive Director, Haji Najman Kamaruddin

"Our healthcare division has made remarkable progress in the recent quarter, providing quality and affordable healthcare services to the community. With our commitment to expanding our geographical reach and service offerings, we have deployed digitalisation to enhance our customers' experience while maintaining our goal of delivering outstanding care. We are also dedicated to enhancing the sustainability and profitability of our Plantation Division by using innovative techniques to improve efficiency, mechanization, and achieve 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 13 oil palm estates and two (2) palm oil mills, two (2) Bio-Composting plants and two (2) Biogas plants located in Terengganu.

Under Kumpulan Medic Iman Sdn. Bhd. (KMI Healthcare), TDM owns five (5) 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.

For further details, please visit our website www.tdemberhad.com.my

Released on behalf of TDM Berhad by Capital Front Investor Relations.

For media enquiries, kindly contact:

Name: Dwayne Teng

Email: dwayne@capitalfront.biz