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TDM'S GROUP EBITDA LEAPS BY 2.5 TIMES FOR 1QFY2024 YEAR-ON-YEAR ("YoY"), WITH STRONG PERFORMANCE FROM BOTH HEALTHCARE AND PLANTATION DIVISIONS

Key Highlights:

• Healthcare Division: Higher average revenue per inpatient by 13% resulted in higher revenue for division by 9% YoY.

• Plantation Division: The Division managed to report higher EBITDA mainly from cost optimization strategies and initiatives.

Kuala Terengganu, 27 May 2024 –TDM Berhad ("TDM" or "the Group") announced its financial results for the first quarter ended 31 March 2024 ("1QFY2024") today.

For 1QFY2024, The Group's overall revenue is higher by 3% YoY contributed by strong performance from the Healthcare Division with a higher revenue of 9%. It is offset by a slightly lower revenue from the Plantation Division of 5% YoY. Furthermore, the Group has recorded a 66% improvement of Loss Before Tax ("LBT") from RM17.5 million to RM5.9 million this quarter. The EBITDA of the Group has also leaped by 2.5 times to RM19.3 million YoY.

	Quarter Ended		
	1QFY2024 RM'000	**1QFY2023 RM'000**	**Variance %**
Revenue:			
Plantation	50,429	53,123	(5)
Healthcare	84,649	77,972	9
Investment holding and others	-	-	-
Total Revenue	**135,078**	**131,095**	**3**
PBT/(LBT):			
Plantation	(3,619)	(16,113)	78
Healthcare	5,708	6,391	(11)
Investment holding and others	(8,005)	(7,804)	(3)
Total PBT/(LBT)	**(5,916)**	**(17,526)**	**66**
EBITDA:			
Plantation	13,680	311	>100
Healthcare	11,167	11,803	(5)
Investment holding and others	(5,580)	(4,525)	(23)
Total EBITDA	**19,267**	**7,589**	**>100**

Malaysia Plantation Division

For the 1QFY2024, revenue from the Plantation Division slightly decreased by 5% YoY to RM50.4 million from RM53.1 million in Q1 FY2023, driven by lower CPO and PK sales volume which decreased by 5% and 12%, respectively. However, the Division recorded higher FFB production by 8% and maintain its OER at 19.15% as compared to the previous corresponding quarter. The average CPO price has dropped by 2% from RM4,107 per MT to RM4,031 per MT while PK average price is higher by 7% from RM2,214 per MT to RM2,376 per MT.

The division registered an EBITDA of RM13.7 million, significantly higher by RM13.4 million as compared to the previous corresponding quarter. The division also improved its LBT from RM16.1 million to RM3.6 million this quarter mainly as a result of the Group's cost optimisation strategies and initiatives taken throughout the quarter.

In early April 2024, CPO futures price hit a year-to-date high of RM4,579 per tonne, which reflected the near-term tightness in palm oil inventory, where Malaysia's palm oil stockpile at the end of March 2024 dropped by 10.68% to their lowest in 10 months at 1.71 million MT due to the rise in exports although it is partly offset by a rebound in production (compared to the same period last year, the inventories declined steeper by 21% to 1.67 million MT). Palm oil production increased by 8% in March 2024, bringing the total for January 2024 to March 2024, bringing the total for January 2024 to March 2024, up 3% from the previous year.

However, Malaysian palm oil production in 2024 is expected to be unchanged or marginally higher, and with Indonesian palm oil production is anticipated to be lower by at least 1 million MT and new biofuel announcement could make palm supply even tighter.

Globally, a slowing down of sun oil production and export supplies from May 2024 onwards will raise import demand for palm oil. A likely bumper harvest of soybean oil in South America in the coming months could put pressure on palm oil prices but the year-on-year increase in world exports of soy oil will be rather limited in April 2024 to September 2024 (due to rising soy oil requirements as a feedstock of biodiesel and Hydrotreated Vegetable Oil, primarily in Brazil and the USA), thus may increase world dependence on the palm oil. Meanwhile India and China are expected to increase their palm oil imports from April 2024 onwards, with veg oil stocks in India hit an 18-month low on 1 March 2024, hence an increase in edible oil imports is expected to replenish the stocks.

In the meantime, the anticipated transition from El Niño to La Niña (with a 60% to 80% chance of development in 2HFY2024) and the capacity to recruit foreign workers amid a current shortage of 40,000 workers will be crucial factors to monitor in the latter half of 2024. Other watchpoints are the palm oil production and exports, demand for biodiesel (or new biofuel mandates by Indonesian government), developments in soybean and sunflower crops, EU Deforestation Regulation (UEDR), crude oil prices, economic and geopolitical uncertainties especially in the Middle East and change in government policies (export tax, levies, import duties).

Healthcare Division

For the quarter under review, revenue came in stronger by 9% at RM84.6 million, as compared to RM78.0 million from the previous corresponding quarter. The top-line growth was mainly attributed by higher average revenue per inpatient (up 13% YoY).

The Division registered an EBITDA of RM 11.2 million, slightly lower by 5% as compared to the previous corresponding quarter. The division also recorded a PBT of RM5.7 million for the current quarter, slightly lower by 11% from RM6.4 million in the previous corresponding quarter.

1QFY2024 has seen an increase in costs for substantial amount of drugs, consumables and medical supplies which poses continuous pressure to maintain Group's profitability margin. Operational efficiencies drive is enhanced to cushion-off the rising costs of business thus mitigating its pass-through to patients.

The business environment ahead is expected to remain challenging with inflation rate, even though moderating, will remain elevated. The Overnight Policy Rate ("OPR") is anticipated to stay hold at the current level at least for the next quarter. Malaysian Ringgit currency exchange is not expected to differ much against the greenback in near future.

An increase in medical insurance premium as experienced currently may affect the affordability by the public at large. The situation may lead to the slower growth of medical policy holders thus limiting the expansionary stage of the private health service provider sector as a whole.

The Group continues its initiatives to introduce service offerings in respect of sub-specialty treatments, enhancing clinical care and uplift clinical outcome for better customer experience.

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 Ikhasas Sawit Sdn. Bhd. on the 29 July 2022. PT RKA continues to be fully managed by PT Ikhasas Sawit Indo Makmur through a management services arrangement starting 1 August 2022.

As per announcement to Bursa Malaysia on 2 August 2023, the fulfillment of Condition Precedents has been extended to Long Stop Date of 1 August 2024. Both TDM and the Buyer remain committed to seeing the completion of the disposal.

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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) and Roundtable on Sustainable Palm Oil (RSPO). 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.

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