



## THE TEMPO GROUP

### PT. Tempo Scan Pacific Tbk

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### **As Covid 19 Crisis Deepen PT. Tempo Scan Pacific, Tbk (“Tempo Scan”) 1<sup>st</sup> Half 2020 Sales Growth Tapered While Tempo Scan’s Net Profit Increase**

As the Indonesian economy came to a halt in 2<sup>nd</sup> Quarter 2020 due to the Government’s semi lockdown implementation (locally known as PSBB) which mandated most businesses to suspend their activities during this Covid 19 pandemic. Therefore, most of Indonesian companies had missed their peak selling opportunity which was during the Idul Fitri festive season in late May 2020, because the customary massive villagers repatriation did not occur this year due to strict travel restrictions implemented amongst others by the Jakarta’s government as well as by the other provincials municipalities government across Indonesia.

The Indonesian economy had contracted by more than 3% year on year in 2<sup>nd</sup> Quarter 2020 which was a sharp contrast compared to its 2.97% year on year growth in 1<sup>st</sup> Quarter 2020 as Covid 19 positive cases have steadily risen. Despite such dire backdrop, in 1<sup>st</sup> Half 2020 Tempo Scan’s Net Profit After Tax still managed to increase by 12.1% and propelled by its ability to manage operating expenses which had declined by 16% compared to the same period last year.

Furthermore, in 1<sup>st</sup> Half 2020 Tempo Scan’s consolidated net sales was essentially remained flat when compared to the same period last year and amounted to Rp.5,354.8 billion, such a flat net sales result was mainly attributed by its 2<sup>nd</sup> Quarter 2020 net sales which had registered a decline of 2.5% year on year. In addition, such a net sales result was also affected by the implementation of the Indonesian accounting standard’s policy change specifically under its PSAK 72 commencing on 1<sup>st</sup> January 2020, whereas a company sales must reflect the net amount after deduction of the related direct expenses upon realization of such sales, hence it altered Tempo Scan previous sales recognition policy.

The abovementioned Tempo Scan's consolidated net sales result in 1<sup>st</sup> Half 2020 main benefactors were:

1) Tempo Scan's Pharmaceutical division which net sales increased by 1.1% and amounted to Rp.1,468.3 billion, this division's net sales was contributed mainly by its Consumer Health products group which net sales grew by 6.9% and amounted to Rp.1,412.4 billion. On the other hand its Prescription Medicines group had declined considerably by 57.3% and amounted to Rp.55.9 billion. Therefore, the Consumer Health products group and the Prescription Medicines group net sales contributions toward this division's total net sales were 96.2% versus 3.8% respectively in 1<sup>st</sup> Half 2020.

2) Tempo Scan's Consumer Products & Cosmetics ("CPC") division net sales had declined by 6.9% and amounted to Rp.1,519.6 billion, this division's net sales main benefactor was its Consumer Products group which net sales managed to increase by 9.5% and amounted to Rp.1,250.2 billion. While its Cosmetics group had continued to sluggishly perform due to the Government's semi lockdown implementation that practically shut down all of the cosmetics shops including major department stores, hence this group net sales had declined by 45.1% and amounted to Rp.269.4 billion.

Correspondingly, the CPC division's Consumer Products group and its Cosmetics group net sales contributions toward this division's total net sales were at 82.3% and 17.7% respectively in 1<sup>st</sup> Half 2020.

3) Tempo Scan's Distribution division's net sales managed grew by 4% and amounted to Rp.2,367 billion, this division net sales increase was predominantly contributed by its Non Pharma Principals' products which had risen by 13.9% and amounted to Rp.1,818.5, on the other hand this division's Pharma Principals' products net sales declined by 19.2% and amounted to Rp.548.5 billion. Correspondingly, the said Non Pharma Principals' products and Pharma Principals' products net sales contributions stood at 76.8% and 23.2% respectively in 1<sup>st</sup> Half 2020.

Furthermore, Tempo Scan's gross profit had also registered a decline of 8% and amounted to Rp.1,863.2 billion, such gross profit decline was higher compared to its net sales result which was flat versus same period last year, hence Tempo Scan's gross profit margin had also decreased to become 34.8% when compared to the same period last year which its gross profit margin was still at 37.8%. Such a decline was due to culmination of various factors caused by the Covid 19 crisis amongst others were the Rupiah exchange rate significant depreciation against US Dollar and other foreign currencies, and Tempo Scan inability to increase its products selling price given the very weak market condition, in addition to the implementation of the Indonesian accounting standard's policy change specifically under its PSAK 72 which has been explained hereinabove.

Moving on to Tempo Scan's consolidated operating expenses which as I have explained hereinabove, it had declined by 16% and amounted to Rp.1,357.5 billion in 1<sup>st</sup> Half 2020, such a decline was predominantly attributed to its selling expenses which had decreased by 16.9% and amounted to Rp.1,106 billion. This selling expenses as a ratio to Tempo Scan's consolidated net sales stood at 20.7% or a decline when compared to the corresponding period last year which ratio was 24.8%.

Moreover, Tempo Scan's general administrative expenses had also declined by 1.6% and amounted to Rp.282.8 billion in 1<sup>st</sup> Half 2020, such expenses ratio versus Tempo Scan's consolidated net sales stood at 5.3% or a decrease compared to the same period last year which ratio was 5.4%. Correspondingly the said selling expenses and general administrative expenses contributions toward Tempo Scan's consolidated operating expenses were at 81.5% and 20.8% respectively.

As the result, Tempo Scan's consolidated operating profit increased by 23.8% and amounted to Rp.505.7 billion in 1<sup>st</sup> Half 2020, correspondingly its operating profit margin has also improved to become 9.4% or considerably higher versus the corresponding period last year which was only 7.6%. On the other hand, Tempo Scan's net non-operating income & expenses had declined considerably by Rp.19.9 billion and amounted to negative Rp.3.6 billion.

Consequently, Tempo Scan's net profit after tax managed to rise by 12.1% and amounted to almost Rp.370.8 billion in 1<sup>st</sup> Half 2020, hence its net profit margin reached almost 7% versus the corresponding period last year which margin was only at 6.2%. Commensurately, Tempo Scan's EBITDA had also risen by 23% and amounted to Rp.638.6 billion, as such its EBITDA margin had reached 11.9% in 1<sup>st</sup> Half 2020 versus the same period last year which margin was only at 9.7%.

As pertained to Tempo Scan's balance sheet position in 1<sup>st</sup> Half 2020, it remained strong with its cash and cash equivalent position stood at Rp.2,431.3 billion and its net operating cycle stood at 63 days despite the weak market condition. In addition, Tempo Scan's assets has risen by 8.6% and amounted to Rp.8,756.9 billion while its shareholders equity increased by 6.3% and amounted to Rp.5,955.2 billion.

Tempo Scan's Board of Directors appreciate the cooperation provided by the company's management also all the supports which had been extended by Tempo Scan's business partners, suppliers, customers, professional parties and its shareholders, such supports have enable Tempo Scan to continue its operation during this unprecedented Covid 19 pandemic which has caused extreme economic calamity on global basis.

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On behalf of PT. Tempo Scan Pacific, Tbk.



**Diana Wirawan**  
President Director

