



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT. Tempo Scan Pacific, Tbk ("Tempo Scan") 3rd Quarter' 2021 Result

Subsequent after temporary respite of Covid infections in 2nd Quarter 2021, Covid daily infections and mortality rates had resurged again during 3rd Quarter 2021 which placed an unduly burden on the Indonesian health care system. Despite of such dire situation, the Indonesian government had reacted swiftly with the prompt actions including its decision to implement another strict lockdown or also known locally as PPKM for most part of 3rd Quarter 2021. The stern PPKM measures had basically shutdown all of the economic activities in Indonesia.

Consequently, the Indonesian economy growth is estimated to be at 4.5% in 3rd Quarter 2021 or sharply lower compared to its growth rate of 7.1% in 2nd Quarter 2021, notwithstanding such a decline it still reflects an optimism regarding the Indonesian economy resilience. Moreover, the Indonesian government prompt action including to accelerate the general population vaccination program on nationwide basis which was actively led directly by President Jokowi himself, such program has resulted in Covid infections containment hence Indonesia has been cited by WHO as one of the best countries in ASEAN to handle the Covid pandemic situation.

Regardless of the aforementioned Covid infections resurgence and the government strict lockdown measure during 3rd Quarter 2021, Tempo Scan was able to register a net sales increase of 3.1% and amounted to Rp.8,345 billion. Such net sales increase was impacted by the discontinuation of the Distribution division's one of its external pharma principal agreement in early 2021, however if we exclude the one-off impact then on proforma basis **Tempo Scan's net sales would have increased by 9.3%** which was attributed mainly by Tempo Scan's own brands net sales performance.

The major benefactors to the abovementioned Tempo Scan's net sales performance in 3rd Quarter 2021 were:

- I. Tempo Scan's Pharmaceutical division was able to sustain its commendable net sales growth, it grew by 14.8% and amounted to Rp.2,611.5 billion, or a sharp contrast to this division net sales growth in the same period last year which was only at 1.5%. This Pharmaceutical division net sales growth was attributed mainly by its Consumer Health products group which net sales had risen by 16.0% and amounted to Rp.2,548.8 billion. On the other hand, its Prescription Medicines group net sales had declined by 20.4% and amounted to Rp.62.6 billion which predominantly caused by its BPJS business declined, albeit such net sales negative growth had tapered somewhat compared to its decline in the same period last year which was negative 58.9%.

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Correspondingly, the Pharmaceutical division's Consumers Health products group net sales contribution continues to dominate and its contribution was 97.6% versus the same period last year where its contribution was 96.5%, commensurately its Prescription Medicines group net sales contribution had been eroded to become 2.4% compared to its contribution in the same period last year which was 3.5%.

- II. Tempo Scan's Consumer Products & Cosmetics ("CPC") division net sales grew by 7.8% and amounted to Rp.2,469.0 billion, or a considerable improvement compared to this division net sales in the corresponding period last year which had dropped by 9.8%. This CPC division net sales growth was contributed predominantly by its Consumer Products group which net sales grew by 9.4% and amounted to Rp.2,053.9 billion. On the other hand, its Cosmetics group net sales registered a marginal growth of 0.6% which has improved significantly compared to its net sales in the same period last year which had declined by 45%. The overall cosmetics business was the hardest hit product category during the Covid pandemic in particular when lockdown measure was implemented and all shopping malls were ordered to close.

As a result, the CPC division's Consumer Products group net sales contribution continues to dominate whereas its net sales contribution stood at 83.2% versus its net sales contribution in the same period last year which was 82%. On the other hand, this division's Cosmetics group net sales contribution has been further eroded to become 16.8% compared to its contribution in the same period last year which was still 18%.

- III. The Distribution division net sales had declined by 7.4% and amounted to Rp.3,264.5 billion, albeit such a decline was caused by a one-off impact related to one of its external pharma principal agreement discontinuation which occurred beginning of this year. Nevertheless, this division net sales on proforma basis managed to increase by 6.3%.

Pursuant to the above results, we are pleased to report that Tempo Scan's Pharmaceutical and CPC divisions aggregate net sales contribution towards Tempo Scan consolidated net sales had risen to almost 61% compared to the corresponding period last year contribution that was only 56.4%, these 2 divisions net sales are predominantly generated by Tempo Scan's own brand equities which is a trend that we hope to continue in the future. On the other hand, Tempo Scan's Distribution division net sales which represents 3rd parties products had contributed 39.1% or a significant decline compared to the same period last year which contribution was still at 43.6%.

In furtherance to the above, Tempo Scan's gross profit in 3rd Quarter 2021 managed to rise by 5% and amounted to Rp.2,969.2 billion, such an increase exceeded Tempo Scan's net sales growth of 3.1%, commensurately Tempo Scan's gross profit margin had also improved to become 35.6% versus its gross profit margin in the same period last year of 35%. The major benefactors to Tempo Scan gross profit were its Pharma and CPC divisions which in aggregate contributed 86.2% towards Tempo Scan consolidated gross profit, as such these 2 divisions total gross profit contributions was higher compared to the same period last year whereas its total contribution was only 84.5%.



Moving on to Tempo Scan's total operating expenses in 3rd Quarter 2021 increased by 2.9% and amounted to Rp.2,199.7 billion, the said increase was attributed by its total selling expenses which rose by 2.4% and amounted to Rp.1,784.3 billion, such an increase is in line with Tempo Scan investment priority related to its own brand equities advertising and promotion. Despite such an increase, the said total selling expenses ratio against Tempo Scan's consolidated net sales was 21% or lower versus the same period last year which ratio was 22%.

On the other hand, its general administrative total expenses grew by 1.3% and amounted to Rp.438.7 billion, hence the said total general administrative expenses ratio against Tempo Scan's consolidated net sales was 5% or almost par compared to the ratio in the same period last year. Moreover, Tempo Scan's net other operating income had declined by 36.3% and amounted to Rp.23.3 billion, such a decline was mainly caused by lower foreign exchange gain.

As consequence of all the above, Tempo Scan's operating profit in 3rd Quarter 2021 had risen by 11.6% and amounted to Rp.769.5 billion, given the Covid difficult circumstances such operating profit result is a commendable performance. Correspondingly, Tempo Scan's operating profit margin stood at 9.2% which was significantly higher compared to its operating profit margin in the same period last year which was at 8.5%. In addition, Tempo Scan's net non-operating income registered a decline of Rp.10.9 billion predominantly caused by lower interest income.

In 3rd Quarter 2021, Tempo Scan's net profit after tax managed to grow by 10.1% and amounted to Rp.545.7 billion, correspondingly such net profit after tax margin has risen to 6.5% or considerably higher compared to the same period last year which ratio stood at 6.1%. Commensurately, Tempo Scan's EBITDA grew by 10.6% and amounted to almost Rp.990 billion, as such its EBITDA margin was at almost 12% versus its EBITDA margin in the same period last year which was at 11%.

Moreover, Tempo Scan's balance sheet position as of 30 September 2021 remained healthy wherein its cash and cash equivalent increase by 14.5% and amounted to Rp.2,689.2 billion. In addition, its net operating cycle stood at 67 days or higher by 6 days versus last year due to its shortened payables days outstanding as a result of its lower inventory holding and shorter receivables days outstanding positions. Tempo Scan's total assets and shareholders' equity amounted to Rp.9,616.1 billion and Rp.6,692.2 billion respectively, hence its total assets and shareholders' equity increased by 8.1% and 9.9% respectively.

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Tempo Scan's Board of Directors would like to express our high appreciation for the supports from its management and employees with their dedication, commitment and hard works as well as from Tempo Scan's Board of Commissioners, shareholders, business partners, vendors, customer and professional parties during the unprecedented Covid 19 situation hence Tempo Scan was able to achieve the abovemention financial result.

Jakarta, 29 October 2021
On behalf of PT. Tempo Scan Pacific, Tbk.



I Made Dharma Wijaya
President Director

Copies :

- Tempo Scan's President Commissioner
- Tempo Scan's Board of Directors