



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

Head Office : Tempo Scan Tower, 16th Floor, Jl. H.R. Rasuna Said Kav. 3-4, Jakarta 12950, Indonesia
Phone : 2921 8888 Fax : 2920 9999 PO Box : 3269 Jkt. 10002 No. P.B.F. : 31081/PBF/III/91
Factory : EJIP Industrial Park, Plot 1G-H, Lemahabang, Bekasi 17550 Phone : 897 1553, 897 0801 Fax: 897 1563, 897 0764

PT. Tempo Scan Pacific, Tbk (“Tempo Scan”) Full Year 2018 Result **Continuous Operating Improvement**

During the fourth quarter’ 2018, Tempo Scan’s net sales was amounted to Rp.2,666.2 billion or an increase of 5% compared to the corresponding quarter last year, and it is Tempo Scan’s highest quarterly net sales attainment which was attributed to the consumers’ demand improvement that has gradually recovered, as well as improved market sentiment due to the Rupiah exchange rate recovery especially against the US Dollar by the end of 2018.

Correspondingly, Tempo Scan ended its full year 2018 with net sales result amounted to Rp.10,088.1 billion hence for the first time its net sales managed to surpass 10 trillion Rupiah sales threshold, as such Tempo Scan net sales grew by 5.5% versus last year; however, on adjusted basis to account for a pharmaceutical principal business discontinuation of its Distribution division, then Tempo Scan’s net sales in 2018 would have risen by 9.1% or relatively higher compared to its other peers’ performance.

Such commendable sales performance was attributed by Tempo Scan’s 2 main operating divisions, first its Cosmetics and Consumer Products (“CPC”) division which net sales had increased by 14.2% and amounted to Rp.3,178.0 billion, and second its Pharmaceutical (“Pharma”) division which net sales had risen by 10.5% and amounted to Rp.2,619.0 billion. In aggregate these two divisions’ sales contribution that are predominantly comprising of Tempo Scan’s own brand equities, managed to increase and become 57.5% or significantly higher compared to their previous year contribution which was only 53.9%.

On the other hand, Tempo Scan’s Distribution division net sales registered a decline of 2.7% and amounted to Rp.4,291.2 billion, such a result was mainly affected by its external pharma principals lackluster net sales performance, however it had been partially offset by the robust net sales growth from its external consumer

M. P. H. O. M.

products principals. Nevertheless, in connection with the above explanation and on an adjusted basis to account for one of the Distribution division's pharma principal business discontinuation in 2018, then the Distribution division's net sales would have increased by 4.9% instead of 2.7% declined.

As pertained to the CPC division full year 2018 net sales growth whereby the main benefactors are its Consumer Products group's net sales that grew commendably by 16.8% and amounted to Rp.2,155.5 billion, whilst its Cosmetics group's net sales managed to increase by 9.1% and amounted to Rp.1,022.5 billion, correspondingly the Consumer Product group and Cosmetics group net sales contribution were 67.8% and 32.2% respectively. From geographical stand point, the CPC division's domestic net sales grew by 15.5% whilst its international business only rose by 2.6% which was caused among other by several of its new products launched which sales were below expectation. Consequently, in 2018 this division domestic and international markets net sales contribution were at 90.9% and 9.1% respectively.

Moving on to the Pharma division full year 2018 net sales result whereas its net sales growth was contributed by its Consumer Health group which net sales grew by 14.6% and amounted to Rp.2,389.3 billion, such growth was propelled by its relatively new nutritional products net sales that rose by almost 67% year on year. On the other hand this division Prescription Medicines group registered a net sales decline of 19.8% and amounted to Rp.229.6 billion, hence the Consumer Health group and Prescription Medicines group net sales contribution were 91.2% and 8.8% respectively. Moreover, Pharma division's domestic net sales contribution was 93.1% while its international business net sales contribution was 6.9% in 2018.

Furthermore, for full year 2018 Tempo Scan's gross profit was amounted to Rp.3,841.6 billion or an increase of 5% compared to the previous year, on the other hand its gross profit margin had slightly declined to become 38.1% or lower compared to its gross profit margin in 2017 which stood at 38.2%. The attributable factors for such lower margin were the difficult challenge faced by Tempo Scan to manage its raw materials rapid price increases and such increases negative implication had also been made worst by the Rupiah significant depreciation by around 8% in midyear of 2018.



However, Tempo Scan's management had made a conscious decision not to pass through all of the aforesaid raw materials cost increases to its consumers which could result in its products sharp selling price increase, instead Tempo Scan had only adopted moderate selling price increases during 2018. Consequently Tempo Scan's aforementioned decision has yielded positive outcome whereby its CPC and Pharma divisions combined net sales have grown by 12.5% and amounted to Rp.5,797.0 billion, therefore propelling these two divisions' combined net sales contribution to become 57.5% or a sharp increase compared to their last year net sales contribution which stood at 53.9%. Commensurately such net sales increased contribution had created a favorable sales mix for Tempo Scan which had helped its consolidated gross profit margin to only marginally decline by 0.1%.

Moreover, Tempo Scan's operating expenses increase was able to be kept almost in line with its net sales growth rate, whereas such expenses rose by 3.8% and it amounted to Rp.3,139.0 billion. Such operating expenses' largest contributor is its selling expenses which grew by 5.8% and amounted to Rp.2,633.0 billion, such selling expenses accounted for 83.9% of the said operating expenses. Correspondingly its selling expenses ratio was able to be maintained at 26.1% compared to such similar ratio of 26.0% in the previous year.

On the other hand, its general administrative expenses had also increased moderately by 3.0% and amounted to Rp.563.8 billion, hence its general administrative expenses ratio had declined to become 5.6% compared to such similar ratio of 5.7% in the previous year. As a result, Tempo Scan's operating profit has risen significantly to become Rp.702.6 billion and registering an increase of nearly 11.0% year on year, hence Tempo Scan's operating profit ratio had improved to become around 7% versus such similar ratio of 6.6% in the previous year.

Nevertheless, Tempo Scan was not able to sustain its net non-operating income which had decreased considerably to become Rp.25.1 billion in 2018 versus Rp.109.9 billion in 2017, such a decrease was due to the nonrecurring net gain of almost Rp.60.0 billion which was generated by a restructuring financial impact of its overseas subsidiary in 2017. As consequence, Tempo Scan's net profit after tax result had decreased by 5.8% and amounted to Rp.512.0 billion, nonetheless if such net profit after tax result would be adjusted to exclude the one time effect of the aforesaid nonrecurring net gain then Tempo Scan's net profit after tax result

would instead increase by 5.8%. Moreover, Tempo Scan's EBITDA had also increased considerably by around 10.0% and amounted to Rp.905 billion.

Moreover, regarding Tempo Scan's balance sheet position as of 31 December 2018, its total Assets had grown by around 5.9% to become Rp.7,870.0 billion, commensurately its Shareholders' Equity also rose by almost 7% and amounted to Rp.5,432.8 billion. In addition, Tempo Scan's cash and cash equivalents position remained healthy and amounted to Rp.1,903.2 billion.

Furthermore, Tempo Scan's financial ratios remained steady as reflected among others in its liquidity indicators such as its current ratio which stood at 2.5x, and its inventory turnover was at 4.1x, additionally its trade receivables days outstanding stood at around 42 days, therefore Tempo Scan's Net Operating Cycle was at 55 days in 2018.

I wish to convey our utmost appreciation to all Tempo Scan's valued shareholders, business partners, suppliers, professional parties for continuous support to Tempo Scan, as well as to all Tempo Scan's management team and employees for their strong dedication and effort to enable Tempo Scan to achieve the abovementioned financial results for the year ended 31 December 2018.

Jakarta, 29 March 2019

On behalf of PT. Tempo Scan Pacific, Tbk.



Handojo S. Muljadi
President Director