



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT. Tempo Scan Pacific, Tbk. ("Tempo Scan") **Persevered Through Turbulence in 3rd Quarter 2019** **And Delivered a Sustainable Positive Performance**

During 3rd Quarter 2019 the Indonesian economy was in a tepid condition, its economic activities have only started to resume again in July subsequent after the festive Idul Fitri holiday and tumultuous preceding quarter which was filled with commotions and uncertainties that followed the announcement of the Indonesian Presidential election winner.

Furthermore, Bank Indonesia was trying to be ahead of the curve by cutting twice its BI rate from 5.75% down to 5.25% during 3rd Quarter 2019, while the Indonesian economy had risen slightly above 5% in 2nd Quarter 2019, as such it commensurate the World Bank recent reduction on its projection on the Indonesian economy growth rate which have been reduced to become 5% and 5.1% for 2019 and 2020 respectively.

Tempo Scan had managed to persevere and grow its businesses during such quarter, and its 3rd Quarter 2019 net sales was still able to rise by 7.4% compared to the corresponding quarter last year and amounted to Rp.2,811.5 billion. Correspondingly Tempo Scan's YTD September 2019 net sales managed to increase positively by 10.1% and amounted to Rp.8,712 billion, hence for the first time its 9 months net sales managed to surpass Rp.8 trillion threshold.

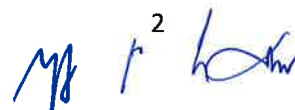
The main benefactors of Tempo Scan's commendable YTD September 2019 net sales performance are its 3 main operating divisions given their respective contributions:

- Pharmaceutical (Pharma) division net sales grew by 17.9% and amounted to Rp.2,242.9 billion, hence its contribution towards Tempo Scan's consolidated net sales stood at 27.4% or an increase when compared to its last year contribution of 25.6%.
- Consumer Products & Cosmetics (CPC) division net sales rose by 9.7% and amounted to Rp.2,538 billion, therefore its contribution towards Tempo Scan's consolidated net sales stood at 31.2% or almost on par with its last year contribution of 31.3%.
- Distribution division net sales increased by 5.8% and amounted to Rp.3,391.2 billion, correspondingly its contribution towards Tempo Scan's consolidated net sales stood at 41.5% or a decline when compared to its last year contribution of 43.2%.

Furthermore, Tempo Scan's Pharma and CPC divisions net sales, which are predominantly derived from Tempo Scan's own brand equities sales, in aggregate amounted to Rp.4,780.9 billion hence collectively their contribution towards Tempo Scan's YTD September 2019 total net sales was 58.5%, or higher when compared to the contribution in the same period last year which stood at 56.8%.

As pertained to Tempo Scan's Pharma division YTD September 2019 net sales result was contributed by its 2 main operating groups namely:

- The Consumers Health (CH) operating group's net sales which had a stellar growth of 18.6% and amounted to Rp.2,051.7 billion, as such its net sales contribution towards the Pharma division's total net sales was 91.5%. Such performance was propelled by this CH group relatively new Nutritionals business which net sales increased by almost 85%, whilst its OTC and VMS businesses in aggregate grew by almost 4%.

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- The Prescription Medicines (PM) operating group which had a positive growth of 10.4% and amounted to Rp.191.2 billion, correspondingly its net sales contribution towards the Pharma division total net sales stood at 8.5% or lower compared to this PM group contribution in 1st Half 2019 which stood at 9%. This growth was mainly derived from Tempo Scan's own PM products that comprised of both BPJS and Regular businesses.

From the geographical standpoint, Tempo Scan's Pharma division Domestic net sales grew by 17.2% and amounted to Rp.2,090.5 billion, whilst its International Business net sales grew by 28.2% and amounted to Rp.152.4 billion. Consequently, these Domestic and International Business net sales contribution respectively were 93.2% and 6.8%, or almost equal when compared with its net sales contribution last year which were 93.8% and 6.2% respectively.

Moving on to Tempo Scan's CPC division YTD September 2019 net sales result which was contributed by its 2 main operating groups namely:

- The Consumer Products operating group which was able to sustain its net sales positive growth momentum and grew by 14.3%, hence its net sales amounted to Rp.1,787.7 billion correspondingly its contribution towards the CPC division total net sales stood at 70.4%.
- The Cosmetics operating group which net sales was merely increased by 0.2% and amounted to Rp.750.3 billion, consequently its net sales contribution towards the CPC division total net sales had declined considerably to 29.6% versus its contribution in the same period last year which was at 32.4%. This group had suffered from heavy competition pressure and lack of brand building investment support from the principal particularly related to its under licensed mid-price cosmetic, consequently its sales had been undermined both domestically and internationally.

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Moreover, from the geographical point of view Tempo Scan's CPC division Domestic net sales amounted to Rp.2,343.5 billion and grew by 11.8%, mainly driven by its Consumer Products group net sales, on the other hand its International Business net sales registered a decline of 9.9% and amounted to Rp.194.5 billion. As such these Domestic and International Business net sales contributions were respectively 92.3% and 7.7%, while compared to last year contributions which stood at 90.7% and 9.3% respectively.

Lastly, Tempo Scan's Distribution division net sales amounted to Rp.3,391.2 billion and managed to increase by 5.8%, such a performance was attributed by its Non Pharma Principal products which grew considerably by 15.5% and amounted to Rp.2,400.2 billion, on the other hand its Pharma Principal products registered a sharp decline of 12.2% and amounted to Rp.990.9 billion. Correspondingly, these two businesses net sales contribution were 70.8% and 29.2% respectively or a significant change when compared to their net sales contributions in the same period last year which respectively were 64.8% and 35.2%.

Furthermore, Tempo Scan's YTD September 2019 gross profit result, its gross profit amounted to Rp.3,110.2 billion or an increase of 9.6% and since such an increase was lower compared to its net sales growth of 10.1%, commensurately its gross profit margin has also declined to become 38.1% versus its gross profit margin last year which stood at 38.3%. However, if compared to its gross profit margin in 1st Half 2019 which was at 37.8%, Tempo Scan's gross profit margin has improved, predominantly due to more stable Rupiah exchange rate as well as its major raw material stable prices.

Moving on to Tempo Scan's YTD September 2019 operating expenses which rose by 11.4% and amounted to Rp.2,579.1 billion, such an increase was attributed by its selling expenses that increased by 10.3%, while on the other hand its general administration expenses had increased moderately by 2.7% hence these two expenses were respectively amounted to Rp.2,130.2 billion and Rp.446.4 billion.

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In 3rd Quarter 2019 Tempo Scan's operating expenses had to accrue a foreign exchange loss which amounted to Rp.10.6 billion related to its USD denominated assets, as a result of Rupiah continued strengthening against USD, which was a sharp contrast with a foreign exchange gain it accrued in YTD September 2018 which amounted to almost Rp.60 billion, henceforth Tempo Scan's operating expenses in YTD September 2019 must shoulder in aggregate Rp.70.5 billion of non-recurring foreign exchange losses.

Regardless of the above situation, Tempo Scan's YTD September 2019 operating profit amounted to Rp.531.2 billion or a mere 1.5% increase over the same period last year, however if such operating profit result would have been adjusted to account for the aforesaid non-recurring foreign exchange losses then Tempo Scan's YTD September 2019 operating profit would have risen instead by 16.9%.

Moreover, its net non-operating income YTD September 2019 had also declined by 1.5% versus last year and amounted to Rp.20.9 billion, such a decrease was mainly due to its higher interest expenses which had increased by Rp.16.5 billion in line with its increase borrowing to finance its capital expenditure as well as working capital requirements.

As a result of all the above factors, Tempo Scan's YTD September 2019 net profit after tax amounted to Rp.416.5 billion or a slight decline of 1.3% compared to its net profit after tax in the corresponding period last year, consequently its net profit margin stood at 5.1% or lower when compared to its net profit margin last year which was 5.7%. On the other hand, its EBITDA had increased by 3.9% and amounted to Rp.697.5 billion, hence its EBITDA margin stood at 8.5% or marginally lower compared to last year EBITDA margin which was 9%.

Moving on to Tempo Scan's balance sheet as of 30 September 2019, it remained to be in a solid position with its cash and cash equivalent amounted to Rp.1,889 billion, while its net operating cycle stood at 65 days or shorter by 1 day versus last year due to its shortened payables days outstanding as a result of its lower inventory holding as well as shorter receivables days outstanding positions. Tempo Scan's total assets amounted to Rp.7,985.2 billion and its shareholder's equity amounted to Rp.5,697.7 billion, hence its

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total assets and shareholder's equity respectively increased by 4.5% and 6.6%.

On behalf of Tempo Scan's Board of Directors, I like to convey our appreciation for all the supports that have been provided by Tempo Scan's employees through their hard works and dedications in achieving its financial result for the period as of 30 September 2019, as well as my gratitude towards Tempo Scan's shareholders, business partners, suppliers and professional parties.

Jakarta, 31 October 2019

On behalf of PT. Tempo Scan Pacific, Tbk.



Handojo S. Muljadi
President Director