



## THE TEMPO GROUP

### **PT. Tempo Scan Pacific Tbk**

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### **Tempo Scan Q1'2024 Robust Organic Performance, Its Gross Profit Grew by 14.5% & Operating Profit Jumped by 156.9%**

The momentum of the global economic recovery remains intact despite the financial market high volatility caused by the persistently high US inflation rate which had caused the Fed to delay its interest rate cut decision, such a rate cut was previously estimated to commence in early part of 2024, however it is now forecasted to take place at latter part of the year. Moreover, the worsening geopolitical tensions in the Middle East has caused a disruption in vital red sea shipping route between Europe and Asia. Nevertheless, despite such challenges the global economic growth is forecasted to reach 3.0% in 2024.

Amidst those global challenges, in the 1<sup>st</sup> Quarter 2024 Indonesian economic growth remains solid and is estimated to grew within range of 4.9% to 5.1% year on year while growth in Q4 2023 was 5.04% year on year. During 1<sup>st</sup> Quarter 2024, the Indonesian economic growth was mainly driven amongst others by its household consumption whilst such an expenditure increased was the resultant of greater public spending during Ramadan festive season.

Moreover, during 1<sup>st</sup> Quarter 2024, an important political event has also occurred as the Indonesian voted for their next Indonesian President and Vice President candidates, such an election was held simultaneously with the Legislative election, hence during such time the market took a wait and see approach hence the economic activities had somewhat slowed down. Notwithstanding such an event, the Indonesian economic growth in 2024 is still forecasted to hover between 4.7% to 5.5%.

Subsequently at the end of March 2024, the Rupiah exchange rate was started to be under pressured since US Dollar exchange rate continued to ascend, hence prompted Bank Indonesia (BI) to unexpectedly increase its benchmark interest rate to become 6.25% in April 2024, after such rate was kept at 6.00% for an extended period of time since October 2023. Such interest rate increased was also a pre-emptive move to keep the inflation under control and within BI target corridor in 2024 which was 2.5% with standard tolerance plus minus 1%.

Under the abovementioned challenging circumstance, PT. Tempo Scan Pacific, Tbk (**Tempo Scan**) in **1<sup>st</sup> Quarter 2024** was able to register a commendable net sales increase of **6.4%** and amounted to **Rp.3,441.8 billion**, such a result was driven by its **Pharmaceutical and Consumer Products & Cosmetics ("CPC")** divisions' net sales which respectively grew by **28.1%** and **11.6%**, on the other hand its Distribution division net sales had decreased by 11.6%.

Commensurately such Tempo Scan's Pharmaceutical and CPC divisions net sales growth are the manifestation of its organic business stellar growth, consequently **Tempo Scan's 1<sup>st</sup> Quarter 2024 operating profit has jumped by 156.9% and amounted to Rp.537.6 billion**, henceforth it delivered a high operating profit margin of 15.6%.

Tempo Scan's 1<sup>st</sup> Quarter 2024 aforesaid net sales performance major benefactors were as follows:

- 1) **Tempo Scan's Pharmaceutical division was able to sustain its net sales stellar growth which grew high double digits by 28.1% and amounted to Rp.1,153.7 billion**, such net sales growth was significantly higher when compared to its growth in the same period last year which was only 5.3%.

This division net sales growth main benefactor remained to be **its Consumer Health products group which net sales increased commendably by 28.3% and amounted to Rp.1,135.5 billion**. This Consumer Health group's commendable net sales increase was propelled by **its Nutritional products' net sales which has risen exponentially by 51.0% year on year**. The said Nutritional products rapid sales growth was propelled by such products nationwide consumers demand substantial increase across all sales channels and geographical areas including outside Java island.

Such stellar performance was also exhibited by its Consumer Health group's OTC and Vitamins products which net sales increased commendably by 10.2%, such a **net sales growth was significantly better compared to the Indonesian Pharmaceutical OTC (Branded) market which registered a significant decline of 3.53% in 2023**. However, Tempo Scan is not complacent with its aforesaid net sales robust growth and it anticipates that the abovementioned OTC market will still face further challenge, since the overall pharmaceutical and nutritional markets are still undergoing transition phase influenced amongst others by factors including more stringent regulatory environment.



Moving on to Tempo Scan Pharmaceutical division's Prescription Medicines group net sales which increased by 15.6% or higher compared to the Indonesian Pharmaceutical Prescription drugs market which was able to grow by 6.27% (Branded & Unbranded). Henceforth, in 1<sup>st</sup> Quarter 2024 its net sales amounted to Rp.18.2 billion. Correspondingly, in 1<sup>st</sup> Quarter 2024 Tempo Scan's Consumer Health products group and its Prescription Medicines group net sales contributions toward its Pharmaceutical division's total net sales were 98.4% and 1.6% respectively.

In addition, this Pharmaceutical division's international business net sales had increased by 13.2% and amounted to Rp.63.5 billion, such net sales growth was lower compared to its growth in corresponding period last year which was 18.7%. Consequently, the aforementioned international business net sales contribution towards Tempo Scan's Pharmaceutical division total net sales was 5.5% or lower compared to its contribution of 6.2% in corresponding period last year.

- 2) **Tempo Scan's Consumer Products & Cosmetics ("CPC") division was able to register a commendable net sales growth which increase by 11.6% and amounted to Rp.1,084.1 billion.** This division's net sales primary benefactor remained to be its Consumer Products group which net sales increased commendably by 12.9% and amounted to Rp.887.6 billion. While its Cosmetics group's net sales performance had continued to deliver a positive growth of 6.0% and amounted to Rp.196.5 billion.

The CPC division core brand equities' products, given their established market positions, are well poised to face the FMCG market ongoing conundrum, that is related to the market dynamic wherein FMCG products substantial price increase opportunity will gradually diminish in 2024, whilst many major companies competing in this space have opted to take price cuts in order to halt their products declining sales.

Consequently, the aforementioned Consumer Products group and Cosmetics group net sales contributions toward Tempo Scan's CPC division's total net sales were 81.9% and 18.1% respectively in 1<sup>st</sup> Quarter 2024, such a contribution was marginally changed when compared to these net sales contributions the same period last year which were at 80.9% and 19.1% respectively.

For 1<sup>st</sup> Quarter 2024, the CPC division's International Business net sales was able to sustained its stellar growth and registered a commendable double-digit net sales increase of 22.8%. Such **a strong net sales performance was contributed by its Consumer Products and Cosmetics which net sales have increased by 15.1% and 24.8% respectively.** Consequently, this International Business net sales contribution towards the CPC division's total net sales had increased to become 4.4% versus its contribution in 1<sup>st</sup> Quarter 2023 which was stood at 4.0%.

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3) Tempo Scan's Distribution division net sales decreased by 11.6% and amounted to Rp.1,203.9 billion. Its main contributor of this division net sales growth was its Non-Pharma Principals' products which net sales decreased by 13.4% and amounted to Rp.1,102.8 billion, while on the other hand this division Pharma Principals' products registered an increase of 15.1% and amounted to Rp.101.1 billion. Correspondingly, the aforesaid Non-Pharma Principals' products and Pharma Principals' products net sales contributions toward the Distribution division total net sales stood at 91.6% and 8.4% respectively.

Furthermore, in 1<sup>st</sup> Quarter 2024 **Tempo Scan's gross profit result registered a significant increase of 14.5% and amounted to Rp.1,264.7 billion**, such an increase was significantly higher compared to its net sales growth rate, consequently **its gross profit margin had increased to become 36.7% versus its gross profit margin in the corresponding period last year which was 34.2%**.

The said gross profit margin result is amongst the highest that Tempo Scan has ever achieved in the past decade. And such a gross profit margin robust performance was primarily attributed to its business mix change whereas Tempo Scan Pharmaceutical and CPC divisions net sales have risen considerably and these businesses generated significantly higher gross profit margin vis-à-vis its Distribution division which net sales has declined and with lower gross profit margin.

Moreover, the said gross profit margin substantial increase was also attributed by its key raw materials prices declined in line with the global commodity prices downward trend. Moreover, commencing in the beginning of 2023 Tempo Scan has commenced commercial production of its dairy spray drying manufacturing facility, such a facility substitutes Tempo Scan's base powder milk which was previously imported, therefore such a facility has reduced considerably its nutritional products' cost of goods sold.

Moving on to Tempo Scan's total operating expenses in 1<sup>st</sup> Quarter 2024 decreased by 18.8% and amounted to Rp.727.2 billion, such a decrease was contributed amongst others by its total selling expenses that had decreased by 1.3% and amounted to Rp.645.8 billion. Consequently, this total selling expenses as a ratio to Tempo Scan's consolidated net sales was 18.8% or lower compared to the same period last year whereas such ratio was 20.2%.

On the other hand, its total general administrative expenses increased by 20.4% and amounted to Rp.166.8 billion which was due to earlier payment disbursement of special mandatory bonus ("THR") prior to Eid Al-Fitr period, hence the said total general administrative expenses ratio towards Tempo Scan's consolidated net sales was 4.8% or higher compared to the ratio in the same period last year which was 4.3%.





Moreover, its other operating income/(expenses) which net amount was positive by Rp.85.3 billion as such it was a sharp contrast compared to its other operating income/(expenses) net amount that was negative by Rp.103.4 billion in 1<sup>st</sup> Quarter 2023. The abovementioned a net positive amount was mainly caused by its foreign exchange (forex) gain which amounted to Rp.54.8 billion in 1<sup>st</sup> Quarter 2024 as opposed to its unrealized foreign exchange losses that amounted to Rp.109.7 billion in 1<sup>st</sup> Quarter 2023.

Notwithstanding the above, **Tempo Scan's operating profit in 1<sup>st</sup> Quarter 2024 managed to register meteoric rise of 156.9% and amounted to Rp.537.6 billion, hence its operating profit margin stood at 15.6% or a sharp increase versus its operating margin of 6.5% in the corresponding period last year.** Such a record operating profit margin was amongst the highest that Tempo Scan had ever achieved in the last decade.

Furthermore, its 1<sup>st</sup> Quarter 2024 net non-operating income had decreased and amounted to Rp.24.9 billion or lower compared to corresponding period last year which amount was Rp.489.4 billion. This decrease was mainly attributed to the one-time gain obtained in 1<sup>st</sup> Quarter 2023. As the result, **Tempo Scan's 1<sup>st</sup> Quarter 2024 net profit after tax has decreased by 28.4% and amounted to Rp.407.4 billion**, consequently its net profit after tax margin stood at 11.8% or lower versus its net profit after tax margin in the same period previous year which was 17.6%, **it is worth reiterating that Tempo Scan 1<sup>st</sup> Quarter 2023 high net profit after tax was attributed to a non-recurring and non-operating income, whilst its net profit after tax in 1<sup>st</sup> Quarter 2024 was the resultant of its recurring and organic income.**

Correspondingly to the above, **Tempo Scan's EBITDA has significantly risen by 114.2% and amounted to Rp.623.1 billion, hence its EBITDA margin in 1<sup>st</sup> Quarter 2024 stood at 18.1% or higher compared to its EBITDA margin in previous year which was at 9.0%.**

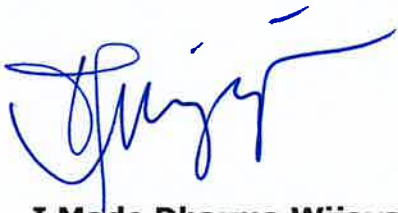
As pertained to Tempo Scan's balance sheet position as of 31 March 2024, it remained solid whereas its cash and cash equivalent position total amount stood at Rp.3,901.4 billion or an increase of 7.4% compared to corresponding period last year. In addition, its net operating cycle was at 65 days despite the challenging market condition. Lastly Tempo's Scan total assets and shareholders' equity were amounted to Rp.11,929.9 billion and Rp.8,514.7 billion respectively.



Tempo Scan's Board of Directors would like to express our highest appreciation to all Tempo Scan's Board Commissioners, its management team and all of its employees for their continuous support, advise, dedication, commitment and hard works as well as to our valued shareholders, business partners, vendors, customers and professional parties.

Jakarta, 30 April 2024

On behalf of PT. Tempo Scan Pacific, Tbk.



**I Made Dharma Wijaya**

President Director

Copies:

- Mr. Handojo S. Muljadi, Tempo Scan's Executive Chairman
- Tempo Scan's Board of Directors