



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT. Tempo Scan Pacific, Tbk (“Tempo Scan”) **Full Year 2020 Net Profit Increased By 42.14%**

The Covid-19 outbreak in the beginning of the year had created significant disruption to the global economy including the Indonesian economy. Moreover, Covid-19 has evolved to become a worldwide pandemic and affected every aspects of social life, it changed people behaviour and lifestyle correspondingly it had eroded the consumers demand as well as shopping pattern. The governments all over the world have implemented various restrictions and imposed lockdown almost throughout 2020 in order to prevent the spread of the said pandemic. Similarly the Indonesia’s government had also imposed its policy referred to as Large Scale Social Restriction (“PSBB”) on nationwide as well as on regional basis. Consequently such situation had also impacted Tempo Scan’s Businesses and also its supply chain which was also negatively affected.

As the resultant of the aforementioned pandemic, the Indonesian economy in 4th Quarter 2020 recorded a negative growth of 2.2% following its 3rd Quarter 2020 which had also declined by 3.5%, correspondingly for the full year 2020 the Indonesian economy growth had declined by 2.07% or considerably lower when compared to the Indonesian economy original growth rate projection under its government budget 2020 (APBN 2020) which was 5.3%.

In addition to that, its inflation rate in 4th Quarter 2020 had risen by 0.3% and became 1.7% compared to its 3rd Quarter 2020 inflation rate which stood at 1.4%. In its attempt to stimulate the Indonesian slowing economy, correspondingly Bank of Indonesia had aggressively reduced its BI rate from 5.0% in January 2020 down to become 3.75% in November 2020, nevertheless such an attempt did not stimulate lending increases by the Indonesian businesses as reflected in the Indonesian banks slower loans growth.

Despite of the abovementioned dire conditions, for the full year 2020 Tempo Scan’s net sales can be sustained and almost flat compared to 2019, it amounted to Rp.10,968.4 billion. Moreover, as it was explained previously Tempo Scan’s net sales result has also been affected by the implementation of the Indonesian accounting standard’s policy change specifically under its PSAK 72 which was mandated to be implemented as of 1st January 2020. This new accounting rules had required that a company sales accrual must reflect the net amount after deduction of the related direct expenses upon realization of such sales, hence it has altered Tempo Scan previous sales recognition policy.

The abovementioned Tempo Scan's full year 2020 consolidated net sales result was contributed by its 3 main operating divisions with their respective contributions as follows:

- Pharmaceutical (Pharma) division net sales grew by 2.9% and amounted to Rp.3,150.8 billion, hence its contribution towards Tempo Scan's consolidated net sales stood at 28.7% or an increase when compared to its last year contribution of 27.9%.
- Consumer Products & Cosmetics (CPC) division net sales declined by 9.3% and amounted to Rp.3,119.9 billion, therefore its contribution towards Tempo Scan's consolidated net sales stood at 28.5% or a decline compared to its last year contribution of 31.4%.
- Distribution division net sales increased by 4.6% and amounted to Rp.4,697.7 billion, correspondingly its contribution towards Tempo Scan's consolidated net sales stood at 42.8% or an increase when compared to its last year contribution of 40.8%.

Amongst the wide variety of products categories produced, marketed and distributed by Tempo Scan, there were several products categories which have experienced significant increase in their consumer demand during the Covid-19 pandemic such as vitamins and nutritionals products which are part of Tempo Scan's Consumer Health products group, as well as other products in its Consumer Products group such as baby care, homecare and personal hygiene products, whereby all of these products' sales were able to significantly grow since they become necessities for Covid-19 pandemic health protocol measures. On the other hand, Tempo Scan other products portfolio especially those related to personal care and cosmetics had not been prioritized by the consumers during the pandemic hence these products' sales experienced a sales decline.

Pertaining to the Pharma Division net sales which grew by 2.9%, such sales growth was mainly contributed by its Consumer Health products group which net sales grew by 8% and amounted to Rp.3,047.9 billion, on the other hand its Prescription Medicines group had declined considerably by 57.1% and amounted to Rp.103 billion which amongst others due to change on Tempo Scan's sales recognition policy as explained hereinabove. Correspondingly the Consumer Health products group and the Prescription Medicines group net sales contributions toward the Pharma division's total net sales were at 96.7% and 3.3% respectively. Furthermore, from geographical contribution stand point, the Pharma Division's domestic net sales contribution was 92.7% while its international business' net sales contribution was 7.3%.

Moving to Tempo Scan's Consumer Products & Cosmetics ("CPC") Division which net sales had declined by 9.3%, this division net sales growth main benefactors were its Consumer Product group which net sales still managed to increase by 4.7% and amounted to Rp.2,550.1 billion. On the other hand, its Cosmetics group net sales had significantly declined by 43.4% and amounted to Rp.569.8 billion, such a sharp decline was caused by the Covid-19 pandemic that has resulted in consumers demand significant slowdown due to implementation of the Government's lockdown and semi lockdown regulations in Indonesia practically implemented throughout the whole year. As consequence thereof, the CPC division's Consumer Products group



and its Cosmetics group net sales contributions toward this division's total net sales were at 81.7% and 18.3% respectively. Such net sales contribution had changed significantly compared to their contribution in 2019 which stood at 70.8% and 29.2% respectively. Similarly the CPC Division's domestic net sales had also declined by 6.4% as well as its international business' net sales had declined by 46.6%.

Moreover, Tempo Scan's Distribution Division net sales registered an increase of 4.6%, such a result was attributed by its non pharmaceutical principals' products positive net sales growth of 12.8% and amounted to Rp.3,557.3 billion, on the other hand its pharmaceutical principals' product net sales had declined considerably by 14.6% and amounted to Rp.1,140.4 billion. Correspondingly, the said Non Pharma Principals' product and Pharma Principals' products net sales contributions stood at 75.7% and 24.3% respectively.

Moving to Tempo Scan's FY 2020 gross profit had also registered a decline of 7.8% and amounted to Rp.3,912.8 billion and since such gross profit decline was higher compared to its net sales decline, commensurately its gross profit margin has also decreased to become 35.7% versus its gross profit margin last year which stood at 38.6%. Such a decline was affected by several factors amongst others were the Rupiah exchange rate that had significantly declined against US Dollar and other major foreign currencies, in addition Tempo Scan decisions to postpone the increase in selling prices for some of its products in anticipation of the very weak consumers demand, as well as to maintain its products' prices competitive value proposition which will be pivotal sales driver under this Covid-19 induced crisis.

As pertain to Tempo Scan's FY 2020 operating expenses which had decreased by 17.6% and amounted to Rp.2,837.1 billion, such a decline was predominantly attributed to its selling expenses which reduced by 19.3% and amounted to Rp.2,291.5 billion. Commensurately Tempo Scan's FY-2020 general administration expenses had also declined by 11.3% and amounted to Rp.507.5 billion. The decline in the selling and general administration's personnel expenses were due among others to one time gain related the changes of the post employment benefit which was calculated based on Government Regulation (PP) No. 35/2021 as the implementation guidelines of the Omnibus Law No. 11/2020 whereas previously was calculated based on Labor Law No. 13/2003.

Notwithstanding the above, Tempo Scan's Full Year 2020 operating profit managed to increase by 35% if compared to the same period last year and amounted to Rp.1,075.6 billion. On the other hand, its net non-operating income had declined by Rp.10.3 billion and amounted to minus Rp.11.2 billion, such a decrease was mainly due to Tempo Scan's internal restructuring charges and decrease in interest income as a result of interest rate reduction as has been explained hereinabove.

As the resultant of all the above, Tempo Scan's FY 2020 net profit after tax managed to increase commendably by 42.1% compared to its net profit after tax in the corresponding period last year and amounted to Rp.787.8 billion, consequently its net profit margin stood at 7.2% or higher when compared to its net profit margin last year which was 5%. Furthermore, Tempo Scan's EBITDA had surged by 32.2% and amounted to Rp.1,351.9 billion, correspondingly Tempo Scan's EBITDA margin had reached 12.3% or higher significantly compared to its last year EBITDA margin which stood at 9.3%.

Moving on to Tempo Scan's balance sheet position as of 31 December 2020, it remained to be well positioned to navigate through the ongoing crisis with its cash and cash equivalent amounted to Rp.2,645.9 billion, while its net operating cycle stood at 57 days despite the unfavorable market condition. Furthermore, Tempo Scan's total assets amounted to Rp.9,104.7 billion and its shareholders' equity amounted to Rp.6,377.2 billion, hence its total assets and shareholder's equity respectively increased by 8.7% and 10.1%.

On behalf of Tempo Scan's Board of Directors, we would like to give the highest 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 31 December 2020, as well as our gratitude towards Tempo Scan's shareholders, business partners, suppliers, customers and professional parties.

Jakarta, 31 March 2021

On behalf of PT. Tempo Scan Pacific, Tbk.



Diana Wirawan
President Director

CC: Handojo S. Muljadi - President Commissioner