



## THE TEMPO GROUP

### PT. Tempo Scan Pacific Tbk

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### **PT. TEMPO SCAN PACIFIC, Tbk ("TEMPO SCAN") 2016 FULL YEAR RESULT** **POSITIVE EARNING REVERSAL MOMENTUM**

Tempo Scan financial result for fiscal year ending 31 December 2016 showed positive earning reversal despite the backdrop of uncertain global economic conditions including among others the Brexit, US Fed hawkish view which led to the prospect of multiple interest rate hikes and the US government new policies under President Donald Trump, etc. Nevertheless domestically, Tempo Scan performance result was supported by the improved Indonesian economic growth rate which was 5.0% in 2016 and the Indonesian government pro investment policy under President Joko Widodo administration which has been gaining market confidence after being in the office for more than 2 years.

In 2016 Tempo Scan registered a net sales growth of around 11.7% and amounted to Rp.9,138.2 billion, as such it managed to surpassed 9 trillion Rupiah sales threshold, hence for the last 3 consecutive years (i.e.: 2013-2015) Tempo Scan had successfully surpassed 6, 7 and 8 trillion Rupiah sales threshold during each of such respective year. All of its core operating divisions managed to registered positive net sales growth namely its Consumer Products & Cosmetics ("CPC") division net sales grew by 14.3% and amounted to Rp.2,533.4 billion; its Pharma division net sales grew by 5.5% and amounted to Rp.2,312.2 billion and its Distribution division net sales rose by 13.8% and amounted to Rp.4,292.6 billion.

Despite the aforementioned, the 4<sup>th</sup> Quarter 2016 was a challenging period including for Tempo Scan's Pharma division mainly due to its International Business net sales which had declined by 32.9%, as consequence of the weak economic condition in the West Africa region being its biggest export market. Nevertheless, domestically the Pharma division net sales which was derived from its Consumer Health products (OTC medicines, Vitamins-Minerals-Supplements/VMS & Nutritionals products) and its Prescription Medicines ("PM") had respectively risen at healthy pace of 7.0% and 20.9%. Therefore, Tempo Scan Pharma division Consumer Health products and PM's net sales growth rates had respectively exceeded the Indonesian Pharma industry's Free Sales/OTC market segment sales which grew by 6.4% and its Ethical products market segment sales which rose by 8.1% in 2016.

Moving on to Tempo Scan's CPC division which net sales had increased by 14.3% and amounted to Rp.2,533.4 billion in 2016, the Consumer Products group remained this division biggest net sales contributor and growth driver with almost 20.0% growth year on year, while its Cosmetics group had a slower growth of 5.5% year on year. Moreover, in terms of the geographical split this division's domestic net sales grew by 14.6% while its International Business net sales rose by 11.7%. In addition, Tempo Scan's Distribution division net sales had increased by 13.8% and amounted to Rp.4,292.6 billion, such growth was attributed by its Pharma principals' products increase of 20.8% and its Non Pharma principals' products increase of 8.7%.

The Tempo Scan's gross profit managed to rise commensurately with its net sales growth rate in 2016, it grew by 11.8% and amounted to Rp.3,484.4 billion, therefore Tempo Scan gross profit margin was able to be maintained at 38.1% or on par with its gross profit margin in 2015. In addition, both of Tempo Scan's Pharma and CPC divisions' gross profit margins had respectively improved to become 62.5% and 58.8% compared to those divisions' gross profit margins last year which respectively were 61.7% and 57.7%. As pertained to its Distribution division's gross profit margin, it stood at 12.8% or almost on par with its gross profit margin last year which was at 12.9%.

Correspondingly Tempo Scan's operating expenses had risen by 15.1% and amounting to Rp.2,792.5 billion, hence such operating expenses ratio was marginally increased from 29.6% to become 30.6%. And similar with the preceding years its selling expenses component had the highest increase of 16.5% and amounting to Rp.2,336.6 billion, as consequence its selling expenses ratio became 25.6% or marginally higher compared to the same ratio last year which stood at 24.5%. As I have explained previously that Tempo Scan's long term strategy is to grow its core brand equities market share; therefore, such strategy requires a sustainable and adequate marketing investment which unequivocally have implication toward its short term profitability.

Furthermore, in 2016 its general and administration expenses rose by 9.7% and amounting to Rp.502.9 billion as such its general and administration expenses ratio was able to be maintained at 5.5% which was lower compared to the similar ratio in 2015 which was at 5.6%. Consequently Tempo Scan's operating profit was amounted to around Rp.692 billion or on par with its operating profit in 2015, in addition, Tempo Scan's net other income/expenses grew by 82.1% and amounted to Rp.27.1 billion compared to last year net other income/expenses which amount was Rp.14.9 billion.

Continuing further to Tempo Scan's net profit after tax result which had risen by almost 3% and amounted to Rp.536.3 billion, such a result represented a reversal from the declining trend of its net profit after tax result during the last 3 consecutive years (i.e.: 2013-2015). Despite the fact that there is no guarantee whether such reversal momentum can be sustained in the years to come, but at least it was a positive signal whereas Tempo Scan marketing investment ratio against its net sales could be approaching its peak. Commensurately Tempo Scan's EBITDA result grew by 2.3% year on year and amounted to Rp.877.4 billion hence its EBITDA margin was maintained at around 10%.

As pertained to Tempo Scan's balance sheet position as of 31 December 2016, its assets grew by around 4.8% to become Rp.6,585.8 billion whilst its shareholders equity rose by almost 7% to become Rp.4,635.3 billion. In addition, Tempo Scan's cash position remained healthy at Rp.1,686.3 billion and provide an ample capacity for its business expansion plan.

I wish to convey our utmost appreciation to Tempo Scan's management team and all its employees which had worked hard to deliver the abovementioned commendable financial results for the year ending 31 December 2016. Equally important is our appreciation to Tempo Scan's shareholders, business partners, suppliers, professional parties, etc, who have assisted Tempo Scan in its endeavors to deliver such performance despite the challenging economic environment.

Jakarta, 30 March 2017  
On behalf of PT.Tempo Scan Pacific, Tbk.



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President Director