



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT.TEMPO SCAN PACIFIC, Tbk. ("TEMPO SCAN") 1st QUARTER'2016 RESULT, "TRULY ROBUST NET SALES PERFORMANCE"

I am pleased to announce Tempo Scan's 1st Quarter 2016 result in particular its net sales which grew robustly by 13.3% and it amounted to Rp. 2,198.7 billion despite the Indonesian economy slow recovery and global economy slowdown, such commendable performance was contributed by its Pharmaceutical ("Pharma") division with a robust net sales growth rate of 19% and its Consumer Products & Cosmetic ("CPC") division which managed to sustain its net sales growth rate of almost 17%, whilst its Distribution division grew at a more modest rate of 8.7%.

Tempo Scan's Pharma division registered its highest net sales growth of 19% compared to its net sales results in the last few quarters which previously rose only between 5% to 5.5%. Tempo Scan's Pharma division net sales in 1st Quarter 2016 amounted to Rp. 564.3 billion or a significant improvement if compared to its net sales result in 1st Quarter 2015 which registered a negative growth of 3.8%. The Pharma division's two main business pillars namely the Pharma Consumer Health group which its net sales grew robustly by nearly 16%, and the Prescription Medicines group which grew aggressively by 41.3%. We shall endeavor that this division will sustain its stellar performance that was driven mainly by its domestic business growth.

Another outstanding performance of Tempo Scan's 1st Quarter 2016 result was its CPC division's net sales that rose by almost 17%, sustaining its commendable results during the last several quarters and it amounted to Rp. 590.7 billion. This division's main growth driver was its Consumer Products group which in its domestic net sales grew by 22.8%, whilst its Cosmetic group in its domestic net sales grew at slower pace of 3.9%. Commensurately, this division's international business had also regained its growth momentum by registering a net sales growth of 20.1%.

Furthermore, Tempo Scan's distribution division which comprised of its external Principals' products revenue, whereas as mentioned hereinabove that this division's net sales grew at a more modest pace of 8.7% and it amounted to Rp. 1,043.7 billion, consequently this division net sales' contribution towards Tempo Scan's consolidated net sales in 1st Quarter 2016 declined to 47.5%, if compared to its contribution in the same period last year which was at 49.5%. On the other hand, Tempo Scan's Pharma division and its CPC division that are predominantly comprised of Tempo Scan's owned products,

in the 1st Quarter 2016, these divisions' net sales contribution toward Tempo Scan's consolidated net sales respectively stood at 25.7% and 26.9%. Such net sales contributions were higher if compared to those two divisions' net sales contribution in the same period last year that were at 24.4% and 26.1% respectively.

Pertaining to Tempo Scan's gross profit result in 1st Quarter 2016, it grew by 12.7% or slightly below its net sales growth rate and it amounted to nearly Rp. 840 billion, consequently its gross profit margin stood at 38.2% or marginally lower compared to its gross profit margin in the same period last year which was at 38.4%. Several factors which had attributed to such lower gross profit margin among others were products mix changes due to its nutritional and BPJS products increased in sales contribution and relatively lower price increase due to the declining inflation rate environment in Indonesia, as well as the more intense competitive pressure faced by Tempo Scan's products.

Moving on to Tempo Scan's operating expenses which rose by 22.3% and it amounted to Rp. 608.3 billion, consequently its operating expenses ratio versus its net sales stood at 27.7% or higher compared to such ratio in the same period last year which was at 25.6%. Moreover, its selling expenses were the biggest expenditure that grew by 17.9% or amounted to Rp. 491.3 billion. Such an increase indeed commensurate Tempo Scan's strategy to sustain its marketing investment both in above the line and below the line spending which resulted in such expenditures increase, including its advertising & promotion investment that rose by 22.1% henceforth such selling expenses ratio versus its net sales grew to 22.3% compared to the similar ratio in the same period last year which stood at 21.5%.


As pertained to its general and administration expenses which rose by 10.4% and it amounted to Rp. 105 billion, hence such expenses ratio versus its net sales was at 4.8% or a decline compared to the ratio in the same period last year which stood at 4.9%. In addition, its other operating income/expenses also declined significantly to become a net other operating expenses amounted to Rp. 4.3 billion compared to a net other operating income amounted to Rp. 15.3 billion. As such it represented a total decline of almost Rp. 20 billion, which among other was due to foreign exchange losses of Rp. 24.1 billion. Consequently, Tempo Scan's operating profit declined by 6.4% or it amounted to Rp. 231.7 billion; however, should the abovementioned one time foreign exchange losses of Rp. 24.1 billion be excluded then on an adjusted basis Tempo Scan's operating profit would amount to Rp. 255.8 billion or an increase of 3.3% compared to its operating profit in the same period last year which was at Rp. 247.6 billion.

In connection therewith in 1st Quarter 2016, Tempo Scan's net profit after tax and minority interest amounted to Rp. 205.7 billion or a decline of approximately 11% compared to its net profit after tax and minority interest in the same period last year which was at Rp. 231.8 billion. Furthermore, Tempo Scan's 1st Quarter 2016 EBITDA amounted to Rp. 277 billion or a decline of around 3% compared to its previous year EBITDA which amounted to Rp. 285.9 billion, commensurately its EBITDA margin declined to become 12.6% versus its EBITDA margin in the previous year which was at 14.7%.

I wish to convey my utmost appreciation to all of Tempo Scan's Directors, Managers and all of its devoted employees that had worked hard with full dedication to achieve such encouraging net sales performance despite the lackluster market condition, because such hard work and dedication are an important conduit for Tempo Scan business turnaround strategy implementation. Last but not least my appreciation goes also to Tempo Scan's shareholders, business partners, professional parties, vendors and other stakeholders.

Jakarta, 29 April 2016,

On behalf of PT. Tempo Scan Pacific,Tbk.


Handojo S. Muljadi
President Director 