



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT. TEMPO SCAN PACIFIC, TBK. SUSTAINING ITS GROWTH MOMENTUM - YTD 30 SEPTEMBER 2016 RESULT

PT. Tempo Scan Pacific, Tbk. ("Tempo Scan") registered a net sales result amounted to Rp. 6,804.2 billion or an increase of 13.2% albeit such an increase was lower than its 1st Half 2016 net sales growth rate, because its 3rd Quarter 2016 net sales performance was weaker than expected among other due to shorter selling period during the month of July and subsequent after the Idul Fitri festive holiday whereby generally business transaction was slower during such period.

The aforesaid consolidated net sales increase was contributed by Tempo Scan's Consumer Products & Cosmetic ("CPC") division which net sales amounted to Rp. 1,875.7 billion or an increase of 15.8%, while its Pharmaceutical division net sales grew by 9.3% and it amounted to Rp. 1,727.9 billion and, its Distribution division net sales was amounted to Rp. 3,200.6 billion or increased by 13.9%.

Furthermore, Tempo Scan's Pharma division domestic business managed to register a healthy net sales growth of 12.6%, on the other hand its international business had experienced a steep net sales decline of 26.9%, as a consequence of the global economic downturn as well as the major world commodities price decrease which had dire consequences among other to Nigeria as this division major export destination market.

Domestically, Tempo Scan's Pharma division domestic business two main growth driver namely its Consumer Health ("CH") group and its Prescription Medicines ("PM") group had respectively managed to rise by 8.3% and 47.2%, consequently the said CH group and PM group had managed to out-perform the Indonesian pharma industry growth rate whereas such pharma industry's ethical drugs and Over The Counter ("OTC") drugs segments had respectively only risen by 4.82% and by negative 1.54%.

Furthermore, Tempo Scan's CPC division domestic business net sales was able to increase by 16.2% whilst its international business net sales had risen by 12.6%. This division growth driver was its Consumer Products group whereas its net sales had grown by 21.1%, but on the other hand its Cosmetic group net sales had a less robust growth of only 7.5%.

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Tempo Scan's Distribution division net sales grew at slower rate during 3rd Quarter 2016 by 13.9%, such a result was attributed to its pharma principals' products net sales that was able to rise in total by 18.4%, while its consumer principals' products net sales grew in total by 10.5%. Consequently, the Distribution division net sales contribution towards Tempo Scan consolidated net sales had stood at 47% versus its Pharma and CPC divisions' aggregate net sales contribution of 53%.

Moving on to Tempo Scan's gross profit result which rose by almost 12% albeit a slower growth rate compared to its net sales growth and it amounted to Rp. 2,617 billion. Consequently, its gross profit margin had stood at 38.5% and it had declined marginally when compared to its gross profit margin in the corresponding period last year which gross profit margin was at 38.9%.

Moreover, Tempo Scan's operating expenses had increased by 20.7% and it amounted in total to Rp. 2,088.9 billion. Commensurately such operating expenses ratio against Tempo Scan's net sales was at 30.7% or an increase when compared to the same ratio in the corresponding period last year whereas such ratio was at 28.8%. The majority of such an increase was attributed to its selling expenses which had risen by 16.7% whilst its general administrative expenses had increased by 8.8%.

It is important to note that in addition to the abovementioned selling expenses increase, Tempo Scan's operating expenses had also incorporated "other operating income/expenses" which Net amount was a negative Rp. 25.3 billion, when compared to a positive Net "other operating income/expenses" amounted to Rp. 61.2 billion which was recorded in the same period last year. The major contributor for such a decline was its foreign exchange losses amounting to Rp. 20.1 billion recorded in YTD 30 September 2016, compared to a foreign exchange gain of Rp. 59 billion recorded in YTD 30 September 2015, as a result of the Rupiah exchange rate which had strengthened against the US Dollar and other foreign currencies.

As a result of the above, Tempo Scan's operating profit amounted to Rp. 528.1 billion or a decline of 13.1% when compared to its operating profit in the same period last year of Rp. 607.9 billion. Nevertheless when the above referred foreign exchange losses and gains were excluded in its operating profit results, consequently its pro-forma operating profit YTD 30 September 2016 and YTD 30 September 2015 would have been respectively amounted to Rp. 548.2 billion and Rp. 548.9 billion, therefore on pro-forma basis Tempo Scan's operating profit as of YTD 30 September 2016 would have not suffered a decline.

Furthermore, Tempo Scan's Net "non-operating income/expenses" had increased significantly due to non-recurrence of the one-time restructuring charges that had been stated in the same period last year, and as such it amounted to Rp. 38.7 billion, in connection therewith Tempo Scan's net profit amounted to Rp. 458.7 billion or a decline of 11.7% when compared to its net profit in the corresponding period last year.

As pertained to Tempo Scan's EBITDA as of YTD 30 September 2016, it amounted to Rp. 667.1 billion or a decline of 8.8% when compared to its EBITDA result in the same period last year, commensurately Tempo Scan's EBITDA margin was lower at 9.8% if compared to its EBITDA margin in the corresponding period last year which had stood at 12.2%.

I wish to convey my utmost appreciation to all of Tempo Scan's management team and all of our employees for their contribution and dedication to accomplish the company's financial results despite various challenges that we had faced. Similarly my appreciation to Tempo Scan's shareholders, business partners, professional parties and vendors.

Jakarta, 31 October 2016

On behalf of PT. Tempo Scan Pacific, Tbk.

Handwritten signature in blue ink, consisting of stylized initials and a surname.

Handojo S. Muljadi *hm*
President Director