



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT. Tempo Scan Pacific, Tbk. - Robust 1st Half 2016 Net Sales Performance

Following its 1st Quarter 2016 commendable Net sales result, PT. Tempo Scan Pacific, Tbk ("Tempo Scan") had again registered a robust 1st Semester 2016 Net sales growth of 17.0% and it amounted to Rp. 4,687.7 billion. All of its 3 core operating divisions registered respectively a double digits Net sales growth, led by its Consumer Products & Cosmetic ("CPC") division which registered a stellar Net sales increase of 18.5% and it amounted to Rp. 1,253.7 billion, then followed by its Distribution division's Net sales which increased by 17.7% and it amounted to Rp. 2,233.9 billion, while its Pharma division's Net sales grew by 14.4% and it amounted to Rp. 1,200.1 billion.

The above robust Net sales growth was driven by its 2nd Quarter 2016 performance whereby its Net sales during such Quarter amounted to Rp. 2,488.9 billion which is among the highest Net sales result that Tempo Scan had ever achieved and it represented a 20.5% quarter on quarter Net sales increase. Its CPC division continued to be the leading growth driver for Tempo Scan given this division Consumer Product group domestic sales had rocketed by 25.3%, then followed by this division International Business sales which grew by 17.2%, while on the other hand this division Cosmetic group domestic sales had increased at a slower rate of 5.1%.

Furthermore, Tempo Scan's Pharma division Net sales growth was attributed by its Consumer Health group domestic sales which grew by 14.5% and its Prescription Medicines group domestic sales that rose by 66.0%, while this division International Business had suffered a significant setback and its Net sales declined by 45.3% which was attributed to slower demand in its biggest market which is Nigeria that had experienced financial crisis due to falling oil price.

Tempo Scan's Distribution division staged a comeback and it registered a Net sales growth of 17.7% attributed by this division's Pharma Principals products sales which grew by 19.4%, while its Non Pharma Principals products sales managed to rise by 16.4%. Consequently, Tempo Scan's Distribution division Net sales contribution towards its consolidated Net sales stood at 47.7%, while its CPC and Pharma divisions aggregate Net sales contribution was at 52.3% in 1st Half 2016.

As pertained to Tempo Scan's Gross profit which had risen by 15.8% albeit at slower pace compared to its Net sales growth rate, such Gross profit result in 1st Half 2016 amounted to Rp. 1,783.1 billion hence its Gross profit margin was at 38.0% or lower compared to its Gross profit margin in previous year which was at 38.4%. Such a decline among others attributed to its business mix whereby its Pharma products from BPJS and its Nutritional products have relatively lower Gross profit margin, also its Distribution division has a much lower Gross profit margin.

Moving to Tempo Scan's Operating expenses which had risen by 23.3% and it amounted to Rp. 1,375 billion hence its Operating expenses ratio was at 29.3% , such ratio was higher compared to same period last year which ratio stood at 27.8%. Its Selling expenses also grew by 21.6% and it amounted to Rp. 1,116.2 billion dominated mostly by its Advertising & Promotion expenses which grew by 26.1%, in line with Tempo Scan's strategy to support its core brand equities as well as to finance its new products' marketing investment, consequently its Selling expenses ratio was at 23.8% or higher if compared to same period last year which ratio stood at 22.9%.

Moreover, its General Administrative (G&A) expenses had risen by 15.1% and amounted to Rp. 252 billion hence its G&A expenses ratio stood at 5.4% or slightly lower compared to the same period last year ratio which was at 5.5%. In addition, Tempo Scan's Operating expenses was also impacted by a setback from its (Nett) Other Operating Income/Expenses sharp decline whereas year on year it had declined by Rp. 28,9 billion, mainly due to its foreign exchange losses (derived from Tempo Scan's foreign currencies deposits) which year on year amounted to Rp. 29.5 billion. If excluding such a decline then Tempo Scan Operating expenses would had increased only by 20.3% and it would amount only to Rp. 1,368.2 billion.

Furthermore, Tempo Scan's Operating profit amounted to Rp. 408,1 billion or a decline of 3.9% year on year, hence its Operating profit ratio stood at 8.7% or lower versus its Operating profit ratio in the same period last year which was at 10.6%. Nevertheless, should the abovementioned one off foreign exchange losses in 1st Half 2016 that amounted to Rp. 17,4 billion be excluded, then on adjusted basis Tempo Scan's Operating profit would have become Rp. 425.5 billion commensurately its Operating profit ratio would have become 9.1%.

Tempo Scan's Non-Operating Income/Expenses had also declined by 25.03% and it amounted to Rp. 25.8 billion; such a decline was attributed mostly by its declining interest income that amounted to Rp. 8.6 billion in line with the general trend of declining interest rate environment, and additionally it was also attributed by non-recurring sales force restructuring charges of Rp. 2.2 billion.

Consequently, Tempo Scan Net Profit in 1st Half 2016 amounted to Rp. 339.8 billion or a 9.0% decline compared to its Net profit in same period last year. However, should the aforementioned non-recurring expenses which amounted to Rp. 15.7 billion (after tax) be added back, then Tempo Scan adjusted Net profit in 1st Half 2016 would have become to Rp. 355.5 hence it would have registered instead a lower decline of 4.7% year on year.

Lastly, Tempo Scan's EBITDA in 1st Half 2016 amounted to Rp. 500 billion (including one off charges) or marginally lower compared to its EBITDA in same period last year which amounted to Rp. 503 billion, henceforth its EBITDA margin stood at 10.7% compared to its EBITDA margin in the same period last year which stood at 12.6%.

I wish to convey my utmost appreciation to all of Tempo Scan's management and employees for their contribution, dedication and hard work to accomplish the company's 1st Half 2016 commendable Net sales result despite slower economic growth environment. Similarly my appreciation also goes to Tempo Scan's shareholders, business partners, professional parties and suppliers.

Jakarta, 29 July 2016
On behalf of PT. Tempo Scan Pacific, Tbk.



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