



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT. Tempo Scan Pacific, Tbk ("Tempo Scan") 1st Half 2017 Result Navigating Through Sluggish Retail & Demand Environment

PT. Tempo Scan Pacific, Tbk ("Tempo Scan") 1st Half 2017 result was not spared from the unprecedented lackluster demand and generally slow retail environment whereas such downturn has also affected other major listed companies in the Indonesian Stock Exchange especially within the consumer products, food & beverages, retailers and cigarettes industries. Such condition was reflected in those companies 1st Half 2017 financial results which registered either a very marginal growth or a decline in their respective net sales and net profit result during such period.

Commesurate with the above sluggish market situation, for the 1st Half 2017 Tempo Scan's net sales amounted to Rp. 4,597.7 billion and it registered a decline of 1.9% versus the corresponding period last year, nevertheless on adjusted basis to exclude the net sales impact from a pharma licensing agreement discontinuation which net sales last year was amounted to Rp. 55.27 billion, then consequently Tempo Scan's net sales decline would have only been 0.7%.

Furthermore, Tempo Scan's Consumer Products & Cosmetics ("CPC") division net sales grew by 4.1% and it amounted to Rp. 1,304.7 billion, as such this division's net sales contribution towards Tempo Scan's consolidated net sales was at 28.4% whereby such contribution was higher versus its net sales contribution last year which stood at 26.7%. In addition, the CPC division's Consumer Products net sales managed to grow relatively higher by 6.1%, on the other hand this division's Cosmetics business net sales had registered a decline of 0.3%.

Moreover, Tempo Scan's Pharma division net sales registered a decline of 5.6% and it amounted to Rp. 1,132.6 billion, consequently this division net sales contribution towards Tempo Scan's consolidated net sales had declined to become 24.6% if compared to its net sales contribution last year which was at 25.6%. In addition, the Pharma division's Consumer Health business net sales had declined by 2.6%, on the other hand its Infant Formula & Nutritional products net sales grew robustly by 50.9%. As pertained to the Pharma division's Prescription Medicines which net sales decreased by 22% and such a decline was attributed by the discontinuation of a pharma licensing agreement which was explained hereinabove, hence on adjusted basis to exclude such an impact then the said Prescription Medicines business would have increased by 10.79%.

Moving on to Tempo Scan's Distribution division net sales which amounted to Rp. 2,160.5 billion and it registered a decline of 3.3% versus the same period last year, consequently this division net sales contribution towards Tempo Scan consolidated net sales stood at 47.0% and it was slightly lower when compared to its net sales contribution in the corresponding period last year which was at 47.7%.

Furthermore, Tempo Scan's gross profit result for 1st Half 2017 amounted to Rp. 1,780.9 billion and such a result was essentially identical with its gross profit result in the same period last year, therefore given such gross profit stable result versus its net sales result which declined by 1.9%, consequently Tempo Scan's gross profit margin has improved to become 38.7% if compared to its gross profit margin in the corresponding period last year which stood at 38%. The said consolidated gross margin improvement was contributed by all of its operating divisions whereby its Pharma division's gross profit margin increased from 63.7% to 64.8%, while its CPC division's gross profit margin rose from 58.9% to 59.2% and its Distribution division's gross profit margin grew from 12.5% to 12.7%.

As pertained to Tempo Scan's operating expenses for the 1st Half 2017 whereas it amounted to Rp. 1,389.6 billion or an increase of 1.1% compared to the same period last year, as a result its operating expenses ratio stood at 30.2% or higher if compared to its ratio last year which was at 29.3%. The aforesaid increase was attributed by its advertising & promotion expenses which in term of ratio increased to become 15.3% compared to its ratio last year which was at 14.4%, such spending posture was needed to response against the lackluster market condition. In addition, its general and administrative expenses rose by 2.1% hence its ratio against its net sales stood at 5.6% while its ratio last year was at 5.4%

As consequence of all the above, for the 1st Half 2017 Tempo Scan's operating profit experienced a decline of 4.3% and amounted to Rp. 391.3 billion, as such its operating profit margin stood at 8.5% which was marginally lower when compared to its operating profit margin in the same period last year which was at 8.7%. In addition, Tempo Scan's net other income managed to rise by 19.0% and it amounted to Rp. 29.6 billion.

Therefore, Tempo Scan's net profit result for the 1st Half 2017 amounted to Rp. 345.1 billion whereas its net profit margin stood at 7.5 % or a slight increase if compared to its net profit margin last year which was at 7.4%. Correspondingly, its EBITDA result had declined by 2.9% and it amounted to Rp. 486.2 billion hence its EBITDA margin stood at 10.6% versus its EBITDA margin in the same period last year which was at 10.7%.

Moreover, for the 1st half 2017 Tempo Scan net operating cycle had shown a considerable improvement whereby such cycle was reduced to become 49 days compared to the same cycle in the corresponding period last year which stood at 59 days. While Tempo Scan's net cash position amounted to Rp. 1,590 billion or an increase if compared to its net cash position in the same period last year which amount was Rp. 1,537 billion, while its total assets amount have reached Rp. 7,388.1 billion and its shareholders equity amount stood at Rp. 4,827.2 billion.

On behalf of Tempo Scan's Board of Directors, I wish to convey our appreciation to all our business partners, shareholders, vendors/suppliers, professional parties and last but not least to all Tempo Scan's management and employees for their respective continues support and strong effort in order for Tempo Scan to be able to deliver the abovementioned financial results.

 Jakarta, 31 July 2017
On behalf of PT. Tempo Scan Pacific, Tbk.



Handojo S. Muljadi
President Director