



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT. Tempo Scan Pacific, Tbk ("Tempo Scan") Commendable First Half 2018 Result

Despite of fewer effective working days during 2nd Quarter 2018 that was due to festive month holiday and hundreds of provincial as well as district level elections that were simultaneously implemented across Indonesia, in addition to the Rupiah exchange rate weakening against the US Dollar by around 8% at the end of 2nd Quarter 2018; nevertheless Tempo Scan was able to deliver a commendable Quarter on Quarter robust net sales growth of 7.4% and amounted to Rp. 2,420.8 billion. Correspondingly, Tempo Scan's 1st Half 2018 net sales also managed to register a positive growth of around 4.5% versus the corresponding period last year or amounted to Rp. 4,803.5 billion.

Tempo Scan management is pleased with its aforesaid 1st Half net sales result because its Pharmaceutical ("Pharma") division and Consumer Products & Cosmetics ("CPC") division had become its net sales source of growth with their respective contribution of 24.9% and 30.8%, therefore these 2 divisions' net sales had in aggregate contributed 55.7% towards Tempo Scan's consolidated net sales, these 2 divisions' net sales are predominantly comprising of Tempo Scan's own brand equities.

In 1st Half 2018, the Tempo Scan's CPC division managed to continue to be the main benefactor of its net sales growth given its robust increase of 13.5% and amounted to Rp. 1,480.7 billion, as such this division managed to grow relatively higher compared to the Indonesian FMCG overall market growth rate during such period. In addition, this division's net sales growth predominantly was contributed by its Consumer Products group which net sales rose higher by 15.3% and amounted to Rp. 991.2 billion, whilst its Cosmetics group net sales grew by 10% or amounted to Rp. 489.5 billion. Consequently, the Consumer Products group net sales contribution was almost 67% and its Cosmetics group net sales contribution was around 33% toward the CPC division's net sales in 1st Half 2018, while in the same period last year these 2 groups' net sales contributions were at 65.9% and 34.1% respectively.

Furthermore, Tempo Scan's Pharma division was its net sales growth second benefactor that managed to grow by 5.5% and amounted to Rp. 1,194.9 billion, such a result was a positive performance reversal when compared to its negative sales growth of 5.6% in 1st Half 2017. In addition, the Pharma division main net sales contributor was its Consumer Health business which managed to register a net sales growth of 10.6% and amounted to Rp. 1,091.6 billion, such a result was also propelled by its Nutritional products which net sales grew robustly by almost 50%. On the other hand, this division's Prescription Medicines business net sales had gradually recovered in 2nd Quarter 2018 but it still registered a net sales decline of 29.2% and amounted to Rp. 103.3 billion, albeit such a result was relatively better when compared to its negative decline of 33.8% in 1st Quarter 2018. Correspondingly, this division's Consumer Health business' net sales contribution had risen to 91.4% while its Prescription Medicines business's net sales contribution had decreased to 8.6%, when compared to these 2 businesses' net sales contributions which were respectively at 87.1% and 12.9% in the same period last year.

Moreover, Tempo Scan's Distribution division net sales had registered a decline of 1.5% and amounted to Rp. 2,127.9 billion, whereby such a decline was partly due to a discontinuation of one of its pharmaceutical principal products sales, consequently this division's net sales contribution towards Tempo Scan consolidated net sales had also decreased to become 44.3% or lower when compared to its net sales contribution in the corresponding period last year which was at 47.0%.

As pertained to Tempo Scan's gross profit result in 1st Half 2018, it managed to grow by 3.1% or at slower pace compared to its net sales growth rate and amounted to Rp. 1,836.9 billion, commensurately its gross profit margin had slightly declined to become 38.2% or lower when compared to its gross profit margin in the corresponding period last year which was at 38.7%. Such a decline among others was attributed by the higher cost of goods mainly due to the Rupiah exchange rate declined against US Dollars and raw materials prices increased.

Furthermore, Tempo Scan's consolidated operating expenses had risen by 3% in 1st Half 2018 and amounted to Rp. 1,431.2 billion, such expenses rose at a lower pace compared to its net sales growth rate, as a result such consolidated operating expenses ratio was at 29.8% or lower if compared to its ratio in the corresponding period last year which stood at 30.2%. The said consolidated operating expenses increase was predominantly attributed by its selling expenses which increased by 3.7% and amounted to Rp. 1,190.1 billion, and in turn such selling expenses' largest component was its advertising and promotion expenses which amounted to Rp. 715.9 billion.



On the other hand, its general & administrative expenses had increased by 8.6% and amounted to Rp. 279.7 billion. Correspondingly, Tempo Scan's total selling expenses and its total general & administrative expenses ratios respectively stood at 24.8% and 5.8%, and if compared to these expenses ratios in the corresponding period last year which were at 25.0% and 5.6% respectively.

In connection with the above, Tempo Scan's 1st Half 2018 operating profit had increased by 3.7% and amounted to Rp. 405.7 billion, commensurately its operating profit margin stood at 8.5% or at par with its operating profit margin in the corresponding period last year. However, Tempo Scan's net non-operating income had declined by 28.4% and amounted to Rp. 21.2 billion. Correspondingly, Tempo Scan managed to register a net profit after tax which amounted to Rp. 338.9 billion or marginally higher by 0.2% when compared to the same period last year, henceforth its net profit margin was registered at 7.1%. Whilst its EBITDA had increased by 3.6% and amounted to Rp. 503.8 billion, therefore its EBITDA margin stood at 10.5% in 1st Half 2018.

Lastly, Tempo Scan's balance sheet position as of 30 June 2018 remained strong to be able to withstand external headwinds, including further Rupiah exchange rate fluctuation and rising commodities prices, given its total assets had risen by 5.4% when compared to its assets position in the corresponding period last year and amounted to Rp. 7,786.1 billion. Moreover, its liquidity position remained to be solid as supported by its cash and cash equivalent position which amounted to Rp. 2,081.3 billion and its Shareholders' equity which had grown by 8.8% or amounted to Rp. 5,254.1 billion.

On behalf of Tempo Scan's Board of Directors, I wish to convey our appreciation to all our shareholders, business partners, suppliers/vendors, professional parties as well as to Tempo Scan's enlarged family members for their strong dedication and continuous effort to enable Tempo Scan to achieve the abovementioned financial results.

Jakarta, 31 July 2018

On behalf of PT. Tempo Scan Pacific, Tbk.



Handojo S. Muljadi
President Director

