



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT. Tempo Scan Pacific, Tbk ("Tempo Scan") 3rd Quarter 2018 Performance **Sustaining Growth Against Strong Headwind**

In the 3rd Quarter 2018, Tempo Scan's net sales grew at a higher pace of 8.2% quarter on quarter and amounted to Rp. 2,618.4 billion despite of the difficult overall operating environment, and the consumers had resumed their normal purchasing pattern subsequent after the Idul Fitri festive holiday during mid to end of June 2018. Correspondingly, for YTD September 2018 Tempo Scan's net sales was amounted to Rp. 7,421.9 billion or an increase of 5.5% compared to the same period last year.

For YTD September 2018, Tempo Scan's two main divisions namely its Pharma and its Consumer Products & Cosmetics ("CPC") divisions net sales were amounted to Rp. 1,902.5 billion and Rp. 2,312.9 billion respectively, as such these divisions net sales managed to increase by 7.9% and 13.9% respectively. Therefore, the aforesaid net sales growth of these two divisions had surpassed their net sales growth during 1st Semester 2018 which were only at 5.5% and 13.5% respectively. On the other hand, Tempo Scan's Distribution division net sales had registered a decline of 1% and amounted to Rp. 3,206.5 billion.

Furthermore, Tempo Scan's CPC division being the biggest benefactor of its consolidated net sales result has continued its growth trajectory as propelled by its Consumer Products group net sales which grew commendably by 16.3% and amounted to almost Rp. 1,564 billion, while its Cosmetics group net sales rose by 9.2% and amounted to almost Rp. 749 billion. Consequently the said Consumer Products group net sales performance was able to surpass its net sales growth during 1st Semester 2018 that was at 15.3%, on the other hand such Cosmetics group net sales was lower compared its net sales growth in 1st Semester 2018 which was at 10%.

Moreover, Tempo Scan's Pharma division net sales result was primarily contributed by its Consumer Health group which net sales grew significantly by 12.1% and amounted to Rp. 1,729.3 billion or it accounted for almost 91% of this Pharma division net sales; among the engine of growth for this Consumer Health group was its relatively new Nutritional business which managed to grow by almost 57% compared to the corresponding period last year. On the other hand this division's Prescription medicines group net sales continued to struggle and registered a decline of 21.5% which amounted to Rp. 173.2 billion or it accounted for around 9% of this Pharma division net sales, this division management continues to review this group management performance and contemplating to revamp it at the appropriate juncture.

In aggregate Tempo Scan's Pharma division and CPC division net sales contribution, which majority comprised of its own products for YTD September 2018, was accounted to almost 57% toward Tempo Scan consolidated net sales compared to the said two division aggregate net sales contribution which was only 53.9% in same period last year. On the other hand, its Distribution division which derived its net sales from its third party principals' net sales has provided a contribution of around 43% toward Tempo Scan consolidated net sales or a decline of around 3% versus its net sales contribution in the corresponding period last year.

Moving on to Tempo Scan's gross profit result which increased by 4.5% and amounting to Rp. 2,838.8 billion, such a result was affected by its cost of goods that had grown by 6.1% or higher compared to its net sales growth rate of 5.5% for YTD September 2018, among other due to the ever increasing USD as well as other major foreign currencies exchange rate against Rupiah, specifically USD rate which had risen by more than 10% at the end of September 2018. The said cost of goods escalation was also due to the significant rise of several key raw materials prices, among others those related to fluctuation of major commodities prices such as the global fuel price.

In anticipation of the abovementioned exchange rate and raw materials prices increasing trend, Tempo Scan has persistently conducted cost review to identify any possible cost savings across all of its operating units and whenever possible it undertook price increase on its products subject to the prevailing market condition as well as such products respective competitor pricing, given the intensive competitive pressure in almost all products category where Tempo Scan's brand equities are currently competing.

As pertained to Tempo Scan's operating expenses, in aggregate its operating expenses had risen moderately by 2.8% and it amounted to Rp. 2,315.5 billion, such operating expenses ratio had decreased to 31.2% versus its ratio in the same period last year which was at 32.0%. Among the largest cost component was its selling expenses which included the advertising and promotion expenses, such expenses had grown by 4.1% and amounted to Rp. 1,931.5 billion, hence accounted to around 83% of Tempo Scan's total operating expenses. Nevertheless, such selling expenses ratio had declined to 26.0% compared to the ratio in the same period last year which was at 26.4%.

Furthermore, its general and administrative expenses were amounted to Rp. 434.7 billion or an increase of 6.6% hence such expenses ratio was at 5.9% or almost the same with the ratio in corresponding period last year which was at 5.8%. As a result of all the aforementioned, Tempo Scan's operating profit managed to register a significant increase of 12.9% and amounting to Rp. 523.4 billion, correspondingly its operating profit margin grew to become 7.1% from the previous year margin which was at 6.6%.



While, its profit before tax result registered a decline of 3.4% to become Rp. 544.6 billion, such a decline was attributed to the sharp decline of its non-operating / other income which had decreased by 78.8%, mainly due to the one-time net gain recorded in its 2017 financials which amounted to Rp. 60.1 billion whereas such gain was obtained from a restructuring which involved a liquidation of one of its overseas subsidiary. Consequently, for YTD September 2018 Tempo Scan's net profit after tax was amounted to Rp. 422.0 billion or a decline of 4.4% and its EBITDA was amounted to Rp. 671.5 billion hence its EBITDA margin stood at 9.1%.

Nevertheless, on adjusted basis to exclude the aforesaid one-time gain from Tempo Scan's net profit after tax results then this result would have been risen instead by 9.7% compared to the same period last year.

For YTD September 2018, Tempo Scan's balance sheet position remained solid with its cash position stood at Rp. 1,710.1 billion and its shareholder equity amounted to Rp. 5,343.7 billion. While its liquidity positions remained strong among others as indicated through its current ratio and net gearing ratio which stood at 2.65x and -24.2% respectively.

On behalf of Tempo Scan's Board of Directors, I wish to convey our gratitude to all our shareholders, business partners, suppliers/vendors, professional parties and last but not least to all Tempo Scan's employees who have provided their dedication and supports for Tempo Scan.

Jakarta, 31 October 2018

On behalf of PT. Tempo Scan Pacific, Tbk.



Handoyo S. Muljadi

President Director

