



PRESS RELEASE

HRnetGroup 2Q17 – A Record Quarter for both Revenue and Gross Profit, with Adjusted Profit up 22.1% YoY

SINGAPORE, 14 August 2017 – HRnetGroup Limited (“和乐集团有限公司”) today releases its results for the six months ended 30 June 2017, after the Board of Directors met on 8th August 2017 to review the financial statements for the period.

Record High Revenue of S\$97.4 million and Gross Profit of S\$34.0 million for the Quarter, with Adjusted Profit up 22.1% YoY to S\$10.9 million

This quarter saw multiple milestones for the HRnetGroup – after successfully listing on the mainboard of the SGX-ST, it went on to achieve a record high revenue of S\$97.4 million and gross profit of S\$34.0 million for the quarter.

Growth came on the back of employer contractor headcount rising to 11,000 (up from 10,500 in 2016), and first half permanent placements coming in at 4,152 (tracking the full year 2016 count of 8,500 placements). Of interest would be the fact that clients in the e-Commerce, online gaming, data analytics, IoT, mobile apps, and fintech space contributed to S\$9.8 million of revenue. It is anticipated that moving forward, there will be more demand coming from this sector.

Net profit after tax came in at an expected S\$8.9 million for the quarter, whilst adjusted profit, excluding IPO expenses and government subsidies, net of tax, was a healthy S\$10.9 million, up 22.1% from the same period last year.

Bringing on board 52.5% of our permanent employees as Co-Owners, with % of PHC and Headcount both trending up

On 19 June 2017, pursuant to the unprecedented 123GROW scheme, 404 of our employees invested S\$7.4 million in cash, and S\$4.9 million in Loyalty Fund Credits into the Company.

20 Co-Owners of existing subsidiaries also swapped their stakes in their respective subsidiaries valued at S\$31.2 million for HRnetGroup shares.

Collectively, 4.8% of our Company is now held by 52.5% of our permanent employees.

We believe that the strength and depth of the Co-Owner bench was instrumental in the improved showing of % of permanent sales headcount who are productive headcount (“PHC”), as well as growth in total headcount. Both indicators trended up with % of PHC rising to 65.3% from 62.7% in 2016, and total headcount increasing to 1,155 as at 30 June 2017 from 1,039 at 31 December 2016.

Delivering on Our Strategy – Igniting Our Inorganic Engine

On 31 July 2017, HRnetGroup entered into the “Capital and Business Alliance Agreement” with TechnoPro Holdings, Inc – the largest engineering staffing firm in Japan. This was in accordance with our strategy to ignite an inorganic growth engine, and will see both companies working collaboratively in both China and Japan.

Poised for Growth

Overall, the Company moves into the second half of the year confident to generate better value for clients and shareholders.

PROFIT & LOSS

	Q1'16	Q2'16	Q1'17	Q2'17
	S\$'m	S\$'m	S\$'m	S\$'m
Revenue	89.5	91.6	95.4	97.4
Gross Profit	31.9	33.9	32.7	34.0
Adjusted Profits	8.3	8.9	10.1	10.9

"We are convinced our record revenue and gross profits is due to successfully bringing on board 424 Co-Owners. Our unique Co-Ownership model is critical to fuel future growth and we are already starting to see results from it. Moving forward, with that infrastructure in place, our focus is to drive both our organic and inorganic growth engines to deliver superior returns to shareholders."

Ms Adeline Sim (沈伟玲), Executive Director of HRnetGroup

Issued by HRnetGroup Limited

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