



HRnetGroup

Q1 RESULTS ANNOUNCEMENT

For Financial Period ended 31 March 2018

9 May 2018

Disclaimer

This presentation is based on the information we obtained or on the certain assumptions that we understand to be reasonable. However, this is not for the Company to represent or imply and guarantee to the accuracy of completeness of the contents.

Further, statement in this presentation may contain forward-looking information that could be impacted by various risks and uncertainties, and that may significantly affect expected results. Therefore, it is to be noted not to entirely rely on forward-looking information.

It should also be noted that this presentation or any statement herein is not allowed to make copy or transfer without our written consent in prior.



Record Top Lines

Revenue

S\$107.0m

up 12.2%

(Q1 2017: S\$95.3m)



Record Profits

PATMI

S\$16.3m

up 46.0% 

(Q1 2017: S\$11.2m)



Business Volume

Contractor employees

11,600

(FY2017: 11,300)

Gross Profit

S\$36.4m

up 11.3%

(Q1 2017: S\$32.7m)

Efficiency Ratio

(EBITDA/GP)

54%

(Q1 2017: 48%)

Permanent placements

2,063

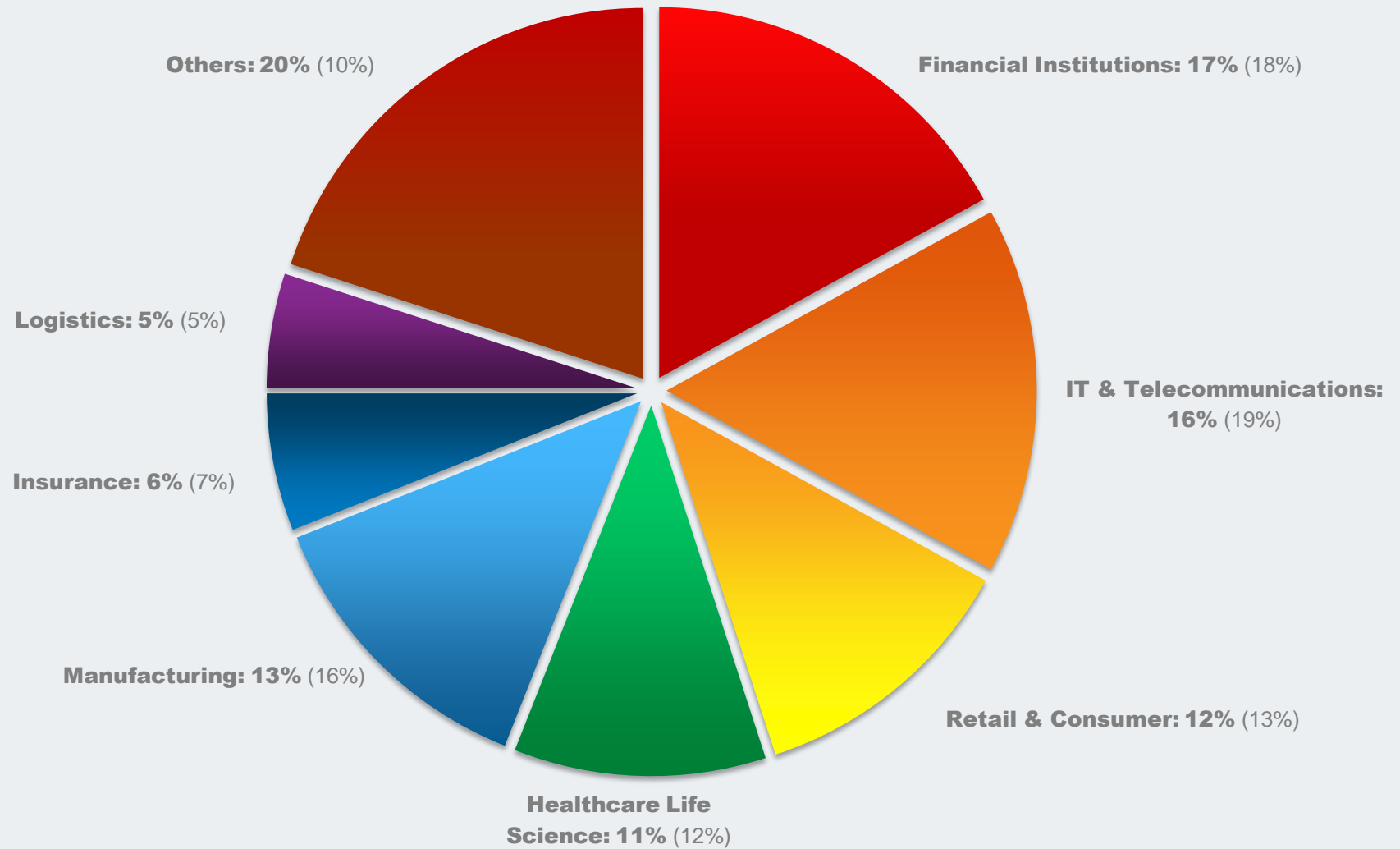
in Q1 2018

(FY2017: 8,200)

Profit & Loss

	Q1'18	Q1'17	Change
	S\$m	S\$m	%
Revenue	107.0	95.3	12.3
Gross profit	36.4	32.7	11.3
Other income	6.6	4.6	43.5
Profit before tax	20.1	15.6	28.8
Income tax	(2.9)	(2.7)	7.4
Profit after tax	17.3	12.9	34.1
PATMI	16.3	11.2	45.5
Earnings per share ("EPS") (cents)			
Basic	1.61	1.10	
Diluted	1.60	1.10	

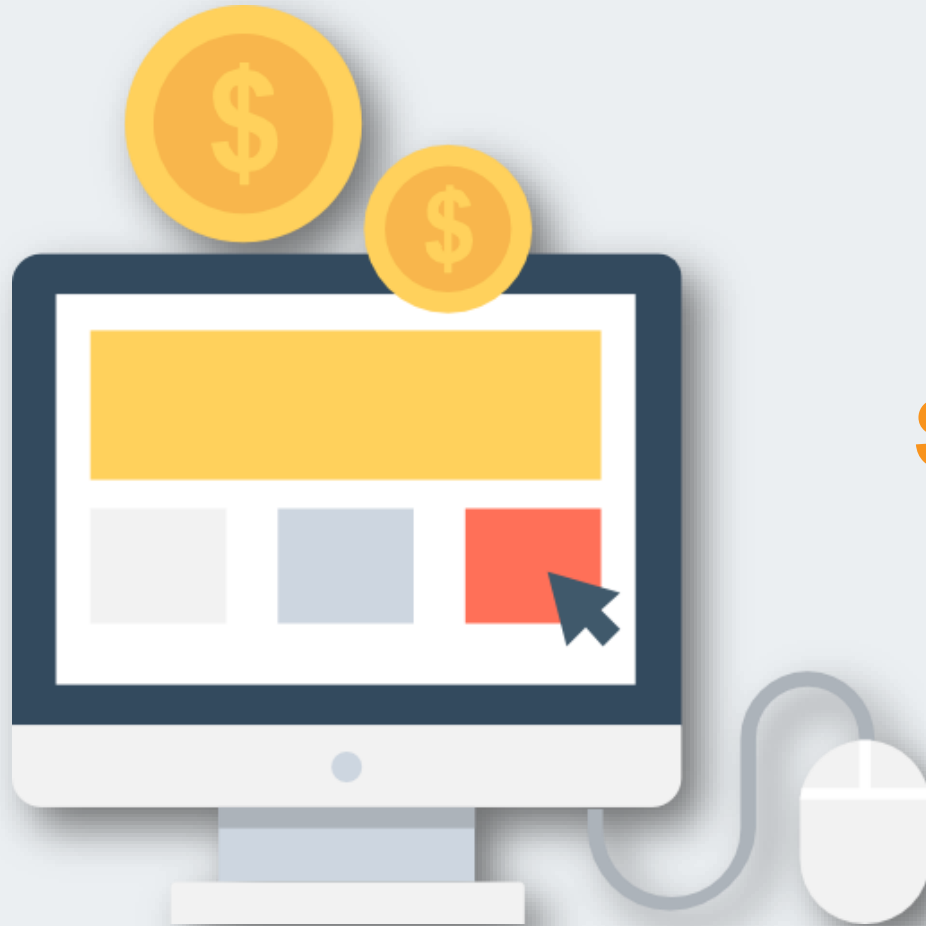
Revenue by Sector



(% in brackets denotes 2017 figures)

The Digital Dimension

Internet, e-commerce, online, gaming, fintech and mobile apps

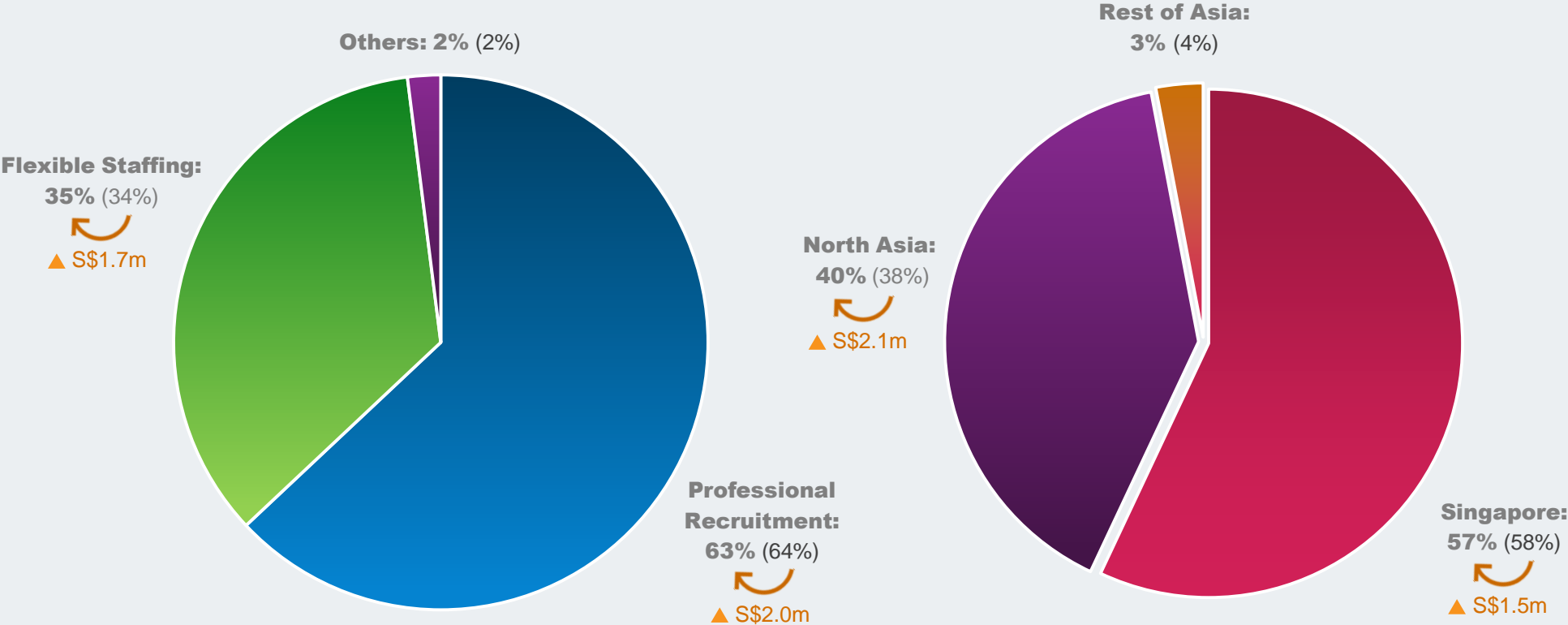


\$\$6.7m = 6%

of Q1 2018 revenue
(2017: 6%)

Gross Profit by Business Segment & Geography

Growth with Strength in Singapore & North Asia



(% in brackets denotes 2017 figures)

Strong Balance Sheet for Expansion and M&A

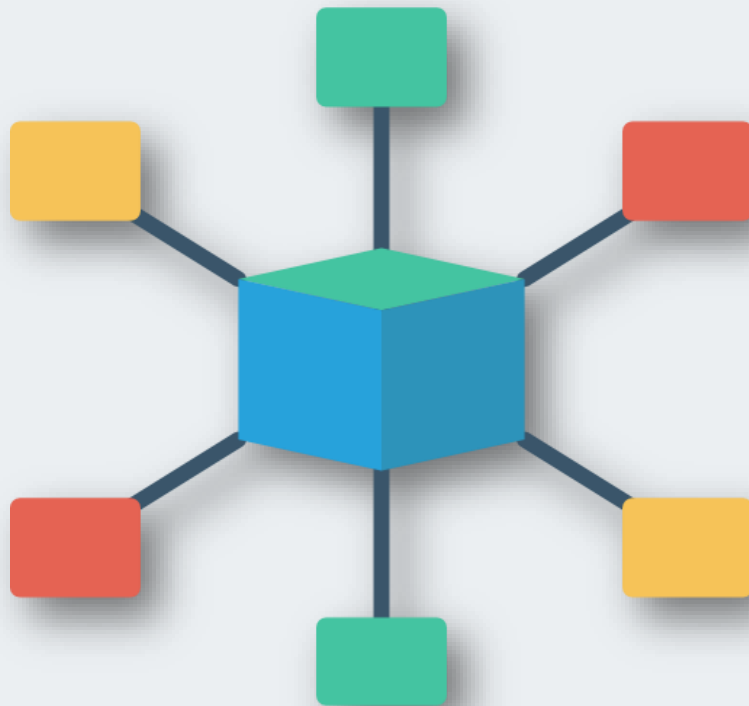
	Notes	31-Mar-18 S\$m	31-Dec-17 S\$m
Cash & cash equivalents	1	292.1	289.1
Trade receivables	2	77.9	74.6
Other assets	3	22.2	11.8
Total assets		392.2	375.5
Debt		-	-
Payables		53.5	54.7
Total Equity		338.7	320.8
Total liabilities & equity		392.2	375.5
NAV		329.6	312.5
NTA		329.0	312.3
Debt/Equity Ratio		-	-
Current Ratio		7.3	6.8

Notes:

- 1 S\$212m for business expansion and potential opportunistic investments
- 2 S\$67k (2017:S\$54k) provision for doubtful debts. None used for trade discounting.
- 3 Asset-light model. No properties.

People Strength

	Q1 2018	Q1 2017	
Revenue/Sales Employees (\$'000)	158.2	136.2	▲ 16.2%
GP/Sales Employees (\$'000)	53.9	46.8	▲ 15.2%
	<u>Mar-18</u>	<u>Mar-17</u>	
Total Employees	1,066	1,099	
Perm Employees	791	820	
Temp/Contract	275	279	
Sales Employees	676	700	
% Sales Employees	85.5%	85.4%	
Productive Sales Employees	473	448	
% Productive Sales Employees	70.0%	64.0%	
<u>Co-Ownership</u>			
123Grow Co-owner Participants	348		
Productive Co-owners for 2017	337	96.8%	
Productive Co-owners for Q1 2018	327	94.0%	



Business Operations

- All 10 cities of operation are profitable
- RecruitFirst(HK), started business in Jan17 is now profitable
- PT HRnet Rimbun to commence operations in Jakarta soon
- More M&A opportunities for synergistic business expansion and potential opportunistic investment for value accretion



PATMI

- Full year effect of 88GLOW in 2018
- 2017 only had 2H effect as it was implemented in Jun 2017

PATMI	Q1'18 S\$m	Q1'17 S\$m	Increase
Without 88GLOW	14.9	11.2	34.2%
With 88GLOW	1.4	-	
	<u>16.3</u>	<u>11.2</u>	45.5%
% of NPAT	94.2%	86.8%	



Productivity

Strong base of PHC effected by 123GROW implemented in Jun 17

- **Record high PHC rate.** Up from 64% (Q1 2017) to 70% (Q1 2018) of sales employees
- 86.1% Retention of 123GROW participants, of which 94% were PHC in Q1 2018



Government Subsidies

- Strong certainty in subsidies receivable - Singapore government announced the WCS subsidies receivable in 2017, 2018, 2019 are at same co-funding rate of 20%.
- Higher WCS received in Q1 2018

S\$'m	Q1	Q2	Q3	Q4
2017	WCS 4.5	TEC 0.9	SEC 0.1	TEC 0.5
2018	5.0	Final pay out	Continue to 2020	No more pay out

Winner of The Enterprise Award 2017



On 25th April 2018, HRnetGroup was awarded **The Enterprise Award** at the Singapore Business Award. An annual event organised by The Business Times and DHL.

The award was given in recognition of HRnetGroup's profound influence on the recruitment scene in Singapore and the region with the placement of one candidate every hour and serving over 2000 clients. And for being the largest recruitment firm in Asia ex-Japan, profitable across all 11 Asian cities and the first recruitment firm to be listed on the SGX.



On 1st May 2018, HRnetOne was awarded the **Certificate of Partnership** by Ministry of Manpower for being a Human Capital Partner with exemplary human capital practices. The certificate was issued by Ms Josephine Teo – Minister of Manpower.



HRnetGroup

www.hrnetgroup.com

IR Contact

391A Orchard Road, Ngee Ann City Tower A
Unit #23-03 Singapore 238873

TEL +65-6730-7855

EMAIL ir@hrnetgroup.com