



HRnetGroup

Q2 RESULTS ANNOUNCEMENT

For the Financial Period ended 30 June 2018

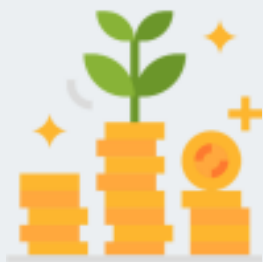
10th August 2018

Disclaimer

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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.

Snapshot of Q2 2018



Record Top Lines

Revenue
S\$108.0m
up **10.8%**
(Q2 2017: S\$97.4m)

Gross Profit
S\$39.8m
up **17.2%**
(Q2 2017: S\$34.0m)



Good Profits

NPAT
S\$13.9m
up **56.0%** 👍
(Q2 2017: S\$8.9m)

PATMI
S\$13.0m
up **77.5%** 👍
(Q2 2017: S\$7.3m)

Efficiency Ratio
(EBITDA/GP)
42%
(Q2 2017: 33%)



Business Volume

Contractor employees
11,683
(FY2017: 11,300)

Permanent placements
2,378
in Q2 2018
(FY2017: 8,200)

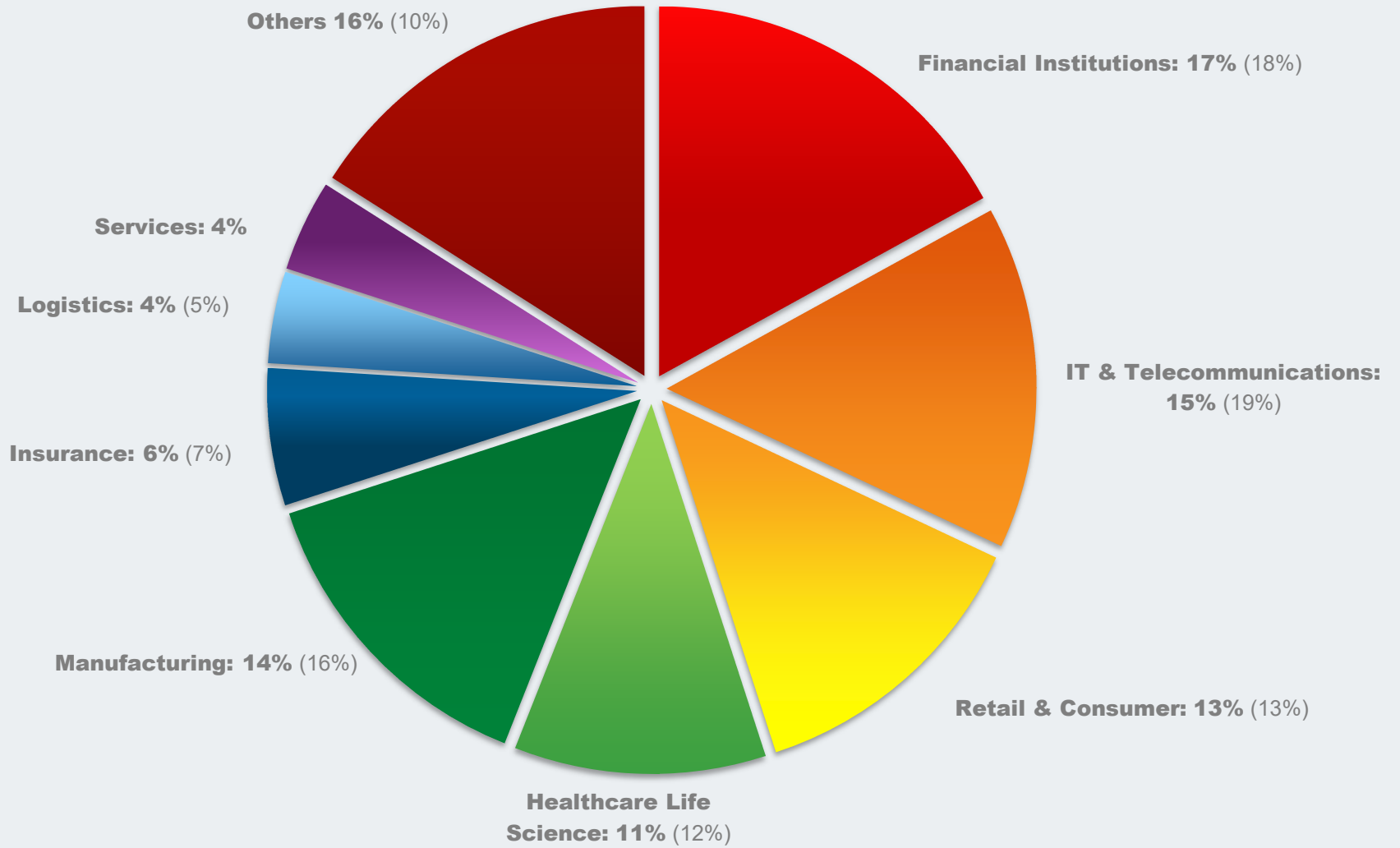
Profit & Loss

	Q2'18 S\$m	Q2'17 S\$m	Change %	1H2018 S\$m	1H2017 S\$m	Change %
Revenue	108.0	97.4	10.9	215.0	192.8	11.5
Gross profit	39.8	34.0	17.1	76.2	66.7	14.2
Other income	2.2	1.1	100	9.0	12.1	-25.6
Profit before tax	17.2	11.3	52.2	37.4	26.9	39.0
Income tax	(3.3)	(2.4)	37.5	(6.2)	(5.1)	21.6
Profit after tax	13.9	8.9	56.2	31.1	21.8	43.1
PATMI	13.0	7.3	78.1	29.3	18.5	58.4

Earnings per share (EPS) cents

	Q2'18	Q2'17	1H2018	1H2017
Basic	1.29	0.73	2.90	1.83
Diluted	1.28	0.72	2.89	1.82

Revenue by Sector



(% in brackets denotes 2017 figures)

The Digital Dimension

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



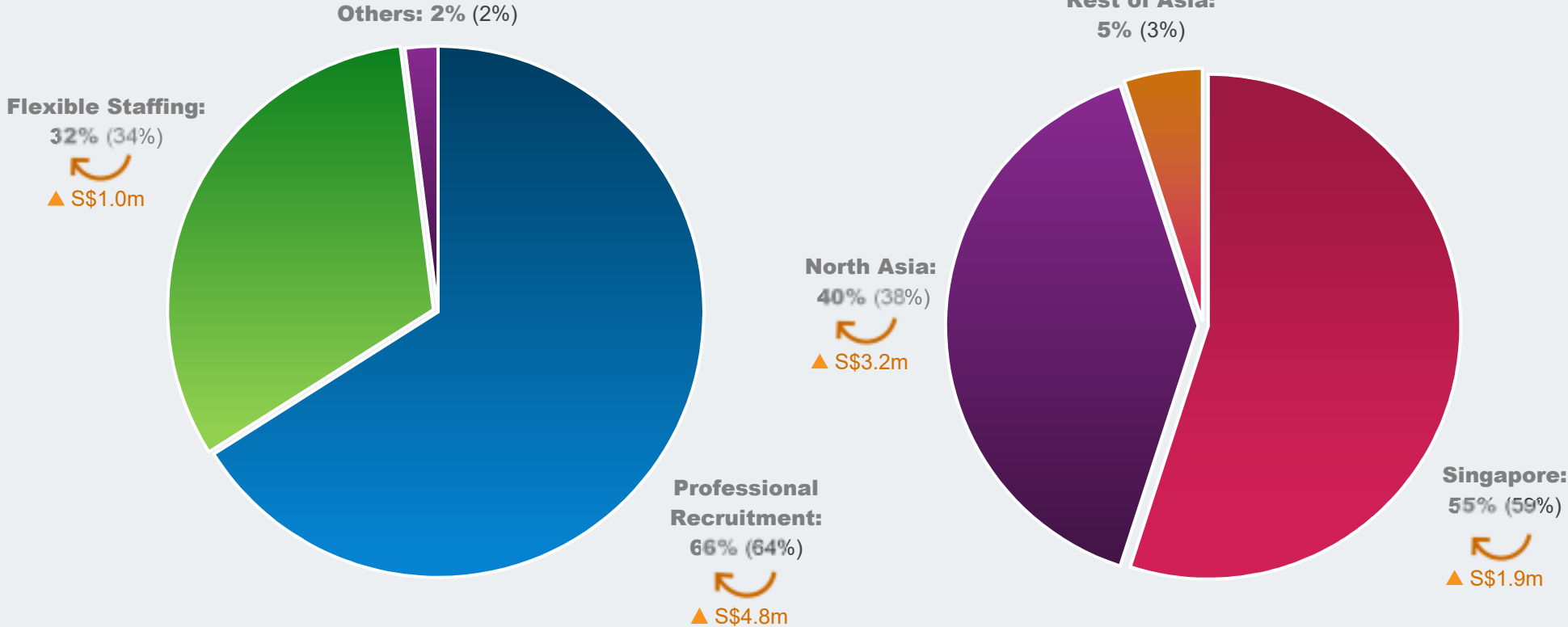
\$\$5.3m = 5%

of Q2 2018 revenue

(2017: 6%)

Gross Profit by Business Segment & Geography

Growth with strength in Singapore & North Asia



(% in brackets denotes Q2 2017 figures)

Strong Balance Sheet for Expansion and M&A

	30-Jun-18	31-Dec-17
	S\$m	S\$m
Cash	271.0	289.1
Trade receivables	81.2	74.6
Other Assets	30.6	11.8
Total Assets	382.8	375.5
Debt	-	-
Payables	54.5	54.7
Total Equity	328.3	320.8
Total Liabilities & Equity	382.8	375.5
NAV	318.1	312.5

People Strength

	Q2 2018	Q2 2017	
Revenue/Sales Employees (\$'000)	161.4	140.4	▲ 15.0%
GP/Sales Employees (\$'000)	59.5	48.9	▲ 21.6%
	<u>Jun-18</u>	<u>Jun-17</u>	
Total Employees	1,032	1,155	
Perm Employees	786	808	
Temp/Contract	246	347	
Sales Employees	669	694	
% Sales Employees	85.1%	85.9%	
Productive Sales Employees	505	469	
% Productive Sales Employees	75.5%	67.6%	



123GROW

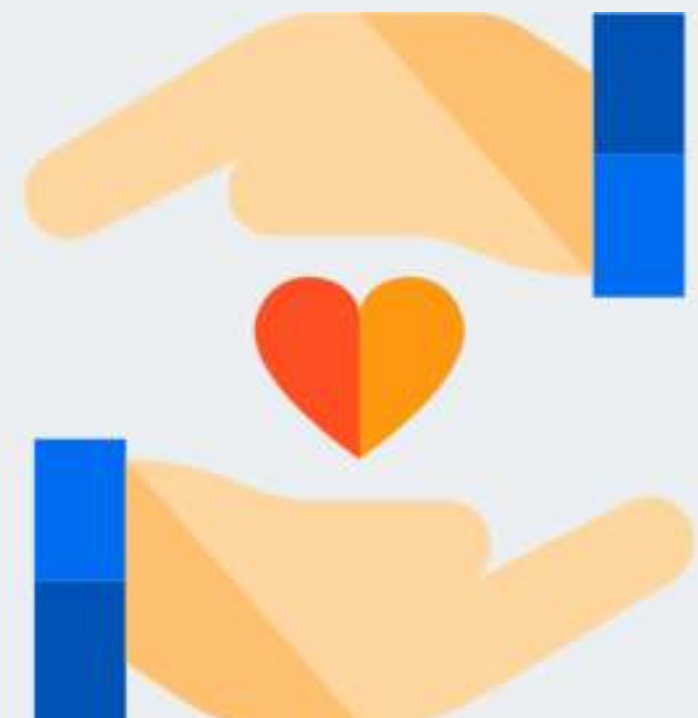
Productivity

OPP1 & OPP2 of our 123GROW Plan has been instrumental in driving productive headcount (PHC)

- Issued 2,039,600 treasury shares to 325 PHC
- 83.4% Retention Rate
- 96.4% PHC rate

Government Subsidies

- Strong certainty in subsidies receivable – At the 2018 Budget, the Singapore government announced that the WCS subsidies for 2017, 2018, 2019 are at the 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	0.5	Continue to 2020	No more pay out



3 new Co-Owner leaders in Malaysia & Hong Kong who each invested 5.0% equity stake in the respective business units.



Completion process relating to acquisition of 51.0% shares in **REForce** on track to commence operations in Q3. Received recruitment license on 26th July 2018.



HRnetRimbun obtained its business license on 7th August 2018. It will commence operations on 1st September 2018 at its new premises at Sudirman Central Business District 8.



Acquisition of **Career Personnel Limited** in Hong Kong is expected to cutover on 2nd October 2018 and close by 1st January 2019. The flexible staffing business provides approximately 130 contractor employees predominantly to Hong Kong government agencies.

Expansion Plans



SHANGHAI

RecruitFirst



SHENZHEN

HRnetOne



Growth cities



Existing & growing customer base



Leaders Identified to take the reins



Staffing & Professional Recruitment



Commence operations in 2019

The GRIN Report

Group-level Hiring Event

At our last quarterly event (CSA), all BUs in Singapore, China and Malaysia were involved in a group hiring event to bring new hires into the HRnetGroup family. This initiative will continue across other cities in the upcoming quarter.



The GRIN Report



Leaders' Breakfast Club:
Is Retention your Intention?
Our 2nd client event of the year focusing on the topic of retention



15 recipients for 10 & 15-year
Long Service Award

The GRIN Report – Press Coverage



The Motley Fool

HRnetGroup Ltd: An Exciting Growth Stock with Attractive Valuation

Jeremy Chia | August 6, 2018 | More on: [CHZ](#)

A Deep Dive into HRnetGroup Ltd, One of the 30 Best Stocks in Singapore for 2018

Seethan P. | February 3, 2018 | More on: [CHZ](#)

Would Warren Buffett Be Interested in HRnetGroup Ltd, One of the 30 Best Stocks in Singapore for 2018?

Seethan P. | April 25, 2018 | More on: [CHZ](#)

THE BUSINESS TIMES

HRNetGroup posts Q1 profit of S\$16.3m, up 46% on year-ago period

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HRnetGroup was named **FTSE ST Small Cap Index's 5 Best-Performing Constituents** at +19.1%

(on SGX 12th July Market Updates)

Name	SGX Code	Index Weight %	Market Cap S\$M	11 July Closing Price	Total Returns YTD %	Total Returns 1Y %	Total Returns 3Y %	P/E (x)	Dvd Ind Yld %
China Sunshine Chemical	CH8	0.9	649	1.320	69.4	68.7	288.1	6.9	2.3
BreadTalk Group	CTN	1.3	648	1.150	40.9	56.5	77.8	54.2	1.7
Japfa	UD2	1.0	1,237	0.670	27.8	2.6	89.8	55.9	0.8
Tianjin Zhongxin Pharma	T14	1.3	2,669	1.070	20.1	14.2	-8.3	9.9	2.8
HRnetGroup	CHZ	0.8	862	0.855	19.1	1.2	N/A	16.3	2.7
Average					35.5	28.6	32.0		

Source: Bloomberg & SGX StockFacts (data as of 11 July 2018)

*Note: Tianjin Zhongxin Pharmaceutical is traded in USD; its SGD equivalents are shown in table.



What Should You Know About HRnetGroup Limited's (SGX:CHZ) Return On Capital?

▲ Bruce Howe | July 18, 2018

CHZ's 17.41% ROCE means that for every SGD100 you invest, the company creates SGD17.4. This makes HRnetGroup satisfactorily profitable when compared to a robust 15% ROCE yardstick. So if this rate continues in to the future and is able to either provide solid dividends or reinvestment opportunities, your capital will enlarge at a favourable rate over time.

HRnetGroup

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