

PRESS RELEASE

HRnetGroup 1Q19 PATMI¹ at a record of S\$19.3 million, an increase of 18.5% from a year ago

Relatively steady business momentum despite softer macroeconomic conditions

SINGAPORE, 10 May 2019 – HRnetGroup Limited (“和乐集团有限公司”) reported a record-breaking net profit of \$20.2 million for first quarter 2019 (“1Q19”), with a 16.9% year-on-year improvement. Correspondingly, PATMI was also at a new high of S\$19.3 million.

Even on the backdrop of lingering concerns from trade tensions and political uncertainties, revenue continued to stay above the S\$100 million level for the 6th consecutive quarter, while gross profit softened by 2.8% to S\$35.4 million. Gross profit margin was maintained at 34.1%, unchanged from 1Q18, as the contribution from professional recruitment rose to 65% from 63% a year ago. This was mainly attributed to resilience exhibited in North Asia, namely, Hong Kong and Shanghai, the latter benefitting from the additional contribution arising from our inorganic china entities. The absolute number of placements dipped by 3.3% to 1,994, though the increase in the value of each assignment meant that gross profit from professional recruitment remained relatively stable year-on-year at \$22.9 million. The flexible staffing business saw the monthly average number of contractor employees increased 2.8% year-on-year to 11,920 employees, with growth coming mainly out of Hong Kong. Gross profit margin for flexible staffing stayed resilient at 15.1%.

Total income level was boosted by the recovery in the capital markets since the beginning of this year, giving rise to a S\$1.1 million realised gain upon disposal of investments and a S\$4.4 million net unrealised gain on the revaluation of our marketable securities portfolio. This was somewhat offset by lower government subsidies received of S\$4.5 million, a decline of S\$0.5 million year-on-year. Cost discipline remains a top priority. Employee benefit expenses fell 2.0%, despite total heartcount and sales heartcount growing 5.3% to 1,123 and 13.9% to 770 respectively. We continue to maintain a lean and efficient structure with the proportion of our sales people staying relatively stable at 85%.

We continue on our journey of expansion by extending new product offerings into our existing cities, with RecruitFirst Malaysia commencing operations in January 2019, followed by RecruitFirst Shanghai in April 2019. We are also looking forward to the launch of RecruitFirst Taipei in July 2019. Backed by a strong balance sheet, we will also continue our search for opportunistic acquisitions of well-run companies to help strengthen our footprint and provide a more comprehensive suite of solutions for our clients across our network.

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

“2019 was off to a relatively slower start with lingering uncertainties surrounding trade negotiations and regional political tensions, negatively affecting sentiments. Our results reflected that softer side of the market, as companies were cautious with regards to business expansion and hiring.

¹ Profit attributable to owners of the Company

As the leading recruitment company in Asia ex-Japan, our performance is in some ways dependent on the underlying economies we operate in. If the headwinds persist into the year, it will likely have an impact on our business, particularly for our biggest and most open market, Singapore.

However, we hope that the commencement of our new staffing units in Malaysia in January and Shanghai in April, coupled with our inorganic units running in tandem, will provide some uplift to our performance, while we focus more energies in North Asia to leverage on the higher growth opportunities present in the larger economies there. You can be certain we are constantly improving, evolving, and working on making ourselves future-ready to stay on top of the game!”

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About HRnetGroup Limited

HRnetGroup is a leading talent acquisition and flexible staffing firm in Asia, with operations in 13 growth cities, namely, Singapore, Kuala Lumpur, Bangkok, Indonesia, Hong Kong, Taipei, Beijing, Guangzhou, Shanghai, Shenzhen, Suzhou, Tokyo and Seoul. Since its inception in 1992, HRnetGroup, a Singapore home-grown brand, has expanded organically within the professional recruitment and flexible staffing industry. Post its listing in June 2017, HRnetGroup, through a series of strategic acquisitions, has further reinforced its presence across the region.

With its two complimentary operating segments, namely professional recruitment and flexible staffing, HRnetGroup serves clients from over 30 diversified sectors, covering a wide spectrum of industries, including financial institutions, retail and consumer, information technology and telecommunications, manufacturing, healthcare life science, insurance and logistics, and functions such as human resources, finance and accounting, and legal and compliance. It also offers other services such as payroll processing and HR consulting.

HRnetGroup’s growth has been driven by its solid infrastructure of systems and processes as well as its organisational culture that cultivates diligence, breakthrough performance, and integrity. In 2018, HRnetGroup won “The Enterprise Award” at the Singapore Business Awards, organized by The Business Times and DHL, in recognition of its profound influence on the recruitment scene in Singapore and the region.

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