



RESULTS ANNOUNCEMENT

For the Financial Year ended 31 December 2017

26 February 2018

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.

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Record Top Lines

- Revenue: \$391.9m, up 7.4%
(FY2016: \$365.0m)
- GP: \$136.0m, up 2.4%
(FY2016: \$132.8m)



Profitability & Efficiency

- PATMI: \$41.3m, up 0.6%
(FY2016: \$41.1m)
- Efficiency (EBITDA/GP)
Ratio: 41%
(FY2016: 45%)



Business Volume

- 11,300 employee contractors
(FY2016: 10,500)
- 8,200 permanent placements
(FY2016: 8,500)

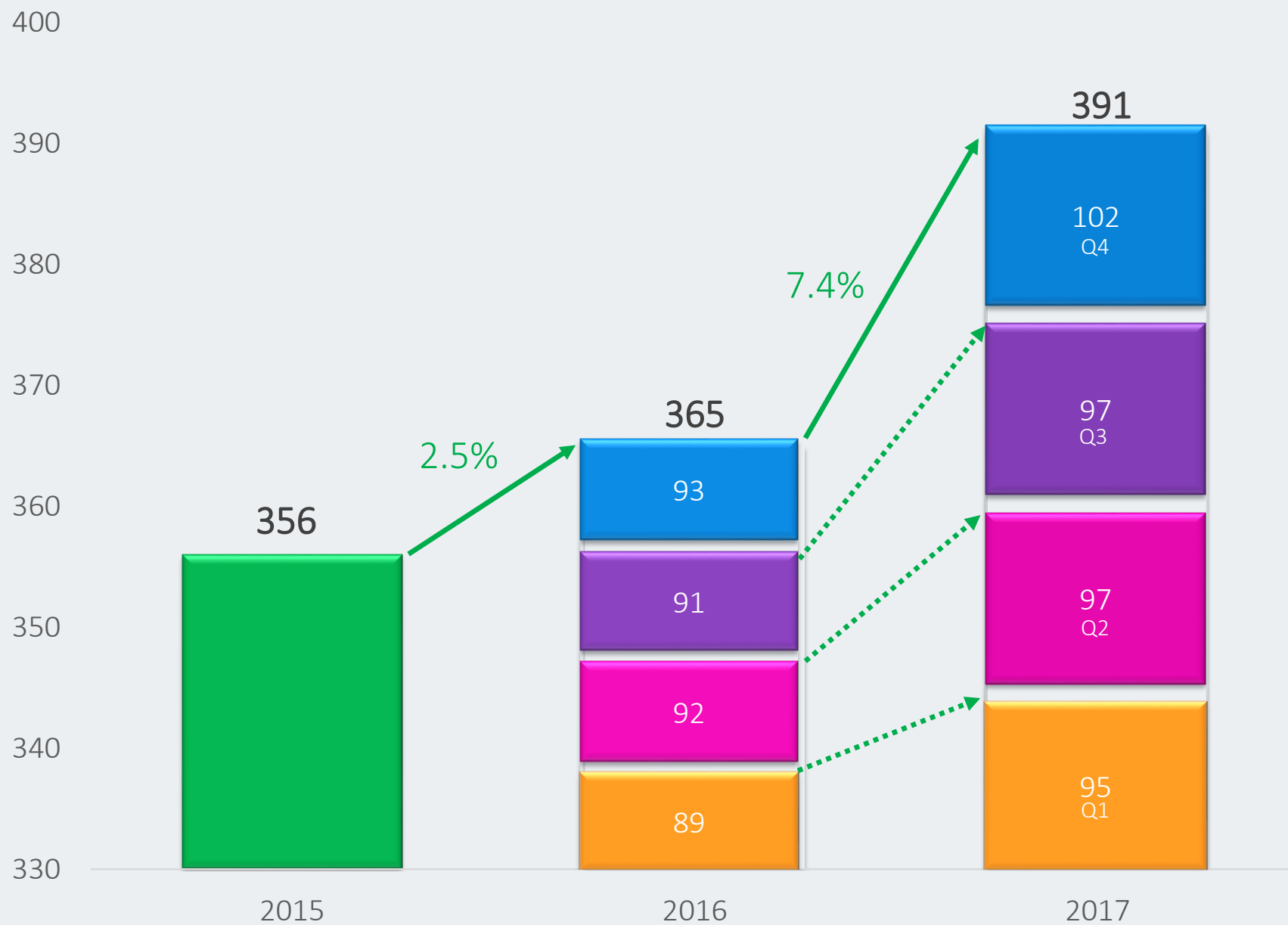
Profit & Loss

	Q4'17 S\$m	Q4'16 S\$m	Change %	FY2017 S\$m	FY2016 S\$m	Change %
Revenue	101.7	92.9	9.5	391.9	365.0	7.4
Gross profit	34.9	33.1	5.3	136.0	132.8	2.4
Other income	2.0	1.2	61.7	9.0	12.1	-25.6
Profit before tax	16.4	15.1	8.7	56.9	59.3	-4.0
Income tax	(2.7)	(2.7)	1.1	(10.5)	(10.9)	-3.6
Profit after tax	13.6	12.3	10.3	46.4	48.4	-4.1
Government subsidies (1)	(0.4)	(0.8)	-46.5	(5.0)	(9.4)	-46.7
IPO expenses	-	-	n.a	3.6	-	n.a
Normalized profit	13.2	11.6	14.2	45.1	39.1	15.4
PATMI	12.2	9.9	22.4	41.3	41.1	0.6

Note

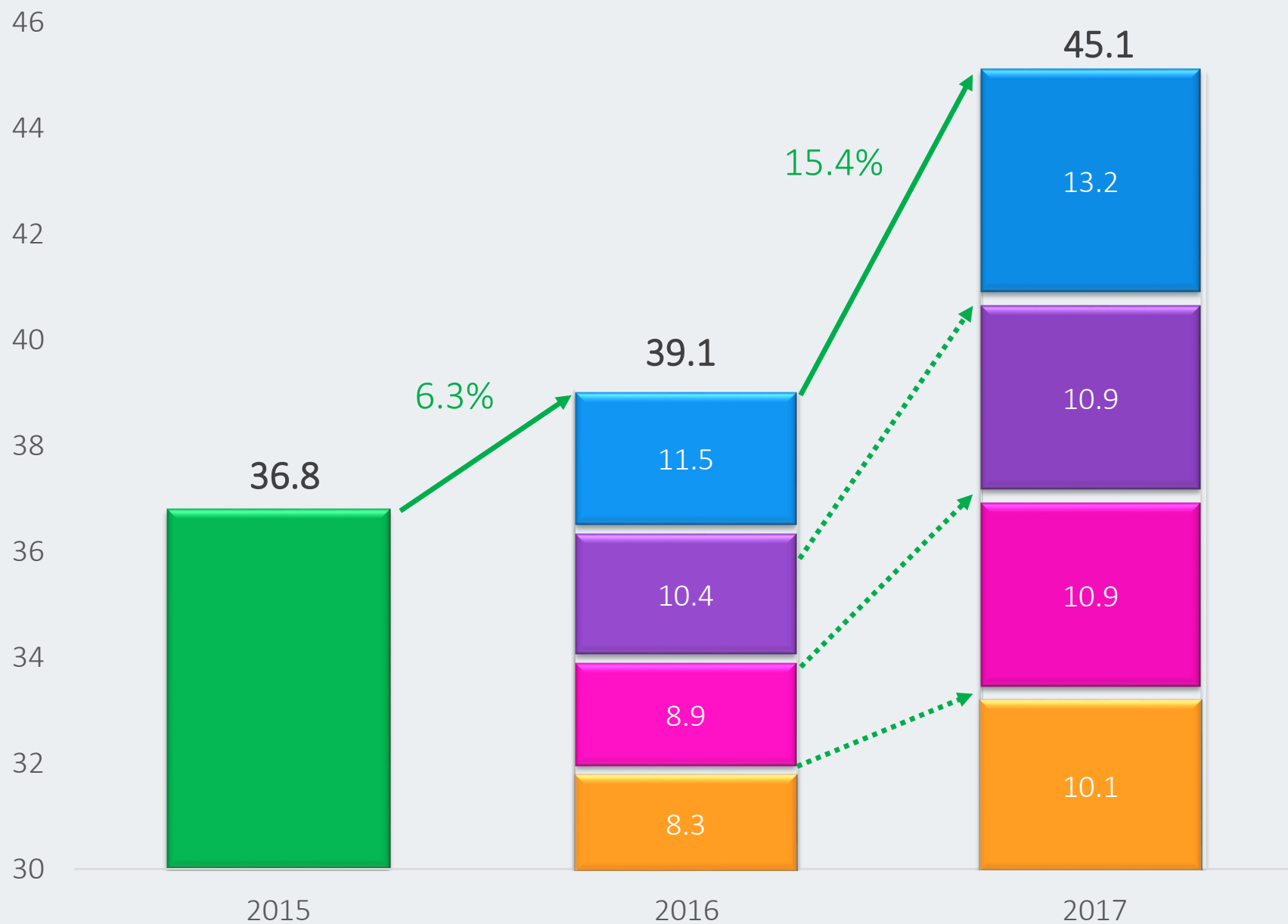
(1) Singapore government subsidies comprising WCS, TEC and SEC, net of tax

Revenue



(Value in S\$m)

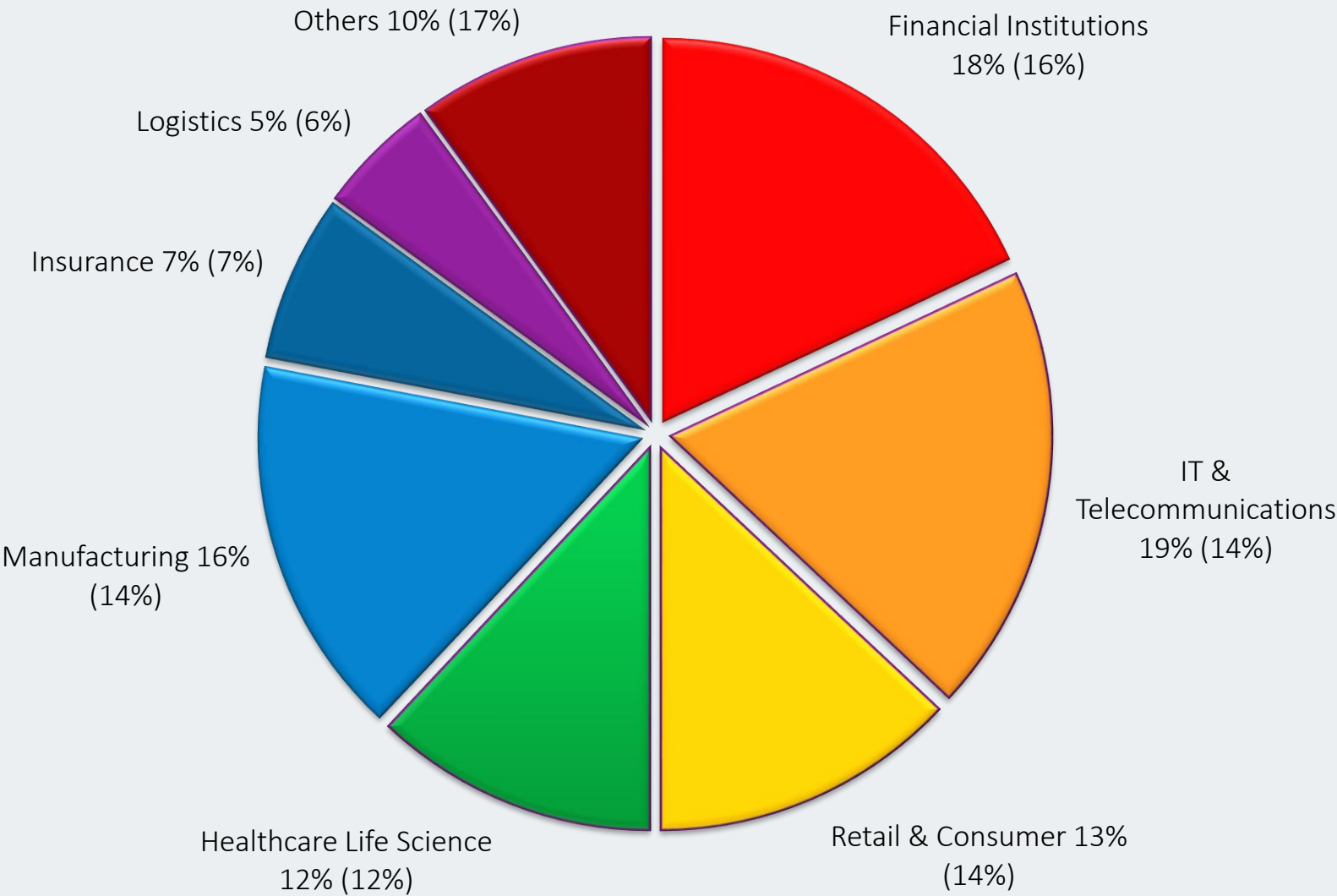
Normalized Earnings



Value in S\$m

Normalized Earnings excludes IPO cost & Singapore government subsidies

2017 Revenue by Sector



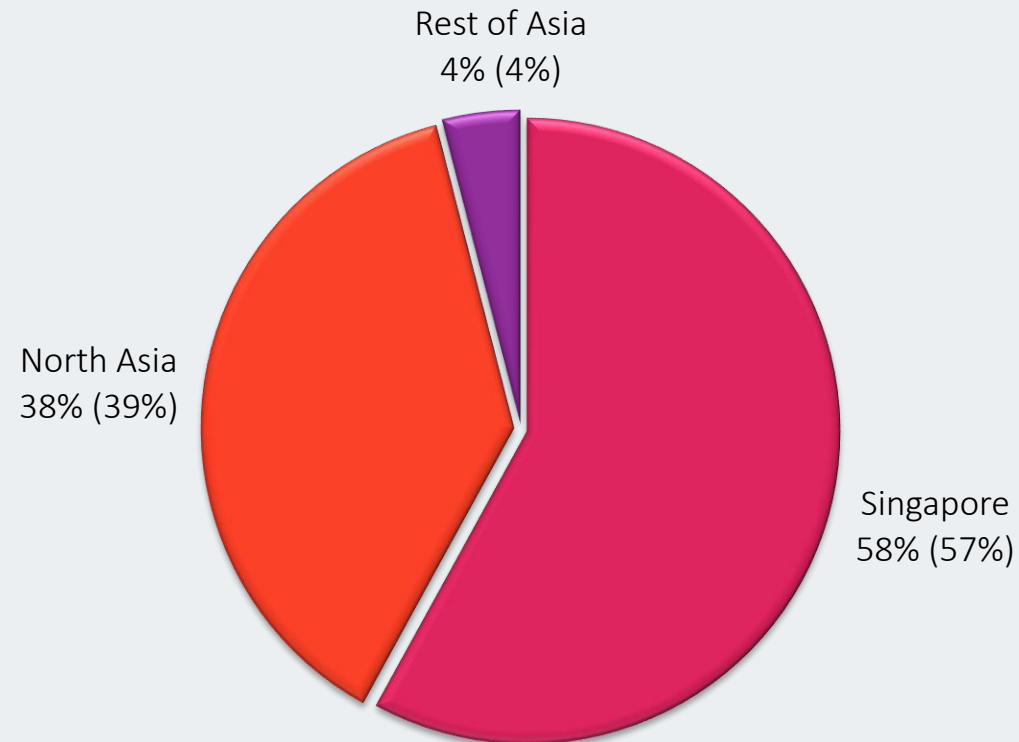
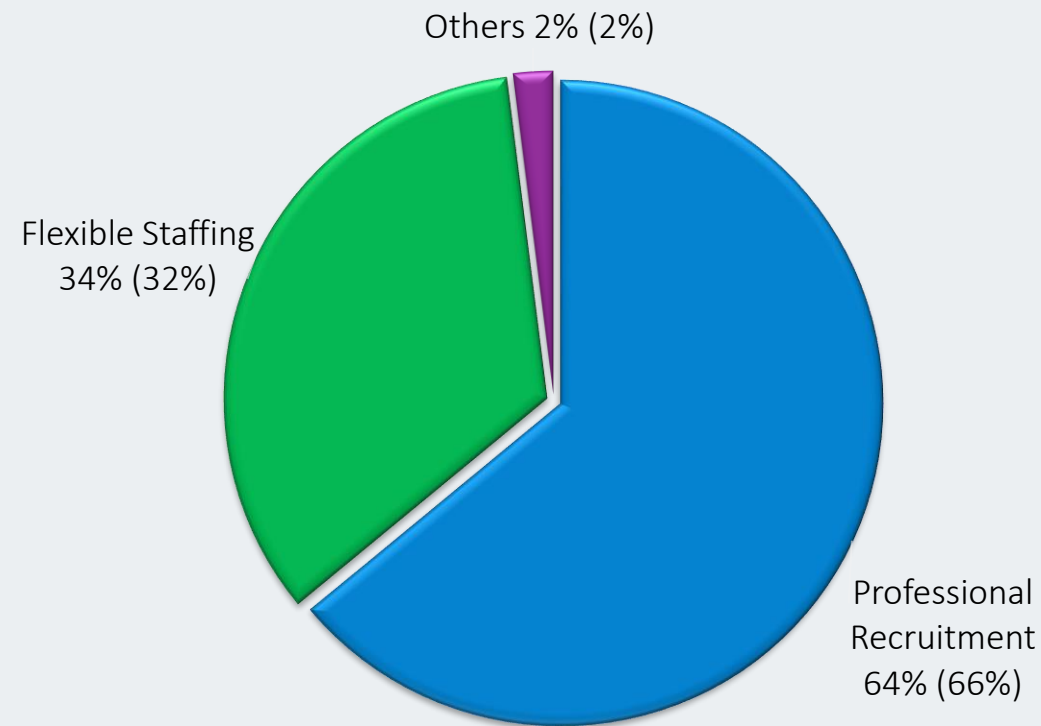
(% in brackets denotes 2016 figures)



- eCommerce, online, gaming, fintech, internet, and mobile apps
- S\$22.8m = 6% in 2017 revenue

2017 Gross Profit by Business Segment & Geography

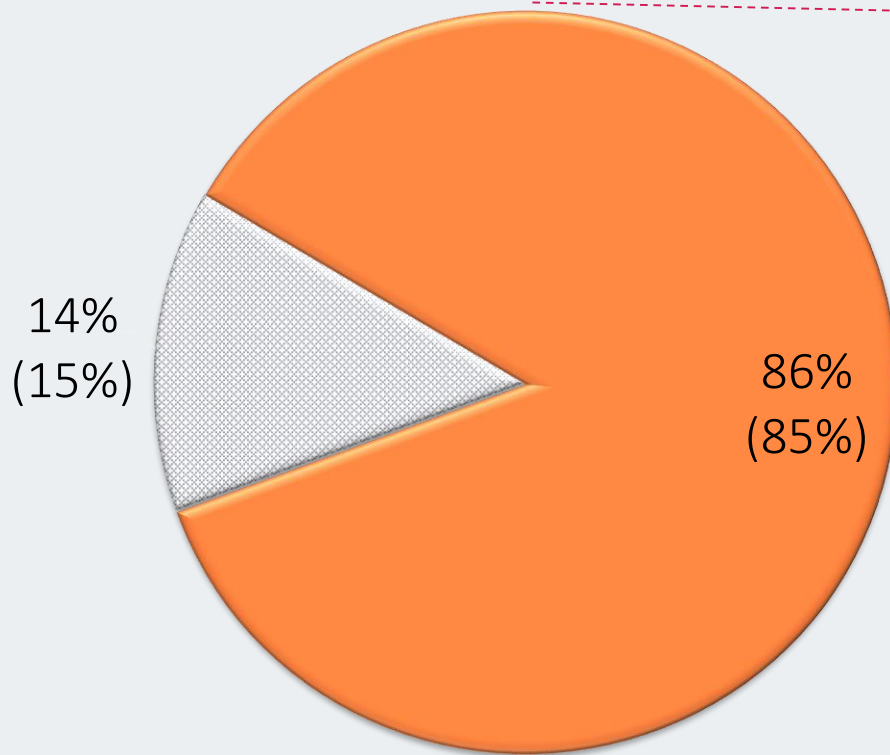
Balanced Growth with Strength in Singapore



(% in brackets denotes 2016 figures)

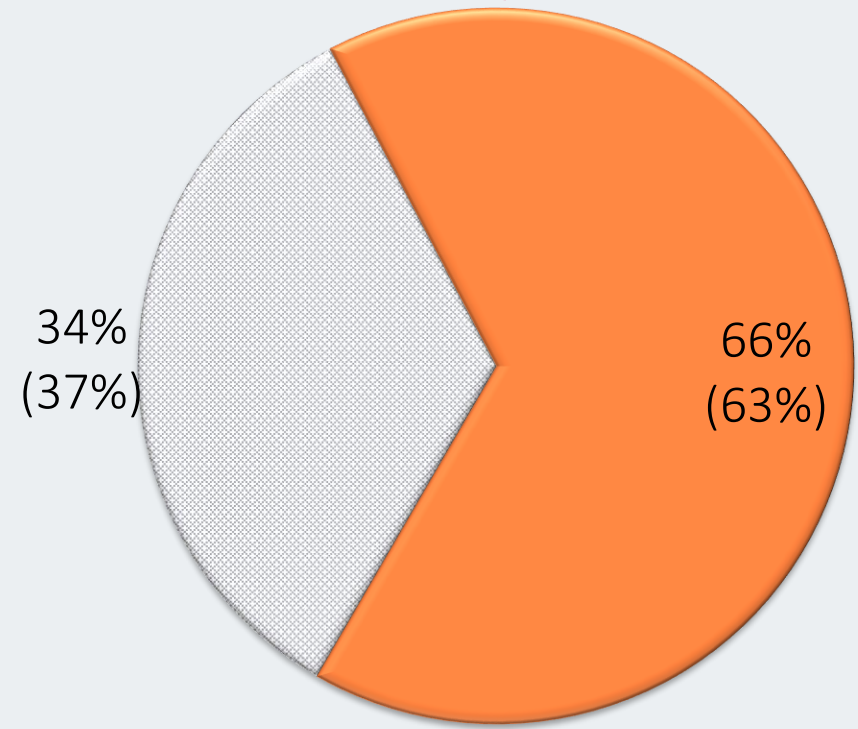
	<u>2017</u>	<u>2016</u>	
Revenue/Sales Employees (\$'000)	563.9	510.5	↑ 10.5%
GP/Sales Employees (\$'000)	195.7	185.7	↑ 5.4%
	<u>Dec-17</u>	<u>Dec-16</u>	
Total Employees	1,003	1,039	
Perm Employees	809	838	
Temp/Contract	194	201	

Sales Employees



■ Sales Employees

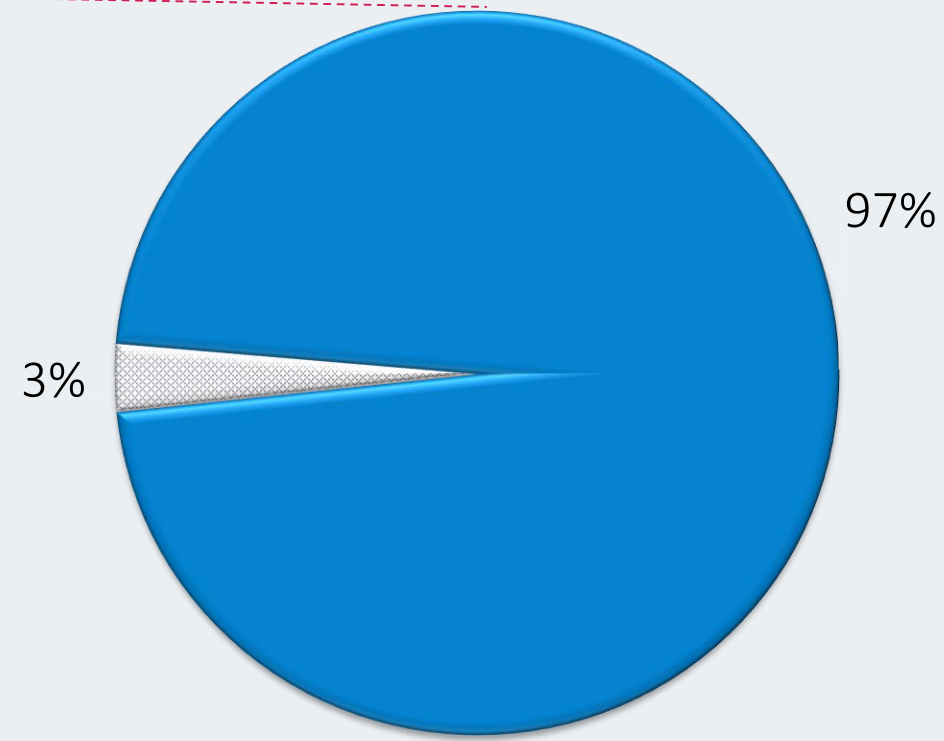
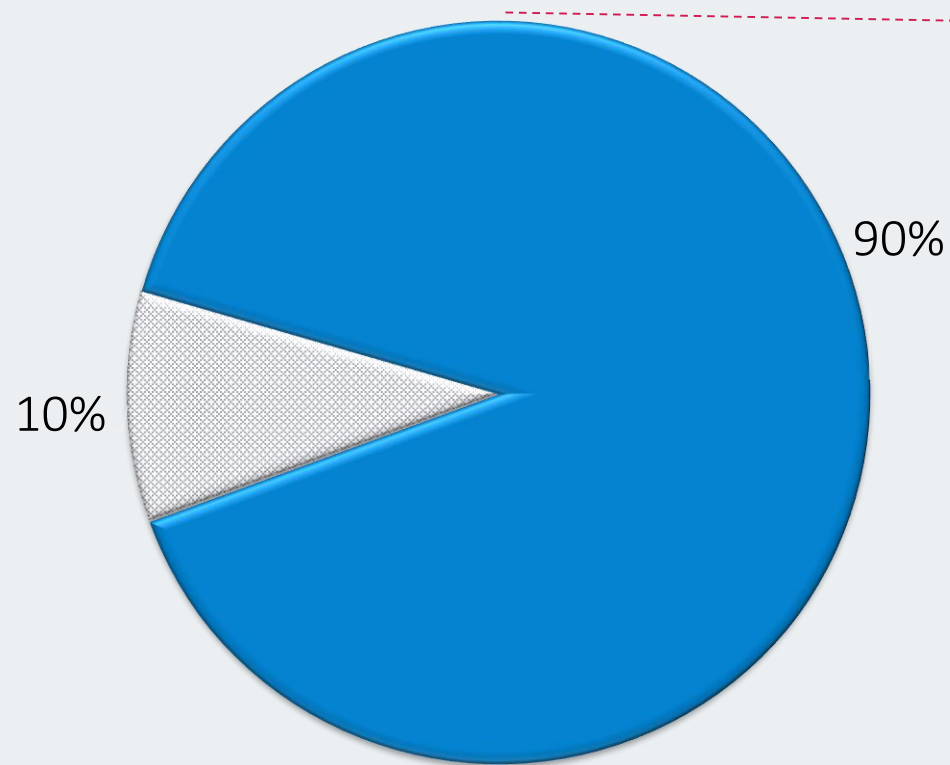
Productive Headcount (PHC)



■ PHC

Retention rate of Co-owners

Productive Headcount (PHC) of retained Co-owners



■ Retention

■ PHC

Delivering on Our Acquisition Strategy

The Group's M&A work is on track with a variety of opportunities, all of which are focused on **Recruitment** and **HR services**, being steadily pursued with a view to:

- Leverage on each other's strengths in the market place, specializations and our infrastructure to achieve business leadership in the relevant space
- Have existing owners and/or core team members of acquisition targets to be co-owners post-acquisition
- Appoint a member of the HRnetGroup senior management team as a sponsor to induct, coach, support and facilitate new co-owners to maximise the synergies



Delivering on Our Acquisition Strategy



HRnetGroup has acquired the business of PT Rimbun Job Agency in Jakarta, and will launch a new brand there - HRnet Rimbun. This will mark the 11th Asian growth city that HRnetGroup has profitable operations in.

The acquisition of Rimbun further cements our position as the largest Asia-based recruitment agency in Asia Pacific (ex-Japan).



Since its inception, Glints has focused on the millennials, and today owns the young professional space with 300,000 candidates across Singapore and Jakarta. The outreach that Glints has with this fast-growing segment, together with its significant brand value, complements HRnetGroup's focus on dominance across the HR spectrum. It provides another avenue for HRnetGroup to stay ahead of the curve in a competitive digital HR space

The deal also gives HRnetGroup deeper access into the fast growing Indonesian market which sees over 2 million young Indonesians entering the workforce every year.



Made up of a young and vibrant team, REForce complements our existing presence in China. They are an Executive Search firm with 58 people specialising in Retail, Industrial, Automotive and FMCG.

Due Diligence Review is currently in progress



BROKER'S CALLS

Investment strategy for a bumper budget: DBS

STOCKS

	Price S\$	Mkt Cap US\$m	12-mth Target Price		Performance (%)		Rating
			S\$	S\$	3 mth	12 mth	
UOB	27.30	34,565	29.50		8.1	28.9	BUY
OCBC Bank	12.95	41,266	14.00		10.6	36.0	BUY
Keppel	8.15	11,251	10.20		10.6	22.7	BUY
Sembcorp Marine	2.66	4,228	3.10		49.4	70.0	BUY
Genting Singapore	1.25	11,457	1.51		(7.4)	27.6	BUY
HRNetGroup	0.83	635	0.96		(2.9)	N.A	BUY
SingPost	1.43	2,466	1.61		10.0	4.4	BUY
BreadTalk Group	1.69	362	2.01		6.3	29.0	BUY

Source: DBS Bank, Bloomberg Finance L.P.
Closing price as of 19 Feb 2018

Major Singapore HR firm makes first startup investment



Another corporation is joining the startup game. **HRNetGroup**, a publicly-listed Singaporean recruitment firm with US\$276 million in revenue in 2016, has made its first investment in a technology startup. The investee is **Glints**, a recruitment service focusing on young professionals and graduates.

The latest funding appears to be strategic in nature. "The deal also gives HRNetGroup deeper access into the fast-growing Indonesian market which sees over 2 million young Indonesians entering the workforce every year," the press release says. Two-thirds of its 300,000 registered users are based in Indonesia.

According to Glints CEO Oswald Yeo, HRNetGroup is investing US\$378,000 in his startup, with existing investors topping up another US\$151,000. This brings Glint's lifetime haul to around US\$3 million.

HRnetGroup invests in joint venture to expand further in China

It said that it has signed a binding term sheet with various individuals and the current shareholders of REForce (Shanghai) Human Resources Management Consulting Co Ltd and their affiliates to buy 51 per cent of REForce.

The purchase will be made in cash. The final price will be determined by the net profit of REForce for the fiscal years ended Dec 31, 2017, 2018 and 2019, as well as a "tiered price-earnings multiple".

The group will also extend a three million yuan (\$614,412) shareholders' loan to REForce for operation and expansion purposes.

If REForce does not meet the net profit target for two consecutive years, HRnetGroup can terminate the acquisition and require the REForce shareholders to buy out HRNetGroup from REForce, as according to the term sheet.



HRnetGroup plans China expansion via tie-up

Recruitment firm HRNetGroup plans to invest in a joint venture to boost its expansion into China.

The firm has signed a binding term sheet with various individuals and the shareholders of REForce (Shanghai) Human Resources Management Consulting and their affiliates to buy 51 per cent of REForce, it announced yesterday.

The purchase will be made in cash. The final price will be determined by the net profit of REForce for the fiscal years ended Dec 31, 2017, 2018 and 2019, as well as a "tiered price-earnings multiple". The net profit for the financial year ended 2017 will represent 10 per cent of the total price, while the net profit for 2018 and 2019 will make up 45 per cent each of the final price.

HRnetGroup

HR for Asia



众里寻他千百度，暮然回首，
那人却在，灯火阑珊处。