

HRnetGroup

1H 2022

6 months ended 30 June 2022

# RESULTS ANNOUNCEMENT

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**JENNIFER KANG**

Group CFO

**ADELINE SIM**

Chief Corporate Officer  
& Executive Director



# DISCLAIMER

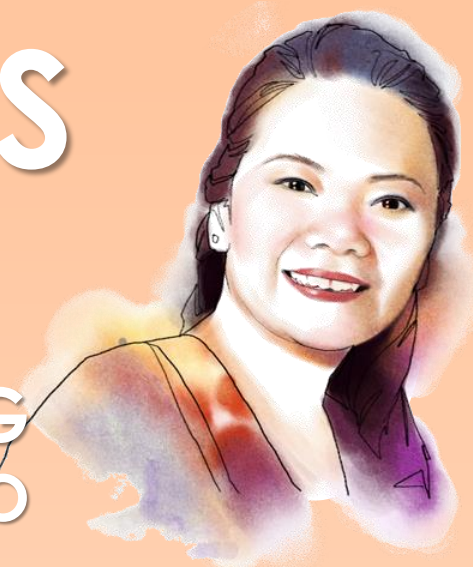
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# 1H2022 FINANCIAL HIGHLIGHTS

JENNIFER KANG  
Group CFO



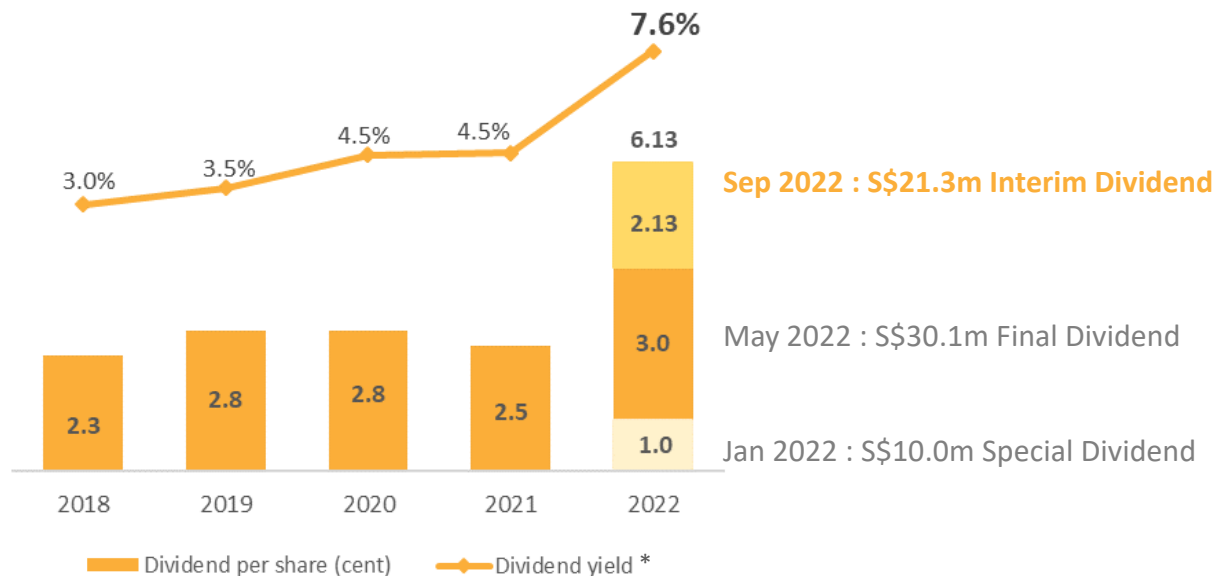
# 1H2022 HAPPY SHAREHOLDER RETURNS



**S\$61.4M DIVIDEND PAYOUT**



**S\$30M SHARE BUYBACK PROGRAM**



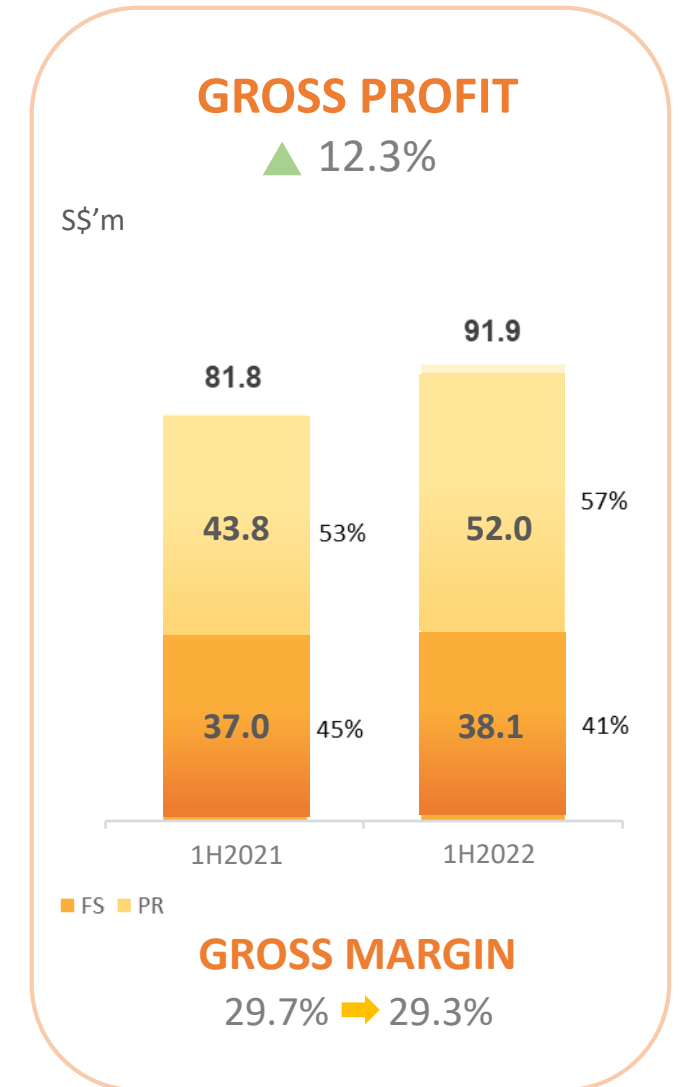
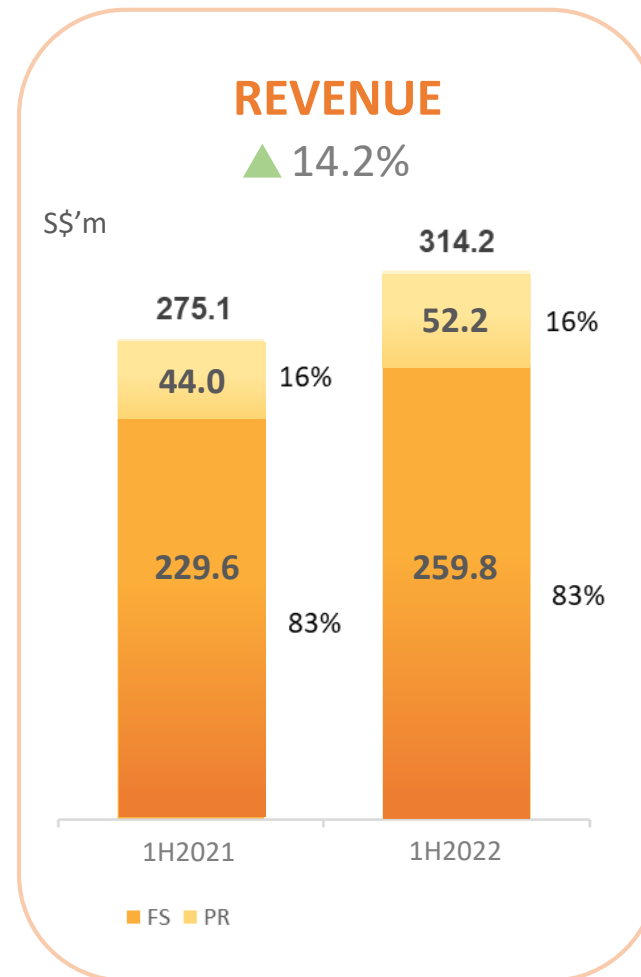
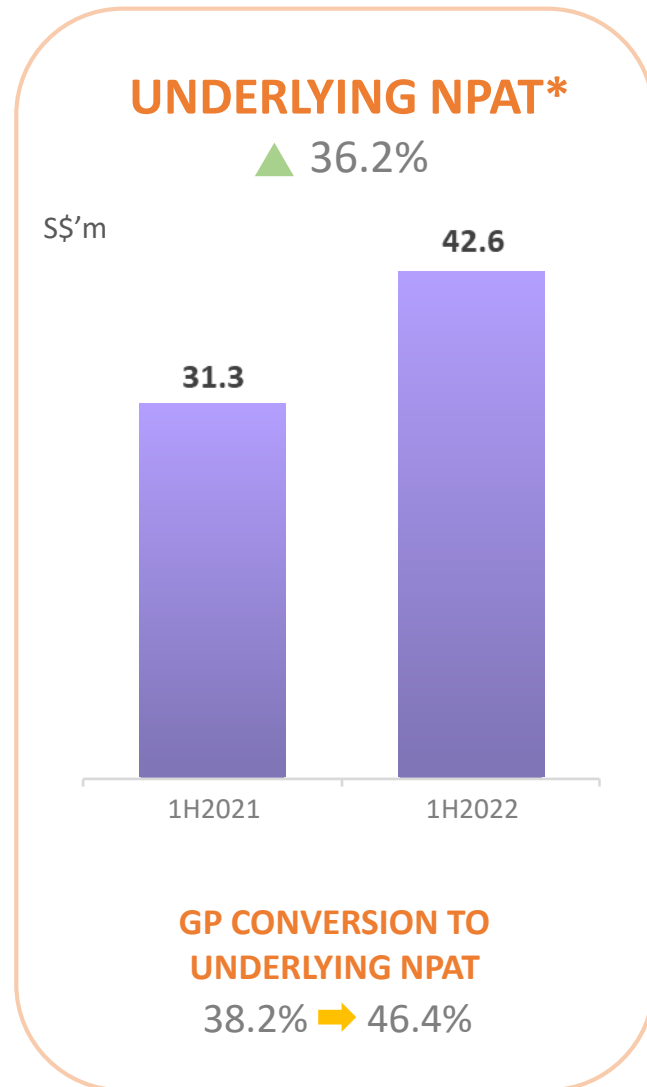
**To resume when share price is undervalued, after blackout period**

1.5m shares purchased at average S\$0.78 totaling S\$1.2m from 13 Jun 2022 to 8 Jul 2022 (before blackout period)

9.2m treasury shares available for M&A, employee shares, acquisition of minority interests

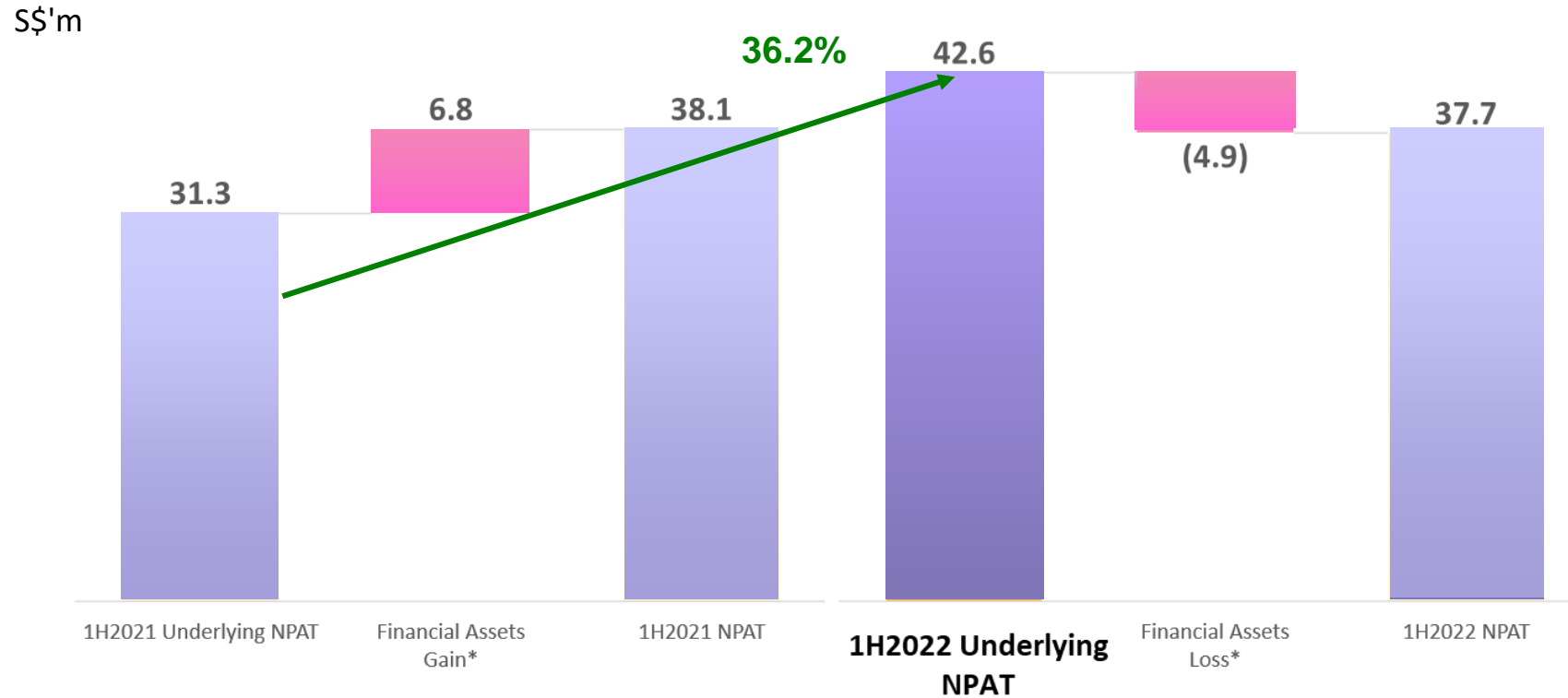
\*Dividend yield = dividend paid during the year / closing share price on the last trading day of the prior year

# 1H2022 KEY FINANCIALS – DOUBLE DIGIT GROWTH



\*Underlying NPAT refers to Net profit after tax less Gain (Loss) from financial assets mandatorily measured at FVTPL.

# 1H2022 STRONG PROFITS



**Underlying NPAT** is a reflection of the operating performance of our recruitment business.

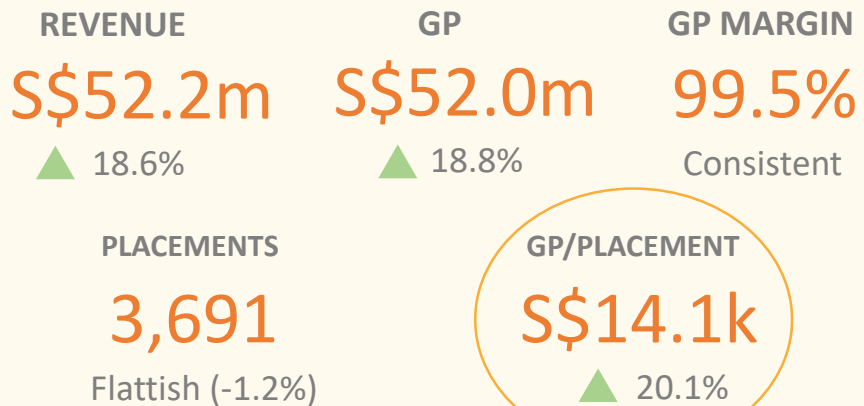
\*Net fair value and disposal gain (loss) on financial assets mandatorily measured at FVTPL mainly relates to HR marketable securities which are subject to market forces not within our control.

*"The first half of 2022 has been a challenging one for equity investors. While the S&P 500 has posted one of its worst first six months of a year since 1962, Asian equities have been in their longest bear market since 2000. The MSCI Asia Pacific ex-Japan index has been in its 15<sup>th</sup> month of a bear market, nearly twice as long as the average drawdown of eight months."*  
*(Source: UBS House View 27 June 2022)*

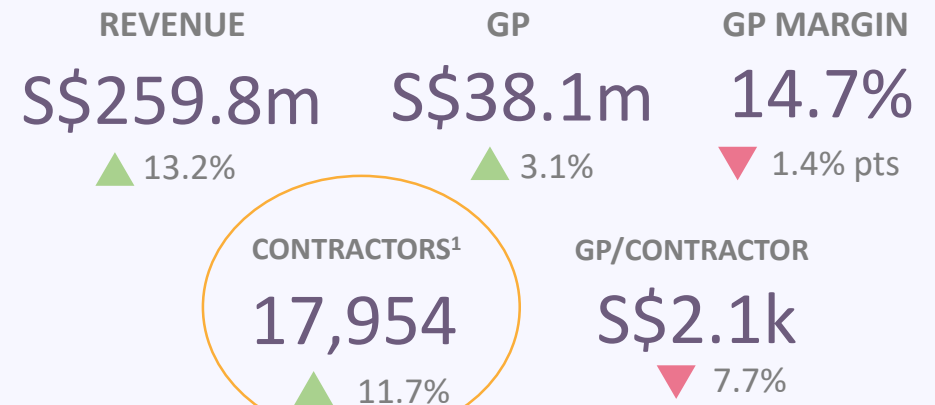
# 1 H2022 BUSINESS DYNAMICS



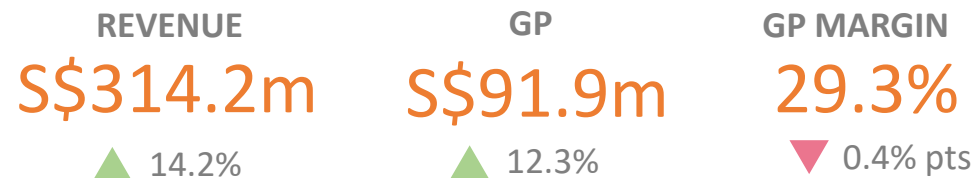
## PROFESSIONAL RECRUITMENT



## FLEXIBLE STAFFING



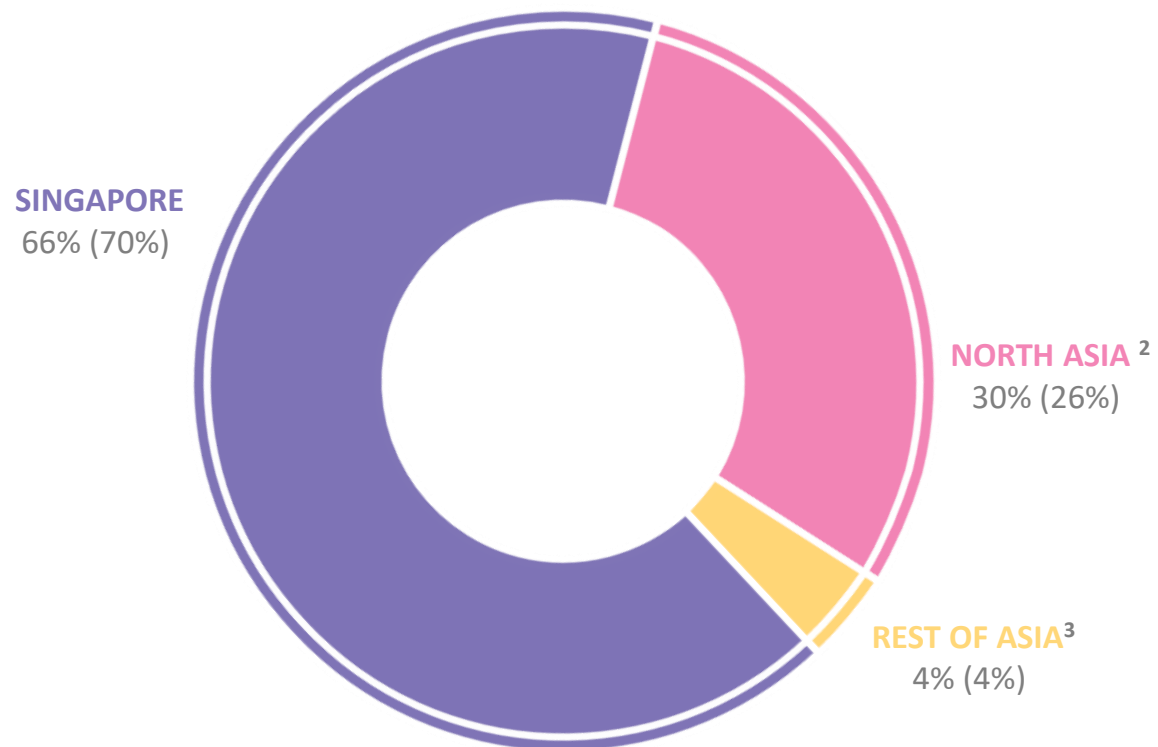
## GROUP



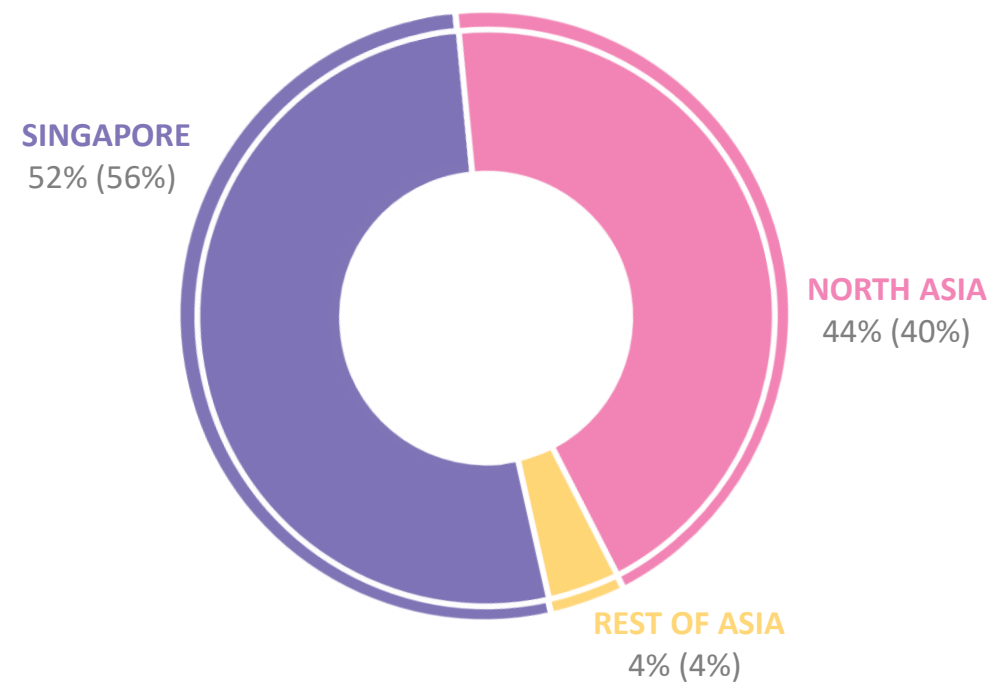
1. No. of Contractors 17,954 (monthly average); 16,795 (Jun 2022).

# 1H2022 GEOGRAPHY MIX

## REVENUE



## GROSS PROFIT



### Growth across Geographical Mix (%)

	Singapore	North Asia	Rest of Asia
Revenue	7.4	28.4	41.5
Gross Profits	4.3	23.7	10.6

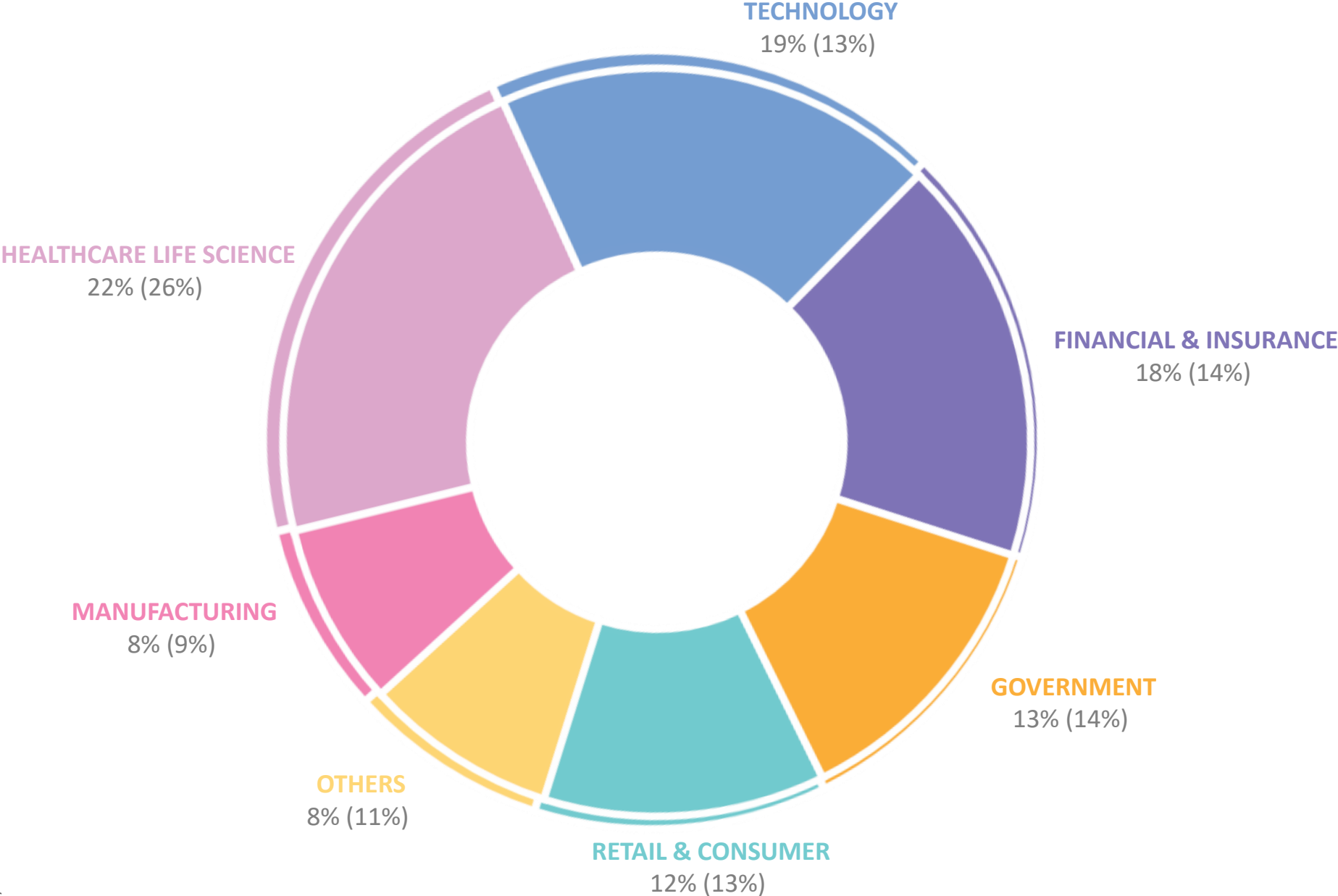
1. 1H 2021 figures in brackets.

2. North Asia : Beijing, Shanghai, Shenzhen, Guangzhou, Suzhou, Chengdu, Taipei, Hong Kong, Tokyo and Seoul.

3. Rest of Asia : Kuala Lumpur, Jakarta and Bangkok.



# 1H2022 SECTOR DYNAMICS



1. 1H 2021 figures in brackets.

# 1H2022 DIVERSIFIED CLIENT BASE

Our **Top 5** clients have been with us for an average of **19** years

	Customer since	1H'22 Revenue Contribution
1. Client (Healthcare)	2005	5.1%
2. Client (Financial & Insurance)	2000	3.2%
3. Client (Retail & Consumer)	1999	2.4%
4. Client (Financial & Banking)	2004	2.0%
5. Client (Healthcare)	2006	1.7%
Contribution from Top 5 clients		14.3%
Contribution from Top 10 clients		21.9%

# 1 H2022 SHELTER FROM INTEREST RATE HIKES



## NET CASH OUTFLOW OF \$\$14.3M:

### OPERATING

**+ \$\$33.7m**

- \$\$54.2m operating cashflow
- \$\$ (20.5m) working capital changes & tax payments

### INVESTING

**+ \$\$0.7m**

- \$\$4.0m proceeds from disposal of investments
- \$\$ (3.0m) purchase of financial assets at FVTPL
- \$\$ (0.3m) others

### FINANCING

**- \$\$47.1m**

- \$\$ (42.8m) dividends paid
- \$\$ (3.8m) repayment of lease liabilities
- \$\$ (0.8m) share buyback
- \$\$0.3m others

### FOREX

**- \$\$1.6m**

Effect of foreign exchange rate changes on Cash & Cash equivalents

# 1 H2022 HIGHLIGHTS – S\$174.1M IPO Proceeds

UTILISATION	Amount (S\$m)
Investments in Staffline and Bamboos (FVTOCI)	64.0
Purchase of financial assets (FVTPL)	38.9
Acquisition and investment in subsidiaries	8.4
Start-up of subsidiaries	8.0
IPO related expenses	9.0
Balance pending deployment	45.8
<b>Total IPO Proceeds</b>	<b>174.1</b>

## EARMARKED FOR 2H2022 :

Investment in New Organic Subsidiary	1.2
Additional Investment in Existing Subsidiary	0.7
	1.9

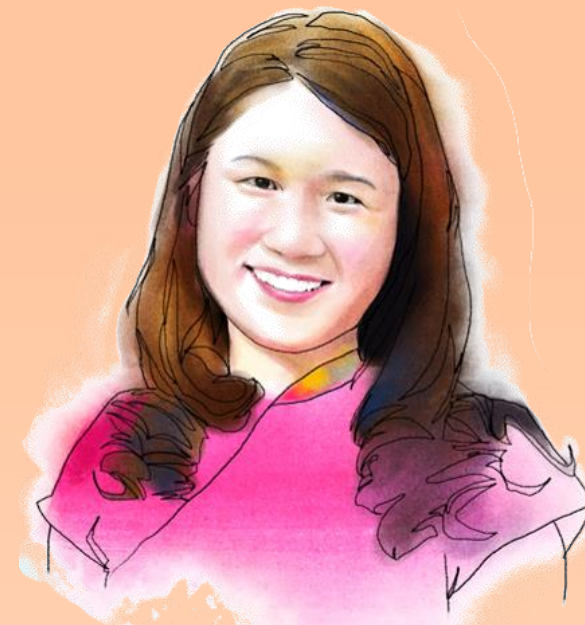
	Amount (S\$m)
As at 1 Jan 2022	127.3
Additional Investments in Staffline (FVTPL)	0.6
Additional Investments in RFI <sup>1</sup>	0.4
As at 30 Jun 2022	128.3

1. PT Recruit First Indonesia.



# 1H2022 ORGANISATION & OUTLOOK

ADELINE SIM  
Executive Director & Chief Corporate Officer



# INTERNATIONALISING OUR BOARD

WITH MORE TALENT EXPERTS



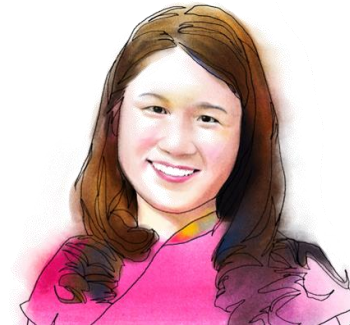
**JS SIM**

Executive Director,  
CEO of Recruit Express



**PETER SIM**

Executive Director  
& Founding Chairman



**ADELINE SIM**

Executive Director,  
Chief Corporate Officer



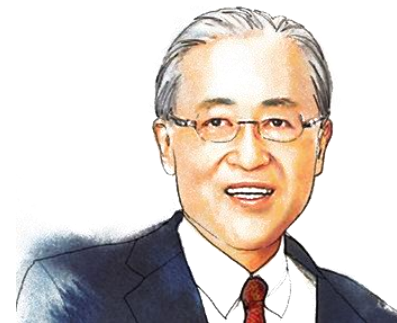
**MAE HENG**

Lead Independent Director,  
Chairman of Audit Committee  
& Remuneration Committee



**WALLACE GAO**

Independent Director,  
Member of Remuneration Committee



**HANK SATO**

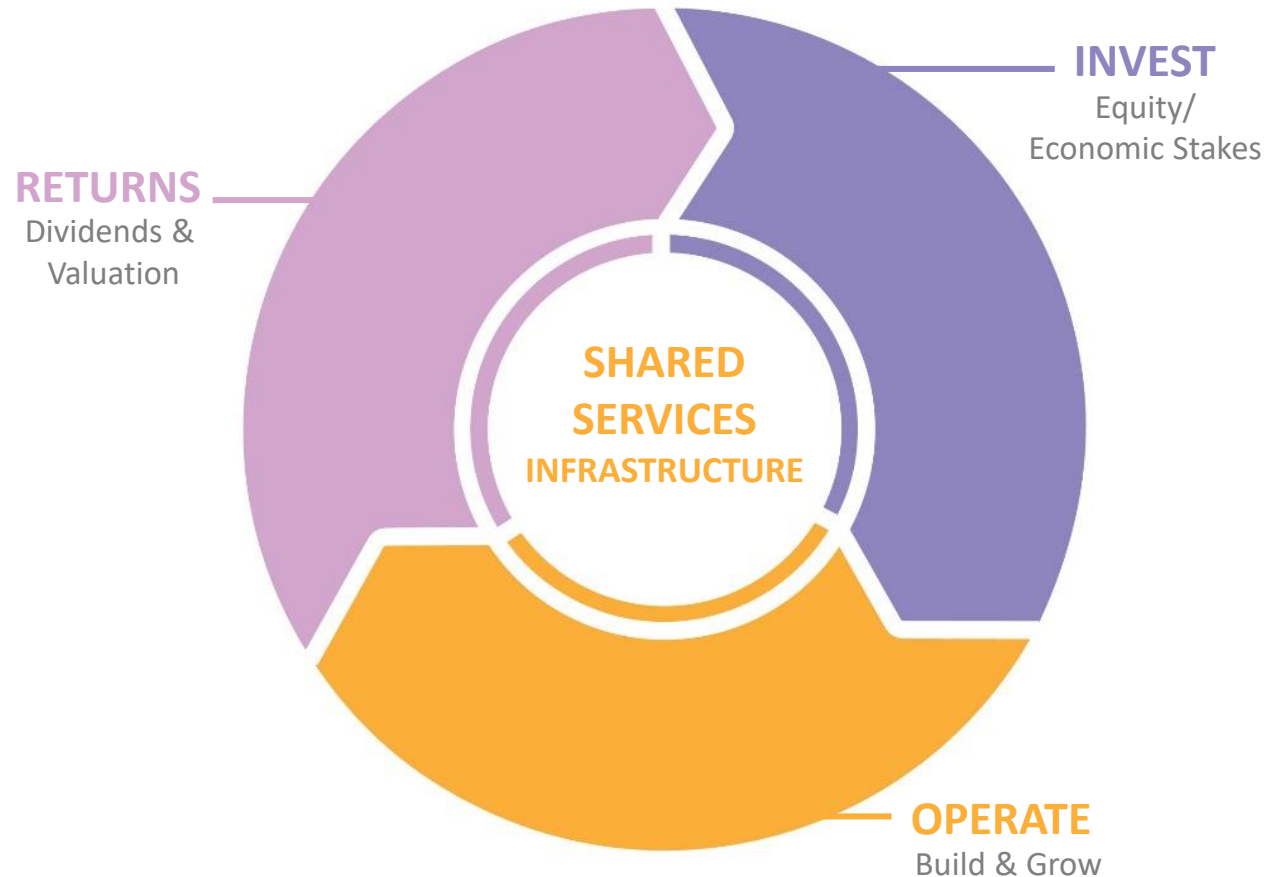
Independent Director,  
Member of Audit Committee



**PONG CHEN YIH**

Independent Director,  
Chairman of Nominating Committee,  
Member of Audit Committee &  
Remuneration Committee

# CO-OWNERSHIP OPERATING MODEL



## OUR 36 BUSINESS LEADER CO-OWNERS

propelled growth across 14 Asian cities, 40 offices and 32 Business Units over the last 30 years.

## NET INCREASE FROM 6/2017 IPO – 6/2022

- 14 **Business Leader Co-owners** from 22 to now 36.
- 9 new Business Units established.

## SKIN IN THE GAME

- Organic Business Units powered by pioneer and key business leaders
- Inorganic Business Units welcomed co-owners to stay on and tap onto the infrastructure of shared services & infrastructure.

# 36 BUSINESS LEADER CO-OWNERS

HRnetOne



ADRIAN CHIA  
Shanghai



ANGELA KWAK  
Seoul



ASAKO YOSHII  
Tokyo



BLISS TSAI  
Guangzhou



CATHERINE YEOW  
Thailand & Singapore



Frances Li  
Shenzhen

PeopleSearch



LORENCZ TAY  
Singapore/Hong Kong SAR  
/Taipei/Tokyo



JARED NG  
Hong Kong SAR



KUNG SHIH CHAN  
Shanghai



PING CHEN  
Taipei



STEVEN LIM  
Taipei



HERMOSA LIN  
Shanghai



KAREN KOH  
Hong Kong SAR



MADLINE WAN  
Greater China & Japan



MAVERICK TAN  
Guangzhou &  
Shenzhen



MIRANDA CHIN  
Taipei



RUBBY LIM  
Jakarta

RecruitFirst



AVIEL SIM  
Hong Kong SAR



ANNIE ZHANG  
Shanghai



BENNY ZHANG  
Taipei



DANIEL CHOONG  
Kuala Lumpur



DEBBY LIM  
Jakarta



LEE MEI CHIN  
Kuala Lumpur

PeopleFirst

RECRUIT  
EXPRESS

REFORCE  
RECRUITMENT EXPERT FORCE



VICKI ONG  
Taipei



KHIM GOH  
Kuala Lumpur



RITA DONG  
Shanghai



WILL YAN  
Beijing



JACELYN CHUA  
Singapore



KATHERINE CHOW  
Hong Kong SAR



KELVIN RIMBUN  
Jakarta



LEE CHUNG  
Taipei



# EXPANSION OF SALES CAPACITY



## SALES PRODUCTIVITY

**80%**  
SALES HC  
HIGH RATIO OF FEE EARNERS

**67%**  
PHC<sup>1</sup>

**\$130k/HC**  
▲ 9%

## FULL-TIME EMPLOYEES<sup>2</sup>

**36**  
BUSINESS LEADER  
CO-OWNERS

**126**  
LEADERS

**553**  
FULL-TIME CONSULTANTS

## GROWTH CAPACITY

**69%** **31%**  
FTE<sup>2</sup> ITC<sup>3</sup>  
COST-EFFECTIVE DEPLOYMENT

▲ **145**  
INCREASE IN HC

**23**  
HC FOR NEW UNIT  
INCUBATION

1. PHC: Productive Heartcount (Sales people that generate GP ≥ 3x payroll cost)
2. FTE : Full-time employees
3. ITC : Interns, Trainees, Contractors



## NEW PROGRAMS AND ENHANCEMENTS

Steady stream of new modules and programs to improve productivity & efficiency

### **UPGRADED CANDIDATE PROFILE REPORT (CPR) FORMAT**

Enhanced content and layout unified across all cities

### **LOGBOOK**

Allows consultants to easily track and contact their active dispatched candidates

### **DATA SYNC**

Allows automated data push for faster processing of contractor information

### **TEAMS MEETING INTEGRATION**

Allows one-click creation of interviews with a Teams online meeting invite

### **JOB POSTING ON TELEGRAM BOT**

Automated job posting from our platform to telegram channels and groups

### **NEW FEATURES ON EASE MOBILE APP**

Allows contractors to perform Claims and OT requests on the go

### **EASE TIMESHEET SCHEDULING**

A new function that allows scheduling of workers

### **2FA FOR EASE**

Improved account security with 2FA access

# CARING FOR OUR STAKEHOLDERS



Caring for our people and local communities through CSR and ESG activities

## TAIPEI: BLOOD DONATION DRIVE



- Organised in partnership with Taipei 101
- Donated a total of 241 bags of blood

## TOKYO: BEACH CLEAN-UP



- 4km stretch of Enoshima beach
- Collected combustible trash and plastics along the entire stretch

## SHANGHAI: LOCKDOWN SUPPORT



- Supported our staff with essentials during the COVID lockdown

## UPCOMING: WALKATHON & FUNDRAISING



- Walkathon event to raise funds for local beneficiaries
- 3 September
- Singapore, Shanghai, Beijing, Guangzhou, Shenzhen, Taiwan, Korea, Hong Kong, Kuala Lumpur, Tokyo & Jakarta

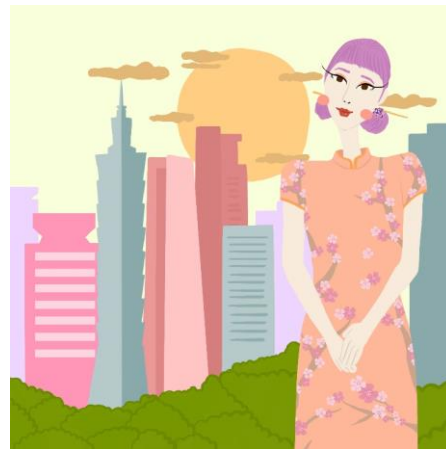
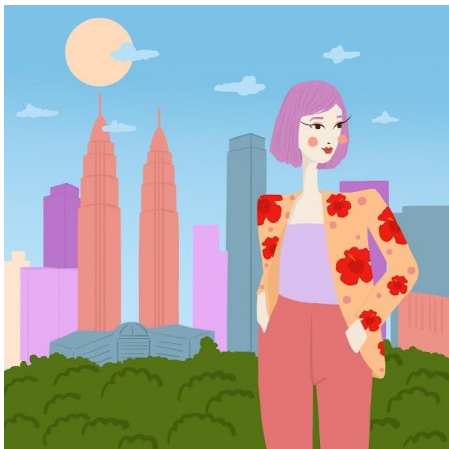
# FUNDRAISING THROUGH NFTs



## LIMITED EDITION NFTs

As part of our fundraising initiatives for our upcoming Walkathon, we launched 6 limited edition NFTs featuring our mascot Ruby.

The proceeds from this NFT collection benefits the local beneficiaries and communities that HRnetGroup is a part of.



Scan to view and purchase NFTs on OpenSea



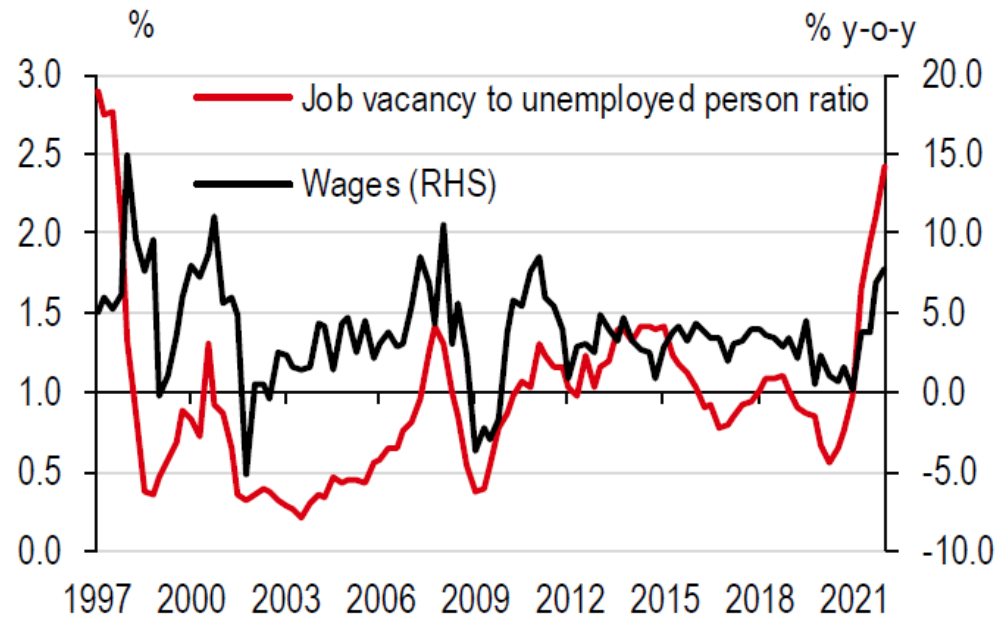
# OUTLOOK – GDP & INFLATION

Geography	GDP Growth Rate		Inflation Rate
	2021	2022f	Jun-22
Singapore	7.2	4.0	4.4
Mainland China	8.1	3.3	2.5
Taiwan	6.6	3.9	3.6
HK SAR	6.3	-0.5	1.8
Japan	1.7	1.7	2.2
S. Korea	4.1	2.6	6.0
Indonesia	3.7	5.3	4.4
Malaysia	3.1	5.1	3.4
Thailand	7.4	3.2	9.4

Sources: National Statistics of respective countries, IMF

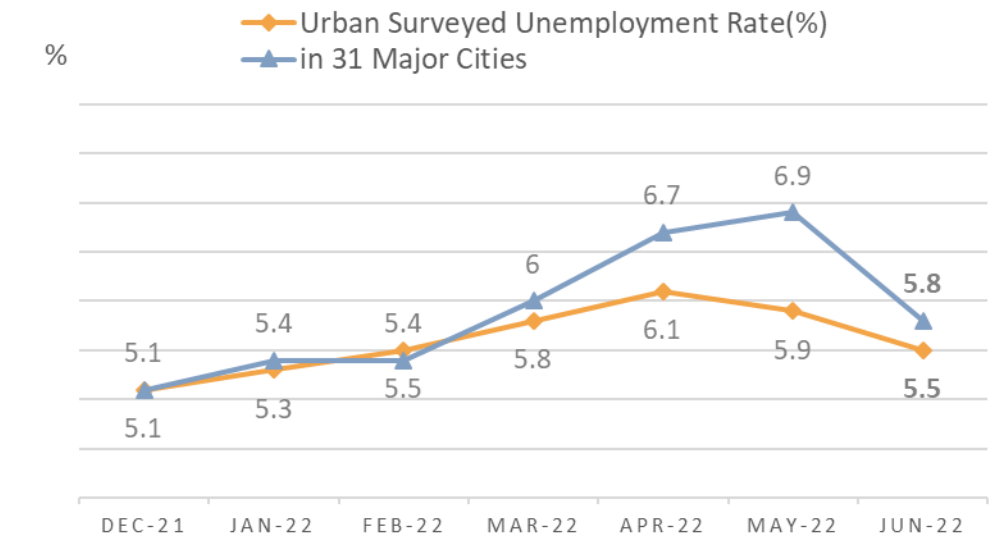
## SINGAPORE

Wage growth has been rising rapidly since 4Q21...



Source : HSBC 29 July 2022

## CHINA URBAN UNEMPLOYMENT RATES



Source: China National Bureau of Statistics

# KEY INVESTMENT PROPOSITIONS



## STRONG FINANCIALS (1H2022)

- Revenue S\$314.2m ▲14.2%
- Gross Profit S\$91.9m ▲ 12.3%
- Underlying NPAT S\$42.6m ▲ 36.2%. Profit S\$37.7m ▼0.9%
- Cash S\$312.7m, no borrowings



## SCALEABLE FOR REPEAT SUCCESS

- 1,282 people, 32 Business Units, 40 offices, 14 Asian cities
- Full spectrum of 12 brands with product & service differentiation
- Systems, processes, digital infrastructure to replicate success



## CONTINUED GROWTH

- Organic growth through Co-Ownership model with 36 business leaders holding stakes in Business Units they operate
- M&A profit accretive & successful in integration



## SHAREHOLDER RETURNS

- ROE<sup>1</sup> 18% (2021), 9% (1H 2022)
- S\$40.1m paid and S\$21.3m payable in 2022
- Dividend Yield 7.6% <sup>2</sup>

1. PATMI / NAV

2. S\$0.0613 total dividend per share / S\$0.805 closing share price on 31 December 2021



THANK YOU

HRnetGroup