

# 30

YEARS OF  
HRnetGroup



HRnetGroup

2022 ANNUAL GENERAL MEETING

# FUNDAMENTALS



## STRONG FINANCIALS

- Revenue S\$590.5m up 36%
- Gross Profit S\$174.9m up 35%
- Profit S\$70.3m up 41%
- Cash S\$327.1m, no borrowings



## CONTINUED GROWTH

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



## SCALEABLE FOR REPEAT SUCCESS

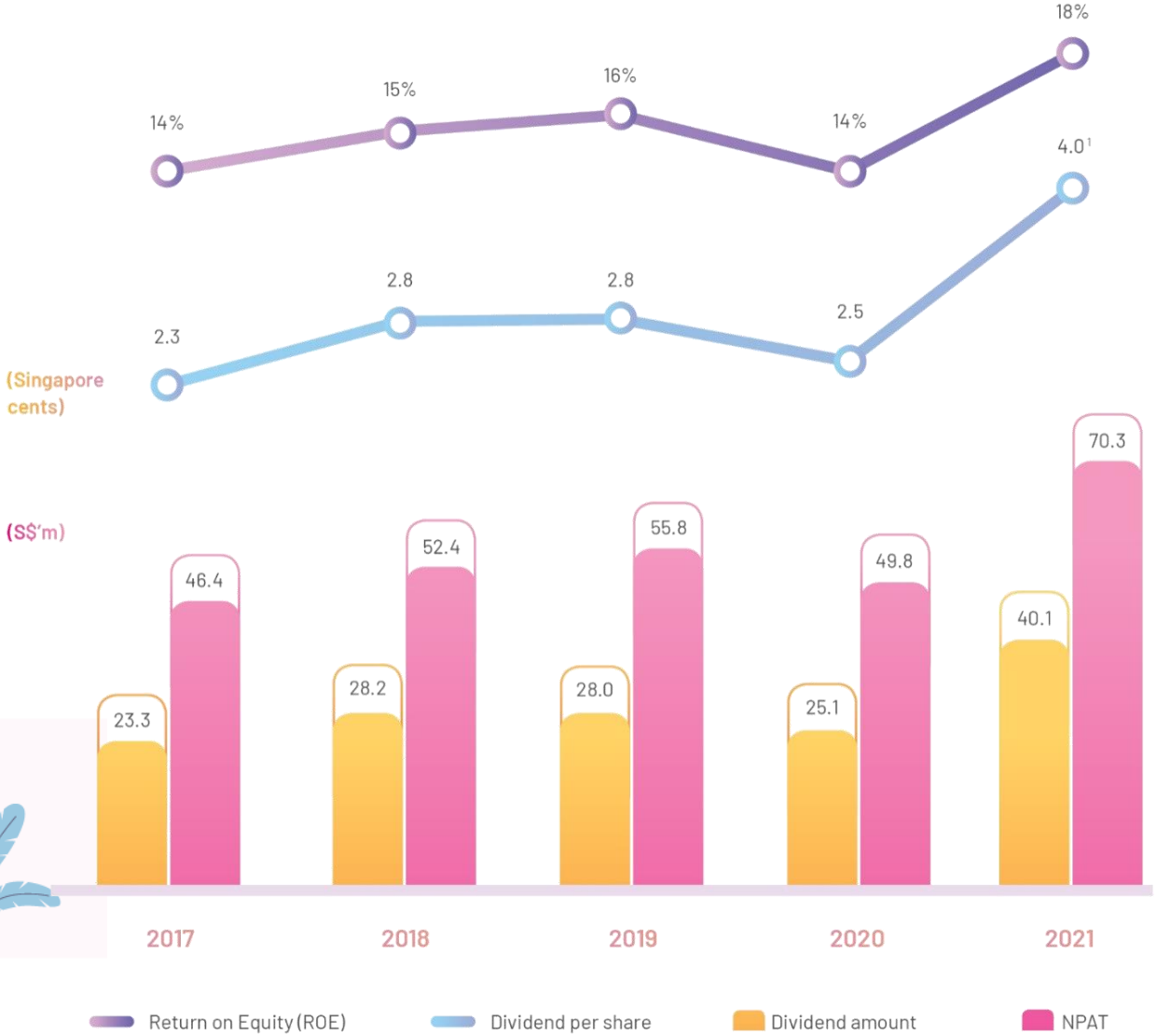
- > 1,000 people, 32 Business Units, 40 offices, 14 Asian cities.
- Full spectrum of 12 brands with product & service differentiation.
- Systems, processes, digital infrastructure to replicate success.



## FY2021 SHAREHOLDER RETURNS

- ROE 18%
- Dividend Payout 57%
- Dividend Yield<sup>1</sup> 5.6%

# RISING SHAREHOLDER RETURNS & DIVIDENDS



1. Special dividend of 1.0 Singapore cent per share paid on 11 January 2022 and final proposed dividend of 3.0 Singapore cents per share subject to shareholders' approval at the forthcoming AGM.

# FINANCIAL RECAP 2021



## GOOD DIVIDENDS

**S\$40.1m<sup>1</sup>**  
**5.6% yield<sup>2</sup>**



## STRONG CASH<sup>3</sup> POSITION

**S\$327.1m**



## SOLID PROFITS

**S\$70.3m**  
 Healthy profit  
 margin 11.9%

### TOP LINES

#### REVENUE

**S\$590.5m**

(2020: S\$433.0m)

(2019: S\$423.1m)

#### GROSS PROFIT

**S\$174.9m**

(2020: S\$129.3m)

(2019: S\$145.6m)

### EFFICIENCY

#### PROFIT MARGIN (NPAT/REVENUE)

**11.9%**

(2020: 11.5%)

(2019: 13.2%)

#### EBITDA/GP

**53.2%**

(2020: 51.8%)

(2019: 48.8%)

### PROFITABILITY

#### NORMALISED NPAT<sup>4</sup>

**S\$69.8m**

(2020: S\$50.9m)

(2019: S\$54.2m)

#### PATMI

**S\$65.5m**

(2020: S\$46.9m)

(2019: S\$51.6m)

1. Special dividend of S\$10.0m paid out on 11 Jan 2022. Final proposed dividend S\$0.03 per share or S\$30.1m subject to shareholders' approval at the forthcoming AGM.

2. Based on 2021 daily-average share prices.

3. Refers to cash and cash equivalents.

4. Based on "Normalised NPAT" which excluded net fair value gain/(loss) on revaluation of financial assets.

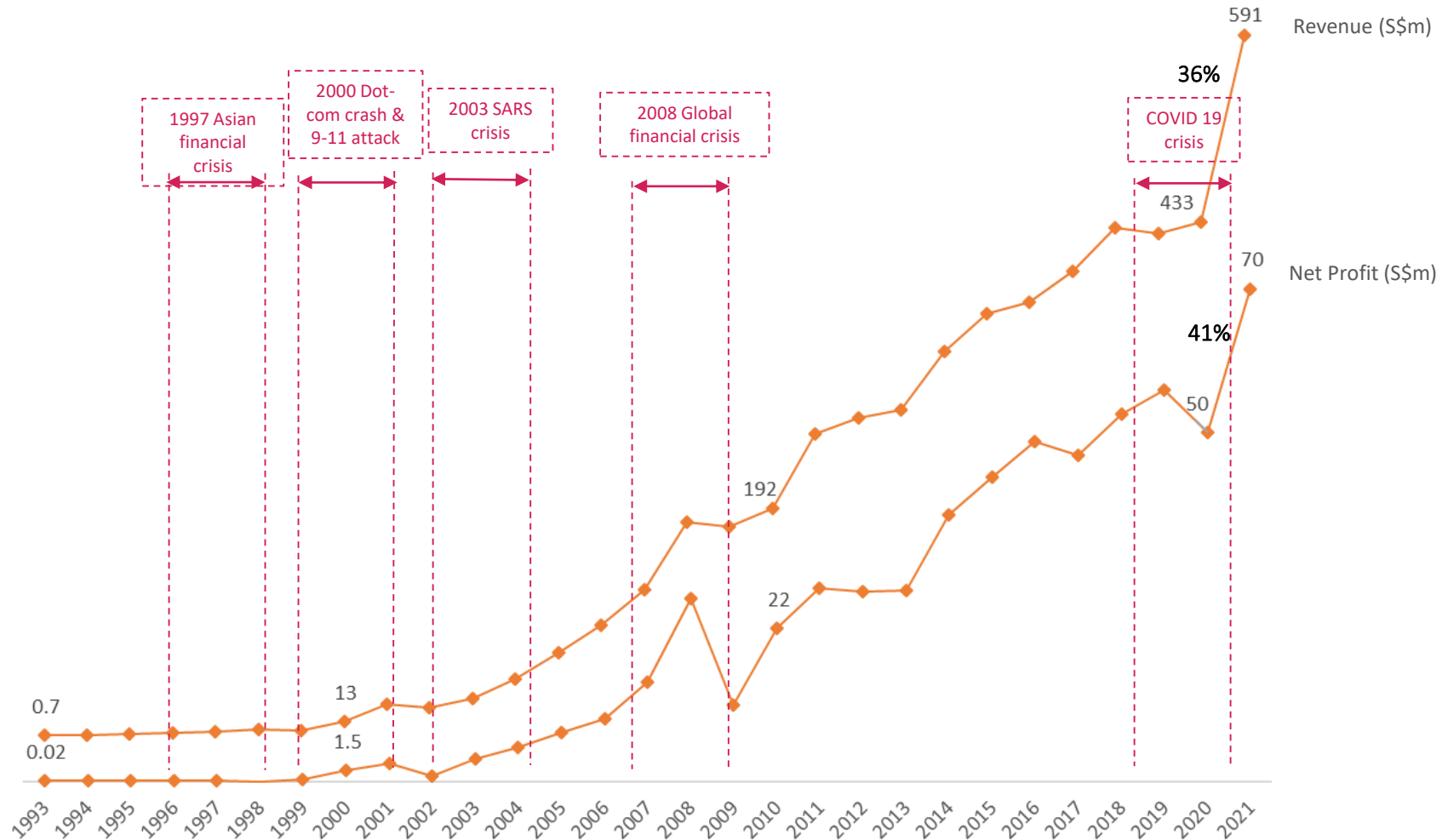


**OUR GROWTH STORY**

# STRONG GROWTH & PROFITABILITY SINCE INCEPTION

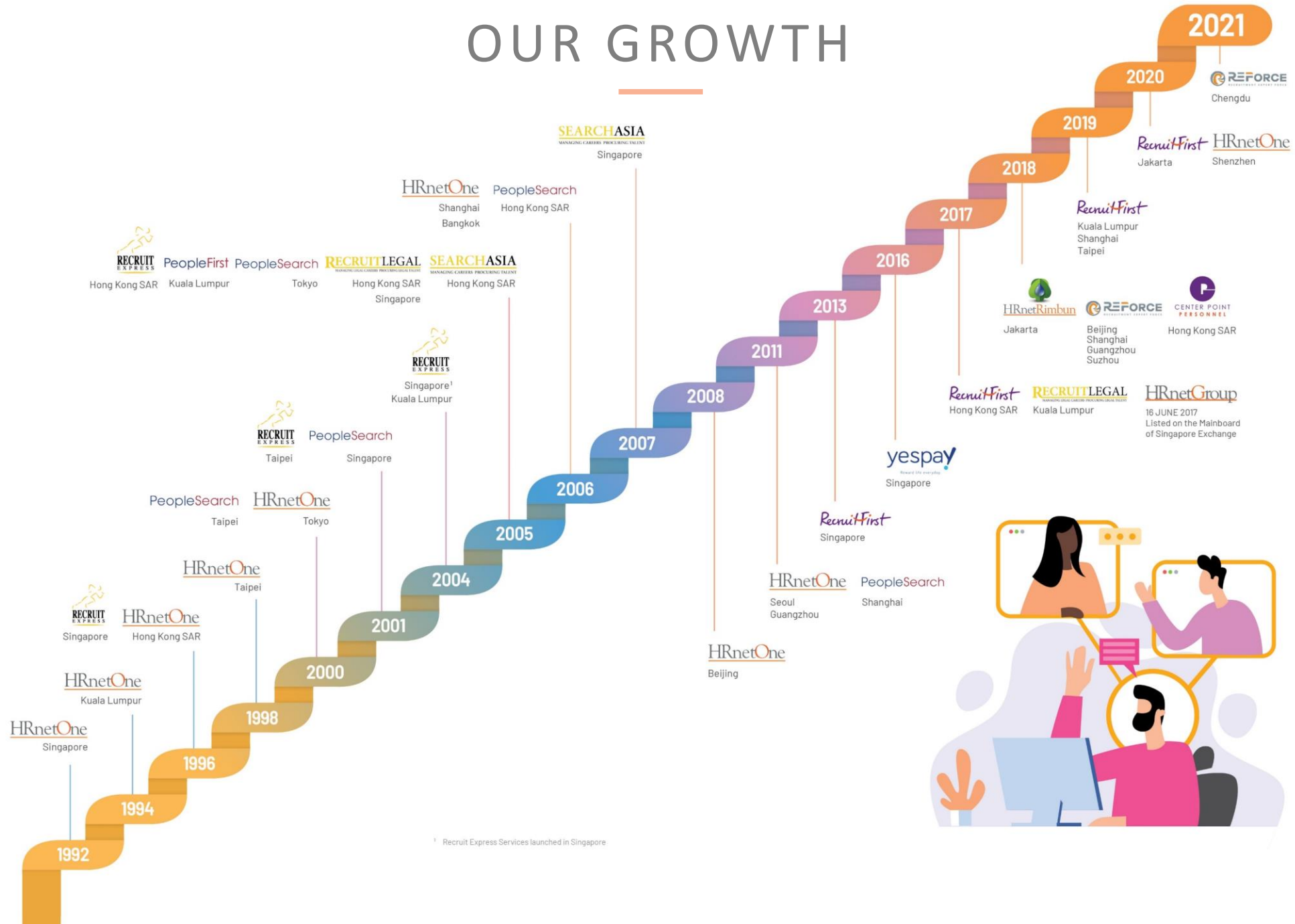
29-year Revenue & Net Profit History (\$\$'million)<sup>(a)</sup>

2017 – 2021 CAGR:  
 Revenue 10.8%  
 NPAT 10.9%

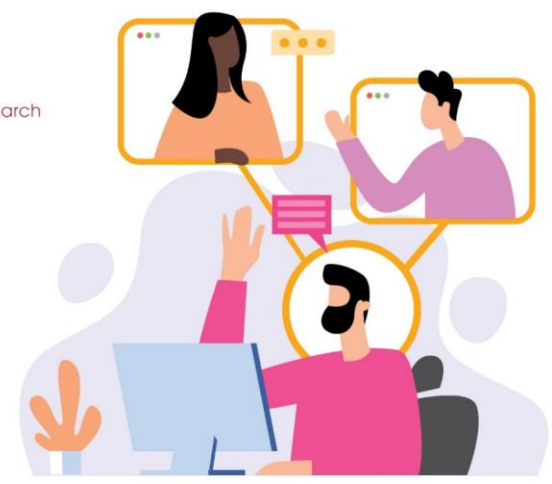


(a) Revenue prior to 2014 prepared based on combined results of subsidiary companies with different financial year ends; 2014, 2015 and 2016 based on new financial year ending 31 December

# OUR GROWTH



<sup>1</sup> Recruit Express Services launched in Singapore.





# CO-OWNERSHIP OPERATING MODEL: 35 CO-OWNERS

HRnetOne

PeopleSearch

PeopleFirst



**ADRIAN CHIA**  
Key Account Director  
Shanghai



**ANGELA KWAK**  
Practice Leader  
Seoul



**ASAKO YOSHII**  
Group Business Leader  
Tokyo



**BLISS TSAI**  
Key Account Director  
Shanghai



**CATHERINE YEOW**  
Group Business Leader  
Thailand & Singapore



**LORENZ TAY**  
Group Managing  
Director



**JARED NG**  
Senior Business Leader  
Hong Kong SAR



**KUNG SHIH CHAN**  
Group Business Leader  
Shanghai



**PING CHEN**  
Group Business Leader  
Taipei



**STEVEN LIM**  
Group Business Leader  
Taipei



**LEE MEI CHIN**  
Regional Consulting Manager  
Malaysia



**HERMOSA LIN**  
Business Leader  
Shanghai



**MADELINE WAN**  
Group Business Leader  
Greater China & Japan



**MAVERICK TAN**  
Business Leader  
Guangzhou



**MIRANDA CHIN**  
Senior Business Leader  
Taipei



**RUBBY LIM**  
Business Leader  
Jakarta

RecruitFirst



**AVIEL SIM**  
Consulting Director  
Hong Kong SAR



**ANNIE ZHANG**  
Business Leader  
Shanghai



**BENNY ZHANG**  
Business Leader  
Taipei



**DANIEL CHOONG**  
Business Leader  
Kuala Lumpur



**DEBBY LIM**  
Business Leader  
Jakarta

RECRUIT  
EXPRESS

REFORCE  
RECRUITMENT EXPERT FORCE



**VICKI ONG**  
Country Manager  
Taiwan



**KHIM GOH**  
Country Manager  
Malaysia



**RITA DONG**  
CEO  
Shanghai



**WILL YAN**  
MD  
Beijing



**JACELYN CHUA**  
Group Business Leader  
Singapore



**KATHERINE CHOW**  
HR Director  
Hong Kong SAR



**LEE CHUNG**  
Senior Business Leader  
Taipei



**SOPHIA OOI**  
Consulting Director  
Hong Kong SAR





# OUR REGIONAL FOOTPRINT

# OUR FOOTPRINT – 14 GROWTH CITIES & 40 OFFICES



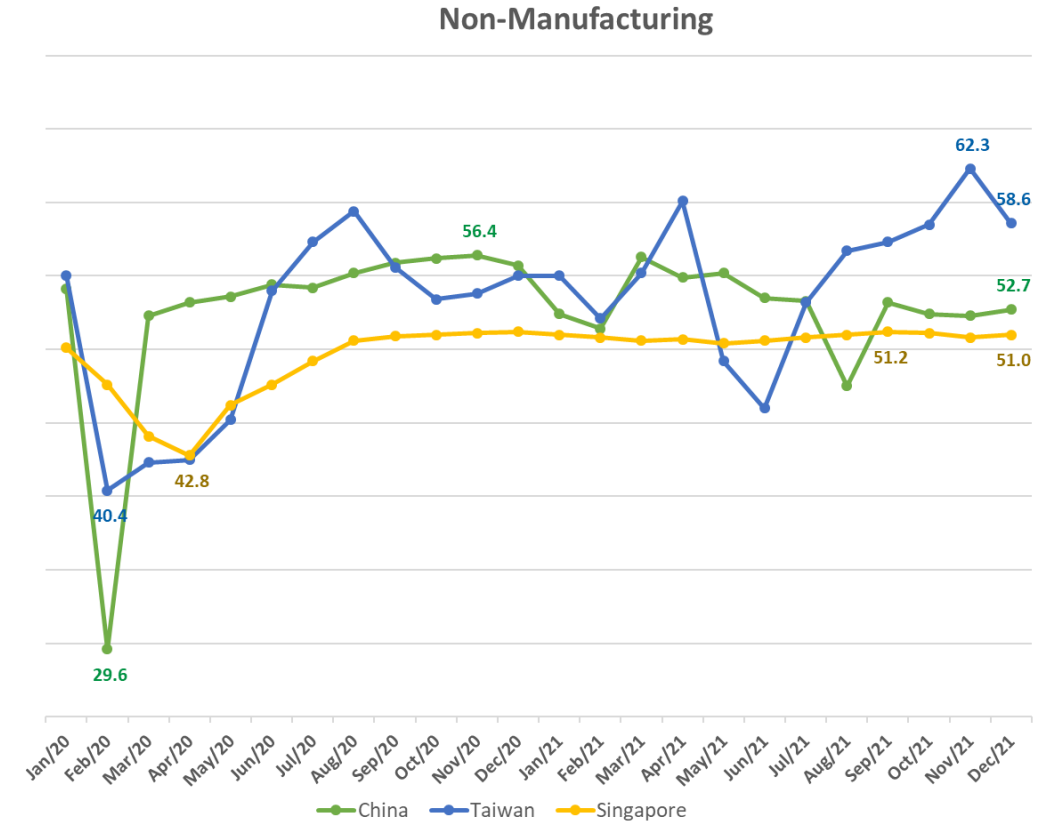
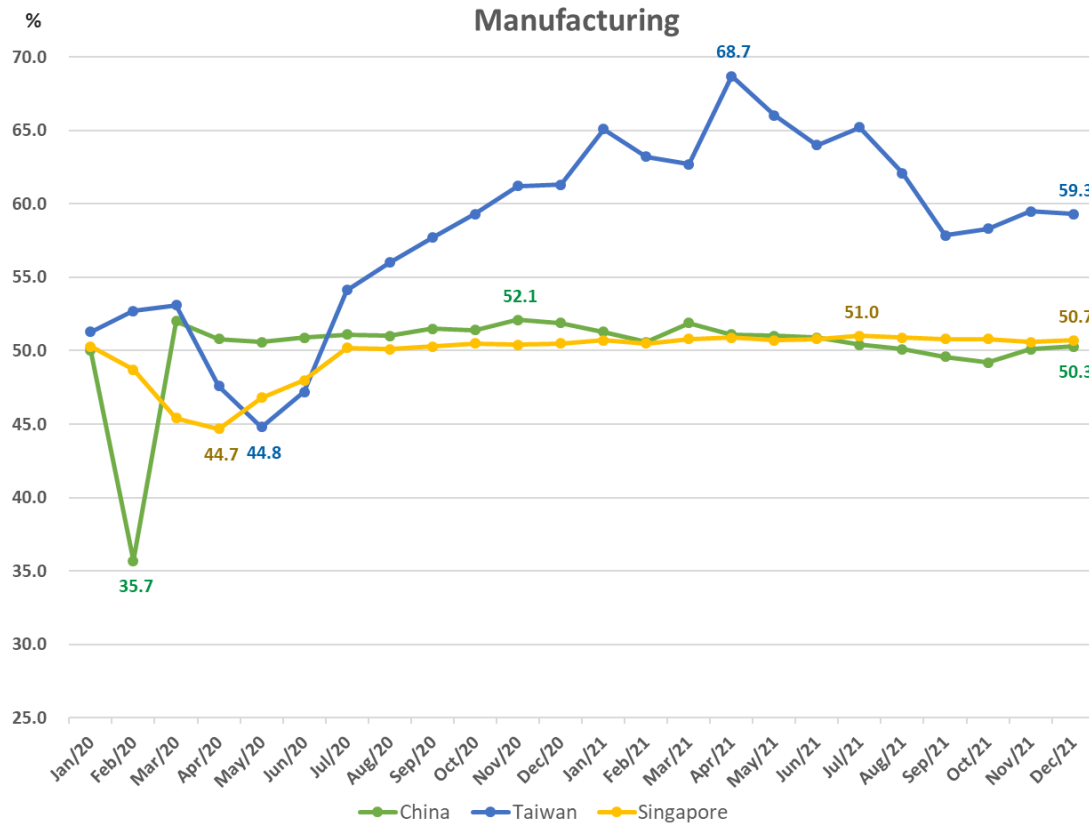
# STRONG ECONOMIC RECOVERY

## GDP Growth Rates %

Geographies that we operate/invest in	2019	2020	2021	2022f <sup>(11)</sup>
Mainland China <sup>(1)</sup>	6.0	2.3	8.1	4.8
United Kingdom <sup>(2)</sup>	1.7	(9.4)	7.5	4.7
Singapore <sup>(3)</sup>	1.3	(5.4)	7.2	4.0
Hong Kong SAR <sup>(4)</sup>	(1.2)	(6.1)	6.4	3.5
Taiwan <sup>(5)</sup>	3.0	3.1	6.3	4.2
S. Korea <sup>(6)</sup>	2.2	(0.9)	4.0	3.0
Indonesia <sup>(7)</sup>	5.0	(2.2)	3.7	5.6
Malaysia <sup>(8)</sup>	4.3	(5.6)	3.1	5.7
Japan <sup>(9)</sup>	(0.2)	(4.5)	1.7	3.3
Thailand <sup>(10)</sup>	2.3	(6.2)	1.6	4.1



# PMI OF 3 KEY GEOGRAPHIES

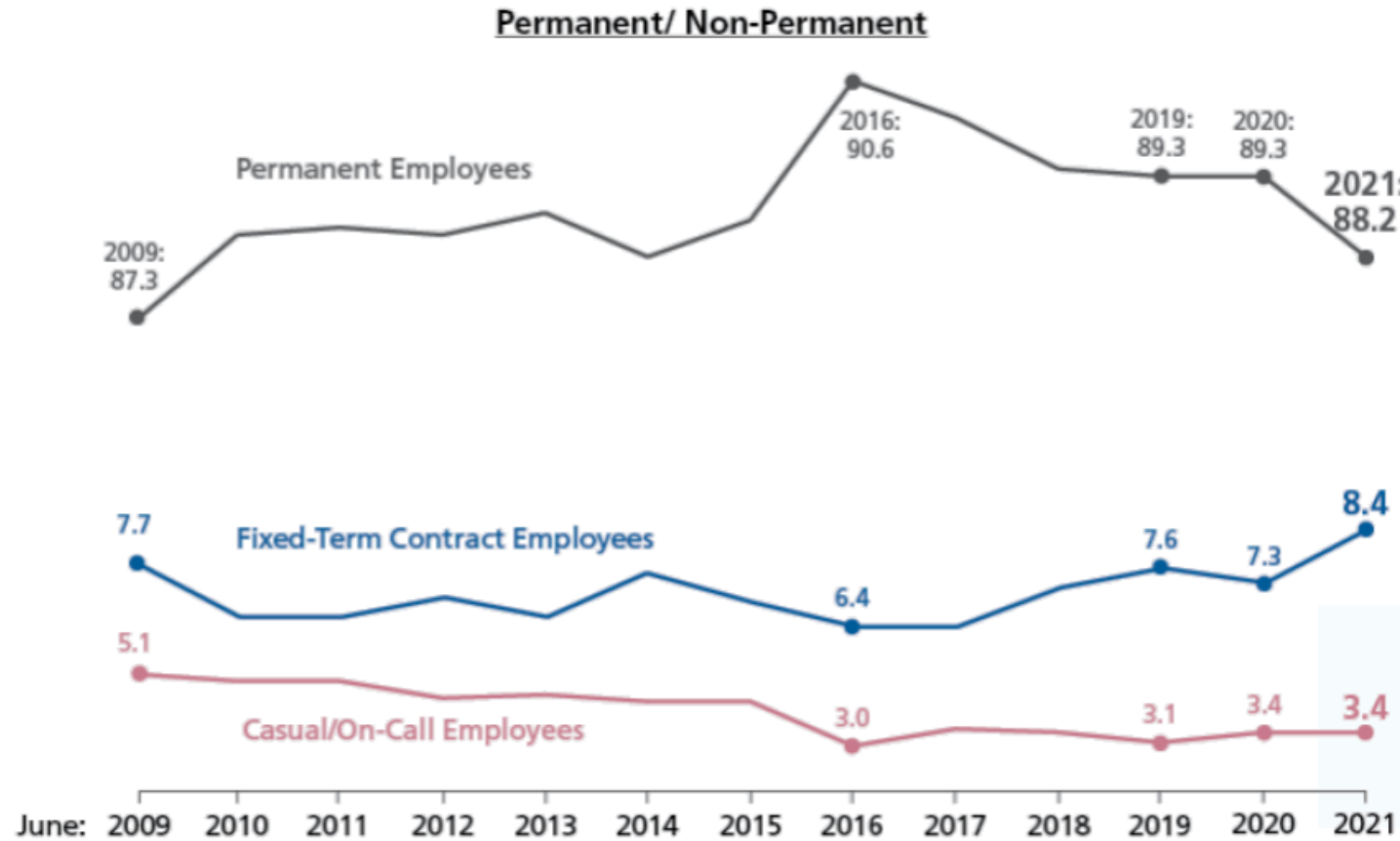


**Source :**  
 China National Bureau of Statistics <https://data.stats.gov.cn/easyquery.htm?cn=A01>  
 Taiwan National Development Council [https://www.ndc.gov.tw/en/nc\\_203\\_35483](https://www.ndc.gov.tw/en/nc_203_35483)  
 Singapore SIPMM Institute <https://sipmm.edu.sg/about-sipmm-academy/singapore-pmi/>

# SINGAPORE MARKET: PERM vs CONTRACT/TEMP EMPLOYEES

## Incidence of resident employees by type of employment

Per Cent





# OUR FINANCIALS



# SNAPSHOT OF 2021 RESULTS

## TOP LINES

**Revenue**  
S\$ 590.5m

↑ 36.4%

(2020: S\$433.0m)  
(2019: S\$423.1m)

### Gross Profit

S\$ 174.9m

↑ 35.2%

(2020: S\$129.3m)  
(2019: S\$145.6m)

## PROFITABILITY

**NPAT**  
S\$ 70.3m

↑ 41.1%

(2020: S\$49.8m)  
(2019: S\$55.8m)

### PATMI

S\$ 65.5m

↑ 39.7%

(2020: S\$46.9m)  
(2019: S\$51.6m)

### EBITDA/GP

53.2%

↑ 1.4 points

(2020: 51.8%)  
(2019: 48.8%)

## BUSINESS VOLUME

**Contractors<sup>1</sup>**  
19,280

↑ 4,933(34.4%)

(2020: 14,347)  
(2019: 12,616)

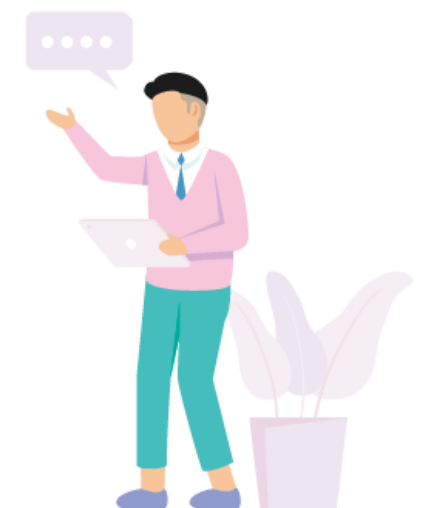
### Placements

7,794

↑ 772(11.0%)

(2020: 7,022)  
(2019: 8,530)

<sup>1</sup> Based on December Payroll



# SOLID FINANCIAL PERFORMANCE

	2021	2020	Change	
	S\$'m	S\$'m	S\$'m	%
Revenue	590.5	433.0	157.5	36.4
<b>Gross profit ("GP")</b>	<b>174.9</b>	<b>129.3</b>	<b>45.6</b>	<b>35.2</b>
Expenses				
Other employee benefit expenses	(87.7)	(69.1)	(18.6)	27.0
Facilities and depreciation expenses	(11.6)	(11.9)	0.3	(2.4)
Selling expenses	(2.9)	(3.5)	0.6	(17.0)
Other expenses	(3.3)	(3.2)	(0.1)	3.6
Finance costs	(0.5)	(0.4)	(0.1)	14.2
Total Expenses	(106.0)	(88.1)	(17.9)	20.3
Other income				
Net fair value gain/(loss) on FVTPL <sup>1</sup>	0.5	(1.1)	1.6	146.7
Gain on disposal of investments	3.9	2.6	1.3	51.9
Government subsidies	8.7	11.7	(3.0)	(25.4)
Others	2.8	4.6	(1.8)	(38.5)
Total Other income	15.9	17.8	(1.9)	(10.6)
Profit before tax	84.8	59.0	25.8	43.8
Income tax	(14.5)	(9.2)	(5.3)	(57.0)
<b>Profit for the period ("NPAT")</b>	<b>70.3</b>	<b>49.8</b>	<b>20.5</b>	<b>41.1</b>
<b>PATMI</b>	<b>65.5</b>	<b>46.9</b>	<b>18.6</b>	<b>39.7</b>
<b>EBITDA</b>	<b>93.1</b>	<b>67.0</b>	<b>26.1</b>	<b>38.9</b>
<b>KEY FINANCIAL RATIOS</b>				
Earning per share (EPS) (cents)				
Basic	6.53	4.67		
Diluted	6.53	4.67		
Conversion Ratio (%) (EBIT/GP)	48.0	44.3		

1. FVTPL refers to financial assets mandatorily measured at FVTPL .

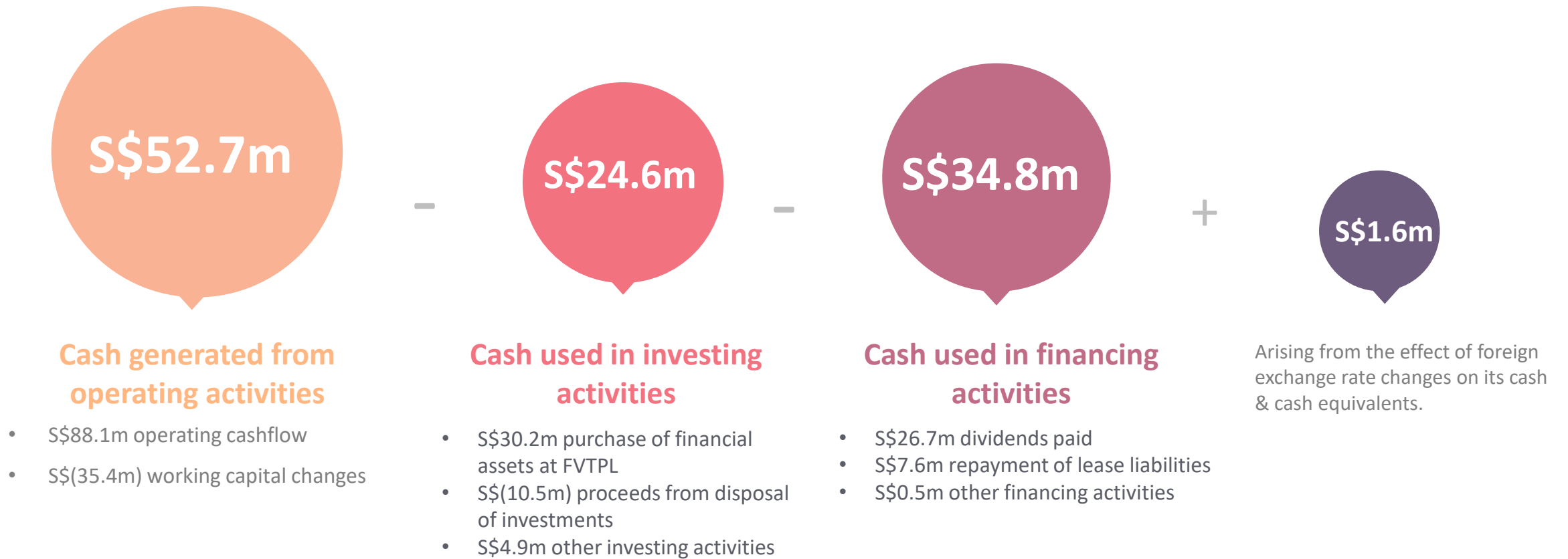
# STRONG BALANCE SHEET

	31 Dec 2021 S\$m	31 Dec 2020 S\$m	Change S\$m
Cash	327.1	332.2	(5.1)
Trade Receivables	114.2	66.3	47.9
Other Financial Assets	60.0	28.7	31.3
Right-of-use Assets	12.6	8.2	4.4
Goodwill & Other Intangible Assets	6.5	6.5	0.0
Other Assets	9.9	10.5	(0.6)
<b>Total Assets</b>	<b>530.3</b>	<b>452.4</b>	<b>77.9</b>
Borrowings	-	-	-
Trade and Other Payables	116.6	82.1	34.5
Deferred Considerations	-	3.9	(3.9)
Lease Liabilities <sup>1</sup>	12.8	8.5	4.3
Tax Payable and Deferred Tax Liabilities	13.0	10.8	2.2
Total Equity	387.9	347.1	40.8
<b>Total Liabilities &amp; Equity</b>	<b>530.3</b>	<b>452.4</b>	<b>77.9</b>
NAV	370.3	331.7	38.6
NAV per share(cents)	36.9	33.1	
NTA	363.8	325.2	38.6
NTA per share(cents)	36.2	32.4	

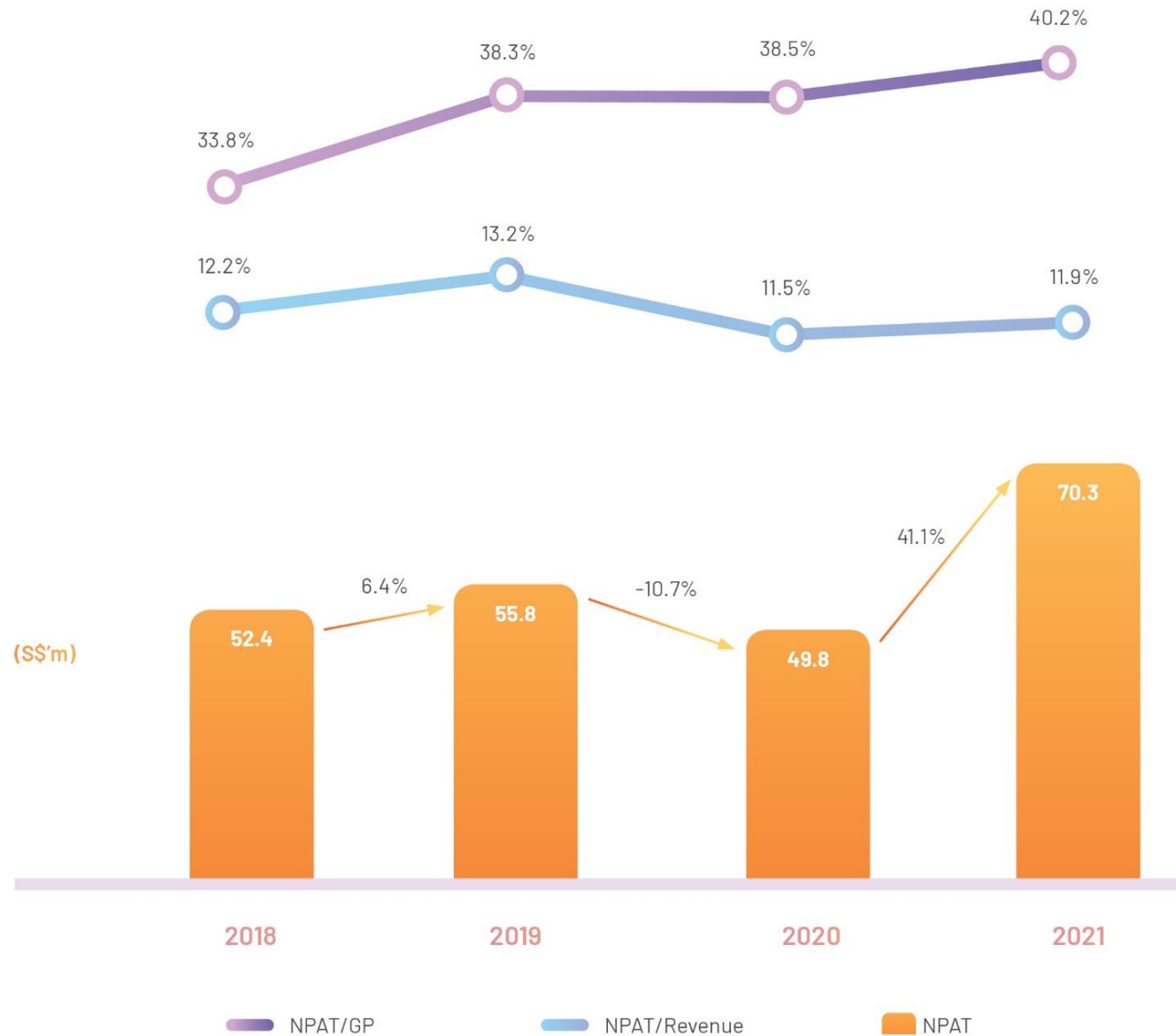
1. Relates to office leases commitments.  
2. 2021 figure adjusted for uncollected unearned revenue.

# HEALTHY CASHFLOW

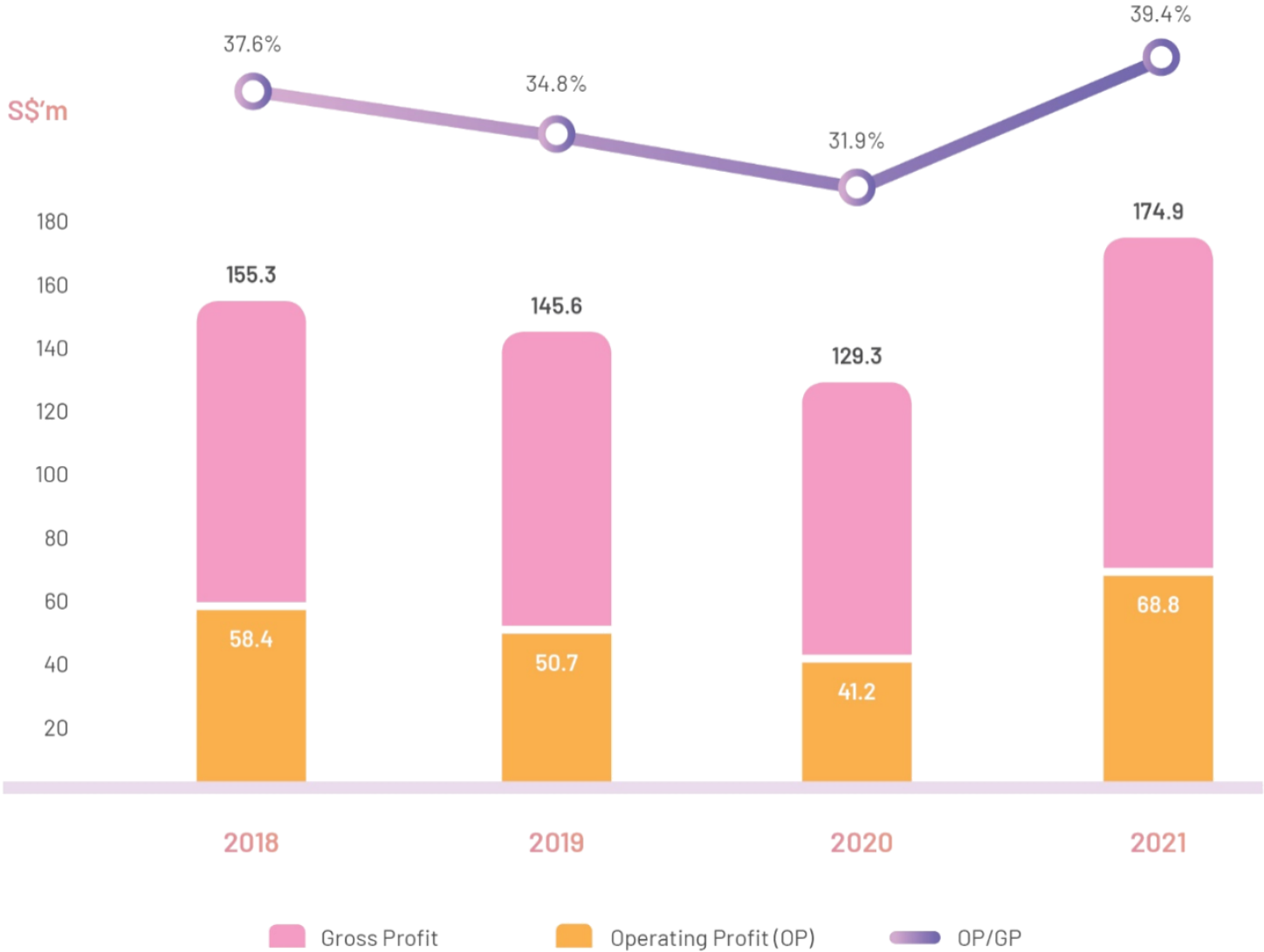
The Group's cash and cash equivalents stood at **S\$327.1m** as of 31 Dec 2021, **net outflow of S\$5.1m** came from:



# RECORD PROFIT, STRONG MARGINS



# RECORD GP, STRONG RECOVERY



1. Operating Profit : Gross Profit – Operating Expenses.



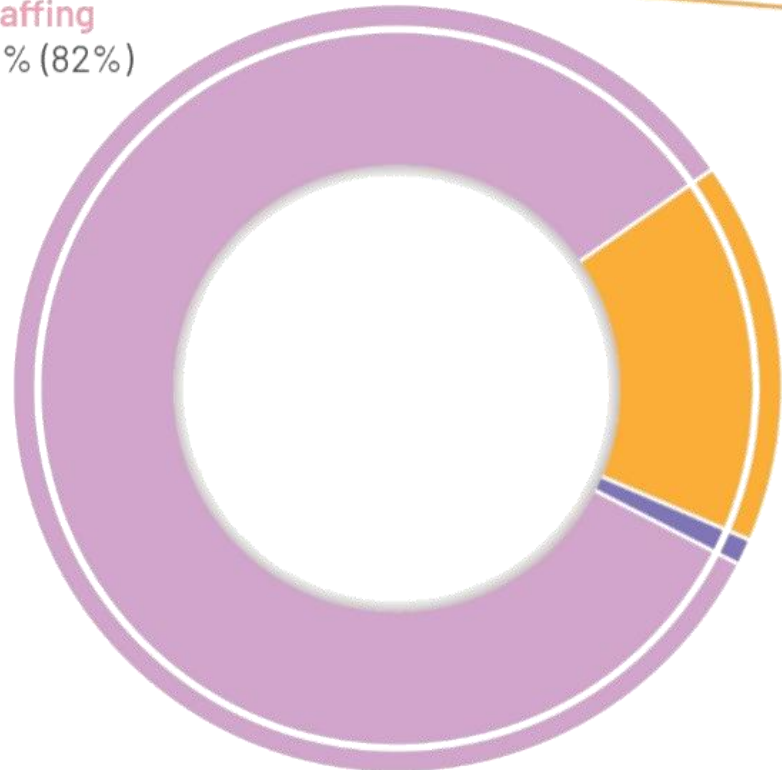


# **BUSINESS SEGMENTATION, SECTORS & CLIENTS**

# TWIN ENGINES

## Revenue

Flexible Staffing  
83% (82%)

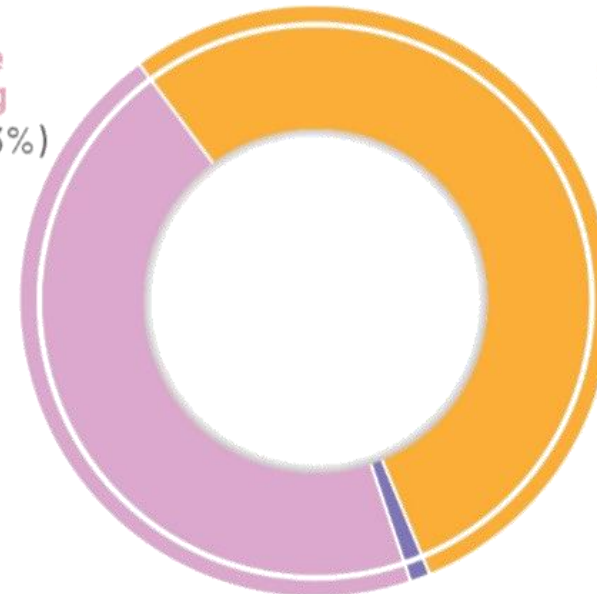


Professional Recruitment  
16% (17%)

Others  
1% (1%)

## Gross Profit

Flexible Staffing  
45% (43%)



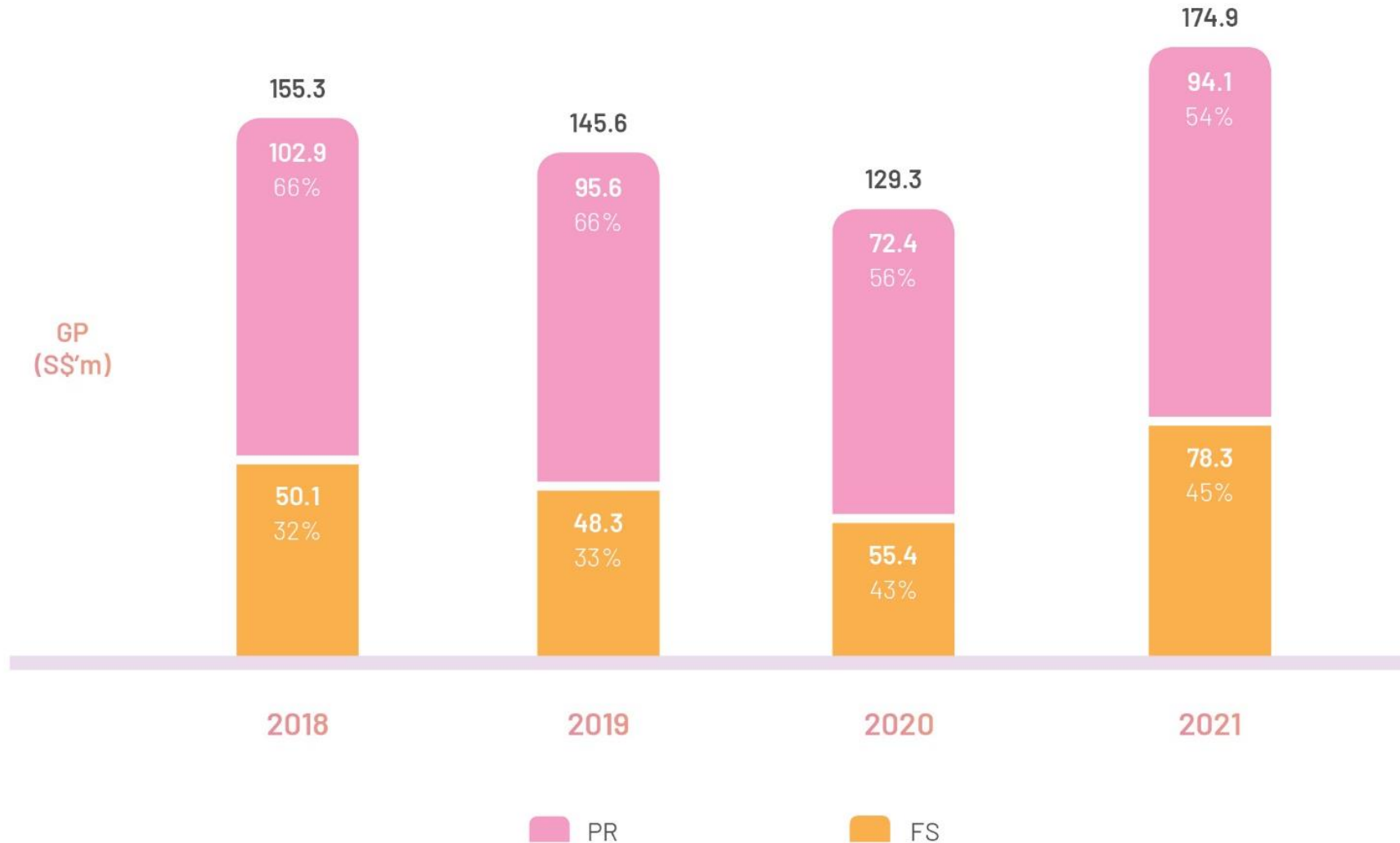
Professional Recruitment  
54% (56%)

Others  
1% (1%)

GP Margin : 30%

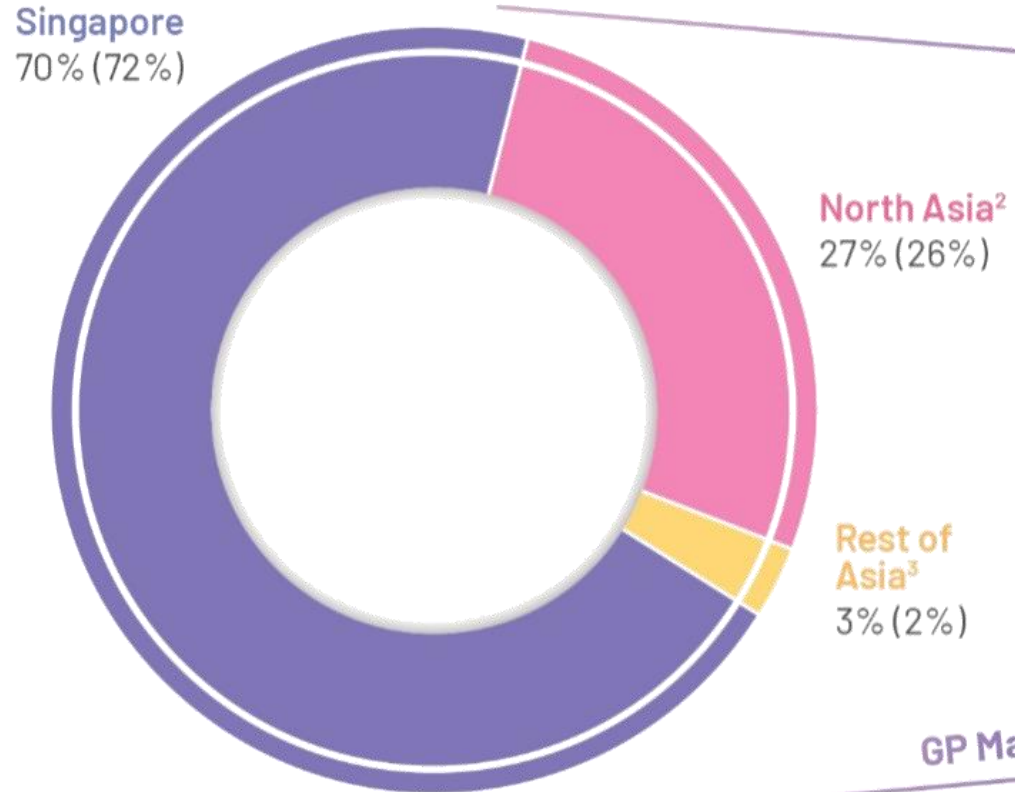
1. 2020 figures in brackets.
2. FS GP = Revenue - Sub-contractor expenses = 16% Margin.
3. PR GP = 99% Margin.

# EVOLVING BUSINESS MIX

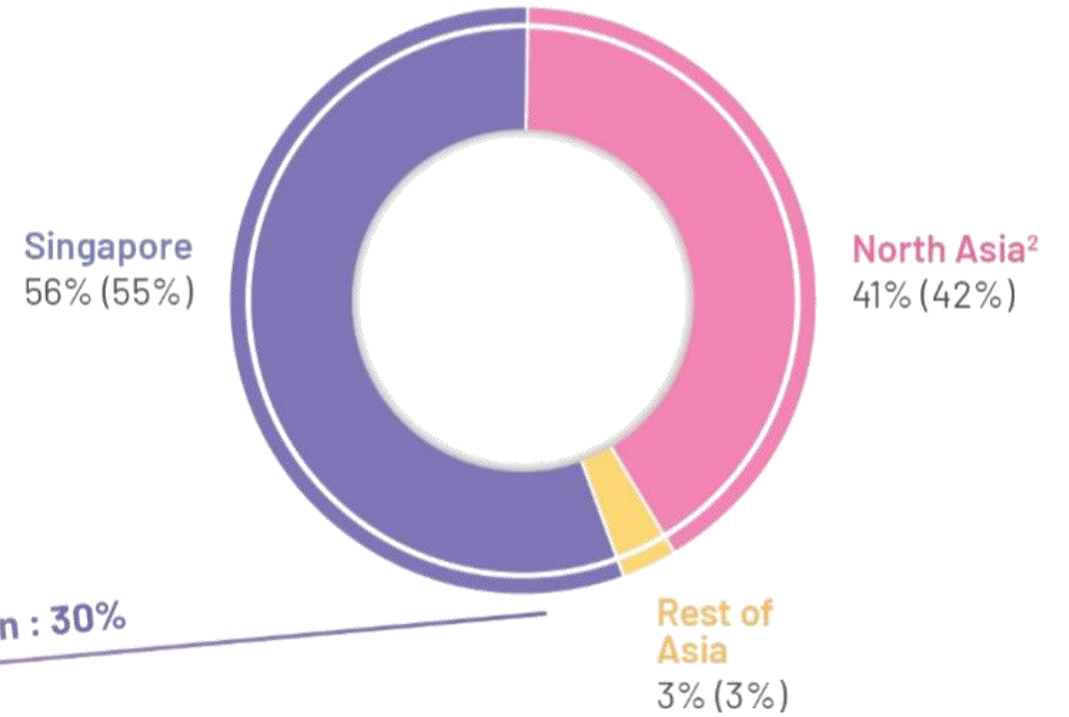


# REGIONAL MIX

## Revenue



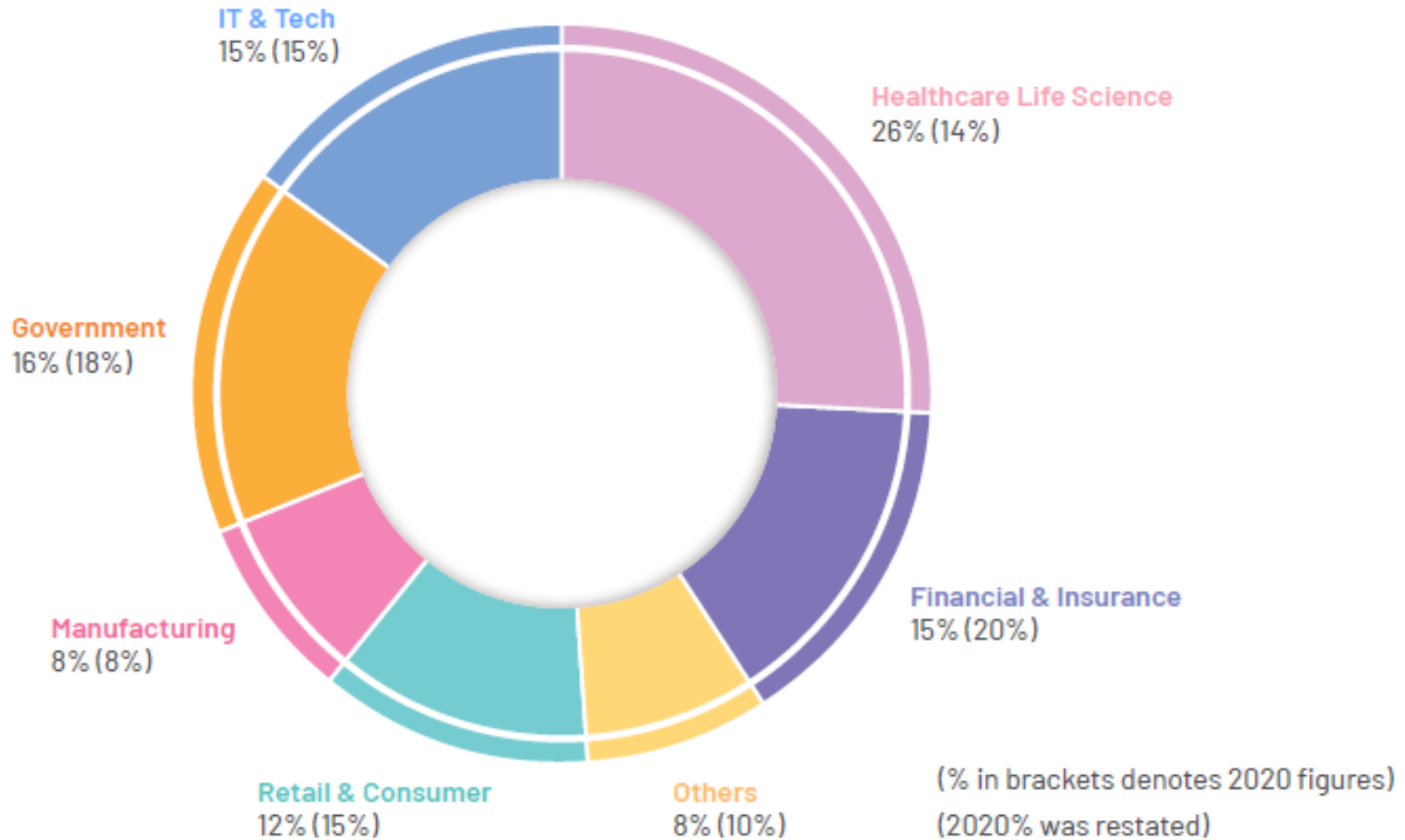
## Gross Profit



GP Margin : 30%

1. 2020 figures in brackets.
2. North Asia : Beijing, Shanghai, Shenzhen, Guangzhou, Suzhou, Taipei, Hong Kong, Tokyo and Seoul.
3. Rest of Asia : Kuala Lumpur, Jakarta and Bangkok.

# DIVERSIFIED SECTOR REVENUE



# DIVERSIFIED CLIENT BASE

Our **Top 5** clients have been with us for an average of **15** years

	Customer since	2021 Revenue Contribution
<b>Top 1 Client (Healthcare)</b>	2005	10.6%
<b>Top 2 Client (Financial &amp; Insurance)</b>	2000	3.0%
<b>Top 3 Client (Healthcare)</b>	2015	2.3%
<b>Top 4 Client (Retail &amp; Consumer)</b>	1999	2.2%
<b>Top 5 Client (Government)</b>	2010	1.8%
<b>Contribution from <b>Top 5</b> clients</b>		19.9%
<b>Contribution from <b>Top 10</b> clients</b>		26.6%



# APPENDIX A – STRONG ECONOMIC RECOVERY

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- (1) [http://www.stats.gov.cn/tjsj/zxfb/202104/t20210416\\_1816518.html](http://www.stats.gov.cn/tjsj/zxfb/202104/t20210416_1816518.html)  
[http://www.stats.gov.cn/tjsj/zxfb/202107/t20210716\\_1819540.html](http://www.stats.gov.cn/tjsj/zxfb/202107/t20210716_1819540.html)  
[http://www.stats.gov.cn/tjsj/zxfb/202110/t20211019\\_1823032.html](http://www.stats.gov.cn/tjsj/zxfb/202110/t20211019_1823032.html)  
[http://www.stats.gov.cn/tjsj/zxfb/202201/t20220118\\_1826497.html](http://www.stats.gov.cn/tjsj/zxfb/202201/t20220118_1826497.html)
- (2) <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/octobertodecember2021>
- (3) <https://www.nasdaq.com/articles/singapore-q4-gdp-expands-5.9-y-y-beating-forecasts-0>  
[https://asia.nikkei.com/Economy/Singapore-GDP-rebounds-7.2-in-2021-as-omicron-looms?utm\\_campaign=GL\\_coronavirus\\_latest&utm\\_medium=email&utm\\_source=NA\\_newsletter&utm\\_content=article\\_link](https://asia.nikkei.com/Economy/Singapore-GDP-rebounds-7.2-in-2021-as-omicron-looms?utm_campaign=GL_coronavirus_latest&utm_medium=email&utm_source=NA_newsletter&utm_content=article_link)  
<https://www.mas.gov.sg/-/media/MAS/EPG/SPF/2021/Survey-Writeup-Dec-2021-Web.pdf?la=en&hash=1A6760A097EDDA2BD852E8BEFF1CA81C05DA8041>  
[https://www.mti.gov.sg/Newsroom/Press-Releases/2021/10/Singapore-GDP-Grew-by-6\\_5-Per-Cent-in-the-Third-Quarter-of-2021](https://www.mti.gov.sg/Newsroom/Press-Releases/2021/10/Singapore-GDP-Grew-by-6_5-Per-Cent-in-the-Third-Quarter-of-2021)
- (4) [https://www.censtatd.gov.hk/en/press\\_release\\_detail.html?id=5009](https://www.censtatd.gov.hk/en/press_release_detail.html?id=5009)
- (5) <https://www.stat.gov.tw/public/data/dgbas03/bs4/ninews/11102/news11101.pdf>
- (6) <http://www.bok.or.kr/eng/bbs/E0000634/view.do?nttId=10068672&menuNo=400069>
- (7) <https://www.bps.go.id/pressrelease/2021/05/05/1812/ekonomi-indonesia-triwulan-i-2021-turun-0-74-persen--y-on-y-.html>  
<https://www.bps.go.id/pressrelease/2021/08/05/1813/ekonomi-indonesia-triwulan-ii-2021-tumbuh-7-07-persen--y-on-y-.html>  
[https://www.dbs.com.sg/corporate/aics/templatedata/article/generic/data/en/GR/112021/211105\\_insights\\_indonesia.xml](https://www.dbs.com.sg/corporate/aics/templatedata/article/generic/data/en/GR/112021/211105_insights_indonesia.xml)  
[https://asia.nikkei.com/Economy/Indonesia-s-economy-bounced-back-in-2021-with-3.69-growth?utm\\_campaign=IC\\_coronavirus\\_latest\\_free&utm\\_medium=email&utm\\_source=NA\\_newsletter&utm\\_content=article\\_link](https://asia.nikkei.com/Economy/Indonesia-s-economy-bounced-back-in-2021-with-3.69-growth?utm_campaign=IC_coronavirus_latest_free&utm_medium=email&utm_source=NA_newsletter&utm_content=article_link)
- (8) [https://www.dosm.gov.my/v1/index.php?r=column/cthemedByCat&cat=100&bul\\_id=ckRVWlQrNVF4K2k3M1BWYU8vVTM0Zz09&menu\\_id=TE5CRUZCbLh4ZTZMODZlBmk2aWRRQT09](https://www.dosm.gov.my/v1/index.php?r=column/cthemedByCat&cat=100&bul_id=ckRVWlQrNVF4K2k3M1BWYU8vVTM0Zz09&menu_id=TE5CRUZCbLh4ZTZMODZlBmk2aWRRQT09)
- (9) [https://www.esri.cao.go.jp/jp/sna/data/data\\_list/sokuhou/gaiyou/pdf/main\\_1.pdf](https://www.esri.cao.go.jp/jp/sna/data/data_list/sokuhou/gaiyou/pdf/main_1.pdf)
- (10) [https://www.nesdc.go.th/nesdb\\_en/article\\_attach/article\\_file\\_20220221084110.pdf](https://www.nesdc.go.th/nesdb_en/article_attach/article_file_20220221084110.pdf)
- (11) <https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

# 30

**YEARS OF**  
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