

HRnetGroup

# 1H FY21 RESULTS ANNOUNCEMENT

13 AUGUST 2021

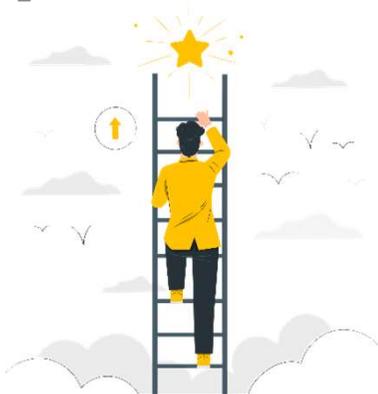


## Disclaimer

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.

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 1H FY21 Results



## Top Lines

**Revenue**  
**S\$ 275.1m**

↑ **30.8%**  
(1H20: S\$210.3m)  
(1H19: S\$212.5m)

**Gross Profit**  
**S\$ 81.8m**

↑ **31.0%**  
(1H20: S\$62.5m)  
(1H19: S\$73.5m)



## Profitability

**NPAT**  
**S\$ 38.1m**

↑ **71.4%**  
(1H20: S\$22.2m)  
(1H19: S\$32.8m)

**PATMI**  
**S\$ 35.9m**

↑ **71.2%**  
(1H20: S\$21.0m)  
(1H19: S\$30.8m)

**Efficiency Ratio**  
(EBITDA/GP)  
**59.8%**

↑ **9.4 points**  
(1H20: 50.4%)  
(1H19: 54.7%)



## Business Volume

**Contractors<sup>1</sup>**  
**17,123**

↑ **5,484(47.1%)**  
(1H20<sup>2</sup>: 11,639)  
(1H19 : 12,162)

**Placements**  
**3,760**

↑ **215(6.1%)**  
(1H20<sup>2</sup>: 3,545)  
(1H19 : 4,256)

1. Based on June Payroll.  
2. 1H 20 Restated.

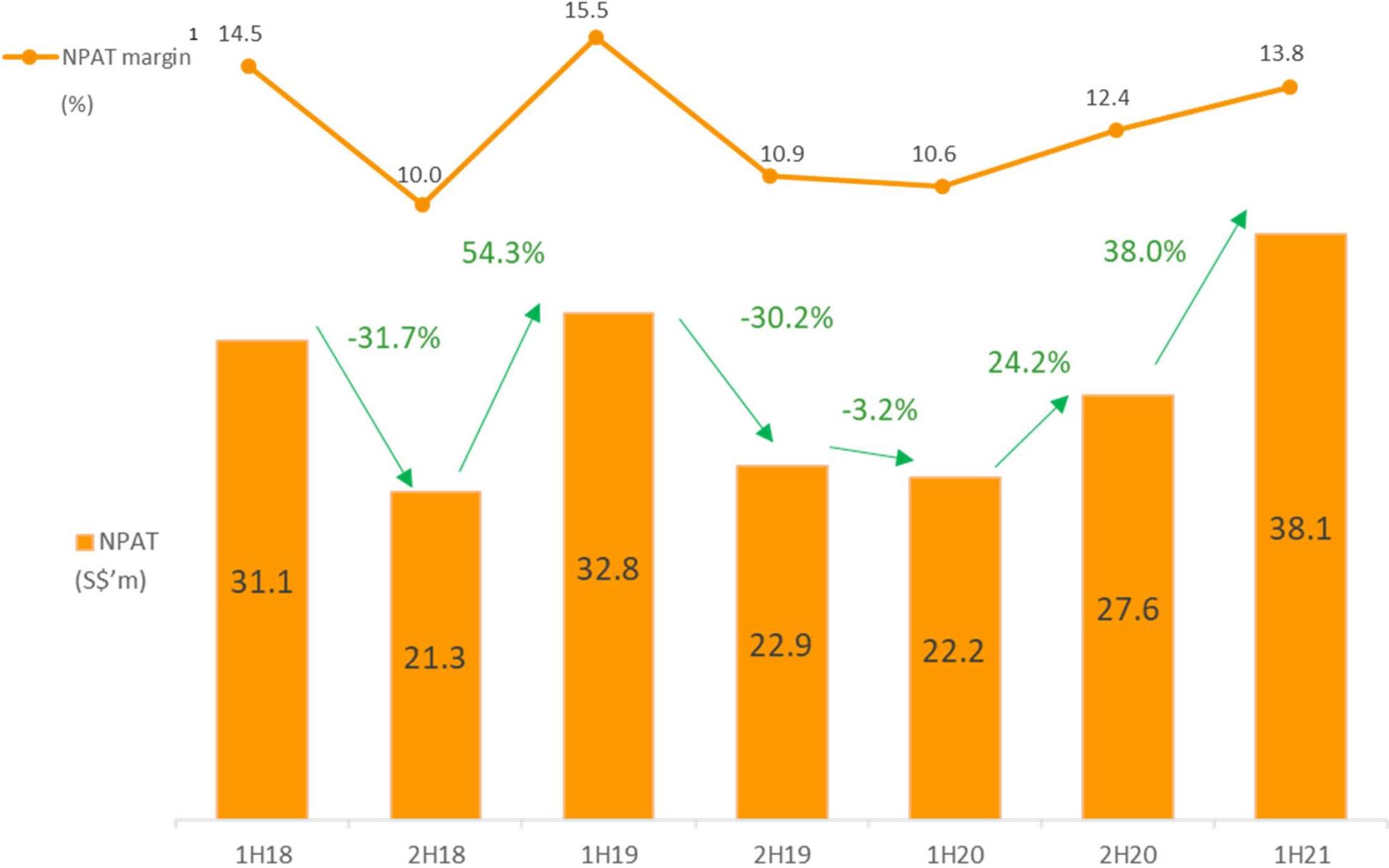
# Analyst Expectations

	Phillip Capital	CGS-CIMB	RHB	MAYBANK
<b>Date of last report</b>	16.7.2021	08.06.2021	22.07.2021	24.07.2021
<b>Analyst Recommendation</b>	BUY	ADD	BUY	BUY
<b>Target Price S\$</b>	1.00	0.821	0.93	0.99

S\$m	2020	1H21	2021F			
<b>Revenue</b>	<b>433.0</b>	<b>275.1</b>	506.9	474	547	465.6
<b>Gross Profit</b>	<b>129.3</b>	<b>81.8</b>	159.5	158	164	-
<b>NPAT</b>	<b>49.8</b>	<b>38.1</b>	50.7	55.1	68	53.3
<b>PATMI</b>	<b>46.9</b>	<b>35.9</b>	47.8	51.8	62	50.3

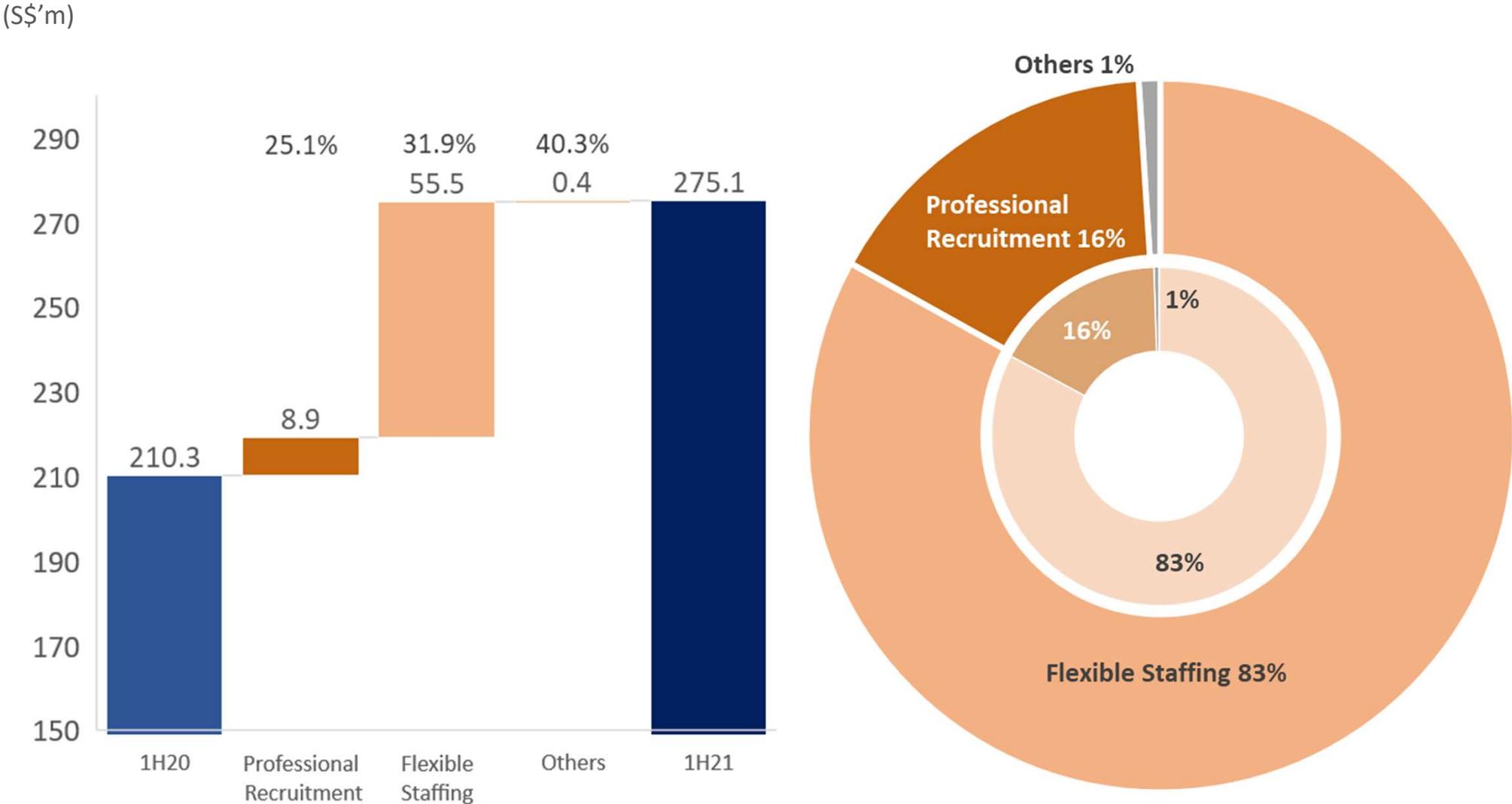


# Record Profit and Strong NPAT Margin



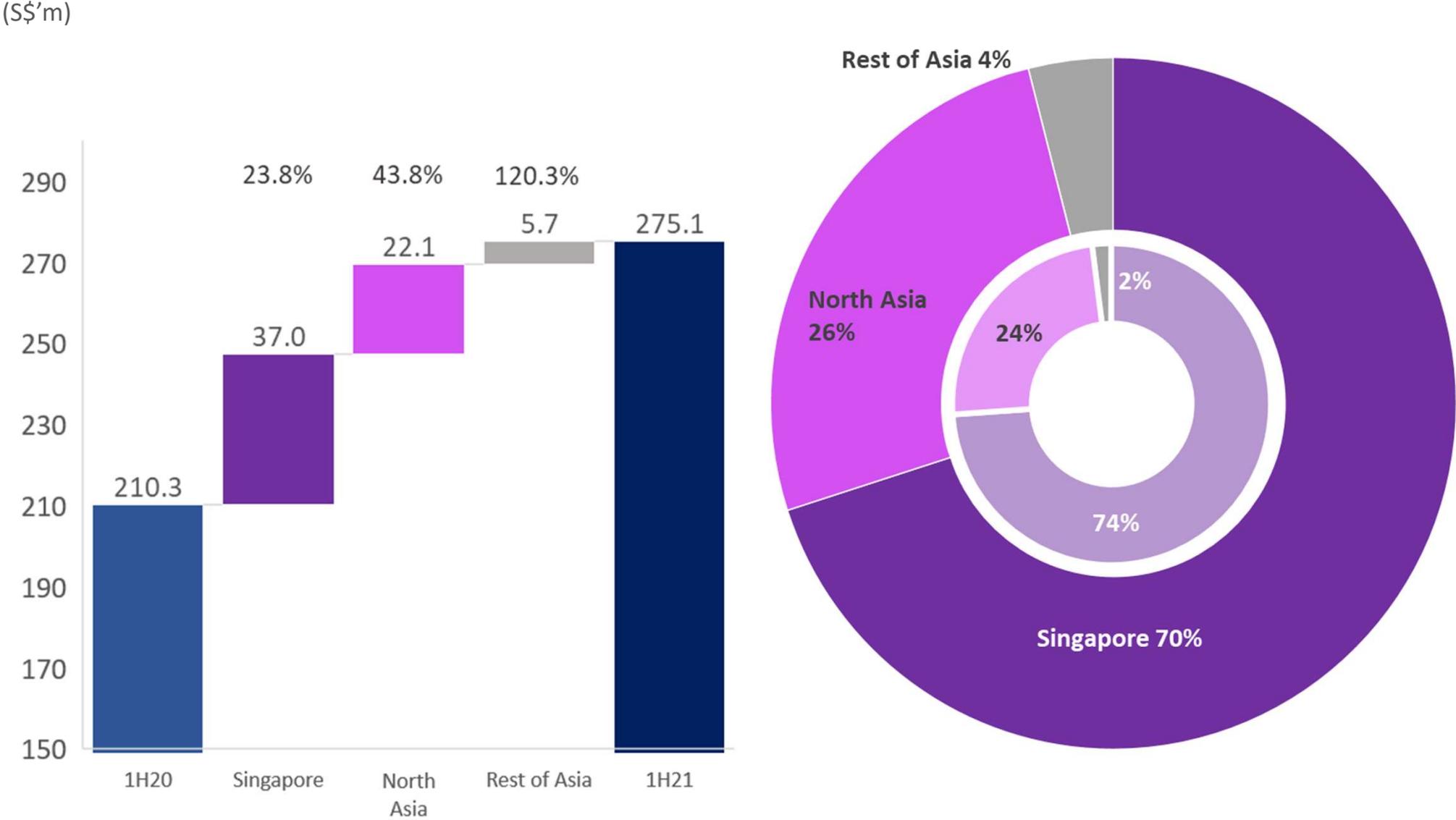
1. NPAT margin = NPAT/Revenue

# Revenue By Business Segments

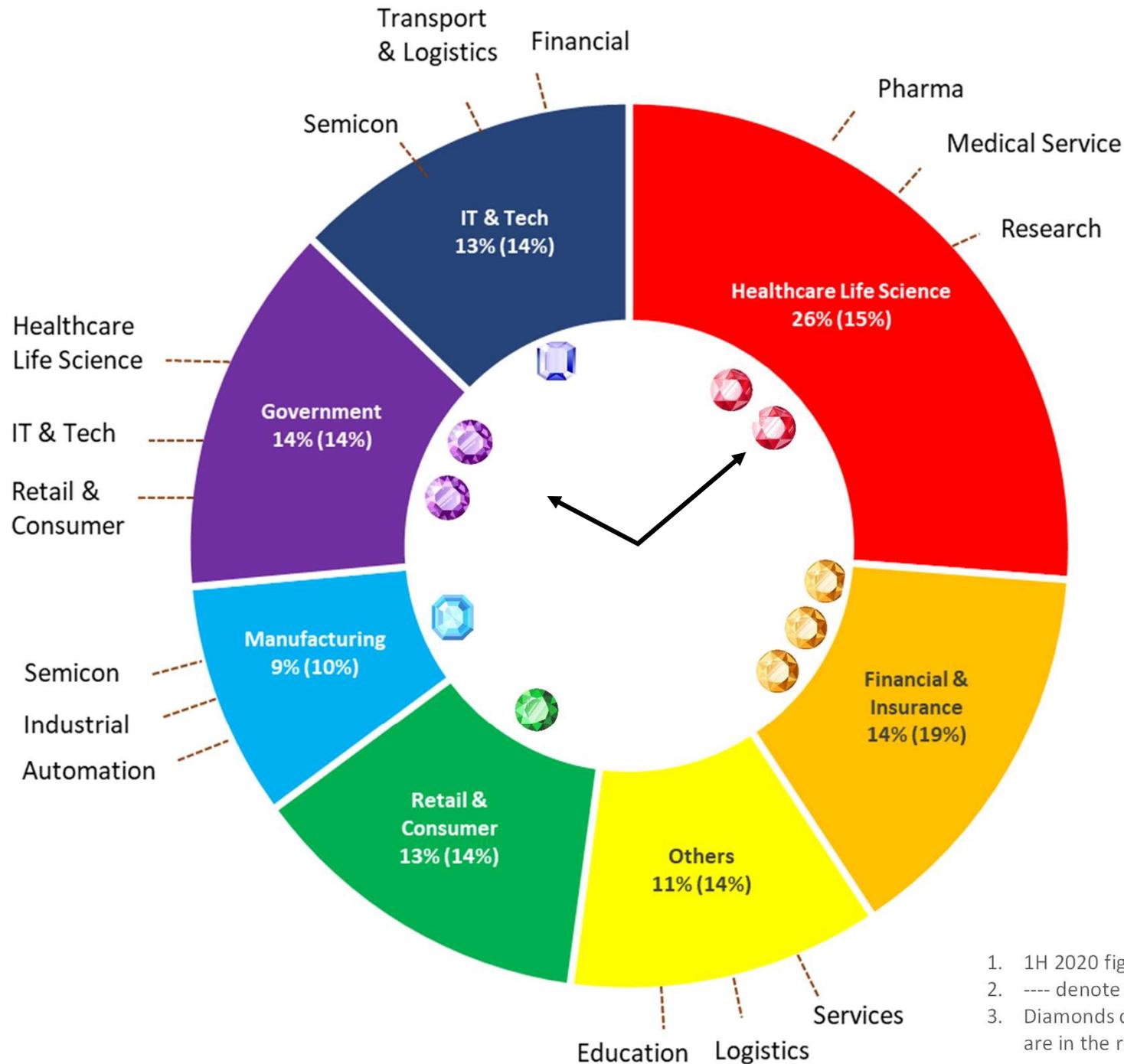


1. Pie Chart: Outer ring denotes 1H 2021, Inner ring denotes 1H 2020

# Revenue By Geography

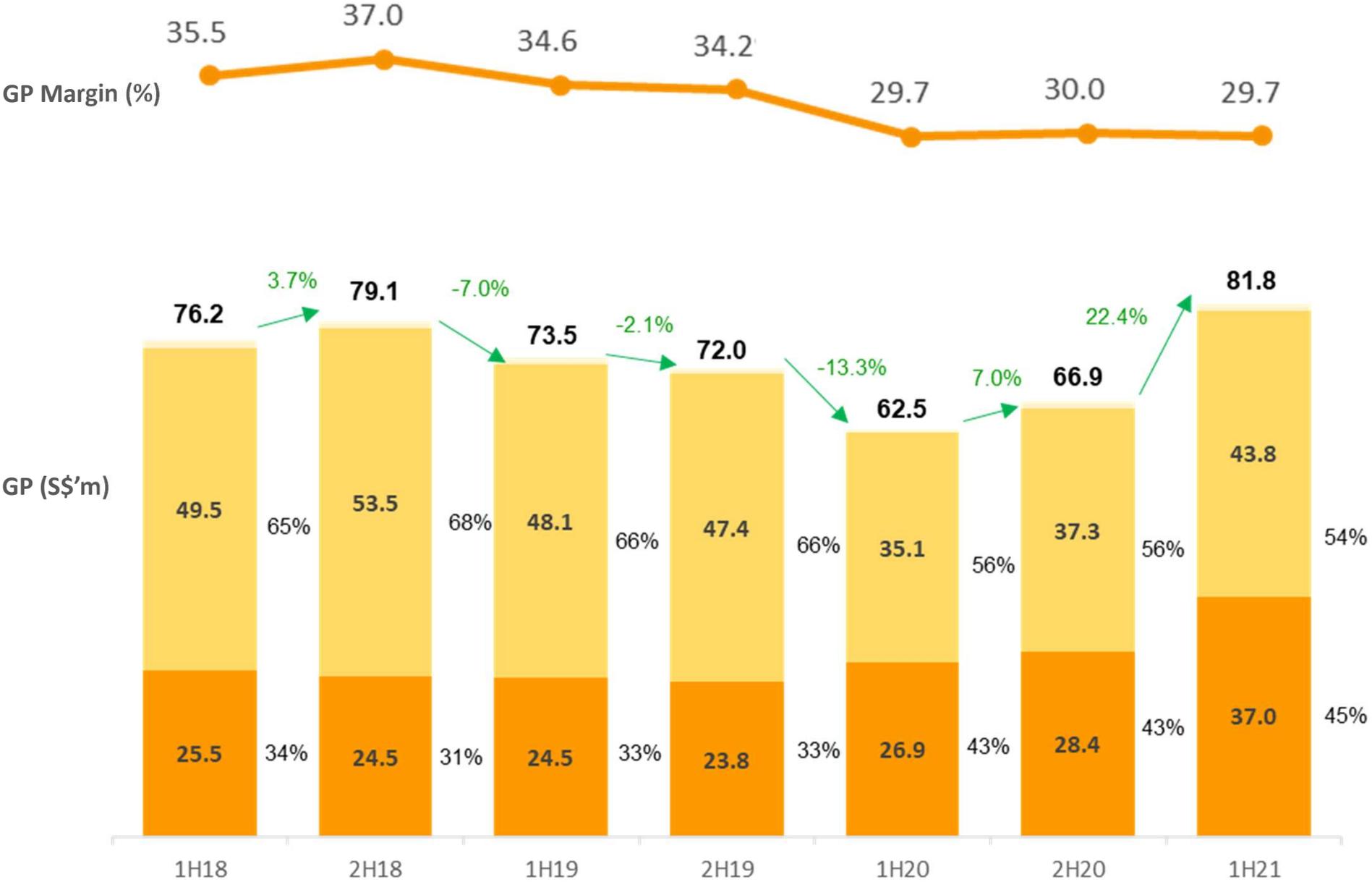


# Sector Revenue with Bright Spots of Growth



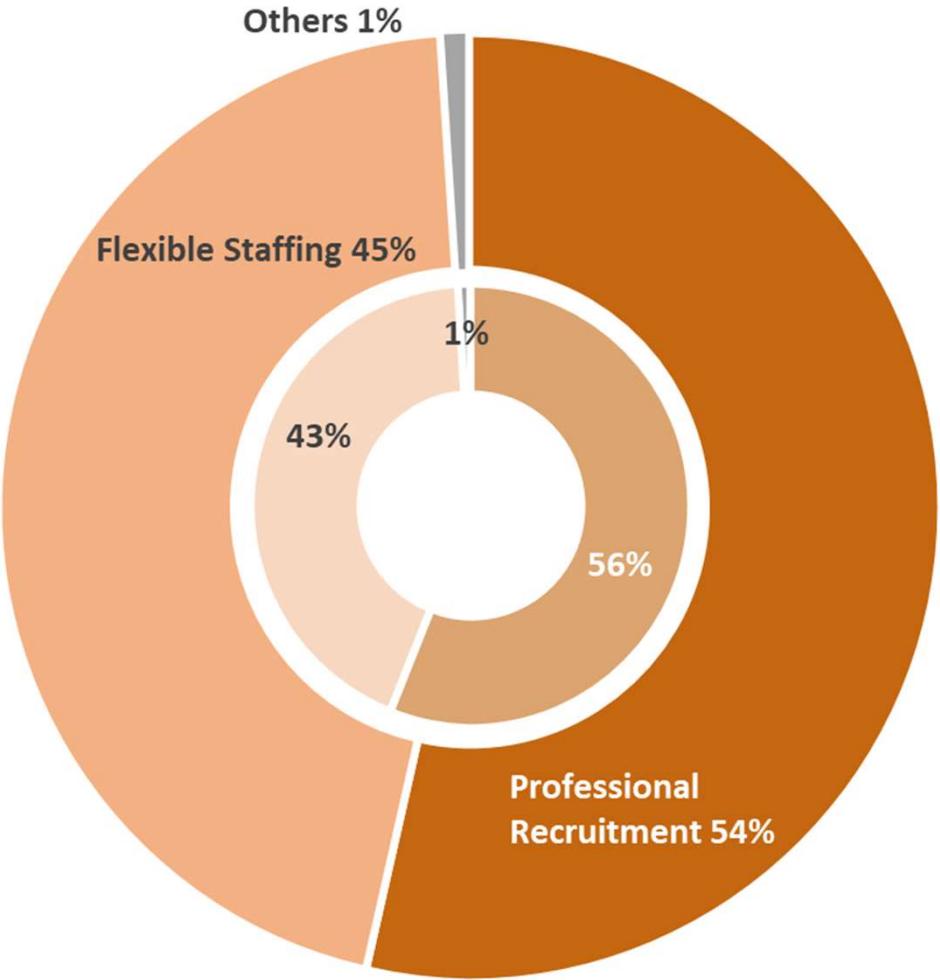
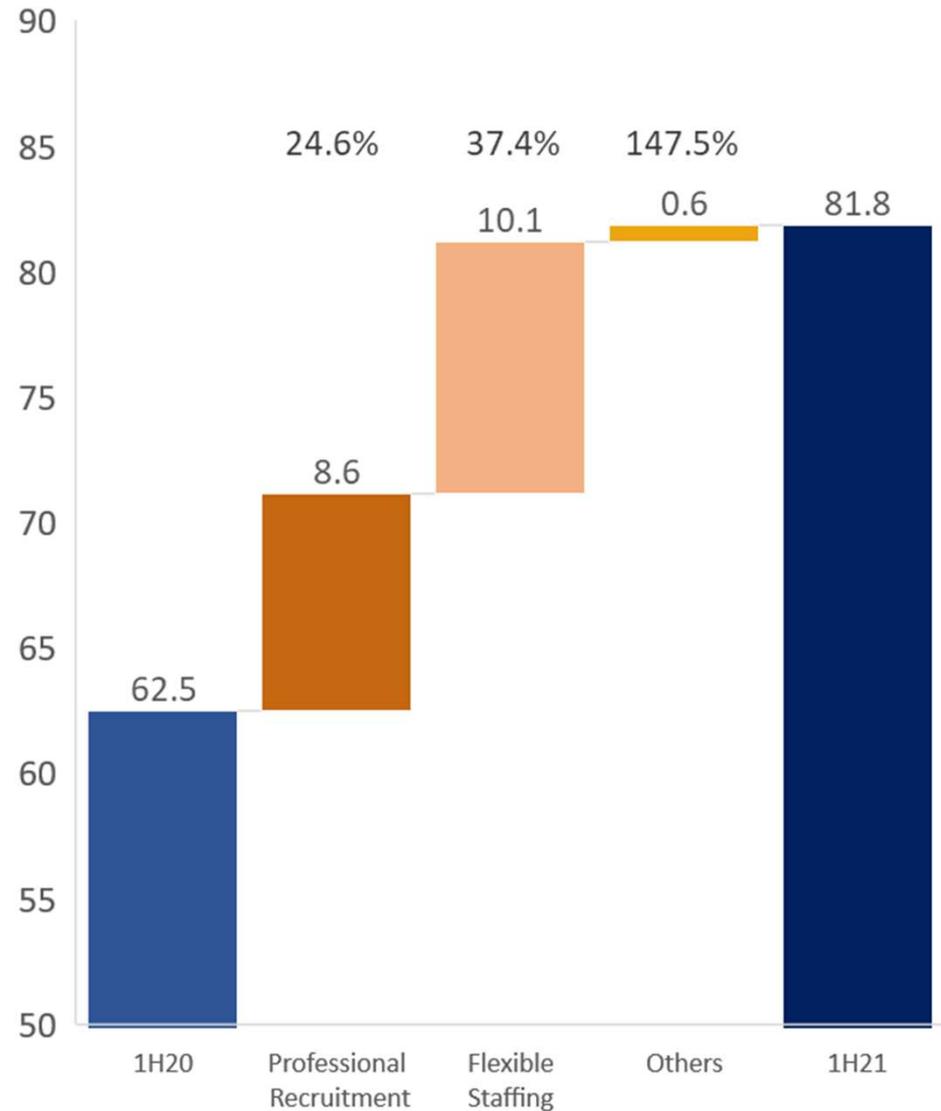
1. 1H 2020 figures in brackets
2. ---- denote subsectors and highlights
3. Diamonds denote Top 10 clients which are in the respective industries

# Record GP with Steady GP Margin



# Gross Profit By Business Segments

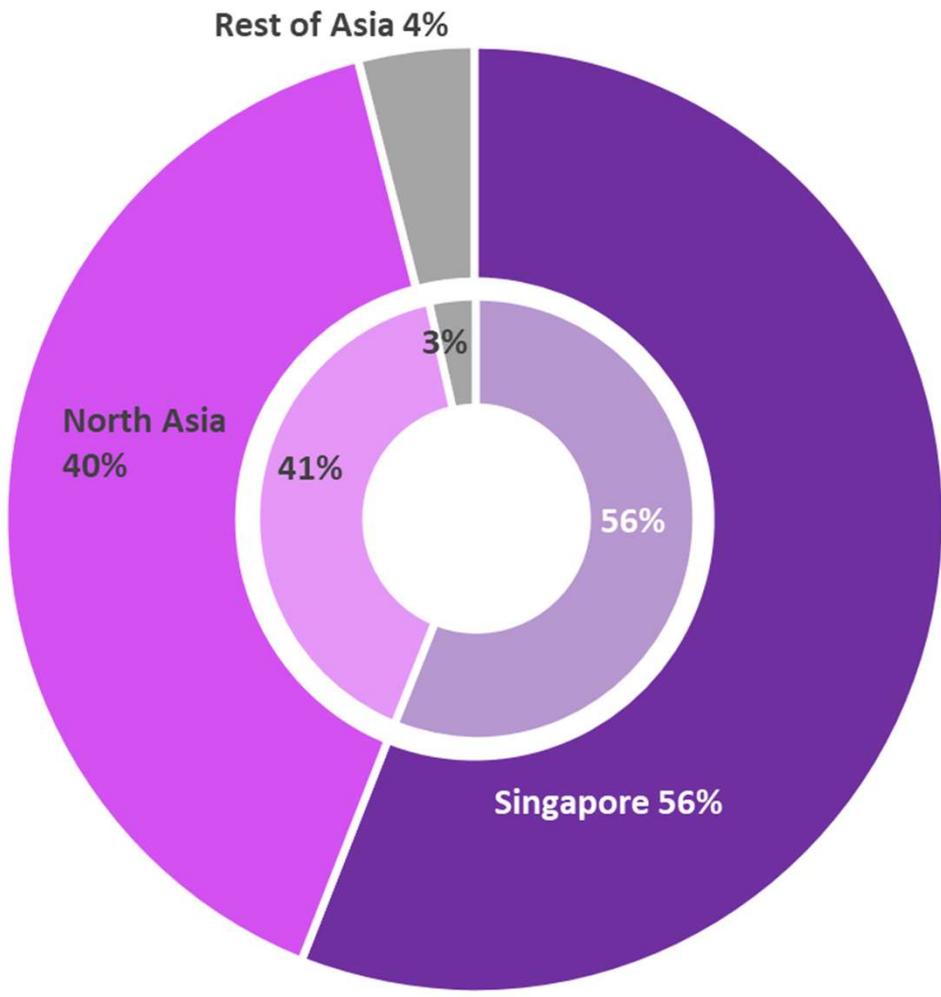
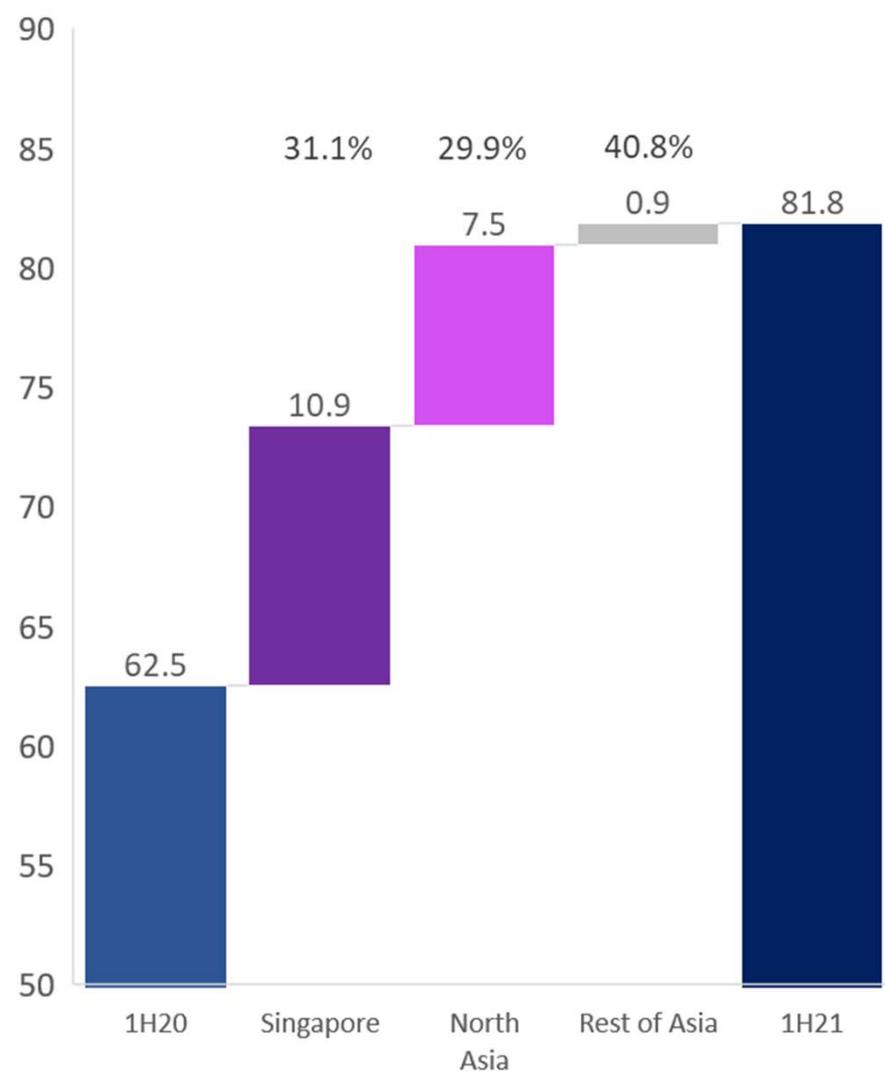
(S\$m)



1. Pie Chart: Outer ring denotes 1H 2021, Inner ring denotes 1H 2020

# Gross Profit By Geography

(S\$'m)



1. Pie Chart: Outer ring denotes 1H 2021, Inner ring denotes 1H 2020

# Solid Financial Performance

	1H21	1H20	Change	
	S\$'m	S\$'m	S\$'m	%
Revenue	275.1	210.3	64.8	30.8
<b>Gross profit ("GP")</b>	<b>81.8</b>	<b>62.5</b>	<b>19.3</b>	<b>31.0</b>
Expenses				
Other employee benefit expenses	(41.6)	(34.5)	(7.1)	20.5
Facilities and depreciation expenses	(5.8)	(6.0)	0.2	(2.6)
Selling expenses	(1.6)	(1.5)	(0.1)	5.2
Other expenses	(2.1)	(1.1)	(1.0)	97.1
Finance costs	(0.2)	(0.2)	0.0	(11.9)
Total Expenses	(51.3)	(43.3)	(8.0)	18.4
Other income				
Net fair value gain/(loss) on FVTPL <sup>1</sup>	2.9	(3.6)	6.5	180.4
Gain on disposal of investments	3.9	2.4	1.5	64.2
Government subsidies	6.2	7.9	(1.7)	(21.7)
Others	1.2	1.8	(0.6)	(36.1)
Total Other income	14.2	8.5	5.7	66.1
Profit before tax	44.7	27.7	17.0	61.3
Income tax	(6.6)	(5.5)	(1.1)	20.6
<b>Profit for the period ("NPAT")</b>	<b>38.1</b>	<b>22.2</b>	<b>15.9</b>	<b>71.4</b>
<b>PATMI</b>	<b>35.9</b>	<b>21.0</b>	<b>14.9</b>	<b>71.2</b>
<b>EBITDA</b>	<b>48.9</b>	<b>31.5</b>	<b>17.4</b>	<b>55.3</b>
<b>KEY FINANCIAL RATIOS</b>				
Earning per share (EPS) (cents)				
Basic	3.58	2.09		
Diluted	3.58	2.09		
Conversion Ratio (%)	54.1	42.6		

# Strong Balance Sheet

	30 Jun 2021	31 Dec 2020	Change
	S\$m	S\$m	S\$m
Cash	297.2	332.2	(35.0)
Trade Receivables	113.0	66.3	46.7
Other Financial Assets	51.0	28.7	22.3
Right-of-use Assets	14.8	8.2	6.6
Goodwill & Other Intangible Assets	6.4	6.5	(0.1)
Other Assets	10.9	10.5	0.4
<b>Total Assets</b>	<b>493.3</b>	<b>452.4</b>	<b>40.9</b>
Borrowings	-	-	-
Trade and Other Payables	96.2	82.1	14.1
Deferred Considerations	5.0	3.9	1.1
Lease Liabilities <sup>1</sup>	15.1	8.5	6.6
Tax Payable and Deferred Tax Liabilities	11.0	10.8	0.2
Total Equity	366.0	347.1	18.9
<b>Total Liabilities &amp; Equity</b>	<b>493.3</b>	<b>452.4</b>	<b>40.9</b>
NAV	349.4	331.7	17.7
NAV per share(cents)	34.8	33.1	
NTA	342.9	325.1	17.8
NTA per share(cents)	34.2	32.4	

# Healthy Cashflow

The Group's cash and cash equivalents stood at **S\$297.2m** as of 30 Jun 2021, **net outflow of S\$35.0m** came from:

**+ S\$4.0m** cash generated from operating activities

- S\$42.4m operating cashflow
- S\$(38.4m) working capital changes

**- S\$8.9m** cash used in investing activities

- S\$19.2m purchase of financial assets at FVTPL
- S\$(10.5m) proceeds from disposal of investments
- S\$0.2m other investing activities

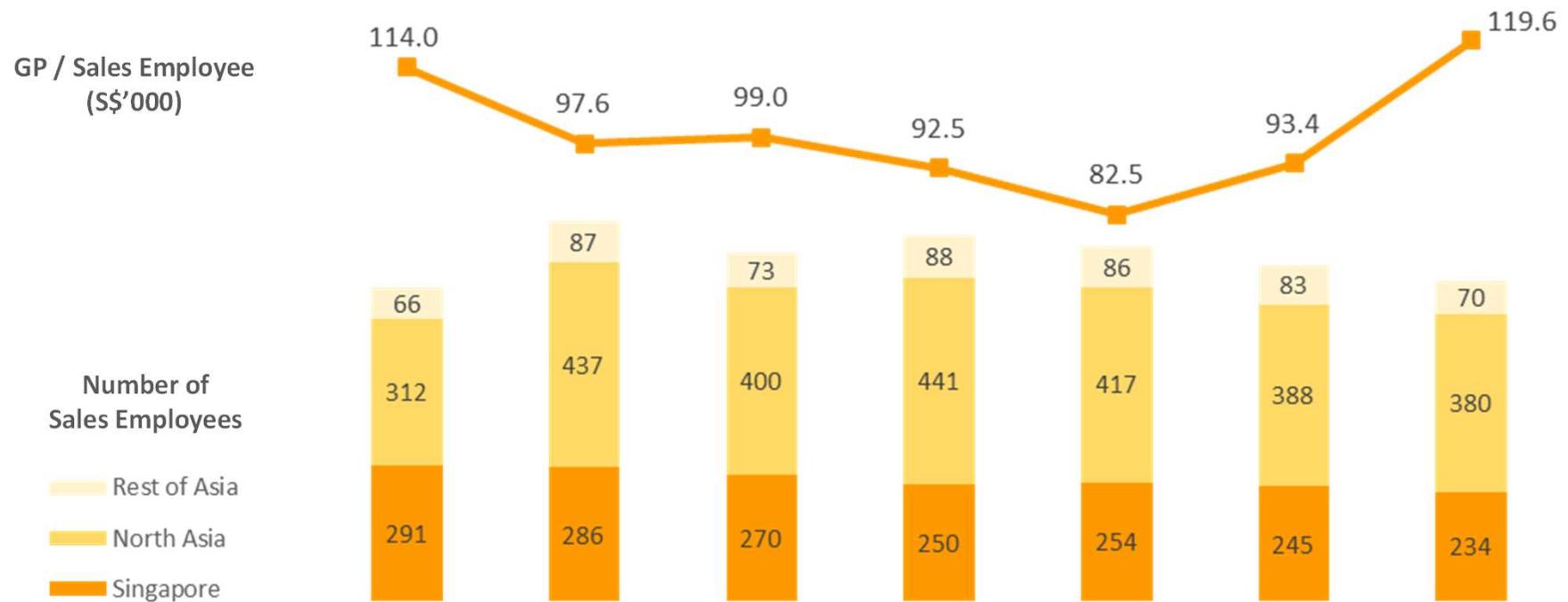
**- S\$31.1m** cash used in financing activities

- S\$26.7m dividends paid
- S\$3.9m repayment of lease liabilities
- S\$0.5m other financing activities

**+ S\$1.0m** arising from the effect of foreign exchange rate changes on its cash & cash equivalents.



# Productive Workforce

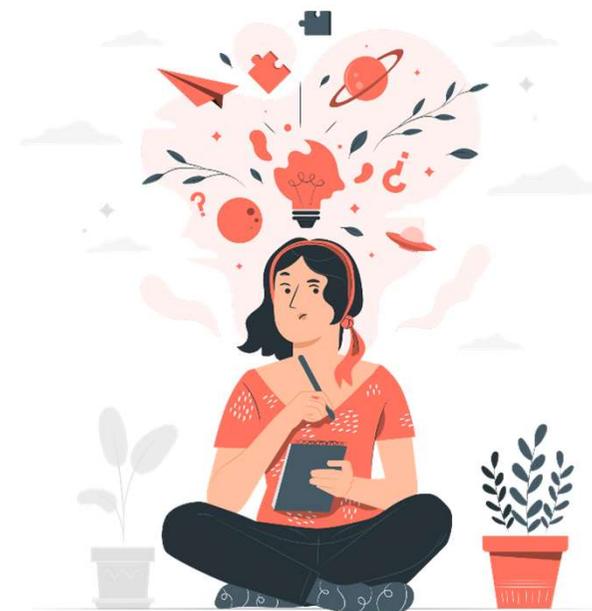


	1H18	2H18	1H19	2H19	1H20	2H20	1H21
<b>PHC (#)</b>	<b>509</b>	<b>548</b>	<b>495</b>	<b>394</b>	<b>395</b>	<b>409</b>	<b>465</b>
<b>% PHC</b>	<b>76</b>	<b>68</b>	<b>67</b>	<b>51</b>	<b>52</b>	<b>57</b>	<b>68</b>
Singapore	84	81	81	72	66	71	79
North Asia	72	62	59	41	48	53	62
Rest of Asia	61	54	56	35	34	35	66
<b>% of Sales Employees</b>	<b>85</b>	<b>86</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>83</b>	<b>81</b>

## IPO PROCEEDS of S\$174.1m

Utilisation	Amount (S\$m)	IPO Proceeds
Investments in Staffline (FVTOCI)	55.5	31.9%
Investments in Strategic Entities	38.1	21.9%
Professional Fees & Misc Expenses (incl IPO)	9.2	5.3%
Investments in Bamboos (FVTOCI)	8.5	4.9%
Investments in Organic Subsidiaries	7.6	4.4%
Paid Consideration for Acquisitions	4.2	2.4%
Deferred Consideration for Acquisitions	4.1	2.3%
<b>Total Utilised &amp; Earmarked</b>	<b>127.2</b>	<b>73.1%</b>
<b>Balance</b>	<b>46.9</b>	<b>26.9%</b>

	Amount (S\$m)
As at 1 January 2021	119.8
Investments in Strategic Entities	3.1
Professional Fees Expenses	0.1
Paid Consideration for Acquisitions	0.1
<b>As at 30 June 2021</b>	<b>123.1</b>



# Engaging with our Stakeholders – Leaders’ Digital Club

**HRnetGroup**  
LEADERS' DIGITAL CLUB

## HIRING AND HR POLICIES in a COVID world

What decision makers must know

ZOOMING ON FRIDAY, 11th June  
830am to 1030am (TH & ID) • 930am to 1130am (SG & MY)

### MEET OUR PANELISTS

It's just a little over a week before we start mapping out our success plans for the future. We've put together a panel of prolific speakers to share their thoughts and perspectives on the topics we have lined up for the session. Click on the link below to learn more about them. And if you have yet to register, remember to do so soon as we only have a few slots available.

**Dion Thai Phung**  
Global Employer Services Tax Partner  
Deloitte Singapore

**Michael Wong**  
Principal And CEO  
Wong And Associates

**Roselin Lee**  
Vice President Of Human Resources  
Shiseido Asia Pacific

[LEARN MORE & REGISTER](#)



Conducted over Zoom on 11<sup>th</sup> June, our business units from Singapore, Kuala Lumpur, Bangkok and Jakarta had put together an event that focuses on discussions about the ever-changing landscape of the HR industry in a COVID world.

The session was developed as a conversation platform for decision makers. Our objective was for them to have key takeaways that can be used to develop a playbook for their organisation.

With over 70 attendees, we did a deep dive into 3 key topics

- Hybrid Models of Work
- The New Hire Profile
- Tax & Costs

The discussion started off as a panel discussion and it was followed by breakout sessions where these leaders could share their perspectives and learn from their peers.

# Engaging with our Stakeholders – Launchpad



**HRnetOne** **DECODING BIG TECH**  
พบกับเหล่าเร็กซ์

**เนวัฒน์ วิวัฒน์พาณิชย์**  
Head of Sales & Channel Partners, SUPERNAP (Thailand)

**พิชารัตน์ ภาส**  
Associate Director, Bakertilly

**โลภน สุระเมฆไพศาล**  
Former Head of People Operations, Traveloku

**นิภากร คล้ายทอง**  
Team Leader, HRnetOne Thailand

**วิษญาดา ศรีรัตนสกุลเสิศ**  
Team Leader, HRnetOne Thailand

Webinar ที่จะพาคุณก้าวสู่เส้นทางอาชีพในธุรกิจเทคโนโลยี  
วันพฤหัสบดีที่ 20 พฤษภาคม เวลา 19.00 น. – 20.30 น.  
ผ่านช่องทาง Zoom

[REGISTER NOW](#)



**RecruitFirst** **LAUNCHPAD**  
29 July, 4pm  
Meet Our Hosts!

**Daniel Choong**  
Business Leader  
RecruitFirst Malaysia

**Mok Jing Ru**  
Practice Leader  
RecruitFirst Malaysia

**Charlotte Cheah**  
Consultant  
RecruitFirst Malaysia

**Yap Sook Ting**  
Consultant  
RecruitFirst Malaysia

**agenda**

4pm: Opening introduction  
4.10pm: Launchpad webinar  
4.40pm: Panel discussion  
5.10pm: Q&A and wrap-up

Good things are meant to be shared. We still have free tickets, so invite your friends to come along!

**See you on 29th July!**

Created with the candidate in mind, Launchpad focuses on sharing content that helps candidates understand the industry better and also excel at areas such as interviews.

## Bangkok

Our leaders and speakers shared with the attendees behind the scenes information regarding the tech industry and what to expect from fresh graduates starting in that field.

## Kuala Lumpur

The RecruitFirst team delivered content targeted at fresh graduates who are embarking on their career journey. The focus was on digital interviews. We covered techniques that will help them excel at every aspect of attending digital interviews.

# Engaging with our Stakeholders – Live events in China



Shanghai Recruiting and Staffing Annual Meeting – attended by more than 500 HR decision makers.



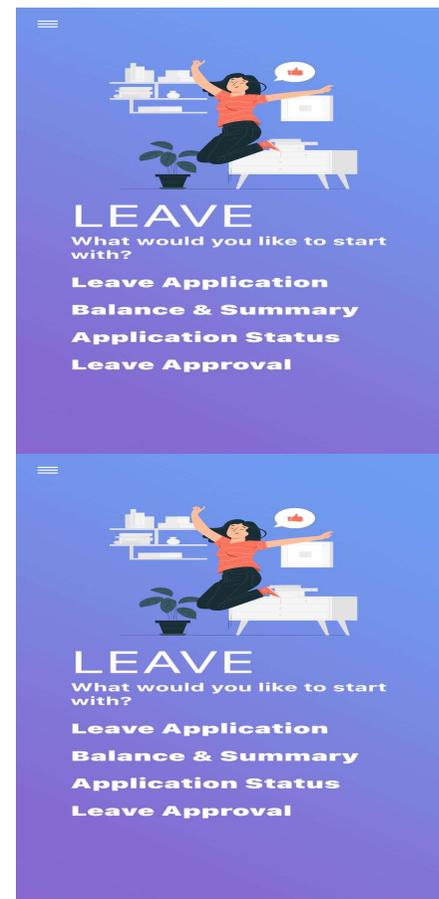
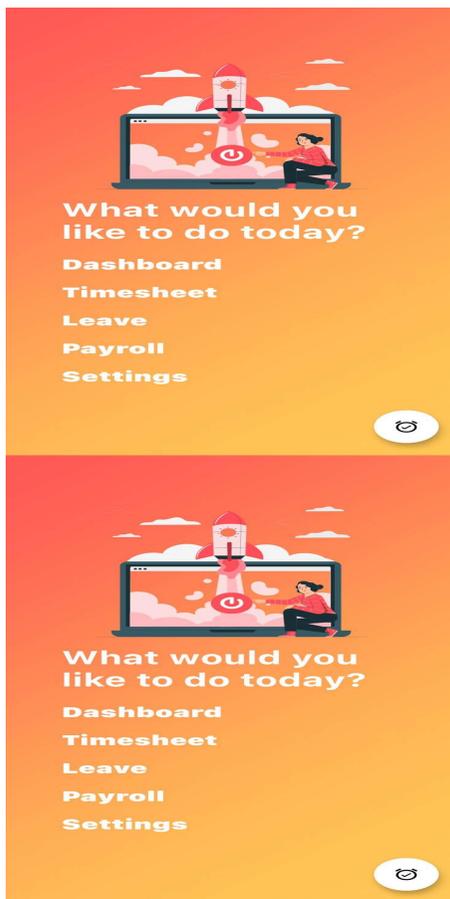
# Engaging with our Stakeholders – Live events in China

1st National Conference on the Development of Human Resources Services.  
An event held by the Chinese national government to showcase the  
development of the HR market in China.



# Going Digital Native with EASE

Our EASE app provides for contactless one-touch check-ins on mobile, leave applications and payslip access, and for our key market Singapore, we are making use of MyInfo to draw in verified SingPass data and make filling out required information a breeze.



# Delivering the Essence - Candidate Profile Report

Our **Candidate Profile Report (CPR)** has gone through a complete overhaul! Our objective is to provide clients with the quickest read possible without missing out any important details.

So whether they are looking at it on the go via their mobile or in front of their laptops, in just under 2 minutes, they'll have enough relevant facts and information on hand to decide on the next step.

## HERE ARE SOME KEY FEATURES IN OUR NEW CPR



### AN INSIGHTFUL OVERVIEW

Important highlights and our recommendations are presented right at the top for immediate access to key information.



### CLEAR & CONCISE

Only relevant information from the candidates' work history is extracted and formatted into bite-sized bullet points.



### QUALITY OVER QUANTITY

The content of each point is tightly written under 180 characters to get the full picture in the shortest time possible.



### EASY COMPARISON

The compensation section has been restructured so that all numbers are clear and easily understood.

# HRnetGroup

[www.hrnetgroup.com](http://www.hrnetgroup.com)

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