

HRnetGroup

2022 FULL YEAR

23 FEBRUARY 2023

RESULTS ANNOUNCEMENT

JENNIFER KANG

Group CFO

ADELINE SIM

Chief Corporate Officer
& Executive Director



DISCLAIMER

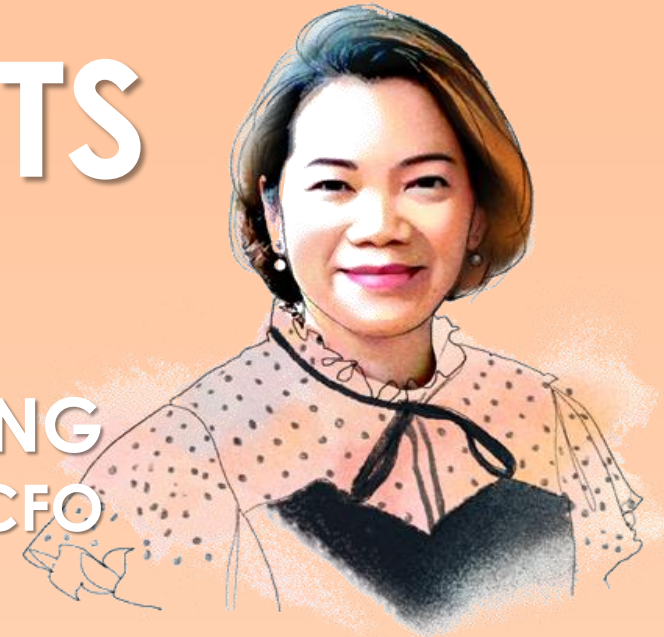
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2022 FINANCIAL HIGHLIGHTS

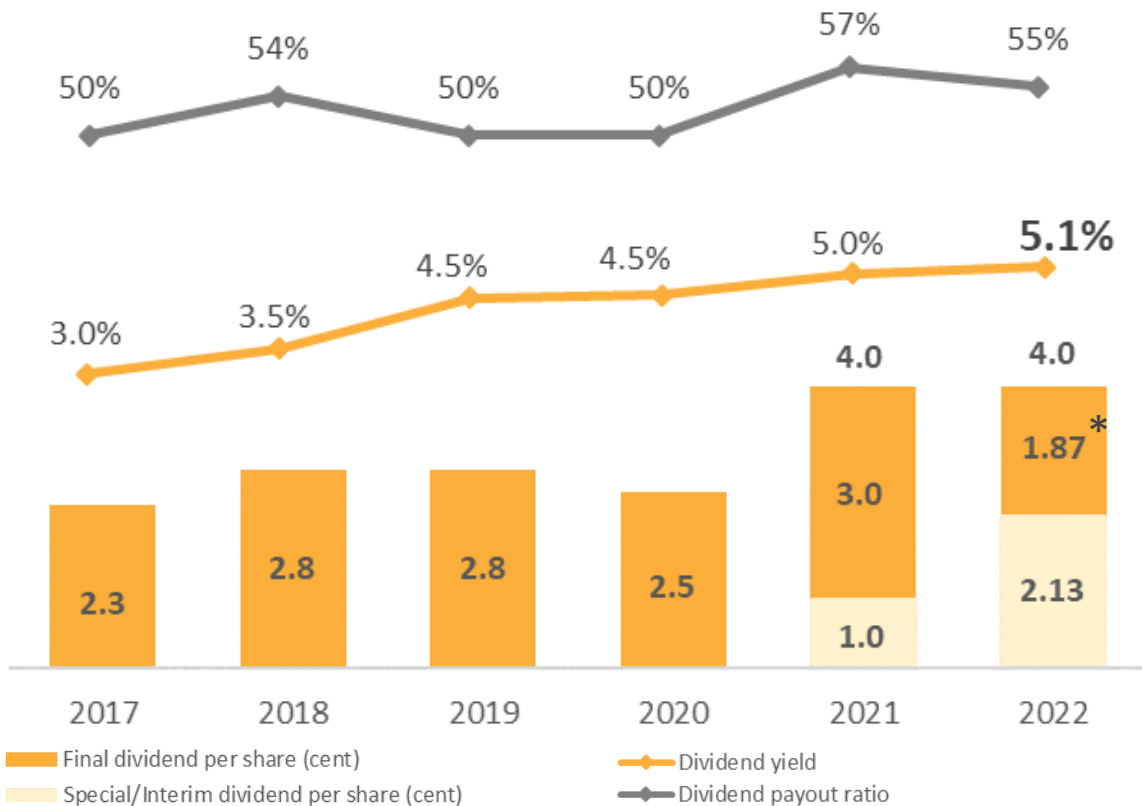
JENNIFER KANG
Group CFO



2022 HAPPY SHAREHOLDER RETURNS



DIVIDENDS

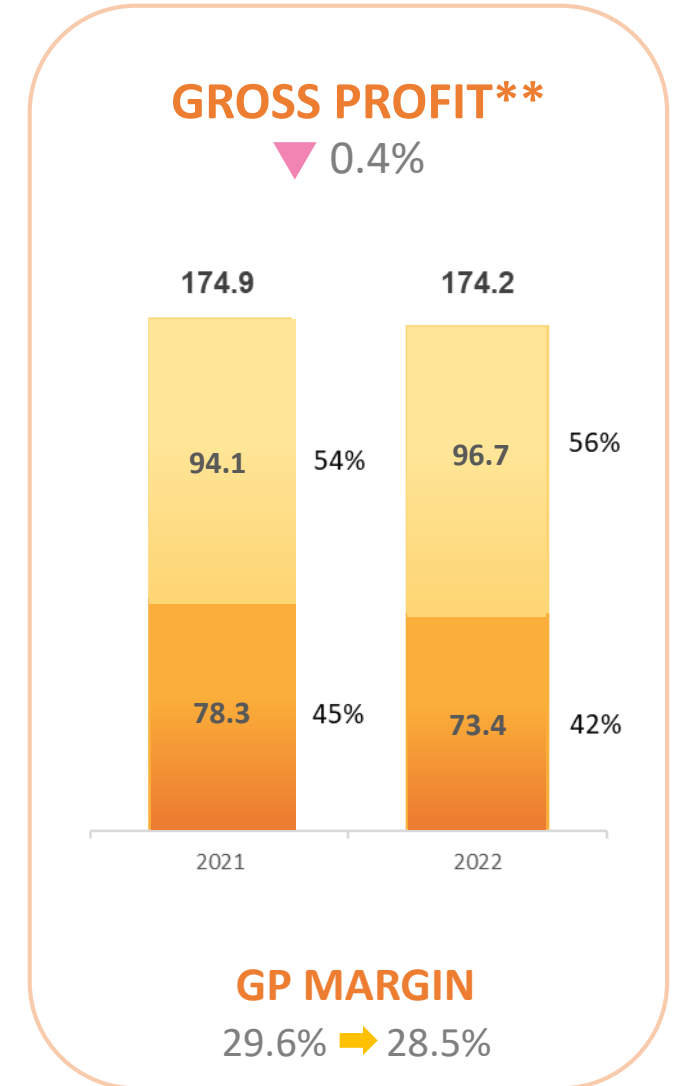
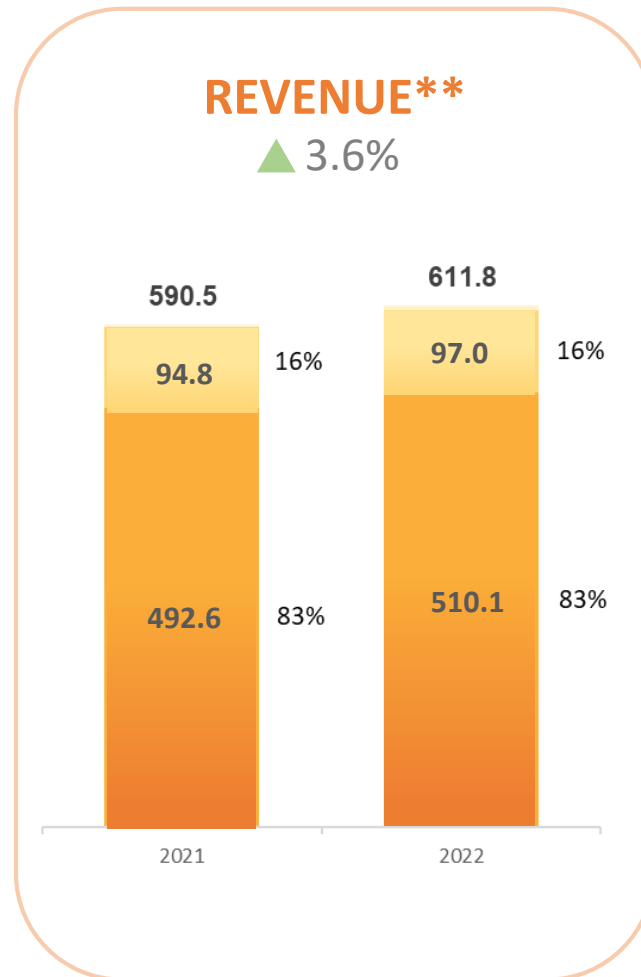
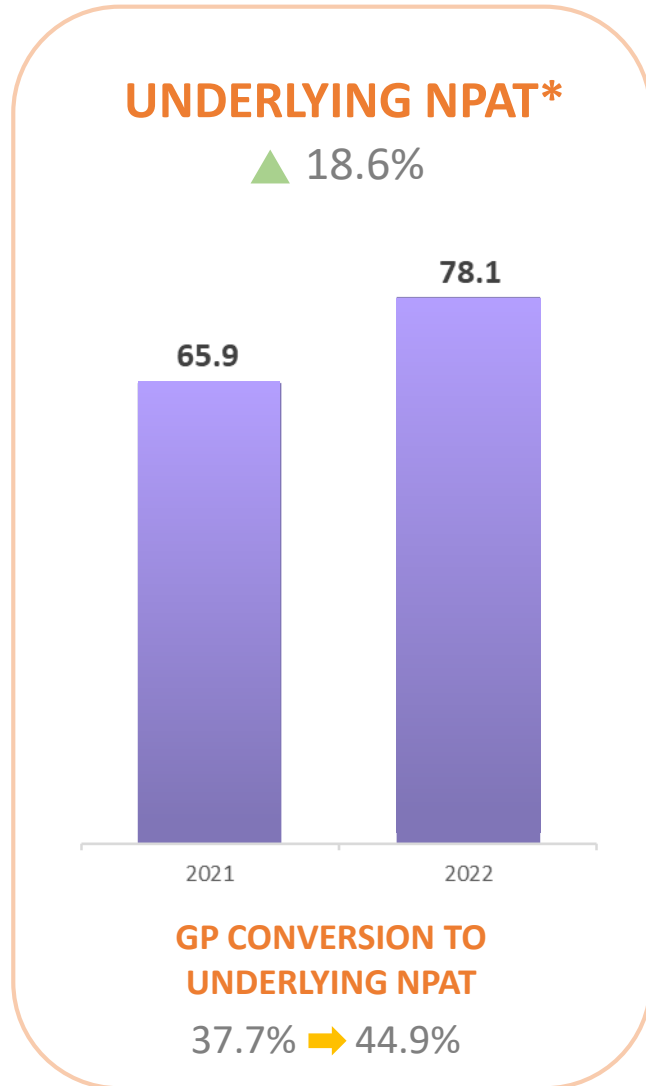


\$30M SHARE BUYBACK PROGRAM

Period	Value (S\$m)	Buyback No. of Shares (m)	Utilization	
Up to 13.6.2022	10.1	15.3	(7.7)	M&A, Employee Shares, Acquisition of minority interests
13.6.2022 to 20.1.2023	12.3	15.6	(0.1)	
From 24.2.2023	17.7	Balance	23.1	
	30.0			

*Subject to shareholders' approval at forthcoming AGM on 26 April 2023

2022 KEY FINANCIALS (S\$m)



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

** FS PR

REVENUE MODEL

(% of Revenue)

	FS	PR	Others
Revenue = 100	83.3	15.9	0.8
Direct Costs	(71.3)	(0.1)	(0.1)
	<hr/>	<hr/>	<hr/>
	12.0	15.8	0.7
GPM	14.4%	99.6%	88.1%
	└────────────────────────────────┘		
	GP	28.5	
Opex & Other Income		(9.6)	
		<hr/>	
Profit Before Incentives		18.9	
Profit Sharing Incentives		(4.7)	
Tax		(2.4)	
		<hr/>	
NPAT		11.8	

2022 PR BUSINESS DYNAMICS

KEY BRANDS

HRnetOne

HRnetRimbun

REFORCE
RECRUITMENT EXPERT FORCE

PeopleSearch

PeopleFirst

SEARCHASIA
MANAGING CAREERS PROCURING TALENT

RECRUITLEGAL
MANAGING LEGAL CAREERS PROCURING LEGAL TALENT

BUSINESS MODEL



Clients need talents for junior, mid to senior-level positions



We source, interview, recommend and select qualified and suitable Candidates



We facilitate contract negotiation



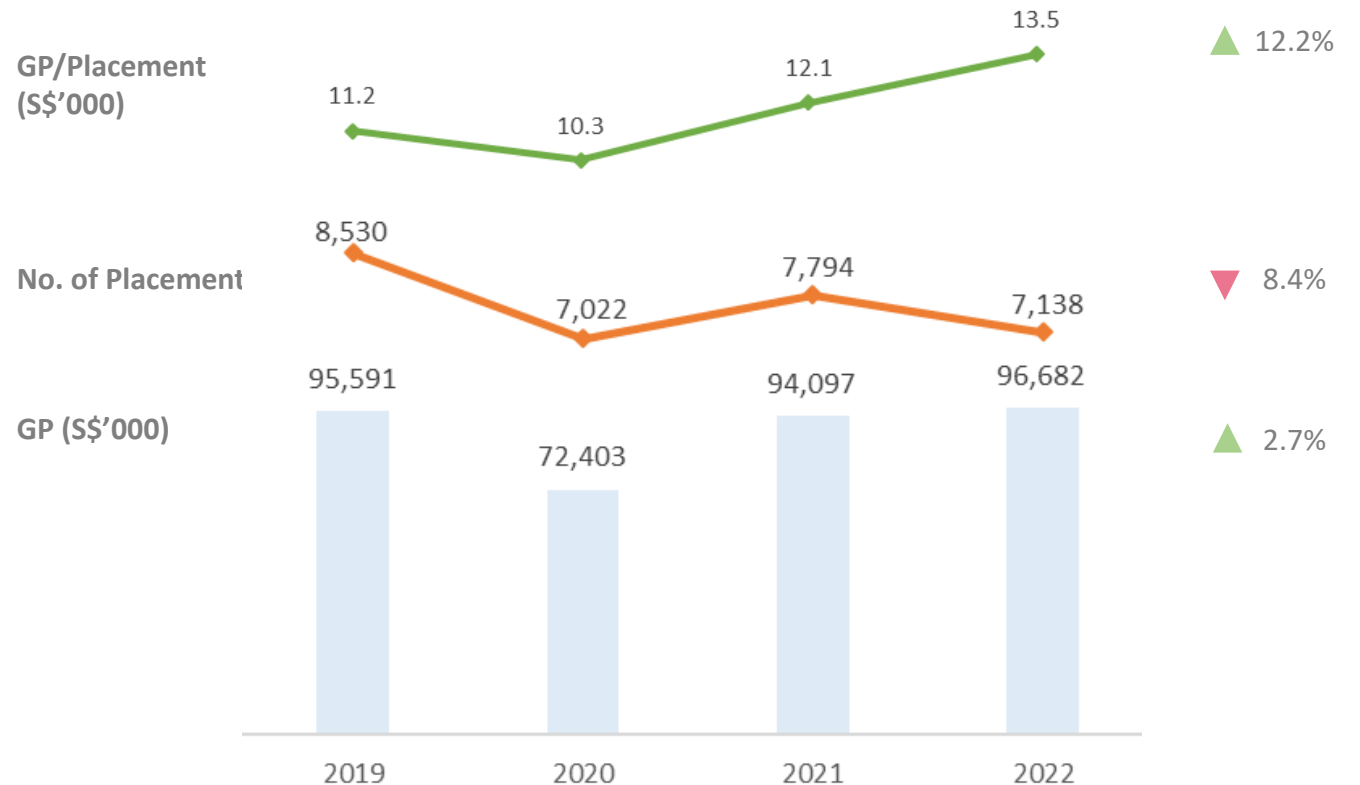
Clients hire successful Candidates & they start work



We bill Clients a % of the successful Candidates' 1st year remuneration

PROFESSIONAL RECRUITMENT

REVENUE	GP	GP MARGIN	PLACEMENTS
S\$97.0m	S\$96.7m	99.6%	7,138
▲ 2.4%	▲ 2.7%	▲ 0.3% pts	▼ 8.4%



2022 FS BUSINESS DYNAMICS

KEY BRANDS



BUSINESS MODEL



Clients need Contractors



We source, recommend and hire Contractors on our payroll



We pay Contractors and take responsibilities for their insurance and benefits as their Employer



We bill Clients a service fee % marked up on payroll and employee benefit costs incurred



FLEXIBLE STAFFING

REVENUE

S\$510.1m

▲ 3.6%

GP

S\$73.4m

▼ 6.3%

GP MARGIN

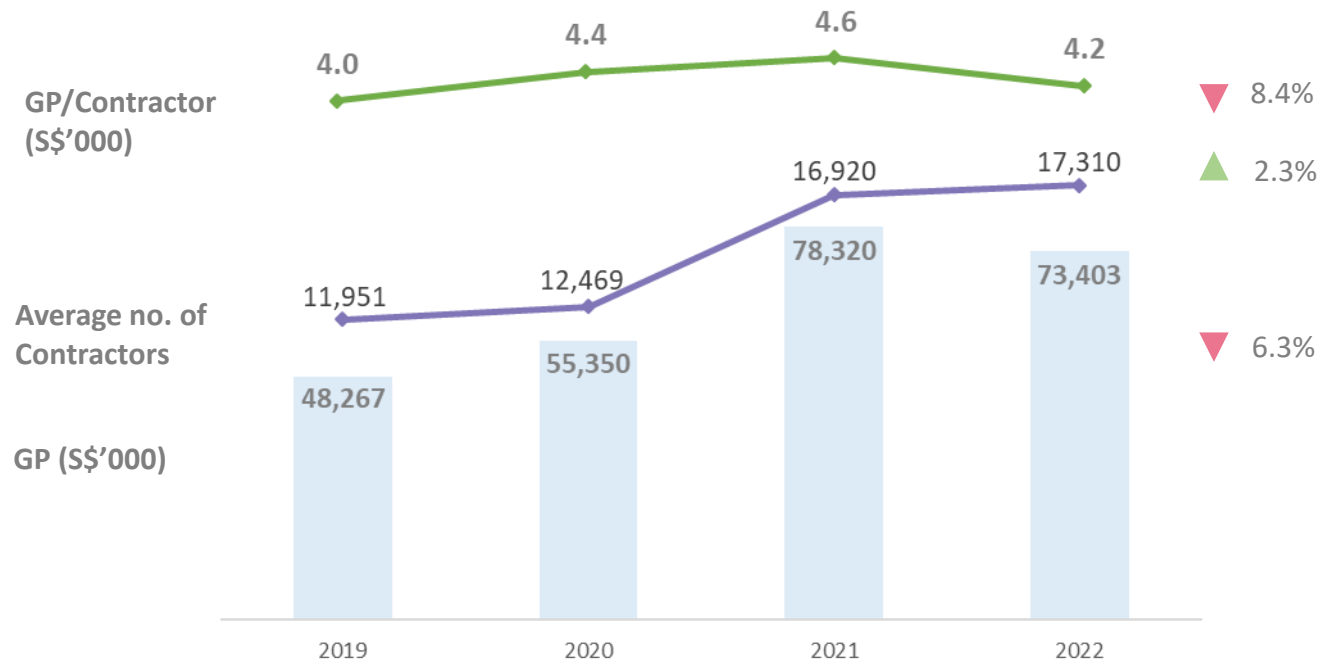
14.4%

▼ 1.5% pts

No. of Unique Contractors

55,981

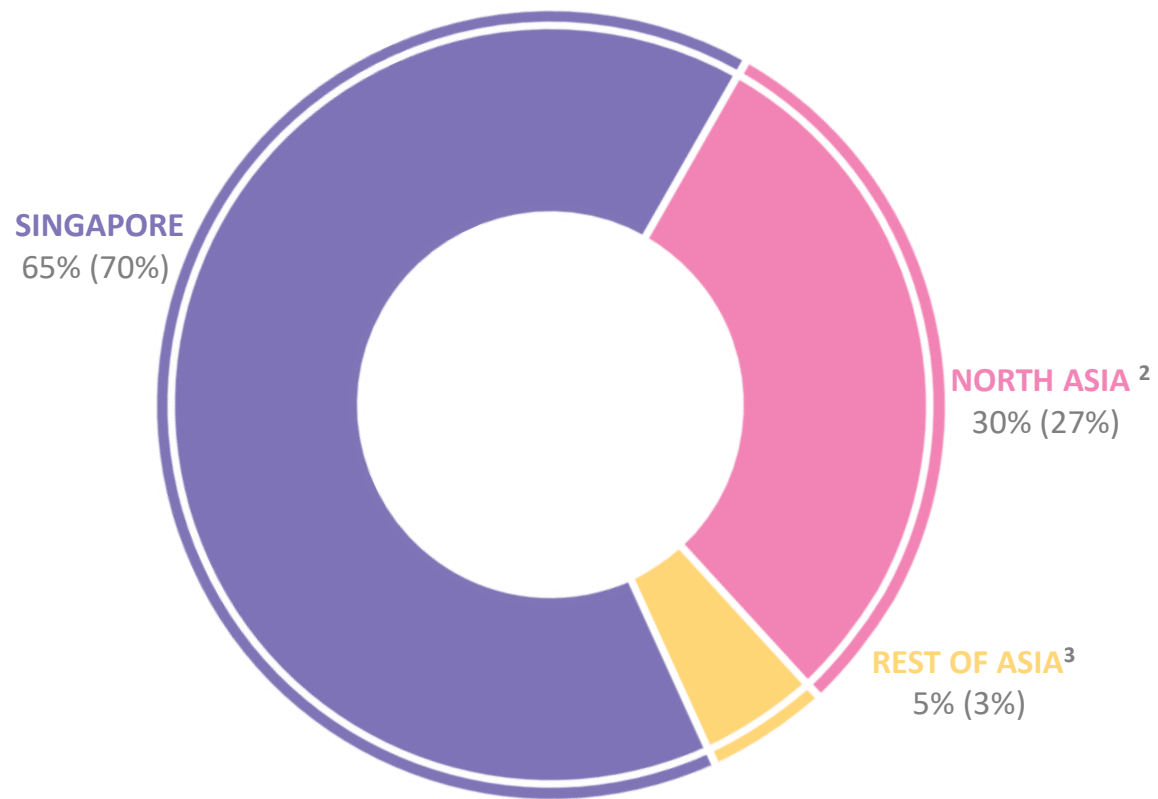
▲ 2.8%



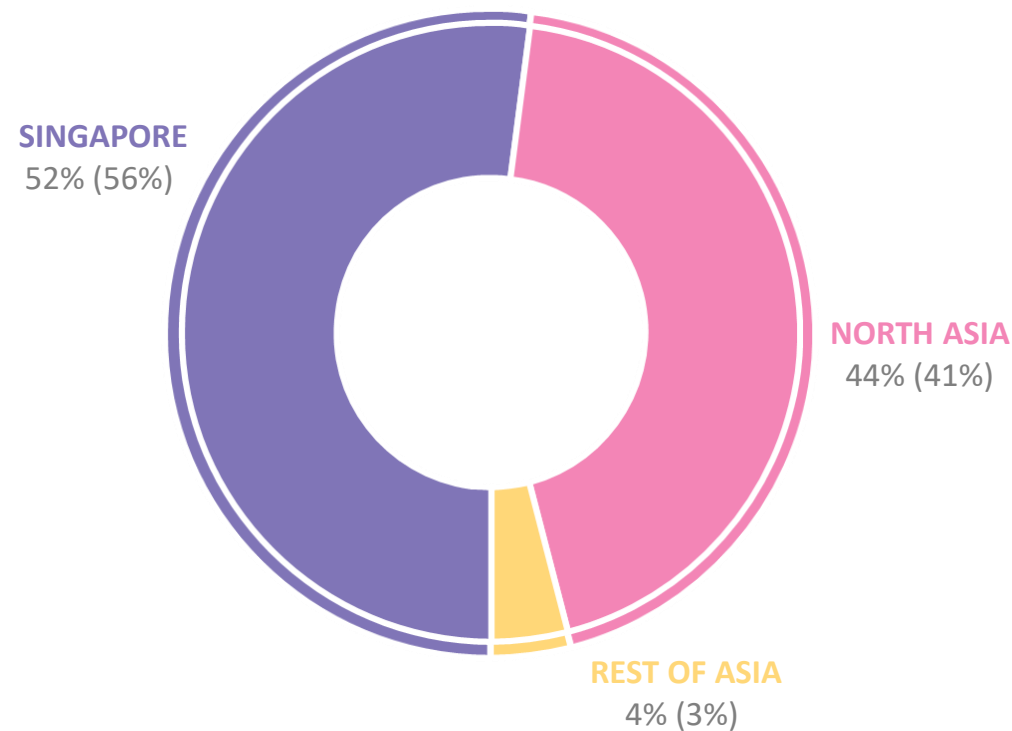
¹ No. of Contractors in Dec : 18,068 (19,280)

2022 GEOGRAPHY MIX

REVENUE



GROSS PROFIT

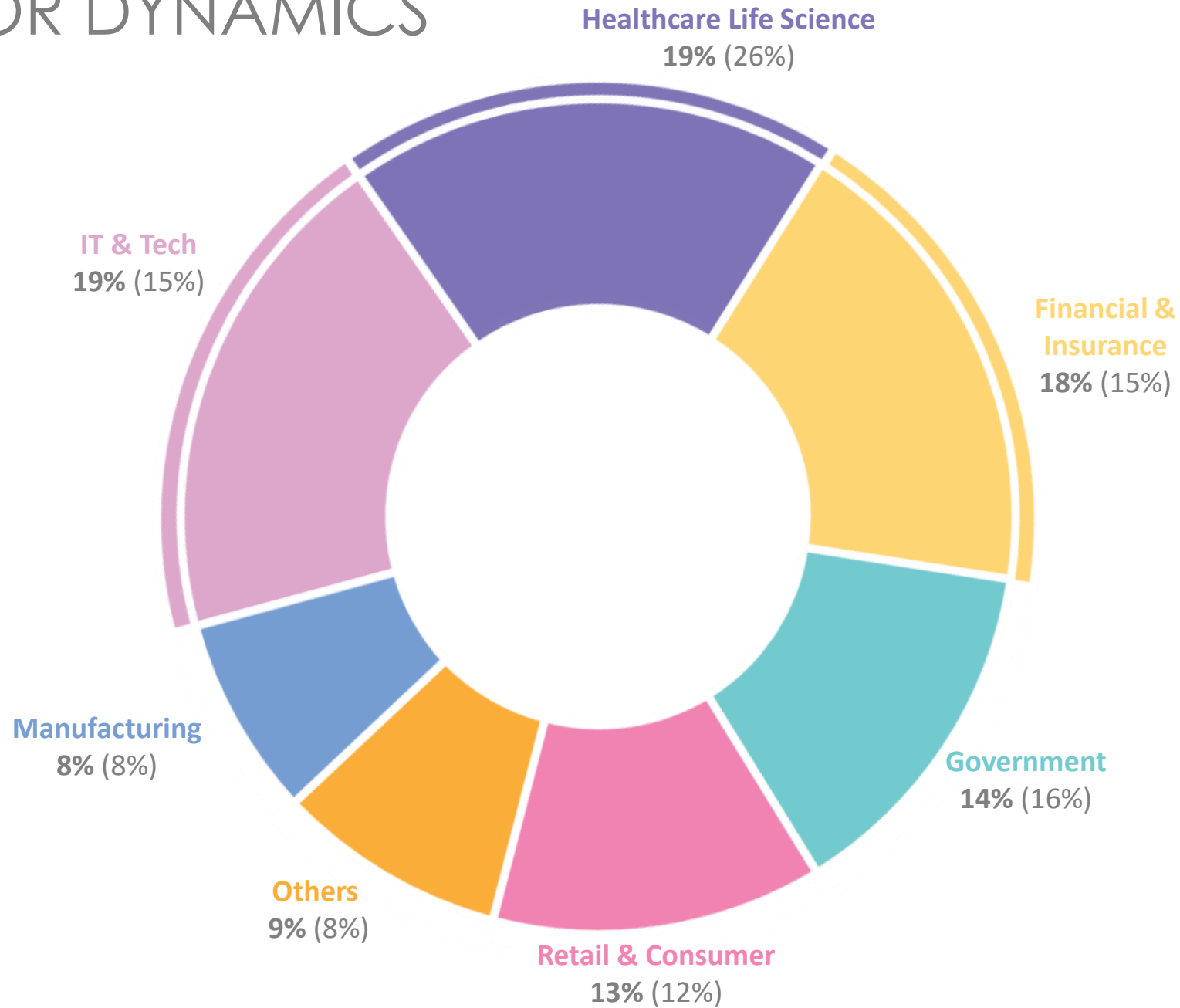


¹ 2021 figures in brackets.

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

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

2022 SECTOR DYNAMICS

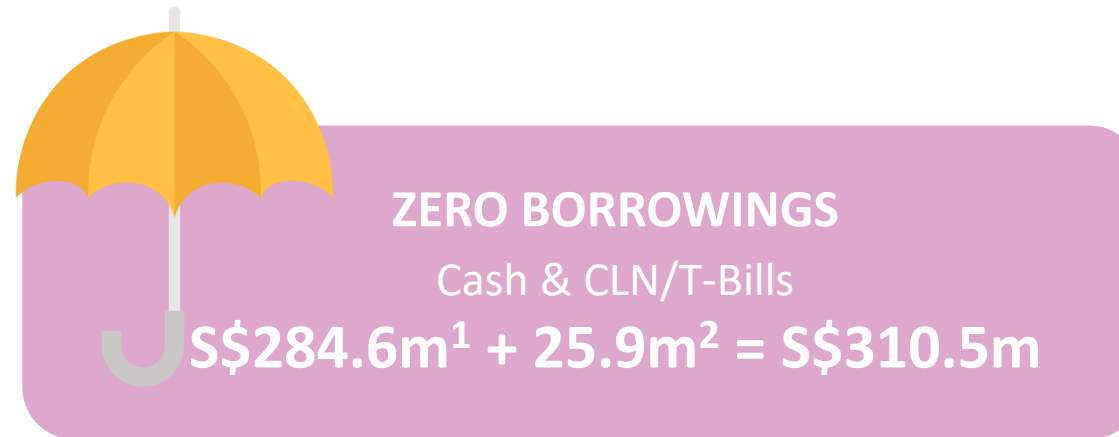


*2021 figures in brackets.

2022 DIVERSIFIED CLIENT BASE

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

	Customer since	2022 Revenue Contribution
1. Client (Healthcare)	2005	3.4%
2. Client (Financial & Insurance)	2000	3.2%
3. Client (Financial & Banking)	2004	2.6%
4. Client (Retail & Consumer)	1999	2.3%
5. Client (Healthcare)	2006	2.2%
Contribution from Top 5 clients		13.7%
Contribution from Top 10 clients		21.6%



ZERO BORROWINGS
Cash & CLN/T-Bills
 $S\$284.6m^1 + 25.9m^2 = S\$310.5m$

NET OUTFLOW OF S\$16.6M:

OPERATING

+ S\$75.2m

- S\$97.8m operating cashflow
- S\$(22.5m) working capital changes & tax payments

INVESTING

- S\$3.6m

- S\$4.7m proceeds from disposal of investments
- S\$(6.0m) purchase of other financial assets
- S\$(2.3m) others

FINANCING

- S\$83.2m

- S\$(64.8m) dividends paid
- S\$(7.2m) repayment of lease liabilities
- S\$(10.1m) share buyback
- S\$(1.1m) others

FOREX

- S\$5.0m

Effect of foreign exchange rate changes on Cash & Cash equivalents

¹ Cash & Cash equivalents

² CLN/T-Bills purchased in 2022: Credit Linked Notes (CLN) are DBS issued notes with Monetary Authority of Singapore (MAS) bill as credit underlying, while T-bills are short-term Singapore Government Securities (SGS) issued by MAS

2022 HIGHLIGHTS – S\$174.1M IPO Proceeds

UTILISATION	Amount (S\$m)
Investments in Staffline and Bamboos (FVTOCI)	64.0
Purchase of financial assets (FVTPL)	39.1
Acquisition and investment in subsidiaries	9.1
Start-up of subsidiaries	8.6
IPO related expenses	9.1
Balance pending deployment	44.2
Total IPO Proceeds	174.1

MOVEMENT	Amount (S\$m)
As at 1 January 2022	127.3
Additional investments in RFI & RFTPL ¹	1.0
Additional investments in Staffline (FVTPL)	0.9
Acquisition of subsidiary (Octomate)	0.7
As at 31 December 2022	129.9

EARMARKED FOR 2023 :

Investment in new organic subsidiaries – RFKR & RFF ²	2.7
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¹ Recruit First Indonesia (RFI) & RecruitFirst Taiwan (RFTPL)

² Including RecruitFirst Korea Inc. (RFKR) announced on 10 Feb 2023 & RecruitFast (RFF)

OUTLOOK – GDP & INFLATION

Geography	GDP Growth Rate			Inflation Rate
	2021	2022e	2023p	Dec-22
Malaysia	3.1	8.7	4.4	3.8
Indonesia	3.7	5.3	4.8	5.5
Singapore	7.2	3.6	1.8	4.1
Thailand	1.5	3.2	3.7	6.3
Mainland China	8.4	3.0	5.2	2.5
S. Korea	4.1	2.6	1.7	5.0
Taiwan	6.5	2.4	2.8	2.7
Japan	2.1	1.1	1.8	4.0
HK SAR	6.3	-3.5	3.3	2.0

Sources: National Statistics of respective countries, IMF

SINGAPORE

Structural shifts in PMETs, rising median income

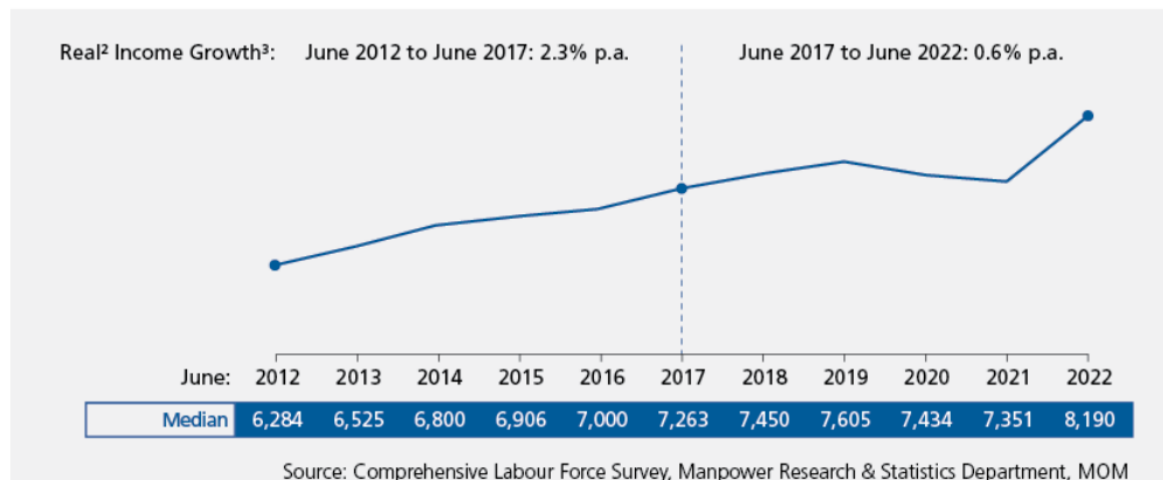
- PMETs among employed residents ↑ from 62.1% to 64%
- Employment rate of degree holders aged 25 to 64 ↑ to a two-decade high of 88.4%
- Median income of full-time employed degree holders ↑ 11.4% to \$8,190

2023 potential manpower demands:

- Information & Communications
- Financial & Insurance Services
- Professional Services
- Advanced Manufacturing

Median gross monthly income from work (including employer CPF contributions) of full-time employed resident degree holders

Dollars



MAINLAND CHINA



Strong recovery in sight

- 2022 Capital investment in high-tech industry increased 18.9%
- 2023 Lifting of Zero Covid Policy and re-opening of the economy

Rising labour demands



Manufacturing



Retail



Food & beverage



Travel-related hotel
& Hospitality

TAIWAN



Tech sector powers on

2022 resilient economic performance especially Semicon industry grew by 22.3% in 1st 3 quarters



2023 Outlook

- Leading Taiwanese chip foundries continue to focus on the home market
- Foreign tech companies keen to invest in Taiwan
- Government support of advanced semicon investment
- Tourist arrivals to help recovery in transportation, hospitality, recreation and entertainment

Number of Shareholders as of 31 December

1,491 **2,161**
2017 2022

Voluntary Announcements

- News flow & visibility
- Promotions & Co-Owners
- Contract wins
- Awards & recognition



Global Analyst Coverage



Active Dialogues

With Retail, Corporate & Insti Investors

- Webinars
- Non-deal roadshows
- Briefings & updates



AWARDS & RECOGNITION

Best Managed Companies 2022 Singapore
by Deloitte Private: HRnetGroup



Human Capital Partnership Employment
Agency by TAFEP: RecruitFirst Singapore



Dun & Bradstreet Singapore Business
Eminence Awards 2022: HRnetGroup



Healthcare Industry Best HR Agency:
PeopleSearch Shanghai



Taiwan Grade A Accreditation:
HRnetGroup, HRnetOne,
PeopleSearch & RecruitFirst



Top 60 China HR Services Women Leader:
Annie Zhang, RecruitFirst Shanghai



McDonald's Most Promising Executive
Search Vendor Award:
PeopleSearch Shanghai



2022 Shanghai Government
Talent Scout Award:
HRnetOne & REForce



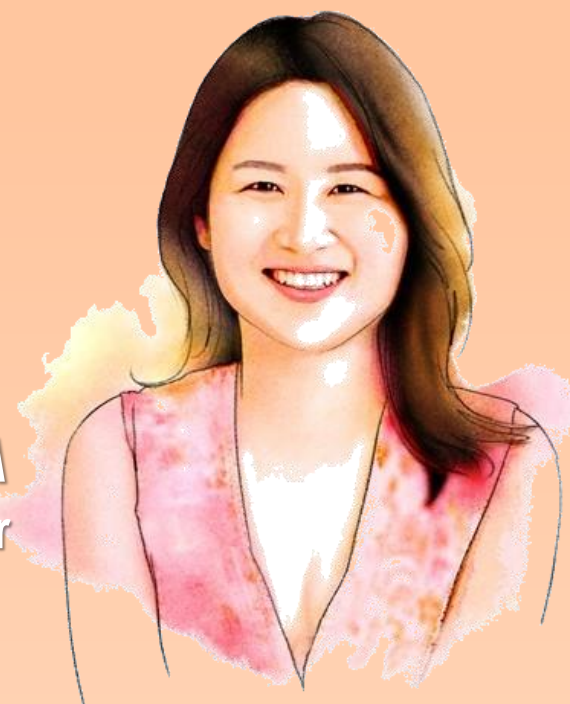


2022

ORGANISATION & OUTLOOK

ADELINE SIM

Executive Director & Chief Corporate Officer



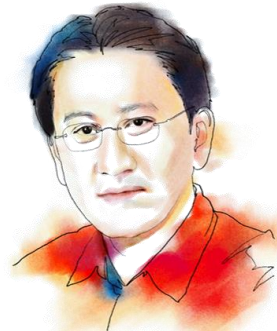
INTERNATIONALISING OUR BOARD

WITH MORE TALENT EXPERTS



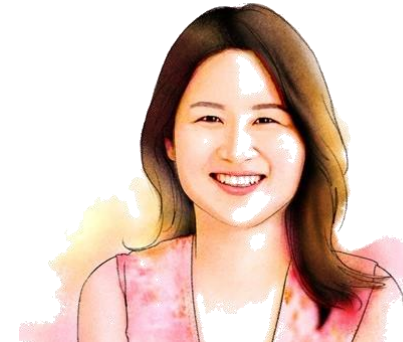
JS SIM

Executive Director,
CEO of Recruit Express



PETER SIM

Executive Director
& Founding Chairman



ADELINE SIM

Executive Director,
Chief Corporate Officer



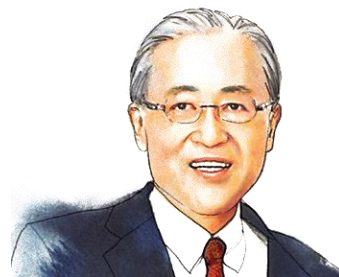
MAE HENG

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

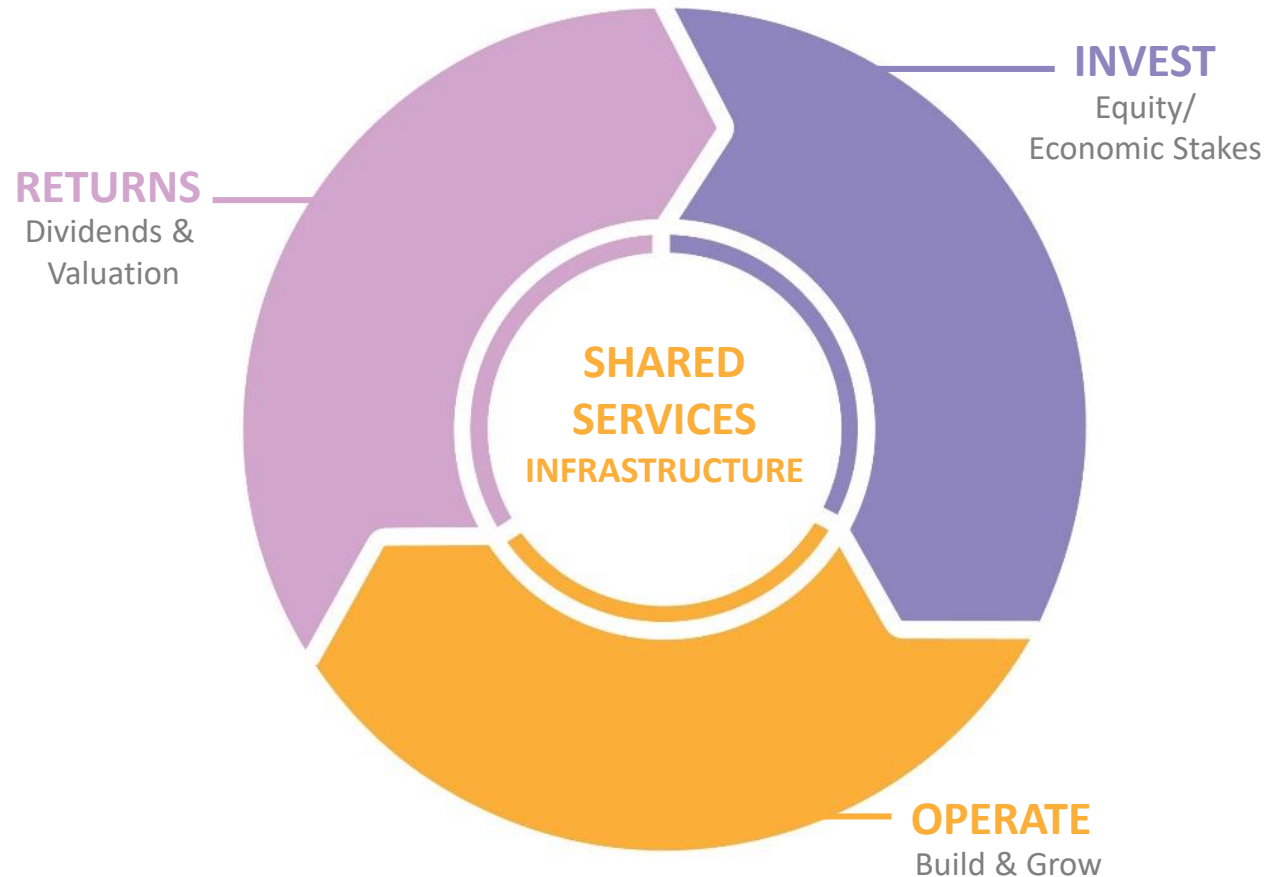
Independent Director,
Chairman of Nominating Committee,
Member of Audit Committee &
Remuneration Committee



ALBERT ELLIS

Independent Director

CO-OWNERSHIP OPERATING MODEL



OUR 37 BUSINESS LEADER CO-OWNERS

propelled growth across 15 Asian cities, 40 offices and 33 Business Units over the last 30 years.

NET INCREASE FROM 6/2017 IPO – 6/2022

- 15 **Business Leader Co-owners** from 22 to now 37.
- 8 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.

37 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



MADELINE 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

octomate



VICKI ONG
Taipei



KHIM GOH
Kuala Lumpur



RITA DONG
Shanghai



WILL YAN
Beijing



ZOEY TONG
Singapore



JACELYN CHUA
Singapore



KATHERINE CHOW
Hong Kong SAR



KELVIN RIMBUN
Jakarta



LEE CHUNG
Taipei

EXPANSION OF SALES CAPACITY



SALES PRODUCTIVITY

78%
SALES HC
HIGH RATIO OF FEE EARNERS

63%
PHC¹

\$259k/HC
▲ 0.2%

FULL-TIME EMPLOYEES²

37
BUSINESS LEADER
CO-OWNERS

109
LEADERS

527
FULL-TIME CONSULTANTS

GROWTH CAPACITY

72% **28%**
FTE² ITC³
COST-EFFECTIVE DEPLOYMENT

▲ **89**
INCREASE IN HC

21
HC FOR NEW UNIT
INCUBATION

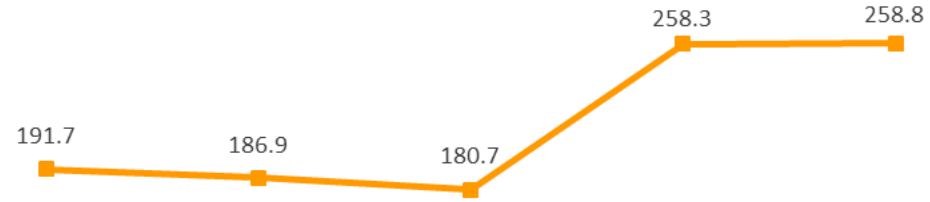
¹ PHC: Productive Heartcount (Sales employees that generate GP ≥ 3x payroll cost)

² FTE : Full-time employees

³ ITC : Interns, Trainees, Contractors

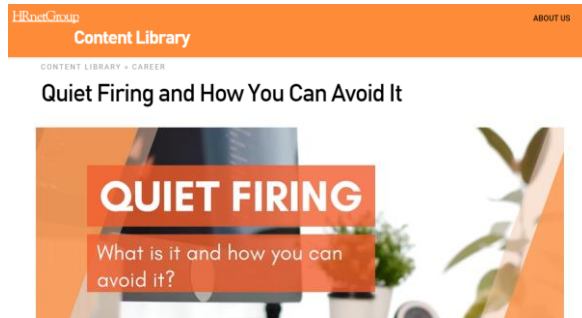
PRODUCTIVE WORKFORCE

GP / Sales Employee
(S\$'000)



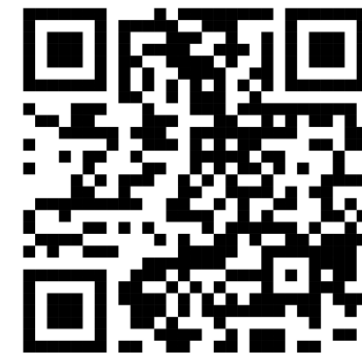
	2018	2019	2020	2021	2022
Number of PHC	564	485	422	472	427
% PHC	70	62	59	70	63
Singapore	81	79	69	88	84
North Asia	65	57	58	61	54
Rest of Asia	56	42	33	63	65
% of Sales Employees	86	84	83	81	78

MARKET INTELLIGENCE REPORTS & ARTICLES



From industry outlooks to in-demand skills and more, our Trend Reports are information-packed resources that help job seekers and hiring professionals navigate the ever-changing job market.

Scan to view the reports in our content library



LIVE SHOWS



Our live shows use social media platforms such as Instagram and WeChat to provide specially curated content to our target audience.

These include information such as career guides and industry-based topics, along with employer branding activities to appeal to a broader talent pool.

We also collaborate with social media influencers to widen our reach and provide a more diverse range of content.

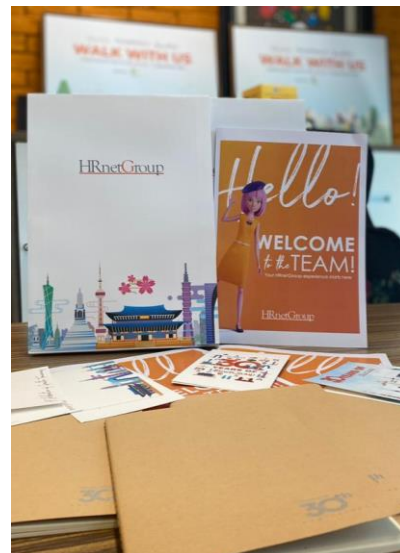
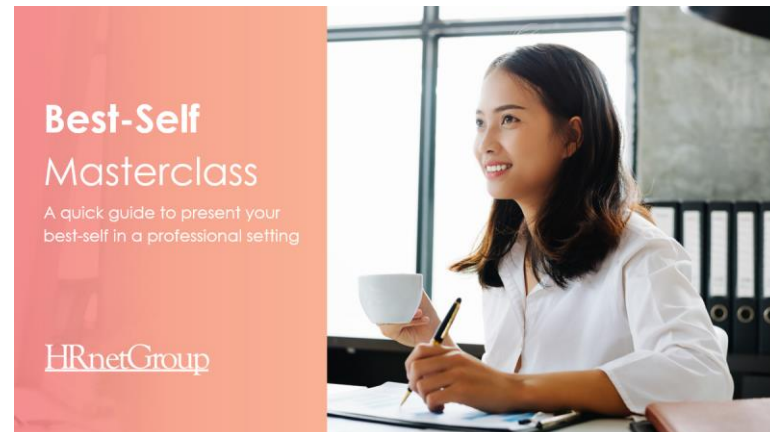
WELCOME PACKS & INDUCTION PROGRAMS



Our training modules teach practical strategies for presenting your best self at work.

Topics include

- Building a great LinkedIn profile
- Projecting professionalism online and in person
- Public speaking and more



Together with our welcome packs, we provide a comprehensive experience for every employee we bring onboard.

UEP LEADERSHIP MASTERCLASS



The UEP Leadership Masterclass was **designed for 49 of our next generation leaders to learn, grow and connect.**

Held from 28th May to 29th Oct, the Masterclass ran for 11 session with a total of 22 learning hours.



The topics centered around the core themes of **People, Operational & Business Leadership.**

The **objective was to level up skills, enable cross-regional learning and build upon the individual's potential and talent.**

CARING FOR OUR STAKEHOLDERS

SHANGHAI: LOCKDOWN SUPPORT



TOKYO: BEACH CLEAN-UP



TAIPEI: BLOOD DONATION DRIVE



WALK WITH US



SUSTAINABLE CHRISTMAS MARKET



WALKING WITH YOU



As part of our 30th Anniversary celebrations, HRnetGroup’s talents composed and recorded an original song that encapsulated our journey and milestones along with the growth and success that we will continue to achieve in the future.

Scan to watch the video



2023 NEW GROWTH ENGINES



ORGANIC

Startups

- Market readiness
- People willingness
- Invest personally
- Build business
- Cultivate team

RecruitFirst

Seoul, Hsinchu & Penang*



INORGANIC

M&A

- Likeminded entrepreneurs
- Continue to own a substantial stake
- Synergies
- Profit accretive
- Earned out mechanism

octomate



COMBO

Post-M&A New Ventures

- Joining forces with co-owners
- Good integration experience
- Startup readiness & willingness

RECRUITFAST*

KEY INVESTMENT PROPOSITIONS



STRONG FINANCIALS 2022

- Revenue S\$611.8m ▲3.6%
- Gross Profit S\$174.2m ▼ 0.4%
- Underlying NPAT S\$78.1m ▲ 18.6%. Profit S\$72.5m ▲ 3.1%
- Cash/CLN/T-Bills S\$310.5m, zero borrowings



SCALEABLE FOR REPEATED SUCCESS

- 1,194 people, 33 Business Units, 40 offices, 15 Asian cities
- Full spectrum of 13 brands with product & service differentiation
- Systems, processes, digital infrastructure to replicate success



CONTINUED GROWTH

- Organic growth through Co-Ownership model with 37 business leaders holding stakes in Business Units they operate
- M&A profit accretive & successful in integration



SHAREHOLDER RETURNS

- ROE¹ 18% (2021), 19% (2022)
- S\$61.5m in dividends paid in 2022; S\$18.5m payable in May 2023
- Dividend Yield 5.1%²

¹PATMI / NAV

²S\$0.04 total dividend per share / S\$0.785 closing share price on 30 December 2022

Appendix A - Solid Financial Performance

	Group		
	Year ended 31 December		
	2022	2021	Change
	S\$'000	S\$'000	%
Revenue	611,775	590,540	3.6
Sub-contractor expenses	(437,621)	(415,637)	5.3
Gross profit ("GP")	174,154	174,903	(0.4)
Other income	19,982	15,942	25.3
Selling, general, administrative and other expenses ("SG&A"):			
Other employee benefit expenses	(87,867)	(87,757)	0.1
Facilities and depreciation expenses	(11,499)	(11,629)	(1.1)
Selling expenses	(2,757)	(2,893)	(4.7)
Other expenses	(4,835)	(3,311)	46.0
Finance costs	(418)	(472)	(11.4)
	(107,376)	(106,062)	1.2
Profit before income tax	86,760	84,783	2.3
Income tax expense	(14,300)	(14,516)	(1.5)
Profit for the year ("NPAT")	72,460	70,267	3.1
Profit attributable to:			
Owners of the Company ("PATMI")	67,535	65,490	3.1
Non-controlling interests	4,925	4,777	3.1
	72,460	70,267	3.1

Appendix B - Strong Balance Sheet

	Group	
	31 December	31 December
	2022	2021
	S\$'000	S\$'000
ASSETS		
Current assets		
Cash and cash equivalents	284,567	327,078
Trade receivables	99,830	114,194
Other receivables and prepayments	7,035	5,444
Other assets	1,093	-
Other financial assets	46,584	24,959
Total current assets	439,109	471,675
Non-current assets		
Pledged deposits	1,031	1,141
Plant and equipment	1,532	1,478
Right-of-use assets	9,630	12,622
Other intangible assets	1,340	1,284
Goodwill	5,862	5,185
Subsidiaries	-	-
Other financial assets	24,036	35,080
Deferred tax assets	1,446	1,845
Total non-current assets	44,877	58,635
Total assets	483,986	530,310

	Group	
	31 December	31 December
	2022	2021
	S\$'000	S\$'000
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	8,197	9,470
Other payables and accruals	76,693	107,132
Leases liabilities	5,466	6,392
Income tax payable	10,657	12,693
Total current liabilities	101,013	135,687
Non-current liabilities		
Deferred tax liabilities	356	309
Leases liabilities	4,394	6,458
Total non-current liabilities	4,750	6,767
Capital, reserves and non-controlling interests		
Share capital	260,605	260,605
Treasury shares	(14,494)	(4,503)
Equity reserve	(47,369)	(47,838)
Investments revaluation reserve	(46,351)	(35,431)
Translation reserve	(2,653)	1,428
Retained earnings	212,081	195,983
Equity attributable to owners of the Company	361,819	370,244
Non-controlling interests	16,404	17,612
Total equity	378,223	387,856
Total liabilities and equity	483,986	530,310



THANK YOU

HRnetGroup