

HRnetGroup

# 1H 2023 RESULTS ANNOUNCEMENT

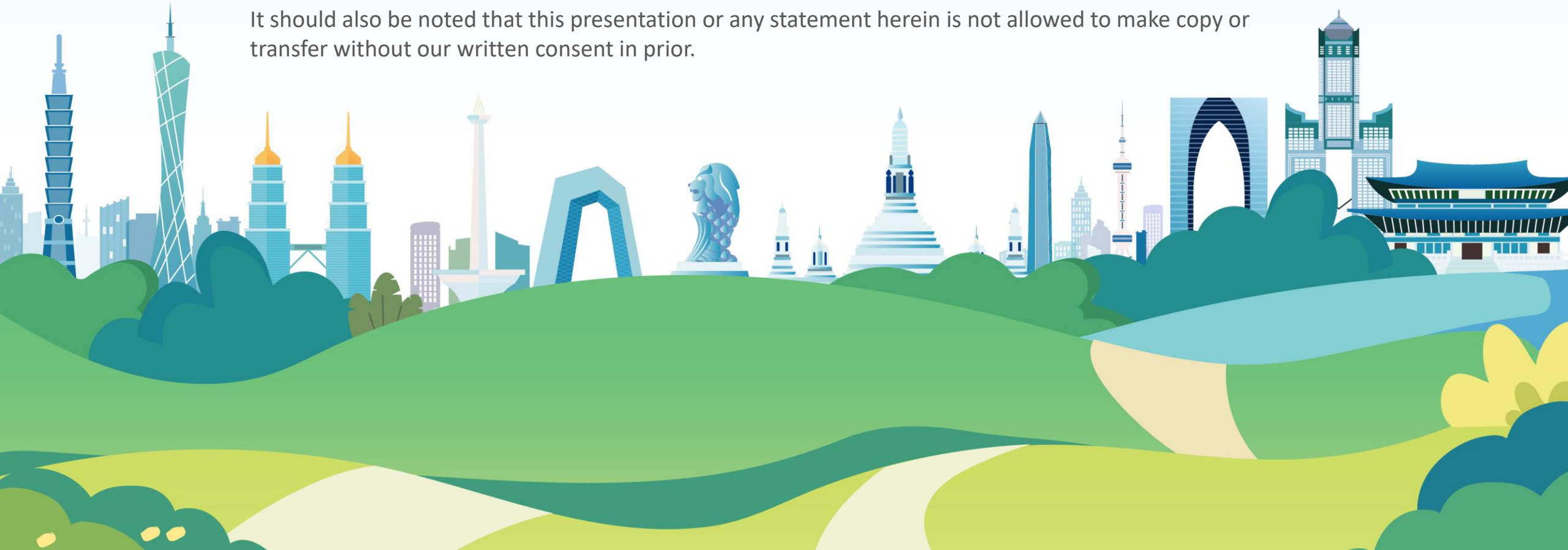
10 AUGUST 2023



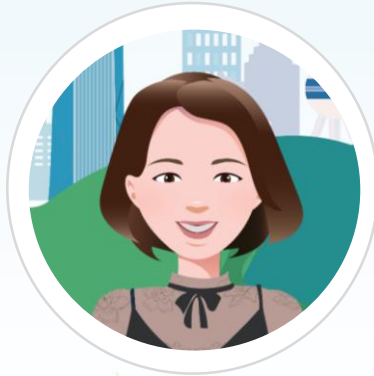
# DISCLAIMER

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.

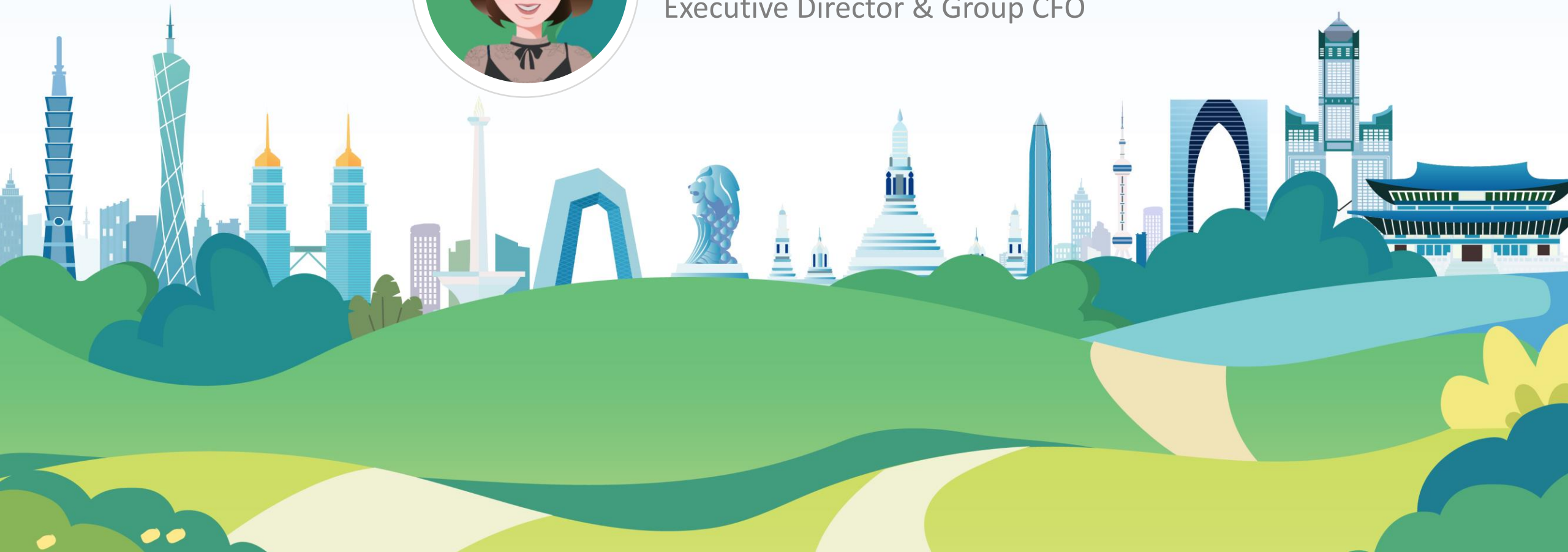
It should also be noted that this presentation or any statement herein is not allowed to make copy or transfer without our written consent in prior.



# FINANCIAL HIGHLIGHTS



By JENNIFER KANG  
Executive Director & Group CFO



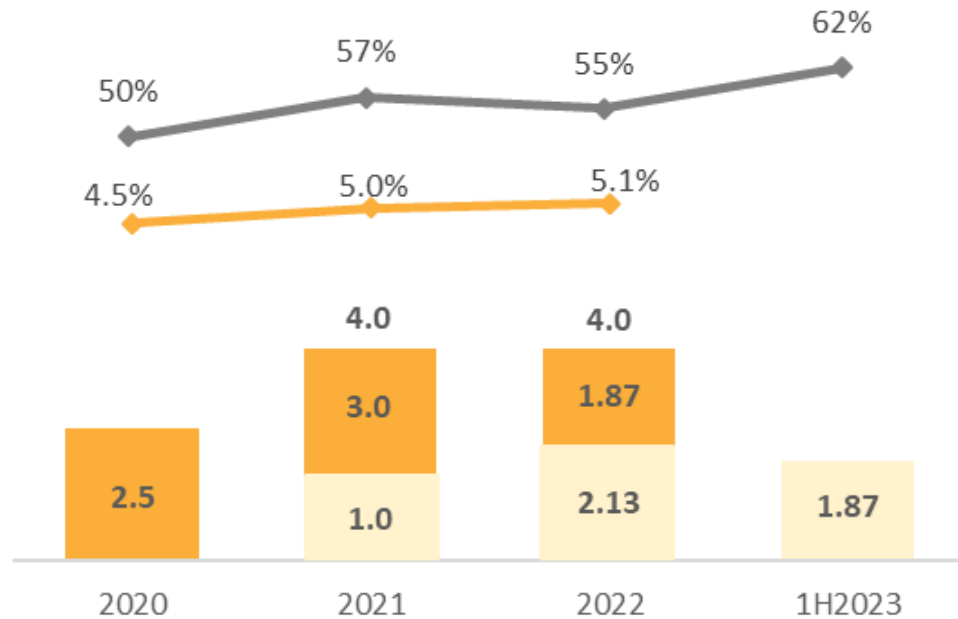
# Robust & Resilient 1H 2023 Results & Position in a challenging market

- Challenging markets with global recruitment sector reporting significant declines in revenues & profits across the world
- HRnetGroup's shift in revenue & gross profit favors Flexible Staffing that has greater visibility
- Co-ownership works well in challenging times – people & leaders aligned with shareholders
- Cost management through productivity KPI & auto-adjusting Profit-Sharing-Incentive mechanism
- Strong cash brought high level of interest income; Zero bank borrowings sheltered from high interest rates
- Dividends maintained & Share Buyback to continue

# 1H 2023 HAPPY SHAREHOLDER RETURNS



## DIVIDENDS DECLARED



■ Final dividend per share (cent)      —◆— Dividend yield  
■ Special/Interim dividend per share (cent)      —◆— Dividend payout ratio



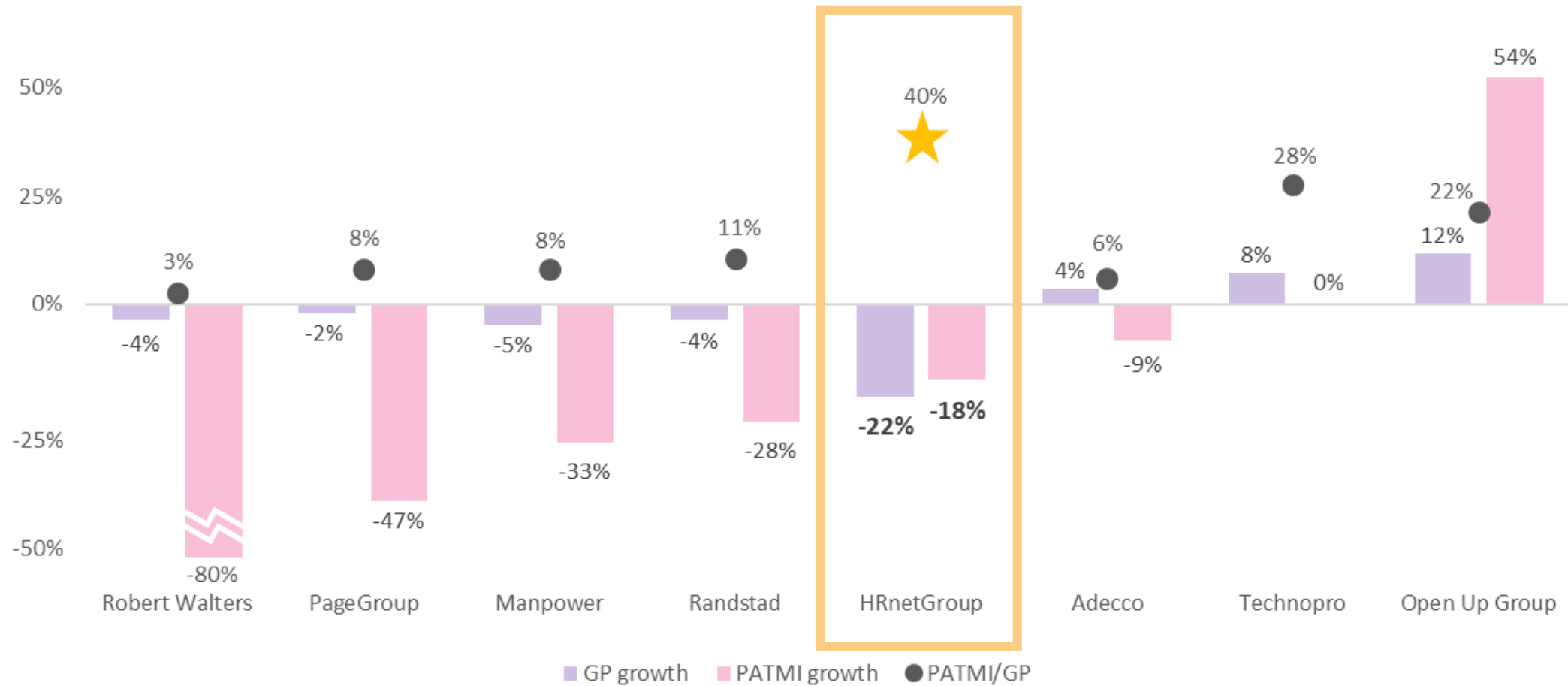
## SHARE BUYBACK PROGRAM

	S\$m
Share Buyback Programme	30.0
2022	(10.1)
2023 up to 7.7.2023	(3.3)
Balance for further buyback	16.6

## CASH TO SHAREHOLDERS

	S\$m	> FCF	S\$m
Total Cash out	21.6		19.9
-Dividend Payout	18.5		
-Share Buyback	3.1		

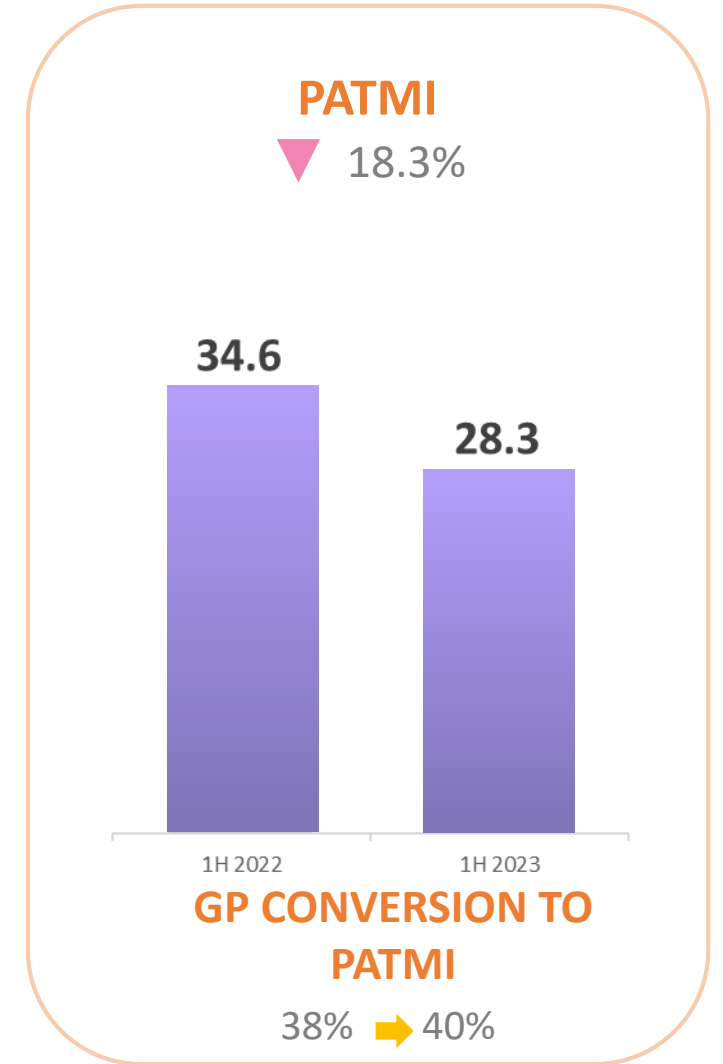
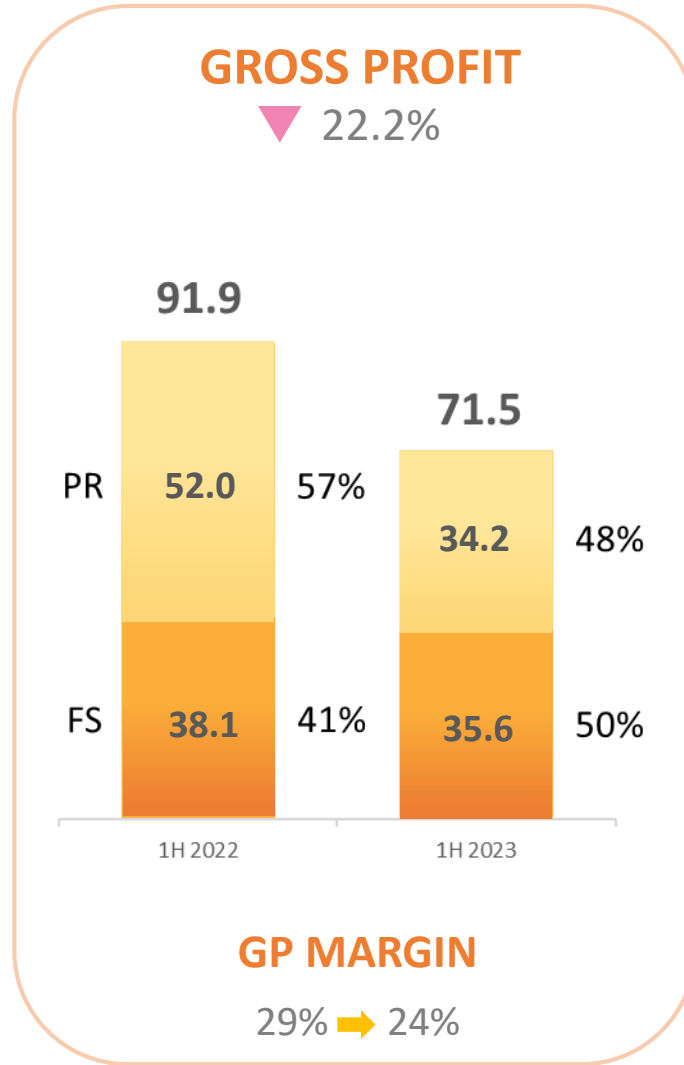
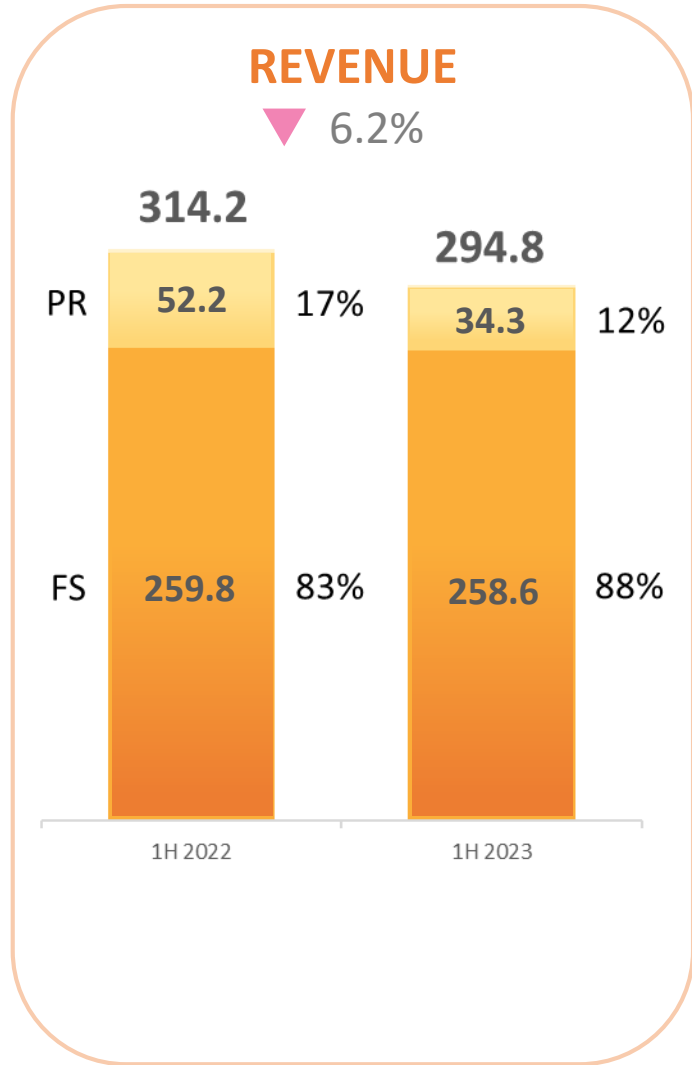
# INDUSTRY COMPS 1H 2023



\*Source: Company data



# 1H 2023 KEY FINANCIALS (S\$m)



# 1H 2023 FS BUSINESS DYNAMICS



## FLEXIBLE STAFFING

REVENUE	GP	GP MARGIN	No. of Contractors In June
S\$258.6m	S\$35.6m	13.8%	16,697
▼ 0.5%	▼ 6.6%	▼ 0.9% pts	▼ 0.6%



Clients need Contractors



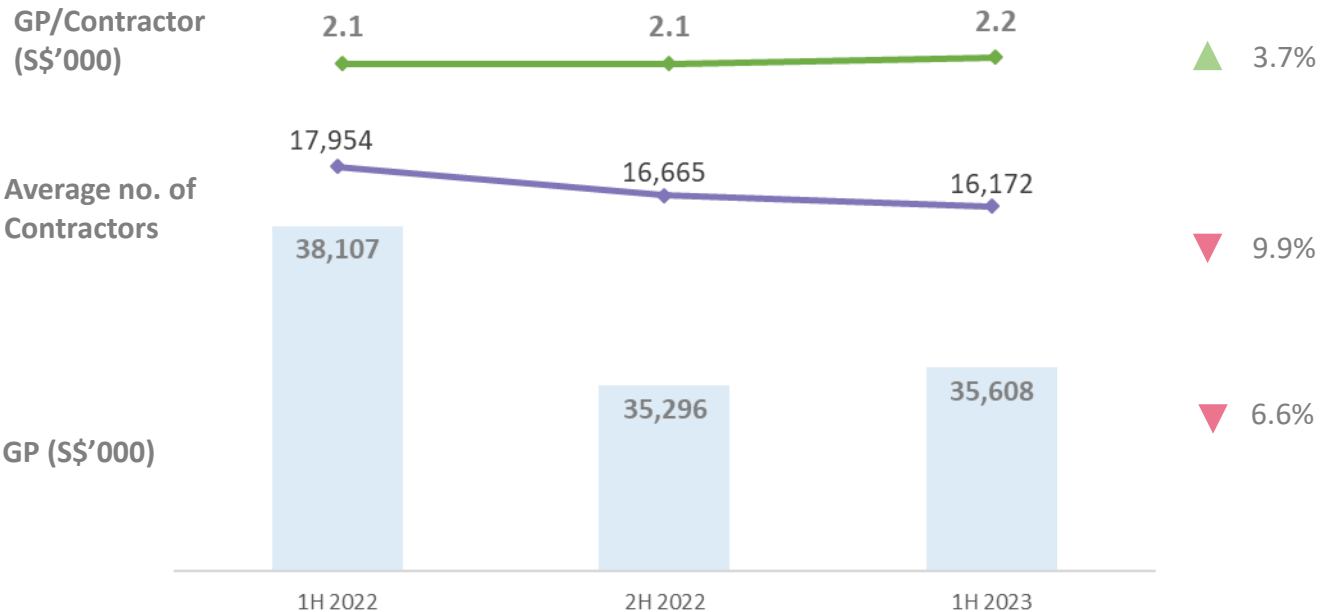
We source, recommend and hire Contractors on our payroll



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





# 1H 2023 PR BUSINESS DYNAMICS

HRnetOne

HRnetRimbun

REFORCE  
RECRUITMENT EXPERT FORCE

PeopleSearch

PeopleFirst

SEARCHASIA  
MANAGING CAREERS PROCURING TALENT

RECRUITLEGAL  
MANAGING LEGAL CAREERS PROCURING LEGAL TALENT



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' 1<sup>st</sup> year remuneration



## PROFESSIONAL RECRUITMENT

REVENUE  
**S\$34.3m**  
▼ 34.3%

GP  
**S\$34.2m**  
▼ 34.2%

GP MARGIN  
**99.8%**  
▲ 0.3% pts

PLACEMENTS  
**2,918**  
▼ 20.9%

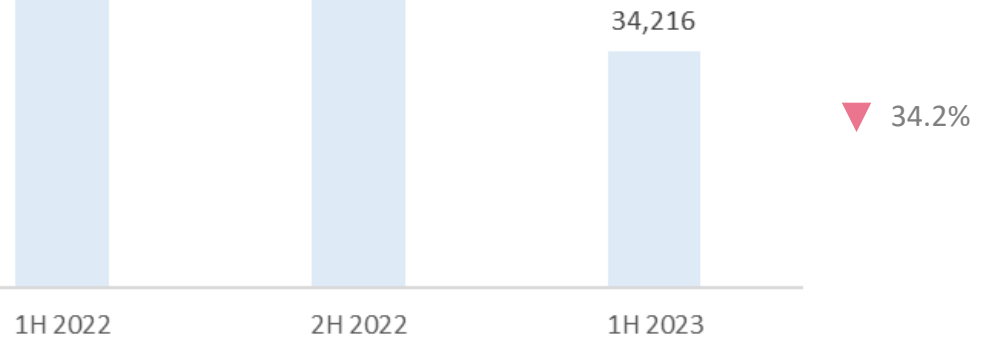
GP/Placement  
(S\$'000)



No. of Placements

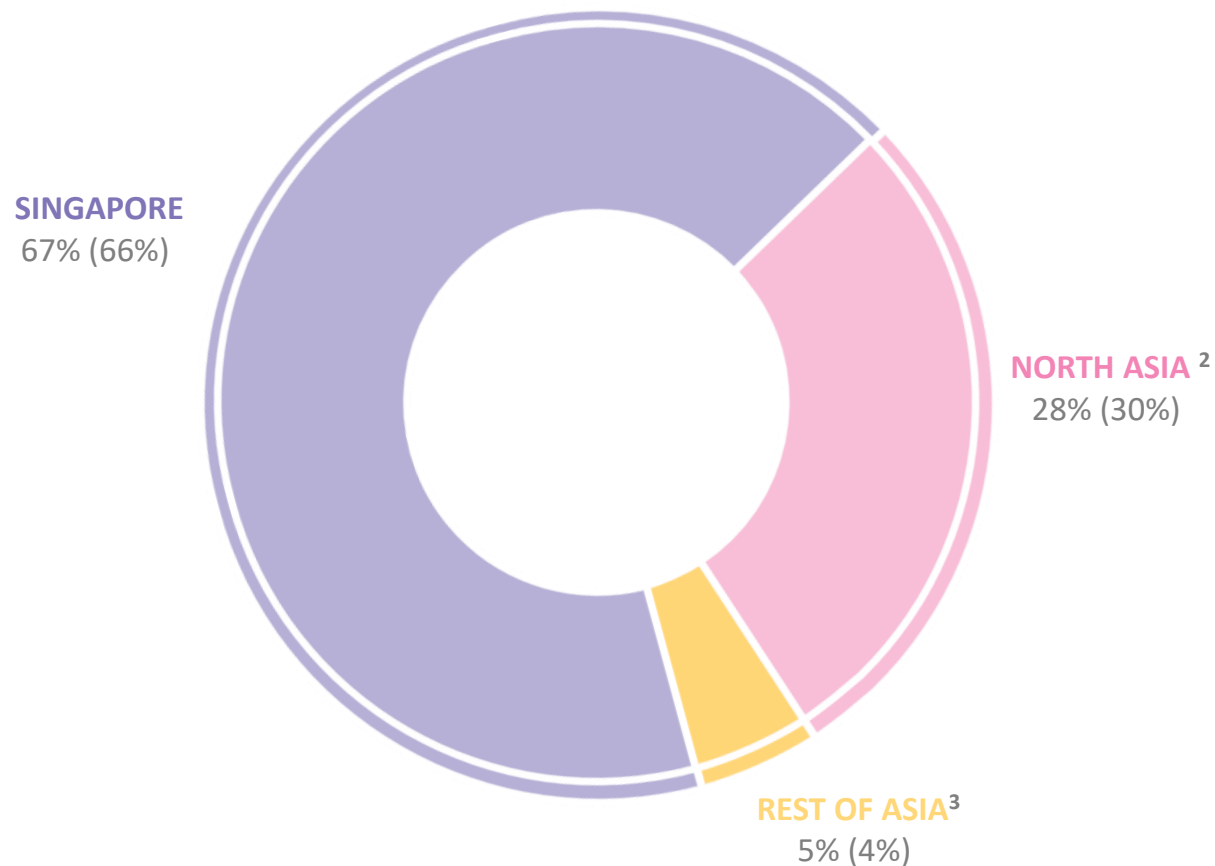


GP (S\$'000)

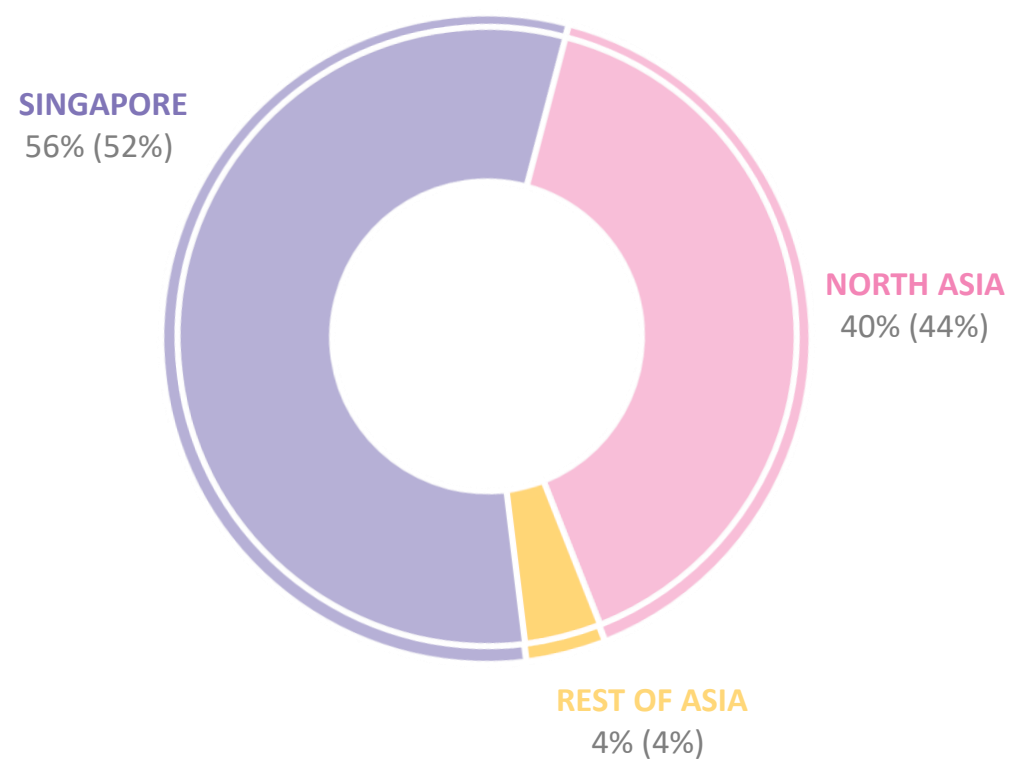


# 1H 2023 GEOGRAPHY MIX

## REVENUE



## GROSS PROFIT

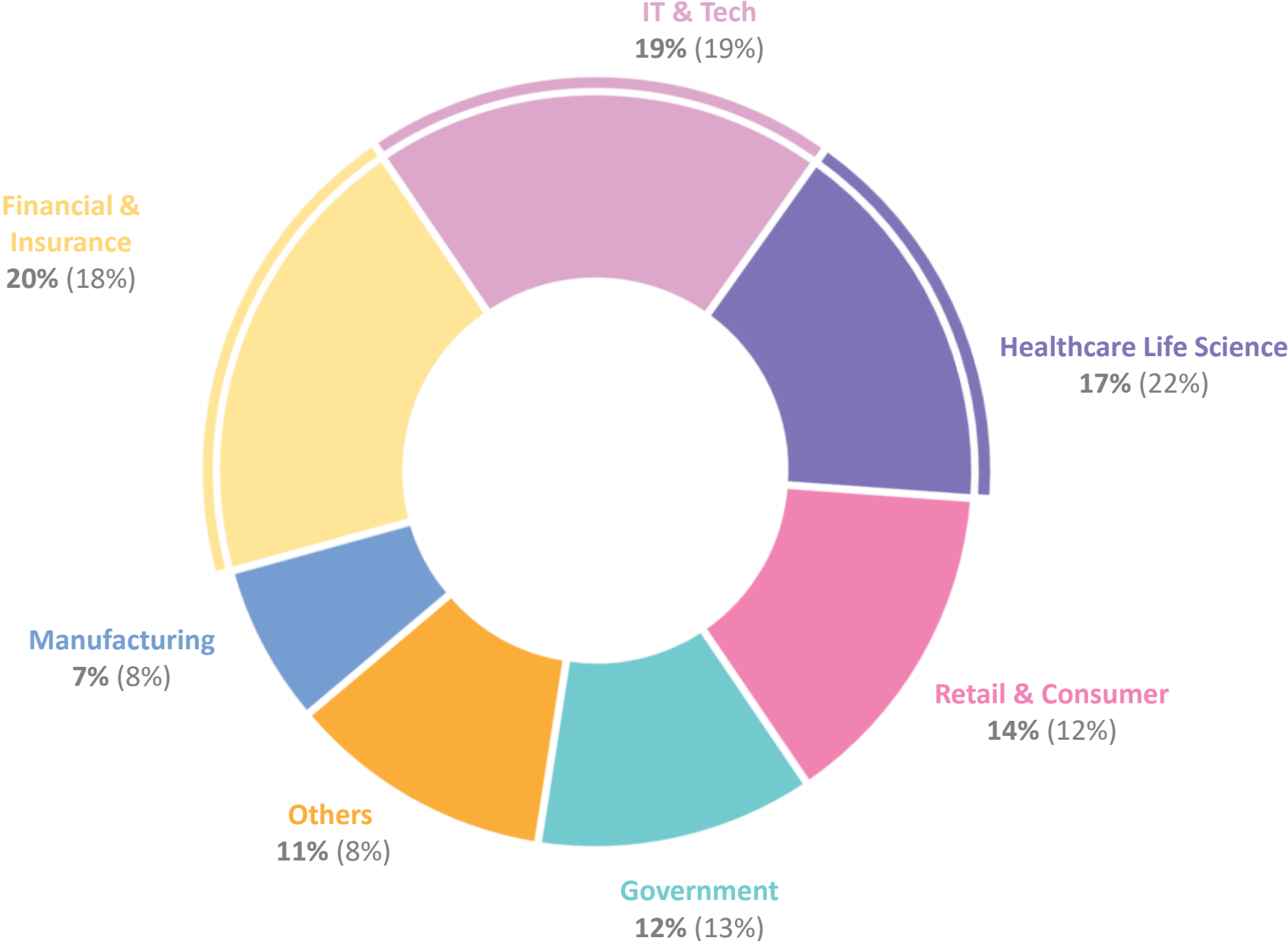


<sup>1</sup> 1H 2022 figures in brackets.

<sup>2</sup> North Asia : Beijing, Shanghai, Shenzhen, Guangzhou, Suzhou, Chengdu, Xi'An, Taipei, Kaohsiung, Hong Kong, Tokyo and Seoul.

<sup>3</sup> Rest of Asia : Kuala Lumpur, Jakarta and Bangkok.

# 1H 2023 SECTOR DYNAMICS



\*1H 2022 figures in brackets.

# 1H 2023 DIVERSIFIED CLIENT BASE

Our **Top 5** clients have been with us for an average of **17** years

	Customer since	1H 2023 Revenue Contribution
1. Client (Financial services)	2000	4.0%
2. Client (Financial services)	2004	3.4%
3. Client (Healthcare)	2006	3.0%
4. Client (IT services)	2021	2.9%
5. Client (Retail & Consumer)	1999	2.5%
Contribution from Top 5 clients		15.8%
Contribution from Top 10 clients		24.0%

# Superior Cost Management

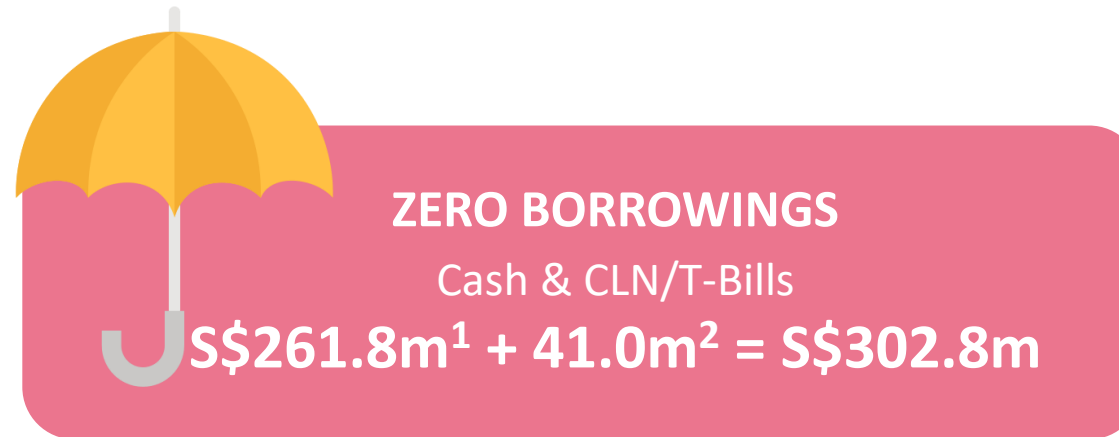
	1H 2023	1H 2022	Cost Savings	
	\$'m	\$'m	\$'m	%
Selling, General, Administrative Expenses				
Employee Benefit Expenses	(36.7)	(45.5)	8.8	19.5
Payroll	(26.8)	(28.2)	1.4	5.2
Incentives/Bonuses	(9.1)	(16.3)	7.2	44.1
Others	(0.8)	(1.0)	0.2	18.6
Facilities & Depreciation	(5.5)	(5.9)	0.4	6.1
Others	(3.6)	(3.7)	0.0	1.1
	(45.8)	(55.1)	9.2	16.8

# Other Income

	1H 2023	1H 2022	Change	
	\$'m	\$'m	\$'m	%
Reversal of trade related accruals	3.7	6.8	(3.1)	(45.8)
Government subsidies	2.6	5.7	(3.1)	(53.7)
Interest income	3.2	0.8	2.4	278.5
Dividend income	0.4	0.4	-	4.6
Gain on disposal of investments	-	0.9	(0.9)	(100.0)
Net FV loss on financial assets*	(0.4)	(5.8)	5.4	(93.7)
Others	0.1	0.1	-	90.0
	9.6	8.9	0.7	8.1

\*Mainly marketable securities in the HR space

# STRONG CASH, SHELTERED FROM INTEREST RATE HIKES



## NET OUTFLOW OF S\$22.8M:

### OPERATING

**+ S\$20.6m**

- S\$36.6m operating cashflow
- S\$(16.0m) working capital changes & tax payments

### INVESTING

**- S\$15.5m**

- S\$37.8m proceeds from disposal of investments
- S\$(53.0m) purchase of other financial assets
- S\$(0.3m) Capex & others

### FINANCING

**- S\$27.0m**

- S\$(20.4m) dividends paid
- S\$(3.3m) repayment of lease liabilities
- S\$(3.1m) share buyback
- S\$(0.2m) others

### FOREX

**- S\$0.9m**

Effect of foreign exchange rate changes on Cash & Cash equivalents

<sup>1</sup> Cash & Cash equivalents

<sup>2</sup> CLN/T-Bills : 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



# 1H 2023 HIGHLIGHTS – S\$174.1M IPO Proceeds

UTILISATION	Amount (S\$m)
Investments in Staffline and Bamboos (FVTOCI)	64.0
Purchase of financial assets (FVTPL)	39.3
Acquisition and investment in subsidiaries	9.1
Start-up of subsidiaries	9.5
IPO related expenses	9.1
Balance pending deployment	43.1
<b>Total IPO Proceeds</b>	<b>174.1</b>

MOVEMENT	Amount (S\$m)
As at 1 January 2023	129.9
Investment in new organic subsidiaries - RFKR & RFF <sup>1</sup>	0.9
Additional investments in Staffline (FVTPL)	0.2
As at 30 June 2023	131.0

## EARMARKED FOR 2023 :

Additional investment in subsidiaries –RFF	1.0
--	-----

<sup>1</sup> Including RecruitFirst Korea Inc. (RFKR) announced on 10 Feb 2023 & RecruitFast (Shanghai) Limited (RFF) announced on 12 Apr 2023

# ORGANISATION & OUTLOOK



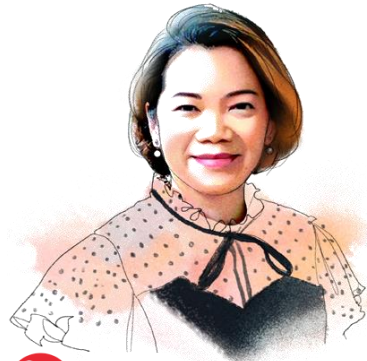
By ADELINE SIM

Executive Director & Chief Corporate Officer



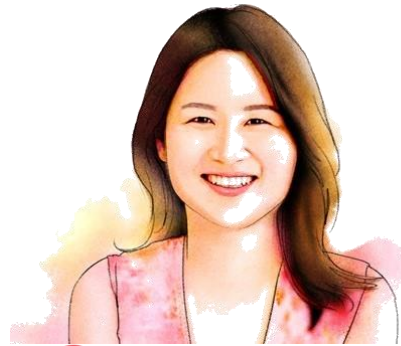
# OUR INTERNATIONAL BOARD

WITH TALENT EXPERTS



**JENNIFER KANG**

Executive Director &  
Group CFO



**ADELINE SIM**

Executive Director &  
Chief Corporate Officer



**PETER SIM**

Executive Director  
& Founding Chairman



**JS SIM**

Executive Director,  
CEO of Recruit Express



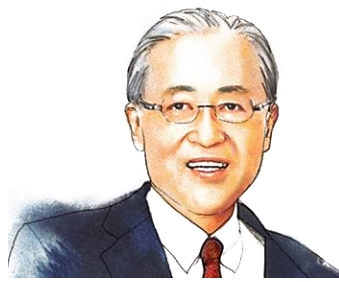
**MAE HENG**

Lead Independent Director,  
Chairman of Audit Committee  
& Remuneration Committee



**PONG CHEN YIH**

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



**HANK SATO**

Independent Director,  
Member of Audit Committee



**WALLACE GAO**

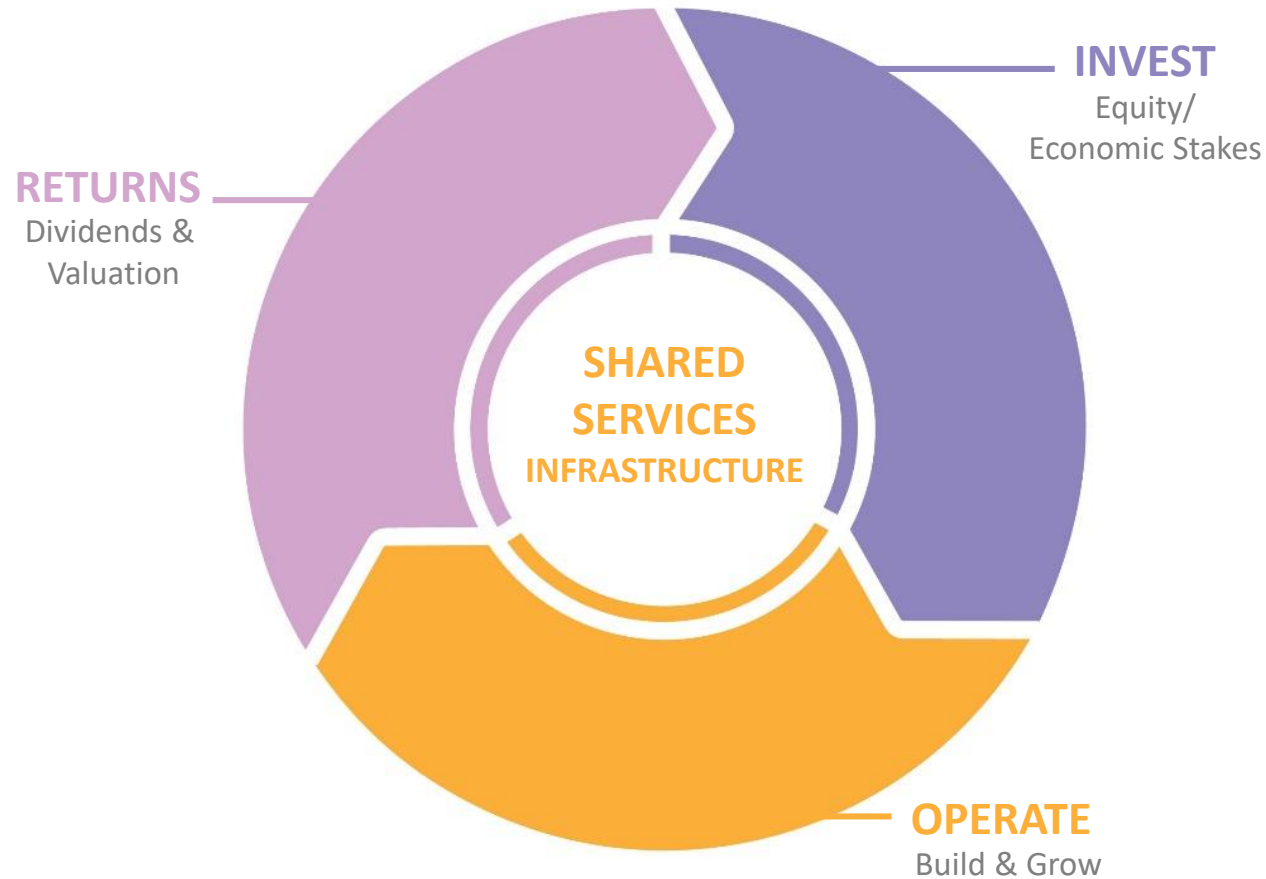
Independent Director,  
Member of Remuneration Committee



**ALBERT ELLIS**

Independent Director

# CO-OWNERSHIP OPERATING MODEL



## OUR 37 BUSINESS LEADER CO-OWNERS

propelled growth across 16 Asian cities, 41 offices and 35 Business Units over the last 31 years.

## NET INCREASE FROM 6/2017 IPO – 6/2023

- 15 **Business Leader Co-owners** from 22 to now 37.
- 10 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/Shanghai/  
Hong Kong SAR /Taipei/Tokyo



JARED NG  
Hong Kong SAR



KUNG SHIH CHAN  
Shanghai



PING CHEN  
Taipei



STEVEN LIM  
Taipei



LEE MEI CHIN  
Kuala Lumpur

## PeopleFirst



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



DEBBY LIM  
Jakarta



JACELYN CHUA  
Singapore



KATHERINE CHOW  
Hong Kong SAR



BEN PENG  
Shanghai



WILL YAN  
Beijing



RITA DONG  
Shanghai



JOYCE LI  
Shanghai



KELVIN RIMBUN  
Jakarta



LEE CHUNG  
Taipei



MOK JING RU  
Kuala Lumpur



FIONA FENG  
Beijing



VIRGIN SHEN  
Shanghai



ZOEY TONG  
Singapore



VICKI ONG  
Taipei



KHIM GOH  
Kuala Lumpur

# EXPANSION OF SALES CAPACITY



## SALES PRODUCTIVITY

**75%**

**SALES HC**

HIGH RATIO OF FEE EARNERS

**55%**

**PHC<sup>1</sup>**

**S\$115k/HC**

▼ **11.7%**

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

**37**

**BUSINESS LEADER  
CO-OWNERS**

**108**

**LEADERS**

**478**

**FULL-TIME CONSULTANTS**

## GROWTH CAPACITY

**69%**

**FTE<sup>2</sup>**

**31%**

**ITC<sup>3</sup>**

**COST-EFFECTIVE DEPLOYMENT**

▼ **83**

**DECREASE IN HC**

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

<sup>2</sup> FTE : Full-time employees

<sup>3</sup> ITC : Interns, Trainees, Contractors

# PRODUCTIVE WORKFORCE

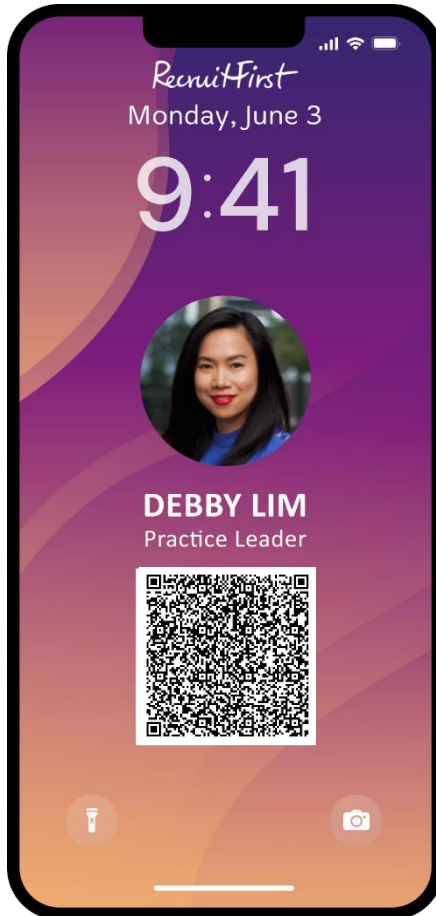
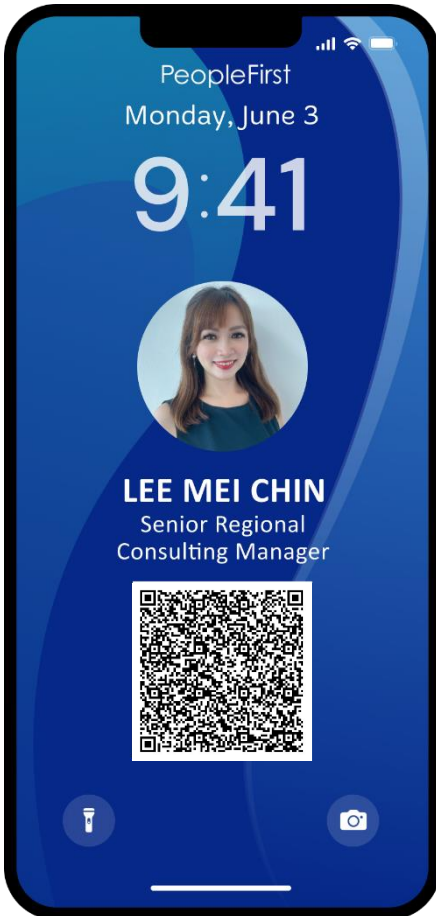
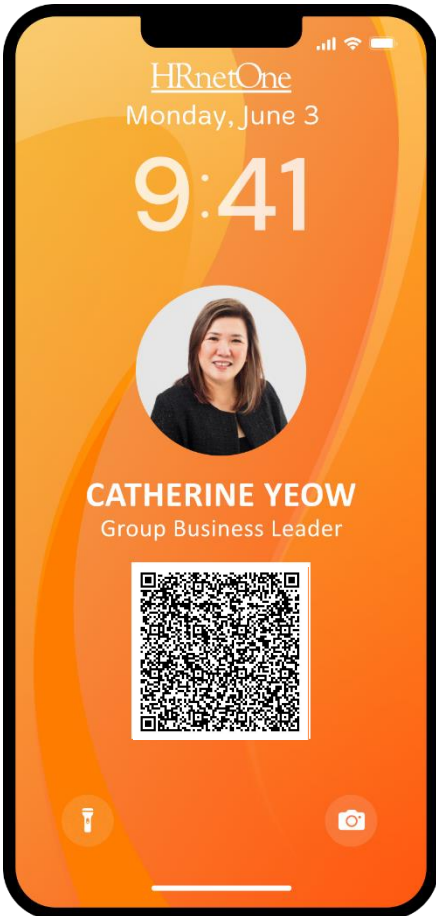
GP / Sales  
Employee (S\$'000)



	1H 2022	2H 2022	1H 2023
<b>PHC (#)</b>	<b>471</b>	<b>402</b>	<b>345</b>
<b>% PHC</b>	<b>67</b>	<b>60</b>	<b>55</b>
Singapore	87	79	76
North Asia	57	49	44
Rest of Asia	68	71	60
% of Sales Employees	80	78	75



# DIGITAL NAME CARD ECOSYSTEM – WALLPAPERS



Our brand-new digital name card begins with freshly designed wallpapers which come with our Leaders & Consultant's name, title, photo and QR code.

Scanning the QR code takes the user to a full featured digital contact card.

# DIGITAL NAME CARD ECOSYSTEM – ONLINE CONTACT CARDS HRnetGroup

RecruitFirst



CLICK TO WATCH INTRO VIDEO

**JACELYN CHUA MENG HOON**  
GROUP BUSINESS LEADER  
DA LICENSE 1303042

SINGAPORE

**GET IN TOUCH**  
+ 65 9455 3937  
jacelynchua@recruitfirst.com.sg

SCAN TO SAVE CONTACT



SAVE CONTACT SHARE

VIEW FULL PROFILE

FOLLOW US



©2020 HRnetGroup. All rights reserved.

PeopleSearch



CLICK TO WATCH INTRO VIDEO

**EVELYNN KOH** コイヴィリン  
PRACTICE LEADER

TOKYO

**GET IN TOUCH**  
+ 81 80 9440 3205  
evelynkoh@pplesearch.com

SCAN TO SAVE CONTACT




SAVE CONTACT SHARE

FOLLOW US



HRnetOne




CLICK TO WATCH INTRO VIDEO

**ADRIAN CHIA**  
SENIOR MANAGING CONSULTANT & GROUP KA DIRECTOR

SHANGHAI

**GET IN TOUCH**  
+ 86 138 1713 9972  
adrian@hrnetone.com

SCAN TO SAVE CONTACT




SAVE CONTACT SHARE

**SPECIALISATIONS**  
CHEMICAL  
FOOD  
INDUSTRIAL

**THOUGHT LEADERSHIP**  
 精研企业的第一步 | HRnetOne 助力企业数字化转型  
 探索 HRnetOne 食品与消费品业务 | 揭秘行业趋势  
 降本增效 | 企业数字化转型人才管理保障  
 HRnetGroup 发布 2022 年管理报告

VIEW FULL PROFILE

FOLLOW US



An all-in-one contact card with our consultant's professional information, quick save & share features, links to thought leadership content and more!

Intro video

Consultant/Leader's info & LinkedIn profile

Easy save & share
















Specialisations

Thought Leadership

Social Media

# DIGITAL NAME CARD ECOSYSTEM – INTRO VIDEOS

Our leaders and consultants now have intro videos linked in their contact cards. These short videos give clients and candidates a quick overview of their background and areas of expertise.

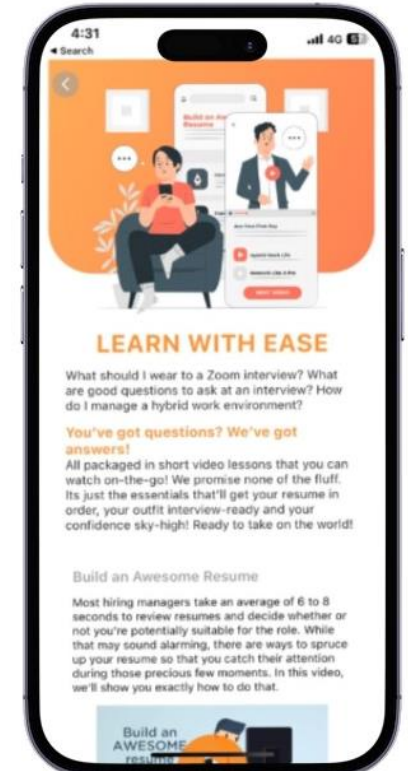
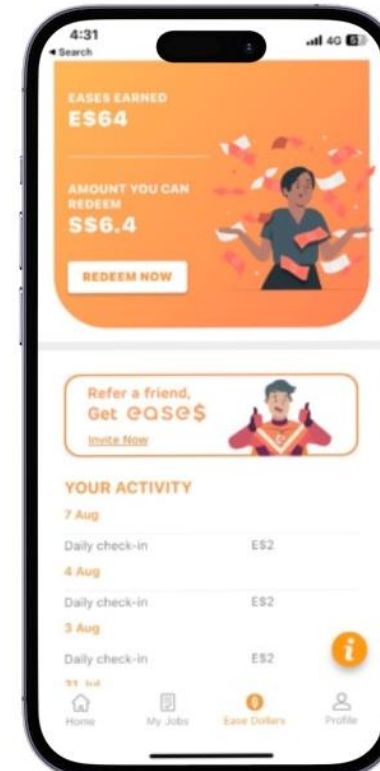
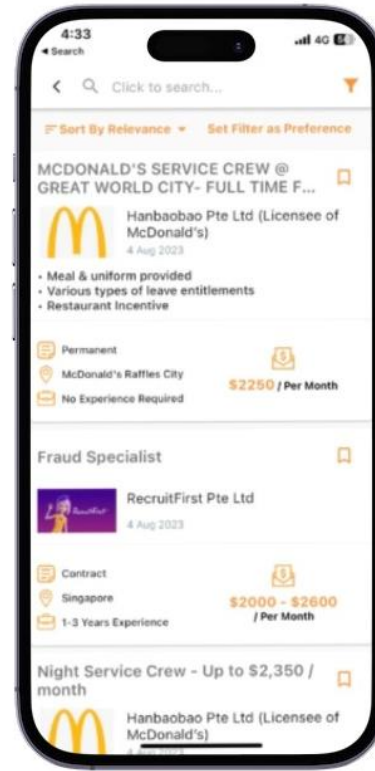
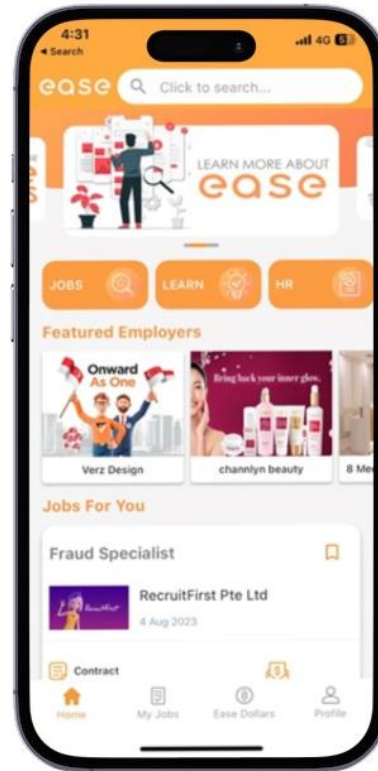
 <p>MEET <b>BLISS TSAI</b> BUSINESS LEADER</p> <p>2 videos</p>	 <p>MEET <b>CELINE CHENG</b> EXECUTIVE SENIOR CONSULTANT</p> <p>2 videos</p>	 <p>MEET <b>LEE CHUNG</b> SENIOR</p> <p>5 videos</p>	 <p>MEET <b>DAVINA WONG</b> EXECUTIVE SENIOR CONSULTANT</p> <p>6 videos</p>	 <p>MEET <b>GLADYS TAN</b> BUSINESS DEVELOPMENT</p> <p>2 videos</p>	 <p><b>Rubby Lim</b> Practice Leader</p> <p>7 videos</p>
Meet Our Team - HRnetOne Taiwan <a href="#">View full playlist</a>	Meet Our Team - PeopleSearch Taiwan <a href="#">View full playlist</a>	Meet Our Team - RecruitFirst Taiwan <a href="#">View full playlist</a>	Meet Our Team - HRnetOne Hong Kong <a href="#">View full playlist</a>	Meet Our Team - Octomate <a href="#">View full playlist</a>	Meet Our Team - HRnetRimbun <a href="#">View full playlist</a>
 <p>MEET <b>EVELYNN KOH</b> PRACTICE LEADER</p> <p>9 videos</p>	 <p>MEET <b>THAM WEI HAN</b> REGIONAL CONSULTANT</p> <p>9 videos</p>	 <p>MEET <b>VANESSA DENG</b> SENIOR REGIONAL CONSULTANT</p> <p>6 videos</p>	 <p>MEET <b>ASAKO YOSHII</b> GROUP BUSINESS</p> <p>11 videos</p>	 <p><b>Dylan Zhang</b> Manager</p> <p>5 videos</p>	 <p><b>Amanda Wang</b> Associate Consultant</p> <p>Legal &amp; Compliance Practitioner</p> <p>22 videos</p>
Meet Our Team - PeopleSearch Japan Updated 2 days ago <a href="#">View full playlist</a>	Meet Our Team - PeopleFirst Malaysia <a href="#">View full playlist</a>	Meet Our Team - HRnetOne Singapore <a href="#">View full playlist</a>	Meet Our Team - HRnetOne Japan <a href="#">View full playlist</a>	Meet Our Team - RecruitFirst China <a href="#">View full playlist</a>	Meet Our Team - PeopleSearch China Updated 2 days ago <a href="#">View full playlist</a>
 <p>MEET <b>JAMES ANG</b> SENIOR MANAGER</p> <p>16 videos</p>	 <p>MEET <b>ADRIAN CHIA</b> REGIONAL SENIOR CONSULTANT</p> <p>13 videos</p>	 <p><b>Debby Lim</b> Business Leader</p> <p>12 videos</p>			
Meet Our Team - RecruitFirst Singapore <a href="#">View full playlist</a>	Meet Our Team - HRnetOne China Updated 7 days ago <a href="#">View full playlist</a>	Meet Our Team - RecruitFirst Indonesia <a href="#">View full playlist</a>			



# EASE - JOB SEARCH APP & WEBSITE

EASE is our brand-new job search app and portal that allows job seekers quick and easy access to jobs and for employers; a stable flow of candidate and employee management tools.

It is packed with intuitive features such as a one-click apply button, EASE\$ dollars, a learning platform and more. All designed to get both candidates and employers started in just a few clicks.



SCAN TO DOWNLOAD EASE →





Our latest reports are available for download on our Content Library

- HRnetOne Commercial real estate talent report
- HRnetOne Consumer product innovation talent report
- PeopleSearch Healthcare Annual talent report
- RecruitFirst Retail Salary Trend & Market Intelligence
- RecruitFirst Fresh Graduate Starter Kits



SCAN TO READ THE REPORTS





## Best in Recruitment 2023 Organised by HR Excellence Center in Shanghai



## Our Shanghai RecruitFirst leaders, Annie & Dylan were invited to speak at the China (Shanghai) International Technology Fair & HR Forum



# 2023 NEW GROWTH ENGINES



## ORGANIC

### Startups

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

RecruitFirst



## 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



# SOLID FINANCIALS



## STRONG FINANCIALS 1H 2023

- Revenue S\$294.8m
- Gross Profit S\$71.5m
- Underlying NPAT S\$29.9m. Profit S\$29.6m
- Cash/CLN/T-Bills S\$302.8m, zero borrowings



## INFRASTRUCTURE TO SCALE

- 1,199 people, 35 Business Units, 41 offices, 16 Asian cities
- Full spectrum of 14 brands with product & service differentiation
- Systems, processes, digital infrastructure to replicate success



## DIVIDENDS & SHARE BUYBACK

- Interim Dividend 1.87 cents, same as previous Final Dividend 1.87 cents
- 62% Dividend Payout Ratio (stepped up from last 55%)



## CO-OWNERS BUILD TO LAST

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

# Appendix A - Solid Financial Performance

	Six months ended 30 June			
	2023	2022	Change	
	\$'m	\$'m	\$'m	%
<b>Revenue</b>	294.8	314.2	(19.4)	(6.2)
Direct Costs	(223.3)	(222.3)	(1.0)	0.5
<b>GP</b>	71.5	91.9	(20.4)	(22.2)
Other income	9.7	8.9	0.7	8.1
SG&A				
Employee Benefit Expenses	(36.7)	(45.5)	8.9	(19.5)
Facilities & Depreciation	(5.5)	(5.9)	0.4	(6.1)
Others	(3.6)	(3.7)	0.0	(1.1)
	(45.8)	(55.1)	9.3	(16.8)
PBT	35.3	45.7	(10.4)	(22.8)
Tax	(5.7)	(8.0)	2.3	(29.0)
NPAT	29.6	37.7	(8.1)	(21.4)
PATMI	28.3	34.6	(6.3)	(18.3)

# Appendix B - Strong Balance Sheet

	Group	
	30 June	31 December
	2023	2022
	\$'m	\$'m
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	261.8	284.6
Trade receivables	98.4	99.8
Other receivables and prepayments	6.7	7.0
Other assets	1.2	1.1
Other financial assets	61.1	46.6
<b>Total current assets</b>	<b>429.2</b>	<b>439.1</b>
<b>Non-current assets</b>		
Pledged deposits	1.2	1.0
Plant and equipment	1.5	1.5
Right-of-use assets	10.1	9.6
Other intangible assets	1.5	1.3
Goodwill	5.9	5.9
Other financial assets	20.7	24.0
Deferred tax assets	1.6	1.4
<b>Total non-current assets</b>	<b>42.4</b>	<b>44.9</b>
<b>Total assets</b>	<b>471.6</b>	<b>484.0</b>

	Group	
	30 June	31 December
	2023	2022
	\$'m	\$'m
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current liabilities</b>		
Trade payables	9.1	8.2
Other payables and accruals	59.9	76.7
Lease liabilities	6.2	5.5
Income tax payable	10.4	10.7
<b>Total current liabilities</b>	<b>85.7</b>	<b>101.0</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	0.3	0.4
Lease liabilities	4.2	4.4
<b>Total non-current liabilities</b>	<b>4.5</b>	<b>4.8</b>
<b>Capital, reserves and non-controlling interests</b>		
Share capital	260.6	260.6
Treasury shares	(17.5)	(14.5)
Equity reserve	(47.3)	(47.4)
Investments revaluation reserve	(50.1)	(46.4)
Translation reserve	(3.6)	(2.7)
Retained earnings	221.9	212.1
Equity attributable to owners of the Company	364.0	361.8
Non-controlling interests	17.4	16.4
<b>Total equity</b>	<b>381.4</b>	<b>378.2</b>
<b>Total liabilities and equity</b>	<b>471.6</b>	<b>484.0</b>

HRnetGroup

THANK YOU!

