

HRnetGroup

# 2021 FULL YEAR RESULTS ANNOUNCEMENT

25 FEBRUARY 2022

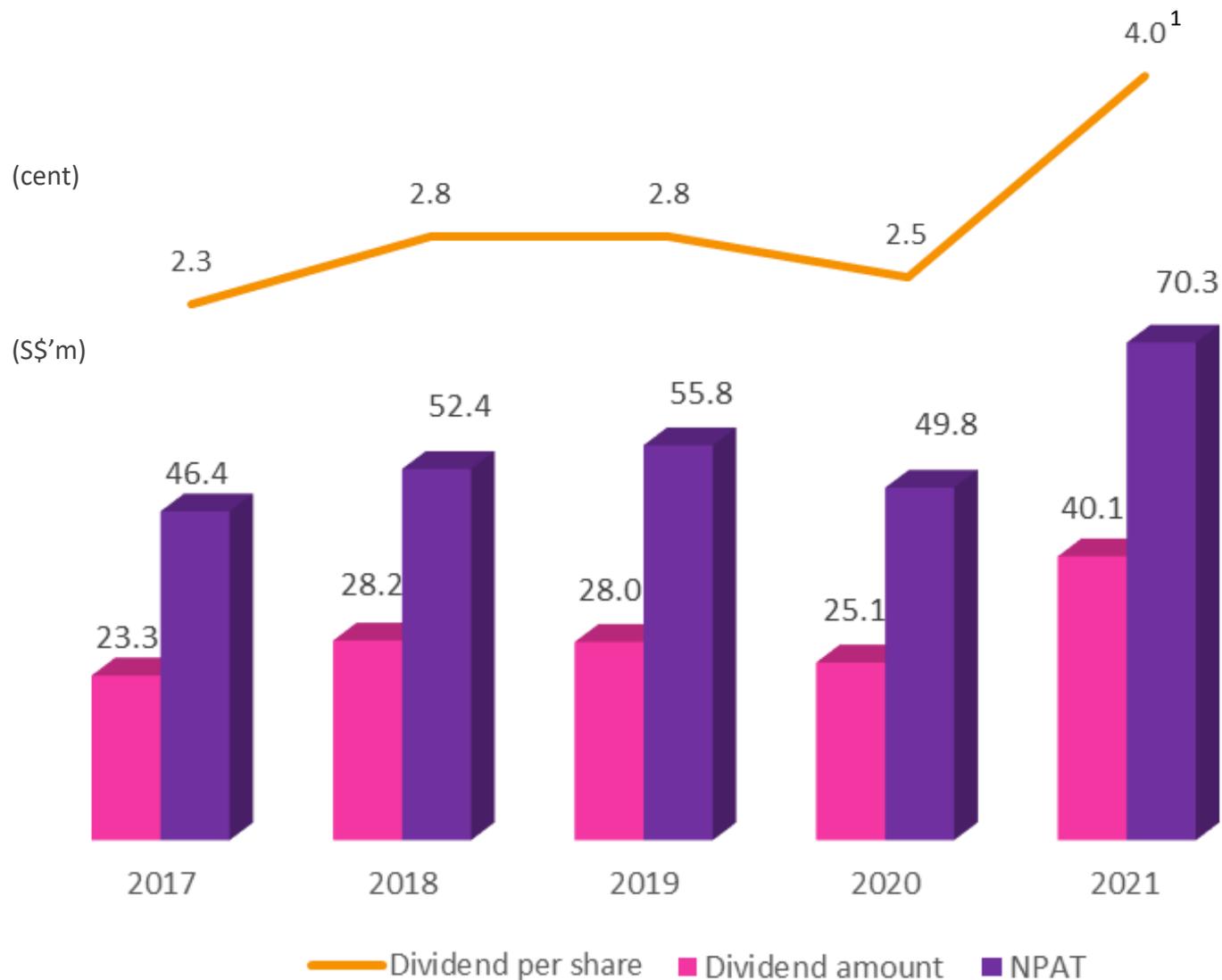


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This presentation is based on the information we obtained or on the certain assumptions that we understand to be reasonable. However, this is not for the Company to represent or imply and guarantee to the accuracy of completeness of the contents. Further, 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.

# Record Dividends

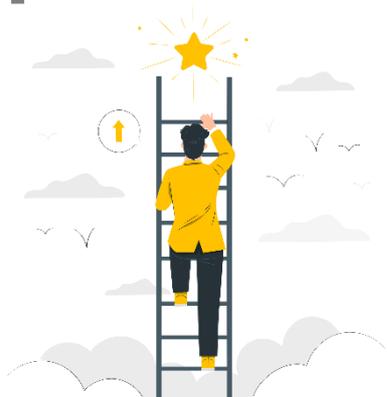


1. Special dividend of 1 cent per share paid on 11 Jan 2022 and final proposed dividend of 3 cents per share subject to shareholders' approval at the forthcoming AGM.

2. ROE = NPAT/Total Equity

	2017	2018	2019	2020	2021
	14%	15%	16%	14%	18%

# 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%)**

(2020 : 7,022)

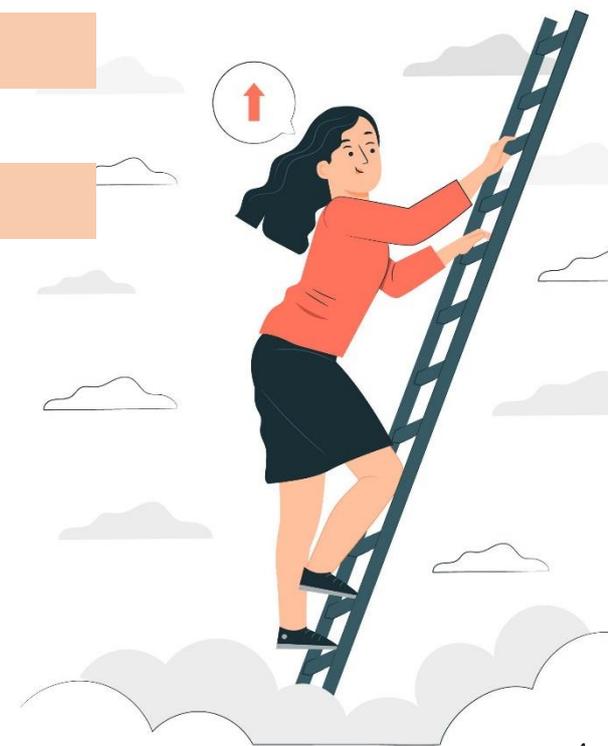
(2019 : 8,530)

1. Based on Dec Payroll.

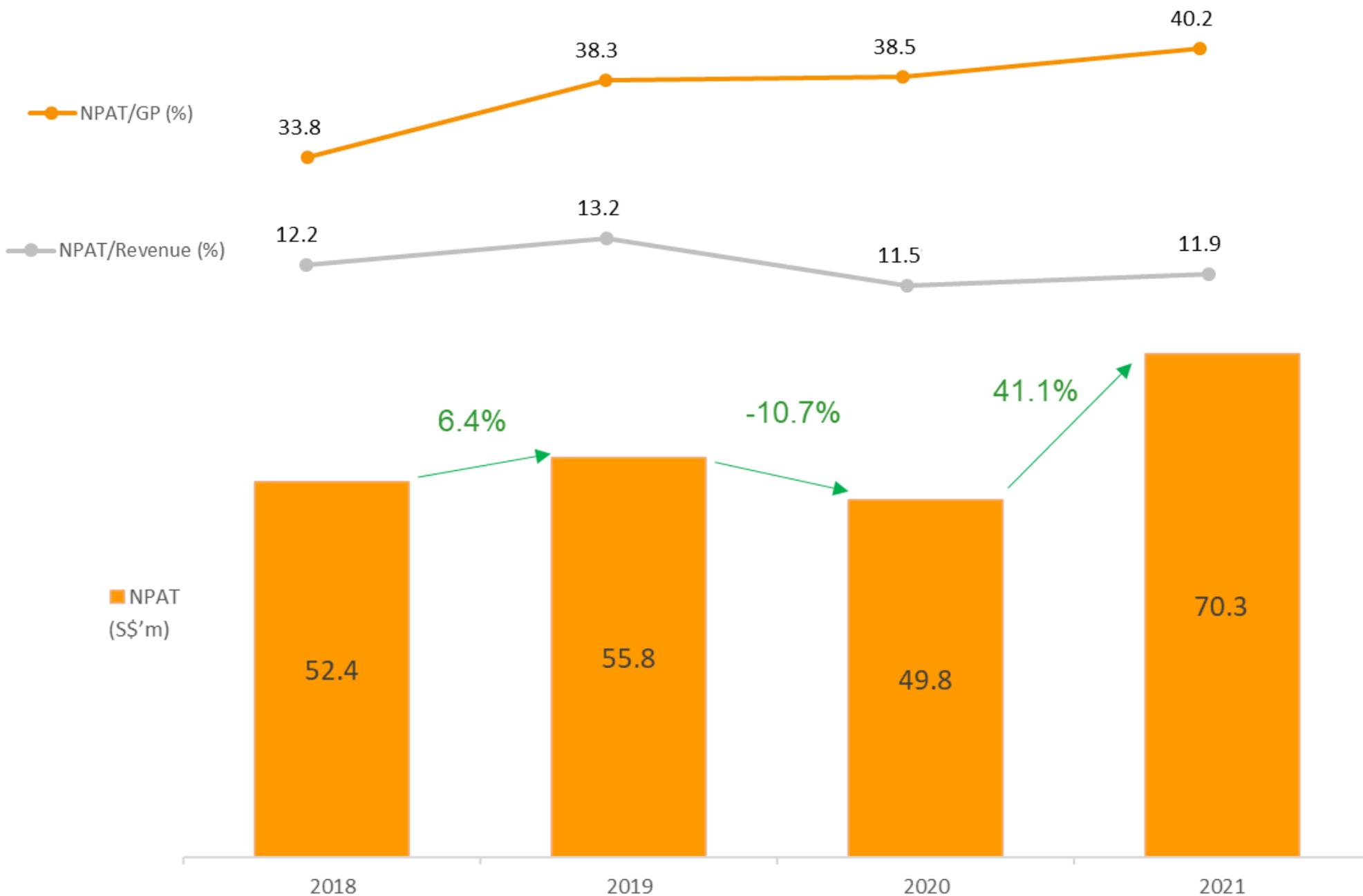
# Exceeded Analysts' Expectations

	Phillip Capital	CGS-CIMB	RHB	MAYBANK
<b>Date of last report</b>	19 Aug 2021	6 Sep 2021	17 Aug 2021	16 Aug 2021
<b>Analyst Recommendation</b>	BUY	ADD	BUY	BUY
<b>Target Price S\$</b>	1.05	1.15	0.93	1.02

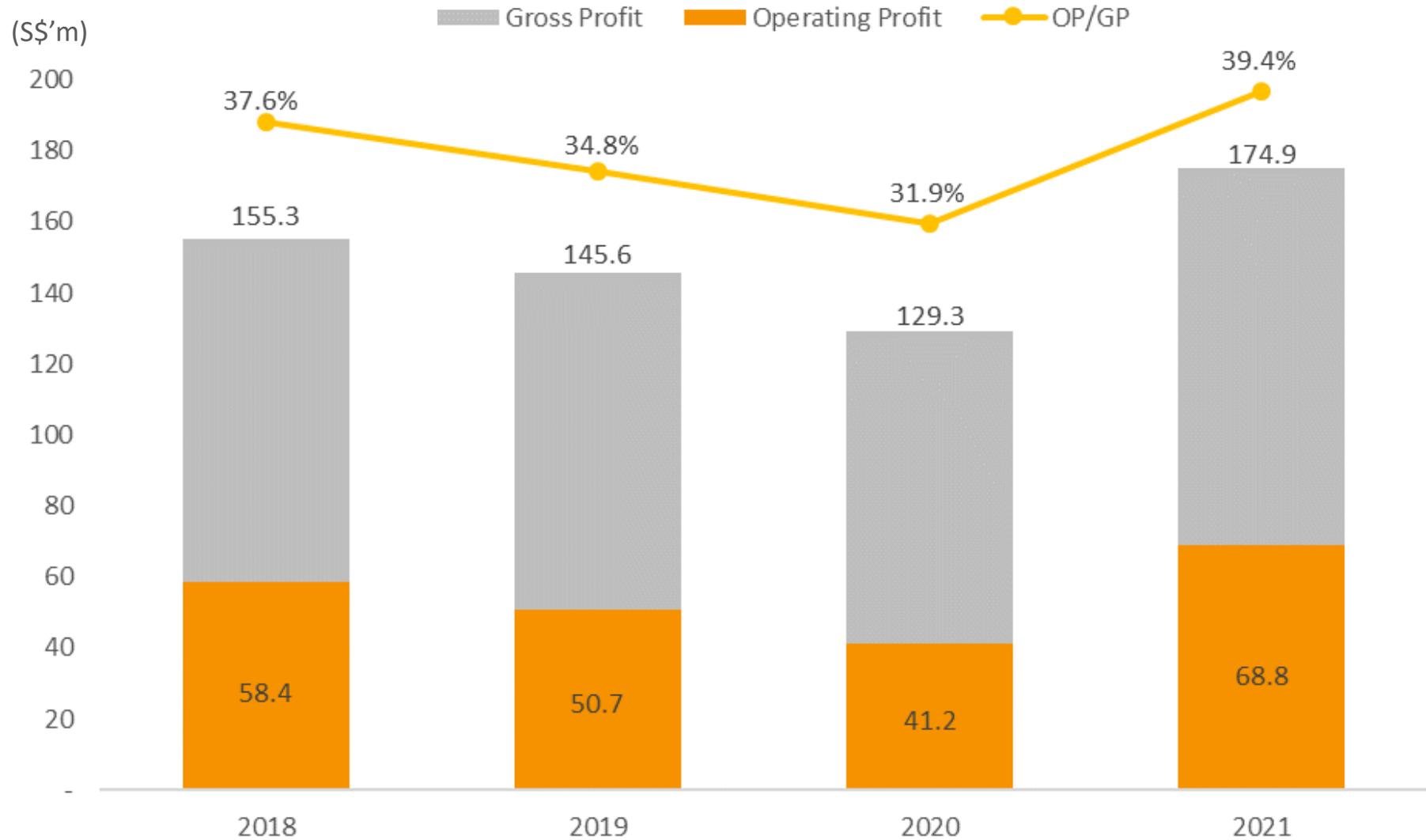
S\$'m	2021	2021E			
<b>Revenue</b>	<b>590.5</b>	516.0	545.1	547.0	540.1
<b>Gross Profit</b>	<b>174.9</b>	161.2	172.4	164.0	-
<b>NPAT</b>	<b>70.3</b>	64.5	60.7	68.0	62.0
<b>PATMI</b>	<b>65.5</b>	60.8	-	-	-



# Record Profit, Strong Margins



# Record GP, Strong Recovery



1. Operating Profit : Gross Profit – Operating Expenses.

## Revenue

## Gross Profit

Flexible Staffing  
83% (82%)

Professional  
Recruitment  
16% (17%)

Others 1% (1%)

Flexible Staffing  
45% (43%)

Professional  
Recruitment  
54% (56%)

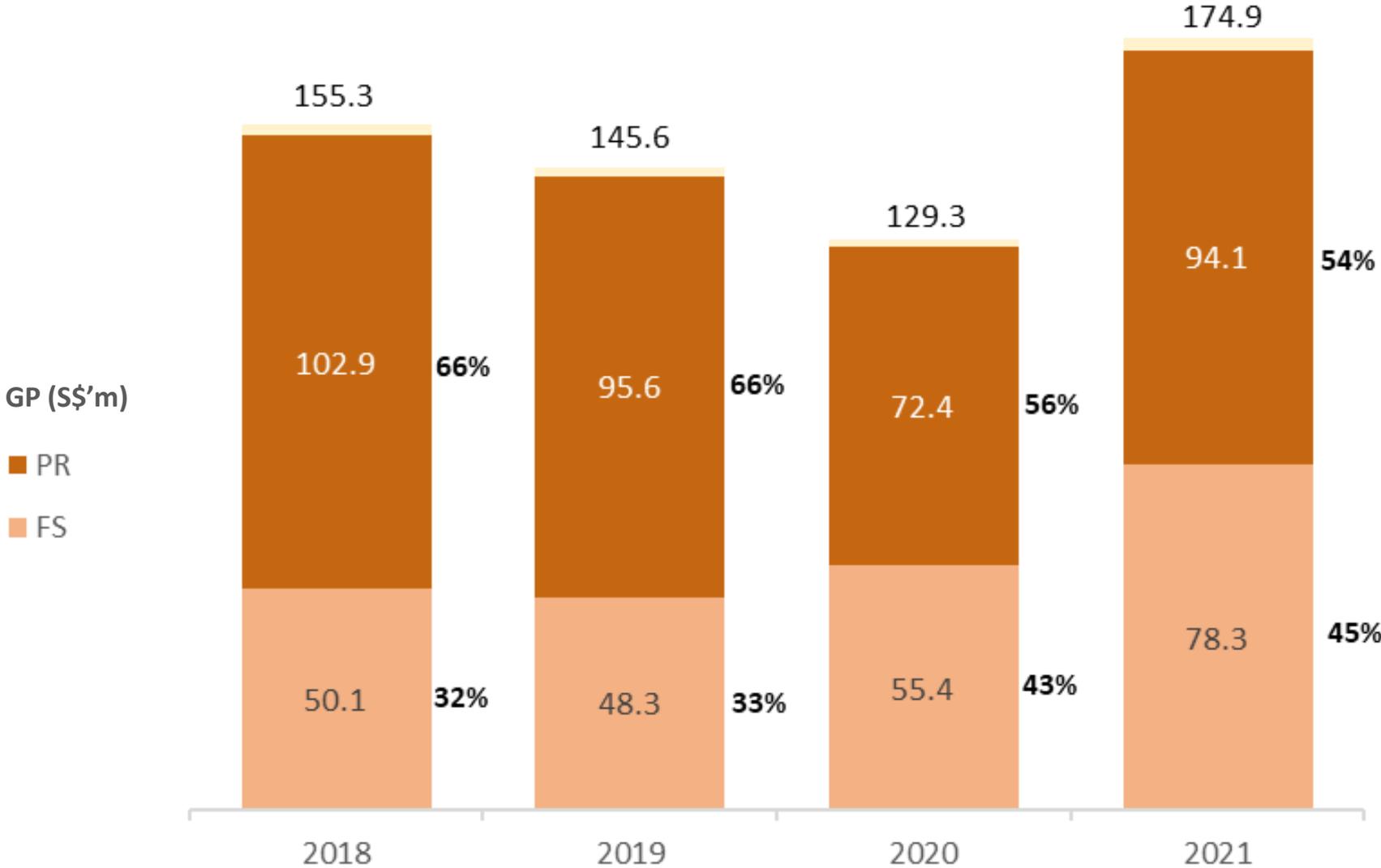
Other 1% (1%)

GP Margin : 30%

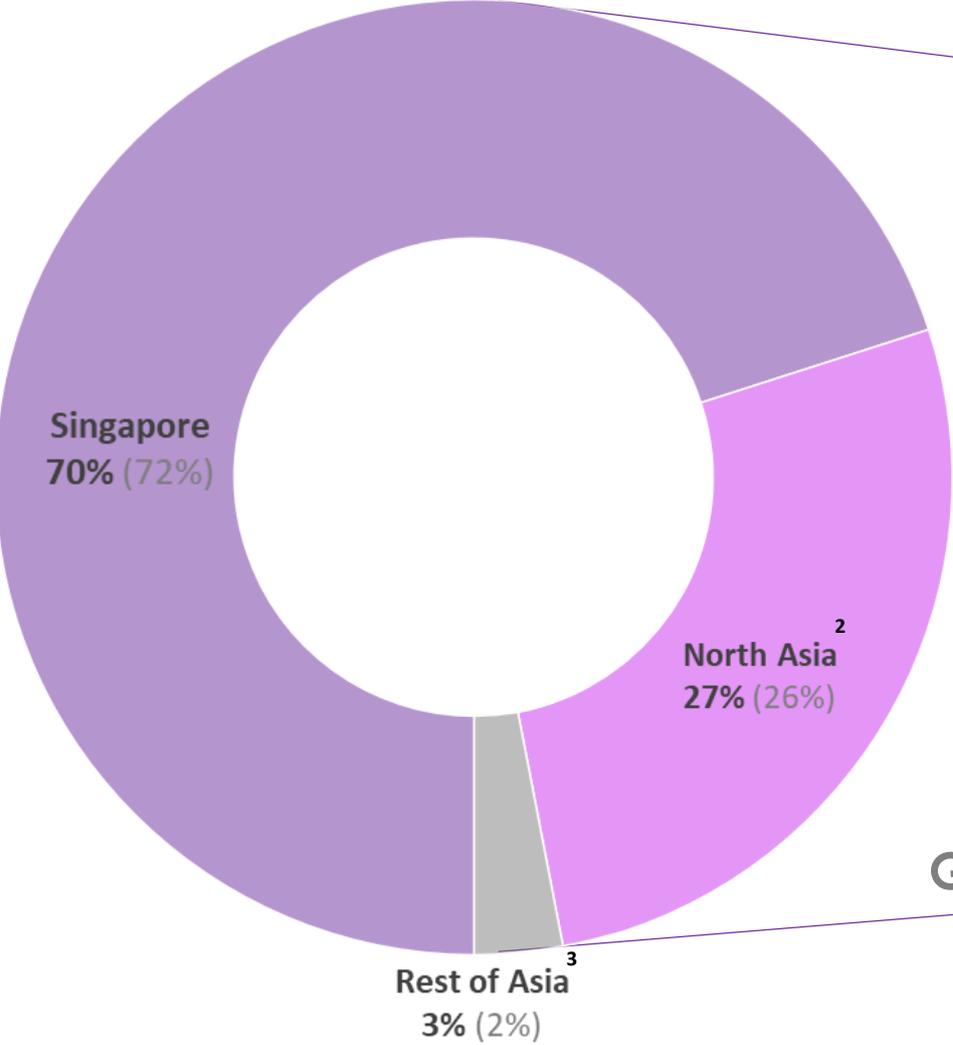
1. 2020 figures in brackets.
2. FS GP = Revenue - Sub-contractor expenses = 16% Margin.
3. PR GP = 99% Margin.



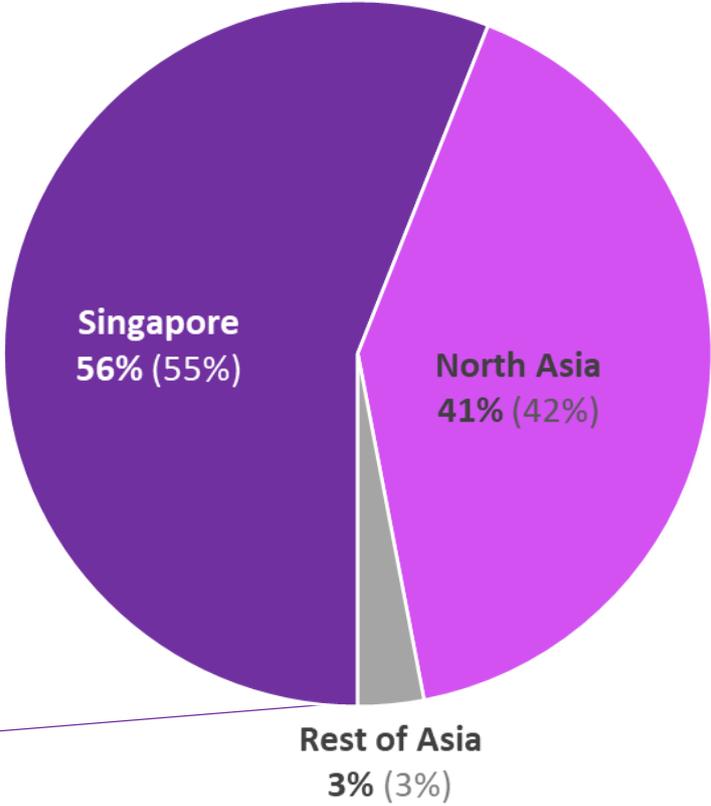
# Evolving Business Mix



### Revenue



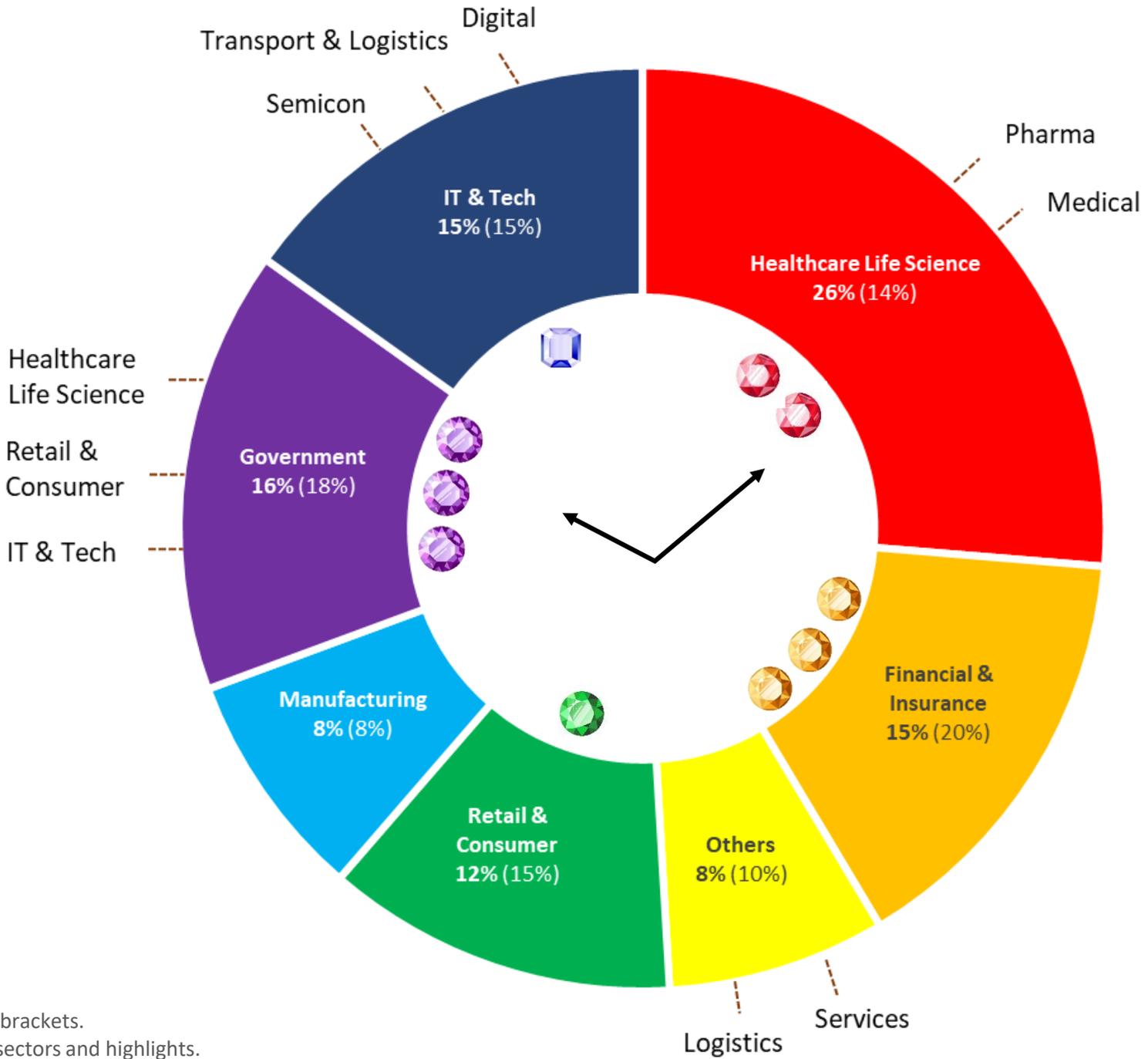
### Gross Profit



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



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

# Diversified Client Base

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

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	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%

# GROWTH THROUGH CO-OWNERS

HRnetOne



**DAISY TAN\***  
Chief People  
Officer



**JENNIFER KANG\***  
Chief Financial  
Officer



**MADELINE WAN\***  
Group Business  
Leader  
GCJP<sup>(a)</sup>



**CATHERINE YEOW**  
Group Business  
Leader  
TS<sup>(b)</sup>



**BLISS TSAI**  
Key Account  
Director  
Shanghai



**ADRIAN CHIA**  
Key Account  
Director  
Shanghai



**HERMOSA LIN**  
Business Leader  
Shanghai



**ASAKO YOSHII**  
Group Business  
Leader  
Tokyo



**MAVERICK TAN**  
Business Leader  
Guangzhou



**ANGELA KWAK**  
Practice Leader  
Seoul



**RUBBY LIM**  
Business Leader  
Jakarta

RECRUIT  
EXPRESS



**VICKI ONG**  
Country Director  
Taiwan



**KHIM GOH**  
Country Manager  
Malaysia

REFORCE  
RECRUITMENT EXPERT FORCE



**RITA DONG**  
CEO  
Shanghai



**WILL YAN**  
Managing Director  
Shanghai

PeopleSearch



**LORENCZ TAY\***  
Group Managing  
Director



**STEVEN LIM**  
Group Business  
Leader  
Taiwan



**JARED NG**  
Senior Business  
Leader  
Hong Kong



**KUNG SHIH CHAN**  
Group Business  
Leader  
Shanghai

RecruitFirst



**JACELYN CHUA**  
Group Business  
Leader Singapore



**AVIEL SIM**  
Consulting Director  
Hong Kong



**SOPHIA OOI**  
Consulting Director  
Hong Kong



**DANIEL CHOONG**  
Business Leader  
Kuala Lumpur



**DEBBY LIM**  
Business Leader  
Jakarta



**KATHERINE CHOW**  
HR Director  
Hong Kong



**ANNIE ZHANG**  
Business Leader  
Shanghai



**LEE CHUNG**  
Senior Business  
Leader  
Taipei



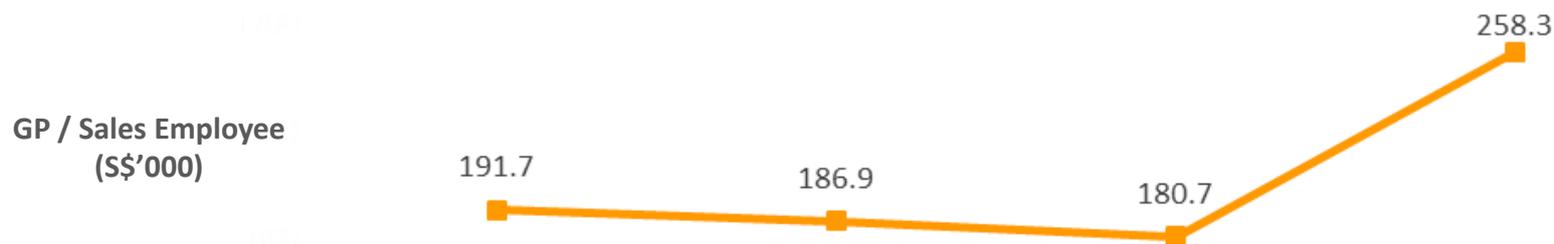
**BENNY ZHANG**  
Business Leader  
Taipei

\* Executive Officers

(a) Greater China & Japan

(b) Thailand & Singapore

# Productive Workforce



	2018	2019	2020	2021
<b>Number of PHC <sup>1</sup></b>	<b>564</b>	<b>485</b>	<b>422</b>	<b>472</b>
<b>% PHC</b>	<b>70</b>	<b>62</b>	<b>59</b>	<b>70</b>
Singapore	81	79	69	88
North Asia	65	57	58	61
Rest of Asia	56	42	33	63
<b>% of Sales Employees</b>	<b>86</b>	<b>84</b>	<b>83</b>	<b>81</b>



1. Productive Heartcount whose GP is in excess of 3 times their Payroll Cost.

## 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	8.4	4.8%
<b>Total Utilised</b>	<b>127.3</b>	<b>73.2%</b>
Balance	46.8	26.8%

	Amount (S\$m)
As at 1 Jan 2021	119.8
Investments in Strategic Entities	3.1
Professional Fees Expenses	0.1
Paid Consideration for Acquisitions	4.3
<b>As at 31 Dec 2021</b>	<b>127.3</b>



# Strong Economic Recovery

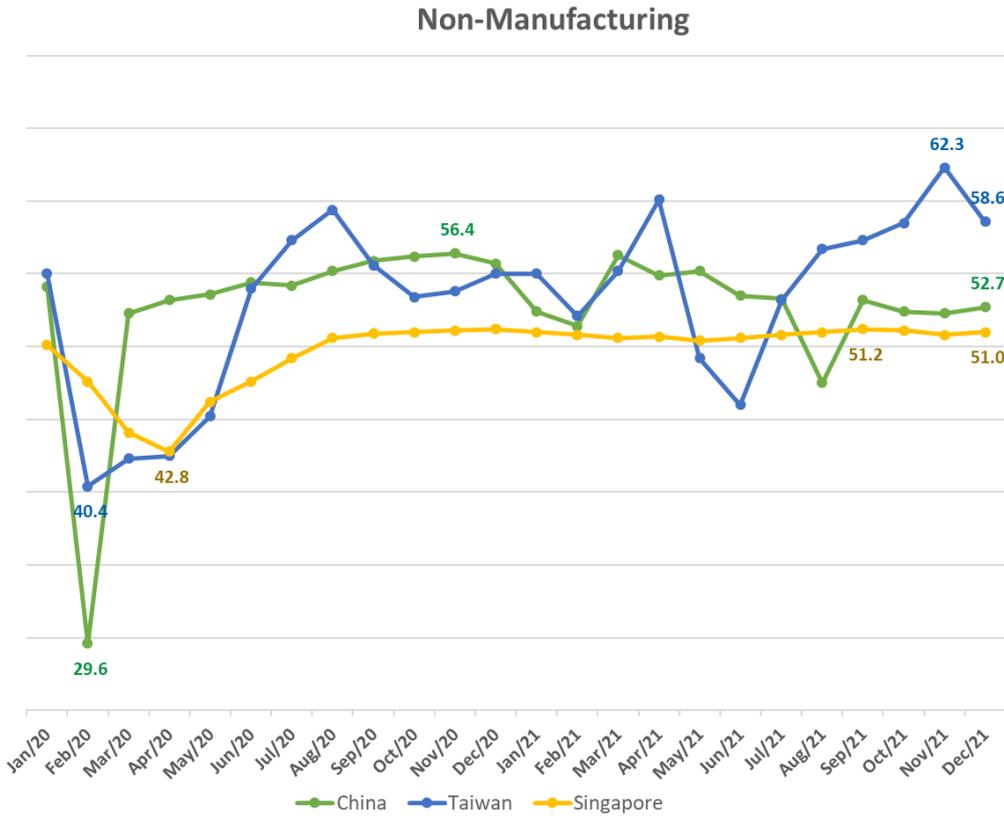
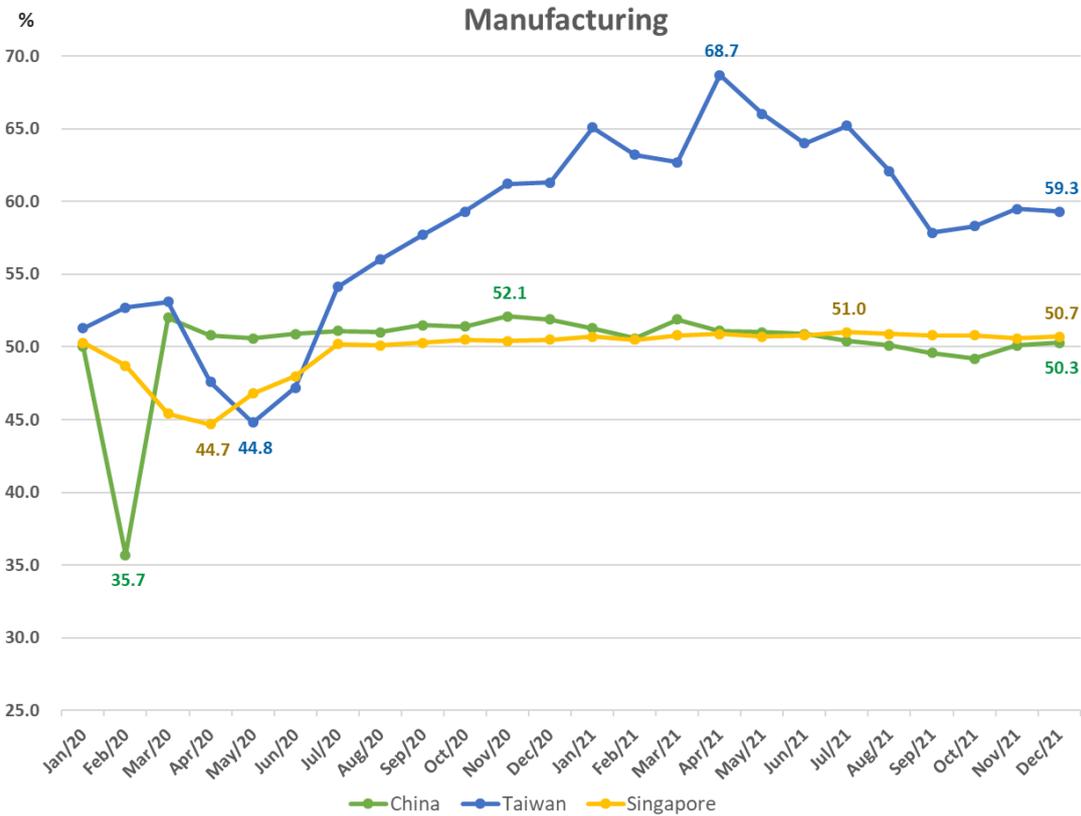
## GDP Growth Rates %

Geography	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 <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



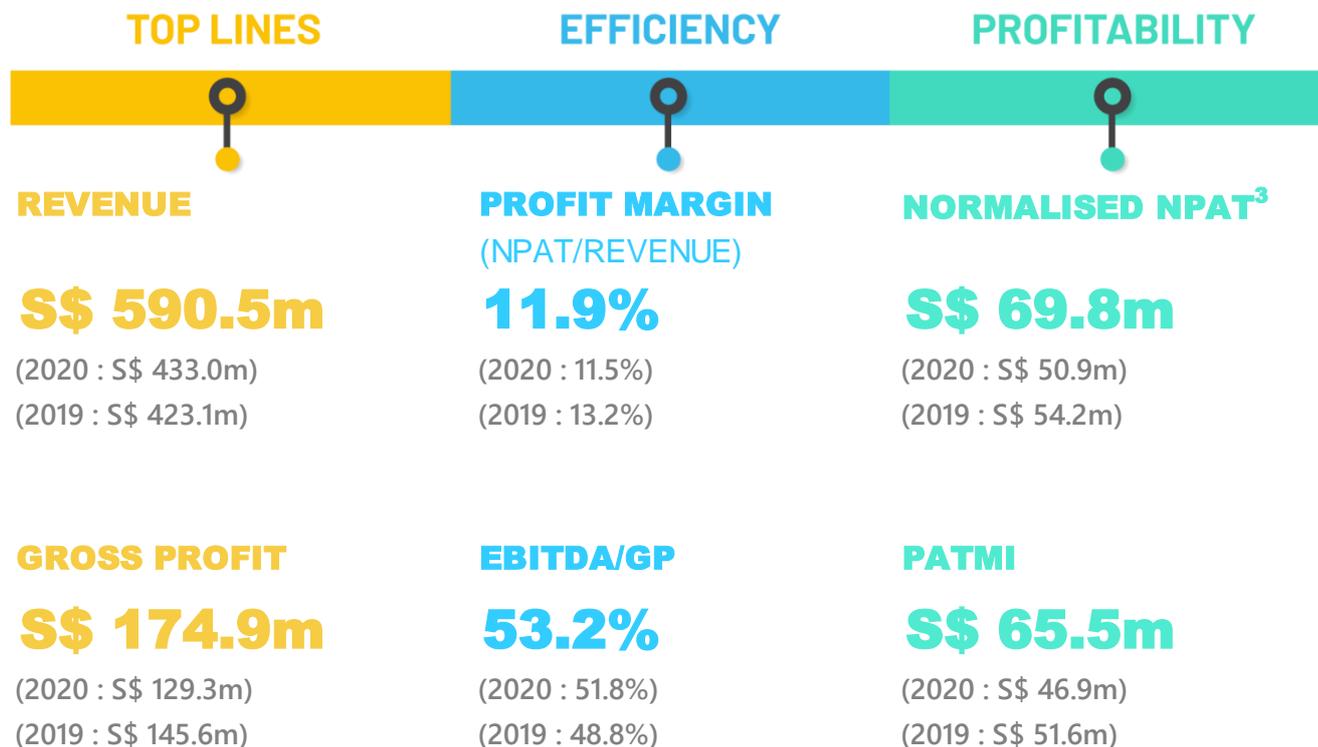
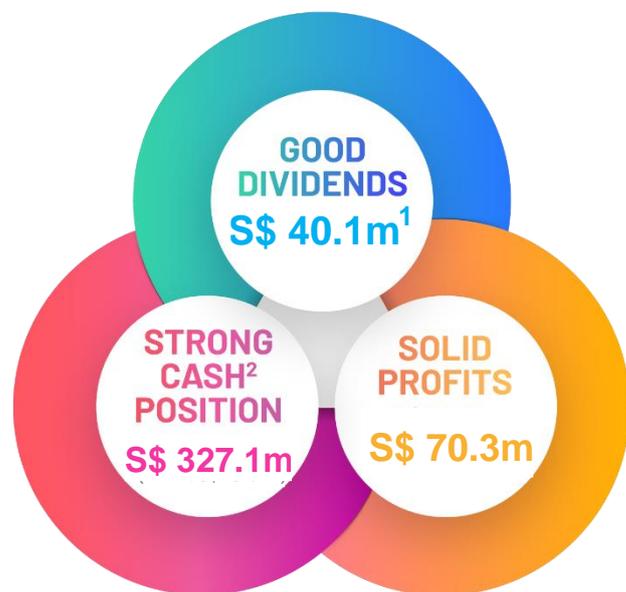
1. Sources- refer to Appendix D.

# 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's data being electronics sector PMI



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. Refers to cash and cash equivalents.
3. Based on "Normalised NPAT" which excluded net fair value gain/(loss) on revaluation of financial assets.

# Appendix A - 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		

# Appendix B - 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. 19

## Appendix C - 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:

**+ S\$52.7m** cash generated from operating activities

- S\$88.1m operating cashflow
- S\$(35.4m) working capital changes

**- S\$24.6m** cash used in investing activities

- S\$30.2m purchase of financial assets at FVTPL
- S\$(10.5m) proceeds from disposal of investments
- S\$4.9m other investing activities

**- S\$34.8m** cash used in financing activities

- S\$26.7m dividends paid
- S\$7.6m repayment of lease liabilities
- S\$0.5m other financing activities

**+ S\$1.6m** arising from the effect of foreign exchange rate changes on its cash & cash equivalents.



# Appendix D - Strong Economic Recovery

- (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>
- (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?nttlId=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/cthemebByCat&cat=100&bul\\_id=ckRVWlQrNVF4K2k3M1BWYU8vVTM0Zz09&menu\\_id=TE5CRUZCblh4ZTZMODZlbnk2aWRRQT09](https://www.dosm.gov.my/v1/index.php?r=column/cthemebByCat&cat=100&bul_id=ckRVWlQrNVF4K2k3M1BWYU8vVTM0Zz09&menu_id=TE5CRUZCblh4ZTZMODZlbnk2aWRRQT09)
- (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>

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