



HRnetGroup

OUR GROWTH STORY

17 May 2019







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.

Analyst Coverage

House	Target Price	Recommendation
 CGSCIMB	\$1.03	ADD
 CREDIT SUISSE	\$1.06	OUTPERFORM
 DBS VICKERS SECURITIES	\$0.85	HOLD
 RHB	\$0.94	BUY
AVERAGE TP	\$0.97	

30.2%  Potential¹

1. Based on closing price of \$0.745 on 14 May 2019.

Attractive Valuations

	Stock Curr	Current price	Target price	Upside (%)	Mkt Cap (US\$m)	Ave 3M T/O (mn)	Biz Type	PE (x)		EPS growth (%)		PB (x)		ROE (%)		EV/EBITDA (x)		Div Yield (%)	
								19E	20E	19E	20E	19E	20E	19E	20E	19E	20E	19E	
HRnetGroup	SGD	0.77	1.06	37.7	571	0.2	Diversified	14.2	13.0	5.5	8.9	2.2	2.0	15.3	15.5	6.6	5.6	3.8	
<u>Japan recruitment firms</u>																			
Recruit Holdings	JPY	3,295.00	3700.00	12.3	50,156	107.5	Diversified	31.0	27.4	7.3	12.9	5.2	4.7	16.8	17.0	16.4	14.5	0.9	
Persol Holdings	JPY	2,007.0	n.a	n.a	4,329	20.1	Diversified	17.2	14.9	34.6	15.8	2.6	2.3	16.5	16.5	7.3	6.1	1.2	
En-Japan	JPY	3,195.0	n.a	n.a	1,447	14.0	Portal	15.5	13.5	21.3	15.3	3.7	3.2	25.4	25.1	8.0	6.7	2.4	
JAC Recruitment	JPY	2,690	n.a	n.a	1,012	3.4	Search	23.1	20.0	21.2	15.1	6.8	5.8	31.2	32.5	16.4	13.6	3.0	
Meitec	JPY	5,130.00	n.a	n.a	1,370	4.5	Staffing	16.6	16.1	4.9	3.5	3.2	3.0	19.6	18.6	7.8	7.4	3.6	
Technopro	JPY	6,040.00	n.a	n.a	1,998	11.0	Staffing	21.2	18.2	12.5	16.5	4.4	3.9	22.0	22.9	12.8	10.7	2.4	
<u>India recruitment firms</u>																			
Quess	INR	660.4	n.a	n.a	1,375	0.9	Staffing	26.8	19.8	28.0	35.3	3.1	2.6	12.7	15.0	21.1	16.0	0.0	
TeamLease Servs	INR	2,922.9	n.a	n.a	711	0.9	Staffing	39.4	29.9	35.5	31.6	7.8	6.2	21.6	22.9	47.7	34.6	0.1	
<u>Rest of Asia recruitment firms</u>																			
Beijing Career International	CNY	32.6	n.a	n.a	860	12.2		37.0	29.0	35.7	27.3	6.3	5.2	17.6	18.7	23.5	18.3	0.4	
Humanica	THB	8.1	n.a	n.a	173	0.3		31.9	25.4	26.4	25.6	4.5	4.1	14.4	16.7	22.9	18.3	1.4	
Asian average								26.0	21.4	22.7	19.9	4.8	4.1	19.8	20.6	18.4	14.6	1.5	
<u>European recruitment firms</u>																			
Adecco	CHF	56.00	57.00	1.8	9,190	57.9	Staffing	10.9	9.7	7.3	13.4	2.1	1.9	19.1	19.6	7.4	6.5	4.6	
Robert Walters	GBp	586.00	700.00	19.5	579	0.1	Diversified	11.1	10.3	4.5	8.3	2.5	2.4	22.3	23.3	6.6	6.2	2.8	
Randstad	EUR	48.61	50.00	2.9	9,997	30.0	Diversified	10.6	10.7	0.5	(0.8)	1.9	1.9	18.0	17.4	7.0	6.9	8.2	
PageGroup	GBp	522.00	575.00	10.2	2,232	5.2	Diversified	14.6	13.5	9.7	8.4	4.9	4.6	33.6	34.0	9.0	8.7	5.4	
Hays	GBp	146.50	150.00	2.4	2,778	6.5	Diversified	12.5	11.9	1.8	4.3	2.8	2.8	22.9	23.1	7.4	7.1	6.8	
<u>US recruitment firms</u>																			
Manpower	USD	92.22	102.00	10.6	5,537	13.7	Diversified	11.7	10.9	(12.2)	1.3	2.0	1.8	17.7	17.1	7.8	7.9	2.3	
Robert Half	USD	57.45	57.00	-0.8	6,811	20.0	Staffing	14.5	13.6	7.7	0.0	5.5	4.7	41.0	38.9	9.5	9.4	2.1	
ASGN Inc	USD	59.8	70.00	17.2	3,155	6.4	Staffing	12.8	11.8	6.3	8.7	2.2	1.9	18.1	16.4	9.0	8.1	0.0	
Recources Connection	USD	16.2	n.a	n.a	519	1.0	Staffing	15.6	n.a	14.6	n.a.	2.0	n.a	11.7	n.a	n.a	n.a	n.a	
Korn Ferry	USD	45.8	40.00	-12.7	2,584	4.1	Diversified	13.5	12.4	18.5	9.1	1.9	n.a	14.3	n.a	7.0	n.a	0.9	
Heidrick & Struggles	USD	35.0	38.00	8.4	670	2.1	Search	13.6	13.2	1.9	3.0	2.2	2.0	16.9	15.4	4.3	3.9	1.7	
Europe+US average								12.9	11.8	5.5	5.6	2.7	2.7	21.4	22.8	7.5	7.2	3.5	
Average								19.1	16.6	13.7	12.7	3.7	3.4	20.6	21.6	12.9	11.1	2.5	

WHO WE ARE



WHERE WE ARE

“
Our geographical footprint across Asia is representative of 26 years of organisation-building
”

WE ARE CURRENTLY OPERATING IN **13 ASIAN** TALENT MARKETS

BEIJING

SEOUL

TOKYO

SUZHOU

SHANGHAI

TAIPEI

GUANGZHOU

SHENZHEN

HONG KONG

BANGKOK

KUALA LUMPUR

SINGAPORE

JAKARTA

Our Twin Engines of Growth

PROFESSIONAL RECRUITMENT



Mid to Senior permanent positions



9,448^(a) permanent placements



18-25% placement fee

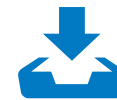


In all 13 cities

FLEXIBLE STAFFING



Temp/Contract Mid to Junior positions



12,112^(b) contractor employees



Back-to-back contracts with clients & candidates. Employer responsibility, upfront payroll financing



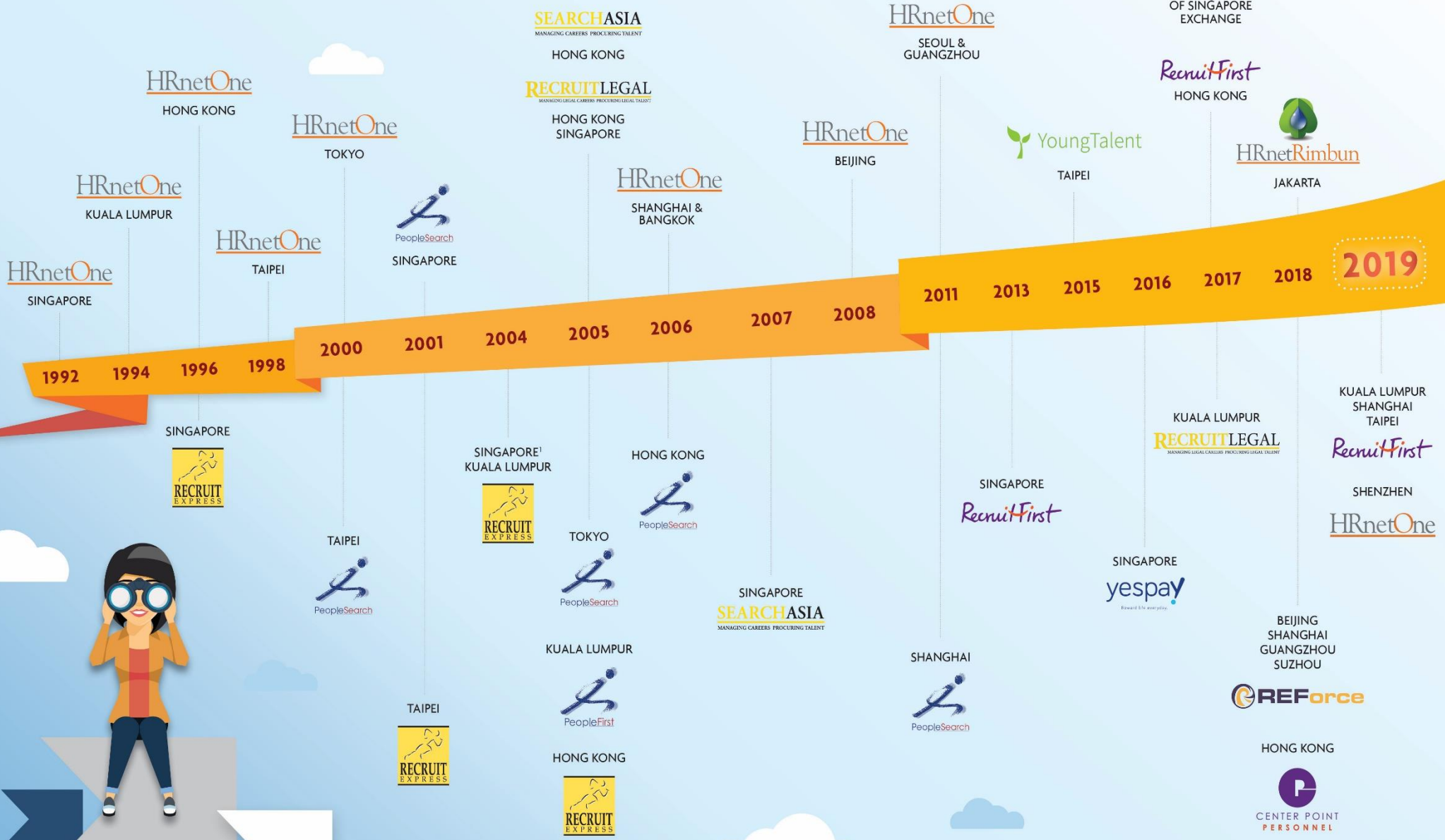
In Singapore, Hong Kong, Taipei, Kuala Lumpur and Shanghai

(a) Data for FY2018
 (b) As of 4Q2018

OUR GROWTH STORY

HRnetGroup

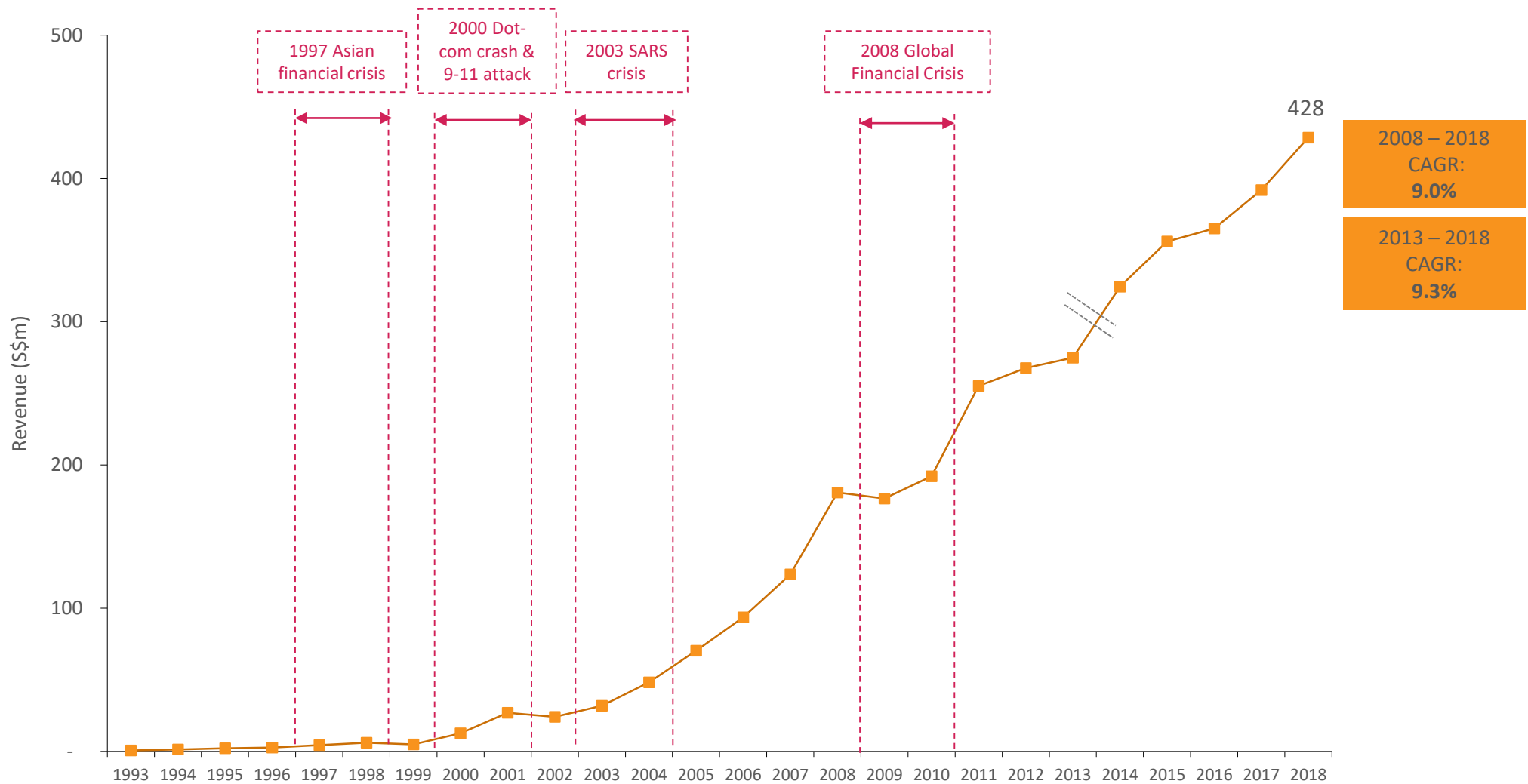
16 JUNE 2017
LISTED ON THE
MAINBOARD
OF SINGAPORE
EXCHANGE



1 Recruit Express Services launched in Singapore.

Strong Growth since Inception

25-year Revenue History (\$\$'million)^(a)



(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

Strong Profitability since Inception

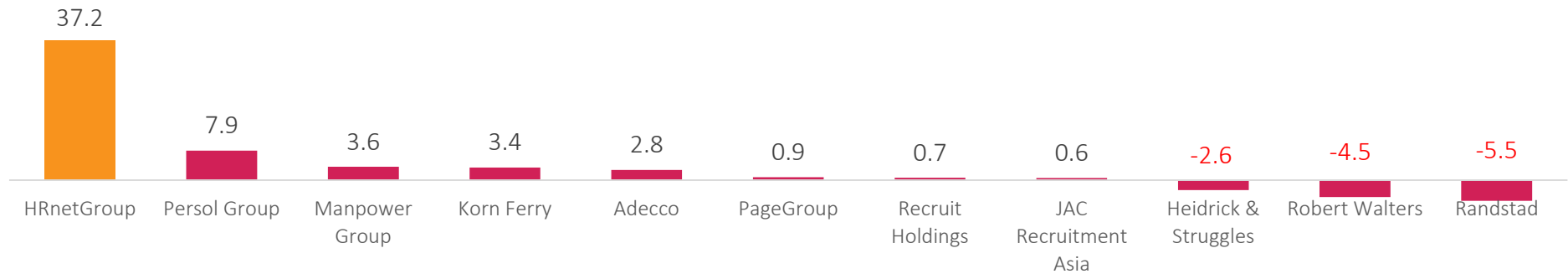
25-year Net Profit History (\$\$'million)^(a)



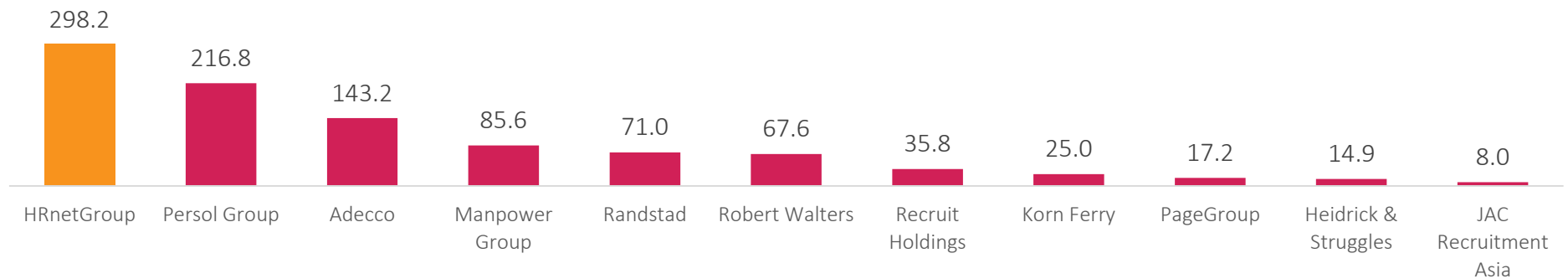
(a) Net profit prior to 2014 prepared based on combined results of subsidiary companies with different financial year ends; 2014, 2015 and 2016 based on new financial year ending 31 December

Largest in Singapore

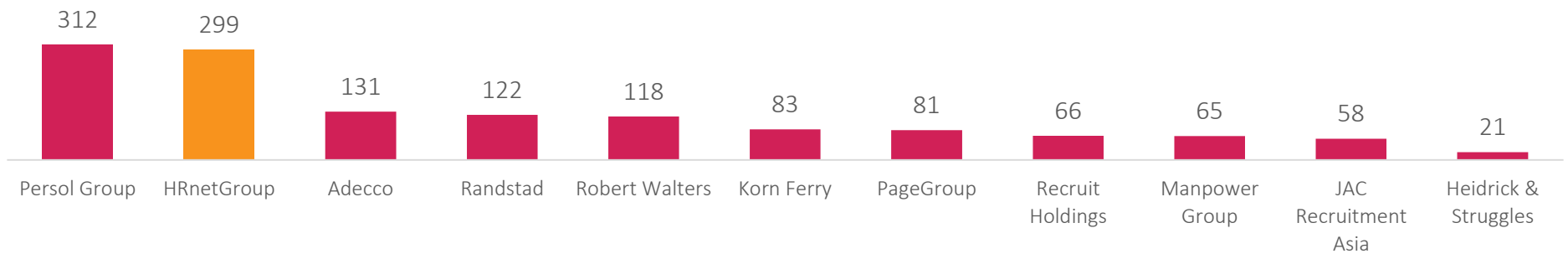
Net Profit Before Tax of Key Players – S\$^m (a)



Revenue of Key Players – S\$^m (a)



Licensed Consultants (b)



Note: All metrics refer to Singapore-only operations

(a) Source: ACRA of Company filings last accessed in February 2019

(b) Source: Ministry of Manpower records as of 31 December 2018

(c) Persol's metrics were based on summation of Capital, Kelly Services and KellyOCG Singapore

(d) Adecco's metrics were based on summation of Adecco and Spring Professional

(e) Robert Walters' metrics were based on summation of Robert Walters and Resource Solutions Consulting

(f) Recruit Holdings' metrics were based on summation of RGF Talent Solutions, PeopleBank and Chandler Macleod

(g) Except for Persol (based on Financial Year (FY) ended 31 Dec 2016) and Korn Ferry (based on FY ended 30 April 2018), the rest of the data was based on FY ended 31 Dec 2017

OUR PERFORMANCE - 1Q19



Snapshot of 1Q19 Results



Top Lines

Revenue

\$S104.0m

down 2.8%

(1Q18: \$S107.0m)



Record Profits

NPAT

\$S20.2m

up 16.9%

(1Q18: \$S17.3m)



Record High



Business Volume

Contractor
Employees

11,920

up 320 (2.8%)

(1Q18: 11,600)

Gross Profit

\$S35.4m

down 2.8%

(1Q18: \$S36.4m)

PATMI

\$S19.3m

up 18.5%

(1Q18: \$S16.3m)



Record High

Placements

1,994

down 69 (3.3%)

(1Q18: 2,063)

Efficiency Ratio
(EBITDA/GP)

64.5%

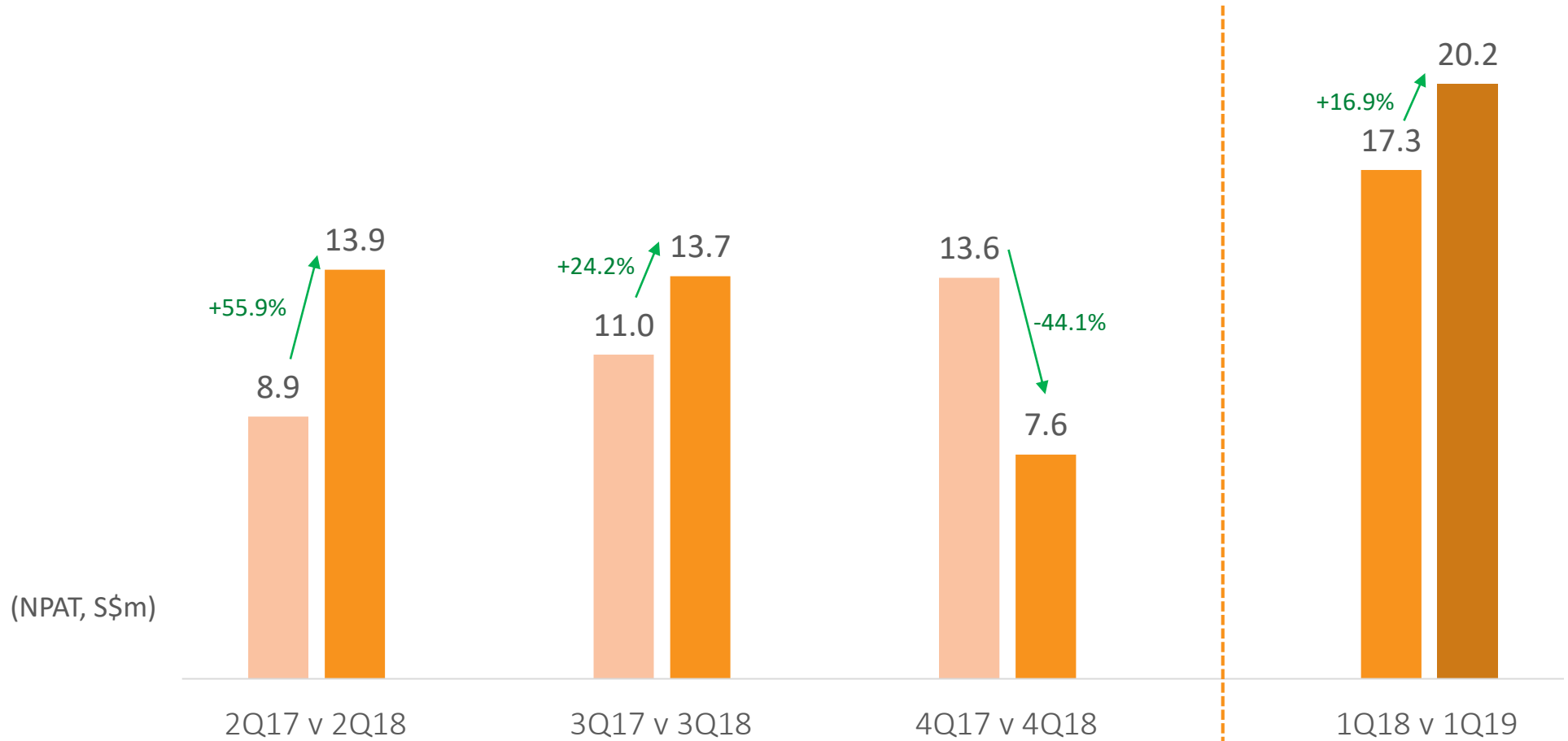
up 10.6% points

(1Q18: 53.9%)



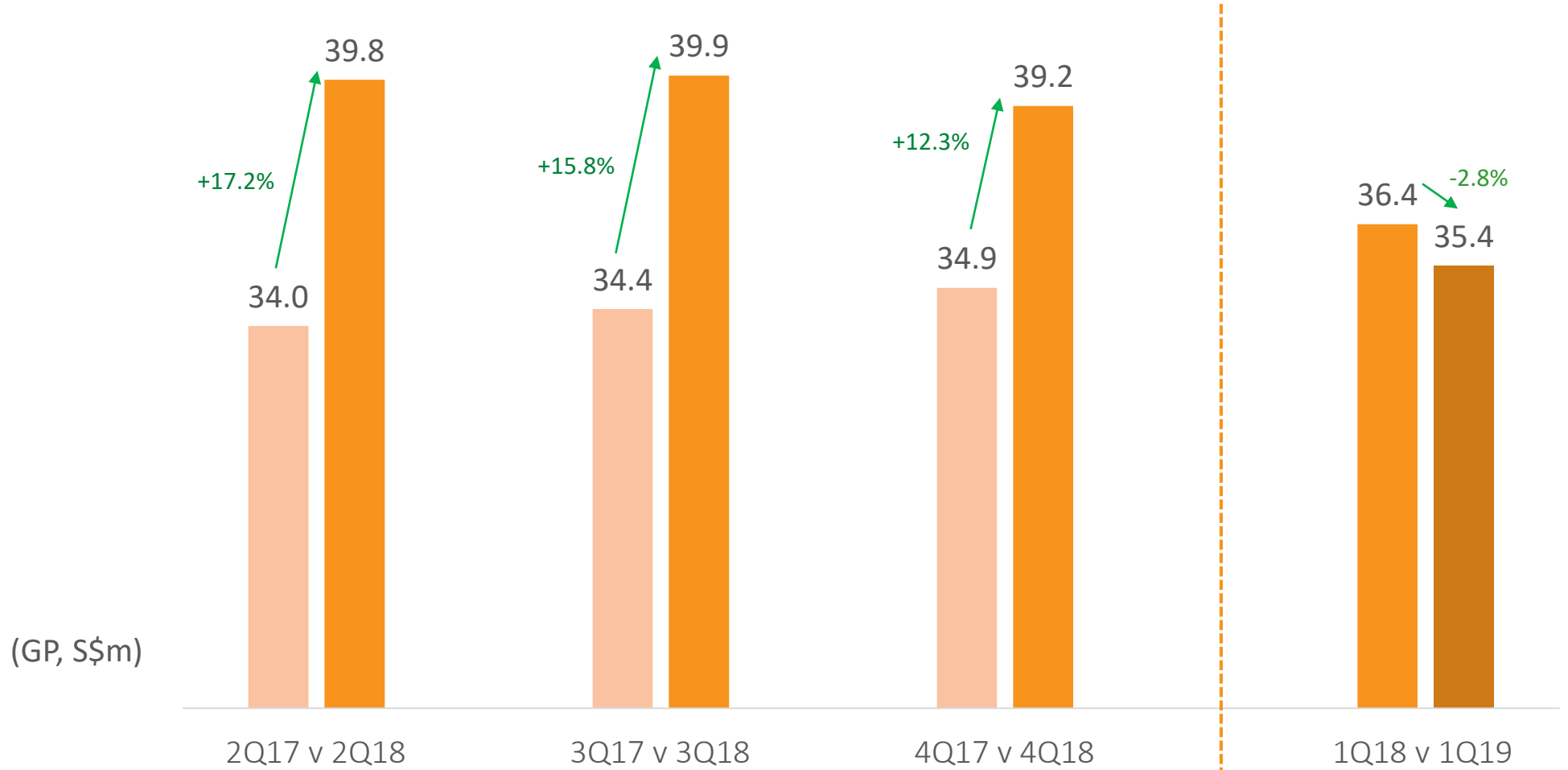
Record High

Quarterly Net Profit – Positive Start to the Year



NPAT Margin	2Q	3Q	4Q	1Q
2017	9.1%	11.3%	13.4%	-
2018	12.9%	13.0%	7.0%	16.1%
2019	-	-	-	19.4%

Quarterly Gross Profit – Stable GP Margin



GP Margin	2Q	3Q	4Q	1Q
2017	34.9%	35.3%	34.3%	-
2018	36.9%	38.0%	36.1%	34.1%
2019	-	-	-	34.1%

Snapshot of Financial Performance

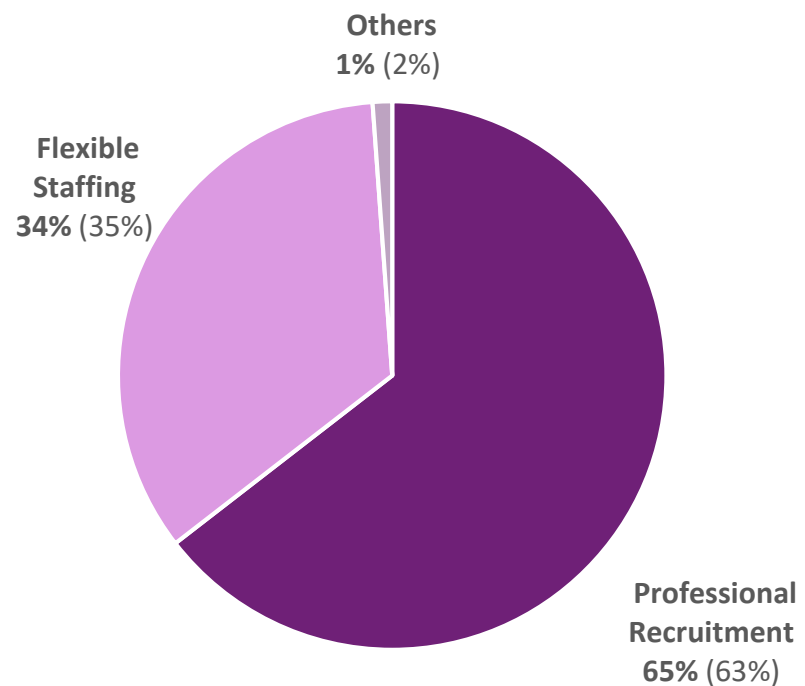
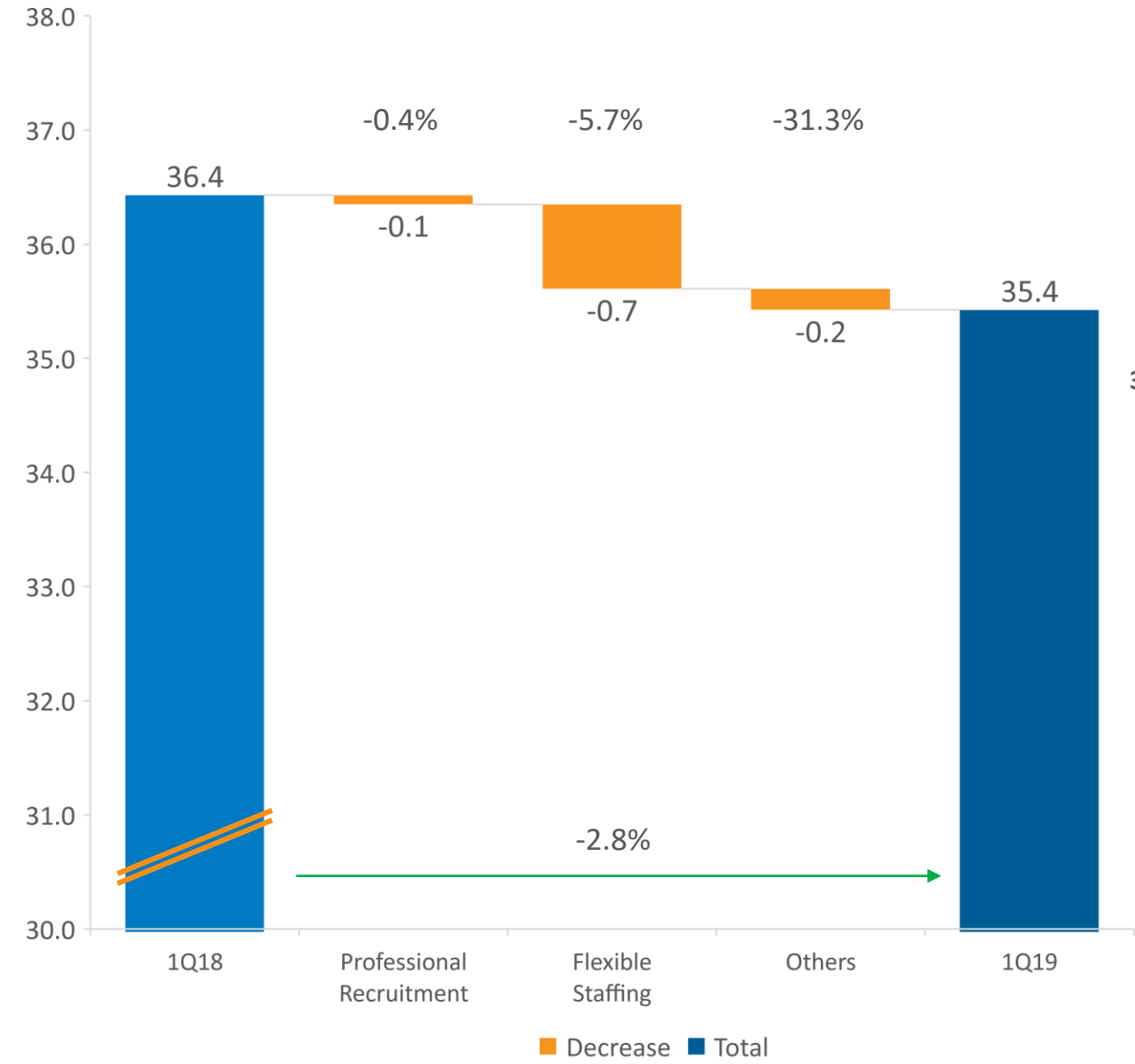
	1Q19	1Q18	Change
	S\$'m	S\$'m	%
PROFIT & LOSS			
Revenue	104.0	107.0	(2.8)
Gross profit	35.4	36.4	(2.8)
Other income			
<i>Government subsidies</i>	4.5	5.0	(10.9)
<i>Unrealised gain on revaluation of other financial assets</i>	4.4	0.8	>100
<i>Others</i>	2.3	0.8	>100
Expenses			
<i>Employee benefit expenses</i>	(18.4)	(18.8)	(2.0)
<i>Facilities and depreciation expenses</i>	(2.9)	(2.6)	11.3
<i>Selling expenses</i>	(1.1)	(0.8)	40.3
<i>Other expenses</i>	(0.5)	(0.7)	(12.7)
<i>Finance costs¹</i>	(0.1)	-	n.m.
Profit before tax	23.6	20.1	16.9
Income tax	(3.4)	(2.8)	17.2
Profit after tax	20.2	17.3	16.9
PATMI	19.3	16.3	18.5
KEY FINANCIAL RATIOS			
Earnings per share (EPS) (cents)			
<i>Basic</i>	1.92	1.61	
<i>Diluted</i>	1.91	1.60	
Efficiency Ratio (%) (EBITDA / GP)	64.5	53.9	

1. Implied interest expense on lease commitments

Gross Profits for the Quarter

By Business Segments

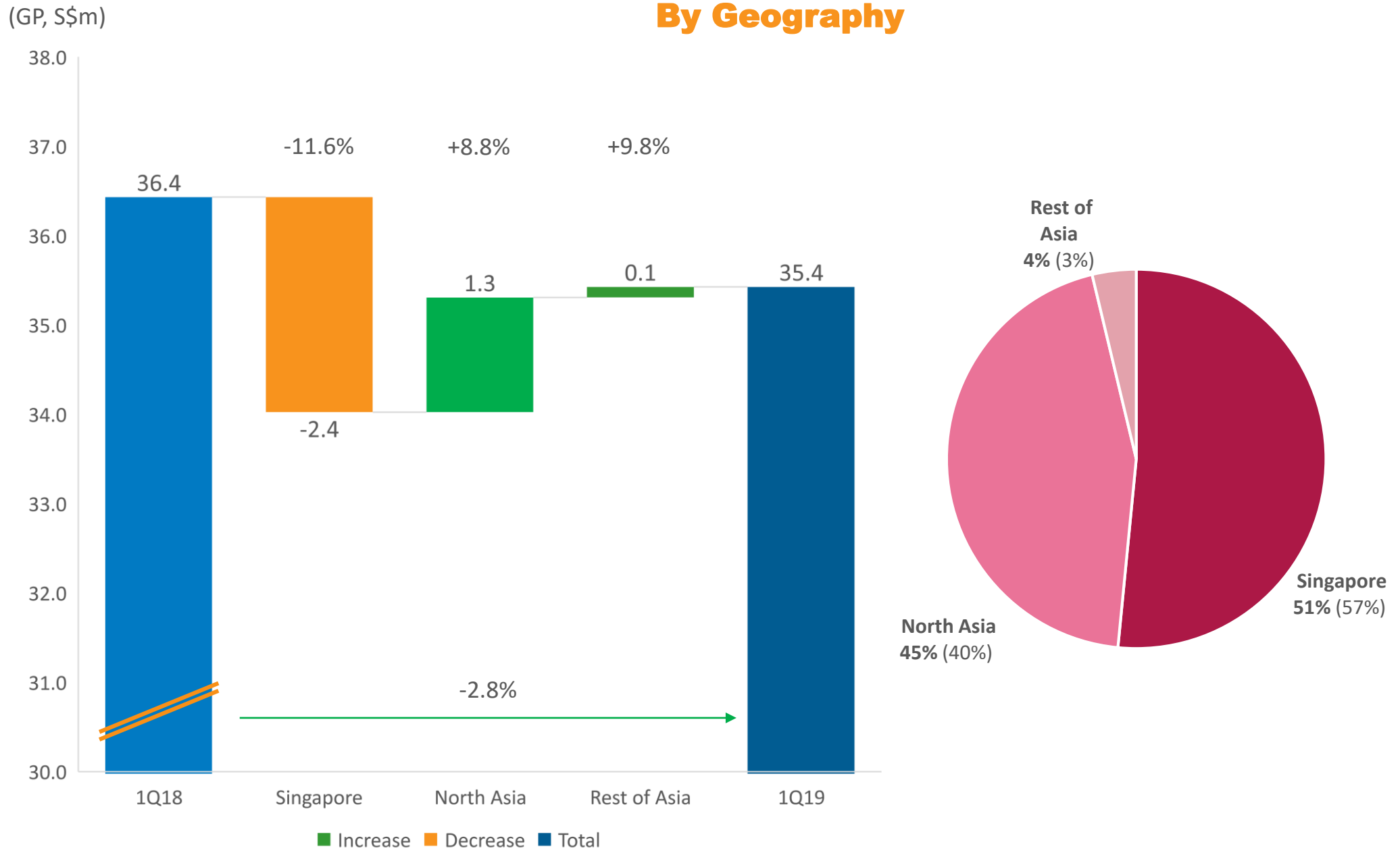
(GP, S\$m)



(% in brackets denotes 1Q18 figures)

Gross Profits for the Quarter

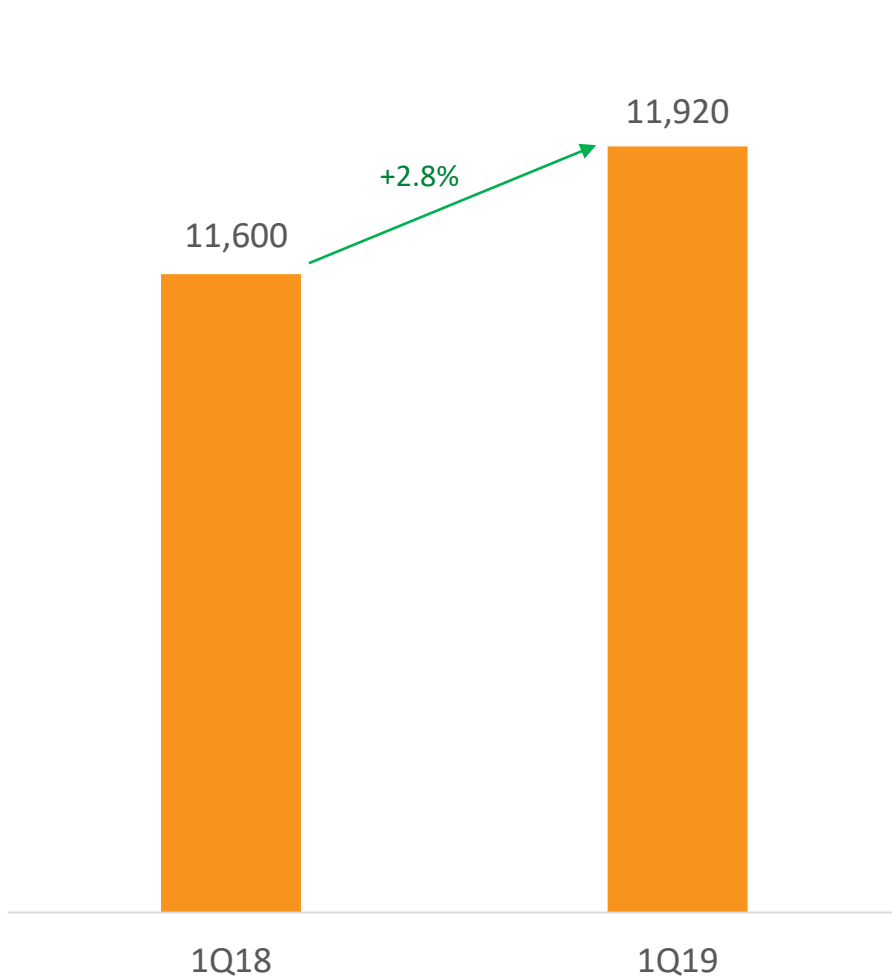
By Geography



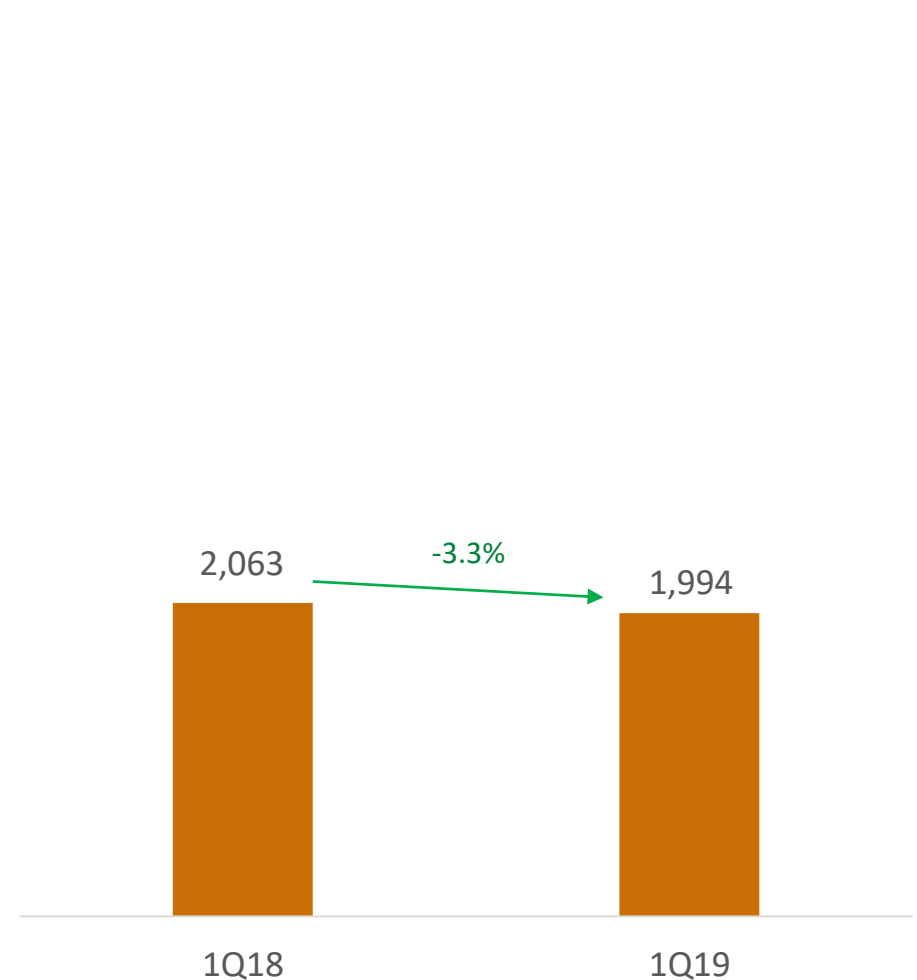
(% in brackets denotes 1Q18 figures)

Stable underlying Business Momentum

Monthly Average Number of Contractor Employees managed by us



Placements



Strong Balance Sheet for Expansion

	31 Mar 2019	31 Dec 2018	Change
	S\$'m	S\$'m	S\$'m
Cash	304.5	281.8	22.7
Trade Receivables	77.5	81.3	(3.8)
Other Financial Assets	28.1	28.3	(0.2)
Right-of-use Assets ¹	13.3	-	13.3
Goodwill	12.3	12.3	-
Other Assets	12.3	11.6	0.7
Total Assets	448.0	415.3	32.7
Debt	-	-	-
Trade and Other Payables	42.0	45.8	(3.8)
Deferred Considerations	13.6	13.4	0.2
Lease Liabilities ¹	13.3	-	13.3
Tax Payable and Deferred Tax Liabilities	13.5	11.3	2.2
Total Equity	365.6	344.8	20.8
Total Liabilities & Equity	448.0	415.3	32.7
NAV	352.7	333.3	19.4
NTA	338.0	318.6	19.4
Receivables Turnover (Days)	69	69	

1. Relates to long-term office leases commitments.

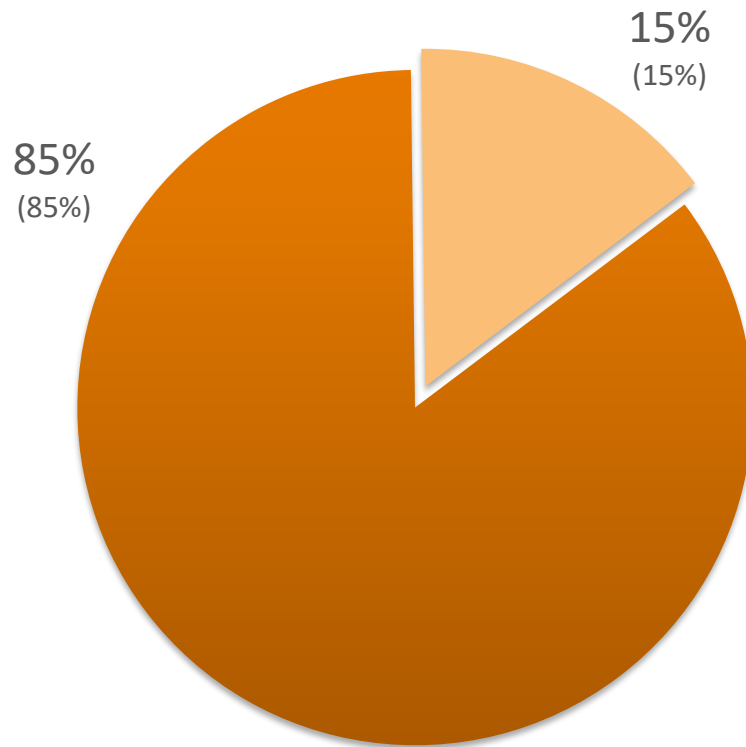


Wage Credit Scheme (WCS)

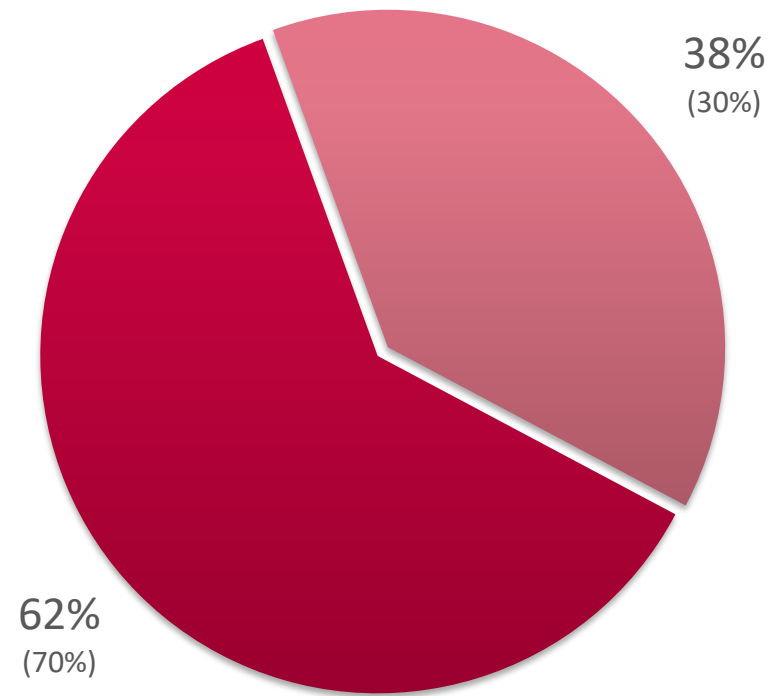
- Government co-funding was maintained at 20% for 2018, which was received in 2019. Subsequently, the co-funding ratio will be stepped down to 15% in 2019 (to be received in 2020) and 10% in 2020 (to be received in 2021).

S\$'m	Q1	Q2	Q3	Q4
2017	WCS & SEC 4.5	TEC 0.9	SEC 0.1	TEC 0.5
2018	WCS & SEC 5.0	TEC 0.5	SEC 0.1	No more payout
2019	WCS & SEC 4.5	No more payout	To receive	-
2020	To receive	-	To receive	-
2021	To receive	-	No more payout	-

Sales Employees



Productive HeartCount (PHC)¹



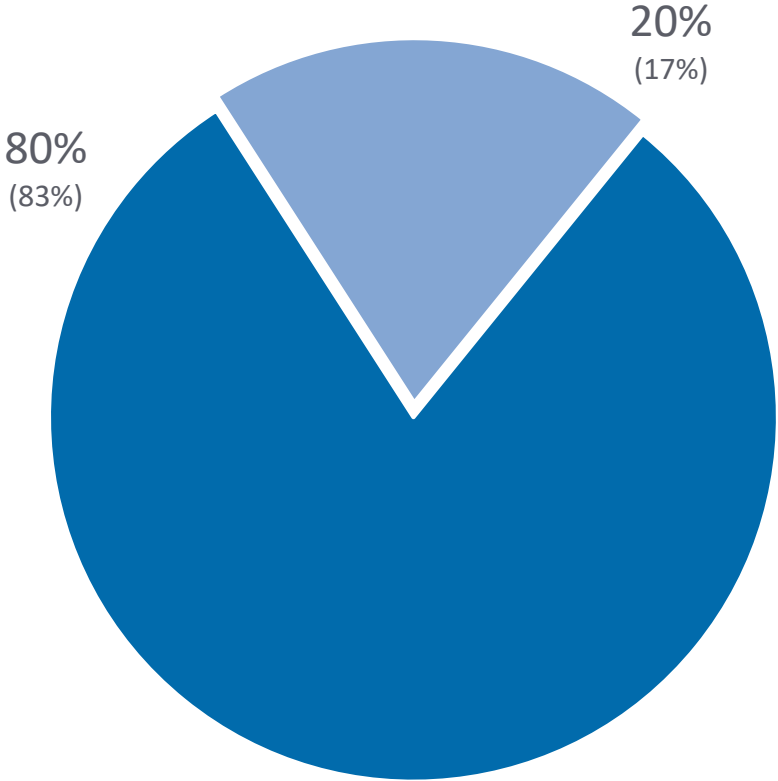
■ Sales Employees

■ PHC

- Data as of 1Q19
- Permanent employees: 905 (1Q18: 791)

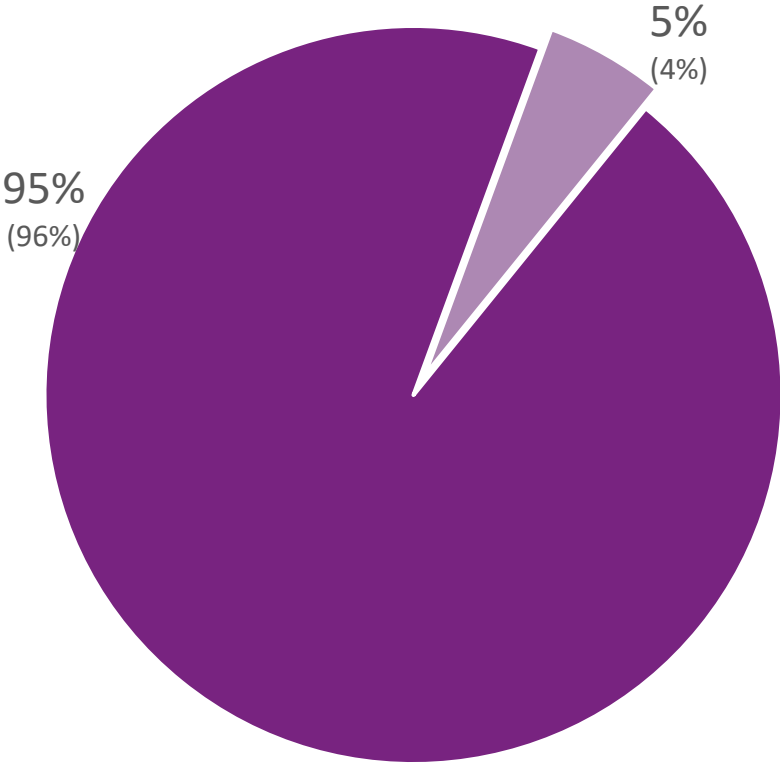
1. Productive heartcount is defined as sales people who achieves gross profit of 3 times his payroll costs.
2. % in brackets denotes 1Q18 figures

Retention rate¹ Co-Owners



■ Retention

PHC of retained Co-Owners



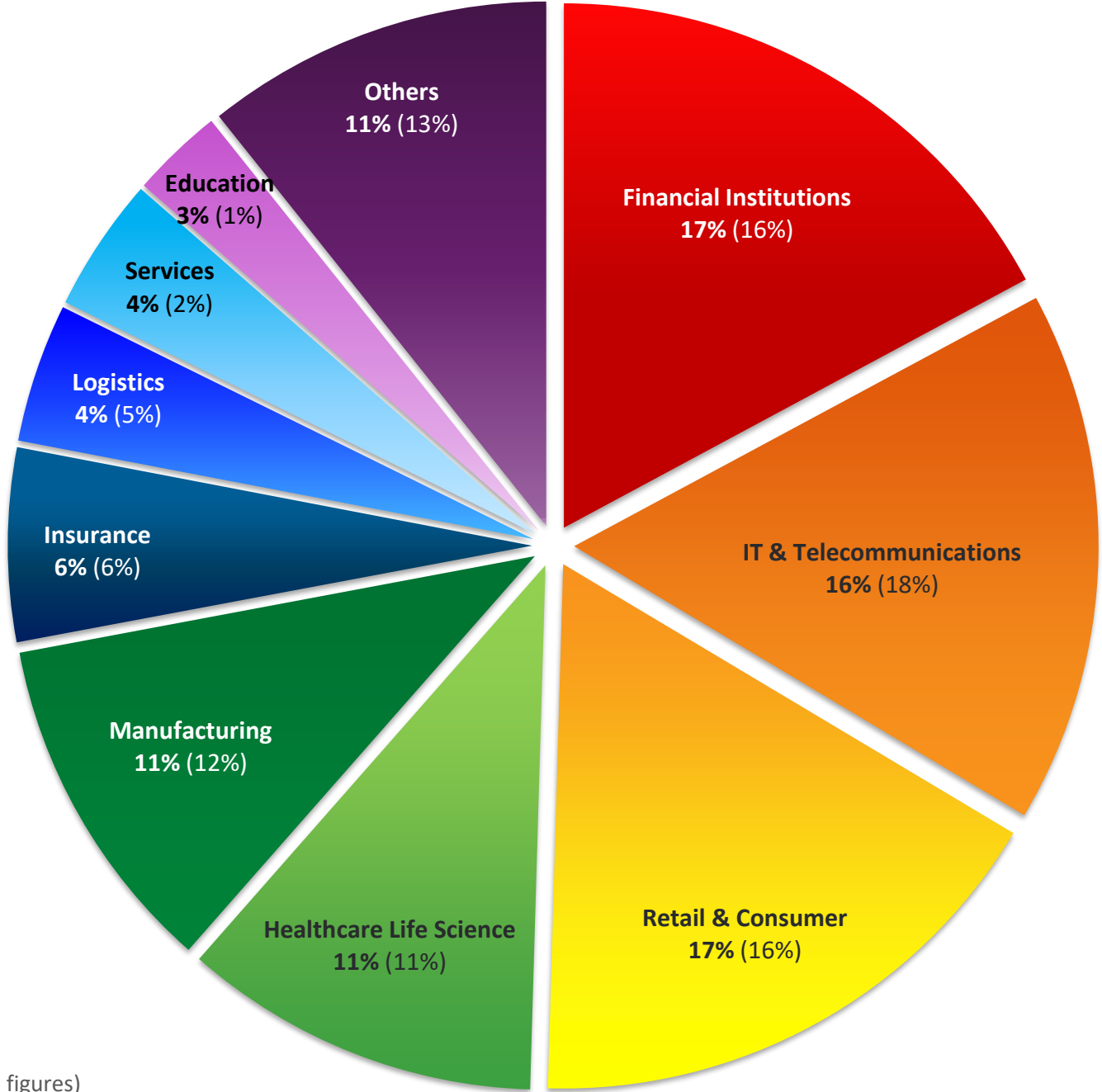
■ PHC

Data as of 31 Mar 2019. Notes:
1. Retention rate for 31 Mar 2019 is an annualised rate.
2. 123GROW Co-Owners as of 31 Mar 2019: 286 (31 Dec 2018: 301)
3. % in brackets denotes 31 Dec 2018 figures

Higher Profitability Potential with a Higher Efficiency Workforce

		1Q19	1Q18	Change
	<i>Excluding M&A</i>			
Revenue/Sales Employees (\$'000)	144.6	135.0	158.2	-14.7%
	↑ -8.6%			
GP/Sales Employees (\$'000)	48.3	46.0	53.9	-14.7%
	↑ -10.4%			
		Mar-19	Mar-18	
Total Employees		1,123	1,066	
Perm Employees		905	791	
<i>Singapore</i>		333	352	
<i>North Asia</i>		471	355	
<i>Rest of Asia</i>		101	84	
Temp/Contract		218	275	
Sales Employees		770	676	
% Sales Employees		85	86	
Productive Sales Employees		475	473	
% Productive Sales Employees		62	70	
<i>Singapore</i>		74	77	
<i>North Asia</i>		57	68	
<i>Rest of Asia</i>		48	49	

Revenue by Sector for FY2018



(% in brackets denotes 2017 figures)
* 2017 figures restated

Highly Diversified Base of Customers

Our **Top 5** customers have been with us for an average of **18** years

	Customer since	FY18 Revenue Contribution
Asian Conglomerate One of the top 3 largest technology companies globally by revenue, Fortune 100	1999	3.6%
Singapore Bank One of the top 3 largest banks in ASEAN by assets	2000	3.3%
Regional Telco One of the top 3 largest telcos in Asia by total wireless subscribers, Fortune 500	1999	2.4%
European Bank One of the top 10 largest bank globally by total assets, Fortune 500	2000	2.2%
International Bank One of the top 10 largest banks globally by total assets, Fortune 500	2000	2.2%
Contribution from Top 5 clients		13.7%
Contribution from Top 10 clients		21.1%

Balance Sheet Management



KEY OBJECTIVE

To maintain a strong balance sheet which allows the Group to ride through cycles and sustain the ability to make opportunistic acquisitions



CASHFLOW PRIORITIES

- Maintain healthy level of working capital, particularly to support the staffing business
- To support organic and inorganic expansion
- To deliver sustainable and appropriate core dividends

Cash Requirements	Approximate Amount (\$m)
Working capital reserve	100
Proposed dividend payment	28
Committed consideration for M&A and strategic investments	14
Earmarked for expansion plans in the pipeline	14
	156

Balance Sheet Management

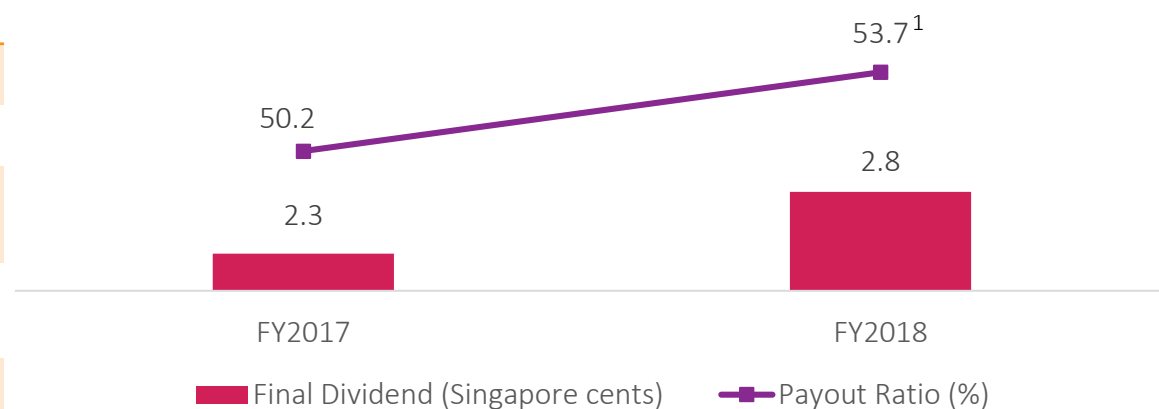
IPO PROCEEDS of S\$174m

Breakdown of Utilisation

Items	Percentage of IPO Proceeds
IPO & Professional Fees Expenses	5%
Investments in Strategic Entities	18%
Invested & Committed Investments in Organic Subsidiaries	2%
Paid & Committed Consideration for Acquisitions	5%
Earmarked for Expansion & Investment Plans in the Pipeline	12%
Total Utilised & Earmarked	42%

CORE DIVIDEND PRACTICE

To maintain a 50% payout ratio, based on NPAT



1. Derived based on 50% of "Normalised NPAT", which excludes unrealised gain / (loss) on revaluation of other financial assets.

Rationale for Shares Repurchase



- One of the capital management tools to enhance shareholder value
- Treasury shares are used for shares incentive plans and/or M&A considerations

For 2018

- Total number of shares repurchased: 7.6m (\$\$6.6m)
 - 2.0m shares re-issued in pursuant to bonus shares vested for 123GROW plan
-
- Treasury shares sufficient for projected bonus shares to be granted in 2019 & 2020 under 123GROW plan and GROW Plan

OUR SECRET SAUCE



Growth through Co-Owners

HRnetOne



DAISY TAN*
Chief People Officer



JENNIFER KANG*
Chief Financial Officer



MADELINE WAN*
Senior General Manager
GCJP^(a)



CATHERINE YEOW
Group Business Leader
KTS^(b)



ROGER TAN
Director
Malaysia



VICKI ONG
Country Director
Taiwan



KHIM GOH
Country Manager
Malaysia



ASAKO YOSHII
Senior Business Leader
Tokyo



BLISS TSAI
Key Account Director
Taipei/ Guangzhou



ANGELA KWAK
Practice Leader
Seoul



DANIEL CHOONG
Business Leader
Kuala Lumpur



LORENCZ TAY*
Group Managing Director



STEVEN LIM
Group Business Leader
Taiwan



JARED NG
Senior Business Leader
Hong Kong



KUNG SHIH CHAN
Senior Practice Leader
Shanghai



SHANNIE SOO
Senior Business Leader
Kuala Lumpur



ADRIAN CHIA
Key Account Director
Shanghai



MAVERICK TAN
Business Leader
Guangzhou



DAWNIE YUEN
Senior Practice Leader
Shanghai



JACELYN CHUA
Group Business Leader
Singapore



AVIEL SIM
Consulting Director
Hong Kong



SOPHIA OOI
Consulting Director
Hong Kong

Note: All Co-Owners will be receiving shares under the 88GLOW plan; Asterisks denote Executive Officers

(a) Greater China & Japan

(b) South Korea, Thailand, and Singapore

Owner-Manager Team Driving High Performance

1,123 People^(a), 19 Nationalities



303 Co-Owners

88 GLOW
123 GROW

175 Leaders



Average of 18 years of service

23 Group Business Leaders
(Average age: 48)

Average of 11 years of service

24 Business Leaders
(Average age: 43)

Average of 7 years of service

128 Practice Leaders
(Average age: 35)

(a) Total employees as at 31 March 2019

New Co-Owners from Organic Growth

4 new Co-Owner leaders in SHANGHAI & TAIPEI



Annie Zhang
RecruitFirst Shanghai



Jway Zhu
RecruitFirst Shanghai



John Lee
RecruitFirst Taiwan



Benny Chang
RecruitFirst Taiwan

Organic Growth

Expansion of the *RecruitFirst* brand into 3 cities



KUALA LUMPUR

Incorporated RecruitFirst Staffing Services Sdn Bhd and Agensi Pekerjaan RecruitFirst and commenced operations on 1 Jan. This business unit is headed up by our existing Co-Owner Daniel Choong



SHANGHAI

Commenced operations on 1 Apr. It is headed up by our Co-Owner Annie Zhang



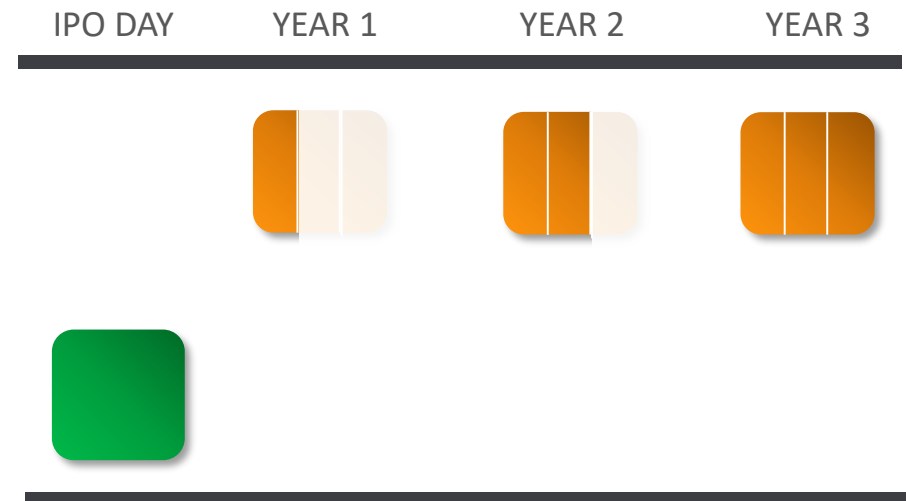
TAIPEI

Preparations are on track for the rebranding of our flexible staffing business in Taipei, an initiative to streamline our operations and leverage on the strength of the RecruitFirst brandname. The business unit will be headed up by our Co-Owner John Lee.

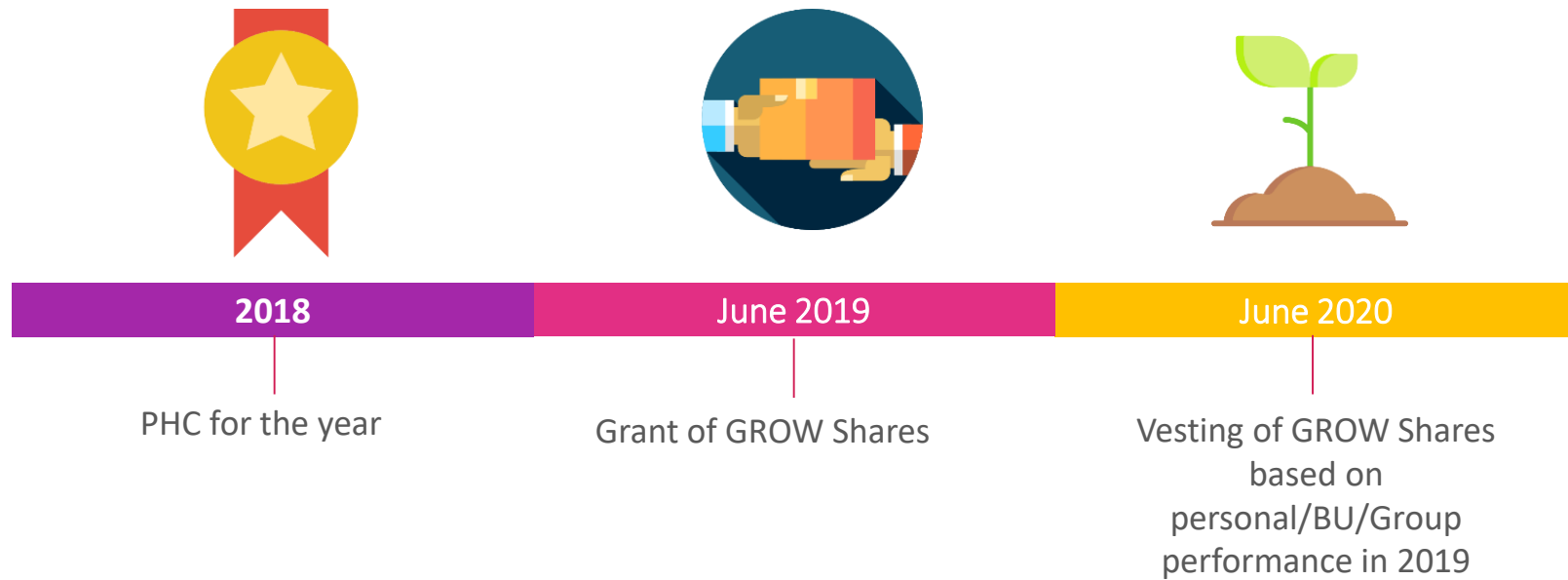


 = **\$1 Bonus**

 = **\$2 Cash**

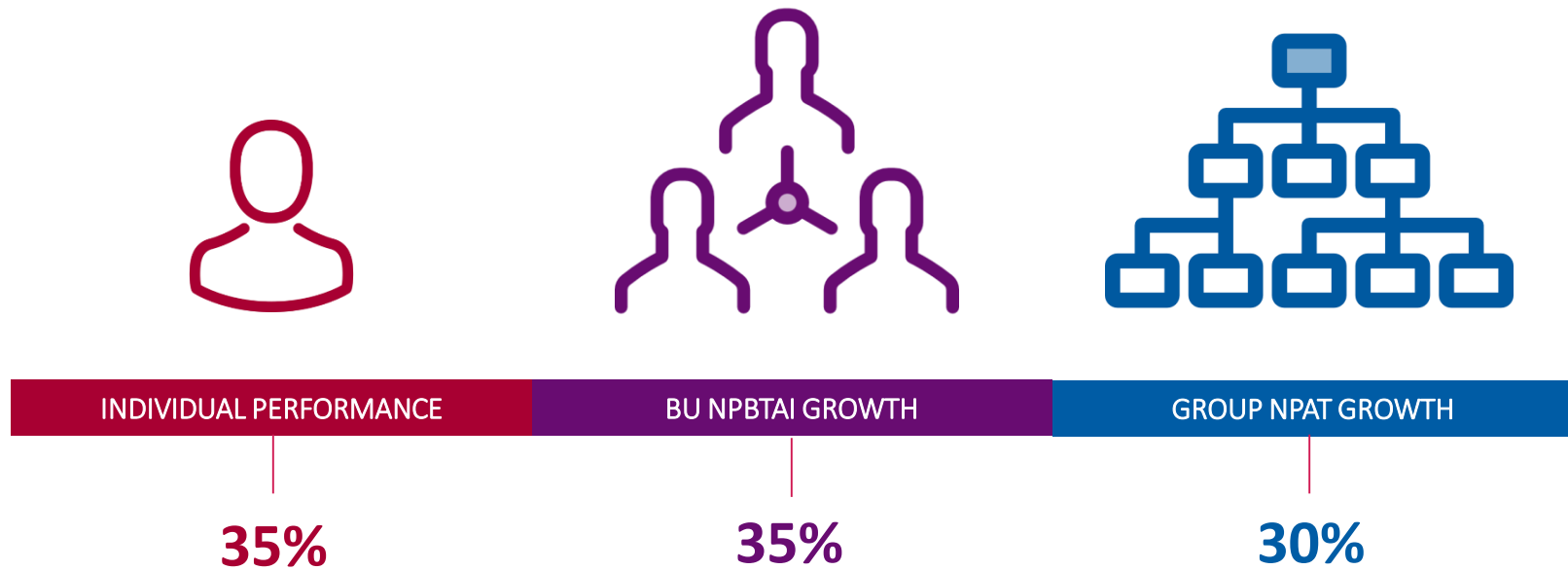


GROW Shares Plan



GROW Shares Plan

Number of shares co-owners will ultimately receive is dependent on 3 dimensions



Our Growth Platforms



CSA



UEP

GQBR



BUSINESS OPERATIONS



Driving Efficiency & Productivity

Aiming to digitalise and automate our value chain and improve quality of delivery



OPERATIONS & PROCESSES

Integrated Framework of Internal Systems

- Weekly Intervention Transformation Report (**WITS**) to track work progress, learnings and future planning
- Integrated Human Resource Solutions (**iHRS**) – Proprietary online application for all HR and Company-related matters (including e-Timesheets, e-Claims, e-Payroll)
- Integrated Executive Search (**ies**) – Proprietary client / candidate / project relationship management system
- SAP Business One – Accounting System

Driving Efficiency & Productivity

Aiming to digitalise and automate our value chain and improve quality of delivery



CUSTOMER EXPERIENCE

- Leveraging on digital means to maximise outreach (e.g. job portals, social media, search engines & instant messaging)
- Digitalising external facing processes (e.g. e-candidate data form, eLA, communications broadcast, zoom meetings, QR cards)
- Measuring level of engagement via our own online survey portal (HearTbeats) to track feedback across all contact points and interactions – Consultant, Client and Candidate



QUALITY OF DELIVERY

- Job Ads checker – additional level of check to ensure data accuracy
- Experimenting with new technologies to enhance in jobs matching (e.g. Investment in Glints)

An online portal that allows clients and candidates to indicate their level of satisfaction after interacting with our consultants.

Overall Zoe Peng did a great job! Professional, clear clarification, and timely notification!

Catherine provides clear and detail explanations. Her persistence to meet candidates before profiling/interview shows that she is highly committed

Kenny is very responsive. He is earnest and makes candidates like us feel at ease.

It was a good first conversation with Magen I felt very comfortable with the level of transparency she provided.

Jo was straight to the point, honest and easy to talk to. An effective communicator!

I had Great experience with Winnie Cheng. She is very cooperative and explained very clearly about the job process.

It was a very good experience to have this interview with Grace who is really professional. Thank you!

Gloria Huang commitment and attention to detail is simply amazing. I am very impressed with her professionalism.

THE GRIN REPORT



Client Engagement

Leaders' Breakfast Club is a quarterly client engagement event that draws an audience of HR decision makers across various industries. Our objective is to create a platform that fosters peer learning and inspiration through the discussion of thought-provoking HR-related matters and topics.

Singapore



Taipei



Jakarta



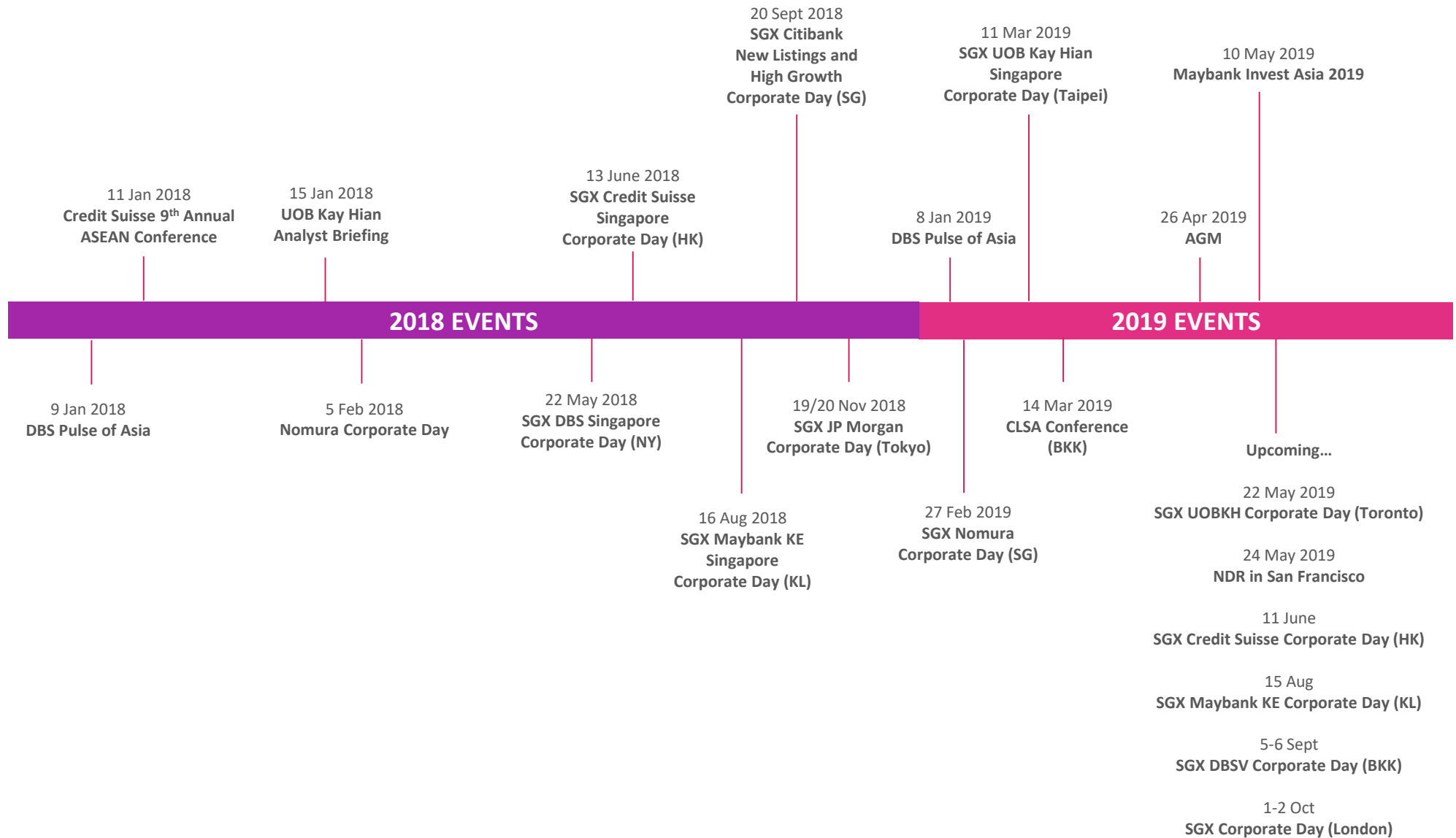
Tokyo



UPCOMING SESSIONS

Kuala Lumpur . Singapore . Jakarta . Hong Kong . Shanghai . Taiwan . Bangkok

Investor Engagement



*And over 40 1-on-1 meetings