



HRnetGroup

# OUR GROWTH STORY

August 2019



## Disclaimer

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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.

# 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<sup>(a)</sup> permanent placements



18-25% placement fee

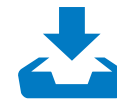


In all 13 cities

## FLEXIBLE STAFFING



Temp/Contract Mid to Junior positions



12,112<sup>(b)</sup> contractor employees



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



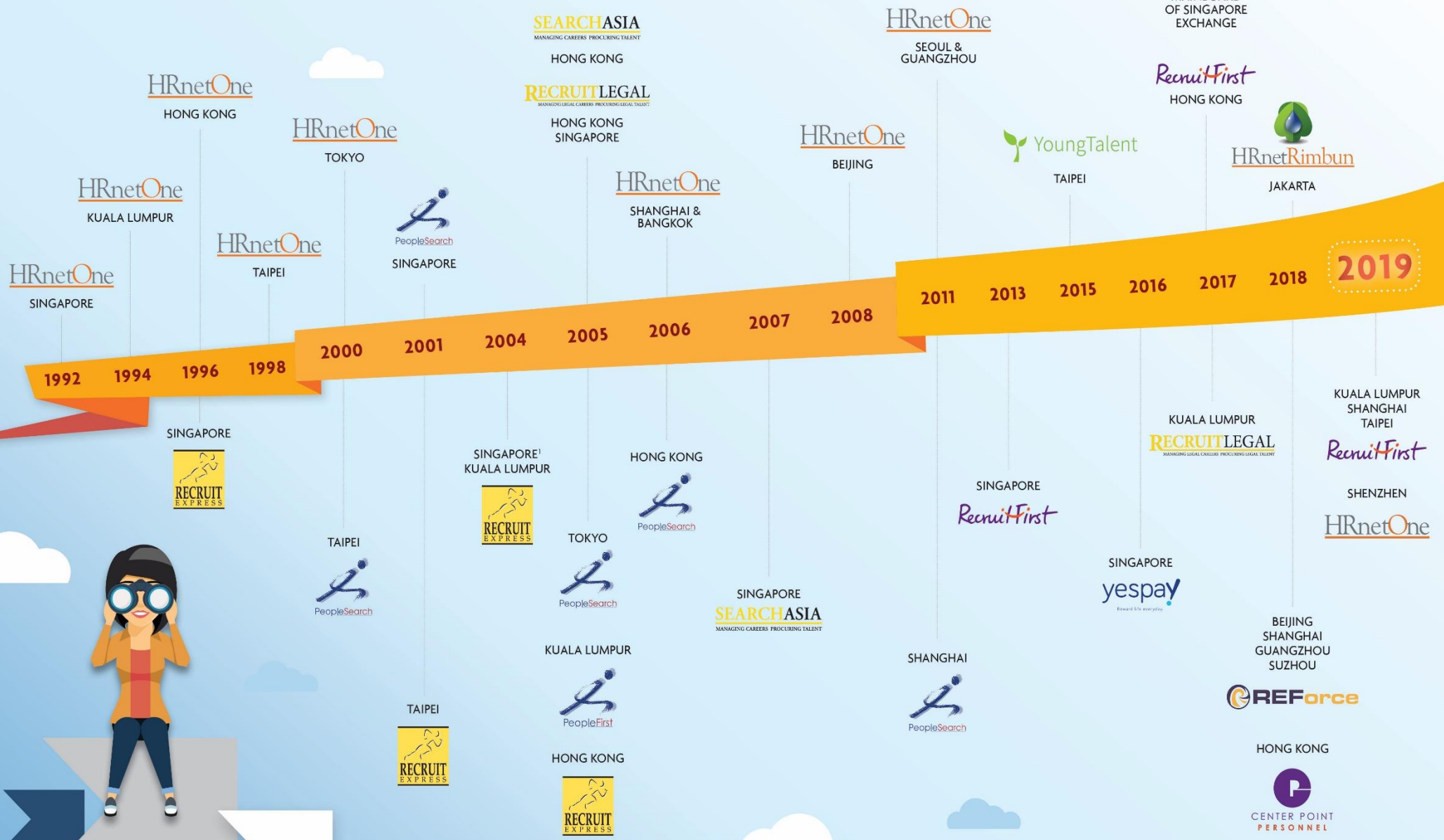
In Singapore, Hong Kong, Taipei, Kuala Lumpur and Shanghai

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

# OUR GROWTH STORY

HRnetGroup

16 JUNE 2017  
LISTED ON THE  
MAINBOARD  
OF SINGAPORE  
EXCHANGE



HRnetOne  
SINGAPORE

HRnetOne  
KUALA LUMPUR

HRnetOne  
HONG KONG

HRnetOne  
TAIPEI

HRnetOne  
TOKYO

PeopleSearch  
SINGAPORE

SEARCHASIA  
MANAGING CAREERS PROCURING TALENT  
HONG KONG

RECRUITLEGAL  
MANAGING LEGAL CAREERS PROCURING LEGAL TALENT  
HONG KONG  
SINGAPORE

HRnetOne  
SHANGHAI &  
BANGKOK

HRnetOne  
BEIJING

HRnetOne  
SEOUL &  
GUANGZHOU

YoungTalent  
TAIPEI

RecruitFirst  
HONG KONG

HRnetRimbun  
JAKARTA

SINGAPORE  
RECRUIT  
EXPRESS

TAIPEI  
PeopleSearch

TAIPEI  
RECRUIT  
EXPRESS

SINGAPORE  
KUALA LUMPUR  
RECRUIT  
EXPRESS

TOKYO  
PeopleSearch

KUALA LUMPUR  
PeopleFirst

HONG KONG  
RECRUIT  
EXPRESS

HONG KONG  
PeopleSearch

SINGAPORE  
SEARCHASIA  
MANAGING CAREERS PROCURING TALENT

SHANGHAI  
PeopleSearch

SINGAPORE  
RecruitFirst

SINGAPORE  
yespay  
Reward & Re-empower

KUALA LUMPUR  
RECRUITLEGAL  
MANAGING LEGAL CAREERS PROCURING LEGAL TALENT

BEIJING  
SHANGHAI  
GUANGZHOU  
SUZHOU  
CREForce

HONG KONG  
CENTER POINT  
PERSONNEL

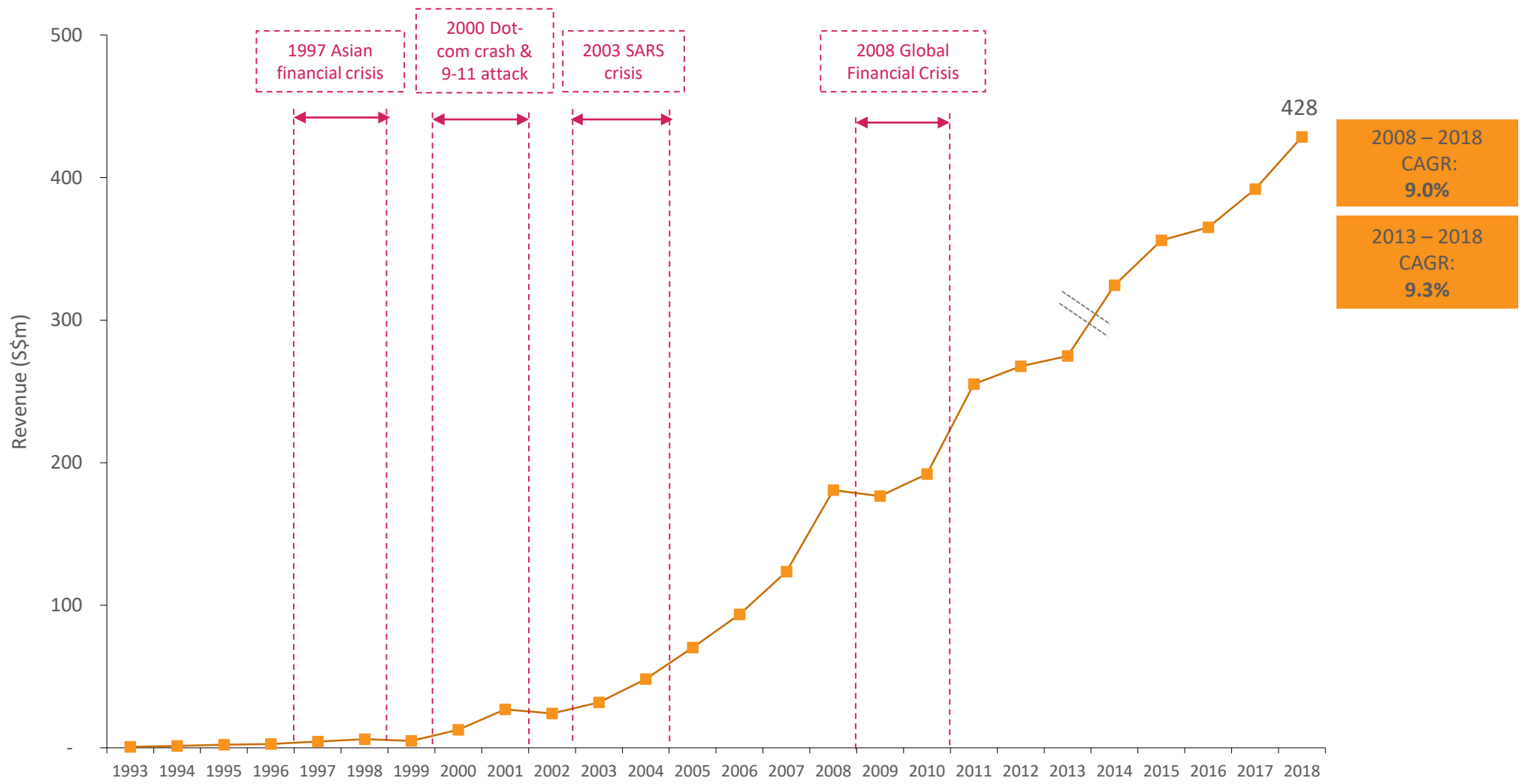
KUALA LUMPUR  
SHANGHAI  
TAIPEI  
RecruitFirst  
SHENZHEN  
HRnetOne



1 Recruit Express Services launched in Singapore.

# Strong Growth since Inception

25-year Revenue History (\$\$'million)<sup>(a)</sup>



(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)<sup>(a)</sup>

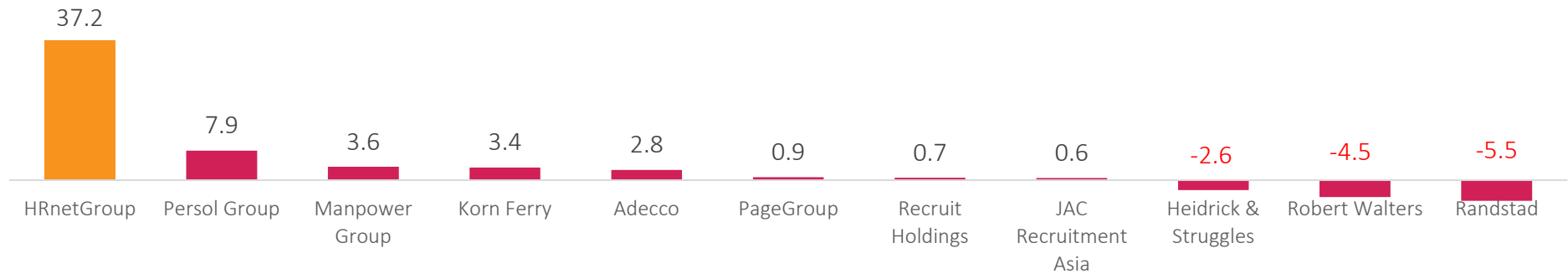


(a) Net profit prior to 2014 prepared based on combined results of subsidiary companies with different financial year ends; 2014, 2015 and 2016 based on new financial year ending 31 December

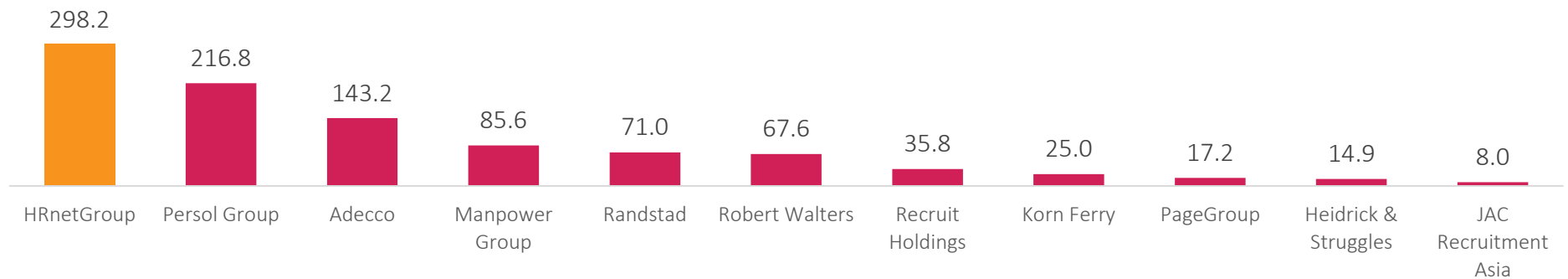


# Largest in Singapore

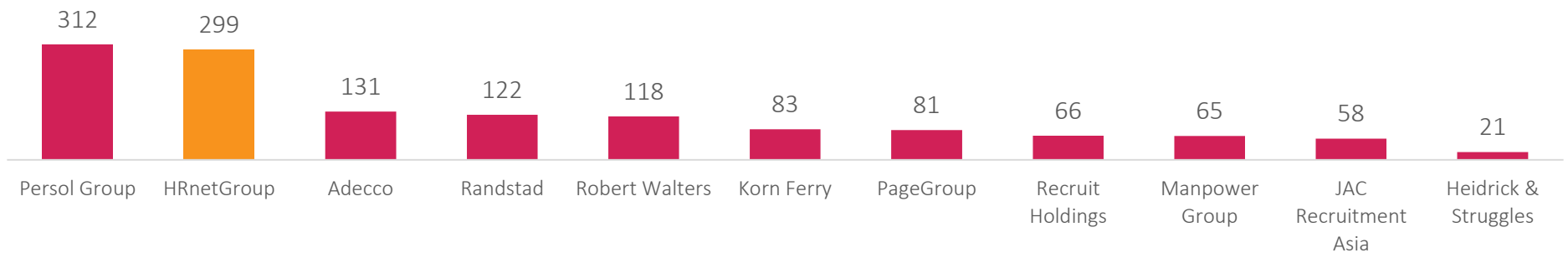
## Net Profit Before Tax of Key Players – S\$<sup>m</sup> (a)



## Revenue of Key Players – S\$<sup>m</sup> (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 – 2Q/1H19



# Snapshot of 1H19 Results



## Top Lines

Revenue

**S\$212.5m**

down 1.2%

(1H18: S\$215.0m)



## Profitability

NPAT

**S\$32.8m**

up 5.5%

(1H18: S\$31.1m)



## Business Volume

Contractor Employees

**11,949**

up 94 (0.8%)

(1H18: 11,855)

Gross Profit

**S\$73.5m**

down 3.6%

(1H18: S\$76.2m)

PATMI

**S\$30.8m**

up 5.2%

(1H18: S\$29.3m)

Placements

**4,256**

down 185 (4.2%)

(1H18: 4,441)

Conversion Ratio  
(EBIT/GP)

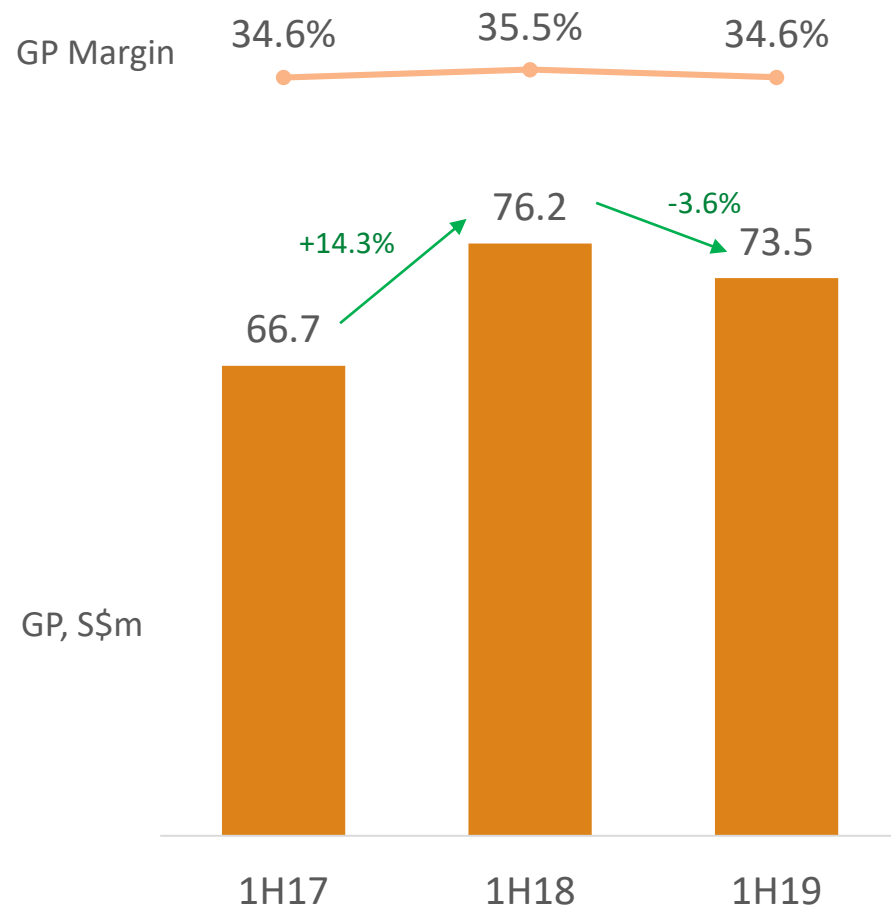
**49.6%**

up 2.5% points

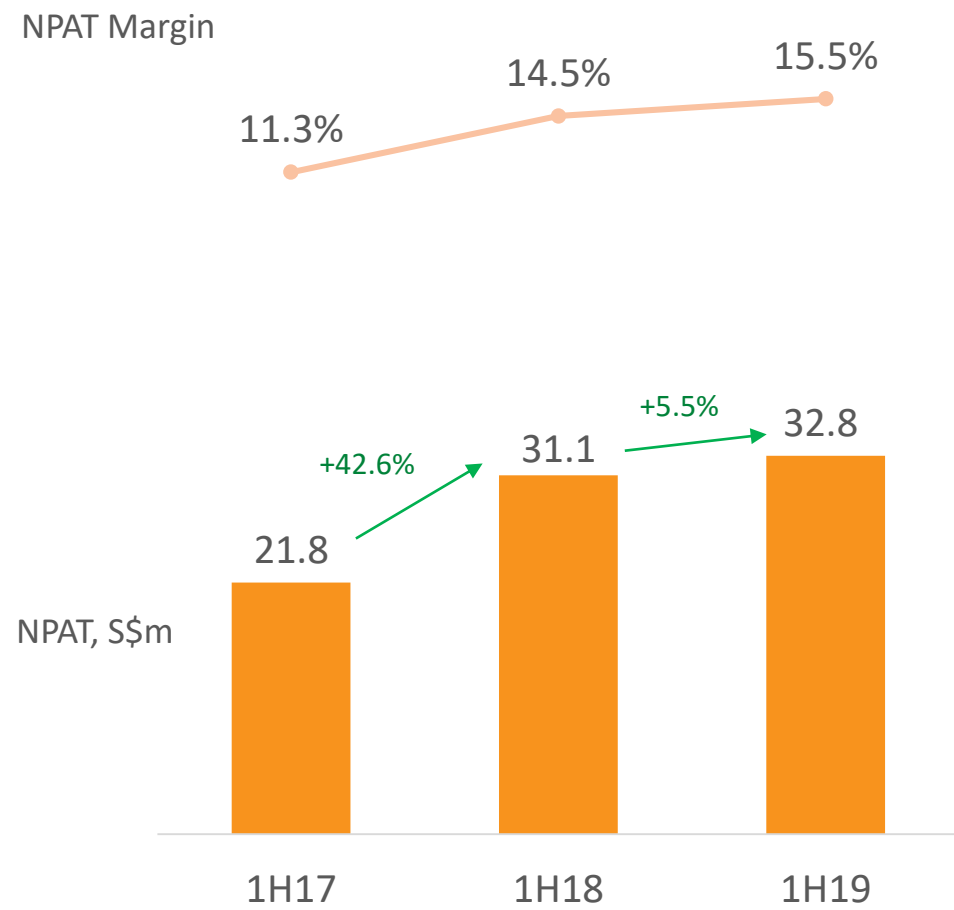
(1H18: 47.1%)

# Resilient Profit Amidst Uncertain Market Conditions

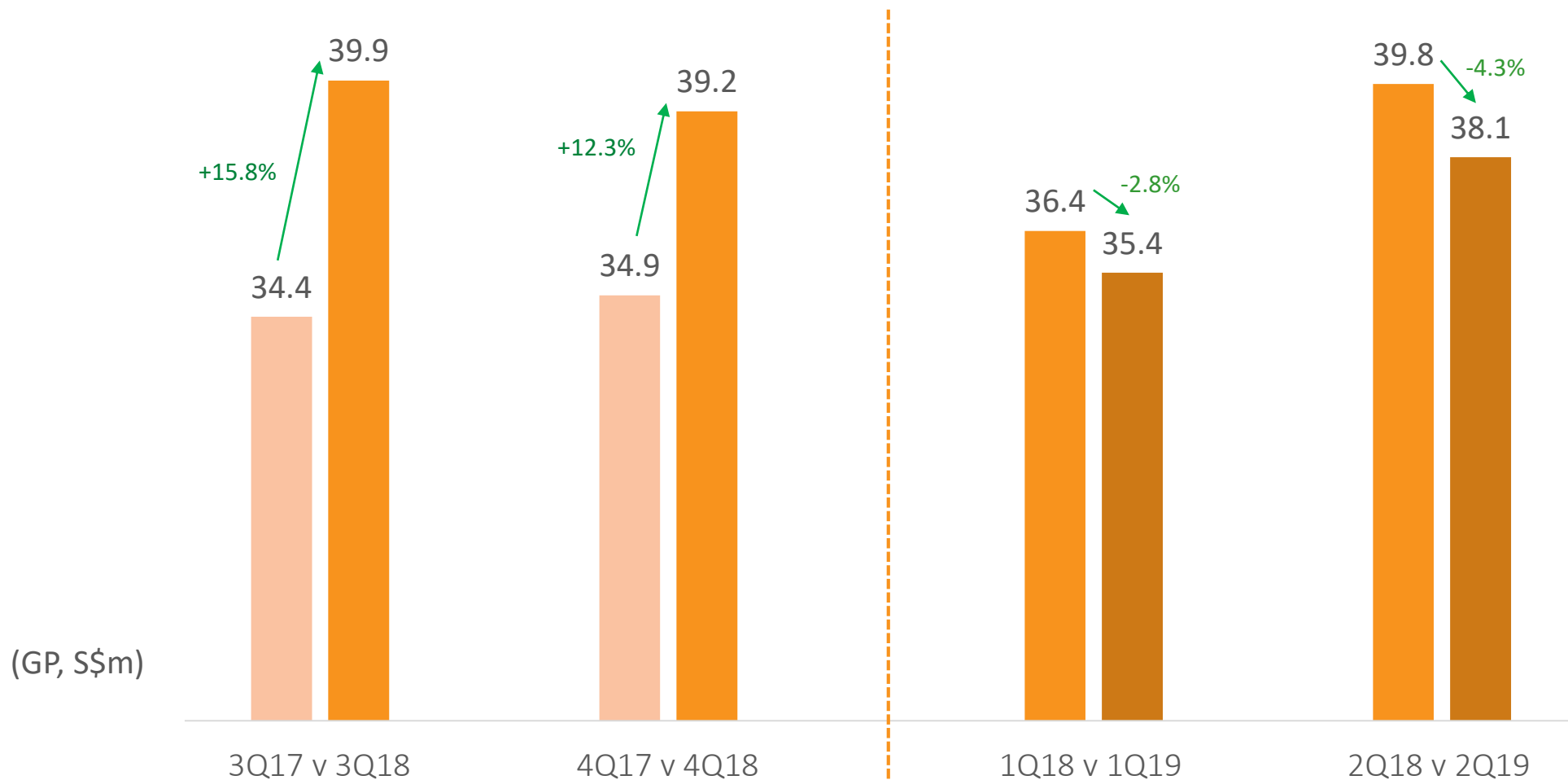
## Gross Profit & GP Margin



## NPAT & NPAT Margin

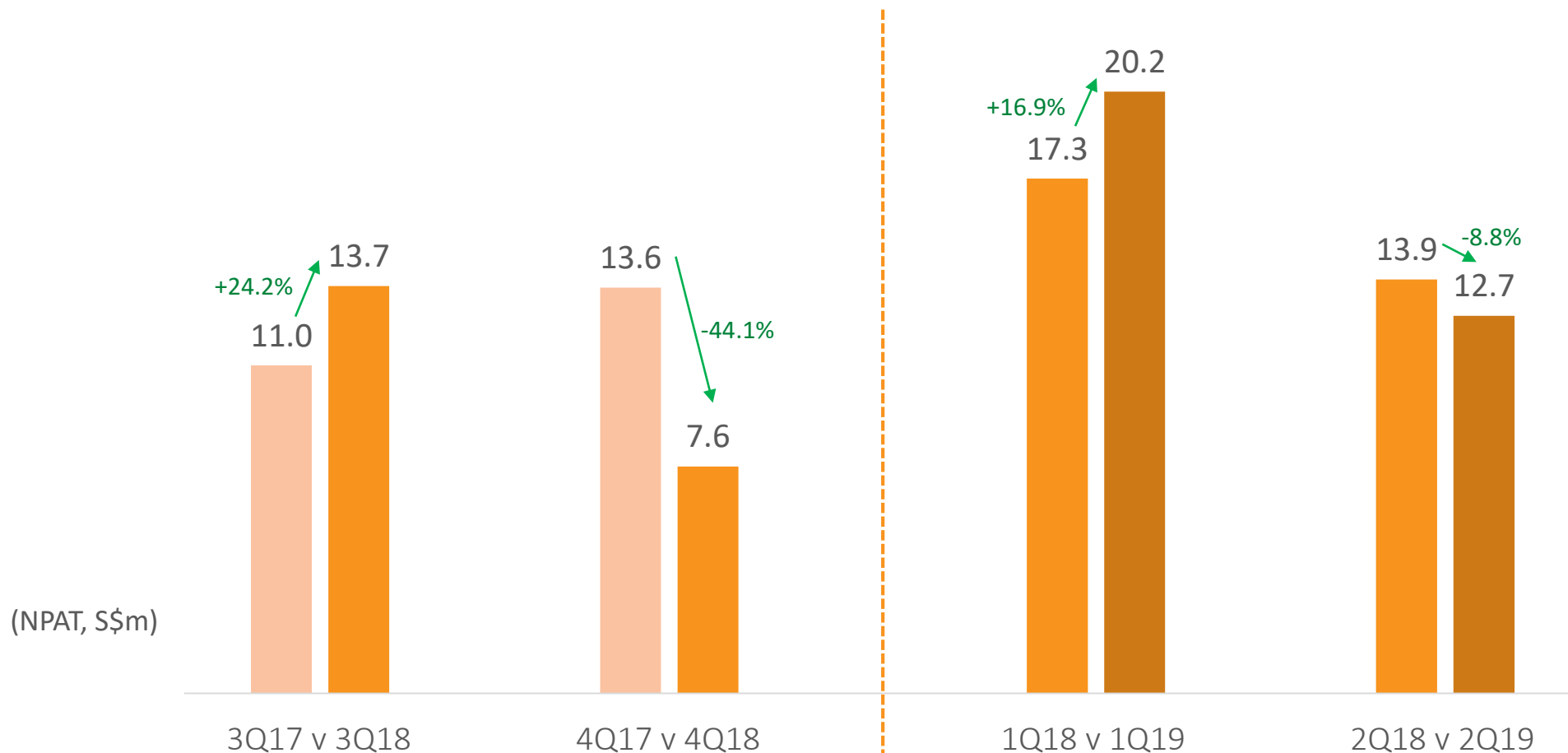


# Lower Gross Profit Mainly Due to Weaker Performance in Singapore



GP Margin	3Q	4Q	1Q	2Q
2017	35.3%	34.3%	-	-
2018	38.0%	36.1%	34.1%	36.9%
2019	-	-	34.1%	35.1%

# Softening Profitability in-line with Macro-situation

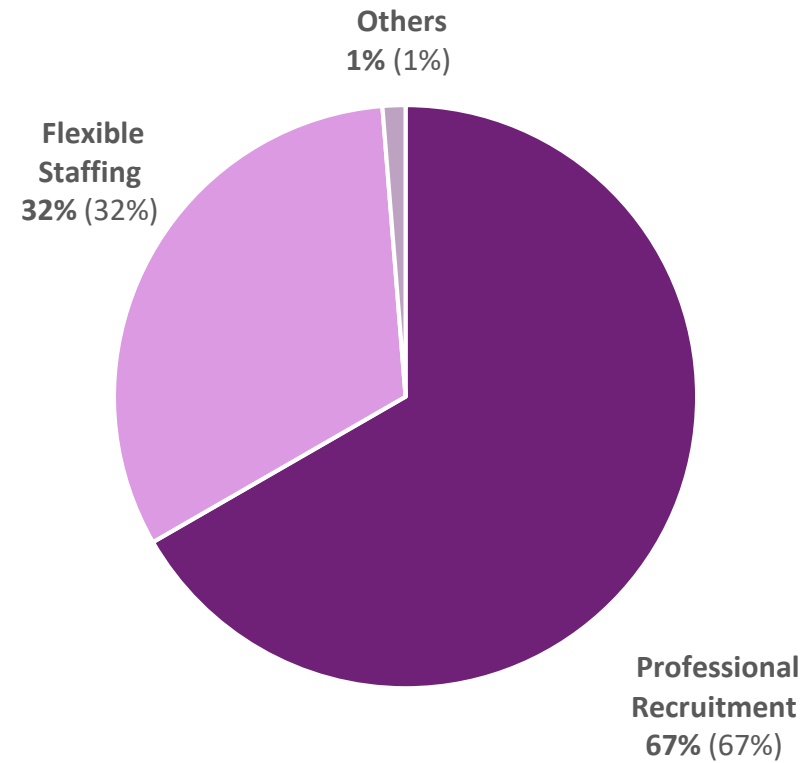
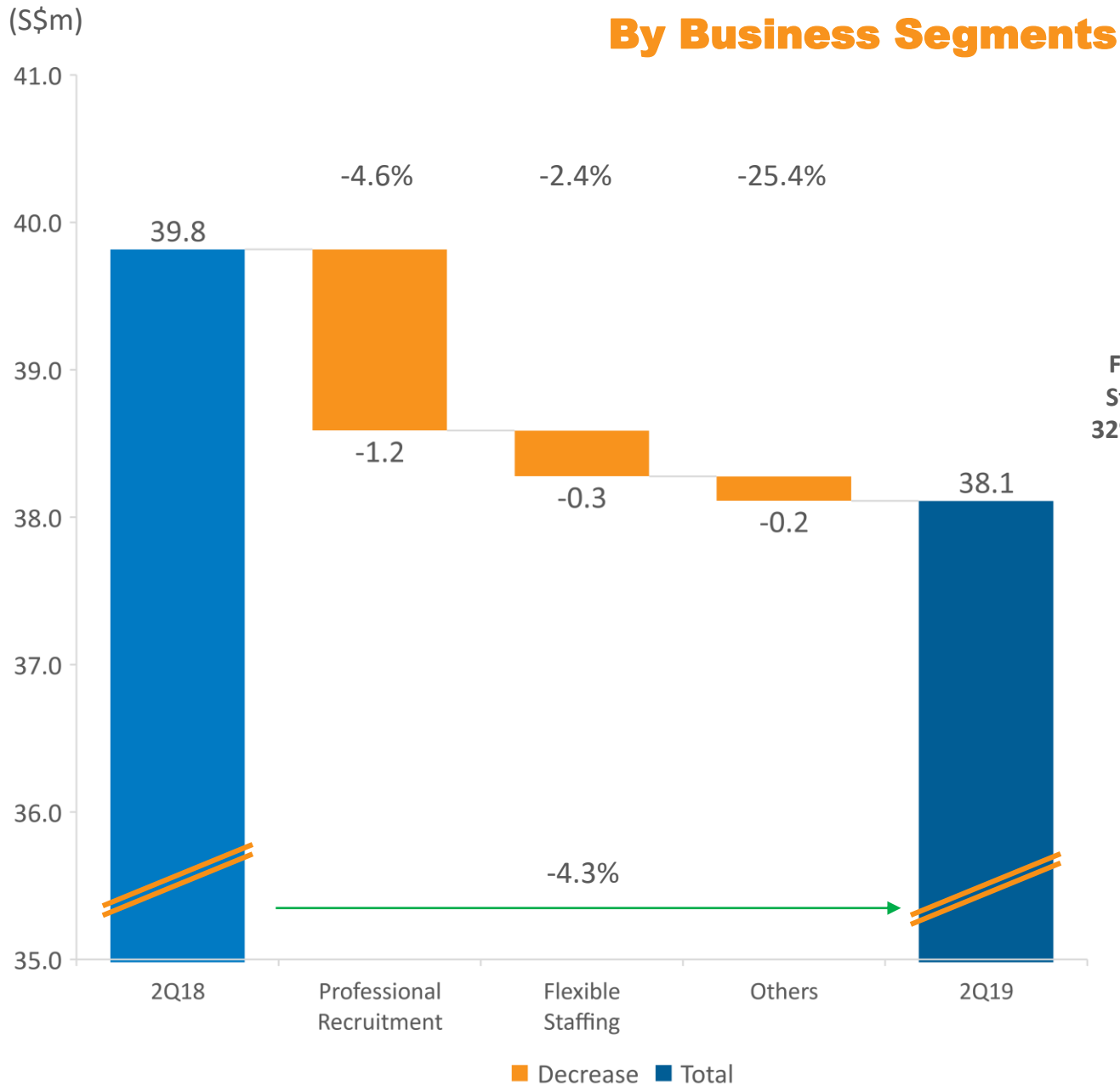


NPAT Margin	3Q	4Q	1Q	2Q
2017	11.3%	13.4%	-	-
2018	13.0%	7.0%	16.1%	12.9%
2019	-	-	19.4%	11.7%

# Snapshot of Financial Performance

	2Q19	2Q18	Change	1H19	1H18	Change
	S\$'m	S\$'m	%	S\$'m	S\$'m	%
<b>PROFIT &amp; LOSS</b>						
Revenue	108.5	108.0	0.5	212.5	215.0	(1.2)
Gross profit	38.1	39.8	(4.3)	73.5	76.2	(3.6)
Other income						
<i>Government subsidies</i>	-	0.5	n.m.	4.5	5.5	(18.9)
<i>Unrealised gain on revaluation of other financial assets</i>	(0.5)	0.8	n.m.	3.9	1.6	n.m.
<i>Others</i>	1.6	0.9	63.7	3.9	1.7	n.m.
Expenses						
<i>Employee benefit expenses</i>	(18.6)	(20.5)	(9.6)	(37.0)	(39.3)	(5.9)
<i>Facilities and depreciation expenses</i>	(2.9)	(2.6)	10.8	(5.8)	(5.2)	11.0
<i>Selling expenses</i>	(1.1)	(1.0)	17.8	(2.3)	(1.8)	28.3
<i>Other expenses</i>	(1.2)	(0.7)	67.2	(1.7)	(1.3)	28.5
<i>Finance costs<sup>1</sup></i>	(0.1)	-	n.m.	(0.1)	-	n.m.
Profit before tax	15.3	17.2	(10.9)	38.9	37.4	4.1
Income tax	(2.6)	(3.3)	(19.6)	(6.1)	(6.2)	(2.6)
<b>Profit after tax</b>	<b>12.7</b>	<b>13.9</b>	<b>(8.8)</b>	<b>32.8</b>	<b>31.1</b>	<b>5.5</b>
<b>PATMI</b>	<b>11.5</b>	<b>13.0</b>	<b>(11.5)</b>	<b>30.8</b>	<b>29.3</b>	<b>5.2</b>
<b>EBITDA</b>	<b>14.2</b>	<b>16.7</b>	<b>(14.9)</b>	<b>37.0</b>	<b>36.3</b>	<b>1.9</b>
<b>KEY FINANCIAL RATIOS</b>						
Earnings per share (EPS) (cents)						
<i>Basic</i>	1.14	1.29		3.06	2.90	
<i>Diluted</i>	1.14	1.28		3.06	2.89	
Conversion Ratio (%) (EBIT / GP)	36.5	41.3		49.6	47.1	

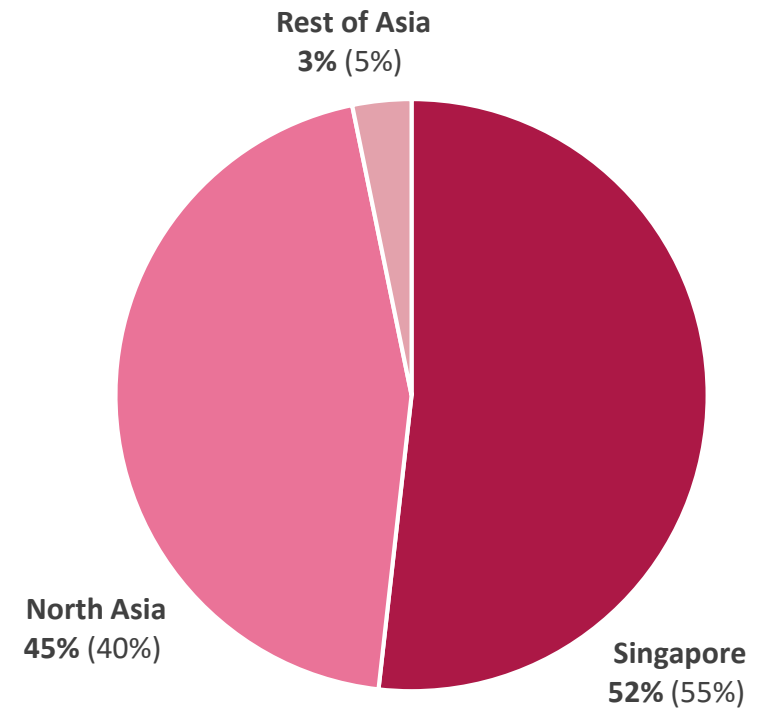
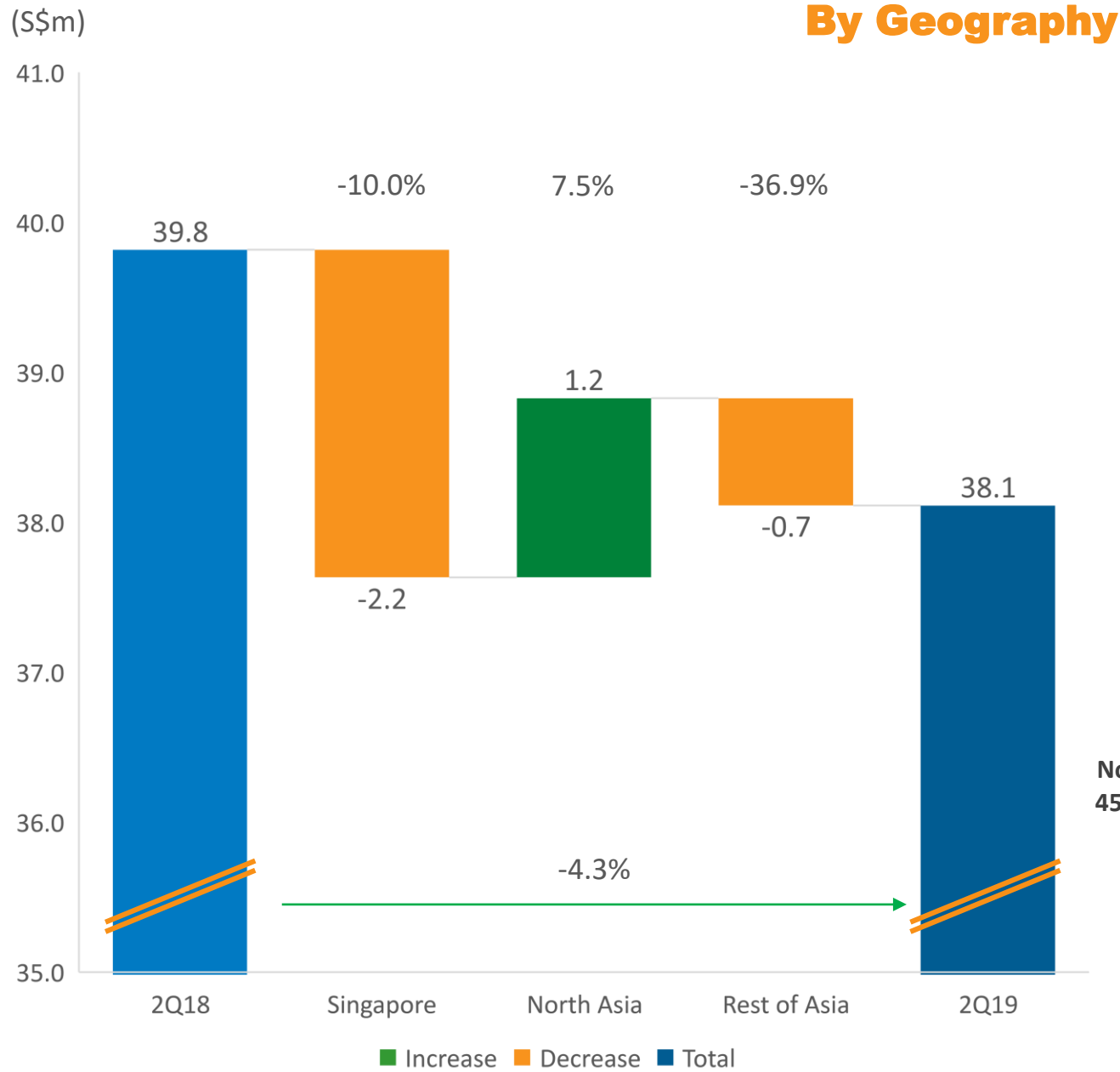
# Gross Profit for the Quarter



(% in brackets denotes 2Q18 figures)



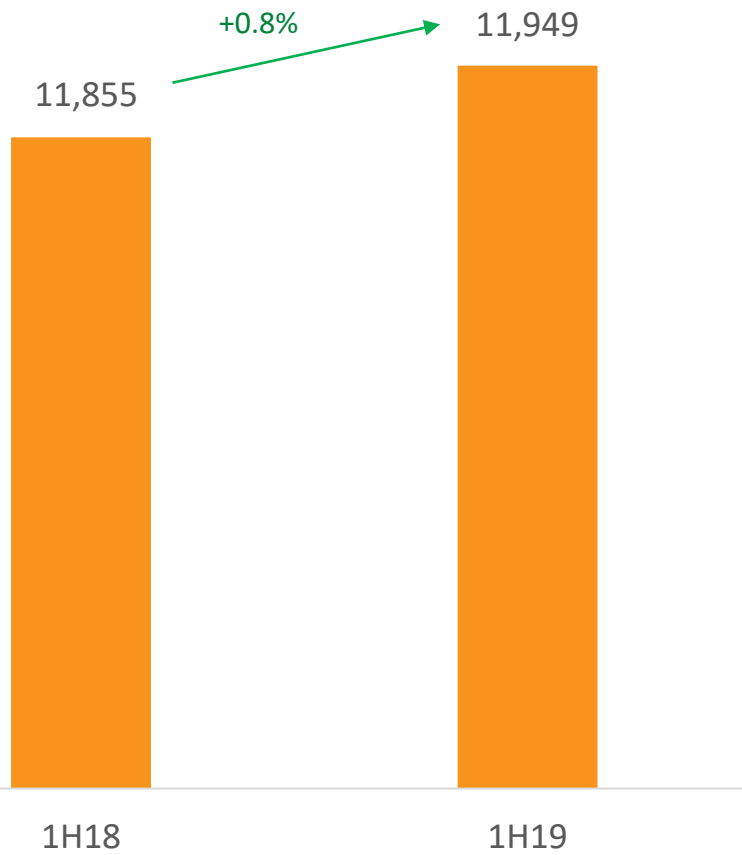
# Gross Profit for the Quarter



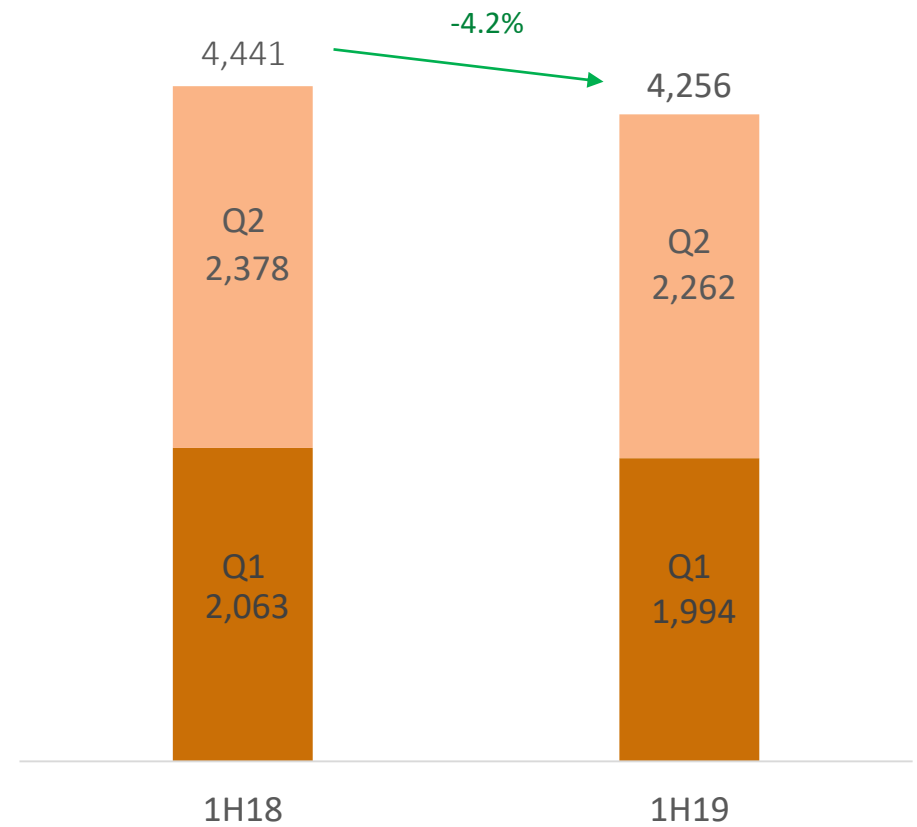
(% in brackets denotes 2Q18 figures)

# Stable Underlying Business Momentum

### Monthly Average Number of Contractor Employees managed by us



### Placements



# Strong Balance Sheet for Expansion

	30 Jun 2019	31 Mar 2019	Change
	S\$'m	S\$'m	S\$'m
Cash	274.4	304.5	(30.1)
Trade Receivables	80.0	77.5	2.5
Other Financial Assets	35.7	28.1	7.6
Right-of-use Assets <sup>1</sup>	11.9	13.3	(1.4)
Goodwill & Other Intangible Assets	14.8	14.7	0.1
Other Assets	11.1	9.9	1.2
<b>Total Assets</b>	<b>427.9</b>	<b>448.0</b>	<b>(20.1)</b>
Debt	-	-	-
Trade and Other Payables	42.3	42.0	0.3
Deferred Considerations	13.3	13.6	(0.3)
Lease Liabilities <sup>1</sup>	11.9	13.3	(1.4)
Tax Payable and Deferred Tax Liabilities	10.3	13.5	(3.2)
Total Equity	350.1	365.6	(15.5)
<b>Total Liabilities &amp; Equity</b>	<b>427.9</b>	<b>448.0</b>	<b>(20.1)</b>
<b>NAV</b>	<b>336.3</b>	<b>352.7</b>	<b>(16.4)</b>
<b>NTA</b>	<b>321.5</b>	<b>338.0</b>	<b>(16.5)</b>
<b>Receivables Turnover (Days)</b>	<b>67</b>	<b>69</b>	

1. Relates to long-term office leases commitments.

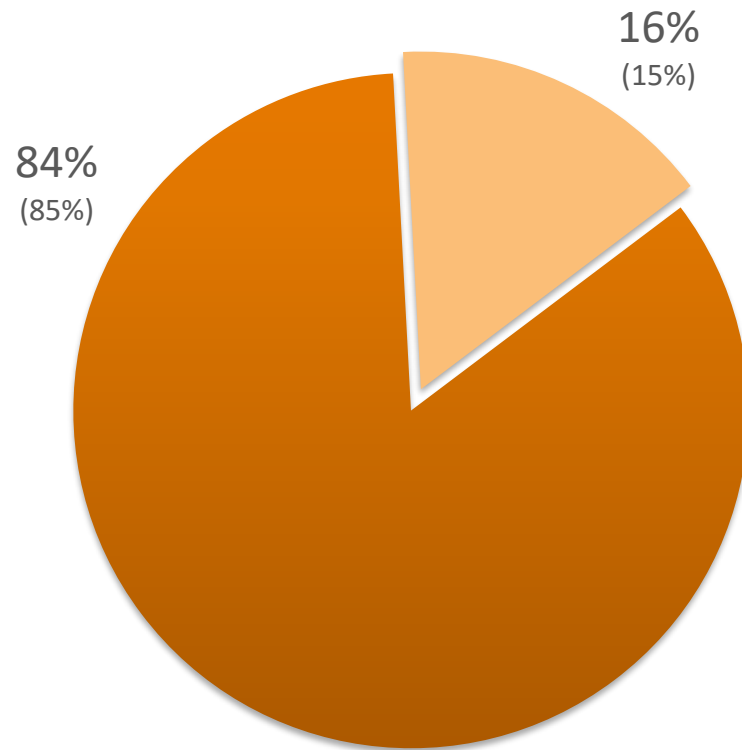


## Wage Credit Scheme (WCS)

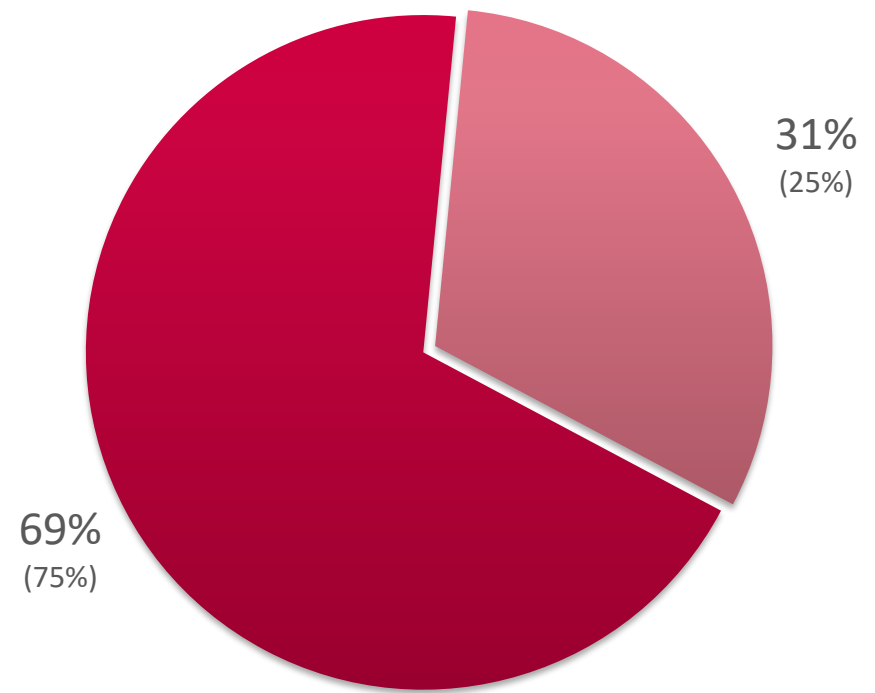
- Government co-funding was maintained at 20% for 2018, which was received in 2019. Subsequently, the co-funding ratio will be stepped down to 15% in 2019 (to be received in 2020) and 10% in 2020 (to be received in 2021).

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)<sup>1</sup>



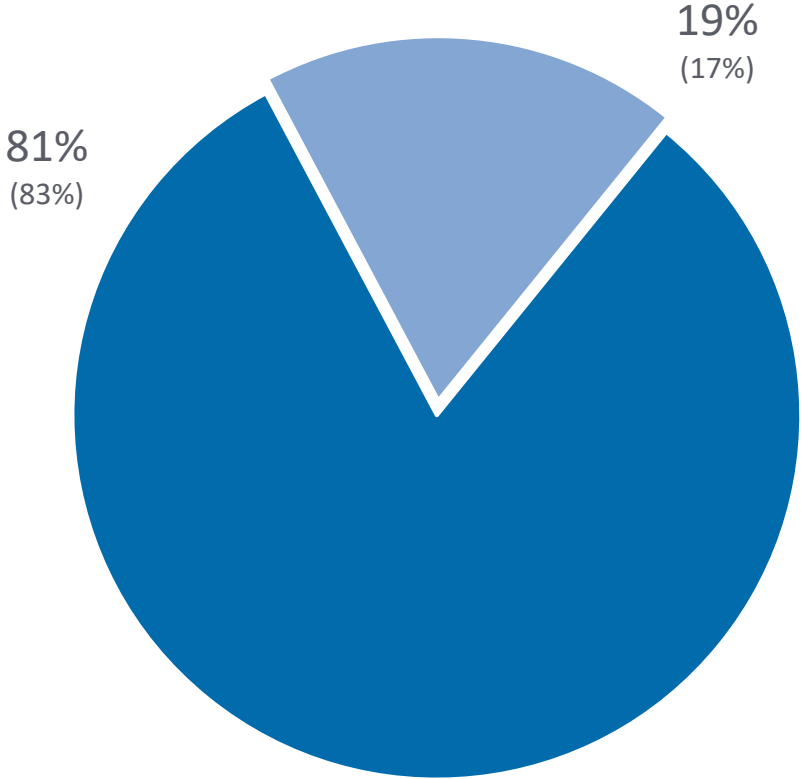
■ Sales Employees

■ PHC

- Data as of 2Q19
- Permanent employees: 880 (2Q18: 786)

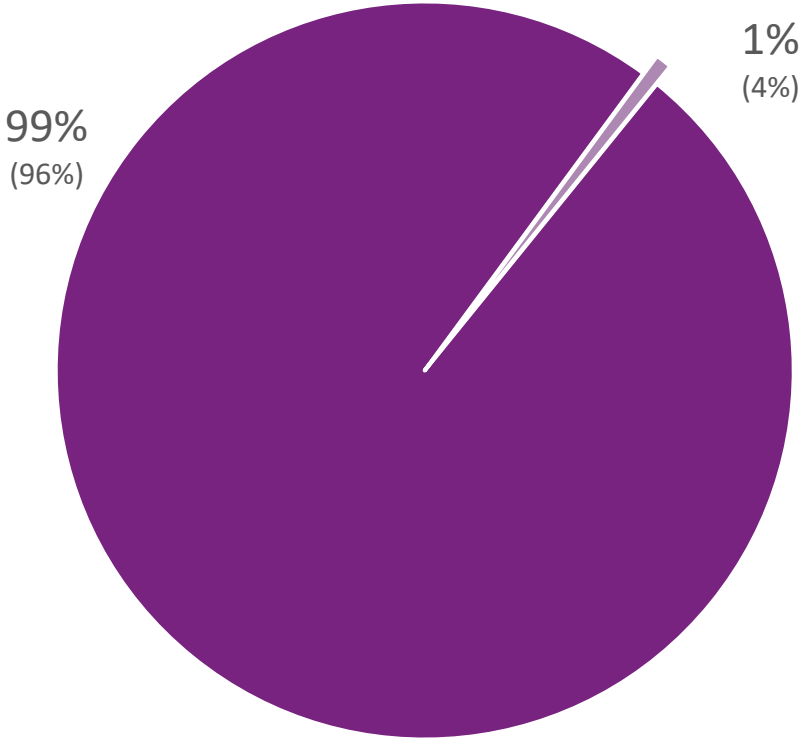
1. Productive heartcount is defined as sales people who achieves gross profit of 3 times his payroll costs.
2. % in brackets denotes 2Q18 figures

## Retention rate<sup>1</sup> Co-Owners



■ Retention

## PHC of retained Co-Owners



■ PHC

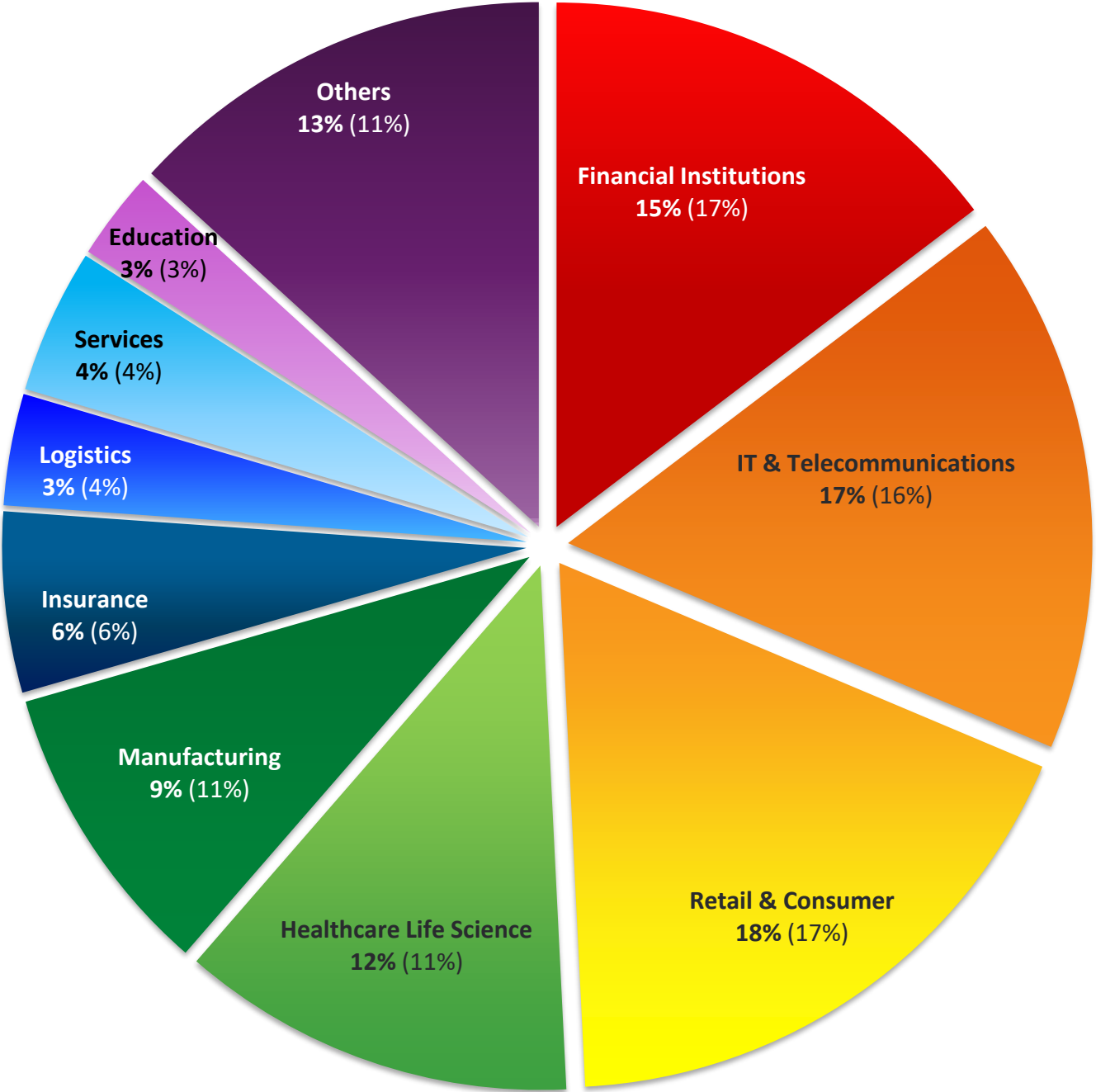
Data as of 30 Jun 2019. Notes:

- 1. Retention rate for 30 Jun 2019 is an annualised rate.
- 2. 123GROW Co-Owners as of 30 Jun 2019: 273 (31 Dec 2018: 301)
- 3. % in brackets denotes 31 Dec 2018 figures

# Higher Profitability Potential with a Higher Efficiency Workforce

	2Q19	2Q18	Change
Revenue/Sales Employees (S\$'000)	146.0	161.4	-9.5%
GP/Sales Employees (S\$'000)	51.3	59.5	-13.8%
Total Employees	1,127	1,032	
Perm Employees	880	786	
<i>Singapore</i>	326	353	
<i>North Asia</i>	465	358	
<i>Rest of Asia</i>	89	75	
Temp/Contract	247	246	
Sales Employees	743	669	
% Sales Employees	84	85	
Productive HeartCount	511	505	
% Productive HeartCount	69	75	
<i>Singapore</i>	77	83	
<i>North Asia</i>	65	70	
<i>Rest of Asia</i>	60	67	

# Revenue by Sector for 1H19



(% in brackets denotes FY18 figures)



# Highly Diversified Base of Customers

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

	Customer since	1H19 Revenue Contribution
<b>Asian Conglomerate</b> One of the top 3 largest technology companies globally by revenue, Fortune 100	1999	3.7%
<b>Singapore Bank</b> One of the top 3 largest banks in ASEAN by assets	2000	3.3%
<b>Singapore-Headquartered Technology Platform</b> Leading technology player in SEA, with presence in 8 countries, over 500 cities and towns	2014	3.2%
<b>Regional Telco</b> One of the top 3 largest telcos in Asia by total wireless subscribers, Fortune 500	2000	2.3%
<b>European Bank</b> One of the top 10 largest bank globally by total assets, Fortune 500	2000	2.2%
<b>Contribution from Top 5 clients</b>		14.7%
<b>Contribution from Top 10 clients</b>		20.8%

# 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
Committed consideration for M&A and strategic investments	54*
Earmarked for investment & expansion plans in the pipeline	20
	<b>174</b>

Note: Data as of 30 June 2019.

\*Includes investments in Gattaca & Staffline, which were announced post Balance Sheet date.

# Balance Sheet Management

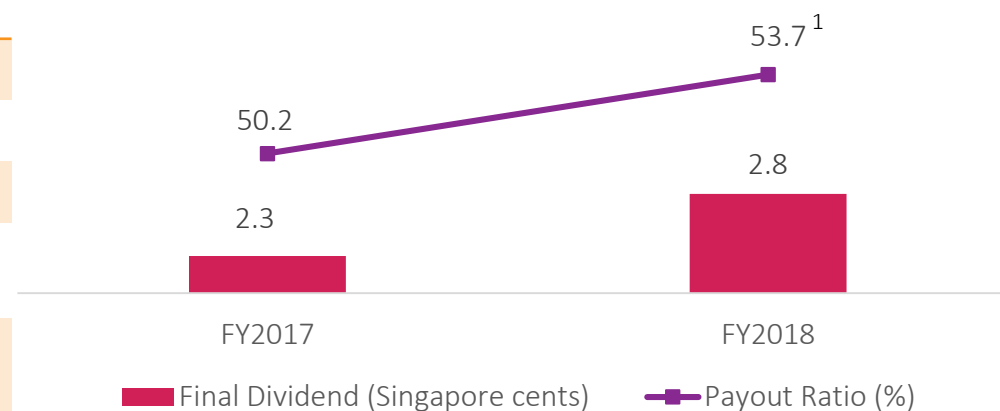
## IPO PROCEEDS of S\$174m

Breakdown of Utilisation

Items	Amount (\$m)	Percentage of IPO Proceeds
IPO & Professional Fees Expenses	9.1	5%
Investments in Strategic Entities	41.6	24%
Investments in Associate Company	46.4	27%
Invested & Committed Investments in Organic Subsidiaries	5.5	3%
Paid & Committed Consideration for Acquisitions	6.9	4%
Earmarked for Expansion & Investment Plans in the Pipeline	18.8	11%
<b>Total Utilised &amp; Earmarked</b>	<b>128.3</b>	<b>74%</b>

## 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

<b>Number of Treasury Shares</b>	<b>2018</b>	<b>30 Jun 19</b>
Opening balance	-	5.6m
Shares repurchased	7.6m (S\$6.6m)	-
Re-issued in pursuant to bonus shares vested for 123GROW plans	2.0m (S\$1.7m)	1.8m (S\$1.6m)
Closing balance	5.6m	3.8m

- Treasury shares sufficient for projected bonus shares under 123GROW Plan and Grow shares under GROW Plan
- GROW Plan:
  - Awarded 1,059,900\* shares on 1 July 2019
  - Vesting of the Awards: 1 July 2020

\* The aggregate number of shares to be finally awarded to the participants will be based on the achievement of certain predetermined performance targets

# OUR SECRET SAUCE



# Our Pioneer Co-Owners

## HRnetOne



**DAISY TAN\***  
Chief People Officer



**JENNIFER KANG\***  
Chief Financial Officer



**MADELINE WAN\***  
Senior General Manager  
GCJP<sup>(a)</sup>



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



**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**  
Group Business 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

1,127 People<sup>(a)</sup>, 24 Nationalities



295 Co-Owners

88 GLOW  
123 GROW

174 Leaders



Average of 19 years of service

23 Group Business Leaders  
(Average age: 49)

Average of 11 years of service

24 Business Leaders  
(Average age: 44)

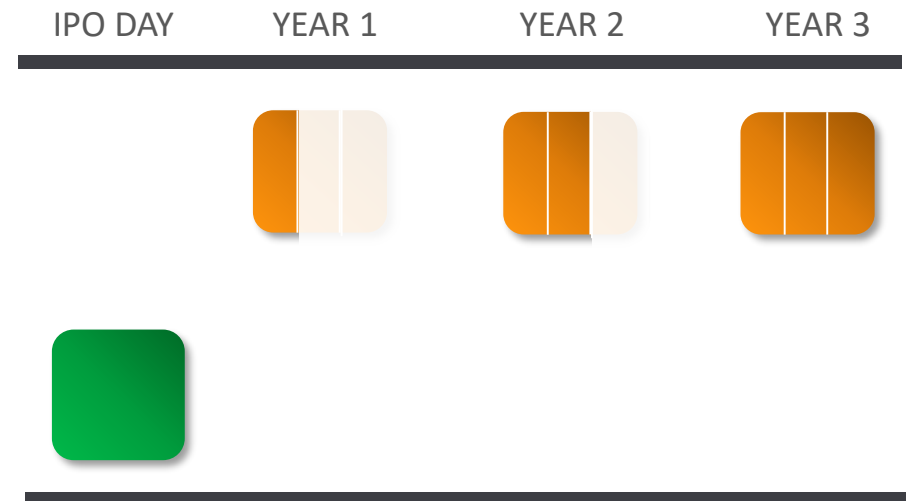
Average of 7 years of service

127 Practice Leaders  
(Average age: 35)

(a) Total employees as at 30 June 2019

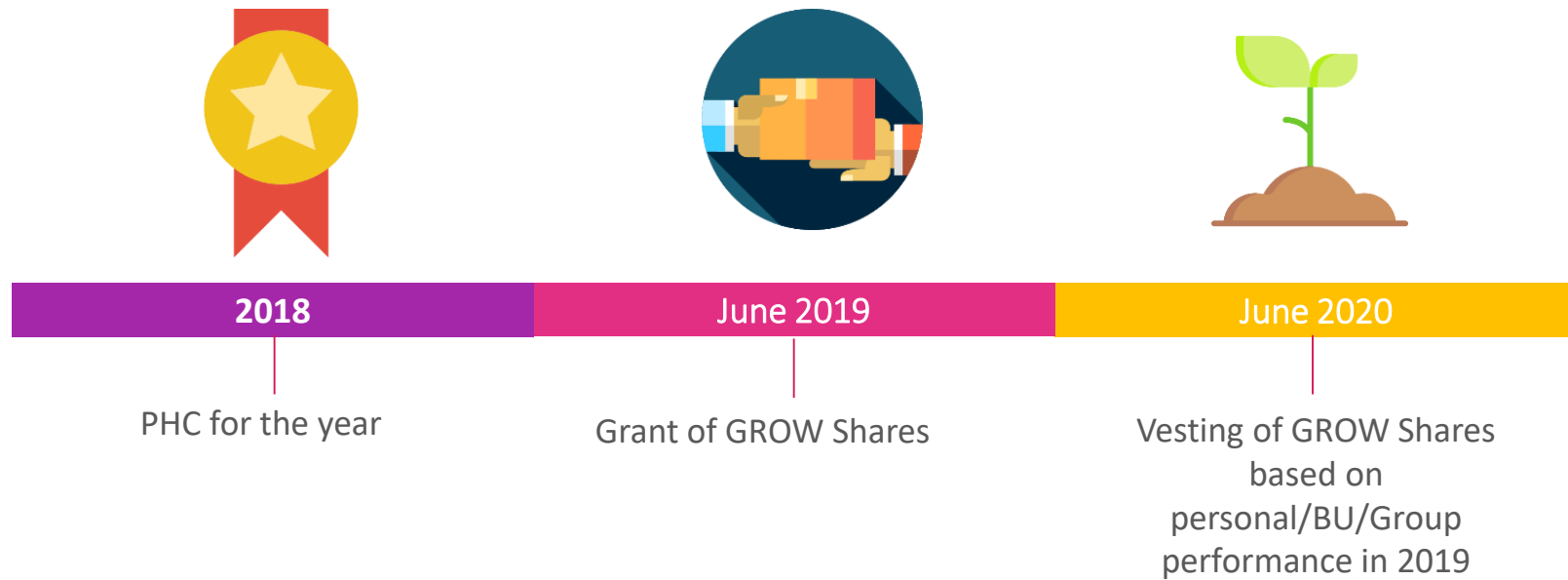
 = **\$1 Bonus**

 = **\$2 Cash**



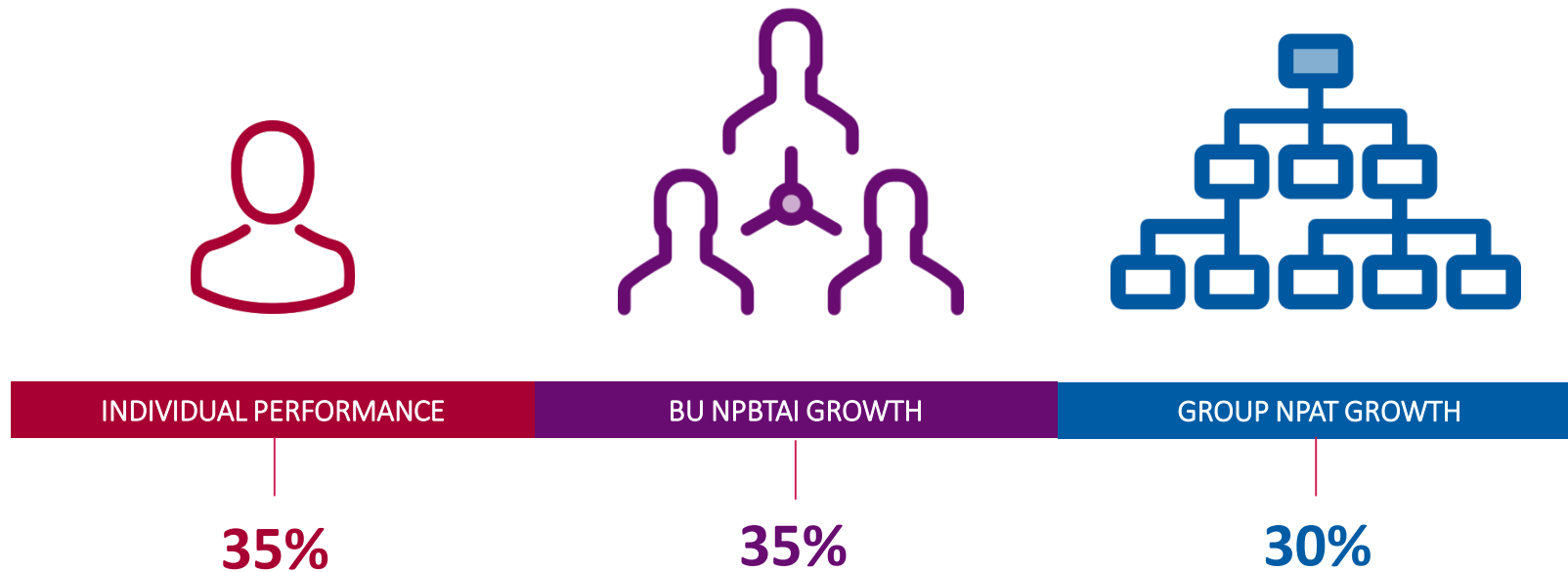


# GROW Shares Plan



# GROW Shares Plan

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



# Our Growth Platforms



CSA



UEP

GQBR



# BUSINESS OPERATIONS



# 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

Re-launched our rebranded flexible staffing business in Taipei on 1 Jul, an initiative to streamline our operations and leverage on the strength of the RecruitFirst brandname. The business unit is headed up by our Co-Owner John Lee.



# Strategic Investment in Staffline Group plc

**Staffline**  
Group PLC



**HRnetGroup owns 25.02% of the total voting rights of Staffline, making Staffline an associate company of HRnetGroup**

A leading workforce recruitment and training organisation providing services mainly in the UK and Eire, to both Government and commercial customers. Established in 1986, and admitted to the Alternative Investment Market (AIM) of the London Stock Market in 2004, Staffline has two business divisions: Recruitment and PeoplePlus.

## Acquisition Rationale

- Market leader in the UK for both blue-collar flexible staffing, and workforce training and education
- Seasoned management sharing the same excellence and people culture
- In-line with HRnetGroup's strategy to further strengthen our network and tap into potentially synergistic opportunities in the global market

## Key Transaction Data

- Purchase consideration: S\$46.3m for 25.02% stake
- Market capitalization of Staffline<sup>1</sup>: S\$184m
- Fully financed by existing cash from IPO proceeds

Source: Company's website & Annual Report.

1. Data as of 6 August 2019, at exchange rate of 1 GBP:1.68 SGD

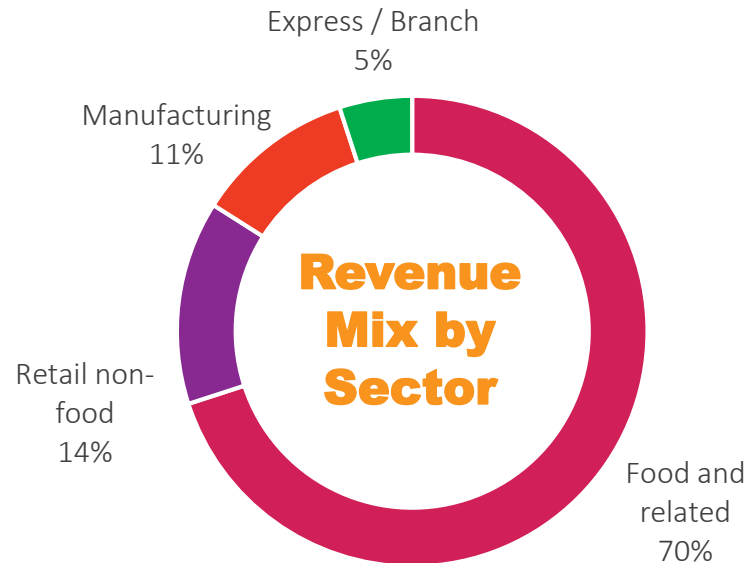
# Staffline Group Overview

## Staffline

Specialises in providing complete and flexible labour solutions in the agriculture, food processing, manufacturing, e-retail, driving and logistics sectors.

Key business operations:

- Onsite
- Agriculture
- Ireland
- Driving
- Express (Branch Network – Staffline Express, Brightlight (Scotland) & Diamond Recruitment (Northern Ireland); Technical specialist recruitment – Techsearch (Leeds)



### Key Statistics

Sites in UK and Ireland  
463

Workforce everyday (at peak)  
60,300

Increase in website candidate applications  
120%

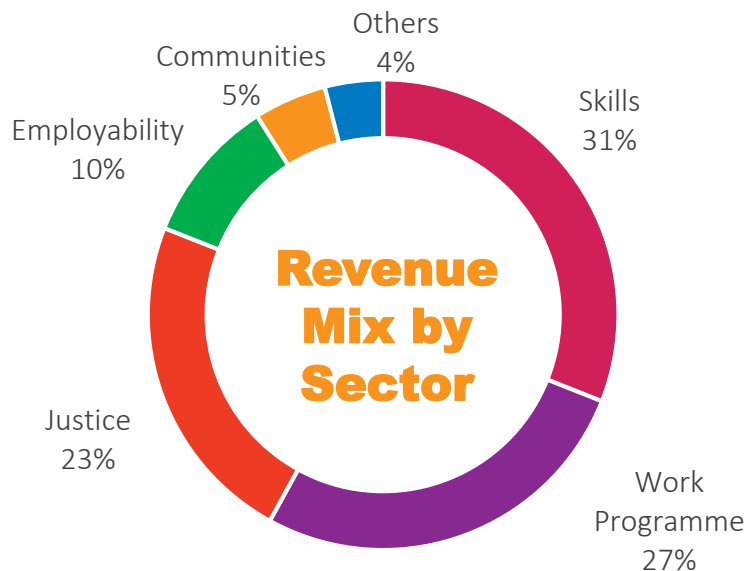
Share of recruitment market  
11%

## PeoplePlus

People Skills Jobs

Leading adult skills and training provider in the UK, delivering apprenticeships, adult education, prison education and skills-based employability programmes across the country, with an objective to build competencies and create a skilled workforce.

- Apprenticeships
- Skills and Prison Education
- Employability
- Health and Social Care (for the disabled)
- HR solutions



### Key Statistics

Share of Apprenticeship Levy Market  
10%

Share of prison education market  
25%

Number of jobseekers helped over the Work Programme Life  
460,000

# Staffline Financial Profile

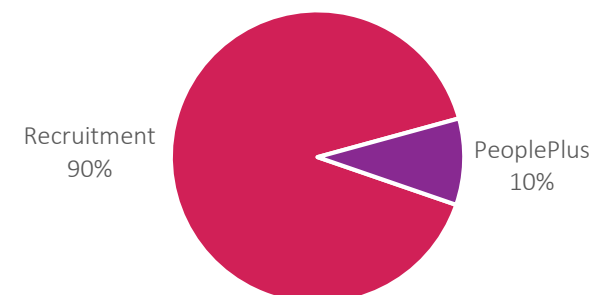
Revenue (GBP m)	2018	
	GBP m	YoY growth
Recruitment	1,020.0	21%
PeoplePlus	107.5	-6%
<b>Total</b>	<b>1,127.5</b>	<b>18%</b>

Gross profit	2018	
	GBP m	Margin
Recruitment	81.5	8%
PeoplePlus	40.4	38%
<b>Total</b>	<b>121.9</b>	<b>11%</b>

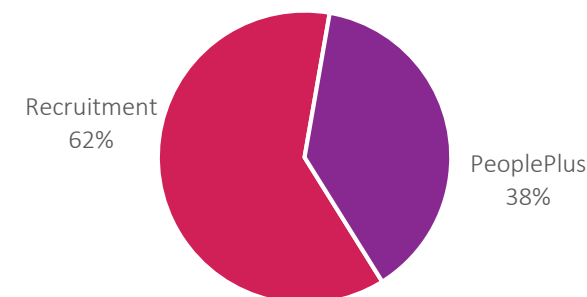
Adjusted EBIT	2018	
	GBP m	Margin*
Recruitment	24.1	30%
PeoplePlus	15.0	37%
<b>Total</b>	<b>39.1</b>	<b>32%</b>

2018 reported net profit (GBP m) (8.5)  
 2018 adjusted net profit (GBP m) 28.8

Revenue breakdown by segments



EBIT breakdown by segments



Note

(1)  
(2)

(3)

Staffline's Board expects adjusted EBIT in the range of GBP23-28m for 2019

\* Conversion ratio (EBIT/GP)

(1) Growth largely driven by six acquisitions

(2) Decline reflects Work Programme run off, but strong cost controls in place to limit margin fall. Completed transition from Work Programme focused to UK's leading skills and training business

(3) Exceptional items including

- GBP15.1m provision for National Minimum Wage (NMW) remediation and penalty
- GBP10.6m reorganisation costs for Work Programme exit
- GBP11.8m amortisation of intangible assets arising on business combinations
- GBP8.1m of asset write down and one-off acquisition-related and audit fees (for extended scope)



# 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



## 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, online check-in, 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)

# THE GRIN REPORT



# Client Engagement

Leaders' Breakfast Club is a 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. We have successfully conducted more than 10 sessions across various cities, including Hong Kong, Jakarta, Kuala Lumpur, Singapore, Taipei and Tokyo in the past 1.5 years, since this series was launched.

## Singapore



## Taipei



## Jakarta



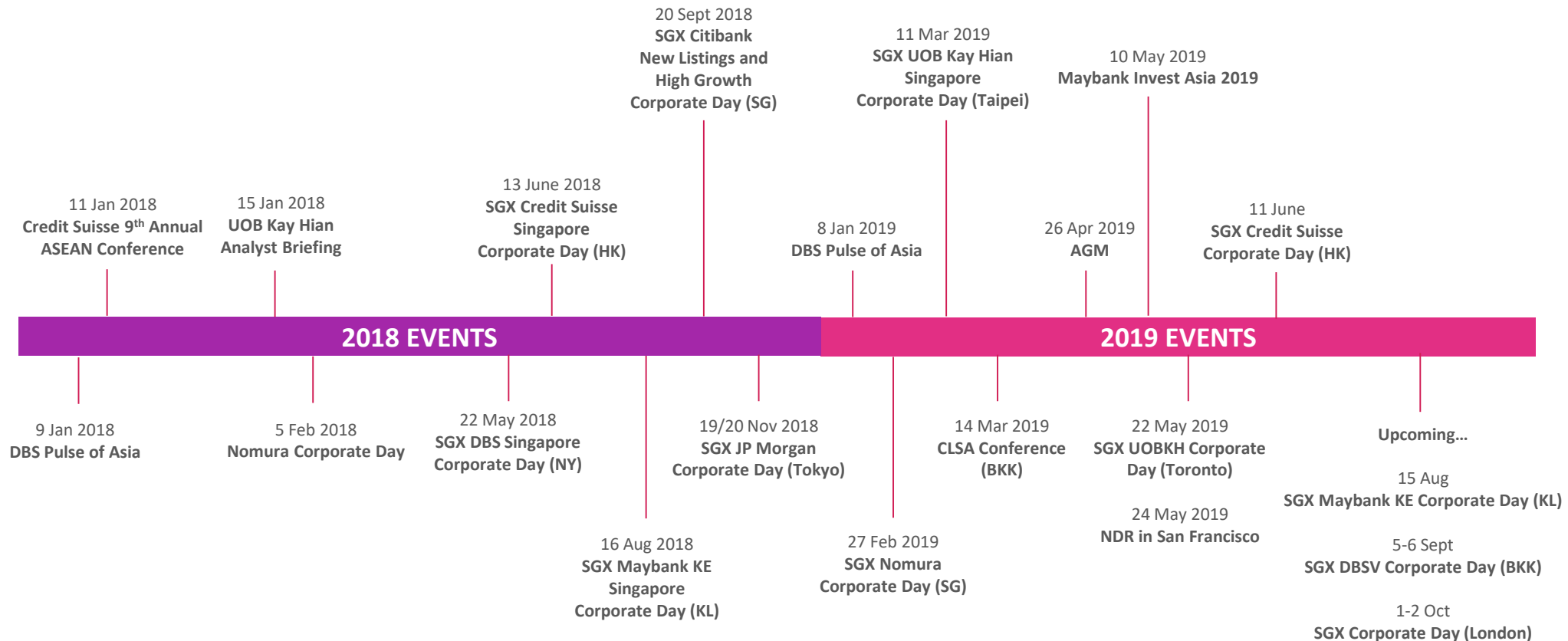
## Hong Kong



## UPCOMING SESSIONS

Singapore . Shanghai . Bangkok . Tokyo

# Investor Engagement







\*In 2018, HRnetGroup conducted more 80 meetings with analysts and investors.

# TRADING COMPS



# Analyst Coverage

House	Target Price	Recommendation
 <b>CGSCIMB</b>	\$1.03	ADD
 <b>CREDIT SUISSE</b>	\$1.03	OUTPERFORM
 <b>DBS VICKERS SECURITIES</b>	\$0.75	HOLD
 <b>RHB</b>	\$0.94	BUY
<b>AVERAGE TP</b>	<b>\$0.93</b>	

40.2%  Potential<sup>1</sup>

1. Based on closing price of \$0.665 on 13 August 2019.

# Attractive Valuations

	Stock		Current	Target	Upside	Mkt Cap	Ave 3M	Biz	PE (x)		EPS growth (%)		PB (x)		ROE (%)		EV/EBITDA (x)		Div	
	Bberg	Rating	Curr price	price	(%)	(US\$m)	T/O (mn)		19E	20E	19E	20E	19E	20E	19E	20E	19E	20E	Yield (%)	
<b>HRnetGroup</b>		<b>O</b>	<b>SGD</b>	<b>0.68</b>	<b>1.03</b>	<b>52.6</b>	<b>492</b>	<b>0.1</b>	<b>Diversified</b>	<b>12.5</b>	<b>10.4</b>	<b>4.5</b>	<b>20.8</b>	<b>1.9</b>	<b>1.8</b>	<b>15.2</b>	<b>16.9</b>	<b>6.3</b>	<b>5.7</b>	<b>4.3</b>
<b>Japan recruitment firms</b>																				
Recruit Holdings	6098 JT	O	JPY	3,600.00	3900.00	8.3	57,136	127.2	Diversified	33.8	29.7	5.0	13.6	5.7	5.1	17.0	17.3	17.6	15.5	0.8
Persol Holdings	2181 JT	NR	JPY	2,150.0	n.a	n.a	4,835	27.5	Diversified	18.6	15.7	33.0	18.7	2.9	2.5	17.6	18.5	7.6	6.3	1.3
En-Japan	4849 JT	NR	JPY	3,935.0	n.a	n.a	1,859	12.1	Portal	21.6	18.1	7.6	19.3	4.7	4.1	23.5	23.9	11.7	9.7	2.1
JAC Recruitment	2124 JT	NR	JPY	2,033	n.a	n.a	798	4.2	Search	17.6	15.2	20.2	15.7	5.2	4.4	31.2	32.5	12.4	10.3	3.9
Meitec	9744 JT	NR	JPY	5,400.00	n.a	n.a	1,503	6.7	Staffing	16.9	16.2	3.7	4.1	3.4	3.3	20.2	20.2	8.2	7.8	3.6
Technopro	6028 JT	NR	JPY	5,830.00	n.a	n.a	2,011	9.7	Staffing	20.4	17.7	11.8	14.9	4.4	3.8	22.5	22.9	12.5	10.5	2.5
<b>India recruitment firms</b>																				
Quess	QUESS IN	NR	INR	465.2	n.a	n.a	954	3.1	Staffing	21.3	16.0	17.5	33.1	2.2	2.0	11.3	13.3	15.0	11.4	0.0
TeamLease Servs	TEAM IN	NR	INR	2,692.9	n.a	n.a	645	0.6	Staffing	38.4	29.4	30.3	30.9	7.3	6.0	20.7	22.0	43.7	31.6	0.0
<b>Rest of Asia recruitment firms</b>																				
Beijing Career International		NR	CNY	32.7	n.a	n.a	833	6.6		36.9	28.6	36.5	29.0	6.7	5.5	18.2	19.3	23.8	18.0	0.4
Humanica		NR	THB	8.0	n.a	n.a	177	0.5		32.4	26.4	22.9	22.7	4.5	4.1	13.7	15.4	23.3	18.9	1.4
<b>Asian average</b>										<b>25.8</b>	<b>21.3</b>	<b>18.8</b>	<b>20.2</b>	<b>4.7</b>	<b>4.1</b>	<b>19.6</b>	<b>20.5</b>	<b>17.6</b>	<b>14.0</b>	<b>1.6</b>
<b>European recruitment firms</b>																				
Adecco	ADEN VX	N	CHF	52.10	57.00	9.4	8,766	53.0	Staffing	11.2	9.8	2.0	14.0	2.1	1.9	18.4	19.3	7.5	6.5	5.0
Robert Walters	RWA LN	O	GBp	534.00	700.00	31.1	489	0.3	Diversified	9.9	9.0	6.8	9.8	2.6	2.4	26.1	27.1	6.6	6.1	3.0
Randstad	RAND NA	N	EUR	42.13	50.00	18.7	8,646	25.8	Diversified	9.8	9.4	(5.8)	4.1	1.7	1.6	17.1	17.4	6.6	6.3	9.4
PageGroup	PAGE LN	O	GBp	450.00	575.00	27.8	1,783	4.1	Diversified	12.9	11.9	7.0	8.6	4.4	4.1	33.8	34.7	7.0	6.7	6.0
Hays	HAS LN	N	GBp	149.20	150.00	0.5	2,624	6.6	Diversified	12.6	12.1	2.3	4.5	2.9	2.8	23.0	23.2	7.5	7.1	6.6
<b>US recruitment firms</b>																				
Manpower	MAN US	U	USD	86.37	82.00	-5.1	5,168	13.3	Diversified	11.3	10.6	(15.0)	3.4	2.0	1.8	17.0	17.2	7.3	7.3	2.5
Robert Half	RHI US	U	USD	56.08	54.00	-3.7	6,593	22.6	Staffing	14.3	13.5	6.3	(1.3)	5.6	4.8	41.3	37.6	8.8	8.9	2.1
ASGN Inc	ASGN US	NC	USD	60.5	60.00	-0.8	3,200	6.7	Staffing	13.3	12.1	4.2	9.2	2.3	1.9	18.0	16.5	9.0	8.1	0.0
Reources Connection	RECN US	NC	USD	16.9	n.a	n.a	537	0.7	Staffing	16.6	15.6	10.9	n.a.	1.8	1.7	11.5	11.3	n.a	n.a	n.a
Korn Ferry	KFY US	NC	USD	38.6	40.00	3.7	2,177	4.9	Diversified	11.6	11.0	16.9	4.8	1.7	1.5	14.9	12.8	5.7	5.6	1.0
Heidrick & Struggles	HSII US	NC	USD	27.6	35.00	27.0	527	1.5	Search	10.7	10.8	2.5	(1.6)	2.0	1.8	18.1	16.8	3.2	2.8	2.2
<b>Europe+US average</b>										<b>12.2</b>	<b>11.4</b>	<b>3.5</b>	<b>5.6</b>	<b>2.6</b>	<b>2.4</b>	<b>21.7</b>	<b>21.2</b>	<b>6.9</b>	<b>6.5</b>	<b>3.8</b>
<b>Average</b>										<b>18.7</b>	<b>16.1</b>	<b>10.8</b>	<b>12.9</b>	<b>3.6</b>	<b>3.2</b>	<b>20.7</b>	<b>20.9</b>	<b>12.3</b>	<b>10.3</b>	<b>2.7</b>



# HRnetGroup

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

## IR Contact

391A Orchard Road, Ngee Ann City Tower A  
Unit #23-03 Singapore 238873

TEL +65-6730-7855

EMAIL [ir@hrnetgroup.com](mailto:ir@hrnetgroup.com)