

HRnetGroup

# 1H2024 RESULTS ANNOUNCEMENT

12 AUGUST 2024





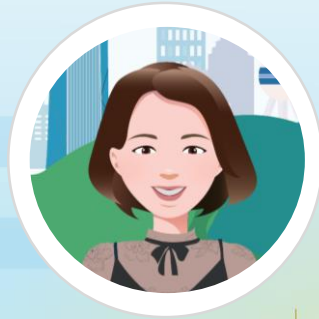
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# FINANCIAL HIGHLIGHTS



JENNIFER KANG

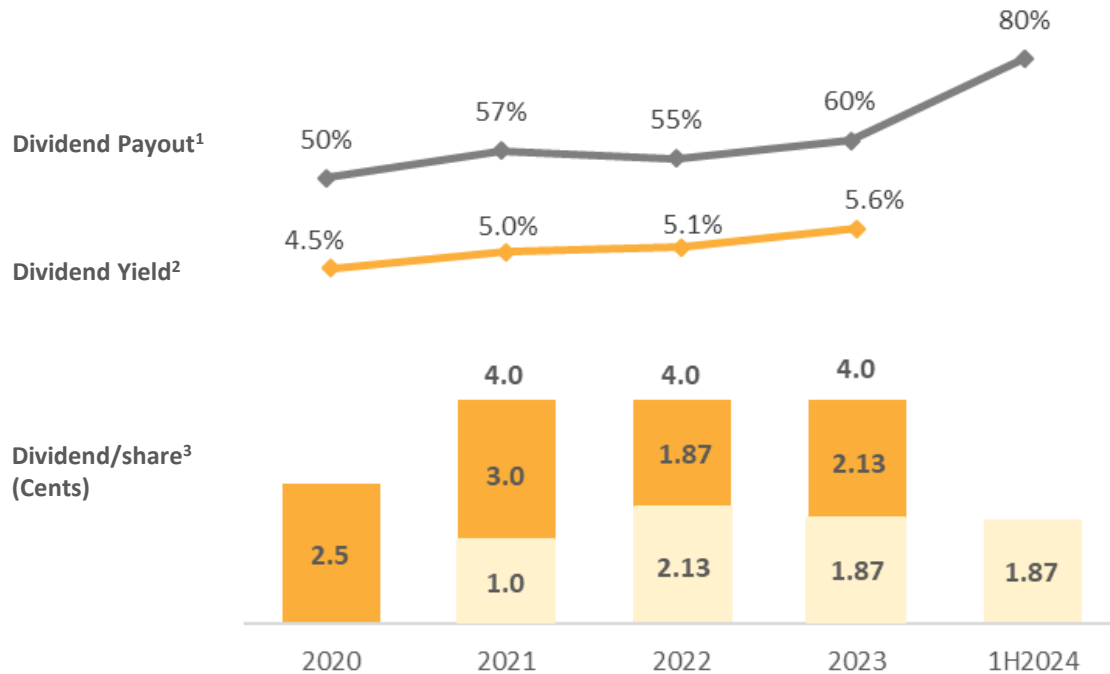
Executive Director & Group CFO



# 1H2024 HAPPY SHAREHOLDER RETURNS



## DIVIDENDS DECLARED



<sup>1</sup> Dividend/NPAT.

<sup>2</sup> Dividend/Closing Price as at last trading day of the financial period.

<sup>3</sup> Special/Interim dividend Final dividend



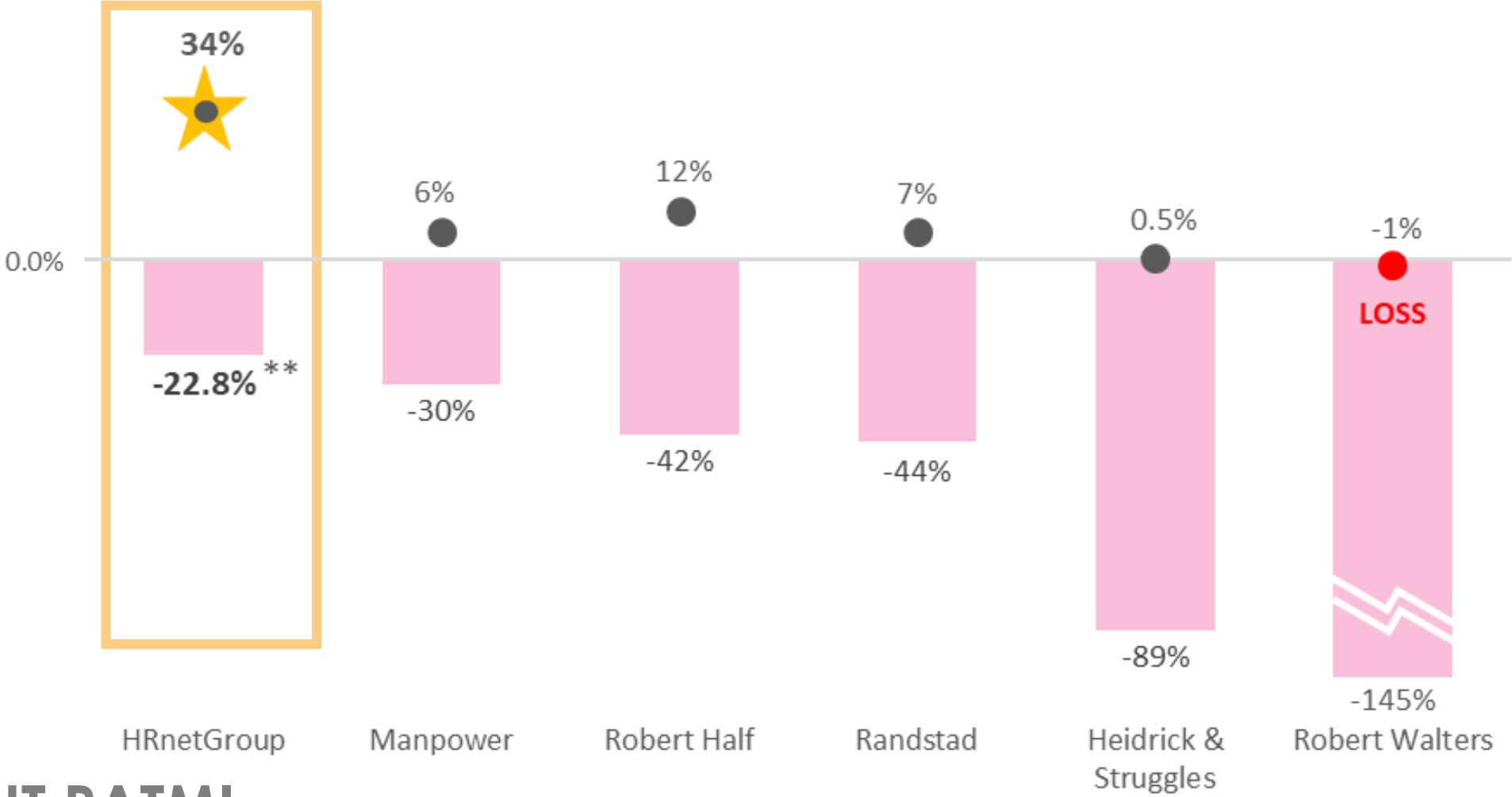
## SHARE BUYBACK PROGRAM

	S\$m
Share Buyback Programme	30.0
2022	(10.1)
2023	(5.4)
2024 up to 31.05.2024	(2.9)
Balance for further buyback	11.6

## CASH TO SHAREHOLDERS

	S\$m	
Dividend Payout	20.9	
Share Buyback	2.9	
<b>Total Cash out</b>	<b>23.8</b>	<b>&gt; FCF</b>

# SUPERIOR CONVERSION RATIO



# RESILIENT PATMI

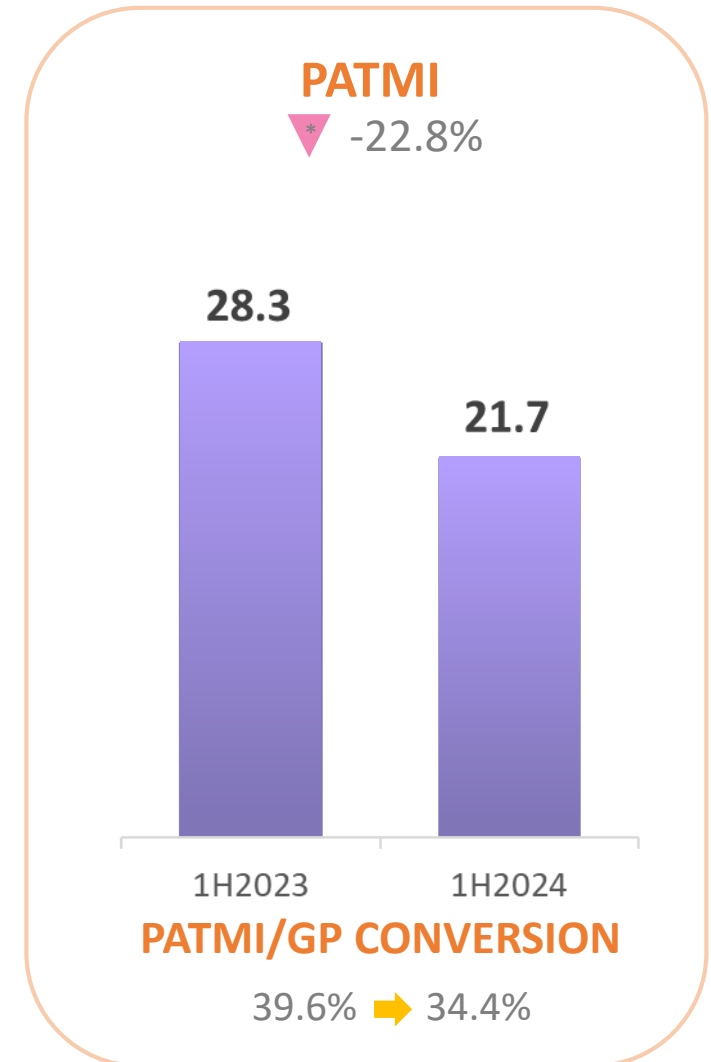
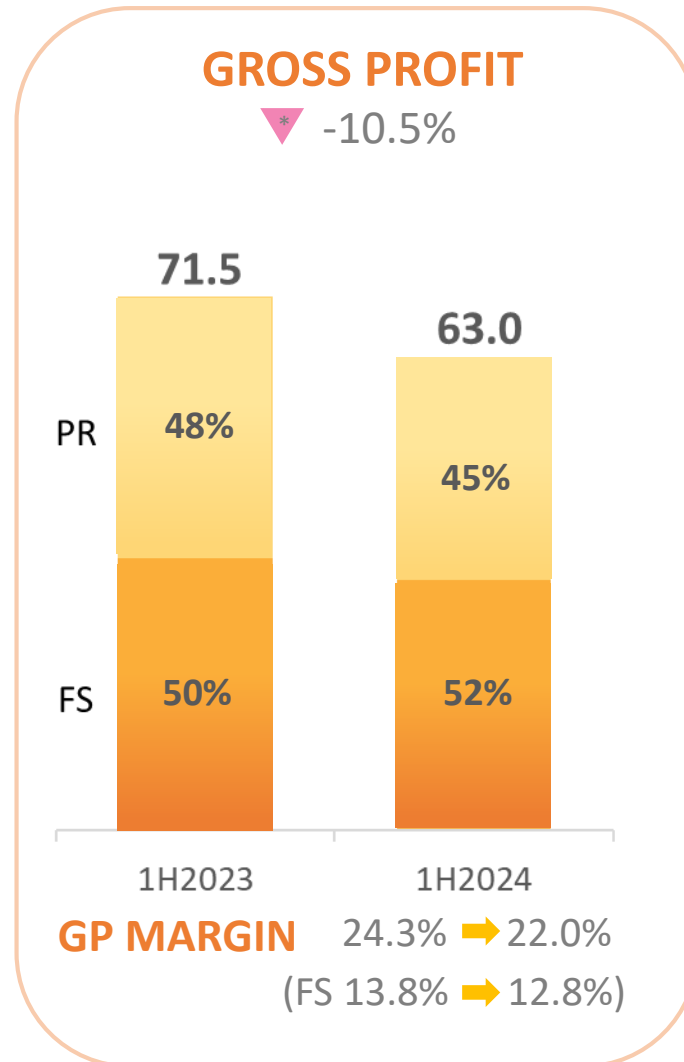
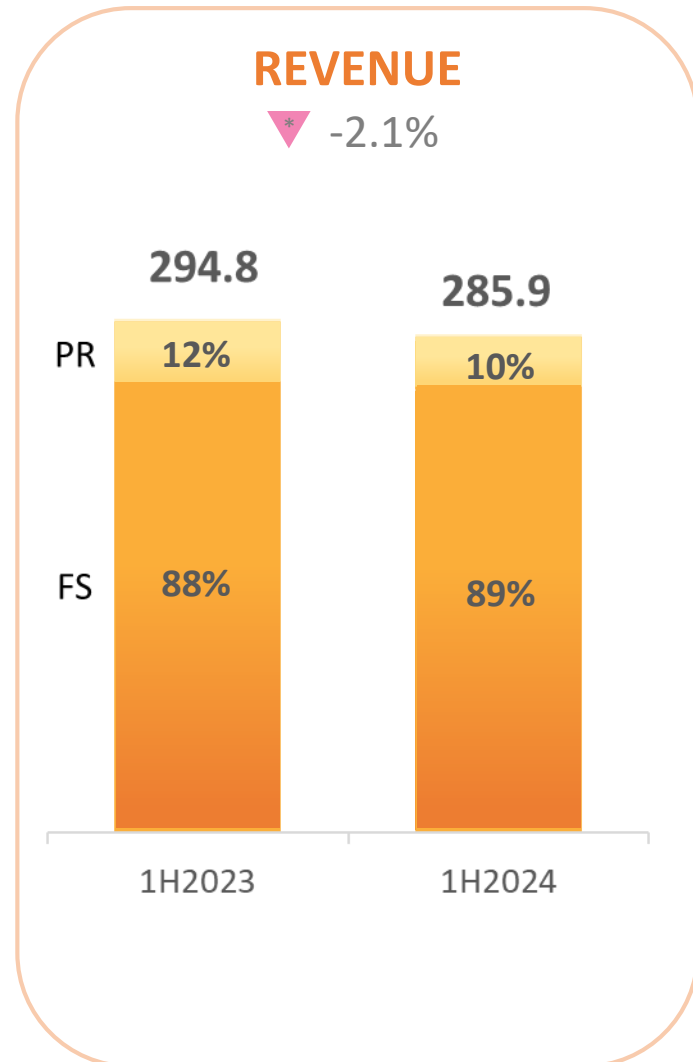
■ PATMI growth ● PATMI/GP

\*Source: Company data  
 \*\* Growth in constant currency



# 1H2024 KEY FINANCIALS

S\$m

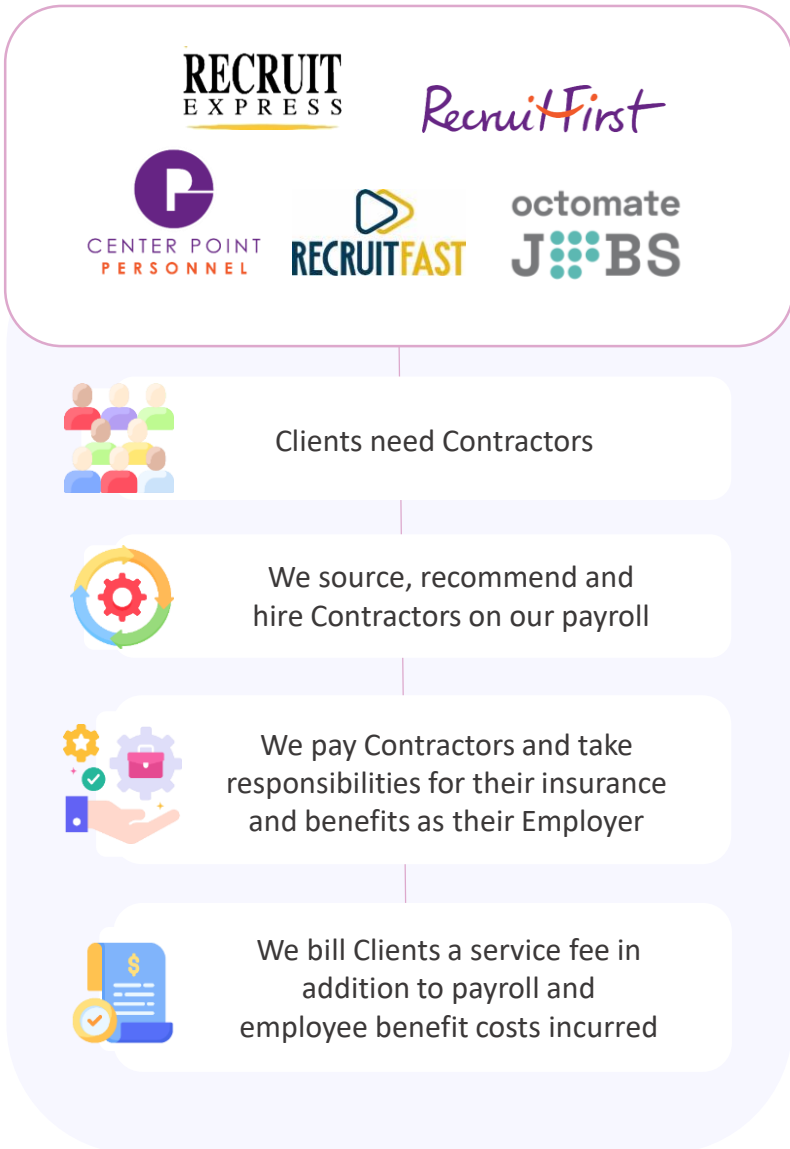


\* Growth in constant currency.

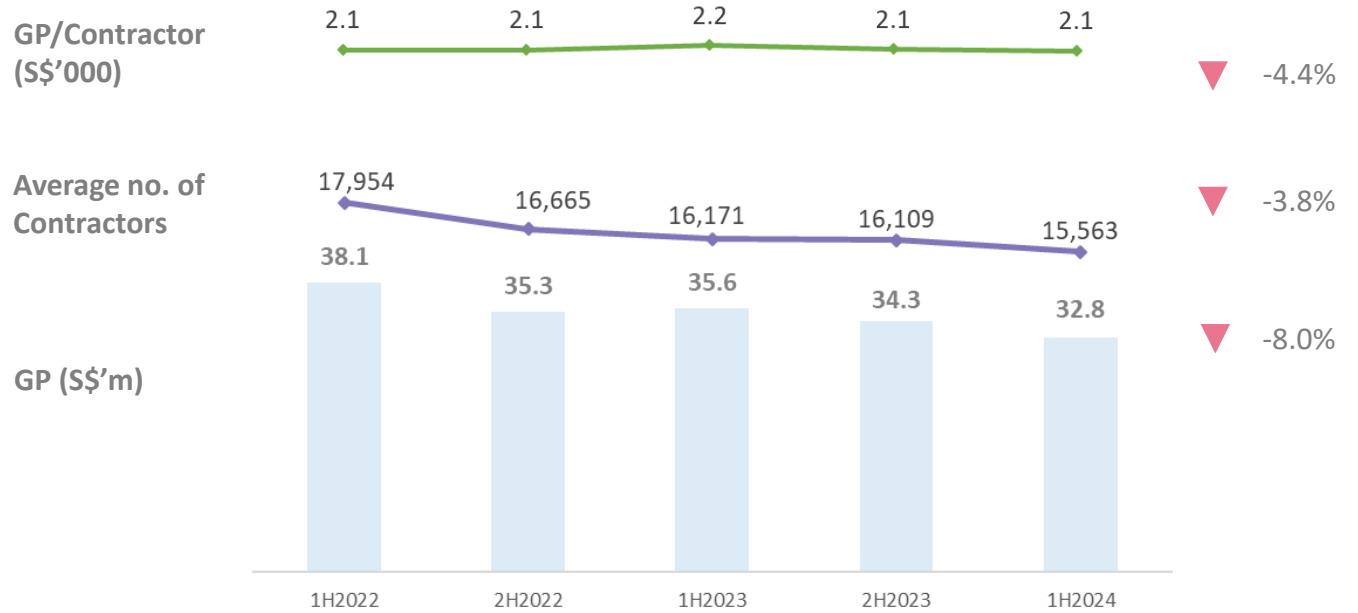
# 1H2024 BUSINESS MIX

	REVENUE PROPORTION	GPM	GROSS PROFIT PROPORTION
FLEXIBLE STAFFING	89.3%	12.8%	52.0%
PROFESSIONAL RECRUITMENT	10.0%	99.9%	45.5%
		22.0%	

# 1H2024 FS BUSINESS DYNAMICS



FLEXIBLE STAFFING			
REVENUE	GP	GP MARGIN	No. of Contractors In June
\$S255.3m	\$S32.8m	12.8%	15,864
▼ -1.3%	▼ -8.0%	▼ -1.0% pts	▼ -5.3%





# 1H2024 PR BUSINESS DYNAMICS



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



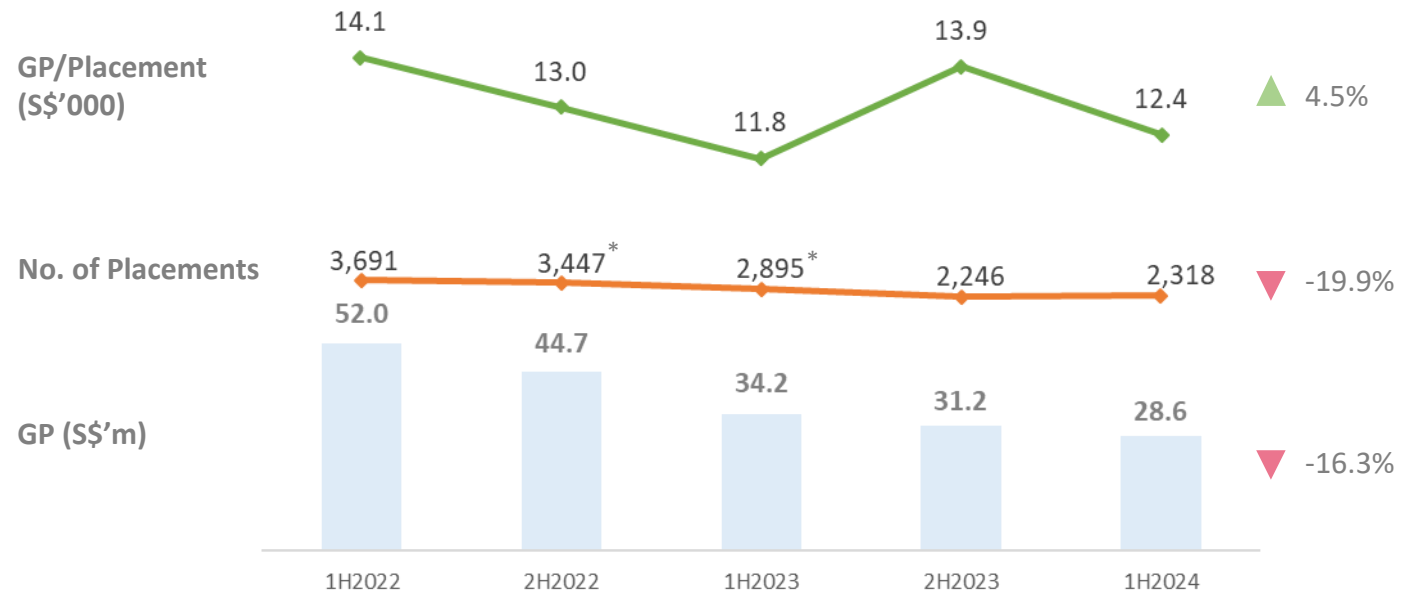
## PROFESSIONAL RECRUITMENT

**REVENUE**  
S\$28.7m  
▼ -16.4%

**GP**  
S\$28.6m  
▼ -16.3%

**GP MARGIN**  
99.9%  
▲ 0.1% pts

**PLACEMENTS**  
2,318  
▼ -19.9%



\*2H2022 & 1H2023 figure were restated.

# 1H2024 BUSINESS DYNAMICS

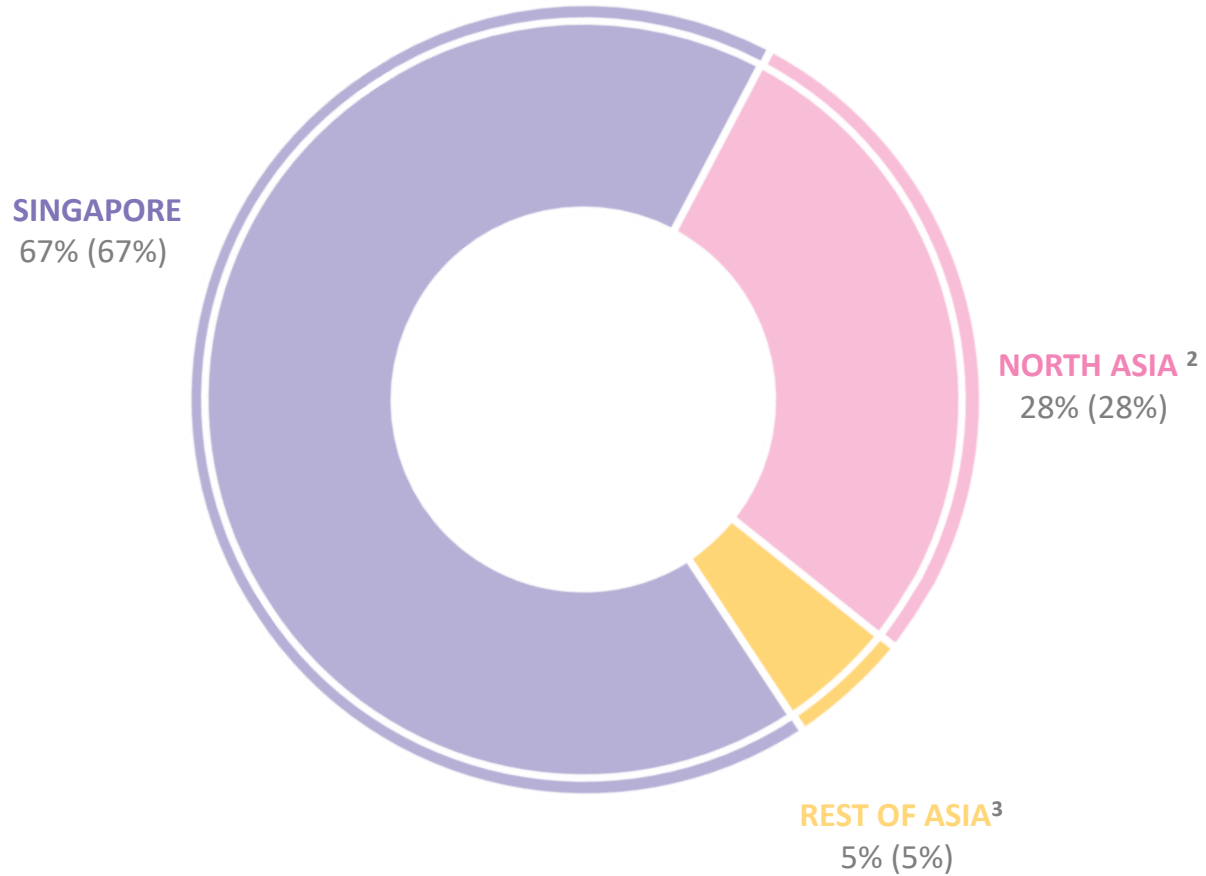
	VOLUME	UNIT GP*	GROSS PROFIT
FLEXIBLE STAFFING	▼ -3.8%	▼ -4.4%	▼ -8.0%
PROFESSIONAL RECRUITMENT	▼ -19.9%	▲ 4.5%	▼ -16.3%

- FS Volume refers to average number of contractors 15,563 (2023: 16,171)
- Placement volume (PR Volume) 2,318 (2023: 2,895)

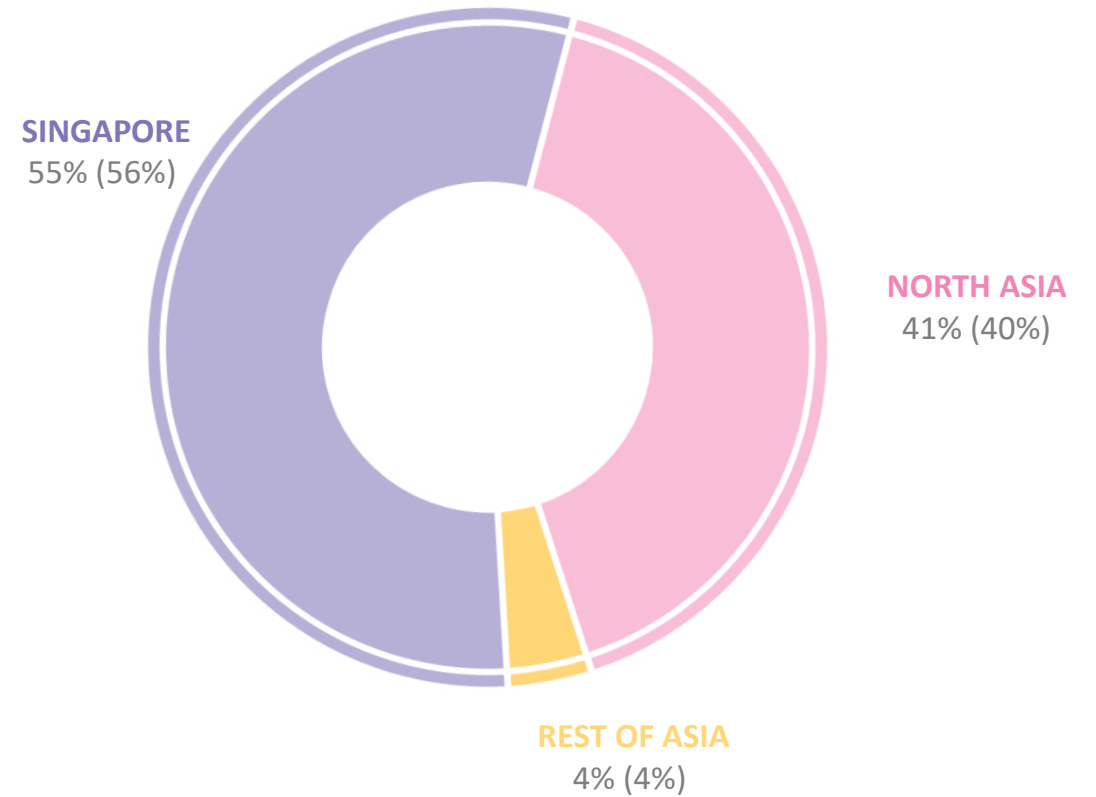
\*FS Unit GP refers to average GP per contractor and PR Unit GP refers to average GP per placement.

# 1H2024 GEOGRAPHY MIX

## REVENUE



## GROSS PROFIT

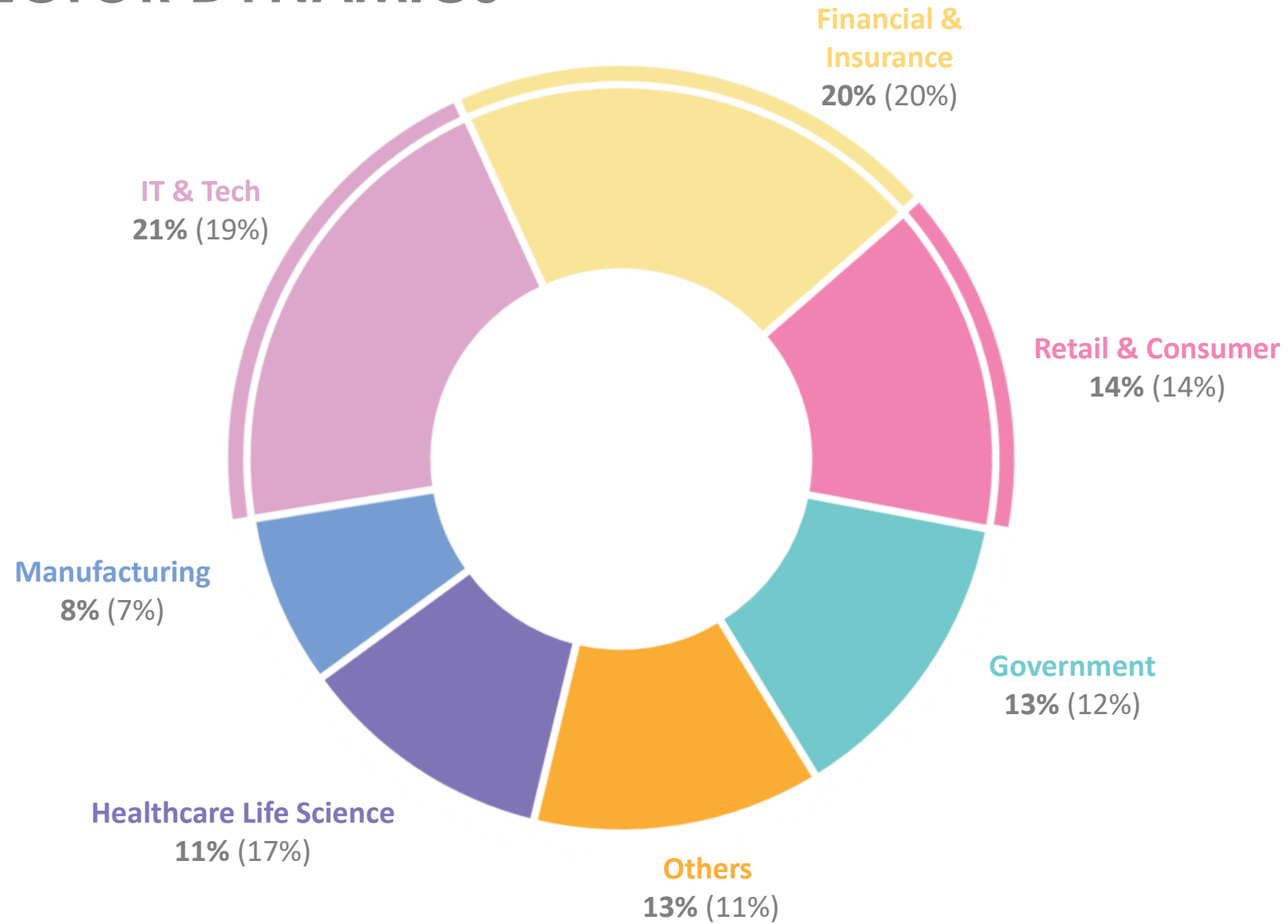


<sup>1</sup> 1H2023 figures in brackets.

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

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

# 1H2024 SECTOR DYNAMICS



\*1H2023 figures were restated in brackets.



# 1H2024 DIVERSIFIED CLIENT BASE

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

	Customer since	1H2024 Revenue Contribution
1. Client (Financial & Insurance)	2000	5.1%
2. Client (IT services)	2022	3.9%
3. Client (Financial & Banking)	2004	3.6%
4. Client (Retail & Consumer)	1999	2.5%
5. Client (Financial & Banking)	2001	2.0%
Contribution from Top 5 clients		17.0%
Contribution from Top 10 clients		24.8%

# SUPERIOR COST MANAGEMENT

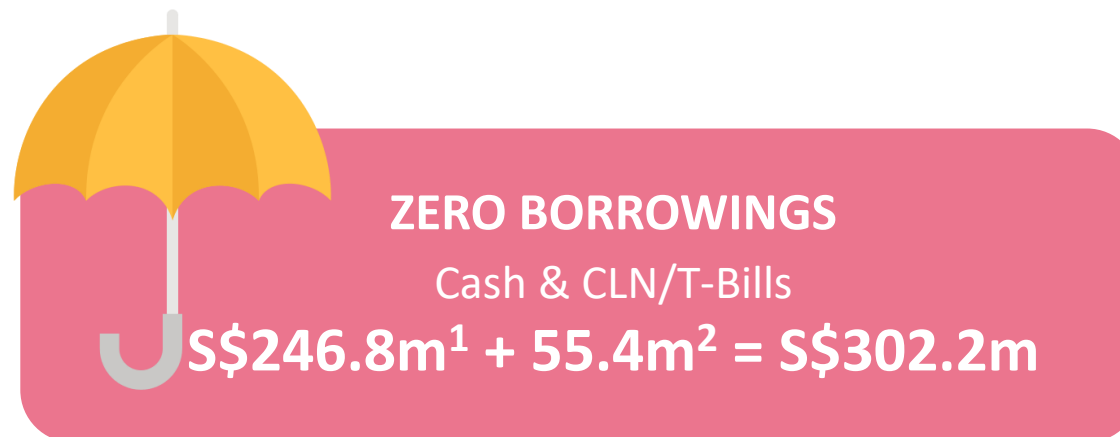
	1H2024	1H2023	Cost Savings	
	\$'m	\$'m	\$'m	%
Selling, General, Admin Expenses				
Employee Benefit Expenses	33.2	36.7	(3.5)	(9.5)
Payroll	25.2	26.8	(1.6)	(5.7)
Incentives/Bonuses	7.2	9.1	(1.9)	(21.5)
Others	0.8	0.8	0.0	3.2
Facilities & Depreciation	5.7	5.5	0.1	2.6
Others	2.7	3.6	(1.0)	(27.1)
	41.5	45.8	(4.3)	(9.4)

# 1H2024 OTHER INCOME

	1H2024	1H2023	Change	
	S\$m	S\$m	S\$m	%
Interest income	4.1	3.2	0.9	29.0
Reversal of trade related accruals	2.3	3.7	(1.4)	(38.3)
Government grants and subsidies	1.3	2.6	(1.4)	(52.5)
Dividend income	0.6	0.4	0.2	37.6
Gain on disposal of investments	0.1	-	0.1	n.m.
Net fair value loss on financial assets*	(1.8)	(0.3)	(1.5)	(513.8)
Others	0.1	0.1	0.0	38.0
	6.5	9.7	(3.2)	(32.6)

\*Mainly marketable securities in the HR space

# 1H2024 STRONG CASH FOR EXPANSION POSSIBILITIES



**NET OUTFLOW OF S\$24.8M:**

## OPERATING

**+ S\$18.3m**

- S\$29.6m operating cashflow
- S\$(11.3m) working capital changes & tax payments

## INVESTING

**- S\$14.5m**

- S\$(15.3m) net purchase of CLN/T-Bills
- S\$1.5m from disposal of other financial assets
- S\$(0.7m) Capex & others

## FINANCING

**- S\$28.1m**

- S\$(22.2m) dividends paid
- S\$(3.0m) repayment of lease liabilities
- S\$(2.9m) share buyback

## FOREX

**- S\$0.5m**

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



# USE OF 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	10.1
Start-up of subsidiaries	9.9
IPO related expenses	9.1
Balance pending deployment	41.7
<b>Total IPO Proceeds</b>	<b>174.1</b>



MOVEMENT	Amount S\$m
As at 1 January 2024	131.4
Investment in new M&A subsidiary - AllwaysHRnet (Shanghai) Limited	1.0
As at 30 June 2024	132.4



### STRONG FINANCIALS 1H2024

- Revenue S\$285.9m
- Gross Profit S\$63.0m
- PATMI S\$21.7m. FCF S\$17.2m
- Cash/CLN/T-Bills S\$302.2m, zero borrowings



### INFRASTRUCTURE TO SCALE

- 1,094 people, 37 Business Units, 38 offices, 17 Asian cities
- 15 brands with product & service differentiation
- Systems, processes, digital infrastructure



### DIVIDENDS PAYOUT

- May 2024 Final dividend : 2.13 cts
- Sep 2024 Interim dividend : 1.87 cts
- LTM Dividend yield of 5.7%
- 56% Cumm dividend payout



### CO-OWNERS BUILD TO LAST

- Co-ownership model with 43 business leaders
- M&A profit accretive & successful integration

# OPERATIONS & OUTLOOK



ADELINE SIM

Executive Director & Chief Corporate Officer



# BUILDING OUT OUR REGIONAL PLATFORM AND CAPTURING THE HR DOLLAR



**GRACE TANG**  
Business Leader



**MAGDALENE TEO**  
Business Leader

## Introducing, Leaps by HRnet

Leaps is a strategic initiative that integrates HRnetGroup's extensive resources and established market position with the consulting expertise of industry professionals.

Designed to deliver value-adding human resource solutions, Leaps offers comprehensive and tailored consulting services that address the specific human resource challenges faced by businesses today.

## SOLUTIONS



### Business Transformation Consulting

A strategic process aimed at helping organisation fundamentally change and improve their operations, processes and structure to achieve better performance and adapt to evolving market conditions



### Job Redesign

Diagnose the company's needs, design and enable implementation of new roles to keep employees relevant and enhance productivity



### New Manager Integration

The integration process is designed to help managers make impact much earlier



# BUILDING OUT OUR REGIONAL PLATFORM AND CAPTURING THE HR DOLLAR



EASE Jobs is a job search and employee management app



## Quick Apply

Candidates can easily apply for jobs with just one click



## Instant Jobs

Gig-focused feature that allows candidates to book for jobs with immediate vacancy



## EASE\$

Reward dollars that candidates can earn and convert into real cash



## Ease Lessons

Micro-learning videos that candidates can watch on the go

# INSTANT CLAIMS

A new feature by  octomate



## Always Available

Claims can now be submitted anytime anywhere via mobile



## Paid Immediately

Once approved, the claim is paid out immediately. No more waiting for processing and crediting

# BUILDING OUT OUR REGIONAL PLATFORM AND CAPTURING THE HR DOLLAR

## Introducing, Crew by HRnet

Crew provides manpower supply and workforce solutions to businesses. The team focuses on providing blue-collar recruitment and skilled foreign staffing.



### SERVICES

- Staffing and Placement
- Blue Collar Specialisation
- Foreign Workforce solutions
- Mass Recruitment
- Payroll Services
- Work Pass Application Services



### SPECIALISATION

- Aviation and Aerospace
- Healthcare & Life science
- Logistics & Supply Chain
- Manufacturing, Engineering & Industrial
- Retail & Events
- F&B
- Transportation

## HR+AI

LET'S MAKE IT WORK FOR YOU!

4TH JULY, THURSDAY . 9AM TO 1230PM

THE GREAT ROOM PARK SILOM

AI is everywhere! From ChatGPT and Gemini to recent innovations like Apple's AI tool, Apple Intelligence. But what about HR, hiring, and talent management? Aren't these roles meant for humans, not AI? Can a program truly understand human dynamics better than you?

### JOIN US

For an in depth conversation with other industry leaders about AI and its place in the world of HR.

- **Balancing AI and Human Intuition:** How do we integrate AI insights with human intuition to address employee concerns effectively?
- **The Human Touch:** Where should human intervention remain crucial, despite AI's impressive capabilities?
- **Enhancing Human Interactions:** How can AI enhance, rather than replace, the personal touch in HR.
- **AI Trends in HR:** How do we stay ahead of the curve through usage of the latest AI platform that are shaping the HR landscape.

AN EXCLUSIVE EVENT BY

HRnetOne

SUPPORTED BY



CLICK ON THE LINK  
BELOW TO RSVP



## Thought Leadership Events

We recently hosted a highly engaging event in Bangkok, focusing on the transformative role of AI within the HR space. Attended by over 80 industry leaders, the event provided a platform for in-depth discussions on pivotal topics shaping the future of HR.

The topics discussed included **Ethical Dilemmas of AI-Driven Employee Monitoring, Fairness in AI-Driven Insights and Job Displacement – Is AI a Threat to HR Roles?**. The event featured insightful content presentations followed by discussions and an exchange of ideas and opinions.

Following the positive feedback we received, our Jakarta team will be running a similar event topic and format for their clients on 16 Aug.





# RELENTLESS FOCUS ON SUSTAINABLE GROWTH

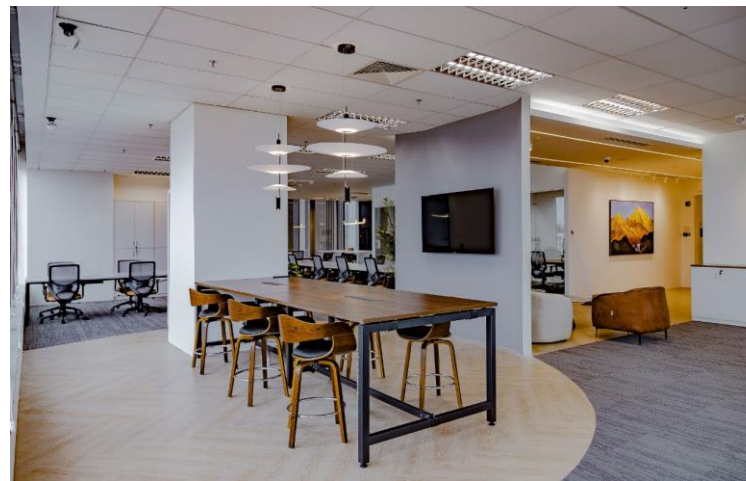


## Co-Working Hubs

We are excited to unveil our freshly renovated and dynamic co-working hub in Kuala Lumpur. This new space is designed to promote collaboration and synergy among our consultants by housing multiple brands under one roof, optimising costs and boosting teamwork.

With the launch of our new KL co-working hub, we reaffirm our commitment to creating a workspace that transcends mere functionality. It's a flexible, multi-purpose environment tailored to accommodate everything from meetings and events to recreational activities and celebrations.

Up next, our Shanghai office is in the works to be transformed into a co-working hub.



HRnetGroup

THANK YOU!



# APPENDIX A - SOLID FINANCIAL PERFORMANCE

	Six months ended 30 June				
	2024	2023	Change		
	\$'m	\$'m	\$'m	%	cc%*
<b>Revenue</b>	285.9	294.8	(8.8)	(3.0)	(2.1)
Direct Costs	(222.9)	(223.3)	0.4	(0.2)	
<b>GP</b>	63.0	71.5	(8.5)	(11.9)	(10.5)
Other income	6.5	9.7	(3.1)	(32.6)	(32.5)
<b>SG&amp;A</b>					
Employee Benefit Expenses	(33.2)	(36.7)	3.5	(9.5)	
Facilities & Depreciation	(5.7)	(5.5)	(0.1)	2.6	
Others	(2.7)	(3.6)	1.0	(27.1)	
	(41.5)	(45.8)	4.3	(9.4)	(7.8)
PBT	28.0	35.3	(7.3)	(20.8)	(20.1)
Tax	(5.2)	(5.7)	0.5	(8.9)	
NPAT	22.8	29.6	(6.8)	(23.1)	(22.5)
PATMI	21.7	28.3	(6.6)	(23.3)	(22.8)
EBITDA	28.2	36.5	(8.3)	(22.9)	
EPS (cents)	2.21	2.86	(0.65)	(22.7)	

\*Growth in constant currency.



# APPENDIX B - STRONG BALANCE SHEET

	Group	
	30 June	31 December
	2024	2023
	\$'m	\$'m
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	246.8	271.6
Trade receivables	97.6	94.5
Other receivables and prepayments	7.8	6.9
Other assets	3.9	3.3
Other financial assets	73.3	61.8
<b>Total current assets</b>	<b>429.3</b>	<b>438.0</b>
<b>Non-current assets</b>		
Pledged deposits	1.3	1.2
Plant and equipment	2.6	2.1
Right-of-use assets	10.6	10.1
Other intangible assets	1.6	1.7
Goodwill	6.3	5.9
Other financial assets	24.5	19.2
Deferred tax assets	1.7	1.6
<b>Total non-current assets</b>	<b>48.6</b>	<b>41.9</b>
<b>Total assets</b>	<b>477.9</b>	<b>479.9</b>

	Group	
	30 June	31 December
	2024	2023
	\$'m	\$'m
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current liabilities</b>		
Trade payables	9.7	8.8
Other payables and accruals	50.6	57.5
Lease liabilities	5.0	5.3
Income tax payable	9.2	9.7
<b>Total current liabilities</b>	<b>74.5</b>	<b>81.3</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	0.4	0.5
Lease liabilities	6.3	5.2
<b>Total non-current liabilities</b>	<b>6.7</b>	<b>5.7</b>
<b>Capital, reserves and non-controlling interests</b>		
Share capital	260.6	260.6
Treasury shares	(22.3)	(19.7)
Equity reserve	(47.2)	(47.2)
Investments revaluation reserve	(46.5)	(51.7)
Translation reserve	(5.1)	(4.2)
Retained earnings	239.5	238.7
Equity attributable to owners of the Company	378.9	376.6
Non-controlling interests	17.8	16.3
<b>Total equity</b>	<b>396.7</b>	<b>392.9</b>
<b>Total liabilities and equity</b>	<b>477.9</b>	<b>479.9</b>