

HRnetGroup Limited

Pockets of growth



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SINGAPORE | SERVICES | 1H25 RESULTS

19 August 2025

- Results were within our expectations. 1H25 revenue and adjusted PATMI were 51%/52% of our FY25e forecast. There was a pull forward of government grants in 1H25 of S\$4.2mn compared to a year ago. Grants pushed adjusted PATMI up 24% YoY to S\$25.7mn. Interim dividends rose 11% to 2 cents with a payout ratio of 67%.
- Singapore remains weak for HRnet, with gross profits down 8% YoY to S\$33mn. FY25e is likely the 4th consecutive year of decline. North Asia turned around with a growth of 2.7% YoY to S\$26.5mn, led by professional recruitment in Taiwan.
- We maintain our FY25e forecast and target price of S\$0.78. Our ACCUMULATE recommendation is maintained. The company's footprint across 18 Asian cities gives it access to identify and capture vertical opportunities in professional recruitment. HRnet is tapping into hiring opportunities in technology roles in Taiwan. With intense competition in mid-level search and increased demand for C-suite roles, HRnet is pivoting toward senior executive opportunities. On flexible hiring, HRnet is leveraging its balance sheet and process excellence to expand geographically into China, Malaysia, and Indonesia. The company is paying an attractive dividend yield of 5.8% backed by a cash pile of S\$232mn.

ACCUMULATE (Maintained)

LAST CLOSE PRICE	SGD 0.715
FORECAST DIV	SGD 0.042
TARGET PRICE	SGD 0.780
TOTAL RETURN	14.9%

COMPANY DATA

BLOOMBERG CODE:	HRNET SP
O/S SHARES (MN) :	979
MARKET CAP (USD mn / SGD mn) :	546 / 700
52 - WK HI/LO (SGD) :	0.72 / 0.65
3M Average Daily T/O (mn) :	0.09

MAJOR SHAREHOLDERS

SIMCO GLOBAL LTD	80.0%
FMR LLC	8.0%

Results at a glance

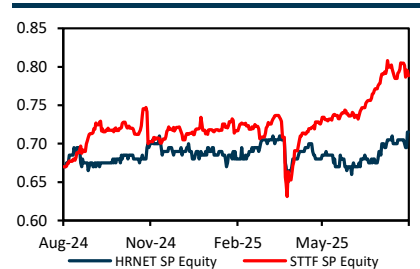
(\$'000)	1H25	1H24	YoY	Comment
Gross revenue	295,545	285,906	3.4%	
- Prof. recruitment (PR)	27,733	28,676	-3.3%	Placements -3.0% YoY / Rev. per placement +0.5% YoY
- Flexible staffing (FS)	265,779	255,264	4.1%	Contractors +3.7% YoY / Rev. per contractor -6.3% YoY
Gross profit	61,219	62,999	-2.8%	Lower FS margin due to North and SE Asia.
Employee expenses	-33,214	-33,193	0.1%	
Other income	15,779	6,512	142.3%	Government grants S\$8.7mn (S\$1H24: S\$1.3mn).
PATMI	28,015	21,682	29.2%	
Adj. PATMI*	25,678	20,674	24.2%	Excl. S\$2.9mn fair value gain (1H24: -1.8mn).
DPS -Final (cents)	2.00	1.87	7.0%	

Source: Company, PSR * Adj. PATMI excludes reversal of trade accruals, FX and fair value changes. S\$3.2mn grant was for 2H24 but paid in 1H25.

TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	5.1	5.1	8.4
STTF	4.7	11.8	16.7

PRICE VS. STTF



Source: Bloomberg, PSR

The Positive

+ Recovering in North Asia. North Asia gross profit rebounded with a 2.7% growth to S\$26.5mn. E-commerce, semiconductors, and other technology-related roles in Taiwan supported PR growth of 2%. FS grew 15% YoY in revenue terms as HRnet expands into China, albeit at lower margins.

The Negative

- Subdued Singapore. Gross profit in Singapore declined 8% YoY to S\$31.7mn. Singapore is on track for its 5th consecutive year of contraction and its weakest since listing. We believe the high-volume mid-level search is facing more competition from smaller recruiters and job portals.

Outlook

Demand for senior executives is rising as corporates adapt to disruptions in AI and supply chains. As a result, more roles such as heads in strategy, digital, transformation, marketing, and countries, are appearing. The volume is lower and the sales cycle longer, but revenue per recruitment is higher. 1H25 has seen glimpses of that model with PR volumes down 3% and revenue per placement only down 0.5%. We view FS as a multi-year growth opportunity with the company incrementally expanding into the region.

KEY FINANCIALS

Y/E Dec (\$\$mn)	FY23	FY24	FY25e	FY26e
Gross Rev	578.5	567.0	583.2	600.6
Gross Profit	139.0	122.2	125.8	131.6
EBITDA	89.2	56.9	65.2	62.7
PATMI	63.6	44.5	52.3	49.4
PATMI - Adj.	53.2	45.4	49.3	49.4
P/B (x)	1.8	1.8	1.7	1.7
P/E (x) - Adj	13.3	15.5	14.2	14.2
ROE (%)	16.2	11.3	12.8	11.8
Div yield (%)	5.6	5.6	5.8	5.9

Source: Company, PSR

VALUATION METHOD

11x FY25e ex-cash P/E

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Maintain ACCUMULATE with unchanged TP of S\$0.78

Financials

Income Statement

Y/E Dec, (\$'000)	FY22	FY23	FY24	FY25e	FY26e
Revenue	611,775	578,469	566,996	583,181	600,557
Sub-contractor expenses	(437,621)	(439,503)	(444,786)	(457,339)	(468,953)
Gross Profit	174,154	138,966	122,210	125,842	131,603
Other income	19,982	28,089	15,444	18,539	13,016
Employee benefit expenses	(87,867)	(71,076)	(63,942)	(64,054)	(66,986)
Facilities and depreciation expenses	(11,499)	(10,836)	(11,407)	(10,067)	(9,870)
Selling expenses	(2,757)	(3,064)	(3,032)	(2,517)	(2,632)
Other expenses	(4,835)	(3,610)	(2,647)	(2,894)	(3,158)
Finance costs	(418)	(454)	(623)	(623)	(623)
Profit/(loss) before tax	86,760	78,015	56,003	64,226	61,349
Income tax expense	(14,300)	(11,956)	(9,724)	(9,955)	(10,123)
Minority Interest	(4,925)	(2,496)	(1,761)	(1,954)	(1,844)
PATMI	67,535	63,563	44,518	52,317	49,382
Adjusted PATMI	59,818	53,240	45,351	49,317	49,382
EBIT	86,670	79,129	56,889	65,166	62,663
EBITDA	97,813	89,155	56,889	65,166	62,663

Per share data

Y/E Dec (\$ cents)	FY22	FY23	FY24	FY25e	FY26e
NAVPS	37.68	39.81	40.22	41.80	42.86
EPS	6.73	6.44	4.53	5.34	5.04
Adj. EPS	5.96	5.39	4.63	5.04	5.04
DPS	4.00	4.00	4.00	4.18	4.21

Cash Flow Statement

Y/E Dec, (\$'000)	FY22	FY23	FY24	FY25e	FY26e
CFO					
PBT	86,760	78,015	56,003	64,226	61,349
Adjustments	11,000	(719)	3,153	1,604	3,010
WC changes	(7,845)	(13,175)	(2,987)	(930)	(1,421)
Cash generated from ops	89,915	64,121	56,169	64,900	62,938
Others	(14,676)	(6,528)	(4,568)	(3,330)	(4,021)
Cashflow from ops	75,239	57,593	51,601	61,570	58,917
CFI					
Purchase of PPE and intangible assets	(1,536)	(2,196)	(2,173)	(1,500)	(1,500)
Purchase of financial assets	(23,990)	(41,104)	(60,968)	-	-
Dividends received	907	829	894	914	914
Others	(4,909)	24,811	49,489	-	-
Cashflow from investments	(29,528)	(17,660)	(12,758)	(586)	(586)
CFF					
Dividends paid	(61,478)	(36,911)	(39,255)	(39,203)	(40,921)
Purchase of treasury shares	(10,085)	(5,431)	(3,343)	-	-
Repayment of leases liabilities	(7,172)	(6,486)	(5,866)	(8,000)	(8,000)
Others	(4,500)	(2,551)	(3,006)	-	-
Cashflow from financing	(83,235)	(51,379)	(51,470)	(47,203)	(48,921)
Net change in cash	(37,524)	(11,446)	(12,627)	13,780	9,410
Cash at the start of the period	327,078	284,567	271,586	258,398	272,178
Currency translation	(4,987)	(1,535)	(561)	-	-
Others	-	-	-	-	-
Ending cash	284,567	271,586	258,398	272,178	281,588

Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Dec, (\$'000)	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
Pledged deposits	1,031	1,210	1,182	1,182	1,182
Plant and equipment	1,532	2,105	2,827	1,644	1,349
Right-of-use assets	9,630	10,130	12,920	12,460	12,230
Other intangible assets	1,340	1,746	4,502	4,502	4,502
Goodwill	5,862	5,862	6,310	6,310	6,310
Other financial assets (NCA)	24,036	19,242	19,748	19,748	19,748
Deferred tax assets	1,446	1,600	2,713	2,713	2,713
Total non-current assets	44,877	41,895	50,202	48,559	48,034
Cash	284,567	271,586	258,398	272,178	281,588
Trade receivables	99,830	94,490	93,298	101,096	99,090
Other receivables	7,035	6,858	7,313	7,263	7,747
Other assets	1,093	3,328	4,325	4,325	4,325
Other financial assets (CA)	46,584	61,785	68,745	68,745	68,745
Total current assets	439,109	438,047	432,079	453,607	461,495
Total Assets	483,986	479,942	482,281	502,166	509,529

LIABILITIES

Trade payables	8,197	8,788	9,623	10,087	10,181
Other payables and accruals	76,693	57,542	55,357	61,711	58,674
Others	16,123	14,951	13,629	13,629	13,629
Total current liabilities	101,013	81,281	78,609	85,426	82,484
Deferred tax liabilities	356	477	437	437	437
Deferred considerations	4,394	5,243	9,057	9,057	9,057
Total non-current liabilities	4,750	5,720	9,494	9,494	9,494
Total liabilities	105,763	87,001	88,103	94,920	91,978

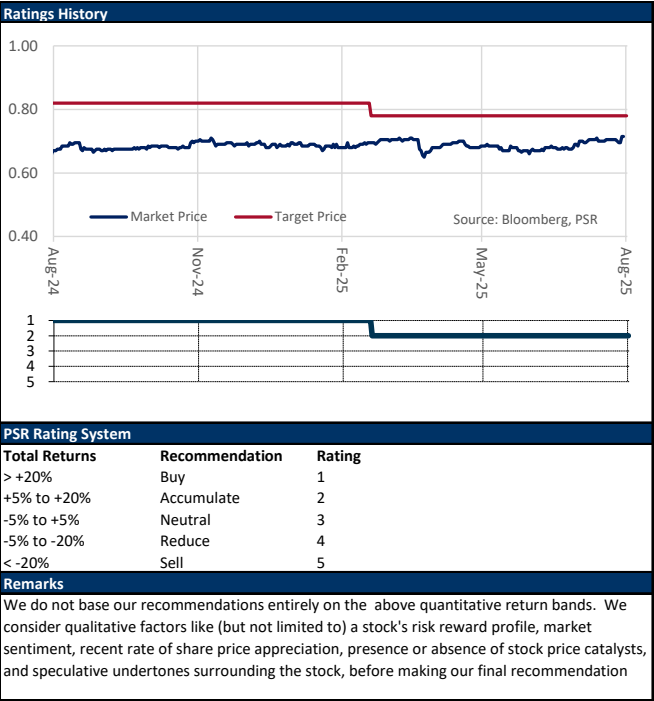
Net assets	378,223	392,941	394,178	407,245	417,550
Represented by:					
Share capital	260,605	260,605	260,605	260,605	260,605
Retained Earnings	212,081	238,743	243,999	259,066	269,371
Others	(94,463)	(106,407)	(110,426)	(110,426)	(110,426)
Total equity	378,223	392,941	394,178	407,245	417,550

Valuation Ratios

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
P/NAV (x)	1.90	1.80	1.78	1.71	1.67
P/E (x) - Adj.	12.0	13.3	15.5	14.2	14.2
Dividend yield (%)	5.59	5.59	5.59	5.85	5.89

Growth & Margins

Growth					
Revenue	3.6%	-5.4%	-2.0%	2.9%	3.0%
Gross profit	-0.4%	-20.2%	-12.1%	3.0%	4.6%
PATMI	3.1%	-5.9%	-30.0%	17.5%	-5.6%
PATMI-adj.	-2.5%	-11.0%	-14.8%	8.7%	0.1%
EPS	4.0%	-8.7%	-28.1%	14.6%	-3.8%
Margins					
Gross profit margin	28.5%	24.0%	21.6%	21.6%	21.9%
EBITDA margin	16.0%	15.4%	10.0%	11.2%	10.4%
EBIT margin	14.2%	13.7%	10.0%	11.2%	10.4%
Key Ratios					
ROE	17.9%	16.2%	11.3%	12.8%	11.8%
ROA	14.0%	13.2%	9.2%	10.4%	9.7%



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