

Singapore

HOLD (previously ADD)

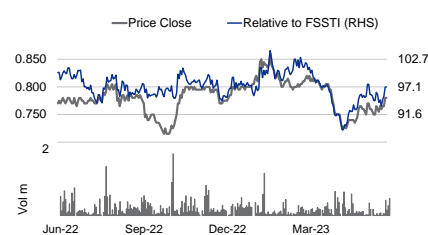
Consensus ratings*: Buy 4 Hold 1 Sell 0

Current price:	S\$0.78
Target price:	S\$0.80
Previous target:	S\$1.00
Up/downside:	2.6%
CGS-CIMB / Consensus:	-13.5%
Reuters:	HRNE.SI
Bloomberg:	HRNET SP
Market cap:	US\$573.6m
	S\$770.3m
Average daily turnover:	US\$0.10m
	S\$0.13m
Current shares o/s:	1,011m
Free float:	19.7%

*Source: Bloomberg

Key changes in this note

➤ FY23-25F EPS lowered by 4-8%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.7	-3.7	0.6
Relative (%)	4.3	-3.7	-3.6

Major shareholders	% held
Simco Global Ltd	77.6
FMR LLC	3.1
Vanda 1 Investments	2.0

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HRnetGroup Limited

Keeping a watchful eye on weak macro

- We see downside risks to our permanent placement volume assumptions given weak SG macro conditions and a challenging labour market in China.
- Latest commentary from staffing peers (Fig 1) indicates a weaker outlook for permanent placement volumes while flexible volumes should remain resilient.
- Downgrade to Hold with a lower TP of S\$0.80. We expect more cuts to Bloomberg consensus estimates in the coming months.

Weakening SG economy is a key risk to HRnet's volumes

Our economics team expects Singapore to record lacklustre GDP growth of 1.3% yoy in 2023F (2022: +3.6% yoy), given trade headwinds from a global slowdown. Key exports declined steeply (-15% yoy) for the eighth consecutive month in May as electronics exports came in weak. While the unemployment rate remained low at 1.8% (as at end-1Q23), the job vacancies to unemployed persons ratio declined qoq to 2.28, signalling that labour market tightness has started to ease, in our view. We believe HRnet could see volume weakness in the coming quarters as clients slow their hiring activities further.

Pace of recovery in China looks uncertain

In its FY22 AGM minutes, HRnet said its China operations were "severely impacted in 1Q23" due to challenges in building business pipelines. Latest China economic data released in Jun seem to corroborate this, with both industrial output and retail sales falling short of Reuters consensus expectations. We turn more bearish on the pace of recovery as HRnet's China operations are mostly focused on clients in the industrial and technology sectors, which we view as vulnerable to the ongoing slowdown in global demand.

Near-term hiring outlook looks bad for perm volumes

We see downside risks to our permanent placement (perm) volume assumptions as 1) employers turn more cautious amidst weakening macro conditions, and 2) the labour market recovery in China has been weaker than our expectations. We also expect slower average placement revenue growth (despite rising wages) due to lower contribution from tech and semicon industries (these sectors command higher salaries compared to sectors such as retail and travel). While resilient flexible volumes and further recovery in travel-related revenue should help, we believe these are insufficient to offset the earnings impact from weaker perm. As such, we cut our FY23-25F perm revenue by 4-6%; this reduces our EPS forecasts by 4-8% due to the lower margin mix.

Downgrade to Hold; expecting more forecasts cuts from consensus

With our new assumptions, we lower our TP to S\$0.80, now based on 13x FY24F P/E (0.5 s.d. below FY17-22 mean) as we see greater earnings uncertainty from unfavourable macro conditions. Downgrade to Hold as we believe catalysts are lacking in the near term. Upside risks include a stronger hiring outlook in North Asia and accretive M&A opportunities. The key downside risk for HRnet is a steeper-than-expected decline in hiring volumes amid deteriorating macro conditions.

Financial Summary

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (S\$m)	590.5	611.8	587.0	604.7	616.3
Operating EBITDA (S\$m)	78.43	75.78	67.28	74.89	80.08
Net Profit (S\$m)	65.49	67.54	59.28	61.83	65.73
Normalised EPS (S\$)	0.065	0.067	0.059	0.062	0.066
Normalised EPS Growth	39.7%	3.1%	(12.2%)	4.3%	6.3%
FD Normalised P/E (x)	11.95	11.59	13.20	12.65	11.90
DPS (S\$)	0.040	0.040	0.035	0.037	0.039
Dividend Yield	5.13%	5.13%	4.55%	4.74%	5.04%
EV/EBITDA (x)	6.03	6.79	7.36	6.31	5.57
P/FCFE (x)	27.83	17.12	11.05	11.09	10.32
Net Gearing	(84.3%)	(75.2%)	(76.5%)	(77.3%)	(78.3%)
P/BV (x)	2.11	2.16	2.06	1.92	1.80
ROE	18.7%	18.5%	16.0%	15.7%	15.6%
% Change In Normalised EPS Estimates			(7.79%)	(6.85%)	(3.52%)
Normalised EPS/consensus EPS (x)			0.91	0.91	0.94

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Keeping a watchful eye on weak macro

How are HRnet's peers doing?

We did a check on the latest quarterly results of listed staffing peers who operate in Asia. We highlight some recurring themes below:

- 1) Most peers recorded yoy declines in Asia permanent placement volumes. Based on outlook commentary from peers, we understand that lower permanent placement volumes stem from weakening sentiment from both employers (deferring hiring decisions) and job seekers (cautious about accepting offers).
- 2) Flexible staffing volumes remained resilient for most of HRnet's peers. We believe that this was driven by companies choosing to seek more flexible options in the face of uncertain market conditions.
- 3) Salary and wage inflation remain robust (in line with rising costs), benefitting both permanent and temporary revenue.
- 4) Despite the weakening hiring outlook, most countries are still facing a shortage of skilled and high quality candidates.
- 5) China hiring activities remained weak in 1Q23 as the country faced fluctuating levels of Covid-19 infections following easing of distancing restrictions in Dec 22.

Figure 1: Recent performance and outlook of global recruitment peers

Company	Quarter	Group results (Asia-focused where relevant)	Companies' comments and guidance
Adecco (ADEN SW, Not Rated)	1QFY23 (Jan-Mar)	Asia revenue +10% yoy. Revenue from permanent placements rose 1% yoy while revenue from flexible placements rose 4% yoy.	Sectors that performed well were consulting, IT Tech, retail, and manufacturing. The group believes that the market for talent services remains dynamic. For 2QFY23, Adecco expects GPM and SG&A (as a % of revenue) to remain flat
Hays (HAS LN, Not Rated)	3QFY23 (Jan-Mar)	Asia fees decreased 4% yoy, with strong Malaysia (+30% yoy) offset by weak China markets (-26% yoy). Overall perm volumes fell 11% yoy while average perm fees rose 9% yoy. Overall temp volumes fell 2% yoy, while average temp fees rose 11% yoy.	Temporary and contracting activity remains solid, while perm staffing continues to see lengthening of "time-to-hire" due to higher client and candidate uncertainty. The group believes that they are a net beneficiary of wage inflation through FY23F. For 2HFY23, the group expects modest yoy improvements in operating profit and conversion rates
Heidrick & Struggles (HSII US, Not Rated)	1QFY23 (Jan-Mar)	Asia revenue decreased 16% yoy due largely to lower executive search revenue (-22% yoy). Executive search confirmation volumes declined 22% yoy in 1Q23.	2QFY23 net revenue guided to decline by c.10% yoy, as the group expects continued volatility in key markets
Kelly Services (KELYA US, Not Rated)	1QFY23 (Jan-Mar)	Asia revenue flat yoy. Overall perm revenue plummeted 34% yoy while overall temp revenue fell 4% yoy.	Permanent placement fees are being impacted by lower demand for full-time hiring. 2QFY23 revenue guided to decline by 2-3% yoy, EBITDA margin flat qoq.
Korn Ferry (KFY US, Not Rated)	3QFY23 (Nov-Jan)	Asia fee revenue declined 28% yoy due to weaker executive search revenue. Asia perm volumes fell 17% yoy while average perm fees fell 7% yoy.	Executive search volumes and fees saw weakness in China, Hong Kong, Japan, and Singapore. 4QFY23 revenue guided to decline by c.3% yoy
Page Group (PAGE LN, Not Rated)	1QFY23 (Jan-Mar)	Asia gross profit down 17% yoy, dragged by Mainland China (-46% yoy), Hong Kong (-36% yoy), and Southeast Asia (-12% yoy). Asia perm gross profit declined 21% yoy while temp gross profit rose 12% yoy.	Tough market conditions observed in Asia, US and UK. The group still sees candidate shortages and good levels of vacancies.
Randstad (RAND NA, Not Rated)	1QFY23 (Jan-Mar)	Asia revenue rose 4% yoy, driven by Japan (+3% yoy) and Australia & New Zealand (+5% yoy). Asia perm fees fell 18% yoy	Macro conditions remain challenging across key markets, translating into lower hiring activities. This trend has continued into April 2023.
Robert Walters (RWA LN, Not Rated)	1QFY23 (Jan-Mar)	Asia gross profit fell 1% yoy, with lower China fee income (-44% yoy) partially offset by stronger New Zealand (+18% yoy) and South Korea (+13% yoy).	Market uncertainty experienced in late 2022 has continued into the first quarter of 2023. That said, vacancy levels and salary inflation remain robust. The group also sees an ongoing systemic global shortage of qualified professionals.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Valuation and recommendation

We see a bleaker outlook for HRnet in the coming quarters given the weakening Singapore economy and challenging labour market conditions in China. We expect HRnet's FY23-24F permanent placement volumes to be the most impacted by deteriorating macro conditions, as employers grow more cautious about onboarding full-time employees. While we do expect flexible staffing volumes to remain resilient during this period, we believe this will be insufficient to offset the negative earnings impact from a decline in permanent placement volumes.

Given the poorer earnings outlook, we Downgrade HRnet to Hold from Add at a lower TP of S\$0.80. Our TP is now pegged to 13x FY24F P/E (previously 15x FY24F P/E), based on 0.5 s.d. below the group's FY17-22 mean as we see greater uncertainty in the group's FY23-25F earnings.

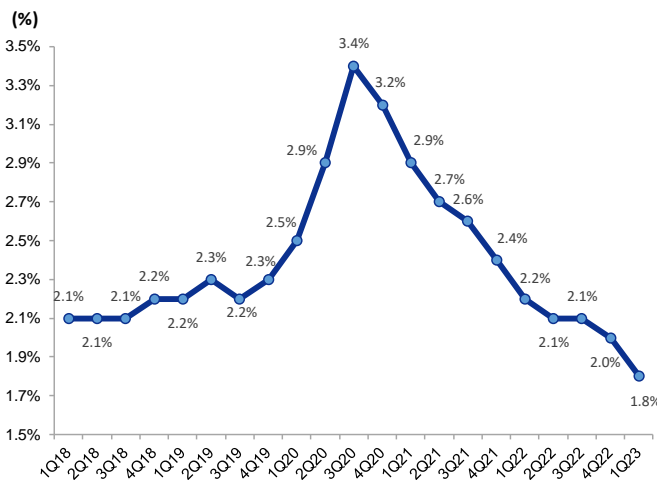
Upside risks:

- 1) Quicker improvement in North Asia hiring activities. HRnet's North Asia business is predominantly focused on permanent hires, which enjoy higher margins compared to flexible staffing. A stronger pick-up in permanent hiring volumes would drive quicker margin recovery for HRnet, in our view.
- 2) Accretive M&As. Net cash (as of end-FY22) is currently at c.45% of HRnet's current market cap. We believe earnings accretive M&As could potentially re-rate the stock.

Downside risks:

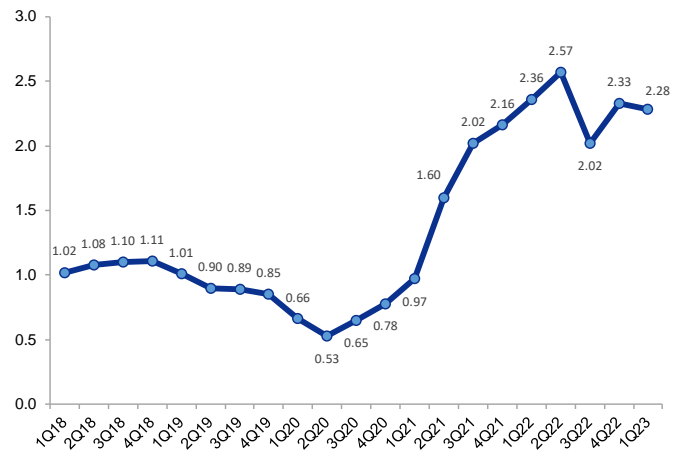
- 1) Steeper-than-expected decline in hiring volumes. Should Singapore enter a severe recession, hiring volumes for both permanent placements and flexible staffing would be adversely impacted. This would significantly hurt HRnet's earnings.
- 2) Widespread unemployment in high paying sectors. We understand that sectors such as finance, tech, and semicon enjoy higher salaries relative to other sectors. Rising unemployment in such sectors could result in lower average revenue per placement for HRnet, in our view.

Figure 2: Singapore unemployment rate remained low at 1.8% as at end-1Q23



SOURCES: CGS-CIMB RESEARCH, MINISTRY OF MANPOWER

Figure 3: Singapore job vacancy to unemployed ratio declined qoq to 2.28 in 1Q23

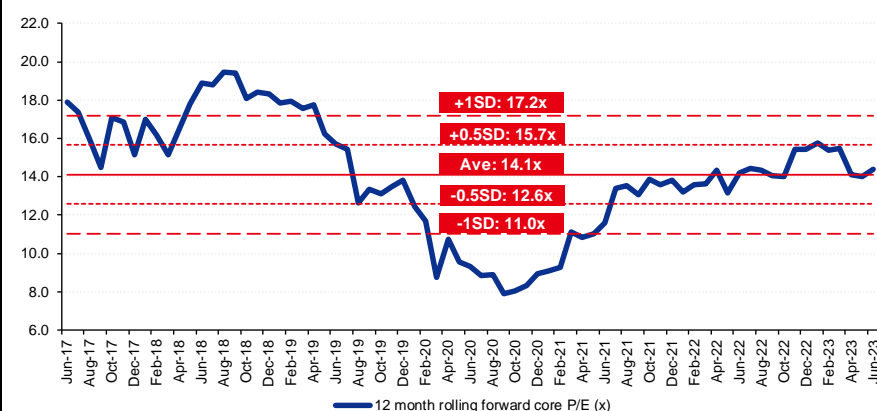


SOURCES: CGS-CIMB RESEARCH, MINISTRY OF MANPOWER

Figure 4: Earnings revision

FYE Dec (\$m)	New			Old			% change		
	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
Revenue	587.0	604.7	616.3	606.5	618.5	632.5	-3.2%	-2.2%	-2.6%
Gross profit	161.4	171.9	181.0	172.1	181.3	188.7	-6.3%	-5.2%	-4.1%
EBIT	58.9	66.3	71.4	66.4	71.1	74.4	-11.2%	-6.7%	-4.0%
Reported PATMI	59.3	61.8	65.7	64.3	66.4	68.1	-7.8%	-6.8%	-3.5%
Core PATMI	51.3	57.8	61.7	64.3	66.4	68.1	-20.2%	-12.9%	-9.4%
Core EPS (Scts)	5.1	5.8	6.2	6.4	6.6	6.8	-20.2%	-12.9%	-9.4%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 5: HRnet 12 month rolling forward core P/E (x)


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 6: Peer Comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x) CY23F	Core P/E (x) CY24F	3-year EPS CAGR (%)	P/BV (x) CY23F	Recurring ROE (%) CY23F	Dividend Yield (%) CY23F
HRnetGroup Limited	HRNET SP	HOLD	0.78	0.80	570	15.2	13.4	2.8%	2.04	13.8%	4.6%
Asian peers:											
Beijing Career International C	300662 CH	NR	35.72	NA	979	19.7	15.0	25.6%	2.70	14.0%	0.8%
Humanica PCL	HUMAN TB	NR	8.90	NA	219	26.6	21.2	24.1%	2.12	8.3%	2.6%
JAC Recruitment Co Ltd	2124 JP	NR	2,476	NA	716	17.9	14.5	21.6%	5.43	34.3%	3.5%
Pasona Group Inc	2168 JP	NR	1,683	NA	490	11.9	na	na	na	na	2.1%
Persol Holdings Co Ltd	2181 JP	NR	2,659	NA	4,331	29.7	14.5	28.2%	2.95	16.6%	3.0%
Recruit Holdings Co Ltd	6098 JP	NR	4,508	NA	53,408	26.7	33.5	8.8%	3.95	16.2%	0.6%
SEEK Ltd	SEK AU	NR	21.59	NA	5,146	30.3	32.2	-8.1%	2.80	10.6%	2.3%
TechnoPro Holdings Inc	6028 JP	NR	3,226	NA	2,443	21.5	18.8	-13.6%	4.42	21.7%	2.2%
Asian peers average						23.0	21.4	12.4%	3.48	17.4%	2.1%
Non-Asian peers:											
Adecco Group AG	ADEN SW	NR	28.88	NA	5,406	10.9	9.0	22.6%	1.30	11.2%	8.5%
Hays PLC	HAS LN	NR	101.90	NA	2,058	10.9	9.7	-16.0%	2.32	19.3%	3.1%
Heidrick & Struggles Internati	HSII US	NR	27.02	NA	541	9.7	9.3	na	1.18	14.2%	na
Kelly Services Inc	KELYA US	NR	17.78	NA	643	11.0	9.0	na	0.53	4.7%	na
Kforce Inc	KFRC US	NR	61.39	NA	1,249	16.6	15.3	6.3%	6.24	40.0%	2.3%
Korn Ferry	KFY US	NR	50.11	NA	2,626	12.2	11.2	-32.2%	na	na	1.2%
ManpowerGroup Inc	MAN US	NR	78.27	NA	3,947	12.4	10.7	10.9%	1.54	13.4%	3.5%
Pagegroup PLC	PAGE LN	NR	402.00	NA	1,679	13.5	10.7	1.7%	3.64	27.6%	6.7%
Randstad NV	RAND NA	NR	47.19	NA	9,425	11.2	10.5	-0.4%	1.76	16.2%	4.8%
Robert Half International Inc	RHI US	NR	70.91	NA	7,641	15.8	13.8	0.0%	4.29	29.3%	2.6%
Robert Walters PLC	RWA LN	NR	429.00	NA	406	12.1	8.9	2.1%	1.57	18.5%	5.5%
Non-Asian Peers Average						12.1	10.5	2.0%	2.44	19.4%	4.3%
Average of all-co excl. HRnetgroup						16.5	14.5	6.3%	2.87	18.6%	3.3%

 SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG
 Note: All forecasts for Not rated companies are based on Bloomberg consensus estimates
 Data as of 23 Jun 2023



ESG in a nutshell

HRnetGroup Limited (HRNET) is one of the leading recruitment and staffing companies in Asia Pacific (excluding Japan) and has committed to the UN's Sustainable Development Goals for its ESG causes. HRNET has done well in its ESG commitments and has demonstrated a good track record of zero incidents of non-compliance with laws and/or regulations from FY18 to FY22. HRNET allows business unit leaders to buy stakes in the subsidiaries that they run, something that is unique among listed companies in Singapore and represents a strong alignment of interests within the company. This leads to greater productivity, which is a driver for gross profits, better cost controls and more sustainable earnings, in our view.

Keep your eye on

HRNET's co-ownership scheme, unique among listed companies in Singapore, is a programme to cultivate and retain talent, reward performance and create a sense of ownership among employees. The number of co-owners as of FY22 was 151 (vs. FY21: 179), due to natural attrition, according to HRNET's 2022 annual report.

Implications

In our view, the high number of employees under the co-ownership scheme reflects an alignment of interests within HRNET as employees are invested in the company. This drives greater productivity, leading to higher gross profits, better cost controls and more sustainable earnings.

ESG highlights

HRNET has committed to the UN's Sustainable Development Goals with regards to the promotion of sustainable economic growth, decent work for all, and reducing inequality, according to the company's 2022 annual report. Comparing its performance in FY18-22, HRNET mostly met all its ESG targets set in prior years in FY18-22, which highlights its commitment to ESG causes. HRNET also engages in annual CSR activities across its operating markets.

Implications

It is important that HRNET promotes non-discriminatory hiring and advises its clients on good HR practices. HRNET also enhances the employability of its candidates by advising them on how to develop and improve their profiles and CVs, as well as refine their interview skills. This is important for the development of a fair labour market and to reduce inequality. Engagement in discriminatory hiring will result in penalties from authorities, which may negatively impact its reputation and financial performance.

Trends

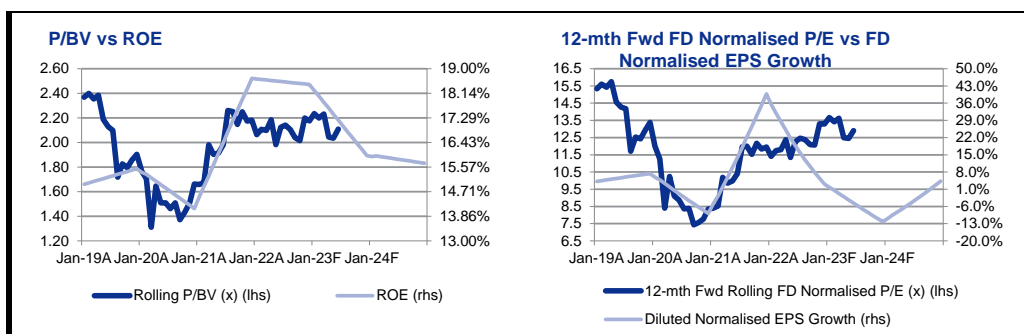
HRNET has not reported any incidents of non-compliance with laws and/or regulations that resulted in significant fines in FY18-22, demonstrating its good track record.

Implications

The recruitment industry is a heavily regulated industry, whereby non-compliance will lead to fines, reputational damage or loss of operating licence, which will negatively impact revenue and earnings.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(\$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Net Revenues	590.5	611.8	587.0	604.7	616.3
Gross Profit	174.9	174.2	161.4	171.9	181.0
Operating EBITDA	78.4	75.8	67.3	74.9	80.1
Depreciation And Amortisation	(9.1)	(8.6)	(8.3)	(8.6)	(8.7)
Operating EBIT	69.3	67.2	58.9	66.3	71.4
Financial Income/(Expense)	0.8	2.3	2.6	2.7	2.7
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	14.6	17.3	15.0	11.0	11.0
Profit Before Tax (pre-EI)	84.8	86.8	76.5	80.0	85.1
Exceptional Items					
Pre-tax Profit	84.8	86.8	76.5	80.0	85.1
Taxation	(14.5)	(14.3)	(12.9)	(13.7)	(14.5)
Exceptional Income - post-tax					
Profit After Tax	70.3	72.5	63.6	66.3	70.5
Minority Interests	(4.8)	(4.9)	(4.3)	(4.5)	(4.8)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
Net Profit	65.5	67.5	59.3	61.8	65.7
Normalised Net Profit	70.3	72.5	63.6	66.3	70.5
Fully Diluted Normalised Profit	65.5	67.5	59.3	61.8	65.7

Cash Flow

(\$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
EBITDA	78.43	75.78	67.28	74.89	80.08
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(23.54)	(7.85)	0.30	(2.87)	(1.94)
(Incr)/Decr in Total Provisions	0.12	(0.09)	0.00	0.00	0.00
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	9.53	22.08	15.00	11.00	11.00
Net Interest (Paid)/Received	0.95	1.06	2.60	2.70	2.70
Tax Paid	(12.81)	(15.74)	(12.94)	(13.68)	(14.55)
Cashflow From Operations	52.68	75.24	72.24	72.03	77.30
Capex	(1.38)	(1.54)	(1.41)	(1.45)	(1.48)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	(4.35)	(0.64)	0.00	0.00	0.00
Other Investing Cashflow	(18.84)	(27.36)	0.00	0.00	0.00
Cash Flow From Investing	(24.57)	(29.53)	(1.41)	(1.45)	(1.48)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	(10.09)	0.00	0.00	0.00
Dividends Paid	(25.07)	(61.48)	(40.46)	(35.86)	(37.41)
Preferred Dividends					
Other Financing Cashflow	(9.79)	(11.67)	(10.38)	(10.60)	(10.73)
Cash Flow From Financing	(34.85)	(83.24)	(50.84)	(46.46)	(48.14)
Total Cash Generated	(6.74)	(37.52)	20.00	24.12	27.68
Free Cashflow To Equity	28.11	45.71	70.84	70.58	75.82
Free Cashflow To Firm	28.59	46.13	71.24	70.88	76.12

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(\$m)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Cash And Equivalents	327.1	284.6	304.6	328.7	356.4
Total Debtors	119.6	106.9	107.5	110.5	112.5
Inventories					
Total Other Current Assets	25.0	47.7	47.7	47.7	47.7
Total Current Assets	471.7	439.1	459.7	486.9	516.6
Fixed Assets	1.5	1.5	1.7	1.9	2.1
Total Investments	35.1	24.0	24.0	24.0	24.0
Intangible Assets	6.5	7.2	7.1	7.1	7.0
Total Other Non-Current Assets	15.6	12.1	12.1	12.1	12.1
Total Non-current Assets	58.6	44.9	45.0	45.1	45.3
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	116.6	84.9	85.8	86.0	86.0
Other Current Liabilities	19.1	16.1	16.1	16.1	16.1
Total Current Liabilities	135.7	101.0	102.0	102.1	102.2
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	6.8	4.8	4.8	4.8	4.8
Total Non-current Liabilities	6.8	4.8	4.8	4.8	4.8
Total Provisions	0.0	0.0	0.0	0.0	0.0
Total Liabilities	142.5	105.8	106.7	106.9	106.9
Shareholders' Equity	370.2	361.8	380.6	406.6	434.9
Minority Interests	17.6	16.4	17.4	18.6	20.0
Total Equity	387.9	378.2	398.0	425.2	455.0

Key Ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue Growth	36.4%	3.6%	(4.1%)	3.0%	1.9%
Operating EBITDA Growth	52.7%	(3.4%)	(11.2%)	11.3%	6.9%
Operating EBITDA Margin	13.3%	12.4%	11.5%	12.4%	13.0%
Net Cash Per Share (S\$)	0.33	0.28	0.30	0.33	0.36
BVPS (S\$)	0.37	0.36	0.38	0.41	0.43
Gross Interest Cover	146.8	160.8	147.4	221.1	237.9
Effective Tax Rate	17.1%	16.5%	16.9%	17.1%	17.1%
Net Dividend Payout Ratio	61.8%	59.9%	60.5%	60.5%	60.5%
Accounts Receivables Days	55.77	63.85	62.28	61.73	61.89
Inventory Days	-	-	-	-	-
Accounts Payables Days	7.00	7.37	7.44	7.80	7.82
ROIC (%)	(1451%)	173%	66%	74%	77%
ROCE (%)	19.2%	18.3%	16.0%	16.8%	16.9%
Return On Average Assets	14.2%	13.9%	12.4%	12.4%	12.5%

Key Drivers

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Permanent placements - yoy chg (%)	11.0%	-8.4%	-10.0%	5.0%	5.0%
Contract employees - yoy chg (%)	34.4%	-6.3%	-5.0%	1.0%	0.5%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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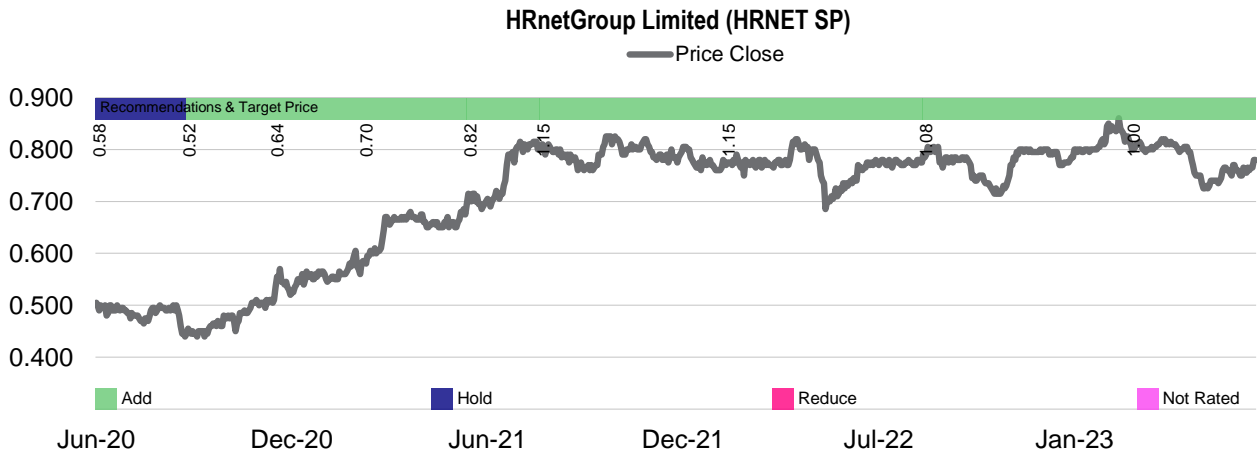
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Add	64.6%	1.1%
Hold	27.0%	0.2%
Reduce	8.3%	0.2%

Spitzer Chart for stock being researched (2 year data)



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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.