



April 14, 2020

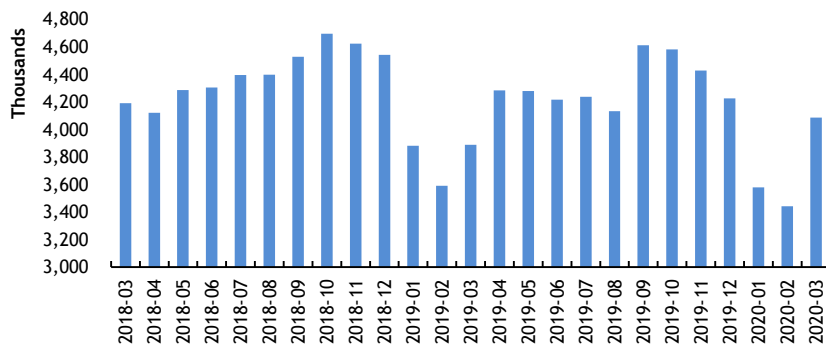
T. H. Data Flash - 51job Inc. – March 2020 and 1Q20E

The Resumption Of Business Operations In Eastern China Benefits JOBS; Expect Positive 1Q20 Performance; New Job Postings Rebounded Significantly in March

The post Covid-19 recovery in China has been orderly and steady since February 18, 2020. Our data showed that about 70% of labor forces have returned to work and about 100% of business activities have resumed operations. Specifically, Eastern China including Shanghai, Zhejiang, Jiangsu, Anhui and Shandong led the recovery; these regions are where JOBS operates most of its business. Therefore, the company benefits from such relative rapid recovery. We are positive on JOBS' performance in 1Q20. Based on our data and calculations, we believe 51Job's revenue in 1Q20 is likely to be at the high end of its guidance at RMB725M - RMB775M.

- Post Covid-19 recovery in China** – Based on our data, we believe about 70% of workers have already returned to work since Feb. 18, 2020. The level of out-flowing workers from major labor output regions like Henan, Sichuan, Hunan, Anhui, Hebei on average reached 70% of their norms (*Figure 3*), and in-flowing populations for major labor absorbing regions including Guangdong, Zhejiang, Jiangsu also reached about 70% of normal level (*Figure 3*). In eastern China, almost 100% of businesses have already resumed their operations (*Figure 4*).
- Job listings recovered sharply in March 2020** – In 1Q20, our data show that the number of newly added job postings went down in January and February, but rebounded quickly in March, showed 5% Y/Y growth (*Figure 1*), while the number of paying employers for JOBS is likely to reach 294.8K unique employers down 12.6% Y/Y as expected (*Figure 2*).
- Macro data** – Within 1Q20, approximately 2.43M new jobs were added in China, a decrease of 25.0% Y/Y, vs. increase of 0.4% Y/Y in 4Q19 (*Figure 5*).

Figure 1: JOBS: Newly Posted Job Listings – 3/2018 – 3/2020



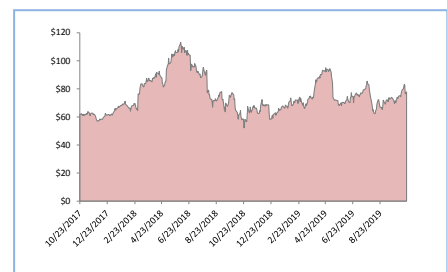
Source: T.H. DATA (www.thdata.com)

JOBS: Not Rated
Price: \$66.22
Target Price: N/A

52 Week Range:	\$53.94 - \$97.08
Market Cap:	\$4.4B
Avg. Daily Vol. (100 day):	177,606
3-Yr. Est. Rev. CAGR:	4%

FY (Dec)	2019A	2020E	2021E
Q1	911.9A	734.2E	858.8E
Q2	963.6A	817.1E	965.5E
Q3	989.0A	913.0E	1,042.0E
Q4	<u>1,135.6A</u>	<u>1,129.5E</u>	<u>1,239.5E</u>
FY Net Rev.	4,000.0A	3,593.7E	4,105.9E
Q1	5.33A	2.59E	2.44E
Q2	5.90A	3.36E	4.11E
Q3	4.49A	3.33E	4.25E
Q4	<u>6.33A</u>	<u>3.82E</u>	<u>4.52E</u>
FY EPS*	22.24A	12.65E	14.86E
P/E	20.7x	36.5x	31.0x

*Non-GAAP EPS
All figures in RMB millions unless otherwise noted

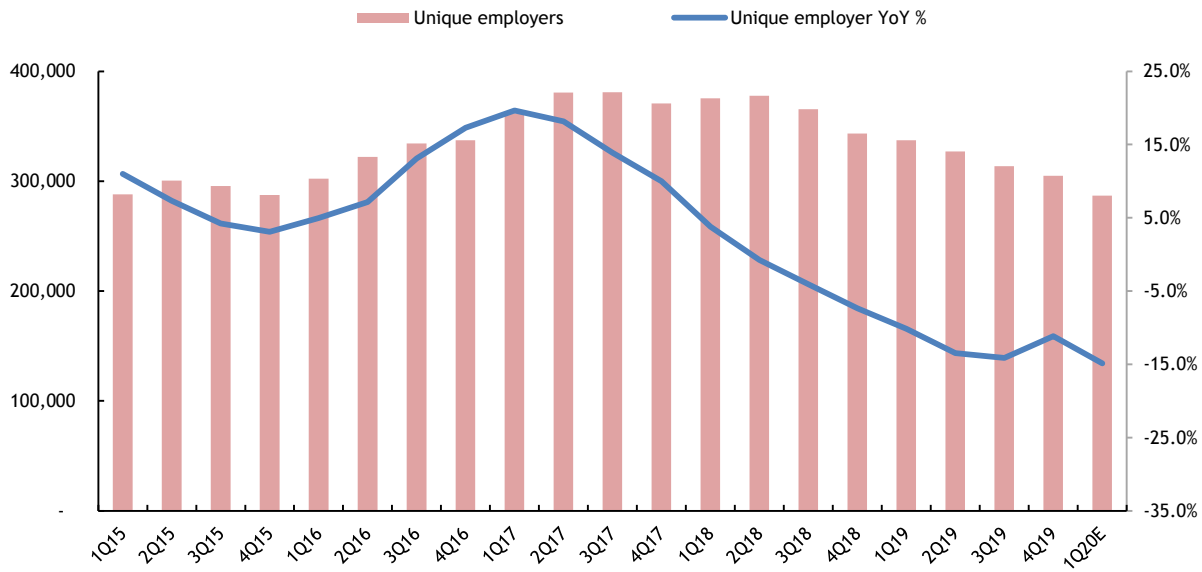


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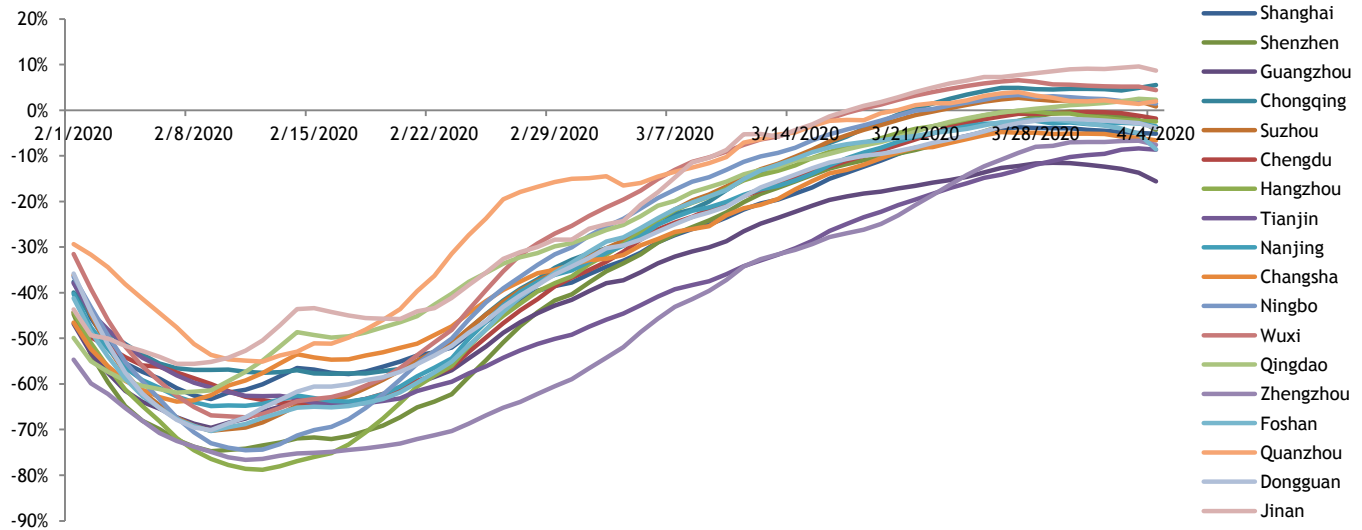
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Figure 2: JOBS: Number of Unique Paying Employers and Job Postings, 1Q15 – 1Q20E



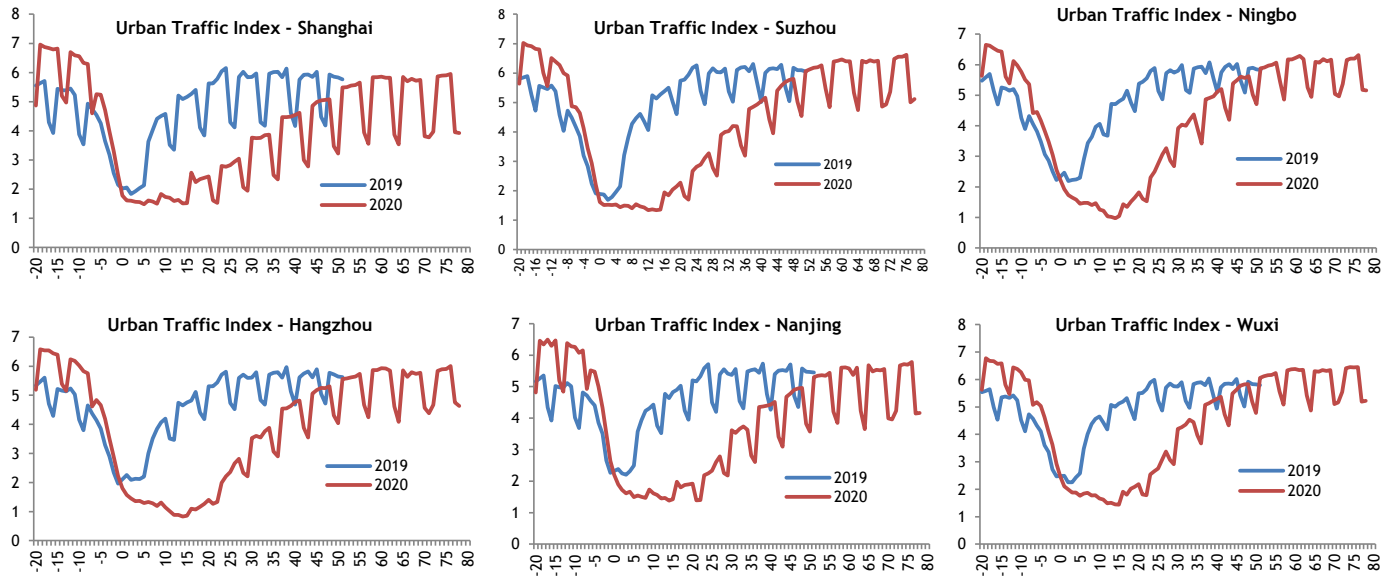
Source: T.H. DATA (www.thdata.com)

Figure 3: Y/Y Growth of Urban Traffic in Top 18 Cities - 7 days moving average, 02/01/2020 – 04/04/2020



Source: T.H. DATA (www.thdata.com)

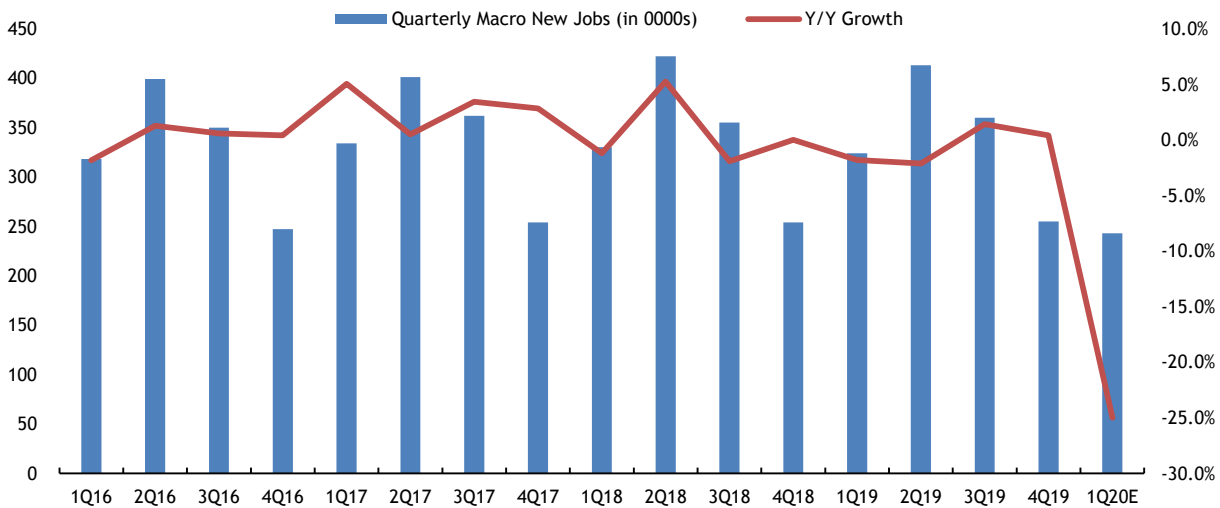
Figure 4: Urban Traffic in Major Eastern China Regions, 20 days before Chinese New Year's Day to 80 Days After



Note: day 0 = the first day of Chinese New Year's Day

Source: T.H. DATA (www.thdata.com)

Figure 5: China Macro Data – Quarterly New Jobs – 1Q16 – 1Q20E



Source: Statistical Bureau of China

Figure 6: Earnings Model (in RMB Ms, except per share)

	FY18A	FY19A	1Q20E	2Q20E	3Q20E	4Q20E	FY20E	1Q21E	2Q21E	3Q21E	4Q21E	FY21E
	31/12/2018	31/12/2019	31/03/2020	30/06/2020	30/09/2020	31/12/2020	31/12/2020	31/03/2021	30/06/2021	30/09/2021	31/12/2021	31/12/2021
Income Statement (m's of RMB)												
Online recruitment services	2,431.90	2,471.18	465.55	492.73	557.39	607.25	2,122.92	563.32	611.97	654.48	675.51	2,505.28
Other human resource related revenues	1,350.05	1,528.85	268.64	324.36	355.56	522.23	1,470.79	295.50	353.55	387.56	564.01	1,600.63
Total revenues	3,781.95	4,000.03	734.19	817.09	912.95	1,129.49	3,593.71	858.82	965.53	1,042.04	1,239.52	4,105.91
Less: Government surcharges	(42.25)	-	-	-	-	-	-	-	-	-	-	-
Net revenue	3,739.70	4,000.03	734.19	817.09	912.95	1,129.49	3,593.71	858.82	965.53	1,042.04	1,239.52	4,105.91
Cost of services	(1,038.77)	(1,221.94)	(242.28)	(228.79)	(262.93)	(361.44)	(1,095.43)	(274.82)	(270.35)	(300.11)	(396.65)	(1,241.92)
Gross profit	2,700.94	2,778.09	491.91	588.31	650.02	768.05	2,498.28	584.00	695.18	741.93	842.87	2,863.98
Sales and marketing (including SBC)	(1,197.18)	(1,188.23)	(256.97)	(302.32)	(356.05)	(417.91)	(1,333.25)	(352.12)	(347.59)	(375.14)	(433.83)	(1,508.67)
General and administrative (including SBC)	(353.56)	(384.07)	(110.13)	(114.39)	(118.68)	(124.24)	(467.45)	(128.82)	(135.17)	(140.68)	(148.74)	(553.41)
Total Operating Expense	(1,550.74)	(1,572.31)	(367.09)	(416.72)	(474.73)	(542.15)	(1,800.70)	(480.94)	(482.76)	(515.81)	(582.57)	(2,062.09)
Non-GAAP Op Income	1,255.17	1,331.93	163.04	219.82	225.01	275.42	883.29	159.33	278.69	293.90	327.87	1,059.80
Income from operations	1,150.20	1,205.79	124.81	171.59	175.29	225.90	697.58	103.06	212.42	226.12	260.30	801.90
Income before income tax expense	1,486.88	762.09	192.77	242.19	248.53	303.40	986.89	177.08	289.80	305.61	343.36	1,115.85
Income tax (expense)/benefit	(242.43)	(235.89)	(73.42)	(81.71)	(91.29)	(112.95)	(359.37)	(85.88)	(96.55)	(104.20)	(123.95)	(410.59)
Net Income	1,244.44	526.20	119.35	160.48	157.23	190.45	627.52	91.20	193.25	201.41	219.41	705.26
Amount allocated to participating holders of Series A Preference	-	-	-	-	-	-	-	-	-	-	-	-
Net income attributable to common shareholders	1,244.44	526.20	119.35	160.48	157.23	190.45	627.52	91.20	193.25	201.41	219.41	705.26
Less: Net loss attributable to non-controlling interests	(7.88)	(6.12)	(1.91)	(2.11)	(2.31)	(2.51)	(8.82)	(2.71)	(2.91)	(3.11)	(3.31)	(12.02)
Net income attributable to 51job, Inc.	1,252.32	532.32	121.26	162.59	159.54	192.95	636.34	93.90	196.15	204.51	222.71	717.28
Share-based compensation expense	104.97	126.15	38.23	48.23	49.73	49.53	185.71	56.28	66.28	67.78	67.58	257.90
(Gain) Loss from foreign currency translation	112.35	(67.88)	5.84	5.84	5.84	5.84	23.34	5.84	5.84	5.84	5.84	23.34
GAAP income tax expense	(242.43)	(235.89)	(73.42)	(81.71)	(91.29)	(112.95)	(359.37)	(85.88)	(96.55)	(104.20)	(123.95)	(410.59)
Change in fair value of equity securities investment	-	42.41	-	-	-	-	-	-	-	-	-	-
Impairment of long-term investments	-	98.28	-	-	-	-	-	-	-	-	-	-
Tax impact of share-based compensation expense, gain (loss) fr	(0.03)	(0.04)	(0.06)	(0.06)	(0.06)	(0.06)	(0.22)	(0.06)	(0.06)	(0.06)	(0.06)	(0.22)
Non-GAAP income tax expense	(242.47)	(235.93)	(73.47)	(81.77)	(91.35)	(113.00)	(359.60)	(85.94)	(96.61)	(104.26)	(124.01)	(410.81)
Non-GAAP adjusted net income	1,362.65	1,477.14	163.36	214.49	212.74	245.76	836.34	153.25	265.30	274.96	292.76	986.28
Non-GAAP adjusted net income attributable to 51job, Inc.	1,370.53	1,483.25	165.26	216.60	215.04	248.26	845.16	155.96	268.21	278.07	296.07	998.30
GAAP Diluted EPS	11.56	7.98	1.78	2.40	2.35	2.84	9.37	1.36	2.88	3.00	3.27	10.52
Non-GAAP Diluted EPS	20.27	22.24	2.59	3.36	3.33	3.82	12.65	2.44	4.11	4.25	4.52	14.86
Weighted average shares outstanding (basic)	60,741.71	60,866.71	60,866.71	60,866.71	60,966.71	61,066.71	60,941.71	61,066.71	61,066.71	61,166.71	61,266.71	61,141.71
Weighted average shares outstanding (diluted) - GAAP	67,209	67,473	66,895	66,920	66,945	66,970	66,932	66,995	67,020	67,045	67,070	67,032
Margins %												
Less: Government surcharges	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net revenue	98.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of services	27.5%	30.5%	33.0%	28.0%	28.8%	32.0%	30.5%	32.0%	28.0%	28.8%	32.0%	30.2%
Gross profit	71.4%	69.5%	67.0%	72.0%	71.2%	68.0%	69.5%	68.0%	72.0%	71.2%	68.0%	69.8%
Sales and marketing (including SBC)	31.7%	29.7%	35.0%	37.0%	39.0%	37.0%	37.1%	41.0%	36.0%	36.0%	35.0%	36.7%
General and administrative (including SBC)	9.3%	9.6%	15.0%	14.0%	13.0%	11.0%	13.0%	15.0%	14.0%	13.5%	12.0%	13.5%
Total operating expense	41.0%	39.3%	-50.0%	-51.0%	-52.0%	-48.0%	50.1%	-56.0%	-50.0%	-49.5%	-47.0%	50.2%
Non-GAAP Op margin	33.2%	33.3%	22.2%	26.9%	24.6%	24.4%	24.6%	18.6%	28.9%	28.2%	26.5%	25.8%
Income from operations	30.4%	30.1%	17.0%	21.0%	19.2%	20.0%	19.4%	12.0%	22.0%	21.7%	21.0%	19.5%
Income tax (expense)/benefit	-6.4%	-5.9%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Net Income	32.9%	13.2%	16.3%	19.6%	17.2%	16.9%	17.5%	10.6%	20.0%	19.3%	17.7%	17.2%
Non-GAAP adjusted net income attributable to 51job, Inc.	36.6%	37.1%	22.5%	26.5%	23.6%	22.0%	23.5%	18.2%	27.8%	26.7%	23.9%	24.3%
Y/Y Growth												
Online recruitment services	29.9%	1.6%	-24.1%	-19.4%	-12.0%	-1.0%	-14.1%	21.0%	24.2%	17.4%	11.2%	18.0%
Other H.R.-related revenues	33.7%	13.2%	-10.0%	-8.0%	0.0%	0.0%	-3.8%	10.0%	9.0%	9.0%	8.0%	8.8%
Total revenues	31.3%	5.8%	-19.5%	-15.2%	-7.7%	-0.5%	-10.2%	17.0%	18.2%	14.1%	9.7%	14.3%
Less: Business and related taxes	29.5%	-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net revenue	31.3%	7.0%	-19.5%	-15.2%	-7.7%	-0.5%	-10.2%	17.0%	18.2%	14.1%	9.7%	14.3%
Cost of services	36.1%	17.6%	-2.8%	-20.5%	-14.3%	-4.4%	-10.4%	13.4%	18.2%	14.1%	9.7%	13.4%
Gross profit	29.5%	2.9%	-25.7%	-13.0%	-4.7%	1.4%	-10.1%	18.7%	18.2%	14.1%	9.7%	14.6%
Sales and marketing (including SBC)	30.4%	-0.7%	-11.0%	-3.6%	9.3%	60.7%	12.2%	37.0%	15.0%	5.4%	3.8%	13.2%
General and administrative (including SBC)	19.2%	8.6%	22.0%	24.4%	19.0%	21.6%	21.7%	17.0%	18.2%	18.5%	19.7%	18.4%
Total operating expense	27.7%	1.4%	-3.1%	2.7%	11.6%	49.7%	14.5%	31.0%	15.8%	8.7%	7.5%	14.5%
Income from operations	32.1%	4.8%	-56.0%	-36.5%	-31.7%	-42.9%	-42.1%	-17.4%	23.8%	29.0%	15.2%	15.0%
Income before income tax expense	174.2%	-48.7%	824.8%	80.8%	-28.8%	-0.7%	29.5%	-8.1%	19.7%	23.0%	13.2%	13.1%
Income tax (expense)/benefit	43.0%	-2.7%	22.3%	21.2%	79.8%	96.0%	52.3%	17.0%	18.2%	14.1%	9.7%	14.3%
Net Income	233.8%	-57.7%	0.0%	141.1%	-47.3%	-23.2%	19.3%	-23.6%	20.4%	28.1%	15.2%	12.4%
Non-GAAP net income	44.2%	8.2%	-52.7%	-45.9%	-29.2%	-42.3%	-43.0%	-5.6%	23.8%	29.3%	19.3%	18.1%
Q/Q Growth												
Online recruitment services			-24.1%	5.8%	13.1%	8.9%		-7.2%	8.6%	6.9%	3.2%	
Other H.R.-related revenues			-48.6%	20.7%	9.6%	46.9%		-43.4%	19.6%	9.6%	45.5%	
Total revenues			-35.3%	11.3%	11.7%	23.7%		-24.0%	12.4%	7.9%	19.0%	
Less: Business and related taxes			0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	
Net revenue			-35.3%	11.3%	11.7%	23.7%		-24.0%	12.4%	7.9%	19.0%	
Cost of services			-35.9%	-5.6%	14.9%	37.5%		-24.0%	-1.6%	11.0%	32.2%	
Gross profit			-35.1%	19.6%	10.5%	18.2%		-24.0%	19.0%	6.7%	13.6%	
Sales and marketing (including SBC)			-1.2%	17.7%	17.8%	17.4%		-15.7%	-1.3%	7.9%	15.6%	
General and administrative (including SBC)			7.8%	3.9%	3.8%	4.7%		3.7%	4.9%	4.1%	5.7%	
Total operating expense			1.4%	13.5%	13.9%	14.2%		-11.3%	0.4%	6.8%	12.9%	
Income from operations			-68.4%	37.5%	2.2%	28.9%		-54.4%	106.1%	6.5%	15.1%	
Income before income tax expense			-36.9%	25.6%	2.6%	22.1%		-41.6%	63.7%	5.5%	12.4%	
Income tax (expense)/benefit			27.4%	11.3%	11.7%	23.7%		-24.0%	12.4%			

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