



Hudson Global, Inc. (HSON)

HSON's 1H:21 Business Wins, Growing Prospect Funnel Fuel Expectations For A Meaningful Lift In 3Q:21 Adjusted Net Revenue And EPS; Attractive Valuation, Robust Balance Sheet Support \$31 PT

	2019	2020	2021E		2022E	
			OLD	NEW	OLD	NEW
Mar.	(\$0.54)	(\$0.17)	(\$0.07)A		\$0.01	
June	(0.29)	(0.27)	(0.04)A		0.16	
Sep.	0.11	(0.41)	0.45		0.53	
Dec.	0.48	0.41	0.46		0.56	
EPS	(\$0.30)	(\$0.43)	\$0.80		\$1.25	
P/E			20.3x		13.0x	
Adj. EBITDA (mil)	\$0.5	(\$0.4)	\$6.0		\$7.3	
EV / Adj. EBITDA			4.2x		3.4x	

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. 2Q:20 includes \$0.14 in non-recurring cost items. 2019-2022E include \$0.18-\$0.21 annually of stock-based compensation expense. *FCF excludes the add-back of stock-based comp expense. Sum of quarterly EPS may not equal full-year total due to rounding and/or changes in share count. NC = Not covered by Sidoti & Co., LLC.

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E
Rev.(Mil.)*	\$562.6	\$581.2	\$463.2	\$422.7	\$59.6	\$66.9	\$93.8	\$101.4	\$155.0	\$168.8
GAAP EPS*	(\$9.35)	(\$4.02)	\$0.68	(\$2.65)	(\$0.92)	\$2.39	(\$0.30)	(\$0.43)	\$0.80	\$1.25

* GAAP EPS are adjusted to reflect a 10-for-1 reverse split in June 2019. 2013-2016 include restructuring charges and gains from asset sales. 2017 and 2018 revenue adjusted to reflect the absence of discontinued operations. 2018 include \$4.00 from business unit sales.

Description: Hudson Global Inc. (www.hudsonrpo.com) provides customized recruitment process outsourcing (RPO) and total talent solutions (TTS) to companies worldwide under the brand name Hudson RPO. Following the early-2018 divestiture of three agency recruitment businesses, the company now operates three RPO segments: Hudson Asia Pacific (75% of 2020 revenue), Hudson Americas (11%) and Hudson Europe (15%). Headquarters are in Old Greenwich, CT.

Release Date	Conference Call	Time (Eastern)	Contact	Co. Guidance	Consensus
Early November	N/A	N/A	N/A	N/A	\$0.45

- **As highlighted, we saw a robust recovery for HSON in 1H:21, notably in 2Q:21 where adjusted net revenue (or gross profit, which we view as a stronger indicator of underlying business trends), jumped 53% year-to-year in constant currency.**
- **Strong demand was evident across all three regions. We call attention to the Americas unit (33% of net revenue) and the seemingly successful acquisition of Coit in 4Q:20, an RPO firm focused on high-growth tech companies; it appears that many pipeline opportunities are opening for HSON in the U.S. and abroad.**
- **Following the better-than-expected 2Q:21 earnings report, we raised our estimates across the board to reflect the spate of new business wins, an improving prospect funnel and margin trends across each region.**
- **Accordingly, we estimate 3Q:21 adjusted net revenue will surge 70% from a year prior, with the most pronounced gain again in the Americas division.**
- **We remind investors that 1H:21 results were dampened by higher operating expenses tied to sales and marketing initiatives and headcount additions as HSON staffed up ahead of client engagements. We expect that somewhat eased in 3Q:21.**
- **We, thus, anticipate 3Q:21 EPS of \$0.45 (\$0.61 on an adjusted basis, including non-cash comp expense tied to Coit), versus a loss per share of \$0.41 in 3Q:20.**
- **We contend that HSON does not get enough credit for its robust balance sheet. The company ended 2Q:21 with no debt and net cash of \$24 million (\$8 per share). Based on our EPS and FCF outlooks of \$0.12 per share in 2021 and \$1.24 in 2022, we forecast year-end 2022 net cash of \$25 million (about \$9 per share).**
- **Our \$31 price target is 25x (in line with our five-year EPS CAGR projection of 25%) our 2022 EPS estimate of \$1.25. The Moderately Risky rating reflects HSON's**

NR

Price Target: \$31

Price: \$16.20

Risk Rating: M

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Key Statistics

Analysts Covering	1
Market Cap (Mil)	\$40
Enterprise Value	\$25
52-Week Range (NASDAQ)	20-10
5-Year EPS CAGR	25%
Avg. Daily Trading Volume	9,000
Shares Out (Mil)	2.690
Float Shares (Mil)	2.252
Insider Ownership	13%
Institutional Holdings	59%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (2022E)*	\$1.24
FCF Yield (2022E)	7.7%
Net Cash Per Share (2022E)	\$8.74
Price to Book Value	1.3x
Return on Equity (2022E)	10.4%
Total Debt to Capital	2%
Interest Coverage Ratio	N/A
Short Interest %	0.1%
Short Interest Days To Cover	0.7
Russell 2000	2,268
Russell 2000 – Last 12 Months	38.2%
HSON – Last 12 Months	68.6%



Hudson Global, Inc.

Source: FactSet Prices

sound financial profile and our expectation that sustained profitability will begin this year.

We recall that HSON's 2Q:21 results displayed signs of an accelerated global business recovery. Revenue was up 41% in constant currency from the prior-year period. We find that it is better to focus on gross profit, or "adjusted net revenue," as the better metric to track underlying growth. This is because of a higher overall mix of MSP (managed service provider) work, where a typical contract inflates GAAP revenue, due to labor cost pass-throughs. Accordingly, HSON's 2Q:21 adjusted net revenue surged 53% year over year in constant currency with evidence of broad-based gains within all three operating regions/segments. Of note, *Hudson Asia Pacific* (46% of 2Q:21 adjusted net revenue), posted adjusted net revenue growth of 26% in constant currency, driven by a greater mix of MSP volume. We are most encouraged by the accelerated growth within *Hudson Americas* (33%), where adjusted net revenue jumped 159% year over year in constant currency and 19% sequentially. We attribute much of this to the October 2020 acquisition of *Coit Group*, a recruitment process outsourcing (RPO) provider with a clientele of high-growth technology companies, primarily in the San Francisco Bay Area. However, excluding *Coit*, the legacy business grew a healthy 30% year over year. Although operating expenses were markedly higher due to sales and marketing initiatives and headcount additions as the company staffed up ahead of client engagements, we saw significant operating leverage emerge in the model. HSON posted 2Q:21 operating income of \$295,000, versus an operating loss of \$883,000 loss in 2Q:20.

Coming out of 1H:21, we raised our estimates across the board to account for the pace of new business wins and growing sales pipeline. As noted, management recently highlighted the pace of new business wins and growing prospect funnel that supported expectations for a strong 2H:21. This also included the emerging traction within the Americas, whereby *Coit* was seemingly opening the door to many pipeline opportunities domestically and abroad (which was part of Hudson's rationale and strategy behind the deal). Accordingly, our model reflects adjusted net revenue growth to \$59 million in full-year 2021 and \$68 million in 2022, from \$39 million in 2020. Although somewhat offset by higher expecting operating expenses tied to sales and marketing initiatives, technology investments and personnel additions, we still estimate EPS of \$0.80 this year and \$1.25 in 2022, versus a loss per share of \$0.43 in 2020. We understand that the situation around COVID-19 remains fluid. While this may result in pockets of weakness in certain geographies or an elongated sales/engagement cycle, we do not envision a meaningful fallout from this nor any long-term structural shifts in the RPO business model and global demand environment.

We look for 3Q:21 results to mark the turn to sustained profitability. Our model shows a 59% year-over-year revenue advance and 71% adjusted net revenue/gross profit improvement over 3Q:20, including the expected contribution from *Coit*, which we estimate will add \$7-\$8 million in annual adjusted net revenue/gross profit dollars in 2021. Although upfront project-related costs are expected to lean somewhat on near-term margins and profitability, this will be more than offset by the robust adjusted net revenue growth, by our model. Accordingly, we estimate a 3Q:21 operating profit of \$1.6 million, versus an operating loss of \$1.1 million a year ago. By our model, this equates to EPS of \$0.45, versus a loss per share of \$0.41 in 3Q:20.

Exhibit 1: Hudson Global, Inc. Earnings Preview Summary (\$ in '000s, except per share data)

	3Q:21 Estimated	3Q:20 Actual	Variance	% change
Revenue	\$40,350	\$25,413	\$14,937	58.8%
Gross Profit	15,501	9,070	6,431	70.9%
Gross Margin	38.4%	35.7%		
Adjusted EBITDA (Loss)	1,730	(661)	2,391	NM
Operating (Loss) Income	1,610	(1,102)	2,712	NM
Operating Margin	4.0%	-4.3%		
Net (Loss) Income	1,296	(1,157)	2,453	NM
Diluted GAAP (Loss per share) EPS	0.45	(0.41)	0.85	NM

Sources: Company filings and Sidoti & Company, LLC estimates

HSON's robust balance sheet should merit more investor attention, in our view. Hudson ended 2Q:21 with net cash of \$24 million (\$8 per share) and no debt. We expect the company to achieve positive operating cash flow in 2021 and 2022. Based on our EPS and cash flow assumptions, and incorporating the *Coit* acquisition, we forecast a year-end 2022 net cash balance of \$25 million, or \$8.74 per share. We also note that the company has \$318 million of usable net operating losses in the U.S., which management contends, and we agree, is a "very valuable asset for its shareholders." As for capital allocation, we think management will focus on share repurchases (the company has reduced the share count by 16% since December 2018 and \$1.7 million remains under the current share repurchase program) and bolt-on acquisitions (similar to the *Coit* deal) that could expand HSON's service offering and/or global footprint. We note that our estimates include no potential deals.

Valuation

We maintain a \$31 price target and Moderately Risky rating on HSON shares. We value the stock at 25x, in line with our 5-year EPS CAGR projection. Thus, at 25x our 2022 EPS estimate of \$1.25, we derive a \$31 price target. Our valuation multiple is a premium to the mid- to upper-teen multiples accorded peers, as it reflects the company's steady business model, blue-chip customer base, generally lower overall risk profile, as well as credit for strong financials. We cite another valuation method that also supports this price target; if we apply a multiple roughly in line with the peer group average (17x-18x) to our 2022 EPS estimate and add \$8.74 in projected year-end 2022 cash per share, this also yields a \$31 target. The Moderately Risky rating reflects HSON's robust balance sheet and our expectation for sustained profitability going forward.

Key Risks

A global recession, notably in APAC

Client concentration

Delayed client decisions, program ramps

HUDSON GLOBAL, INC.

Table 1: Hudson Global, Inc. Income Statement (\$ in thousands)

	2019	Mar	Jun	Sep	Dec	2020	MarA	JunA	SepE	DecE	2021E	MarE	JunE	SepE	DecE	2022E
Revenue	\$ 93,811	\$ 24,131	\$ 24,573	\$ 25,413	\$ 27,331	\$ 101,448	\$ 34,461	\$ 39,674	\$ 40,350	\$ 40,550	\$ 155,035	\$ 41,250	\$ 42,000	\$ 42,750	\$ 42,750	\$ 168,750
Direct Costs	50,245	14,333	15,643	16,343	16,048	62,367	21,743	24,583	24,850	24,746	95,922	25,182	24,999	25,285	25,445	100,911
Gross Profit	43,566	9,798	8,930	9,070	11,283	39,081	12,718	15,091	15,501	15,804	59,113	16,068	17,001	17,465	17,305	67,839
Operating Expenses:																
Salaries and Related	45,142	10,298	9,789	10,147	11,314	41,548	12,590	14,683	13,781	14,035	55,089	15,940	16,361	15,512	15,250	63,062
Depreciation and Amortization	85	24	24	25	106	179	110	113	110	105	438	100	100	100	100	400
Total Operating Expenses	45,227	10,322	9,813	10,172	11,420	41,727	12,700	14,796	13,891	14,140	55,527	16,040	16,461	15,612	15,350	63,462
Operating (Loss) Income	(1,661)	(524)	(883)	(1,102)	(137)	(2,646)	18	295	1,610	1,664	3,587	28	540	1,853	1,956	4,377
Interest Income, net	617	79	40	14	16	149	10	9	10	12	41	16	18	18	20	72
Other Income (Expense), net	(338)	41	337	96	1,315	1,789	(53)	(37)	-	-	(90)	-	-	-	-	-
(Loss) Income Before Income Taxes	(1,382)	(404)	(506)	(992)	1,194	(708)	(25)	267	1,620	1,676	3,538	44	558	1,871	1,976	4,449
Income Tax (Benefit)	(540)	107	266	165	(3)	535	178	389	324	335	1,226	9	112	374	395	890
Net (Loss) Income (from Cont. Ops)	(955)	(511)	(772)	(1,157)	1,197	(1,243)	(203)	(122)	1,296	1,341	2,312	35	447	1,497	1,580	3,559
Diluted (Loss) EPS	\$ (0.30)	\$ (0.17)	\$ (0.27)	\$ (0.41)	\$ 0.41	\$ (0.43)	\$ (0.07)	\$ (0.04)	\$ 0.45	\$ 0.46	\$ 0.80	\$ 0.01	\$ 0.16	\$ 0.53	\$ 0.56	\$ 1.25
Avg. Diluted Shares O/S	3,131	3,065	2,839	2,858	2,894	2,911	2,891	2,906	2,900	2,900	2,899	2,875	2,850	2,850	2,825	2,850
EBITDA Analysis:																
Adjusted EPS (incl. comp expense from Coit acq., net)	\$ 0.04	\$ (0.08)	\$ (0.13)	\$ (0.38)	\$ 0.20	\$ (0.38)	\$ 0.07	\$ 0.15	\$ 0.61	\$ 0.63	\$ 1.47	\$ 0.18	\$ 0.33	\$ 0.69	\$ 0.73	\$ 1.93
Adjusted EBITDA (loss)	457	(78)	(367)	(661)	750	(356)	753	1,682	1,730	1,819	5,984	778	1,790	2,303	2,406	7,277
Margin Analysis:																
Gross Margin	46.4%	40.6%	36.3%	35.7%	41.3%	38.5%	36.9%	38.0%	38.4%	39.0%	38.1%	39.0%	40.5%	40.9%	40.5%	40.2%
Salaries and Related as a % of Revenue	48.1%	42.7%	39.8%	39.9%	41.4%	41.0%	36.5%	37.0%	34.2%	34.6%	35.5%	38.6%	39.0%	36.3%	35.7%	37.4%
Adjusted EBITDA (loss) Margin	0.5%	-0.3%	-1.5%	-2.6%	2.7%	-0.4%	2.2%	4.2%	4.3%	4.5%	3.9%	1.9%	4.3%	5.4%	5.6%	4.3%
Adjusted EBITDA as % of Adj. Net Revenue/Gross Profit	7.2%	-0.8%	-4.1%	-7.3%	6.6%	-0.9%	5.9%	11.1%	11.2%	11.5%	10.1%	4.8%	10.5%	13.2%	13.9%	10.7%
Operating Margin	-1.8%	-2.2%	-3.6%	-4.3%	-0.5%	-2.6%	0.1%	0.7%	4.0%	4.1%	2.3%	0.1%	1.3%	4.3%	4.6%	2.6%
Effective Tax Rate	NM	NM	NM	NM	NM	NM	NM	NM	20.0%	20.0%	34.7%	20.0%	20.0%	20.0%	20.0%	20.0%
Net Margin (from continuing operations)	-1.0%	-2.1%	-3.1%	-4.6%	4.4%	-1.2%	-0.6%	-0.3%	3.2%	3.3%	1.5%	0.1%	1.1%	3.5%	3.7%	2.1%
Year-Over-Year Comparisons:																
Total Revenue Growth	40.2%	49.1%	-7.0%	-1.4%	7.4%	8.1%	42.8%	61.5%	58.8%	48.4%	52.8%	19.7%	5.9%	5.9%	5.4%	8.8%
Gross Profit Growth	3.5%	4.3%	-23.4%	-20.4%	1.5%	-10.3%	29.8%	69.0%	70.9%	40.1%	51.3%	26.3%	12.7%	12.7%	9.5%	14.8%
Adjusted EBITDA Growth	NM	NM	NM	NM	-15.6%	NM	NM	NM	NM	NM	NM	NM	6.4%	33.1%	32.3%	21.6%
Operating Income Growth	NM	NM	NM	NM	NM	59.3%	NM	NM	NM	NM	NM	NM	NM	15.1%	17.5%	22.0%
Net Income Growth	NM	NM	NM	NM	-19.3%	NM	NM	NM	NM	NM	NM	NM	NM	15.5%	17.9%	54.0%
Diluted EPS Expansion	NM	NM	NM	NM	-13.2%	NM	NM	NM	NM	NM	NM	NM	NM	17.5%	21.0%	56.6%

Sources: Sidoti & Company, LLC estimates; Company reports

HUDSON GLOBAL, INC.

Table 2: Hudson Global, Inc. Statement of Cash Flow (\$ in thousands)

	2019	Mar	Jun	Sep	2020	MarA	JunA	2021E	2022E
<u>Cash Flows From Operating Activities:</u>									
Net (Loss) Income	\$ (955)	\$ (511)	\$ (772)	\$ (1,157)	\$ (1,243)	\$ (203)	\$ (122)	\$ 2,312	\$ 3,559
Depreciation and Amortization	85	24	24	25	179	110	113	438	400
Provision for Doubtful Accounts	80	2	7	24	34				
(Benefit from) Provision for Deferred Income Taxes	(210)	66	12	(2)	(169)	(70)	(175)	(245)	
Stock-Based Compensation	961	144	93	334	737	302	794	1,396	1,400
Gain on Sale of Consolidated Subsidiaries									
Gross Cash Flow	(39)	(275)	(636)	(776)	(462)	139	610	3,901	5,359
Operating Sources (Uses):									
Change in Accounts Receivable	(2,941)	(1,083)	1,188	728	672	(3,813)	(2,579)	(6,425)	(1,719)
Change in Prepaid and Other Assets	652	(94)	(498)	174	(34)	(22)	88	(429)	(72)
Change in Accounts Payable, Accrued and Other	(2,500)	(1,278)	1,821	(629)	(1,602)	1,284	2,880	4,842	1,479
Total Changes in Working Capital	(4,789)	(2,455)	2,511	273	(964)	(2,551)	389	(2,012)	(311)
Operating Cash Flow	(4,828)	(2,730)	1,875	(503)	(1,426)	(2,412)	999	1,889	5,048
CAPEX	(84)	(10)	(1)	(8)	(22)	(40)	(82)	(150)	(100)
Free Cash Flow	(4,912)	(2,740)	1,874	(511)	(1,448)	(2,452)	917	1,739	4,948
Free Cash Flow (ex Stock-Based Comp)	(5,873)	(2,884)	1,781	(845)	(2,185)	(2,754)	123	343	3,548
<u>Cash Flows From Investing Activities</u>									
Proceeds From Disposition of Assets, net									
Acquisition of Coit Group					(3,997)				
<u>Cash Flows From Financing Activities</u>									
Borrowings Under Credit Agreements	52,345	15,298	19,129	0	35,000				
Repayments Under Credit Agreements	(52,345)	(15,298)	(19,129)	0	(35,000)				
Conditional Note Payable to Coit Sellers								(450)	(450)
RSUs for Coit Group								(167)	(167)
Proceeds from Gov't Lending			1,326	0	1,326				
Purchase of Treasury Stock	(4,545)	(2,239)	0	0	(2,239)			(3,500)	(2,500)
Purchase of Restricted Stock from Employees	(41)	(11)	(3)	0	(14)		(4)	(50)	(50)
Total Cash Flows From Investing and Financing	(4,586)	(2,250)	1,323	0	(4,924)	0	(4)	(4,167)	(3,167)
Beginning Cash and Equivalents	41,060	31,718	26,500	29,896	31,718	26,199	23,591	26,199	23,639
Effects of Exchange Rates	156	(228)	199	348	853	(156)	24	(132)	0
Change in Cash	(9,342)	(5,218)	3,396	(163)	(5,519)	(2,608)	937	(2,560)	1,781
Ending Cash and Equivalents	31,718	26,500	29,896	29,733	26,199	23,591	24,528	23,639	25,420
<i>Less: Restricted Cash + Cash from Discon. Ops</i>	528	373	379	388	393	441	333	500	500
Ending Cash and Equiv. Available to Shareholders	31,190	26,127	29,517	29,345	25,806	23,150	24,195	23,139	24,920
Per Share Data (Diluted Shares):									
Gross Cash Flow	(0.01)	(0.09)	(0.22)	(0.27)	(0.16)	0.05	0.21	1.35	1.88
Operating Cash Flow	(1.54)	(0.89)	0.66	(0.18)	(0.49)	(0.83)	0.34	0.65	1.77
Free Cash Flow	(1.57)	(0.89)	0.66	(0.18)	(0.50)	(0.85)	0.32	0.60	1.74
Free Cash Flow (ex Stock-Based Comp)	(1.88)	(0.94)	0.63	(0.30)	(0.75)	(0.95)	0.04	0.12	1.24
Number of Shares (Diluted)	3,131	3,065	2,839	2,858	2,911	2,891	2,906	2,899	2,850

Sources: Sidoti & Company, LLC estimates; Company reports

HUDSON GLOBAL, INC.

Table 3: Hudson Global, Inc. Balance Sheet (\$ in thousands)

	2019	Mar	Jun	Sep	2020	MarA	JunA	2021E	2022E
<u>Assets</u>									
Current Assets:									
Cash and Cash Equivalents	\$ 31,190	\$ 26,127	\$ 29,517	\$ 29,345	\$ 25,806	\$ 23,150	\$ 24,195	\$ 23,139	\$ 24,920
Accounts Receivable, net	12,795	12,778	12,300	11,916	13,445	17,118	19,569	19,870	21,589
Prepaid and Other	804	846	1,366	154	889	904	817	1,318	1,389
Restricted Cash, current	148	146	154	1,213	152	210	116	250	250
Total Current Assets	44,937	39,897	43,337	42,628	40,292	41,382	44,697	44,576	48,148
Property and Equipment, net	186	164	146	132	115	125	174	152	132
Goodwill					2,088	2,088	2,088	2,088	2,088
Intangible Assets, net					1,400	1,320	1,240	1,080	770
Operating Lease Right-of-Use Assets	401	391	325	269	210	737	630	650	650
Deferred Tax Assets, non-current	793	626	696	725	1,037	1,093	1,253	1,250	1,250
Restricted Cash, non-current	380	227	225	234	241	231	217	300	350
Other Assets	7	7	7	7	3	5	4	5	5
Total Assets	\$ 46,704	\$ 41,312	\$ 44,736	\$ 43,995	\$ 45,386	\$ 46,981	\$ 50,303	\$ 50,101	\$ 53,393
<u>Liabilities</u>									
Current Liabilities:									
Accounts Payable	\$ 1,064	\$ 697	\$ 670	\$ 392	\$ 576	\$ 437	\$ 538	\$ 1,014	\$ 1,176
Accrued Expenses and Other Current	8,178	6,607	8,988	8,920	9,241	10,547	13,203	13,645	14,963
Operating Lease Obligation, current	246	267	267	230	192	448	396	400	400
Total Current Liabilities	9,488	7,571	10,514	10,352	10,009	11,432	14,137	15,059	16,538
Income Tax Payable, non-current	845	819	843	859	887	903	923	1,217	1,368
Operating Lease Obligations, non-current	160	129	63	43	22	302	243	250	250
Other Non-Current Liabilities	177	163	187	167	188	193	197	200	200
Total Liabilities	10,670	8,682	12,344	11,937	11,106	12,830	15,500	16,725	18,356
<u>Shareholders' Equity</u>									
Common Stock	4	4	4	4	4	4	4	4	4
Additional Paid-In Capital	486,088	486,232	486,325	486,659	486,825	487,127	487,921	488,003	488,830
Accumulated Deficit	(436,507)	(437,018)	(437,790)	(438,947)	(437,750)	(437,953)	(438,075)	(436,038)	(432,654)
Accumulated Other Comprehensive Loss, net	(479)	(1,266)	(822)	(333)	526	300	282	282	282
Treasury Stock	(13,072)	(15,322)	(15,325)	(15,325)	(15,325)	(15,327)	(15,329)	(18,875)	(21,425)
Total Shareholders' Equity	36,034	32,630	32,392	32,058	34,280	34,151	34,803	33,376	35,037
Liabilities and Shareholders' Equity	\$ 46,704	\$ 41,312	\$ 44,736	\$ 43,995	\$ 45,386	\$ 46,981	\$ 50,303	\$ 50,101	\$ 53,393
Selected Data:									
Working Capital	35,449	32,326	32,823	32,276	30,283	29,950	30,560	29,518	31,610
Current Ratio (times)	4.74	5.27	4.12	4.12	4.03	3.62	3.16	2.96	2.91
Long-Term Debt to Total-Capital	1%	1%	5%	5%	1%	2%	2%	2%	2%
ROA (average, ttm)	NM	1.0%	1.2%	-2.1%	-2.7%	-2.1%	-0.6%	4.8%	6.9%
ROE (average, ttm)	NM	1.2%	1.6%	-2.9%	-3.5%	-2.8%	-0.8%	6.8%	10.4%
Net Cash per Share	9.96	8.52	9.93	9.80	8.86	8.01	8.33	7.98	8.74
BV per share	12.27	12.17	12.06	11.94	12.77	12.70	12.96	12.43	13.05
DSO	42	48	42	39	41	41	41	38	38

Sources: Sidoti & Company, LLC estimates; Company reports

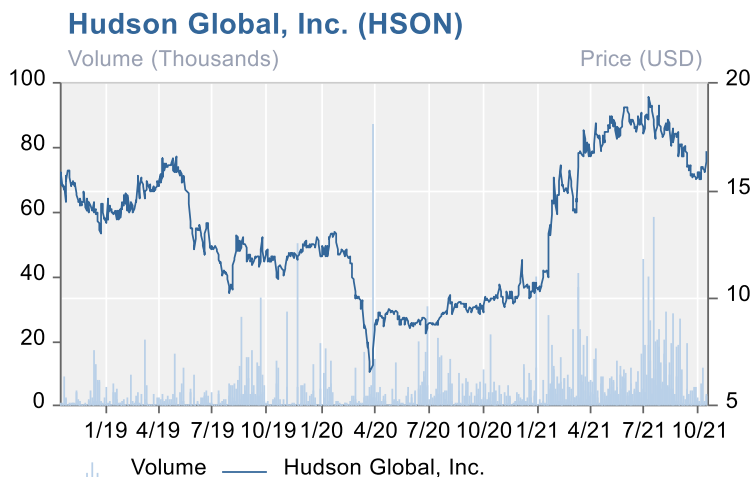
Appendix
Required Disclosures

Required Disclosures

Hudson Global, Inc. (HSON-\$16.20) NR Price Target: \$31 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	7/24/19	11.2	NR	26	M
PT	2/28/20	10		23	
PT	3/31/20	7.6		18	
PT	10/5/20	9.7		20	
PT	1/27/21	14		20	
PT	3/11/21	16		23	
PT	5/4/21	18		23	
PT	5/10/21	18.5		27	
PT	6/28/21	18.7		27	
PT	7/29/21	18.1		27	
PT	8/9/21	18.2		31	



Source: FactSet Prices

Valuation	We maintain a \$31 price target and Moderately Risky rating on HSON shares. We value the stock at 25x, in line with our 5-year EPS CAGR projection. Thus, at 25x our 2022 EPS estimate of \$1.25, we derive a \$31 price target. Our valuation multiple is a premium to the mid- to upper-teen multiples accorded peers, as it reflects the company's steady business model, blue-chip customer base, generally lower overall risk profile, as well as credit for strong financials. We cite another valuation method that also supports this price target; if we apply a multiple roughly in line with the peer group average (17x-18x) to our 2022 EPS estimate and add \$8.74 in projected year-end 2022 cash per share, this also yields a \$31 target. The Moderately Risky rating reflects HSON's robust balance sheet and our expectation for sustained profitability going forward.		
Key Risks	A global recession, notably in APAC	Client concentration	Delayed client decisions, program ramps

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