



SaaS, cloud-based HR & Payroll solutions

Recruitment | Onboarding | Performance management | Learning and development
Course library | Succession planning | Employee administration | Rewards & recognition
Payroll | Remuneration | HR Surveys | Salary Benchmarking

UBS

Australian Emerging Company Conference Series: Technology
29 May 2018



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ELMO at a glance

ELMO is one of Australia and New Zealand's leading providers of integrated cloud human resources "HR" and payroll software solutions

ELMO's SaaS, cloud-based platform provides organisations with a centralised approach to managing an employee's lifecycle from 'hire to retire'



ELMO employs 170 people across 6 offices in Australia and New Zealand¹



Integrated Human Capital Management (HCM) and Payroll software providing 'hire to retire' software solutions across 12 modules



Platform, technology, software solutions and learning content is developed and maintained in-house by ELMO's Australian based team



Over 400 eLearning course content library covering a broad range of topics which has been developed over 15 years



Customer base of 1,002^{1,3} organisations and deployed across 13² different industries



Primarily targets mid-market organisations (100 - 1,000 employees)



Scalable SaaS, cloud-based platform, multi tenant infrastructure, single source code

1. As at 30 April 2018, includes PeoplePulse, LiveSalary and Pivot Software

2. Includes construction and mining, education, finance, government, healthcare and pharmaceuticals, hospitality, industrials, IT, telecommunications and media, not for profit organisations, professional services, property, retail and transport.

3. Includes 400 customers from PeoplePulse, LiveSalary and Pivot Software



Outlook and FY18 guidance upgrade

Strong momentum into FY18

- Strong revenue growth across existing and new customers
- Enlarged customer base provides additional cross-sell opportunity
- Integration of PeoplePulse, LiveSalary, Sky Payroll and Pivot Software
- Organic growth prospectus forecast reaffirmed

Business is well positioned for growth

- Launch of new modules including ELMO Rewards & Recognition, Payroll, HR Survey, Salary Benchmarking and Remuneration
 - Increases opportunity to accelerate new customer growth and increase revenue per existing customer
- Continued to expand suite of modules available to new and existing customers
- High recurring revenues and customer retention rates

Consistent strong organic growth coupled with the accretive contribution of recent acquisitions

	Historical pro forma FY17 (\$000's)	Prospectus forecast pro forma FY18 (\$000's)	Full year impact of acquisitions (\$000's)	New guidance pro forma forecast FY18 (\$000's) ¹	New guidance pro forma FY18 growth vs historical pro forma FY17 (\$000's)
SaaS revenue	15,735	21,548	8,168	29,716	88.9%
Other revenue	1,240	853	631	1,484	19.7%
Total revenue	16,975	22,402	8,798	31,200	83.8%
EBITDA	1,223	2,684	3,044	5,728	368.4%

1. Includes acquisitions: PeoplePulse & LiveSalary, SkyPayroll and Pivot Software



Leading integrated cloud HR and Payroll solution



PeoplePulse - HR Surveys



Live Salary - Salary Benchmarking



Sky Payroll - Cloud Payroll

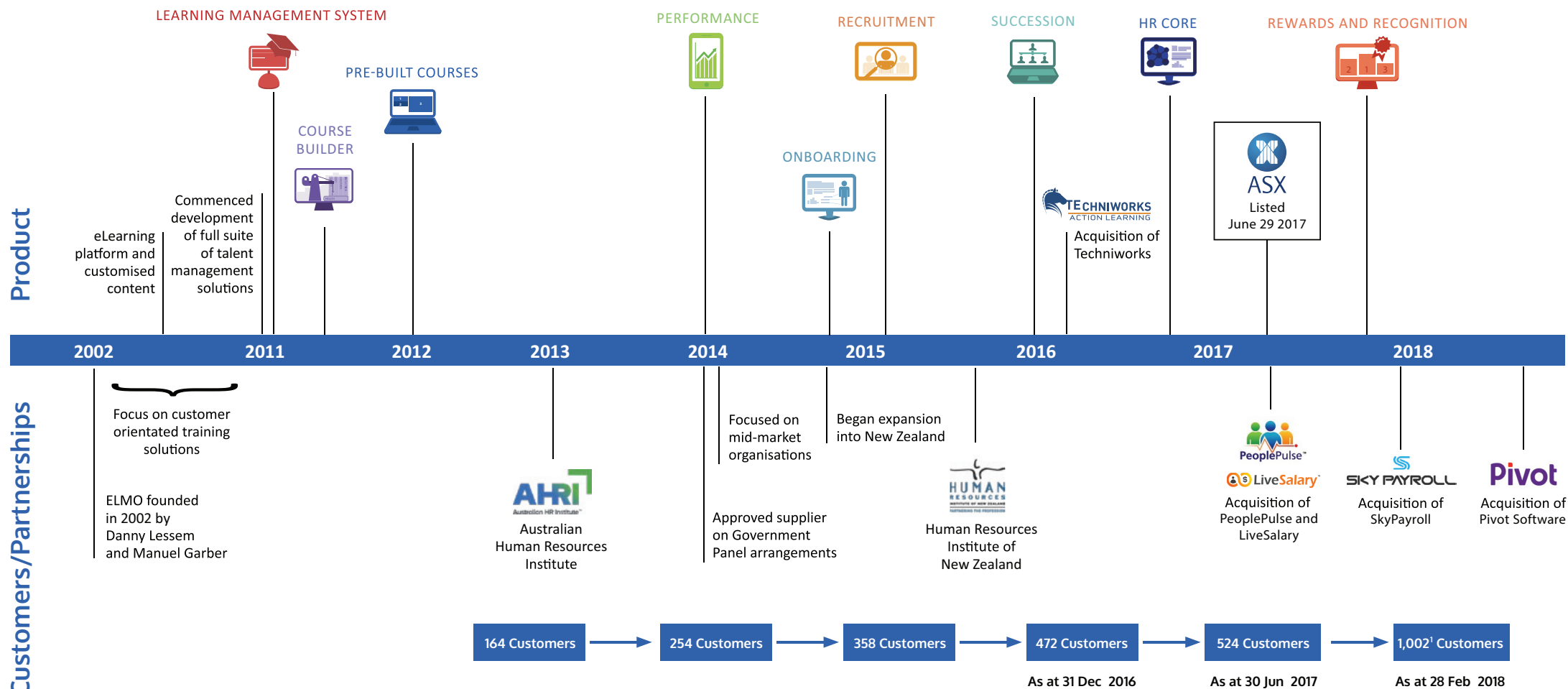


Pivot Group - Remuneration





ELMO history



1. Includes 400 customers from PeoplePulse, LiveSalary and Pivot Software



Financial and operational highlights 1H18

\$10.6 million

1H18 pro forma total revenue¹



36% growth in total revenue on 1H17¹

\$1.2 million

1H18 pro forma EBITDA¹



Up 151% on 1H17 EBITDA¹

\$20.8 million

Pro forma SaaS revenue run rate²



Reflecting 97% of prospectus forecast FY18 SaaS revenue²

1,002

Customer base³



Up 91% since 30 June 2017

2.48

Modules per customer¹



Up from 2.04 since 31 Dec 2016¹

93.1%

Customer retention rate^{1,4}

**Strong organic growth, accelerated
with bolt-on acquisitions**

1. Excludes PeoplePulse, LiveSalary and Pivot Software

2. December 2017 SaaS revenue annualised

3. As at 28 February 2018, includes 400 customers from PeoplePulse, LiveSalary and Pivot Software

4. Customer retention is calculated by dividing the number of customers in the reference period who were customers at the end of the prior period by the number of customers at the end of the prior period



Key achievements 1H18

New product offerings



Cloud Payroll,
Rewards & Recognition,
HR Surveys,
Salary Benchmarking
and Remuneration¹

Technology enhancements



76 product
enhancements

Acquisitions



PeoplePulse
LiveSalary
Sky Payroll
Pivot Software

Workforce



162 employees²

Awards



Deloitte Fast 500 2017
Smart50 2017
Anthill Cool Company 2017



Strong growth in products, customers
and SaaS revenue

1. As at 28 February 2018, includes PeoplePulse, LiveSalary and Pivot Software
2. Includes PeoplePulse, LiveSalary and Pivot Software



Large and growing addressable market

Total addressable market (TAM)
for HCM solutions in ANZ ~US\$771m¹

ANZ talent management
~US\$416m¹



ANZ HR admin
~US\$355m¹



ANZ target market size ~12,029 organisations¹
ELMO currently has ~8% market share in ANZ¹

ANZ market
potential customers
12,029¹

ELMO's
market share
of ~8%

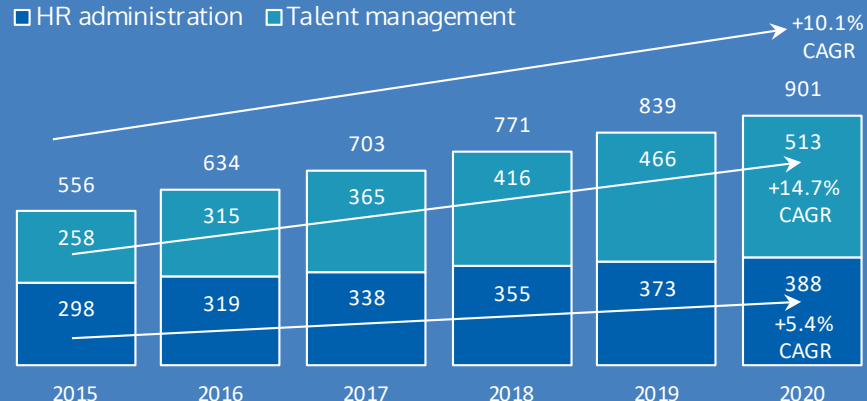
HCM TAM in ANZ ~US\$771m in 2018 growing at 10.1% CAGR from 2015 to 2020¹

- Talent management solutions growing at an 8.1% CAGR over the next two years to 2020
- ELMO's 1H18 SaaS revenue growth of 34.3% is over 4x the market growth rate

ELMO's recent launch of HR core and Payroll increases the TAM by ~US\$355m

ANZ HCM MARKET (US\$m)¹

□ HR administration □ Talent management



1. Frost and Sullivan independent market report



Broad and diversified customer base

Government				
Education				
Construction and mining				
Professional services				
Healthcare and pharmaceuticals				
Other ¹	 	 	 	        



1,002² organisations across Australia, New Zealand and Singapore



Largest customer contributes <2.2% of 1H18 revenue³



Top 10 customers contribute <12.5% of 1H18 revenue³







Industry agnostic

1. Includes finance, IT, telecommunications and media, industrials, hospitality, property, retail, transport and not for profit industries
2. As at 28 February 2018, includes 400 customers from PeoplePulse, LiveSalary and Pivot Software
3. Based on statutory SaaS revenue excludes PeoplePulse, LiveSalary and Pivot Software

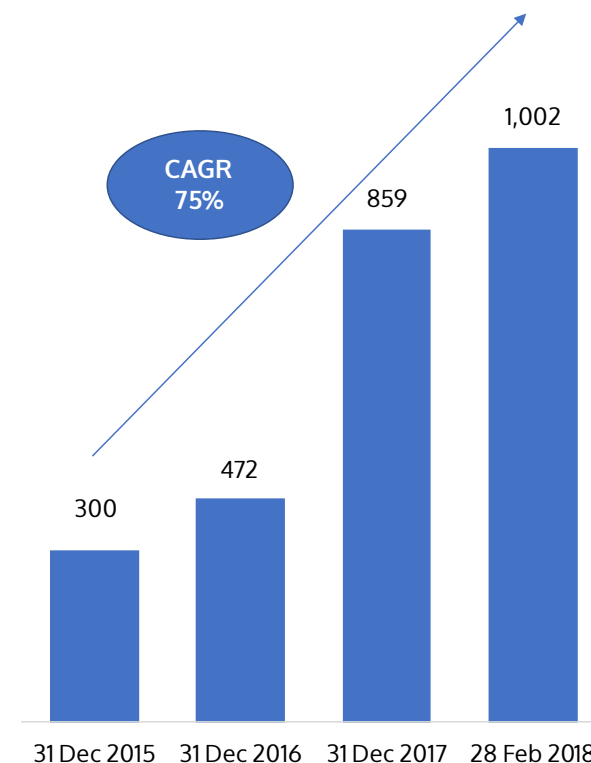


Strong growth in customer base

EXAMPLES OF RECENT CUSTOMER WINS

	Contract term	Number of employees	Modules purchased	Industry
	3 years	400	<ul style="list-style-type: none">RecruitmentOnboardingPerformanceSuccessionLearningCourse Library	Retail
	5 years	2800	<ul style="list-style-type: none">HR CoreRecruitmentOnboardingLearningCourse Library	Property
	4 years	200	<ul style="list-style-type: none">HR CoreOnboardingPerformanceLearningCourse Library	Finance
	3 years	200	<ul style="list-style-type: none">RecruitmentOnboardingPerformanceLearningCourse Library	Mining

ELMO's CUSTOMER BASE GROWTH



478 increase in customers
since 30 June 2017¹



Average annual 1H18 revenue
per customer of ~\$34.7k^{2,3}



Average modules
per customer of 2.48³



Customer retention of 93.1%³

1. As at 28 February 2018, includes 400 customers from PeoplePulse, LiveSalary and Pivot Software
2. Based on pro forma revenue
3. Excludes PeoplePulse, LiveSalary and Pivot Software



Strong organic growth strategy

Accelerated with bolt-on acquisitions



Greater usage from existing customers

Increasing penetration amongst existing customer base with average modules per customer of 2.48 at 31 December 2017, up from 2.04 as at 31 December 2016

Strong customer retention rate of 93.1%



New customers in existing markets

478 new customers, including PeoplePulse, LiveSalary and Pivot Software, added since 30 June 2017

Total customer base, including PeoplePulse, LiveSalary and Pivot Software of 1,002 as of 28 February 2018

Continuation of strong sales momentum

Aim to further increase adoption amongst mid-market firms

Significant opportunity to further penetrate existing markets



Expand product line

Rewards and Recognition launched in 1H18

Acquired cloud payroll, HR survey, salary benchmarking and remuneration modules

Spent 16.7% of 1H18 revenue on R&D^{1, 2}

Continuous development and deployment of new features on existing modules with 76 enhancements released during 1H18

Three new modules slated for release in the next 2-3 years



Growth through acquisitions

Acquisition of PeoplePulse, LiveSalary, Sky Payroll and Pivot Software

Actively seeking bolt on acquisitions or complimentary technology to augment ELMO's value proposition

Disciplined approach, with significant resource and management expertise to complete integrations well and deliver synergy benefits

1. Includes both expensed and capitalised research and development costs
2. Based on pro forma revenue



Accelerated growth strategy

Why we acquire

- Accelerate organic growth through targeted acquisitions
- Attractive client lists provide significant revenue growth opportunities through cross-sell and upsell
- Favorable valuations as point solutions face headwinds from unified solutions such as ELMO who can unlock the commercial opportunity available
- Sticky products with high customer retention and recurrent SaaS revenues mitigates integration risk
- Track record of acquiring and integrating well and delivering the anticipated synergies. Highly capable and experienced management team focused on strengthening the competitive advantage of the integrated product suite

What we target

1. Complimentary technology to enhance ELMO's suite of modules

- Increases cross-sell ability to existing customers
- Additional adjacent products increases "hooks" for new business acquisition

2. Attractive client lists

- Gain market share and increase market penetration
- Leverage operational efficiencies to extract synergies
- Sell ELMO's multiple modules to target client base
- Cross-sell target modules to ELMO customer base



Integration Strategy

1. Integrate Target

Assimilation

- Management control of operations
- Leverage operational efficiencies
- Tailor commercial standards to be consistent with ELMO's business

2. Develop Product

Build out

- Fully integrate acquired product with ELMO's Cloud HR & Payroll suite
- Innovate and expand platform
- Upgrade functionality of acquired product
- Optimise user experience

3. Grow Revenue

Roll out

- Conversion of acquired customer base
- Onboard and transition customers
- Expand module usage over time through cross-sell of additional modules in the ELMO suite





Investment highlights



LEADING INTEGRATED CLOUD HR & PAYROLL PLATFORM

- Broad, integrated suite of modules
- Cloud delivery
- Single source code
- Extensive course library/proprietary learning content



BROAD AND DIVERSE CUSTOMER BASE

- Enlarged customer base of 1,002²
- Largest customer is <2.2% of 1H18 revenue
- Top 10 customers account for <12.5% of 1H18 revenue
- Industry agnostic



HIGH RECURRING REVENUE WITH ATTRACTIVE CASH FLOW PROFILE

- 95% recurring revenue
- 36% revenue growth in FY18
- Customer contracts typically ~3 years and pay annually in advance



LARGE AND GROWING ADDRESSABLE MARKET

- Cloud HCM TAM in ANZ 2018 ~US\$771m growing to ~US\$901m by 2020¹
- Accelerating penetration of cloud based talent management solutions
- Increasing adoption in mid-market organisations



MULTIPLE LEVERS TO DRIVE GROWTH

- Increasing module usage from existing customers
- New customers in ANZ
- Continued product innovation to broaden solution offering
- Strategic acquisition opportunities



EXPERIENCED MANAGEMENT TEAM

- Danny Lessem founded ELMO in 2002, > 20 years software experience
- Stable management team with strong track record of growth and innovation
- Executive incentives aligned through equity ownership

1. Frost and Sullivan independent market report

2. As at 28 February 2018, includes 400 customers from PeoplePulse, LiveSalary and Pivot Software



Appendix

ELMO



Financial performance

- Total revenue increased by 36% compared 1H2017
- EBITDA increased on 1H17 by 151%
- Strong recurring revenue of 95.1% and SaaS revenue growth of 34%
- SaaS revenue run rate of 97%¹

A\$000 Half year to 31 December	Pro forma 1H18	Pro forma 1H17	Variance
SaaS revenue	10,033	7,471	34.3%
Other income	520	279	86.4%
Total revenue	10,553	7,750	36.2%
Gross profit	9,646	6,936	39.1%
Total operating expenses (excluding depreciation and amortisation)	(8,468)	(6,466)	30.9%
EBITDA	1,179	470	150.9%
EBITDA margin	11.2%	6.1%	83.6%

Financial metrics			
Pro forma cash receipts	10,835	8,362	29.6%
Pro forma cash receipts as a % of pro forma revenue	102.7%	107.9%	(4.8)%
SaaS revenue growth	34.3%	20.9%	64.1%
Recurring revenue	95.1%	96.4%	(1.3)%
Pro forma gross margin	91.4%	89.5%	2.1%
R&D as a % of revenue (R&D spend)	16.7%	12.2%	36.9%

Operational metrics			
Number of customers	859 ²	472 ³	82.0%
Average annual revenue per SaaS customer ³	34.7	31.7	9.5%
Average modules per customer ³	2.48	2.04	21.5%
Number of employees	130 ²	85	52.9%

1. December 2017 SaaS revenue annualised

2. Includes PeoplePulse, LiveSalary

3. Excludes PeoplePulse, LiveSalary



Pro forma income statement

A\$000 Half year to 31 December	1H16	Pro forma 1H17	1H18
SaaS revenue	6,177	7,471	10,033
Other income	160	279	520
Total revenue	6,337	7,750	10,553
Cost of sales	(581)	(814)	(907)
Gross profit	5,756	6,936	9,646
Gross profit margin	90.8%	89.5%	91.4%
Sales and marketing	(1,731)	(3,089)	(4,162)
Research and development	(135)	(63)	(230)
General and administration	(3,026)	(3,314)	(4,076)
Total operating expenses	(4,892)	(6,466)	(8,467)
EBITDA	864	470	1,179



Reconciliation from statutory to pro forma income statement

A\$000 Half year to 31 December	1H16	Pro forma Historical 1H17	1H18
Statutory revenue	5,995	7,374	10,917
Net impact of Quintessential acquisition	-	-	364
Net impact of Techniworks acquisition and revenue from discontinued operations	342	376	-
Pro forma revenue	6,337	7,750	10,553
Statutory EBITDA	692	570	785
Net impact of Quintessential acquisition	-	-	(137)
EBITDA from discontinued operations	237	247	-
Net impact of Techniworks acquisition	617	274	-
Acquisition costs	-	-	531
Offer costs	-	61	-
Incremental public costs	(682)	(682)	-
Pro forma EBITDA	864	470	1,179



Statutory balance sheet

	31 December 2016	30 June 2017	31 December 2017
Cash and cash equivalents	2,698	26,601	15,326
Other current assets	3,893	4,443	5,494
Total current assets	6,591	31,044	20,820
Intangibles	5,798	5,971	20,299
Other non-current assets	400	605	512
Total non-current assets	6,198	6,576	20,811
Total assets	12,789	37,620	41,631
Trade payables	1,903	3,014	2,567
Income in advance	7,742	9,072	10,096
Business combination liability	1,000	1,000	4,088
Other current liabilities	452	654	714
Total current liabilities	11,097	13,740	17,465
Total non-current liabilities	891	115	881
Total liabilities	11,998	13,855	18,346
Net assets	801	23,765	23,285



Solution offerings detail



HR CORE

Leave management - Leave requisition and authorisation workflows

Organisation charts - Overview of organisation's structure and reporting relationships

Employee self-service - Enables employees to access and update personal information, request leave and access payroll slips from any device, anywhere and at any time

Manager self-service - Enables managers to access employee information, approve leave requests and view team analytics from any device, anywhere and at any time



RECRUITMENT

Job requisition - Select the required job position, add specific requirements, alert recruitment manager, track and monitor progress, and customise approval workflows

Talent pool - Search existing employees, search the candidate database, match job criteria, and rank candidates

Job posting - Integrate with job boards and social media, preset posting rules, and track costs

Branded careers webpage - Embed customer organisation's website, customise branding, incorporate company media, and post jobs automatically



ONBOARDING

Personalised onboarding webpage - Present company information and video, guidelines for onboarding process, onboarding task list, and team member introductions

Workflows and approvals - Configure process and select stakeholders, prerequisites, time delays, and conditions

Electronic forms - Configurable forms, document upload facility, and integration with ATO and other 3rd parties



PERFORMANCE

Performance appraisals - Configure to customer's requirements, features goal setting, competency models, development plans and 360 reviews

Manager team view - Access direct and indirect reports, view current status of appraisals, search facility, export and print

Succession planning - Identify high performers, mitigate flight risk, recruit from within, foster strategic succession

Configurable reports - Generate at the click of a button, choose fields for comparison, coloured graphs for visual display, export to Excel and/or PDF, and email reports



Solution offerings detail



SUCCESSION

Ensure business continuity -

Determine role criticality, identify high performers and mitigate flight risk

Employee career progression -

View succession pathways, identify skills gaps and create development plans

Foster strategic succession -

Match high potential employees to critical roles and compare candidate suitability by skills, performance, potential and aspirations



LEARNING

Learner's view - Personalised learning plan, eLearning courses, instructor-led training (ILT), policy acknowledgements, assessments and surveys

Course catalogue - Course self-selection, search facility, configurable enrolment rules, access to over 400 pre-built eLearning courses

Manager team view - Access direct and indirect reports, view current status of learning, search facility, export and print

Configurable reports - Generate at the click of a button, choose files for comparison, use coloured graphs for visual display, export to Excel and/or PDF, automate report emails



COURSE BUILDER

Create courses - Insert images/movies, edit text, record voice-over, and use interactive features (buttons, rollovers, hotspots, etc.)

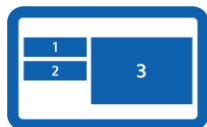
Create assessments - Select question type (multi-choice, T/F, drag and drop), insert images/voice-over, randomise questions, and set pass mark

Create surveys - Select question type (multiple choice or free text), compulsory and anonymous optionality

Preview and publish - Customer branding, update customer in real-time, publish ELMO or SCORM compliant LMS



Solution offerings detail



PRE-BUILT COURSES

Best practice eLearning content - Compliance sources updates, quality assurance, expert instructional design

Course editor - Accessible via the Internet, no programming skills required, access to ELMO royalty free image library, upload your own multimedia

Course features - Customer branding, multimedia enabled, touch screen optimised, modify content with the ELMO course editor

Assessment features - Automatic marking, multimedia enabled, touch screen optimised, modify Q&As with ELMO course editor



REWARDS & RECOGNITION

Peer to peer recognition - Recognise individuals, teams and/or departments with configurable recognition categories

Manager to employee recognition - Recognise high performers with comments and points allocation. Integrates with ELMO Performance

Configurable badges and certificates - Acknowledge milestones with badges, certificates, loyalty awards; send and receive nominations



PAYROLL

Payroll & HR in a single platform - Reduce administrative tasks while improving synergy, accuracy, compliance and consistency of HR & payroll information

Better employee visibility - Employees can access their benefits and payroll in a single portal, increasing self-service and reducing the burden on HR and Finance teams

Faster and improved reporting - Create richer, more tailored reporting, enabling you to plan for your workforce in a changing environment



Solution offerings detail



HR SURVEYS

Integrated or Standalone

Solution - Collect feedback across all ELMO modules directly or from external sources

Benchmark Survey Templates

Library of best practice templates including onboarding, engagement, pulse, NPS etc. Benchmark results against other organisations

Powerful Insights - Get powerful and meaningful insights from collected data by using ELMO Survey reporting



SALARY BENCHMARKING

Real time, real world data - Provide salary benchmarks at key decision points of the employee lifecycle

Fully integrated salary benchmarks

- Allows users to research market trends in salary packages

Reporting and analysis - Review recruitment budgets alongside our salary benchmark reports to stay talent competitive.



REMUNERATION

Streamline remuneration process

- Easily manage the end-to-end remuneration allocation and approvals process

Managers empowered - Make more informed decisions about the allocation of salary, bonus & equity awards

Link salary planning with ELMO suite - Combine performance data with remuneration strategies to align employee performance and remuneration



PeoplePulse & LiveSalary acquisition

November 2017

Transaction Summary:

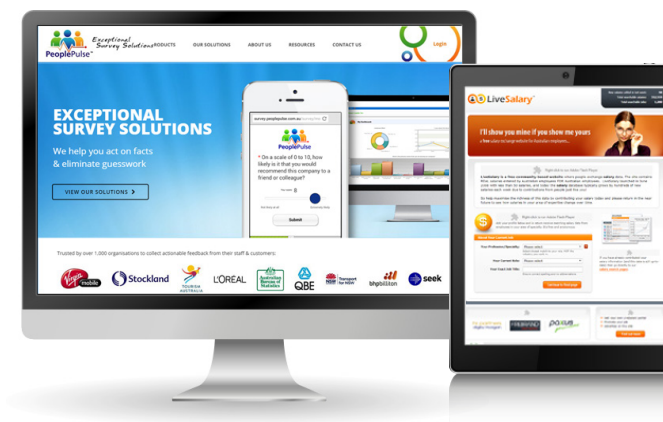
In November 2017, ELMO announced the acquisition of two specialised, SaaS based, HR management software solutions, in one transaction:

- PeoplePulse, an online employee and customer feedback survey platform that includes specialised HR surveys such as staff pulse surveys, onboarding surveys, training evaluations, net promoter scores and exit surveys
- LiveSalary, an online salary database and benchmarking platform to assist customers better recruit, reward and retain employees

Transaction Highlights:

- **Purchase price \$10m**
 - \$8m payable in cash upfront
 - \$2m cash payable on anniversary of completion
 - \$2m cash payable on the first anniversary of completion should performance targets be met
- **Over 300 customer licenses**
- **FY17 revenue \$4.1m**
 - Over 90% recurring revenue
- **EV/FY17 revenue multiple 2.4x**
- **EPS accretive in FY18 and beyond**
- **Integration well advanced with systems, employees and customers retained**

PeoplePulse and LiveSalary's highly scalable modules accelerate ELMO's product development program. In addition, the acquisitions represent a logical and complementary fit into ELMO's integrated HR Administration and Talent Management product suite.





Sky Payroll acquisition

December 2017

Transaction Summary:

In December 2017, ELMO announced the acquisition of Sky Payroll a native cloud-based Australian SaaS payroll software system:

- Established in 2014
- 28,000 hours of research and development invested into Sky Payroll's platform
- Over \$300m of employment income has been processed using the system over the last 3 years

Transaction Highlights:

- Purchase price \$1.4m
 - Initial purchase price of \$1.0m
 - 50/50 in cash and scrip with 24 month escrow
- \$0.2m cash payable on the first and second anniversary of completion
- \$0.2m cash payable on the first and second anniversary of completion should performance targets be achieved

Payroll is a critical function in HR administration and represents a market opportunity of approximately \$600m.

A logical and complementary extension of ELMO's current integrated product suite.



1. Frost and Sullivan - Payroll Market Report 2017



Pivot software acquisition

February 2018

Transaction Summary:

In February 2018, ELMO announced the acquisition of Pivot Software the leading provider of SaaS, cloud based Remuneration software in Australia and New Zealand:

- Operating since 2001, and formed in 2016 by the merger of two regional leaders in Remuneration software, Pivot (NZ based) and Remesys (AUS based)
- 120 customers, 93% revenue retention
- Annual revenues of \$4.5m over the last 12 months, 86% SaaS recurrent revenue, 30% EBITDA margins
- Acquisition expected to be EPS accretive
- Remuneration module can stand alone but also provides complementary fit with ELMO's Performance and Rewards modules

Remuneration management, including salaries, bonuses and complex short-term incentives (STI)/ long-term incentives (LTI), is a key function in human resource (HR) administration. Around 80% of the remuneration process is currently managed using spreadsheets, creating significant growth potential.

Transaction Highlights:

- \$8.8m initial purchase price settled with a combination of cash and scrip, subject to voluntary escrow
- \$2.4m conditional deferred payment should performance targets be met, which is to be settled with a combination of cash and scrip, subject to voluntary escrow
- Acquisition consideration reflects EV/LTM¹ revenue multiple of 2.0, before synergies
- Cash consideration to be funded from ELMO's existing cash reserves



1. Last twelve months to 31 December 2017



Experienced board and management team

BOARD



Jim McKerlie

CHAIRMAN AND INDEPENDENT
NON-EXECUTIVE DIRECTOR

Joined ELMO in 2017



Danny Lessem

CO-FOUNDER AND
CHIEF EXECUTIVE OFFICER

Founded ELMO in 2002



Trevor Lonstein

CHIEF FINANCIAL
OFFICER

Joined ELMO in 2014



David Hancock

INDEPENDENT NON-EXECUTIVE
DIRECTOR

Joined ELMO in 2017

SENIOR EXECUTIVES



Gordon Starkey

CHIEF OPERATING
OFFICER

Joined ELMO in 2007



Samuel Sun

CHIEF TECHNOLOGY
OFFICER

Joined ELMO in 2010



Darryl Garber

CHIEF COMMERCIAL
OFFICER

Joined ELMO in 2011



Monica Watt

GENERAL MANAGER
HUMAN RESOURCES

Joined ELMO in 2015



Deep knowledge of the
technology and HCM sector



Strong founder commitment
(Danny owns 22.1%)



Stable management team –
average tenure of 6 years



Incentives of key management
aligned to the success of the company



History of growth and innovation