



SaaS, Cloud based HR & payroll solutions



ASX:ELO

Annual General Meeting of Shareholders
November 2018

ONE vendor | ONE dashboard | ONE user-experience





Chairman

Barry Lewin



Co-founder CEO

Danny Lessem

ONE vendor | ONE dashboard | ONE user-experience

ELMO at a glance

A leading provider of cloud HR & Payroll software in Australia & NZ

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' including payroll



Integrated cloud-based HR 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 for over 15 years



Customer base of 1,031² organisations and deployed across 13³ different industries



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



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

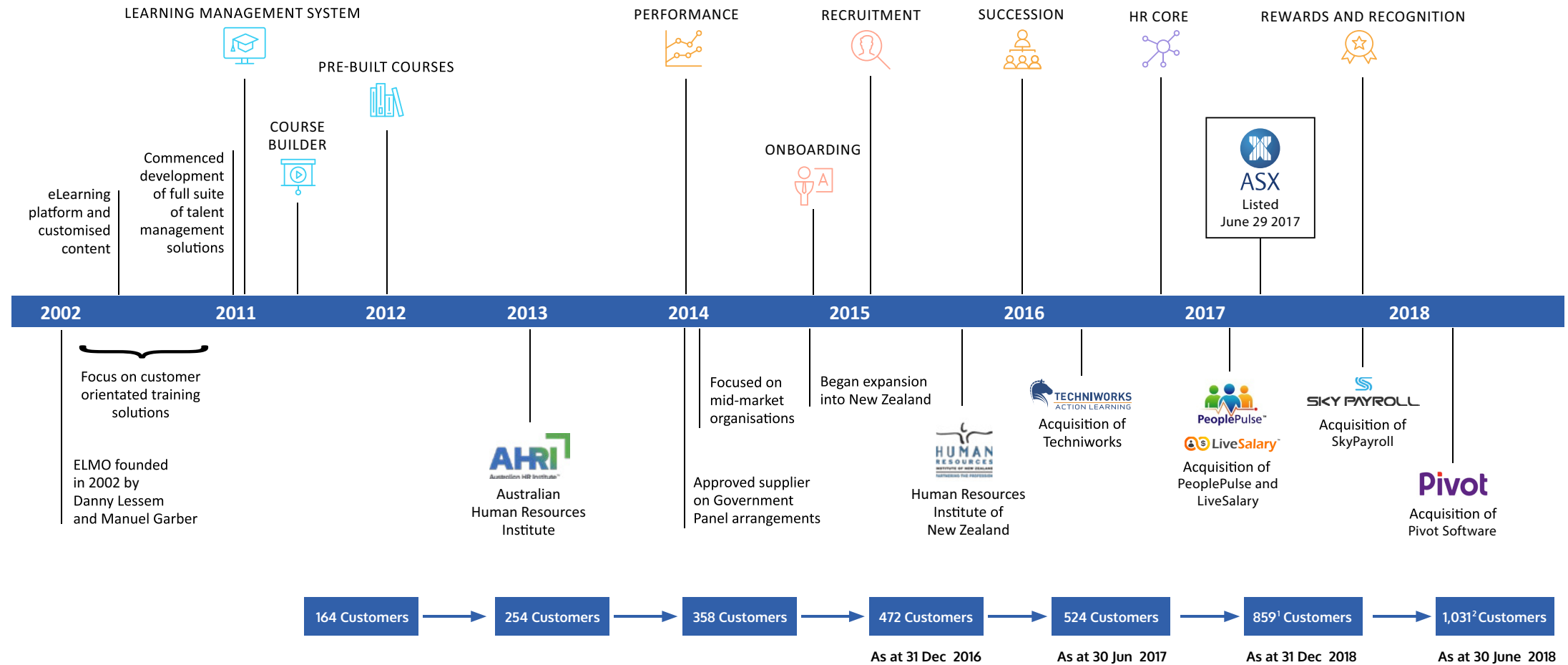
1. As at 30 June 2018, includes PeoplePulse, LiveSalary, Sky Payroll and Pivot Software

2. Includes 405 customers from PeoplePulse, LiveSalary, Sky Payroll and Pivot Software

3. 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

History

ANZ's leading unified cloud HR & payroll solution



1. Includes 280 customers from PeoplePulse & LiveSalary

2. Includes 405 customers from PeoplePulse, LiveSalary, Sky Payroll and Pivot Software

Products

Leading integrated cloud HR & payroll solution



Pay



Engage



Hire



Retain



Develop



Payroll



Self-Service



HR Core



Survey



Recruitment



Onboarding



Performance Management



Rewards & Recognition



Pivot Remuneration



Succession Management



Learning Management



Course Builder



Course Library

Financial and operational highlights FY18

Delivered on upgraded guidance provided in March 2018, strong growth in SaaS metrics

\$31.9 million

FY18 pro forma total revenue¹



up 2.2% on upgraded guidance

\$29.8 million

FY18 pro forma SaaS revenue¹



Up 0.3% on upgraded guidance

\$5.7 million

Pro forma EBITDA¹

Delivered on upgraded guidance

1,031

Customer base^{2,3}



Up 96.8% since 30 June 2017

2.56

Modules per customer^{3,4}



Up from 2.29 since 30 June 2017

92.0%

Customer retention rate^{4,5}



119% customer retention in dollar terms

Continuing to deliver strong organic growth across the Group supplemented with strategic acquisitions

1. Includes PeoplePulse, LiveSalary, SkyPayroll and Pivot Software

2. Includes 414 customers from PeoplePulse, LiveSalary, SkyPayroll and Pivot Software

3. As at 30 June 2018

4. Excludes PeoplePulse, LiveSalary, SkyPayroll and Pivot Software

5. 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 FY18

Delivering on accelerated growth strategies: expanded integrated product set and larger market opportunities

New product offerings



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

Technology enhancements



145 product
enhancements

Acquisitions



PeoplePulse
LiveSalary
Sky Payroll
Pivot Software

Workforce



193 employees¹

Awards



Deloitte Fast 500 2017
Smart50 2017
Anthill Cool Company 2017

In March 2018, successfully completed \$45m
institutional placement to accelerate growth

1. As at 30 June 2018, includes PeoplePulse, LiveSalary, Sky Payroll and Pivot Software

FY18 results

Strong growth exceeded prospectus forecasts and revised guidance

Strong results achieved in FY18 have exceeded pro forma prospectus forecasts and guidance upgrade provided in March 2018

- Strong revenue growth across existing and new customers
- Enlarged customer base and broader suite of HR & payroll solutions create additional cross-selling opportunities
- Acquired and successfully integrated PeoplePulse, Sky Payroll and Pivot Software

	Pro forma FY18 actual results excluding acquisitions (\$m)	Pro forma FY18 prospectus forecasts (\$m) ¹	Variance %	Full year FY18 impact of acquisitions (\$m) ²	Pro forma FY18 results including acquisitions (\$m) ³	Pro forma FY18 guidance including acquisitions (March 2018) (\$m) ³	Variance %
SaaS revenue	21.6	21.5	0.5%	8.2	29.8	29.7	0.3%
Other revenue	1.6	0.9	77.8%	0.5	2.1	1.5	40.0%
Total revenue	23.2	22.4	3.6%	8.7	31.9	31.2	2.2%
EBITDA	2.7	2.7	0.0%	3.0	5.7	5.7	0.0%




1. Includes Techniworks

2. Includes PeoplePulse, LiveSalary, Sky Payroll and Pivot Software

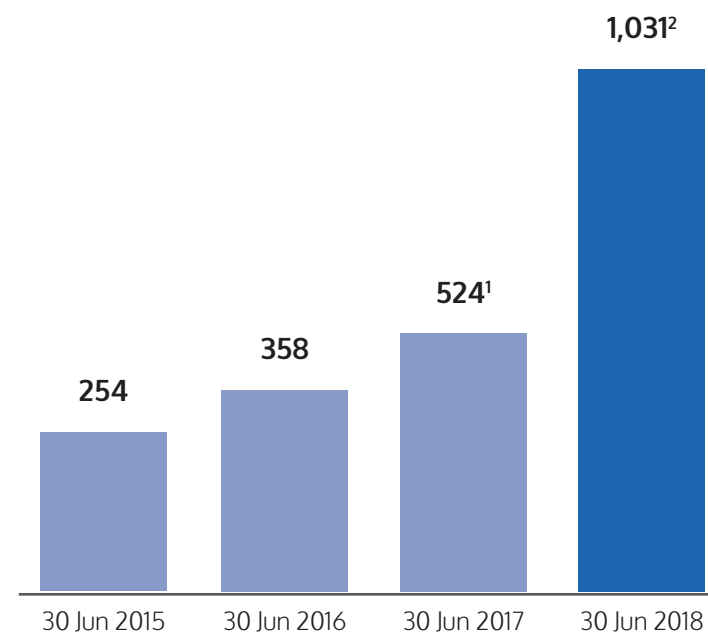
3. Includes full year impact of PeoplePulse, LiveSalary, Sky Payroll and Pivot Software

Strong growth in customer base

Examples of recent customer wins

	Term	Employee Count	Modules	Industry
 Artius	3 years	200	10 modules Payroll, HR Core, Recruitment, Onboarding, Learning, Course Library, Performance, Succession, Survey, Rewards & Recognition	NFP
 SUMMERLAND	3 years	200	11 modules Payroll, HR Core, Recruitment, Onboarding, Learning, Course Library, Performance, Succession, Survey, Rewards & Recognition, Remuneration	Finance
 LANDCOM	3 years	250	8 modules HR Core, Recruitment, Onboarding, Learning, Course Library, Performance, Succession, Survey	NSW Government

ELMO's customer base growth (including acquisitions)



507 increase in customers during FY18²



Average annual revenue per customer of ~\$34.5k³



Average modules per customer of 2.56³



Customer retention of 92.0%³

1. Includes 82 customers from Techniworks acquisition

2. Includes 405 customers from PeoplePulse, LiveSalary, SkyPayroll and Pivot Software

3. Excludes PeoplePulse, LiveSalary, SkyPayroll and Pivot Software

Recent acquisitions

Broadening ELMO suite and increasing market share



HR Surveys

PeoplePulse is 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



Salary Benchmarking

LiveSalary is an online salary database and benchmarking platform to assist customers better recruit, reward and retain employees

- Purchase price \$10m
 - \$8m payable in cash upfront
 - \$2m cash earn out payable on anniversary of completion
 - \$2m cash payable on the first anniversary of completion should stretch targets be met
- Over 300 customer licenses
- FY17 Revenue \$4.1m, with over 90% recurring
- EV/FY17 Revenue multiple 2.4x



Cloud Payroll

Payroll is a critical function and represents a market opportunity of approximately \$600m¹

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

Total purchase price of \$1.4m:

- \$1.0m upfront (50% in cash and 50% in scrip with 24 month escrow)
- \$0.4m deferred payment
- Additional consideration of \$0.4m, should performance targets be achieved



Remuneration

Pivot Software is the leading provider of SaaS, cloud based Remuneration software in Australia and New Zealand

- 120 customers
- Annual revenues of \$4.5m, with 86% recurring revenue
- \$8.8m initial purchase price and \$2.4m conditional deferred payment should performance targets be met (settled with a combination of cash and scrip, subject to voluntary escrow)
- EV/LTM² revenue multiple of 2.0x, before synergies

November 2017

December 2017

February 2018

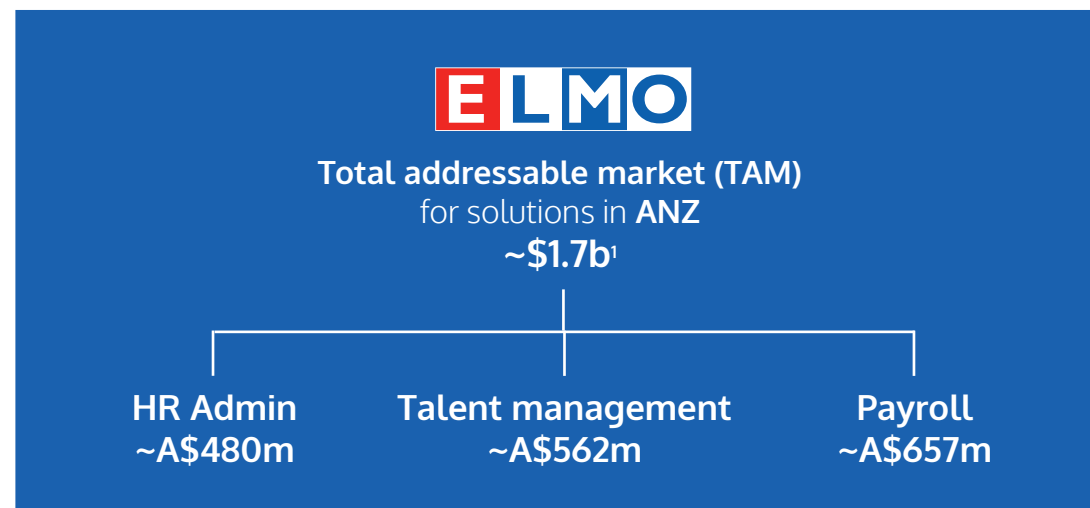
Acquired modules gaining traction with ELMO's growing customer base

1. Frost & Sullivan independent market report
2. Last 12 months to 31 Dec 2017

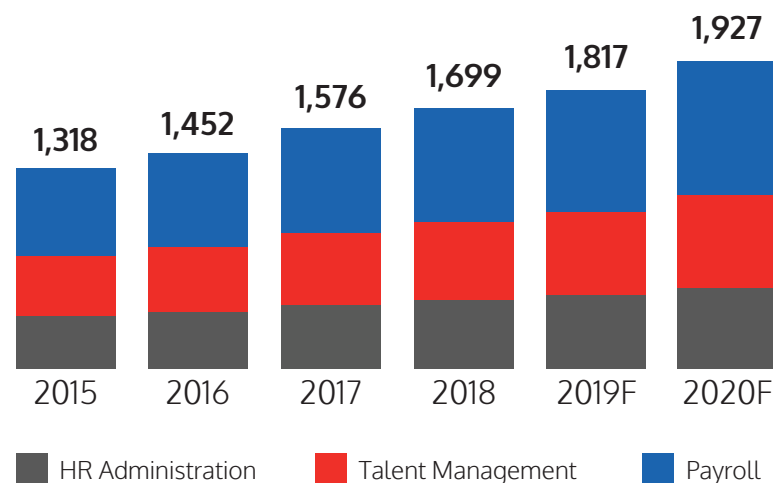
Large and growing addressable market

The market for ELMO's solutions across ANZ continues to grow with a target market size of over 12,000 organisations and a \$1.7 billion revenue opportunity

ANZ target market size of
~12,029 organisations¹
ELMO currently has ~9%
market share in ANZ



ANZ HR & Payroll TAM (\$m)¹



¹ Frost & Sullivan independent market report

Strong organic growth strategy

Accelerated with selective acquisitions for complementary technology and/or customer lists



Greater usage from existing customers

Increasing penetration amongst existing customer base with average modules per customer of 2.56 at 30 June 2018, up from 2.29 at 30 June 2017¹

Consistently high customer retention, 92% in FY18²

Strong customer dollar value retention of 119% indicating cross-sell of additional modules to existing customer base



New customers in existing markets

507 new customers, including PeoplePulse, LiveSalary, Sky Payroll and Pivot Software added during FY18

Total customer base, including PeoplePulse, LiveSalary, Sky Payroll and Pivot Software of 1,031 as of 30 June 2018

Continuation of strong sales momentum with broadened suite

Aim to further increase adoption amongst mid-market firms

Significant opportunity to further penetrate existing markets



Expand product line

Acquired and integrated cloud payroll, HR survey, and remuneration modules

Rewards and Recognition launched in FY18

Spent 21.6% of FY18 revenue on R&D^{3,4}

Continuous development and deployment of new features on existing modules with 145 enhancements released during FY18

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 complementary technology to augment ELMO's value proposition or customer lists.

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

1. Excludes PeoplePulse, LiveSalary, SkyPayroll and Pivot Software

2. 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

3. Includes both expensed and capitalised research and development costs

4. Based on pro forma revenue

Q1 trading update - guidance affirmed

Continued strong growth in SaaS revenue

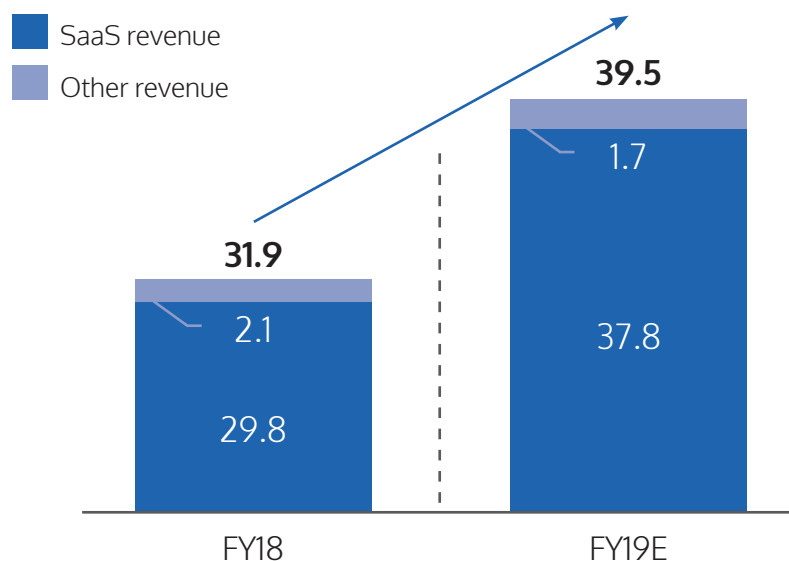
Positive start to FY19

- Solid organic growth to new and existing customers
- Acquisitions integrated and performing well
- FY18 SaaS revenue run rate reflects 88% of forecast FY19 SaaS revenue^{1,2}

Investing in sustainable growth

- Focus on SaaS revenue growth
- Increased investment in product and capacity
- Well capitalised to support growth strategy
- Acquisition opportunities across the industry for complementary technology and/or new customer base

Pro forma revenue including acquisitions (\$m)¹



FY19 Pro forma guidance¹

SaaS revenue

\$37.8m

Total revenue

\$39.5m

EBITDA

\$1.1m

1. Includes PeoplePulse, LiveSalary, Sky Payroll and Pivot Software

2. June 2018 SaaS revenue annualised

Summary



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 1,031
- Largest customer is < 1.5% of FY18 revenue
- Top 10 customers account for < 10% of FY18 revenue
- Industry agnostic



HIGH RECURRING REVENUE WITH ATTRACTIVE CASH FLOW PROFILE

- 93.2% recurring revenue
- 36.4% revenue growth in FY18
- Customer contracts typically ~3 years and pay annually in advance



LARGE AND GROWING ADDRESSABLE MARKET

- Larger market opportunity with wider product set including talent management, HR admin and payroll
- ANZ market size of ~\$1.7b with over 12,000 organisations¹
- Accelerating penetration of cloud-based talent management solutions
- Increasing adoption in mid-market organisations¹



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



HIGHLY EXPERIENCED AND COMMITTED 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

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investors.elmosoftware.com.au

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