

PAYGROUP MARKET UPDATE Q1 FY19

Investor Roadshow: July 2018

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EXPERIENCE PAYS

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PAYGROUP OVERVIEW

- Specialist **multi-country** BPO (Business Process Outsourcing) and Cloud (Software-as-a-Service or SaaS) based HCM (Human Capital Management) services and solutions provider
- +11 years performance track-record in managing employee payroll and benefits for multi-national corporates across the Asia Pacific region
- High visibility on earnings with **average three year BPO client contract period, >90% customer retention rate** and a diverse client base
- Addressing Asia Pacific BPO Services market valued at US\$20.177 billion; Emerging Asia Pacific segment **growing at 10.3% per annum** (Source: Gartner)
- Well positioned to achieve growth through multi-country service approach supported by combining **proprietary HCM software** (HROnline) with BPO payroll and HR services
- Sales partnerships with [Ultimate Software](#) (NASDAQ: [ULTI](#))
- **Highly credentialed** and fully aligned Board/Management team
- PayGroup – the Australian holding company for the Pay Asia Pte Ltd – listed on the ASX on May 29th 2018



COMPANY OVERVIEW

The Group is a provider of Business Process Outsourcing (BPO) solutions and Cloud (Software-as-a-Service or SaaS) based Human Capital Management (HCM). The Group operates in the Asian Pacific region, primarily for multinational companies and today services over 450 client entities and over 34,000 client employees across 18 countries. The Group has 111 employees located across 8 countries.



	Client Entities	Client Employees	Countries
Total	451	34,275	18

-  PAYASIA HEADQUARTERS
-  OFFICES
-  PARTNER LOCATIONS
-  PAYGROUP LIMITED & PAYASIA

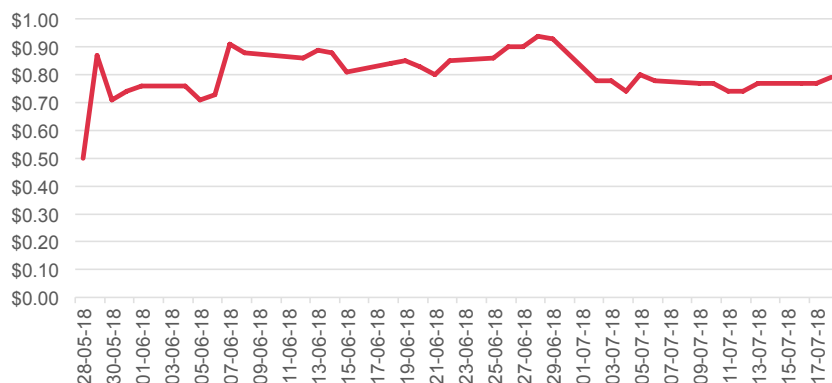
AUSTRALIA

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CORPORATE OVERVIEW

Share Price Performance since IPO

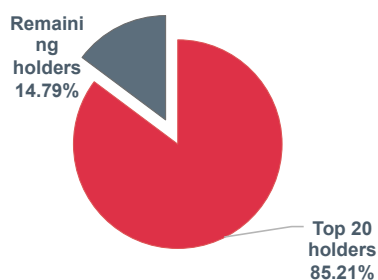


Capital Structure and Cash Position

As of 18/07/2018

IPO issue price	0.50
Share Price	0.77
Total shares on issue	51,671,466
Shares held in escrow	33,050,788
Market cap	\$39.27m
Average Daily Volume	159,244
Cash Balance	\$6.7m
Debt	Nil

Holder breakdown at IPO



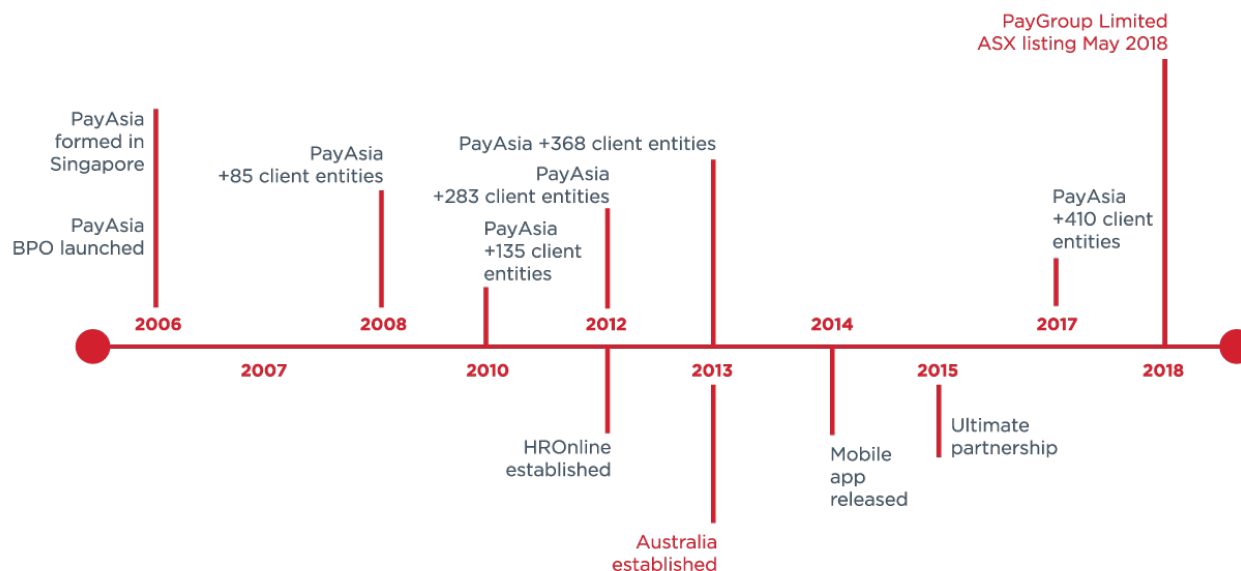
Escrowed shareholders	Number of shares	Voluntary escrowed period
Michele Samantha Samlal – Founding shareholder	22,080,706	24 months
Lawrence Pushpam – Founding shareholder	7,051,953	24 months
Employees	2,417,450	24 months
Simon & Sally Forrester Australian Superannuation Fund	1,213,861	6 months
Nancy Chandler Koglmeier	346,818	6 months

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GROUP STRUCTURE AND CORPORATE TIMELINE

PayGroup Limited was recently incorporated as the Australian holding company for Singapore incorporated Pay Asia Pte Ltd (PayAsia) group of companies. PayGroup is headquartered in Melbourne, Australia. Pursuant the Share Swap Agreement, the existing shareholders of PayAsia swap their shares for shares in PayGroup, and the PayAsia group of companies to be 100% beneficially owned by PayGroup upon listing on the ASX. The corporate timeline for PayAsia group of companies is depicted below.



CLIENT SNAPSHOT



MARKET OVERVIEW

PayGroup operates in the Asia Pacific Region as a provider of BPO services and Cloud (SaaS) based HCM software products/modules, primarily for multinational companies. The BPO Market in the Asia Pacific region has an estimated market size of US\$20.177 billion¹.

PayGroup's approach to the market has been to focus on provision of multi country BPO payroll services to clients in the region, which is both supported and complemented by its Cloud HCM software platform HROnline.

Market Segment	Description	Growth Profile – Asia Pacific
BPO (Business Process Outsourcing)	Covers the provision of "Payroll Services" to businesses ranging in size from micro (<10 client employees) to large (>10,000 client employees). Payroll Services are fully or partially outsourced for single or multi-country.	The BPO Market in Emerging Asia Pacific region grew at 10.3% ¹ growth in constant currency terms in 2016, and outperformed overall growth in IT services by 2.6% ¹ .
HCM Software	Covers human resources (HR) administration functions, expense management, electronic pay slips, leave management, workflow and employee updates. These can be deployed in the "Cloud" to businesses of all sizes	The HCM market grew in the Mature Asia and Emerging Asia Pacific at 14.3% and 9.5% respectively in 2016 ¹ .

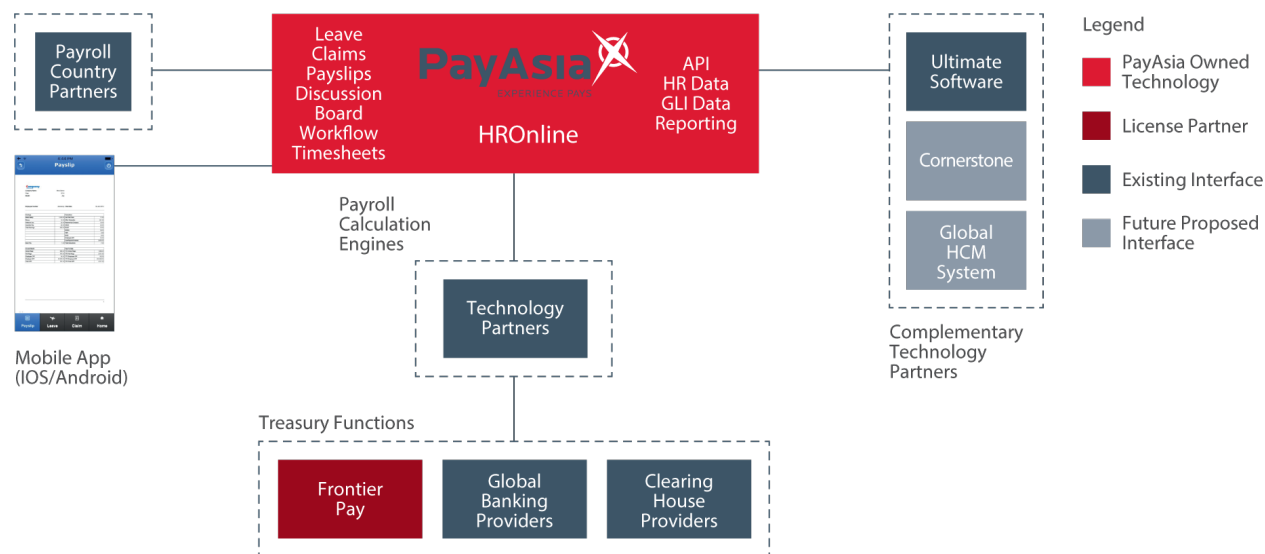
"HCM BPO Payroll Service providers are expected to take advantage of this growth opportunity by providing their own branded HCM software in conjunction with BPO Payroll Services" - a Gartner prediction matching our offering.

¹ Source - Gartner Research (refer Section 2 (Industry Overview) of the Prospectus for further details).



HR ONLINE BRINGS TOGETHER BPO

PayGroup uses a combination of technology to service its BPO and Software-as-a-Service (“SaaS”) clients.



- BPO services are provided using the Company's proprietary Cloud based portal, HROnline, and allows for clients to have a single view on details of daily payroll activities including expenses, leave, timesheets, workflow & electronic payslips.
- Payroll processing is conducted on a combination of the Group's and partner technology. BPO services use mobile applications developed for both iOS and Android Technology. The applications are hosted in a third party data centre in Singapore.
- HROnline uses a Multi-tenant architecture and is written in Java and uses Microsoft SQL Server.
- HROnline has the capability to interconnect with other strategic technologies using a proprietary Application Programming Interface (API). The group will continue to focus on interconnection with other strategic HCM products to further enhance the product offering.
- HROnline unites aspects of clients strategic and core HR, payroll and benefits gaining the organisation visibility into their global workforce. The solution is deployed in the Cloud and delivered via a SaaS model to global organisations.



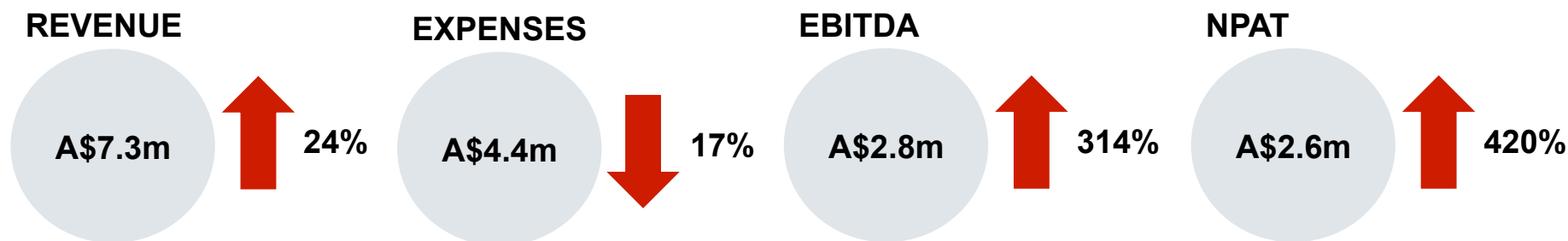
SALES & MARKETING

Our sales structure is split into three business units namely: BPO, Cloud and Global Marketing and Sales Enablement.



- ✓ **Direct** means Australia, India, Malaysia, Philippines, Hong Kong and Singapore.
- ✓ **Cloud software** is sold through our direct sales team and future partners.
- ✓ **BPO** sales are handled by an industry experienced sales team. This is due to the depth and complexity of BPO solutions and services..
- ✓ **Global Marketing and Sales Enablement** is in charge of lead generation for both Cloud and BPO sales combined via traditional and digital marketing and strategic client management programs. A key goal will be to add partnerships with European and North American suitable technology and BPO providers where those partners want to offer to their clients a seamless solution from Cloud or BPO geographic capabilities and service footprint.

SUMMARY OF FY18 PERFORMANCE



KEY FINANCIAL METRICS FOR FY18 (PRO FORMA) COMPARED TO FY17

- **Performance in line with pro forma forecasts** outlined in the prospectus
- Dividend 1.45 cents per share, unfranked (Record date – 10 July; Payable – 30 July)
- Results demonstrate **strong year on year growth**, and the highest performing year in the company's 11 year history
- **Organic growth** being driven by clear focus on customers and on-time implementation post contract signing + clear differentiation as an Asian, multi-country specialist
- **No client losses** in FY18
- **Solid base of recurring revenue**, with average BPO client contract of three years
- Enters FY19 with **strong base of contracted revenue** from existing clients + new contracts signed in Q1

BUSINESS SEGMENTS

The Group's BPO and Cloud product suite complements the delivery of its BPO solutions to our clients. Businesses of all sizes can use the Group to recruit, staff, pay, manage, and retain employees (hire to retire).



HR/Payroll Outsourcing Services

Regional coverage for Asia Pacific

- Managed Service offered
- Range of modularised service options to allow customers to choose most appropriate service
- Service range scales to clients with 1-10,000+ employees
- Regional lodgment of in-country statutory reports for pension funds, social insurance, taxes etc.
- Regional statutory compliances updates
- Regional consolidation of monthly payroll reports



HROnline Cloud based Workflow Solutions

Leave Solution

- Paperless & workflow enabled leave solution
- On-line employee application & manager approval
- Leave rules & balances automatically catered for

Expense Solution

- Workflow enabled expense claim solution
- On-line employee application & manager approval
- Multi-currency & configurable for each expense item
- Integrates with payroll services

Medical Outpatient Administration

- On-line medical claims
- E-TMS/E-OT/Timesheet
- On-line Time Management System



Other Services

- Remote hosting
- Regional solution
- ESS/MSS options available
- Incorporates basic HR communication tools e.g. Employee Handbook
- Ancillary HR administration services

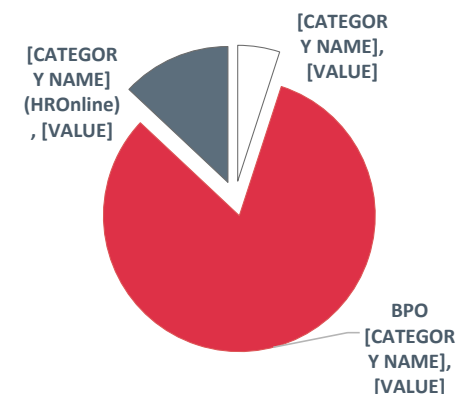
HR Lifecycle

- Full spectrum of HR administration from on-boarding to off-boarding
- Employee Helpdesk Support

Treasury Services

- Payroll Debit Card
- Client Payroll Foreign Exchange and Payments

Revenue Segmentation



FY18 FINANCIAL RESULTS

	Prospectus		FY18	
Year end 31 March	Pro Forma Actual	Pro Forma Forecast	Pro Forma Actual	Statutory Actual
	FY17	FY18	FY18	FY18
	A\$M	A\$M	A\$M	A\$M
Revenue	5.9	7.3	7.3	5.8
Operating Expenses	(5.3)	(4.5)	(4.4)	(7.2)
EBITDA	0.7	2.8	2.9	(1.4)
EBIT	0.5	2.7	2.6	(1.7)
NPAT	0.5	2.6	2.6	(1.7)
PayGroup Dividend	n/a	n/a	0.75	0.75

• Pro forma Revenue

- India core revenue retained from divestment
- Malaysian revenue recognised through the acquisition
- Grant revenue – “booked” on receipt

• Pro forma Operating Expenses

- Legal and professional costs of non completed acquisition
- Cost associated with prior IPO transactions
- IPO costs not related to capital raise
- Conservative approach taken on trade receivables – confident significant proportion will be written back
- Resource restructure: Increased processing and implementations performed in Malaysia and India (versus higher cost base of Singapore)
- Strict management of resource requirements



KEY OPERATING METRICS

Improvement across key operating metrics against prospectus forecast, and Q4 FY18 vs Q1 FY19



Client Entities

- 38 clients added in Q1 – total clients increased by 9% since FY18 year end
- Average BPO contract term - three years
- No client represents >5% revenue



Client Employees (Employees Paid)

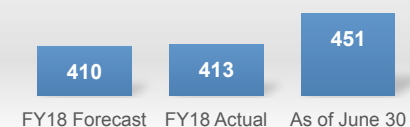
- 961 new client employees added in Q1 – up 4% since FY18 year end
- BPO Payroll Services revenue generated from the number of employees of each client entity (subject to minimum fee per client) and calculated per employee per month basis.



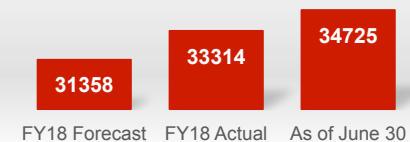
Group Employees

- 111 PayGroup employees as of 31 March 2018
- PayAsia employee headcount / cost base stable
- Further ability to leverage current resources to drive additional growth

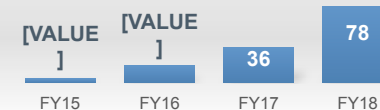
Client Entities



Client Employees



NPAT Per Client Employee






Q1 UPDATE

New contracts and extensions in Q1 deliver positive impact on key revenue and operating metrics

- Total value of new contracts signed in Q1: A\$ 1.297 million
 - Builds on existing base of contracted revenue
 - All new contracts on three year term
 - Implementation to occur in FY19, ie revenue recognition typically commences within three to four months on new contracts
- 1 x Top 10 client re-signed for a further three years (in addition to other contract renewals)
- No client losses in Q1
- Strong sales pipeline entering Q2
- 38 new client entities added, total 451 client entities as of June 30
- 961 new client employees (employees paid), total 34,275 client employees as of June 30
- No implementation backlog, ensuring new revenue recognition continues in line with expectations

Q1 FY19 – SIGNIFICANT NEW CLIENTS

Company	Countries	Employees	Total Contract Value (AUD)	Solution
Leading global management consulting firm	5	421	264K	Payroll BPO powered by HROnline SaaS
	9	38	350K	Payroll BPO powered by HROnline SaaS
	7	13	150K	Payroll BPO powered HROnline SaaS
	2	100	180K	Contract extension - HR Transaction Outsourcing powered by HROnline SaaS

PAYASIA INCLUDE IN LATEST GARTNER MARKET GUIDE FOR MULTICOUNTRY PAYROLL SOLUTIONS

PayAsia included in Gartner's Market Guide for Multicountry Payroll Solutions

- PayAsia named as a Representative Vendor in the most recent market guide, published in May 2018
- PayAsia's inclusion in the report for the first time – an essential validation in the eyes of client prospects
- Gartner regarded as the world's leading research and advisory company – research widely used to guide business decisions
- Report recommends organisations modernize payroll by incorporating payroll as a part of wider HR transformation initiatives
- Report predicts by 2022, 40% of global mid-market and large enterprises will have invested in a strategy to unify multicountry payroll using no more than three separate vendors

Source : Gartner, Market Guide for Multicountry Payroll Solutions, 21 May 2018

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GROWTH STRATEGY

Early, yet solid progress against growth strategy outlined in prospectus

Accelerated revenue growth by leveraging clients and adding services, countries and additional HCM modules

- **New module – HR Lifecycle – added to existing Payroll customer Shire, increasing contract by A\$ 180K annually**

Add sales and marketing resources in key selling markets, including Australia, Singapore and Hong Kong

- **UK based industry leader, Martin Stockton, appointed to as Business Development Director for Europe**

Increase adoption of Cloud solutions and improve operational efficiencies as a result of the planned investment

- **Rapid deployment of resources underway via our technology partner to improve HROnline functionality and user experience**

Enhance leadership in multi-country BPO market via North American and European BPO providers

- **Three significant leads from our US partner**
- **European meetings occurring in late July 2018**

Facilitate faster processing and reduce FX fees for clients via rollout of treasury functions and payroll debit card

- **One material proposal given to a Top 10 client based in Australia for payroll debit cards for its Philippine based employees**

BOARD OF DIRECTORS



Ian Basser Non-Executive Chairman (independent)

- Ian was appointed to the Board in July 2017 as an independent Non-Executive Director and Chairman. Ian has over 28 years' experience in starting, running and building service companies around the world including Australia, Hong Kong, China, Singapore, USA, UK and Europe. He was Chief Executive Officer and Managing Director of Chandler Macleod Group Limited until August 2012. Prior to joining Chandler Macleod, he spent four years establishing and developing the Mettle Group as a strategic leadership and culture consultancy.
- Prior to Mettle Group, Ian was on the global management team of Michael Page International building operations in Australia, Asia and North America. He was Chief Operating Officer and Board Director of Harvey Nash running operations in the UK, Europe and Asia. Ian is based in Melbourne Australia.
- Ian Basser is an independent Director as in the Board's view he is free from any business or other relationship that could materially interfere with or reasonably be perceived to materially interfere with the independent exercise of his judgement.



Mark Samlal Managing Director

- Mark co-founded PayAsia in 2006 where he was Non-Executive Chairman until being appointed to the role of Executive Chairman and Managing Director in July 2015. In July 2017, he was appointed to the Board of PayGroup and to the role of Managing Director of the Group. Mark has over 22 years' experience in leadership roles in Asia Pacific including being a Director and General Manager of ADP in Asia Australia (1999-2003).
- His previous senior roles included Chief Executive Officer VicPlas Ltd a Singapore Stock Exchange listed company in (2008-2014) and Executive Director of Omni Industries in Singapore (2006-2008). Mark is affiliated with the major shareholder and is based in Singapore.

BOARD OF DIRECTORS



David Fagan Non-Executive Director (independent)

- David was appointed to the Board in July 2017 as a Non-Executive Director. He will Chair the Audit and Risk Committee. David has over 38 years' experience in law practice including 30 years with Clayton Utz culminating in the role of Board Member and National Chief Executive Partner (2001-2010).
- Current Non-Executive Director roles include ASX listed Medibank Private Limited (since 2014) including Chair of the Board Risk Management Committee, UBS Grocon Real Estate Investment Management (since March 2014), and Hilco Oz & Hilco Merchant Australia (since 2014). David holds both a Bachelor and Master of Laws from University of Melbourne and is based in Melbourne, Australia.
- David Fagan is an independent Director as in the Board's view he is free from any business or other relationship that could materially interfere with or reasonably be perceived to materially interfere with the independent exercise of his judgement.



Franck Neron-Bancel Executive Director & Chief Strategy Officer

- Franck joined PayAsia in May 2017 as an Executive Director, and was appointed to the Board of PayGroup in July 2017 as the Chief Strategy Officer. Franck has over 21 years' industry experience in global HCM and payroll services with global leader Automatic Data Processing, Inc. (NASDAQ: ADP, Market Cap: US\$43.8 billion). Franck's tenure at ADP culminated in the role of Senior Vice President Strategic Account Management (2013-2017), with reporting to the ADP Global Enterprise Solutions President.
- Franck holds a Bachelor's Degree (General Management, Finance & Marketing) from KEDGE Business School and is based in New York, United States of America.

KEY MANAGEMENT

PayGroup benefits from the wealth of global expertise by its management team. The senior management team have been working with the Group for more than 30 years, and with recent appointments to support the current and anticipated growth of the business.



Sachin Goklaney
Chief Commercial Officer

- Sachin has been with PayAsia since 2015 in the role of Chief Finance Officer, and was appointed to the role of CCO of the Group in July 2017. Sachin has over 20 years in senior finance and operations roles in Singapore and Australia. He previously held senior roles with Deloitte (Aust), HLB Mann Judd (Aust), Magellan Consultancy (Sing) and Singapore Offshore Services (Sing).
- Based in Singapore, Sachin is a Chartered Accountant (ACA) and holds a Bachelor of Commerce (UNSW).



Justin Owen
Chief Financial Officer

- Justin was appointed to the role of CFO of PayGroup in July 2017 and is responsible for the Company's ASX reporting and financial reporting activities. Justin has over 30+ years' experience in senior finance roles including CFO positions with a number of ASX listed companies.
- Based in Melbourne, Justin holds a Bachelor of Business - Accounting from Monash University and is a Member of the Institute of Chartered Accountants.



Chris Brunton
Chief Product & Technology Officer

- Chris has been advising PayAsia since December 2015, and was appointed to the role of CTO of the Group in July 2017. Chris has over 20 years' industry experience in the HCM and Payroll BPO industry, including 13 years as CIO with ADP Asia Pacific.
- Based in Melbourne, Chris holds both a Bachelor and Master of IT (Swinburne) and is responsible for Group HR/Payroll deployment, technology and client implementation.

KEY MANAGEMENT



Lawrence Pushpam
Chief Sales Officer

- Lawrence is a co-founder and has been the Director of Business Development since inception. Lawrence was appointed to the role of Chief Sales Officer, BPO for the Group in July 2017.
- Lawrence has over 16 years' industry experience in the HCM shared services and payroll BPO domains, including 5 years with Convergys Corporation and has been largely responsible for the growth of the Group and leads the South East Asian Business Development Team in Singapore.



Len Austria
Product Director

- Len joined PayAsia In April 2014 as Product Director and was appointed to the same role for the Group in July 2017 In this capacity she is responsible for ensuring the Cloud and Apps supports the overall strategy and goals of the Company.
- Prior to joining PayAsia Len held roles covering Product, Consulting and Business Development with Gurango Software Corporation for over 10 years. Prior to that she was part of the development team at Microsoft Business Solutions for 4 years, doing business analysis for the MS GP HR Portal.
- Len holds a Bachelor of Science from De La Salle University (Manila) and is based in Manila, Philippines



Dawn Lim
Director of
Client Operations

- Dawn Lim is our Director of Client Operations with 12 year's experience in Payroll and HR BPO. Dawn is responsible for the overall operational deliveries of PayAsias' International Delivery Centres, including meeting clients' service levels, process improvements, compliances and legislative updates.
- Dawn has a strategic vision for the business to create cross-functional efficiencies to achieve positive impact on overall operational performances for the organisation.



THANK YOU

QUESTION AND ANSWERS

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