

# H1FY19 RESULTS PRESENTATION

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**Mark Samlal, Managing Director**



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**PayGroup**   
EXPERIENCE PAYS



# H1 FY19 HIGHLIGHTS & ACHIEVEMENTS

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## Pro forma revenue in line with PCP – in a period of investment

- Revenue for H1 (pro forma) \$3.3M, a stable performance during a period which included IPO and focus on investment in technology and partnerships
- Statutory revenue \$1.9M, represents four-month contribution of PayAsia
- Growing SaaS uptake, increased by over 13% in H1

## Growth drivers for H2 FY19 and beyond

- **Implementation of new contracts:** \$2.8 million total contract value (TCV) signed in H1 FY19 – over 90% of sales to new customers, an historical high
- **Seasonality:** H2 FY19 seasonally stronger due to financial year end tax processing and increase in implementations to align with start of Asian fiscal year
- **Referral partnerships:** First two contracts generated via Ultimate Software (US partner) – solid sales pipeline
- New referral agreements signed with Payroll Inc – one of Japan's largest payroll outsourcers & People First (subsidiary of MHR International) – expected to deliver first clients in FY20
- **India:** High growth in India, supported by proposed acquisition of PayAsia India (workforce management & BPO)
- **Technology enhancement:** HROnline functionality and user upgrades to bolster uptake of SaaS modules and drive internal efficiencies

## Implementation remains on track

- Average time from contract signing to implementation within 3 to 4 months
- No implementation backlog, ensuring new revenue recognition continues in line with expectations

# H1 FY19 RESULT SUMMARY

*Statutory results represent four-month contribution of PayAsia business (June – September 2018)*

**\$3.3M**

REVENUE  
PRO FORMA

**\$0.8M**

EBITDA  
PRO FORMA

**\$0.6M**

NPAT  
PRO FORMA

**\$2.8M**

TCV SIGNED  
IN H1

**\$1.9M**

REVENUE  
STATUTORY

**(\$1.0M)**

EBITDA  
STATUTORY

**(\$1.1M)**

NPAT  
STATUTORY

**34,046**

AVE PAYSLIPS  
PROCESSED PER  
MONTH (H1)

# METRICS DEMONSTRATE UNDERLYING GROWTH

*Delivering on key metrics, while maintaining stable cost base*



## Client Entities

- 66 client's entities implemented in H1: 30 BPO (payroll / HR) and 36 SaaS modules
- Average BPO contract term - three years
- No material client losses
- No client represents >5% revenue



## Client Employees (employees paid)

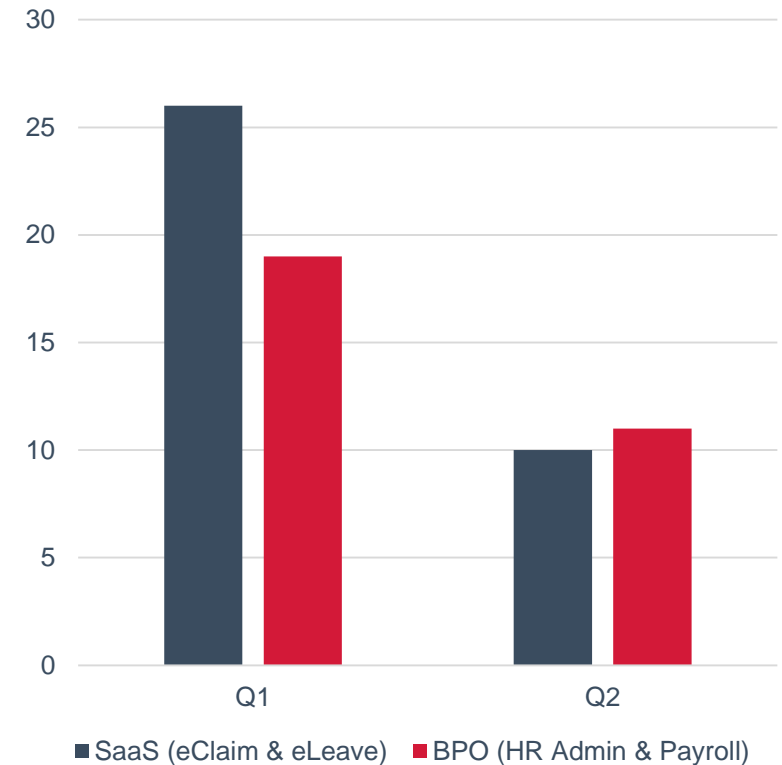
- Implemented 3281 new client employees in H1
- Payslips per client employee will vary
- Executed \$2.8 million (TCV) in new contracts in H1, with majority to be implemented in H2
- BPO Payroll Services revenue is generated post implementation phase, and is calculated on the number of employees of each client entity (subject to minimum fee per client) and charged on a per employee per month basis.



## Group Employees

- PayGroup FTE headcount stable in H1 at 111
- Stable cost base and capacity in processing operations to support additional growth

## Entities Implemented





# H1FY19 FINANCIAL RESULTS

## Pro forma Revenue

- India core revenue to be retained from divestment
- Recognition of April and May 2018 revenue represented as pre-IPO revenue

## Pro forma Operating Expenses

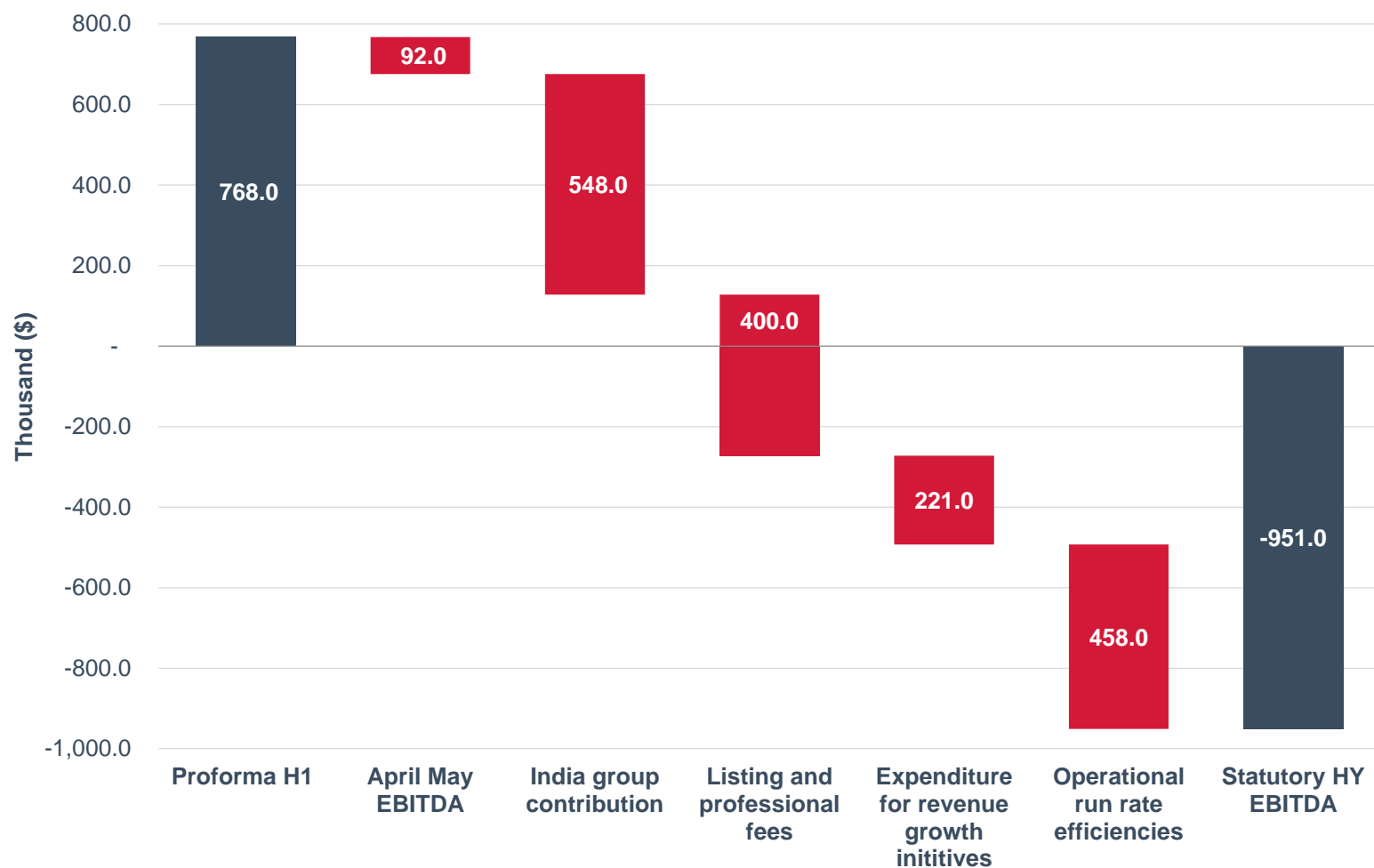
- Recognition of April and May 2018 opex represented as pre-IPO expenses
- IPO costs not related to capital raise
- Development of UK / European market with appointment of key BD resource
- Investment for growth in key processing centres, including Singapore, India and Philippines
- Ongoing investment in development of leading-edge payroll processing and HRO integration technology to enable optimisation of resources
- Expenses to expand market and product development initiatives
- Post IPO business review to leverage technology developments

	H1FY18	H1FY19	
Half year ending 30 Sept (A\$m)	Pro Forma	Pro Forma Actual	Statutory Actual <sup>1</sup>
	H1FY18	H1FY19	H1FY19
Revenue	3.3	3.3	1.9
Operating Expenses	(2.3)	(2.5)	(2.8)
EBITDA	1.0	0.8	(1.0)
EBIT	0.9	0.7	(1.0)
NPAT	0.9	0.6	(1.1)

Notes:

1 Statutory H1FY19 results only reflect 16 weeks revenue and expenses since listing date of 29/5/18 (not inclusive of a full 6-month contribution)

# H1FY19 STATUTORY EBITDA vs PRO FORMA BRIDGE



## Adjustments from H1FY19 statutory to Pro forma (EBITDA basis)

- April & May EBITDA (two months prior to IPO)
- Indian business group impact
- IPO and professional fees
- Expenditure and investment in operational capability to service growth
- Expense run rate constantly under review with efficiencies resulting from technology investments and operational performance improvements

# GROWTH STRATEGIES: TECHNOLOGY

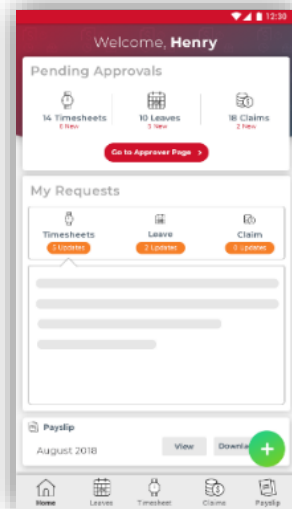
*Technology enhancements driving greater uptake of SaaS and increasing operational efficiency*

## BPO Payroll Bureau Processing Improvements

- Identified new best-of-breed Payroll Platform for key growth markets (Indonesia, Philippines, Thailand, Vietnam)
- Technology contract executed October 8<sup>th</sup> 2018 following 3 years of Due Diligence
- Commencement of training and implementation of preliminary accounts in Indonesia & Philippines
- First go-live targeted January 2019

## HROnline SaaS Platform

- In-line with Prospectus HROnline development team increased ~300% since IPO
- User Interface design complete, development commenced with phased releases over coming 9 months
- Key enhancements scoped, development commenced and releases commencing Q4-18
- Treasury function being trialled internally



# GROWTH STRATEGIES: EXPANDING OUR FOOTPRINT

*Client-led initiatives that enhance our competitive advantage*



## **New channel partnerships provide platform for growth**

### **Ultimate Software**

- PayAsia to attend sales kick off in 2019 – demonstrates success of the relationship

### **Payroll Inc (Japan)**

- One of the largest payroll outsourcing providers in Japan
- Joint marketing as a single solution for multi-nationals seeking one provider across the entire APAC region. PayAsia provides Payroll provisioning for all countries outside Japan
- Strengthens our competitive position & offering to clients in a very complex jurisdiction

### **People First**

- UK based, owned by MHR International
- HR Software platform which requires PayAsia to provide Payroll within the APAC Region
- Creates foothold into the UK / European market - direct result in our appointment of a European based Business Development director

## **Expanded operational footprint in APAC**

- Establishing BPO processing in Myanmar and Thailand – now servicing 19 countries
- Myanmar was a customer-led initiative, enables us to launch with a flagship client - to go live in April 2019 with >800 employees

## **Expanding into Workforce Management segment supported by acquisition**

- Strategically important market segment with high demand for workforce management provided as a standalone solution or bundled with BPO
- Growing client demand for bundled solutions led to decision to purchase workforce management business owned by PayAsia India, a business previously owned by PayAsia Singapore and divested prior to IPO (with acknowledgement PYG would acquire the underlying payroll business and BPO centre).
- Acquisition secures PYG's market leading position
- Expected to be a neutral outcome on a cost basis for PYG

**19**  
**countries**

A stylized map of the Asia-Pacific region, showing the outlines of the continents in a dotted pattern.



# CASE STUDY

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## PROBLEM:

In order to meet client demand, Appen was requested to employ and payroll approximately 1,000 workers in one of its offshore centres.

Appen did a global search to identify a payroll provider that was cost effective and could provide a seamless and scalable payroll platform, responsive processing timeliness, a global account management and support function with quick implementation turnaround.

## SOLUTION:

PayAsia proposed an implementation timeframe of 10 weeks, as PayAsia deploys its own technology and has a rapid implementation methodology honed for Asia.

PayAsia's extensive experience in rapid implementation enabled it to provide regional implementation and a payroll go-live plan that met Appen's process, time and investment expectations.

The implementation included planning and conceptualising the integration of PayAsia's SaaS Human Capital Management (HCM) "HROnline" with Appen's ERP and crowd management systems. This integration was possible due to the unique aggregation capability of the PayAsia's HROnline. Additionally, PayAsia provided a solution to Appen's need to interface payroll with a General Ledger interface using its advanced financial reporting logic across the countries serviced by PayAsia.

## OUTCOME:

Within 10 weeks, PayAsia successfully implemented the platform for semi-monthly payroll processing for Appen's workers in the offshore centre.

PayAsia has also gone live with two additional country payrolls of over 100 and more than 50 staff respectively. These were added during the initial successful 10-week implementation process.

PayAsia's expertise in developing customised general ledger solutions has assisted Appen to achieve efficiencies in its financial reporting of payroll-related costs.



## ABOUT THE CLIENT

- Operates in more than 130 countries
- Over 1,000,000 contractors
- \$1.3B Market Cap

Appen Limited is a publicly traded company listed on the Australian Securities Exchange (ASX) under the code APX.

With over 20 years of industry experience, Appen develops high-quality, human-annotated data sets for machine learning and artificial intelligence.

The Company works in more than 130 countries, in 180 languages and dialects and have access to a global crowd of over 1,000,000 skilled contractors.

- PayAsia named as a **Representative Vendor** in the most recent market guide, **Gartner's Market Guide for Multicountry Payroll Solutions**, published in May 2018
- PayAsia's inclusion in the report for the first time – an essential **validation in the eyes of client prospects**, alongside some of the best known and most highly regarded payroll Companies in the world
- Gartner is widely regarded as the world's leading research and advisory company – with research widely used to guide business decisions
- Key findings of Gartner's Market Guide for Multicountry Payroll Solutions, published in May 2018:
  - Report recommends organisations modernise 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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## APPENDIX

# PAYGROUP AT A GLANCE

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*PayGroup is the holding Company for PayAsia, a specialist multi-country BPO (Business Process Outsourcing) and Cloud (SaaS) based HCM (Human Capital Management) services and solutions provider*



12 years track-record of performance across Asia Pacific



Strong sales pipeline – further bolstered by international referral partnerships



Highly credentialed and fully aligned Board/Management team



Positioned to achieve growth through multi-country service, supported by combining proprietary HCM HROnline with BPO payroll and HR services



Strong earnings visibility – average three year BPO client contract period, >90% customer retention rate and a diverse client base



Asia Pacific BPO Services market valued at US\$20.177 billion

Emerging Asia Pacific segment growing at 10.3% per annum (Source: Gartner)

# CORPORATE OVERVIEW

PayGroup is the holding Company for PayAsia, a specialist multi-country BPO (Business Process Outsourcing) and Cloud (SaaS) based HCM (Human Capital Management) services and solutions provider

## VISION

To provide multi-national companies with a single view of their workforce and meeting their regulatory requirements across the Asia Pacific Region via two main service offerings:

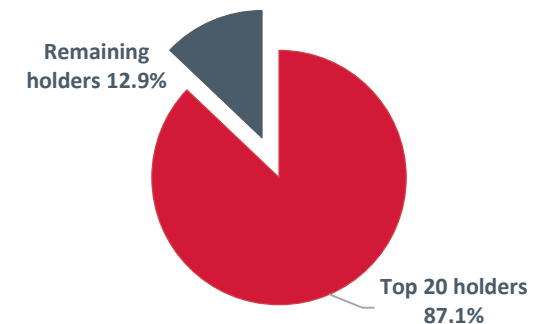


## Capital Structure and Cash Position

As of 30/11/2018

IPO issue price	\$0.50
Share Price	\$0.85
Total shares on issue	51.67m
Shares held in escrow	33.05m
Market cap	\$44.18m
Average Daily Volume	63.72k
Cash Balance (30 Sept)	\$3.94m

## Holder breakdown at IPO





# OUR LOCATIONS

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 400 client entities and over 31,000 client employees across 18 countries. The Group has 111 employees located across 8 countries.



	Client Entities	Client Employees	Countries
Total	410	31,358	18

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

# MARKET OPPORTUNITY

“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.

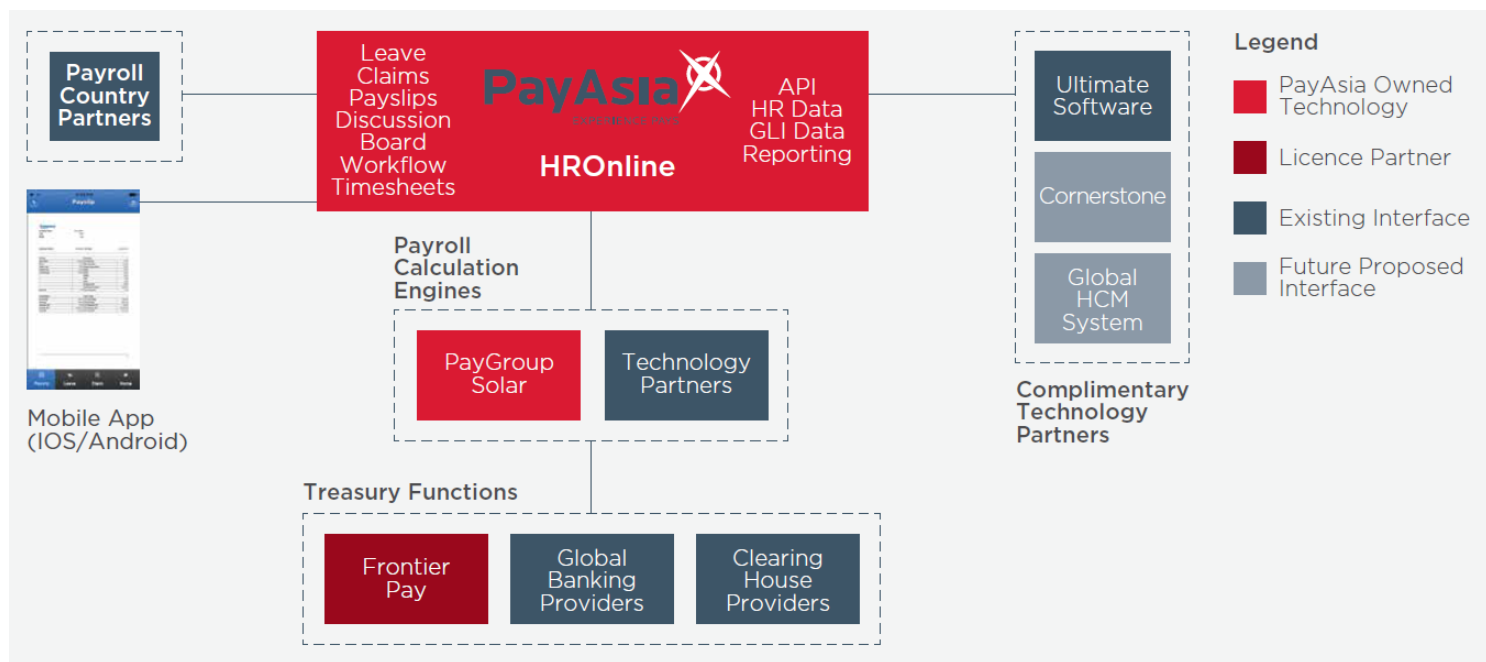
PayGroup operates in the Asia Pacific Region as a provider of BPO services and Cloud (SaaS) based HCM software products/modules, primarily for multinational companies. The BPO Market in the Asia Pacific region has an estimated market size of US\$20.177 billion<sup>1</sup>.

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% <sup>1</sup> growth in constant currency terms in 2016, and outperformed overall growth in IT services by 2.6% <sup>1</sup> .
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 <sup>1</sup> .

# CLOUD & MOBILE HCM DELIVERY

*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.

# BUSINESS SEGMENTS

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*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

### HR Lifecycle

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



## 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

### Treasury Services

- Payroll Debit Card
- Client Payroll Foreign Exchange and Payments

# BOARD OF DIRECTORS

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**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 30 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 five years establishing and developing the Mettle Group as a strategic leadership and culture consultancy.

Prior to Mettle Group, Ian was Group Managing Director of Harvey Nash running operations in the UK, Europe and Asia. He was on the global management team of Michael Page International building operations in Australia, Asia and North America.



**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.



**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.



**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



**Mark Samlal**

**Managing Director**

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**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.



**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.



**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



**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.



**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.

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