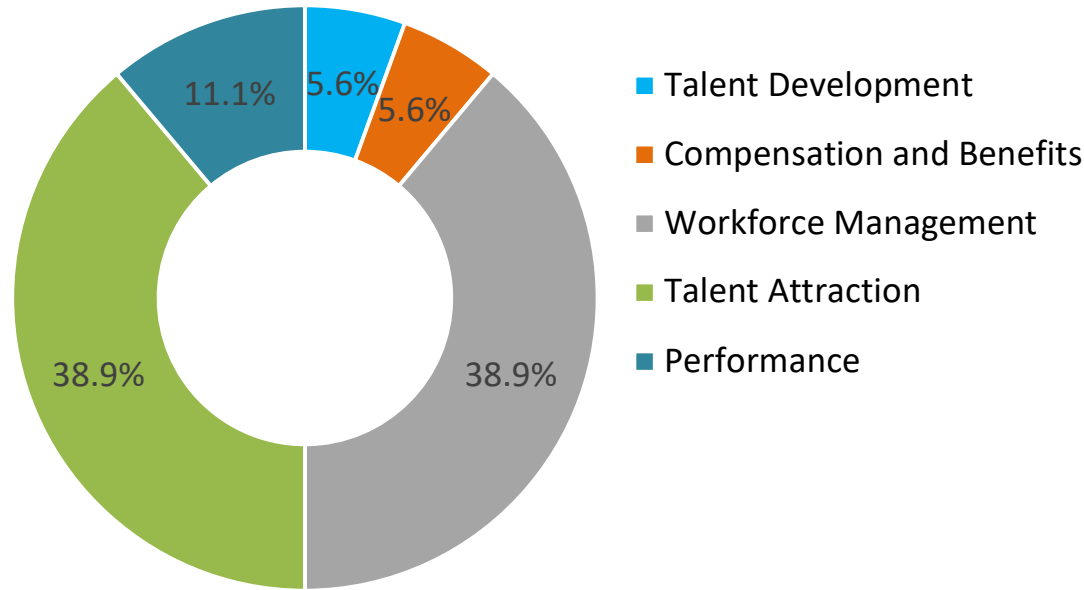




HR Technology Sector

Quoted Company Analysis

First Quarter 2018



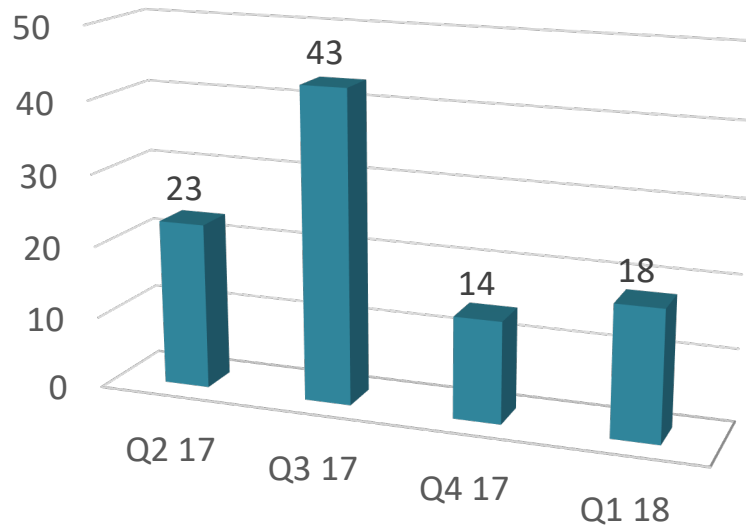
Talent Development: HR software providing the means to train and develop an effective workforce

Compensation and Benefits: HR software relating the management of employee compensation and benefits administration

Workforce Management: HR software that facilitates 'everyday' HR work and the management of employees

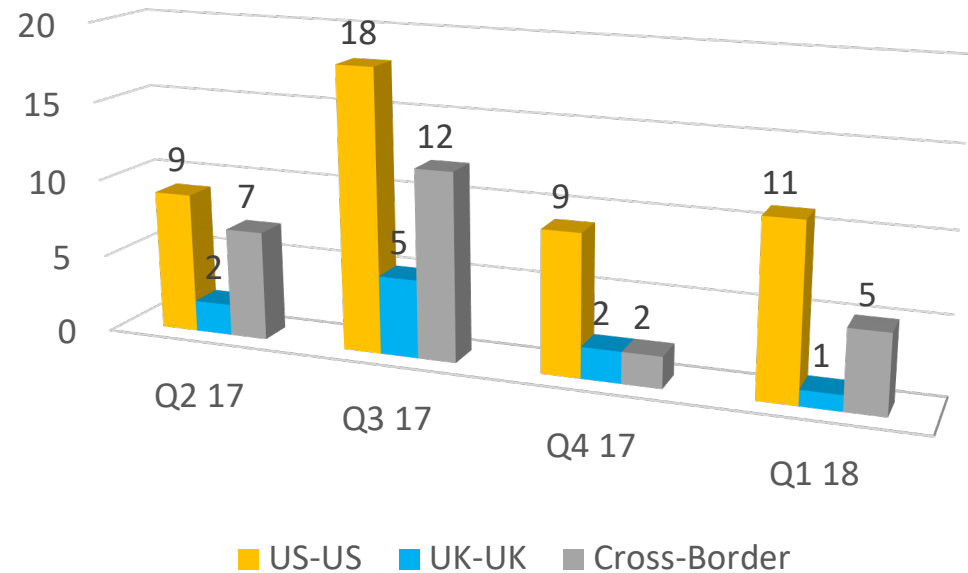
Talent Attraction: Tools to help employers recruit new staff and to help prospective employees search for jobs

Performance: Systems to track, measure and reward employee performance

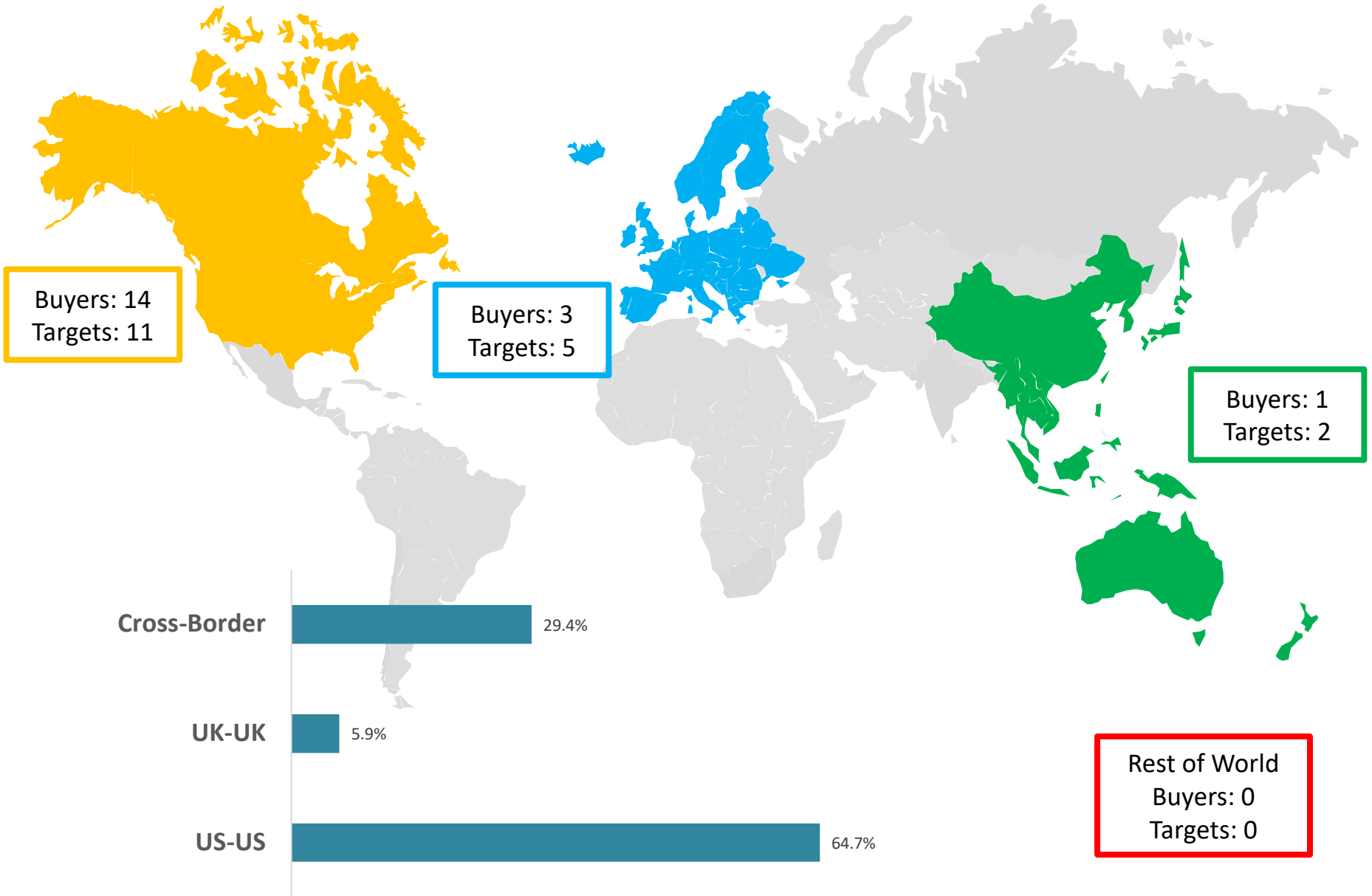


- Q1 2018 saw a slight uptick in the number of deals over the previous quarter
- This was driven predominantly by deals in the Workforce Management and Talent Attraction sectors

- Q1 2018 saw a return for cross-border deals
- US-US deals again came top reflecting the maturity of the HR Tech market in the country relative to other regions globally



Q1 2018 Transactions by Geography



Sector Valuation Metrics

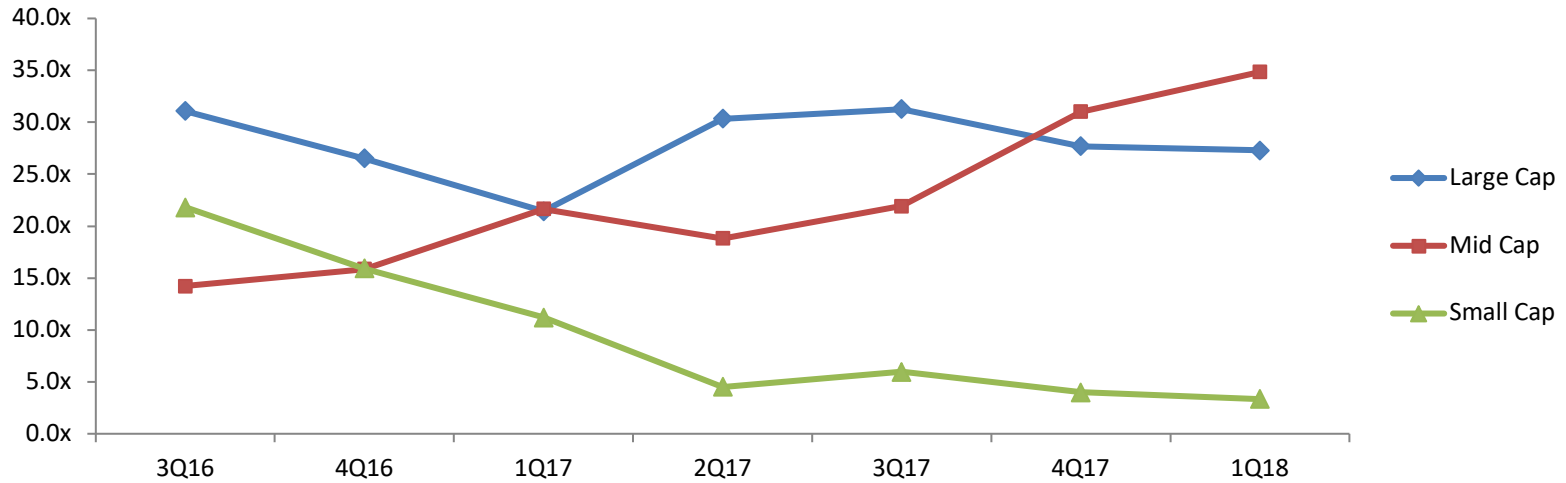
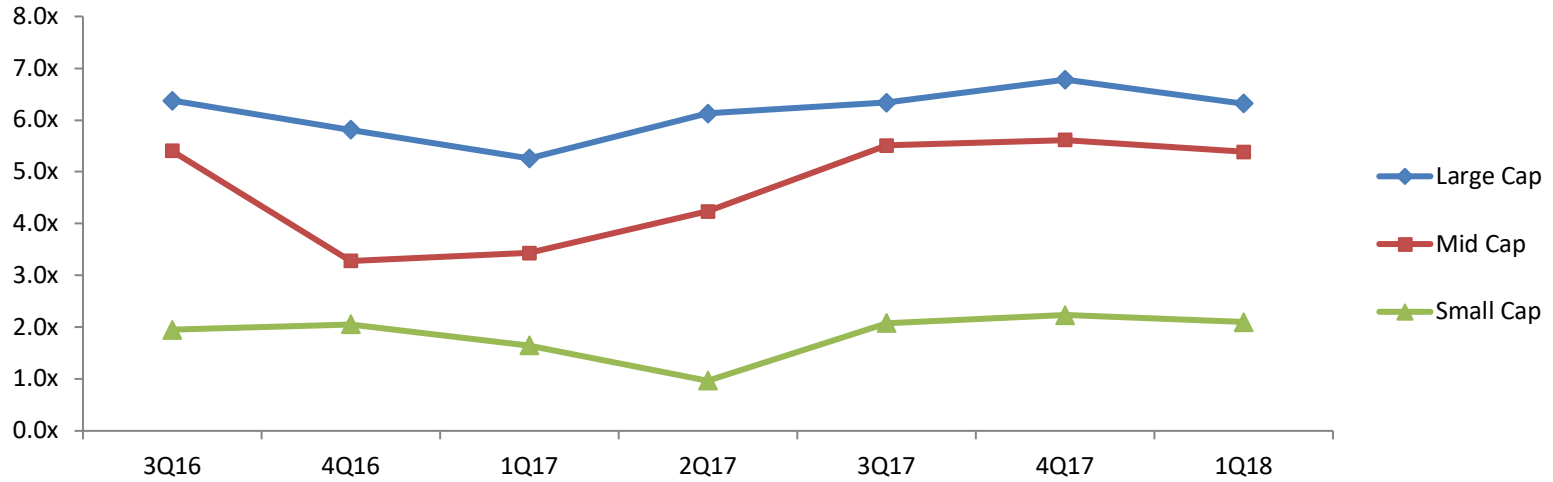
Company	Share Price Local	Market Cap (\$m) ⁽¹⁾	Net Debt (\$m) ⁽²⁾	Enterprise Value (\$m)	Revenue		EV/Revenue		EV/Revs		EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs
	31-Mar-18				CY18E (\$m)	CY2017	CY2018E	Recurring	CY2017	CY2018E	CY2017	CY2018E	CY2017	CY2018E	CY2017	CY2018E	Recurring ⁽³⁾
Selected Large Cap																	
ADP	113.5	50,302	(778)	49,524	13,739	3.9x	3.6x	3.7x	18.2x	16.7x	6.1%	7.1%	21.3%	21.6%	97%		
Workday	127.1	26,947	(1,776)	25,171	2,643	12.0x	9.5x	11.5x	NM	56.7x	36.1%	25.5%	-5.5%	16.8%	83%		
Paychex	61.6	22,129	(323)	21,806	3,508	6.6x	6.2x	6.3x	15.5x	15.0x	6.8%	7.1%	42.9%	41.4%	98%		
Ultimate Software	243.7	7,451	(155)	7,296	1,113	7.8x	6.6x	7.7x	92.8x	26.3x	20.4%	18.3%	8.4%	24.9%	85%		
Paycom Software	107.4	6,343	(11)	6,332	544	14.6x	11.6x	11.8x	64.6x	29.4x	31.6%	25.7%	22.6%	39.5%	98%		
SEEK Ltd	18.6	5,006	185	5,190	1,043	5.9x	5.0x	5.7x	14.5x	14.8x	12.9%	25.4%	40.8%	33.6%	87%		
Healthequity	60.5	3,690	(240)	3,450	277	15.3x	12.5x	13.8x	50.0x	33.2x	28.7%	22.5%	30.6%	37.5%	90%		
Xero	33.4	3,553	(80)	3,474	374	12.6x	9.3x	9.5x	NM	75.5x	49.1%	42.6%	3.2%	12.3%	97%		
Trinet Group	46.3	3,245	87	3,332	856	1.0x	3.9x	4.5x	13.2x	10.8x	7.0%	-73.9%	7.7%	36.2%	86%		
Insperity	69.6	2,921	(252)	2,670	3,700	0.8x	0.7x	0.8x	18.0x	13.9x	12.2%	12.1%	4.5%	5.2%	85%		
Paylocity	51.2	2,695	(103)	2,591	411	7.7x	6.3x	6.5x	49.2x	29.4x	30.0%	23.6%	15.7%	21.5%	97%		
Cornerstone Ondemand	39.1	2,242	(30)	2,212	504	4.6x	4.4x	4.8x	NM	24.8x	13.9%	4.5%	-2.9%	17.7%	91%		
Wageworks	45.2	1,792	(429)	1,362	522	2.8x	2.6x	2.7x	9.3x	8.1x	9.1%	31.8%	30.4%	32.2%	96%		
Average						7.4x	6.3x		34.5x	27.3x			16.9%	26.2%	91.5%		
Total (Large Cap)		138,316	(3,907)	134,409													
Selected Mid Cap																	
GB Group Plc	4.0	863	(7)	857	179	5.7x	4.8x	9.2x	27.0x	21.6x	3.3%	41.7%	21.1%	22.2%	52%		
Benefitfocus	24.4	764	60	824	256	3.2x	3.2x	3.9x	NM	69.9x	10.0%	-0.1%	0.9%	4.6%	82%		
Learning Technologies Group Plc	0.9	708	(1)	707	82	10.5x	8.6x	12.3x	48.0x	29.2x	75.1%	22.1%	21.9%	29.6%	70%		
Atoss Software AG	82.4	403	(33)	370	75	6.0x	4.9x	5.5x	22.0x	18.6x	12.5%	22.0%	27.2%	26.4%	90%		
China Distance Education Holdings	8.2	272	(16)	256	NA	NA	NA	NA	NA	NA	11.4%	NA	NA	NA	69%		
Average						6.4x	5.4x		32.3x	34.8x			17.8%	20.7%	72.7%		
Total (Mid Cap)		3,011	3	3,014													
Selected Small Cap																	
Freelancer Technology	0.5	172	(25)	147	41	3.8x	3.6x	NA	NM	NM	-1.6%	6.9%	-7.8%	-1.3%	NA		
DHI Group	1.6	81	29	110	174	0.5x	0.6x	0.7x	3.2x	3.3x	-8.4%	-16.3%	16.7%	19.0%	88%		
Assima plc	2.1	23	(4)	19	NA	NA	NA	NA	NA	NA	-24.4%	NA	NA	NA	39%		
Average						2.2x	2.1x		3.2x	3.3x			4.4%	8.8%	63.3%		
Total (Small Cap)		275	0	275													
Sector Total		141,602	(3,903)	137,699													

(1) Excludes treasury shares

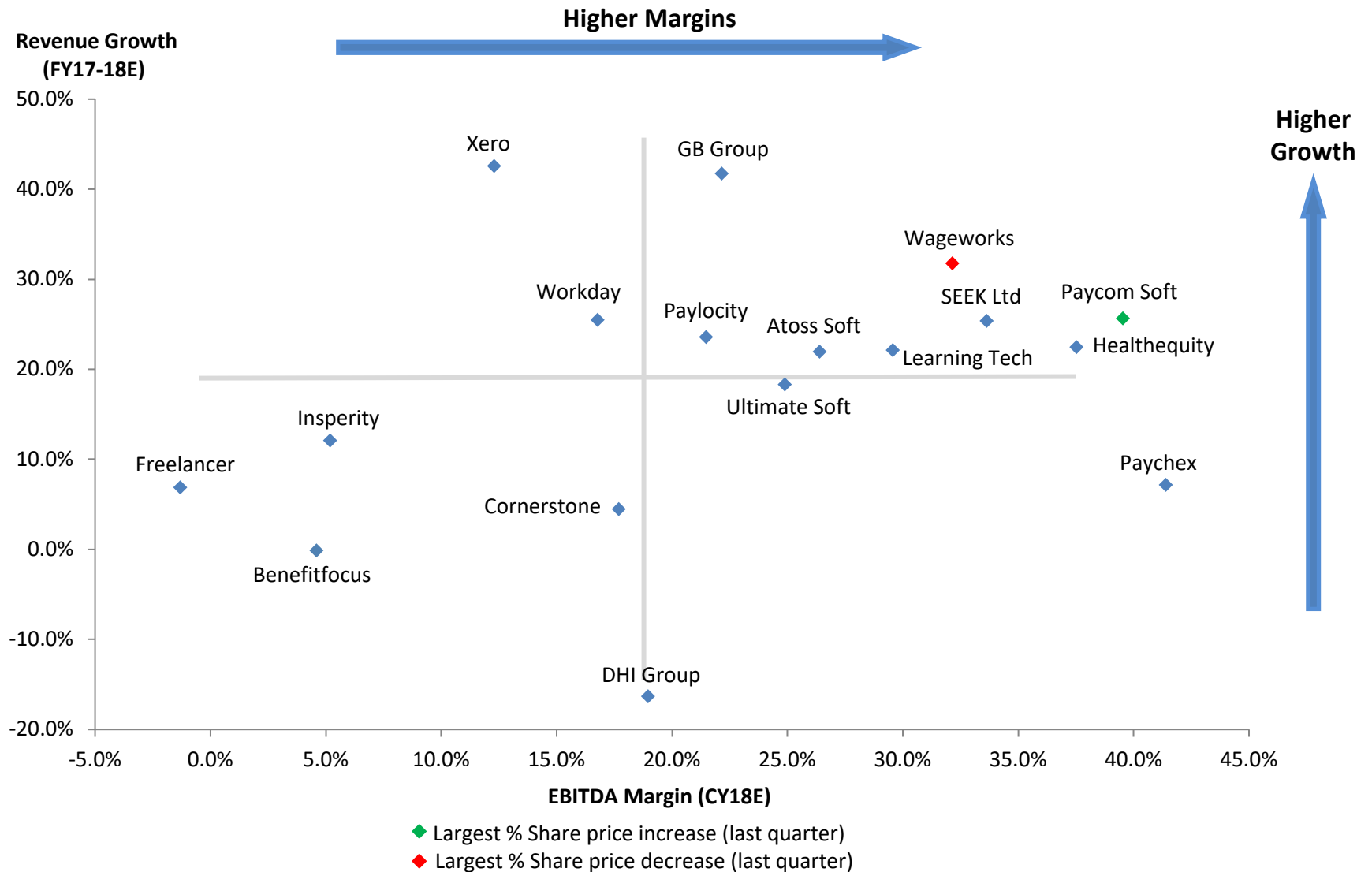
(2) Net financial debt minus marketable securities and collaterals.

(3) Recurring revenues (renewing licences, maintenance, subscriptions, SaaS etc) where reported for last full year

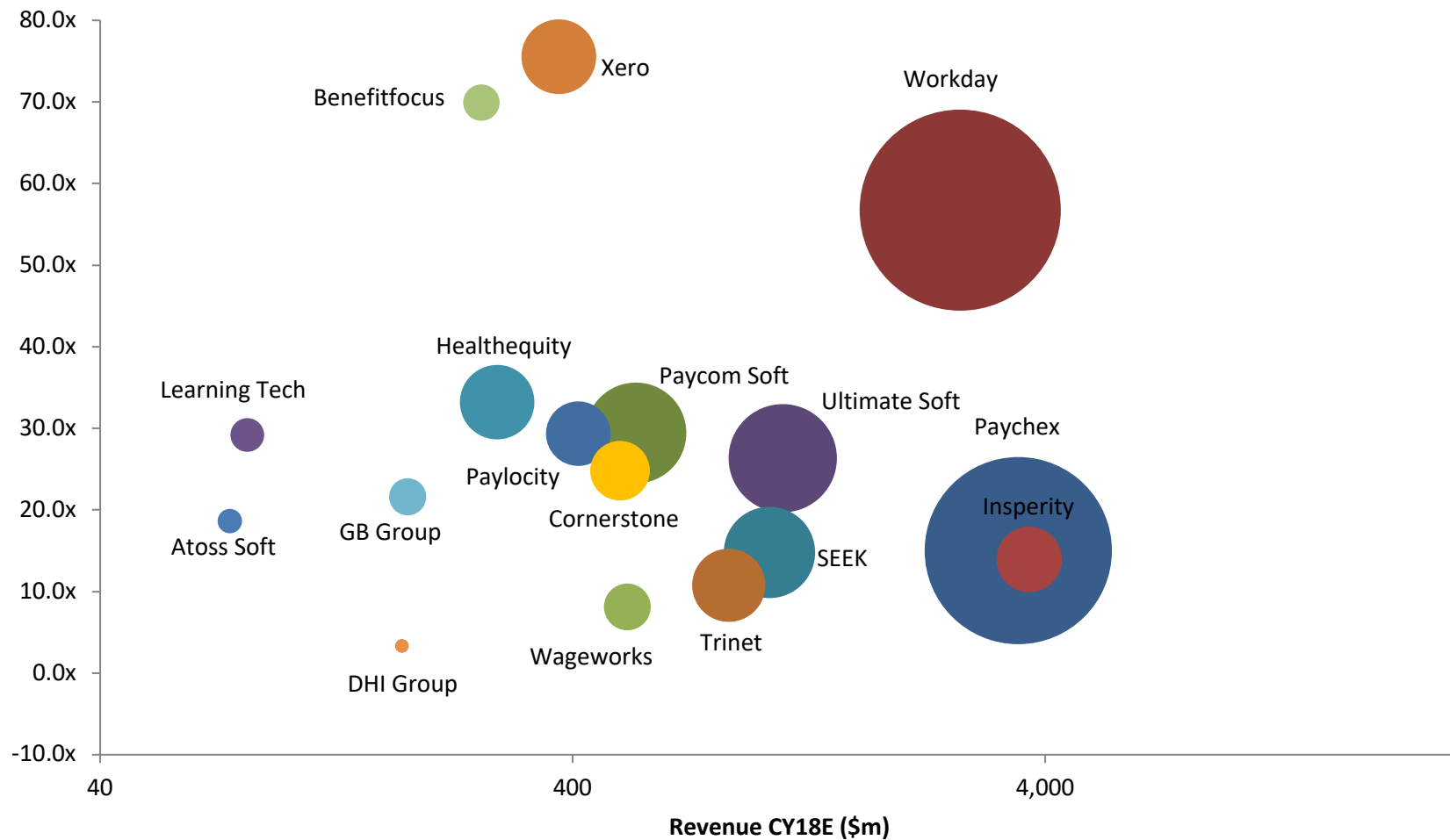
(4) NM - Not meaningful and NA - Not available



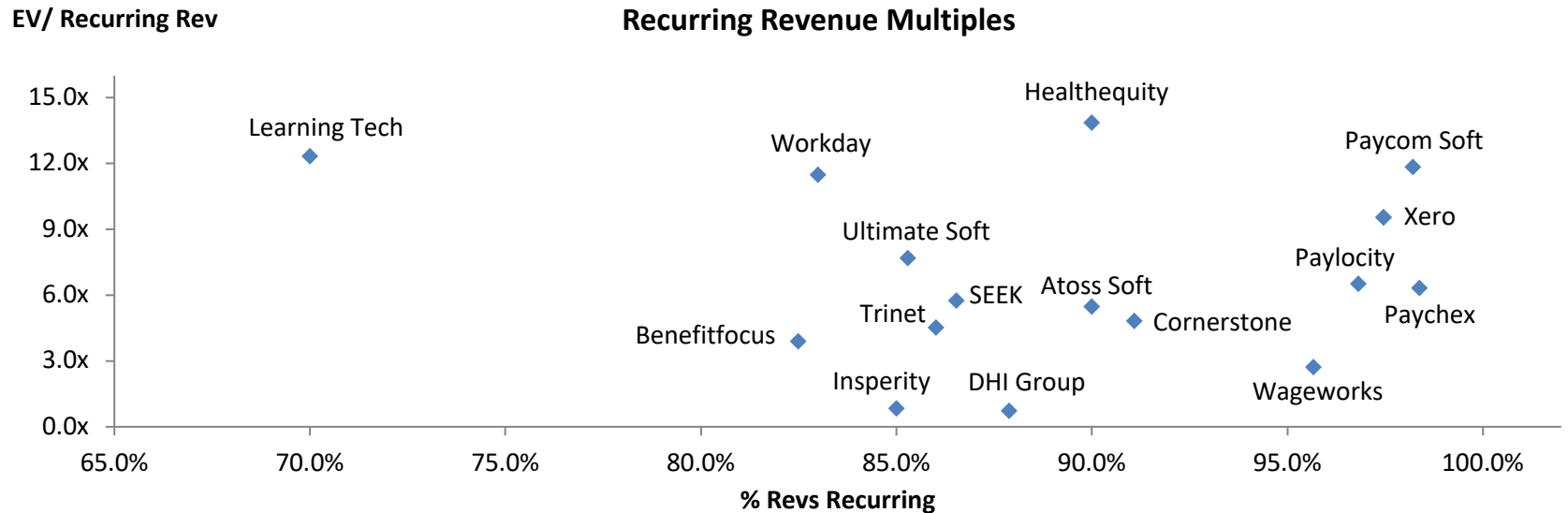
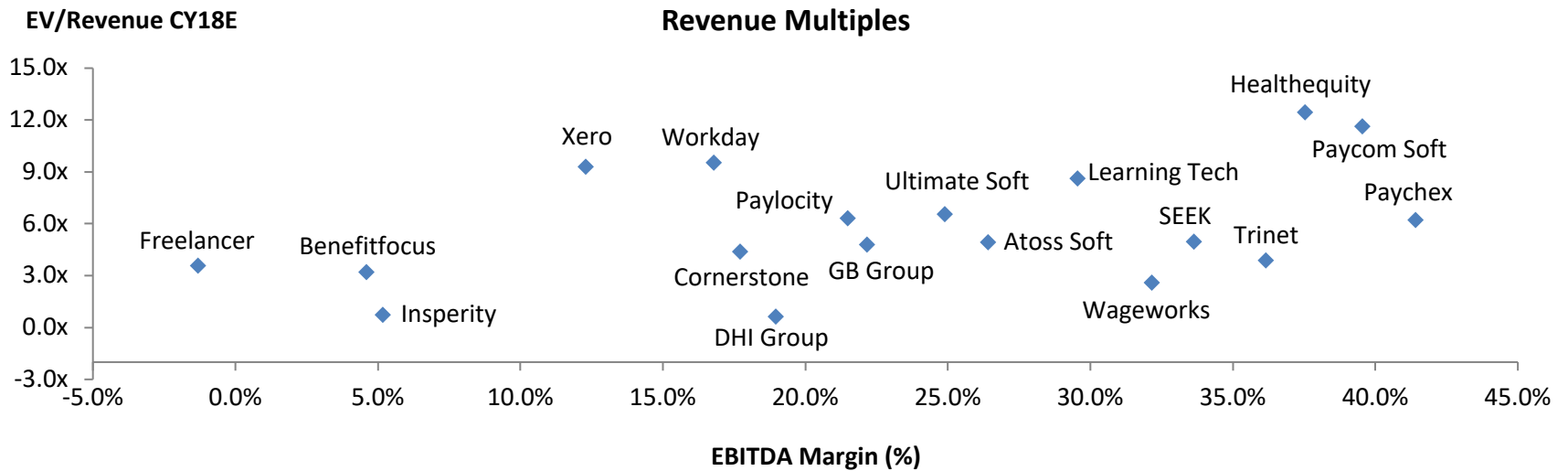
Performance Quadrants: Revenue Growth & Operating Margin



EV/EBITDA CY18E

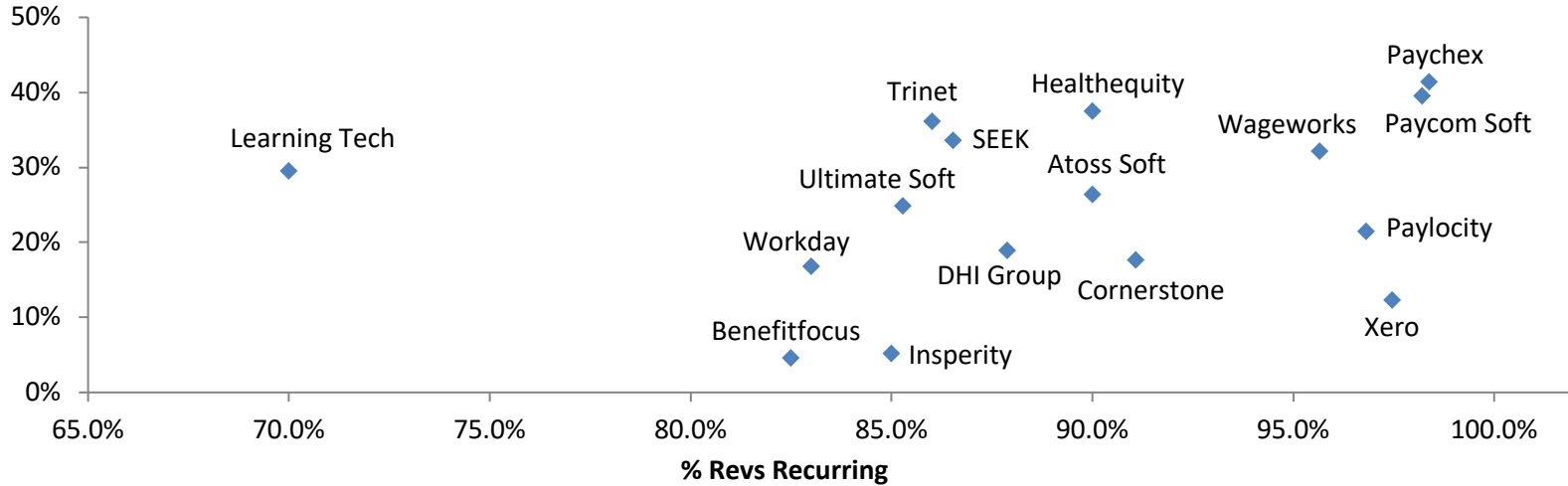


Note: Bubble size depicts enterprise value



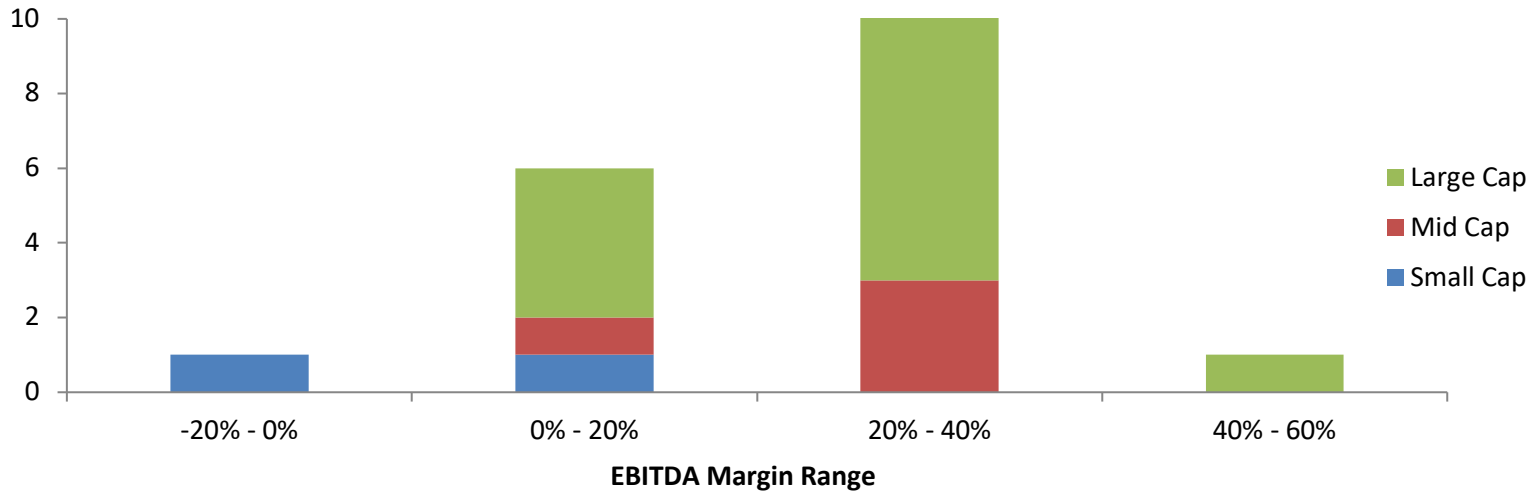
EBITDA Margin CY18E

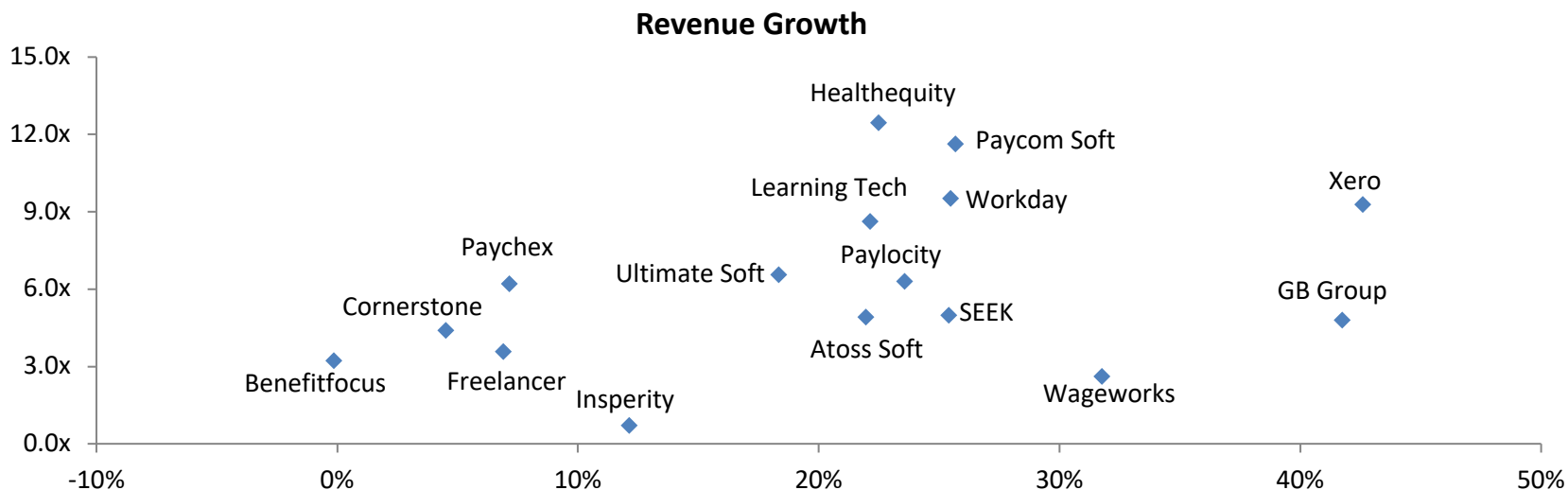
Recurring Revenue as a Driver of Operating Margins



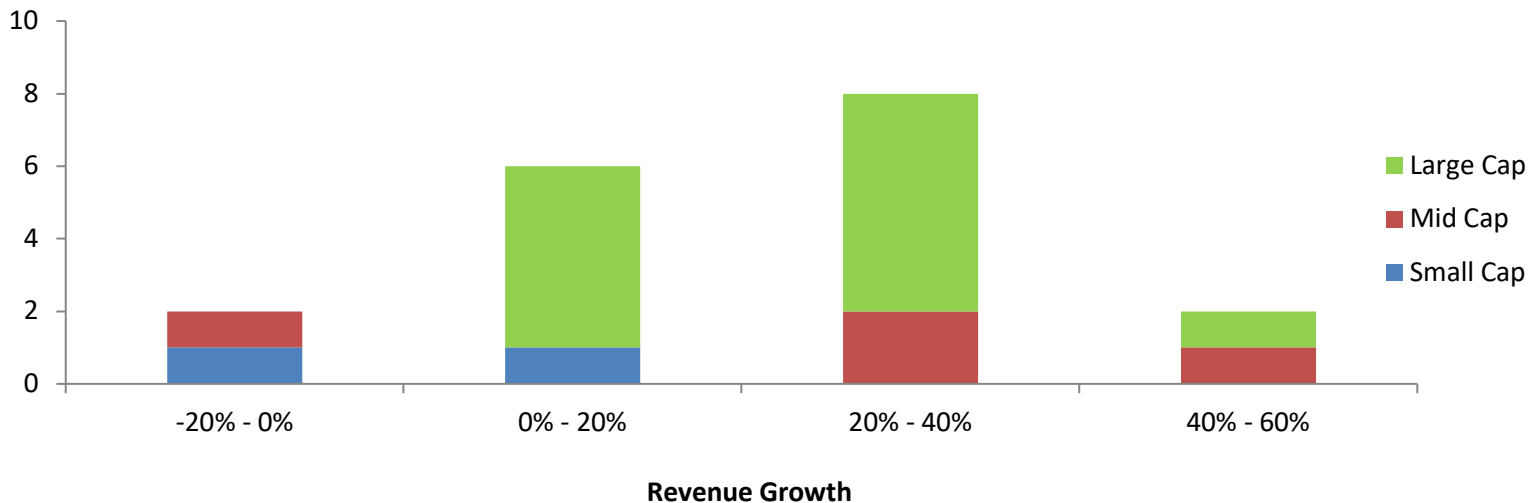
Number of Companies

EBITDA Margin Range Distribution





Number of Companies



Selected HR Tech Deals – First Quarter 2018

<u>Date Announced</u>	<u>Buyer</u>	<u>Target</u>	<u>Target Product Line</u>	<u>Deal Size</u>	<u>Target Revenue</u>	<u>Revenue Multiple</u>	<u>HR Tech Subsector</u>	<u>Commentary</u>
23-Mar-18	CompTIA Inc. [USA]	gtslearning International Ltd. [UK]	Provides online learning and coursework for IT certification exams	n/a	n/a	n/a	Talent Development	The purchase was driven by encouragement from CompTIA's training partners wanting a single-source solution for CompTIA official content
21-Mar-18	Mitrefinch Ltd [UK]	Advance Systems America Inc [USA]	Develops workforce management software solutions	n/a	n/a	n/a	Workforce Management	LDC-backed Mitrefinch acquires Advance Systems America hoping to leverage the company's expertise and accelerate its own growth in the US market to become a major player. The two firms have been partners for the past 8 years
13-Mar-18	Bullhorn Inc. [USA]	Talent Rover LLC [USA]	Provides Salesforce-based staffing and recruitment and HR management SaaS for enterprises	n/a	n/a	n/a	Talent Attraction	Bullhorn has acquired Jobscience and Talent Rover further embracing the Salesforce platform and ecosystem. Their previous acquisition of Connexys gave Bullhorn the initial opportunity to partner with Salesforce and these subsequent acquisitions will allow them to deliver best fit solutions for customers on either the Bullhorn and Salesforce platform
13-Mar-18	Funding round led by Bain Capital Ventures	Sass Labs Inc (AllyO) [USA]	AI recruiting technology	\$14.0m	n/a	n/a	Talent Attraction	AllyO has secured \$14m in growth funding led by Bain Capital with participation from Cervin Ventures, Gradient Ventures (Google's AI fund) and RIF. The funding will be used to double both business and engineering headcount and open its second office
08-Mar-18	Comvest Partners [USA]	Engage2Excel Inc. [USA]	Provides HR employee management SaaS	n/a	n/a	n/a	Workforce Management	Private Equity firm, Comvest Partners, has acquired Engage2Excel. With experience growing technology-enabled business, Comvest hope to build upon Engage2Excel's momentum and strong position in the employee engagement space
08-Mar-18	Bullhorn Inc. [USA]	Jobscience Inc. [USA]	Provides Salesforce-based employee recruitment and staffing SaaS for employment firms	n/a	n/a	n/a	Talent Attraction	Bullhorn has acquired Jobscience and Talent Rover further embracing the Salesforce platform and ecosystem. Their previous acquisition of Connexys gave Bullhorn the initial opportunity to partner with Salesforce and these subsequent acquisitions will allow them to deliver best fit solutions for customers on either the Bullhorn and Salesforce platform

Selected HR Tech Deals – First Quarter 2018

<u>Date Announced</u>	<u>Buyer</u>	<u>Target</u>	<u>Target Product Line</u>	<u>Deal Size</u>	<u>Target Revenue</u>	<u>Revenue Multiple</u>	<u>HR Tech Subsector</u>	<u>Commentary</u>
01-Mar-18	Paychex Inc. [USA]	Lessor Group [Denmark]	Provides payroll and HCM SaaS and software	\$160.6m	n/a	n/a	Compensation & Benefits/ Workforce Management	Paychex's international strategy involves growing in Europe, outside of its Germany operation. The addition of Lessor Group gives the company significant client and revenue growth opportunities elsewhere in the region. The deal also provides an exit for Lessor's private equity investor, Axcel
27-Feb-18	Funding round led by Balderton Capital	Peakon Ltd [UK]	Provides a real-time people analytics platform	\$22.0m	n/a	n/a	Performance	Peakon has secured \$22m in a Series B funding round led by Balderton Capital with participation from existing investors EQT, IDInvest Partners and Sunstone Capital. The round brings the company's total funding to \$33m
22-Feb-18	SmartERP Solutions Inc. [USA]	Provade Inc. [USA]	Provides workforce spend management SaaS	n/a	n/a	n/a	Workforce Management	The purchase of Provade aligns with SmartERP's strategy to grow its cloud-based solutions and services for HCM and Vendor Management Systems on a common Oracle technology platform
20-Feb-18	Adecco SA [Switzerland]	Vettery Inc [USA]	Operates an online hiring marketplace	\$105.5m	n/a	n/a	Talent Attraction	The acquisition was driven by Adecco's digital strategy and will strengthen the company's Professional Staffing and Solutions business. The addition of Vettery complements Adecco's growing suite of digital HR platforms following the launch of Adia and YOSS in 2017
20-Feb-18	Funding round	Dynamic Signal Inc [USA]	Employee communication and engagement platform	\$36.5m	n/a	n/a	Workforce Management	Dynamic Signal has secured \$36.5m in a growth financing round with participation from Adams Street Partners, Akkadian Ventures, Cisco Investments, Microsoft Ventures. This latest round brings the company's total funding to \$88m
15-Feb-18	Funding round led by TPG Growth	Reflektive Inc [USA]	Provides real-time cloud-based performance management platform	\$60m	n/a	n/a	Performance	Reflektive has raised \$60m in a Series C funding round led by TPG Growth, with participation from existing investors Andreesen Horowitz and Lightspeed Venture Partners. The funding will be used to invest in R&D and double its engineering team

Selected HR Tech Deals – First Quarter 2018

<u>Date Announced</u>	<u>Buyer</u>	<u>Target</u>	<u>Target Product Line</u>	<u>Deal Size</u>	<u>Target Revenue</u>	<u>Revenue Multiple</u>	<u>HR Tech Subsector</u>	<u>Commentary</u>
14-Feb-18	Funding round led by JMI Equity	Interviewstreet Inc (HackerRank) [USA]	Provides a technical recruiting platform	\$30m	n/a	n/a	Talent Attraction	HackerRank has raised \$30m in a Series C funding round led by JMI Equity. HackerRank's existing investors Khosla Ventures, Battery Ventures, RIF and Chartline Capital Partners also participated taking the firm's total financing to \$58.2m
13-Feb-18	Marlin Equity Partners LLC [USA]	Inkling Systems Inc. [USA]	Provides workforce management, collaboration and training software	n/a	n/a	n/a	Workforce Management	Inkling's products leverage the power of mobile devices to power information sharing across enterprises. As the number of deskless workers rises mobile content sharing will become increasingly critical. Marlin's investment hopes to capitalise on this trend
12-Feb-18	CoreLogic Inc. [USA]	eTech Solutions Limited [UK]	Provides mobile workforce and project management, analytics and reporting software	n/a	n/a	n/a	Workforce Management	The acquisition of eTech Solutions expands CoreLogic's UK footprint and augments their solutions offering. CoreLogic hopes to leverage eTech's solutions to improve US operations
31-Jan-18	Quess Corp Ltd [India]	Monster.com Pvt Ltd [India]	Provides online career and recruitment resources	n/a	n/a	n/a	Talent Attraction	Quess Corp acquires MonsterIndia and its South East Asia and Middle East business from Monster Worldwide. The company is amongst the market leaders in each of its operating geographies and will add 65 million registered users
06-Jan-18	Geometric Results Inc [USA]	De Poel Ip Ltd [UK]	Provides vendor-neutral MSP programs supported by its own technology platform	n/a	n/a	n/a	Workforce Management	Geometric Results', a subsidiary of MSX International, acquisition of De Poel will yield immediate benefits. Specifically, to increase geographic diversity and branch out into more industry sectors and broaden their customer base
02-Jan-18	Battery Ventures [USA]	PageUp People [Australia]	Provides HR talent management SaaS for enterprises	n/a	n/a	n/a	Talent Attraction	Battery Ventures' acquisition of PageUp provides an exit for existing investors Accel-KKR. With Battery's backing, PageUp will continue its focus on product research and development but also plans to continue its global expansion strategy and may seek acquisitions as part of this

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