

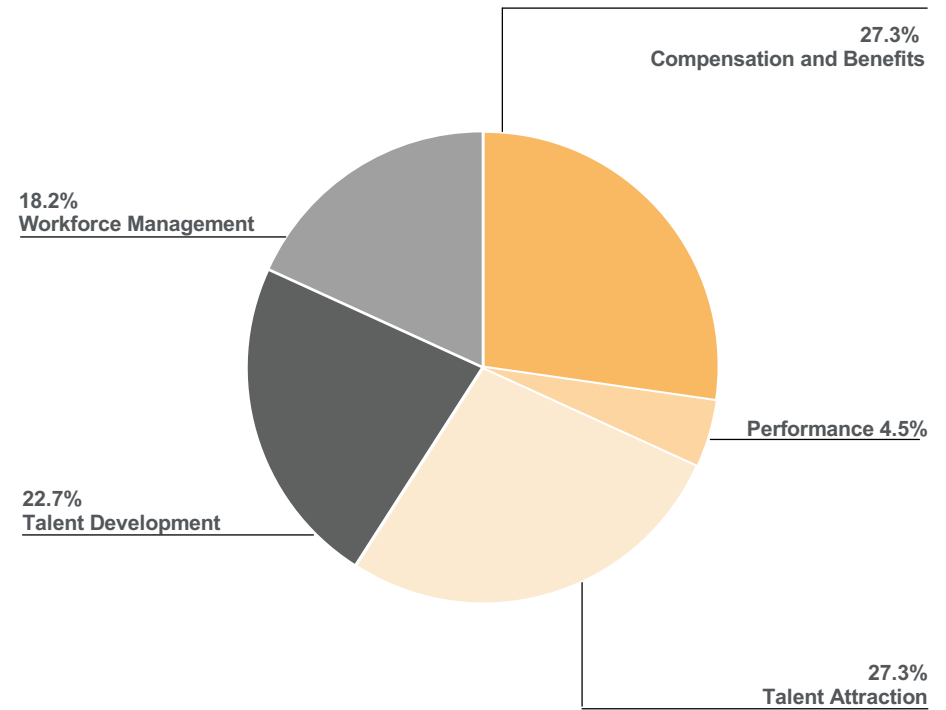


HR Technology Sector Quoted Company Analysis

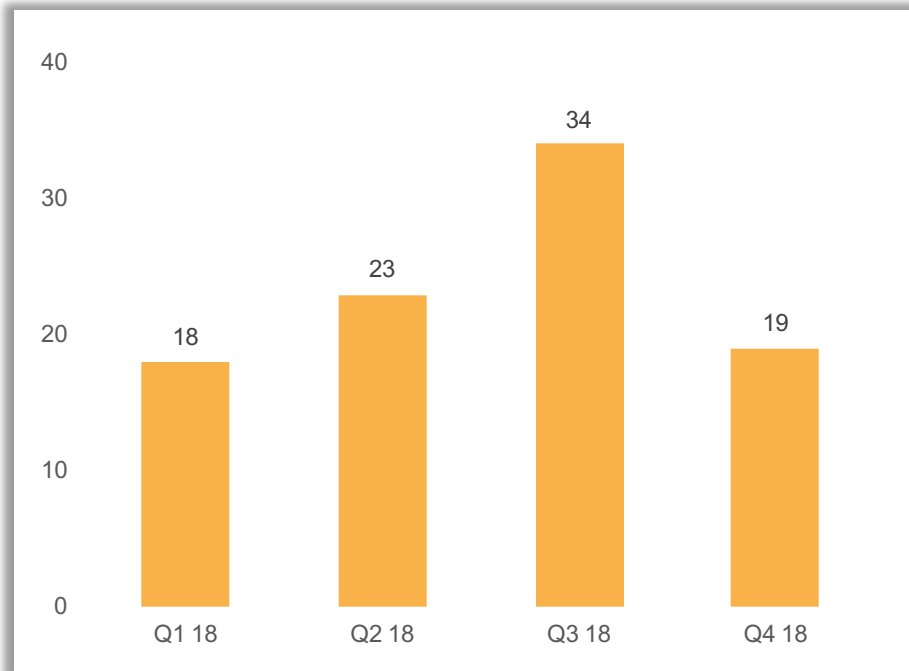
Fourth Quarter 2018

Q4 2018 TRANSACTIONS BY SUBSECTOR

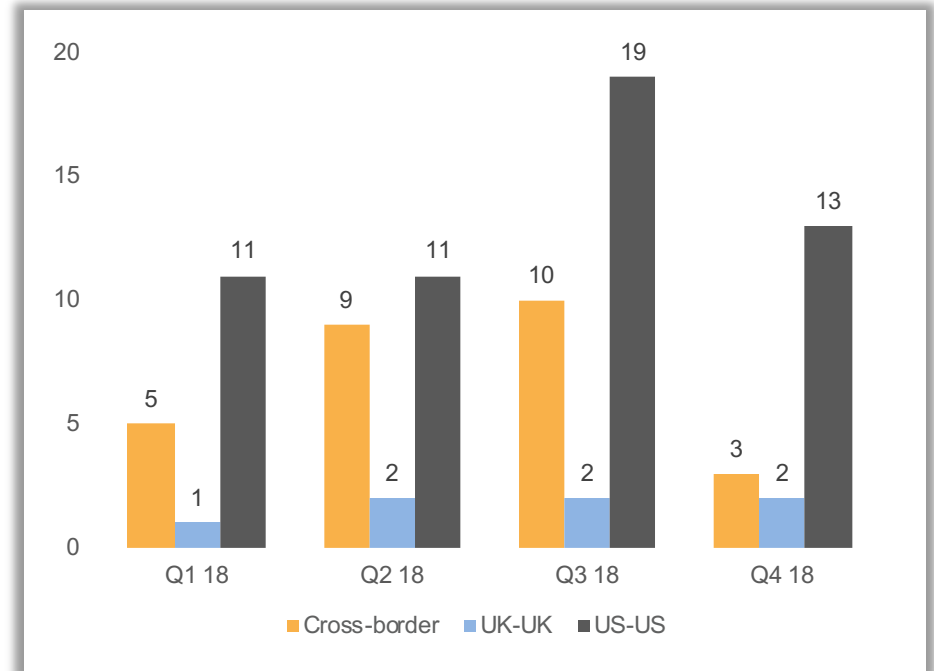
- **Compensation and Benefits**
HR software relating the management of employee compensation and benefits administration
- **Performance**
Systems to track, measure and reward employee performance
- **Talent Attraction**
Tools to help employers recruit new staff and to help prospective employees search for jobs
- **Talent Development**
HR software providing the means to train and develop an effective workforce
- **Workforce Management**
HR software that facilitates 'everyday' HR work and the management of employees



TRANSACTIONS BY QUARTER

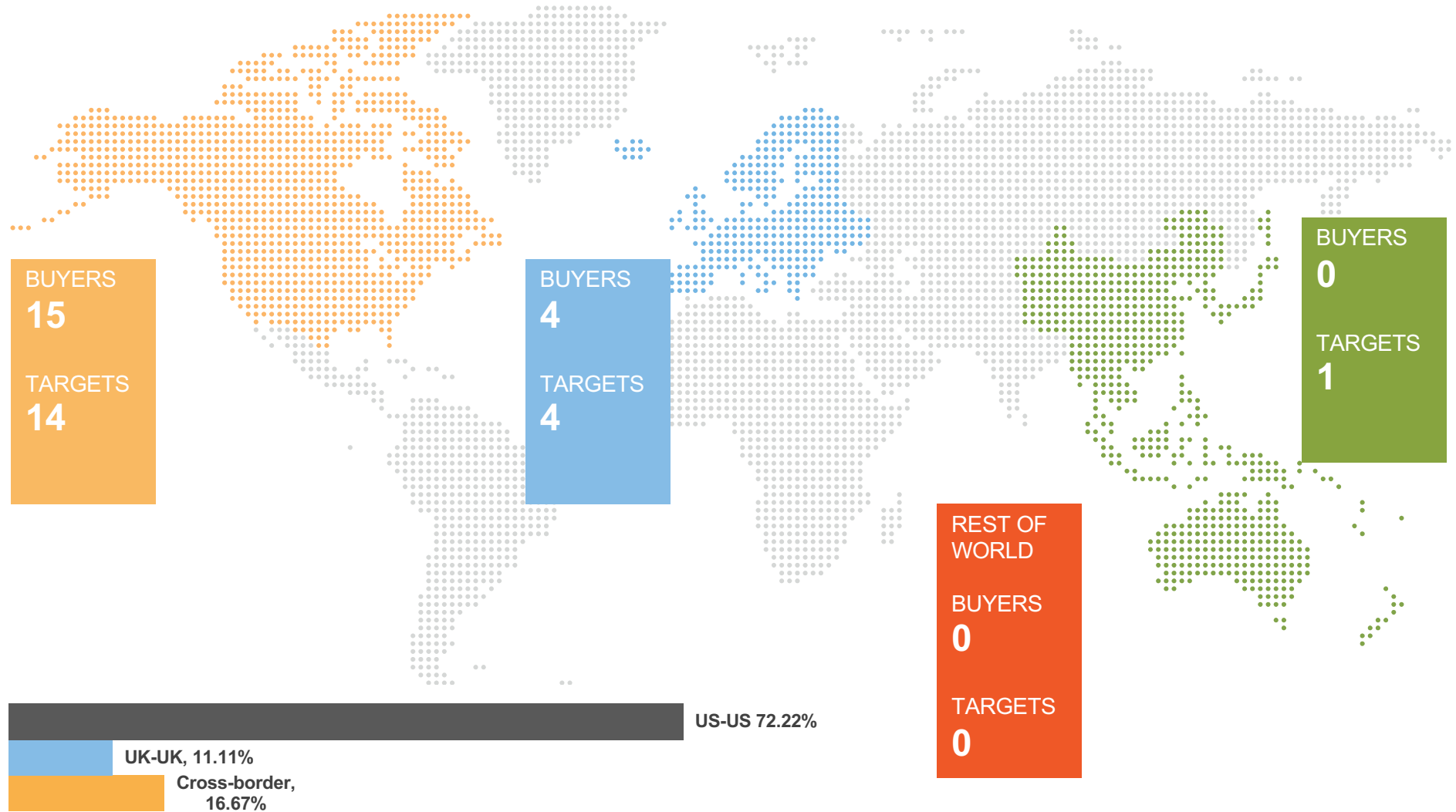


- Number of selected deals increased steadily throughout the year but experienced a slight decrease in Q4
- The Compensation and Benefits and Talent Attraction sectors proved most active



- Q4 saw intra-US transactions continue to dominate the global scene, despite a slight decrease from Q3
- Intra-UK deals remained consistent with previous quarters, with cross-border deals experiencing a steep drop

Q4 2018 TRANSACTIONS BY GEOGRAPHY



SECTOR VALUATION METRICS

Company	Share Price 31-Dec-18	Local Market Cap (\$m) ⁽¹⁾	Net Debt (\$m) ⁽²⁾	Enterprise Value (\$m)	Revenue CY18E (\$m)	EV/Revenue CY2017	EV/Revenue CY2018E	EV/Revs Recurring	EV/EBITDA CY2017	EV/EBITDA CY2018E	Revenue Growth CY2017	Revenue Growth CY2018E	EBITDA Margin CY2017	EBITDA Margin CY2018E	% Revs Recurring ⁽³⁾
Selected Large Cap															
ADP	131.1	57,395	(171)	57,225	13,800	4.5x	4.1x	4.3x	20.7x	18.2x	7.6%	7.1%	21.5%	22.7%	97%
Workday	159.7	34,810	(1,776)	33,034	2,753	15.8x	12.0x	14.3x	NM	78.4x	36.1%	31.0%	-5.5%	15.3%	84%
Paychex	65.2	23,395	(424)	22,971	3,557	7.0x	6.5x	6.6x	16.4x	15.6x	7.3%	8.9%	42.6%	41.4%	98%
Ultimate Software	244.9	7,657	(155)	7,502	1,137	8.0x	6.6x	7.7x	95.4x	27.1x	20.4%	20.8%	8.4%	24.3%	86%
Paycom Software	122.5	7,177	(11)	7,166	560	16.5x	12.8x	13.0x	73.1x	30.6x	31.6%	29.3%	22.6%	41.8%	98%
SEEK Ltd	16.9	4,184	693	4,878	1,043	5.5x	4.7x	5.4x	13.3x	14.5x	28.6%	7.8%	41.2%	32.3%	87%
Xero	42.0	4,161	(58)	4,103	356	15.2x	11.5x	11.9x	NM	85.1x	38.8%	30.0%	3.4%	13.6%	97%
Insperity	93.4	3,903	(252)	3,652	3,821	1.1x	1.0x	1.1x	24.7x	16.0x	12.2%	15.8%	4.5%	6.0%	85%
Healthequity	59.7	3,721	(240)	3,481	280	15.5x	12.4x	13.8x	50.4x	31.8x	28.7%	23.9%	30.6%	39.1%	90%
Paylocity	60.2	3,179	(137)	3,042	418	9.0x	7.3x	7.3x	81.7x	34.9x	25.8%	21.5%	11.0%	20.8%	99%
Cornerstone Ondemand	50.4	2,956	(30)	2,926	532	6.1x	5.5x	6.2x	NM	30.2x	13.9%	10.4%	-2.9%	18.2%	89%
Trinet Group	42.0	2,955	87	3,042	881	0.9x	3.5x	4.0x	12.1x	9.2x	7.0%	-73.1%	7.7%	37.4%	86%
Benefitfocus	45.7	1,461	60	1,521	257	5.9x	5.9x	7.8x	NM	NM	10.0%	0.1%	0.9%	3.4%	76%
Wageworks	27.2	1,077	(429)	647	491	1.3x	1.3x	1.4x	4.4x	4.4x	9.1%	31.7%	30.4%	30.0%	97%
Average						8.0x	6.8x		39.2x	30.5x			15.5%	24.7%	90.6%
Total (Large Cap)		158,033	(2,844)	155,189											
Selected Mid Cap															
GB Group Plc	4.2	826	(19)	807	170	5.5x	4.8x	8.3x	27.7x	22.3x	38.9%	9.1%	19.7%	21.4%	57%
Learning Technologies Group	0.7	590	(1)	588	124	8.8x	4.7x	9.3x	40.0x	17.2x	75.1%	85.4%	21.9%	27.6%	51%
Atoss Software AG	78.6	358	(33)	325	70	5.3x	4.6x	7.4x	19.3x	16.6x	12.5%	13.6%	27.2%	28.0%	63%
Freelancer Technology	0.9	273	(25)	248	36	6.4x	6.8x	NA	NM	NM	-1.6%	-5.6%	-7.8%	1.1%	NA
Average						6.5x	5.2x		29.0x	18.7x			15.3%	19.5%	57.0%
Total (Mid Cap)		2,045	(78)	1,967											
Selected Small Cap															
China Distance Education	6.7	223	15	238	NA	1.7x	NA	NA	NA	NA	27.2%	NA	NA	NA	77%
DHI Group	1.5	80	29	110	161	0.5x	0.7x	0.7x	3.2x	3.5x	-8.4%	-22.6%	16.7%	19.7%	92%
Dillistone Group	47.5	12	(1)	11	12	0.9x	0.9x	1.1x	5.8x	NA	-8.6%	-2.2%	14.9%	NA	81%
Average						1.0x	0.8x		4.5x	3.5x			15.8%	19.7%	83.4%
Total (Small Cap)		316	43	359											
Sector Total		160,393	(2,879)	157,515											

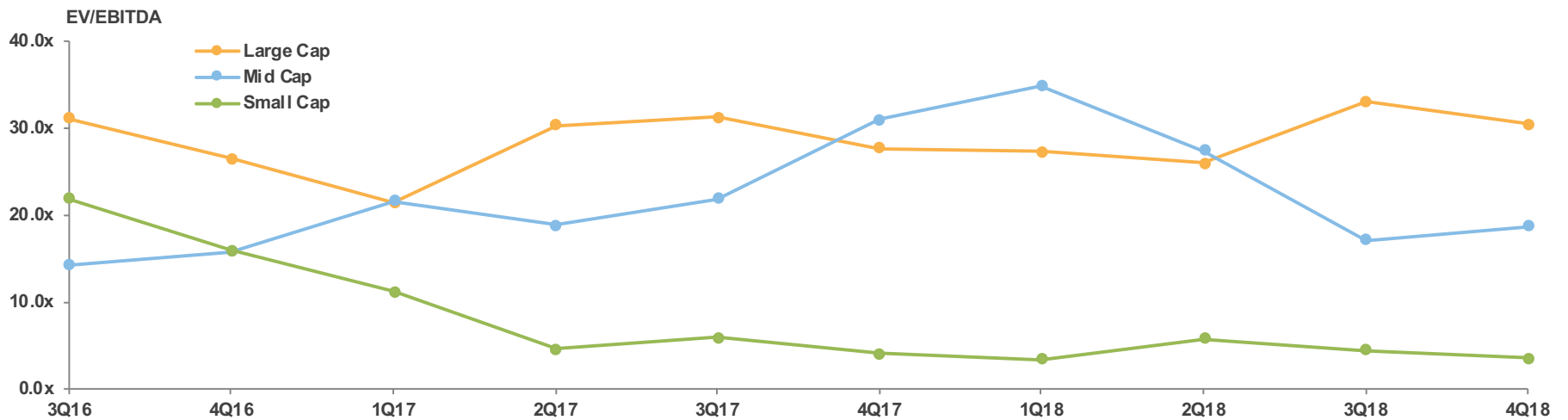
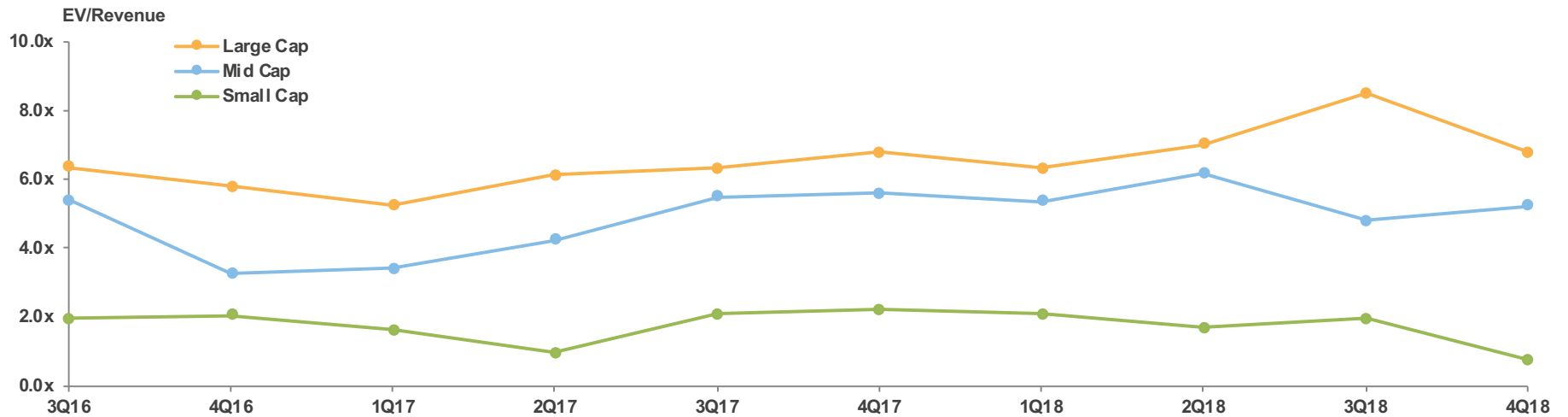
(1) Excludes treasury shares

(2) Net financial debt minus marketable securities and collaterals

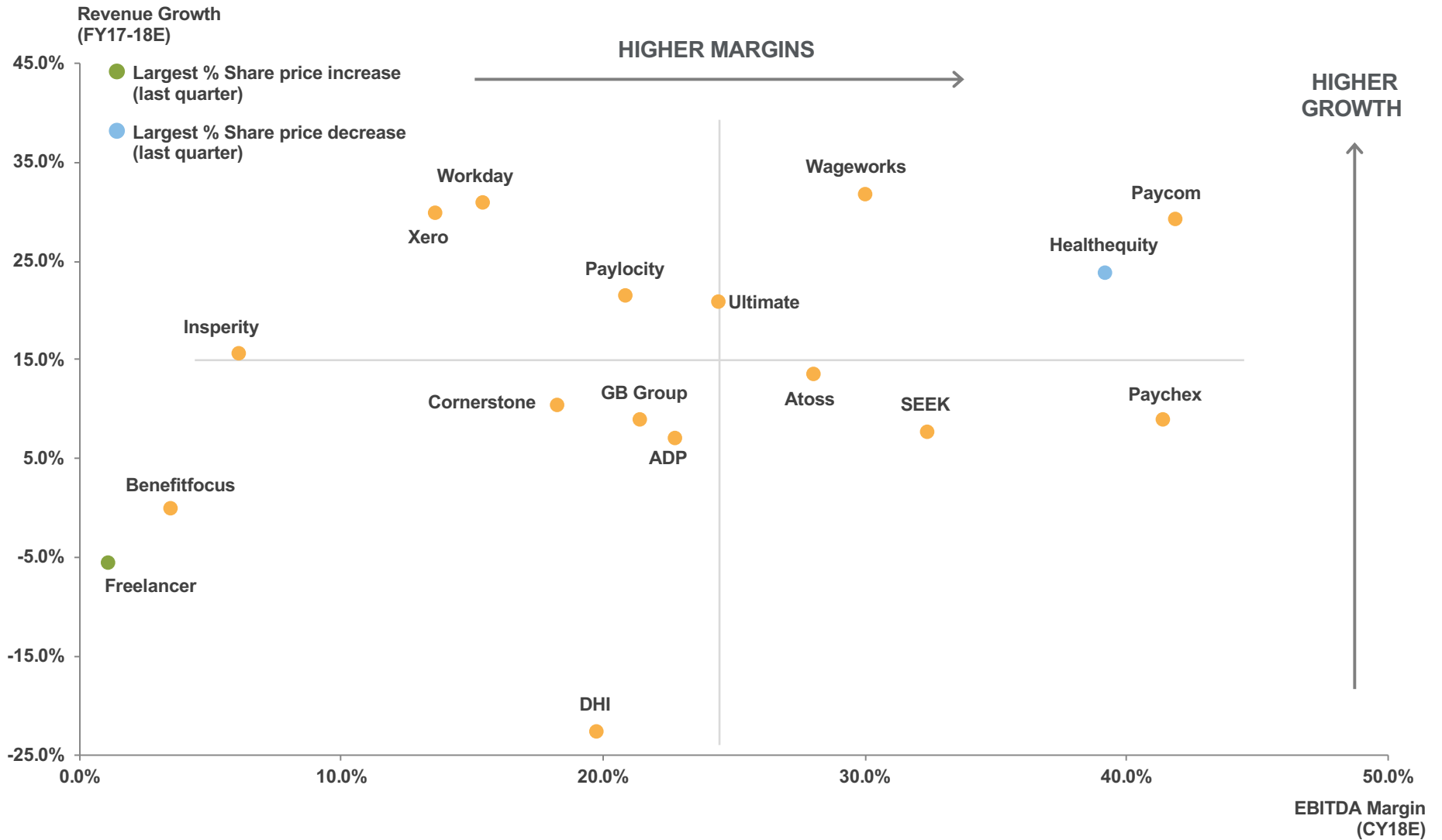
(3) Recurring revenues (renewing licences, maintenance, subscriptions, SaaS etc) where reported for last full year

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

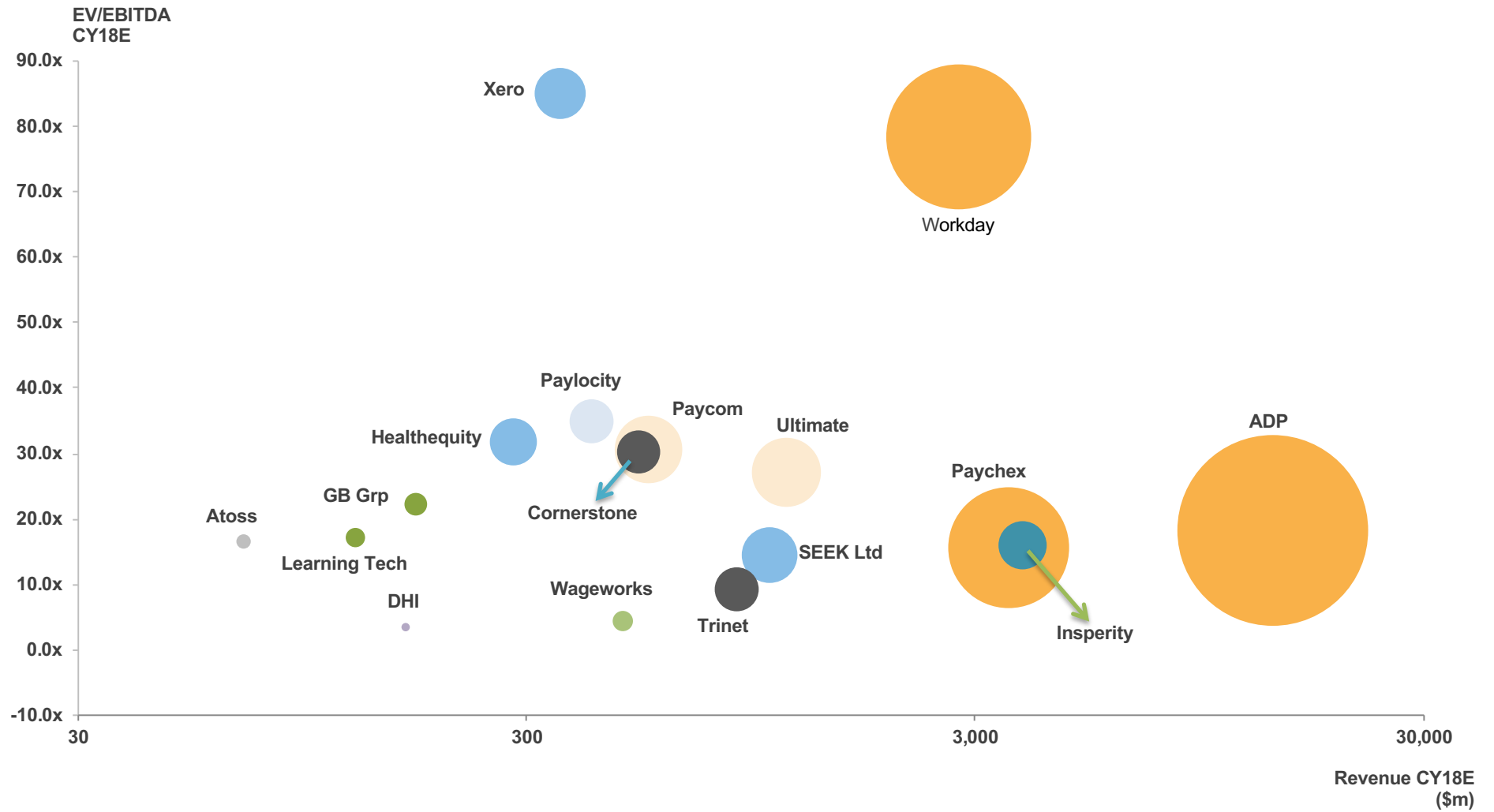
ENTERPRISE VALUE ANALYSIS



PERFORMANCE QUADRANTS: REVENUE GROWTH & OPERATING MARGIN



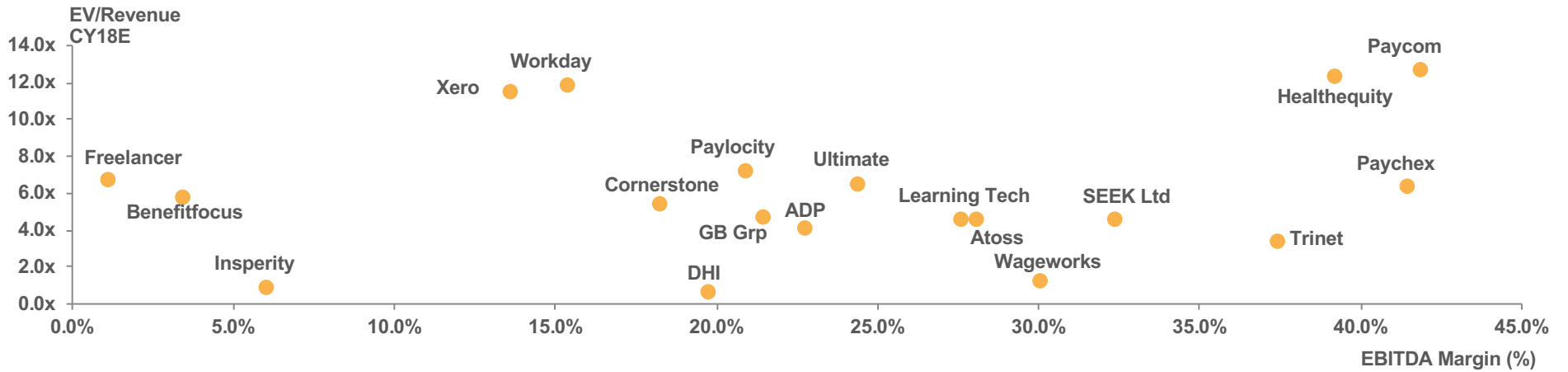
SCALE AS A VALUE DRIVER



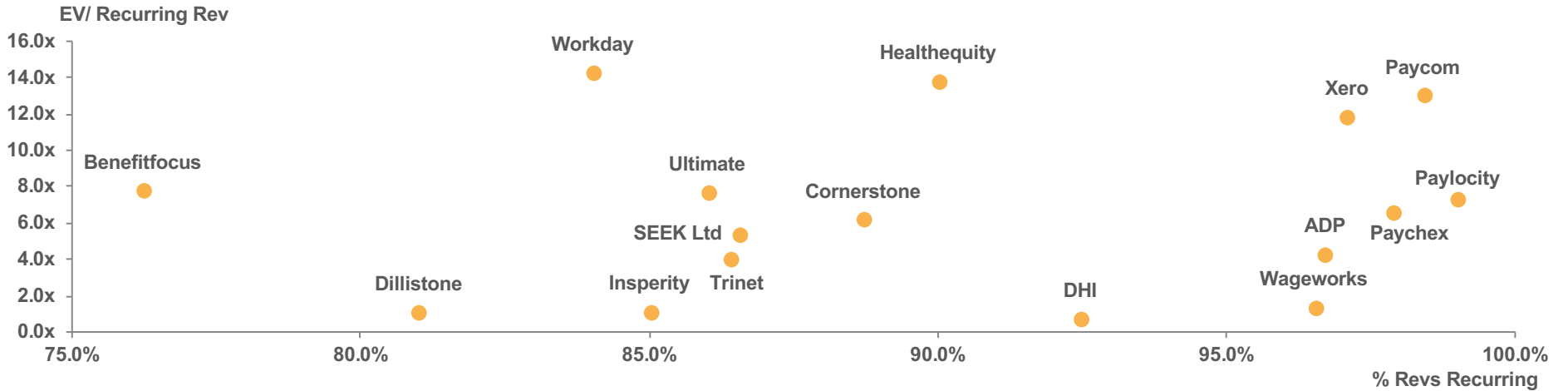
Note: Bubble size depicts enterprise value

OPERATING EFFICIENCY AND RECURRING REVENUE AS VALUE DRIVERS

Revenue Multiples

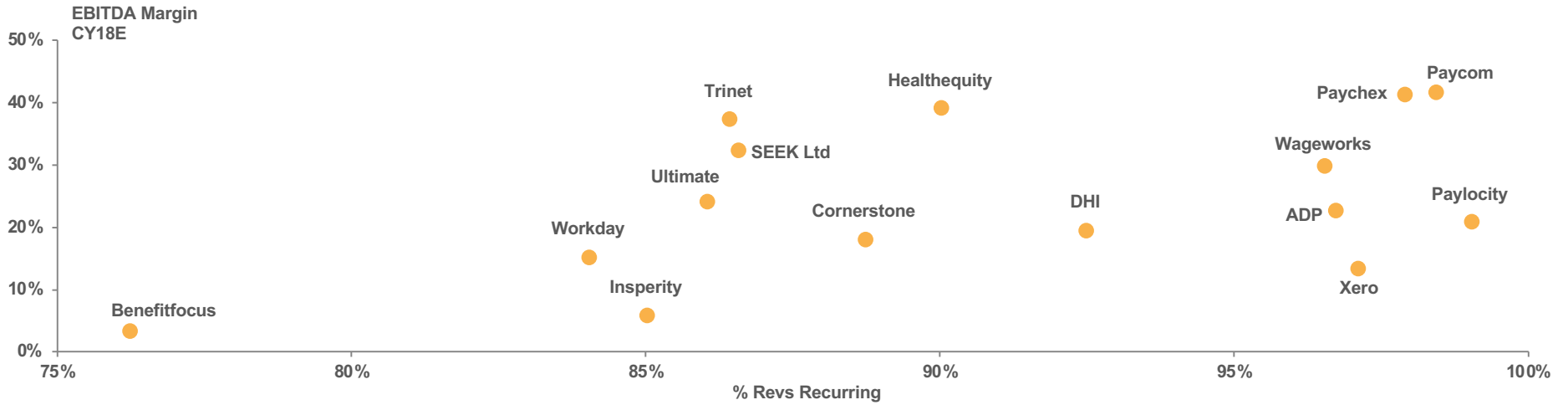


Recurring Revenue Multiples

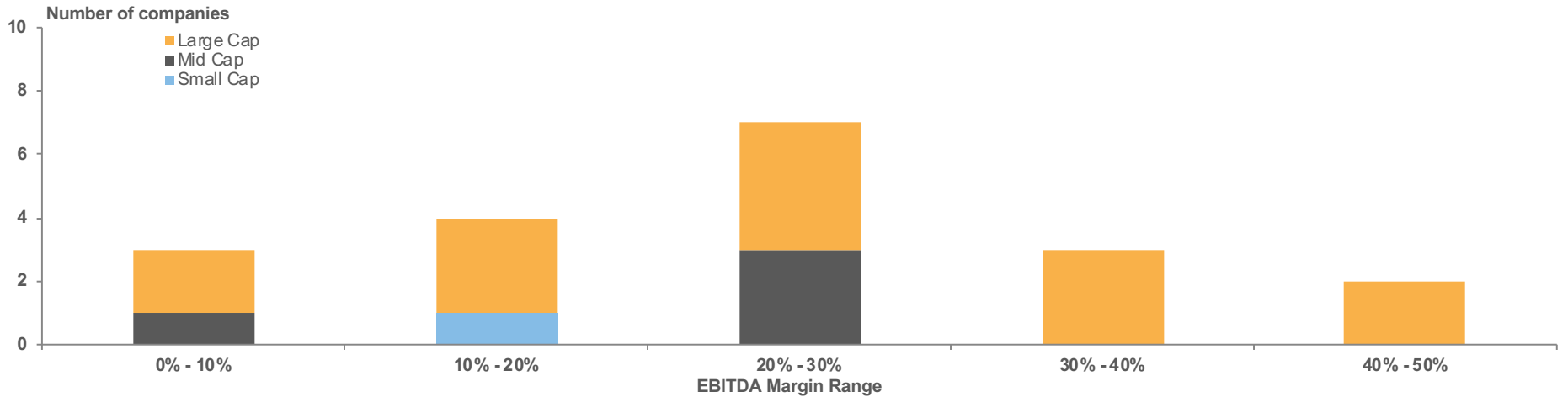


EBITDA MARGIN ANALYSIS

Recurring Revenue as a Driver of Operating Margins

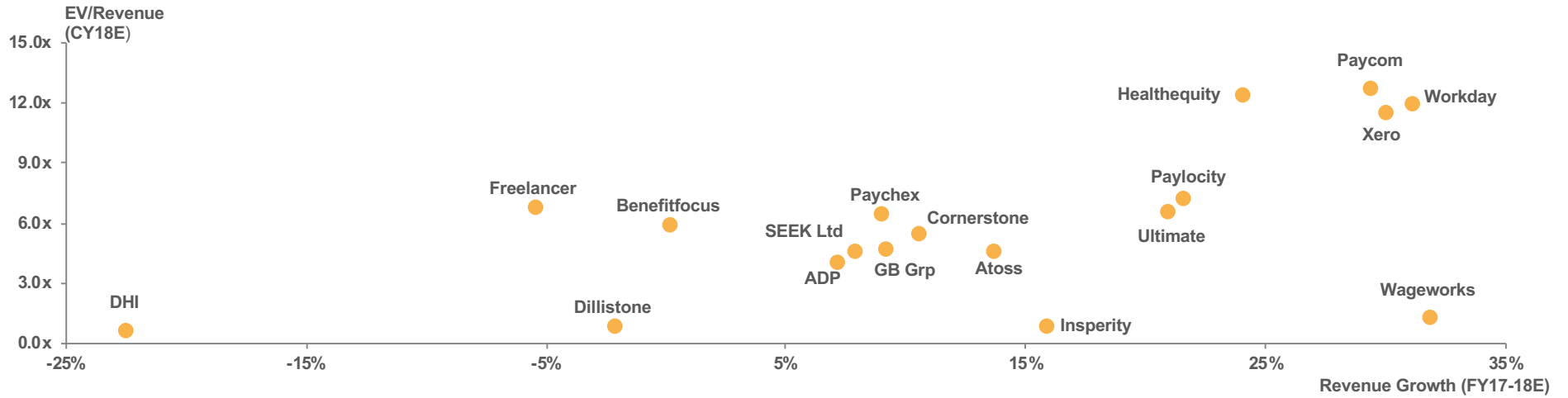


EBITDA Margin Range Distribution

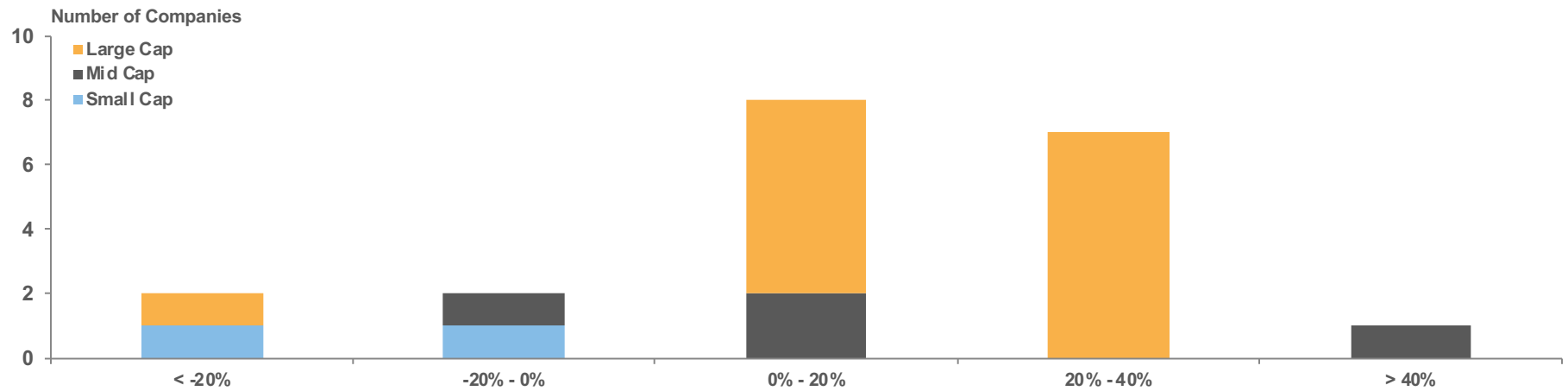


GROWTH AS A VALUE DRIVER

Revenue Growth



Revenue Growth Distribution



SELECTED HR TECH DEALS – FOURTH QUARTER 2018

Date Announced	Buyer	Target	Target Product Line	Deal Size	Target Revenue	Revenue Multiple	HR Tech Subsector	Commentary
17 Dec 18	Verdane Capital	Webcruiter AS	Provides HR recruiting SaaS and systems integration services to businesses in Nordic regions. Software provides features for managing job applications and employee salaries, archiving, training and background checks.	Undisclosed	NA	NA	Talent Attraction/ Talent Development	Verdane Capital acquired a majority stake in both Webcruiter AS and HR Manager, in the aim of merging the two companies to create a solid Nordic platform for talent recruitment and development.
12 Dec 18	Civica UK Ltd	Trac Systems Ltd	Provides an e-recruitment software solution	Undisclosed	NA	NA	Talent Attraction	Civica UK Ltd, London, England, a developer and supplier of international information technology (IT) services and software to the public sector, a subsidiary of Chambertin (Holdings) Ltd, London, England, acquired Trac Systems Ltd, Bakewell, England, provider of an e-recruitment software solution, and its subsidiary Zedcore Systems Ltd, Sheffield, provider of information technology services. Terms not disclosed.
05 Dec 18	Cogito Corporation	Constant Health Solutions Inc. [dba Tenacity]	Provides employee engagement and retention SaaS for call centers. Software enables users to measure and influence agents' social connections.	Undisclosed	NA	NA	Workforce Management	Constant Health Solutions, Inc., which does business under the name Tenacity is a provider of SaaS solutions for workforce retention. It specializes in solutions for call centers and business that mainly outsource some of their operations.
07 Nov 18	Cornerstone OnDemand	Grovo Learning Inc.	Provides employee and organizational performance management SaaS to businesses. Software contains 2500+ 'micro-lessons' for employees on subjects such as project management, diversity training, sales, marketing and technology. Software can also be integrated into existing systems.	\$24,000,000	\$9,000,000	2.7	Talent Development	Cornerstone OnDemand Inc, a provider of talent management software and services, agreed to acquire Grovo Learning Inc, a provider of a cloud-based training platform that offers lessons on various internet and cloud tools, for a cash consideration of US\$24m. The acquisition of Grovo Learning helps fulfill the vision of Cornerstone to improve access to education on a global basis.
25 Oct 18	Applied Training Systems Inc. [aka ATSI] [Turn/River Capital]	Mindflash Technologies Inc.	Provides employee training SaaS to businesses. Software provides features for assigning employee trainee groups, multi-media courses including videos, narration and interactive quizzes, customizable trainee reminder and course completion emails and automated quiz scoring.	Undisclosed		NA	Talent Development	Applied Training Systems Inc, Johnston, Iowa, USA, which develops performance management software solutions, has acquired Mind flash Technologies Inc, Palo Alto, California, an operator of a cloud-based learning platform for employee and customer training. Terms not disclosed. The acquisition was financed through an investment by Turn/River Capital, ATSI's current lead shareholder.

SELECTED HR TECH DEALS – FOURTH QUARTER 2018

Date Announced	Buyer	Target	Target Product Line	Deal Size	Target Revenue	Revenue Multiple	HR Tech Subsector	Commentary
24 Oct 18	Purchasing Power LLC [Flexpoint Ford]	DoubleNet Pay Inc.	Provides automated savings and bill-paying management SaaS for employers and employees in the US. Software enables employees to set up automated savings goals, debt paydown strategies and recurring bill payments on-time through automatic payroll deductions.	Undisclosed	NA	NA	Compensation and Benefits	Purchasing Power LLC, Atlanta, Georgia, USA, operator of an e-commerce business, providing employees the ability to purchase an assortment of items via direct payroll deduction, acquired DoubleNet Pay Inc, Atlanta, which provides an application software that integrates with employer payroll providers to pay employees' bills and fund savings plans. Terms not disclosed.
23 Oct 18	Teamable Inc.	Simpler Inc.	Provides employee referral hiring SaaS to businesses. Software provides features for managing and monitoring employee referral programs through social networks and machine learning-based referral recommendations, tracking applicants, automatic notifications and email messaging. Transaction was reported by www.techcrunch.com and confirmed on acquirer Twitter.	Undisclosed	NA	NA	Talent Attraction	After raising \$5m in funding, Teamable, a provider of hiring software that relies on users' social networks, went on to acquire Simpler, a competitor in the referral space. However, Teamable officials specified that none of the funds raised were used to finance the acquisition.
18 Oct 18	OneDigital Health and Benefits Inc	Paradigm Group	Provides solutions for employee benefits, compliance services, health and wellbeing expertise, HR consulting and technology	Undisclosed	NA	NA	Compensation and Benefits	OneDigital Health and Benefits Inc, Atlanta, Georgia, USA, a provider of employee benefits solutions, has acquired Paradigm Group, a provider of solutions for employee benefits, compliance services, health and wellbeing expertise, HR consulting and technology. Terms not disclosed.
17 Oct 18	Applied Systems Inc. [Hellman & Friedman/JMI Equity]	Dynamis Software Corporation	Provides employee benefits management and plan creation SaaS for businesses and insurance brokers in the US.	Undisclosed	NA	NA	Compensation and Benefits	Applied Systems Inc., a developer of cloud-based software solutions for the property and casualty insurance industry acquired Dynamis, which provides employee benefits software solutions in the US. Terms not disclosed.
15 Oct 18	Zywave Inc. [Aurora Capital LLC Partners]	Code SixFour	Provides insurance brokers with software that helps them analyze and propose employee benefit plans for enterprises. Software features include development of different benefits enrollment scenarios, analysis of cost projections, and reporting.	Undisclosed	NA	NA	Compensation and Benefits	Zywave, Inc., a leading SaaS provider of solutions for the insurance industry, has acquired Code SixFour, which offers proposal automation and advanced predictive analytics for employee benefits advisors. The integrated tools offered by Code SixFour will enable brokers to streamline the sales process through the creation of powerful presentations.

SELECTED HR TECH DEALS – FOURTH QUARTER 2018

Date Announced	Buyer	Target	Target Product Line	Deal Size	Target Revenue	Revenue Multiple	HR Tech Subsector	Commentary
11 Oct 18	The Access Group [HgCapital]	Microdec plc	Provides Microsoft-based cloud and on-premise hiring management ERP and CRM SaaS for the recruitment industry and enterprise human resource departments in the UK.	Undisclosed	\$6,942,000	NA	Talent Attraction	Access UK Ltd, a developer of accounting and business management software which also provides related support services, has acquired Microdec Plc, a developer of recruitment software systems. Terms not disclosed.
10 Oct 18	Grace Hill [Stone Point Capital]	Strategic Web Solutions [dba The Strategic Solution]	Provides employee training and compliance SaaS to businesses. Software provides features for online document management, importing current paper or PDF manuals and employee quizzing on policies and procedures.	Undisclosed	NA	NA	Talent Development	Grace Hill has announced the acquisition of The Strategic Solution as a way of strengthening the connection between training and company policy & procedures. Grace Hill is an online training provider specialized in the property management industry, whereas The Strategic Solution specializes in providing policy solutions.
08 Oct 18	LinkedIn Corp. [Microsoft]	Glint Inc.	Provides employee engagement SaaS to businesses. Software provides features for managing employee feedback on HR teams, leaders and managers, recruitment and training. Software can also be integrated with existing third-party systems including Workday, Oracle, ADP or SAP.	Estimated \$400m - \$500m	NA	NA	Performance	LinkedIn Corp. agreed to acquire Glint Inc, which provides a real-time employee engagement platform for organizations. Terms not disclosed.
08 Oct 18	Mercer LLC [fka Mercer Management Consulting] [Marsh & McLennan]	Induslynk Training Services Private Ltd. [dba Mettl]	Provides talent assessment SaaS to businesses to assist in hiring and developing employees. Assessments include tests for psychometrics, aptitude and coding.	Undisclosed	NA	NA	Talent Development	Mercer, a global consulting firm specializing in the advancement of health and wealth, and a subsidiary of Marsh & McLennan Companies, Inc., has acquired Mettl, which itself specializes in cloud-based technology for talent assessment. The acquisition of this India-based company will allow Mercer to further strengthen its move into the talent assessment industry.
04 Oct 18	Avionte LLC [Serent Capital]	COMPAS Technology LLC	Provides recruiting, timekeeping, vendor management and analytics SaaS for businesses.	Undisclosed	NA	NA	Talent Attraction	Avionte, which specializes in recruiting and staffing solutions software has announced the acquisition of Compas technology, which provides recruitment and talent management as part of its SaaS offering.

SELECTED HR TECH DEALS – FOURTH QUARTER 2018

Date Announced	Buyer	Target	Target Product Line	Deal Size	Target Revenue	Revenue Multiple	HR Tech Subsector	Commentary
02 Oct 18	ARCOS LLC [Riverside Company]	Sciengistics Inc. [dba RosterApps]	Provides workforce scheduling SaaS to businesses. Software provides features for managing employee shift bidding, vacation bidding, trade requests, time-off requests and overtime requests. Also provides automatic email and text notifications.	Undisclosed	NA	NA	Workforce Management	Arcos LLC has acquired Sciengistics (doing business under the name RosterApps). RosterApps specializes in airline industry recruitment, and provides ground crew and scheduling software. This technology, allied to the resource management capabilities of Arcos, will allow the combined company to provide fully automated scheduling of flight and ground crew staff.
01 Oct 18	Arcoro GmbH [Providence Strategic Growth]	InfinityHR	Provides HR management, benefit and payroll management SaaS for businesses.	Undisclosed	NA	NA	Workforce Management	Arcoro Inc, USA, a provider of human capital management solutions for high consequence industries, acquired InfinityHR, a provider of an automated Human Resource Management System. Following the transaction, InfinityHR joins the existing Arcoro HCM platform companies of BirdDogHR and ExakTime and marks the third human resource software acquisition by Arcoro this year. The acquisition will further expand HCM offering. Arcoro Inc is a portfolio company of Providence Strategic Growth Capital Partners. Terms not disclosed.
01 Oct 18	Saba Software Inc. [Vector Capital]	Lumesse [fka StepStone Solutions] [HgCapital]	Provides employee recruitment, performance, compensation and skills management SaaS for businesses in Europe. Lumesse was formed by the private-equity-backed buyout of StepStone Solutions.	\$100,000,000	\$80,000,000	1.3	Talent Attraction/ Compensation and Benefits	Saba Software Inc, a provider of human capital management (HCM) software solutions and a portfolio company of Vector Capital, acquired Lumesse Ltd, which provides integrated talent management solutions, from HG Capital. The combination brings together unmatched capabilities in performance, learning, talent management and talent acquisition.
01 Oct 18	Centerstone Insurance and Financial Services Inc. [dba BenefitMall] [Carlyle Group]	Planet Payroll Inc.	Provides payroll and tax management SaaS to businesses.	Undisclosed	NA	NA	Compensation and Benefits	Centerstone, which does business as BenefitMall, has acquired Planet Payroll. BenefitMall is a leading provider of employee benefits and payroll services. The acquisition will further strengthen its market position, and allow former Planet Payroll clients to benefit from BenefitMall's solutions.

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