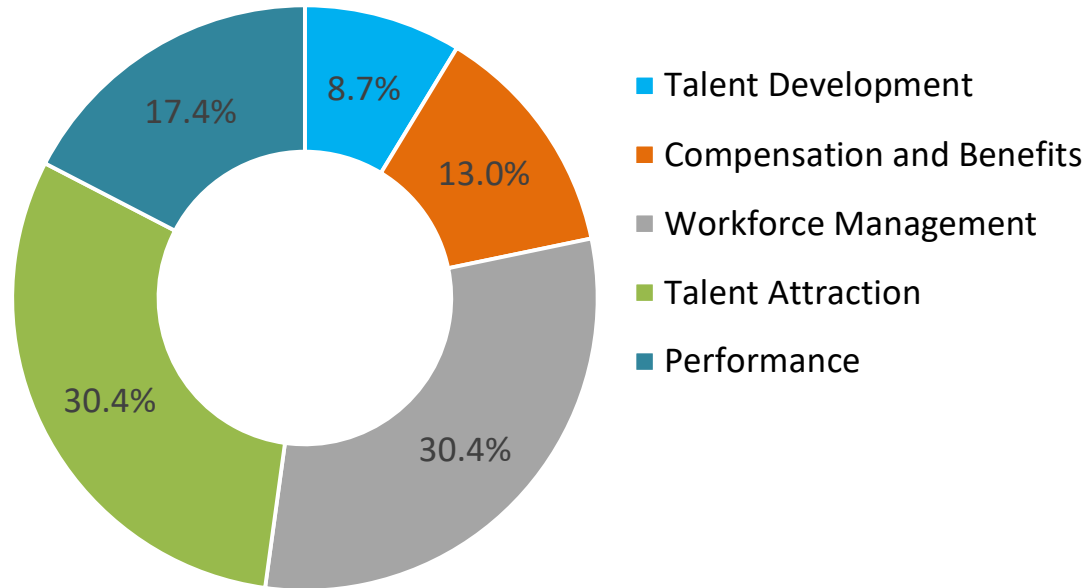




HR Technology Sector

Quoted Company Analysis

Second Quarter 2018



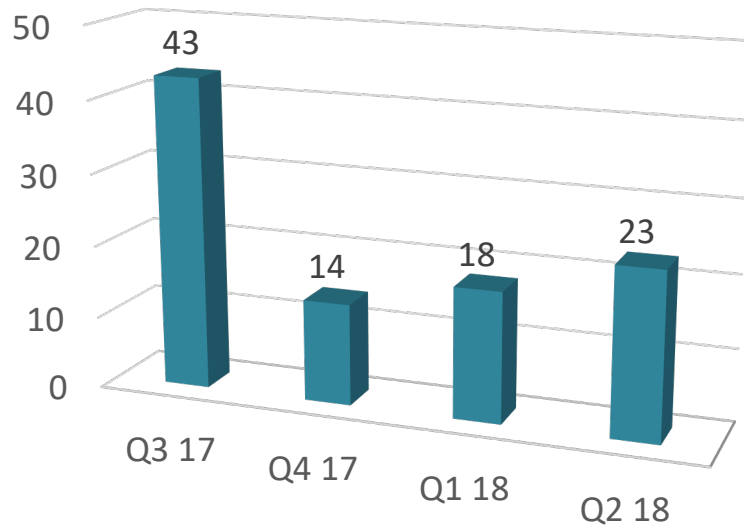
Talent Development: HR software providing the means to train and develop an effective workforce

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

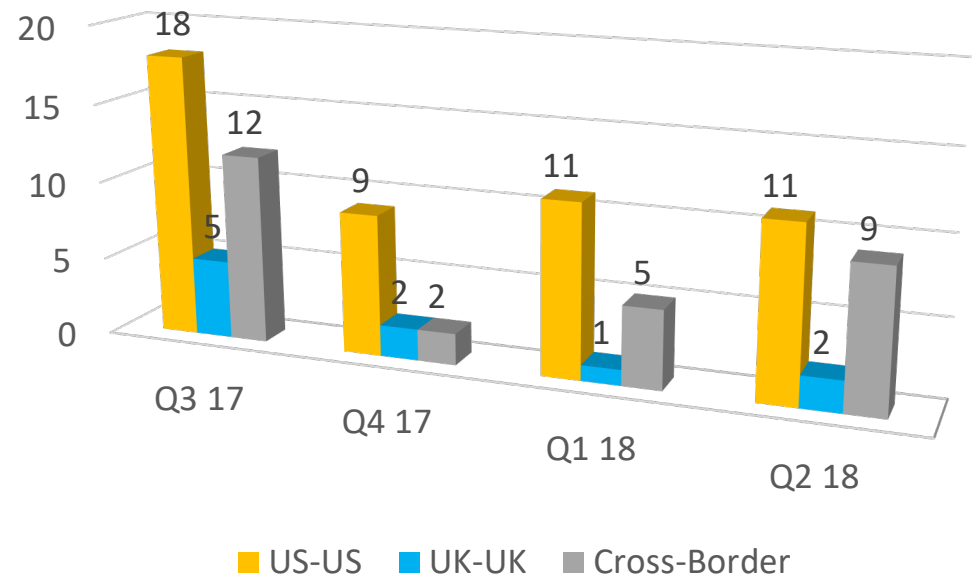
Talent Attraction: Tools to help employers recruit new staff and to help prospective employees search for jobs

Performance: Systems to track, measure and reward employee performance

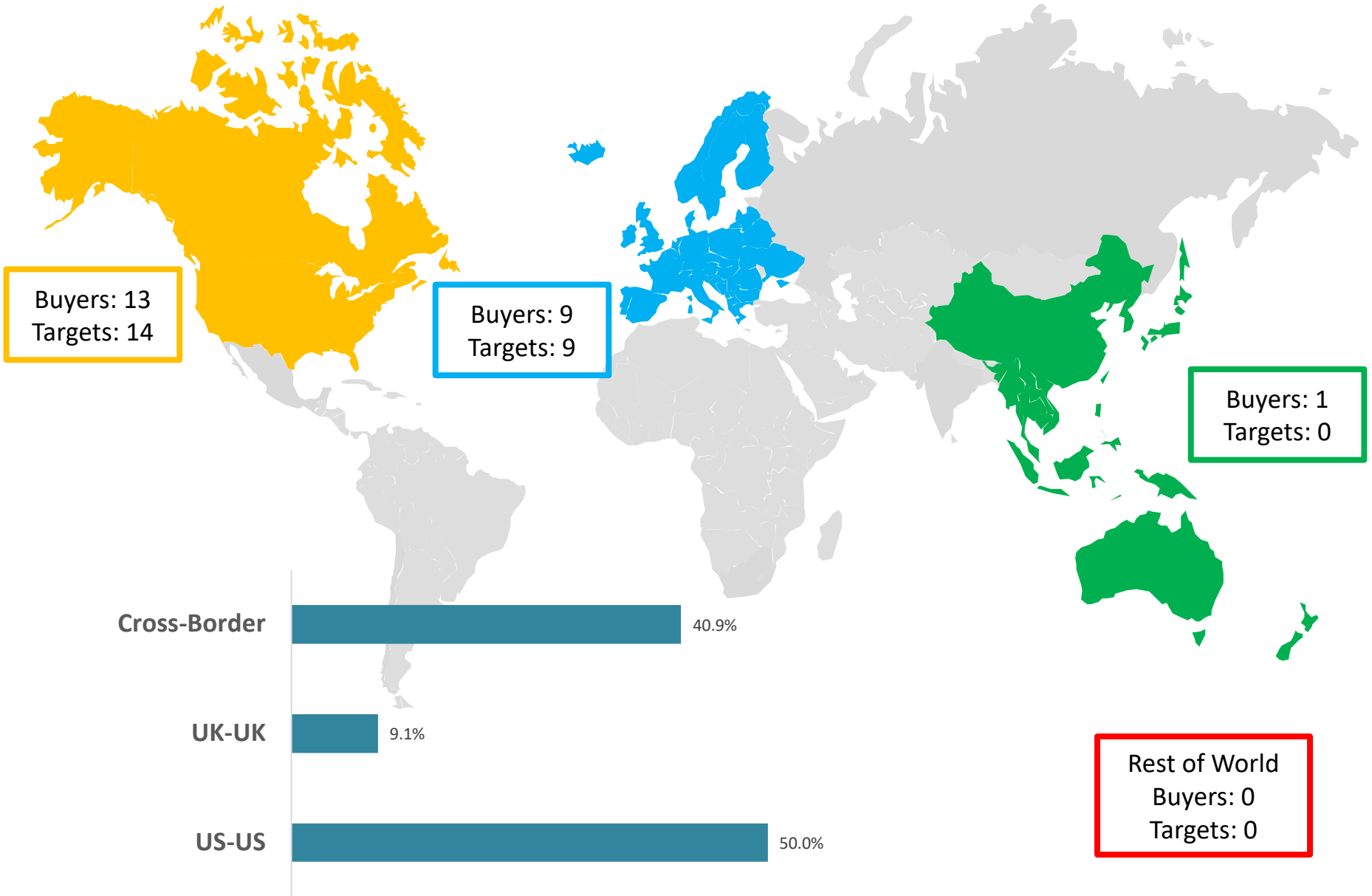


- Q2 2018 saw a slight uptick in the number of deals over the previous quarter
- Again, the Workforce Management and Talent Attraction sectors proved most active

- Q2 2018 saw cross-border deals further rebound towards the Q3 17 high
- US-US deals again came top reflecting the maturity of the HR Tech market in the country relative to other regions globally



Q2 2018 Transactions by Geography



Sector Valuation Metrics

Company	Share Price	Market Cap	Net Debt	Enterprise	Revenue	EV/Revenue		EV/Revs	EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs
	Local					(\$m) ⁽¹⁾	(\$m) ⁽²⁾		Value (\$m)	CY18E (\$m)	CY2017	CY2018E	Recurring	CY2017	
Selected Large Cap															
ADP	134.1	59,092	(778)	58,314	13,778	4.5x	4.2x	4.4x	21.3x	19.3x	6.1%	7.5%	21.4%	22.0%	97%
Workday	121.1	26,056	(1,776)	24,279	2,653	11.6x	9.2x	10.8x	NM	54.3x	36.1%	25.9%	-5.5%	16.9%	84%
Paychex	68.4	24,538	(424)	24,113	3,509	7.3x	6.9x	7.0x	17.2x	16.5x	7.3%	6.5%	42.6%	41.7%	98%
Ultimate Software	257.3	7,877	(155)	7,722	1,118	8.2x	6.9x	8.1x	98.2x	27.7x	20.4%	18.8%	8.4%	25.0%	85%
Paycom Software	98.8	5,837	(11)	5,826	547	13.5x	10.6x	10.8x	59.4x	26.1x	31.6%	26.4%	22.6%	40.8%	99%
SEEK Ltd	21.8	5,661	185	5,846	1,004	6.8x	5.8x	6.7x	16.6x	17.3x	12.9%	20.7%	40.9%	33.7%	87%
Healthequity	75.1	4,660	(240)	4,419	278	19.6x	15.9x	17.7x	64.0x	41.6x	28.7%	23.1%	30.6%	38.1%	90%
Xero	45.0	4,621	(58)	4,563	349	16.9x	13.1x	13.4x	NM	NM	38.8%	26.7%	3.4%	12.7%	98%
Insperty	95.3	4,001	(252)	3,749	3,766	1.1x	1.0x	1.2x	25.3x	17.9x	12.2%	14.1%	4.5%	5.6%	85%
Trinet Group	55.9	3,932	87	4,019	860	1.2x	4.7x	5.5x	15.9x	13.2x	7.0%	-73.7%	7.7%	35.3%	85%
Paylocity	58.9	3,099	(103)	2,996	414	8.9x	7.2x	7.6x	55.0x	32.6x	30.0%	24.6%	16.2%	22.2%	96%
Cornerstone Ondemand	47.4	2,736	(30)	2,706	510	5.6x	5.3x	6.2x	NM	29.7x	13.9%	5.8%	-2.9%	17.9%	86%
Wageworks	50.0	1,982	(429)	1,552	513	3.2x	3.0x	3.1x	10.6x	9.6x	9.1%	31.8%	30.4%	31.7%	97%
GB Group Plc	6.0	1,204	(19)	1,185	170	8.0x	7.0x	12.1x	40.6x	31.9x	38.8%	9.5%	19.7%	21.8%	57%
Benefitfocus	33.6	1,053	60	1,113	255	4.3x	4.4x	5.6x	NM	NM	10.0%	-0.5%	0.9%	3.3%	77%
Average						8.1x	7.0x		38.6x	26.0x			16.1%	24.6%	88.1%
Total (Large Cap)		156,349	(3,945)	152,404											
Selected Mid Cap															
Learning Technologies Group	1.1	984	(1)	982	134	14.6x	7.3x	10.5x	66.7x	36.8x	75.1%	99.7%	21.9%	19.9%	70%
Atoss Software AG	88.4	410	(33)	378	75	6.1x	5.0x	5.4x	22.5x	17.9x	12.5%	21.8%	27.2%	28.0%	92%
Average						10.4x	6.2x		44.6x	27.4x			24.6%	24.0%	81.2%
Total (Mid Cap)		1,394	(34)	1,360											
Selected Small Cap															
China Distance Education	7.4	246	(16)	230	NA	NA	NA	NA	NA	NA	11.4%	NA	NA	NA	79%
Freelancer Technology	0.4	149	(25)	124	40	3.2x	3.1x	NA	NM	NM	-1.6%	3.5%	-7.8%	-1.3%	NA
DHI Group	2.4	122	29	151	163	0.7x	0.9x	1.1x	4.3x	4.4x	-8.4%	-21.9%	16.7%	21.1%	88%
Dillistone Group	63.0	16	(1)	15	14	1.2x	1.1x	1.4x	8.2x	7.1x	-8.6%	11.7%	14.9%	15.4%	78%
Average						1.7x	1.7x		6.3x	5.7x			7.9%	11.7%	81.5%
Total (Small Cap)		532	(13)	519											
Sector Total		158,275	(3,992)	154,283											

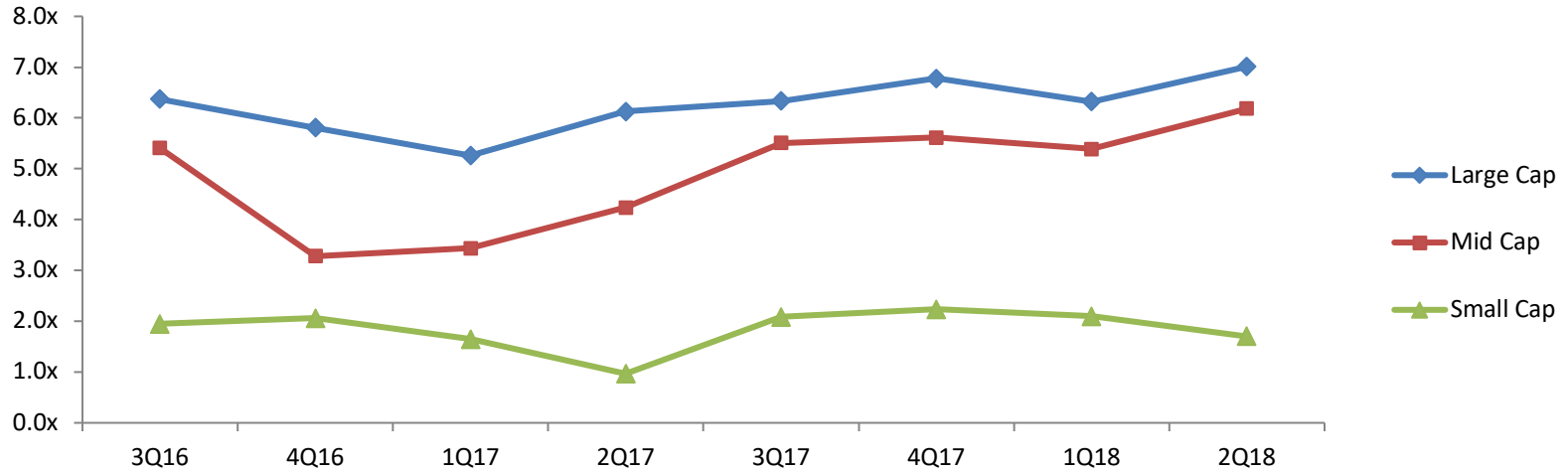
(1) Excludes treasury shares

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

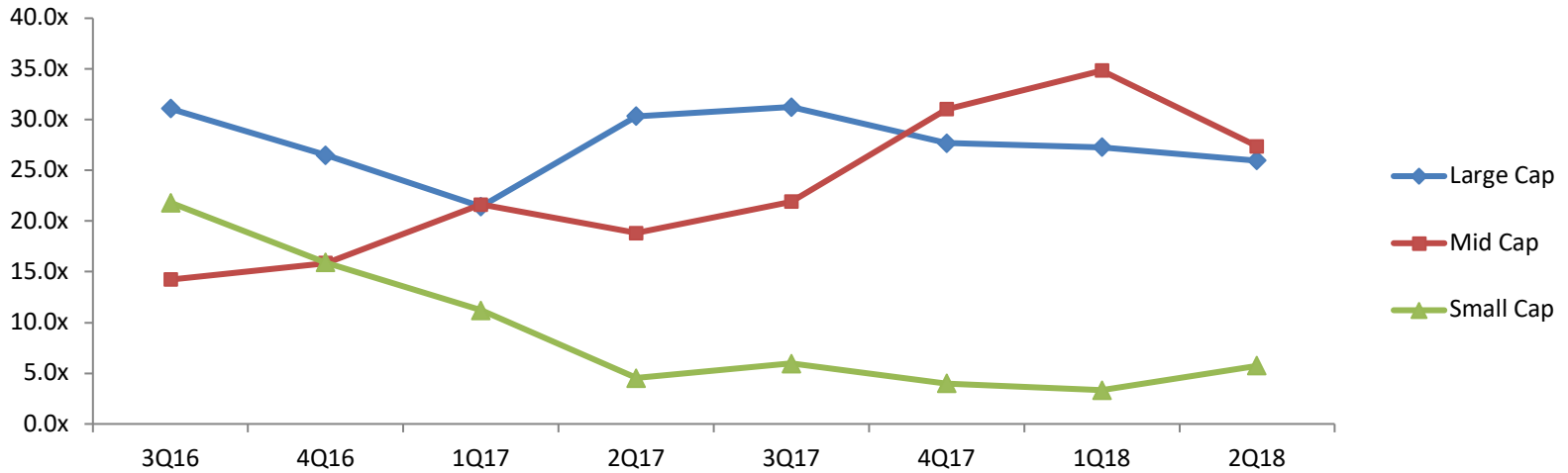
(3) Recurring revenues (renewing licences, maintenance, subscriptions, SaaS etc) where reported for last full year

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

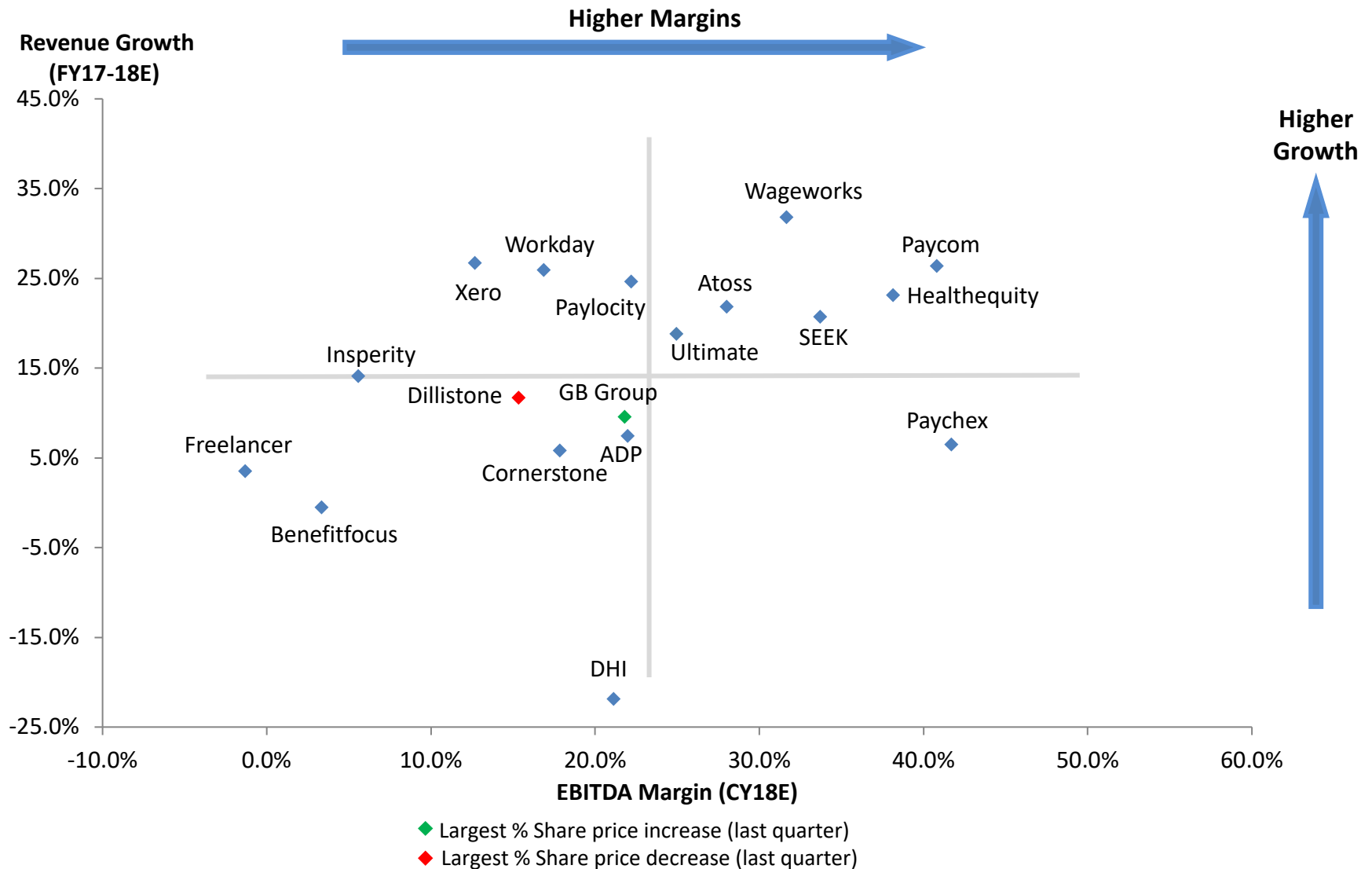
EV/Revenue



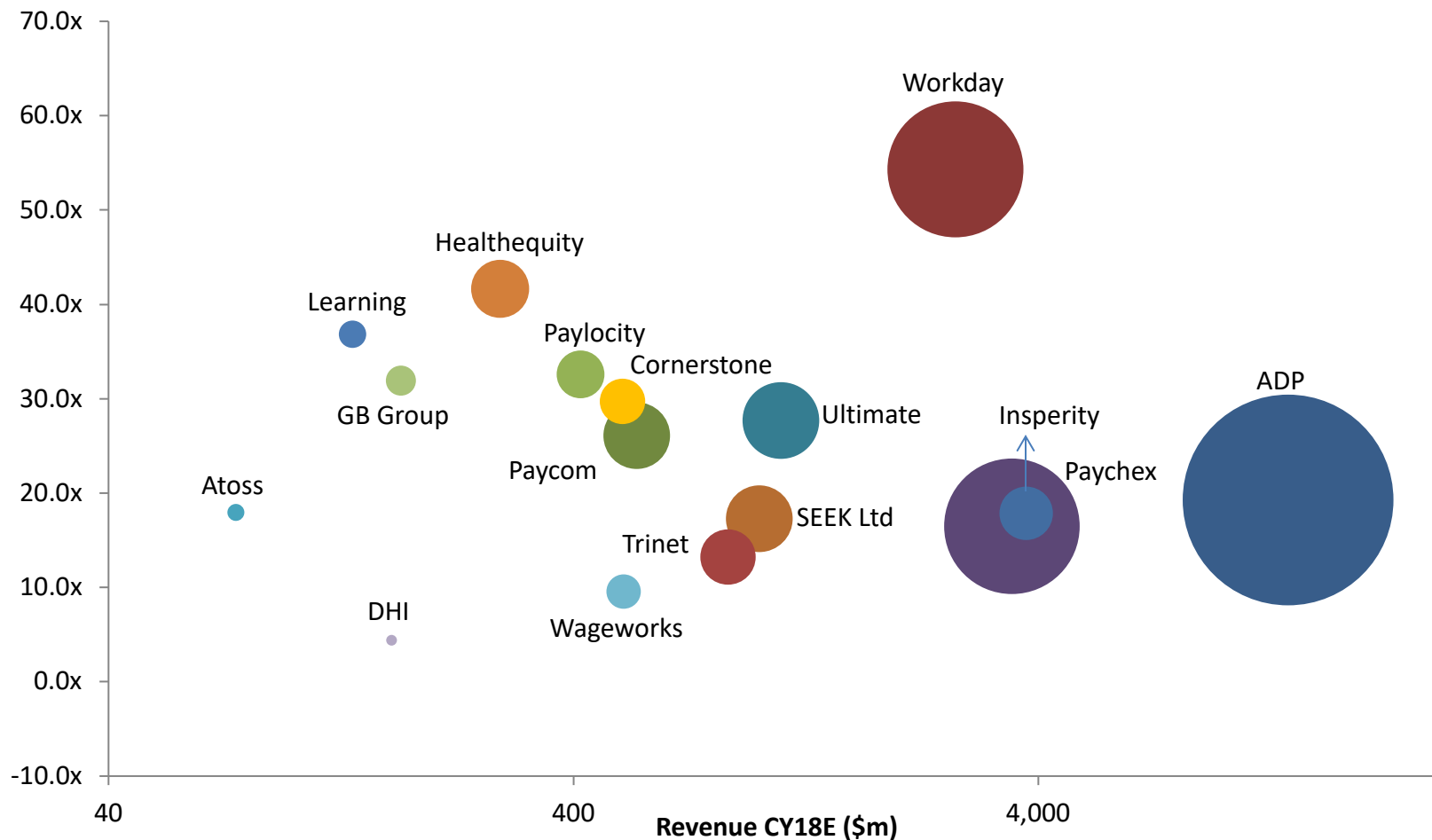
EV/EBITDA



Performance Quadrants: Revenue Growth & Operating Margin



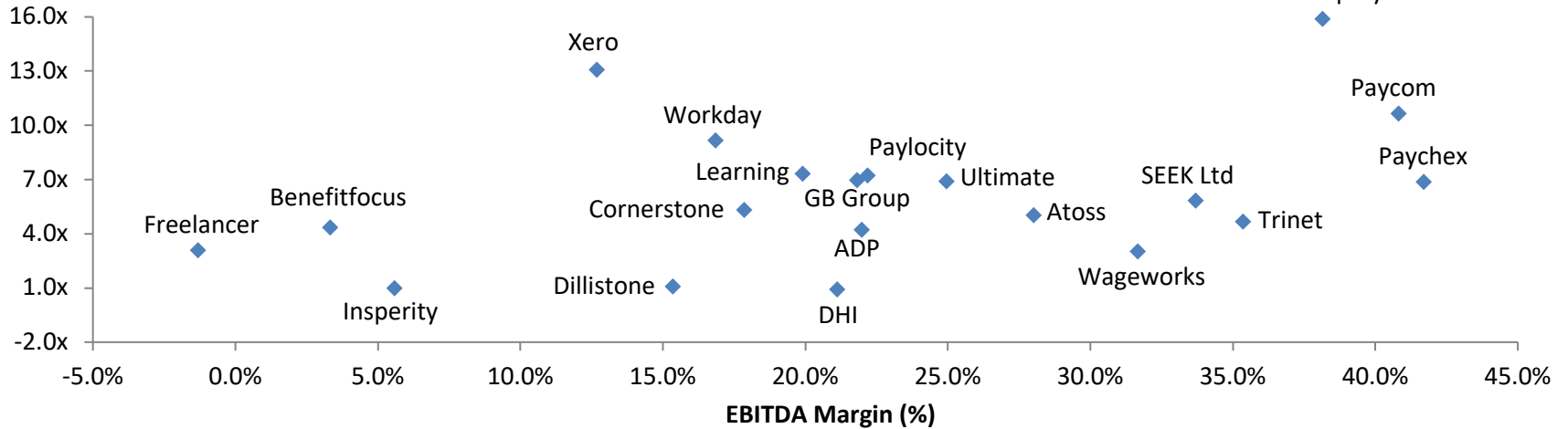
EV/EBITDA CY18E



Note: Bubble size depicts enterprise value

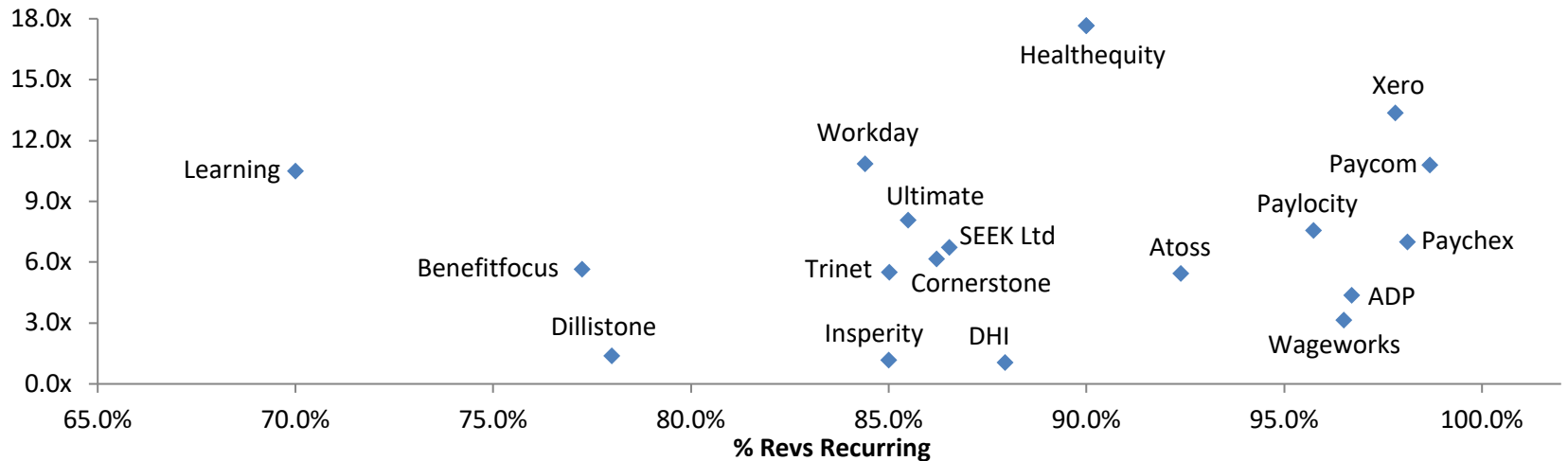
EV/Revenue CY18E

Revenue Multiples



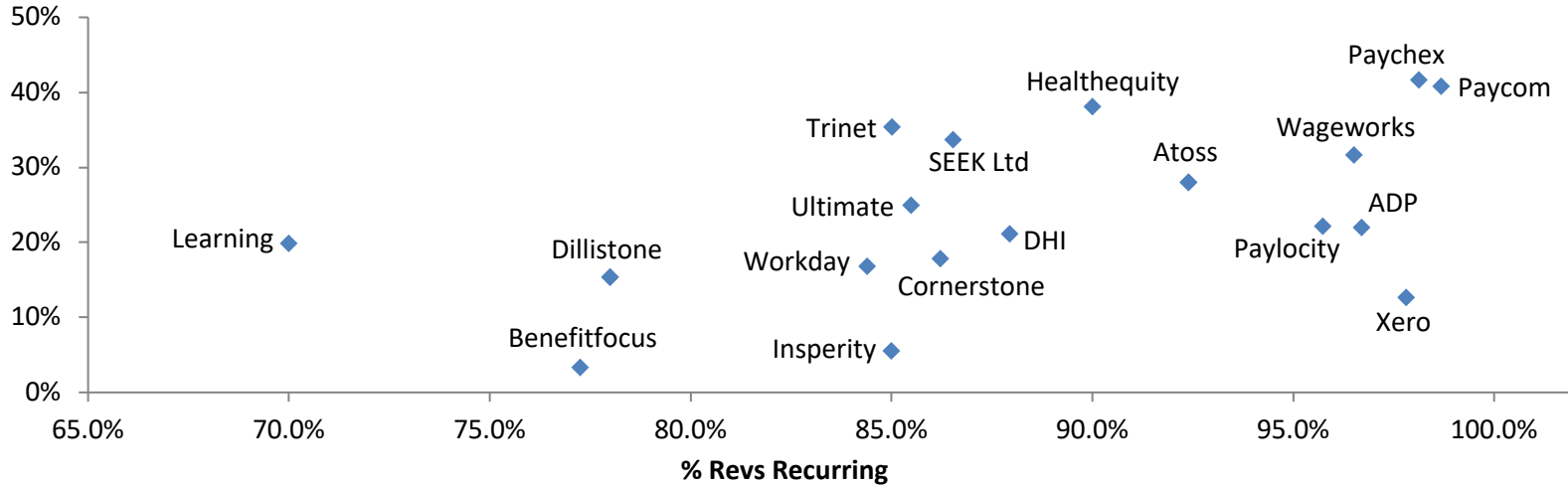
EV/ Recurring Rev

Recurring Revenue Multiples



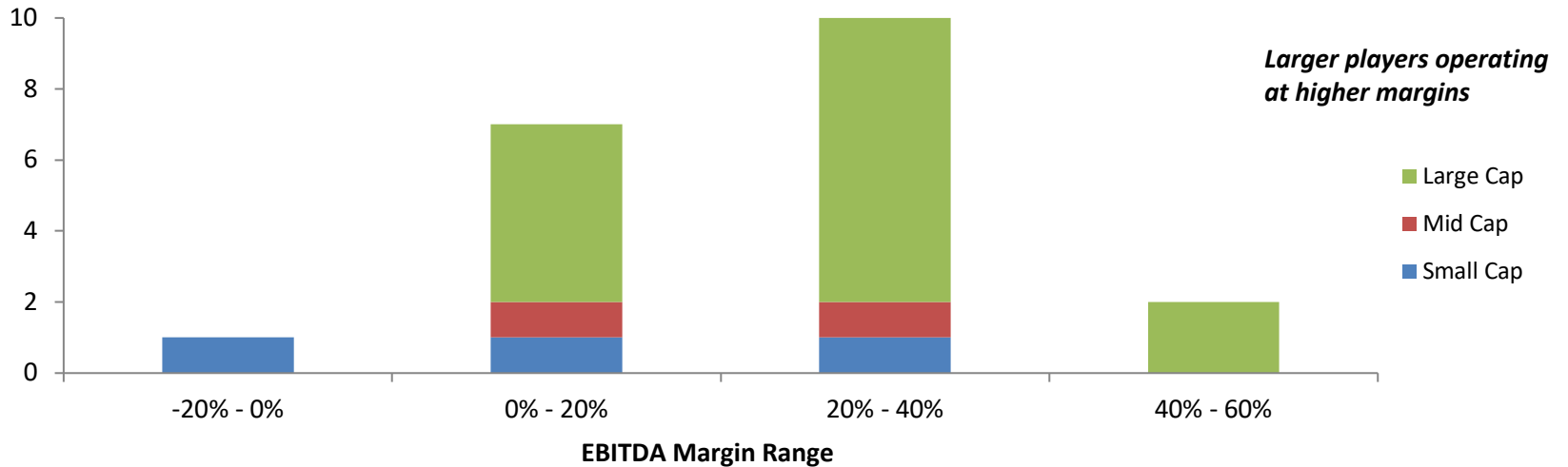
EBITDA Margin CY18E

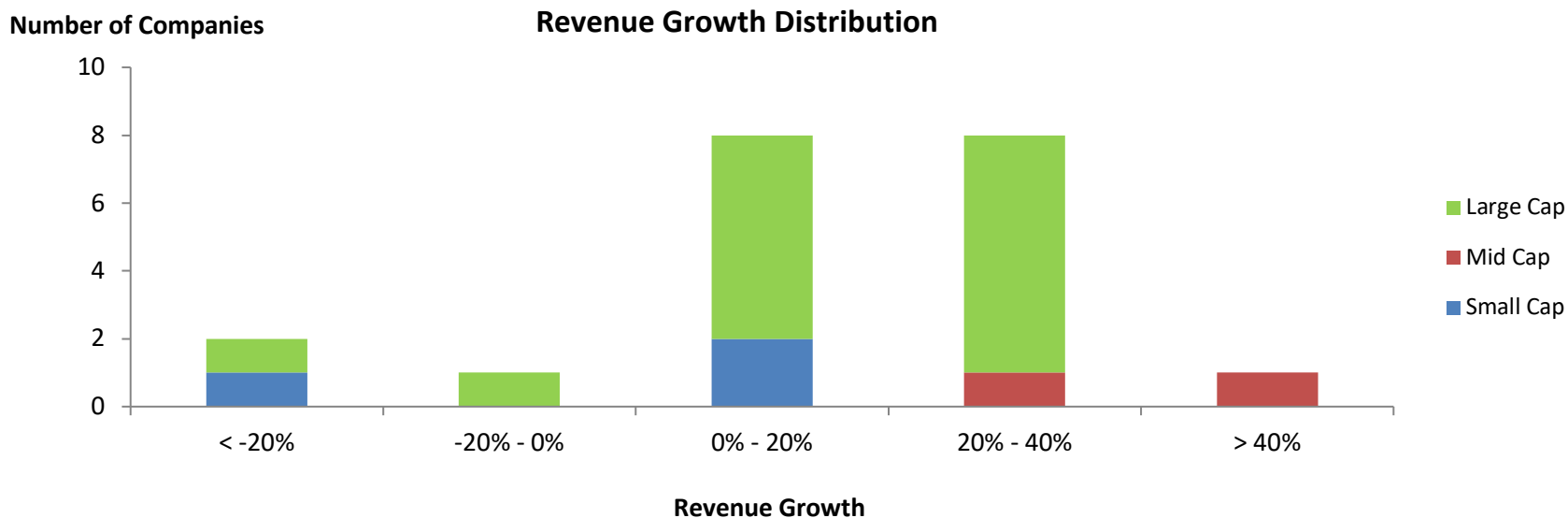
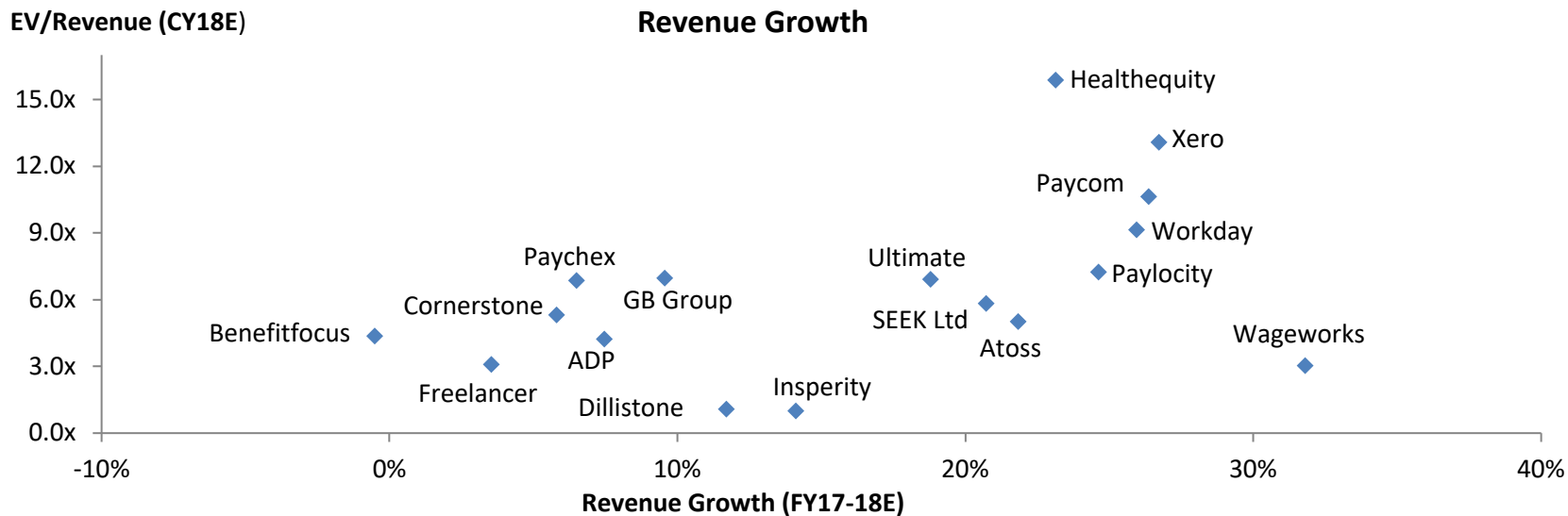
Recurring Revenue as a Driver of Operating Margins



Number of Companies

EBITDA Margin Range Distribution





Selected HR Tech Deals – Second 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>
20-Jun-18	Degreed Inc [USA]	Pathgather Inc [USA]	Provides white-label education SaaS for enterprises. Software provides features for AI-enabled career enhancement and skill acquisition courses and assessment, analytics tracking and reporting	n/a	n/a	n/a	Talent Development	Degreed and Pathgather, both corporate learning solutions providers, have agreed to merge. Uniting both businesses combines a client base of more than 200 organisations, over 4 million users and close to \$100m in funding. All of Pathgather's employees will join Degreed creating the largest team in the industry, over 230 people
11-Jun-18	Rizing LLC [USA]	Aasonn LLC [USA]	Provides SAP SuccessFactors-based human resource integration and business process outsourcing services	n/a	n/a	n/a	Workforce Management	Rizing has recently embarked on an aggressive growth strategy both organically and through acquisitions with the backing of its new investment partner, One Equity Partners. Aasonn is the first such acquisition and brings specific SAP expertise, an area that Rizing is intending to grow its service offering in
11-Jun-18	Workday Inc [USA]	Adaptive Insights Inc [USA]	Provides cloud corporate performance management (CPM) software	\$1.55bn	\$114.3m	13.6x	Performance	Workday has acquired cloud-based business planning provider Adaptive Insights and will work to integrate the business' tools into its existing platform. The acquisition is particularly notable given that Adaptive Insights had filed for an IPO as recently as May 17 th
08-Jun-18	Workday Inc [USA]	Rallyteam [USA]	Provides workforce talent management SaaS for enterprises	n/a	n/a	n/a	Talent Development	Workday has acquired Rallyteam in an effort to bolster its engineering unit, in particular to increase its machine learning expertise. This, essentially talent, acquisition is Workday's second this year and tenth in total
06-Jun-18	QuestionPro [USA]	WorkXO [USA]	Provides workplace environment management SaaS to businesses. Software provides features for measuring, reporting and providing analytics on employee behaviour to improve organisational health and success	n/a	n/a	n/a	Performance	QuestionPro has acquired its long-time partner WorkXO in an effort to bolster its workplace engagement tools. WorkXO's platform has been integrated with QuestionPro's survey technology since inception. This deal combines WorkXO's workplace culture technology and QuestionPro's information capture to deliver a global culture-analytics platform

Selected HR Tech Deals – Second 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>
28-May-18	Visma [NOR]	Raet B.V. [NLD]	Provides HR management SaaS, including workforce and benefit management SaaS, for businesses globally. Also provides outsourced human resources and payroll services for businesses	\$35.1m	n/a	n/a	Workforce Management	The combination of Raet and Visma Group will create one of the largest HR solutions providers in Europe, delivering software and services to over 10 million end-users. The deal will strengthen Visma's presence in the Netherlands and Belgium and substantially expand the company's addressable market through Raet's existing customers. The combined business will have over €200m in revenues
24-May-18	Virgil Holdings Inc [USA]	Hospitality Careers Online Inc [CAN]	Provides industry-specific online recruitment solutions through its Web sites in the United States, Canada, and the United Kingdom	\$16.5m	\$14.2m	1.2x	Talent Attraction	DHI Group have completed the divestiture of Hcareers business to Virgil Holdings. DHI had previously announced its intention to divest four of its non-tech businesses in order to focus on its core technology business. Hcareers will benefit from Virgil Holdings' close alignment with the hospitality industry, arguably a better fit than its previous parent DHI
22-May-18	Marlin Equity Partners LLC [USA]	Virgin Pulse [USA]	Provides workforce well-being and rewards programs SaaS and mobile apps that enable employee health, wellness, productivity and engagement, for businesses	n/a	n/a	n/a	Compensation & Benefits	Marlin Equity Partners have acquired RedBrick Health and Virgin Pulse, merging the two companies. The combined company will retain the Virgin Pulse name but operate under two separate brands. The two companies together have one of the largest customer bases in the industry, providing a platform from which to execute growth with the backing of Marlin
11-May-18	Mountview Partners [USA]	Target Recruit [USA]	Provides Salesforce-based staffing automation SaaS to businesses. Software provides features for applicant tracking, scheduling, billing, payroll, accounting and reporting	n/a	n/a	n/a	Workforce Management	With the backing of Mountview, Target Recruit hopes to accelerate growth and expand its software offering. Increasing adoption of the Salesforce platform positions Target Recruit to become a leading provider of workforce management and applicant tracking systems in the Salesforce ecosystem
10-May-18	HireVue Inc. [USA]	MindX Ltd [UK]	Provides predictive hiring and talent analytics SaaS to businesses. Software provides features for candidate screening and assessment, while also providing mobile games, quizzes and assignments for candidates	n/a	n/a	n/a	Talent Attraction	HireVue, has completed the acquisition of MindX. MindX's game-based assessments complement HireVue's video-based pre-hire assessments solution, adding the ability to measure fluid IQ, reasoning and problem-solving to HireVue's ability to evaluate job-specific knowledge, communication and social intelligence

Selected HR Tech Deals – Second 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>
03-May-18	HR Path SAS [FRA]	Ataraxis NV [BEL]	Provides enterprise cloud applications for finance and human resources	n/a	n/a	n/a	Workforce Management	This acquisition brings HR Path expertise that will allow the company to address the full Workday platform. Ataraxis will become the dedicated Workday practice of HR Path
01-May-18	Iris Software Group Ltd [UK]	Star Computers Ltd [UK]	Develops and supplies practice management and payroll systems software	n/a	n/a	n/a	Compensation & Benefits	The acquisition of Star Computers extends IRIS' Payroll & HR portfolio, providing a solution to manage larger and more complex payroll solutions and now positions IRIS as the UK's Payroll bureau software specialist
27-Apr-18	Aon Plc [UK]	Inspiring Benefits [ESP]	Provides employee benefit and loyalty program SaaS for businesses. Software provides features for arranging and managing employee discounts, health initiatives, events and online meeting boards	n/a	n/a	n/a	Compensation & Benefits	The acquisition of Inspiring Benefits enhances Aon Iberia's ability to provide clients with services and solutions to help them manage talent, employee motivation and 360° wellbeing. Inspiring Benefits will maintain its current team, structure and brand, and working closely with Aon, will develop strategic growth and expansion plans
25-Apr-18	Development Capital	12 grapes GmbH [GER]	Operates a team analytics and recruiting platform that predicts performance and identifies best-fit job candidates using psychological research, machine learning, and automated data collection	n/a	n/a	n/a	Talent Attraction	12grapes GmbH (trading as Bunch), has secured a seven-figure seed funding round from High-Tech Gründerfonds, Atlantic Labs amongst other angel investors. The company intends to use the funds to continue to develop the product, expand the team, and grow sales
24-Apr-18	Learning Technologies Group plc (LTG) [UK]	PeopleFluent Inc. [USA]	Provides workforce management SaaS for businesses. Software provides features for employee recruitment, training and compensation and performance management	\$150.0m	\$106.6m	1.4x	Workforce Management	The addition of PeopleFluent significantly expands LTG's global footprint, bringing a large installed base of customers particularly in the US. PeopleFluent introduces advanced video technology and social collaboration tools to LTG's portfolio of digital learning businesses
23-Apr-18	Private Group Led by Vista Equity Partners [UK]	Allocate Software Plc [UK]	Provides healthcare workforce management software	\$450.0m	\$70.0m	6.4x	Workforce Management	Vista Equity Partners have acquired Allocate Software, providing an exit for previous investors Hg Capital. Vista's backing will support the company in its next phase of development, both in terms of product innovation and global expansion

Selected HR Tech Deals – Second 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-Apr-18	Gemspring Capital/TMP Management [USA]	TMP Worldwide Advertising & Communications LLC [USA]	Provides recruitment management and marketing SaaS for businesses. Software provides features for managing job listings and digital business branding	n/a	n/a	n/a	Talent Attraction	In partnering with Gemspring Capital, TMP have secured the additional resources and support necessary to drive product development and growth. Gemspring see TMP as an attractive platform opportunity from which to build a leading business in the sector
19-Apr-18	Pixid SAS [FRA]	Careix BV [NLD]	Provides online recruitment and staffing software to businesses. Software provides features for workforce management, digital signage, marketing automation and can be integrated with existing software systems	n/a	n/a	n/a	Talent Attraction	The acquisition adds a presence in Benelux to Pixid's existing operations in France, UK and Germany. Pixid expects to record revenue of €25m in 2018 and covers more than 90% of the temporary employment market in France. Pixid is backed by Keensight Capital, who supported this deal
10-Apr-18	CultureIQ [USA]	CEB Inc. [USA]	Provides employee feedback survey SaaS for businesses	n/a	n/a	n/a	Performance	CultureIQ has agreed to merge with CEB's Workforce Surveys & Analytics (WS&A) Division, backed by the financial support of ParkerGale Capital. The merger combines the modern technology of CultureIQ with the decades of expertise and IP in WS&A. The combined company will operate under the CultureIQ brand
09-Apr-18	Private Group led by Riverside Europe Partners LLC [GER]	GermanPersonnel e-search GmbH [GER]	Provides e-recruiting software	n/a	n/a	n/a	Talent Attraction	The Riverside Company has made an investment in GermanPersonnel, a SaaS-based vendor whose platform serves the recruitment needs of large and midsize businesses. The investment will be used to fund additional staff hires, including a larger sales team, and improvements in technology
04-Apr-18	Indeed (Recruit Holdings) [JAP]	Workopolis Inc [CAN]	Operates an online job site that helps job seekers to find jobs, and connects employers with candidates, in Canada	n/a	n/a	n/a	Talent Attraction	Recruit Holdings has acquired the website and assets of Workopolis through its US-based subsidiary, Indeed. Indeed is becoming increasingly global, and this acquisition reflects the firm's likely intent to continue to grow its model outside of the US. The three largest job board firms, Recruit, LinkedIn and Seek, control more than half of the market

Selected HR Tech Deals – Second 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>
03-Apr-18	BI WORLDWIDE [USA]	Bunchball [USA]	Provides an employee and customer engagement gamification SaaS that utilises a game-based interface to motivate employee work and customer retention through Salesforce, Jive, SAP and social media contests for enterprises	n/a	n/a	n/a	Performance	BI WORLDWIDE have acquired Bunchball creating a comprehensive suite of motivation, engagement and performance solutions. Bunchball's game mechanics recognize and reward employees and partners when they engage in high-value activities that have a bottom-line impact
02-Apr-18	Asure Software Inc. [USA]	Wells Fargo & Company [USA]	The Business Payroll Services Evolution HCM client portfolio of Wells Fargo, provides payroll processing and workforce management SaaS for businesses in the US	\$10.5m	n/a	n/a	Workforce Management	Asure's acquisition of the Wells Fargo Evolution portfolio will provide customers with new tools to be successful. For example, solutions for workspace management, time & labour management, HR consulting and benefits provide a new opportunity for these customers to experience the full suite of Asure solutions

Goldenhill International M&A Advisors
52 Brook Street
London
W1K 5DS
United Kingdom

Goldenhill International M&A Advisors
964 Fifth Avenue
San Diego, California
92101
United States

Goldenhill International M&A Advisors
Torre ABN Amro Victoria Ocampo 360
Puerto Madero, Buenos Aires
C1107BGA
Argentina
www.gtallp.com

© Copyright 2018 Goldenhill Technology Advisors

This communication is provided for informational purposes only, and should not be regarded as an offer or solicitation to buy or sell any financial instrument. Distribution without the express consent of the authors, Goldenhill Technology Advisors, is strictly prohibited. Goldenhill Technology Advisors accepts no liability whatsoever arising directly or indirectly from the use of this document, and offers no warranty in relation to the accuracy or completeness of the information therein.