



# hSenid Business Solutions

3Q FY23 Earnings Presentation

February 2023

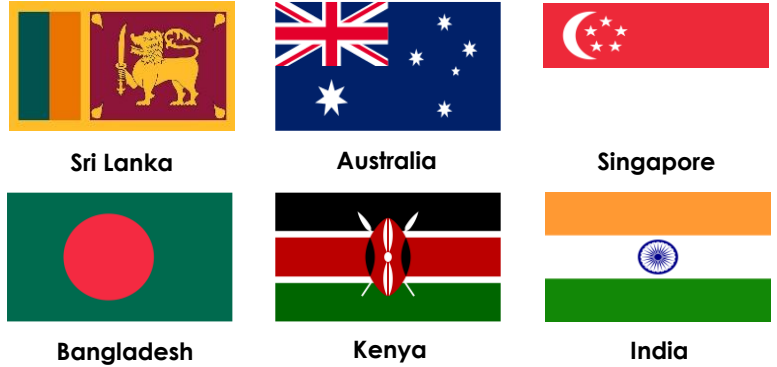
25 years of experience

Over 1,000,000 users

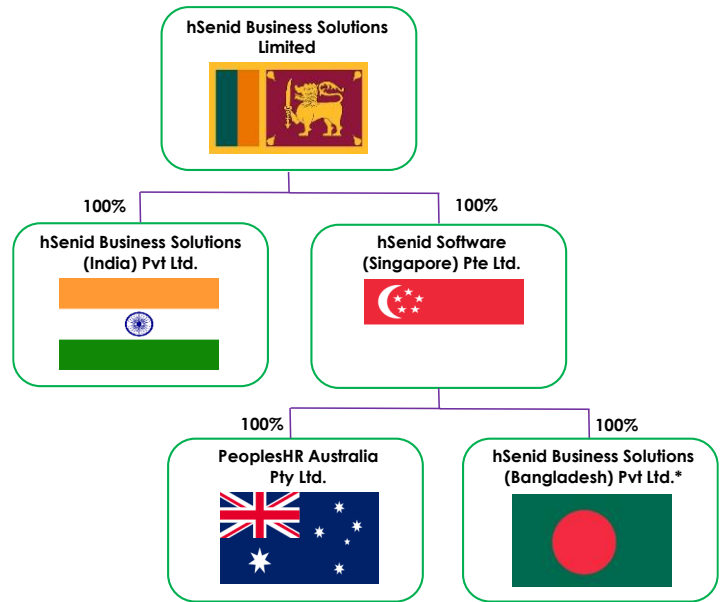
Serves over 1,465 client organizations

Across 20+ industries in 40+ countries

Operating from 6 countries...



...through 4 subsidiaries



\* Bangladesh subsidiary was incorporated in October 2022

Offering a comprehensive range of HRIS solutions

PeoplesHR® | On Premise

PeoplesHR®

PeoplesHR TURBO

PeoplesHR® | Outsourcing

hSenid TRACKING Solutions

JURAA

# FINANCIAL HIGHLIGHTS – 3Q FY23

LKR mn	3Q FY22	3Q FY23	YoY Growth
<b>Revenue</b>	<b>319</b>	<b>368</b>	15.5%
<b>Gross profit</b>	<b>208</b>	<b>183</b>	-12.0%
<i>Gross profit margin</i>	65.1%	49.6%	-1,552pp
<b>EBITDA</b>	<b>126</b>	<b>26</b>	-79.5%
<i>EBITDA margin</i>	39.7%	7.0%	-3,262pp
<b>Net profit</b>	<b>102</b>	<b>30</b>	-70.9%
<i>Net profit margin</i>	32.0%	8.1%	-2,397pp
<b>EPS<sup>1</sup></b>	<b>0.46</b>	<b>0.11</b>	-76.1%

- Overall revenue growth came in at 15.5% YoY (down 31.0% YoY in USD terms on a constant currency basis), led by PHR Cloud. Core revenues<sup>2</sup> grew at 20.4% YoY (down 27.0% YoY in USD terms on a constant currency basis)
- Quarterly recurring revenues came in at 51.0% of total revenues, supported by PeoplesHR Cloud. Churn rate for the quarter remained below 5.0%
- Revenue bookings for the quarter were affected by longer sales cycles for deal closures across markets owing to global volatility
- hBS successfully launched Phase-II of the Ugandan Government project in 3Q FY23. As a result, deal closures for the quarter came in at LKR 380 million, (vs LKR 150 million in 3Q FY22). Hence the African region contributed to ~70.0% of deal closures in 3Q FY23
- At PeoplesHR Turbo, lead generation campaigns were relaunched in India with narrower targeting of potential customers, based on learnings to-date and past success patterns
- Marketplace operations have been streamlined with increased focus placed on product partners which are in high demand by hBS clientele, and sales initiatives were implemented during the quarter to accelerate deal closures
- Net earnings for the quarter were primarily impacted by higher cloud hosting charges, project implementation expenses and investments in recruitment

<sup>1</sup> EPS based on weighted average shares as of end of each quarter | <sup>2</sup> Includes PHR On-Premise, PHR Cloud, PHR Outsourcing and Tracking Solutions

# PeoplesHR RECOGNISED REGIONALLY DURING 3Q FY23

PeoplesHR received recognition from leading industry bodies and software review portals in the APAC region bolstering its efforts to drive overseas revenues

**Gold Award Winner**  
under the ICT and  
BPO-related Services  
(Medium category) at  
the annual NCE Export  
Awards 2022 for the  
third consecutive year

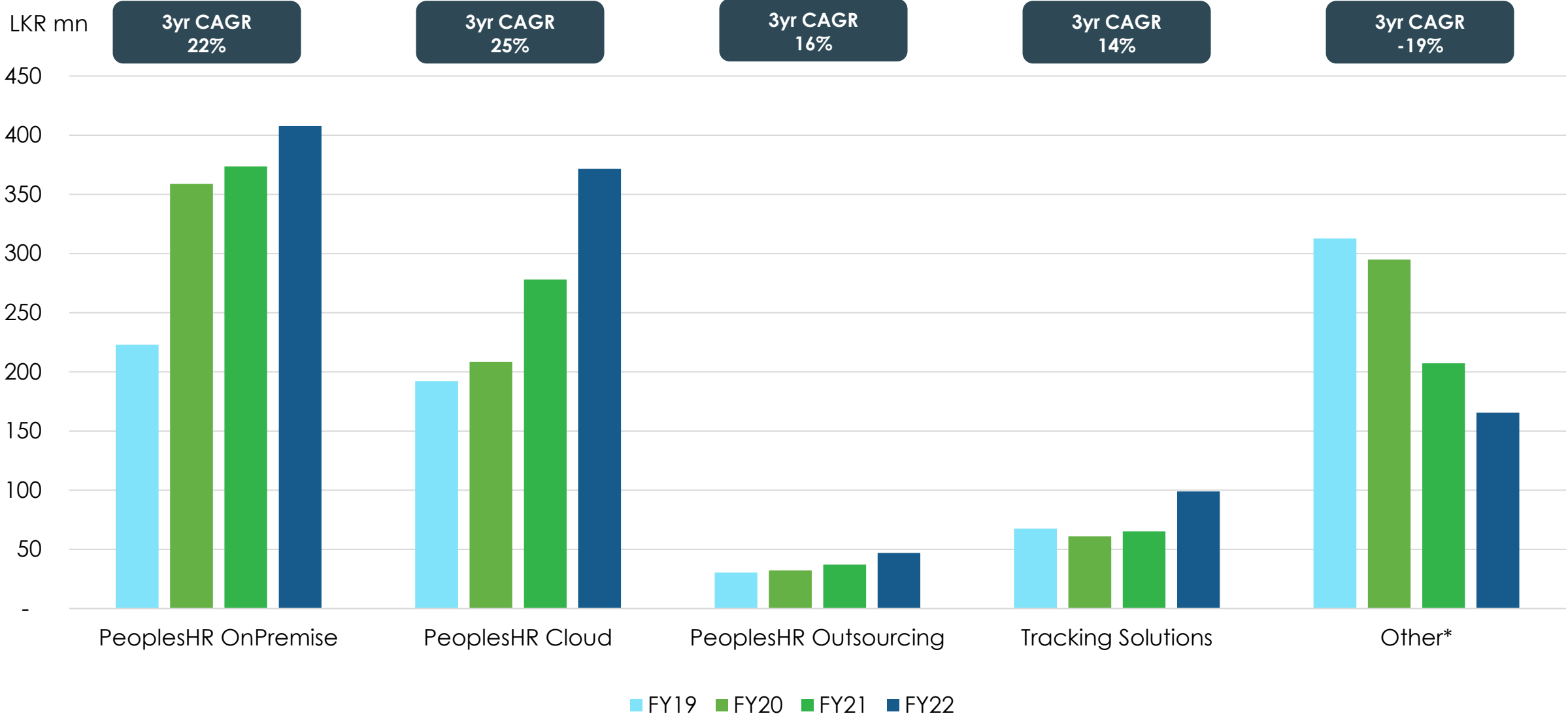
**Sri Lanka ISV  
Microsoft  
Partner of the  
Year 2022**





# Segment Performance

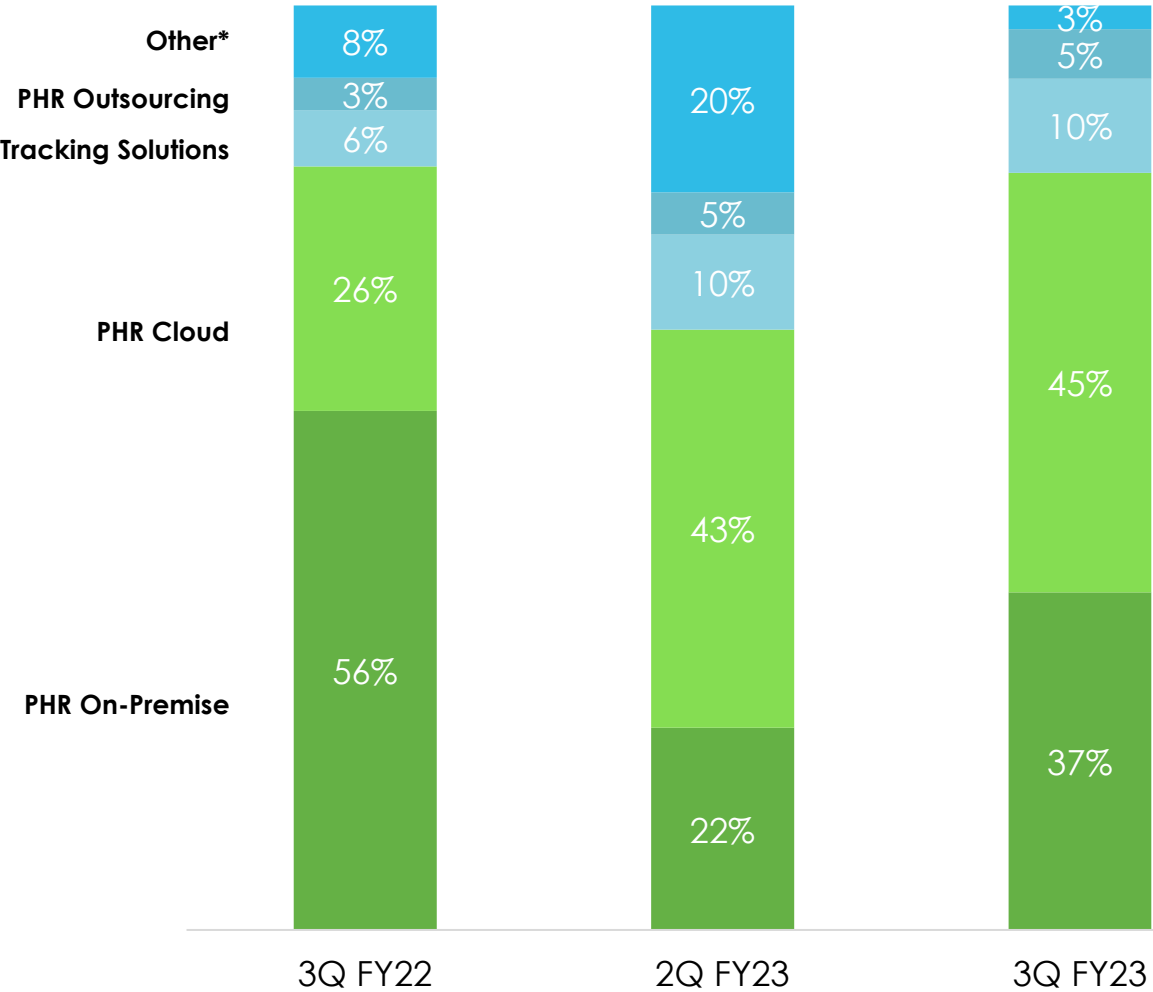
# KEY SEGMENTS RECORD STEADY GROWTH THROUGH FY19-22



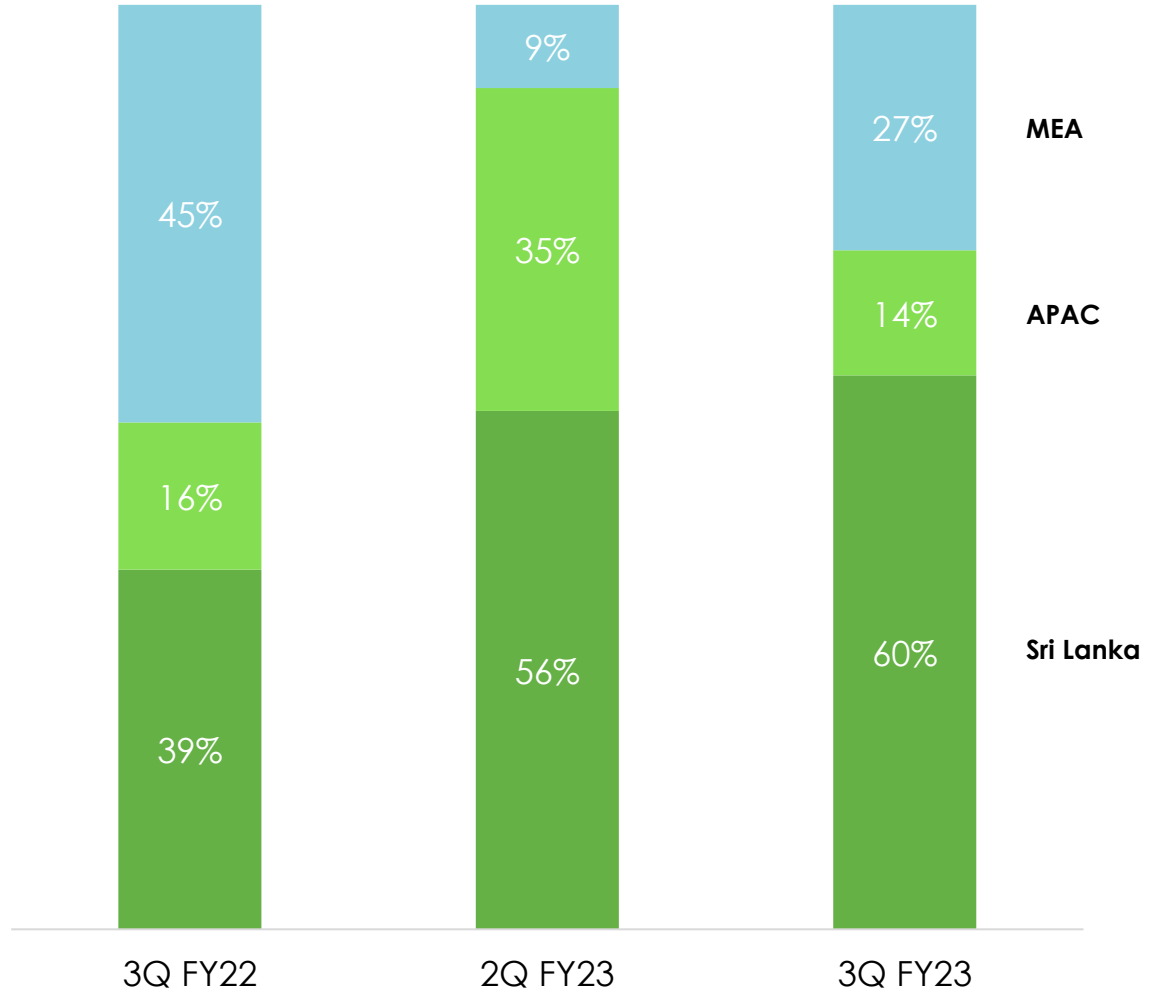
\* Includes declining non-core revenues such as Mobile Software and Staffing Solutions, and nascent yet growing new revenue segments such as PeoplesHR Turbo and Marketplace

# 3Q23 REVENUE BREAKDOWN

## REVENUE BREAKDOWN BY SEGMENT



## REVENUE BREAKDOWN BY GEOGRAPHY

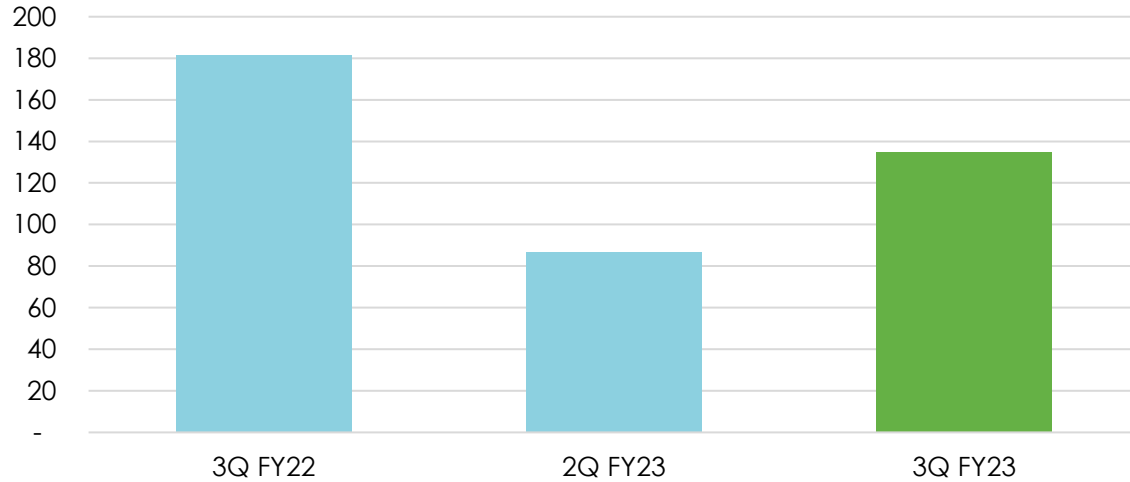


\* Includes declining non-core revenues such as Mobile Software and Staffing Solutions, and nascent yet growing new revenue segments such as PeoplesHR Turbo and Marketplace

# PEOPLESHR CLOUD TAKES THE LEAD IN 3Q

## PEOPLESHR ON-PREMISE

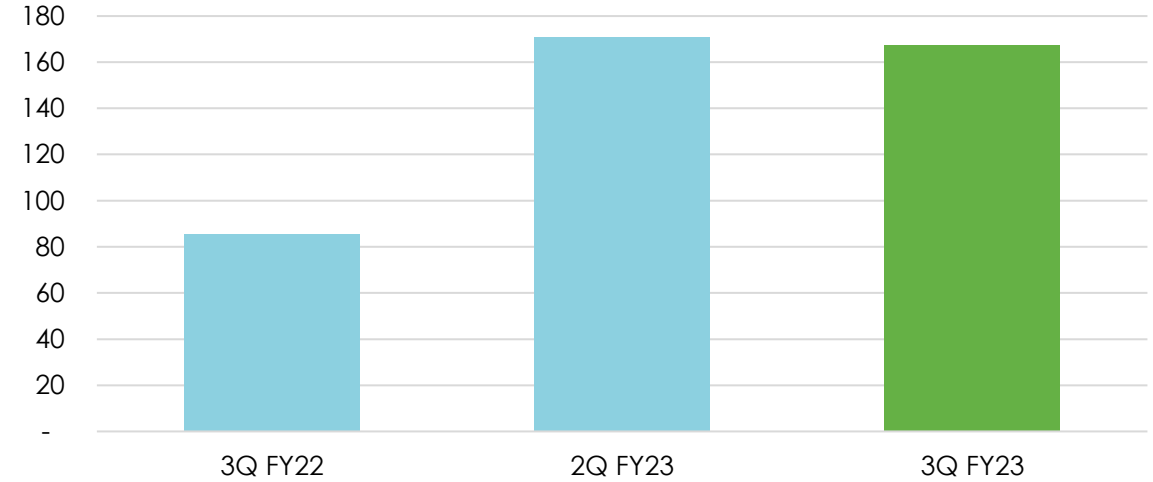
Revenue (LKR mn)



- PeoplesHR On-Premise recorded a ~26.0% year-over-year decline in topline during the quarter (down ~55.0% YoY in USD terms on a constant currency basis)
- While the segment recorded LKR 79 million in revenues from Phase II of the Ugandan Government project, it should be noted that 3Q FY22 revenue was significantly boosted by ~LKR 125 million in invoicing from Phase I of the said project
- Segment revenue bookings were primarily affected by longer sales cycles for deal closures across markets owing to global volatility

## PEOPLESHR CLOUD

Revenue (LKR mn)



- PeoplesHR Cloud recorded a ~95.0% year-over-year topline growth during the quarter (+13.0% YoY growth in USD terms on a constant currency basis), driven by both new deal bookings and subscription invoicing from new deals acquired in the previous year
- Segment recurring revenues remained strong at 76.0%, above company average
- The segment also accounted for ~27.0% of new deal bookings during the quarter. New deals were primarily from Sri Lanka and APAC regions



# 3Q FY23 REVENUE AND COST DRILL DOWN

## REVENUE BREAKDOWN

All in LKR millions	3Q FY22	3Q FY23	YoY growth (in LKR / USD cc)
<b>PHR On-premise</b>	<b>182</b>	<b>135</b>	
Implementation	65	66	
Licensing	93	35	-26% / -55%
Support <sup>1</sup>	23	34	
<b>PHR Cloud</b>	<b>86</b>	<b>167</b>	
Implementation	24	42	+95% / +13%
Subscription <sup>1</sup>	62	125	
<b>Tracking Solutions</b>	<b>20</b>	<b>37</b>	
Devices Sales	17	33	+90% / +90%
Support <sup>1</sup>	3	4	
<b>PHR Outsourcing</b>	<b>11</b>	<b>20</b>	+75% / +15%
Others <sup>2</sup>	21	9	-55% / -79%
<b>Total Revenue</b>	<b>319</b>	<b>368</b>	+16% / -31%

## COST OF SALES BREAKDOWN

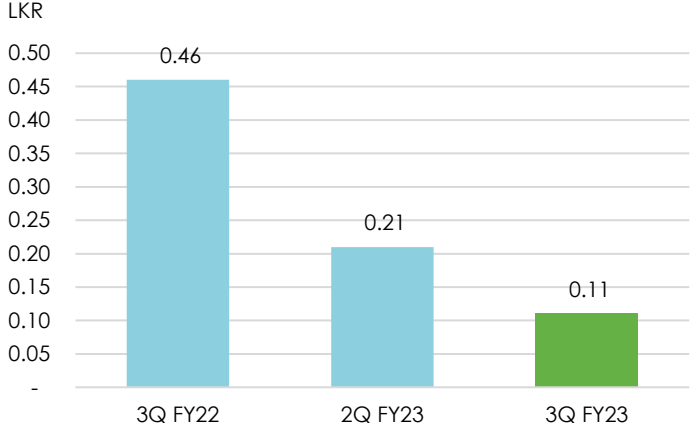
All in LKR millions	3Q FY22	3Q FY23	YoY growth
On-site and third-party implementation costs <sup>3</sup>	18	23	+29%
Infrastructure costs <sup>4</sup>	9	50	+432%
Cost of devices sold	17	14	-20%
Others <sup>5</sup>	67	99	+48%
<b>Total Cost of Sales</b>	<b>111</b>	<b>186</b>	+67%

<sup>1</sup> Recurring revenues; <sup>2</sup> Includes non-core revenues of mobile solutions and staffing solutions and nascent yet growing new revenue segments such as PeoplesHR Turbo and Marketplace

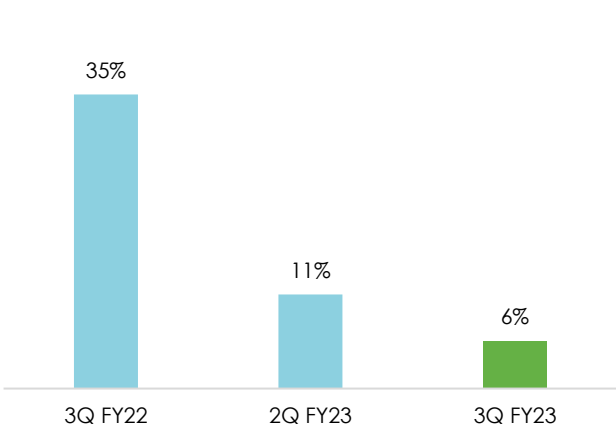
<sup>3</sup> Includes costs related to on-site implementations by hBS staff and channel partners | <sup>4</sup> PHR Cloud related | <sup>5</sup> Mobile solutions related COGS and staff related costs

# LIQUIDITY AND RETURN TO SHAREHOLDERS

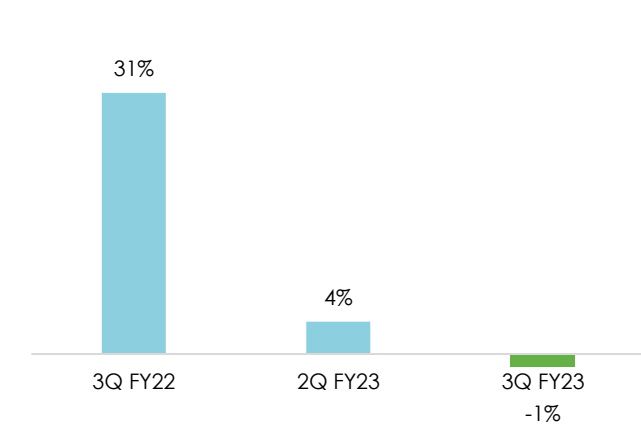
## EARNINGS PER SHARE



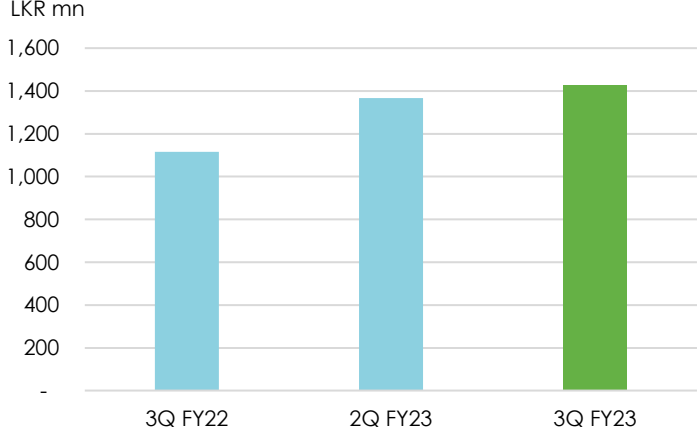
## RETURN ON EQUITY



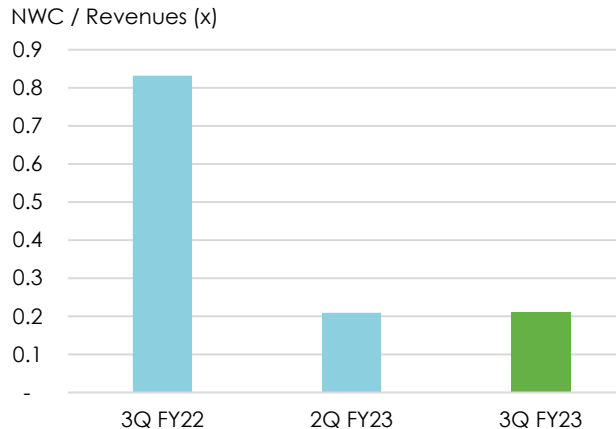
## RETURN ON CAPITAL EMPLOYED



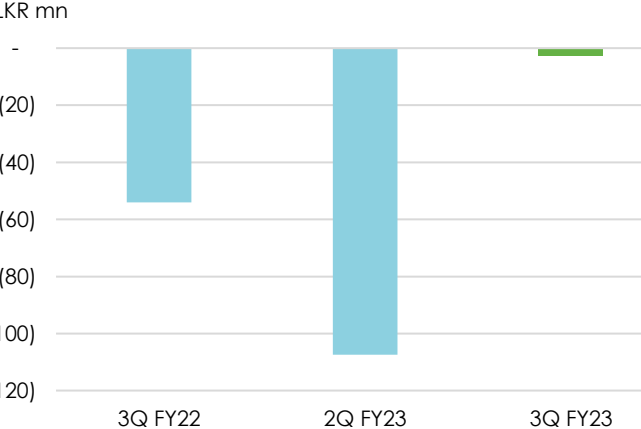
## NET CASH \*



## NWC / REVENUES \*\*



## FREE CASH FLOW \*\*\*



\* 1Q FY23 onwards includes IPO proceeds | \*\* Net working capital divided by trailing 12-month revenues | \*\*\* Includes higher capex on product development, and impact from working capital

## Strategic priorities for 4Q FY23E

- Revamping the sales organization of hBS with a focus to accelerate sales efforts in APAC and MEA markets
- Optimization of cloud hosting and infrastructure costs
- Reorienting the product offering at Peoples HR Marketplace to extract more value from employers and employees
- Strengthening Inside Sales team at Peoples HR Turbo to handle increased lead gen efforts and drive deal closures

## Medium-term outlook

- Pursuing potential strategic partnerships and acquisitions in focus countries within APAC and MEA regions
- Maintaining healthy growth trajectory in PeoplesHR Cloud
- Geographical mix to continue to shift towards APAC and Africa

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Thank You!