



# **hSenid Business Solutions**

**1Q FY24 Earnings Presentation**

**August 2023**

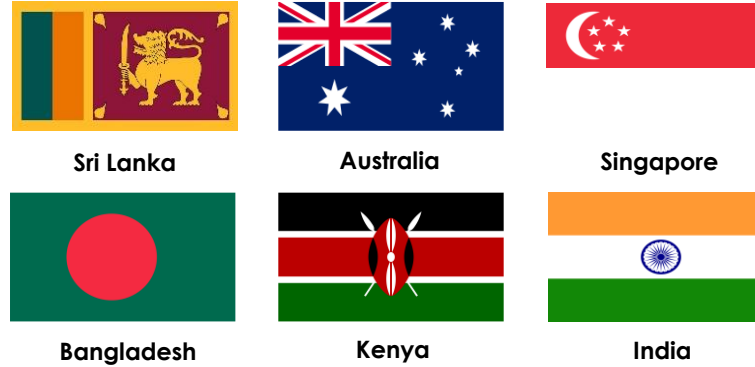
25+ years of  
experience

Over  
1,000,000  
users

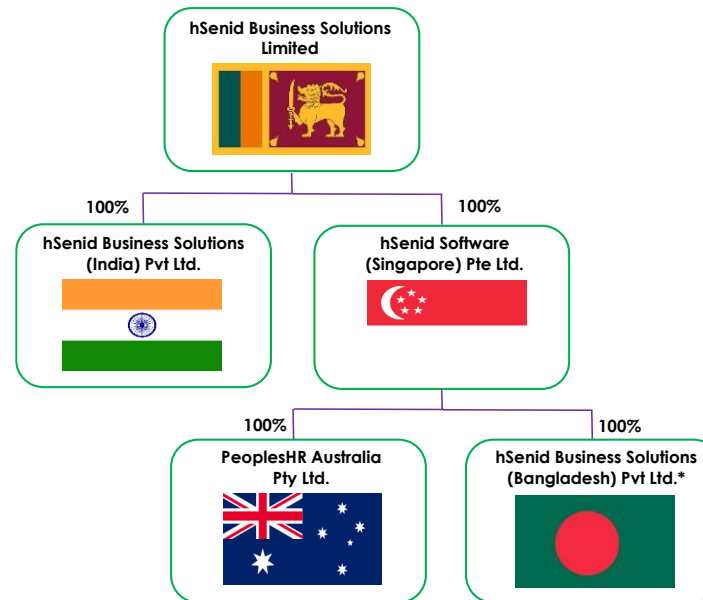
Serves over  
1,600 client  
organizations

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  
simple.fast.green

PeoplesHR® | Cloud  
simple.fast.green

PeoplesHR® | Outsourcing  
simple.fast.green

hSenid  
**TRACKING**  
Solutions

PeoplesHR  
**TURBO**

PeoplesHR® | Marketplace  
simple.fast.green

PeoplesHR® | Social  
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PeoplesHR® | Academy  
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# FINANCIAL HIGHLIGHTS – 1Q FY24

LKR mn	1Q FY23	1Q FY24	YoY Growth
Revenue	307	357	16.3%
Gross profit	123	108	-11.9%
<i>Gross profit margin</i>	40.1%	30.4%	-970pp
EBITDA	211	(113)	-153.4%
<i>EBITDA margin</i>	68.8%	(31.6%)	-10,044pp
Net profit	202	(109)	-154.0%
<i>Net profit margin</i>	65.9%	(30.6%)	-9,652pp
EPS <sup>1</sup>	0.73	(0.40)	-154.8%

- Topline for the quarter grew by 16.3% YoY (up 23.1% YoY in USD terms on a constant currency basis), led by PHR Cloud. Core revenues<sup>2</sup> grew by 5.2% YoY (up 10.9% YoY in USD terms on a constant currency basis)
- Quarterly recurring revenues came in at 52.0% of total revenues, supported by PeoplesHR Cloud. Churn rate for the quarter remained below 5.0%
- Revenue bookings in PeoplesHR On-Premise and Cloud businesses for the quarter were affected by longer sales cycles for deal closures across markets owing to global volatility
- Tracking Solutions revenues were impacted by the timing of confirming new projects while PeoplesHR Outsourcing continues to be impacted by headcount movement. Both segments, however, are on track to closing new deals, with the new revenue streams expected to flow through over the next two quarters
- Net earnings for the quarter were impacted by higher salary expenses, marketing initiatives and project implementation expenses during the quarter
- The repricing program launched in June 2023 across all our PeoplesHR clients, is currently in progress and is set to be completed by end 2Q FY24. In addition, the cloud hosting and infrastructure cost optimisation program launched in early 2023, has resulted in notable cost savings, with further savings expected in 2Q FY24 and 3Q FY24

<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, Tracking Solutions, PeoplesHR Turbo and Marketplace

# PeoplesHR RECOGNISED REGIONALLY DURING 1Q FY24

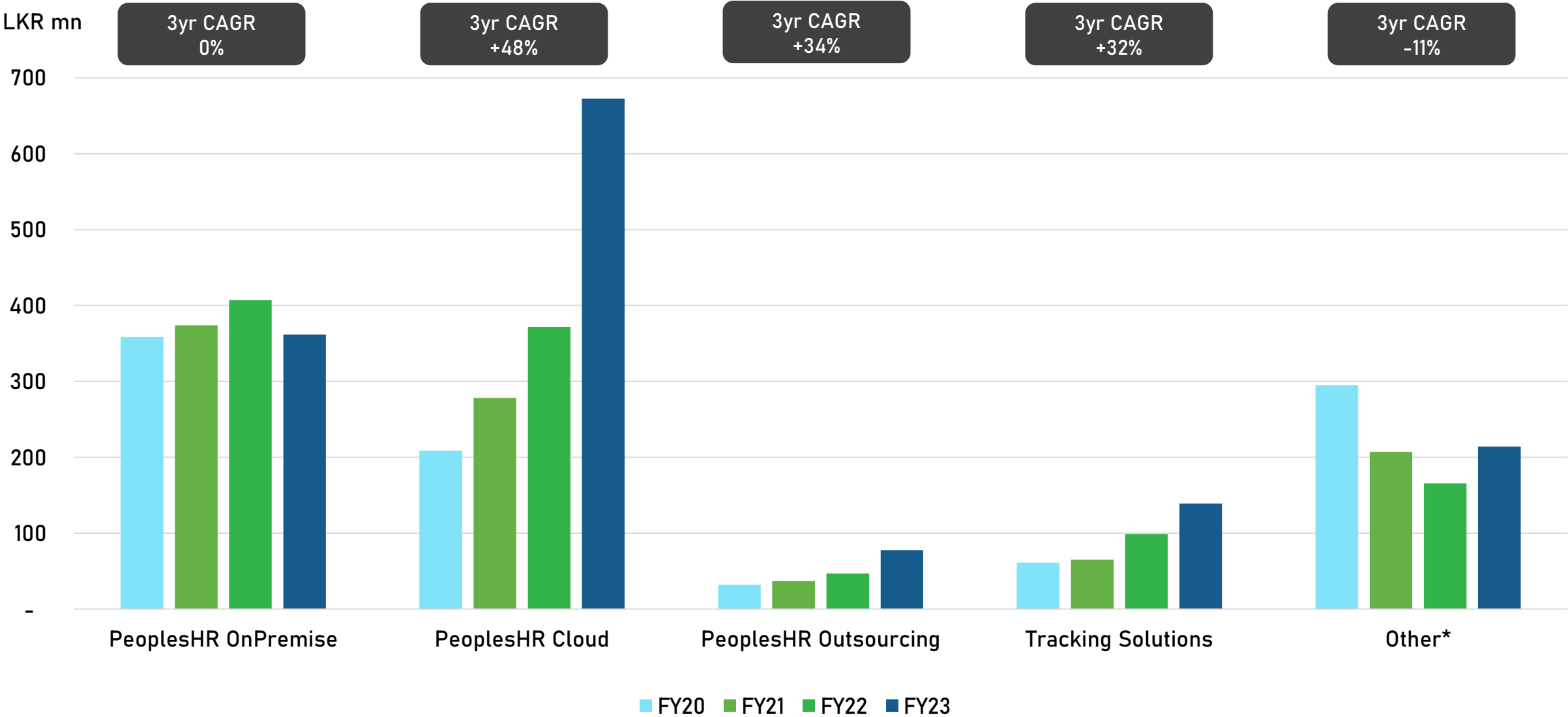
PeoplesHR received recognition from leading industry bodies and software review portals in the APAC region bolstering its efforts to drive overseas revenues





# Segment Performance

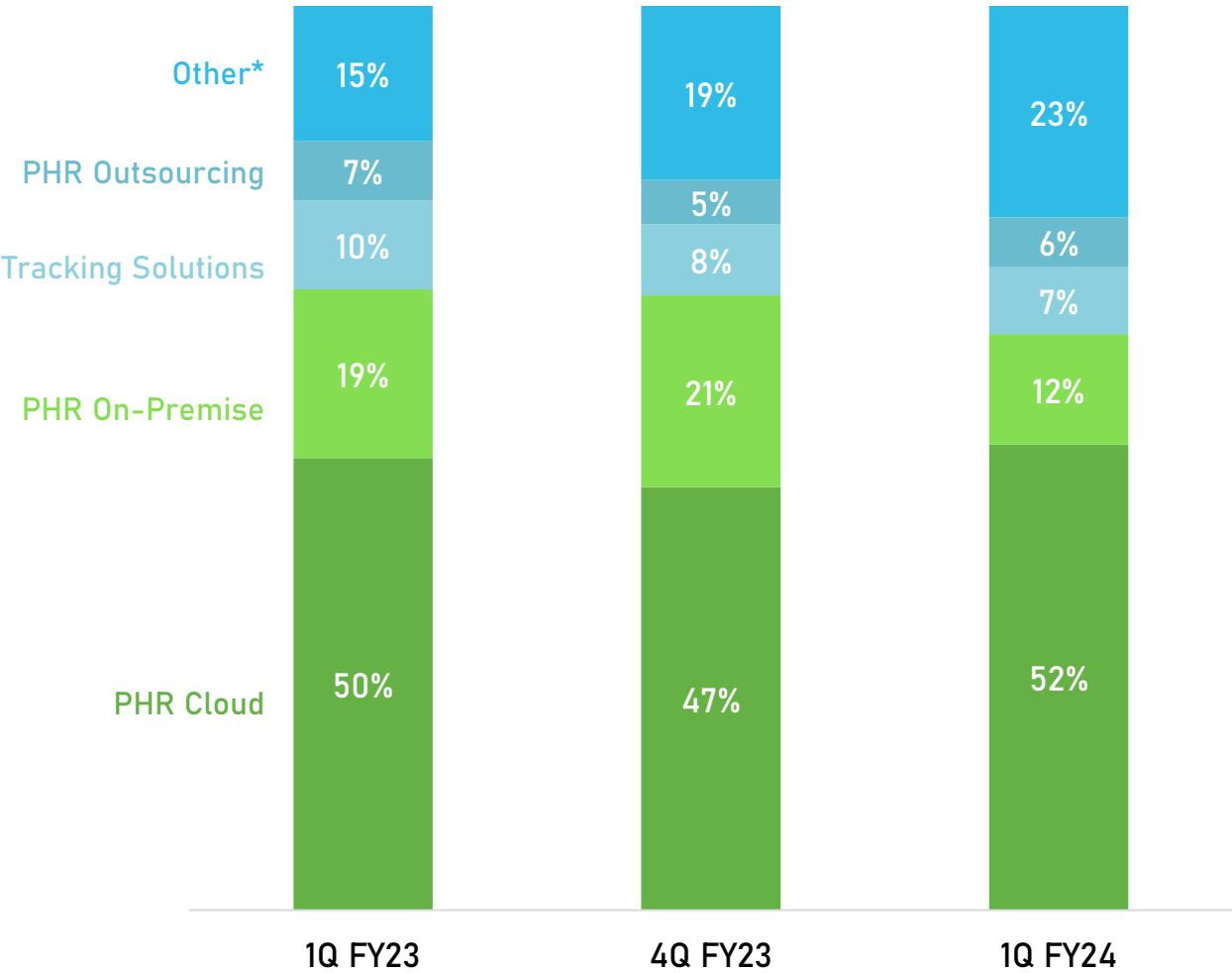
# KEY SEGMENTS RECORD STEADY GROWTH THROUGH FY20-23



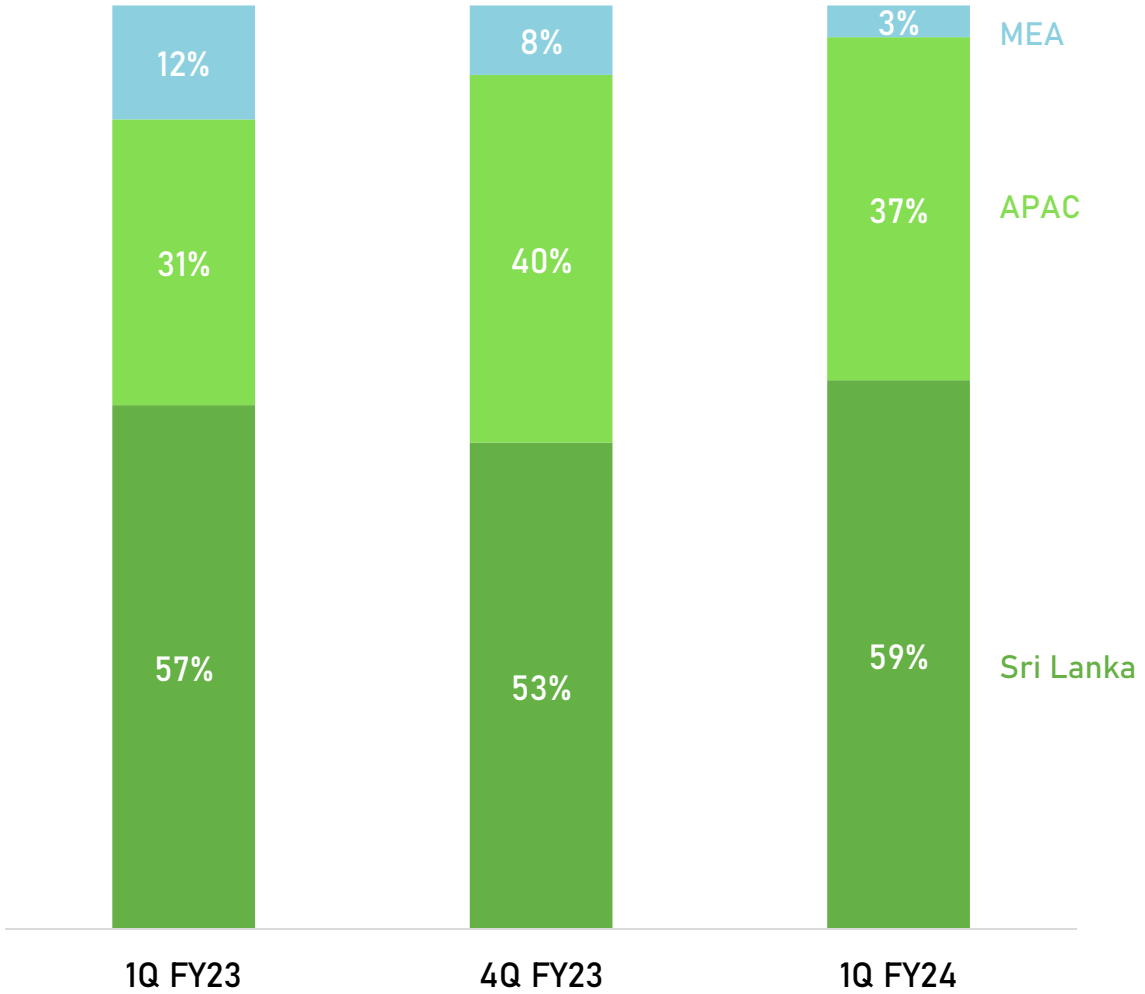
\* Includes declining non-core revenues such as Mobile Software and Staffing Solutions, and nascent yet growing new revenue segments such as PeoplesHR Turbo and Marketplace

# 1Q24 REVENUE BREAKDOWN

REVENUE BREAKDOWN BY SEGMENT



REVENUE BREAKDOWN BY GEOGRAPHY

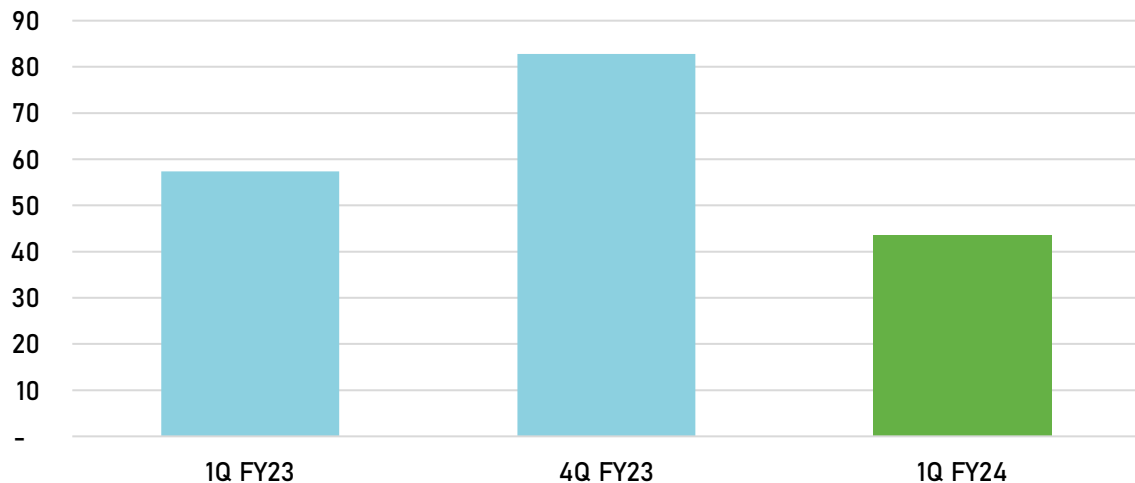


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# PEOPLESHR CLOUD ACCOUNT FOR 93% OF NEW DEALS IN 1Q

## PEOPLESHR ON-PREMISE

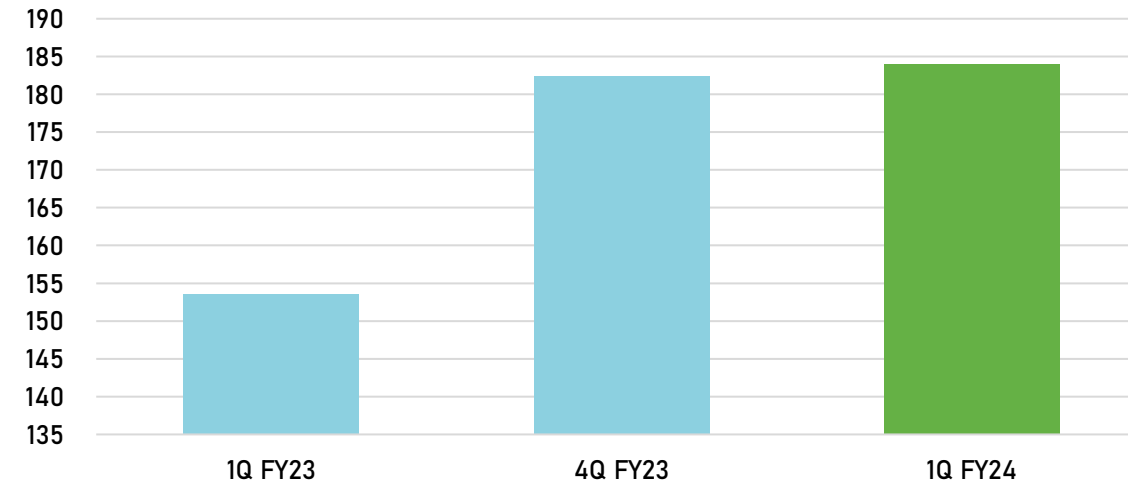
Revenue (LKR mn)



- PeoplesHR On-Premise recorded a 24.0% year-over-year decline in topline during the quarter (down 31.2% YoY in USD terms on a constant currency basis)
- Phase-2 of the Ugandan Government project is on track to be completed by end 2Q FY24. Further revenue recognition from the project is expected to come through in 2Q and 3Q
- The segment continue to witness a shift in business towards the Cloud offering, driven by migration of existing clients to PeoplesHR Cloud and a higher share of new deals from the cloud business

## PEOPLESHR CLOUD

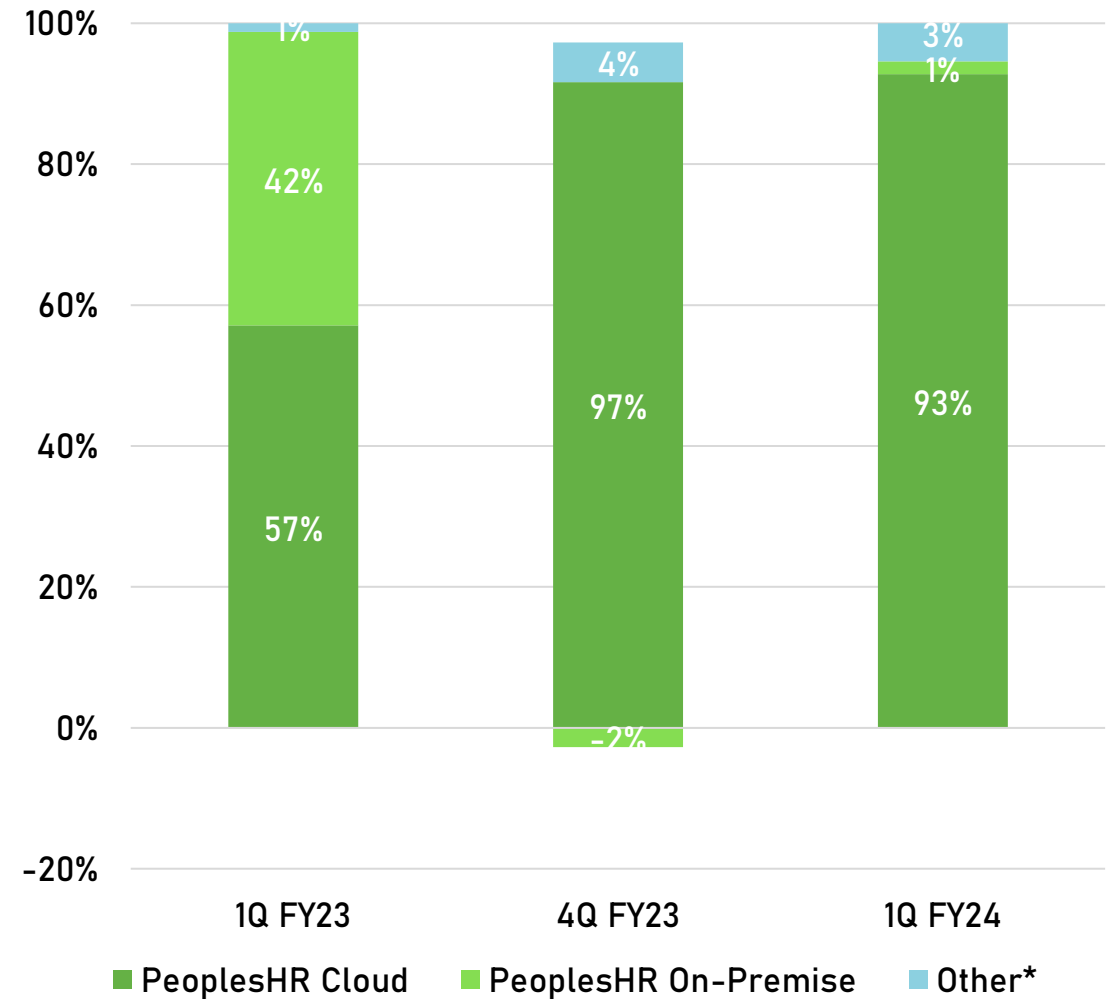
Revenue (LKR mn)



- PeoplesHR Cloud recorded a 19.8% year-over-year topline growth during the quarter (+33.0% 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
- The segment accounted for 52.0% of total topline while segment recurring revenues remained strong at 73.0%
- The segment also accounted for ~93.0% of new deal bookings during the quarter. New deals were primarily from Sri Lanka and APAC regions

# 1Q FY24 NEW DEAL BOOKINGS

- New deal closures for the quarter were down 29.2% YoY in USD constant currency terms
- Deal closures were hampered by longer sales cycles for deal closures across markets, owing to global business volatility
- PeoplesHR Cloud accounted for ~93.0% of new deals during 1Q FY24
- The direct channel accounted for ~87.0% of new deal bookings during the quarter, while channel partners accounted for the remainder
- Regionally, Sri Lanka and APAC accounted for ~90.0% of new deals during the quarter
- With a revamped sales organisation, hBS is now focused on accelerating sales efforts in key APAC and MEA markets to generate a stronger deal pipeline



\* Includes PeoplesHR Turbo, PeoplesHR Marketplace, and Payroll

# 1Q FY24 REVENUE AND COST DRILL DOWN

REVENUE BREAKDOWN			
All in LKR millions	1Q FY23	1Q FY24	YoY growth (in LKR / USD cc)
PHR On-premise	57	43	
Implementation	17	9	
Licensing	16	9	-24% / -31%
Support <sup>1</sup>	24	26	
PHR Cloud	154	184	
Implementation	40	49	
Subscription <sup>1</sup>	114	135	+20% / +33%
Tracking Solutions	30	26	
Devices Sales	28	24	
Support <sup>1</sup>	2	2	-13% / -11%
PHR Outsourcing	20	20	-2% / +9%
Others <sup>2</sup>	46	83	+82% / +96%
Total Revenue	307	357	+16% / +23%

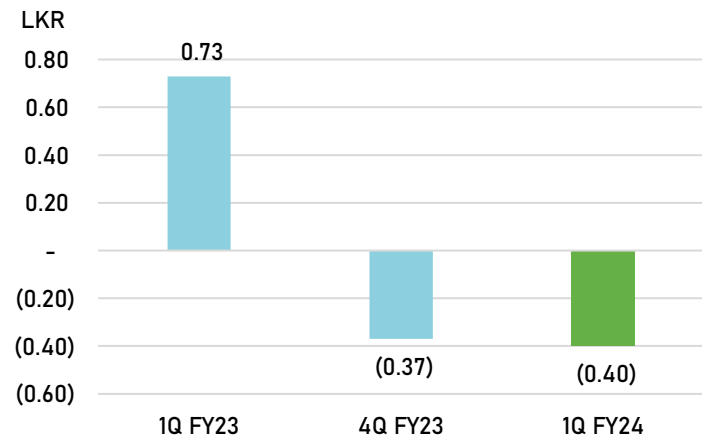
COST OF SALES BREAKDOWN			
All in LKR millions	1Q FY23	1Q FY24	YoY growth
On-site and third-party implementation costs <sup>3</sup>	29	34	+17%
Infrastructure costs <sup>4</sup>	36	40	+9%
Cost of devices sold	15	8	-47%
Others <sup>5</sup>	104	167	+61%
Total Cost of Sales	184	249	+35%

<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

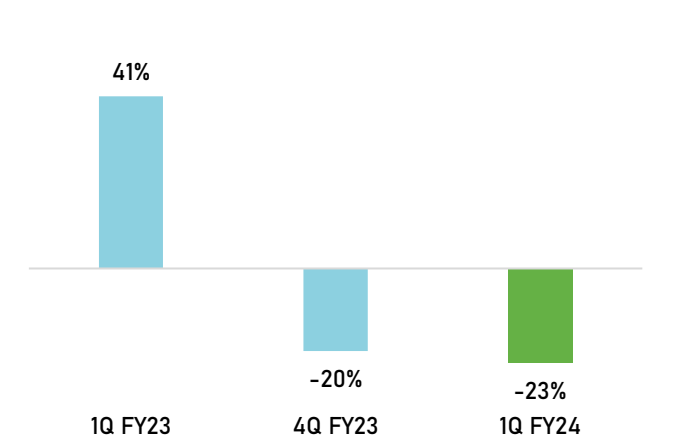
<sup>3</sup> Includes costs related to on-site implementations by hBS staff and channel partners | <sup>4</sup> PHR Cloud related | <sup>5</sup> Mobile solutions related COGS and staff related costs

# LIQUIDITY AND RETURN TO SHAREHOLDERS

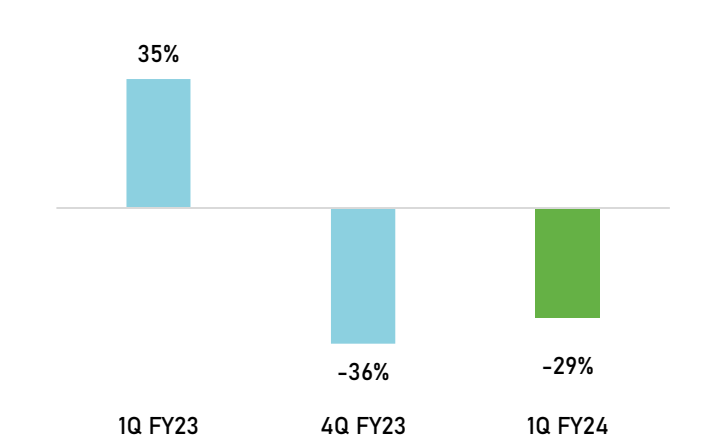
EARNINGS PER SHARE



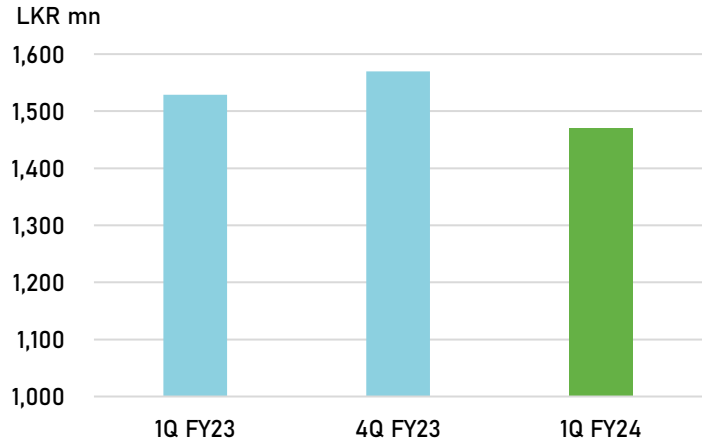
RETURN ON EQUITY



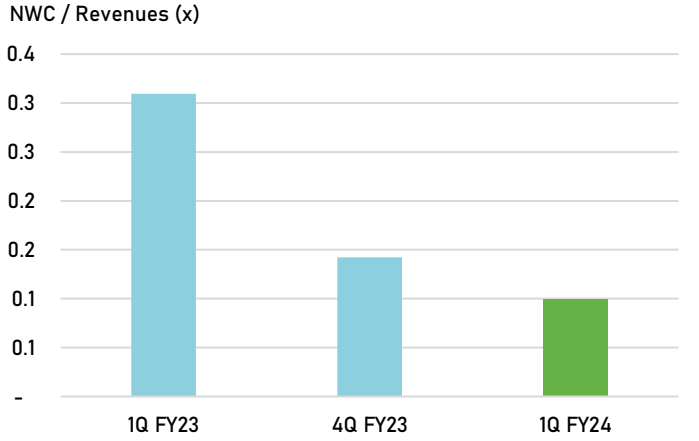
RETURN ON CAPITAL EMPLOYED



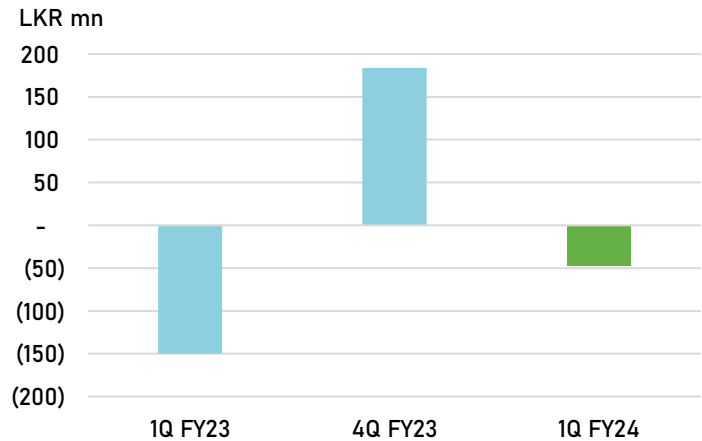
NET CASH \*



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 FY24E

- Launching new product packaging and pricing strategy
- New market development initiatives focused on key markets in APAC
- Accelerating sales efforts in key markets to generate a stronger deal pipeline, with an increased focus on high-value, high-margin deals
  - Re-focus on partner network to expand lead generation for new deals and leverage expertise in local markets

## Medium-term outlook

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

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Thank You!