



Key facts

Revenue	£160m '21
EBITDA	£50m '21 31%
FTEs	2,129
Headquarters	United Kingdom
Subsector	Software
Majority owner	Bain Capital
Ownership type	Regular funds
Last deal	February 2018

Financials* £m, Estimates

	2017	2018	2019	2020	2021
Revenue	137.7	131.0	141.8	152.4	159.7
Growth	3.5%	-4.9%	8.2%	7.5%	4.8%
Gross margin	-	-	-	-	-
% of revenue					
EBITDA	50.3	47	48.1	49.1	50.1
% of revenue	36.5%	36%	33.9%	32.2%	31.4%
EBIT	33.6	-	15.3	12.2	12.5
% of revenue	24.4%		10.8%	8.0%	7.8%
Total assets	-	580.4	634.9	627.8	607.5

Pros and cons

- ✔ #1 player in HR software in the UK mid-market enterprise (19% market share, 2x RMS)
- ✔ Long term clients with ~80% of FY2020 revenue being recurring & good BPaaS and SaaS penetration
- ✔ ResourceLink's listing on G-cloud has the potential to increase non-cyclical government revenues
- ✘ Geographical & customer concentration (UK&IE presence, top 10 clients represented ~25% of FY18 sales)
- ✘ Operates in a competitive and fragmented segment with low IT entrenchment and modest entry barriers
- ✘ Profitability contraction (-5pp EBITDA in 2017-2021) post-carve-out warrants dis-synergy inspection

Assessment

Growth	
Revenue overall	★★★★☆
Revenue organic	★★★★☆
Profitability	
Gross margin	-
EBITDA margin	★★★★★
Cash conversion	★★★★☆
Resilience	
Non-cyclical	★★★★☆
Revenue visibility	★★★★☆
Profile	
Clear market leader	★★★★☆
Multinational	★★★★☆
Buy-and-build platform	★★★★☆

Business

Zellis is a provider of software for payroll, HR and managed services. The Group's business model revolves around providing outsourced payroll and HR administration services, pre-employment checks and managed recruitment and employee engagement services through its ResourceLink, Moorepay and Benefex brands. As of December 2021, the Group serviced >5m client employees per month and processed ~60m payslips on a yearly basis managing its operations from 8 offices located across the UK (5), Ireland (2) and India (1). Zellis is headquartered in Bristol (UK) and had 2,129 employees on average over FY2021 (-3% vs. FY2020).

Competitive position

According to S&P and management, the Group was the #1 player in HR software in the UK mid-market enterprise segment in FY2018, with ~19% market share, ~2x the share of the #2. The Group also held ~8% in HR software for small and midsize businesses. Additionally, Zellis considered 29% of the FTSE 100 companies, 50% of the top 10 UK retailers and ~33% of the top 30 UK universities as clients (FY2021).

Ownership history

Zellis was formed in October 2017 through the divestment of NGA HR's UK and Ireland mid-market and SME division to Bain Capital. In January 2019, the Group rebranded as Zellis.

Deal history

Oct 2017	Zellis EBITDA: £50m	Bain Capital - Private Equity Acquired majority Platform	NGA Human Resources Sold majority
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Acquisitions and divestments

2 acquisitions and divestments on Gain.pro

Dec 2020	Capita Employee Benefits Revenue: £92m	Zellis Acquired majority	Capita Sold majority Divestiture
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Top management

John Petter 52 yr, CEO since 2019
Jakob Brevinge Bain Capital
Stuart Gent Bain Capital
Christophe Jacobs Van Merlen Bain Capital

Related industry research

	HR technology 25 analysed assets Available on Gain.pro
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