



NEWS

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WELSH, CARSON, ANDERSON & STOWE COMPLETES PAYCOM STOCK DISTRIBUTION

New York, NY – May 25, 2016 – Welsh, Carson, Anderson & Stowe (the “Firm” or “WCAS”), a private equity firm exclusively focused on information/business services and healthcare, announced the final distribution of its portfolio company, Paycom Software, Inc. (NYSE: PAYC). WCAS generated a gain of \$1 billion on the Paycom investment, representing an 18.7 times investment multiple and a 46% internal rate of return.

In July 2007, WCAS closed on the \$80 million recapitalization of Paycom, a rapidly growing independent provider of payroll processing on a Software as a Service (“SaaS”) basis, targeting small- to mid-sized businesses with approximately 50-2,000 employees. This proprietary transaction was the result of a 12-month comprehensive review of the attractive payroll processing sector under our “map-and-attack” sourcing strategy. Since WCAS’s acquisition of Paycom, the Company grew its product offering to comprise a comprehensive, cloud-based human capital management (“HCM”) software solution built on a single database.

Paycom was originally founded in 1998 by Chad Richison, an ex-ADP senior manager, to create a new outsourced HCM software provider for small- and medium-sized firms that were not satisfied with their current HCM options. Paycom’s comprehensive, fully scalable solution also allows it to pursue enterprise clients. At the end of 2006, Paycom had five sales offices with 31 sales representatives. Paycom has since grown to over 40 sales teams and over 1,400 employees under WCAS’s ownership. The Company’s strategy is to gain market share by offering a better, easier to use HCM platform with exceptional levels of customer service. Paycom is following an aggressive organic growth strategy by opening offices in new regions, increasing its sales force and pursuing strategic channel relationships. With client retention rates averaging 91% over the last five years and a largely monthly recurring revenue model, Paycom has a very predictable revenue stream and high free cash flow conversion. Paycom’s revenue has grown from \$30 million in 2009 to \$225 million in 2015, representing a compounded annual

growth rate of 40%. Over the same period, the Company's EBITDA expanded from \$4 million to \$48 million, representing a compounded annual growth rate of 51%.

About Welsh, Carson, Anderson & Stowe

Welsh, Carson, Anderson & Stowe focuses its investment activity in two target industries, information/business services and healthcare. Since its founding in 1979, the Firm has organized 16 limited partnerships with total capital of over \$22 billion. The Firm is currently investing an equity fund, Welsh, Carson, Anderson & Stowe XII, L.P. See www.wcas.com to learn more.