NAPEO Quarterly Pulse Survey – Q2 2019 Results

<table>
<thead>
<tr>
<th>WSEs per Client</th>
<th>Clients per FTE*</th>
<th>WSEs per FTE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical PEO</td>
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</tr>
<tr>
<td>25</td>
<td>7</td>
<td>151</td>
</tr>
</tbody>
</table>

*Internal employees excluding sales staff

How did the 2<sup>nd</sup> quarter of 2019 compare with the 2<sup>nd</sup> quarter of 2018?

**PEO Revenue**

Typical PEO

- Increased Somewhat: 31%
- Stayed About the Same: 58%
- Decreased Somewhat: 10%
- Decreased Significantly: 16%

Response Count: 31

**Average annual wage per worksite employee (WSE)**

Typical PEO

- Increased Significantly: 3%
- Increased Somewhat: 7%
- Stayed About the Same: 47%
- Decreased Somewhat: 16%
- Decreased Significantly: 43%

Response Count: 30

Note: Throughout this report, the word “Typical” is used to describe the median (middle) value for a given item.
How did the 2\textsuperscript{nd} quarter of 2019 compare with the 2\textsuperscript{nd} quarter of 2018?

Average number of worksite employees (WSEs) per client company

**Typical PEO**

- Stayed About the Same

- Increased Significantly
- Increased Somewhat
- Stayed About the Same
- Decreased Somewhat
- Decreased Significantly

Response Count: 31

Gross profit ($)

**Typical PEO**

- Increased Somewhat

- Increased Significantly
- Increased Somewhat
- Stayed About the Same
- Decreased Somewhat
- Decreased Significantly

Response Count: 30

Operating income ($)

**Typical PEO**

- Increased Somewhat

- Increased Significantly
- Increased Somewhat
- Stayed About the Same
- Decreased Somewhat
- Decreased Significantly

Response Count: 30
How did the 2nd quarter of 2019 compare with the 2nd quarter of 2018?

Number of internal employees (including salespeople)

Typical PEO

- Stayed About the Same

Response Count: 31

Number of Clients

Typical PEO

- Stayed About the Same

Response Count: 30

Number of Worker’s Compensation claims reported to carrier

Typical PEO

- Stayed About the Same

Response Count: 29
WSE Projection

How do you anticipate your number of WSEs will change over the next 12 months?

Typical PEO

- Increase Somewhat: 30%
- Increase Significantly: 3%
- Stay About the Same: 67%
- Decrease Somewhat: 3%
- Decrease Significantly: 0%

Response Count: 30