

HR solutions for the people that matter.

TriNet Group Inc.
Investor Presentation
April – July 2020

Disclaimer

Cautionary Note Regarding Forward-Looking Statements and Other Financial Information

This presentation contains statements that are not historical in nature, are predictive in nature, or that depend upon or refer to future events or conditions or otherwise contain forward-looking statements within the meaning of Section 21 of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often identified by the use of words such as, but not limited to, “ability,” “anticipate,” “believe,” “can,” “continue,” “could,” “design,” “estimate,” “expect,” “forecast,” “hope,” “impact,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “strategy,” “target,” “value,” “will,” “would” and similar expressions or variations intended to identify forward-looking statements.

Examples of forward-looking statements include, among others, TriNet’s expectations regarding: the impact of our vertical strategy and the ability of that strategy to resonate with our clients and prospective clients; our ability to leverage our scale and industry HR experience to deliver compelling vertical product and service offerings; our ability to generate profitable growth and cash generation; our ability to improve retention, grow new sales and successfully pursue potential acquisitions; planned improvements to our operations, products, services and technology platform; our ability to drive operating efficiencies and improve the customer experience; our ability to grow EPS through operational improvements; the impact of our capital allocation strategy and share repurchase program; the relative value of our benefit offerings versus those SMBs can independently obtain; the principal competitive drivers in our market; our plans to retain clients and manage client attrition; the impact of our investment strategy; seasonal trends and their impact on our business; fluctuations in the period-to-period timing of when we incur certain operating expenses; the estimates and assumptions we use to prepare our financial statements and guidance; and other expectations, outlooks and forecasts on our future business, operational and financial performance.

Important factors that could cause actual results to differ materially from those expressed or implied by our forward-looking statements include, but are not limited to, those discussed in our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and the other filings we make with U.S. Securities and Exchange Commission, which are available on our investor relations website at <http://investor.trinet.com> and on the SEC website at www.sec.gov, including risk factors associated with: the impact of the COVID-19 pandemic on our business and the business of our clients; our ability to mitigate the business risks we face as a co-employer; our ability to manage unexpected changes in workers’ compensation and health insurance claims and costs by worksite employees; the effects of volatility in the financial and economic environment on the businesses that make up our client base; the impact of the concentration of our clients in certain geographies and industries; the impact of failures or limitations in the business systems we rely upon; adverse changes in our insurance coverage or our relationships with key insurance carriers; our ability to manage our client attrition; our ability to improve our technology to satisfy regulatory requirements and meet the expectations of our clients; our ability to effectively integrate businesses we have acquired or may acquire in the future; our ability to effectively manage and improve our operational processes; our ability to attract and retain qualified personnel; the effects of increased competition and our ability to compete effectively; the impact on our business of cyber-attacks and security breaches; our ability to secure our information technology infrastructure and our confidential, sensitive and personal information from cyber-attacks and security breaches; our ability to comply with constantly evolving data privacy and security laws; our ability to manage changes in, uncertainty regarding, or adverse application of the complex laws and regulations that govern our business; changing laws and regulations governing health insurance and employee benefits; our ability to be recognized as an employer of worksite employees under federal and state regulations; changes in the laws and regulations that govern what it means to be an employer, employee or independent contractor; our ability to comply with the laws and regulations that govern PEOs and other similar industries; the outcome of existing and future legal and tax proceedings; fluctuation in our results of operation and stock price due to factors outside of our control, such as the volume and severity of our workers’ compensation and health insurance claims and the amount and timing of our insurance costs, operating expenses and capital expenditure requirements; our ability to comply with the restrictions of our credit facility and meet our debt obligations; and the impact of concentrated ownership in our stock.

Forward-looking statements are not guarantees of future performance, but are based on our expectations and assumptions as of the date of this presentation, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from our current expectations and any past or future results, performance or achievements. Given these risks and uncertainties, investors are cautioned not to place undue reliance upon any forward-looking statements.

The information in this presentation only reflects our view as of the date on which this presentation is made. Except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements in this presentation and we do not assume any obligation, and do not intend, to update any of our forward-looking statements.

Disclaimer

Non-GAAP Financial Measures

In addition to financial measures presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP), we present other non-GAAP financial measures in this presentation that we monitor and use to manage our business, to make planning decisions, to allocate resources, and to use as performance measures in our executive compensation plan. These key financial measures provide an additional view of our operational performance over the long term and provide useful information that we use in order to maintain and grow our business.

The presentation of these non-GAAP financial measures is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute, for the directly comparable financial measures prepared in accordance with GAAP. **Reconciliations of the non-GAAP financial measures included in this presentation to TriNet's financial results as determined in accordance with GAAP are included in Appendix A, B, and C.**

Agenda

COVID-19 Update

TriNet Overview

Financial Review

Guidance

Appendix

COVID-19 Update

AN ORGANIZATION MOBILIZED AND READY TO HELP CUSTOMERS

- Created and launched our [COVID: TriNet Business Resiliency & Preparedness Center](#) homepage on TriNet's website
- **97%** of our nearly 3,000 employees are working effectively from home
- 24/7 customer service team addressing, on average, just under 500 COVID-19 related cases per day, roughly a 10% increase in our historic customer case load. Two of the most frequent topics include:
 - Assistance with SBA Loan applications, and
 - Understanding health coverage options.
- Leveraged our Workforce Analytics tool to provide customers with the required and properly formatted payroll and data necessary to complete the applications ~ *Nearly half of customers have downloaded the necessary files*
- Communicated healthcare carrier plan changes, such as waived co-pays and cost sharing, lab testing, telemedicine, and more
- Leveraged COVID homepage to host a series of "How to" vignettes walking customers through process of various government relief options and operational challenges

TriNet Overview

Investment Highlights

Innovation leader serving large, under-penetrated market

Differentiated vertical product offerings

Increased operational scale and financial leverage

Profitable growth supported by strong corporate cash generation*

* See Appendix B

Large Market Opportunity

~60 million

Number of Employees who work for companies with 500 or fewer employees

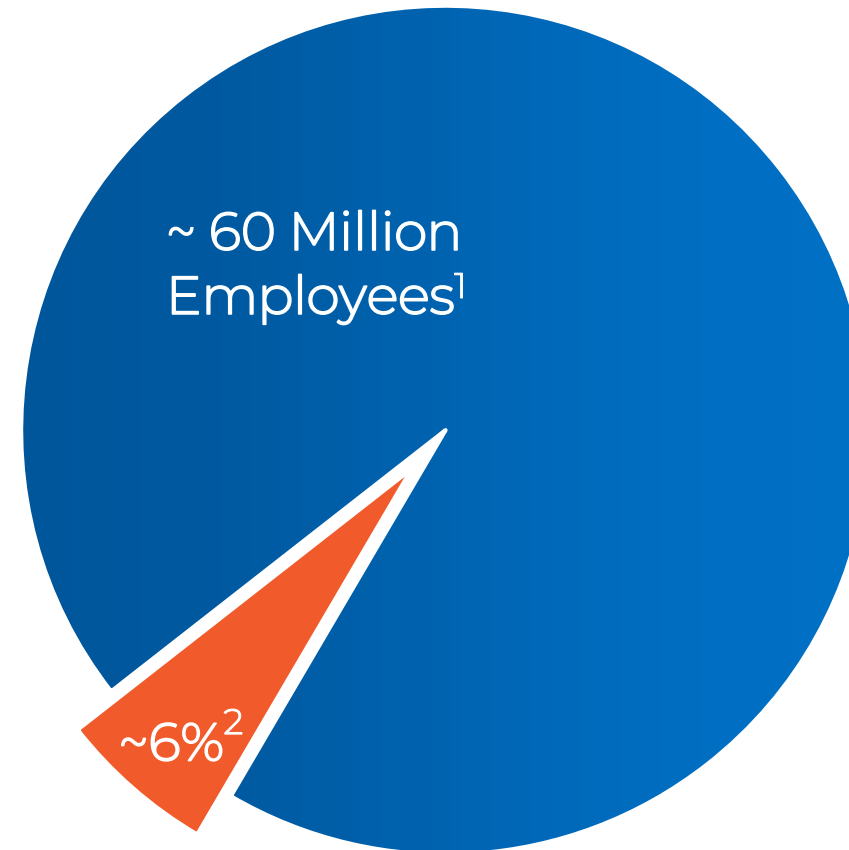
6%

Approximate percentage of SMB Worksite Employees (WSEs) who work for SMBs using a PEO

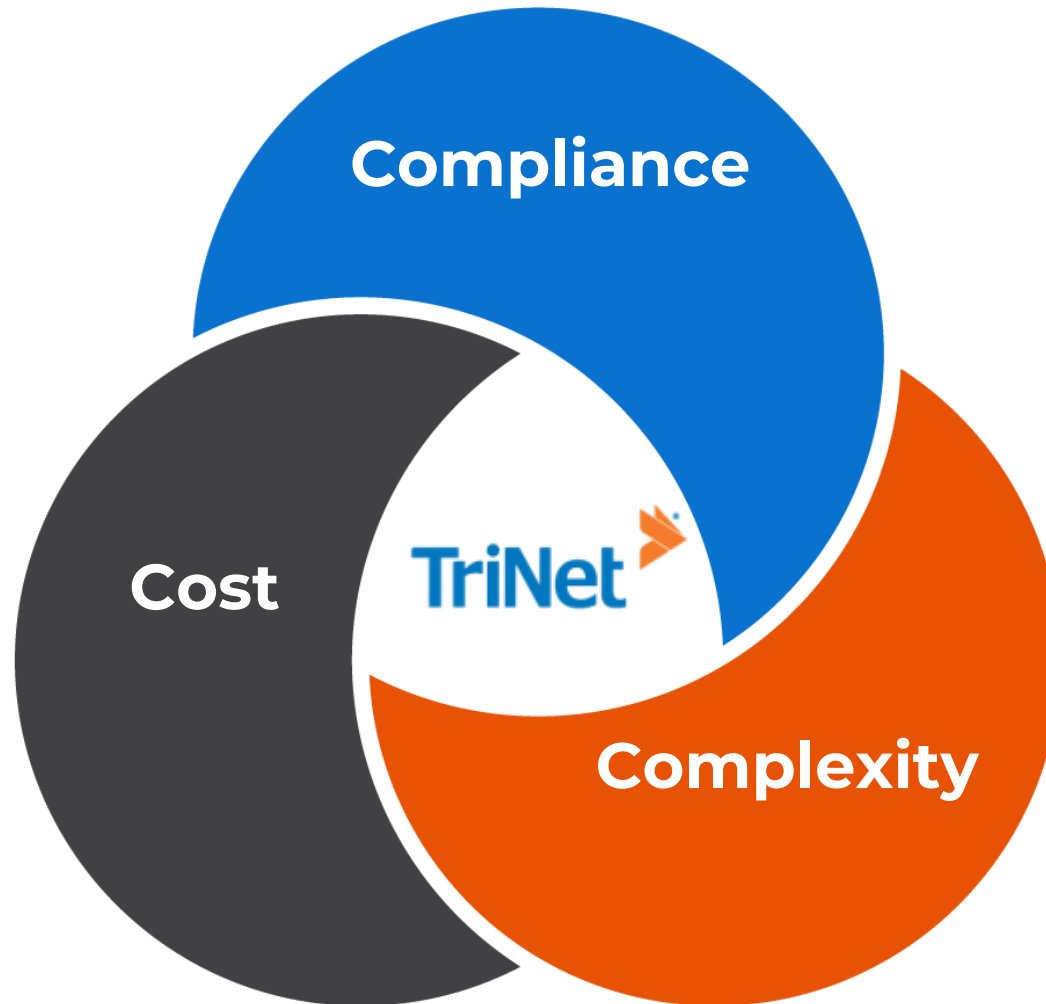
900+

PEO industry is made up of over 900 PEO service providers²

Underpenetrated SMB Market



Challenges Facing SMBs



Compliance

- Significant regulatory oversight
- Risks for federal, state, and local noncompliance are high

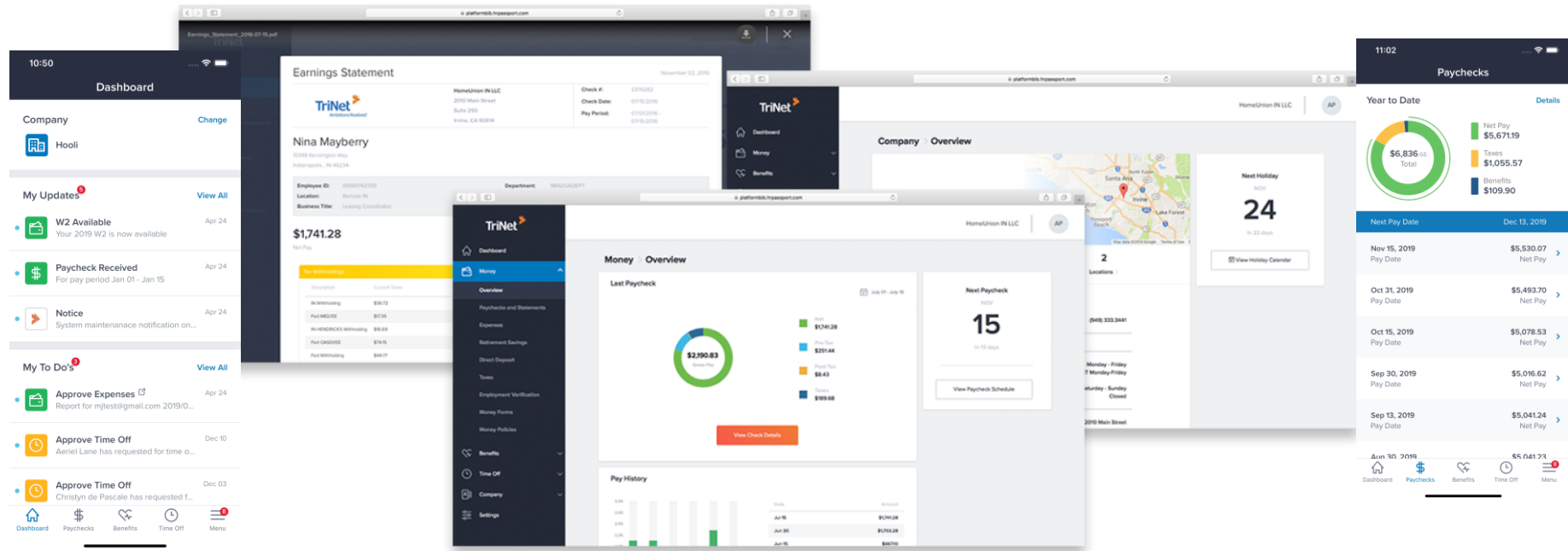
Complexity

- Federal, state, and local regulations continue to diverge
- Managing HR across multiple jurisdictions

Cost

- SMBs pay multiple vendors and employees for a variety of operational and insurance solutions
- Expensive for SMBs to ensure compliance and to vigorously defend themselves

Technology Enabled Business Services Company



- Benefits Enrollment
- New Hire Onboarding
- Automatic Payroll
- Workforce Analytics
- Mobile
- Time Tracking
- Expense Management
- Marketplace
- Integration Center

Common Product and Service Capabilities



HR Expertise

- ACA compliance guidance
- Employee onboarding and orientation
- Benefits funding guidance and strategy
- Employee resource center
- HR compliance best practices review
- Human Capital Assessment
- Retention tracking
- Support hiring/terminating
- Assists with reporting and analytics
- Immigration services
- PTO policies and guidance
- Recruitment and interview training



Benefit Options

- Medical (PPO, HMO, HDHP)
- Dental
- Vision
- Flexible Spending Account (FSA) and Health Savings Account (HSA) administration
- Life/AD&D
- Short-term and long-term disability
- COBRA administration
- 401(k) setup and administration
- Payroll contributions
- Benefits enrollment and administrative access
- Employee Assistance Program (EAP)
- Employee discounts and perks
- Commuter benefits
- Pet insurance



Payroll Services

- Payroll processing and management
- Online paystubs
- Federal, state, and local employment tax filing and remittance
- W-2 administration
- Wage garnishment
- Payroll reporting
- Direct deposit



Risk Mitigation

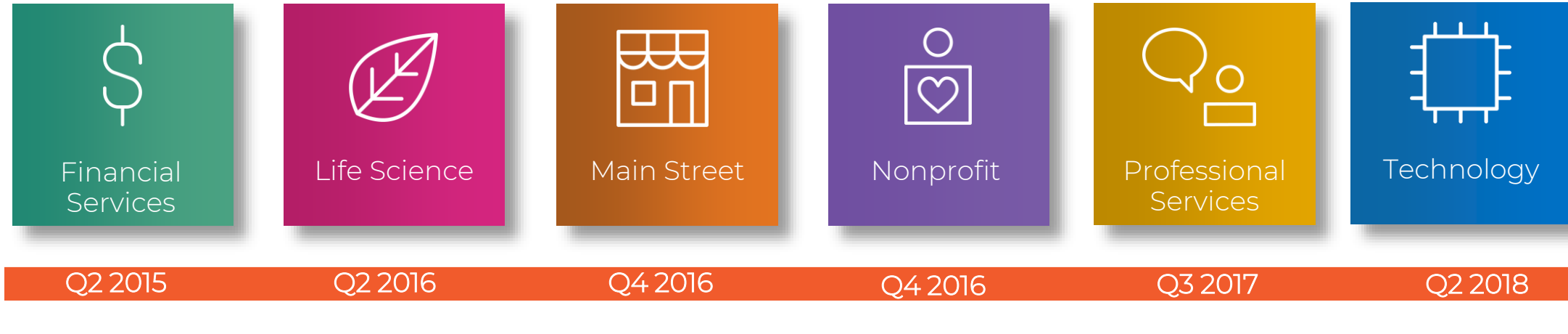
- Workers' compensation
- Employment Practices Liability Insurance (EPLI)
- Compliance expertise for applicable federal/state employment laws
- Sexual harassment awareness training
- Unemployment insurance claim administration
- Workplace safety best practices
- Claims management
- Affordable Care Act compliance
- Employee handbook
- EEO-1 reporting
- Termination guidance
- Workplace employment posters
- Wage and hour guidance



Technology Platform

- Employee and manager self-service platform
- Online on-boarding and benefits enrollment
- PTO tracking
- Database management and custom reporting
- Online training
- Performance management
- Expense management
- Applicant tracking
- Background screening
- Compensation benchmarks
- Total compensation statements
- HR reports (census, payroll, deductions, benefits, etc.)
- Visa tracking

Vertical Strategy



Full-service HR solutions tailored to our targeted Verticals

- Different industries have different needs
- SMBs want partners who know their industries and can scale with them
- Vertical Strategy aligns sales force, service teams, and product development
- Focused development and enhancement of vertical products on our platform

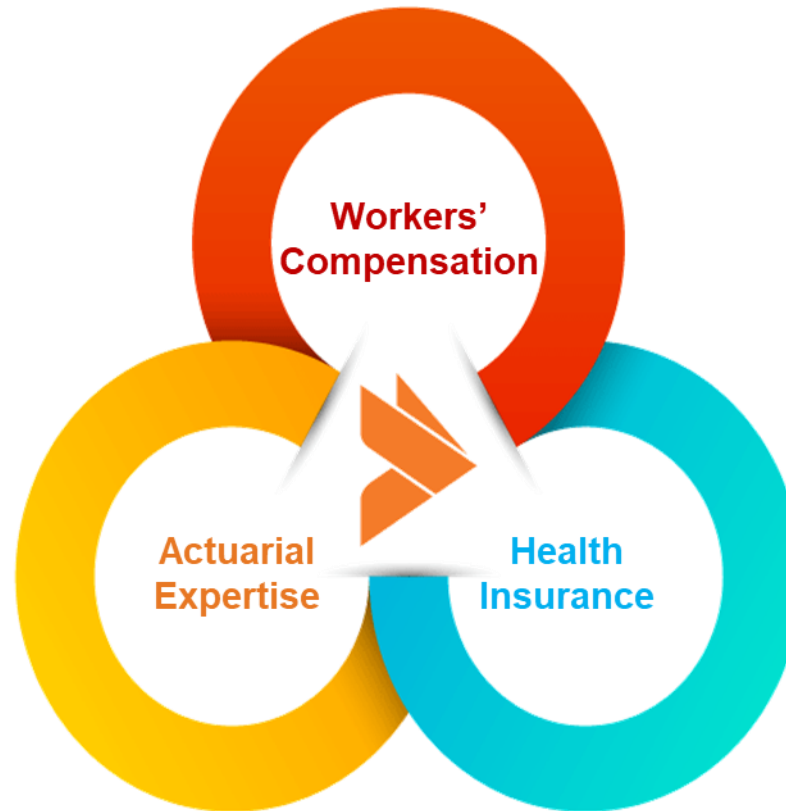
Insurance Services

Workers' Compensation

- Provide fully insured, industry standard **\$1 million** per claim deductible policies
- Assist clients by providing risk management services

Actuarial Expertise

- Maintain internal workers' compensation and health actuaries
- Tasked with ensuring clients are appropriately priced to risk and experience
- Critical for tracking and forecasting claims



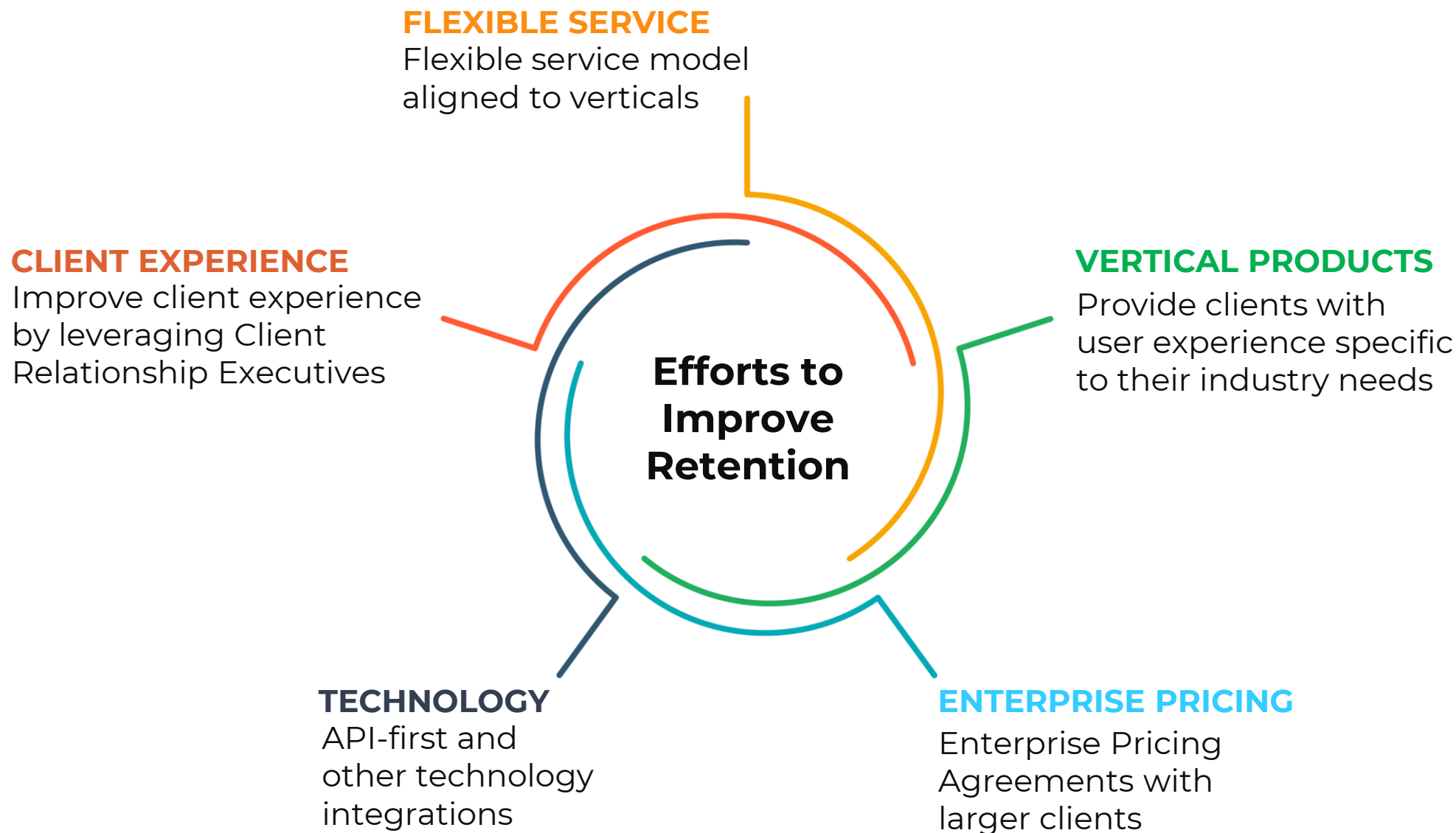
Health Insurance

- Offer 300+ fully insured health plans, including plans in all 50 states
- Scale enables us to offer national and regional health offerings aligned to our target verticals
- We manage an aggregate deductible layer for the majority of our group health insurance fees.
- By managing this deductible layer, we work with our carrier partners to construct offerings we believe will be more attractive to our target verticals

Growth Strategy

- 1 Retention
- 2 New Sales
- 3 Potential Acquisitions

Retention



New Sales

- Align sales force by geography and industry vertical
- Recruit sales candidates from our targeted vertical industries
- Retain, develop, and grow our sales force
- Expand referral networks and industry relationships
- Tie sales compensation to annual contract value

Vertical Strategy Focuses Salesforce on Value Sale

Potential Acquisitions

2009

- Infrastructure investment
- East Coast processing center
- Scaled benefits and risk management group

2013

- New product offering
- High-touch service model
- Financial services focus
- *Migrated to TriNet common technology platform 2016*

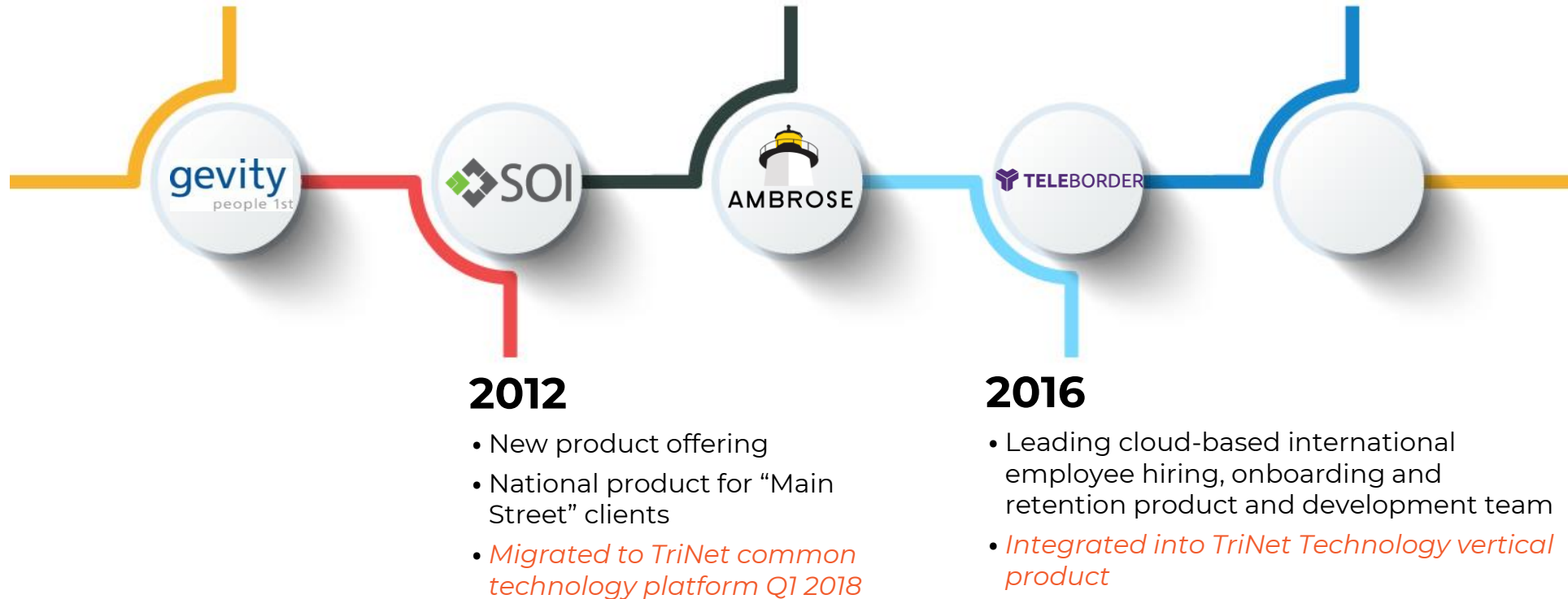
2020 & Beyond

Potential for Tuck-ins

- Attractive vertical or geographic footprint

Technology

- Improve platform or products



Financial Review

Financial Model

Revenue Growth

- Vertical strategy drives volume growth
- Vertical products increase value received
- Insurance products priced to risk

EPS Growth from Operational Improvements

- Improve our single platform
- Use scale to reduce plan administrative costs
- Process improvements

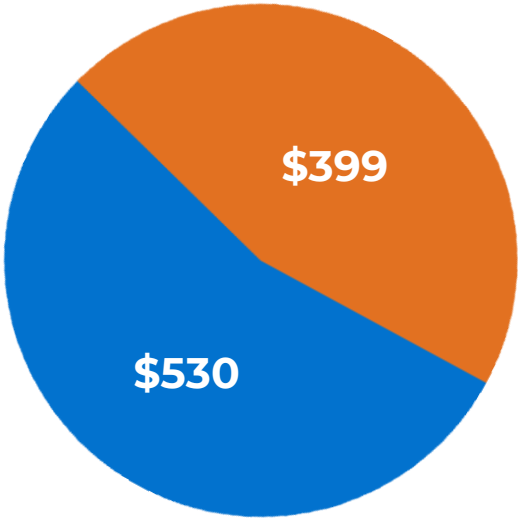
Strong Corporate Operating Cash Flow*

- Efficient Working Capital
- CAPEX light
- Profitability supported by corporate operating cash flows

* See Appendix B

Revenue Model

Net Service Revenues
FY2019^{3,4}
(in millions)



TriNet Revenue Model (in millions)	
Total Revenues	\$3,856
Less Insurance Cost	\$2,927
Net Service Revenues ^{3,4}	\$929
Professional Service Revenues	\$530
Net Insurance Service Revenues ^{3,4}	\$399

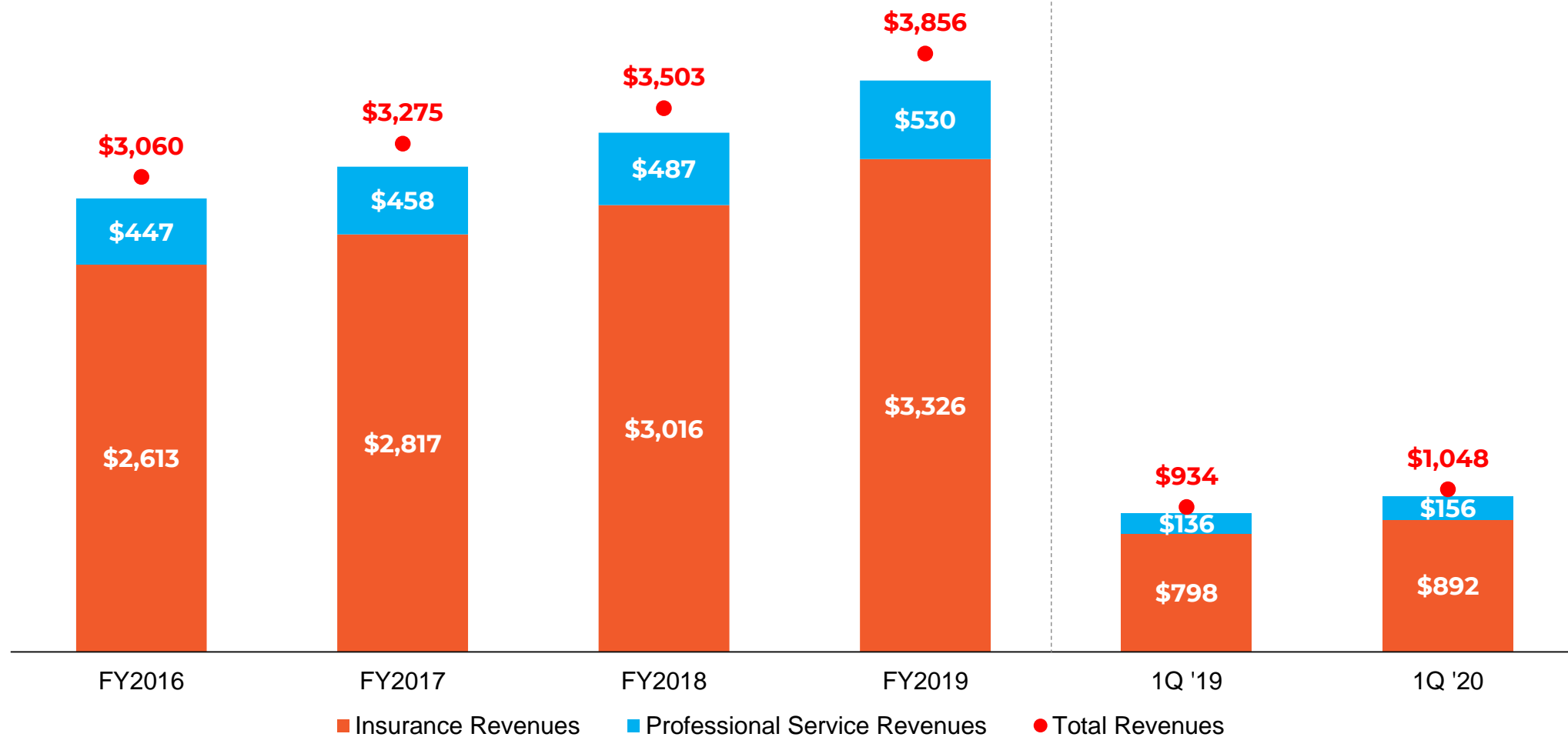
Professional Service Revenues

Fees charged to clients for processing payroll-related transactions, access to our HR expertise, employment and benefit law compliance, and other HR- related services.

Net Insurance Service Revenues^{3,4}

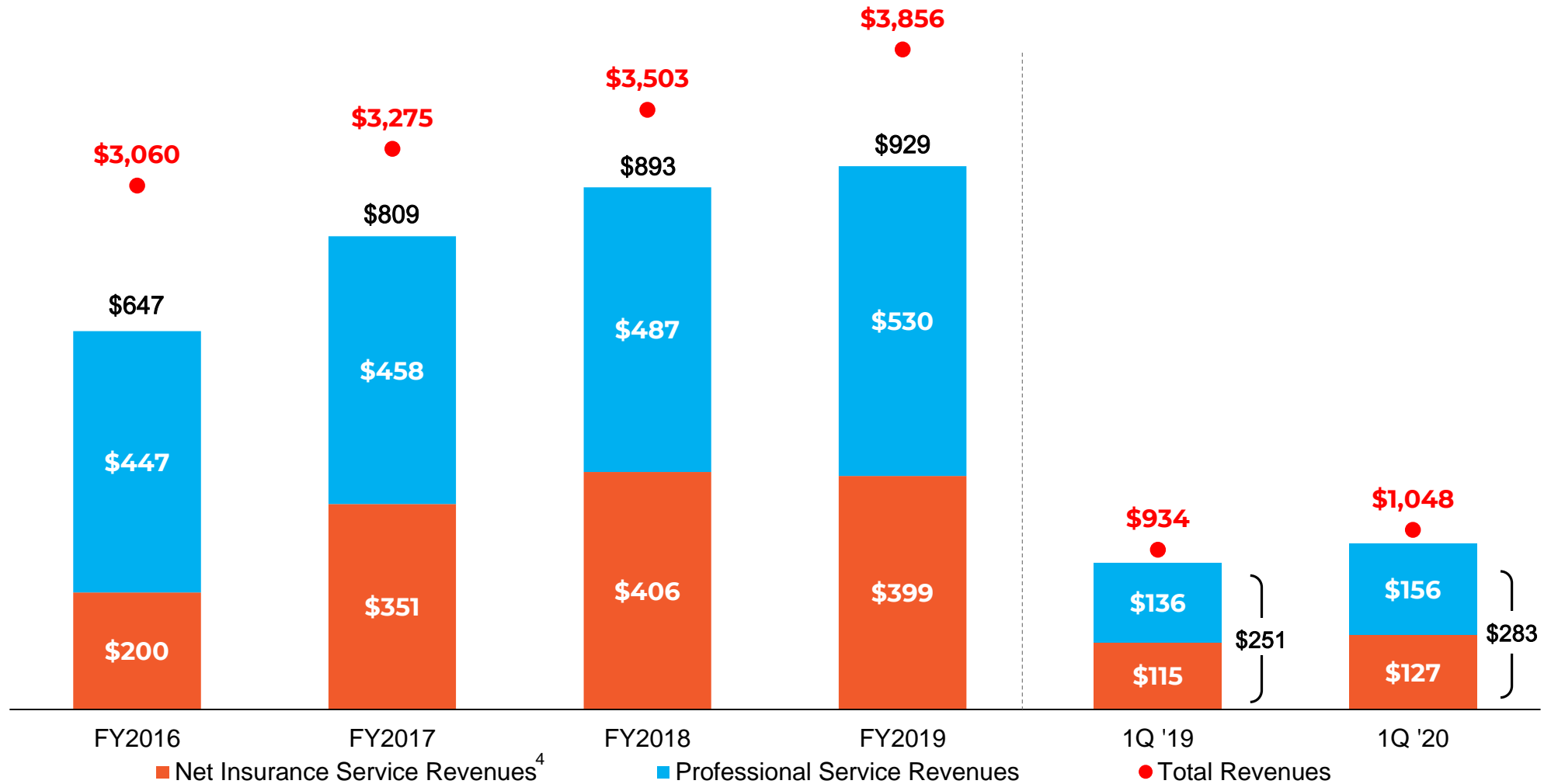
Workers' comp and health insurance-related billings and administrative fees, less premiums paid to our insurance carriers, reimbursement of workers' comp and health-related claims, and changes in loss reserves.

Consistent GAAP Revenue Growth



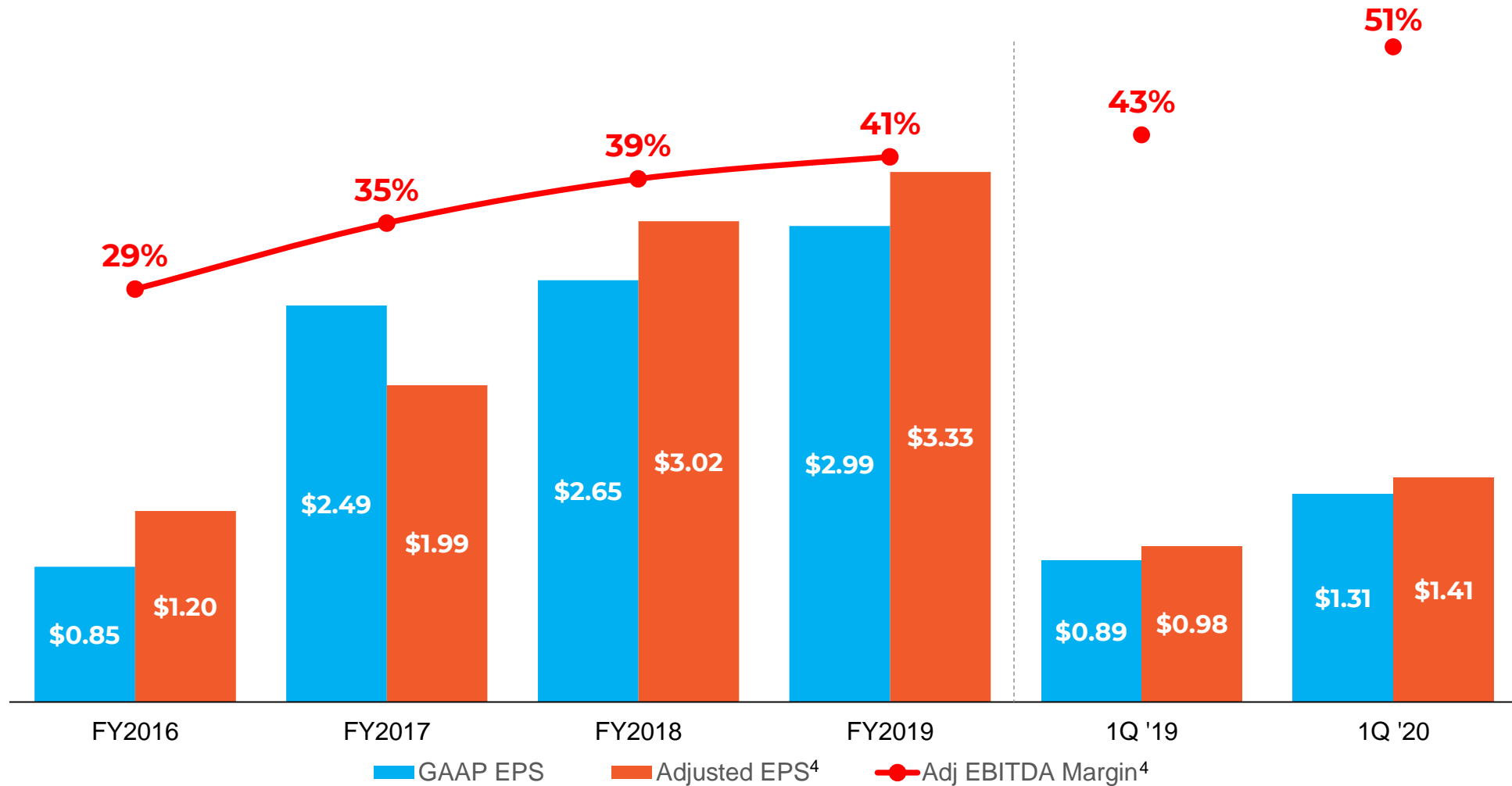
8% Organic GAAP Revenue CAGR⁵ From 2016 Through 2019

Strong Net Service Revenues Growth



13% Organic Net Service Revenues^{3,4} CAGR⁵ From 2016 Through 2019

Attractive EPS Growth



Strong Earnings Growth Supported by Stable Adjusted EBITDA Margins⁴

Capital Allocation

- 1 Reinvest in business — drive revenue growth and margin expansion
- 2 Potential Acquisitions — Tuck-ins and Technology — potential to target geographies or verticals and improve products and/or operations
- 3 Share repurchases – intended to offset dilution and return capital to shareholders opportunistically

Guidance

Guidance

	FY 2020	Q2 2020
GAAP Total Revenue	(8)% - (3)%	(11)% - (5)%
Net Service Revenues ⁴	0% - 4%	7% - 27%
Adjusted EBITDA Margin ⁴	38% - 39%	39% - 49%
GAAP Earnings per Share	(8)% - (1)%	20% - 96%
Adjusted Net Income per Share ⁴	(3)% - 4%	27% - 97%

* See Appendix C for reconciliation of non-GAAP metrics

Appendix

Appendix A Reconciliation of non-GAAP financial measures to GAAP financial measures

(in millions)	Year Ended December 31,				
	2019	2018	2017	2016	2015
Total revenues	\$ 3,856	\$ 3,503	\$ 3,275	\$ 3,060	\$ 2,659
Less: Insurance costs	2,927	2,610	2,466	2,414	2,112
Net Service Revenues	\$ 929	\$ 893	\$ 809	\$ 646	\$ 547

(in millions)	Year Ended December 31,				
	2019	2018	2017	2016	2015
Insurance service revenues	\$ 3,326	\$ 3,016	\$ 2,817	\$ 2,613	\$ 2,258
Less: Insurance costs	2,927	2,610	2,466	2,414	2,112
Net Insurance Service Revenues	\$ 399	\$ 406	\$ 351	\$ 199	\$ 146
Net Insurance Service Revenue Margin	12 %	13 %	12 %	8 %	6 %

(in millions)	Year Ended December 31,				
	2019	2018	2017	2016	2015
Net income	\$ 212	\$ 192	\$ 178	\$ 61	\$ 32
Provision for income taxes	58	49	22	43	28
Stock-based compensation	41	44	32	26	18
Interest expense and bank fees	21	22	20	20	19
Depreciation	41	35	28	19	15
Amortization of intangible assets	5	5	5	16	39
Adjusted EBITDA	\$ 378	\$ 347	\$ 285	\$ 185	\$ 151
Adjusted EBITDA Margin	41 %	39 %	35 %	29 %	28 %

(in millions)	Year Ended December 31,				
	2019	2018	2017	2016	2015
Net income	\$ 212	\$ 192	\$ 178	\$ 61	\$ 32
Effective income tax rate adjustment	(11)	(13)	(59)	(1)	3
Stock-based compensation	41	44	32	26	18
Amortization of intangible assets	5	5	5	16	39
Non-cash interest expense	1	4	2	4	4
Income tax impact of pre-tax adjustments	(12)	(14)	(16)	(19)	(25)
Adjusted Net Income	\$ 236	\$ 218	\$ 142	\$ 87	\$ 71

Appendix A Reconciliation of non-GAAP financial measures to GAAP financial measures

(in millions)	Three Months Ended March 31, 2019			
	2020		2019	
Total revenues	\$	1,048	\$	934
Less: Insurance costs		765		683
Net Service Revenues	\$	283	\$	251

(in millions)	Three Months Ended March 31, 2019			
	2020		2019	
Insurance service revenues	\$	892	\$	798
Less: Insurance costs		765		683
Net Insurance Service Revenues	\$	127	\$	115
Net Insurance Service Revenue Margin		14 %		14 %

(in millions)	Three Months Ended March 31, 2019			
	2020		2019	
Net income	\$	91	\$	63
Provision for income taxes		30		20
Stock-based compensation		9		9
Interest expense and bank fees		4		5
Depreciation and amortization of intangible assets		11		11
Adjusted EBITDA	\$	145	\$	108
Adjusted EBITDA Margin		51 %		43 %

(in millions)	Three Months Ended March 31, 2019			
	2020		2019	
Net income	\$	91	\$	63
Effective income tax rate adjustment		(1)		(1)
Stock-based compensation		9		9
Amortization of intangible assets		1		1
Non-cash interest expense		—		—
Income tax impact of pre-tax adjustments		(3)		(3)
Adjusted Net Income	\$	97	\$	69

Appendix B

Please refer to our most recent Annual Report and Quarterly Reports for a more detailed discussion of our Statement of Cash Flows

(in millions)	Three Months Ended March 31,					
	2020			2019		
	Corporate	WSE	Total	Corporate	WSE	Total
Net cash provided by (used in):						
Operating activities	\$ 119	\$ (401)	\$ (282)	\$ 78	\$ (220)	\$ (142)
Investing activities	(19)	(75)	(94)	(11)	—	(11)
Financing activities	185	—	185	(47)	—	(47)
Net increase (decrease) in cash and cash equivalents, unrestricted and restricted	\$ 285	\$ (476)	\$ (191)	\$ 20	\$ (220)	\$ (200)
Cash and cash equivalents, unrestricted and restricted:						
Beginning of period	291	1,165	1,456	425	924	1,349
End of period	\$ 576	\$ 689	\$ 1,264	\$ 445	\$ 704	\$ 1,149
Net increase (decrease) in cash and cash equivalents:						
Unrestricted	\$ 308	\$ —	\$ 308	\$ 23	\$ —	\$ 23
Restricted	(23)	(476)	(499)	(3)	(220)	(223)

(in millions)	Three Months Ended March 31,					
	2020			2019		
	Corporate	WSE	Total	Corporate	WSE	Total
Net income	\$ 91	\$ —	\$ 91	\$ 63	\$ —	\$ 63
Depreciation and amortization	15	—	15	18	—	18
Non-cash lease expense	4	—	4	—	—	—
Stock-based compensation expense	9	—	9	9	—	9
Payment of interest	(3)	—	(3)	(4)	—	(4)
Income tax payments, net	(1)	—	(1)	(1)	—	(1)
Collateral (paid to) refunded from insurance carriers, net	—	1	1	—	—	—
Changes in other operating assets	(16)	(110)	(126)	(4)	(45)	(49)
Changes in other operating liabilities	20	(292)	(272)	(3)	(175)	(178)
Net cash provided by (used in) operating activities	\$ 119	\$ (401)	\$ (282)	\$ 78	\$ (220)	\$ (142)

Appendix C – Guidance Reconciliation

Reconciliation of GAAP to Non-GAAP Measures ¹

The table below presents a reconciliation of total revenues to Net Service Revenues:

(in millions)	Q2 2019	Q2 2020		FY 2019	Year 2020	
	Actual	Low	High	Actual	Low	High
Total revenues	\$ 935	(11)%	(5)%	\$ 3,856	(8)%	(3)%
Less: Insurance costs	704	(16)	(16)	2,927	(11)	(5)
Net Service Revenues	\$ 231	7 %	27 %	\$ 929	0 %	4 %

The table below presents a reconciliation of net income to Adjusted EBITDA:

(in millions)	Q2 2019	Q2 2020		FY 2019	Year 2020	
	Actual	Low	High	Actual	Low	High
Net income	\$ 46	16%	90%	\$ 212	(11)%	(4)%
Provision for income taxes	10	73	192	58	5	15
Stock-based compensation	11	8	8	41	5	5
Interest expense and bank fees	6	(26)	(26)	21	(27)	(27)
Depreciation and amortization of intangible assets	12	4	4	46	6	6
Adjusted EBITDA	\$ 85	17%	71%	\$ 378	(6)%	0 %
Adjusted EBITDA Margin	37%	39%	49%	41%	38 %	39 %

The table below presents a reconciliation of net income to Adjusted Net Income and Adjusted Net Income per share - diluted:

(in millions, except per share amounts)	Q2 2019	Q2 2020		FY 2019	Year 2020	
	Actual	Low	High	Actual	Low	High
Net income	\$ 46	16%	90%	\$ 212	(11)%	(4)%
Effective income tax rate adjustment	(5)	(77)	(78)	(11)	(74)	(80)
Stock-based compensation	11	8	8	41	5	5
Amortization of intangible assets	2	—	—	5	—	—
Non-cash interest expense	—	(5)	(5)	1	(4)	(4)
Income tax impact of pre-tax adjustments	(4)	5	5	(12)	4	4
Adjusted Net Income	\$ 50	23%	91%	\$ 236	(6)%	1 %
GAAP Weighted average shares of common stock - diluted	71			71		
Adjusted Net Income per share - diluted	\$ 0.70	27%	97%	\$ 3.33	(3)%	4 %

Appendix D – End Notes

- 1 US Small Business Administration, Office of Advocacy, *2019 Small Business Profile*; the total number of employees employed by firms with 500 or fewer employees.
- 2 National Association of Professional Employer Organizations (NAPEO); NAPEO White Paper Series #6, *An Economic Analysis: The PEO Industry Footprint in 2018*, September 2018.
- 3 Non-GAAP financial measure. See End Note 4, Slide 2 and Appendix A and/or Appendix C for more information about these non-GAAP financial measures, including reconciliations to GAAP. Additional information on these and our other non-GAAP measures, including reconciliations, can also be found in the annual and quarterly reports we file with the Securities and Exchange Commission.
- 4 Net Service Revenues is a non-GAAP measure calculated by subtracting insurance costs from Total revenues. Net Insurance Service Revenues is a non-GAAP measure calculated by subtracting insurance costs from Insurance revenues. Adjusted Net Income Per Share (or Adjusted EPS) is a non-GAAP measure calculated by dividing non-GAAP measure Adjusted Net Income by Diluted Weighted Average Shares. Adjusted Net Income is a non-GAAP measure calculated as Net income, excluding the effects of: effective income tax rate, stock-based compensation, amortization of intangible assets, non-cash interest expense, and the income tax effect (at our effective tax rate) of these pre-tax adjustments. Adjusted EBITDA Margin is a non-GAAP measure calculated by dividing non-GAAP measures Adjusted EBITDA by Net Service Revenues. Adjusted EBITDA is a non-GAAP measure calculated as Net income, excluding the effects of income tax provision, interest expense, depreciation, amortization of intangible assets, and stock-based compensation expense.
- 5 Compounded Annual Growth Rate. CAGR is the percentage obtained by dividing the FY2019 value by the FY2016 value and raising the result to the power of one divided by three, the number of years between those values.