



For Immediate Release

Paychex Expands into Latin America through Joint Venture with Semco Partners

Paychex-Semco Partners joint venture will offer payroll and HR services to small businesses in Brazil starting in early 2014

Rochester, NY (August 20, 2013) – Paychex, Inc., a leading provider of [payroll](#), [human resource](#), [insurance](#), and [benefits outsourcing](#) solutions for small and medium-sized businesses (SMBs), and São Paulo-based Semco Partners today announced a joint venture agreement to expand Paychex's services into Brazil.

Semco Partners is a portfolio management and investment company with a proven track record of helping market-leading businesses successfully enter the Brazilian market.

Paychex president and CEO Martin Mucci says Paychex's decision to expand its payroll and human resource services business into Brazil represents a key component of Paychex's growth strategy: product expansion through new markets.

"Brazil is the right place for Paychex's first Latin American expansion for a number of reasons. It has a vibrant market of approximately five million small businesses that account for about 40 percent of the wages paid in Brazil. Also, recent and upcoming regulatory changes there increase the opportunity for outsourcing payroll and other HR services," Mucci says. "The availability of an experienced partner in Semco that has helped other U.S.-based businesses enter the Brazilian market means we begin with valuable knowledge of the country."

"Brazil's small- to mid-sized business market is underserved in many ways, despite a lot of outsourcing activity at larger companies," Semco Partners managing partner and CEO Alexandre Bonfim de Azevedo says. "We identified the SMB sector as having considerable potential. In fact, a wave of regulatory changes is building positive momentum for outsourced payroll services to make real headway in the market."

"With industry-leading expertise, Paychex is the perfect company to capitalize on this opportunity," Azevedo adds. "Our research disclosed their interest in international expansion, which dovetailed wonderfully with our strategy: to identify business

opportunities in Brazil and match those opportunities with the top players in each field worldwide. Paychex's expertise, commitment, and dedication to our joint venture make them an ideal partner."

"In Brazil, the majority of payroll service outsourcing in our target market is provided by certified public accountants," says Mucci. "Since Paychex was founded more than 40 years ago, our company has had a tradition of valued partnership with the accounting community in the U.S. We look forward to developing an equally strong relationship with CPAs in Brazil through this new enterprise."

Paychex plans to begin operations in São Paulo, Brazil, in the first quarter of 2014. The joint venture in Brazil represents Paychex's second international operation. In spring 2004, Paychex expanded into Germany, where the company currently serves more than 2,300 clients.

The Paychex-Semco Partners joint venture has identified an in-country general manager for Brazil who will report to a four-member board of directors. Paychex board members will be Paychex senior vice president and chief financial officer Efrain Rivera and Paychex senior vice president of service John B. Gibson. Semco Partners board members will be the partners Michel Harari and Alexandre Bonfim de Azevedo.

Similar to other Semco Partners joint ventures, the intention of the agreement is that Paychex will acquire Semco Partners' half of the partnership and create a wholly owned subsidiary of Paychex. In Semco Partners' business model, this typically occurs five to 15 years after creation of the joint venture.

About Paychex

Paychex, Inc. (NASDAQ:PAYX) is a leading provider of payroll, human resource, and benefits outsourcing solutions for small- to medium-sized businesses. The company offers comprehensive payroll services, including payroll processing, payroll tax administration, and employee pay services, including direct deposit, check signing, and Readychex[®]. Human resource services include 401(k) plan recordkeeping, section 125 plans, a professional employer organization, time and attendance solutions, and other administrative services for business. A variety of business insurance products, including group health and workers' compensation, are made available through Paychex Insurance Agency, Inc. Paychex was founded in 1971. With headquarters in Rochester, New York, the company has more than 100 offices serving approximately 570,000 payroll clients as of May 31, 2013. For more information about Paychex and our products, visit www.paychex.com.

About Semco Partners

Founded by international management icon Ricardo Semler, Semco Partners is the leader in bringing global corporations into Brazil. Semco Partners is not an advisory firm nor a consultant; it is an equal joint venture investor with top multinationals who want to enter the Brazilian market with support, knowledge, and

experience. Semco Partners reduces the risk of launching business in Brazil and helps to accelerate the start-up phase. Semco Partners' current joint ventures and technological partners in Brazil include H&R Block, Pitney Bowes, Sulzer Chemtech, Cem-tec Corporation, and Lödige. Former partners include Johnson Controls, Cushman & Wakefield, RGIS, ERM, and Philadelphia Mixing Solutions. For more information about Semco Partners, visit www.semco.com.br/en/.

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