

# *Zalaris ASA*

## *Interim report / First quarter 2015*

Thank you for joining us. The presentation will begin shortly.

Please note:

- Use the provided phone based dial-in instructions for listening to the presentation;
- All attendees will be in muted mode during the presentation;
- We will open up for questions at the end of the presentation. Please formulate your questions in writing using the Messages feature.

Questions related to the interim report may also be directed to [ir@zalaris.com](mailto:ir@zalaris.com)

We expect to finish the presentation and open for questions around 09:30.



# *Interim report / First quarter 2015*

Oslo, 29 April 2015

# Presenters and agenda



**Hans-Petter Mellerud**  
Founder and CEO



**Nina Stemshaug**  
CFO

## Agenda

- Highlights for the quarter
- Financial performance
- Regional trends
- Outlook

# Q1 at a glance: A good start of the year

## Strong financials

- Revenues in Q1 2015 grew by **27 %** compared to same period last year
- EBIT of **NOK 9.9 million** and operating margin 10.5 %, up from 9.7 %
- Revenue per employee grew nearly 15 % due to productivity improvements, efficient use of external and internal resources

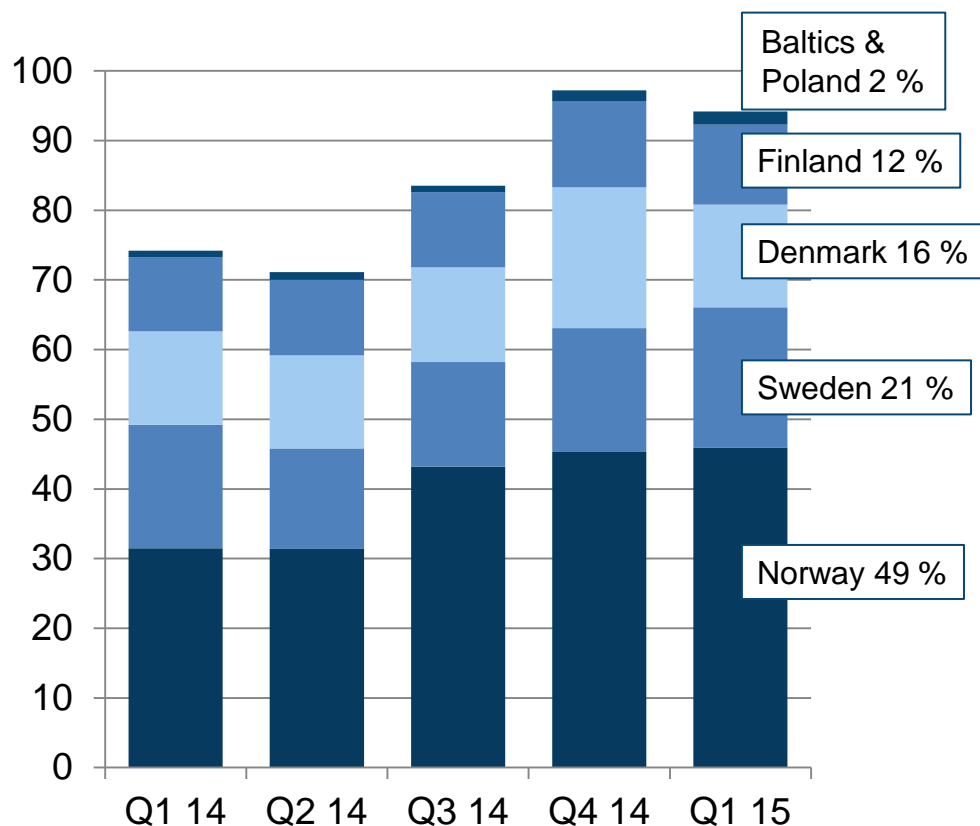
## Strategic milestones

- Customer in the Nordics, Baltics and Poland expands co-operation to include SuccessFactors<sup>1</sup>, reflecting growing interest in cloud services
- Employee transfer to Zalaris from Swedish Global Fortune 500 company completed
- New mobile app launched, supporting paperfree travel expense processes
- Strong pipeline of new opportunities

<sup>1</sup> A leading human capital management company and Zalaris partner

# Growth continues. Driven by the addition of new long-term customers

## Operating revenues (in NOK million)

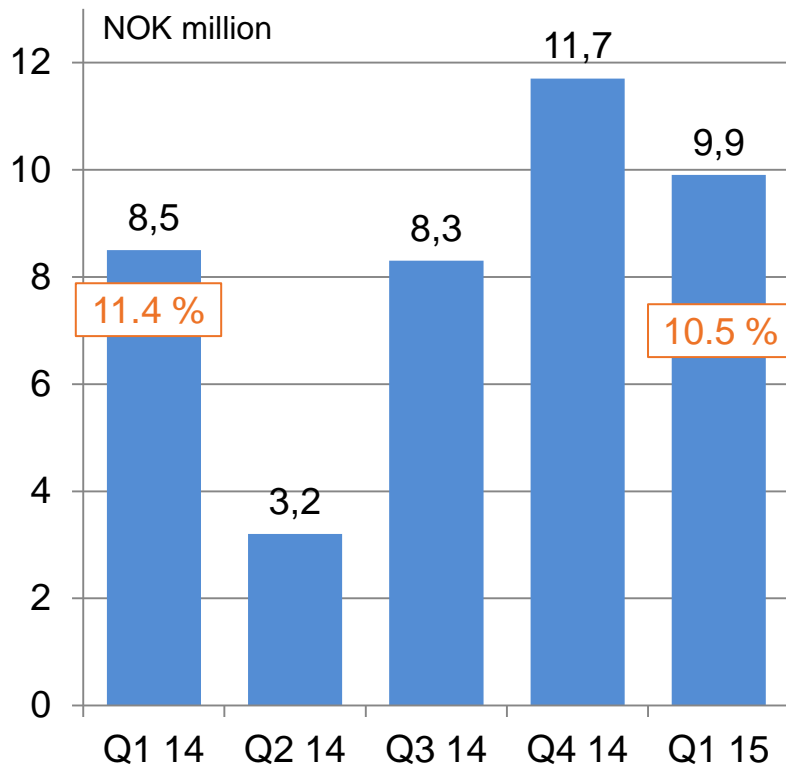


- Growth of 27 % year-on-year reflects go-live of new long-term customers
- Year-end activities drive Q1 revenues in both 2014 and 2015
- Slight reduction compared with previous quarter, which was marked by high level of change orders
- Regional variations mainly due to seasonal effects and change orders



# Operating profit in line with expectations

## Operating profit (in NOK million)



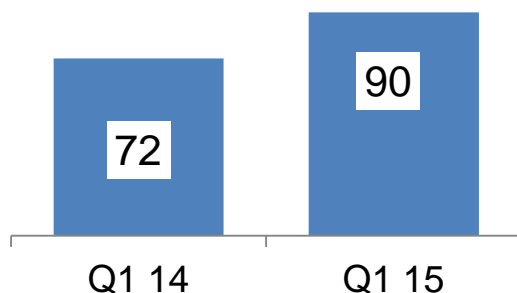
- NOK 9.9 million operating profit in line with expectations.
- Positive contribution from all business areas
  - HR Outsourcing: NOK 7.6 million (8.3 %)
  - Cloud: NOK 0.03 million (9.7 %)
  - Consulting: NOK 2.3 million (61.2 %)
- Margin slightly down compared with Q1 2014, which was marked by high utilization of consulting capacity on project specific assignments

Profit margin in %

# Recurring revenue from HR Outsourcing remains main driver for growth

## HR Outsourcing

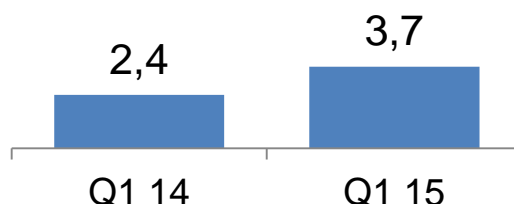
Revenues  
in NOK million



- Largest segment and main engine for growth, with 96 % of group revenues
- 25 % up from Q1 2014, slightly down from Q4 2014, mainly due to seasonal variations

## Consulting

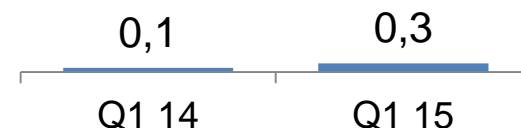
Revenues<sup>1</sup>  
in NOK million



- Year-on-year revenue grew 53 %, slight reduction from Q4 2014
- Consulting revenues in general affected by implementation projects for new customers and change orders
- Increase activities in Finland, Baltics and Poland in Q1

## Cloud services

Revenues  
in NOK million



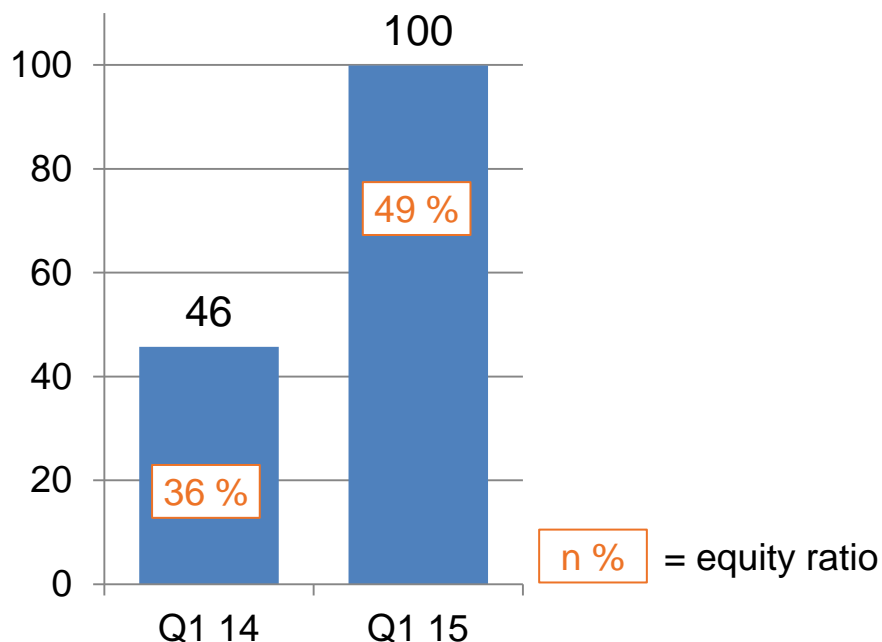
- Smallest segment in terms of revenues, but with a strong growth potential
- Implementation of Success-Factors cloud solution expected to add profitable growth later in 2015

<sup>1</sup> Sales to external consulting customers only

# Balance sheet continue to strengthen. Q1 cash flow marked by customer implementation project

## Equity

In NOK million  
at end of quarter



- Cash flow from operating activities in Q1 15 was negative NOK 7.5 million, of which one customer implementation project was NOK 6.2 million
- NOK 64.5 million cash and cash equivalents at the end of Q1, down from 75.2 million three months before
- NOK 15 million unused credit facility
- Balance strengthened through share issue in June 2014. Net proceeds NOK 49.3 million
- NOK 14.3 million dividend to be distributed in Q2




# Transition and transformation work for new global Swedish Fortune 500 customer progressing well

Jan 2015

March

Jan 2016

- 
- Signed agreement
  - 20'000 employees in Sweden, Finland, Denmark and Norway
  - 13 positions to transfer to Zalaris on April 1 (target)
  - Full transformation based on implementing Zalaris' SAP Human Capital Management based best practice processes in all countries
  - Go live in January 2016
- 13 employees transferred to Zalaris one month ahead of plan
  - Started invoicing for pre-transformation phase one month ahead of plan
- Go live on Zalaris SAP systems

**Pre transformation phase** using “as-is” processes on customer’s systems

**Post transformation phase** using Zalaris’ Cloud Systems

# Increased focus on providing our customers with new cloud based functionality and geographic coverage is successful

## Large Nordic customer 1

with firm commitment to add:

- SuccessFactors Learning Solution (target in production by November 2015)
- Increased geographic coverage including approximately 1600 Baltic employees ( target in production Jan 2016)

## Large Nordic customer 2

with firm commitment to add:

- Cloud based transactional HR and payroll for approximately 1300 Norwegian employees (target in production June 2015)

	HR Core
	Performance & Goals
	Compensation
	Succession & Development
	Recruiting
	Learning
	Social Talent Management
	Workforce Planning
	Workforce Analytics
	Mobile HCM

Zalaris provided an SAP Company successfactors functionality that is fully integrated with Zalaris core solutions

## Concluding remarks.

### We have started 2015 on the right foot

- Growth continued as expected!
- We are confident that 2015 will be another banner year. Our business pipeline remains strong
- We have grown our selling capacity. Higher visibility in our target markets is resulting in increased interest from customers
- Underlying market conditions favor Zalaris. Existing and prospective customers continue to look for cost savings and concentrate on their own core competencies

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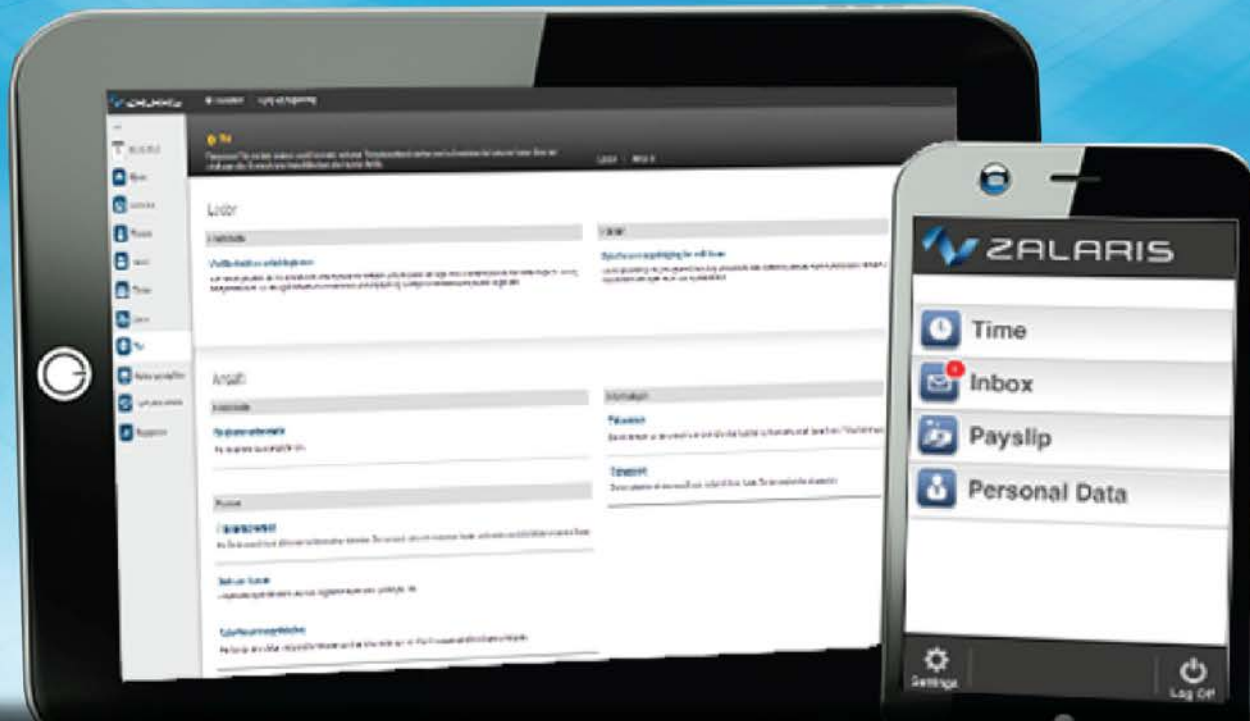
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*Questions?*



*Thank you!*

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