



# *Interim report | Second quarter 2015*

Oslo, 20 August 2015

# Presenters and agenda



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Founder and CEO



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CFO

## Agenda

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

# At a glance: Strongest ever first six months

## Strong financials

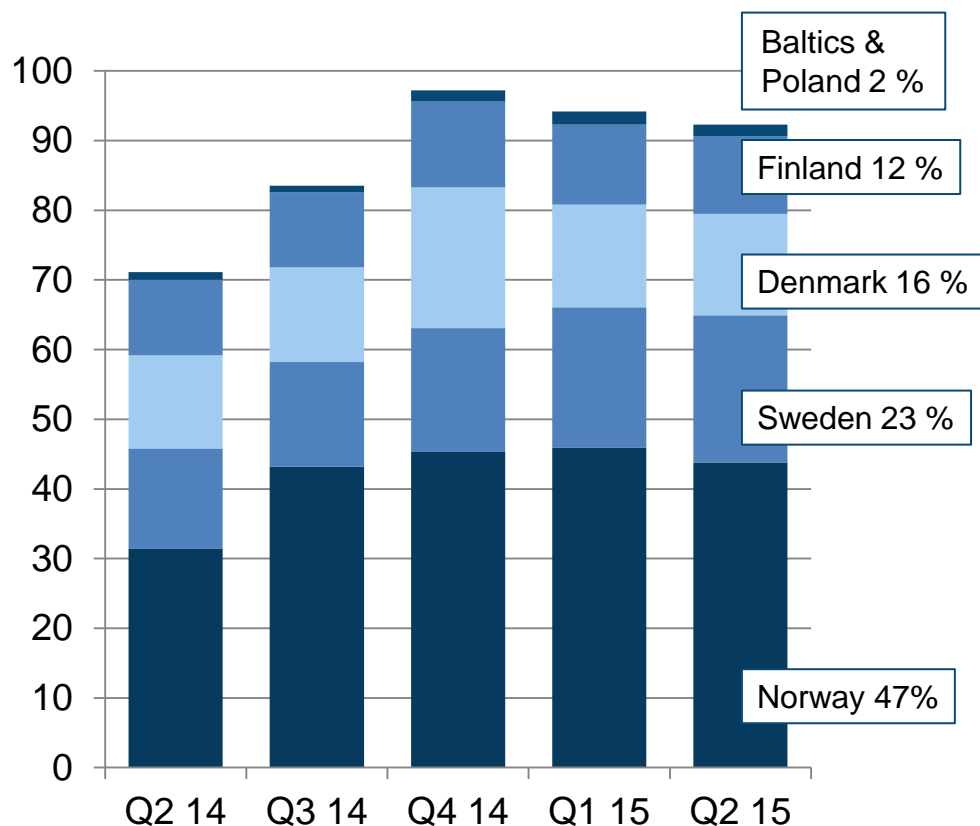
- Strongest ever first six months of year. **28.4%** revenue growth year-on-year and **10.0% EBIT** margin
- Revenues in Q2 2015 was 92.3 million, up **30.0%** compared to same period last year
- EBIT of **NOK 8.8 million** and operating margin 9.6% in Q2 2015, up from 4.5% last year

## Strategic milestones

- Increased sales efforts generate results
  - Selected as supplier to large Norwegian state-owned company
  - Shortlisted on a number of deals in the Nordic
- Existing customers expand scope
  - Baltics and Polish scope for HR outsourcing processes
  - Large Norwegian customer migrating own SAP solution to Zalaris Cloud
- Successful go-live with outsourced payroll services to TeliaSonera in Norway

# Growth continues. Seasonal fluctuations

## Operating revenues (in NOK million)

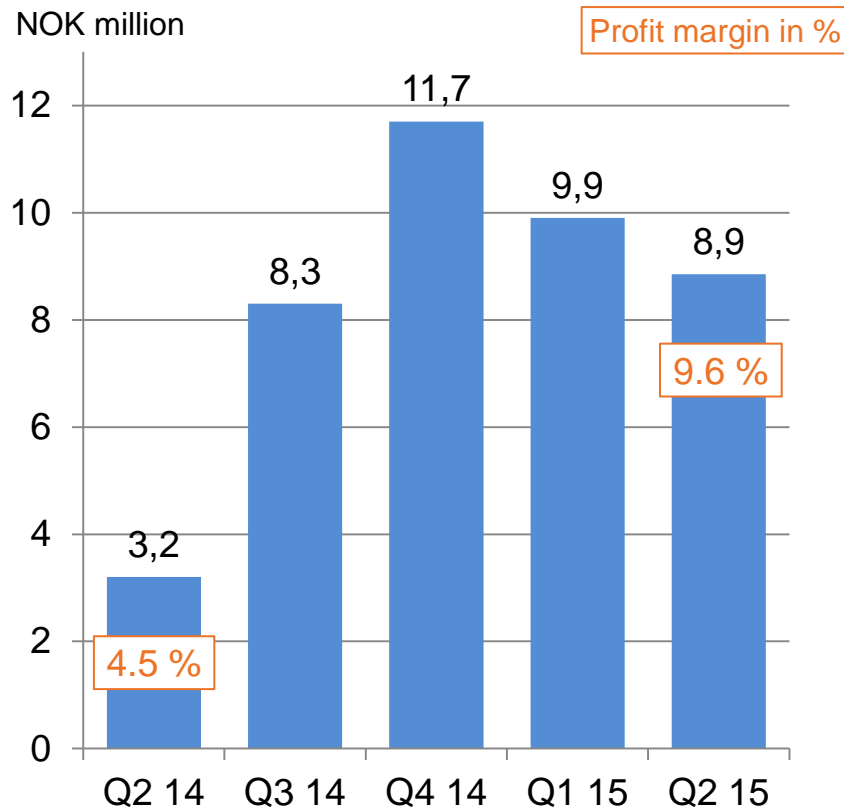


- Growth of 30 % year-on-year reflects increase in number of HR Outsourcing customers
- Year-end activities drive Q1 revenues in both 2014 and 2015
- Q2 this year somewhat marked by fewer change orders combined with high level of project activity which limit external revenues in Consulting unit
- Regional variations mainly due to seasonal effects and change orders

# Operating profit in line with expectations

## Operating profit

(EBIT in NOK million excluding one-off costs)

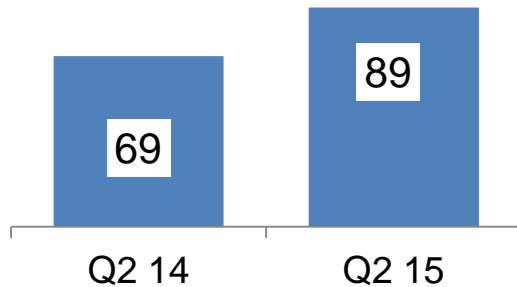


- NOK 8.9 million operating profit in line with expectations
- Profitable growth in Outsourcing combined with high utilisation in Consulting are main reasons for improvements compared with Q2 2014
- Positive contribution from all business areas
  - HR Outsourcing: NOK 7.5 million (8.5 %)
  - Cloud: NOK 0.1 million (10.8 %)
  - Consulting: NOK 1.3 million (42.9 %)
- Extraordinary costs related to IPO in Q2 2014 are not included here

# Recurring revenue from HR Outsourcing and new customers are main drivers for growth

## HR Outsourcing

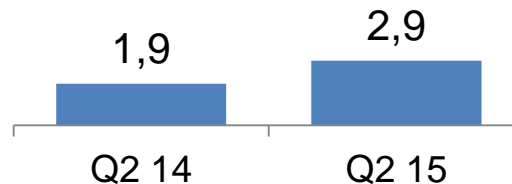
Revenues  
in NOK million



- Largest segment, main engine for growth. 96 % of group revenues
- 29 % increase from Q2 2014, slightly down from Q1 2015, mainly due to seasonal variations
- Transfer of business from new customer resulted in 5 % growth in Sweden

## Consulting

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

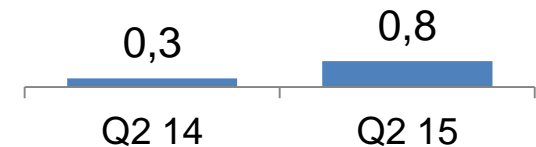


- Continued growth year-on-year, 53 % increase in Q2 2015
- Increased activities in Finland, the Baltics and Poland

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

## Cloud services

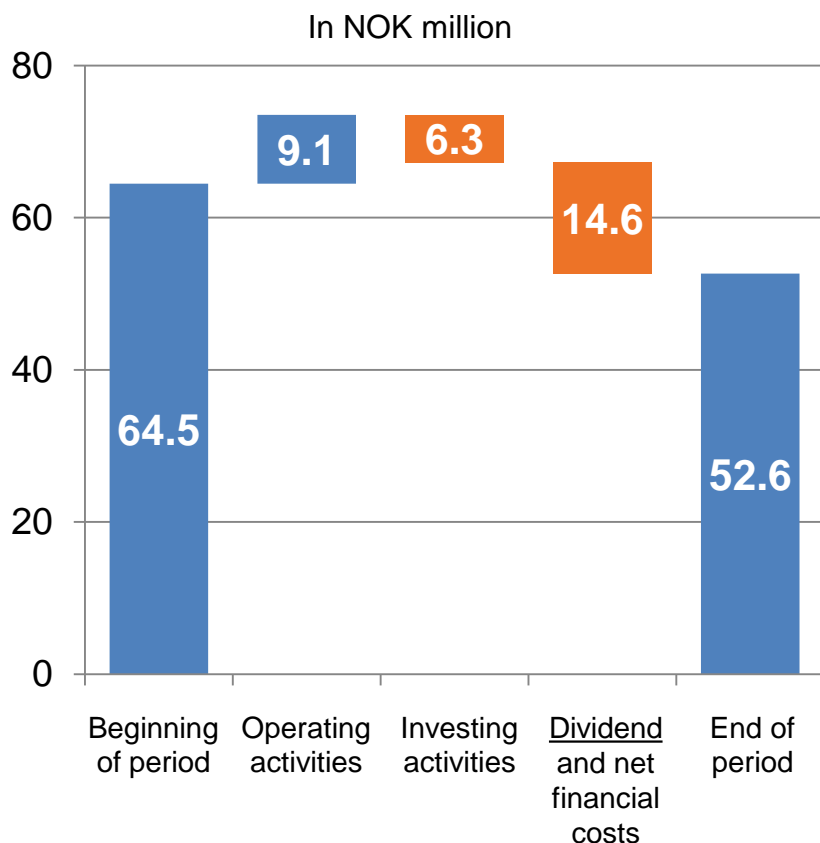
Revenues  
in NOK million



- Smallest segment in terms of revenues, but with a strong growth potential
- Implementation of Success-Factors cloud solution is expected to continue to grow through 2015

# Positive cash flow from operations, strong financial position

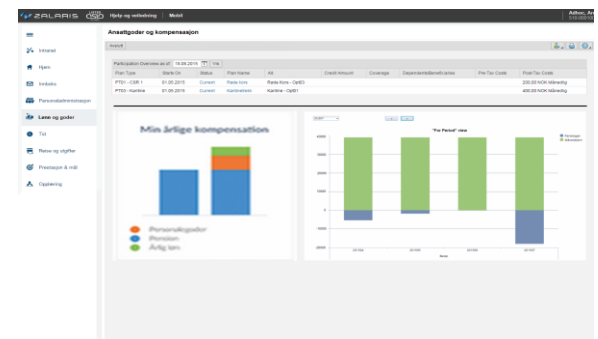
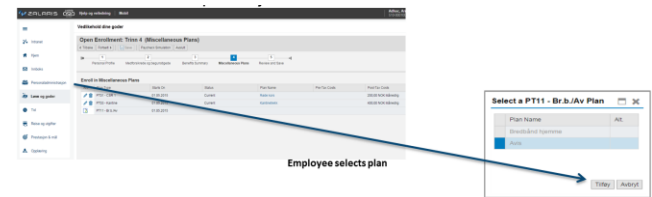
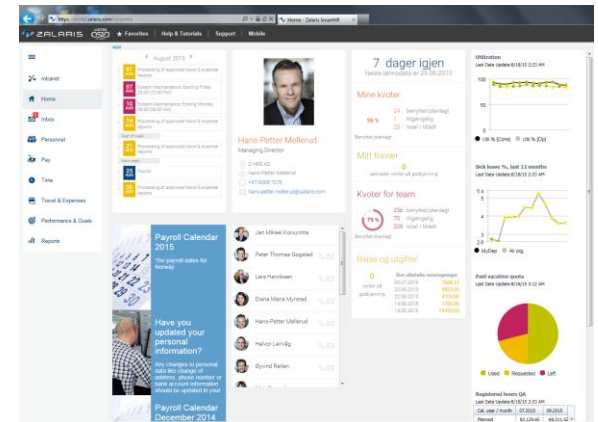
## Cash and cash flows Q2 2015



- Cash flow from operating activities in Q2 15 was NOK 9.1 million compared with negative NOK 3.8 million in Q2 14
- Investments mainly related to product development, functionality improvements and establishment of Chennai service center
- NOK 52.6 million cash and cash equivalents at the end of Q2 after distribution of NOK 14.3 million dividend
- In addition NOK 15.0 million unused credit facility
- Strong financial position. NOK 91.6 million equity (47.0 % equity ratio) at end of Q2 2015

# We continue to invest to support our ambitions within Cloud and Business Process as a Service solutions

- Summer 2015 release of portal successfully launched and well received by customers
- New security solution in place for apps and mobile solutions based on customer feedback. Paves way for accelerated roll-out of new functionality
- Developing enhanced support for HR departments to streamline retained organization and seamless interaction with Zalaris
- Developing flexible benefits solution to assist customers manage complex benefits offerings and visualize total compensation to their employees



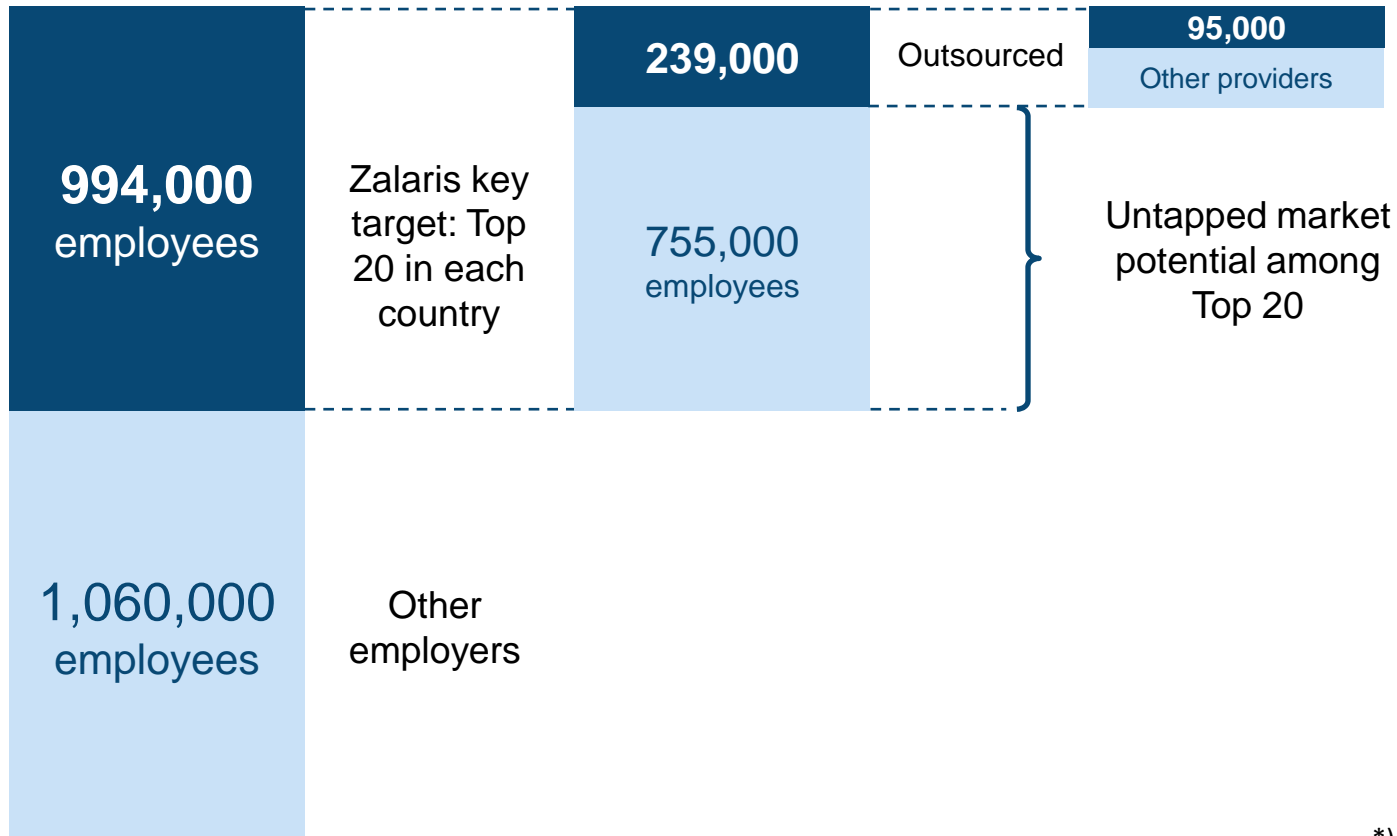


# Market perspective. Large untapped potential in the Zalaris target market of 20 largest companies in each country

Number of employees in Nordic companies with more than 1000 employees

Current outsourcing penetration 24 %\*

Current Zalaris' market share 40 %



\*) Zalaris estimate

## Summing up. Best ever first half year. Well positioned for continued growth

- We continue to see strong interest in our services. Pipeline of new opportunities is increasing as a result of increase sales efforts and publicity from recent awards
- Break-through contract with state-owned company expected to strengthen opportunities among similar clients
- Investments in product development underway to expand range of services and functionality, supporting customers in their efforts to improve and reduce costs
- Our strategy remains unchanged: Growth through customer satisfaction, profit growth through increased efficiency and cost reductions

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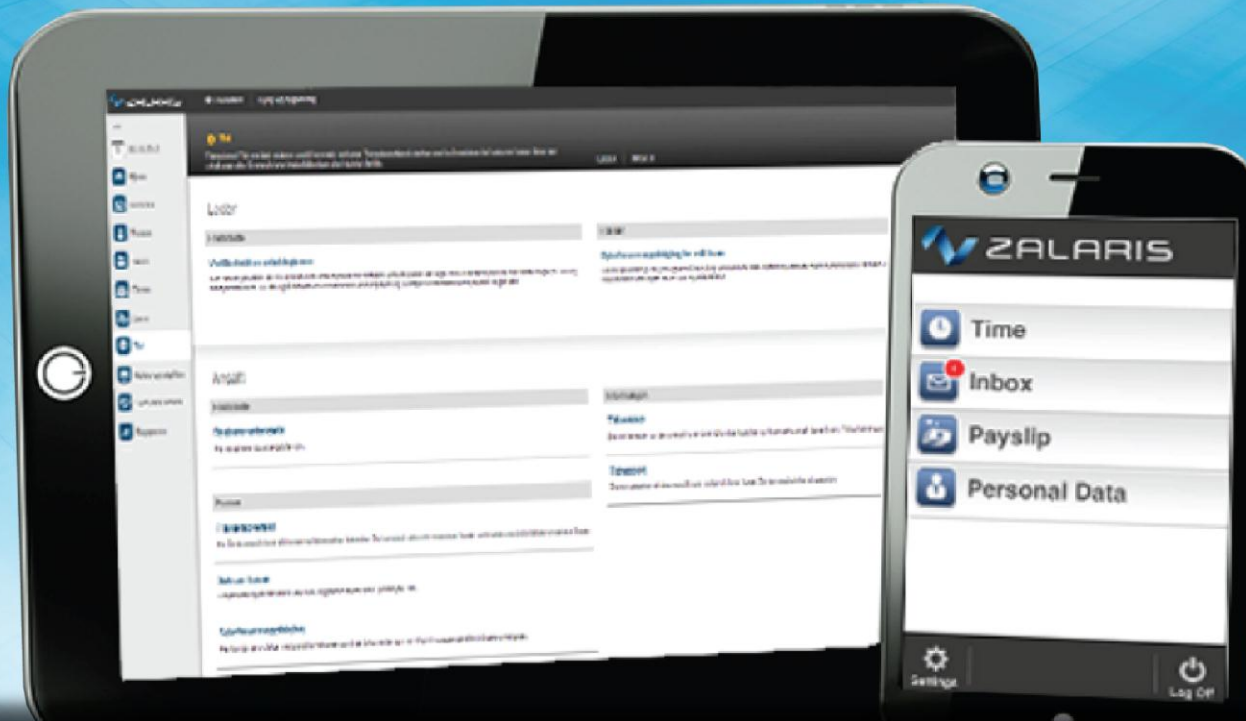
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*Questions?*



*Thank you!*

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