



Interim report | Third quarter 2015

Oslo, 28 October 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

Q3 2015 at a glance: Strong growth, positive outlook

Financial indicators

- Revenue growth of **10.7 %** in Q3 and **22 %** year to date, both compared to same periods last year
- EBIT of **6,8%** for the quarter and **9.0%** for the first nine months - in line with expectation
- Cost efficiency improved **15 %** in HR Outsourcing business

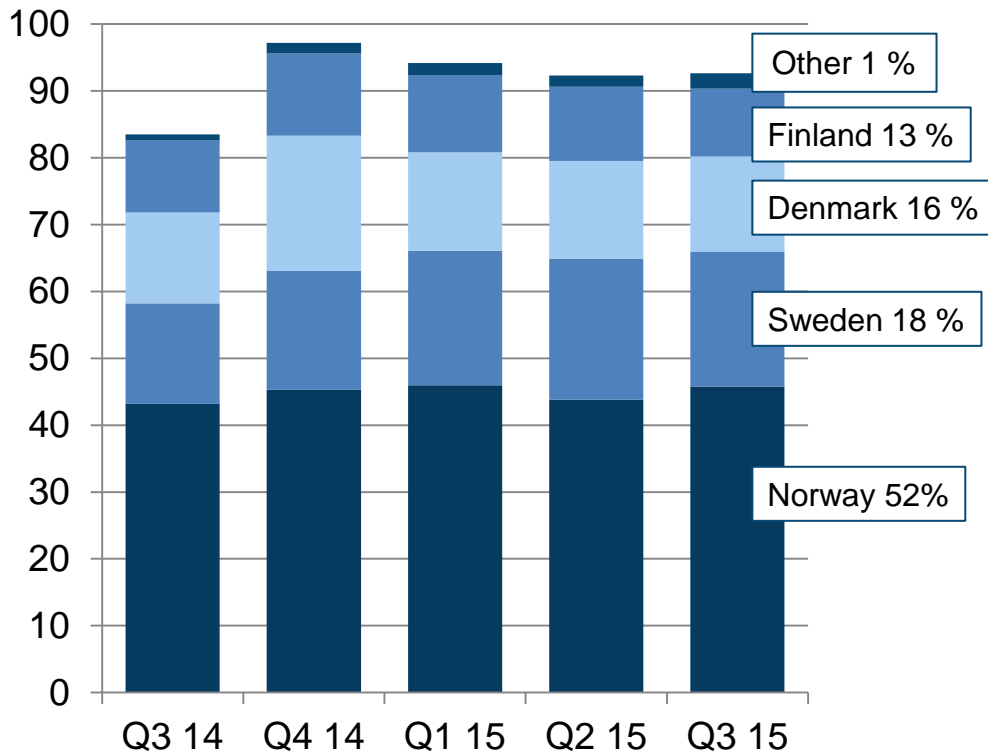
Strategic milestones

- New Indian delivery center up and running. 50 new colleagues on board
- Long term contract with Norwegian Railways (NSB) with 2016 launch
- Expected to generate awareness and new opportunities in the public sector
- The opportunities continue to be favorable for HR Technology and Outsourcing services in our markets
- Zalaris nominated as European “Rising Star”, adding recognition in the market

Growth continues in all business segments

Operating revenues

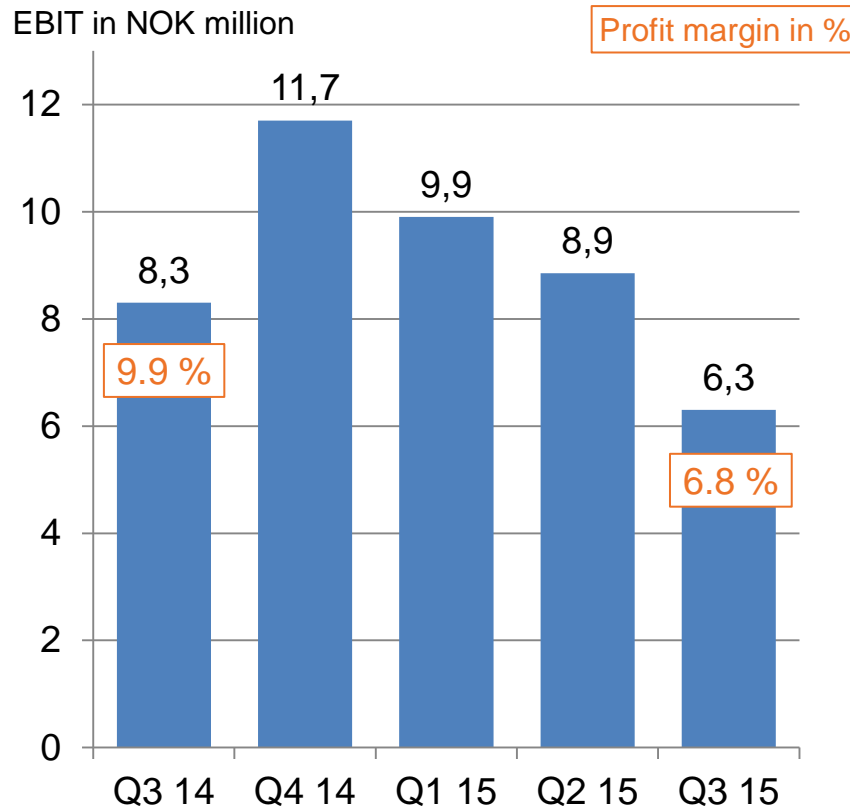
In NOK million



- Total group revenues grew by 10.7 % to NOK 92.6 million (83.6 million in Q3 14), reflecting recent HR Outsourcing contracts
- Growth in all business segments
- Increased portion of revenues from Sweden, minor decline in Denmark and Finland

Operating profit in line with expectations

Operating profit



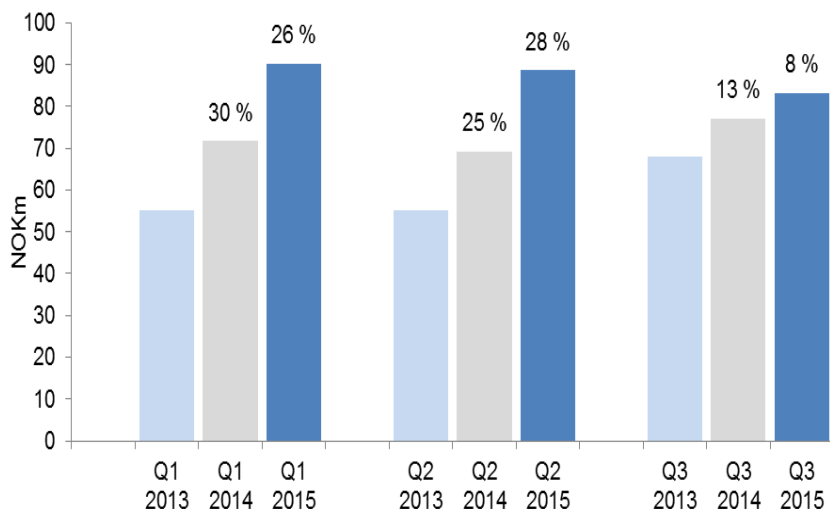
Excl. one-off costs

- NOK 6.3 million operating profit in line with expectations
- Increase in operating costs driven by new service centers, people transfer related to new business and group overhead
- Net financial items amounted to minus NOK 1.3 million in Q3 2015. Profit after tax was NOK 3.9 million
- YTD profit was NOK 25.0 mill vs NOK 19.1 mill last year

HR Outsourcing segment:

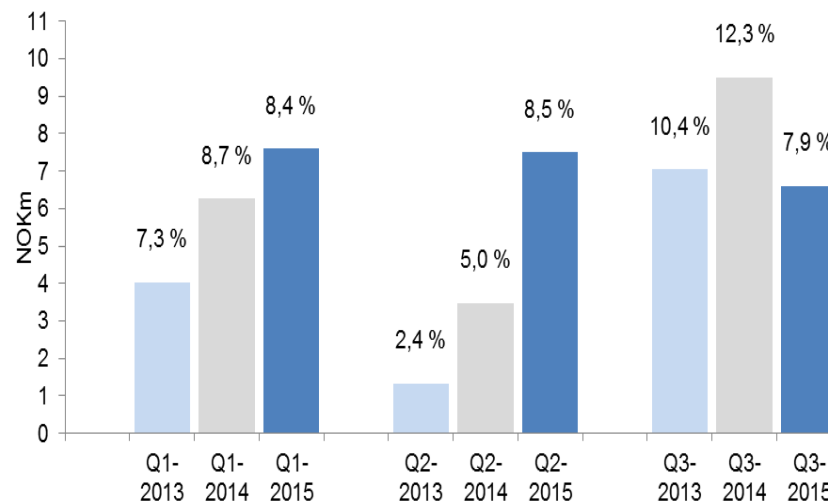
Steady y-o-y revenue growth, seasonal variations

Operating revenues



- Growth driven by go-live of new outsourcing customers: Statoil and TeliaSonera in Norway, Ericsson in Sweden

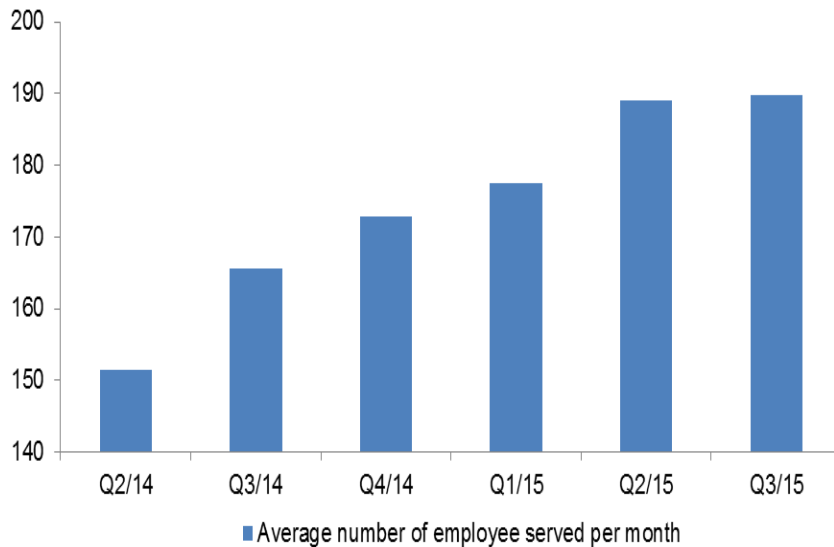
Operating profit and margin



- Seasonal effects mark Q3 2015 and Q2 2014
- Costs related to transfer of tasks to Chennai delivery centre

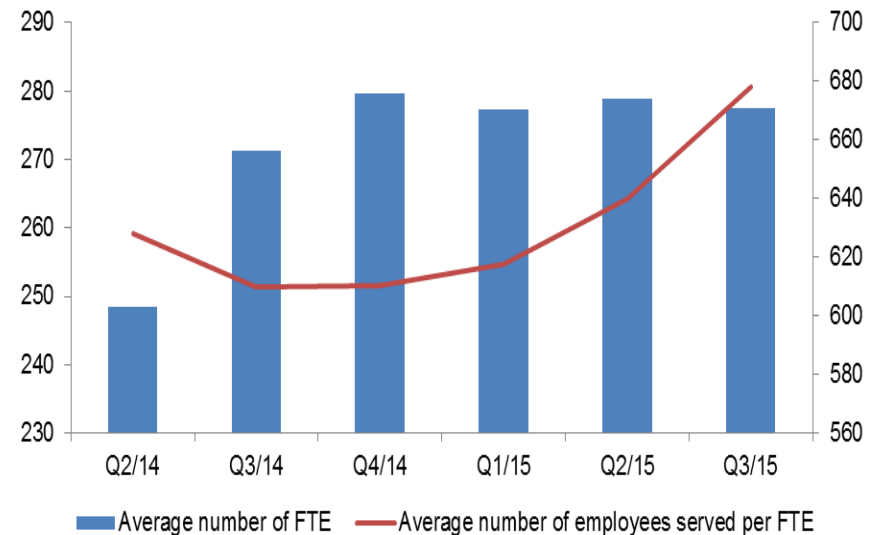
HR Outsourcing segment: Winning new customers, improving productivity

Employees served (1000')



- Stable growth indicating ability to win new outsourcing customers
- An average 190K employees served per month in Q3 2015

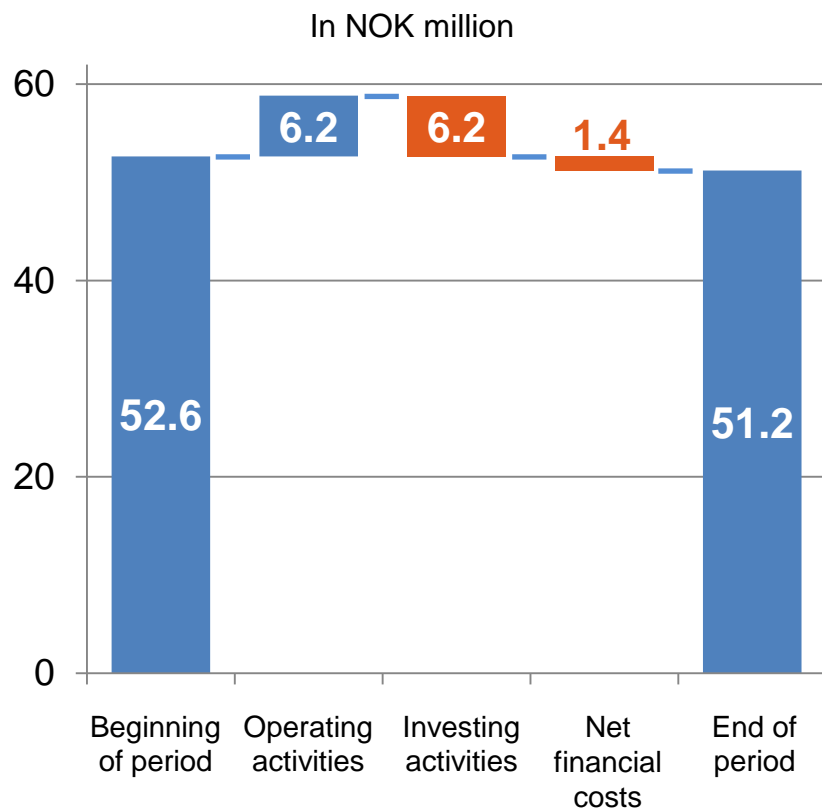
Employees and productivity



- Zalaris headcount slightly down
- 684 employees served per Zalaris FTE in Q3 2015

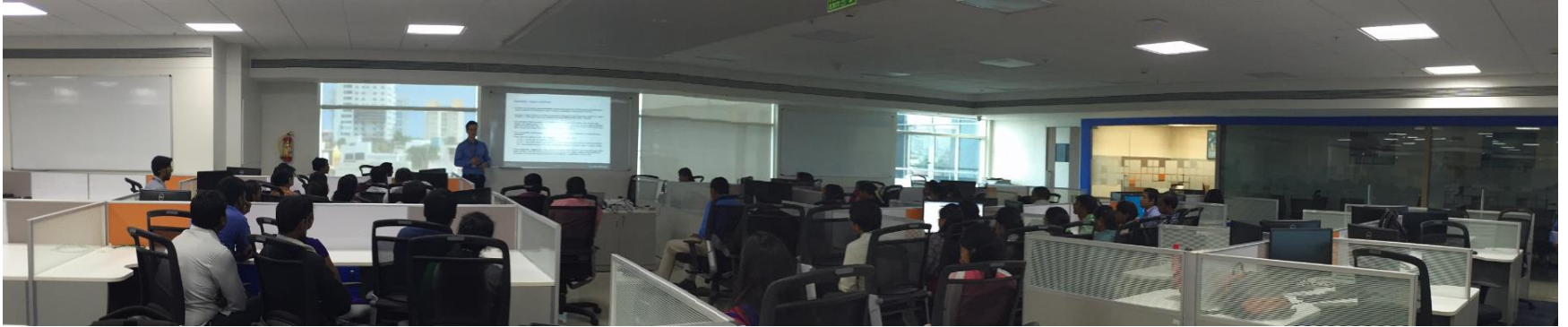
Positive cash flow from operations, strong financial position

Cash and cash flows Q3 2015



- Cash flow from operating activities in Q3 15 was NOK 6.2 million
- Investments mainly related to product development, functionality improvements and establishment of Chennai service center
- NOK 51.2 million cash and cash equivalents at the end of Q3. In addition NOK 15.0 million unused credit facility
- Strong financial position. NOK 97.1 million equity (48.9 % equity ratio) at end of Q3 2015. NOK 2.3 million interest bearing debt

A key focus area is reducing operating costs through utilization of our new Chennai delivery center



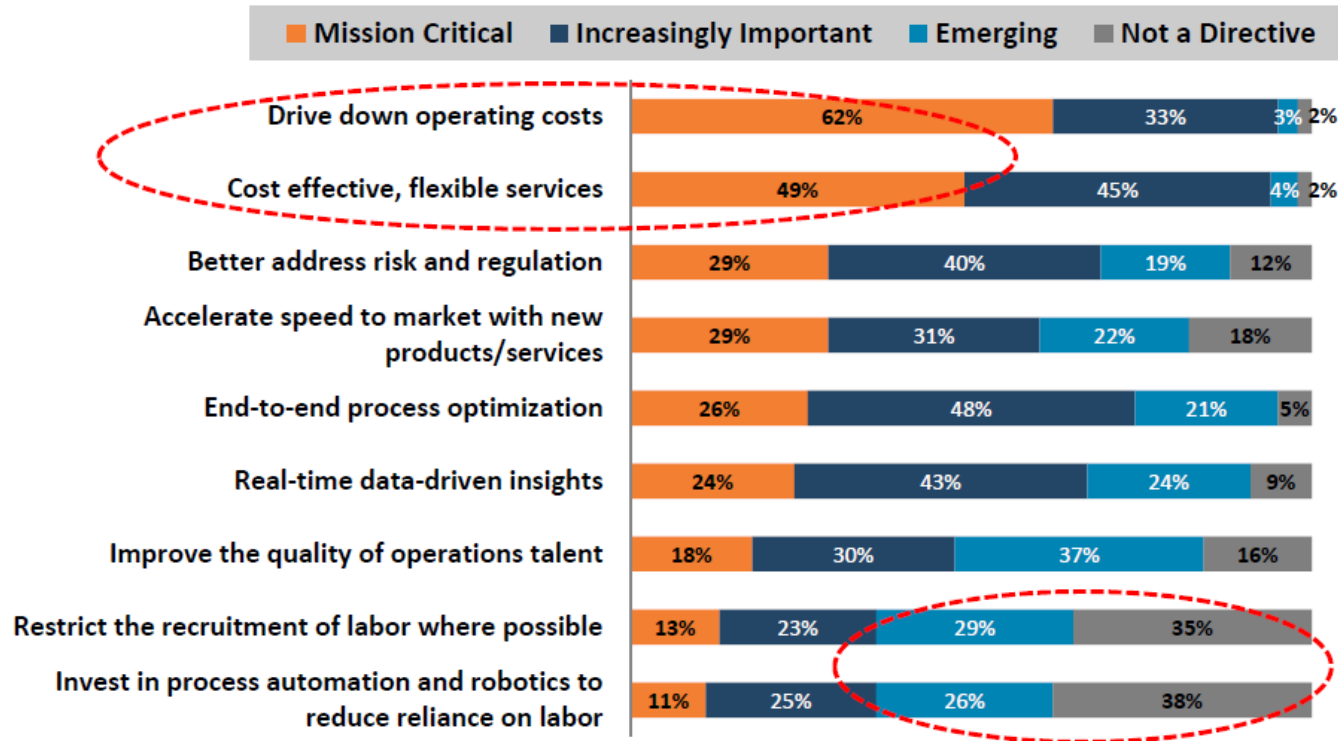
- Located in modern office facilities provided by SP InfoCity in Chennai, India
- Capacity: 138 seats in one shift – possible with 2 shifts
- Current utilization: 50 employees
- 100 % of employees with 4-5 year university level education
- Ongoing projects to move work not requiring customer interaction to India targeting performing 25% of value chain in India vs approx. 10% now.



Our focus is in line with our customers' needs

C-Suite Priorities in 2015: Cost is the New Black

Q: How critical are the following C-Suite priorities/directives, in terms of shifting from a Cost Focus to a Value Focus with your operating model?



Source: Hfs Research and KPMG LLP, 2015

Sample: 168 Enterprise Buyer Executives from "Achieving Value Beyond Cost" Study, November-December 2014

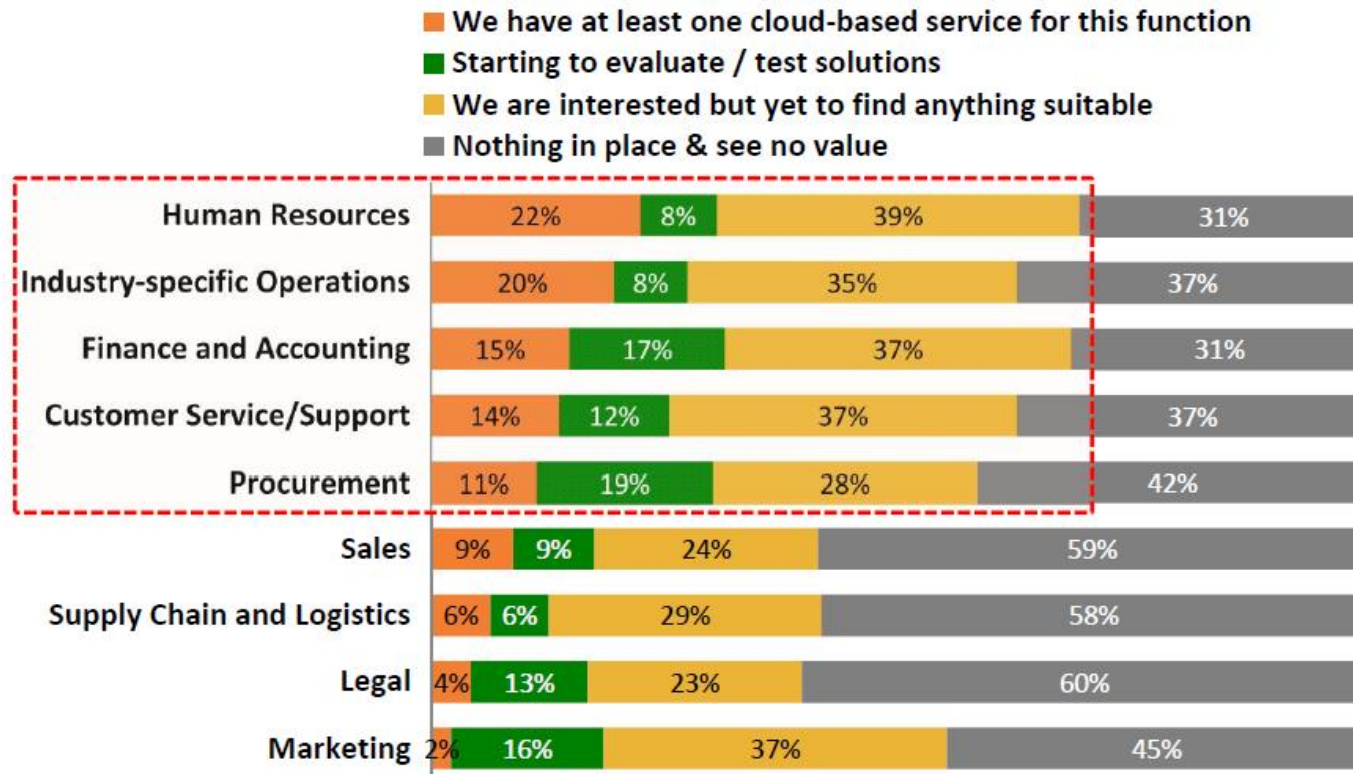
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The market acceptance for cloud delivered Business Process as a Service is a positive driver for Zalaris

BPaaS is already replacing legacy outsourcing...

Q: In what areas are you considering cloud / as-a-service options to augment / replace traditional outsourcing?



Source: HFS Research State of Industry Study June 2014, conducted in conjunction with KPMG (Sample 312 Enterprises)

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Concluding remarks: Strong growth. Positive outlook

- **Growth continues** Year-to-date numbers show continued growth in revenues and profit. Productivity improvements set to continue with addition of new delivery centers
- **Investment in product development** to expand range of services and functionality, supporting customers in their efforts to improve and reduce costs
- **Positive outlook** The opportunities continue to be favorable for HR Technology and Outsourcing services in our markets
- **Our strategy remains unchanged** Growth through customer satisfaction, profit growth through increased efficiency and cost reductions

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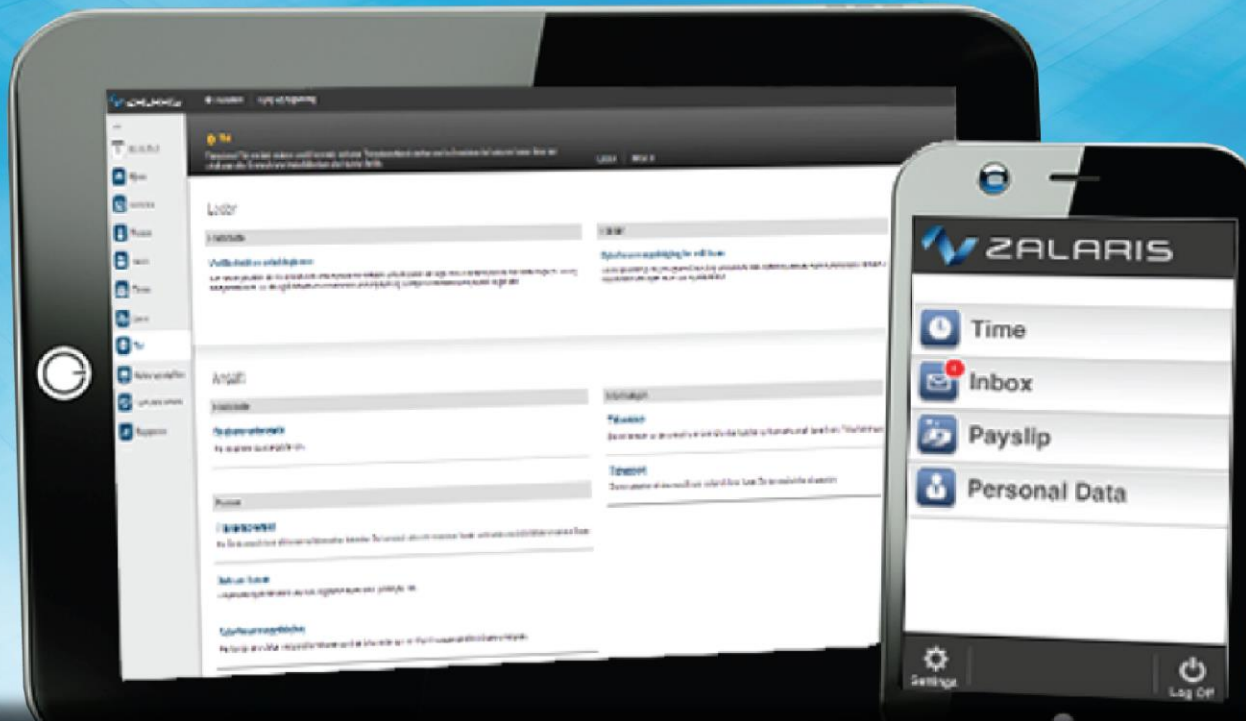
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Questions?



Thank you!

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