

Zalaris ASA

Interim report / Third quarter 2014

Thank you for joining us. The presentation will begin at 0900 CET.

Please note:

- All attendees will be in muted mode during the presentation. Attendance is anonymous for all participants with the exception of the presenters from Zalaris.
- Please dial in using a telephone following the dial-in instructions or using the dial-back option
- We will open up for questions at the end of the presentation. Please formulate your questions in writing using the Q&A messages feature found on the bottom right of your screen

Questions related to the interim report may also be directed to ir@zalaris.com

We expect to finish the presentation by 1000.



Interim report / Third quarter 2014

Oslo, 30 October 2014

Presenters and agenda



Hans-Petter Mellerud
Founder and CEO



Nina Stemshaug
CFO

Agenda

- Highlights for the quarter
- Recent business acquisition
- Financial performance
- Regional trends
- Outlook

Another quarter with positive development

Strong financials

- Revenues in Q3 2014 grew by **16.5 %** compared to same period last year
- Recurring revenues increased significantly from Q2 14
- EBIT of **NOK 8.3 million** and operating margin 9.9 % before IPO related costs, up from 9.3 % same quarter last year

Strategic milestones

- Signed a five-year agreement with industrial group Borregaard in Norway and Dong Energy in Poland
- Successful transition and production start up of Statoil agreement in August. A testament to our leadership position, and marking opening of office focusing on the oil industry in Stavanger

Two new branded customer relationships underpinning our strategy



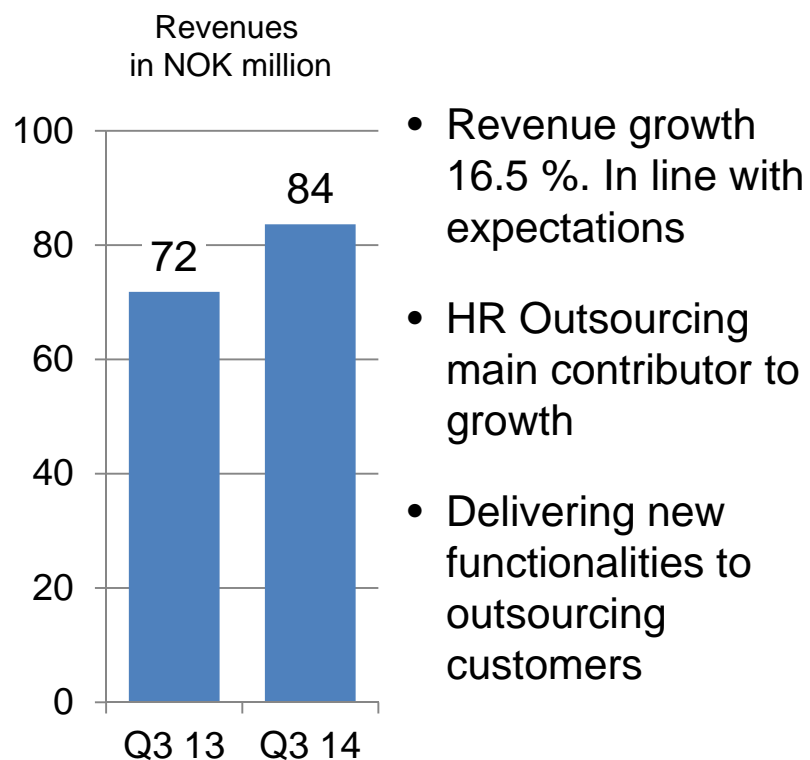
- Five-year agreement to provide transactional HR services in Norway
- Around 1,000 employees, operating one of the world's most sophisticated bio-refineries



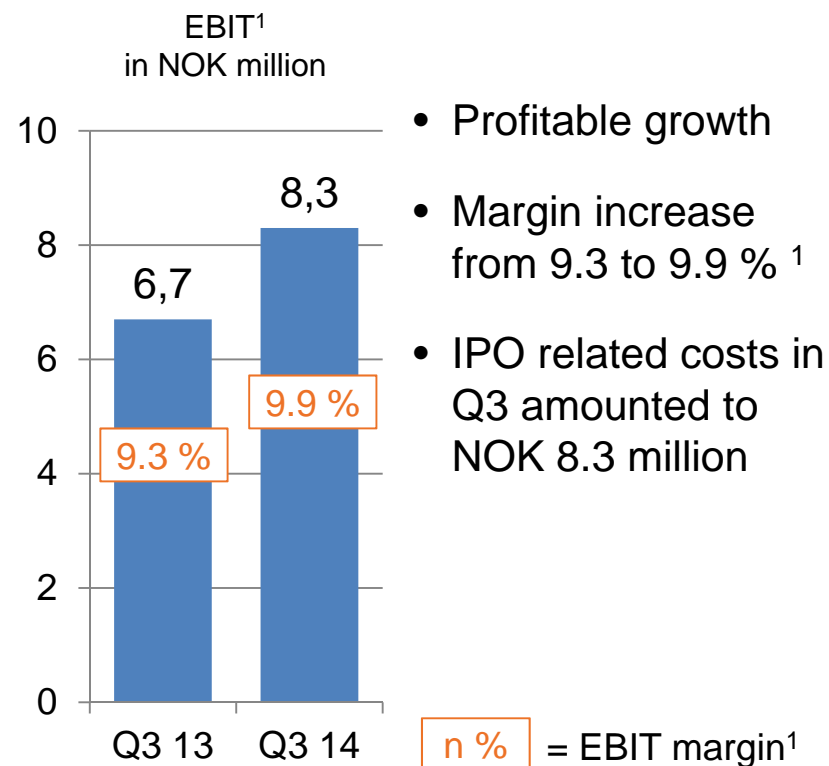
- Five-year agreement to provide transactional HR services in Poland
- Around 70 employees

Profitable growth continues

Revenues

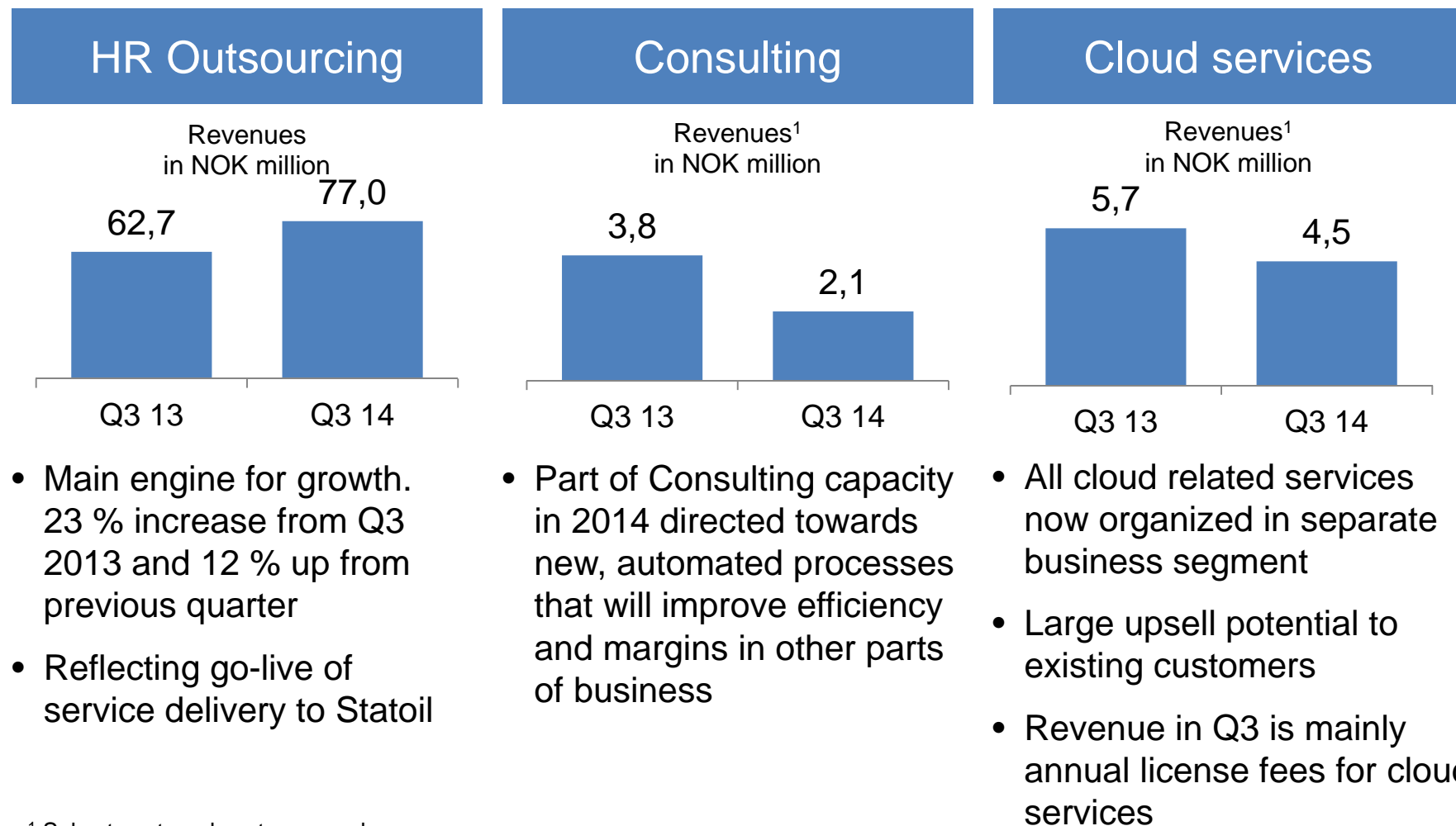


EBIT



¹ Excluding IPO related costs

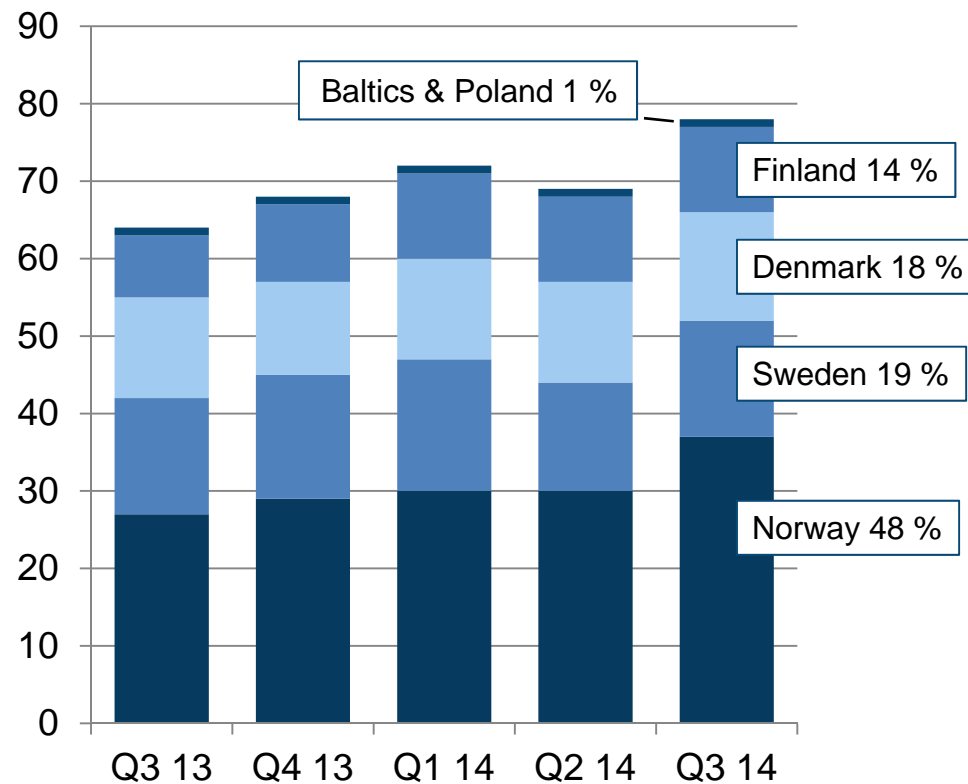
HR Outsourcing is key source of YOY Q3 growth



¹ Sales to external customers only

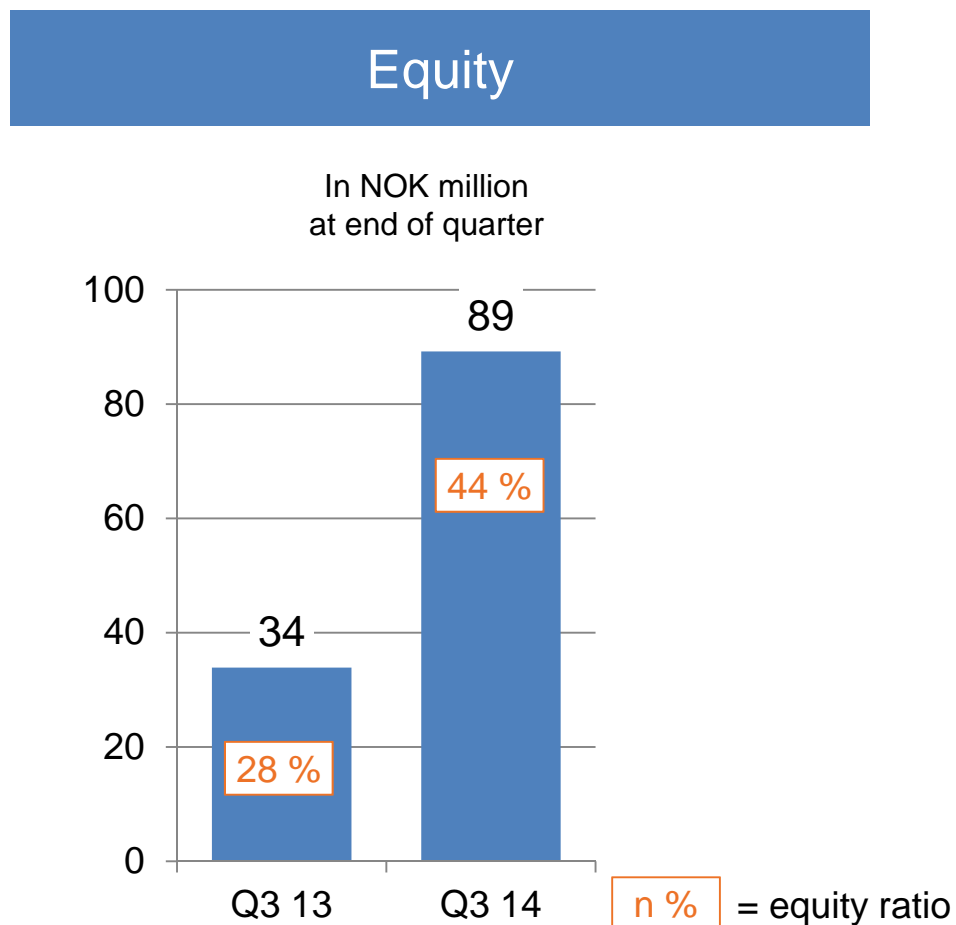
99% of our revenue is coming from the Nordic

HR Outsourcing revenues



- **HR Outsourcing** represents 92 % of total revenues
- Norway revenues increased 26 % from Q2 due to start-up of Statoil contract
- Slight increase in revenues in Sweden and Denmark due to additional invoicing and change orders
- External sales from **Consulting** mainly focused on Norway and Sweden

Strong cash flow and strengthened balance sheet



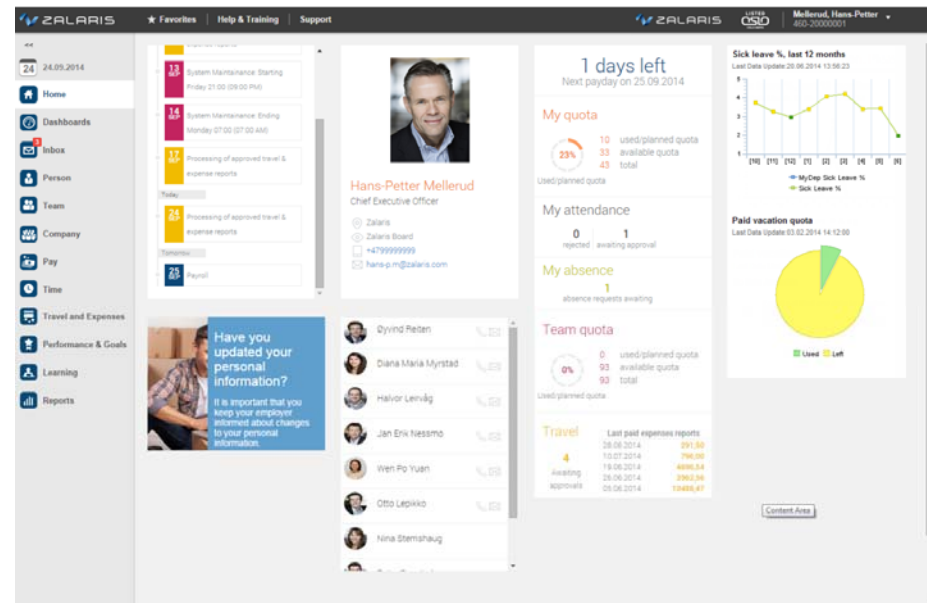
- Cash flow from operating activities in Q3 14 was NOK 25 million
- NOK 68.8 million cash and cash equivalents at the end of Q3, up from 47.5 million three months before
- NOK 15 million unused credit facility
- Balance strengthened through share issue in June 2014. Net proceeds NOK 49.3 million

Focus on automation and near/offshore initiatives with goal of further improving cost position

- Dual approach to business improvement and value creation; growth and improved efficiency simultaneously
- Initiatives implemented that will reduce monthly personnel costs by NOK 0.5 million from mid-2015
- Further efficiency initiatives planned next six months; mix of operational improvements and near and offshoring strategies
- Goal: A further NOK 1 million per month personnel costs savings

Rolling out new portal to improve scalability and customer satisfaction

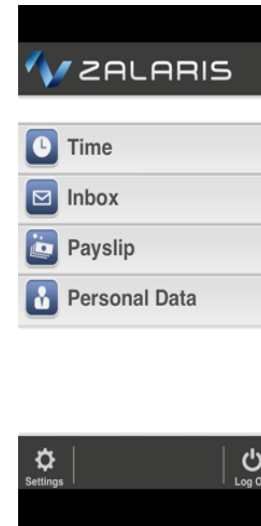
- Successfully started migration of customers to new scalable portal with modernized user interface simplifying rolling out new cloud based functionality
- Fully integrating SAP HCM, Successfactors talent management and other key offerings as digital personnel archive
- Storebrand successfully in production on new platform in September with one unified solution covering Norway, Sweden and Lithuania
- To be completed by Q1 2015



Storebrand user: "Positively surprised by the new Zalaris portal – thumbs up!"

Mobile solutions is another key focus area

- New and renewing customers are increasingly selecting our mobile offering
- Improved travel expense functionality supporting fully digitized travel expense process for users on the go
- New travel expense functionality starting roll out in Q4



Climate for growth in all markets, opportunities abound

- Companies increasingly look to outsource payroll and HR solutions, regardless of economic conditions
- Our business pipeline remain enviable. We have identified numerous large Nordic and Northern European prospects and are currently targeting between 15,000 and 30,000 new users

Strong institutional investor base with long-only funds

INVESTOR	NUMBER OF SHARES	% OF TOP 20	% OF TOTAL	TYPE	COUNTRY	
NORWEGIAN RETAIL AS	3,041,482	23.37%	15.90%	Comp.	NOR	Pre IPO (Mellerud, CEO)
FIDELITY NORDIC FUND	1,823,800	14.02%	9.54%	Comp.	USA	
INGERØ REITEN INVESTMENT COMPANY A	1,310,575	10.07%	6.85%	Comp.	NOR	Pre IPO (ex. NCP IV)
AEQUITAS AS	855,656	6.58%	4.47%	Comp.	NOR	Pre IPO (Hoegh)
STATE STREET BANK & TRUST COMPANY	695,000	5.34%	3.63%	Nom.	USA	
MORGAN STANLEY & CO INTERNAT. PLC	650,000	5.00%	3.40%	Nom.	GBR	
VERDIPAPIRFONDET DNB SMB	500,264	3.84%	2.62%	Comp.	NOR	
STOREBRAND VEKST	489,546	3.76%	2.56%	Comp.	NOR	
LIVSFORSIKRING.NORDEA LIV NORGE AS	410,900	3.16%	2.15%	Comp.	NOR	
HOME CAPITAL AS	401,378	3.08%	2.10%	Comp.	NOR	
SKANDINAVISKA ENSKILDA BANKEN AB	395,157	3.04%	2.07%	Nom.	SWE	
VPF NORDEA KAPITAL	361,657	2.78%	1.89%	Comp.	NOR	
VIND AS	285,219	2.19%	1.49%	Comp.	NOR	Pre IPO (Hoegh)
TACONIC AS	285,212	2.19%	1.49%	Comp.	NOR	Pre IPO (Horn)
NORDEA BANK AB (PUBL)	268,774	2.07%	1.41%	Nom.	SWE	
VERDIPAPIRFONDET STOREBRAND OPTIMA	263,000	2.02%	1.38%	Comp.	NOR	
KOBBA INVEST AS	259,760	2.00%	1.36%	Comp.	NOR	Pre IPO (Danielsen)
DELPHI NORGE	252,500	1.94%	1.32%	Comp.	NOR	
THE NORTHERN TRUST CO.	232,934	1.79%	1.22%	Nom.	GBR	
J.P. MORGAN CHASE BANK N.A. LONDON	229,611	1.76%	1.20%	Nom.	GBR	
Total number owned by top 20	13,012,425	100%	68.04%			
Total number of shares	19,124,263		100%			

Dividend policy remain as defined in IPO prospectus

- The Company has not paid any dividends to date, whether in cash or in kind, but rather reinvested its capital in expanding and growing the Group.
- Zalaris' overall objective is to create value for its shareholders through an attractive and competitive return in the form of an increase in the value of the share and through the distribution of dividends. *The dividends paid should reflect the company's growth and profitability.*
- *Zalaris will aim at making annual dividend payments in the region of 50% of the net profits before tax, provided that this will not influence target growth negatively and that the capital structure is sound and at a satisfactory level.* When deciding the final dividend amount to be proposed for the General Meeting, the Board of Directors will also take into consideration Zalaris' capital requirements, including legal restrictions, capital expenditure requirements and potential investment plans.
- There can be *no assurances*, however, that a dividend ever will be proposed or declared.

Concluding remarks

- Profitable growth expected to continue through 2014
- Ambition to maintain growth in the following years, leading to improved utilization of existing infrastructure and operations, and increased profitability and cash flow from operations
- Will continue to concentrate on organic growth with new customers and low churn rate through high degree of customer satisfaction

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Questions?



Thank you!

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