

Zalaris ASA

Interim report / Fourth quarter 2014

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

We expect to finish the presentation by 1000.



Interim report / Fourth quarter 2014

Oslo, 26. February 2015

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

A strong quarter

Strong financials

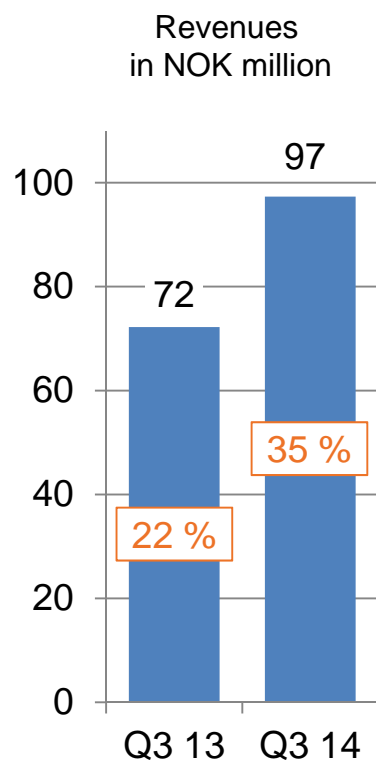
- Revenues in Q4 2014 grew by **34.8 %** compared to same period last year
- Outsourcing revenues increased significantly from Q3 14
- EBIT of **NOK 11.8 million** and operating margin 12.1 % before one-off costs at year-end, up from 9.9 % in previous quarter
- Dividend proposed in line with dividend policy to NOK 0.75 per share equaling 49.8% of EBT before one-offs

Strategic milestones

- We are delivering on our growth ambitions for 2014
- Swedish Global Fortune 500 company signed up as Nordic HR and payroll outsourcing partner for approx. 20.000 employees
- Successful go-live of SAP payroll solution in Latvia developed by Zalaris - attracting market interest
- Strengthening offshore capability through establishing own Chennai, India based service center

Revenue growth according to expectations with y-o-y quarterly revenue up 35% and full year 24%

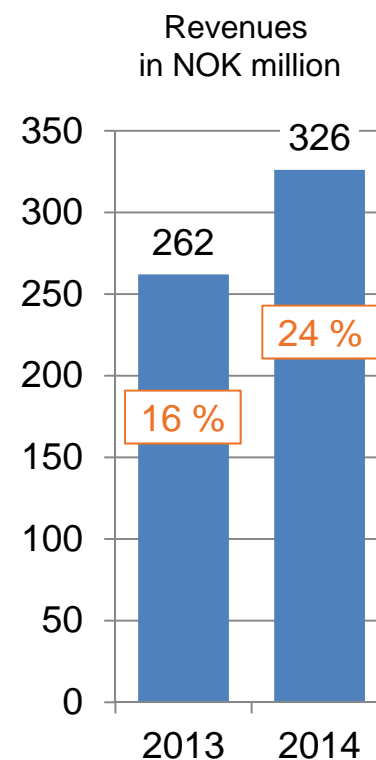
Revenues in fourth quarter



- Strong revenue growth; 35% YoY
- High activity related to change orders and services related to year-end
- Q4 14 was first quarter with full effect of large new customer

n % = YoY growth

Revenues full year

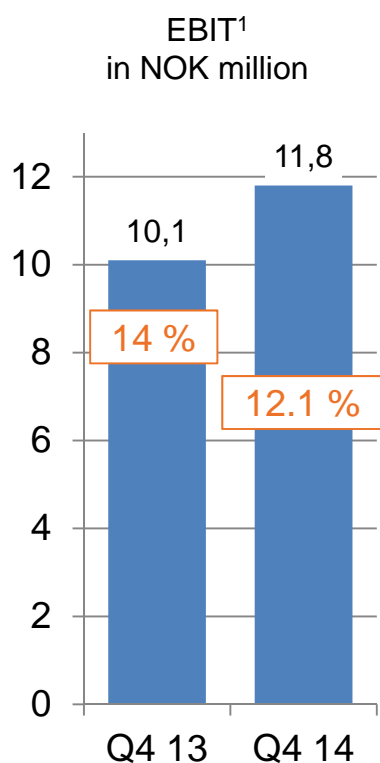


- Delivering on our growth ambitions
- Full year revenues came in above target specified in IPO presentation

Growth is profitable

with operating EBIT full year on positive trend to 9,7%

EBIT in fourth quarter

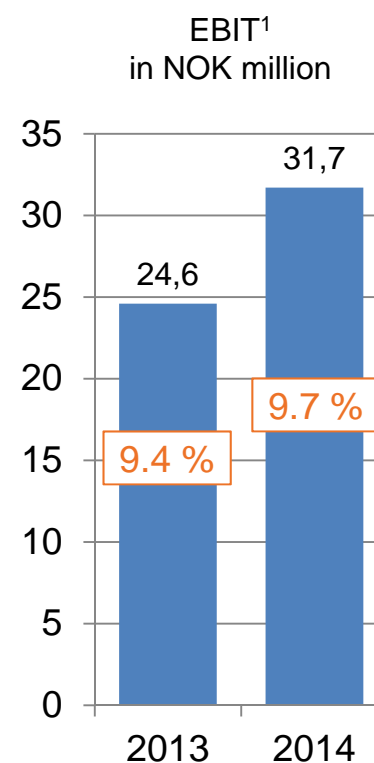


- Margin somewhat lower than last year due to periodization effects in 2013
- One-off accelerated depreciation of NOK 4.9 million related to year-end valuations that will improve EBIT next three years

n % = EBIT margin¹

¹ Excluding IPO related and one-off costs

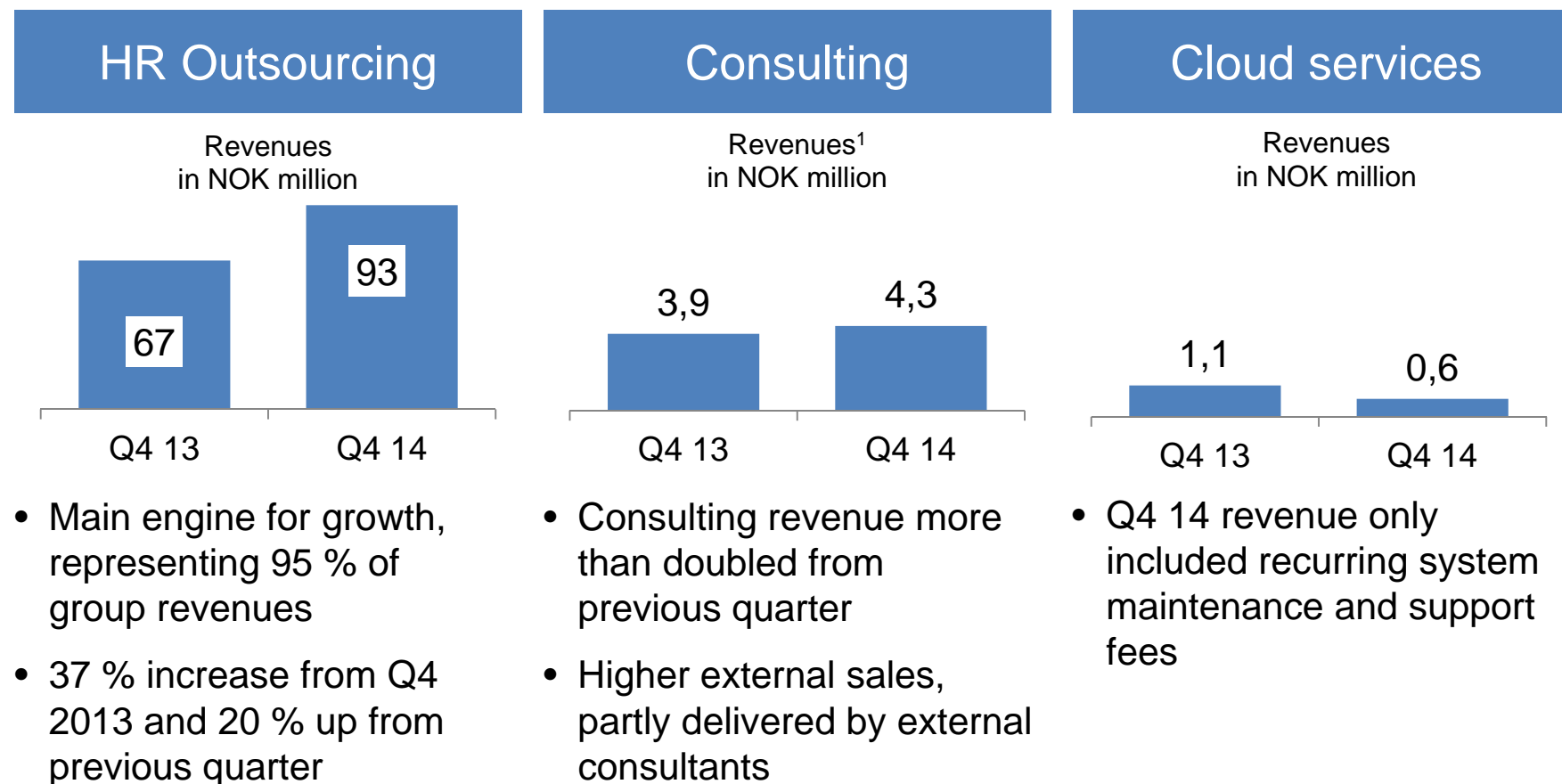
EBIT full year



- Profitable growth continues
- Main positive effect from utilization of fixed cost base
- Negative effect from added costs of being listed company

n % = EBIT margin¹

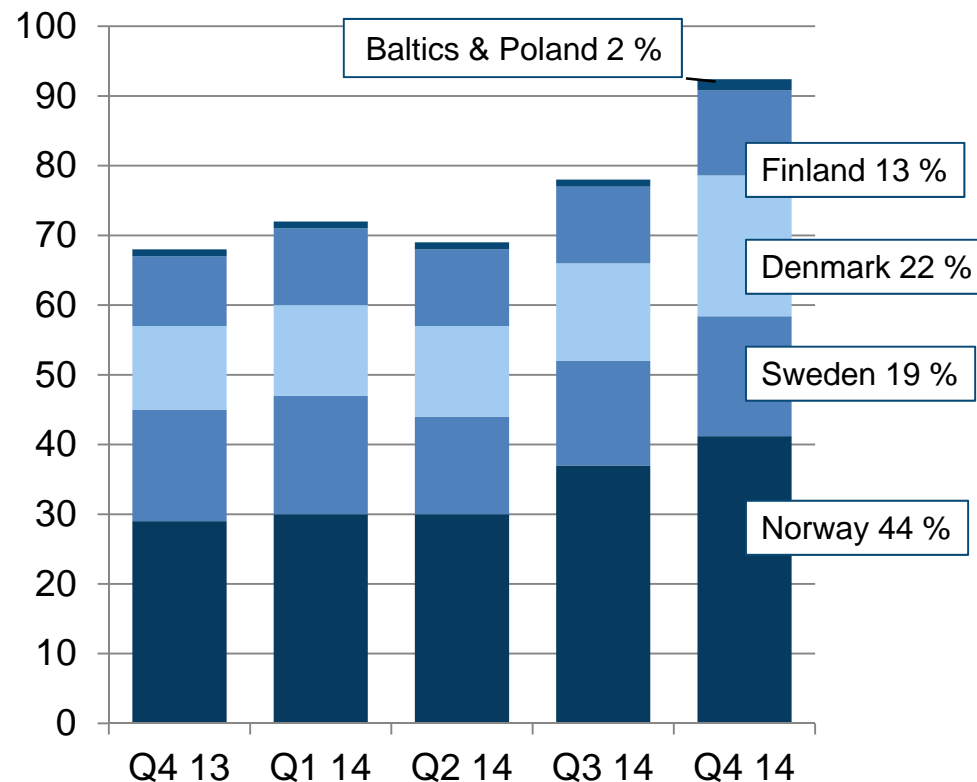
Recurring revenue from HR Outsourcing remains main driver for growth



¹ Sales to external consulting customers only

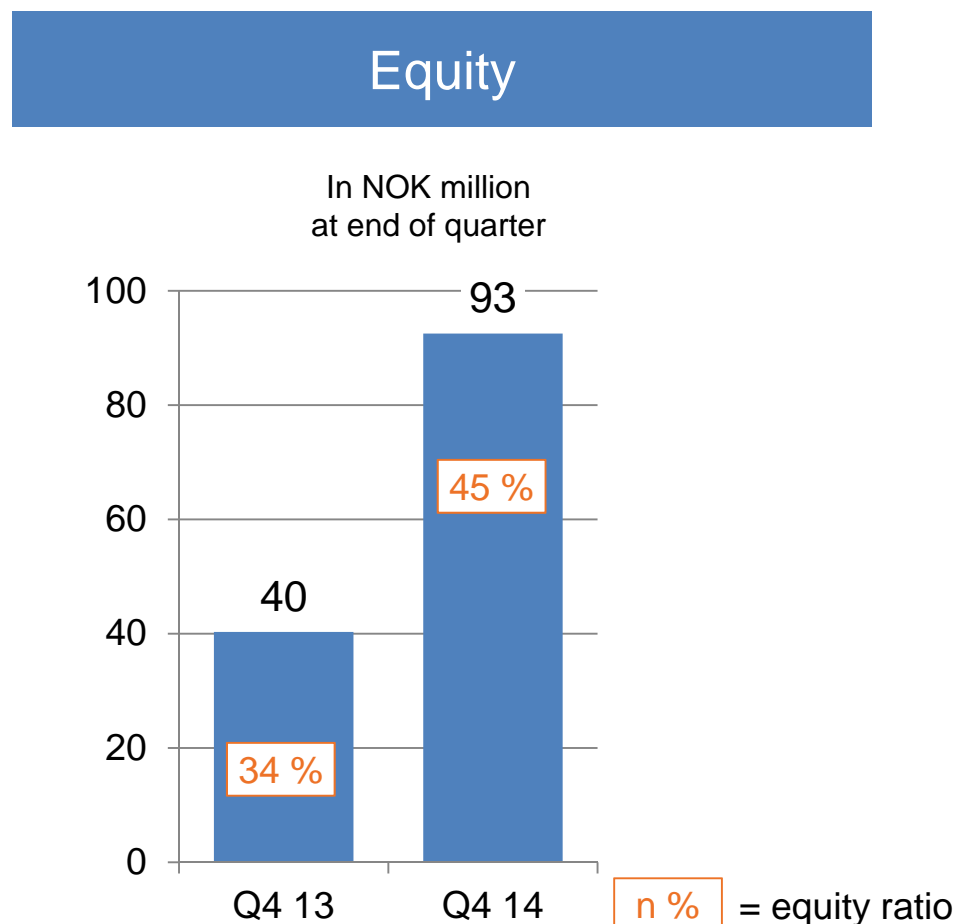
Revenue from outside Norway increased to 56% in Q4

HR Outsourcing revenues



- Norway revenues in Q4 14 increased 11 % from Q3 due to full effect of new contract, change orders and revenue recognition on projects
- Growth in Denmark (48 %) mainly due to seasonal variations and change orders
- Increase also in Sweden (18 %) and Finland (14 %)
- Relatively stronger growth outside Norway reduced Norwegian share of revenues to 44 % in Q4 from 48 % in the previous quarter

Strong cash flow from operating activities increased cash with NOK 13.2 million in Q4

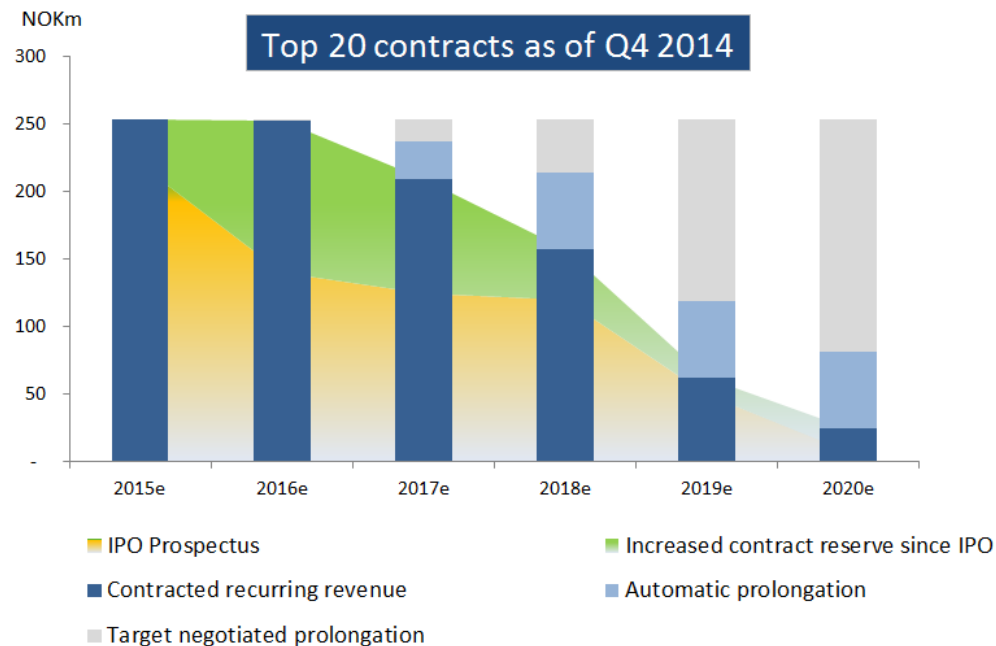


- Cash flow from operating activities in Q4 14 was NOK 15.9 million
- NOK 75.2 million cash and cash equivalents at the end of Q4, up from 68.8 million three months before
- NOK 15 million unused credit facility
- Balance strengthened through share issue in June 2014. Net proceeds NOK 49.3 million
- Dividend proposed in line with dividend policy to NOK 0.75 per share equaling 49.8% of EBT before one-offs

Selected by global Swedish Fortune 500 to provide Nordic transactional HR services

- 20'000 employees in Sweden, Finland, Denmark and Norway
- 16 positions to transfer to Zalaris on 1. April 2015
- Full transformation based on implementing Zalaris' SAP Human Capital Management based best practice processes in all countries
- Go live in January 2016

Contract backlog has increased considerably since IPO reflecting contract renewal mechanics and low churn



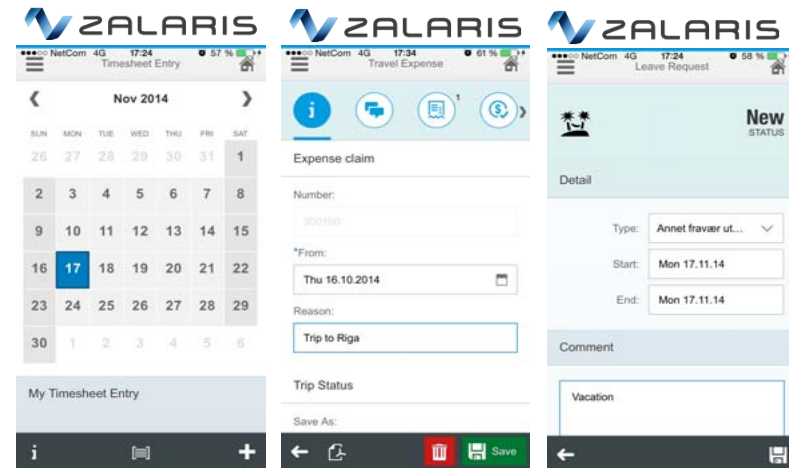
- Increased contract reserve from top 20 customers
- Combination of new agreements and automatic renewals

Decision to set up own offshore operations driven by balanced global delivery ambition

- Existing Chennai, India based operations with approx. 30 employees have been hosted and managed by local partner
- Agreement with partner made to set up own service center with floor space to accommodate between 130-150 employees in one shift and to transfer existing service team to Zalaris HR Services India Ltd – a fully owned Zalaris subsidiary
- New entity will give us cost and capacity advantages in addition to simplify communication of compliance as we continue to deliver on our balanced global delivery ambition
- Transition ongoing and stable
- Target go live date: July 1. 2015

Increased focus on aligning to new business models gives results as exemplified with our mobile solution

- Improved travel expense functionality supporting fully digitized travel expense process for users on the go
- Four of our existing customers have signed agreements for implementing the mobile solution over the last months



A number of factors are driving a positive growth outlook

- Outsourcing continues to increase in favor as an integrated services model¹
- Economic conditions motivate companies to look for cost reductions and ways to maximize the value of their Human Capital
- Cloud computing focus is driving increased attention for Human Capital Management and Business Execution models
- Our recent large deals give us strengthened attention and credibility resulting in incoming request to present our services to similar entities
- Our business pipeline remain enviable. In addition to expanding our relationships with existing customers - we have identified numerous large Nordic and Northern European prospects that are in different phases of their outsourcing evaluation and decision process

¹) Source: HfS Blueprint reports

Four focus areas for 2015 supporting growth and cost reduction targets

- Focus on improving existing customer satisfaction through focus on Net Promoter Score development
- Strengthen our market position in SE, DK and FI and ambition to expand further into Europe
- Sell cloud based additional services to existing customers with particular focus on existing services and solutions.
- Increase effort on moving transaction activities not requiring customer interaction to Chennai utilizing new service center capability

End of lock up period for pre IPO investors strengthened institutional investor base with long-only funds

INVESTOR	NUMBER OF SHARES	% OF TOP 20	% OF TOTAL	TYPE	COUNTRY
NORWEGIAN RETAIL AS	3,041,482	22.98%	15.90%	Comp.	NOR
FIDELITY NORDIC FUND	1,823,800	13.78%	9.54%	Comp.	USA
INGERØ REITEN INVESTMENT COMPANY A	1,310,575	9.90%	6.85%	Comp.	NOR
AEQUITAS AS	834,933	6.31%	4.37%	Comp.	NOR
STATE STREET BANK & TRUST COMPANY	695,000	5.25%	3.63%	Nom.	USA
MORGAN STANLEY & CO. INTERNATIONAL	650,000	4.91%	3.40%	Nom.	GBR
VERDIPAPIRFONDET DNB SMB	650,000	4.91%	3.40%	Comp.	NOR
SKANDINAVISKA ENSKILDA BANKEN AB	599,840	4.53%	3.14%	Nom.	SWE
FID. FUNDS-EUR. SM. COMP./SICAV	564,625	4.27%	2.95%	Comp.	LUX
STOREBRAND VEKST	404,236	3.05%	2.11%	Comp.	NOR
HOME CAPITAL AS	401,378	3.03%	2.10%	Comp.	NOR
VPF NORDEA KAPITAL	373,671	2.82%	1.95%	Comp.	NOR
TACONIC AS	285,212	2.16%	1.49%	Comp.	NOR
KOBBA INVEST AS	259,760	1.96%	1.36%	Comp.	NOR
DELPHI NORGE	252,500	1.91%	1.32%	Comp.	NOR
J.P. MORGAN CHASE BANK N.A. LONDON	234,611	1.77%	1.23%	Nom.	GBR
THE NORTHERN TRUST COMPANY RE IEDP	232,934	1.76%	1.22%	Comp.	GBR
LUNDHS LABRADOREKSPORT AS	211,500	1.60%	1.11%	Comp.	NOR
VPF NORDEA AVKASTNING	210,000	1.59%	1.10%	Comp.	NOR
NORDEA BANK AB (PUBL)	198,140	1.50%	1.04%	Nom.	SWE
Total number owned by top 20	13,234,197	100%	69.20%		
Total number of shares	19,124,263		100%		

Pre IPO (Mellerud, CEO)

Pre IPO (ex. NCP IV)

Pre IPO (Hoegh)



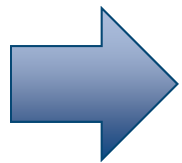
Pre IPO (Horn)

Pre IPO (Danielsen)

Pre IPO (NCP IV)

To conclude - we remain positive to meet the expectations that we have created

- Long term focus on customer satisfaction
- Actively nurturing own Human Capital through various initiatives
- Continuous effort in optimizing operating model including the use of own offshore capacity
- Continue explore an align to new business models as mobile and cloud
- Increased sales force in combination with positive market conditions



Target continued profitable growth for 2015

Important Notice

This Presentation includes certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements relate to future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are subject to material risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. Neither the Company nor any of its subsidiaries or any such person's officers or employees provide any assurance that the assumptions underlying such forward-looking statements are free from errors, nor do any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. The Company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to its actual results.

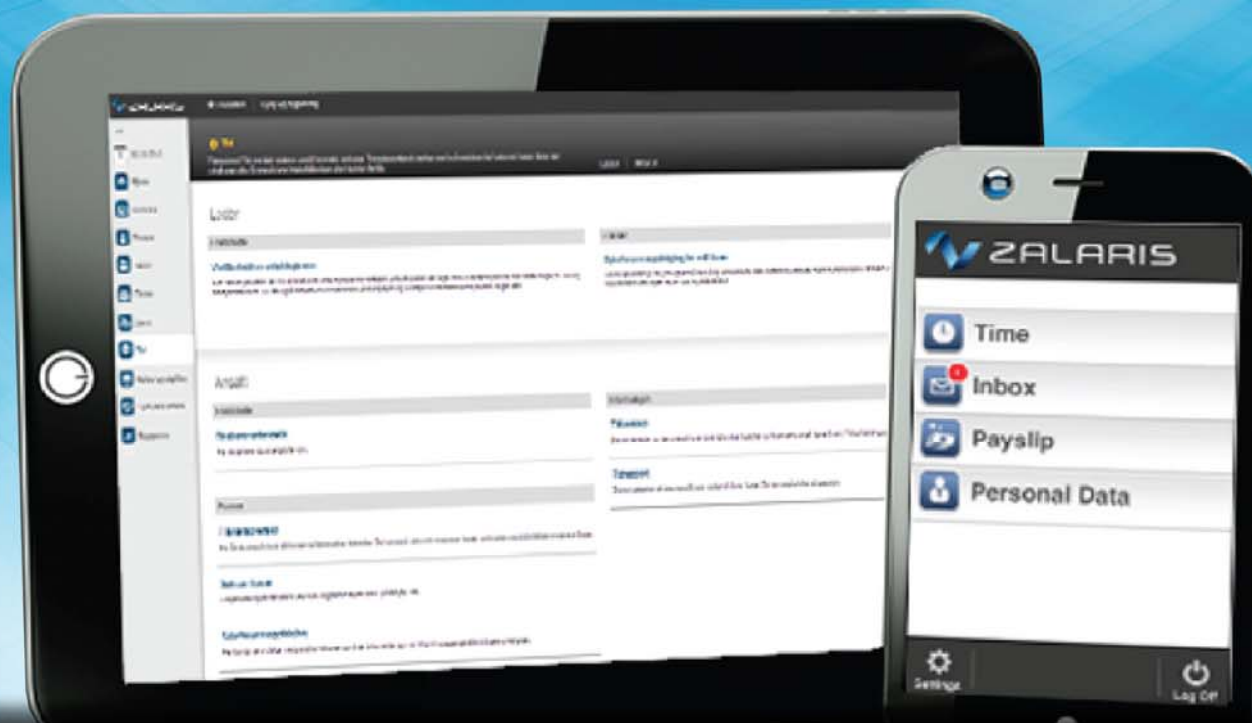
AN INVESTMENT IN THE COMPANY INVOLVES SIGNIFICANT RISK AND SEVERAL FACTORS COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT MAY BE EXPRESSED OR IMPLIED BY STATEMENTS AND INFORMATION IN THIS PRESENTATION. A NON-EXHAUSTIVE OVERVIEW OF RELEVANT RISK FACTORS THAT SHOULD BE TAKEN INTO ACCOUNT WHEN CONSIDERING AN INVESTMENT IN THE SHARES ISSUED BY THE COMPANY IS INCLUDED IN THIS PRESENTATION. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALISE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED IN THIS PRESENTATION. THE COMPANY DOES NOT INTEND, AND DOES NOT ASSUME ANY OBLIGATION, TO UPDATE OR CORRECT THE INFORMATION INCLUDED IN THIS PRESENTATION.

No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither the Company nor any of its subsidiaries nor any such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this Presentation.

The contents of this Presentation are not to be construed as legal, business, investment or tax advice. Each recipient should consult its own legal, business, investment or tax adviser as to legal, business, investment or tax advice. By attending or receiving this Presentation you acknowledge that (i) you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business, (ii) if you are a U.S. person, you are a QIB (as defined below), and (iii) if you are a non-U.S. person, you are a Qualified Investor or a Relevant Person (as defined below).

This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction or to any person in which or to whom it is unlawful to make such an offer or solicitation. The distribution of this Presentation and the offering, subscription, purchase or sale of securities issued by the Company are in certain jurisdictions restricted by law. Persons into whose possession this Presentation may come are required by the Company and the Joint Bookrunners to inform themselves about, and to comply with, all applicable laws and regulations in force in any jurisdiction in or from which it invests in the securities issued by the Company or receives or possesses this Presentation and must obtain any consent, approval or permission required under the laws and regulations in force in such jurisdiction. The Company shall not have any responsibility or liability whatsoever for these obligations.

Questions?



Thank you!

Hans-Petter Mellerud
CEO & Founder
hans-petter.mellerud@zalaris.com

Nina Stemshaug
CFO
nina.stemshaug@zalaris.com

Zalaris HR Services AS
PO Box 1053
NO-0218 Oslo
Tel: +47 4000 3300
www.zalaris.com

