

Zalaris ASA (ZAL)

Norway | IT Services | MCAP NOK 1,926m

18 January 2026

Buy

Target price:	122
Current price:	NOK 85
Upside:	44%

Less Paperwork, More Peoplework

Zalaris ASA (“Zalaris” or “the Company”) is a founder-led Nordic provider of multi-country HR & payroll solutions. The Company operates through two different segments, Zalaris Consulting & Managed Services, with the Company’s own in-house platform PeopleHub as Zalaris flagship product. Following poor acquisitions in 2017 that led to high integration and restructuring costs, the Company has spent several years rebuilding margins and is now in a profitable growth phase. Yet the market still anchors the Company’s valuation on the legacy perception of Zalaris as a labor-intensive IT-consultant/Business-Process-Outsourcer (“BPO”), despite Managed Services now representing 76% of revenue and the segment increasingly shifting toward SaaS-driven contracts and automation. A 75/25 weighted DCF and peer valuation, based on a target multiple of 12.2x 2027 EV/EBIT, yields a target price of 122 NOK, implying an upside of 44%.

Key Takeaways

- Margin Expansion Driven by a Higher-Quality Revenue Mix & Automation:** Zalaris margin profile is increasingly driven by a shift toward higher-quality Managed Services, which already accounts for 76% of revenue and delivers materially higher profitability, with EBIT margins of 19% compared to 6% in Zalaris Consulting. As newer, more SaaS-driven contracts and automation reduce labour intensity, incremental volumes can be onboarded with limited headcount growth, supporting operating leverage. With the business mix moving toward an 80/20 split, group EBIT margins are projected to expand toward 15% by 2027, a dynamic the market has yet to fully price in.
- Embedded Growth From a Highly Sticky, Expandable Customer Base:** Zalaris revenue profile is supported by a 103% net revenue retention (“NRR”) and churn below 3%. Expanding geographically on current client base represents a revenue opportunity 5x the Company’s LTM sales. A scenario in which only 10% of this potential is realized over 5 years, equates to an 8% annual revenue growth solely from upsell, excluding new customers. As Zalaris continues to scale geographically, the Company is well positioned to realize this potential. This is supported by Zalaris large number of blue-chip clients in their respective HQ markets, where HR practices are often centralized and then rolled out across other geographies.
- Compliance Tailwinds and Lower Funding Costs Drive Long-Term Value:** The European multi-country payroll market is growing at an approximate 9% CAGR, driven by cloud adoption, automation, and rising regulatory complexity. Zalaris is well positioned as a European specialist with PeopleHub and deep local compliance expertise, offering a strong advantage in a fragmented regulatory environment. In addition to this, recent refinancing enhances the equity story: in Q3-2025 the Company secured a new EUR 40m revolving credit facility, reducing annual interest expense by approximately NOK 18m and adding an estimated NOK 0.58-0.65 to EPS. Going forward Zalaris will have greater capacity to invest in growth and gain market share in a rapidly expanding sector.

Analysts

Fabian Frenander	Financial Analyst
Jacob Löhr	Financial Analyst

Market Data, NOK

Exchange	Oslo Stock Exchange
Shares (m)	22.1
MCAP (m)	1,926
EV (m)	2,171

Metrics & Drivers	2025E	2026E	2027E
EV/EBIT	13.5x	10.0x	8.1x
EV/EBITDA	7.9x	6.2x	5.4x
EV/S	1.5x	1.3x	1.2x
P/E	20.3x	12.5x	10.1x
ND/EBITDA	0.9x	0.7x	0.6x

Forecast, NOKm	2025E	2026E	2027E
Total Revenue	1,487.7	1,671.5	1,847.1
Rev. Growth y/y	9.6%	12.4%	10.5%
EBITDA	277.5	350.2	405.3
EBITDA Margin	18.7%	21.0%	21.9%
EBIT	161.4	220.8	268.1
EBIT Margin	10.9%	13.2%	14.5%

Major Shareholders

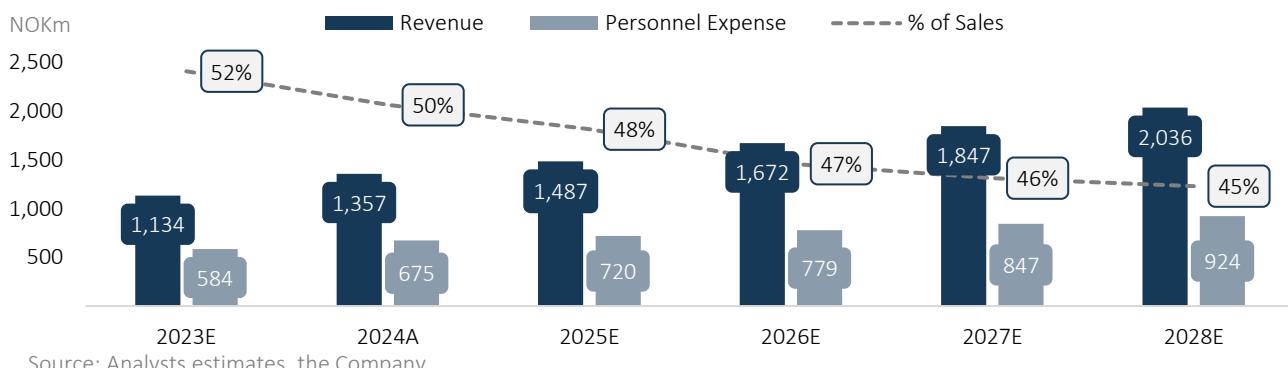
JP Morgan SE	13.5%
Norwegian Retail (CEO)	13.1%
Alfred Berg Gambak	9.5%

Price Development, NOK



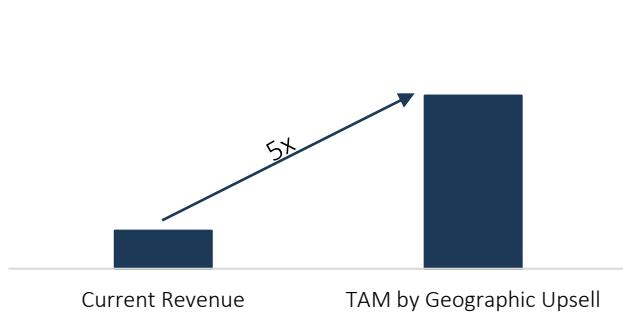
Investment Thesis in Charts

Sales Mix Shift Towards SaaS Support Decreased Hiring Needs



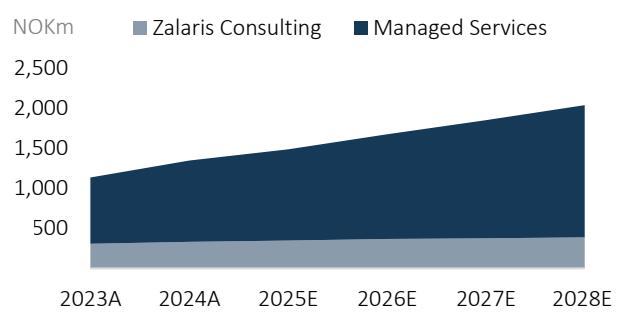
Source: Analysts estimates, the Company

TAM by Geographic Upsell is 5x Greater Than Current Revenue

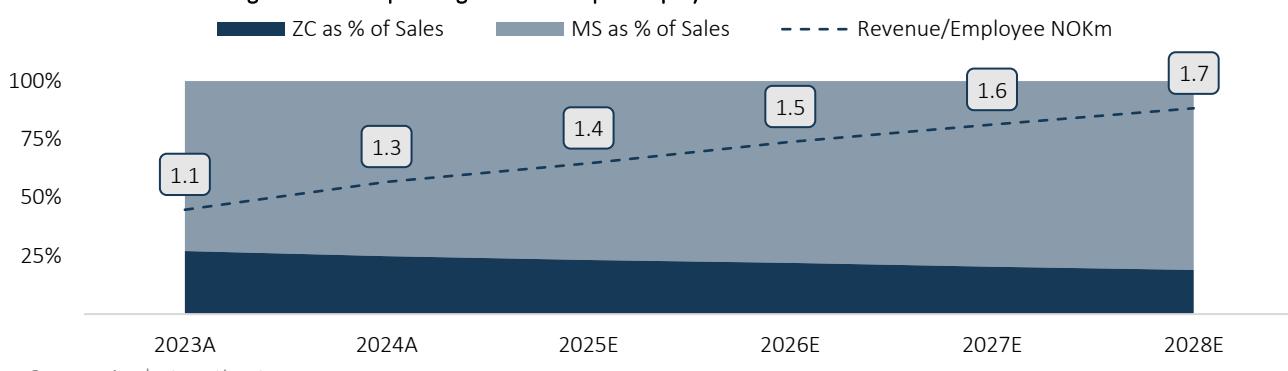


Source: Analysts estimates, the Company

Compounding Top-line Growth in Scalable Managed Services

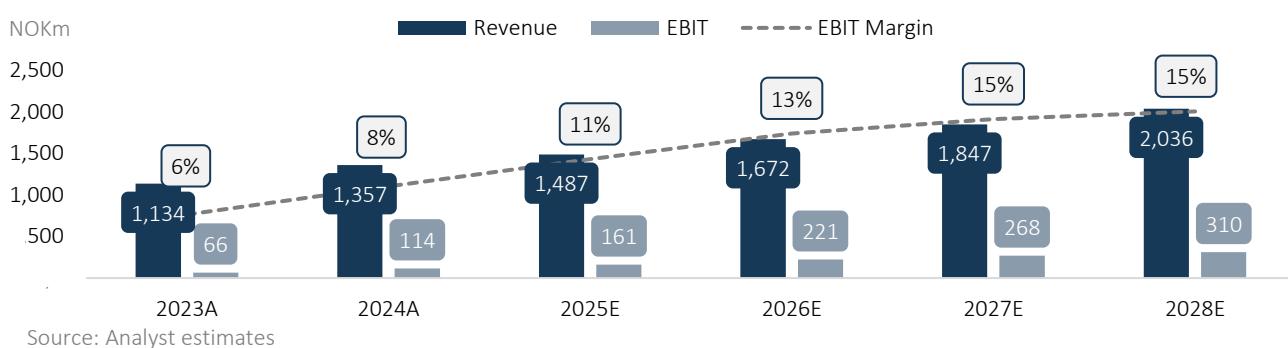


Automation within Managed Services Equals Higher Revenue per Employee



Source: Analysts estimates

Revenue & EBIT Forecast



Source: Analysts estimates

Investment Thesis

A Misperceived Business Model

Zalaris is currently perceived as a traditional HR-outsourcer or consultancy, a perception shaped by the Company's old business model and years of weak profitability following a series of poor acquisitions in 2017. The Company has since then completed a ground-up strategic overhaul and pivoted towards tech by launching a proprietary HR-platform to serve as the core offering. This transition has improved the Company's scalability, enabling higher recurring revenue, and structurally higher margin potential. Yet the market continues to anchor its perception of Zalaris to that of a labor-intensive and margin-constrained business model. As a result, the market appears to underestimate Zalaris ability to expand margins as revenue grows.

Managed Services is Evolving Toward a SaaS-like Model, Supporting Structural Margin Expansion

Managed Services constitutes the core of Zalaris earnings profile, accounting for approximately 76% of revenue and 88% of EBIT. While the Company does not disclose a revenue split within Managed Services, discussions with management indicate that the majority of new contracts are increasingly SaaS-driven, primarily combining the PeopleHub platform with payroll processing. Although legacy contracts with long durations continue to dilute margins in the near term, the ongoing shift toward SaaS-based solutions, together with a targeted automation level exceeding 99%, is expected to materially reduce labor intensity in payroll delivery. As a result, total headcount is forecasted to grow by 4% annually, reducing personnel costs as a percentage of sales down from 48% in 2025 to 46% by 2027. This, taken together with the structurally higher growth of the Managed Services division, which is estimated to increase its revenue contribution to approximately 80% by 2027, is estimated to lift EBIT margins by 360 bps, reaching 15% in 2027.

High Retention and Embedded Upsell Potential Provide Predictable, Recurring Growth

Zalaris revenue base is characterized by high stickiness, reflected in a net revenue retention of 103% and ARR churn in the range of 1-3%, which compares favorably to the HR-SaaS peer average of approximately 6%. This high level of retention not only provides superior visibility but also a strong foundation for geographic expansion within the existing customer base. The revenue opportunity from such geographic upsell represents close to 5x LTM sales, reflecting the scope for rolling out services across additional countries within existing client relationships. Capturing 10% of this opportunity over the next five years translates to approximately 8% annual revenue growth, with no contribution from new customer acquisition or contract indexation. As the Company continues to scale geographically, Zalaris is well positioned to capitalize on this land-and-expand dynamic. Especially since most of the Company's customers are blue chips in their HQ markets, and HQ practices typically set the corporate standards, eventually rolling out across other geographies.

Enhanced Balance Sheet and EU Compliance Edge Support Long-Term Value Creation

The European multi-country payroll market is expanding rapidly, estimated to grow at an approximate 9% CAGR, driven by cloud adoption, automation and rising regulatory complexity across EU labour markets. Zalaris is well positioned to capitalize on this as a multi-country specialist serving clients in 100+ countries through the Company's PeopleHub platform and country-specific compliance expertise. EU regulatory trends further reinforce Zalaris competitive position. The region's employment and payroll landscape remains highly fragmented, with complex reporting and tax rules that create material non-compliance risk for multinational employers. Zalaris deep local compliance capabilities represent a defensible advantage as customers increasingly prioritise regulatory certainty.

In addition, recent refinancing further strengthens the equity story by freeing up capital to reinvest in growth. In Q3-2025 Zalaris secured a new EURm 40 3+2 year revolving credit facility from Nordea to refinance the Company's existing EURm 40 senior secured bond. This is expected to reduce annual interest expense by NOKm 18, corresponding to an estimated EPS uplift of NOK 0.58-0.65, providing additional firepower for growth investments. In a market growing high single to double digits, where compliance, cloud delivery and multi-country coverage are key purchase criteria, the analysts expect Zalaris to leverage a sharpened balance sheet and an edge within European compliance to continue taking market share.

Company Overview

Nordic HR & Payroll Provider Established Globally

Zalaris is a Norwegian provider of technology-enabled HR outsourcing, primarily targeting large enterprises and companies with complex, multi-country payroll and people operations. The Company was founded in the year 2000 by Hans-Petter Mellerud who remains CEO and owns 13% of the Company. Zalaris core markets are the Nordics and Central Europe, accounting for 89% of sales, with an expanding presence in the UK & Ireland and select APAC markets. At the core of Zalaris offering sits PeopleHub, the Company's proprietary HR platform that streamlines different HR-processes. The value in the platform lies in enabling clients to standardize, automate and centrally manage payroll and other HR processes across geographies. On top of this platform, Zalaris delivers varying levels of outsourced payroll and HR services, allowing customers to tailor the degree of operational responsibility transferred to Zalaris while maintaining a single system interface.

Business Model

Managed Services

Managed Services is the Company's largest segment standing for 76% of revenue. More than 90% of that revenue is recurring in the form of long service contracts typically spanning between 5-7 years. Due to the stickiness of the product, churn is below 3%, and upsell makes up a significant portion of annual sales. Zalaris differentiates by being highly flexible, ensuring that the complex needs of the Company's core clients, large enterprises, are met. This is achieved by combining local regulatory expertise with a right-shoring delivery model, allowing Zalaris to offer customized, scalable solutions while maintaining compliance and cost efficiency.

Zalaris Consulting

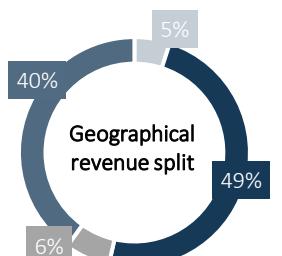
Zalaris Consulting focuses on advising HR-platform implementations, more specifically implementation and maintenance of SAP's SuccessFactors system. Revenue from this segment is mostly project-based with some recurring revenue from application maintenance contracts. The segment plays a strategically important role in growth. Given that the PeopleHub platform can integrate on top of SAP's SuccessFactors, consulting engagements often serve as the entry point for clients into the higher-margin Managed Services segment. Essentially working as a feeder for Managed Services.

Market Overview

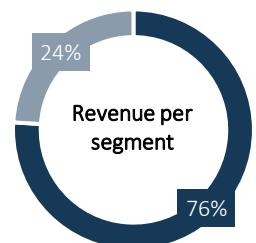
Structural Tailwinds Within a Fragmented Market

The market for outsourced payroll and HR administration is supported by strong structural tailwinds, including increasing regulatory complexity, cross-border workforce expansion and continued migration towards cloud-based HR models. The industry is expected to grow with a 9% CAGR, driven by strong client demand, with Europe representing one of the most attractive regions due to stringent compliance requirements and fragmented local regulations. The payroll and HR services market remains highly fragmented, characterized by a long tail of local and regional providers alongside a limited number of global scale players such as ADP and Paychex. While large vendors dominate multinational enterprise accounts, smaller providers typically serve single-country or niche segments, creating a structurally fragmented competitive landscape that favors consolidation and platform-led differentiation. Zalaris is well positioned within the competitive landscape as a multi-country provider, combining proprietary platform capabilities with recurring Managed Services and transformation contracts. This offering aligns with customer demand for vendor consolidation, compliance assurance, and predictable cost structures, positioning the Company to capture share in a growing and increasingly institutionalized market focused on standardized, scalable delivery and long-term outsourcing.

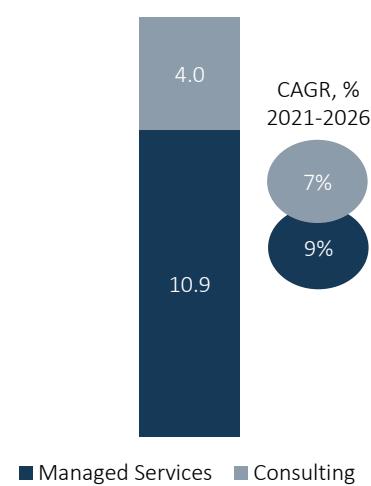
■ APAC ■ Northern Europe
■ UK & Ireland ■ Central Europe



■ Managed Services
■ Zalaris Consulting



European Market Size 2026E, EURbn



Valuation

Discounted Despite Leading Growth, Expanding Margins & Scalable Business Model

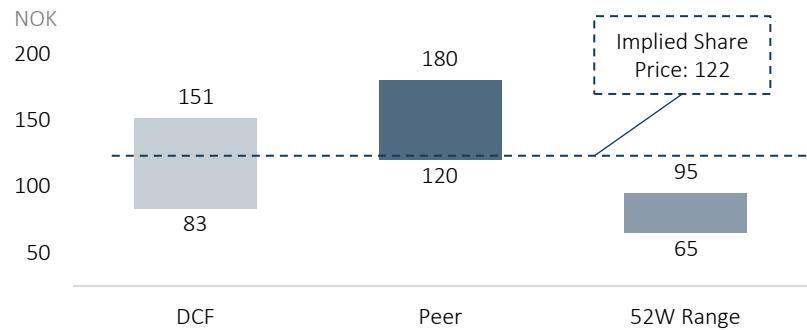
The analysts forecast indicate that Zalaris will continue to trade at a discount relative to peers based on the 2027 EV/EBIT multiple, despite similar operational characteristics and improving financial performance. The relative valuation is constructed using two peer groups: Nordic IT-consultancy firms and large HR-SaaS companies, reflecting the Company's hybrid position and transformation to a more SaaS-driven company. Zalaris is expected to deliver an 11% revenue CAGR through 2027, alongside a significant margin expansion from 11% EBIT-margin in 2025 to 15% in 2027. To reflect current financial maturity, the peer valuation is weighted 75/25 toward IT-services peers, as Zalaris today aligns more with firms such as Exsitec in terms of scale and profitability, while HR-SaaS/BPO peers like ADP are more comparable from a business model and long-term scalability perspective. The comparative valuation demonstrates that the market currently prices Zalaris in line with lower-margin IT-services businesses rather than with higher-multiple HR-software companies. While Nordic IT peers trade on LTM EV/EBIT multiples around 17x, HR-SaaS peers command materially higher multiples, reflecting high scalability. As Zalaris expands margins and recurring revenue base, the potential for multiple re-rating becomes increasingly tangible. Selected peers suggest a target multiple of 12.2x 2027 EV/EBIT. Based on this valuation the implied upside is 57% corresponding to a target price of 136 NOK.

	Peer Table	Currency	Market Cap	Enterprise Value	Sales CAGR	ND/EBITDA	EBIT Margin	EBIT Margin	EV/EBIT	EV/EBIT
	Company		Millions	Millions	25E-27E	LTM	2025E	2027E	LTM	2027E
Payroll Software	ADP	USD	106,286	112,991	5.8%	1.0	26.3%	27.3%	20.1	16.9
	Paychex	USD	40,839	44,540	11.1%	4.0	42.5%	43.4%	19.9	14.9
IT-services	Paylocity	USD	7,862	7,685	8.3%	(0.4)	30.3%	31.9%	26.1	14.2
	Average		51,662	44,072	8.4%	1.5	33.0%	34.2%	22.0	15.3
	Median		40,839	44,540	8.3%	1.0	30.3%	31.9%	20.1	14.9
	Bouvet	NOK	6,693	6,671	7.7%	0.0	12.5%	12.7%	13.4	11.1
	Itera	NOK	641	676	8.7%	0.5	5.4%	8.7%	17.3	8.2
	Exsitec	SEK	2,149	2,465	7.9%	1.8	14.1%	15.5%	22.3	14.8
	Average		3,161	3,271	8.1%	0.8	10.7%	12.3%	17.7	11.4
	Median		2,149	2,465	7.9%	0.5	12.5%	12.7%	17.3	11.1
	Zalaris	NOK	1,939	2,242	10.8%	0.9	10.9%	14.5%	13.9	8.1

Weighted 75% DCF & 25% Due to Lack of Optimal Peers, Implies an Upside of 40%

The DCF is based on a terminal growth rate of 2% and a WACC of 10.2% resulting in an implied equity value of NOKm 2,594 yielding a 36% upside. The terminal growth assumptions reflects a stable long-term demand outlook and high recurring revenue streams. The WACC is derived from a capital structure consistent with Zalaris risk profile capturing both operational and financial risk. The valuation is driven by expanding free cash flow generation, with FCFF anticipated to rise from NOKm 90 in 2025 to NOKm 223 in 2030.

DCF Breakdown, NOKm	
Sum of PV of FCF	1,369
PV of Terminal Value	1,470
Implied EV	2,839
Net Debt	245
NOSH (m)	22
Implied Equity Value	2,594
Implied Share Price, NOK	117
Share Price, NOK	87
Implied Upside	36%



Appendix: Income Statement

Income Statement, NOKm	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	1,134.0	1,356.8	1,486.7	1,671.5	1,847.1	2,036.0	2,169.8	2,309.7
Total revenue	1,134.0	1,356.8	1,486.7	1,671.5	1,847.1	2,036.0	2,169.8	2,309.7
Personnel expenses	(584.3)	(674.8)	(720.3)	(779.0)	(846.6)	(924.5)	(985.4)	(1,048.9)
Other operating expenses	(385.4)	(455.7)	(488.9)	(542.3)	(595.2)	(656.0)	(689.3)	(733.7)
EBITDA	164.3	226.3	277.5	350.2	405.3	455.5	495.2	527.1
EBITDA margin	14.5%	16.7%	18.7%	21.0%	21.9%	22.4%	22.8%	22.8%
D&A	(93.7)	(112.6)	(116.1)	(129.4)	(137.2)	(145.5)	(151.6)	(158.6)
EBIT	70.6	113.7	161.4	220.8	268.1	310.0	343.5	368.5
EBIT margin	6.2%	8.4%	10.9%	13.2%	14.5%	15.2%	15.8%	16.0%
Net financial items	(74.2)	(64.2)	(39.3)	(23.8)	(24.3)	(24.9)	(25.3)	(25.7)
EBT	(3.7)	49.5	122.1	197.0	243.8	285.1	318.2	342.8
Taxes	0.8	(16.0)	(26.9)	(43.3)	(53.6)	(62.7)	(70.0)	(75.4)
Net income	(2.9)	33.4	95.2	153.6	190.2	222.4	248.2	267.4
Net income margin	(0.3%)	2.5%	6.4%	9.2%	10.3%	10.9%	11.4%	11.6%

Source: Analysts Estimates, the Company

Appendix: DCF Analysis

FCFF, NOKm	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E
NOPAT	55	89	126	172	209	242	268	287
D&A (+)	94	113	116	129	137	146	152	159
D&A rights of use (-)	23	26	29	30	30	31	32	32
Capex (-)	123	149	117	130	143	157	167	177
Change in NWC (-)	42	13	6	18	18	19	13	14
FCFF	(39)	13	90	123	155	181	208	223

NOPAT					
TGR	Bear Scenario		Base	Bull Scenario	
	(20%)	(10%)		0%	20%
1.0%	78	94	109	125	141
1.5%	80	97	113	129	146
2.0%	83	100	117	134	151
2.5%	87	104	122	139	157
3.0%	91	109	127	145	164



 Bear scenario implies a 2030 EBIT margin of 12.5%



 Bull scenario implies a 2030 EBIT margin of 19.1%

WACC					DCF Breakdown, NOKm
8.2%	9.2%	10.2%	11.2%	12.2%	Sum of PV of FCF
1.0%	147	126	109	96	1,369
1.5%	154	131	113	99	PV of Terminal Value
2.0%	163	137	117	102	2,594
2.5%	172	143	122	106	Implied Equity Value
3.0%	184	151	127	109	Implied Share Price, NOK
					117
					Shares Outstanding (m)
					22
					Implied Upside
					36%

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