Staffing | Professionals | Search & Selection | HR Solutions | Inhouse Services

1st quarter results 2012

Q1 2012: revenue holding up

revenue up 12% and diluted earnings per share up 3%

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Randstad Holding nv
April 26, 2012

disclaimer & definitions

Certain statements in this document concern prognoses about the future financial condition, risks, investment plans and the results of operations of Randstad Holding and its operating companies as well as certain plans and objectives. Obviously, such prognoses involve risks and a degree of uncertainty since they concern future events and depend on circumstances that will apply then. Many factors may contribute to the actual results and developments differing from the prognoses made in this document. These factors include, but are not limited to, general economic conditions, a shortage on the job market, changes in the demand for (flexible) personnel, changes in legislation (particularly in relation to employment, staffing and tax laws), the role of industry regulators, future currency and interest fluctuations, our ability to identify relevant risks and mitigate their impact, the availability of credit on financially acceptable terms, the successful completion of company acquisitions and their subsequent integration, successful disposals of companies and the rate of technological developments. These prognoses therefore apply only on the date on which this document was compiled. Quarterly figures are unaudited.

EBITA: operating profit before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs

organic growth is measured excluding the impact of currency effects, acquisitions, disposals and reclassifications. When calculating growth, SFN group is included on pro forma basis in 2011 and therefore not excluded as acquisition effect

diluted EPS is measured before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs

agenda

- performance
- financial results & outlook
- Q&A

performance

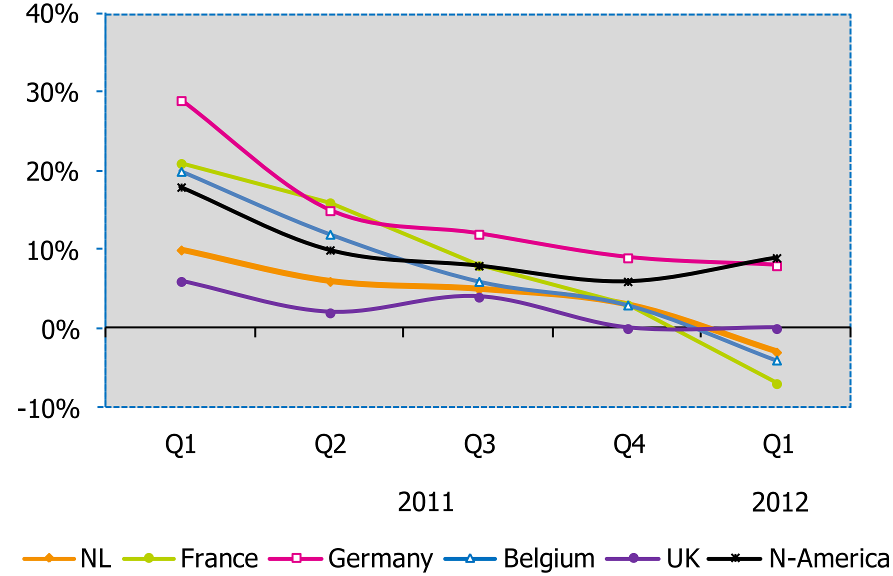
diverging trends continue

- growth in European markets has continued slowing down

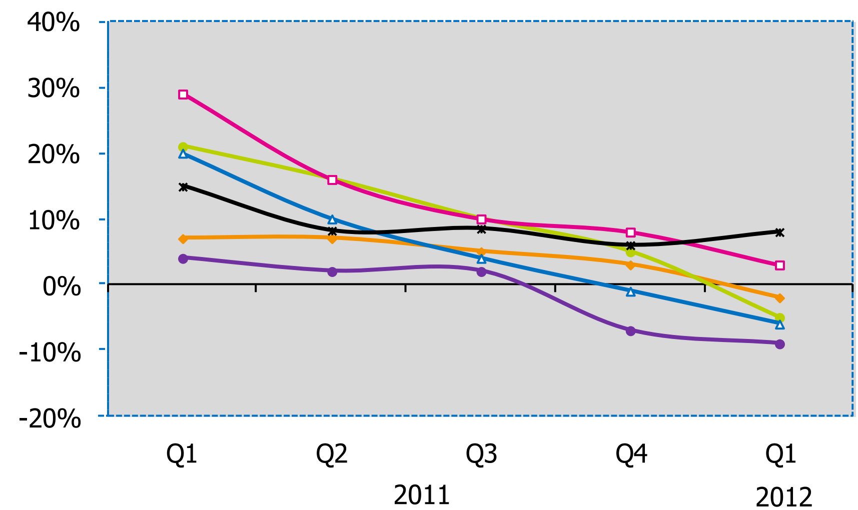
- North-America remains solid across most segments

- seasonal trends remained visible in most countries

quarterly market growth (YoY)



quarterly Randstad growth* (YoY)



* organic growth/wd

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Q1 2012: growth is holding up

- revenue amounted to € 4,152 million (+0% YoY organically per wd)
  - organic growth per working day from 0% in January to +1% in March
  - North America from +6% in Q4 to +8% in Q1
  - Europe from +3% in Q4 to -/- 3% in Q1
  - Rest of the World from +4% in Q4 to +5% in Q1

- gross margin from 18.1% to 18.0% YoY
  - pro forma Q1 2011 gross margin 18.3% (SFN Group +20bps)
  - temp margin down 30 bps YoY

- operating expenses* amounted to € 638 million, flat vs. Q4
  - number of FTEs reduced by 3% sequentially
  - wage inflation in various countries

- EBITA* from € 109 million to € 110 million
  - EBITA margin 2.7% vs. 2.9% LY
  - adjusted for integration costs of € 6.4 mln

* before integration costs

Q1 2012: financial key points

- effective tax rate* amounted to 33% (Q1 11: 31%)
  - guidance full year 2012 unchanged : 29-32%

- diluted EPS* up 3% to € 0.39 vs. € 0.38 in Q1 2011

- DSO improved by 1 day to 53 days

- free cash flow amounted to € 58 million in Q1 vs. € 130 million LY
  - unwinding trade receivables vs. timing in payment of trade and other payables
  - timing in payment of corporate income taxes in Q1 2011

- leverage ratio 1.7 (down vs. Q4), below our maximum of 2

* before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs & one-offs

North America: continued solid trends

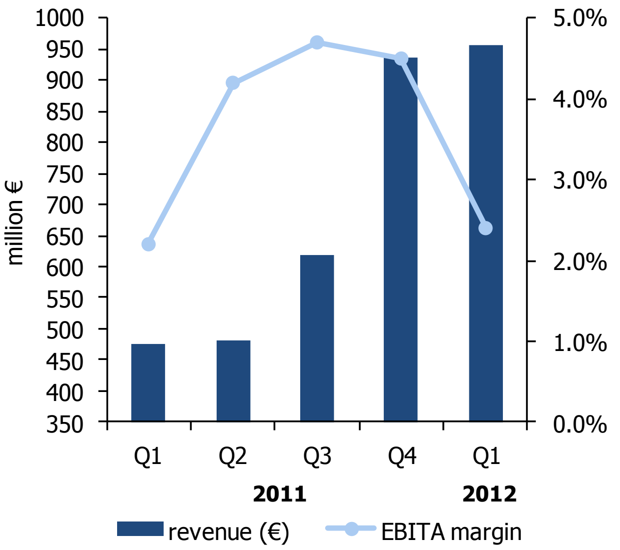
- organic revenue/wd +8%
  - continued strong growth US staffing & professionals
  - growth trend Canada softened
  - perm up 16% organically

- US staffing & inhouse up 6%
  - accelerated growth in inhouse
  - administrative segment main driver
  - strong growth in perm (+37%)

- US professionals up 13%/wd
  - market outperformance
  - growth in all sectors
  - continued double-digit growth in perm

- EBITA margin 2.4% vs. 2.2% LY
  - on a pro forma basis Q1 2011 was 1.8%
  - investments in RPO and higher commissions
  - synergies on track (€ 3.8 million in Q1 2012)

revenue & EBITA margin



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SFN integration well on track

integration process

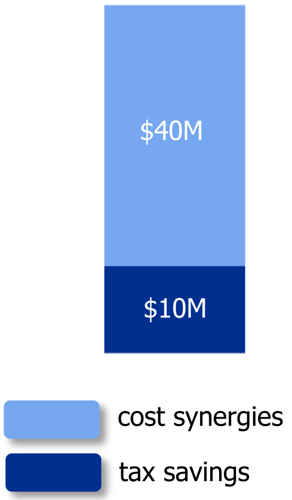
- integration process is well on track

- physical integration staffing business started
- integration professionals starts in Q3 2012
- integration costs Q1: € 6.4 million (total: € 18.9 million)

synergies

- full amount of synergies expected to be materialized in the course of 2013
- synergies of € 3.8 million in Q1, slightly up vs. Q4

annual synergies



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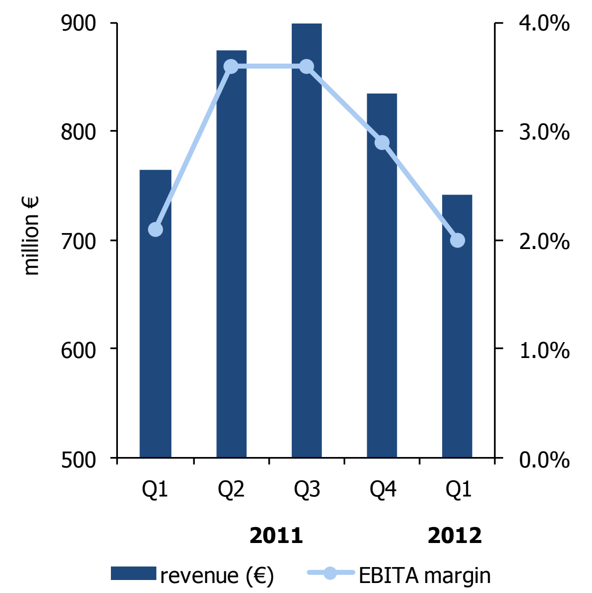
France: gaining market share

- revenue down 5%/wd (Q4: +5%)
  - continues to gain market share
  - staffing & professionals slowing down
  - automotive & manufacturing remain drivers in staffing
  - continued strong growth in inhouse

- continued focus on client profitability
  - limited impact in Q1

- EBITA margin to 2.0% (vs. 2.1% LY)
  - blue collar segments main drivers
  - higher share large clients in revenue mix
  - slightly higher wage taxes
  - refined calculation method subsidies

revenue & EBITA margin



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the Netherlands: mixed picture

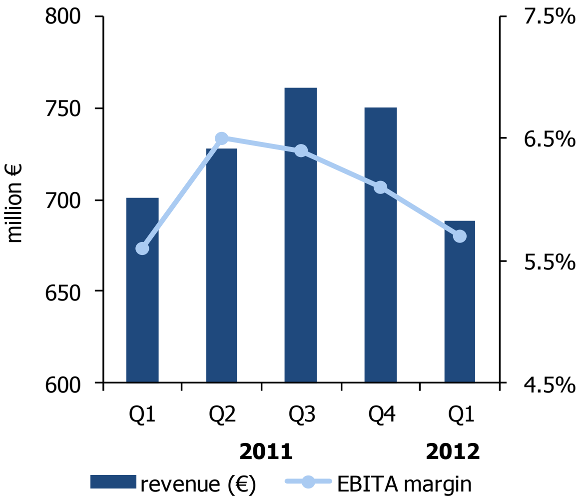
- revenue/wd down 2% (Q4: +3%)
  - Randstad continues to gain market share
  - Tempo-Team gained market share in blue collar
  - revenue decline at Yacht stable at low single digit rate

- public sector related business up 6% YoY
  - strong growth at Randstad

- growth private sector down 3% (Q4: +3%)
  - decline in industrial and technical sectors in line with market

- EBITA margin 5.7% (vs. 5.6% LY)
  - reinforce client profitability
  - exploring new delivery models
  - blue collar and payroll services main drivers
  - competitive environment remains challenging
  - contribution from Yacht
  - book profit divestment of € 2.0 M

revenue & EBITA margin



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Germany: challenging environment

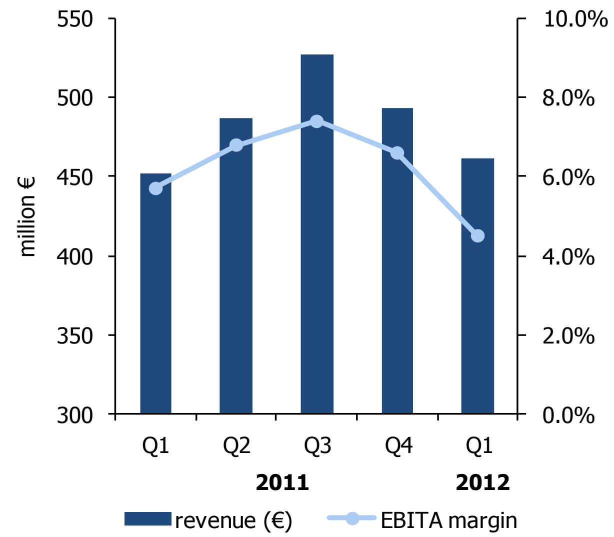
- organic revenue up 3% p/wd (Q4: +8%)
  - significant price effect following changes in CLA
  - volumes gradually slowing down, seasonal pattern less visible
  - growth inhouse still strong at +13%
  - automotive and manufacturing main drivers

- gross margin decline in inhouse and staffing:
  - higher share large clients in mix
  - price pressure
  - 3 more public holidays in FY 2012
  - idle time
  - higher salary costs during holidays

- professionals still strong at +15% (+13% in Q4)
  - continued growth in IT

- EBITA margin 4.5% (vs. 5.7% LY)
  - margin improvement program

revenue & EBITA margin



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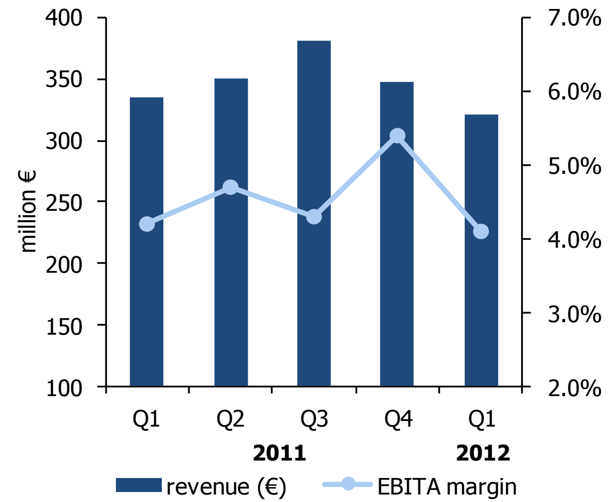
Belgium: good performance

- revenue/wd -/-6% (Q4: -/-1%)
  - decline softening through the quarter, March at -/-3%
  - inhouse down 8% against a strong comparison base
  - solid performance in HRS
  - professionals showed continued growth

- EBITA margin at 4.1% (vs. 4.2% LY)
  - good cost control maintained

revenue & EBITA margin



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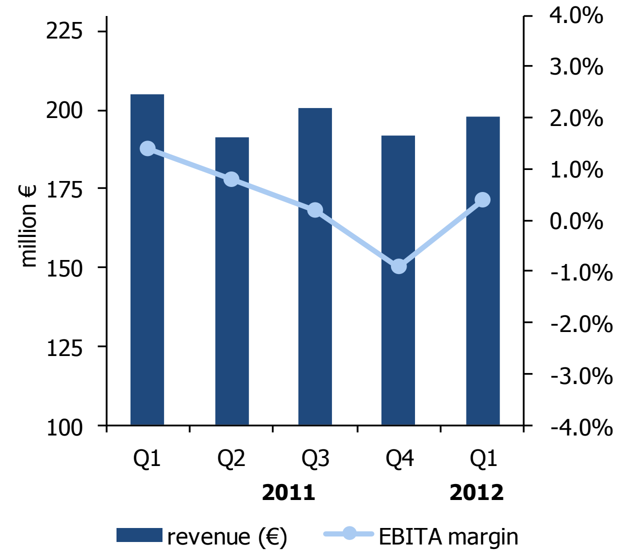
UK: some signs of improvement

- revenue/wd -/- 9% (Q4: -/- 7%)
  - decline eased throughout the quarter to -/- 5% in March
  - public sector stable at -/- 16% vs. Q4 2011
- professionals gradually strengthening
  - good performance in finance and engineering
  - education improving
- inhouse -/- 10% (Q1 2011: +54%)
  - strong comparison base
  - continued focus on client profitability
- perm fees -/- 19% (Q4 2011: -/- 15%)
- EBITA margin 0.4% vs. 1.4% LY
  - cost base adjusted in line with trends
  - optimizing operating model ongoing

revenue & EBITA margin



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segment performance

Staffing in € million	Q1 2012	Q1 2011	*% organic*
revenue	2,563.0	2,400.1	*-/- 4%*
EBITA	68.7	74.8	*-/- 10%*
EBITA margin	*2.7%*	*3.1%*	

- industrial segments main drivers
- strong growth in North America
- gradual slowdown across Europe
- addition of SFN with below average EBITA margin

Inhouse in € million	Q1 2012	Q1 2011	*% organic*
revenue	707.3	594.3	*17%*
EBITA	24.1	19.6	*21%*
EBITA margin	*3.4%*	*3.3%*	

- France, Germany and US main drivers
- strong comparison base
- increased share at existing clients
- transfer of SFN business to inhouse (adjusted organic growth is +5%)

Professionals in € million	Q1 2012	Q1 2011	*% organic*
revenue	882.1	705.6	*5%*
EBITA	30.4	26.3	*3%*
EBITA margin	*3.4%*	*3.7%*	

- growth led by IT & engineering
- impact public sector in UK & NL
- slowdown in perm fees in Europe
- investments growth accelerator
- addition of SFN with below average EBITA margin

revenue development per industry segment

Segments	USA	Germany	France	Netherlands
Manufacturing	++	o	-	o
Automotive	++	o	++	-
Food	-	+	o	o
Transport	o	o	o	o
Business services	++	o	o	o
Financial services	o	-	--	o
IT services	+	++	-	-
Public sector	o	+	o	+
Health & social work	++	++	o	-

update legislative environment

country	state of play	equal pay	additional info
Belgium	transposition AWD pending	no change: equal pay from day 1	1. broadening reasons for use (steppingstone) 2. public sector to be opened
Italy	transposition AWD completed by decree on April 6, 2012	no change: equal pay from day 1	1. lifting reasons for use for target groups 2. general labor reform still pending
Spain	transposition AWD is (partly) completed	no change: equal pay from day 1	1. ban on exclusivity to be lifted 2. review lifting restrictions pending 3. general labor reform still pending
Japan	new agency work regulation effective per October 2012	• no equal pay • no total ban on daily contracts • no substantial changes	review of 26 job profiles to be expected (clear & comprehensible)

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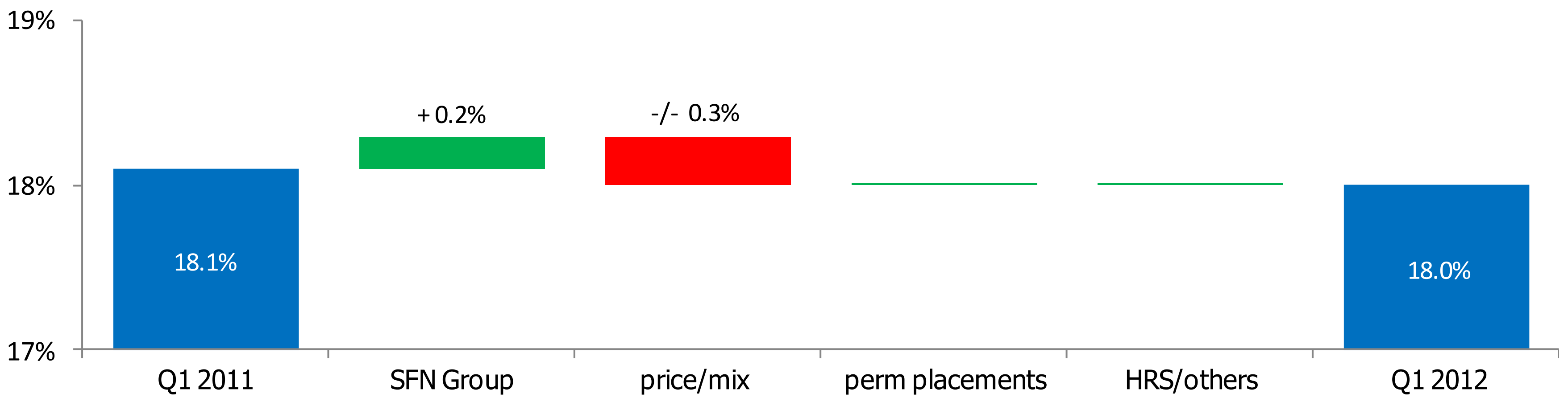
income statement Q1 2012

€ million	Q1 2012	Q1 2011	% change	% organic
Revenue	4,152	3,700	*12%*	*1%*
gross profit	748	671	*12%*	*-1%*
gross margin	*18.0%*	*18.1%*		
operating expenses*	638	562	*14%*	*0%*
opex as % of revenue	*15.4%*	*15.2%*		
EBITA*	**110**	**109**	***2%***	***-3%***
*EBITA margin**	*2.7%*	*2.9%*		
reported EBITA	**104**	**109**		
amortization & impairment	-/- 55	-/- 41		
net finance income/(costs)	-/- 7	-/- 11		
income before taxes	**41**	**57**		
tax	-/- 12	-/- 17		
net income	**29**	**40**		
*adjusted net income***	*67*	*66*		
*diluted EPS****	*0.39*	*0.38*		

* before integration costs
** attributable to holders of ordinary shares
*** before amortization and impairment acquisition-related intangible assets and goodwill and integration costs

gross margin Q1 2012

YoY gross margin development



- SFN contributes 20 bps to Q1 2011
- temp margin affected by ongoing changes in business mix and margin effects in Germany, NL and UK
- perm fees were 9.9% of gross profit (vs. 9.6% Q1 2011)

selected balance sheet items

€ million	March 31, 2012	March 31, 2011
trade and other receivables	2,941	2,701
less: trade and other payables	2,291	2,185
operating working capital*	**650**	**516**
cash & cash equivalents	355	280
less: current borrowings	39	95
less: non-current borrowings	1,528	931
net debt	**1,212**	**747**
DSO, days sales outstanding	*53*	*54*
leverage ratio	*1.7*	*1.2*

* operating working capital is trade and other receivables minus current part financial fixed assets minus trade and other payables

consolidated cash flow statement

€ million	Q1 2012	Q1 2011
EBITDA	124	129
usage of OWC	-/- 29	-/- 2
income taxes (paid)/received	-/- 17	23
provisions and other	-/- 8	-/- 5
net additions in PPE and software	-/- 12	-/- 15
financial receivables/dividend associates	-	-
free cash flow	**58**	**130**

€ million	Q1 2012
free cash flow	**58**
net acquisitions/disposals/buyouts	8
issue of ordinary shares	1
net finance costs paid	-/- 6
translation effects & others	30
net debt decrease Q4 2011–>Q1 2012	**91**

outlook

- growth per working day from 0% in January to +1% in March
- seasonal patterns remain visible across most countries
- growth in North America accelerated; decline in Europe
- operating expenses expected to be slightly up in Q2 vs. Q1
- field steering ensures adaptability and drives productivity

Q&A

appendices

drivers effective tax rate

effective tax rate* was up to 33% (vs. 31% in Q1 2011)

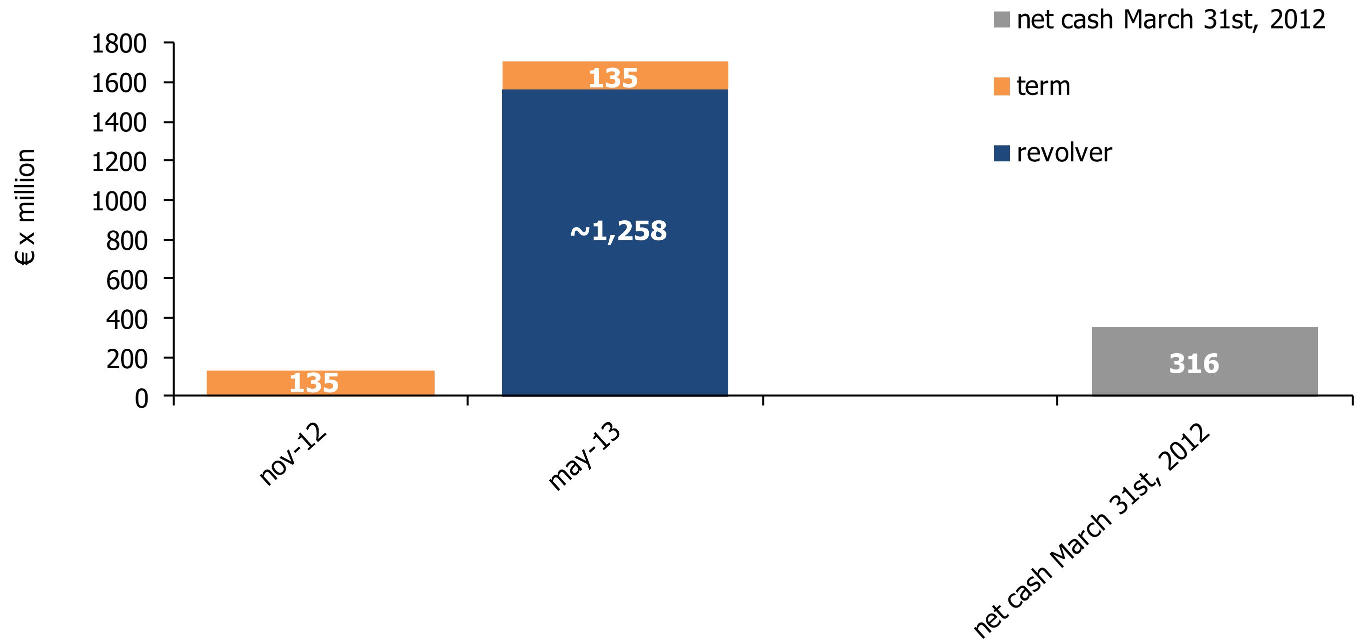
- change in geographical mix: high growth in countries with above average tax rates
- as our results improve, the relative effect of the tax planning measures decreases
- full year 2012 guidance unchanged: 29%-32%

driver / impact	effective* tax rate	cash tax rate	explanation
growth operating companies and mix effects	+	+	higher weight countries with high CIT rate and impact of permanent differences, based on current tax planning
changes in corporate income tax (CIT) rate	+ or -/-	+ or -/-	dependent on direction of change
repayment € 131 m. (Dutch tax)		+	ultimately 2012
payment regarding recapture obligation		+	tax payment NL based on German profits
timing differences		+ or -/-	dependent on changes in deferred taxes

* tax rate on the underlying profit before tax (before amortization and impairment acquisition-related intangible assets and goodwill and integration costs)

debt facilities & repayment schedule existing facility

repayment schedule

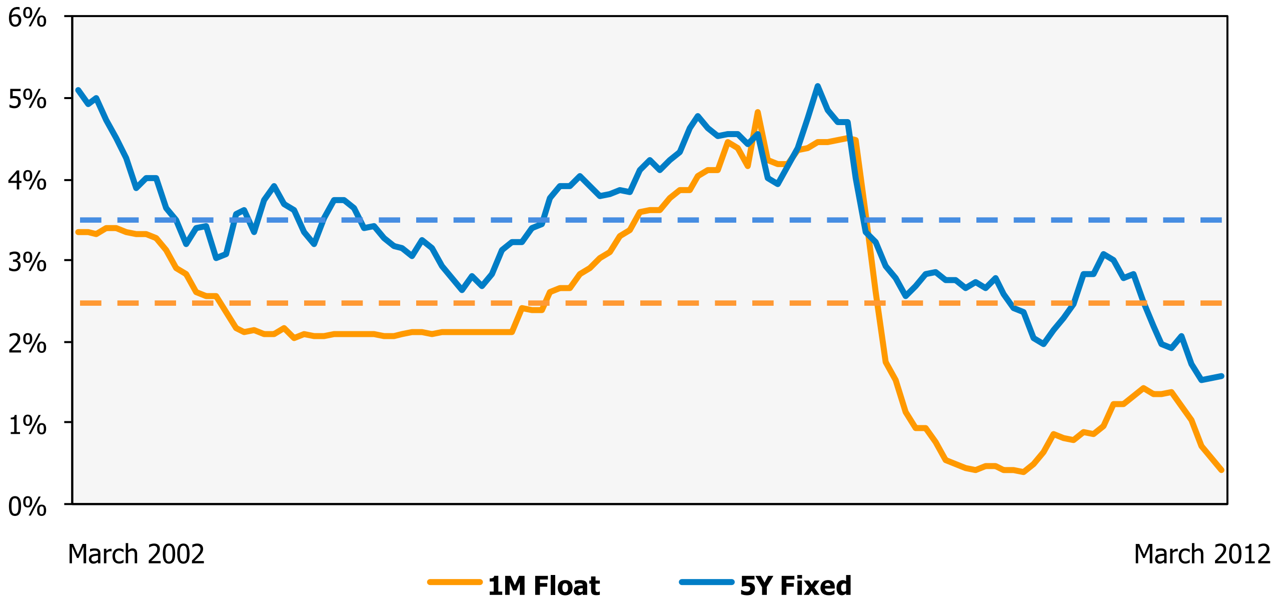


- covenant; net debt/EBITDA* of max. 3.5
  - at the end of Q1 2012 the net debt/EBITDA ratio was 1.7
- syndicated credit facility amounts to € 1,890 million
- new facility (€ 1,3 billion) becomes available as of May 2013

* EBITDA; 12 months rolling back

financing: fixed vs. floating interest rates

10 year historical interest rates comparison 1M vs 5Y



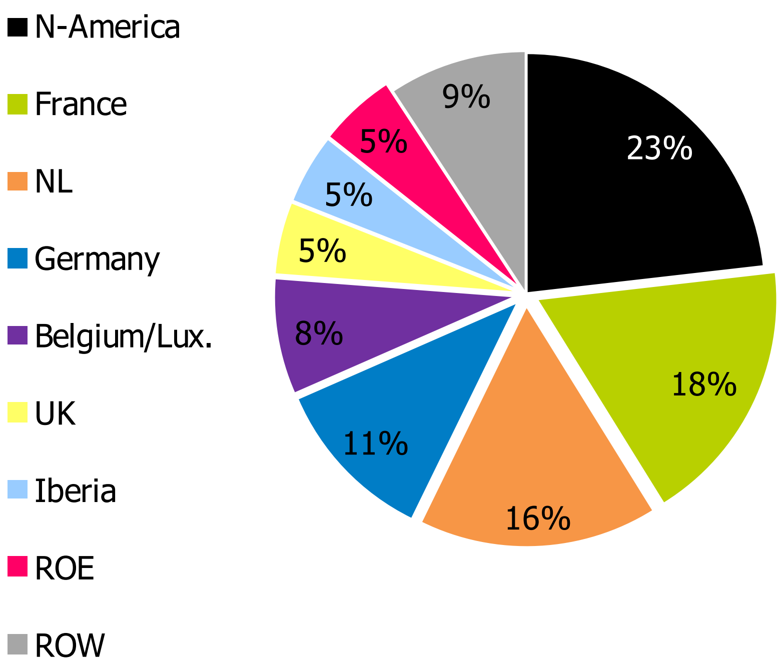
average fixed rate = 3.5%

average floating rate = 2.5%

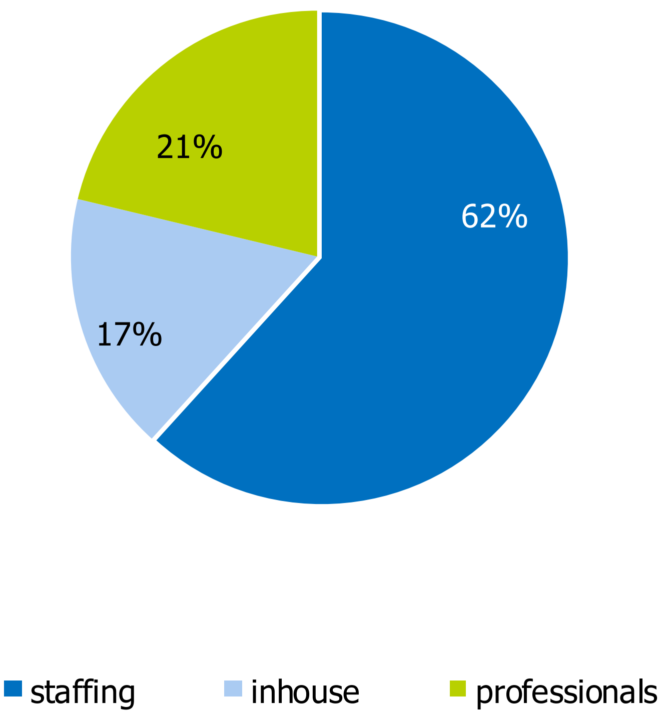
- we use floating interest rates as a natural hedge
  - spread above Euribor of 50-115 bps

revenue split Q1 2012

geographical area

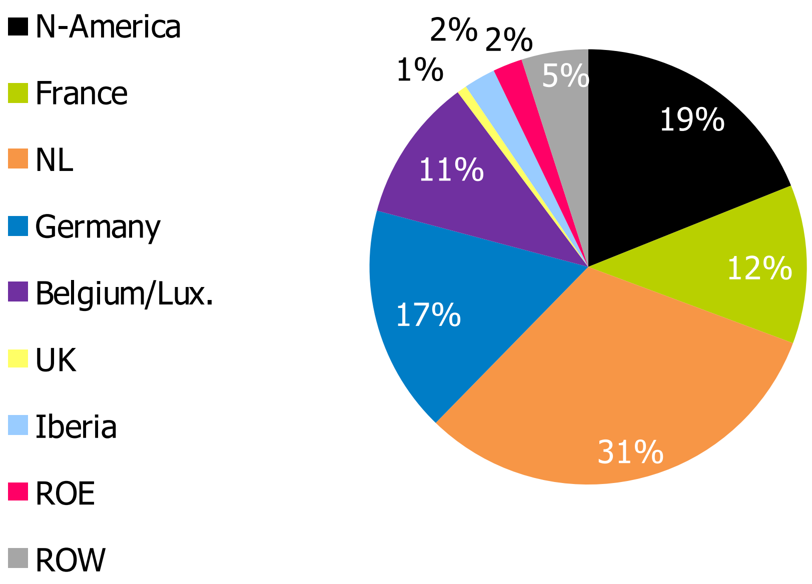


revenue categories

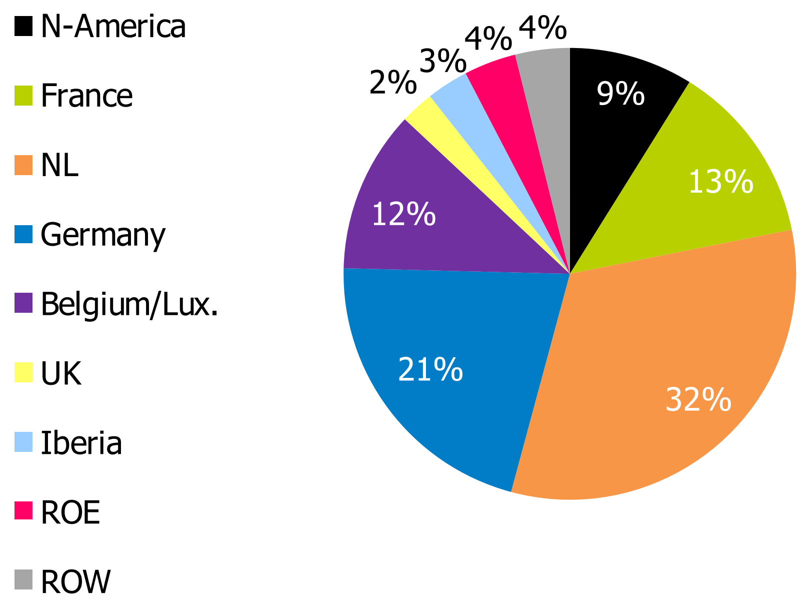


EBITA breakdown by geography

Q1 2012



Q1 2011



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outlets* by country

end of period	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
North America	1,074	1,089	1,090	485	487
France	862	882	896	889	896
the Netherlands	696	717	734	739	746
Germany	557	554	555	530	516
Belgium/Lux	350	359	363	367	367
United Kingdom	246	255	283	275	278
Iberia	273	277	278	272	268
Other Europe	335	333	332	330	322
Rest of world	252	245	253	296	305
total	**4,645**	**4,711**	**4,784**	**4,183**	**4,185**

* branches and inhouse locations

corporate employees by country

average	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
North America	6,440	6,450	4,310	3,070	3,010
France	3,960	4,010	4,000	3,910	3,870
the Netherlands	4,870	5,150	5,220	5,170	5,190
Germany	2,940	3,020	3,020	2,940	2,880
Belgium/Lux.	2,030	2,120	2,180	2,110	2,080
United Kingdom	1,840	1,930	1,930	1,960	1,990
Iberia	1,410	1,470	1,500	1,460	1,450
Other Europe	1,830	1,850	1,830	1,790	1,730
Rest of world	4,530	4,900	4,900	4,870	4,850
Holding	180	180	180	170	160
total	**30,020**	**31,080**	**29,070**	**27,450**	**27,210**

staffing employees by country

averages	Q1 2012	Q1 2011
North America	104,200	55,200
France	80,700	86,100
the Netherlands	81,400	86,100
Germany	50,300	52,700
Belgium/Lux.	40,100	42,900
United Kingdom	21,700	24,700
Iberia	43,900	47,500
Other Europe	34,900	37,000
Rest of world	109,900	104,500
total	**567,100**	**536,700**