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

# 2nd quarter results 2009

*organic revenue decline stable through the quarter (-31%)*

*operating costs 24% lower than Q2 2008*

Ben Noteboom, CEO
Robert-Jan van de Kraats, CFO

Randstad Holding nv
July 29, 2009

# disclaimer

Certain statements in this document comprise forecasts on Randstad Holding's future financial condition and results from operations and certain plans and goals. By their nature, such forecasts generate risk and uncertainty because they concern events in the future and depend on circumstances which then apply. Any number of factors can cause actual results and developments to deviate from those expressed in the forecasts stated here. Such factors can be, but are not limited to, general economic conditions, scarcity on the employment market, the variation in the demand for (flexible) personnel, changes in employment legislation, future currency exchange rates and interest rates, future corporate mergers, acquisitions and divestments and the speed of technical change. The forecasts speak only as at the date of this document. Quarterly figures and pro forma figures are unaudited.

# structure of presentation

- Q2 2009 results include the quarterly consolidated figures of Vedior
  - consolidation as per 16 May, 2008
- from revenue up until EBITA: focus on the pro forma figures
  - best reflection of underlying operational performance
  - adjusted for integration charges and one-offs
  - with Vedior included for a full quarter, pro forma & actual revenue etc. are equal in Q2 2009, but we compare versus Q2 2008 where we were not yet a combined company for the full quarter
- below EBITA: focus on actual results, balance sheet and cash flow statement
  - to reflect the impact of the transaction

# agenda

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

- performance
- financial results & outlook
- summary

# performance

# flexibility: better employment for everyone*


Jetta Klijnsma, State Secretary of Social Affairs & Employment:

*"What we really need right now, is flexibility.*

*This is the moment for the staffing industry to profile itself.*

*Agencies are a place where you find work, qualified personnel, and structural services.*

*Millions of jobs are filled through staffing agencies, which makes your industry the biggest employer in the country."*

* adaptation of CIETT chart



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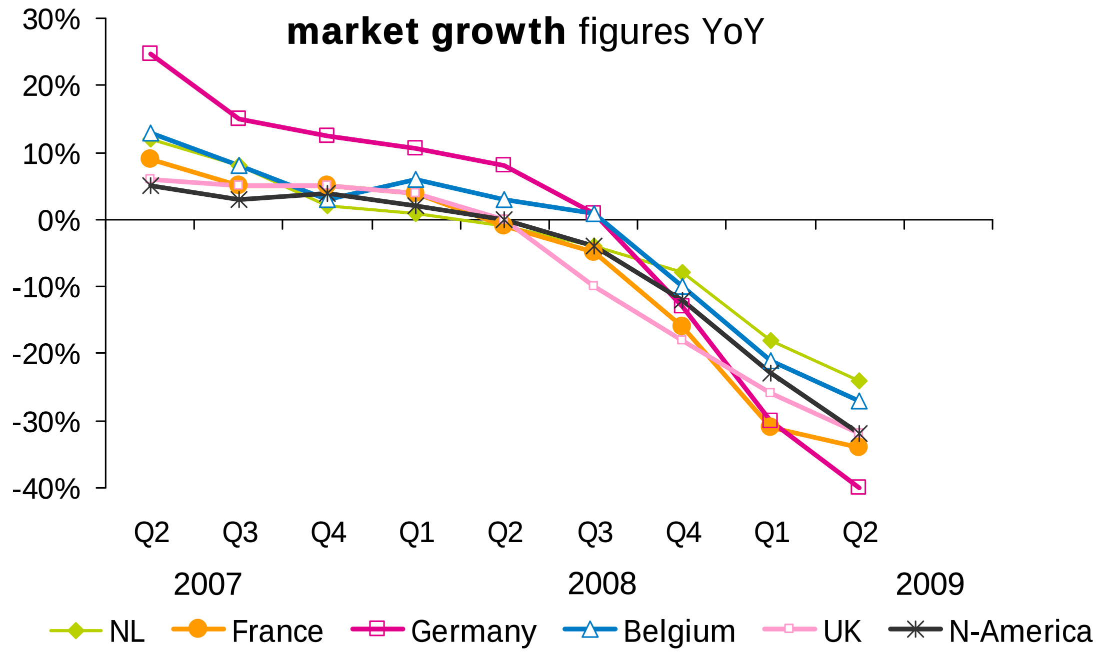
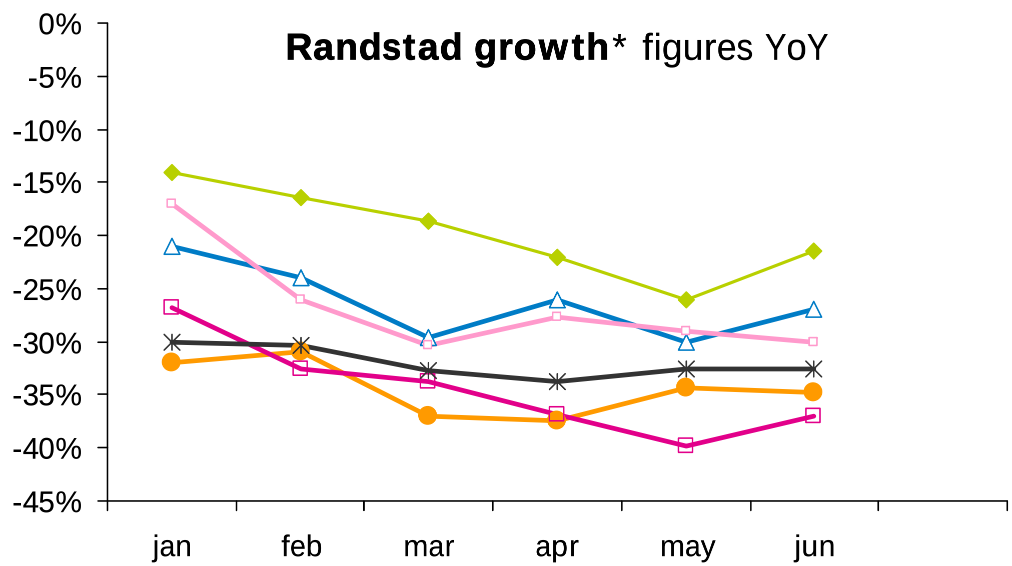
# revenue development

- in previous quarters market growth worsened month by month
- in Q2 2009 the rate of decline showed some stability in most markets




* organic growth per working day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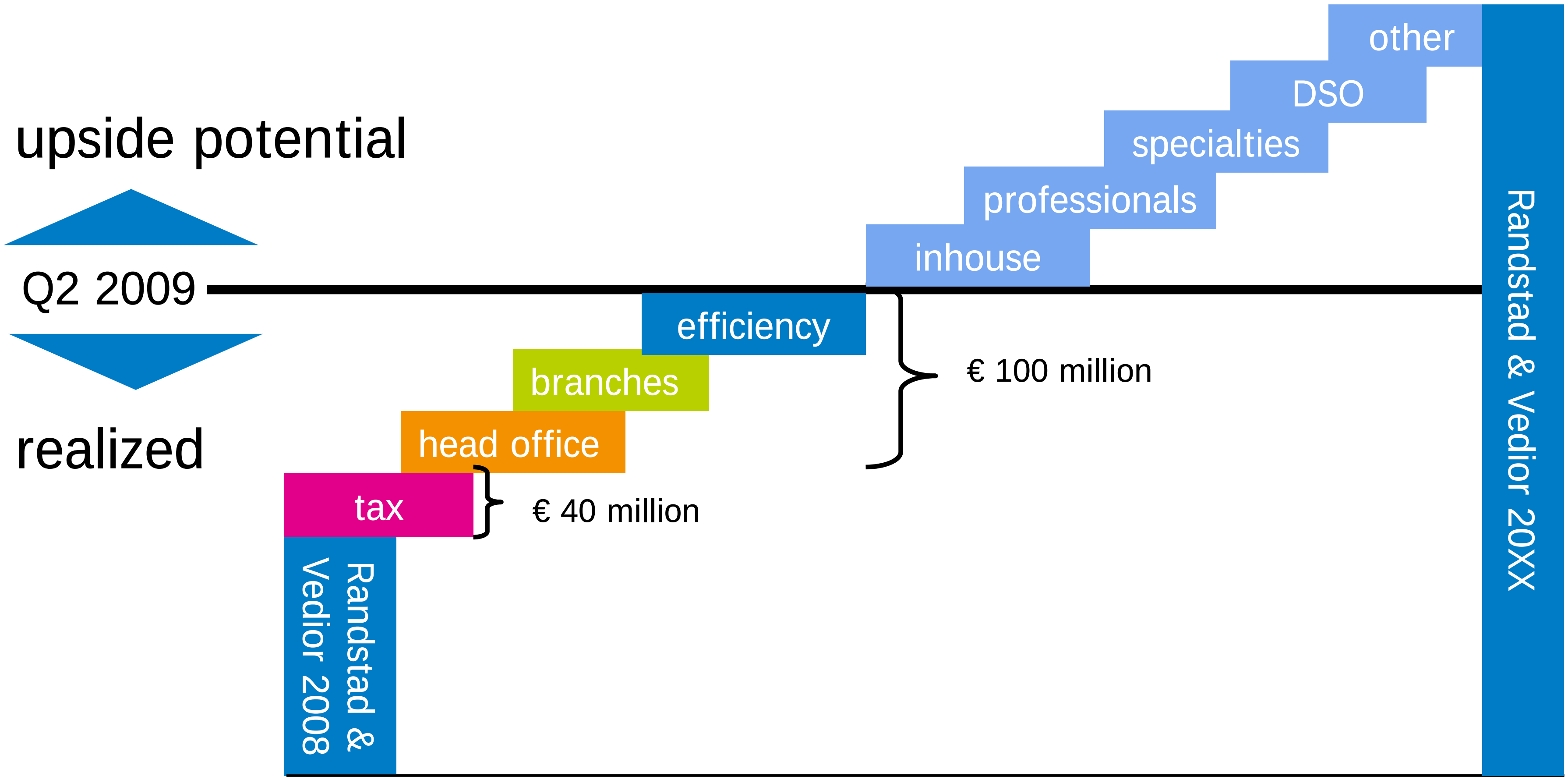
# Q2 2009: organic revenue decline stable through quarter (-31%); operating costs 24% lower

- revenue amounted to € 2,987 (-33% YoY)
  - revenue per working day -31% YoY organically
  - US staffing & inhouse as well as our main European markets show some stabilization
  - professionals is still shrinking
- operating expenses € 531 million, 24% lower than in Q2 2008
  - outlook for Q2 2009 was € 540 million
- EBITA* reached € 67 million vs. € 234 million in Q2 2008
  - EBITA margin reached 2.2% vs. 5.3% in Q2 2008
- execution reorganization plans on track, except for France
- planned integration successfully completed
  - focus shifting to identify upside potential

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

# integration successfully completed



# achievements so far

| head office | branches | efficiency |
|---|---|---|
| • head office closures in:<br>- NL<br>- UK<br>- FR<br><br>• implemented company wide:<br>- risk & control framework (incl. governance code)<br>- management development program | • integration completed in:<br>- Netherlands<br>Randstad & Dactylo<br>Tempo-Team & Vedior<br>- France<br>Randstad & Vediorbis<br>- UK<br>Randstad & Select<br>- Spain<br>Randstad & Vedior, Select<br>- Germany<br>Randstad & Vedior<br>- Italy<br>Randstad & Vedior<br>- 6 other European countries<br>- Americas<br>Randstad & Placement Pros | • rebranding of 106 brands worldwide to a Randstad brand<br><br>• all brands introduced to Randstad's universal marketing & branding platform<br><br>• back-offices combined in 6 countries |

# achievements so far

| inhouse / IAM | professionals | specialties | DSO |
|---|---|---|---|
| • transfer process of former Vedior clients to inhouse just started<br><br>• Requests for Proposal (RfP) tend to involve more regions due to larger global footprint<br><br>• participating in 38% more RfPs | • <u>Australia</u>: Select and 20 other brands rebranded to Randstad<br><br>• <u>UK mergers</u>: BBT technical & HMG, Reliance Care & BBT healthcare (as of oct. 09)<br><br>• non-UK parts of HMG & BBT will be added to local Randstad operating companies | • all Randstad specialties introduced in France (copy & paste strategy)<br><br>• contact center (biggest specialty within Group) further improved with knowledge of Vedior Iberia | • currently implementing the cash collection blue-print at former Vedior opcos |

# achievements so far

## strong concepts
- staffing integration well on track
- professionals best practices defined
- further roll-out inhouse concept

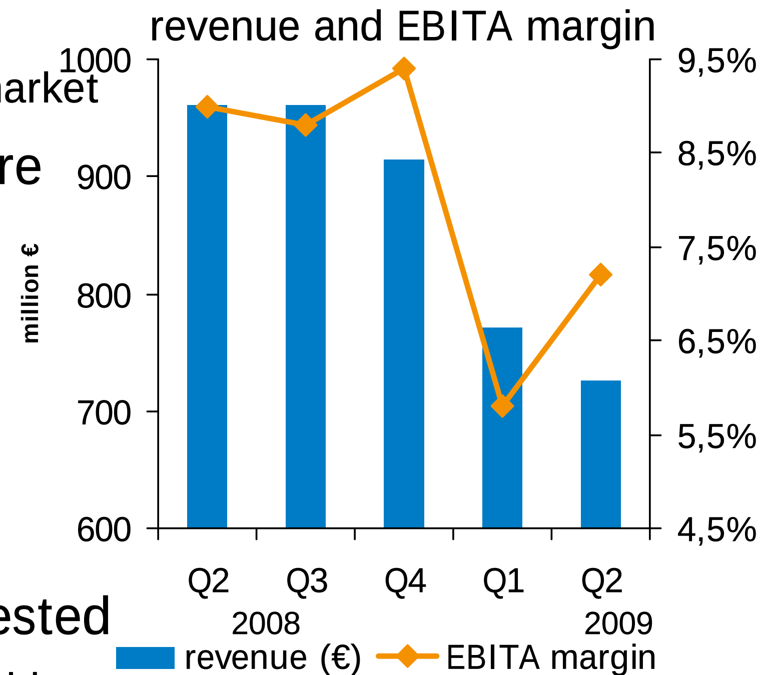
## best people
- talent review in place
- global People Survey
- share incentive programs aligned
- management development system in place

## excellent execution
- reporting integration complete
- DSO and other best practices being implemented
- fiscal structure optimized
- legal frameworks, governance structures mostly in place

## superior brands
- staffing brand integration completed
- joint professionals style being implemented
- joint campaign materials in use
- new web platforms implemented in 14 countries (50% of revenue)

# the Netherlands: good profitability in declining market

- organic revenue p/wd* -23% in Q2 2009
  - service oriented economy moves later in cycle
  - Randstad NL at market, Tempo-Team above market
- gross margins somewhat under pressure
  - pressure on temp margins slightly increasing
  - mix skewed towards large clients
- EBITA margin 7.2% versus 9.0% LY
  - cost base well managed
- increased pressure on professionals
- part of payroll processing business divested
  - 60% of total revenue in the payroll segment sold




* p/wd = adjusted for working days



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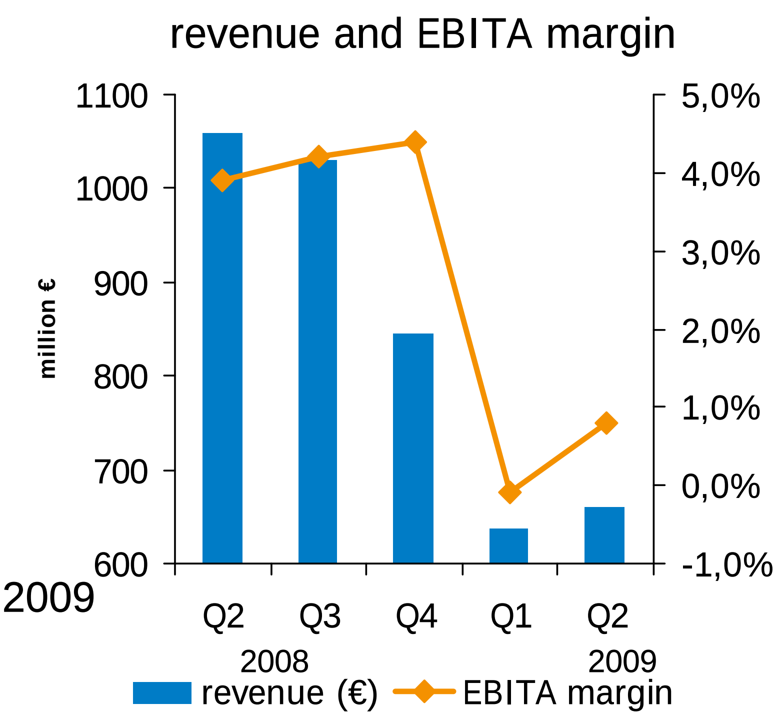
# France: approval of social plan needed to adjust organization

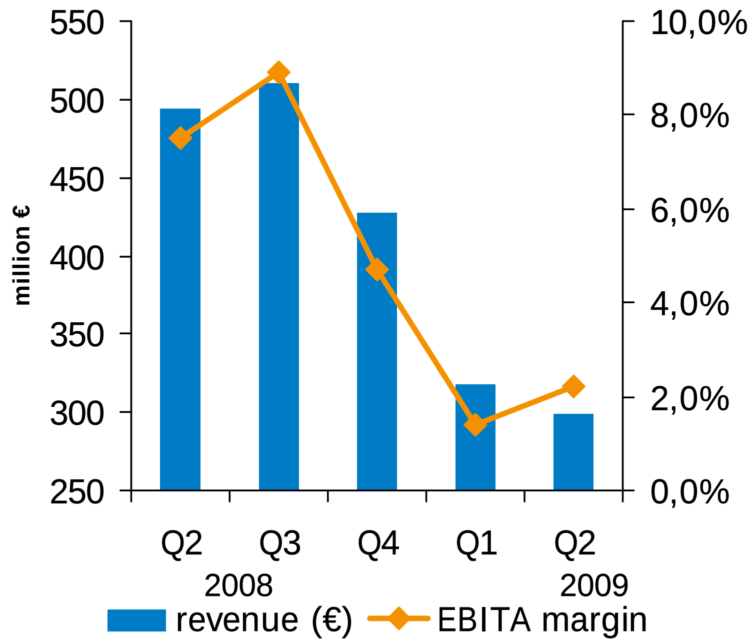
- organic revenue p/wd -36% in Q2 2009
  - general staffing and inhouse stabilized at a very low level
  - healthcare and engineering outperformers
- pricing remains rational
- EBITA margin 0.8% versus 3.9% LY
  - permanent placement down 52% YoY
- social plan still pending
  - uncertainty impacting personnel
  - expected to start execution by the end of Q3 2009
- 60-day payment law helps DSO
  - 6 days improvement YoY, 2 days improvement QoQ
- positive vote by French parliament on opening up the public sector
  - no significant revenue impact expected for near term



# Germany: continued focus on productivity

- organic revenue p/wd -38% in Q2 2009
  - rate of decline stabilizing
- some pressure on gross margin
  - competitive pricing
  - idle time increasing but well manageable
- operating expenses 29% lower YoY
  - strong ongoing focus on cost management
  - short-time working law offers some relief
- mixed performance professionals
  - continued growth in IT (Gulp)
  - continued pressure in Engineering
- EBITA margin 2.2% from 7.5% LY

revenue and EBITA margin



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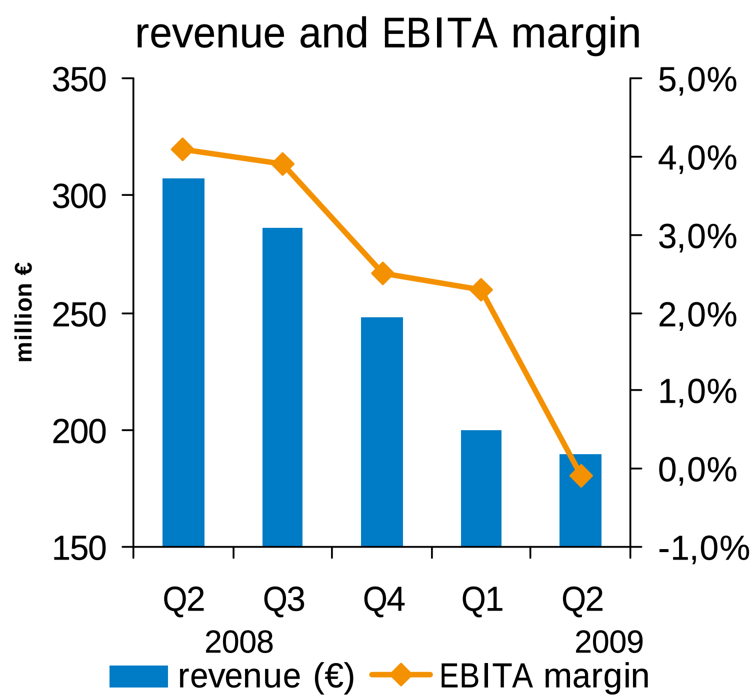
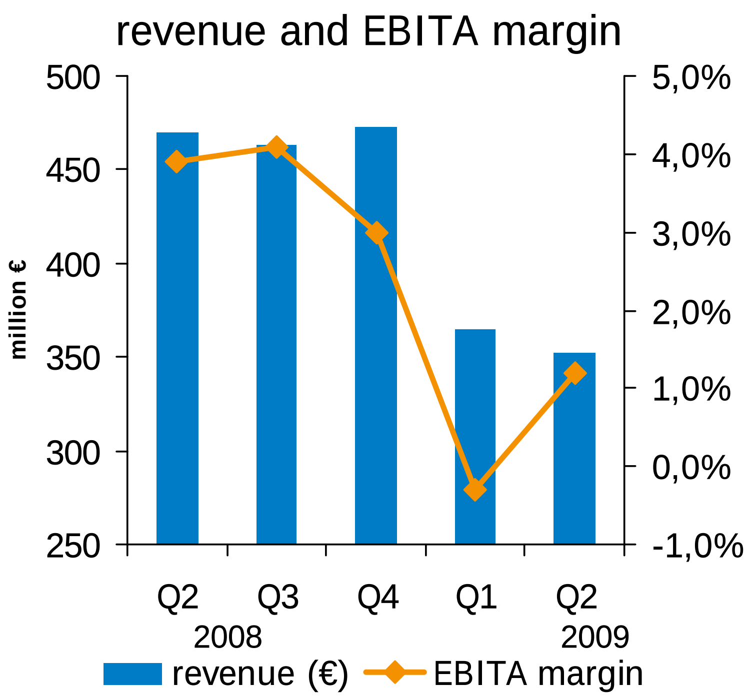
# UK: late cycle movement in professionals

- organic revenue p/wd -29% in Q2 2009
  - rate of decline in staffing/inhouse easing
  - professionals segment continues to weaken
  - healthcare and education still best performers
- further cost reduction planned
  - especially in professionals
- merging businesses in professionals
  - engineering & construction (Hill McGlynn/BBT)
  - healthcare (BBT/Reliance)
- EBITA margin -0.1% from 4.1% LY
  - strong reduction of perm fees (-54% organic)



# North America: improvement in staffing, not in professionals

- organic revenue p/wd -33% in Q2 2009
  - US staffing & inhouse; revenue trend improving through the quarter
  - US professionals and Canada worsening through the quarter
- gross margin still under pressure
  - competitive pricing
  - increase of SUI* charges expected
  - permanent placement fees down 63%
- good DSO management
- EBITA margin 1.2% vs. 3.9% LY
  - profitable again after loss in Q1 2009




* SUI = state unemployment insurance

# market share development Q2 2009

| | Q2 market growth* | Randstad Group | variance Q2 | variance Q1 |
|---|---|---|---|---|
| Spain | -47% | -44% | 3% | 5% |
| UK | -32% | -29% | 3% | 3% |
| the Netherlands | -24% | -23% | 1% | 2% |
| Germany | -40% | -38% | 2% | 0% |
| France | -34% | -36% | -2% | -2% |
| Belgium | -27% | -28% | -1% | -4% |
| United States** | -32% | -33% | -1% | -9% |
| Italy | -43% | -50% | -7% | -5% |

* not all market growth data are final, as not all official figures have been published yet for some markets, like UK, no market data available so estimates also partly based on competitor analysis

** broadened definition of market in line with larger proportion professionals in Randstad revenue mix (staffing & profs)

# Randstad revenue growth: industry development

revenue development within the largest industries of Randstad's operating companies

| revenue growth (YTD) | better than average | worse than average |
|---|---|---|
| **Randstad NL** | public admin, food, communications, financial services, health & social work | manufacturing, transport, distribution |
| **France** | construction, food, business services | automotive, chemical, manufacturing |
| **Germany** | food, transport, distribution, business services | automotive, manufacturing |
| **Randstad Belgium** | food, transport | metal, chemical |
| **UK staffing** | public admin, food | transport, metal, distribution |
| **Spain** | food, hotels & catering | business services, chemical, distribution, automotive |
| **Italy** | food, health & social work, communications, financial services | chemical, manufacturing |
| **US** | food, IT services, financial services | communications, transport, business services, automotive |
| **Australia** | food, IT services, business services | chemical, manufacturing, financial services |

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# financial results & outlook

# Q2 2009: financial highlights

- revenue trend stabilizing, gross margin still in decline
- gross margin mostly impacted by decline in temp margin & perm fees
- operating expenses € 543.7 million, underlying € 531.1 million
  - integration costs € 5.0 million,
  - restructuring charges € 7.6 million, mainly related to professionals
- net debt slightly up to € 1,522 vs. € 1,446 in Q1 2009 due to seasonal pattern in cash flow (e.g. payment holiday allowances)
  - leverage ratio (net debt/EBITDA) up to 2.4 vs. 1.8 in Q1 2009 (max. 3.5)
- DSO down 1 day (YoY) to 58 days
  - adjusted for the law change in France the DSO was slightly up
  - gradual increase in doubtful debts

# income statement Q2 2009

| € million | Q2 2009 | Q2 2008 | % change | % organic |
|---|---|---|---|---|
| **revenue** | **2,987** | 4,440 | *-33%* | *-33%* |
| **gross profit** | **598** | 934 | *-36%* | *-36%* |
| ***gross margin*** | ***20.0%*** | *21.0%* | | |
| **operating expenses*** | **531** | 700 | *-24%* | *-24%* |
| ***opex as % of revenue*** | ***17.8%*** | *15.8%* | | |
| **EBITA**** | **67** | 234 | *-71%* | *-71%* |
| ***EBITA margin*** | ***2.2%*** | *5.3%* | | |
| | | | | |
| **income before taxes** | **1** | 132 | | |
| **tax** | **11** | -36 | | |
| **effective tax rate** | ***nm*** | *27%* | | |
| **net income** | **12** | 96 | | |
| **adjusted net income (attr. to ordinary shareholders)** | **10** | 94 | | |
| **diluted EPS**** | **0.27** | 0.90 | | |

* before impairment, integration costs and one-offs

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



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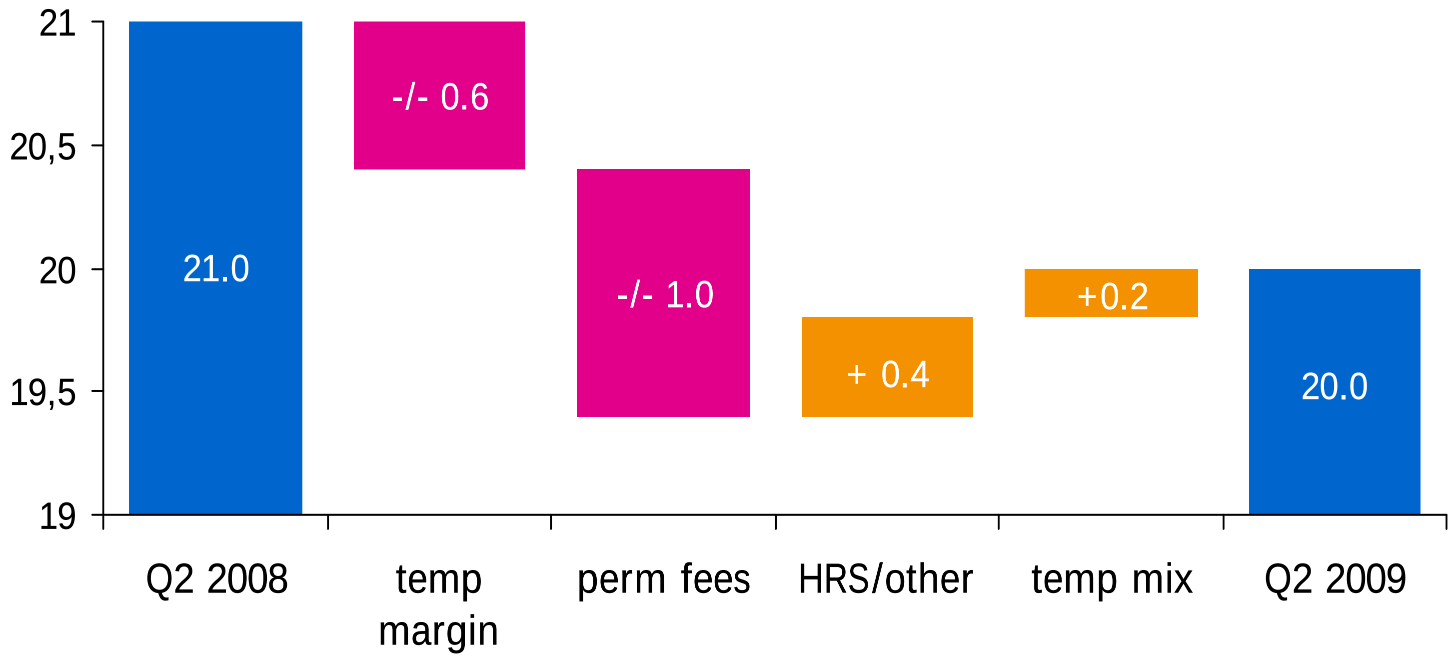
# gross margin development Q2 2009




- as expected, increasing pressure on temp margins
- perm fees declined 56% organically (YoY)
  - perm fees are now 8.3% of gross profit vs. 12.6% LY
- relatively strong performance HRS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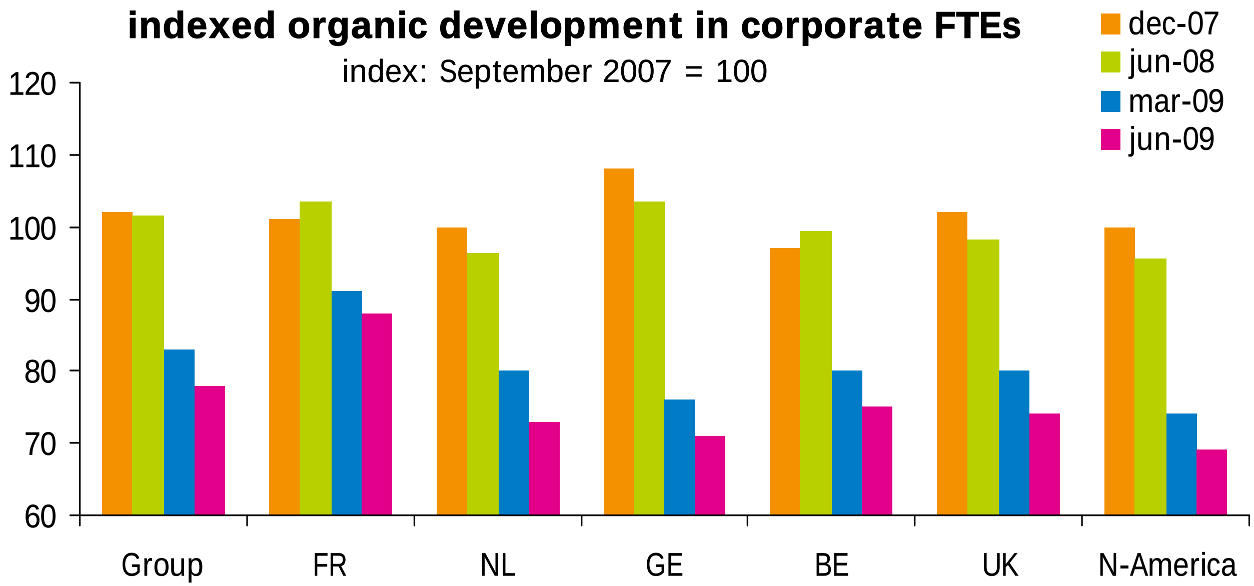
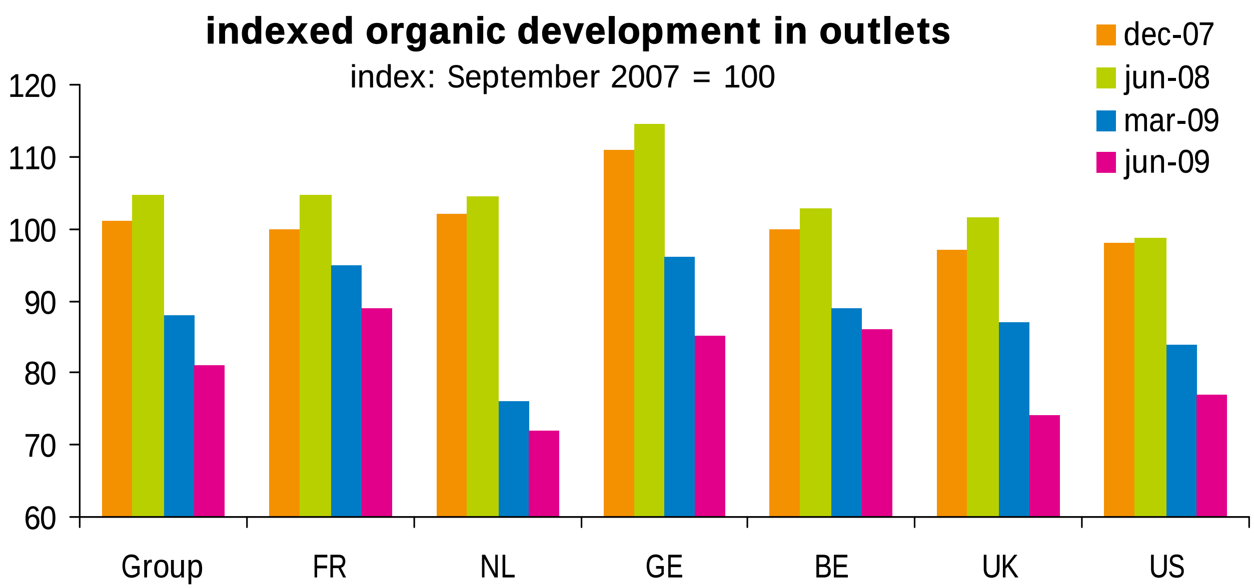
# development* in corp. employees & outlets




* end of month figures, March 09 figures for UK restated due to change in reporting



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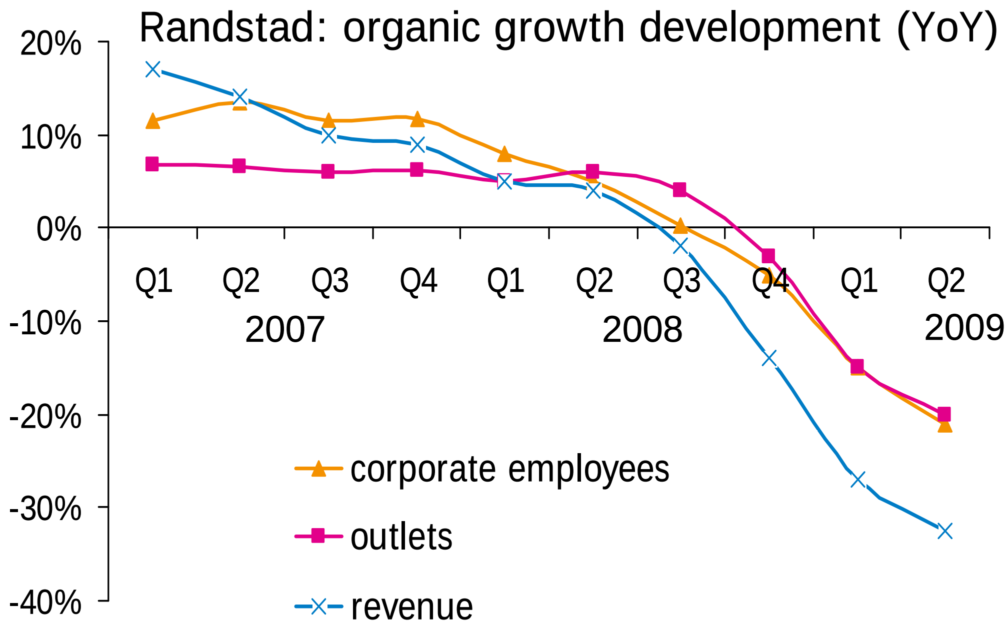
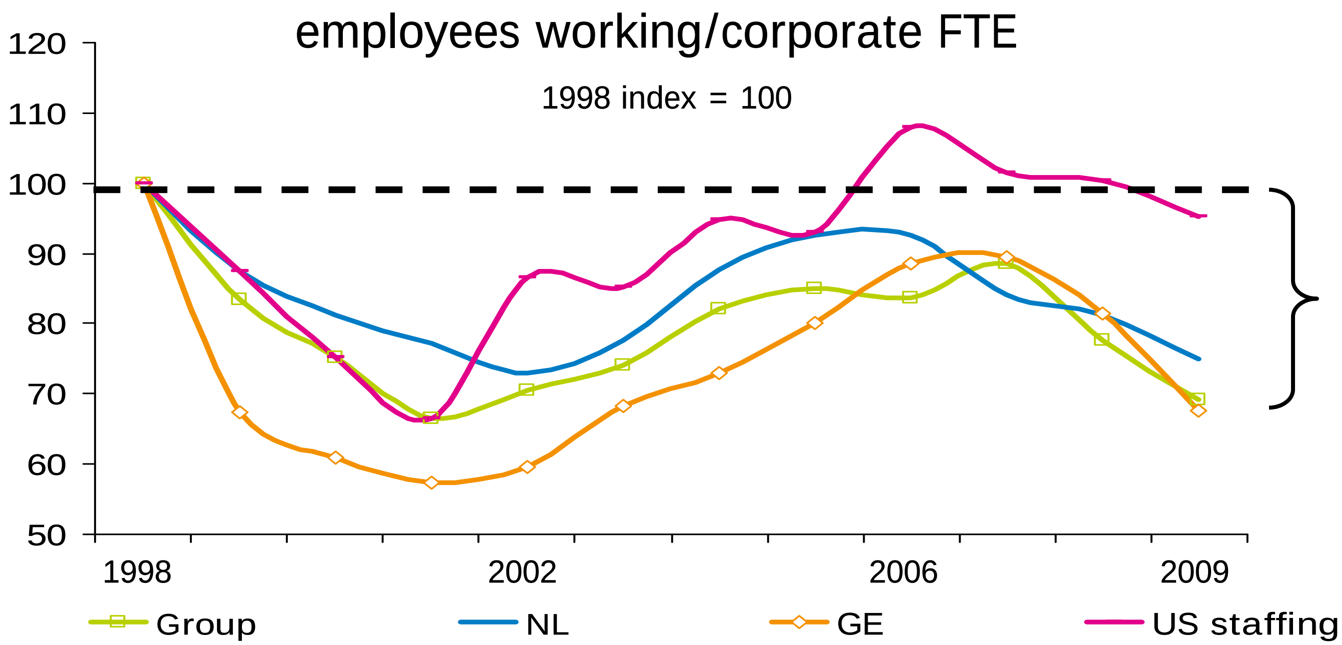
# unit steering model (USM) in practice




- in the previous cycle, without USM, we invested too long and we cut too deep in several markets
- this cycle, the cost adjustments are on time and in line with the revenue trend
- increased footprint together with Vedior allows for more intensive cost reductions

note: as of Q1 2008 Vedior is included in the YoY comparison

# group productivity development




some 30% more upside compared to the peak in 1998

# restructuring

| charges (€* million) | Q4 2008 | Q1 2009 | Q2 2009 | Q3 2009 expected |
|---|---|---|---|---|
| France | - | 25.4 | - | |
| the Netherlands | 12.3 | 15.6 | 1.5 | |
| Germany | 6.4 | 1.0 | - | |
| Belgium | 3.6 | - | - | |
| UK | - | - | 2.8 | |
| Italy | - | 5.0 | - | |
| Spain | 1.7 | 3.5 | -/-1.2 | |
| Australia | - | 0.5 | 2.8 | |
| Japan | 3.5 | - | 0.8 | |
| North America | 3.5 | 2.7 | 0.9 | |
| **total** | **31.0** | **53.7** | **7.6** | **limited** |

| savings (€* million) | Q4 2008 | Q1 2009 | Q2 2009 | Q3 2009 expected |
|---|---|---|---|---|
| total (per quarter) | - | 7 | 11 | 15 |
| annualized | | 28 | 44 | 60 |

- earn-back on restructuring charges is 12 months



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# consolidated cash flow statement

| € million | Q2 2009 | Q2 2008 |
|---|---|---|
| cash flow from operations before OWC | 58 | 116 |
| release / (usage) of OWC | -105 | -136 |
| additions of PPE | -7 | -13 |
| additions of software | -4 | -7 |
| financial receivables | 0 | 0 |
| dividend | 0 | 9 |
| disposals of PPE | 2 | 8 |
| free cash flow | -56 | -23 |

| € million | Q2 2009 |
|---|---|
| **free cash flow** | **-56** |
| (acquisition)/ disposals subsidiaries | -4 |
| interest | -11 |
| dividend | -7 |
| translation / other on borrowings | 3 |
| **net debt (increase) / reduction Q1 2009 –> Q2 2009** | **-75** |



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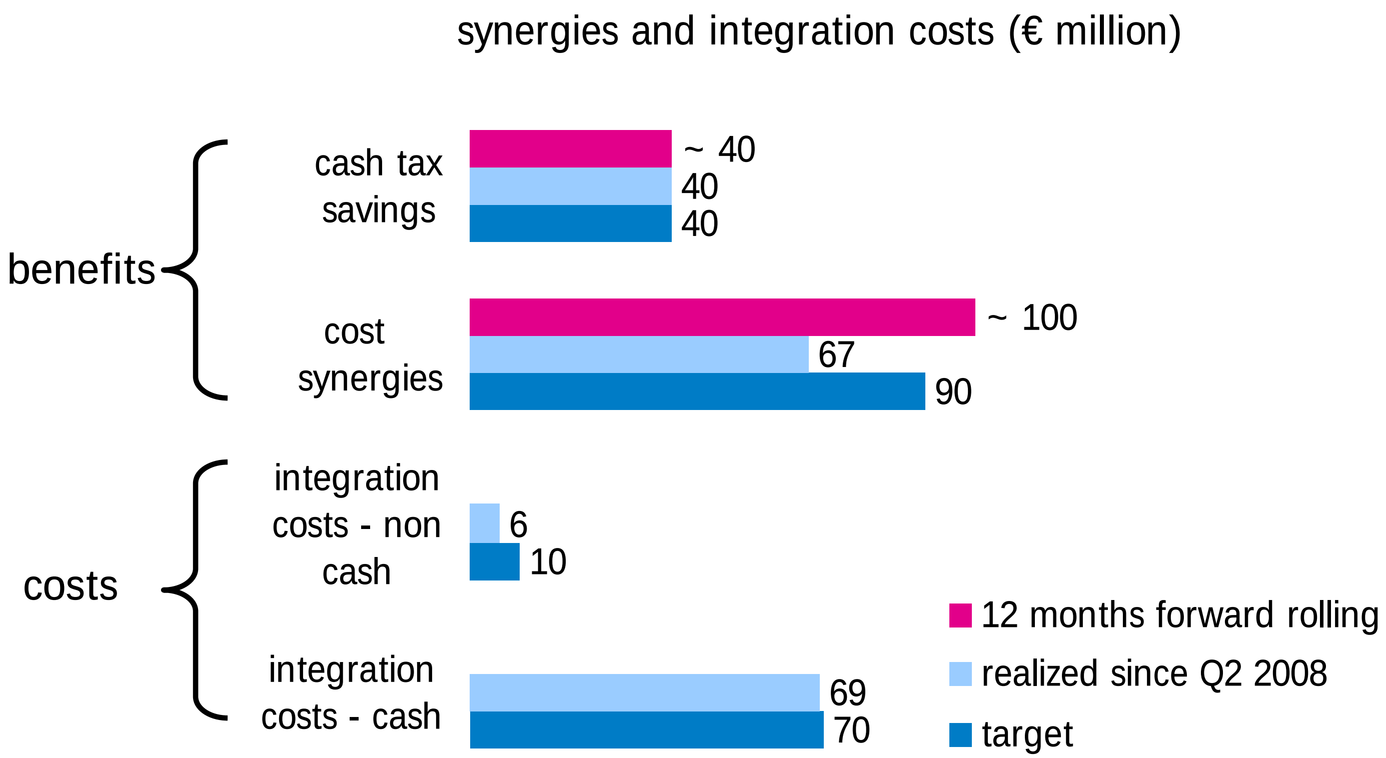
# tracking synergies / integration costs




- more than expected benefits against less than expected costs



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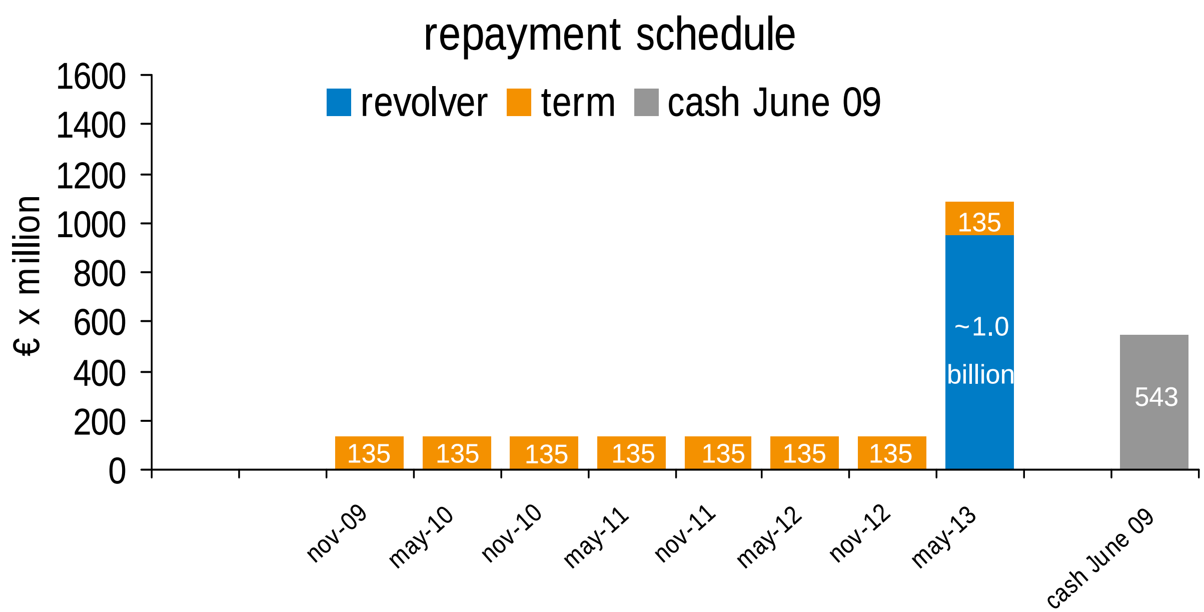
# tax issues

- positive cash flow effect of € 80 million in Q3 2009
  - due to quarterly payment Dutch VAT instead of monthly payment
- tax refund of € 150 million in Q3 2009
  - based on fiscal loss in The Netherlands in 2008 due to revaluation of foreign subsidiaries
  - the amount will be paid back ultimately in 2012
- effective tax rate in P&L fluctuates more than usual due to:
  - low level of profitability (relatively large impact permanent differences like synergies)
  - operational and fiscal losses in several countries with different rates (mix effect)
  - relatively high impact tax on amortization (which is a benefit)
  - revaluation of provision on deferred tax assets (which is a charge)
- guidance for 2009
  - 31% effective rate on amortization
  - 15-17% effective tax rate on profit before tax pre-amortization
  - 20-22% effective tax rate on profit before tax pre-amortization and before one-offs

# tax example based on consensus FY 2009 EBITA

| € million | based on consensus FY 2009 | tax rate 16% | tax rate 31% |
|---|---|---|---|
| consensus EBITA | 316 | | |
| integration costs & one-offs | -68 | | |
| **EBITA after one-offs** | **248** | **248** | |
| amortization | -159 | | -159 |
| financial charges & associates | -60 | -60 | |
| **profit before tax** | **29** | **188** | **-159** |
| effective tax rate → 66% | 19 | -30 | 49 |
| **net profit** | **48** | **158** | **-110** |
| | | | |
| consensus EBITA | 316 | | |
| financial charges & associates | -60 | | |
| **PBT bef. amort., integr. & one-offs** | **256** | | |
| tax on PBT before charges | -54 | *21%* | |
| **adjusted net profit** | **202** | | |
| preferred Dividend & Minorities | -7 | | |
| **adj. net profit attr. to ordinary shares** | **195** | | |
| avg diluted number of ordinary shares (m) | 171 | | |
| **EPS (in €)** | **1.14** | | |

# debt facilities & repayment schedule




- covenant; net debt/EBITDA* of max. 3.5
  - in Q2 2009 the net debt/EBITDA = 2.4
- no refinancing before 2013

* EBITDA; 12 months rolling back, before integration costs and one-offs

# outlook

- organic revenue per working day -31% in June 2009
- markets remain challenging, trend July in line with trend Q2
  - difficult to forecast trend in holiday season because of changing comparisons
- pricing remains somewhat under pressure
- continuing to align cost base
  - expect operating expenses to be around € 520 million in Q3 2009
  - French reorganization to start late Q3
- no working day impact in Q3 2009 (YoY)
- limited restructuring charges expected for Q3 2009
- net debt end Q3 estimated to be at least €200 million lower than at the end of Q2 2009

# summary

- challenging market showing some stabilization
- operating costs and debt well under control
- post-merger integration completed ahead of schedule and synergies higher than projected
- all ingredients available to emerge stronger from the current trough

- “shaping the world of work”

# appendices

# geographic performance Q2 2009

| € million | Q2 2009 | Q2 2008 | organic growth |
|---|---|---|---|
| **revenue:** | | | |
| **the Netherlands** | 726 | 960 | *-24%* |
| **France** | 660 | 1,059 | *-38%* |
| **Germany** | 299 | 494 | *-40%* |
| **Belgium/Luxembourg** | 282 | 396 | *-29%* |
| **United Kingdom** | 190 | 307 | *-32%* |
| **Iberia** | 188 | 303 | *-35%* |
| **North America** | 352 | 470 | *-33%* |
| | | | |
| **EBITA margin:** | | | |
| **the Netherlands** | *7.2%* | *9.0%* | |
| **France** | *0.8%* | *3.9%* | |
| **Germany** | *2.2%* | *7.5%* | |
| **Belgium/Luxembourg** | *5.3%* | *6.5%* | |
| **United Kingdom** | *-0.1%* | *4.1%* | |
| **Iberia** | *-0.6%* | *3.1%* | |
| **North America** | *1.2%* | *3.9%* | |

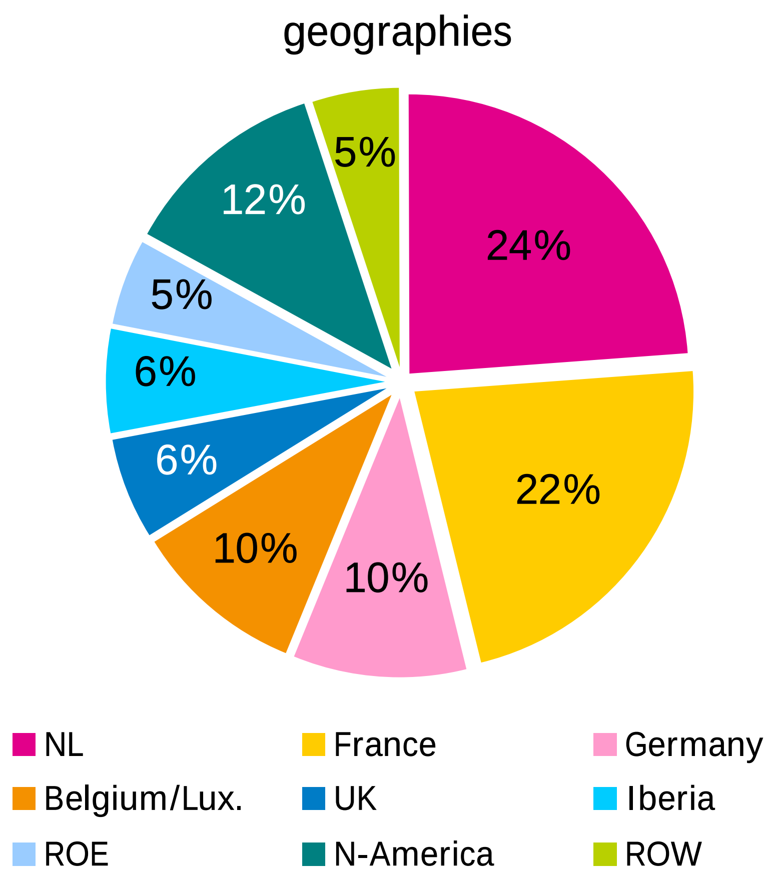
# segment performance Q2 2009

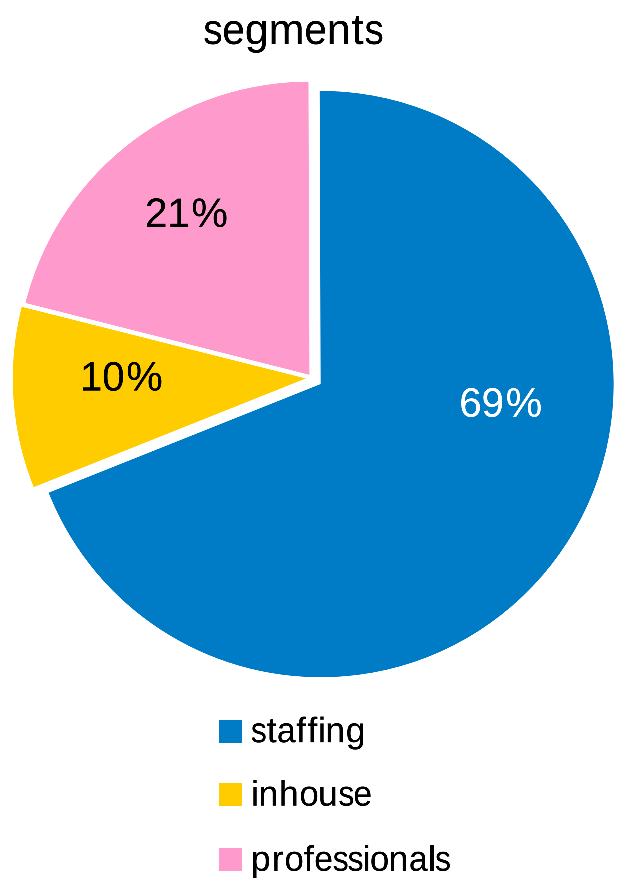
| € million | Q2 2009 | Q2 2008 | organic growth |
|---|---|---|---|
| **revenue:** | | | |
| **staffing** | 2,050 | 3,086 | *-33%* |
| **inhouse services** | 301 | 480 | *-38%* |
| **professionals** | 636 | 874 | *-27%* |

# consolidated balance sheet

| € million | June 30, 2009 | June 30, 2008 |
|---|---|---|
| **property, plant & equipment** | 168 | 201 |
| **intangible assets** | 3,313 | 4,006 |
| **deferred tax assets** | 481 | 353 |
| **other assets** | 3,039 | 4,536 |
| | | |
| **group equity** | 2,449 | 2,445 |
| **non-current liabilities** | 2,456 | 3,626 |
| **current liabilities** | 2,096 | 3,025 |
| | | |
| **balance sheet total** | 7,001 | 9,096 |
| | | |
| **DSO** | 58 | 59 |
| **net debt position** | 1,522 | 2,142 |

# revenue split Q2 2009





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# outlets[1] by country

| end of period | June 30, 2009 | June 30, 2008 |
|---|---|---|
| **France** | 988 | 1,158 |
| **the Netherlands** | 786 | 1,140 |
| **Germany** | 436 | 583 |
| **Belgium / Lux** | 331 | 394 |
| **United Kingdom** | 301 | 409 |
| **Iberia** | 274 | 414 |
| **Other Europe** | 349 | 470 |
| **North America** | 513 | 657 |
| **Rest of world** | 354 | 377 |
| **total** | **4,332** | **5,602** |

1) branches and inhouse locations

# staffing employees by country

| averages | Q2 2009 | Q2 2008 |
|---|---|---|
| **France** | 76,400 | 124,500 |
| **the Netherlands** | 90,400 | 124,700 |
| **Germany** | 34,500 | 56,700 |
| **Belgium / Lux.** | 37,900 | 46,900 |
| **United Kingdom** | 21,300 | 26,500 |
| **Iberia** | 46,800 | 69,300 |
| **Other Europe** | 25,000 | 41,100 |
| **North America** | 41,700 | 59,900 |
| **Rest of world** | 76,900 | 83,000 |
| **total** | **450,900** | **632,600** |

# corporate employees by country

| average | Q2 2009 | Q2 2008 |
|---|---|---|
| **France** | 4,390 | 5,070 |
| **the Netherlands** | 6,210 | 7,790 |
| **Germany** | 2,330 | 3,320 |
| **Belgium / Lux.** | 1,970 | 2,520 |
| **United Kingdom** | 2,470 | 3,210 |
| **Iberia** | 1,610 | 2,400 |
| **Other Europe** | 1,710 | 2,290 |
| **North America** | 3,120 | 4,260 |
| **Rest of world** | 3,960 | 4,670 |
| **Holding** | 160 | 260 |
| **total** | **27,930** | **35,790** |



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