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

2nd quarter results 2014

gradual recovery continues

Jacques van den Broek, CEO
Robert Jan van de Kraats, CFO

Randstad Holding nv
July 31, 2014

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, badwill, integration costs and one-offs.

organic growth is measured excluding the impact of currency effects, acquisitions, disposals and reclassifications.

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

agenda

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

- performance
- financial results & outlook
- Q&A
- appendices

performance

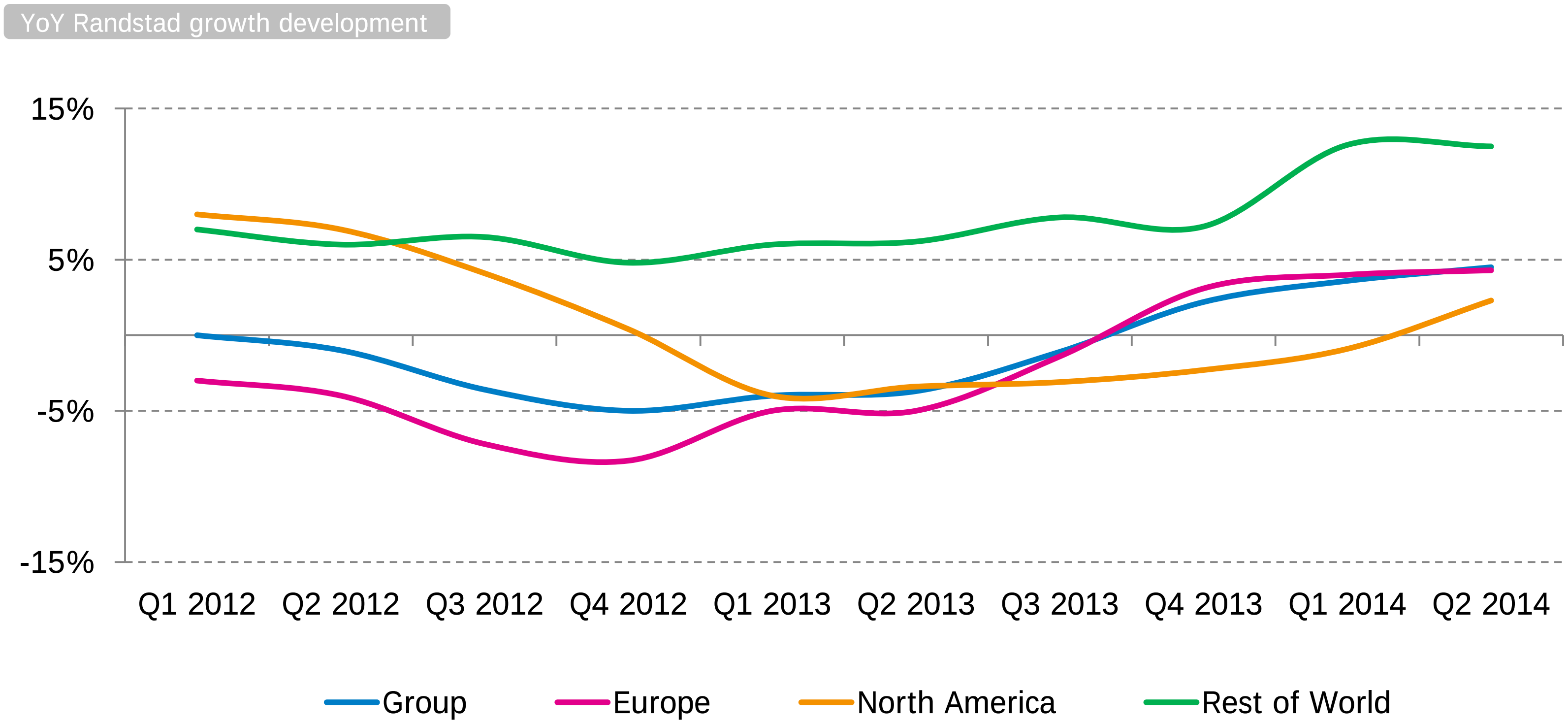
gradual recovery continues

€ million	Q2 '14	Q2 '13	% Org.	L4Q '14	L4Q '13	% Org.
revenue	4,268	4,096	*+5%*	16,878	16,559	*+2%*
gross profit	787	747	*+6%*	3,085	3,002	*+4%*
gross margin	*18.4%*	*18.2%*		*18.3%*	*18.1%*	
operating expenses*	613	601	*+2%*	2,447	2,447	*+1%*
opex margin	*14.4%*	*14.7%*		*14.5%*	*14.8%*	
EBITA*	**174**	**146**	***+21%***	**638**	**555**	***+18%***
*EBITA margin**	*4.1%*	*3.6%*		*3.8%*	*3.4%*	

- organic growth/wd up to 4.5% in Q2, June at +3.6%
  - strategic focus on perm paying off with perm +13% (Q1: +9%)
  - comparison base 2013 strengthened over the quarter
- gross profit growth 6%; gross margin up by 20 bps YoY
- operating expenses* increased sequentially by € 18M
  - headcount investment and annual wage increases from April in selected countries
  - seasonal marketing increase
- EBITA* margin up to 4.1%, from 3.6% LY
  - incremental conversion of 70%

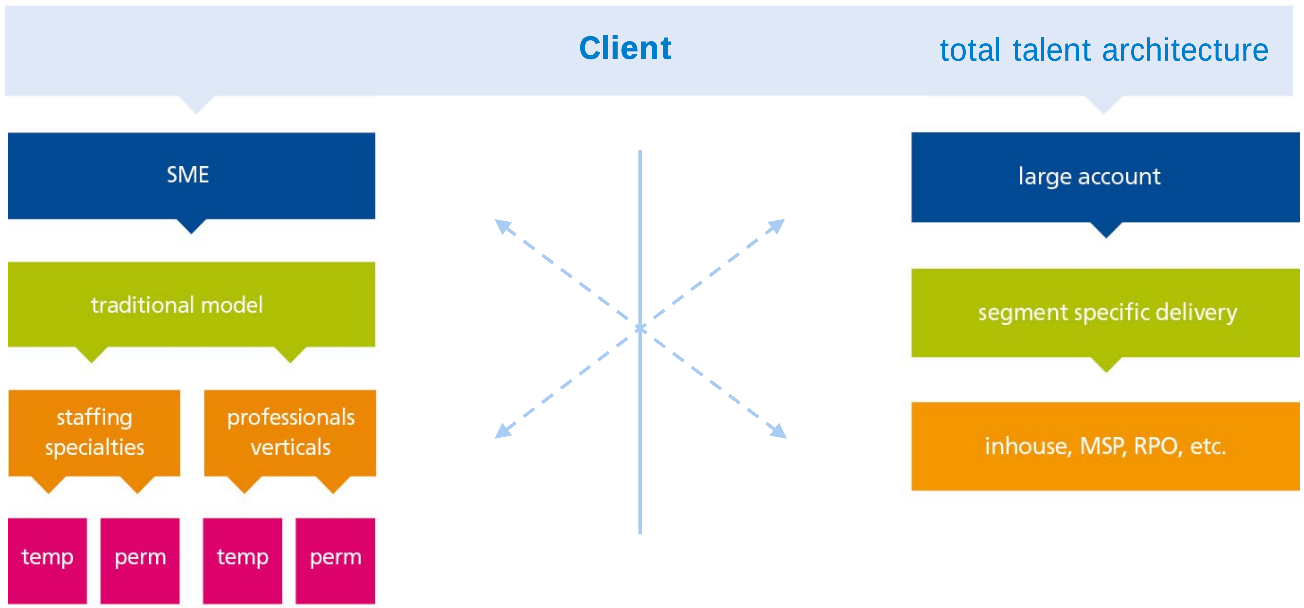
* Before integration costs, restructuring costs & one-offs.

Q2 2014: gradual recovery continues



- North America back to growth in Q2 (+2%), NL also back to growth in June
- gradual recovery in most European countries, while France and Germany are most challenging
- strong growth continues in Japan and emerging markets
- growth up from +3.6% in Q1 to +4.5% in Q2

our priorities



Staffing

- leverage our expertise in specialty staffing
- focus on permanent placements
- SME

Professionals

- implementing global concept per segment
- focus on permanent placements
- SME

Inhouse

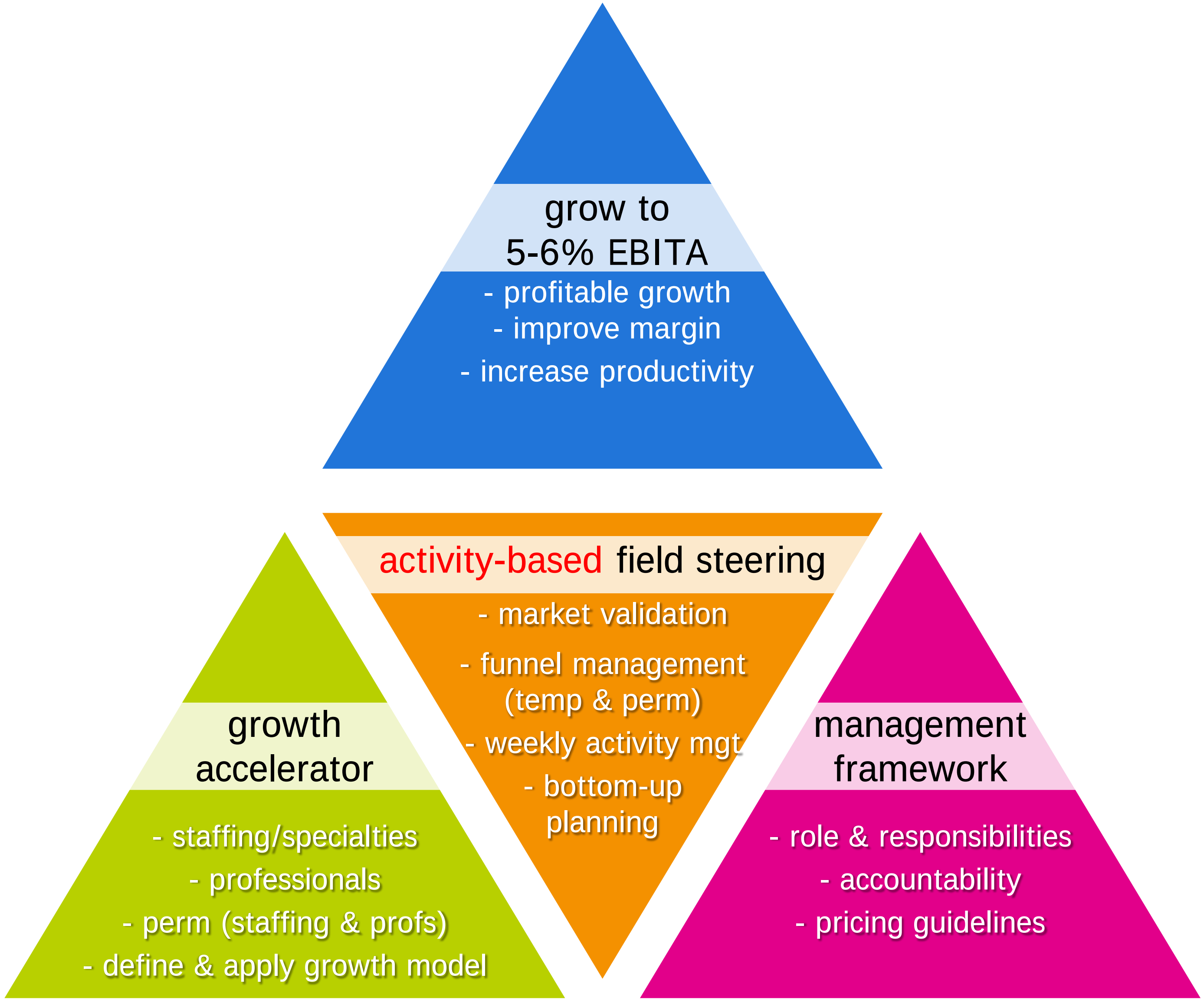
- expand in white-collar and professionals
- increase share of wallet

HRS

- grow in MSP and RPO
- support TTA approach:
  - payrolling
  - outplacement
  - outsourcing

setting the ambition

profitable organic growth through **activity-based** field steering

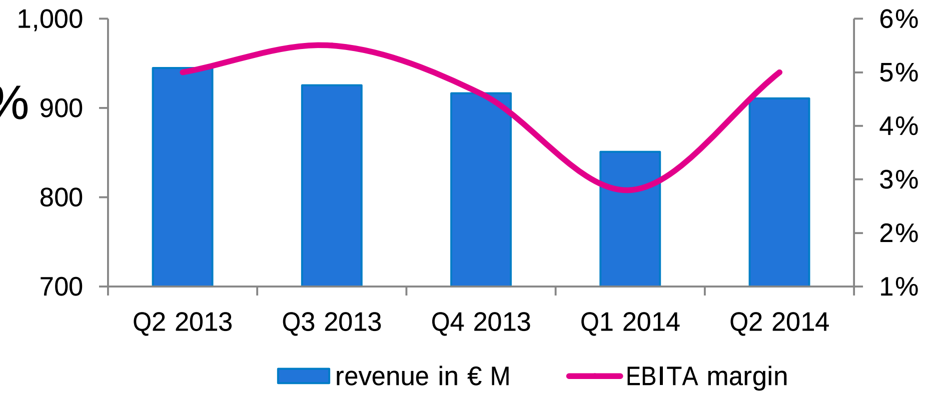


integrated approach of line management & all functional disciplines

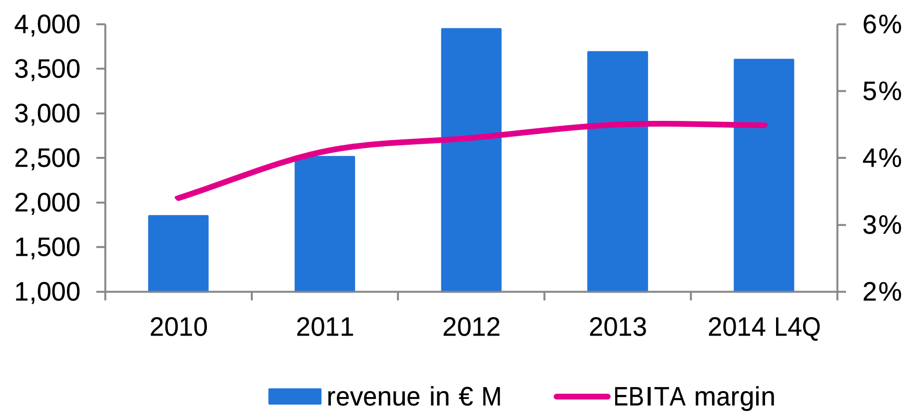
North America: back to growth in Q2

- revenue + 2% (Q1: -/-1%)
- US staffing & inhouse, gross profit +10%
  - improving revenue trend +6% in Q2, June +7%
  - strong manufacturing and logistics
  - strong perm (+33%) and inhouse (+9%)
- US professionals, gross profit down 1%
  - revenue at -/-2% for the quarter, flat in June
  - perm down by 6% (+8% in Q1)
  - IT continues to improve
- Sourceright: spend under mgt up 43%
- Canada: revenue -/-4%, perm flat
  - improving trend through the quarter
  - headcount down 4% sequentially
- EBITA margin stable at 5.0%

performance North America - quarterly



performance North America - annually



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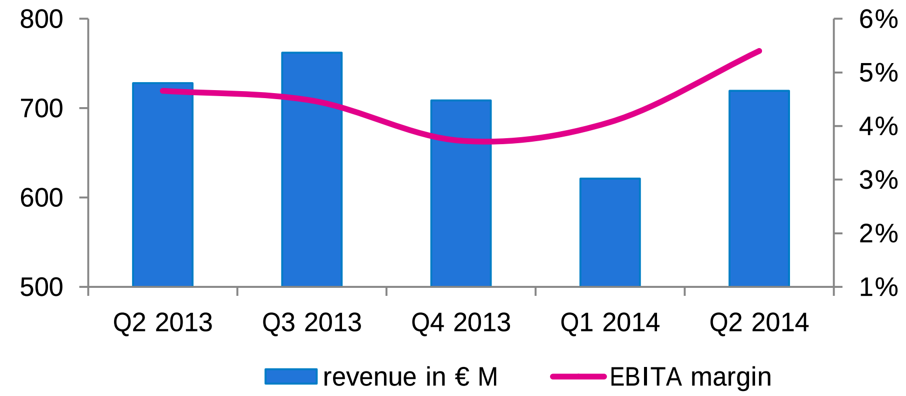
France: challenging market

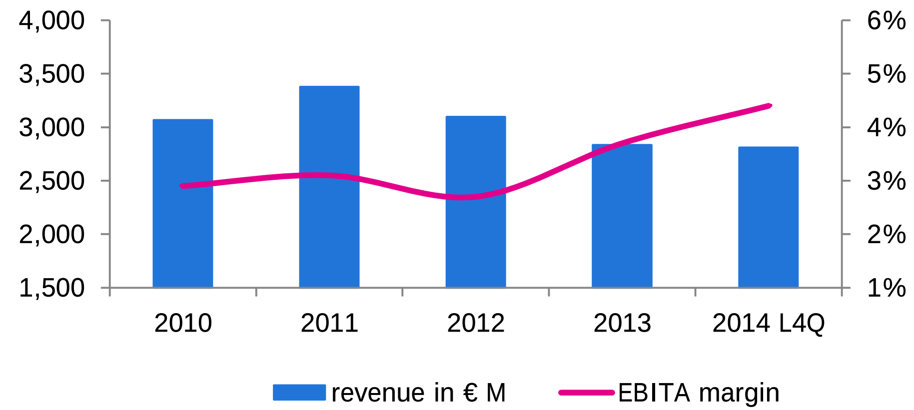
incremental conversion ratio of 169%

- revenue -/-1% (Q1: -/-2%)
  - combined staffing & inhouse at -/-1% YoY
  - growth in inhouse of 25%
  - focus on client profitability
  - professionals at 0% vs. Q1: -/-7%
  - perm fees up 5% (Q1: -/-4%)
- gross profit up 3% YoY
- good cost control: costs down 3% YoY
  - FTEs flat sequentially, down 7% YoY
- EBITA margin up to 5.4% vs. 4.7% LY

performance France - quarterly



performance France – annually



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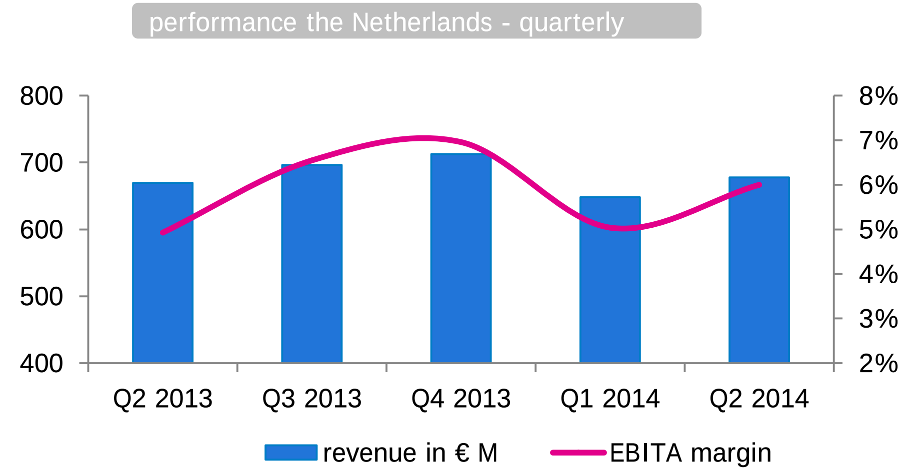
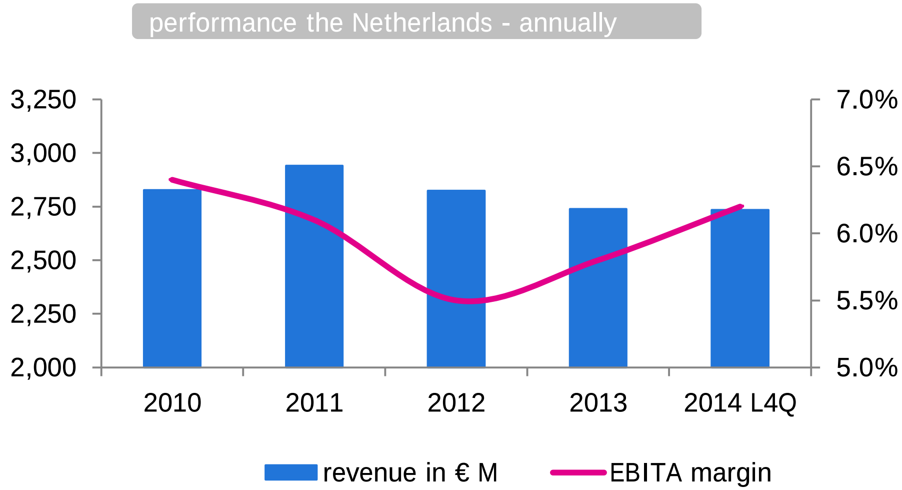
the Netherlands: back to growth in June

incremental conversion ratio of 82%

- revenue at 0% (Q1: -/-1%)
  - RNL -/-1% YoY, growth in SME, June +2%
  - Tempo-Team growing, June +6%
  - Yacht back to growth
  - professionals up 12%
  - focus on client profitability
- gross profit up 8% (Q1: +1%)
  - perm up 16%
- costs slightly up sequentially
- EBITA margin up to 6.0% vs. 4.9% LY
  - improved mix: professionals & perm



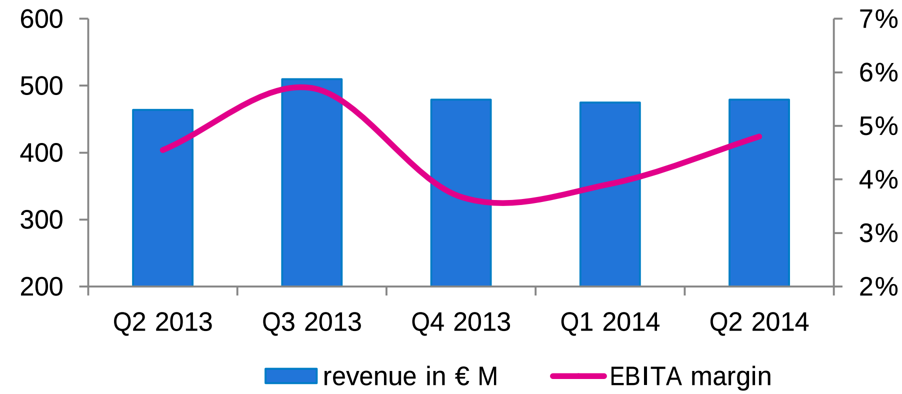


Germany: challenging market

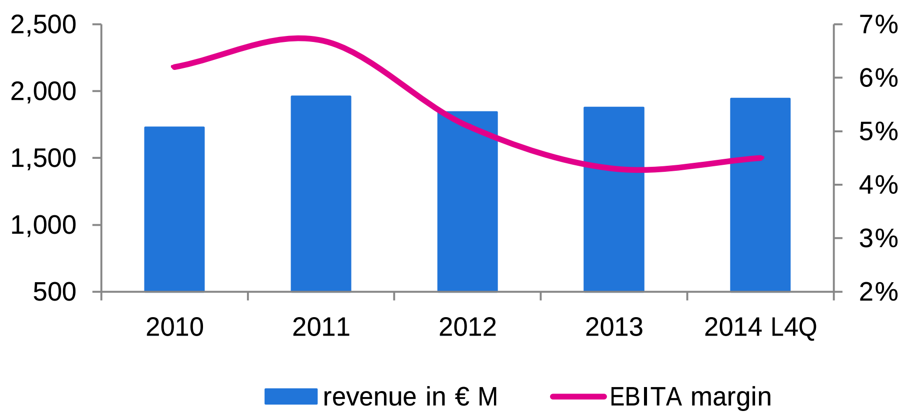
incremental conversion ratio of 36%

- revenue +5% (Q1: +11%)
  - price effect easing (+7%)
  - perm growth of +37% (Q1: +1%)
  - good growth in IT, inhouse & Tempo-Team
  - focus on SME, perm & delivery models
  - impact of regulatory changes
- gross profit up 6%
  - focus on productivity improvements
- operating expenses up 5% YoY
  - FTEs up 5% vs. LY, sequentially flat
  - wage increases in April
  - increased marketing spend
- EBITA margin up to 4.8% vs. 4.6% LY

performance Germany - quarterly



performance Germany - annually



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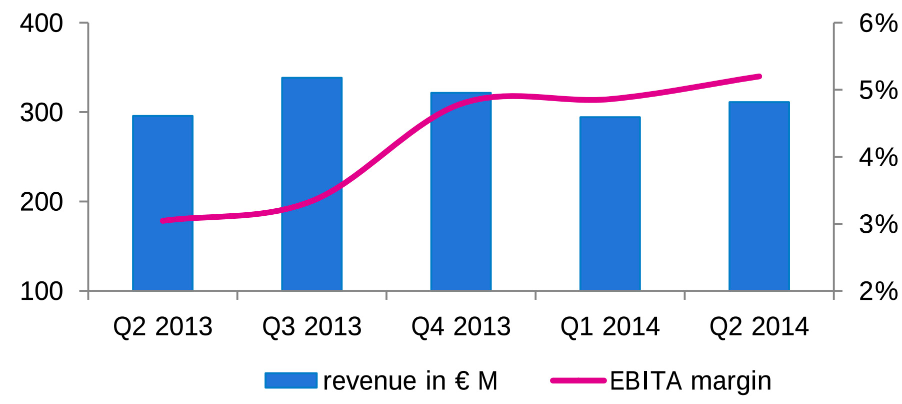
Belgium: improved profitability

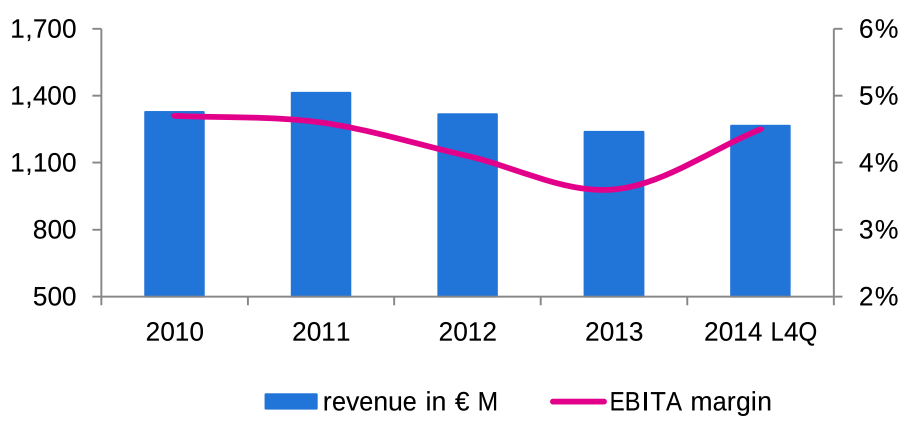
incremental conversion ratio of 259%

- revenue +5% (Q1: +4%)
  - inhouse back to growth at +11% (Q1: +3%)
  - good growth in white-collar
  - professionals up by +10% (Q1: +4%)
- costs down 10% YoY
  - benefit of savings from restructuring plan
  - limited wage inflation impact
- EBITA margin up to 5.2% vs. 3.0% LY
  - strong operating leverage

performance Belgium - quarterly



performance Belgium - annually



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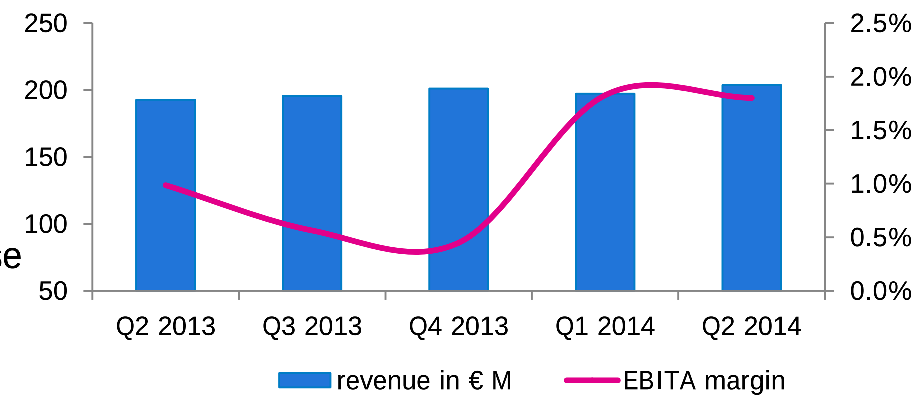
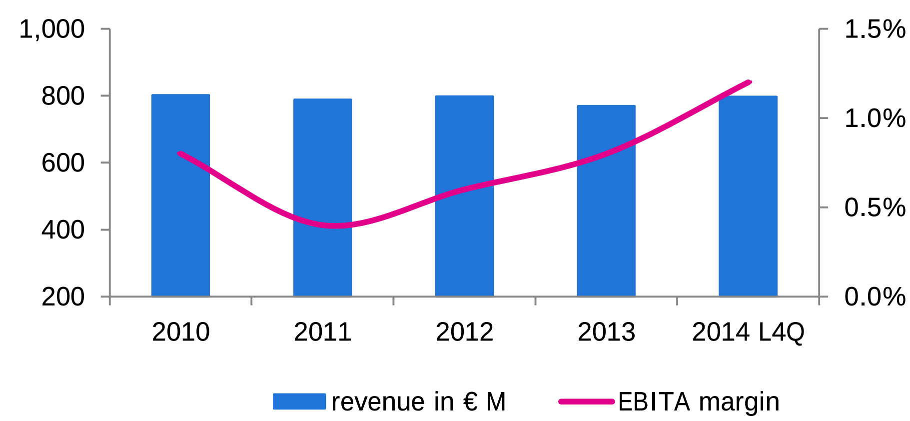
UK: good growth in gross profit

- revenue +3% (Q1: +5%)
  - continued growth in professionals (up 8%)
    - led by MSP/RPO and construction
    - weak financial services impacting finance
  - focus on client profitability in staffing and inhouse
  - perm fees up by 13% (Q1: +2%)
- gross profit up 7%
  - improved mix: professionals & perm
- operating expenses up 1% YoY
  - higher bonus and commission costs
  - YoY headcount up 1%
- EBITA margin up to 1.8% vs. 1.0% LY

performance UK - quarterly

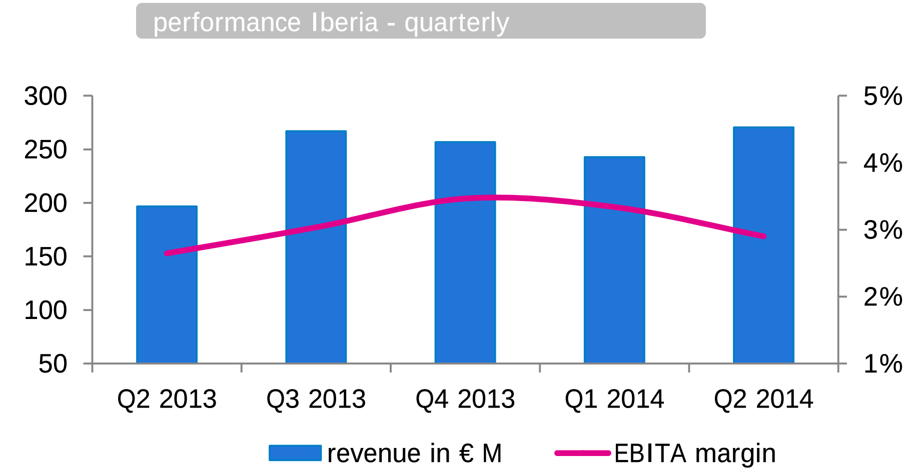


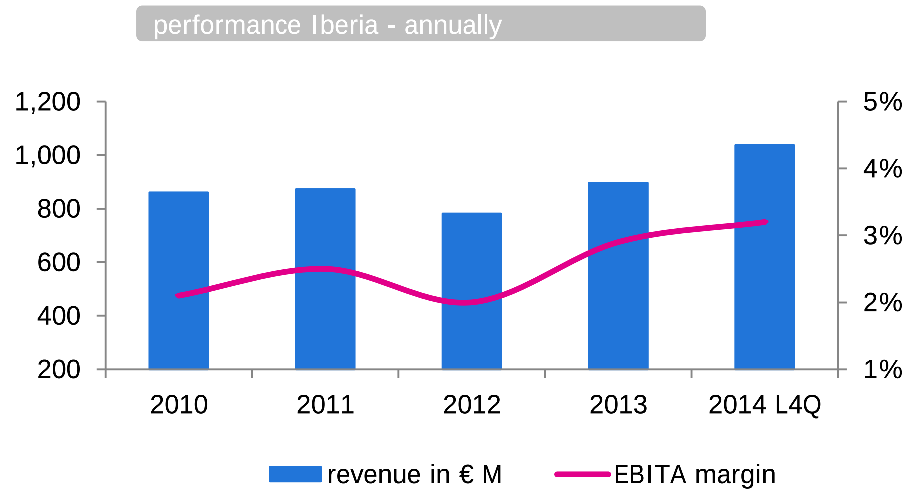
performance UK - annually



Iberia: strengthening growth

- Spain
  - solid revenue growth +11% (Q1: +4%)
  - growth driven by automotive and manufacturing
  - strong performance in professionals & perm
  - integration process completed
  - strong operating leverage
- Portugal
  - accelerating growth at +14% (Q1: +8%)
  - profitability impacted by increase in the provision for trade receivables
- EBITA margin up to 2.9% vs. 2.6% LY

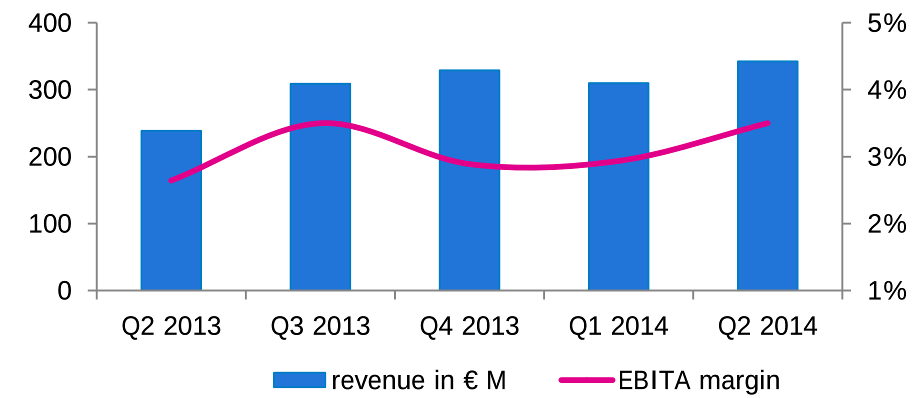




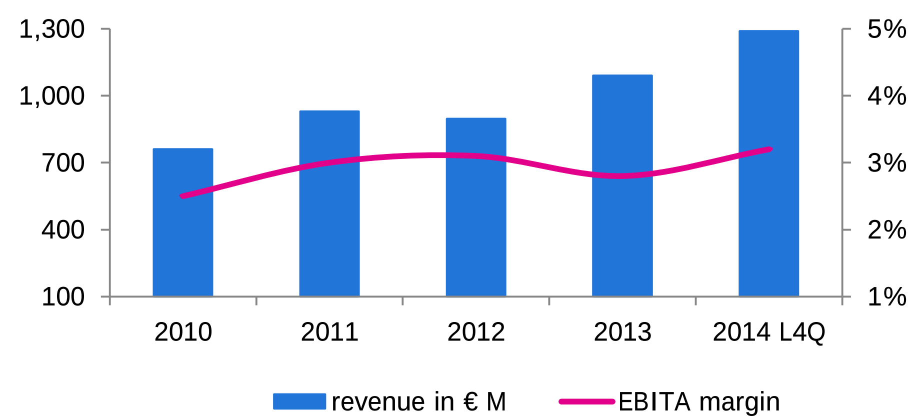
Other European countries: growth continues

- Italy
  - revenue growth stable at 15% (Q1: +14%)
  - growth driven by industrial segment
  - focus on specialties and perm
- Switzerland
  - growth accelerated to +12% (Q1: +6%)
  - strong growth at inhouse
- Poland
  - strong growth at +27% (Q1: +23%)
  - investing in growth; FTEs up 4% sequentially
  - professionals up 221%
- EBITA margin up to 3.5% vs. 2.6% LY
  - profitability improving in most countries
  - strong operating leverage

performance ROE - quarterly



performance ROE - annually



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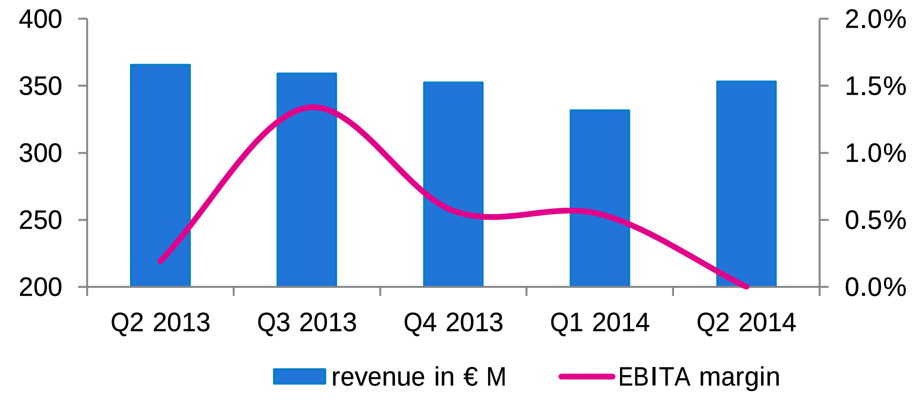
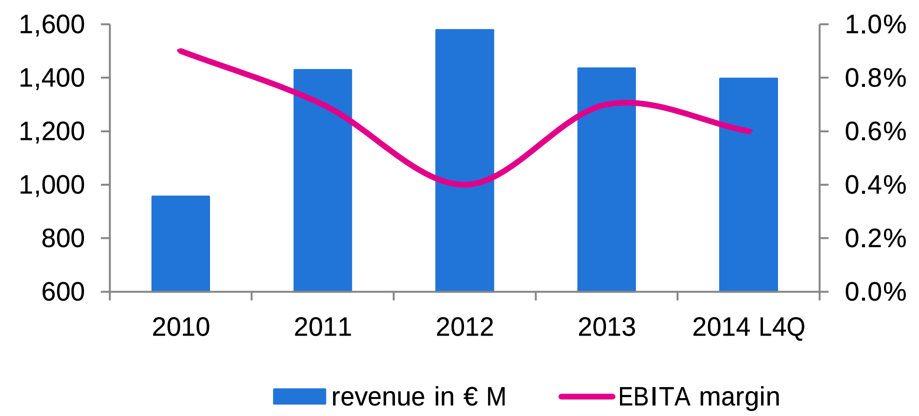
Rest of the world: a mixed picture

- Japan, growth stable at +10% YoY
  - growth driven by logistics and retail
  - administrative segment strengthening
- Australia / New Zealand grew by 13%
  - temp strengthened further, driven by business support, however industrial slowed
  - perm remains challenging at -/-6% (Q1: -/-7%)
  - focus on improving profitability
- Asia, up 11%
  - China growing 67%
  - investing in growth across region
- Latin America, up 16% (Q1: +9%)
  - focusing on achieving greater efficiencies
- EBITA margin remains unsatisfactory

performance ROW - quarterly



performance ROW - annually



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financial results & outlook

income statement Q2 2014

€ million	Q2 '14	Q2 '13	% Org.	L4Q '14	L4Q '13	% Org.
revenue	4,268	4,096	*+5%*	16,878	16,559	*+2%*
gross profit	787	747	*+6%*	3,085	3,002	*+4%*
gross margin	*18.4%*	*18.2%*		*18.3%*	*18.1%*	
operating expenses*	613	601	*+2%*	2,447	2,447	*+1%*
opex margin	*14.4%*	*14.7%*		*14.5%*	*14.8%*	
EBITA*	**174**	**146**	***+21%***	**638**	**555**	***+18%***
*EBITA margin**	*4.1%*	*3.6%*		*3.8%*	*3.4%*	
integration costs & one-offs	1	5		*47*	*77*	
reported EBITA	**173**	**142**		**591**	**478**	
amortization & impairment	-/- 36	-/- 41		-/- 154	-/- 306	
net finance costs	-/- 4	-/- 11		*-/- 13*	*-/- 24*	
income before taxes	**133**	**90**		**424**	**148**	
tax	-/- 39	-/- 27		*-/- 137*	*-/- 84*	
net income	**94**	**63**		**287**	**64**	
*adjusted*** net income***	*116*	*91*		*416*	*358*	
*diluted EPS****	*0.64*	*0.51*		*2.32*	*2.06*	

* Before integration costs and one-offs.
** Attributable to holders of ordinary shares.
*** Before amortization and impairment acquisition-related intangible assets and goodwill, badwill, integration costs and one-offs.

Q2 2014: financial key points

- free cash flow of -/- € 82M vs. -/- € 81M LY
  - holiday allowances in the Netherlands and Belgium
  - improved profitability (higher income tax paid impacting cashflow)
- leverage ratio improved to 1.3 (Q2 2013: 1.8)
- dividend of € 0.95 per ordinary share paid (LY: € 1.25 per share)
  - 66.6% (2013: 61.1%) of the shareholders elected to receive a stock dividend
- effective tax rate* amounted to 30% (FY 2013: 32%)
  - guidance full year 2014: 28-31%
- diluted EPS* to € 0.64 vs. € 0.51 in Q2 2013
  - stock dividend and the exercise of stock options increased the number of shares by 1.5%
- USG integration completed, synergies in line with expectations

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

segment performance, focus on delivery models

Staffing in € M	**Q2 2014**	**Q2 2013**	*% organic**
revenue	2,524.9	2,477.8	*1%*
EBITA	102.6	85.1	*22%*
EBITA margin	*4.1%*	*3.4%*	

- good growth in North America, Iberia and emerging markets with continued focus on revenue quality.
- mixed picture in Europe, with focus retained on client profitability
- perm +22%

Inhouse in € M	**Q2 2014**	**Q2 2013**	*% organic**
revenue	896.6	776.2	*16%*
EBITA	45.9	34.9	*33%*
EBITA margin	*5.1%*	*4.5%*	

- transfer of clients from staffing to ensure right delivery model is offered
- good growth in Belgium, Iberia, Germany, France & emerging markets mainly in industrial & logistics clients

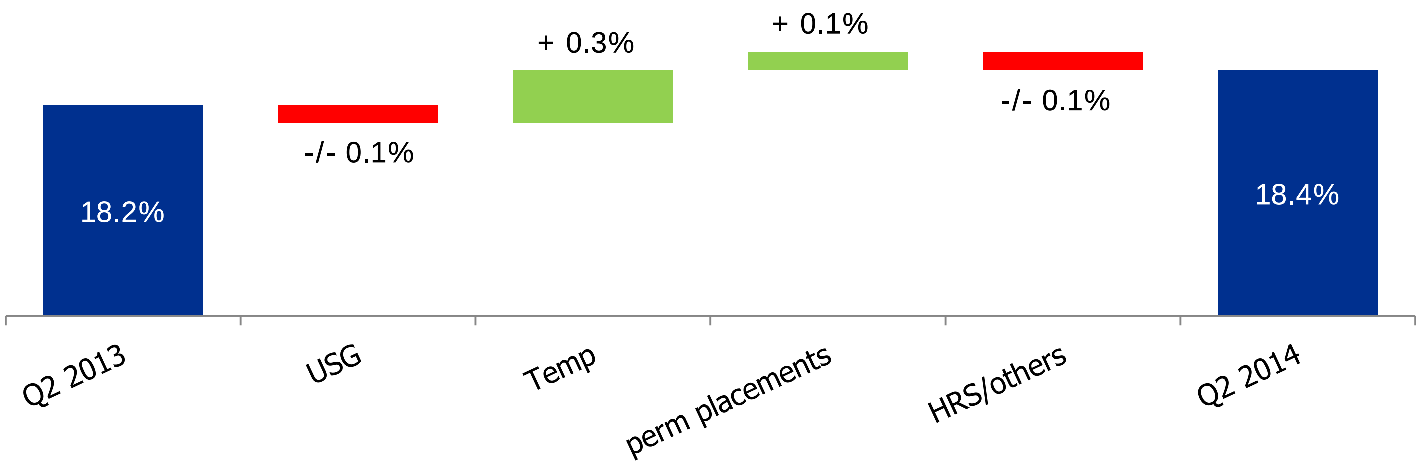
Professionals in € M	**Q2 2014**	**Q2 2013**	*% organic**
revenue	846.6	841.7	*4%*
EBITA	40.3	38.0	*7%*
EBITA margin	*4.8%*	*4.5%*	

- growth led by Germany, UK, Belgium, NL, Iberia and emerging markets
- improving trend through the quarter in North America
- perm +8%

* Revenue is per working day.

gross margin bridge

YoY gross margin development

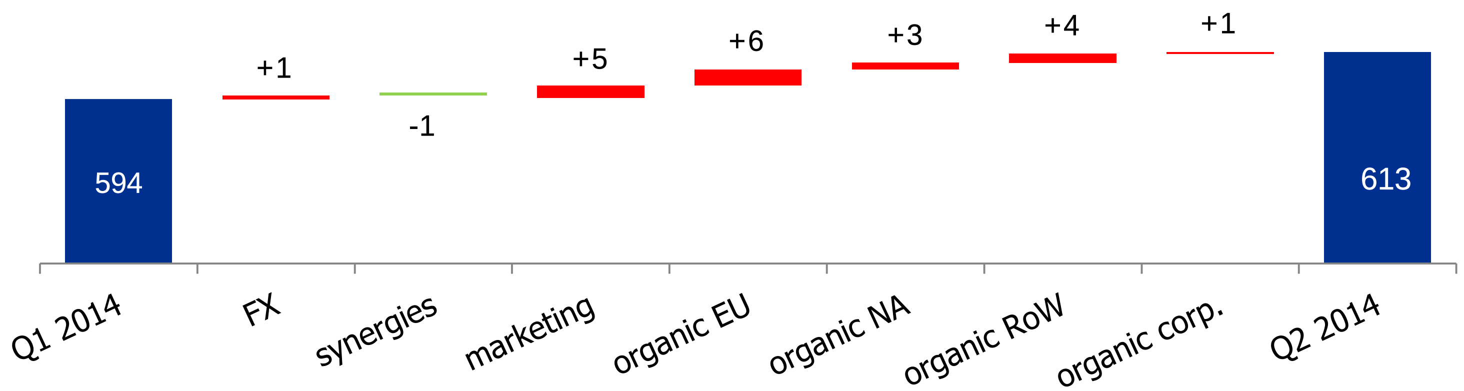


- margin expansion in North America & Netherlands
- continued focus on client profitability

- perm fees were 10.0% of GP (up from 9.7% LY)
  - organic growth of 13% YoY
  - negative impact FX

operating expenses bridge

sequential OPEX development in € M



- adverse FX impact
- USG synergies
- seasonal increases in marketing costs

- FTE growth in Iberia, Poland
- strong cost control maintained
- continued investment in emerging markets

net debt down by € 235M YoY

leverage ratio at 1.3 and improved working capital management

€ million	June 30, 2014	June 30, 2013
goodwill and intangible assets	2,608	2,820
operating working capital	667	751
net tax assets	487	356
other assets and liabilities	112	17
invested capital	**3,874**	**3,944**
equity	2,996	2,831
net debt	878	1,113
invested capital	**3,874**	**3,944**
DSO, Days Sales Outstanding	*51.9*	*51.9*
working capital as % of revenue	*4.0%*	*4.5%*
leverage ratio	*1.3*	*1.8*
*return on invested capital**	*13.3%*	*11.2%*

* Based on underlying EBITA less income taxes paid (adjusted for the payment of a liability of € 131 million to the Dutch tax authority).

free cash flow at -/- € 82M

€ million	Q2 '14	Q2 '13	L4Q '14	L4Q '13
EBITDA	189	159	657	556
change in OWC	-/- 187	-/- 189	91	130
income taxes paid	-/- 44	-/- 29	-/- 255	-/- 112
provisions	-/- 6	2	-/- 53	20
net additions in PPE and software	-/- 16	-/- 8	-/- 61	-/- 44
other items	-/- 18	-/- 16	-/- 49	-/- 14
financial receivables	-	-	-/- 7	1
free cash flow	**-/- 82**	**-/- 81**	**323**	**537**
net acquisitions/disposals/buyouts	0		0	
net issue/purchase of ordinary shares	-		-/- 19	
net finance costs paid	-/- 7		-/- 16	
dividend paid	-/- 68		-/- 68	
translation effects and other items	-/- 6		15	
net debt decrease	**-/- 164**		**235**	

- free cash flow (when adjusted for the payment of a liability of € 131 million to the Dutch tax authority) in L4Q's: € 454M
  - mainly impacted by cash out flow on provisions

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refinancing of multi-currency syndicated credit facility

ensuring sufficient long term committed financing under favorable market conditions

- existing syndicated credit facility amended and extended
  - maturity extended to 5 years, extension option to extend to 7 years
  - revolving facility allowing for fully floating interest rates
  - similar financial covenants
    - max leverage ratio of 3.5 X EBITDA
    - in certain cases, greater flexibility of 4.25 X EBITDA permited for a limited period of time

new financing	size	status
uncommitted credit & guaranteed lines	~ € 1,100M	available
syndicated credit facility	€ 1,800M	available
other credit facilities	~ € 130M	available until end of 18 months
receivables standby program	€ 275M	available until end of 12 months
medium term note program	-	available / not in use
preference shares	€ 305M	issued and available

short-term/ medium-term: < 5 years

medium-term: < 10 years

long-term: indefinite

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outlook Q3

- organic revenue/wd grew by 4.5% in Q2 2014, while it was 3.6% in June
  - gradual improvement throughout first half 2014
  - July appears to be in line with Q2
  - significant FX impact
  - strengthening comparison base

- gradual recovery continues but no acceleration of growth
  - continued focus on revenue quality
  - activity-based field steering: 30% higher activities across all countries

- same number of working days as last year

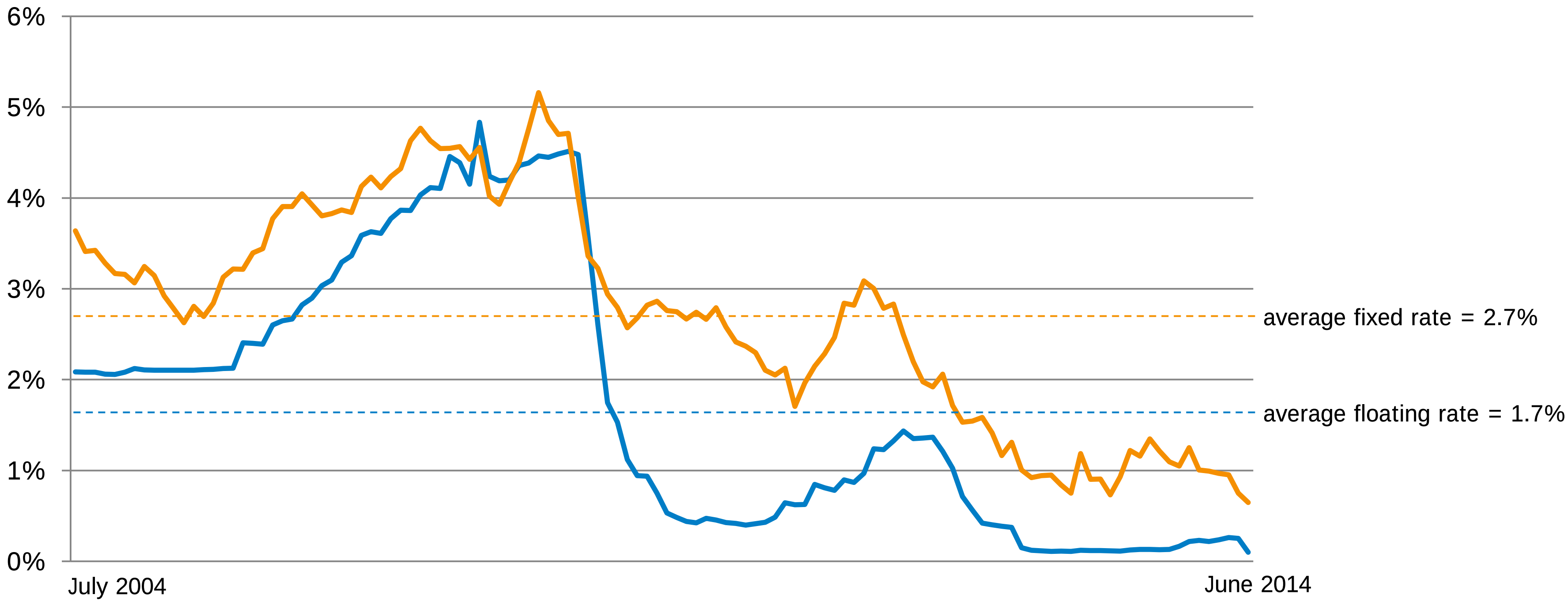
- moderate increase in cost base sequentially
  - investment in headcount in selected markets
  - normal seasonal patterns in marketing costs

Q&A

appendices

financing: fixed vs. floating interest rates

10 year historic interest rates comparison 1M vs. 5Y



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

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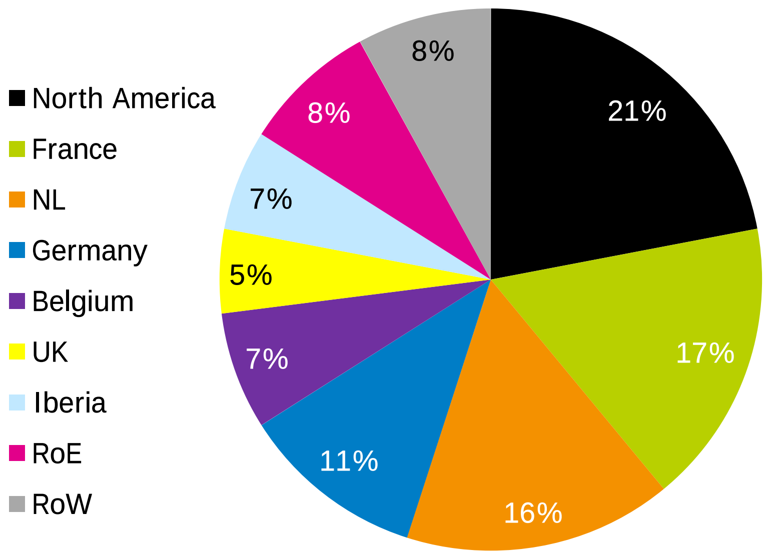
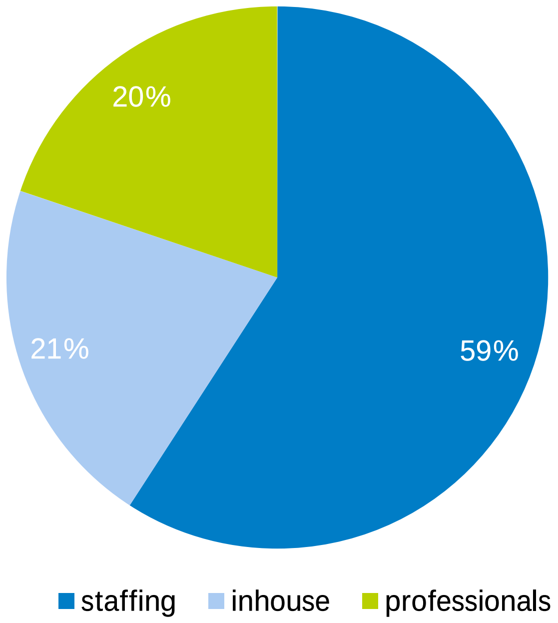
revenue split Q2 2014

geographical area



revenue categories



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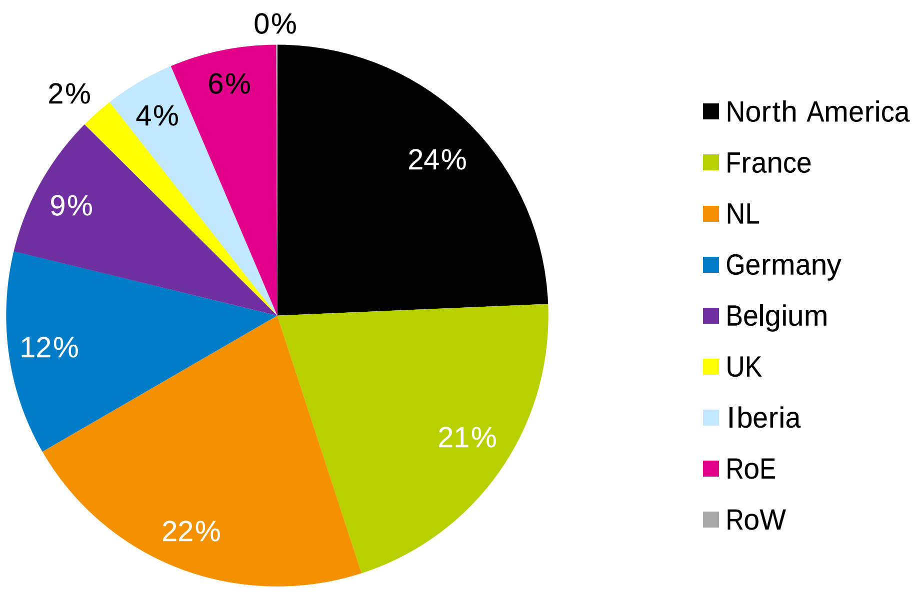
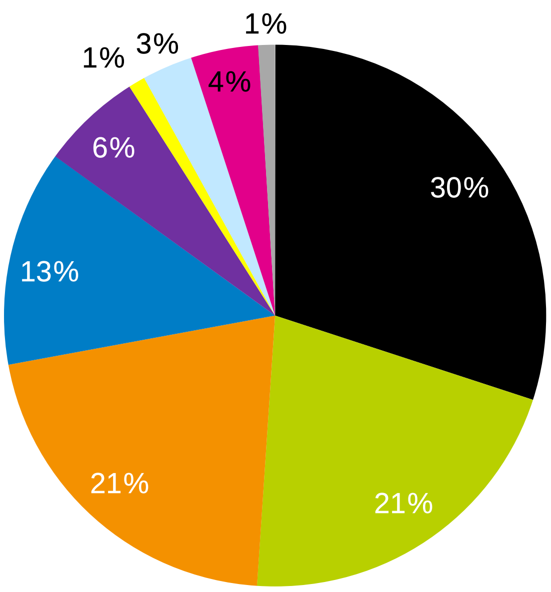
EBITA breakdown by geography

Q2 2014



Q2 2013



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outlets* by region

end of period	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
North America	1087	1,075	1,055	1,067	1,060
France	766	794	791	849	863
the Netherlands	675	675	672	662	679
Germany	551	550	557	553	547
Belgium/Lux	313	314	307	319	321
United Kingdom	141	142	147	155	155
Iberia	290	283	405	416	252
Rest of Europe	381	380	435	428	338
Rest of world	215	216	218	223	225
total	**4,419**	**4,429**	**4,587**	**4,672**	**4,440**

* Branches and inhouse locations.

corporate staff by region

average	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
North America	6,250	6,230	6,320	6,260	6,230
France	3,370	3,370	3,480	3,630	3,620
the Netherlands	4,320	4,240	4,260	4,300	4,270
Germany	2,600	2,610	2,620	2,520	2,480
Belgium/Lux	1,720	1,700	1,800	1,840	1,770
United Kingdom	1,510	1,520	1,530	1,490	1,500
Iberia	1,530	1,490	1,530	1,570	1,230
Rest of Europe	2,400	2,360	2,260	2,240	1,750
Rest of world	4,660	4,570	4,530	4,440	4,390
Corporate	190	190	180	180	180
total	**28,550**	**28,280**	**28,510**	**28,470**	**27,420**

staffing employees by region

average	Q2 2014	Q2 2013
North America	105,300	101,700
France	74,300	78,000
the Netherlands	75,800	82,200
Germany	47,500	48,500
Belgium/Lux	39,400	38,100
United Kingdom	17,600	19,200
Iberia	58,800	44,800
Rest of Europe	53,700	37,700
Rest of world	109,000	108,800
total	**581,400**	**559,000**