

## — PARTICIPANTS

### Corporate Participants

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**Robert-Jan van de Kraats** – Vice Chairman-Executive Board & CFO  
**Ben J. Noteboom** – Chief Executive Officer & Chairman-Executive Board  
**Jan-Pieter van Winsen** – Director-Investor Relations  
**Jacques W. van den Broek** – Member-Executive Board

### Other Participants

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**Margo Joris** – Analyst, KBC Securities NV  
**Jaime K. Brandwood** – Analyst, UBS Ltd. (Broker)  
**Marc Zwartsenburg** – Analyst, ING Bank NV (Broker)  
**Arun Rambocus** – Analyst, Kempen & Co. NV (Securities)  
**David Tailleux** – Analyst, Rabo Securities NV  
**Matthew G. Lloyd** – Analyst, HSBC Bank Plc (Broker)  
**Matthijs van Leijenhorst** – Analyst, Kepler Capital Markets SA (Netherlands)

## — MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Randstad Third Quarter Results 2012 Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Please note that this conference is being recorded.

I will now turn the call over to your host, CFO, Robert-Jan van de Kraats. Sir, you may begin.

### Robert-Jan van de Kraats, Vice Chairman-Executive Board & CFO

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Thank you. Good morning, ladies and gentlemen. Welcome to the third quarter Q12 – 2012 results of Randstad. I'm here sitting together with a couple of colleagues, including Ben Noteboom and Jacques van den Broek and Jan-Pieter van Winsen. We're going to share with you the results of what we consider to be a rather good quarter in uncertain circumstances, and also an improvement compared to the results of the second quarter.

I'm going to move to slide three now, which reflects the agenda, and it's as usual that we're going to take roughly one hour to take you through the performance, the financial results, the outlook, and then move to Q&A.

Moving on to slide five, which is a summary. The header says most of it; cost base down by €18 million, which is a substantial reduction compared to Q2. It's an acceleration of the cost base adjustments, which we already announced in July. It is something we felt was necessary and it's now coming through. Later on in this presentation, I will share some details on this. And please note that the comparison is made sequentially and on a constant currency basis.

And the EBITA at the end of the quarter arrived at €161 million compared to last year, €175 million, which is a 40 basis points difference, and that is a decrease of the gap compared to Q2, which still amounted to 80 basis points, also reflecting the acceleration of the cost base reductions. The results have been adjusted for integration costs, €6.5 million and restructuring costs, mainly in the Netherlands, €9.5 million, but I'll get back to that later on.

Moving on to slide six, the gradual decline continues, and actually this reflects an atypical pattern for our business. We've said it before, but you can see that the upturn has lasted not too long. And the good news in this slide is that the upper two curves, the orange one and the green one are the countries in which Randstad made its most recent two acquisitions, it's the US and Japan continuing to show growth, whereas the other curves are in negative territory. And that's the – the total for the group as well as the European business.

This decline in the most recent quarter is also supported by an easier comparison base for last year in which growth – and again, growth, we were still growing in those days, moved from plus-10% to plus-6.5% in Q3.

Slide seven summarizes the key priorities that we have shared with you before. Focus on costs and that is supported by accelerating the necessary adjustments in the field, but also overhead and head office costs. We're also shifting our focus in some countries for market share gains to profitability and we do that through a variation of options, which are listed down here.

And at the same time, we are capturing growth opportunities and improving our business mix. And we continue to invest in our profitable growth in the US, in Canada and Latin America, in China, Japan, Brazil, those are relevant investments and also are reflected in our cost base. And we'll continue to do so going forward.

I move on to slide eight now, which summarizes the developments. In North America, we are capturing profitable growth here, that's reflected by an increased conversion ratio. We always exclude these synergies, and then we can see the incremental conversion ratio approaching the 50% mark clearly. Organic revenue has continued to grow at the pace of 4% in this quarter, compared to 7% in the previous quarter. We see growth in both staffing and in professionals and stable growth in Canada through the quarter. Perm fees are up 9%, which is clearly an improvement contributing to gross profit, and this was 6% in the second quarter.

Staffing and inhouse, 4% up, professionals 4% up as well. EBITA margin increased from 4.7% last year in the third quarter, now 5.1% and underlying is also the improved business mix, the fact that perm has increased but also RPO, recruitment process outsourcing, reflects the bigger share of our business now.

The SFN integration on slide nine; we continue to make good progress, the physical integration of staffing and professionals has been completed. The IT migration of staffing has been completed in this quarter, so we don't – things have been transferred to our center in Atlanta. The IT migration of inhouse is planned for Q4 and is well underway, and the IT migration in professionals will start in Q4. And that in line with previous announcements is somewhat delayed due to our decision not to let the risk increase because this is a more complicated integration. So we have chosen to go for a low-risk approach here. Integration cost in the third quarter amounted to €6.5 million, and we're now at €32 million almost.

Synergies are moving on very nicely and we expect the full amount of synergies to be materialized next year. In this quarter, they amounted to €7.2 million, which compares to €6 million last quarter. Across the board, we believe that both will go up. So we expect to exceed the target in terms of synergies, but we also expect to exceed the indicated level of integration cost. And we'll provide you with a more update – with a more detailed update at the Investor Day in November.

France, on slide 10; increased uncertainty. This is a difficult context. Revenue down by 11%, compared to 3% in Q2. As I said, it's clearly an uncertain context and it doesn't seem that the government is very engaged in improving this at the moment. We are disappointed about the developments in the French markets and the obstacles that are being created. That's not a good development. We do see, however, growth in our inhouse business, which also is the result of some transfers. But we do see an accelerating decline in staffing and in our professionals business.

We are very much focused, as we have also stated in previous quarters, on driving client profitability, so we'll be very critical towards what we do accept and what we do not accept.

At the EBITA level, 2.5%, lower than last year's 3.6%. This is also the result of a change in the mix of our business. And also the refined calculation method of the subsidies still have some negative impact, less than in previous quarters. It's now at 20 basis points. And we do anticipate a favorable impact in Q4 and this is purely the result of the way this is accounted for.

The Netherlands on the next slide, 11; ensuring adaptability in a market that is not too bad. Still revenues down by 3% compared to 1% in Q2 and we do see continued growth in our inhouse business and our payrolling business. Yacht is our professionals business in the Netherlands at minus 6% and it shows an improvement of the utilization rate, which effectively results in lower cost of idle time. The gross margin in the Netherlands is sequentially stable, but it continues to be a competitive environment. And we also have underlying the change in the business mix.

We have a strong focus on cost and profitability and clearly the cost base is down sequentially, whereas in Q3 we have absorbed higher marketing cost in the Netherlands relating to the Olympic Games. And the cost base is down because of the restructuring programs announced earlier, but also because of natural adjustments of the cost base.

Also in the Netherlands, given the competitive environment, we have a strong focus on client profitability and we have an additional restructuring program in the Netherlands amounting to €7.5 million, for which we anticipate a payback period of 12 months. Savings will come through in Q4. And in the quarter, we did see FTEs going down by 9% comparing June to September. EBITA margin now at 5.7% in the Netherlands.

Germany, a challenging environment on slide 12. Organic revenue down by 5% compared to Q2 at minus 2%, but we do see a clear deteriorating trend throughout the quarter. I'll give you the exit rates at the end of the presentation. And this mix is up a cyclical pattern, but also some structural changes, the collective labor agreement adjustment kicks in on the 1st of November, and this creates some uncertainty in the German market about how to apply this, and what the total effect will be, and we anticipate that this effect will gradually disappear. We did see a growth at inhouse continuing, plus 2%, staffing was a negative of minus 13%, and we continue to see solid growth in our professionals business, especially IT of 11%.

The gross margin in Germany improved. It was one working day less compared to last year. But across the board, Germany, for the full year, has three more bank holidays, which have like 70 basis points effect on the gross margin in Germany for the full year. We have a good cost control. FTEs are down 10% since the beginning of the year, and that's also reflecting the necessary adjustments. The EBITA margin is up 6.2% sequentially compared to 4.2% in Q2. The year-over-year gap reduced to 1.2%.

Underlying the collective labor agreement, we see wages being adjusted varying by region in Germany and the variations are 2.5% or 7% up.

Then we have Belgium improving the mix. And actually, there's not too much to elaborate upon. That's quite a good performance as you can see, also, at the level of the EBITA margins, 4.3% last year, 3.8% this year. It's supported by a stable gross margin and also good adjustments.

In the UK, actually, if you look at revenue development, it's a minus, but it continues at roughly the same level as Q2, minus 8% last quarter, minus 9% this quarter, the public sector in growth, professionals growing. So, it's not an easy context, but a few things are growing right here. EBITA margins at breakeven for now. We'll have to see what's happening in the foreseeable future, but this was not too bad.

Iberia on slide 15, we're rather proud. This is demonstrating resilience. It's a very difficult context, but the combined EBITA margin still stands at 2.5%. In Spain, revenue was down by 12%, and in Q2 by 9%, and in Portugal, Q2 12%, and now 13% down. In Spain, it's clearly driven by manufacturing, logistics and our professionals business, which is a reflection of the program we have announced earlier, the acceleration program to build our professionals business. And also in Spain, this shows growth, and of course, across the board, good cost control, a good recovery ratio, I would say.

Moving on to slide 16, which is reflecting the revenue development per industry. Well, it's a, I would say, a clear indication here. The French market having no segment with positive developments. The Netherlands being a little in the middle, Germany negative in the blue-collar sector, but IT services and health and social work still positive. And in the US, still substantial part of the economy showing growth.

Then we move on to the financial results and the outlook on slide 18, the income statement for Q3. And then please note that last year Q3 did not include the full consolidation of SFN. It was consolidated as from the 2 of September. And as you can see here, the EBITA again, €161 million compared to last year, the €175 million. A little lower in the P&L amortization, €43 million, that compares to Q3 last year, but please note that SFN was not completely included then. So, on a sequential basis, Q2 showed €56 million of amortization here, and now it's €43 million. The fact that it's lower is the result of the fact that we had a very short period for amortization of the SFN brand name. So that has now come to an end.

Next slide, 19, the key financial points. The effective tax rate amounted to 32%. Our guidance remains. We still anticipate to be in the range 29%, 32% for the full year. Diluted EPS down to €0.62 from €0.66 last year. Our DSO improved by 1 day versus last year. It's now 53 days. That if you go back a little further, the early days of the merger between Randstad and Vedior, we were at 60 days. So, we have been on the continued path to reduce our DSO. And this is typically the result of reducing our overdue amounts in the various countries, because we see pressure from large clients, especially, to increase payments terms. But we still continue to see an opportunity to reduce the overdue amounts that we have with our clients.

We did have good free cash flow and typically the largest part of our free cash flow is generated in the second part of the year, €207 million, but I'll get back to that in the cash flow statement. The leverage ratio, sequentially down to 2.2. We have clearly a seasonal pattern in the leverage ratio. It was at 2.4 at the high point in the year, always in Q2, following dividend payment, holiday allowance payment. And now the solid cash flow has reduced it to 2.2, and this will gradually move towards the end of the year, as we have said before, somewhere around 2.0 at the end of the year, so within the internal limits that we do have.

Net debt down to €1.4 billion at the end of the quarter. We have a syndicated credit facility in place next to uncommitted lines of €1.8 billion, which runs until May 2013. And already last year, we have refinanced most of that through a new syndicated credit facility amounting to €1.3 billion, which runs until 2016, and part of it even until 2017. That's the bigger part of it. The refinancing of the remaining part is in progress, we are looking at various forms of financing with different maturity profiles, and we are confident that this process will be completed well on time.

Then on the next slide, the segment performance, 20, slide 20, that is staffing, inhouse and professionals. Looking at the various segments, staffing, strong growth in North America, led by admin and perm, especially the gradual slowdown in the – in Europe and the addition of SFN came in with an below average EBITA margin as you all know.

Inhouse, the main driver is US and also France here, next to the Netherlands, but compared to a strong comparison base, but still doing well, mainly due to an increased share of wallet at existing

clients. Professionals, we do see growth in the US across most sectors, also impact from the public sector clearly here in the Netherlands and in the UK. And it also includes a slowdown of perm fees in Europe. We have added SFN here with above-average EBITA margin.

The gross margin bridge on the next slide, 21. We are comparing the year-on-year gross margin development. Q3 last year, Q3 this year, 18.1% and now 18.2%, and you can see what's in between. SFN came in with an above-average gross margin of – having an impact of 0.2%. And then Q4, Q1, Q2 and Q3, you can see price mix effects. It's not just price, it's also the gross margin as a whole, so having a total impact of negative 0.4%, and then HRS contributing a positive 0.3%, ending in total to the 18.2%.

The temp margin across the various countries is affected by the competitive environment that we do have especially in Europe's. And the seasonal impact which is typical in Belgium in the third quarter due to students is in line with last year. And as we mentioned before, we have a continued focus on client profitability that is key to us because we see some deals in the market that are not and will never be contributing to the profitability of us or anyone else, and that we consider to be unjustified.

Looking at operating expenses on the next slide, 22, we have included this time a comparison between the OpEx development year-on-year, the upper part of the slide and the sequential development Q2 towards Q3. I'll take the sequential development first. Our expenses in Q2 amounted to €648 million and this is on a constant currency basis, and FX has added €8 million in order to realize that comparison base.

And then you see the €18 million broken into the various green boxes, synergies, an increase of €1 million; organic adjustments in Europe and North America, organic rest of the world, that's flat. And then we have organic at corporate level at minus of €2 million, adding to a total of €18 million, and that makes us arrive at €638 million.

FTEs are down throughout the quarter by almost 800 and of course, that's mainly Europe. The recovery ratio as a result of this is clearly going towards the right targets now. OpEx comparison year-on-year, that's reflected in the upper slides, but I think that's clearly clarified by itself.

So then I move on to the next slide, which is the cost reduction initiatives, and we felt it would make sense to show you the impact of the various initiatives that we have in place at Randstad. The first source for adjustment of cost, of course, is field steering, and that was supported by staff turnover across our network, which is exceeding 20%. And typically the majority of staff turnover is in the field and organization that's where people have even their first or second job, are relatively young, well-educated, so they typically find a career in the labor markets.

And we're also working in the context of field steering on the optimization of our network, of our distribution network. We prefer larger branches to smaller branches. Then – and it's not written here, of course, we also have natural attrition in the back office, in the head office, but that typically is lower than in the front office. Another source of cost reduction is synergies here, SFN. And then we have restructuring programs in place that have been announced over the last quarters, addressing overhead and head office, back offices, and also branch efficiencies.

Now, in the lower part of this slide, we have outlined the cost savings of €18 million from Q2 to Q3. And then in the next columns we have indicated how we have organized for this. So out of the €18 million, €3 million are the result of restructuring and synergies, €13 million is the result of field steering, so that is the regular natural adjustments of the organization, and then the remainder is the corporate costs.

So I think this helps you to understand the ability to adjust the organization at Randstad. By the way, the €70 million to €100 million annualized ambition, I think it's clear, we're well underway here

and this assumes a mid-single digit decline as we have outlined last quarter. And of course, if things would get worse, then we'll follow the same patterns, we'll just have to do more.

The balance sheet of Randstad, slide 24, I already elaborated on the net debt and DSO, as well as the leverage ratio. I think this is moving into the right direction.

The cash flow statement, a good free cash flow for this quarter, which was used to reduce net debt. And please note that comparing Q2 and Q3, we see sequentially a somewhat higher level of revenues, that's a seasonal pattern, and that absorbs typically some working capital. This quarter was also supported by – in fact at the end of Q2, some payments were delayed and came in, in the early days of Q3. Again, Q3 ends at the weekend, so we'll have some of that impact as well coming into Q4. But I would say this is the typical and solid reduction of net debt at the end of the quarter.

Well, finally, the outlook for the next quarter. The key priorities at Randstad continue to be recapturing profitable growth in North America, Asia and Latin America. We'll continue to make investments whenever necessary. We'll continue to focus strong on field steering; we continue to have our focus on cost and also on an effective recovery ratio, as we have discussed with you many times. We'll continue to align overhead and the head office with the field; and client profitability remains key to us.

The growth per working day throughout the quarter moved from 0% in June to minus 3% in September, and whereas it was relatively stable throughout the quarter. Looking at the numbers in October, it clearly indicates to us that things are not improving, so we continue to see a gradual decline in Europe, accelerating decline in France and Germany. Please also note that the comparison base in Q4 will become easier again, in line with my previous remarks and no significant working day impact is anticipated for Q4.

We're well on our way to meet savings targets, of course. And the exit rates, so the September numbers for Randstad in the Netherlands were minus 3; in France, minus 13; in Germany, minus 9; in Belgium, minus 7; in the UK, minus 11; in Iberia, minus 8; North America growth of 4; rest of the Europe at minus 1; rest of the world at a plus of 11; and that totals to the minus 3 that I mentioned in September.

Well, that completes the presentation. We now move on to the Q&A session.

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**Unverified Participant**

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So, operator, please, the first question.

**QUESTION AND ANSWER SECTION**

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] Margo Joris from KBC Securities is on line with a question.

**<Q – Margo Joris – KBC Securities NV>**: Good morning, gentlemen, a few questions from my side, please. The first one is on the behavior for your US clients. During the Investor Days, Adecco referred to an ongoing uncertainty which is the reason why US customers still prefer temps over perms, while Manpower isn't hearing much about the fiscal cliff from its customers. You report good growth in the US perm fee business. Could you shed some more light on the US market, please?

And then the second question, could you guide us on the operating expenses for the fourth quarter? And thirdly, do you expect to keep the gross margin stable in the fourth quarter versus at 18.2% this quarter? Thank you.

**<A – Ben Noteboom – Randstad Holding NV>**: Yes. To start with the perm, we saw a continuous – actually an improving percentage of the perm in our staffing business. It went from plus 30% – a bit more than 30% growth in Q2 to more than 50% growth in perm in – I'm sorry, in Q3 in staffing. We saw about a 10% growth in perm in professionals. So all in all, that for sure looks good.

And you mentioned uncertainty of clients, and that's why we – they would use staffing. I think in general, if you look at the developments in the US, I expect actually that the penetration rates of staffing will for awhile keep on going up. That does not only have to do with uncertainty. I think also we see that the drive for more efficient organizations in the US has hit home. So they see that they need to fluctuate more, faster in a volatile market.

And three, of course, obviously the professional business, by definition, as I mentioned before, I think the size of the market is growing up because it's price times quantity. And it's not only penetration rates, we should look at – we should also look at the – what actually builds up the market, and we see more and more [ph] fluctuation (29:31) occurring in professionals market. That means even if penetration rates would stabilize, the value of the market is still going up, because professionals market is seeing high penetration rates. Did that answer your question?

**<Q – Margo Joris – KBC Securities NV>**: Yes. Thank you.

**<A – Robert-Jan van de Kraats – Randstad Holding NV>**: There were two more questions on OpEx and gross margin. It's rather simple. OpEx will be lower in Q4 because that's the result of the structuring programs. And GM typically – gross margin typically is much higher in the fourth quarter, but that's depending on the developments in the mix. So we'll have to see.

**<Q – Margo Joris – KBC Securities NV>**: Okay. Thank you. But – is it – sorry, you don't guide on the decrease in operation – operational cost in the fourth quarter?

**<A – Robert-Jan van de Kraats – Randstad Holding NV>**: No, no, but we have guided on recovery ambitions. And I think Q3 clearly proves that we take this seriously.

**<Q – Margo Joris – KBC Securities NV>**: Yes. Okay, fine. Yes?

**<A – Robert-Jan van de Kraats – Randstad Holding NV>**: I'd like to ask all of you to limit your questions to two to make sure that everybody gets his or her turn.

**<A – Ben Noteboom – Randstad Holding NV>**: [indiscernible] (30:32) but actually derived from the numbers, we're going to see a cost reduction of at least €4 million in Q4 [ph] advanced on (30:40) the Netherlands. But that's the simple calculation of the reorganizations we conducted. So, that's a good start, I'd say.

<Q – Margo Joris – KBC Securities NV>: Okay. Thank you.

Operator: Jaime Brandwood from UBS London is on line with a question.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Good morning. Two questions then. Firstly, just on France, you were talking about how obstacles were being created. I wonder if you could be a little bit more specific because, I guess, Adecco's Investor Day just over a month ago suggested that there were no new headwinds from a regulatory perspective in the French market. So just interested to get your take on what you mean by obstacles.

And then secondly, on Germany, how you plan to deal with the introduction of these collective labor agreements on the 1 of November, and how many of your temps are covered by these agreements in Germany? Thanks.

<A – Ben Noteboom – Randstad Holding NV>: Well, the remark about obstacles referred to a variation of issues, but the fact that income taxes are raised to a very high level does not, we believe, contribute to healthy circumstances in the French market. But a specific element, for example, is the repatriation of dividends across the globe from the French activities into the holding. There are clear new obstacles in place to transfer money from one operating company to another. And I would say that's not – that's clearly an example of something that's not helpful.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Is that going to mean a higher tax rate for you or something like that?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Well, the question, of course, is if we do transfer money from France to the holding. But if you do so, indeed, you have to pay – I would call it a penalty over dividends paid to the holding.

<A – Ben Noteboom – Randstad Holding NV>: On Germany, Jaime, the introduction of the collective labor agreement, I must say I'm very proud of the progress we have made in Germany. Our systems are actually completely changed and are now in line with all the regulations that are in the two CLAs that we have concluded. Obviously, the biggest one, that's with [indiscernible] (32:44) that's on the services has not been concluded.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Okay.

<A – Ben Noteboom – Randstad Holding NV>: So, that still has to wait. The effect is, we'll see is that we will need considerable actually price increases with our clients for November 1. We're in the midst of implementing those. I expect actually a fairly – a successful operation there. What I do, on the other hand is, expect that clients will be reluctant to pay our margin of the extra surcharges that we will pay people when they work for a period of time. For example, after six weeks, the surcharge would be 15%.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Yes.

<A – Ben Noteboom – Randstad Holding NV>: What we do see is that clients are reluctant to pay the same percentage margin over that 15%. So that means nominally the profit will not change, but if you'll look at it as a percentage, it might have an effect. Our big effect is going to be actually minor because your second question exactly focuses the right elements, so how many people are actually involved. We have two collective labor agreements that have been concluded. It's both for the metal industry and for the chemical industry.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Yes.



<A – Ben Noteboom – Randstad Holding NV>: Chemical is a smaller part of the business. Metal is big because that includes automotive.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Yes.

<A – Ben Noteboom – Randstad Holding NV>: However, all the big car producers already are at [ph] user pace, (0:34:07) so there we won't be confronted with any additional surcharges.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Okay.

<A – Ben Noteboom – Randstad Holding NV>: And then we should also keep into account that a part of our business, of course, is already – that we already pay higher than user pay. For example, if we look at secretaries, bookkeepers, what have you and professionals, so it means that a smaller part of our total employees working is affected by the changes.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: And what kind of smaller parts, sort of 10%, less than 10%, any indication?

<A – Ben Noteboom – Randstad Holding NV>: No, I think it will be north of 10%, but not a lot.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Okay.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Jaime, you were – I was thinking about your first question and the reference you made to Adecco. And let me be – also be clear on low wage subsidies. We do not see upcoming changes for now.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Okay. Thanks very much.

<A – Ben Noteboom – Randstad Holding NV>: Next?

Operator: Marc Zwartsenburg from ING is on line with a question.

<Q – Marc Zwartsenburg – ING Bank NV (Broker)>: Yes. Good morning, gentlemen. Also two questions from my side. First of all, to come back on the equal pay situation coming up in Germany; Ben or Robert-Jan, could you give us – and you probably made already a sort of calculation, give us an – a sort of sensitivity to the gross margin impact because you mentioned that on an absolute level, the profit should be similar? But what would be the impact on your gross margin if, say, for instance, all of your clients do not accept, say, the increase on the margin side? Could you give us a number on that, how that will impact your gross margin?

<A – Ben Noteboom – Randstad Holding NV>: As I often state when – if the assumption is right, the conclusion also is right. And here we have a lot of assumptions to get to the calculation, but an example of the calculation would be – an example, Marc, I [indiscernible] (35:53).

<Q – Marc Zwartsenburg – ING Bank NV (Broker)>: Yes, yes.

<A – Ben Noteboom – Randstad Holding NV>: First of all, it only kicks in after three months. So, a bigger part of a population works less than three month on a job. So, we're talking about a smaller part of, let's assume, 15% of a population that actually is relative. And then we're talking about 15% increase, so now you can make your own calculation because you know you have an idea of our margin about in Germany. So, that's why the total effect will not be very big. Only on a client basis, of course, it would look as if the margin would go down.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Does that help?

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>**: Yes. Definitely does. Then on the cost side, in one of the slides, Robert-Jan mentioned the – showed us the impact from the charges and the savings from that, the €3 million. So, I presume less than €12 million on an annualized basis. To my knowledge, if charges, say, four quarters rolling are more in line with €40 million, €50 million – correct me if I'm wrong, does that mean that we get still, at least, save €7 million to €10 million of additional savings coming out of these programs, or not?

**<A – Jan-Pieter van Winsen – Randstad Holding NV>**: Marc, this is Jan-Pieter. The calculation is based on the assumption that most part of the restructuring have been executed in the course of Q3. So, it only reflects savings, let's say, on average for the quarter.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>**: So the €3 million is only from the charges from Q2 and what has been done in Q3?

**<A – Jan-Pieter van Winsen – Randstad Holding NV>**: Yes.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>**: I see.

**<A – Ben Noteboom – Randstad Holding NV>**: It's indicative.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>**: Okay. And that will – can I ask one more question on the cost side?

**<A – Ben Noteboom – Randstad Holding NV>**: Yes. [indiscernible] (37:36).

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>**: In France, looking at the trend in France, do – of course, you mentioned, yes, we will merge some branches and we do – we will work with natural attrition to avoid having to talk to unions. Given the trend now visible, is it likely that we might see further measures in Q4 or is that still too early?

**<A – Jacques van den Broek – Randstad Holding NV>**: Hi, Marc. Good morning. This is Jacques. Yes. Well, the trend is worrying. We do see, as of mid-September, quite a lot less demand, for example, at our inhouse clients. So, we will definitely step up the speed at which we are consolidating branches and you cannot call this a social plan formally. But, of course, we're in discussion with unions because, if anything – and we do this in any country, you get into discussions with unions, so we do want to speed up these plans and get to a maximum of savings possibilities.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>**: Thank you very much.

Operator: Arun Rambocus from Kempen is on line with a question.

**<Q – Arun Rambocus – Kempen & Co. NV (Securities)>**: Yes. Good morning, gentlemen. Just one question. Jacques, can you shed some more light on the delta in the year-over-year trends in France Q2 over Q3? So I mean, going from minus 5% to minus 12%. I mean, you said yourself, partly it's the market circumstances. But I think the market circumstances weren't great either in the second quarter, and still you outperformed the market substantially. And now it seems like you're falling back to market levels. So, what happened over there? Did the company walk away from non-profitable contracts or is it just a reflection of where the market is?

**<A – Jacques van den Broek – Randstad Holding NV>**: Well, the decrease has been already in September, so that's already a decline. If you talk about our outperformance, our outperformance is mainly due to inhouse. And with these inhouse clients, we do see a lot less demand, so this is actually market which has grown – has not gone to competition, and that decreases our outperformance. In that sense, you're right.

<Q – Arun Rambocus – Kempen & Co. NV (Securities)>: Okay. That's my question. Thank you very much.

Operator: [ph] Joshua Veith from Barclays (39:46) is on line with a question.

<Q>: Good morning, guys. Two questions from me. First, looking at restructuring charges, what do you guys expect for Q4, and then into next year, especially in light of the branch closures in France that you've been talking about?

And then secondly, on gross margin, looking farther forward into 2013, I mean, you've done a great job this quarter and it looks like some of that will persist. But what kind of one-off effects were there in 2012 that are going to help the gross margin walking into 2013?

<A – Ben Noteboom – Randstad Holding NV>: Second question is zero, and the first question, Jacques will handle that.

<A – Jacques van den Broek – Randstad Holding NV>: Yes. On the branch closures, we don't expect a big bang, because we will take the costs as they come. Please be informed that, for example, you move three branches into one, it's not that you move into one, but you need to rent a new one. So, there's also some practicalities here. So, it's going to be a program which will run throughout 2013.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: And [ph] Josh, (0:40:54) in case you're – your question relates to the group-wide restructuring. We've included this slide 23 to show that most of the cost reductions are going through field steering and natural attrition, and some of it is through restructuring. And we have a clear guidance internally is that we allow for a restructuring as long as the payback term is 12 months, so we consider this to be sort of an investment program. And we have already indicated in the outlook that we expect to see some of that in the next quarter as well. And if next year shows a decline of business as well, we'll also show some restructuring charges. But I do not expect the ratio to be very different from what you see in this slide. Was that helpful?

Operator: David Tailleir from Rabo Bank is on line with a question.

<Q – David Tailleir – Rabo Securities NV>: Yes. Good morning, gentlemen. A follow-up on the cost savings; so given the €80 million in Q3 and the additional cost savings you expect for Q4, could we expect that you will arrive at the very top end of your cost savings target, so that's close to the €100 million per annum? That's the first one.

<A – Ben Noteboom – Randstad Holding NV>: No – but, yes. But the thing that I have to contradict or can't agree to, of course, is top end, because we don't know what's going to happen in markets, so we'll keep on adjusting. And again, what we've tried to show on the slides where we actually give the split between the sources of cost reduction. It's clear that a biggest one is natural attrition, and that's why we decide whether or not we replace people or not. And, of course, on the other hand, we have areas where we are growing.

And the natural attrition, to give you an exact number, is 27% in Q3. So that gives us ample room to actually reduce. So, on the €70 million to €100 million, for sure, we are more than pleased with what we have achieved on such a short notice. But the actual cost reduction will completely depend on market developments and we have – we always have enough room to actually breathe with what the markets dictate. So, I can't say that would be the top end of the savings. I hope it is, I hope we don't need to be more, but it could be.

**<Q – David Tailleir – Rabo Securities NV>**: Okay. And to be very clear, the target cost savings, that's net figure or gross figure? So, let's say, it's including inflation impact already or not?

**<A – Ben Noteboom – Randstad Holding NV>**: Inflation, I don't care too much about, but it does exclude currency effects.

**<Q – David Tailleir – Rabo Securities NV>**: It excludes currency effects. In some markets, there's probably some wage inflation probably next year as well, like Belgium, for example.

**<A – Ben Noteboom – Randstad Holding NV>**: Yes. It could be. Yes. Although, the biggest inflation, obviously, is first of all, I think, in Argentina where inflation is at about 23%. The next biggest one is probably in India. We're talking about 8% to 10%, but then again they're small impacts. But indeed, the automatic inflation composition in Belgium is something that – not the smartest law they've put in place.

**<A – Jacques van den Broek – Randstad Holding NV>**: An obstacle.

**<A – Ben Noteboom – Randstad Holding NV>**: Yes. It's a French-like obstacle, yes, indeed.

**<Q – David Tailleir – Rabo Securities NV>**: And maybe a quick one on professional staffing, because the trend is down a bit more than in traditional staffing. Could you elaborate a bit more, for example, on the developments in France where we see quite a collapse in professional staffing demand?

**<A – Robert-Jan van de Kraats – Randstad Holding NV>**: Yes. That is true. It's, of course, yes, in line with the market. Although, our biggest loss in – is in IT. Well, we do see a type of profile, you might say help-desk operators, which is also less in demand. So, that's also a structural thing in the market, which doesn't help, but it is, yes, it is in line with what we see in the market.

**<A – Robert-Jan van de Kraats – Randstad Holding NV>**: Yes.

**<A – Ben Noteboom – Randstad Holding NV>**: And again, we also see, of course, which – I mean, we are very happy with the US performance. But we also see that the growth in the US is declining and also show in professionals, particularly in the IT segment. We see engineering still booming, but the other segments of professionals are slowing down. So, all in all, I think it's almost a global event, excluding the new markets like Brazil, where actually we're growing more than 100%, but that's – that with India, et cetera. That's so small that the impact is unfortunately still too small. But in the future watch and see, but – so I think it's overall, it's overall. Yes.

**<Q – David Tailleir – Rabo Securities NV>**: And we have some patience then. Thanks for your answers.

**<A – Ben Noteboom – Randstad Holding NV>**: Hey, that's the first. Thank you, David. [indiscernible] (45:47). Next?

Operator: Matthew Lloyd from HSBC is on line with a question.

**<Q – Matthew Lloyd – HSBC Bank Plc (Broker)>**: Good morning, gentlemen. I wondered specifically about France, two questions. One, if you could give us some idea of the absolute sort of numbers of temps? So, if we take out wage rate and mix and all of the things that tend to move about, what that's doing sequentially? So whether the year-on-year movement is more about the comp or whether it's – the sequential number is – absolute number is falling?

And then a second, slightly more technical question, in perm placement in France, does your number include placement fees for CDD contract people?

**<A – Jacques van den Broek – Randstad Holding NV>:** Yes, it does; the last one, we got – Ben already mentioned it regarding the US, we got boom in staffing, yes. And that is CDD or CDI. We don't measure it as such. The client just hire someone, CDD or CDI and we charge a fee if it goes through us. The decline we mentioned, it's all about volume. There are no real significant wage effects as you probably know. In Europe, wage effects are rather stable, with the exception of Germany where you go into a legal change. But in France, it's all about volume.

**<Q – Matthew Lloyd – HSBC Bank Plc (Broker)>:** But how much of that is the comp to last year? So, French market data, for example, rather suggest that the number of French temps as being reasonably static for a few months now?

**<A – Jacques van den Broek – Randstad Holding NV>:** Yes, that's actually – well, compared to last year, it's going down in volume. What you sometimes see and that's not what I have at hand, the difficulty that sometimes the EWs go down, but then the hours per EW go down more, and that has an aggravating effect. But it's not comps, as such.

**<A – Ben Noteboom – Randstad Holding NV>:** The difference – and the bill rate per hour in Q3 this year and last year is 0.7%, so really – and again, we have a big population. We talk about 90,000 people. So, the actual comp effect by definition is always low.

**<Q – Matthew Lloyd – HSBC Bank Plc (Broker)>:** Thank you.

**<A – Ben Noteboom – Randstad Holding NV>:** Next question, please, operator?

Operator: Matthijs van Leijenhorst from Kepler Capital Markets is on line with a question.

**<Q – Matthijs van Leijenhorst – Kepler Capital Markets SA (Netherlands)>:** Yes. Good morning, everyone. A couple of questions. First one on the marketing expenditures in the Netherlands, relating to the Olympic Game, how much – maybe you already mentioned it, but how much were the expenses?

Secondly, on the gross margin, I was quite surprised by the HRS development. What are your expectations going forward? And last one is, you were talking about – you've got the slide number 14, and it says that the public services in the Netherlands is – the revenue development is going well. However, if I look at slide 18, you were saying that impacts the public sector in the UK and NL. Could you please – could you explain this a little bit more?

**<A – Ben Noteboom – Randstad Holding NV>:** Yes, marketing expenses couple of millions for the Netherlands. So, that's easy. HRS, we see growth in RPO. We see our placement growing. We see payroll growing. So those activities are actually doing very well. As we also mentioned in our...

**<A – Jan-Pieter van Winsen – Randstad Holding NV>:** MSP.

**<A – Ben Noteboom – Randstad Holding NV>:** Yes, of course, MSP, right, that also, as also mentioned in our press release. Public sector in the Netherlands, that's mainly the – let's say lower level part of the market that is recovering. And you say on slide 18 – or is it – you mean the slide with the different segments where we explain about the....

**<Q – Matthijs van Leijenhorst – Kepler Capital Markets SA (Netherlands)>:** Yes, exactly, exactly. And then the bottom one...

**<A – Ben Noteboom – Randstad Holding NV>:** [indiscernible] (0:49:54). Yes, that relates to the professionals business, and that's still double-digit down.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Yes.

<A – Ben Noteboom – Randstad Holding NV>: So, if you look at slide 16, the revenue development per industry that is related to the whole industry in the Netherlands, and that's including staffing, and that's up mid-single digit.

<Q – Matthijs van Leijenhorst – Kepler Capital Markets SA (Netherlands)>: Okay. That if I look at the public professional segments, then it's double-digit down. That's what you're saying?

<A – Ben Noteboom – Randstad Holding NV>: No, not in the Netherlands. Slide 16, we give you the growth rate per industry. And there you see that the public sector in the Netherlands has a single plus, that means it's a single-digit growth.

<Q – Matthijs van Leijenhorst – Kepler Capital Markets SA (Netherlands)>: Exactly, yes.

<A – Ben Noteboom – Randstad Holding NV>: And, of course, we all agree that 2% is a single-digit growth. So, it's consistent, I'd say. But this is the Netherlands, because you also talk about the UK, so I don't know where that...

<Q – Matthijs van Leijenhorst – Kepler Capital Markets SA (Netherlands)>: Yes. Okay.

<A – Ben Noteboom – Randstad Holding NV>: ...that comes in.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Yes. You referred to slide 14, and that is the UK.

<Q – Matthijs van Leijenhorst – Kepler Capital Markets SA (Netherlands)>: Yes. I'm sorry. I have to look at the bottom line, it was slide 16. Yes. Sorry about it.

<A – Ben Noteboom – Randstad Holding NV>: Okay.

<Q – Matthijs van Leijenhorst – Kepler Capital Markets SA (Netherlands)>: Yes. No, I get it. I get it. Thanks.

<A – Ben Noteboom – Randstad Holding NV>: Okay. I'm glad we didn't make a mistake, because it sometimes happens.

<Q – Matthijs van Leijenhorst – Kepler Capital Markets SA (Netherlands)>: Okay.

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#### Robert-Jan van de Kraats, Vice Chairman-Executive Board & CFO

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All right, then we have dealt with all the questions, there's no one in line anymore, and I think this indicates the fact that the press release was clarifying. And we'd like to see you all on the 21st of November at the Investor Day. Looking forward to see you over there, and thanks for listening in. Bye.

Operator: Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.

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