

# 4<sup>th</sup> quarter & annual results 2010

Strong final quarter of the year; revenue up 22% and EBITA up 52%

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Randstad Holding nv  
February 17, 2011



# disclaimer & definitions

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 underlying figures are unaudited.

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

**organic growth** is measured excluding the impact of currency effects, acquisitions, disposals and reclassifications and French business tax

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

# agenda

- performance
- financial results & outlook
- Q&A

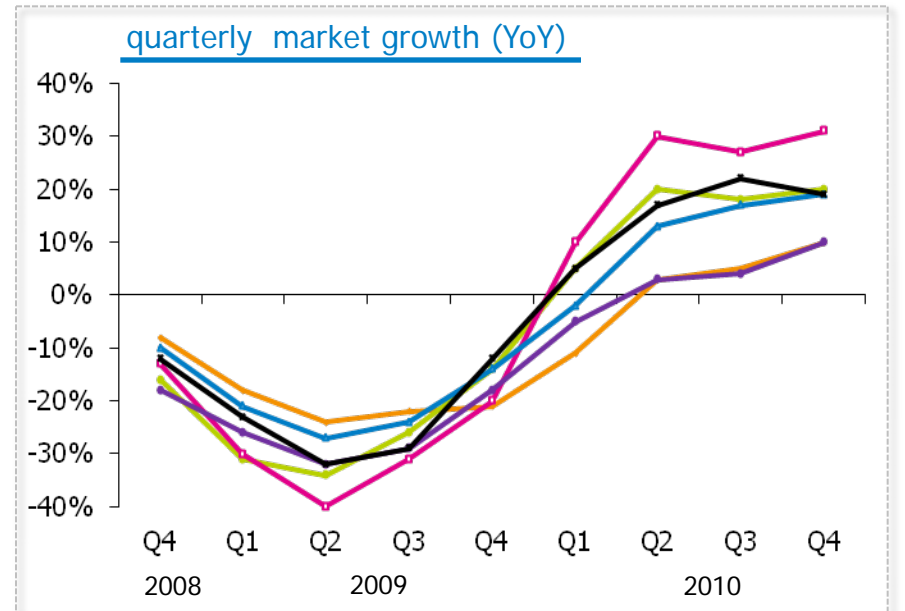
# performance

Ben Noteboom

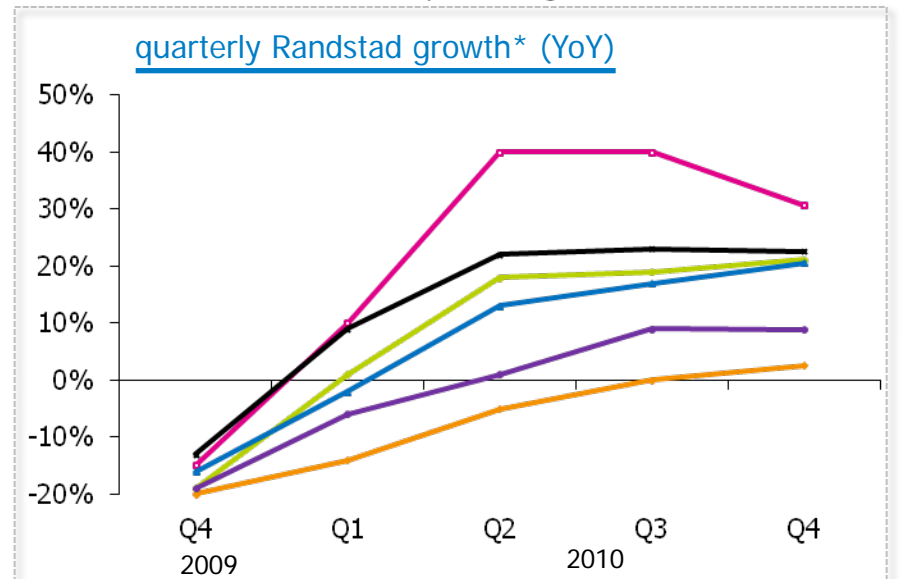
# strong market trends persist

- market growth on average strong despite more difficult comparables
- continued high growth in industrial segments
- steady improvement in lagging markets such as NL and UK
- administrative and professionals segments strengthening gradually

\* organic growth per working day



— NL — France — Germany — Belgium — UK — N-America



# Q4 2010: strong final quarter of the year

- revenue amounted to € 3,891 million (+17% YoY organically)
  - organic growth per working day was 17% both in Oct/Nov and 16% in December
  - growth in inhouse strong at +51%, while professionals gradually strengthened to 9% YoY
  - growth in staffing (13%) unchanged; administrative segments start to improve
  - perm fees up 20% organically vs. +24% in previous quarter
  - revenue FujiStaff increased by 4% over the quarter
- gross margin relatively flat since Q4 2009
  - commercial pressure bottomed-out
  - impact perm fees positive in Q4 -> 7.6% of gross profit vs. 7.1% in Q4 2009
- operating expenses up 6% vs. Q3 2010 to € 575 million (4% organically)
  - limited investments in FTE in fast growing countries
  - increased marketing expenses in Q4, mainly in Germany & UK
  - consolidation of FujiStaff as of October 20, 2010 contributed € 15 million
- EBITA reached € 161 million vs. € 106 million in Q4 2009
  - EBITA margin amounted to 4.2% vs. 3.3% in Q4 2009
  - FujiStaff added € 5.4 million to EBITA

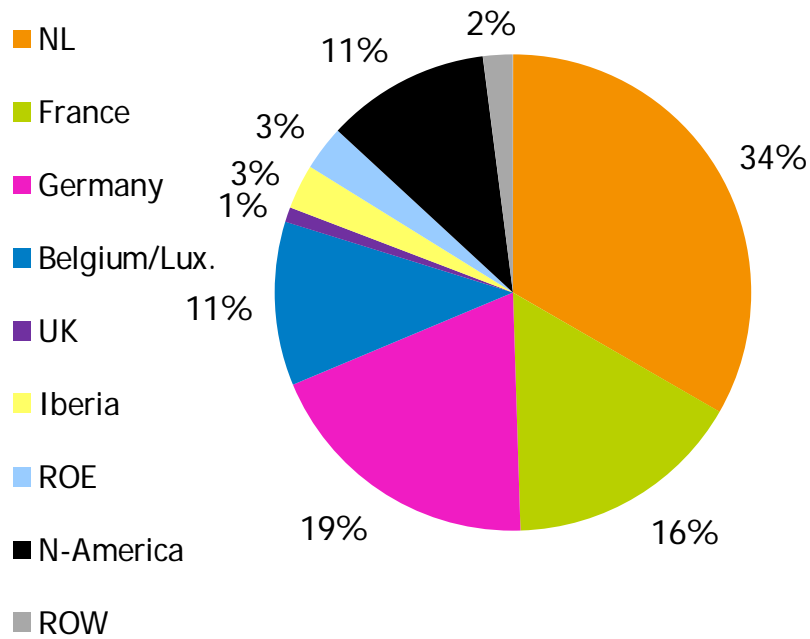
# FY 2010: good performance in a strong year

- strong growth trend during the year
  - from a growth rate\* of -1% in Q1 to +17% in Q4
  - market share gains in almost all regions
  - gap with the market in France closed in September and outperforming in Q4
  - NL behind market
- EBITA up 61% to € 510 million
- acquisition of FujiStaff provides strong footprint in Japan
- leverage ratio improved to 1.5 from 2.5
- re-instatement of dividend payment on ordinary shares

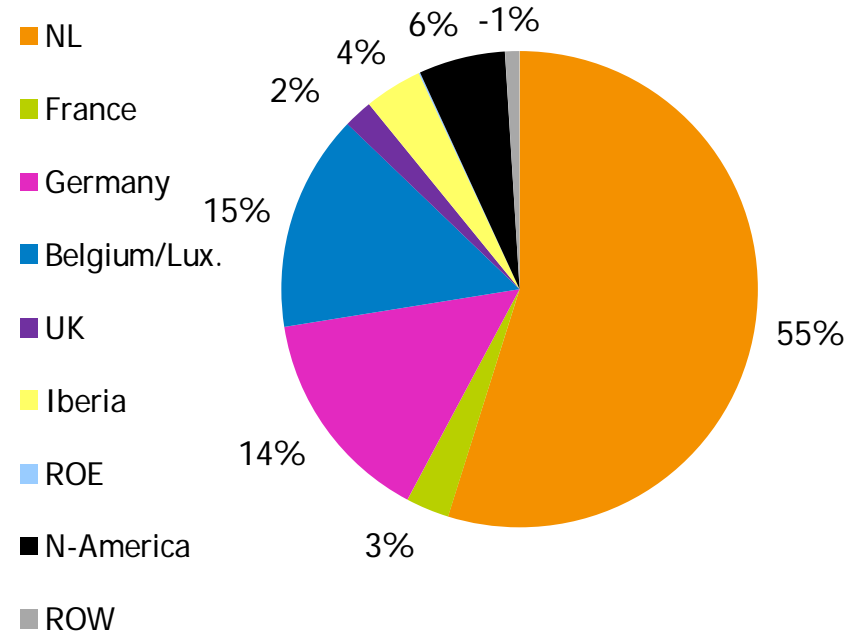
\* organic growth per working day

# EBITA breakdown by geography spread significantly improved

2010



2009

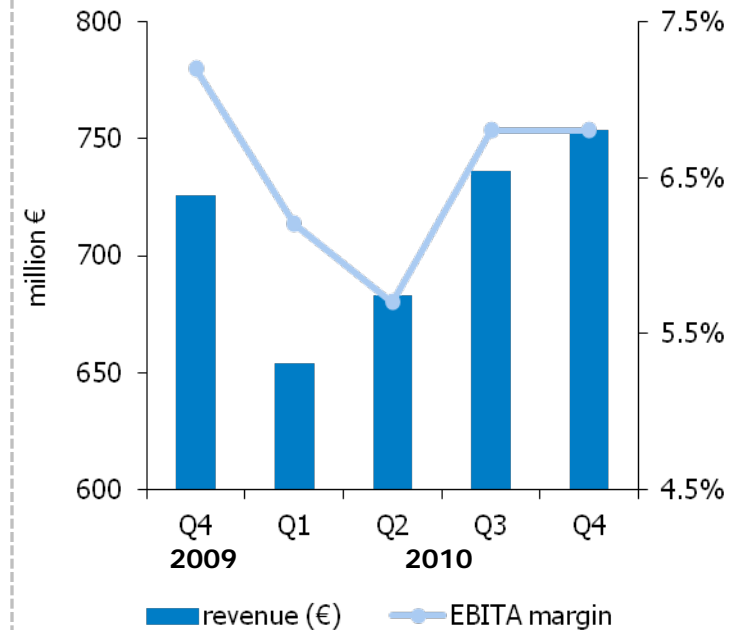




# the Netherlands: gradually improving

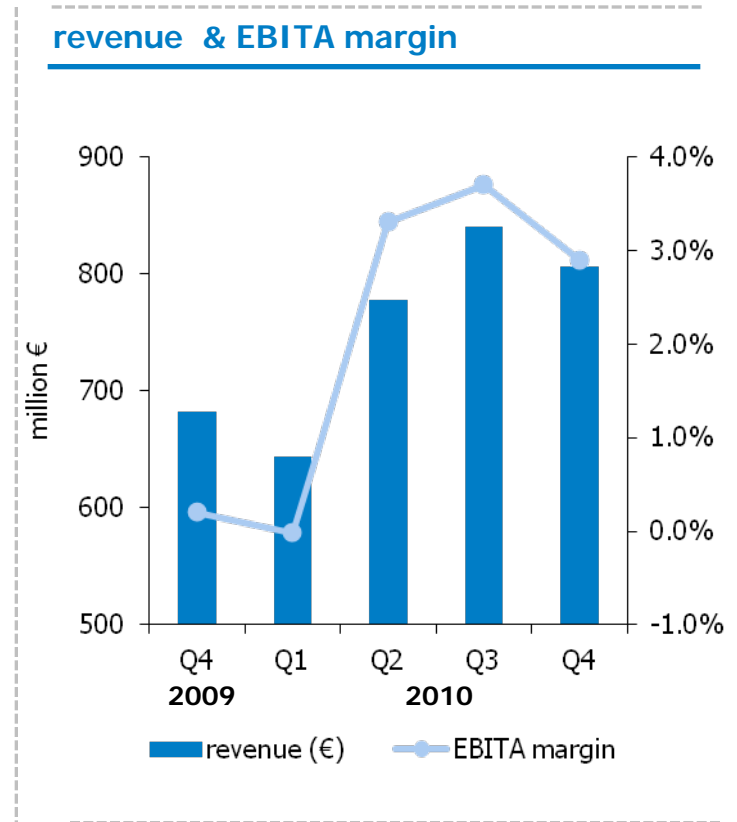
- organic revenue 4% (vs 0% in Q3 2010)
  - market growth improved in Q4
  - late cyclical due to service oriented economy
  - growth driven by industrial & technical segment
  - Randstad moving closer to market
  - for Tempo-Team it takes a bit longer to close the gap
  - revenue decline at Yacht (not in ABU) becomes smaller
- EBITA margin 6.8% versus 7.2% LY
  - maintaining solid profitability
  - stabilization of commercial pressure
  - improving idle time development at Yacht
  - margin flat excluding non-recurring costs

revenue & EBITA margin



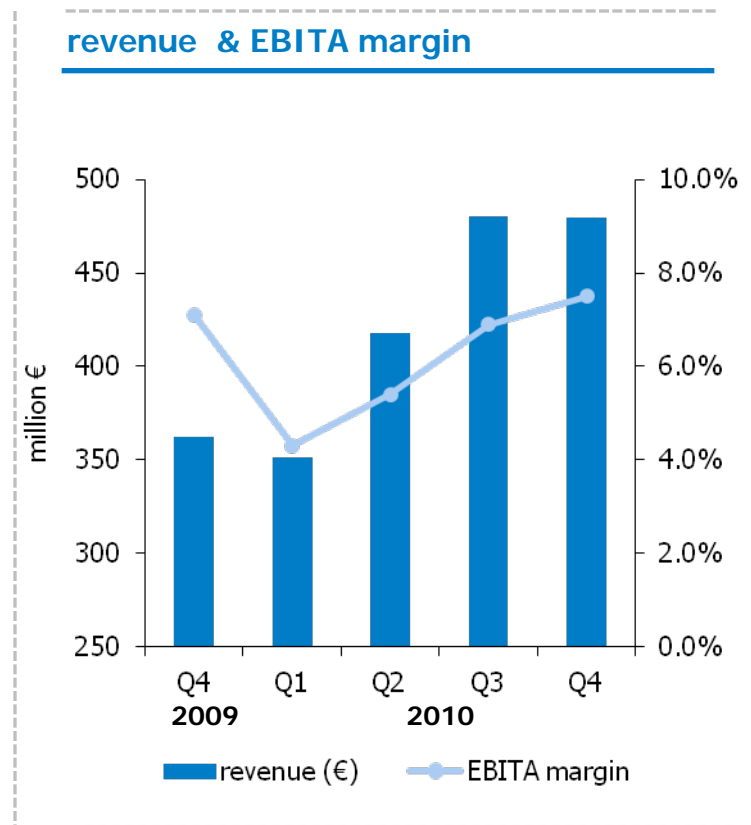
# France: outperformance in Q4

- organic revenue +21% in Q4 2010
  - outperforming the market
  - growth broad based; manufacturing main driver
  - permanent placement up 18% (YoY)
  - growth professionals segment strengthened
  - ongoing increase new clients & transfers within Inhouse
- EBITA margin 2.9% versus 0.1% LY
  - solid operating leverage
  - impact of French business tax is € 10.4 mln for Q4 (EBITA-margin excluding reclassification 1.6%)
- change French low wage subsidy system
  - expected impact on gross margin of 1%
  - already impact in December
  - gradually passing on to clients



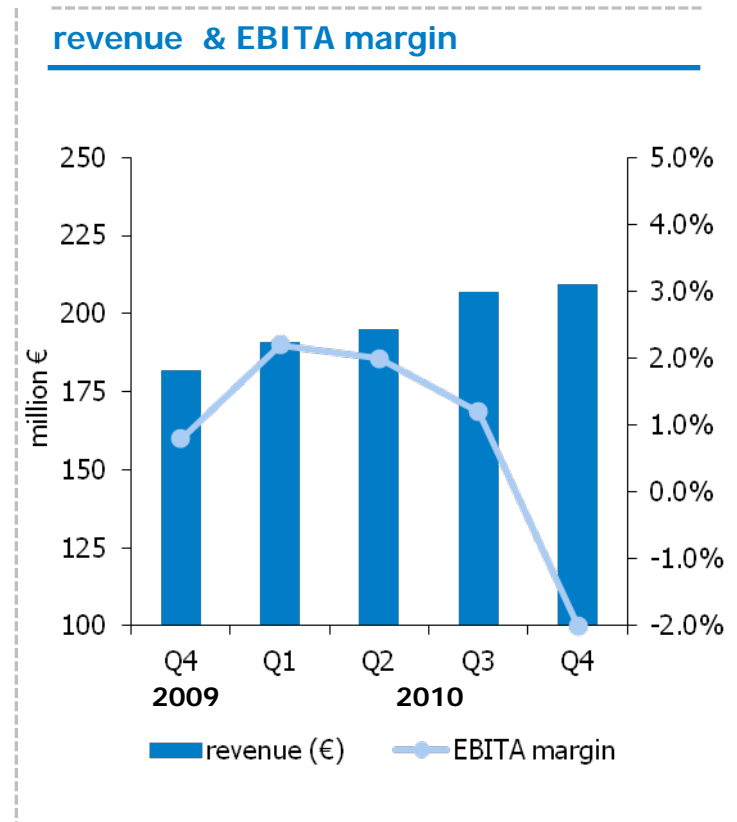
# Germany: continued strong performance

- organic revenue +32% in Q4 2010
  - easing growth trend throughout the quarter due to tougher comparables
- improving performance professionals
  - continued strong growth in IT
  - engineering somewhat improved, aerospace still difficult; together improvement in profitability
  - idle time improvement in professionals
- EBITA margin up to 7.5% (vs. 7.1% LY)
  - strong operating leverage
  - investments in people in high growth areas
  - marketing campaign launched in Q4
- continued focus on sector image and regulation



# UK: continued growth despite challenging conditions

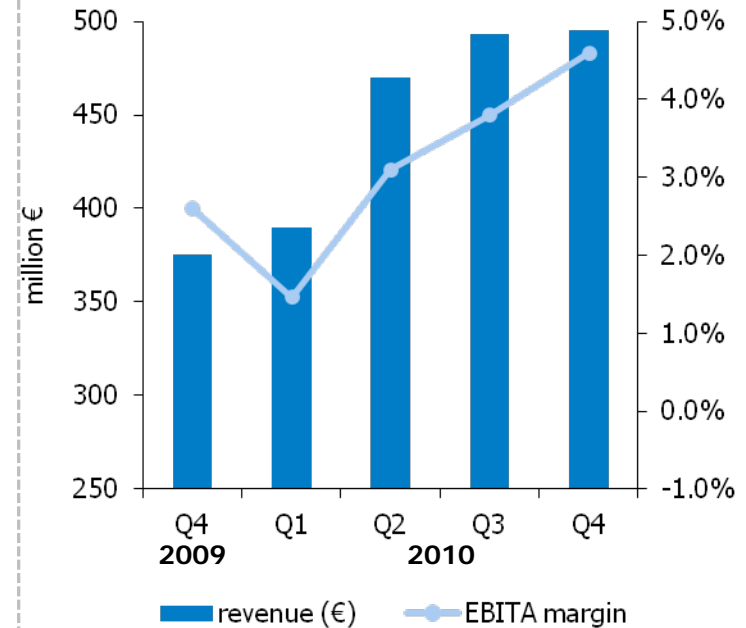
- organic revenue +9% in Q4 2010
  - inhouse continued to gain market share, showing strong growth during the quarter
- professionals performance still varies across segments
  - gross profit growth in Engineering, Finance, ICT, Media and HR
  - Healthcare, Education & staffing affected by reduction public sector spending
- perm fees up +5% (YoY) vs. +34% in Q3
- EBITA margin down to -2.0% vs. 0.8% LY
  - restructuring charges taken for Education & Care
  - national marketing campaign in Q3/Q4



# North America: improving business mix

- organic revenue +21% in Q4 2010
  - continued outperformance
  - US staffing, US professionals & Canada grew at the same pace, implying an improvement in the business mix
  - perm fees up 34% organically (YoY)
- continued good cost management
  - increase in people, bonuses and commissions
- EBITA margin 4.6% vs. 2.6% LY
  - productivity strongly improved (YoY)
  - continued strong operating leverage
  - positive impact from HIRE Act

revenue & EBITA margin

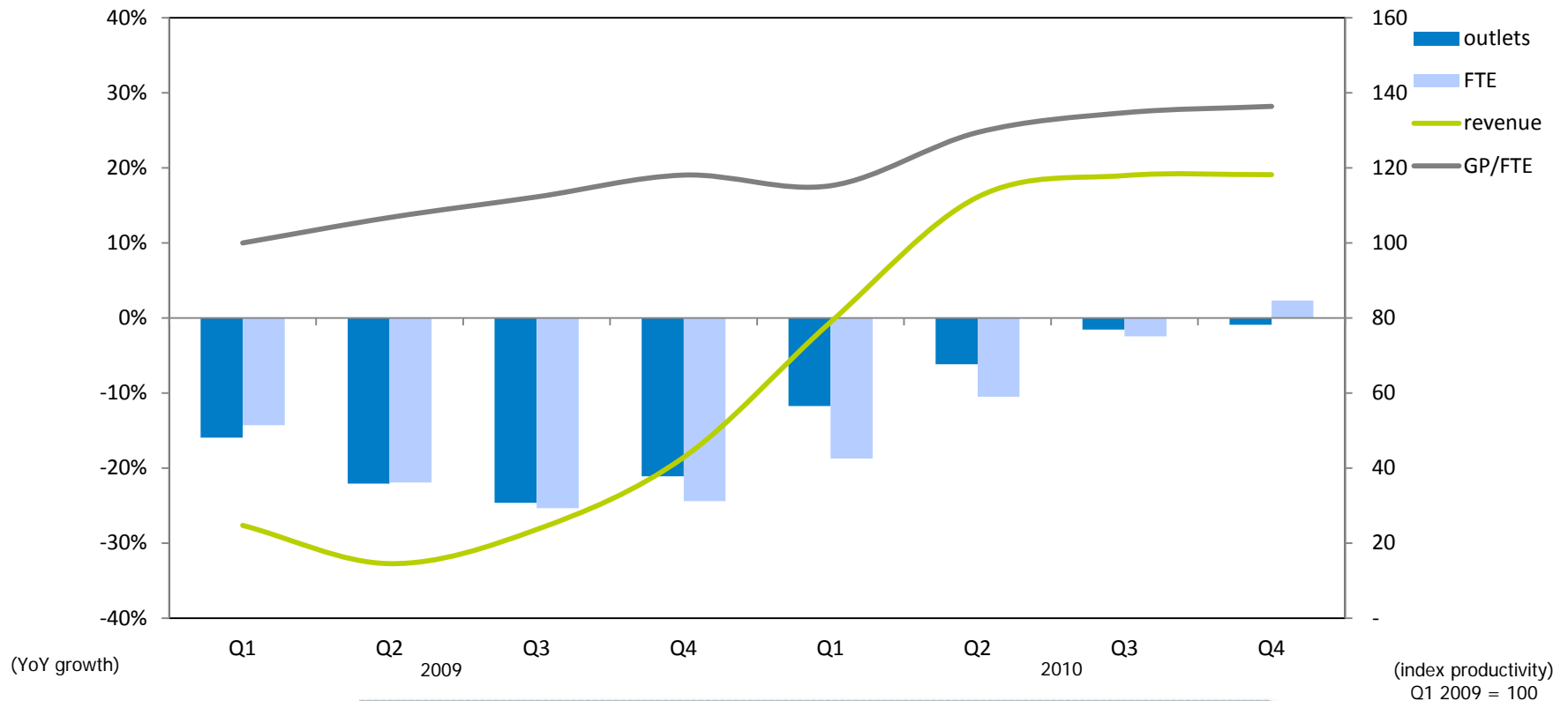


# revenue development per industry segment

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

# execution of the field steering concept

## Randstad excl. FujiStaff



- field steering enables us to quickly adapt capacity where needed
- significant reductions in 2009
- fast ramp up where appropriate in 2010
- strong productivity increase

# financial results & outlook

Robert-Jan van de Kraats



# Q4 2010: financial key points (1)

- revenues up 17% organically in Q4
- gross profit up 15% organically YoY
- operating expenses up 10% organically YoY
- productivity based on GP/FTE enhanced by 15% YoY
  
- effective tax rate\* amounted to 29% in Q4 2010
  - one-off upward revaluation of deferred tax assets of € 60 million resulted in tax income of € 28 million in Q4
  - guidance on effective\* tax rate for 2011 is 29-32%
  
- diluted EPS up 36% to € 0.64 vs € 0.47 in Q4 2009
  
- moving average DSO improved by 3 days to 55 days (YoY)

\* before amortization of acquisition-related intangibles & one-offs

## Q4 2010: financial key points (2)

- free cash flow in Q4 2010 € 203 million vs. € 168 million in Q4 2009
  - underlying improvement based on lower DSO and higher operating result
- net debt amounted to € 899 million in Q4 2010 vs. € 1.015 million LY
  - leverage ratio at the end of Q4 2010 is 1.5 (vs. 1.8 in Q3 2010)
  - stand-by securitization facility of € 125 million discontinued
- proposal to pay dividend on ordinary shares of € 1.18

# income statement Q4 2010

€ million	Q4 2010	Q4 2009	% change	% organic
revenue	3,891	3,180	22%	17%
gross profit	737	606	22%	15%
<i>gross margin</i>	<i>18.9%</i>	<i>19.1%</i>		
operating expenses*	575	500	15%	10%
<i>opex as % of revenue</i>	<i>14.8%</i>	<i>15.7%</i>		
underlying EBITA	161	106	52%	39%
<i>underlying EBITA margin</i>	<i>4.2%</i>	<i>3.3%</i>		
one-offs		-/-10		
reported EBITA	161	96		
amortization	-/- 48	-/- 39		
net finance costs	-/- 3	-/- 10		
income before taxes	111	47		
tax	28	1		
net income	139	48		
adjusted net income**	110	80		
diluted EPS	0.64	0.47		

\* before amortization/impairment acquisition-related intangible assets and goodwill & one-offs

\*\* attributable to ordinary shareholders

# income statement FY 2010

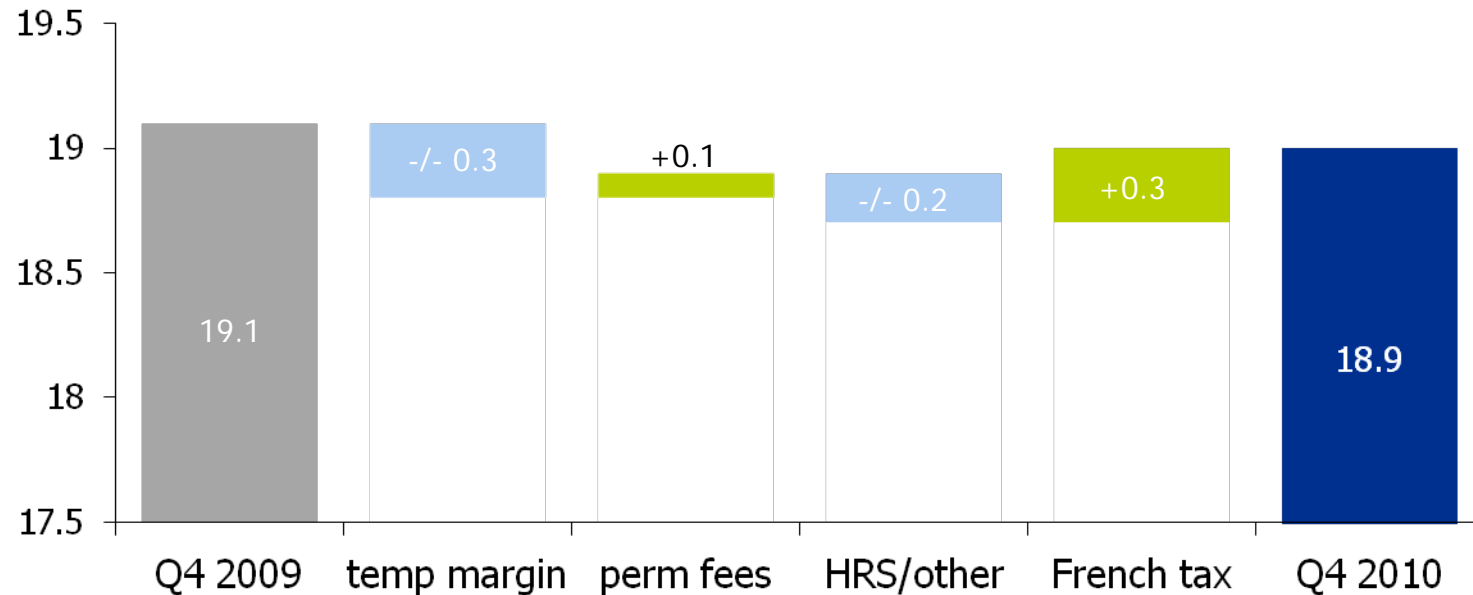
€ million	Q4 2010	Q4 2009	% change	% organic
revenue	14,179	12,400	14%	12%
gross profit	2,659	2,414	10%	7%
<i>gross margin</i>	<i>18.8%</i>	<i>19.5%</i>		
operating expenses*	2149	2098	2%	1%
<i>opex as % of revenue</i>	<i>15.2%</i>	<i>16.9%</i>		
underlying EBITA	510	316	61%	39%
<i>underlying EBITA margin</i>	<i>3.6%</i>	<i>2.5%</i>		
one-offs	-/- 4	-/- 64		
reported EBITA	514	252		
amortization	-/- 172	-/- 159		
net finance costs	-/- 24	-/- 49		
income before taxes	318	44		
tax	-/-30	23		
net income	288	68		
adjusted net income**	336	207		
diluted EPS	1.96	1.21		

\* before amortization/impairment acquisition-related intangible assets and goodwill & one-offs

\*\* attributable to ordinary shareholders

# gross margin Q4 2010

## gross margin development



- commercial pressure on temp margins stabilized
  - geographical & segmental mix shifts and renewed contracts
- perm fees increased by 20% organically (YoY)
  - perm fees are now 7.6% of gross profit (vs. 7.1% Q4 2009)
- mix shift to lower margin business within HRS

# consolidated balance sheet

€ million	December 31, 2010	December 31, 2009
property, plant & equipment	156	151
intangible assets	3,162	3,158
deferred tax assets	520	465
financial assets & associates	76	83
current assets	3,125	2,601
total equity	2,852	2,493
non-current liabilities	1,689	1,865
current liabilities	2,498	2,100
balance sheet total	7,039	6,458
moving average DSO (days)	55	58
net debt position	899	1,015

# consolidated cash flow statement

€ million	Q4 2010	Q4 2009
cash flow from operations before OWC	130	129
release of OWC	95	52
additions of PPE and software	-/- 19	-/- 11
financial receivables	-	1
held-to-maturity investments	-/- 6	-/- 9
disposals of PPE	3	5
<b>free cash flow</b>	<b>203</b>	<b>168</b>

€ million	Q4 2010
<b>free cash flow</b>	<b>203</b>
net (acquisition)/ disposals	-/- 124
issue ordinary shares	1
interest	-/- 4
dividend	-
translation & other on net debt	-/- 29*
<b>net debt reduction</b>	<b>47</b>
<b>Q3 2010 → Q4 2010</b>	

\* including consolidated net debt FujiStaff of ~ € 20 million

# FY 2010: good performance in a strong year

- strong revenue growth
- strong operating leverage
  - gross profit up 7% organically
  - OPEX up 1% organically
  - approximately 80% incremental conversion
- moving average DSO from 58 days in Q4 2009 to 55 days in Q4 2010
- strong cash generation : FY free cash flow of € 309 million
  - investment of only € 94 million in working capital to fund € 1.8 billion revenue growth

\* organic growth per working day

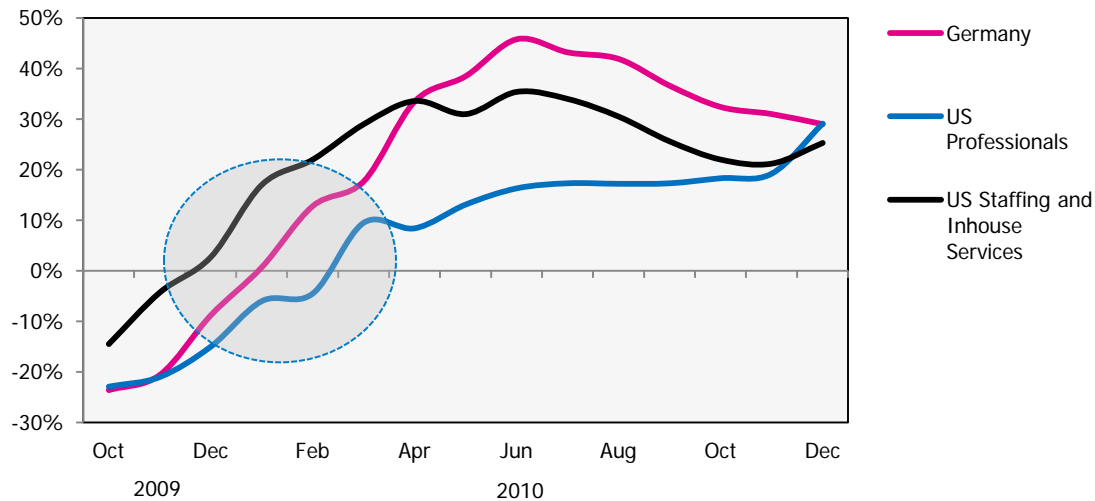


# geographic performance 2010

€ million	revenue			EBITA margin	
	2010	2009	organic growth	2010	2009
the Netherlands	2,827	2,963	-4%	6.4%	6.8%
France	3,067	2,692	15%	2.9%	0.4%
Germany	1,729	1,321	31%	6.2%	4.2%
Belgium/Lux	1,328	1,191	11%	4.7%	4.4%
United Kingdom	802	753	3%	0.8%	0.8%
Iberia	861	796	8%	2.1%	1.8%
Other Europe	761	604	21%	2.5%	0.1%
North America	1,848	1,450	19%	3.4%	1.5%
Rest of world	956	630	19%	0.9%	-0.7%
<b>total</b>	<b>14,179</b>	<b>12,400</b>	<b>12%</b>	<b>3.6%</b>	<b>2.5%</b>

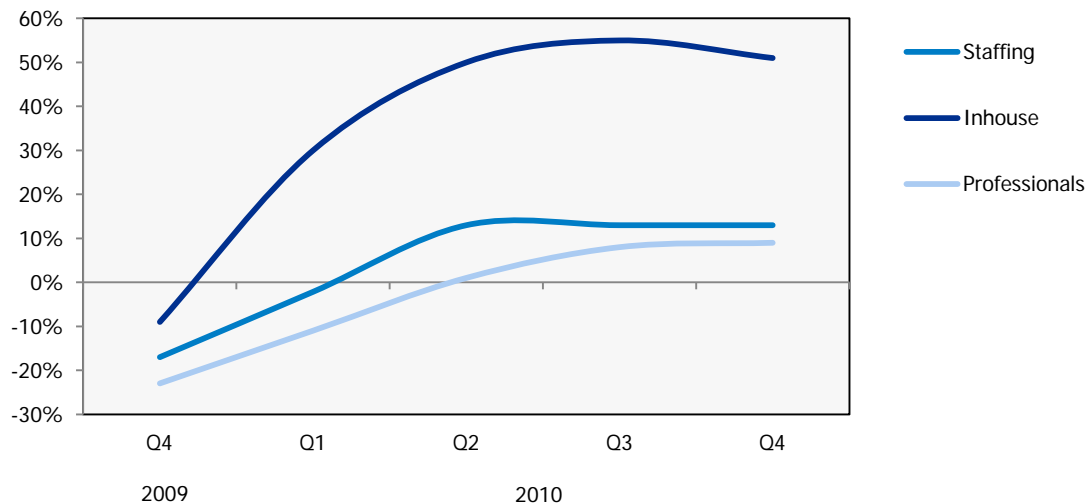
# Randstad revenue development\* through the year

## early movers in the recovery



- early moving regions confirm classical pattern of the recovery
- time gap narrowed
- solid growth throughout the year

## sector development in 2010



- classical pattern in segments as well
- inhouse shows strong momentum through the year
- staffing up in Q2
- professionals segment now gradually recovering

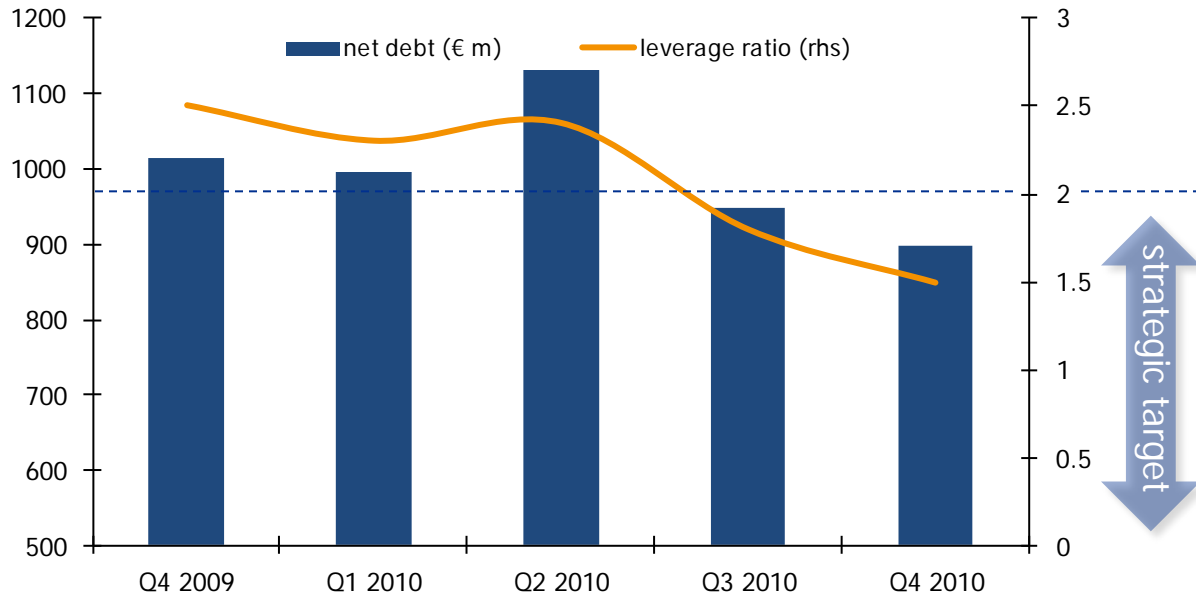
\* YoY organic growth

February 17, 2011

fourth quarter & annual results 2010

# leverage ratio within target range

## net debt & leverage ratio development



- net debt & leverage ratio significantly reduced in 2010 based on solid profitability & strong cashflow management

# tax guidance changed

expected tax rates (%)	effective* tax rate		cash tax rate (compared to the effective tax rate*)
2011	29-32	→	in line
2012-2014	31-37	→	in line

estimated cash tax rate is  
excl. € 131 m. tax repayment

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

\* tax rate on the underlying profit before tax (before amortization/impairment acquisition related intangibles & one-offs)

# dividend policy

## objective

- aiming at consistent dividend growth through the cycle
- aiming at a floor in the dividend of € 1.25
- if earnings capacity and the financing policy allow for it

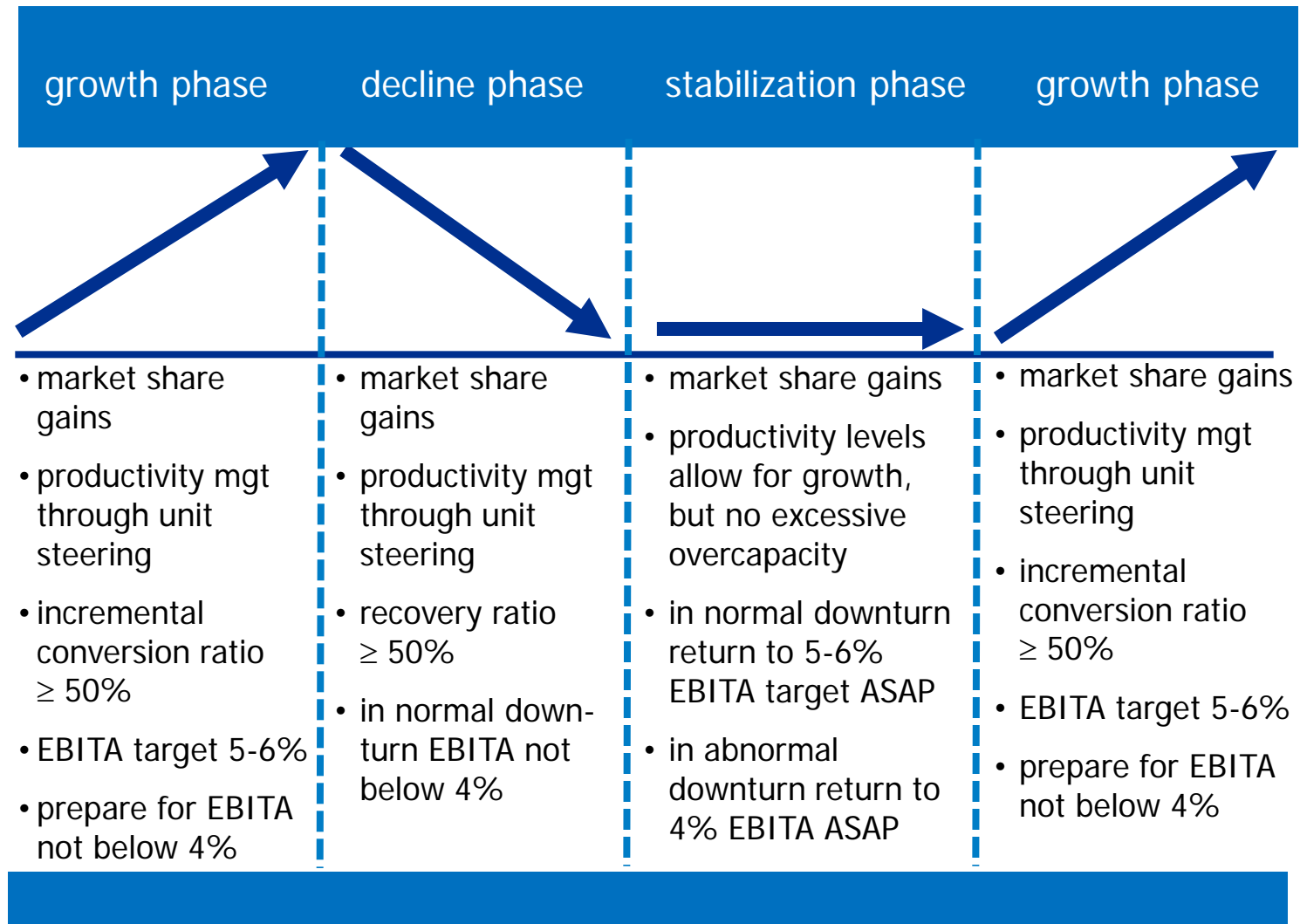
## pay-out

- flexible pay out ratio
- indicative range: minimum pay out 30% - maximum pay out 60%
- dividend > € 1.25 if payout of 30% implies a higher amount
- dividend < € 1.25 if payout of 60% implies a lower amount

## dividend 2010

- leverage ratio supports payment of dividend over 2010
- pay-out ratio is 60% of adjusted net profit
- we propose to pay **€ 1.18 per share**

# managing through the cycle



# outlook

- trends witnessed in Q4 have continued into January
  - organic revenue growth per working day +14% in January
  - inhouse & staffing continue to show robust growth
  - professionals gradually strengthening
- 
- focus on field steering, copy-pasting of specialties, roll out of professionals concept and improved cross-selling should help to drive outperformance against our markets in 2011
- 
- continued investments in people and outlets to support growth
  - opex in Q1 2011 to be in line with Q4 2010
- 
- fully committed to realize enhanced returns in 2011

# change investor relations department



Bart Gianotten

will leave the investor relations department as of 1 March, 2011, to be promoted within the organization



Pascal Sluijter

maintains his position as investor relations officer  
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will succeed Bart as director investor relations  
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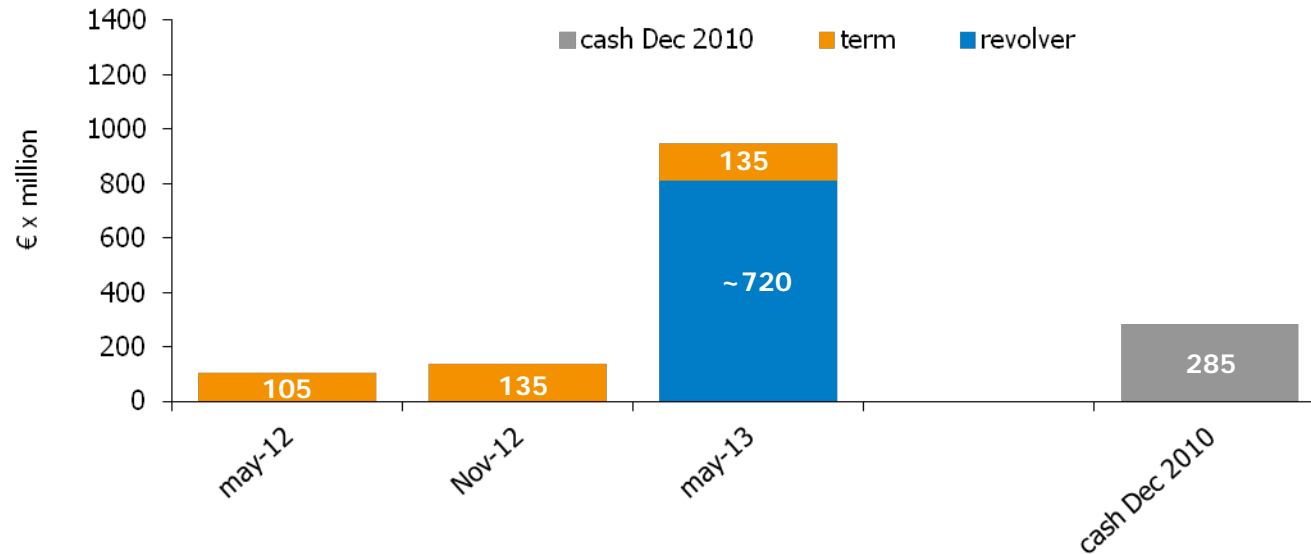


# Q&A

# appendices

# debt facilities & repayment schedule

## repayment schedule (excluding current borrowings)

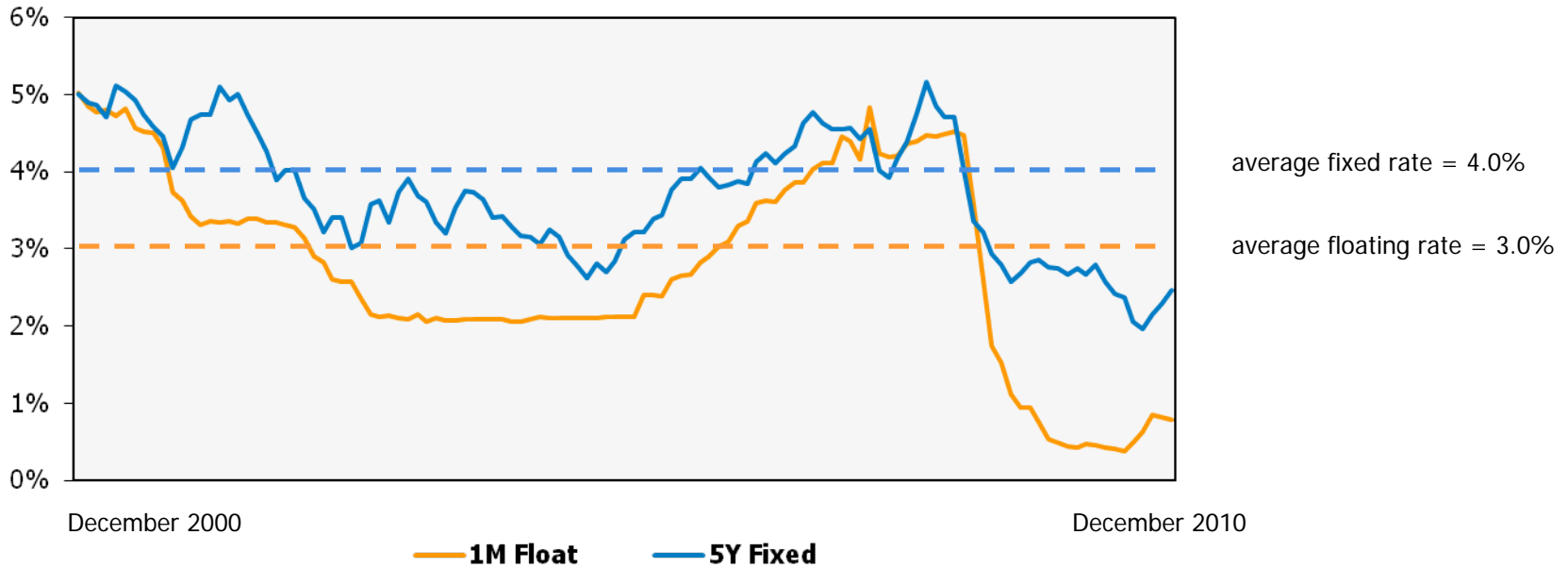


- covenant; net debt/EBITDA\* of max. 3.5
  - at the end of Q4 2010 the net debt/EBITDA ratio was 1.5
- syndicated facility amounts to € 1,995 million

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

# financing: fixed vs. floating interest rates

## 10 year historical interest rates comparison 1M vs 5Y



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

# geographic performance Q4

€ million	revenue			EBITA margin	
	Q4 2010	Q4 2009	organic growth	Q4 2010	Q4 2009
the Netherlands	754	726	4%	6.8%	7.2%
France	806	682	21%	2.9%	0.1%
Germany	480	362	32%	7.5%	7.1%
Belgium/Lux	358	307	17%	6.3%	5.1%
United Kingdom	209	182	9%	-2.0%	0.8%
Iberia	231	213	9%	3.3%	4.1%
Other Europe	222	164	28%	3.3%	3.0%
North America	496	375	21%	4.6%	2.6%
Rest of world	336	170	19%	1.4%	-0.2%
<b>total</b>	<b>3,891</b>	<b>3,180</b>	<b>17%</b>	<b>4.2%</b>	<b>3.3%</b>

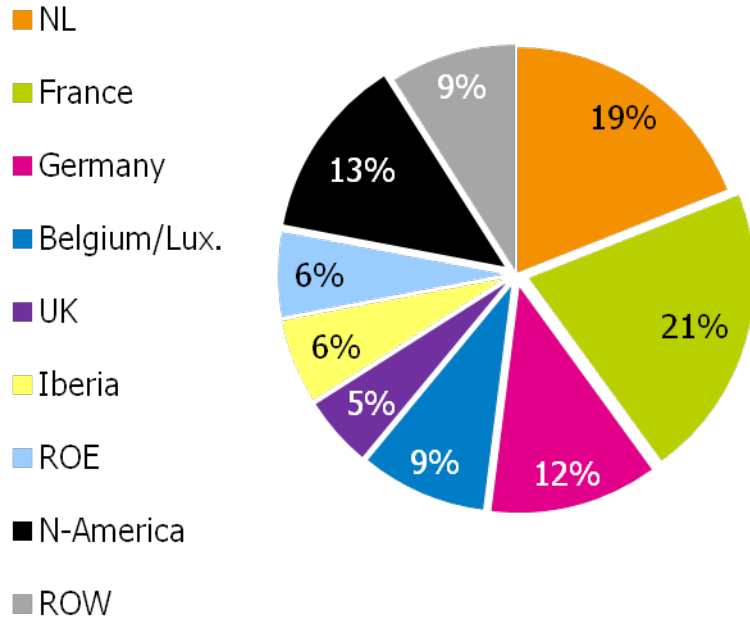
# segment performance

€ million	Q4 2010	Q4 2009	organic growth
<b>revenue:</b>			
staffing	2,597	2,220	13%
inhouse services	628	374	51%
professionals	667	586	9%
<b>total</b>	<b>3,891</b>	<b>3,180</b>	<b>17%</b>

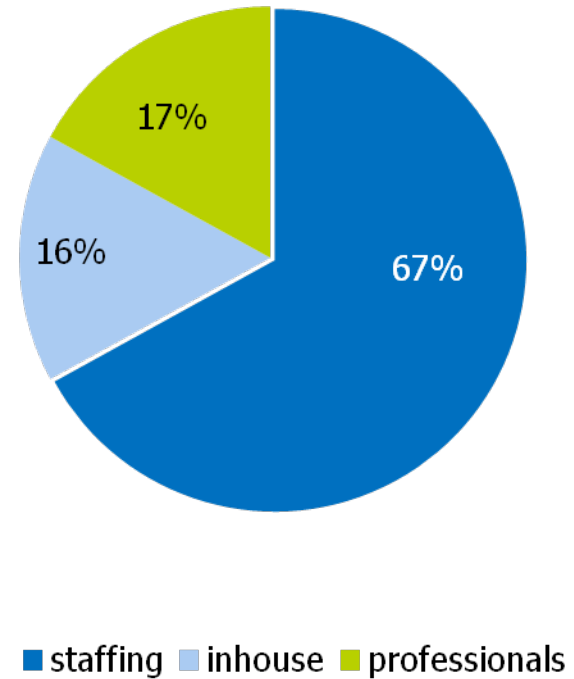
€ million	2010	2009	organic growth
<b>revenue:</b>			
staffing	9,582	8,615	10%
inhouse services	2,003	1,311	45%
professionals	2,595	2,474	1%
<b>total</b>	<b>14,179</b>	<b>12,400</b>	<b>12%</b>

# revenue split Q4 2010

## geographical area



## sectors



# outlets\* by country

end of period	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
the Netherlands	733	739	725	726	754
France	905	896	928	966	988
Germany	503	475	450	433	428
Belgium/Lux	374	387	388	392	329
United Kingdom	289	297	300	289	292
Iberia	257	266	264	261	265
Other Europe	316	351	346	340	340
North America	500	486	476	477	494
Rest of world	318	218	220	229	239
<b>total</b>	<b>4,195</b>	<b>4,115</b>	<b>4,097</b>	<b>4,113</b>	<b>4,129</b>

\* branches and inhouse locations



# corporate employees by country

average	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
the Netherlands	5,280	5,300	5,210	5,260	5,610
France	3,920	3,940	3,870	3,870	4,000
Germany	2,890	2,740	2,430	2,370	2,320
Belgium/Lux.	2,130	2,150	2,030	2,020	2,050
United Kingdom	2,060	2,050	2,040	2,040	2,110
Iberia	1,450	1,470	1,460	1,470	1,500
Other Europe	1,690	1,570	1,490	1,460	1,460
North America	3,030	2,940	2,790	2,780	2,870
Rest of world	4,360	3,540	3,500	3,480	3,510
Holding	150	150	150	150	150
<b>total</b>	<b>26,960</b>	<b>25,850</b>	<b>24,970</b>	<b>24,900</b>	<b>25,580</b>

# staffing employees by country

averages	Q4 2010	Q4 2009
the Netherlands	91,200	92,200
France	90,900	79,500
Germany	56,200	42,000
Belgium/Lux.	46,700	41,100
United Kingdom	25,100	20,800
Iberia	54,000	52,300
Other Europe	38,000	29,400
North America	59,600	50,800
Rest of world	103,400	76,500
<b>total</b>	<b>565,100</b>	<b>484,600</b>