Randstad Q1 2021 Earnings Call - 21 April 2021 09.00 am CET

Q1 Results

Jacques van den Broek: Thank you. Good morning, everybody from sunny Amsterdam, which I think is symbolic for the numbers we are presenting you this morning. I'm in our conference room at the head office together with Bisera and Steven from IR and of course, Henry. And I'm wearing a suit, maybe you can't hear that, but I'm wearing a suit. So, that's a long time ago.

We had a slow start in 2021 as you can see and as we said before, we feel we're stronger and very well positioned for, what we call in our press release, a truly dynamic world of work. What we mean by that, is that it's not business as usual. It is going to be about talent strategy, scarcity, immigration and reskilling and it is very interesting to be in this space. We generated a strong set of results in the first quarter, growing 6.4% and very positive momentum across all of our geographies, despite a lot of local lockdowns and of course the macroeconomic uncertainty.

We created for you a relatively new slide which is going to be the next one. Just to show you that in a way 2020 is a less relevant year to compare to. But now we benchmark ourselves against 2019 and that is what we would like to show you and share with you. We exited the quarter with double-digit revenue growth, but activity momentum in April 2021 is reaching these levels of 2019. We continue to see good momentum for accelerating our investments in growth and digitization of our company and at the same time using the flexibility of our cost base. We have already welcomed 1000 new colleagues. Most of them have been welcomed virtually and we also improved our productivity. Most of these people came in at the end of the quarter so their productivity is still relatively low. Still good to see that overall we improved our productivity. That delivered of course a solid EBITA margin for the quarter and a strong recovery rate.

Almost all regions grew in Q1 with outperformance in markets such as the US, France, Belgium, but we're also ahead of the market in Argentina and Brazil. They delivered an outstanding performance, a little bit more on that when I comment around 'rest of the world'. In-house is the eternal winner fortunately in our business mix continuing to perform well. We're very pleased to see our industry fundamentals are reconfirmed with the staffing penetration rates bouncing back quickly, which for example is very interesting in countries like Italy, but more on than that later.

Our #newways program continues to help clients operate safely and efficiently and as markets gradually reopen, people will start returning to the workplace. We are ready to support them as they adapt to the rapidly evolving global economy. There's going to be work for almost everybody. There is going to be a shortage of people. But at the same time there needs to be massive reskilling for mostly white collar jobs into technology, engineering, education, healthcare, e-commerce. Our first priority still is the health and safety of our employees and clients and other stakeholders and I would once again like to thank my Randstad colleagues for their incredible commitment and dedication during these extraordinary times.

So let's go to the next slide which I already introduced. You can see the yellow line, that is 2021, really getting close to April 2019 levels. So, very happy with that as said, because it's so tough to call. You're probably going to ask us a lot of good questions about the trends and what remains is the visibility right? So it is 6 weeks, but yeah, as always, so far so good. Strength of our performance in this first quarter gives us confidence for the remainder of 2021, but we still of course have caution. This morning I heard Boris Johnson say that we have to live with the virus and that it might be there. That's true. But for us so far so good. We added a thousand people, which is a large beginning, but it might still be that we're taking more people as we see more momentum in many markets.

So let's go on to the next slide, our two biggest markets. North America, they continue to show very strong growth of staffing, new sites that we opened in our business, mentioned in formed calls, and that of course helps to grow. It's getting tougher to find people already in our staffing business. 12% growth in staffing and in-house 7% in Q4. So speeding up, as you know in-house is mostly in sectors like logistics, food, retail and the likes. US profs, a mixed picture definitely, showed a resilient performance of our technologies business and it was stable throughout the year. The US still has relatively tough comps compared to Europe because in Q1 last year the business didn't go down. So, this growth is very strong. In the US in the beginning of the year (Jan and Feb) we had some margin issues on state unemployment insurance. We have a specific group in our IT business which consists of immigrants who work on H1B visas and we have them on our payroll, we support them. But in the beginning of the year, we had some idle time in Jan and Feb that in March is already largely out. So the overall margin in the US is back to normal Levels, I might say.

Then let's go to France. For already three quarters, France has been a very happy story, though maybe not so much reflected in the economy of the country. We do very well and are ahead of the market. We continue to see strong demand in sectors as food, retail and again healthcare. We are market leaders in healthcare in France. Logistics and driving in-house to growth in the quarter, also profs turning into growth territory mainly driven by our health care business. And we observed continued recovery in the perm fees growing 3%. So very, very nice surprise which is mainly driven by profs. We want to single out -- I want to single out Ausy, our statement of work business in IT and engineering. We made quite some changes. There is new leadership. We appointed Jérôme Gontard and he has been with the business for many years. We named Jerome CEO of Ausy and brought in a new CFO. Jerome and his team really got back to work as our French business was not so well positioned in terms of sectors impacted by COVID such as aeronautics and airlines. But they really did an excellent job on improving the productivity and I call it diminishing the bench in France. So that really helps our results in France. So, well done Ausy team and we like more of that. I know they're on the call that's why.

The Dutch business yeah, again strong performance as we're getting closer to market. So, we see continued recovery in automotive and manufacturing while again sectors of healthcare and e-commerce continue to perform very strongly. We opened 19 new in-house locations this quarter alone which is a very strong start of the year and we do expect this to help our revenue going forward. Tempo-Team up strongly and they already had a strong performance last year but they exceeded 2019 levels, which we think is a remarkable performance in these volatile times. So very well done Europe and also BMC our acquisition in this field. EBITA margin came in strong at 6.4% due to fixed cost management but also less sickness. We carry our own sickness risk in the Netherlands and that helps in this case in March.

Germany growth again, 2018 was the last time we saw growth. So 5% this quarter, strong recovery for quarter and very prolong shortly in Germany macroeconomic headwinds, which started in the second half of 2018, as I said. Industrial sectors like automotive and manufacturing continue to recover. And at the same time in our #newways program we've seen increased commercial activity in our German business. So, well done with the good growth, and we're still going to work on the return of course.

Our Belgium business is ahead of market and the Belgium business slightly grows. Belgian market alongside the Spanish markets are a little bit later as they are still a bit subdued. The lockdowns have an effect on for example all sort of theme parks, that sort of thing which would normally open this time of year, which is not the case now. What we also saw, very surprising, is a strike day in Belgium. I don't really understand why we should be striking when we need to get out of an economic crisis, but that's a different topic. Very well performing Professionals business again Ausy also in Belgium, did very well. So, also compliments for our Professionals part in Belgium.

Italy is 20% up, they are also ahead of 2019. Italy is an excellent example of a still relatively immature staffing market there, European average is 2.3% Italy is probably at 1.3%. So we do see structural improvements given the still low penetration rate. We're also opening branches in Italy. If you look at our network, in Italy it's relatively less dense compared to all the major markets. We got a lot of questions about branches as well. If you penetrate a new region with a branch, of course heavily digitized, you create new market opportunities. So very well done and a great EBITA performance based on also productivity gains.

As I said, Iberia, a little bit slower to recover. What we see here is an aspect you probably know and that is based on the semiconductor shortage in automotive productivity. Our production, certainly in Spain, is a bit subdued. But we think it is short lived, so there is still some promise in there of the growth also picking up in Spain. And I said well run company, so they managed to keep their returns stable.

Mixed picture in the other European countries with good growth in the UK, strongly, increasing growth into the next quarter and I want to single out Poland with 44% and this is not a small business. We're the market leader here and in the Polish business has bill rates way lower than the rest of Europe. But this is a very sizable business where we have thousands of people at work. So very well done to our Polish colleagues.

Then the rest of the world for me, this is a gift that keeps on giving, really firing on all cylinders. Japan +4%, very strong performance, good profitability. In Latam I want to single out Brazil, but of course in our portfolio we have a few low long-term promises such as India, and a well-known, one of those, China. But certainly Brazil, a subcontinent in Latin America is doing very well under the leadership of Fabio Battaglia. I think we're currently looking for close to 100 people, new colleagues to fuel the growth in Brazil and getting to a number one position and Fabio has also said to me that's in staffing, and he also wants to go for the number one position in Professional so good for you, Fabio and team keep it up. And Argentina where we have 20% market share now, being market leader, overall organic excellent performance. And then look at profitability, right so growth is one but this whole region comes in at above group profitability. So, very happy with that performance.

And then the global businesses, this is a business which is really our future. I talked a bit about Monster. So Monster is rolling out the new technology with two parts there. So first, there is the, call it the candidate part. The candidate part that is almost fully implemented in the markets where Monster is in, and we do see good increase visits but certainly apply starts. Apply starts are important because then people leave their resume and they become part of our database. And as you know, we want to build the biggest talent engine in the world. So Monster having accessible good technology will definitely help. We're now rolling out the company part which has a lot of dynamic pricing and an ecommerce suite that will probably go into Q3, but really setting us up for success. Very happy with that. It took us some time, but well-done Monster team keep it up. And what is important is all the technology delivered for Monster the websites and what you have is dedicated and developed for the rest of Randstad. Sourceright very strong pipeline in RPO, which I think is a good sign of things to come and then our RiseSmart business was already very strong in the US last year, we now see a lot of growth in the European business increasingly, this is not so much purely about outplacement increasingly about what we thought total talent management. A lot of talks with companies on 'what does your workforce look like in the future back to this re-scaling agenda'. So overall lots going on in this business and what does that mean for the numbers.

Henry Schirmer: Thanks, good morning everybody. So the company delivered yet another strong quarter and most importantly, we turned back to growth and more and more business units, even exceeding 2019 top line numbers already. Our focus to deliver accelerated profitable growth gave us another quarter of best-in-class returns and even more importantly is putting us in the full position to fully utilize the benefit from an ongoing strong market recovery in 2021 and beyond. So we've benefited from our diversified geographical footprint with excellent growth coming from the US and rest of the world. And also our differentiated concepts such as inhouse and the deep market penetration in sectors like logistics e-commerce health care and government continued to perform well. Revenue growth in quarter one came in at 6.4% and the growth momentum continued to improve further throughout the quarter. The recovery of volume and revenue is broad based on all countries and all positive growth in March. I'm especially pleased with the fact that we continue to achieve market share gains in a significant part of our portfolio, whilst respecting the need to drive pricing discipline. Gross margin in the period came in strongly up 30 basis points sequentially, however, still down 20 basis points year-over year and we go more into detail on the next page. With regards to OpEx, we delivered another quarter of balanced cost management with operational expenses being stable organically year-over-year. However, it is also not a secret that we are pushing hard to invest into our growth capacity well ahead of the recovery curve and if anything, we would love those investments taking hold even faster than what we're currently experiencing. We continue to operate from a position of strength and our recovery ratio over the last four quarters of 51% as well in control. As you would expect from us we also accelerated investments into our digital journey and will stay the course going forward.

EBITA came in at EUR202 million at the margin of 3.7% of growth and momentous improvement compared to last year, but maybe more telling not too far off from our 2019 level. On the next line, integration and one-off were EUR27 million positive this quarter and this includes the book profit of 35 million related to the disposal of the minority stake in Alma Career partly offset by smaller restructurings in several countries. With the underlying effective tax rate coming in at 27.4% for the quarter, for the full year, we expect an effective tax rate between 26% and 28%.

Let me now take you to the next page, to talk about gross margin in a bit more detail. So here you go on Page 15 with the gross margin bridge. The first red bar shows the temp margin which is stable year-over-year. The temp margin for the annualization of COVID-19 related effects like idle time with somewhat offset by some working day headwind. Most importantly, we can confirm a generally stable product and climate, across the board and the the middle projects, a 10 basis points negative mix effect triggered by a 5% decline of perm activities that is a significant but expected improvement versus the perm mix effect we've seen in quarter four, which was 30 basis points, down. And lastly HR Solutions represent a negative mix and overall gross margin of 10 basis points, pretty much in line with quarter four. So whilst our gross margin path remains difficult to predict, we reiterate the importance to safeguard attractive gross margins in all our business activities also achieved through smart value-based pricing strategic mix management and winning mass customized to support.

Here we go with OPEX on Page 16. So with volumes and revenue getting closer to 2019 levels it is important to understand how we steer OpEx in this pace of the recovery. Our OpEx management tries to secure the full and speedy recovery of our top line, the full utilization of further growth momentum in our markets and uncompromising investments in our digital capabilities. In that context, we reported organic OpEx sequentially up EUR12 million and stable with last year. A bit more detail, this means that personnel expenses increased by 7% sequentially. It represents about 1,000 FTEs more on our payroll. Despite the drive for accelerated growth, we continue our tight field steering which yielded a solid 10 percentage points improvement of productivity measured as gross profit per FTE on the year-over-year basis in quarter one.

Our cost optimization program is in full swing as we continue to identify productivity opportunities in order to create room for additional investments into accelerated growth and the continued transformation or digital capabilities and automation. That productivity journey has become part of our DNA and will provide ongoing self-help to secure sufficient fuel for growth and market-leading profitability. Since we announced the journey back in November 2019 more than 100 million of structural cost reductions have already been identified across all cost categories utilizing the power of one Randstad that now and also going forward. We continue to nurture a climate of entrepreneurship within the company where smart growth initiatives can and will be fully supported with appropriate investments. And with that in mind let's now move on to our cash flow and balance sheet on Page 17.
So we generated free cash flow of 4 million in the first quarter, up 16 million year-over-year and EBITA fund operating working capital, including the settlement of governmental release measures totaling EUR85 million. Very tight credit control and debt collection helped these to improve year-on-year and through the

entire COVID period. In carpets in quarter one, increased by 19 million, reflecting our ongoing digital investment.

Let’s now look at the strength of our balance sheet on the right side of the chart. As per end of March this year, we reported a net cash position of 387 Million excluding lease liabilities with the leverage ratio of modest 0.5 pre-IFRS 16. Regular dividend of EUR1.62 per share and dividend on preference B&C shares was paid on April 6 totaling EUR360 million. That already brings me to my last chart which is the conclusion and outlook Page 18.

As stated before, the pace of revenue recovery sustained throughout the first quarter and is broad based across our portfolio. At the same time visibility remains limited especially with ongoing macroeconomic uncertainty due to COVID-19 pandemic. The development of volume in April is reaching 2019 level with continued improved momentum. The latest trend shows that April activity momentum accelerated compared to the March exit rate, which was 14%. For quarter two, gross margin is expected to be slightly higher sequentially due to seasonality and OpEx, however, is expected to increase low to mid single digit percentage sequentially driven by accelerated investments in growth, considering our expected growth momentum. As you know, we are aiming for an incremental conversion rate of 40%, 50% over time. However, for quarter two this year, we expect an incremental conversion rate of 50% to 60%. And lastly, let me mention that there will be a positive 0.6 working days impact in quarter two. So that concludes our prepared remarks and then I am happy to take your questions. Back to you, Jess.

Q&A

Q - Paul Sullivan: Yeah, good morning everyone just a few from me. Firstly just on gross margin shouldn't we expect the balance in the second quarter to be slightly bigger than the slight improvement that you're sort of alluding to maybe you could go through the moving parts there.

Then secondly on the ICR clearly outperforming in Q2 and do you think we should be over we should expect some of that to reverse in the second half and your thoughts on investment into higher growth as that continues through the second half of the year. And then just finally, your thoughts on sort of candidate wage inflation and when availability starts become problematic for you. Thank you.

A - Jacques van den Broek: Okay. There is not too much to add to what I've said of course, it's good to see that from a business, we have good momentum. That's always helpful, 0.6 better days in quarter two is good. We definitely also start value based pricing but don't underestimate the impact of mix. We have a very, very strong performance inhouse business, 13% this quarter, 8% last quarter that actually also had an impact. So unfortunately I can't give you a bit more of a steer there, as far as ICR is concerned. As you know, we've been quite vocal that we want to drive growth and want to really benefit from what we believe will be kind of a good year, but we stay very close on the ball. So giving you any insights into H2 would even be kind of bigger than what we see. We really, as always said, we look into the next 6 weeks and really dial up and down. At the moment down and up would we stay close on it

A - Henry Schirmer: Yeah. And again, the speed of recovery also hinges around the speed of vaccination which of course, although we do support some of that. It's not our call so remains to be seen. Canada scarcity yeah, well, again, the old teams are back, so people are tough to find specifically in the US, you've got the COVID support, which is good for people. But at the same time you need shouldn't be staffing quite an hourly rates for it to be attractive to work. So we do expect this to have an upward effect on wages. But a bit early to call, that's the US where this always reacts quicker. In Europe this is very much also you know based on collective labor agreements and what have you always reflected there is later. So might be seen this year, but certainly early days now.

Paul Sullivan: Great, thank you very much

Q - Oscar Val Mas: Okay, perfect. So two questions from me. The first one really on kind of the Q1 impacts from either transport and logistics and then vaccination. So the first one on transport and logistics. It was a strong Q4, could you maybe comment on what you've seen in Q1 and what your thoughts are for the full year in terms of what do you think if there is any slowdown in logistics or kind of commerce transport volumes.

And then also in terms of vaccination you've talked about being a benefit for the group, how material is it and is it material in any specific regions like Italy or the Netherlands And then maybe the second topic on market share, you've talked about taking market share, could you give kind of concrete examples of where that has happened and why you've taken market share has it been competitors not being able to compete in terms of digital products? Or are there any other reasons why you're taking market share?

A - Jacques van den Broek: Yeah, there are quite a few reasons why we take market share. The first one is, I think we called the return to growth through all the quickly so we started the #newways program to aggressively invest in sales activities and we have digital support. So in that sense, back to your question. Yeah, we can point people to where demand is so that helps. We have a two weeks global call with all our management on how we're doing. We have a stack ranking all activities we share best practices. So yeah, although 2020 from a COVID point of view was, of course, not a great year, but we learned a lot as a company to beef up our presence in the market and make it relevant from a content point of view, also for our clients in this COVID time. So that has helped. And next to that we have our inhouse business which is very much geared towards quickly reacting businesses up and down, and apparently the story is well like I mentioned, the 19 branches in the Netherlands alone. I mentioned the US last year, so that has helped us a lot and the COVID related activity is material in the Netherlands, less material in other countries, but yeah, this is, call it communicating vessels if COVID support goes down economy goes up and again. Henry calls this fish where the fish are, so that's where a lot of fishes are. So then, we're there and if we get a chance to support we're going to do that. Yeah, how that goes into next year. I think the beauty of this business is we don't know so that keeps us on our toes and time will tell but we're optimistic based on what we see now.

A - Henry Schirmer: Yeah, maybe if I can chime in. Hi, Oscar. On transport and distribution, it made up about 25% of our revenue in quarter one with definitely higher growth dynamics than the rest of the group.

Oscar Val Mas: Okay that’s perfect. Thank you.

Q - Anvesh Agrawal: Hi, good morning. I got two questions as well. So first, obviously we've seen a very fast recovery and probably better than what we were expecting, but outside of the cyclical pickup anything structurally you have seen so far that sort of gives you confidence that next cycle overall will be better than the last one. And therefore, you can grow at a higher rate for a longer period of time, and not just a cyclical momentum you're seeing. And then second Looking at the guidance on the SG&A of low to mid single digit up and if you think about Q3, Q4. And I know you don't give guidance, but assuming that the activity level sort of remains in line with 2019. Do you then expect the SG&A to sort of stabilize sequentially or that will continue to inch up as we progress through the year.

A - Jacques van den Broek: Yeah, Anvesh good morning. Yeah, structural. That's always the big question. Right. So what I see the first one is that after any crisis the first demand will be filled by us. So the second demand might be perm and can also be filled by us. So again back to the former crisis we have way better presence in perm in RPO that sort of thing. And then I've already called out markets like Italy, but also Spain, it's still very relatively low penetration rate. What's also interesting is legal systems so we had a lot of populist stuff before COVID. But I think we've proven as a sector that we are very helpful to get people back into jobs to reskill people. We think that will find its way into legal systems and of course, we won't be a lot and we make proofpoint. On the fact that everybody that lost their job is now back that we can, we change people from sector to sector nobody can do that. So certainly not a public employment agency. So that helps.

Lastly, a very interesting discussion is the gig economy right. It didn't exist in the last crisis and you have the big debate versus societal. But now, fortunately, also the legal one is that the platforms that put people to work as so-called freelancers is really not what you should be doing. And companies like Just Eat Takeaway are very vocal on the fact that they want people well secured on the bike and then we're there to help. So picking up aspects of this gig economy is again could be a structural driver. Please be aware that if 20% to 25% of people work flexibly in the labor market. We are just 10% to 15% of that. So we think there's a lot of upside.

A - Henry Schirmer: Hi, Anvesh. Yeah, thanks for the question regarding SG&A. I can only reiterate what I just said, I mean we've really tried to stay very, very close on the ball, and as I said in my remarks we definitely want to support growth. We believe there is a lot of growth momentum and we are investing ahead of the curve. It takes a bit of time to get people on board and then making them as productive as possible. So it's actually a nice stance of saying that we have enough capacity in the business to grow and ideally grow competitively as we'll have to see and then really make decisions, more or less on a two-weekly basis. Honestly, maybe it's also good to just reiterate we've kicked off that cost-saving exercise, and that is still in full swing. So we, just as a reminder, we are working on eight categories, we have a team working on accommodation, on fleet, employee benefits and insurance in those procurement IT costs seen in the year. And also, we got marketing, advertising and field productivity. And that is something where their source energy is there, because we are turning those productivity gains also back into growth. So unfortunately can't give you more steer for the second half, but definitely 2021 trials of year of growth and that is always the best program also then for the (inaudible) product productivity to the next level.

A - Jacques van den Broek: And maybe a final word of that because of course there are different ways of putting people in the business. So if we have an in-house, we put people in. We have the revenue already or we put people in. These people are not so productive immediately, but it picks up very quickly, but then there's other businesses. Right? So we also said we wanted to invest in perm really quickly, but it takes like at least nine months to improve that productivity. We are investing in our IT business in the US in new regions, so that as you know, that's more of a long game so to say. So when we try to also with these investments, not just follow the growth, but also create a slightly different mix in our business that comes with more cost, lower productivity and have a quite bullish on doing that this year. So it's very much a moving target going forward.

Q - Anvesh Agrawal: That's very clear. Maybe if I just ask a quick follow-up. On this cost saving, how much of that you are expecting to come through in 2021?

A - Henry Schirmer: Look there, we said we've already identified more than 100 million and could we be taking the money and reinvesting back into growth and while recurring really good leading profitability this we will continue to do.

A - Jacques van den Broek: Yeah. And again this is not a stable thing right. So when I'm going to fly apparently I'm going to fly cheaper than I did before because of the program, but I'm not flying so -- so it's not like 2019 and then. So if we would do absolutely the same in 2021 as we would be doing in all the categories as Henry mentioned, we would do it at less cost. But we're doing less so in that sense is not comparable. So don't put 100 million in your excel.

Anvesh Agrawal: Yeah. Okay, that's very clear. Thank you so much.

Q - Marc Zwartsenburg: Yeah. Thank you. Good morning, everybody. First question is on the investments you can put in. You mentioned that you put in 100,000 extra FTEs, how much extra growth can you do with the current set in the group of customers you have in the pipeline, how much can handle compared to 2019? Can you, for example, with the current people at salesforce and branches already handle quite some growth versus 2019?

And that's my first question and the other one is maybe you can help me a bit with the bridge because you've mentioned we are approaching in terms of volume of 2019 levels, what should we take into account in making the bridge to the revenue line in terms of ForEx and maybe other elements that turn into the bridge? And right now volumes approaching 2019 looking to the second half in 2019 second half growth was negative at some point does that indicate that at some point without even further acceleration of the market that you would see already in the second half of this year? So that will be my questions.

A - Jacques van den Broek: And that's growth compared to 2019 or?

Q - Marc Zwartsenburg: Yeah. Correct 2020 is quite minimal.

A - Jacques van den Broek: And so Marc sometimes you get good news and it's tough to ask further questions. So, you're asking great questions. But it's not even like we know and we're not going to tell you because it's different growth. It's a totally different business so again we are growing double digit in LatAm and in Brazil and Argentina and that's different business. So, we're investing in long-term business in IT, in perm, so it's not, if it was the same business. I could theoretically say with so many people we can do so much gross profit, but again it's different business. So on the one hand if we grow more in inhouse yeah the productivity goes up that's not the only thing we want to do. Then we have businesses, which is better supported from a digital point of view, some in some aspects we have a higher productivity than two years ago, roughly with the same client. So, this is such a moving target and it's not about the productivity of the growth, so to say this year is really about the growth capturing as much as we can, of course, a decent return. So I was sort of, yeah -- and this sounds funny but we were friends here of course. I was a bit surprised on the productivity gains. So my first reaction was: okay, so we didn't put in people quick enough. So we are not shooting for maximum ICR. That's not the theme now. So, and then we're going to have a growth year at a decent return that is a theme.

Q - Marc Zwartsenburg: But you are positioning for the acceleration of growth in the second half that greater them.

A - Jacques van den Broek: Yeah and that is an entrepreneurial, I wouldn't say risk but an entrepreneurial decision. So the worst that could happen to us is that the growth is speeding up, and we are not ready to handle it. What could happen is a little bit less growth than we expected. Well, then we have a little bit to have the cost base that's too bad but that situation we are now making.

Q - Marc Zwartsenburg: Okay, and maybe then the bridge versus full year and rational things that are different from 2019?

A - Jacques van den Broek: Again, so it’s too early to call. The good news is the slide I especially created for you to show where we are. The rest is talk to you next quarter and the quarter after that.

Marc Zwartsenburg: All right, thank you very much.

Q - Konrad Zomer: Hi, good morning everybody. Three questions please. The first one is on the development of operating working capital, you mentioned an 85 million impact from postponed payments because of the government relief measures should we expect anything for the second quarter as well.

My second question is on the organic growth statements that you made. You talked about double-digit growth exiting the quarter, but obviously that is supported by a lot easier comparables. So is the underlying organic growth, slightly lower than in January and February or is that too negative?

And my final question is on the leverage 0.2 times very healthy balance sheet shareholders still have one special dividend to come in September, but can you remind us again what your plans are on managing the balance sheet from a shareholder remuneration perspective, the leverage target of one pre and post-IFRS 16? Thank you.

A - Jacques van den Broek: Let me start with the first one. Hi, Konrad. On operating working capital in the first quarter, we had repayment of social security charges where we benefited from extended payment days in the way. We also talked about that in quarter four. We had expected that to be drawn in December, but it's still in the early days of January. Going forward, there might be little stuff, but not really material, but since we go now into sequential growth. Of course, it will finance working capital. But if you also see now quarter

A - Henry Schirmer: And we take a very tight look on DSO credit management and therefore it is sort of expected the normal rhythm of the business kicking in, again higher growth, more EBITA a little bit liquidity to support the growth.

Yeah, will you take the second?

A - Jacques van den Broek: Yeah. Second one actually is reversed circle not our organic growth compared to last year is actually increasing, so that's why we take this to 19 slide. So it's not just because of comps, if we're beating the comps, if you will from January into April and that's why you see the yellow line getting closer to 19 whereas, of course, the red line, 2020 is totally off the chart.

And that's also why for us, we're not looking at 2020 anymore, we're trying to in a way meet the comparisons and invest in growth.

A - Henry Schirmer: Yeah. On the third one, Konrad, nothing really new there just to reiterate, they've made a decision to pay especially beginning October $162 per share and we are now fully concentrating and delivering another strong year and then we will make decisions on capital allocation. But nothing at this stage.

Konrad Zomer: Okay, thank you very much.

Q - Hans Pluijgers: Yes, good morning gentlemen and ladies. And two questions from my side. One, let's say, going back on the question of Marc on the mix change. With respect to 2019 and the bridge. I can imagine that especially let's say looking at which segment has been growing especially, like for example, a transport and distribution that likely the mix effects. Italy, with negative compared to 2019.

So is, on average, your wage per temp clearly lower than we have seen in 2019 in Europe sales. So (inaudible) slight negative mix impact on the comparison base. Could you maybe give some flavor on that.
And secondly, going back on the US you indicated some negative impact on the margin from some idle time. Could you give maybe a somewhat more feeling on how big the impact was and so how we should let's say should impact also in Q2. I would suspect the line trend during the margin.

A - Henry Schirmer: Yeah, Hans. Good morning. On the US it is a little bit more than just idle time and it's also concrete pay. So you can build out to a client, but without margin and shouldn't state this. And then there sure state unemployment insurance that of course in many markets that has gone up. Many states are indebted so That goes up, but as I said, negative in Jan, Feb. I'm not going to give you the details, but March already is normalized a lot and as you can see in the result is pretty stable. But I just wanted to flag that but you shouldn't expect too much in the rest of the year of that then. Yeah, I had a mix change or you're taking out one thing, which is the wage of the tempo. But that's not really very relevant for us because the business that comes in might come in at lower wages per them or maybe even a lower margin, but it comes in at a higher conversion because we specifically do it through inhouse. So it is what it is compared to 2019. It's a different business and once we've known the full 2021. We can tell you the difference.It's important to think this morning is we're very close in absolute volume to say to 2019. And we think that's a theme, we'll get back to you on that one, and we're investing to get it as close as we can, but it's too early to say like Marc asked what it will be for the second half of the year because as always, it's the 6 weeks visibility.

A - Jacques van den Broek: I think that's it. Thank you very much. So we are all happy to share this news with you. I think it's not just good news about Randstad I think is good news for all of us. We are the bellwether of the economy. So we're very happy with the fact that we can be this canary in the coal mine with some good news, and thanks for attending. And we hope to see you on the virtual road shows in the coming weeks. Thank you.

A - Henry Schirmer: Thanks everybody.