Randstad Q2 2021 Earnings Call - 27 July 2021 09.00 am CET

Q2 Results

Jacques van den Broek: Yes. Thank you very much. Good morning, everybody. So summer is here, so the Q2 presentation. I'm here with Henry and Bisera and Akshay from Investor Relations to take you through our Q2.

So going to Slide 6 immediately. Positive momentum continued across all our geographies in the second quarter of 2021. And we think we delivered a strong above market Group performance. We surpassed 2019 where we already mentioned that the last time for us, 2019 was a record year EUR23.7 billion of revenue. That is really the benchmark because 2020 was a bit of a funny year. So we surpassed 2019, utilizing the full strength of our portfolio. We believe we made a good decision by introducing our newways program last year. newways, both for our clients, talent and ourselves, benefiting and utilizing virtual calls, virtual hang-outs, remote HR processes, that sort of thing. But for ourselves, we continue to invest in people and digital initiatives, and yeah, that gives us a position of strength today and it enables us to further drive profitable growth.

All our markets record significantly quarterly year-over-year revenue growth, driven by increased demand for all our concepts on the back of a continued global market recovery. We are, however, seeing supply chain dynamics impacting some of our markets, which is France, Spain and Belgium, but we do think they are of a temporary nature. In the quarter, we've seen our perm revenue grow by 91% year-on-year, and that's also above 2019, which is a very strong recovery, and were a bit sooner even than we expected a few months ago.

Our experienced management teams, diversified portfolio, and focused investments, contributing to outperformance in several markets, and we continue to gain market share in US and France, but also in Germany, Netherlands and Belgium. We achieved solid profitability, whilst continuing to invest in new growth opportunities. As a result, we welcomed more than 2,400 new colleagues to our global workforce, and you might remember, we already put in 1,000 more in Q1.

We're also continuing to invest in our global technology transformation, with Monster showing positive year-on-year momentum, and we are excited to provide a better experience to both talent and employers using the combination of Randstad and Monster capabilities in the future. Something is changing, we think. Talent and employees think significantly differently about work and their relationships with work today than they did before. And that means that those whose job it is to find other people's jobs are busier than ever and their help is in more demand than ever. And a lot of talk of course -- we've had a lot of talk about technology and how it will take over, we've always said it supports. And what we've seen in the last year is the people really supported by technology, but want to reach out to human beings. We also think that clients increasingly want to reach out to human beings, providing data on the labor market.

As markets begin to recover, pre-pandemic trends such as scarcity are returning. We provide in-depth data, technology and integrated services. We're playing an essential role for our clients by helping them to achieve a total talent management strategy. Our clients need to be increasingly aware that they are workers, they have a different outlook. Our recent rounds on employer branding research also showed that, is that people want to continue a hybrid form of working from home. So we very much work with our clients on what does that mean, what are the demands of your people and how can you accommodate that.

To take you through our full strategy, how things are done -- how are we doing, the data strategy, Monster, Enterprise, we organized the Capital Markets Day on 17th November, this year, more to come in the coming months. However, having said all that, the pandemic continues to touch the lives of many, and the well being and health of our employees is our highest priority. This quarter, in particular, I'm very proud of the active role we played in the pandemic humanitarian response to India. I would also like to thank all our global colleagues for the support they've shown in this initiative.

Based on the strength of our performance in the first half, we are optimistic for the remainder of 2021, although we're still exercising caution with pandemic-related instabilities and limited visibility remain. I think, we can say, overall, lockdowns have been easing throughout Europe in the second quarter as vaccination rates are increasing. This is, of course, fueling some of the positive sentiment in the economy. Nonetheless, we need to be cautious and careful. Restrictions are still tentative and there are concerns of the Delta variant, how does the holiday season unfold and finally getting back to work. So let's see how the situation evolves in the coming weeks ahead of us.

So let's take you to the next slide, where we're going to have a closer look at the developments in our markets. Our North American business continued its growth path, up 23% year-on-year, and they're above 2019, 1%. Perm revenue was up 9% against 2019, which is a remarkable achievement. The US market, in particular, was impacted by talent scarcity. We still see a bit of friction from, call it, unemployment schemes unwinding, and we hope that more people will get back to work again in September as some of these schemes will be adjusted.

US staffing and inhouse grew 33%, outperforming the market with a staffing business performing particularly well, as all sectors bounced back versus 2020. US profs were up 6% year-on-year, but of course this was a business that had low single digit declines as opposed to the staffing and inhouse business. So way more weight of comparisons. But definitely, kudos to the Randstad Technologies team on a very strong performance, but also the engineering company, a smaller company but doing very well.

Canada grew, that's roughly 10% of our North American portfolio, grew 50% in Q2 and 12% versus 2019 with a very, very strong performance. EBITA 4.7%, up 60 basis points compared to last year, and the margin reflects the ongoing investments for future growth. We see that we're able to onboard people faster, which contributes to an improved productivity.

Our French market has a competitive performance or outlook. We think market leading performance again above markets. The business continues to perform well in a challenging economic environment, driven by the severity of the lockdown. We expect ongoing improvement given that the majority of the restrictions have been lifted towards the end of the second quarter. However, we also experienced supply chain constraints in the quarter and I mentioned earlier on this call. Up 63% year-on-year, but still down 5% versus 2019. Good recovery in perm fees, 94% growth year-on-year, but again still down 6% in -- compared to 2019. Staffing and inhouse up 71%, very strong demand across all sectors given the comparison with COVID-19 of course.

Food retail, healthcare and logistics continue to perform strongly. Profs turned into growth territory in the first quarter and continue to perform very well in the second quarter, mainly driven by the healthcare business. Ausy, our solutions business in IT and engineering has seen a remarkable improvement in profitability due to operational excellence, improved utilization rates of the people we have on our payroll, and no longer on the bench for the vast majority. And focus on key accounts, obviously longer projects and we supply the right expertise. So the result of course is a strong improvement in profitability, driven by the top line recovery.

Our Dutch business on the next slide accelerated in Q2 and the Netherlands is now up 37% year-on-year and 4% versus 2019. Very strong performance in the second quarter, and at the end of the second quarter, the Dutch business was also above the market. Dutch market continues to perform throughout the quarter, revenue for all three brands above 2019 levels. In the Netherlands, unlike France, for example, the economy has remained relatively more open throughout the pandemic. Lockdowns have been less severe and there has also been a lot of government support and relief packages to strengthen the economy.

Additionally, the Netherlands as we also flagged in our Q1 call did significantly benefit from COVID-related activities, so vaccinations, people in call centers, testing. Second quarter -- that was the second quarter. This is an example of how we can bring solutions at speed and scale to help clients and communities at large. Staffing and in house is 44% with a broad based recovery again amongst all sectors and ongoing momentum in food, e-commerce and logistics. Our profs business, Yacht, was already above 2019 in Q1 and continued its solid performance. EBITA came in exceptionally strong at [6.7]%, benefiting from the demand momentum and productivity gains.

Our German business 46% growth year-on-year, reflecting a strong recovery through the quarter, despite scarcity and supply chain constraints. So it's a bit of a difference between German automotive and French, Spanish automotive. I've shared this with you a few times and in the financial crisis, German automotive was strong because they sold worldwide. In Europe, it was way more subdued and that hit the French business. We see that to a certain extent again, very strong demand for Asian brands, Asian cars -- sorry, German cars in Asia, and that fuels the growth in Germany despite the supply chain issues. We see early signs of the automotive industry picking up. Order books are full as demand for premium and electric cars is picking up.

What we also see in Germany but of course that's across the board is that manufacturers seek more flexibility, which we think will drive demand for temp labor and increased penetration rates. EBITA came in at 1.7%. What's important to mention in Germany is, this is a business which already is -- for three years in decline, now picking up. Fortunately, they are at 2019 level. But we decided to leave most of the infrastructure in Germany in place. So compared to other businesses, they still have a lower conversion rate, but for us, this is a deliberate investment in the biggest economy in Europe. And we do expect EBITA to improve in the coming years.

Belgium, a solid performer as always. Continue to improve in Q2 revenue 37%, but again, one of the markets which is still 3% below 2019. Lockdowns were slowly lifted. We have some specific businesses that were affected. We have a business of subsidized cleaning ladies, a few thousand, and we do see that the angst around COVID affects this specifically Belgium part of the business. Food, retail, healthcare and logistics, again, performing strongly. Our Belgium professionals business, part of Ausy, performed very well, and is also already above 2019. And improving the profitability as the utilization rate also continues to improve.

Italy, yeah, it's the gift that keeps on giving. Italy is 15% above 2019. We mentioned this before, given the low penetration in Italy, although going up, this is a very, very promising market. They invested well ahead of the cycle, and that's now paying off. Let's all be reminded of course that Italy was the first country hit by COVID. And if we see where they are now, we are very happy and we're very proud of our Italian business, at a very strong 6.3% EBITA margin, driven by productivity gains, and at the same time, investing in growth. This is still a market by the way we are still opening branches in regions where we think we are underrepresented.

Iberia, Spain continues to recover. Still 1% above 2019, and bets out if they can beat that in the third quarter. Still impacted by supply chain constraints as mentioned. Nonetheless, momentum has improved since Q1, and we have a great pipeline for the second half of the year in this business. Solid profitability with 5.5%.

The rest of Europe, a mixed picture, but overall improvement across the board. UK, 12% above 2019. Good and strong growth in food and logistics again. And Poland, even 28% above 2019.

The rest of the world, 16% in the total portfolio above 2019. I would like to remind you that our Latin American business already grew last year. So no 2020 easy comps here. Biggest market, Japan, in blue-collar staffing growing 5%, 3% above 2019. LatAm, we celebrated our 10 years in Brazil this quarter actually. So congratulations to my colleagues in Brazil. Close to 700 people already in Brazil. So one of our more promising markets given the size of this economy and the fact that this is still a young market. Australia and New Zealand, very strong growth of 33%, 24% above 2019. And then, India, I mentioned, is already one of the country's heavily, touched by COVID, also our own colleagues, flex workers, hence the support, but still continuing to grow, a remarkable achievement 21% above 2019. Well done, India. And overall, as you can see, a strong and stable profitability.

Finally, our global businesses, RSR doing extremely well, up 19% above 2019. This is driven by RPO, recruitment process outsourcing predominantly in North America, a very strong pipeline for new and existing clients. This strong performance is also supporting the overall improvement of profitability in the global business concept. RiseSmart, a mixed picture here, down in the US, but overall, very strong growth last year here. You see momentum in the economy. That business goes down, but in Europe, where we are on a rollout for our career transition business, still strong numbers there.

Then on Monster, as you know, we've been rolling out our new job board platform across our geographies. First half of the year, we work on the seeker part, so the candidate part, we see applies is going up, we also see way more job postings. So we do see on the one hand, more job postings, but as a general term, not so much in Monster but also Randstad, less traffic. So that's a sign, of course, of the market heating up. Second half of the year, we're going to roll out the customer part. Now it's more pay per click, pay for performance and e-commerce for small clients functionalities. And that means at the end of 2021, we will be the digital board in the world with the newest technology, and more on that on our Capital Markets Day, but great to see that they have a little bit of growth in May and June, early days still below 2019, but well done Monster team, a lot of hard work.

So that's it for the markets. Henry, the numbers.

Henry Schirmer: Thank you so much, Jacques. Good morning everybody. Yes, quite excited to report back on another strong quarter. Not just expressed in the P&L, balance sheet and cash flow statement, but also with regards to the creation of growth capacity and digital enablement for our company. Our Group revenue already surpassed 2019 levels, and we are very well positioned to continue to benefit from strong demand in recovering markets, as well as further strengthening our market position in key geographies.

Revenue growth in quarter two came in at 38.2% year-over-year and 3% of last quarter two 2019 level. The recovery of volume and revenues broad based in all countries. We will continue to see regional differences due to ongoing COVID-related restrictions. We continue to gain market share in significant parts of our portfolio without compromising overall pricing discipline. And gross margins in the period came in strongly, up 30 basis points sequentially and 80 basis points up year-over-year. We will go more into detail on the next page.

With regards to the OpEx, as we've mentioned in our earlier calls, we are pushing hard to invest well ahead of the curve, while safeguarding attractive ROI. We continue to operate from a position of strength, now our incremental conversion ratio in the quarter was 53%, well under control, of course, in line with our guidance, whilst adding sequentially about 2,400 FTEs to further build market development capacity. EBITaA came in at EUR260 million at the margin of 4.3%, 60 basis points higher sequentially. And the integration and one-offs were EUR10 million negative this quarter, which reflect some fine tuning of operational structures in the few businesses.

Reported effective tax rate 26% for the first six months of the year, and for the full year, we now expect an effective tax rate between 25% and 27%, a touch lower than what we guided for last quarter.

So let me now take you to the next page to talk about the gross margin. Here we go already, Page 14. The second blue bar on the left shows the temp margin impact, which is up 30 basis points year-over-year. The temp margin impact reflects annualization of COVID-19 related effects like idle time and sickness, which is further benefiting from a bit of working day tailwind. Most importantly, we can confirm a broadly stable pricing environment across the board. The middle blue bar reflects our perm margin impact, which is 50 basis points up year-over-year, as the economies are recovering. This also reflected in our perm business which increased by 91% year-over-year and is up 1% versus 2019.

And lastly, HR solutions impact was broadly stable year-over-year. But our gross margin part remains difficult to predict. We reiterate the importance of safeguarding attractive gross margins in all our business activities. Smart, value-based pricing is fully back on the agenda, as a strategic mix management is winning much customized digital support.

That brings me to the OpEx bridge on Page 15. Our active and disciplined OpEx management seeks to support full utilization of countless significant profitable growth opportunities in our markets and an uncompromised investment strategy to further differentiate our market leading services. Hence, our decision to invest back into growth capacity quite early in the recovery as an acceleration of our investments into the digital enablement of the business. OpEx came in at EUR923 million which is 15.2% of revenue, that compares to EUR858 million in quarter one with an OpEx ratio of 15.5%. This represents a 30 basis points margin uplift from the OpEx line sequentially.

As mentioned in my opening, we have added about 2,400 FTEs throughout quarter two, which will help us in our quest to further develop our market position once those results are fully productive. Please note that the cost of those hires will materialize fully in quarter three, which is also reflected in our quarter three OpEx outlook.

As reported, also in the last quarters, we continue to work relentlessly to identify less productive spend to support our investments into growth and winning capabilities. 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.

With that in mind, let's now move on to our cash flow and balance sheet on Page 16. Whilst benefiting in the quarter for more than EUR300 million higher EBITDA, we have also seen and expect the swing back of working capital to support our strong growth. In quarter two, we still managed to generate a free cash flow of $78 million with solid fundamentals.

Our DSO came down another 0.9 days year-over-year to 52.1 on the last four quarters moving days. Our balance sheet remains to be very strong, showing EUR160 million net cash position with a leverage ratio of minus 0.2, excluding IFRS 16. As we've already mentioned, in April this year, we paid a regular dividend of EUR1.62 per share and a dividend on the preference shares totaling EUR306 million. This impacted our total net cash position events for the quarter.

That brings me to my last chart, the conclusion and outlook on Slide 17. As stated before, the volume recovery sustained throughout the second quarter and is broad based across our portfolio. At the same time, visibility remains limited with ongoing macroeconomic uncertainty due to the COVID-19 pandemic. Quarter 2, 2021, organic revenue per working day increased 38% year-over-year and by 3% compared to quarter 2, 2019. The development of volumes in early July indicates continued positive momentum. Quarter 3 gross margin is expected to be flat sequentially.

Quarter three operating expenses are expected to be slightly higher sequentially, reflecting the continued investments in line with our growth momentum in quarter 2. And we are aiming for an incremental conversion ratio of 40% to 50% over time. For quarter 3, however, we expect an incremental conversion ratio of 30% to 40%, mainly due to the full materialization of added fuel capacity throughout quarter 2. And lastly, let me mention, there is no working day expected or there is no working day impact in the third quarter. We know that already.

Well, that concludes our prepared remarks. And I'd like to give back to the operator.

Q&A

Q - Oscar Val Mas: Hi, good morning everyone. Three quick questions from me. The first one on the exit rate, I think in April you said that April was close to 2019 levels. Is it fair to assume then that June and July are above 3%? That's the first question.

And then the second question, in transport and logistics you've previously said, it's about 25% of the Group. Is that end market still outperforming other parts of the Group?

And then the third question on just the vaccine and one-off COVID. Could you quantify the impact in the Netherlands and maybe Italy as well. Should we think of vaccines helping to explain the outperformance versus the market? Yeah, those are my three questions. Thank you.

A - Jacques van den Broek: I'll answer the last one. We're not quantifying it more, but it doesn't -- it's way less than the outperformance in the market fortunately. They outperformed very much. The newways program, training our people, hiring more people, and yes, in the Netherlands, this is sizable, but on a global level, it's very small. Yeah, transport and logistics is still outperforming, absolutely. And then Henry on the exit rates?

A - Henry Schirmer: Yeah, exit rates, look, we've said, we've continued to have positive momentum throughout the quarter. That is where we would like to leave it. There are many moving parts in there, but -- how positive we are in general our glass is half full, but we like to leave it there.

Q - Oscar Val Mas: Okay. That's fine. Thank you very much.

Q - Marc Zwartsenburg: Yeah, thank you for taking my questions. Good morning everybody. Yeah, I would also like to come back to the exit rate. I know Henry you would like to leave it there, but can't you give any a bit more color, particularly given the Q2 has a tough comps unless compared to 2019 and give a little bit more color on how this last four months are evolving, because it is also in your outlook statement, a bit difficult to get a grip on the top line. So can you give us maybe a little bit more color or are we not going to that discussion?

A - Henry Schirmer: Hi, Marc. Good morning.

Q - Marc Zwartsenburg: Good morning.

A - Henry Schirmer: No, I'd like to leave it there. I mean, we have I think we've been relatively clear as we can be that we have seen positive momentum throughout the quarter. Volumes are firmly above 2019 levels. And it would be -- it would be probably more confusing than rest. It does take our positive outlook in general remark, that's all.

Q - Marc Zwartsenburg: Yeah, because if I look to your outlook and take all the moving parts, except for the guys on the top line whether you can get some feel with a recovery ratio or conversion ratio, it does seem to indicate that indeed the positive trend is continuing into July, otherwise headcount --

A - Henry Schirmer: That is the outlook. There are definitely two, The positive trend, but of course, on the one hand, we are okay with the fact that this is all very tough to compare. Yeah, if you compare to the more stable years we've had, but yeah, it is what it is. Of course, the comparisons are getting a bit tougher, but we are, as we speak, continuing our outperformance versus 2019. That's what we say.

Q - Marc Zwartsenburg: Yeah, okay. And then maybe coming back to the OpEx line. One has triggered because we had this call in April, you've guided for low to mid single digit increase in OpEx and came in quite a bit higher. What triggered that strong investment in the second half maybe or the quarter, what are you seeing the triggered that you are investing even more aggressively than what we've seen in Q1, what we heard a bit in the guidance of Q1 results?

A - Henry Schirmer: Yeah, well, this of course, is the way we work. It's a field steering. So you see that we grew faster than maybe we would have expected when we did our guidance. And then we put in more people. It's -- you can look at the absolute numbers, you can also look at the percentage share, it is stable at 15.2%. Your consensus was 15.2% and our cost is also 15.2%. So if we grow faster, we have more confidence, then we put in more people.

A - Jacques van den Broek: For example, in perm, we were very happy we did that. Because if you would have asked me at the back of Q1, the perm was growing as it was now, I would probably have doubted that a bit. But we're very happy. We aggressively put people into our perm businesses to benefit from that. Because if you're not -- if you don't have it, you're too late. If you look at Manpower, they were still negative in Q4 and also in Q1. Yeah, and then you can't pick up the growth. So, yeah, it's an art, but more people because of more growth.

Q - Marc Zwartsenburg: And then maybe last one on pricing. You already mentioned the talent issues you have there, see it everywhere. Do you already see something moving into the pricing that is moving up that you have discussions or is it more that is kind of that scarcity is limiting your growth a bit?

A - Henry Schirme: Let me take that one. So in quarter two, actually we see an overall really stable pricing climate. Of course, there is some scarcity in the -- that's -- first anecdotal views about price increase. But quarter two, it's a pretty clean quarter in that regard. There's probably 50% volume, 50% price in there as what you would expect it also. So there is no artificial pricing impact we will see.

Q - Marc Zwartsenburg: But also no acceleration already that you see that it's moving up a bit --

A - Jacques van den Broek: No, we look -- we are not guiding on price going forward. But as a general statement, we benefit from labor scarcity in markets because it raises the demand for our services, but also gives us a little bit more impact on pricing power and we can play out a value-based pricing a little better. So in general, we like to see a bit of inflation.

Q - Marc Zwartsenburg: Sure. Any limit to growth in certain regions due to scarcity or (Multiple Speakers) move back into the labor force after the summer?

A - Jacques van den Broek: This goes back to our strategy of course, Marc. So we have foreseen if you just do the numbers that it's going to be less and less active job seekers. That's why we are creating this data lake, while we can still on behalf of our clients get in and find them the people they need. But our clients also need to adjust. They need to adjust to what's not the ideal profile. So that's the core of the discussions we're going to have with clients to see what's out there and not so much what do you want.

Also people want to work from home. Can you put work on a platform? Can you put work elsewhere? Can you automate? So those discussions are fully back. We're very well positioned to benefit from it. What I said earlier in my remarks is that the pure tech place account caters for this, because the labor market is an imperfect market. So it's tech and touch. So optimistic there on the role we can play.

Q - Marc Zwartsenburg: Well, thank you very much for the responses.

A - Jacques van den Broek: Thanks, Marc.

Q - Anvesh Agrawal: Thank you. So I got two questions, one on the gross margin and then on the FTEs. So just on the gross margin, while you saw the revenue line is back or above 2019 level now with perm is also above. But the gross margins remain below 2019. I know there is a bit of a mix with inhouse growing faster. But maybe some comments there, why is that and when do you expect -- and especially given the pricing environment is stable, when do you expect the gross margins to catch up with 2019 level?

And then just on the FTEs, if I look at the number of FTEs you ended at Q2 are pretty much in line with where you were at the end of 2019. So with -- with the growth running well and above 2019, should we expect further investment as we go in Q3, Q4 or the guidance implies that the Q3 SG&A will move up only because there is a run rate impact and you're not looking to add any further heads? Just some thoughts there.

A - Jacques van den Broek: Let me take the first one. Hi, Anvesh. Thanks for the question. Yeah. So I think -- we are quite pleased to see the benefit of perm kicking in quarter two. We've quite suffered last year. You remember we had quarters of minus 50, minus 60. To see that kicking back in is really good. And to see overall stable pricing is also good. So in a way, we really are taking a part of our business on a unit by unit base. We just make sure that we get the right conversion out of each of our business lines.

And going totally back to 2019 is probably not the right way of looking at it, because our businesses have quite changed and its composition. So we are upbeat about gross margin. It's strong but maybe you need to take the new business into account with much stronger inhouse growth and also other business lines kicking in.

A - Henry Schirmer: Yeah, and a large part -- the large part of the difference is still negative growth when compared to 2019. But if you take that out, we have a pretty stable business also given the fact that a lot of growth is inhouse.

That takes me to the headcount thing. We do have slightly more people than we have in 2019 actually. But growing in inhouse is a highly profitable business. So it is profitable -- also profitable from a conversion point of view, but it's a highly productive business. So that means that we actually need a little bit less people as opposed to SME or that kind of business to run that. So what we're now seeing is, we've invested, we got a sequential uptick, seasonal into Q3. Let's wait and see, but I think what we've proven is that we can very quickly pivot 2020 negatively (inaudible) positively whenever we see a business opportunity. But rest assured, whenever we see more possibilities in markets, of course, we will add the required headcount.

Q - Anvesh Agrawal: Yeah. And just to follow up on that, what you said on inhouse with higher productivity, higher profitability, that means the conversion margin should be higher. And then, obviously, the Q3 conversion margins are expected to be lower. So is the incremental growth now coming from more like SME players or smaller clients rather than the big inhouse clients, that's why you have this temporary dislocation between the growth and the conversion margin or?

A - Henry Schirmer: Yeah, there are a lots of moving parts, of course. But as I mentioned, we put people in perm. That in the beginning of course, comes at a lower productivity, because that it takes, let's say, nine months for people to ramp up. And they start at a lower productivity. And so that's one part. SME in a way is still a promise for half two. So you know, it could still be that we will see as, call it, confidence increases that we'll see more SME business, and again, we will set up to handle that. But time will tell.

Q - Anvesh Agrawal: Okay. That's clear. Thank you.

Q - George Gregory: Good morning, gentlemen. Just one follow-up, if I may on digital. I'm just wondering when you would expect to have a fully end-to-end digital offering, including Canada in your main markets, sort of, fully integrated. Is there -- is there a roadmap with -- I'm sure there is a roadmap there, when would you say that should be complete please?

A - Jacques van den Broek: Yeah, George. Five years ago. So yeah, five or seven years ago. So we are -- we have many fully digital things. But as we said on many calls, fully digital doesn't really scale. So we're experimenting. Again, we launched one in the US recently to see when fully digital is going to hit the road and really scale. In a way, I'm expecting the reverse. As I mentioned earlier, people in this imperfect labor market want to be supported to go into jobs. They're not the ideal profile. Clients don't get the ideal profiles anymore. They want to be supported in what is the ideal candidate.

Having said that, and I've said that a lot of times, if the business is going to move to fully digital, we're also going to be the world market leader in fully digital. If you look at large clients -- large clients in e-commerce, a very large part of the process is fully automated. And so, large parts of interviewing, large parts of scheduling, of course, the whole administration is fully automated. But the actual, personal connection with the candidate, by the way, that could also be a chat box. So you can debate whether that's tech or touch, but it's varying aspects of technology as much as clients allow us, as much as candidates or talent officiate it. And yeah, that's where we are.

Q - George Gregory: And just to clarify, Jacques, if a client would like an end-to-end digital service, they can get it without any additional -- any significant re-integration work?

A - Jacques van den Broek: No, definitely. Yeah, again, fully digital, about 110% of our clients want to touch. So they don't want us to -- in a way have testimonials on the candidates. So again experimented a lot with it, but the clients want to know who is in there, clients want to know if credentials are checked, clients want to know if people fit their culture, fit their process. So, so far, always a touch moment. But if a client says no touch, I'll do it myself, happy to do so, next week, you'll have it.

Q - George Gregory: Thank you.

Q - Anvesh Agrawal: Thank you. Just to follow-up on what George was asking really on digital and you're saying that clients want to get in touch and want to know the candidates better. Does it differ between blue-collar and the white-collar? Is there more sort of human touch needed in one or the other or is it sort of the same across the board?

A - Jacques van den Broek: Not really. I have a lot of discussions that people think that it's tougher to select white-collar than blue-collar. I beg to differ. In blue-collar, it's all about soft skills and personality, because of course, purely a resume in blue collar, that's not something to go on. So this is all about the touch, so to say. So, no, not a lot of difference. And if so, maybe even more blue-collar than it is a white-collar. Hence the success of our inhouse by the way where we build a pool dedicated for our clients that in today's labor market fits availability, fits the right profiles, and all the demands that clients ask, and all the wishes that candidates ask.

Q - Anvesh Agrawal: Yeah. Thank you.

Q - Andy Grobler: Hi, good morning. Just one quick one from me. You talked about some supply chain dynamics in France and Spain impacting business to an extent. And then mentioned that you thought those would be temporary. Could you just go into a bit more detail about what you're seeing and why you think that those will not be persistent?

A - Jacques van den Broek: Yeah, sure. Good morning, Andy. Yeah. So what you see is that a client at some point calls us and says, you know I'm going to close for two days or I'm going to work without the temp pool for a few days, because my amount of cars to be produced is not as high as I would like to, because, yeah, I've got -- I don't have the chips to put it very bluntly put. So that is what this is. I'm hoping that all the semiconductor producers are working in five or six shifts or however to churn out this stuff as quickly as possible, and hopefully -- well, for us, but way more for the producers and also people waiting for cars that they will solve this issue. So it's not an economically driven thing. It has nothing to do with COVID. It is probably a hiccup of supply chain starting up again after putting the economy on pause for a year.

Q - Andy Grobler: And could I ask just a bit of a UK centric follow-up. We've -- a lot of people are getting asked to self isolate in the UK at the moment through the track and trace system. When that happens to one of your temps, does that person still get paid or how does that process work?

A - Jacques van den Broek: That's a very detailed. I was this morning educated on the fact that this is called pingdemic.

Q - Andy Grobler: Yeah.

A - Jacques van den Broek: Yeah, I couldn't tell you.

Q - Andy Grobler: Okay. I'll follow up later.

A - Jacques van den Broek: Yeah, yeah. In general, of course, not but, yeah.

Q - Andy Grobler: Okay. Thank you.

A - Jacques van den Broek: Okay, good. Thank you for hosting. Thanks everybody for calling again. Thanks for your questions. And we're going to continue to grow and do our best. Thank you very much. Bye.

A - Henry Schirmer: Thank you very much.