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

4th quarter 2015 results

Strong operational performance

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

Randstad Holding nv
February 18, 2016

disclaimer & definitions

Certain statements in this document concern prognoses about the future financial condition, risks, investment plans and the results of operations of Randstad Holding and its operating companies, as well as certain plans and objectives. Obviously, such prognoses involve risks and a degree of uncertainty, since they concern future events and depend on circumstances that will apply then. Many factors may contribute to the actual results and developments differing from the prognoses made in this document. These factors include, but are not limited to, general economic conditions, a shortage on the job market, changes in the demand for personnel (including flexible personnel), achievement of cost savings, changes in the business mix, changes in legislation (particularly in relation to employment, staffing and tax laws), the role of industry regulators, future currency and interest fluctuations, our ability to identify relevant risks and mitigate their impact, the availability of credit on financially acceptable terms, the successful completion of company acquisitions and their subsequent integration, successful disposals of companies, and the rate of technological developments. These prognoses therefore apply only on the date on which this document was compiled. The quarterly results as presented in this press release are unaudited.

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.

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
- appendices

performance

Q4 2015: *Strong operational performance*

Revenue of € 4,995 million; organic growth +6.6%; gross profit up 6.9%

Topline growth accelerated in France and remained stable in North America

Gross margin up 20 bp to 18.9%; Perm fees up 13%, now 9.7% of gross profit (vs. 9.2% last year)

Underlying EBITA of € 245 million (+18% organically); EBITA margin up 50 bp to 4.9%; Organic FY ICR of 52%

Adjusted net income up 55% to € 193 million; ROIC up to 18.8% (Q4 2014: 15.8%)

DSO improved to 50.7 (from 51.7 in Q4 2014); leverage ratio of 0.2 compared to 0.5 last year

Proposed cash only dividend of € 1.68 (up 30%) a record high; 50% payout

January growth of +6.6%;

FY 2015 EBITA margin of 4.5% (+40 bp YoY), in line with 4.4% - 4.6% guidance range

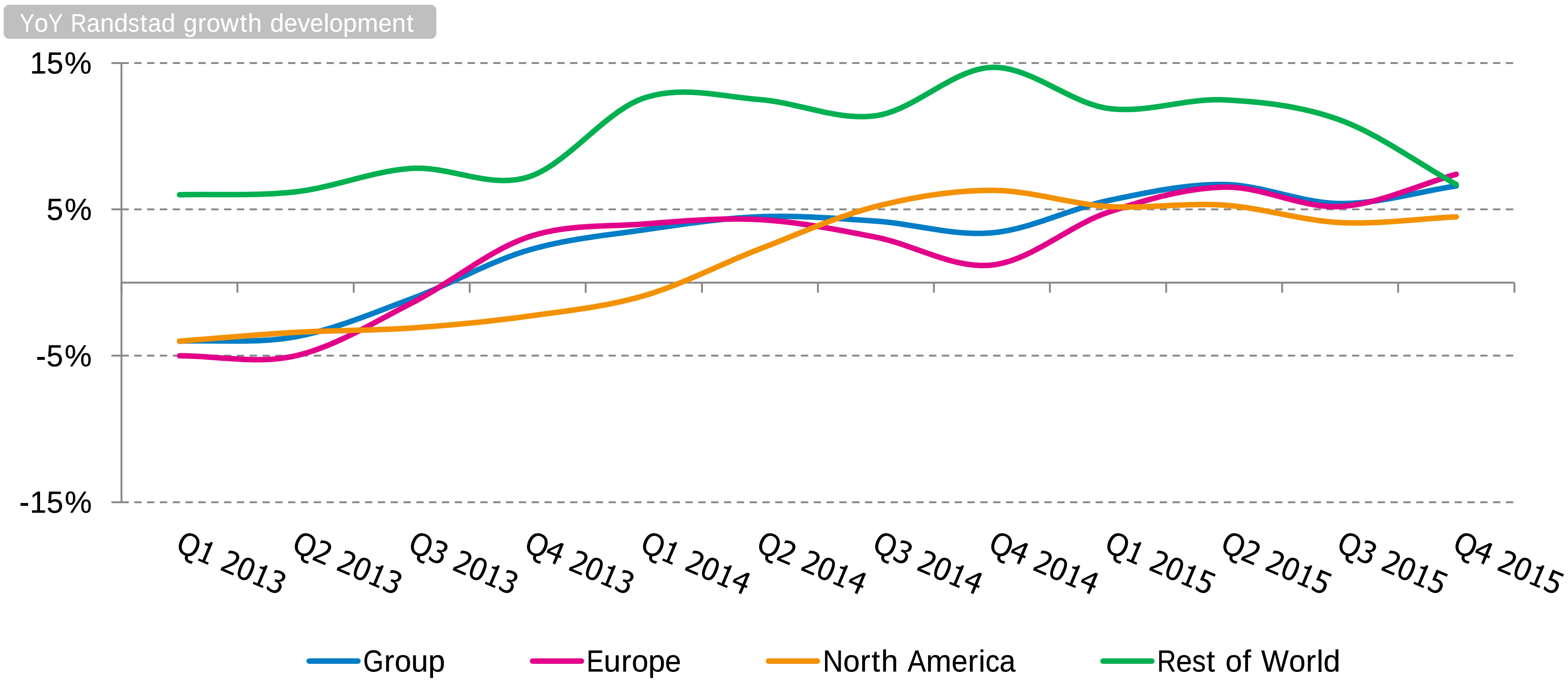
2015: margins improving...on track

€ million	Q4 '15	Q4 '14	% Org.	FY '15	FY '14	% Org.
revenue	4,995	4,496	*+7%*	19,219	17,250	*+6%*
gross profit	943	841	*+7%*	3,595	3,180	*+7%*
gross margin	*18.9%*	*18.7%*		*18.7%*	*18.4%*	
operating expenses*	699	642	*+4%*	2,733	2,474	*+4%*
opex %	*14.0%*	*14.3%*		*14.2%*	*14.3%*	
EBITA*	**245**	**199**	***+18%***	**862**	**706**	***+16%***
*EBITA margin**	*4.9%*	*4.4%*		*4.5%*	*4.1%*	

- organic growth/wd over FY at +6.2%
- FY gross profit growth at +6.7%
  - gross margin up by 30 bp YoY for FY
  - FY perm growth at +14%
- FY operating expenses* up 4% organically YoY
- EBITA* margin over the FY up to 4.5%, from 4.1%
  - FY organic incremental conversion ratio of 52% (maintained above 50% through the year)

* Before integration costs & one-offs.

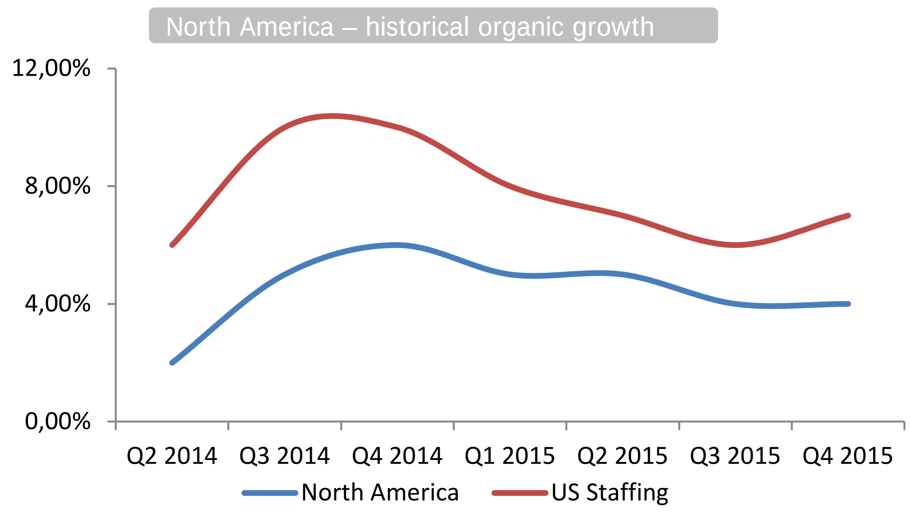
topline stable in most countries

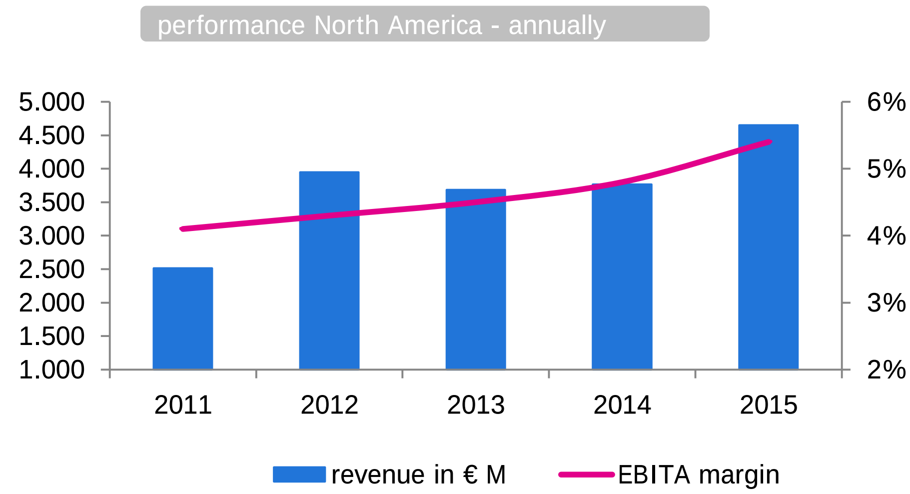


- improving growth in many European countries; France accelerating ahead of market, strong growth continues in Netherlands, Italy & Spain
- stable growth in North America; above market US staffing performance and ahead of challenging Canada market
- growth in emerging markets held back by challenging markets conditions

North America: stable growth in US Staffing

- revenue +4% (Q3: +4%)
  - perm up 10% (Q3: +9%)
  - GP up 9% (Q3: +9%)
- US Staffing & Inhouse, revenue growth +7% (Q3: +6%)
- US Professionals, revenue flat YoY
- Randstad Sourceright: Net fee growth +16% (Q3: +17%)
- Canada: revenue down 2% (Q3: -/-4%)
  - ahead of a challenging market
- EBITA margin up to 5.6% from 5.3% LY

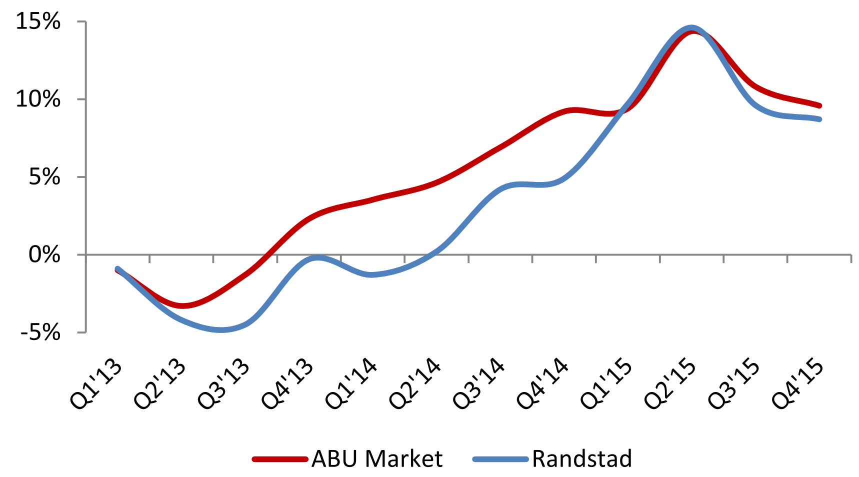




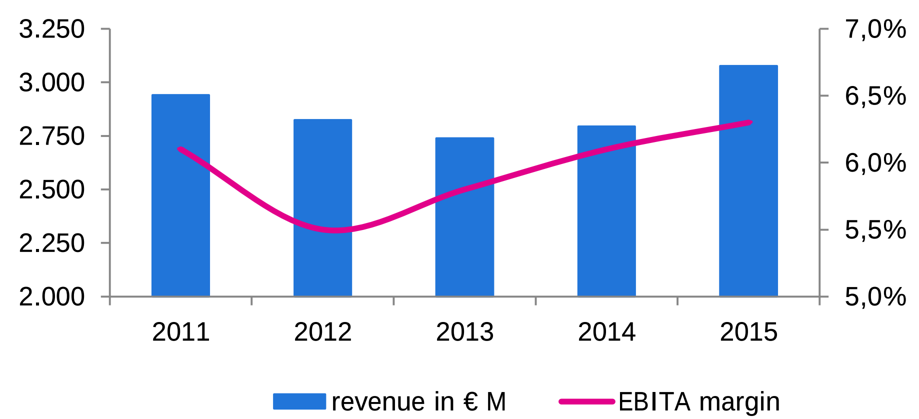
the Netherlands: solid growth continues

- revenue at +9% (Q3: +10%)
  - perm growth at +3%
- combined Staffing & Inhouse businesses
  - up 7% YoY (Q3: +9%)
- Professionals
  - up 21% (Q3: +20%)
  - vertical approach paying off
- EBITA margin at 6.7% vs. 6.9% LY

performance Vs. market (ABU)- quarterly



performance the Netherlands - annually



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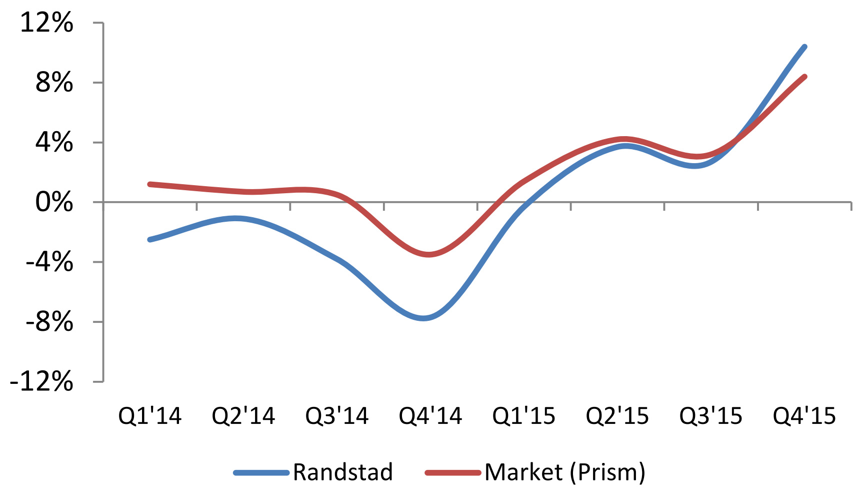
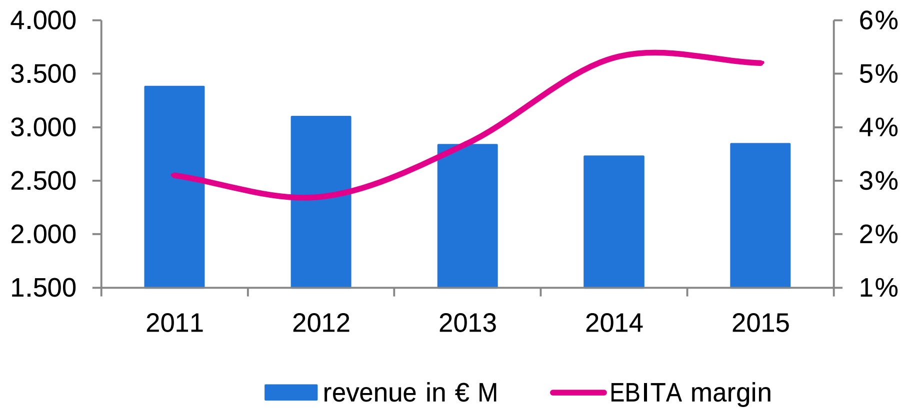
France: accelerated growth ahead of market

- revenue up 10% YoY (Q3: +3%)
  - combined Staffing & Inhouse at +10% YoY
  - Professionals at +10% vs. Q3: +2%
  - perm grew 29% (Q3: +23%)
- gross profit +6% YoY (Q3: +2%)
- EBITA margin at 5.2% vs. 5.7% last year
  - stable underlying trend

performance Vs. market (Prism)- quarterly



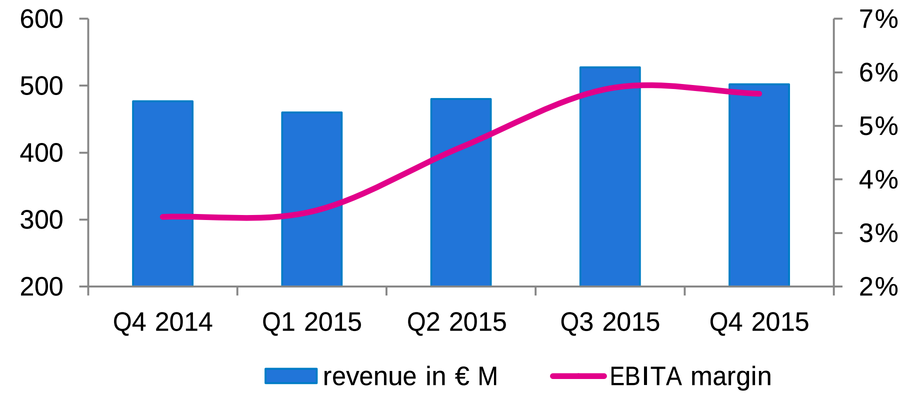
performance France – annually



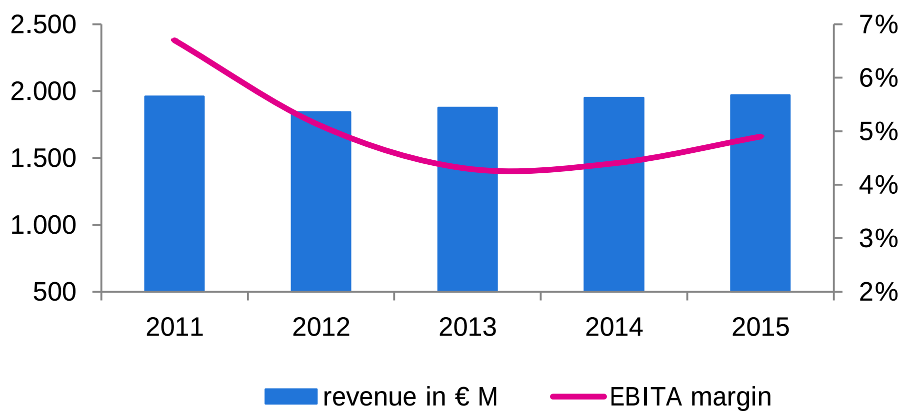
Germany: improving profitability trend

- revenue growth +1% YoY (Q3: +2%)
  - perm growth of +8% (Q3: +15%)
- gross profit up 13% (Q3: +2%)
  - SME outgrowing large clients
  - last year impacted by 13 week rule
- EBITA margin at 5.6% vs. 3.3% LY
  - strong operating leverage

EBITA margin performance Germany - quarterly



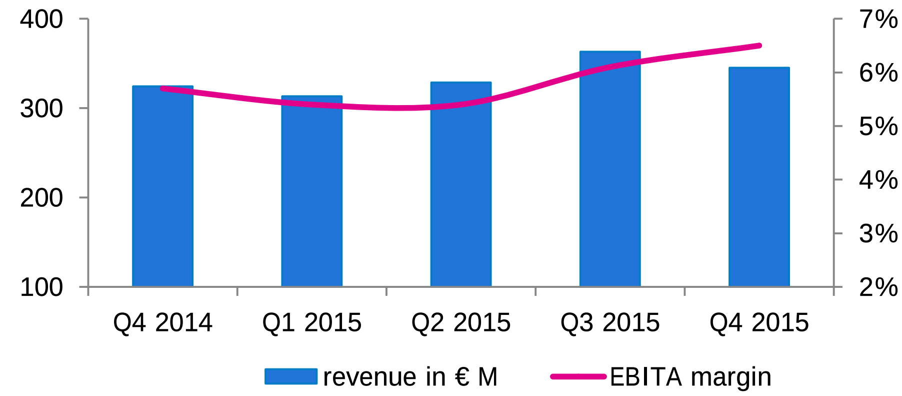
performance Germany - annually



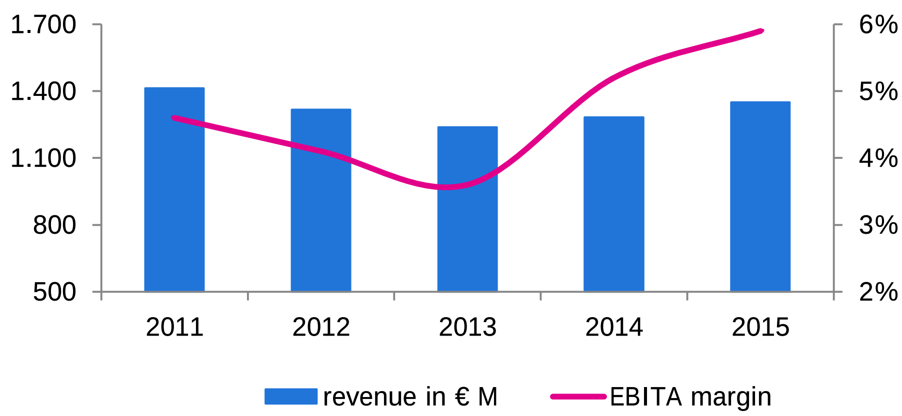
Belgium: accelerated growth and record profitability

- revenue +6% (Q3: +1%)
  - Staffing and Inhouse growth at +8% (Q3: +1%)
- gross profit up 8% YoY (Q3: +6%)
  - focus on client profitability
- EBITA margin up to 6.5% vs. 5.7% LY
  - solid operating leverage maintained

performance Belgium - quarterly



performance Belgium - annually



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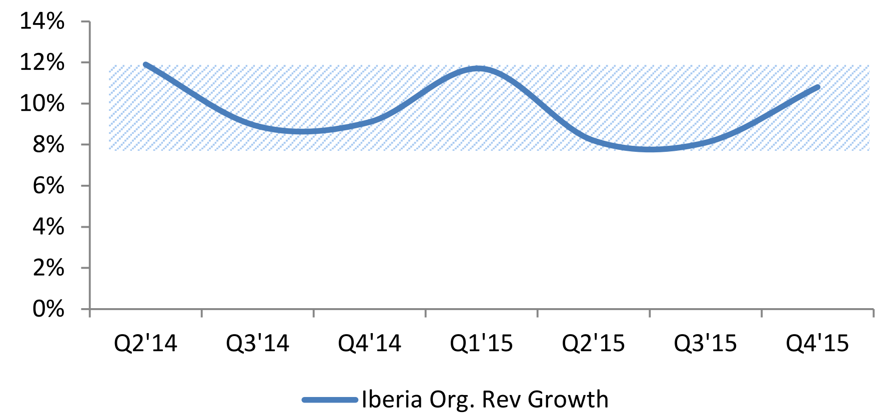
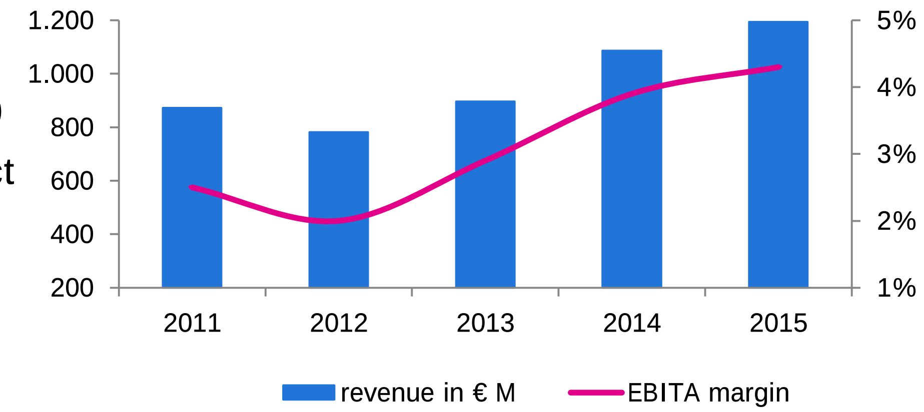
Iberia: strong growth on better margins

- Iberia revenue improved; up 11% (Q3: +8%)
- Spain
  - revenue growth accelerated to +16% (Q3: +12%)
  - Professionals grew 61% despite continued tough comparables
  - perm growth +39% (Q3: +32%)
  - investing in growth
- Portugal
  - revenue returned to growth; up 1% (Q3: -/-2%)
  - gross profit up 18%, continued growth in contact center business
- EBITA margin at 5.2% vs. 4.6% LY

Org. Revenue performance Iberia - quarterly



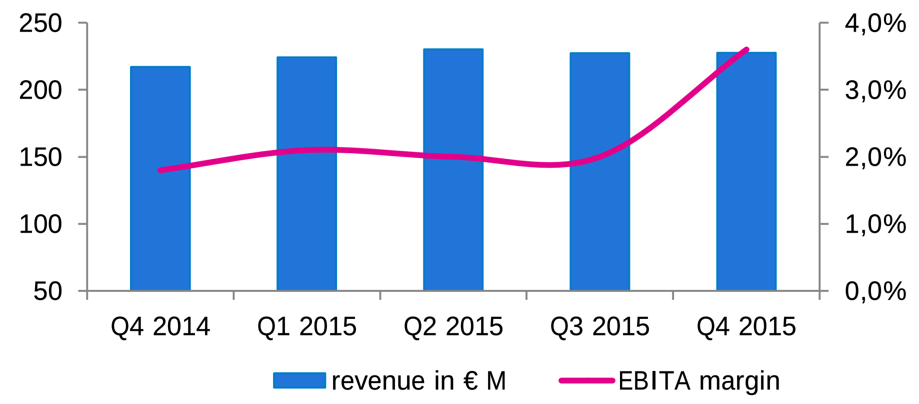
performance Iberia - annually



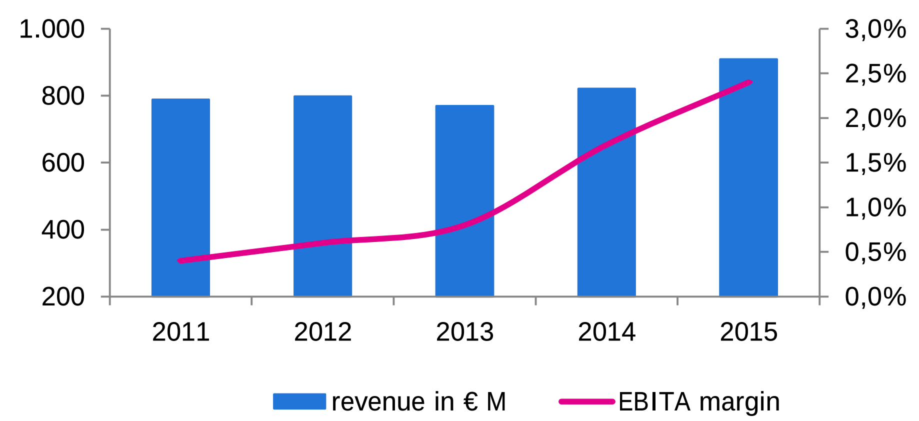
UK: improved profitability

- revenue down 4% YoY (Q3: +1%)
  - gross profit flat YoY (Q3: +2%)
    - specialities businesses doing well despite increasingly challenging market environment
  - perm fees up 11% (Q3: +4%)
- EBITA margin up to 3.6% vs. 1.8% LY
  - improving operating leverage

EBITA Margin performance UK - quarterly



performance UK - annually



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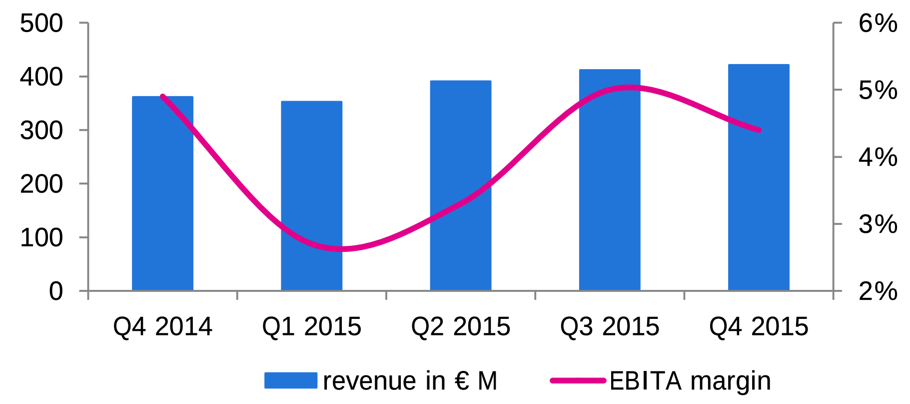
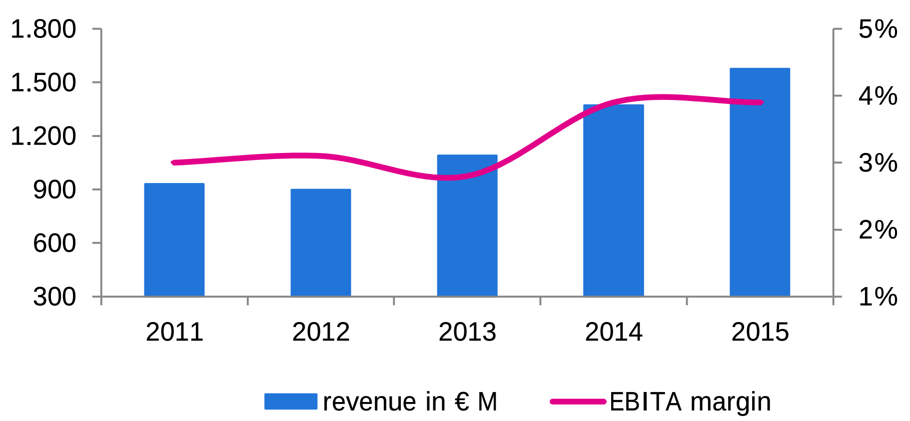
Other European countries: strong growth continues

- overall revenue growth +13% (Q3: +11%)
- Italy
  - revenue growth stable at 19% (Q3: 20%)
  - focus on specialties and perm (+54%) paying off
- Switzerland
  - growth improved to +3% (Q3: 0%)
  - ahead of a difficult market
- Poland
  - growth accelerated to +10% (Q3: +7%)
- Nordics
  - revenue growth of 7% YoY
  - consolidation of Proffice from Feb 2016
- EBITA margin at 4.4% vs. 4.9% LY
  - investing in growth

performance ROE - quarterly



performance ROE - annually



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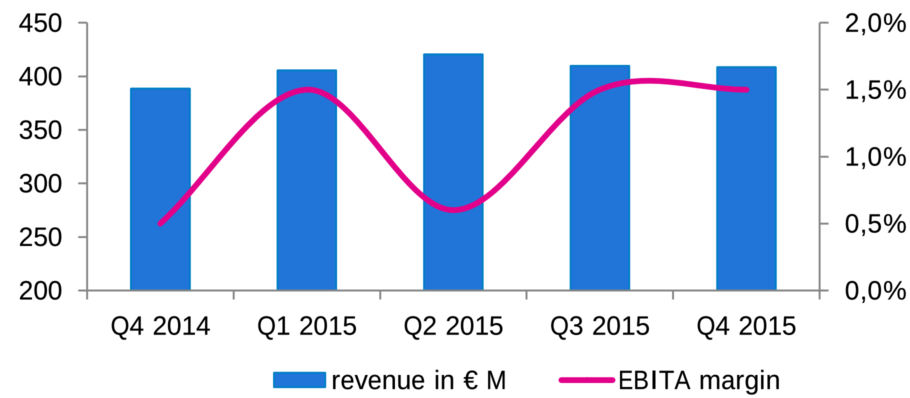
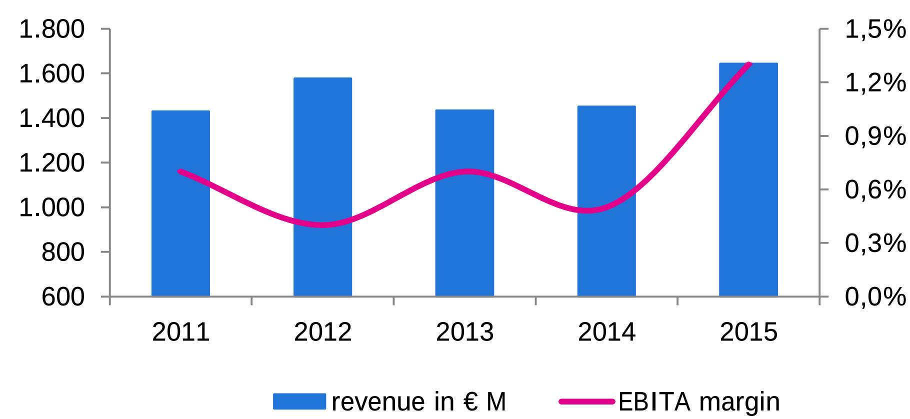
Rest of the world: growth in challenging markets

- overall revenue growth was +7% (Q3: +11%)
- Japan, growth at +1% YoY (Q3: +6%)
  - perm grew 33% (Q3: +63%)
- Australia / New Zealand grew 5% (Q3: +11%)
  - perm grew 18%
- Asia, growth at +5% (Q3: +10%)
- Latin America, up 15% (Q3: +15%)
- EBITA margin up to 1.5% from 0.5% LY
  - focus shifting to growth and profitability

performance ROW - quarterly



performance ROW - annually



financial results & outlook

income statement Q4 2015

€ million	Q4 '15	Q4 '14	% Org.	FY '15	FY '14	% Org.
revenue	4,995	4,496	+7%	19,219	17,250	+6%
gross profit	943	841	+7%	3,595	3,180	+7%
gross margin	*18.9%*	*18.7%*		*18.7%*	*18.4%*	
operating expenses*	699	642	+4%	2,733	2,474	+4%
opex margin	*14.0%*	*14.3%*		*14.2%*	*14.3%*	
EBITA*	**245**	**199**	**+18%**	**862**	**706**	**+16%**
*EBITA margin**	*4.9%*	*4.4%*		*4.5%*	*4.1%*	
integration costs & one-offs	11	34		30	45	
reported EBITA	**234**	**165**		**832**	**661**	
amortization & impairment	-/- 27	-/- 37		-/- 127	-/- 145	
net finance costs & associates	+ 9	-/- 12		-/- 22	-/- 31	
income before taxes	**216**	**116**		**682**	**485**	
tax	-/- 40	-/- 38		-/- 164	-/- 145	
net income	**176**	**78**		**519**	**340**	
*adjusted*** net income***	*193*	*125*		*608*	*460*	
*diluted EPS****	*1.05*	*0.68*		*3.32*	*2.54*	

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

Figures stated in table are rounded

performance by revenue category

Staffing in € M	**Q4 2015**	**Q4 2014**	*% organic	**FY 2015**	**FY 2014**	*% organic
revenue	2,898	2,645	*6%*	11,186	10,203	*6%*
EBITA	153	117	*19%*	515	421	*17%*
EBITA margin	*5.3%*	*4.4%*		*4.6%*	*4.1%*	

- focus on delivery models – central delivery
- FTE investments in growth markets

Inhouse in € M	**Q4 2015**	**Q4 2014**	*% organic	**FY 2015**	**FY 2014**	*% organic
revenue	1,126	958	*12%*	4,216	3,623	*11%*
EBITA	52	55	*5%*	213	190	*11%*
EBITA margin	*4.6%*	*5.8%*		*5.0%*	*5.2%*	

- continued transfer of clients from Staffing to ensure right delivery model is offered
- good growth continues across our industrial and logistics clients

Professionals in € M	**Q4 2015**	**Q4 2014**	*% organic	**FY 2015**	**FY 2014**	*% organic
revenue	971	893	*3%*	3,816	3,425	*3%*
EBITA	56	43	*24%*	196	156	*15%*
EBITA margin	*5.8%*	*4.8%*		*5.1%*	*4.6%*	

- US Professionals; IT vertical performing well
- strong profitable growth in Dutch Professionals
- Spain professionals continues to expand its presence

* Organic change in revenue is per working day.

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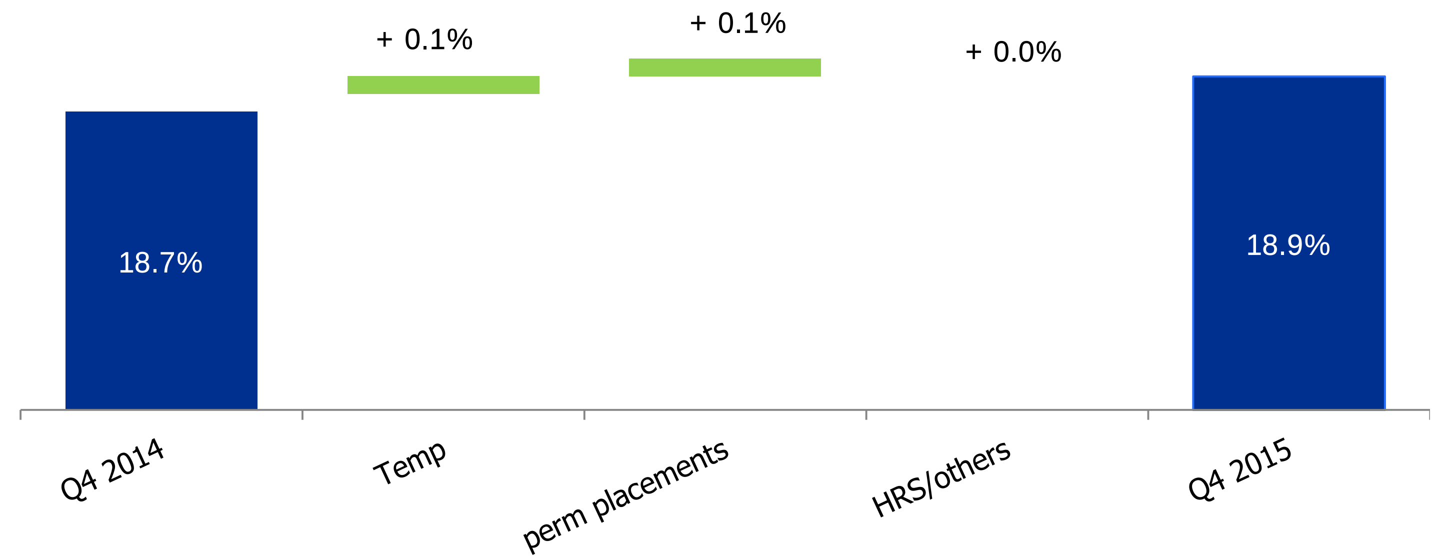
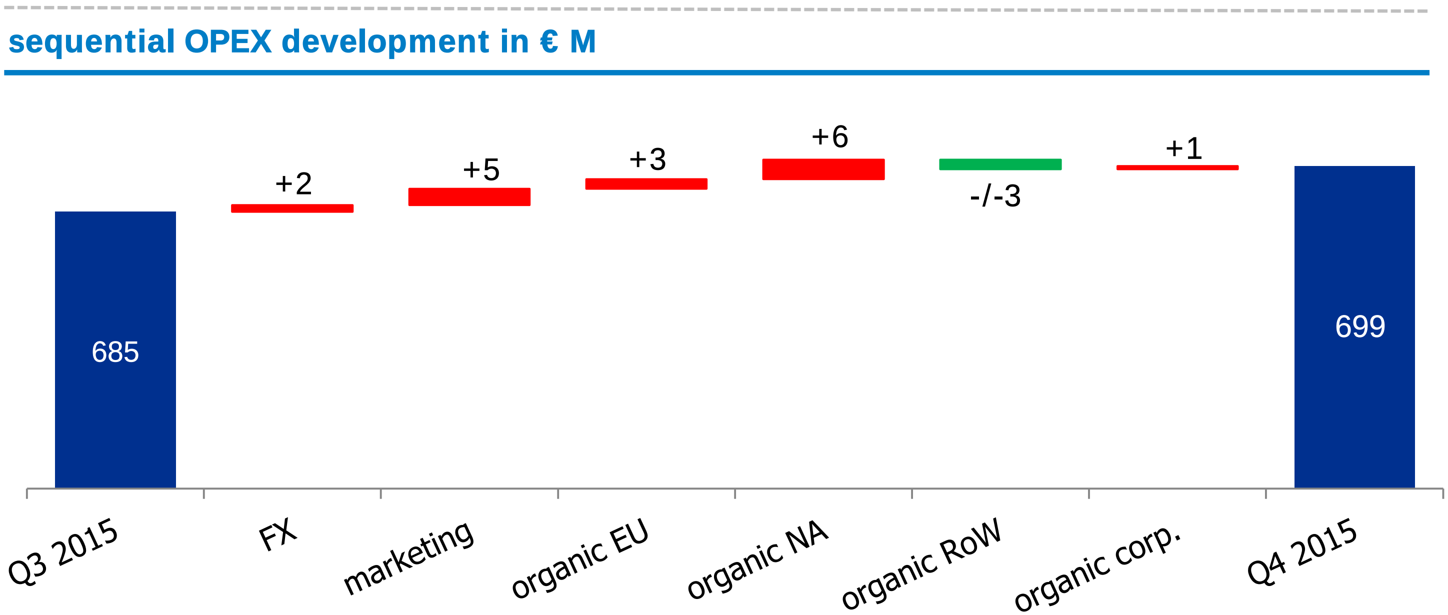
gross margin bridge

YoY gross margin development



- temp margin up 10 bp, benefiting from favourable mix, however price pressure evident in a number of markets
- perm fees grew 13% YoY organically, benefiting margin by 10bp
  - 9.7% of GP (up from 9.2% LY)

operating expenses bridge



- OPEX up € 12M organically (sequentially)
- marginally negative FX impact; USD strength against the euro

- FTE growth in North America and Europe
- lower commission than expected paid in emerging markets

net debt at € 173M

leverage ratio at 0.2

€ million	**December 31, 2015**	**December 31, 2014**
goodwill and intangible assets	2,649	2,597
operating working capital	621	488
net tax assets	517	527
other assets and liabilities	248	123
invested capital	**4,035**	**3,735**
equity	3,862	3,313
net debt	173	422
invested capital	**4,035**	**3,735**
*DSO, Days Sales Outstanding***	*50.7*	*51.7*
working capital as % of revenue	*3.2%*	*2.8%*
leverage ratio	*0.2*	*0.5*
*return on invested capital**	*18.8%*	*15.8%*

* Based on underlying EBITA (last 12 months) less income taxes paid (last 12 months) as a percentage of invested capital.
** DSO, (Days Sales Outstanding), moving average

Figures stated in table are rounded

Q4 '15 free cashflow

€ million	Q4 '15	Q4 '14	FY '15	FY '14
EBITDA	250	182	897	726
change in OWC	99	114	-/- 122	9
income taxes	16	-/- 26	-/- 105	-/- 117
provisions & employee benefit obl.	-/- 11	18	-/- 32	7
net additions in PPE and software	-/- 21	-/- 23	-/- 63	-/- 63
other items	-/- 14	-/- 12	-/- 71	-/- 67
financial receivables	-/- 4	-/- 7	-/- 4	-/- 7
free cash flow	**314**	**246**	**499**	**488**
net acquisitions/disposals/buyouts	5	-/- 2	-/- 84	-/- 6
net issue/purchase of ordinary shares	-/- 35	-	-/- 54	-/- 24
net finance	-/- 9	-/- 11	-/- 9	-/- 30
dividend paid	-	-	-/- 94	-/- 68
translation effects and other items	4	6	-/- 9	-/- 20
decrease of net debt	**280**	**239**	**249**	**339**

Figures stated in table are rounded

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outlook

- organic revenue growth was 6.6% in Q4
  - January growth was up 6.6%
  - Q1 comparison base 2.2% tougher
  - volumes in early February indicate a continuation of the trend

- sequentially gross margin is expected to be seasonally lower

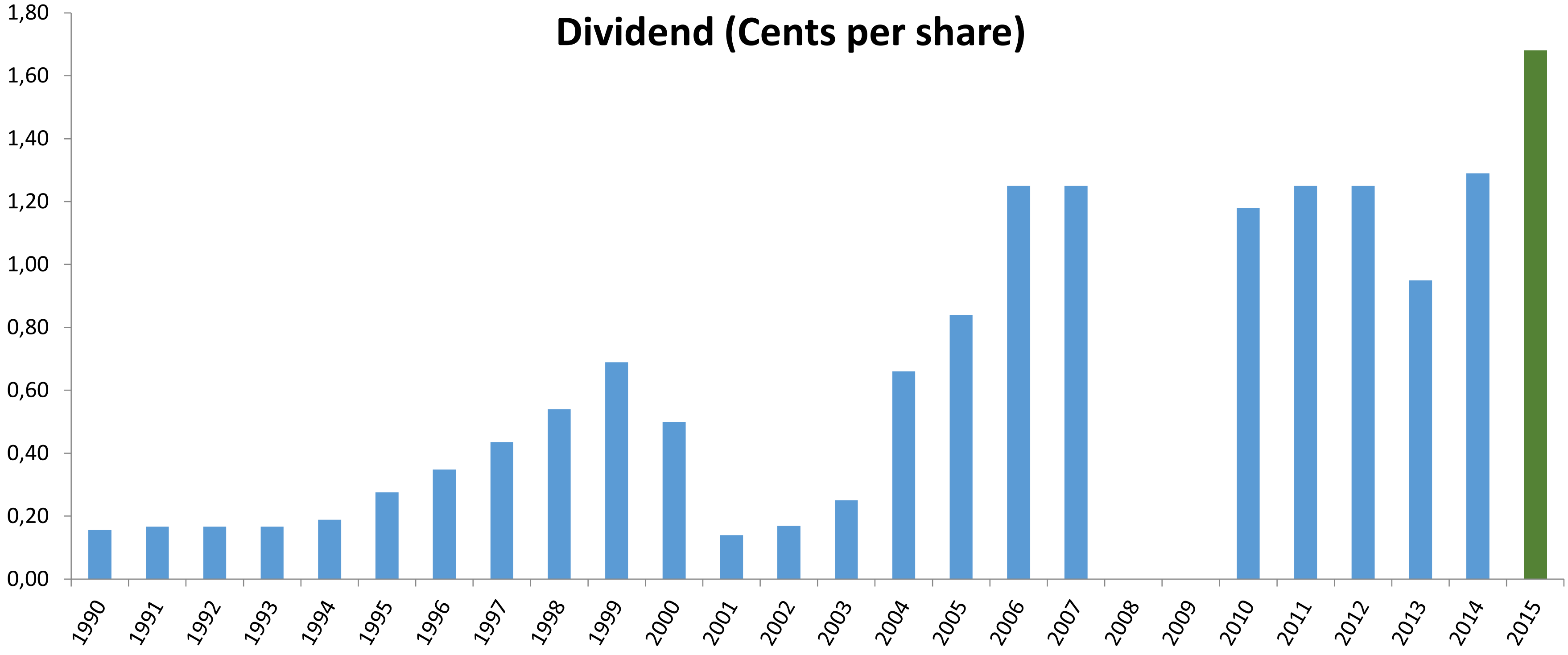
- there is no significant working day impact in Q1. However it should be noted that Easter falls in March this year vs. April last year

- for Q1 we expect a moderate seasonal decrease in underlying operating expenses sequentially

- Annual General Meeting of Shareholders (AGM) on March 31st in Diemen

dividend proposal: a record high

- proposed dividend payment over 2015
  - **payment of € 1.68 per ordinary share (+30% YoY)**
  - payout of 50% of adjusted net profit, reflecting strong financial position
  - full cash dividend



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on track

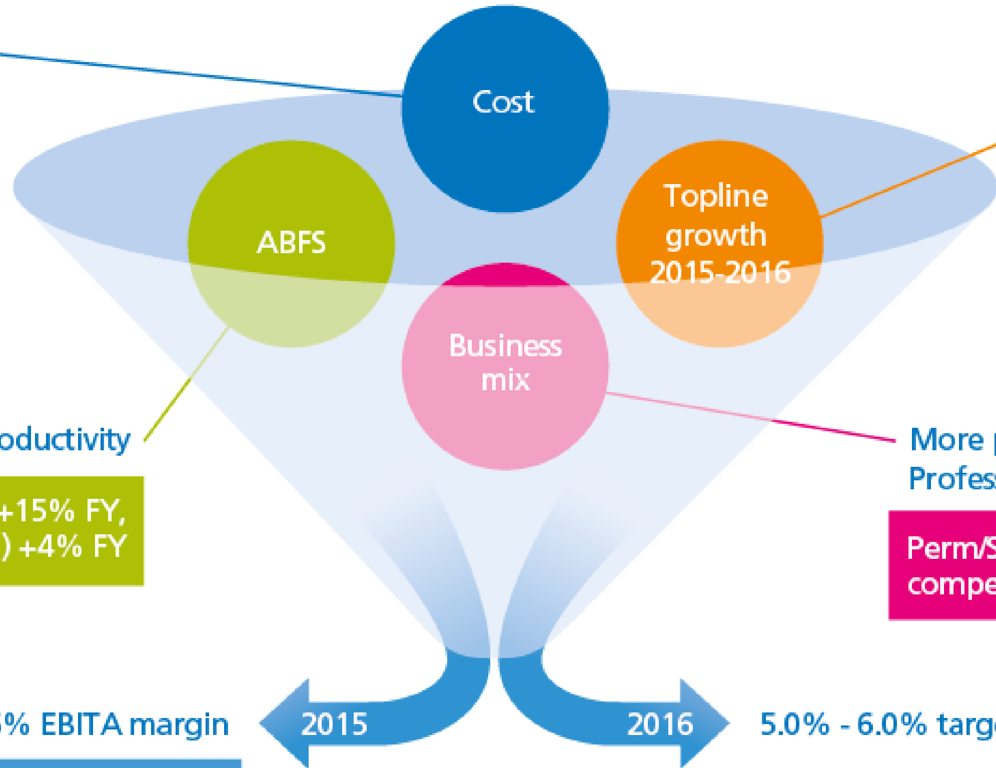
Targets within reach

€ 30-35 million savings in 2015 and € 30-35 million in 2016

On track, more to come

Assumptions: mid-single-digit sales growth in 2015 and 2016

On track, though 9Qs of low growth



Improved growth & productivity

Activities +15% FY, productivity (GP/FTE) +4% FY

More permanent placements, Professionals and SME

Perm/SME double-digit growth, competitive market

4.4% - 4.6% EBITA margin

FY2015 at 4.5%

5.0% - 6.0% target within reach

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Q&A

Revenue of € 4,995 million; organic growth +6.6%; gross profit up 6.9%

Topline growth accelerated in France and remained stable in North America

Gross margin up 20 bp to 18.9%; Perm fees up 13%, now 9.7% of gross profit (vs. 9.2% last year)

Underlying EBITA of € 245 million (+18% organically); EBITA margin up 50 bp to 4.9%; Organic FY ICR of 52%

Adjusted net income up 55% to € 193 million; ROIC up to 18.8% (Q4 2014: 15,8%)

DSO improved to 50.7 (from 51.7 in Q4 2014); leverage ratio of 0.2 compared to 0.5 last year

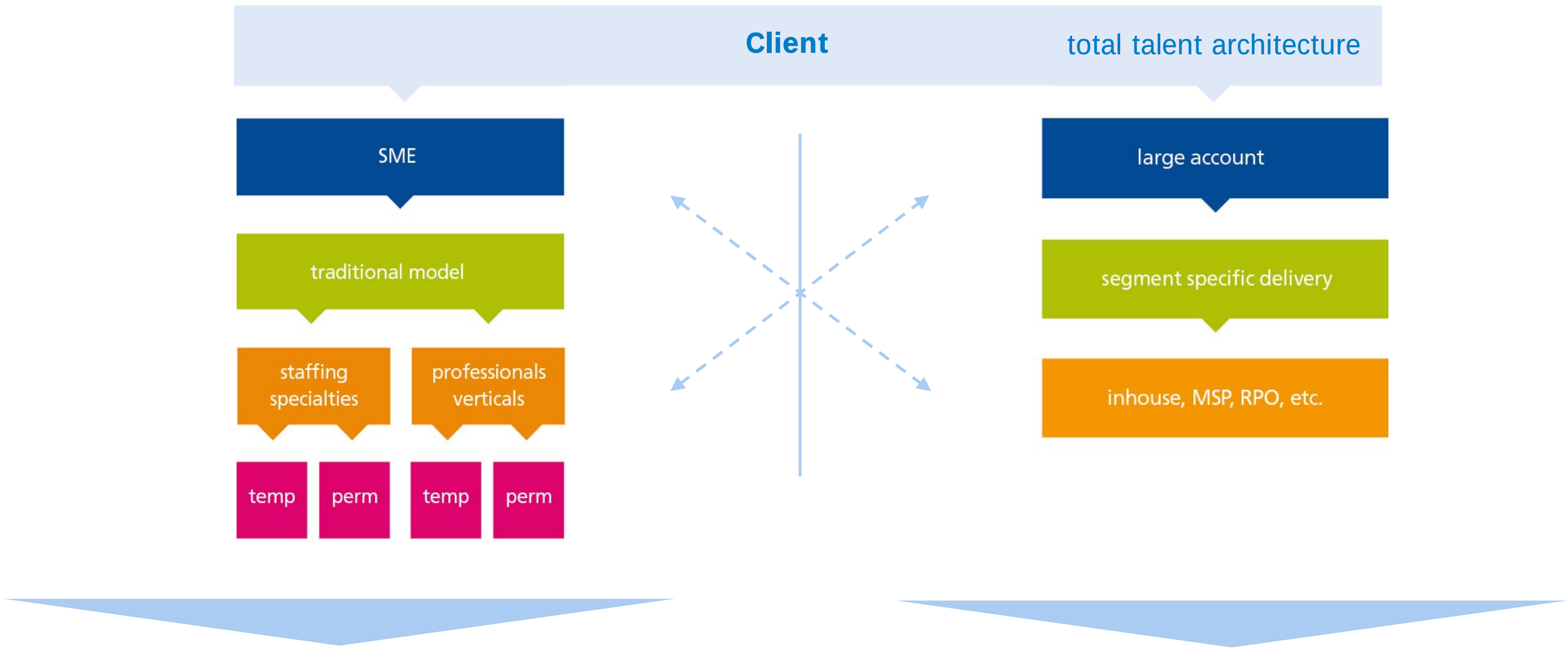
Proposed cash only dividend of €1.68 (up 30%); record high; 50% payout

January growth of +6.6%;

FY 2015 EBITA margin of 4.5% (+40bp YoY), in line with 4.4% - 4.6% guidance range

appendices

our priorities



Staffing

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

Professionals

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

Inhouse

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

HRS

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

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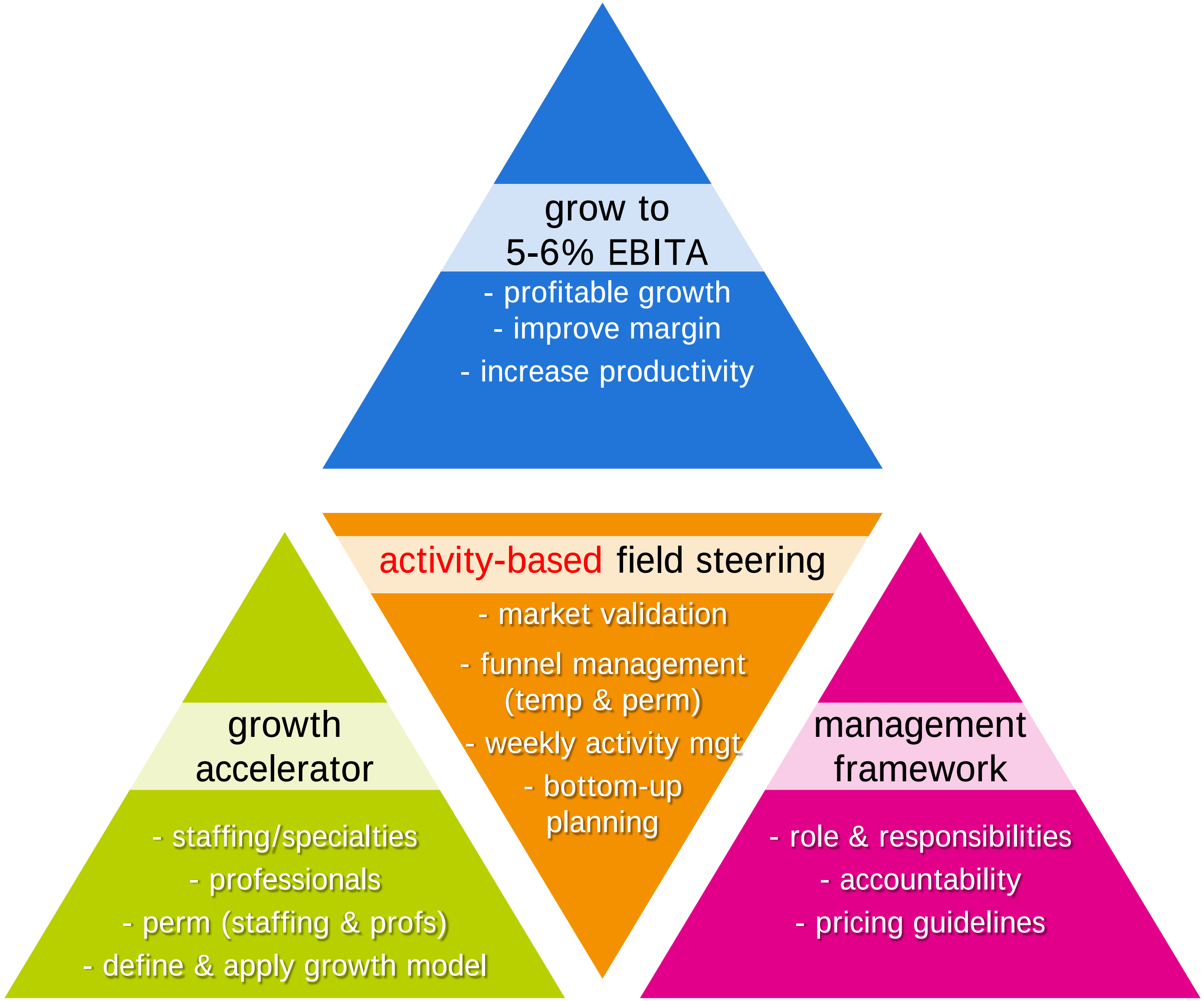
setting the ambition

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



integrated approach of line management & all functional disciplines

growth drivers & strategy

Our strategy

Randstad core values: to know, serve and trust, striving for perfection and the simultaneous promotion of all interests

structural growth drivers

- flexibility & outsourcing
- demographics
- clients look for a total offering
- regulation

strategic building blocks

- strong concepts
- best people
- excellent execution
- superior brands

value for our stakeholders

optimal workforces for clients	the best jobs for candidates
expertise for a better society and shareholder return	the employer of choice for our employees

sustainability basics

financial targets

- EBITA margin of 5% to 6% over time, through revenue growth and mix improvement
- continuous profitable market share gains
- sound financial position with a leverage ratio between 0 and 2

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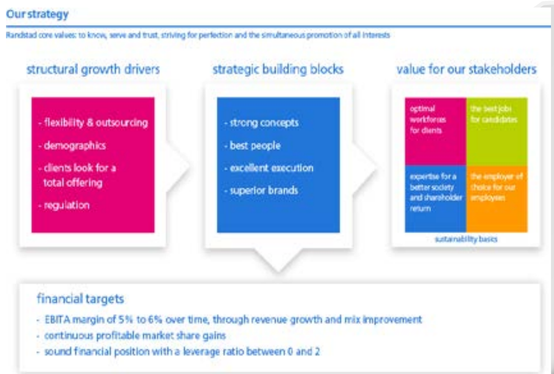
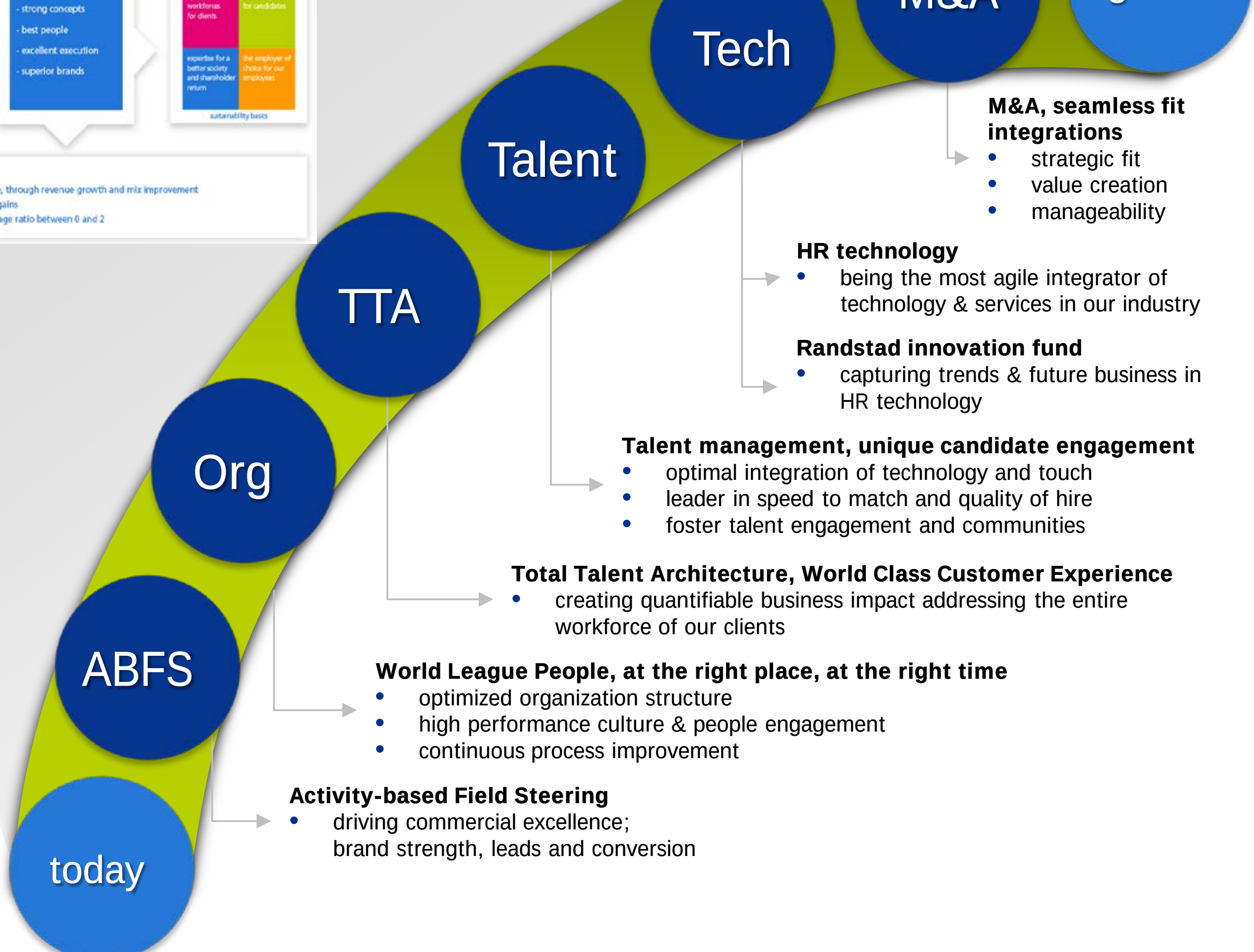
strategic roadmap

driven by best people, strong concepts, excellent execution and superior brands





shape the world of work
- optimal workforces for clients
- the best jobs for candidates

grow to 5-6% EBITA
- profitable growth
- improve margin
- increase productivity

M&A, seamless fit integrations
- strategic fit
- value creation
- manageability

HR technology
- being the most agile integrator of technology & services in our industry

Randstad innovation fund
- capturing trends & future business in HR technology

Talent management, unique candidate engagement
- optimal integration of technology and touch
- leader in speed to match and quality of hire
- foster talent engagement and communities

Total Talent Architecture, World Class Customer Experience
- creating quantifiable business impact addressing the entire workforce of our clients

World League People, at the right place, at the right time
- optimized organization structure
- high performance culture & people engagement
- continuous process improvement

Activity-based Field Steering
- driving commercial excellence; brand strength, leads and conversion

dividend policy

a historical perspective

proposal to pay full cash dividend for year 2015

dividend policy since 2013: payout of 40-50% of adjusted EPS

optional dividend:

- leverage ratio < 2.0x: optional dividend
- leverage ratio < 2.5x: optional dividend with premium on stock dividend
- leverage ratio > 2.5x: stock dividend

anti-dilution measures when financial position allows for it:

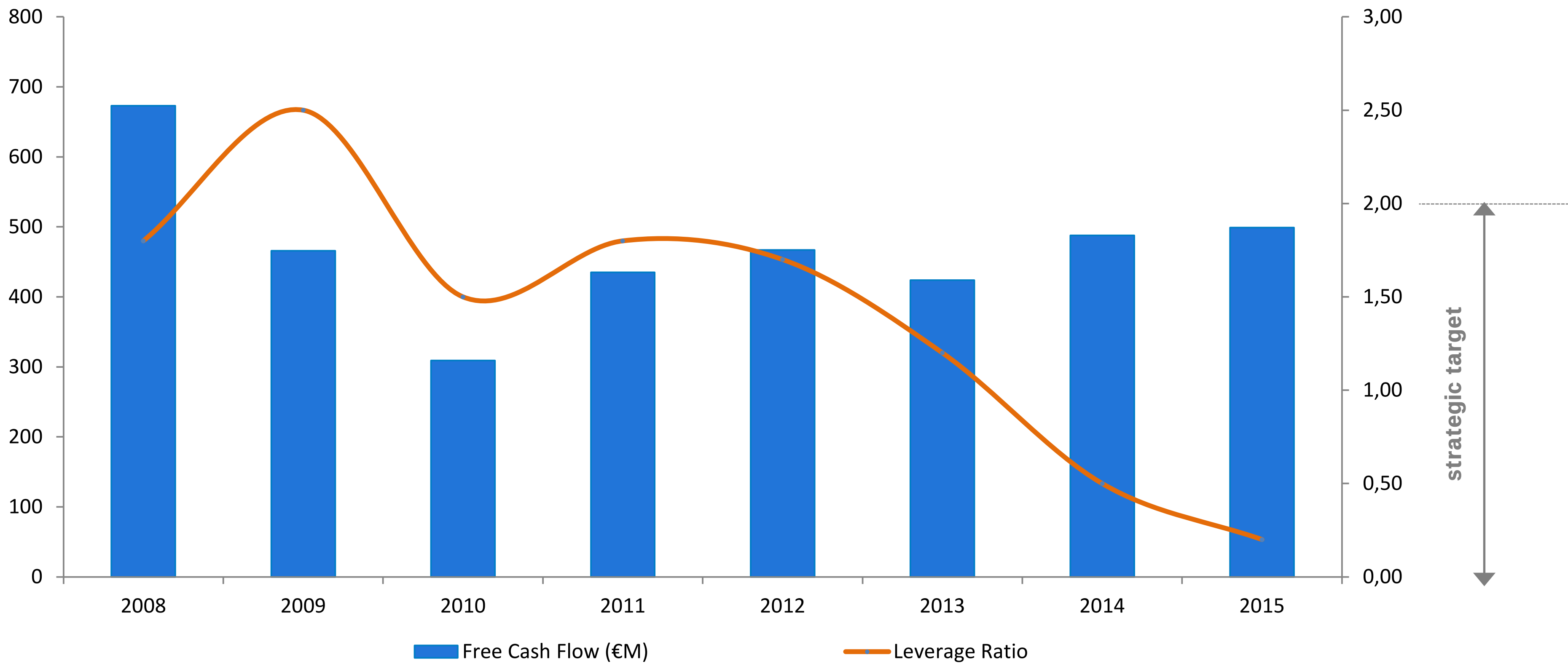
- performance share plans
- optional dividend

dividend policy 2007-2012: €1.25 cash per ordinary share

- payout ratio between 30% and 60% of adjusted EPS (amortization, etc)
- financial position must allow for it

dividend policy until 2006: 40% of net income (basic EPS), cash only

solid free cash flow & conservative leverage ratio



- free cash flow adjusted for receipt and payment of a liability of € 131 million to the Dutch tax authority

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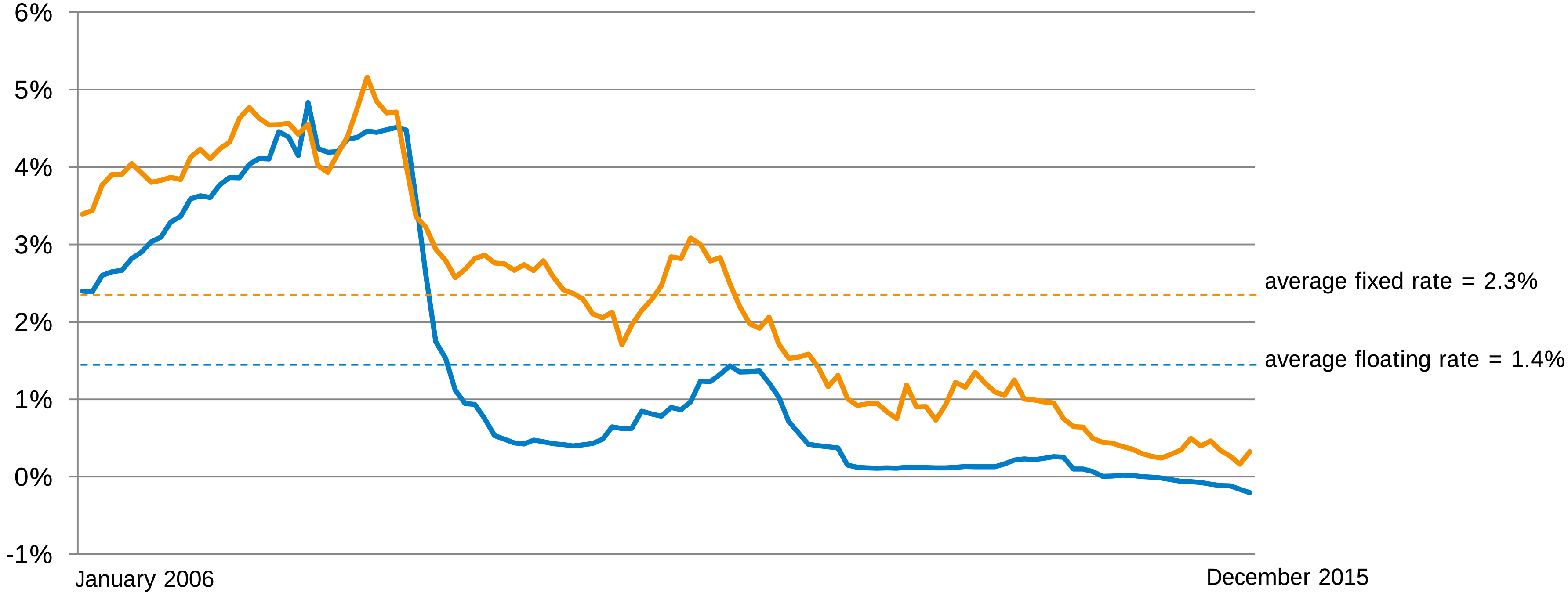
financing: fixed vs. floating interest rates

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



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

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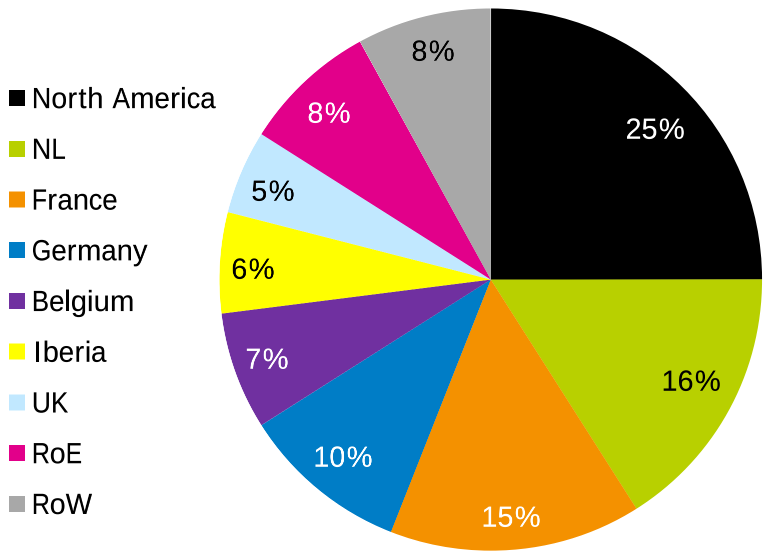
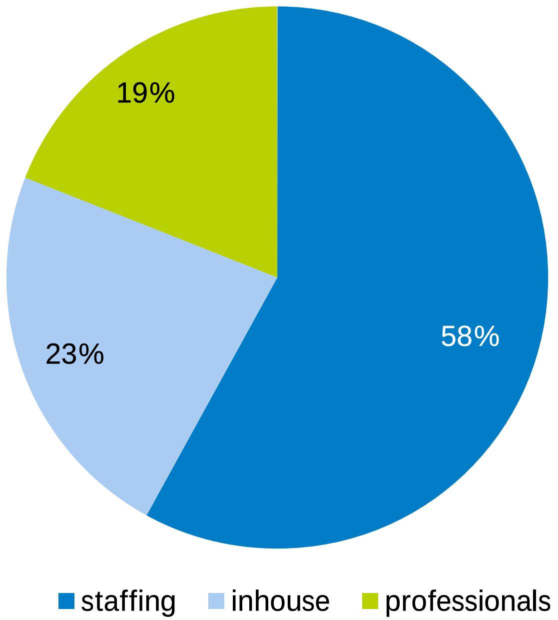
revenue split Q4 2015

geographical areas



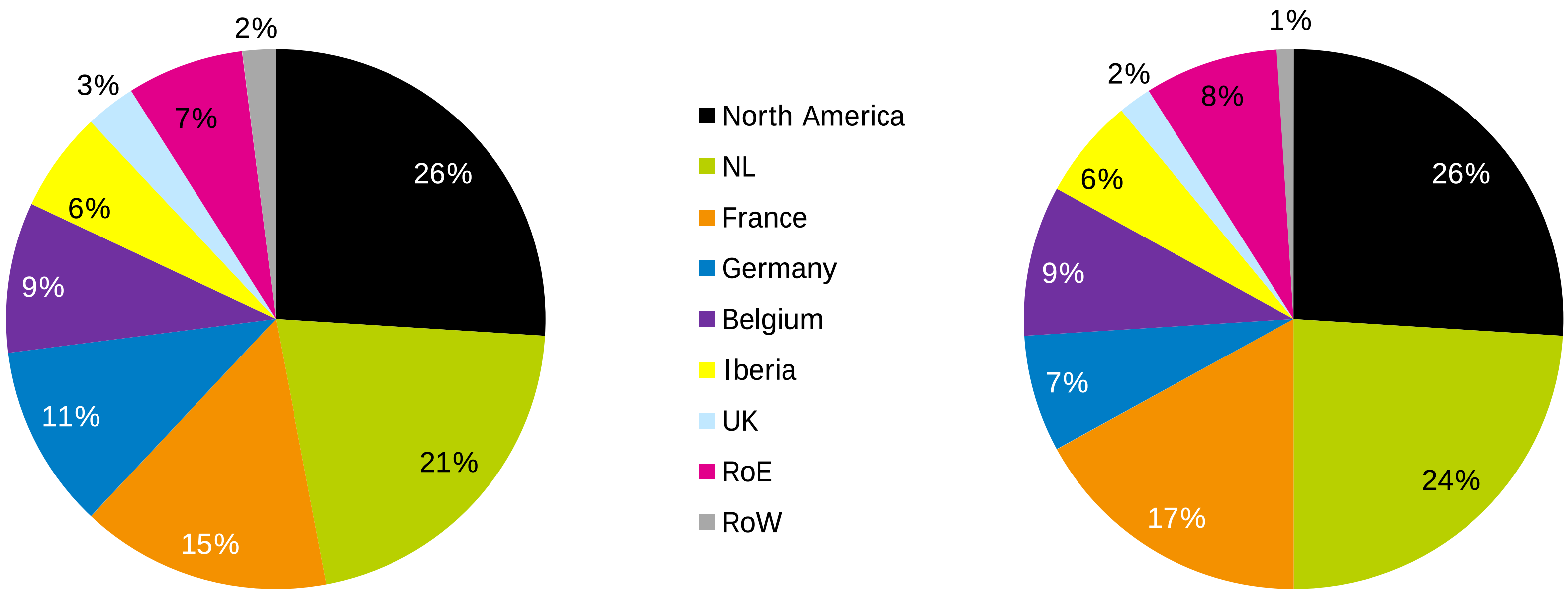
revenue categories



EBITA breakdown by geography

Q4 2015

Q4 2014



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outlets* by region

end of period	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
North America	1,119	1,102	1,084	1,065	1,084
the Netherlands	644	648	644	659	689
France	728	729	741	739	741
Germany	550	547	547	556	555
Belgium/Lux	303	311	303	306	310
Iberia	306	303	302	295	292
United Kingdom	139	130	134	131	140
Rest of Europe	406	374	389	389	391
Rest of the world	278	274	272	271	209
total	**4,473**	**4,418**	**4,416**	**4,411**	**4,411**

* Branches and inhouse locations.

corporate staff by region

average	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
North America	6,610	6,460	6,410	6,250	6,230
the Netherlands	4,200	4,230	4,050	4,120	4,430
France	3,520	3,500	3,410	3,390	3,430
Germany	2,600	2,550	2,560	2,570	2,620
Belgium/Lux	1,890	1,910	1,870	1,880	1,780
Iberia	1,830	1,790	1,720	1,650	1,630
United Kingdom	1,590	1,610	1,530	1,510	1,550
Rest of Europe	3,010	2,880	2,740	2,650	2,570
Rest of the world	5,060	4,970	4,780	4,690	4,680
Corporate	190	190	190	190	200
total	**30,500**	**30,090**	**29,260**	**28,900**	**29,120**

staffing employees by region

average	Q4 2015	Q4 2014
North America	118,600	114,900
the Netherlands	80,900	79,400
France	77,800	66,100
Germany	47,200	45,500
Belgium/Lux	42,900	40,100
Iberia	63,500	60,000
United Kingdom	15,500	17,000
Rest of Europe	62,600	59,000
Rest of the world	112,500	113,000
total	**621,500**	**595,000**