

# 1st quarter 2017 results

*Sound organic growth continues*

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

Randstad Holding nv  
April 25, 2017



# 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

# Q1 2017: sound organic growth continues

Revenue of € 5,557 million;  
organic growth 6.4%;  
gross profit up 6.4%

Topline grew 8% in  
Europe, 1% in North  
America and 9% in Rest of  
the world

Perm growth accelerating  
to 11% (Q4 2016: +4%),  
driven by all regions; NAM  
6% (Q4 2016: down 3%)

Gross margin 20.4%;  
underlying gross margin  
stable YoY

Underlying EBITA of € 209  
million (+16% organically);  
EBITA margin up 20bp YoY  
to 3.8%

Adjusted net income up  
21% to € 148 million; FCF  
€ 120 million (+91% YoY)

Comfortable leverage ratio  
of 1.1 (vs. 0.3 last year)

March organic sales growth  
in line with Q1; Volumes in  
early April indicate a  
continuation of the trend

All acquisitions well on  
track; Monster transition in  
full swing

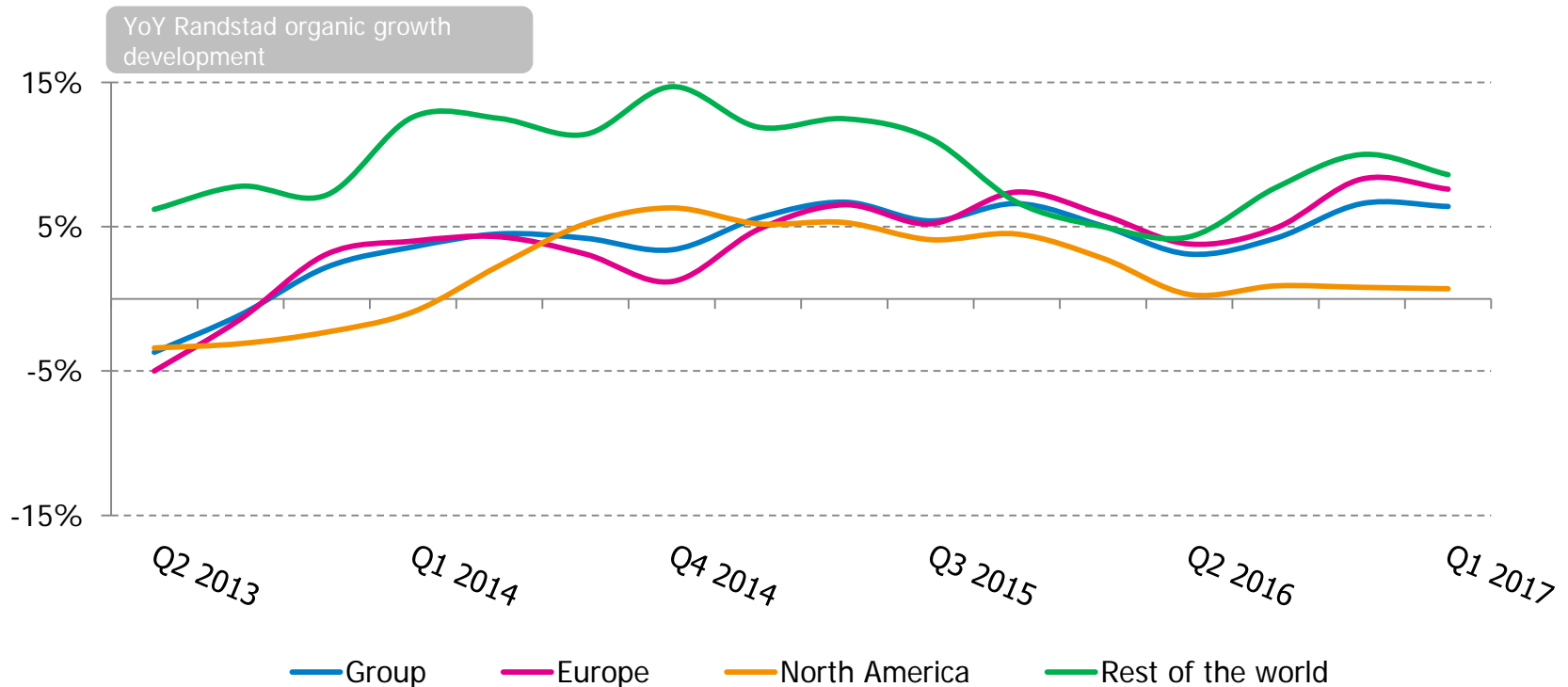
# Q1 17: sound organic growth continues

€ million	Q1 '17	Q1 '16	% Org.	L4Q '17	L4Q '16	% Org.
revenue	5,557	4,702	6%	21,539	19,489	5%
gross profit	1,134	865	6%	4,203	3,645	4%
<i>gross margin</i>	<i>20.4%</i>	<i>18.4%</i>		<i>19.5%</i>	<i>18.7%</i>	
operating expenses*	925	697	7%	3,216	2,767	4%
<i>opex %</i>	<i>16.7%</i>	<i>14.8%</i>		<i>14.9%</i>	<i>14.2%</i>	
<b>EBITA*</b>	<b>209</b>	<b>169</b>	16%	<b>986</b>	<b>878</b>	8%
<i>EBITA margin*</i>	<i>3.8%</i>	<i>3.6%</i>		<i>4.6%</i>	<i>4.5%</i>	

- ↪ organic growth/wd L4Q at +5%
- ↪ L4Q gross profit growth at +4%
  - gross margin excl. Monster stable YoY for L4Q
- ↪ L4Q operating expenses\* up 4% organically YoY
- ↪ EBITA\* margin over the L4Q up to 4.6%, from 4.5%
  - L4Q organic incremental conversion ratio of 39%

\* Before integration costs & one-offs.

# regional split: strong momentum in Europe

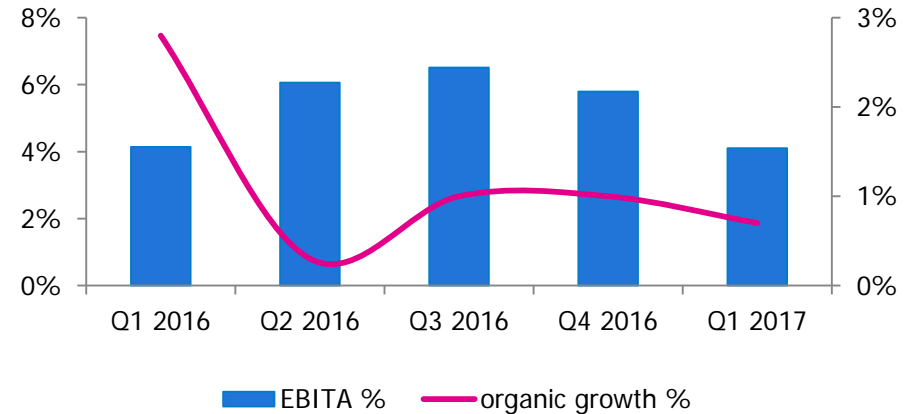


- ↯ Europe grew 8% (vs. +8% in Q4)
- ↯ North America grew 1% (vs. +1% Q4)
- ↯ Rest of the world increased 9% (vs. +10% in Q4)
- ↯ Group grew 6% (vs. +7% in Q4)

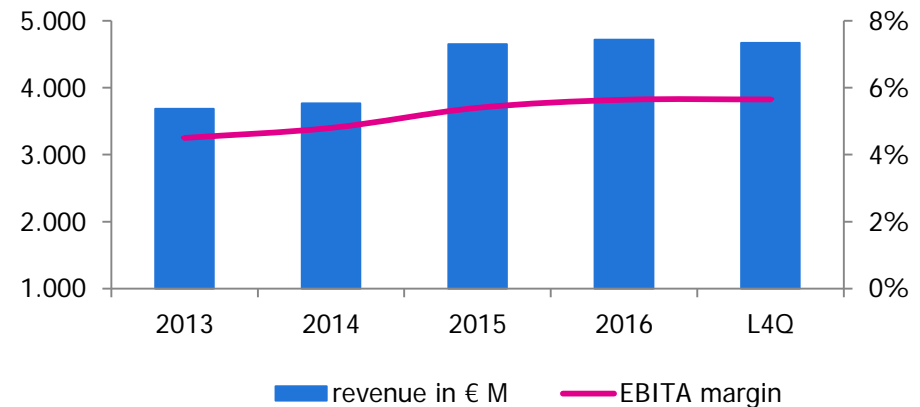
# North America: topline picking up slightly

- ↗ revenue up 1% (Q4: +1%)
  - Like-for-like Q1 growth is 1% above Q4
  - Perm up 6% (Q4: down 3%)
- ↗ US Staffing & Inhouse, revenue growth 2% (Q4: +2%)
- ↗ US Professionals, revenue down 2% (Q4: down 4%)
- ↗ Canada: revenue +6% (Q4: up 4%)
  - continued trend of market outperformance
- ↗ EBITA margin down to 4.1% from 4.2% LY

North America – historical organic growth



Performance North America – annually





# the Netherlands: solid EBITA margin performance

- revenue at +1% (Q4: +2%)
  - pricing pressure continues
  - SME growth outpacing large accounts

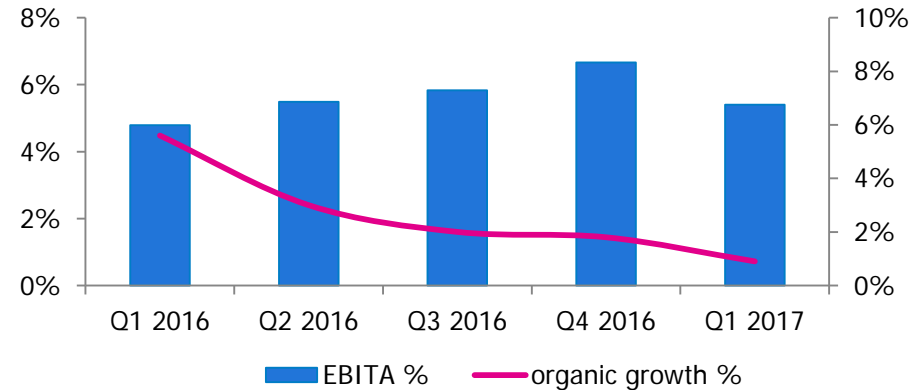
- perm up 45% (Q4: +13%)

- combined Staffing & Inhouse businesses
  - up 2% (Q4: +3%)

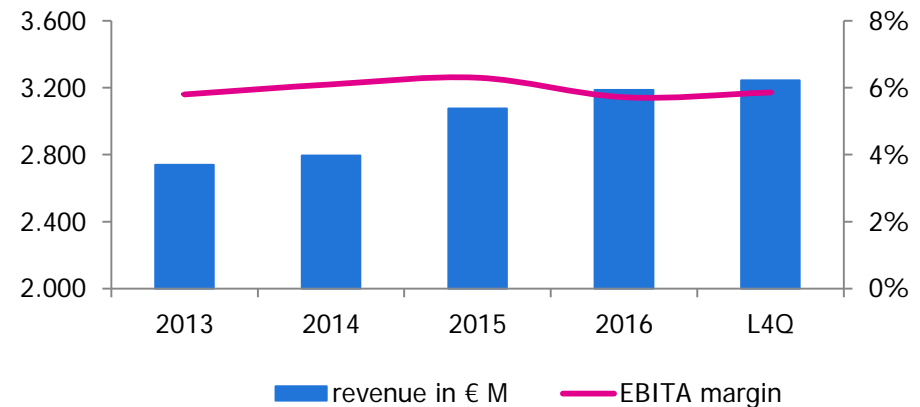
- Professionals
  - down 3% (Q4: down 8%)

- EBITA margin at 5.4% vs. 5.1% LY

the Netherlands - historical organic growth



performance the Netherlands - annually

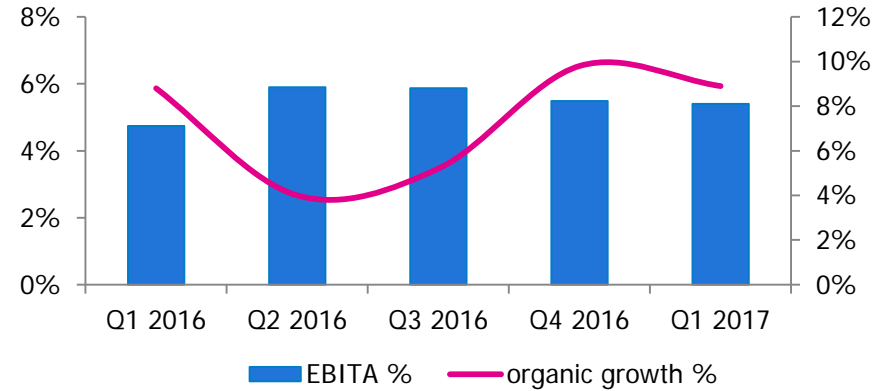


# France: robust growth continues

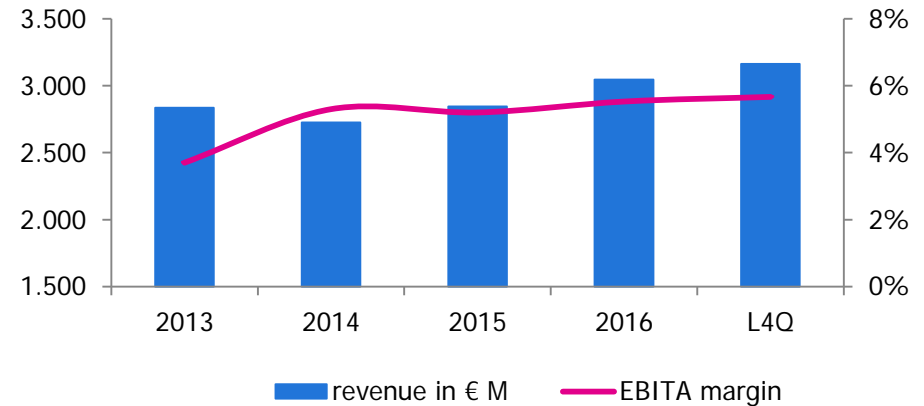
- revenue up 9% YoY (Q4: +10%)
  - combined Staffing & Inhouse at +8% YoY
  - Professionals accelerated 17% (Q4: +17%)
  - perm grew 37%, fueled by tech (Q4: +21%)

EBITA margin at 5.4% vs. 4.8% LY

France - historical organic growth



performance France – annually

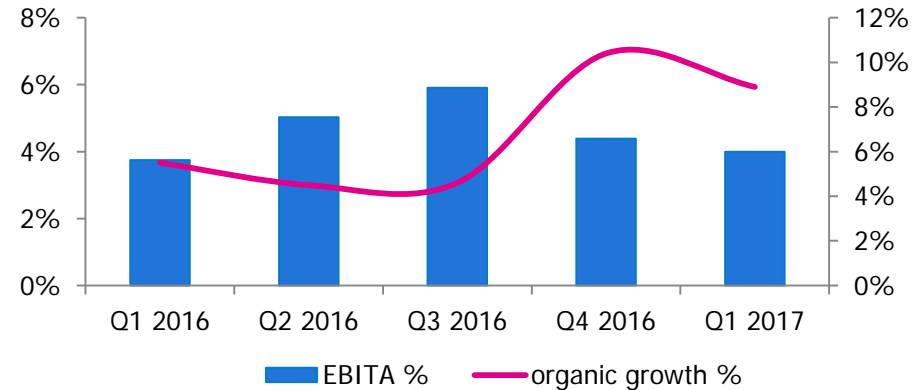


# Germany: focus on SME paying off

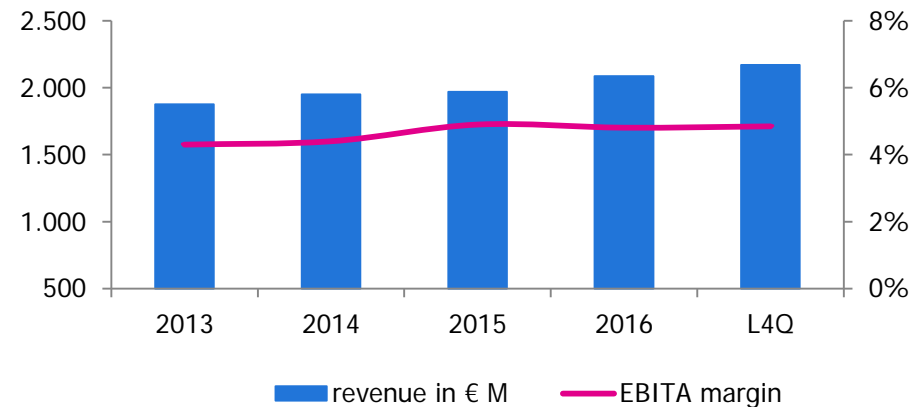
- revenue +9% YoY (Q4: +10%)
  - SME continues to outpace large clients
- Staffing/Inhouse +8%, Professionals +11%

- EBITA margin at 4.1% vs. 3.7% LY
  - Positive working day effect offset by higher bank holiday provision and higher sickness rate

Germany - historical organic growth



performance Germany - annually



# Belgium: topline growth acceleration

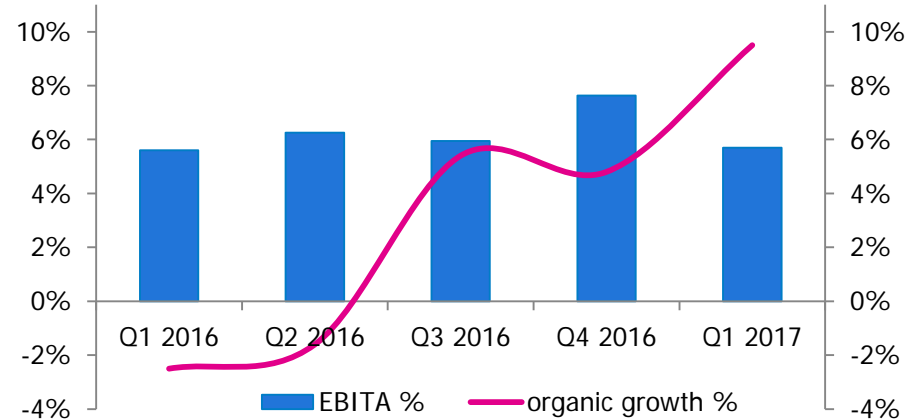
revenue +10% (Q4: +5%)

- Staffing/Inhouse up 10% (Q4: +5%)

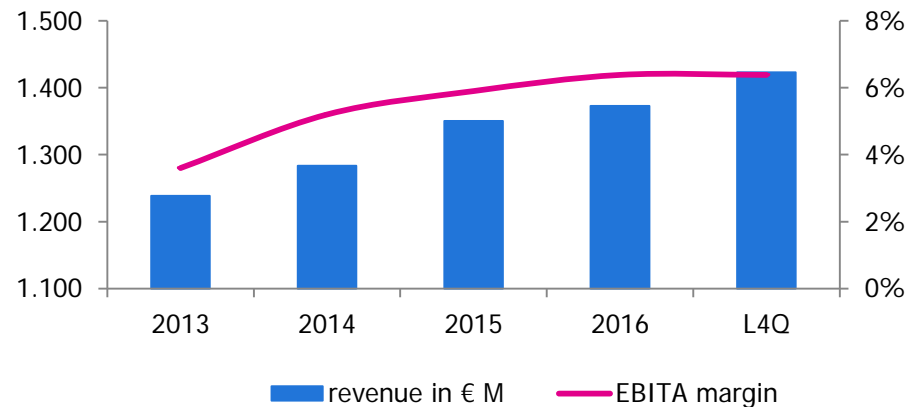
- Professionals up 11% (Q4: +10%)

EBITA margin at 5.7% vs. 5.6% LY

Belgium - historical organic growth



performance Belgium - annually



# Iberia: strong growth on higher margins

▸ Iberia revenue up 8% (Q4: +10%)

▸ Spain

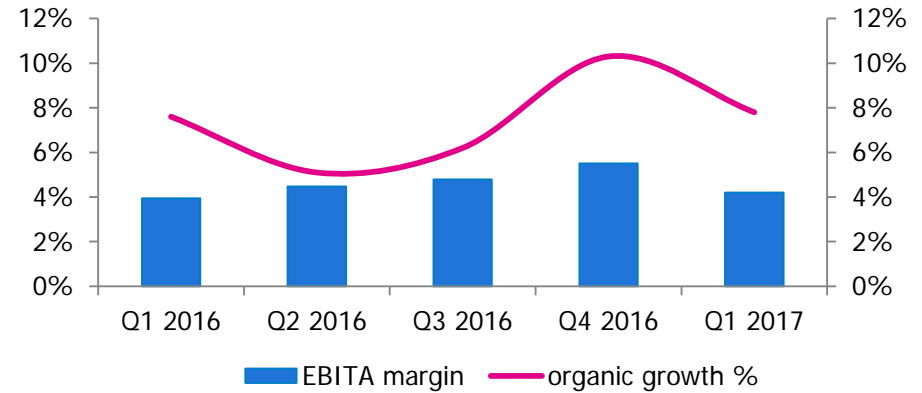
- revenue growth 9% (Q4: +12%)
- Staffing/Inhouse up 9%
- perm up 24% (Q4: +13%)

▸ Portugal

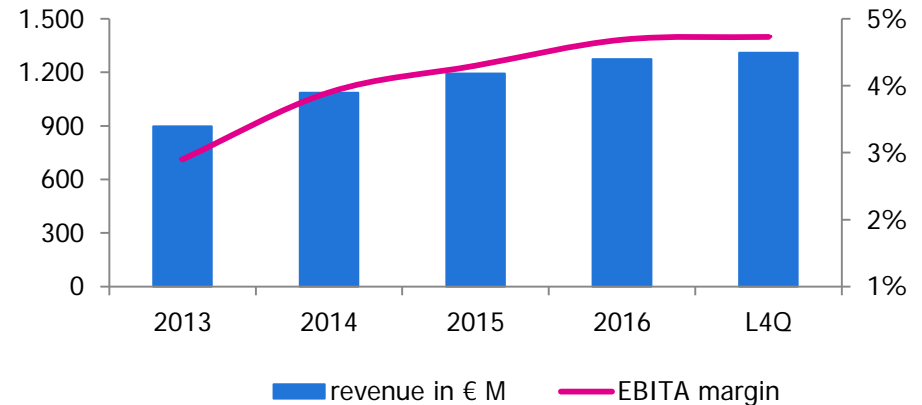
- revenue +6% (Q4: +7%)

▸ EBITA margin at 4.2% vs. 3.9% LY

Iberia - historical organic growth

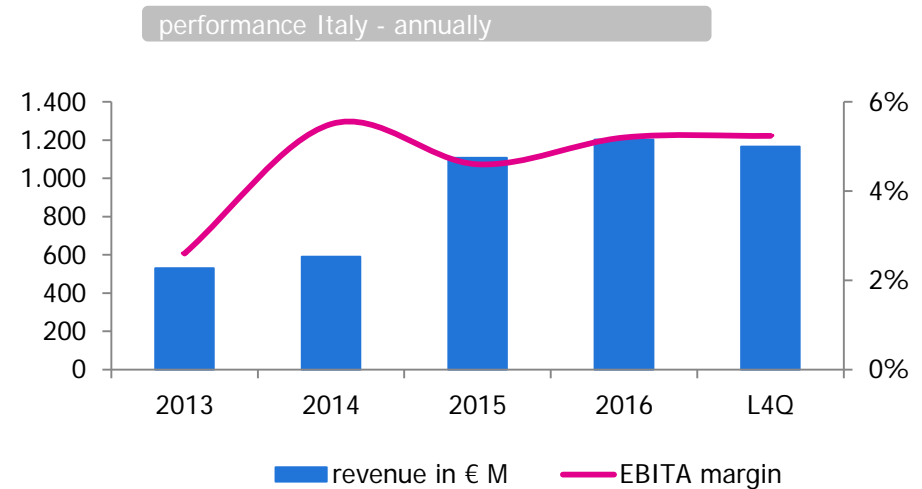
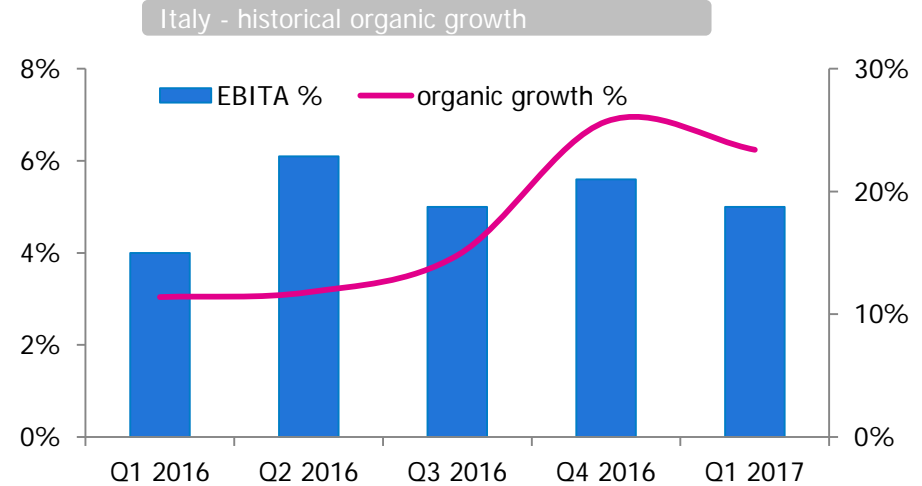


performance Iberia - annually



# Italy: high revenue growth continues

- Italy revenue +23% (Q4: +26%)
  - Obiettivo Lavoro performing well
  - Strong growth driven by Inhouse: +46%
- EBITA margin at 5.0% vs. 4.8% LY
  - Pro forma underlying, EBITA margin up by 100bp YoY



# Other European countries

- ↻ overall revenue growth at 5%
- ↻ UK
  - organic revenue growth down by 4% (Q4: down 3%)
- ↻ Switzerland
  - growth at 21% (Q4: +23%)
- ↻ Poland
  - growth at 9% (Q4: +14%)
- ↻ Nordics
  - growth at 4% (Q4: down 1%)
  - Proffice integration continues to be on track
- ↻ EBITA margin at 2.6% vs. 2.2% LY

# Rest of the world

- ↻ overall revenue growth up 9%  
(Q4: +10%)
- ↻ Japan, growth up 7% YoY (Q4: +5%)
  - perm grew 28% (Q4: +8%)
  - Careo continues to perform well
- ↻ China growing 17% (Q4: +28%)
- ↻ Australia & New Zealand grew 12% (Q4: +12%)
- ↻ overall Asia, growth at 6% (Q4: +6%)
- ↻ Latin America, up 12% (Q4: +20%)
- ↻ EBITA margin at 2.1% from 1.4% LY



# M&A activity fits our strategic agenda

- aim to be top 3 in local staffing market
- strengthen Professionals staffing business
- accelerate digital strategy
- progress towards EVA after 3 years

Company	aim to be top 3 in local staffing market	strengthen Professionals staffing business	accelerate digital strategy	progress towards EVA after 3 years
 RiseSmart <small>Translating Talent. Changing Lives.</small>			✓	underway
 Proffice	✓			in line
 Obiettivo Lavoro	✓			ahead
 cafeo	✓	✓		ahead
 MONSTER			✓	underway
 BMC   advies		✓		underway
 AUSY		✓		underway

# financial results & outlook

# income statement Q1 2017

€ million	Q1 '17	Q1 '16	% Org.	L4Q '17	L4Q '16	% Org.
revenue	5,557	4,702	6%	21,539	19,489	5%
gross profit	1,134	865	6%	4,203	3,645	4%
<i>gross margin</i>	<i>20.4%</i>	<i>18.4%</i>		<i>19.5%</i>	<i>18.7%</i>	
operating expenses*	925	697	7%	3,216	2,767	4%
<i>opex margin</i>	<i>16.7%</i>	<i>14.8%</i>		<i>14.9%</i>	<i>14.2%</i>	
<b>EBITA*</b>	<b>209</b>	<b>169</b>	<b>16%</b>	<b>986</b>	<b>878</b>	<b>8%</b>
<i>EBITA margin*</i>	<i>3.8%</i>	<i>3.6%</i>		<i>4.6%</i>	<i>4.5%</i>	
integration costs & one-offs	-/- 18	-/- 3		-/- 69	-/- 24	
<b>reported EBITA</b>	<b>191</b>	<b>166</b>		<b>917</b>	<b>854</b>	
amortization & impairment	-/- 34	-/- 30		-/- 105	-/- 118	
net finance costs & associates	-/- 3	5		-/- 12	5	
<b>income before taxes</b>	<b>154</b>	<b>141</b>		<b>800</b>	<b>741</b>	
tax	-/- 39	-/- 38		-/-198	-/- 180	
<b>net income</b>	<b>116</b>	<b>103</b>		<b>602</b>	<b>562</b>	
<i>adjusted*** net income**</i>	<i>148</i>	<i>123</i>		<i>714</i>	<i>640</i>	
<i>diluted EPS***</i>	<i>0.81</i>	<i>0.67</i>		<i>3.89</i>	<i>3.49</i>	

\* 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.

# performance by revenue category

**Staffing**  
in € M

**Q1 2017**   **Q1 2016**   **\*%  
organic**

revenue	2,886	2,560	4%
EBITA	116	96	18%
<i>EBITA margin</i>	<i>4.0%</i>	<i>3.7%</i>	

**Professionals in**  
€ M

**Q1 2017**   **Q1 2016**   **\*%  
organic**

revenue	1,178	989	3%
EBITA	63	47	8%
<i>EBITA margin</i>	<i>5.3%</i>	<i>4.8%</i>	

**Inhouse Services**  
in € M

**Q1 2017**   **Q1 2016**   **\*%  
organic**

revenue	1,193	1,002	15%
EBITA	50	41	20%
<i>EBITA margin</i>	<i>4.2%</i>	<i>4.1%</i>	

**Global Businesses**  
in € M

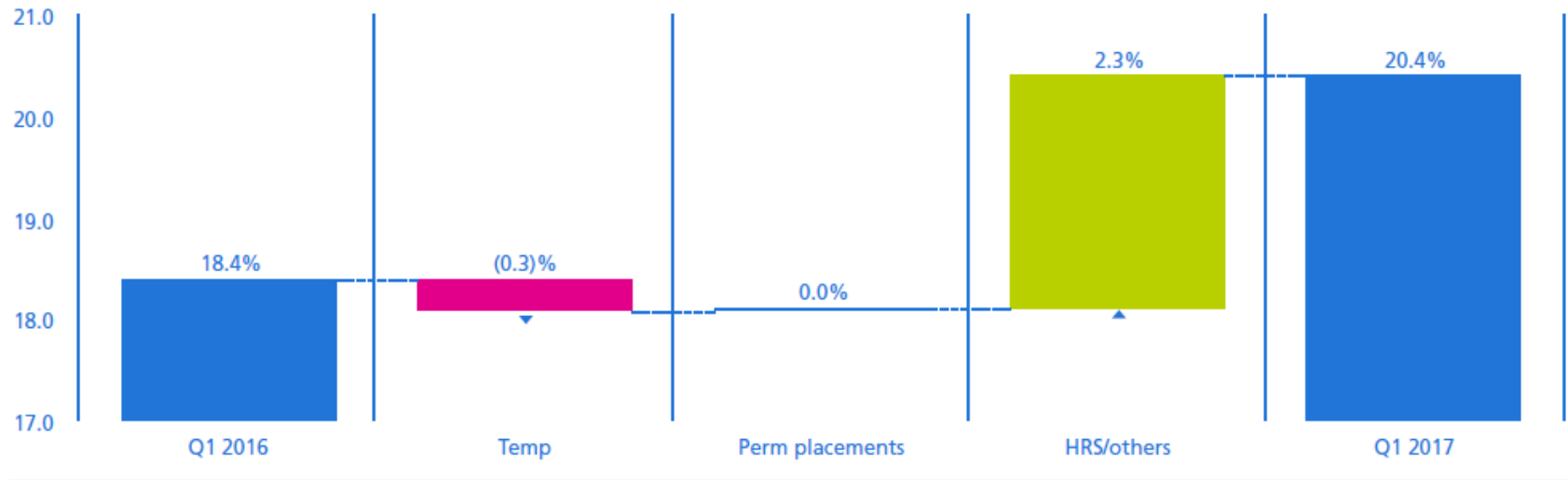
**Q1 2017**   **Q1 2016**   **\*%  
organic**

revenue	300	151	16%
EBITA	-1	1	149%
<i>EBITA margin</i>	<i>-0.3%</i>	<i>0.7%</i>	

\* Organic change in revenue is adjusted for the number of working days.

# Q1 2017 gross margin bridge

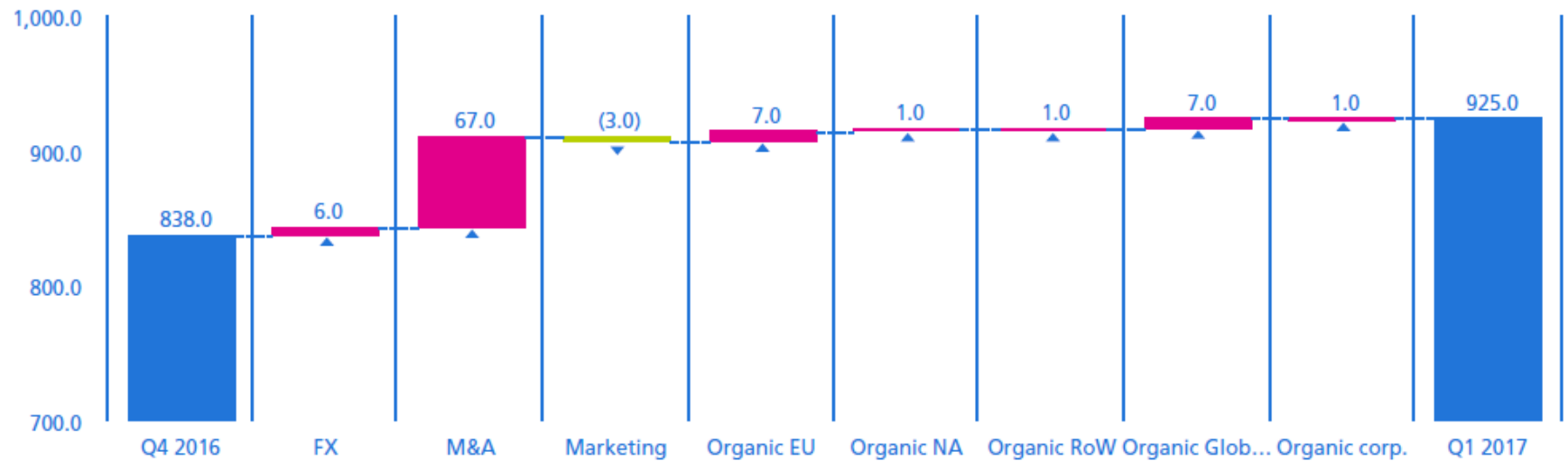
## YoY gross margin development



- temp margin +/- 30bp impact
- perm fees grew 11% YoY organically
- HRS/others added 230bps, including the effect of Monster

# Q1 2017 operating expenses bridge

## OPEX development Q4 -> Q1



- ☞ OPEX increased € 9M organically (sequentially)
- ☞ Unfavorable sequential FX impact € 6M
- ☞ M&A relates to acquisition of Monster, Ausy, and BMC

# net debt at € 1,129M

leverage ratio at 1.1

€ million	Q1 2017	Q1 2016
goodwill and acquisition-related intangible assets	3,693	2,736
operating working capital (OWC)	752	633
net tax assets	449	498
all other assets and liabilities*	121	13
<b>invested capital</b>	<b>5,016</b>	<b>3,880</b>
total equity	3,887	3,584
net debt	1,129	296
<b>invested capital</b>	<b>5,016</b>	<b>3,880</b>
<i>DSO, Days Sales Outstanding, moving average</i>	50.5	50.8
<i>working capital as % of revenue over last 12 months</i>	3.5%	3.2%
<i>leverage ratio</i>	1.1	0.3
<i>return on invested capital*</i>	<b>16.6%</b>	<b>19.5%</b>

\* Return on invested capital: Underlying EBITA (last 12 months) less income tax paid (last 12 months) as percentage of invested capital.

# Q1 2017 free cash flow

€ million	Q1 '17	Q1 '16	L4Q '17	L4Q '16
EBITDA	212	182	997	918
change in OWC	4	-/- 28	-/- 138	-/- 91
income taxes	-/- 49	-/- 54	-/- 155	-/- 123
provisions & employee benefit obl.	-/- 1	-/- 7	6	-/- 39
net capital expenditures	-/- 21	-/- 14	-/- 101	-/- 64
other items	-/- 26	-/- 17	-/- 86	-/- 73
financial assets	-	-	-/- 1	-/- 4
<b>free cash flow</b>	<b>120</b>	<b>63</b>	<b>522</b>	<b>525</b>
net acquisitions/disposals/buyouts	-/- 444	-/- 176	-/- 977	-/- 260
net issue/purchase of ordinary shares	-/- 17	-/- 14	-/- 39	-/- 47
net finance costs	-/- 4	-/- 1	-/- 15	-/- 11
dividend paid	-	-	-/- 320	-/- 94
translation and other items	10	6	-/- 4	15
<b>Net (increase) /decrease of net debt</b>	<b>-/- 336</b>	<b>-/- 123</b>	<b>-/- 833</b>	<b>129</b>



# outlook

- organic revenue growth was 6.4% in Q1
  - March exit rate and volumes in early April indicate a continuation of Q1 trend
- gross margin in Q2 is expected to be slightly up sequentially driven by seasonality
- for Q2 we expect a moderate increase in underlying operating expenses sequentially, driven by extra marketing costs for Monster
- in Q2 there will be an unfavorable 1.4 working day impact as Easter falls in April this year
- we continue to expect M&A activity to be limited in 2017
- we plan to host a Capital Markets Day on November 21, 2017 in London

Geo	Exit Rate
NAM	+
NL	+
FR	+++
GER	+++
BEL	+++
IBE	+++
IT	+++
RoE	++
RoW	+++
GLO	+++



low single digit growth  
 mid single digit growth  
 high single/double-digit growth

# appendices

# outlets\* by region

end of period	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
North America	1,094	1,149	1,134	1,135	1,129
the Netherlands	650	640	655	649	661
France	678	682	680	681	700
Germany	563	557	565	558	546
Belgium & Luxembourg	317	310	308	303	310
Iberia	349	339	339	332	331
Italy	290	313	311	201	196
Other European countries**	421	459	454	454	457
Rest of the world	297	303	291	285	285
Global Businesses	131	-	-	-	-
<b>total</b>	<b>4,790</b>	<b>4,752</b>	<b>4,737</b>	<b>4,598</b>	<b>4,615</b>

\* Branches, Inhouse & other onsite/client locations. Q1 2017 reflects the new segmentation.

\*\* Other European countries restated including UK, excluding Italy (reported as underlying)

# corporate staff by region

average	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
North America	5,740	6,660	6,530	6,490	6,440
the Netherlands	4,160	4,290	4,380	4,320	4,270
France	3,790	3,650	3,580	3,530	3,500
Germany	2,640	2,710	2,700	2,640	2,600
Belgium & Luxembourg	1,950	1,990	2,010	1,900	1,840
Iberia	1,920	1,920	1,880	1,840	1,830
Italy	2,050	2,040	1,990	1,380	1,320
Other European countries*	3,790	4,090	4,060	4,040	4,040
Rest of the world	4,960	6,490	5,280	5,200	5,110
Corporate	220	220	190	180	190
Global Businesses	5,980	-	-	-	-
<b>total</b>	<b>37,200</b>	<b>34,060</b>	<b>32,610</b>	<b>31,520</b>	<b>31,140</b>

\*Other European countries restated including UK, excluding Italy (reported as underlying)

# staffing employees by region

average	Q1 2017	*Q1 2016
North America	98,100	104,100
the Netherlands	80,700	76,200
France	79,400	71,100
Germany	46,800	43,100
Belgium & Luxembourg	40,100	36,200
Iberia	62,800	58,100
Italy	41,200	19,700
Other European countries*	63,400	60,600
Rest of the world	110,900	107,900
Global Businesses	8,600	-
<b>total</b>	<b>632,000</b>	<b>577,000</b>

\*Other European countries restated including UK, excluding Italy (reported as underlying)