Randstad Q2 2022 Earnings Call - 26 July 2022 09.00 am CET

Sander van 't Noordende: Thanks a lot Jess and Good morning, everybody. I'm here with Henry, and Bisera and Akshay from Investor Relations. I am pleased to share our Q2 results with you.

The global labor market dynamics are quite unique these days. We are still seeing a combination of solid demand and talent scarcity, which creates opportunities for us to grow our business. However, the macro environment has not been without its challenges for our clients. Many of them are still dealing with supply chain disruptions, inflationary pressures, softening consumer confidence and continued disruptions from covid. Yet at the same time consumers are still spending albeit more on experiences than on goods.

Despite these challenging conditions, we have delivered a strong performance in the second quarter, with group revenues reaching record levels and solid profitability. Our diverse portfolio of services has served us well in terms of agility and flexibility across our markets. This has been underpinned by our targeted investments, which have strengthened our offering to our customers.

During the quarter we also continued to evolve our business with bolt-on acquisitions, such as Side, the French digital staffing platform and Finite, one of the leading IT Talent and Solutions groups in Australia and New Zealand. I would like to give a warm welcome to our new employees through our acquisitions.

Revenue growth for the quarter was 9.1%. Growth was broad based and particularly strong in perm and RPO, which contributed to an excellent gross margin of 21.2%. The expansion we have delivered in our gross margin reflects pricing discipline as well as the changing business mix, with now around 21% of gross profit generated by perm and RPO combined. EBITA came in at 308 million euros for the quarter, with a solid profitability of 4.5%.

Demand for talent was strong in the second quarter. We continued to see solid demand across geographies from clients and talent alike. This trend was similar in early July, where we saw strong demand for Perm and RPO and the number of temporary employees working broadly in line with the second quarter.

We believe that our broad range of services, global footprint and continued investment in our digital capabilities, position us well to benefit from the structural drivers in the labour market, most notably talent scarcity. Although we remain cautious as visibility is limited, Randstad is very well positioned to respond quickly and effectively, through our diverse portfolio, our scale and data insights, and high operational adaptability and flexibility.

You may wonder Sander what have you been up to? Well, in my first quarter as CEO I have been meeting with over 50 clients as well as with Randstad teams around the globe.

The feedback from clients is very strong, Randstad is a trusted partner that delivers on its promises. And they are asking for more: a broader set of services to address the global talent challenges they are facing.

In the quarter I have met with the teams in France, Italy and Germany. In the US I met with the SourceRight team, and the Staffing and Technologies teams. I have been impressed with the quality, experience and entrepreneurship of our leadership teams. Randstad is in good hands and we are ready to address the big challenges in the market:

Clients looking for broader partnerships as I mentioned before. Talent scarcity and the need to become an even more attractive talent destination. And last but not least: using digital technologies at scale.

Finally, as you have seen we are evolving the leadership team with the appointments of Audra Jenkins as our global Chief Equity Officer, Myriam Beatove as our CHRO and Martin De Weerdt as our CIO. I congratulate all 3 of them with their new roles.

Let me now hand over to Henry to present the results in more detail.

Henry Schirmer:

Thank you Sander. Good Morning everybody. I am excited to report back on yet another strong set of numbers. However, let me start with walking you through the performance of our key regions first.

North America delivered another strong quarter with growth of 10% year over year. Perm is doing exceptionally well, reaching record levels, especially in the IT professionals space.

US Staffing & Inhouse grew, +8% year over year, with the staffing business delivering a broadly stable growth sequentially. High demand and talent scarcity is definitely a factor also in this market. We are fully utilizing our insight engines to identify the right talent, while making sure that our pricing appropriately reflects the extra effort involved.

US Professionals continued their strong run with 13% growth YoY, performing especially well in sectors like technology and financial services.

Canada grew 16% in Q2 in a pretty similar landscape as compared to the US. In Canada, our perm and IT professionals business continues to perform strongly, mainly as a result of our focussed investments and accelerated activity based field steering.

The North American EBITA margin showed up strongly with 6.2%, up 150 basis points compared to last year, providing an excellent return on our targeted and well executed investments made into the more attractive parts of the market.

France continues its market outperformance with organic revenue up 7% year over year. Throughout the quarter, France saw increased effects from supply chain disruptions, higher covid-related sickness, and talent scarcity. Staffing and Inhouse business held up well with growth of 5%.

Our professionals business continued to perform well up 14% YoY, driven by healthcare, finance and engineering. In addition, our perm business also performed strongly up 20% YoY.

We ended the quarter with a solid EBITA margin at 4.9%.

Moving on to slide 8.

The Netherlands delivered a resilient performance in the second quarter. Revenues were up 1% year over year, despite the expected declining revenue from covid-related activities. The dutch perm business performed at record levels, up 65% benefiting from strong client demand and our ability to find talent in an increasingly talent scarce market.

Our professionals (Yacht) business continued its strong performance, up 12% year over year as utilization rates continued to improve.

And also in the Netherlands EBITA margin came in strongly at 5.8%.

In Germany, revenue was up 4% year over year, despite ongoing supply chain disruptions. Perm is holding up strongly up 52% YoY. Professionals are bouncing back and delivering a solid 3% growth YoY.

EBITA margin for the quarter came in at 2.3%, a gradual improvement sequentially and YoY, but still below our ambition for the country.

Moving on to slide 9 to talk about Italy and Belgium.

Italy saw yet another excellent quarter with organic growth of 20% year over year and very strong profitability, also clearly benefiting from targeted and well executed investments. Growth continued to be broad based. Our perm business reached another record quarter with 50% growth YoY.

Italy ended the quarter with a strong EBITA margin at 6.8%, a 50 basis points increase year over year.

Belgium delivered a robust performance in the quarter with revenue up 4% year over year. Throughout the quarter, our business was confronted with supply chain disruptions, higher covid-related sickness and unprecedented levels of talent scarcity.

Staffing and Inhouse grew by 6%, where in particular inhouse saw higher demand with existing clients.

Ebita margin for Belgium came in at 4.6%.

Moving on to slide 10.

Spain also delivered another inspiring quarter, an excellent performance with revenue growth up 15% year over year.

Perm, professional and RPO business performed exceptionally well.

Portugal is further improving and holding its own in the quarter.

With regards to the labor reform law in Spain, it is still too early to call out the effect on Randstad. It goes without saying that we are staying very close to the changes.

EBITA margin came in strongly at 6.1%, up 60 basis points vs last year also driven by an improved business mix.

The rest of Europe also contributed to a solid quarter with 6% growth year over year and improving profitability.

The UK benefited from a strong Perm business and reported overall growth of 5% up year over year, but also Nordics with 14% growth and Switzerland with 10% did very well in the quarter.

Poland revenues were down by 8% year over year, primarily reflecting supply chain constraints.

Overall, we ended the quarter with a solid EBITA margin of 3.6%, up 90 basis points year over year.

And that brings me to the Rest of the world on page 11, which also continues to do well with 12% profitable growth year over year.

Japan showed a strong performance, growing 11% performing well across Professionals in IT and Engineering and also in Perm. Australia & New Zealand also delivered strong growth, up 16% year over year.

We also further strengthened our portfolio in Australia with the announced acquisition of Finite Group, which specializes in technology recruitment, IT consulting and a broad array of IT and Digital professional services. This acquisition will further strengthen our position as the market leader within the IT sector in Australia and New Zealand and will be a strong addition to our current service offering.

India grew 16%, continuing its successful journey adding more and more recurring, profitable business to its portfolio.

LATAM continues to do well as expected. Argentina and Brazil motored on, using the RPO engine to drive an even more profitable mix.

Ebita margin for this part of the portfolio was 4.9% in Q2. Yet again a very significant contribution to our overall result, demonstrating the power of a broad based, diversified set of businesses adding to the success of Randstad.

And last but certainly not least also our Global businesses reported a strong 25% YoY growth, on the back of a continued solid demand and talent scarcity. Main driver here is certainly our very strong Randstad Sourceright business with 32% accretive, profitable revenue growth in the quarter. Within that, RPO more than doubled in size to 119 million euros.

Coming to Monster, which contributes greatly as a sourcing talent engine within randstad, supporting our staffing and other services amidst talent scarcity. This quarter, it grew by 1% YoY. As you know, Monster is undergoing a transformation, and it has experienced ups and downs over the past years. However, our platform is getting better and more efficient, and we will continue to finetune this talent engine as an integral part of our talent sourcing strategy.

OK, that concludes the performance of our key geographies. I am now excited to walk you through our group's financial performance on page 13.

The strong top and bottom-line momentum continued. Revenue growth in Q2 came in at 9% year over year, reaching another record level. Our Perm business grew 38% in the quarter and our RPO business topped the ranking table with 108% growth, both reaching record levels in size and profitability and also proudly showing up as leading performers in the marketplace.

Gross margin showed up strongly 21.2%, a 170 basis points improvement YoY and 70 basis points up sequentially. Definitely bolstered by our strong Perm and RPO growth, but also supported by our ability to price appropriately for our increasingly differentiated services. Perm now accounts for 13% of gross profit with 192m euro revenue. RPO was 119 million euro, representing about 8% of group gross profit.

Also Q2 was impacted by ongoing supply chain and Covid related disruptions, however we try to apply a positive attitude to it and see it as an opportunity to delight our customers with an extra level of agility and partnership.

The Opex increase of €54 million organically sequentially is representing a very focussed and disciplined approach to support our fast growing RPO, Perm and IT professionals businesses in addition to some extra marketing to support our talent acquisition efforts. It goes without saying that stringent field steering principles and conversion hurdle rates are being fully applied and that the agility of that cost base is being safeguarded.

Ebita came in at 308m euros at 4.5% Ebita margin up 20 basis points year on year, representing a Q2 organic incremental conversion ratio of 28%, on a last four quarters basis, obviously impacted by the size and growth momentum of our Ebita accretive Perm and RPO businesses.

Integration and one offs came in at a 43m costs this quarter, mainly reflecting some IT related costs, minor fine tuning of operational structures across some geographies and integration costs from our recent acquisitions.

And lastly on that page, the underlying effective tax rate amounted to 25.7% for the first six months. For full year 2022, we expect ETR to be between 24% and 26%.

With that, let's turn the page and look at our Gross Margin bridge on page 14.

The Gross Margin came in at 21.2%, with a further improvement of 170 basis points year over year.

The temp margin had a 40 basis points positive impact, reflecting positive, value-based pricing, partially offset by some Covid related productivity issues.

The middle blue bar reflects the margin effect of a strongly growing perm business. 40 basis points improvement YoY. Our perm business continued to do very well, and increased by 38% YoY.

The next bar on the right, our business reported under HR Solutions improved our overall Gross Margin by 90 basis points YoY. Here our excellent growth momentum in RPO plays a key role.

Whilst our gross margin path remains difficult to predict, it is important to consider the very significant portfolio transformation that happened in the last 3 years, with considerable shifts in size and growth momentum of our Perm and RPO businesses representing already about 21% of total gross profit, compared to about 15% in 2019.

That brings me to the OPEX bridge on page 15.

OPEX came in at 1 billion 149 million euro, 54m higher sequentially excluding forex and M&A, mainly to fully support and benefit from an ongoing strong demand, but also reflecting significantly accelerated RPO growth at attractive Ebita margins.

Close to all of the net 1,860 FTE's added in Q2, are in support of our fast growing businesses, with more than 50% of consultants can be attributed to RPO growth alone.

As mentioned earlier, excellence in field steering and conversion is a non-negotiable operating principle at Randstad. Given the uniqueness of the current market environment it goes without saying, that we are staying extremely close to our customers and volume developments. Flexibility of the cost-base and the ability to react fast to new developments comes at a premium.

With that in mind, let's now move on to our Cash Flow and balance sheet on page 16.

Our free cash flow for the quarter came in at 55 million euros. This is a function of an improved EBITDA more than offsetting working capital movements and timing of tax payments.

DSO was 52.1, stable year over year on the last 4 quarters moving base.

Our ROIC continues to show up strongly. We are now at 19.2%, up from 14.0% last year reflecting the improvement of our last 12 month EBITA and moderate increments of Capital invested.

Our Balance sheet remains to be very strong showing a 147m net debt position and a leverage ratio of 0.1 excl IFRS 16. As scheduled and announced, at the beginning of April we paid the regular dividend of € 2.19 per share, totalling about 400 million euros.

I am also pleased to say that we have successfully refinanced the multicurrency RCF of 1.75 billion euros, which matures May 2027. The facility agreement contains the same covenant with respect to the net debt to EBITDA ratio which we call the leverage ratio.

And that brings me to my last chart already, the conclusion and outlook on slide 17.

As we have discussed, demand for talent was strong in the second quarter, despite some dynamic market circumstances. This trend was similar in early July, where we saw the number of employees placed on a temporary basis broadly in line with the second quarter and strong demand for perm and RPO.

Of course we are carefully monitoring the macroeconomic situation and continue to stay very close to our client and talent needs. We believe in the resiliency of our portfolio and the agility of our very experienced leadership group and all our employees around the world.

Q3 2022 gross margin and operating expenses are both expected to be broadly in line sequentially.

And lastly i would like to mention that there will be an adverse 0.3 working day impact in Q3 2022.

That concludes our prepared remarks and we are now looking forward to taking your questions, back to Jess.

Q&A

Q - Sylvia Barker: Good morning. Thanks for taking the question. Three, please, for me. First of all, on RPO, could you remind us of the profile of that in terms of gross profit margins and also operating margins? And secondly, on RPO, can you talk about the length of some of these contracts, so how much visibility do you have over that business? And then on perm, can you give us a split of the perm revenue at the moment by end market? And then just a final quick one just clarifying the 42 million euros of one-offs, and could you talk about the IT write-down size and just the background behind that? Thank you.

A - Henry Schirmer: Yeah. Maybe, I can start and Sander if you need to chip in. So RPO, I don't want to go into too much detail, but just wanted to give you reassurance that it's EBITA margin accretive. It's a very attractive business for us, where we secure the cost base we are building to be very agile. The length of contracts is everything in there. We have agreements going up to three years, but, of course, it is a volatile business, so we are very close to our customers in there. But the most important, Sylvia, it is margin accretive and we have an agile cost base. So those are the two things which are most important.

A - Sander van 't Noordende: Yeah. And maybe Henry, to add to that. That way of doing business with clients, positions us as a strategic partner in the recruiting space. So this is not sort of a one-off relationship, you find a few people. No. This is like a longer-term relationship where we are really proactively working with the client, doing the workforce planning and really work side-by-side. I think that's a very important distinction there.

A - Henry Schirmer: Yeah. Maybe to your question, Sylvia, around perm by end market, we're not disclosing the details here, but it's probably not a secret. It delivers very strong business in the US, which is helping all of us, it's very, very profitable and beneficial for us. So I would like to stay there. On your question around the one-off, you know us for many, many years where we are running a very tight ship when it comes to assets on the balance sheet. So quarter two, for us, it's a very kind of a normal moment where we kind of looking into the validation of those assets being capitalized and we're taking a view here that we are just writing off some of the things we've capitalized in the past and that is amounting to about 30 million euros of that about 40, and then there's another 10 million on those minor adjustments to shaping organization for today's market and for the future.

Q - Sylvia Barker: Thank you very much for that color. And just going back to perm, sorry, my bad, I wanted to actually ask about the end market in terms of customer segments more than geographies, but can you just give us a feel of how much of that perm is more industrial in nature versus, let's say, IT or any other color that you can give around that?

A - Henry Schirmer: Yeah. No, absolutely. I mean, it's the nature of the market that we are, at a lot of value in today's market in recruiting, technology profile, that's a very, very big segment for us. But, frankly, it goes across all markets, but it's at this point in time, the biggest momentum is probably in technology, automotive, in those parts.

Q - Sylvia Barker: Great. Thanks very much.

Q - Anvesh Agarwal: Hi. Good morning. I got two questions really. First, just on the drop through rates of 18% in the quarter, clearly you're investing a lot in, sort of, RPO and perm business, but it seems like it's not dropping down to the profitability level at this stage. So if you can sort of steer us through how we should think about that? And really, like, if this is margin accretive, then is that a part of the business where the margins are going back and because of it we are not seeing the sort of incremental beat at the EBITA level even the growth, organic growth, and the cost margins are much better than consensus? And second really on the, if you can just talk about, you obviously, have benefited a lot over the last couple of years when things like logistics, e-commerce businesses, especially in the US, and maybe just some color on how those are trending really?

A - Henry Schirmer: Yeah. We, I beg to differ a little bit on the profitability part, Anvesh. Actually we have yet another EBITA accretion of 20 basis points there. We also make sure that we investing into the future of the business, so we still apply a very, very focused in investment plan looking at good returns and we just see different conversion rates. So given the size and momentum of RPO and perm especially, we are now looking more into each of those business units and require the profit conversion rates in that. So there is nothing underlying in the other parts, which is losing me or costing me sleep frankly.

A - Sander van 't Noordende: The second question was on the end markets in the US, is that correct, Anvesh?

Q - Anvesh Agarwal: Yeah. So, like, obviously we have seen benefits from things like logistics, e-com over the last couple of years, just wondering how those are trending now?

A - Sander van 't Noordende: Yeah. So automotive, very strong growth. Transports and distributions show logistics double-digit, financial Services double-digit, public health and education also double digit. So, I would say, a very strong growth across the board in the US, which is, of course, very pleasing and a testament to the excellent performance of the team there.

A - Henry Schirmer: Yeah. Maybe, I'll just double down on my numbers. So our investment strategy has really delivered very, very good and clear results. So we have not only a bigger and more profitable and more diversified portfolio with an ROIC of 19%, we also increased EBITA by 20 basis points year over year, but also 48 million in absolute terms, because we are just bigger business. So, yeah, there's always things that can be done better for sure, but overall we are quite satisfied with that.

A - Sander van 't Noordende: Yeah. I would say, if the business is growing 100%, you need to invest in the people and make those people productive. So that's the nature of the game that we are in here.

Q - Anvesh Agarwal: Okay. Very clear. Thank you.

Q - Konrad Zomer: Hi. Good morning, everybody. And my first question is on the performance of your Belgian operations. It's one of the few countries where you show a decline in EBITA margin and you do not show the growth rate in permanent placements, so there might be a relation between those two items. Maybe you can explain that a little bit more? And my second question, we've talked about it a little bit already, but I do question given that the company continues to be in investment mode with organic operating expenses up 18%, with your topline slowing down to still a respectable number of 9%, at some point, I guess, that has to change. So maybe you can talk a little bit more about that, how you see that in the second half of this year? And my final question, net debt is very low and you've refinanced the RCF, so nobody is worried about your balance sheet at this point in time, but I was just wondering given that most of your debt is financed at variable interest rates and interest rates are going up, can you maybe tell us what the impact would be on your finance charges if interest rates continue to go up globally? Thank you.

A - Henry Schirmer: All right. So let me start with the Belgium business. So let me first start, we have an absolutely stellar excellent team in Belgium and Belgium has not been a particularly easy marketplace to operate in the last quarter. So I don't want to go into much more detail there, but I can reassure you that actually there is structurally everything in the right place and we have the best operators there. So we also expect the Belgium performance in the next couple of quarters are looking good. Your question on OPEX, yes, I mean, that is what we do for living here. Gross margin and the OPEX ratio are sort of communicating vessels. It's probably still a little bit underplayed how much of our portfolio has changed for the better. It's more diversified, more profitable in the components, but we also need to look at it in a more differentiated way than just like in the old days where it was just kind of a general staffing business. So, therefore, looking at each of the components is important and, yes, we will make sure that we run kind of an OPEX ratio, which communicates with the gross profit development.

A - Sander van 't Noordende: Yeah. Maybe to add to that, your question was also about, at some point in time it has to stop, obviously no one knows when that will be, but it's clear that we are on top of things and starting to see, I would say, in pockets some challenges here and there and dealing with that in a very effective way.

A - Henry Schirmer: And then maybe, Konrad, your question about the RCF. Let me first start, I'm incredibly proud of our team who've negotiated that renewal in a good fashion, in good trust with our banking partners and with a good timing frankly. We remained our policy to stay with floated rates. It has always served us well over a long period of time and it's pretty much impossible to pick any time in the past where fixing rates has really served, would have served us better. Also hedging, at this point in time, would just be a speculation. So it will be, with the a debt level we have, it will be serving us extremely well and we made a very conscious decision about that.

Q - Konrad Zomer: Okay. Thank you very much.

Q - Suhasini Varanasi: Hi. Thank you. Good morning, everyone. Just two for me, please. Given the news flow around gas in Europe, specifically from June, can you comment on whether you've seen an incremental slowdown on the industrial side due to this? And then the second one is on your outlook for ICR going into Q3 and second half, if you could give some color there? Thank you.

A - Sander van 't Noordende: No, on the gas in Europe, we haven't seen a slowdown. We actually, we've seen the opposite. We have seen our industrial sectors across the board growing well, automotive, electronics, so they have performed quite well. I mean, you are right to point out that the gas in Europe is a precarious situation at this point in time and, again, we are watching it closely and staying extremely close to our clients to find out what is going on there.

A - Henry Schirmer: Yeah. And regarding ICR, yeah, I'm just afraid I need to repeat myself. The size and strong momentum of our perm and RPO businesses requires us to look at conversion separately for each of our business units. And both businesses, perm and RPO, are EBITA margin accretive, so we make sure that they are attractive. And our focus on securing attractive returns and the application of discipline field steering remains of course fully in place. But it becomes not really helpful to kind of to look at an ICR level over the entire business with that kind of dynamic and momentum we have. So, therefore, I'm afraid, let's look at conversion separately and look at what drops out on the EBITA margin level, whereas, as said, OPEX and gross margin are communicating vessels and will be carefully managed.

Q - Suhasini Varanasi: Understood. Thank you very much.

Q - Dominic Edridge: Hi there. Thanks for taking the question. Just two for myself and apologies for sort of rehashing some old ground. But in terms of thinking about your headcount, how much spare capacity do you feel there is if you exclude the RPO business? And in terms of your gross profit per FTE, where is that at the moment in your ex-RPO business versus maybe where you were a year ago? I'm aware that RPO does complicate these things. And just on that, are you currently planning to add further headcounts ex-RPO at the moment to the year-end? And then the second question was just going back on to the restructuring costs and the write-down of the software. Could you just say what was the trigger events around that? Is it the software was obsolete, you are not using it anymore or was there some other issue? Thank you very much.

A - Henry Schirmer: Yeah. On the headcount, so we have about 1,800 extra headcount in the quarter added, more than half was RPO related and pretty much all was related to supporting our growing businesses, our professionals business, our IT business. And so it's very, very focused. And, yes, we will add headcount if we have very strong growth momentum, but of course we are also reading the news flow and we are just living in the current world, so we stay extremely close to our customers and volume developments in there. What was your next question, it was about the, no, I wanted to talk about productivity for a second. So if you take the RPO numbers out of the equation, the kind GP per personnel expenses field is pretty much in line to pre-COVID levels, it's around 2.5%, so that is where our field steering kicks in. Also there, of course, we try to drive productivity up, but it's, we're definitely making sure it's not dropping. And the last one was the write-downs, yeah, there are balance sheet reviews we do on a regular basis. If we see that, we have costs capitalized where we are probably not using that piece of software in its form, because it has evolved in a newer version. For example, we just take a prudent look in just writing those off. There's no cash involved, it's just kind of the balance sheet write-off and cleaning out, because we never want to be in a position that we are carrying balance sheet items which are not carrying value.

Q - Dominic Edridge: Okay. Thank you very much.

Q - Thomas Truckle: Yeah. Thank you. Thomas Truckle here on behalf of Kean Marden. I just have one question, if I may. And looking at France and the Netherlands on your presentation, looking at EBITA margins, they are clearly down against the prior year. Now I appreciate there has been supply chain issues there, so we haven't seen revenue increase year over year, would have expected some of that to drop through. Please can you remind me what the factors are that are suppressing margins? Is that your organic investment or other reasons that may be keeping that a little lower? And how should we think about that going into the second half of this year? Thank you.

A - Sander van 't Noordende: Thank you, Thomas. A couple of things in the Netherlands. As Henry already alluded to, we had the corporate business dropping off, which was expected. And then, of course, we had to go out and find other business which the team did a phenomenal job of, because there were still albeit a little revenue growth in the Netherlands, that came with some extra expenses on the sales and marketing side, because we had to go to clients and pull them in, so to speak. On top of that, we had a few one-offs in the profitability last year, so those combined one-offs and the additional sales and marketing costs, they make up for that.

A - Henry Schirmer: Yeah. We''ve been pretty transparent when we had the high margins in the Netherlands last year where we said, don't expect that to go forward. It was, I think, at 6.8% at a certain point in time and the margins we currently have is probably more sustainable than what we've seen in that time.

Q - Thomas Truckle: Thank you

Q - Rory Mckenzie: Good morning. It's Rory here. And just as you caught up on the Netherlands and have all of the COVID related volumes dropped out now, so is this the kind of new base of the business? And then, secondly, and sounding more broadly, you've highlighted talent scarcity as one of the key themes you think Randstad has to address to be able to deliver for the clients and maybe in the business for a while, can you talk about the kind of services you think Randstad might need to invest in or grow or maybe any new directions do you think the business is moving to try and help connect talent supply with demand? Thank you.

A - Henry Schirmer: Yeah. Let me get the first one out of the way first. On the COVID one, actually, there is still some left, because probably about half to the number I've quoted last time this quarter. So there is still some left, but it's getting really immaterial now.

A - Sander van 't Noordende: Yeah. And on the second question, I mean talent scarcity is clearly here to stay. So that means that both our clients and ourselves, we need to reconsider how we engage with talents on a more ongoing basis, almost like a career-long relationship with talents to enhance the value, their value throughout their careers. Their value in terms of skills and training, but also their value in terms of the salary that they can make. In terms of clients, clients are clearly asking for a broader set of services. They want us to partner more strategically with them, think about workforce planning, workforce strategy, think about also training, skilling, think about internal and external mobility services, so we're looking to see how we can further expand our services there.

Q - Rory Mckenzie: Okay. Comprehensive. Thank you very much.

Q - Marc Zwartsenburg: Yeah. Good morning, gentlemen. Two questions for me left. And, maybe, and I know you talked already a bit about the RPO business and the profile, but Henry or Sander, can you provide a bit more comfort maybe on the RPO cost base? What will happen in case the market comes down? I know it's a strategic contract for maybe up to three years, what if the market accelerates downwards, how fast can you, yeah, then, yeah, flip that business around and still protect your margin in the RPO sense? So what proportion of costs are fixed? Can you provide a bit more color on how that would work? And then on the second question, a bit on, just to get a bit of a feel for the temperature of the market. I know in your outlook you mentioned that trends are still roughly stable in terms of volumes compared to Q2, but, yeah, we also had that same comment a bit in April and of course comps are getting tougher and revenue growth came down a bit from 15% in Q1 to plus 9%. What do you feel when talking to clients? What is the feedback in terms of length of contracts, renewals, that kind of stuff and, yeah, to get a bit of a feel for the trend into Q3, except for being more or less in line with Q2.

A - Sander van 't Noordende: Yeah. So I can give you a bit more feel there. I would say the temperature of the market is still warm, but maybe not as hot as it was. And what do I mean by that? I mean, we've all read the news about some clients slowing down some of their hiring, slowing down hiring not stopping hiring is a very important distinction, by the way. The urgency to make decisions that was there, let's say, six months ago, we're going to start tomorrow. I mean, things, sales cycles are growing a little longer these days. So, I would say, it is more back to normal versus the very hot situation that we had before. That I guess, that's a bit more color than I can give. On the RPO cost base, we eat our own dog food and that means that we have quite a bit of flexibility built into the teams that we have in RPO, so we can flex with the demands of our clients. One interesting tidbit maybe to know is that, generally, our clients, they operate in three buckets. They have their own recruiting team, they have a bunch of freelancers, and they have us as a more strategic RPO partner. You can, you will understand that, in a way, we are the last ones to go in that scheme or the last ones before the clients, people, I would say, to be precise.

Q - Marc Zwartsenburg: Okay. Thank you very much.

A - Sander van 't Noordende: Yeah. Thank you very much, Jess, and thanks all for joining the call today. We are absolutely pleased with the quarter and I would like to express a big thank you for all the 40,000 plus men and women who are out there representing Randstad every day in the market with our clients and talents. Thanks.

A - Henry Schirmer: Thanks, everybody.