



Q1 Results 2015

Thursday, 30th April 2015

Robert Jan van de Kraats, CFO, Randstad

Well, good morning, ladies and gentlemen. Welcome to the conference call on the first-quarter results 2015 of Randstad. It's a busy day today, with many announcements in the Netherlands. So we'll try to be efficient again. And I'm here together with all the support needed, including Jacques, and also with Arun, and Andrew.

I'll start with the presentation and then at the end, we'll get to Q&A. And I'll flip through it and the agenda. You can see that we'll talk about performance, the financial results and outlook and then move to Q&A. And we've also added some appendices for your benefit.

Moving to slide five right away, first quarter 2015, which was a continued profitable growth. And that effectively is the combination of continued growth and good leverage in the company. And that results in an EBITA margin of 3.5%, which is a 40 basis points improvement compared to the same quarter last year. Organic growth per working day arrived at 5.6% in the first quarter, whereas gross profit grew a little faster at a pace of 7%, reflecting focus on customer profitability.

Gross margin also improved 30 basis points year-on-year and also, our Perm business continued to grow at a relatively solid speed in the quarter of 16%. And that is clearly reflecting the micro strategy we have on this business segment.

Operating expenses were up 4% organically and that is defined as operating expenses before integration cost and one-off. This time only, €9 million as one-off cost included, which is a restructuring project in the Professionals business in the Netherlands. The last four quarters, organic incremental conversion ratio, so incremental conversion is the part of additional gross profit that we have earned organically that is converted, that is translated or that drops through into EBITA, which arrives at 67%, I would say at a healthy 67%.

Moving to slide six, the European rebound in Q1 visible in the red line here. You can see that it clearly comes back. It's the growth expansion in Europe, where both Netherlands and France are improving. But it's not just market; it is also closing the gap to market in these two countries. And we're very proud of the fact that the company is coming back to market again in these two countries.

We also see growth continuing in North America, clearly above market in the Staffing segment. And solid growth in most emerging markets also continues. Clearly, also Australia reflects that.

Moving on to slide seven, which elaborates on North America, solid growth. The last four quarters incremental conversion ratio here arrived at 53%. That, I would say again, is pretty good given the phase of growth that we are in. We've been seeing growth in the North American market now for quite a while and still, we have an incremental conversion ratio north of 50%.

Revenue grew by 5%, which compares to Q4 6%. The bad weather in the first quarter in the U.S. had some impact clearly also in March. But whether it has impact year-on-year, I don't think so. Winters have been bad in the U.S. for a while. But the distribution over the quarters clearly had some impact. And maybe it has some impact at the total level as well, but that's very, very difficult to measure.

U.S. Staffing and Inhouse continues to grow clearly by 8%. And Perm in the staffing segment up 21%, again the micro strategy on this specific business segment. U.S. Professionals, a focus on customer profitability, gross profit up by 6%. But we also have an ambition to grow the business again at the revenue level. So that is clearly the strategy going forward. Perm up by 4% here. Sourceright doing quite well. It's our RPO and MSP business, delivering profitable growth. And our MSP spend under management was up by 39%.

Canada, a difficult market. Revenue growth of 1%, which is ahead of market. Overall EBITA margin up to 3.5. And at this point I'd like to note also that Q1 is always the weakest quarter out of the four quarters in the year. Typically, Q1 is the weakest, Q2 better, Q3 the best and then Q4 just below Q3.

To slide eight now, France, a strong rebound, a clear improvement. Revenue flat from a minus 8% in Q4. I would say that's a remarkable development here. And that is partly Randstad coming back to market and, on the other hand, the market improving.

The combined Staffing and Inhouse business is at minus 1%, but Inhouse grew 15%. Construction in the French market is still weak. Professional is up also 4% compared to minus 1% in Q4. And Perm continues to grow here.

We have a very strong focus on selective sharing of subsidies, so we're very much focused on customer profitability. Gross profit up by 1%. Our cost and FTEs down sequentially by 1%. And that clearly is in line with the fact that we did have the revenues coming back to roughly zero. But in the fourth quarter, it was still at minus 8%. EBITA at 4.1%, stable.

The Netherlands, on slide nine, accelerating growth. Again, on the one hand, the market improving, but clearly also Randstad coming back to market, bridging the gap. Revenue up by 10% compared to 5% in last quarter. Randstad grows at 8% and Tempo-Team at 9%, a strong focus on the SME segment that is clearly paying off.

Also, our Professionals business in the Netherlands, Yacht, that is up by 19%, an improvement again against Q4. And in this business, we have completed the restructuring in March, so we have combined the Professionals business under the Randstad name, under the Tempo-Team brand, but also under the Yacht brand together in the Yacht organization.

Our costs are down 6% sequentially. The back office restructuring that we announced was completed effectively at the end – in the beginning of January. So we can clearly see that coming through now, also in the FTEs. The Professionals restructuring, by the way, is explaining the €9.2 million charge that we took. EBITA margin at a solid 6%.

Germany, slide 10, with a recovery ratio of 43%, yes, a recovery ratio because we have negative revenue development here. And then, we aim to recover part of the lost gross profit through a reduction of OpEx and we typically aim at around 50%. And of course we have – this is a marginal reduction of revenues, so the 43% I think is pretty reasonable. Price effect, 2% now. It's reducing from previous higher levels. It's easing out. Labor market is still subdued by the wage cost increases and the regulatory changes. Last time, Jacques explained to you that minimum wages in Germany have been increased, but have to compete with very competitive rates next door in Poland. That doesn't make it easier.

The perm growth continues, but now even at a much higher level. And we also see a pay-off of our focus on SME and on delivery models in order to deal with the gross margin developments. We also have a challenge in the sickness rate. Partly it was explained also in the last call. It can be attractive for candidates to be sick because they might get a higher pay. But we also, at this point in time, have record high sickness rates in Germany.

The gross margin was impacted by the 13-week calculation rule. So when people have holidays or are sick, they get paid on the basis of the previous 13 weeks' earnings, which might be more attractive than the current earnings at the new assignments. Operating expenses were reduced, and that explains the recovery ratio. FTEs down, arriving at an EBITA margin of 3.4%

Belgium, on slide 11, returning to growth from a minus 1% in Q4 to 7% in Q1. An incremental conversion ratio, very solid at 73%. Clearly, the gap has been reduced with market in Belgium and that is also reflected in the EBITA margin at 5.4%, which is clearly reflecting our focus on customer profitability, but at the same time, trying to bridge the gap with market. Professionals also improved in Belgium by 13% and also here, you see solid continuation of perm growth. Gross profit stable, growth at 9%.

Iberia, on slide 12, continued growth. Incremental conversion at an excellent 113% rate. Revenues and gross profit up by 12%. Specifically, Spain grew by 16, an improvement clearly. Growth in the automotive and manufacturing segments. Strong focus on Professionals, where we did see growth of 87%, now bringing us to a top-three position in the country. Perm continuing to grow successfully at the rate of 57%. And that then, combined with excellent cost management, gives us an excellent incremental conversion ratio.

In Portugal, we have a strong focus on customer profitability as the growth remained stable as a result of that at the level of 4%, specifically growth in manufacturing and call centers. EBITA margin 3.4%.

Slide 13, the U.K. Improving profitability now to a level north of 2%. EBITA margin, supported by revenue growth at the level of 3%. But gross profit more importantly at 5% here. Strong performance in construction in

the U.K. market and we also see finance returning to growth here. Perm fees up by 15%, almost equal to the previous quarter. Operating expenses were managed carefully, were down 1% sequentially. And head count was even down 3% sequentially.

The other European countries, on slide 14, overall revenue grew by 12%. It's a mix. Italy at 12% compared to 8% in the previous quarter, with a pretty good return at the bottom line focused on specialties and Perm here also growing. Switzerland, of course, suffering from the exchange rate adjustments, 9% growth now. I would say still solid, and we see strong growth at the Inhouse business. Poland continues to grow at the rate of 16% and we're clearly investing in growth here. FTEs up. Overall, the EBITA margin arrived at 2.7%.

Looking at the rest of the world, Japan growth slowed in the first quarter to 2%. And then one has to take into account that last year growth was driven mainly by the adjustments in the consumption tax that resulted in a lot of work for our flex workers and our clients. We continue to invest for growth in Japan.

Australia and New Zealand continued to grow. Business support is the key segment driving this growth, but also Perm continued growth at a nice pace. Asia, we did see growth at 5% compared to 9% previously, but compared to a very high comparable base, China especially, you might remember the extremely high growth rates that we have shown and we believe we continue to do quite well in this region. Latin America, up 18%, which is going hand in hand with our focus on capturing productivity improvements here, and we have shifted focus to growth and profitability. And as a result of that, our EBITA went up from 0.5% to 1.5%.

Moving to the P&L, slide 17, it is summarizing everything that I have mentioned just before. I would say that EBITA now arrived at €153 million. And that includes a favorable currency impact because of the fact that we have translated our earnings in dollars into euros. The effect year on year is roughly €5 million. Sequentially, it's almost €7 million. Integration cost, €9 million. I already mentioned that. The restructurings in the Dutch Professionals business, the amortization is just the regular application of the bookkeeping rules. Net finance cost, it includes the regular interest charges at roughly a level of €3 million.

And then it includes some effects of translating U.S. dollars into euros, which, by the way, benefits the company as a whole because we have a significant increase in equity as a result of that. But also applying some bookkeeping rules, it results in a charge on the net finance line of €20 million, which, I want to emphasize, is non-cash, as you can see in the cash flow statement. I don't expect this to happen every quarter, because this is very much related to the strong increase of the dollar in the first quarter.

Taxes, within range, and that makes me move to slide 18, because that's where we elaborate on it. Underlying EBITA up by 40 basis points. The last four quarter organic incremental conversion ratio up by almost 70%. That, I would say, is very solid. We have chosen to look at the last four quarters rate, because one quarter typically can give erratic movements and it's better to look at this over a longer period of time. So that's why we have chosen to include this data point in our presentation.

Working capital, again, improved slightly. We continue to be focused on that. The effective tax rate at 28%, well within the range that we have indicated before. Diluted EPS now at €0.50 compared to €0.45. And dividend has been paid now at €1.29, which was split between cash dividend at roughly €82 million and 65% of the shareholders' elected for stock dividend. This compares to a slightly higher number last year.

Looking at the various segments, you can see a summary now from looking at staffing, Inhouse and Professionals. Inhouse very solid, very good returns. I already made the remark once that allocation of corporate cost is a bit more art than science. But whatever you do, Inhouse is showing great returns here, both to us and to our clients. I leave the explanations to your readings on the right-hand side of the page.

The gross margin bridge on slide 20, bridging the rate of 18.4% this quarter to last year's 18.1%. Somewhat lower temp margin due to mix, but also due to some pricing pressure that, for example, we see in the Dutch market. Permanent placements are clearly adding value here, 0.3% impact. Permanent fees are now north of 11% compared to 10% last year. But we always have the data point in mind of 2007, 2008, where it was 12%. And at that point in time, it did not include a micro strategy on the Staffing segment, permanent placements in the Staffing segment. And this has been added and is clearly paying off now. So what you see here is also continued focus on client profitability.

The operating expenses bridge, this one is sequential, so connecting the level in Q1 with last year's Q4. And what you see here is a massive impact of the foreign exchange rate translating dollars into euros. And then we had, as predicted, some savings in the marketing space in the first quarter that's seasonal, more or less. At the EU level it's more or less flat. So we're netting out Dutch savings with some other increases here.

Organic growth in North American market, resulting in some additional cost and a little lower cost at the corporate level. And we continue to make investments in markets where we are growing, like North America, Iberia, Poland, Belgium and the emerging markets.

The balance sheet, as I said, benefited slightly from the – I might also say significantly, from translating dollars into euros. The working capital as a percentage of revenues at 3.3% now. I would say that's also typically a seasonal pattern here, which makes it a little higher than what we see in December. But also this time it's a little higher than the previous year. And I'll get back to that. Return on invested capital approaching a healthy 15%.

The free cash flow on slide 23, as you can see here, it starts with the EBITDA and then our charge in operating working capital was a little higher this time. It's always timing at the end of the quarter that is challenging, but also growth is financed here, so nothing irregular. Income taxes are a little higher than last year's first quarter. And that is the result of some selective choices on making payment at the right time, giving the right returns. Sometimes it can be favorable to be a little early with your payments here. There's very little you get for your money on the bank, by the way.

Net additions in plant, property and equipment in line with previous years. Nothing special. And then if we go down a little further, you can see that we have purchased shares in order to compensate the performance share plan in the company. And then, all of that has to reconcile with a net debt decrease at the bottom of the page. And the net debt, by the way, is composed of various currencies and we try to reflect the composition of EBITDA, adjusted EBITDA, into the mix of currencies in our net debt in order to have no speculative positions at all.

So slide 24, the outlook going forward. Our organic revenue growth was 5.6% in Q1. March was up 4.3%. The volume trend in April so far is a touch better than March. And one should keep in mind that last year the improvement from March to April was close to 2%. So this really, from a comparable base, is a bit more challenging.

At the same time, we should realize that we are looking at relatively marginal steps so sensitivity is relatively high. We also expect a significant foreign exchange impact again at both the – at the gross profit but also at the OpEx level and then somewhat will be left at the bottom line positively.

We have focus on profitable growth, that continues. Market share improvements are clearly on our radar screen, and this is supported by our activity-based field steering approach. And we remain on track to achieve the announced cost reductions and efficiencies in the head office and back office, as we have previously announced, between €60 million and €70 million to be realized in 2015 half and the other half in 2016. Well on track.

We expect to see a similar number of working days. Actually, we're certain that this will happen. And please keep in mind that seasonally, normally we'll have a somewhat higher gross margin in Q2 compared to Q1. And also seasonally, the cost base will increase. Operating expenses are expected to be moderately up on an organic basis. We'll continue our targeted investments in head count and reported operating expenses will be inflated somewhat by the foreign exchange movements.

The March exit rates for the whole Group arrived, as I already mentioned, at a 4.3%. That is broken down to America continuing at a pretty healthy base of 5%. In France, the exit rate was minus 3%, but I want to note that it is a relatively erratic pattern throughout the quarter. I think the jump from minus 8% in Q4 to 0% in Q1 explains that. The Netherlands continues at a very healthy pace, 10% growth.

In Germany, we are at the same level as for the quarter. But comparisons going forward will get a little easier. The price effect will ease out, so we might see that this is bottoming out in Germany. Belgium, it's 3% here, but we don't think that's a completely correct reflection of what's happening there. I think we – it's going to be a little higher if you look at the underlying real development, if you analyze it a little further. So we're not that worried about this number.

Iberia continues at a good pace, 8% for the quarter. But again, it has been erratic also in previous months. The U.K. continues at 3%, the rest of Europe at 10%. And the rest of the world came in, in the month of March at 8%. And again, please note that in the month of March, Japan recorded an impact from the fact that in 2014 the month of March was party time, because of consumption tax increase at our clients, as a result of which our clients needed lots of people in that month. So that on the month of March exit rate and the feeling for April.

And just, I want to conclude with slide 26, which is the one we shared with you at the Analyst Day, the Capital Markets Day in November. Targets are clearly within reach. We have the various – this, by the way, is a bucket or a basket with all the balls in there. We have assumed top line growth in the consensus at the time, mid single-digit sales growth. If you put in the current numbers, it's a little higher than those assumptions.

Then the savings in the head office and back office, the improved productivity and commercial focus through ABFS, and then the business mix changes as a result of our focus on permanent placements, professionals and SME. And then, with these assumptions, it's unavoidable to arrive at the range between 4.4% and 4.6%, and then also it will bring us into the target range in 2016. Of course, different assumptions on the growth line will have impact on the outcome.

So, that concludes the elaborations from our side. We'll now move to Q&A. I'll leave it to the operator now.

Q&A

Operator

Thank you. Our first question today comes from the line of David Tailleur of Rabobank. Please go ahead.

<Q - David Tailleur>: Yeah. Good morning, gentlemen. Actually, two questions on margin expansion / operational leverage. First of all in France, actually I would have assumed that the new incremental subsidy would have driven margins a bit more, also looking at the high Perm growth you had in France. So maybe you can explain what's happening there, maybe you passed on all of the benefits to clients or not?

And secondly, if you look at the margins in Iberia, in rest of Europe, is it right to assume that excess capacity is right now quite limited, and as a result margin expansion, EBITA margin expansion has been limited as well? And will that be the trend going forward also? Thanks.

<A - Jacques van den Broek, CEO Randstad>: Good morning, David. Can you hear me?

<Q - David Tailleur>: Yes, absolutely.

<A - Jacques van den Broek>: Okay. Jacques here. In France, it's a mixed picture. So, we've been quite hesitant or quite negative on sharing any CICE, this now becoming part of the margin mix because it's a long-term program. We also said that we would selectively try to conquer business by sharing some of the CICE. And we think we have a good mix now.

You see us growing fast in Inhouse, so that's very helpful. You see us at market the last few weeks, sometimes, but it's erratic, as Robert Jan said, slightly above market. And we do that at a good return. So, we think we've found the right balance there.

Yeah, the other markets, I think you're right. If you look at Italy, if you look at Switzerland and if you look at Poland, which is rest of Europe mainly, we've seen double-digit throughout 2014. So, indeed, if we want to grow further, we want to add people. But again, there's a big seasonal impact here. Q1 here is also by far seasonally the lowest result.

<A - Robert Jan van de Kraats>: And David, adding to what Jacques said here, and we'll talk about it next week as well in Barcelona, we are in Phase Two effectively of the growth. So you remember Phase One lasts for one year. We have a very high incremental conversion. And then after one year, more or less, as a rule of thumb, we move into Phase Two with an incremental conversion ratio of 50% and that clearly reflects the addition of people to support further growth.

<A - Jacques van den Broek>: What's interesting to see, of course, is that we try to also, for the longer term, change the business mix in the rest of Europe. So in Portugal, we're shedding low-margin business. That has an effect on the top-line, but we're okay. It should over time improve our profitability over there. You see our spectacular improvement from scratch into third place in two years in Professionals, which will definitely give us a higher return in the Spanish business mix going forward. And the same, to a lesser extent though, is true for the Italian market. So yes, we're on the way of, yes, improving our business mix long-term there.

<Q - David Tailleux>: Yes, because about 50% conversion ratio in stage two, I fully agree. But in some markets, it seems to be that you might already have entered basically stage three and then the conversion will probably be a bit below that level.

<A - Jacques van den Broek>: Yes. It could be. You know how this works. It's not an implicit goal for us to manage the incremental conversion. What we do is we try to balance the growth, investing in business mix going forward to create a better company over time. And that's also why we now work with a four-quarter conversion rate so as not to discuss all the time how it was in this quarter because of the weather or whatever, my car had a flat tire and therefore it's lower. So it's a bit more of a consistent picture we try.

<A - Robert Jan van de Kraats>: And David, by the way, the incremental conversion ratio over the last quarters arrives at 113%, supporting the story we just said. And by the way, thanks for asking just two questions. I suggest that's the standard for the next questions as well.

<Q - David Tailleux>: Yes. Actually on France, I had a quick follow-up. Apologies for that, because it was not only related to CICE, actually it was more related to the new subsidy. I think it was called family allowance or whatsoever. That has impacted your gross margin on a gross level. That's right or not?

<A - Jacques van den Broek>: Yes. Subsidies is a part of life in France. The government is a firm believer that subsidies will shape the world of work. You know our opinion. And as I mentioned earlier, we're trying to find the right balance and we like the growth and we like the results.

<A - Robert Jan van de Kraats>: And we're not unhappy with 4.1% EBITDA.

<Q - David Tailleux>: Okay. I can imagine. Apologies, guys, for the third question. Thanks.

<A - Robert Jan van de Kraats>: Thank you.

Operator

The next question is from Paul Sullivan of Barclays. Please go ahead.

<Q - Paul Sullivan>: Yes. Morning, guys. Just to follow up on the temp gross margin, the erosion of 20 bps within the mix there in the quarter. I mean, presumably that was largely skewed to Holland. Maybe you could talk – give a bit more color on pricing pressure there and more generally and your thoughts on that into the second quarter. That's the first question.

And then just from a technical perspective, the FX drag on the interest cost, if rates stay where they are, can you give us any sort of sense of the drag in the second quarter?

<A - Jacques van den Broek>: Yes. I'll do the first one. Yes, there's always pressure on margin with large clients, so certainly in the Dutch business, but also in the Belgian business, the French business, the German business. When there are large tenders out there, clients are educated. Sometimes they use consultancy firms. So it's a big party out there. So what we're trying to do is hold onto these clients if we've got the right delivery model. You know through our Inhouse business we've got a conversion of 30% from the gross margin into results. So we can handle a lot. And sometimes, well, we don't.

In the Netherlands, we created delivery models for countrywide clients that are delivered from one central point. Clients are happy. Costs are relatively low and you can see in the overall result development in the Netherlands is that we can cope with this price pressure. And at the same time we're trying to, again, change the business mix more favorably towards SME, Professionals, 19% growth in the Netherlands, and Perm, of course, helps

enormously. So it's a fact of life. It's not a hugely damaging trend. But, yes, we can cope with it. And overall you see that we have a good improvement in our profitability.

<A - **Robert Jan van de Kraats**>: And on the conversion that Jacques just mentioned is the conversion of gross profit into EBITDA, which is very high at the Inhouse business. And by the way, if you look at the large-client impact, you see it indeed in the Netherlands. But we tend to look also at the bottom line, where we see very solid performance. On the FX impact, your assumption, if the foreign exchange rates remain as they are, the impact will be zero. So we – if you look at the previous quarters, it started to come in Q3 and Q4 last year. And before that, it was typically either around zero or a few million. That's it.

<Q - **Paul Sullivan**>: That's great. Thank you very much.

Operator

Chris Gallagher of JPMorgan. Please go ahead.

<Q - **Chris Gallagher**>: Good morning. I wonder if you could discuss a little bit the penetration rate you're seeing in North America as the – in the market and how you could see that evolving. Could it go further than peak levels at the minute? And then also potentially on M&A, how you're moving in that space and if you've found any targets you're talking to? Thank you.

<A - **Jacques van den Broek**>: Yes. Well, penetration rates in the U.S. are at a peak level, so that's the good news. And it was a bit of a noisy quarter, as we call it in Q1. So we talked about the weather. But there was also some strikes left and right. So a lot of things happened in the quarter. Underlying, we still see solid trends. We still see good demand in the Industrial. We see a bit of wage inflation even in Industrial of around 2%, which for us, it's still an indication that things are moving in the right direction. And we see good and stable Perm demand. So overall, as you see in our numbers, for us, the U.S. is a pretty stable place currently.

<A - **Robert Jan van de Kraats**>: On the question on M&A, our strategy focus is on organic growth. And next to that we look at ways to accelerate. We are very happy with the current geographical footprint that we have, so we're not really looking at expanding that. But within that footprint, we'd like to increase size, and M&A could support that.

Of course, things have changed over the last quarters. It has become more expensive. But we continue to look at options in a very disciplined manner. And that effectively potentially could result in mid-sized acquisitions going forward. But again, the discipline that we have to make sure that we can create economic value is driving us. So I don't expect any announcements in the short term. And that means we're not going to surprise you in the next few weeks.

<Q - **Chris Gallagher**>: Thank you. Very helpful.

Operator

Our next question is from Matthew Lloyd of HSBC. Please go ahead.

<Q - **Matthew Lloyd**>: Good morning, gentlemen. A couple of questions from me. The first one, in France, when you book a CDD as a placement fee, so are you calling that Perm or are you calling that Temp, just so – I'm trying to understand the dynamics of the French market?

And then the second question is about Germany, and that's – my understanding from some of your competitors is that the sort of changing in law about contractors, meaning that they might have to go Perm has caused a bit of a stalling in Temp demand. And that's why Temp demand's awful, but job vacancies are so incredibly strong for Perm. Is that what's really happening in the German market or are there other things going on?

<A - **Jacques van den Broek**>: Okay. Your first question, no. So if we have a CDD, which is, for the people on the line, that's a contract for a fixed period, we don't book that as Perm. So Perm for us, by the way, in all of our

business, that's really when a client demands for a Perm placement, we fill that in and we get a fee. So that's really what we see in France.

The whole development of CDD but also CDI, so an indeterminate period, is moving very slowly. I think we now have around 1% of our total workforce on a labor contract, which comparing to the Netherlands in our Staffing business, this is probably between 10% and 15%. So this has quite a while to go still. The German one, yes, well, there has been a lot of fuss around, freelancers working for the same clients for 10 years. And then of course they need to be employed really. We don't see that as a bit of a drag on our business. What is a drag on our business is, as Robert Jan mentioned, the legal change, equal pay, that sort of thing.

Also, the fact that there's a gentlemen's agreement between a union and some employers to hire temps after two years or replace them, so that's a drag. We do see penetration rates in Germany, the only country where penetration rates were higher than 2008, going down a bit. However, we think this is short-lived. Robert Jan already mentioned bottoming out. We do see volumes in Germany picking up ever so slightly. And against easier comparisons, we are a little bit more positive about Germany going forward.

<A - **Robert Jan van de Kraats**>: Yeah, from a risk standpoint, from an idle time standpoint in France, we are not unhappy with these contracts for a defined period of time or for indefinite contracts. And as long as it's a limited part of our portfolio, we typically place these people first. And we can see in the Netherlands and in Germany that this is a pretty successful business.

<Q - **Matthew Lloyd**>: Okay. Thank you very much. One very quick follow-up, because people are asking about penetration rate. In Europe, do you know what your penetration rates are as a percentage of temporary workers, so sort of agency temps as a percentage of agency workers, and how that might have changed over the years?

<A - **Jacques van den Broek**>: No. And then, Europe is a pretty diverse place where the quality of market data is hugely different. So, no, that's not really a question I can answer.

<A - **Robert Jan van de Kraats**>: And Matthew, I suggest you have a call on that with Andrew or with Arun.

<Q - **Matthew Lloyd**>: Okay. Thank you.

<A - **Robert Jan van de Kraats**>: So after two and a half questions, the next one now.

Operator

The next question is from Tom Sykes with Deutsche Bank. Please go ahead.

<Q - **Tom Sykes**>: Yeah. Morning, everybody. Following on from Herr Lloyd's questions on Germany, I just had one on – so on this split of where growth might be coming from, could you outline maybe what's happening in autos versus non-autos and perhaps East Germany versus the rest of Germany, given what you said about the competitiveness of neighboring countries?

And perhaps just in North America, could you maybe give a view of what's happening to non-wage personnel costs? How quickly are SUI and the workers' comp costs coming down? And is that a benefit to your gross margin? And are you seeing the same large account issues in North America as you are alluding to in other countries or is it not the case there? Thank you.

<A - **Jacques van den Broek**>: Okay. Well in Germany, it's not so much a, call it, geographical difference in where we see the market development. What we do see is that because of the cost of a temp being higher, we do see some, well, call it fallout or weak demand in the SME space.

The larger clients, auto definitely, but also some other large clients have got structural flexibility and they're not changing their strategy, as such. So we do see still quite stable demand there.

<A - **Robert Jan van de Kraats**>: And on your question on North America, the view on non-wage cost, I think there's nothing peculiar at the moment other than the ACA-related costs which we are charging to our clients.

But using your question, just to give you a bit more perspective on wage cost itself, we now see some wage inflation coming through, actually the first signs of wage inflation in the North American market, in the blue collar segment. So it's early stages, but that is a signal that we see coming.

<Q - **Tom Sykes**>: Okay. Thank you. Can I ask a quick follow-up? Just can you venture some comments on Industrial versus Clerical versus Professional at the market level in the U.S., please?

<A - **Jacques van den Broek**>: Yes. It's going well. So blue collar is still doing well. White collar is actually a bit better. And also Professionals, honestly speaking, the market is very solid and we should improve. We're sort of not so happy yet. As you know, Tom, we're trying to outperform any markets. Took some great steps in quite a few markets. U.S. Profs could still take a step up, but the market is solid.

<Q - **Tom Sykes**>: Okay. Great. Thank you.

Operator

The next question is from Nicholas de la Grense of Bank of America-Merrill Lynch. Please go ahead.

<Q - **Nicholas de la Grense**>: Morning, guys. Firstly if – on the contribution to gross profit from perm, you alluded to 12% having been the peak in the past, but the micro strategy potentially taking that further. I was wondering if you could give an indication of where that could or could maybe get to and whether you think that the mix shift towards perm is going to be enough overall to offset continued pricing pressure or gross margin pressure in temp?

And then just in the U.S., I know one of your peers has pointed to decelerating trends through the first quarter, which doesn't seem to be evident in your numbers. I was just wondering if you could maybe give a little bit more color on what impact you may have seen from weather impact in the U.S. or whether your clients are starting to dial back demand in manufacturing, for example, on the higher dollar impacting competitiveness? Thanks.

<A - **Jacques van den Broek**>: Yes. I'll do your last one and then RJ will do your first one. Well, the weather effect and all the somewhat funny stuff, strikes and what have you, we think is around 2% negative impact through the quarter. Yes, and we don't see it decelerating. We see, as I mentioned earlier, a pretty stable picture also in April in blue collar manufacturing and also in Perm demand. So no acceleration, but that's not to be expected. As Robert Jan said, it has been quite stable for us in U.S. and we do see that picture continuing.

<A - **Robert Jan van de Kraats**>: Yes. And the share of gross profit earned from permanent placement fees, I already mentioned that it compares to 2007, 2008, being north of 12% now. It improved from 10% in Q1 last year to 11%, more than 11% in Q1 of this year.

At the time, in 2008, 2009, it was primarily the result of permanent placements in the Professional space. And now we have been building a strategy to also actively sell this in the Staffing space and I have to say that's going very well. It also allows us to have a high level of synergies with the staffing business, because lots of this is sold through what we call hybrid or blended units, where people do both Perm and Staffing, sorry, Perm and Temping. So the comparable base has changed. So the 12% in the past should not be the target going forward. But fortunately, we like every business. Because of the low capital intensity, we try to grow everywhere. But under normal conditions we should be able to exceed the level of 2007 and 2008, given the fact that it now also includes permanent placements and staffing.

<A - **Jacques van den Broek**>: Yeah. And then because you also said if we would see it compensating the price pressure in temp, that's a very tough question. And perm is not the only tool there, because price pressure says something about the gross margin. But yeah, there's also a lot of stuff going on in delivery models, Inhouse being our more prevalent one, as we talked about earlier.

But again, we do see more and more large scale delivery models, where again as I mentioned earlier, in some countries we deliver highly automated a nationwide client from one area, and then again we have a good conversion of a relatively low margin. So it's a mix of things. And we're trying to optimize as best we can. And at the end of the day, that should result in the targets there, the financial targets, the EBITDA targets that we've put forward for you for the next two years.

<Q - **Nicholas de la Grense**>: And just, sorry, one very quick follow-on on that. When you're talking about the EBITA margin targets, do you – is there an expectation that gross margin goes up over the next two years or is that more a case of operating leverage?

<A - **Jacques van den Broek**>: You should look at the basket or the bucket there. We're still deciding what it is, a basket or a bucket. But if you look at all the balls in the basket, then it's a good mix of all of that. And of course, very difficult to predict countrywide growth, Perm growth. Where are we growing? What kind of clients? What kind of sectors? It's a big company. It's a big world.

<A - **Robert Jan van de Kraats**>: But helping you out a bit here, if you follow the normal pattern then Europe should start to contribute more. The Netherlands should contribute more, for example. permanent placement typically goes up. The admin sector starts to grow. Professional starts to grow. So a typical pattern normally in a model would show your gross margin going up. But again, if we earn through Inhouse, as you can see at the EBITA returns from Inhouse, we'd be very happy as well.

<Q - **Nicholas de la Grense**>: Cool. Thank you very much, guys.

Operator

Our next question today from Hans Pluijgers of Kepler Cheuvreux. Please go ahead.

<Q - **Hans Pluijgers**>: Yes. Good morning, gentlemen. A few questions from my side. First of all on the U.S., a follow-up question on the Professional segment. Yes, actually we're still lagging the market trends. Market is quite positive and you're already lagging the market for some quarters. Are you, let's say, intent to implement some additional measures to really catch up with the market?

And secondly on France, you already said construction remains weak. But could you give some other indication on the other end markets how there the trends are going? And I'd say also in France, your improvement compared to the market, is that across the board or in specific segments or with specific clients?

<A - **Jacques van den Broek**>: In France it's pretty much across the board, but driven by Inhouse. We've opened up quite a few new clients Inhouse. And as you know, this is a unique concept. We're the only one who really sells this and apparently our clients like it. It also works well in, yeah, uncertain circumstances. So that's pretty much across the board.

And as you know, we've already targeted the SME space, doing relatively well against market there. What still needs to come through there is the fact that if we transfer a big client to Inhouse, that the branch that needs to start growing in the rest of the market. That is taking time in a sluggish market. We've talked a lot about our ABFS. You need to put in a lot more sales and it takes longer.

That brings me to the U.S.. Yes, as mentioned, we think we can improve. This is an internal thing. We're not putting in any additional measures but we're just trying to look hard at where we can improve. And that's a mix of things. Sometimes you're stuck with some attrition rates, some players in branches leaving you. You need to start all over again. Sometimes it's the conversion from the sales into the order, the conversion from the order into an actual match. So it's a mix of things. So we need to speed up, work more effectively, and then, yes, we should improve over time. There's no silver bullet there.

<Q - **Hans Pluijgers**>: A follow-up on the Inhouse. In the past, let's say, the growth in house was a big part coming from reclarification from staffing, general staff into Inhouse. if I look a bit at the numbers, that impact is relatively limited for the growth Inhouse. Is that correct? We don't see really that much re-clarification from staff into Inhouse any more?

<A - **Jacques van den Broek**>: Well, fortunately, it's going down. Of course, we've been doing this in France for quite a few years. And we're very happy with the fact is that we are more and more selling new clients, so clients we take from competition, that we move from being handled through the branch of competition directly to the Inhouse model, or client has one form of Inhouse but not really the way we treat it and they like our story better and they switch. So yes, it's really taking market share in that segment.

<Q - **Hans Pluijgers**>: Okay. Thanks.

Operator

Your next question is from Toby Reeks of Morgan Stanley. Please go ahead.

<Q - **Toby Reeks**>: Good morning, guys. I've got two. Just sort of following on from the chat you had with Nick about the drop through rate, I know you don't want to think about drop-through rates on a quarterly basis, but your targets imply 100 basis points of margin improvement in 2016, which is a pretty strong drop through rate relative to expectations. Now, not that the consensus has got that number in, but now we are a bit closer to when that needs to be delivered, I guess.

How have your underlying assumptions on how you get there in terms of mix, geographic growth, Professional, Perm, changed or has that not really changed at all? And then secondly, on the North American market, could you tell me how big Sourceright is? And could you talk about the margins achieved in that business at the moment? Thank you.

<A - **Jacques van den Broek**>: Yes. So MSP and RPO are different animals there. So MSP is almost a cost-neutral activity and the value lies in knowing a lot about the client and also trying to deliver there. RPO is a very profitable business mix in itself, high single-digit EBITDA margins. We're very happy with the growth there and definitely helps our overall GP growth, of course, in the U.S. because RPO is a GP business by and large.

<Q - **Toby Reeks**>: How big is the RPO piece in North America?

<A - **Jacques van den Broek**>: How big is the RPO piece in North America? Yes, it's a fee-based business. Well, we'll find out.

<Q - **Toby Reeks**>: Okay. Thank you.

<A - **Jacques van den Broek**>: Yes. If you look at where we are, after – we said we're right on-track. So if you would go through again the buckets on the slide here, then the cost is on track, maybe a bit better. The top line growth is at 5.6%, so that's in the mid single-digit range, so that's according to our principles. The business mix is improving, mostly through Perm, but also Professionals growing, for example, 19% in the Netherlands. SME and Europe picking up because economic growth is improving, therefore there's more demand. And we're also targeting this segment very effectively through our field steering approach. So, the mix of that has made us take a good step in Q1. That's it.

<Q - **Toby Reeks**>: Okay. So no change to the way you're thinking about.....

<A - **Robert Jan van de Kraats**>: Toby, I'll add something to your analysis, because I don't think we're looking at the same numbers here. 2014 EBITDA was 4.1%. To get to the target range, which is 5% to 6%, we need 100 or 90 basis points' improvement. And we're now taking the first step because it's going in two years. So, I think we need to get the numbers right. That's why I'm adding. And still, I think the comment of Jacques explains how to get there.

<Q - **Toby Reeks**>: Yes, sure. Well, consensus EBIT margin is at, what, 4.6% in 2015. You're targeting 5% to 6% in 2016, yes?

<A - **Robert Jan van de Kraats**>: Yes, correct.

<Q - **Toby Reeks**>: Yes, so it's 100 basis points' margin improvement, which implies a pretty strong drop through rate from gross profit assuming consensus expectations around gross profit. That's the point I was trying to make.

<A - **Robert Jan van de Kraats**>: Yes. It's pretty ambitious. And it's also partly supported by additional cost savings, head office, back office that should support that drop through rate.

<A - **Jacques van den Broek**>: Although, again, it's not just about a drop through rate, because if you grow more in perm, then perm might not essentially have a huge drop through rate, but it might still overall help your

performance. So, you shouldn't just concentrate on the drop through rate. This is a tough word. You should concentrate on, again, all the circles in our model.

<Q - Toby Reeks>: Yes, sure. So implicit in your numbers is gross profit – gross margin improving because Perm's going up. Yes.

<A - Jacques van den Broek>: Yes. And again, as Robert Jan said, if the European economy continues then we'll see a somewhat richer business mix. This helps and it's implicit in our model. And then, our Sourceright business is around \$0.5 billion.

<Q - Toby Reeks>: Thank you.

Operator

Our next question is from Konrad Zomer at ABN AMRO. Please go ahead.

<Q - Konrad Zomer>: Hi. Good morning. Two questions, please. The first one on the Netherlands. Can you tell us what you think the impact might be on your business from the regulatory changes that will come into effect on the 1st of July, the Wet Werk en Zekerheid?

And the second question is on your finance charges in Q1. Can you explain to us why the strength of the U.S. dollar led to such a highly negative finance charge in your Q1 results? I know its non-cash, but I just would like a bit more explanation on the metrics, please.

<A - Jacques van den Broek>: Okay. I'll do the first one. Well, we're able to pass through these costs for the effect of – you have a very nice way of calling the Wet Werk en Zekerheid. You do it with an English accent. That's very interesting.

Yes, it's just a reset of the rules of the game. So it's always been the case that the client, at some point in time, needs to decide if he wants to hire a temp or if we hire a temp. So we don't see it currently as a big effect on the top line. The biggest effect, as always, on the top line, of course, is economic growth. That is improving in the Netherlands. And there's also a catch-up effect, because a 10% growth rate, given where we are economically, implies that there's again some catch-up effect.

As you probably know, Konrad, penetration rates in the Netherlands are lower than they were in 2008. So, yes, we'll have the discussion with clients on the ideal mix that he has as a company. But they're also faced with an uncertain future. So, we don't expect penetration rates, as a result of this law, to go down.

<A - Robert Jan van de Kraats>: Well, Konrad, welcome to the bookkeeping world. The currency change or the increase of the U.S. dollar again has resulted in a significant increase in the equity position of Randstad. But it also looks at positions internally. And let me be very clear, at Randstad we follow economic logic. So that means that we match U.S. dollar earnings with net debt composition. So we aim at redeeming the syndicated loan through the dollar earnings, for example, so that streams through clearly.

In order to get U.S. dollars from America to our treasury center in Switzerland and then into the syndicated loan, you can wait for dividend payments, but that takes long time. You cannot pay a dividend monthly. But we like to redeem the loan very frequently because that, economically, is the most efficient way to do it. So what we do is we take out money from the U.S. We bring it through the treasury center into the syndicated loan. And as a result of that, you get a current account which is netted out against the dividend payment a little later. And that's where you get a currency translation effect in the P&L. So it is translation of temporary internal positions. I hope this helps. If it doesn't, give me a call.

<Q - Konrad Zomer>: Okay. Okay. Just to follow up on my first question, what I haven't been able to figure out from the legislative stuff on the Wet Werk en Zekerheid, if a temp has been employed by, let's say, ING or Nationale-Nederlanden, which has been in the press recently for two years, they should offer him a permanent contract. Does this also apply, this two-year period, to temps that have been working for Randstad for two years i.e. do you need to offer them a permanent contract once they've worked for you at various employers for two years?

<A - **Jacques van den Broek**>: First to ING and Nationale-Nederlanden, it's always a bit interesting that one client then becomes the headline. As you probably know, Nationale-Nederlanden and ING have been trimming down a fixed head count for quite a while and rather dramatically. They're not the only one. Many banks and insurance companies are doing that, and you know the reasons why.

So this is a client that looks at his flexible layer and also compares it to his own fixed head count going down. So he's not prone to hire temps after a certain period because that's not what he wants to do. So it's an isolated discussion, which is far more geared towards the strategic outlook of a client on his head count than it has to do with the law, as such. And indeed, if a temp has been working through us at the same employer for two years, then the moment comes up, as it has been for three years in the last legislative system, then something needs to happen. We either hire him, the client hires him or the job gets – the job finishes.

We do think this is a bit of a too-isolated look from the government. You know our vision on this. You need to look at changing the labor market towards a future and the future is flexibilization. The future is jobs on demand. The future is working at home. So you need to regulate flexibility. If you don't do that, you get the systems that we had in Latin Europe. Even before the European crisis, there was 8% to 10% structural unemployment. So it's not like if you make flexibility unattractive, it becomes fixed. It becomes either jobs that disappear or it becomes a bad regulated flexibility, because next to the structural unemployment in Southern Europe, we've always seen quite an extensive, call it grey or black sector, of around 20% to 25% of total economy. So as mentioned by me in several media, we're very open to discuss with the legislative in the Netherlands on a holistic approach, creating a modern job market and labor market with a place for everyone. It's about work and not a job.

<A - **Robert Jan van de Kraats**>: Okay. And...

<Q - **Konrad Zomer**>: Thank you very much.

<A - **Robert Jan van de Kraats**>: Konrad, I'm adding two lines that might benefit others as well on the currency issue. If you translate, within Randstad, the value of our American business on the consolidated balance sheet, that adjustment relating to the U.S. dollar goes into equity. If you translate a U.S. dollar position within the treasury center in Switzerland, which is denominated in euros, if you translate those dollars it goes into the P&L. So this is bookkeeping and I'd like you to keep that in mind as well.

<Q - **Konrad Zomer**>: Okay. That's very helpful. Thank you very much.

Operator

Our next question is from Marc Zwartsenburg of ING. Please go ahead.

<Q - **Marc Zwartsenburg**>: Yes. Good morning, guys. Two questions from me as well. First, Robert Jan, can you give an indication of the cost savings that you achieved already in Q1? And if you had to say – and is it that the €9 million charge you take for your Netherlands, will that add to the cost savings target? And does this also imply that the Netherlands might overachieve its target in the 6% to 7%? That's my first question.

And the second question is on the Netherlands. Looking to your EBIT margin, and I also heard the accusations from one of your peers a couple of weeks ago on the Dutch gross margin. Can you give us a bit of a feel, because that seems to me that that's more a mix thing and a difference in delivery models than pure pricing pressure or how you call it? So can you give us a bit of a flavor what the gross margin trend is in the Netherlands and what part of that is driven by mix from Inhouse, for instance? Thanks.

<A - **Robert Jan van de Kraats**>: Yes. On your first question with regard to the cost savings as a result from the restructuring at the end of last year, we said it would come through in the course of Q1, starting relatively early. That means it's just north of €5 million per quarter. So we're very close to that number for Q1.

<A - **Jacques van den Broek**>: And the Professional space – the Professionals one is a different one, Marc. So what we did, and, by the way, one quarter earlier than we would have expected, we've grouped these three companies together.

When you look at our professionals business in the Netherlands, based on what we call effective modeling, the

teeth-to-tail ratio was not great, meaning we had too much management and not enough frontline people. So most of what you see coming out at the €9 million severance provision, but it's also real estate, by the way, it's a mix of these two things, because we're going to also, of course, we're going to work with less and combined branches.

We would like to put in also quite a large part of this €9 million, over time, back into frontline people, because, as you can see, the business is growing at 19%. If we keep up this commercial momentum, it's definitely the right moment to get these people in. So it's not like €9 million is going to be pure cost savings.

Lots of it is going to be invested in frontline people. So that's good. Yes, well, we're very happy with our Dutch performance. Commercial aggressiveness has been upgraded, as you can see. And it's taken effect in the SME space.

Definitely helps in our business mix. Perm is growing 20%. Very helpful. And indeed delivery models, an increasing part of the orders in the Dutch business is not generated through the branch, but through delivery models, not just Inhouse but also for large banks, large government offices, in central delivery models, in central locations, heavily automated. So again, it gives us a relatively high return on the gross margin, so gross margin is one. Conversion is the other. Apparently, we're doing slightly better than competition here.

<Q - **Marc Zwartsenburg**>: Yes. That's true. On the conversion, that's also what I see. Maybe can you give us an indication of the gross margin trend year on year and if that is purely down to, for a big part, due to just mix and different delivery models?

<A - **Jacques van den Broek**>: Yes. It's overall pretty stable. So we do see pressure with large clients. It's slightly going down, but that's offset by, again, conversion and cost level.

<Q - **Marc Zwartsenburg**>: Okay.

<A - **Jacques van den Broek**>: But we can work with going down, as you know. If you would look at the gross margin in the Netherlands quite a few years ago, where it is now, it's a tough job, but we're coping.

<Q - **Marc Zwartsenburg**>: So what you're saying is actually that the price pressure is offset by putting in a different delivery model and that's why the EBIT margin continues like that?

<A - **Jacques van den Broek**>: Yes.

<Q - **Marc Zwartsenburg**>: Okay. Clear. Thank you very much.

Operator

The next question is from Angus Staines of UBS. Please go ahead.

<Q - **Angus Staines**>: Hi, guys. Just one question from me. Sorry. You've already discussed it in a bit of detail, but is there any more color you can give around the Inhouse strength growing by 17% organically and expansion in margins? Any idea or indication where that is regionally? Or perhaps even expand on the comment that you made around the certain circumstances in France where it works well? Thanks.

<A - **Robert Jan van de Kraats**>: So if I understand you correctly, you want us to give color on the Inhouse growth per country?

<Q - **Angus Staines**>: Big picture, yes, please. It doesn't need to be too detailed.

<A - **Jacques van den Broek**>: Big picture is we see pretty decent growth in many markets. Certainly it's – yes, it's mentioned, but not with percentages, by the way, on slide 19. So of course, France, we do it there explicitly because it's a large part and very much against the market in a good sense, but also our Dutch business still doing well, also our German business. This goes back to my earlier answer to another question that our large clients are still using structural temps and like it.

So it's a pretty broad-based, as you can see, Iberia, North America. This is partly the uplift, also the fact that our

Inhouse model, which started in the blue collar logistics environment, is now increasingly used also in the white collar environment, and it opens up the market more for us. So this also fuels growth.

<Q - **Angus Staines**>: Great. Thanks.

<A - **Robert Jan van de Kraats**>: Last question, I think, operator.

Operator

Our final question today is from Yves Franco of KBC Securities. Please go ahead.

<Q - **Yves Franco**>: Hello. Good morning, gentlemen. Some questions from my side. Can you give us some timing, or is it difficult, on the rebound of the U.S. Professional segment? I understand that should be around the second half of 2015?

And then on the Dutch segments, clearly you're being – you're becoming commercially more aggressive in SME for some time now. Can you share with us where you are in the share of wallet there, because you were at 20%? Your target was 30% of revenue. How far are you now? Thanks.

<A - **Jacques van den Broek**>: Yes. On the first part, that's a tough call, Yves. We're working hard on it. And I say to my people as soon as possible. But I cannot give you an exact call. It's simple. We're working in a good market. Our ambition is to be at or ahead of market. And yes, they need to move faster here. I cannot give you a timetable. This is about people.

<Q - **Yves Franco**>: Okay.

<A - **Jacques van den Broek**>: And the second question was on SME. Yes. This is a bit too detailed, in a way. It's simple. SMEs, if it outgrows the overall growth in the Dutch market, so that 10% overall, and then SME growing between 15% and 20%, then it becomes a bit of a larger pie. But it's probably currently around 20%, 25%.

<Q - **Yves Franco**>: Okay. Thanks. And maybe – okay. That's fine. That's fine. Good.

<A - **Robert Jan van de Kraats**>: No, tell us. What is it?

<Q - **Yves Franco**>: No, but maybe some follow-up question on the increased activity levels. Last year, you recorded a 30% year-on-year growth. What – where are the – where does this figure stand now? And how does this – it's difficult to say, but which conversion results from placements that have been recorded from that increased activity, I guess? But can you share with us if this level goes up first, or? Thanks.

<A - **Jacques van den Broek**>: Yeah. We're now increase – we're now focusing, well, less on the absolute amount of activities, because that's where you start there. You start visiting and calling more, sending out more candidates. We're now focusing more on the quality of the funnel, as we call it. So we're looking at what people are doing. What are they discussing with clients and how does it lead to a more effective order intake? And then of course, when we talk candidate management, certainly in our professional space, can we fill more orders? So we're now more focusing on the quality of what we do. And then the quality is, by and large, we think, sufficient to fuel our growth goals.

<Q - **Yves Franco**>: Okay. Thanks.

<A - **Robert Jan van de Kraats**>: Thank you. Well, I'm finalizing the call now. But before doing that, I'd like to again mention the analyst event that we'll have next week in Barcelona, on the 7th and the 8th of May. I think we're going to see 15 of you over there. We'll talk about some of the details of our business in Southern Europe, for example. Then, we have the publication of the second quarter results, which is scheduled for July the 30th. So, looking forward to either see you next week or to meet you again at the end of July. Thank you so much. Have a good day. Bye-bye.