

Randstad Q1 2026 Earnings Call - 22 April 2026 09.00 am CET

Sander van 't Noordende: Good morning, everybody. I'm here with Jorge and our Investor Relations team to share our Q1 2026 results. I am proud of our team's continued execution of our Partner for Talent strategy, which is delivering a strong foundation for our growth ambitions.

As a result our growth has broadened with 63% of Randstad now in growth, up from 50% in Q4, which equates to 0.4% growth for the quarter. Overall volume in contingent work was resilient with strong momentum in the US and Southern Europe, especially in our Randstad Operational business. We see further stabilization in industrial markets in North-West Europe, while the permanent and professional markets remain challenging. APAC remains robust.

Together with strong adaptability this has resulted in a solid performance with revenues of €5.5 billion and an EBITA of €146 million, representing a 2.7% margin.

Volume trends in early April have been encouraging and so far we have seen very limited impact from the geopolitical situation in the Middle East. As you would expect we are monitoring the situation vigilantly and are in constant dialogue with our clients to understand the impact they are noticing on their business. However, the current trajectory of our business gives us confidence for the months ahead.

As we move further into 2026, we continue to progress well on our Partner for talent strategy.

Our Growth through Specialization is fueled by the 10x10x10 initiative: 10 markets with each 10 opportunities of 10 million or more.

Jesus and the team are doing a fantastic job here and secured over €600m in new wins in Q1.

- In Operational, we saw an uptick of client activity across our industrial segments particularly in manufacturing, including skilled trades, markets such as Germany and Italy. We saw strong growth in the logistics sector with increased hiring forecasts in key markets such as the US, France, and the Netherlands.
- In Professional, we see momentum improving in Engineering in the US, Italy and Japan. We are growing in Healthcare, primarily driven by the Netherlands and Italy.
- After a slow January in our Enterprise business we expect trends to sequentially improve from here as we secured a number of new clients this quarter across life sciences, semiconductors, and energy. The health of our pipeline also bodes well for the rest of the year.

We celebrated the roll out of our digital marketplace in the UK. And once again, talent loves it. Within 2 hours we had 77% of the targeted talent on the App. We now live in nine markets. In March alone, we managed close to 600k self serviced shifts, with around 240 thousand monthly active users.

We also went live with the front and mid-office of our Randstad Talent Platform in Italy, with our DMP to follow later this year.

80% of our staff are now AI-trained. Working smarter and more efficiently is essential to continue driving down indirect costs as a percentage of revenue.

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As we enter 2026, I am proud of our teams as our Partner for Talent strategy and commercial success provides a strong foundation for our growth ambitions.

Let me say a few words about the role of AI in the labor market.

We are AI optimists. In the context of an aging population and persistent labor mismatches, we view AI as a critical enabler for a very welcome productivity boost. There are a few key points I'd like to make:

- First, studies show that the base case for the impact of AI is a job loss of 6-7% over the next 5-10 years, with a particular focus on clerical roles, customer service, marketing and design and software development, where our exposure is currently limited.
- Then it looks like AI is more about task and team augmentation than outright job replacement. So roles will change over time. We call this the great adaptation of the workforce.
- Finally the phenomenon of jobs disappearing and new jobs emerging is of all ages. Of the jobs we cater for today in Randstad around 70% did not exist 65 years ago when we started Randstad. Our first temps were mostly Executive Assistants, which today are a fraction of our business.

So what does this mean for Randstad?

- First of all, Randstad Operational and Healthcare are two-thirds of our business today. These are typically jobs that are human-centric and minimally impacted by AI. Think about Maintenance Technicians, Welders & Fabricators, HVAC specialists and of course nurses and careworkers.
- Secondly our strategy is to ensure that we are highly relevant where the future jobs are. That is why we have our 4 specializations, each with its own growth segments, such as skilled trade, logistics, engineering and health care. As the Canadians say, we are skating where the puck is going to be...

In summary: we believe that, by taking the right actions per our Partner For Talent strategy, we can navigate and benefit from the impact of AI on the labor market over the next 5 to 10 years.

Jorge, over to you.

[Jorge Vazquez](#): Thank you, Sander, and Good Morning, everyone.

Overall, We are happy to see that this quarter mostly came in line with our expectations, the trends are consistent and more stable, and the changes we are doing are more structural.

We saw sequential improvement in growth rates across most of our markets, and we returned to organic revenue growth.

This growth is led by our operational business, which grew 3% globally, including a strong +8% in the US where our digital marketplace is driving tangible market share gains.

It is also positive to see manufacturing PMI's above 50 in most markets

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While remaining vigilant on geopolitics, we balance momentum with strict discipline and investments in our roadmap. Not only to protect the bottom line but also in growth to ensure we have the operational gearing ready for the coming quarters.

A small note, we have simplified the reporting structure by removing the regional subsegments in Europe. Where applicable, the comparative figures are presented to align with this new structure.

Let's break this down, starting with the regional performance, on page 9.

In North America, continue to build throughout the quarter, with strong exit rates in our industrial sectors.

US Operational grew 8%, significantly outpacing the market, and its double-digit profit growth validates our new model of central delivery and the digital marketplace.

Professional is down 8% but improving sequentially, with perm returning to growth.

Enterprise started slow but ended with strong exit rates, driven by major new wins and a solid pipeline.

Digital faced muted Q1 demand but adapted well. Canada mirrors the US, with strong operational growth offsetting a slower Enterprise start.

Overall, the North American EBITA margin was 3.0%, down 20 basis points year-over-year, delivering a 78% Recovery Ratio.

Moving on to the Major European Markets on slide 10.

European momentum is improving across our major markets, though the split between a strong south and a slower north remains.

In the Netherlands, organic revenue returned to growth, driven by continued good performance in healthcare and solid positioning with large logistics and e-commerce clients. We spent Q1 implementing the new CLA together with our clients and - while complex and not finished - we progressed well and expect this to be concluded in the next few weeks. Overall profitability came in at 4.4%.

Germany

- We are seeing early signs of recovery, down just 4% driven by improving PMIs.
- Industrial pockets are returning to growth, and while Automotive is still declining, it is clearly bottoming out.
- The transformation we started last year is paying off as the business pushes hard to return to growth at a more sustainable level of profitability.

Belgium declined 6%, with operational at -4%. The weakness in the market is mostly around permanent hiring and office jobs.

France

- It remains a two-speed market. On one side, our inhouse portfolio is up 11%. On the side, SME and Perm segments are currently lagging the market.
- Professionals also declined 13% year-over-year, with volumes weighed down by recent healthcare

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legislation.

- Overall profitability came in at 3.9%.

Italy's

- Growth accelerated on the back of a successful Olympic campaign, with Operational up 9% and Professional growing 6% as our recent investments pay off. Profitability came in at 5.1%, impacted this quarter by our Olympic brand awareness campaign and strategic investments for the platform.

Iberia had a fantastic quarter (+9%), led by Spain (+10%) where we are firing on all cylinders, and we continue to invest in further growth both in people and capabilities.

Moving on to international markets on slide 11.

International markets are a bit of a mixed bag, so let me quickly unpack.

In Europe

- We celebrated the go-live of our DMP in the UK and it is great to see our first talents using the platform.
- Poland (+2%) and Switzerland (+3%) continued to grow, offsetting the subdued Nordics still at -11%).

In Latam

- We saw good momentum in Brazil, offset by ongoing tough macro in Argentina.

In Asia Pacific.

- Japan continued its solid growth at +5%. We continue to invest to capture structural opportunities, particularly in the Tokyo and Digital areas.
- Australia and New Zealand declined 4% with some signs of stabilization
- India accelerated growth to +16% as we continue to invest in growth segments there
- Overall, the EBITA margin for the APAC region came in at 3.6% reflecting growth investments.

That concludes the performance of our key geographies. Let me now walk you through our combined financial performance on slide 13.

Looking at the revenue mix, we see the trends of the last few quarters continuing. Operational sees momentum accelerating and growing 3% (Q4: 0%). Professional also improved QoQ due to strong demand in Healthcare in NL and Italy, and Engineering in US & Japan. Digital and Enterprise started the year slowly, and tougher comps certainly did not help. Pipeline, deal wins, and exit rates for Enterprise look better as we look into Q2.

Our gross profit and OPEX were well aligned, but more about that later.

The quarter's EBITA margin was 2.7%. Underlying EBITA was 146m euros, with an adverse FX impact of ~6mIn on EBITA - which will start leveling off from here.

Integration costs and one-offs In Q1 amounted to 23mIn. This quarter this was mostly related to

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harnessing the environment in North / Western Europe, as we continue to drive structural change across our organisation.

Net finance costs - just the regular interest payment, lower YoY reflecting net debt coming down.

The effective tax rate for the first 3 months was 31%, we expect for 2026 an ETR towards the higher end of the 29-31% range

This all leads us to an Adjusted Net Income of €91 million for the quarter.

With that, let's continue and look at our Gross Margin bridge on slide 13.

A few things about Margin.

Gross margin came in at 18.5%.

Temp margin is down 60bps YoY.

- Operational remains more resilient versus Professionals and Digital specializations;
- Geographical divergence, with Northern Europe below group average and Southern Europe continuing to do better
- Adverse FX in Q1 2026 before the Euro rally started
- Timing of incidental items last year between Q4 and Q1

Perm contribution was down 20bps - stable at low level - as key European perm markets remain challenging.

In HRS/Other, flat.

This is the market at the moment where the majority of GM pressure is simply a reflection of the continued growth divergence across our portfolio - Albeit most of this pressure starts to annualize as we progress through the quarters ahead.

That brings me to the OPEX bridge on slide 15, and this one is sequential.

Underlying operating expenses were €873 million, moving in lockstep with Gross Profit. F

Despite inflationary pressures, we lowered costs quarter-over-quarter and are building clear operational leverage.

We are achieving this through delivery excellence—growing volumes in key markets and delivering through more productive talent services models without adding as much headcount. In fact, the correlation between volume and FTE is at a six-year low.

We continue to reduce indirect costs as a percentage of revenue through scale and technology.

Overall, the importance here is the changes of the past 3 years proving to be structural, with the last 4 quarters ICR of 68%.

What this means is that we are improving our ability to offset gross profit declines by reducing OpEx, or to convert gross profit into EBITA as growth returns.

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With that in mind, let's move on to slide 16, which contains our Cash Flow and balance sheet remarks.

Moving to the balance sheet, our underlying free cash flow for the quarter stood at negative €98 million.

As we typically have our most seasonal negative working capital movements, such as VAT, wage taxes, commissions and prepayments.

In addition we had a delay in invoicing at the beginning of the quarter in the Netherlands following the implementation of the new regulatory framework of about ~40mln.

This will obviously normalize in the coming period.

DSO came in at 57.4 days, up 0.7 days sequentially and reflecting mix and the delay in invoicing.

Net debt decreased €131 million year-over-year, and our leverage ratio stands at 1.5x.

And that brings me to the outlook on slide 17.

Looking at current momentum

- We see the positive volume trends in February and March continuing into April giving us confidence for the months ahead
- Remember, we have seen no direct impact from the Middle East, but we remain vigilant.
- Q2 2026 Gross margin is expected to be slightly down sequentially,
 - reflecting the seasonal step up in volume higher volume from large clients
 - Lowest working day quarter of the year
 - ongoing reluctance by client and talent in permanent hiring
- Operating expenses are expected to increase slightly QoQ - but always with strict operational discipline.

To summarize

- By sustaining our growth momentum, continuing to drive productivity from how we run our business and structurally reducing the cost to support it, we are inherently building operational leverage.

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That concludes our prepared remarks, and we look forward to taking your questions - Operator?!

Q&A

Q - Andy Grobler (BNPP): Well, hi, good morning. Thanks for taking my question. Just the first one on the Netherlands, which was much stronger than it had been. And you talked about Zorgwerk impacting that, but I guess Zorgwerk is relatively small. Can you just walk through the maths of what has changed and how much of that is due Zorgwerk and how much of that is due to the rest of the business?

A - Jorge Vazquez: Okay, well, good question Andy. I'm first going to say that I think that the team in The Netherlands has done an outstanding job in engaging with the clients and managing this through this whole situation, so that is phenomenal. We said it was manageable and it turned out to be manageable, So I think that's very good. I'm going to ask Jeorge to say a few more about the economics of all this.

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Yeah, so I would say, Andy, at the very high level, probably the step up from Q4 into Q1 in this particular case in the Netherlands, I would expect about half of it being connected to the good performance of software, healthcare. I mean it's not a small company to be clear. And that has also to do of course, that now this makes part of our organic growth rate. So that's as we analyze basically the acquisition of Zorgwerk and the remaining 50% has to do with strong performance in e-commerce and logistics and in general legislation as well. Now including the support into Q1.

Q - Andy Grobler (BNPP): Just on a slightly different topic, given the rate environment, what are your expectations for finance costs through the remainder of the year, please?

A - Jorge Vazquez: Finance costs, interest. Yeah, to basically continue down. I mean you can see, we can see we start the year with already a lower FIFE into the year and we continue to expect trending net debt down year over year, especially towards the second half of the year, as we always have the positive sides of operating working capital.

Q - Andy Grobler (BNPP): Okay, so we can expect similar levels through the remainder of the year as the Q1 number?

A - Sander van't Noordende: Yes, we can expect similar numbers to draw the remainder of the year.

Q - Remi Grenu (Morgan Stanley): Morning, gentlemen. Yeah, my question would be on the momentum of activity. You're flagging that April was in line with March and I guess with the -0.4% in January and you're going to go through the quarter, it probably means that the current run rate is north of 1% organic growth in the later part in terms of exit rate and April. So if you could confirm that and try to think about the better momentum that you've experienced in the business and the potential negative effects from the environment. I'm trying to understand what's the base case you're working on internally. Would it be like continued improvement in temp and maybe a little bit of weakness in permanent recruitment? Just a discussion around that set up.

A - Jorge Vazquez: First of all, let me talk about momentum. I think the most important point is what Sander mentioned in the beginning: the step-up is broader. Practically all markets have shown better momentum, with perhaps only Belgium being the exception. All our other markets have stepped up, which sustains our belief that we have made a significant move forward.

We also see that PMIs have improved significantly, or at least remained positive in most markets during Q1, which gives us further confidence. At the core of this, if we look at the quarter, you will remember that our exit rate was approximately -0.4% in January. While we saw a step-up in February, I prefer to take February and March together given the amount of working days and holidays. That brings the exit rate to somewhere between 0.5% and 1%.

Our productivity remains in line, and we are carrying that momentum into Q2. Although there are adverse comp effects, we also faced those in Q1. For now, we are taking it as it comes, but the current trend gives us strong confidence for Q2.

Q- Remi Grenu (Morgan Stanley): Okay. And just to follow up the discussion on temp versus perm for the outlook, I mean we've heard some of your competitors being a little bit more cautious on permanent recruitment for the next few months. Is it something that you're looking at as well? And any insight from discussion with clients on that side?

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A - Jorge Vazquez: Remi, I also mentioned what you likely see at the moment: if you look at the actual absolute amounts invoiced, they are quite stable. What you see is that critical roles are being replaced, but when clients will have more confidence and when talent will start changing jobs or organizing work with more permanent roles, we don't know.

We also have some green shoots in the US in terms of permanent recruitment, while perm in the EU is still very weak. What I would argue is that this is a context where uncertainty typically causes any seasonal work to be primarily absorbed by more temporary, flexible solutions, and that is exactly what we see at the moment.

Q - Rory McKenzie (UBS): Good morning all. It's Rory here. I wanted to ask about the digital marketplace, which you said did 1.45 million shifts in Q1. I want to ask for more context regarding that number.

For instance, how many shifts did your business deliver in total in the quarter? Also, what kinds of shifts are moving to this marketplace? Is it more for short-term one-off covers, or are customers using the DMP to change how they staff entire businesses? Finally, could you talk about whether this is changing your impact on the market in terms of acquiring new clients, or is this primarily about increasing wallet share? Thank you.

A - Sander van't Noordende: Yeah, very good questions. Rory, let me sort of start from the top. Obviously, this is all about making sure that Randstad supplies or delivers what we call immediate talent availability.

I always say to the teams: we need to have the talent already there before the client even knows they need it. You can only do that with digital technologies. That means that in our Operational business, our biggest example being, of course, US Operational, we also have marketplaces in healthcare in France, the Netherlands, and Australia.

In Operational, we have started in a number of countries, including Canada, Australia, and Japan. This is becoming a widespread phenomenon and an integral part of our strategy as Randstad. Why do clients like this? Clients like it because they get what they need, so the fulfillment is higher and it is easy to do business with. For some clients, we are directly connected to their operational systems; the shifts they cannot fill are put immediately onto the marketplace. Those shifts are filled within minutes or hours. Generally, 50% to 60% of the shifts are filled within one hour, which gives the client confidence that the people will show up.

Another benefit for the client is that because people have selected those shifts themselves, the no-show rates have basically been cut in half by 50%. There is nothing but "goodness" in there for the client. For the talent, there is also benefit because they can now decide when and where they work. They can do that at the moment they like, typically in the evening. They don't have to call one of our consultants; they can decide for themselves.

Again, with no-show rates improving, there are clear benefits for both clients and talent. These benefits also add up to advantages for Randstad. A higher fill rate means more business, and reduced no-shows also mean more business. A higher fill rate leads to happier clients and happier talent. Of course, there is also efficiency and productivity because there is no human intervention. The client enters their own shift, and the talent selects their own shift. That means zero marginal cost when there is more demand,

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meaning ramp-up is a lot easier because we have the talent ready. If a client decides they need 10 or 20 more people the next day, we put the shifts on the marketplace, and it all works.

I am absolutely convinced that our growth rate in US Operational this quarter is driven in part by the fact that we have a digital marketplace. When the market ramps up, you need to be quick. If you have the talent already there and it is just a matter of filling shifts through the digital marketplace, it is all good for our business. Currently, we have 15% of our business on digital marketplaces roughly €4 billion. You can think of it as €3 billion in Operational and €1 billion in our Professional space, which runs Randstad Digital in North America.

This year is going to be a year of rollout, where we start in a number of new markets, I mentioned a few of them already, so that next year we can scale. By the end of the year, we are looking at 22% of our business going through digital marketplaces. Last but not least, the excitement this is creating within Randstad is quite phenomenal because our people see that they are differentiated in the marketplace. We have more and more clients saying, "We want to do business with Randstad because you have the digital marketplace." It is easy for them, but it also means access to talent, because talent lives in the digital world, not in a branch or somewhere else. It is exciting for our people because we have something new and differentiated, and it works very well.

As you can tell, yes, I am really excited about all of this, and as far as I'm concerned, it cannot go fast enough.

Q - Rory McKenzie (UBS): Yeah, thanks, that's a lot of detail. Thank you very much. Just one follow-up, if I can, is to perhaps link this DMP to what you talked about on slide 8. You discussed AI in the world of work at a broad level, but perhaps not specifically how AI could reshape the channel of connecting labor demand and supply.

Do you think, and do you hear, that clients are engaging with many different digital marketplaces for various types of labor or channels? Additionally, what do you think will happen to the overall landscape of labor supply as a result?

A - Sander van't Noordende: Yeah, that's a good question. If you add up the market share of all digital-native companies combined in our space, the numbers I've seen show they have a combined market share of around 5%. That includes the likes of professional marketplaces, freelance marketplaces, and operational marketplaces for waiters or nurses.

So, the digital phenomenon in our industry is still relatively small. That means there is a massive opportunity for us at Randstad to scale and to take share over time, because not all players will be able to implement a digital marketplace at the scale that we can. First of all, because it's hard work, but secondly, because you need the expertise. But secondly, it's also big investments, and we're fortunate enough to have a strong balance sheet so we can afford those investments. So it's going to be an interesting time in terms of digitizing the industry.

Q - Simon Lechipre (Jefferies): Good morning. First question on the gross margin for Temp: I was a bit surprised to see the performance getting incrementally worse despite the better top line. Can you give us a bit more color on the different moving parts, and what does that mean regarding the drivers of this better top line? Thank you.

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A - Jorge Vazquez: Thank you, Simon. We had spent some time on Q4 already highlighting that we should basically look at the two quarters, Q4 and Q1, together. We actually think our gross margin came in right in the middle of our expectations, as did the Temp margin.

In Q4, we had 40 basis points, and in Q1, we now have 60. As you remember, this was impacted by incidental items last year between Q4'24 and Q1'25. Therefore, I would take the underlying run between both at approximately 40 basis points.

The good thing is that it came within our expectations, and we now see it stabilizing as many of these movements start to annualize as we go into the later quarters of the year.

Q - Simon Lechipre (Jefferies): Okay. And a follow-up on the Netherlands: obviously, there was quite a step-up in top-line. However, it seemed like the drop-through was quite weak, with the margin declining year-over-year. Can you give us the details behind this performance, please?

A - Jorge Vazquez: Yeah, if you look at the 4.4%, that is probably the run rate when compared to previous quarters. As I mentioned, last year there were incidentals, particularly in the Netherlands, associated with sickness rates and how we have started normalizing for the higher sickness levels seen over the last two to three years.

If you take that into account, I think things are pretty stable in the Netherlands; in fact, I would argue that compared to Q4, performance is even slightly up.

Q - Simon van Oppen (Kepler Cheuvreux): Good morning, gentlemen. Thank you for taking my question. Could you give us a little bit more color on your working capital in Q1? We saw free cash flow was negative €100 million versus €60 million last year. We understand that H1 is usually seasonally light in terms of cash inflow and that staffing companies tend to absorb working capital as they grow.

However, we noticed that DSO increased year-on-year to 57.4 days versus 55 days last year, which is quite a step up, especially since one might assume you are dealing with broadly similar country mix effects as peers, who seem to manage to bring DSO down while growing faster.

Any thoughts on what is behind this difference would be helpful. Thank you.

A - Jorge Vazquez: Yeah, thanks, Simon. So first of all, the fact that it is negative, I think it's been like that from 2018 or 2019 through to 2024. Q1 is always a quarter heavily impacted by working capital and typical investments. As I mentioned earlier, that has to do with all wage taxes, payments, VAT, but also commissions, bonus payouts, and even specialist costs. We have a lot of software licenses, which involves the prepayment of many of those licenses. So that is the normal impact.

What we did have this year is a delay on invoicing in the Netherlands. That has a bit of an impact, especially compared to last year. In January, we were late by approximately €40 million to €50 million in invoicing, and that spills over into the next quarter. This is due to the implementation of the new CLA legislation here in the Netherlands, which is now resolved. So, it should basically normalize as we go into the year.

If you ask about the comparison to last year as well, you will remember we had quite a low free cash flow generation in Q4 2024. That was primarily because the end of the year fell on a weekend, so we

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received a lot of payments that were paid late into the first days of January last year. That affects the year-on-year comparison.

In terms of the trajectory for cash, we remain unchanged throughout the year. Comparing us to our competitors: look, DSO is not an established metric, as everyone uses their own definition. At the same time, our divergence in mix is quite significant. If Italy and Spain are outgrowing the market, that will play a role in our DSO. However, we see our overdues continuing to decrease, and credit losses are even at historically low levels. To be honest, I am quite confident in the DSO and the cash trajectory.

Q - Marc Zwartsenburg (ING): Yeah, good morning, Sander. Good morning, Jorge. I would like to ask a question about regional margins across a couple of regions.

First of all, regarding the Netherlands: you just explained that there is a bit of a normalization with sickness rates and that the margin is slightly lower. However, on the other hand, we also have the new regulation in place with better pricing, and we have Randstad Digital doing really well. So, perhaps you could share a few thoughts on how we should look at the margin going forward for the Netherlands.

And if I look into North America, with weaker Enterprise but also the benefits from the digital marketplace, shouldn't we expect to see significant positive operational leverage at some point, both in North America and then in other regions? Finally, France and Italy are growing very fast, but we don't see a drop-through. Can you explain why that is?

A - Jorge Vazquez: Yeah. So first of all, to give you a short answer: yes. It's good to speak to you, Mark. What I mean by this is that, clearly, we don't optimize for a single quarter. There were a few timing events this quarter, but as we move from the lowest seasonal quarter of the year into the highest seasonal quarters Q2 and Q3, it is very clear that in countries where we are growing, we are going to deliver operational gearing.

That is basically what we expect to see, driven by both the productivity that Sander alluded to before and everything else we've been doing to reduce structural costs. So, I'm quite confident that we're going to be delivering gearing in the countries where we have growth. In the ones where we are not yet growing, we're working hard to keep improving, making them more agile and resilient, and ensuring they also make a step up.

Regarding the Netherlands, I want to be clear: the regulation might actually be dilutive from a gross margin perspective. There are a lot of additional costs that have to be passed through to the client, which affects the end impact on our margin; the initial pressure will be dilutive. However, we've also been adjusting our cost base. You saw the one-offs this quarter, which were primarily related to the Netherlands, as we look at how to step up in profitability. For now, I would say this level of profit is going toward 4% to 5%.

Q - Marc Zwartsenburg (ING): And in Italy, in Spain where you're growing so fast, we don't see really operational efficiencies there.

A - Jorge Vazquez: Yeah, I also watch this space. So again, I told you there were some timing issues this quarter. In Italy in particular, we've been investing. We also had an important marketing campaign this quarter, specifically in Q1, associated with the Olympics. We have also been investing in the rollout of our platform that Sander just described. In Spain, we can see we continue to add headcount year-over-year.

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So, we've been investing and we continue to grow ahead of the market. I'm quite confident this country will be showing operational gearing throughout the year.

Q - Marc Zwartsenburg (ING): That's very clear. And US, is there any benefits at some point that we should see?

A - Jorge Vazquez: The US. I think the marketplace has some investments, but as we progress into Q2, the same partially, there was an impact on enterprise. We started here somewhat subdued. Again, we talked about, Sander talked about pipeline, we talked about client implementations. All in all, if I look ahead, it's about also showing operational gearing.

Q - James Rowland-Clark (Barclays): Hi, thank you. Two questions, please. Regarding the marketplace you were just discussing: do you think that's resulting in any new client conversations at this point, or simply just better client conversations and more engagement? Also, on a similar topic, can you provide any color as to the profit line benefit from the marketplace in Q1? Perhaps on an annualized basis, if possible.

My second set of questions is regarding the gross margin, which you suggested should ease through the year. I'm curious as to how you think that plays out, because it looks like the lower-margin regions in the Temp business are set to continue to outperform the higher-margin regions. I am interested in your thoughts there and what you need to see in order for that mix effect to ease substantially. Thank you.

A - Sander van't Noordende: Thank you very much, James. Regarding the marketplaces: that is absolutely driving new client conversations. In fact, I am personally out there with our commercial team in North America having those conversations with some of the large logistics and service companies in catering, etc. They are all interested in hearing about what we call the 'digital talent supply chain.' These clients generally are very focused on the digitization of their logistics, procurement, and sales, but the talent supply chain is somewhat behind in terms of digitization, and that is what we offer. This means higher fulfillment, as we discussed, but also much more transparency, compliance, and opportunities for analytics and optimization within that workforce. So, yes, those are the benefits at a high level.

I will ask Jorge to provide more detail, but the high-level benefits include higher productivity because we have more employees working per FTE within Randstad. That is definitely one of the major benefits. The other benefit is higher fulfillment; achieving higher fulfillment sooner means more business tomorrow. I think, overall, it is hard to give specific figures at this particular point in time. It is a work in progress, and the team is working hard to gain more insights into that because we want to start sketching the picture of the 'new Randstad', including the economics, over the next couple of quarters.

Yeah, James, just putting some numbers to it: you can see our fill rate has been increasing by 1%. This makes a difference in revenue, as it sustains more growth. I mentioned at the beginning that our productivity per FTE is probably now up 6% to 7% year-over-year. We are also starting to pre-validate talent through talent centers, meaning when our talent advisors need people, they can respond faster to clients.

There is one point Sander mentioned that I would also like to highlight: redeployment. The beauty of this is that if you are in the Randstad family and you choose your own next shift or job, redeployment

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becomes much easier. We have lower setup costs in making that transition from job to job, which also enables clients to plan and organize themselves better. Overall, this is very supportive.

As we move into the more seasonally rich quarters, let me break down the margin, as I think it is connected to Simon's second question. If I look ahead, we finished Q1 with a temp margin down approximately 60 basis points. Looking forward to Q2, we are likely looking at a 50-basis-point impact year-over-year, which means it will still be down about 30 to 40 basis points. Remember, Q2 is a seasonal quarter with more volume, though it is also a shorter quarter in terms of working days.

Comparing it to Q1, where the impact was roughly 45 basis points plus 15 basis points from FX, we are starting to annualize the FX effect. This should now start stabilizing at a 30 to 40-basis-point impact. We still expect a 10-basis-point negative impact from HRS, as RPO volume remains weak. Regarding Perm, we are counting on some new clients being activated, though that remains to be seen. Perm continues to be a bit of a wild card in the equation. Overall, from the 80-basis-point impact today, we are now looking at 50, and as we continue through the year and annualize those large geographic and client shifts, that impact should start reducing.

Q - Virginia Montorsi (Bank of America): Good morning. Thank you for taking my questions. Just a quick one: is there anything worth flagging in the quarter that has either surprised you or performed in a way that you didn't expect, which you think is worth keeping in mind? Or did everything play out according to your expectations, thinking from the beginning of the year to where we are now? Thank you.

A - Sander van't Noordende: Yeah, I'm thinking deeply, Virginia; it's a good question, but I'm afraid the answer is no. Let's say we set out, we said there was going to be a step-up in the quarter in our last call, and that is what happened. Of course, you always have a little give-and-take here and there, but there is nothing major to report here.

Q - Konrad Zomer (ODDO BHF): Hi, good morning. A question on your productivity: you've made good progress over the last few quarters and you're on the verge of actually capturing some operating leverage again. How much revenue growth do you think you could potentially achieve in the second half of this year if you were to decide to keep your headcount stable? Is that 1%, 2%, or maybe 5%, particularly given what you are doing with AI and your digital marketplace?

A - Sander van't Noordende: Yeah, Konrad, it's good to speak to you. First of all, regarding the second half of the year, as you know, we operate by the six-week rule. First and foremost, I think we feel confident that with the capacity we have now, we can already support the next big seasonal quarter, which is Q2.

We don't expect to need additional FTE investments to cope with that; any investments we do make will be more surgical, focusing on specific segments where we feel we are clearly missing out on opportunities. Looking into Q2, we are quite comfortable in terms of our current capacity. As for Q3 and Q4, we will continue to evaluate as we go.

A - Jorge Vazquez: Typically, we hang around that level. It depends, if growth really accelerates, we might need to look at it. What I have basically been saying for a few quarters is that, as we look ahead and deploy our strategy, we see the ability to structurally, quarter after quarter, add to our recovery ratio. Accumulated over four quarters, that is consistently close to 60% to 70%. That plays out during a

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decline, but I also clearly see it playing out in terms of scalability during growth. So, we are basically counting on much more scalability and gearing as we return to growth.

A - [Sander van't Noordende](#): Thank you all for joining the call today. As we wrap up, I want to emphasize that our people are doing a fantastic job day in, day out. I would like to thank our more than 600,000 talent and Randstad team members for their hard work, as they are truly the best team in the industry. Thank you.