Randstad Q2 2026 Earnings Call - 22 July 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 Q2 2026 results.

I'm proud of our team's continued execution of our Partner for Talent strategy. As we accelerate our transformation, it's delivering a strong foundation for growth. As a result, our overall revenue growth is picking up, delivering 1.9% organic growth for the quarter. Together with a strong cost and productivity focus, this has resulted in a solid performance, with revenues of €5.9 billion and an EBITA of €182 million, improving 8% year-on-year and representing a 3.1% margin.

We are experiencing a strong uptick in the US, especially in our Operational segment. Also, our business in Southern Europe remains strong, and it's very encouraging to see both Germany and the UK back to growth. This overall positive momentum is largely led by increasing demand in large clients, and furthermore, we're seeing our permanent, Digital, and Professional markets stabilizing further across the board.

We observed that, in the current business environments, clients increasingly favor flexibility. Volume trends have improved through the quarter, with continued progress in early July. And our focus on delivery excellence enables us to capture increasing demand, and it gives us confidence as we look to the quarter and the year ahead.

As we progress through the year, our Partner for Talent strategy continues to gain traction. Our focus on specialization is clearly paying off. Through our 10x10x10 initiative, 10 deals of greater than €10 million in 10 markets, we secured €1.3 billion in new client wins in the first half of the year.

If we look at our specializations, we see that our Operational business is capturing the broader recovery in industrial and manufacturing activity in line with rising PMIs. We see strong demand for skilled trades, for example, through client wins in the AI and data center sectors. E-commerce and logistics also remain strong, up mid-single digits following new volume wins with major European players.

In Professional, we are seeing sequential improvement. This is driven by strong healthcare growth in key markets like the Netherlands and Italy. Meanwhile, targeted investments, like, for instance, in Japan and the US, are building solid momentum in engineering. In Digital, we are streamlining our portfolio and have signed a partnership with LTM. We are pivoting the business to AI talent that is, of course, in high demand. We have made good progress with our digital marketplace Torc, resulting in 50% lower recruiting costs and 50% shorter time to fill. In Enterprise, our strong pipeline is converting into results, driving 7% RPO growth. We also secured several major MSP wins across life sciences, manufacturing, and semiconductors, including a significant global partnership with immunology leader, Argenix.

As we execute our strategy, we're making a deliberate shift to structurally reduce our cost-to-serve and become a more profitable company. At the heart of this is delivery excellence and the rollout of our talent service models. Over 50% of talent validation is now handled by our talent centers. This takes out friction and drives an increase in talent per FTE. Doing more with our existing teams is how we drive structural profitability.

Through our digital marketplaces, we facilitated 1.7 million self-scheduled shifts in Q2, which is up double digits sequentially. There's a clear reason why adoption is increasing. Talent and clients just love the digital model. Talent jumps on the app immediately because it makes selecting shifts and ensuring they get paid incredibly easy.

For clients, it's a better value proposition, higher fill rates, lower no-shows since talent choose their own schedules, and strong compliance because every movement is recorded digitally. It's a completely modern experience where clients can easily reorder and manage their demand instantly.

However, technology and delivery centers are just the engine. Our people are the ones driving it. We are the best team in the industry, and our ranking as the number one HR service provider in the Dow Jones Best-in-Class Index proves it. So I'm incredibly proud of their commitment to serving our clients and talent.

In summary, we're running a leaner, more productive business, which puts us in a strong position to capture demand.

Jorge Vazquez: Thank you, Sander, and Good Morning, everyone.

So I think, overall, I'd like to start by saying we delivered a quarter in line with our expectations. Trends are improving, perhaps more importantly, broader, and profitability is also up year-over-year. From a business environment perspective, manufacturing and new order PMIs continue to be in expansion territory, with large clients planning their demands.

Simply said, we have more people at work today. Despite facing tougher comparables, we are seeing a broader-than-until-now step-up in growth in many of our markets. This pattern is consistent across temp MSPs, where we orchestrate the contingency and incremental work spend of our clients, and RPO, spanning both our Operational and Enterprise specializations. And indeed, with most of our countries in revenue and gross profit growth, the scalability we've built into our operating model and the structural reduction in direct costs is starting to show financial gearing.

In practice, we have captured incremental seasonal demand without adding any new capacity. And overall, this shows now in our recovery ratio of over 80% over the last four quarters. And this gives me confidence in our ability to show progress for the rest of the year in both revenue and profit growth.

But let's take a deep dive, and let me now turn to the regional performance on Page 8, starting with North America. In North America, volumes continue to increase throughout the quarter, with strong exit rates in our industrial sectors, annualizing and accelerating growth over growth. In Operational, we grew 13%, now growing for six quarters in a row, ahead of the market, with large clients dominating the early recovery. With its double-digit profit growth of 20%, this starts showing the power of our new model of central delivery and the digital marketplace. Professional is still down 6%, but improving sequentially, as you heard from Sander, with pockets such as perm and engineering already in growth.

In Enterprise, the pipeline we discussed early in the year is starting to materialize, and we are back to growth. Digital is still down 3%. Trends are slightly improving quarter-over-quarter. Canada is a pretty good mirror of the United States, back to growth with strong momentum in Operational. And overall, our North American EBITA margin was 4.2%, up year-over-year and delivering absolute EBITA growth.

And now let's move on to the major European markets on Slide 9. In our major European markets, we see broad-based sequential improvements. Let me start with the relative outlier, the Netherlands. Organic revenue here was down 1% as the market is finding its new equilibrium following the implementation of the new CLA. Volumes in the market have stabilized at a lower level, with some of the price increases having a dilutive effect on our gross margins. Positioning is solid, with in-house growing within logistics, retail, and e-commerce clients, while pursuing further growth now in still healthcare. EBITA margin came in at 3.8%, and the organization is adapting well to structurally improve its profitability.

Moving to Germany. In Germany we successfully returned to growth, up 4% this quarter from minus 4% in Q1, driven by an 8% uptick in our Operational business. Manufacturing, logistics, making things, and automotive are all firmly back in growth or improving. The current leaner operating model makes us ready to capture future profitable growth. Productivity has improved significantly, and our EBITA margin is now 2.3%. Belgium declined 5%, with Operational at minus 4%. Adaptability is strong, delivering higher EBITA nevertheless, margin year-over-year.

And in France, so turning to France, we are turning the corner, with now growth in Operational crossing over year-over-year, driven by a strong uptick also in in-house revenue, plus 15% already in this quarter, in Q2. Automotive and aerospace continue to do well, and logistics and e-commerce is benefiting from new client wins. While perm and healthcare still remain subdued. Overall, profitability came in at 3.9%, down 50 basis points year-over-year, driven by higher bench costs in our Randstad Digital business.

Italy, growth continued plus 4%, with growth over growth in Operational, up 2%, and with Professional accelerating up to 17% year-over-year. Year-over-year absolute profit was stable while protecting strategic investments. And turning South, Iberia had another fantastic quarter, plus 11%, led by Spain, where we continue to see future growth opportunities.

And let's move to the broader markets, our international markets slide, on Slide 10. International markets are a bit of a mixed bag, so let me quickly unpack to your benefit. So, in Europe, we saw the UK also back to growth, as the temp market is improving. Growth, again, is driven by in-house clients, where we celebrated the go-live as well of our DMP last quarter, and adoption continues to increase week after week.

Switzerland is also up 1% year-over-year, and Nordics are stabilizing at a lower level, while Poland, minus 13%, saw demand down, driven by specific client attrition. But the underlying good growth in the market continues. In LatAm, we continue to see good momentum in Brazil, offset partially by the ongoing tough macro environment in Argentina.

Asia-Pacific, Japan, again, continued solid growth at 5%, and we continue to invest in structural opportunities, particularly in the Digital area. Australia and New Zealand declined 3%, and India growth remains robust at plus 10%. Overall, the EBITA margin for the APAC region came in at 3.8%. And that concludes the performance of our key geographies.

So now let us walk you through our combined financial performance on Slide 12. Looking at our top line, we saw growth cementing now at 1.9% and overcoming a 2% tougher comparable impact from last year, as such showing true underlying demand improvement. As mentioned before, Operational momentum is picking up and growing now at 4%.

In Professional, we see momentum improving sequentially as well. Increasingly, we have worked our way through the post-COVID hiring slump and start to see hiring rates slowly moving and returning to the pre-COVID mean. Examples of improvement are in the US, perm back to growth in Professionals, Italy, Japan, and continuing strong healthcare in the Netherlands.

Digital saw slightly better sequential trends, mostly in the United States and Japan, while Europe saw further stabilization. And as Sander mentioned, we saw momentum clearly picking up in Enterprise, with good MSP and go-lives in RPO.

Gross profit is still down, minus 1.5% year-over-year, but sequentially a step up from minus 3.5% in Q1, 2% improvement. Opex, on the other hand, remains down 3% year-over-year. And as a result, we are decoupling the link between gross profit and opex.

The quarter's EBITA margin was 3.1%. Underlying EBITA was €182 million, with an adverse FX impact still of €2 million, which we expect to level off further from here. Integration costs and one-offs amounted to €22 million this year, and are mostly related to harnessing the environment in the Netherlands and Randstad Digital North America, as we continue to drive structural change across our organization.

In net finance costs, just the regular interest payment matching the seasonality of our net debt. The effective tax rate for the first six months was 32%, and we expect for 2026 an ETR towards the higher end of the 30% to 32% range. This all leads to an adjusted net income of EUR109 million for the quarter.

And with that, let's deep dive into our gross margin bridge on Slide 13. Gross margin was down 70 basis points versus 80 basis points in Q1. Within that, temp margin is also down 70 basis points, and let me break this out for you.

First, we continue to have an adverse geographical and client mix impact that probably accounts for 40 basis points to 50 basis points of the 70 basis points. This comes primarily from a continued outperformance, as you just heard, of large clients within key growing markets, such as the US, Operational, Italy, and Spain, and some smaller ones, responsible for 40 basis points to 50 basis points.

Secondly, as well, we have in France, we are ramping up major new e-commerce, logistics, and industrial clients, adding up another 10 basis points mix. And lastly, within the geographical and client mix, we continue to see a weak Japanese yen, which overall brings approximately the rest of this impact.

Secondly, we still have 10 basis points gross margin dilution. We just talked about it following the CLA change in the Netherlands. And lastly, idle time in Digital and increasing long-term sickness in some EU countries make up for the rest.

Perm contributions of the second or the third column in the graph above, were down 10 basis points, as expected. It's still not growing, but yes, it's at minus 5%, so having a negative impact, but clearly flattening versus last year. US perm is already back to growth. Last but not least, in HRS, the growth we just talked about contributed positively 10 basis points.

And that brings me to the opex slide on Slide 15. Remember, this one is sequentially. Operating expenses were €889 million, down €29 million year-over-year, or 3%. FTE and indirect costs are flat sequentially.

The quarter-on-quarter move is in line with our guidance and solely reflecting the compulsory seasonal effects around collective merit increases that kick in on the 1st of April.

We can do, in short, significantly more with the existing capacity. And this is what is already at play in this quarter. As we shift towards talent centers, delivery centers, assisted or fully through our digital marketplace, we continue to free up and reallocate capacity towards sales and growth.

And these things are interconnected. We also need less accommodation, we need less spend in job-boarding expenditure, and we continue to address our head office costs. Emerging now with a Randstad is a significantly leaner and more scalable cost structure and cost-to-serve. The last four quarters of recovery ratio is now at 82%. This means that we are improving conversions and our ability to convert gross profit into EBITA as growth returns.

With that in mind, let's move on to Slide 15, which contains our cash flow and balance sheet remarks. Our underlying free cash flow for the quarter was €39 million positive. This is in line with normal seasonality, with Q2 serving as a payout window for annual holiday payments in a few key markets and, at the same time, increased trade receivables as we have seasonally higher revenue compared to Q1 and we are back to growth.

DSO came in at 57.6 days, up 0.2 days sequentially. Our net debt decreased €66 million year-over-year, and our leverage ratio stands at 1.8x, reflecting €284 million payments of ordinary dividends in April. Perhaps more relevant this quarter, as Sander just highlighted, we signed a partnership agreement with LTM as they acquire our technology and consulting services in a number of European countries and Australia. We expect the deal to close in half two, with Enterprise value of approximately €160 million.

And that brings me to the outlook on Slide 16. So, looking ahead, starting with June. June was the strongest month in the quarter, the largest month in the quarter, therefore the most relevant one, and also the strongest in the quarter. And volume trends in the first weeks of July continued into the trends seen in June.

Q3 gross margin is expected to be modestly down sequentially, reflecting seasonality and mix. On one hand, perm and RPO share of revenue is approximately 1% lower versus Q2 during summer. And two, adverse geographical mix, as we just explained, driven by large clients, is likely to continue. We expect the year-over-year gap to narrow, as we will see an even broader recovery in other pockets and/or more markets entering revenue and GP growth.

Operating expenses are expected to decrease quarter-over-quarter, reflecting this typical seasonal holiday accrual release and continuing to benefit from a lot of the structural cost savings already being put in place this year.

So, to summarize, we have rolled out specializations to focus on growth. We're back to growth. We're driving scalability through our talent service models. In the meantime, we take the opportunity to globalize our indirect costs, resulting in a leaner company. This quarter marked a crucial turning point, and we expect a positive growth and profit trajectory to continue. Lastly, as we continue to execute on our Partner for Talent strategy, the financial benefits will become increasingly clear.

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

Q&A

Q - Andy Grobler (BNP Paribas Exane): Hi. Good morning. Could I start with a question on gross margins, if that's okay? Just, you've talked through the impacts in Q2. Could you just give a little more detail in terms of expectations for Q3 when you say, modestly down, what does that mean? And also, within that, are you seeing the normal cyclical rotation through the period, or is there anything else that is impacting gross margins at this stage? Thank you.

A - Jorge Vazquez: So, in short, I mean, modestly down, I mean, we've been going from, let's say, 90 basis points. Then Q1, we had 80 basis points. Q2, now we're at 70 basis points. I mean, obviously, we don't need, like, a lot of econometrics to basically conclude what we are looking at in Q3

Now, there's always puts and takes. What we see is clearly large clients, a lot of incremental work, even now in more geography of UK back to growth, we have Germany back to growth. Basically, it's led by large clients that it will always be puts and takes. On the other hand, we also see perm starting to flatten year-over-year. So as we cross over into the next quarter, you continue to see the trends to improve. So it's difficult to exactly say what it will be, but if I had to basically follow the order that we've been, we basically see that trend continuing.

Now, I think what is important to say is all the markets that we have in growth, we have growth in gross profits, we have more companies coming into growth, that gross profit is converting into EBITA. So in many ways, the financial model is working well and we'll be leading a more scalable and profitable Randstad.

Q - Andy Grobler (BNP Paribas Exane): Just a follow-up, a slightly different topic. In terms of the digital platforms, could you talk about the growth through the quarter and also to what extent are you seeing positive operational leverage come out of those platforms? Have they reached sufficient maturity to be experiencing that at this stage? Thank you.

A - Sander van 't Noordende: Yes, so a good question. Andy, obviously, where we have those platforms, and I think the most prominent case in point is the US Operational. We've seen good growth and therefore leverage. You've seen the profitability in North America and the US going up a little bit in the quarter. So that's moving in the right direction.

I would say more work to be done in refining the model, meaning refining the model in two ways, meaning making sure we have our people focused on sales rather than on delivery. That's one. And we're increasingly complementing the model with our AI agents for talent outreach and validation. So that's sort of the next step in the game there. So North America is working well. Our healthcare businesses here in the Netherlands, but also in Australia are tracking well.

In France, it's also tracking well from a Digital point of view, but the business is quite challenging in healthcare, but the Digital model is progressing. So I'm actually pleased with the progress we're making. We are bringing online, or we have brought online just recently a number of marketplaces in Belgium, in Japan. We're working on Spain. The UK has gone live, Jorge is adding here. So I think we're making progress step-by-step and the overall picture is extremely exciting. Clients, absolutely appreciative of the model. It comes with a lot of work in terms of, implementing it at clients, implementing it in our business. So it's definitely not a walk in the park, but I'm pleased with the progress.

Q - Suhasini Varanasi (Goldman Sachs): My first question is on the drop-through rates, please. You've seen an amazing drop-through rate given the focus on SG&A, but if this growth momentum continues for the rest of the year, can you discuss the requirement for investments and what kind of drop-through we should be ideally looking at by the end of the year?

Second question, if for Q3, normally September is the key month, given your exposure and your growth is actually coming from larger clients. Does this give you a bit more visibility on Q3 trends compared to, let's say, getting growth from SMEs, which has been weak so far? Thank you.

A - Sander van 't Noordende: Shall I say a few words on the drop-through rate, or let's say in general? Well, first of all, our number of talents working per FTE has gone up by 5%. So there's also a productivity improvement in there. So I think that's an important thing to note.

And yes, we are absolutely focused on our indirect cost, and we will continue to be focused on that. So the trajectory that we have put in motion, we will continue to focus on. So our intent is to keep the team stable. And let's say our volume growth in July was encouraging. Well, it's too early to say something about the full quarter Q3 or even Q4, but the intent is to keep increasing the productivity and not increase the team a whole lot further.

Q - Rory Mckenzie (UBS): Morning all, it's Rory here. I wanted to extend Andy's question to kind of more mid-term gross margins, I guess, because Group organic revenue also improved to be in 2% year-over-year growth, which is the net result of lots of segments that are growing and a few still declining, but gross profit is, of course, still declining overall.

So can you say what the average gross margin is across those segments which are growing, if that makes sense? Because at the moment we can't really calculate an incremental gross margin, and so how should we think about this new mix of your business? And where does that gross margin kind of trend as this mix matures, if that makes sense?

A - Jorge Vazquez: Yes, so Rory, good morning. So let me put it in slightly different angles. So, I mean, at the moment, that the growth we have in gross profit is down, but let's also be, let's say, very factual here. Where we have growth, gross profit is up. When we have primarily two, three countries that are dragging our overall gross profit down, but even this quarter, we went up 2%. So we're at minus 1.5% year-over-year. So we've made big steps in terms of gross profit growth.

Those three markets are France, the Netherlands and Randstad Digital. You put those three aside and the company is on gross profit growth like all markets are on growth. The market at the moment, it's the market where it is. Typically, it's not that strange in terms of early cyclical recovery being primarily led by manufacturing, logistics and large clients that plan ahead for their demand. I mean, smaller clients can typically do with a little bit extra hour here and extra hour there. Someone helps them, they can do it, but large operations need to plan for their incremental work needs. So that's basically what's leading the pack now.

Just to put it into other perspectives, our in-house business is up 7% year-over-year. So clearly it's large clients, large demand-led recovery. Also, if we put it from a gross margin perspective, and again, excluding these two or three draggers that we have and we are addressing towards the second half of the year, if we compare it to the company, let's say of 2019, pre-COVID, we have a fundamental change in portfolio. I mean, Italy has grown almost 46% in our mix, Spain, 50% in our mix.

We have to be very careful that we don't confuse gross profit margin with gross profit and with profit. I think ultimately a lot of this extra gross profit that we're generating to the point of Suhasini is converting 100% into profit. And that's basically what makes us excited in terms of how the model is working. We are structurally a leaner company, more scalable. So the growth we find, we want to convert into extra profit.

Q - Rory Mckenzie (UBS): Yes, that makes sense. And so the key point there is that there's no way that you have revenue growth, but gross profit declines in absolute terms.

A - Jorge Vazquez: Yes exactly.

Q - Simon van Oppen (Kepler Cheuvreux): Hi, good morning, gentlemen. I have a question on Germany. We saw Randstad Operational growing at 8% in the quarter. Can you please give a bit more color on the improvement there, specifically how it progressed through the quarter and at which sectors do you see the demand. And maybe also on. Randstad Professional and Digital in Germany, how did it perform in Q2?

A - Sander van 't Noordende: Yes, so let me say a few things in general. I would say Germany, Simon, is a prime example of building back better. We've worked and the team has worked very hard on right-sizing our business, but at the same time building the business back in a new and more efficient model with talent centers, delivery centers focused on our largest clients.

The growth in Germany is driven by the overall economic activity. I mean, we've seen the IFO confidence index moving in a positive territory. We've seen the PMIs above 50. So the first thing we've done is, I would say, drive higher productivity out of our existing people, meaning our people at the client have worked more hours in Q2. That's been in automotive. Defense is increasingly in good traction. It looks like the big bazooka that Germany pulled out to €800 billion is starting to trickle through in the numbers.

So I'm absolutely pleased with where we are. More work to be done in terms of Professional and Digital. I want to remind you that our Digital business in Germany is part of the deal that we struck with LTM. So that one is moving out and we will focus in Germany on our Digital talent services. So you'll see some improvement over time there as well.

I think you had a question about the numbers moving through the quarter. Jorge?

A - Jorge Vazquez: So the exit rate in Germany, Simon, was strong throughout the quarter. So we see the same trends entering into Q3.

Q - Virginia Montorsi (Bank of America): Thank you for taking my question. I just had a question on cash. Can you help us understand a little bit how to think about the second half of the year in terms of cash, working capital dynamics, anything that we should keep in mind during seasonality trends? Thank you.

A - Jorge Vazquez: Yes, thank you, Virginia, and good to speak to you. So, I mean, typically, so the first half of the year, we have relative investments in operating working capital. As we now look into the second half of the year, what we'll see is basically two things. One is we have higher EBITA, or higher EBITDA, so that has a strong impact on our cash flow generation. And on top of that, we also have positive working capital movements, and it comes down to a few things.

So one is bonus and all that typically we pay heavily on Q1 and Q2. This quarter, we had in a few key countries where we are present, big holiday outflow, so it's big holiday payout month. And it's also where we start investing because it's the richer quarters of the year. As we go into the second half of the year, we don't have this bonus payouts and holiday outflows. Also, you start getting the larger quarters paid out. So typically, we boost free cash flow in the second half of the year. And that's what, again, we are expecting as we enter the year.

Q - Marc Zwartsenburg (ING): Good morning, gentlemen. I have a question about North America and the Netherlands on the margins there. So if you look at North America, the margin progression was a bit muted in Q2. If you compare to the top-line growth and improvements with the digital platform productivity gains you should expect. How should I look at that gross margin? So first of all, maybe can you explain a bit Q2 and what should we expect going forward for North America?

And actually the same question for the Netherlands a bit. With the new CLA having maybe a slightly negative impact as you said on gross margin, but you would expect also for the new CLA to have higher prices, et cetera, that you would see also some drop-through to the margin. So maybe you can drill down into those two areas, please.

A - Jorge Vazquez: Yes. So on the first North America Marc, I'll argue, I'd say yes. We know direct, I think Sander even alluded to it earlier on. I mean, we are refining what we can do. Let's at least separate the overall number. We have, on one hand, Randstad Operational showing clearly more progression. I think we even said 20% uplift. And we expect that to even continue and be more material, let's say, in Q3, or the second half of the year. We do have Randstad Digital still in decline, as I just earlier on said, and it has, let's say, offsets part of what you would otherwise see as a stronger number in North America.

In the Netherlands, it's simple. I mean, the market probably went through the largest change it has had. We've been just through six months of basically going and arranging for all the collective labor agreements, implementation, and renegotiation with every single client. I think Sander used the word equilibrium, so we just passed through that stage. So now basically we have a reset and looking ahead.

To be honest, it's relatively within the range of what we expect and even say on a good basis to now build where we can find growth and refine the profitability that we always had. We're number one here. We have strong growth in certain pockets, also Professional as well as Operational. So the second half of the year, we expect profit margins to continue to increase.

Q - Marc Zwartsenburg (ING): Okay, that's very helpful. Maybe a final one, if I may, looking at maybe a bit more at the Group level. Last year, 3.1% EBITA margin. We had more than EUR10 million year-on-year improvement in EBITA absolute levels. Is that a bit of a trend we should see also in the coming quarters that we see that double-digit uplift in EBITA in an absolute way that you get to a higher EBITA margin for the full-year Group level? Is that a bit how we do different things?

A - Jorge Vazquez: Marc, I mean, basically what I think you see today, probably more clear than we've seen in previous quarters is what we discussed in the Capital Markets Day. Remember the growth algorithm as we normally refer to it. We are more efficient. We need less FTEs to drive growth. We continue to do capacity management. Get like Sander said, implementing talent centers, delivery centers. 50% of our talent is now sorted to talent centers. That capacity means we can do more with less, or at least we can use what we free up to now fuel growth as we are doing at the moment. So less FTEs.

At the same time, we've continued to remove head office costs, structural costs, support costs throughout the quarters. That means the important thing is Randstad, structurally speaking, has basically built profit discipline and is about EUR10 million to EUR15 million every quarter, more profitable than the quarter before. And that discipline is what we want to continue to build going forward. So, basically, we are structurally a leaner and a more scalable Randstad. Suhasini talked about the conversion rate or the drop-through. We've seen it in recovery. We are now seeing it in already many quarters in growth, and that's what we want to continue to see throughout the rest of the year.

Q - Konrad Zomer (ABN AMRO - ODDO BHF): Good morning, gentlemen. I have one question on your Digital business. You reported 4% revenue decline in Digital, including 3% decline in North America, while at the same time you show some very impressive growth rates in your digital-first business with the double-digit sequential growth in self-scheduled shifts. I was just wondering how we should square these two slightly conflicting results and why do you not think you're or why is the digital revenue growth not strongly positive for the quarter? Thank you.

A - Sander van 't Noordende: So, Konrad, let me disentangle that for you. Our digital business, so Randstad Digital is our digital talent services to our clients. That is technology talent going to our clients to do what they do, creating revenues, gross margin and profit. Our digital-first parts of the business are businesses that are enabled by digital business models, our digital marketplaces and increasingly by artificial intelligence. So that's more the way we deliver and execute the business in Randstad Operational, in healthcare, also in Randstad Digital, by the way, so I understand it's slightly confusing. So Randstad Digital is one of our four specializations. That you see in our digital-first business are those businesses that are underpinned by digital platforms.

Q - James Rowland Clark (Barclays): Morning. Two questions, please. You mentioned June and July, sorry, the early July is in line with the June exit rate. Can you give us a sense on how that compares to the Q2 organic of 1.9%, and a follow-up to that would just be what's the monthly seasonality for July, August, September in Q3, typically?

My second question is just on the market, and your own execution so obviously peers are talking up the underlying market trends have improved and you're saying so as well, so, can you just give us a sense of how much of the improved organic performance is the market versus your own execution? And would you flag any particular client wins in the quarter to speak of. Thank you.

A - Sander van 't Noordende: Yes. So, let me start with the last one, James. Well, first of all we feel good about our execution and yes, the markets are helping in terms of increased economic activity. At the same time, we are amping up our commercial activity. We have our 10x10x10 initiatives, that's 10 deals, bigger than €10 million, in 10 markets and through that program we have created €1.3 billion of wins in the first half of the year.

In our Enterprise business we have a good stream of new clients both in RPO and MSP. So let's say, we're winning in the marketplace. We feel we're winning more than our fair share. One thing I will notice is we are always very keen to have not only volume, but also value. So we make the right trade-offs there in our pricing because volume with no value is just spinning wheels and that's not what we're looking for.

I'll hand over to Jorge to talk about June, July, et cetera.

A - Jorge Vazquez: James, so just going back to your first question, I think, I mean, we've made it reasonably clear. So we had a good exit rate, so above the quarter growth rates and with volume, let's say, which is in the end the underlying driver, right? So it continued to grow throughout the quarter and does so in the first weeks of July. So, I mean, it's very difficult to talk about the growth rate for July, August, and September. It's summer period, but clearly it is stronger than June, so we have a good basis for the quarter as a starting point.

Q - James Rowland Clark (Barclays): Sorry, just the other question was the typical monthly seasonality in Q3 between July, August and September, as a weighting of Q3?

A - Jorge Vazquez: Yes, so typically, I mean, again, this changes year-over-year, but I would say, if I had to make a guess, looking at previous years, a little bit, the first two months are somewhat subdued, subdued, excuse me, and then clearly a higher percentage of the revenue and therefore of the growth rate of representation in September.

Q - Maarten Verbeek (the IDEA!): Good morning, it's Maarten of the IDEA!. I'd like to get back to your cash flow. What you tend to see with the staffing companies once they grow is that requires investments in working capital, and last year free cash flow was helped by the working capital and obviously, this year it might be negative. So could you give the impact of organic growth on your working capital impacting free cash flow for this year? Some kind of guidance.

A - Jorge Vazquez: Yes, Maarten, so obviously it does require investments in working capital. We see it to a certain extent at the same time we are now halfway through the year. If I look at full-year I don't see any structural changes in cash flow generation. Again, I just think with Virginia we had a good discussion about the components of it. Let's not also forget that the higher demands in terms of working cap investment they also are partly or largely offset by higher profits as well or EBITA throughout the year.

I think, yes, there is a spillover effect from the very strong, let's say, 2025. We should never really look at this year-over-year. It should almost be the last four quarters and running four quarters. But overall, the cash flow generation of the Group for the full-year is in line with what we expect it to be.

Q - Rory Mckenzie (UBS): Yes, hi again. I wanted to ask about the sale of those technology and consultant businesses to LTM. Do those exits relate to the point you're just making about how you need digital platforms to compete in these markets? And some markets just don't have the scale necessary, perhaps, to afford those investments. I think, in total, that represented that sale about maybe 20% of the Digital segment. So, that's quite a portion of your markets. And I'm just wondering if there's any kind of further reviews or further markets you're evaluating given the new investment needs?

A - Sander van 't Noordende: Yes, good question Rory. Let me just take a step back. The businesses that we are selling are in the business of solutions systems integrations, if you will. They are collectively in those markets EUR500 million and that makes us a very small player in those markets because in those markets you're competing against the big Indian pure-plays, the large multinational companies and in this time of innovation and AI where those markets are moving very rapidly, we thought a better owner for that business is a company specialized in that business.

So for us it was a small part of the business. Our remaining Digital business is our talent services business. That means finding and deploying talent on a temporary or permanent basis to our clients and in fact, there we have a very strong story with our Torc platform in North America. And this is the new model of Randstad, I would say. And the new model of Randstad is a platform, plus AI, plus community, plus team.

And how does that platform work? Let me tell you a little bit about it. The client can put in an order by themselves, or they can ask one of our colleagues. They can do that by speech. They can do that by taking profiles from the past that they have used. So there are lots of opportunities for the client to make it very easy to put in the order. Then when the order comes in, the platform now starts to look for perfect matches. Perfect matches in our community of IT specialists, of which we have a few million in North America.

Those perfect matches, we automatically get a message saying we have a perfect match for you. Dear talent, are you interested in this job? The talent responds, not all of them respond with yes, but some of them will respond with yes. Then the platform says, oh, that's very interesting. Here you can go on the platform to do an assessment for that role. And like that, after a couple of days, the platform makes a short list. It gets then picked up by one of our talent specialists that looks at it for a last check and then passes it on to the client.

So you see that the process is largely automated and much faster than it used to be. And obviously that's appreciated by clients. Also the process for talents is much more personalized because I get offered those jobs that are relevant for me, not just a whole bunch of jobs that 99% of which are irrelevant. So that platform works really nicely and that is supporting our digital talent services. And it was not so much supporting our solutions and systems integration business. So we focus on what we are good at, and LTM will, with that business, focus on what they are good at. That's the summary.

Q - Rory Mckenzie (UBS): Okay, thank you. So it's almost like a kind of product simplification, so not trying to compete with a statement of work projects. It's the positioning of that contingent provider. And just to be clear, on those markets you've sold, do you no longer have any kind of digital staffing presence there, or have you just sold those project businesses in those countries?

A - Sander van 't Noordende: No, so in those countries we have obviously our Randstad Digital talent services business, which was a little bit tucked in, I would say, with our Randstad Professional business, but we'll separate that out. We'll position that in the market as Randstad Digital for talent services. So in Germany, in Belgium, and in France. So we have teams there that will operate.

Q - Virginia Montorsi (Bank of America): Thank you for taking my second question, just a quick follow up on something we discussed initially on the autos improvement that you've outlined. Could I just ask if this has been driven by a specific brand or is it broad-based? Is there anything specific we should keep in mind about that? Thank you.

A - Sander van 't Noordende: I would say, Virginia, it's broad-based. We see it in France, we see it in Germany. Those are our two main countries in automotive and, of course, in Spain. So it's not one country, one brand. It is multiple clients, multiple countries, of course, the ones where the automotive industries are big.

Sander van 't Noordende: As we wrap up the call today: our people continue to do a fantastic job. A huge thank you to our more than 600,000 talent and Randstad colleagues for their hard work, proving once again that we have the best team in the industry.