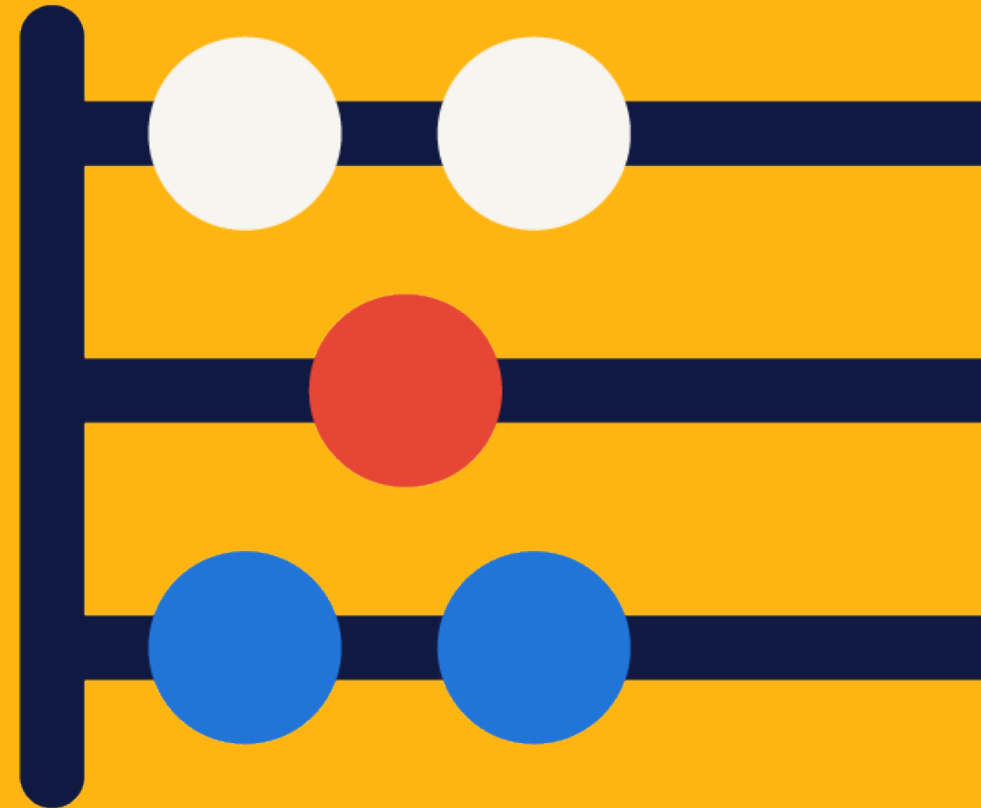


# 1<sup>st</sup> quarter 2018 results

sound revenue growth continues.

Jacques van den Broek, CEO  
Henry Schirmer, CFO

Randstad N.V.  
24 April 2018



# disclaimer & definitions.

Certain statements in this document concern prognoses about the future financial condition, risks, investment plans and the results of operations of Randstad N.V. and its operating companies, as well as certain plans and objectives. Obviously, such prognoses involve risks and a degree of uncertainty, since they concern future events and depend on circumstances that will apply then. Many factors may contribute to the actual results and developments differing from the prognoses made in this document. These factors include, but are not limited to, general economic conditions, a shortage on the job market, changes in the demand for personnel (including flexible personnel), achievement of cost savings, changes in the business mix, changes in legislation (particularly in relation to employment, Staffing and tax laws), the role of industry regulators, future currency and interest fluctuations, our ability to identify relevant risks and mitigate their impact, the availability of credit on financially acceptable terms, the successful completion of company acquisitions and their subsequent integration, successful disposals of companies, and the rate of technological developments. These prognoses therefore apply only on the date on which this document was compiled. The quarterly results as presented in this press release are unaudited.

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**EBITA:** operating profit before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs.

**organic growth** is measured excluding the impact of currency effects, acquisitions, disposals and reclassifications.

**diluted EPS** is measured before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs.

# agenda.

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performance



moving forward.

# Q1 2018: sound revenue growth continues.

revenue of € 5,683 million  
organic growth 7.4%  
gross profit up 4.5%

topline grew 9% in Europe  
1% in North America and 11%  
in Rest of the world

gross margin 19.6%  
pricing climate stable  
perm fees up 13%

underlying EBITA of € 217 million;  
EBITA margin 3.8% stable YoY  
(including adverse impact of FX,  
working day, high sickness rate)

organic opex up 2% (Q4 2017: up  
5%); underlying ICR around 50%

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

## Q1 2018: sound revenue growth continues.

€ million	Q1 '18	Q1 '17	% org.	LQ4 '18	LQ4 '17	% org.
revenue	5,683	5,557	7%	23,399	21,539	9%
gross profit	1,114	1,134	4%	4,688	4,202	7%
gross margin	19.6%	20.4%		20.0%	19.5%	
operating expenses*	897	925	2%	3,615	3,216	4%
opex %	15.8%	16.7%		15.4%	14.9%	
<b>EBITA*</b>	<b>217</b>	<b>209</b>	<b>7%</b>	<b>1,073</b>	<b>986</b>	<b>9%</b>
EBITA margin*	3.8%	3.8%		4.6%	4.6%	

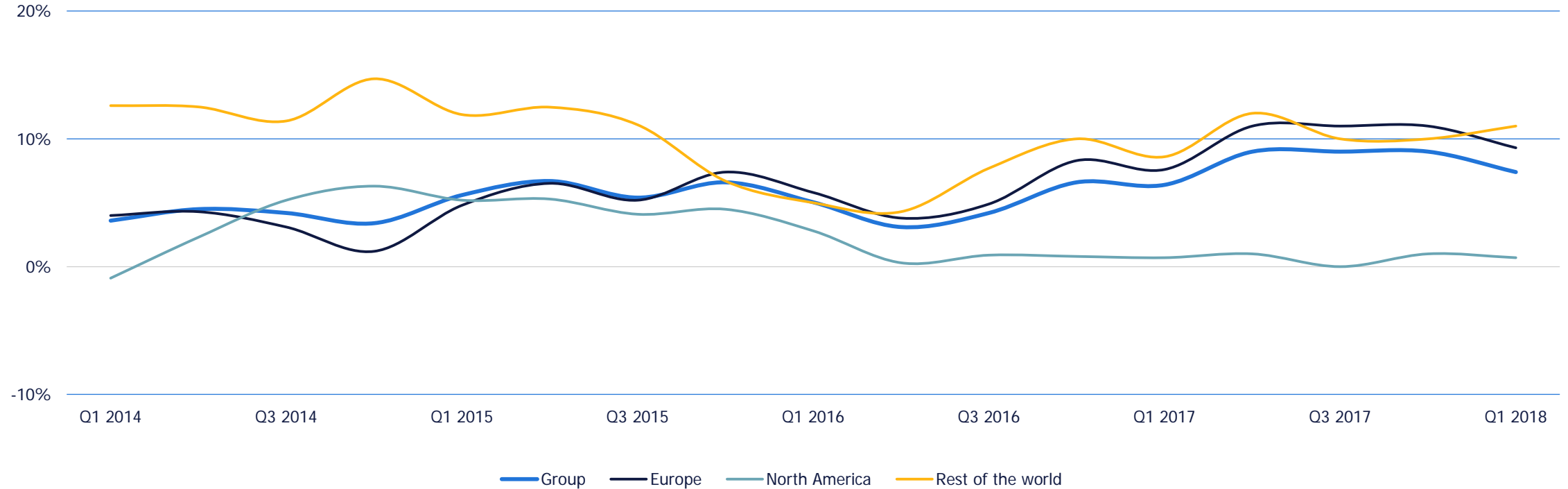
- organic growth per working day at +7% YoY
- gross profit growth per working day at +4%
  - pricing climate stable
- operating expenses up 2% (Q4 2017: up 5%)
- EBITA margin 3.8%, underlying ICR around 50% (adjusted for working days and high sickness)

\* before integration costs & one-offs



# regional split: robust growth continues in Europe and RoW.

YoY Randstad organic revenue growth development



- Europe grew 9% (vs. +11% in Q4)
- North America grew 1% (vs. +1% in Q4)
- Rest of the world increased 11% (vs. +10% in Q4)
- Group grew 7% (vs. +9% in Q4)



# north america

## further margin progression.

revenue up 1% (Q4: +1%)  
• perm up 8% (Q4: up 5%)

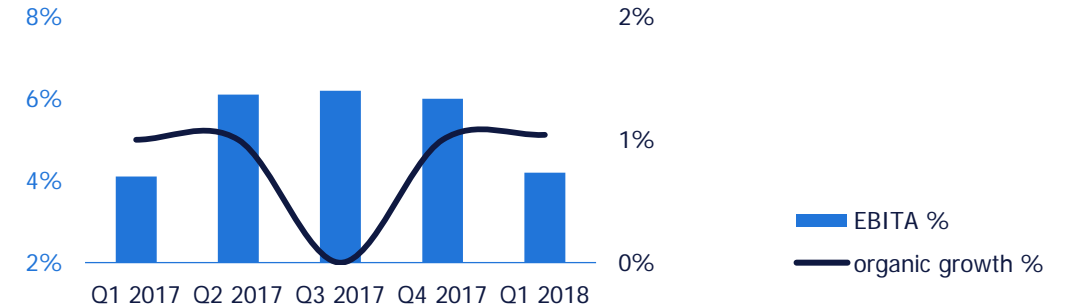
US Staffing & Inhouse, revenue growth 2% (Q4: +1%)

US Professionals, revenue down 3% (Q4: down 1%)  
• IT +3% (Q4: +6%)

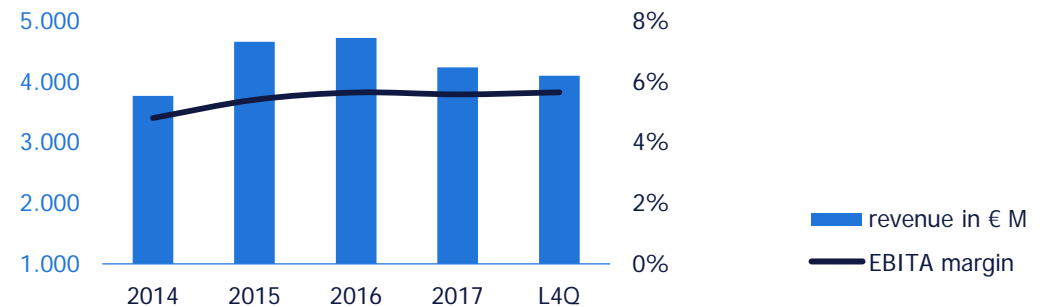
Canada: revenue +7% (Q4: +10%)

EBITA margin at 4.2% vs. 4.1% LY

### historical organic growth



### performance annually





# the netherlands accelerating topline.

revenue at +5% (Q4: +3%)

- strong focus on client profitability
- SME growth of 13%

combined Staffing & Inhouse businesses

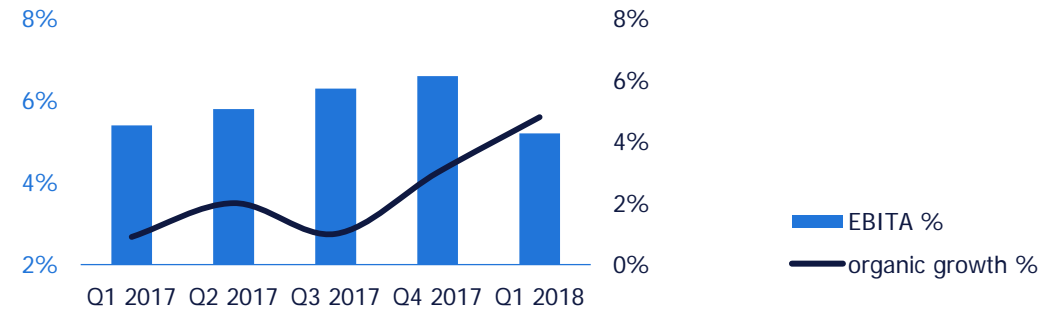
- up 4% (Q4: +2%)

Professionals

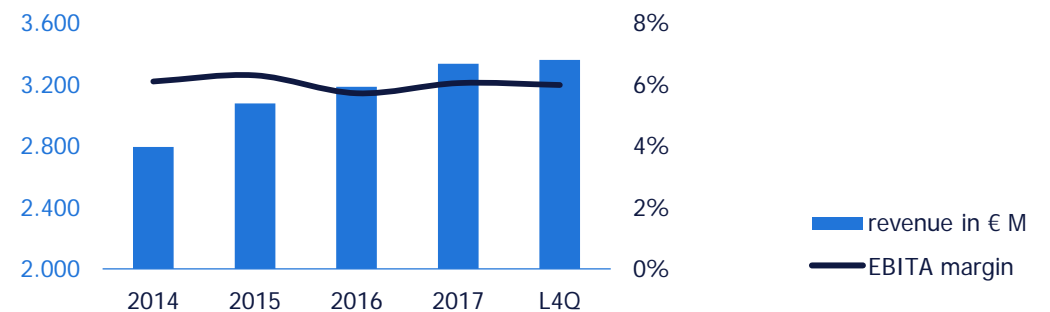
- up 8% (Q4: +5%)

EBITA margin at 5.2% vs. 5.4% LY

### historical organic growth



### performance annually



# france

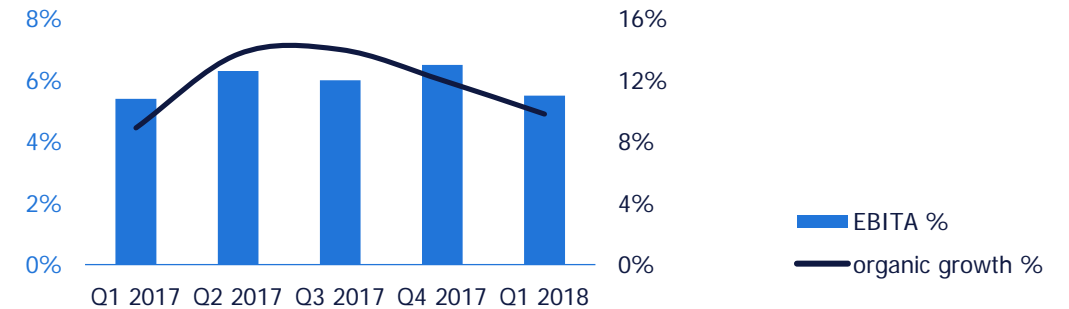
## EBITA margin up, despite CICE.

revenue at +10% (Q4: +12%)

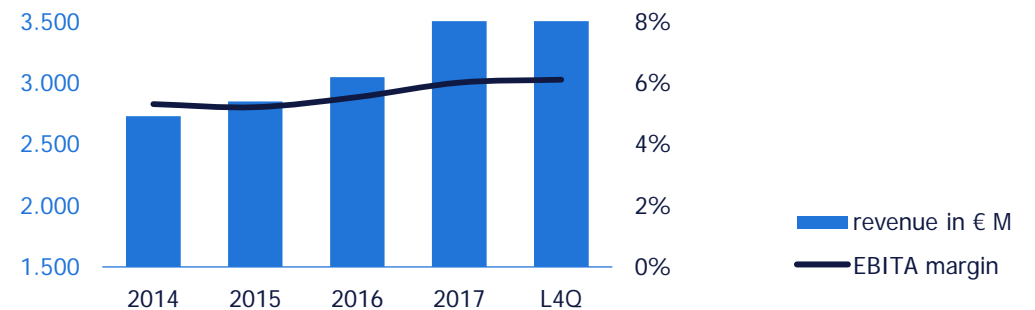
- Staffing & Inhouse at +10% (Q4: +11%)
- Professionals up 13% (Q4: +18%)
- perm grew 38%, continuing to be fueled by tech (Q4: +37%)

EBITA margin at 5.5% vs. 5.4% LY

### historical organic growth



### performance annually



# germany

impacted by several incidentals.

revenue +7% (Q4: +10%)

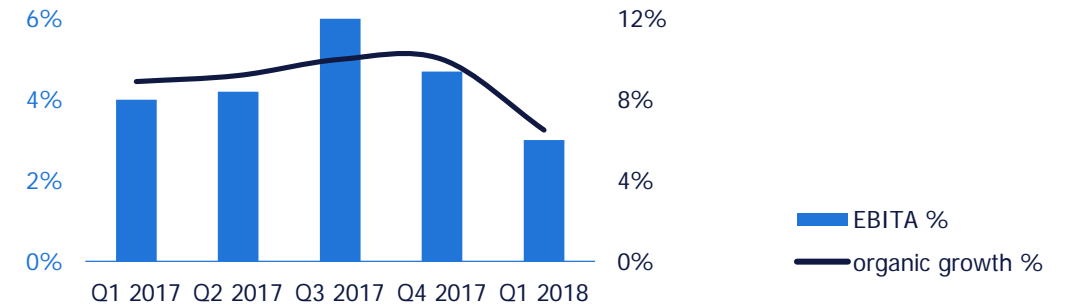
- impacted by equal treatment, strikes and high sickness
- perm: growth of 14%

Staffing/Inhouse +6% (Q4: +10%)

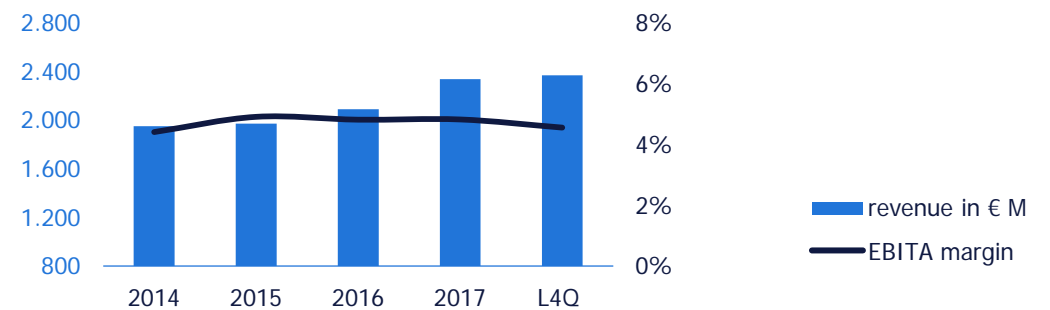
Professionals +9% (Q4: +11%)

EBITA margin at 3.0% vs. 4.1% LY

historical organic growth



performance annually



# belgium

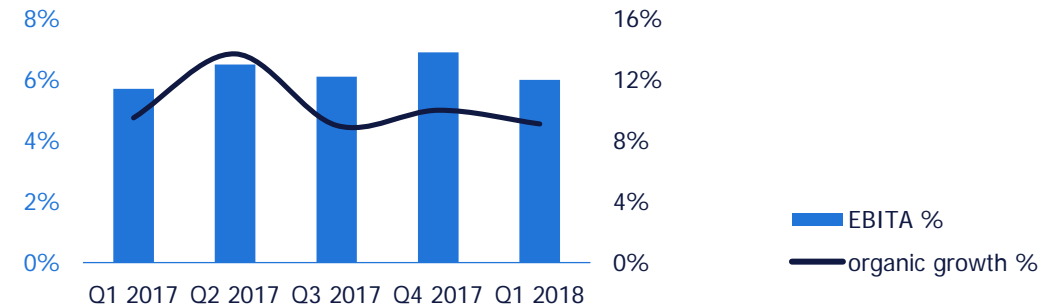
robust conversion of topline.

revenue +9% (Q4: +10%)

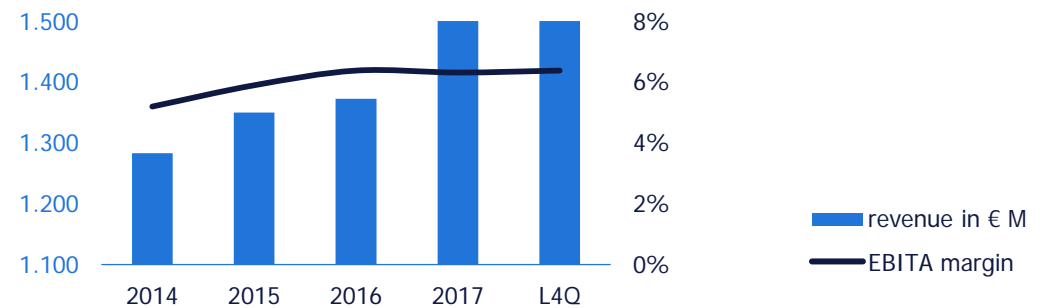
- Staffing/Inhouse up 9% (Q4: +9%)

EBITA margin at 6.0% vs. 5.7% LY

### historical organic growth



### performance annually



# italy

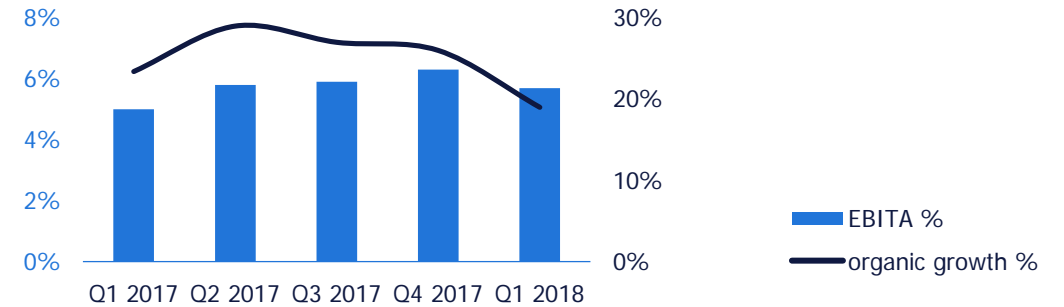
strong conversion of high sales growth.

Italy revenue +19% (Q4: +26%)

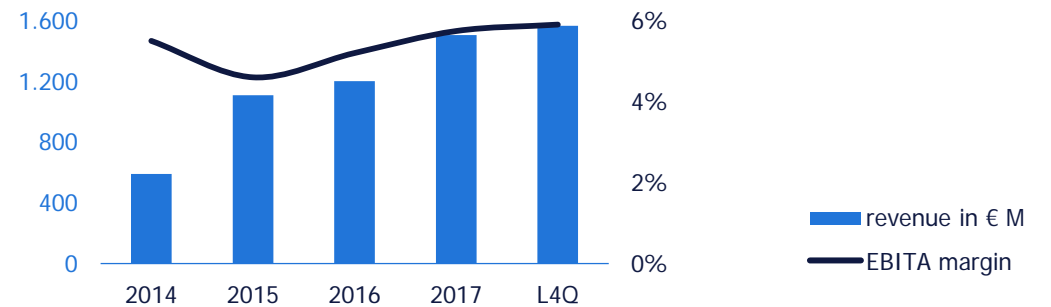
- strong focus on client profitability
- perm: growth of 63%

EBITA margin at 5.7%, vs. 5.0% LY

historical organic growth



performance annually



# iberia

strong operational leverage.

Iberia revenue up 11% (Q4: +15%)

- Staffing/Inhouse up 11% (Q4: +15%)

Spain

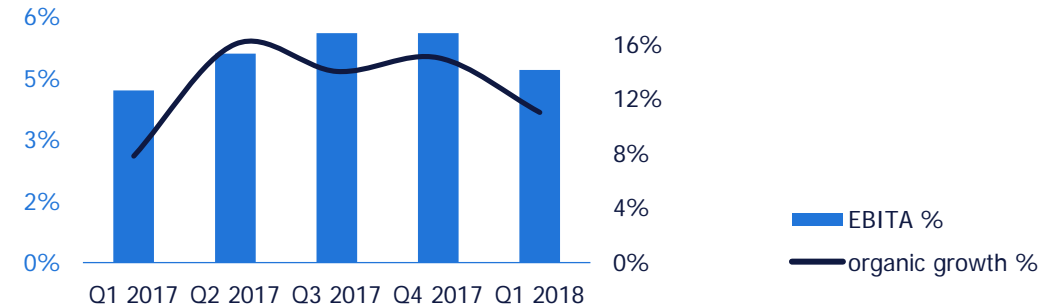
- revenue growth up 13% (Q4: +16%)
- perm up 13% (Q4: +16%)

Portugal

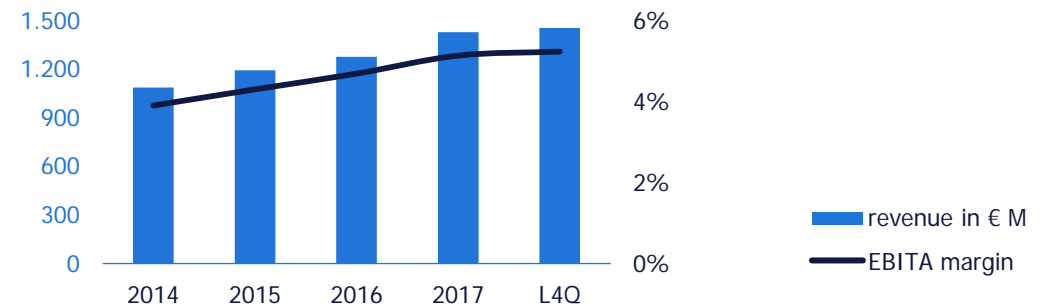
- revenue +6% (Q4: +12%)

EBITA margin at 4.7% vs. 4.2% LY

historical organic growth



performance annually



## other european countries

overall revenue up 11% (Q4: up 12%).



UK

- organic revenue growth up by 7% (Q4: up 11%)

Nordics

- growth up 11% (Q4: up 13%)

Switzerland

- growth up 22% (Q4: up 20%)

Poland

- growth up 7% (Q4: up 9%)

EBITA margin at 2.6%, stable vs. LY

## rest of the world

overall revenue up 11% (Q4: +10%).

### Japan

- growth up 11% YoY (Q4: +9%)
- significant increase in EBITA margin

### Australia & New Zealand

- grew 6% (Q4: +8%)

### Asia

- overall Asia, growth at 8% (Q4: +6%)
- China up 5% (Q4: down 10%)

### Latin America

- up 32% (Q4: +27%)

EBITA margin at 2.8% from 2.1% LY

- primarily driven by Japan & Australia





# financial results



# & outlook.

# income statement Q1 2018.

€ million	Q1 '18	Q1 '17	% org.	L4Q '18	L4Q '17	% org.
revenue	5,683	5,557	7%	23,399	21,539	9%
gross profit	1,114	1,134	4%	4,688	4,202	7%
gross margin	19.6%	20.4%		20.0%	19.5%	
operating expenses*	897	925	2%	3,615	3,216	4%
opex margin	15.8%	16.7%		15.4%	14.9%	
<b>EBITA*</b>	<b>217</b>	<b>209</b>	7%	<b>1,073</b>	<b>986</b>	9%
EBITA margin*	3.8%	3.8%		4.6%	4.6%	
integration costs & one-offs	-/- 12	-/- 18		-/- 65	-/- 69	
<b>reported EBITA</b>	<b>205</b>	<b>191</b>		<b>1,008</b>	<b>917</b>	
amortization & impairment	-/- 33	-/- 34		-/- 133	-/- 105	
net finance costs & associates	-/- 6	-/- 2		-/- 27	-/- 12	
<b>income before taxes</b>	<b>166</b>	<b>155</b>		<b>849</b>	<b>800</b>	
tax	-/- 39	-/- 39		-/- 207	-/-198	
<b>net income</b>	<b>127</b>	<b>116</b>		<b>642</b>	<b>602</b>	
<b>adjusted*** net income**</b>	<b>157</b>	<b>148</b>		<b>765</b>	<b>714</b>	
diluted EPS***	0.85	0.81		4.15	3.89	

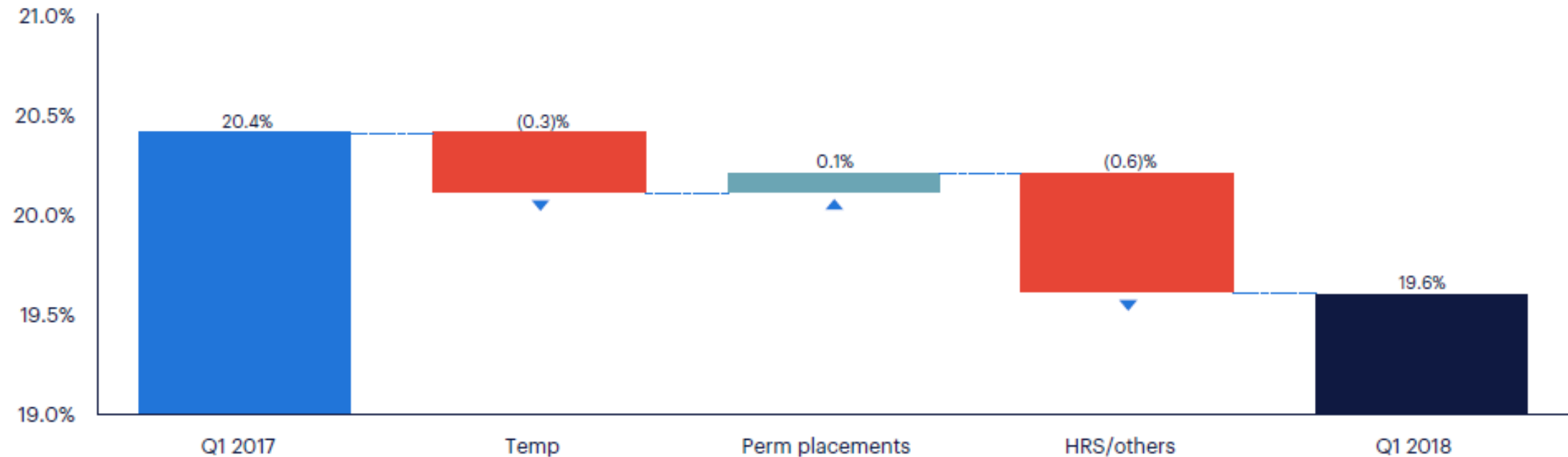
\* before integration costs and one-offs. \*\* attributable to holders of ordinary shares.

\*\*\* before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs.



# Q1 2018 gross margin bridge: underlying pricing stable.

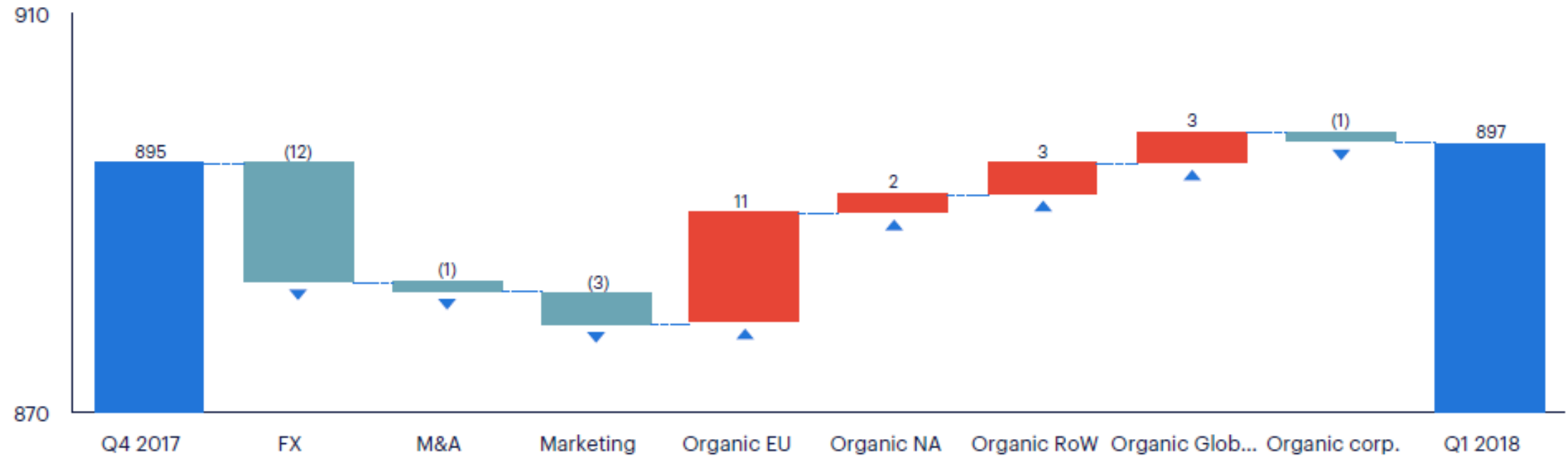
year-on-year gross margin development (%)



- temp margin down 30bp: adverse impact of working days, higher sickness rate, mix effects and changes in CICE in France
- perm fees grew 13% YoY organically, adding 10bp
- HRS/others declined 60bp, driven primarily by Monster and FX
- pricing climate stable

# Q1 2018 OPEX: tight cost control.

sequential OPEX development Q4 -> Q1 in € M



- OPEX increased by € 15M organically (sequentially)
- organic OPEX growth YoY 2% (Q4 2017: 5%)
- favorable FX impact YoY of € 53M

# net debt at € 1,059M

## leverage ratio at 0.9

€ million	Q1 2018	Q1 2017
goodwill and acquisition-related intangible assets	3,406	3,693
operating working capital (OWC)	1,006	752
net tax assets	381	449
all other assets and liabilities*	76	122
invested capital	<b>4,869</b>	<b>5,016</b>
total equity	3,810	3,887
net debt	1,059	1,129
invested capital	<b>4,869</b>	<b>5,016</b>
DSO, days sales outstanding, moving average	53.8	51.4
OWC % of revenue over last 12 months	4.3%	3.5%
leverage ratio	0.9	1.1
return on invested capital*	<b>17.6%</b>	<b>16.6%</b>

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



# Q1 2018 free cash flow.

€ million	Q1 2018	Q1 2017	L4Q '18	L4Q '17
EBITDA	226	212	1,095	997
change in OWC	-/- 126	4	-/- 305	-/- 138
income taxes	-/- 78	-/- 49	-/- 215	-/- 155
provisions & employee benefit obl.	-/- 1	-/- 1	8	6
net capital expenditures	-/- 21	-/- 20	-/- 97	-/- 101
other items	-/- 25	-/- 26	-/- 38	-/- 86
financial assets	-	-	-/- 7	-/- 1
<b>free cash flow</b>	<b>-/- 25</b>	<b>120</b>	<b>441</b>	<b>522</b>
net acquisitions/disposals/associates	3	-/- 445	-/- 14	-/- 977
net issue/purchase of ordinary shares	-/- 14	-/- 17	-/- 35	-/- 39
net finance costs	-/- 2	-/- 4	-/- 16	-/- 15
dividend paid	-	-	-/- 359	-/- 320
translation and other items	5	10	53	-/- 4
net decrease/(increase) of net debt	<b>-/- 33</b>	<b>-/- 336</b>	<b>70</b>	<b>-/- 833</b>

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



# outlook.

- organic revenue growth was 7.4% in Q1.
- in March 2018, revenue grew at a similar pace. The development of volumes in early April broadly indicates a continuation of the Q1 growth rate. There will be an adverse 2.9% comparison base in Q2.
- Q2 2018 gross margin is expected to be broadly stable sequentially.
- for Q2 2018, we expect a moderate increase in underlying operating expenses sequentially.
- there will be a positive 0.4 working day impact in Q2 2018.

geo	exit rate
NAM	●
NL	● ●
FR	● ● ●
GER	● ●
BEL	● ● ●
IBE	● ● ●
IT	● ● ●
RoE	● ● ●
RoW	● ● ●
GLO	

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

questions



& answers.



# appendices



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# outlets by region.

end of period	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
North America	1,091	1,111	1,099	1,087	1,094
the Netherlands	648	650	627	660	650
France	663	669	673	670	678
Germany	588	582	579	565	563
Belgium & Luxembourg	323	317	315	319	317
Italy	269	275	281	286	290
Iberia	360	354	349	352	349
Other European countries	424	463	431	429	421
Rest of the world	243	302	287	290	297
Global businesses	135	135	134	131	131
total	4,744	4,858	4,775	4,789	4,790

# corporate staff by region.

average	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
North America	5,660	5,690	5,700	5,750	5,740
the Netherlands	4,350	4,310	4,310	4,210	4,160
France	4,410	4,390	4,240	4,140	3,790
Germany	3,020	2,820	2,760	2,720	2,640
Belgium & Luxembourg	2,100	2,130	2,160	2,030	1,950
Italy	2,170	2,130	2,120	2,080	2,050
Iberia	2,180	2,150	2,070	1,980	1,920
Other European countries	3,870	3,850	3,780	3,810	3,790
Rest of the world	5,020	5,030	5,020	4,980	4,960
Corporate	220	230	230	220	220
Global businesses	5,660	5,640	5,850	6,000	5,980
total	38,660	38,380	38,240	37,930	37,200

# staffing employees by region.

average	Q1 2018	Q1 2017
North America	97,300	98,100
the Netherlands	80,900	80,700
France	84,000	79,400
Germany	47,200	46,800
Belgium & Luxembourg	42,900	40,100
Italy	48,000	41,200
Iberia	66,600	62,800
Other European countries	64,000	63,400
Rest of the world	109,000	110,900
Global businesses	9,300	8,600
total	649,200	632,000

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human forward.

