randstad

Staffing | Professionals | Search & Selection | HR Solutions | Inhouse Services

2nd quarter results 2012

gradual slowdown continues

Ben Noteboom, CEO
Robert-Jan van de Kraats, CFO

Randstad Holding nv
July 26, 2012

disclaimer & definitions

Certain statements in this document concern prognoses about the future financial condition, risks, investment plans and the results of operations of Randstad Holding 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 (flexible) personnel, 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. Quarterly figures are unaudited.

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. When calculating growth, SFN group is included on pro forma basis in 2011 and therefore not excluded as acquisition effect

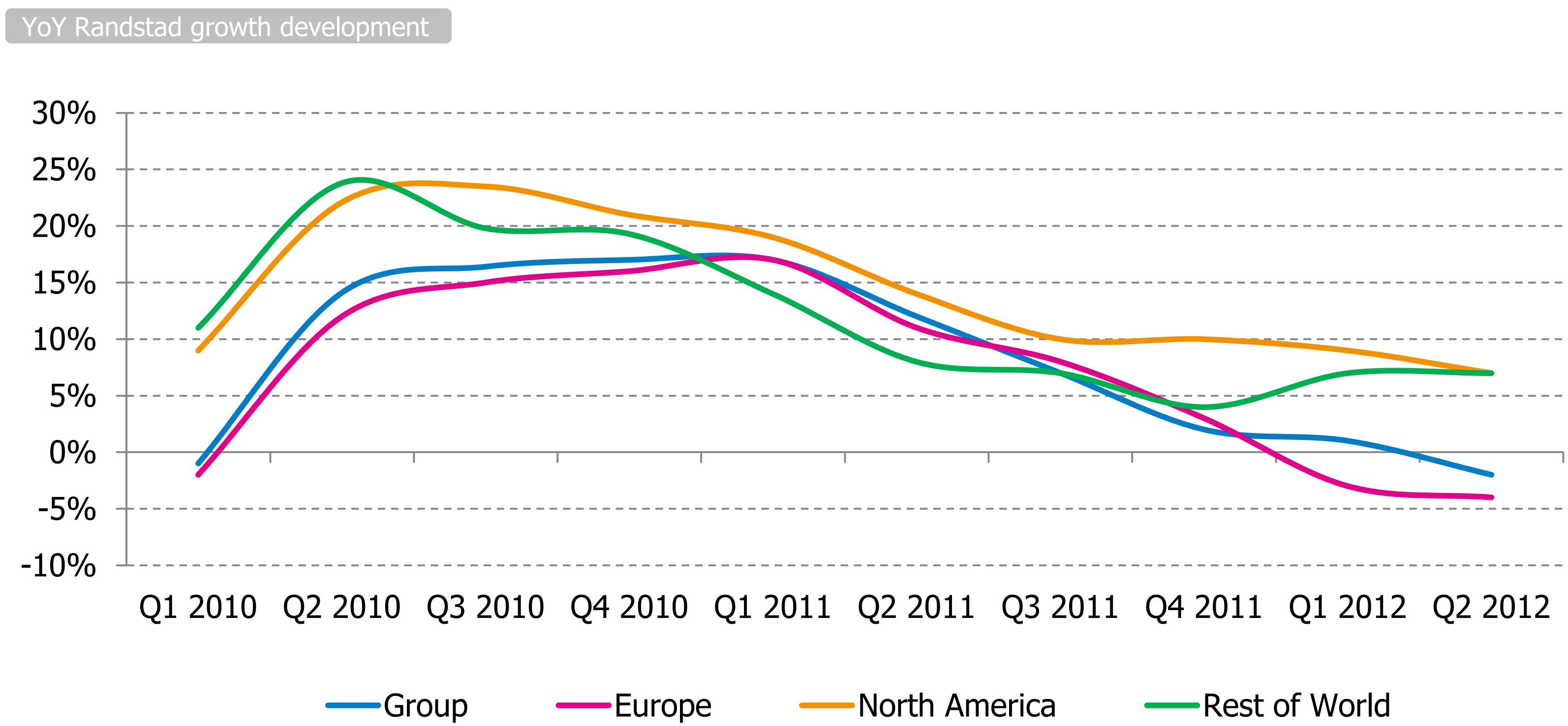
diluted EPS is measured before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs

agenda

- performance
- financial results & outlook
- Q&A

performance

Q2 2012: gradual decline continues



- diverging trends continue
- seasonal trends remained visible across countries
- organic growth per working day from +1% in March to 0% in June, despite an easier comparison base

a challenging quarter

€ million	Q2 2012	Q2 2011	% change	% organic
revenue	4,303	3,915	*10%*	*-2%*
gross profit	782	721	*9%*	*-5%*
gross margin	*18.2%*	*18.4%*		
operating expenses*	648	567	*14%*	*-1%*
opex as % of revenue	*15.0%*	*14.5%*		
EBITA*	**135**	**154**	***-12%***	***-20%***
*EBITA margin**	*3.1%*	*3.9%*		

- organic growth per working day relatively flat YoY with lower gross margin
  - 0.6 working day less & impact bridging days
  - good performance in North America and Japan
- operating expenses* amounted to € 648M, up € 10M vs. Q1
  - currency effects (€ 4M) and higher marketing (€ 6M) moved the cost base up sequentially
  - FTEs reduced by 550 or 2% vs. Q1
  - Q1 2012 included book profits (€ 3.8M) stemming from divestments
- EBITA* from € 154M to € 135M
  - adjusted for integration costs (€ 6.3M) and restructuring costs (€ 16.8M)

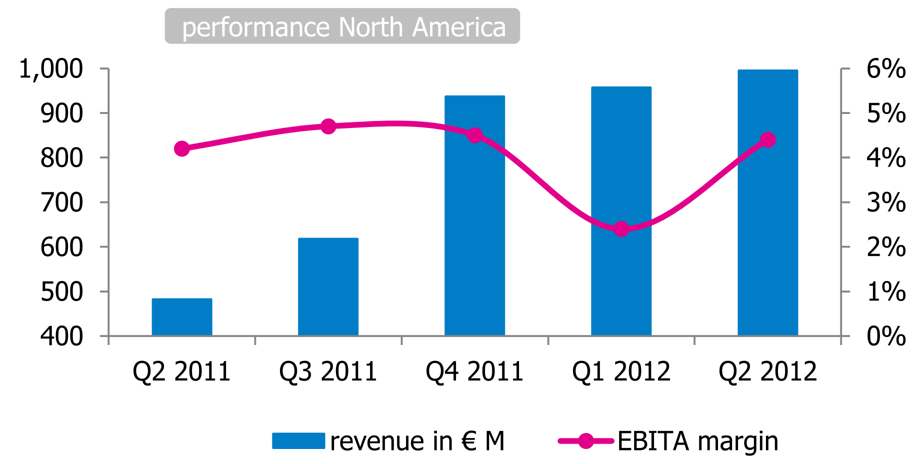
* before integration costs & one-offs

key priorities

- focus on costs
  - field steering
  - aligning overhead and head office with field
- shifting focus from market share gains to profitability
  - optimizing delivery models
  - enhancing pricing policy
  - review client profitability
- capturing growth opportunities and improve business mix
  - continue investments in profitable growth (North America, Japan, China, etc)
  - professionals growth accelerator
  - perm in staffing

North America: continued growth

- organic revenue +7% (Q1: +8%)
  - continued good growth US staffing & professionals
  - stable growth trend Canada
  - perm up 6%



- focus on profitability
  - incremental conversion & synergies

- US staffing & inhouse up 5%
  - steady growth in inhouse
  - growth in admin eased somewhat
  - perm fees up 34%

- US professionals up 10%
  - continued growth across all sectors
  - strong growth in HR Solutions

- EBITA margin 4.4% vs. 4.2% LY
  - improved business mix & investments
  - gross margin expansion

SFN integration on track

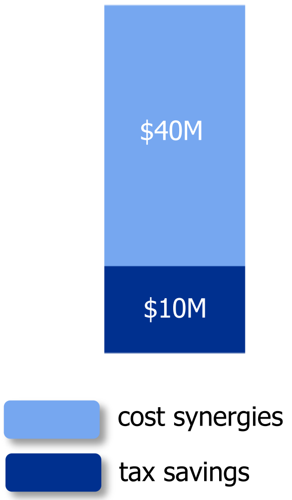
integration process

- integration process is on track
- physical integration staffing business complete in Q3
- physical integration professionals will start in Q3
- integration costs Q2: € 6.3M (total: € 25.3M)

synergies

- full amount of synergies expected to be materialized in the course of 2013
- synergies of € 6.0M in Q2, up vs. Q1 (€ 3.8M)

annual synergies



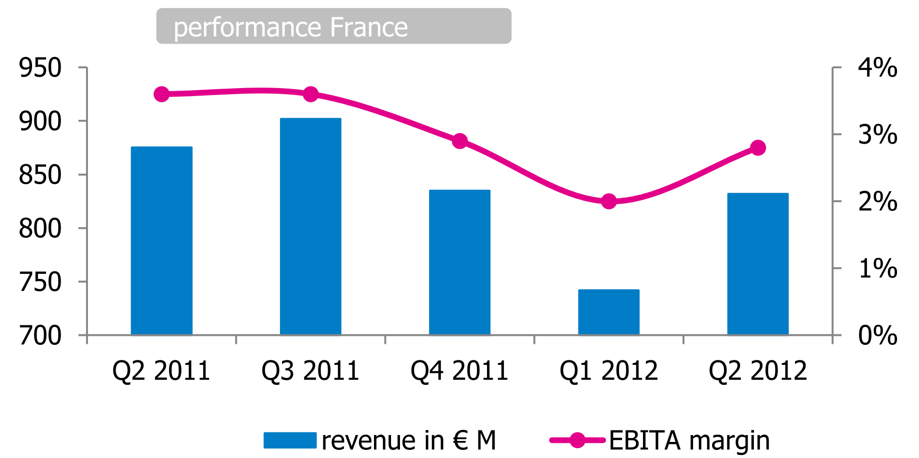
randstad

France: inhouse key growth driver

- revenue down 3% (Q1: -/- 5%)
  - accelerated growth at inhouse
  - timing holidays and bridging days
  - stable decline in staffing & professionals
  - perm placements under pressure

- focus on costs and profitability
  - FTEs -/-1% versus Q1
  - use flexibility in cost base
  - creating larger branches
  - client profitability

- EBITA margin to 2.8% (vs. 3.6% LY)
  - change in mix: inhouse vs. profs/perm
  - lower YoY impact price increases (30 bps)
  - refined calculation method subsidies (40 bps)
  - higher wage taxes (40 bps)



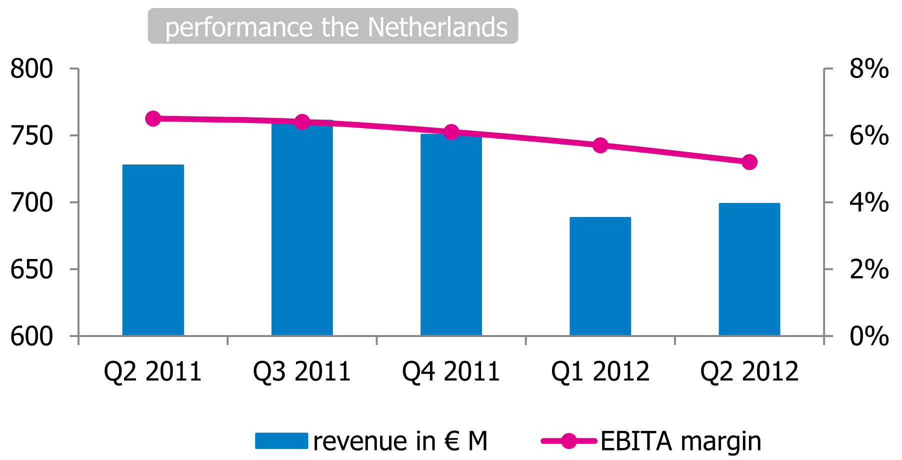
the Netherlands: ensuring adaptability

- revenue down 1% (Q1: -/-2%)
  - Tempo-Team ahead of market in June
  - Yacht at -/-6%
  - inhouse strong at +8%

- gross margin pressure persisted
  - competitive environment more challenging
  - changed business mix: growth payroll & inhouse

- focus on costs and profitability
  - FTEs -/- 2% versus Q1
  - client profitability
  - restructuring program Randstad
    - restructuring charge € 6.1M in Q2
    - up to € 6M in Q3

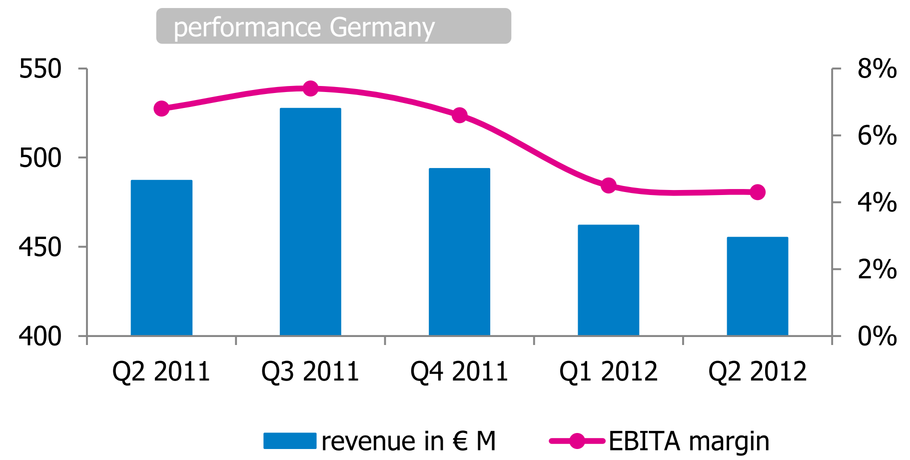
- EBITA margin 5.2% (vs. 6.5% LY)



randstad

Germany: challenging conditions

- organic revenue down 2% (Q1: +3%)
  - seasonal pattern in volumes returned
  - inhouse at + 5%, staffing -/- 12%
  - professionals +7%, led by IT
- gross margin pressure
  - 1 working day less & impact bridging days
  - price pressure
  - higher accruals for public holidays in FY 2012
  - higher salary costs during holidays
- focus on costs
  - restructuring charge of € 9.5M
  - FTEs -/- 4% versus Q1
- EBITA margin 4.3% (vs. 6.8% LY)
  - Q2 2011: positive impact wage cost item of 0.7%

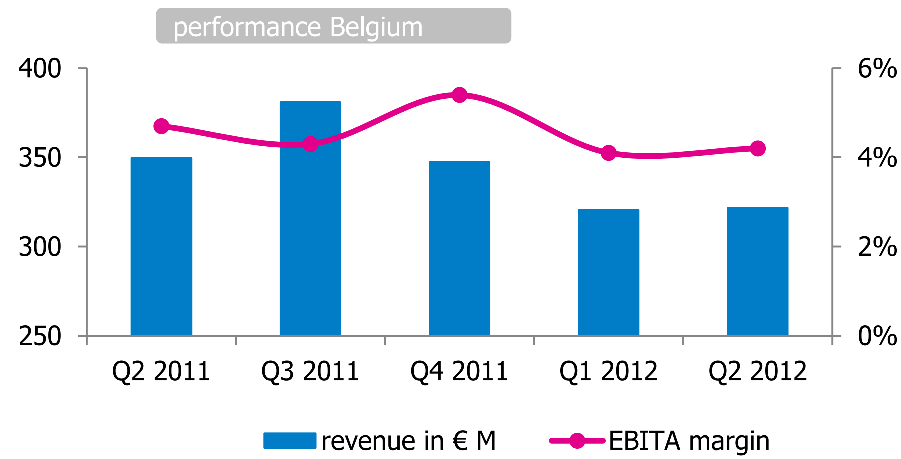


Belgium: stable decline

- revenue -/- 6% (Q1: -/-6%)
  - stable development through the quarter
  - moving closer to market in white collar
  - inhouse at -/- 5% (Q1: -/- 8%)
  - solid performance in HRS, mainly outplacement
  - professionals +7% (Q1: +6%)

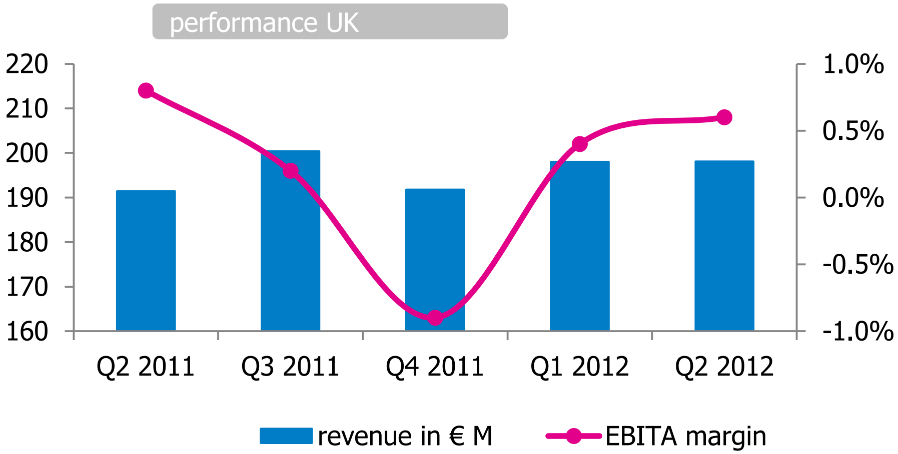
- focus on profitability
  - FTEs -/- 2% versus Q1
  - client profitability
  - field steering
  - gross margin improvement program

- EBITA margin at 4.2% (vs. 4.7% LY)
  - competitive environment remained difficult
  - gross margin supported by subsidy benefits
  - relatively strong Q2 2011



UK: adjusting cost base

- revenue -/- 8% (Q1: -/- 9%)
  - stable decline against a stronger comparison base
  - public holidays & bridging days
  - public sector eased to -/- 8% (Q1: -/- 16%)
  - inhouse -/- 13% (Q2 2011: +35%)
  - professionals gradually strengthening in temp
  - perm fees -/- 14% (Q1: -/- 19%)



- focus on costs
  - FTEs -/-4% versus Q1
  - restructuring charge of € 1.2 million

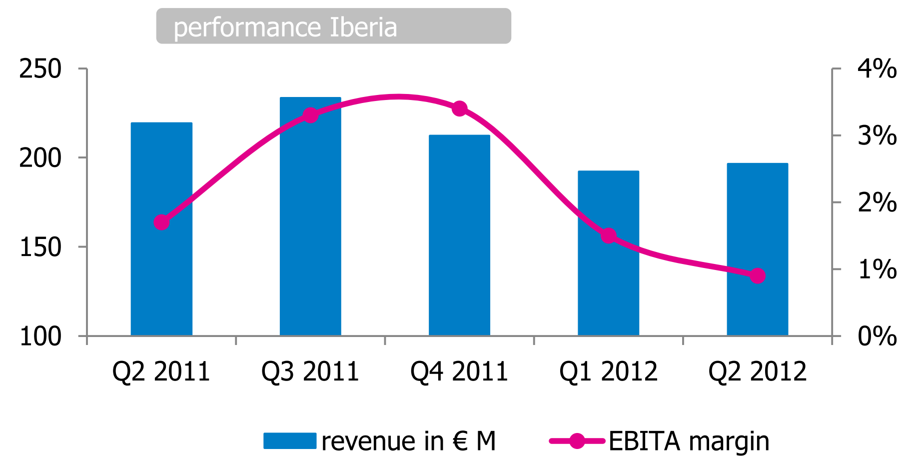
- EBITA margin 0.6% vs. 0.8% LY
  - continued price pressure

Iberia: tough environment

- Spain
  - revenue -/- 9% (Q1: -/- 10%)
  - food, automotive and logistics main drivers
  - professionals strengthened further

- Portugal
  - revenue -/- 12% (Q1: -/- 6%)
  - contact center business main growth driver, manufacturing showed a strong deterioration
  - professionals somewhat under pressure
  - combining Randstad and Tempo-Team

- combined EBITA margin at 0.9% (vs. 1.7% LY)
  - pricing challenging across all segments
  - higher share of large clients in mix
  - focus on costs
  - FTEs -/- 3% versus Q1



revenue development per industry segment

Segments	USA	Germany	France	Netherlands
Manufacturing	+	-	-	-
Automotive	o	-	o	o
Food	-	o	o	o
Transport	o	o	+	o
Business services	+	-	-	o
Financial services	+	--	-	o
IT services	-	++	--	-
Public sector	+	o	o	+
Health & social work	++	++	o	-

randstad

upcoming CLA changes in the Netherlands & Germany

- positive contribution to the image of the industry
- stability for the next 5 years

Netherlands

- equal pay from day 1 as from Jan 5, 2015
- 1 year derogation only related to certain target groups
- until then, current CLA pay rates applicable +1.55% wage increase
- further details available not earlier than September 2012

➡ expected impact: limited

Germany

- only applicable for temps working via IG Metall & chemical sector
- pay rates German CLAs will change as from November 1, 2012
- phasing system of adding surcharges on current CLA pay rates, leading to a level in a range of equal pay after 9 months

➡ expected impact: unknown

financial results & outlook

income statement Q2 2012

€ million	Q2 2012	Q2 2011	% change	% organic
revenue	4,303	3,915	*10%*	*-2%*
gross profit	782	721	*9%*	*-5%*
gross margin	*18.2%*	*18.4%*		
operating expenses*	648	567	*14%*	*-1%*
opex as % of revenue	*15.0%*	*14.5%*		
EBITA*	**135**	**154**	***- 12%***	***-20%***
*EBITA margin**	*3.1%*	*3.9%*		
reported EBITA	**112**	**154**		
amortization & impairment	-/- 56	-/- 39		
net finance income/(costs)	-/- 2	-/- 5		
income before taxes	**54**	**109**		
tax	-/- 17	-/- 33		
net income	**37**	**76**		
*adjusted net income***	*88*	*101*		
*diluted EPS****	*0.51*	*0.59*		

* 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

Q2 2012: financial key points

- effective tax rate* amounted to 33% (Q2 2011: 31%)
  - guidance full year 2012 unchanged: 29-32%
- diluted EPS* down to € 0.51 vs. € 0.59 in Q2 2011
- DSO improved by 1 day to 53 days
- free cash flow amounted to -/- € 167M in Q2 vs. -/- € 106M LY
  - annual payment of holiday allowances and dividend
  - phasing of collection trade receivables into Q3
- leverage ratio up to 2.4 (vs. 1.7 in Q1)
  - negative free cash flow in Q2 due to seasonality

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

segment performance

Staffing in € M	Q2 2012	Q2 2011	% organic
revenue	2,662.7	2,563.5	-6
EBITA	80.7	104.9	-35
EBITA margin	*3.0%*	*4.1%*	

- industrial segments main drivers
- strong growth in North America
- gradual slowdown across Europe
- addition of SFN with below average EBITA margin

Inhouse in € M	Q2 2012	Q2 2011	% organic
revenue	752.5	631.9	15
EBITA	30.8	24.1	19
EBITA margin	*4.1%*	*3.8%*	

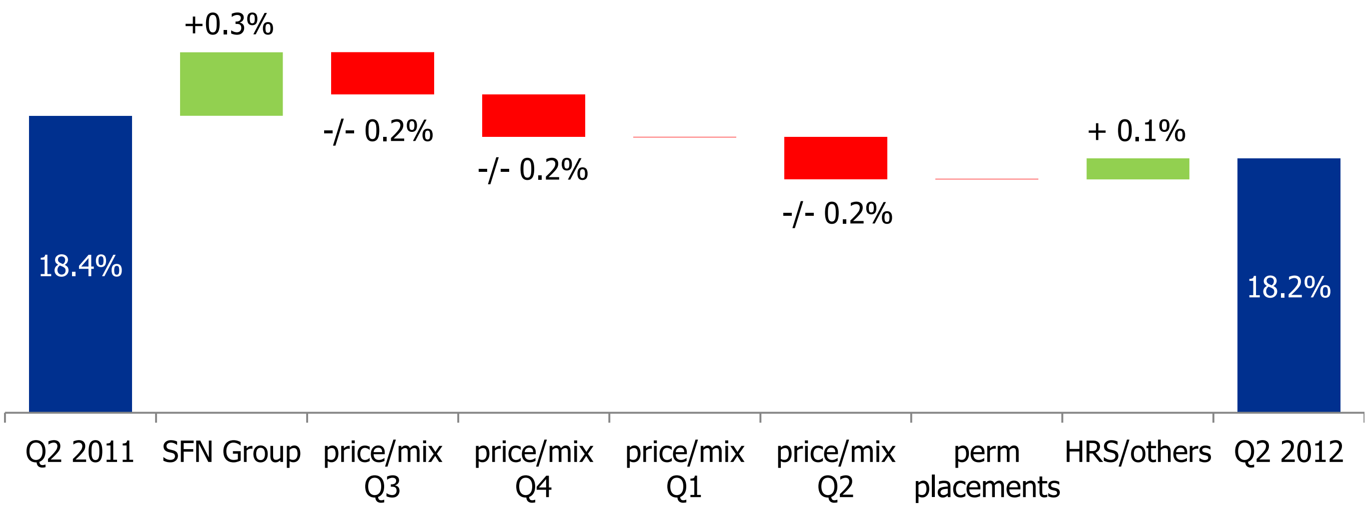
- France & US main drivers
- strong comparison base
- increased share at existing clients
- transfer of SFN business to inhouse (adjusted organic growth is +3%)

Professionals in € M	Q2 2012	Q2 2011	% organic
revenue	887.9	719.6	1
EBITA	35.9	34.4	-18
EBITA margin	*4.0%*	*4.8%*	

- growth led by IT & engineering
- impact public sector in UK & NL
- slowdown in perm fees in Europe
- investments growth accelerator
- addition of SFN with above average EBITA margin

gross margin bridge

YoY gross margin development

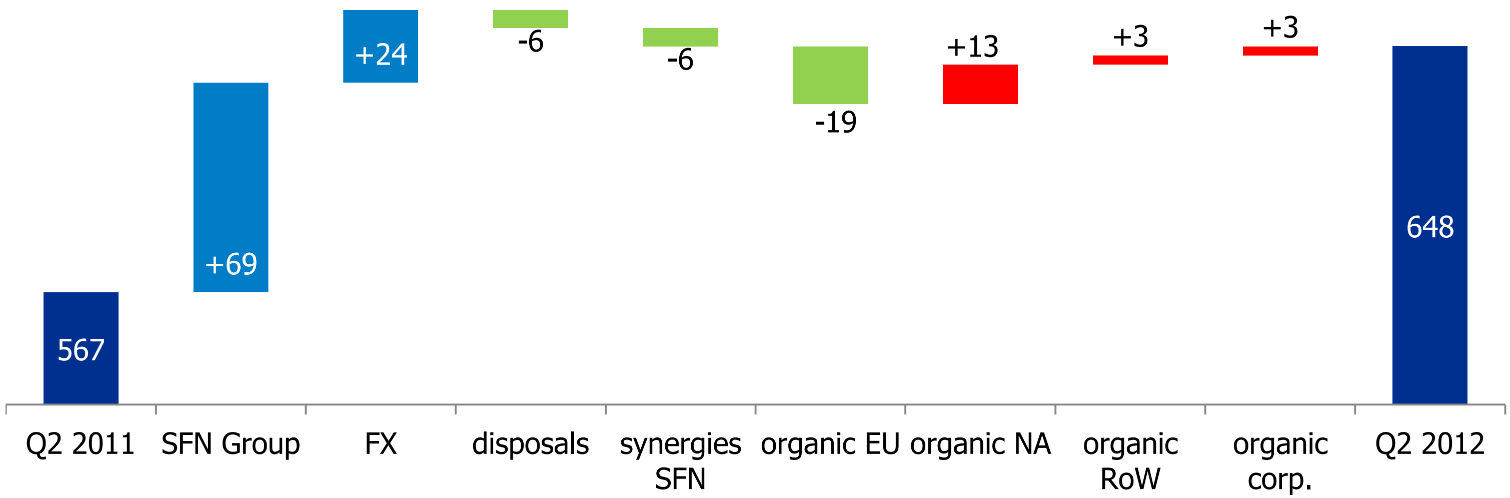


- gross margin up 0.2% vs. Q1 (LY Q1>Q2 +0.3%)
- temp margin affected by competitive environment and margin effects in Germany & France
- margin expansion North America

- SFN contributes 30 bps to Q2 2012
- HRS grew strongly YoY and contributed 10 bps
- perm fees were 9.7% of GP (vs. 9.7% in Q2 2011)

operating expenses organically down

YoY OPEX development in € M



- SFN Group added € 69M to the cost base
- realized synergies stemming from SFN Group contributed € 6M
- currency effects added 3% YoY to cost base

- FTE reduction 550 vs. Q1 2012, mainly in Europe
- amount of branches & inhouse locations reduced across the board
- continuous focus on improving recovery ratio

selected balance sheet items

€ M	June 30, 2012	June 30, 2011
trade and other receivables	3,169	2,846
less: trade and other payables	-/- 2,263	-/- 2,127
operating working capital*	**906**	**719**
cash & cash equivalents	242	250
less: current borrowings	-/- 102	-/- 95
less: ST part long-term borrowings	-/- 1,794	-/- 1,225
net debt	**1,654**	**1,070**
DSO, days sales outstanding	*53*	*54*
leverage ratio	*2.4*	*1.6*

* operating working capital is trade and other receivables minus current part financial fixed assets minus trade and other payables

consolidated cash flow statement

€ M	Q2 2012	Q2 2011
EBITDA	133	173
usage of OWC	-/- 240	-/- 206
income taxes (paid)/received	-/- 55	-/- 56
provisions and other	9	-
net additions in PPE and software	-/- 16	-/- 17
financial receivables/dividend associates	2	-
free cash flow	**-/- 167**	**-/- 106**

€ M	Q2 2012
free cash flow	**-/- 167**
net acquisitions/disposals/buyouts	-/- 1
issue of ordinary shares	-
net finance costs paid	-
dividend	-/- 222
translation effects & other	-/- 51
net debt increase Q1 2012–>Q2 2012	**442**

outlook

- continued focus on costs and profitability:
  - field steering
  - stringent cost control
  - aligning overhead and head office with field
  - client profitability

- growth per working day moved from +1% in March to 0% in June despite easier comparison base
  - seasonal patterns noticeable across countries

- trend into July a bit weaker
  - 1 working day less, impact bridging days

- sequential organic cost decrease in Q3

Q&A

appendices

drivers effective tax rate

effective tax rate* was up to 33% (vs. 31% in Q1 2011)

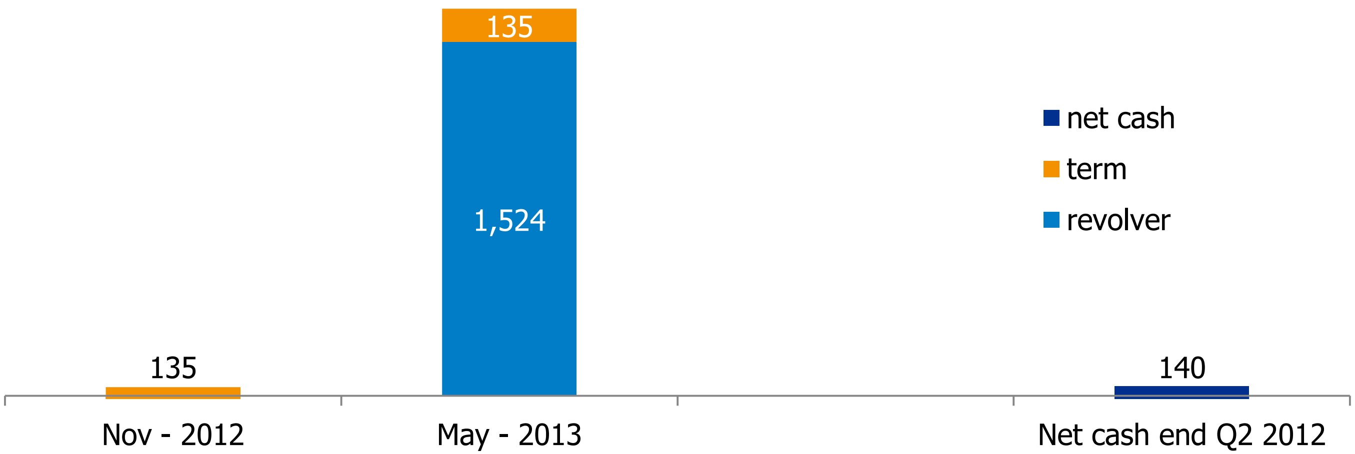
- change in geographical mix: high growth in countries with above average tax rates
- as our results improve, the relative effect of the tax planning measures decreases
- full year 2012 guidance unchanged: 29%-32%

driver / impact	effective* tax rate	cash tax rate	explanation
growth operating companies and mix effects	+	+	higher weight countries with high CIT rate and impact of permanent differences, based on current tax planning
changes in corporate income tax (CIT) rate	+ or -/-	+ or -/-	dependent on direction of change
repayment € 131 m. (Dutch tax)		+	ultimately 2012
payment regarding recapture obligation		+	tax payment NL based on German profits
timing differences		+ or -/-	dependent on changes in deferred taxes

* tax rate on the underlying profit before tax (before amortization and impairment acquisition-related intangible assets and goodwill and integration costs)

net debt & repayment schedule existing facility

repayment schedule in € M



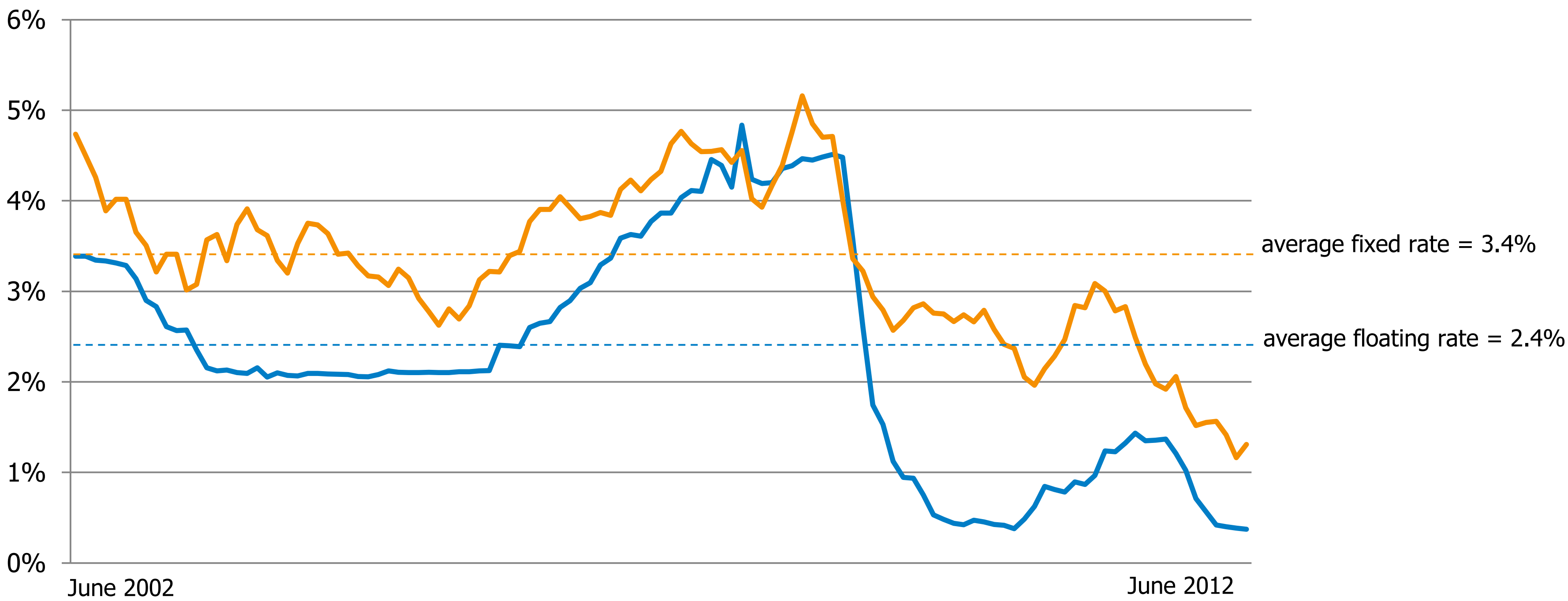
- covenant; net debt/EBITDA* of max. 3.5
  - at the end of Q2 2012 the net debt/EBITDA ratio was 2.4
- syndicated credit facility amounts to € 1,890M
- new facility (€ 1.3 Bln) becomes available as of May 2013

* EBITDA; 12 months rolling back

randstad

financing: fixed vs. floating interest rates

10 year historical interest rates comparison 1M vs 5Y

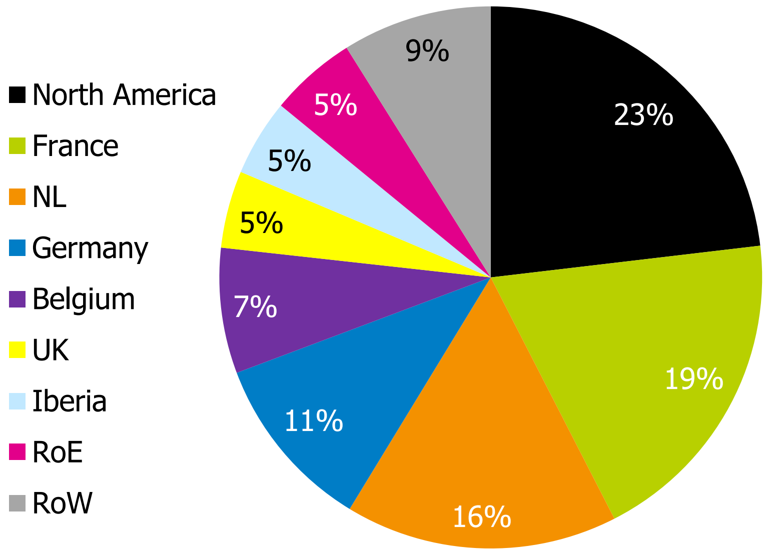


- we use floating interest rates as a natural hedge
  - spread above Euribor of 50-115 bps

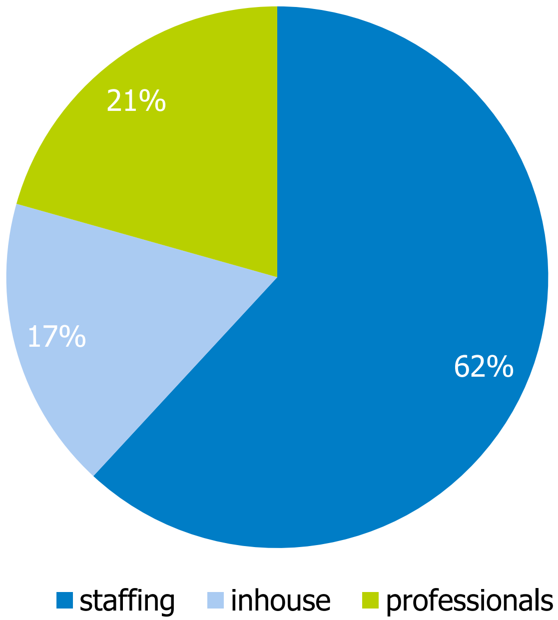
randstad

revenue split Q2 2012

geographical area



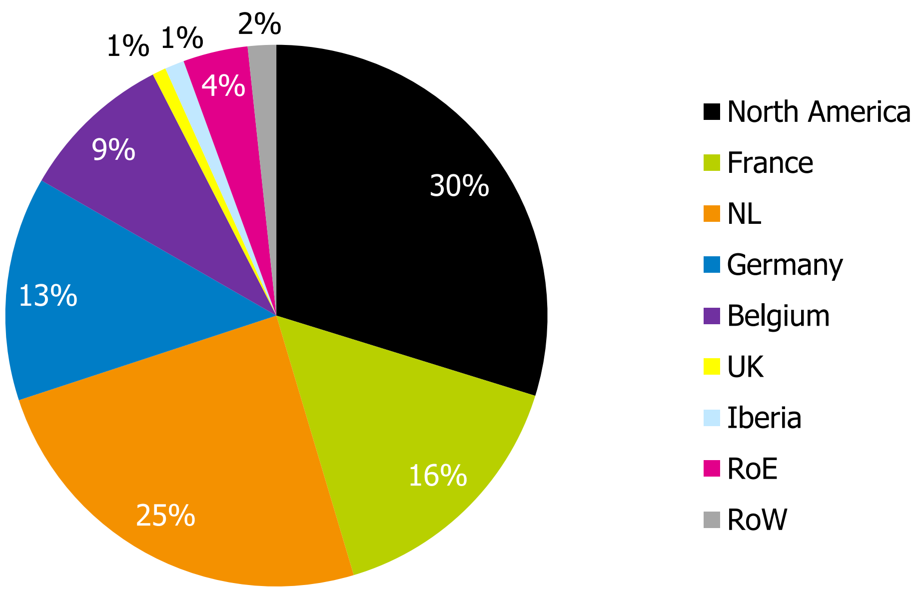
revenue categories



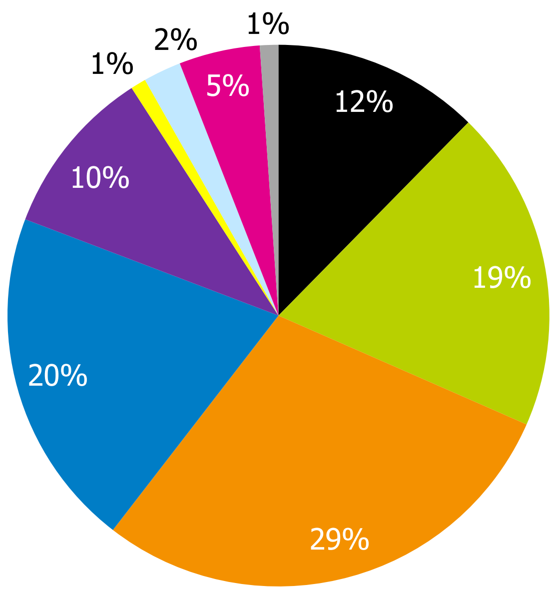
randstad

EBITA breakdown by geography

Q2 2012



Q2 2011



randstad

outlets* by region

end of period	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
North America	1,055	1,074	1,089	1,090	485
France	864	862	882	896	889
the Netherlands	683	696	717	734	739
Germany	548	557	554	555	530
Belgium/Lux	350	350	359	363	367
United Kingdom	243	246	255	283	275
Iberia	274	273	277	278	272
Other Europe	337	335	333	332	330
Rest of world	253	252	245	253	296
total	**4,607**	**4,645**	**4,711**	**4,784**	**4,183**

* branches and inhouse locations

corporate employees by region

average	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
North America	6,400	6,440	6,450	4,310	3,070
France	3,930	3,960	4,010	4,000	3,910
the Netherlands	4,770	4,870	5,150	5,220	5,170
Germany	2,830	2,940	3,020	3,020	2,940
Belgium/Lux.	1,980	2,030	2,120	2,180	2,110
United Kingdom	1,760	1,840	1,930	1,930	1,960
Iberia	1,370	1,410	1,470	1,500	1,460
Other Europe	1,800	1,830	1,850	1,830	1,790
Rest of world	4,450	4,530	4,900	4,900	4,870
Corporate	190	180	180	180	170
total	**29,480**	**30,030**	**31,080**	**29,070**	**27,450**

staffing employees by region

averages	Q2 2012	Q2 2011
North America	106,400	56,000
France	89,500	91,100
the Netherlands	87,700	87,200
Germany	52,900	54,600
Belgium/Lux.	40,600	44,300
United Kingdom	21,100	24,500
Iberia	45,400	48,900
Other Europe	35,800	38,000
Rest of world	110,500	104,100
total	**589,900**	**548,700**