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— MANAGEMENT DISCUSSION SECTION

Unverified Participant

Ladies and gentlemen, welcome to our Q2 Results Presentation. Here in the room, we have most of our Executive Board members; Leo Lindelauf, Linda Galipeau, and Brian Wilkinson. Also here in the room are many of our Dutch analysts and also my home, from Belgium. Welcome. On the line, we have our UK and French analysts and also many of our investors, warm welcome. I'd also like to welcome many of our colleagues who are also listening to this call.

We'll start today with operational updates from Ben Noteboom followed by Robert-Jan with the financial performance.

Ben J. Noteboom, Chief Executive Officer & Chairman-Executive Board

Good morning, everybody. Looking back on Q2, before we get into the details, I think we look in the mirror as we usually do because that's whom we have to blame if we're not completely happy, and we're not completely happy because we were a bit too slow; if we plan backwards in adjusting our cost more aggressively. March, April, there was a sort of a trend that things were turning for the better. I think that was also translated into the stock exchange and some other areas, and we were also a bit, if you want, misled, if you look back. So, I think we didn't do that.

We didn't react as fast enough, but we'll show you all the things we've done in a meanwhile, mainly the last, let's say, month, month-and-a-half to turn this around, because we're going to control what we can control. What we can control is not the economy, it's not markets, it's only to a limited extent pricing, but what we can control is costs.

If you look back on January 1, 2014 to the year 2013, we commit now that if we would have a similar sales pattern as today, our operational cost will have gone down with an amount between €70 million and €100 million next year. So that's the actions we have put into place now. You're

going to see the results gradually actually occurring next year. Robert-Jan will share into more detail also a number of initiatives and I'll also cover them in the presentations per country.

The other thing on Q2, which is not in the disclaimer, the other thing in the Q2 is that the comparison between Q2 last year and this year, there are some specifics which I'll also talk about a bit, because it's a sort of a Murphy's Law, but a lot of incidentals on both sides actually came together, so that worsened the picture a bit. But anyhow, that doesn't take away the remarks I just made that we have to be more stringent on cost control and we will.

Looking at market trends, surprise to nobody. Obviously, U.S. doing well, keeping – keep on growing; the rest of the world, same there; and Europe, on balance, although let's say, minus 5%. Obviously, significant differences per market, we'll get into the major markets in a minute.

A challenging quarter indeed; organic growth – of course, we have sort of a funny picture, of course, top line actually, the effect is limited and there's a bigger effect on gross margin. And our business, if top line declines or grows, it's easy to adapt. It's more difficult to adapt to decline in gross margin, because the productivity improvement necessary to compensate for those are considerably higher inevitably because you still have the same amount of work, but of course people need to do more work to actually compensate for a lower gross margin. That's where the challenge is lying.

We already have formulated solutions to take care of that, but we have to implement them a lot more aggressive than we have done so far. 0.6 days less, which of course, has an impact, especially where those holidays are placed. If it's on a Tuesday, people won't work on a Monday, either if it's on a Thursday, the same. And that was a little bit not convenient, if you want, during Q2. So we had quite a few holidays in quite a few countries and it has an impact also on margin.

North America and Japan doing well and very well, we'll go back to those two, especially North America, in a minute. Japan, company is humming. Everything is going very well. We have a slight increase in revenue. We have a very good profitability above the average of the Group. So we are very pleased with the performance we are seeing there.

Operating expenses, we'll spend some time on that. To nobody's surprise, I'm sure, higher marketing costs, as had been announced. Currency, of course, plays quite a role here. We reduced the FTEs in the company for different reasons. Half of it, a bit less than half, 40% of the reduction is based on divestments, especially the payroll business in India, 225 people I think, and there are some minor other ones. And EBITA at €135 million, adjusted for integration and restructuring costs as we have announced in our press release.

Key priorities, that's clear. Field steering and focus on cost. Our field steering system, as we have always explained, takes care of the adjustment of the cost at the branch level. However, it does not take care of overhead, management structures, and infrastructure. So that's why we have taken measures now in Germany and in the Netherlands, and I'll come back again on a few other markets what we intend to do there.

Shifting focus from market share gains to profitability; this is obviously mainly meant for the European markets. We have an uncertain, if you want, top line and margin development, which means in this market, if you strategically want to manage a company, you have no choice but to manage the profitability. I don't care about – we don't care about market share at this point in time in Europe, in spite of the fact that we have some good news like Tempo-Team being on the market again in the Netherlands. Unfortunately, we don't value it today, we value profit. We have no choice in this market. If the market turns, then, of course, we'll get back to the old game again because then market share gains automatically means more profit. Today, we see that we have to be a little bit more selective.

A very important one that I'm adding here is optimizing delivery models. In the good old days, we had one delivery model called staffing with a unit and two consultants. And then we had a segmentation which meant we had a unit for healthcare, a unit for industrial work, a unit for secretary. That was about it. Today, we have, if you count it actually, probably up to eight different delivery models. And many of our clients require more than one of those models for us to supply the service they request and the service they pay for. So the challenge of an organization like ours is to shift clients faster from one delivery model to another, very often partly, so per operation of the client.

So we're looking in optimizing delivery models. We have developed them. We have tested them. We know them. And obviously, the complication is multiplied because if you have eight delivery models and a client needs three different ones, you guys are good at numbers, so you can calculate the number of combination you could theoretically have. That's how we can actually reduce our costs, deliver the service to the client that they pay for and make a reasonable return.

It means, of course, reviewing client profitability even more accurately sized and more often than we've done before. We look at client profitability, by the way, not overall, but we look at it per segment. One segment will not subsidize the other. If we lose money on inhouse and we make money on professionals, we'll stop with inhouse or change it. We will not subsidize an expense [ph] probably very cheap on the other (8:28) way around. Because as we all know, that leads to misery.

Capturing growth opportunities is not only gloom and doom, obviously, as we mentioned, we have quite some areas where we are growing fast, a good example, Latin America, we all know still – we grew 80% business in Brazil. This came in at cost, by the way. We doubled our FTEs in Brazil on purpose. Instead of buying a company, we invested in our own growth. It resulted in a loss of a bit over €2 million in Q2, but actually we're going to see a far better second half.

This was a conscious decision in a market where we finally acquired 100% of the company. We see big opportunities in the market, and we invested in organic growth instead of in acquisitions. Of course, in the P&L, it looks worse, but we have to look at the solution that make sense and not the solution that looks back in accounting terms. Robert-Jan agrees, right? That's important.

North America, obviously, we have activities that are growing very fast like engineering, pharma. We have big companies like Staffing that are doing very well, but little bit less growth also based on more difficult comparables. IT is slowing down a bit, but still healthy growth, very healthy profits. So obviously we'll invest in field over there. Almost all of our cost reductions will be in overhead and also in branch network. I'll get back to that in a minute.

Professionals growth accelerator, we don't report this after today anymore. It has been integrated in the company, actually everywhere we started it has performed better than we anticipated, so we keep on building, but it will be on the normal field steering because if the rest of the company does worse, you have to take into account too. But anyhow, field steering doing well.

Let's get to our main markets. North America, our biggest market, and we're just speculating what's going to happen to the exchange rate. The way it's going, it's going to be an even bigger market, obviously, for us which in this case is good. So for the first time ever, abandoning of an acquisition was right. Thank you, I admit it was luck because I have thanked you very often, you can – very difficult time an acquisition. You can try and not to do an acquisition, but if an opportunity is there that makes strategic sense, we have to decide. But this time, we had a fantastic strategic planning. So how many department, thank you very much for that, we are impressed.

Doing well, growth, competitive growth as we have seen, stable growth in Canada, perm up 6%, market looks healthy. And again, in some segments of the market, really high growth. The focus, of course, is on profitability. We are not happy, not happy enough, if you want, with the incremental conversion, it needs to be higher.

U.S. staffing and inhouse is up 5%. Perm fees up 34%. They took – this took time because it has been a strategic buildup of our ability to also have a bigger part of our business in perm placement in staffing, it's paying off. Profitability is at a very nice level, especially if you look at historical levels we were at and there's more to come.

Professionals, up 10%, declining a little bit through the quarter, but doing well. And EBITA margin at 4.4%, the 4.2% is a bit misleading because that 4.2% is excluding SFN. Would we include SFN, last year's profit would have been 3.8%. We're sorry for the confusion.

The one I forgot to mention by the way on the EBITA of this year – or actually, I should say, the gross margin. Last year, we had quite a few smaller one-offs that led to a €6 million plus in our gross margin. This year, those one-offs lead to a €0.6 million increase in gross margin. So I would not translate the trend of Q2 to Q3, because then we would be a little too pessimistic on our views. I should have mentioned this earlier, I'm sorry, because this is developed for the whole company.

SFN integration on track. The staffing has gone very well. Physical integration has been done. Management has been appointed. We're doing well. We're now in a process where we are actually in the IT integration, which is also going according to plan. Overall, we still stick to our forecast that we're going to save at least €30 million, we said US\$40 million, so I guess, the euro amount is going to change a bit, and US\$10 million on tax still valid.

In the professionals segment, there's bit of a delay. We are first making sure that we get the IT right, before we actually transfer the companies. It's going to happen actually later this year, and in the next few quarters – the first few quarters in 2013. Synergies were up, €6 million this quarter compared to €3.8 million in Q1. They're going well.

We go to France, In France, as we've told you before, we've changed the accounting system a bit of certain subsidies, which leads to a minus 0.4% Q1, Q2, Q3, and a plus 0.6% margin in Q4. So, if you want, we loaded the Q4 a little bit with extra profit.

Accelerated growth at inhouse, doing very, very well. Again, here we have the same days with the holidays, with the moment in a week where we were a bit unlucky. Stable decline in professionals and staffing, and perm placement under pressure, which is a market thing, we assure we're not behind the market.

Focus on cost and profitability; we will not have reorganizations in France. We all know it takes about a year, up to 18 months. It paralyzes the company completely. The unions, works council or what have you processes take forever and are very expensive.

We're going to do some other things. We have quite a few temporary contracts, about 150. So we will end quite a number of those at the end of this summer, because then we don't need them anymore. And the other thing is actually an action that's going to save us a lot of money, make us lot more efficient, but it will take the better part of 2013 and maybe even a small part of 2014 to execute.

We have quite a few relative small branches in France. We've run the experiment of actually combining quite a lot of small branches in one bigger one. The results are, to say the least, encouraging. The process is going to mean that we're going to combine 250 small branches into 75 bigger ones. So the average number of the FTEs per branch will be anything between 6 and 12 on average. That's quite a process actually. It's going to take some time. It will also in time require provision for the lease obligation we still have, but it's going to make a lot more efficient, it's going to reduce cost dramatically. EBITA margin, 2.8%, given the change in calculation of 0.4%, we are not unhappy with our performance in France, which I think is being run very, very efficiently at a very low cost level.

The Netherlands, in Netherlands we had 5.2% EBITA margin. We expect a considerably better profitability in Q3, as always, but even a bit more than the normal seasonality. Look at where we are now. We took a provision for Tempo-Team obviously, which is kicking in on costs. We've announced the provisions for The Netherlands.

Unfortunately, we could only take half of it because you have to actually have told the people that have to leave that they have to leave, so the – we've done the field. We went from 14 to six regions in the Netherlands, which of course saves a lot of overhead. We also incorporated again a few specialties like healthcare into the staffing organization, so the regional organization, it would save us a lot of money on overhead. And we're going to actually have reductions in the head office in September, for about – we'll take a provision for about the same amount as we've taken for the field, so total will be about €12 million.

Gross margin is more under pressure at the moment. We have seen some really odd pricing at large accounts. And some will actually be passed because if we can't make money, then we're happy for other people to supply at a loss. Biggest one being Belastingdienst, the client of ours, yeah, it is what it is. And again, it's profitability over market share. Focus on cost, obviously, so, as I said, the restructuring is going to take place that will translate in lower costs, kicking in mainly in Q4, partly in Q3, but mainly in Q4. And then we'll take it from there.

Germany, same comment about profitability as on the Netherlands, we have confidence that profitability will be considerably higher in Q3 than it is in Q2. Organic revenue growth, down 2%. We had a lot of holidays. Holidays actually cost a lot of margin. If you look at the total, the effect is about 0.6% in Q2.

Also here, obviously, we announce that we're going to be more efficient, and we're going to reduce costs, which is extremely important. Inhouse growing, IT doing very well in professionals, engineering still need to be improved. There is gross margin pressure. And of course, here we have the big change in the CLA, which I'll elaborate on a bit later. Restructuring charge of €9.5 million; it means we're going to reduce FTEs quite a lot, and also some branches are included in there, which we will combine in on average again bigger branches, which already was a strategy in France, but we still have a few small ones which we don't think makes sense. We will not leave the market, obviously. And again, most costs are in overhead, cost reductions.

Belgium, stable decline, has been a reliable performer over the last couple of years. We've seen a drastic turnaround in the revenue in inhouse last year. We went from a plus 40%, 41% actually Q1 to a minus 9% in Q4. So, that's quite a shift. Obviously, costs have been adopted. Focus is on profitability; same here. Field steering, gross margin, reduced costs also in Belgium, not very big bang. We can do this just gradual and through natural attrition, by far the biggest part.

UK, we had a disappointing performance in UK as you know for quite a few quarters. It has slightly improved, which is actually compared to market, is a big improvement. It doesn't help because it doesn't make profit. But anyhow, relatively, we have performed quite well in a few markets. We also see some segments where the market is improving.

Our construction, property and engineering business is improving. Our financial business is improving, especially in the city, but less in the other cities, but in the city, London, we have seen quite some improvements. Education is stable. We're taking – still taking out a lot of cost, considerable reduction in cost compared to last year that will continue through this year. We finally, I think, have a home major positions, the right management team in place. It took quite a lot of time, we also had to recruit from outside for a few positions. So I think we're well positioned to continue the improvement and actually to accelerate improvements that we have initiated.

Iberia, a really tough environment. You might remember that in 2009, Portugal only showed a decline in the worst quarter of minus 6%. Portugal is being hit a little bit more this quarter. We're looking at the minus 11-point something, close to minus 12%; Spain at a minus 9%. So, truly Iberia is not a good place to be, if you want.

Results are still, well, lower. But we still make some money there, albeit being not a lot. And, of course, also here we're looking at – in Spain, we have been adjusting costs drastically. Portugal is our most efficient organization anyhow. It has the lowest cost of the whole Group. To make it even more efficient, we have decided to combine our two brands. The Tempo-Team and Randstad brand will be combined. This obviously means we can take out overhead. We can reduce on branches. It has been announced yesterday in Portugal. So, we'll get back to you in Q3 with more details on the financial implications. That's what we do to take out costs. As I've told you, we're looking very stringently at costs everywhere.

Revenue development per industry sector, there are very few pluses here. As you can see, we have very healthy growth in Germany in IT. We have a healthy growth in health and social work in Germany and in the U.S. U.S. is mainly pharma, doing very, very well actually. Most other industries are stable and some of them are declining and sometimes, actually, a bigger decline. It's a picture we present to you every time.

The changes in collective labor agreements, we – as I've told you actually quite a lot, we have seen a, I must say, well coordinated approach by the unions. They persist everywhere and they would go for user pay.

We've – I'll take one at a time. Germany – I'm sorry, Holland, we just concluded the new CLA, it's valid for five years, which gives us a lot of stability. And we will have user pay as from January 1, 2015. It says, January 5, I don't know, but anyhow. I thought January 1 there. The four days, we'll fix it. This sounds rather dramatic. However, you should realize that today already 85% of the flex workers is at user pay. So the impact is only at the lowest part of the labor market, obviously.

There is also some exceptions to the user pay, exceptions are twofold, people who have been unemployed for six months or more, we can follow our own CLA; and people that have an open end contract with us, also – for those we can also follow our own CLA. Until 2015 we have a minor wage increase. That's about it, the other details are still being negotiated and agreed upon, I'm sure, with the unions. So, the expected impact is limited.

And Germany, we've seen a more drastic change. We've concluded the new CLA first with IG Metall, the biggest one that also covers automotive, a bigger part of our business obviously, and the chemical sector. We have a system where the longer the flex worker works for us, the bigger the excess surcharge he gets on the CLA that we have, start after six weeks, three months, et cetera. The highest rate we will reach is 90% in IG Metall's case of what they would get would they work for – and would be employed by the automotive industry themselves. So we still have a price advantage be it smaller than it is today.

What do I expect? I expect that we will see what we have always seen when there were changes like this in legislation. Usually, what happens is we see a decline in volume. Again, it will be at a part of the market because a big part also in Germany is already at user pay, by the way, especially at companies like BMW, Volkswagen, et cetera that we already have user pay. So, it's – if you want, with all respect, a little bit less interesting part of the market, they usually see us at a change like this that the market declines a bit. People get used to it and then you see volume picking up. So, that's what I expect. Our expert say, the expected impact is unknown. So, now we have to have a debate on who is the expert, we'll see. No dramatic changes anyhow.

That concludes my part of the presentation. I'll now hand over to Robert-Jan van de Kraats to take you through the financial results and outlook.

Robert-Jan van de Kraats, CFO & Vice Chairman-Executive Board

Okay. Thanks, Ben. Good morning. Couple of comments on the financials; this is the income statement and I've got a couple of slides elaborating on the details, but also a few remarks on this slide. This is where we compare the Group as a whole Q2 2012 against last year Q2. That means SFN is not included. So that is quite a substantial change.

What is also visible here, and Ben already elaborated on it, there is that, as you can see, organic revenue decline is 2% here whereas the gross margin decline is 5%. That's quite a mixed bag underlying, it's the upward trend in the United States and some other areas in the world, Japan, and the downward trend across Europe. And that makes it a bit more challenging to adjust as well. But I'll get back to that.

Operating expenses up 14% including SFN and down on an organic basis of 1%. So that takes out the addition of SFN and it takes out the currency impact, which is roughly €24 million compared to Q2 last year. That makes us arrive at the EBITA of €135 million. The amortization and impairment is the regular, sort of, depreciation that we take care of every quarter.

Net finance costs are lower than last year, which might look a little remarkable. And I can tell you that although the net debt increased due to the SFN acquisition, the interest rate – the interest costs are roughly equal. And that is because of a reduction of the interest rate. But in this item, we also include changes in the valuation of our deferred liabilities to acquire minority interest and there are some foreign exchange effects in here. But underlying interest expenses are roughly equal, whereas net debt is up.

Tax is at minus €17 million and that brings me to the next slide right away. The effective tax rate amounted to 33%. That's slightly higher than anticipated. Still, the guidance for the full-year remains in the 29%-32% range bracket to what's the higher end. The reason that we are somewhat higher here is the contribution of countries with relatively high corporate tax rate is somewhat bigger than the contribution of countries with a somewhat smaller – lower corporate tax rate.

Our diluted EPS down to €0.51 compared to last year. Our DSO, moving average, improved by 1 day to 53 days. I'm going to come back to this later on, but across the board, as you can see, our DSO has improved. But also, if you look at the provision for bad debt, it is also below historical averages. It is currently below 10 basis points even. So it is significantly below what we see on average, which by no means, sort of shows any difficulties in areas of the world. And I think to quite some degree that must be the result of smart receivables management, but as you know, we also provide any receivable exceeding 182 days, whatever the client is, just to make sure that we get maximum pressure on collection. And including that kind of provisioning, we're below last year and we're below historical averages.

Our free cash flow amounted to a negative here, €167 million. And please note that the annual payment of holiday allowances in The Netherlands and Belgium roughly €160 million and dividend for the Group more than €200 million is included in Q2. So always Q2 shows the low point or you could say we had a low point in cash and a high point in net debt. And we do see some effects at the end of the month where the weekend kicked in, which is fortunate to have a weekend, but if it's at the end of the month, typically our clients that have amounts due at the end of the month don't pay them at the end of the month because it's in the weekend, so it moves into the month of July where we have seen a higher than regular cash inflow of around €50 million, €75 million.

Leverage ratio at 2.4 versus 1.7 last year. That's the impact of SFN. SFN was consolidated as from the September 2 last year onwards. So the negative free cash flow in Q2 is the result of seasonality. We've made the explicit point also in the press release that we anticipate if current

trends continue that at the end of the year, Randstad will be below 2.0 times EBITA. And just to be clear, if it's not, if it's at 2 or 2.1, it doesn't mean that we'll have – that we'll not pay a dividend. It clearly – what it does clearly is it indicates that we'll have a discussion, not more than that.

Segment performance, looking at staffing, inhouse and professional segment, you can see here that staffing growth was organically at minus 6% and our EBITA margin declined. And please note it's in the box at the right-hand side that SFN is included here in 2012 with below average returns. Inhouse continuing to do relatively well, including some transfers at EBITA margin of 4.1%. And sometimes, allocation of costs is a challenge. So I'm happy to have both staffing and inhouse here, because partly they use the same structure in the company.

Professionals had an EBITDA margin of 4%; growth in this segment is clearly led by IT and engineering. We do have an impact here of the public sector in the UK and The Netherlands, but on average, roughly we've seen it bottoming out for a while now, the public sector. Both in the Netherlands and the in the UK, we're roughly stable in this segment. Also here, SFN has been added with above-average EBITA margin.

The gross margin bridge here, this connects the gross margin of Q2 last year to Q2 this year. A couple of boxes here. First of all, SFN came in and was consolidated with an above average gross margin which has an impact of 30 basis points comparing last year with this year. And then we show you some – a couple of boxes with the price and mix effect of Q3, Q4 last year, Q1 and Q2 of this year. This amounts to, in total, 60 basis points. It is also explained in the box to the left lower corner that the gross margin is up 0.2% versus Q1 of this year. And last year, the change was 30 basis points here. Last year, and Ben referred to it, we did have some €6 million of one-offs reported in the gross margin in Q2. That is something to keep in mind when looking at these numbers.

The temp margin was affected by the competitive market environment in the UK, in The Netherlands, in Germany. We have already mentioned to you pricing pressure in Q1 that continues clearly into Q2. And we do see some margin effects which were also explained by Ben in Germany and France including, for example, the system of subsidies in France for which we have changed the accounting, roughly impact of 2 basis point – of 20 basis points.

We see North America contributing positively to the gross margin here and we do also see that permanent placement fees were 9.7% of gross profit, which equal to last year. But if you look at the point – the high point where we have been, it's between 12% and 13%, so still it is at the very low level. Looking then at the operating expenses and then an important to mention here is that, would our gross margin have been stable as it typically is in this phase and it is not at this point in time, but it would have been, then our recovery ratio would have been north of 50%. And as you know, in the company, we very much look at the recovery ratio in the incremental conversion ratio.

Incremental conversion ratio is for growth. If we grow, we'd like to see 50% of the additional gross profit being converted into EBITA, and it's too low at this point in time. That's what Ben referred to as well. And if we are in decline like the Europe, we need to see 50%, at least, recovery of lost gross profit through cost reductions. And we're also below that ambition partly, as I mentioned, that's due to the fact that our gross margin itself is lower. Would have been flat, we would have been north of the 50% target and we are stepping up our initiatives now to get closer to the ambition level.

And if I look at the list in there, some of them were already mentioned, but we've got – if you look at 2013, you'll see the contributions coming in from the synergies in the U.S., which have been underway now and included to some degree in the quarterly results in The Netherlands, the reorganizations, the German reorganizations. We do see cost control tightly in Belgium, in Spain. And we have more initiatives across the board in the various operating companies. Our rule of the game is that if you have to reorganize and typically you don't have to reorganize to adjust costs, as

we have seen in 2009, roughly 75% of our cost reductions were managed through natural attrition of people, but also of leasing contracts. And 25% of the cost reductions were managed by reorganization.

So if we don't reorganize, it does not mean that we're not adjusting the cost base. We are, constantly. But in some cases, for example, in the case of the back office where staff turnover is typically lower, reorganizations are required. If we reorganize, we're rather receptive to reorganizations as long as the payback term is less than 12 months. That's how we're trying to sort of keep track of that and promote adjustments of the organization.

Some selected balance sheet items here; I already mentioned the trade and other receivables, especially our trade receivables, our DSO, days sales outstanding, that is down by one day. Nothing specific, so to speak. If you compare our DSO in Spain and Portugal, it's roughly equal to Q1. So I'm not happy with the level just to be clear, because it's still too high. It's way above the Group average. Italy is much closer to the Group average. But still, we do not see it deteriorating.

Then, we see here our net debt level which is again typically a result of the seasonal pattern. The gap here is also caused by the acquisition of SFN last year. It was not included last year. It is included this year. And it is somewhat above our internal expectation due to the payment timing at the end of June, which came in in our bank accounts at the early stages of July.

Another point to mention is that you'll see our syndicated facility moving to the short-term classification because it runs out in May next year. So we have a €1.9 billion facility here today. Last year, before acquiring SFN, we went into the market because we were buying a long-term asset and we secured forward stocks for our syndicated loan that comes in place at the current €1.9 billion, but we could secure last year €1.3 billion against roughly similar rates as the current €1.9 billion. So that was quite a useful step.

I think timing was rather good as well. Pricing is very attractive and we'll be looking to increase – to look at increasing our cover of the year – of the difference between €1.9 billion and €1.3 billion. I'm not sure if we need all of it because we do have quite some initiatives running to increase efficiencies within the Group further, so reducing the use of cash across the board. Leverage ratio, 2.4 at the end of this quarter, typically, the high point throughout the year.

Consolidated cash flow; it roughly summarizes the items I had mentioned, a bit more working capital. Again, that's the timing at the end of the month of June. €16 million invested in PPE, property, plant and equipment and software. So, the regular investments, it's still below our depreciation level here.

And then if you go down to the page, you see the dividend outflow and then the translation effects and some others. And this is the effect of our, for example, mainly of our U.S. dollar position. And please note that the U.S. dollar in Q1 was down slightly and in Q2 was up. And that's what you see here. It was up some – I think some €0.05 and it was down some €0.02 in Q1.

So, finalizing with the outlook and I think it was emphasized throughout the presentation, we'll have a continued and, I would say, emphasized focus on cost and profitability through our field steering structure, through a stringent cost control, and not only reorganizations, but predominantly by natural attrition, aligning overhead and head office with the field or fee earners and non-fee earners. The ratio needs to be controlled. Client profitability will be key.

The growth per working day moved from 1% plus in March to zero in June, despite an easier comparison base. And we do see seasonal patterns across the various countries. The trend in July was a little bit weaker. It is – we will see one working day less in the third quarter. It was 0.6 less in the second quarter. And we anticipate to see a sequential organic cost decrease in Q3. And I'll give you the exit rates of June across the board. In the Netherlands, we were at minus 3. In France, we

were close to zero, but timing of public holidays and bridge days is – can be confusing here. Germany was just around zero; Belgium, plus – sorry, minus 6; the UK, minus 4; Iberia, minus 13; North America, plus 6; and the rest of the world at plus 10, and that, on total, accumulates to roughly flat for the month of June.

So, that completes the presentation, and we now move into Q&A.

QUESTION AND ANSWER SECTION

<A – Ben Noteboom – Randstad Holding NV>: For the Q&A, we'll first handle the questions in the room. Then, we'll move to the analysts online and we'll end the Q&A here in the room again, also with some questions from the press. So, let me first start in the room. Konrad, you're the first.

<Q – Konrad Zomer – Joh. Berenberg, Gossler & Co. KG (United Kingdom)>: Hi. Konrad Zomer, Berenberg. First question on the tax liability that comes up for payment in Q4 of €131 million, is that included in your leverage ratio expectation of less than 2% for the full-year?

<A – Ben Noteboom – Randstad Holding NV>: Sure it is.

<Q – Konrad Zomer – Joh. Berenberg, Gossler & Co. KG (United Kingdom)>: And another question, just to make it absolutely clear, in your presentation, you talked about organic revenue decline in Germany of minus 2% in Q2. In your press release, you talked about minus 5%. Is the difference an adjustment for working days or is there something else that needs clarification?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Yeah. It's – working days is the biggest effect. We had a lot of national holidays in the second quarter more than normal and that has the biggest effect.

<Q – Arun Rambocus – Kempen & Co. NV (Securities)>: Good morning. Arun Rambocus from Kempen. Going back to the provisions you've taken in The Netherlands, I believe in Q4 there was €20 million charge taken for Tempo-Team. Now, you take around €12 million for The Netherlands. Just to repeat what you said before, normally it takes 12 months to earn this back, right? So typically, we should add back within 12 months on a run rate of €32 million, but is that a right assumption or what is the normal retention rate of those cost savings? And how should we adjust for that given that gross margin is coming down in The Netherlands? Is there a deviation from the past in the retention rate of the cost savings given that gross margin is coming down faster?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Arun, the cost savings typically do not come in in a linear way, but they're very much sort of pushed to the end of the term, especially in countries where it's bit more costly to make adjustments, and The Netherlands is included here. And in order to find adjustments to cover the, let's say, the gross margin pressure, that's the comment that Ben referred to, we'll do – we'll create further adjustments of the organization, but again, that doesn't have to happen through reorganizations, that can typically also happen through the natural attrition.

<A – Ben Noteboom – Randstad Holding NV>: More in detail, if you look at the Tempo-Team provision, so the people actually left February 1, that they were fired, so that's easy. [ph] And also (00:44:11) the field has been adjusted now. And as I mentioned, head office will be adjusted in September. So, that means – don't mean we don't carry cost for a little bit longer, but that's it. But the payback has been a year. Does that answer your question?

<Q – Arun Rambocus – Kempen & Co. NV (Securities)>: Yeah.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: And, Arun, out of the €20 million, €14 million related to The Netherlands.

<Q – Arun Rambocus – Kempen & Co. NV (Securities)>: Okay. But still, we're talking about big numbers on the – looking at the overall EBITA in The Netherlands of around €180 million and if your provisions are €32 million, it's quite a big number. So, I'm just curious how much retention rate will be, but in total, if you look at Q4 and you add today's number?

<A – Ben Noteboom – Randstad Holding NV>: No. The Netherlands was I think €12 million – €14 million for Tempo-Team and €12 million for rest of The Netherlands. The other part was Germany, the €9 million.

<Q – Arun Rambocus – Kempen & Co. NV (Securities)>: And the other question...

<A – Ben Noteboom – Randstad Holding NV>: It's a big number, by the way.

<Q – Arun Rambocus – Kempen & Co. NV (Securities)>: Yes, it's a big number. Then the other question is about Yacht. So, what's going on in Q1 versus Q2? Is it the market or are there specific segments which are deteriorating? Can you comment on that, what's happening?

<A – Ben Noteboom – Randstad Holding NV>: Yacht segments are clear. We see that around [indiscernible] (00:45:12) the market is booming, doing very well. And the other part, we see a slight decline in build rate. The biggest effect on Yacht is actually, I see, we see a structural improvement in the business. Idle time has come down quite a lot and the structures are in place, so managed a lot better. The biggest effect in Q2 was holidays, because that causes an immediate – margin. So, we're still on the absolute break even, if you want.

<Q – Arun Rambocus – Kempen & Co. NV (Securities)>: Okay. Thanks.

<A – Ben Noteboom – Randstad Holding NV>: David?

<Q – David Tailleir – Rabo Securities NV>: David Tailleir of Rabo. Maybe first question looking at your net [ph] EBITDA guidance of about 2 (00:45:55), if you would, let's say, assume the cash flow trends of last year to be roughly the same this year, then the tax repayment, you're basically guiding for an EBITDA full-year of slightly below €700 million. Can you confirm that? And then secondly, maybe on Iberia, if I look at the cost pattern and the rapid sales decline, do you believe that natural attrition is sufficient, let's say, to stabilize your EBITA margin or even improve it? In other way, maybe if you look at reorganization, would it be required in Iberia as well? Thanks.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Yeah, David, your indication of EBITDA, we typically don't indicate that, but you should include not only in our – in the ratio the EBITDA component, but also the internal efficiencies on cash management. So well, we typically don't – we don't forecast any kind of EBITA for the rest of the year. But the point we made is that if current trends continue and if our current efforts that we are placing into cash efficiencies are working, then we'll arrive at below 2.0, and that, I think, is very likely.

<A – Ben Noteboom – Randstad Holding NV>: Yeah, on Iberia, as we mentioned, I think that – it's quite something that we actually combined that also then the Tempo-Team brand in the biggest market in Iberia for us which is Portugal. So, that's for sure one. In Spain, we've seen a gradual but firm reduction in costs. So we don't need a big reorganization in one go. It's a gradual process. So indeed, we are reducing cost there. So, as we look at it now, we might need a provision. We will need a provision for Portugal because we're going to close down the Tempo-Team branches obviously. So that's going to have an effect. And we probably will actually combine the activities in the most suitable branch. And then if it's Tempo-Team, it's Tempo-Team or not, but that will require a provision as well as laying off a number of people. So that – so you will see that coming the remainder of the year.

<Q – David Tailleir – Rabo Securities NV>: Okay. Thanks a lot, guys.

<A – Ben Noteboom – Randstad Holding NV>: Margo, you also had a question, at the back?

<Q – Margo Joris – KBC Securities NV>: Margo Joris, KBC Securities. In your guidance of a weaker trend in July, could you be little bit more specific on the markets and staffing segments and

also on the client behavior, please? And then secondly, you announced a quite big reorganization in France. Do you already have an idea of the number of cost savings following this plan?

<A – Ben Noteboom – Randstad Holding NV>: Yeah, in France, we don't have a big reorganization except for the branches, of course. Is that what you referred to? Because we're highly sensitive on the reorganization, because if we will do that, then we would be playing completely different game. So, we don't see the need to actually have reorganization if we look at the FTEs in France. But again, the infrastructure, indeed, so that's where we will need a provision. Trends in July?

<A>: Yeah. What we see in July is effectively the same as we have seen in the second quarter, in fact also in the first quarter that is that the regions with growth continued to grow. And it's effectively Europe that across the board continues to slow down step by step. And I think [ph] Manpower (00:49:26) said it's a slowdown, by no means a collapse. That is exactly what we see.

<Q – Margo Joris – KBC Securities NV>: Okay. But my second question was on the amount of cost savings in France.

<A – Ben Noteboom – Randstad Holding NV>: Yeah, that's too early to quantify. So, we'll come back on that for sure, yeah.

<Q – Margo Joris – KBC Securities NV>: Okay.

<A – Ben Noteboom – Randstad Holding NV>: Obviously, it will first have – will need a provision to execute because we will have to provide for the leases for the 250 branches. In by far most cases, we will need to hire a new space because we'll need bigger office space. So that's going to cost – there's going to be one-off costs for the lease, yeah. After that, we'll be a lot more efficient obviously. And the cost reduction, as I mentioned, the first step will be after summer not continuing the temporary contracts, which we have 100, 150 of them in France. That's the first step.

<Q – Margo Joris – KBC Securities NV>: Thank you.

<A – Ben Noteboom – Randstad Holding NV>: And the rest is natural attrition.

<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>: Teun Teeuwisse, ABN. A question on your temp margin that was down 50 basis points year-on-year, can you indicate what the working day effect was in the second quarter of the 50 basis points? And just for clarification, you have not adjusted your reported gross profit for the U.S. one-off, right? And the second question is on client profitability, you seem to be a bit more explicit on client profitability, but can you indicate what percentage of your current contracts should not have been accepted if you take client profitability into account?

<A – Ben Noteboom – Randstad Holding NV>: Second answer is no. I can't quantify at this point in time or I won't. On the margin, there are a few effects; obviously, working day is a big effect. If you look at national holiday in Germany, in Germany, every day will cost us about 0.1, maybe even more margin in Germany while we have six of them in Q2. So that does have an effect. We have some price effect also from larger contracts in those cover, most of the effects.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: And Teun, please realize in Germany, we pay people monthly salaries. So if we miss one day, it has a massive impact, whereas in other countries, we pay people the days they have been working.

<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>: That was exactly what I was referring to because in the second – in the third quarter and the fourth quarter, I think we will have less

working days or more bridge days in Germany as well. So would it be fair to assume that this trend is going to continue?

<A – Ben Noteboom – Randstad Holding NV>: No, as I mentioned, I think, [indiscernible] (00:51:54) usually do, I expect the profitability in Q3 and Q4 to be dramatically better than it was in Q2 in Germany. I think we should – that covers all the aspects that you could ask for.

<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>: Yes.

<A – Ben Noteboom – Randstad Holding NV>: That's easy, right?

<A>: We move to the line.

<Q>: Yeah, Ben, you started off with mentioning some cost savings, I think, €70 million to €100 million. How much of that – is that all to come in the future and what is included? Is France, for example, included and, of course, we could not really calculate it yet. That's my first question.

<A – Ben Noteboom – Randstad Holding NV>: On a quite a few – the number we mentioned already today, part of it is also synergies, of course, is still to come. But also the initiatives we have in Holland and Germany, et cetera. Indeed, France is included, so we made some assumptions that's why I gave you a range and not an exact number.

<Q>: And that's kicking in as of now?

<A – Ben Noteboom – Randstad Holding NV>: No, that's gradual process to get there.

<Q>: Yeah, okay.

<A – Ben Noteboom – Randstad Holding NV>: So, the effect in Q3 will be low and will gradually increase.

<Q>: Okay.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: The starting point is Q2, 2012.

<Q>: Yeah. Okay. And then on the gross margin, could you give us an indication on the gross margin pressure you're seeing in The Netherlands and in Germany in terms of how many basis points pressure you see in those markets in the second quarter?

<A – Ben Noteboom – Randstad Holding NV>: Yeah, it's always on a client by client basis. So, we've seen only enhance what we've seen before for certain big contracts. Some prices are quoted that actually – well, according to our calculation don't make sense. For example, the Belastingdienst. We had a reasonable margin there, we've been supplying that client for years. So we know the risks. We know the penalties. We know the idle time risk. So we offered a price that actually enabled us to have a reasonable, not high, but a reasonable profit [ph] given the (00:53:46) volume if then competition actually comes in with a price that this, in our view, loss making, then well, that's it. We'll adjust. Also we should not be too afraid of that.

If you look, for example, at Poland where we have a, I think, by now 2% decline in revenue, we cancelled the contract with by far our biggest client. It took us about two quarters, two and a half quarter to actually compensate for the volume. And the margin of course has increased dramatically because that was a loss-making contract. So I'm also not too afraid to let loss-making contracts go. We only, of course, need to give our people the belief and trust that they are allowed to do that, and they should actually do that. So that's what we're steering on.

So, we also enforce and improve our ability to calculate the profitability by client considerably, that's an ongoing process. We're looking at – we're looking at – we're developing the ability to move clients faster between concepts, which is usually a challenge, because it could affect people's commission, et cetera. So that's not as easy as it sounds theoretically. But we're well on our way. And we are developing even more delivery models like professionals for inhouse that we see could have a big future. So there's a lot of work going on there. But as we view strategic staff, that won't kick in next quarter, of course the client profitability, yes, but the implementation of the right delivery models everywhere, that'll take a bit longer.

<Q>: And the gross margin pressure in Germany, that's coming from anticipation on the new CLAs and...

<A – Ben Noteboom – Randstad Holding NV>: No, the biggest pressure in Germany was caused by two effects. One is the public holidays that cost us about 0.1% per day and the other is the fact that because of a ruling of the court, we have to also pay the level of user pay for the vacation, et cetera. That actually put quite a strain on our margin because we have not anticipated that, so we also didn't pass it on to our clients. That had an effect already in Q4. It's continued now. We now, if you want, mastered the calculation and the forecasting of what it will cost, so that effect should reduce over time because we will include it in our pricing. It takes a little bit of time to pass it on to your clients, obviously.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: On top of that, in November we get some impact perhaps on the gross margin from the new CLAs with IG Metall, et cetera?

<A – Ben Noteboom – Randstad Holding NV>: Yeah. But we have some experience behind our belt, so we'll see. Yup. But for sure, in quite a few markets, actually we are in the process of implementing price increases. In Germany, it will require price increases for sure, especially in Eastern Germany by the way because there's an even further [ph] harmonization (00:56:34) in salaries between east and west. But in quite a few markets, we are in the process of implementing price increases, yeah. So, we'll see what the effect is. For sure, November we can tell you a lot more.

<Q>: Okay. Thanks, Ben.

<A – Ben Noteboom – Randstad Holding NV>: Okay. We'll now move to the line. I think, the start of the Olympics is already kicking in because we only have two questions from the UK. So, we start with Paul Sullivan. So, operator, if you can please open the line?

Operator: Thank you. [Operator Instructions] Paul Sullivan from Barclays is online with a question.

<Q – Paul Sullivan – Barclays Capital Securities Ltd.>: Yes, good morning. Just wanted to follow on Germany, I mean, what proportion of your business will likely be affected by the legislative changes? And where you have made price adjustments, how have they gone through? That's first question.

<A – Ben Noteboom – Randstad Holding NV>: Yeah. I'll pass it on to Leo Lindelauf who knows the real details about Germany.

<A – Leo Lindelauf – Randstad Holding NV>: Part of this is the metal industry and that's about 20% of our revenues. So they are involved and most probably there were other collective agreements to follow. Some will not follow. Some will follow. So, the picture is not yet clear in total.

<A – Ben Noteboom – Randstad Holding NV>: And we showed – as I mentioned earlier, in the automotive industry, a bigger part of our terms are already at user pay. And there's also some industries who got our own CLA and actually has higher salaries than they have, for example, in

logistics. So, it's a diverse picture. That's why it's difficult to quantify it exactly at this point time since those older CLAs have not been concluded yet.

<Q – Paul Sullivan – Barclays Capital Securities Ltd.>: But you have moved in price, are they being accepted?

<A – Ben Noteboom – Randstad Holding NV>: We're in the process of doing that. It's fresh. It's too early to do that. But obviously, it's clear. And if you combine our remarks from client profitability with the fact that we have this new CLA, it's – yeah, its' very simple, either clients accept the increase or we won't – there won't be a client anymore.

<Q – Paul Sullivan – Barclays Capital Securities Ltd.>: Fine. Okay. And then just secondly, a little bit more color around the sequential organic cost decrease in Q3, are we talking mid single digit millions in Q3 and how should we see that ramp up into Q4 given your investments in other areas?

<A – Ben Noteboom – Randstad Holding NV>: I have to apologize, we missed the first part of your question.

<Q – Paul Sullivan – Barclays Capital Securities Ltd.>: Just following on from the other comment of sequential organic cost decrease in Q3, presumably that's in a mid single digit range for Q3 and how should we see that ramp up into Q4 given some of the investments you're making elsewhere?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: I can't be specific on total cost. Obviously, what I mentioned, the reduction in Tempo-Team taking place in January, the field reduction in [indiscernible] (00:59:42) has taken place last month – actually this month. Head office will be done in September. And so, it's a gradual increase, or if you want, decrease I should say.

<A – Ben Noteboom – Randstad Holding NV>: And it surely will be single digit.

<Q – Paul Sullivan – Barclays Capital Securities Ltd.>: In Q3? And then moving into double digits in Q4?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: That will depend on that development.

<Q – Paul Sullivan – Barclays Capital Securities Ltd.>: Okay.

<A – Ben Noteboom – Randstad Holding NV>: The line is confused.

<Q – Paul Sullivan – Barclays Capital Securities Ltd.>: Thank you.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: No, a decrease of cost.

<Q – Paul Sullivan – Barclays Capital Securities Ltd.>: Yeah.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Yeah, that's why I said it was confusing. An increase over the savings, but it's a decrease of cost, yeah. I'm sorry. So, cost go down.

<Q – Paul Sullivan – Barclays Capital Securities Ltd.>: Good. Thank you.

<A – Ben Noteboom – Randstad Holding NV>: Is that clear? Savings go up, which should effect in profit going up.

<Q – Paul Sullivan – Barclays Capital Securities Ltd.>: Thank you.

<A – Ben Noteboom – Randstad Holding NV>: Okay. Next question, if I may?

Operator: Jaime Brandwood from UBS is online with a question.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Good morning. Just wondered if I could come back to this incremental cost reduction in 2013 versus 2012 of €70 million to €100 million. Can you talk about the extra restructuring costs that still have to be taken in Q3 and Q4 of this year? Can you sort of roughly quantify the extra one-off provisioning and one-off restructuring charges that you will need to take?

<A – Ben Noteboom – Randstad Holding NV>: No, it's still too early. And for a part, as Robert-Jan mentioned as in 2009, we don't need provisions because it would be natural attrition.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Okay. Yeah.

<A – Ben Noteboom – Randstad Holding NV>: [indiscernible] (01:01:22) for example, and indeed, we need to provide for the lease costs, and we have tried to build a flexible portfolio of lease contracts whereas they don't always start at the same date and all don't end at the same date and don't have longevity of 10 years, it's usually shorter. But we need to come back with more details on that. But again, a bigger part of it should be done organically. Next, of course, the provisions we've already communicated earlier.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Okay. And then on the Dutch CLA, did you mention that 85% of your temps are already on equal pay?

<A – Ben Noteboom – Randstad Holding NV>: Yes, that's what I mentioned.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: And what is the – do you have a sort of rough estimate for where you think the overall Dutch temp industry is on that? So in other words, does this give you a chance to take market share as some of your smaller competitors have to normalize more than you do?

<A – Ben Noteboom – Randstad Holding NV>: We think that with most competitors, the percentage is lower than 85%.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: But do – you have no feel for how much lower, whether it's 50%, 70% or any kind of sale.

<A – Ben Noteboom – Randstad Holding NV>: I think that's not up to me.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: No problem. Okay. Just moving to your U.S. business, there were two growth rates that you gave for permanent activities, which I was a little bit confused by. I think you said your overall North American perm activities or perm fees were up 6%, and your U.S. staffing perm fees were up 34%. How do we bridge the gap between those two? Was perm in professional down a lot?

<A – Ben Noteboom – Randstad Holding NV>: No, it's – if you have a base of two, and you grow 100%, you are at 4; if you have a base of 120, so that's the secret to...

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Okay. So the U.S. staffing perm is absolutely tiny basically?

<A – Ben Noteboom – Randstad Holding NV>: It's small and it has been increasing a lot but from a small base, but it has been increasing consistently for the last, let's say, three, four quarters for sure, even bit more. So that's the secret behind the numbers.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Okay. And very finally, two financial questions, Robert-Jan, I think you mentioned that because the quarter ended on a weekend, that had an adverse impact on working capital. Did you actually quantify what you felt that did to your working capital? Did you say, I thought I heard something around €100 million, but I just wondered if you could confirm that? And then can you give us a sense for your expectation for the underlying tax rate for FY 2012?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Yeah, Jaime, the impact was roughly €50 million to €75 million. That's the amount that we have seen flowing in additionally on top of regular patterns at the early stages of July. And the effective tax rate, the indication is that we'll end up within the range indicated, but to the higher end of the range.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: And then the range again is 29% to 32%, is that right?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: ... due to the mix of business is contributing to the profitability, more profitability coming from countries with the higher average effective rate.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: And the range is 29% to 32%, is that right?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: That's correct.

<Q – Jaime Brandwood – UBS Ltd. (Broker)>: Okay, thanks very much. Thank you.

<A – Ben Noteboom – Randstad Holding NV>: Okay. The last question from the line, David Hancock.

Operator: David Hancock from Morgan Stanley is on line with a question.

<Q – David Hancock – Morgan Stanley & Co. International Plc>: Hi. Good morning, everyone. Three quick ones, please, from me. Firstly on the €70 million to €100 million of savings, I didn't catch the timing of when you expect to get that number relative to which base? Second question is on the UK. I think you said Brian is there, but I wonder if one of you can expand on the comments around the UK, particularly the improving market conditions in construction of property and financial services in the city. And then, thirdly, I think, historically, you've been a little bit lukewarm on emerging markets growth and expanding operations in emerging markets. Clearly, you're investing in Brazil. Could you talk a little bit about your aspirations in emerging markets?

<A – Ben Noteboom – Randstad Holding NV>: Yeah, we can do all three. The €70 million to €100 million is, as I said, if you would look back on January 1, 2014 to 2013. So, on an annual basis, we should have the savings, again with a similar sales pattern because there's few changes behind that, that we would have indeed between €70 million and €100 million less costs.

I will do the emerging markets before I hand over to Brian who, by the way, manages part of the emerging markets. India, of course, you've got to mention we're a market leader in India. Of all the hours we invoice per week, India represents more than 10%. So it's our biggest market in that respect. Obviously, revenue is price times quantity. Price is low because salaries are still low. But it's a market that has 8% to 15% wage salary inflation. That means it's going to be big market for our successes. So, for sure, in India, we're well established.

We have a very decent growth, but mainly in search and selection, if you want, permanent placement in China. We're not going to go to Russia, I do the market research myself for a group of people. It's a relatively small market with lots of complications, lots of compliance issues and not completely reliable environment, if you want. So we're not going to go there.

And Brazil, we – when we acquired Vedior, we acquired a company there that was partly still owned by the founder of that company. We bought the remainder of the shares at the end of last year. We're now managing it. We doubled from 135 FTEs and turned it to 270. We started the business lines – actually, boost the business line, professionals and expanded in staffing. It resulted in a loss because of all the organic investments, so that I think covers most of the emerging markets. If you look at the rest of South America, as I mentioned, we have about a 20% growth in Argentina on top of that, which is our biggest operation in that part of the world. I guess that covers the BRIC, so for us it's big, and not BRIC. Brian, on the UK?

<A – Brian Wilkinson – Randstad Holding NV>: Improvement in our construction and property business, I think, that's a very tough market as you all know. Our construction output is still falling, but I think we're beating the market in that respect. That division also includes engineering, which is actually the strongest performer within the division. We have an aircraft maintenance business, which is doing spectacularly well and that's impacted the results in the segment.

In financial services, I'm afraid, I can't report increased hiring in investment banking, of course, but we did grow our revenue in the quarter quite substantially, thanks to a large contract win from a [ph] cuango (01:08:25), which is operating within the financial services industry. Unfortunately, it reduces our margin somewhat, but we did get revenue growth for the first time in a few quarters.

We have also seen improvement in our education business, where the – we're getting much closer to prior year performances. And Ben alluded to, our performance against the market were, if we look at our gross profit performance against our peers, we, at last, seem to be getting back to something like market levels.

<A – Ben Noteboom – Randstad Holding NV>: Okay. We'll now move back to some questions here in the room.

<Q>: First question is on termination of the Belastingdienst contract in the Netherlands, how much revenue does it represent?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: It's about €60 million revenues.

<Q>: €60 million?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: €60 million. Yeah.

<Q>: Okay. And when was this contract terminated?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: You'll see the effect in Q4. That's what we expect anyhow.

<Q>: Second question is on Germany, how much – if you can give a percentage, how many people are already on equal pay?

<A – Ben Noteboom – Randstad Holding NV>: No. Again, that's what we just...

<Q>: Maybe I missed it, sorry.

<A – Ben Noteboom – Randstad Holding NV>: Because it's a fair question, but it's one which is impossible to answer, because we need to conclude CLAs with all the different industries. So we now have the CLA in place for the chemical industry and IG Metall. So for those we now see what the effect is. The IG Metall, the biggest part of our activity there is on automotive, obviously. Many of the big car manufacturers already have the flex workers at equal pay, so the effect there is relatively small.

In some other industries, we still have to conclude the CLA, as I mentioned earlier in logistics, for example. Our own CLA pays higher salaries than the CLA of the logistics industry. So that's how we have to go to it industry by industry. So it's too early to actually indicate where we would see gaps between what we are paying and what they are paying.

The second thing we should keep in mind is that it only kicks in after six weeks, and then three months. By far, the biggest part of our assignments are three months or less. So, that means the actual effect there is going to be far less than the maximum [ph] this year we would have to pay. So that's also we have – so we don't have to be at user pay. We have to be below if you want, if you want a price advantage between our CLA plus the surcharge we have to pay. And that increases over time.

<Q>: But what you're basically saying is it's only a matter of time and the entire industry is on – moving to this new CLA, the entire industry, except – next to the metal and the chemical sectors.

<A – Ben Noteboom – Randstad Holding NV>: No, no, this is very important. Let's get this straight, so.

<Q>: You've only got two different CLAs currently in place.

<A – Ben Noteboom – Randstad Holding NV>: No, before, we have one, because the question has been declared illegal as we already forecasted for three years. So, before we add one CLA which was the CLA for staffing, it meant we agreed with the unions our own salaries. We still have that CLA. What we now have agreed upon with the two unions which we concluded new CLA is that we will have a framework by which the longer the temp works at the specific client in this specific industry, he will get a surcharge on our pay. Surcharge starts off at six weeks, then after three months, et cetera, whereas the maximum thing we're going to pay is 60% – 50%, yeah, 50% on top of our own CLA. So it's not actually the user pay we're going to get at. The surcharge will differ per industry, because again, talking to the unions for logistics, we pay higher salaries. So, there's no reason for us to pay a surcharge because it would – we will actually overpay looking at user pay. So, that's how it works today. Is that clear?

<Q>: Yeah.

<A – Ben Noteboom – Randstad Holding NV>: Because it's a complicated matter.

<Q>: I thought it was only in place currently as from the November 1 for the metal and the chemical or it will be...

<A – Ben Noteboom – Randstad Holding NV>: No, it will be – it will cover...

<Q>: The entire industry.

<A – Ben Noteboom – Randstad Holding NV>: All the industries.

<Q>: Okay.

<A – Ben Noteboom – Randstad Holding NV>: It will not necessarily mean that we will have to pay more. That's what I'm trying to explain.

<Q>: I understand.

<A – Ben Noteboom – Randstad Holding NV>: Yeah. But that's a very important difference here. And again, the other part is it's a percentage on top of what we have to pay according to our collective labor agreement. Most flex worker don't work so long. So, the surcharge will be limited because most of them actually have an assignment of less than three months. But the real effect, we'll have to see in practice.

<Q>: Thank you.

<A – Ben Noteboom – Randstad Holding NV>: We anyhow obviously have to communicate very clearly to our market what that means, because if clients get confused, they got afraid, they will actually hire less. And that's the effect we normally see. Then after time, you see they actually finally understood how it really looks like. So, it's our task to explain it clearly. And then you see volumes coming back, that's what I've seen in my career with changes like this, will look very complicated, but in real life, it's not so complicated.

<Q>: Quick follow-up please, last week I read an article about contractors coming up in Germany. How is that development? And is it some sort of competition to the temp industry?

<A – Ben Noteboom – Randstad Holding NV>: No, if you look at our company group that is in IT, [ph] they're only doing contractors. So for us, it's actually relatively a big business and growing very fast. So, it's opportunity. Group is about €200 million?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Yeah.

<Q>: Thanks.

<A – Ben Noteboom – Randstad Holding NV>: Growing double digit with very nice profits. So, we love contractors too, we love everybody that works. I mean, that's the conclusion over there.

<Q>: Thank you, Ben. Two questions, please. One can we elaborate a little bit more on where we are in the integration of SFN, you were mentioning some delay in IT integration and what you're currently feeling within the organization as well as in the market. I mean, we've seen a deterioration in Europe. I mean, is there a risk that we can see this also going into the U.S.? And my second question involves dividend, but that's – get to second question when have the U.S. The question is to Robert-Jan. Robert-Jan, you alluded in the presentation saying when the leverage ratio is at 2%, there will be a discussion on the dividend. What does a discussion actually mean? I mean, does that mean you're going to discuss whether or not you're going to uphold the dividend or cut it to zero or anything in between?

<A – Linda Galipeau – Randstad Holding NV>: So on the integration of SFN, it's really two separate processes. So one is on the general staffing side, that's almost completed. So all that's left is certain branches, the IT conversions. So, that's almost complete, everything else is done. Management compensation, it's all done. When that's completed, we begin the professional business, a little bit more complicated from an IT perspective, so we've really taken our time to plan it properly to pick the right system because there were different systems and good systems in both sides and we kick that off in the third quarter and complete it basically within the year.

So – but all in all, it's on track. It's going well, very low drama so far. So, well on track. The management structure, really, everything is done, but the IT conversions. So the companies have already had an integrated management structure from the first of the year.

<Q>: Market feeling currently?

<A – Linda Galipeau – Randstad Holding NV>: Yeah, I mean, it's an interesting time. So you have the U.S. – different effects going on. So, you have relative strength in the U.S. economy...

<Q>: Yeah.

<A – Linda Galipeau – Randstad Holding NV>: ... but you have certainly clouds in a distance when you look across Europe. So, you're seeing an unusual effect of high perm growth because of scarcity in certain segments and increases of temporaries. Right now, if you look at the percentage of jobs being created, a high – much higher percentage than the past is temporary jobs. And that has a lot to do with people hedging their bets both, because of Europe, but some concerns about the fiscal cliff that we talk about in the U.S. that, what may or may not happen at the end of the year. So, right now, that combined effect is relatively good for us, but to be determined.

<Q>: Okay. Thank you.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: And with regards to the dividend, if we would be north of 2 times EBITDA, there would be a discussion in the Supervisory Board with all options. And that could be a reduction or a cut. And of course, ultimately, that's up to the shareholders as well. But I'd like to add once more that managing the net debt level is not only – or the leverage ratio is not only a function of EBITDA. If you look at our positions in net cash throughout the Group, we do have a couple of net cash positions because of tax planning.

With the current very low interest rates, the benefit of tax planning on those positions is either minimal or close to zero. And we are reducing those positions. And just to give you another example, if we look at our receivables portfolio, more than €0.5 billion of the total portfolio is overdue. So it's got nothing to do with negotiations with clients. It's got nothing to do with clients that are in the danger zone. There's lots of discipline still to be added here, and that is our priority as well. So that's why I made the point that I think we shouldn't – I'm not worried about getting close to that level as for now because we've got lots of opportunities to manage it.

<Q>: Okay. Thank you.

<A – Ben Noteboom – Randstad Holding NV>: Okay. I would now like to have the floor open for questions from the press, which are present in the room. I don't know if there are any questions. It doesn't seem like, but, yeah.

<Q>: Yeah. I have a question. It's very simple for you, I guess, but what do you mean by field steering? What does it mean in the daily life for people working at Randstad?

<A – Ben Noteboom – Randstad Holding NV>: Yeah, but it's not simple, so a good question. It's the method on how we manage the company. So, people very often ask us, what do we expect will happen in the industry and the economy, what have you. Well, that's nice if people are interested in our personal opinions, but it has no effect on what we do. What we do is we manage the company based on actual results. So based on actual results, we manage the smallest entity in our company. The smallest entity in our company is obviously a unit or a team in our branches, because all the teams or units are directed at different segments. So you could have a situation where in one branch, you would have a unit that would actually be active in healthcare, nurses, we could have a unit that is active in truck drivers, and we could have a unit that is active in secretaries.

One or two of those units could actually be growing. And if they reach a certain threshold, then we invest, so we add somebody to the unit or the team, while another one in that same branch could be actually reducing business, so that means then we will actually save costs there and actually

move one person to the other unit or if they would quit, we would not replace him. That's how it works. It's very simple. It's a management tool based on the actual results and not on expectations.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: What's also nice is to say that we don't plan at Randstad because you always be wrong. If you look at the economists, they are very seldom right. So, we've thought about that and we've decided to react on the actuals. That is the key driver.

<A – Ben Noteboom – Randstad Holding NV>: Even if the market declines 20% and you gain a big market – a big client, your revenue goes up, so you have to invest. So that's why the economic indicators are – well, macro, of course, is interesting, but not to manage branches.

<Q>: I have a question on the seasonal patterns recurring. I remember three years ago, you were talking about the overall crisis development, first the big slowdown followed by bottoming out, if I'm saying this correctly in English, and then you would see a gradual upturn. It seems to me that I've lost the overall picture right now. What...

<A – Ben Noteboom – Randstad Holding NV>: Yeah, yeah.

<Q>: ...season of the crisis we are actually in. Do you have an indication? Could you give some picture about that or...

<A – Ben Noteboom – Randstad Holding NV>: Yeah. To clarify, because I think that last seasonality as well as the economical cycle we're talking about. Seasonality is clear in the second half of the year. We have more working days, more business, more profits. That's the seasonality. Q1 is the slowest quarter of the year. Q2 is the second slowest quarter of the year, and Q3 and Q4 are the best quarters of the year. That's the seasonality we have.

The sequence in economical cycle, indeed, I mean, your observation is right that it's different than it was before, which is the reason why we see more pressure on margin than we've seen before. Normally, we see an improvement or deterioration. In the U.S., blue-collar then white-collar then professionals, then we see the same sequence in Europe this time. And what we see, by the way, on our margin, which is important to look at, we always see that, first, of course, there is volume declines, with a delay on gross margins or the price we charge our clients decline. And then we see the volume picking up. And with the decline, we see our margin picking up again.

This time, we had a sort of a funny cycle because about at a time where our margin would normally pick up again and professionals will be growing faster again, et cetera, in Europe, we suddenly had something called euro crisis. So, that made this cycle atypical. I think that's what you referred to. So your observation is right, it's different than other cycles because the euro crisis kicked in and changed the rules of the game.

<Q>: Following up on this, is Europe the only – sorry about that, is Europe the only exception in this picture if you're looking worldwide to the...

<A – Ben Noteboom – Randstad Holding NV>: Unfortunately, unfortunately, we don't live on an island. And Europe is the biggest economy in the world. So obviously what happens here will have an effect in the rest of the world. The question is how big is the effect. So, we've seen so far the U.S. actually is following the normal cycle with bigger growth in professionals, reasonable margins, et cetera, et cetera. The expectation is whether or not that's something that can last. We also see that the growth in China is slowing down a bit, although I'm sure they're going to push again like crazy to have a reasonable growth, but there's a lot of interdependency, of course, between the economical systems. So, we'll see.

Unverified Participant

Okay, I think we'll conclude the meeting with this. Thank you very much for your attention. Enjoy your holidays, if you're going on holidays, and we'll see you back at least in October, otherwise, during the road shows. Thank you.

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