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

3rd quarter results 2012

costs down by € 18M versus previous quarter

ensuring adaptability

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Randstad Holding nv
October 25, 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

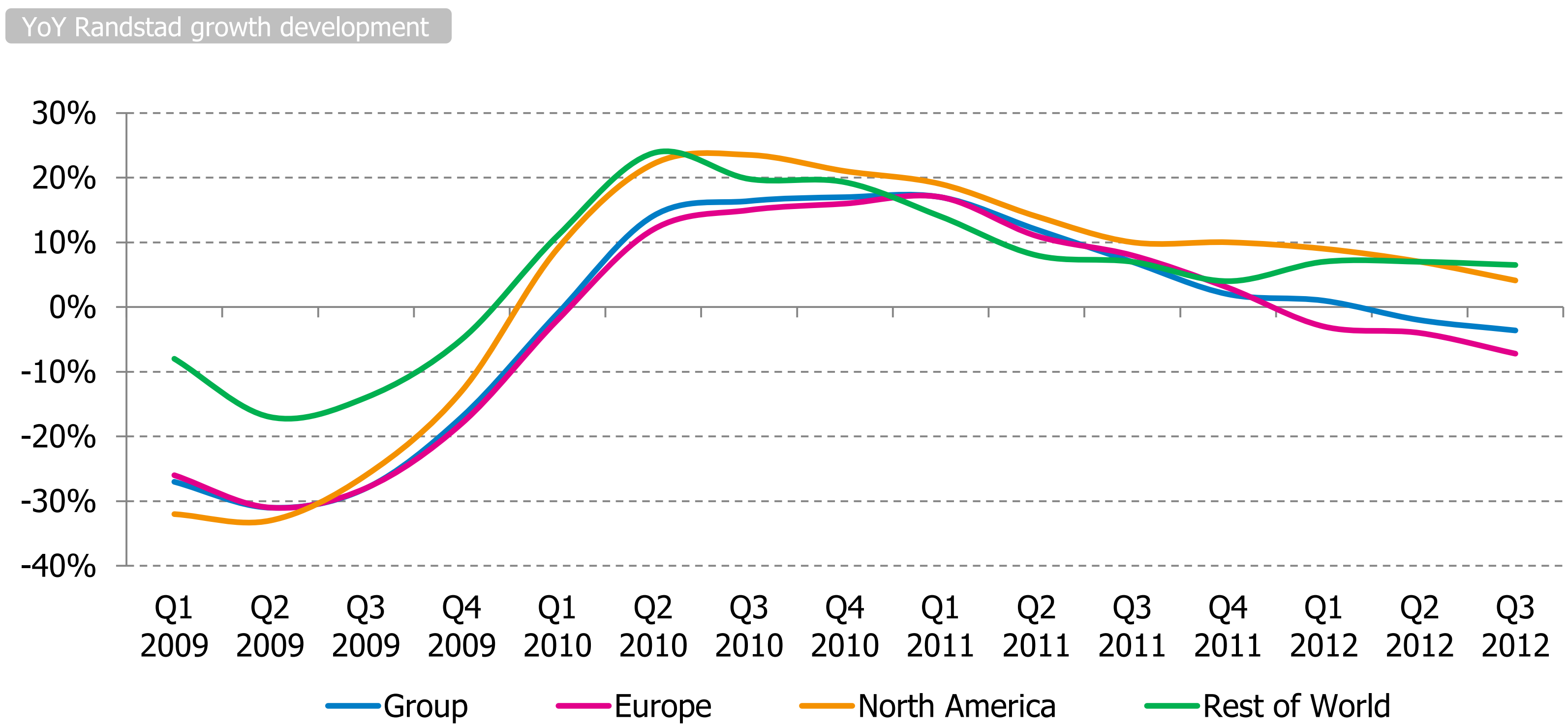
Q3: cost base down by € 18M vs. Q2

€ million	Q3 2012	Q3 2011	% change	% organic	Q2 2012
revenue	4,397	4,232	*4%*	*-/-5%*	4,303
gross profit	799	765	*4%*	*-/-6%*	782
gross margin	*18.2%*	*18.1%*			18.2%
operating expenses*	638	590	*8%*	*-/-4%*	648
opex as % of revenue	*14.5%*	*13.9%*			15.0%
EBITA*	**161**	**175**	***-/- 8%***	***-/-13%***	**135**
*EBITA margin**	*3.7%*	*4.1%*			3.1%

- organic growth/wd in negative territory, gross margin sequentially stable
  - continued good performance in North America and Japan
  - 0.8 working day less in Q3 vs. prior year
- operating expenses* down by € 18M sequentially (CC), in line with target
  - mainly stemming from FTE reduction across Europe
  - synergies related to SFN increased sequentially by € 1M to € 7M in Q3
- EBITA* from € 175M to € 161M
  - YoY EBITA margin gap decreased to 40 bps (Q2: -/- 80 bps)
  - adjusted for integration costs (€ 6.5M) and restructuring costs (€ 9.5M)

* before integration costs & one-offs

Q3 2012: gradual decline continues



- diverging trends continued
- continued gradual decline in Europe, except for France & Germany
- organic growth per working day from 0% in June to -/-3% in September

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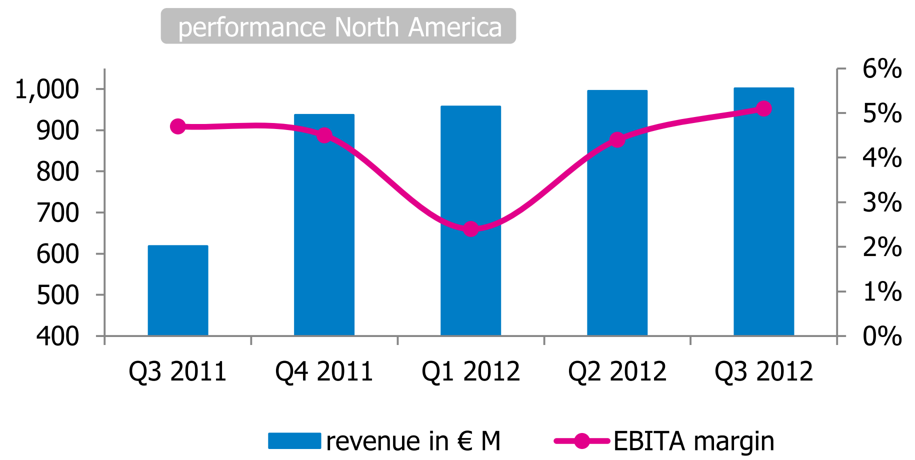
key priorities

- 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, Brazil, etc)
  - professionals growth accelerator
  - perm in staffing
  - RPO/MSP

North America: capturing profitable growth

- organic revenue +4% (Q2: +7%)
  - continued growth US staffing & professionals
  - stable growth trend Canada
  - perm up 9% (vs. 6% in Q2)
- focus on profitability
  -incremental conversion & synergies
- US staffing & inhouse up 4%
  - gross margin expansion
  - productivity improvements
  - perm fees up 51% (+34% in Q2)
- US professionals up 4%
  - growth slowing across all sectors
  - continued solid growth in MSP & RPO
- EBITA margin 5.1% vs. 4.7% LY
  - improved business mix: perm & RPO
  - gross margin expansion



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SFN integration

integration process

- physical integration staffing & professionals completed
- IT migration Staffing: completed in Q3
- IT migration Inhouse: to be completed in Q4
- IT migration Professionals: will start in Q4

- integration costs Q3: € 6.5M (total: € 31.8M)

synergies

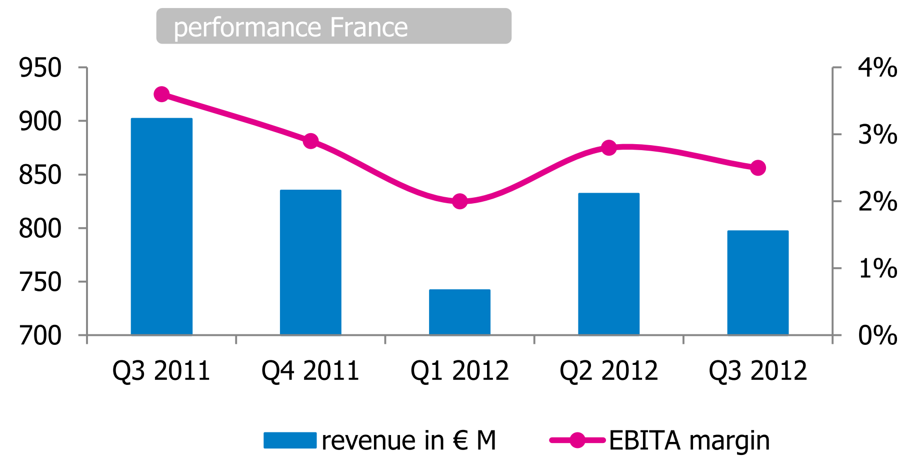
- increase of synergies anticipated in line with higher integration costs

- full amount of synergies expected to be materialized in 2013

- synergies of € 7.2M in Q3, up vs. Q2 (€ 6.0M)

France: increased uncertainty

- revenue down 11% (Q2: -/- 3%)
  - continued growth at inhouse
  - accelerating decline in staffing & professionals
  - lower decline in perm placements due to strong growth in healthcare
- ongoing focus on costs and profitability
  - FTEs -/-1% vs. Q2
  - use flexibility in cost base
  - driving client profitability
- EBITA margin to 2.5% (vs. 3.6% LY)
  - change in mix: inhouse/large clients vs. profs/perm
  - lower YoY impact price increases
  - refined calculation method subsidies (-/- 20 bps), favorable impact in Q4



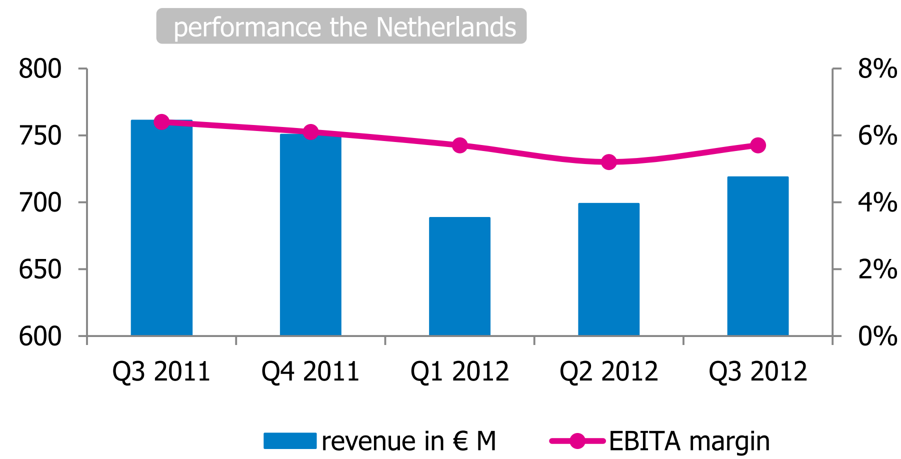
the Netherlands: ensuring adaptability

- revenue down 3% (Q2: -/-1%)
  - continued growth at inhouse & payroll
  - Yacht at -/-6%, but improving utilization rate

- gross margin sequentially stable
  - competitive environment
  - changed business mix: growth payroll & inhouse

- focus on costs and profitability
  - cost base down sequentially
    - despite higher marketing costs
  - client profitability
  - restructuring program Randstad:
    - savings will be visible in Q4
    - FTEs down 9% from June to September
    - restructuring charge € 7.5M in Q3 mainly related to head office

- EBITA margin 5.7% (vs. 6.4% LY)



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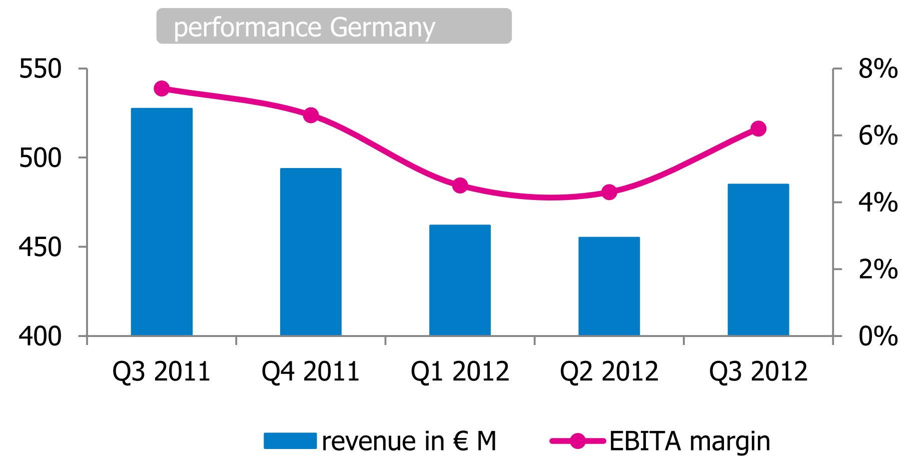
Germany: challenging environment

- organic revenue down 5% (Q2: -/-2%)
  - deteriorating trend through the quarter
  - CLA: price increases as from November 1st
  - growth inhouse at +2%, staffing at -/-13%
  - solid growth professionals:+11% (Q2: +7%), mainly due to IT

- gross margin improved vs. Q2
  - 1 working day less vs. LY

- strong cost control
  - FTEs down 10% since the start of the year

- EBITA margin to 6.2% vs. 4.2% in Q2
  - YoY gap lowered to 120 bps (vs. -/- 250 bps in Q2)



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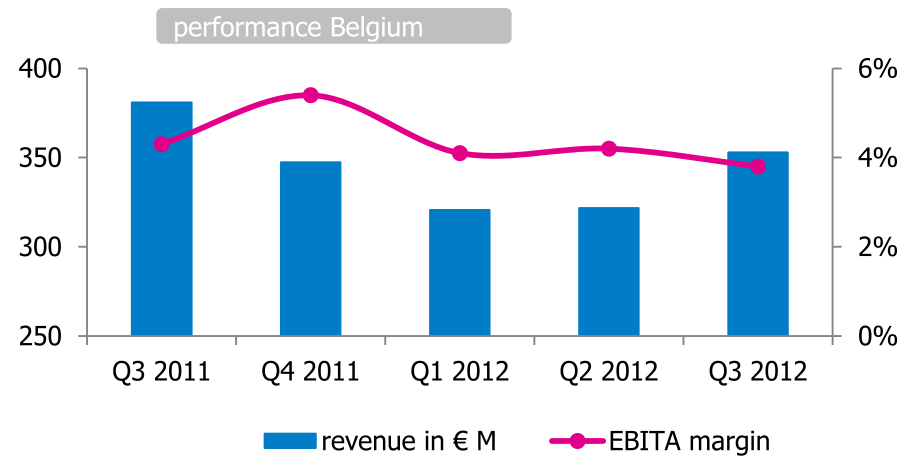
Belgium: improving mix

- revenue -/- 7% (Q2: -/-6%)
  - stable development through the quarter
  - inhouse improved slightly to -/- 1% (Q2: -/- 5%)
  - solid performance in HRS, mainly outplacement
  - professionals at +2%

- focus on profitability
  - client profitability
  - field steering
  - gross margin improvement program

- EBITA margin at 3.8% (vs. 4.3% LY)
  - stable gross margin YoY

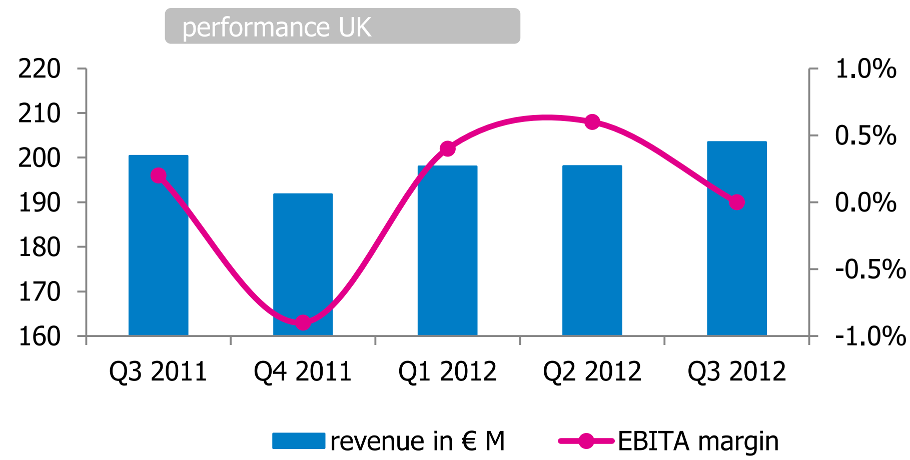


UK: adjusting cost base

- revenue -/- 9% (Q2: -/- 8%)
  - revenue trend in line with Q2
  - public sector moved to +2% (vs. -/-8% in Q2)
  - inhouse to -/-24%, focus on client profitability
  - professionals growing
  - perm fees at -/- 22% (Q2: -/- 14%)

- focus on costs
  - restructuring charge of € 0.5 million

- EBITA margin 0.0% vs. 0.2% LY

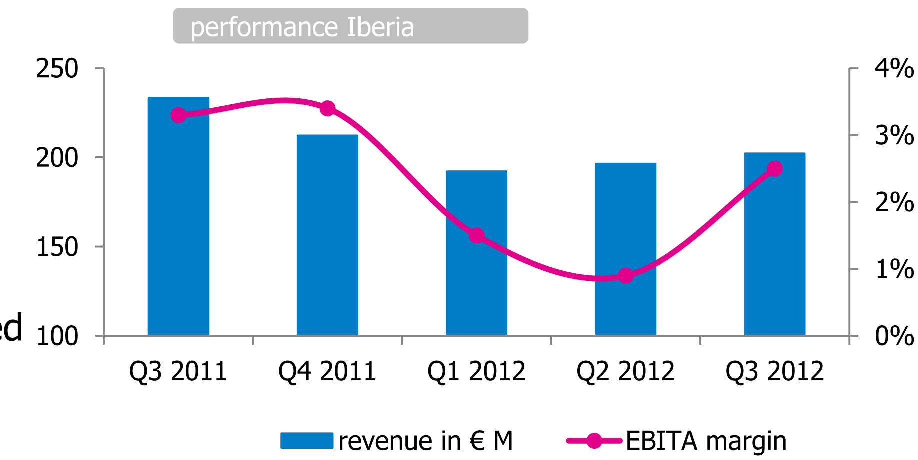


Iberia: demonstrating resilience

- Spain
  - revenue -/- 12% (Q2: -/- 9%)
  - decline driven by manufacturing and logistics
  - professionals showed continued growth

- Portugal
  - revenue -/- 13% (Q2: -/- 12%)
  - contraction across all segments
  - merger of Randstad and Tempo-Team completed

- combined EBITA margin up to 2.5%
  - restructuring charge of € 1.5 million
  - good cost control



revenue development per industry

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

financial results & outlook

income statement Q3 2012

€ million	Q3 2012	Q3 2011	% change	% organic
revenue	4,397	4,232	*4%*	*-/-5%*
gross profit	799	765	*4%*	*-/-6%*
gross margin	*18.2%*	*18.1%*		
operating expenses*	638	590	*8%*	*-/-4%*
opex as % of revenue	*14.5%*	*13.9%*		
EBITA*	**161**	**175**	***- 8%***	***-/-13%***
*EBITA margin**	*3.7%*	*4.1%*		
reported EBITA	**145**	**164**		
amortization & impairment	-/- 43	-/- 43		
net finance income/(costs)	-/- 3	-/- 7		
income before taxes	**100**	**114**		
tax	-/- 31	-/- 34		
net income	**69**	**80**		
*adjusted net income***	*107*	*114*		
*diluted EPS****	*0.62*	*0.66*		

* 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

Q3 2012: financial key points

- effective tax rate* amounted to 32% (Q3 2011: 31%)
  - guidance full year 2012 unchanged: 29-32%

- diluted EPS* down to € 0.62 vs. € 0.66 in Q3 2011

- DSO improved by 1 day vs. LY to 53 days

- free cash flow amounted to € 207M in Q3 vs. € 194M LY
  - improved DSO & lower growth
  - phasing of collection trade receivables less significant than previous quarter

- leverage ratio sequentially down to 2.2 (vs. 2.4 in Q2)

- net debt down to € 1,437 million
  - syndicated credit facility of € 1,755 million until May 2013
  - as of May 2013, new syndicated credit facility of € 1,300 million until 2016/2017
  - refinancing remaining part with various forms of financing with different maturity profiles

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

segment performance

Staffing in € M	Q3 2012	Q3 2011	% organic
revenue	2,732.8	2,759.4	-9
EBITA	100.3	117.1	-19
EBITA margin	*3.7%*	*4.2%*	

- strong growth in North America, led by admin & perm
- gradual slowdown across Europe, mainly driven by industrial segments
- addition of SFN with below average EBITA margin

Inhouse in € M	Q3 2012	Q3 2011	% organic
revenue	786.1	682.2	12
EBITA	36.5	31.8	20
EBITA margin	*4.6%*	*4.7%*	

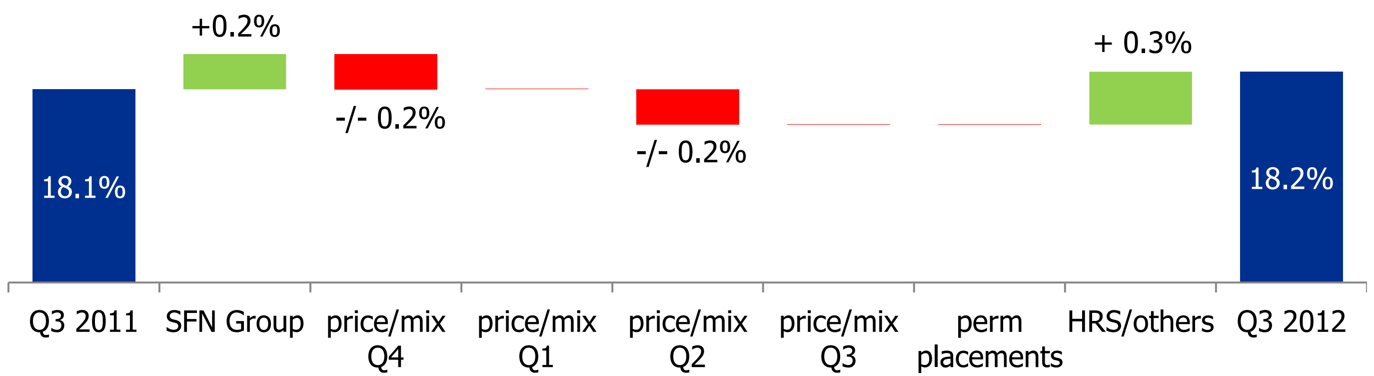
- US, France & NL main drivers
- strong comparison base
- increased share at existing clients
- transfer of SFN business to inhouse (adjusted organic growth is +3%)

Professionals in € M	Q3 2012	Q3 2011	% organic
revenue	877.9	790.8	-5
EBITA	35.0	37.3	-22
EBITA margin	*4.0%*	*4.7%*	

- growth in US, across most sectors
- 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

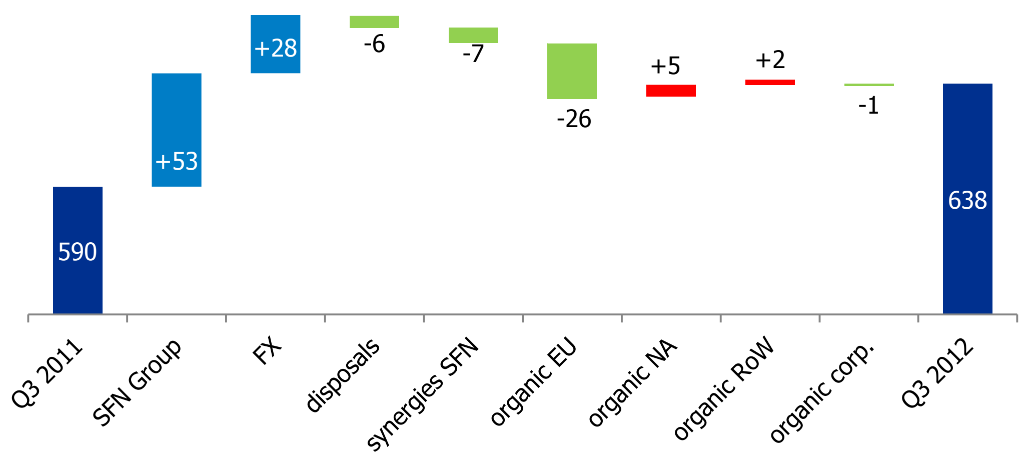


- gross margin stable vs. Q2 and up 10 bps YoY
- seasonal impact Belgium in line with LY
- temp margin affected by competitive environment and changing country mix
- margin expansion North America

- SFN contributes 20 bps to Q3 2012
- HRS grew strongly YoY and contributed 30 bps
- perm fees were 9.3% of GP (vs. 9.0% in Q3 2011)
- continued focus on client profitability

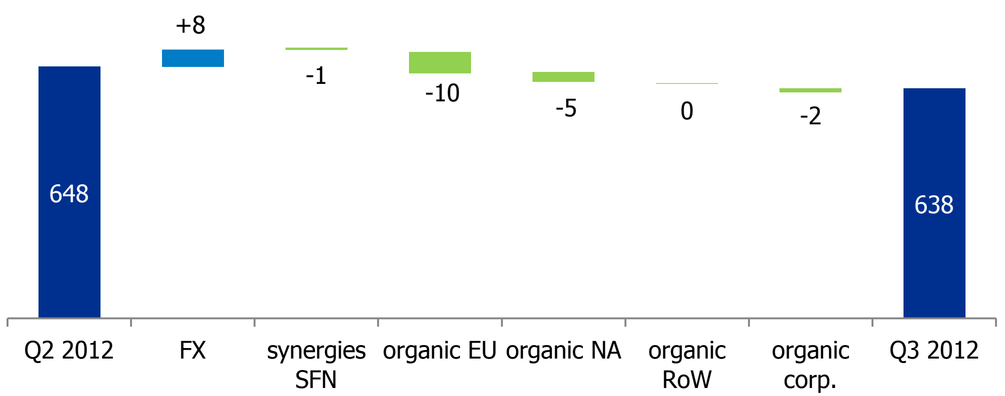
operating expenses down

YoY OPEX development in € M



- SFN Group added € 53M to the cost base
- in Europe costs down € 26M, investing in profitable growth in NA/RoW
- FTE reduction of 1,980 YoY (pro forma)
- number of branches & inhouse locations reduced across the board

sequential OPEX development in € M



- sequential cost reductions across the board
- FTEs down by 780 from June to September
  - mainly across Europe
- additional synergies related to SFN of € 1M
- continuous focus on improving recovery ratio

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cost reduction initiatives

€ 70 – 100M annualized, ending H1 2013, assuming mid-single digit decline

- field steering
  - supported by staff turnover > 20%
  - optimizing distribution network
- synergies SFN
- restructuring programs
  - overhead & head office
  - back offices
  - branch closures

cost saving Q2 -> Q3	total	restructuring/synergies	field steering	others	% field steering
Europe	10.4	2.0	8.4	-	*81%*
North America	5.5	1.0	4.5	-	*82%*
RoW	-	-	-	-	*N/A*
Corporate	2.0	-	-	2.0	*N/A*
Group	**17.9**	**3.0**	**12.9**	**2.0**	***72%***

balance sheet items

€ M	September 30, 2012	September 30, 2011
trade and other receivables	3,119	3,160
less: trade and other payables	-/- 2,310	-/- 2,418
operating working capital*	**809**	**742**
cash & cash equivalents	199	238
less: current borrowings	-/- 89	-/- 95
less: ST part long-term borrowings	-/- 1,547	-/- 1,630
net debt	**1,437**	**1,487**
DSO, days sales outstanding	*53*	*54*
leverage ratio	*2.2*	*2.0*

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

consolidated cash flow statement

€ M	Q3 2012	Q3 2011
EBITDA	165	184
release of OWC	85	85
income taxes paid	-/- 44	-/- 56
provisions and other	12	-/- 3
net additions in PPE and software	-/- 15	-/- 16
financial receivables/dividend associates	4	-
free cash flow	**207**	**194**

€ M	Q3 2012
free cash flow	**207**
net acquisitions/disposals/buyouts	-/-1
issue of ordinary shares	-
net finance costs paid	-/- 4
dividend	-
translation effects & other	14
net debt decrease Q2 –> Q3	**216**

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outlook

- key priorities:
  - capturing profitable growth in North America, Asia & Latin America
  - field steering
  - focus on costs
  - aligning overhead and head office with field
  - client profitability

- growth per working day moved from 0% in June to -/- 3% in September
  - continued gradual decline in Europe
  - accelerating decline in France & Germany
  - easier comparison base in Q4
  - no significant working day impact in Q4

- well on track to meet savings target of € 70 – 100M

Q&A

appendices

drivers effective tax rate

effective tax rate* was up to 32% (vs. 31% in Q3 2011)

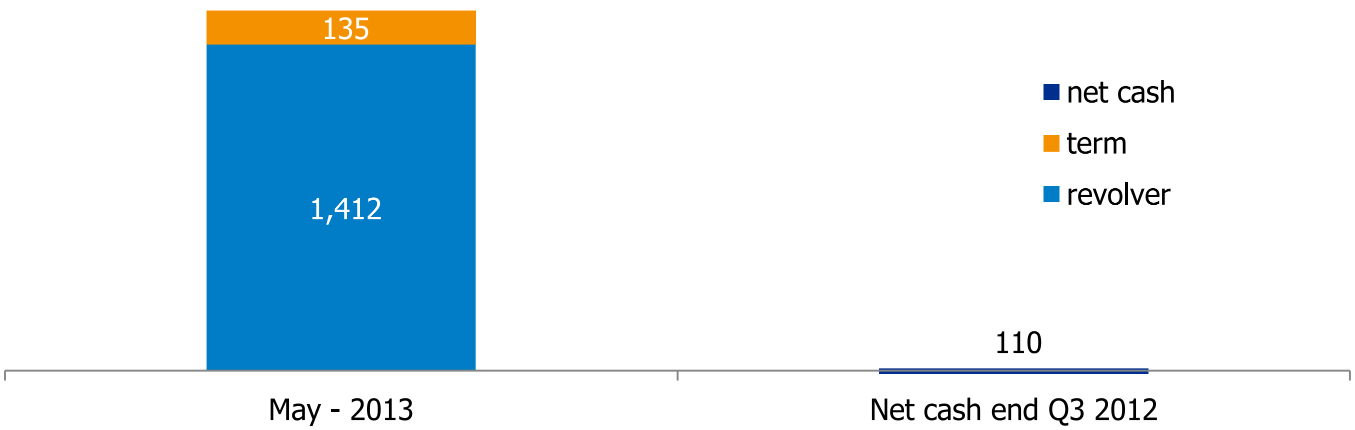
- change in geographical mix: high growth in countries with above average tax rates
- as our results improve, the relative effect of the tax planning measures decreases
- full year 2012 guidance unchanged: 29%-32%

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

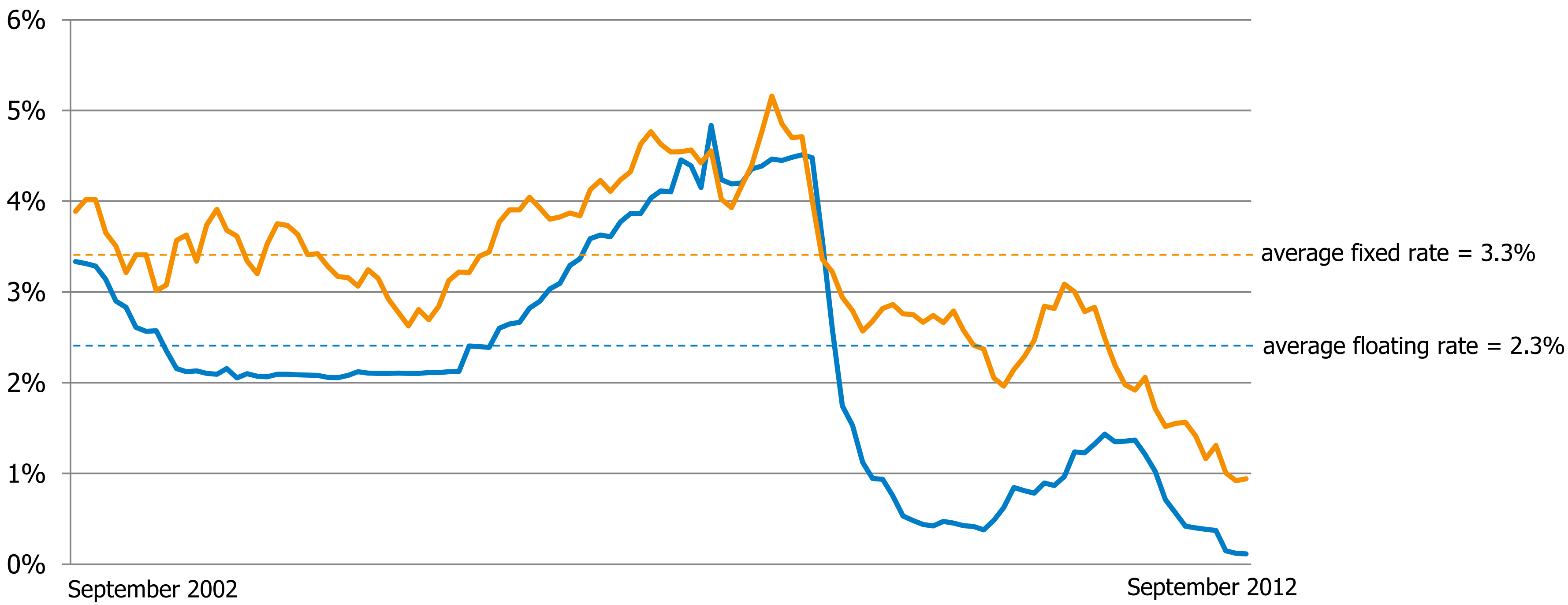


- covenant; net debt/EBITDA* of max. 3.5
  - at the end of Q3 2012 the net debt/EBITDA ratio was 2.2
- syndicated credit facility amounts to € 1,755M
- new facility (€ 1.3 Bln) becomes available as of May 2013

* EBITDA; 12 months rolling back

financing: fixed vs. floating interest rates

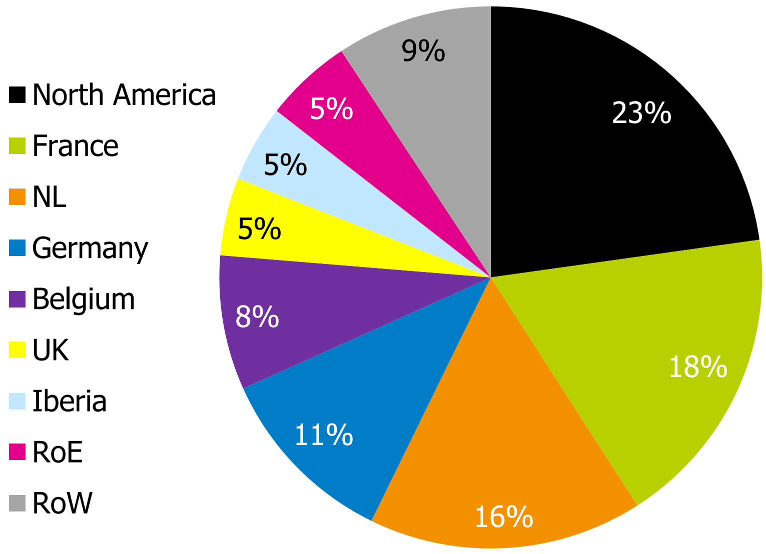
10 year historical interest rates comparison 1M vs 5Y



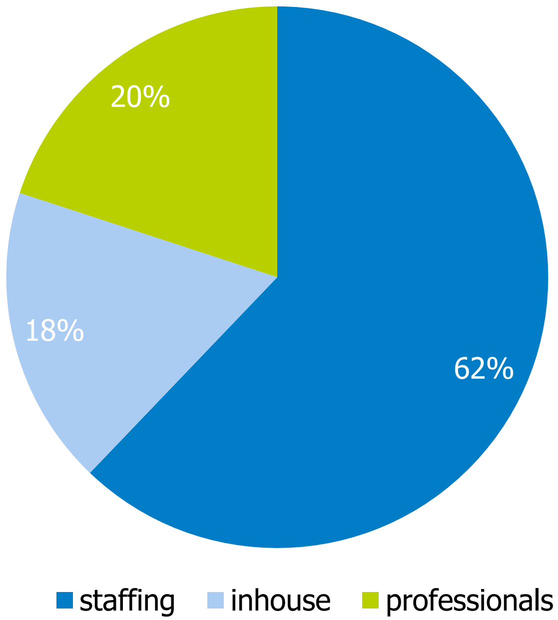
- we use floating interest rates as a natural hedge
  - spread above Euribor of 50-115 bps

revenue split Q3 2012

geographical area

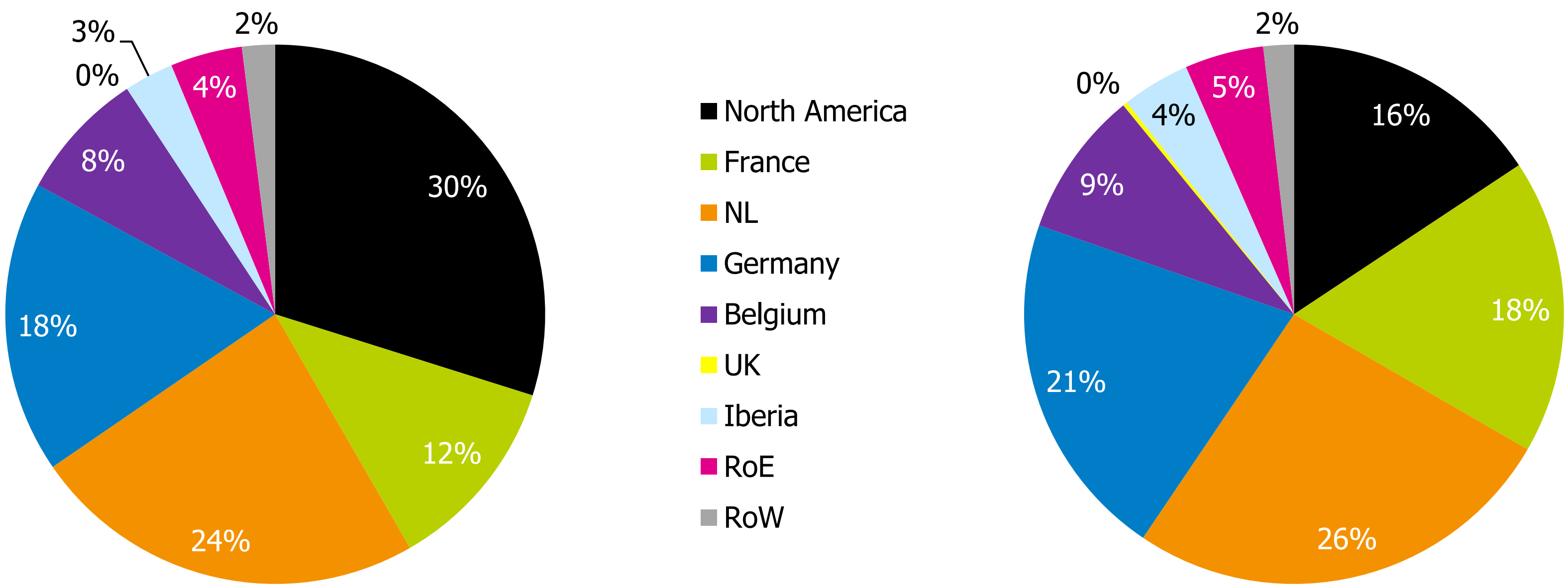


revenue categories



EBITA breakdown by geography

Q3 2012 | **Q3 2011**



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outlets* by region

end of period	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
North America	1,041	1,055	1,074	1,089	1,090
France	864	864	862	882	896
the Netherlands	672	683	696	717	734
Germany	551	548	557	554	555
Belgium/Lux	350	350	350	359	363
United Kingdom	231	243	246	255	283
Iberia	264	274	273	277	278
Other Europe	338	337	335	333	332
Rest of world	256	253	252	245	253
total	**4,567**	**4,607**	**4,645**	**4,711**	**4,784**

* branches and inhouse locations

corporate employees by region

average	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
North America	6,360	6,400	6,440	6,450	4,310
France	3,890	3,930	3,960	4,010	4,000
the Netherlands	4,720	4,770	4,870	5,150	5,220
Germany	2,690	2,830	2,940	3,020	3,020
Belgium/Lux.	2,070	1,980	2,030	2,120	2,180
United Kingdom	1,740	1,760	1,840	1,930	1,930
Iberia	1,340	1,370	1,410	1,470	1,500
Other Europe	1,760	1,800	1,830	1,850	1,830
Rest of world	4,460	4,450	4,530	4,900	4,900
Corporate	190	190	180	180	180
total	**29,220**	**29,480**	**30,030**	**31,080**	**29,070**

staffing employees by region

average	Q3 2012	Q3 2011
North America	104,600	67,800
France	87,400	97,300
the Netherlands	85,300	89,000
Germany	52,100	58,000
Belgium/Lux.	47,500	51,700
United Kingdom	19,500	23,700
Iberia	46,400	52,200
Other Europe	37,200	40,700
Rest of world	112,800	106,800
total	**592,800**	**587,200**