

3rd quarter results 2014

stable revenue growth

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Randstad Holding nv
October 30, 2014



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, badwill, integration costs and one-offs.

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

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

agenda

~ performance

~ financial results & outlook

~ Q&A

~ appendices

performance

stable growth

€ million	Q3 '14	Q3 '13	% Org.	L4Q '14	L4Q '13	% Org.
revenue	4,516	4,363	+4%	17,032	16,525	+4%
gross profit	835	796	+6%	3,125	2,999	+5%
<i>gross margin</i>	<i>18.5%</i>	<i>18.2%</i>		<i>18.3%</i>	<i>18.1%</i>	
operating expenses*	625	612	+3%	2460	2,421	+2%
<i>opex margin</i>	<i>13.8%</i>	<i>14.0%</i>		<i>14.4%</i>	<i>14.6%</i>	
EBITA*	210	184	+15%	664	578	+17%
<i>EBITA margin*</i>	<i>4.7%</i>	<i>4.2%</i>		<i>3.9%</i>	<i>3.5%</i>	

- ↪ organic growth/wd at 4.2% in Q3, September at +3.4%
- ↪ gross profit growth at 6%; stable through the quarter
 - gross margin up by 30 bps YoY
 - strategic focus on perm paying off with perm +15% (Q2: +13%)
 - professionals gross profit growth at +9% (Q2: +5%)
- ↪ operating expenses* increased sequentially by € 6M in constant currency
 - headcount investment in selected countries
- ↪ EBITA* margin up to 4.7%, from 4.2% LY
 - incremental conversion of 66%

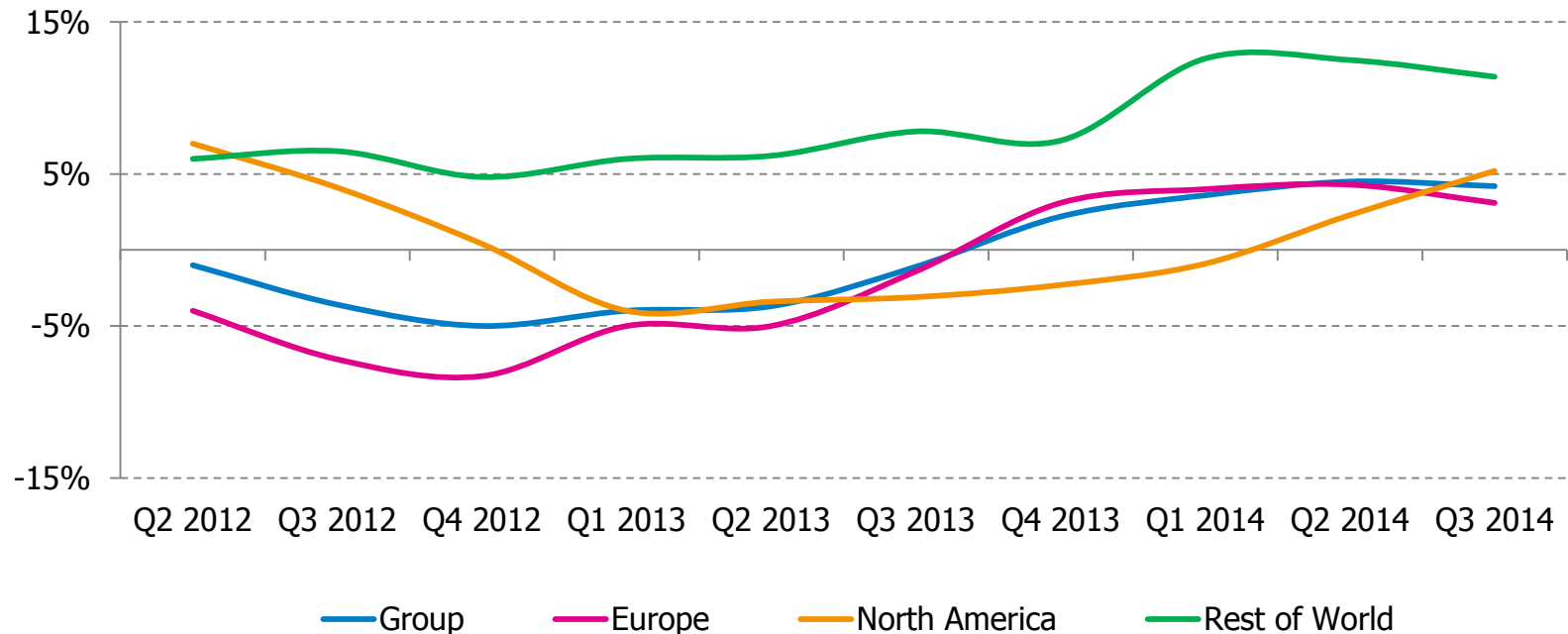
* Before integration costs & one-offs.

October 30, 2014

third quarter results 2014

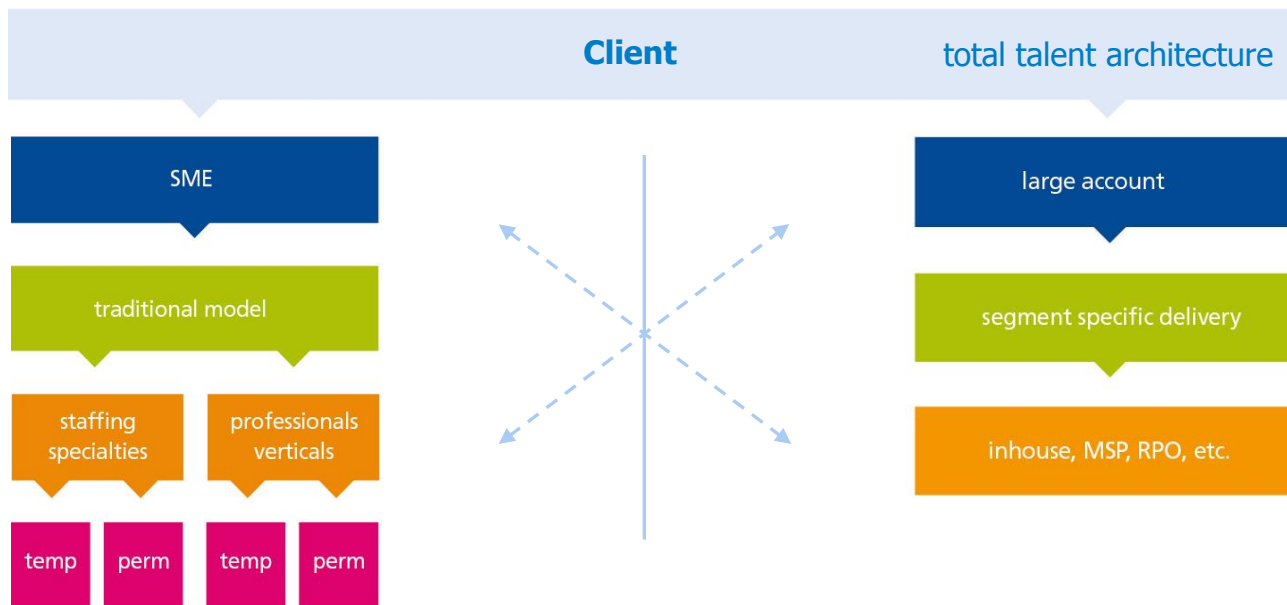
Q3 2014: continued growth

YoY Randstad growth development



- North America and NL accelerating growth in Q3, stable growth in most European countries
- France and Germany remain most challenging markets
- double-digit growth in emerging markets and Australia, stable growth in Japan

our priorities



Staffing

- ✓ leverage our expertise in specialty staffing
- ✓ focus on permanent placements
- ✓ SME

Professionals

- ✓ implementing global concept per segment
- ✓ focus on permanent placements
- ✓ SME

Inhouse

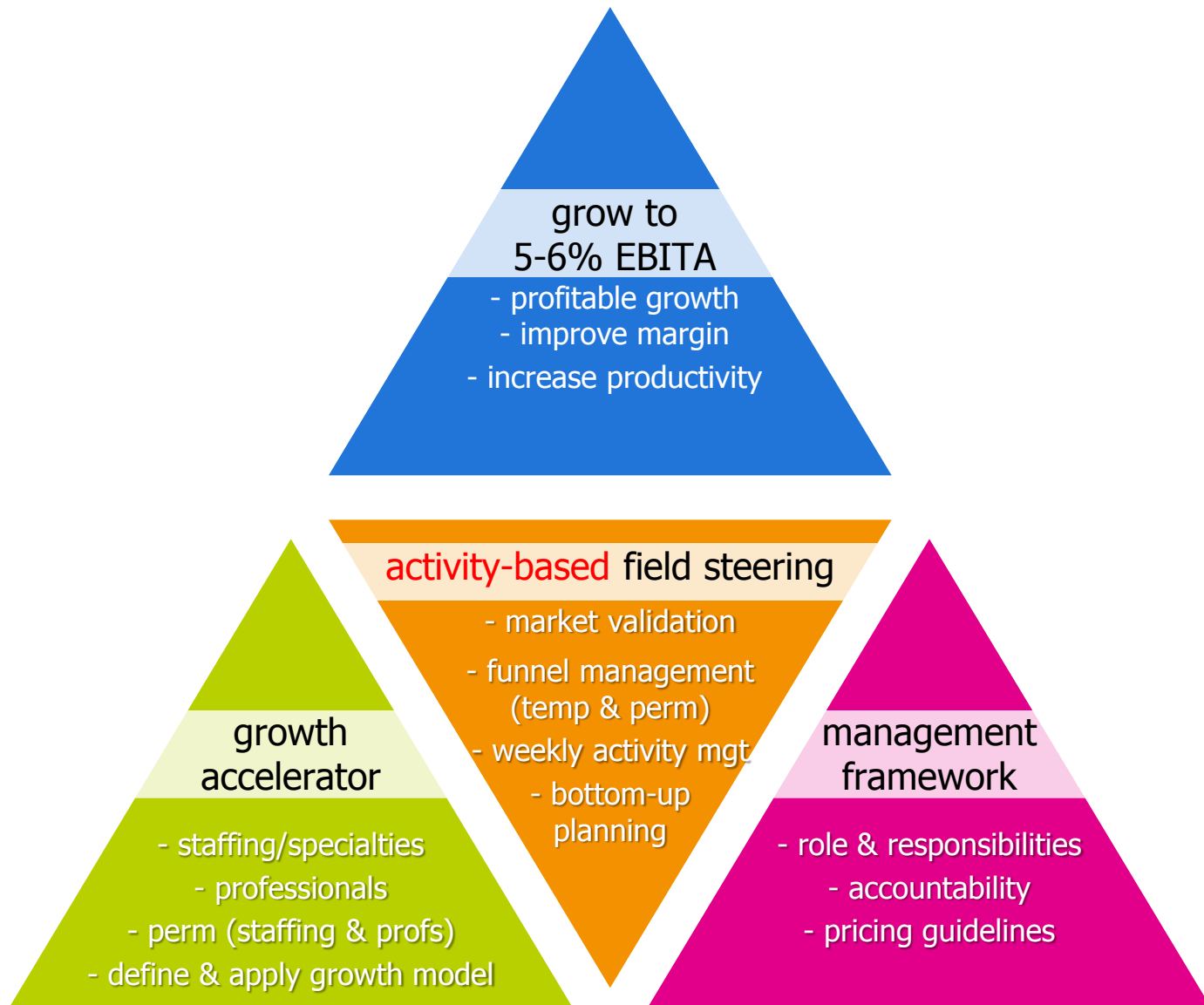
- ✓ expand in white-collar and professionals
- ✓ increase share of wallet

HRS

- ✓ grow in MSP and RPO
- ✓ support TTA approach:
 - ✓ payrolling
 - ✓ outplacement
 - ✓ outsourcing

setting the ambition

profitable organic growth through **activity-based** field steering



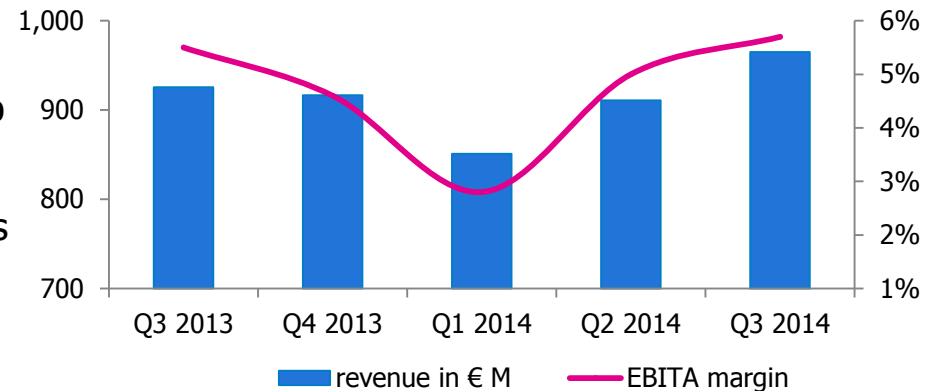
integrated approach of line management & all functional disciplines

North America: record profitability & strong growth

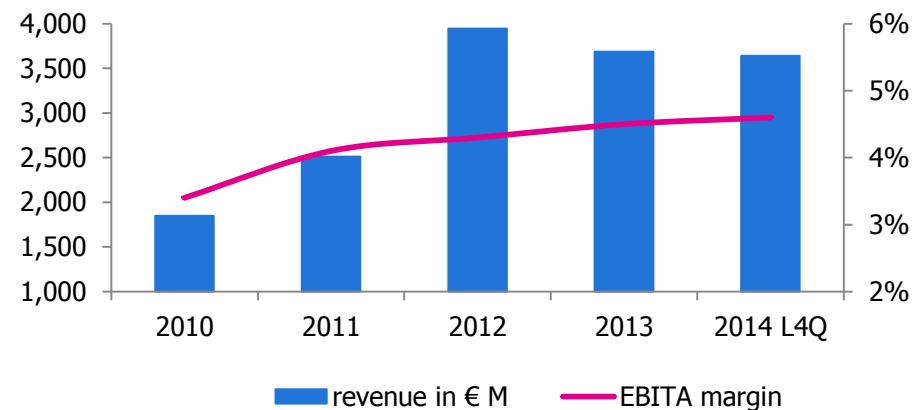
incremental conversion ratio of 60%

- revenue + 5% (Q2: +2%)
- US staffing & inhouse, gross profit +8%
 - stable revenue trend +10% in Q3
 - good performance in manufacturing and logistics
 - strong perm (+31%)
- US professionals, gross profit up 3%
 - revenue flat (Q2: -/-2%) for the quarter
 - perm up by 2% (-/- 6% in Q2)
 - Strongest growth F&A (GP +8%), Engineering (GP +16%)
- Sourceright: record profitability
 - MSP spend under management up 43%
- Canada: revenue flat (Q2: -/-4%)
 - slightly ahead of market
- EBITA margin improved to 5.7%

performance North America - quarterly



performance North America - annually

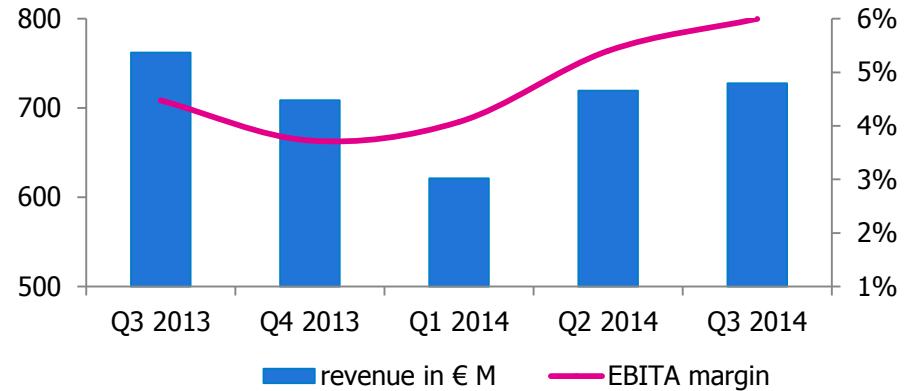


France: improving profitability in difficult market

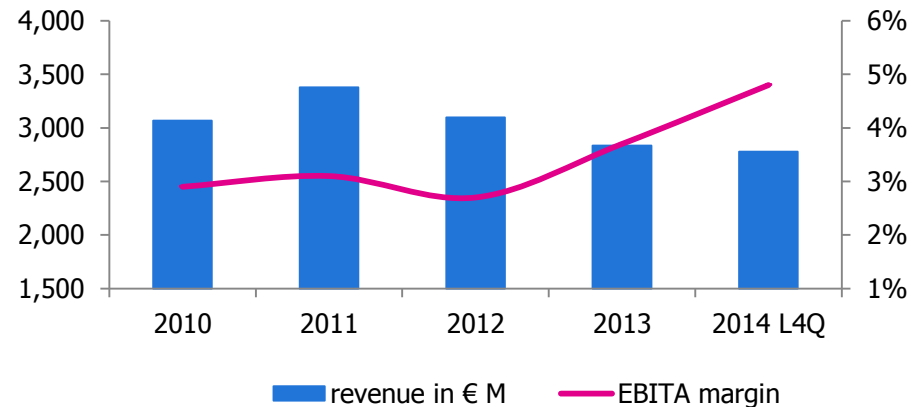
recovery ratio of 139%

- revenue -/-4% (Q2: -/-1%)
 - combined staffing & inhouse at -/-5% YoY
 - growth in inhouse of 12%
 - focus retained on client profitability
 - professionals at +1% vs. Q2: 0%
 - perm fees up 8% (Q2: +5%)
- gross profit up 7% YoY
- branch restructure completed:
 - FTEs down 6% YoY
 - number of outlets down by 12% YoY
- EBITA margin up to 6.0% vs. 4.5% LY

performance France - quarterly



performance France - annually



the Netherlands: closing the gap to market

revenue at +4% (Q2: 0%)

- Randstad +3% YoY (Q2: -/-1%), growth in SME
- Tempo-Team growing above market, +7%
- overall professionals up 16%
- focus on client profitability
- perm up 25%

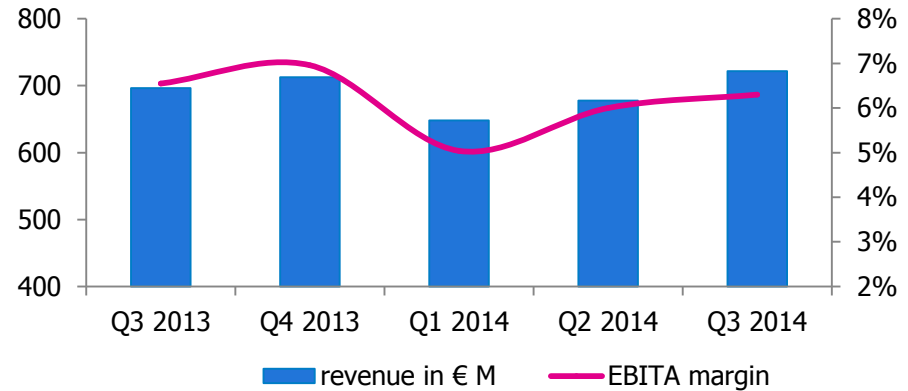
costs up 4% sequentially

- FTE up 3%, investing in growth areas
- higher seasonal marketing spend

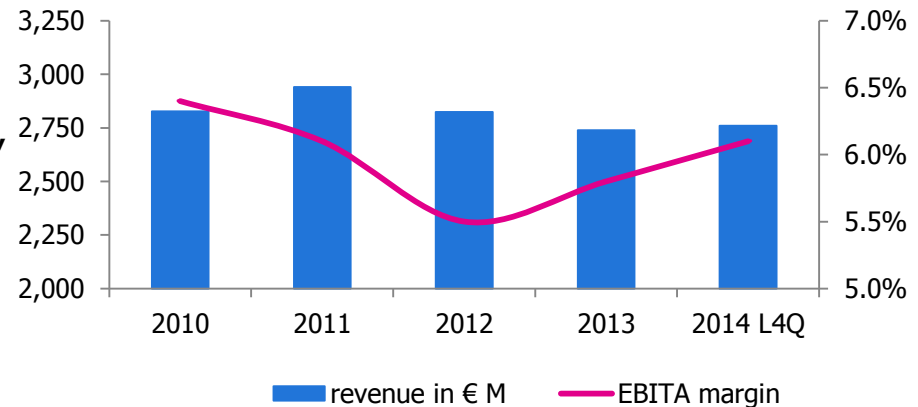
EBITA margin at 6.3%

- reorganization aimed at efficiency improvements, approx. 250 FTE, payback within one year

performance the Netherlands - quarterly



performance the Netherlands - annually



Germany: continued market challenges

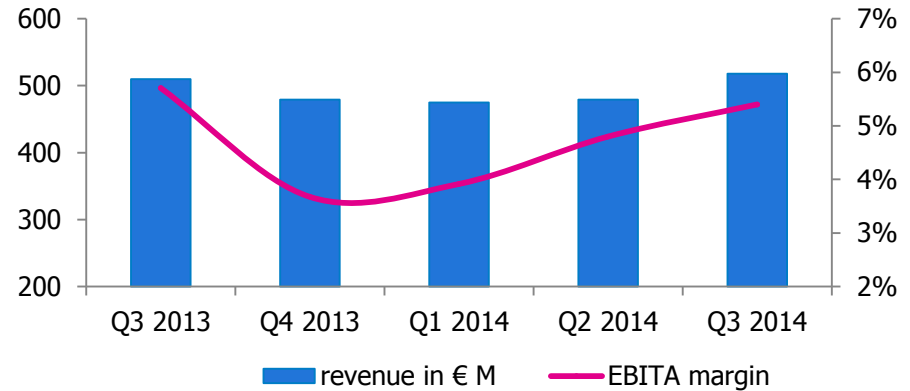
- revenue +2% (Q2: +5%)
 - price effect easing (+6%)
 - perm growth of +29% (Q2: +37%)
 - good growth in IT, inhouse & Tempo-Team
 - focus on SME & delivery models
 - impact of regulatory changes
 - commercial activities up more than 100%

- operating expenses were flat YoY

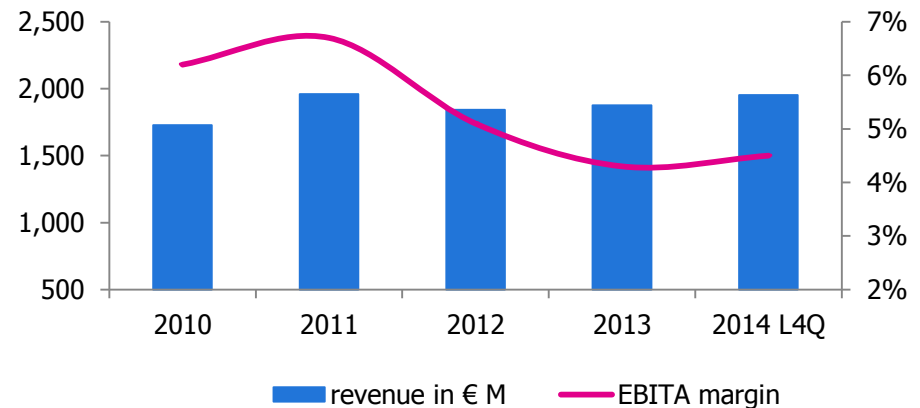
- cost control maintained

- EBITA margin at 5.4% vs. 5.7% LY

performance Germany - quarterly



performance Germany - annually



Belgium: continued growth, strong cost control

incremental conversion ratio of 140%

revenue +6% (Q2: +5%)

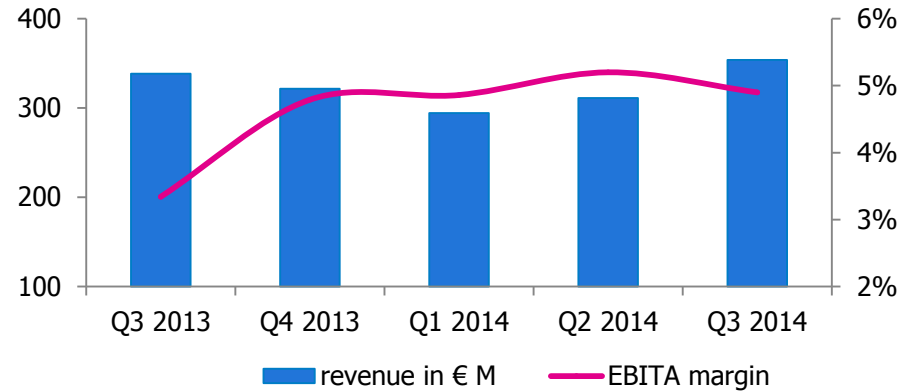
- growth easing throughout the quarter
- inhouse improving growth at +13% (Q2: +11%)
- good growth in white-collar
- professionals up by +14% (Q2: +10%)

gross profit up 10% YoY

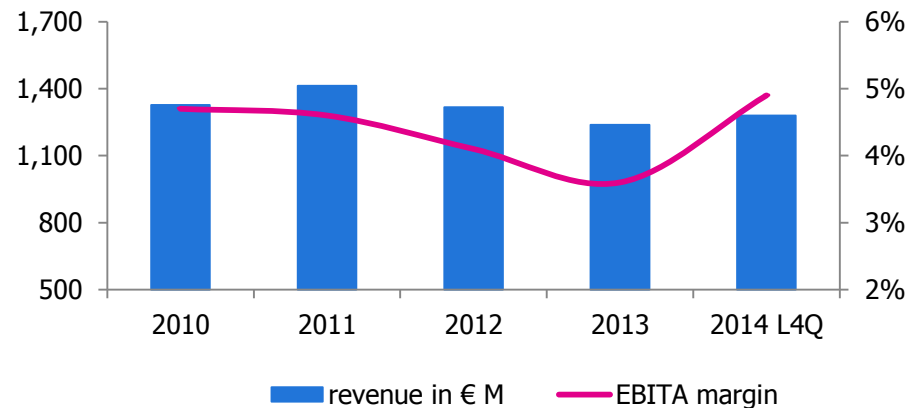
EBITA margin up to 4.9% vs. 3.3% LY

- strong operating leverage

performance Belgium - quarterly



performance Belgium - annually



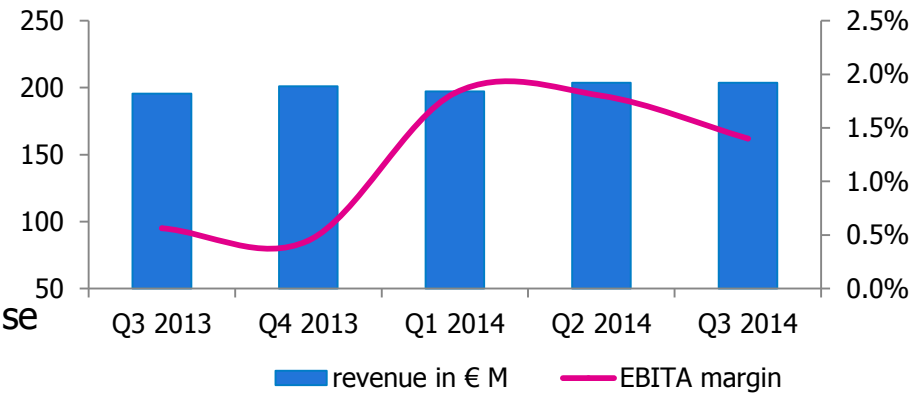
UK: focus on profitability

- revenue -/- 3% (Q2: +3%)
 - gross profit up 8%
 - improved mix: professionals
 - construction still performing well
 - finance & IT remain under pressure
 - focus on client profitability in staffing & inhouse
- perm fees up by 12% (Q2: +13%)

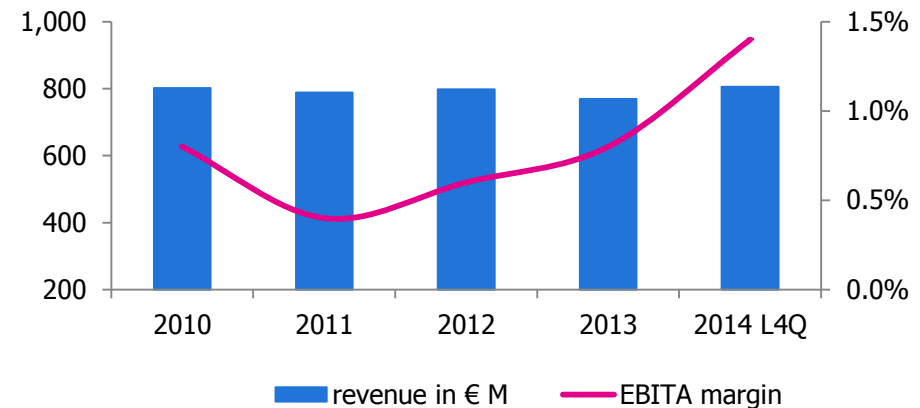
- operating expenses up 3% YoY
 - YoY headcount up 3%

- EBITA margin up to 1.4% vs. 0.6% LY

performance UK - quarterly



performance UK - annually



Iberia: stable growth

incremental conversion ratio of 203%

Spain

- revenue growth +9% (Q2: +11%)
- growth in automotive and manufacturing
- professionals & perm continue strong growth
- strong operating leverage
- loss of revenue due to focus on profitability

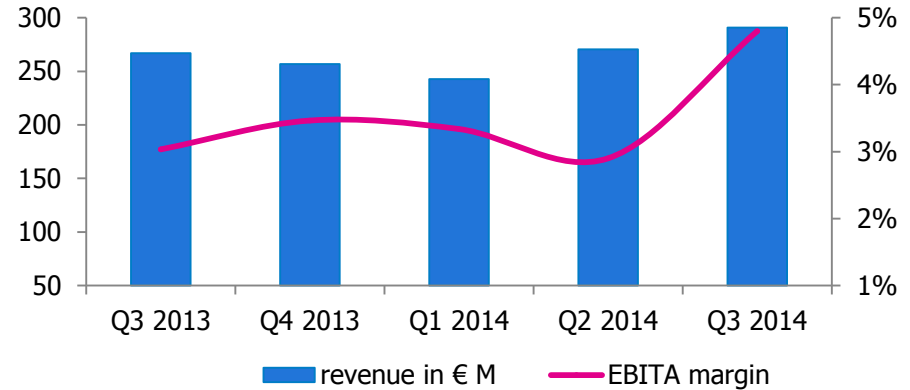
Portugal

- growth at +9% (Q2: +14%)
- continued growth in manufacturing and automotive
- increased focus on profitability

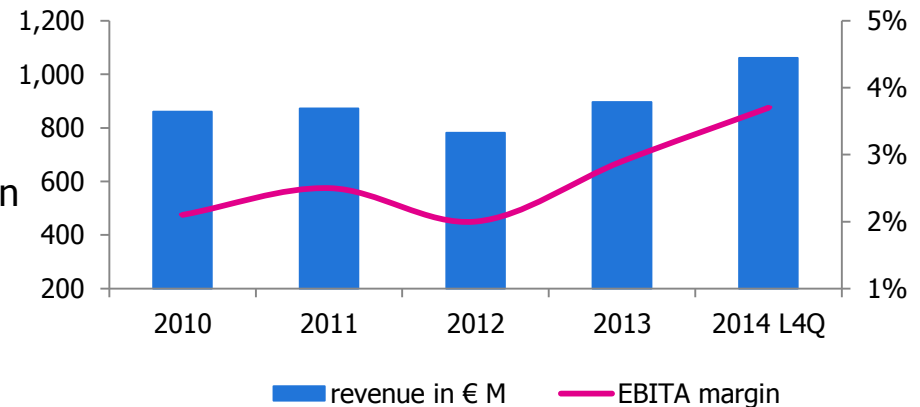
EBITA margin up to 4.8% vs. 3.0% LY

- benefiting from completion of the USG integration

performance Iberia - quarterly



performance Iberia - annually



Other European countries: profitability improving

Italy

- revenue growth at 12% (Q2: +15%)
- growth above market
- focus on specialties and perm

Switzerland

- growth improved to +14% (Q2: +12%)
- strong growth at inhouse

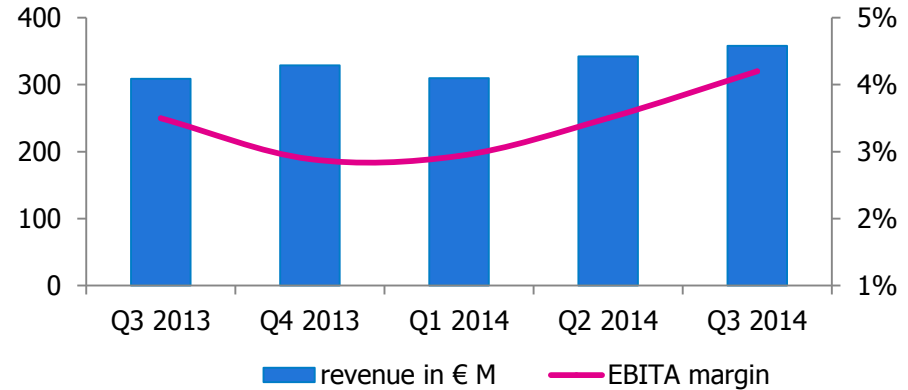
Poland

- strong growth at +19% (Q2: +27%)
- investing in growth; FTEs up 5% sequentially
- professionals up 96%

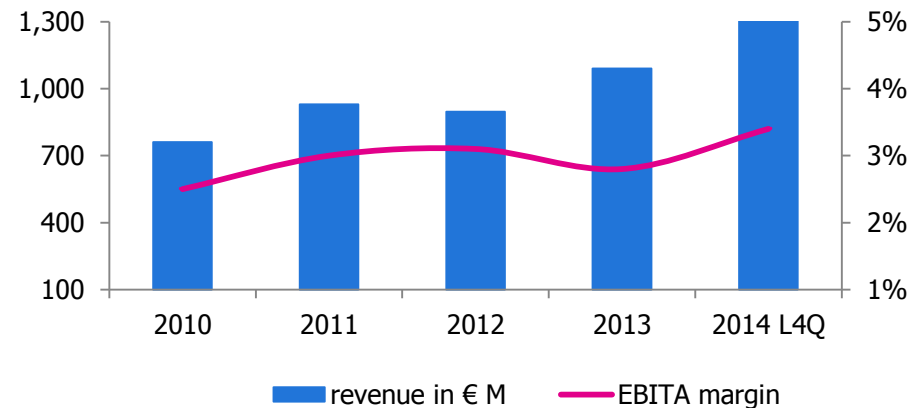
EBITA margin up to 4.2% vs. 3.5% LY

- profitability improving in most countries
- strong operating leverage

performance ROE - quarterly



performance ROE - annually



Rest of the world: stable growth

- **Japan, growth at +6% YoY**
 - good growth in logistics and retail
 - administrative growth continues
 - investing in growth

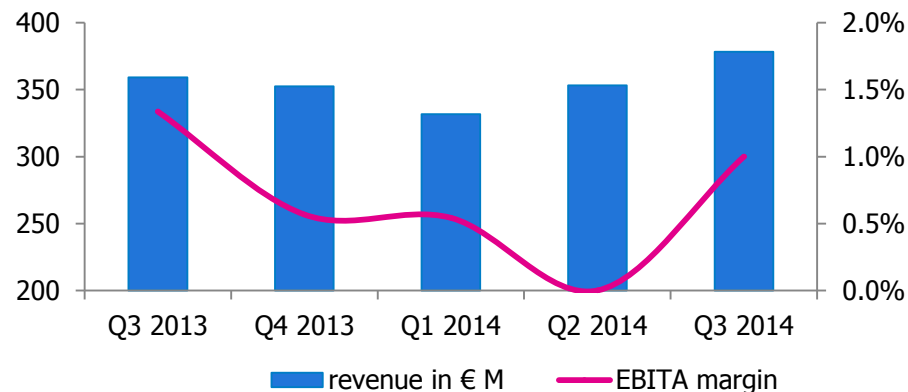
- **Australia / New Zealand grew by 15%**
 - temp strengthened further, driven by business support
 - perm grew +20% (Q2: -/-6%)

- **Asia, up 8%**
 - China growing 54%, perm up 64%
 - investing in growth across region

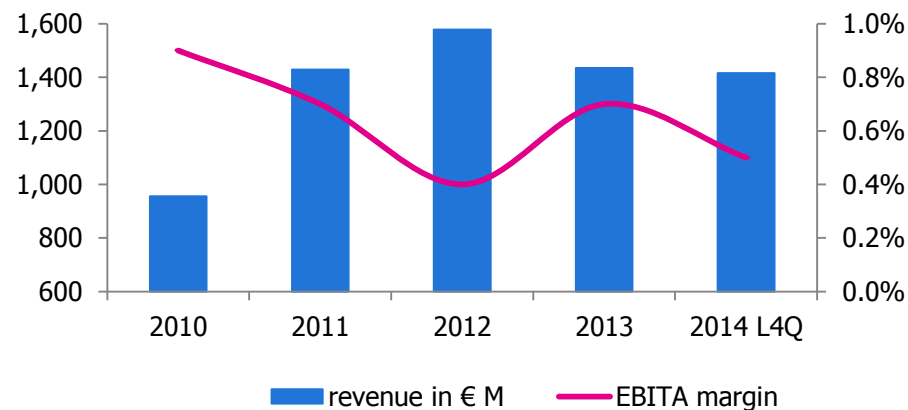
- **Latin America, up 13% (Q2: +16%)**
 - focusing on capturing productivity improvements

- **EBITA margin impacted by investments**

performance ROW - quarterly



performance ROW - annually



financial results & outlook

income statement Q3 2014

€ million	Q3 '14	Q3 '13	% Org.	L4Q '14	L4Q '13	% Org.
revenue	4,516	4,363	4%	17,032	16,525	+4%
gross profit	835	796	6%	3,125	2,999	+5%
<i>gross margin</i>	<i>18.5%</i>	<i>18.2%</i>		<i>18.3%</i>	<i>18.1%</i>	
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EBITA*	210	184	15%	664	578	+17%
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integration costs & one-offs	6	4		49	65	
reported EBITA	205	180		615	513	
amortization & impairment	-/- 37	-/- 46		-/-145	-/- 308	
net finance costs	-/- 11	-/- 3		-/- 22	-/- 25	
income before taxes	157	131		449	179	
tax	-/- 43	-/- 47		-/- 133	-/- 100	
net income	113	84		316	79	
<i>adjusted*** net income**</i>	<i>139</i>	<i>116</i>		<i>440</i>	<i>367</i>	
<i>diluted EPS***</i>	<i>0.77</i>	<i>0.65</i>		<i>2.44</i>	<i>2.09</i>	

* Before integration costs and one-offs.

** Attributable to holders of ordinary shares.

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

Q3 2014: financial key points

- ↻ free cash flow of € 250M vs. + € 310M LY
 - growth has led to increase in working capital requirements
- ↻ leverage ratio improved to 0.9 (Q3 2013: 1.2)
 - net debt down to € 661M
 - interest expense down to € 4.0M (Q3 2013: € 4.7M)
- ↻ effective tax rate* amounted to 30% (FY 2013: 32%)
 - guidance full year 2014: 28-31%
- ↻ diluted EPS* to € 0.77 vs. € 0.65 in Q3 2013
- ↻ Return on invested capital up to 14.0%

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

segment performance, focus on delivery models

Staffing in € M	Q3 2014	Q3 2013	% organic*
revenue	2,680.5	2,648.4	2%
EBITA	126.8	109.7	16%
EBITA margin	4.7%	4.1%	

- good growth in North America, Benelux and emerging markets with continued focus on revenue quality
- Germany and France face challenging markets and retain a focus on client profitability
- perm +20%

Inhouse in € M	Q3 2014	Q3 2013	% organic*
revenue	958.5	876.4	10%
EBITA	50.8	46.7	10%
EBITA margin	5.3%	5.3%	

- transfer of clients from staffing to ensure right delivery model is offered
- good growth in Belgium, Iberia, France, North America and emerging markets mainly in industrial & logistics clients

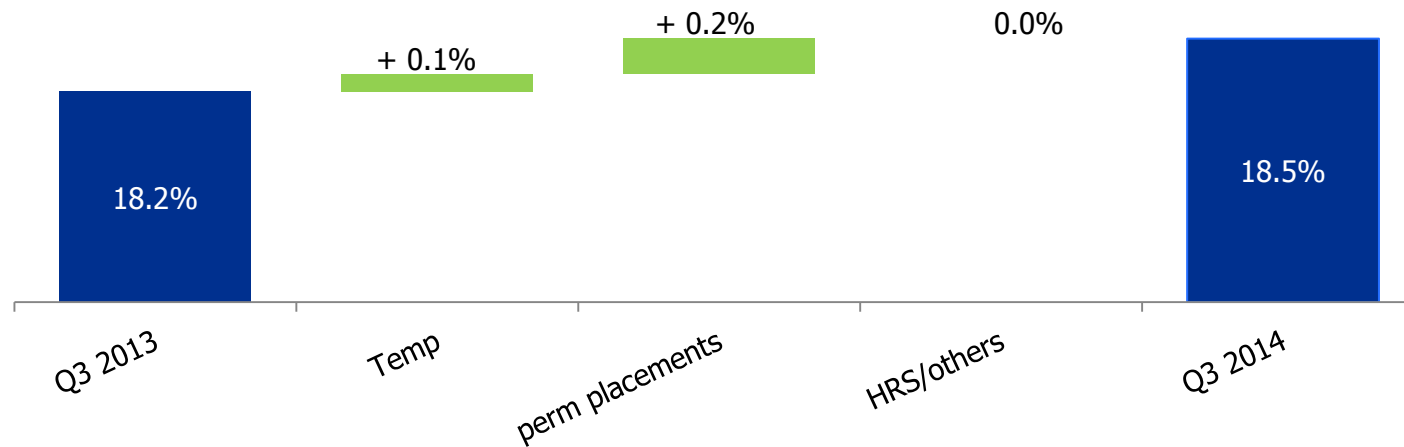
Professionals in € M	Q3 2014	Q3 2013	% organic*
revenue	877.3	837.9	4%
EBITA	47.9	39.3	23%
EBITA margin	5.5%	4.7%	

- growth led by Belgium, NL, Iberia, Poland and emerging markets
- improving profitability trend in main markets
- perm +12%

* Revenue is per working day.

gross margin bridge

YoY gross margin development

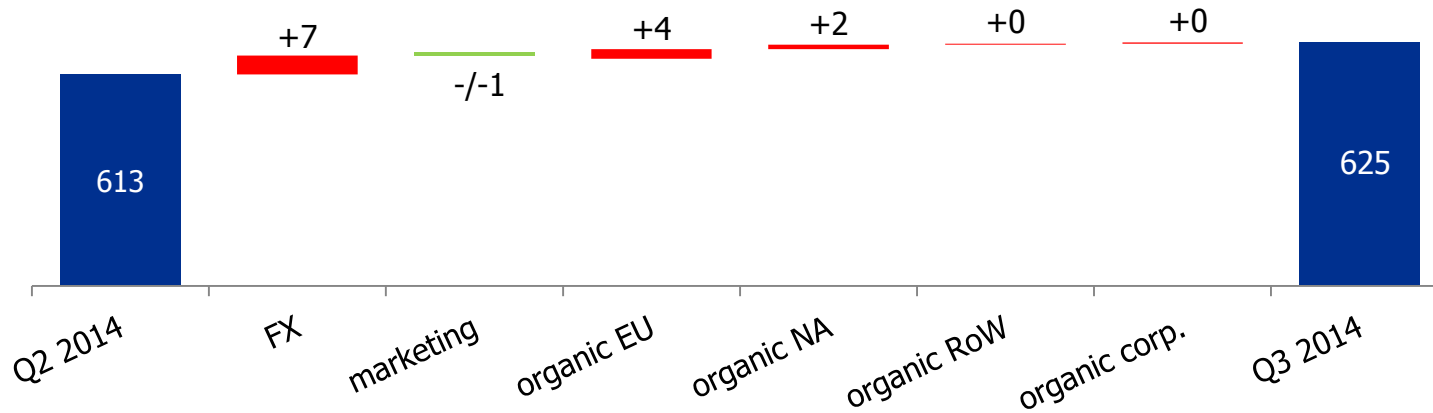


- margin expansion in United Kingdom, Belgium & France
- continued focus on client profitability

- perm fees were 9.8% of GP (up from 8.9% LY)
 - organic growth of 15% YoY
 - negative impact FX

operating expenses bridge

sequential OPEX development in € M



- negative FX impact
- good cost control maintained

- FTE growth in NL, Belgium, Iberia & Poland
- higher commissions in North America
- continued investment in emerging markets

net debt down by € 129M YoY

leverage ratio at 0.9

€ million	September 30, 2014	September 30, 2013
goodwill and intangible assets	2,617	2,728
operating working capital	598	566
net tax assets	513	348
other assets and liabilities	140	38
invested capital	3,868	3,679
equity	3,207	2,889
net debt	661	790
invested capital	3,868	3,679
<i>DSO, Days Sales Outstanding</i>	<i>52.0</i>	<i>51.8</i>
<i>working capital as % of revenue</i>	<i>3.5%</i>	<i>3.4%</i>
<i>leverage ratio</i>	<i>0.9</i>	<i>1.2</i>
<i>return on invested capital*</i>	<i>14.0%</i>	<i>12.8%</i>

* Based on underlying EBITA less income taxes paid (adjusted for the payment of a liability of € 131 million to the Dutch tax authority).

free cash flow at € 250M

€ million	Q3 '14	Q3 '13	L4Q '14	L4Q '13
EBITDA	220	197	680	588
change in OWC	103	188	7	233
income taxes paid	-/- 37	-/- 37	-/- 255	-/- 105
provisions	-/- 4	-/- 18	-/- 38	-/- 4
net additions in PPE and software	-/- 13	-/- 11	-/- 63	-/- 39
other items	-/- 20	-/- 9	-/- 61	-/- 29
financial receivables	-	-	-/- 7	-/- 4
free cash flow	250	310	263	640
net acquisitions/disposals/buyouts	-/- 1		-/- 4	
net issue/purchase of ordinary shares	-		-/- 22	
net finance costs paid	-/- 11		-/- 25	
dividend paid	-		-/- 68	
translation effects and other items	-/- 21		-/- 15	
net debt decrease	217		129	

free cash flow (when adjusted for the payment of a liability of € 131 million to the Dutch tax authority) in L4Q's: € 394M

- the YoY change in working capital in Q3 is due to more favorable timing in the prior year receivables, which resulted in lower working capital requirements last year.

outlook Q4

- ↻ organic revenue/wd grew by 4.2% in Q3 2014, while it was 3.4% in September
 - revenue growth stable in Q3
 - October volume appears stable and in line with Q3
 - smaller FX impact
 - comparison base continues to strengthen (-/- 1.1% in Q3 to +2.2% in Q4)
- ↻ gross profit stable throughout Q3 at 6%
 - continued focus on revenue quality
- ↻ similar number of working days as last year
- ↻ moderate increase in cost base sequentially
 - investment in headcount in selected markets
 - restructuring measures start to become effective in NL (full benefit in 2015)
 - FX impact expected to be around € 8M
- ↻ Capital Markets Day on November 20th in London

September exit rates

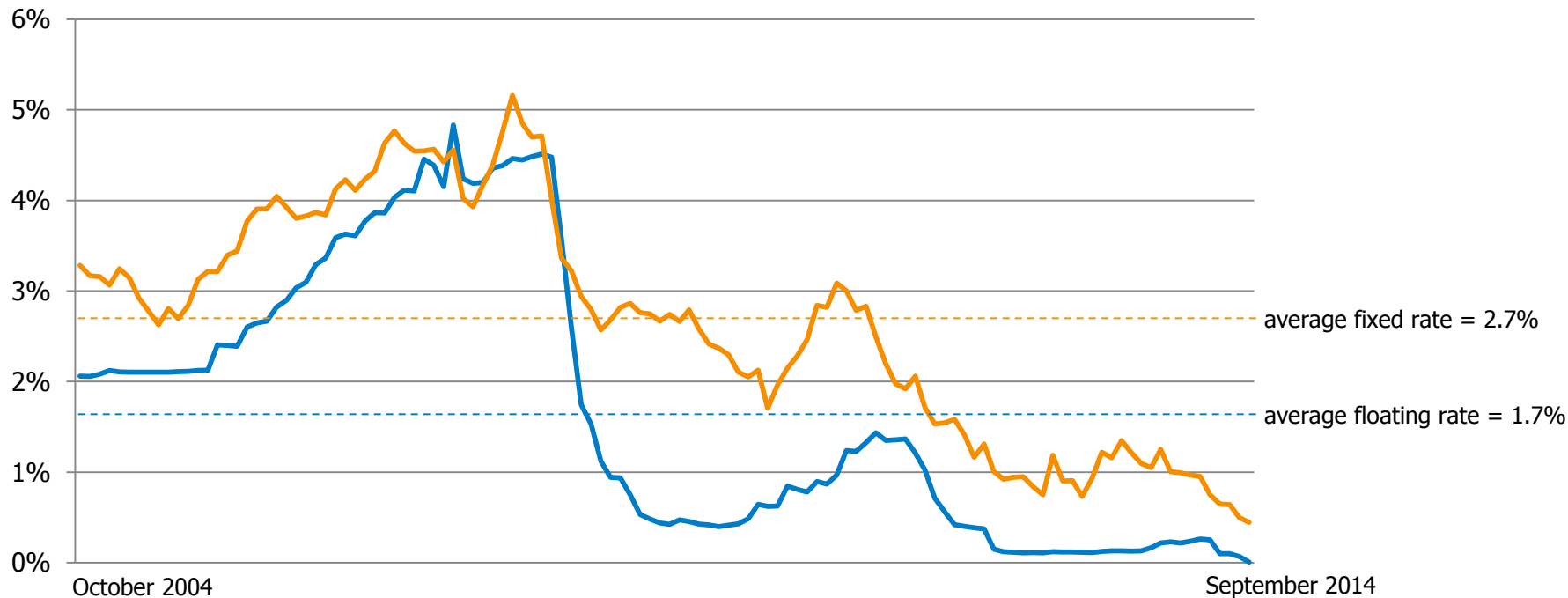
revenue growth per working day	Q3, 2014	September, 2014
North America	5%	5%
France	-/- 4%	-/- 2%
Netherlands	4%	4%
Germany	2%	1%
Belgium (inc. Luxembourg)	6%	3%
Iberia	9%	6%
United Kingdom	-/- 3%	-/- 6%
Rest of Europe	16%	12%
Rest of World	11%	10%
Group	4.2%	3.4%

Q&A

appendices

financing: fixed vs. floating interest rates

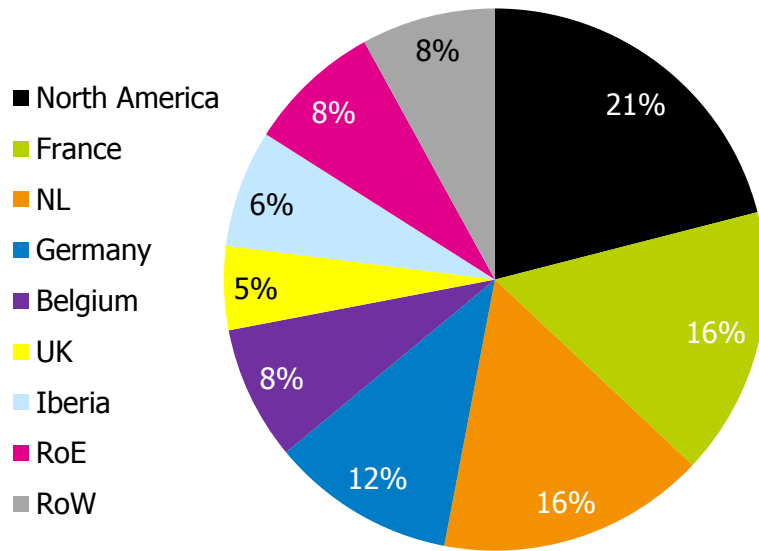
10 year historic interest rates comparison 1M vs. 5Y



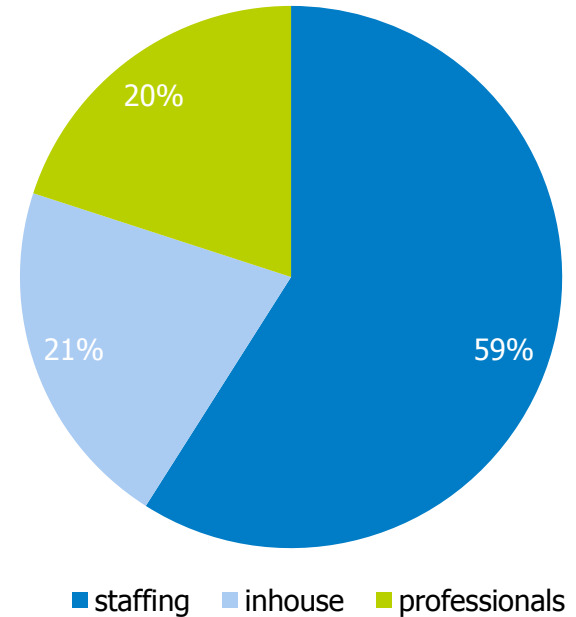
we use floating interest rates as a natural hedge
- spread above Euribor of 40-115 bps

revenue split Q3 2014

geographical area

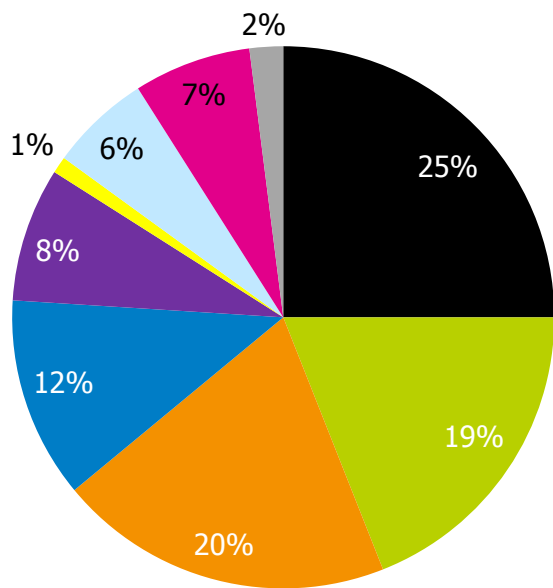


revenue categories

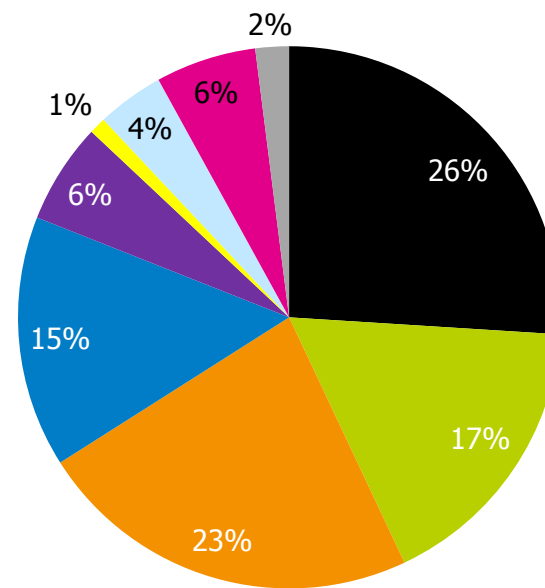


EBITA breakdown by geography

Q3 2014



Q3 2013



- North America
- France
- NL
- Germany
- Belgium
- UK
- Iberia
- RoE
- RoW

outlets* by region

end of period	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
North America	1,074	1,087	1,075	1,055	1,067
France	743	766	794	791	849
the Netherlands	666	675	675	672	662
Germany	548	551	550	557	553
Belgium/Lux	314	313	314	307	319
United Kingdom	141	141	142	147	155
Iberia	288	290	283	405	416
Rest of Europe	389	381	380	435	428
Rest of world	213	215	216	218	223
total	4,376	4,419	4,429	4,587	4,672

* Branches and inhouse locations.

corporate staff by region

average	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
North America	6,160	6,250	6,230	6,320	6,260
France	3,410	3,370	3,370	3,480	3,630
the Netherlands	4,420	4,320	4,240	4,260	4,300
Germany	2,610	2,600	2,610	2,620	2,520
Belgium/Lux	1,790	1,720	1,700	1,800	1,840
United Kingdom	1,530	1,510	1,520	1,530	1,490
Iberia	1,600	1,530	1,490	1,530	1,570
Rest of Europe	2,480	2,400	2,360	2,260	2,240
Rest of world	4,720	4,660	4,570	4,530	4,440
Corporate	200	190	190	180	180
total	28,920	28,550	28,280	28,510	28,470

staffing employees by region

average	Q3 2014	Q3 2013
North America	105,900	99,600
France	74,400	79,000
the Netherlands	74,900	78,600
Germany	47,700	49,900
Belgium/Lux	43,300	43,700
United Kingdom	15,900	18,700
Iberia	61,000	55,100
Rest of Europe	57,900	49,600
Rest of world	107,800	111,400
total	588,800	585,600