Randstad Q3 2022 Earnings Call - 25 October 2022 09.00 am CET

Sander van 't Noordende: Good morning, everybody. I'm here with Henry, and Bisera and Akshay from Investor Relations. I am pleased to share our Q3 results with you.

In the third quarter, we saw a combination of solid demand and talent scarcity. At the same time, we have seen client activity moderate slightly in some markets, reflecting the challenges that our clients face in the current macro environment. The good news though is that we are increasingly becoming a strategic partner to our clients, providing agile and flexible services to help them meet the demands of an increasingly talent-led world of work.

Having said that, we have delivered another strong set of results, capturing profitable growth in Inhouse, Professionals, perm and RPO in all geographies.

Revenue growth for the quarter was 6.8%. Our Inhouse business grew by 15%, Professionals by 12%, perm by 23% and RPO by 55%. Gross profit grew by 11% and we delivered an excellent gross margin of 21% in the quarter. This was driven by pricing discipline as well as the changing business mix, with around 21% of gross profit generated by perm and RPO combined. EBITA came in at 336 million euros for the quarter, with a solid profitability of 4.8%.

During the quarter we completed the acquisition of the Finite Group, which broadens our Technology proposition in Australia and New Zealand. I would like to give a warm welcome to the Finite team.

Looking ahead to Q4 we are extremely vigilant about the elevated level of macroeconomic uncertainty we see in our markets. However, we are confident in our ability to navigate the current environment and remain laser focused on delivering for our talent and clients.

I would now like to spend a few words on our vision at Randstad and our announcement on leadership changes in September.

Since joining Randstad as CEO, I have spent a lot of time listening and learning from our clients, our talent, Randstad colleagues and shareholders of course. What is very clear is that the world of work is changing, changing significantly. COVID has accelerated this.

As I have said before it is being shaped by three key trends. First, talent scarcity has put talent firmly in the lead. Second, talent is now strategic for our clients and they are looking for more support with their talent agenda. And third, our industry is digitizing at speed.

We are in the middle of a profound shift in how we work and the relationship between employer and employee is no longer the same. The pandemic has changed the social contract workers have with employers, and expectations are for companies to provide more than a job and a paycheck. Talent want employers to focus on meaningful work, opportunities to grow, flexibility and belonging.

Employers need to embrace this new social contract and prioritize the talent experience to ensure that they are well placed to recruit, and of course, keep the talent they need. They are looking for a trusted partner to help them navigate the working life cycle and embrace the changes required to succeed in this new world of work.

For us at Randstad this means we will put talent even more squarely at the heart of everything we do. We have to become a talent destination so that we can be an integral partner in executing our clients talent agenda.

And as we look ahead, I am convinced that there are three key aspects that will drive our future success.

First, specialization is key. Clients want to talk to someone who knows about their business and talent wants to talk to someone in their own field of specialization. In a dynamic world of work, where there are shortages across both skilled and unskilled cohorts, having a deep understanding of what our clients and talent are looking for will be critical to our future success.

Second is Equity. We want to be known as a company that people can trust and that gives people from all backgrounds fair opportunities. This means ensuring our own behaviors and policies continue to meet the highest standards. It also means we are actively looking for and developing diverse talent. We are committed to work with all pools of talent, across all experiences and backgrounds, so that we can serve our clients in the best possible way. Creating a wider and more diverse talent pool is a business imperative in a talent-scarce world.

Third is Digital. Talent and clients are expecting we are engaging with them through digital channels and delivering to them through seamless processes, leveraging data. We will step up our efforts to do this at scale.

To align more closely with these market dynamics we announced changes to our Executive Leadership team in September:

As you have seen we have appointed Marc-Etienne Julien to Chief Talent Officer. His role will be to make Randstad a partner of choice for global talent enhancing relevance and attractiveness, leveraging digitization.

Jesus Echevarria will be our Chief Client Delivery Officer looking after our client offerings to ensure that our full range of services is delivered consistently throughout Randstad's global operations, again leveraging digital technologies.

To be close to our clients we will have 6 P&L leaders who will work with Chris Heutink, who will take the role of COO, to drive the performance of the business, ensuring that all talent and clients enjoy a consistent and exceptional experience wherever they are in the world.

Finally, Myriam Beatove, our new CHRO who joins us from Cargill, will focus on making Randstad an even greater place to work and Martin de Weerdt, our new CIO, who joins us from Accenture, will work on unifying our IT systems while accelerating our progress in digital and make better use of the data we have at scale.

By focusing on these areas, I firmly believe Randstad will increasingly be the "partner of choice" for both talent and clients. We will set a new standard within the industry.

So the direction of travel for this new Leadership Team is clear: it's all about talent and about closely partnering with our clients, be they large enterprises or SMEs. And specialization, equity and digital will be cornerstones in our approach. As ever, we will keep updating you as we continue on our journey.

Let me now hand over to Henry to present the results in more detail.

Henry Schirmer: Thank you Sander. Good Morning everybody. I am excited to report back on yet another strong set of numbers. However, let me start with walking you through the performance of our key regions first.

North America delivered another strong quarter with growth of 6% year over year. Perm continued to perform strongly, especially in the IT professionals space.

US Staffing & Inhouse grew, +4% year over year, with the staffing business being broadly stable and Inhouse growing strongly benefitting from high client retention and new wins in the marketplace. Solid demand and talent scarcity continues to be a factor in this market. Our insight engines help drive fill rate improvement & apply utilization and it goes without saying that we ensure our pricing appropriately reflects the extra effort involved.

US Professionals continued their strong performance with 8% growth YoY, performing especially well in sectors like technology and financial services.

Canada grew 9% in Q3 in a pretty similar landscape as compared to the US. In Canada, our perm and IT professionals business continued to perform strongly, mainly as a result of our focused investments and accelerated activity based field steering.

The North American EBITA margin showed up strongly with 6.5%, up 70 basis points compared to last year, providing an excellent return on our targeted and well executed investments made into the more attractive parts of the market.

France continues its market outperformance with organic revenue up 9% year over year. Staffing and Inhouse business held up well with growth of 5%. In particular the Inhouse activities grew strongly in the third quarter, mainly driven by growth in automotive, agrifood and industrial sectors.

Our professionals business delivered very strong growth of 22% YoY, driven by healthcare, finance and engineering. In addition, our perm business also performed strongly up 12% YoY.

We ended the quarter with a solid EBITA margin at 4.9%.

Moving on now to slide 8.

The Netherlands delivered another solid quarter. Revenues were stable year over year, despite the expected declining revenue from covid-related activities that affected Staffing in particular. On the other hand, our Inhouse concept performed well, mainly driven by growth in automotive, food and logistics sectors. The Dutch perm business continued to perform very well, up 53% benefiting from strong client demand and our ability to find talent in an increasingly talent scarce market.

Our professionals (Yacht) business continued its strong performance, up 15% year over year as utilization rates continued to improve.

The Netherlands EBITA margin came in strongly at 5.7%, well above the group average.

Now turning to Germany. Germany also performed well. Revenue was up 5% year over year. Perm continued to hold up strongly, up 41% YoY. Professionals continued on their growth path and delivered a 6% growth YoY.

Germany is on its path to structurally improve its profitability, focusing on value-based pricing and cost management. Its EBITA margin for the quarter came in at 4.1%, a notable improvement sequentially and YoY.

Moving on to slide 9 to talk about Italy and Belgium.

Italy revenue grew by a strong and competitive 9% year over year, and it delivered excellent profitability, continuing to clearly benefit from targeted and also well executed investments. Growth continued to be broad based. Perm continued to grow, up 29% YoY.

Italy ended the quarter with a strong EBITA margin at 6.5%, a 60 basis points increase year over year.

Belgium delivered a resilient performance in the quarter with stable revenue year over year. The staffing activities were broadly stable and Inhouse performed well. Good demand and talent scarcity continues to be a factor also in this market. Throughout the quarter, our business continued to be confronted with unprecedented levels of talent scarcity.

Ebita margin came in at 5.1%.

Now onto Spain which also delivered another strong quarter, a great performance with revenue up 8% year over year. Perm, inhouse, professional and RPO business continued to perform well in the quarter.

Portugal is also doing well, with 10% growth in the quarter.

EBITA margin came in strongly at 5.8%.

The rest of Europe also contributed to a solid quarter with 6% growth year over year and improving profitability. In particular, inhouse and professional concepts grew steadily in the third quarter.

The UK reported overall growth of 3% up year over year, but also Nordics with 12% growth and Switzerland with 5% did well in the quarter. Poland showed some gradual sequential improvement in its revenue trend and ended the quarter with a decline of 1%.

Overall, we ended the quarter with a solid EBITA margin of 3.9%, 10 basis points below last year, sequentially quarter over quarter up 30 basis points.

And that brings me to the Rest of the world on page 11, which also continues to do very well with 9% profitable growth year over year.

Japan showed a strong performance, growing 9% performing well across Professionals in IT and Engineering and also in Perm. Australia & New Zealand also delivered strong growth, up 12% year over year. This quarter we also finalized our acquisition of the Finite Group, which specializes in technology recruitment, IT consulting and a broad array of IT and Digital professional services. This acquisition will further strengthen our position as the market leader within the IT sector in Australia and New Zealand and will be a strong addition to our current service offering.

India grew by 18%, continuing its successful journey adding more and more recurring, profitable business to its portfolio. Happy Diwali to my Indian colleagues.

LATAM continues to do well. Argentina and Brazil stayed in very good momentum, using the RPO engine to drive an even more profitable mix.

Ebita margin for this part of the portfolio was 5.1% in quarter 3. Yet again a very significant contribution to our overall result, demonstrating the power of a broad based, diversified set of businesses adding to the success of Randstad.

And then, our Global businesses reported a strong 17% YoY growth, on the back of a continued solid demand and talent scarcity. Main driver here is certainly our very strong Randstad Sourceright business growing 21%, reflecting a solid demand in RPO. As Sander also mentioned, we are increasingly becoming the "partner of choice", a strategic partner to our clients, providing agile and flexible services to help them meet the demands of a talent-led world of work.

And Monster continues to play its part as a very important talent sourcing engine within randstad. Revenue was down 4% YoY, however its overall contribution to the group with regards to talent sourcing makes it a very valuable part of the Randstad family.

That concludes the performance of our key geographies. I am now excited to walk you through our group's financial performance on page 13.

Here we go. Our headline for quarter 3, rightfully calls out our strong performance with market leading growth and continued margin expansion. Revenue growth came in at 7% year over year, surpassing the 7 billion Euro revenue mark for the first time in Randstad's history. The Staffing concept held up steadily, whilst Inhouse and professionals delivered strong growth with 15% and 12% respectively. Perm and RPO YoY growth rates were still very solid with 23% and 55%. Overall the growth and profitability was delivered strongly across geographies, concepts, type of clients and industry segments. Surely a portfolio diversification which gave us an edge in this quarter and will serve us well going forward.

Gross margin reflected strongly at 21.0%, a 110 basis points improvement YoY. Definitely bolstered by our strong Perm and RPO growth, but also supported by our ability to price appropriately for our increasingly differentiated services. Perm and RPO jointly represent about 21% of group gross profit.

Operational expenditure decreased by 31 million euro organically sequentially, representing a continuation of our very focussed and disciplined investment approach.

Ebita for the quarter came in at a record 336 million euros with a 4.8% Ebita margin.

Integration and one offs account for 13 million cost this quarter, mainly reflecting some minor fine tuning of operational structures across some geographies and integration costs from our recent acquisitions.

And lastly on that page, the underlying effective tax rate amounted to 25.6% for the first nine months. For full year 2022, we expect ETR to be between 24% and 26%.

With that, let's turn the page and look at our Gross Margin bridge on page 14.

Gross Margin showed up at 21.0% for the quarter, with a further improvement of 110 basis points year over year. Also delivered broad based - across concepts, geographies and customer groups, demonstrating our ability to price appropriately for our increasingly differentiated services in an unprecedented inflationary context. And of course, also benefiting from continued strong growth in Perm and RPO.

Our temp margin increased by 10bps, Perm margin contributed 40 basis points and HR solutions incl RPO added 60 basis points gross margin increase year over year.

We can’t emphasize enough how much focus we put on our ability to price appropriately. Structural talent scarcity and unprecedented inflation is adding complexity not seen before in our market. The ability to navigate that complexity, utilizing bespoke market insights across geographies, concepts and client groups, delivers significant value for our talents and clients which in turn shows up positively in our P&L.

And that brings me to the OPEX bridge on page 15.

OPEX came in at 1 billion 145 million euro, 31m lower sequentially excluding Forex and M&A.

Opex as % of revenue was down 50 basis points sequentially, mainly as a result of Personnel expenses decreasing by 3% in the third quarter.

The average headcount number has decreased throughout the quarter and hence the Sept exit rate for FTE’s was below the Q3 average. Of the net 1,220 FTE’s added in Q3, more than 50% of consultants can be attributed to high margin RPO growth alone, while the remainder was added surgically based on clear ROI expectations and applying stringent field steering principles.

As mentioned earlier, excellence in field steering and conversion is a non-negotiable operating principle at Randstad. Given the uniqueness of the current market environment it goes without saying, that we are staying extremely close to our customers and volume developments. Disciplined cost management, flexibility of the cost-base and the ability to react fast to new developments comes at a premium.

With that in mind, let's now move on to our Cash Flow and balance sheet on page 16.

Our free cash flow for the quarter came in at 257 million euros. This is a function of an improved EBITDA, offset by working capital movements and timing of tax payments. On the last nine months basis, we have generated free cash flow of 445 million euros, which is 66 million higher year over year.

DSO was 52.5, slightly up year over year on the last 4 quarters moving base.

Our ROIC continues to show up strongly with 18.6%, up from 16.1% last year reflecting the improvement of our last 12 month EBITA and moderate increments of Capital invested.

Our Balance sheet remains to be very strong showing a 74m net debt position and a leverage ratio of 0.1 excl IFRS 16.

As scheduled and announced, at the beginning of October we paid the special dividend of € 2.81 per share, totalling about 510 million euros. This will be visible in the cash flow of the next quarter.

And finally, in the third quarter we had a net cash outflow of 168 million euros, which is related to the acquisition of the Finite Group.

And that brings me to my last chart: the outlook on slide 17.

Let me first start with the activity momentum. In quarter 3 the total number of employees placed on a temporary basis was around 1% lower YoY, with the month-on-month trend remaining stable throughout the quarter.

In early October, the total number of employees working was marginally lower YoY.

Although we remain vigilant to the elevated level of macroeconomic uncertainty we see in our markets, we are confident we can respond quickly and effectively, due to our operational agility and our diverse portfolio.

And this brings me to our Q4 outlook.

We expect Q4 2022 gross margin and opex both to be broadly in line sequentially. And there will be an adverse 1.2 working day impact in Q4.

As I have mentioned earlier, we have a disciplined cost management approach, and have already taken cost actions in parts of the business where customer activity is moderating.

We can adapt quickly to changes in activities, as we have most recently shown during COVID. We have a highly experienced leadership team in place who demonstrated multiple times they can navigate quickly. We have a balanced, highly diversified business model and portfolio, on concepts and geographies. And we have a strong balance sheet.

That said, we use our data to navigate risks and opportunities and at all times we stay very close to our clients and talents, so that we can respond quickly to their needs. That is how we operate, that is what we do.

Well, that concludes our prepared remarks and we are now looking forward to taking your questions - back to you Jess.

Q&A

Q - Suhasini Varanasi: Hi. Good morning, thank you for taking my questions. Just a couple for me, please. The softening in October that you mentioned, is there any color that you can provide by country or by vertical please. And secondly, appreciate you giving the outlook on SG&A, going into Q4, but given how the personal FTE is in early October is down year-over-year. Can you give us some color on how you are going to think about the SG&A in case there is a sharper slowdown than you expect? And what's the impact on wage inflation on your own cost base? Thank you.

A - Sander van 't Noordende: Shall I take the first one? So on the softening in October and more broadly in Q3 remember softening minus 1%. In my language that's also flattish. So, let's use the right words. The interesting thing there is that if we look at Q3, there were no real peaks and troughs, meaning the volume development was more or less stable across all industries and countries with the exception of automotive, which had a significant growth in Q3. So, it's something across the board.

A - Henry Schirmer: Right. Let me talk about the SG&A piece. I mean, we've demonstrated in quarter three that we really look at our portfolio. We support where it makes sense. I've used the word surgically and very stringent field steering, that's really the name of the game. So, we have to stay very, very close to our clients and our opportunities, and we add costs where we see as super, super clear return for it in, in the short term and when we are in doubt, we take things out. So, that's how we operate. And therefore, I mean, our guidance broadly in line with, is sort of that exactly. We look at it every week, at our data sets and our field steering and then, we act accordingly. And should something more dramatic happen, which we're not speculating on, we have the ability to react also more and if things are sort of keeping flattish, we also find our way. Most important to take out of quarter three, yet again is our ability to price. We really make a big deal out of it, we work extremely hard on it, we using data to support our cases and I think, it's very, very clear now, that it works.

Q - Suhasini Varanasi: Thank you. I just want to talk clarified, was there any impact of wage inflation on your own cost base in Q3.

A - Henry Schirmer: Yeah so, when I look at the data, it suggests that because we have quite some renewal of the workforce that we are to a large part, mitigating wage inflation now, in our own workforce. Of course that will not hold water for many years to come, but we also made a big case out of it historically. But also, in that case, that actually our pricing in the market is stronger than what we are in a way going through with our own cost base.

Q - Hans Pluigers: Yes. Good morning all. First question on the US, if I look at some market data, there is some slow down through the quarter, especially towards the end of the quarter going into October. I hear what you're saying that across the board, you say that the picture is relatively stable, which given maybe some additional flavor on the US., what you see there and maybe also by industry. And then more conceptual questions on the dividend policy. You indicate that you are also becoming slightly more cautious. But more in general, let's say you still have a very low leverage ratio, very strong balance sheet, but how do you look, let's say going forward, of course you indicated that in principle you plan to leverage up to 1 times, but let's say if the market becomes let's say, little bit more unclear, let's say more difficult. How do you see that, leveraging up and therefore distributing additional cash? Yeah, more conceptual how you look at that? Would you be more cautious in case of a more difficult market? Could you give some feelings on that?

A - Sander van 't Noordende: So maybe a few words on the US from my sight. If you look, automotive in the US, I already called it out in general but also definitely a strong industry in the US. The other ones that were strong were public health and education and all the other industries and I would say business and IT services, but there that's our professionals business. We have our US technologies business, strong performance, the other ones I would say, financial services, transport and distribution, manufacturing in the low single digits. So that gives some industry color Hans. But the US team, I mean, you've seen the numbers, they've done a phenomenal job in growing the business, in bringing the profitability and serving their clients and talents. I have said, I live in the US myself, so I see it from close up. It's quite phenomenal, what the team is pulling off there.

A - Henry Schirmer: Then with regards to dividends. It's actually not, for me at least not the season to talk about dividend, so we put all hands on deck to deliver a strong quarter four as strong as we possibly can. And then, we will look at that. In general, I just want to reiterate that we have enormous capacity to drive value through organic growth, but we also I think earned the right to do very, very good M&A, just to kind of to support our organic growth, as you've probably seen now with Finite, or the Cella acquisition. So yeah let us talk more about dividend once we have delivered the year.

Q - Anvesh Agarwal: Hi, good morning. I got two questions. First, is going back to the beginning of the year and trying to unify your IT system across the organization and leverage data. Was wondering where are you on that journey? I mean, how much of your IT systems are unified and I'll be looking for more investment going forward and potential savings, you can generate? So if you comment on that.

A - Sander van 't Noordende: Yeah, very good question. Sorry you had another one Anvesh. I was so excited to talk about this.

Q - Anvesh Agarwal: Maybe you want to answer that then I can go on the second one.

A - Sander van 't Noordende: Sure, Anvesh. Where are we in the journey? It's early days. I told you we have Martin our new CEO, he just came on board. He is looking at the lay of the land, but the direction of travel is we cannot build a digital business on the fragmented systems landscape. So that's the direction of travel. Obviously, every investment we will do in that space and in other spaces, there will be solid and clear business cases. And of course, this is also something that cannot be done overnight, but it's a direction of travel, and we'll keep you posted on the developments there, but it's very early days I would say.

Q - Anvesh Agarwal: Okay. But, we, I mean just to be clear on that we're not looking for an incremental SG&A immediately because of that, that we need to think about.

A - Sander van 't Noordende: No, not at this point in time.

Q - Anvesh Agarwal: And then, just speaking on the gross margin, obviously, temp margins are up 10 basis points year-on-year. And then, when you look at things like the mix is better. The pricing is better, which would tell them the underlying margin on the industrial temp side is probably weakening year-on-year? Is that a fair assumption?

A - Henry Schirmer: Look, I'm not speculating too much on what it is, we see a bit of mix, we saw big inhouse growth in there, which is impacting the gross margin. As you know, also had a working day impact in there. So overall, I must say I'm very, very pleased with the temp margin, as it stands, because thisis kind of a big part of where pricing manifests itself. So overall good.

Q - Sylvia Barker: Thank you. Hi. Good morning. Two questions, as well. First on employee costs versus employees. Can you just help us, I know that you've talked about field steering for many years but obviously the number of employees are up sequentially by 3%, a lot of that seems to still have gone into RPOs. Can you just help us understand which higher-paid positions have gone, have reduced. So I know that you, this is a public that you have, had some US tech clients end their RPO contracts for example. So, has that had an impact, a positive impact, I guess on the employee cost reduction. It would just be helpful to get a bit more color on that movement of kind of employees up, but costs down.

And then on volume versus price, so if I look at your staffing, business your staffing employees are down 1%, the staffing revenues up 1%, inhouse is up almost 15%, so first of all, could you maybe comment on staffing, the movements within inhouse versus kind of on-site staffing. And then just on the price mix benefit. Could you comment on how much you might be saying in terms of wage inflation because the overall figures would suggest that that's maybe kind of running it mid to high single digits at the moment? I don't know how much of that might be mix.

A - Henry Schirmer: Let me first talk about the costs mix we have in there, but I think it's really fair to say that, not just in quarter three, but overall, the last many quarters, I think we've seen that, we are capable of exchanging, kind of a higher cost jobs, with kind of lower cost jobs because just driven by mix where we grow. But also some of the finance strategies we have in, from where we serve our business, so there is definitely a very big mix impacting there.

I don't want to take it more apart. I think we are already very explicit on how we are reporting on FTEs by regions etc., etc. I don't want to go further into detail, but I'm not surprised by what I'm seeing, let me put it like that and it's not just a quarter three thing.

Can you just run the second question again Sylvia?

Q - Sylvia Barker: Yeah, sure. So, if I look at your staffing employee numbers, they are down 1%. So, I guess that includes Inhouse as well, so maybe you can just comment on Inhouse versus on-site first of all. And if I look at the number of employees versus the revenue development, it would suggest that your pricing for kind of in-house and staffing together or price plus mix is running up, maybe high single digits. So just to understand how much of that is wage inflation? How much of that, mix?

A - Henry Schirmer: So I think I wouldn't really make a difference between inhouse and normal staffing concept. I think, what we talked about was very explicit 1% negative volume across quarter three, flat and now we see a touch lower in the first two weeks of October. And that is pretty much broad-based across concepts, the staffing and the likes. And you seen that, we reported 7% revenue growth with minus 1% volume. So actually, it's predominantly price and mix driven, I would say predominantly price, mix plays a role but I wouldn't want to take that apart.

A - Sander van 't Noordende: Other than to say, maybe the in-house clients and the enterprise clients have shown to be very resilient, it's a great model, we are very close to the clients, we are part of the ecosystem. We are there day in, day out, it works very well.

Q - Sylvia Barker: Would then the price point be a little bit better?

A - Henry Schirmer: Actually, we price as a golden rule, we price for services wherever we operate. And I've mentioned that before we actually measure that, it's not kind of an anecdotal thing, we have a very strong data set where we continuously looking at pricing for more than 300 cells in our biggest markets, to convince ourselves to give evidence of how well pricing works.

Q - Konrad Zomer: Hi. Good morning everybody. I'd like to ask two questions as well please. The first one, your incremental conversion ratio was 23%, down from 28% in Q2 and 13% Q1, which is not a surprise given that your headcount was up 15% year-on-year, organically and the productivity probably was down 4%. Where do you see this trend going? And can you remind us of your going concern for quarter rolling average target please. And secondly, on your outlook. It may be just me, but I just wanted to clarify the wording you use for October, compared with the wording you use for Q3. Because, I just wanted to check is that basically the same development in the number of employees, when you say marginally lower. And when you report minus 1%, for Q3. Minus 1% to me, is also marginally lower. So, does that mean the same thing? Or are you comparing it to something else? Thank you

A - Sander van 't Noordende: Yeah. So, Konrad, let me start by the last one. Marginally lower means in the same zone, as minus 1%. So it's more or less the same. Take that out of the way.

A - Henry Schirmer: And then let me talk about ICR. Please allow me Konrad to take a step back. So, our investment strategy over the last two to three years, you really have to look at, we delivered, as far as I'm concerned excellent results. So, despite COVID, our business has become much bigger, about 20% bigger in GP growth. We're much stronger. We are more diversified, with close to 50% of all GP outside of Europe. And of course, we are much more profitable in absolute, but also in margin terms. So overall, I think we have done a very good job. The investment in the last couple of quarters largely reflects accelerated, the growth of our RPO business, professionals and perm. And you've also seen we've taken cost measures in those parts, where client activity is marginally lower already. So, it's really, the way we've developed the portfolio, the impact our fee businesses have on that business are really, I wouldn't say make the ICR discussion obsolete but we need to also surgically look into where ICR discussions in line with history, really make sense, which is predominantly in the staffing part of it. So lastly, what I want to say, please also take into account that when you have a largely price-driven top line and GP, then that comes more or less at the standard conversion, so to drive higher ICR conversion is relatively tough to achieve. So maybe long-winded answer for your question. I will not give an outlook as you know, but I want you to really take from that the confidence we have in our way to navigate the business, the few steering we have in there, the sharpness of taking costs out where we see client activity moderating and that is driving good results.

Q - Konrad Zomer: Okay. That's a lot to digest. I will think about it more carefully afterwards.

Q - Marc Zwartsenburg: Yes. Good morning, everybody. And thank you for taking my questions. A bit of a follow up on previous questions. First of all, on the price mix or let's say the price increase, which you see in the revenue line kicking in vs volume line. Would you expect that the tailwind from the positive price mix will further accelerate in the coming quarters? Now, that new CLA's with higher wage increases and also increases in minimum wages, start to kick in. So, would you expect more support from the price mix effect in the coming quarters? That's my first question.

A - Henry Schirmer: Thanks, Marc. I don't know, I'm not speculating on that one, but what I know is that we will price in with very, very careful taking into account what the input costs are more or less. So, if inflation would run higher, we would price higher and the other way around. So in a way, we are also there, we are not even scenario planning it, because we are running with the confidence that whatever comes we price for it, and we price for margin and we price when we see we see that the effort required to find talent is increasing dramatically, so the time to fill, we also price for that. So I think the numbers speak its own language. I mean, we have a very, very strong, gross margin showing up. EBITA is looking good against the backdrop of minus 1% volume. So I think it's not more complicated than that.

Q - Marc Zwartsenburg: Okay, that's clear. And then maybe another one, a bit on the outlook, but also a bit feeling the water, so the trend through the quarter was stable, we see October, then as Sander also indicated, still marginally down year-on-year. But I can imagine that some sectors, we discussed a few in the US, are maybe stronger than others. And particularly consumer-driven sectors like e-commerce or what have you, which are quite heavy from a logistical part and heavy temp users. Do you see some, some weakening trends there, because it's trickling down a bit and we can't deny that. But do you see some sectors getting a bit more worrying than others and that also reflects a bit in your statements, that on the exit rate in September, in terms of your own FTE's, that you're already taken from cost measures there, is that a fair assumption or can you give a bit more color on which sectors are definitely showing some deceleration?

A - Henry Schirmer: So look, also there, I mean, maybe Sander you would also like to chime in. It's really also broad-based. There is nothing, I would like to take out with the positive exception of automotive which is actually based on weaker comparables I guess that, really showing up strongly in our data set.

Automotive is really going well. And the rest is holding on, and I mean, we all probably not we all, you all, expected logistics is really having a hard time, but that is holding on strongly. So it's going well. But, then that is sort of a company level at 100,000 feet. Where it really works, is you need to go into Bavaria, what's going on there? And then is where we have the agility to go from customer to customer. And be close to our clients, and navigate our resources where we can still do business and do it. So, but overall really Marc, across the board the same picture more or less.

Q - Marc Zwartsenburg: Now that is remarkably strong still, maybe it's a bit of COVID catching up, a bit more order books being executed in the scarcity reflected there. But, do you see from your clients anything like that that order books are getting a bit shorter, the hire times getting shorter, anything like that.

A - Sander van 't Noordende: Well, we at our level don't see that, let's say client-by-client, but the backlogs of the manufacturing companies are reducing somewhat, is just the statistics that are out there, but let's say that hasn't reached us yet in terms of lower volumes. So, I guess, we all need to keep an eye on the order volumes and the backlogs that are out there and that's what we are doing, and that's what we're going to deal with accordingly.

Q - Marc Zwartsenburg: Now that's clear. Thank you very much and I congratulate you on the quarter. Thanks. Thanks a lot.

Q - Simona Sarli: Yes. Good morning, gentlemen and thanks for taking my question. Just a little bit of more color on Q4. Could you please comment on how we should think in terms of organic growth of our Q4, considering going through the tough comps compared to last year, with the 480 million higher sequentially. And also, if you could remind us, how much was the covid related revenues in Q3 versus Q4? And lastly, in 2021, you benefited strongly from wage inflation. Would you say that there was a significant step change in Q4 vs Q3 of last year? Thank you.

A - Henry Schirmer: Right. So first of all quarter for I'm afraid don't be grumpy, we are not making any further remarks. It has served us well that we just talk about what we factually see in the first two weeks of the new quarter and we need to keep it that way. On COVID honestly, I'd like to put it firmly to bed, I said last quarter that it has now reached such a small number that actually it is not material anymore, and I sincerely hope it stays that way, so please allow me not to give you any more details on that one. Also wage inflation, I'm afraid, I will not make any further remarks. I think we as a business, it's not just because we don't want to talk about it. We are being served extremely well to look at our data, take it in and make and then play out our scenarios we have. So and, and that is what we do. If there's high inflation, we will price for it, there is no other way of doing that. It's a golden rule and the rest is all about field steering. We are putting our people, our very valued consultants in those places where you get the best possible return and that has served us well and that's what we also do with quarter four. In a way we're not even looking at so much about last year, last year, is water under the bridge, now we are in quarter four.

Q - Simona Sarli: Thank you. Just two clarify like, on COVID related work. I was referring to last year if you could remind me how much was the contribution in Q3 and how much it was in Q4, if possible.

A - Henry Schirmer: No, I will not give you this split. I'm afraid. It's really not material for our business.

A - Sander van 't Noordende: Sounds like there are no more questions Jess. Then I would say, thank you all for joining the call today, but before we wrap up the call I would like to thank all the seven hundred thousand Randstad talents and employees, for all the hard work, for our clients during the quarter. Thanks a lot.