

## — PARTICIPANTS

### Corporate Participants

**Ben Noteboom** – Chairman-Executive Board & Chief Executive Officer, Randstad Holding NV  
**Robert Jan van de Kraats** – CFO & Vice Chairman-Executive Board, Randstad Holding NV  
**Jacques W. van den Broek** – Member-Executive Board, Randstad Holding NV  
**Linda Galipeau** – Executive Board Member, Randstad Holding NV  
**François Béharel** – Member-Executive Board, Randstad Holding NV

### Other Participants

**Margo Joris** – Analyst, KBC Securities NV  
**Hans Pluijgers** – Analyst, Kepler Capital Markets SA (Netherlands)  
**Marc Zwartsenburg** – Analyst, ING Bank NV (Broker)  
**David Tailleux** – Analyst, Rabobank (Broker)  
**Teun Teeuwisse** – Analyst, ABN AMRO Bank NV (Broker)  
**Arun Rambocus** – Analyst, Kempen & Co. NV (Broker)  
**Tom R. Sykes** – Analyst, Deutsche Bank AG (Prime Brokerage)  
**Rory E. McKenzie** – Analyst, UBS Ltd. (Broker)  
**Olivier Lebrun** – Analyst, Natixis SA (Broker)  
**Andy C. Grobler** – Analyst, Credit Suisse Securities (Europe) Ltd.

## — MANAGEMENT DISCUSSION SECTION

### Unverified Participant

Ladies and gentlemen, good morning. Welcome to our Q2 and Half Year Results 2013. We have a small group here in the room. We have Dutch analysts and Belgium analysts here in the room and representatives from the Dutch press. Also here in the room is our four executive board, François Béharel, Linda Galipeau, Leo Lindelauf, Jacques van den Broek, and on stage of course Ben Noteboom and Robert Jan van de Kraats.

On line we have our UK and French analysts and, of course, our investors and employees who are also listening to this call. All a very warm welcome. The agenda for today is, as usual, we'll start with the operational update by Ben Noteboom followed by the financial update by Robert Jan van de Kraats and we'll end with the Q&A.

I'll now hand over to Ben.

### Ben Noteboom, Chairman-Executive Board & Chief Executive Officer

Good morning. Welcome to our Q2 results presentation. It's been a – if you want a good quarter given the markets, I think a lot of things happened. First of all, of course, we – we're at the end of the term where we promised €70 - €100 million cost savings, which we promised at the end of Q2. We ended up at €143 million. So we more than, I think, actually realized what we had intended to do.

We concluded the deal with USG. I'll get back to that in a minute. And I think we've been actually improving on all aspects of the company. I think in every field we look at we've really seen

improvements. There's been a lot of hard work by everybody, every department, every support, every country and I think a lot of things have been achieved.

We've also seen a bit of a funny quarter because both April and May, actually were typified by quite a few holidays which resulted in bridging days, et cetera, et cetera, which in the end, made the statistics more difficult to compare with last year than usually, even more than last year. If you look at June, of course, we've seen this big change, while in quite a few markets we saw a big uptick compared to the rest of the quarter. We'll get back to that a bit later.

EBITA improved, obviously. DSO went down. Profitability, we look at the client profitability as we said instead of market share, that's for sure resulted in like, for example in the U.S., small decrease in top line but then increase in gross margins, so the strategy is working well. Cost, we mentioned, again, capturing growth opportunities especially looking at the MSP and RPO, we landed at actually a high number of new contracts. So that's all, I think, going as it should go.

Looking at the USG deal, we intend to realize €15 million to €20 million synergies plus tax advantages, savings. Robert Jan is going to come back to that in detail. Just to illustrate, again, what it means strategically, obviously, it's a big improvement relatively for most of these markets especially in Spain, €200 million on top of €460 million – we're already number one in staffing, but it probably makes us number one overall. But next to that, lot of synergies, big opportunity to get a better position in a market that actually has turned the corner, 6% growth in June, very promising.

Italy, we were suffering a bit from sub-scale branches. This, for sure, helps us to increase the average number of FTEs per branch, again, next to the savings, as usual. Switzerland, a 10% increase which makes us, I think, a clear number three by now, with good progress and actually continuing good growth, organically. Austria, obviously, we were not there. Poland, 25%, addition to what we have and Luxembourg, small.

We should remark, of course, that we sold a small company Uniman to the founder of that company who had sold it to USG a couple of years ago. A bit of an odd company that didn't actually fit in our operations and we could sell it at the right price we thought.

Looking at the results on slide 7, so €200 million less sales. Obviously, the gross margin stable, more or less, but of course, helped by the CICE. We've had quite a few discussions whenever I visit the branches. There was a story about, yeah, we're doing well because of this client or that client or we're doing bad because of this client or that client. Yeah, it's true, as there is something that causes an increase or a decrease in results.

Obviously, the CICE and the way we had to account for it did have an effect. The effect will be actually continuing until this regulation would be cancelled. So we anticipate a 1.9% increase in margin for the rest of the year. And obviously, next year the amount will increase even more. So that helps.

So 0.4 more working days. And again, in June, a lot of markets where we saw growth; Germany, Spain and Portugal, 6% and 6.5% growth. UK, 2%, in spite of the fact that we cancelled a lot of contracts in Inhouse, we've seen a big decline there over the last year. The effect is slowly fading out, but still had quite a big impact.

A big part of that revenue actually was compensated by Randstad Sourceright or the MSP, RPO, but also low margin business if you look at the results. But still a relatively big loss that actually we'll get better over time because part of it is due to provisions for invoices more than 182 days old. So that looks promising.

Italy growth – 4% growth in June, doing well. Switzerland, 8%, 9% growth. Poland growth – Australia, actually back in growth and the profitability prospects for Australia are looking better for

this month as we look at it. So, all in all, quite a few areas where we see improvement. Actually, not on this list is Scandinavia where in Sweden we saw more than 17% growth. Latin America, obviously, where we have a big growth, especially in Brazil, but also in Argentina. Brazil is still at a loss because we are investing a lot to gain big market share in this very promising market.

Gross margin, I mentioned, so CICE had an effect. Gross margin expansion in North America, so we see a small decline in bottom line, but an above-market increase in gross margin. Again, I'll get back to those countries in a minute.

And Europe, as a whole, still a bit difficult, obviously, being very big in France where we see really a bad market, still minus 12%, minus 13%. A difficult market if you look at the economic situation, cost of labor, et cetera. We are big in Holland. That's stable at minus 3%, minus 4%. We are big in Belgium, but I think we have sort of the same problems as there are in France, if you look from a macro perspective. That, of course, in the end, makes the mix a bit more difficult. But again, we have other countries where we can compensate for that.

Operating expenses, up a bit from Q1. A big part is bonuses and an even bigger part is marketing, but still too low. That's why I'll get back to the boost plan in a minute which resulted in an EBITA, €146 million, which actually makes us, well, happy is the bigger word, but I think it's a solid quarter.

If you look at the trends, the next slide. Obviously, Europe still minus 5%, it's clear. North America, but getting also top line getting at zero or better. Japan and emerging markets, obviously, growing, but the impact is still too small. And again, you see the monthly developments. I will also share with you later the exit rates of the quarter. And then you'll see what happened in those markets.

Specifically on North America, again, focus on the quality of revenue which we've been doing for quite a while now with good results. The effect is that we have cancelled low margin contracts and we have repositioned the company by now in the segments where we can make money. We have the right operational focus and execution. All the aspects of the company and especially staffing are doing well, are well organized.

And we're also getting better at the professionals, but of course the focus still is on the investment in the IT system because we had to come from seven systems into one. And by that, of course, we can gradually decline the cost of the back office. It will take a bit more time, but we're getting there and getting more efficient.

The Care Act has been delayed for one year. If you want to have more details and we'll – we can do it in the Q&A. Linda is a real expert by now. It's not easy to be an expert. But she can give you the answers. And again, gross profit up, professionals down 6%, but perm, growing. Perm, of course, in staffing, up 19%. Again, this is part of the conscious positioning of the company.

MSP, solid growth in spend under management. Globally, we landed 30 contracts for RPO and MSP in Q2, which is a very encouraging number. So it's going to be an important part strategically of the business obviously or is important and is going to get more and more important.

Canada up 1%, with a solid profitability improvement and EBITA margin up to 5% which is, I think, if you look at it, it is an all-time high for sure. And maybe at the very beginning there we had three branches. It was difficult but looking at the last, I'd say, decade or even more, this is an all-time high, and I think there's more to come.

France, again difficult market. Of course, the French solution to high labor cost is subsidies. They increased the VAT to pay for the subsidies which for our industry is not bad, short term but obviously, fundamentally for the economy, I don't think that's the solution.

The CICE, of course, is intended to help increase employment. It can be done by very many different ways. So, we will also do our part to actually make that happen. Since this is our profession as such anyhow, it shouldn't be difficult to actually explain what we do to increase employments.

So, the gross margin is up quite a lot. If you would exclude CICE, it's more or less table. Costs went down. We finally – it always takes a bit of time, got to an agreement on the social plan which we're now executing. Again, the social plan means that we will have voluntary leavers until September.

At the same time, we are combining 265 branches into 65. This, of course, also will give a considerable saving because we don't need 265 branch managers. So, that process we are pushing and actually we have accelerated the execution of that. It will take less than 10 months for sure and we'll try to do it even faster. But as you can imagine that's – it's a huge operation to close, 265 and find and actually staff 65 branches at the same time.

So, we are doing our part. We're reducing cost and we'll be reducing cost even more. We have some back wind from the subsidies. As all the other companies, I think, in France, we also have – there are some commercial parties in the market that actually go to big clients and say, we can get you the subsidies back from your suppliers, so they started court cases. Obviously, it will not happen. We will not pay those. There's no reason to. Even the government actually wrote letters saying that the employer is the owner of that subsidy, so we are pretty optimistic about that sort of court cases, but it is a distraction.

We've had the dawn raid, as you might also all have read. We were and are pretty optimistic. We have the most thorough implementation of the non-compete policies we have in France. We've been actually pretty thorough everywhere but for sure, in France given history of the 2004 case that we bought when we acquired Vedior. Of course, that even actually put our management more on its toes.

So we are very confident that we execute exactly according to those procedures. We can never guarantee that there's not one individual that made the stupid mistake. But if you look at the systematic implementation of what we should do, we are very confident that we are 100% compliant. The other part of the investigation is Pixid, the VMS system. There's a European ruling that actually describes how we should use that.

So again, we are confident that the outcome will be positive, but it will take a couple of years. And obviously, since it's a very low – we think it's a low, the probability of happening, but if it happens, the amount is going to be high. We have to share it with you to inform you on possible consequences.

The Netherlands, again, a flat market keeps on going here, minus 3%, minus 4%, minus 5%, minus 3%, not much happening. We do see some segments actually improving quite a lot in Holland. Again, like last quarter, automotive, especially truck manufacturers are doing very well. We see growth in IT. We see a double-digit growth in government. But lower level jobs still, still not yet professionals.

And we see also some decline obviously in some other segments, finance has declined, also compared to Q1. Food industry has declined. So it's a mixed bag but also some highlights. Continued growth at Inhouse and payroll services, actually doing very well, payroll obviously reduces the average gross margin, but it's above average profitable. So that helps.

Focus on client profitability also in Holland. We see Randstad in the Netherlands performing very well, actually flat. Tempo-Team being more exposed to blue collar and also to industries if you look at the more cyclical industries like logistics and food. So, they suffer more, minus 8%. Yacht is stable but profitable, stable at minus 13% but profitable.

We now see the effects of the social security changes easing in the margin as we also see in Germany, by the way. We're now having the first still relatively small positive results of the fact that we are now – we have the risk of sickness ourselves and the positive effects are going to increase through the year, those are going well.

We had to take a provision because as some of you might know in Holland if you are an employer and somebody falls ill, you have to pay for two years. Since we now have that risk ourselves, we had to provide for the fact that we still had to pay for a number of people from the old situation which, of course, is going to go to zero in 24 months, and our own obligation is going to go up.

Because of accounting rules, we have to take the provision. I've had many fights with the consultant – with the accountants and with some of our financial people because it doesn't make sense. The cost per month will stay the same. So, we now have a provision and it will show as a positive in the coming months and then it will go to zero because the actual cost will stay the same, but anyhow. IFRS, there are many other names you could actually come up with IFRS, but something that's confusing, no transparency. There's no R in there for ridiculous, but I would be in favor, yeah.

We're going to have a bigger re-organization in Tempo-Team. We had one, but obviously it was not thorough enough. We're going to cut 165 jobs. Not in the field again. It's in management structures and back office. So it's a big reorganization that actually is going to take Tempo-Team into truly competitive – on a truly competitive cost level again. Little bit too high. Profitability is still okay, but not good enough given the fact that we are in Holland and that we know we can make considerably higher profits than we've done.

Would we adjust the EBITA margin for these funny provisions we had to take, we would have been at a 5.5% EBITA, which is, we think a good result. And again, after the effects of the reorganization in Tempo-Team, there's room to improve.

Germany, growth in June, revenue changed for the whole quarter at 0%, a significant price effect because of the equal pay, obviously. We've had actually considerable price increases to implement in the markets, in the former Eastern Germany considerably higher than in the West, but still. By the way, every CLA in Germany has shown considerable increases in salaries, 3%, 4% is common. We were a bit above that, but again, 7%, so that means the biggest change is the price effect more than the volume. But again, it's a situation in all of Germany.

IT, again, are growing well. Engineering, doing a bit less well, going down, actually. We see the effects in the gross margin easing. We saw some excess positive above the gross margin development for the rest of the year. Q1 we had a record level of illness which, of course, immediately has an effect on the gross margin. That effect also, of course, is not there unless we expect a few more flus or whatever, then we don't see this repeating. Actually, I think – I don't think we've ever seen such a high sickness level, at least not as long as I remember than what was seen in Q1.

FTE, slightly down, productivity went up. EBITA margin to 4.6% with 1.6 more working day which has an effect in Germany. So, all in all, a fairly positive picture if you would project it for the future. Again, gross margin that we think is improving. Market is now at zero. So, it's difficult to forecast what's going to happen in summer whether or not the factory has closed down or not, stuff like that. So far so good. So, we'll see what happens.

Belgium. Difficult market as we said, of course, because of the automatic inflation compensation for everybody. Labor is expensive, also in our organization, next to that we have a very good organization. That means turnover is also low. That has an effect on your average cost for



personnel. It's time to actually take some real big measures. So, we're going to cut people here unfortunately, but there's no alternative.

We are in the midst of negotiations so we can't share too many details with you. You have to wait until negotiations are done and then we can give you the exact amounts. We'll issue a press release when we know, when we have an agreement so that you can actually – you will be informed as soon as possible.

UK, improving trend. Again, in UK, we lost 30%, 40% of revenue in Inhouse. Most of it on purpose because margins were too low, it was profitable. Then we still see in effect that one of the biggest clients – actually the biggest client is growing a lot at a low margin but still profitable, but on the gross margin, it has its effect.

Continued growth in professionals, getting better every day. The organization is shaping up well. All the steps we've taken and it took quite a while because the history was one of a complicated structure is paying off, focus is paying off. Strategic plans are in place. Execution is getting better. Field steering is being executed a lot better than in the past, so a lot of good signs. MSP and RPO are growing fast. Perm fee is still down, although in the city, we do see that funny enough, and we obviously are down, but we see the temps, the interim going up.

Focus on cost, again 3% FTEs down and the back office is going well. So the processes in total, if you look at the company, are for sure, improving a lot as we speak. EBITA margin 1%. 1.4 more working day, and again, improvement in all businesses. So this is promising, and as again, macroeconomics with the Australian market.

Iberia, bit of a funny story, obviously. Funny in the sense of positive. The revenue, minus 1% for the quarter and plus 6% in June. And it was a minus – plus 6% in Spain and plus 6.5% in Portugal. So an improving trend. Professionals showed continued growth actually. That actually has been growing for quite a while. It's still very small but growing rapidly.

Portugal, the same. It was six-point-something, so we rounded up to plus 7% in June, doing well especially in call centers. Manufacturing and automotive going up. Personally, I'm pretty optimistic about the economy in Spain, medium term. Costs really have come down of labor. We see bigger companies starting to invest again. The feeling I have is that they turned the corner, but we'll see. Costs down €4 million and EBITA margin at 2.6% versus 0.9% last year which, for sure, is an excellent performance. Still a long way to go.

If you look at the developments per industry just to give you an idea of what's happening. I already mentioned a few of them. Manufacturing, U.S. down. That doesn't have to be the market, but again, we've been very selective. We only take blue collar if we can do it Inhouse and at the right margins, so we are very selective. We have shredded or not renewed contracts with clients because we couldn't make money or couldn't make enough money.

Germany, again, the single minuses means one digit, double minus or double plus means double digit. France, manufacturing down, obviously, in Holland its flat. Automotive, flat in most markets, growing in Holland. Again, as I mentioned, mainly truck producers. Actually, the business is booming in that sector.

Transport sector is doing well in the U.S. and in Holland which usually abides for the fact that markets are getting better. It's also the case this time. Services down in France double digit, single digit in Germany and flat in the other markets.

Financial services down in most markets. IT services, a mixed picture. Public sector, double-digit growth in Holland, but again, the lower level functions, not the Yacht profiles yet. And health and social work, still down in most markets except for the UK, I think.

So that leaves me to hand over to Robert Jan for the financial results and the outlook. Thank you.

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

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Good morning. To start with a few remarks on the USG business, the USG acquisition, it's almost unavoidable, effectively. It is unavoidable to not be EVA positive in one year. The transaction was completed at the end of June. The revenue of the combined businesses was flat in that quarter where even Spain showed growth.

It has been included in the balance sheet as you might have read. And the impact on the balance sheet is roughly €136 million on the asset side just for your spreadsheets, €136 million on the asset side, €76 million on the liability side. That means net assets of around €60 million, out of which €40 million is working capital. And the P&L will be consolidated as from Q3.

The purchase price allocation is planned for the third quarter. That means we're going to allocate sort of the gap between what has been paid and what is the book value of the acquisition. Two various items and it is anticipated that we'll record a significant amount of bad will, which is a funny word in many ways but it means you're getting a higher financial value than the purchase price paid.

We have a divestment included of the Uniman business in Switzerland, which is sort of a very tiny negative synergy. But the anticipated cost synergies amount to €15 million to €20 million. I expect it to materialize as from Q3 onwards. And the integration costs are anticipated to amount to €15 million and these will be incurred in the next four quarters.

We also have an amount of additional tax synergies in scope, which you can imagine is dependent on sort of the forward analysis of the potential to sort of recover that. That is also an ongoing analysis which we'll come back to.

The income statement of the company. Second quarter of the year, most of this has been elaborated upon by Ben already. So, I'm not going to go into the upper part of it. You can see the integration cost and some – and the one-offs, €5 million in this quarter. Amortization and impairment being a little lower than last year. That's sort of the typical routine in line with the previous quarter.

Net financial income and costs, that's a summary of a couple of items, but it is clear that the interest payments in this quarter are lower than the same quarter last year. And there is some currency impact on this line included as always. Tax, at around €31 million – sorry, 31%, but I'll get back to that one.

The key financial points, the first one is extremely important, of course. Free cash flow, much better than last year. And that is always the second quarter is the worst, effectively in terms of cash generation of the company. It generates typically negative free cash flow. And that is because of the regular annual payment of holiday allowances in, for example, the Netherlands and Belgium.

And Q2 also typically has more revenue than the first quarter of the year as such we have some working capital investments. Also, our payable side was managed a little bit better here. DSO, as you can see on the third bullet, is one day down. That's roughly €60 million of impact. But we can also, to some degree, manage the payable side.

We were a little unfortunate in terms of our receivables, collecting the money because at the end of the quarter, that was a weekend and typically, companies tilt the payments over the weekend into the next week which is the next month. That is sort of an argumentation we typically run into

internally when we talk to our OpCos. We've looked at 2014, fortunately, no weekends at the end of a quarter. So hopefully, that's going to be helpful.

The leverage ratio of the company at 1.8, up from 1.5 in the first quarter. Sequentially, that's a normal movement. Actually, it's a little bit better because of the first point mentioned. Payment of dividend was limited relatively to €91 million compared to €221 million last year, and that's due to the stock dividend option which was selected by more than 60% of the shareholders.

We did include most of the cash out for the USG acquisition, as you can see in the cash flow statement. Effective tax rate at 31%, which sort of is in line with the guidance. It is very much depending on where does the profit come from. As you know, the U.S. typically charges high corporate income tax rates. Diluted EPS, €0.51.

This is the segment performance and I can inform you that next year, we intend to expand it a little into sort of separate HRS. As you can see here, €258 million of revenues this quarter out of the staffing segment as a separate segment. And then we'll share the details with you.

Staffing, 3.4% return, showing also the focus on revenue quality especially in North America. We see stable trends across Europe. Ben elaborated upon those and the positive impact of these French subsidiaries, which to quite a degree, are supporting our ongoing investments in employment in the French markets.

Inhouse at 4.5% also improved. Growth led by North America, the Netherlands and Iberia, and also here, some impact of the CICE. Professionals at 4.5% now, it's the highest performing segment equal to Inhouse and that's how it should be and it should be the highest clearly. Lower demand we see across Europe and North America, good growth in the UK and mainly in education and engineering and IT, a decline in perm fees in Europe and a decline in the rest of the world, also in Australia.

The gross margin bridge, it's always an interesting one especially if you get into the subsidies in the French market. And if you look at the bridge here, what it shows you is how did we get from Q2 to Q2 this year, last year, this year. And in between effectively, there are two relevant boxes here. The first one was Q1 this year in which we had an 0.4% negative sort of pricing temp margin impact, pricing and mix.

And then the remainder and that's the – the positive was an 0.2% or 20 basis points impact from the French subsidies. In the second quarter, it was 0.1% in the temp margin and it was 0.3% in the subsidies adding up. So, 0.2% plus 0.3% is 0.5%. That's the number you see in the press release. And the negatives do relate to what we see here. The latest changes in the Netherlands and in Germany partly compensated by margin expansion in North America and, of course, the French subsidies.

Moving on to the operating expenses for the company. And then, I think, I should sort of note at the beginning that if you have a stable decline and you move up a little, that might still be negative territory but effectively, it's growth. Because in real life, you don't live from year Q2 last year until now. You live sequential life, and I think that's important to realize.

We also have our internal discussions sometimes about that. And that's why we have – we show you the sequential development at the top page here, how did we move from the first quarter to the second quarter, €592 million to €601 million. Hardly any currency impact and as you can see, some investments in the European area, North America, rest of the world mainly this is marketing and this is bonus accruals.

Typically, if we would go into a growth sort of scenario from here which is to be seen, but if it happens, we typically get three phases, if you look at the expense base. Typically the first phase is



where we add marketing and bonus and commissions. And that's a pretty sort of solid phase and also a phase that might take a while. Then the second phase is when we start to add people. And only the third phase is where we start to add sort of back office, offices and so forth and I think that is typically the way to look at it.

So this is – in some areas, we do see growth and that's also why you see our marketing and our bonus expenses going up. On the right hand side of the page, you see the recovery ratio, of course that's year-on-year, so it should be in the lower box. And this is where we compare the cost of Q2 last year with the current level which results in the more than €140 million savings over four quarters

DSO is down by one day. I mentioned it already. This is the, the balance sheet of the company. Working capital, it includes €40 million relating to the USG acquisition. And a change here is that we've moved from short-term borrowings into long term, and that is because we replaced the existing credit facility of Randstad that ran for a while into the new one, which was already organized at the time we acquired SFN but it kicked in now. So now, again, there's long-term commitment for financing.

The seasonal net debt increase, I already elaborated upon that one. Not much to say, I would say. One element that requires a little attention, the €16 million other non-cash items, that is where we receive from the – we should receive from the French government the subsidies, but it takes a while.

And I just wanted to use a few seconds to explain that. We do earn those subsidies which are to be spent partly. But before we cash them in, it takes a while, because they can either be offset to taxes being paid, corporate taxes being paid, corporate income taxes being paid. Or after three years, they'll be paid anyhow. So that means, it requires a working capital investment, a substantial working capital investment.

And we're now in the first year, but if this grows sort of according to the current pattern, after a few years, it will be between €200 million and €300 million of financing. So it will always be settled, but the timing can be dependent on the corporate income tax payments. It's our analysis that most of it will be settled because it's a significant amount. Most of it will be settled after three years. And the €16 million in here is the – is a quarterly impact.

The outlook for the company and I'm going to give you the rates as well. Revenue per working day was at minus 2.6%. Beginning of April, it looked like March. But then the second half was a little worse. Working days were very difficult to assess given the bridging days. May, a bit better. June, better again. And what we see in the beginning in the early part of July is in line with the development of the month of June.

And the exit rates for the Netherlands, minus 5%. For France, it was minus 14%. Germany, plus 2%. Belgium, minus 8%. The UK, plus 2%. Iberia, plus 7% and that's a plus both for Portugal and Spain. North America, minus 2%. Rest of Europe, plus 12% and the rest of the world plus 11%. And I'm looking at, I think one, two, three, four, five pluses here, which is so far, so good, I would say.

Comparison base is going to get a little easier. Last year, first quarter was close to zero. Second quarter was small decline and then we got into most severe declines in the second half of the year. So, the comparison base is clearly changing. We'll have one day more. So, we did have a difference of 0.4 days in Q2 and now we're moving to one additional working day in Q3 compared to last year.

We already made the statement €15 million to €20 million of additional marketing investments which include some of the regular seasonality in spend because it's not a flat line through the year.

We'll have the consolidation of USG and the purchase price allocation including the assessment of bad will and we have also included the payment of the tax liabilities which we have carried on for quite a long time but the settlement is coming near of €131 million in Q4.

Our strategic key priorities remain as you can see here capturing profitable growth, also focus on revenue quality, improving the business mix, perm and professionals. Field steering continues to be top of the page, so in-field steering. Client profitability, delivery models again. Making sure we've matched the clients with the right delivery model. And we continue to have a focus on cost. We do still have in the pipeline the reorganizations in France which have to be sort of completed in terms of planning and people that want to participate here in the third quarter so that we'll have clarity about what and when exactly the Belgium discussions are ongoing and the USG synergies will start to have an impact here as well.

I have one additional thing to mention to you and that is that we originally scheduled our Investor Day for November 24, and we have decided, given some feedback that we have received that the agenda might be too limited. I mean we – I think we have full clarity in the markets about what we're doing, how we're doing it, so we have decided to cancel the Investor Day. But instead of that, to invite you to operational visits in the fourth quarter and the first quarter of the year in order to sort of to experience the business, how we run it, and we'll get back to you with further detailed plans.

That's my contribution. And now we'll move to Q&A.

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**Ben Noteboom, Chairman-Executive Board & Chief Executive Officer**

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I have one thing to correct. I made a mistake, I'm sorry. I mentioned 165 jobs at Tempo-Team. That was Belgium, obviously. I confuse them. It's considerably lower number than that. My apologies for the confusion.

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So we'll start with the Q&A. in terms of order, we'll start first with the analysts here in the room, then we'll do the analysts on the line from the UK and France, and then in the end, we'll address also the questions, if any, from the Dutch press who are in the room here as well. So let's start with the analysts here in the first row. Margo?

## QUESTION AND ANSWER SECTION

**<Q – Margo Joris – KBC Securities NV>:** Good morning. Three questions from my side. The first one, can you shed some light on your discussion with clients in recent weeks in the markets or in your big markets with negative growth, so France, Netherlands and Belgium? What is their vision and attitude approaching the month of September? And then the second question, can you elaborate a bit on the guidance of considerable tax synergies from the USG deal? And then thirdly, when do you expect to end the negotiations in Belgium and what's the timing for the completion of these restructuring?

**<A – Ben Noteboom – Randstad Holding NV>:** On your final question, the intent is to finalize this in Q3. Execution will be done also in Q3, we hope. But again, it all depends on negotiations. So if the unions find reasons to do that differently, we can't control it.

**<A – Jacques van den Broek – Randstad Holding NV>:** Hello. Yes. Jacques van den Broek here. As Ben mentioned, due to the low renewal, of course, it's our wish, certainly because it's an insecure situation for people to end it as soon as possible. But there's constructive dialog with the unions and we cannot really say, Margo, when this will be concluded. So really, there's a wish but there's also a process.

**<A – Ben Noteboom – Randstad Holding NV>:** And we think it would be favorable if we would be good and fast enough because also people are insecure and that's a situation you don't like to have. In our client discussions, it depends obviously in what industry they are. Again, if we talk to the truck producers I mentioned earlier, they are pretty bullish. Financial institutes are more negative. It's a very very mixed picture both per sector and per geography. So it's difficult to give you a clear view that, you would, actually could apply all over the world. On the tax synergies, I think, Robert Jan?

**<A – Robert Jan van de Kraats – Randstad Holding NV>:** Yes, Margo. If we would have known, we would have loved to share it with you, of course. And typically, this is about sizable amounts given sort of the historical performance. But the real question is how do you feel about making up for those, repairing those and compensating those with future profits. And that's an analysis we're going to do and I cannot share the size of that anymore – at this point in time, sorry.

**<A>:** Okay. Next question, Hans?

**<Q – Hans Pluijgers – Kepler Capital Markets SA (Netherlands)>:** Yes. Good morning. Hans Pluijgers of Chevreux. Two questions from my side. First, looking at Germany, you're talking about easing of the gross margin. Could you little bit elaborate what you are seeing and experiences with the equal pay? Is there any different, some more detail and are there, let's say, other impacts besides the sickness, maybe you should also see that the price pressure is maybe coming down a little bit there, could you give some flavor on that?

And secondly, with respect to developments in April across the board, it's a deterioration compared to March, but it purely explains, looking at the number of the decline per working days, it purely explained by the bridging day's impact, so it's a little bit difficult precisely to calculate it. Can you put some flavor on that also?

**<A – Ben Noteboom – Randstad Holding NV>:** Yes. On your second questions that – what we indeed saw that it was not a linear development through the month and indeed bridging days play a role there. That's all we can say.

Germany, equal pay so far, we've not seen actually a decline in volume which to be honest, as we also shared, I had expected, because usually if we see new legislation like that, you see it happening. I'm sure that the fact that the CLAs and for all other industries and the increase of that

play a role because, of course, that works positively if you look at the price elasticity. About 40% of our population is affected by this change in legislation but we've not seen, again, any change in the behavior of clients. We'll see how it develops over time because once they've worked 18 months, they get more expensive and you get contracts and stuff. So, we'll see if that has an effect, but then it would mean replacing them by new ones. So we don't expect a big effect there so far.

On the margins, we see that the – all the extra cost related to equal pay had a quite a heavy impact on our margin and we see that effect going down. So next to the sickness, which is a one-off, if you want. The fundamental burden on the margin because of the extra costs calculated because of equal pay is stabilizing and slowly going down. So that means, by definition, margins should improve. And as, of course, you will certainly see big margin pressure from competition which we don't see at the moment.

**<Q – Marc Swartsenburg – ING Bank NV (Broker)>**: Marc Swartsenburg, ING. First of all, I want to clarify, the July growth similar to June, is that sort of minus 2.6%, is that also the growth rate then for July? Is that what you mean with the statement, stable trend?

**<A – Robert Jan van de Kraats – Randstad Holding NV>**: Yes.

**<Q – Marc Swartsenburg – ING Bank NV (Broker)>**: Okay.

**<A – Robert Jan van de Kraats – Randstad Holding NV>**: And we look at volumes. So the weekly data which we intensively follow is our volumes and that's what we base our judgment on.

**<Q – Marc Swartsenburg – ING Bank NV (Broker)>**: Okay. And then on SG&A, normally you've given rather specific guidance or at least a relative guidance for the second – for the next quarter. Now, there are a couple of factors impacting there. You've got the marketing spend, you've got USG included and, perhaps some higher bonuses and some seasonal related factors. Could you give us a little bit of more flavor on what you expect for the cost base in the third quarter?

**<A – Robert Jan van de Kraats – Randstad Holding NV>**: Yes. Marc, we didn't do that for the last quarter, either. But I understand your question and I think you should assume that given the fact that we're going to include the elements that we have mentioned, that will show a limited increase. And the impact of the reorganizations will not really be in Q3. That will be after Q3.

**<Q – Marc Swartsenburg – ING Bank NV (Broker)>**: Did you say a limited increase in SG&A?

**<A – Robert Jan van de Kraats – Randstad Holding NV>**: Sorry?

**<Q – Marc Swartsenburg – ING Bank NV (Broker)>**: A limited increase.

**<A – Robert Jan van de Kraats – Randstad Holding NV>**: I said a limited increase, yes. And USG, of course, is going to – it's like €60 million a year, if you look at gross profit and OpEx. So effectively, that will have, one-fourth of that you'll see coming through the P&L both in GP and OpEx.

**<Q – Marc Swartsenburg – ING Bank NV (Broker)>**: And how much of the marketing could be...

**<A – Robert Jan van de Kraats – Randstad Holding NV>**: That's something to be decided but it wouldn't be logical to see a little more out of the investment into Q4.

**<Q – Marc Swartsenburg – ING Bank NV (Broker)>**: And then – and the final question on the Netherlands, could you explain a little bit on your remark on gross margin easing visible in the Netherlands? How we should see that? Is it easing and becoming less negative, less pressure or do we see already a stable trend or an improving trend? Because if you look at the ABU figures, I

think even the trend is a little bit positive over the last few periods? And perhaps, on the savings from Tempo-Team, could you give an indication what the savings will be?

**<A – Ben Noteboom – Randstad Holding NV>**: Yes. As I mentioned on the savings, I can't, because we are negotiating. So that means during that process, we can't reveal numbers, unfortunately. I'd like to, but we can't. The margin, again, we've seen that because – actually, the change in margin was mainly due to the changes in social security charges more than price. Price is – it plays a minor role. I think the price effect we had was 0.2% or something like that. So that's very limited.

So what we see now is we see the first benefit of the sickness risk we carry. And again, that effect is going to increase. The positive effect is going to increase. So, all in all, it looks as if there's room for a slight improvement in margin.

**<Q>: David Tailleux – Rabobank (Broker)>** good morning, gentlemen. First of all on the trends in specifically the Netherlands and France. The exit rate is a bit worse than the overall quarterly rate. And for example, Manpower is flagging in a slight improvement in both markets. So is it your own performance or maybe a different view on the markets?

Then secondly on your recovery ratio, 85% in Q2, but the top line, of course, was still in decline. So could we assume a higher ratio even significantly maybe even though when you would see top line growth again at group level? And then thirdly on the U.S. professionals, the minus 5% in June exit rate, are there any specific actions planned to improve that ratio? Thanks.

**<A – Ben Noteboom – Randstad Holding NV>**: We'll start with Linda on the U.S. professionals.

**<A – Linda Galipeau – Randstad Holding NV>**: Yes. So the decline in June and the decline versus the decline during the quarter, we did see notable improvements, I'd say, in the major businesses which are IT and accounting and finance. Those two businesses make up the bulk of the revenue. And what we watch there is we watch very closely starts versus terminations. So kind of net change in contractor levels and assignment levels and those are positive. So all in all, the trend is not certainly as robust as we'd like it, but it's pointing in the right direction.

A lot of the trend we're seeing so far is segment related so we had – we were overweight in terms of the financial services sector. And so it took us some time to recover from that and to balance our portfolio a little bit more, and that's what's going on now. So yes, there were very specific actions, measured actions to diversify a little bit more so we were not as exposed to movements in one sector.

**<A – Robert Jan van de Kraats – Randstad Holding NV>**: Yes. And then the question about the recovery ratio relative to the trends in the Netherlands and in France. First of all, I want to point out that the minus 14% in France, it doesn't have to be sort of the trend that we're going to see in the next months because there is never a linear line. There is always some erratic behavior. Second point to make here is that we have no other reorganization plans currently sort of being prepared. We are going to execute the ones that we have shared with you and field steering will lead as adjusting the front office wherever necessary, both up and down.

**<A – Ben Noteboom – Randstad Holding NV>**: Yes. Maybe François can comment a bit the volume development in France.

**<A – François Béharel – Randstad Holding NV>**: In fact, yes. In term of volume, we are below the market since several quarters, but it's a choice even if we have a crisis in France, we consider it to be important to continue to follow our plan we began one year ago. So we continue to choose good customers and the delivering of good gross margin. So it's a choice.



**<A – Ben Noteboom – Randstad Holding NV>:** For the Netherlands, again, we see a mixed bag if you look at our companies and segments actually. The good news, I think, is that we are really doing as we promised that is looking at profitability. Profitability has improved and will improve more. Of course, we are looking at the right segments and we are developing the right segments and we are actually refusing the wrong contracts.

So in that way, that's what's happening. Again, 1%, 2% more or less through a month in my view compared to last year, is not a trend. So it's stable in my view, along the volume developments so far. So I don't see any dramatic changes and going south then.

**<A>:** A follow-up to that or?

**<A – Robert Jan van de Kraats – Randstad Holding NV>:** Or has it already been answered?

**<Q>:** Yes, I think so. I tried...

**<A – Robert Jan van de Kraats – Randstad Holding NV>:** It has been done. Okay.

**<A – Robert Jan van de Kraats – Randstad Holding NV>:** Yes. I'll repeat it once more. We have the ongoing reorganization plans sort of being finalized and being executed. There's nothing else that we additionally are about to announce and fuel steering will lead the way in adjusting the front office. That's what I said.

**<Q>:** I think that's the yes. Thanks.

**<A – Ben Noteboom – Randstad Holding NV>:** The asset or the cost base also reduced already in Q3 last year. So it also play a role at a comparison base when calculating the recovery rates, if you want to look forward.

**<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>:** Yes. Teun Teeuwisse, ABN AMRO. First of all, in your increased marketing spend, I know you do a lot of research into this, what do you expect that the impact on your revenues or market share will be and when that it will impact your revenues or market share?

And then on DSO, you obviously showed a decline in your DSO. Can you indicate what the underlying effect has been and what mix effects have been in that number? And then finally on the CICE, next year we will see another increase in the CICE. Can we expect that – your net impact from that will be similar to what you have right now?

**<A – Ben Noteboom – Randstad Holding NV>:** Marketing impact, we have different sorts of marketing plans ready to be executed. Part of it is to actually boost the brand, in general, more. The effect of that is always that we get more efficient in the end. If our name recognition goes up, but that's difficult to measure because that takes a longer period of time.

The other action we have is what we used to call and so-called micro marketing that we now have a version 2.0 that means we attack a specific city, in general, and we'll be even more specific this time. So we'll go, for example, for, I don't know, IT people in Manchester, an example. In general, we've done dozens of those in the past. The effect has always been that we – in 85% of the cases, that we saw the money we spend actually coming back in extra gross margin within six months.

And if you look at the €20 million, my guess is that the split will be 60-40, if you would – will make the split. Is that about right, Frans? 60% on the big campaigns and 40% on the micro marketing. But that might well take up to – and include in Q1 next year before we execute all of those. It will take some time.

**<A – Robert Jan van de Kraats – Randstad Holding NV>:** And then the DSO and CICE. The DSO, the mix effect is rather limited. So I understand the question. We're taking out – we have somewhat lower revenues in there, in France. But at the same time, we have an increased level of revenues in Iberia which comes with higher DSO. So there's a very limited mix effect. Most of it is a reduction of over dues, so that means sort of payment date past and should have been paid. So that's internal discipline. The CICE will go up from a base of 4% to 6% next year.

**<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>:** What I meant is your gross impact this year is about – this quarter was about was €22 million and the net effect was about €15 million. So about two-thirds is your net profits from CICE? Will it be the same with the additional 2% as you go to next year?

**<A – Robert Jan van de Kraats – Randstad Holding NV>:** No. The analysis is that we'll have 190 basis points impact on the French gross margin in the second half of the year, sort of, and that to be multiplied by 1.5 if you go from 4% to 6% assuming the current spend, that's sort of an assumption, and of course, that could change along the way depending on the sort of what is happening, the negotiations and so forth.

**<A>:** Okay. We'll move to Arun. Thank you. Then we can move to the line.

**<Q – Arun Rambocus – Kempen & Co. NV (Broker)>:** Good morning. Arun Rambocus, Kepler. One question on your outlook statement. I think in the press release, you referred to the easier comparison base. And I checked my notes, I think last year during Q3, you went from zero to minus 5% in the quarter. And then taking into account the fact that the U.S. will have its first year of anniversary of shutting those low profitable contracts, is it unthinkable that in Q3 you will sort of have the inflection point of reverting to growth for the company as a whole? That's my first question.

Second question is on the USG deal. You referred to having restructuring charges which were unquantified. But you do receive more cash than the actual – you do receive more value than you pay for the assets. So, is there really a cash out to be expected or can you sort of self-subsidize that from the working capital that you received?

**<A – Ben Noteboom – Randstad Holding NV>:** On the inflection point, yes. Again, it's forecasting the growth of the market, Arun, so that's a bit difficult. We saw that September was the weakest month in Q3 last year, if you look at the third quarter. So it's through the quarter also still a mixed picture. So, we don't know. Again, the trends we see in June looks promising for quite a few markets. But to be honest, we had the same in March. And then it didn't materialize in April. So, so far, the volumes we've seen in July as Robert Jan have shared with you are in line with what we've seen in June, more or less. So minor changes, but more or less, overall.

So that, again, looks promising. And this is almost the end of the month, so maybe the liability of the volume in July at least looks promising. Of course, what is not included is, for example, perm placements, et cetera, et cetera, because those are things that we do not have in the weekly reports, more and more but less rival. But yes, so far so good. It's difficult to see the inflection point. It depends on market development, obviously.

**<Q – Arun Rambocus – Kempen & Co. NV (Broker)>:** The U.S. having its first anniversary in terms of shedding unprofitable contracts. So will we get back to market levels in U.S. in the next quarter?

**<A – Ben Noteboom – Randstad Holding NV>:** Yes. We see it actually in quite a few countries. We see the same in England, UK, where we actually had a lot of contracts, big volume. There, we are getting closer to that point where it actually is changing. And then on top of that, we have the Sourcright, Randstad Sourcright growth that actually is almost equal to what we lost in Inhouse,

so that in the end would result in UK to a bigger volume growth but not necessarily translated in a lot of profit because MSP as such is not yet a very profitable activity. U.S is an ongoing process. But again, this processes of course, if everything stays the same, you would be right, but we keep on, of course having to renegotiate contracts. And every time, again, you have to take the decision whether or not you want to have the business at that margin or not. So it's a continuum but you cannot say now is the inflection point where the big change is.

**<A – Robert Jan van de Kraats – Randstad Holding NV>:** Arun, I was trying to understand your question because I don't think you're mixing up cash and the bookkeeping positions, but let me just share with you the details. We have stated €15 million of integration costs which will be spent in the first 12 months. That's 1-5. And I also shared with you the impact on the balance sheet and I said that we have a net asset value of €60 million preliminary because we're still going through the closing balance sheet audits and that will help us to finally assess the positions.

Let me just give you one example. At Randstad, we provide for any receivable older than 182 days fully. That's one of the standards that needs to be applied to the USG data as well, and then we'll come to a final net asset value, and as such, derived from that, we'll have the battle settled as well. The €15 million will be spent sort of over the first 12 months. At the same time, we'll start to see the synergies coming in. But they will not sort of perfectly net out. That's not what we expect. There typically is a timing difference between the ends, after a year we'll more or less, will be there.

**<A>:** Any questions? Okay. We'll move to the line. I think we only have one question on the line. So operator, if you can let Tom ask his question.

Operator: Tom Sykes from Deutsche Bank is on line with a question.

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>:** Thank you very much. How very lonely it can be sometimes, but just on the gross margin, I don't know whether – sorry you've asked – you've mentioned it earlier in the call. But did you give the amount for how much the extra subsidy you took in France in Q2 related to Q1 was? And then I know that you tend to provide for the working day effects in Germany.

**<A – Robert Jan van de Kraats – Randstad Holding NV>:** Tom, €10 million in Q2 that relates to Q1, €10 million.

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>:** €10 million. Okay. And in terms of the working day effect in Germany on gross profit, was there any – I mean, I know you tend to provide a bit for working day effects on the gross margin. But was there a gross margin benefit year-on-year because of working day effects?

**<A – Ben Noteboom – Randstad Holding NV>:** There always is, but it's limited, it's a few-tenth of a percent.

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>:** Okay. And then just in terms of the outlook for the U.S. market, maybe if you could give a few more comments on clerical versus – and industrial. And I know that you maybe are not looking at contracts which are lower gross margin or don't provide the right return. But if you could maybe provide some comments on what you're seeing in terms of market demand, please?

**<A – Ben Noteboom – Randstad Holding NV>:** Yes. Linda will give you some insights there, Tom.

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>:** Thanks.

**<A – Linda Galipeau – Randstad Holding NV>:** Yes. So, if we start in the general staffing segment, so industrial versus clerical, the market feels okay. So I'd say that there is definitely, I wouldn't call it robust demand, but there is definitely good stable demand development in the U.S. I know some of the market figures coming out are showing the market going the other way, but I'd say it feels quite stable.

Permanent development is quite positive. So we are seeing ongoing good demand for perm replacement which, of course, is very helpful when it hits our books because of the higher margin and EBITA, so I see that's very good. In professionals, we've seen a little bit of a weaker demand. There's no question it feels a bit softer. But again, I'd say that it's not problematic. It's stable but softer than some of the demand we've seen I'd say in the last four or five quarters.

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>:** Okay. Thank you very much for that. And sorry, just to repeat, the Q1, so you said €10 million for what was taken in Q1 related – Q2 related to Q1?

**<A – Ben Noteboom – Randstad Holding NV>:** Correct, Tom. €10 million related to Q1 processed into the Q2 results.

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>:** Okay, great. Thanks very much. Thank you.

**<A>:** Okay. Tom, you don't have to feel alone. We have two more questions on the line. So operator?

Operator: Rory McKenzie from UBS is on line with a question.

**<Q – Rory McKenzie – UBS Ltd. (Broker)>:** Morning. Just two for me, please. Firstly, can you remind me how much the incremental benefit you expect from previous quarter restructuring particularly in France? So in addition to the USG savings, how much will the SG&A fall by from here? And then secondly on the French subsidy, from here, how much of an increase do you expect in that subsidy for 2014? And are there any additional investments you need to make that are required by the legislation in France?

**<A – Robert Jan van de Kraats – Randstad Holding NV>:** Yes. On your first question, the French reorganization, we already made a point that we still have to come to a final conclusion. However, in the fourth quarter of last year, we provided, I think, €28 million of which most related to personnel expenses. And we always have the ambition to recover that within 12 months and you can obviously understand that in the French market, that's a bit more of a challenge than in other markets. So it might sort of be at the high end of it, but that is our plan. So, as from the moment of spending, 12 months later, we aim to have the money in the bank, more or less.

Your second question is about the French subsidies and I think I've mentioned it already. In 2014, the base will go up from 4% to 6%. So, it will be 1.5 times the impact in the second half of the year. And the impact in the second half of the year is 190 basis points improvement in the French gross profit as a result of this. This is on a net basis. Still, our ongoing discussions and negotiations and political opinions and whatever happens in the market might have an impact on this.

**<Q – Rory McKenzie – UBS Ltd. (Broker)>:** So is there – are there any additional investments you can make in kind of back office or admin costs or are you kind of happy with the cost base that is there?

**<A – Ben Noteboom – Randstad Holding NV>:** No. This is a sort of – whatever we feel is necessary into the markets, but not back office typically.

<Q – Rory McKenzie – UBS Ltd. (Broker)>: Okay. Thank you.

<A>: So the last question from the line and then we move back to the room.

Operator: Olivier Lebrun from Natixis is on line with a question.

<Q – Olivier Lebrun – Natixis SA (Broker)>: Yes. Good morning. Two question, please. So first one relates to the U.S. market. For H2, do you anticipate the same rate of termination of contracts as in H1 or will you able to grow more in line with the market? And the second question is about Iberia. Do you think a strong recovery in the staffing market during the summer is a realistic option? Thank you.

<A – Ben Noteboom – Randstad Holding NV>: Sorry. Could you repeat the last part of your second question, please.

<Q – Olivier Lebrun – Natixis SA (Broker)>: Yes. Do you think a strong recovery in the staffing market in Iberia during the summer is realistic?

<A – Ben Noteboom – Randstad Holding NV>: Again, it's a comparable answer. We look at compared to last year's summer. The exit rate of June was promising. And of course, we – the comparable base hasn't changed that much. So, that's – to be expected that – I don't expect a big change in trends but I don't know. We'll see. It's difficult to answer. The other question was on?

Yes, yes. Again, the shutting of contract is a continuum because it keeps on happening because we keep on negotiating new contracts. And every new contract, we have to decide whether or not we want to actually be a supplier at that specific margin. So it's a continuous process. It's not that it happened at one point in time with all the contracts and we said as from July 1, these are all gone. So shutting the contracts and renegotiating is an ongoing process. So it will be with us forever.

<Q – Olivier Lebrun – Natixis SA (Broker)>: Okay. Thank you.

<A>: Okay. We still one more in. Andy Grobler on the line. Operator, last question then.

Operator: Andy Grobler from Credit Suisse is on line with a question.

<Q – Andy Grobler – Credit Suisse Securities (Europe) Ltd.>: Hi. Good morning. Just one question from me on the U.S. With the Affordable Care Act having been delayed a year, what impacts do you think that's going to have on your business and staffing markets more broadly?

<A – Linda Galipeau – Randstad Holding NV>: I expect it to have no impacts. The delay has been on the employer mandate only. So the Affordable Care Act is moving forward. So the effects of it, the – many of the costs of employers are starting to incur already for having insured individuals on their payroll. That is kicking in. So I would say that it's a non-event. We do expect it to kick in next year. I think it was a delay based on the rather the administrative heaviness of the act. And so I expect the impact to be zero.

<Q – Andy Grobler – Credit Suisse Securities (Europe) Ltd.>: And just, want to say that the agencies had hoped that this was going to have a positive impact on business, just as more companies geared out for the change?

<A – Linda Galipeau – Randstad Holding NV>: Yes.

<Q – Andy Grobler – Credit Suisse Securities (Europe) Ltd.>: Will you – had you sort of put yourself in position to try and benefit from this or not, or were you pretty neutral?



<A – Linda Galipeau – Randstad Holding NV>: No. I'd say we do expect it over time to have a positive impact. I'm not sure that the delay changes that because again, some of it is a cost calculation, but a lot of it is a complexity of carrying a contingent workforce on an employer's own payroll. So – and I think the effect of that and the understanding of that is already well ingrained as people have worked their way through the act. So I would say that the positive impact will not be changed by the delay in the employer mandate piece.

<Q – Andy Grobler – Credit Suisse Securities (Europe) Ltd.>: Okay. Thank you.

<A>: Okay. Were there any final questions from the audience in the room)? Then, we'll move to the questions from the press, if any?

<Q>: Yes. A follow-up on question on France, yes, looking at the impact of the CICE, do you see any or will you elaborate after Q1, but maybe you have a somewhat more longer experience. Do you see any impact on the competitive environment that would indicate that you'll, let's say, shedding or that's a little bit more focused on client profitability and therefore, you lose some volume compared to the market? So will you give some light on what you see on the competitive environment?

<A – Ben Noteboom – Randstad Holding NV>: I can do it. France has always been a very competitive market and still is because again, if you look at the sector of the market, a lot of very large volume contracts were blue collar. That, by definition, actually generates a competitive market that isn't changing.

The fact whether or not the CICE actually – what will happen to the CICE is very clear. It's intended for the employer and we are the employer. So we intend to keep that money and to use it ourselves instead of using it as a sort of indirect rebate for clients. That's not the effect.

We'll stay very strict. I think we estimate that we've lost about €70 million to €100 million, François, by now on being in France because we were tough on – and are tough on the contracts. We'll maintain that strategy because there's no alternative in France.

We've done a lot of things. We've actually made the company a lot more efficient. We used the right delivery models. We've seen big growth in Inhouse and France. Actually, not in this quarter, but we think it will ramp up again because there's a lot of new clients and, again, transfers are still happening.

That makes it more efficient. We are developing the professional, but obviously, that market is down, so that doesn't help. But in the mix, over time, will improve. We see that we've boosted perm and our market share in perm is considerably higher than our market share in staffing if you look at the French market. So and that makes us where the continuous improvement, actually, should happen and should keep on happening. That won't change. But it is and has been a price competitive market.

<A>: Okay. Any questions from the people or from the press?

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#### Unverified Participant

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Okay. Then, I think we're done with the Q&A session and that concludes the meeting. Thank you all for coming to the head office here and thank you for joining on the line. See you back in October at our Q3 results and have a great holiday.

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