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**MANAGEMENT DISCUSSION SECTION**

Operator: Welcome to the Randstad Holding Third Quarter 2010 Results Conference Call. [Operator Instructions]. I'll now turn the call over to your host, Mr. Robert-Jan van de Kraats, CFO. You may begin.

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**Robert-Jan van de Kraats, Chief Financial Officer**

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Thank you, very much ladies and gentlemen. Welcome to the conference call on the Q3 results of Randstad Holding. I'm here together with Ben Noteboom and Bart Gianotten and some other very important members of our staff. And then, as usual we'll first take you through a presentation elaborating on the third quarter results and then we'll move to questions-and-answers.

I'm going to use the presentation now and I suggest that we flip to the second page, which is stating the definition. And just to add one element it says, underlying EBITA just to note that, for Q3 specifically, there is no underlying adjustment. There's only one for the first nine months.

Then, I flip through the page – the first page on performance, which is Slide 5 and its heading, Growth Stabilization in Our Markets. Couple of comments to the left side of the page. The market growth has stabilized on average, which is a pretty healthy level. It is also almost stable through the quarter at the level of roughly 16% organic growth per working day. And we have also seen a continued high growth in markets, that have started to move early such as the United States, where for the first time we have reported growth in the month of November last year.

We see slow, but steady improvements in lagging markets such as Netherlands and the U.K. We've seen that for a while and that also continues into the third quarter. Important to notice that in the month of September, we did see some light growth in the Netherlands and the administrative and professional segments have started to show improvements, especially in, for example, the U.S. market. On the right hand side, you do see on the top of the page the quarterly market growth, this is market and on the bottom is the Randstad developments.

Moving to Page 6 now, Slide 6. The Continued Strong Growth. Revenues have amounted to 3.781 billion. Organic growth per working day, as I said stable. Growth especially occurred in our in-house business. It moved to 55%. Professionals also showed an improvement to 8% now. The growth in staffing business remained at the level of 13% and the clerical segments have started to improve. And this is, just typical pattern that we have discussed more often in the past quarters. Coming out of the downturn, one would expect to see the industrial segment improving, then the clerical segment, and then the professional segment, including search and selection business. And we do see that trend in the market that started to recover early.

The perm fees are up 24% organically, which compares to 16% in the previous quarter. The gross margin has been a relatively flat since Q4 2009. And the commercial pressure across the board has bottomed out, some exception still there. And the impact of the permanent placement fees is positive in Q3. It is now 8.5% of gross profit, versus 7.3 in the same quarter of last year.

Operating expense is sequentially up 3%, versus the second quarter and we have seen limited investments in FTEs in countries that show rapid growth such as Germany, the U.S. We've also seen outlets increasing and this is predominantly the case for in-house setups. The infrastructure has remained in place in countries where we do see lagging development due to the fact that the pay-back period is considered to be too long. As a result of that, we have chosen to maintain the infrastructure. Costs are up 8% compared to the same quarter of last year, which is 7% organically. EBITA came out at 153 million, compared to 93 in the third quarter of last year. And the margin amounted to 4%; if one would exclude the impact of French business tax, it would be 3.8 and it compares to 2.9 in the third quarter of last year.

Slide 7, some comments on the Dutch market. It's a late cyclical market recovering. One should note that the market did rather well during the downturn. It went down a little later, it didn't go down as much as the others. And consequently, the recovery is also a little later. Organic revenue for the quarter at 0%, versus minus 5 in the second quarter of this year. Market growth improved slightly throughout Q3, I already mentioned that. The fact that we do see a late recovery is very much due to the fact that it's a service – business service-oriented economy and the growth that we do see is driven by the industrial segments. Randstad and Tempo-Team are slightly below the market and that is due to amongst other things, the low weight, the underweight in the industrial segment and we do see some smaller dedicated players gaining market share in this segment.

There's another reason and that is that, over the past quarters we have seen some deals with aggressive pricing and these we have let go. Yacht is gradually recovering, but it is still down for the quarter. Typically, when the Netherlands has late cyclical for sure, the professional segment is even more late cyclical. And September also, in this operating company is clearly better than the previous months.

Gross margin sequentially up in the Netherlands. Stabilization of commercial pressure, that's what we see as we speak. And we also have seen improved idle time development at Yacht through the quarter. Still not there, but the improvements are clearly contributing. The EBITA margin came out at a very solid 6.8%, which compares to 7.1 last year and that is the result of improved profitability at Randstad and Tempo-Team.

Slide 8, France beating the market. We're very proud of the fact that, having gone through a somewhat difficult phase due to reorganizations, integration, there is now clear signals that we are beating the markets. Organic revenue growth was 19% in the third quarter, also reflecting the industrial nature of the French market. We have seen the outperformance compared to market, especially in the last month of the quarter in September. The permanent placement business is also up 18%. The professional segment is performing stronger and we have added two in-house locations and five transfers from the regular staffing business and this is not by any means the end. We're still going to go through many more of those.

Gross margin is sequentially down. This is the market where we do see some continued commercial pressure. We have a continued focus, of course on the cost structure. But the distribution across the country – the distribution of growth across the country does require some investments in corporate employees to be able to serve that growth from those locations.

EBITA came out at 3.7, versus 0.9 last year and I already mentioned that the impact of the French business tax is 10.6 million. So, it is effectively a reclassification from gross profit into the corporate tax line. Excluding this amount, it would be 2.5% EBITA margin. The French subsidy system is – will change. The impact, as anticipated to be very limited. And overall, I think there's one thing to note and that is that, our market share is improving following a recent re-branding in the French market, which has clearly contributed. The subsidy system that I just mentioned the anticipated impact that I was referring to is considered to be very limited relative to the overall group performance.

Germany, on the next Slide 9. We do see persistence of strong outperformance. It is impressive to grow the company by 40%. If you look at the revenue base, which for the third quarter is arriving, close to 500 million. It also is a very strong outperformance of the market. We do see a slightly easy – easing growth trend towards the end of the quarter, due to a seasonal pattern. But I think, we should also note that 40% is quite a performance. Gross margin has sequentially improved. The price increases is as a result of the update of the collective labor agreement are accepted across the board. And moreover, in the professional segment in Germany, we do see idle time improving.

We also see mixed performance in that professional segment. IT just continued to accelerate further. But engineer, although it is idle time, is managed slightly better continues to be difficult, especially in the Aerospace segment. Altogether, this is stable – business is stable during the quarter. The EBITA margin arrives at a very impressive 6.9% compared to 5.4 last year. And we do see strong operating leverage, but investments in people in high-growth areas. We also have increased the number of brands, especially for the second brand in the German market, which is Team BS and it is using the Tempo-Team house style for efficiency reasons. So, also that is a kind of leverage.

I mentioned outlets has an increase. Not the brands, of course. For U.K., we do see continued growth, despite challenging conditions in that market. It's a difficult market and our exposure towards the public sector is relatively significant. It's one of the two markets, where we really see the impact of this. Organic revenue came out at 9% in the third quarter, which compares to one in the second quarter. In-house continued to gain market share in this market and we do have a strong pipeline of new clients. And also, the increased share at existing clients is helpful here. The professional business, which is a significant part of our business in the U.K., is a reflection of the diversified end-markets. We do see continued gross profit growth in engineering and finance, in ICT, media and HR. But as I already mentioned, at the beginning healthcare and education are effected by reduction, but also by the seasonal pattern during the third quarter. Typically, education suffers in the third quarter.

Permanent placement fees are up 34% which compares to a 15% increase in Q2. So, that is improving as well and EBITA margin came out at 1.2% now, compared to a very tiny loss last year. And also in the U.K. market, we are going through a substantial re-branding effort, a very serious campaign, that is catching the eye as we hear it. You might well have noticed at City Airport, when you arrive, you see Randstad all over the place.

Slide 11, North America; firing on all cylinders. Organic revenue now at 23% and it is extended outperformance of the U.S. and the Canadian markets. Growth of U.S. staffing and in-house remains strong. It's 30% in the third quarter. But also the professional business has contributed to a relevant growth, 17% now and predominantly driven by ICT and finance. Canada is up 18% in the third quarter and permanent placement fees are also at 18% in North America. The gross margin has sequentially improved. The change of the business mix in staffing contributes to that more clerical business and also the subsidies under the Hire Act, have been helpful here.

What we also do see is continued good leverage cost management. We have an increase in people, because as you can see in our productivity analysis, productivity has really increased. So, we have now started to select – to increase the number of people within existing branches. And, also, commissions and bonuses have contributed to some cost increase. The EBITA margin now came out at 3.8% and that compares to 2.5. Also, one should note that in the U.S. market, the SUI charges, the impact of SUI charges is slightly less in the third quarter due to the fact that most of that impact – because there's a threshold, most of that impact comes in the first and the second quarter.

Then on Slide 12, some indications of revenue development per industry segment. As you can see, across the board, manufacturing is doing very well in these countries. Automotive, as well. Food is also mostly a successful sector. It all has to be transported. So, that's what we also do recognize. As you can see, financial services is also improving in many markets, but not yet everywhere. And then at the very bottom, public admin. and health and social work, these sectors are typically a bit more difficult when we serve those sectors. And please note that mostly in countries with – the public sector is not a territory where we have the significant position, but in the Netherlands and in the U.K., it is a relevant sector for us.

Then I – moving to Slide 14 for some elaborations on the financial results and it – we've reached the growth rate again, the gross margin stable since Q4 '09. The underlying expenses again, up

3%, a very little impact by the way from currency EBITA improved by 64% to 153 million. The effective tax rate stands at 29% and the diluted EPS, up 40% from 0.42 to 0.59.

Then, adding a couple of balance sheet-related points or cash flow. Moving average DSO improved again, one day now to 56 days. And then, we have the free cash flow of the quarter arriving at 173 million compared to 359 million last year, but one should note that there was a substantial effect of tax refund in last year. Also, worth to mention here is that the VAT delay, which has a benefit for us of 80 million, will be structural now. So in the past, in the Netherlands one had to pay VAT on a monthly basis. That was due to the crisis delay to quarterly and that will now be structural going forward.

Net debt amounted to €947 million and that reflects a leverage ratio of 1.8, well below the 2.0 which we have set ourselves as an internal ambition. With the banks, the limit for the leverage ratio stands at 3.5. And the interest rate currently amounts to – or the interest in total amounts to 1.25%. While the income statement is repeated on the next slide, which is Slide 16 and I think I have addressed more or less all the points here. There is an increase in the amortization line, which is the result of the fact that we have increased the amortization of brands due to the accelerated integration, especially in the U.K.

On the next slide, the gross margin development in Q3, 18.8 in the third quarter of last year, 18.5 in the third quarter of this year. And it includes 0.3 impact from the French tax, as you can see, the temp margin, the first blue box, 0.4% impact. It contains the geographical mix, but also the business mix in terms of industrial and clerical business and also Yacht has some impact here. So, I think this is very much in line, also with the development we have seen in previous quarters.

The permanent placement fees in the first quarter – sorry, in the second quarter were 9.2% of gross profit. Now, it's 8.5 that's due to the growth of the other business, but our highest point in terms of gross profit as a share, sorry also that permanent placement fees as a share of gross profit was 12.2%, just a reference in the first quarter of 2008. The amount of working days in this quarter was roughly equal to last year.

The productivity development, I referred to it already on Slide 18. As you can see in the U.S. which is the line, the top line, we do see productivity levels that we have not seen over the last couple of years, clearly reflecting the efficiency coming from – amongst all those units steering. The green line is the German business and the orange line is the Dutch business and I think the conclusion is clear here. We still have some way to go. But Germany is moving up very rapidly. Again – and a Slide on – 19 on productivity development, but this time we're looking at the gross profit development per FTE for the periods from 1998 onwards. And it is clear that one should adjust here for inflation and then, still we have some way to go.

The consolidated balance sheet, not much to say about it. The intangible assets and the other assets, which is the receivables are the main component here. The financing of Randstad's – of the liabilities side and please note that the financing runs into 2013. So, we're currently not working on any kind of refinancing, certainly not given the very attractive interest rates.

The consolidated cash flow statement again, repeated here. Please note that in the cash flow from operations before operating working capital, it includes the VAT of last year in the 157. The 214 last year included the corporate tax refund, which will be repaid in 2012 at the latest. The VAT, I already made this point, will be structural. Our investments in our property and plans and equipment software are 18 million in this quarter, very much in line with what we have discussed in previous quarters. So, all of these resulted in a net debt reduction of 195 million, bringing the net debt to almost 950 million.

Slide 22 is included, because it repeats the priorities, but I'm not going to elaborate on it now. And then we get into the outlook. And before I do that, I wanted to share with you the exit rates in the

month of September. In the Netherlands, the exit rates is 2% growth; in France, 19; in Germany, 37; in Belgium Luxembourg together, 17%; in the U.K., the exit rate came out at 10%; and Iberia at plus 5; and in North America, the exit rate was 22% for the combined business.

The number of working days in the fourth quarter will also be roughly equal, but Christmas is going to be in the weekend. So the impact is always uncertain of these last two weeks of the year. So, in Q3, we did see stable organic growth of 16% during the quarter. In-house and staffing showing very robust growth. The professional segment clearly picking up, so it has been strengthened and these positive trends persisted in the month of October. And we do expect to see healthy growth in the next quarter in all segments based on the trends that we have seen so far.

And then finally on Slide 24, again, a reminder. We'll have our Analyst and Investor Day 2010 in London on the 24th and 25th of November. That completes the presentation, the elaboration on the facts. We're now moving to questions-and-answers and I'm handing back to the operator.

**QUESTION AND ANSWER SECTION**

Operator: Thank you. [Operator Instructions]. Our first question comes from Teun Teeuwisse from ABN AMRO.

**<Q – Teun Teeuwisse>**: Hi, good morning, gentlemen. I assume, I have only two questions. So, I will stick to that.

**<A – Robert-Jan van de Kraats>**: Thank you.

**<Q – Teun Teeuwisse>**: First of all, on the gross margin. Can you indicate what the pricing impact will be going forward, because you mentioned the 40 basis points pressure? And can you indicate what the impact will be in the coming quarters of that? Will that increase?

**<A – Robert-Jan van de Kraats>**: I don't think so, Teun. I think we have made that point before that we do see this easing.

**<Q – Teun Teeuwisse>**: Okay, because it seems like the impact is now becoming more visible than it has been in previous quarters, although those volume contracts have already been closed before.

**<A – Ben Noteboom>**: It's mixed in, because we show more in the blue collar obviously, which has a low gross margin. We also see the highest growth in in-house which has the lowest gross margin. So, it's not the base pricing, it's a mix effect.

**<Q – Teun Teeuwisse>**: Okay. All right. And then the second question is a more general one. On cost control because, well, there is some gross margin pressure, whether it is pricing or mix effect. But to achieve your 50% gross profit conversion into EBITA, what will your actions on the cost side be going forward, say for 2011?

**<A – Ben Noteboom>**: It's as simple as unit steering. Obviously, in companies where we reach, let's say, capacity, the returns will be equal to the average EBITA we generate. So, like in Germany where we are growing, in some areas we've been growing a lot for example, Eastern Germany. There of course, we have to add people. So costs will go up. And other areas where we still have capacity left, we'll first fill up to capacity, according to our unit steering, which is by the way, we are re-emphasizing in the company more and more. And all the up goes we have, and that's how we're going to run it – as we've always done that, and it's almost boring, but it works.

**<Q – Teun Teeuwisse>**: Okay. But if the unit steering would have been perfect, then you wouldn't have any excess capacity, right?

**<A – Ben Noteboom>**: No. That's not true, because we said that we would maintain our network as much as we could afford to and we cautiously made a choice to maintain our network and keep our branches open and because, again leaving markets is a lot more costly. So, I disagree there.

**<Q – Teun Teeuwisse>**: Okay, but would it be fair to assume then that initially you can get a clearly higher than 50% conversion?

**<A – Robert-Jan van de Kraats>**: Oh, yes. That's what we see in certain countries of course. But if you look at cost development, there's always three phases. The first phase is that we use the existing people much more efficiently. So, we leverage that. The second phase is that we are adding people to the existing set up. So, within the existing branches and only then we get to phase three, which is adding branches. And at the very end of it, it's expanding the back office.

**<Q – Teun Teeuwisse>**: Okay And then a – one slight follow up?

<A – Robert-Jan van de Kraats>: No, no, Teun. Let's take the others first.

<Q – Teun Teeuwisse>: Well, actually it was on one remark Ben made on emphasizing more on unit steering. Can he explain a bit more what he means by that?

<A – Ben Noteboom>: Sure. We have a lot of off-line companies we've been integrating. And the next phase of course, is as always fine-tuning your operational methodologies, and one – and the most important one is unit steering. You should think about all the other companies we have in the group now. Everybody is getting more and more used to it and we're helping them to improve actually their capability to be able to do that.

<Q – Teun Teeuwisse>: Okay. Thank you very much.

<A – Robert-Jan van de Kraats>: Thank you.

Operator: Our next question come from Toby Reeks from Bank of America.

<Q – Toby Reeks>: Good morning, guys. Could I ask you to repeat the exit rates, because you ran through them quite quickly, I didn't get them all down and I'm hoping that doesn't take up one of my questions.

<A – Robert-Jan van de Kraats>: Yes, for sure we can. And the rates were for the Netherlands, 2%; for France, 19; for Germany, 37; for Belgium, 17; for the U.K., 10; Iberia, 5; and North America, 22. So, your second question please.

<Q – Toby Reeks>: Thanks, very much. And as I understand, you probably got about what six to eight weeks of visibility going forward. You guys aren't too worried I guess as we're coming up against the much tougher comps in – for the November and December, judging from your outlook statement. It doesn't seem to be something that you think you won't be able to grow quite strongly against. Is that the right way to interpret that?

<A – Ben Noteboom>: Again the visibility is the average duration of orders. Obviously, trends don't change overnight. And they usually have a – give a more reliable predictability than six weeks. So, we'd be very disappointed if the market would turn within this quarter.

<Q – Toby Reeks>: So, you have got visibility over, what do you say?

<A – Ben Noteboom>: We just shared with the trends. So, that's what we see. And again, the trends don't usually change that fast.

<Q – Toby Reeks>: Okay, cool. Thanks very much guys.

Operator: Our next question comes from Marc Zwartsenburg from ING.

<Q – Marc Zwartsenburg>: Yes, good morning, everyone. First of all, the question on the Netherlands. Can you give us any indication of the impact Yacht had on your group gross margin, and how did idle time develop through the quarter and what it now is? So that we can have a feel for what the impact from the swing factor for your gross margin will be from that area. And then, following up on that, you mentioned also seeing some aggressive tendering in the Netherlands and that you did not participate or let go of those contracts. Were you referring to, say, the periods as of last year in Q3 when that started, or were you also referring to the last quarters or Q3? That's on the Netherlands.

<A – Ben Noteboom>: Could you repeat the last question, Marc?

**<Q – Marc Zwartsenburg>**: Yes, you mentioned some aggressive tendering in the Dutch market, that it had – that you walked away from some contracts there, that that had an impact on your sales line. But I was not sure whether you were referring to, say, the trend already which started already last year in Q3 when you mentioned that there was some aggressive step down in gross margin in the Netherlands, or were you referring also to Q3, so the latest quarter?

**<A – Ben Noteboom>**: Now we referred to in the past mainly. Yes.

**<Q – Marc Zwartsenburg>**: So, that is not continuing, that aggressive tendering?

**<A – Ben Noteboom>**: Yah, and some big tender, but most of them actually – contracts have been renewed. So, it is fairly quiet if you look at the number of tenders we have today.

**<Q – Marc Zwartsenburg>**: Okay.

**<A – Robert-Jan van de Kraats>**: And your question on the impact of Yacht on the temp margin, it's there, the box is 0.4 and roughly 25% of that or 10 basis points is the result of Yacht.

**<Q – Marc Zwartsenburg>**: And the outlook on the issue, that is with short term or...

**<A – Robert-Jan van de Kraats>**: No, that is something we are solving and this goes step-by-step, but I think we have made a significant step forward again.

**<Q – Marc Zwartsenburg>**: But, there are no charges in the Q3 in the Netherlands in the EBIT.

**<A – Robert-Jan van de Kraats>**: Correct.

**<Q – Marc Zwartsenburg>**: All right. And then, my second question on – for the group. You had 545 for the quarter. You had a bit of a step down quarter-on-quarter. What should we expect going for, looking for Q4? Should we expect, say a similar level for Q4? Can you give us any guidance on that one?

**<A – Robert-Jan van de Kraats>**: What we can say Marc is the following: that in Q2 as always, if you start running the year and one is performing above budget, then the bonuses are being accumulated. That's what we did in Q2, and that, when you get to the maximum levels that doesn't have any impact anymore on Q3 and Q4. So, that will also be the same for Q4. But Ben already mentioned, we'll continue to add people in the countries where we are growing rapidly.

**<Q – Marc Zwartsenburg>**: Okay. So, from that as you take that it will be slightly up again in Q4 despite seasonal stronger Q3?

**<A – Robert-Jan van de Kraats>**: It should be, because we are growing in certain markets where we have exceeded our productivity targets – and it's all indicated by the unit steering system, eh?

**<Q – Marc Zwartsenburg>**: That's true. Maybe, final one on the subsidy. You mentioned a limited impact. So, what is your visibility on that? And if you can say that is limited? Because I can remember that the low-wage subsidy – low-wage workers' subsidy has quite a substantial impact on your French margin, that is quite sizeable. So, do you have any visibility what the actions will be then there?

**<A – Ben Noteboom>**: Yes, around – not exactly. We're trying to mitigate the effect because, of course everybody nowadays – every government wants to maintain as much jobs as they can afford to. We are as an industry, an important instrument to keep those jobs. So, we try to mitigate the effect of it. Two, let's say the rules of engagement usually need to be agreed with government,



which could have an effect. Three, if really something would happen, everybody would have to go to market to compensate for that. And four, it also depends – the total effect also depends on the mix we're going to see and as professionals is growing, et cetera, so that also has an effect. So, in that total basket, if you look our total returns for the group, the impact is not going to be that big.

<Q – Marc Zwartsenburg>: But that has – there's no detail yet on the outcome of this rule?

<A – Ben Noteboom>: Not exactly, but even with rather conservative assumptions, again for the total group, we're talking about the – and the expected returns because [inaudible] numbers, the impact is going to be limited.

<Q – Marc Zwartsenburg>: Okay. Thank you, very much.

Operator: Our next question comes from Arun Rambocus from Kempen.

<Q – Arun Rambocus>: Good morning, gentlemen. Two questions. First of all, on the Dutch market. What kind of trends are you seeing in white-collar staffing throughout the quarter? And can you update us on when you think you will be able to close to get to the market? I believe you made some statements on that in the second quarter, maybe you can repeat that.

Second question is on Germany. In Q3, you report an approximately 7% EBIT margin on a revenue base of €500 million. If I look back at my historical data, I believe in 2007, 2008 you had an EBIT margin which was 200 to 300 bps higher on a similar revenue base. So, what's going on that with the profitability? Why is profitability lower despite assuming revenue base? Thanks.

<A – Ben Noteboom>: The Dutch market, we all follow the ABU numbers which, of course, I think we shouldn't take too literally every four weeks. But the trend is obvious, the technical market and industrial market is growing. We see clerical improving. So, the trends are clear. We said that we will be at market and that usually takes about two, sometimes, three quarters to fix and we're still on to that opinion. We're getting closer and closer to market. So I'm pretty optimistic over – on that. 0.2 or 0.3% less return of course, is something that has to do with the sequence in recovery. The biggest recovery for sure. If you look at the growth scenario analysis, it's tremendous. But that's the lower margin business which gives a slightly lower return. But if we would be able for a long period of time to maintain returns at about let say, this level then, we would not be too sad about that.

<Q – Arun Rambocus>: Okay. Thanks.

Operator: Our next question comes from David Tailleir from Rabo Bank.

<Q – David Tailleir>: Yes, good morning, gentlemen. It's David Tailleir. Two questions. First of all in the U.S., I see slightly lower growth in Q3 improvement Southern in-house, underlying. Is it still sequential growth? And then secondly, maybe on your guidance, the outlook. Does it implicitly mean that, let's say, starting November and December, you will expect slightly lower growth, on group level, given the comparison base despite the improvements in Netherlands? Thanks.

<A – Robert-Jan van de Kraats>: Yes. I'm going to take your second question first, David. I think that is a fair assumption. We're comparing against last year, in which the decline most from minus 26 in September to minus 13 in December.

<A – Ben Noteboom>: And through the quarter for staffing and in-house, there is still sequential growth although of course the increase is slowing down.

<Q – David Tailleir>: And it's the same for perm in U.S.?

<A – Ben Noteboom>: Same for perm, yes.

<Q – David Tailleur>: Okay, thanks.

<A – Ben Noteboom>: Because, that's more driven by professionals obviously.

<Q – David Tailleur>: Yes. And in Q3 not a real big quarter in perm?

<A – Ben Noteboom>: Not exactly.

<Q – David Tailleur>: So I mean, the trend isn't that much for the moment?

<A – Ben Noteboom>: For the perm, no.

<Q – David Tailleur>: But that could be an in swing again for Southern in Q4?

<A – Ben Noteboom>: : It could be.

<Q – David Tailleur>: Okay. Thanks.

Operator: Our next question comes from Olivier Lebrun from Natixis.

<Q – Olivier Lebrun>: Good morning, Olivier Lebrun, Natixis. Two question, if I may. About the Netherlands. This in our services, for not for amongst in the Netherlands compared to the flat performance of the country in Q3?

<A – Robert-Jan van de Kraats>: Yes, it is.

<Q – Olivier Lebrun>: And could you give some figures?

<A – Robert-Jan van de Kraats>: No, we have indicated for the groups that in-house is growing by 55% and our Dutch in-house business is substantial part of that. So, I think that is a clear indication of what's happening there.

<Q – Olivier Lebrun>: Okay. And my second question relates to Germany. Could you give us an idea about the idle time or level in this country in Q3, please?

<A – Robert-Jan van de Kraats>: That has reduced, as I mentioned it. But still not at the level it has been two to three years ago. And that is exactly also the point that Arun Rambocus made that Germany is performing slightly below the peak levels couple of years ago. It's the mix and idle time. But I would say that idle time is not considered to be a very significant issue. But in the Aerospace business, we still are fighting with it.

<Q – Olivier Lebrun>: And last question, if I may. In France, what proportion of sales does in-house services at present in Q3.

<A – Robert-Jan van de Kraats>: It's still a single digit number.

<Q – Olivier Lebrun>: Single digit number?

<A – Robert-Jan van de Kraats>: Yes, it's too little.

<Q – Olivier Lebrun>: Okay. And could give us an idea of your target in this matter?

<A – Ben Noteboom>: The average of all markets is about – the potential market for in-house is about 15%.

<Q – Olivier Lebrun>: 15% in France, okay .

<A – Ben Noteboom>: But, that's again for all markets in France. It might be even higher because in the mix that does more business to that. The in-house growth and all of them by the way I looked up the numbers, is in the 20%.

<Q – Olivier Lebrun>: That's it.

Operator: The next question comes from the Thijs Berkelder from Petercam.

<Q – Thijs Berkelder>: Yes, thank you. Two questions. First on the productivity development. You're showing let's say the good countries Netherlands, Germany and U.S., but are missing the U.K. Also when looking at you need steering model, I would say, why not be more aggressive in what you're targeting there? Why not get more in corporate stuff or in outlets, when looking at the difference with other countries? Second question, re-branding expenses. We're seeing somewhere let's say, 1 million expenditures extra in Iberia. What is the number there for the U.K. for instance?

<A – Ben Noteboom>: The reason we are not cutting is because these are eventually healthy businesses. And we have a temporary different markets. We're not going to destroy our infrastructure just because of that, because we are in this market to stay, as you know. If you look at profitability, actually it's also bad in U.K. It's not good enough for sure, but it's professional segment rather has to come from, if you look at our productivity in in-house, it's amongst the top two performers in the group. So, we don't see any reason to aggressively cut cost there. We will – we think the market will recover in time and we will benefit from that.

<A – Robert-Jan van de Kraats>: And Thijs, we mentioned the re-branding in Iberia, one million per year. The cost in the U.K. are just below that. But you should note that this is of course timing issues that we expect to see some more of that in the fourth quarter.

<Q – Thijs Berkelder>: But in general, re-branding expenses then in Q4 versus Q3. Are you increasing?

<A – Robert-Jan van de Kraats>: Yes, but it's a limited amount in the total scale of things. It's just a few million in total. And very often, it replaces normal marketing expenses. We're trying to do that in a smart manner, of course.

<Q – Thijs Berkelder>: Okay. Clear.

<A – Ben Noteboom>: And on top of that in the U.K., of course, the idea there is if you combine a lot of companies, you combine budgets. So, instead of having many, many, small budgets, we have one big one to promote the brand. And that of course, is economies of scale. That I suppose to effect on sales and the effect on your cost level is limited. That's obvious.

<Q – Thijs Berkelder>: Yes. Thanks.

Operator: Our next question comes from Jaime Brandwood from UBS.

<Q – Jaime Brandwood>: Good morning. Two questions, if I could. Firstly, on a global basis looking at professional and looking at perm. So the 8% growth that you saw in professional, the 24% growth that you saw in perm. Could you give us the exit rates and highlight countries where the momentum in those two areas is quite strong?

And then the second question is, I noticed you're still cutting branches or at least outlets in France. We've been hearing the same thing from Adecco, they gave numbers at their Investor Day, which

suggested they're also still cutting branches in France through 2010. What's going on there? What's the plan to continue to cut or do we get to a stable level of branches at some point?

<A – Ben Noteboom>: No, in France the main reason for reduction is said the fact that we sold Selpro.

<Q – Jaime Brandwood>: Okay.

<A – Ben Noteboom>: So, for sure, not aggressively cutting branches. It all depends, I'm not going to give you the detail of exit rate. What I can say, is the obvious thing if you look at the growth rates of professionals in North America, which is the first market we cover as you know and we see the same happening in our market. So, the sequence of recovery of market gets translated and the same sequence in recovery in professionals. For example, of course U.S. doing very, very well. France is doing very well. IT in Germany is doing very well. A number of the businesses in U.K. are doing very well, but again, the ones are related to public spending are loss. And I think that the obvious suspect you would expect the next hike in revenues. And of course, the Yacht, the Netherlands is still down.

<Q – Jaime Brandwood>: But it's probably fair to say that 8% was double digit since you've exited the quarter. Would that be fair or...

<A – Ben Noteboom>: Yes. We shouldn't get into that much of detail I think.

<Q – Jaime Brandwood>: Okay. And then on the perm side, I mean there was an earlier question about a little bit of loss of momentum in U.S. perm. Is that 24% at a group level also slowing down or are there other areas which are accelerating still?

<A – Ben Noteboom>: We don't recognize that trend.

<Q – Jaime Brandwood>: Sorry. So, there's acceleration elsewhere or...

<A – Ben Noteboom>: On total, it's getting better.

<Q – Jaime Brandwood>: Okay. Thanks a lot.

<A – Ben Noteboom>: Okay.

Operator: Our next question comes from Wim Gille from RBS.

<Q – Wim Gille>: Yes. Good morning, gents. Wim Gille from Royal Bank of Scotland. Two questions. First of all, you showed quite a good growth in in-house. Can you give us a bit a feeling what portion of that growth was driven by client wins? What's portion was driven by growth at existing clients? And what portion is still related to the shifts from staffing Q2 in-house or from regular branches to in-house? And the second question would be on, let's say, the government exposure in, primarily the U.K. and the Netherlands. What portion of revenue is roughly speaking, related to government kind of work?

<A – Ben Noteboom>: In in-house, the biggest gains are from existing clients, who's stepping up activity again. And I'm not sure the exact difference between transfers and new clients, but we also have quite a number of new client gains. So, all in all business for sure has a lot of extra growth if we want compared to where we came from.

<Q – Bart Gianotten>: Yes, maybe to add, I mean, if you look at the transfers in France, is an amount of more than 20 million. So, that adds close to 7% already to fill the growth in in-house. I mean, it is substantial.

<A – Robert-Jan van de Kraats>: The exposure to the government sector in the U.K. has been indicated by us to be around 30% and in the Netherlands it's between 10 and 15%. And then one should note that most of that is in the local governments. And as a result of recent trends, it's getting less rather than more. But again, it's mostly at local governments where our people are very often the ones that are serving their clients instead of managing the government.

<A – Ben Noteboom>: Yes and maybe one thing to add, we should be careful in looking at that number because, for example, one of the big clients and all on this – are the tax authorities here. Every year before the first rental, a reduction has to fill in these tax papers and they have to be checked. No way are they going to save money on flexible EBITA, because without that, they can't cash the taxes. So, you have to be – you have to differentiate those sort of activities in order to be able to judge the effect on total revenue.

<Q – Wim Gille>: Okay. Many thanks.

Operator: Our next question comes from Bruce Hubbard from Odey Asset Management.

<Q – Bruce Hubbard>: Good morning, gentlemen. Just a one question. Forgive me if I misheard, but I don't think I heard you say an exit rate of the group. You've given the seven geographic regions. I'm afraid the mental arithmetic defeats me. Can you tell me what the group exit rate was mostly?

<A – Robert-Jan van de Kraats>: We mentioned to you that growth has been stable through the quarter, so that brings you to 16.

<Q – Bruce Hubbard>: Thank you very much. And therefore, when you say those trends persisted, you are effectively saying that October is the same?

<A – Ben Noteboom>: October is not finished yet and I don't want to share it and the – is what we've seen so far, that's in the line with about the same trends as we've seen before.

<Q – Bruce Hubbard>: Brilliant. Thanks.

Operator: Our next question comes from Sajeew Kumar from HSBC.

<Q>: Good morning, gents. Quickly, how have time to hire progressed in this quarter compared with the previous one? Could you give us a sense on that?

<A – Ben Noteboom>: Are you referring to our own staff or to flex staff?

<Q>: Time to hire for your customers, in the perm side.

<A – Ben Noteboom>: That has not changed.

<Q>: It hasn't changed.

<A – Ben Noteboom>: We'll do it in a minute sometimes and sometimes it will take two weeks. Depends on the segment we're in.

<Q>: Okay. And how about idle time? Have it improved quarter-on-quarter? I think you said it did.

<A – Ben Noteboom>: Yes, corrected. It did both in the Netherlands and in Germany.

<Q>: Okay, great. Thanks.

Operator: Our next question comes from Teun Teeuwisse, which is back on line with a question.

<Q – Teun Teeuwisse>: Yes, gents. I have well, few questions more than two. And that's...

<A – Ben Noteboom>: Go ahead. That's fine, Teun.

<Q – Teun Teeuwisse>: Three?

<A – Ben Noteboom>: Really. That's fine, we're okay. Go ahead.

<Q – Teun Teeuwisse>: This one is just on [inaudible] stuff. Can you indicate what the sales in EBITA contributions has been in the third quarter and what more charges we can expect going forward?

<A – Ben Noteboom>: Zero.

<A – Robert-Jan van de Kraats>: You're correct, the consolidation will start as from the 20th of October and we've just absorbed some transaction cost which we have mentioned as well, just a bit more than a million. The new accounting rules are enforcing us to absorb the transaction cost as they occur. And that means, we might have some more in Q4.

<Q – Teun Teeuwisse>: Yes exactly. Okay. Thank you very much.

<A – Ben Noteboom>: Yes, okay.

Operator: Marc Zwartsenburg from ING is back on line with a question.

<Q – Marc Zwartsenburg>: Yes also a follow up from my side. First of all, Robert-Jan, can you may be give us an update on your few or your strategy with regards to interest? Are you going to walk in a low interest or what are you going to do there for 2011, please?

<A – Robert-Jan van de Kraats>: We are very happy that our policy has proven to be the right one, and we believe that the right foundation to continue in the future. So, no changes.

<Q – Marc Zwartsenburg>: No changes. And then a final one, just on the cash flow. You mentioned, if I'm correct 85 million of VAT is being now structural?

<A – Robert-Jan van de Kraats>: Correct.

<Q – Marc Zwartsenburg>: And then, you have repayment of 125 million. Is this correct in 2012?

<A – Robert-Jan van de Kraats>: No, 150 million in 2012.

<Q – Marc Zwartsenburg>: 150.

<A – Robert-Jan van de Kraats>: At the latest we said. It's triggered by certain criteria, but the knowledge we have today puts that in 2012.

<Q – Marc Zwartsenburg>: Okay. That's it for now. Thank you.

<A – Robert-Jan van de Kraats>: Okay.

Operator: Our next question comes from David Hancock from Morgan Stanley.

<Q – David Hancock>: Hi, good morning. Just one from me, please. I just wanted to clarify the points around the comps getting tougher during the fourth quarter. I appreciate that Q3 '09 was sort of minus 28% and Q4 '09 only minus 17%. Wasn't that largely due to the prior year comparative for that period? If I look at the two-year cumulative rate it's about minus 30 in Q3 and Q4 and the absolute level of revenue in Q3 '09 and Q4 '09 were also quite similar. So, just how much tougher is the comp on the underlying basis in Q4, please?

<A – Ben Noteboom>: Again, since we have adopted the organization to the actual levels and also the activity in the market has gone down that much. You're absolutely right, that if you go to- or even better, three years back than that numbers far better, but we still have to absorb and get the extra growth in the market. So, that's why it's a bit tougher. But we're not panicking, yes. We're not panicking.

<Q – David Hancock>: Okay. Thanks. Thank you.

Operator: [Operator Instructions] Marc Zwartsenburg from ING is back on line with a question.

<Q – Marc Zwartsenburg>: Sorry guys. Follow up again. Now, we're talking about comps et cetera, again could you maybe discuss those trends month-on-month from October. You say that the trend is stable towards September, but is it also month-on-month still stable or week-by-week, that trends also stable, that's the numbers.

<A – Ben Noteboom>: Again, I think we shared what we could possibly share, Marc. We are a couple of week into October interim results. We shared that the trends are continuing as we saw them. I think that should do.

<A – Robert-Jan van de Kraats>: Yes, it's Robert. What we mean with the trends continuing for that – we have seen a bit of slowdown in the growth rate in Germany and in the U.S. Well, that might will continue and we see some strengthening in the Netherlands and that might well continue as well. So, I mean that's what we mean with it.

<Q – Marc Zwartsenburg>: Okay. Clear, thank you.

<A – Ben Noteboom>: Thank you.

<A – Robert-Jan van de Kraats>: I think this should be the last question, operator.

Operator: We have no further questions at this time.

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**Robert-Jan van de Kraats, Chief Financial Officer**

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Perfect. Well, we very much appreciate sharing the results with you and we are looking forward to meet you again late November at the Analyst and Investor Day. Thank you very much. Bye.

Operator: Thank you, ladies and gentlemen. This concludes today's conference call. Thank you for participating. You may now...

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