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

Press release First quarter results 2012

Date
26 April 2012

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Q1 2012: revenue holding up

revenue up 12% and diluted earnings per share up 3%

Key points Q1 2012

- revenue up 12% to € 4,152.4 million; organic growth[1] per working day flat at 0% (+1% in March).
- continued strong growth in North America, rate of decline eased across Europe
- gross margin at 18.0%, 0.1% below last year
- operating expenses flat compared to previous quarter at € 637.8 million
- EBITA[2] up 2% to € 110.4 million, with an EBITA margin at 2.7%
- free cash flow of € 57.8 million and leverage ratio down to 1.7
- net income for holders ordinary shares[4] up 2% to € 67.4 million
- diluted EPS up 3% to € 0.39 per ordinary share

Ben Noteboom, CEO Randstad: *"In North America, we continue to see excellent performance across the board. Our businesses in Asia-Pacific and Latin America show growth, while in Europe the situation remains rather uncertain. European performance in the first quarter was mixed, although it ended with a slightly upward trend. This could be encouraging, but it is too early to draw any major conclusions. Less restrictive European regulation in Italy and Belgium should benefit job markets progressively, although there is union resistance in several countries. We remain focused on profitable market share gains, relying on the quality and dedication of our people in the field, coupled with our strong concepts and execution."*

Core data in € million, unless otherwise indicated	**Q1 2012**	Q1 2011	*Y-o-Y change*
Revenue	4,152.4	3,700.0	*12%*
Gross profit	748.2	670.6	
Operating expenses	637.8	561.9	
EBITA before integration costs[2]	**110.4**	**108.7**	***2%***
EBITA[3]	104.0	108.7	
Adj. net income[4] for holders of ordinary shares	67.4	65.8	*2%*
Free cash flow	57.8	130.4	
Net debt	1,212.0	746.5	
Leverage ratio (net debt/EBITDA)	1.7	1.2	
DSO, days sales outstanding (moving average)	53.2	54.1	
Share data (in € per share)			
Basic EPS	0.16	0.22	*-27%*
Diluted EPS[4], underlying	0.39	0.38	*3%*

[1] organic growth is measured excluding the impact of currencies, acquisitions, disposals and reclassifications. When calculating growth, SFN Group is included on a pro forma basis in 2011 and therefore not excluded as an acquisition effect
[2] EBITA adjusted for integration costs
[3] EBITA: operating profit before amortization/impairment acquisition-related intangible assets and goodwill
[4] before amortization and impairment acquisition-related intangible assets and goodwill and integration costs

Structure of this press release

Financial performance

Key financials in € million, unless otherwise indicated	**Q1 2012**	Q1 2011	*Y-o-Y change*
Revenue	**4,152.4**	**3,700.0**	***12%***
Gross profit	748.2	670.6	*12%*
Operating expenses	637.8	561.9	*14%*
EBITA before integration costs	**110.4**	**108.7**	***2%***
Margins (in % of revenue)			
Gross margin	18.0%	18.1%	
Operating expenses margin	15.4%	15.2%	
EBITA margin	2.7%	2.9%	

Revenue

In Q1 2012 revenue increased by 12% to € 4,152.4 million. On a pro forma basis, organic revenue was 1% higher (or flat when adjusted for 0.7 more working days). The net effect of disposals (primarily in Germany, India and Japan) was 0.5% and currency effects had a positive impact of around 1.5%.

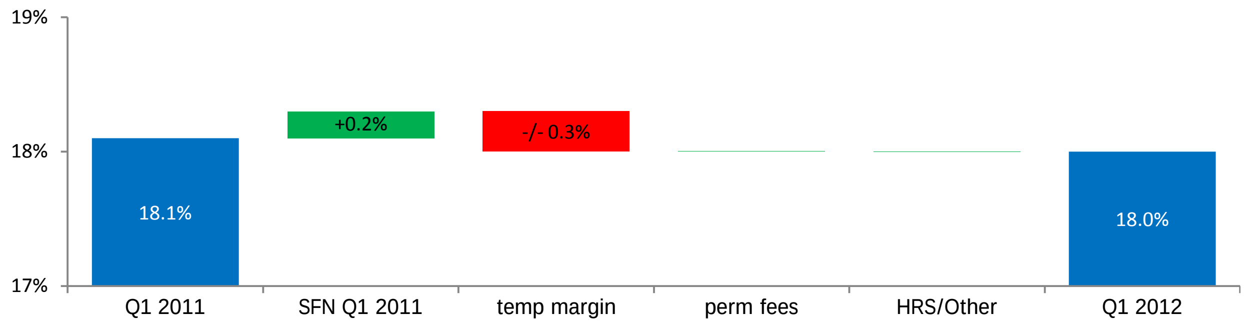
The growth trend strengthened throughout the quarter. Revenue per working day was flat in January, slightly lower in February and grew 1% in March. Perm fees made up 1.8% of revenue and 9.9% of gross profit (9.6% in Q1 2011). Perm fees remained under pressure in the UK and Australia, but this was offset by good performance in the US, Europe, China and Latin America.

North America continued its solid performance and grew by 8% per working day, up from 6% in Q4 2011 (pro forma SFN). Growth in the US remained strong across all segments. Revenue declined in Europe, although across most European countries seasonal patterns remained visible. Our business in Germany grew by 3% per working day. In France, we continued gaining market share despite a 5% decline in revenue (working day adjusted). In the Netherlands, revenue per working day was 2% lower than last year. Randstad the Netherlands gained market share, while Tempo-Team started to close the gap. In the UK, revenue per working day was 9% below last year. The environment in Southern Europe remained challenging, although it did not deteriorate further. Australia and Japan returned to modest growth, while Asia and Latin America maintained solid growth.

Inhouse services grew by 17%, or 5% adjusted for the reclassification of SFN's on-site business where we implemented the inhouse services concept. Staffing revenue contracted, mainly influenced by lower demand in the industrial segment across Europe. Professionals grew by 5% organically, ahead of the 3% in Q4 2011, with growth led by North America.

Gross profit

In Q1 2012 gross profit amounted to € 748.2 million. The gross margin was 18.0% (Q1 2011: 18.1%). On a like-for-like basis, reflecting the consolidation of SFN, the gross margin in Q1 2011 would have been 18.3%. The temp margin was 0.3% below last year (Q4 2011: -/-0.8%) and reflects ongoing price/mix effects. Perm fees and other HR services did not have an impact in the mix.



We have witnessed some signs of stabilization of the temp margin over the last few months, although in a limited number of countries margin pressure remains, including in the Netherlands and the UK, or even increased, such as in Germany. We noticed that over the course of Q1 2012 the competitive environment again became more challenging. We will continue to review client selection criteria whilst exploring alternative delivery models, especially for large contracts, and focus on different segments to gradually change our business mix.

Operating expenses

In Q1 2012, operating expenses amounted to € 637.8 million, in line with the previous quarter. On a sequential basis currency effects did not play a role, although when compared to Q1 2011 currency effects increased costs by € 11 million. Synergies amounted to € 3.8 million. Operating expenses included book profits of € 3.8 million, mainly related to divestments in the Netherlands and India.

Personnel expenses increased slightly compared to the previous quarter, which reflects wage inflation offset by changes in headcount. Average headcount (in FTEs) amounted to 30,030 for the quarter, down 3% versus Q4 2011. The divestments in Germany, India and Japan involved around 300 FTEs. The remainder of the reduction occurred across Europe, mostly towards the end of the quarter. The restructuring in the Netherlands, which was announced in Q4 2011, came into effect in February. In North America, headcount was just below Q4 2011 levels. Although headcount reduced in line with the progress of the integration, we continued to add headcount in services such as recruitment process outsourcing. Productivity (measured as gross profit per FTE) was in line with last year. At the end of the quarter we operated a network of 4,645 outlets, 66 fewer than in the previous quarter, as we continued to optimize our branch network.

EBITA

In Q1 2012, EBITA (before integration costs) increased by 2% to € 110.4 million, with an EBITA margin of 2.7% (Q1 2011: 2.9%). On a pro forma basis the EBITA in Q1 2011 would have been € 113.5 million or 2.8% of revenue.

Key financials – actual

in € million, unless otherwise indicated	Q1 2012	Q1 2011	change
EBITA before integration costs	**110.4**	**108.7**	*2%*
Integration costs	6.4	-	
Amortization of intangible assets	55.4	41.1	
Operating profit	**48.6**	**67.6**	*-28%*
Net finance costs	-7.4	-10.6	
Share of profit/(loss) of associates	0.0	-0.1	
Income before taxes	**41.2**	**56.9**	*-28%*
Taxes on income	-12.4	-17.2	
Net income	**28.8**	**39.7**	*-27%*

Amortization of intangibles and impairment goodwill

Amortization of acquisition-related intangible assets amounted to € 55.4 million compared to € 41.1 million in Q1 2011. Following the acquisition of SFN we allocated part of the goodwill paid to intangible assets - such as brand names, customer relationships, and candidate databases - to the balance sheet. This resulted in a quarterly amortization charge of € 19 million, offset by lower amortization charges from previous acquisitions.

Net finance costs

In Q1 2012, net finance costs reached € 7.4 million versus € 10.6 million in Q1 2011. Net finance costs include the interest expenses on our net debt position, as well as currency effects and adjustments in the valuation of certain assets and liabilities.

Interest expenses amounted to € 6.0 million compared to € 7.3 million in Q4 2011 (Q1 2011: € 5.3 million). The year-on-year increase was mainly caused by the higher net debt position following the acquisition of SFN. Foreign currency gains were € 0.8 million compared to a loss of € 5.4 million in Q1 2011. The remaining effect of € 2.2 million was mainly caused by adjustments in the valuation of assets and liabilities. In Q1 2011, the remaining effect was a gain of € 0.1 million, which included a gain of € 2.0 million related to the valuation of deferred considerations for non-controlling interests.

Tax

In Q1 2012, the effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill and integration costs amounted to 33% (2011: 31%). For the full year we still expect a tax rate of between 29% and 32%. The increase compared to last year is mainly caused by a changed geographical mix due to higher profitability in countries with above average tax rates and lower profitability in countries with below average tax rates. For cash tax purposes we expect the repayment of a tax liability, related to the refund of 2008 of € 131 million, in Q4 2012.

Net income and earnings per share

In Q1 2012, diluted EPS increased by 3% to € 0.39 (Q1 2011: € 0.38).

Net income and earnings per share

in € million, unless otherwise indicated	Q1 2012	Q1 2011	change
Net income	**28.8**	**39.7**	*-27%*
Results non-controlling interests	0.0	0.1	
Dividend holders preferred shares	1.8	1.8	
Net income for holders ordinary shares	**27.0**	**37.8**	**-29%**
Amortization intangible assets[1]	55.4	41.1	
Integration costs	6.4	-	
Tax effect on amortization[1] and integration costs	-21.4	-13.1	
Net income for holders ordinary shares (adj.)	**67.4**	**65.8**	**2%**
Basic EPS	0.16	0.22	*-27%*
Diluted EPS[2]	0.39	0.38	*3%*

Balance sheet

Operating working capital increased in line with the growth of our business and as a result of the acquisition of SFN. The moving average of Days Sales Outstanding improved by 0.9 days compared to Q1 2011 and 0.6 days compared to the previous quarter. The improvement was driven by the higher share of North America in the revenue mix, and continuous improvements in our invoicing and collection processes.

Selected balance sheet items

in € million, unless otherwise indicated	Mar. 31, 2012	Dec. 31, 2011	Mar. 31, 2011
Operating working capital[3]	**650.3**	**631.6**	**516.0**
DSO, days sales outstanding	*53.2*	*53.8*	*54.1*
Net debt	**1,212.0**	**1,302.6**	**746.5**
Leverage ratio (net debt / 12-month EBITDA)	*1.7*	*1.8*	*1.2*

At the end of Q1 2012 net debt amounted to € 1,212.0 million compared to € 1,302.6 million at the end of 2011. Net debt decreased sequentially in line with solid cash flow generation and the favorable impact of changes in currencies. The leverage ratio, which includes the EBITDA of SFN on a pro forma basis, reached 1.7. The covenants of the syndicated credit facility allow a leverage ratio of up to 3.5, while we aim at a maximum leverage ratio of 2. In Q2 2012 the net debt will again increase due to dividend payout (€ 222 million) and the yearly payment of holiday allowances in the Netherlands and Belgium (around € 130 million).

[1] amortization and impairment of acquisition-related intangible assets and goodwill
[2] diluted EPS before amortization and impairment acquisition-related intangible assets and goodwill and integration costs
[3] operating working capital is trade and other receivables minus current part financial fixed assets minus trade and other payables

Cash flow analysis

in € million, unless otherwise indicated	Q1 2012	Q1 2011	*change*
EBITA	**104.0**	**108.7**	***-4%***
Depreciation and amortization software	20.0	20.1	
EBITDA	**124.0**	**128.8**	***-4%***
Working capital	-28.9	-2.2	
Provisions and other items	-8.2	-4.3	
Income taxes (paid)/received	-17.3	22.7	
Net cash flow from operating activities	**69.6**	**145.0**	***-52%***
Net capital expenditures	-12.1	-14.7	
Financial receivables	0.3	0.1	
Free cash flow	**57.8**	**130.4**	***-56%***
Net acquisitions/disposals	7.6	-6.9	
Issue of ordinary shares	0.9	15.4	
Net finance costs paid	-6.0	-9.5	
Translation effects and other	30.3	23.4	
Net decrease net debt	**90.6**	**152.8**	

Free cash flow amounted to € 57.8 million. The decrease, compared to last year, was mainly caused by the timing of corporate income tax payments in 2011 and the movement in working capital. The slowdown in growth and the improved Days Sales Outstanding resulted in unwinding of trade receivables. However, this effect was more than offset by a different timing in the payment of trade and other payables compared to last year.

Net capital expenditures, which relate to office refurbishments and investments in IT equipment and software, were slightly lower than last year. The net receipt from acquisitions and disposals is related to divestments in Germany, India, Japan and the Netherlands. Net finance costs paid amounted to € 6.0 million. Translation effects and other of € 30.3 million are mainly caused by currency effects on the valuation of drawings under the syndicated credit facility, which are denominated in USD and JPY.

Performance by geography

North America in € million	**Q1 2012**	Q1 2011	*change*[1]
Revenue	957.3	476.1	*9%*
EBITA	22.8	10.7	*40%*
EBITA margin	2.4%	2.2%	

Overall performance

Strong performance was maintained in North America. Revenue increased by 8% per working day on a pro forma basis. The pro forma organic growth in Q4 2011 was around 6%. Perm fees in North America were up 16%. The gross margin was at the same level as Q1 2011. The total number of FTEs was just below the previous quarter. The number of FTEs was reduced during the integration process, although we continued to invest in specific areas, including recruitment process outsourcing where we added around 100 FTEs. The EBITA margin for the region reached 2.4%, and includes € 3.8 million of cost synergies. Last year's EBITA margin would have been 1.8%, had SFN been included in the consolidation. The table below highlights the results of SFN in 2011, and illustrates the impact of SFN on our 2011 results, assuming a pro forma situation.

Performance by business

Our combined US staffing and inhouse business grew by 6%. Growth in January was 7%, while March saw 5% growth. Growth continues to be led by the administrative segment and permanent placements. We reclassified all on-site business (€ 70 million) from legacy SFN as inhouse following the implementation of the inhouse concept at these locations. Additionally, we continued to transfer clients of Randstad from staffing to inhouse. Our US professionals businesses grew by 13% per working day. Growth was strong across all sectors. This growth rate reflects the change in revenue recognition for both years. Although Canada saw some slowdown in both staffing and professionals, the business grew by 5% per working day against a strong comparison base.

Overview SFN 2011

In order to assess the impact of SFN on our reported results over 2011, below we have listed the quarterly results of SFN in 2011 based on their accounting policies. As from September 2, 2011 the results of SFN were consolidated in the Group results. As from that moment we have changed the reporting periods for SFN and we have aligned accounting policies.

SFN Group 2011

in **$** million, indicative for 2011	**Q1 2011**	**Q2 2011**	**Q3 2011**	**Q4 2011**
Revenue	500.4	512.2	522.0	562.9
Gross profit	98.8	109.7	118.0	129.8
Operating expenses	92.1	94.5	98.0	101.6
EBITA	6.7	15.2	20.0	28.2

[1] organic change is measured excluding the impact of currencies, acquisitions, disposals and reclassifications. When calculating growth, SFN Group is included on a pro forma basis in 2011 and therefore not excluded as an acquisition effect

Integration SFN and synergies

The integration process is well on track. We have started the physical integration of the staffing business and the first branches have merged. Simultaneously, the back-office activities for the staffing business of SFN are being transferred to the back-office of Randstad. This process should be completed by the end of Q3 2012. The integration of the professionals businesses will take more time and will commence in Q3 2012. This integration also involves a change in the IT environment of both organizations. Based on this, the full amount of synergies will be reached in the course of 2013. In Q1 2012, we incurred integration costs of € 6.4 million. The costs in Q1 are mainly related to severance costs, rebranding, closing of offices and costs associated with IT integration. Since the integration process began we incurred integration costs of € 18.9 million.

In Q1 2012, synergies amounted to € 3.8 million and were slightly higher than Q4 2011. They mainly relate to savings in personnel expenses, costs for stock compensation plans, costs that were related to the US listing of SFN and the closure of offices. We remain confident that we will realize annual pre-tax cost synergies of around € 30 million ($40 million) and recurring annual tax savings of € 8 million ($10 million). Integration costs will be in line with the annual pre-tax cost synergies.

France in € million	**Q1 2012**	Q1 2011	*change*[1]
Revenue	741.6	765.6	*-3%*
EBITA	14.6	15.7	*-7%*
EBITA margin	2.0%	2.1%	

We continued to gain market share in France. Revenue per working day decreased by 5% compared to 5% growth in the previous quarter. The trend was fairly stable during the quarter, although February was impacted by the inclement weather conditions. Despite a slowing trend, growth in the automotive segment performed reasonably well. Inhouse services grew by a solid 15%, partly because of transfers. Revenue in our professionals business contracted by 4% (Q4 2011: +2%), despite good growth in engineering. Perm fees were 1% above last year. The French gross margin was the same as last year. The positive effects from price increases in 2011 were offset by higher wage taxes, the ongoing change in business mix, and we have refined the calculation method for subsidies, which will lead to a relative shift of subsidies towards the second half of the year when compared with the method we applied in 2011. The number of FTEs was 1% below the previous quarter. As a consequence of the above, the EBITA margin reached 2.0%. We continued reviewing client profitability. This resulted in the termination of some contracts during the course of Q1. We anticipate that the overall impact for 2012 will remain well below 1% of revenue.

[1] organic change is measured excluding the impact of currencies, acquisitions, disposals and reclassifications.

Netherlands in € million	**Q1 2012**	Q1 2011	*change* [1,2]
Revenue	688.2	701.3	*-1%*
EBITA	39.1	39.0	*1%*
EBITA margin	5.7%	5.6%	

Revenue contracted by 2% when adjusted for working days. This compares to 3% growth in the previous quarter. Revenue of the Dutch staffing market, which excludes Yacht, declined by around 3%. Randstad the Netherlands continued to perform well ahead of the market, mainly driven by inhouse and strong performance in payroll services. Revenue at Tempo-Team was behind market, but the gap shrunk because of strong performance in the industrial segment. Normal seasonal patterns remained visible in the Dutch market. At Yacht revenue declined by a low single digit rate, but higher productivity and better idle time management resulted in improved profitability. Revenue per working day in the private sector declined by 3%, while growth in the public sector strengthened to a mid single digit rate, mainly due to strong performance of Randstad the Netherlands. Our overall exposure to the public sector was stable at 14%. The number of FTEs was 5% below the level of Q4 2011, partly due to the adjustments made in Tempo-Team. Operating expenses included a book profit of € 2.0 million related to the divestment of Smart Group. The Dutch EBITA margin reached 5.7% compared to 5.6% in Q1 2011. Despite the continued growth in inhouse and payroll services, the competitive environment in the Netherlands remained challenging.

Germany in € million	**Q1 2012**	Q1 2011	*change*[1]
Revenue	461.9	451.6	*5%*
EBITA	20.9	25.6	*-19%*
EBITA margin	4.5%	5.7%	

Revenue grew organically by 3% per working day (Q4 2011: 8%). Revenue growth moved from 6% in January to 3% in March. This is fully attributable to the positive price effect related to the changes in the Collective Labor Agreement in 2011 as the number of employees working in our combined staffing and inhouse business was 4% lower than last year. The volume trend has been fairly stable and does not yet show a normal seasonal increase. Our inhouse business maintained strong growth, while growth of our staffing business was slightly below last year. Margin pressure in our staffing and inhouse business has become more pronounced over the last few months, with certain specific developments playing an important role. Firstly, 2012 has more public holidays than 2011, which has a negative impact of around 0.7%. Secondly, idle time was slightly higher than in Q1 2011, resulting in a negative effect of 0.4%. Additionally, and as result of a ruling in Germany, we are bearing higher salary costs during holidays. In line with Q4 2011, the negative effect was roughly 0.3%. Growth in professionals, which no longer includes the Aerospace business, remained strong at 15%, led by the IT segment. The German EBITA margin reached 4.5%.

[1] organic change is measured excluding the impact of currencies, acquisitions, disposals and reclassifications
[2] revenue in Q1 2012 was impacted by a reassessment of a limited number of contracts at Yacht. The effect has been reflected in the organic growth rate

Belgium & Luxembourg in € million	**Q1 2012**	Q1 2011	*change*[1]
Revenue	320.7	334.7	*-4%*
EBITA	13.2	14.0	*-6%*
EBITA margin	4.1%	4.2%	

Revenue per working day was 6% below last year, while it was at -/-3% in March. The combined staffing and inhouse business performed below the market, partly because of its relatively high exposure to the blue collar segment, where the decline was more pronounced. Professionals grew by 6% on the back of the successful implementation of the growth accelerator in 2011. Revenue from non-staffing services, such as service checks and HR Solutions, showed single digit growth, led by good performance in outplacement. The Belgian gross margin was relatively stable compared to the same period last year, although the competitive environment remains challenging. Good cost control was maintained and the number of FTEs was 4% below the level of Q4 2011. As a result, the EBITA margin remained broadly in line with Q1 2011.

United Kingdom in € million	**Q1 2012**	Q1 2011	*change*[1,2]
Revenue	198.0	205.0	*-7%*
EBITA	0.8	2.9	*-69%*
EBITA margin	0.4%	1.4%	

On an organic basis revenue per working day was 9% below last year, while revenue it was -/-5% in March. Professionals was gradually strengthening, led by engineering and finance, predominantly through temporary staffing. Demand within our education business is stable, which has eased the decline in revenue. Revenue at our inhouse business was 10% lower than Q1 2011, as we became more strict on client profitability. Perm fees were 19% below the same period last year (Q4 2011: -/-15%). In line with the trends in our business, we reduced our staff by 5% compared to the previous quarter. As a result, the EBITA margin reached 0.4%.

Iberia in € million	**Q1 2012**	Q1 2011	*change*[1]
Revenue	192.1	207.4	*-7%*
EBITA	2.9	3.6	*-19%*
EBITA margin	1.5%	1.7%	

Economic circumstances remained challenging in this region and revenue per working day was 8% lower than Q1 2011 (Q4 2011: -/- 6%). Revenue in Spain was down 10%, mainly driven by lower demand in manufacturing and distribution. We continued to transfer business from staffing to inhouse to optimize our delivery model for clients. The Spanish professionals business further strengthened following a successful start of the growth accelerator in 2011. The Portuguese business contracted by 6%, in line with the previous quarter. The contact center business performed solidly, while manufacturing and automotive were under pressure. Good cost control was maintained in both countries, resulting in an EBITA margin of 1.5%.

[1] organic change is measured excluding the impact of currencies, acquisitions, disposals and reclassifications
[2] revenue in Q1 2012 was impacted by a reassessment of a limited number of managed services contracts. The effect has been reflected in the organic growth rate

Other European countries in € million	**Q1 2012**	Q1 2011	*change*[1]
Revenue	210.4	212.1	*-1%*
EBITA	2.7	4.5	*-41%*
EBITA margin	1.3%	2.1%	

Revenue across other European countries contracted by 3% (working day adjusted) against a strong comparison base. In Italy, which makes up roughly 50% of this region, revenue declined by 3%. Revenue at our Swiss business was the same as in Q1 2011. Our Polish business contracted by 4%, due to the deliberate termination of a large contract following our focus on client profitability. In Scandinavia the decline was more pronounced, partly because of a slowdown in the industrial segment, while we deliberately terminated some contracts. Growth in professionals across Denmark and Sweden remained solid following the successful start of the growth accelerator. Our Hungarian business came under pressure as we lost one of our largest contracts, while in the Czech Republic revenue was just below the level of Q1 2011. Turkey and Greece performed solidly, returning double-digit growth. The EBITA margin for the region was 1.3%, which reflects the investments in headcount throughout 2011.

Rest of the world in € million	**Q1 2012**	Q1 2011	*change*[1]
Revenue	382.2	346.2	*7%*
EBITA	6.2	4.7	*26%*
EBITA margin	1.6%	1.4%	

In Japan (37% of the region) revenue grew by 4%, partly supported by the easy comparison base following the earthquake and tsunami in March 2011. Despite that effect, growth returned to the business, across all segments. Revenue in Australia and New Zealand (29% of the region) remained flat compared to the same period last year. The professionals business continued to grow, especially in the engineering and IT sectors. Perm fees remained under pressure mainly as a result of the challenging banking & finance market. China, with a strong focus on perm, maintained solid growth and we accelerated investments. Our Indian business grew organically by 13%. Following the divestment of the Indian payrolling business we included a book profit of € 1.4 million in operating expenses. In Latin America (18% of the region), the performance of the Argentinean business further strengthened based on strong growth in perm. Our Mexican business showed good performance, while in Brazil we returned to double-digit growth. In Brazil we focus on professionals and expanding our footprint. In Chile, revenue remained under pressure following the deliberate termination of contracts in 2011. However, we achieved strong growth in professionals.

[1] organic change is measured excluding the impact of currencies, acquisitions, disposals and reclassifications

Performance by revenue category

Staffing in € million	**Q1 2012**	Q1 2011	*change*[1]
Revenue	2,563.0	2,400.1	*-4%*
EBITA	68.7	74.8	*-10%*
EBITA margin	2.7%	3.1%	

Staffing revenue contracted by 4% on a pro forma basis. In North America we transferred on-site business of SFN to inhouse. Adjusted for this transfer, the decline in the staffing business would have been 1%, whereas in Europe growth in the major countries eased further. In Germany, revenue contracted by 1% (Q4 2011: +1%). Dutch staffing revenue was at the same level as Q1 2011. Belgian and French staffing revenue contracted by 5%. The EBITA margin reached 2.7%, partly driven by the addition of SFN's staffing business with below average profitability.

Inhouse in € million	**Q1 2012**	Q1 2011	*change*[1]
Revenue	707.3	594.3	*17%*
EBITA	24.1	19.6	*21%*
EBITA margin	3.4%	3.3%	

Inhouse services, mainly focused on industrial and logistical clients, grew by 17% organically compared to 6% in the previous quarter. Following the implementation of the concept we transferred on-site business of SFN to inhouse. Adjusted for this, growth would have been 5%. France and Germany led growth, with 15% and 13% respectively. In addition to the ongoing transfers from staffing, growth at existing clients accelerated. Inhouse revenue in Belgium and the UK remained under pressure. The EBITA margin reached 3.4% compared to 3.3% in Q1 2011.

Professionals in € million	**Q1 2012**	Q1 2011	*change*[1]
Revenue	882.1	705.6	*5%*
EBITA	30.4	26.3	*3%*
EBITA margin	3.4%	3.7%	

Professionals grew by 5% organically compared to 3% in the previous quarter. Perm fees declined by 6%. The US professionals businesses showed strong growth across all sectors, while revenue in Canada softened. Overall growth in the North American region was 11% compared to 11% in the previous quarter. Our French business contracted by 4% despite good growth in engineering. Revenue at our Dutch professionals businesses continued to decline, albeit at a low single digit rate. In the UK revenue was 6% below Q1 2011. The private sector-oriented part of the business strengthened during the quarter. The education and care businesses are still in decline, although the trend in education started to improve. The EBITA margin reached 3.4%. On a pro forma basis, assuming SFN would have been consolidated in 2011, the EBITA margin in Q1 2011 would have been 3.4%. Profitability improvements were hampered by limited contributions from the Netherlands and the UK and the investments from the growth accelerator across Europe.

[1] organic change is measured excluding the impact of currencies, acquisitions, disposals and reclassifications. When calculating growth, SFN Group is included on a pro forma basis in 2011 and therefore not excluded as an acquisition effect

Other information

M&A

On January 12, 2012, we announced small divestments in India and Angola. On February 3, 2012 we completed the divestment of the education business in Japan. On March 26, 2012, we completed the divestment of Smart Group in the Netherlands. None of these transactions have a material impact on Randstad's earnings or its financial position.

Deregulation

The regulatory environment for our sector witnessed some positive developments in Q1 2012, partly as a result of good achievements by sector bodies. In Italy, Belgium and Spain the governments started making it easier to use temporary workers, in line with the European Agency Work Directive. The Italian and Spanish governments are also reviewing the general labor laws, which may include some positive changes for our sector. In Japan, anticipated bans on our sector were not implemented. The direction is clearly positive and will support the long-term growth of our industry. At the same time, our industry faces increased resistance from unions across Europe.

Outlook

The patterns in our markets remained clearly different from previous cycles. North America continues to grow while we faced easing trends in Europe. Growth per working day was just below 4% in December and 0% in January and March saw growth of 1%.

We have experienced normal seasonal patterns across most European countries, with the exception of Germany, where we witnessed a rather flat development. Growth in perm fees remained challenging in the UK and Australia, while we achieved good growth in other regions. All these trends have continued into April. In line with our field steering model, we will continue to invest in those activities where growth continues and we will adjust the organization where necessary. Going into Q2 2012 we will also increase our marketing investments. As a result we expect a limited increase in our cost base compared to Q1 2012. We face the near future with confidence and we will remain focused on gaining profitable market share, improving our profitability and strong cash flow generation.

Working days *(indicative)*	Q1	Q2	Q3	Q4
2012	64.1	61.7	64.0	63.5
2011	63.4	62.1	64.9	62.9

Financial calendar

Publication second quarter and half year results	July 26, 2012
Publication third quarter results	October 25, 2012
Analyst & Investor day 2012	November 22, 2012
Publication fourth quarter and annual results	February 14, 2013
Annual General meeting of shareholders	March 28, 2013

Press conference and analyst meeting

Today, at 10.00 CET Randstad Holding will host an analyst conference call. The dial-in number is +31 (0) 20 796 52 13 or +44 (0)208 817 9301 for international participants. The confirmation code is: 7152250. You can listen to the call through real-time audio webcast. A replay of the presentation and the Q & A will also be available on our website by the end of the day. The link is: http://www.ir.randstad.com/presentations.cfm

Disclaimer

Randstad profile

Randstad specializes in solutions in the field of flexible work and human resources services. Our services range from regular temporary staffing and permanent placement to inhouse, professionals, search & selection, and HR Solutions. The Randstad Group is one of the leading HR services providers in the world with top three positions in Argentina, Belgium & Luxembourg, Canada, Chile, France, Germany, Greece, India, Mexico, the Netherlands, Poland, Portugal, Spain, Switzerland, the UK, and the United States as well as major positions in Australia and Japan. In 2011 Randstad had approximately 28,700 corporate employees and around 4,700 branches and inhouse locations in 40 countries around the world. Randstad generated a revenue of € 16.2 billion in 2011. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands. Randstad Holding nv is listed on the NYSE Euronext Amsterdam, where options for stocks in Randstad are also traded. For more information see www.randstad.com

Interim financial statements

Disclaimer:
The results as presented in the interim financial statements on pages 16 to 23 are unaudited.

Consolidated income statement

in € million, unless otherwise indicated	Q1 2012	Q1 2011
Revenue	**4,152.4**	**3,700.0**
Cost of services	3,404.2	3,029.4
Gross profit	**748.2**	**670.6**
Selling expenses	441.6	385.0
General and administrative expenses	202.6	176.9
Operating expenses	**644.2**	**561.9**
Amortization and impairment acquisition-related intangible assets and goodwill	55.4	41.1
Total operating expenses	**699.6**	**603.0**
Operating profit	**48.6**	**67.6**
Net finance costs	-7.4	-10.6
Share of loss of associates	0.0	-0.1
Income before taxes	**41.2**	**56.9**
Taxes on income	-12.4	-17.2
Net income	**28.8**	**39.7**
Net income attributable to:		
Holders of ordinary shares Randstad Holding nv	27.0	37.8
Holders of preferred shares Randstad Holding nv	1.8	1.8
Equity holders	**28.8**	**39.6**
Non-controlling interests	0.0	0.1
Net income	**28.8**	**39.7**
Earnings per share attributable to the holders of ordinary shares of Randstad Holding nv (in € per share):		
- Basic earnings per share	0.16	0.22
- Diluted earnings per share	0.16	0.22
- Diluted earnings per share before amortization and impairment acquisition-related intangible assets and goodwill and integration costs	0.39	0.38

Information by geographical area

in € million, unless otherwise indicated	Q1 2012	Q1 2011	change	organic change[1]	EBITA margin '12	EBITA margin '11
Revenue						
North America	957.3	476.1	101%	9%		
France	741.6	765.6	-3%	-3%		
Netherlands	688.2	701.3	-2%	-1%		
Germany	461.9	451.6	2%	5%		
Belgium & Luxembourg	320.7	334.7	-4%	-4%		
United Kingdom	198.0	205.0	-3%	-7%		
Iberia	192.1	207.4	-7%	-7%		
Other European countries	210.4	212.1	-1%	-1%		
Rest of the world	382.2	346.2	10%	7%		
Total revenue	**4,152.4**	**3,700.0**	**12%**	**1%**		
EBITA [2]						
North America	22.8	10.7	113%	40%	2.4%	2.2%
France	14.6	15.7	-7%	-7%	2.0%	2.1%
Netherlands	39.1	39.0	0%	1%	5.7%	5.6%
Germany	20.9	25.6	-18%	-19%	4.5%	5.7%
Belgium & Luxembourg	13.2	14.0	-6%	-6%	4.1%	4.2%
United Kingdom	0.8	2.9	-72%	-69%	0.4%	1.4%
Iberia	2.9	3.6	-19%	-19%	1.5%	1.7%
Other European countries	2.7	4.5	-40%	-41%	1.3%	2.1%
Rest of the world	6.2	4.7	32%	26%	1.6%	1.4%
Corporate	-12.8	-12.0				
EBITA before integration costs	**110.4**	**108.7**	**2%**	**-3%**	**2.7%**	**2.9%**
Integration costs	**-6.4**	**-**				
Total EBITA	**104.0**	**108.7**	**-4%**		**2.5%**	**2.9%**

[1] organic change is measured excluding the impact of currency effects, acquisitions, disposals and reclassifications. When calculating growth, SFN Group is included on pro forma basis in 2011 and therefore not excluded as acquisition effect

[2] EBITA by geographical area: operating profit before amortization and impairment acquisition-related intangible assets and goodwill and integration costs

Information by revenue category

in € million, unless otherwise indicated	Q1 2012	Q1 2011	change	organic change[1]	EBITA margin '12	EBITA margin '11
Revenue						
Staffing	2,563.0	2,400.1	7%	-4%		
Inhouse services	707.3	594.3	19%	17%		
Professionals	882.1	705.6	25%	5%		
Total revenue	**4,152.4**	**3,700.0**	**12%**	**1%**		
EBITA[2]						
Staffing	68.7	74.8	-8%	-10%	2.7%	3.1%
Inhouse services	24.1	19.6	23%	21%	3.4%	3.3%
Professionals	30.4	26.3	16%	3%	3.4%	3.7%
Corporate	-12.8	-12.0				
EBITA before integration costs	**110.4**	**108.7**	**2%**	**-3%**	**2.7%**	**2.9%**
Integration costs	**-6.4**	**-**				
Total EBITA	**104.0**	**108.7**	**-4%**		**2.5%**	**2.9%**

[1] organic change is measured excluding the impact of currency effects, acquisitions, disposals and reclassifications. When calculating growth, SFN Group is included on pro forma basis in 2011 and therefore not excluded as acquisition effect
[2] EBITA by revenue category: operating profit before amortization and impairment acquisition-related intangible assets and goodwill and integration costs

Consolidated balance sheet

in € million, unless otherwise indicated	March 31, 2012	December 31, 2011	March 31, 2011
ASSETS			
Property, plant and equipment	170.3	179.4	149.2
Intangible assets	3,202.0	3,287.4	3,072.3
Deferred income tax assets	489.3	724.4	495.5
Financial assets and associates	80.5	81.0	75.5
Non-current assets	**3,942.1**	**4,272.2**	**3,792.5**
Trade and other receivables	2,943.6	3,110.9	2,702.3
Income tax receivables	50.7	52.8	49.9
Cash and cash equivalents	355.0	338.6	279.6
Current assets	**3,349.3**	**3,502.3**	**3,031.8**
TOTAL ASSETS	**7,291.4**	**7,774.5**	**6,824.3**
EQUITY AND LIABILITIES			
Issued capital	19.7	19.6	19.6
Share premium	2,096.4	2,067.2	2,064.9
Reserves	580.1	811.6	576.5
Shareholders' equity	**2,696.2**	**2,898.4**	**2,661.0**
Non-controlling interests	0.6	0.6	1.6
Total Equity	**2,696.8**	**2,899.0**	**2,662.6**
Borrowings	1,527.7	1,602.7	931.0
Deferred income tax liabilities	200.8	442.7	421.6
Provisions and employee benefit obligations	80.9	84.1	80.8
Other liabilities	20.3	19.4	55.0
Non-current liabilities	**1,829.7**	**2,148.9**	**1,488.4**
Borrowings	39.3	38.5	95.1
Trade and other payables	2,291.4	2,477.5	2,184.5
Income tax liabilities	66.5	53.3	83.2
Dividend payable	222.2	-	208.8
Provisions and employee benefit obligations	90.7	100.5	64.6
Other liabilities	54.8	56.8	37.1
Current liabilities	**2,764.9**	**2,726.6**	**2,673.3**
Liabilities	**4,594.6**	**4,875.5**	**4,161.7**
TOTAL EQUITY AND LIABILITIES	**7,291.4**	**7,774.5**	**6,824.3**

Consolidated statement of cash flows

in € million, unless otherwise indicated	Q1 2012	Q1 2011
Operating profit	**48.6**	**67.6**
Depreciation property, plant and equipment	13.6	13.5
Amortization software	6.4	6.6
Amortization and impairment acquisition-related intangible assets	55.4	41.1
Gain on disposal of activities	-3.8	0.0
Share-based payments	6.5	3.5
Provisions and employee benefit obligations	-11.1	-7.2
Loss/(gain) on disposals of property, plant and equipment	0.2	-0.6
Cash flow from operations before operating working capital and income taxes	**115.8**	**124.5**
Trade and other receivables	135.3	48.5
Trade and other payables	-164.2	-50.7
Operating working capital	**-28.9**	**-2.2**
Income taxes (paid)/received	-17.3	22.7
Net cash flow from operating activities	**69.6**	**145.0**
Additions in property, plant and equipment	-8.8	-11.5
Additions in software	-3.9	-5.0
Acquisition of subsidiaries and associates/buyouts	-1.1	-8.8
Financial receivables	0.3	0.1
Disposals of property, plant and equipment	0.6	1.8
Disposal of activities	8.7	1.9
Net cash flow from investing activities	**-4.2**	**-21.5**
Issue of ordinary shares	0.9	15.4
Net repayments of non-current borrowings	-43.7	-152.2
Net financing	**-42.8**	**-136.8**
Net finance costs paid	-6.0	-9.5
Net reimbursements to financiers	**-6.0**	**-9.5**
Net cash flow from financing activities	**-48.8**	**-146.3**
Net increase / (decrease) in cash, cash equivalents and current borrowings	**16.6**	**-22.8**
Cash, cash equivalents and current borrowings, at begin of period	**300.1**	**209.2**
Net movement	16.6	-22.8
Translation losses	-1.0	-1.9
Cash, cash equivalents and current borrowings, at end of period	**315.7**	**184.5**
Free cash flow	**57.8**	**130.4**

Consolidated statement of comprehensive income – three-month period ended

In € million, unless otherwise indicated	March 31, 2012 Shareholders' equity	March 31, 2012 Non-controlling interests	March 31, 2012 **Total equity**	March 31, 2011 Shareholders' equity	March 31, 2011 Non-controlling interest	March 31, 2011 **Total equity**
Net income for the period	28.8	0.0	28.8	39.6	0.1	39.7
Translation differences	-19.0	0.0	-19.0	-39.4	-0.1	-39.5
Other	0.0	-	0.0	-0.1	-	-0.1
Total comprehensive income	**9.8**	**0.0**	**9.8**	**0.1**	**0.0**	**0.1**

Consolidated statement of changes in equity – three-month period ended

In € million, unless otherwise indicated	March 31, 2012 Shareholders' equity	March 31, 2012 Non-controlling interests	March 31, 2012 **Total equity**	March 31, 2011 Shareholders' equity	March 31, 2011 Non-controlling interest	March 31, 2011 **Total equity**
Value at December 31	**2,898.4**	**0.6**	**2,899.0**	**2,850.8**	**1.6**	**2,852.4**
Comprehensive income						
Net income for the period	28.8	0.0	28.8	39.6	0.1	39.7
Translation differences	-19.0	-0.0	-19.0	-39.4	-0.1	-39.5
Other	0.0	-	0.0	-0.1	-	-0.1
Total comprehensive income	**9.8**	**0.0**	**9.8**	**0.1**	**0.0**	**0.1**
Dividend on ordinary shares	-215.1	-	-215.1	-201.6	-	-201.6
Dividend on preferred shares	-7.1	-	-7.1	-7.2	-	-7.2
Share-based payments	6.5	-	6.5	3.5	-	3.5
Tax on share-based payments	2.8	-	2.8	-	-	-
Issue of ordinary shares	0.9	-	0.9	15.4	-	15.4
Value at March 31	**2,696.2**	**0.6**	**2,696.8**	**2,661.0**	**1.6**	**2,662.6**

Notes to the consolidated interim financial statements

Reporting entity

Randstad Holding nv is a public limited liability company incorporated and domiciled in the Netherlands and listed on Euronext Amsterdam.
The consolidated interim financial statements of Randstad Holding nv as at and for the three-month period ended March 31, 2012 include the company and its subsidiaries (together called the 'Group').

Significant accounting policies

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (hereafter: IFRS).
The accounting policies applied by the Group in these consolidated interim financial statements are unchanged compared to those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2011.

Basis of presentation

These consolidated interim financial statements are condensed and prepared in accordance with (IFRS) IAS 34 'Interim Financial Reporting'; they do not include all of the information required for full (annual) financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2011.

The consolidated financial statements of the Group as at and for the year ended December 31, 2011 are available upon request at the Company's office or at www.ir.randstad.com.

Estimates

The preparation of consolidated interim financial statements requires the Group to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgments, estimates and assumptions were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2011.

Seasonality

The Group's activities are impacted by seasonal patterns. The volume of transactions throughout the year fluctuates per quarter, dependent upon demand as well as variations in items such as the number of working days, public holidays and holiday periods. Historically, the Group usually generates its strongest revenue and profits in the second half of the year. Historically, in the second quarter cash flow is usually negative due to the timing of payments of holiday allowances and dividend; cash flow tends to be the strongest in the second half of the year.

Effective tax rate

The effective tax rate in Q1 2012 of 30% is based upon the estimate effective tax rate for the whole year 2012 (Q1 2011: 30%).

Acquisition of Group companies and buyout of non-controlling interests

The cash out for acquisitions in Q1 2012 of € 1.1 million relates to arrangements with regard to acquired group companies in preceding years. As these companies were already consolidated in full in 2011, no additional contribution to revenue and operating profit resulted from these acquisitions in 2012.

In September 2011, the Group acquired 100% of the shares of SFN Group Inc; SFN Group Inc (USA) is consolidated as from September 2, 2011.

Disposal of Group companies

In Q1 2012 the Group disposed of businesses in the Netherlands and Rest of the world, leading to a cash inflow of € 8.7 million, including cash inflow from disposals in preceding years.

Shareholders' equity

Issued number of ordinary shares	Q1 2012	Q1 2011
December 31	170,948,980	170,048,755
Share based payments arrangements	1,123,932	838,351
March 31	**172,072,912**	**170,887,106**

Average number of ordinary shares (in millions)	Q1 2012	Q1 2011
Avg. number of ordinary shares outstanding	171.5	170.5
Avg. number of diluted ordinary shares outstanding	172.1	172.0

Net debt position

The net debt position as of March 31, 2012 (€ 1,212.0 million) is € 90.6 million lower compared to December 31, 2011 (€ 1,302.6 million), which is mainly influenced by the positive cash flow from operations in Q1 2012.

Breakdown operating expenses

In € million	Q1 2012	Q1 2011
Personnel expenses	470.9	400.8
Other operating expenses	173.3	161.1
Operating expenses	**644.2**	**561.9**

Depreciation and amortization software

In € million	Q1 2012	Q1 2011
Depreciation property, plant and equipment	13.6	13.5
Amortization software	6.4	6.6
Total depreciation and amortization software	**20.0**	**20.1**

Related-party transactions

There are no material changes in the nature, scope and (relative) scale in this reporting period compared to the disclosures in note 41 and 42 of the consolidated financial statements as at and for the year ended December 31, 2011.

Commitments

There are no material changes in the nature and scope compared to the disclosures in note 33 of the consolidated financial statements as at and for the year ended December 31, 2011.