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

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Q3 2012: costs down by € 18 million versus previous quarter *ensuring adaptability*

Key points Q3 2012

- revenue up 4% to € 4,396.8 million; organic growth[1] per working day -/-4% (-/-3% in September)
- North America up 4%, Rest of the World up 7% and Europe -/-7% (organic growth per working day)
- gross margin at 18.2%, stable versus Q2 2012
- operating expenses[2] at € 637.8 million, down € 18 million versus Q2 2012 in constant currencies
- underlying EBITA[2,3] of € 161.4 million, EBITA margin at 3.7%
- free cash flow of € 207.3 million, up 7% versus Q3 2011
- net debt € 1,437.4 million and leverage ratio at 2.2
- diluted EPS[4] from € 0.66 to € 0.62 per ordinary share

"Our performance in North America and Japan was again solid but European conditions softened further", says Ben Noteboom, CEO of Randstad. *"In France, business confidence is eroding fast. Many clients in Europe feel the effects of economic uncertainty. There is an urgent need to reform European labor markets. In November the new collective labor agreements in Germany will kick in, and we are prepared for the resulting changes. We are actively protecting client profitability, and our costs are substantially down quarter-on-quarter, which means we are on track to reach our savings targets. Our delivery models are continuously updated for best efficiency. Our inhouse concept is once more proving its value. With concepts like these, and with the proven professionalism of our people, we are well placed to cope with difficult circumstances while also benefiting from growth opportunities."*

Core data			*Y-o-Y*			*Y-o-Y*
in € million, unless otherwise indicated	**Q3 2012**	Q3 2011	*change*	**9m 2012**	9m 2011	*change*
Revenue	4,396.8	4,232.4	*4%*	12,852.3	11,847.4	*8%*
Gross profit	799.2	764.9	*4%*	2,329.8	2,156.0	*8%*
Operating expenses, underlying[2]	637.8	589.8	*8%*	1,923.1	1,718.7	*12%*
EBITA[3], underlying[2]	**161.4**	**175.1**	***-8%***	**406.7**	**437.3**	***-7%***
EBITA[3]	145.4	164.4		361.2	426.6	
Adj. net income[4] for holders of ordinary shares	107.0	114.2	*-6%*	261.9	281.1	*-7%*
Free cash flow	207.3	193.9	*7%*	97.8	218.8	*-55%*
Net debt	1,437.4	1,486.7				
Leverage ratio (net debt/EBITDA)	2.2	2.0				
DSO, days sales outstanding (moving average)	52.6	53.8				
Share data (in € per share)						
Basic EPS	0.39	0.45	*-13%*	0.75	1.11	*-32%*
Diluted EPS[4], underlying	0.62	0.66	*-6%*	1.52	1.63	*-7%*

[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] operating expenses and EBITA adjusted for integration costs and one-offs
[3] EBITA: operating profit before amortization/impairment acquisition-related intangible assets and goodwill
[4] before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs

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Financial performance

Key financials in € million, unless otherwise indicated	**Q3 2012**	Q3 2011	*Y-o-Y change*	**9m 2012**	9m 2011	*Y-o-Y change*
Revenue	**4,396.8**	**4,232.4**	***4%***	**12,852.3**	**11,847.4**	***8%***
Gross profit	799.2	764.9	*4%*	2,329.8	2,156.0	*8%*
Operating expenses, underlying	637.8	589.8	*8%*	1,923.1	1,718.7	*12%*
EBITA, underlying	**161.4**	**175.1**	***-8%***	**406.7**	**437.3**	***-7%***
Margins (in % of revenue)						
Gross margin	18.2%	18.1%		18.1%	18.2%	
Operating expenses margin, underlying	14.5%	13.9%		15.0%	14.5%	
EBITA margin, underlying	3.7%	4.1%		3.2%	3.7%	

Revenue

Another quarter with a rather mixed picture. We saw continued growth in North America, Asia and Latin America, and decline in Europe and Australia. As a result, revenue per working day was down 3.6% compared to the year-on-year decline of 0.8% in the previous quarter. Currency effects had a positive impact of 3.4%, partly offset by 0.8 fewer working days and the effect of some disposals. Combined with the effect of the consolidation of SFN Group this led to a 4% growth in revenue. Revenue per working day contracted by 5% in July and 3% in August and September.

The decline in perm fees recovered to -/-6.6% (Q2 2012: -/-9.0%). Strong growth was maintained across North America, China and Latin America, whereas the slowdown in Europe and Australia stabilized. Perm fees made up 1.7% of revenue and 9.3% of gross profit (Q2 2012: 9.7%).

Strong growth was maintained in revenue from other services, such as payroll services, managed services and recruitment process outsourcing (RPO).

Diverging trends across regions persist. North America grew by 4% per working day compared to 7% in Q2 2012. In Europe, revenue per working day declined by 7% (Q2 2012: -/-4%). Most countries showed a continued gradual decline, but the decline in France (-/-11%) and Germany (-/-5%) accelerated towards the end of the quarter. In the Rest of the World, trends improved in Asia, where Japan (+7%) maintained a strong performance, and in Latin America our business grew by 23%. This was offset by weaker demand in Australia (-/-7%).

Inhouse services grew by 13%, or 3% (Q2 2012: 3%) adjusted for the reclassification of SFN's on-site business where we implemented the inhouse services concept. Staffing revenue contracted by 9% (Q2 2012: -/-7%), influenced by lower demand in the industrial segment across Europe. Professionals were 3% below last year (Q2 2012: 1%), despite continued growth in North America.

Gross profit

In Q3 2012 gross profit amounted to € 799.2 million, up 4% compared to last year. The organic change was -/-6% (Q2 2012: -/-5%). Currency effects added € 33 million to gross profit compared to Q3 2011.

The gross margin was 18.2%, compared to 18.1% in Q3 2011. On a like-for-like basis, reflecting the consolidation of SFN, the gross margin in Q3 2011 would have been 18.3%. The temp margin was 0.4% below last year (Q2 2012: -/- 0.6%) and reflects ongoing price/mix effects. Perm fees had no impact in the mix. Other HR services added 0.3% to the gross margin.

Our gross margin in North America maintained its momentum and continued to expand, contributing to the 5% growth of our North American gross profit. In Europe, the decline in gross profit stabilized at -/-11%. Gross margin pressure in the Netherlands stabilized, while it eased somewhat in Germany. In Southern Europe we faced increased margin pressure.

Operating expenses

Our focus on costs and ensuring the adaptability of the organization resulted in a decrease in operating expenses of € 18 million compared to Q2 2012, assuming constant currencies. Currency effects added around € 8 million to the cost base. Cost savings were realized across all regions. In Europe costs reduced by € 10 million, to which Germany, the United Kingdom, Spain and Italy contributed most. Cost savings in the Netherlands were offset by higher marketing costs related to the sponsorship of the Dutch Olympic Team. In North America costs reduced by € 6 million, of which € 1 million of additional synergies.

Compared to last year, assuming SFN had already been consolidated, operating expenses decreased by € 26 million, which includes € 7 million of synergies. Currency effects added € 28 million to the cost base, while divestments lowered the cost base by € 6 million. In Europe and North America, costs decreased by € 26 million and € 2 million respectively. We continued to invest in growth in emerging markets, especially in China and Latin America.

Operating expenses were adjusted for restructuring costs of € 9.5 million, mainly in the Netherlands and Iberia. We anticipate a payback period of around 12 months. Last year's cost base was adjusted for acquisition related costs of € 6.1 million.

Average headcount (in FTE) amounted to 29,220 for the quarter, down 1% versus Q2 2012. At the end of Q3 2012, the number of FTEs was 780, or 3%, lower than at the end of Q2 2012. Since the end of Q3 2011 the number of FTEs reduced by 1,980, or 6%. The reduction in FTEs in Q3, which follows the trend in gross profit, occurred mainly across Europe. In North America, headcount was just below Q2 2012 levels.

Productivity (measured as gross profit per FTE) was 4% ahead of last year. We operated a network of 4,567 outlets (Q2 2012: 4,607), 40 fewer than in the previous quarter, as we continued to optimize our branch network in countries such as North America (-/-14), the United Kingdom (-/-12) and the Netherlands (-/-11).

EBITA

In Q3 2012 underlying EBITA decreased by 8% to € 161.4 million, with an EBITA margin of 3.7% (Q3 2011: 4.1%). On a like-for-like basis the EBITA in Q3 2011 would have been € 182.3 million or 4.0% of revenue. Currency effects added € 4.6 million to EBITA.

We focus on capturing profitable growth in North America and the Rest of the World, while in Europe our focus is on client profitability, by optimizing our delivery models and costs. We are well on track to meet our savings target of € 70-100 million (annualized) by the end of Q2 2013. Our field steering approach ensures adaptability of the field organization. In addition we closely monitor productivity and efficiency of the whole organization, including overhead and head office costs.

Key financials

in € million, unless otherwise indicated	Q3 2012	Q3 2011	Y-o-Y change	9m 2012	9m 2011	Y-o-Y change
Underlying EBITA	**161.4**	**175.1**	***-8%***	**406.7**	**437.3**	***-7%***
Integration costs	-6.5	-4.6		-19.2	-4.6	
One-offs	-9.5	-6.1		-26.3	-6.1	
EBITA	**145.4**	**164.4**		**361.2**	**426.6**	
Amortization of intangible assets[1]	43.2	43.4		154.7	123.6	
Operating profit	**102.2**	**121.0**	***-16%***	**206.5**	**303.0**	***-32%***
Net finance costs	-2.6	-7.1		-12.2	-22.8	
Share of profit/(loss) of associates	0.1	0.0		0.0	-0.1	
Income before taxes	**99.7**	**113.9**	***-12%***	**194.3**	**280.1**	***-31%***
Taxes on income	-30.9	-34.4		-60.2	-84.6	
Net income	**68.8**	**79.5**	***-13%***	**134.1**	**195.5**	***-31%***

Amortization of intangibles and impairment goodwill

Amortization of acquisition-related intangible assets amounted to € 43.2 million, which is € 13 million below Q2 2012. The decrease is caused by the fact that (part of) the brand names, which were acquired as part of the SFN acquisition, have been amortized over 10 months.

Net finance costs

In Q3 2012 net finance costs reached € 2.6 million versus € 7.1 million in Q3 2011. Net finance costs include the net 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 € 5.5 million compared to € 7.1 million in Q3 2011. Interest costs decreased in line with lower interest rates and the normal seasonal decrease in net debt. Last year net debt increased towards the end of the quarter as a result of the acquisition of SFN. The remaining effect of € 2.9 million (gain) was mainly caused by adjustments in the valuation of certain assets and liabilities. Foreign currency changes did not have a significant impact.

Tax

In Q3 2012 the effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs amounted to 32% (2011: 31%). For the full year we expect a tax rate at the higher end of our indicated range of between 29% and 32%. The increase compared to last year is mainly caused by a changed geographical mix with higher profitability in countries with above average tax rates, and lower profitability in countries with below average tax rates.

[1] amortization and impairment of acquisition-related intangible assets and goodwill

Net income and earnings per share

In Q3 2012 diluted EPS decreased from € 0.66 to € 0.62.

Net income and earnings per share

in € million, unless otherwise indicated	Q3 2012	Q3 2011	change	9m 2012	9m 2011	change
Net income	**68.8**	**79.5**	***-13%***	**134.1**	**195.5**	***-31%***
Results non-controlling interests	0.0	0.1		0.0	0.2	
Net income holders preferred shares	1.8	1.8		5.4	5.4	
Net income for holders ordinary shares	**67.0**	**77.6**	***-14%***	**128.7**	**189.9**	***-32%***
Amortization intangible assets[1]	43.2	43.4		154.7	123.6	
Integration costs	6.5	4.6		19.2	4.6	
One-offs	9.5	6.1		26.3	6.1	
Tax effect on aforementioned items	-19.2	-17.5		-67.0	-43.1	
Net income for holders ordinary shares (adj.)	**107.0**	**114.2**	***-6%***	**261.9**	**281.1**	***-7%***
Basic EPS	0.39	0.45	*-13%*	0.75	1.11	*-32%*
Diluted EPS[2]	0.62	0.66	*-6%*	1.52	1.63	*-7%*

Balance sheet

Operating working capital decreased by € 97 million. Despite a normal seasonal pattern, where Q3 revenue exceeds Q2 revenue, the reduction occurred mainly as a result of strong cash flow generation. Like in the previous quarter we faced some delay, because month-end was in a weekend, but the impact was significantly less in the third quarter. The moving average of Days Sales Outstanding improved by 1.2 days compared to Q3 2011 and by 0.1 days sequentially. The improvement was driven by the changes in the revenue mix, and continuous improvements in our invoicing and collection processes.

Selected balance sheet items

in € million, unless otherwise indicated	Sep. 30, 2012	Jun. 30, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011
Operating working capital[3]	**809.0**	**906.3**	**631.6**	**742.0**	**718.8**
DSO, days sales outstanding	*52.6*	*52.7*	*53.8*	*53.8*	*53.8*
Net debt	**1,437.4**	**1,653.7**	**1,302.6**	**1,486.7**	**1,069.7**
Leverage ratio (net debt / 12-month EBITDA)	*2.2*	*2.4*	*1.8*	*2.0*	*1.6*

At the end of Q3 2012 net debt amounted to € 1,437.4 million compared to € 1,653.7 million at the end of Q2 2012. As expected, net debt decreased sequentially as a result of the free cash flow. The leverage ratio, which includes the EBITDA of SFN on a pro forma basis, reached 2.2. 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. Apart from certain uncommitted credit lines, Randstad has a committed syndicated credit facility of € 1,755 million which runs until May 2013. To extend the maturity of committed financing, Randstad secured a syndicated credit facility of € 1,300 million as of May 2013, and the majority of this facility runs until May 2017. In order to refinance the remaining € 455 million, Randstad is making good progress in exploring various forms of financing with different maturity profiles (short-term, medium-term, long-term).

[1] amortization and impairment of acquisition-related intangible assets and goodwill
[2] diluted EPS before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs
[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	Q3 2012	Q3 2011	*change*	9m 2012	9m 2011	*change*
EBITA	**145.4**	**164.4**	***-12%***	**361.2**	**426.6**	***-15%***
Depreciation and amortization software	19.7	19.6		60.4	59.1	
EBITDA	**165.1**	**184.0**	***-10%***	**421.6**	**485.7**	***-13%***
Operating working capital	85.4	85.5		-183.0	-122.8	
Provisions and other items	11.8	-3.2		12.9	-7.3	
Income taxes paid	-44.0	-56.4		-116.2	-89.7	
Net cash flow from operating activities	**218.3**	**209.9**	***4%***	**135.3**	**265.9**	***-49%***
Net capital expenditures	-15.3	-16.1		-43.7	-47.4	
Financial receivables	4.3	0.1		6.2	0.3	
Free cash flow	**207.3**	**193.9**	***7%***	**97.8**	**218.8**	***-55%***
Net acquisitions/disposals	-0.9	-549.3		5.4	-562.7	
Issue of ordinary shares	-	-		0.9	16.9	
Net finance costs paid	-3.9	-6.5		-9.8	-20.0	
Dividend ordinary shares	-	-		-215.1	-201.6	
Dividend preferred shares	-	-		-7.1	-7.2	
Dividend non-controlling interests	-	-		-	-0.3	
Translation effects and other	13.8	-55.1		-6.9	-31.3	
Net decrease / (increase) net debt	**216.3**	**-417.0**		**-134.8**	**-587.4**	

Free cash flow was € 207.3 million, up 7% compared to last year. The movement in working capital is in line with normal seasonal patterns, but strong focus on collection of trade receivables paid off. Net capital expenditures, which relate to office refurbishments and investments in IT equipment and software, were slightly lower than last year. Translation and other effects of € 13.8 million are mainly caused by currency effects on the valuation of drawings under the syndicated credit facility, which are denominated in currencies other than euro.

Performance by geography

North America in € million	**Q3 2012**	Q3 2011	*change*[1]	**9m 2012**	9m 2011	*change*[1]
Revenue	1,001.6	618.2	*2%*	2,954.3	1,576.7	*6%*
EBITA	51.3	29.2	*31%*	118.0	60.1	*33%*
EBITA margin	5.1%	4.7%		4.0%	3.8%	

Revenue increased by 4% per working day on a pro forma basis (Q2 2012: 7%) and growth was stable throughout the quarter. Perm fees grew by 9% (Q2 2012: 6%). The gross margin continued to expand due to strong discipline and an improved business mix.

Our combined US staffing and inhouse business grew by 4% (Q2 2012: 5%), led by the administrative segment and permanent placements. Inhouse services, including all of the on-site business of SFN, grew by 2% (Q2 2012: 4%).

Our US professionals businesses grew by 4% per working day (Q2 2012: 10%). Growth was maintained across most sectors. In HR Solutions we saw solid double-digit growth in managed services and recruitment process outsourcing based on a combination of new client wins and higher volumes in existing accounts. Canadian revenue grew by 4% per working day (Q2 2012: 5%) against a strong comparison base.

We remained focused on cost control, while realizing synergies. The EBITA margin for the region reached 5.1%, and included € 7.2 million of cost synergies. Last year's EBITA margin of 4.7% would have been 4.1%, had SFN been included in the consolidation.

Integration SFN and synergies

The integration process is on track. The integration of the staffing business was practically completed in Q3 2012. The integration of the professionals businesses progressed in line with expectations and the implementation of the new ICT environment is expected to commence in Q4 2012. In Q3 2012, we incurred integration costs of € 6.5 million. Since the integration process began we have incurred integration costs of € 31.8 million. Pre-tax cost synergies are € 7.2 million as of Q3, 2012. Besides the pre-tax cost synergies we are also aiming at tax synergies of $10 million. These tax synergies have been realized.

[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. Growth rates in North America reflect the change in revenue recognition in both years.

France in € million	**Q3 2012**	Q3 2011	*change*[1]	**9m 2012**	9m 2011	*change*[1]
Revenue	797.0	901.9	*-12%*	2,370.5	2,542.8	*-7%*
EBITA	20.3	32.9	*-38%*	57.9	80.0	*-28%*
EBITA margin	2.5%	3.6%		2.4%	3.1%	

Revenue per working day contracted by 11% (Q2 2012: -/-3%), with -/- 13% in September. The slowdown was visible across all segments. Inhouse services grew by 6% (Q2 2012: 24%), although demand decelerated throughout September. Staffing was 12% below last year. Revenue in our professionals business contracted by 17% (Q2 2012: -/-6%). Perm fees were 9% below last year (Q2 2012: -/-13%). The French gross margin was 0.2% below last year (Q2 2012: -/- 0.7%) and is mainly a result of the change in the calculation method for subsidies. This led to a relative shift of subsidies towards the second half of the year when compared with the method used in 2011. The number of FTEs was 1% below the previous quarter. We continue to focus on costs by making use of the flexibility in our cost base, and creating larger branches.

Netherlands in € million	**Q3 2012**	Q3 2011	*change*[1 2]	**9m 2012**	9m 2011	*change*[1 2]
Revenue	718.5	760.9	*-4%*	2,105.5	2,189.6	*-3%*
EBITA	40.8	48.6	*-16%*	116.1	134.8	*-14%*
EBITA margin	5.7%	6.4%		5.5%	6.2%	

Revenue per working day contracted by 3% (Q2 2012: -/- 1%), in line with the Dutch staffing market, which excludes Yacht. Normal seasonal patterns remained visible. Randstad the Netherlands outperformed the administrative segment, while Tempo-Team outperformed the industrial segment. At Yacht revenue declined by 6% (Q2 2012: -/- 6%). Although volumes remained fairly stable and utilization was under control, hours per week and bill rates were lower. The gross margin was stable compared to the previous quarter, yet it is still below last year. Underlying operating expenses were somewhat lower than in the previous quarter. Higher marketing costs, that were associated with the sponsorship of the Dutch Olympic Team, offset lower personnel expenses. The number of FTEs was 1% lower than in Q2 2012. By the end of the quarter the number of FTEs was 9% below the level at the end of Q2 2012 and reflects the restructuring program in Randstad the Netherlands. Operating expenses were adjusted for restructuring costs of € 7.5 million, mainly related to the head office reorganization of Randstad the Netherlands. We anticipate a payback period of around 12 months. The underlying Dutch EBITA margin reached 5.7%.

[1] organic change is measured excluding the impact of currencies, acquisitions, disposals and reclassifications.
[2] revenue in Q3 2012 was impacted by a reassessment of a limited number of contracts at Yacht. The effect has been reflected in the organic growth rate

Germany in € million	**Q3 2012**	Q3 2011	*change[1]*	**9m 2012**	9m 2011	*change[1]*
Revenue	484.9	527.4	*-6%*	1,401.8	1,466.0	*-3%*
EBITA	30.1	38.9	*-23%*	70.7	97.7	*-28%*
EBITA margin	6.2%	7.4%		5.0%	6.7%	

On an organic basis, German revenue per working day contracted by 5% (Q2 2012: -/-2%), while it was -/-9% in September. Last year growth slowed from 16% in Q2 to 10% in Q3. Our volumes showed a decreasing trend throughout the quarter reflecting increased economic uncertainty. As expected, we also experience increased uncertainty in the German market around the implementation of equal pay as of November 1, 2012 in a limited number of industries. Our inhouse business grew by 2% (Q2 2012: 5%), while staffing revenue contracted by 13% (Q2 2012: -/-12%). Growth in professionals, which no longer includes the aerospace business, was 11% (Q2 2012: 7%), led by the IT segment. Gross margin pressure in our staffing and inhouse business persists but the effect reduced compared to previous quarters. Operating expenses were 8% lower than last year, due to good cost control and a restructuring program. In Q3 2012, the number of FTEs reduced by 5% sequentially. The German EBITA margin reached 6.2%.

Belgium & Luxembourg in € million	**Q3 2012**	Q3 2011	*change[1]*	**9m 2012**	9m 2011	*change[1]*
Revenue	352.9	381.0	*-7%*	995.4	1,065.5	*-7%*
EBITA	13.4	16.3	*-19%*	40.1	46.8	*-15%*
EBITA margin	3.8%	4.3%		4.0%	4.4%	

Revenue per working day was 7% below last year (Q2 2012: -/-6%). The rate of decline was stable throughout the quarter. Revenue in inhouse services was 1% below last year (Q2 2012: -/-5%), while our staffing business contracted by 10% (Q2 2012: -9%). We continue to focus on improving our business mix, while focusing on client profitability. Professionals grew by 2% (Q2 2012: 7%) 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, continued to grow, led by outplacement. The gross margin was stable compared to the previous year. Operating expenses were at the same level as the previous quarter. As a result, the EBITA margin was 3.8%.

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

United Kingdom in € million	**Q3 2012**	Q3 2011	*change*[1,2]	**9m 2012**	9m 2011	*change*[1,2]
Revenue	203.5	200.4	*-11%*	599.6	596.8	*-9%*
EBITA	0.0	0.5	*-97%*	2.0	4.9	*-60%*
EBITA margin	0.0%	0.2%		0.3%	0.8%	

Revenue per working day was 9% below last year (Q2 2012: -/- 8%). Professionals grew by 1% (Q2: -/-5%). Growth was led by engineering, finance and managed services, predominantly through temporary staffing. Demand within our education business strengthened, while our care businesses was under pressure as we exited certain market segments. Revenue at our inhouse business was 24% lower than Q3 2011 (Q2 2012: -/-13%), as we focused on client profitability. Perm fees were 22% lower than the same period last year (Q2 2012: -/-14%). The competitive environment remained challenging, reflected in lower temp margins and fees per placement. Good cost control was maintained and in line with the trends in our business, we reduced our staff by 1% compared to the previous quarter. Operating expenses were adjusted for € 0.5 million of restructuring charges as we continued to streamline the organization.

Iberia in € million	**Q3 2012**	Q3 2011	*change*[1]	**9m 2012**	9m 2011	*change*[1]
Revenue	202.2	233.5	*-13%*	590.8	660.2	*-11%*
EBITA	5.1	7.6	*-33%*	9.7	14.9	*-35%*
EBITA margin	2.5%	3.3%		1.6%	2.3%	

Economic circumstances remained challenging in this region. Revenue per working day was 12% below Q3 2011 (Q2 2012: -/- 10%), while it ended the quarter 8% below September 2011. The competitive environment across Iberia became more challenging over the summer. Revenue in Spain was down 12% (Q2 2012: -/- 9%), mainly driven by lower demand in manufacturing and distribution. In Portugal, revenue contracted by 13% (Q2 2012: -/- 12%), while it was -/-7% in September. Good cost control was maintained in both countries. Operating expenses in Iberia have been adjusted for restructuring costs of € 1.5 million, which relates to the merger of Randstad and Tempo-Team in Portugal and organizational changes in Spain.

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

[2] revenue in Q3 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	**Q3 2012**	Q3 2011	*change*[1]	**9m 2012**	9m 2011	*change*[1]
Revenue	228.2	243.8	*-6%*	660.4	696.2	*-5%*
EBITA	7.4	8.8	*-15%*	15.8	21.2	*-25%*
EBITA margin	3.2%	3.6%		2.4%	3.0%	

Across other European countries revenue per working day contracted by 5% (Q2 2012: -/-6%). In Italy, revenue declined by 9% (Q2 2012: -/- 8%). The decline eased throughout the quarter and was -/-6% in September. The competitive environment became more challenging in recent months. Revenue at our Swiss business grew by 2% (Q2 2012: -/-2%), led by improved performance in staffing and professionals, while inhouse maintained good growth. In Poland revenue was just below the level of last year, which is a good performance following the deliberate termination of a large contract in Q4 2011. In the Nordics the decline eased compared to previous quarters, led by good performance in Sweden. Growth in professionals across Denmark and Sweden remained strong. Our Hungarian business remained under pressure as we lost one of our largest contracts by the end of 2011, and in the Czech Republic revenue was 4% below Q3 2011 (Q2 2012: -/-8%). Greek revenue came under pressure and was 9% below last year. Turkey performed solidly, maintaining double-digit growth. Good cost control was maintained across the region and the EBITA margin reached 3.2%.

Rest of the world in € million	**Q3 2012**	Q3 2011	*change*[1]	**9m 2012**	9m 2011	*change*[1]
Revenue	408.0	365.3	*5%*	1,174.0	1,053.6	*6%*
EBITA	3.4	3.4	*-23%*	12.1	9.9	*1%*
EBITA margin	0.8%	0.9%		1.0%	0.9%	

In Japan (37% of the region) revenue grew by 7% (Q2 2012: 5%). Growth strengthened across all segments and good profitability was achieved. Revenue in Australia and New Zealand (28% of the region) was 7% below last year (Q2 2012: -/-1%) caused by challenging IT and banking & finance markets. China, with a strong focus on perm, maintained solid double-digit growth. Growth in our Indian business was maintained at 17%. In Latin America (18% of the region), our Argentinean business continued to expand while maintaining its focus on profitability. Our Mexican business was somewhat under pressure, while in Brazil we maintained strong double-digit growth and we continued to invest in growth by focusing on professionals and perm. In Chile our focus is also on professionals, which resulted in good growth.

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

Performance by revenue category

Staffing in € million	**Q3 2012**	Q3 2011	*change*[1]	**9m 2012**	9m 2011	*change*[1]
Revenue	2,732.8	2,759.4	*-9%*	7,958.5	7,723.0	*-6%*
EBITA	100.3	117.1	*-19%*	249.7	296.8	*-20%*
EBITA margin	3.7%	4.2%		3.1%	3.8%	

Revenue per working day contracted by 9% (Q2 2012: -/- 7%). In North America, the staffing business grew by 6% (Q2 2012: 8%) with continued strong focus on the administrative segment and perm fees. In the Rest of the World region, staffing revenue grew by 13% (Q2 2012: 11%). In Europe, staffing revenue was down by 10% (Q2 2012: -/- 8%). French and German staffing revenue contracted by -/-12 and -/-13% respectively (Q2 2012: -/- 6 and -/-12% resp.) and reflect increased uncertainty in these markets, especially in the industrial segments. The decline of Dutch staffing revenue was 5% (Q2 2012: -/-4%), while in Belgium staffing revenue contracted by 10% (Q2 2012: -/-9%) and reflects a continued gradual decline. We saw similar levels of decline in the other European countries. The underlying EBITA margin reached 3.7% and reflects ongoing price/mix effects. On a like-for-like basis, assuming SFN would have been consolidated in 2011, the EBITA margin in Q3 2011 would have been 4.0%.

Inhouse in € million	**Q3 2012**	Q3 2011	*change*[1]	**9m 2012**	9m 2011	*change*[1]
Revenue	786.1	682.2	*12%*	2,245.9	1,908.4	*15%*
EBITA	36.5	31.8	*20%*	91.4	75.5	*26%*
EBITA margin	4.6%	4.7%		4.1%	4.0%	

Inhouse services, mainly focused on industrial and logistical clients, grew by 13% (Q2 2012: 15%) or 3% when adjusted for the transfer of SFN's on-site business. Inhouse services in North America grew by 2% (Q2 2012: 4%). In Europe, growth was led by France (6%) and the Netherlands (6%). Our German inhouse business grew by 2%, while Belgium was 1% below Q3 2011. In the UK we focus on client profitability, and revenue was 24% below last year. The EBITA margin reached 4.6% compared to 4.7% in Q3 2011.

Professionals in € million	**Q3 2012**	Q3 2011	*change*[1]	**9m 2012**	9m 2011	*change*[1]
Revenue	877.9	790.8	*-5%*	2,647.9	2,216.0	*0%*
EBITA	35.0	37.3	*-22%*	101.3	98.0	*-10%*
EBITA margin	4.0%	4.7%		3.8%	4.4%	

Professionals contracted by 3% (Q2 2012: 1%), mainly as a result of lower demand across Europe. Perm fees declined by 15% (Q2 2012: -/-10%). Overall growth in the North American region was 2% compared to 7% in the previous quarter. Our French business contracted by 17% (Q2 2012: -/-6%). Revenue at our Dutch professionals businesses contracted by 13% (Q2 2012: -/-10%). In the UK, revenue was 1% above Q3 2011 (Q2 2012: -/-5%), led by good performance in finance and engineering, while the trend in education further improved. The EBITA margin reached 4.0%. On a like-for-like basis, assuming SFN would have been consolidated in 2011, the EBITA margin in Q3 2011 would have been 4.8%.

[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

In Q3 2012 we increased our stake in Supreme Education, a UK-based recruitment agency to 100%. This transaction does not have a material impact on our financial results and financial position.
We have used our call option to increase our stake in Gulp, a German IT professionals company, from 70% to 100%. We have completed this transaction in October 2012.
In October 2012 we have sold a small part of our UK staffing business, which operated under the Select brand. This transaction does not have a material impact on our financial results and financial position.

Other

In October Randstad signed three alliance agreements with partners in geographies where Randstad does not have a presence. These alliances include Adcorp (South Africa), ANCOR (Russia and CIS countries), and Barona (Finland). The aim of the alliances is to team-up in international tenders and cross-referral of work across the respective geographies.

Outlook

Whereas revenue growth was 0% in Q1 and 0.8% in Q2, revenue declined by 3.6% in the third quarter. Good growth was maintained in North America, and it strengthened in Japan and in Latin America. Across most European countries the gradual decline continued. In France, but also in Germany, we are witnessing a more challenging environment. As these diverging trends persist, we focus on capturing profitable growth in North America and the Rest of the World, while in Europe our focus is on client profitability, optimizing our delivery models and costs. We are well on track to meet our savings target of € 70-100 million (annualized) by the end of Q2 2013. Our field steering approach ensures adaptability of the field organization. In addition, we are monitoring productivity and efficiency of the whole organization, including overhead and head office costs. As a result, we expect to incur restructuring costs in Q4 2012.

Working days *(indicative)*	Q1	Q2	Q3	Q4
2012	64.1	61.7	64.0	63.5
2011	63.4	62.3	64.8	63.3

Financial calendar

Analyst & Investor Day 2012	November 21, 2012
Publication fourth quarter and annual results	February 14, 2013
Annual General Meeting of shareholders	March 28, 2013
Publication first quarter results	April 25, 2013
Publication second quarter and half-year results	July 25, 2013

Analyst conference call

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: 8981837. You can listen the analyst call through real-time video webcast. The link is: http://www.ir.randstad.com/presentations.cfm. A replay of the presentation and the Q&A will also be available on our website by the end of the day.

Disclaimer

Certain statements in this document concern prognoses about the future financial condition, risks, investment plans and the results of operations of Randstad Holding and its operating companies as well as certain plans and objectives. Obviously, such prognoses involve risks and a degree of uncertainty since they concern future events and depend on circumstances that will apply then. Many factors may contribute to the actual results and developments differing from the prognoses made in this document. These factors include, but are not limited to, general economic conditions, a shortage on the job market, changes in the demand for (flexible) personnel, changes in legislation (particularly in relation to employment, staffing and tax laws), the role of industry regulators, future currency and interest fluctuations, our ability to identify relevant risks and mitigate their impact, the availability of credit on financially acceptable terms, the successful completion of company acquisitions and their subsequent integration, successful disposals of companies and the rate of technological developments. These prognoses therefore apply only on the date on which this document was compiled. The Q3 results as presented in this press release are unaudited.

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 15 to 28 are unaudited.

UNDERLYING[1] PERFORMANCE

Consolidated income statement

in € million, unless otherwise indicated	Q3 2012	Q3 2011	*change*	9m 2012	9m 2011	*change*
Revenue	**4,396.8**	**4,232.4**	***4%***	**12,852.3**	**11,847.4**	***8%***
Cost of services	3,597.6	3,467.5		10,522.5	9,691.4	
Gross profit	**799.2**	**764.9**	***4%***	**2,329.8**	**2,156.0**	***8%***
Selling expenses	437.2	408.0		1,322.7	1,185.8	
General and administrative expenses	200.6	181.8		600.4	532.9	
Operating expenses	**637.8**	**589.8**	***8%***	**1,923.1**	**1,718.7**	***12%***
EBITA	**161.4**	**175.1**	***-8%***	**406.7**	**437.3**	***-7%***
Margins (in % of revenue)						
Gross margin	18.2%	18.1%		18.1%	18.2%	
Operating expenses margin	14.5%	13.9%		15.0%	14.5%	
EBITA margin	3.7%	4.1%		3.2%	3.7%	

[1] Operating expenses and EBITA adjusted for integration costs and one-offs

UNDERLYING PERFORMANCE

Information by geographical area in € million, unless otherwise indicated	**Q3 2012**	Q3 2011	change	organic change[1]	EBITA margin '12	EBITA margin '11
Revenue						
North America	1,001.6	618.2	62%	2%		
France	797.0	901.9	-12%	-12%		
Netherlands	718.5	760.9	-6%	-4%		
Germany	484.9	527.4	-8%	-6%		
Belgium & Luxembourg	352.9	381.0	-7%	-7%		
United Kingdom	203.5	200.4	2%	-11%		
Iberia	202.2	233.5	-13%	-13%		
Other European countries	228.2	243.8	-6%	-6%		
Rest of the world	408.0	365.3	12%	5%		
Total revenue	**4,396.8**	**4,232.4**	**4%**	**-5%**		
EBITA [2]						
North America	51.3	29.2	76%	31%	5.1%	4.7%
France	20.3	32.9	-38%	-38%	2.5%	3.6%
Netherlands	40.8	48.6	-16%	-16%	5.7%	6.4%
Germany	30.1	38.9	-23%	-23%	6.2%	7.4%
Belgium & Luxembourg	13.4	16.3	-18%	-19%	3.8%	4.3%
United Kingdom	0.0	0.5	-100%	-97%	0.0%	0.2%
Iberia	5.1	7.6	-33%	-33%	2.5%	3.3%
Other European countries	7.4	8.8	-16%	-15%	3.2%	3.6%
Rest of the world	3.4	3.4	0%	-23%	0.8%	0.9%
Corporate	-10.4	-11.1				
EBITA before integration costs and one-offs	**161.4**	**175.1**	**-8%**	**-13%**	**3.7%**	**4.1%**
Integration costs	*-6.5*	*-4.6*				
One-offs	*-9.5*	*-6.1*				
Total EBITA	***145.4***	***164.4***				

[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, integration costs and one-offs

UNDERLYING PERFORMANCE

Information by geographical area in € million, unless otherwise indicated	**9m 2012**	9m 2011	change	organic change[1]	EBITA margin '12	EBITA margin '11
Revenue						
North America	2,954.3	1,576.7	87%	6%		
France	2,370.5	2,542.8	-7%	-7%		
Netherlands	2,105.5	2,189.6	-4%	-3%		
Germany	1,401.8	1,466.0	-4%	-3%		
Belgium & Luxembourg	995.4	1,065.5	-7%	-7%		
United Kingdom	599.6	596.8	0%	-9%		
Iberia	590.8	660.2	-11%	-11%		
Other European countries	660.4	696.2	-5%	-5%		
Rest of the world	1,174.0	1,053.6	11%	6%		
Total revenue	**12,852.3**	**11,847.4**	**8%**	**-2%**		
EBITA [2]						
North America	118.0	60.1	96%	33%	4.0%	3.8%
France	57.9	80.0	-28%	-28%	2.4%	3.1%
Netherlands	116.1	134.8	-14%	-14%	5.5%	6.2%
Germany	70.7	97.7	-28%	-28%	5.0%	6.7%
Belgium & Luxembourg	40.1	46.8	-14%	-15%	4.0%	4.4%
United Kingdom	2.0	4.9	-59%	-60%	0.3%	0.8%
Iberia	9.7	14.9	-35%	-35%	1.6%	2.3%
Other European countries	15.8	21.2	-25%	-25%	2.4%	3.0%
Rest of the world	12.1	9.9	22%	1%	1.0%	0.9%
Corporate	-35.7	-33.0				
EBITA before integration costs and one-offs	**406.7**	**437.3**	**-7%**	**-13%**	**3.2%**	**3.7%**
Integration costs	*-19.2*	*-4.6*				
One-offs	*-26.3*	*-6.1*				
Total EBITA	***361.2***	***426.6***				

[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, integration costs and one-offs

UNDERLYING PERFORMANCE

Information by revenue category

in € million, unless otherwise indicated	Q3 2012	Q3 2011	change	organic change[1]	EBITA margin '12	EBITA margin '11
Revenue						
Staffing	2,732.8	2,759.4	-1%	-9%		
Inhouse services	786.1	682.2	15%	12%		
Professionals	877.9	790.8	11%	-5%		
Total revenue	**4,396.8**	**4,232.4**	**4%**	**-5%**		
EBITA[2]						
Staffing	100.3	117.1	-14%	-19%	3.7%	4.2%
Inhouse services	36.5	31.8	15%	20%	4.6%	4.7%
Professionals	35.0	37.3	-6%	-22%	4.0%	4.7%
Corporate	-10.4	-11.1				
EBITA before integration costs and one-offs	**161.4**	**175.1**	**-8%**	**-13%**	**3.7%**	**4.1%**
Integration costs	*-6.5*	*-4.6*				
One-offs	*-9.5*	*-6.1*				
Total EBITA	***145.4***	***164.4***				

Information by revenue category

in € million, unless otherwise indicated	9m 2012	9m 2011	change	organic change[1]	EBITA margin '12	EBITA margin '11
Revenue						
Staffing	7,958.5	7,723.0	3%	-6%		
Inhouse services	2,245.9	1,908.4	18%	15%		
Professionals	2,647.9	2,216.0	19%	0%		
Total revenue	**12,852.3**	**11,847.4**	**8%**	**-2%**		
EBITA[2]						
Staffing	249.7	296.8	-16%	-20%	3.1%	3.8%
Inhouse services	91.4	75.5	21%	26%	4.1%	4.0%
Professionals	101.3	98.0	3%	-10%	3.8%	4.4%
Corporate	-35.7	-33.0				
EBITA before integration costs and one-offs	**406.7**	**437.3**	**-7%**	**-13%**	**3.2%**	**3.7%**
Integration costs	*-19.2*	*-4.6*				
One-offs	*-26.3*	*-6.1*				
Total EBITA	***361.2***	***426.6***				

[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, integration costs and one-offs

Consolidated income statement

in € million, unless otherwise indicated	Q3 2012	Q3 2011	9m 2012	9m 2011
Revenue	**4,396.8**	**4,232.4**	**12,852.3**	**11,847.4**
Cost of services	3,597.6	3,467.5	10,522.5	9,691.4
Gross profit	**799.2**	**764.9**	**2,329.8**	**2,156.0**
Selling expenses	441.3	408.0	1,346.8	1,185.8
General and administrative expenses	212.5	192.5	621.8	543.6
Operating expenses	**653.8**	**600.5**	**1,968.6**	**1,729.4**
Amortization and impairment acquisition-related intangible assets and goodwill	43.2	43.4	154.7	123.6
Total operating expenses	**697.0**	**643.9**	**2,123.3**	**1,853.0**
Operating profit	**102.2**	**121.0**	**206.5**	**303.0**
Net finance costs	-2.6	-7.1	-12.2	-22.8
Share of profit/(loss) of associates	0.1	0.0	0.0	-0.1
Income before taxes	**99.7**	**113.9**	**194.3**	**280.1**
Taxes on income	-30.9	-34.4	-60.2	-84.6
Net income	**68.8**	**79.5**	**134.1**	**195.5**
Net income attributable to:				
Holders of ordinary shares Randstad Holding nv	67.0	77.6	128.7	189.9
Holders of preferred shares Randstad Holding nv	1.8	1.8	5.4	5.4
Equity holders	**68.8**	**79.4**	**134.1**	**195.3**
Non-controlling interests	0.0	0.1	0.0	0.2
Net income	**68.8**	**79.5**	**134.1**	**195.5**
Earnings per share attributable to the holders of ordinary shares of Randstad Holding nv (in € per share):				
- Basic earnings per share	0.39	0.45	0.75	1.11
- Diluted earnings per share	0.39	0.45	0.74	1.10
- Diluted earnings per share before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs	0.62	0.66	1.52	1.63

Information by geographical area

in € million, unless otherwise indicated	Q3 2012	Q3 2011	9m 2012	9m 2011
Revenue				
North America	1,001.6	618.2	2,954.3	1,576.7
France	797.0	901.9	2,370.5	2,542.8
Netherlands	718.5	760.9	2,105.5	2,189.6
Germany	484.9	527.4	1,401.8	1,466.0
Belgium & Luxembourg	352.9	381.0	995.4	1,065.5
United Kingdom	203.5	200.4	599.6	596.8
Iberia	202.2	233.5	590.8	660.2
Other European countries	228.2	243.8	660.4	696.2
Rest of the world	408.0	365.3	1,174.0	1,053.6
Total revenue	**4,396.8**	**4,232.4**	**12,852.3**	**11,847.4**
EBITA [1]				
North America	51.3	23.1	118.0	54.0
France	20.3	32.9	57.9	80.0
Netherlands	33.4	48.6	102.6	134.8
Germany	30.1	38.9	61.2	97.7
Belgium & Luxembourg	13.4	16.3	40.1	46.8
United Kingdom	-0.5	0.5	0.3	4.9
Iberia	3.5	7.6	8.1	14.9
Other European countries	7.4	8.8	15.8	21.2
Rest of the world	3.4	3.4	12.1	9.9
Corporate	-10.4	-11.1	-35.7	-33.0
	151.9	**169.0**	**380.4**	**431.2**
Integration costs	-6.5	-4.6	-19.2	-4.6
Total EBITA	**145.4**	**164.4**	**361.2**	**426.6**

[1] 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	Q3 2012	Q3 2011	9m 2012	9m 2011
Revenue				
Staffing	2,732.8	2,759.4	7,958.5	7,723.0
Inhouse services	786.1	682.2	2,245.9	1,908.4
Professionals	877.9	790.8	2,647.9	2,216.0
Total revenue	**4,396.8**	**4,232.4**	**12,852.3**	**11,847.4**
EBITA[1]				
Staffing	90.8	114.0	224.1	293.7
Inhouse services	36.5	31.8	91.4	75.5
Professionals	35.0	34.3	100.6	95.0
Corporate	-10.4	-11.1	-35.7	-33.0
EBITA before integration cost	**151.9**	**169.0**	**380.4**	**431.2**
Integration costs	-6.5	*-4.6*	-19.2	*-4.6*
Total EBITA	**145.4**	***164.4***	**361.2**	***426.6***

[1] 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	September 30, 2012	December 31, 2011	September 30, 2011
ASSETS			
Property, plant and equipment	168.4	179.4	172.6
Intangible assets	3,154.1	3,287.4	3,412.8
Deferred income tax assets	495.9	724.4	648.6
Financial assets and associates	76.3	81.0	78.6
Non-current assets	**3,894.7**	**4,272.2**	**4,312.6**
Trade and other receivables	3,120.6	3,110.9	3,161.5
Income tax receivables	68.8	52.8	53.5
Cash and cash equivalents	198.5	338.6	237.8
Current assets	**3,387.9**	**3,502.3**	**3,452.8**
TOTAL ASSETS	**7,282.6**	**7,774.5**	**7,765.4**
EQUITY AND LIABILITIES			
Issued capital	19.7	19.6	19.6
Share premium	2,096.4	2,067.2	2,067.2
Reserves	738.9	811.6	771.6
Shareholders' equity	**2,855.0**	**2,898.4**	**2,858.4**
Non-controlling interests	0.1	0.6	0.6
Total Equity	**2,855.1**	**2,899.0**	**2,859.0**
Borrowings	-	1,602.7	1,629.8
Deferred income tax liabilities	182.8	442.7	458.8
Provisions and employee benefit obligations	87.5	84.1	91.7
Other liabilities	19.0	19.4	54.6
Non-current liabilities	**289.3**	**2,148.9**	**2,234.9**
Borrowings	88.5	38.5	94.7
Short-term part long term borrowings	1,547.4	-	-
Trade and other payables	2,309.7	2,477.5	2,417.8
Income tax liabilities	42.9	53.3	47.9
Provisions and employee benefit obligations	98.2	100.5	78.5
Other liabilities	51.5	56.8	32.6
Current liabilities	**4,138.2**	**2,726.6**	**2,671.5**
Liabilities	**4,427.5**	**4,875.5**	**4,906.4**
TOTAL EQUITY AND LIABILITIES	**7,282.6**	**7,774.5**	**7,765.4**

Consolidated statement of cash flows

in € million, unless otherwise indicated	Q3 2012	Q3 2011	9m 2012	9m 2011
Operating profit	**102.2**	**121.0**	**206.5**	**303.0**
Depreciation property, plant and equipment	14.0	13.3	41.3	39.7
Amortization software	5.7	6.3	19.1	19.4
Amortization and impairment acquisition-related intangible assets	43.2	43.4	154.7	123.6
(Gain)/loss on disposal of activities	-0.2	-	-3.9	0.0
Share-based payments	6.1	2.5	19.7	11.3
Provisions and employee benefit obligations	5.9	-6.0	-3.0	-18.3
Loss/(gain) on disposals of property, plant and equipment	0.0	0.3	0.1	-0.3
Cash flow from operations before operating working capital and income taxes	**176.9**	**180.8**	**434.5**	**478.4**
Trade and other receivables	35.0	-47.6	-9.4	-149.6
Trade and other payables	50.4	133.1	-173.6	26.8
Operating working capital	**85.4**	**85.5**	**-183.0**	**-122.8**
Income taxes paid	-44.0	-56.4	-116.2	-89.7
Net cash flow from operating activities	**218.3**	**209.9**	**135.3**	**265.9**
Additions in property, plant and equipment	-9.6	-13.0	-31.8	-38.0
Additions in software	-6.0	-3.6	-13.1	-13.0
Acquisition of subsidiaries and associates/buyouts	-2.6	-549.3	-5.0	-564.6
Financial receivables	4.3	0.1	6.2	0.3
Disposals of property, plant and equipment	0.3	0.5	1.2	3.6
Disposal of activities	1.7	-	10.4	1.9
Net cash flow from investing activities	**-11.9**	**-565.3**	**-32.1**	**-609.8**
Issue of ordinary shares	-	-	0.9	16.9
Net (repayments of) / drawings on non-current borrowings	-230.8	346.7	-63.4	488.8
Net financing	**-230.8**	**346.7**	**-62.5**	**505.7**
Net finance costs paid	-3.9	-6.5	-9.8	-20.0
Dividend paid on ordinary shares	-	-	-215.1	-201.6
Dividend paid on preferred shares B	-	-	-7.1	-7.2
Dividend paid to non-controlling interests	-	-	-	-0.3
Net reimbursements to financiers	**-3.9**	**-6.5**	**-232.0**	**-229.1**
Net cash flow from financing activities	**-234.7**	**340.2**	**-294.5**	**276.6**
Net decrease in cash, cash equivalents and current borrowings	**-28.3**	**-15.2**	**-191.3**	**-67.3**
Cash, cash equivalents and current borrowings, at begin of period	**140.2**	**155.3**	**300.1**	**209.2**
Net movement	-28.3	-15.2	-191.3	-67.3
Translation (losses) / gains	-1.9	3.0	1.2	1.2
Cash, cash equivalents and current borrowings, at end of period	**110.0**	**143.1**	**110.0**	**143.1**
Free cash flow	**207.3**	**193.9**	**97.8**	**218.8**

Consolidated statement of comprehensive income – three-month period

In € million, unless otherwise indicated	July 1 – September 30, 2012 Shareholders' equity	Non-controlling interests	Total	July 1- September 30, 2011 Shareholders' equity	Non-controlling interest	Total
Net income for the period	68.8	0.0	68.8	79.4	0.1	79.5
Translation differences	-9.6	0.0	-9.6	46.9	0.0	46.9
Other	-0.3	-	-0.3	0.2	-	0.2
Total comprehensive income	**58.9**	**0.0**	**58.9**	**126.5**	**0.1**	**126.6**

Consolidated statement of comprehensive income – nine-month period

In € million, unless otherwise indicated	January 1 – September 30, 2012 Shareholders' equity	Non-controlling interests	Total	January 1 – September 30, 2011 Shareholders' equity	Non-controlling interest	Total
Net income for the period	134.1	0.0	134.1	195.3	0.2	195.5
Translation differences	22.3	0.0	22.3	-3.9	0.0	-3.9
Other	-0.3	-	-0.3	-0.1	-	-0.1
Total comprehensive income	**156.1**	**0.0**	**156.1**	**191.3**	**0.2**	**191.5**

Consolidated statement of changes in equity – three-month period

In € million, unless otherwise indicated	July 1 - September 30, 2012 Shareholders' equity	Non-controlling interests	Total equity	July 1 - September 30, 2011 Shareholders' equity	Non-controlling interest	Total equity
Value at July 1	**2,790.0**	**0.1**	**2,790.1**	**2,729.4**	**0.5**	**2,729.9**
Comprehensive income						
Net income for the period	68.8	0.0	68.8	79.4	0.1	79.5
Translation differences	-9.6	0.0	-9.6	46.9	0.0	46.9
Other	-0.3	-	-0.3	0.2	-	0.2
Total comprehensive income	**58.9**	**0.0**	**58.9**	**126.5**	**0.1**	**126.6**
Share-based payments	6.1	-	6.1	2.5	-	2.5
Tax on share-based payments	0.0	-	0.0	-	-	-
Acquisition non-controlling interests	-	-	-	0.0	0.0	0.0
Value at September 30	**2,855.0**	**0.1**	**2,855.1**	**2,858.4**	**0.6**	**2,859.0**

Consolidated statement of changes in equity – nine-month period

In € million, unless otherwise indicated	January 1 - September 30, 2012 Shareholders' equity	Non-controlling interests	Total equity	January 1- September 30, 2011 Shareholders' equity	Non-controlling interest	Total equity
Value at January 1	**2,898.4**	**0.6**	**2,899.0**	**2,850.8**	**1.6**	**2,852.4**
Comprehensive income						
Net income for the period	134.1	0.0	134.1	195.3	0.2	195.5
Translation differences	22.3	0.0	22.3	-3.9	0.0	-3.9
Other	-0.3	-	-0.3	-0.1	-	-0.1
Total comprehensive income	**156.1**	**0.0**	**156.1**	**191.3**	**0.2**	**191.5**
Dividend on ordinary shares	-215.1	-	-215.1	-201.6	-	-201.6
Dividend on preferred shares	-7.1	-	-7.1	-7.2	-	-7.2
Dividend non-controlling interests	-	-	-	-	-0.3	-0.3
Share-based payments	19.7	-	19.7	11.3	-	11.3
Tax on share-based payments	2.6	-	2.6	-	-	-
Acquisition non-controlling interests	-0.5	-0.5	-1.0	-3.1	-0.9	-4.0
Issue of ordinary shares	0.9	-	0.9	16.9	-	16.9
Value at September 30	**2,855.0**	**0.1**	**2,855.1**	**2,858.4**	**0.6**	**2,859.0**

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- and nine-month period ended September 30, 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 for the nine-month period ended in September 30, 2012 is 31.0% (2011: 30.2%) and is based upon the estimated effective tax rate for the whole year 2012.

Acquisition of Group companies and buyout of non-controlling interests

The total cash out for acquisitions YTD Q3 2012 amounts to € 5.0 million (Q3 only: € 2.6 million), which is related to the increase of our shareholding in our Chinese company Talent Shanghai from 85% to 100% (Q2) and to arrangements with regard to acquired Group companies in preceding years (Q1, Q2 and Q3). 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.
An amount of € 4.3 million is included in goodwill in respect of the finalization in Q3 2012 of the purchase price allocation relating to the acquisition of SFN Group Inc. The amount involved is neither considered material in relation to the total consideration for SFN Group inc. nor to the total goodwill for SFN Group inc.

Disposal of Group companies

The total cash in for disposals YTD Q3 2012 amounts to € 10.4 million (Q3 only: € 1.7 million), which is related to disposed businesses in the Netherlands and Rest of the world in Q1, divestments of some small businesses in Malaysia and Thailand in Q2 (with no cash impact) and cash inflow from disposals in preceding years (Q1 and Q3).

Shareholders' equity

Issued number of ordinary shares	2012	2011
January 1	170,948,980	170,048,755
Share based payments arrangements	1,123,932	900,225
September 30	**172,072,912**	**170,948,980**

Average number of ordinary shares (in millions)	Q3 2012	Q3 2011	9m 2012	9m 2011
Avg. number of ordinary shares outstanding	172.1	170.9	171.9	170.8
Avg. number of diluted ordinary shares outstanding	173.0	172.2	172.9	172.2

Net debt position

The net debt position as of September 30, 2012 (€ 1,437.4 million) is € 134.8 million higher compared to December 31, 2011 (€ 1,302.6 million), which is mainly influenced by the payment of dividends during the first half year of 2012 offset by positive cash flow from operations. The current syndicated facility is classified under current liabilities as short-term part long term borrowings, since these borrowings will mature in May 2013. In July 2011 we arranged a new syndicated revolving credit facility of € 1,300 million with a forward start structure. This facility matures in 2016. Financial covenants are comparable to the existing facility. Movements on the current syndicated facility are presented as movements on non-current borrowings in the cash flow statement.

Breakdown operating expenses

In € million	Q3 2012	Q3 2011	9m 2012	9m 2011
Personnel expenses	476.2	429.3	1,435.7	1,234.8
Other operating expenses	177.6	171.2	532.9	494.6
Operating expenses	**653.8**	**600.5**	**1,968.6**	**1,729.4**

Depreciation and amortization software

In € million	Q3 2012	Q3 2011	9m 2012	9m 2011
Depreciation property, plant and equipment	14.0	13.3	41.3	39.7
Amortization software	5.7	6.3	19.1	19.4
Total depreciation and amortization software	**19.7**	**19.6**	**60.4**	**59.1**

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.

Employee benefits

As of January 1, 2013 the revised IAS 19 'Employee Benefits' will be applicable. We will apply this standard from that date. The negative impact on shareholders' equity as per January 1, 2012 amounts to € 4 million. If this revised standard would have been applicable during 2012, the positive impact on income before taxes for the nine-month period ended September 30, 2012 would have been € 1.5 million.

Events after balance sheet date

Early October 2012, Randstad increased its shareholding in Gulp Information Services GmbH, Germany, from 70% to 100%. As this company is already fully consolidated, this transaction will not result in additional revenue or operating profit. We also sold a small part of our Staffing business in the UK. This transaction does not have a material impact on our results and financial position.