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

Press release First quarter results 2011

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Strong start of the year; revenue up 22% and net income up 82%

Key points Q1 2011

- Revenue up 22% to € 3,700.0 million; organic growth[1] per working day 15%
- Operating expenses sequentially down 2% to € 562 million
- EBITA[2] reached € 108.7 million (+44%), with the EBITA margin at 2.9% (vs. 2.5% in Q1 2010)
- Adjusted net income[3] attributable to holders of ordinary shares € 65.8 million, up 38%
- Diluted EPS[4] € 0.38, up 36%
- Free cash flow increased to € 130 million, up 234%
- Launch of (organic) growth accelerator for professionals

"We saw continued strong growth in many markets like Germany, France and North America during the quarter", says Ben Noteboom, CEO of Randstad. *"Efficiency and market shares increased further in many countries. All segments showed good growth. To benefit from the improving market conditions, we will increase our investment in the professionals segment, where we have started a growth accelerator plan. With continuing economic improvement, we look to the coming quarters with confidence. The most notable aspect for this quarter, however, is how our people in New Zealand and then in Japan dealt with the consequences of the earthquakes. Their resilience in the face of such major adversity has been exemplary."*

Core data

in € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010	*change*
Revenue	**3,700.0**	**3,039.0**	***22%***
Gross profit	670.6	575.0	*17%*
Operating expenses	561.9	499.6	*12%*
EBITA	**108.7**	**75.4**	***44%***
Net income	39.7	21.8	*82%*
Free cash flow	**130.4**	**39.0**	***234%***
Net debt	746.5	996.0	
Leverage ratio (net debt/ebitda)	1.2	2.3	
DSO, days sales outstanding (moving average)	54	57	
Share data			
Basic EPS	0.22	0.12	*83%*
Diluted EPS[4]	0.38	0.28	*36%*

[1] organic growth is measured excluding the impact of currencies, acquisitions, disposals and reclassifications
[2] operating profit before amortization/impairment acquisition-related intangible assets and goodwill
[3] before amortization and impairment acquisition-related intangible assets and goodwill
[4] diluted EPS before amortization and impairment acquisition-related intangible assets and goodwill

Financial performance Q1 2011

Key financials in € million, unless otherwise indicated (unaudited)	**Q1 2011**	Q1 2010	*organic change*[1]
Revenue	**3,700.0**	**3,039.0**	***17%***
Gross profit	670.6	575.0	*12%*
Operating expenses	561.9	499.6	*8%*
EBITA	**108.7**	**75.4**	***40%***
Margins (in % of revenue)			
Gross margin	18.1%	18.9%	
Operating expenses margin	15.2%	16.4%	
EBITA margin	2.9%	2.5%	

Revenue

In Q1 2011 revenue increased by 22% to € 3,700.0 million. Organic revenue growth was 17%, or 15 % per working day. The net addition of acquisitions/disposals (primarily FujiStaff with € 123 million revenue) was 4%. Currency movements added 1%. Permanent placement fees increased by 15% organically. Perm fees made up 1.8% of revenue and 9.6% of gross profit (9.2% in Q1 2010).
Organic revenue growth per working day was fairly stable throughout the quarter and reached 15% in March. This means a strong start of the year despite tougher comparables. In 2010 revenue growth improved through the quarter from -5% in January to +4% in March.

Our inhouse businesses, mainly focused on industrial and logistical segments, continued to show high growth rates, resulting in 41% organic growth. Our staffing businesses grew by 16% organically, up from 15% in the previous quarter. Growth in the administrative segment built momentum in various regions. Our late cyclical professionals businesses grew by 6% organically.

Of the major regions, France and Germany continued to show solid organic growth of 22% and 29% respectively. Despite a more challenging comparison base, the North American businesses showed a strong organic growth of 19%. Our late cyclical Dutch business grew by 7% organically compared to 4% in the previous quarter. Randstad the Netherlands was back at market growth. Slow demand in the public sector continued to have a significant impact on our Dutch and UK businesses.

The financial impact of the earthquake in Japan was limited for the Group. Thankfully all our corporate employees in Japan are safe; of our staffing employees, 1 person remains unaccounted for. To our regret, several corporate and staffing employees have experienced the loss of relatives and/or the devastation of property. In this light we greatly admire the strength of our Japanese colleagues. Several outlets near the epic centre and in the Fukushima area were temporarily closed but all have quickly been reopened. The earthquake caused an immediate slowdown in volumes which started to recover gradually after a few weeks. For Q2 2011 we expect an EBITA impact up to € 5 million. In Europe and the USA some automotive clients had to reduce capacity, there we also experienced a recovery after a few weeks. Overall the impact was not material.

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

Gross profit

In Q1 2011 gross profit amounted to € 670.6 million. Organic growth in gross profit was 12%. The gross margin was 18.1% compared to 18.9% in Q1 2010.

The temp margin declined by 0.6% YoY. First of all, the decline is caused by mix effects. Our inhouse businesses grew strongly, whereas growth in the higher margin professionals businesses was significantly slower. Secondly, the change in the French subsidy system for low wage labor had an effect of around 0.2% on the temp margin. Finally, in some markets like the Netherlands and Belgium, price pressure is still apparent. Some large contracts were renegotiated and price increases, to offset higher cost prices, follow in a more gradual pace.

The growth in perm fees had no impact in the mix. Other mix changes, such as strong growth in the relatively lower gross margin payrolling businesses, had a negative impact of 0.2%.

Operating expenses

In Q1 2011 operating expenses amounted to € 561.9 million, up 12% compared to Q1 2010 and down 2% sequentially. The consolidation of FujiStaff added 4% (approx. € 20 million) to the cost base. On an organic basis operating expenses were up 8% YoY and -/-4% sequentially, in line with the development in gross profit.

Average headcount (measured by FTE) amounted to 27,210 for the quarter, up 9% YoY and up 1% sequentially. Organically, average headcount was up 5% YoY and down 1% sequentially. Productivity (measured as gross profit per FTE) was up 7% as we continued to make use of overcapacity in our network. At the end of the quarter we operated a network of 4,185 outlets, around the same level as in the previous quarter.

EBITA

In Q1 2011 EBITA increased by 44% to € 108.7 million, with the EBITA margin reaching 2.9% compared to 2.5% in Q1 2010. Organic EBITA growth was 40%. FujiStaff contributed € 3.7 million to EBITA in Q1 2011.

Key financials

in € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010	*change*
EBITA	**108.7**	**75.4**	***44%***
Amortization of intangible assets	41.1	40.1	
Operating profit	**67.6**	**35.3**	***92%***
Net finance costs	-10.6	-5.6	
Share of profit/ (loss) of associates	-0.1	0.2	
Income before taxes	**56.9**	**29.9**	***90%***
Taxes on income	-17.2	-8.1	
Net income	**39.7**	**21.8**	***82%***

Amortization of intangibles

Amortization of acquisition-related intangibles amounted to € 41.1 million, compared to € 40.1 million Q1 2010. Following the acquisition of FujiStaff we recognized intangible assets, such as customer relationships and candidate databases, in the balance sheet which resulted in an amortization charge of € 4.7 million. This additional charge was offset by lower amortization charges of intangible assets, mainly related to the acquisition of Vedior.

Net finance costs

In Q1 2011 net finance costs reached € 10.6 million versus € 5.6 million in Q1 2010. Interest expenses on our net debt position amounted to € 5.3 million compared to € 6.8 million in Q1 2010. This improvement is largely based on the significant net debt reduction in the past few quarters. Besides this, net finance costs included more items. The net increase of around € 5 million mainly resulted from foreign currency effects and adjustments in the valuation of certain assets and liabilities.

Tax

The effective tax rate before amortization of acquisition-related intangibles and one-offs amounted to 31% (2010: 29%), in line with our full-year guidance of between 29% and 32%. The increase compared to last year is mainly caused by a changed geographical mix with above average tax rates in countries with the highest growth. Additionally, as our results improve the relative effect of tax-exempt income resulting from tax efficiencies in the Group decreases.

Net income and earnings per share

In Q1 2011 diluted EPS increased by 36% to € 0.38 (Q1 2010: € 0.28), following a 38% increase in adjusted net income attributable to holders of ordinary shares.

Net income and earnings per share

in € million, unless otherwise indicated (unaudited)	**Q1 2011**	Q1 2010	*change*
Net income for holders ordinary shares	**37.8**	**20.0**	***89%***
Amortization intangible assets[1]	41.1	40.1	
One-offs	-	-	
Tax effect on amortization[1] and one-offs	-13.1	-12.5	
Net income for holders ordinary shares (adj.)	**65.8**	**47.6**	***38%***
Basic EPS	0.22	0.12	*83%*
Diluted EPS[2]	0.38	0.28	*36%*

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

[2] diluted EPS before amortization and impairment acquisition-related intangible assets and goodwill

Selected balance sheet items

in € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010
Operating working capital[1]	**516.0**	**464.6**
DSO, days sales outstanding	*54.1*	*56.6*
Net debt	**746.5**	**996.0**
Leverage ratio (net debt over EBITDA)	*1.2*	*2.3*

At the end of Q1 2011 net debt amounted to € 746.5 million compared to € 996.0 million at the end of Q1 2010 and € 899.3 million at the end of Q4 2010. The leverage ratio (net debt end of period divided by the EBITDA of the past 12 months) improved to 1.2, compared to 1.5 at the end of Q4 2010 and 2.3 at the end of Q1 2010. The ratio is well within our target range of 0 to 2. The covenants of the syndicated facility allow a leverage ratio of up to 3.5.
The moving average of DSO improved by 2.5 days to 54.1 days when compared to Q1 2010 and was 0.5 day better than in the previous quarter. We remain focused to make continuous improvements in our invoicing and collection processes to offset the effect from pressure on payment terms.

Cash flow analysis

in € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010	*Change*
Cash flow from operations before working capital and tax	**124.5**	**87.9**	***42%***
Working capital	-2.2	-56.8	
Income taxes (paid)/received	22.7	19.6	
Net cash flow from operating activities	**145.0**	**50.7**	***186%***
Capital expenditures, net	-14.7	-11.7	
Financial receivables	0.1	-	
Free cash flow	**130.4**	**39.0**	***234%***

In Q1 2011 free cash flow increased by 234% to € 130.4 million. Cash flow remained strong on the back of improved operating results and tight working capital management. Working capital requirements were in line with the seasonal pattern in our business. Revenue in Q1 2011 was below the level of Q4 2010 and combined with a lower DSO, caused unwinding of receivables. In 2010 working capital requirements were higher as the Group was still in a recovery phase. Income taxes received amounted to € 22.7 million due to phasing of tax payments and receipts in the Netherlands and France. Net capital expenditures were mainly related to investments in IT and refurbishment of offices in some regions.

[1] operating working capital is trade and other receivables minus current part financial fixed assets minus trade and other payables

Performance by geography

Netherlands in € million, unaudited	**Q1 2011**	Q1 2010	*change*[1]
Revenue	701.3	654.3	*7%*
EBITA	39.0	40.5	*-4%*
EBITA margin	5.6%	6.2%	

Revenue was up 7% organically compared to 4% revenue growth in the previous quarter. The growth of the Dutch staffing market was around 10%, in line with the previous quarter. Randstad the Netherlands was back at market growth in a competitive environment. Growth at Tempo-Team was somewhat behind market. Revenue at Yacht continued to decline at a stable single digit rate. Inhouse gained further momentum with 24% growth. Both Tempo-Team, especially in professionals, and Yacht were affected by their exposure to the public sector. Our overall exposure to the Dutch public sector came down to 13% of revenue (Q1 2010: 18%), based on a revenue decline of 19%, which has stabilized. Revenue growth in the private sector was 13%. This was predominantly driven by growth in the industrial and technical segments, while growth in the administrative segment further strengthened. Based on the aforementioned mix effects and some gross margin pressure, the Dutch EBITA margin reached 5.6% compared to 6.2% in Q1 2010.

France in € million, unaudited	**Q1 2011**	Q1 2010	*change*[1]
Revenue	765.6	644.3	*22%*
EBITA	15.7	8.1	*108%*
EBITA margin	2.1%	1.3%	

Revenue increased organically by 22%, compared to 21% in the previous quarter. Strong momentum was maintained and we continued to gain market share. Manufacturing continued to act as a main growth driver whereas other sectors, including white collar, showed low double-digit growth. Inhouse revenue grew by 90%, partly driven by ongoing transfers, enabling more focus on specialties and the SME segment in our branches. Growth in professionals was 10% and in line with the previous quarter. Perm fees were up 25% organically. The impact on the French gross margin from the changes in the subsidy system regarding low wage labor was in line with expectations. Negotiations with large accounts are ongoing, whereas those with smaller accounts were completed. It remains our expectation that the full year impact, from lower subsidies, on the French gross margin will amount to 0.5%. The EBITA margin amounted to 2.1% compared to 1.3% in Q1 2010, based on strong operating leverage.

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

Germany in € million, unaudited	**Q1 2011**	Q1 2010	*change*[1]
Revenue	451.6	350.7	*29%*
EBITA	25.6	15.2	*68%*
EBITA margin	5.7%	4.3%	

Organic growth reached 29%, compared to 32% in the previous quarter. Growth continued to be strong against a more challenging comparison base. Solid demand across all industrial segments helped to drive growth in staffing and inhouse, while growth in the administrative segment followed at a slower pace. The rebranding of Team BS into Tempo-Team was successfully completed. The combined staffing and inhouse business performed in line with the market. In professionals, the IT segment showed solid double-digit growth, whereas the aerospace and engineering segment remained slow. The combined EBITA margin increased to 5.7%, compared to 4.3% in Q1 2010.

Belgium & Luxembourg in € million, unaudited	**Q1 2011**	Q1 2010	*change*[1]
Revenue	334.7	280.0	*20%*
EBITA	14.0	8.2	*71%*
EBITA margin	4.2%	2.9%	

Revenue increased by 20% organically, compared to 17% in the previous quarter. Randstad and Tempo-Team outperformed the market in a competitive environment. We gained market share in both the industrial, especially through inhouse, and the administrative segments. Revenue from non-staffing services such as service cheques and HR Solutions showed low single digit growth. The EBITA margin rose to 4.2% (2.9% in Q1 2010) based on strong operating leverage.

United Kingdom in € million, unaudited	**Q1 2011**	Q1 2010	*change*[1]
Revenue	205.0	190.6	*4%*
EBITA	2.9	4.2	*-33%*
EBITA margin	1.4%	2.2%	

On an organic basis revenue increased by 4%, the consequence of a decline in the public sector of 27% offset by growth in private sector revenue of 22%. Our overall exposure to the public sector came down to 25% of revenue compared to 36% in Q1 2010 as demand declined in education, care and public sector administration. Our inhouse business maintained a solid growth. Permanent placement fees were up 7% despite the impact from the public sector. Growth was driven by good performance in graduate recruitment, construction & engineering, HR, IT and media. The EBITA margin was 1.4%, compared to 2.2% in Q1 2010.

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

Iberia in € million, unaudited	Q1 2011	Q1 2010	*change*[1]
Revenue	207.4	192.8	*8%*
EBITA	3.6	2.5	*44%*
EBITA margin	1.7%	1.3%	

Revenue increased by 8% organically, compared to 9% in the previous quarter. Economic circumstances remain challenging in this region. In Spain revenue growth continued at a single digit rate. Staffing performed in line with last year and inhouse gained further momentum. The Portuguese business grew by 10% organically, with solid demand in automotive. The EBITA margin increased to 1.7%, compared to 1.3% in Q1 2010.

Other European countries in € million, unaudited	Q1 2011	Q1 2010	*change*[1]
Revenue	212.1	155.5	*30%*
EBITA	4.5	1.0	*393%*
EBITA margin	2.1%	0.6%	

The other European countries showed solid double-digit organic growth, with growth in perm fees of 30%. In Italy, revenue was up over 30% organically, ahead of market. The Swiss business gained further momentum and showed double-digit growth. Our Polish and Scandinavian businesses showed solid growth, while this was also the case in Turkey and Greece. The integration of recently acquired businesses in Hungary and the Czech Republic was completed ahead of schedule. In both countries we clearly benefit from our enlarged position. For the region the EBITA margin rose to 2.1%, compared to 0.6% in Q1 2010.

North America in € million, unaudited	Q1 2011	Q1 2010	*change*[1]
Revenue	476.1	389.6	*19%*
EBITA	10.7	5.7	*83%*
EBITA margin	2.2%	1.5%	

Revenue increased by 19% organically, against a more challenging comparison base and compared to 21% growth in the previous quarter. Perm fees were up 14% organically. The demand for temporary labor remained strong in the US. Our US staffing and inhouse business grew by 21% organically. The revenue mix improved as growth is building momentum in the administrative segment as well as in permanent placements. Organic revenue growth in our US professionals businesses was 16%. IT, engineering and life sciences were the main growth drivers. US managed services continued its strong performance following new contracts and higher volumes with existing clients. The Canadian business showed solid performance in both staffing and professionals. The EBITA margin for the region improved to 2.2%, compared to 1.5% in Q1 2010.

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

Rest of World in € million, unaudited	**Q1 2011**	Q1 2010	*change*[1]
Revenue	346.2	181.2	*14%*
EBITA	4.7	0.6	*502%*
EBITA margin	1.4%	0.3%	

Our combined Japanese business grew 1% on a like-for-like basis, while FujiStaff revenue was in line with last year. The financial impact of the earthquake on our Japanese business was limited in the first quarter. The EBITA margin for FujiStaff was 3.0% and included € 1.0 million additional costs related to the earthquake. The integration of Randstad and FujiStaff is progressing according to plan. On an organic basis, the combined business in Australia and New Zealand grew 4% with perm fees up 2% compared to last year. Growth in our professionals businesses remained strong. The financial impact of the earthquake in Christchurch and the floods in Queensland was limited. India and China showed solid growth, in line with previous quarters. In Latin America, the performance of the Argentinean and Brazilian businesses further improved. Mexican revenue remained under pressure. For the combined region, the EBITA margin reached 1.4% compared to 0.3% in Q1 2010.

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

Performance by revenue category

Staffing in € million, unaudited	**Q1 2011**	Q1 2010[1]	*change*[2]
Revenue	2,400.1	2,004.9	*16%*
EBITA	74.8	49.4	*49%*
EBITA margin	3.1%	2.5%	

Staffing revenue grew by 16% organically, up from 15%[3] in the previous quarter. Demand is still largely driven by industrial clients, while growth in the administrative segments strengthened. Growth was led by France, Germany, North America and Italy, with rates at or above 20%. The EBITA margin of our staffing businesses improved to 3.1% compared to 2.5% last year, despite the gross margin pressure in France and the Netherlands. All regions showed strong operating leverage.

Inhouse in € million, unaudited	**Q1 2011**	Q1 2010	*change*[2]
Revenue	594.3	380.2	*41%*
EBITA	19.6	11.5	*57%*
EBITA margin	3.3%	3.0%	

Inhouse services, mainly focused on industrial and logistical clients, continued to show solid growth. Organic growth reached 41%, compared to 51% in Q4 2010 and 30% in Q1 2010. The transfer of clients from staffing to inhouse continued, for example in France. The Dutch inhouse business gained further momentum with 24% growth, while growth in all other geographies was ahead of 30%. The EBITA margin reached 3.3%. Profitability improved across all regions.

Professionals in € million, unaudited	**Q1 2011**	Q1 2010[1]	*change*[2]
Revenue	705.6	653.9	*6%*
EBITA	26.3	24.9	*4%*
EBITA margin	3.7%	3.8%	

The late cyclical professionals business grew 6% organically, compared to a 4%[3] increase in Q4 2010. The US professionals business showed strong growth in IT and engineering, while finance & accounting was slow, especially in perm. The Canadian business performed solidly, driven by IT and engineering. Overall growth in the North American region was 16% compared to 19% in Q4 2010. Our French business grew steadily, especially in permanent placements. The UK and Dutch professionals businesses both still declined which is mainly caused by the relatively large exposure to the public sector. In both countries, growth outside the public sector was strengthening. Growth in Australia was 30% and further investments are planned to benefit from improved market conditions. The EBITA margin reached 3.7% compared to 3.8% last year. The decrease is mainly caused by the Netherlands and the UK.

[1] to further harmonize reporting we have reviewed our portfolio and candidate profiles. Among others, we now report all healthcare in professionals. This has been reflected in 2010 for comparison purposes. The impact in Q1 2010 on revenue is around € 46 million.
[2] organic growth is measured excluding the impact of currencies, acquisitions, disposals and reclassifications.
[3] reported organic growth in Q4 2010 was 9%. On a like-for-like basis, when taking into account the aforementioned adjustments organic growth in professionals was -2% in Q2 2010, +4% in Q3 2010 and +4% in Q4 2010. For the same reason organic growth in Staffing was +14% in Q2 2010, +14% in Q3 2010 and 15% in Q4 2010.

Other information

Professionals strategy

In 2010 we completed the development of our professionals concept. It is now implemented in existing businesses and we apply it when starting in new segments. In line with our ambition to further strengthen our leading position in Professionals we have launched a (organic) growth accelerator plan. This will also enable us to benefit from improved market conditions. In addition to regular expansion we aim to recruit over 500 consultants in various countries over the next two years. It will be a gradual approach and implementation is based on our field steering model. This means that investments will be phased over the next two years and new investments will only be approved when targeted productivity levels are met. In Q2 2011 this plan will require an investment of around € 2 million.

M&A

In January 2011 we obtained the remaining shares of FujiStaff following its delisting. FujiStaff has been fully consolidated as of October 20, 2010.
In January 2011 we sold Hughes Castell Hong Kong, and in March 2011 we obtained the remaining shares of Swiss Talisman Group and Digby Morgan in the UK. The financial impact of the latter three transactions is not material.
In April, 2011 we increased our stake in our Brazilian company RHI from 51% to 100%. This enables us to strengthen our growth strategy in this market.

Outlook

Overall revenue growth was 18% in March. Organic revenue growth per working day was 15% in March and the trends that were visible in Q1 2011 have continued into April. We continue to see solid growth in inhouse, while growth in staffing is further strengthening, especially in the administrative segment. Our Dutch business is gradually improving. The slow demand in the public sector continues to have impact, like in the UK. Revenue growth in Q2 2010 accelerated from 11% in April to 15% in June, which again sets a more challenging comparison base. Our Japanese business is temporarily affected by the earthquake and the tsunami. For Q2 2011 we expect an EBITA impact up to € 5 million. On April 21, 2011 we paid dividend on ordinary shares and on preferred shares. We will continue to invest in people and marketing, including our growth accelerator plan, to support our growth. Overall, and partly based on seasonal patterns, we expect a limited increase in costs. We look to the coming quarters with confidence.

Financial calendar

Publication second quarter results 2011	July 28, 2011
Publication third quarter results 2011	October 27, 2011
Analyst & Investor Days	December 1 and 2, 2011
Publication fourth quarter and annual results 2011	February 16, 2012

Analyst conference call

Today, at 11.00 CET Randstad Holding will host an analyst conference call. The dial-in number is +31 (0) 20 717 68 86 or +44 (0)145 255 5566 for international participants. The confirmation code is: 59512998. You can listen to the analyst conference through real-time audio webcast. A replay of the presentation and the Q & A will also be available on our website as of today 18.00 CET. The link is: http://www.ir.randstad.com/presentations.cfm

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. Since acquiring Vedior in 2008, 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, and the UK, as well as major positions in Australia, Japan and the United States. End 2010 Randstad had approximately 26,000 corporate employees and close to 4,200 branches and inhouse locations in 43 countries around the world.
Randstad generated a revenue of € 14.2 billion in 2010. 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

Consolidated income statement

in € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010	*change*
Revenue	**3,700.0**	**3,039.0**	***22%***
Cost of services	3,029.4	2,464.0	
Gross Profit	**670.6**	**575.0**	***17%***
Selling expenses	385.0	343.9	
General and administrative expenses	176.9	155.7	
Operating expenses	**561.9**	**499.6**	***12%***
Amortization and impairment acquisition-related intangible assets and goodwill	41.1	40.1	
Total operating expenses	**603.0**	**539.7**	***12%***
Operating profit	**67.6**	**35.3**	***92%***
Net finance costs	-10.6	-5.6	
Share of (loss)/profit of associates	-0.1	0.2	
Income before taxes	**56.9**	**29.9**	***90%***
Taxes on income	-17.2	-8.1	
Net income	**39.7**	**21.8**	***82%***
Net income attributable to:			
Holders of ordinary equity Randstad Holding nv	37.8	20.0	
Holders of preferred equity Randstad Holding nv	1.8	1.8	
Equity holders	**39.6**	**21.8**	
Non-controlling interests	0.1	0.0	
Net income	**39.7**	**21.8**	
Earnings per share attributable to the holders of ordinary shares of Randstad Holding nv (in € per share):			
- Basic earnings per share	0.22	0.12	
- Diluted earnings per share	0.22	0.12	
- Diluted earnings per share before amortization and impairment acquisition-related intangible assets and goodwill	0.38	0.28	
Margins (in % of revenue)			
Gross margin	18.1%	18.9%	
EBITDA margin	3.5%	3.2%	
EBITA margin	2.9%	2.5%	
Operating margin	1.8%	1.2%	
Net income margin	1.1%	0.7%	

Information by geographical area

in € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010	change	Organic change[1]	EBITA margin '11	EBITA margin '10
Revenue						
Netherlands	701.3	654.3	7%	7%		
France	765.6	644.3	19%	22%		
Germany	451.6	350.7	29%	29%		
Belgium & Luxembourg	334.7	280.0	20%	20%		
United Kingdom	205.0	190.6	8%	4%		
Iberia	207.4	192.8	8%	8%		
Other European countries	212.1	155.5	36%	30%		
North America	476.1	389.6	22%	19%		
Rest of the world	346.2	181.2	91%	14%		
Total revenue	**3,700.0**	**3,039.0**	**22%**	**17%**		
EBITA [2]						
Netherlands	39.0	40.5	-4%	-4%	5.6%	6.2%
France	15.7	8.1	94%	108%	2.1%	1.3%
Germany	25.6	15.2	68%	68%	5.7%	4.3%
Belgium & Luxembourg	14.0	8.2	71%	71%	4.2%	2.9%
United Kingdom	2.9	4.2	-31%	-33%	1.4%	2.2%
Iberia	3.6	2.5	44%	44%	1.7%	1.3%
Other European countries	4.5	1.0	350%	393%	2.1%	0.6%
North America	10.7	5.7	88%	83%	2.2%	1.5%
Rest of the world	4.7	0.6	683%	502%	1.4%	0.3%
Corporate	-12.0	-10.6				
Total EBITA	**108.7**	**75.4**	**44%**	**40%**	**2.9%**	**2.5%**

[1] Organic change is measured excluding the impact of currency effects, acquisitions, disposals and reclassifications
[2] EBITA: operating profit before amortization and impairment acquisition-related intangible assets and goodwill

Information by revenue category

in € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010[1]	Change	Organic change[2]	EBITA margin '11	EBITA margin '10
Revenue						
Staffing	2,400.1	2,004.9	20%	16%		
Inhouse services	594.3	380.2	56%	41%		
Professionals	705.6	653.9	8%	6%		
Total revenue	**3,700.0**	**3,039.0**	**22%**	**17%**		
EBITA[3]						
Staffing	74.8	49.4	51%	49%	3.1%	2.5%
Inhouse services	19.6	11.5	70%	57%	3.3%	3.0%
Professionals	26.3	24.9	6%	4%	3.7%	3.8%
Corporate	-12.0	-10.4				
Total EBITA	**108.7**	**75.4**	**44%**	**40%**	**2.9%**	**2.5%**

[1] To further harmonize reporting we have reviewed our portfolio and candidate profiles. Among others, we now report all healthcare in professionals. This has been reflected in 2010 for comparison purposes. The impact in Q1 2010 on revenue is around € 46 million.
[2] Organic change is measured excluding the impact of currency effects, acquisitions, disposals and reclassifications
[3] EBITA: operating profit before amortization and impairment acquisition-related intangible assets and goodwill

Consolidated balance sheet

in € million, unless otherwise indicated (unaudited)	March 31, 2011	December 31, 2010	March 31, 2010
ASSETS			
Property, plant and equipment	149.2	155.6	142.9
Intangible assets	3,072.3	3,162.1	3,151.1
Deferred income tax assets	495.5	520.4	480.3
Financial assets and associates	75.5	75.5	87.4
Non-current assets	**3,792.5**	**3,913.6**	**3,861.7**
Trade and other receivables	2,702.3	2,788.3	2,308.3
Income tax receivables	49.9	51.7	39.9
Cash and cash equivalents	279.6	285.3	391.8
Current assets	**3,031.8**	**3,125.3**	**2,740.0**
TOTAL ASSETS	**6,824.3**	**7,038.9**	**6,601.7**
EQUITY AND LIABILITIES			
Issued capital	19.6	19.5	19.5
Share premium	2,064.9	2,031.3	2,019.3
Reserves	576.5	800.0	503.5
Shareholders' equity	**2,661.0**	**2,850.8**	**2,542.3**
Non-controlling interests	1.6	1.6	1.6
Equity	**2,662.6**	**2,852.4**	**2,543.9**
Borrowings	931.0	1,108.5	1,266.8
Deferred income tax liabilities	421.6	444.4	464.5
Employee benefit obligations and provisions	80.8	79.0	74.5
Other liabilities	55.0	56.8	76.9
Non-current liabilities	**1,488.4**	**1,688.7**	**1,882.7**
Borrowings	95.1	76.1	121.0
Trade and other payables	2,184.5	2,261.0	1,842.5
Dividend payable	208.8	-	7.2
Income tax liabilities	83.2	37.4	50.8
Provisions	64.6	76.5	103.8
Other liabilities	37.1	46.8	49.8
Current liabilities	**2,673.3**	**2,497.8**	**2,175.1**
Liabilities	**4,161.7**	**4,168.5**	**4,057.8**
TOTAL EQUITY AND LIABILITIES	**6,824.3**	**7,038.9**	**6,601.7**

Consolidated statement of cash flows

in € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010
Operating profit	**67.6**	**35.3**
Depreciation property, plant and equipment	13.5	14.1
Amortization and impairment software	6.6	7.2
Amortization and impairment acquisition-related intangible assets	41.1	40.1
Gain on disposal of subsidiaries	0.0	-
Share-based payments	3.5	2.0
Provisions and employee benefit obligations	-7.2	-10.9
(Gain)/loss on disposals of property, plant and equipment	-0.6	0.1
Cash flow from operations before operating working capital and income taxes	**124.5**	**87.9**
Trade and other receivables	48.5	-12.7
Trade and other payables	-50.7	-44.1
Operating working capital	**-2.2**	**-56.8**
Income taxes received	22.7	19.6
Net cash flow from operating activities	**145.0**	**50.7**
Additions in property, plant and equipment	-11.5	-5.3
Additions in software	-5.0	-7.0
Acquisition of subsidiaries and associates/ buy-outs	-8.8	-5.0
Financial receivables	0.1	-
Disposals of property, plant and equipment	1.8	0.6
Disposal of subsidiaries	1.9	-0.1
Net cash flow from investing activities	**-21.5**	**-16.8**
Issue of ordinary shares	15.4	2.8
Drawings on non-current borrowings	-	6.7
Net repayments of non-current borrowings	-152.2	-
Net financing	**-136.8**	**9.5**
Net finance costs paid	-9.5	-2.7
Net reimbursements to financers	**-9.5**	**-2.7**
Net cash flow from financing activities	**-146.3**	**6.8**
Net (decrease) / increase in cash, cash equivalents and current borrowings	**-22.8**	**40.7**
Cash, cash equivalents and current borrowings, at begin of period	**209.2**	**229.5**
Net (decrease)/increase in cash, cash equivalents and current borrowings	-22.8	40.7
Translation (losses)/gains	-1.9	0.6
Cash, cash equivalents and current borrowings, at end of period	**184.5**	**270.8**
Free cash flow	**130.4**	**39.0**

Consolidated statement of comprehensive income

In € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010
Net income for the period	**39.7**	**21.8**
Other comprehensive income		
- translation differences	-39.5	32.0
- other	-0.1	-
Total comprehensive income	**0.1**	**53.8**
Attributable to:		
- equity holders of Randstad Holding nv	0.1	53.7
- non-controlling interests	0.0	0.1

Consolidated statement of changes in equity

In € million, unless otherwise indicated (unaudited)	March 31, 2011			March 31, 2010		
	Shareholders' equity	Non-controlling interests	Total equity	Shareholders' equity	Non-controlling interest	Total equity
Value at December 31	**2,850.8**	**1.6**	**2,852.4**	**2,491.0**	**1.5**	**2,492.5**
Total comprehensive income	0.1	0.0	0.1	53.7	0.1	53.8
Share-based payments	3.5	-	3.5	2.0	-	2.0
Issue of ordinary shares	15.4	-	15.4	2.8	-	2.8
Dividend on ordinary shares	-201.6	-	-201.6	-	-	-
Dividend preferred shares	-7.2	-	-7.2	-7.2	-	-7.2
Value at March 31	**2,661.0**	**1.6**	**2,662.6**	**2,542.3**	**1.6**	**2,543.9**

Breakdown operating expenses

In € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010
Personnel expenses	400.8	353.6
Other operating expenses	161.1	146.0
Operating expenses	**561.9**	**499.6**

Depreciation and amortization / impairment software

In € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010
Depreciation property plant and equipment	13.5	14.1
Amortization and impairment software	6.6	7.2
Total depreciation and amortization / impairment software	**20.1**	**21.3**

Earnings per ordinary share

In € million, unless otherwise indicated (unaudited)	Q1 2011	Q1 2010
Net income for holders of ordinary shares	**37.8**	**20.0**
Amortization and impairment acquisition-related intangible assets and goodwill	41.1	40.1
Tax effect on amortization and impairment acquisition-related intangible assets and goodwill	-13.1	-12.5
Net income for holders of ordinary shares before amortization and impairment acquisition-related intangible assets and goodwill	**65.8**	**47.6**
Basic EPS (€)	0.22	0.12
Diluted EPS (€)	0.22	0.12
Diluted EPS before amortization and impairment acquisition-related intangible assets and goodwill (€)	0.38	0.28
Outstanding ordinary shares, in million shares		
Avg. number of ordinary shares outstanding	170.5	169.6
Avg. number of diluted ordinary shares outstanding	172.0	171.5

Core data balance sheet

In € million, unless otherwise indicated (unaudited)	March 31, 2011	March 31, 2010
Operating working capital[1]	**516.0**	**464.6**
Cash and cash equivalents	279.6	391.8
Less: current borrowings	-95.1	-121.0
Net cash position (cash flow statement)	**184.5**	**270.8**
Less: Non-current borrowings	-931.0	-1,266.8
Net debt	**-746.5**	**-996.0**

[1] operating working capital is trade and other receivables minus current part financial fixed assets minus trade and other payables

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 months' period ended March 31, 2011 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, 2010.

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, 2010.

The consolidated financial statements of the Group as at and for the year ended December 31, 2010 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, 2010.

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 the 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, 2011 of 30.2% is based on the estimated effective tax rate for the whole year 2011. Compared to the whole year 2010 (28.1%), the effective tax rate (before tax one-offs) is higher, which is mainly due to changes in the relative mix of results and a relatively lower share of tax-exempt income items.

Acquisition of Group companies and buy-out of non-controlling interests

The total cash out for acquisitions in Q1 2011 is € 8.8 million, which is wholly related to arrangements with regard to acquired group companies in preceding years. As these companies were already consolidated in full in 2010, no additional contribution to revenue and operating profit resulted from these acquisitions in 2011.

Disposal of Group companies

In Q1 2011 the Group disposed of a small business in Hong Kong leading to a cash inflow of € 1.9 million.

Shareholders' equity

The issued number of ordinary shares increased as follows:

Number of issued shares as at December 31, 2010	170,048,755
Share-based payments arrangements	838,351
Number of issued shares as at March 31, 2011	170,887,106

Net debt position

The net debt position as of March 31, 2011 (€ 746.5 million) is € 152.8 million lower compared to December 31, 2010 (€ 899.3 million), mainly due to a positive free cash flow in the amount of € 130.4 million; the latter mainly arises from a positive cash flow from operating activities.

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, 2010.

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, 2010.