MANAGEMENT DISCUSSION SECTION

Bart Gianotten, Director, Investor Relations

Good afternoon, ladies and gentlemen, and welcome to the Fourth Quarter and Full Year Results Conference Call, webcast, Analyst Meeting, and what have we, in quite turbulent times. We are quite happy that still we have such a large audience here to listen to our story. We have quite something to tell, I think. We will use the regular format, with Ben starting on our performance in the quarter and in full year, and also giving more insight into the integration of Vedior. Robert-Jan will take us through the financials and talk about the outlook.

Of course, still we have to highlight that the structure of the presentation is such that on revenue, EBITA, we will focus on the pro forma results, as if we have been combined. That is pretty complicated, it gives better insight, but as this morning we've found out sometimes it's even slightly complicated for ourselves. Mea culpa for that. And well – below those lines we will look at the actual results to reflect the impact of the transactions.

And with that I will give the floor to Ben and I'll see you back in the Q&A.

Ben J. Noteboom, Chief Executive Officer and Chairman

Good afternoon, and for the people on the phone, maybe good morning. After, indeed, a two-faced year, some people get an Oscar for that, but we didn't get the Oscar yet, I guess. Two-faced because obviously, what we look – as we look at what happened, it's a historical year in the fact that, of course, we combined our forces with Vedior, that everybody was very worried about the fact whether or not we would be able to handle the merger in an organized way, without losing business and clients.

And we succeeded better than, actually, we had even dreamt of, in that respect. So far we had no accidents, we had no disappointments. We realized savings, even in a faster mode, as you will see later, than we had anticipated and promised you. So all that looked almost too good to be true, but it was true.

The other hand, of course, is if we look at the decline in the markets, especially in Q4, at rates which none of us has ever witnessed. An example is Germany, where we had still growth in October, and we are now looking at minus 25 or even worse. So that's in three or four months' time, markets completely – well, collapsing is almost the right word to use. So that indeed is a two-faced year, '08.

If we get to the – that's me, Performance. If we get to market developments on slide six, trends are known, obviously. We always have to add that not for all markets are the statistics 100% reliable. For the major ones like France, Holland, Belgium we do get quite reliable information. One of the reasons is we are a big part of those numbers and, two, it's well organized.

If you look at what happens here, and indeed you can see what happened in Germany. I'll come back to these markets one by one in a minute, but it's obvious what happened. We also shared with you already that in January we took even a deeper dive in revenue. We've seen a minus 24% on a working day basis. I don't think, by the way, we had a working days effect.

And February seems to be stabilizing, more or less, at that point. But it's only a couple of weeks, so it would be a bit too early to already say that the market is bottoming out. I remember us saying that once, a number of quarters ago. Well, that's what nowadays we should never repeat it again.

To look at the year. Indeed, the integration, so far, so good. I'll get back into more details in a minute. The good part of what we saw, of course, is that the strategy is working. If you look at the

results, if you look at markets, if you look at the mix we now can offer, we do see that we have a more balanced portfolio.

A good example is the U.S., profitable – the professional business kept on growing, remains very profitable. Staffing business was suffering, so it indeed balances our results to a large extent. That combined with, normally, the geographical spread, put us strategically in a better position – a lot better position, for sure.

Our performance in many geographies, a bit less in Q4 than in Q3. These numbers are difficult to measure, if you talk minus 30 or minus 35, that's a big difference in percentage but is difficult to measure at this point in time.

The margin, Robert-Jan get back – will get back to you in more detail, is holding up well. Obviously, we see a reduction in the recruitment fees we can get, up to, like in the U.S., even a minus 33%.

And the only thing we can really control, next to pricing obviously, is costs. We put in a lot of effort in reducing costs. We put in even a greater effort for the running quarter, this Q1. That's why we were able to forecast that we expect costs to be in the range of €585 million for this quarter, Q1. That's almost a 10% reduction. Which we need to, of course, realize, because first of all, as you know, the seasonality kicks in. Q1 is by far the slowest quarter of the year, always, and especially – specifically this year where many plants didn't start up after they closed down, even before Christmas. So the cost reduction, we'll get back to that.

EBITA, if we exclude the exceptionals, still strong. 4.9% for the year. And excellent cash flow in my view, that enabled us to reduce the debt to 1.6 billion, which helps a lot, together with the 200 million of dividends, which we will not pay to shareholders at this point in time. We will use it to reduce debt, because we want to make sure that if the market will continue like it is now, that we would never get into any problems with our governance with the banks. And by saving the 200 million it makes it a lot more – even a lot more relaxed than it seemed beforehand.

Integration, I've talked about. And obviously long-term market conditions are favorable. What we have seen is that companies are firing the flex-workers, which is a big mistake. We all know that they have to have a flexible layer at whatever point in the cycle, because again a supermarket sells more on a Saturday than on a Tuesday. That means they need more people on a Saturday, they need more people on a Friday in the distribution center, and more people on a Thursday at the supplier of the distribution center.

That is not going to change, even if the economy is slow. So by companies reducing to zero flexibility will make them inefficient, and less able to compete in a globalizing world, so that means they will have to come back to recreate a flexible labor – layer in the labor organization.

The agency work directive should help, because as you know we have agreed with the unions that they will help us to reduce barriers again in some parts of the markets and this also should be captured in legislation per country within three years.

Looking at full year, I won't dwell too long on the numbers, because we have quite a number of slides and for sure we want to leave time for questions and for some answers. You have seen the numbers. For the whole year, on balance, it looks good. Obviously, Q4 is where it starts to bite.

If we look at some markets that are still doing well, actually, it's the middle column, saying above average growth. In general, it's everything related to government, healthcare, in almost all markets. In many markets we see call centers – actually in Holland they are booming because, first of all, many clients – consumers have questions. Will I get my money back? Are you in danger? Are these bonds safe? So there's a lot of traffic from clients to their supplier, bank and other institutions.

And it's also the cheapest and most efficient way to reach your consumers, obviously, the other way around. So that's why that market really is doing very well.

And there we see a different picture, more or less, per country. Food is, in many markets, still a good industry to be in. Some of the professional markets are still doing well. So this is the picture and we also see, obviously, that the ones that are most hit are – well, here called metal, but obviously automotive, which was a big chunk of our business in a number of markets, has not exactly been flourishing. I think the picture for this is self-explanatory.

So, Q4. Still a good margin and a good cash flow. Markets began deteriorating very, very fast. We even shared with you the monthly numbers, where we see that for the total company, December was at a minus 18%. January even worse at minus 24%, and we saw that level more or less continuing into February. So not going even deeper.

Obviously, the comparative basis is still challenging, because we had growth up to the and including the second quarter of last year. I think we covered this.

By market, if you look at France, the big disadvantage is also its advantage, but at a different point in the cycle. The labor market is extremely inflexible, so after we got the approval for the integration of our two companies, we then had to go and talk to the unions, because we had to reduce – we have to reduce manpower there. That's in the double sense.

For that we need approval of the unions and there's a sequence which you have to go through, and it takes a certain amount of time. That's why our estimate today is that we will see the results of the savings kick in as of Q3. However, this is like politics. It's never a certainty, because unions might change their mind, might start procedures, etcetera. So that's why we cannot say this for sure, but this is our best estimate today.

Adjusted EBITA of 3.7%, which is, again, given the inflexibility of the labor market and our costs, a relatively – is an excellent result. The proposal for the social plan has been published. We provided 25 million to do that and we closed the old competition case, which was still pending from a couple of years ago, from the old times, if you want. But we have provided for 35 million, but actually the penalty is going to be 18. It's not going to go through the P&L, but through the balance sheet. That's why you don't see them back.

The Netherlands – a market that kept up remarkably well. Our number for Q4 was minus 8%, as you will have seen. We show a big decrease from December to January, but there might be different – still a problem also in the holidays, January 1 and what is counted as week one, and week one last year. But still the market is slowing down more, but still by far not in such a dramatic – to such a dramatic extent as we have seen in some other markets.

In-house is under pressure, as we see in all markets. The industrial segment is suffering most, but as – of course, the moment there is an upturn that will also be the segment that will benefit most. So that's a conscious choice that we are there, but now we are suffering a bit on that.

The call centers, I mentioned. We've closed down quite a number of branches. We have 195 branches less than we had in Q3 '08. We also have about 800 people less than we had a year ago, so we really – and that's why, also, we have managed, of course, to maintain a very high EBITA margin of 9.4%. Holland has never let us down in any cycle, and any difficult point they have always been very profitable.

And Yacht, still some growth and strong margin on the average, for the quarter.

By the way I should say we also replaced Jan Vermeulen as General Manager by Chris Heutink. He's more or less CEO, who took over first at interim, and now we will appoint him permanently in

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this job, because yesterday we finalized the official process you have to go through to cancel somebody as a statutory director. That happens tomorrow morning. That's why, in the press release, it's also – there's no of interim.

Germany. We have seen an extremely fast drop in Germany. If we go back in history, then some of you will remember that we have suffered in the other slowdown that started at the beginning of this century, and we – we actually suffered from high losses. In spite of the fact that we have reduced the temporary workers with almost 40%, we still make a profit of 4.7% in one of the most difficult quarters they have ever seen.

So the flexibility, to avoid idle time, as we have explained on the analyst day – Investors' day, worked, obviously. You do then incur some costs, as we explained in those days. You pay about two weeks' salary to fire a flex worker if the contract is not terminated because of the date that has been set.

The other things are, again, the FTE reduction is on schedule. We are in the process of combining companies again. Bindan, Vedior Dienstleistungen will all be integrated into Randstad with, again, the same back office. We are also now looking strongly at Yacht Teccon. That's why we took the last cost there.

Extremely fair change. Special automotive, obviously, was a sector where we have suffered a lot, with as many – with as many colleagues. It's about – what is it? 8% level of revenue. 6%? A bit more maybe, 8, 9% of revenue in Germany, so that's what happened.

UK, a big decrease in Q4, as you will have seen on the slide that I showed you earlier on market, minus 16% in Q4, a weakening through the quarters. A lot of the engineering and construction is under pressure. That's one of our – two, actually, of our companies are active in that segment, BBT and Hill McGlynn, companies that have always generated excellent profits. It's not an easy market now.

Healthcare and education still do very well, especially education, a very reliable cash generator and profit generator. In-house service is also there suffering. Again, the same story. Industrial and construction is under pressure. We again have stepped up the savings projected for this quarter, especially for the professional business. Staffing business has been very successful in reducing costs, first on the basis of the integration and then to next initiatives to do so.

US. Yeah, it's – no recovery yet, it's a nice heading. No recovery. We can forget about the – yet, as far as we can see. We have seen a further deterioration of market, even in Q4. That means we are now in decline in the blue collar segment of this market for two years, which is a long time. In-house declined with 40%. Those are huge numbers, obviously.

The effect of all these stories is that today we employ about 10,000 temps less than a year ago. 10,000. That's a lot. U.S. professionals, the financial business turned negative earlier. Now we see also the slowdown, although still to a small extent having an effect on Sapphire, the IT company, and on Think, the engineers.

Some price pressure for big contracts, and obviously clients are all pushing for longer DSOs, more DSOs, and we try to resist them. So far successfully, as you will have seen by our DSO improvement of 1 day.

Permanent placement is obviously the part where the market suffers, especially in December, by the way. Minus 33%. The mix is smart in the U.S., especially in our bigger companies. In the financial segment we are more heavily depending on permanent placement. On the IT business, Sapphire, they have been very disciplined in making this not too big a percentage of the business.

Canada seemed to escape, but as many markets thought they would escape this downturn, they didn't. Certainly, we started to decline in October, and again permanent placement fees has been hit most. IT is still at a low decline, staffing is hit a bit more.

On the merger. As you know, there were a couple of countries where we were not allowed, yet, to start the merger. Those were specifically France – France, Spain and Italy. As from January 1, we have started to merge the companies, the head offices, etcetera. France, the plan has been communicated a long time ago. Everybody knew what was about to happen. It's now all about execution. The process, as such, is not complicated and is no surprise to anybody.

The Netherlands, covered, done. Every aspect has been integrated. We're still looking at some minor companies which we have, and some are being shifted or actually being integrated into Randstad or Tempo-Team, but 99% is done. Belgium is done, ahead of plan. We are integrating the back offices. They will move to a joint IT platform later this year. That will make it even easier and enable us to save more costs there.

UK, Randstad and Select have merged very fast. Big savings, because we could close one of the two head offices, so that's done, as well as the branding there, of course. Italy and Spain I just mentioned. They are – they started as we speak. U.S., a small integration of Placement Pros into Randstad with small savings. 8 to 10 people in the back office, that's about it. And then some branches which we can combine, but it's not a lot. And India, we integrated Team4U into Ma Foi.

Now I hand over to Robert-Jan, on the financials. One more remark on branding, maybe. Also, our Australian organizations moved – have moved now to Randstad. Singapore, Mexico, many more countries. So by sure – for sure, what we said, the 95% rebranding will be done by the end of this year, something we will achieve. We actually have a schedule there, which is excellent, because it helps us to save on marketing costs.

Now I'll hand over to Robert-Jan van de Kraats, on the financial results, and the outlook.

Robert-Jan Van de Kraats, Chief Financial Officer and Vice Chairman

All right. Good morning, afternoon. Before I start, I have to share with you one element. The process to combine – to financially combine the two companies has been an intensive one. We've been consolidating Vedior up to – into one database. Randstad and then a joint consolidation again, a lot of manual things. We've overstretched a few people.

As a result of this, the EBITDA in the press release is overstated, as it presents there, by 13.6 million, which is the software impairment. So it should be 201.5. And that means it has very little effect throughout the document because we measure and we specify by EBITA. There's one element that is impacted by this, and that is the leverage ratio, which goes up from 1.73 to 1.76. It's immaterial. It was gently pointed out by one of you, and we appreciate the signal. But as I said, it has been a very intensive process.

All right. Managing through the cycle, at Randstad. It's been quite a time, as Ben just said. Market share gains are essential to measure if we keep our focus on the market whilst integrating companies, and that is something which, in most geographies, we've noticed again.

The EBITA margin of 5 to 6% through the cycle is a key target for the Group, and it should not below – be below 4% in what we in November mentioned to be a normal downturn. What is a normal downturn? We said, well that's a downturn that has got two – three – two dimensions. One is time, how long will it last, and the other one is how deep will it go. And at the time we said three years of minus 10, and three years.

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Today, we're not there for three years, that's for sure. We're below the minus 10. And that means it is difficult – more difficult for the company to adjust its base – to adjust its cost base. Also, the reorganization costs that we have absorbed, the pay-off is going to come in in the quarters to come. And that means if a scenario as we have today would continue, the 4% might be difficult to maintain. However, we just don't have a clue where it will go for the rest of the year.

We still believe the company can adjust its cost base very rapidly. Ben made a reference to it, and if one looks at the costs for Q1, those will be 9% below the costs of Q4, assuming the 585 and 16% below the costs of last year first quarter. That's a substantial decline, and that's kind of rhythm we have organized by now and we don't believe it is impossible to continue that for a while.

The financial position, another crucial element. We said it should be below 2.0 in – within 12 months. Well, we were there at the end of – at the third quarter. We're still there. It's 1.8 now, that's the adjusted number. The integration, Ben just spoke about it, well on track and I have a slide to give you a few more details.

Another element that we've added in this specific, very difficult situation, is that we are setting ourselves certain targets, OpCo by OpCo, as an ambition, to earn back the loss of gross margin. How much of the gross margin do we want to see saved in the operating expenses? And that varies, of course.

In France, for example, there is a different timing scale than in other countries. But this is how we run the company, at the moment, and furthermore we've also said anything that we can reorganize and that has a payback period which is shorter than 12 months is something we should do. And that's why you have seen a relatively aggressive absorption of reorganization costs in the final quarter. All the plans we have, meet their targets, and they are all underway and, what we can see so far, it's fully in line with the plans we've made. Effectively, these are investments and we're looking at the return on those investments.

A few remarks about the acquisition of Vedior. I think most of you around here, but maybe not everyone, knows that when we acquired Vedior, we were looking at a stock price that had just gone in half, almost, from the summer of 2007 into November 2007. And at the time we made our scenarios and our calculations on the base of low growth; single digit growth, we said at the time. And it is clear that that kind of scenario is absent at the moment, and that is the reason why we have looked at the valuation of Vedior and it has resulted in an impairment. I'll get back to that point, specifically.

We also wanted to realize synergies, spoken about that ahead of plan, and I have some details. Minimized the forced redundancies. We do have forced redundancies, but at the same time the natural attrition is being used to reset the company. The rebranding was mentioned; loss of clients and market share here, again. Financing, extremely important. The EPS enhancing element, that comes through, but the EVA accretive ambition in 2010, with the knowledge we have today that's going to be difficult, and we believe that will be delayed.

Then the financial results for the fourth quarter of the year. A decline of underlying gross profit by 15%, which is also 30 basis points as a percentage. I'll get back to some details on this. The underlying operating expenses are adjusted by 9% downwards and which will be again the case in the next quarter.

The savings can be seen across the Group, throughout all regions, and the synergies are being accelerated. There's very little discussion about whether or not to aim for integration. Whereas in a normal economic climate there might be more room for discussion, in this case these points do not even arrive on our tables.

The EBITA margin is down to 4.5 in the final quarter of the year, and then the goodwill impairment is 0.5 billion for Vedior. And that was triggered, as it says here also, by allocation to the geographies. Whereas we acquired Vedior not because we were interested in specific countries but for the whole portfolio, we now have to allocate that goodwill according to IFRS rules, there is no room to maneuver, to the various geographies.

And that means that if, in one geography, the cash flows that our scenarios are indicating and you tell me and we'll have scenarios, but we've been relatively conservative on designing those scenarios, with certainly difficult periods this year and next year, and that number then should justify the value of the goodwill. If in one country there is a shortage and in another country a surplus, that cannot be offset against each other. That's the clear disadvantage of the system, but this is the name of the game, these are the rules and these have been applied.

So we have designed a system driven by scenarios taking into account difficult developments both in 2008 and in 9. And that resulted in a reduction of the value of the Vedior goodwill by €0.5 billion.

The 35 million impairment on Dutch payroll services is an element that we have had as well, and it consists out of goodwill but also software in impairment. That has been absorbed in the fourth quarter, as well. This comes on top of the 50 million that we had mentioned – reported in the third quarter.

Then there is some technicalities on the – in the field of corporate taxes. Due to the combination of Vedior and Randstad there is two elements to share with you. One is the fact that Randstad has suffered from losses – tax losses in the U.S. over the past. The value of those tax losses is depending on a view of future profits.

That view has improved dramatically, taking on board the profitable Vedior U.S. business, and that means that it gives us a much better chance to offset those losses in the future, and as a result of that the valuation of those losses, and that's again IFRS rules, had to be adjusted. And that's the 40 million plus that one sees here.

There is another element, and that is that in the past we have deducted losses in the US from Dutch profits, which is structured through creating a tax entity which includes the U.S. operations. Effectively that's a permanent establishment in the U.S., which is part of the Dutch legal entity.

So those profits – those losses have been compensated with loss – with profits in the Netherlands. Losses in the U.S., profits in the Netherlands, same entity. But then one knows, having done that, that if one makes profits in the future these have to be added back again, so profits in the U.S. would also lead to payments in the Netherlands. That's why the money was placed in the liability side and not taken as a profit in the past.

This liability has been reduced in the past because the tax rate had been – has been reduced in the Netherlands, from 34% effectively to 25.5%. Now the question is, will we ever pay this liability, and the fact that there is a company in between, within our structure that decides whether or not to pay dividends from the U.S. means that we will not push that button of paying dividends, because we'll get the cash flows from other locations. It's very attractive not to use the U.S. to generate dividends to the group, because then you'll have to pay taxes. We'll use that money to invest, rather than pay the dividends. And that means that, again according to IFRS, this means we have control over this future corporate tax payments and as a result of it, it's being released here. There's quite some logic behind it, I would say.

The DSO moving average improved to 59 days. Ben mentioned it. On the one hand we have pressure in the market and on the other hand we have our internal admin still to improve. Free cash flow of 280 million, of which most was used to reduce the net debt, which then ended at 1.641 billion.

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Market share developments, listed here. In France, under the market 3%, that's because of overweight in the industrial sector which is hit hard, like in Germany. And in Germany, here, it's -- it looks very precise, by saying minus 1%, but I think that's a bit overstated, because market data become available at a pretty late point in time, but also there, Randstad is well represented in the light industrial segment, which should be the first one to pick up.

Belgium, same story, overweight to that sector. U.K. doing well. Italy a market we've always been ahead of market, but now we are a bit bigger together with Vedior. And in Spain, in a terrible market situation, still a market share gain. Then we put the whole U.S. together, which might be a little bit unfair, and then we are below market, also as a result of a lot of focus on the in-house segment on the industrial business.

The income statement here, and now I have to apologize for just a second, please. The income statement, this – we have the underlying results here. The reconciliation between underlying results, here, and the results as one would formally represent them is that gross profit has been adjusted for 16 million because the one – there was a one-off in there for social securities, and the costs have been adjusted by three items. One is the integration cost, 23 million, the other one is the reorganization cost for 31 million, and then a software impairment, which I just referred to of 13 million and that bridges the gap between the reported 178 million and the 50 million lower actual result for the quarter.

I think I've dealt with most of the issues here, so I'll flip through to the next one, which is the gross margin changes. Permanent fees being the main deviation here, a very steep decline there, and that immediately hits the gross margin. Some pressure, but very limited still, on the temp margin.

Development in corporate employees and outlets. Corporate employees at the upper side of the slide, outlets down here, and the index is set at September 2007, when we started to measure against this, and I think the picture says it all. Pretty tough adjustments of our number of corporate employees, a little less in the outlets, that means we've put less people to work in existing branches and that means we maintain our presence in most of the geographies.

Consolidated cash flow. This statement we have connected to the change in the net debt position. This is exactly -- the 248 is exactly the difference between the debt at the end of Q3 and the debt at the end of Q4. And it consists out of the following. As you can see at the top, the net cash flow from operating activities, then the additions of PPE, which is Property Plant and Equipment, a predefined description which we have to use, 18 million, additions of software investments 10 million.

The financial receivables, that includes mainly our investment in FujiStaff, and it has to be reported under this line. I'm sorry again, this is IFRS, because it is not yet qualified to be classified as associate company and that's due to the fact that we have not yet taken the board seat. We will do so in the third quarter of this year, the board seat we have in that company.

And all that results in 280. The 280 is then used for acquisitions and disposals of subsidiaries. Various, I should say. There's a disposal of a company in Japan, so minority interests. Interest paid 29 million and that results in the change of 248 million.

Synergies – tracking of synergies, the same slide as we use every quarter. The benefits, the 40 million tax synergies are coming in as from the first day of this year. The cost synergies aiming at 90 million, we are currently at a run rate of 60 million, ahead of plan and that means that will be completed in Q3 of this year instead of at the end of the year. The integration costs are also on track.

Well, then the dividend. That was quite a decision, I should say. Because this has an impact that is clear and what we looked at is the development – the recent development. Last year does justify a

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dividend payment, that's clear. The question is, does the future do that as well? Is it a fair point to expose the company and its shareholders, given the uncertainty to increasing the net debt by some 200 million?

And our conclusion was, given what's happening out there, given the fact that the stress test that we have used is long, three years, but not as deep as what we see at the moment. We have decided that it is not appropriate at this point in time to increase the net debt. And exactly as Ben just mentioned, times are extremely uncertain and, as you know, we watch the company's state of affairs and its balance sheet tightly, and we believe we should not do this. Whenever trends reverse, we'll be the first one to address it again, ASAP.

Some remarks about fixed versus floating interest rates. I won't explain to you the policy behind it again, because you're very aware. I just wanted to point out that, at this point in time, we're paying 2.6% interest on the -- roughly on the syndicated loan and, as you can see here, the line – the short-term interest rates are pretty low here. There might be another decline a reduction coming in soon, but it's really paying off, the policy here; both in terms of cash flow as in terms of the P&L.

In terms of maturity, our repayment schedule hasn't changed. There is no need to refinance, and the annual redemptions are 270 million split in two parts, and the company is completely capable of dealing with this. Effectively, we believe that even in a more difficult scenario, there's by no means we're going to be stuck with a substantial debt like the one stated over here at the end of the period.

Well, that brings us to the outlook. Not easy. Difficult month of January. But also, always, an uncertain month because the year tends to start slowly. There seems to be a trend that the trends have stabilized in the first two weeks of February, but that has happened before, not once but more often. So that's not an indication to believe that it tells us that we see light at the end of the tunnel, at this point in time.

The European and North American markets clearly remain challenging, but we do see some continued growth in Asia and Latin America. Pricing remains mostly rational, but there is some spots where we see some pressure, but across the board it's rational. Permanent fees remain to decline, and the cost reduction continues full speed. Restructuring charges, again expected for the first quarter on top of the French one, which is by the way, not going to be absorbed fully in Q1, the French one. It will most probably spread across two quarters, the 25 million. But we expect another 25 million in Q1, related to other adjustments throughout the group.

And finally, the realization of synergies which is, as I said, ahead of track. The good footprints, the presence in the professional segment, but also the higher network density. It makes us – it makes it able – makes it possible for us to make more adjustments to combine more offices because we have a higher density of the network in various regions, and that should help us to manage through the cycle.

That leaves us with this summary, which I'll leave behind us when we start addressing your questions. Thank you.

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QUESTION AND ANSWER SECTION

Operator: We'd like to start our Q&A session from here. As usual please restrain yourself to just two questions. I also point out that we have Brian Wilkinson, Greg Netland and Leo Lindelauf in the room, so if you have questions on their countries, maybe they will help in answering these.

The first question is for Arun Rambocus[inaudible].

<Q>: Sorry, one question – one question is on mix, which you can split out in two questions. I assume that both DSO and your temp margin benefits from mix, meaning that some low DSO and low gross margin countries went down faster than some high gross margin – high gross -- high gross margin countries? Can you just give me the DSO trends and gross margin trends in your three main countries? Thanks. That's the first one. Yeah, let's go for the first one first.

<A – Robert-Jan Van de Kraats>: There is very little significant impact on a country level. It's not really significant.

<Q>: But I assume, I'm hearing from other companies that, for example, in France typically DSO are, let's say between 80 and 90, whereas in the Netherlands it's around 50. So I would expect, given your revenue trends that your DSO on a group level would come down more than what you currently produce on a full year basis. That's what I mean, actually.

<A – Robert-Jan Van de Kraats>: Well, the – let me see. In France we are between 70 and 80 days, roughly. In the Netherlands its in the 40s range. In – there is a lot of countries which are in the second half of the 40s, so to speak. So there – we haven't calculated that – that difference.

<Q>: And there's been no major change in paying behavior at your clients, they demand longer pay terms for...

<A – Robert-Jan Van de Kraats>: No, but that's – that's the point. There is two trends here. One trend is that clients are negotiating to pay later. That's where it happens, by the way, the behavior of clients is managed quite well throughout the Group because we have a good handle on – on collections. The other side of the whole thing is that we internally are continuing to improve our discipline on invoicing, little errors in invoicing, collection process from the back office and so forth. So on the one hand you get pressure upwards, and on the other hand you get pressure downwards. That's what we continue to see in the – we will continue to see in the quarters to come.

<Q>: And on gross margin and pricing you said it in your last slide that in some countries you saw some change in pricing behavior? Any more specific stuff on that?

<A – Ben Noteboom>: No, what we see is – what we've seen before. But sometimes a bit more aggressive now that for large contracts – for large contracts -- it must be the microphone in my tooth -- for large contracts, some companies get a bit more aggressive. Yeah, it's a trend we've seen for quite a while and obviously this market encourages some people to be a bit more aggressive, but so far no major shifts.

<Q>: That was my first question. The second question is about, on one of the slides you saw that – we saw that in-house is coming down more rapidly than the Group average. Do you see any change from, for example, bringing back in-house to branch level? Or you'll leave these branches in place waiting for some pickup to come, to appear?

<A – Ben Noteboom>: No, we are moving business back into the regular branches from in-house when volume is too low. Only exception being if the clients, since we sometimes – actually, sometimes, in a number of cases also supply more HR services for the company. For example, planning of the permanent staff. So the only exception would be if the client will be willing to pay a

fixed fee for consultant being present and doing that extra work. Where the volume is too low then we'll take the business back into the regular branches.

<Q – David Tailleur>: David Tailleur, Rabo Securities. First of all, question on your SG&A. If you look at the trend in Q1, at least you're indicating 9% decline. Can we expect a similar trend if it would be necessary into 2009? And then secondly on the Dutch staffing market, if you look at the trend in the industrial segments, let's say how optimistic are you that you can maintain the current decline pace? Thanks.

<A – Ben Noteboom>: Your first question, David, the answer is yes. And that's also carried by the reorganization projects that we are running

<Q – David Tailleur>: Yeah, sorry, to clarify. So you can expect that you can maintain the let's say minus 9%, sequentially? Quarter-by-quarter?

<A – Ben Noteboom>: If we feel that's necessary, and that depends on the developments country by country. But the system and the way of reducing the organization makes us – gives us clear indications that we can do that, yes. There is an end to this, of course, somewhere. But not for now.

<A – Robert-Jan van de Kraats>: The only thing we should add is that per county, we – you have different procedures to go through. As I just illustrated, to cut cost in France takes a lot more time than in U.S. So, of course, you have to take into account that delay in reduction. But we're starting them all the time. So we can substantially reduce costs if we have to. At the end of course, it will mean that we will have to leave some markets because we have to close some branches. And that will hurt, but we will do that if we have to, obviously.

<Q – David Tailleur>: Okay. Thanks.

<A>: Maybe – I would like to add to that, from an attrition point of view of course, we're losing about 5% of people per annum if we don't change anything. So anything above that, it requires mostly additional measures. And we have taken those and I mean, you shouldn't extend those into eternity.

<Q – David Tailleur>: And the second question, please, on the Dutch markets.

<A – Ben Noteboom>: Yeah, I didn't get – why would we be afraid to lose more clients now in Holland than before?

<Q – David Tailleur>: No, I mean, if you look at the industrial markets, there is much more decline then let's say the ABU [Dutch staffing agency association] figures are indicating for the entire market. So you said you were quite happy with, let's say, the current decline, relatively happy. So would you assume based on cyclical markets segments, let's say a more severe decline in the coming quarters.

<A – Ben Noteboom>: I don't get the question now, it's my mistake.

<A – Robert-Jan van de Kraats>: Try it again, David.

<Q – David Tailleur>: The cyclical parts are declining much faster than the entire market right now.

<A – Robert-Jan van de Kraats>: Yeah.

<Q – David Tailleur>: So would you assume let's say decline for this market more in line with other markets? In the coming quarters?

<A – Ben Noteboom>: Yeah, yeah, now what we've seen is that special politicians even in October-November still said that Holland will escape the storm, in spite of the fact that some business people, I know some very well, warned them that that was not likely to happen. So what we're seeing now is indeed that markets are slowing down. It could be that we will get hit a little bit less than some other markets because of the penetration rates we have. So – so companies in Holland for sure, have understood excellently that they do need some flexibility to be able to breathe with the activity through time. But we don't know yet. It's very difficult to forecast.

<Q – David Tailleur>: Thanks.

<A – Ben Noteboom>: Yeah.

<Q – Marc Zwartsenburg>: Yeah sorry. It's Marc Zwartsenburg, ING. First question is on bonus accruals. Given that Q4 has been much weaker quarter than the quarter before in terms of accruals, I can imagine that there has been a windfall in the Q4 results. Can you give me an indication of the impact on group level? And also maybe focusing in, on the impact on the French habits and the German business, those two markets specifically. That's my first question?

<A – Robert-Jan van de Kraats>: It's clear that there is impact in Q4 from lower accruals for bonuses, also in Q3, that was included. And by the way, in Q1 again that's included. I cannot give you the details country by country, Marc, I'm sorry.

<Q – Marc Zwartsenburg>: No indication whatsoever?

<A – Robert-Jan van de Kraats>: No.

<Q – Marc Zwartsenburg>: Okay clear.

<A – Robert-Jan van de Kraats>: Where it was really relevant, we have disclosed it.

<Q – Marc Zwartsenburg>: Okay.

<A – Robert-Jan van de Kraats>: So you can assume that in all countries where we haven't disclosed it, it should be significantly smaller...

<Q – Marc Zwartsenburg>: Okay, thanks. And my second question on the Netherlands. Ben, you were talking about a trend from December and January, seeing quite strong fall-off as we saw in the ABU figures. You also mentioned specifically that there was always an impact from holiday, after holiday started. Is it also because in the trend of February you've seen a sort of different trend than what we've seen for January? And that actually, we see a slight improvement there in the trend?

<A – Ben Noteboom>: The month started very slow, January, and then improved a bit. Coming from a very low point, yes.

<Q – Marc Zwartsenburg>: Yeah but, that can still be worse than what we've seen overall from the ABU. And what's the indication for February? Do we see a bit of a pickup there or is it as bad as...

<A – Ben Noteboom>: No, no pickup, but it also didn't get worse. So the – the minus 23%, that was in the ABU numbers. Seemed a bit low, in my view.

<Q – Marc Zwartsenburg>: Okay.

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<Q>: First question is on your SG&A decrease. Can you quantify what is related to the Vedior integration? And then my second question would be on skipping the dividend. Did you make a new stress test? Because you still mention challenging EBITA target, which in my view does not match with skipping the dividend. And can you please confirm that skipping the dividend is not related to any acquisition plans?

<A – Ben Noteboom>: I'll deal with the dividend question first, the – we're talking about EBITA targets for the longer term, yes? And the dividend position is this time. So I wouldn't connect the two.

<Q>: But that's, I thought you mentioned the challenging 4% EBITA target?

<A – Ben Noteboom>: Say it again – I am...

<Q>: You mentioned a changing EBITA targets.

<A – Ben Noteboom>: Yeah.

<Q>: But skipping the dividend, does that not – and just imply that it's an impossible EBITA target?

<A – Ben Noteboom>: No, but let's say the EBITA target is a difficult one, especially going down this road. And that means it will be – if this continues it will become a bigger problem the further we get. Second half of the year 2010, that's where the problems will kick in. That's how we look at it. The dividend is purely taking a decision now with the outlook we have at this point in time and just not having a clue what will happen in the second half of the year.

<A – Robert-Jan van de Kraats>: But it also answers the second part. It's to reduce debt and not to invest in however cheap acquisitions we can get today.

<Q>: All right, and then the first question...

<A – Ben Noteboom>: At least what material you want, something you might target, but nothing material (52.03).

<Q>: No, okay. And the first question on the cost cutting, can you quantify what is related to the Vedior acquisition integration?

<A – Ben Noteboom>: I think that's stated in the press release, isn't it?

<A – Robert-Jan van de Kraats>: 60 million run rate for Q4. That is 8 additional

<A – Ben Noteboom>: 8 million additional. That's also why we believe we'll get there in the third quarter of this year already.

<Q – Thijs Berkelder>: Thijs Berkelder, Petercam. Looking at three regions, which give the most disappointment: German, rest of Europe, rest of world. Can you maybe be more specific on what actions you exactly take in those three entities? And in Germany, can you give us a grip on, let say, whether we – maybe we'll – maybe we'll see losses in Germany in 2009?

<A – Ben Noteboom>: I don't expect losses. What we've done is, we've been very, very efficient in reducing the number of flex workers drastically. We're talking like something like 16,000 in one quarter, actually it's almost in one month. That obviously -- and there's a question of cost.

The second thing is, we took provisions for about 10 million to close down branches to pay off some more people, etcetera, that's not in there. So if you give – if you look at the very sharp

decline, the number of people we had to let go within a short period of time, it's amazing we still made so much money. That gives me a lot of confidence to state that, okay, if everything really collapses then, if there's nothing left, nothing's left. But in any scenario we looked at, Germany will make money.

Rest of world, that's – that's a mixed bag of many, many countries, obviously. Italy is slowing down, it's slowing down pretty fast the last couple of – what is now, six, eight weeks, even more. It's tending to a Spanish scenario, which is bad, as you know. Switzerland is slowing down. Poland, that's all small in money. Rest of world, if you look at Australia, maybe Brian can shed some light of that, if you give Brian the microphone.

<A – Brian Wilkinson>: Australia's coming to this later than the rest of the world. Their revenue declines are still in single digits. But we are seeing permanent fee income come down pretty fast there as well. So I think probably the worst is yet to come there.

<A – Robert-Jan van de Kraats>: Yes, and in the same basket we have Japan here, which is the extension of Randstad in Japan which has clearly come to a standstill. And on top of that, the Vedior presence in Japan, which we are currently reducing.

<A – Ben Noteboom>: And from here we will switch over to the phones and after that we'll come back in the room. So Operator, can we get some questions from the telephone line, please? Maybe we'll take one question here from the room first and then we'll move over to the telephone lines. Konrad, please.

<Q – Konrad Zomer>: Two questions, please. Konrad Zomer with Cheuvreux. Firstly, up until about a year or two ago you tend to gain market share in most of your markets, if not all of them. That picture has changed a little bit because you're now losing market share in several markets. Has that to do with your pricing policy? Because the actual question is, are you more strict in your pricing than some of your competitors may be? Because that would imply change from previous years.

And a second question is, because things are deteriorating quite rapidly, not only in – on the top line but also in margins, what is the risk that some of your bigger countries could turn into losses? You just answered Germany, but are there any other areas where there is a decent chance that you might actually end up in a loss situation? Thank you.

<A – Ben Noteboom>: Yes, on the first one, we know competition is also listening in, so yes, we are very strict on price. But no, that is not the reason why we would win less market share. But it of course has to do with integration. If you look at Italy, the figure on Italy is at minus 27%. Whereas there are lots of organizations that's always considerably above market. In combination we are best at market at this point in time, and we are in the process of integrating. So the risk, and that's also why we were happy, and are happy, if you only maintain market share at this point in time of internal focus in a difficult market is high. And that's why we are so happy that if you look at the last six months, indeed, in most markets we still gain some market share.

But that's of course the challenge, to keep people outside focused, in spite of the fact that we are reducing costs. That means some colleagues will lose their job, which is tough. And two, in the process of integrating. Holland has done an excellent job. And also Belgium has done an excellent job on Vedior Tempo-Team now. It's highly dependent even more on the industrial business, so it suffers a bit more.

So my view, there are two reasons, it has to do with mix, but main reason is that the risk of internal focus because of integration. So we get back on track but we need a little bit of time there.

<A – Robert-Jan van de Kraats>: If we measure profitability per country adjusted for reorganization costs, let me just take you through the most important ones. Germany was mentioned. And think about the quick adjustment of the cost base, which was amazing, I think. And the ability to manage idle time. In the Netherlands you've seen it last time through the cycle. We have quite a good track record there. So we believe that will continue to be the case.

France, a good fourth quarter and the cost-cuttings, which we just introduced to you, are going to come in as from Q4, sorry, Q3, so there will be – that's very substantial and helpful. So the answer is also no, the US, no, and the UK, the same here. We can see faster adjustments coming through at the moment, even than in the previous year. That's why we believe we can make this 585 in the first quarter. So a no across the board.

<Q – Konrad Zomer>: Thanks.

<A – Ben Noteboom>: Telephone, I guess.

Operator: [Operator Instructions] Today's first question will be coming from Mr. Toby Reeks of Merrill Lynch. Please go ahead.

<Q – Toby Reeks>: Hi, guys. I've got two questions if I can. The first is, could you give us a breakdown of goodwill impairment by geography? And then could you also give us an indication of what the assumptions you were using to calculate the value of goodwill in those regions were and what the assumptions are now? And then I've got another one, thanks.

<A – Robert-Jan van de Kraats>: I'm very sorry, we do not have that disclosed in our documents, the breakdown of goodwill. What I can tell you is that we believe that the current impairment leaves still sensitivity but much more limited sensitivity. The goodwill allocation to the countries is driven by the synergies. So that is the main driver of the breakdown and the tax synergies are all coming together at group which is the Netherlands. So that gives you at least the system behind it.

<Q – Toby Reeks>: Okay. And Ben, could we just come back on the dividend question? You paid 146 million out of cash for dividend in 2008. To not be able to afford that out of cash flow in 2009, you really need a significant degradation to cash flow. Is there something I'm missing? Is there some charges which are going to come in that would actually account for some of that?

<A – Ben Noteboom>: No, you're not missing anything. At this point in time we could easily afford to pay the dividend. However if – and then depends on the assumption. If you would extrapolate what's happening now until the end of 2010, then you might get into areas where we don't want to be, so that we might have to talk to banks, etcetera, because we will be getting closer to the 3.5 times EBITDA. We at no cost want to get into that position, because first, banks are very busy amongst themselves, and two, they should not be running staffing companies. So that's why we said we will not pay dividend now. As soon as we have signs that markets are improving, we'll be the first to try and make it up to shareholders. But at this point in time, given all the uncertainty, it seems unwise to pay that now – to pay the dividend now.

<Q – Toby Reeks>: Thanks.

<A – Robert-Jan van de Kraats>: And maybe to add to that, you're talking about 146 million of course. With the current number of shares, you're talking about 200 plus million here. Thanks.

<A – Bart Gianotten>: Okay, next question.

Operator: Today's next question is coming from Mr. Jaime Brandwood of UBS. Please go ahead.

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<Q – Jaime Brandwood>: Afternoon. Just two questions, firstly on France, when you first announced the cost-cutting program there, I think it was back in early January, it was about a 10% head count reduction. Can I just confirm there has been no change to that? And can you talk about whether maybe you've looked to implement further reductions? And then second question, I'm still trying to understand in rest of Europe and rest of world why the margins collapsed as hard as they did. What drove the margins down so much [inaudible].

<A – Robert-Jan van de Kraats>: But it's always in a pause of couple of minutes – it was a pause of -

<Q – Jaime Brandwood>: Hello?

<A – Bart Gianotten>: Jaime, kindly wait, we are here with your answer, hold on.

<Q – Jaime Brandwood>: Thanks.

<A – Ben Noteboom>: Yes, we announced we would be reducing by 489 FDs in France. That's still – that's still about the target.

<Q – Jaime Brandwood>: But I think it's about a 10% reduction. Obviously your revenues in France probably if we've gone into January are down, I don't know, somewhere closer to 30%. I'm just wondering if there's a way of seeking additional reductions or whether 10% is the maximum that you can do.

<A – Ben Noteboom>: Yes, but the first step is of course, we are also integrating. So we first got the permission from the unions to integrate the two companies.

<Q – Jaime Brandwood>: Yeah.

<A – Ben Noteboom>: That already implicitly meant that we would reduce our head count. On top of that....

<Q – Jaime Brandwood>: Yeah. I think that one was – I mean, obviously your existing Randstad French operation was pretty small compared to Vediorbis. So I don't think that – I don't know, my impression was the head count reductions from the integration were not that much, I don't know, maybe 200 people or something, but probably not much more than that. I'm still -- I'm just thinking, the cumulative reduction in head count still looks quite low relative to what's happening with revenues in France at the moment.

<A – Ben Noteboom>: No. Again, we looked at a scenario we have ahead of us. We look at the actuals and the integration cost together with this reduction would guarantee an acceptable profitability in France. When we have to do more we'll try and do more.

<Q – Jaime Brandwood>: So I guess [inaudible] I mean, that's kind of no way out of probably seeing quite a reasonable amount of margin pressure on France in 2009, right?

<A – Ben Noteboom>: Sorry I didn't get it, reasonable amount of margin pressure?

<Q – Jaime Brandwood>: If your SG&A in France and you are going to be about let's say somewhere between 10 to 15% and your revenue ends up being down over 20% plus also I am guessing your gross margin in France at first is flat – it's flat and maybe actually comes down a bit. I mean, it's kind of hard to see how we avoid seeing quite a lot of margin pressure on France.

<A – Ben Noteboom>: But again, but you are maybe over-neglecting the synergies out of the merger. That's going to cost considerable savings. And on top of that we'll reduce head count. On

top of that of course we have already reduced head count by turnover of personnel. And on top of that we do only have -- we do have a lot of people at cost, we also have other elements in our cost basis. So those are also being addressed. So if we ignore all the other things, then you are right, but probably shouldn't.

<Q – Jaime Brandwood>: And then...

<A – Robert-Jan van de Kraats>: Finally, we have all those specifically stated in the press release that given the fact that the savings will only kick in starting Q3

<Q – Jaime Brandwood>: Yeah.

<A – Robert-Jan van de Kraats>: In the meantime that there should be pressure on the results. I mean, that's been clearly stated.

<Q – Jaime Brandwood>: Okay. And then just the significant margin pressure in the rest of Europe and rest of world regions, were there any kind of one-offs there or anything else really driving that very big drop in margins?

<A – Robert-Jan van de Kraats>: No, no one-offs. It is what just was said on Asia, Australia. It's a decline in Australia combined with the performance in Japan, which we are reducing by – we've sold part of the business recently, that's also announced in the press release. And we are reducing our presence in some segments there as well. We're putting our efforts into FujiStaff, that's the investment we've recently made.

<Q – Jaime Brandwood>: And the significant drop in margin in rest of Europe? Is that maybe just because you're a little bit slow to cut loss there, or?

<A – Robert-Jan van de Kraats>: No that's the point that Ben made about Italy.

<Q – Jaime Brandwood>: Italy was down no more than – it's down by not much more down than France, for example. In France your margin only came down slightly. In Italy your margin sounds like must have absolutely collapsed. I'm just wondering why there's such a big difference in margin trend.

<A – Robert-Jan van de Kraats>: Yeah, you're right, it's a bit more. You're correct.

<Q – Jaime Brandwood>: And reason for that?

<A – Robert-Jan van de Kraats>: Well, it's very difficult market circumstances in Italy. It's the combination of the – with the Vedior company.

<Q – Jaime Brandwood>: All right, thanks.

Operator: Today's next question from the audio conference will be coming from Mr. Mark de Boer of RBS. Go ahead.

<Q – Mark Pieter de Boer>: Yes, gentlemen, good afternoon, it's Mark here. Robert-Jan, two questions for you. First, I think you indicated that the average interest rate at the moment is roughly 2.6. Given the Euribor rate at roughly 1.8, 1.9, can you confirm that the current markup is indeed some 60, 70 basis points? And secondly, back in Q3 we have discussed the potential for the DSO reduction in France on the back of the law change, which I think should be driving DSO down from 90 to a legal 60 level. And any update or any progress on that?

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<A – Robert-Jan van de Kraats>: First point, that's – that's a very correct analysis, that's the fact. You know Euribor, you know the 2.6 so you know the difference. And the DSO in France, it's not 90, we are better than that. And you're right, that there is a program but it's very much early stages. So it's too early to see that coming through. But we give it full attention.

<Q – Mark Pieter de Boer>: Okay thanks.

Operator: Thank you very much sir. And now we will go to Mr. Tom Sykes of Deutsche Bank. Please go ahead.

<Q – Tom Sykes>: Yeah, good afternoon. I wondered if you could just say what the net reversal of idle time provisions was through the German EBIT line or perhaps as well the size of the idle time provisions you actually have left on the balance sheet at the moment, please?

<A – Robert-Jan van de Kraats>: There's no idle time provisions other than the time accounts, which we explained at the Investor Day. And did we give any background at the time? No. No. Sorry, so Tom, I don't think it's a – there's an essential one-off in there that we have not excluded. It's just a system of saving overtime and then setting it off with idle time.

<Q – Tom Sykes>: Yes, I just thought that you're obviously carrying some on the balance sheet and provisions obviously help when things initially turn down, but that doesn't continue to help if you continue to see a low level of activity. So when might you actually run out of the benefit on the time accounts?

<A – Robert-Jan van de Kraats>: Yeah. We have no other provisions for idle time in the balance sheet other than the time accounts and we still have substantial balances in those provisions – in those time accounts, I should say.

<Q – Tom Sykes>: Okay.

<A – Robert-Jan van de Kraats>: Other than the time accounts and we still have substantial balances in those provisions in those time accounts I should say.

<Q – Tom Sykes>: Okay.

<A – Ben Noteboom>: And Tom, Tom maybe to add to that the answer to that of course is reduction in staff. We fired a lot of flex staff that's what we did so then idle time is not in our books anymore let's put it that way.

<Q – Tom Sykes>: Yeah.

<A – Ben Noteboom>: That's the only solution so.

<Q – Tom Sykes>: Okay. And maybe could you just remind me of the countries where you have wage increases coming through I think perhaps due to the collective labor agreements that you have? I mean your internal wage inflation, what that kind of is at the moment, whether you actually gave anybody wage increases and I think in the Netherlands it comes through in April, is that right? I just wonder when.

<A – Robert-Jan van de Kraats>: In many countries we have no wage increase. In Holland we have been negotiating and it's going to be below what we expected.

<Q – Tom Sykes>: Right.

<A – Robert-Jan van de Kraats>: So I think and from that field we don't expect any unpleasant surprises, let's put it that way.

<Q – Tom Sykes>: Okay. If I could just quickly on Germany and the decline in volumes that you had.

<A – Robert-Jan van de Kraats>: This is your last second question, Tom.

<Q – Tom Sykes>: I know. Part 2b. But on decline in Germany, is there a big difference between East Germany and the rest of Germany? And maybe – sorry, the former East Germany. And could you maybe say is there any kind of secondary impact of the slowing down in Central and Eastern Europe on kind of that part, that geography, in Germany?

<A – Robert-Jan van de Kraats>: We don't see a big difference between former East and West Germany. Both have car factories.

<Q – Tom Sykes>: Yeah.

<A – Robert-Jan van de Kraats>: Both – in both areas they are not working. So no, it's more -- the activity is more determined indeed by what companies there are present than on the location, East or West, it doesn't make a difference. And yes, we see also, but it's very small for us of course, that in the Czech Republic, Slovakia, business is slowing down. Part of Poland is also being hit in the south-east, Silesia, of course, that's to a large extent geared to automotive industry. And that's not the best business to be in.

<Q – Tom Sykes>: Yes. Okay, then. Thanks very much.

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

Operator: Thank you very much, sir. Today's last question is coming from Mr. Frank van Wijk of SNS Securities. Please go ahead.

<Q – Frank van Wijk>: Good afternoon. Two questions, please. One more strategic. Do you think there will be any danger of the current downturn that the perception regarding flex workers will change? I mean you see some negative stories in Japan, for instance.

And my second question is regarding dividend policy. Can you clarify what you exactly mean with as the trend reverses? Is that if there's lower negative growth or is that when there is at least zero growth or even a plus?

<A – Robert-Jan van de Kraats>: On the first one, I'm actually well equipped to answer that question because I was in Japan last week. And normally we're not that important, but I got to speak to both the government party, the opposition party, two ministers. Because indeed, staffing is a big topic there. However, if you look deep down to it, staffing is not the problem but the social security is a problem, because people at the lower side of the employment market get jobs and together with that a place to sleep. And when they get fired they have no place to sleep left.

The focus on this topic in Japan in my view is highly determined by the opposition. It wants to overthrow the government -- what's new? And this is the topic they have chosen. I spoke to both of them, actually I spoke to 30 members of the Parliament of the opposition party. They acknowledge that indeed the problem is social security. They also acknowledge that they have this challenge in Japan where they are for a large extent for the economy depending on production. However, since they have the culture of lifetime employment, the lifetime employees are very expensive. And they seek compensation by paying very little to the flex workers. So it's a different – and flex workers

have also been the [inaudible] or the outsourcing from the past. So we are just a phenomenon, but there's a deeper problem there

I have the impression from both parties that they would not be so courageous or stupid to kill our business and then think that they would solve the problem. I gave them the example of Delhi where they solved all the problems with beggars because you get a penalty if you give them money. That's the same sort of reasoning. So to be honest, I'm not too worried that they would really be drastic in doing this.

What we always see in the more difficult times is indeed that we get a relative larger share of negative publicity because of people becoming unemployed. This is always the case. Funny enough, people are very practical. At the same time we've always seen that we've got more room to maneuver in our markets through changes in legislation. And through the attitude of unions, which makes sense because we of course can already since decades prove that we actually create jobs. So I did read the same articles, I think I understand where they come from, and I'm not too worried about them.

<Q – Frank van Wijk>: Okay, thank you. And regarding the trend reversal for the dividend payment?

<A – Robert-Jan van de Kraats>: Yes, you want to have the milestone to watch, yes?

<Q – Frank van Wijk>: Yes, please.

<A – Robert-Jan Van de Kraats>: It is really our intention to have a long-term dividend policy. So we hope this is going to be a one-off. We need some substance on trends reversing. And that could be a longer-term stabilization or growth again, and of course a healthy, relatively healthy balance sheet. And for that we have given you the indications. So I think that's the framework that we'll be using when time is there.

<Q – Frank van Wijk>: Okay. Thank you.

<A – Ben Noteboom>: As there appear to be no more questions on the telephone lines, we'll take two more here in the room.

<Q>: Yeah, Piethein Leune from ING, I'm just looking over gross margins in quarter. I mean, we see a very little deviation between temp margins and the mix effect. Can you tell a little bit about what you expect going forward? You would expect that after a big pressure of volumes, pricing is the next adjustment in the P&L, normally.

And second, can you tell us if there's any other fees in this gross margin buildup? I mean, to me the temp margin going down 10 basis points seems to still be low. But I guess you also have the whole HR business in your gross profit as well?

<A – Robert-Jan van de Kraats>: I would expect there's also a mix effect in that. Because since in-house has been reduced more than the other business, that's obviously the lowest gross margin business, that has an effect. So that softens results you could have from lower margins.

What do we expect? A difference bit per market. What we try and do is selectively make sure we get the business as some of our colleagues do. We have a clear gross profit per FTE calculation behind prices we offer. And so that's why we expect that that [inaudible] if all the other things are stable then that will not be our main challenge.

<Q – Thijs Berkelder>: Thijs Berkelder, Petercam.

<A – Robert-Jan van de Kraats>: Well, maybe to get back to the question of behind. Will you also have a question on the auto fees? That has an effect on which is [inaudible] as mix effect.

<Q – Thijs Berkelder>: Gross profit?

<A – Robert-Jan van de Kraats>: Well, it's a few per cent. On the number of gross profit, yes?

<Q – Thijs Berkelder>: Yeah.

<A – Robert-Jan van de Kraats>: So, I mean, at Randstad it was around 6%. So over the total it's more like 3. A large part of that is in the Netherlands. And of course, as you might expect, given the fact that we took an impairment, we didn't see significant growth.

<A – Bart Gianotten>: Final question.

<Q – Thijs Berkelder>: Okay. Thijs Berkelder, Petercam again. Two questions. Today you gave us somewhat more grip on what you see on the market and split between blue collar and white collar, and also extrapolated to the pricing environment. Looking at blue collar, well, you can be very strict on pricing, but I think your clients are maybe even more stricter on their cost price. So won't they force you to lower your prices?

<A – Ben Noteboom>: Yes, which is nothing new because they've been trying to reduce our prices forever, and they've been successful, because if you look in history then we did have higher gross margins. I think the bigger factors to be expected from the pressure on permanent placement in margin than on the negotiations with clients.

Again there is pressure, if they are under pressure then they'll try to lower the margin and increase DSO. And we'll do what we'll always did, and that's try to oppose to that, to convert other solutions to save the money in a different way than just by margins, which is not going to last forever, of course.

<Q – Thijs Berkelder>: And blue collar versus white collar?

<A – Ben Noteboom>: Yes, I didn't get exactly what you -- because you wanted me to connect it to something?

<Q – Thijs Berkelder>: Yes, let's say the first wave down was a real blue collar wave down and we're now only starting to enter the white collar wave down. So let's say what is your view on --

<A – Ben Noteboom>: What we've always seen in the past is that the first signs of recovery come from U.S., from the blue collar business in the U.S. Gray color looks a bit pale, it's not only jetlag, it's also because blue collar is -- it doesn't show any signs of recovery yet, which, by the way, also helps us to support the decision not to pay dividends, because if we don't see it happening to U.S. yet it'll take time before we'll see a recovery in Europe, if we see the same patterns as we have seen in the past.

<Q – Thijs Berkelder>: Let's say margins blue collar versus white collar?

<A – Ben Noteboom>: Margins for blue collar are lower. The productivity is higher. So the effect on the profitability as always is not determined just by gross margin.

<Q – Thijs Berkelder>: But In the mix that white collar is now coming down will put pressure therefore on the margins? Extra?

<A – Ben Noteboom>: Yeah. What margins are we talking about? If we talk gross margins, not necessarily. If we talk profit, not if we reduce costs in line with reduction in gross margin.

<Q – Thijs Berkelder>: Okay.

<A – Ben Noteboom>: Okay. Thank you.

Bart Gianotten, Director, Investor Relations

Thank you. Then we conclude here the conference call and the webcast. Thanks for being here, and we'll see you next quarter. Bye.

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