

ANNUAL REPORT 2015





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FORWARD-LOOKING STATEMENT

This annual report contains certain forward-looking statements regarding the financial situation and results of USG People N.V., as well as a number of associated plans and objectives. Forward-looking statements by their nature can provide no guarantee for the future. As a result of various factors actual results may differ from current expectations. These factors may include changes in tax rates, mergers and acquisitions, economic developments and changes in labour legislation. The forward-looking statements in this annual report are current at the time the report was adopted and provide no guarantees for the future. The annual report is available in Dutch and English. In the event of ambiguities, the Dutch text shall prevail.

DEVELOPMENTS IN OUR MARKET

	ECONOMIC GROWTH (BBP) (year-on-year) ¹⁾		UNEMPLOYMENT RATE ¹⁾		SIZE OF STAFFING MARKET (in € bln) ²⁾		GROWTH OF STAFFING MARKET (year-on-year) ³⁾	
	2015 F	2014	2015	2014	2015	2014	2015	2014
The Netherlands	2.0%	1.0%	6.9%	7.4%	12.9	11.6	10.9%	6.5%
Belgium	1.3%	1.3%	8.3%	8.5%	4.7	4.3	9.2%	7.7%
France	1.1%	0.2%	10.5%	10.3%	17.6	17.0	4.3%	-0.2%
Germany	1.7%	1.6%	4.8%	5.0%	23.0	22.7	1.0%	1.0%

¹⁾ Source: EC economic forecast winter 2016

²⁾ Source: USG People estimate

³⁾ Source: ABU (Netherlands), Federgon (Belgium), Prisme (France), USG People estimate (Germany)

Demand for our services largely depends on economic growth in the countries in which we operate and is also linked to the level of unemployment. Economic growth gradually picked up in 2015. Exports were a driving force behind growth in 2014, while higher investment and increased consumer and public sector consumption were the main growth engines in 2015.

The growth of gross domestic product (GDP) varied from 1.1% to 2.0% in the different countries in which USG People operates. Growth was the highest in the Netherlands at 2.0%, with GDP in Belgium rising 1.3%. The staffing markets developed the most favourably in these key USG People countries. The temporary staffing market grew by 10.9% in the Netherlands and 9.2% in Belgium, respectively. The positive development of these markets is advantageous for USG People as around 70% of group revenue is generated there.

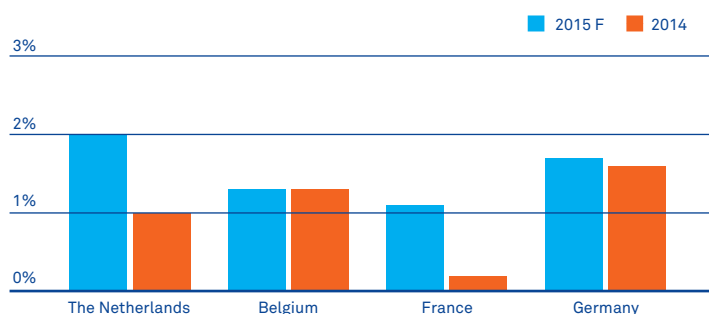
The economy in France also showed signs of recovery, albeit fewer than in other countries as economic growth was 1.1%. The French temporary staffing market grew 4.3%, despite the relatively moderate pace of economic recovery. In Germany GDP grew 1.7%. Germany has been the growth engine of Europe for years but the temporary staffing market was

unable to really benefit from this in 2014 and 2015. The German labour market is tight with many vacancies – around 600,000 – a large number of which cannot be filled because the required profiles are currently not available locally. The rate of unemployment has been dropping almost continually since 2005 and was only 4.8% at the end of 2015 – the lowest rate of all countries.

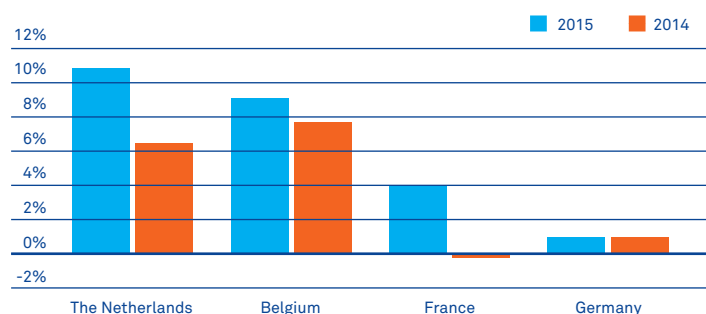
Most forecasts generally point to a gradual improvement in economic growth in 2016. Demand for flexible labour has risen in all four countries in recent years. This, along with positive economic growth expectations, provides a favourable environment in which to further develop our services.

We offer many solutions that connect employers and employees. Solutions that enable us help our clients meet their staffing needs in every economic circumstance so that both they and employees can continue to develop regardless of the economic climate. In addition, as an HR specialist we are closely involved in developments in the job market. We are constantly investing in the development of new solutions and undertake initiatives to engage in discussions with stakeholders about trends in the market. In this context USG People organised labour market

year-on-year GDP growth



year-on-year growth of staffing markets



debates in the Netherlands in 2015, featuring discussions by leading representatives of various labour market parties about the current issues in the labour market as well as future expectations and trends.

Through these initiatives we want to contribute to the public debate on the development of the labour market. We share our views as an HR services provider and connect parties in order to engage in dialogue and come up with ideas to improve the employment market and devise tailor-made solutions that meet the wishes and needs of the market.

OUR DISTRIBUTION NETWORK

STAR BRANDS BRANCHES

NUMBER OF BRANCHES	2015	2014	2013	2012
General Staffing	431	420	423	530
Specialist Staffing	278	312	336	383
Professionals	18	31	38	40
USG People	727	763	797	953
In-house locations	156	150	135	138
Physical branches	571	613	662	815

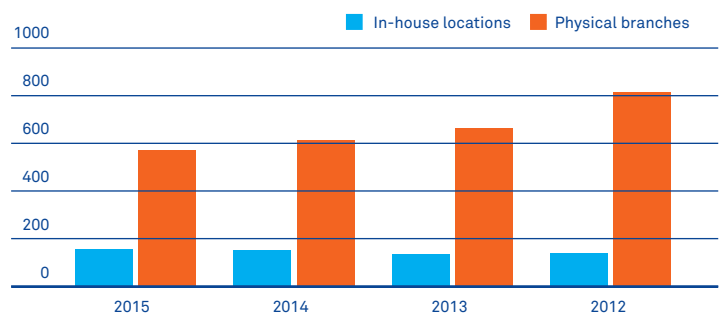
The functionality of the branches has changed over the course of the years, with the traditional office premises on a busy shopping street with vacancies posted in the window having made way for modern and much larger meeting and knowledge centres at easily accessible locations. The function branches fulfilled changed with the rise of the internet and mobile networks. These days it is rare for a candidate looking for a job to apply through a physical branch. Our distribution model has been adapted accordingly, resulting in a progressive decline in the number of branches.

At the end of 2015 our physical network consisted of 571 branches and 156 in-house locations. The number of physical branches fell by 42 or 7% in 2015 (end-2014: 613 branches). Conversely the number of in-house locations rose to 156, six more than in 2015. The number of in-house locations has now risen to one-fifth of all locations.

In the coming years the number of branches will continue to decline. This will not affect the geographical range of our activities. The functionality of the branches provides sufficient capacity to facilitate the growth we aim to achieve.

Our clients and candidates are increasingly in need of services provided via technological solutions. That is why we are working on complementing our physical presence via branches and personal visits with digital services that we can provide to our clients and candidates 24/7, and on providing real-time information. In the Netherlands we developed a digital portal for this purpose in 2015, a portal on which our clients can post a

number of branches



request, consult management information, review proposed candidates and view invoices. This enables us to help inform our clients in a quick and adequate manner about various parts of our services.

SHARED SERVICE CENTRES (SSC)

In all core countries USG People uses shared service centres for internal support services and back-office activities. These shared service centres are an efficient way of providing high-quality, knowledge-intensive support to the field operation. This is achieved through ongoing development and improvement, and by using lean processes and sharing best practices. The shared service centres operate like a well-oiled machine behind the scenes and the quality of their support makes a major contribution to the commercial success of our star brands. In 2015 satisfaction with the services provided to the operating companies improved further across the board and reached a high level. This satisfaction is measured annually, as is the working environment at the shared service centres themselves. In 2015 we again organised events for employees of both the shared service centres and the star brands in order to provide inspiration and boost their involvement and collaboration.

In 2015 the link between the shared service centres, ICT services and the star brands was intensified, producing good results. The purpose of this was to maximise end-to-end thinking and to optimise processes, in the context of quality improvement as well as cost reduction and risk control. In Belgium the decision to pool the resources of transaction, support and ICT processes paid off. The quality and speed of our actions improved greatly and immediately translated into higher client satisfaction. In Germany the quality of the services, cost levels and risk control were further optimised. In 2015 the operating expenses of the shared service centres were reduced in every country compared to 2014. Quality and efficiency improved while risk control was also raised to a higher level within our organisation. The applicable internal control framework and tax control framework support proper risk management and form the basis of horizontal monitoring in the Netherlands, for which a covenant was previously agreed with the Dutch tax authority.

In 2015 we also continued to flesh out the sustainability policy for our branches and head offices. Existing initiatives aimed at making our energy greener were complemented by efforts to place employees further removed from the job market at the shared service centres, the development of a vitality programme and the detailing of a talent programme for employees of the shared service centres.

OUR TECHNOLOGY

Technology is increasingly key to the development of our organisation and the services we provide. In light of this we invest on an ongoing basis in developing technological applications in our business processes and in the services we provide to our clients and candidates. In addition to the ongoing digitisation of process chains, in 2015 technology was increasingly used to seek and find the right candidates and improve the conversion ratio. A growing number of HR services were also provided online or supported via digital self-service concepts. The new client portal was very well received. New client propositions were launched based fully on software platforms and the first important steps were taken to work fully in the cloud. Another main area of attention was data security – an Information Security Board was established and the security of personal data was a specific area of attention.

With the recent acquisition of interests in Adver Online, Endouble, Blue Carpet and Connecting-Expertise – our Online Business Solutions (OBS) – our organisation has knowledge, proven concepts and development capabilities in the field of online services at its disposal. The activities of these associates are being scaled up organically and OBS is working closely with our star brands to digitise our traditional core activities and develop new online services.

In 2015 we continued to invest in the digitisation and development of online HR services. Throughout the course of the year many projects were launched and executed by our star brands, often in cooperation with OBS – Initiatives that increase the added value of our services as well as projects aimed at efficiency by further digitising our processes. Many digital solutions were realised to meet the specific needs of large clients in 2015, mainly in the Netherlands and Belgium.

This way we contribute to the development, innovation and better functioning of the HR market.