

ANNUAL REPORT 2015





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[FORWARD-LOOKING STATEMENT](#)

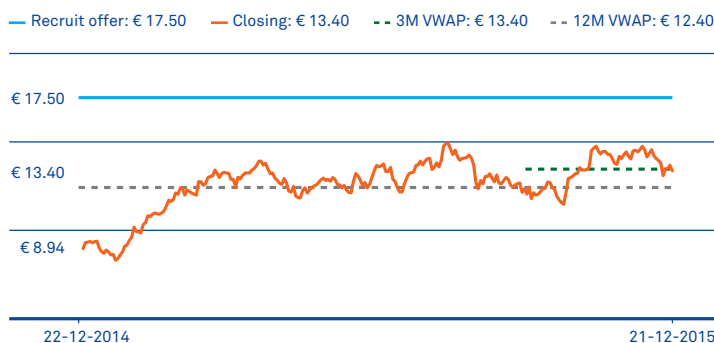
This annual report contains certain forward-looking statements regarding the financial situation and results of USG People N.V., as well as a number of associated plans and objectives. Forward-looking statements by their nature can provide no guarantee for the future. As a result of various factors actual 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 FOR OUR CAPITAL PROVIDERS

PUBLIC OFFER BY RECRUIT

On 22 December 2015 USG People and Recruit jointly announced Recruit's intention to launch a public offer for all issued shares of USG People. The intended offer is priced at € 17.50 per share and is recommended by the Executive Board and the Supervisory Board.

For holders of USG People shares the offer represents a 31% premium to the closing price of € 13.40 on 21 December 2015, the day before the announcement. The premium over the volume-weighted average price in the three months leading up to the announcement is also 31%. Given that the shares had already risen sharply during the year under review on the back of the organic growth in revenue and the results, the premium over the average share price in the 12 months prior to the announcement is even greater: 41%. The premium offered over the organic share price increase represents an extremely attractive return for longer-term holders of USG People shares. Compared with the share price a year before the announcement (closing price on 22 December 2014: € 8.94) the intended offer of € 17.50 per share represents a share price return of 96%.



The offer of € 17.50 represents a total equity value for USG People of € 1,419.6 million. Including debt (based on the position as at 31 December) this equates to a total enterprise value of € 1,554.0 million – 14.2 times the 2015 underlying EBITA of € 109.4 million.

FINANCING STRUCTURE

In line with our strategic financial objectives there was further improvement in the balance sheet ratios in 2015. Shareholders' equity increased and further repayments reduced net debt by € 21.5 million to € 128.2 million (2014: € 149.7 million). The reduction in net debt also brought down the capital requirement. The balance sheet value of capital employed fell from € 628.6 million to € 615.3 million. Addition of the 2015 result boosted shareholders' equity by € 8.2 million and there was an improvement in the net debt/equity ratio. The leverage ratio and interest coverage ratio also improved, due to both the reduction in net debt and the higher result in 2015. The strategic target for a maximum net debt

(in millions of euros)

	2015	2014
Share capital	487.1	478.9
Closing price of USG People share (in euro)	€ 17.18	€ 9.33
Market capitalisation	1,393.6	755.6

SUBORDINATED BORROWINGS

Syndicate of banks	-	58.7
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OTHER LOANS

Net bank debt	128.2	91.0
Trade receivables sold	92.0	124.1

Balance sheet value of capital employed	615.3	628.6
Net debt as a percentage of capital employed	20.8%	23.8%

RATIOS

Leverage ratio (net debt / underlying EBITDA)	1.2	1.7
Interest cover ratio	18.7	12.7

level of 1.0 time underlying EBITDA was almost reached in 2015, with the leverage ratio improving to 1.2 from 1.7 at end-2014.

Market capitalisation rose by 84.4% and stood at € 1,393.6 million at the end of 2015 (end-2014: € 755.6 million). The USG People share price rose from € 9.33 on 31 December 2014 to € 17.18 at end-2015. The share price was pushed up by the economic recovery in the countries where USG People operates, a positive trend in the reported results and the announcement of the intended offer by Recruit at the end of the year.

DIVIDEND

In connection with the public offer by Recruit announced on 22 December 2015 USG People has agreed not to pay or declare any dividend until after completion of the transaction.

In 2015 shareholders received a dividend of € 0.16 per share (2014: € 0.14). In line with the dividend policy one-third of net income before amortisation of acquisition-related intangible assets was distributed, fully in cash. The provision for the annual distribution of a dividend in a choice of cash or shares was changed in 2014 to a cash-only distribution.

The dividend distribution level is dependent on the leverage ratio – the level of net debt at year-end divided by EBITDA for the financial year concerned. If the leverage ratio is lower than or equal to 1.0 the distribution level will equal 40.0% (2/5) of net income before amortisation of acquisition-related intangible assets after allocations to the statutory reserves. If the leverage ratio is higher than 1.0 the distribution level will be 33.3% (1/3).

RESULT PER SHARE

The result per share is based on the underlying result before amortisation of acquisition-related intangible assets. Results in 2015 were impacted by non-recurring results. Because these effects give a distorted view of the underlying profitability of our activities, the result per share is calculated based on underlying results. We believe that this provides an accurate picture of the underlying operating results.

(in millions of euros)	2015
Underlying net income	65.3
Net amortisation of acquisition-related intangible fixed assets	2.7
Net income for calculation of result per share	68.0

The result per share is calculated based on the average number of shares. For 2015 the underlying result per share was € 0.84 (2014: € 0.70).

INFORMATION PER SHARE BASED ON AVERAGE NUMBER OF SHARES

(in euros)	2015	2014
Earnings per share	0.84	0.70
Operating cash flow	0.86	0.88
Net income	0.24	0.32
Dividend ¹⁾	-	0.16

¹⁾ In connection with the public offer announced by Recruit on 22 December 2015, USG People has agreed not to pay or declare any dividend until after completion of the transaction.

SHARE PRICE AND VOLUME DEVELOPMENT

The ordinary shares of USG People are listed on Euronext Amsterdam. The USG People share price closed the year at € 17.18 (end-2014: € 9.33) – an increase of 84.1%. The year-end closing price was slightly below the high for the year: € 17.33 recorded on 22 December. That was the date of the announcement of the intended public offer by Recruit, which prompted a 29.3% rise in the share price on the day. Prior to the announcement of the public offer the shares had already risen sharply during the year; on 21 December the share price closed at € 13.40, an increase of 43.6% compared to the previous year's closing level.

The USG People share price rise contrasted with the development of the general stock market indices, with the AEX index for example rising just 4.1% in 2015. Our industry peers presented a mixed picture. Randstad and Manpower were the strongest gainers among the major HR services providers after USG People. Stocks of companies based outside the Eurozone such as Manpower and Adecco posted smaller gains, impacted not just by the various cyclical effects but also by a somewhat negative currency effect due to the fall in the value of the euro. The share price

gains for companies which have a high exposure in Europe reflect the expectation that demand for HR services will continue to recover in 2016.

At end-2015 the number of outstanding ordinary USG People shares was 81,118,761. The number of outstanding shares increased by 161,401 in 2015 due to the distribution of shares under the employee share plan.

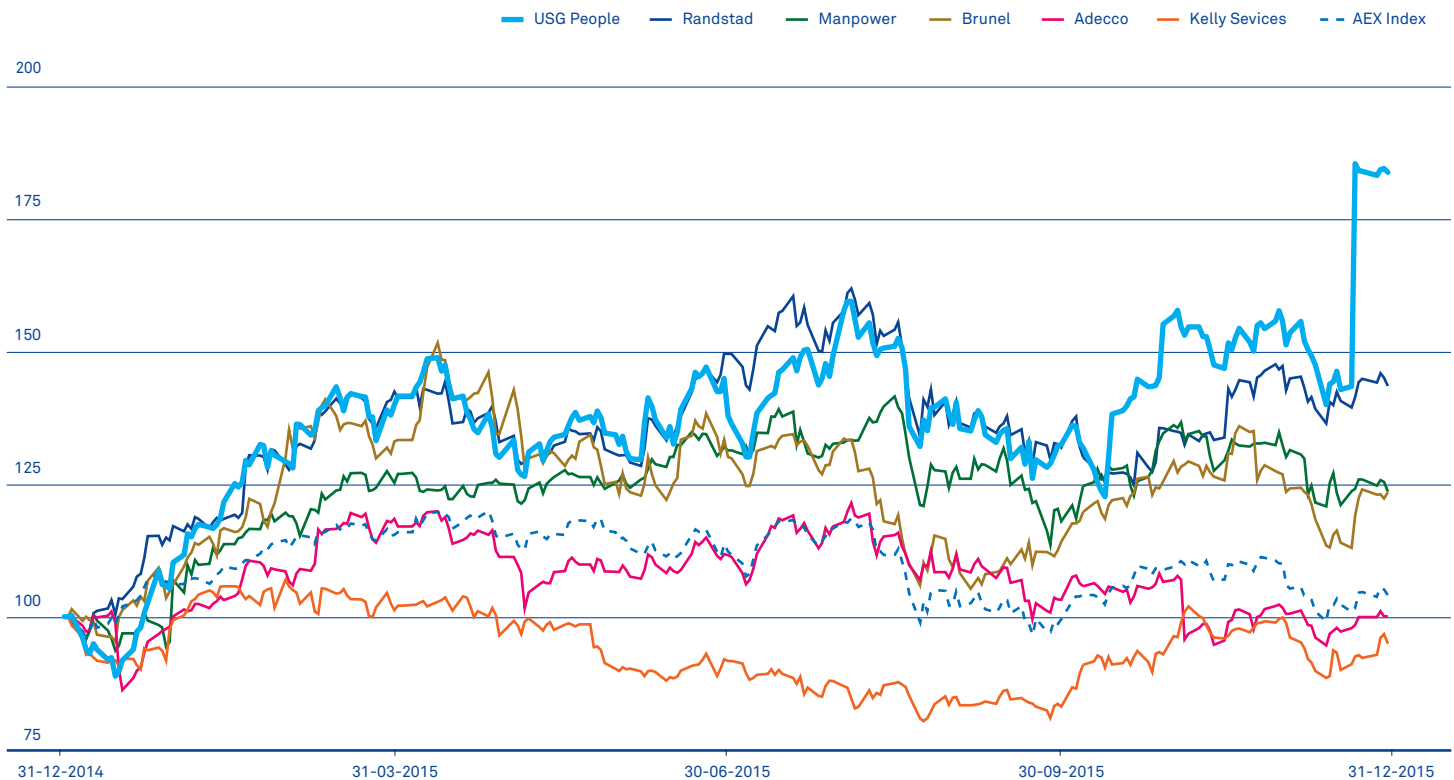
OUTSTANDING SHARES	NUMBER
Ordinary shares 2014	80,957,360
Distribution under the share plan	161,401
Ordinary shares 2015	81,118,761

The number of shares owned by Alex Mulder, the founder of USG People, was virtually unchanged from the previous year. With a holding of 16,119,757 shares (2014: 16,119,233) Mulder owns a 19.9% stake in USG People. The free float of the ordinary shares of USG People is 80.1%.

Trading volumes in USG People shares rose during 2015. The volume of shares traded was € 2.0 billion in 2015, up 26% on 2014. The number of shares traded was 4 million higher than in the previous year.

TRADING VOLUMES	2015	2014	2013	2012	2011
Number of shares in millions	157	153	118	93	104
Trading volumes in millions of euros	2,001	1,585	835	598	1,032

share price development of USG People in 2015 compared to the AEX index and industry peers



DISCLOSURE OF MAJOR HOLDINGS

Under the Dutch Act on the Disclosure of Major Holdings in Listed Companies the following interests were declared as at 31 December 2015:

A.D. Mulder 19.87%
 J O Hambro Capital Management Limited 4.28%
 Norges Bank 3.69%
 Dimensional Fund Advisors, L.P. 3.61%

SHAREHOLDINGS OF EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS

EXECUTIVE BOARD

Rob Zandbergen: 153,323 shares
 Leen Geirnaerd: 41,793 shares

SUPERVISORY BOARD

Alex Mulder: 16,119,757 shares

INVESTOR RELATIONS

In 2015 analysts' meetings were held at the presentation of the 2014 annual results and the 2015 half-year results. The first and third-quarter results were presented and discussed via conference calls. These gatherings were accessible via webcasts from the USG People website. In the interests of direct contact with shareholders and investors, in 2015 roadshows were organised and conferences attended in the Benelux, the United Kingdom, the United States, France, Germany and Italy.

USG People is followed actively by around seven analysts, adequately representing the brokers and securities houses which are relevant to USG People.

INVESTOR CONFERENCES EN ROADSHOWS

Amsterdam | Brussels | London | New York | Boston | Paris | Frankfurt | Milan