

ANNUAL REPORT 2015





2015 ANNUAL REPORT

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.

21 | PROVISIONS

	RESTRUCTURING PROVISION	PERSONNEL- RELATED PROVISIONS	OTHER PROVISIONS	TOTAL
Balance as at 1 January 2014	30,173	12,624	25,462	68,259
Additions	4,255	3,596	5,921	13,772
Usage	-12,714	-832	-2,683	-16,229
Reversals	-2,759	-1,912	-2,286	-6,957
Currency translation differences	7	-	-	7
Balance as at 31 December 2014	18,962	13,476	26,414	58,852
Non-current	10,431	5,785	15,217	31,433
Current	8,531	7,691	11,197	27,419
Balance as at 31 December 2014	18,962	13,476	26,414	58,852
Balance as at 1 January 2015	18,962	13,476	26,414	58,852
Additions	7,581	7,479	4,207	19,267
Usage	-11,602	-6,540	-10,842	-28,984
Reversals	-2,115	-1,898	-2,144	-6,157
Currency translation differences	84	-	-	84
Balance as at 31 December 2015	12,910	12,517	17,635	43,062
Non-current	6,358	4,384	1,309	12,051
Current	6,552	8,133	16,326	31,011
BALANCE AS AT 31 DECEMBER 2015	12,910	12,517	17,635	43,062

At the end of 2015 an amount of € 10,531 (2014: € 17,018) of the restructuring provision relates to lease commitments on buildings that are no longer in use, while € 2,379 (2014: € 1,944) concerned employee severance arrangements.

In the course of 2015 parts of the restructuring provision were reversed as a result of the update of projected variable expenses. In 2014 parts of the restructuring provision were reversed as less of the provision was required for employee severance arrangements and due to better than initially expected prospects for letting vacant premises. The amount of the restructuring provision for vacant premises largely depends on the prospect of reletting these premises. The amount of the provision is amended if the prospects for letting vacant premises change.

The personnel-related provisions include continuation of wage payments during extended periods of sickness, long-term service awards and share plans settled in cash and cash equivalents. The provisions were determined on the basis of expectations concerning the recovery of sick employees, staff turnover and expected wage increases. € 4,426 of the usage of the provision in 2015 relates to the agreement reached with respect to pension contributions payable.

The other provisions include an amount of € 13,945 relating to the settlement of the CGZP/AMP case in Germany. The labour court in Berlin ruled on 30 May 2011, following a legal ruling in December 2010, that the collective labour agreements concluded by CGZP/AMP in previous years were invalid, resulting in the possibility of claims against the group for these earlier years. These claims relate to the collection of social security contributions and subsequent payments to temporary employees. The authorities further examined the case in 2012 and 2013 and the outcome became known in 2013. The group appealed the size of the claim at the end of 2013 and a suspension of payment is in place pending the ruling. It is expected that the claim will have to be paid in the third quarter of 2016. € 6,605 of the usage of others provisions relates to the settlement of guarantees issued during the sale of subsidiaries in 2013.

The other remaining provisions relate to among other things the settlement of several legal proceedings.

Expected projected future cash flows are discounted using a rate of 0.32% (2014: 0.27%) if the impact is material. A change of 100 basis points in the discount rate results in a € 263 change in the existing value of the provision.

22 | BANKOVERDRAFTS AND BORROWINGS

	2015	2014
Current portion of non-current borrowings	191	3,578
Bank overdrafts	359	4,052
BALANCE AS AT 31 DECEMBER	550	7,630

Both USG People N.V. and USG People Interservices N.V., a subsidiary of USG People N.V., are able to issue treasury bills under the € 100 million commercial paper programme. USG People N.V. acts as guarantor for the treasury bills issued by USG People Interservices N.V. A sum of € 90 million from tranche B of the syndicated credit facility is reserved as a backstop to cover this programme. At the end of 2015 the commercial paper programme had not been utilised.

23 | TRADE AND OTHER PAYABLES

	2015	2014
Trade payables	46,112	35,860
Personnel-related liabilities	294,062	243,951
VAT payable	104,077	90,275
Other payables	14,396	13,582
Accrued liabilities	43,099	41,228
BALANCE AS AT 31 DECEMBER	501,746	424,896

Accrued liabilities also include € 11.3 million (2014: € 17.9 million) relating to undue payments by the factoring company.

24 | SHARE-BASED REMUNERATIONS

Wages and salaries includes an amount of € 4,880 (2014: € 404) relating to share-based remuneration for key management and other employees. An amount of € 145 (2014: € 89) in costs relating to share-settled remuneration was directly recognised in equity. The costs of cash-settled remuneration were € 4,735 (2014: € 315). The costs are largely influenced by the intended public offer announced by Recruit Holdings Co., Ltd. The provisions include an amount of € 3,991 (2014: € 1,363) for share-based payments settled in cash.

Unique Share Plan 2011 - 2014

The Unique Share Plan 2011-2014 covered the period from 1 January 2011 to 1 January 2015. The unconditional granting of shares took place in May 2015, after which a holding period of one year came into effect. The intrinsic value at the date the shares were unconditionally granted was € 12.26. In addition to the participant still being in the employment of the group at the time of unconditional granting, the performance criteria were based on the extent to which targets relating to financial results were met. Based on the financial results realised a matrix applied to each performance year that could result in a maximum of 140% times and a minimum of zero times the norm number of shares being granted conditionally. Additional non-financial performance targets were agreed for key management which could result in a maximum of 30.0% of the norm number of shares being granted conditionally in each performance year. As a result the maximum factor applicable to key management was 170.0% of the norm number of shares. The wage tax of key management is payable by the group, which is recognised as a transaction settled in cash. The gross value of the shares conditionally granted each year is set at a maximum of the fixed annual remuneration for both key management and other senior management. The fair value was determined based on a Monte Carlo model to express the valuation of the maximum amount conditionally granted.

The movement was as follows:

2015	KEY-MANAGEMENT		OTHER
	SETTLED IN SHARES	SETTLED IN CASH	SETTLED IN SHARES
Number of participants	2		53
Balance as at 1 January	94,496		68,594
Withdrawn	-		-1,689
Unconditionally granted	-94,496		-66,905
Balance as at 31 December	-		-