RANDSTAD FLAGS SLOW EUROPEAN WAGES GROWTH DESPITE JOBS RECOVERY

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AMSTERDAM (Reuters) – Randstad <RAND.AS>, the worlds second-largest staffing company, said on Tuesday wage growth in Europe remains modest, despite the strong recovery in the job markets.

Accelerating economic growth and falling unemployment throughout Europe helped Randstad to its highest sales growth since 2011 last year, with European revenues increasing 11 percent in the last quarter.

Growth was strongest in France, Spain, Italy and Germany, while revenue remained virtually flat in North America, the companys largest market before France and the Netherlands.

The strong job markets is leading to labour shortages, especially in the U.S., but also in certain sectors in Europe, Randstad CFO Robert Jan van de Kraats told Reuters.

Engineers and other technically skilled workers in particularly are becoming more scarce in Europe, Van de Kraats said in a telephone interview, with the clearest signs in the strongest economic regions such as the south of Germany.

But these shortages had not yet translated into clear signs of wage growth, he said.

You would expect wage inflation, but we dont really see it. Many companies still deal with price pressures due to heavy competition, leaving little room for higher wages.

Wage growth in many rich countries has failed to pick up even as unemployment falls, stumping many economists. The rise of automation and increasing global competition are seen as contributing to the weak rise in pay.

However, pay talks now taking place in Germany are expected to end years of wage restraint in Europes biggest economy, potentially helping the European Central Bank get euro zone inflation back up to its target rate of just below 2 percent.

RECORD RESULTS

Randstad beat analyst expectations on Tuesday with a 15 percent rise in fourth-quarter core earnings, to 307 million euros, and an 8 percent increase in sales to 5.98 billion euros (5.31 billion pounds).

We achieved record results in 2017 and the trend continued into 2018, Van de Kraats said. We see growth continuing in all regions, with especially strong demand in manufacturing and export sectors.

Randstad shares were up 2.8 percent at 56.42 at 0935 GMT, leading the slightly negative blue chip AEX index in Amsterdam.

Revenue grew strongly, following another strong European result, KBC Securities analyst Bart Cuypers said. Positive evolutions have been converted into a record high dividend.

Randstad said its dividend for 2017 would be up 46 percent over a year earlier, at a record high of 2.76 euros per share, as net profit for the year rose 10 percent to 756 million euros.

(Reporting by Bart Meijer; Editing by Sherry Jacob-Phillips and Alexander Smith)

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