1st quarter results

2020.

randstad

human forward.

contents

Q1 2020: resiliency amidst Covid-19; more challenging Q2 ahead.

Q1 2020 organic growth

-7.4%

Q1 2020 underlying EBITA

€ 162m

Q1 2020 EBITA margin

3.0%

first priority is the health and safety of our employees, candidates, and clients; seamless transition to work from home.

revenue down 3%-4%, until mid-March; second half March down c.30% due to escalating Covid-19 impact.

gross margin 19.4%, down 30bp YoY impacted by significant Covid-19 effects and slowing perm; EBITA margin down 100bp YoY to 3.0%.

strong liquidity and solvency position; 2019 dividend proposal withdrawn due to focus on capital preservation.

well positioned to further strengthen global market leadership; part of 'safely back to work alliance'.

intensified country lockdown in April; aiming for a recovery ratio of 50% over time supported by cost measures and governmental schemes.

"Given the unprecedented Covid-19 situation, Randstad's first priority is the health and safety of our employees, candidates, clients and other stakeholders," says CEO Jacques van den Broek. "I would also like to take this opportunity to thank my Randstad colleagues for their incredible commitment and dedication with which they are responding to these difficult times. Today, all our colleagues around the world are in remote daily contact with their clients and candidates, underpinning our state-of-the-art digital infrastructure."

"Trading conditions in the first quarter were initially in line with our expectations, with organic revenues per working day down by 3%-4% until the first half of March. Since then, the rapidly escalating impact of Covid-19 has driven an unprecedented deceleration in business activity. With Europe and the Americas recently following much of the Asia Pacific region into various stages of lockdown, we expect Q2 2020 to be more challenging with very limited visibility. We have instantly halted all non-essential spending, withdrawn or adjusted cash bonus schemes of senior management for 2020 in a large number of countries. Together with widespread governmental schemes, for which we are very grateful, this should drive our recovery ratio towards 50% going forward. The Executive Board will also not receive a cash bonus for 2020. Randstad has a strong liquidity and solvency position, and an experienced management team who have navigated the business through various international crises before. Randstad can rely on its 60-year track record as a company with high operational flexibility. On April 16, we launched the 'safely back to work alliance' initiated with Adecco and Manpower. We are convinced that, as an industry, we can contribute together with governments, employers, and trade unions to the safe and healthy return of people to the workplace."

financial performance.

core data

in millions of €, unless otherwise indicated - underlying	Q1 2020	Q1 2019	yoy change	% org.
Revenue	5,414	5,718	(5)%	(7)%
Gross profit	1,052	1,128	(7)%	(9)%
Operating expenses	890	901	(1)%	(2)%
EBITA, underlying[1]	162	227	(29)%	(29)%
Integration costs and one-offs	(22)	(9)		
EBITA	140	218	(36)%	
Amortization and impairment of intangible assets[2]	(59)	(30)		
Operating profit	81	188		
Net finance (costs) / income	(15)	(7)		
Share of profit of associates	1	1		
Income before taxes	67	182	(63)%	
Taxes on income	(18)	(49)		
Net income	49	133	(63)%	
Adj. net income for holders of ordinary shares[3]	106	158	(33)%	
Free cash flow	(12)	(2)	(500)%	
Net debt	1,437	1,640	(12)%	
Leverage ratio (net debt/12-month EBITDA)[4]	1.1	1.2		
Leverage ratio (net debt/12-month EBITDA) excluding IFRS 16[5]	0.7	0.8		
DSO (Days Sales Outstanding), moving average	53.1	53.9		
Margins (in % of revenue)				
Gross margin	19.4%	19.7%		
Operating expenses margin	16.4%	15.8%		
EBITA margin, underlying	3.0%	4.0%		
Share data				
Basic earnings per ordinary share (in €)	0.26	0.71	(63)%	
Diluted earnings per ordinary share, underlying (in €)[3]	0.58	0.86	(33)%	

1 EBITA adjusted for integration costs and one-offs.
2 Amortization and impairment of acquisition-related intangible assets and goodwill.
3 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs. See table 'Earnings per share' on page 21.
4 Leverage ratio including IFRS 16.
5 Leverage ratio excluding IFRS 16, based on best estimates.

revenue

Organic revenue per working day declined by 7.4% in Q1 resulting in revenue of € 5,414 million (Q4 2019: down 2.8%). Reported revenue was down 5.3% YoY, of which working days had a positive effect of 1.2% while FX had a positive effect of 0.6%. M&A contributed 0.3%.

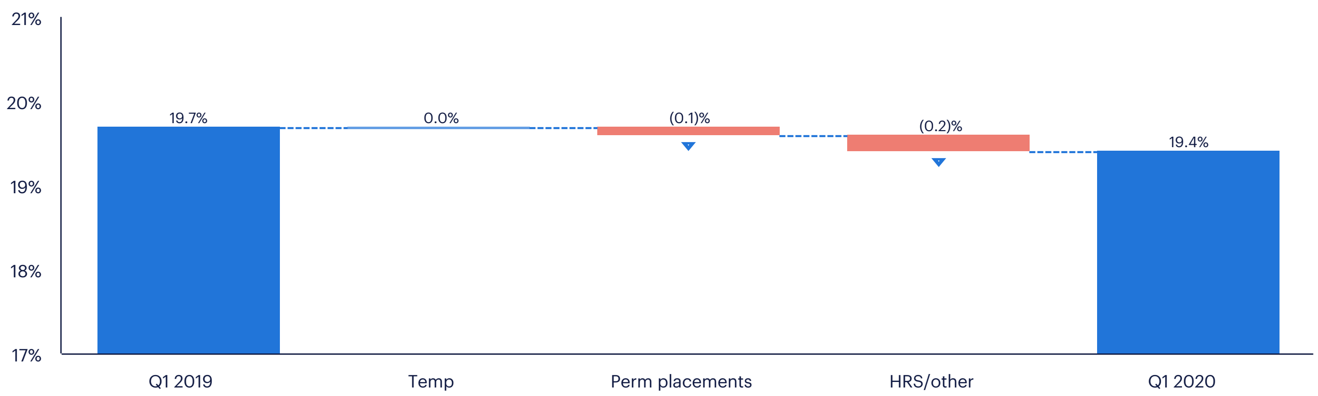
In North America, revenue per working day decreased 3% (Q4 2019: down 2%). Growth in the US was down 3% (Q4 2019: down 3%), while Canada was down 2% YoY (Q4 2019: up 1%). In Europe, revenue per working day declined by 10% (Q4 2019: down 4%). Revenue in France was down 9% (Q4 2019: up 1%), while the Netherlands decreased 14% (Q4 2019: down 10%). Germany declined by 16% (Q4 2019: down 15%), while sales growth in Belgium was down 8% (Q4 2019: down 3%). Italy was down 8% (Q4 2019: down 1%), and revenue in Iberia was down 4% (Q4 2019: up 1%). In the 'Rest of the world' region, revenue increased 5% (Q4 2019: up 7%); Japan increased by 5% (Q4 2019: up 7%), while Australia & New Zealand increased by 3% (Q4 2019: up 3%).

Perm fees declined by 10% (Q4 2019: down 5%), with Europe down 13% (Q4 2019: down 5%) and North America down 3% (Q4 2019: down 1%). In the 'Rest of the world' region, perm fees declined by 11% (Q4 2019: down 11%). Perm fees made up 11.2% of gross profit.

gross profit

In Q1 2020, gross profit amounted to € 1,052 million. Organic growth was down 8.9% (Q4 2019: down 1.8%). Currency effects had a positive impact on gross profit of € 8 million compared to Q1 2019.

year-on-year gross margin development (%)

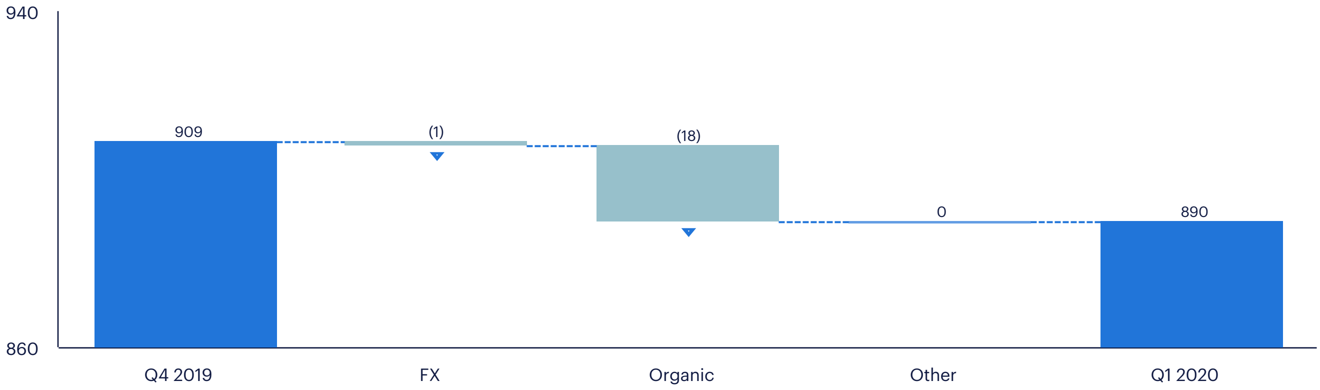


Gross margin was 19.4%, 30bp below Q1 2019 (as shown in the graph above). Temporary staffing had a neutral impact on gross margin (Q4 2019: up 40bp), which included significant adverse Covid-19 related effects since mid March, such as higher sickness and idle time. Permanent placements had a 10bp negative impact while HRS/other had a 20bp negative impact.

operating expenses

On an organic basis, operating expenses decreased by € 18 million sequentially to € 890 million. This reflects instant cost measures taken and the first impact of government schemes related to Covid-19, partially offset by protecting employment and selective investments in our digital initiatives. Compared to last year, operating expenses were down 2% organically (Q4 2019: up 1%), while there was a € 7 million negative FX impact.

sequential OPEX development Q4 -> Q1 in € M



Personnel expenses were down 1% sequentially. Average headcount (in FTE) amounted to 37,080 for the quarter, organically down 3% both sequentially and YoY. Productivity (measured as gross profit per FTE) was down 5% YoY. We operated a network of 4,763 outlets (Q4 2019: 4,861).

Operating expenses in Q1 2020 were adjusted for a total of € 22 million one-offs. This primarily reflects restructurings in several countries and software write-offs.

EBITA

Underlying EBITA decreased organically by 29% to € 162 million. Currency effects had a € 1 million positive impact YoY. EBITA margin reached 3.0%, 100bp below Q1 2019, reflecting the unprecedented business impact of Covid-19 since mid March. Overall we achieved an 8% organic recovery ratio over the last four quarters.

net finance (costs)/income

In Q1 2020, net finance costs were € 15 million, compared to € 7 million net finance costs in Q1 2019. Interest expenses on our net debt position were € 4 million (Q1 2019: € 5 million), and interest expenses related to lease liabilities were € 4 million (Q1 2019: € 6 million). Foreign currency and other effects had a negative impact of € 7 million (Q1 2019: positive impact of €4 million).

tax

The underlying effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs amounted to 26.5% (Q1 2019: 27.0%), and is based on the estimated effective tax rate for the whole year 2020. For FY 2020, we expect an effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs of between 25% and 27%.

net income, earnings per share

In Q1 2020, adjusted net income was down 33% to € 106 million. Reported net income was adversely impacted by an additional amortization of € 29 million, reflecting acquisition-related intangibles in respect of Monster. Diluted underlying EPS amounted to € 0.58 (Q1 2019: € 0.86). The average number of diluted ordinary shares outstanding remained almost stable compared to Q1 2019 (183.7 versus 183.6 million).

invested capital

in millions of €, unless otherwise indicated	mar 31 2020	dec 31 2019	sep 30 2019	jun 30 2019	mar 31 2019	restated dec 31 2018
Goodwill and acquisition-related intangible assets	3,146	3,219	3,247	3,226	3,270	3,280
Operating working capital (OWC)[1]	1,055	1,011	1,105	1,352	1,145	1,009
Net tax assets[2]	656	575	585	572	616	574
All other assets/(liabilities)[3]	1,068	1,045	1,001	1,030	595	1,224
Invested capital	5,925	5,850	5,938	6,180	5,626	6,087
Financed by						
Total equity	4,488	4,473	4,343	4,154	3,986	4,447
Net debt excl. lease liabilities	799	756	961	1,394	994	985
Lease liabilities	638	621	634	632	646	655
Net debt incl. lease liabilities	1,437	1,377	1,595	2,026	1,640	1,640
Invested capital	5,925	5,850	5,938	6,180	5,626	6,087
Ratios						
DSO (Days Sales Outstanding), moving average	53.1	53.5	53.7	53.9	53.9	53.9
OWC as % of revenue over last 12 months	4.5%	4.3%	4.6%	5.7%	4.8%	4.2%
Leverage ratio (net debt/12-month EBITDA)	1.1	1.0	1.1	1.5	1.2	1.2
Return on invested capital[4]	13.8%	15.2%	15.5%	15.0%	14.6%	13.6%

1 Operating working capital: Trade and other receivables minus the current part of financial assets (including net investments in subleases), deferred receipts from disposed Group companies and interest receivable minus trade and other payables excluding interest payable.
2 Net tax assets: Deferred income tax assets and income tax receivables less deferred income tax liabilities and income tax liabilities.
3 All other assets/(liabilities), mainly containing property, plant & equipment, right of use assets, software plus financial assets (including net investments in subleases) and associates, less provisions and employee benefit obligations and other liabilities. As at September 30, 2019, June 30, 2019 and March 31, 2019, dividends payable are also included for € 203 million, € 203 million and € 632 million respectively.
4 Return on invested capital: underlying EBITA (last 12 months) less income tax paid (last 12 months) as percentage of invested capital.

Return on invested capital (ROIC) amounted to 13.8%, showing a decrease of 80bp year-on-year. This is a reflection of the significant adverse impact of Covid-19 on our EBITA since mid March and the adverse timing of tax payments.

The moving average of Days Sales Outstanding (DSO) came slightly down YoY to 53.1 (Q1 2019: 53.9).

Included in 'all other assets/(liabilities)' is the total CICE subsidy receivable amounting to € 389 million, including a current part of € 116 million.

At the end of Q1 2020, net debt including lease liabilities was € 1,437 million, compared to € 1,377 million at the end of Q4 2019. A further analysis of the cash flow is provided in the next section.

cash flow summary

in millions of €	Q1 2020	Q1 2019	change
EBITA	140	218	(36)%
Depreciation, amortization and impairment of property, plant, equipment, right-of-use assets, and software	88	69	
EBITDA	228	287	(21)%
Operating working capital	(62)	(125)	
Provisions and employee benefit obligations	(7)	(5)	
All other items	6	13	
Income taxes	(94)	(88)	
Net cash flow from operating activities	71	82	(13)%
Net capital expenditures	(26)	(28)	
Repayments of lease liabilities	(57)	(56)	
Free cash flow	(12)	(2)	(500)%
Net (acquisitions)/disposals	(9)	-	
Net purchase of own ordinary shares	(10)	-	
Net finance costs	(4)	(2)	
Translation and other effects	(25)	4	
Net increase of net debt	(60)	-	

In the quarter, free cash flow amounted to negative € 12 million, broadly stable versus Q1 2019 (negative € 2 million). The adverse impact of Covid-19 on our EBITA was largely offset by favorable working capital movements, both year-on-year. The latter underpins the countercyclical dynamics of our working capital.

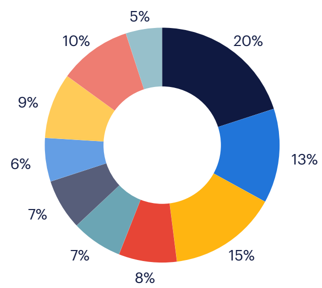
Income taxes paid were higher year-on-year, primarily reflecting the timing of payments, which is expected to reverse in Q2 2020.

performance.

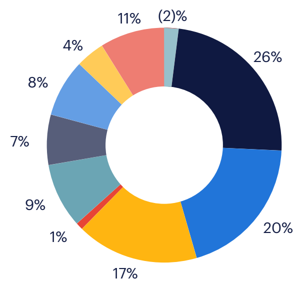
performance by geography

split by geography

Q1 2020: revenue € 5,414 million



Q1 2020: EBITA € 162 million



- North America
- Netherlands
- France
- Other European countries
- Belgium & Luxembourg
- Italy
- Iberia
- Rest of the world
- Global Businesses
- Germany

revenue in millions of €	Q1 2020	Q1 2019	organic Δ%[1]
North America	1,099	1,042	(3)%
France	812	879	(9)%
Netherlands	721	830	(14)%
Germany	418	533	(16)%
Belgium & Luxembourg	357	384	(8)%
Italy	357	389	(8)%
Iberia	339	352	(4)%
Other European countries	514	538	(6)%
Rest of the world	528	488	5%
Global businesses	269	283	(10)%
Revenue	5,414	5,718	(7)%

1 Organic change is measured excluding the impact of currencies, acquisitions, disposals, and reclassifications. For revenue, the organic change has been adjusted for the number of working days.

EBITA in millions of €, underlying	Q1 2020	EBITA margin[1]	Q1 2019	EBITA margin[1]	organic Δ%[2]
North America	46	4.1%	49	4.7%	(10)%
France	30	3.7%	46	5.3%	(35)%
Netherlands	36	5.0%	43	5.2%	(17)%
Germany	2	0.6%	13	2.5%	(82)%
Belgium & Luxembourg	16	4.5%	23	6.0%	(30)%
Italy	12	3.3%	23	6.0%	(49)%
Iberia	15	4.4%	18	5.0%	(15)%
Other European countries	7	1.3%	15	2.7%	(54)%
Rest of the world	20	3.8%	21	4.2%	(3)%
Global businesses	(4)	(1.4)%	(5)	(1.8)%	(27)%
Corporate	(18)		(19)		
EBITA before integration costs and one-offs[3]	162	3.0%	227	4.0%	(29)%
Integration costs and one-offs	(22)		(9)		
EBITA	140		218		

1 EBITA in % of total revenue per segment.
2 Organic change is measured excluding the impact of currencies, acquisitions, disposals, and reclassifications. For revenue, the organic change has been adjusted for the number of working days.
3 Operating profit before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs.

north america

In North America, revenue growth was down 3% (Q4 2019: down 2%). Perm fees were down 3% (Q4 2019: down 1%). In Q1 2020, revenue of our combined US businesses was down 3% (Q4 2019: down 3%). US Staffing/Inhouse Services declined by 4% (Q4 2019: down 5%). US Professionals revenue was down 2% (Q4 2019: up 1%). In Canada, revenue was down 2% (Q4 2019: up 1%). EBITA margin for the region came in at 4.1%, compared to 4.7% last year.

france

In France, revenue was down 9% (Q4 2019: up 1%). Perm fees were down 10% compared to last year (Q4 2019: up 4%). Staffing/Inhouse Services revenue declined 13% (Q4 2019: down 2%), while our Professionals business was up 3% (Q4 2019: up 10%). EBITA margin was 3.7% compared to 5.3% last year.

netherlands

In the Netherlands, revenue was down 14% YoY (Q4 2019: down 10%). Overall perm fees were down 23% (Q4 2019: down 5%). Our combined Staffing and Inhouse Services business was down 17% (Q4 2019: down 11%), while our Professionals business was down 2% (Q4 2019: up 1%). EBITA margin in the Netherlands was 5.0%, compared to 5.2% last year, supported by tight cost control.

germany

In Germany, revenue per working day was down 16% YoY (Q4 2019: down 15%). Perm fees were down 14% compared to last year (Q4 2019: down 34%). Our combined Staffing/Inhouse Services business was down 19% (Q4 2019: down 16%), while Professionals was down 7% (Q4 2019: down 12%). EBITA margin in Germany was 0.6%, compared to 2.5% last year.

belgium & luxembourg

In Belgium & Luxembourg, revenue was down 8% (Q4 2019: down 3%). Perm fees were down 18% compared to last year (Q4 2019: stable). Our Staffing/Inhouse Services business was down 9% (Q4 2019: down 5%). Our EBITA margin was 4.5%, compared to 6.0% last year.

italy

Revenue per working day in Italy was down 8% compared to the prior year (Q4 2019: down 1%). Overall perm fees were down 10% (Q4 2019: up 20%). EBITA margin was 3.3%, compared to 6.0% last year.

iberia

In Iberia, revenue per working day was down 4% YoY (Q4 2019: up 1%). Perm fees were down 17% compared to last year (Q4 2019: down 5%). Staffing/Inhouse Services combined was down 4% (Q4 2019: up 1%). Spain was down 3% (Q4 2019: up 4%), while in Portugal revenue was down 9% (Q4 2019: down 6%). Overall EBITA margin was 4.4%, compared to 5.0% last year.

other european countries

Across 'Other European countries', revenue per working day was down 6% (Q4 2019: down 1%). In the UK, revenue was down 8% (Q4 2019: down 2%), while in the Nordics, revenue was down 8% on an organic basis (Q4 2019: down 7%). Revenue in our Swiss business was down 2% YoY (Q4 2019: down 1%). Overall EBITA margin for the 'Other European countries' region was 1.3% compared to 2.7% last year.

rest of the world

Overall revenue in the 'Rest of the world' region[1] grew by 5% organically (Q4 2019: up 7%). In Japan, revenue grew 5% (Q4 2019: up 7%). Revenue in Australia/New Zealand was up 3% (Q4 2019: up 3%), while revenue in China declined by 10% YoY (Q4 2019: up 24%). Our business in India was up 16% (Q4 2019: up 13%), while in Latin America revenue grew 9% (Q4 2019: up 10%), primarily driven by Brazil and Mexico. Overall EBITA margin in this region was 3.8%, compared to 4.2% last year.

global businesses

Overall organic revenue growth per working day was down 10% (Q4 2019: down 4%). Randstad Sourceright revenue decreased by 5% (Q4 2019: down 1%), while Monster revenue was down by 20% (Q4 2019: down 16%). Overall EBITA margin came in at -1.4% compared to -1.8% last year, reflecting tight cost control.

performance by revenue category

revenue in millions of €	Q1 2020	Q1 2019	organic Δ%[1]
Staffing	2,627	2,897	(10)%
Inhouse Services	1,236	1,288	(9)%
Professionals	1,282	1,250	(1)%
Global Businesses	269	283	(10)%
Revenue	5,414	5,718	(7)%

1 Organic change is measured excluding the impact of currencies, acquisitions, disposals, and reclassifications. For revenue, the organic change has been adjusted for the number of working days.

Total revenue of permanent placements in the revenue categories 'Staffing', 'Inhouse', and 'Professionals', amounted to € 119 million (Q1 2019: € 131 million).

[1] Rest of the World and Latin America revenue growth 2019 adjusted for hyperinflation in Argentina

other information.

outlook
Revenue decreased by around 30% in the second half of March 2020. In the first weeks of April, Covid-19 related lockdowns have intensified in most of our geographies.

We are aiming for a recovery ratio of 50% over time.

There will be no working day impact in Q2 2020.

other items
This year's Annual General Meeting of shareholders, initially scheduled for 24 March 2020, will now be held on 18 June 2020. The notice and agenda for the meeting will be published on 7 May 2020.

As previously announced, François Béharel, who was appointed to the Executive Board in January 2013, will not be nominated for reappointment for a third consecutive term. Since his second term formally expired on 31 March 2020, he is no longer a member of the Executive Board as of 1 April. We thank him for his contribution as a member of the Executive Board.

working days

	Q1	Q2	Q3	Q4
2020	63.6	61.8	65.2	63.9
2019	62.7	61.8	65.0	63.2
2018	63.5	62.1	64.1	63.4

financial calendar

Annual General Meeting of Shareholders	June 18, 2020
Publication of second quarter results 2020	July 21, 2020
Publication of third quarter results 2020	October 21, 2020
Publication of fourth quarter and annual results 2020	February 9, 2021

analyst and press conference call
Today (April 22, 2020), at 09.00 AM CEST, Randstad N.V. will be hosting an analyst conference call. The dial-in numbers are:

- International: +44 20 3003 2666
- Netherlands: +31 20 794 8426

To gain access to the conference please tap or state the password 'Randstad'

You can listen to the call through a real-time audio webcast. You can access the webcast and presentation at https://www.randstad.com/results-and-reports/quarterly-results. A replay of the presentation and the Q&A will be available on our website by the end of the day.

Watch also our CEO’s video on this quarter’s news.

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disclaimer

Certain statements in this document concern prognoses about the future financial condition, risks, investment plans, and the results of operations of Randstad N.V. and its operating companies, as well as certain plans and objectives. Obviously, such prognoses involve risks and a degree of uncertainty, since they concern future events and depend on circumstances that will apply then. Many factors may contribute to the actual results and developments differing from the prognoses made in this document. These factors include, but are not limited to, general economic conditions, a shortage on the job market, changes in the demand for personnel (including flexible personnel), achievement of cost savings, changes in the business mix, changes in legislation (particularly in relation to employment, staffing and tax laws), the role of industry regulators, future currency and interest fluctuations, our ability to identify relevant risks and mitigate their impact, the availability of credit on financially acceptable terms, the successful completion of company acquisitions and their subsequent integration, successful disposals of companies, and the rate of technological developments. These prognoses therefore apply only on the date on which this document was compiled. The quarterly results as presented in this press release are unaudited.

randstad profile

Randstad is the global leader in the HR services industry. We support people and organizations in realizing their true potential by combining the power of today's technology with our passion for people. We call it Human Forward. In 2019, we helped more than two million candidates find a meaningful job with our 280,000 clients. Furthermore, we trained more than 350,000 people. Randstad is active in 38 markets around the world and has top 3 positions in almost half of these. In 2019, Randstad had on average 38,280 corporate employees and generated revenue of € 23.7 billion. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands. Randstad N.V. is listed on the NYSE Euronext (symbol: RAND.AS). For more information, see https://www.randstad.com/.

interim financial statements

Q1 2020.

actuals

consolidated income statement

in millions of €, unless otherwise indicated	Q1 2020	Q1 2019
Revenue	5,414	5,718
Cost of services	4,365	4,590
Gross profit	1,049	1,128
Selling expenses	606	623
General and administrative expenses	303	287
Operating expenses	909	910
Amortization and impairment of acquisition-related intangible assets and goodwill	59	30
Total operating expenses	968	940
Operating profit	**81**	**188**
Net finance costs	(15)	(7)
Share of profit of associates	1	1
Income before taxes	67	182
Taxes on income	(18)	(49)
Net income	**49**	**133**
Net income attributable to:		
Holders of ordinary shares Randstad N.V.	47	130
Holders of preference shares Randstad N.V.	2	3
Equity holders	49	133
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):		
Basic earnings per share	0.26	0.71
Diluted earnings per share	0.26	0.71
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	0.58	0.86

information by geographical area and revenue category

revenue by geographical area

in millions of €	Q1 2020	Q1 2019
North America	1,099	1,042
France	812	879
Netherlands	722	831
Germany	418	533
Belgium & Luxembourg	359	385
Italy	357	389
Iberia	339	352
Other European countries	516	540
Rest of the world	528	489
Global Businesses	271	285
Elimination of intersegment revenue	(7)	(7)
Revenue	5,414	5,718

EBITA by geographical area

in millions of €	Q1 2020	Q1 2019
North America	38	49
France	27	45
Netherlands	36	43
Germany	2	13
Belgium & Luxembourg	16	23
Italy	12	23
Iberia	15	18
Other European countries	4	15
Rest of the world	19	21
Global Businesses	(5)	(13)
Corporate	(24)	(19)
EBITA[1]	140	218

1 Operating profit before amortization and impairment of acquisition-related intangible assets and goodwill

revenue by revenue category

in millions of €	Q1 2020	Q1 2019
Staffing	2,632	2,902
Inhouse	1,236	1,288
Professionals	1,282	1,250
Global businesses	271	285
Elimination of intersegment revenue	(7)	(7)
Revenue	5,414	5,718

consolidated balance sheet

in millions of €	march 31, 2020	december 31, 2019	march 31, 2019
assets			
Property, plant and equipment	152	157	157
Right-of-use assets	551	531	556
Intangible assets	3,266	3,347	3,381
Deferred income tax assets	598	579	595
Financial assets and associates	478	478	579
Non-current assets	5,045	5,092	5,268
Trade and other receivables	4,515	4,711	4,925
Income tax receivables	200	130	170
Cash and cash equivalents	587	225	263
Current assets	5,302	5,066	5,358
Total assets	**10,347**	**10,158**	**10,626**
equity and liabilities			
Issued capital	26	26	26
Share premium	2,287	2,287	2,286
Reserves	2,174	2,159	1,673
Shareholders' equity	4,487	4,472	3,985
Non-controlling interests	1	1	1
Total equity	4,488	4,473	3,986
Borrowings (including lease liabilities)	977	417	943
Deferred income tax liabilities	35	38	42
Provisions and employee benefit obligations	228	226	180
Other liabilities	9	10	7
Non-current liabilities	1,249	691	1,172
Borrowings (including lease liabilities)	1,047	1,185	960
Trade and other payables	3,339	3,580	3,671
Dividends	-	-	632
Income tax liabilities	107	96	107
Provisions and employee benefit obligations	111	119	96
Other liabilities	6	14	2
Current liabilities	4,610	4,994	5,468
Total liabilities	5,859	5,685	6,640
Total equity and liabilities	**10,347**	**10,158**	**10,626**

consolidated statement of cash flows

in millions of €	Q1 2020	Q1 2019
Operating profit	81	188
Amortization and impairment of acquisition-related intangible assets and goodwill	59	30
EBITA	140	218
Depreciation, amortization and impairment of property, plant, equipment, right-of-use assets, and software	88	69
EBITDA	228	287
Provisions and employee benefit obligations	(7)	(5)
Share-based compensations	8	10
Other items	(2)	3
Cash flow from operations before operating working capital and income taxes	227	295
Operating working capital assets	162	(22)
Operating working capital liabilities	(224)	(103)
Operating working capital	(62)	(125)
Income taxes	(94)	(88)
Net cash flow from operating activities	**71**	**82**
Net additions in property, plant and equipment, and software	(26)	(28)
Acquisition of subsidiaries, associates and equity investments	(9)	(2)
Disposal of subsidiaries/activities and equity investments	-	2
Net cash flow from investing activities	**(35)**	**(28)**
Net purchase of own ordinary shares	(10)	-
Net drawings on non-current borrowings	550	-
Net decrease of current borrowings	(149)	(8)
Repayments of lease liabilities	(57)	(56)
Net financing	334	(64)
Net finance costs paid	(4)	(2)
Net reimbursement to financiers	(4)	(2)
Net cash flow from financing activities	**330**	**(66)**
Net increase/(net decrease) in cash, and cash equivalents	366	(12)
Cash, and cash equivalents at beginning of period	225	273
Net movement	366	(12)
Translation and currency (losses)/gains	(4)	2
Cash, and cash equivalents at end of period	587	263
Free cash flow	(12)	(2)

consolidated statement of changes in total equity and consolidated statement of total comprehensive income

	january 1 - march 31	
in millions of €	2020	2019
Begin of period		
Shareholders' equity	4,472	4,446
Non-controlling interests[1]	1	1
Total equity	**4,473**	**4,447**
Net income for the period	49	133
Items that subsequently may be reclassified to the income statement	(31)	30
Items that will never be reclassified to the income statement	(1)	1
Total other comprehensive income, net of taxes	(32)	31
Total comprehensive income	**17**	**164**
Other changes in period		
Dividend payable on ordinary shares	-	(619)
Dividend payable on preference shares	-	(13)
Share-based compensations	8	10
Tax on share-based compensations	-	(3)
Net purchase of ordinary shares	(10)	-
Total other changes in period	**(2)**	**(625)**
End of period	4,488	3,986
Shareholder's equity	4,487	3,985
Non-controlling interests[1]	1	1
Total equity	**4,488**	**3,986**

1 Changes in 'Non-controlling interests', expressed in millions of euro, are negligible for all periods involved.

notes to the consolidated interim financial statements

reporting entity

Randstad N.V. is a public limited liability company incorporated and domiciled in the Netherlands and listed on Euronext Amsterdam.

The consolidated interim financial statements of Randstad N.V. as at and for the three month period ended March 31, 2020 include the company and its subsidiaries (together called 'the Group').

significant accounting policies

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (hereinafter: IFRS).

The accounting policies applied by the Group in these consolidated interim financial statements are unchanged from those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2019.

basis of presentation

These consolidated interim financial statements have been condensed and prepared in accordance with (IFRS) IAS 34 'Interim Financial Reporting'; they do not include all the information required for full (i.e., annual) financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2019.

The consolidated financial statements of the Group as at and for the year ended December 31, 2019 are available upon request at the Company's office or on www.randstad.com.

estimates

The preparation of consolidated interim financial statements requires the Group to make certain judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgments, estimates, and assumptions are the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2019.

We have performed an assessment of the impact of the current health and related economic crisis on the valuation of certain assets in our balance sheet such as goodwill, intangible assets, deferred tax assets, and various financial assets. Based on our limited visibility on the structural impact of the current situation on our results going forward, we have concluded that these assets are not impaired as of March 31, 2020.

seasonality

The Group's activities are affected by seasonal patterns. The volume of transactions throughout the year fluctuates per quarter, depending on demand as well as on variations in items such as the number of working days, public holidays and holiday periods. The Group usually generates its strongest revenue and profits in the second half of the year, while the cash flow in the second quarter is usually negative due to the timing of payments of dividend and holiday allowances; cash flow tends to be strongest in the second half of the year.

effective tax rate

The effective tax rate for the three month period ended March 31, 2020 is 26.0% (Q1 2019: 26.8%), and is based on the estimated tax rate for the whole year 2020 (actual FY 2019: 26.0%).

acquisition and disposal of group companies, equity investments and associates

In Q1 2020 we had a cash outflow of € 9 million (Q1 2019: € 2 million), of which € 8 million related to payments in respect of acquisitions in prior years and € 1 million to equity investments.

In Q1 2020 we had no disposal of Group companies (Q1 2019: € 2 million cash-in).

shareholders' equity

Issued number of ordinary shares	2020	2019
January 1	183,303,552	183,301,821
Share-based compensations	-	1,731
March 31	183,303,552	183,303,552

As at March 31, 2020 the Group held 25,402 treasury shares (March 31, 2019: 21,834), compared to 361,775 as at December 31, 2019. The average number of (diluted) ordinary shares outstanding has been adjusted for these treasury shares.

As at March 31, 2020, December 31, 2019, and March 31, 2019 the number of issued preference shares was 25,200,000 (type B) and 50,130,352 (type C).

earnings per share

in millions of €, unless otherwise indicated	Q1 2020	Q1 2019
Net income	49	133
Net income attributable to holders of preference shares	(2)	(3)
Net income attributable to holders of ordinary shares	47	130
Amortization of intangible assets[1]	59	30
Integration costs, one-offs and impairments	22	9
Tax effect on amortization, integration costs, and one-offs	(22)	(11)
Adjusted net income for holders of ordinary shares	106	158
Average number of ordinary shares outstanding	183.1	183.2
Average number of diluted ordinary shares outstanding	183.7	183.6
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):		
Basic earnings per share	0.26	0.71
Diluted earnings per share	0.26	0.71
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs[2]	0.58	0.86

1 Amortization and impairment of acquisition-related intangible assets and goodwill.
2 Diluted EPS underlying

net debt position

Net debt including lease liabilities at March 31, 2020 amounted to € 1,437 million, and was € 60 million higher compared to December 31, 2019 (€ 1,377 million). The net debt position excluding lease liabilities as at March 31, 2020 (€ 799 million) was € 43 million higher compared to the net debt position as at December 31, 2019 (€ 756 million).

Included in 'borrowings under current liabilities' is the current part of non-current borrowings in the amount of € 512 million as at March 31, 2020.

breakdown of operating expenses

in millions of €	Q1 2020	Q1 2019
Personnel expenses	657	677
Other operating expenses	252	233
Operating expenses	909	910

depreciation, amortization, impairment of property, plant, equipment, right-of-use assets and software

in millions of €	Q1 2020	Q1 2019
Depreciation and impairment of property, plant and equipment	13	13
Amortization and impairment of software	25	8
Depreciation and amortization of software	38	21
Depreciation and impairment of right-of-use assets	50	48
Total	88	69

During the quarter software write-offs were recorded to an amount of € 13 million.

net additions to property, plant, equipment and software, statement of cash flows

in millions of €	Q1 2020	Q1 2019
Additions		
Property, plant and equipment	(11)	(13)
Software	(16)	(17)
	(27)	(30)
Disposals		
Procreeds property, plant and equipment	1	2
(Profit)/Loss	-	-
	1	2
Statement of cash flows	(26)	(28)

french competitive employment act ('CICE')

Included in the consolidated balance sheet under 'financial assets and associates' is an amount of € 273 million (December 31, 2019: € 273 million) relating to the non-current part of a receivable arising from tax credits under the French Competitive Employment Act ('CICE'). An amount of € 116 million (December 31, 2019: € 116 million) is included in 'Trade and other receivables' representing the current part of the CICE receivable.

total comprehensive income

Apart from net income for the period, total comprehensive income comprises translation differences and related tax effects that subsequently may be reclassified to the income statement in a future reporting period, and fair value adjustments of equity investments and related tax effects, that will never be reclassified to the income statement.

amortization of acquisition-related intangible assets

The amortization of acquisition-related intangibles in respect of Monster was accelerated during this quarter resulting in additional amortization of € 29 million.

related-party transactions

There are no material changes in the nature, scope, and (relative) scale in this reporting period compared to last year. More information is included in notes 28, 29 and 30 to the consolidated financial statements as at and for the year ended December 31, 2019.

commitments

There are no material changes in the nature and scope of commitments compared to December 31, 2019.

events after balance sheet date

Subsequent to the date of the balance sheet, no events material to the Group as a whole occurred that require disclosure in this note.

change in presentation of consolidated statement of cash flows in 2019

In 2019 we have changed the presentation of the consolidated statement of cash flows, for the year 2019, as disclosed in note 27 to the consolidated financial statements 2019. This change in presentation also has its effects on the quarterly cash flow statements of the year 2019. For Q1, 2019 the financing cash flows have been restated by an amount of € (8) million. The table below discloses the details.

change in presentation of Q1 2019 consolidated statement of cash flows

in millions of €	reported Q1, 2019	presentation change	restated Q1, 2019
Net cash flow from operating activities	82	-	82
Net cash flow from investing activities	(28)	-	(28)
		-	-
Net cash flow from financing activities	(58)	(8)	(66)
Net movement	(4)	(8)	(12)
"Cash for cash flow statement", at beginning of year	(491)	764	273
Net movement	(4)	(8)	(12)
Translation and currency losses	2	-	2
	(2)	(8)	(10)
"Cash for cash flow statement", at end of period	(493)	756	263
Free cash flow	**(2)**	**-**	**(2)**