Q1

1st quarter results 2017

randstad

Staffing | Professionals | Search & Selection | HR Solutions | Inhouse Services

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Q1 2017: Sound growth continues

Revenue of € 5,557 million; organic growth 6.4%; gross profit up 6.4%

❯ 3

Topline grew 8% in Europe, 1% in North America and 9% in Rest of the world

❯ 3

Perm growth accelerating to 11% (Q4 2016: 4%), driven by all regions; NAM 6% (Q4 2016: -3%)

❯ 3

Gross margin 20.4%; underlying gross margin stable YoY

❯ 4

Underlying EBITA of € 209 million (+16% organically); EBITA margin up 20bp YoY to 3.8%

❯ 4

Adjusted net income up 21% to € 148 million; FCF € 120 million (+ 91% YoY)

❯ 5

Comfortable leverage ratio of 1.1 (vs. 0.3 last year)

❯ 6

March organic sales growth in line with Q1; Volumes in early April indicate a continuation of the trend

❯ 12

All acquisitions well on track; Monster transition in full swing

❯ 23

"*We started the year on a positive note, achieving sound organic sales growth and an acceleration in perm placement growth,*" says CEO Jacques van den Broek. "*Momentum in Europe remained favorable and our North American business continues to grow. We are satisfied with the progress of our recent acquisitions and remain very excited about their future contribution to the Group. I would like to welcome our new colleagues who joined Randstad through the finalization of the acquisitions of Ausy and BMC. Meanwhile, we are taking the next steps in our digital strategy to enhance the implementation of technology in many of our processes. This enables us to offer clients and candidates tailor-made data-driven insights and to focus on where we are at our best: making the personal connection.*"

Our Annual Report 2016 is available on www.ir.randstad.com/

financial performance

Core data

in millions of €, unless otherwise indicated	Q1 2017	Q1 2016	YoY change	% Org.	L4Q 2017	L4Q 2016	YoY change	% Org.
Revenue	5,556.8	4,701.5	18%	6%	21,539.4	19,489.3	11%	5%
Gross profit	1,133.9	865.4	31%	6%	4,202.7	3,645.1	15%	4%
Operating expenses	925.3	696.5	33%	7%	3,216.3	2,767.4	16%	4%
EBITA, underlying [1]	**208.6**	**168.9**	**24%**	**16%**	**986.4**	**877.7**	**12%**	**8%**
Integration costs and one-offs	(17.9)	(3.2)			(69.4)	(23.9)		
EBITA	**190.7**	**165.7**	**15%**		**917.0**	**853.8**	**7%**	
Amortization of intangible assets [2]	(33.9)	(30.4)			(104.9)	(117.5)		
Operating profit	**156.8**	**135.3**			**812.1**	**736.3**		
Net finance income /(costs)	(2.6)	5.2			(11.6)	(1.6)		
Share of profit of associates	0.2	0.0			(0.6)	0.6		
Result on disposal of associates	-	-			0.0	6.1		
Income before taxes	**154.4**	**140.5**	**10%**		**799.9**	**741.4**	**8%**	
Taxes on income	(38.6)	(38.0)			(198.4)	(179.6)		
Net income	**115.8**	**102.5**	**13%**		**601.5**	**561.8**	**7%**	
Adj. net income for holders of ordinary shares [3]	**148.0**	**122.8**	**21%**		**714.1**	**640.3**	**12%**	
Free cash flow	119.5	62.5	91%		521.6	525.1	(1)%	
Net debt	1,129.2	296.4						
Leverage ratio (net debt/12-month EBITDA)	1.1	0.3						
DSO (Days Sales Outstanding), moving average	50.5	50.8						
Margins (in % of revenue)								
Gross margin	20.4%	18.4%			19.5%	18.7%		
Operating expenses margin	16.7%	14.8%			14.9%	14.2%		
EBITA margin, underlying	3.8%	3.6%			4.6%	4.5%		
Share data								
Basic earnings per ordinary share (in €)	0.62	0.54	15%		3.23	3.01	7%	
Diluted earnings per ordinary share, underlying (in €) [4]	0.81	0.67	21%		3.89	3.49	11%	

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 23.
4 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs.

Revenue

Organic revenue per working day grew by 6.4% in Q1 to € 5,557 million (Q4 2016: up 6.6%). Reported revenue was 18.2% above Q1 2016, of which FX accounted for 0.9%. M&A contributed 8.5% while working days had a positive effect of 2.4%.

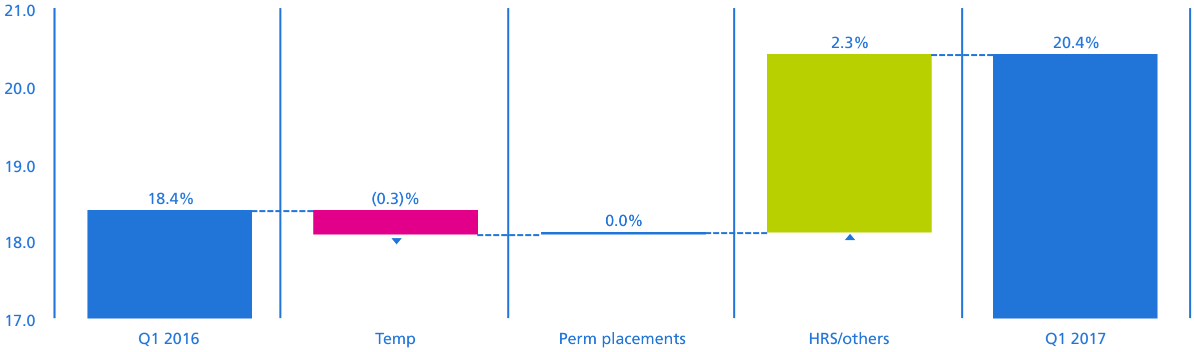
In North America, revenue per working day increased by 1% (Q4 2016: up 1%). Growth in the US remained flat, while Canada grew by 6% (Q4 2016: 4%). In Europe, revenue per working day grew by 8% (Q4 2016: up 8%). Topline growth in France amounted to 9% (Q4 2016: 10%), and the Netherlands grew by 1% (Q4 2016: 2%). Germany was up 9% (Q4 2016: 10%), while sales growth in Belgium accelerated to 10% (Q4 2016: 5%). Italy rose by 23% (Q4 2016: 26%), while revenues in Iberia were up by 8% (Q4 2016: 10%). In the 'Rest of the world' region, revenue increased 9% (Q4 2016: up 10%); Australia & New Zealand rose by 12% and Japan increased by 7%.

Perm fee growth accelerated to 11% (Q4 2016: up 4%), with North America and Europe up 6% (Q4 2016: -3%) and 16% (Q4 2016: 11%) respectively. In the 'Rest of the world' region, perm fee growth was 8%, up from 4% in Q4 2016. Perm fees made up 2.1% of revenue and 10.2% of gross profit.

Gross profit

In Q1 2017, gross profit amounted to € 1,134 million. Organic growth was 6.4% (Q4 2016: 5.5%). Currency effects had a positive impact on gross profit of € 9 million compared to Q1 2016.

YoY gross margin development

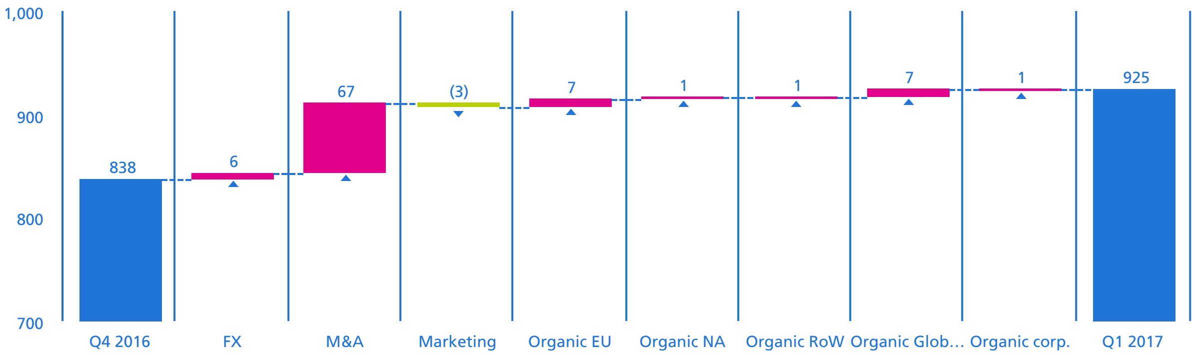


Gross margin was 20.4%, +200bp above Q1 2016 (as shown in the graph above). Temporary staffing had a negative impact of -30bp due to mix and pricing effects. Permanent placements had a negligible effect on gross margin, while HRS/others (including acquisitions) added +230bp.

Operating expenses

On an organic basis, operating expenses increased by € 9 million sequentially to € 925 million. This is primarily related to investments in our organic sales growth. Additionally, operating expenses were impacted by a reclassification in Randstad Sourceright (€ 5 million) reflecting a movement from cost of sales to operating expenses. Compared to last year, operating expenses were up 7% organically, while there was an € 8 million adverse FX impact.

OPEX development Q4 -> Q1



Personnel expenses were 3% higher sequentially. Average headcount (in FTE) amounted to 37,200 for the quarter, 1% higher than Q4 2016 and 16% higher YoY.

Productivity (measured as gross profit per FTE) was 2% higher YoY (Q4 2016: 3%) on an organic basis. We operated a network of 4,790 outlets (Q4 2016: 4,752), driven by acquisitions.

Operating expenses in Q1 2017 were adjusted for a total of € 18 million in one-off costs, mainly related to M&A expenses for Ausy and BMC (€ 3 million), integration costs of prior acquisitions (€ 7 million) and restructuring costs for Monster (€ 6 million). Last year's cost base was adjusted for a total of € 3 million one-off costs.

EBITA

Underlying EBITA increased organically by 16% to € 209 million. Currency effects had a positive impact of € 1 million YoY. The EBITA margin reached 3.8%, up from 3.6% in Q1 2016. We achieved an organic incremental conversion ratio (ICR) of 35% in Q1 2017 and of 39% over the last four quarters, reflecting continued investments related to our digital strategy.

Amortization of intangible assets and impairment of goodwill
Amortization of acquisition-related intangible assets amounted to € 33.9 million in the quarter. This now includes the amortization on the intangibles related to the acquisitions during Q1 2017.

Net finance costs
In Q1 2017, net finance costs were € 2.6 million, compared to € 5.2 million of finance income in Q1 2016. Interest expenses on our net debt position were € 4.7 million, compared to € 2.8 million in Q1 2016. Foreign currency effects had a positive impact of € 1.7 million (Q1 2016: € 5.0 million). The remaining € 0.4 million income (Q1 2016: € 3.0 million) relates primarily to the adjustments in the valuation of certain assets and liabilities.

Tax
The effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs, and one-offs amounted to 26.7% (Q1 2016: 27.7%) and is based on the estimated effective tax rate for the whole year 2017. For 2017, we expect an effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs, and one-offs of between 24% and 27%.

Net income, earnings per share
In Q1 2017, adjusted net income for holders of ordinary shares increased by 21%YoY to € 148 million. Diluted underlying EPS amounted to € 0.81 (Q1 2016: € 0.67). The average number of diluted ordinary shares outstanding remained almost stable compared to Q1 2016 (183.4 million compared to 183.2 million).

Invested capital

Our invested capital mainly comprises goodwill, net tax assets, and operating working capital.

in millions of €, unless otherwise indicated	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Goodwill and acquisition-related intangible assets	3,692.8	3,286.3	2,808.4	2,729.9	2,735.7
Operating working capital (OWC) [1]	752.2	712.1	830.6	811.1	632.9
Net tax assets [2]	449.4	479.6	464.0	498.1	498.4
All other assets/(liabilities) [3]	121.4	456.2	399.6	364.8	13.1
Invested capital	**5,015.8**	**4,934.2**	**4,502.6**	**4,403.9**	**3,880.1**
Financed by					
Total equity	3,886.6	4,140.8	3,941.3	3,769.7	3,583.7
Net debt	1,129.2	793.4	561.3	634.2	296.4
Invested capital	**5,015.8**	**4,934.2**	**4,502.6**	**4,403.9**	**3,880.1**
Ratios					
DSO (Days Sales Outstanding), moving average	50.5	51.4	51.1	50.7	50.8
OWC as % of revenue over last 12 months	3.5%	3.4%	4.1%	4.1%	3.2%
Leverage ratio (net debt/12-month EBITDA)	1.1	0.8	0.6	0.7	0.3
Return on invested capital [4]	16.6%	15.9%	18.0%	17.9%	19.5%

1 Operating working capital: Trade and other receivables minus the current part of financial fixed assets, 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, software plus financial assets and associates, less provisions and employee benefit obligations and other liabilities. As per March 31, 2017 and March 31, 2016 dividend payable is also included.
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) reached 16.6%. The main reason for the decrease year-on-year is the impact of acquisitions on our invested capital. We are strongly focused on improving the returns of acquired businesses, which should also lift the Group's ROIC going forward.

Operating working capital was stable sequentially. Working capital as a percentage of sales was 3.5%, up 30bp compared to last year, the increase YoY driven by continued business investment/growth and M&A. The moving average of Days Sales Outstanding (DSO) improved to 50.5 days (Q1 2016: 50.8).

Other assets comprise property, plant & equipment, financial assets, and associates, less provisions and other liabilities. The sequential decrease is mainly explained by the timing of the dividend announcement (€ 358.9 million) in Q1 2017. The increase YoY is mainly explained by the increase of the CICE receivable. The total CICE subsidy receivable is € 431 million, including the current portion of € 70 million.

At the end of Q1 2017, net debt was € 1,129 million, compared to € 296 million at the end of Q1 2016. Further analysis of cash flow is given in the next section. The leverage ratio was 1.1, compared to 0.3 in the previous year. The syndicated credit facility allows a leverage ratio of up to 3.5, while we set ourselves a maximum leverage ratio of 2.

Cash flow summary

in millions of €	Q1 2017	Q1 2016	change	L4Q 2017	L4Q 2016	change
EBITA	**190.7**	**165.7**	**15%**	**917.0**	**853.8**	**7%**
Depreciation and amortization of software	21.4	15.8		79.7	64.2	
EBITDA	**212.1**	**181.5**	**17%**	**996.7**	**918.0**	**9%**
Working capital	3.9	(27.7)		(137.9)	(90.7)	
Provisions and employee benefit obligations	(1.1)	(6.9)		5.6	(39.3)	
Other items	(25.7)	(16.6)		(86.0)	(72.5)	
Income taxes	(49.1)	(53.9)		(155.0)	(122.9)	
Net cash flow from operating activities	**140.1**	**76.4**	**83%**	**623.4**	**592.6**	**5%**
Net capital expenditures	(20.6)	(13.9)		(100.7)	(63.7)	
Financial assets		-		(1.1)	(3.8)	
Free cash flow	**119.5**	**62.5**	**91%**	**521.6**	**525.1**	**(1)%**
Net (acquisitions)/disposals [1]	(444.2)	(176.3)		(976.9)	(260.3)	
Issue of ordinary shares	0.3	-		0.4	2.1	
Purchase of own ordinary shares	(17.3)	(14.1)		(39.0)	(48.8)	
Dividend on ordinary shares	-	-		(307.2)	(81.5)	
Dividend on preference shares	-	-		(12.6)	(12.6)	
Net finance costs	(4.4)	(1.0)		(15.2)	(10.8)	
Translation and other effects	10.3	5.7		(3.9)	15.4	
Net (increase) / decrease of net debt	**(335.8)**	**(123.2)**		**(832.8)**	**128.6**	

1 including acquired non-current borrowings

In the quarter, free cash flow was € 120 million, up 91% versus the prior year. Over the L4Qs, free cash flow was € 522 million, broadly similar to the prior-year L4Qs.

Main driver for the strong increase in free cash flow YoY was the EBITDA improvement. Also, timing of payments favorably impacted our working capital and cash tax rate.

Other items include an amount of € 33.7 million resulting from the implementation of the Tax Credit and Competitive Employment Act (CICE) in France. In Q3 2017, we will receive the first cash-in, amounting to € 70 million (including the receivable from our acquired companies), related to the receivable originating from 2013.

New external segmentation

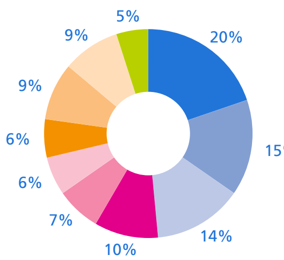
As a result of acquisitions and changes in the governance and managerial reporting structure of the Group, the external (primary) segmentation (of results) has changed as of Q1 2017; comparative figures for prior periods have been adjusted accordingly for presentation purposes. Main changes are the creation of one segment called Global Businesses consisting of Monster, Randstad Sourceright (RSR), RiseSmart and twago. Reporting of Italy as a separate segment due to increasing size and inclusion of the UK in the segment 'Rest of Europe' due to limited size. External (secondary) segmentation on revenue categories now also shows Global Businesses next to Staffing, Inhouse Services and Professionals; comparative figures for prior periods have been adjusted accordingly for presentation purposes.

performance

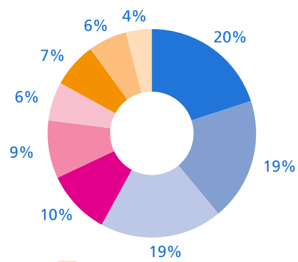
performance by geography

Split by geography

Q1 2017: revenue € 5,556.8 million



Q1 2017: EBITA € 208.6 million



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

Revenue in millions of €, underlying	Q1 2017	Q1 2016	change	organic Δ%[1]
North America	1,093.9	1,035.3	6%	1%
Netherlands	808.7	748.1	8%	1%
France	796.7	678.5	17%	9%
Germany	559.5	476.8	17%	9%
Belgium & Luxembourg	355.7	304.7	17%	10%
Iberia	324.3	289.1	12%	8%
Italy	330.3	170.2	94%	23%
Other European countries	513.8	457.7	12%	5%
Rest of the world	474.1	390.3	21%	9%
Global Businesses	299.8	150.8	99%	16%
Revenue	**5,556.8**	**4,701.5**	**18%**	**6%**

EBITA in millions of €, underlying	Q1 2017	EBITA margin	Q1 2016	EBITA margin	organic Δ%[1]
North America	45.0	4.1%	43.5	4.2%	0%
Netherlands	43.9	5.4%	38.0	5.1%	7%
France	43.1	5.4%	32.4	4.8%	20%
Germany	22.7	4.1%	17.8	3.7%	16%
Belgium & Luxembourg	20.3	5.7%	17.0	5.6%	12%
Iberia	13.6	4.2%	11.4	3.9%	19%
Italy	16.4	5.0%	8.1	4.8%	58%
Other European countries	13.5	2.6%	9.9	2.2%	54%
Rest of the world	10.0	2.1%	5.6	1.4%	36%
Global Businesses	(0.8)	(0.3)%	1.1	0.7%	149%
Corporate	(19.1)		(15.9)		
EBITA before integration costs and one-offs[2]	**208.6**	**3.8%**	**168.9**	**3.6%**	**16%**
Integration costs and one-offs	(17.9)		(3.2)		
EBITA	**190.7**		**165.7**		

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.
2 Operating profit before amortization and impairment of acquisition-related intangible assets and goodwill and integration costs, and one-offs.

North America

In North America, revenue growth was 1% YoY (Q4 2016: up 1%). Perm fees were up 6% (Q4 2016: down 3%).

In Q1 2017, our combined US businesses were flat (Q4 2016: flat). US Staffing/Inhouse grew by 2% (Q4 2016: up 2%). US Professionals revenue was down 2% (Q4 2016: down 4%). In Canada, revenue was up by 6% (Q4 2016: up 4%), remaining ahead of the market. Underlying EBITA margin for the region came in at 4.1%, compared to 4.2% last year.

Netherlands

In the Netherlands, revenue was up 1% YoY (Q4 2016: up 2%). Overall perm fee growth was 45% (Q4 2016: 13%). Our Staffing and Inhouse businesses grew 2% (Q4 2016: up 3%), with growth impacted by price pressure. Our Professionals business declined by 3% (Q4 2016: down 8%). EBITA margin in the Netherlands increased from 5.1% last year to 5.4% in Q1 2017, reflecting our strict pricing discipline.

France

In France, revenue growth was 9% YoY (Q4 2016: +10%). Perm fee growth accelerated to 37% (Q4 2016: 21%). Staffing and Inhouse revenue increased by 8% (Q4 2016: up 9%). Our Professionals business was up 17% (Q4 2016: 17%), again driven by Expectra and healthcare. EBITA margin was 5.4%, up from 4.8% last year.

Germany

In Germany, revenue per working day was up 9% YoY (Q4 2016: up 10%), ahead of the market. Our combined Staffing and Inhouse business was up 8% (Q4 2016: up 10%), while Professionals was up 11% (Q4 2016: up 11%). Underlying EBITA margin in Germany improved to 4.1%, compared to 3.7% last year.

Belgium & Luxembourg

In Belgium & Luxembourg, revenues were up by 10% (Q4 2016: up 5%), ahead of the market. Our Staffing/Inhouse business was up 10% (Q4 2016: up 5%), while the Professionals business was up 11% (Q4 2016: 10%). Our EBITA margin improved to 5.7%, from 5.6% last year.

Iberia

In Iberia, revenue rose by 8% (Q4 2016: up 10%) with Staffing/Inhouse combined growing 8%. Spain was up 9% (Q4 2016: 12%), and our focus on permanent placement in Spain (up 24%) continues to pay off. In Portugal, revenue increased by 6% (Q4 2016: up 7%). Overall underlying EBITA margin was 4.2% in Q1 2017, compared to 3.9% in the same period last year.

Italy

Revenue per working day in Italy (pro forma, including Obiettivo Lavoro) grew by 23% compared to the prior year (Q4 2016: up 26%). EBITA margin improved to 5.0%, from 4.8% last year. The integration of Obiettivo Lavoro is progressing well and ahead of expectations.

Other European countries

Across 'Other European countries', revenue per working day grew by 5%. In the UK, revenue was down by 4% (Q4 2016: -3%), while perm fee dropped by 6% (Q4 2016: down 9%). In the Nordics, revenue increased by 4% (Q4 2016: -1%), while the Proffice integration is well on track. Revenue in our Swiss business was up 21% YoY (Q4 2016: 23%). In Poland, sales growth came in at 9% (Q4 2016: 14%). Overall EBITA margin for the 'Other European countries' region improved to 2.6% (Q1 2016: 2.2%).

Rest of the world

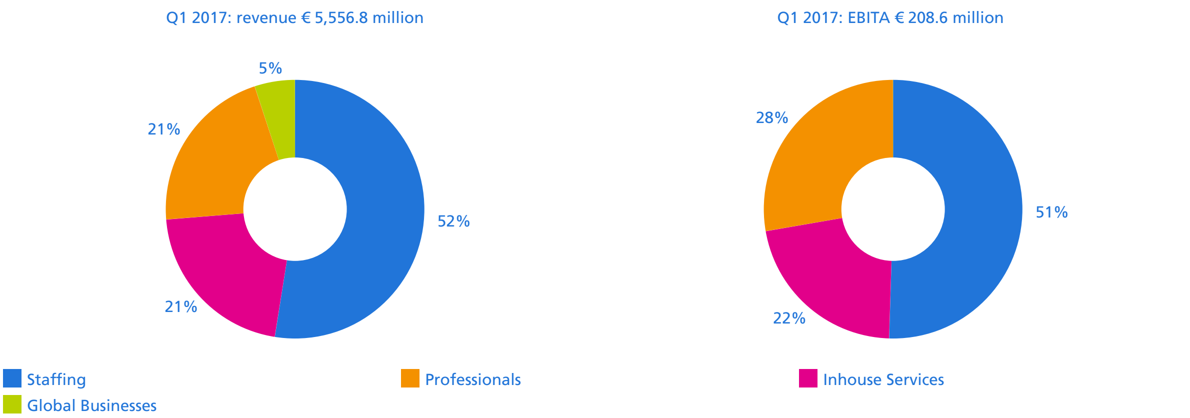
Overall revenue in the 'Rest of the world' region grew 9% organically (Q4 2016: up 10%). In Japan, revenue grew 7% (Q4 2016: up 5%). Revenue in Australia/New Zealand rose by 12% (Q4 2016: up 12%), while revenue in China grew 17% YoY (Q4 2016: up 28%). Our business in India grew 2% (Q4 2016: up 4%), while in Latin America revenue grew 12% (Q4 2016: up 20%), driven by Argentina. Overall EBITA margin in this region was 2.1%, compared to 1.4% last year.

Global Businesses

Overall revenue growth per working day was up by 16% YoY organically, mainly driven by Randstad Sourceright. Monster sales growth was down by 16%, largely in line with Q4 2016. Overall EBITA margin came in at -0.3% compared to 0.7% last year, reflecting the adverse impact of Monster.

performance by revenue category

Split by revenue category



	in millions of €, underlying	Q1 2017	Q1 2016	organic Δ% [1]
Staffing	**Revenue**	**2,885.9**	**2,560.1**	**4%**
	EBITA	**115.5**	**95.5**	**18%**
	EBITA margin	4.0%	3.7%	
Inhouse Services	**Revenue**	**1,192.7**	**1,001.8**	**15%**
	EBITA	**50.0**	**41.2**	**20%**
	EBITA margin	4.2%	4.1%	
Professionals	**Revenue**	**1,178.4**	**988.8**	**3%**
	EBITA	**63.0**	**47.0**	**8%**
	EBITA margin	5.3%	4.8%	
Global Businesses	**Revenue**	**299.8**	**150.8**	**16%**
	EBITA	**(0.8)**	**1.1**	**149%**
	EBITA margin	(0.3)%	0.7%	

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.

other information

Outlook

Revenue grew by 6.4% in Q1 2017. In March, revenue grew at a similar pace. Volumes in early April indicate a continuation of the March trend.

Gross margin is expected to be slightly up sequentially, driven by seasonality.

For Q2 2017, we expect a moderate increase in underlying operating expenses sequentially, mainly driven by extra marketing investments for Monster.

There will be an adverse 1.4 working day impact in Q2 2017, as Easter falls in April this year.

Following our acquisition path in 2016, we will now first focus on harnessing the full potential of these deals. This process is well on track. We continue to expect M&A activity to be limited in 2017.

Working days

	Q1	Q2	Q3	Q4
2017	64.0	61.7	63.8	62.3
2016	62.5	63.1	64.8	62.8
2015	62.4	61.6	65.0	63.9

Financial calendar

Publication of second quarter results 2017	July 25, 2017
Publication of third quarter results 2017	October 24, 2017
Capital Markets Day 2017	November 21, 2017
Publication of fourth quarter and annual results 2017	February 13, 2018

Analyst and press conference call

Today (April 25, 2017), at 09.00 am CET, Randstad Holding nv will be hosting an analyst conference call. The dial-in numbers are:

International: + 44 (0)20 3059 8125

Netherlands: + 31 (0)20 794 67 21

Please quote 'Randstad' to gain access to the conference. You can listen to the call through a real-time audio webcast. You can access the webcast and presentation at http://www.ir.randstad.com/results-and-events-center. A replay of the presentation and the Q&A will be available on our website by the end of the day.

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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 Holding 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

The Randstad Group is a global leader in the HR services industry and specialized in solutions in the field of flexible work and human resources services. Our services range from regular temporary Staffing and permanent placements to Inhouse Services, Professionals, and HR Solutions (including Recruitment Process Outsourcing, Managed Services Programs, and outplacement). By combining our human touch with technology-driven solutions and tools, we aim to offer both clients and candidates the best tools and solutions for increased efficiency and engagement, connecting more people to more jobs. Randstad has top-three positions in Argentina, Belgium & Luxembourg, Canada, Chile, France, Germany, Greece, India, Italy, Mexico, the Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, the UK, and the United States, and major positions in Australia and Japan. At year-end 2016, Randstad had 36,524 corporate employees and 4,752 branches and Inhouse locations in 39 countries around the world. In 2016, Randstad generated revenue of € 20.7 billion. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands. Randstad Holding nv is listed on the NYSE Euronext Amsterdam, where options for stocks in Randstad are also traded. For more information, see https://www.randstad.com/.

interim financial statements

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actuals

Consolidated income statement

in millions of €, unless otherwise indicated	Q1 2017	Q1 2016
Revenue	**5,556.8**	**4,701.5**
Cost of services	4,422.9	3,836.1
Gross profit	**1,133.9**	**865.4**
Selling expenses	660.0	485.2
General and administrative expenses	283.2	214.5
Operating expenses	**943.2**	**699.7**
Amortization and impairment of acquisition-related intangible assets and goodwill	33.9	30.4
Total operating expenses	**977.1**	**730.1**
Operating profit	**156.8**	**135.3**
Net finance income / (costs)	(2.6)	5.2
Share of profit of associates	0.2	0.0
Income before taxes	**154.4**	**140.5**
Taxes on income	(38.6)	(38.0)
Net income	**115.8**	**102.5**
Net income attributable to:		
Holders of ordinary shares Randstad Holding nv	112.7	99.4
Holders of preference shares Randstad Holding nv	3.1	3.1
Equity holders	**115.8**	**102.5**
Non-controlling interests	0.0	0.0
Net income	**115.8**	**102.5**
Earnings per share attributable to the holders of ordinary shares of Randstad Holding nv (in € per share):		
Basic earnings per share	0.62	0.54
Diluted earnings per share	0.61	0.54
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	0.81	0.67

Information by geographical and revenue category

Revenue by geographical segment

in millions of €	Q1 2017	Q1 2016
North America	1,093.9	1,035.3
Netherlands	809.5	748.8
France	796.9	678.6
Germany	559.5	476.8
Belgium & Luxembourg	356.0	304.8
Iberia	324.3	289.1
Italy	330.3	170.2
Other European countries	515.5	459.0
Rest of the world	474.2	390.3
Global Businesses	302.2	152.0
Elimination of revenue [1]	(5.5)	(3.4)
Revenue	**5,556.8**	**4,701.5**

1 Relates to intercompany revenue between segments

EBITA by geographical segment

in millions of €	Q1 2017	Q1 2016
North America	45.0	43.5
Netherlands	42.4	38.0
France	41.5	32.4
Germany	22.7	17.8
Belgium & Luxembourg	20.3	17.0
Iberia	13.6	11.4
Italy	14.8	8.1
Other European countries	10.3	8.6
Rest of the world	9.7	5.6
Global Businesses	(10.5)	(0.8)
Corporate	(19.1)	(15.9)
EBITA [1]	**190.7**	**165.7**

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

Revenue by performance category

in millions of €	Q1 2017	Q1 2016
Staffing	2,889.0	2,562.3
Inhouse	1,192.7	1,001.8
Professionals	1,178.4	988.8
Global businesses	302.2	152.0
Elimination of revenue [1]	(5.5)	(3.4)
Revenue	**5,556.8**	**4,701.5**

1 Relates to intercompany revenue between segments

EBITA by performance category

in millions of €	Q1 2017	Q1 2016
Staffing	110.6	94.2
Inhouse	49.9	41.2
Professionals	59.8	47.0
Global businesses	(10.5)	(0.8)
Corporate	(19.1)	(15.9)
EBITA [1]	**190.7**	**165.7**

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

Consolidated balance sheet

in millions of €	March 31, 2017	December 31, 2016	March 31, 2016
ASSETS			
Property, plant and equipment	162.8	165.3	122.3
Intangible assets	3,766.2	3,353.5	2,786.4
Deferred income tax assets	496.9	520.2	520.7
Financial assets and associates	507.9	454.7	404.3
Non-current assets	**4,933.8**	**4,493.7**	**3,833.7**
Trade and other receivables	4,357.3	4,174.2	3,445.1
Income tax receivables	101.7	72.2	90.6
Cash and cash equivalents	392.3	385.8	147.8
Current assets	**4,851.3**	**4,632.2**	**3,683.5**
TOTAL ASSETS	**9,785.1**	**9,125.9**	**7,517.2**
EQUITY AND LIABILITIES			
Issued capital	25.9	25.8	25.8
Share premium	2,283.2	2,270.7	2,270.5
Reserves	1,576.8	1,843.6	1,287.2
Shareholders' equity	**3,885.9**	**4,140.1**	**3,583.5**
Non-controlling interests	0.7	0.7	0.2
Total equity	**3,886.6**	**4,140.8**	**3,583.7**
Borrowings	1,249.7	699.2	296.7
Deferred income tax liabilities	59.2	42.2	54.7
Provisions and employee benefit obligations	217.2	194.4	159.7
Other liabilities	13.4	12.6	14.5
Non-current liabilities	**1,539.5**	**948.4**	**525.6**
Borrowings	271.8	480.0	147.5
Trade and other payables	3,537.7	3,397.5	2,810.0
Dividends	358.9	-	319.8
Income tax liabilities	90.0	70.6	58.2
Provisions and employee benefit obligations	85.2	81.9	65.7
Other liabilities	15.4	6.7	6.7
Current liabilities	**4,359.0**	**4,036.7**	**3,407.9**
Liabilities	**5,898.5**	**4,985.1**	**3,933.5**
TOTAL EQUITY AND LIABILITIES	**9,785.1**	**9,125.9**	**7,517.2**

Consolidated statement of cash flows

in millions of €	Q1 2017	Q1 2016
Operating profit	**156.8**	**135.3**
Amortization and impairment of acquisition-related intangible assets and goodwill	33.9	30.4
EBITA	**190.7**	**165.7**
Depreciation of property, plant and equipment	14.1	10.7
Amortization of software	7.3	5.1
EBITDA	**212.1**	**181.5**
Provisions and employee benefit obligations	(1.1)	(6.9)
Share-based compensations	7.9	8.4
Loss on disposals of property, plant and equipment	0.1	0.0
Other non-cash items	(33.7)	(25.0)
Cash flow from operations before operating working capital and income taxes	**185.3**	**158.0**
Trade and other receivables	(18.9)	60.4
Trade and other payables	22.8	(88.1)
Operating working capital	**3.9**	**(27.7)**
Income taxes	(49.1)	(53.9)
Net cash flow from operating activities	**140.1**	**76.4**
Additions in property, plant and equipment	(13.8)	(8.9)
Additions in software	(12.4)	(5.5)
Disposals of property, plant and equipment	5.6	0.5
Acquisition of subsidiaries, equity investments and associates	(337.7)	(176.3)
Net cash flow from investing activities	**(358.3)**	**(190.2)**
Issue of new ordinary shares	0.3	-
Purchase of own ordinary shares	(17.3)	(14.1)
Net drawings on non-current borrowings	409.0	180.4
Net financing	**392.0**	**166.3**
Net finance costs	(4.4)	(1.0)
Net reimbursement to financiers	**(4.4)**	**(1.0)**
Net cash flow from financing activities	**387.6**	**165.3**
Net increase in cash, cash equivalents, and current borrowings	**169.4**	**51.5**
Cash, cash equivalents, and current borrowings at beginning of period	**(52.8)**	**(48.6)**
Net movement	169.4	51.5
Translation and currency gains/(losses)	3.9	(2.6)
Cash, cash equivalents, and current borrowings at end of period	**120.5**	**0.3**
Free cash flow	**119.5**	**62.5**

Consolidated statement of comprehensive income

in millions of €	January 1 - March 31, 2017 Shareholders' equity	Non-controlling interests	Total equity	January 1 - March 31, 2016 Shareholders' equity	Non-controlling interests	Total equity
Net income for the period	115.8	0.0	115.8	102.5	0.0	102.5
Translation differences	(9.8)	0.0	(9.8)	(59.9)	0.1	(59.8)
Total comprehensive income	**106.0**	**0.0**	**106.0**	**42.6**	**0.1**	**42.7**

Consolidated statement of changes in equity

in millions of €	January 1 - March 31, 2017 Shareholders' equity	Non-controlling interests	Total equity	January 1 - March 31, 2016 Shareholders' equity	Non-controlling interests	Total equity
Value at January 1	**4,140.1**	**0.7**	**4,140.8**	**3,861.7**	**0.0**	**3,861.7**
Comprehensive income	**106.0**	**0.0**	**106.0**	**42.6**	**0.1**	**42.7**
Dividend payable on ordinary shares	(346.3)	-	(346.3)	(307.2)	-	(307.2)
Dividend payable on preference shares	(12.6)	-	(12.6)	(12.6)	-	(12.6)
Acquisition		-		-	0.1	0.1
Share-based compensations	7.9	-	7.9	8.4	-	8.4
Tax on share-based compensations	7.8	-	7.8	4.7	-	4.7
Issue of ordinary shares	0.3	-	0.3	-	-	-
Purchase of own ordinary shares	(17.3)	-	(17.3)	(14.1)	-	(14.1)
Value at March 31	**3,885.9**	**0.7**	**3,886.6**	**3,583.5**	**0.2**	**3,583.7**

notes to the consolidated interim financial statements

Reporting entity

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

The consolidated interim financial statements of Randstad Holding nv as at and for the three-month period ended March 31, 2017 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, 2016.

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, 2016.

The consolidated financial statements of the Group as at and for the year ended December 31, 2016 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, 2016.

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 holiday allowances and dividend; 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 on March 31, 2017 is 25% (Q1 2016: 27.0%), and is based on the estimated tax rate for the whole year 2017 (FY 2016: 25.1%).

New external segmentation

As a result of acquisitions and changes in the governance and managerial reporting structure of the Group, the external (primary) segmentation (of results) has changed as of Q1 2017; comparative figures for prior periods have been adjusted accordingly for presentation purposes.

Main changes are the creation of one segment called Global Businesses consisting of Monster, Randstad Sourceright, RiseSmart and twago. Reporting of Italy as a separate segment due to increasing size and inclusion of the UK in the segment 'Other European countries' due to limited size.

Ausy is included in the existing geographies such as France, Belgium & Luxembourg, Germany and North America.

External (secondary) segmentation on revenue categories now also shows Global Businesses next to Staffing, Inhouse Services and Professionals; comparative figures for prior periods have been adjusted accordingly for presentation purposes.

As a result of this new external segmentation, revenues between segments appear in our tables.

Acquisition of Group companies and equity investments
The cash outflow for acquisitions of group companies (€ 333.7 million) and for equity investments/associates (€ 4.0 million) amounts to € 337.7 million (Q1 2016: € 176.3 million).

On January 25, 2017 the Group announced that it gained control of Ausy which subsequently resulted in acquiring 100% of the shares in the period up to February 23, 2017. Ausy is a company based in France and was acquired to strengthen the Group's Professionals business, for a total consideration of € 339.5 million. This amount includes the consideration paid for the convertible notes that have subsequently been converted by Randstad into Ausy shares.

On January 12, 2017 the Group acquired BMC, a company based in the Netherlands to strengthen the Group's Professionals business, for a total consideration of € 68.2 million.

On January 12, 2017 the Group acquired Sageco, a company based in Australia and active in the outplacement business, for a total consideration of € 1.3 million.

The contribution to the Group's revenue and to the Group's EBITA in Q1, 2017 by these acquired companies amounted to € 110.3 million and € 10.5 million (excluding acquisition-related one-offs and integration costs) respectively.

If these acquisitions had occurred on January 1, 2017, the contribution to revenue and EBITA would have been higher by approximately € 40 million and € 2 million respectively.

The assets and liabilities, as well as the breakdown of the total amount of goodwill related to the acquisitions in Q1 2017, based on a provisional purchase price allocation, are specified below:

Summary of assets and liabilities arising from acquisitions and reconciliation statement of cash flows

in millions of €	Ausy	Other	Q1 2017
Property, plant & equipment and software	4.1	1.1	5.2
Acquisition-related intangible assets	172.7	25.5	198.2
Deferred tax assets	19.3	0.4	19.7
Financial assets and associates	16.9	-	16.9
Total non-current assets	**213.0**	**27.0**	**240.0**
Working capital	104.7	5.4	110.1
Non-current Borrowings	106.5	-	106.5
Deferred income tax liabilities	54.0	5.9	59.9
Provisions, employee benefit obligations and other liabilities	24.5	3.2	27.7
Total non-current liabilities	**185.0**	**9.1**	**194.1**
Net assets acquired	**132.7**	**23.3**	**156.0**
Goodwill	206.8	46.2	253.0
Total consideration	**339.5**	**69.5**	**409.0**
Net (cash) acquired, included in working capital	(52.3)	(14.3)	(66.6)
Non-current borrowings acquired	106.5	-	106.5
Net debt/(cash) acquired	**54.2**	**(14.3)**	**39.9**
Consideration, adjusted for net debt/(cash) acquired	**393.7**	**55.2**	**448.9**
Deferred compensation	-	(8.7)	(8.7)
Consideration paid, adjusted for net debt acquired	**393.7**	**46.5**	**440.2**
Deduct: Non-current borrowings acquired	(106.5)	-	(106.5)
Equity investments/Associates	-	4.0	4.0
Statement of cash flows	**287.2**	**50.5**	**337.7**

Disposal of Group companies

In Q1 2017, we had no disposal of Group companies (Q1 2016: € 0 m).

Shareholders' equity

Issued number of ordinary shares

	2017	2016
January 1	183,023,267	183,019,235
Share-based compensations	220,419	-
March 31	**183,243,686**	**183,019,235**

As at March 31, 2017, the Group held 10,000 treasury shares (March 31, 2016: 154,073), compared to 595,141 as at December 31, 2016 (December 31, 2015: 896,335). The average number of (diluted) ordinary shares outstanding has been adjusted for these treasury shares.

As at March 31, 2017, December 31, 2016, and March 31, 2016, 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 indictated	Q1 2017	Q1 2016
Net income	**115.8**	**102.5**
Results of non-controlling interests	0.0	0.0
Net income attributable to holders of preference shares	3.1	3.1
Net income attributable to holders of ordinary shares	**112.7**	**99.4**
Amortization of intangible assets [1]	33.9	30.4
Integration costs and one-offs	17.9	3.2
Tax effect on amortization, integration costs, and one-offs	(16.5)	(10.2)
Adjusted net income for holders of ordinary shares	**148.0**	**122.8**
Average number of ordinary shares outstanding	182.8	182.4
Average number of diluted ordinary shares outstanding	183.4	183.2
Earnings per share attributable to the holders of ordinary shares of Randstad Holding nv (in € per share):		
Basic earnings per share	0.62	0.54
Diluted earnings per share	0.61	0.54
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs [2]	0.81	0.67

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

Net debt position

The net debt position as at March 31, 2017 (€ 1,129.2 million) was € 335.8 million higher compared to the net debt position as at December 31, 2016 (€ 793.4 million). This is mainly due to negative cash flows from net acquisitions (€ 337.7 million; including non-current borrowings (€ 444.2 million), compensated by a positive free cash flow of € 119.5 million.

Breakdown of operating expenses

in millions of €	Q1 2017	Q1 2016
Personnel expenses	695.2	530.5
Other operating expenses	248.0	169.2
Operating expenses	**943.2**	**699.7**

French Competitive Employment Act ('CICE')

Included in the consolidated balance sheet under 'financial assets and associates' is an amount of € 361.1 million (December 31, 2016: € 315.4 million) relating to the non-current part of a receivable arising from tax credits under the French Competitive Employment Act ('CICE'). An amount of € 70.2 million (December 31, 2016: € 67.4 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 solely comprises translation differences and related tax effects that may be reclassified to the income statement in a future reporting period.

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 22, 23 and 24 to the consolidated financial statements as at and for the year ended December 31, 2016.

Commitments

There are no material changes in the nature and scope of commitments compared to last year, except for the increasing effect on the amount for commitments due to acquired companies. More information is included in note 27 to the consolidated financial statements as at and for the year ended December 31, 2016.

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.