4th-quarter and full-year results

2018.

randstad

human forward.

contents

FY 2018: delivering EBITA margin progression, record cash dividend.

FY 2018: delivering EBITA margin progression, record cash dividend.

Q4 2018 organic growth

+0.3%

Q4 2018 underlying EBITA

€ 309m

FY 2018 proposed cash dividend per share

€ 3.38

Q4 topline robust in North America and Rest of the world, slowing in Europe

Q4 2018 gross margin 19.8%; perm fees up 11%

FY 2018 EBITA margin 4.7%, up 10bp YoY; Q4 2018 EBITA margin 5.1%, flat YoY

FY 2018 ICR 56%

FY 2018 FCF up 7% YoY to

€ 627m

topline trends january in line with Q4 2018

"We finished the year with a sound operating performance, expanding our FY 2018 EBITA margin to 4.7% and achieving strong free cash flow conversion in Q4 2018," says CEO Jacques van den Broek. "Our revenue was stable organically year-on year in Q4, reflecting robust sales growth in North America and Rest of the world, but slowing activity in Europe in line with recent macro trends. Over the years, Randstad has increasingly become a truly global company, with more and more countries and regions throughout the world making significant contributions to our growth and profitability. In 2018, Japan, Australia, Singapore, and also the Latin American region, were particularly strong performers. Our Tech & Touch strategy is in full progress. In 2018, we successfully rolled out several digital concepts to other countries, which will fuel our growth in 2019. All our concepts are based on deep customer insights. We research the needs of our clients and candidates through our data led Customer Delight program. This global approach provides the foundation that will enable us to further improve the Human Forward experience for our clients and candidates. Our financial position remains very healthy, reflected by the proposal of a cash dividend of € 3.38 per ordinary share, including a special dividend of € 1.11, a record high. I am very proud of all my colleagues and I would like to thank them and all our stakeholders for an excellent 2018."

Our annual report 2018 is available at www.ir.randstad.com

financial performance.

core data

in millions of €, unless otherwise indicated - underlying	Q4 2018	Q4 2017	yoy change	% org.	fy 2018	fy 2017	yoy change	% org.
Revenue	6,101	5,978	2%	0%	23,812	23,273	2%	4%
Gross profit	1,207	1,202	0%	(2)%	4,703	4,708	0%	2%
Operating expenses	898	895	0%	0%	3,595	3,643	(1)%	1%
EBITA, underlying[1]	309	307	1%	1%	1,108	1,065	4%	5%
Integration costs and one-offs	(33)	(14)			(76)	(71)		
EBITA	276	293	(6)%		1,032	994	4%	
Amortization and impairment of intangible assets[2]	(127)	(30)			(219)	(134)		
Operating profit	149	263			813	860		
Net finance income/(costs)	2	(3)			(5)	(23)		
Share of profit of associates	2	-			3	1		
Income before taxes	153	260	(41)%		811	838	(3)%	
Taxes on income	41	(62)			(107)	(207)		
Net income	194	198	(2)%		704	631	12%	
Adj. net income for holders of ordinary shares[3]	233	225	4%		833	756	10%	
Free cash flow	442	386	15%		627	586	7%	
Net debt	985	1,026	(4)%		985			
Leverage ratio (net debt/12-month EBITDA)	0.8	0.9	(11)%		0.8			
DSO (Days Sales Outstanding), moving average	53.9	53.2	1%		53.9			
Margins (in % of revenue)								
Gross margin	19.8%	20.1%			19.8%	20.2%		
Operating expenses margin	14.7%	15.0%			15.1%	15.7%		
EBITA margin, underlying	5.1%	5.1%			4.7%	4.6%		
Share data								
Basic earnings per ordinary share (in €)	1.04	1.06	(2)%		3.78	3.38	12%	
Diluted earnings per ordinary share, underlying (in €)[3]	1.27	1.22	4%		4.54	4.11	10%	

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 (including tax benefit). See table 'Earnings per share' on page 22.

revenue

Organic revenue per working day grew by 0.3% in Q4 resulting in revenue of € 6,101 million (Q3 2018: up 2.7%). Reported revenue was 2.1% above Q4 2017, of which working days had a positive effect of 1.9% while FX had a negative effect of 0.1%.

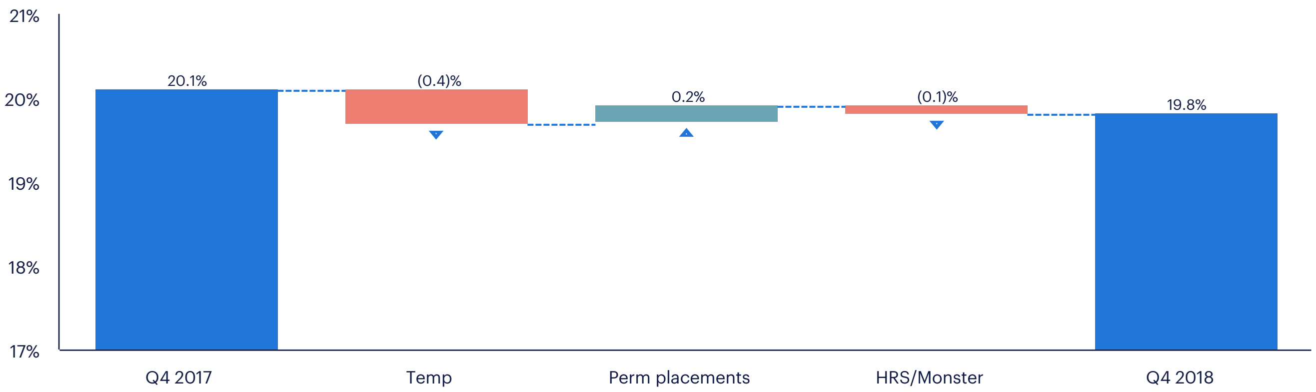
In North America, revenue per working day increased 3% (Q3 2018: up 3%). Growth in the US was up 3% (Q3 2018: up 4%), while Canada was up 1% YoY (Q3 2018: up 2%). In Europe, revenue per working day was down 2% (Q3 2018: up 2%). Revenue in France was down 4% (Q3 2018: down 1%), while the Netherlands grew by 3% (Q3 2018: up 4%). Germany was down 7% (Q3 2018: down 2%), while sales growth in Belgium was flat (Q3 2018: up 3%). Italy was down 1% (Q3 2018: up 7%), and revenue in Iberia was down 4% (Q3 2018: up 1%). In the 'Rest of the world' region, revenue increased 12% (Q3 2018: up 12%); Japan increased by 6% (Q3 2018: up 7%), while Australia & New Zealand rose by 10% (Q3 2018: up 14%).

Perm fees grew by 11% (Q3 2018: up 13%), with Europe up 7% (Q3 2018: up 13%) and North America growing 15% (Q3 2018: up 10%). In the 'Rest of the world' region, perm fees growth amounted to 17% (Q3 2018: up 16%). Perm fees made up 9.8% of gross profit.

gross profit

In Q4 2018, gross profit amounted to € 1,207 million. Organic growth was down 1.5% (Q3 2018: up 1.7%). Currency effects had a positive impact on gross profit of € 4 million compared to Q4 2017.

year-on-year gross margin development (%)

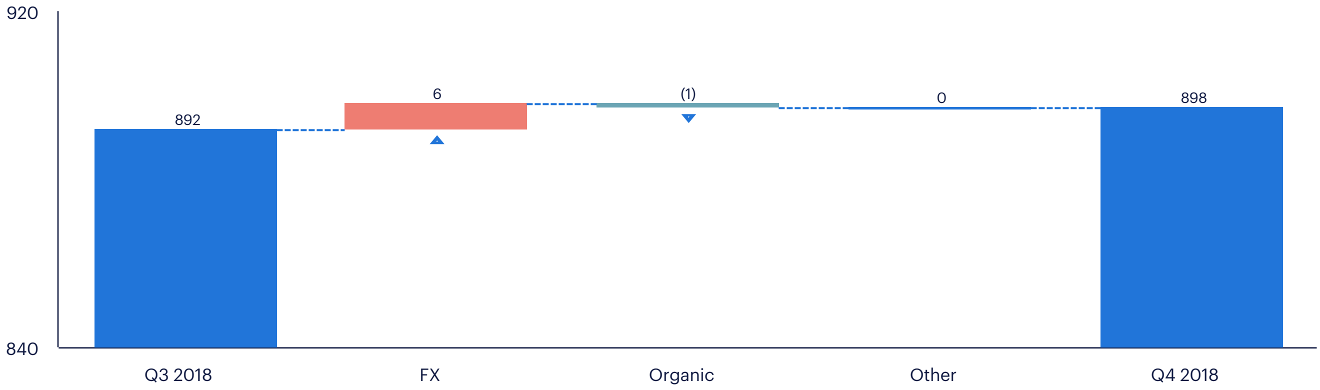


Gross margin was 19.8%, 30bp below Q4 2017 (as shown in the graph above). Temporary staffing had a 40bp negative effect on gross margin (Q3 2018: down 20bp), primarily given adverse mix effects and changes in CICE in France. Permanent placements had a 20bp positive effect on gross margin, while HRS/Monster had a negative impact of 10bp.

operating expenses

On an organic basis, operating expenses decreased by € 1 million sequentially to € 898 million. This reflects our strong ability to adjust the cost base to changing market conditions, while still investing in future growth opportunities (including digital). Compared to last year, operating expenses were flat (Q3 2018: up 1%) organically, while there was a € 4 million negative FX impact.

sequential OPEX development Q3 -> Q4 in € M



Personnel expenses were flat sequentially. Average headcount (in FTE) amounted to 38,910 for the quarter, broadly flat compared to Q3 2018 and 3% higher organically YoY. Productivity (measured as gross profit per FTE) was down 4% YoY. We operated a network of 4,826 outlets (Q3 2018: 4,831).

Operating expenses in Q4 2018 were adjusted for a total of € 31 million one-offs, primarily related to restructuring costs in Germany and the Netherlands. Last year's cost base was adjusted for a total of € 12 million one-off costs.

EBITA

Underlying EBITA increased organically by 1% to € 309 million. Currency effects had no impact YoY. EBITA margin reached 5.1%, stable compared to Q4 2017. We achieved an organic incremental conversion ratio (ICR)[1] of 56% over the last four quarters.

net finance (costs)/income

In Q4 2018, net finance income was € 2 million, compared to € 3 million net finance costs in Q4 2017. Interest expenses on our net debt position were € 5 million (Q4 2017: € 4 million). Foreign currency and other effects had a positive impact of € 7 million (Q4 2017: positive impact of € 1 million).

tax

The underlying effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs amounted to 23.5% for the full year (FY 2017: 26.4%). For 2019, we expect an effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs of between 26% and 28%.

net income, earnings per share: impacted by impairment and tax benefit

In Q4 2018, adjusted net income rose by 4% YoY to € 233 million. Diluted underlying EPS amounted to € 1.27 (Q4 2017: € 1.22). The average number of diluted ordinary shares outstanding remained almost stable compared to Q4 2017 (183.9 million versus 184.0 million). Reported net income was adversely impacted by impairments of € 103 million, related to Monster, as revenue did not recover in line with initial projections. Furthermore, reported net income was positively impacted by an exceptional tax benefit (€ 86 million). Both items are non-cash and have no impact on our dividend policy.

[1] Additional EBITA year-on-year, as a % of additional gross profit year-on-year, based on organic growth.

invested capital

in millions of €, unless otherwise indicated	dec 31 2018	sep 30 2018	jun 30 2018	mar 31 2018	dec 31 2017	sep 30 2017
Goodwill and acquisition-related intangible assets	3,280	3,386	3,429	3,406	3,475	3,519
Operating working capital (OWC)[1]	994	1,109	1,135	1,006	890	991
Net tax assets[2]	567	477	485	381	357	404
All other assets/(liabilities)[3]	623	697	526	76	555	555
Invested capital	5,464	5,669	5,575	4,869	5,277	5,469
Financed by						
Total equity	4,479	4,250	4,068	3,810	4,251	4,080
Net debt	985	1,419	1,507	1,059	1,026	1,389
Invested capital	5,464	5,669	5,575	4,869	5,277	5,469
Ratios						
DSO (Days Sales Outstanding), moving average	53.9	54.0	54.0	53.8	53.2	52.5
OWC as % of revenue over last 12 months	4.2%	4.7%	4.8%	4.3%	3.8%	4.3%
Leverage ratio (net debt/12-month EBITDA)	0.8	1.2	1.3	0.9	0.9	1.4
Return on invested capital[4]	14.8%	14.3%	14.4%	17.6%	16.7%	15.3%

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 at March 31, 2018, and June 30, 2018, dividend payable is also included (€ 518 and € 126 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) reached 14.8%, impacted by significantly higher taxes paid in 2018, mainly related to timing differences. Underlying, ROIC increased year-on-year. Our primary focus on organic growth should further lift the Group's ROIC going forward.

Operating working capital decreased sequentially by € 115 million, reflecting normal seasonal patterns in our business. The moving average of Days Sales Outstanding (DSO) increased to 53.9 days (Q4 2017: 53.2), partly due to adverse mix effects.

The increase YoY in 'all other assets/(liabilities)' is partly explained by the net increase of the CICE receivable. The total CICE subsidy receivable is € 493 million, including a current portion of € 107 million. The sequential decrease is mainly explained by the receipt of CICE receivable in Q4 amounting to € 100 million.

At the end of Q4 2018, net debt was € 985 million, compared to € 1,026 million at the end of Q4 2017. A further analysis of the cash flow is provided in the next section. The leverage ratio was 0.8, compared to 0.9 in the previous year.

cash flow summary

in millions of €	Q4 2018	Q4 2017	change	fy 2018	fy 2017	change
EBITA	276	293	(6)%	1,032	994	4%
Depreciation, amortization and impairment of software	24	20		89	87	
EBITDA	300	313	(4)%	1,121	1,081	4%
Working capital	124	97		(95)	(175)	
Provisions and employee benefit obligations	13	(5)		8	8	
All other items	85	46		15	(40)	
Income taxes	(33)	(27)		(302)	(186)	
Net cash flow from operating activities	489	424	15%	747	688	9%
Net capital expenditures	(40)	(31)		(113)	(95)	
Financial assets	(7)	(7)		(7)	(7)	
Free cash flow	442	386	15%	627	586	7%
Net (acquisitions)/disposals[1]	-	(4)		(13)	(463)	
Dividends from associates	-	-		3	1	
Issue of ordinary shares	-	-		1	1	
Purchase of own ordinary shares	-	(21)		(15)	(38)	
Dividend on ordinary and prefernce shares	-	0		(518)	(359)	
Net finance costs	(5)	(5)		(18)	(18)	
Translation and other effects	(3)	7		(26)	57	
Net decrease/(increase) of net debt	434	363		41	(233)	

1 including acquired non-current borrowings in 2017 (€ 107 million)

In the quarter, free cash flow amounted to € 442 million, up € 56 million (15%) versus Q4 2017 (€ 386 million). Over the FY, free cash flow was € 627 million, up 7% compared to prior year (€ 586 million).

Main driver for the increase in free cash flow YoY was the increase in EBITDA and reduced working capital requirements given lower revenue growth, while partially offset by higher income taxes paid.

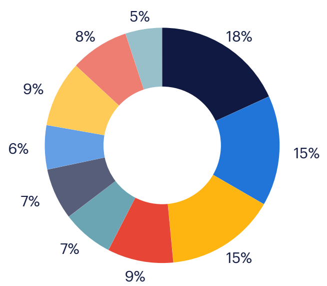
'All other items' include an amount of € 20 million from the Tax Credit and Competitive Employment Act (CICE) in France, and is composed of € 120 million non-cash gain (and hence a receivable) for the year 2018, and a € 100 million refund of the receivable related to the year 2014.

performance.

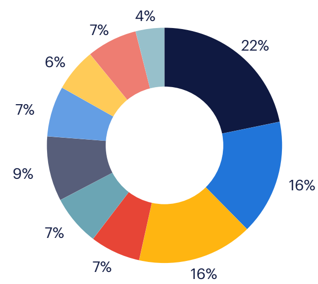
performance by geography

split by geography

Q4 2018: revenue € 6,101 million



Q4 2018: EBITA € 309 million



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

revenue in millions of €	Q4 2018	Q4 2017	organic Δ%[1]	fy 2018	fy 2017	organic Δ%[1]
North America	1,114	1,038	3%	4,159	4,231	2%
France	925	947	(4)%	3,731	3,627	2%
Netherlands	901	865	3%	3,460	3,334	4%
Germany	566	589	(7)%	2,383	2,335	1%
Belgium & Luxembourg	416	409	0%	1,654	1,569	5%
Italy	423	412	(1)%	1,645	1,504	8%
Iberia	370	372	(4)%	1,476	1,427	2%
Other European countries	573	567	1%	2,218	2,151	5%
Rest of the world	507	477	12%	1,944	1,911	12%
Global businesses	306	302	0%	1,142	1,184	1%
Revenue	6,101	5,978	0%	23,812	23,273	4%

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	Q4 2018	EBITA margin[1]	Q4 2017	EBITA margin[1]	organic Δ%[2]	fy 2018	EBITA margin[1]	fy 2017	EBITA margin[1]	organic Δ%[2]
North America	71	6.4%	62	6.0%	13%	234	5.6%	236	5.6%	4%
France	53	5.7%	61	6.5%	(14)%	202	5.4%	220	6.1%	(9)%
Netherlands	53	5.9%	57	6.6%	(7)%	197	5.7%	202	6.0%	(2)%
Germany	22	3.9%	27	4.7%	(23)%	102	4.3%	112	4.8%	(11)%
Belgium & Luxembourg	23	5.5%	28	6.9%	(19)%	100	6.1%	99	6.3%	0%
Italy	28	6.6%	26	6.3%	8%	100	6.1%	87	5.7%	15%
Iberia	22	6.0%	21	5.6%	7%	79	5.3%	73	5.1%	7%
Other European countries	19	3.2%	19	3.3%	1%	66	3.0%	64	3.0%	6%
Rest of the world	23	4.6%	18	3.7%	43%	82	4.2%	57	2.9%	60%
Global businesses	12	3.8%	9	3.0%	41%	14	1.2%	(3)	(0.2)%	n.a.
Corporate	(17)		(21)			(68)		(82)		
EBITA before integration costs and one-offs[3]	309	5.1%	307	5.1%	1%	1,108	4.7%	1,065	4.6%	5%
Integration costs and one-offs	(33)		(14)			(76)		(71)		
EBITA	276		293			1,032		994		

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 up 3% (Q3 2018: up 3%). Perm fees grew 15% (Q3 2018: up 10%). In Q4 2018, revenue of our combined US businesses was up 3% (Q3 2018: up 4%). US Staffing/Inhouse Services grew by 5% (Q3 2018: up 5%). US Professionals revenue was flat (Q3 2018: up 1%). In Canada, revenue was up 1% (Q3 2018: up 2%). EBITA margin for the region came in at 6.4%, compared to 6.0% last year.

france

In France, revenue was down 4% (Q3 2018: down 1%), impacted by a general market slowdown and strong focus on client profitability. Perm fees were up 15% compared to last year (Q3 2018: up 22%). Staffing/Inhouse Services revenue declined 7% (Q3 2018: down 4%). Our Professionals business was up 8% (Q3 2018: up 9%), driven by Ausy and healthcare. EBITA margin was 5.7% compared to 6.5% last year.

netherlands

In the Netherlands, revenue was up 3% YoY (Q3 2018: up 4%). Overall perm fees were down 14% (Q3 2018: up 9%). Our Staffing and Inhouse Services businesses grew 1% (Q3 2018: up 2%), while our Professionals business was up 13% (Q3 2018: up 15%). EBITA margin in the Netherlands was 5.9%, compared to 6.6% last year.

germany

In Germany, revenue per working day was down 7% YoY (Q3 2018: down 2%) but ahead of market, negatively impacted by regulation changes and lower activity in the automotive sector. Perm fees were up 20% compared to last year (Q3 2018: up 10%). Our combined Staffing and Inhouse Services business was down 12% (Q3 2018: down 4%), while Professionals was up 7% (Q3 2018: up 7%). EBITA margin in Germany was 3.9%, compared to 4.7% last year.

belgium & luxembourg

In Belgium & Luxembourg, revenue was flat (Q3 2018: up 3%), still ahead of the market. Perm fees were down 6% compared to last year (Q3 2018: up 34%). Our Staffing/Inhouse Services business was flat (Q3 2018: up 3%). Our EBITA margin was 5.5%, compared to 6.9% last year.

italy

Revenue per working day in Italy was down 1% compared to the prior year (Q3 2018: up 7%), impacted by tough comparables and slowing macroeconomic activity. Overall perm fees were up 28% (Q3 2018: up 38%). EBITA margin was 6.6%, compared to 6.3% last year.

iberia

In Iberia, revenue per working day was down 4% (Q3 2018: up 1%), reflecting increased macroeconomic uncertainty and tougher comparables. Perm fees were up 21% compared to last year (Q3 2018: up 4%). Staffing/Inhouse Services combined was down 5% (Q3 2018: up 1%). Spain was down 3% (Q3 2018: up 3%) while our focus on permanent placements (up 24%) continues to pay off. In Portugal, revenue was down 9% (Q3 2018: down 3%). Overall EBITA margin was 6.0% in Q4 2018, compared to 5.6% last year.

other european countries

Across 'Other European countries', revenue per working day grew 1% (Q3 2018: up 3%). In the UK, revenue was up by 5% (Q3 2018: up 3%), while in the Nordics, revenue was down 4% on an organic basis (Q3 2018: up 1%). Revenue in our Swiss business was up 6% YoY (Q3 2018: up 6%). Overall EBITA margin for the 'Other European countries' region was 3.2% compared to 3.3% last year.

rest of the world

Overall revenue in the 'Rest of the world' region grew by 12% organically (Q3 2018: up 12%). In Japan, revenue grew 6% (Q3 2018: up 7%). Revenue in Australia/New Zealand grew 10% (Q3 2018: up 14%), while revenue in China grew by 31% YoY (Q3 2018: up 6%). Our business in India was up 21% (Q3 2018: up 1%), while in Latin America revenue grew 25% (Q3 2018: up 30%), driven by Argentina and Brazil. Overall EBITA margin in this region was 4.6%, compared to 3.7% last year, primarily driven by a strong profitability increase in Japan and Australia.

global businesses

Overall organic revenue growth per working day was flat (Q3 2018: flat). Randstad Sourceright revenue increased by 8% (Q3: up 8%), while Monster revenue was down by 17% (Q3 2018: down 15%). Overall EBITA margin came in at 3.8% compared to 3.0% last year, primarily reflecting improved results in Sourceright.

performance by revenue category

revenue in millions of €	Q4 2018	Q4 2017	organic Δ%[1]	fy 2018	fy 2017	organic Δ%[1]
Staffing	3,147	3,112	(2)%	12,441	12,184	1%
Inhouse Services	1,361	1,379	2%	5,300	5,185	9%
Professionals	1,287	1,185	6%	4,929	4,720	5%
Global Businesses	306	302	0%	1,142	1,184	1%
Revenue	6,101	5,978	0%	23,812	23,273	4%

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 0.3% in Q4 2018. In January 2019, revenue increased at a similar pace. The development of volumes in early February indicates a continuation of the January growth trend.

Q1 2019 gross margin is expected to be modestly lower sequentially.

For Q1 2019, we expect broadly stable operating expenses sequentially.

There will be an adverse 0.8 working day impact in Q1 2019.

announcement of home member state

Article 5:25a(2) of the Dutch Financial Supervision Act obliges all listed companies to publicly announce which country is their "home member state" for purposes of regulation of their disclosure obligations under the EU Transparency Directive. In fulfilment with this obligation Randstad N.V. hereby announces that its home member state is the Netherlands.

dividend proposal 2018

We will propose to our shareholders an all-time high cash dividend of € 3.38 per ordinary share for 2018, up 22% year-on-year. This consists of a regular dividend of € 2.27 (2017: € 2.07), representing a payout of 50% of the basic underlying EPS. In addition, we propose a special cash dividend of € 1.11 per ordinary share, given our year-end 2018 leverage ratio of 0.8.

The ex-dividend date for the regular dividend will be March 28, 2019. The number of shares entitled to the regular dividend will be determined on March 29, 2019 (record date). The payment of the regular cash dividend will take place on April 2, 2019. The payment of the special cash dividend will take place in Q4 2019, on a specific date to be determined by the Executive Board and to be announced on our corporate website.

We will also propose a dividend payment on preference shares B and C of € 12.6 million.

other items

As announced on October 23, 2018, we offset the dilutive effect from our annual performance share plans for senior management through share buybacks. The next allocation of shares will take place on February 12, 2019. We did not have to buy back shares for this allocation as only a limited number of shares will be allocated, which we had still available from earlier buybacks.

The AGM will be held on March 26, 2019 (full agenda to be published on our corporate website).

EB appointments: proposals to appoint Rebecca Henderson and Karen Fichuk as members of the Executive Board.

SB reappointments: proposals to reappoint Jaap Winter, Barbara Borra and Rudy Provoost as members of the Supervisory Board.

working days

	Q1	Q2	Q3	Q4
2019	62.7	61.8	65.0	63.2
2018	63.5	62.1	64.1	63.4
2017	64.0	61.7	63.8	62.3

financial calendar

Annual General Meeting of Shareholders	March 26, 2019
Ex-dividend date	March 28, 2019
Dividend record date	March 29, 2019
Payment of dividend	April 2, 2019
Publication of first quarter results 2019	April 24, 2019
Publication of second quarter results 2019	July 23, 2019

analyst and press conference call

Today (February 12, 2019), at 09.00 am CET, 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 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.ir.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.

For more information please contact:

David Tailleur - Director Investor Relations
david.tailleur@randstad.com or (mobile) +31 (0)6 12 46 21 33

Steven Vriesendorp - Investor Relations Officer
steven.vriesendorp@randstad.com or (mobile) +31 (0)6 26 92 85 29

Ingrid Pouw - Director Group Communications
ingrid.pouw@randstad.com or (mobile) +31 (0)6 13 22 51 36

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. We do this by combining the power of today's technology with our passion for people. We call it Human Forward. 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. Randstad is active in 38 countries around the world and has top-three positions in almost half of these. In 2018, Randstad had on average 38,820 corporate employees and 4,826 branches and Inhouse locations. In 2018, Randstad generated revenue of € 23.8 billion and holds the world's number one position in its industry since November 2018. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands. Randstad N.V. 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

Q4 2018.

actuals

consolidated income statement

in millions of €, unless otherwise indicated	Q4 2018	Q4 2017	fy 2018	fy 2017
Revenue	6,101	5,978	23,812	23,273
Cost of services	4,896	4,778	19,111	18,567
Gross profit	1,205	1,200	4,701	4,706
Selling expenses	638	630	2,547	2,592
General and administrative expenses	291	277	1,122	1,120
Operating expenses	929	907	3,669	3,712
Amortization and impairment of acquisition-related intangible assets and goodwill	127	30	219	134
Total operating expenses	1,056	937	3,888	3,846
Operating profit	**149**	**263**	**813**	**860**
Net finance income/(costs)	2	(3)	(5)	(23)
Share of profit of associates	2	-	3	1
Income before taxes	153	260	811	838
Taxes on income	41	(62)	(107)	(207)
Net income	**194**	**198**	**704**	**631**
Net income attributable to:				
Holders of ordinary shares Randstad N.V.	190	195	691	619
Holders of preference shares Randstad N.V.	4	3	13	12
Equity holders	194	198	704	631
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	1.04	1.06	3.78	3.38
Diluted earnings per share	1.04	1.06	3.77	3.36
Basic earnings per share, underlying	1.28	1.23	4.55	4.13
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs (including tax benefit)	1.27	1.22	4.54	4.11

information by geographical area and revenue category

revenue by geographical area

in millions of €	Q4 2018	Q4 2017	fy 2018	fy 2017
North America	1,114	1,038	4,159	4,231
France	925	947	3,731	3,628
Netherlands	902	865	3,464	3,337
Germany	565	589	2,383	2,335
Belgium & Luxembourg	417	409	1,656	1,570
Italy	423	412	1,645	1,504
Iberia	370	372	1,476	1,427
Other European countries	575	569	2,224	2,158
Rest of the world	508	478	1,945	1,912
Global Businesses	309	305	1,153	1,195
Elimination of revenue[1]	(7)	(6)	(24)	(24)
Revenue	6,101	5,978	23,812	23,273

1 Relates to intersegment revenue

EBITA by geographical area

in millions of €	Q4 2018	Q4 2017	fy 2018	fy 2017
North America	71	62	232	231
France	52	60	198	214
Netherlands	44	50	181	191
Germany	6	27	86	112
Belgium & Luxembourg	23	28	98	99
Italy	28	26	100	83
Iberia	22	21	79	73
Other European countries	15	19	62	61
Rest of the world	23	18	81	53
Global Businesses	9	3	(17)	(41)
Corporate	(17)	(21)	(68)	(82)
EBITA[1]	276	293	1,032	994

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

revenue by revenue category

in millions of €	Q4 2018	Q4 2017	fy 2018	fy 2017
Staffing	3,151	3,115	12,454	12,197
Inhouse	1,361	1,379	5,300	5,185
Professionals	1,287	1,185	4,929	4,720
Global businesses	309	305	1,153	1,195
Elimination of revenue[1]	(7)	(6)	(24)	(24)
Revenue	6,101	5,978	23,812	23,273

1 Relates to intersegment revenue

consolidated balance sheet

in millions of €	december 31, 2018	december 31, 2017
assets		
Property, plant and equipment	159	154
Intangible assets	3,381	3,555
Deferred income tax assets	581	438
Financial assets and associates	563	530
Non-current assets	4,684	4,677
Trade and other receivables	4,875	4,680
Income tax receivables	106	79
Cash and cash equivalents	273	326
Current assets	5,254	5,085
Total assets	**9,938**	**9,762**
equity and liabilities		
Issued capital	26	26
Share premium	2,286	2,284
Reserves	2,166	1,940
Shareholders' equity	4,478	4,250
Non-controlling interests	1	1
Total equity	4,479	4,251
Borrowings	494	640
Deferred income tax liabilities	47	44
Provisions and employee benefit obligations	189	186
Other liabilities	9	11
Non-current liabilities	739	881
Borrowings	764	712
Trade and other payables	3,776	3,694
Income tax liabilities	73	116
Provisions and employee benefit obligations	105	86
Other liabilities	2	22
Current liabilities	4,720	4,630
Total liabilities	5,459	5,511
Total equity and liabilities	**9,938**	**9,762**

consolidated statement of cash flows

in millions of €	Q4 2018	Q4 2017	fy 2018	fy 2017
Operating profit	149	263	813	860
Amortization and impairment of acquisition-related intangible assets and goodwill	127	30	219	134
EBITA	276	293	1,032	994
Depreciation, amortization and impairment of property, plant, equipment, and software	24	20	89	87
EBITDA	300	313	1,121	1,081
Provisions and employee benefit obligations	13	(5)	8	8
Share-based compensations	7	7	35	32
Gain on disposal of subsidiaries/activities	-	-	(2)	-
Other items	78	39	(18)	(72)
Cash flow from operations before operating working capital and income taxes	398	354	1,144	1,049
Trade and other receivables	122	33	(179)	(448)
Trade and other payables	2	64	84	273
Operating working capital	124	97	(95)	(175)
Income taxes	(33)	(27)	(302)	(186)
Net cash flow from operating activities	**489**	**424**	**747**	**688**
Net additions in property, plant and equipment, and software	(40)	(31)	(113)	(95)
Acquisition of subsidiaries, associates and equity investments	-	(4)	(23)	(356)
Loans	(7)	(7)	(7)	(7)
Disposal of subsidiaries/activities	-	-	10	-
Dividend from associates	-	-	3	1
Net cash flow from investing activities	**(47)**	**(42)**	**(130)**	**(457)**
Issue of new ordinary shares	-	-	1	1
Net purchase of own ordinary shares	-	(21)	(15)	(38)
Net repayments of non-current borrowings	(168)	(6)	(163)	(143)
Net financing	(168)	(27)	(177)	(180)
Net finance costs paid	(5)	(5)	(18)	(18)
Dividend on ordinary and preference shares	-	-	(518)	(359)
Net reimbursement to financiers	(5)	(5)	(536)	(377)
Net cash flow from financing activities	**(173)**	**(32)**	**(713)**	**(557)**
Net increase/(decrease) in cash, cash equivalents, and current borrowings	269	350	(96)	(326)
Cash, cash equivalents, and current borrowings at beginning of period	(763)	(735)	(386)	(53)
Net movement	269	350	(96)	(326)
Translation and currency gains/(losses)	3	(1)	(9)	(7)
Cash, cash equivalents, and current borrowings at end of period	(491)	(386)	(491)	(386)
Free cash flow	442	386	627	586

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

	october 1 - december 31		january 1 - december 31	
in millions of €	2018	2017	2018	2017
Begin of period				
Shareholders' equity	4,249	4,079	4,250	4,140
Non-controlling interests	1	1	1	1
Total equity	**4,250**	**4,080**	**4,251**	**4,141**
Net income for the period	194	198	704	631
Items that subsequently may be reclassified to the income statement	34	(31)	23	(183)
Items that will never be reclassified to the income statement	(6)	18	(1)	18
Total other comprehensive income, net of taxes	28	(13)	22	(165)
Total comprehensive income	**222**	**185**	**726**	**466**
Dividend paid on ordinary and preference shares	-	-	(518)	(359)
Share-based compensations	7	7	35	32
Tax on share-based compensations	-	-	-	8
Issue of ordinary shares	-	-	1	1
Net purchase of ordinary shares	-	(21)	(15)	(38)
Acquisition of non-controlling interests	-	-	(1)	-
Total other changes in period	**7**	**(14)**	**(498)**	**(356)**
End of period	4,479	4,251	4,479	4,251
Shareholder's equity	4,478	4,250	4,478	4,250
Non-controlling interests[1]	1	1	1	1
Total equity	**4,479**	**4,251**	**4,479**	**4,251**

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 and twelve month period ended December 31, 2018 include the company and its subsidiaries (together called 'the Group').

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, 2018. In these 2018 consolidated financial statements, the effects, if any, of IFRS 9 'Financial instruments' and IFRS 15 'Revenue' applied by the Group as from January 1, 2018, are disclosed. The (estimated) effects of the implementation as per January 1, 2019 of IFRS 16 'Leases' have been disclosed as well in the 2018 consolidated financial statements.

The consolidated financial statements of the Group as at and for the year ended December 31, 2018 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, 2017.

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 twelve month period ended December 31, 2018 is 13.2% (FY 2017: 24.7%). This effective tax rate is influenced by an exceptional tax benefit in Q4 2018.

acquisition and disposal of group companies, equity investments and associates

In Q4 2018 and Q4 2017 we had no cashflows from acquisitions and disposals of group companies.

shareholders' equity

Issued number of ordinary shares	2018	2017
January 1	183,264,045	183,023,267
Share-based compensations	37,776	240,778
December 31	183,301,821	183,264,045

As at December 31, 2018 the Group held 197,616 treasury shares (December 31, 2017: 424,598). The average number of (diluted) ordinary shares outstanding has been adjusted for these treasury shares.

As at December 31, 2018, and December 31, 2017 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	Q4 2018	Q4 2017	fy 2018	fy 2017
Net income	194	198	704	631
Net income attributable to holders of preference shares	(4)	(3)	(13)	(12)
Net income attributable to holders of ordinary shares	190	195	691	619
Amortization of intangible assets[1]	28	30	120	134
Integration costs,one-offs and impairments	132	14	175	71
Tax effect on amortization, integration costs, and one-offs[2]	(117)	(14)	(153)	(68)
Adjusted net income for holders of ordinary shares	233	225	833	756
Average number of ordinary shares outstanding	183.1	183.1	183.1	183.1
Average number of diluted ordinary shares outstanding	183.9	184.0	183.5	184.0

Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	1.04	1.06	3.78	3.38
Diluted earnings per share	1.04	1.06	3.77	3.36
Basic earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs[3]	1.28	1.23	4.55	4.13
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs[4]	1.27	1.22	4.54	4.11

1 Amortization and impairment of acquisition-related intangible assets and goodwill.
2 Including exceptional tax benefit
3 Basis for dividend policy
4 Diluted EPS underlying

net debt position

The net debt position as at December 31, 2018 (€ 985 million) was € 41 million lower compared to the net debt position as at December 31, 2017 (€ 1,026 million). This is mainly due to a positive free cash flow in 2018 (€ 627 million), that mainly occured in H2 (€ 662 million) and was higher than dividend payments in Q2 and Q3 (€ 518 million).

In Q4, 2018, the Group secured two loans of USD 200 million each, that mature ultimately in October 2020 and have floating interest rates. Covenants are fully aligned with the committed multi-currency syndicated revolving credit facility.

breakdown of operating expenses

in millions of €	Q4 2018	Q4 2017	fy 2018	fy 2017
Personnel expenses	691	667	2,730	2,717
Other operating expenses	238	240	939	995
Operating expenses	929	907	3,669	3,712

depreciation and amortization software

in millions of €	Q4 2018	Q4 2017	fy 2018	fy 2017
Depreciation of property, plant and equipment	12	14	51	55
Amortization and impairment of software	12	6	38	32
Depreciation and amortization of software	24	20	89	87

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

in millions of €	Q4 2018	Q4 2017	fy 2018	fy 2017
Additions				
Property, plant and equipment	(19)	(19)	(67)	(59)
Software	(22)	(15)	(58)	(49)
	(41)	(34)	(125)	(108)
Disposals				
Procreeds property, plant and equipment	1	2	13	12
(Profit)/Loss	-	1	(1)	1
	1	3	12	13
Statement of cash flows	(40)	(31)	(113)	(95)

impairments

The annual goodwill impairment test carried out by the Group in Q4 2018 resulted in an impairment for the operating segment Monster for a total amount of € 103 million recorded in goodwill (€ 78 million), acquisition-related intangibles (€ 21 million) and software (€ 4 million). The impairment is the result of negative revenue developments within Monster.

french competitive employment act ('CICE')

Included in the consolidated balance sheet under 'financial assets and associates' is an amount of € 386 million (December 31, 2017: € 374 million) relating to the non-current part of a receivable arising from tax credits under the French Competitive Employment Act ('CICE'). An amount of € 107 million (December 31, 2017: € 99 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 remeasurement of post-employment benefits (and related tax effects) that will never be reclassified to the income statement. Included in translation differences in FY 2018 is an amount of € 1 million reclassified translation differences in respect of disposed companies.

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, 2018.

commitments

There are no material changes in the nature and scope of commitments compared to December 31, 2017. More information is included in note 27 to the consolidated financial statements as at and for the year ended December 31, 2018.

events after balance sheet date

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