

1st

quarter
results



2019.

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Q1 2019: revenue growth stabilizing; gross and EBITA margin progression YoY



Q1 2019 organic growth

+0.5%

Q1 2019 underlying EBITA¹

€ 227m

Q1 2019 EBITA margin²

4.0%

topline growth slightly rebounding in Europe, robust in Rest of the world and the US

gross margin 19.7%, up 10bp YoY; increased management focus on pricing, supported by digital tools

L4Q ICR of 78%; Q1 2019 EBITA margin² up 10bp YoY to 4.0%

ongoing market share gains in most regions; sound progression global roll-out of digital strategy

Netherlands, Belgium and Germany above market; France back at market trend

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

"Our Q1 2019 results marked a strong start to the year, as improving gross margins and agile cost management fuelled further EBITA margin progression" says CEO Jacques van den Broek. "Our organic revenue growth stabilized at a positive level, with market share gains in the Netherlands, Belgium and Germany, while growth in France returned to market level. Our strong regional diversification continued to pay off, as Japan, Australia, India and the Latin America region delivered significant contributions to our growth and profitability. Furthermore, our digital strategy is successfully progressing. Workforce scheduling and Youplan are now rolled out in 13 countries and increasingly contributing to sales growth. Our pricing tools are increasingly used by our consultants, further driving the productivity and profitability of the group."

"This year we are celebrating our 15 year partnership with VSO (Voluntary Service Overseas), the world's leading development NGO that fights poverty through volunteers. Together we improve the employability of poor and marginalized people. In our projects in India and Tanzania last year, we touched the lives of more than 4,000 people with a disability and unemployed youth. This is one of the ways we contribute to our ultimate goal: touching the work lives of 500 million people worldwide by 2030."

¹ including ca. € 6million IFRS 16 impact

² EBITA margin excluding IFRS 16 impact: 3.9%

financial performance.

Note: all numbers are presented based on IFRS 16, including the restated comparatives for 2018

core data

in millions of €, unless otherwise indicated - underlying ¹	Q1 2019	restated Q1 2018	yoy change	% org.
Revenue	5,718	5,683	1%	0%
Gross profit	1,128	1,114	1%	1%
Operating expenses	901	892	1%	(1)%
EBITA, underlying ²	227	222	2%	1%
Integration costs and one-offs	(9)	(9)		
EBITA	218	213	2%	
Amortization and impairment of intangible assets ³	(30)	(33)		
Operating profit	188	180		
Net finance costs	(7)	(12)		
Share of profit of associates	1	-		
Income before taxes	182	168	8%	
Taxes on income	(49)	(38)		
Net income	133	130	2%	
Adj. net income for holders of ordinary shares ⁴	158	158	0%	
Free cash flow	(2)	(25)	92%	
Net debt	1,640	1,726	(5)%	
Leverage ratio (net debt/12-month EBITDA) ⁵	1.2			
DSO (Days Sales Outstanding), moving average	53.9	53.8		
Margins (in % of revenue)				
Gross margin	19.7%	19.6%		
Operating expenses margin	15.8%	15.7%		
EBITA margin, underlying	4.0%	3.9%		
Share data				
Basic earnings per ordinary share (in €)	0.71	0.69	3%	
Diluted earnings per ordinary share, underlying (in €) ⁴	0.86	0.86	0%	
Key financial ratios excluding IFRS 16 (2019 is based on best estimates)				
Gross margin	19.7%	19.6%		
EBITA margin, underlying	3.9%	3.8%		
Free cash flow	(2)	(25)		
Leverage ratio (net debt/12-month EBITDA)	0.8	0.9		

1 Comparative numbers 2018 restated for effects IFRS 16

2 EBITA adjusted for integration costs and one-offs.

3 Amortization and impairment of acquisition-related intangible assets and goodwill.

4 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs. See table 'Earnings per share' on page 22.

5 2018 leverage ratio including IFRS 16 not presented as 12 month rolling would include not restated 2017 numbers.

Note: all numbers are presented based on IFRS 16, including the restated comparatives for 2018

revenue

Organic revenue per working day grew by 0.5% in Q1 resulting in revenue of € 5,718 million (Q4 2018: up 0.3%). Reported revenue was 0.6% above Q1 2018, of which working days had a negative effect of 1.2% while FX had a positive effect of 1.3%.

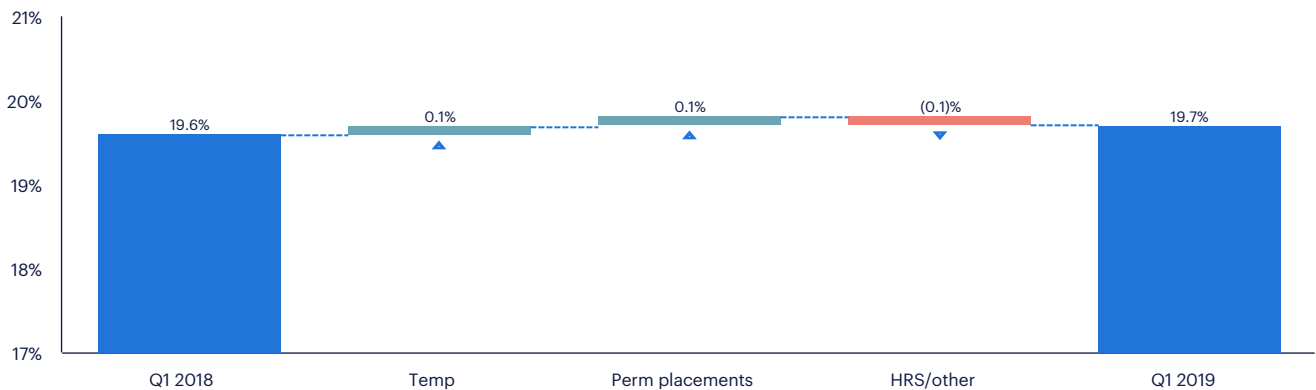
In North America, revenue per working day increased 2% (Q4 2018: up 3%). Growth in the US was up 3% (Q4 2018: up 3%), while Canada was down 2% YoY (Q4 2018: up 1%). In Europe, revenue per working day was down 1% (Q4 2018: down 2%). Revenue in France was flat (Q4 2018: down 4%), while the Netherlands grew by 1% (Q4 2018: up 3%). Germany was down 10% (Q4 2018: down 7%), while sales growth in Belgium was up 1% (Q4 2018: flat). Italy was up 1% (Q4 2018: down 1%), and revenue in Iberia was flat (Q4 2018: down 4%). In the 'Rest of the world' region, revenue increased 10% (Q4 2018: up 12%); Japan increased by 5% (Q4 2018: up 6%), while Australia & New Zealand rose by 5% (Q4 2018: up 10%).

Perm fees grew by 5% (Q4 2018: up 11%), with Europe up 7% (Q4 2018: up 7%) and North America flat (Q4 2018: up 15%). In the 'Rest of the world' region, perm fees growth amounted to 8% (Q4 2018: up 17%). Perm fees made up 11.5% of gross profit.

gross profit

In Q1 2019, gross profit amounted to € 1,128 million. Organic growth was up 0.6% (Q4 2018: down 1.5%). Currency effects had a positive impact on gross profit of € 22 million compared to Q1 2018.

year-on-year gross margin development (%)

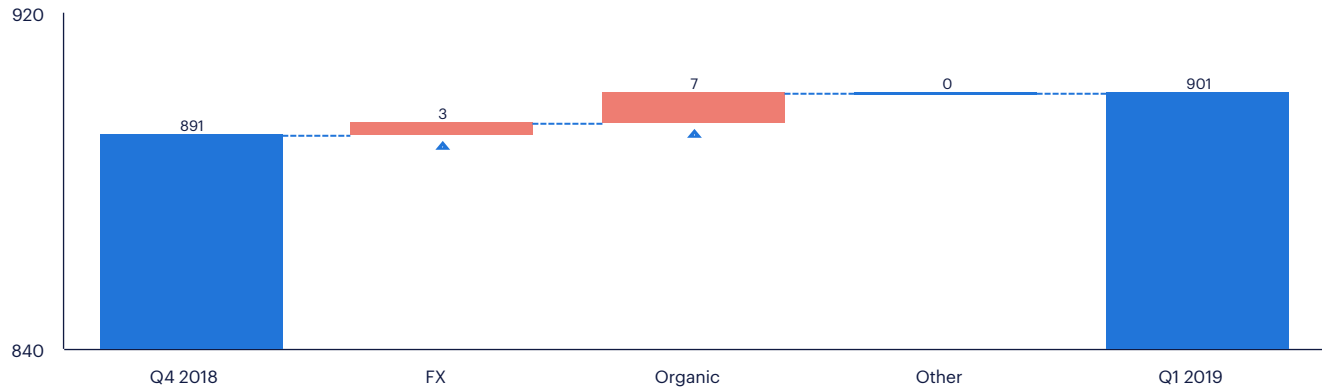


Gross margin was 19.7%, 10bp above Q1 2018 (as shown in the graph above). Temporary staffing had a 10bp positive effect on gross margin (Q4 2018: down 40bp), primarily reflecting improving price/mix effects. Permanent placements had a 10bp positive effect on gross margin, while HRS/other had a negative impact of 10bp.

operating expenses

On an organic basis, operating expenses increased by € 7 million sequentially to € 901 million. This reflects agile cost management, while still investing in future growth opportunities. Compared to last year, operating expenses were down 1% (Q4 2018: flat) organically, while there was a € 20 million negative FX impact.

sequential OPEX development Q4 -> Q1 in € M



Personnel expenses were up 2% sequentially. Average headcount (in FTE) amounted to 38,270 for the quarter, down compared to Q4 2018 and 1% higher organically YoY. Productivity (measured as gross profit per FTE) was flat YoY. We operated a network of 4,801 outlets (Q4 2018: 4,793).

Operating expenses in Q1 2019 were adjusted for a total of € 9 million one-offs, primarily related to restructuring costs in Monster. Last year's cost base was adjusted for a total of € 9 million one-off costs.

EBITA

Underlying EBITA increased organically by 1% to € 227 million. Currency effects had a € 3 million positive impact YoY. EBITA margin reached 4.0%, up 10bp higher than Q1 2018. We achieved an organic incremental conversion ratio (ICR)³ of 78% over the last four quarters.

net finance (costs)/income

In Q1 2019, net finance costs were € 7 million, compared to € 12 million net finance costs in Q1 2018. Interest expenses on our net debt position were € 5 million (Q1 2018: € 4 million), and interest expenses related to lease liabilities were € 6 million in both periods. Foreign currency and other effects had a positive impact of € 4 million (Q1 2018: negative impact of € 2 million).

tax

The underlying effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs amounted to 27.0% (Q1 2018: 24.2%), and is based on the estimated effective tax rate for the whole year 2019. For FY 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

In Q1 2019, adjusted net income was stable at € 158 million. Diluted underlying EPS amounted to € 0.86 (Q1 2018: € 0.86). The average number of diluted ordinary shares outstanding remained almost stable compared to Q1 2018 (183.6 million versus 183.5 million).

³ 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	mar 31 2019	restated dec 31 2018	restated sep 30 2018	restated jun 30 2018	restated mar 31 2018	restated dec 31 2017
Goodwill and acquisition-related intangible assets	3,270	3,280	3,386	3,429	3,406	3,475
Operating working capital (OWC) ¹	1,145	1,009	1,123	1,149	1,019	905
Net tax assets ²	616	574	487	496	391	366
All other assets/(liabilities) ³	595	1,224	1,293	1,128	688	1,159
Invested capital	5,626	6,087	6,289	6,202	5,504	5,905
Financed by						
Total equity	3,986	4,447	4,215	4,033	3,778	4,215
Net debt	994	985	1,419	1,507	1,059	1,026
Lease liabilities	646	655	655	662	667	664
Net debt incl. lease liabilities	1,640	1,640	2,074	2,169	1,726	1,690
Invested capital	5,626	6,087	6,289	6,202	5,504	5,905
Ratios						
DSO (Days Sales Outstanding), moving average	53.9	53.9	54.0	54.0	53.8	53.2
OWC as % of revenue over last 12 months	4.8%	4.2%	4.7%	4.9%	4.4%	3.9%
Leverage ratio (net debt/12-month EBITDA) ⁴	1.2	1.2				
Return on invested capital ⁵	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 March 31, 2019, March 31, 2018, and June 30, 2018, dividends payable is also included (€ 632 million, € 518 million and € 126 million respectively).

4 2018 leverage ratio and return on invested capital including IFRS 16 is not presented as 12 month rolling would include not restated 2017 numbers

5 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 14.6%, including the impact of IFRS 16. The sequential increase is driven by the movement in 'all other assets/liabilities', mainly explained by the timing of the dividend announcement (€ 632 million) in Q1 2019. Our primary focus on organic growth should further lift the Group's ROIC going forward.

The moving average of Days Sales Outstanding (DSO) is broadly stable YoY at 53.9 (Q1 2018: 53.8).

Included in 'all other assets/liabilities' is the total CICE subsidy receivable amounting to € 491 million, including a current portion of € 105 million.

At the end of Q1 2019, net debt including lease liabilities was € 1,640 million, compared to € 1,726 million at the end of Q1 2018. A further analysis of the cash flow is provided in the next section.

cash flow summary

in millions of €	Q1 2019	restated Q1 2018	change
EBITA	218	213	2%
Depreciation, amortization and impairment of property, plant, equipment, right of use assets, and software	69	69	
EBITDA	287	282	2%
Working capital	(125)	(126)	
Provisions and employee benefit obligations	(5)	(2)	
All other items	13	(24)	
Income taxes	(88)	(78)	
Net cash flow from operating activities	82	52	58%
Net capital expenditures	(28)	(21)	
Repayments of lease liabilities	(56)	(56)	
Free cash flow	(2)	(25)	92%
Net (acquisitions)/disposals	-	3	
Dividends from associates	-	-	
Issue of ordinary shares	-	1	
Purchase of own ordinary shares	-	(15)	
Dividend on ordinary and preference shares	-	-	
Net finance costs	(2)	(2)	
Translation and other effects	4	2	
Net decrease/(increase) of net debt	-	(36)	

Following the implementation of IFRS 16 'Leases', our adjusted definition of free cash flow now includes repayments of lease liabilities.

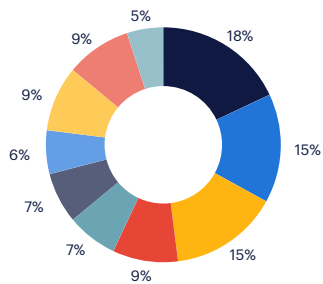
In the quarter, free cash flow amounted to negative € 2 million, up € 23 million versus Q1 2018 (negative € 25 million). Main driver for the increase in free cash flow YoY was the change in the French subsidy system, leading to an instant cash inflow instead of a receivable related to CICE (the latter halted in 2019).

performance.

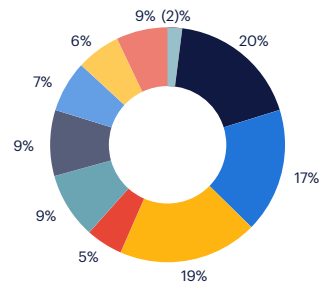
performance by geography

split by geography

Q1 2019: revenue € 5,718 million



Q1 2019: EBITA € 227 million



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

revenue in millions of €	Q1 2019	Q1 2018	organic Δ% ¹
North America	1,042	961	2%
France	879	897	0%
Netherlands	830	834	1%
Germany	533	591	(10)%
Belgium & Luxembourg	384	388	1%
Italy	389	392	1%
Iberia	352	351	0%
Other European countries	538	545	0%
Rest of the world	488	457	10%
Global businesses	283	267	4%
Revenue	5,718	5,683	0%

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 2019	EBITA margin ¹	restated Q1 2018	EBITA margin ¹	organic Δ% ²
North America	49	4.7%	41	4.3%	11%
France	46	5.3%	50	5.6%	(8)%
Netherlands	43	5.2%	44	5.2%	0%
Germany	13	2.5%	19	3.1%	(27)%
Belgium & Luxembourg	23	6.0%	24	6.2%	(5)%
Italy	23	6.0%	23	5.9%	1%
Iberia	18	5.0%	17	5.0%	1%
Other European countries	15	2.7%	15	2.8%	(10)%
Rest of the world	21	4.2%	14	3.0%	62%
Global businesses	(5)	(1.8)%	(7)	(2.5)%	22%
Corporate	(19)		(18)		
EBITA before integration costs and one-offs ³	227	4.0%	222	3.9%	1%
Integration costs and one-offs	(9)		(9)		
EBITA	218		213		

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 2% (Q4 2018: up 3%). Perm fees was flat (Q4 2018: up 15%). In Q1 2019, revenue of our combined US businesses was up 3% (Q4 2018: up 3%). US Staffing/Inhouse Services grew by 3% (Q4 2018: up 5%). US Professionals revenue was up 2% (Q4 2018: flat). In Canada, revenue was down 2% (Q4 2018: up 1%). EBITA margin for the region came in at 4.7%, compared to 4.3% last year.

france

In France, revenue was flat (Q4 2018: down 4%), back in line with market trends, while maintaining our strong focus on client profitability. Perm fees were up 9% compared to last year (Q4 2018: up 15%). Staffing/Inhouse Services revenue declined 3% (Q4 2018: down 7%). Our Professionals business was up 9% (Q4 2018: up 8%), driven by Ausy and healthcare. EBITA margin was 5.3% compared to 5.6% last year.

netherlands

In the Netherlands, revenue was up 1% YoY (Q4 2018: up 3%) and above market. Overall perm fees were up 20% (Q4 2018: down 14%). Our Staffing and Inhouse Services businesses was flat (Q4 2018: up 1%), while our Professionals business was up 7% (Q4 2018: up 13%). EBITA margin in the Netherlands was 5.2%, stable compared to last year.

germany

In Germany, revenue per working day was down 10% YoY (Q4 2018: down 7%) but ahead of market, negatively impacted by regulation changes and lower activity in the automotive sector. Perm fees were down 3% compared to last year (Q4 2018: up 20%). Our combined Staffing/Inhouse Services business was down 13% (Q4 2018: down 12%), while Professionals was down 1% (Q4 2018: up 7%). EBITA margin in Germany was 2.5%, compared to 3.1% last year.

belgium & luxembourg

In Belgium & Luxembourg, revenue was up 1% (Q4 2018: flat), still ahead of the market. Perm fees were flat compared to last year (Q4 2018: down 6%). Our Staffing/Inhouse Services business was up 1% (Q4 2018: flat). Our EBITA margin was 6.0%, compared to 6.2% last year.

italy

Revenue per working day in Italy was up 1% compared to the prior year (Q4 2018: down 1%), still impacted by subdued macroeconomic trends. Overall perm fees were up 29% (Q4 2018: up 28%). EBITA margin was 6.0%, compared to 5.9% last year.

iberia

In Iberia, revenue per working day was stable YoY (Q4 2018: down 4%). Perm fees were up 14% compared to last year (Q4 2018: up 21%). Staffing/Inhouse Services combined was flat (Q4 2018: down 5%). Spain was up 3% (Q4 2018: down 3%) while our focus on permanent placements (up 17%) continues to pay off. In Portugal, revenue was down 6% (Q4 2018: down 9%). Overall EBITA margin was 5.0% in Q1 2019, stable compared to last year.

other european countries

Across 'Other European countries', revenue per working day was flat (Q4 2018: up 1%). In the UK, revenue was up by 3% (Q4 2018: up 5%), while in the Nordics, revenue was down 10% on an organic basis (Q4 2018: down 4%). Revenue in our Swiss business was up 2% YoY (Q4 2018: up 6%). Overall EBITA margin for the 'Other European countries' region was 2.7% compared to 2.8% last year.

rest of the world

Overall revenue in the 'Rest of the world' region grew by 10% organically (Q4 2018: up 12%). In Japan, revenue grew 5% (Q4 2018: up 6%). Revenue in Australia/New Zealand grew 5% (Q4 2018: up 10%), while revenue in China grew by 12% YoY (Q4 2018: up 31%). Our business in India was up 21% (Q4 2018: up 21%), while in Latin America revenue grew 24% (Q4 2018: up 25%), driven by Argentina and Brazil. Overall EBITA margin in this region was 4.2%, compared to 3.0% last year, primarily driven by a strong profitability increase in Japan, Australia and India.

global businesses

Overall organic revenue growth per working day was up 4% (Q4 2018: flat). Randstad Sourceright revenue increased by 13% (Q4: up 8%), while Monster revenue was down by 17% (Q4 2018: down 17%). Overall EBITA margin came in at -1.8% compared to -2.5% last year, reflecting improved results in both Sourceright and Monster.

performance by revenue category

revenue in millions of €	Q1 2019	Q1 2018	organic Δ% ¹
Staffing	2,897	2,977	(2)%
Inhouse Services	1,288	1,258	3%
Professionals	1,250	1,181	4%
Global Businesses	283	267	4%
Revenue	5,718	5,683	0%

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 0.5% in Q1 2019. In March 2019, revenue increased at a similar pace. The development of volumes in early April indicate a continuation of the Q1 2019 growth trend.

Q2 2019 gross margin is expected to be slightly higher sequentially.

For Q2 2019, we expect slightly higher operating expenses sequentially given seasonality.

There will be an adverse 0.3 working day impact in Q2 2019.

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

Publication of second quarter results 2019	July 23, 2019
Publication of third quarter results 2019	October 22, 2019
Publication of fourth quarter and annual results 2019	February 11, 2020

analyst and press conference call

Today (April 24, 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 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.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.

Watch also our CEO's video on this quarter's results.

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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. 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

Q1 2019.



actuals

consolidated income statement

in millions of €, unless otherwise indicated	Q1 2019	restated Q1 2018
Revenue	5,718	5,683
Cost of services	4,590	4,569
Gross profit	1,128	1,114
Selling expenses	623	629
General and administrative expenses	287	272
Operating expenses	910	901
Amortization and impairment of acquisition-related intangible assets and goodwill	30	33
Total operating expenses	940	934
Operating profit	188	180
Net finance costs	(7)	(12)
Share of profit of associates	1	-
Income before taxes	182	168
Taxes on income	(49)	(38)
Net income	133	130
Net income attributable to:		
Holders of ordinary shares Randstad N.V.	130	127
Holders of preference shares Randstad N.V.	3	3
Equity holders	133	130
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):		
Basic earnings per share	0.71	0.69
Diluted earnings per share	0.71	0.69
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	0.86	0.86

information by geographical area and revenue category

revenue by geographical area

in millions of €	Q1 2019	Q1 2018
North America	1,042	961
France	879	897
Netherlands	831	835
Germany	533	591
Belgium & Luxembourg	385	388
Italy	389	392
Iberia	352	351
Other European countries	540	546
Rest of the world	489	457
Global Businesses	285	270
Elimination of revenue ¹	(7)	(5)
Revenue	5,718	5,683

1 Relates to intersegment revenue

EBITA by geographical area

in millions of €	Q1 2019	restated Q1 2018
North America	49	41
France	45	49
Netherlands	43	41
Germany	13	19
Belgium & Luxembourg	23	23
Italy	23	23
Iberia	18	17
Other European countries	15	15
Rest of the world	21	13
Global Businesses	(13)	(10)
Corporate	(19)	(18)
EBITA¹	218	213

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

revenue by revenue category

in millions of €	Q1 2019	Q1 2018
Staffing	2,902	2,979
Inhouse	1,288	1,258
Professionals	1,250	1,181
Global businesses	285	270
Elimination of revenue ¹	(7)	(5)
Revenue	5,718	5,683

1 Relates to intersegment revenue

consolidated balance sheet

in millions of €	march 31, 2019	restated december 31, 2018	restated march 31, 2018
assets			
Property, plant and equipment	157	159	151
Right of use assets	556	563	580
Intangible assets	3,381	3,381	3,486
Deferred income tax assets	595	588	454
Financial assets and associates	579	581	581
Non-current assets	5,268	5,272	5,252
Trade and other receivables	4,925	4,875	4,723
Income tax receivables	170	106	69
Cash and cash equivalents	263	273	297
Current assets	5,358	5,254	5,089
Total assets	10,626	10,526	10,341
equity and liabilities			
Issued capital	26	26	26
Share premium	2,286	2,286	2,286
Reserves	1,673	2,134	1,465
Shareholders' equity	3,985	4,446	3,777
Non-controlling interests	1	1	1
Total equity	3,986	4,447	3,778
Borrowings (including lease liabilities)	943	935	1,000
Deferred income tax liabilities	42	47	43
Provisions and employee benefit obligations	180	183	177
Other liabilities	7	9	6
Non-current liabilities	1,172	1,174	1,226
Borrowings (including lease liabilities)	960	978	1,023
Trade and other payables	3,671	3,755	3,603
Dividends	632	-	518
Income tax liabilities	107	73	89
Provisions and employee benefit obligations	96	97	79
Other liabilities	2	2	25
Current liabilities	5,468	4,905	5,337
Total liabilities	6,640	6,079	6,563
Total equity and liabilities	10,626	10,526	10,341

consolidated statement of cash flows

in millions of €	Q1 2019	restated Q1 2018
Operating profit	188	180
Amortization and impairment of acquisition-related intangible assets and goodwill	30	33
EBITA	218	213
Depreciation, amortization and impairment of property, plant, equipment, right of use assets, and software	69	69
EBITDA	287	282
Provisions and employee benefit obligations	(5)	(2)
Share-based compensations	10	9
Gain on disposal of subsidiaries/activities	-	(2)
Other items	3	(31)
Cash flow from operations before operating working capital and income taxes	295	256
Trade and other receivables	(22)	(86)
Trade and other payables	(103)	(40)
Operating working capital	(125)	(126)
Income taxes	(88)	(78)
Net cash flow from operating activities	82	52
Net additions in property, plant and equipment, and software	(28)	(21)
Acquisition of subsidiaries, associates and equity investments	(2)	(7)
Disposal of subsidiaries/activities and equity investments	2	10
Dividend from associates	-	-
Net cash flow from investing activities	(28)	(18)
Issue of new ordinary shares	-	1
Net purchase of own ordinary shares	-	(15)
Net repayments of non-current borrowings	-	(87)
Repayments of lease liabilities	(56)	(56)
Net financing	(56)	(157)
Net finance costs paid	(2)	(2)
Net reimbursement to financiers	(2)	(2)
Net cash flow from financing activities	(58)	(159)
Net (decrease) in cash, cash equivalents, and current borrowings	(4)	(125)
Cash, cash equivalents, and current borrowings at beginning of period	(491)	(386)
Net movement	(4)	(125)
Translation and currency gains/(losses)	2	(6)
Cash, cash equivalents, and current borrowings at end of period	(493)	(517)
Free cash flow	(2)	(25)

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

in millions of €	January 1 - March 31	
	2019	restated 2018
Begin of period		
Shareholders' equity	4,478	4,250
Non-controlling interests ¹	1	1
Total equity at December 31	4,479	4,251
Effect IFRS 16 'Leases'	(32)	(36)
Restated value at January 1	4,447	4,215
Net income for the period	133	130
Items that subsequently may be reclassified to the income statement	30	(45)
Items that will never be reclassified to the income statement	1	1
Total other comprehensive income, net of taxes	31	(44)
Total comprehensive income	164	86
Dividend payable on ordinary and preference shares	(632)	(518)
Share-based compensations	10	9
Tax on share-based compensations	(3)	-
Issue of ordinary shares	-	1
Net purchase of ordinary shares	-	(15)
Acquisition of non-controlling interests	-	-
Total other changes in period	(625)	(523)
End of period	3,986	3,778
Shareholder's equity	3,985	3,777
Non-controlling interests ¹	1	1
Total equity	3,986	3,778

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, 2019 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, 2018, except for the implementation as per January 1, 2019 of IFRS 16 'Leases' and interpretation 'IFRIC 23, uncertainty over income tax treatments'. The latter has no (retrospective) material impact on the valuation of uncertainties regarding income taxes.

change in accounting policy for leases

Randstad applies IFRS 16 'Leases' as of January 1, 2019, using the full retrospective approach to previous periods, applying IAS 8 'Accounting Policies, Changes in Accounting estimates and Errors'. This means that comparative reported numbers related to 2018 have been restated to reflect the effects of IFRS 16 'Leases'.

The standard requires us to recognize a 'right of use' asset, representing our right to use the underlying asset and a liability, representing our obligation to make lease payments, for almost all lease contracts. The impact on the income statement is that former lease-operating expenses are replaced by depreciation and interest; as a result, key metrics such as operating profit and EBIT(D)A changed. Total expenses (depreciation for 'right of use' assets and interest on lease liabilities) are higher in the earlier years of a typical lease and lower in the later years, in comparison with former accounting for operating leases. The main impact on the statement of cash flows is higher cash flows from operating activities, since cash payments for the principal part of the lease liability are classified in the net cash flow from financing activities.

The tax effect from the adjustments from IFRS 16 have been measured and recognized in the relevant period. The change in accounting policy resulted in the recognition of deferred income tax balances.

Reference is made to the below paragraph 'effects from implementation of IFRS 16 'Leases"', for further details and restatement of comparative figures for 2018.

accounting policy for leases

The Group has various lease arrangements for buildings (such as local head offices and branches), cars, and IT and other equipment. Lease terms are negotiated on an individual basis locally and furthermore subjected to domestic rules and regulations. This results in a wide range of different terms and conditions. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for a consideration, in which case it is identified as a lease. The Group recognizes then a right of use asset and a lease liability at the lease commencement date. Lease related assets and liabilities are measured on a present value basis. Lease related assets and liabilities are subjected to re-measurement when either terms are modified or lease assumptions have changed. Such event results in the lease liability being re-measured to reflect the measurement of the present value of the remaining lease payments, discounted using the discount rate at the moment of the change. The lease assets are adjusted to reflect the change in the re-measured liabilities.

right of use assets

Right of use assets are measured at costs and at the inception of the lease may include the following components:

- The initial measurement of the lease liability,
- Prepayments before commencement date of the lease,
- Initial direct costs,
- Costs to restore.

The right of use assets are reduced for lease incentives relating to the lease. The right of use assets are depreciated on a straight-line basis over the duration of the contract. In the event that the lease contract becomes onerous, the right of use asset is impaired for the part which has become onerous.

lease liabilities

Lease liabilities include the net present value of the following components:

- Fixed payments excluding lease incentive receivables,
- Future contractually agreed fixed increases,
- Payments related to renewals or early termination, in case options to renew or for early termination are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If such rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The discount rate that is used to calculate the present value reflects the interest rate applicable to the lease at inception of the contract. Lease contracts entered into in a currency different than the local functional currency are subjected to periodically foreign currency revaluations which are recognized in the income statement in net finance costs.

The lease liabilities are subsequently increased by the interest costs on the lease liabilities and decreased by lease payments made.

subleases

The Group subleases some of its right of use assets. In these instances the Group is an intermediate lessor. Most of the Group's sublease arrangements are classified as finance leases under IFRS 16. The classification of finance sublease is satisfied when substantially all the risk and rewards incidental to the sublease have been transferred. Sublease contracts with the classification of financial leases are recognised as a net investment in sublease, which is presented as a financial asset. The carrying amount of the related right of use asset is derecognized. The net investment in subleases is measured at the present value of the (future) lease receipts, discounted using the lessor's discount rate on commencement date of the sublease. Sublease contracts with the classification of operating leases results in sublease income being recognized periodically during the sub rental period. Operating subleases have no impact to the right of use asset measurement.

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.

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, 2018.

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, 2019 is 26.8% (Q1 2018: 23.5%), and is based on the estimated tax rate for the whole year 2019 (actual FY 2018: 13.2% which is influenced by an exceptional tax benefit in Q4 2018).

acquisition and disposal of group companies, equity investments and associates

In Q1 2019 we had no net cashflows from acquisitions and disposals of group companies; in Q1 2018, we had a net cashflow in of € 3 million.

shareholders' equity

Issued number of ordinary shares	2019	2018
January 1	183,301,821	183,264,045
Share-based compensations	1,731	33,776
March 31	183,303,552	183,297,821

As at March 31, 2019 the Group held 21,834 treasury shares (March 31, 2018: 211,302), compared to 197,616 as at December 31, 2018. The average number of (diluted) ordinary shares outstanding has been adjusted for these treasury shares.

As at March 31, 2019, December 31, 2018, and March 31, 2018 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 2019	restated Q1 2018
Net income	133	130
Net income attributable to holders of preference shares	(3)	(3)
Net income attributable to holders of ordinary shares	130	127
Amortization of intangible assets ¹	30	33
Integration costs, one-offs and impairments	9	9
Tax effect on amortization, integration costs, and one-offs	(11)	(11)
Adjusted net income for holders of ordinary shares	158	158
Average number of ordinary shares outstanding	183.2	182.9
Average number of diluted ordinary shares outstanding	183.6	183.5
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):		
Basic earnings per share	0.71	0.69
Diluted earnings per share	0.71	0.69
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs ²	0.86	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, 2019 amounted to € 1,640 million, and equals the restated position as at December 31, 2018. The net debt position excluding lease liabilities as at March 31, 2019 (€ 994 million) was € 9 million higher compared to the net debt position as at December 31, 2018 (€ 985 million).

breakdown of operating expenses

in millions of €	Q1 2019	restated Q1 2018
Personnel expenses	677	674
Other operating expenses	233	227
Operating expenses	910	901

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

in millions of €	Q1 2019	restated Q1 2018
Depreciation of property, plant and equipment	13	14
Amortization and impairment of software	8	7
Depreciation and amortization of software	21	21
Depreciation and impairment of right of use assets	48	48
Total	69	69

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

in millions of €	Q1 2019	Q1 2018
Additions		
Property, plant and equipment	(13)	(14)
Software	(17)	(10)
	(30)	(24)
Disposals		
Proceeds property, plant and equipment	2	3
(Profit)/Loss	-	-
	2	3
Statement of cash flows	(28)	(21)

french competitive employment act ('CICE')

Included in the consolidated balance sheet under 'financial assets and associates' is an amount of € 386 million (December 31, 2018: € 386 million) relating to the non-current part of a receivable arising from tax credits under the French Competitive Employment Act ('CICE'). An amount of € 105 million (December 31, 2018: € 107 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 that will never be reclassified to the income statement.

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, 2018, except for the effects of implementation IFRS 16 'Leases' which caused liabilities arising from lease contracts to be included in the balance sheet instead of being reported as 'commitments'. 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 occurred that require disclosure in this note.

effects from implementation of IFRS 16 'Leases'

In the tables below are disclosed: 1) effects on the balance sheet as at December 31, 2017, March 31, 2018 and December 31, 2018; 2) effects on the income statement 2018; 3) effects on the statement of cash flows 2018. For the restated quarterly income statements and statement of cash flows, refer to the separate press release for restatement of comparative figures 2018. This document is available on our website www.randstad.com.

effects from implementation of IFRS 16 'Leases' on balance sheet

in millions of €	December 31, 2017			December 31, 2018		
	Reported	Effects IFRS 16	Restated	Reported	Effects IFRS 16	Restated
Property, plant, equipment and software	234	-	234	260	-	260
Right of use assets	-	581	581	-	563	563
Goodwill and acquisition-related intangibles	3,475	-	3,475	3,280	-	3,280
Deferred income tax assets	438	9	447	581	7	588
Financial assets and associates	530	9	539	563	18	581
Total non-current assets	4,677	599	5,276	4,684	588	5,272
Working capital assets/(liabilities), excluding lease liabilities	455	28	483	534	29	563
Lease liabilities (current part)	-	(199)	(199)	-	(214)	(214)
Working capital assets/(liabilities)	455	(171)	284	534	(185)	349
Non-current borrowings, excluding lease liabilities	(640)	-	(640)	(494)	-	(494)
Lease liabilities (non-current part)	-	(465)	(465)	-	(441)	(441)
Deferred income tax liabilities	(44)	-	(44)	(47)	-	(47)
Provisions and employee benefit obligations	(186)	1	(185)	(189)	6	(183)
Other liabilities	(11)	-	(11)	(9)	-	(9)
Total non-current (liabilities)	(881)	(464)	(1,345)	(739)	(435)	(1,174)
Total equity	(4,251)	36	(4,215)	(4,479)	32	(4,447)

in millions of €	March 31, 2018		
	Reported	Effects IFRS 16	Restated
Property, plant, equipment and software	231	-	231
Right of use assets	-	580	580
Goodwill and acquisition-related intangibles	3,406	-	3,406
Deferred income tax assets	444	10	454
Financial assets and associates	568	13	581
Total non-current assets	4,649	603	5,252
Working capital assets/(liabilities), excluding lease liabilities	(63)	24	(39)
Lease liabilities (current part)		(209)	(209)
Working capital assets/(liabilities)	(63)	(185)	(248)
Non-current borrowings, excluding lease liabilities	(542)	-	(542)
Lease liabilities (non-current part)	-	(458)	(458)
Deferred income tax liabilities	(43)	-	(43)
Provisions and employee benefit obligations	(185)	8	(177)
Other liabilities	(6)	-	(6)
Total non-current (liabilities)	(776)	(450)	(1,226)
Total equity	(3,810)	32	(3,778)

effects from implementation of IFRS 16 'Leases' on income statement 2018

in millions of €	Reported 2018	Effects IFRS 16	Restated 2018
Revenue	23,812	-	23,812
Gross Profit	4,701	-	4,701
Other operating expenses	3,669	(29)	3,640
Amortization and impairment goodwill and acquisition-related intangibles	219	-	219
Operating expenses	3,888	(29)	3,859
Operating Profit	813	29	842
Net finance (costs) and share of profit of associates	(2)	(23)	(25)
Income before taxes	811	6	817
Taxes on income	(107)	(2)	(109)
Net income	704	4	708

effects from implementation of IFRS 16 'Leases' on statement of cash flows 2018

in millions of €	Reported 2018	Effects IFRS 16	Restated 2018
Operating profit	813	29	842
Amortization and impairment goodwill and acquisition-related intangibles	219	-	219
EBITA	1,032	29	1,061
Depreciation, amortization software and impairments	89	-	89
Depreciation and impairment right of use assets	-	205	205
EBITDA	1,121	234	1,355
Provisions and employee benefit obligations	8	(5)	3
Other	15	(2)	13
Operating working capital	(95)	-	(95)
Income taxes	(302)	-	(302)
Net cash flow from operating activities	747	227	974
Net cash flow from investing activities	(130)	-	(130)
Net cash flow from financing activities	(713)	(227)	(940)
Net (decrease) in cash, cash equivalents and current borrowings	(96)	-	(96)

right of use assets

in millions of €	March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2017
Right of use buildings	462	463	487	487
Right of use cars	87	92	92	93
Right of use IT and other equipment	7	8	1	1
Right of use assets, net book value	556	563	580	581