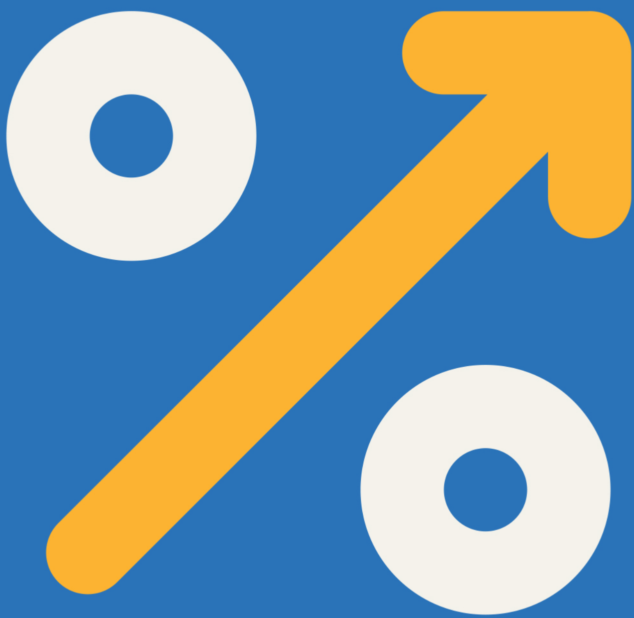
2nd quarter results



2019.

randstad

human forward.

contents

Q2 2019: solid performance in uncertain macroeconomic conditions.

Q2 2019: solid performance in uncertain macroeconomic conditions.

Q2 2019[1] organic growth

-1.7%

Q2 2019 underlying EBITA

€ 277m

Q2 2019 EBITA margin

4.7%

- topline growth in Europe impacted by uncertain macroeconomy; US trends fairly stable, strong growth in Rest of the world
- gross margin 20.0%, up 20bp YoY; continued management focus on pricing, supported by digital tools
- Q2 2019 EBITA margin down 10bp YoY to 4.7%; selective investments in growth areas
- ongoing market share gains in several countries; bolt-on M&A strengthens strategic ambition in Professionals
- successful worldwide cloud migration and front-office implementation in Germany and Japan
- June organic sales growth in line with Q2; volumes in early July indicate a continuation of the trend

"We delivered solid Q2 2019 results, as robust gross margins and balanced cost management offset ongoing challenging macroeconomic conditions in Europe." says CEO Jacques van den Broek. "Our organic revenue growth turned slightly negative, reflecting slowing market growth in particularly Germany, the Netherlands and Belgium, mainly related to weakness in automotive-related industries. We continued to gain market share in several countries, while maintaining strong pricing discipline. Our sound regional diversification continued to pay off, as Asia Pacific and the Latin America region delivered significant contributions to our growth and profitability. Furthermore, our digital strategy progressed well, reflected by a successful worldwide cloud migration and implementation of a new front-office system in Germany and Japan. These new systems enable our sales and recruiting colleagues to focus even more on the human touch."

"On a different note there was good news not only for Randstad but for the whole private employment sector. It is great to see that we are widely recognized to stimulate an inclusive and well regulated labor market by the centenary declaration of the International Labour Organisation (ILO) toward a human centered future of work. This is fully aligned with our values, principles, and in particular our Human Forward promise."

[1] all figures are based on IFRS 16

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]	Q2 2019	restated Q2 2018	yoy change	% org.
Revenue	5,957	6,022	(1)%	(2)%
Gross profit	1,193	1,191	0%	(1)%
Operating expenses	916	903	1%	0%
EBITA, underlying[2]	277	288	(4)%	(5)%
Integration costs and one-offs	(8)	(18)		
EBITA	269	270	0%	
Amortization and impairment of intangible assets[3]	(31)	(30)		
Operating profit	238	240		
Net finance (costs) / income	(12)	4		
Share of profit of associates	1	-		
Income before taxes	227	244	(7)%	
Taxes on income	(61)	(53)		
Net income	166	191	(13)%	
Adj. net income for holders of ordinary shares[4]	192	223	(14)%	
Free cash flow	25	(10)	350%	
Net debt	2,026	2,169	(7)%	
Leverage ratio (net debt/12-month EBITDA)[5]	1.5			
Leverage ratio (net debt/12-month EBITDA) excluding IFRS 16[6]	1.2	1.3		
DSO (Days Sales Outstanding), moving average	53.9	54.0		
Margins (in % of revenue)				
Gross margin	20.0%	19.8%		
Operating expenses margin	15.4%	15.0%		
EBITA margin, underlying	4.7%	4.8%		
Share data				
Basic earnings per ordinary share (in €)	0.89	1.02	(13)%	
Diluted earnings per ordinary share, underlying (in €)[4]	1.04	1.21	(14)%	

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 28.
5 2018 leverage ratio including IFRS 16 not presented as 12 month rolling would include not restated 2017 numbers.
6 2019 leverage ratio excluding IFRS 16 based on best estimates

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

revenue

Organic revenue per working day declined by 1.7% in Q2 resulting in revenue of € 5,957 million (Q1 2019: up 0.5%). Reported revenue was 1.1% below Q2 2018, of which working days had a negative effect of 0.5% while FX had a positive effect of 1.1%.

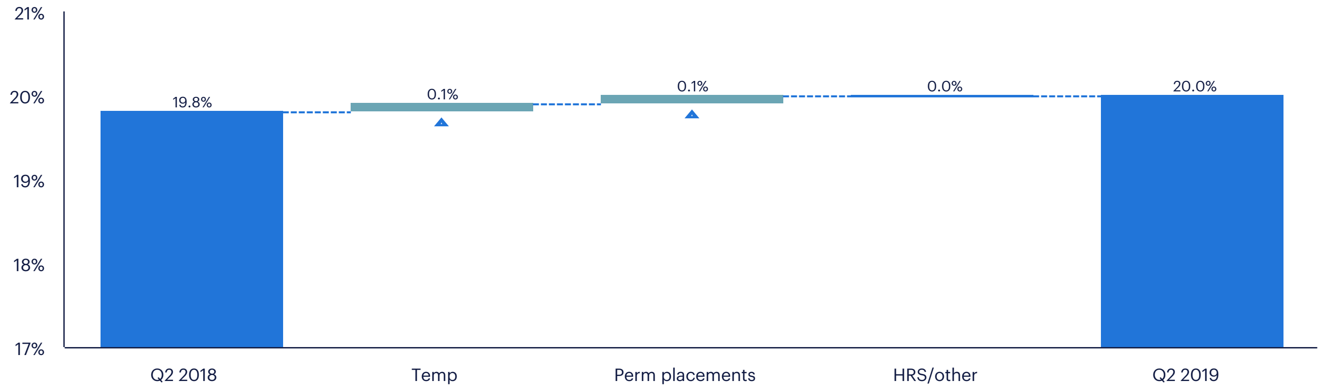
In North America, revenue per working day increased 1% (Q1 2019: up 2%). Growth in the US was up 1% (Q1 2019: up 3%), while Canada was up 1% YoY (Q1 2019: down 2%). In Europe, revenue per working day was down 4% (Q1 2019: down 1%). Revenue in France was down 2% (Q1 2019: flat), while the Netherlands was down 3% (Q1 2019: up 1%). Germany was down 15% (Q1 2019: down 10%), while sales in Belgium were down 4% (Q1 2019: up 1%). Italy was flat (Q1 2019: up 1%), and revenue in Iberia was up 2% (Q1 2019: flat). In the 'Rest of the world' region, revenue increased 10% (Q1 2019: up 10%); Japan increased by 9% (Q1 2019: up 5%), Australia & New Zealand rose by 2% (Q1 2019: up 5%), while Latam was up 28% (Q1 2019: up 24%).

Perm fees grew by 2% (Q1 2019: up 5%), with Europe stable YoY (Q1 2019: up 7%) and North America up 6% (Q1 2019: flat). In the 'Rest of the world' region, perm fees grew by 2% (Q1 2019: up 8%). Perm fees made up 11.3% of gross profit.

gross profit

In Q2 2019, gross profit amounted to € 1,193 million. Organic growth was down 1.0% (Q1 2019: up 0.6%). Currency effects had a positive impact on gross profit of € 19 million compared to Q2 2018.

year-on-year gross margin development (%)

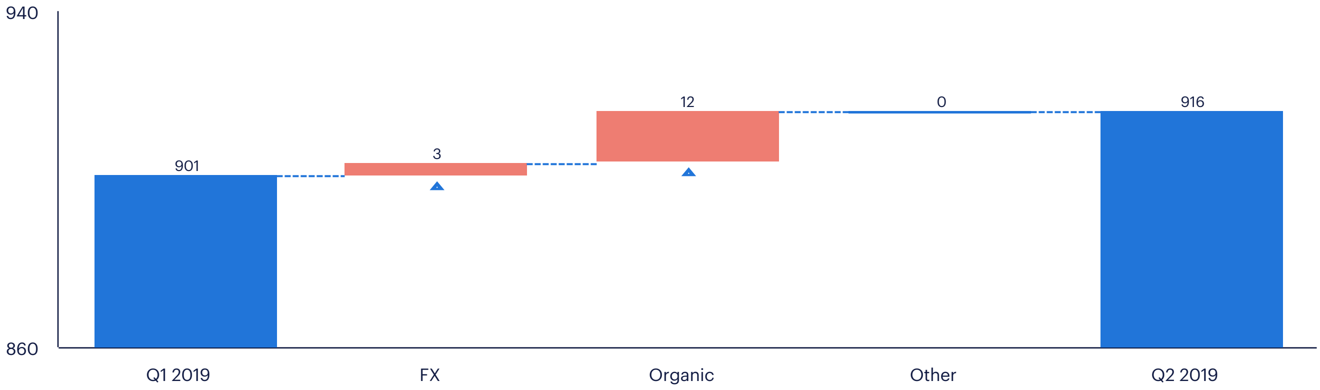


Gross margin was 20.0%, 20bp above Q2 2018 (as shown in the graph above). Temporary staffing had a 10bp positive effect on gross margin (Q1 2019: up 10bp), primarily reflecting improving price/mix effects. Permanent placements had a 10bp positive effect on gross margin, while HRS/other had a neutral impact (including 10bp positive FX effect).

operating expenses

On an organic basis, operating expenses increased by € 12 million sequentially to € 916 million. This reflects balanced cost management, as we still selectively invest in future growth opportunities. Compared to last year, operating expenses were flat (Q1 2019: down 1%) organically, while there was a € 15 million negative FX impact.

sequential OPEX development Q1 -> Q2 in € M



Personnel expenses were up 1% sequentially. Average headcount (in FTE) amounted to 38,240 for the quarter, stable compared to Q1 2019 and 1% lower organically YoY. Productivity (measured as gross profit per FTE) was down 1% YoY. We operated a network of 4,807 outlets (Q1 2019: 4,801).

Operating expenses in Q2 2019 were adjusted for a total of € 8 million one-offs, primarily related to restructuring costs in Germany and 'Other European countries'. Last year's cost base was adjusted for a total of € 18 million one-off costs.

EBITA

Underlying EBITA decreased organically by 5% to € 277 million. Currency effects had a € 4 million positive impact YoY. EBITA margin reached 4.7%, down 10bp compared to Q2 2018. We achieved an organic incremental conversion ratio (ICR)[2] of 60% over the last four quarters.

net finance (costs)/income

In Q2 2019, net finance costs were € 12 million, versus € 4 million net finance income in Q2 2018. Interest expenses on our net debt position were € 6 million (Q2 2018: € 5 million), and interest expenses related to lease liabilities were € 5 million (Q2 2018: € 5 million). Foreign currency and other effects had a negative impact of € 1 million (Q2 2018: positive impact of € 14 million).

tax

The effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs amounted to 26.8% in the first six months (H1 2018: 23.3%) 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 Q2 2019, adjusted net income was down 14% YoY to € 192 million. Diluted underlying EPS amounted to € 1.04 (Q2 2018: € 1.21). The average number of diluted ordinary shares outstanding remained almost stable compared to Q2 2018 (183.9 million versus 183.8 million).

[2] 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	jun 30 2019	mar 31 2019	restated dec 31 2018	restated sep 30 2018	restated jun 30 2018	restated mar 31 2018
Goodwill and acquisition-related intangible assets	3,226	3,270	3,280	3,386	3,429	3,406
Operating working capital (OWC)[1]	1,352	1,145	1,009	1,123	1,149	1,019
Net tax assets[2]	572	616	574	487	496	391
All other assets/(liabilities)[3]	1,030	595	1,224	1,293	1,128	688
Invested capital	6,180	5,626	6,087	6,289	6,202	5,504
Financed by						
Total equity	4,154	3,986	4,447	4,215	4,033	3,778
Net debt	1,394	994	985	1,419	1,507	1,059
Lease liabilities	632	646	655	655	662	667
Net debt incl. lease liabilities	2,026	1,640	1,640	2,074	2,169	1,726
Invested capital	6,180	5,626	6,087	6,289	6,202	5,504
Ratios						
DSO (Days Sales Outstanding), moving average	53.9	53.9	53.9	54.0	54.0	53.8
OWC as % of revenue over last 12 months	5.7%	4.8%	4.2%	4.7%	4.9%	4.4%
Leverage ratio (net debt/12-month EBITDA)[4]	1.5	1.2	1.2			
Return on invested capital[5]	15.0%	14.6%	13.6%			

1 Operating working capital: Trade and other receivables minus the current part of financial assets (including net investments in subleases), deferred receipts from disposed Group companies and interest receivable minus trade and other payables excluding interest payable.
2 Net tax assets: Deferred income tax assets and income tax receivables less deferred income tax liabilities and income tax liabilities.
3 All other assets/(liabilities), mainly containing property, plant, equipment, right of use assets, software plus financial assets (including net investments in subleases) and associates, less provisions and employee benefit obligations and other liabilities. As at June 30, 2019 and 2018, as well as at March 31, 2019 and 2018, dividends payable are also included (June 30: € 203 million and € 126 million respectively; March 31: € 632 million and € 518 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 for Q3, Q2, and Q1, 2018.
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 15.0%, including the impact of IFRS 16. The sequential increase is driven by lower income tax paid, which is partially a reversal of payments made last year. 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 (Q2 2018: 54.0).

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 Q2 2019, net debt including lease liabilities was € 2,026 million, compared to € 2,169 million at the end of Q2 2018. A further analysis of the cash flow is provided in the next section.

cash flow summary

in millions of €	Q2 2019	restated Q2 2018	change
EBITA	269	270	0%
Depreciation, amortization and impairment of property, plant, equipment, right of use assets, and software	70	78	
EBITDA	339	348	(3)%
Operating working capital	(210)	(114)	
Provisions and employee benefit obligations	(7)	(4)	
All other items	9	(22)	
Income taxes	(21)	(132)	
Net cash flow from operating activities	110	76	45%
Net capital expenditures	(28)	(30)	
Repayments of lease liabilities	(57)	(56)	
Free cash flow	25	(10)	350%
Net (acquisitions)/disposals	1	(16)	
Dividends from associates	3	3	
Dividend on ordinary and preference shares	(429)	(392)	
Net finance costs	(4)	(3)	
Translation and other effects	18	(25)	
Net (increase) of net debt	(386)	(443)	

In the quarter, free cash flow amounted to € 25 million, up € 35 million versus Q2 2018 (negative € 10 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).

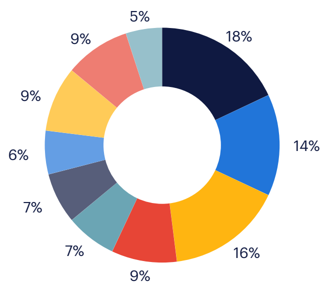
Operating working capital increased due to the timing of payments, while income taxes paid decreased primarily reflecting the partial reversal of payments made last year.

performance.

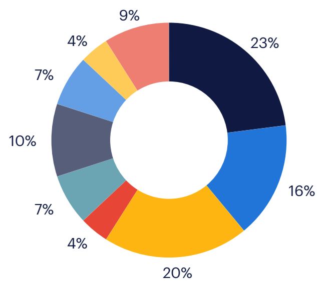
performance by geography

split by geography

Q2 2019: revenue € 5,957 million



Q2 2019: EBITA € 277 million



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

revenue in millions of €	Q2 2019	Q2 2018	organic Δ%[1]	6M 2019	6M 2018	organic Δ%[1]
North America	1,092	1,027	1%	2,134	1,988	1%
France	959	975	(2)%	1,838	1,872	(1)%
Netherlands	851	863	(3)%	1,681	1,697	(1)%
Germany	512	616	(15)%	1,045	1,207	(13)%
Belgium & Luxembourg	393	410	(4)%	777	798	(2)%
Italy	429	427	0%	818	819	1%
Iberia	369	375	2%	721	726	1%
Other European countries	541	553	(1)%	1,079	1,098	(1)%
Rest of the world	520	489	10%	1,008	946	10%
Global businesses	291	287	(2)%	574	554	1%
Revenue	5,957	6,022	(2)%	11,675	11,705	(1)%

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	Q2 2019	EBITA margin[1]	restated Q2 2018	EBITA margin[1]	organic Δ%[2]	6M 2019	EBITA margin[1]	restated 6M 2018	EBITA margin[1]	organic Δ%[2]
North America	68	6.3%	57	5.6%	13%	117	5.5%	98	4.9%	12%
France	60	6.2%	52	5.3%	16%	106	5.8%	102	5.4%	4%
Netherlands	49	5.7%	50	5.8%	(4)%	92	5.4%	94	5.5%	(2)%
Germany	13	2.5%	28	4.7%	(56)%	26	2.5%	47	3.9%	(44)%
Belgium & Luxembourg	22	5.7%	29	7.0%	(22)%	45	5.8%	53	6.6%	(14)%
Italy	29	6.6%	27	6.2%	7%	52	6.3%	50	6.1%	4%
Iberia	20	5.4%	20	5.3%	1%	38	5.2%	37	5.1%	1%
Other European countries	12	2.2%	14	2.4%	(13)%	27	2.5%	29	2.6%	(6)%
Rest of the world	27	5.3%	25	5.2%	8%	48	4.8%	39	4.1%	23%
Global businesses	(5)	(1.8)%	2	0.6%	n.a.	(10)	(1.8)%	(5)	(0.9)%	n.a.
Corporate	(18)		(16)			(37)		(34)		
EBITA before integration costs and one-offs[3]	277	4.7%	288	4.8%	(5)%	504	4.3%	510	4.4%	(2)%
Integration costs and one-offs	(8)		(18)			(17)		(27)		
EBITA	269		270			487		483		

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 1% (Q1 2019: up 2%). Perm fees were up 6% (Q1 2019: flat). In Q2 2019, revenue of our combined US businesses was up 1% (Q1 2019: up 3%). US Staffing/Inhouse Services was stable YoY, reflecting tougher comparables (Q1 2019: up 3%). US Professionals revenue was up 2% (Q1 2019: up 2%). In Canada, revenue was up 1% (Q1 2019: down 2%). EBITA margin for the region came in at 6.3%, compared to 5.6% last year.

france

In France, revenue was down 2% (Q1 2019: flat), maintaining our strict pricing discipline. Perm fees were up 7% compared to last year (Q1 2019: up 9%). Staffing/Inhouse Services revenue declined 5% (Q1 2019: down 3%). Our Professionals business was up 11% (Q1 2019: up 9%), driven by Ausy and healthcare. EBITA margin was 6.2% compared to 5.3% last year, primarily driven by our strong focus on client profitability.

netherlands

In the Netherlands, revenue was down 3% YoY (Q1 2019: up 1%) and above market. Overall perm fees were up 2% (Q1 2019: up 20%). Our Staffing and Inhouse Services businesses were down 4% (Q1 2019: flat), while our Professionals business was up 5% (Q1 2019: up 7%). EBITA margin in the Netherlands was 5.7%, compared to 5.8% last year.

germany

In Germany, revenue per working day was down 15% YoY (Q1 2019: down 10%) but ahead of market, negatively impacted by regulation changes and lower activity in the automotive sector. Perm fees were down 11% compared to last year (Q1 2019: down 3%). Our combined Staffing/Inhouse Services business was down 19% (Q1 2019: down 13%), while Professionals was down 4% (Q1 2019: down 1%). EBITA margin in Germany was 2.5%, compared to 4.7% last year.

belgium & luxembourg

In Belgium & Luxembourg, revenue was down 4% (Q1 2019: up 1%). Perm fees were down 21% compared to last year (Q1 2019: flat). Our Staffing/Inhouse Services business was down 5% (Q1 2019: up 1%). Our EBITA margin was 5.7%, compared to 7.0% last year.

italy

Revenue per working day in Italy was stable compared to the prior year (Q1 2019: up 1%). Overall perm fees were up 11% (Q1 2019: up 29%). EBITA margin was 6.6%, compared to 6.2% last year.

iberia

In Iberia, revenue per working day was up 2% YoY (Q1 2019: flat). Perm fees were up 2% compared to last year (Q1 2019: up 14%). Staffing/Inhouse Services combined was up 1% (Q1 2019: flat). Spain was up 3% (Q1 2019: up 3%) while in Portugal, revenue was down 3% (Q1 2019: down 6%). Overall EBITA margin was 5.4% in Q2 2019, compared to 5.3% last year.

other european countries

Across 'Other European countries', revenue per working day was down 1% (Q1 2019: flat). In the UK, revenue was flat (Q1 2019: up 3%), while in the Nordics, revenue was down 7% on an organic basis (Q1 2019: down 10%). Revenue in our Swiss business was up 1% YoY (Q1 2019: up 2%). Overall EBITA margin for the 'Other European countries' region was 2.2% compared to 2.4% last year.

rest of the world

Overall revenue in the 'Rest of the world' region grew by 10% organically (Q1 2019: up 10%). In Japan, revenue grew 9% (Q1 2019: up 5%). Revenue in Australia/New Zealand grew 2% (Q1 2019: up 5%), while revenue in China grew by 9% YoY (Q1 2019: up 12%). Our business in India was up 19% (Q1 2019: up 21%), while in Latin America revenue grew 28% (Q1 2019: up 24%), driven by Argentina and Brazil. Overall EBITA margin in this region was 5.3%, compared to 5.2% last year.

global businesses

Overall organic revenue growth per working day was down 2% (Q1 2019: up 4%). Randstad Sourceright revenue increased by 4% (Q1: up 13%), while Monster revenue was down by 16% (Q1 2019: down 17%). Overall EBITA margin came in at -1.8% compared to 0.6% last year, primarily reflecting the timing of strategic investments.

performance by revenue category

revenue in millions of €	Q2 2019	Q2 2018	organic Δ%[1]	6M 2019	6M 2018	organic Δ%[1]
Staffing	3,052	3,157	(3)%	5,949	6,134	(3)%
Inhouse Services	1,333	1,351	(2)%	2,621	2,609	0%
Professionals	1,281	1,227	3%	2,531	2,408	3%
Global Businesses	291	287	(2)%	574	554	1%
Revenue	5,957	6,022	(2)%	11,675	11,705	(1)%

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 decreased by 1.7% in Q2 2019. In June, revenue decreased at a similar pace. The development of volumes in early July indicate a continuation of the Q2 2019 trend.

Q3 2019 gross margin is expected to be slightly lower sequentially given seasonality.

For Q3 2019, we expect slightly lower operating expenses sequentially.

There will be a positive 0.9 working day impact in Q3 2019.

M&A
In July 2019, Randstad has signed an agreement to acquire Aurec Group in Australia, a leader in IT Professional staffing solutions. Aurec generated revenues of AUD 107 million (€ 66 million) over the last year.

Also in July 2019, Randstad subsidiary Ausy announced it has expanded its 5%-stake in Optedis towards a 100% acquisition. Optedis is specialized in engineering projects in networks and telecom and generated € 8 million revenues in 2018.

Both acquisitions fit into Randstad's strategic ambition to increase the Professionals business not only organically, but also by bolt-on acquisitions, and will be EVA enhancing within three years.

digital strategy update
A major milestone reached was the finalization of our worldwide cloud migration. Migrating over 925 applications from more than 50 data centers is an important foundation of our digital strategy. It gives agility to develop and deploy new applications faster, to make IT costs more variable and to leverage new technologies like AI and machine learning. Another milestone was the successful implementation of new front office systems in Germany and Japan. These systems enable our sales and recruiting colleagues to focus even more on the human touch.

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 (July 23, 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 by combining the power of today's technology with our passion for people. We call it Human Forward. In 2018, we helped more than 2.5 million candidates find a meaningful job with our almost 250,000 clients. Furthermore, we trained over 300,000 people. 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 generated revenue of € 23.8 billion. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands. Randstad N.V. is listed on the NYSE Euronext Amsterdam (symbol: RAND.AS). For more information, see https://www.randstad.com/.

half-year report

2019.

randstad

human forward.

key financials

in millions of €, unless otherwise indicated - underlying	6M 2019	restated 6M 2018	yoy change
Revenue	11,675	11,705	0%
Gross profit	2,321	2,305	1%
Operating expenses	1,817	1,795	1%
Underlying EBITA	504	510	(1)%

Margins (in % of revenue)			
Gross margin	19.9%	19.7%	
Operating expenses margin	15.6%	15.3%	
Underlying EBITA margin	4.3%	4.4%	

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

revenue

Organic revenue per working day declined by 0.6% in H1 2019 resulting in revenue of € 11,675. Revenue per working day was up 0.5% in the first quarter and down 1.7% in the second quarter.

gross profit

Gross margin was 19.9%, 20bp above H1 2018. Temporary staffing had a 10bp positive effect on gross margin, primarily reflecting improving price/mix effects. Permanent placements had a 10bp positive effect on gross margin, while HRS/other had a neutral impact.

operating expenses

Operating expenses decreased by 1% organically. The organic decrease in our cost base is the balance of tight field steering and investments in future topline growth. Overall headcount is flat compared to the prior year.

EBITA

Underlying EBITA decreased to € 504 million. EBITA margin reached 4.3%, down 10bp compared to H1 2018.

key financials, actual

in millions of €, unless otherwise indicated	6M 2019	restated 6M 2018	change
Underlying EBITA	504	510	(1)%
Integration costs and one-offs	(17)	(27)	
EBITA	487	483	1%
Amortization of intangible assets	(61)	(63)	
Operating profit	426	420	
Net finance costs	(19)	(8)	
Share of profit of associates	2	-	
Income before taxes	409	412	(1)%
Taxes on income	(110)	(91)	
Net income	299	321	(7)%

net finance income/(costs)

Net finance costs amounted to € 19 million, compared to € 8 million net finance costs in the first half of 2018. Interest expenses on our net debt position were € 11 million, compared to € 9 million in the first half of 2018; interest expenses related to lease liabilities were € 11 million (H1 2018: € 11 million). Foreign currency and other effects had a positive impact of € 3 million (H1 2018: € 12 million).

net income

Adjusted net income attributable to holders of ordinary shares amounted to € 350 million, compared to € 381 million in the first six months of 2018. As a result, diluted underlying EPS decreased from € 2.07 to € 1.91.

cash flow

In the first six months of 2019, free cash flow amounted to € 23 million positive compared to € 35 million negative in H1 2018.

cash flow summary

in millions of €	6M 2019	restated 6M 2018	change
EBITA	487	483	1%
Depreciation, amortization and impairment of property, plant, equipment, right of use assets, and software	139	147	
EBITDA	626	630	(1)%
Operating working capital	(335)	(240)	
Provisions and employee benefit obligations	(12)	(6)	
All other items	22	(46)	
Income taxes	(109)	(210)	
Net cash flow from operating activities	192	128	50%
Net capital expenditures	(56)	(51)	
Repayments of lease liabilities	(113)	(112)	
Free cash flow[1]	23	(35)	166%
Net (acquisitions)/disposals	1	(13)	
Dividends from associates	3	3	
Issue of ordinary shares	-	1	
Purchase of own ordinary shares	-	(15)	
Dividend on ordinary and preference shares	(429)	(392)	
Net finance costs	(6)	(5)	
Translation and other effects	22	(23)	
Net (increase) of net debt	(386)	(479)	

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

effects from implementation of IFRS 16 'Leases'

See the paragraph effects from implementation of IFRS 16 'Leases' for the effects on the balance sheet, income statement and the statement of cashflows for comparative 2018 figures (page 30).

risk profile

With regard to risks and opportunities, reference is made to our 2018 annual report (pages 89 to 100). The key risks and opportunities did not change materially in H1 2019. The risks identified represent the key challenges we currently face, and we expect them to be applicable in the second half of 2019. We continue to closely monitor the key risks and opportunities, and will respond appropriately to any emerging risk. We have a wide geographical coverage, which spreads our exposure across mature and emerging markets, which are experiencing different economic conditions. Since it remains difficult to predict future economic developments, we focus on responding to actual performance in each of our local markets. Our business model, processes and weekly indicators help to ensure that we are flexible enough to respond to these economic conditions. To protect our working capital positions, we keep the cash levels in our countries to a minimum. More information on how we manage performance can be found on pages 72-82 of our 2018 annual report.

auditors' involvement

The consolidated interim financial statements and the Interim Directors' Report have not been audited or reviewed by an external auditor.

conclusion

In conjunction with the EU Transparency Directive as incorporated in the Dutch Financial Markets Supervision Act ('Wet op het financieel toezicht'), the Executive Board declares that, to the best of its knowledge:

- The consolidated interim financial statements as at June 30, 2019 and for the six month period ended at June 30, 2019 have been prepared in accordance with IFRS (IAS 34) as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and results of Randstad N.V. and its consolidated Group companies taken as a whole; and

- This Interim Directors' Report (as set out on pp. 1-18) gives a fair view of the information required pursuant to section 5:25d (8)/(9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Diemen, the Netherlands, July 22, 2019 The Executive Board,

Jacques van den Broek

François Béharel

Karen Fichuk

Rebecca Henderson

Chris Heutink

Henry Schirmer

interim financial statements
Q2 2019.

actuals

consolidated income statement

in millions of €, unless otherwise indicated	Q2 2019	restated Q2 2018	6M 2019	restated 6M 2018
Revenue	5,957	6,022	11,675	11,705
Cost of services	4,764	4,831	9,354	9,400
Gross profit	1,193	1,191	2,321	2,305
Selling expenses	645	640	1,268	1,269
General and administrative expenses	279	281	566	553
Operating expenses	924	921	1,834	1,822
Amortization and impairment of acquisition-related intangible assets and goodwill	31	30	61	63
Total operating expenses	955	951	1,895	1,885
Operating profit	**238**	**240**	**426**	**420**
Net finance (costs) / income	(12)	4	(19)	(8)
Share of profit of associates	1	-	2	-
Income before taxes	227	244	409	412
Taxes on income	(61)	(53)	(110)	(91)
Net income	**166**	**191**	**299**	**321**
Net income attributable to:				
Holders of ordinary shares Randstad N.V.	163	188	293	315
Holders of preference shares Randstad N.V.	3	3	6	6
Equity holders	166	191	299	321
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	0.89	1.02	1.60	1.72
Diluted earnings per share	0.89	1.02	1.60	1.71
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	1.04	1.21	1.91	2.07

information by geographical area and revenue category

revenue by geographical area

in millions of €	Q2 2019	Q2 2018	6M 2019	6M 2018
North America	1,092	1,027	2,134	1,988
France	959	975	1,838	1,872
Netherlands	852	864	1,683	1,699
Germany	512	616	1,045	1,207
Belgium & Luxembourg	394	411	779	799
Italy	429	427	818	819
Iberia	370	375	722	726
Other European countries	543	555	1,083	1,101
Rest of the world	520	489	1,009	946
Global Businesses	293	289	578	559
Elimination of intersegment revenue	(7)	(6)	(14)	(11)
Revenue	5,957	6,022	11,675	11,705

EBITA by geographical area

in millions of €	Q2 2019	restated Q2 2018	6M 2019	restated 6M 2018
North America	68	58	117	99
France	59	51	104	100
Netherlands	49	45	92	86
Germany	9	28	22	47
Belgium & Luxembourg	22	29	45	52
Italy	28	27	51	50
Iberia	20	20	38	37
Other European countries	10	14	25	29
Rest of the world	27	25	48	38
Global Businesses	(5)	(11)	(18)	(21)
Corporate	(18)	(16)	(37)	(34)
EBITA[1]	269	270	487	483

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

revenue by revenue category

in millions of €	Q2 2019	Q2 2018	6M 2019	6M 2018
Staffing	3,057	3,161	5,959	6,140
Inhouse	1,333	1,351	2,621	2,609
Professionals	1,281	1,227	2,531	2,408
Global businesses	293	289	578	559
Elimination of intersegment revenue	(7)	(6)	(14)	(11)
Revenue	5,957	6,022	11,675	11,705

consolidated balance sheet

in millions of €	june 30, 2019	restated december 31, 2018	restated june 30, 2018
assets			
Property, plant and equipment	154	159	158
Right of use assets	549	563	567
Intangible assets	3,345	3,381	3,515
Deferred income tax assets	601	588	499
Financial assets and associates	581	581	615
Non-current assets	5,230	5,272	5,354
Trade and other receivables	5,038	4,875	4,974
Income tax receivables	149	106	96
Cash and cash equivalents	330	273	403
Current assets	5,517	5,254	5,473
Total assets	**10,747**	**10,526**	**10,827**
equity and liabilities			
Issued capital	26	26	26
Share premium	2,286	2,286	2,286
Reserves	1,841	2,134	1,720
Shareholders' equity	4,153	4,446	4,032
Non-controlling interests	1	1	1
Total equity	4,154	4,447	4,033
Borrowings (including lease liabilities)	926	935	1,179
Deferred income tax liabilities	56	47	45
Provisions and employee benefit obligations	185	183	179
Other liabilities	7	9	6
Non-current liabilities	1,174	1,174	1,409
Borrowings (including lease liabilities)	1,430	978	1,393
Trade and other payables	3,577	3,755	3,723
Dividends	203	-	126
Income tax liabilities	122	73	54
Provisions and employee benefit obligations	85	97	78
Other liabilities	2	2	11
Current liabilities	5,419	4,905	5,385
Total liabilities	6,593	6,079	6,794
Total equity and liabilities	**10,747**	**10,526**	**10,827**

consolidated statement of cash flows

in millions of €	Q2 2019	restated Q2 2018	6M 2019	restated 6M 2018
Operating profit	238	240	426	420
Amortization and impairment of acquisition-related intangible assets and goodwill	31	30	61	63
EBITA	269	270	487	483
Depreciation, amortization and impairment of property, plant, equipment, right of use assets, and software	70	78	139	147
EBITDA	339	348	626	630
Provisions and employee benefit obligations	(7)	(4)	(12)	(6)
Share-based compensations	10	10	20	19
Gain on disposal of subsidiaries/activities	-	-	-	(2)
Other items	(1)	(32)	2	(63)
Cash flow from operations before operating working capital and income taxes	341	322	636	578
Operating working capital assets	(134)	(203)	(156)	(289)
Operating working capital liabilities	(76)	89	(179)	49
Operating working capital	(210)	(114)	(335)	(240)
Income taxes	(21)	(132)	(109)	(210)
Net cash flow from operating activities	**110**	**76**	**192**	**128**
Net additions in property, plant and equipment, and software	(28)	(30)	(56)	(51)
Acquisition of subsidiaries, associates and equity investments	(4)	(16)	(6)	(23)
Disposal of subsidiaries/activities and equity investments	5	-	7	10
Dividend from associates	3	3	3	3
Net cash flow from investing activities	**(24)**	**(43)**	**(52)**	**(61)**
Issue of new ordinary shares	-	-	-	1
Net purchase of own ordinary shares	-	-	-	(15)
Net repayments of non-current borrowings	-	162	-	75
Repayments of lease liabilities	(57)	(56)	(113)	(112)
Net financing	(57)	106	(113)	(51)
Net finance costs paid	(4)	(3)	(6)	(5)
Dividend on ordinary and preference shares	(429)	(392)	(429)	(392)
Net reimbursement to financiers	(433)	(395)	(435)	(397)
Net cash flow from financing activities	**(490)**	**(289)**	**(548)**	**(448)**
Net (decrease) in cash, cash equivalents, and current borrowings	(404)	(256)	(408)	(381)
Cash, cash equivalents, and current borrowings at beginning of period	(493)	(517)	(491)	(386)
Net movement	(404)	(256)	(408)	(381)
Translation and currency gains/(losses)	-	(4)	2	(10)
Cash, cash equivalents, and current borrowings at end of period	(897)	(777)	(897)	(777)
Free cash flow	25	(10)	23	(35)

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

	April 1 - June 30		January 1 - June 30	
in millions of €	2019	restated 2018	2019	restated 2018
Begin of period				
Shareholders' equity	3,985	3,809	4,478	4,250
Non-controlling interests[1]	1	1	1	1
Total equity	**3,986**	**3,810**	**4,479**	**4,251**
Effect IFRS 16 'Leases'	-	(32)	(32)	(36)
Restated value	**3,986**	**3,778**	**4,447**	**4,215**
Net income for the period	166	191	299	321
Items that subsequently may be reclassified to the income statement	(13)	55	17	10
Items that will never be reclassified to the income statement	5	-	6	1
Total other comprehensive income, net of taxes	(8)	55	23	11
Total comprehensive income	**158**	**246**	**322**	**332**
Other changes in period:				
Dividend payable on ordinary shares	416	379	(203)	(126)
Dividend paid on ordinary shares	(416)	(379)	(416)	(379)
Dividend payable on preference shares	13	13	-	-
Dividend paid on preference shares	(13)	(13)	(13)	(13)
Share-based compensations	10	10	20	19
Tax on share-based compensations	-	-	(3)	-
Issue of ordinary shares	-	-	-	1
Net purchase of ordinary shares	-	-	-	(15)
Acquisition of non-controlling interests	-	(1)	-	(1)
Total other changes in period	**10**	**9**	**(615)**	**(514)**
End of period	4,154	4,033	4,154	4,033
Shareholder's equity	4,153	4,032	4,153	4,032
Non-controlling interests[1]	1	1	1	1
Total equity	**4,154**	**4,033**	**4,154**	**4,033**

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 six month period ended June 30, 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 for almost all lease contracts a 'right of use' asset, representing our right to use the underlying asset and a liability, representing our obligation to make lease payments. 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 effects 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 related right of use assets are adjusted to reflect the change in the re-measured liabilities.

right of use assets

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

- The initial measurement of the lease liability,
- Lease payments made before commencement date of the lease, less any lease incentives received,
- Initial direct costs,
- Costs to restore.

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 carrying amount of the related right of use asset is impaired to the recoverable amount, which tends to be zero.

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 underlying right of use assets arising from the headlease have been transferred. Sublease contracts with the classification of financial leases are recognized as a net investment in sublease, which is presented as a financial asset. The carrying amount of the underlying right of use asset is derecognized. The net investment in subleases is measured at the present value of the (future) lease receipts, discounted using our incremental borrowing rate at commencement date of the sublease. Sublease contracts with the classification of operating leases result 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 six month period ended June 30, 2019 is 26.8% (H1, 2018: 22.5%), 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

The net cash inflow for acquisitions in Q2, 2019 amounted to € 1m (Q2, 2018: € 16m outflow) and consisted of € 5m cash inflow related to disposals of equity investments and € 4m cashout related to acquisitions in equity investments.

shareholders' equity

Issued number of ordinary shares	2019	2018
January 1	183,301,821	183,264,045
Share-based compensations	1,731	37,776
June 30	183,303,552	183,301,821

As at June 30, 2019 the Group held 21,834 treasury shares (June 30, 2018: 197,616), 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 June 30, 2019, December 31, 2018, and June 30, 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	Q2 2019	restated Q2 2018	6M 2019	restated 6M 2018
Net income	166	191	299	321
Net income attributable to holders of preference shares	(3)	(3)	(6)	(6)
Net income attributable to holders of ordinary shares	163	188	293	315
Amortization of intangible assets[1]	31	30	61	63
Integration costs,one-offs and impairments	8	18	17	27
Tax effect on amortization, integration costs, and one-offs	(10)	(13)	(21)	(24)
Adjusted net income for holders of ordinary shares	192	223	350	381
Average number of ordinary shares outstanding	183.3	183.1	183.2	183.0
Average number of diluted ordinary shares outstanding	183.9	183.8	183.7	183.7

Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	0.89	1.02	1.60	1.72
Diluted earnings per share	0.89	1.02	1.60	1.71
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs[2]	1.04	1.21	1.91	2.07

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

net debt position

Net debt including lease liabilities at June 30, 2019 amounted to € 2,026 million, and was € 386 million higher compared to December 31, 2018 (€ 1,640 million). The net debt position excluding lease liabilities as at June 30, 2019 (€ 1,394 million) was € 409 million higher compared to the net debt position as at December 31, 2018 (€ 985 million), which -on balance- is mainly explained by dividend payments of € 429 million in Q2 2019, while free cash flow amounted to € 23 million H1 2019.

breakdown of operating expenses

in millions of €	Q2 2019	restated Q2 2018	6M 2019	restated 6M 2018
Personnel expenses	683	680	1,360	1,343
Other operating expenses	241	241	474	479
Operating expenses	924	921	1,834	1,822

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

in millions of €	Q2 2019	restated Q2 2018	6M 2019	restated 6M 2018
Depreciation of property, plant and equipment	14	12	27	25
Amortization and impairment of software	9	10	17	18
Depreciation of property, plant and equipment, and amortization of software	23	22	44	43
Depreciation and impairment of right of use assets	47	56	95	104
Total	70	78	139	147

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

in millions of €	Q2 2019	Q2 2018	6M 2019	6M 2018
Additions				
Property, plant and equipment	(12)	(18)	(25)	(32)
Software	(17)	(12)	(34)	(22)
	(29)	(30)	(59)	(54)
Disposals				
Procreeds property, plant and equipment	1	-	3	3
(Profit)/Loss	-	-	-	-
	1	-	3	3
Statement of cash flows	(28)	(30)	(56)	(51)

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 discounted 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

The Group extended the maturity term of its multi-currency syndicated revolving credit facility with one year from July 2023 to July 2024. From July 2023, the amount at the disposal of the Group changes from € 1,850 million to € 1,778 million; other terms and conditions remain unchanged.

The Group announced on July 12, 2019 that it signed an agreement to acquire, through its subsidiary Randstad Australia, the Aurec Group. This company, based in Australia, has its activities mainly in the professionals (technology) segment. The details of the agreement are subject to several conditions, which parties expect to be fulfilled in the coming weeks.

Stichting Randstad Pensioenfonds is transferring the pension entitlements of the employees of Randstad Groep Nederland BV and Randstad NV to Stichting 'Het nederlandse pensioenfonds'. As part of the transfer Randstad will pay a one-time settlement amount of EUR 16 mln related to the future execution of the pension plans.

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, June 30, 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 €	June 30, 2018			March 31, 2018		
	Reported	Effects IFRS 16	Restated	Reported	Effects IFRS 16	Restated
Property, plant, equipment and software	244	-	244	231	-	231
Right of use assets	-	567	567	-	580	580
Goodwill and acquisition-related intangibles	3,429	-	3,429	3,406	-	3,406
Deferred income tax assets	488	11	499	444	10	454
Financial assets and associates	603	12	615	568	13	581
Total non-current assets	**4,764**	**590**	**5,354**	**4,649**	**603**	**5,252**
Working capital assets/(liabilities), excluding lease liabilities	**275**	**26**	**301**	**(63)**	**24**	**(39)**
Lease liabilities (current part)	-	(213)	(213)	-	(209)	(209)
Working capital assets/(liabilities)	**275**	**(187)**	**88**	**(63)**	**(185)**	**(248)**
Non-current borrowings, excluding lease liabilities	(730)	-	(730)	(542)	-	(542)
Lease liabilities (non-current part)	-	(449)	(449)	-	(458)	(458)
Deferred income tax liabilities	(45)	-	(45)	(43)	-	(43)
Provisions and employee benefit obligations	(190)	11	(179)	(185)	8	(177)
Other liabilities	(6)	-	(6)	(6)	-	(6)
Total non-current (liabilities)	**(971)**	**(438)**	**(1,409)**	**(776)**	**(450)**	**(1,226)**
Total equity	**(4,068)**	**35**	**(4,033)**	**(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 acquisiton-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 acquisiton-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 €	June 30, 2019	December 31, 2018	June 30, 2018	December 31, 2017
Right of use buildings	452	463	477	487
Right of use cars	89	92	89	93
Right of use IT and other equipment	8	8	1	1
Right of use assets, net book value	549	563	567	581