3rd quarter results 2018.

randstad

human forward.

contents

Q3 2018: further EBITA margin progression.

organic revenue growth

+2.7%

underlying EBITA

€ 299m

EBITA margin

5.0%

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

gross margin 19.8%; pricing climate stable; perm fees up 13%

underlying EBITA of € 299 million; EBITA margin 5.0%, + 10bp YoY

organic opex up 1% (Q2 2018: up 2%); L4Q ICR around 50%

FCF up 24% YoY to

€ 220m

topline trends September and early October in line with Q3

"We further improved our margin and strong free cash flow conversion in Q3," says CEO Jacques van den Broek. "Our organic sales growth was 3%, reflecting accelerating sales growth in North America and Rest of the world, but slowing activity in Europe in line with recent macro trends. Supported by strong cost management, we were able to deliver ongoing sound shareholder returns. At the same time we continue to invest in the future of our company by scaling up our digital initiatives around the world. The roll-out of workforce scheduling, data-driven sales and talent engagement now spans over 25 countries. These initiatives benefit both clients and talents with improved services and communication and foster great excitement in our company and with our consultants. This is how we contribute to our ultimate goal: touching the work lives of 500 million people worldwide by 2030."

financial performance.

core data

in millions of €, unless otherwise indicated - underlying	Q3 2018	Q3 2017	yoy change	% org.	L4Q 2018	L4Q 2017	yoy change	% org.
Revenue	6,006	5,872	2%	3%	23,689	22,820	4%	6%
Gross profit	1,191	1,178	1%	2%	4,698	4,612	2%	4%
Operating expenses	892	891	0%	1%	3,592	3,586	0%	2%
EBITA, underlying[1]	299	287	4%	5%	1,106	1,026	8%	9%
Integration costs and one-offs	(16)	(27)			(57)	(94)		
EBITA	283	260	9%		1,049	932	13%	
Amortization of intangible assets[2]	(29)	(33)			(122)	(137)		
Operating profit	254	227			927	795		
Net finance income/(costs)	(10)	(10)			(10)	(20)		
Share of profit/(loss) of associates	1	1			1	-		
Income before taxes	245	218	12%		918	775	18%	
Taxes on income	(55)	(53)			(210)	(190)		
Net income	190	165	15%		708	585	21%	
Adj. net income for holders of ordinary shares[3]	220	202	9%		825	734	12%	
Free cash flow	220	177	24%		571	412	39%	
Net debt	1,419	1,389	2%					
Leverage ratio (net debt/12-month EBITDA)	1.2	1.4	(14)%					
DSO (Days Sales Outstanding), moving average	54.0	52.5	3%					
Margins (in % of revenue)								
Gross margin	19.8%	20.1%			19.8%	20.2%		
Operating expenses margin	14.9%	15.2%			15.2%	15.7%		
EBITA margin, underlying	5.0%	4.9%			4.7%	4.5%		
Share data								
Basic earnings per ordinary share (in €)	1.02	0.88	16%		3.80	3.14	21%	
Diluted earnings per ordinary share, underlying (in €)[3]	1.20	1.10	9%		4.48	3.99	12%	

1 EBITA adjusted for integration costs and one-offs.
2 Amortization and impairment of acquisition-related intangible assets and goodwill.
3 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs. See table 'Earnings per share' on page 21.

revenue

Organic revenue per working day grew by 2.7% in Q3 resulting in revenue of € 6,006 million (Q2 2018: up 5.0%). Reported revenue was 2.3% above Q3 2017, of which working days had a positive effect of 0.3% while FX had a negative effect of 0.7%.

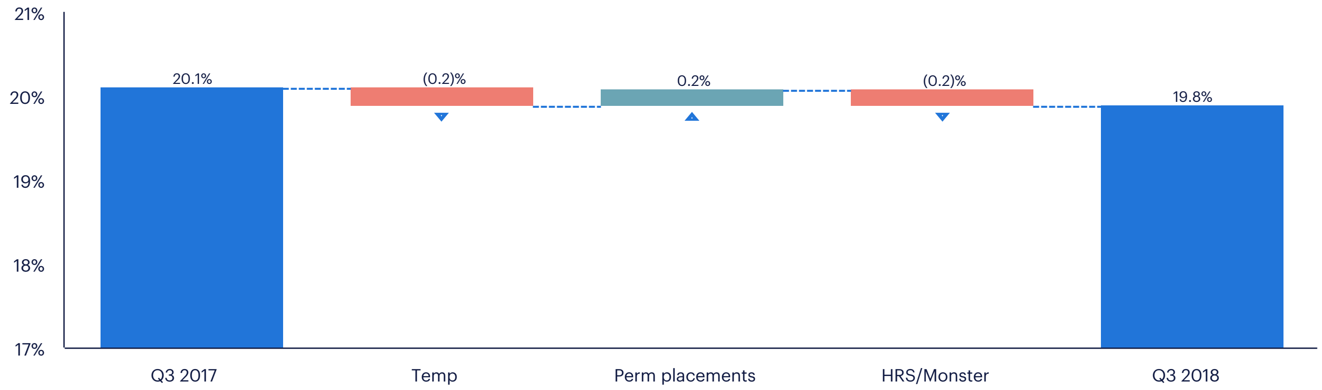
In North America, revenue per working day increased 3% (Q2 2018: up 2%). Growth in the US was up 4% (Q2 2018: up 2%), while Canada was up 2% YoY (Q2 2018: flat). In Europe, revenue per working day grew by 2% (Q2 2018: up 5%). Revenue in France was down 1% (Q2 2018: up 3%), while the Netherlands grew by 4% (Q2 2018: up 4%). Germany was down 2% (Q2 2018: up 6%), while sales growth in Belgium was up 3% (Q2 2018: up 7%). Italy grew by 7% (Q2 2018: up 10%), while revenue in Iberia was up 1% (Q2 2018: up 3%). In the 'Rest of the world' region, revenue increased 12% (Q2 2018: up 11%); Japan increased by 7% (Q2 2018: up 9%), while Australia & New Zealand rose by 14% (Q2 2018: up 7%).

Perm fees grew by 13% (Q2 2018: up 14%), with Europe up 13% (Q2 2018: up 17%) and North America growing 10% (Q2 2018: up 6%). In the 'Rest of the world' region, perm fees growth amounted to 16% (Q2 2018: up 19%). Perm fees made up 10.5% of gross profit.

gross profit

In Q3 2018, gross profit amounted to € 1,191 million. Organic growth was 1.7% (Q2 2018: up 2.9%), impacted by adverse mix effects related to Monster. Currency effects had a negative impact on gross profit of € 6 million compared to Q3 2017.

year-on-year gross margin development (%)

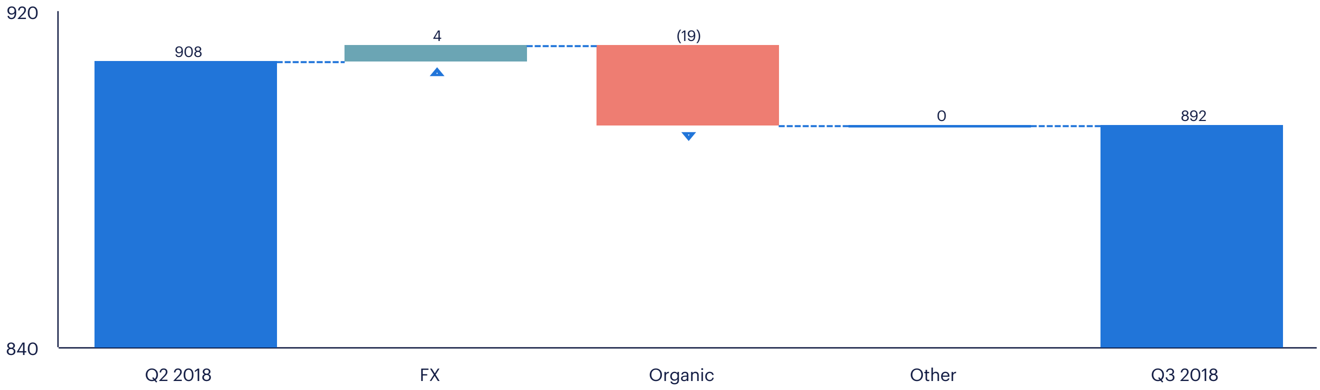


Gross margin was 19.8%, 30bp below Q3 2017 (as shown in the graph above). Temporary staffing had a 20bp negative effect on gross margin (Q2 2018: down 30bp), primarily given adverse mix effects and changes in CICE in France. Permanent placements had 20bp positive effect on gross margin, while HRS/Monster had a negative impact of 20bp.

operating expenses

On an organic basis, operating expenses decreased by € 19 million sequentially to € 892 million. This reflects our strong ability to adjust the cost base to changing market conditions, while still investing in future growth opportunities (including digital). The cost optimization program within Monster is fully on track. Compared to last year, operating expenses were up 1% (Q2 2018: up 2%) organically, while there was a € 4 million positive FX impact.

sequential OPEX development Q2 -> Q3 in € M



Personnel expenses were down 3% sequentially. Average headcount (in FTE) amounted to 39,100 for the quarter, up 1% compared to Q2 2018 and 4% higher organically YoY. Productivity (measured as gross profit per FTE) was stable YoY. We operated a network of 4,800 outlets (Q2 2018: 4,773).

Operating expenses in Q3 2018 were adjusted for a total of € 16 million one-offs, primarily related to restructuring costs at Monster. Last year's cost base was adjusted for a total of € 27 million one-off costs.

EBITA

Underlying EBITA increased organically by 5% to € 299 million. Currency effects had a € 2 million adverse impact YoY. EBITA margin reached 5.0%, 10bp higher than Q3 2017. We achieved an organic incremental conversion ratio (ICR)[1] of around 50% over the last four quarters.

net finance income/(costs)

In Q3 2018, net finance costs were € 10 million, similar to Q3 2017. Interest expenses on our net debt position were € 4 million (Q3 2017: € 6 million). Foreign currency and other effects had an impact of € 6 million (Q3 2017: impact of € 4 million).

tax

The effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs amounted to 23.3% in the first nine months (9M 2017: 26.9%) and is based on the estimated effective tax rate for the whole year 2018. For 2018, we continue to expect an effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs of between 23% and 25%.

net income, earnings per share

In Q3 2018, adjusted net income rose by 9% YoY to € 220 million. Diluted underlying EPS amounted to € 1.20 (Q3 2017: € 1.10). The average number of diluted ordinary shares outstanding remained almost stable compared to Q3 2017 (183.6 million versus 184.0 million).

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

invested capital

Our invested capital mainly comprises goodwill and acquisition-related intangibles, net tax assets, and operating working capital.

in millions of €, unless otherwise indicated	september 30, 2018	june 30, 2018	march 31, 2018	december 31, 2017	september 30, 2017	june 30, 2017
Goodwill and acquisition-related intangible assets	3,386	3,429	3,406	3,475	3,519	3,582
Operating working capital (OWC)[1]	1,109	1,135	1,006	890	991	983
Net tax assets[2]	477	485	381	357	404	421
All other assets/(liabilities)[3]	697	526	76	555	555	515
Invested capital	5,669	5,575	4,869	5,277	5,469	5,501
Financed by						
Total equity	4,250	4,068	3,810	4,251	4,080	3,945
Net debt	1,419	1,507	1,059	1,026	1,389	1,556
Invested capital	5,669	5,575	4,869	5,277	5,469	5,501
Ratios						
DSO (Days Sales Outstanding), moving average	54.0	54.0	53.8	53.2	52.5	52.1
OWC as % of revenue over last 12 months	4.7%	4.8%	4.3%	3.8%	4.3%	4.4%
Leverage ratio (net debt/12-month EBITDA)	1.2	1.3	0.9	0.9	1.4	1.5
Return on invested capital[4]	14.3%	14.4%	17.6%	16.7%	15.3%	15.2%

1 Operating working capital: Trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies and interest receivable minus trade and other payables excluding interest payable.
2 Net tax assets: Deferred income tax assets and income tax receivables less deferred income tax liabilities and income tax liabilities.
3 All other assets/(liabilities), mainly containing property, plant & equipment, software plus financial assets and associates, less provisions and employee benefit obligations and other liabilities. As at March 31, 2018, dividend payable is also included (€ 518 million). As at June 30, 2018 dividend payable included is € 126 million).
4 Return on invested capital: underlying EBITA (last 12 months) less income tax paid (last 12 months) as percentage of invested capital.

Return on invested capital (ROIC) reached 14.3%, a 100bp decline year-on-year. This was mainly driven by higher taxes paid 2018 YTD related to prepayments to the Dutch tax authorities and prepayments in Rest of the world, to be refunded going forward. Underlying, ROIC increased year-on-year. Our primary focus on organic growth should further lift the Group's ROIC going forward.

Operating working capital decreased sequentially by € 26 million, reflecting lower sales growth. The moving average of Days Sales Outstanding (DSO) increased to 54.0 days (Q3 2017: 52.5), primarily due to adverse mix effects.

The sequential increase in 'all other assets/(liabilities)' is mainly explained by the timing of the special dividend announcement (€ 126 million) and actual payment in Q3 2018. The increase YoY is partially related to a net increase of the CICE receivable. The total CICE subsidy receivable is € 569 million, including a current portion of € 99 million.

At the end of Q3 2018, net debt was € 1,419 million, compared to € 1,389 million at the end of Q3 2017. A further analysis of the cash flow is provided in the next section. The leverage ratio was 1.2, compared to 1.4 at September 30, 2017. The syndicated credit facility allows a leverage ratio of up to 3.5, while we set ourselves a maximum leverage ratio of 2.

cash flow summary

in millions of €	Q3 2018	Q3 2017	change	L4Q 2018	L4Q 2017	change
EBITA	283	260	9%	1,049	932	13%
Depreciation and amortization of software	22	21		85	87	
EBITDA	305	281	9%	1,134	1,019	11%
Working capital	20	(15)		(122)	(235)	
Provisions and employee benefit obligations	(3)	15		(10)	18	
All other items	(21)	(30)		(23)	(103)	
Income taxes	(59)	(52)		(296)	(190)	
Net cash flow from operating activities	242	199	22%	683	509	34%
Net capital expenditures	(22)	(22)		(105)	(96)	
Financial assets	-	-		(7)	(1)	
Free cash flow	220	177	24%	571	412	39%
Net (acquisitions)/disposals[1]	-	(13)		(17)	(862)	
Dividends from associates	-	-		3	1	
Issue of ordinary shares	-	-		1	1	
Purchase of own ordinary shares	-	-		(36)	(39)	
Dividend on ordinary shares	(126)	-		(505)	(346)	
Dividend on preference shares	-	-		(13)	(13)	
Net finance costs	(8)	(5)		(18)	(17)	
Translation and other effects	2	8		(16)	35	
Net decrease/(increase) of net debt	88	167		(30)	(828)	

1 including acquired non-current borrowings in L4Q 2017

In the quarter, free cash flow amounted to € 220 million (up 24% YoY), up € 43 million versus Q3 2017. Over the L4Qs, free cash flow was € 571 million, up 39% compared to the prior-year L4Qs (€ 412 million).

Main driver for the increase in free cash flow YoY was the increase in EBITDA and reduced working capital requirements given lower revenue growth.

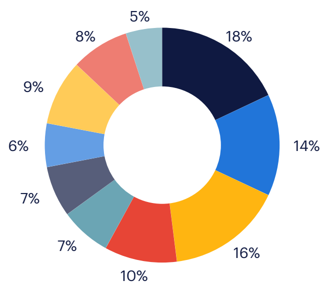
'All other items' include an amount of € 30 million in Q3 2018 from the Tax Credit and Competitive Employment Act (CICE) in France, which is included in the CICE receivable as at September 30, 2018.

performance.

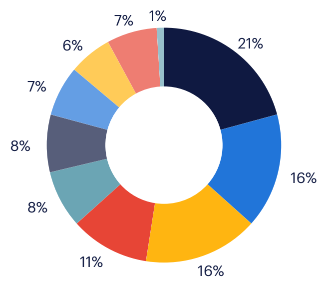
performance by geography

split by geography

Q3 2018: revenue € 6,006 million



Q3 2018: EBITA € 299 million



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

revenue in millions of €	Q3 2018	Q3 2017	organic Δ%[1]	9M 2018	9M 2017	organic Δ%[1]
North America	1,057	1,015	3%	3,045	3,193	2%
Netherlands	862	830	4%	2,559	2,469	4%
France	934	939	(1)%	2,806	2,680	4%
Germany	610	619	(2)%	1,817	1,746	4%
Belgium & Luxembourg	440	421	3%	1,238	1,160	6%
Italy	403	378	7%	1,222	1,092	11%
Iberia	380	374	1%	1,106	1,055	5%
Other European countries	547	541	3%	1,645	1,584	6%
Rest of the world	491	473	12%	1,437	1,434	11%
Global businesses	282	282	0%	836	882	1%
Revenue	6,006	5,872	3%	17,711	17,295	5%

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	Q3 2018	EBITA margin[1]	Q3 2017	EBITA margin[1]	organic Δ%[2]	9M 2018	EBITA margin[1]	9M 2017	EBITA margin[1]	organic Δ%[2]
North America	67	6.2%	63	6.2%	6%	163	5.3%	174	5.4%	0%
Netherlands	50	5.9%	53	6.3%	(3)%	144	5.6%	145	5.9%	0%
France	49	5.3%	56	6.0%	(12)%	149	5.3%	159	6.0%	(7)%
Germany	34	5.4%	38	6.1%	(13)%	80	4.4%	85	4.9%	(8)%
Belgium & Luxembourg	26	5.9%	26	6.1%	2%	77	6.2%	71	6.1%	8%
Italy	24	5.8%	22	5.9%	6%	72	5.9%	61	5.6%	18%
Iberia	21	5.4%	20	5.6%	(1)%	57	5.1%	52	5.0%	8%
Other European countries	19	3.6%	18	3.3%	13%	47	2.9%	45	2.9%	8%
Rest of the world	22	4.4%	16	3.3%	50%	59	4.1%	39	2.7%	68%
Global businesses	4	1.7%	(4)	(1.3)%	250%	2	0.3%	(12)	(1.3)%	127%
Corporate	(17)		(21)			(51)		(61)		
EBITA before integration costs and one-offs[3]	299	5.0%	287	4.9%	5%	799	4.5%	758	4.4%	7%
Integration costs and one-offs	(16)		(27)			(43)		(57)		
EBITA	283		260			756		701		

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

north america

In North America, revenue growth was up 3% (Q2 2018: up 2%). Perm fees grew 10% (Q2 2018: up 6%). In Q3 2018, revenue of our combined US businesses was up 4% (Q2 2018: up 2%). US Staffing/Inhouse Services grew by 5% (Q2 2018: up 5%). US Professionals revenue was up 1% (Q2 2018: down 1%). In Canada, revenue was up 2% (Q2 2018: flat). EBITA margin for the region came in at 6.2%, stable compared to last year.

netherlands

In the Netherlands, revenue was up 4% YoY (Q2 2018: up 4%). Overall perm fees were up 9% (Q2 2018: up 5%). Our Staffing and Inhouse Services businesses grew 2% (Q2 2018: up 2%), while our Professionals business was up 15% (Q2 2018: up 15%). Underlying EBITA margin in the Netherlands was 5.9%, compared to 6.3% last year.

france

In France, revenue growth was down 1% (Q2 2018: up 3%), impacted by a general market slowdown and strong focus on client profitability. Perm fees were up 22% compared to last year (Q2 2018: up 21%). Staffing/Inhouse Services revenue declined 4% (Q2 2018: up 2%). Our Professionals business was up 9% (Q2 2018: up 10%), driven by Ausy and healthcare. EBITA margin was 5.3% compared to 6.0% last year, reflecting the adverse impact of the CICE change and lower growth.

germany

In Germany, revenue per working day was down 2% YoY (Q2 2018: up 6%) and ahead of market, albeit negatively impacted by regulation changes and lower activity in the automotive sector. Perm fees were up 10% compared to last year (Q2 2018: up 29%). Our combined Staffing and Inhouse Services business was down 4% (Q2 2018: up 6%), while Professionals was up 7% (Q2 2018: up 7%). EBITA margin in Germany was 5.4%, compared to 6.1% last year.

belgium & luxembourg

In Belgium & Luxembourg, revenue was up 3% (Q2 2018: up 7%), still ahead of the market. Perm fees were up 34% compared to last year (Q2 2018: up 35%). Our Staffing/Inhouse Services business was up 3% (Q2 2018: up 7%). Our EBITA margin was 5.9%, compared to 6.1% last year.

italy

Revenue per working day in Italy grew by 7% compared to the prior year (Q2 2018: up 10%), impacted by tougher comparables. Overall perm fees were up 38% (Q2 2018: up 44%). EBITA margin was 5.8%, compared to 5.9% last year.

iberia

In Iberia, revenue increased 1% (Q2 2018: up 3%), impacted by tough comparables and slowing macro activity. Perm fees were up 4% compared to last year (Q2 2018: up 17%). Staffing/Inhouse Services combined grew by 1% (Q2 2018: up 3%). Spain was up 3% (Q2 2018: up 4%) while our focus on permanent placements (up 6%) continues to pay off. In Portugal, revenue was down 3% (Q2 2018: down 1%). Overall EBITA margin was 5.4% in Q3 2018, compared to 5.6% last year.

other european countries

Across 'Other European countries', revenue per working day grew 3% (Q2 2018: up 6%). In the UK, revenue was up by 3% (Q2 2018: up 7%), while perm fees were up by 2% (Q2 2018: down 4%). In the Nordics, revenue increased by 1% on an organic basis (Q2 2018: up 4%). Revenue in our Swiss business was up 6% YoY (Q2 2018: up 13%). Overall EBITA margin for the 'Other European countries' region was 3.6% compared to 3.3% last year.

rest of the world

Overall revenue in the 'Rest of the world' region grew by 12% organically (Q2 2018: up 11%). In Japan, revenue grew 7% (Q2 2018: up 9%). Revenue in Australia/New Zealand grew 14% (Q2 2018: up 7%), while revenue in China grew by 6% YoY (Q2 2018: up 7%). Our business in India was up 1% (Q2 2018: up 2%), while in Latin America revenue grew 30% (Q2 2018: up 35%), driven by Argentina and Brazil. Overall EBITA margin in this region was 4.4%, compared to 3.3% last year, primarily driven by a strong profitability increase in Japan and Australia.

global businesses

Overall revenue growth per working day was flat YoY organically (Q2 2018: up 3%). Randstad Sourceright delivered high single-digit revenue growth on tougher comps, while Monster revenue was down by 15% (Q2 2018: down 16%). Overall EBITA margin came in at 1.7% compared to -1.3% last year, reflecting improved results in both Sourceright and Monster.

performance by revenue category

revenue in millions of €	Q3 2018	Q3 2017	organic Δ%[1]	9M 2018	9M 2017	organic Δ%[1]
Staffing	3,160	3,106	1%	9,294	9,072	3%
Inhouse Services	1,330	1,328	5%	3,939	3,806	11%
Professionals	1,234	1,156	6%	3,642	3,535	5%
Global Businesses	282	282	0%	836	882	1%
Revenue	6,006	5,872	3%	17,711	17,295	5%

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 2.7% in Q3 2018. Revenue growth in September and the trend of volumes in early October indicate a continuation of the Q3 growth rate.

Q4 2018 gross margin is expected to be modestly lower sequentially.

For Q4 2018, we expect broadly stable operating expenses sequentially.

There will be a positive 1.1 working day impact in Q4 2018.

working days

	Q1	Q2	Q3	Q4
2018	63.5	62.1	64.1	63.4
2017	64.0	61.7	63.8	62.3
2016	62.5	63.1	64.8	62.8

financial calendar

Publication of fourth quarter and annual results 2018	February 12, 2019
Annual General Meeting of Shareholders	March 26, 2019
Publication of first quarter results 2019	April 24, 2019
Publication of second quarter results 2019	July 23, 2019

analyst and press conference call

Today (October 23, 2018), at 09.00 am CET, Randstad N.V. will be hosting an analyst conference call. The dial-in numbers are:

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

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

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

For more information please contact:

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

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

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

disclaimer

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

randstad profile

The Randstad Group is a global leader in the HR services industry and specialized in solutions in the field of flexible work and human resources services. We support people and organizations in realizing their true potential. 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 has top-three positions in Argentina, Belgium & Luxembourg, Canada, Chile, France, Germany, Greece, India, Italy, Mexico, the Netherlands, Poland, Portugal, Spain, Sweden, Switzerland and the United States, and major positions in Australia and Japan. At year-end 2017, Randstad had 38,331 corporate employees and 4,858 branches and Inhouse locations in 39 countries around the world. In 2017, Randstad generated revenue of € 23.3 billion. 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

Q3 2018.

actuals

consolidated income statement

in millions of €, unless otherwise indicated	Q3 2018	Q3 2017	9M 2018	9M 2017
Revenue	6,006	5,872	17,711	17,295
Cost of services	4,815	4,694	14,215	13,789
Gross profit	1,191	1,178	3,496	3,506
Selling expenses	633	649	1,909	1,962
General and administrative expenses	275	269	831	843
Operating expenses	908	918	2,740	2,805
Amortization and impairment of acquisition-related intangible assets and goodwill	29	33	92	104
Total operating expenses	937	951	2,832	2,909
Operating profit	254	227	664	597
Net finance (costs)	(10)	(10)	(7)	(20)
Share of profit of associates	1	1	1	1
Income before taxes	245	218	658	578
Taxes on income	(55)	(53)	(148)	(145)
Net income	190	165	510	433
Net income attributable to:				
Holders of ordinary shares Randstad N.V.	187	162	501	424
Holders of preference shares Randstad N.V.	3	3	9	9
Equity holders	190	165	510	433
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	1.02	0.88	2.74	2.32
Diluted earnings per share	1.02	0.88	2.73	2.31
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	1.20	1.10	3.27	2.89

information by geographical area and revenue category

revenue by geographical area

in millions of €	Q3 2018	Q3 2017	9M 2018	9M 2017
North America	1,057	1,015	3,045	3,193
Netherlands	863	831	2,562	2,472
France	934	940	2,806	2,681
Germany	611	619	1,818	1,746
Belgium & Luxembourg	440	421	1,239	1,161
Italy	403	378	1,222	1,092
Iberia	380	374	1,106	1,055
Other European countries	548	542	1,649	1,589
Rest of the world	491	473	1,437	1,434
Global Businesses	285	285	844	890
Elimination of revenue[1]	(6)	(6)	(17)	(18)
Revenue	6,006	5,872	17,711	17,295

1 Relates to intersegment revenue

EBITA by geographical area

in millions of €	Q3 2018	Q3 2017	9M 2018	9M 2017
North America	64	60	161	169
Netherlands	51	53	137	141
France	48	54	146	154
Germany	34	38	80	85
Belgium & Luxembourg	25	26	75	71
Italy	24	22	72	57
Iberia	21	20	57	52
Other European countries	19	18	47	42
Rest of the world	22	16	58	35
Global Businesses	(8)	(26)	(26)	(44)
Corporate	(17)	(21)	(51)	(61)
EBITA[1]	283	260	756	701

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

revenue by revenue category

in millions of €	Q3 2018	Q3 2017	9M 2018	9M 2017
Staffing	3,163	3,109	9,303	9,082
Inhouse	1,330	1,328	3,939	3,806
Professionals	1,234	1,156	3,642	3,535
Global businesses	285	285	844	890
Elimination of revenue[1]	(6)	(6)	(17)	(18)
Revenue	6,006	5,872	17,711	17,295

1 Relates to intersegment revenue

consolidated balance sheet

in millions of €	september 30, 2018	december 31, 2017	september 30, 2017
assets			
Property, plant and equipment	154	154	152
Intangible assets	3,477	3,555	3,592
Deferred income tax assets	495	438	469
Financial assets and associates	640	530	589
Non-current assets	4,766	4,677	4,802
Trade and other receivables	4,960	4,680	4,704
Income tax receivables	104	79	81
Cash and cash equivalents	381	326	276
Current assets	5,445	5,085	5,061
Total assets	10,211	9,762	9,863
equity and liabilities			
Issued capital	26	26	26
Share premium	2,286	2,284	2,284
Reserves	1,937	1,940	1,769
Shareholders' equity	4,249	4,250	4,079
Non-controlling interests	1	1	1
Total equity	4,250	4,251	4,080
Borrowings	656	640	654
Deferred income tax liabilities	45	44	55
Provisions and employee benefit obligations	183	186	225
Other liabilities	9	11	11
Non-current liabilities	893	881	945
Borrowings	1,144	712	1,011
Trade and other payables	3,755	3,694	3,646
Income tax liabilities	77	116	91
Provisions and employee benefit obligations	87	86	82
Other liabilities	5	22	8
Current liabilities	5,068	4,630	4,838
Liabilities	5,961	5,511	5,783
Total equity and liabilities	10,211	9,762	9,863

consolidated statement of cash flows

in millions of €	Q3 2018	Q3 2017	9M 2018	9M 2017
Operating profit	254	227	664	597
Amortization and impairment of acquisition-related intangible assets and goodwill	29	33	92	104
EBITA	283	260	756	701
Depreciation and amortization of software	22	21	65	67
EBITDA	305	281	821	768
Provisions and employee benefit obligations	(3)	15	(5)	13
Share-based compensations	9	9	28	25
(Gain) on disposal of subsidiaries/activities	-	-	(2)	-
Other items	(30)	(39)	(96)	(111)
Cash flow from operations before operating working capital and income taxes	281	266	746	695
Trade and other receivables	(12)	(171)	(301)	(481)
Trade and other payables	32	156	82	209
Operating working capital	20	(15)	(219)	(272)
Income taxes	(59)	(52)	(269)	(159)
Net cash flow from operating activities	242	199	258	264
Additions in property, plant and equipment	(16)	(17)	(48)	(40)
Additions in software	(14)	(9)	(36)	(34)
Disposals of property, plant and equipment	8	4	11	10
Acquisition of subsidiaries, associates and equity investments	-	(13)	(23)	(352)
Disposal of subsidiaries/activities	-	-	10	1
Dividend from associates	-	-	3	-
Net cash flow from investing activities	(22)	(35)	(83)	(415)
Issue of new ordinary shares	-	-	1	1
Net purchase of own ordinary shares	-	-	(15)	(17)
(Net repayments of)/net drawings on non-current borrowings	(70)	(326)	5	(137)
Net financing	(70)	(326)	(9)	(153)
Net finance costs	(8)	(5)	(13)	(13)
Dividend on ordinary shares	(126)	-	(505)	(346)
Dividend on preference shares	-	-	(13)	(13)
Net reimbursement to financiers	(134)	(5)	(531)	(372)
Net cash flow from financing activities	(204)	(331)	(540)	(525)
Net increase/(decrease) in cash, cash equivalents, and current borrowings	16	(167)	(365)	(676)
Cash, cash equivalents, and current borrowings at beginning of period	(777)	(561)	(386)	(53)
Net movement	16	(167)	(365)	(676)
Translation and currency (losses)	(2)	(7)	(12)	(6)
Cash, cash equivalents, and current borrowings at end of period	(763)	(735)	(763)	(735)
Free cash flow	220	177	185	200

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

	july 1 - september 30		january 1 - september 30	
in millions of €	2018	2017	2018	2017
Begin of period				
Shareholders' equity	4,067	3,944	4,250	4,140
Non-controlling interests	1	1	1	1
Total equity	4,068	3,945	4,251	4,141
Total comprehensive income				
Net income for the period	190	165	510	433
Fair value adjustments of equity investments	4	-	5	-
Translation differences	(21)	(39)	(11)	(152)
Total comprehensive income	173	126	504	281
Other changes in period				
Dividend payable on ordinary shares	126	-	-	-
Diviidend paid on ordinary shares	(126)	-	(505)	(346)
Dividend payable on preference shares	-	-	-	-
Dividend paid on preference shares	-	-	(13)	(13)
Share-based compensations	9	9	28	25
Tax on share-based compensations	-	-	-	8
Issue of ordinary shares	-	-	1	1
Net purchase of ordinary shares	-	-	(15)	(17)
Acquisition of non-controlling interests	-	-	(1)	-
Total other changes in period	9	9	(505)	(342)
End of period	4,250	4,080	4,250	4,080
Shareholder's equity	4,249	4,079	4,249	4,079
Non-controlling interests[1]	1	1	1	1
Total Equity	4,250	4,080	4,250	4,080

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. (formerly Randstad Holding nv, changed its name April 11, 2018) 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 nine month period ended September 30, 2018 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, 2017.

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, 2017. In addition to note 2.1 of these 2017 consolidated financial statements, IFRS 9 'Financial instruments' and IFRS 15 'Revenue' applied by the Group as from January 1, 2018, did not have a material effect on the valuation and classification of assets and liabilities, nor on income statement or cash flows.

The consolidated financial statements of the Group as at and for the year ended December 31, 2017 are available upon request at the Company's office or on www.randstad.com.

estimates

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

In preparing these consolidated interim financial statements, the significant judgments, estimates, and assumptions are the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2017.

seasonality

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

effective tax rate

The effective tax rate for the nine month period ended September 30, 2018 is 22.5% (9M 2017: 25.0%), and is based on the estimated tax rate for the whole year 2018 (actual FY 2017: 24.7%)

acquisition and disposal of group companies, equity investments and associates

In Q3 we had no cashflows from acquisitions and disposals of group companies (Q3, 2017: acquisitions € 13 million, disposals: zero).

shareholders' equity

Issued number of ordinary shares	2018	2017
January 1	183,264,045	183,023,267
Share-based compensations	37,776	240,778
September 30	183,301,821	183,264,045

As at September 30, 2018 the Group held 197,616 treasury shares (September 30, 2017: 10,000), compared to 424,598 as at December 31, 2017. The average number of (diluted) ordinary shares outstanding has been adjusted for these treasury shares.

As at September 30, 2018, December 31, 2017, and September 30, 2017 the number of issued preference shares was 25,200,000 (type B) and 50,130,352 (type C).

earnings per share

in millions of €, unless otherwise indicated	Q3 2018	Q3 2017	9M 2018	9M 2017
Net income	190	165	510	433
Net income attributable to holders of preference shares	(3)	(3)	(9)	(9)
Net income attributable to holders of ordinary shares	187	162	501	424
Amortization of intangible assets[1]	29	33	92	104
Integration costs and one-offs	16	27	43	57
Tax effect on amortization, integration costs, and one-offs	(12)	(20)	(36)	(54)
Adjusted net income for holders of ordinary shares	220	202	600	531
Average number of ordinary shares outstanding	183.1	183.3	183.0	183.1
Average number of diluted ordinary shares outstanding	183.6	184.0	183.3	183.9
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	1.02	0.88	2.74	2.32
Diluted earnings per share	1.02	0.88	2.73	2.31
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs[2]	1.20	1.10	3.27	2.89

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

net debt position

The net debt position as at September 30, 2018 (€ 1,419 million) was € 393 million higher compared to the net debt position as at December 31, 2017 (€ 1,026 million). This is mainly due to dividend payments in Q2 and Q3 of € 518 million, while a positive free cash flow YTD 2018 (€ 185 million) partly compensated for these outflows.

In Q3, 2017, the maturity term of the multicurrency syndicated revolving credit facility has been extended with one year to July 2023. Other characteristics remain unchanged.

breakdown of operating expenses

in millions of €	Q3 2018	Q3 2017	9M 2018	9M 2017
Personnel expenses	676	667	2,039	2,050
Other operating expenses	232	251	701	755
Operating expenses	908	918	2,740	2,805

depreciation and amortization software

in millions of €	Q3 2018	Q3 2017	9M 2018	9M 2017
Depreciation of property, plant and equipment	14	13	39	41
Amortization of software	8	8	26	26
Depreciation and amortization of software	22	21	65	67

french competitive employment act ('CICE')

Included in the consolidated balance sheet under 'financial assets and associates' is an amount of € 470 million (December 31, 2017: € 374 million) relating to the non-current part of a receivable arising from tax credits under the French Competitive Employment Act ('CICE'). An amount of € 99 million (December 31, 2017: € 99 million) is included in 'Trade and other receivables' representing the current part of the CICE receivable.

total comprehensive income

Apart from net income for the period, total comprehensive income comprises translation differences and related tax effects that subsequently may be reclassified to the income statement in a future reporting period, and fair value adjustments of equity investments that will never be reclassified to the income statement. Included in translation differences in YTD Q3, 2018 is an amount of € 1 million reclassified translation differences in respect of disposed companies.

related-party transactions

There are no material changes in the nature, scope, and (relative) scale in this reporting period compared to last year. More information is included in notes 22, 23 and 24 to the consolidated financial statements as at and for the year ended December 31, 2017.

commitments

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

events after balance sheet date

The Group secured on October 22, 2018 two loans of USD 200 million each with a term of 2 years and floating interest conditions. Covenants are fully aligned with the committed multi-currency syndicated revolving credit facility.