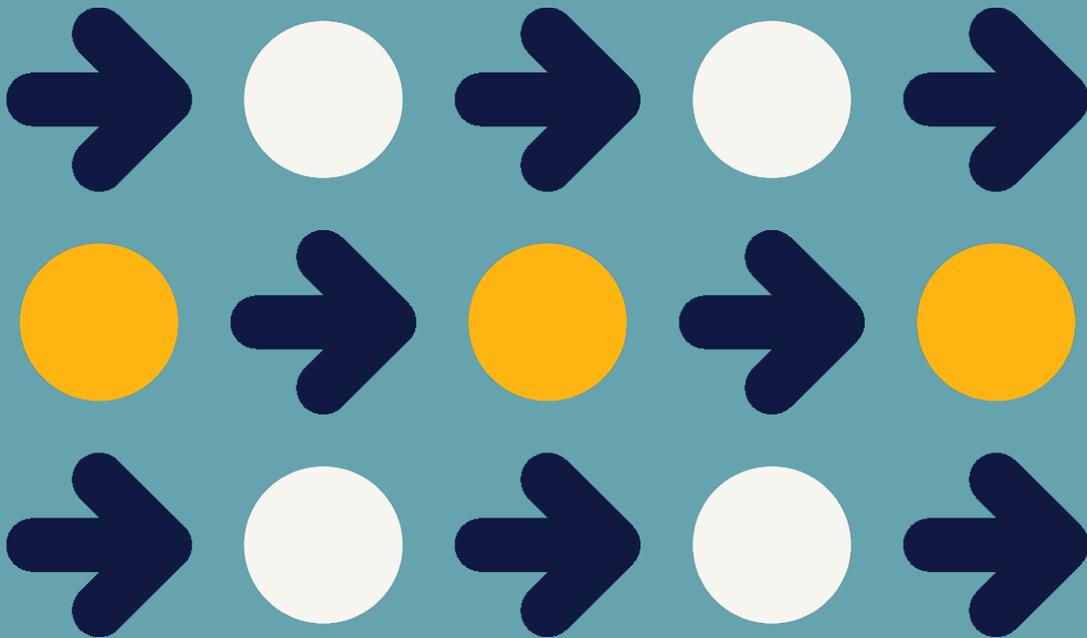


3rd

quarter
results



2020.

contents

Q3 2020: recovery continues, resilient and competitive performance.

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Q3 2020: recovery continues, resilient and competitive performance.



Q3 2020 organic growth

-13.1%

Q3 2020 underlying EBITA

€ 199m

Q3 2020 EBITA margin

3.9%

significant recovery of revenue decline across the group; resilient operating performance in North America and Rest of world.

gross margin 18.9%, down 120bp YoY by mix effects; temp margin down 30bp (Q2: down 60bp), stable pricing climate.

EBITA margin of 3.9%; recovery ratio of 53% utilizing the flexibility of our cost base.

global market leadership strengthened by resilient and diversified portfolio; #newways initiative driving competitive growth.

robust Q3 free cash flow (incl. CICE sale)

€ 494m

September organic sales growth down 11%; volumes in early October indicate further positive momentum.

"The third quarter has been a memorable one in many ways," says CEO Jacques van den Broek. "We continue to live in very challenging times given COVID-19, with as key priority the health and safety of our employees, candidates, clients and other stakeholders. Randstad feels a strong social responsibility: we ensured the safe and healthy return to the workplace of 140,000 people losing their jobs since the start of the global health crisis.

Our Q3 results again demonstrate the strong operational agility of our highly experienced management teams, while underpinning the resilience of our diversified portfolio and free cash flow generation. Trading conditions gradually recovered during Q3 in most of our geographies and positive momentum continued in the first weeks of October. At the same time, visibility remains limited with ongoing macroeconomic uncertainty and recent signs of partial lockdowns again. I would like to thank all my Randstad colleagues globally for their continued commitment, flexibility and attention to each other and dedication to the business.

In these unprecedented times we also celebrated our 60th anniversary last month. 60 years ago, our founder Frits Goldschmeding started our company in Amsterdam, which has since grown to become the largest HR services provider in the world. We believe that Randstad is in an excellent position to further strengthen its global market leadership, fueled by our growth initiative #newways. With this position comes responsibility, so we remain committed to finding jobs for as many talents as possible in the coming months, with or without reskilling, in the same or in different jobs."

financial performance.

core data

| in millions of €, unless otherwise indicated - underlying | Q3 2020 | Q3 2019 | yoy change | % org. |
|--|------------|------------|---------------|--------|
| Revenue | 5,174 | 6,006 | (14)% | (13)% |
| Gross profit | 980 | 1,204 | (19)% | (18)% |
| Operating expenses | 781 | 906 | (14)% | (12)% |
| EBITA, underlying ¹ | 199 | 298 | (33)% | (32)% |
| Integration costs and one-offs | (26) | (62) | | |
| EBITA | 173 | 236 | (27)% | |
| Amortization and impairment of intangible assets ² | (16) | (33) | | |
| Operating profit | 157 | 203 | | |
| Net finance (costs) | 0 | (14) | | |
| Share of profit of associates | 1 | 2 | | |
| Income before taxes | 158 | 191 | (17)% | |
| Taxes on income | (54) | (51) | | |
| Net income | 104 | 140 | (26)% | |
| Adj. net income for holders of ordinary shares ³ | 134 | 207 | (35)% | |
| Free cash flow | 494 | 468 | 6% | |
| Net debt | 391 | 1,595 | (75)% | |
| Leverage ratio (net debt/12-month EBITDA) ⁴ | 0.4 | 1.1 | | |
| Leverage ratio (net debt/12-month EBITDA) excluding IFRS 16 ⁵ | (0.3) | 0.8 | | |
| DSO (Days Sales Outstanding), moving average | 53.0 | 53.7 | | |
| Margins (in % of revenue) | | | | |
| Gross margin | 18.9% | 20.1% | | |
| Operating expenses margin | 15.1% | 15.1% | | |
| EBITA margin, underlying | 3.9% | 5.0% | | |
| Share data | | | | |
| Basic earnings per ordinary share (in €) | 0.56 | 0.74 | (24)% | |
| Diluted earnings per ordinary share, underlying (in €) ³ | 0.73 | 1.12 | (35)% | |

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 22.

4 Leverage ratio including IFRS 16.

5 Leverage ratio excluding IFRS 16, based on best estimates.

revenue

Organic revenue per working day declined by 13.1% in Q3 resulting in revenue of € 5,174 million (Q2 2020: down 25.2%). Reported revenue was down 13.9% YoY, of which working days had a positive effect of 0.2% while FX had a negative effect of 1.0%.

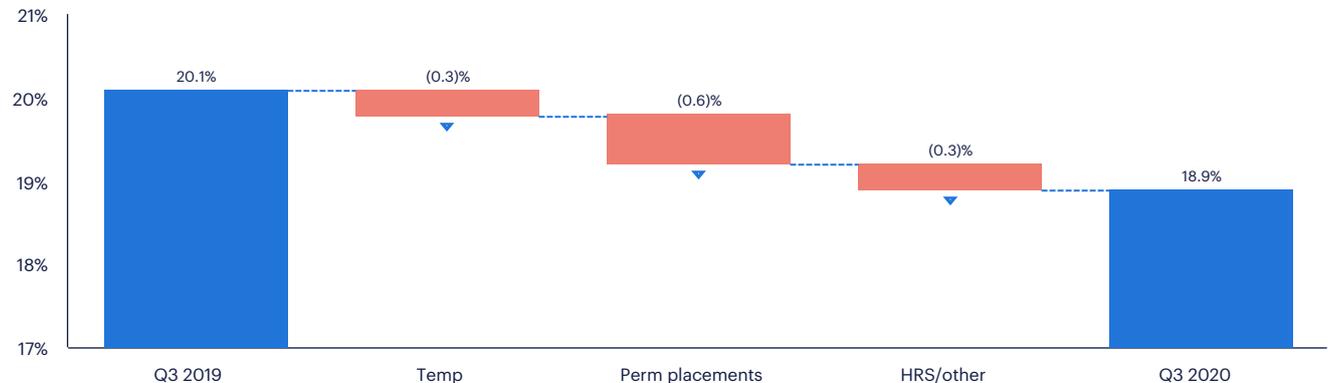
In North America, revenue per working day decreased 10% (Q2 2020: down 18%). Growth in the US was down 9% (Q2 2020: down 17%), while Canada was down 12% YoY (Q2 2020: down 25%). In Europe, revenue per working day declined by 15% (Q2 2020: down 30%). Revenue in France was down 16% (Q2 2020: down 41%), while the Netherlands decreased 17% (Q2 2020: down 24%). Germany declined by 21% (Q2 2020: down 31%), while sales growth in Belgium was down 12% (Q2 2020: down 29%). Italy was down 10% (Q2 2020: down 30%), and revenue in Iberia was down 16% (Q2 2020: down 34%). In the 'Rest of the world' region, revenue decreased by 2% (Q2 2020: down 2%); Japan decreased by 3% (Q2 2020: down 2%), while Australia & New Zealand decreased by 5% (Q2 2020: down 6%).

Perm fees declined by 34% (Q2 2020: down 47%), with Europe down 33% (Q2 2020: down 51%) and North America down 33% (Q2 2020: down 49%). In the 'Rest of the world' region, perm fees declined by 39% (Q2 2020: down 33%). Perm fees made up 8.2% of gross profit.

gross profit

In Q3 2020, gross profit amounted to € 980 million. Organic growth was down 17.6% (Q2 2020: down 30.2%). Currency effects had a negative € 22 million impact on gross profit compared to Q3 2019.

year-on-year gross margin development (%)

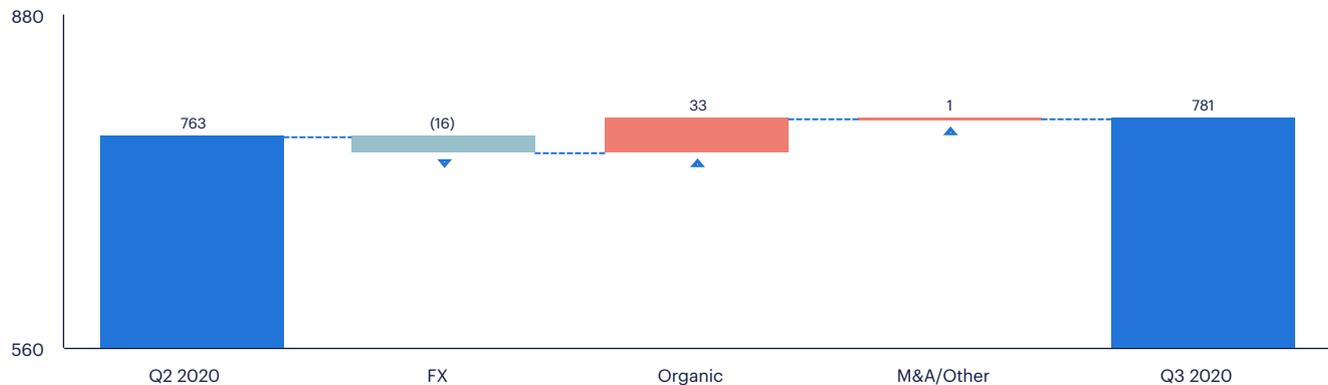


Gross margin was 18.9%, 120bp below Q3 2019 (as shown in the graph above). Temporary staffing had a 30bp adverse impact on gross margin (Q2 2020: 60bp negative impact) impacted by COVID-19 and mix related effects, with underlying pricing climate stable. Permanent placements had a 60bp negative impact, while HRS/other had a 30bp adverse impact (including 10bp negative FX effect).

operating expenses

On an organic basis, operating expenses increased by € 33 million sequentially to € 781 million. This reflects balanced cost management and € 13 million support from government schemes related to COVID-19, partially offset by protecting employment, and selective investments in growth and digital initiatives. Compared to last year, operating expenses were down 12% organically (Q2 2020: down 17%), while there was a positive € 19 million FX impact.

sequential OPEX development Q2 -> Q3 in € M



Personnel expenses were up 8% sequentially. Average headcount (in FTE) amounted to 33,660 for the quarter, organically down 12% YoY and up 2% sequentially. Productivity (measured as gross profit per FTE) was down 5% YoY (Q2 2020: down 19%). We operated a network of 4,722 outlets end of period (Q2 2020: 4,710).

Operating expenses in Q3 2020 were adjusted for a total of € 26 million one-offs. This reflects restructurings in several countries.

EBITA

Underlying EBITA decreased organically by 32% to € 199 million. Currency effects had a € 3 million negative impact YoY. EBITA margin reached 3.9%, 110bp below Q3 2019. Overall we achieved a 41% organic recovery ratio over the last four quarters (Q2 2020: 33%).

net finance (costs)/income

In Q3 2020, net finance costs were nil, compared to € 14 million net finance costs in Q3 2019. Interest expenses on our net debt position were € 1 million (Q3 2019: € 3 million), and interest expenses related to lease liabilities were € 4 million (Q3 2019: € 4 million). Foreign currency and other effects had a positive impact of € 5 million (Q3 2019: negative impact of € 7 million).

tax

The underlying effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs amounted to 23.8% in the first nine months (9M 2019: 26.7%), and is based on the estimated effective tax rate for the whole year 2020. For FY 2020, we expect an effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs of between 25% and 27%.

net income, earnings per share

In Q3 2020, adjusted net income was down 35% to € 134 million. Diluted underlying EPS amounted to € 0.73 (Q3 2019: € 1.12). The average number of diluted ordinary shares outstanding remained virtually stable compared to Q3 2019 (184.0 versus 183.9 million).

invested capital

| in millions of €, unless otherwise indicated | sep 30 2020 | jun 30 2020 | mar 31 2020 | dec 31 2019 | sep 30 2019 | jun 30 2019 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Goodwill and acquisition-related intangible assets | 2,995 | 3,043 | 3,146 | 3,219 | 3,247 | 3,226 |
| Operating working capital (OWC) ¹ | 618 | 611 | 1,055 | 1,011 | 1,105 | 1,352 |
| Net tax assets ² | 613 | 642 | 656 | 575 | 585 | 572 |
| All other assets/(liabilities) ³ | 645 | 1,019 | 1,068 | 1,045 | 1,001 | 1,030 |
| Invested capital | 4,871 | 5,315 | 5,925 | 5,850 | 5,938 | 6,180 |
| Financed by | | | | | | |
| Total equity | 4,480 | 4,419 | 4,488 | 4,473 | 4,343 | 4,154 |
| (Net Cash)/Net debt excl. lease liabilities | (212) | 282 | 799 | 756 | 961 | 1,394 |
| Lease liabilities | 603 | 614 | 638 | 621 | 634 | 632 |
| Net debt incl. lease liabilities | 391 | 896 | 1,437 | 1,377 | 1,595 | 2,026 |
| Invested capital | 4,871 | 5,315 | 5,925 | 5,850 | 5,938 | 6,180 |
| Ratios | | | | | | |
| DSO (Days Sales Outstanding), moving average | 53.0 | 53.0 | 53.1 | 53.5 | 53.7 | 53.9 |
| OWC as % of revenue over last 12 months | 2.9% | 2.8% | 4.5% | 4.3% | 4.6% | 5.7% |
| Leverage ratio (net debt/12-month EBITDA) | 0.4 | 0.8 | 1.1 | 1.0 | 1.1 | 1.5 |
| Return on invested capital ⁴ | 11.8% | 12.3% | 13.8% | 15.2% | 15.5% | 15.0% |

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 September 30, 2019 and June 30, 2019, dividends payable are also included for € 203 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) amounted to 11.8%, showing a decrease of 370bp year-on-year. This is a reflection of the adverse impact of COVID-19 on our 12-month rolling EBITA, partially offset by a strong decrease in operating working capital YoY.

The moving average of Days Sales Outstanding (DSO) came down YoY to 53.0 (Q3 2019: 53.7).

Included in 'all other assets/(liabilities)' is the remaining CICE subsidy receivable amounting to € 8 million, being the current part. The majority of the CICE subsidy receivable has been sold in Q3, amounting to € 360 million.

At the end of Q3 2020, net debt including lease liabilities was € 391 million, compared to € 1,595 million at the end of Q3 2019. A further analysis of the cash flow is provided in the next section.

cash flow summary

| in millions of € | Q3 2020 | Q3 2019 | change |
|--|---------|---------|--------|
| EBITA | 173 | 236 | (27)% |
| Depreciation, amortization and impairment of property, plant, equipment, right-of-use assets, and software | 77 | 91 | |
| EBITDA | 250 | 327 | (24)% |
| Operating working capital | (25) | 259 | |
| Provisions and employee benefit obligations | 9 | 23 | |
| All other items | 372 | 6 | |
| Income taxes | (37) | (57) | |
| Net cash flow from operating activities | 569 | 558 | 2% |
| Net capital expenditures | (23) | (34) | |
| Repayments of lease liabilities | (52) | (56) | |
| Free cash flow | 494 | 468 | 6% |
| Net (acquisitions) | (3) | (17) | |
| Net finance costs | - | (4) | |
| Translation and other effects | 14 | (16) | |
| Net decrease of net debt | 505 | 431 | |

In the quarter, free cash flow amounted to € 494 million, up € 26 million versus Q3 2019 (€ 468 million). 'All other items' included an amount of € 360 million related to collected CICE receivables, of which € 265 million has been sold to third parties.

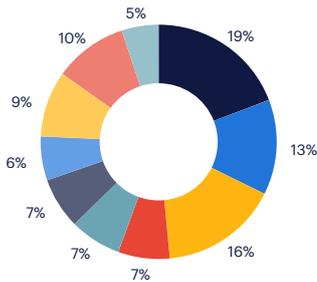
Governmental relief measures had no material impact on our free cash flow in Q3 2020.

performance.

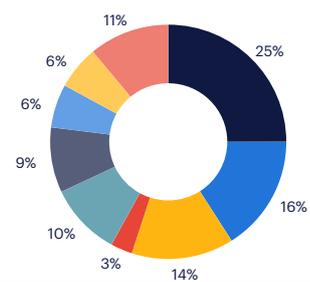
performance by geography

split by geography

Q3 2020: revenue € 5,174 million



Q3 2020: EBITA € 199 million



| revenue in millions of € | Q3 2020 | Q3 2019 | organic Δ ¹ | 9M 2020 | 9M 2019 | organic Δ ¹ |
|--------------------------|---------|---------|------------------------|---------|---------|------------------------|
| North America | 987 | 1,113 | (10)% | 3,030 | 3,247 | (10)% |
| France | 809 | 941 | (16)% | 2,180 | 2,779 | (22)% |
| Netherlands | 690 | 834 | (17)% | 2,035 | 2,515 | (19)% |
| Germany | 385 | 532 | (21)% | 1,125 | 1,577 | (23)% |
| Belgium & Luxembourg | 376 | 428 | (12)% | 1,012 | 1,205 | (16)% |
| Italy | 370 | 403 | (10)% | 1,028 | 1,221 | (16)% |
| Iberia | 327 | 381 | (16)% | 911 | 1,102 | (18)% |
| Other European countries | 483 | 548 | (12)% | 1,434 | 1,627 | (12)% |
| Rest of the world | 510 | 535 | (2)% | 1,545 | 1,543 | 1% |
| Global businesses | 237 | 291 | (17)% | 725 | 865 | (17)% |
| Revenue | 5,174 | 6,006 | (13)% | 15,025 | 17,681 | (15)% |

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 2020 | EBITA margin ¹ | Q3 2019 | EBITA margin ¹ | organic Δ% ² | 9M 2020 | EBITA margin ¹ | 9M 2019 | EBITA margin ¹ | organic Δ% ² |
|--|------------|------------------------------|------------|------------------------------|----------------------------|------------|------------------------------|------------|------------------------------|----------------------------|
| North America | 54 | 5.4% | 69 | 6.2% | (19)% | 138 | 4.5% | 186 | 5.7% | (26)% |
| France | 31 | 3.9% | 59 | 6.2% | (47)% | 55 | 2.5% | 165 | 5.9% | (67)% |
| Netherlands | 35 | 5.0% | 47 | 5.6% | (26)% | 96 | 4.7% | 139 | 5.5% | (31)% |
| Germany | 6 | 1.5% | 21 | 3.9% | (72)% | 5 | 0.4% | 47 | 3.0% | (89)% |
| Belgium & Luxembourg | 22 | 5.9% | 27 | 6.2% | (16)% | 46 | 4.5% | 72 | 6.0% | (36)% |
| Italy | 20 | 5.4% | 24 | 5.9% | (16)% | 42 | 4.1% | 76 | 6.2% | (44)% |
| Iberia | 14 | 4.3% | 22 | 5.7% | (35)% | 32 | 3.6% | 60 | 5.4% | (46)% |
| Other European countries | 12 | 2.5% | 20 | 3.8% | (41)% | 16 | 1.1% | 47 | 2.9% | (66)% |
| Rest of the world | 23 | 4.4% | 24 | 4.5% | (4)% | 68 | 4.3% | 72 | 4.7% | (8)% |
| Global businesses | 1 | 0.7% | 2 | 0.9% | (51)% | (12) | (1.6)% | (8) | (0.9)% | (61)% |
| Corporate | (19) | | (17) | | | (58) | | (54) | | |
| EBITA before integration costs and one-offs ³ | 199 | 3.9% | 298 | 5.0% | (32)% | 428 | 2.8% | 802 | 4.5% | (47)% |
| Integration costs and one-offs | (26) | | (62) | | | (81) | | (79) | | |
| EBITA | 173 | | 236 | | | 347 | | 723 | | |

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 down 10% (Q2 2020: down 18%). Perm fees were down 33% (Q2 2020: down 49%). In Q3 2020, revenue of our combined US businesses was down 9% (Q2 2020: down 17%). US Staffing/Inhouse Services declined by 9% (Q2 2020: down 23%). US Professionals revenue was down 10% (Q2 2020: down 9%). In Canada, revenue was down 12% (Q2 2020: down 25%). EBITA margin for the region came in at 5.4%, compared to 6.2% last year.

france

In France, revenue was down 16% (Q2 2020: down 41%). Perm fees were down 20% compared to last year (Q2 2020: down 52%). Staffing/Inhouse Services revenue declined 14% (Q2 2020: down 46%), while our Professionals business was down 21% (Q2 2020: down 24%). EBITA margin was 3.9% compared to 6.2% last year.

netherlands

In the Netherlands, revenue was down 17% YoY (Q2 2020: down 24%). Overall perm fees were down 43% (Q2 2020: down 51%). Our combined Staffing and Inhouse Services business was down 19% (Q2 2020: down 28%), while our Professionals business was down 5% (Q2 2020: down 5%). EBITA margin in the Netherlands was 5.0%, compared to 5.6% last year.

germany

In Germany, revenue per working day was down 21% YoY (Q2 2020: down 31%). Perm fees were down 43% compared to last year (Q2 2020: down 40%). Our combined Staffing/Inhouse Services business was down 23% (Q2 2020: down 37%), while Professionals was down 14% (Q2 2020: down 9%). EBITA margin in Germany was 1.5%, compared to 3.9% last year.

belgium & luxembourg

In Belgium & Luxembourg, revenue was down 12% (Q2 2020: down 29%). Perm fees were down 29% compared to last year (Q2 2020: down 42%). Our Staffing/Inhouse Services business was down 15% (Q2 2020: down 31%). Our EBITA margin was 5.9%, compared to 6.2% last year.

italy

Revenue per working day in Italy was down 10% compared to the prior year (Q2 2020: down 30%). Overall perm fees were down 24% (Q2 2020: down 52%). EBITA margin was 5.4%, compared to 5.9% last year.

iberia

In Iberia, revenue per working day was down 16% YoY (Q2 2020: down 34%). Perm fees were down 38% compared to last year (Q2 2020: down 57%). Staffing/Inhouse Services combined was down 16% (Q2 2020: down 35%). Spain was down 16% (Q2 2020: down 37%), while in Portugal revenue was down 13% (Q2 2020: down 25%). Overall EBITA margin was 4.3%, compared to 5.7% last year.

other european countries

Across 'Other European countries', revenue per working day was down 12% (Q2 2020: down 18%). In the UK, revenue was down 23% (Q2 2020: down 31%), while in the Nordics, revenue was down 15% on an organic basis (Q2 2020: down 21%). Revenue in our Swiss business was down 4% YoY (Q2 2020: down 5%). Overall EBITA margin for the 'Other European countries' region was 2.5% compared to 3.8% last year.

rest of the world

Overall revenue in the 'Rest of the world' region declined by 2% organically (Q2 2020: down 2%). In Japan, revenue declined 3% (Q2 2020: down 2%). Revenue in Australia/New Zealand was down 5% (Q2 2020: down 6%), while revenue in China declined by 12% YoY (Q2 2020: down 13%). Our business in India was up 5% (Q2 2020: up 9%), while in Latin America revenue grew 11% (Q2 2020: up 6%), primarily driven by Brazil and Argentina. Overall EBITA margin in this region was 4.4%, compared to 4.5% last year.

global businesses

Overall organic revenue growth per working day was down 17% (Q2 2020: down 25%). Randstad Sourceright revenue decreased by 16% (Q2 2020: down 25%), while Monster revenue was down by 29% (Q2 2020: down 31%). Our global outplacement and reskilling platform RiseSmart almost doubled in revenues (Q2 2020: up 29%). Overall EBITA margin came in at 0.7% compared to 0.9% last year.

performance by revenue category

| revenue in millions of € | Q3 2020 | Q3 2019 | organic Δ% | 9M 2020 | 9M 2019 ¹ | organic Δ% |
|--------------------------|---------|---------|------------|---------|----------------------|------------|
| Staffing | 2,549 | 3,077 | (16)% | 7,262 | 9,026 | (19)% |
| Inhouse Services | 1,249 | 1,337 | (8)% | 3,498 | 3,958 | (14)% |
| Professionals | 1,139 | 1,301 | (11)% | 3,540 | 3,832 | (8)% |
| Global Businesses | 237 | 291 | (17)% | 725 | 865 | (17)% |
| Revenue | 5,174 | 6,006 | (13)% | 15,025 | 17,681 | (15)% |

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.

Total revenue of permanent placements in the revenue categories 'Staffing', 'Inhouse', and 'Professionals', amounted to € 81 million in Q3, and € 272 million in 9M 2020 (2019: € 126 million and € 393 million respectively).

other information.

outlook

Organic revenue per working day decreased by 13% in Q3 2020 and by 11% in September. The development of volumes in early October indicate further positive momentum.

We are aiming for a recovery ratio of 50% over time. For Q4 2020, we expect a recovery ratio of 40%-50%, reflecting a mitigated effect of government support schemes in most countries, selective investments in growth areas, and continued agile cost management.

There will be a positive 0.5 working day impact in Q4 2020.

working days

| | Q1 | Q2 | Q3 | Q4 |
|------|------|------|------|------|
| 2020 | 63.6 | 61.6 | 65.1 | 63.7 |
| 2019 | 62.7 | 61.8 | 65.0 | 63.2 |
| 2018 | 63.5 | 62.1 | 64.1 | 63.4 |

financial calendar

| | |
|---|------------------|
| Publication of fourth quarter and annual results 2020 | February 9, 2021 |
| Annual General Meeting of Shareholders | March 23, 2021 |
| Publication of first quarter results 2021 | April 21, 2021 |
| Publication of second quarter results 2021 | July 27, 2021 |

analyst and press conference call

Today (October 21, 2020), 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 20 708 5073

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.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 news.

For more information please contact:

David Tailleux - Director Investor Relations
david.tailleur@randstad.com or (mobile) +31 (0)6 1246 2133

Steven Vriesendorp - Investor Relations Officer
steven.vriesendorp@randstad.com or (mobile) +31 (0)6 2692 8529

Robin den Hoed - Global Media Relations Manager a.i.
robin.den.hoed@randstad.com or (mobile) +31 (0)6 5586 7901

disclaimer

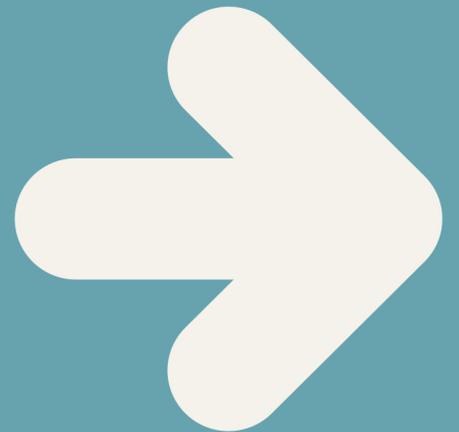
Certain statements in this document concern prognoses about the future financial condition, risks, investment plans, and the results of operations of Randstad N.V. and its operating companies, as well as certain plans and objectives. Obviously, such prognoses involve risks and a degree of uncertainty, 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, shortages 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, availability of credit on financially acceptable terms, the successful completion of company acquisitions and their subsequent integration, successful disposals of companies, the rate of technological developments, the impact of pandemics and our ability to identify other relevant risks and mitigate their impact. 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 2019, we helped more than two million candidates find a meaningful job with our 280,000 clients. Furthermore, we trained more than 350,000 people. Randstad is active in 38 markets around the world and has top 3 positions in almost half of these. In 2019, Randstad had on average 38,280 corporate employees and generated revenue of € 23.7 billion. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands. Randstad N.V. is listed on the NYSE Euronext (symbol: RAND.AS). For more information, see <https://www.randstad.com/>.

interim

financial



statements

Q3 2020.

actuals

consolidated income statement

| in millions of €, unless otherwise indicated | Q3 2020 | Q3 2019 | 9M 2020 | 9M 2019 |
|---|------------|------------|------------|------------|
| Revenue | 5,174 | 6,006 | 15,025 | 17,681 |
| Cost of services | 4,200 | 4,803 | 12,173 | 14,157 |
| Gross profit | 974 | 1,203 | 2,852 | 3,524 |
| Selling expenses | 532 | 640 | 1,648 | 1,908 |
| General and administrative expenses | 269 | 327 | 857 | 893 |
| Operating expenses | 801 | 967 | 2,505 | 2,801 |
| Amortization and impairment of acquisition-related intangible assets and goodwill | 16 | 33 | 178 | 94 |
| Total operating expenses | 817 | 1,000 | 2,683 | 2,895 |
| Operating profit | 157 | 203 | 169 | 629 |
| Net finance costs | - | (14) | (26) | (33) |
| Share of profit of associates | 1 | 2 | 3 | 4 |
| Income before taxes | 158 | 191 | 146 | 600 |
| Taxes on income | (54) | (51) | (50) | (161) |
| Net income | 104 | 140 | 96 | 439 |
| Net income attributable to: | | | | |
| Holders of ordinary shares Randstad N.V. | 103 | 137 | 91 | 430 |
| Holders of preference shares Randstad N.V. | 2 | 3 | 6 | 9 |
| Equity holders | 105 | 140 | 97 | 439 |
| Non-controlling interests | (1) | - | (1) | - |
| Net income | 104 | 140 | 96 | 439 |
| Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share): | | | | |
| Basic earnings per share | 0.56 | 0.74 | 0.49 | 2.35 |
| Diluted earnings per share | 0.56 | 0.74 | 0.49 | 2.34 |
| Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs | 0.73 | 1.12 | 1.65 | 3.03 |

information by geographical area and revenue category

revenue by geographical area

| in millions of € | Q3, 2020 | Q3, 2019 | 9M 2020 | 9M 2019 |
|-------------------------------------|--------------|--------------|---------------|---------------|
| North America | 987 | 1,113 | 3,030 | 3,247 |
| France | 809 | 941 | 2,180 | 2,779 |
| Netherlands | 691 | 836 | 2,037 | 2,519 |
| Germany | 386 | 533 | 1,126 | 1,578 |
| Belgium & Luxembourg | 379 | 429 | 1,018 | 1,208 |
| Italy | 370 | 403 | 1,028 | 1,221 |
| Iberia | 327 | 381 | 912 | 1,103 |
| Other European countries | 486 | 549 | 1,441 | 1,632 |
| Rest of the world | 511 | 536 | 1,547 | 1,545 |
| Global Businesses | 237 | 293 | 729 | 871 |
| Elimination of intersegment revenue | (9) | (8) | (23) | (22) |
| Revenue | 5,174 | 6,006 | 15,025 | 17,681 |

EBITA by geographical area

| in millions of € | Q3 2020 | Q3 2019 | 9M 2020 | 9M 2019 |
|--------------------------|------------|------------|------------|------------|
| North America | 54 | 69 | 130 | 186 |
| France | 28 | 56 | 47 | 160 |
| Netherlands | 29 | 31 | 90 | 123 |
| Germany | 5 | 19 | 1 | 41 |
| Belgium & Luxembourg | 22 | 26 | 45 | 71 |
| Italy | 20 | 24 | 31 | 75 |
| Iberia | 14 | 22 | 32 | 60 |
| Other European countries | 8 | 20 | 9 | 45 |
| Rest of the world | 22 | 23 | 63 | 71 |
| Global Businesses | (10) | (34) | (37) | (52) |
| Corporate | (19) | (20) | (64) | (57) |
| EBITA¹ | 173 | 236 | 347 | 723 |

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

revenue by revenue category

| in millions of € | Q3 2020 | Q3 2019 | 9M 2020 | 9M 2019 |
|-------------------------------------|--------------|--------------|---------------|---------------|
| Staffing | 2,558 | 3,083 | 7,281 | 9,042 |
| Inhouse | 1,249 | 1,337 | 3,498 | 3,958 |
| Professionals | 1,139 | 1,301 | 3,540 | 3,832 |
| Global businesses | 237 | 293 | 729 | 871 |
| Elimination of intersegment revenue | (9) | (8) | (23) | (22) |
| Revenue | 5,174 | 6,006 | 15,025 | 17,681 |

consolidated balance sheet

| in millions of € | september 30, 2020 | december 31, 2019 | september 30, 2019 |
|---|-----------------------|----------------------|-----------------------|
| assets | | | |
| Property, plant and equipment | 145 | 157 | 157 |
| Right-of-use assets | 521 | 531 | 540 |
| Intangible assets | 3,118 | 3,347 | 3,371 |
| Deferred income tax assets | 584 | 579 | 589 |
| Financial assets and associates | 203 | 478 | 589 |
| Non-current assets | 4,571 | 5,092 | 5,246 |
| Trade and other receivables | 4,185 | 4,711 | 4,870 |
| Income tax receivables | 109 | 130 | 140 |
| Cash and cash equivalents | 368 | 225 | 263 |
| Current assets | 4,662 | 5,066 | 5,273 |
| Total assets | 9,233 | 10,158 | 10,519 |
| equity and liabilities | | | |
| Issued capital | 26 | 26 | 26 |
| Share premium | 2,287 | 2,287 | 2,287 |
| Reserves | 2,167 | 2,159 | 2,029 |
| Shareholders' equity | 4,480 | 4,472 | 4,342 |
| Non-controlling interests | - | 1 | 1 |
| Total equity | 4,480 | 4,473 | 4,343 |
| Borrowings (including lease liabilities) | 403 | 417 | 938 |
| Deferred income tax liabilities | 29 | 38 | 38 |
| Provisions and employee benefit obligations | 229 | 226 | 192 |
| Other liabilities | 2 | 10 | 10 |
| Non-current liabilities | 663 | 691 | 1,178 |
| Borrowings (including lease liabilities) | 356 | 1,185 | 920 |
| Trade and other payables | 3,562 | 3,580 | 3,657 |
| Dividends | - | - | 203 |
| Income tax liabilities | 51 | 96 | 106 |
| Provisions and employee benefit obligations | 119 | 119 | 104 |
| Other liabilities | 2 | 14 | 8 |
| Current liabilities | 4,090 | 4,994 | 4,998 |
| Total liabilities | 4,753 | 5,685 | 6,176 |
| Total equity and liabilities | 9,233 | 10,158 | 10,519 |

consolidated statement of cash flows

| in millions of € | Q3 2020 | Q3 2019 | 9M 2020 | 9M 2019 |
|--|--------------|--------------|----------------|--------------|
| Operating profit | 157 | 203 | 169 | 629 |
| Amortization and impairment of acquisition-related intangible assets and goodwill | 16 | 33 | 178 | 94 |
| EBITA | 173 | 236 | 347 | 723 |
| Depreciation, amortization and impairment of property, plant, equipment, right-of-use assets, and software | 77 | 91 | 241 | 230 |
| EBITDA | 250 | 327 | 588 | 953 |
| Provisions and employee benefit obligations | 9 | 23 | 7 | 11 |
| Share-based compensations | 9 | 10 | 25 | 30 |
| Other items | 363 | (4) | 383 | (2) |
| Cash flow from operations before operating working capital and income taxes | 631 | 356 | 1,003 | 992 |
| Operating working capital assets | (290) | 217 | 334 | 61 |
| Operating working capital liabilities | 265 | 42 | 27 | (137) |
| Operating working capital | (25) | 259 | 361 | (76) |
| Income taxes | (37) | (57) | (106) | (166) |
| Net cash flow from operating activities | 569 | 558 | 1,258 | 750 |
| Net additions in property, plant and equipment, and software | (23) | (34) | (81) | (90) |
| Acquisition of subsidiaries, associates and equity investments | (3) | (17) | (15) | (23) |
| Disposal of subsidiaries/activities and equity investments | - | - | - | 7 |
| Dividend from associates | - | - | 4 | 3 |
| Net cash flow from investing activities | (26) | (51) | (92) | (103) |
| Net purchase of own ordinary shares | - | - | (11) | - |
| Net repayments of non-current borrowings | (294) | (1) | (368) | (1) |
| Net (decrease) of current borrowings | (152) | (514) | (446) | (50) |
| Repayments of lease liabilities | (52) | (56) | (165) | (169) |
| Net financing | (498) | (571) | (990) | (220) |
| Net finance costs paid | - | (4) | (9) | (10) |
| Dividend on preference and ordinary shares | - | - | (12) | (429) |
| Net reimbursement to financiers | - | (4) | (21) | (439) |
| Net cash flow from financing activities | (498) | (575) | (1,011) | (659) |
| Net increase/(net decrease) in cash, and cash equivalents | 45 | (68) | 155 | (12) |
| Cash, and cash equivalents at beginning of period | 327 | 330 | 225 | 273 |
| Net movement | 45 | (68) | 155 | (12) |
| Translation and currency (losses)/gains | (4) | 1 | (12) | 2 |
| Cash, and cash equivalents at end of period | 368 | 263 | 368 | 263 |
| Free cash flow | 494 | 468 | 1,012 | 491 |

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

| in millions of € | July 1 - September 30 | | January 1 - September 30 | |
|---|-----------------------|--------------|--------------------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| Begin of period | | | | |
| Shareholders' equity | 4,418 | 4,153 | 4,472 | 4,446 |
| Non-controlling interests ¹ | 1 | 1 | 1 | 1 |
| Total equity | 4,419 | 4,154 | 4,473 | 4,447 |
| Net income for the period, equity shareholders | 105 | 140 | 97 | 439 |
| Non-controlling interest | (1) | - | (1) | - |
| Net income for the period | 104 | 140 | 96 | 439 |
| Items that subsequently may be reclassified to the income statement | (50) | 39 | (88) | 56 |
| Items that will never be reclassified to the income statement | (2) | - | (3) | 6 |
| Total other comprehensive income, net of taxes | (52) | 39 | (91) | 62 |
| Total comprehensive income | 52 | 179 | 5 | 501 |
| Other changes in period | | | | |
| Dividend payable on ordinary shares | - | - | - | (203) |
| Dividend paid on ordinary shares | - | - | - | (416) |
| Dividend payable on preference shares | - | - | - | - |
| Dividend paid on preference shares | - | - | (12) | (13) |
| Share-based compensations | 9 | 10 | 25 | 30 |
| Tax on share-based compensations | - | - | - | (3) |
| Net purchase of ordinary shares | - | - | (11) | - |
| | | | | |
| Total other changes in period | 9 | 10 | 2 | (605) |
| End of period | 4,480 | 4,343 | 4,480 | 4,343 |
| Shareholder's equity | 4,480 | 4,342 | 4,480 | 4,342 |
| Non-controlling interests ² | - | 1 | - | 1 |
| Total equity | 4,480 | 4,343 | 4,480 | 4,343 |

1 Changes in 'Non-controlling interests', expressed in millions of euro, are negligible for all periods involved.

2 Changes in 'Non-controlling interests', expressed in millions of euro, are negligible for all periods involved in 2019-comparatives; for 2020 non-controlling interest has a movement of € 1 million.

notes to the consolidated interim financial statements

reporting entity

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

The consolidated interim financial statements of Randstad N.V. as at and for the three and nine month period ended September 30, 2020 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, 2019.

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, 2019.

The consolidated financial statements of the Group as at and for the year ended December 31, 2019 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, 2019.

covid-19

The global outbreak of COVID-19 has resulted in a significant disruption in our main markets resulting in unprecedented declines in GDP in these markets during this quarter. Our businesses continued to be negatively impacted by the COVID-19 pandemic in the quarter ended 30 September 2020.

By the end of March, significant lockdown measures had been implemented in our main markets in Europe and North America, as well as in certain other countries. As of the end of May and early June these lockdown measures have been relieved to some extent but were partially re-installed in some of our main markets by the end of September.

We are continuing to monitor and address the impacts of the COVID-19 outbreak and we expect that our future results will continue to be adversely affected. However, we cannot predict with certainty what these impacts will be for the remainder of 2020.

triggering event for asset impairment test

In Q2 2020 we considered the disruption in our markets due to COVID-19 a triggering event that goodwill and other assets might be impaired. This resulted in an impairment test with the outcome of an impairment of € 86 million of goodwill in our segment UK.

In Q3 2020 we have performed an updated assessment of the impact of the continued COVID-19 pandemic on the valuation of certain assets in our balance sheet such as goodwill, intangible assets, deferred tax assets, and various financial assets. We concluded that no additional triggering events have been identified which would justify additional quantitative testing.

allowances for expected credit risk on financial assets

Due to the COVID-19 outbreak and related economic downturn, we have increased our allowance for expected credit losses on accounts receivable balances from € 50 million as per December 31, 2019 to € 64 million as per September 30, 2020.

government employment protection programs

In various countries, mainly in Europe, governments have put in place a wide variety of employment protection programs exceptionally allowing for partial or full reduction of working hours. This compensates for (part of) salaries and/or social security charges of the employees impacted (for instance Germany, France, Italy, and Spain, or like in the Netherlands in the form of compensation for labor costs).

We have accounted for these programs in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. These employment protection programs reduced our operating expenses by € 13 million for the period (YTD Q3: € 58 million).

We also made use of government programs relating to our external staffing employees. The net effect of these programs on our total cost of service was not material as these programs were used to compensate the external staffing employees, of whom otherwise, based on contractual arrangements, the related costs would have been charged to clients or the labor contracts would have been naturally terminated or prompted for earlier termination.

In addition, government measures also relate to the postponement of payments to government (such as value-added tax and social security charges) into future periods. The total amount of these measures netted against receivables on the government in respect of the above-mentioned programs had no material impact on our cash flow in Q3.

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, 2020 is 34% (9M 2019: 26.8%), and is based on the estimated tax rate for the whole year 2020 (actual FY 2019: 26.0%).

acquisition and disposal of group companies, equity investments and associates

In Q3 2020 we had a cash outflow of € 3 million (Q3 2019: € 17 million), related to payments in respect of acquisitions in prior years. The Muhlenhoff Group of companies (Germany, outplacement sector) was acquired at a net cash outlay of zero.

In Q3 2020 the Group finalized the purchase price allocation of the acquisition of the Aurec Group which resulted in a downward adjustment of € 4 million in goodwill due to finalization of the earn out arrangement.

In Q3 2020 and Q3 2019 we had no disposal of Group companies.

shareholders' equity

| Issued number of ordinary shares | 2020 | 2019 |
|----------------------------------|-------------|-------------|
| January 1 | 183,303,552 | 183,301,821 |
| Share-based compensations | - | 1,731 |
| September 30 | 183,303,552 | 183,303,552 |

As at September 30, 2020 the Group held 5,120 treasury shares (September 30, 2019: 20,735), compared to 361,775 as at December 31, 2019. The average number of (diluted) ordinary shares outstanding has been adjusted for these treasury shares.

As at September 30, 2020, December 31, 2019, and September 30, 2019 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 2020 | Q3 2019 | 9M 2020 | 9M 2019 |
|---|---------|---------|---------|---------|
| Net income for holders of preference and ordinary shares | 105 | 140 | 97 | 439 |
| Net income attributable to holders of preference shares | (2) | (3) | (6) | (9) |
| Net income attributable to holders of ordinary shares | 103 | 137 | 91 | 430 |
| Amortization of intangible assets ¹ | 16 | 33 | 178 | 94 |
| Integration costs and one-offs | 26 | 62 | 81 | 79 |
| Tax effect on amortization, integration costs, and one-offs | (11) | (25) | (47) | (46) |
| Adjusted net income for holders of ordinary shares | 134 | 207 | 303 | 557 |
| Average number of ordinary shares outstanding | 183.3 | 183.3 | 183.2 | 183.3 |
| Average number of diluted ordinary shares outstanding | 184.0 | 183.9 | 183.8 | 183.7 |
| Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share): | | | | |
| Basic earnings per share | 0.56 | 0.74 | 0.49 | 2.35 |
| Diluted earnings per share | 0.56 | 0.74 | 0.49 | 2.34 |
| Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs ² | 0.73 | 1.12 | 1.65 | 3.03 |

¹ Amortization and impairment of acquisition-related intangible assets and goodwill.

² Diluted EPS underlying

net debt position

Net debt including lease liabilities at September 30, 2020 amounted to € 391 million, and was € 986 million lower compared to December 31, 2019 (€ 1,377 million). At September 30, 2020, our net debt position excluding lease liabilities

turned to a net cash position of € 212 million, compared to the net debt position as at December 31, 2019 (€ 756 million), which is mainly explained by a free cash flow of € 1,012 million in 9M 2020.

Included in 'borrowings under current liabilities' is the short-term part of non-current borrowings in the amount of € 128 million as at September 30, 2020. In Q3, the Group early repaid partially USD 110 million on the USD 400 million loans (original maturing in October 2020).

breakdown of operating expenses

| in millions of € | Q3 2020 | Q3 2019 | 9M 2020 | 9M 2019 |
|--------------------------|---------|---------|---------|---------|
| Personnel expenses | 573 | 681 | 1,767 | 2,041 |
| Other operating expenses | 228 | 286 | 738 | 760 |
| Operating expenses | 801 | 967 | 2,505 | 2,801 |

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

| in millions of € | Q3 2020 | Q3 2019 | 9M 2020 | 9M 2019 |
|--|---------|---------|---------|---------|
| Depreciation and impairment of property, plant and equipment | 14 | 16 | 41 | 43 |
| Amortization and impairment of software | 13 | 14 | 50 | 31 |
| Depreciation and amortization of software | 27 | 30 | 91 | 74 |
| Depreciation and impairment of right-of-use assets | 50 | 61 | 150 | 156 |
| Total | 77 | 91 | 241 | 230 |

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

| in millions of € | Q3 2020 | Q3 2019 | 9M 2020 | 9M 2019 |
|--|---------|---------|---------|---------|
| Additions | | | | |
| Property, plant and equipment | (9) | (17) | (36) | (42) |
| Software | (15) | (17) | (49) | (51) |
| | (24) | (34) | (85) | (93) |
| Disposals | | | | |
| Proceeds property, plant and equipment | 1 | - | 4 | 3 |
| (Profit)/Loss | - | - | - | - |
| | 1 | - | 4 | 3 |
| Statement of cash flows | (23) | (34) | (81) | (90) |

french competitive employment act ('CICE')

In the consolidated balance sheet an amount of € 8 million is included related to the remaining current part of the CICE receivable (December 31, 2019: in total € 389 million). After having collected € 21 million in the first half year 2020, we have further collected € 360 million in this quarter of which € 265 million by way of selling to third parties.

total comprehensive income

Apart from net income for the period, total comprehensive income comprises translation differences and related tax effects that subsequently may be reclassified to the income statement in a future reporting period, and fair value adjustments of equity investments and related tax effects, 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 28, 29 and 30 to the consolidated financial statements as at and for the year ended December 31, 2019.

commitments

There are no material changes in the nature and scope of commitments compared to December 31, 2019.

events after balance sheet date

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

change in presentation of consolidated statement of cash flows in 2019

In 2019 we have changed the presentation of the consolidated statement of cash flows, for the year 2019, as disclosed in note 27 to the consolidated financial statements 2019. This change in presentation also has its effects on the quarterly cash flow statements of the year 2019. For Q3, 2019 and 9M, 2019 the financing cash flows have been restated by an amount of € (514) million and € (50) million respectively. The table below discloses the details.

change in presentation of consolidated statement of cash flows Q3 and 9M, 2019

| in millions of € | reported Q3 2019 | presentation change | restated Q3 2019 | reported 9M 2019 | presentation change | restated 9M 2019 |
|---|---------------------|------------------------|---------------------|---------------------|------------------------|---------------------|
| Net cash flow from operating activities | 558 | - | 558 | 750 | - | 750 |
| Net cash flow from investing activities | (51) | - | (51) | (103) | - | (103) |
| Net cash flow from financing activities | (61) | (514) | (575) | (609) | (50) | (659) |
| Net movement | 446 | (514) | (68) | 38 | (50) | (12) |
| "Cash for cash flow statement", at beginning of year | (897) | 1,227 | 330 | (491) | 764 | 273 |
| Net movement | 446 | (514) | (68) | 38 | (50) | (12) |
| Translation and currency gains/ (losses) | 1 | - | 1 | 3 | (1) | 2 |
| | 447 | (514) | (67) | 41 | (51) | (10) |
| "Cash for cash flow statement", at end of period | (450) | 713 | 263 | (450) | 713 | 263 |
| Free cash flow | 468 | - | 468 | 491 | - | 491 |