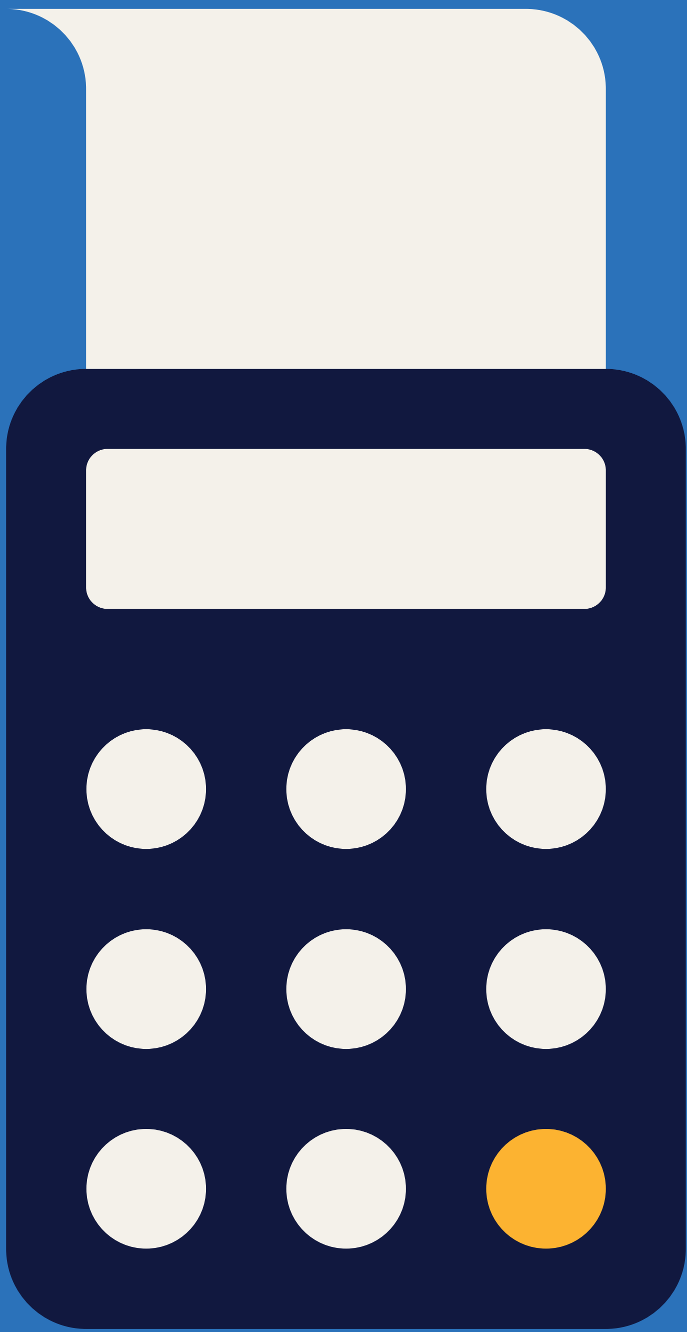
2nd quarter results 2018.



randstad

human forward.

contents

Q2 2018: strong margin conversion.

organic revenue growth

+5.0%

underlying EBITA

€ 283m

EBITA margin

4.7%

topline grew 5% in Europe, 2% in North America and 11% in Rest of the world;

gross margin 19.8%; pricing climate stable; perm fees up 14% (Q1 2018: up 13%)

underlying EBITA of € 283 million; EBITA margin 4.7%, +20bp YoY

organic opex up 2% (Q1 2018: up 2%); L4Q ICR around 50%

leverage ratio of

1.3

June organic sales growth 5% against tough comps; volumes in early July indicate a continuation of the trend

"We delivered a strong operating performance in Q2," says CEO Jacques van den Broek. "Our organic sales growth came in at 5%, offsetting high comparable growth rates in Q2 2017. Our perm growth further accelerated to 14%. Randstad Sourceright and the Rest of the world region generated double-digit topline growth and significantly higher profitability. These businesses have further improved our global presence and resilience. All in all, we improved our margin conversion for the Group by maintaining the right balance between investing in growth and focus on profitability. Our digital strategy is making strong progress in laying digital foundations and scaling up best practices around the world. The global roll-out of digital initiatives such as workforce scheduling, data-driven sales and talent engagement is in full swing, with the first showing the most promising results. Wherever I travel and meet our people, I see a lot of excitement on our digital transformation and the positive effects it has on their jobs."

financial performance.

core data

in millions of €, unless otherwise indicated - underlying	Q2 2018	Q2 2017	yoy change	% org.	L4Q 2018	L4Q 2017	yoy change	% org.
Revenue	6,022	5,866	3%	5%	23,555	22,297	6%	8%
Gross profit	1,191	1,194	0%	3%	4,685	4,434	6%	6%
Operating expenses	908	932	(3)%	2%	3,591	3,424	5%	3%
EBITA, underlying[1]	283	262	8%	10%	1,094	1,010	8%	10%
Integration costs and one-offs	(15)	(12)			(68)	(78)		
EBITA	268	250	7%		1,026	932	10%	
Amortization of intangible assets[2]	(30)	(37)			(126)	(121)		
Operating profit	238	213			900	811		
Net finance income/(costs)	9	(8)			(10)	(14)		
Share of profit/(loss) of associates	-	-			1	(1)		
Income before taxes	247	205	20%		891	796	12%	
Taxes on income	(54)	(53)			(208)	(199)		
Net income	193	152	27%		683	597	14%	
Adj. net income for holders of ordinary shares[3]	223	181	23%		807	724	11%	
Free cash flow	(10)	(97)	90%		528	435	21%	
Net debt	1,507	1,556	(3)%					
Leverage ratio (net debt/12-month EBITDA)	1.3	1.5	(13)%					
DSO (Days Sales Outstanding), moving average	54.0	52.1	4%					
Margins (in % of revenue)								
Gross margin	19.8%	20.4%			19.9%	19.9%		
Operating expenses margin	15.1%	15.9%			15.2%	15.4%		
EBITA margin, underlying	4.7%	4.5%			4.6%	4.5%		
Share data								
Basic earnings per ordinary share (in €)	1.04	0.82	27%		3.66	3.21	14%	
Diluted earnings per ordinary share, underlying (in €)[3]	1.21	0.98	23%		4.38	3.94	11%	

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 25.

revenue

Organic revenue per working day grew by 5.0% in Q2 resulting in revenue of € 6,022 million (Q1 2018: up 7.4%). Reported revenue was 2.7% above Q2 2017, of which working days had a positive effect of 0.6% while FX had a negative effect of 3.0%.

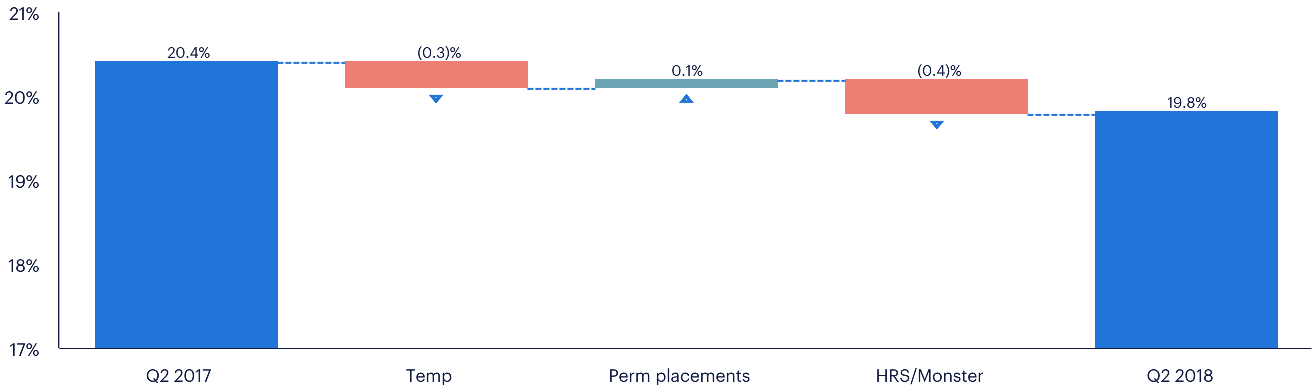
In North America, revenue per working day increased 2% (Q1 2018: up 1%). Growth in the US was up 2% (Q1 2018: flat), while Canada was flat YoY (Q1 2018: up 7%). In Europe, revenue per working day grew by 5% (Q1 2018: up 9%). Topline growth in France amounted to 3% (Q1 2018: up 10%) impacted by tougher comparables, while the Netherlands grew by 4% (Q1 2018: up 5%). Germany was up 6% (Q1 2018: up 7%), while sales growth in Belgium was 7% (Q1 2018: up 9%). Italy grew by 10% (Q1 2018: up 19%), while revenue in Iberia was up by 3% (Q1 2018: up 11%), with both countries significantly impacted by tougher comparables. In the 'Rest of the world' region, revenue increased 11% (Q1 2018: up 11%); Japan increased by 9% (Q1 2018: up 11%), while Australia & New Zealand rose by 7% (Q1 2018: up 6%).

Perm fees grew by 14% (Q1 2018: up 13%), with Europe up 17% (Q1 2018: up 15%) and North America growing 6% (Q1 2018: up 8%). In the 'Rest of the world' region, perm fees growth accelerated to 19% (Q1 2018: up 12%). Perm fees made up 10.9% of gross profit.

gross profit

In Q2 2018, gross profit amounted to € 1,191 million. Organic growth was 2.9% (Q1 2018: up 4.5%), impacted by adverse mix effects related to Monster. Currency effects had a negative impact on gross profit of € 44 million compared to Q2 2017.

year-on-year gross margin development (%)

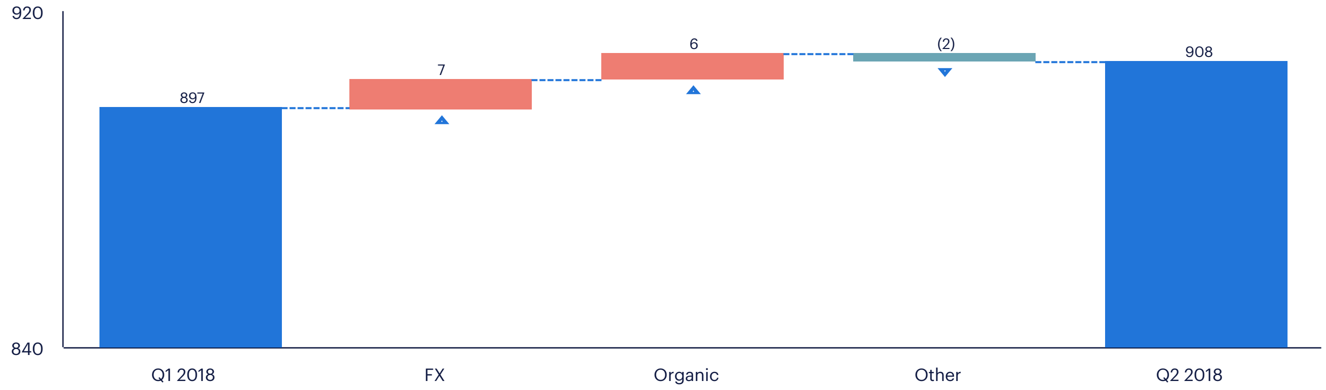


Gross margin was 19.8%, 60bp below Q2 2017 (as shown in the graph above). Temporary staffing had a 30bp negative effect on gross margin (Q1 2018: down 30 bps), primarily given adverse mix effects and changes in CICE in France. Permanent placements had 10bp positive effect on gross margin, while HRS/others had a negative impact of 40bp, mostly related to Monster and FX.

operating expenses

On an organic basis, operating expenses increased by € 6 million sequentially to € 908 million. This is primarily related to investments in our organic sales growth (including digital), partially offset by the cost optimization program within Monster. Compared to last year, operating expenses were up 2% (Q1 2018: up 2%) organically, while there was a € 36 million positive FX impact.

sequential OPEX development Q1-> Q2 in € M



Personnel expenses were up 1% sequentially. Average headcount (in FTE) amounted to 38,590 for the quarter, flat compared to Q1 2018 and 2% higher organically YoY. Productivity (measured as gross profit per FTE) was 2% higher YoY (Q1 2018: up 2%) on an organic basis. We operated a network of 4,773 outlets (Q1 2018: 4,744).

Operating expenses in Q2 2018 were adjusted for a total of € 15 million one-offs, of which € 14 million relates to restructuring costs. Last year's cost base was adjusted for a total of € 12 million one-off costs.

EBITA

Underlying EBITA increased organically by 10% to € 283 million. Currency effects had a € 8 million adverse impact YoY. EBITA margin reached 4.7%, 20 bps higher than Q2 2017. We achieved an organic incremental conversion ratio (ICR)[1] of around 50% over the last four quarters.

net finance income/(costs)

In Q2 2018, net finance income was € 9 million, compared with € 8 million net finance costs in Q2 2017. Interest expenses on our net debt position were € 4 million (Q2 2017: € 5 million). Foreign currency and other effects had a positive impact of € 13 million (Q2 2017: negative impact of € 3 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 six months (H1 2017: 27.2%) and is based on the estimated effective tax rate for the whole year 2018. For 2018, we 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% (previously: between 24% and 26%).

net income, earnings per share

In Q2 2018, adjusted net income rose by 23% YoY to € 223 million. Diluted underlying EPS amounted to € 1.21 (Q2 2017: € 0.98). The average number of diluted ordinary shares outstanding remained almost stable compared to Q2 2017 (183.8 million versus 183.9 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	june 30, 2018	march 31, 2018	december 31, 2017	september 30, 2017	june 30, 2017	march 31, 2017
Goodwill and acquisition-related intangible assets	3,429	3,406	3,475	3,519	3,582	3,693
Operating working capital (OWC)[1]	1,135	1,006	890	991	983	752
Net tax assets[2]	485	381	357	404	421	449
All other assets/(liabilities)[3]	526	76	555	555	515	122
Invested capital	5,575	4,869	5,277	5,469	5,501	5,016
Financed by						
Total equity	4,068	3,810	4,251	4,080	3,945	3,887
Net debt	1,507	1,059	1,026	1,389	1,556	1,129
Invested capital	5,575	4,869	5,277	5,469	5,501	5,016
Ratios						
DSO (Days Sales Outstanding), moving average[4]	54.0	53.8	53.2	52.5	52.1	51.4
OWC as % of revenue over last 12 months	4.8%	4.3%	3.8%	4.3%	4.4%	3.5%
Leverage ratio (net debt/12-month EBITDA)	1.3	0.9	0.9	1.4	1.5	1.1
Return on invested capital[5]	14.4%	17.6%	16.7%	15.3%	15.2%	16.6%

1 Operating working capital: Trade and other receivables minus the current part of financial fixed assets, deferred receipts from disposed Group companies and interest receivable minus trade and other payables excluding interest payable.
2 Net tax assets: Deferred income tax assets and income tax receivables less deferred income tax liabilities and income tax liabilities.
3 All other assets/(liabilities), mainly containing property, plant & equipment, software plus financial assets and associates, less provisions and employee benefit obligations and other liabilities. As at March 31, 2018 and 2017, dividend payable is also included (€ 518 and € 359 million respectively). As at June 30, 2018 dividend payable included is € 126 million).
4 DSO Q1, 2017 recalculated for comparative purposes for prior acquisitions
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) reached 14.4%, a 80bp decline year-on-year. This was fully driven by incidentally higher taxes paid in Q2 2018 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 increased sequentially to € 1,135 million, mainly due to normal seasonal patterns in our business. The moving average of Days Sales Outstanding (DSO) increased to 54.0 days (Q2 2017: 52.1), primarily due to adverse mix effects (faster sales growth in countries with above-average DSO).

The sequential increase in 'all other assets/(liabilities)' is mainly explained by the timing of the dividend announcement (€ 518 million) in Q1 2018. The increase YoY is a mix of higher dividends announced and payable at June 30, 2018 (€ 126 million) and a net increase of the CICE receivable. The total CICE subsidy receivable is € 539 million, including a current portion of € 99 million.

At the end of Q2 2018, net debt was € 1,507 million, compared to € 1,556 million at the end of Q2 2017. A further analysis of the cash flow is provided in the next section. The leverage ratio was 1.3, compared to 1.5 in the previous year. 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 €	Q2 2018	Q2 2017	change	L4Q 2018	L4Q 2017	change
EBITA	268	250	7%	1,026	932	10%
Depreciation and amortization of software	22	25		84	87	
EBITDA	290	275	5%	1,110	1,019	9%
Working capital	(113)	(261)		(157)	(220)	
Provisions and employee benefit obligations	(1)	(1)		8	3	
All other items	(24)	(30)		(32)	(94)	
Income taxes	(132)	(58)		(289)	(171)	
Net cash flow from operating activities	20	(75)	127%	640	537	19%
Net capital expenditures	(30)	(22)		(105)	(101)	
Financial assets	-	-		(7)	(1)	
Free cash flow	(10)	(97)	90%	528	435	21%
Net (acquisitions)/disposals[1]	(16)	(1)		(30)	(974)	
Dividends from associates	3	1		3	1	
Issue of ordinary shares	-	1		1	1	
Purchase of own ordinary shares	-	-		(36)	(39)	
Dividend on ordinary shares	(379)	(346)		(379)	(346)	
Dividend on preference shares	(13)	(13)		(13)	(13)	
Net finance costs	(3)	(4)		(15)	(15)	
Translation and other effects	(30)	32		(10)	28	
Net (increase)/decrease of net debt	(448)	(427)		49	(922)	

1 including acquired non-current borrowings in L4Q 2017

In the quarter, free cash flow was € 10 million negative, up € 87 million vs. Q2 2017 (€ 97 million negative). Over the L4Qs, free cash flow was € 528 million, up 21% compared to the prior-year L4Qs (€ 435 million).

Main driver for the increase in free cash flow YoY was the much lower working capital outflow, partially related to the reversal of unfavourable timing of payments in Q1 2018. This more than offsets the adverse effect of incidentally high tax prepayments in Q2 2018.

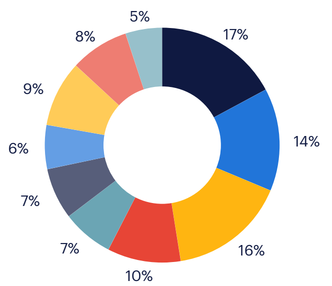
All other items include an amount of € 34 million in Q2 2018 from the Tax Credit and Competitive Employment Act (CICE) in France, which is included in the CICE receivable as at June 30, 2018.

performance.

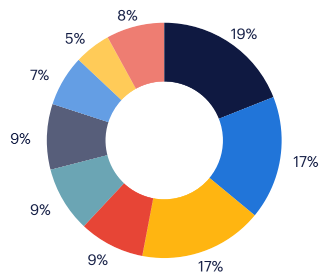
performance by geography

split by geography

Q2 2018: revenue € 6,022 million



Q2 2018: EBITA € 283 million



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

revenue in millions of €	Q2 2018	Q2 2017	organic Δ%[1]	6M 2018	6M 2017	organic Δ%[1]
North America	1,027	1,084	2%	1,988	2,178	1%
Netherlands	863	830	4%	1,697	1,639	4%
France	975	944	3%	1,872	1,741	7%
Germany	616	568	6%	1,207	1,127	6%
Belgium & Luxembourg	410	383	7%	798	739	8%
Italy	427	384	10%	819	714	14%
Iberia	375	357	3%	726	681	7%
Other European countries	553	529	6%	1,098	1,043	8%
Rest of the world	489	487	11%	946	961	11%
Global businesses	287	300	3%	554	600	2%
Revenue	6,022	5,866	5%	11,705	11,423	6%

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 2018	EBITA margin[1]	Q2 2017	EBITA margin[1]	organic Δ%[2]	6M 2018	EBITA margin[1]	6M 2017	EBITA margin[1]	organic Δ%[2]
North America	55	5.5%	66	6.1%	(7)%	96	4.9%	111	5.1%	(3)%
Netherlands	50	5.8%	48	5.8%	4%	94	5.5%	92	5.6%	1%
France	51	5.2%	60	6.4%	(16)%	100	5.3%	103	5.9%	(4)%
Germany	28	4.6%	24	4.2%	17%	46	3.8%	47	4.1%	(3)%
Belgium & Luxembourg	28	6.8%	25	6.5%	12%	51	6.4%	45	6.1%	12%
Italy	26	6.1%	22	5.8%	18%	48	5.9%	39	5.4%	26%
Iberia	20	5.2%	18	5.1%	7%	36	4.9%	32	4.7%	13%
Other European countries	14	2.4%	14	2.6%	0%	28	2.5%	27	2.6%	4%
Rest of the world	24	5.0%	13	2.6%	110%	37	3.9%	23	2.4%	81%
Global businesses	3	0.8%	(7)	(2.3)%	137%	(2)	(0.4)%	(8)	(1.3)%	68%
Corporate	(16)		(21)			(34)		(40)		
EBITA before integration costs and one-offs[3]	283	4.7%	262	4.5%	10%	500	4.3%	471	4.1%	9%
Integration costs and one-offs	(15)		(12)			(27)		(30)		
EBITA	268		250			473		441		

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

north america

In North America, revenue growth was up 2% (Q1 2018: up 1%). Perm fees grew 6% (Q1 2018: up 8%). In Q2 2018, revenue of our combined US businesses was up 2% (Q1 2018: flat). US Staffing/Inhouse Services grew by 5% (Q1 2018: up 2%). US Professionals revenue was down 1% (Q1 2018: down 3%). In Canada, revenue was flat (Q1 2018: up 7%). EBITA margin for the region came in at 5.5%, compared to 6.1% last year, impacted by temporary effects.

netherlands

In the Netherlands, revenue was up 4% YoY (Q1 2018: up 5%). Overall perm fees were up 5% (Q1 2018: down 6%). Our Staffing and Inhouse Services businesses grew 2% (Q1 2018: up 4%), with growth still impacted by a strong focus on client profitability. Our Professionals business was up 15% (Q1 2018: up 8%). Underlying EBITA margin in the Netherlands was 5.8%, stable compared to last year.

france

In France, revenue growth was 3% (Q1 2018: up 10%), impacted by tougher comparables and strikes. Perm fees were up 21% compared to last year (Q1 2018: up 38%). Staffing/Inhouse Services revenue grew 2% (Q1 2018: up 10%). Our Professionals business was up 10% (Q1 2018: up 13%), driven by Expectra and healthcare. EBITA margin was 5.2% compared to 6.4% last year, reflecting the adverse impact of the CICE change and slower growth.

germany

In Germany, revenue per working day was up 6% YoY (Q1 2018: up 7%) and ahead of market, albeit still negatively impacted by regulation changes. Perm fees were up 29% compared to last year (Q1 2018: up 14%). Our combined Staffing and Inhouse Services business was up 6% (Q1 2018: up 6%), while Professionals was up 7% (Q1 2018: up 9%). EBITA margin in Germany was 4.6%, compared to 4.2% last year.

belgium & luxembourg

In Belgium & Luxembourg, revenue was up 7% (Q1 2018: up 9%), still ahead of the market. Perm fees were up 35% compared to last year (Q1 2018: up 47%). Our Staffing/Inhouse Services business was up 7% (Q1 2018: up 9%), while the Professionals business was up 8% (Q1 2018: up 8%). Our EBITA margin was 6.8%, up from 6.5% last year.

italy

Revenue per working day in Italy grew by 10% compared to the prior year (Q1 2018: up 19%), impacted by tougher comparables and client profitability focus. Overall perm fees were up 44% (Q1 2018: up 63%). EBITA margin improved to 6.1%, from 5.8% last year as we continue to balance growth and profitability.

iberia

In Iberia, revenue increased 3% (Q1 2018: up 11%), impacted by tougher comparables. Perm fees were up 17% compared to last year (Q1 2018: up 14%). Staffing/Inhouse Services combined grew by 3% (Q1 2018: up 11%). Spain was up 4% (Q1 2018: up 13%) while our focus on permanent placements (up 18%) continues to pay off. In Portugal, revenue was down 1% (Q1 2018: up 6%). Overall EBITA margin was 5.2% in Q2 2018, compared to 5.1% last year.

other european countries

Across 'Other European countries', revenue per working day grew 6% (Q1 2018: up 11%), reflecting tougher comparables. In the UK, revenue was up by 7% (Q1 2018: up 7%), while perm fees were down by 4% (Q1 2018: down 14%). In the Nordics, revenue increased by 4% on an organic basis (Q1 2018: up 11%). Revenue in our Swiss business was up 13% YoY (Q1 2018: up 22%). Overall EBITA margin for the 'Other European countries' region was 2.4% compared to 2.6% last year.

rest of the world

Overall revenue in the 'Rest of the world' region grew by 11% organically (Q1 2018: up 11%). In Japan, revenue grew 9% (Q1 2018: up 11%). Revenue in Australia/New Zealand grew 7% (Q1 2018: up 6%), while revenue in China grew by 7% YoY (Q1 2018: up 5%). Our business in India was up 2% (Q1 2018: down 1%), while in Latin America revenue grew 35% (Q1 2018: up 32%), driven by Argentina and Brazil. Overall EBITA margin in this region was 5.0%, compared to 2.6% last year, primarily driven by a strong profitability increase in Japan and Australia. We achieved record earnings in Japan, Singapore and China.

global businesses

Overall revenue growth per working day was up 3% YoY organically (Q1 2018: flat). Randstad Sourceright continued to deliver double-digit revenue growth, while Monster sales growth was down by 16% (Q1 2018: down 16%). Overall EBITA margin came in at 0.8% compared to -2.3% last year, reflecting improved results in both Sourceright and Monster.

performance by revenue category

revenue in millions of €	Q2 2018	Q2 2017	organic Δ%[1]	6M 2018	6M 2017	organic Δ%[1]
Staffing	3,157	3,080	2%	6,134	5,966	4%
Inhouse Services	1,351	1,285	12%	2,609	2,478	14%
Professionals	1,227	1,201	5%	2,408	2,379	5%
Global Businesses	287	300	3%	554	600	2%
Revenue	6,022	5,866	5%	11,705	11,423	6%

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 5.0% in Q2 2018. In June 2018, revenue grew at a similar pace. The development of volumes in early July indicates a continuation of the Q2 growth rate.

Q3 2018 gross margin is expected to be slightly lower sequentially given seasonality.

For Q3 2018, we expect broadly stable operating expenses sequentially.

There will be a positive 0.3 working day impact in Q3 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

Ex-special dividend date	September 24, 2018
Special dividend record date	September 25, 2018
Payment of special dividend	September 27, 2018
Publication of third quarter results 2018	October 23, 2018
Publication of fourth quarter and annual results 2018	February 12, 2019

analyst and press conference call

Today (July 24, 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' and enter PIN: 9149#

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.

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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

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/.

half-year report

2018.

key financials

in millions of €, unless otherwise indicated - underlying	6M 2018	6M 2017	change
Revenue	11,705	11,423	2%
Gross profit	2,305	2,328	(1)%
Operating expenses	1,805	1,857	(3)%
Underlying EBITA	500	471	6%
Margins (in % of revenue)			
Gross margin	19.7%	20.4%	
Operating expenses margin	15.4%	16.3%	
Underlying EBITA margin	4.3%	4.1%	

revenue

Revenue increased to € 11,705 million, up 6.2% per working day. Revenue per working day was up 7.4% in the first quarter and 5.0% in the second quarter.

gross profit

Gross margin reached 19.7%, down from 20.4% in H1 2017. Temporary staffing had a 30bp negative effect on gross margin, primarily given adverse mix effects and changes in CICE in France. Permanent placements had a 10bp positive effect on gross margin, while HRS/Monster had a negative impact of 50bp, mostly related to Monster and FX.

operating expenses

Operating expenses increased by 2% organically. The reported increase in our cost base mainly stems from investments in our topline growth and digital strategy. Overall headcount is up 2% compared to the prior year.

EBITA

Underlying EBITA increased to € 500 million. EBITA margin improved from 4.1% LY to 4.3%, reflecting our focus on profitable growth. We achieved an organic incremental conversion ratio over the last 6 months of 54%.

key financials, actual

in millions of €, unless otherwise indicated	6M 2018	6M 2017	change
Underlying EBITA	500	471	6%
Integration costs and one-offs	(27)	(30)	
EBITA	473	441	7%
Amortization of intangible assets	(63)	(71)	
Operating profit	410	370	
Net finance income/(costs)	3	(10)	
Income before taxes	413	360	15%
Taxes on income	(93)	(92)	
Net income	320	268	19%

net finance income/(costs)

Net finance income amounted to € 3 million, compared to € 10 million net finance costs in the first half of 2017. Interest expenses on our net debt position were € 9 million, compared to € 10 million in the first half of 2017. Foreign currency and other effects had a positive impact of € 12 million (H1 2017: none).

net income

Adjusted net income attributable to holders of ordinary shares amounted to € 380 million, compared to € 329 million in the first six months of 2017. As a result, diluted underlying EPS increased from € 1.79 to € 2.07.

cash flow

In the first six months of 2018, free cash flow amounted to € 35 million negative compared to € 23 million positive in H1 2017. The main cause is the adverse effect of incidentally high tax prepayments in H1 2018.

cash flow summary

in millions of €	6M 2018	6M 2017	change
EBITA	473	441	7%
Depreciation and amortization of software	43	46	
EBITDA	516	487	6%
Working capital	(239)	(257)	
Provisions and employee benefit obligations	(2)	(2)	
All other items	(49)	(56)	
Income taxes	(210)	(107)	
Net cash flow from operating activities	16	65	(75)%
Net capital expenditures	(51)	(42)	
Free cash flow	(35)	23	(252)%
Net (acquisitions)/disposals[1]	(13)	(446)	
Dividends from associates	3	1	
Issue of ordinary shares	1	1	
Purchase of own ordinary shares	(15)	(17)	
Dividend on ordinary shares	(379)	(346)	
Dividend on preference shares	(13)	(13)	
Net finance costs	(5)	(8)	
Translation and other effects	(25)	42	
Net (increase)/decrease of net debt	(481)	(763)	

1 including acquired non-current borrowings in 6M 2017

risk profile

With regard to risks and opportunities, reference is made to our 2017 annual report (pages 86 to 96). The key risks and opportunities did not change materially in H1 2018. The risks identified represent the key challenges we currently face, and we expect them to be applicable in the second half of 2018. 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 70-78 of our 2017 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, 2018 and for the six month period ended at June 30, 2018 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. 1-16) 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 23, 2018 The Executive Board,

Jacques van den Broek

François Béharel

Linda Galipeau

Chris Heutink

Henry Schirmer

interim financial statements

Q2 2018.

actuals

consolidated income statement

in millions of €, unless otherwise indicated	Q2 2018	Q2 2017	6M 2018	6M 2017
Revenue	6,022	5,866	11,705	11,423
Cost of services	4,831	4,672	9,400	9,095
Gross profit	1,191	1,194	2,305	2,328
Selling expenses	641	653	1,276	1,313
General and administrative expenses	282	291	556	574
Operating expenses	923	944	1,832	1,887
Amortization and impairment of acquisition-related intangible assets and goodwill	30	37	63	71
Total operating expenses	953	981	1,895	1,958
Operating profit	238	213	410	370
Net finance income/(costs)	9	(8)	3	(10)
Income before taxes	247	205	413	360
Taxes on income	(54)	(53)	(93)	(92)
Net income	193	152	320	268
Net income attributable to:				
Holders of ordinary shares Randstad N.V.	190	149	314	262
Holders of preference shares Randstad N.V.	3	3	6	6
Equity holders	193	152	320	268
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	1.04	0.82	1.71	1.43
Diluted earnings per share	1.04	0.81	1.71	1.43
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	1.21	0.98	2.07	1.79

information by geographical area and revenue category

revenue by geographical area

in millions of €	Q2 2018	Q2 2017	6M 2018	6M 2017
North America	1,027	1,084	1,988	2,178
Netherlands	864	831	1,699	1,641
France	975	944	1,872	1,741
Germany	616	568	1,207	1,127
Belgium & Luxembourg	411	384	799	740
Italy	427	384	819	714
Iberia	375	357	726	681
Other European countries	555	531	1,101	1,047
Rest of the world	489	487	946	961
Global Businesses	289	303	559	605
Elimination of revenue[1]	(6)	(7)	(11)	(12)
Revenue	6,022	5,866	11,705	11,423

1 Relates to intersegment revenue

EBITA by geographical area

in millions of €	Q2 2018	Q2 2017	6M 2018	6M 2017
North America	56	64	97	109
Netherlands	45	46	86	88
France	50	59	98	100
Germany	28	24	46	47
Belgium & Luxembourg	28	25	50	45
Italy	26	20	48	35
Iberia	20	18	36	32
Other European countries	14	14	28	24
Rest of the world	24	9	36	19
Global Businesses	(7)	(8)	(18)	(18)
Corporate	(16)	(21)	(34)	(40)
EBITA[1]	268	250	473	441

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

revenue by revenue category

in millions of €	Q2 2018	Q2 2017	6M 2018	6M 2017
Staffing	3,161	3,084	6,140	5,973
Inhouse	1,351	1,285	2,609	2,478
Professionals	1,227	1,201	2,408	2,379
Global businesses	289	303	559	605
Elimination of revenue[1]	(6)	(7)	(11)	(12)
Revenue	6,022	5,866	11,705	11,423

1 Relates to intersegment revenue

consolidated balance sheet

in millions of €	june 30, 2018	december 31, 2017	june 30, 2017
assets			
Property, plant and equipment	158	154	154
Intangible assets	3,515	3,555	3,655
Deferred income tax assets	488	438	474
Financial assets and associates	603	530	548
Non-current assets	4,764	4,677	4,831
Trade and other receivables	4,974	4,680	4,567
Income tax receivables	96	79	70
Cash and cash equivalents	403	326	328
Current assets	5,473	5,085	4,965
Total assets	10,237	9,762	9,796
equity and liabilities			
Issued capital	26	26	26
Share premium	2,286	2,284	2,284
Reserves	1,755	1,940	1,634
Shareholders' equity	4,067	4,250	3,944
Non-controlling interests	1	1	1
Total equity	4,068	4,251	3,945
Borrowings	730	640	995
Deferred income tax liabilities	45	44	55
Provisions and employee benefit obligations	190	186	214
Other liabilities	6	11	14
Non-current liabilities	971	881	1,278
Borrowings	1,180	712	889
Trade and other payables	3,743	3,694	3,516
Dividends	126	-	
Income tax liabilities	54	116	68
Provisions and employee benefit obligations	84	86	84
Other liabilities	11	22	16
Current liabilities	5,198	4,630	4,573
Liabilities	6,169	5,511	5,851
Total equity and liabilities	10,237	9,762	9,796

consolidated statement of cash flows

in millions of €	Q2 2018	Q2 2017	6M 2018	6M 2017
Operating profit	238	213	410	370
Amortization and impairment of acquisition-related intangible assets and goodwill	30	37	63	71
EBITA	268	250	473	441
Depreciation and amortization of software	22	25	43	46
EBITDA	290	275	516	487
Provisions and employee benefit obligations	(1)	(1)	(2)	(2)
Share-based compensations	10	8	19	16
<Gain> on disposal of subsidiaries/activities	-	-	(2)	-
Other items	(34)	(38)	(66)	(72)
Cash flow from operations before operating working capital and income taxes	265	244	465	429
Trade and other receivables	(203)	(291)	(289)	(310)
Trade and other payables	90	30	50	53
Operating working capital	(113)	(261)	(239)	(257)
Income taxes	(132)	(58)	(210)	(107)
Net cash flow from operating activities	20	(75)	16	65
Additions in property, plant and equipment	(18)	(9)	(32)	(23)
Additions in software	(12)	(13)	(22)	(25)
Disposals of property, plant and equipment	-	-	3	6
Acquisition of subsidiaries, associates and equity investments	(16)	(1)	(23)	(339)
Disposal of subsidiaries/activities	-	-	10	-
Dividend from associates	3	1	3	1
Net cash flow from investing activities	(43)	(22)	(61)	(380)
Issue of new ordinary shares	-	1	1	1
Net purchase of own ordinary shares	-	-	(15)	(17)
Net drawings on/(net repayments of) non-current borrowings	162	(220)	75	189
Net financing	162	(219)	61	173
Net finance costs	(3)	(4)	(5)	(8)
Dividend on ordinary shares	(379)	(346)	(379)	(346)
Dividend on preference shares	(13)	(13)	(13)	(13)
Net reimbursement to financiers	(395)	(363)	(397)	(367)
Net cash flow from financing activities	(233)	(582)	(336)	(194)
Net (decrease)/increase in cash, cash equivalents, and current borrowings	(256)	(679)	(381)	(509)
Cash, cash equivalents, and current borrowings at beginning of period	(517)	121	(386)	(53)
Net movement	(256)	(679)	(381)	(509)
Translation and currency (losses)/gains	(4)	(3)	(10)	1
Cash, cash equivalents, and current borrowings at end of period	(777)	(561)	(777)	(561)
Free cash flow	(10)	(97)	(35)	23

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 €	2018	2017	2018	2017
Begin of period				
Shareholders' equity	3,809	3,886	4,250	4,140
Non-controlling interests	1	1	1	1
Total equity	3,810	3,887	4,251	4,141
Total comprehensive income				
Net income for the period	193	152	320	268
Fair value adjustments of equity investments	-	-	1	-
Translation differences	56	(103)	10	(113)
Total comprehensive income	249	49	331	155
Other changes in period	-	-	-	-
Dividend payable on ordinary shares	379	346	(126)	-
Diviidend paid on ordinary shares	(379)	(346)	(379)	(346)
Dividend payable on preference shares	13	13	-	-
Dividend paid on preference shares	(13)	(13)	(13)	(13)
Share-based compensations	10	8	19	16
Tax on share-based compensations	-	-	-	8
Issue of ordinary shares	-	1	1	1
Net purchase of ordinary shares	-	-	(15)	(17)
Acquisition of non-controlling interests	(1)	-	(1)	-
End of period	4,068	3,945	4,068	3,945
Shareholder's equity	4,067	3,944	4,067	3,944
Non-controlling interests[1]	1	1	1	1
Total Equity	4,068	3,945	4,068	3,945

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 six month period ended June 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 six month period ended June 30, 2018 is 22.5% (H1, 2017: 25.5%), and is based on the estimated tax rate for the whole year 2018 (actual FY 2017: 24.7%)

acquisition of group companies, equity investments and associates

The cash outflow for acquisitions in Q2 amounted to € 16 million (Q2, 2017: € 1 million). The cash outflow related for € 3 million to equity investments/associates and for € 13 million to payments in respect of acquisitions in prior years.

disposal of group companies

In Q2, 2018 and Q2, 2017, we had no disposal of Group companies.

shareholders' equity

Issued number of ordinary shares	2018	2017
January 1	183,264,045	183,023,267
Share-based compensations	37,776	234,778
June 30	183,301,821	183,258,045

As at June 30, 2018 the Group held 197,616 treasury shares (June 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 June 30, 2018, December 31, 2017, and June 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 indictated	Q2 2018	Q2 2017	6M 2018	6M 2017
Net income	193	152	320	268
Net income attributable to holders of preference shares	(3)	(3)	(6)	(6)
Net income attributable to holders of ordinary shares	190	149	314	262
Amortization of intangible assets[1]	30	37	63	71
Integration costs and one-offs	15	12	27	30
Tax effect on amortization, integration costs, and one-offs	(12)	(17)	(24)	(34)
Adjusted net income for holders of ordinary shares	223	181	380	329
Average number of ordinary shares outstanding	183.1	183.2	183.0	183.0
Average number of diluted ordinary shares outstanding	183.8	183.9	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	1.04	0.82	1.71	1.43
Diluted earnings per share	1.04	0.81	1.71	1.43
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs[2]	1.21	0.98	2.07	1.79

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

net debt position

The net debt position as at June 30, 2018 (€ 1,507 million) was € 481 million higher compared to the net debt position as at December 31, 2017 (€ 1,026 million), which is mainly due to dividend payments in Q2 of € 392 million.

breakdown of operating expenses

in millions of €	Q2 2018	Q2 2017	6M 2018	6M 2017
Personnel expenses	690	688	1,363	1,383
Other operating expenses	233	256	469	504
Operating expenses	923	944	1,832	1,887

depreciation and amortization software

in millions of €	Q2 2018	Q2 2017	6M 2018	6M 2017
Depreciation of property, plant and equipment	12	14	25	28
Amortization of software	10	11	18	18
Depreciation and amortization of software	22	25	43	46

french competitive employment act ('CICE')

Included in the consolidated balance sheet under 'financial assets and associates' is an amount of € 440 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 Q2, 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

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