4th quarter results

2019.

randstad

human forward.

contents

FY 2019: record high FCF and cash dividend, EBITA margin protected.

FY 2019: record high FCF and cash dividend, EBITA margin protected.

Q4 2019 organic growth

-2.8%

Q4 2019 underlying EBITA

€ 292m

FY 2019 proposed cash dividend per share

€ 4.32

Q4 topline in Europe mixed, US slightly easing, both impacted by macro and political uncertainty; strong growth in RoW.

Q4 gross margin 20.0%, up 20bp YoY; continued support from pricing, mix and digital tools.

FY 2019 EBITA margin 4.6%, down 10bp YoY; Q4 2019 EBITA margin down 30bp YoY to 4.9% due to digital/IT investments.

ongoing market share gains in several countries, fueled by digital strategy.

FY 2019 FCF up 46% YoY to

€ 915m

January 2020 revenue decreased by 3%-4% YoY.

"In 2019, we solidified our global No. 1 position as the largest HR services firm in the world", says CEO Jacques van den Broek. "This further strengthens our commitment and responsibility to support people and organizations in realizing their true potential. In fact, we see it as our core business. It has helped us to achieve our leading position, and it will help us in our journey towards our ultimate goal of touching the work lives of 500 million people by 2030."

“Financially, 2019 was a challenging year, but we have been able to demonstrate our resilience once again. Randstad's increasingly diversified portfolio by region and activity paid off. Our Group revenue was slightly down year-on-year organically, reflecting ongoing macro and political uncertainties, primarily in Northern Europe. At the same time, we continued our outperformance in several key geographies. Importantly, we were able to further improve our pricing power and discipline, reflecting increasing scarcity in labor markets and the successful implementation of our digital pricing tools globally. All in all, we protected our full-year 2019 EBITA margin, arriving at a sound level of 4.6%, while at the same time investing significantly in the future. Underpinning the strong resilience of our business model, we generated a record high free cash flow of € 915 million, resulting in a strong balance sheet and additional cash returns to shareholders. For 2019, we propose a record high total cash dividend of € 4.32 per ordinary share, including a special dividend of € 2.23. I would like to thank all Randstad colleagues around the world for their enthusiasm, commitment and dedication to this great company.”

Our annual report 2019 is available at www.randstad.com

financial performance.

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

core data

in millions of €, unless otherwise indicated - underlying[1]	Q4 2019	restated Q4 2018	yoy change	% org.	fy 2019	restated fy 2018	yoy change	% org.
Revenue	5,995	6,101	(2)%	(3)%	23,676	23,812	(1)%	(2)%
Gross profit	1,201	1,207	0%	(2)%	4,726	4,703	0%	(1)%
Operating expenses	909	891	2%	1%	3,632	3,572	2%	0%
EBITA, underlying[2]	292	316	(8)%	(10)%	1,094	1,131	(3)%	(5)%
Integration costs and one-offs	(38)	(27)			(117)	(70)		
EBITA	254	289	(12)%		977	1,061	(8)%	
Amortization and impairment of intangible assets[3]	(24)	(127)			(118)	(219)		
Operating profit	230	162			859	842		
Net finance (costs) / income	(12)	(5)			(45)	(28)		
Share of profit of associates	1	2			5	3		
Income before taxes	219	159	38%		819	817	0%	
Taxes on income	(52)	38			(213)	(109)		
Net income	167	197	(15)%		606	708	(14)%	
Adj. net income for holders of ordinary shares[4]	209	233	(10)%		766	833	(8)%	
Free cash flow	424	442	(4)%		915	627	46%	
Net debt	1,377	1,640	(16)%		1,377	1,640	(16)%	
Leverage ratio (net debt/12-month EBITDA)[5]	1.0	1.2			1.0	1.2		
Leverage ratio (net debt/12-month EBITDA) excluding IFRS 16[6]	0.7	0.8			0.7	0.8		
DSO (Days Sales Outstanding), moving average	53.5	53.9			53.5	53.9		
Margins (in % of revenue)								
Gross margin	20.0%	19.8%			20.0%	19.8%		
Operating expenses margin	15.2%	14.6%			15.3%	15.0%		
EBITA margin, underlying	4.9%	5.2%			4.6%	4.7%		
Share data								
Basic earnings per ordinary share (in €)	0.90	1.06	(15)%		3.24	3.80	(15)%	
Diluted earnings per ordinary share, underlying (in €)[4]	1.14	1.27	(10)%		4.17	4.54	(8)%	

1 Comparative numbers 2018 restated for effects IFRS 16.
2 EBITA adjusted for integration costs and one-offs.
3 Amortization and impairment of acquisition-related intangible assets and goodwill.
4 Before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs. See table 'Earnings per share' on page 24.
5 2018 leverage ratio including IFRS 16.
6 2019 leverage ratio excluding IFRS 16, based on best estimates.

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

revenue

Organic revenue per working day declined by 2.8% in Q4 resulting in revenue of € 5,995 million (Q3 2019: down 2.5 %). Reported revenue was down 1.7% YoY, of which working days had a negative effect of 0.3% while FX had a positive effect of 1.0%. M&A contributed 0.4%.

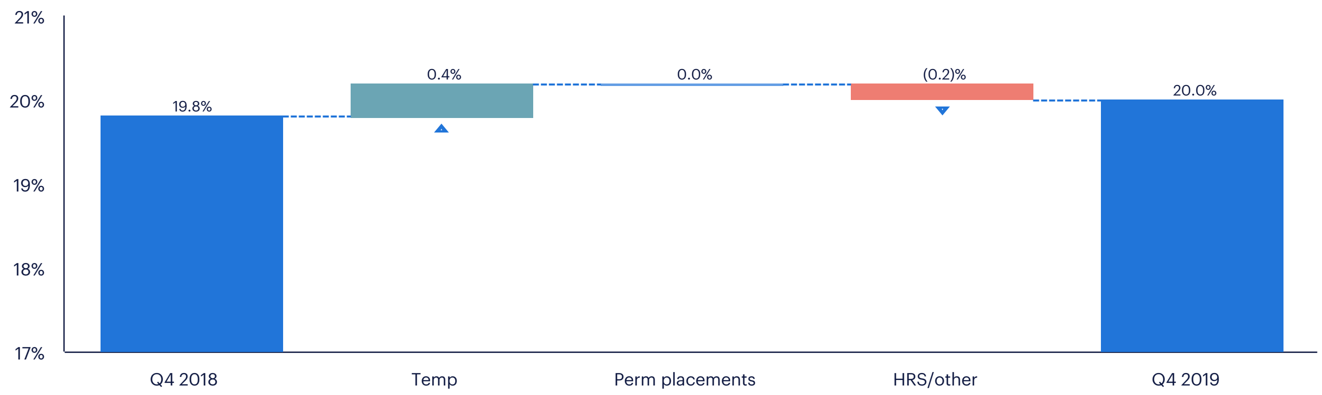
In North America, revenue per working day decreased 2% (Q3 2019: down 1%). Growth in the US was down 3% (Q3 2019: down 1%), while Canada was up 1% YoY (Q3 2019: up 3%). In Europe, revenue per working day declined by 4% (Q3 2019: down 4%). Revenue in France was up 1% (Q3 2019: down 1%), while the Netherlands decreased 10% (Q3 2019: down 5%). Germany declined by 15% (Q3 2019: down 14%), while sales growth in Belgium was down 3% (Q3 2019: down 4%). Italy was down 1% (Q3 2019: down 2%), and revenue in Iberia was up 1% (Q3 2019: down 1%). In the 'Rest of the world' region, revenue increased 9% (Q3 2019: up 7%); Japan increased by 7% (Q3 2019: up 8%), while Australia & New Zealand increased by 3% (Q3 2019: down 1%).

Perm fees declined by 5% (Q3 2019: down 1%), with Europe down 5% (Q3 2019: down 4%) and North America down 1% (Q3 2019: up 4%). In the 'Rest of the world' region, perm fees declined by 11% (Q3 2019: down 4%). Perm fees made up 9.5% of gross profit.

gross profit

In Q4 2019, gross profit amounted to € 1,201 million. Organic growth was down 1.8% (Q3 2019: down 1.9%). Currency effects had a positive impact on gross profit of € 13 million compared to Q4 2018.

year-on-year gross margin development (%)

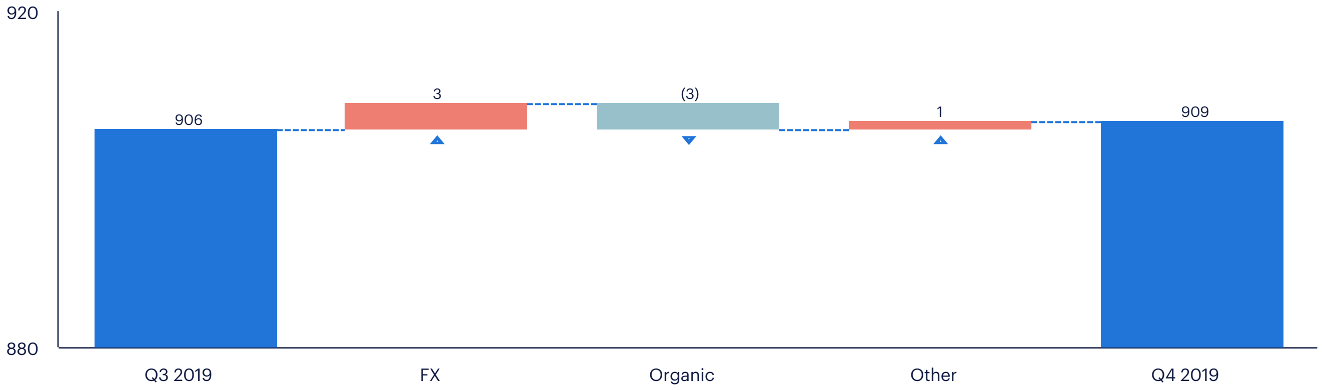


Gross margin was 20.0%, 20bp above Q4 2018 (as shown in the graph above). Temporary staffing had a 40bp positive effect on gross margin (Q3 2019: up 30bp), primarily reflecting positive price/mix effects. Permanent placements had no impact on gross margin while HRS/other had a 20bp negative impact.

operating expenses

On an organic basis, operating expenses decreased by € 3 million sequentially to € 909 million. We are balancing agile cost management with selective investments in our digital transition. Compared to last year, operating expenses were up 1% organically (Q3 2019: up 1%), while there was a € 10 million negative FX impact.

sequential OPEX development Q3 -> Q4 in € M



Personnel expenses were down 1% sequentially. Average headcount (in FTE) amounted to 38,370 for the quarter, stable compared to Q3 2019 and down 2% organically YoY. Productivity (measured as gross profit per FTE) was flat YoY. We operated a network of 4,861 outlets (Q3 2019: 4,856).

Operating expenses in Q4 2019 were adjusted for a total of € 38 million one-offs. This primarily related to restructuring costs in Germany and the Netherlands, and a one-off expense as per 31 December 2019 due to the implementation of the new legislation 'Wet Arbeidsmarkt in Balans' (WAB) in the Netherlands.

EBITA

Underlying EBITA decreased organically by 10% to € 292 million. Currency effects had a € 3 million positive impact YoY. EBITA margin reached 4.9%, 30bp below Q4 2018, impacted by selective investments in digital/IT and growth areas. Overall we achieved a broadly flat organic recovery ratio over the last four quarters.

net finance (costs)/income

In Q4 2019, net finance costs were € 12 million, versus € 5 million net finance costs in Q4 2018. Interest expenses on our net debt position were € 10 million (Q4 2018: € 5 million), and interest expenses related to lease liabilities were € 5 million (Q4 2018: € 7 million). Foreign currency and other effects had a positive impact of € 3 million (Q4 2018: positive € 7 million).

tax

The effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs amounted to 26.1% for the full year (FY 2018: 23.5%). 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 Q4 2019, adjusted net income was down 10% to € 209 million. Diluted underlying EPS amounted to € 1.14 (Q4 2018: € 1.27). The average number of diluted ordinary shares outstanding remained almost stable compared to Q4 2018 (184.1 million versus 183.9 million).

invested capital

in millions of €, unless otherwise indicated	dec 31 2019	sep 30 2019	jun 30 2019	mar 31 2019	restated dec 31 2018	restated sep 30 2018
Goodwill and acquisition-related intangible assets	3,219	3,247	3,226	3,270	3,280	3,386
Operating working capital (OWC)[1]	1,011	1,105	1,352	1,145	1,009	1,123
Net tax assets[2]	575	585	572	616	574	487
All other assets/(liabilities)[3]	1,045	1,001	1,030	595	1,224	1,293
Invested capital	5,850	5,938	6,180	5,626	6,087	6,289
Financed by						
Total equity	4,473	4,343	4,154	3,986	4,447	4,215
Net debt excl. lease liabilities	756	961	1,394	994	985	1,419
Lease liabilities	621	634	632	646	655	655
Net debt incl. lease liabilities	1,377	1,595	2,026	1,640	1,640	2,074
Invested capital	5,850	5,938	6,180	5,626	6,087	6,289
Ratios						
DSO (Days Sales Outstanding), moving average	53.5	53.7	53.9	53.9	53.9	54.0
OWC as % of revenue over last 12 months	4.3%	4.6%	5.7%	4.8%	4.2%	4.7%
Leverage ratio (net debt/12-month EBITDA)[4]	1.0	1.1	1.5	1.2	1.2	
Return on invested capital[5]	15.2%	15.5%	15.0%	14.6%	13.6%	

1 Operating working capital: Trade and other receivables minus the current part of financial assets (including net investments in subleases), deferred receipts from disposed Group companies and interest receivable minus trade and other payables excluding interest payable.
2 Net tax assets: Deferred income tax assets and income tax receivables less deferred income tax liabilities and income tax liabilities.
3 All other assets/(liabilities), mainly containing property, plant & equipment, right of use assets, software plus financial assets (including net investments in subleases) and associates, less provisions and employee benefit obligations and other liabilities. As at June 30, 2019 and 2018, as well as at March 31, 2019, and 2018, dividends payable are also included (June 30: € 203 million and € 126 million respectively; March 31: € 632 million and € 518 million respectively). As at September 30, 2019 dividends payable are also included (€ 203 million).
4 2018 leverage ratio and return on invested capital including IFRS 16 is not presented, as 12 month rolling would include not restated 2017 numbers for September 30, 2018.
5 Return on invested capital: underlying EBITA (last 12 months) less income tax paid (last 12 months) as percentage of invested capital.

Return on invested capital (ROIC) amounted to 15.2%, showing a significant increase year-on-year. Our primary focus on organic growth should further lift the Group's ROIC going forward.

The moving average of Days Sales Outstanding (DSO) came slightly down YoY to 53.5 (Q4 2018: 53.9).

Included in 'all other assets/(liabilities)' is the total CICE subsidy receivable amounting to € 389 million, including a current portion of € 116 million.

At the end of Q4 2019, net debt including lease liabilities was € 1,377 million, compared to € 1,640 million at the end of Q4 2018. A further analysis of the cash flow is provided in the next section.

cash flow summary

in millions of €	Q4 2019	restated Q4 2018	change	fy 2019	restated fy 2018	change
EBITA	254	289	(12)%	977	1,061	(8)%
Depreciation, amortization and impairment of property, plant, equipment, right-of-use assets, and software	71	75		301	294	
EBITDA	325	364	(11)%	1,278	1,355	(6)%
Operating working capital	93	124		17	(95)	
Provisions and employee benefit obligations	24	13		35	3	
All other items	115	79		143	13	
Income taxes	(38)	(33)		(204)	(302)	
Net cash flow from operating activities	519	547	(5)%	1,269	974	30%
Net capital expenditures	(32)	(40)		(122)	(113)	
Financial assets	(6)	(7)		(6)	(7)	
Repayments of lease liabilities	(57)	(58)		(226)	(227)	
Free cash flow	424	442	(4)%	915	627	46%
Net (acquisitions)/disposals	3	-		(13)	(13)	
Dividends from associates	1	-		4	3	
Issue of ordinary shares	-	-		-	1	
Purchase of own ordinary shares	(18)	-		(18)	(15)	
Dividend on ordinary and preference shares	(203)	-		(632)	(518)	
Net finance costs	(4)	(5)		(14)	(18)	
Translation and other effects	15	(3)		21	(17)	
Net decrease/(increase) of net debt	218	434		263	50	

In the quarter, free cash flow amounted to € 424 million, slightly down versus Q4 2018 (€ 442 million). This primarily reflects the timing of payments and our EBITA movement, both year-on-year.

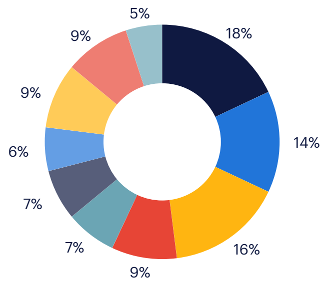
Over the full year, free cash flow was a record high € 915 million, up € 288 million (up 46%) compared to prior year. Main driver for the increase in free cash flow YoY was our improved working capital management. Additionally, the change in the French subsidy system has led to an instant cash inflow instead of a receivable related to CICE (the latter halted end of 2018). Finally, income taxes paid were significantly lower year-on-year, primarily reflecting a reversal of last year.

performance.

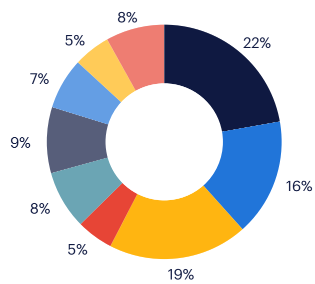
performance by geography

split by geography

FY 2019: revenue € 23,676 million



FY 2019: EBITA € 1,094 million



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

revenue in millions of €	Q4 2019	Q4 2018	organic Δ%[1]	fy 2019	fy 2018	organic Δ%[1]
North America	1,126	1,114	(2)%	4,373	4,159	0%
France	928	925	1%	3,707	3,731	(1)%
Netherlands	815	901	(10)%	3,330	3,460	(4)%
Germany	482	566	(15)%	2,059	2,383	(14)%
Belgium & Luxembourg	396	416	(3)%	1,601	1,654	(3)%
Italy	416	423	(1)%	1,637	1,645	0%
Iberia	380	370	1%	1,482	1,476	1%
Other European countries	572	573	(1)%	2,199	2,218	(1)%
Rest of the world	581	507	9%	2,124	1,944	9%
Global businesses	299	306	(4)%	1,164	1,142	(1)%
Revenue	5,995	6,101	(3)%	23,676	23,812	(2)%

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	Q4 2019	EBITA margin[1]	restated Q4 2018	EBITA margin[1]	organic Δ%[2]	fy 2019	EBITA margin[1]	restated fy 2018	EBITA margin[1]	organic Δ%[2]
North America	67	6.0%	73	6.5%	(10)%	253	5.8%	239	5.7%	1%
France	61	6.6%	55	5.9%	12%	226	6.1%	207	5.5%	9%
Netherlands	53	6.4%	53	5.9%	(2)%	192	5.7%	198	5.7%	(4)%
Germany	6	1.4%	22	3.9%	(70)%	53	2.6%	103	4.3%	(48)%
Belgium & Luxembourg	26	6.4%	24	5.7%	8%	98	6.1%	104	6.3%	(6)%
Italy	28	6.7%	28	6.8%	(2)%	104	6.3%	102	6.2%	1%
Iberia	22	5.9%	22	6.1%	(1)%	82	5.5%	81	5.5%	1%
Other European countries	14	2.3%	20	3.4%	(34)%	61	2.7%	69	3.1%	(12)%
Rest of the world	23	3.8%	24	4.8%	(19)%	95	4.5%	86	4.4%	6%
Global businesses	12	4.1%	12	3.6%	7%	4	0.4%	10	0.9%	(57)%
Corporate	(20)		(17)			(74)		(68)		
EBITA before integration costs and one-offs[3]	292	4.9%	316	5.2%	(10)%	1,094	4.6%	1,131	4.7%	(5)%
Integration costs and one-offs	(38)		(27)			(117)		(70)		
EBITA	254		289			977		1,061		

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 2% (Q3 2019: down 1%). Perm fees were down 1% (Q3 2019: up 4%). In Q4 2019, revenue of our combined US businesses was down 3% (Q3 2019: down 1%). US Staffing/Inhouse Services declined by 5% (Q3 2019: down 4%). US Professionals revenue was up 1% (Q3 2019: up 2%). In Canada, revenue was up 1% (Q3 2019: up 3%). EBITA margin for the region came in at 6.0%, compared to 6.5% last year.

france

In France, revenue was up 1% (Q3 2019: down 1%), and ahead of market. Perm fees were up 4% compared to last year (Q3 2019: up 4%). Staffing/Inhouse Services revenue declined 2% (Q3 2019: down 4%), while our Professionals business was up 10% (Q3 2019: up 9%). EBITA margin was 6.6% compared to 5.9% last year.

netherlands

In the Netherlands, revenue was down 10% YoY (Q3 2019: down 5%), impacted by lower activity in industrial-related sectors. Overall perm fees were down 5% (Q3 2019: down 18%). Our combined Staffing and Inhouse Services business was down 11% (Q3 2019: down 6%), while our Professionals business was up 1% (Q3 2019: up 3%). EBITA margin in the Netherlands was 6.4%, compared to 5.9% last year.

germany

In Germany, revenue per working day was down 15% YoY (Q3 2019: down 14%), still negatively impacted by regulation changes and challenging macroeconomic conditions. Perm fees were down 34% compared to last year (Q3 2019: down 17%). Our combined Staffing/Inhouse Services business was down 16% (Q3 2019: down 17%), while Professionals was down 12% (Q3 2019: down 6%). EBITA margin in Germany was 1.4%, compared to 3.9% last year.

belgium & luxembourg

In Belgium & Luxembourg, revenue was down 3% (Q3 2019: down 4%). Perm fees were flat compared to last year (Q3 2019: down 23%). Our Staffing/Inhouse Services business was down 5% (Q3 2019: down 5%). Our EBITA margin was 6.4%, compared to 5.7% last year.

italy

Revenue per working day in Italy was down 1% compared to the prior year (Q3 2019: down 2%), still ahead of market. Overall perm fees were up 20% (Q3 2019: up 21%). EBITA margin was 6.7%, compared to 6.8% last year.

iberia

In Iberia, revenue per working day was up 1% YoY (Q3 2019: down 1%). Perm fees were down 5% compared to last year (Q3 2019: up 5%). Staffing/Inhouse Services combined was up 1% (Q3 2019: down 1%). Spain was up 4% (Q3 2019: up 1%), while in Portugal revenue was down 6% (Q3 2019: down 8%). Overall EBITA margin was 5.9% in Q4 2019, compared to 6.1% last year.

other european countries

Across 'Other European countries', revenue per working day was down 1% (Q3 2019: down 1%). In the UK, revenue was down 2% (Q3 2019: down 2%), while in the Nordics, revenue was down 7% on an organic basis (Q3 2019: down 7%). Revenue in our Swiss business was down 1% YoY (Q3 2019: flat). Overall EBITA margin for the 'Other European countries' region was 2.3% compared to 3.4% last year.

rest of the world

Overall revenue in the 'Rest of the world' region grew by 9% organically (Q3 2019: up 7%). In Japan, revenue grew 7% (Q3 2019: up 8%). Revenue in Australia/New Zealand was up 3% (Q3 2019: down 1%), while revenue in China grew by 24% YoY (Q3 2019: up 5%). Our business in India was up 13% (Q3 2019: up 19%), while in Latin America[1] revenue grew 23% (Q3 2019: up 21%), primarily driven by Brazil and Mexico. Overall EBITA margin in this region was 3.8%, compared to 4.8% last year.

global businesses

Overall organic revenue growth per working day was down 4% (Q3 2019: down 1%). Randstad Sourceright revenue decreased by 1% (Q3 2019: up 6%), while Monster revenue was down by 16% (Q3 2019: down 15%). Overall EBITA margin came in at 4.1% compared to 3.6% last year, reflecting tight cost control.

performance by revenue category

revenue in millions of €	Q4 2019	Q4 2018	organic Δ%[1]	fy 2019	fy 2018	organic Δ%[1]
Staffing	3,017	3,147	(5)%	12,043	12,441	(4)%
Inhouse Services	1,347	1,361	(2)%	5,305	5,300	(1)%
Professionals	1,332	1,287	1%	5,164	4,929	2%
Global Businesses	299	306	(4)%	1,164	1,142	(1)%
Revenue	5,995	6,101	(3)%	23,676	23,812	(2)%

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.

[1] Latin America organic revenue growth not adjusted for hyperinflation accounting in Argentina.

other information.

outlook
Revenue decreased by 2.8% in Q4 2019. In January 2020, revenue decreased by 3%-4%.

Q1 2020 gross margin is expected to be slightly lower sequentially due to seasonality.

For Q1 2020, we expect slightly lower operating expenses sequentially.

There will be a positive 0.9 working day impact in Q1 2020.

dividend proposal 2019
We will propose to our shareholders an all-time high cash dividend of € 4.32 per ordinary share for 2019, up 28% year-on-year. This consists of a regular dividend of € 2.09, representing a payout of 50% of the basic underlying EPS. In addition, we propose a special cash dividend of € 2.23 per ordinary share, given our year-end 2019 leverage ratio excluding IFRS 16 of 0.7.

The ex-dividend date for the regular dividend will be March 26, 2020. The number of shares entitled to the regular dividend will be determined on March 27, 2020 (record date). The payment of the regular cash dividend will take place on April 2, 2020. The payment of the special cash dividend will take place in Q4 2020, on a specific date to be determined by the Executive Board and to be announced on our corporate website.

We will also propose a dividend payment on preference shares B and C of € 12.0 million.

reset dividend preference shares B and C
The dividend on preference shares B and C is reviewed every seven years. For the period November 2019 - November 2026, the dividend yield on the preference B shares has been set at 2.0% and on the preference C shares at 3.5%. The reset of the preference B shares is subject to approval by the upcoming Annual General Meeting of shareholders of the related paragraph in the articles of association.

other items
As announced on October 22, 2019, we offset the dilutive effect from our annual performance share plans for senior management through share buybacks. The next allocation of shares will take place on February 11, 2020.

The AGM will be held on March 24, 2020 (full agenda to be published on our corporate website).

At the next Annual General Meeting of Shareholders, the final term of Supervisory Board member Henri Giscard d'Estaing will expire. We thank him for his long-standing commitment. The second term of Wout Dekker, Chairman of the Supervisory Board, will also expire. The Supervisory Board proposes that he be reappointed for a third term, which will be a two-year term.

As previously announced, René Steenvoorden, Chief Digital Officer, has been nominated to the Executive Board, which is in line with our plans to realign the Board. This underlines our commitment to accelerate our digital strategy.

At the upcoming AGM, François Béharel, who was appointed to the Executive Board in January 2013, will not be nominated for reappointment for a third consecutive term. We are currently discussing with him the reallocation of his responsibilities as Executive Board member. We thank him for his contribution as a member of the Executive Board.

working days

	Q1	Q2	Q4	Q4
2020	63.6	61.8	65.2	63.9
2019	62.7	61.8	65.0	63.2
2018	63.5	62.1	64.1	63.4

financial calendar

Annual General Meeting of Shareholders	March 24, 2020
Ex-dividend date	March 26, 2020
Dividend record date	March 27, 2020
Payment of dividend	April 2, 2020
Publication of first quarter results 2020	April 22, 2020
Publication of second quarter results 2020	July 21, 2020

analyst and press conference call

Today (February 11, 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.

Download our annual report 2019.

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disclaimer

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

randstad profile

Randstad is the global leader in the HR services industry. We support people and organizations in realizing their true potential by combining the power of today's technology with our passion for people. We call it Human Forward. In 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

Q4 2019.

actuals

consolidated income statement

in millions of €, unless otherwise indicated	Q4 2019	restated Q4 2018	fy 2019	restated fy 2018
Revenue	5,995	6,101	23,676	23,812
Cost of services	4,814	4,896	18,971	19,111
Gross profit	1,181	1,205	4,705	4,701
Selling expenses	624	630	2,532	2,527
General and administrative expenses	303	286	1,196	1,113
Operating expenses	927	916	3,728	3,640
Amortization and impairment of acquisition-related intangible assets and goodwill	24	127	118	219
Total operating expenses	951	1,043	3,846	3,859
Operating profit	**230**	**162**	**859**	**842**
Net finance costs	(12)	(5)	(45)	(28)
Share of profit of associates	1	2	5	3
Income before taxes	219	159	819	817
Taxes on income	(52)	38	(213)	(109)
Net income	**167**	**197**	**606**	**708**
Net income attributable to:				
Holders of ordinary shares Randstad N.V.	164	193	594	695
Holders of preference shares Randstad N.V.	3	4	12	13
Equity holders	167	197	606	708
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	0.90	1.06	3.24	3.80
Diluted earnings per share	0.89	1.06	3.23	3.79
Basic earnings per share, underlying	n.a.	n.a.	4.18	4.55
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	1.14	1.27	4.17	4.54

information by geographical area and revenue category

revenue by geographical area

in millions of €	Q4 2019	Q4 2018	fy 2019	fy 2018
North America	1,126	1,114	4,373	4,159
France	928	925	3,707	3,731
Netherlands	816	902	3,335	3,464
Germany	482	565	2,060	2,383
Belgium & Luxembourg	397	417	1,605	1,656
Italy	416	423	1,637	1,645
Iberia	380	370	1,483	1,476
Other European countries	575	575	2,207	2,224
Rest of the world	581	508	2,126	1,945
Global Businesses	301	309	1,172	1,153
Elimination of intersegment revenue	(7)	(7)	(29)	(24)
Revenue	5,995	6,101	23,676	23,812

EBITA by geographical area

in millions of €	Q4 2019	restated Q4 2018	fy 2019	restated fy 2018
North America	67	73	253	237
France	59	54	219	203
Netherlands	29	44	152	182
Germany	(3)	7	38	88
Belgium & Luxembourg	25	24	96	102
Italy	28	28	103	102
Iberia	22	22	82	81
Other European countries	12	16	57	65
Rest of the world	22	24	93	85
Global Businesses	14	14	(38)	(16)
Corporate	(21)	(17)	(78)	(68)
EBITA[1]	254	289	977	1,061

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

revenue by revenue category

in millions of €	Q4 2019	Q4 2018	fy 2019	fy 2018
Staffing	3,022	3,151	12,064	12,454
Inhouse	1,347	1,361	5,305	5,300
Professionals	1,332	1,287	5,164	4,929
Global businesses	301	309	1,172	1,153
Elimination of intersegment revenue	(7)	(7)	(29)	(24)
Revenue	5,995	6,101	23,676	23,812

consolidated balance sheet

in millions of €	december 31, 2019	restated december 31, 2018
assets		
Property, plant and equipment	157	159
Right-of-use assets	531	563
Intangible assets	3,347	3,381
Deferred income tax assets	579	588
Financial assets and associates	478	581
Non-current assets	5,092	5,272
Trade and other receivables	4,711	4,875
Income tax receivables	130	106
Cash and cash equivalents	225	273
Current assets	5,066	5,254
Total assets	**10,158**	**10,526**
equity and liabilities		
Issued capital	26	26
Share premium	2,287	2,286
Reserves	2,159	2,134
Shareholders' equity	4,472	4,446
Non-controlling interests	1	1
Total equity	4,473	4,447
Borrowings (including lease liabilities)	417	935
Deferred income tax liabilities	38	47
Provisions and employee benefit obligations	226	183
Other liabilities	10	9
Non-current liabilities	691	1,174
Borrowings (including lease liabilities)	1,185	978
Trade and other payables	3,580	3,755
Income tax liabilities	96	73
Provisions and employee benefit obligations	119	97
Other liabilities	14	2
Current liabilities	4,994	4,905
Total liabilities	5,685	6,079
Total equity and liabilities	**10,158**	**10,526**

consolidated statement of cash flows

in millions of €	Q4 2019	restated Q4 2018	fy 2019	restated fy 2018
Operating profit	230	162	859	842
Amortization and impairment of acquisition-related intangible assets and goodwill	24	127	118	219
EBITA	254	289	977	1,061
Depreciation, amortization and impairment of property, plant, equipment, right-of-use assets, and software	71	75	301	294
EBITDA	325	364	1,278	1,355
Provisions and employee benefit obligations	24	13	35	3
Share-based compensations	10	7	40	35
Gain on disposal of subsidiaries/activities	-	-	-	(2)
Other items	105	72	103	(20)
Cash flow from operations before operating working capital and income taxes	464	456	1,456	1,371
Operating working capital assets	156	122	217	(178)
Operating working capital liabilities	(63)	2	(200)	83
Operating working capital	93	124	17	(95)
Income taxes	(38)	(33)	(204)	(302)
Net cash flow from operating activities	**519**	**547**	**1,269**	**974**
Net additions in property, plant and equipment, and software	(32)	(40)	(122)	(113)
Acquisition of subsidiaries, associates and equity investments	-	-	(23)	(23)
Loans	(6)	(7)	(6)	(7)
Disposal of subsidiaries/activities and equity investments	3	-	10	10
Dividend from associates	1	-	4	3
Net cash flow from investing activities	**(34)**	**(47)**	**(137)**	**(130)**
Issue of new ordinary shares	-	-	-	1
Net purchase of own ordinary shares	(18)	-	(18)	(15)
Net repayments of non-current borrowings	-	(168)	(1)	(163)
(Net decrease)/net increase of current borrowings	(236)	(380)	(286)	55
Repayments of lease liabilities	(57)	(58)	(226)	(227)
Net financing	(311)	(606)	(531)	(349)
Net finance costs paid	(4)	(5)	(14)	(18)
Dividend on ordinary and preference shares	(203)	-	(632)	(518)
Net reimbursement to financiers	(207)	(5)	(646)	(536)
Net cash flow from financing activities	**(518)**	**(611)**	**(1,177)**	**(885)**
Net decrease in cash, and cash equivalents	(33)	(111)	(45)	(41)
Cash, and cash equivalents at beginning of period	263	381	273	326
Net movement	(33)	(111)	(45)	(41)
Translation and currency (losses)/gains	(5)	3	(3)	(12)
Cash, and cash equivalents at end of period	225	273	225	273
Free cash flow	424	442	915	627

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

	october 1 - december 31		january 1 - december 31	
in millions of €	2019	restated 2018	2019	restated 2018
Begin of period				
Shareholders' equity	4,342	4,249	4,478	4,250
Non-controlling interests[1]	1	1	1	1
Total equity	**4,343**	**4,250**	**4,479**	**4,251**
Effect IFRS 16 'Leases'	-	(35)	(32)	(36)
Restated value	**4,343**	**4,215**	**4,447**	**4,215**
Net income for the period	167	197	606	708
Items that subsequently may be reclassified to the income statement	(11)	34	45	23
Items that will never be reclassified to the income statement	(18)	(6)	(12)	(1)
Total other comprehensive income, net of taxes	(29)	28	33	22
Total comprehensive income	**138**	**225**	**639**	**730**
Other changes in period				
Dividend payable on ordinary shares	203	-		-
Dividend paid on ordinary shares	(203)	-	(619)	(505)
Dividend payable on preference shares	-	-	-	-
Dividend paid on preference shares	-	-	(13)	(13)
Share-based compensations	10	7	40	35
Tax on share-based compensations	-	-	(3)	-
Issue of ordinary shares	-	-	-	1
Net purchase of ordinary shares	(18)	-	(18)	(15)
Acquisition of non-controlling interests	-	-	-	(1)
Total other changes in period	**(8)**	**7**	**(613)**	**(498)**
End of period	4,473	4,447	4,473	4,447
Shareholder's equity	4,472	4,446	4,472	4,446
Non-controlling interests[1]	1	1	1	1
Total equity	**4,473**	**4,447**	**4,473**	**4,447**

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

notes to the consolidated interim financial statements

reporting entity

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

The consolidated interim financial statements of Randstad N.V. as at and for the three and twelve month period ended December 31, 2019 include the company and its subsidiaries (together called 'the Group').

significant accounting policies

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (hereinafter: IFRS).

The accounting policies applied by the Group in these consolidated interim financial statements are unchanged from those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2018, except for the implementation as per January 1, 2019 of IFRS 16 'Leases' and interpretation 'IFRIC 23, uncertainty over income tax treatments'. The latter has no (retrospective) material impact on the valuation of uncertainties regarding income taxes.

change in accounting policy for leases

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

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

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

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

accounting policy for leases

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

right-of-use assets

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

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

The 'right-of-use' assets are depreciated on a straight-line basis over the duration of the contract. In the event that the lease contract becomes onerous, the carrying amount of the related 'right-of-use' asset is impaired to the recoverable amounts, which tends to be zero.

lease liabilities

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

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

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

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

subleases

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

change in presentation of consolidated statement of cash flows

Due to the prolonged low interest rates on uncommitted short term bank overdrafts and other drawings, these borrowings are more and more used as financing arrangements that replace drawings on revolving committed credit facilities. We do not foresee this to change in the near future. Therefore, these current borrowings do no longer meet the requirement in IFRS to be able to net these with cash and cash equivalents. We, therefore, changed the presentation in the cash flow statement to better reflect our financing activities. We have restated the 2018 financing cash flows by an amount of € 55 million.

For the details of this restatement, see the table 'restatements of 2018 consolidated statement of cash flows' on page 29.

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, 2018, supplemented with assumptions with regards to IFRS 16 'Leases'.

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 actual effective tax rate for the twelve month period ended December 31, 2019 is 26.0% (FY 2018: 13.2%; this effective tax rate is influenced by an exceptional tax benefit in Q4 2018).

acquisition and disposal of group companies, equity investments and associates

In Q4 2019 we had no cash outflow from acquisitions of Group companies. In Q4 2019 we had a cash inflow of € 3 million in relation to the disposal of equity investments.

In Q4 2018 we had no acquisitions nor disposals of Group companies.

shareholders' equity

Issued number of ordinary shares	2019	2018
January 1	183,301,821	183,264,045
Share-based compensations	1,731	37,776
December 31	183,303,552	183,301,821

As at December 31, 2019 the Group held 361,775 treasury shares (December 31, 2018: 197,616). The average number of (diluted) ordinary shares outstanding has been adjusted for these treasury shares.

As at December 31, 2019, and December 31, 2018, the number of issued preference shares was 25,200,000 (type B) and 50,130,352 (type C).

reset dividend preference shares type B and type C

The dividend on preference shares type-B and type-C is reviewed every seven years. In November 2019, the Company reached agreement with the holders of the preference shares type-B and type-C on the reset of the dividend. The dividend for preference shares type-B was set at 2.0% of the capital contribution. The dividend on type-C preference shares was set at 3.5% of the capital contribution. The next review of the dividend will take place in November 2026.

Only the Executive Board can propose to the Annual General Meeting of Shareholders to decide that preference shares be repaid.

earnings per share

in millions of €, unless otherwise indicated	Q4 2019	restated Q4 2018	fy 2019	restated fy 2018
Net income	167	197	606	708
Net income attributable to holders of preference shares	(3)	(4)	(12)	(13)
Net income attributable to holders of ordinary shares	164	193	594	695
Amortization of intangible assets[1]	24	28	118	120
Integration costs,one-offs and impairments	38	126	117	169
Tax effect on amortization, integration costs, and one-offs[2]	(17)	(114)	(63)	(151)
Adjusted net income for holders of ordinary shares	209	233	766	833
Average number of ordinary shares outstanding	183.1	183.1	183.2	183.1
Average number of diluted ordinary shares outstanding	184.1	183.9	183.9	183.5

Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	0.90	1.06	3.24	3.80
Diluted earnings per share	0.89	1.06	3.23	3.79
Basic earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs[3]	na	na	4.18	4.55
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs[4]	1.14	1.27	4.17	4.54

1 Amortization and impairment of acquisition-related intangible assets and goodwill.
2 Including exceptional taxbenefit in 2018
3 Basis for dividend policy
4 Diluted EPS underlying

net debt position

Net debt (including lease liabilities) at December 31, 2019 amounted to € 1,377 million, and was € 263 million lower compared to December 31, 2018 (€ 1,640 million). The net debt position excluding lease liabilities as at December 31, 2019 (€ 756 million) was € 229 million lower compared to the net debt position as at December 31, 2018 (€ 985 million).

breakdown of operating expenses

in millions of €	Q4 2019	restated Q4 2018	fy 2019	restated fy 2018
Personnel expenses	685	681	2,726	2,689
Other operating expenses	242	235	1,002	951
Operating expenses	927	916	3,728	3,640

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

in millions of €	Q4 2019	restated Q4 2018	fy 2019	restated fy 2018
Depreciation and impairment of property, plant and equipment	14	12	57	51
Amortization and impairment of software	11	12	42	38
Depreciation and amortization of software	25	24	99	89
Depreciation and impairment of right-of-use assets	46	51	202	205
Total	71	75	301	294

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

in millions of €	Q4 2019	Q4 2018	fy 2019	fy 2018
Additions				
Property, plant and equipment	(18)	(19)	(60)	(67)
Software	(17)	(22)	(68)	(58)
	(35)	(41)	(128)	(125)
Disposals				
Procreeds property, plant and equipment	3	1	6	13
(Profit)/Loss	-	-	-	(1)
	3	1	6	12
Statement of cash flows	(32)	(40)	(122)	(113)

french competitive employment act ('CICE')

Included in the consolidated balance sheet under 'financial assets and associates' is an amount of € 273 million (December 31, 2018: € 386 million) relating to the non-current part of a receivable arising from tax credits under the French Competitive Employment Act ('CICE'). An amount of € 116 million (December 31, 2018: € 107 million) is included in 'Trade and other receivables' representing the current part of the CICE receivable.

total comprehensive income

Apart from net income for the period, total comprehensive income comprises translation differences and related tax effects that subsequently may be reclassified to the income statement in a future reporting period, and fair value adjustments of equity investments and remeasurements of post-employment benefits (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, 2018, except for the effects of implementation IFRS 16 'Leases' which caused discounted liabilities arising from lease contracts to be included in the balance sheet instead of being reported as 'commitments'. More information is included in note 32 to the consolidated financial statements as at and for the year ended 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.

effects from implementation of IFRS 16 'Leases'

In the tables below are disclosed: 1) effects on the balance sheet as at December 31, 2017, September 30, 2018 and December 31, 2018; 2) effects on the income statement 2018; 3) effects on the statement of cash flows 2018. For the restated quarterly income statements and statement of cash flows, refer to the separate press release for restatement of comparative figures 2018. This document is available on our website www.randstad.com.

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

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

in millions of €	September 30, 2018		
	Reported	Effects IFRS 16	Restated
Property, plant, equipment and software	245	-	245
Right-of-use assets	-	561	561
Goodwill and acquisition-related intangibles	3,386	-	3,386
Deferred income tax assets	495	10	505
Financial assets and associates	640	12	652
Total non-current assets	**4,766**	**583**	**5,349**
Working capital assets/(liabilities), excluding lease liabilities	**377**	**30**	**407**
Lease liabilities (current part)	-	(211)	(211)
Working capital assets/(liabilities)	**377**	**(181)**	**196**
Non-current borrowings, excluding lease liabilities	(656)	-	(656)
Lease liabilities (non-current part)	-	(444)	(444)
Deferred income tax liabilities	(45)	-	(45)
Provisions and employee benefit obligations	(183)	7	(176)
Other liabilities	(9)	-	(9)
Total non-current (liabilities)	**(893)**	**(437)**	**(1,330)**
Total equity	**(4,250)**	**35**	**(4,215)**

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

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

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

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

right-of-use assets

in millions of €	December 31, 2019	December 31, 2018	December 31, 2017
Right-of-use buildings	432	463	487
Right-of-use cars	93	92	93
Right-of-use IT and other equipment	6	8	1
Right-of-use assets, net book value	531	563	581

restatement of 2018 consolidated statement of cash flows

in millions of €	reported 2018	effects of IFRS 16	after IFRS 16	effects cash and cash equivalents	restated 2018
Net cash flow from operating activities	747	227	974	-	974
Net cash flow from investing activities	(130)	-	(130)	-	(130)
Issue of new ordinary shares	1	-	1	-	1
Net purchase of own ordinary shares	(15)	-	(15)	-	(15)
Net drawings on/(net repayments of) non-current borrowings	(163)	-	(163)	-	(163)
Net increase of current borrowings	-	-	-	55	55
Repayments of lease liabilities	-	(227)	(227)	-	(227)
Net financing	(177)	(227)	(404)	55	(349)
Net reimbursement to financiers	(536)	-	(536)	-	(536)
Net cash flow from financing activities	(713)	(227)	(940)	55	(885)
Net (decrease) in cash, cash equivalents, and current borrowings	(96)	-	(96)	55	(41)
		-			
Cash and cash equivalents	326		326	-	326
Current borrowings	(712)	-	(712)	712	-
At beginning of year	(386)	-	(386)	712	326
Net movement	(96)	-	(96)	55	(41)
Translation and currency losses	(9)	-	(9)	(3)	(12)
	(105)	-	(105)	52	(53)
Cash and cash equivalents	273	-	273	-	273
Current borrowings	(764)	-	(764)	764	-
At end of year	(491)	-	(491)	764	273
Free cash flow[1]	**627**	**-**	**627**	**-**	**627**

1 Restated free cash flow compromises net cash flow from operating and investing activities and repayments of lease liabilities. Investing activities are excluding acquisition, disposal of subsidiaries/activities, equity investments and associates, as well as dividend from associates.

We have also restated the Q4 2018 financing cash flows by (€ 286) million, with the same opposite restatement of movements in cash and cash equivalents.