2nd quarter results

2020.

contents

Q2 2020: resilient and competitive performance amidst covid-19.

Q2 2020 organic growth

-25.2%

Q2 2020 underlying EBITA

€ 67m

Q2 2020 EBITA margin

1.5%

revenue decline in Europe and US softening through Q2, in sync with easing lockdowns; resilient topline in Rest of the world.

gross margin 18.7%, down 130bp YoY impacted by significant COVID-19 effects and slowing perm.

positive EBITA margin of 1.5%; recovery ratio of 42% driven by agile cost management and governmental schemes.

global market leadership strengthened by resilient and diversified portfolio; digital field steering driving competitive growth.

resilient countercyclical Q2 free cash flow

€ 530m

June organic sales growth down 21%; volumes in early July indicate further positive momentum.

"During the unprecedented COVID-19 situation, our key priority remains the health and safety of our employees, candidates, clients and other stakeholders," says CEO Jacques van den Broek. "I'm incredibly proud of my Randstad colleagues given their everlasting commitment and dedication with which they are responding to these challenging times. Our Q2 results demonstrate the strong operational agility of our highly experienced management teams, while underpinning the resilience of our diversified portfolio and free cash flow generation.

Trading conditions in the second quarter reached the low point in April when country lockdowns were most intensified. Since then, the revenue decline started to gradually ease into May and June in most of our geographies. Visibility remains very limited, with ongoing high macroeconomic uncertainty and some recent signs of regional lockdowns again. We were pleased with our positive EBITA in Q2, reflecting a strong recovery ratio of 42%. Our free cash flow came in high at € 530 million, marking the countercyclical nature of our working capital requirements, and hence the resilience of our free cash flow generation through the cycle. This further solidifies our strong liquidity and solvency position.

Building on the 'safely back to work' alliance with our industry peers and supported by governments, employers and trade unions in 26 countries, Randstad has ensured the safe and healthy return of more than 90,000 people to the workplace since the start of COVID-19. The great spirit amongst our workforce and successful roll-out of our digitally enhanced activity-based field steering model will be instrumental to our performance going forward. We are certain that Randstad has never been better positioned to further strengthen its global market leadership."

financial performance.

core data

in millions of €, unless otherwise indicated - underlying	Q2 2020	Q2 2019	yoy change	% org.
Revenue	4,437	5,957	(26)%	(25)%
Gross profit	830	1,193	(30)%	(30)%
Operating expenses	763	916	(17)%	(17)%
EBITA, underlying[1]	67	277	(76)%	(76)%
Integration costs and one-offs	(33)	(8)		
EBITA	34	269	(87)%	
Amortization and impairment of intangible assets[2]	(103)	(31)		
Operating profit	(69)	238		
Net finance (costs) / income	(11)	(12)		
Share of profit of associates	1	1		
Income before taxes	(79)	227	(135)%	
Taxes on income	22	(61)		
Net income	(57)	166	(134)%	
Adj. net income for holders of ordinary shares[3]	63	192	(67)%	
Free cash flow	530	25	n.a.	
Net debt	896	2,026	(56)%	
Leverage ratio (net debt/12-month EBITDA)[4]	0.8	1.5		
Leverage ratio (net debt/12-month EBITDA) excluding IFRS 16[5]	0.3	1.2		
DSO (Days Sales Outstanding), moving average	53.0	53.9		
Margins (in % of revenue)				
Gross margin	18.7%	20.0%		
Operating expenses margin	17.2%	15.4%		
EBITA margin, underlying	1.5%	4.7%		
Share data				
Basic earnings per ordinary share (in €)	(0.33)	0.89	(137)%	
Diluted earnings per ordinary share, underlying (in €)[3]	0.34	1.04	(67)%	

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 27.
4 Leverage ratio including IFRS 16.
5 Leverage ratio excluding IFRS 16, based on best estimates.

revenue

Organic revenue per working day declined by 25.2% in Q2 resulting in revenue of € 4,437 million (Q1 2020: down 7.4%). Reported revenue was down 25.5% YoY, of which working days had a negative effect of 0.5% while FX had a positive effect of 0.2%.

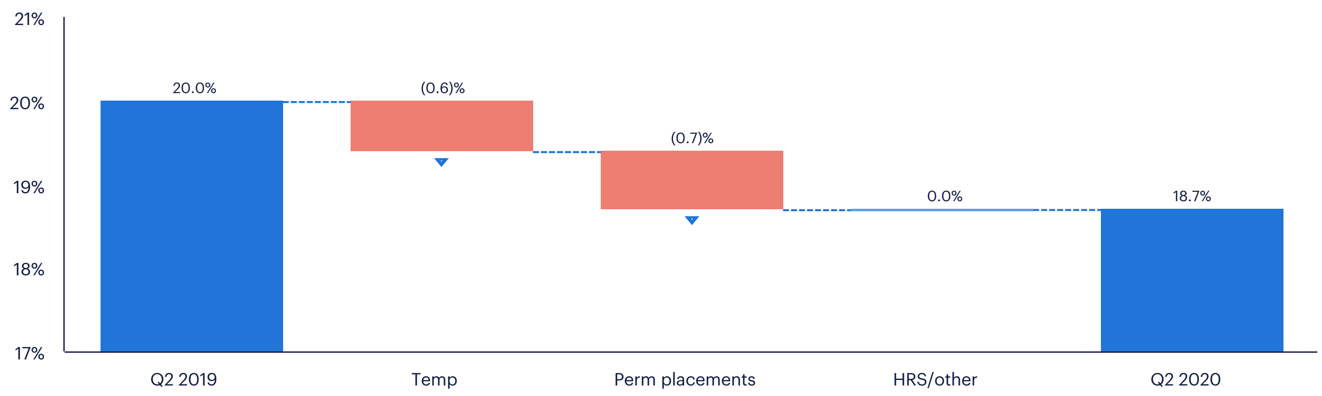
In North America, revenue per working day decreased 18% (Q1 2020: down 3%). Growth in the US was down 17% (Q1 2020: down 3%), while Canada was down 25% YoY (Q1 2020: down 2%). In Europe, revenue per working day declined by 30% (Q1 2020: down 10%). Revenue in France was down 41% (Q1 2020: down 9%), while the Netherlands decreased 24% (Q1 2020: down 14%). Germany declined by 31% (Q1 2020: down 16%), while sales growth in Belgium was down 29% (Q1 2020: down 8%). Italy was down 30% (Q1 2020: down 8%), and revenue in Iberia was down 34% (Q1 2020: down 4%). In the 'Rest of the world' region, revenue decreased by 2% (Q1 2020: up 5%); Japan decreased by 2% (Q1 2020: up 5%), while Australia & New Zealand decreased by 6% (Q1 2020: up 3%).

Perm fees declined by 47% (Q1 2020: down 10%), with Europe down 51% (Q1 2020: down 13%) and North America down 49% (Q1 2020: down 3%). In the 'Rest of the world' region, perm fees declined by 33% (Q1 2020: down 11%). Perm fees made up 8.5% of gross profit.

gross profit

In Q2 2020, gross profit amounted to € 830 million. Organic growth was down 30.2% (Q1 2020: down 8.9%). Currency effects had no impact on gross profit compared to Q2 2019.

year-on-year gross margin development (%)

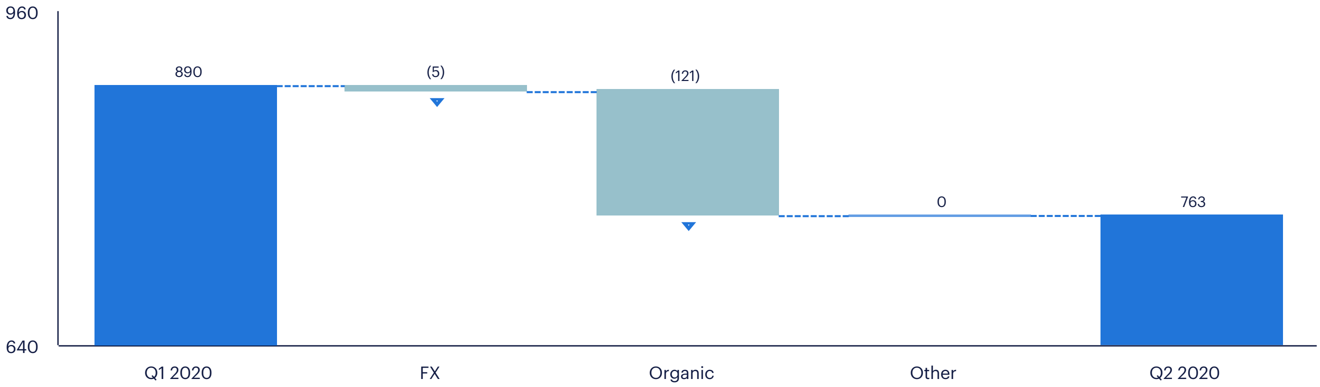


Gross margin was 18.7%, 130bp below Q2 2019 (as shown in the graph above). Temporary staffing had a 60bp negative impact on gross margin (Q1 2020: neutral impact), which included significant adverse COVID-19 related effects and idle time. Permanent placements had a 70bp negative impact, while HRS/other had a neutral impact.

operating expenses

On an organic basis, operating expenses decreased by € 121 million sequentially to € 763 million. This reflects agile cost management and € 45 million support from government schemes related to COVID-19, partially offset by protecting employment and selective investments in our digital initiatives. Compared to last year, operating expenses were down 17% organically (Q1 2020: down 2%), while there was no FX impact.

sequential OPEX development Q1 -> Q2 in € M



Personnel expenses were down 18% sequentially. Average headcount (in FTE) amounted to 33,030 for the quarter, organically down 14% YoY and down 11% sequentially. Productivity (measured as gross profit per FTE) was down 19% YoY. We operated a network of 4,710 outlets end of period (Q1 2020: 4,763).

Operating expenses in Q2 2020 were adjusted for a total of € 33 million one-offs. This primarily reflects restructurings in several countries.

EBITA

Underlying EBITA decreased organically by 76% to € 67 million. Currency effects had a € 1 million positive impact YoY. EBITA margin reached 1.5%, 320bp below Q2 2019, reflecting the unprecedented business impact of COVID-19. Overall we achieved a 33% organic recovery ratio over the last four quarters (Q2 2020: 42%).

net finance (costs)/income

In Q2 2020, net finance costs were € 11 million, compared to € 12 million net finance costs in Q2 2019. Interest expenses on our net debt position were € 3 million (Q2 2019: € 6 million), and interest expenses related to lease liabilities were € 4 million (Q2 2019: € 5 million). Foreign currency and other effects had a negative impact of € 4 million (Q2 2019: negative impact of € 1 million).

tax

The underlying effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs amounted to 15.4% in the first six months (H1 2019: 26.8%), and is based on the estimated effective tax rate for the whole year 2020. For FY 2020, we expect an effective tax rate before amortization and impairment of acquisition-related intangibles and goodwill, integration costs and one-offs of between 25% and 27%.

net income, earnings per share

In Q2 2020, adjusted net income was down 67% to € 63 million. Reported net income was adversely impacted by a non-cash impairment of goodwill in our operating segment UK of € 86 million. Diluted underlying EPS amounted to € 0.34 (Q2 2019: € 1.04). The average number of diluted ordinary shares outstanding remained almost stable compared to Q2 2019 (184.0 versus 183.9 million).

invested capital

in millions of €, unless otherwise indicated	jun 30 2020	mar 31 2020	dec 31 2019	sep 30 2019	jun 30 2019	mar 31 2019
Goodwill and acquisition-related intangible assets	3,043	3,146	3,219	3,247	3,226	3,270
Operating working capital (OWC)[1]	611	1,055	1,011	1,105	1,352	1,145
Net tax assets[2]	642	656	575	585	572	616
All other assets/(liabilities)[3]	1,019	1,068	1,045	1,001	1,030	595
Invested capital	5,315	5,925	5,850	5,938	6,180	5,626
Financed by						
Total equity	4,419	4,488	4,473	4,343	4,154	3,986
Net debt excl. lease liabilities	282	799	756	961	1,394	994
Lease liabilities	614	638	621	634	632	646
Net debt incl. lease liabilities	896	1,437	1,377	1,595	2,026	1,640
Invested capital	5,315	5,925	5,850	5,938	6,180	5,626
Ratios						
DSO (Days Sales Outstanding), moving average	53.0	53.1	53.5	53.7	53.9	53.9
OWC as % of revenue over last 12 months	2.8%	4.5%	4.3%	4.6%	5.7%	4.8%
Leverage ratio (net debt/12-month EBITDA)	0.8	1.1	1.0	1.1	1.5	1.2
Return on invested capital[4]	12.3%	13.8%	15.2%	15.5%	15.0%	14.6%

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 September 30, 2019, June 30, 2019 and March 31, 2019, dividends payable are also included for € 203 million, € 203 million and € 632 million respectively.
4 Return on invested capital: underlying EBITA (last 12 months) less income tax paid (last 12 months) as percentage of invested capital.

Return on invested capital (ROIC) amounted to 12.3%, showing a decrease of 270bp year-on-year. This is a reflection of the significant adverse impact of COVID-19 on our EBITA, partially offset by a strong decrease in operating working capital.

The moving average of Days Sales Outstanding (DSO) came down YoY to 53.0 (Q2 2019: 53.9).

Included in 'all other assets/(liabilities)' is the total CICE subsidy receivable amounting to € 368 million, including a current part of € 95 million.

At the end of Q2 2020, net debt including lease liabilities was € 896 million, compared to € 2,026 million at the end of Q2 2019. A further analysis of the cash flow is provided in the next section.

cash flow summary

in millions of €	Q2 2020	Q2 2019	change
EBITA	34	269	(87)%
Depreciation, amortization and impairment of property, plant, equipment, right-of-use assets, and software	76	70	
EBITDA	110	339	(68)%
Operating working capital	448	(210)	
Provisions and employee benefit obligations	5	(7)	
All other items	30	9	
Income taxes	25	(21)	
Net cash flow from operating activities	618	110	462%
Net capital expenditures	(32)	(28)	
Repayments of lease liabilities	(56)	(57)	
Free cash flow	530	25	n.a.
Net (acquisitions)/disposals	(3)	1	
Dividends from associates	4	3	
Net purchase of own ordinary shares	(1)	-	
Dividend on preference shares (and ordinary shares in 2019 only)	(12)	(429)	
Net finance costs	(5)	(4)	
Translation and other effects	28	18	
Net decrease/(increase) of net debt	541	(386)	

In the quarter, free cash flow amounted to € 530 million, up € 505 million versus Q2 2019 (€ 25 million). The adverse impact of COVID-19 on our EBITA was more than offset by favorable working capital movements, both year-on-year. The latter primarily underpins the countercyclical dynamics of our working capital. Additionally, working capital benefited from delayed payments in several countries, reflecting governmental relief measures. The net positive impact of these relief measures was € 145 million.

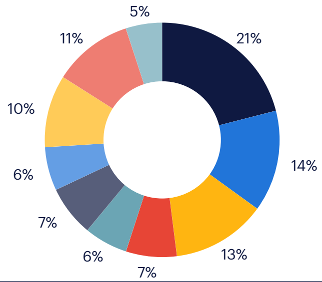
Income taxes turned into a receipt in Q2 (€ 25 million), which is mainly caused by the reversal of payments in Q1 2020.

performance.

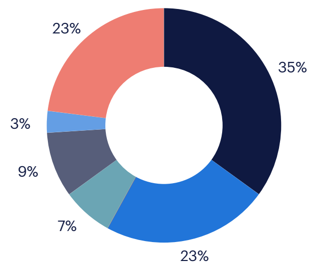
performance by geography

split by geography

Q2 2020: revenue € 4,437 million



Q2 2020: EBITA € 67 million



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

revenue in millions of €	Q2 2020	Q2 2019	organic Δ%[1]	6M 2020	6M 2019	organic Δ%[1]
North America	944	1,092	(18)%	2,043	2,134	(10)%
France	559	959	(41)%	1,371	1,838	(25)%
Netherlands	624	851	(24)%	1,345	1,681	(19)%
Germany	322	512	(31)%	740	1,045	(23)%
Belgium & Luxembourg	279	393	(29)%	636	777	(19)%
Italy	301	429	(30)%	658	818	(20)%
Iberia	245	369	(34)%	584	721	(20)%
Other European countries	437	541	(18)%	951	1,079	(12)%
Rest of the world	507	520	(2)%	1,035	1,008	2%
Global businesses	219	291	(25)%	488	574	(18)%
Revenue	4,437	5,957	(25)%	9,851	11,675	(16)%

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 2020	EBITA margin[1]	Q2 2019	EBITA margin[1]	organic Δ%[2]	6M 2020	EBITA margin[1]	6M 2019	EBITA margin[1]	organic Δ%[2]
North America	38	4.1%	68	6.3%	(45)%	84	4.1%	117	5.5%	(30)%
France	(6)	(1.2)%	60	6.2%	(111)%	24	1.7%	106	5.8%	(78)%
Netherlands	25	4.1%	49	5.7%	(48)%	61	4.6%	92	5.4%	(33)%
Germany	(3)	(1.0)%	13	2.5%	(126)%	(1)	(0.1)%	26	2.5%	(104)%
Belgium & Luxembourg	8	2.7%	22	5.7%	(66)%	24	3.7%	45	5.8%	(48)%
Italy	10	3.5%	29	6.6%	(63)%	22	3.4%	52	6.3%	(57)%
Iberia	3	1.3%	20	5.4%	(84)%	18	3.1%	38	5.2%	(51)%
Other European countries	(3)	(0.6)%	12	2.2%	(123)%	4	0.4%	27	2.5%	(85)%
Rest of the world	25	4.8%	27	5.3%	(14)%	45	4.3%	48	4.8%	(9)%
Global businesses	(9)	(4.1)%	(5)	(1.8)%	(82)%	(13)	(2.6)%	(10)	(1.8)%	(26)%
Corporate	(21)		(18)			(39)		(37)		
EBITA before integration costs and one-offs[3]	67	1.5%	277	4.7%	(76)%	229	2.3%	504	4.3%	(55)%
Integration costs and one-offs	(33)		(8)			(55)		(17)		
EBITA	34		269			174		487		

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 18% (Q1 2020: down 3%). Perm fees were down 49% (Q1 2020: down 3%). In Q2 2020, revenue of our combined US businesses was down 17% (Q1 2020: down 3%). US Staffing/Inhouse Services declined by 23% (Q1 2020: down 4%). US Professionals revenue was down 9% (Q1 2020: down 2%). In Canada, revenue was down 25% (Q1 2020: down 2%). EBITA margin for the region came in at 4.1%, compared to 6.3% last year.

france

In France, revenue was down 41% (Q1 2020: down 9%). Perm fees were down 52% compared to last year (Q1 2020: down 10%). Staffing/Inhouse Services revenue declined 46% (Q1 2020: down 13%), while our Professionals business was down 24% (Q1 2020: up 3%). EBITA margin was -1.2% compared to 6.2% last year.

netherlands

In the Netherlands, revenue was down 24% YoY (Q1 2020: down 14%). Overall perm fees were down 51% (Q1 2020: down 23%). Our combined Staffing and Inhouse Services business was down 28% (Q1 2020: down 17%), while our Professionals business was down 5% (Q1 2020: down 2%). EBITA margin in the Netherlands was 4.1%, compared to 5.7% last year, supported by tight cost control.

germany

In Germany, revenue per working day was down 31% YoY (Q1 2020: down 16%). Perm fees were down 40% compared to last year (Q1 2020: down 14%). Our combined Staffing/Inhouse Services business was down 37% (Q1 2020: down 19%), while Professionals was down 9% (Q1 2020: down 7%). EBITA margin in Germany was -1.0%, compared to 2.5% last year.

belgium & luxembourg

In Belgium & Luxembourg, revenue was down 29% (Q1 2020: down 8%). Perm fees were down 42% compared to last year (Q1 2020: down 18%). Our Staffing/Inhouse Services business was down 31% (Q1 2020: down 9%). Our EBITA margin was 2.7%, compared to 5.7% last year.

italy

Revenue per working day in Italy was down 30% compared to the prior year (Q1 2020: down 8%). Overall perm fees were down 52% (Q1 2020: down 10%). EBITA margin was 3.5%, compared to 6.6% last year.

iberia

In Iberia, revenue per working day was down 34% YoY (Q1 2020: down 4%). Perm fees were down 57% compared to last year (Q1 2020: down 17%). Staffing/Inhouse Services combined was down 35% (Q1 2020: down 4%). Spain was down 37% (Q1 2020: down 3%), while in Portugal revenue was down 25% (Q1 2020: down 9%). Overall EBITA margin was 1.3%, compared to 5.4% last year.

other european countries

Across 'Other European countries', revenue per working day was down 18% (Q1 2020: down 6%). In the UK, revenue was down 31% (Q1 2020: down 8%), while in the Nordics, revenue was down 21% on an organic basis (Q1 2020: down 8%). Revenue in our Swiss business was down 5% YoY (Q1 2020: down 2%). Overall EBITA margin for the 'Other European countries' region was -0.6% compared to 2.2% last year.

rest of the world

Overall revenue in the 'Rest of the world' region declined by 2% organically (Q1 2020: up 5%). In Japan, revenue declined 2% (Q1 2020: up 5%). Revenue in Australia/New Zealand was down 6% (Q1 2020: up 3%), while revenue in China declined by 13% YoY (Q1 2020: down 10%). Our business in India was up 9% (Q1 2020: up 16%), while in Latin America revenue grew 6% (Q1 2020: up 9%), primarily driven by Brazil and Uruguay. Overall EBITA margin in this region was 4.8%, compared to 5.3% last year.

global businesses

Overall organic revenue growth per working day was down 25% (Q1 2020: down 10%). Randstad Sourceright revenue decreased by 25% (Q1 2020: down 5%), while Monster revenue was down by 31% (Q1 2020: down 20%). Our global outplacement and reskilling platform RiseSmart grew 29% (Q1 2020: up 7%). Overall EBITA margin came in at -4.1% compared to -1.8% last year.

performance by revenue category

revenue in millions of €	Q2 2020	Q2 2019	organic Δ%	6M 2020	6M 2019[1]	organic Δ%
Staffing	2,086	3,052	(31)%	4,713	5,949	(20)%
Inhouse Services	1,013	1,333	(25)%	2,249	2,621	(17)%
Professionals	1,119	1,281	(12)%	2,401	2,531	(7)%
Global Businesses	219	291	(25)%	488	574	(18)%
Revenue	4,437	5,957	(25)%	9,851	11,675	(16)%

1 Organic change is measured excluding the impact of currencies, acquisitions, disposals, and reclassifications. For revenue, the organic change has been adjusted for the number of working days.

Total revenue of permanent placements in the revenue categories 'Staffing', 'Inhouse', and 'Professionals', amounted to € 72 million in Q2, and € 191 in H1 2020 (2019: € 136 million and € 267 million respectively).

other information.

outlook

Revenue decreased by 25% in Q2 2020 and by 21% in June. The development of volumes in early July indicate further positive momentum.

We are aiming for a recovery ratio of 50% over time. For Q3 2020, we expect a recovery ratio of 30%-40%, reflecting a mitigated effect of government support schemes in some countries, selective investments in growth areas, and continued agile cost management.

There will be a positive 0.1 working day impact in Q3 2020.

working days

	Q1	Q2	Q3	Q4
2020[1]	63.6	61.6	65.1	63.7
2019	62.7	61.8	65.0	63.2
2018	63.5	62.1	64.1	63.4

1 As per Q2 2020, the quarterly number of working days has been adjusted to reflect changes in country and business mix

financial calendar

Publication of third quarter results 2020	October 21, 2020
Publication of fourth quarter and annual results 2020	February 9, 2021
Publication of first quarter results 2021	April 21, 2021

analyst and press conference call

Today (July 21, 2020), at 09.00 AM CEST, Randstad N.V. will be hosting an analyst conference call. The dial-in numbers are:

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

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

You can listen to the call through a real-time audio webcast. You can access the webcast and presentation at https://www.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.

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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, shortages on the job market, changes in the demand for personnel (including flexible personnel), achievement of cost savings, changes in the business mix, changes in legislation (particularly in relation to employment, staffing and tax laws), the role of industry regulators, future currency and interest fluctuations, availability of credit on financially acceptable terms, the successful completion of company acquisitions and their subsequent integration, successful disposals of companies, the rate of technological developments, the impact of pandemics and our ability to identify other relevant risks and mitigate their impact. These prognoses therefore apply only on the date on which this document was compiled. The quarterly results as presented in this press release are unaudited.

randstad profile

Randstad is the global leader in the HR services industry. We support people and organizations in realizing their true potential by combining the power of today's technology with our passion for people. We call it Human Forward. In 2019, we helped more than two million candidates find a meaningful job with our 280,000 clients. Furthermore, we trained more than 350,000 people. Randstad is active in 38 markets around the world and has top 3 positions in almost half of these. In 2019, Randstad had on average 38,280 corporate employees and generated revenue of € 23.7 billion. Randstad was founded in 1960 and is headquartered in Diemen, the Netherlands. Randstad N.V. is listed on the NYSE Euronext (symbol: RAND.AS). For more information, see https://www.randstad.com/.

half-year report

2020.

key financials

in millions of €, unless otherwise indicated - underlying	6M 2020	6M 2019	change
Revenue	9,851	11,675	(16)%
Gross profit	1,882	2,321	(19)%
Operating expenses	1,653	1,817	(9)%
Underlying EBITA	229	504	(55)%
Margins (in % of revenue)			
Gross margin	19.1%	19.9%	
Operating expenses margin	16.8%	15.6%	
Underlying EBITA margin	2.3%	4.3%	

revenue

Organic revenue per working day declined by 16% in H1 2020 resulting in revenue of € 9,851 million. Revenue per working day was down 7.4% in the first quarter and down 25.2% in the second quarter.

gross profit

Gross margin was 19.1%, 80bp below H1 2019. Temporary staffing had a 30bp negative effect on gross margin, primarily reflecting the COVID-19 impact. Permanent placements had a 40bp negative effect on gross margin, while HRS/other had a 10bp negative impact.

operating expenses

Operating expenses decreased by 10% organically. The organic decrease in our cost base is the balance of tight field steering and investments in future topline growth. Average headcount (in FTE) is down 9% compared to the prior year.

EBITA

Underlying EBITA decreased to € 229 million. EBITA margin reached 2.3%, down 200bp compared to H1 2019.

key financials, actual

in millions of €, unless otherwise indicated	6M 2020	6M 2019	change
Underlying EBITA	229	504	(55)%
Integration costs and one-offs	(55)	(17)	
EBITA	174	487	(64)%
Amortization and impairment of intangible assets	(162)	(61)	
Operating profit	12	426	
Net finance costs	(26)	(19)	
Share of profit of associates	2	2	
Income before taxes	(12)	409	(103)%
Taxes on income	4	(110)	
Net income	(8)	299	(103)%

net finance income/(costs)

Net finance costs amounted to € 26 million, compared to € 19 million net finance costs in the first half of 2019. Interest expenses on our net debt position were € 7 million, compared to € 11 million in the first half of 2019; interest expenses related to lease liabilities were € 8 million (H1 2019: € 11 million). Foreign currency and other effects had a negative impact of € 11 million (H1 2019: positive impact € 3 million).

net income

Adjusted net income attributable to holders of ordinary shares amounted to € 169 million, compared to € 350 million in the first six months of 2019. As a result, diluted underlying EPS decreased from € 1.91 to € 0.92.

cash flow

In the first six months of 2020, free cash flow amounted to € 518 million positive compared to € 23 million positive in H1 2019

cash flow summary

in millions of €	6M 2020	6M 2019	change
EBITA	174	487	(64)%
Depreciation, amortization and impairment of property, plant, equipment, right-of-use assets, and software	164	139	
EBITDA	338	626	(46)%
Operating working capital	386	(335)	
Provisions and employee benefit obligations	(2)	(12)	
All other items	36	22	
Income taxes	(69)	(109)	
Net cash flow from operating activities	689	192	259%
Net capital expenditures	(58)	(56)	
Repayments of lease liabilities	(113)	(113)	
Free cash flow	518	23	n.a.
Net (acquisitions)/disposals	(12)	1	
Dividends from associates	4	3	
Net purchase of own ordinary shares	(11)	-	
Dividend preference shares (and ordinary shares in 2019 only)	(12)	(429)	
Net finance costs	(9)	(6)	
Translation and other effects	3	22	
Net (increase)/decrease of net debt	481	(386)	

risk profile

Our company's risk profile as presented in our 2019 annual report is impacted by the COVID-19 crisis in different ways. The crisis brings increased uncertainty in areas such as: workplace health & safety, changing regulatory and economical environment, contract liability & delivery, credit risk, information technology and cyber security and tax and labor law compliance. We have implemented processes and procedures to deal with these increased uncertainties to the extent possible under the current circumstances. For example: our health & safety procedures for all our staff; credit management; and information security measures, are re-evaluated based on emerging risks from this pandemic and are continuously being upgraded where needed. These evaluations and adjustments are part of our continuous monitoring processes and operational flexibility, which include international exchange of protocols and good practices between our operating companies in all mentioned areas. The crisis has also brought opportunities for acceleration of our digital transformation, where for example clients have been working with us over the past months to further digitalize exchange of data to improve efficiency in their and our processes.

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 risk can be found on pages 88-100 of our 2019 annual report and the next section of this press release specifically addressing COVID-19.

auditor's 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, 2020 and for the six month period ended at June 30, 2020 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. 1-17) 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 20, 2020 The Executive Board,

Jacques van den Broek

Henry Schirmer

Karen Fichuk

Rebecca Henderson

Chris Heutink

René Steenvoorden

interim financial statements Q2 2020.

actuals

consolidated income statement

in millions of €, unless otherwise indicated	Q2 2020	Q2 2019	6M 2020	6M 2019
Revenue	4,437	5,957	9,851	11,675
Cost of services	3,608	4,764	7,973	9,354
Gross profit	829	1,193	1,878	2,321
Selling expenses	510	645	1,116	1,268
General and administrative expenses	285	279	588	566
Operating expenses	795	924	1,704	1,834
Amortization and impairment of acquisition-related intangible assets and goodwill	103	31	162	61
Total operating expenses	898	955	1,866	1,895
Operating profit	**(69)**	**238**	**12**	**426**
Net finance costs	(11)	(12)	(26)	(19)
Share of profit of associates	1	1	2	2
Income before taxes	(79)	227	(12)	409
Taxes on income	22	(61)	4	(110)
Net income	**(57)**	**166**	**(8)**	**299**
Net income attributable to:				
Holders of ordinary shares Randstad N.V.	(59)	163	(12)	293
Holders of preference shares Randstad N.V.	2	3	4	6
Equity holders	(57)	166	(8)	299
Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	(0.33)	0.89	(0.07)	1.60
Diluted earnings per share	(0.32)	0.89	(0.07)	1.60
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs	0.34	1.04	0.92	1.91

information by geographical area and revenue category

revenue by geographical area

in millions of €	Q2, 2020	Q2, 2019	6M 2020	6M 2019
North America	944	1,092	2,043	2,134
France	559	959	1,371	1,838
Netherlands	624	852	1,346	1,683
Germany	322	512	740	1,045
Belgium & Luxembourg	280	394	639	779
Italy	301	429	658	818
Iberia	246	370	585	722
Other European countries	439	543	955	1,083
Rest of the world	508	520	1,036	1,009
Global Businesses	221	293	492	578
Elimination of intersegment revenue	(7)	(7)	(14)	(14)
Revenue	4,437	5,957	9,851	11,675

EBITA by geographical area

in millions of €	Q2 2020	Q2 2019	6M 2020	6M 2019
North America	38	68	76	117
France	(8)	59	19	104
Netherlands	25	49	61	92
Germany	(6)	9	(4)	22
Belgium & Luxembourg	7	22	23	45
Italy	(1)	28	11	51
Iberia	3	20	18	38
Other European countries	(3)	10	1	25
Rest of the world	22	27	41	48
Global Businesses	(22)	(5)	(27)	(18)
Corporate	(21)	(18)	(45)	(37)
EBITA[1]	34	269	174	487

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

revenue by revenue category

in millions of €	Q2 2020	Q2 2019	6M 2020	6M 2019
Staffing	2,091	3,057	4,723	5,959
Inhouse	1,013	1,333	2,249	2,621
Professionals	1,119	1,281	2,401	2,531
Global businesses	221	293	492	578
Elimination of intersegment revenue	(7)	(7)	(14)	(14)
Revenue	4,437	5,957	9,851	11,675

consolidated balance sheet

in millions of €	june 30, 2020	december 31, 2019	june 30, 2019
assets			
Property, plant and equipment	153	157	154
Right-of-use assets	530	531	549
Intangible assets	3,165	3,347	3,345
Deferred income tax assets	610	579	601
Financial assets and associates	477	478	581
Non-current assets	4,935	5,092	5,230
Trade and other receivables	4,020	4,711	5,038
Income tax receivables	125	130	149
Cash and cash equivalents	327	225	330
Current assets	4,472	5,066	5,517
Total assets	**9,407**	**10,158**	**10,747**
equity and liabilities			
Issued capital	26	26	26
Share premium	2,287	2,287	2,286
Reserves	2,105	2,159	1,841
Shareholders' equity	4,418	4,472	4,153
Non-controlling interests	1	1	1
Total equity	4,419	4,473	4,154
Borrowings (including lease liabilities)	607	417	926
Deferred income tax liabilities	32	38	56
Provisions and employee benefit obligations	228	226	185
Other liabilities	11	10	7
Non-current liabilities	878	691	1,174
Borrowings (including lease liabilities)	616	1,185	1,430
Trade and other payables	3,315	3,580	3,577
Dividends	-	-	203
Income tax liabilities	61	96	122
Provisions and employee benefit obligations	115	119	85
Other liabilities	3	14	2
Current liabilities	4,110	4,994	5,419
Total liabilities	4,988	5,685	6,593
Total equity and liabilities	**9,407**	**10,158**	**10,747**

consolidated statement of cash flows

in millions of €	Q2 2020	Q2 2019	6M 2020	6M 2019
Operating profit	(69)	238	12	426
Amortization and impairment of acquisition-related intangible assets and goodwill	103	31	162	61
EBITA	34	269	174	487
Depreciation, amortization and impairment of property, plant, equipment, right-of-use assets, and software	76	70	164	139
EBITDA	110	339	338	626
Provisions and employee benefit obligations	5	(7)	(2)	(12)
Share-based compensations	8	10	16	20
Other items	22	(1)	20	2
Cash flow from operations before operating working capital and income taxes	145	341	372	636
Operating working capital assets	462	(134)	624	(156)
Operating working capital liabilities	(14)	(76)	(238)	(179)
Operating working capital	448	(210)	386	(335)
Income taxes	25	(21)	(69)	(109)
Net cash flow from operating activities	**618**	**110**	**689**	**192**
Net additions in property, plant and equipment, and software	(32)	(28)	(58)	(56)
Acquisition of subsidiaries, associates and equity investments	(3)	(4)	(12)	(6)
Disposal of subsidiaries/activities and equity investments	-	5	-	7
Dividend from associates	4	3	4	3
Net cash flow from investing activities	**(31)**	**(24)**	**(66)**	**(52)**
Net purchase of own ordinary shares	(1)	-	(11)	-
Net repayments of non-current borrowings	(624)	-	(74)	-
Net (decrease)/increase of current borrowings	(145)	472	(294)	464
Repayments of lease liabilities	(56)	(57)	(113)	(113)
Net financing	(826)	415	(492)	351
Net finance costs paid	(5)	(4)	(9)	(6)
Dividend on preference and ordinary shares	(12)	(429)	(12)	(429)
Net reimbursement to financiers	(17)	(433)	(21)	(435)
Net cash flow from financing activities	**(843)**	**(18)**	**(513)**	**(84)**
(Net decrease)/net increase in cash, and cash equivalents	(256)	68	110	56
Cash, and cash equivalents at beginning of period	587	263	225	273
Net movement	(256)	68	110	56
Translation and currency (losses)/gains	(4)	(1)	(8)	1
Cash, and cash equivalents at end of period	327	330	327	330
Free cash flow	530	25	518	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 €	2020	2019	2020	2019
Begin of period				
Shareholders' equity	4,487	3,985	4,472	4,446
Non-controlling interests[1]	1	1	1	1
Total equity	**4,488**	**3,986**	**4,473**	**4,447**
Net income for the period	(57)	166	(8)	299
Items that subsequently may be reclassified to the income statement	(7)	(13)	(38)	17
Items that will never be reclassified to the income statement	-	5	(1)	6
Total other comprehensive income, net of taxes	(7)	(8)	(39)	23
Total comprehensive income	**(64)**	**158**	**(47)**	**322**
Other changes in period				
Dividend payable on ordinary shares	-	416	-	(203)
Dividend paid on ordinary shares	-	(416)	-	(416)
Dividend payable on preference shares	-	13	-	-
Dividend paid on preference shares	(12)	(13)	(12)	(13)
Share-based compensations	8	10	16	20
Tax on share-based compensations	-	-	-	(3)
Net purchase of ordinary shares	(1)	-	(11)	-
		-		
Total other changes in period	**(5)**	**10**	**(7)**	**(615)**
End of period	4,419	4,154	4,419	4,154
Shareholder's equity	4,418	4,153	4,418	4,153
Non-controlling interests[1]	1	1	1	1
Total equity	**4,419**	**4,154**	**4,419**	**4,154**

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

notes to the consolidated interim financial statements

reporting entity

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

The consolidated interim financial statements of Randstad N.V. as at and for the six month period ended June 30, 2020 include the company and its subsidiaries (together called 'the Group').

significant accounting policies

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

The accounting policies applied by the Group in these consolidated interim financial statements are unchanged from those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2019.

basis of presentation

These consolidated interim financial statements have been condensed and prepared in accordance with (IFRS) IAS 34 'Interim Financial Reporting'; they do not include all the information required for full (i.e., annual) financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2019.

The consolidated financial statements of the Group as at and for the year ended December 31, 2019 are available upon request at the Company's office or on www.randstad.com.

estimates

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

In preparing these consolidated interim financial statements, the significant judgments, estimates, and assumptions are the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2019.

covid-19

The global outbreak of COVID-19 has resulted in a significant disruption in our main markets resulting in unprecedented declines in GDP in these markets during this quarter. Our businesses were significantly negatively impacted by the COVID-19 crisis in the quarter ended 30 June 2020.

By the end of March, significant lockdown measures had been implemented in our main markets in Europe and North America, as well as in certain other countries. As of the end of May and early June these lockdown measures have been relieved to some extent but still work-related restrictions are in place in our main markets.

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

triggering event for asset impairment test

We consider the disruption in our markets due to COVID-19 as a triggering event that goodwill and other assets might be impaired. The goodwill impairment test was primarily focused on those operating segments that were most sensitive for goodwill impairments in last year's annual impairment test. As the uncertainty related to the future economic development is high and visibility is still limited, we used various scenarios on future profitability and related cash flows and attached probabilities to each of these scenarios. Based on the weighted assumptions as indicated below, the calculation of the recoverable amount in comparison with the carrying amount resulted in an impairment of € 86 million of goodwill in our segment UK.

The pre-tax discount rates used in the impairment test of our sensitive segments, being France, UK, Australia, Poland and Sourceright EMEA range from 9.9% (UK) to 14.5 % (France)(2019: 8.9% to 14.2%).

The other assumptions used in the impairment test of the UK are:

- Revenue growth: between -18% and 21% for the first three years and between 2% and 3% for the following six years;
- EBITA: between -1.1% and 2.1%;
- Growth after the forecast period: 0.25 %.

The other assumptions used in the impairment test of the other operating segments are:

- Revenue growth: between -21% and 16% for the first three years and between 1% and 8% for the following six years (France -21% to 16% and 1% respectively);
- EBITA: between -2.3% to 4.4% (France 2.2% to 4.4% respectively);
- Growth after the forecast period: 0.25%.

The outcome of impairment testing is sensitive to variations in estimates and assumptions. Variations in estimates and assumptions have the following effect on the recoverable amount calculations for the operating segments mentioned above:

- Revenue growth: a 1.0%-point lower growth rate would result in an additional impairment charge of € 2 million for the UK.
- EBITA: a 1.0%-point lower EBITA in percentage of revenue would result in an additional impairment charge of € 39 million for the UK, € 22 million for Sourceright EMEA, € 17 million for France, € 8 million for Poland and € 1 million for Australia.
- Discount rate: a 1.0%-point higher discount rate would result in an additional impairment charge of € 19 million for the UK.

For operating segments with significant headroom, we performed a more qualitative analyses of the long term impact of the current COVID-19 crisis which resulted in no additional quantitative testing needed for these segments.

allowances for expected credit risk on financial assets

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

government employment protection programs

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

We have accounted for these programs in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. These employment protection programs reduced our operating expenses by € 45 million for the period.

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

In addition, government measures also relate to the postponement of payments to government (such as value-added tax and social security charges) into future periods. The total amount of these measures netted against receivables on the government in respect of the above-mentioned programs positively impacted our cash flow during the period by € 145 million.

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, 2020 is 34% (H1 2019: 26.8%), and is based on the estimated tax rate for the whole year 2020 (actual FY 2019: 26.0%). The increase in effective tax rate compared to Q1, 2020 (26%) is amongst others influenced by the goodwill impairment charge which is a non-tax deductible expense.

acquisition and disposal of group companies, equity investments and associates

In Q2 2020 we had a cash outflow of € 3 million (Q2 2019: € 1 million net cash inflow from acquisition and disposal of equity investments), of which € 2 million related to payments in respect of acquisitions in prior years and € 1 million to equity investments.

In Q2 2020 and Q2 2019 we had no disposal of Group companies.

shareholders' equity

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

As at June 30, 2020 the Group held 12,117 treasury shares (June 30, 2019: 21,834), compared to 361,775 as at December 31, 2019. The average number of (diluted) ordinary shares outstanding has been adjusted for these treasury shares.

As at June 30, 2020, December 31, 2019, and June 30, 2019 the number of issued preference shares was 25,200,000 (type B) and 50,130,352 (type C).

earnings per share

in millions of €, unless otherwise indicated	Q2 2020	Q2 2019	6M 2020	6M 2019
Net income	(57)	166	(8)	299
Net income attributable to holders of preference shares	(2)	(3)	(4)	(6)
Net income attributable to holders of ordinary shares	(59)	163	(12)	293
Amortization of intangible assets[1]	103	31	162	61
Integration costs and one-offs	33	8	55	17
Tax effect on amortization, integration costs, and one-offs	(14)	(10)	(36)	(21)
Adjusted net income for holders of ordinary shares	63	192	169	350
Average number of ordinary shares outstanding	183.3	183.3	183.2	183.2
Average number of diluted ordinary shares outstanding	184.0	183.9	183.9	183.7

Earnings per share attributable to the holders of ordinary shares of Randstad N.V. (in € per share):				
Basic earnings per share	(0.33)	0.89	(0.07)	1.60
Diluted earnings per share	(0.32)	0.89	(0.07)	1.60
Diluted earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs, and one-offs[2]	0.34	1.04	0.92	1.91

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

net debt position

Net debt including lease liabilities at June 30, 2020 amounted to € 896 million, and was € 481 million lower compared to December 31, 2019 (€ 1,377 million). The net debt position excluding lease liabilities as at June 30, 2020 (€ 282 million) was € 474 million lower compared to the net debt position as at December 31, 2019 (€ 756 million), which is mainly explained by a free cash flow of € 518 million in H1 2020.

Included in 'borrowings under current liabilities' is the short-term part of non-current borrowings in the amount of € 230 million as at June 30, 2020. In Q2, the Group early repaid in full the € 150 million promissory note (original maturing in December 2020) and partially USD 140 million on the USD 400 million loans (originally maturing in October, 2020)

breakdown of operating expenses

in millions of €	Q2 2020	Q2 2019	6M 2020	6M 2019
Personnel expenses	537	683	1,194	1,360
Other operating expenses	258	241	510	474
Operating expenses	795	924	1,704	1,834

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

in millions of €	Q2 2020	Q2 2019	6M 2020	6M 2019
Depreciation and impairment of property, plant and equipment	14	14	27	27
Amortization and impairment of software	12	9	37	17
Depreciation and amortization of software	26	23	64	44
Depreciation and impairment of right-of-use assets	50	47	100	95
Total	76	70	164	139

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

in millions of €	Q2 2020	Q2 2019	6M 2020	6M 2019
Additions				
Property, plant and equipment	(16)	(12)	(27)	(25)
Software	(18)	(17)	(34)	(34)
	(34)	(29)	(61)	(59)
Disposals				
Procreeds property, plant and equipment	2	1	3	3
(Profit)/Loss	-	-	-	-
	2	1	3	3
Statement of cash flows	(32)	(28)	(58)	(56)

french competitive employment act ('CICE')

Included in the consolidated balance sheet under 'financial assets and associates' is an amount of € 273 million (December 31, 2019: € 273 million) relating to the non-current part of a receivable arising from tax credits under the French Competitive Employment Act ('CICE'). An amount of € 95 million (December 31, 2019: € 116 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 related tax effects, that will never be reclassified to the income statement.

related-party transactions

There are no material changes in the nature, scope, and (relative) scale in this reporting period compared to last year. More information is included in notes 28, 29 and 30 to the consolidated financial statements as at and for the year ended December 31, 2019.

commitments

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

events after balance sheet date

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

change in presentation of consolidated statement of cash flows in 2019

In 2019 we have changed the presentation of the consolidated statement of cash flows, for the year 2019, as disclosed in note 27 to the consolidated financial statements 2019. This change in presentation also has its effects on the quarterly cash flow statements of the year 2019. For Q2, 2019 and 6M, 2019 the financing cash flows have been restated by an amount of € 472 million and € 464 million respectively. The table below discloses the details.

change in presentation of consolidated statement of cash flows Q2 and 6M, 2019

in millions of €	reported Q2 2019	presentation change	restated Q2 2019	reported 6M 2019	presentation change	restated 6M 2019
Net cash flow from operating activities	110	-	110	192	-	192
Net cash flow from investing activities	(24)	-	(24)	(52)	-	(52)
Net cash flow from financing activities	(490)	472	(18)	(548)	464	(84)
Net movement	(404)	472	68	(408)	464	56
"Cash for cash flow statement", at beginning of year	(493)	756	263	(491)	764	273
Net movement	(404)	472	68	(408)	464	56
Translation and currency losses	-	(1)	(1)	2	(1)	1
	(404)	471	67	(406)	463	57
"Cash for cash flow statement", at end of period	(897)	1,227	330	(897)	1,227	330
Free cash flow	**25**	**-**	**25**	**23**	**-**	**23**