



Adecco SA

Third Quarter Results

2003

Jérôme Caille
Group CEO

Felix Weber
Group CFO

October 22, 2003



Disclaimer

We are going to discuss certain subjects that may contain forward-looking statements relating to such matters as anticipated financial performance, business prospects, new products, development activities and similar matters. We caution you that actual results could differ materially from those that will be projected in our discussions. Additional detailed information concerning a number of factors that could cause actual results to differ materially from the information that we will be giving you is readily available in our most recent report on Form 20-F and in our Form F-4 registration statement filed with the United States Securities & Exchange Commission.



Jérôme Caille

Chief Executive Officer

The Quarter: NIBA +34%

September QTD 2003
(EUR millions)

% Variance
(03 vs 02)

Sales 4,249

-3%

2%

As reported

Gross Margin 711

-9%

-3%

At constant currency

SG&A 548

-15%

-9%

EBITA 163

19%

25%

NIBA 105

28%

34%

(Net income before amortization)

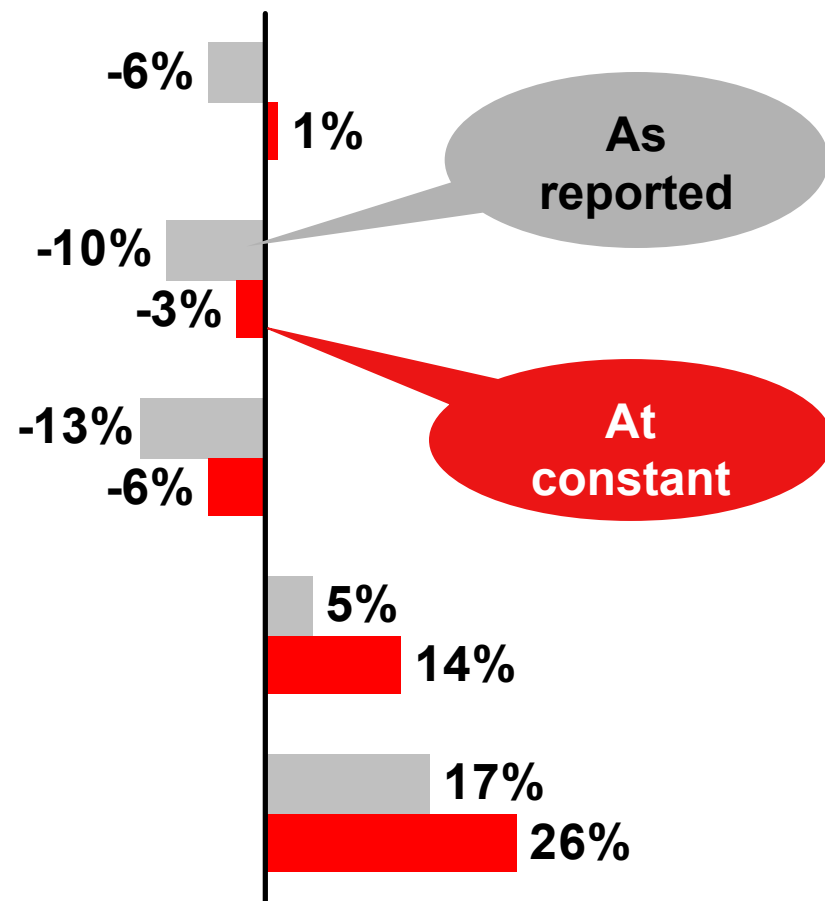
*

Year-to-Date: NIBA +26%

September YTD 2003
(EUR millions)

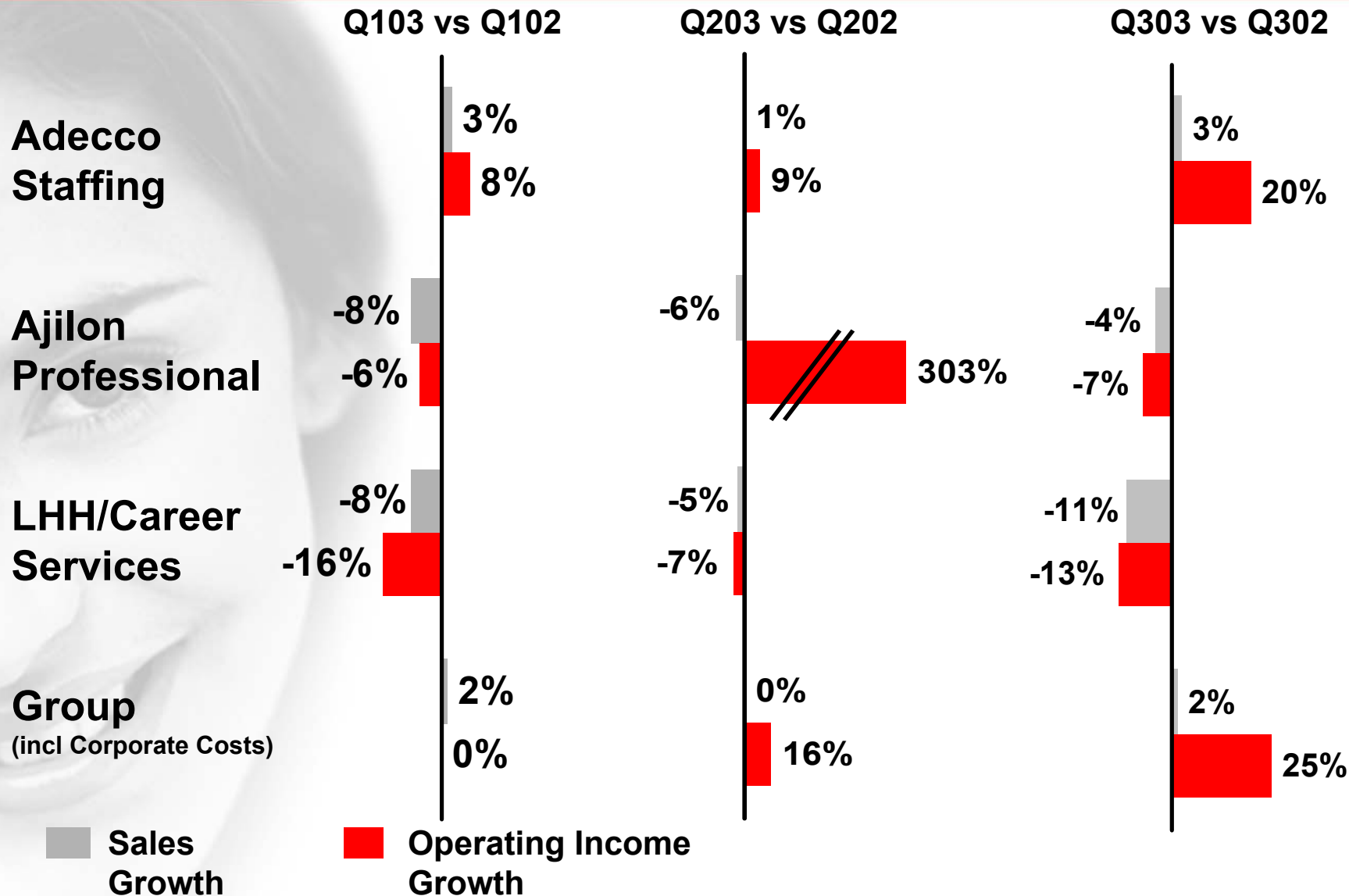
% Variance
(03 vs 02)

Sales	12,115
Gross Margin	2,082
SG&A	1,671
EBITA	411
NIBA <i>(Net income before amortization)</i>	257



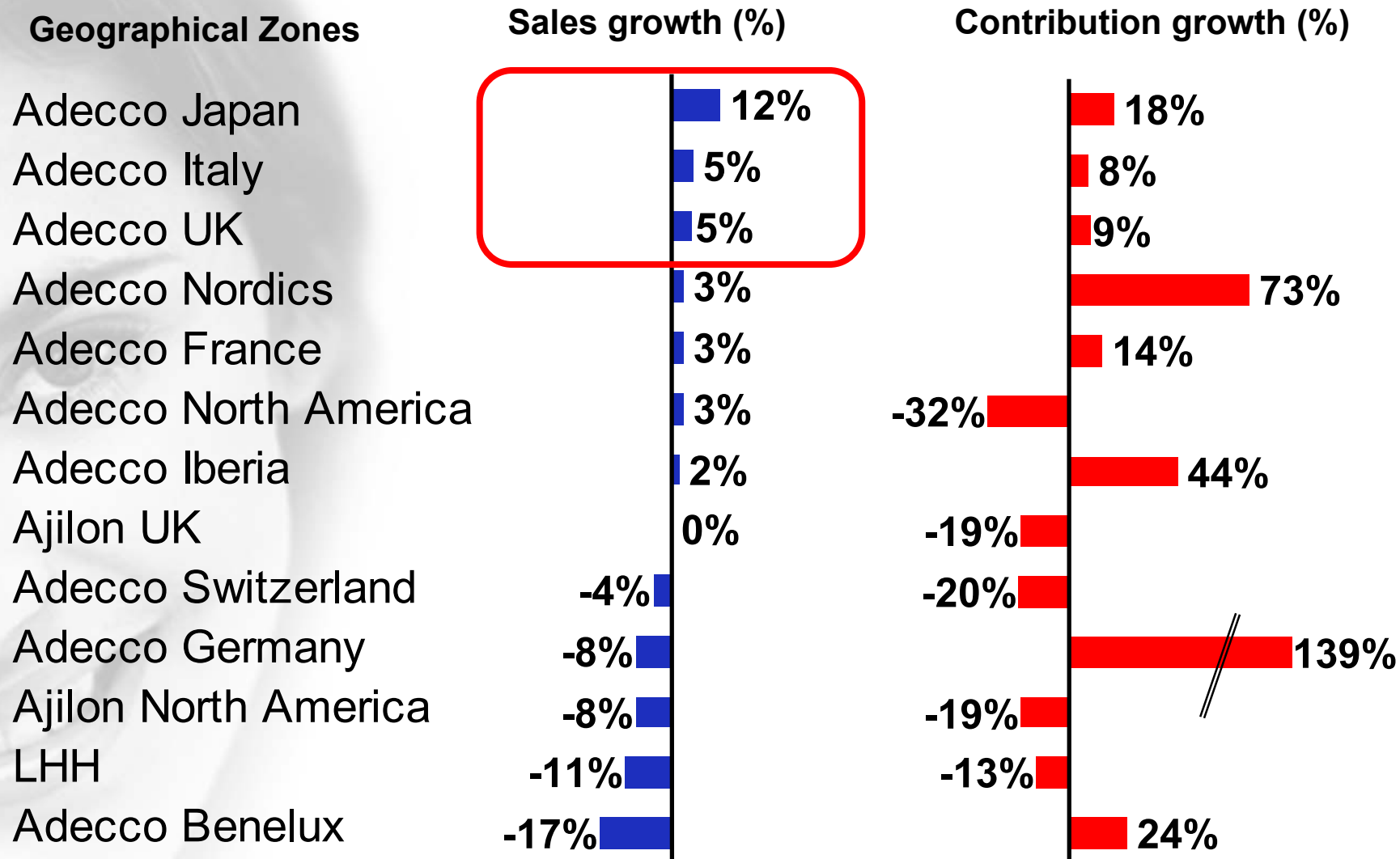
Further Improved Operating Gearing

In constant currency



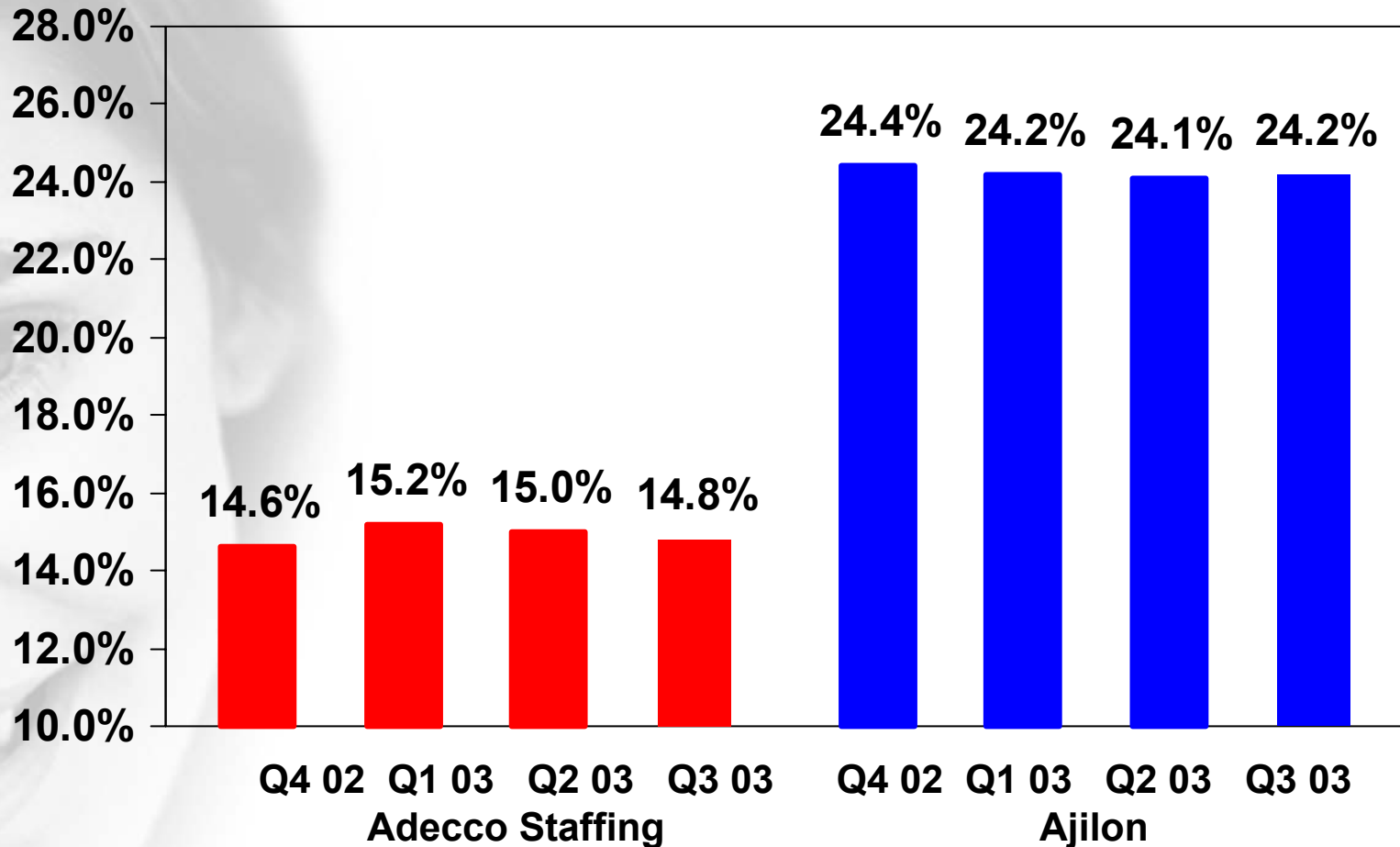
The Key Business Units

Q303 vs Q302 in local currency



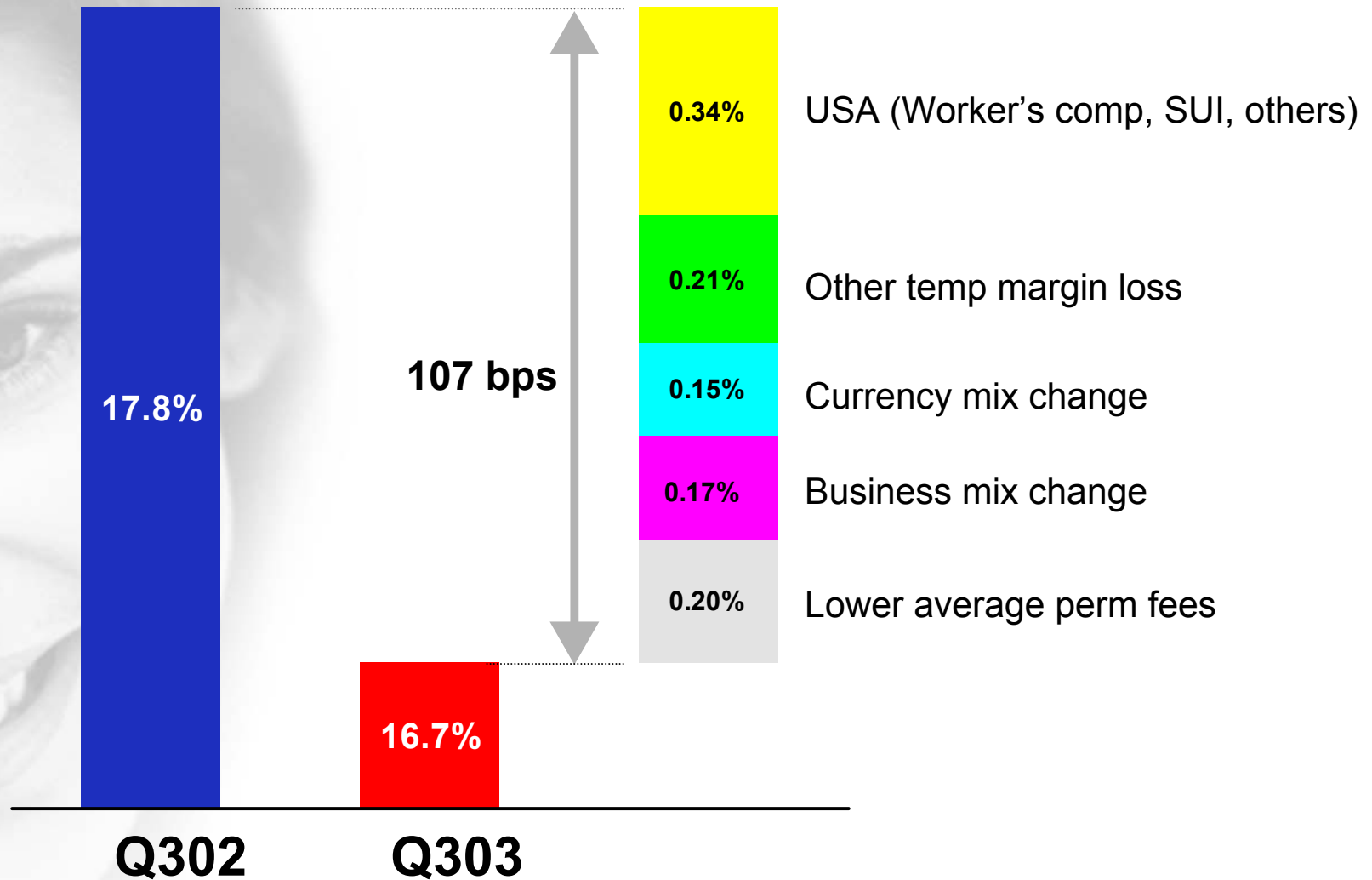
Maintained Underlying Gross Margin

Gross Margin % Sales



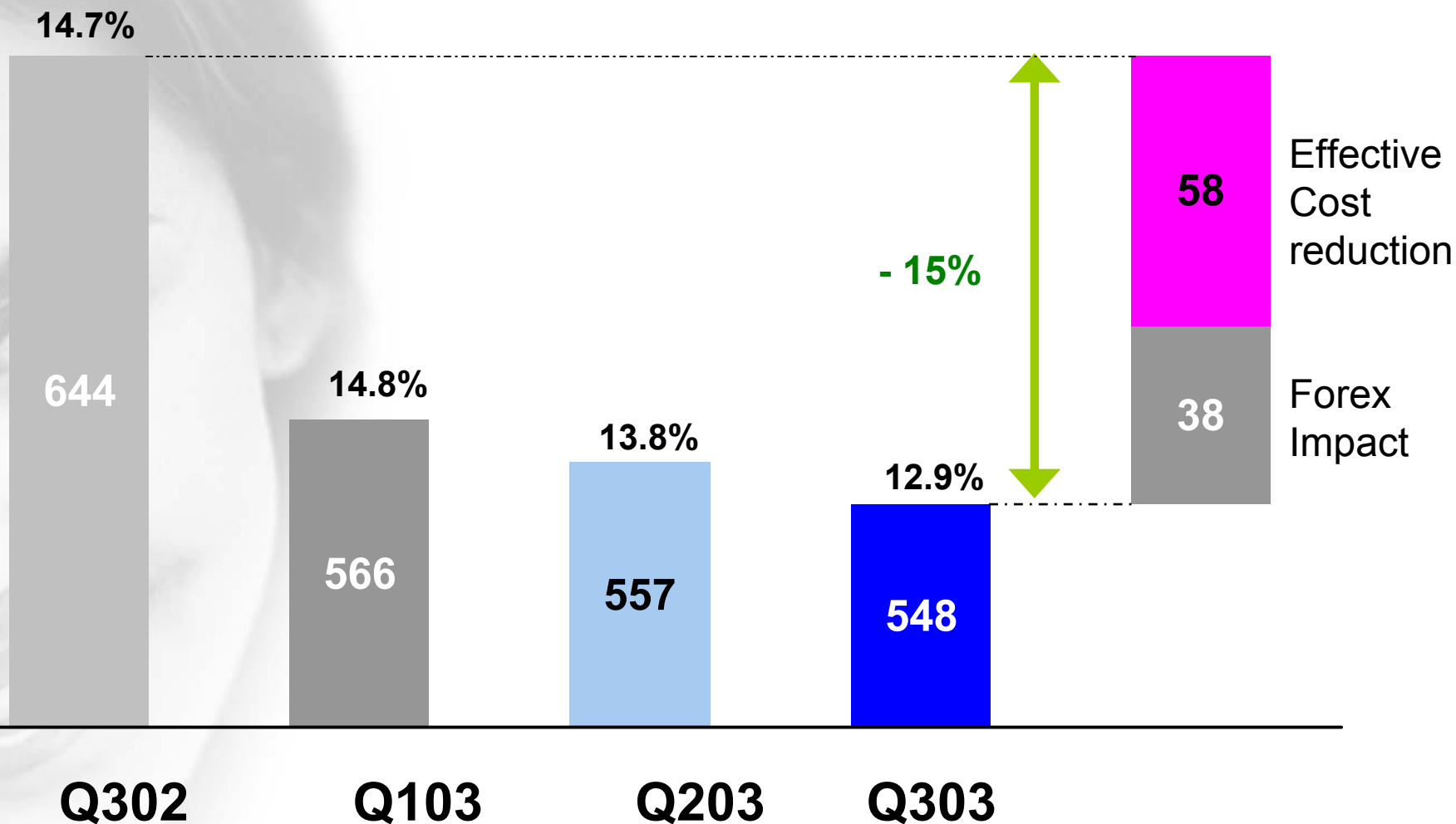
Gross Margin Drop Similar to Previous Quarter

Gross Margin in %, Q303 vs Q302

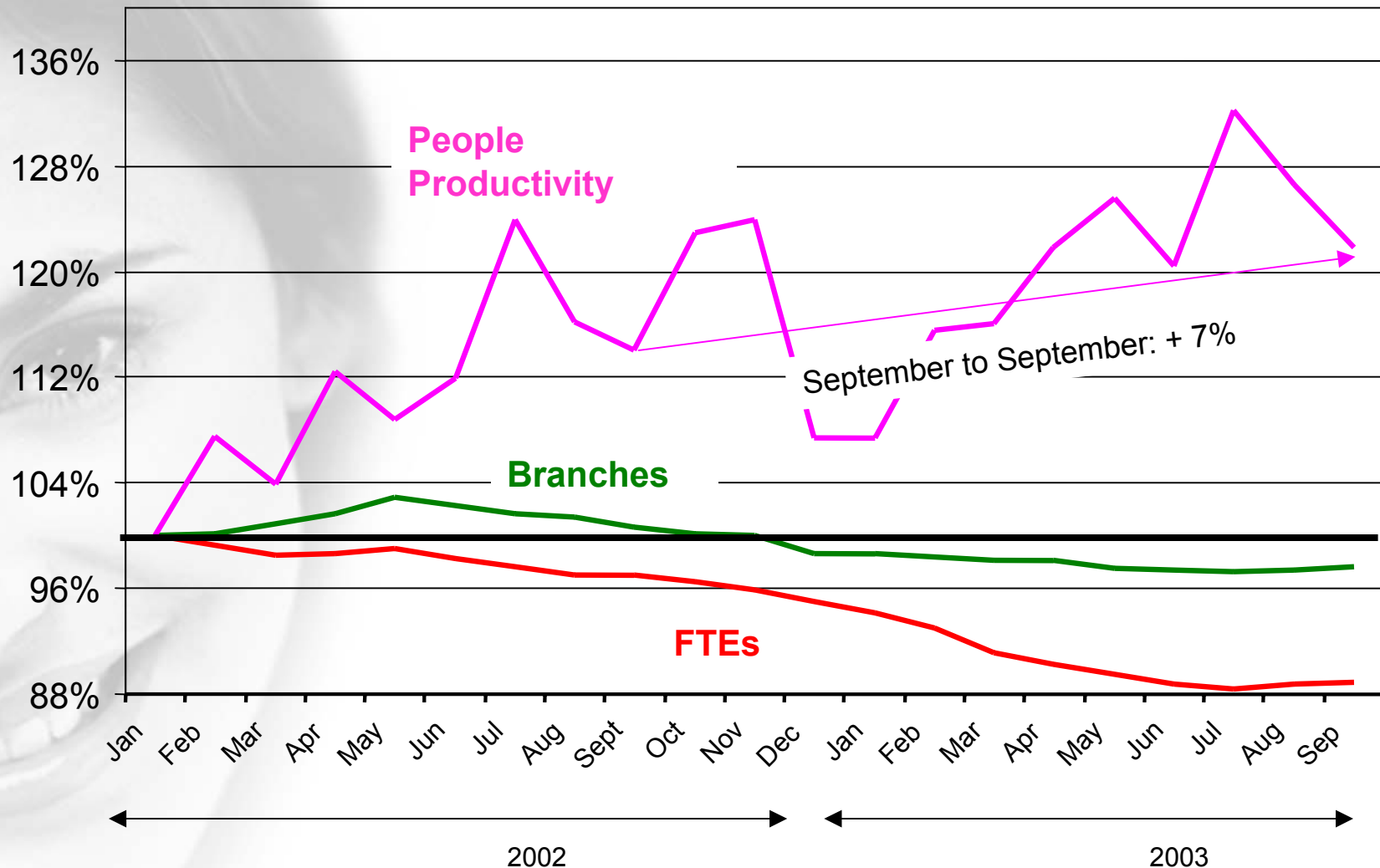


Further Reduction of Operating Costs

Adecco Group operating costs in EUR million and in % of sales

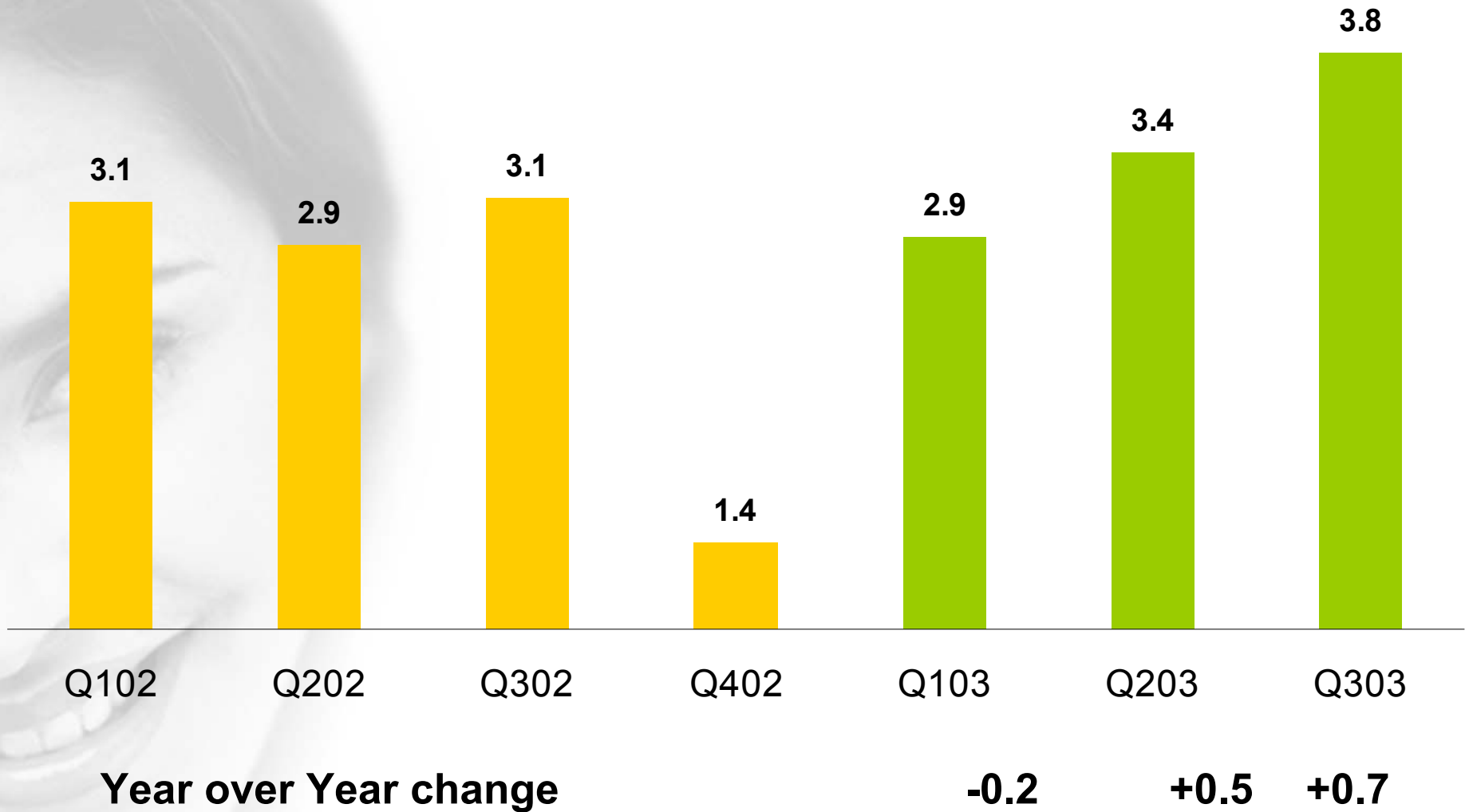


7% Higher Productivity Year over Year



Recovering Operating Income Margin

Quarterly Operating Income % of Sales, 2000 - 2003





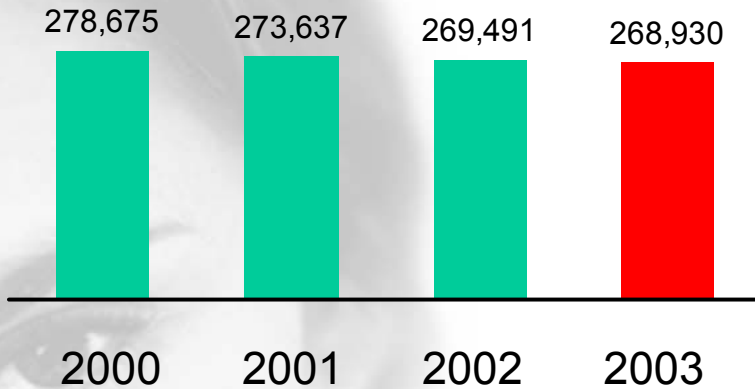
Felix Weber

Chief Financial Officer

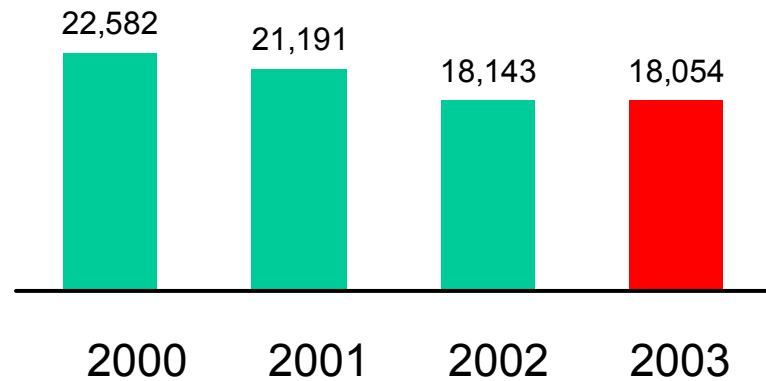
Positive Key Indicators

(September QTD)

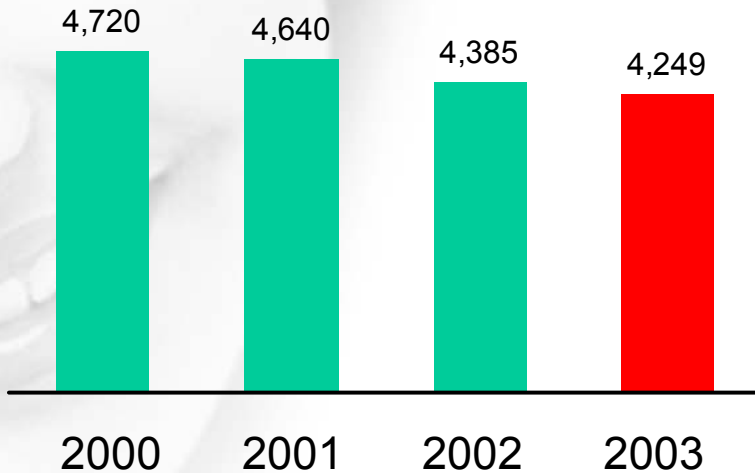
Temp hours (000)



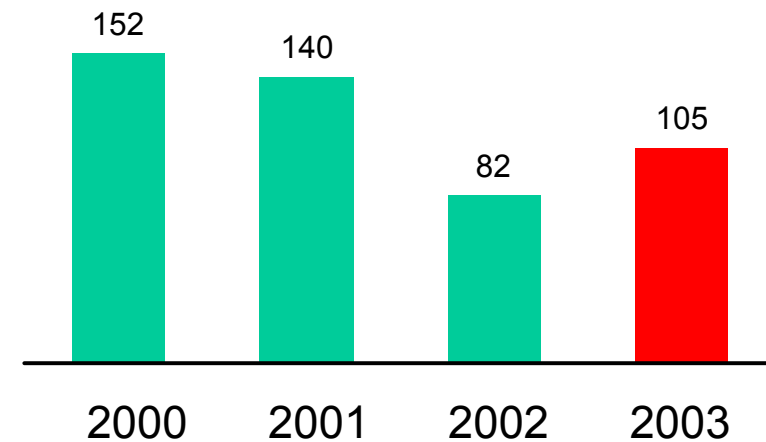
Perm Placements



Sales as reported (million EUR)

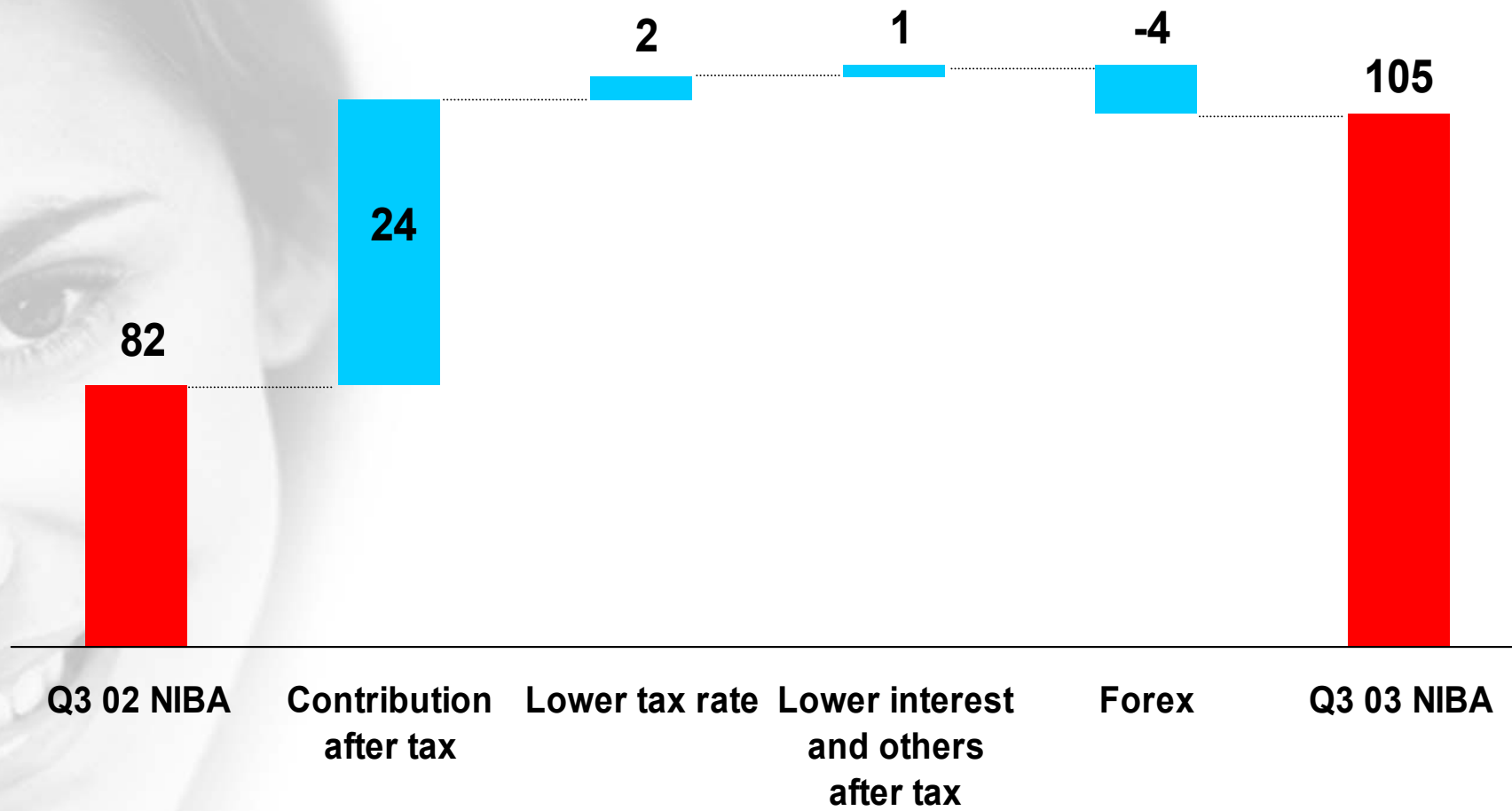


NIBA as reported (million EUR)



Improved Net Income

(Before Amortization Excluding Forex Impact, million EUR)

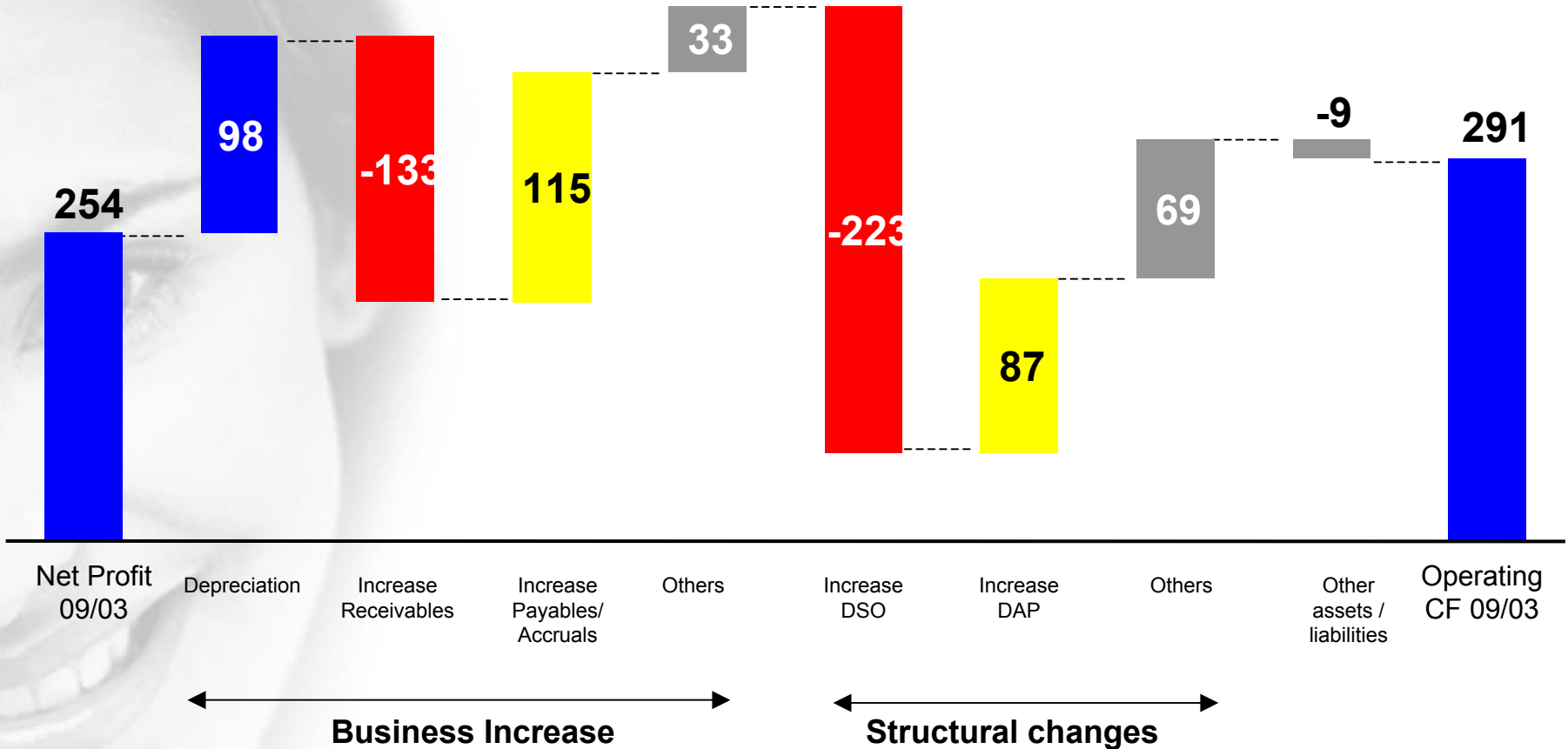


Improved Cash Flow

EUR millions	Year to Date	
	Sep 28, 2003	Sep 29, 2002
Net Income	254	216
Depreciation	98	105
Change of operating assets/liabilities	-94	-190
Others	33	68
Cash Flow from Operations	291	199
Cash Flow from Investing Activities	-53	-154
Cash Flow from Financing Activities	560	-194
Effect of exchange rate on cash	-24	-19
Net increase/(decrease) of cash	774	-168

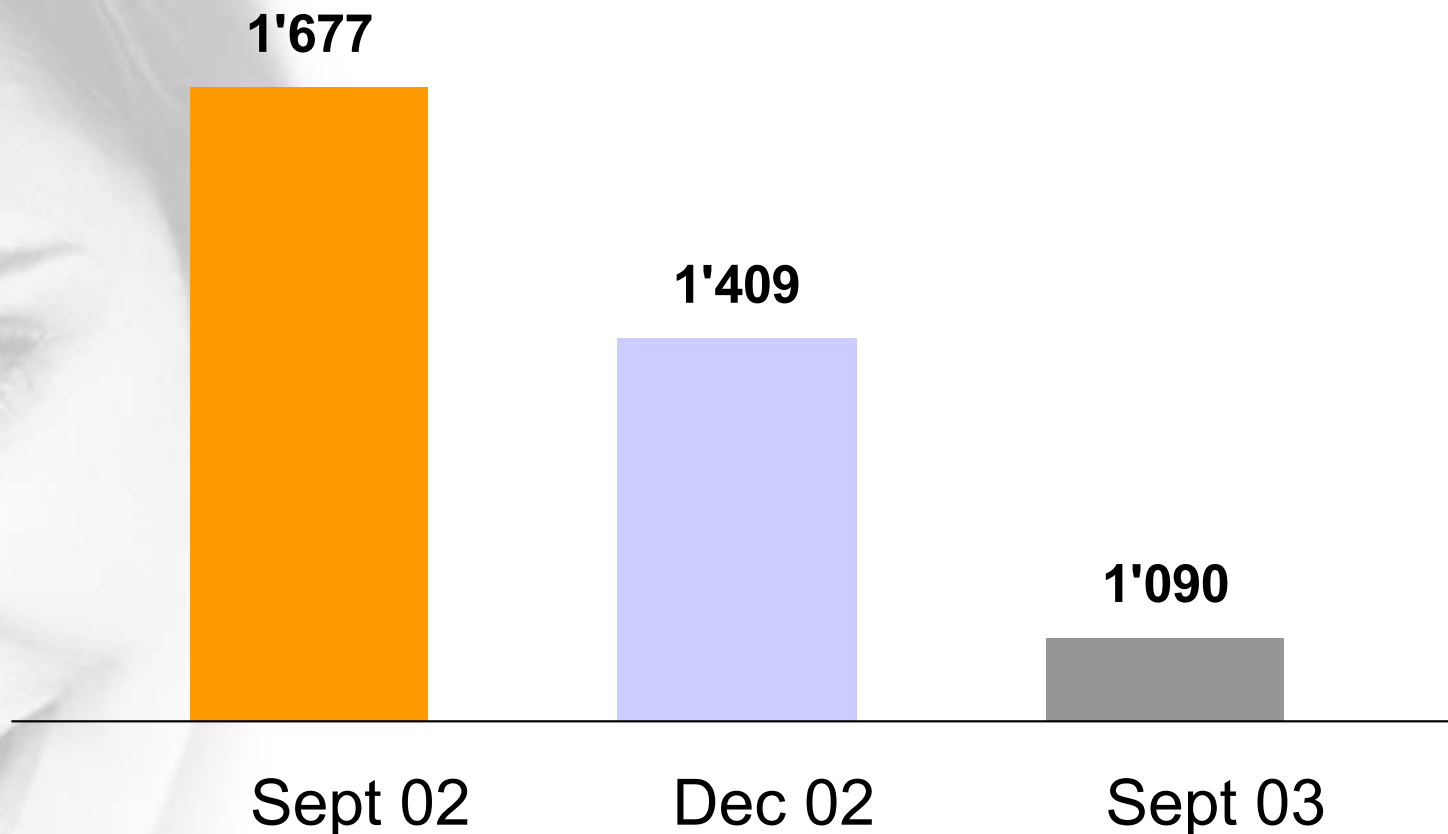
The Drivers of Cash Flow from Operations YTD

(Million EUR)



Close to 600 m EUR Net Debt* Reduction YoY

(Million EUR)



* Includes off balance sheet debt (Sep 02: EUR 61 million, Dec 02: EUR 59 million, Sep 03: EUR 36 million)
Net debt has been recalculated to deduct marketable securities (Sep 02: EUR 1 million, Dec 02: EUR 1 million, Sep 03: EUR 11 million)

Further Strengthened Balance Sheet

EUR millions	September 28, 2003	December 29, 2002	September 29, 2002
Assets			
Cash and marketable securities	997	213	206
Trade accounts receivable	3,170	2,906	3,144
Other current assets	299	333	335
Property plant and equipment	362	435	459
Goodwill and Intangibles, net	1,375	1,477	1,529
Other assets	451	456	371
Total	6,654	5,820	6,044
Liabilities & Equity			
Accounts payable and accrued expenses	3,014	2,815	2,835
Short and long term debt	2,051	1,563	1,822
Other liabilities	96	103	85
Shareholder's equity	1,493	1,339	1,302
Total	6,654	5,820	6,044
Net debt (includes off balance sheet debt)	1,090	1,409	1,677

Expensing of Stock-based Compensation

- Effective as of 2003 Adecco will adopt SFAS 123
- Future stock-based compensation such as grants of stock options or restricted stock will be expensed over the vesting period
- Effect on the first 9 months was not material



Jérôme Caille

Chief Executive Officer

Continued Focus on Growth

**Growth
exceeding the
market**

- Organic growth above market
- Acquisitions and organic growth

**Market
leadership**

- No 1 or No 2 in all major markets with 20%+ market share
- Operational leadership through Quality/ Cost enhancement through Technology

**Optimized
business mix**

- Specialty business focus
- Evolution from staffing to HR services

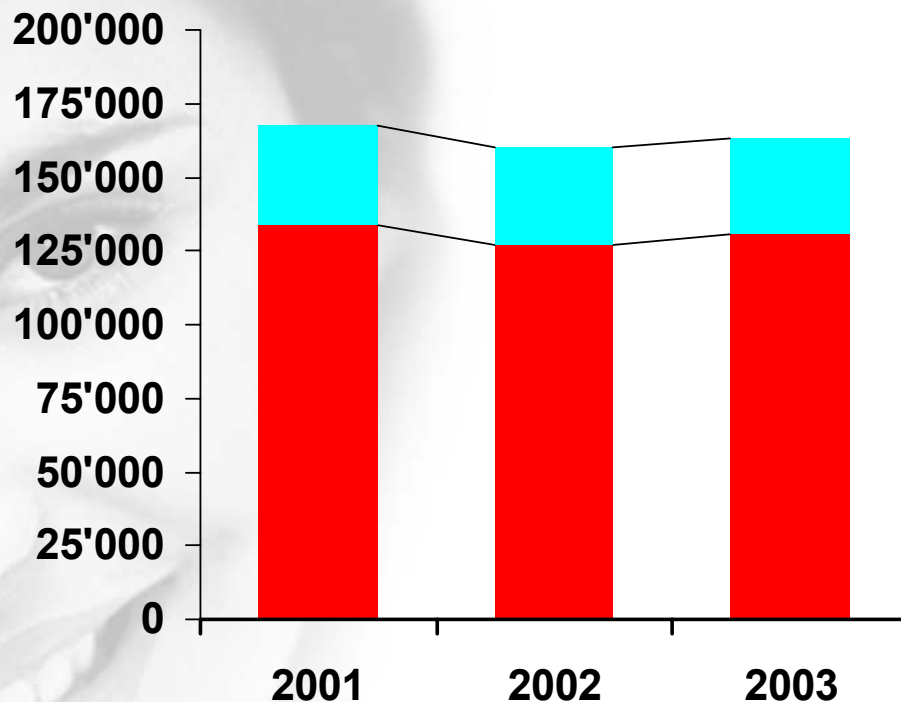
Strategy to Improve US Profitability

- Business mix shift to retail
- Large account profitability analysis
- Development of vertical markets
- Price increases to cover additional WC & SUI cost increases
- Shared Services to reduce back office costs
- Enhance IT infrastructure

Potential from Spare Capacity

Branch productivity (9 months)

(adjusted hours sold per Branch)



Temp hours

Perm placement fees and others converted into temp hours

Branch Productivity Potential

- Branch productivity still below year 2000/2001 level
- Substantial investment in technology has further increased productivity
- Adding volume to existing clients requires little extra costs

Technology Update

Q3: The Rollout Goes On

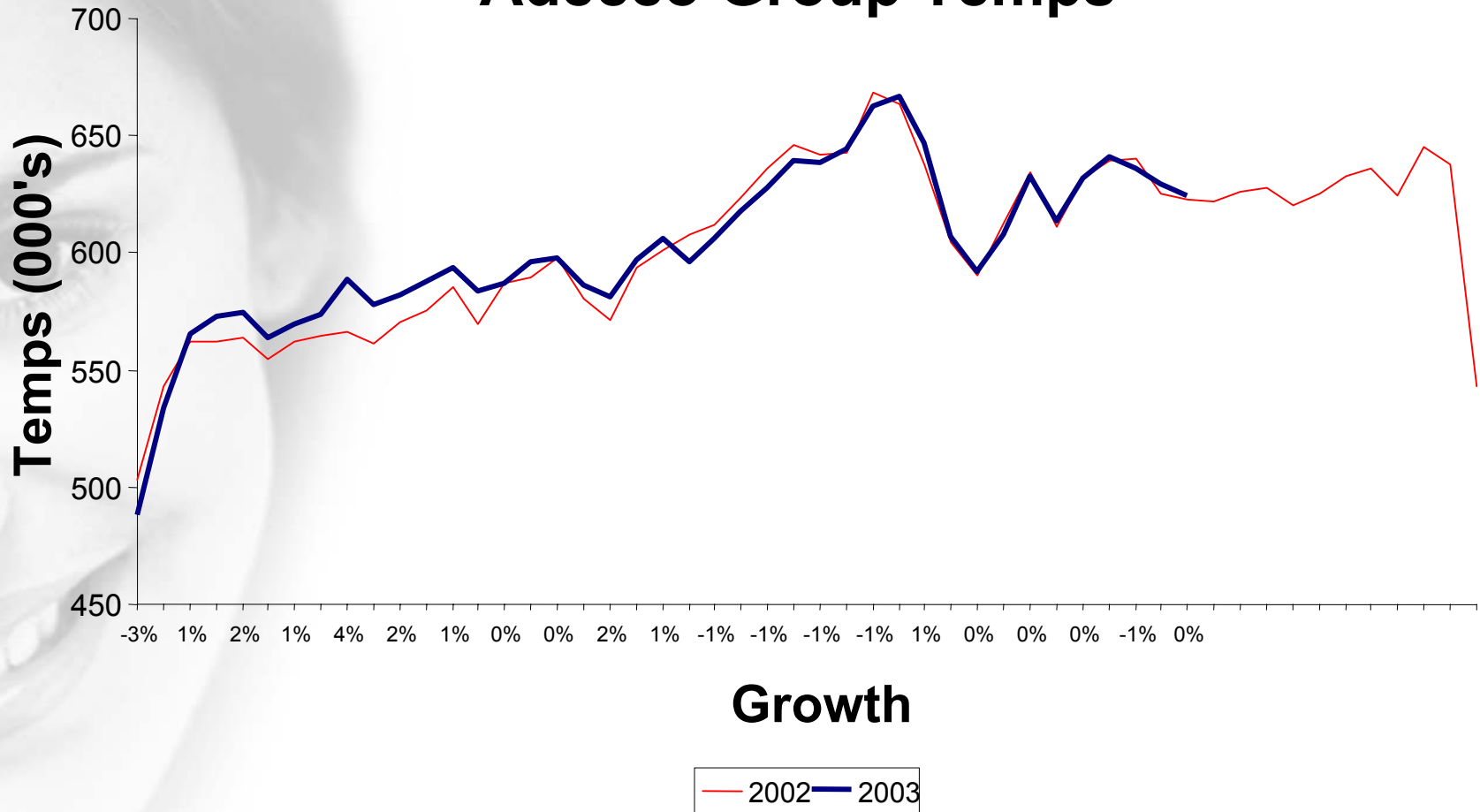
- **AdeccoWeb** (front office & e-commerce)
 - Six new business units
 - **18** business units involved (> **50%** of Group Sales)
 - Almost **6 million CVs**
- **Xpert® Online** (assessment)
 - Seven new business units
 - **19** business units involved (> **44%** of Group Sales)
 - **160,000** online tests/month
- **PeopleSoft** (financials)
 - Seven new business units
 - **38** business units involved (> **65%** of Group Sales)
- **Advanced customised services** to large clients

Deregulation Update

- Italy
 - Labour Market Reform law passed October 24, 2003 and effective January 2004
- Germany
 - Adecco is the first staffing company to utilize the new Collective Agreement
- Poland
 - Assignment duration extended to 12 months
 - Equal pay
 - Temporary work approved for Seasonal, Production Peaks and Absenteeism
- Netherlands
 - New Collective Agreement allows greater flexibility

Recent Weekly Trends

Adecco Group Temps



Outlook

- Markets remain tough short-term
 - strong focus on cost and margin management
- Excellent mid to long-term prospects:
 - More favourable regulations
 - Increased demand for flexible solutions
 - New markets (10 new countries entering the EU)
 - State-of-the-art technology
 - Demographic shifts

Summary

- Return to positive sales growth
- Further extension of operational gearing at Group level
- Improvement in return on sales
- Markets remain tough
- Excellent mid to long term prospects



THANK YOU!

To participate in the **Q&A**
session, please dial:

Europe: +44 (0) 207 019 9523

USA: +1 718 354 1153

