Adecco Group

Press Release

Adecco delivers on gross margin improvements and cost cuts

Despite weak topline net profit remains in the black and operating cash flow is robust

Q1 HIGHLIGHTS (Q1 2009 versus Q1 2008)

- Revenues of EUR 3.7 billion, down 26% (-28% organically[1])
- Gross margin up 40 bps compared to the prior year at 18.5%
- Strong 15% reduction of SG&A expenses on an adjusted[2] and organic basis
- EUR 36 million restructuring costs for headcount reductions and branch network optimization
- Adjusted EBITA[3] margin at 2.1%, down 220 bps
- Strong operating cash flow of EUR 205 million and net debt[4] further reduced to EUR 445 million

Key figures

in EUR millions	**Q1 2009** reported	**Q1 2009** reported growth	**Q1 2009** adjusted[2]	**Q1 2009** adjusted[2] organic[1] growth
Revenues	3,703	-26%	3,703	-28%
Gross profit	686	-25%	686	-27%
EBITA	43	-80%	79	-66%
Operating income	30	-85%		
Net income attributable to Adecco shareholders	23	-83%		

Zurich, Switzerland, May 6, 2009: Adecco Group, the worldwide leader in Human Resource services, today announced results for the first quarter of 2009. Revenues were down 28% organically to EUR 3.7 billion compared to EUR 5.0 billion in Q1 2008. The gross margin was up 40 bps to 18.5%. SG&A on an adjusted and organic basis was reduced by 15% in Q1 2009 compared to the prior year, as a result of headcount reductions and branch network optimization. The reported EBITA margin was 1.2%, or adjusted for EUR 36 million restructuring costs 2.1%, down 220 bps. Operating cash flow was EUR 205 million.

Dominik de Daniel, CFO of the Adecco Group said: *"We continued to face strong pressure on revenues, with an organic decline of 28% in the first quarter this year. Nonetheless, I am pleased to report that we were able to increase the gross margin by 40 bps to 18.5%, due to the good business mix. Given our proactive and accelerated approach to adapt the cost base in order to protect margins, SG&A was reduced by 15% on an adjusted and organic basis in Q1 2009, compared to the prior year's first quarter. The EBITA margin was down 220 bps to 2.1%, when excluding restructuring expenses. Operating cash flow of EUR 205 million was strong, helped by lower working capital needs."*

[1] Organic growth is a non US GAAP measure and excludes the impact of currency, acquisitions and divestitures.
[2] Adjusted is a non US GAAP measure and excludes the negative impact associated with headcount reductions and branch optimization in France, Italy and other countries of EUR 36 million in 2009.
[3] EBITA is a non US GAAP measure and refers to operating income before amortization of intangible assets.
[4] Net debt is a non US GAAP measure and comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

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Q1 2009 FINANCIAL PERFORMANCE

Revenues
Group revenues in Q1 2009 were down 26% to EUR 3.7 billion compared to Q1 2008. Organically, revenues declined by 28%. In the first quarter of 2009, permanent placement revenues were EUR 53 million, a decline of 45% in constant currency and outplacement revenues amounted to EUR 88 million, an increase of 65% in constant currency.

Gross Profit
The gross margin improved by 40 bps to 18.5% compared to Q1 2008. The gross margin in the temporary staffing business was 50 bps lower in Q1 2009 compared to Q1 2008, partly due to lower utilisation in Germany and Sweden, where temporary employees are on Adecco's payroll, while the decline in the permanent placement business also impacted gross margin negatively. The growing contribution of the outplacement business more than compensated the negative impact on the gross margin of the temporary and permanent staffing businesses.

Selling, General and Administrative Expenses (SG&A)
In Q1 2009 SG&A was reduced by 7% compared to the same period last year. Organically and adjusted for EUR 36 million restructuring expenses, SG&A declined by 15%. Organically, FTE employees were reduced by 12% (-4,600) compared to Q1 2008, while the branch network was reduced by 11% (-700 branches). At the end of the first quarter of 2009, the Adecco Group operated a network of over 6,000 offices with more than 31,000 FTE employees.

EBITA
In the period under review, reported EBITA was EUR 43 million, a decline of 80%. Organically and adjusted for EUR 36 million restructuring expenses, EBITA declined by 66% to EUR 79 million. The adjusted EBITA margin was 2.1% in Q1 2009. This compares to an EBITA margin of 4.3% in the prior year.

Amortisation of Intangible Assets
Amortisation in Q1 2009 amounted to EUR 13 million compared to EUR 10 million in first quarter of 2008.

Operating Income
In Q1 2009, the company reported operating income of EUR 30 million, a decline of 85%, which compares to EUR 205 million in Q1 2008.

Interest Expense and Other Income / (Expenses), net
The interest expense amounted to EUR 9 million in the period under review, EUR 5 million less than in Q1 2008. Given the recent bond issuance of EUR 500 million, the interest expense is expected to amount to approximately EUR 60 million for the full year of 2009. Other income / (expenses), net was EUR 3 million in Q1 2009 compared to EUR 2 million in the first quarter of 2008.

Provision for Income Taxes
The effective tax rate for the first quarter of 2009 was 3%, compared to 28% in the same period last year. The tax rate for Q1 2009 was lower due to the favourable settlement of tax audits and expiration of statute of limitations in certain jurisdictions.

Net Income attributable to Adecco shareholders and EPS
Net income attributable to Adecco shareholders in Q1 2009 was down 83% to EUR 23 million compared to EUR 137 million in Q1 2008, resulting in a margin of 0.6%. Basic EPS was EUR 0.13 (EUR 0.78 for Q1 2008).

Balance Sheet, Cash flow, and Net Debt
The operating cash flow generated in Q1 2009 amounted to EUR 205 million. The Group invested EUR 26 million in capex. Net debt declined to EUR 445 million at the end of March 2009 compared to EUR 617 million at the end of 2008. DSO improved by 2 days to 55 days in the first quarter of 2009.

Currency Impact
In Q1 2009, currency fluctuations had a positive impact of approximately 1% on revenues and on operating income.

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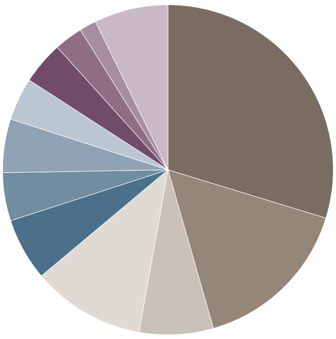
GEOGRAPHICAL PERFORMANCE

Q1 2009

Revenues in percent



%	in EUR millions	Revenues	EBITA	*EBITA %*
30%	France*	1,104	(5)	*-0.4%*
16%	USA & Canada	584	32	*5.6%*
7%	Germany	263	6	*2.2%*
11%	Japan	418	29	*7.0%*
6%	UK & Ireland	227	(1)	*-0.2%*
5%	Italy*	171	(13)	*-7.9%*
5%	Benelux	200	3	*1.3%*
4%	Nordics	149	(4)	*-2.6%*
4%	Iberia	157	3	*1.8%*
3%	Switzerland & Austria	97	2	*1.9%*
2%	Australia & New Zealand	66	1	*1.5%*
7%	Emerging Markets	267	6	*2.4%*

* Excluding restructuring costs (EUR 12 million for France, EUR 18 million for Italy, EUR 6 million for various countries) adjusted EBITA in France was EUR 7 million (0.6% adj. EBITA margin) and in Italy adjusted EBITA was EUR 5 million (3.0% adj. EBITA margin).

Revenues in **France** declined by 32% (-33% organically) to EUR 1.1 billion in Q1 2009, compared to Q1 2008. Pricing remained rational, in Adecco's biggest market in terms of revenues. Excluding EUR 12 million costs associated with headcount reductions and branch closures, EBITA declined by 87% to EUR 7 million compared to Q1 2008. The adjusted EBITA margin was 0.6%, compared to 3.4% a year ago.

In the **USA & Canada,** revenues declined by 26% in constant currency to EUR 584 million in Q1 2009. Organically, revenues were down 25%. The decline was mostly driven by the strongly decelerating Office and Industrial businesses, while revenues in Human Capital Solutions increased substantially. EBITA declined by 12% in constant currency, whereas the EBITA margin increased by 100 bps to 5.6%, due to the positive contribution of the Human Capital Solutions business.

In **Germany,** Q1 2009 revenues declined by 32% to EUR 263 million, while EBITA was down 85% compared to the same period a year ago, resulting in an EBITA margin of 2.2% (Q1 2008: 9.7%). Besides negative operating leverage, the impact of the lower utilisation led to the reduction of the EBITA margin in the quarter under review.

In the first quarter of 2009, **Japan's** revenues declined by 10% in constant currency to EUR 418 million. EBITA declined by 7% in constant currency, corresponding to an EBITA margin of 7.0%, up 20 bps compared to Q1 2008. The excellent profitability continues to be driven by superior cost management.

In the **UK & Ireland,** revenues in Q1 2009 declined by 31% in constant currency. The region posted a small loss at the EBITA level. Besides company specific issues, for which measures to improve the situation are taken, the weak permanent placement business continued to negatively impact results.

Italy faced a sharp decline in demand with revenues falling 45% in Q1 2009. At the EBITA level, Italy posted a loss of EUR 13 million, mainly as a result of EUR 18 million costs associated with headcount reductions and branch closures. FTE employees were reduced by 21% since December 2008. Revenues in the **Benelux** declined by 14% or 22% organically, while in the **Nordics**, revenues declined by 32% in constant currency and in **Iberia** by 42%.

Emerging Markets revenues grew by 3% in constant currency and organically. The corresponding EBITA margin was 2.4% in the period under review.

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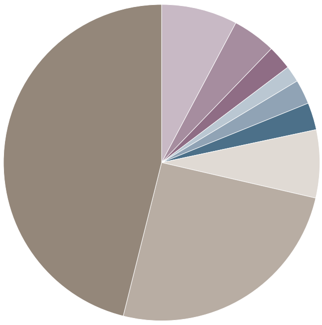
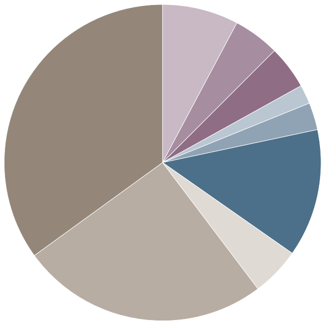
BUSINESS LINE PERFORMANCE

Q1 2009 Revenues



Q1 2009 Gross profit



* Emerging Markets excluding professional business lines

In Q1 2009, Adecco's revenues in the **Office and Industrial** businesses declined by 33% in constant currency to EUR 2.6 billion. In the **Industrial business**, revenues declined by 38% in constant currency, driven by weak demand in France where revenues were down 36%, Germany which declined by 41%, Italy by 50%, and by the USA & Canada where revenues decreased 35% in constant currency. In the **Office business**, revenues declined by 21% in constant currency. While Japan was down 10% in constant currency, the revenue decline was more pronounced in the USA & Canada with a decline of 30%, in the UK & Ireland where revenues were down 32% and in the Nordics by 33%, all in constant currency. In France, revenues were down 25%.

In the **Professional Business**[5] segment, revenues in Q1 2009 declined by 9% in constant currency and by 13% on an organic basis. The gross margin improved by 260 bps to 30.0%, mainly driven by the Human Capital Solutions business.

In **Information Technology (IT),** Adecco's revenues decreased 6% in constant currency and by 16% organically. In the USA & Canada revenues were down 21% and in the UK & Ireland down 22%, both in constant currency.

Adecco's **Engineering & Technical (E&T)** business was down 22% in constant currency. Whereas the USA & Canada faced a revenue decline of 23% in constant currency, revenues in Germany declined by 8% in the first quarter of 2009.

In **Finance & Legal (F&L),** revenues declined by 27% in constant currency and by 32% on an organic basis. Weak demand in the USA & Canada was the main reason for the decline.

In Q1 2009, revenues in **Medical & Science** declined by 9% and in **Sales, Marketing & Events (SM&E)** by 5%, whereas revenues in **Human Capital Solutions (HCS)** were up 45%, all in constant currency.

[5] Professional business refers to Adecco's Information Technology, Engineering & Technical, Finance & Legal, Medical & Science, Sales, Marketing & Events and Human Capital Solutions business.

MANAGEMENT OUTLOOK

The business environment in the first quarter of 2009 was exceptionally difficult and the near future continues to look challenging. Consequently, management adheres to a proactive, cost-focused approach in order to protect margins and remains fully committed to its value-based strategy. Despite significant pressure on revenues, price discipline remains a key priority throughout the organization.

Near term, management expects no reversal of current conditions and sees no clear signs of stabilization yet. During Q1 2009 revenues continued to decelerate, with an exit rate in March of approximately 31%, organically and adjusted for trading days. Developments are closely observed and actions to further adjust the cost base continue to be taken as necessary in order to protect the profitability. Already initiated structural changes and headcount reductions are well on track and the remaining EUR 14 million of the initially planned EUR 50 million restructuring costs are expected to be incurred in the second quarter of 2009.

Recent EUR 500 million bond issuance

On April 21, 2009 Adecco placed a 5-year EUR 500 million bond with a coupon of 7.625%, issued by Adecco International Financial Services B.V. and guaranteed by Adecco S.A. The proceeds further increase the Group's financial flexibility with respect to the refinancing of the outstanding zero-coupon convertible bond as well as for general corporate purposes. The 5-year EUR 500 million bond was issued within the framework of the recently established Euro Medium Term Note programme and trades on the London Stock Exchange.

Financial Agenda 2009

• Annual General Meeting	May 13, 2009
• Q2 2009 results	August 11, 2009
• Q3 2009 results	November 5, 2009

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Forward-looking statements

Information in this release may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based on information available to Adecco S.A. as of the date of this release, and we assume no duty to update any such forward-looking statements. The forward-looking statements in this release are not guarantees of future performance and actual results could differ materially from our current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things: global GDP trends and the demand for temporary work; changes in regulation of temporary work; intense competition in the markets in which the Company competes; changes in the Company's ability to attract and retain qualified internal or external personnel or clients; the potential impact of disruptions related to IT; any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

About the Adecco Group

The Adecco Group, based in Zurich, Switzerland, is the world's leading provider of HR solutions. With over 31,000 FTE employees and 6,000 offices, in more than 60 countries and territories around the world, Adecco Group offers a wide variety of services, connecting more than 500,000 colleagues with over 145,000 clients every day. The services offered fall into the broad categories of temporary staffing, permanent placement, outsourcing, consulting and outplacement. The Adecco Group is a Fortune Global 500 company.

Adecco S.A. is registered in Switzerland (ISIN: CH0012138605) with listings on the SIX Swiss Exchange (ADEN) and on Euronext in France (ADE).

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There will be a media conference call at 9 am CET as well as an analyst conference call at 11 am CET, details of which can be found on our website in the Investor Relations section at http://webcast.adecco.com.

Adecco Group

Annexes

Consolidated statements of operations
(unaudited)

EUR millions, except share and per share amounts	Q1 2009	Q1 2008	Variance % EUR	Variance % Constant Currency
Revenues	3,703	5,029	-26%	-27%
Direct costs of services	(3,017)	(4,120)		
Gross profit	**686**	**909**	-25%	-26%
Gross margin	*18.5%*	*18.1%*		
Selling, general and administrative expenses	(643)	(694)	-7%	-9%
As a percentage of revenues	*17.4%*	*13.8%*		
Amortisation of intangible assets	(13)	(10)		
Operating income	**30**	**205**	-85%	-86%
Operating income margin	*0.8%*	*4.1%*		
Interest expense	(9)	(14)		
Other income/(expenses), net	3	2		
Income before income taxes	**24**	**193**	-88%	
Provision for income taxes	(1)	(55)		
Net income	**23**	**138**	-83%	
Net income attributable to noncontrolling interests		(1)		
Net income attributable to Adecco shareholders	**23**	**137**	**-83%**	
Net income margin attributable to Adecco shareholders	*0.6%*	*2.7%*		
Basic earnings per share	**0.13**	**0.78**		
Basic weighted-average shares	174,131,310	177,168,150		
Diluted earnings per share	**0.13**	**0.74**		
Diluted weighted-average shares	174,131,310	186,697,738		

Annexes

Revenues and operating income by geographies
(unaudited)

EUR millions	Q1 2009	Q1 2008	Variance %	
Revenues			EUR	Constant Currency
France[1]	1,104	1,623	-32%	-32%
USA & Canada[1, 2]	584	709	-18%	-26%
Germany	263	386	-32%	-32%
Japan	418	352	19%	-10%
UK & Ireland	227	394	-42%	-31%
Italy	171	312	-45%	-45%
Benelux[1]	200	232	-14%	-14%
Nordics	149	245	-39%	-32%
Iberia	157	272	-42%	-42%
Switzerland & Austria	97	123	-22%	-27%
Australia & New Zealand	66	106	-38%	-24%
Emerging Markets[1, 2]	267	275	-3%	3%
Adecco Group[1]	**3,703**	**5,029**	**-26%**	**-27%**
Operating Income[3]				
France	(5)	55	-108%	-108%
USA & Canada[2]	32	33	0%	-12%
Germany	6	37	-85%	-85%
Japan	29	24	23%	-7%
UK & Ireland	(1)	12	-104%	-105%
Italy	(13)	22	-162%	-162%
Benelux	3	11	-76%	-76%
Nordics	(4)	7	-154%	-162%
Iberia	3	16	-83%	-83%
Switzerland & Austria	2	7	-74%	-76%
Australia & New Zealand	1	3	-65%	-57%
Emerging Markets[2]	6	9	-33%	-30%
Total Operating Units	**59**	**236**	**-75%**	**-76%**
Corporate Expenses	(16)	(21)		
Operating income before amortisation of intangible assets	**43**	**215**	**-80%**	**-81%**
Amortisation of intangible assets	(13)	(10)		
Adecco Group	**30**	**205**	**-85%**	**-86%**

1) In Q1 2009 revenues changed organically in France by -33%; USA & Canada by -25%; Benelux by -22%; Emerging Markets by +3% and Adecco Group by -28%.

2) Puerto Rico previously reported under Emerging Markets is now reported together with USA & Canada. The 2008 information has been restated to conform to the current year presentation.

3) Operating income before amortisation of intangible assets on the operating unit level.

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Annexes

Revenues breakdown and revenue growth by business line
(unaudited)

EUR millions	Q1 2009	Q1 2008	Variance %	
Revenues[1]			EUR	Constant Currency
Office	931	1,129	-18%	-21%
Industrial	1,710	2,764	-38%	-38%
Total Office and Industrial	**2,641**	**3,893**	**-32%**	**-33%**
Information Technology [2]	284	309	-8%	-6%
Engineering & Technical	167	212	-21%	-22%
Finance & Legal [2]	96	125	-23%	-27%
Medical & Science	58	65	-10%	-9%
Sales, Marketing & Events	95	91	4%	-5%
Human Capital Solutions	98	63	54%	45%
Total Professional Business Lines[2]	**798**	**865**	**-8%**	**-9%**
Emerging Markets[2, 3]	264	271	-3%	3%
Adecco Group[2]	**3,703**	**5,029**	**-26%**	**-27%**

1) Breakdown of revenues is based on dedicated branches.
The 2009 information includes certain changes in the allocation of branches to business lines, most notably from Sales, Marketing & Events to Office. The 2008 information has been restated to conform to the current year presentation.

2) In Q1 2009 revenues changed organically in Information Technology by -16%; Finance and Legal by -32%; Total Professional Business Lines by -13%; Emerging Markets by +3% and Adecco Group by -28%.

3) Emerging Markets excluding professional business lines.

Annexes

Consolidated balance sheets

(unaudited)

EUR millions	Mar 31 2009	Dec 31 2008
Assets		
Current assets:		
– Cash and cash equivalents	732	574
– Short-term investments	5	7
– Trade accounts receivable, net	2,529	3,046
– Other current assets	337	389
Total current assets	**3,603**	**4,016**
Property, equipment, and leasehold improvements, net	242	236
Other assets	246	219
Intangible assets, net	382	393
Goodwill	2,725	2,666
Total assets	**7,198**	**7,530**

Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	2,654	3,053
– Short-term debt and current maturities of long-term debt	69	56
Total current liabilities	**2,723**	**3,109**
Long-term debt, less current maturities	1,113	1,142
Other liabilities	482	481
Total liabilities	**4,318**	**4,732**
Shareholders' equity		
Adecco shareholders' equity:		
– Common shares	118	118
– Additional paid-in capital	2,142	2,140
– Treasury stock, at cost	(561)	(558)
– Retained earnings	1,418	1,394
– Accumulated other comprehensive income/(loss), net	(239)	(301)
Total Adecco shareholders' equity	**2,878**	**2,793**
Noncontrolling interests	2	5
Total shareholders' equity	**2,880**	**2,798**
Total liabilities and shareholders' equity	**7,198**	**7,530**

Adecco Group

Annexes

Consolidated statements of cash flows
(unaudited)

EUR millions	Q1 2009	Q1 2008
Cash flows from operating activities		
Net income	23	138
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	33	31
– Other charges	(12)	16
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	531	64
– Accounts payable and accrued expenses	(409)	(178)
– Other assets and liabilities	39	20
Cash flows from operating activities	**205**	**91**
Cash flows from/(used in) investing activities		
Capital expenditures, net of proceeds	(26)	(22)
Net proceeds from short-term investments	1	(5)
Cash settlements on derivative instruments	4	(3)
Other acquisition and investing activities	(14)	
Cash flows from/(used in) investing activities	**(35)**	**(30)**
Cash flows from/(used in) financing activities		
Net increase/(decrease) in short-term debt	11	28
Repayment of long term debt	(34)	
Purchase of treasury shares	(3)	(218)
Other financing activities	1	(3)
Cash flows from/(used in) financing activities	**(25)**	**(193)**
Effect of exchange rate changes on cash	**13**	**(11)**
Net increase/(decrease) in cash and cash equivalents	**158**	**(143)**
Cash and cash equivalents:		
– Beginning of year	574	555
– End of period	732	412