Adecco Group

Press Release

# Adecco continues to deliver strong topline growth

## Strong EBITA margin progression on better revenues, stable pricing and cost control

**Q3 HIGHLIGHTS (Q3 2010 versus Q3 2009)**

- Revenues of EUR 5.1 billion, up 36% (+17% organically[1])
- Gross margin of 17.8%, up 10 bps (-70 bps organically and adjusted[2])
- SG&A increased by 28% (+5% organically and adjusted)
- EBITA[3] before integration costs of EUR 239 million (+38% organically and adjusted)
- EBITA margin before integration costs at 4.7%, up 90 bps on an adjusted basis
- DSO at 53 days in Q3 2010, equal to Q3 2009

**Key figures Q3 2010**

| *in EUR millions* | reported | reported growth | organic/adjusted growth |
|---|---|---|---|
| Revenues | 5,055 | +36% | +17% |
| Gross profit | 898 | +36% | +11% |
| EBITA before integration costs | 239 | +77% | +38% |
| EBITA | 230 | +70% | +35% |
| Operating income | 216 | +69% | |
| Net income attributable to Adecco shareholders | 128 | +42% | |

**Zurich, Switzerland, November 9, 2010: Adecco Group, the worldwide leader in Human Resource services, today announced results for the third quarter of 2010. Revenues were EUR 5.1 billion in Q3 2010, an increase of 17% on an organic basis. The gross margin was 17.8%, up 10 bps compared to the prior year's third quarter and down 70 bps organically and adjusted. SG&A increased by 28% or by 5% organically and adjusted. Sequentially and in constant currency, SG&A declined by 1%. The Q3 2010 EBITA margin before integration costs was 4.7%, up 90 bps compared with the adjusted Q3 2009 EBITA margin of 3.8%. DSO were at 53 days in Q3 2010, equal to Q3 2009.**

Patrick De Maeseneire, Chief Executive Officer of the Adecco Group, said: *"We continued to see very good demand for our services across most markets and year-on-year organic revenue growth increased in the third quarter compared to Q2. Growth in our main markets France and North America remained very robust. At the same time, we increased the pace in Germany, Benelux, Italy, Nordics and Switzerland, all delivering strong double-digit revenue growth and good profitability. Demand remained very healthy in the industrial segment, while the office business returned to organic growth and our professional staffing business clearly accelerated. Pricing, in the temporary staffing business, stabilised since the beginning of the year. We achieved the same gross margin of 17.8% in Q3 2010 as in the previous quarter. Tight cost control, coupled with strong topline growth and a stable gross margin, resulted in excellent progression on profitability and we achieved an EBITA margin before integration costs of 4.7%. Revenues in September grew 17% organically and adjusted for trading days. In sum, we don't see signs of a slowdown and will continue to exploit the opportunities in the current environment, while keeping a tight grip on costs and maintaining price discipline."*

[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 excluding in Q3 2009 the positive impact on gross profit of EUR 11 million due to favourable developments which resulted in the reassessment of existing accruals in France, the negative impact on SG&A of EUR 1 million related to restructuring costs and, for better comparison, excluding in Q3 2009 the French business tax of EUR 16 million in costs of services and EUR 1 million in SG&A as those business tax components are shown as income tax as of 2010. Based on the new French business tax law, which is effective since January 1, 2010, a part of the business tax is computed based on added value and therefore under US GAAP classified as income tax. **For further details please refer to page 13**.

[3] EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

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## Q3 2010 FINANCIAL PERFORMANCE

### Revenues
Group revenues in Q3 2010 were up 36% to EUR 5.1 billion compared to Q3 2009. Organically, revenues increased by 17%. Permanent placement revenues amounted to EUR 77 million in Q3 2010, an increase of 83% in constant currency (+35% organically) and outplacement revenues totalled EUR 50 million, a decline of 29% in constant currency.

### Gross Profit
The gross margin in Q3 2010 was 17.8%, up 10 bps compared to the prior year's third quarter, and down 70 bps organically and adjusted. The temporary staffing business had a negative impact of 50 bps on the gross margin in Q3 2010. The same holds true for the outplacement business which also negatively impacted the Group's gross margin by 50 bps. The permanent placement business positively impacted the gross margin by 20 bps in Q3 2010, while other activities added 10 bps.

### Selling, General and Administrative Expenses (SG&A)
In Q3 2010, SG&A increased by 28% compared to Q3 2009. Adjusted and organically SG&A increased 5% compared to the prior year's period but was down by 1% sequentially in constant currency, partly helped by seasonality. Integration costs amounted to EUR 9 million in Q3 2010. Organically, FTE employees remained at the same level compared to the third quarter of 2009. Sequentially, FTE employees increased by 2%, mainly due to hirings in the Emerging Markets and Germany. The branch network, on an organic basis, was reduced by 8% year-on-year (-480 branches). At the end of Q3 2010, the Adecco Group operated a network of more than 5,500 branches and had close to 32,000 FTE employees.

### EBITA
In the period under review, EBITA was EUR 230 million compared with EUR 135 million reported in Q3 2009. The third quarter 2010 EBITA margin was 4.5%, compared to 3.6% in the prior year. EBITA before integration costs was EUR 239 million and the margin was 4.7%, up 90 bps in Q3 2010 when compared to the adjusted Q3 2009 EBITA margin of 3.8%.

### Amortisation of Intangible Assets
Amortisation of intangible assets amounted to EUR 14 million in the third quarter of 2010, compared to EUR 8 million in Q3 2009.

### Operating Income
In Q3 2010, the Adecco Group reported operating income of EUR 216 million, which compares to EUR 127 million in Q3 2009.

### Interest Expense and Other Income / (Expenses), net
The interest expense in the period under review amounted to EUR 17 million, same as in Q3 2009. Other income / (expenses), net was an expense of EUR 1 million in Q3 2010, again equal to the third quarter of 2009. Interest expense is expected to be around EUR 65 million for the full year 2010.

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### Provision for Income Taxes

The effective tax rate in Q3 2010 was 35% compared to 18% in Q3 2009. The Q3 2010 effective tax rate includes the impact from the change in the French business tax law. The effective tax rate in Q3 2009 was positively impacted by a change in the mix of earnings.

### Net Income attributable to Adecco shareholders and EPS

Net income attributable to Adecco shareholders in Q3 2010 was EUR 128 million compared to EUR 90 million in the third quarter of 2009. Basic EPS was EUR 0.67 (EUR 0.52 for Q3 2009).

### Cash flow, Net Debt[4] and DSO

The operating cash flow generated in the first nine months of 2010 amounted to EUR 204 million compared to EUR 349 million in the same period last year. Given the growth in revenues, working capital needs increased in the first nine months of this year compared to the same period last year. The Group paid dividends of EUR 91 million and invested EUR 71 million in capital expenditure. Net debt at the end of September 2010 was EUR 958 million compared to EUR 110 million at year end 2009. The increase in net debt is mainly a consequence of the purchase price consideration for MPS Group. DSO were 53 days in the third quarter of 2010, equal to Q3 2009.

### Currency Impact

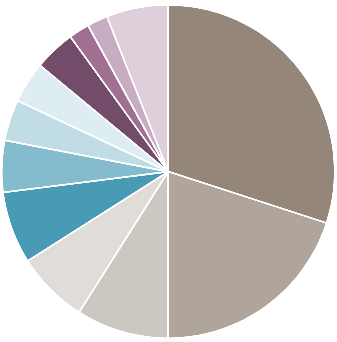
In Q3 2010, currency fluctuations had a positive impact on revenues of approximately 7%.

[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.

## GEOGRAPHICAL PERFORMANCE

**Q3 2010**

**Revenues** in percent



| | | Revenues | | EBITA | |
|---|---|---|---|---|---|
| | | **EUR m** | organic yoy growth | **EUR m** | margin |
| 30% | France | **1,522** | 19% | **67** | 4.4% |
| 20% | North America | **994** | 20% | **48** | 4.8% |
| 9% | UK & Ireland | **447** | -1% | **11** | 2.4% |
| 7% | Japan | **340** | -7% | **18** | 5.4% |
| 7% | Germany & Austria | **338** | 29% | **31** | 9.2% |
| 5% | Benelux | **240** | 13% | **15** | 6.2% |
| 4% | Italy | **219** | 34% | **10** | 4.2% |
| 4% | Iberia | **197** | 7% | **8** | 3.9% |
| 4% | Nordics | **192** | 22% | **12** | 6.2% |
| 2% | Australia & New Zealand | **117** | 25% | **5** | 4.0% |
| 2% | Switzerland | **119** | 17% | **12** | 10.2% |
| 6% | Emerging Markets | **330** | 26% | **9** | 2.8% |
| | Corporate | | | **-16** | |
| | **Adecco Group** | **5,055** | 17% | **230** | 4.5% |

In Q3 2010, revenues in **France** increased by 19% to EUR 1.5 billion. EBITA was EUR 67 million in the quarter under review compared to EUR 47 million in Q3 2009. On an adjusted and organic basis EBITA increased by 34%. The EBITA margin was 4.4% in Q3 2010, up 50 bps compared to the adjusted prior year's third quarter. The impact on Q3 2010 EBITA due to the new business tax law in France was EUR 19 million.

**North America** recorded a 58% constant currency revenue increase in Q3 2010 to EUR 994 million. Organically, revenues were up 20%. Excluding the outplacement business, revenues in North America were up 25% on an organic basis. While the outplacement business continued to weaken, profitability held up very well. General staffing generated 28% organic revenue growth, while professional staffing, excluding the counter-cyclical outplacement business reported solid double-digit revenue growth on an organic basis. EBITA was up 72% in constant currency and up 3% organically. Integration costs related to MPS amounted to EUR 6 million in Q3 2010. The EBITA margin in Q3 2010 was 4.8%. Acquisitions added 80 bps to the EBITA margin in Q3 2010.

In the **UK & Ireland,** revenues in Q3 2010 increased by 88% in constant currency to EUR 447 million, but declined by 1% organically. EBITA was EUR 11 million in the quarter under review and the EBITA margin improved to 2.4%, despite EUR 3 million integration costs related to MPS and Spring.

In **Japan,** Q3 2010 revenues declined by 7% in constant currency to EUR 340 million. EBITA declined by 25% in constant currency and the EBITA margin was 5.4% compared to 6.7% in Q3 2009. Slow demand in the late cyclical office segment, accounting for close to 80% of Adecco's revenues in Japan, continued to hold back growth.

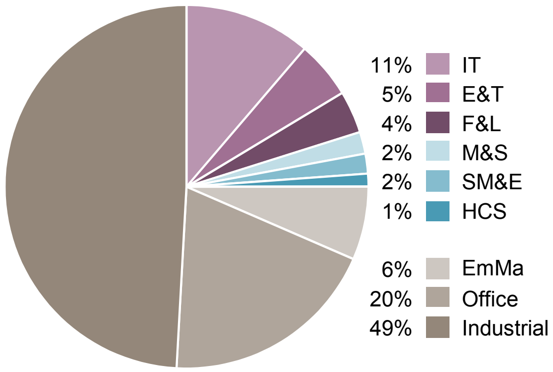
In **Germany & Austria,** Q3 2010 revenues were up 30% (+29% organically) to EUR 338 million. The strong development was driven by further acceleration in the year-on-year growth rate in the industrial and professional staffing businesses, the former growing strongly double-digit, and also the office business returned to growth. Germany & Austria generated EBITA of EUR 31 million in Q3 2010 compared to EUR 19 million in the prior year's third quarter. The region achieved excellent profitability in Q3 2010 reporting an EBITA margin of 9.2%.

In Q3 2010 revenues in **Benelux** increased by 17% (+13% organically), and in **Italy** revenues were up 34%. Revenues in **Iberia** increased by 7%, while in the **Nordics** revenues increased by 22% in constant currency.

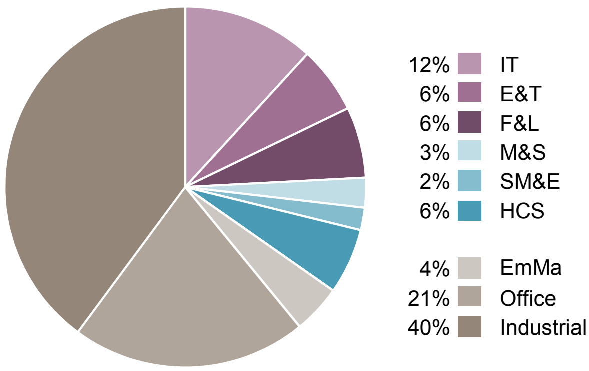
**Emerging Markets** continued to develop strongly in Q3 2010 with revenues up 26% in constant currency, mainly driven by Eastern Europe and India. EBITA was up 10% in constant currency, while the EBITA margin was 2.8%.

## BUSINESS LINE PERFORMANCE

**Q3 2010 Revenues**




**Q3 2010 Gross profit**




In Q3 2010, Adecco's revenues in the **Office & Industrial** businesses were EUR 3.5 billion, up 18% in constant currency (+17% organically). In the **Industrial** business, revenues were up 24% in constant currency, same growth rate as in Q2 2010. Growth was very strong in North America, where the year-on-year revenue trend improved from +37% in Q2 2010 to +40% in Q3 2010 in constant currency, in Germany & Austria where revenue growth improved from +33% in Q2 2010 to 39% in Q3 2010, and in Italy, where revenue growth accelerated to +40% in Q3 2010, up from +29% in Q2 2010. In France revenues grew 21% in Q3 2010 compared to 24% in Q2 2010 and in Iberia, the growth rate slowed to +3% in Q3 2010 from +8% in Q2 2010. In the **Office** business, revenues were up 5% in constant currency (+3% organically), a further improvement compared to Q2 2010, where revenues were flat in constant currency (-2% organically). Revenues in Japan decreased by 6% in constant currency in Q3 2010, following a decline of 13% in constant currency in Q2 2010. North America increased by 19% in constant currency (+14% organically) in Q3 2010 compared to +17% in constant currency (+11% organically) in Q2 2010. Revenue growth in the Nordics was particularly strong with +30% in Q3 2010, up from +19% in Q2 2010, all in constant currency.

The **Professional Business**[5] revenues in Q3 2010 increased 71% in constant currency (+10% organically). The gross margin declined by 330 bps to 24.6%, solely due to the slowing outplacement business.

In **Information Technology (IT),** Adecco's revenues increased 108% in constant currency (+12% organically). In North America, revenues in Q3 2010 were up 122% (-3% organically) and in the UK & Ireland revenues were up 259% (+38% organically), all in constant currency.

Adecco's **Engineering & Technical (E&T)** business was up 63% in constant currency (+27% organically). Revenue growth was particularly strong in North America with revenues up 110% in constant currency (+49% organically), and revenues in Germany & Austria increased by 21% in the third quarter of 2010.

In **Finance & Legal (F&L),** revenues increased by 135% in constant currency (+9% organically). Revenues in North America increased by 118% in constant currency and were up 1% organically.

In Q3 2010, revenues in **Medical & Science (M&S)** increased by 45% (+6% organically), whereas in **Sales, Marketing & Events (SM&E)** revenues were up 11% (+7% organically), both in constant currency. In the quarter under review, revenues in **Human Capital Solutions (HCS)** declined by 27%, 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**

In the third quarter of 2010, organic year-on-year revenue growth further improved compared to Q2 2010. In September Adecco's revenue growth was approximately 17%, organically and adjusted for trading days. Growth in the later cyclical professional staffing business continued to accelerate, while the office business returned to organic growth in the third quarter of this year. October showed a similar pattern with no signs of a slowdown. This positive evidence of healthy demand in the industry increases management's confidence of continued good revenue development in the near future.

Excellent progress in profitability in the third quarter of 2010, shows that the increased exposure to professional staffing, the leaner branch network and optimised delivery channels are paying off. The acquired MPS Group, continues to contribute above expectations and targeted synergies are fully on track. Management carefully evaluates investments in high-growth segments and markets. Cost control and price discipline remain top priorities within the Adecco Group.

Management is delivering on its strategy and remains fully committed to achieve the mid-term EBITA margin target of above 5.5%.

**Financial Agenda 2010/2011**

| | |
|---|---|
| • Q4/FY 2010 results | March 3, 2011 |
| • Annual General Meeting | April 19, 2011 |
| • Q1 2011 results | May 10, 2011 |
| • Q2 2011 results | August 10, 2011 |
| • Q3 2011 results | November 8, 2011 |

**Q3 2010 Results Conference Calls**

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

| | |
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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 operates; integration of acquired companies; changes in the Company's ability to attract and retain qualified internal and 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 close to 32,000 FTE employees and more than 5,500 branches, in over 60 countries and territories around the world, Adecco Group offers a wide variety of services, connecting more than 700,000 associates with over 100,000 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) and listed on the SIX Swiss Exchange (ADEN).

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# Consolidated statements of operations
*(unaudited)*

| EUR millions except share and per share amounts | Q3 2010 | Q3 2009 | Variance % EUR | Variance % Constant Currency | 9M 2010 | 9M 2009 | Variance % EUR | Variance % Constant Currency |
|---|---|---|---|---|---|---|---|---|
| Revenues | 5,055 | 3,718 | 36% | 29% | 13,663 | 11,012 | 24% | 20% |
| Direct costs of services | (4,157) | (3,060) | | | (11,228) | (9,028) | | |
| **Gross profit** | **898** | **658** | 36% | 29% | **2,435** | **1,984** | 23% | 19% |
| *Gross margin* | *17.8%* | *17.7%* | | | *17.8%* | *18.0%* | | |
| | | | | | | | | |
| Selling, general and administrative expenses | (668) | (523) | 28% | 20% | (1,924) | (1,774) | 8% | 5% |
| *As a percentage of revenues* | *13.2%* | *14.1%* | | | *14.1%* | *16.1%* | | |
| Amortisation of intangible assets | (14) | (8) | | | (41) | (34) | | |
| Impairment of goodwill and intangible assets | | | | | | (192) | | |
| **Operating income/(loss)** | **216** | **127** | 69% | 60% | **470** | **(16)** | n.m. | n.m. |
| *Operating income/(loss) margin* | *4.3%* | *3.4%* | | | *3.4%* | *-0.1%* | | |
| | | | | | | | | |
| Interest expense | (17) | (17) | | | (48) | (41) | | |
| Other income / (expenses), net | (1) | (1) | | | | 3 | | |
| **Income/(loss) before income taxes** | **198** | **109** | 80% | | **422** | **(54)** | n.m. | |
| | | | | | | | | |
| Provision for income taxes | (69) | (19) | | | (139) | 20 | | |
| **Net income/(loss)** | **129** | **90** | 42% | | **283** | **(34)** | n.m. | |
| | | | | | | | | |
| Net income attributable to noncontrolling interests | (1) | | | | (1) | | | |
| **Net income/(loss) attributable to Adecco shareholders** | **128** | **90** | 42% | | **282** | **(34)** | n.m. | |
| *Net income/(loss) margin attributable to Adecco shareholders* | *2.5%* | *2.4%* | | | *2.1%* | *-0.3%* | | |
| | | | | | | | | |
| **Basic earnings per share** | **0.67** | **0.52** | | | **1.47** | **(0.20)** | | |
| Basic weighted-average shares | 192,165,042 | 174,079,431 | | | 192,036,541 | 174,095,281 | | |
| | | | | | | | | |
| **Diluted earnings per share** | **0.66** | **0.51** | | | **1.45** | **(0.20)** | | |
| Diluted weighted-average shares | 195,082,085 | 181,118,733 | | | 196,591,209 | 174,095,281 | | |

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# Revenues and operating income/(loss) by geographies

***(unaudited)***

| EUR millions | Q3 2010 | Q3 2009 | Variance % EUR | Variance % Constant Currency | 9M 2010 | 9M 2009 | Variance % EUR | Variance % Constant Currency |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | |
| France | 1,522 | 1,280 | 19% | 19% | 4,104 | 3,560 | 15% | 15% |
| North America[1,2] | 994 | 558 | 78% | 58% | 2,656 | 1,754 | 51% | 44% |
| UK & Ireland[1] | 447 | 228 | 96% | 88% | 1,219 | 672 | 81% | 76% |
| Japan | 340 | 298 | 14% | -7% | 961 | 1,048 | -8% | -15% |
| Germany & Austria[1, 2] | 338 | 260 | 30% | 30% | 891 | 772 | 15% | 15% |
| Benelux[1] | 240 | 204 | 17% | 17% | 651 | 596 | 9% | 9% |
| Italy | 219 | 163 | 34% | 34% | 601 | 503 | 19% | 19% |
| Iberia | 197 | 183 | 7% | 7% | 538 | 500 | 8% | 8% |
| Nordics | 192 | 145 | 33% | 22% | 526 | 439 | 20% | 10% |
| Australia & New Zealand[1] | 117 | 72 | 61% | 36% | 313 | 206 | 52% | 23% |
| Switzerland[2] | 119 | 88 | 35% | 17% | 285 | 259 | 10% | 2% |
| Emerging Markets[2] | 330 | 239 | 38% | 26% | 918 | 703 | 31% | 24% |
| **Adecco Group[1]** | **5,055** | **3,718** | **36%** | **29%** | **13,663** | **11,012** | **24%** | **20%** |
| **Operating income/(loss)[3]** | | | | | | | | |
| France | 67 | 47 | 45% | 45% | 152 | 32 | 376% | 376% |
| North America[2] | 48 | 26 | 94% | 72% | 125 | 90 | 41% | 37% |
| UK & Ireland | 11 | 0 | n.m. | n.m. | 18 | (1) | n.m. | n.m. |
| Japan | 18 | 20 | -7% | -25% | 52 | 76 | -31% | -37% |
| Germany & Austria[2] | 31 | 19 | 58% | 58% | 58 | 19 | 198% | 198% |
| Benelux | 15 | 5 | 157% | 157% | 27 | (2) | n.m. | n.m. |
| Italy | 10 | 5 | 67% | 67% | 26 | (1) | n.m. | n.m. |
| Iberia | 8 | 6 | 39% | 39% | 19 | 3 | 526% | 526% |
| Nordics | 12 | 5 | 129% | 106% | 27 | (1) | n.m. | n.m. |
| Australia & New Zealand | 5 | 2 | 170% | 127% | 9 | 3 | 223% | 167% |
| Switzerland[2] | 12 | 6 | 102% | 75% | 26 | 14 | 88% | 73% |
| Emerging Markets[2] | 9 | 8 | 16% | 10% | 25 | 20 | 24% | 21% |
| **Total Operating Units** | **246** | **149** | **64%** | **54%** | **564** | **252** | **124%** | **113%** |
| Corporate Expenses | (16) | (14) | | | (53) | (42) | | |
| **Operating income/(loss) before amortisation and impairment of goodwill and intangible assets** | **230** | **135** | **70%** | **61%** | **511** | **210** | **143%** | **133%** |
| Amortisation of intangible assets | (14) | (8) | | | (41) | (34) | | |
| Impairment of goodwill and intangible assets | | | | | | (192) | | |
| **Adecco Group** | **216** | **127** | **69%** | **60%** | **470** | **(16)** | **n.m.** | **n.m.** |

1) In Q3 2010 revenues changed organically in North America by 20% (9M: 12%); UK & Ireland by -1% (9M: -5%); Germany & Austria by 29% (9M: 14%); Benelux by 13% (9M: 5%); Australia & New Zealand by 25% (9M: 13%) and Adecco Group by 17% (9M: 10%).

2) Mexico previously reported under Emerging Markets is since Q4 2009 reported together with North America. Austria previously reported together with Switzerland is since Q4 2009 reported together with Germany. The 2009 information has been restated to conform to the current year presentation.

3) Operating income/(loss) before amortisation and impairment of goodwill and intangible assets on the operating unit level.

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# Revenues by business line

***(unaudited)***

| EUR millions<br>**Revenues[1,2]** | **Q3 2010** | **Q3 2009** | Variance %<br>EUR | <br>Constant Currency | **9M 2010** | **9M 2009** | Variance %<br>EUR | <br>Constant Currency |
|---|---|---|---|---|---|---|---|---|
| Office | 979 | 838 | 17% | 5% | 2,740 | 2,655 | 3% | -2% |
| Industrial | 2,483 | 1,957 | 27% | 24% | 6,529 | 5,455 | 20% | 18% |
| **Total Office and Industrial** | **3,462** | **2,795** | **24%** | **18%** | **9,269** | **8,110** | **14%** | **11%** |
| | | | | | | | | |
| Information Technology | 569 | 248 | 129% | 108% | 1,527 | 794 | 92% | 81% |
| Engineering & Technical | 258 | 147 | 76% | 63% | 702 | 465 | 51% | 45% |
| Finance & Legal | 191 | 75 | 154% | 135% | 517 | 247 | 109% | 103% |
| Medical & Science | 98 | 65 | 49% | 45% | 264 | 182 | 45% | 42% |
| Sales, Marketing & Events | 89 | 75 | 19% | 11% | 262 | 245 | 7% | 4% |
| Human Capital Solutions | 58 | 74 | -21% | -27% | 204 | 266 | -23% | -25% |
| **Total Professional Business Lines** | **1,263** | **684** | **85%** | **71%** | **3,476** | **2,199** | **58%** | **52%** |
| | | | | | | | | |
| **Emerging Markets** | 330 | 239 | 38% | 26% | 918 | 703 | 31% | 24% |
| | | | | | | | | |
| **Adecco Group** | **5,055** | **3,718** | **36%** | **29%** | **13,663** | **11,012** | **24%** | **20%** |

1) Breakdown of revenues is based on dedicated branches.
The 2010 information includes certain changes in the allocation of branches to business lines. The 2009 information has been restated to conform to the current year presentation.

2) Revenues changed organically in Office by 3% (9M: -4%); Industrial by 24% (9M: 18%); Office and Industrial 17% (9M: 11%); Information Technology by 12% (9M: 2%); Engineering & Technical by 27% (9M: 15%); Finance & Legal by 9% (9M: 1%); Medical & Science by 6% (9M: 4%); Sales, Marketing & Events by 7% (9M: 1%), Total Professional Business Lines by 10% (9M: 1%) and Adecco Group by 17% (9M: 10%).

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# Consolidated balance sheets
***(unaudited)***

| EUR millions | Sept 30 2010 | Dec 31 2009 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| – Cash and cash equivalents | 441 | 1,458 |
| – Short-term investments | 2 | 2 |
| – Trade accounts receivable, net | 3,476 | 2,560 |
| – Other current assets | 389 | 331 |
| **Total current assets** | **4,308** | **4,351** |
| | | |
| Property, equipment, and leasehold improvements, net | 274 | 245 |
| Other assets | 288 | 276 |
| Intangible assets, net | 582 | 302 |
| Goodwill | 3,239 | 2,657 |
| **Total assets** | **8,691** | **7,831** |
| | | |
| **Liabilities and shareholders' equity** | | |
| **Liabilities** | | |
| Current liabilities: | | |
| – Accounts payable and accrued expenses | 3,345 | 2,716 |
| – Short-term debt and current maturities of long-term debt | 315 | 456 |
| **Total current liabilities** | **3,660** | **3,172** |
| | | |
| Long-term debt, less current maturities | 1,086 | 1,114 |
| Other liabilities | 569 | 431 |
| **Total liabilities** | **5,315** | **4,717** |
| | | |
| **Shareholders' equity** | | |
| Adecco shareholders' equity: | | |
| – Common shares | 118 | 118 |
| – Additional paid-in capital | 2,600 | 2,597 |
| – Treasury shares, at cost | (559) | (561) |
| – Retained earnings | 1,421 | 1,229 |
| – Accumulated other comprehensive income/(loss), net | (206) | (271) |
| **Total Adecco shareholders' equity** | **3,374** | **3,112** |
| Noncontrolling interests | 2 | 2 |
| **Total shareholders' equity** | **3,376** | **3,114** |
| | | |
| **Total liabilities and shareholders' equity** | **8,691** | **7,831** |

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# Consolidated statements of cash flows
***(unaudited)***

| EUR millions | 9M 2010 | 9M 2009 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net income/(loss) | 283 | (34) |
| Adjustments to reconcile net income/(loss) to cash flows from operating activities: | | |
| – Depreciation and amortisation | 105 | 93 |
| – Impairment of goodwill and intangible assets | | 192 |
| – Other charges | 53 | (31) |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| – Trade accounts receivable | (645) | 508 |
| – Accounts payable and accrued expenses | 375 | (383) |
| – Other assets and liabilities | 33 | 4 |
| **Cash flows from operating activities** | **204** | **349** |
| **Cash flows from/(used in) investing activities** | | |
| Capital expenditures | (71) | (65) |
| Acquisition of MPS, net of cash acquired | (831) | |
| Acquisition of Spring, cash in escrow | | (128) |
| Cash settlements on derivative instruments | (30) | (19) |
| Other acquisition and investing activities | (12) | (39) |
| **Cash flows from/(used in) investing activities** | **(944)** | **(251)** |
| **Cash flows from/(used in) financing activities** | | |
| Net increase/(decrease) in short-term debt | 238 | (37) |
| Repayment of long-term debt | (458) | (200) |
| Borrowings on long-term debt, net of issuance costs | | 496 |
| Dividends paid to shareholders | (91) | (173) |
| Purchase of treasury shares | | (3) |
| Other financing activities | 1 | 3 |
| **Cash flows from/(used in) financing activities** | **(310)** | **86** |
| **Effect of exchange rate changes on cash** | **33** | **9** |
| **Net increase/(decrease) in cash and cash equivalents** | **(1,017)** | **193** |
| Cash and cash equivalents: | | |
| – Beginning of year | 1,458 | 574 |
| – End of period | 441 | 767 |

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# Reconciliation of reported to adjusted[1] results
***(unaudited)***

EUR millions

| Q3 2009 | reported | impact of French business tax | including impact of French business tax | restructuring expenses/ reassessment of existing accruals | adjusted[1] |
|---|---|---|---|---|---|
| **Revenues** | **3,718** | | **3,718** | | **3,718** |
| **Direct costs of services** | **(3,060)** | **16** | **(3,044)** | (11) | **(3,055)** |
| **Gross profit** | **658** | **16** | **674** | **(11)** | **663** |
| *Gross margin* | *17.7%* | | *18.1%* | | *17.8%* |
| **SG&A** | **(523)** | **1** | **(522)** | **1** | **(521)** |
| *% of revenues* | *14.1%* | | *-14.0%* | | *-14.0%* |
| **EBITA[2]** | **135** | **17** | **152** | **(10)** | **142** |
| *% margin* | *3.6%* | | *4.1%* | | *3.8%* |

[1] Adjusted is a non US GAAP measure excluding in Q3 2009 the positive impact on gross profit of EUR 11 million due to favourable developments which resulted in the reassessment of existing accruals in France, the negative impact on SG&A of EUR 1 million related to restructuring costs and, for better comparison, excluding in Q3 2009 the French business tax of EUR 16 million in costs of services and EUR 1 million in SG&A as those business tax components are shown as income tax as of 2010. Based on the new French business tax law, which is effective since January 1, 2010, a part of the business tax is computed based on added value and therefore under US GAAP classified as income tax.

[2] EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.