Q1 2012 Results

Adecco Group

Disclaimer

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.

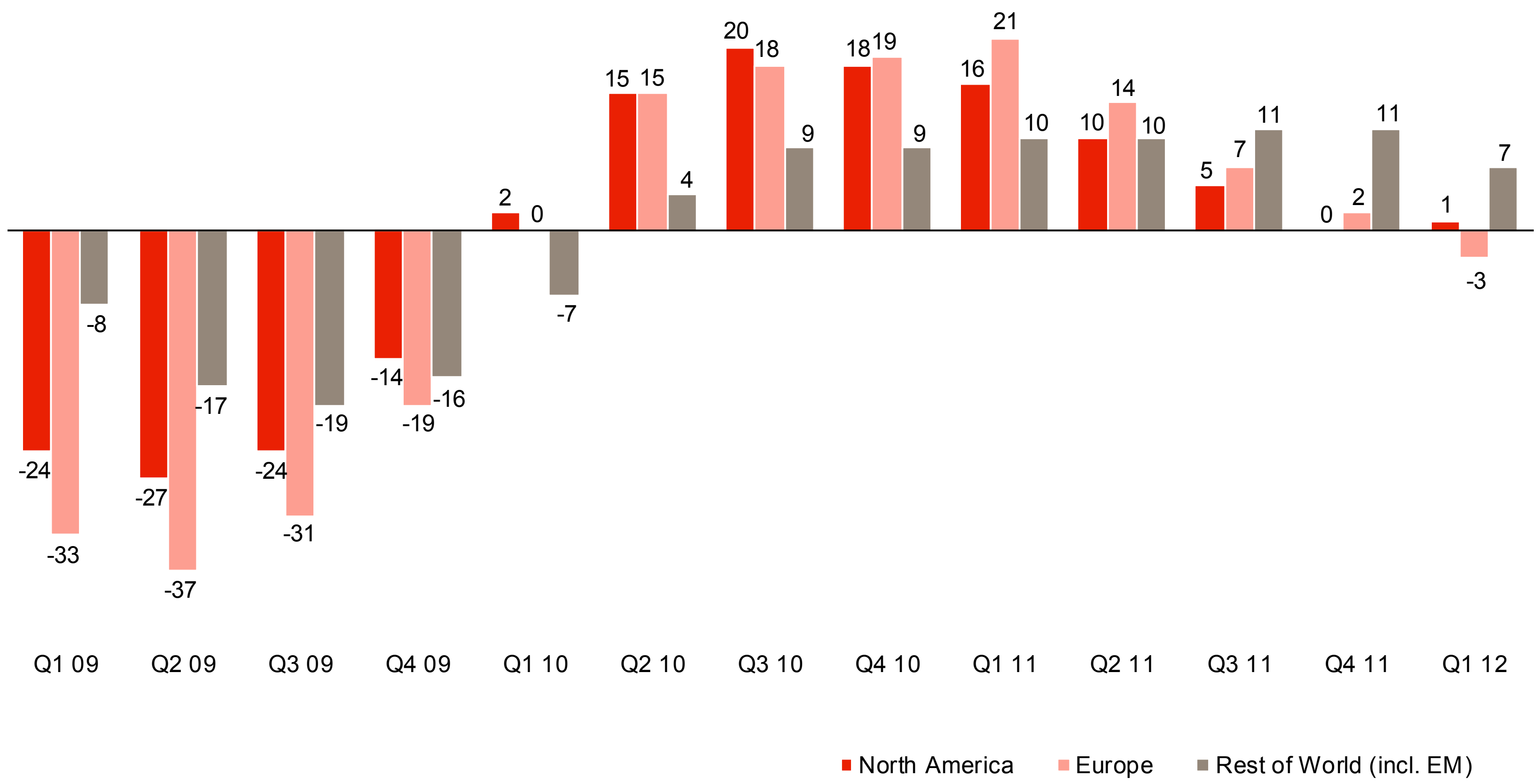
Operational review

Highlights
Q1 2012 and Outlook

- Revenues of EUR 5.0 billion, up 2% yoy and -1% on an organic basis
- Gross margin at 18.2%, up 80 bps yoy (+40 bps organically) and up 30 bps vs. Q4 2011
- SG&A flat Q1 12 vs. Q4 11, on an organic basis and before one-off costs, +1% yoy
- EBITA excluding EUR 11 million one-off costs at EUR 193 million and the margin at 3.8%
- Net income of EUR 112 million, up 12% and strong operating cash flow of EUR 137 million
- Revenues in March 2012 down 1% year-on-year, organically and adjusted for trading days

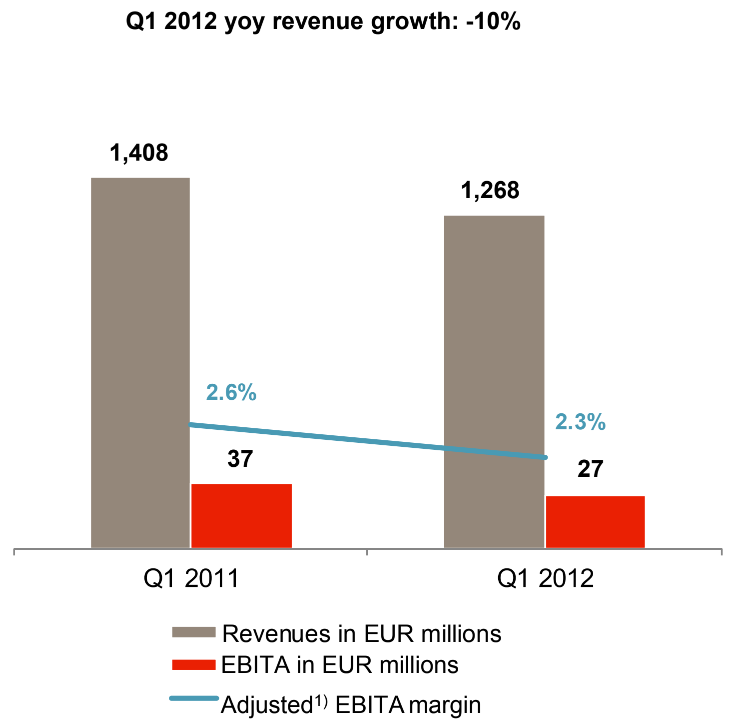
Revenue development by region

Organic year-on-year change in percent



France

25% of group revenues in Q1 2012

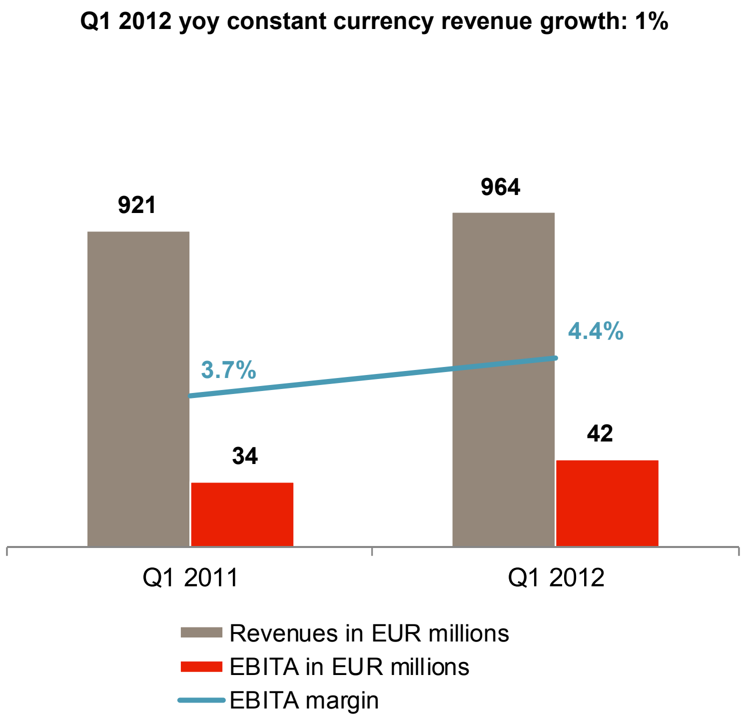


- Revenues down 10% (flat in in Q4 11)
- Revenues in March 2012 were down 10%, adjusted for trading days
- Plan to merge Adecco and Adia under the single Adecco brand is progressing as expected

1) Q1 12 excludes EUR 3 million restructuring costs.

North America

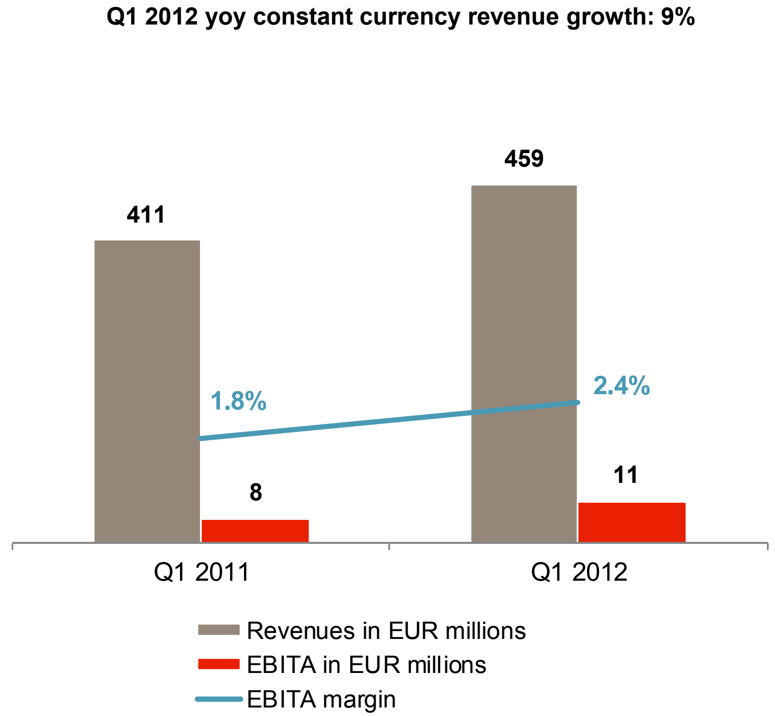
19% of group revenues in Q1 2012



- Revenues up 1% in constant currency (flat in Q4 11) with good demand in automotives, logistics/transportation and technology; weaker mainly in financial services
- Strong profitability with an EBITA margin of 4.4%, up 70 bps yoy or up 40 bps excluding integration costs for MPS in Q1 2011
- Revenues in March 2012 up 1% in constant currency and adjusted for trading days

UK & Ireland

9% of group revenues in Q1 2012

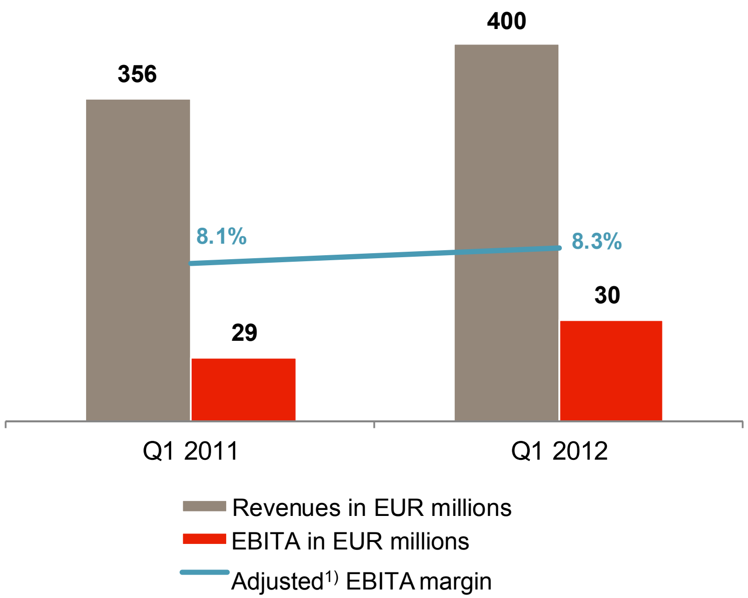


- Revenues up 9% in constant currency (+13% in Q4 11), driven by client wins in Q4 2011
- Permanent placement revenues down 10% in constant currency. Q1 last year grew 40% organically.
- The EBITA margin was 2.4%, up 60 bps compared to Q1 2011

Germany & Austria

8% of group revenues in Q1 2012

Q1 2012 yoy organic revenue growth: 10%

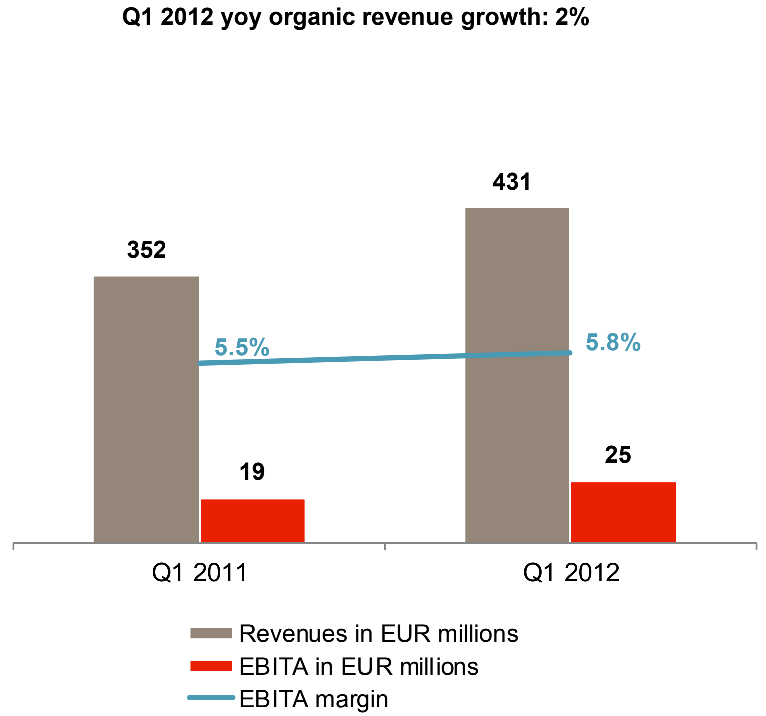


- Revenues up 12% or 10% organically, ahead of the market (+14% in Q4 11), still mainly driven by automotive and aerospace
- EBITA margin at 8.3% excluding EUR 3 million restructuring costs, up 20 bps
- Revenues in March 2012 up 9%, organically and adjusted for trading days

1) Q1 12 excludes EUR 3 million restructuring costs.

Japan

9% of group revenues in Q1 2012

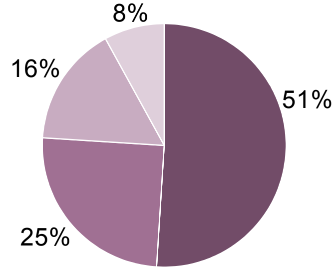


- Revenues up 13% in constant currency or 2% organically (5% in Q4 11 in constant currency)
- VSN was included for the full quarter of 2012, with strong results
- EBITA margin at 5.8%, up 30 bps

Revenue development by business lines

Q1 2012 vs. Q1 2011

	Revenues[1] EUR m	Revenue growth in %, constant currency
Office	1,374	3
Industrial	2,391	-4
General Staffing[2]	**3,765**	**-1**
Information Technology[2]	597	8
Engineering & Technical[2]	286	10
Finance & Legal	190	0
Medical & Science[2]	98	0
Professional Staffing[2]	**1,171**	**6**
Solutions[2]	**99**	**28**
Adecco Group[2]	**5,035**	**1**



1) Breakdown of staffing revenues into Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal and Medical & Science is based on dedicated branches. Solutions include revenues from Human Capital Solutions, Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and Vendor Management System (VMS).

2) Q1 revenues changed organically in General Staffing by -2%, in Information Technology by 4%, in Engineering & Technical by 4%, in Medical & Science by -2%, in Professional Staffing by 3%, in Solutions by 1% and in Adecco Group by -1%.

Financial review

Q1 2012 Results in detail – P&L

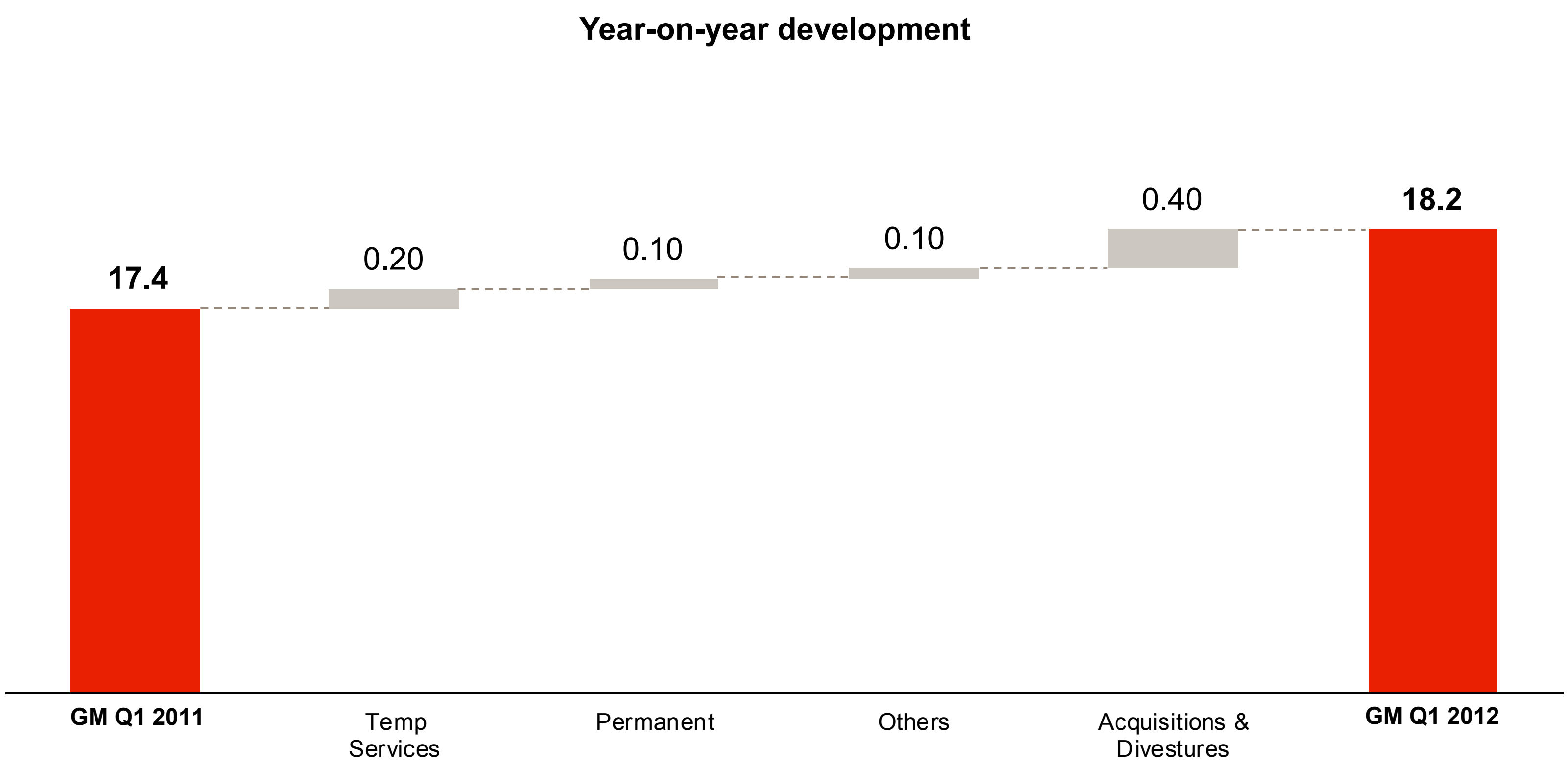
In EUR millions

	Q1 2012	Q1 2011	Variance % EUR	Variance % Constant Currency
Revenues	5,035	4,915	2%	1%
Direct costs of services	(4,119)	(4,061)		
Gross profit	**916**	**854**	7%	5%
Gross margin	*18.2%*	*17.4%*		
Selling, general, and administrative expenses	(734)	(682)	8%	5%
As a percentage of revenues	*14.6%*	*13.9%*		
EBITA[1]	**182**	**172**	6%	4%
EBITA [1] margin	*3.6%*	*3.5%*		
Amortisation of intangible assets	(14)	(14)		
Operating income	**168**	**158**	7%	5%
Operating income margin	*3.3%*	*3.2%*		
Interest expense	(18)	(15)		
Other income / (expenses), net	3	(1)		
Income before income taxes	**153**	**142**	8%	
Provision for income taxes	(41)	(41)		
Net income	**112**	**101**	12%	
Net income attributable to noncontrolling interests		(1)		
Net income attributable to Adecco shareholders	**112**	**100**	12%	
Net income margin attributable to Adecco shareholders	*2.2%*	*2.0%*		

1) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

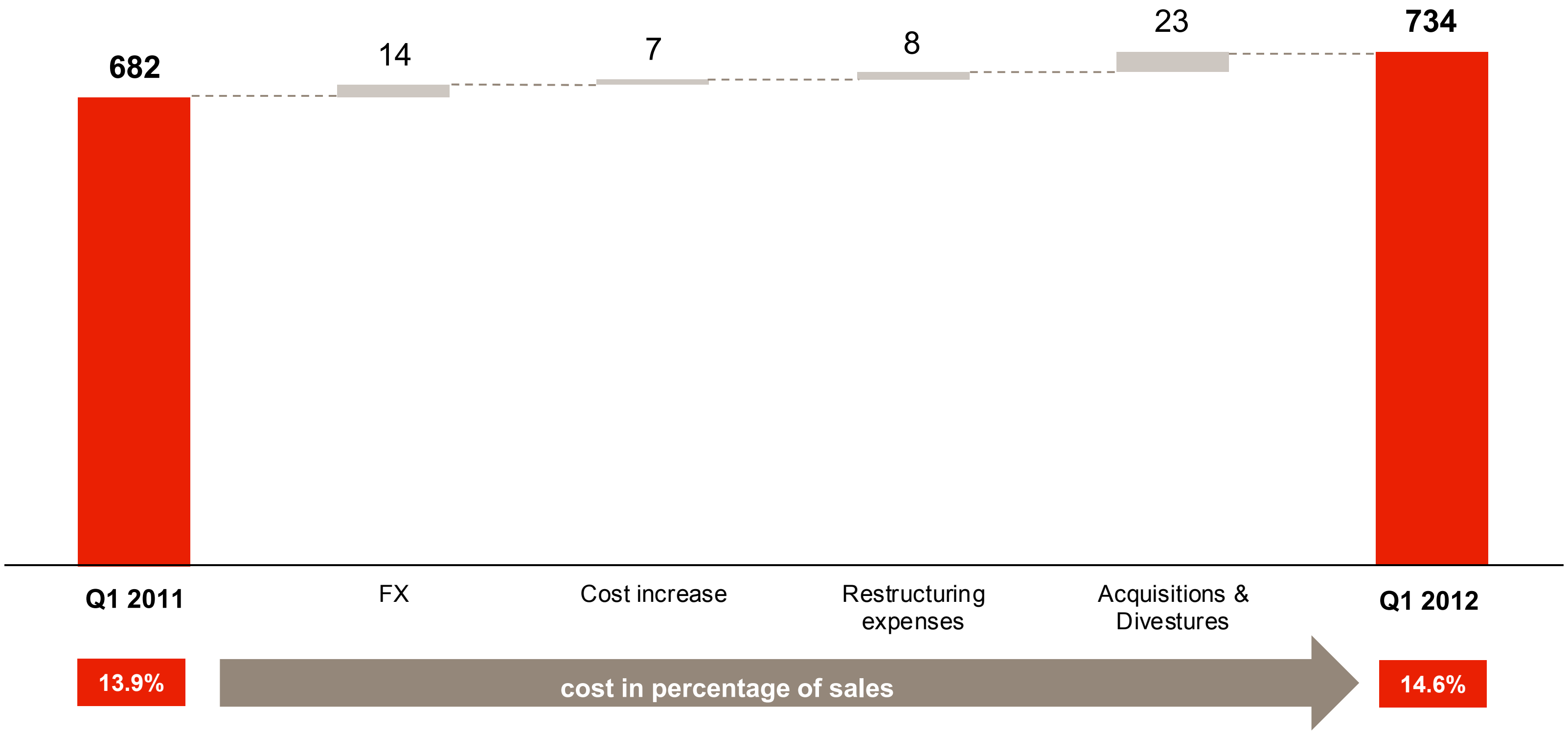
Q1 2012 gross margin drivers

In percent of revenues



Q1 2012 SG&A movements

In EUR millions



Balance sheet
In EUR millions

Assets	Mar 31 2012	Dec 31 2011
Cash and cash equivalents	888	532
Short-term Investments	2	2
Trade accounts receivable, net	3,653	3,725
Other current assets	389	424
Property, equipment, and leasehold improvements, net	308	313
Other assets	329	310
Goodwill and intangible assets, net	4,110	4,048
Total assets	**9,679**	**9,354**
Liabilities and shareholders' equity		
Accounts payable and accrued expenses	3,504	3,545
Short- and long-term debt	1,764	1,426
Other liabilities	569	572
Total Adecco shareholders' equity	3,839	3,808
Noncontrolling interests	3	3
Total liabilities and shareholders' equity	**9,679**	**9,354**
Net Debt*	874	892

* 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.

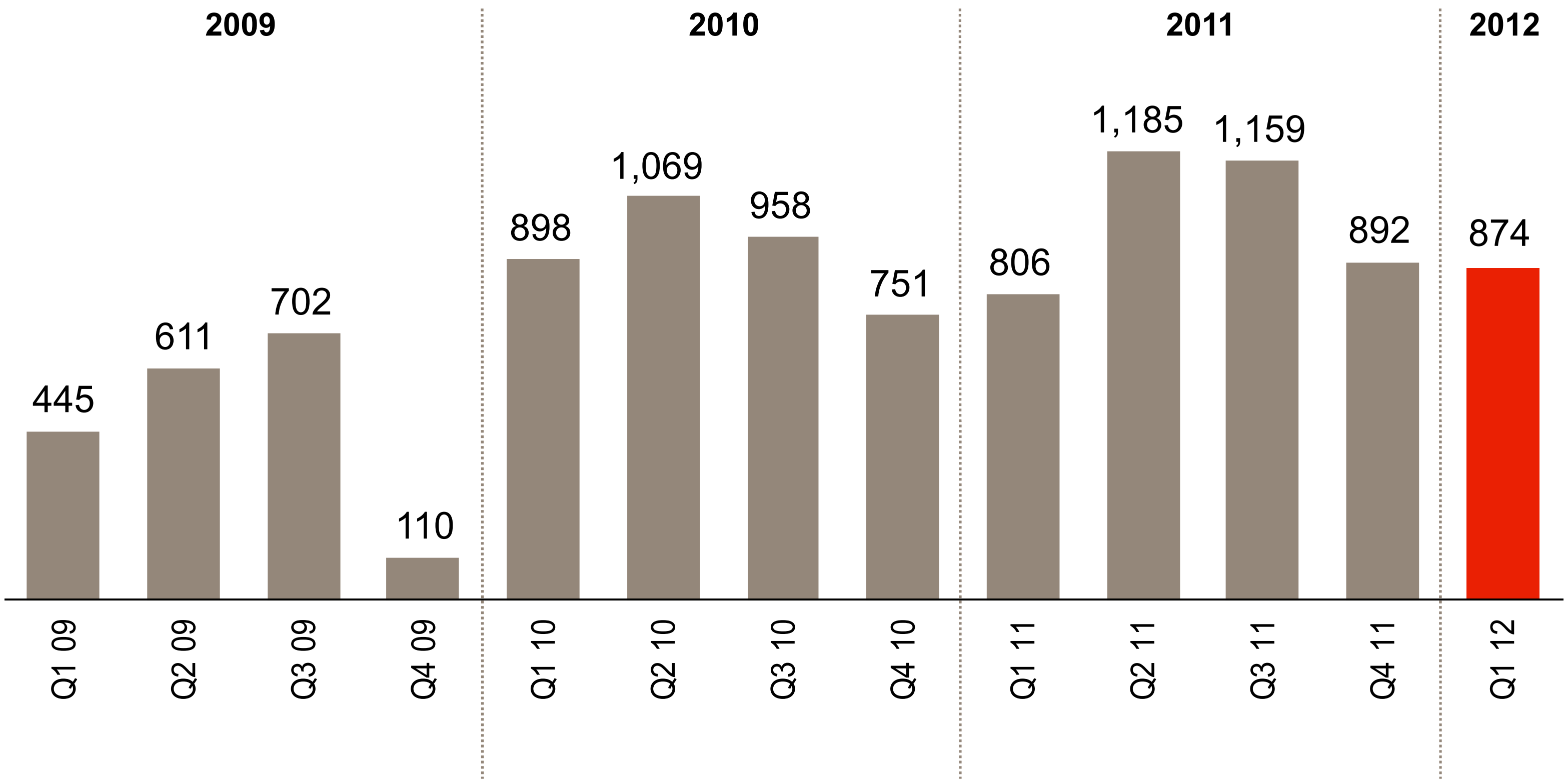
Cash-flow statement

In EUR millions

	Q1	
	2012	**2011**
Net income	112	101
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	41	37
– Other charges	4	(3)
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	56	(153)
– Accounts payable and accrued expenses	(48)	62
– Other assets and liabilities	(28)	(22)
Cash flows from operating activities	**137**	**22**
Cash used in investing activities	**(148)**	**(43)**
Cash flows from financing activities	**331**	**22**
Effect of exchange rate changes on cash	36	(9)
Net increase/(decrease) in cash and cash equivalents	**356**	**(8)**

Net debt* development since Q1 2009

In EUR millions



* 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.

Debt and cash & short term investments

As of March 31, 2012

	Principal at maturity	Maturity	Fixed interest rate	Total in EUR million
7-year guaranteed Euro medium term notes	EUR 500	2018	4.75%	**489**
5-year guaranteed Euro medium term notes	EUR 356	2014	7.625%	**358**
Fixed rate guaranteed notes	EUR 333	2013	4.5%	**340**
4-year Swiss Franc notes	CHF 350	2016	2.125%	**290**
Committed multicurrency revolving credit facility	EUR 600	2016	Variable rate	**0** 1)
Medium term loan				**77**
French Commercial Paper program				**196**
Uncommitted lines & others				**14**
Short & long term debt				**1,764**
Cash & short term investments				**890**
Net Debt				**874**

1) EUR 71 million used for letters of credit.

Financial Guidance

Full year 2012

Capex	Approximately EUR 110 million
Interest expense	Approximately EUR 80 million
Corporate costs	Approximately EUR 90 million
Amortisation	Approximately EUR 50 million

Strategy & Outlook

Our strategic priorities

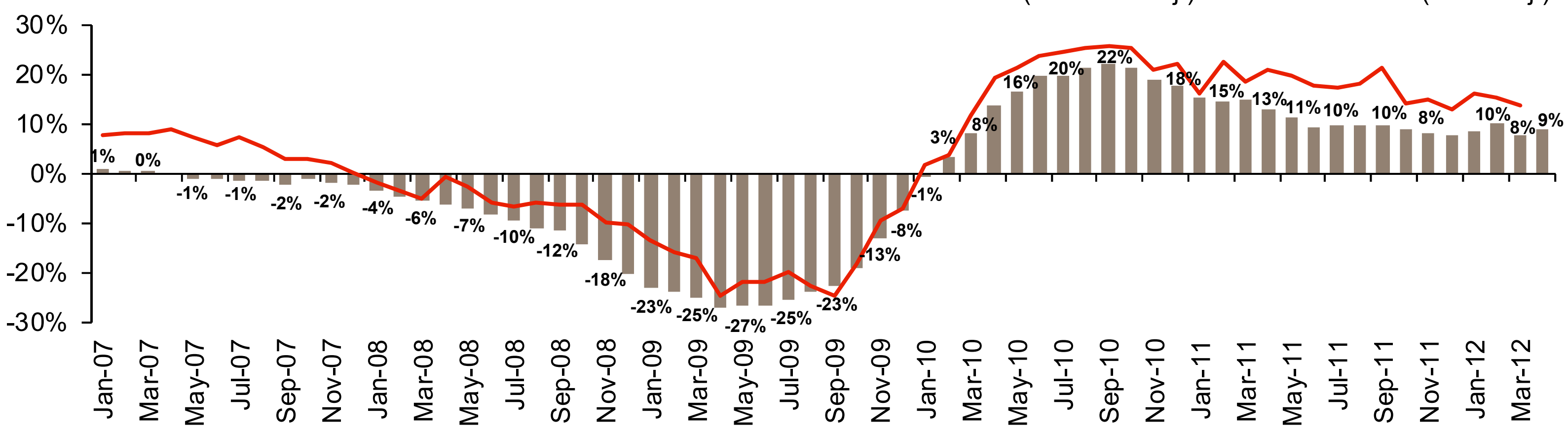
Mid-term

1. Retention	Retaining our own people better
2. IT	Continued strategic IT investments
3. Professional Staffing	Strong platform for organic growth in Professional Staffing
4. Segmentation	Better segmenting the client base and improving delivery models
5. Solutions	Continued investments in MSP, RPO, VMS and other Solutions
6. Emerging Markets	Untapped growth potential

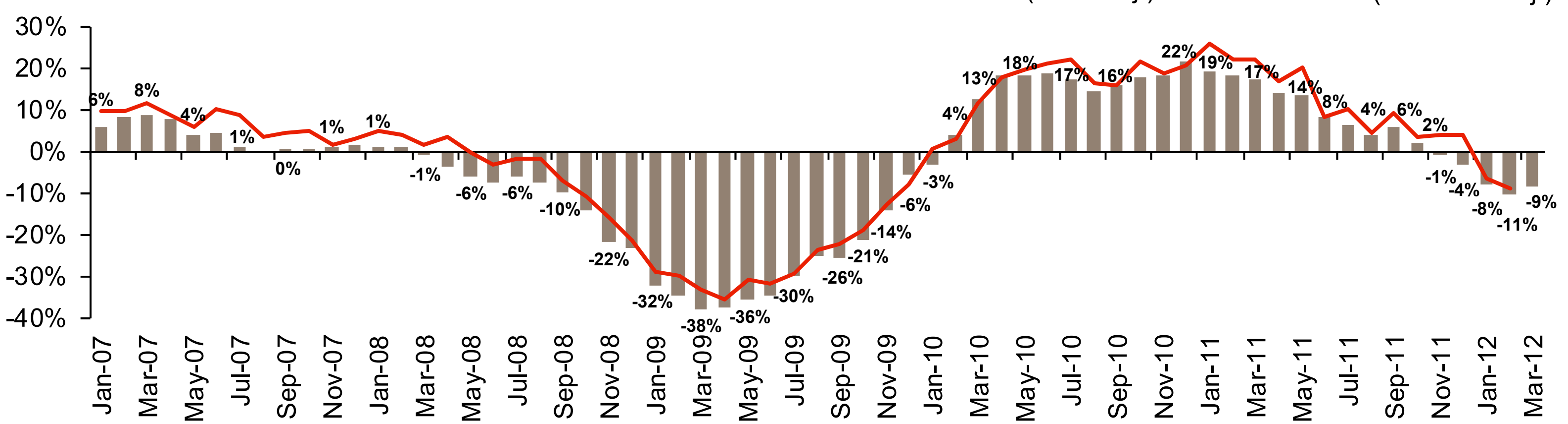
Development of US and French staffing market

Year-on-year growth

US staffing market (BLS data)



French staffing market (PRISME data)



We strive to reach an EBITA margin above 5.5%

In the mid-term

Increased Professional Staffing exposure

Low penetration rates in attractive geographies

EBITA >5.5%

Efficient delivery models

Financial discipline and structural profitability measures

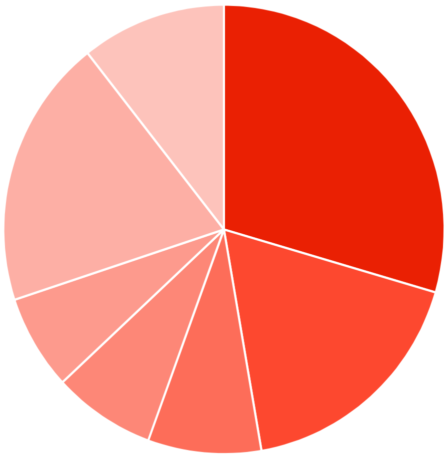
Appendix

Market potential for Professional and General staffing

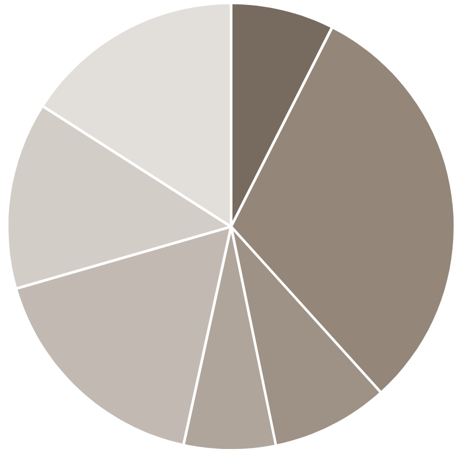
Market size and FY 2011 revenues of Adecco

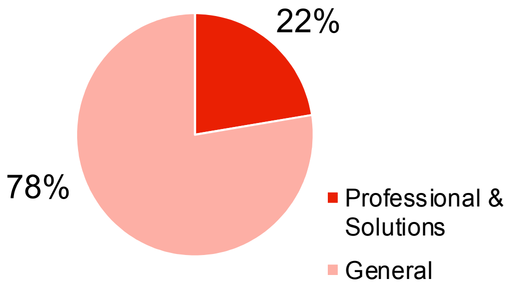
Adecco FY 2011 revenues: EUR 20.5bn

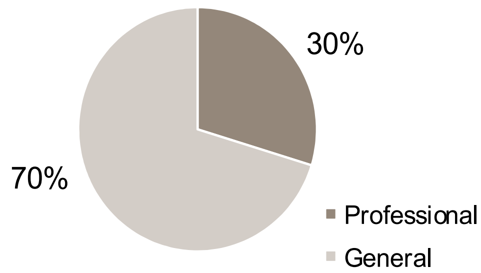
Global market 2011: Approx. EUR 265bn



Adecco FY 2011 revenues		Global market 2011
30%	France	7%
18%	North America / USA	31%
8%	UK & Ireland	8%
7%	Germany & Austria	7%
7%	Japan	17%
20%	Rest EU	14%
10%	Rest Global	16%







Source: National statistics and Adecco estimates

Adecco's market position in FY 2011

Based on revenues

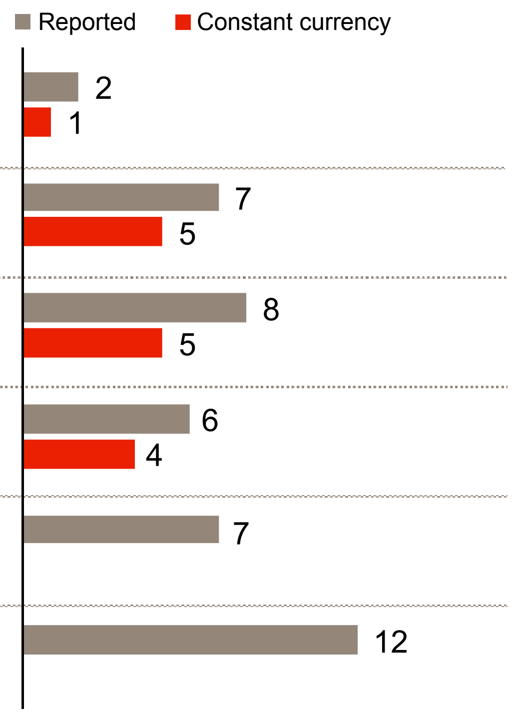
	percent of Adecco revenues	Market share[1] in percent	Market position[1]
France	**30%**	**31%**	**1**
North America	**18%**	**4%**	**2**
UK & Ireland	**8%**	**8%**	**1**
Japan	**7%**	**3%**	**4**
Germany & Austria	**7%**	**9%**	**2**
Benelux	**5%**	**5%**	**3**
Italy	**5%**	**18%**	**1**
Nordics	**4%**	**13%**	**2**
Iberia	**4%**	**25%**	**2**
Australia & New Zealand	**2%**	**4%**	**4**
Switzerland	**2%**	**16%**	**1**
Emerging Markets	**7%**	**5%**	**1**
LHH	**1%**	**18%**	**1**

1) Adecco estimate.

Q1 2012 results summary

	Reported EUR m	% of rev.
Revenues[1]	**5,035**	
Gross profit[1]	**916**	18.2%
SG&A[1]	**734**	14.6%
EBITA[1), 2)]	**182**	3.6%
Operating income	**168**	3.3%
Net income attributable to Adecco shareholders	**112**	2.2%

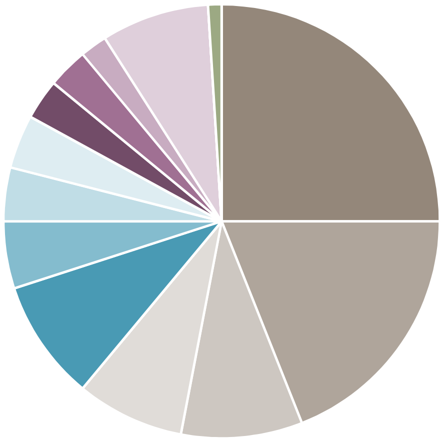
Variance (12 vs. 11) in percent



1) In Q1, organically, Revenues changed by -1%, Gross Profit by 1%, SG&A by 2% and EBITA by -1%.
2) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

Revenues and EBITA by segment

Q1 2012 vs. Q1 2011



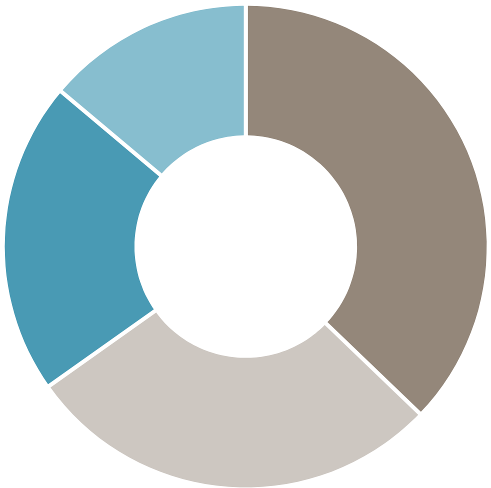
		Revenues EUR m	organic[1] yoy growth	EBITA[2] EUR m	margin
25%	France[3]	**1,268**	-10%	**27**	2.1%
19%	North America	**964**	1%	**42**	4.4%
9%	UK & Ireland	**459**	9%	**11**	2.4%
8%	Germany & Austria[3]	**400**	10%	**30**	7.5%
9%	Japan	**431**	2%	**25**	5.8%
5%	Italy	**232**	-2%	**12**	5.4%
4%	Benelux[3]	**225**	-2%	**7**	3.3%
4%	Nordics	**198**	-2%	**4**	2.1%
3%	Iberia[3]	**165**	-9%	**4**	2.4%
3%	Australia & New Zealand	**134**	3%	**5**	3.6%
2%	Switzerland	**99**	-9%	**7**	7.3%
8%	Emerging Markets	**382**	15%	**11**	2.7%
1%	LHH	**78**	-1%	**21**	26.2%
	Corporate			**(24)**	
	Adecco Group	**5,035**	-1%	**182**	3.6%

1) Organic growth is a non US GAAP measure and excludes the impact of currency, acquisitions and divestitures.
2) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.
3) Including restructuring costs of EUR 3 million for France, EUR 3 million for Germany & Austria, EUR 1 million for Benelux and EUR 1 million for Iberia.

Developments in the Emerging Markets

Q1 2012 revenues by geography

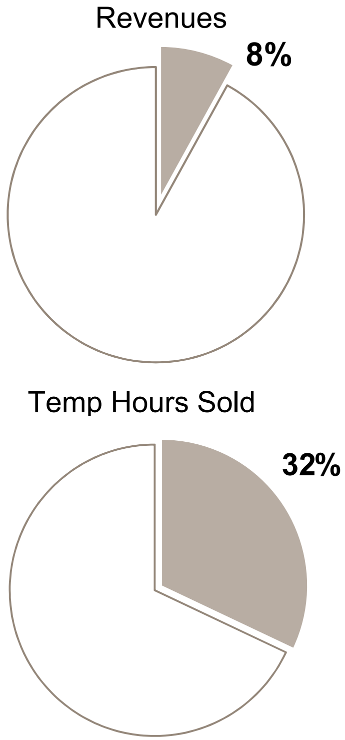
Revenue split / growth



yoy growth, in constant currency

37%	South America	*29%*
28%	Eastern Europe	*4%*
21%	Asia	*6%*
14%	India	*17%*

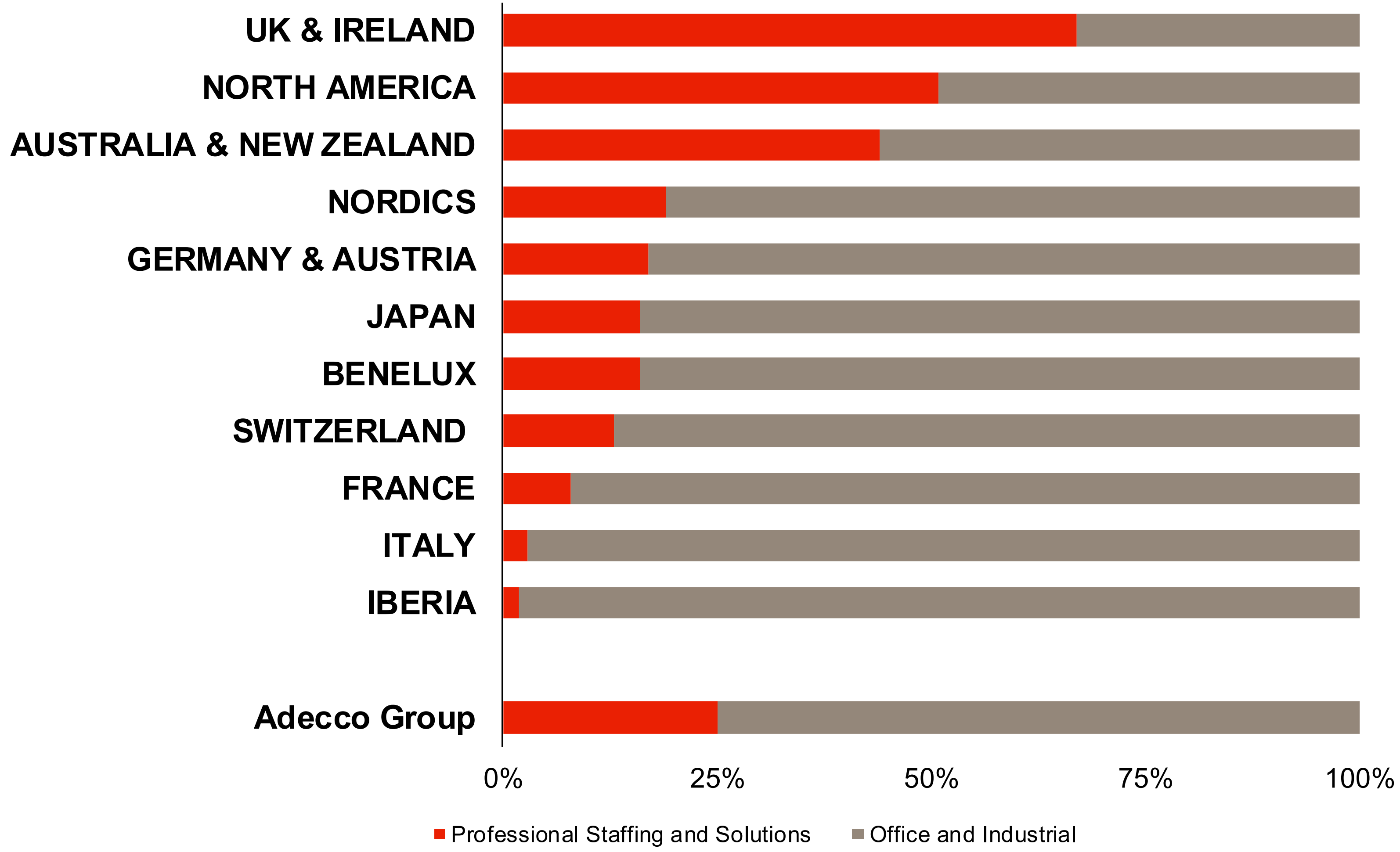
Emerging Markets compared to Adecco Group



Emerging Markets
Adecco Group (excl. Emerging Markets)

Revenues – General vs. Professional Staffing and Solutions

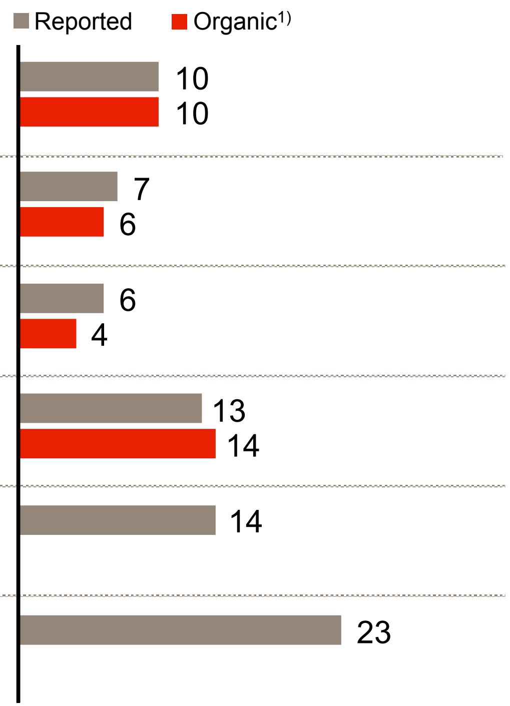
Based on dedicated branches in Q1 2012



FY 2011 results summary

	Reported EUR m	% of rev.
Revenues	**20,545**	
Gross profit	**3,566**	17.4%
SG&A	**2,752**	13.4%
EBITA[2)]	**814**	4.0%
Operating income	**763**	3.7%
Net income attributable to Adecco shareholders	**519**	2.5%

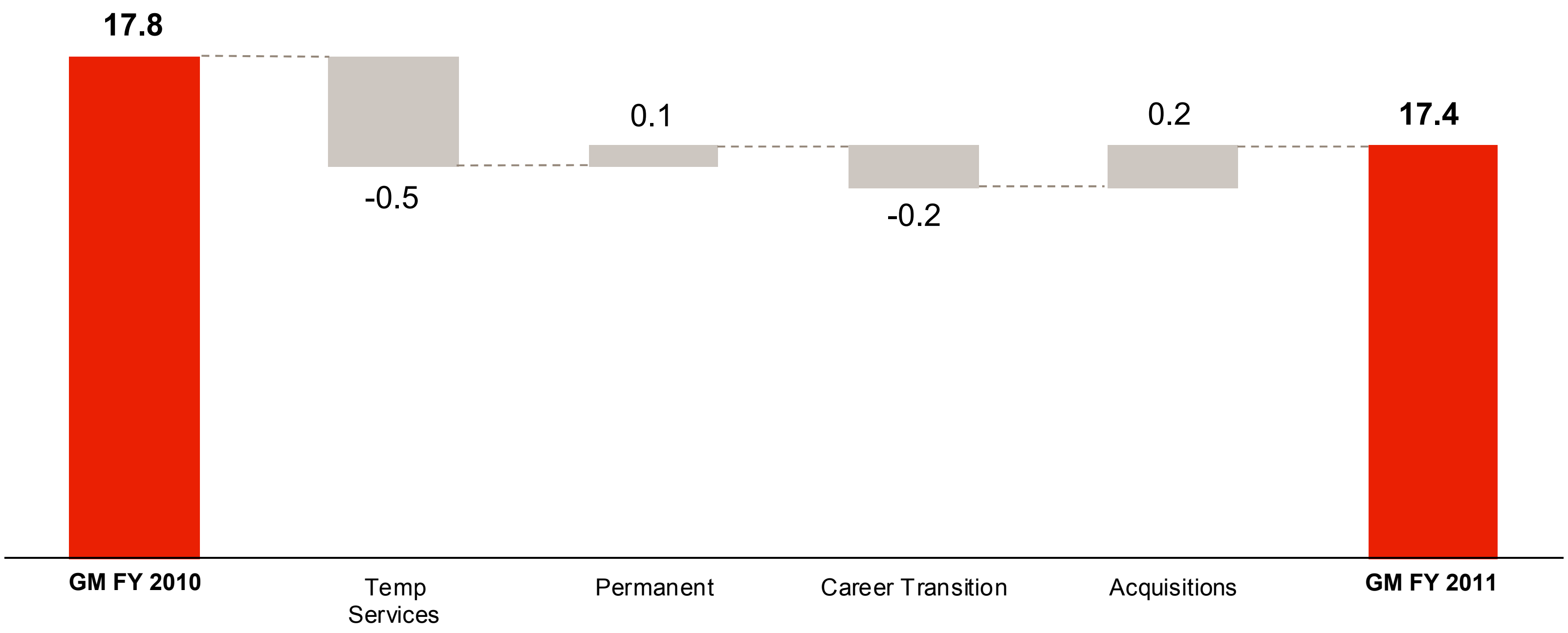
Variance (11 vs. 10) in percent



1) Organic growth is a non US GAAP measure and excludes the impact of currency and acquisitions.
2) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

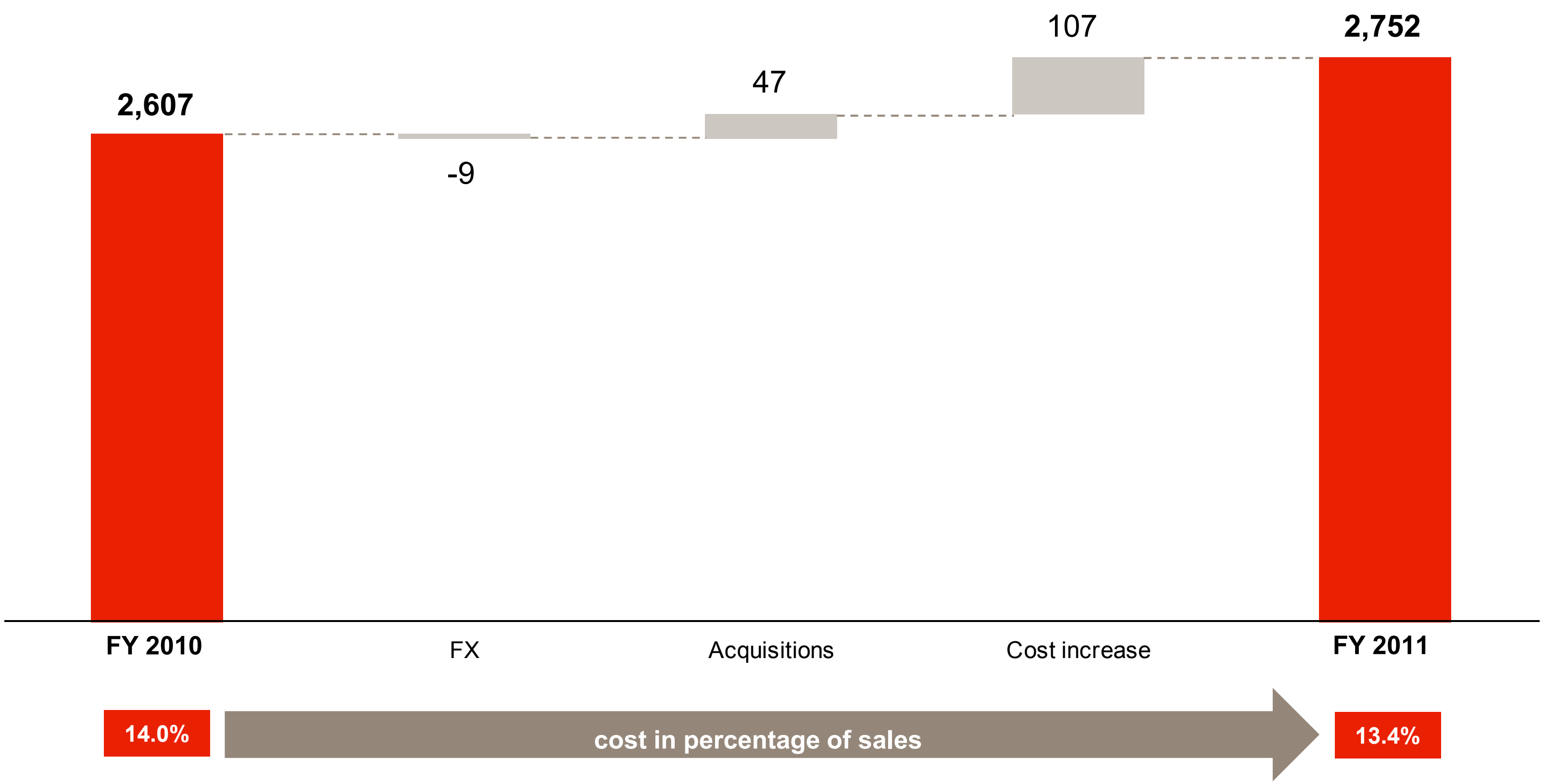
FY 2011 gross margin drivers

In percent of revenues



FY 2011 SG&A movements

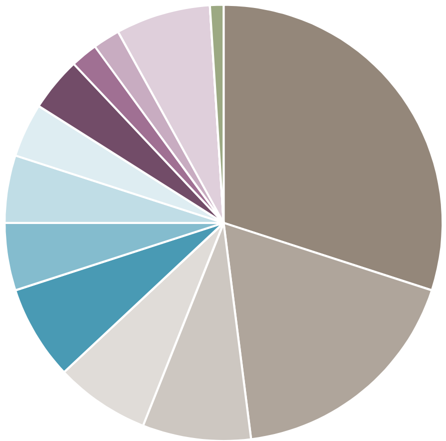
In EUR millions



Revenues and EBITA by segment

FY 2011 vs. FY 2010

Revenues in percent



		Revenues EUR m	organic[1] yoy growth	EBITA[2] EUR m	margin
30%	France	**6,066**	10%	**220**	3.6%
18%	North America	**3,646**	8%	**161**	4.4%
8%	UK & Ireland	**1,707**	5%	**32**	1.9%
7%	Japan	**1,406**	4%	**80**	5.7%
7%	Germany & Austria	**1,544**	25%	**110**	7.1%
5%	Benelux	**961**	8%	**44**	4.5%
5%	Italy	**1,032**	23%	**60**	5.8%
4%	Nordics	**795**	5%	**18**	2.3%
4%	Iberia	**734**	1%	**24**	3.2%
2%	Australia & New Zealand	**510**	9%	**18**	3.5%
2%	Switzerland	**474**	7%	**50**	10.5%
7%	Emerging Markets	**1,434**	18%	**43**	3.0%
1%	LHH	**236**	-13%	**36**	15.1%
	Corporate			**(82)**	
	Adecco Group	**20,545**	10%	**814**	4.0%

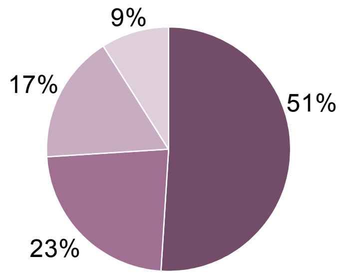
1) Organic growth is a non US GAAP measure and excludes the impact of currency and acquisitions.

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

Revenue development by business lines

FY 2011 vs. FY 2010

	Revenues[1)] EUR m	Revenue growth in %, constant currency
Office	5,301	9
Industrial	10,642	13
General Staffing	**15,943**	**12**
Information Technology[2)]	2,176	8
Engineering & Technical[2)]	1,009	9
Finance & Legal[2)]	722	6
Medical & Science[2)]	384	7
Professional Staffing[2)]	**4,291**	**7**
Solutions[2)]	**311**	**3**
Adecco Group[2)]	**20,545**	**11**

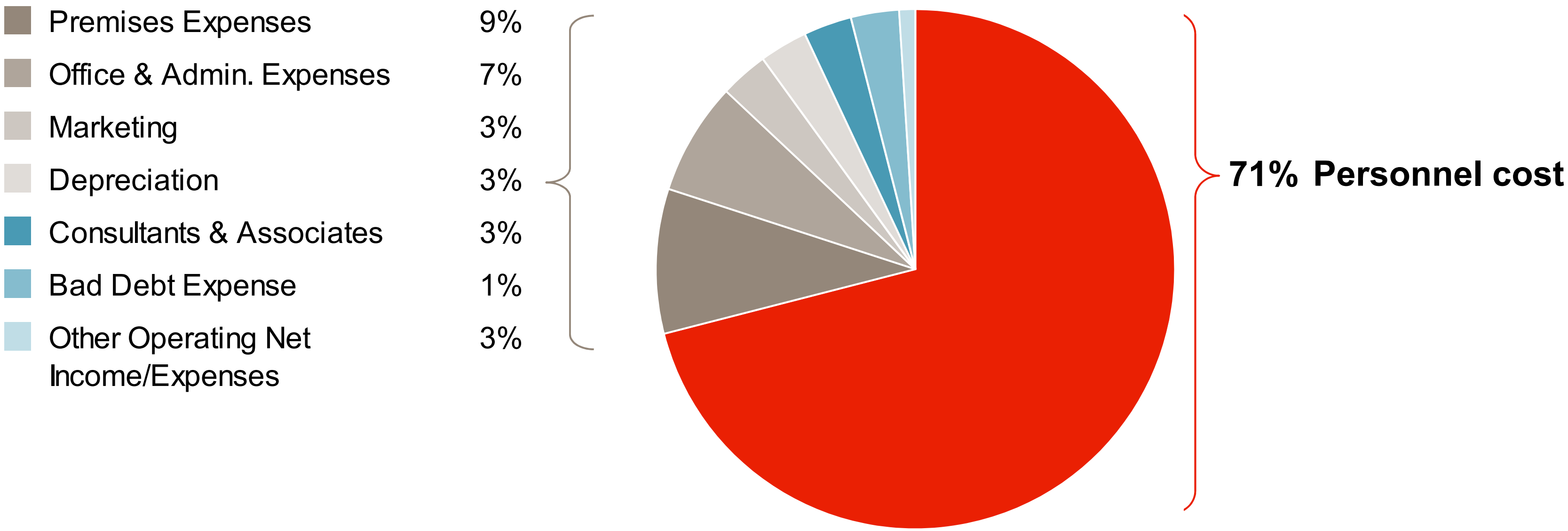


1) Breakdown of staffing revenues into Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal and Medical & Science is based on dedicated branches. Solutions include revenues from Human Capital Solutions, Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and Vendor Management System (VMS). The 2010 information has been restated to conform to the current year presentation.

2) FY 2011 revenues changed organically in Information Technology by 6%, in Engineering & Technical by 7%, in Finance & Legal by 1%, in Medical & Science by 5%, in Professional Staffing by 5%, in Solutions by -6% and in Adecco Group by 10%.

SG&A breakdown

FY 2011



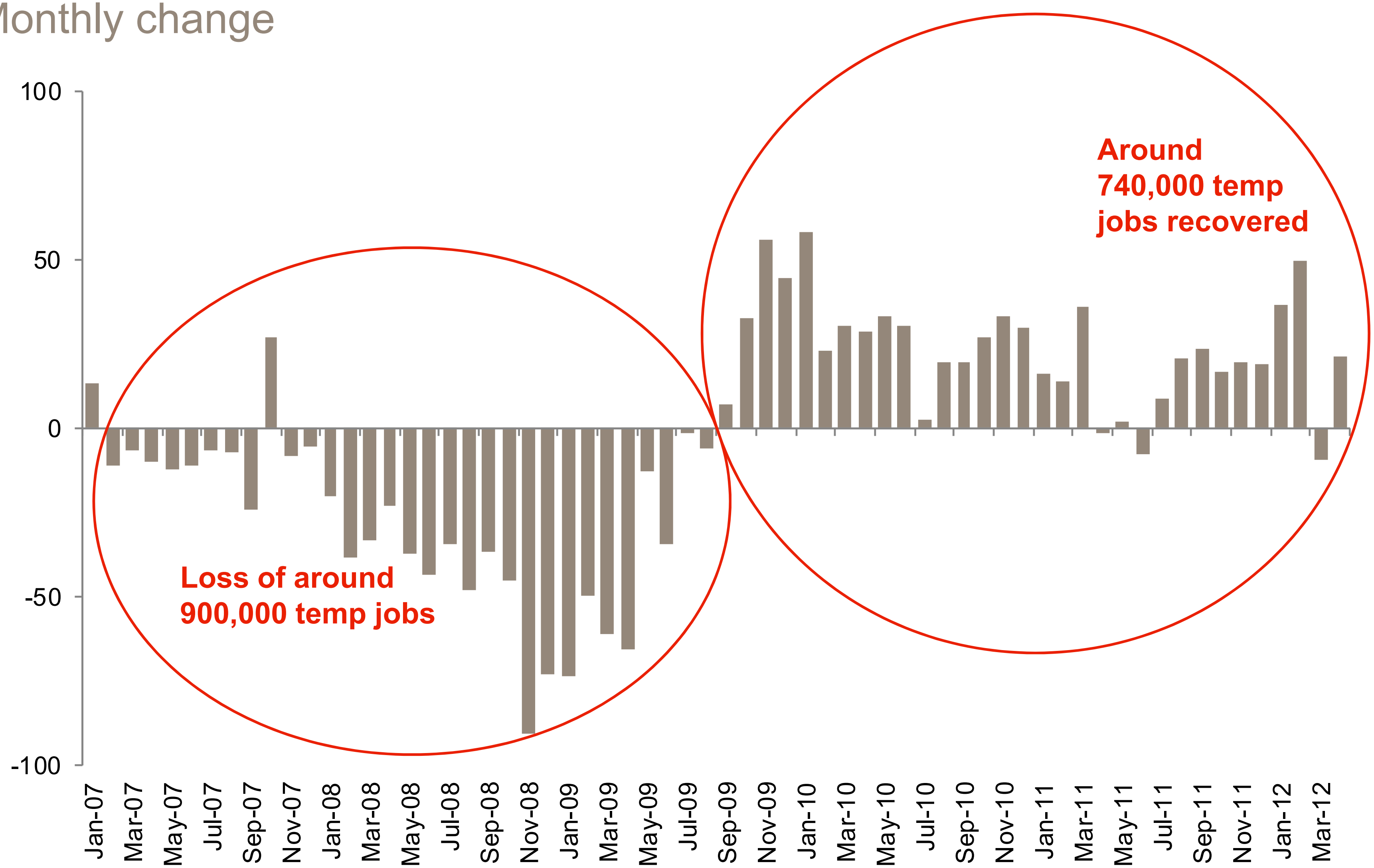
Five key trends

Huge growth potential for our industry

Ageing population	Finding the right people at the right time
Move of production	Need for people in emerging markets, need for different skills in developed markets
Skills gap	Finding skills locally and through mobility
More made to order	Higher volatility requires more flexibility
Regulatory environment	More sectors open for our industry

US temporary job market

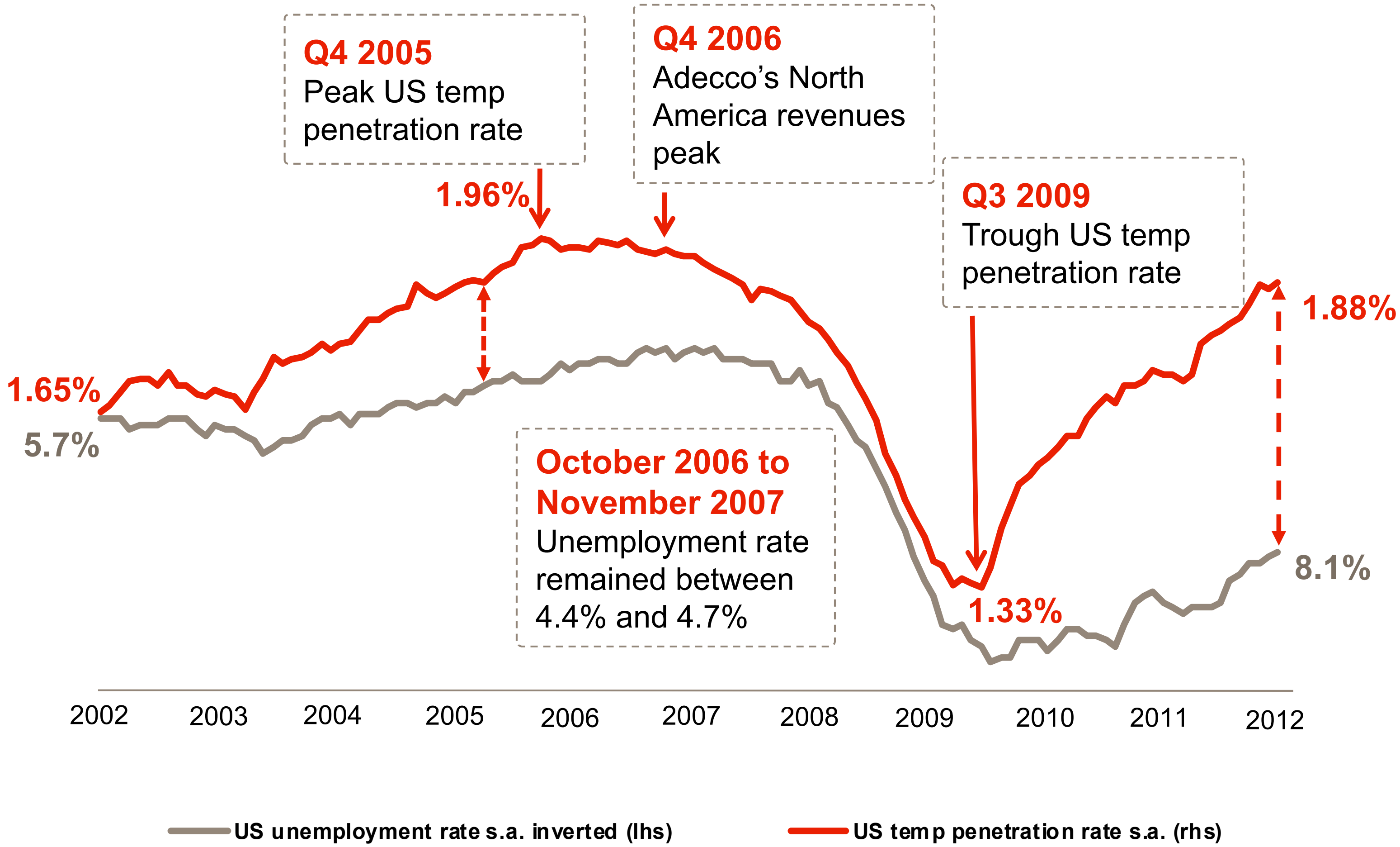
Monthly change



Source: Bureau of Labor Statistics (BLS)

Structural shift to temporary staffing in current upturn

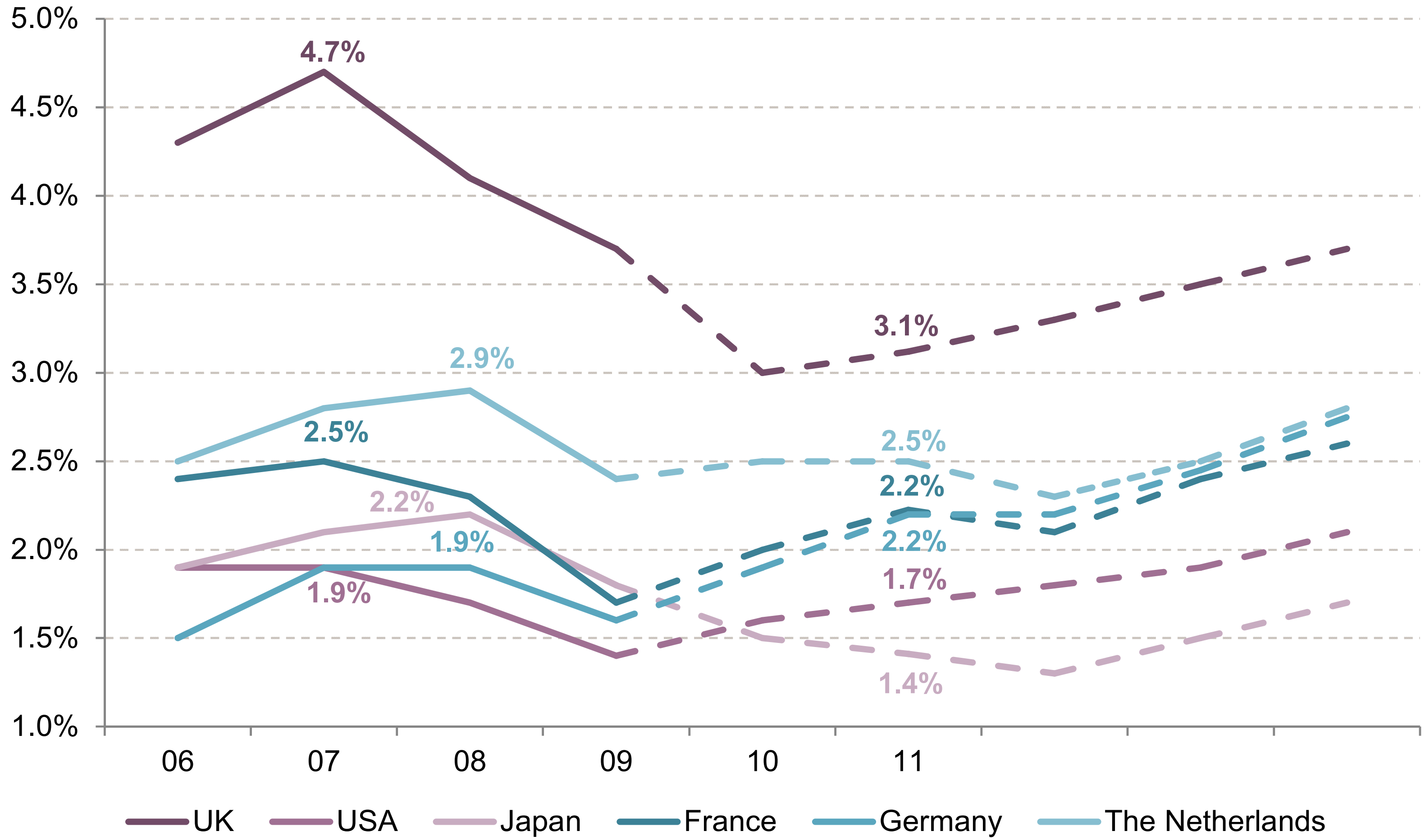
US temporary penetration rate vs. unemployment rate



Source: Bureau of Labor Statistics (BLS)

Penetration rates expected to surpass prior peaks

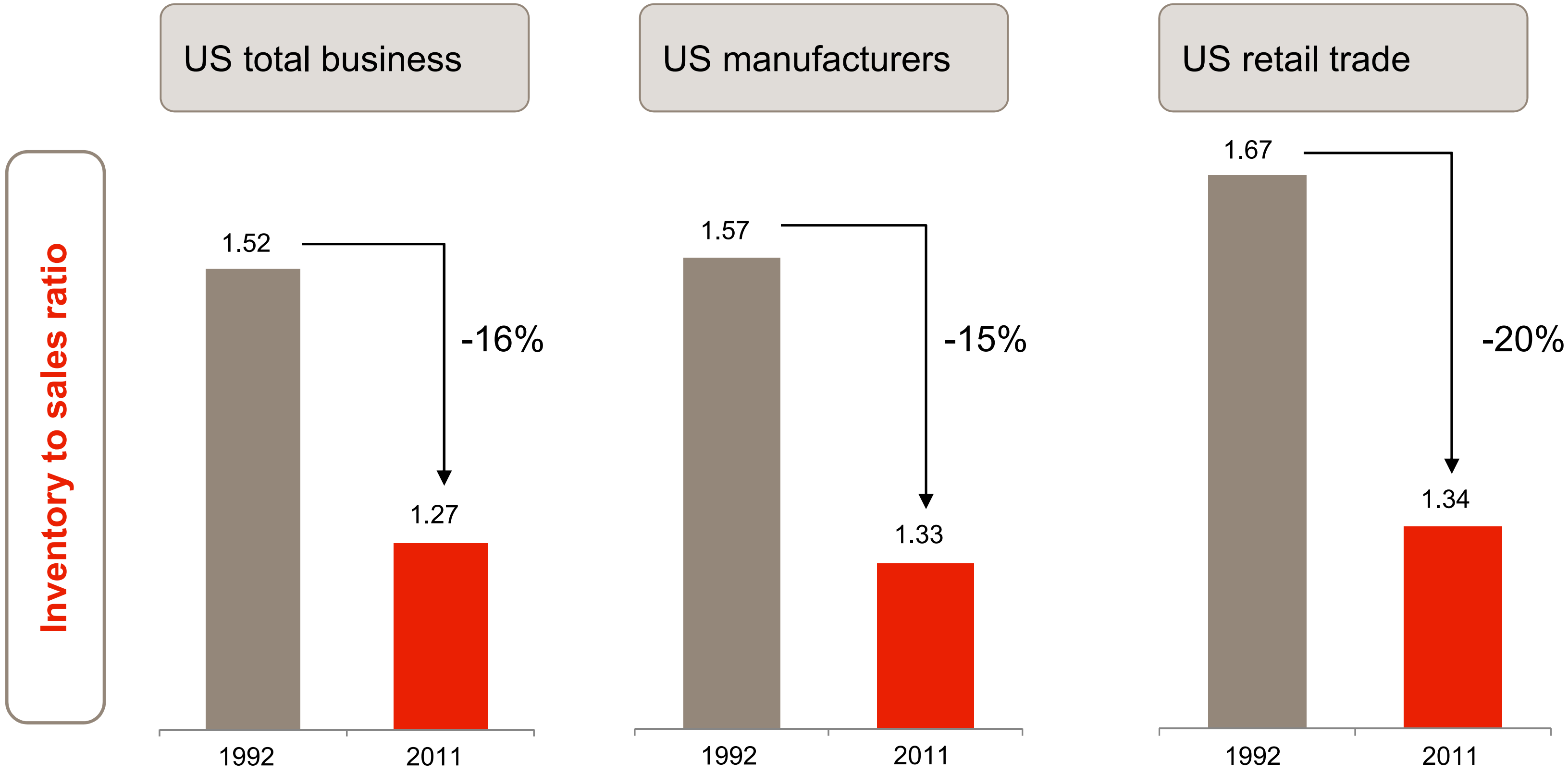
Developments in our main markets



Source: Eurociett. For the USA: Bureau of Labor Statistics (BLS); Adecco estimate for 2010 and onwards

More made to order

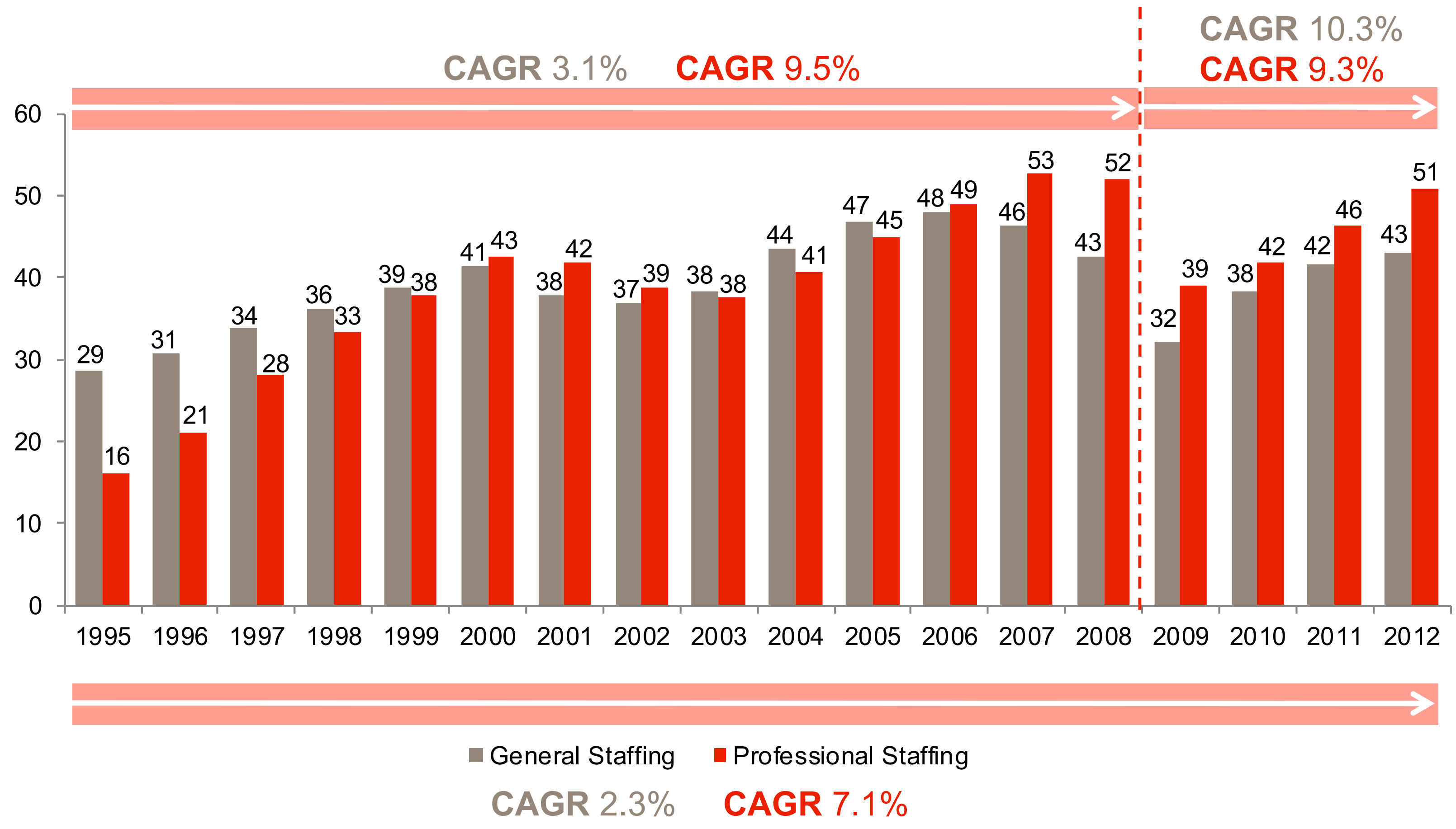
US example: Inventory to sales ratio declining 1992 – 2011



Source: US Inventory to Sales ratio; US Manufacturing and Trade Inventories and Sales report

Professional staffing outgrowing general staffing

US temporary staffing market, based on revenues in USD billion



Source: Staffing Industry Analysts Inc., U.S. Census Bureau, Bureau of Labor Statistics, public company results

The success of EVA

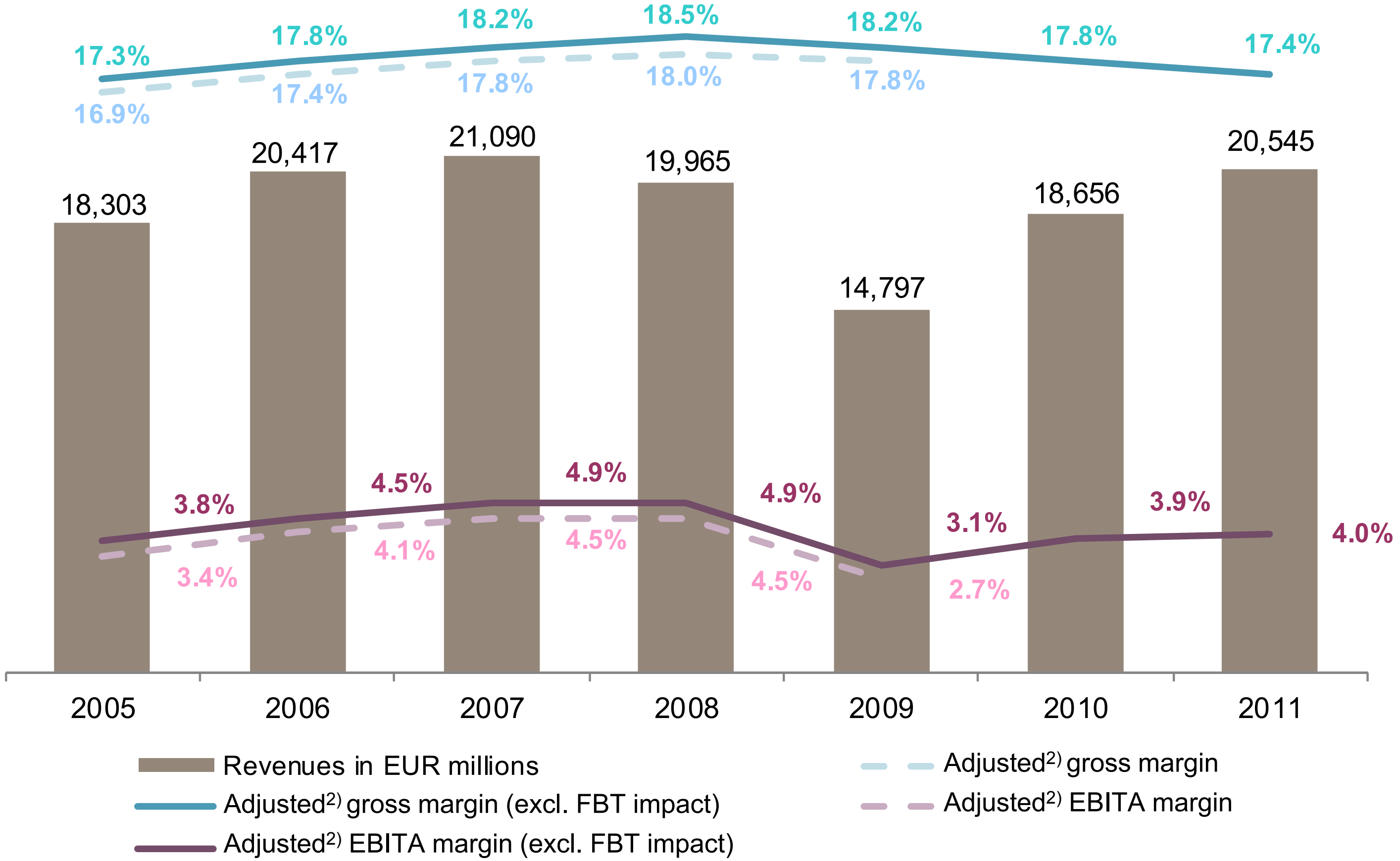
A major achievement - comparison of KPIs during the last two downturns

2002			2009	
Revenue decline yoy in constant currency	**-3%**	→	**-27%**	**Revenue decline yoy** organically
Gross margin yoy	**-100 bps**	→	**-20 bps**	**Gross margin adjusted[1] yoy**
SG&A in % of revenues	**15.1%**	→	**15.1%**	**Adjusted[1] SG&A** in % of revenues
EBITA margin yoy	**-160 bps**	→	**-180 bps**	**EBITA margin adjusted[1] yoy**
EBITA margin	**2.7%**	→	**2.7%**	**EBITA margin adjusted[1]**

1) Please refer to slide 50.

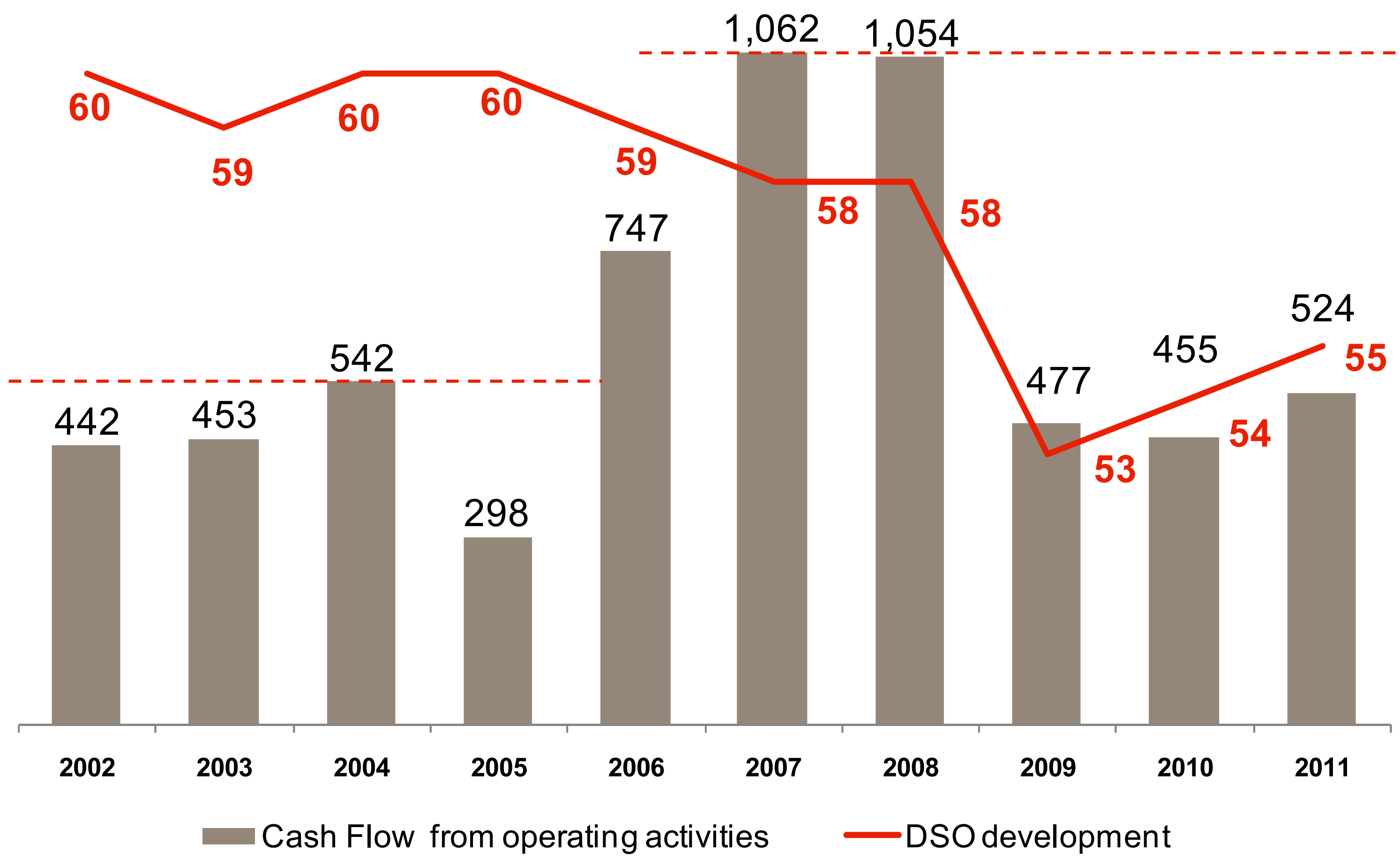
What we have achieved

Financial performance since 2005



2) Please refer to slide 50.

Cash flow and DSO development

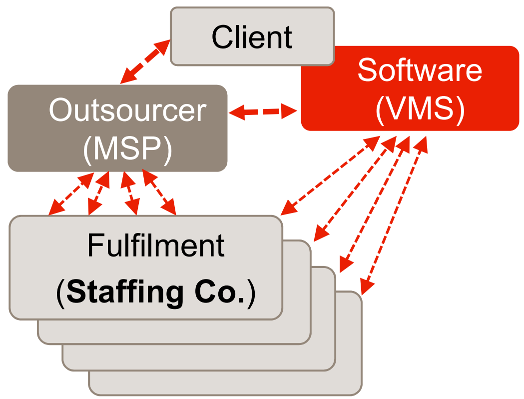


MSP, RPO, VMS…

Can someone help with the definitions please!

Managed Service Programmes (MSP)

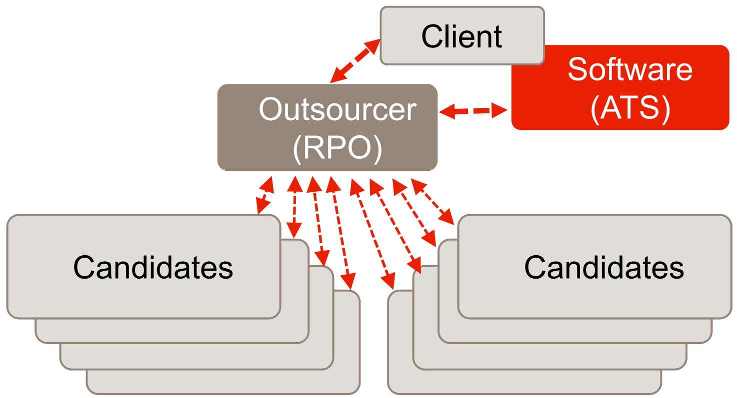
Clients outsource the management of contingent workforce to MSPs



- Outsourced procurement function, distinct from Master Vendor model
- MSP manages contingent workforce/staffing vendors
- Mostly works in conjunction with a VMS tool
- A VMS automates the processes of procuring people from staffing vendors, provides transparency into vendor costs and performance

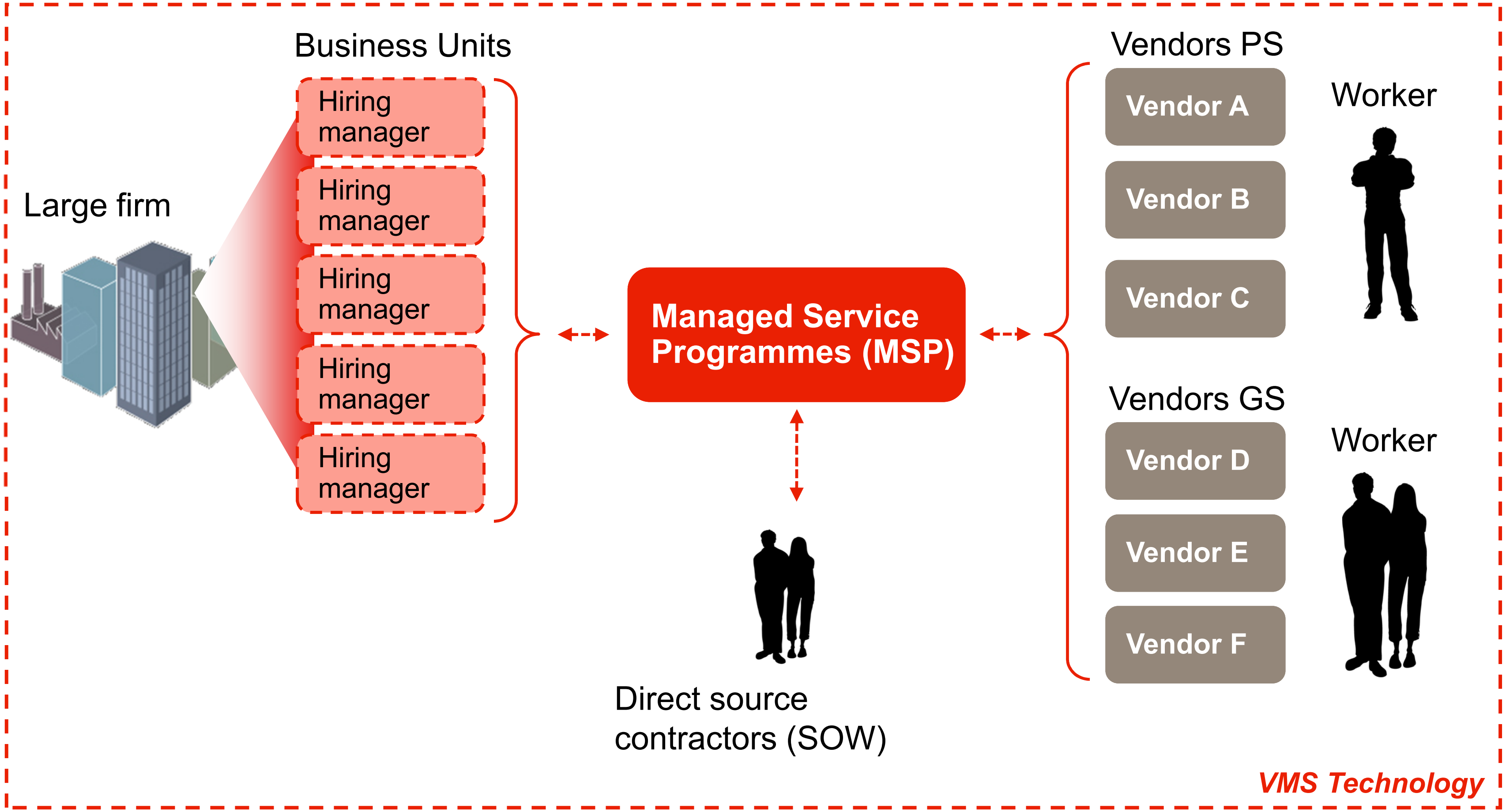
Recruitment Process Outsourcing (RPO)

Clients outsource the permanent recruiting process to RPOs



- Outsourced HR function, distinct from executive search and traditional permanent staffing
- RPO provides any or all in-house/corporate recruiting department services
- Mostly works in conjunction with a ATS tool
- An ATS collects and tracks candidate data, interview scheduling, reporting, provides transparency into candidate pipelining, hiring effectiveness

MSP Programmes manage the staffing supply chain



Notes to the slides

Details on sources, estimates, adjustments and other

1) 2009 figures exclude on gross profit the positive impact of EUR 25 million due to favourable developments in France resulting in the reassessment of existing accruals and the negative impact of EUR 7 million due to a sales tax accrual in the UK related to prior years. 2009 figures exclude on EBITA the positive impact of EUR 25 million due to favourable developments in France resulting in the reassessment of existing accruals, the negative impact of EUR 7 million due to a sales tax accrual in the UK relating to prior years and the negative impact of EUR 121 million associated with restructuring costs. 2008 figures exclude on gross profit the positive impact of the modified calculation of the French social charges of EUR 63 million and from restructuring charges of EUR 8 million. 2008 figures exclude on EBITA the positive impact of the modified calculation of the French social charges of EUR 63 million and the negative impact associated with headcount reductions and branch optimisation in France and other European countries of EUR 32 million and the provision of the French antitrust procedure of EUR 19 million.

2) For better comparison, figures for 2005, 2006, 2007, 2008 and 2009 are excluding the impact of the French business tax (FBT), which as of January 1, 2010 was reclassified as income tax under US GAAP.
2005 figures exclude on gross profit the negative impact of the French business tax of EUR 80 million and on EBITA the negative impact of the French business tax of EUR 84 million.
2006 figures exclude on gross profit the negative impact of the French business tax of EUR 86 million and on EBITA the negative impact of the French business tax of EUR 91 million.
2007 figures exclude on gross profit the positive impact of the modified calculation of the French social charges of EUR 172 million and exclude the negative impact of the French business tax of EUR 88 million. 2007 figures exclude on EBITA the positive impact of the modified calculation of the French social charges of EUR 156 million and the negative impact of expenses related to the French antitrust proceedings of EUR 15 million and of the French business tax of EUR 93 million.
2008 figures exclude on gross profit the positive impact of the modified calculation of French social charges of EUR 63 million and from restructuring charges of EUR 8 million as well as the negative impact of the French business tax of EUR 84 million. 2008 figures exclude on EBITA the positive impact of the modified calculation of the French social charges of EUR 63 million, the negative impact associated with headcount reductions and branch optimisation in France and other European countries of EUR 32 million and of the provision for the French antitrust procedure of EUR 19 million and of the French business tax of EUR 89 million.
2009 figures exclude on gross profit the positive impact of EUR 25 million due to favourable developments in France resulting in the reassessment of existing accruals and the negative impact of EUR 7 million due to a sales tax accrual in the UK related to prior years and of the French business tax of EUR 61 million. 2009 figures exclude on EBITA the positive impact of EUR 25 million due to favourable developments in France resulting in the reassessment of existing accruals, the negative impact of EUR 7 million due to a sales tax accrual in the UK related to prior years, the negative impact of EUR 121 million associated with restructuring costs and of the French business tax of EUR 65 million.