Q2 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

Financial review

Strategy & Outlook

Appendix

Operational review

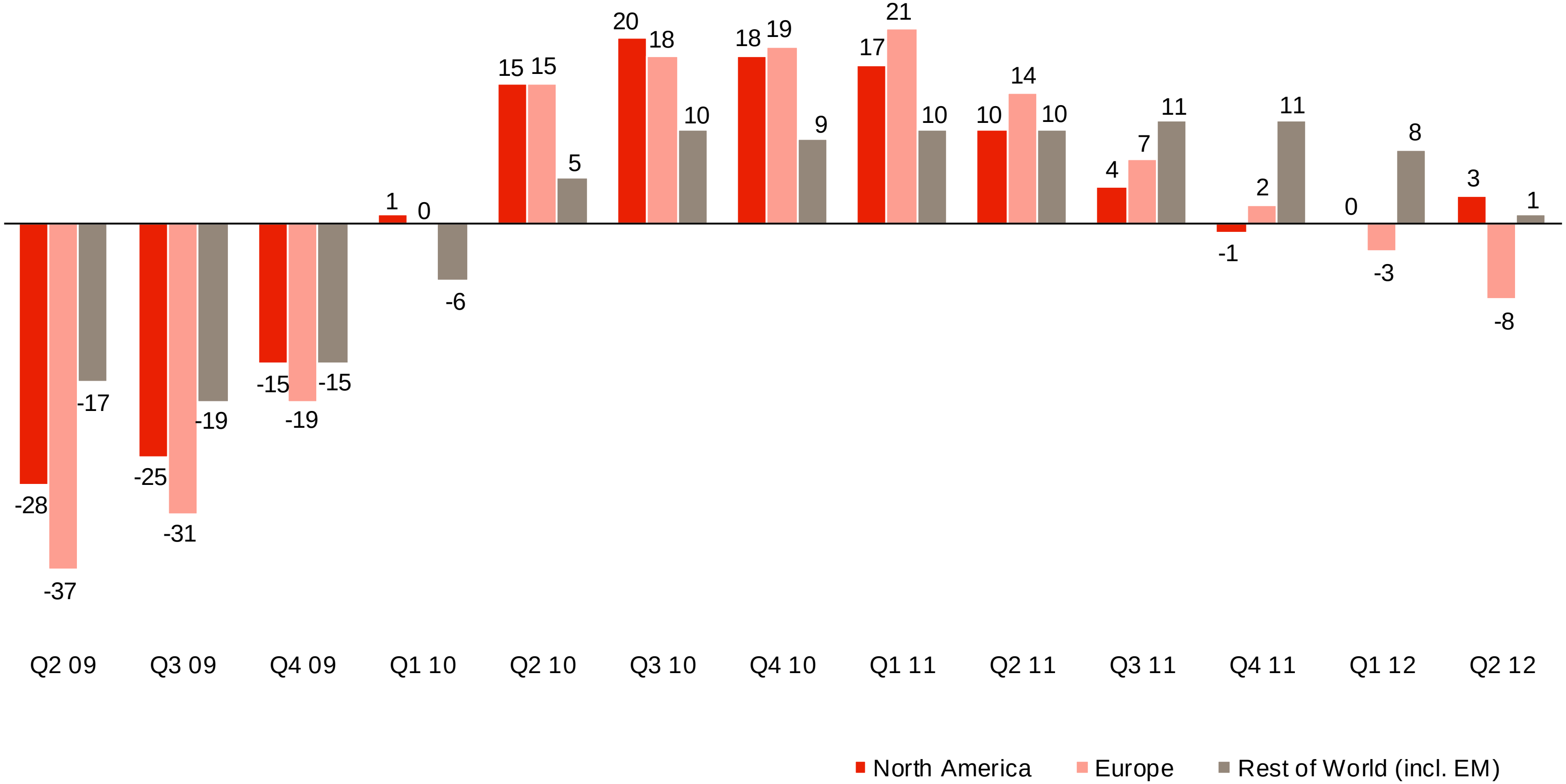
Highlights

Q2 2012 and Outlook

- Revenues of EUR 5.2 billion, up 1% yoy and down 4% on an organic basis
- Gross margin at 17.7%, up 80 bps yoy (+30 bps organically)
- SG&A slightly below prior year, organically and before one-off costs, flat vs. Q1 2012
- EBITA excluding EUR 9 million one-off costs at EUR 194 million and the margin at 3.7%
- Net income of EUR 113 million and operating cash flow of EUR 81 million in H1 2012
- Revenues in June 2012 down 3% year-on-year, organically and adjusted for trading days

Revenue development by region*

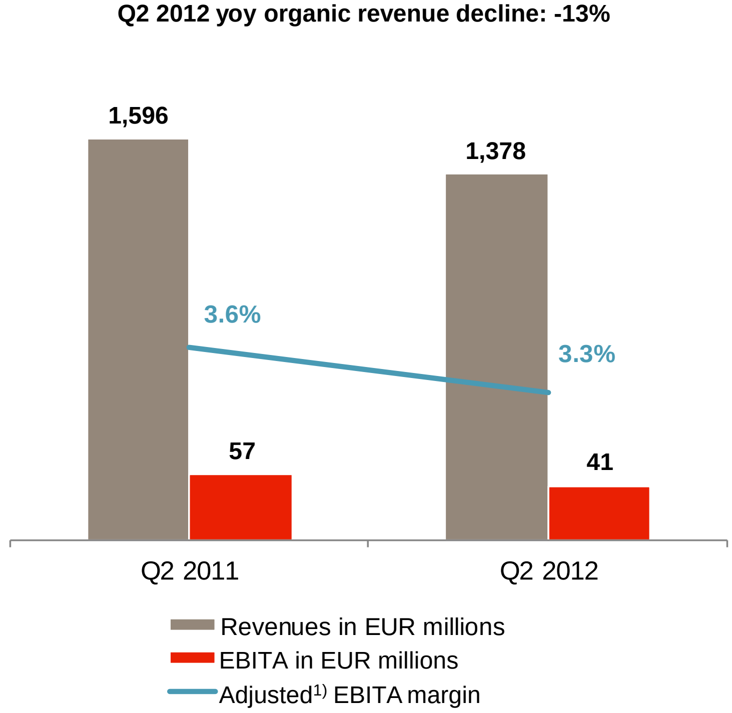
Organic year-on-year change in percent



* Includes LHH within each region

France

27% of group revenues in Q2 2012

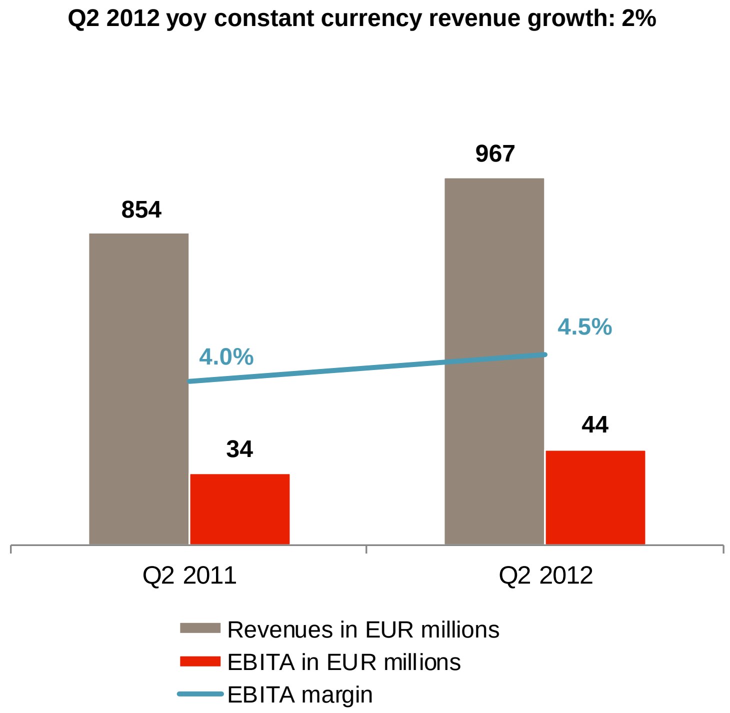


- Revenues down 13% organically (down 10% organically in Q1 12). Revenues in June -13%, adjusted for trading days
- Solid profitability on the back of a higher gross margin and strong cost control
- Mandatory legal talks with the French Works Councils finalized and the implementation of the plans in France kicked-off at the beginning of August

1) Q2 12 excludes EUR 5 million restructuring costs.

North America

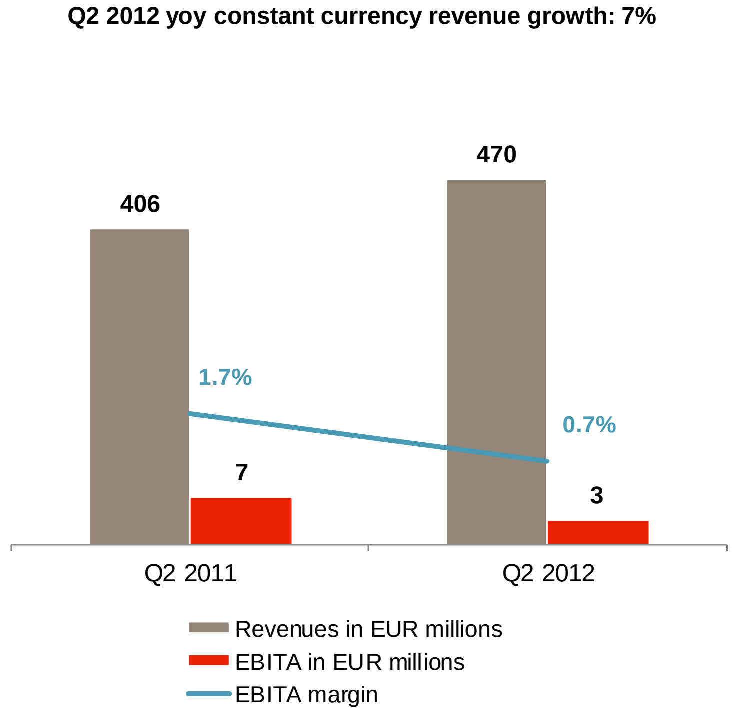
19% of group revenues in Q2 2012



- Revenues up 2% in constant currency (1% in Q1 12) . Professional Staffing is back to growth. Good demand in automotive and logistics/transportation
- EBITA margin of 4.5%, up 50 bps yoy
- Revenues in June 2012 up 3% in constant currency and adjusted for trading days

UK & Ireland

9% of group revenues in Q2 2012

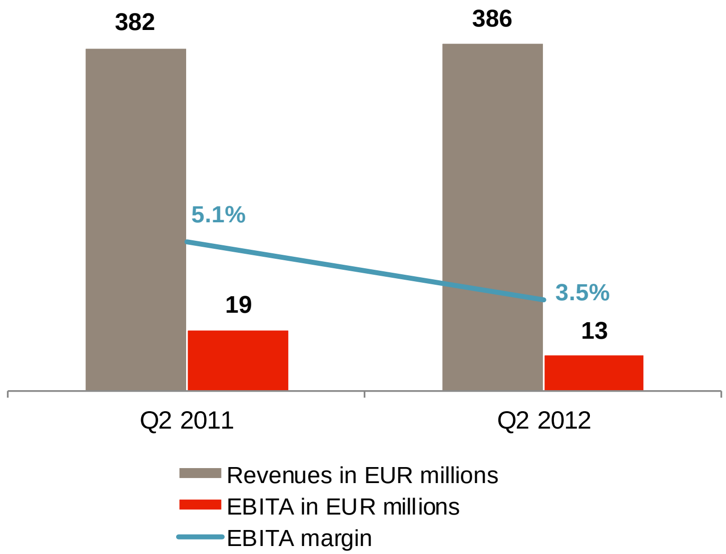


- Revenues up 7% in constant currency (+9% in Q1 12), also driven by the Olympics
- Permanent placement revenues down 21% in constant currency, compared with a strong Q2 11
- The EBITA margin was 0.7%, down 100 bps yoy and impacted by the sponsorship costs for the Summer Olympics in London

Germany & Austria

7% of group revenues in Q2 2012

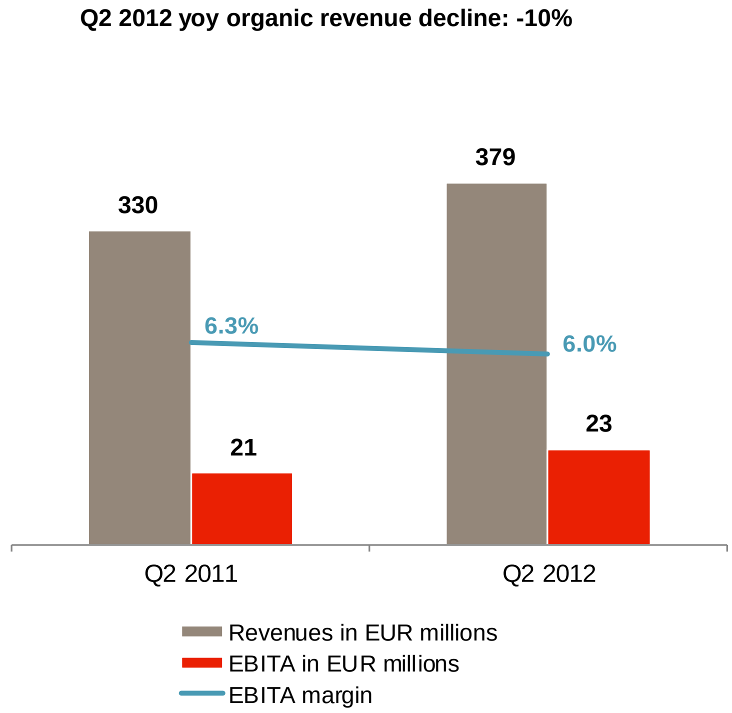
Q2 2012 yoy organic revenue decline: 1%



- Revenue development better than the market, down 1% organically (+10% organically in Q1 12) and compared against +31% in Q2 11. Main drivers still the automotive and aerospace sectors.
- EBITA margin at 3.5%, down 160 bps yoy, also reflecting one additional bank holiday compared to the prior year
- Revenues in June 2012 down 1% yoy, organically and adjusted for trading days

Japan

7% of group revenues in Q2 2012

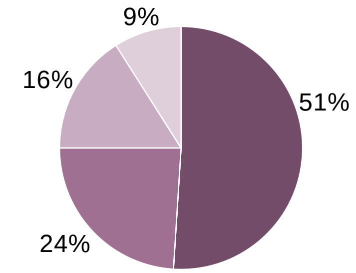


- Revenues down 10% organically (+2% organically in Q1 12) impacted by the completion of several outsourcing projects
- Strong profitability maintained. EBITA margin at 6.0%, down 30 bps yoy. VSN added 40 bps in Q2 12.
- Acquired company VSN Inc. is developing well, with strong profitability

Revenue development by business lines

Q2 2012 vs. Q2 2011

	Revenues[1)] EUR m	Revenue growth in %, constant currency
Office	1,348	-2
Industrial	2,568	-8
General Staffing[2)]	**3,916**	**-6**
Information Technology[2)]	599	7
Engineering & Technical[2)]	290	7
Finance & Legal	188	-1
Medical & Science[2)]	102	5
Professional Staffing[2)]	**1,179**	**5**
Solutions[2)]	**100**	**32**
Adecco Group[2)]	**5,195**	**-3**



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) Q2 revenues changed organically in Information Technology by 4% , in Engineering & Technical by 1%, in Medical & Science by 3%, in Professional Staffing by 2%, in Solutions by 3% and in Adecco Group by -4%.

Financial review

Q2 / H1 2012 Results in detail – P&L

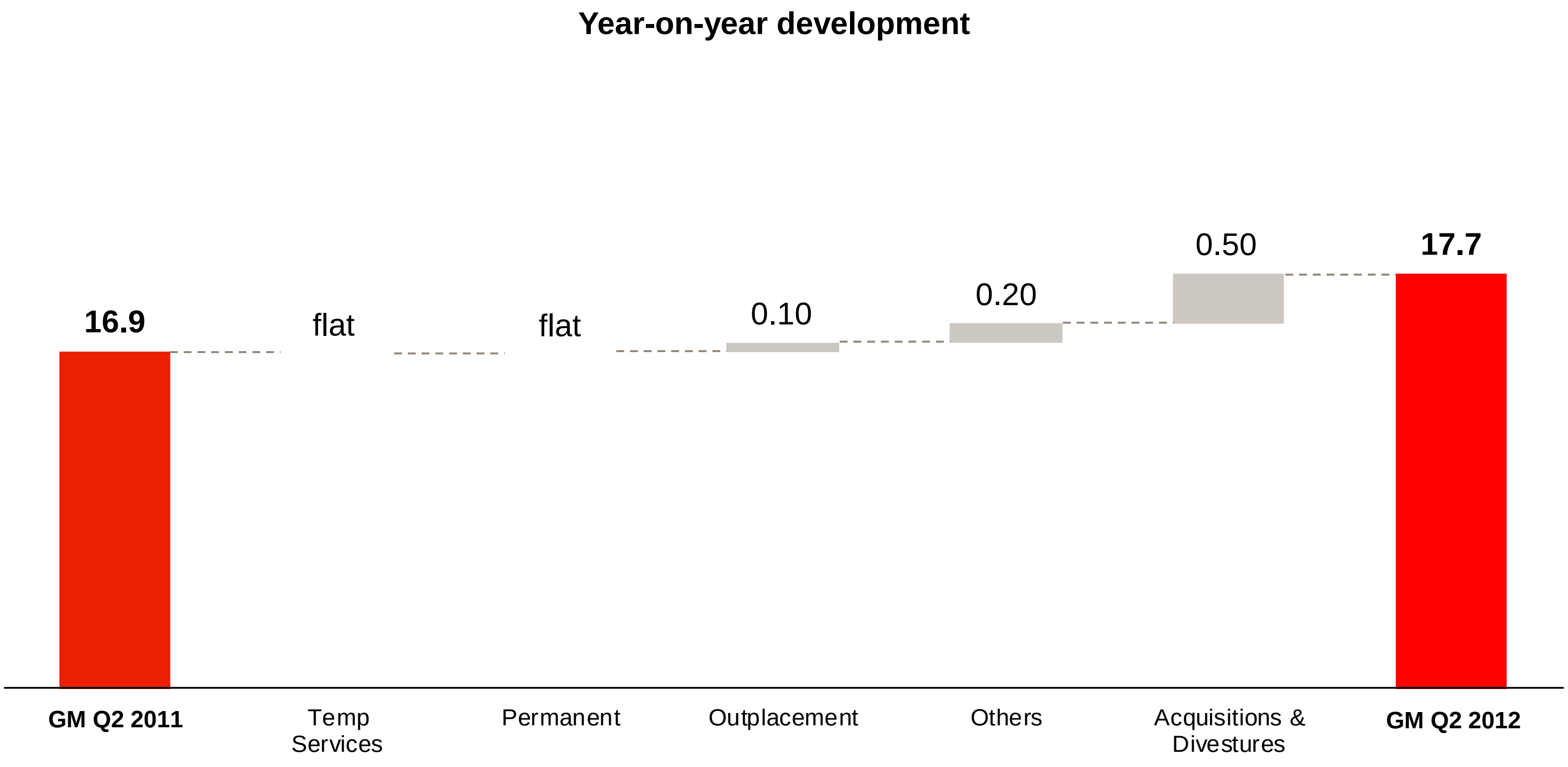
In EUR millions

	Q2 2012	Q2 2011	Variance % EUR	Variance % Constant Currency	H1 2012	H1 2011	Variance % EUR	Variance % Constant Currency
Revenues	5,195	5,166	1%	-3%	10,230	10,081	1%	-1%
Direct costs of services	(4,278)	(4,290)			(8,397)	(8,351)		
Gross profit	**917**	**876**	5%	0%	**1,833**	**1,730**	6%	3%
Gross margin	*17.7%*	*16.9%*			*17.9%*	*17.2%*		
Selling, general, and administrative expenses	(732)	(677)	8%	3%	(1,466)	(1,359)	8%	4%
As a percentage of revenues	*14.1%*	*13.1%*			*14.3%*	*13.5%*		
EBITA[1)]	**185**	**199**	-7%	-11%	**367**	**371**	-1%	-4%
EBITA [1)] margin	*3.6%*	*3.9%*			*3.6%*	*3.7%*		
Amortisation of intangible assets	(13)	(13)			(27)	(27)		
Operating income	**172**	**186**	-8%	-11%	**340**	**344**	-1%	-4%
Operating income margin	*3.3%*	*3.6%*			*3.3%*	*3.4%*		
Interest expense	(19)	(17)			(37)	(32)		
Other income / (expenses), net	(14)	(10)			(11)	(11)		
Income before income taxes	**139**	**159**	-12%		**292**	**301**	-3%	
Provision for income taxes	(26)	(18)			(67)	(59)		
Net income	**113**	**141**	-20%		**225**	**242**	-7%	
Net income attributable to noncontrolling interests	(1)				(1)	(1)		
Net income attributable to Adecco shareholders	**112**	**141**	-20%		**224**	**241**	-7%	
Net income margin attributable to Adecco shareholders	*2.2%*	*2.7%*			*2.2%*	*2.4%*		

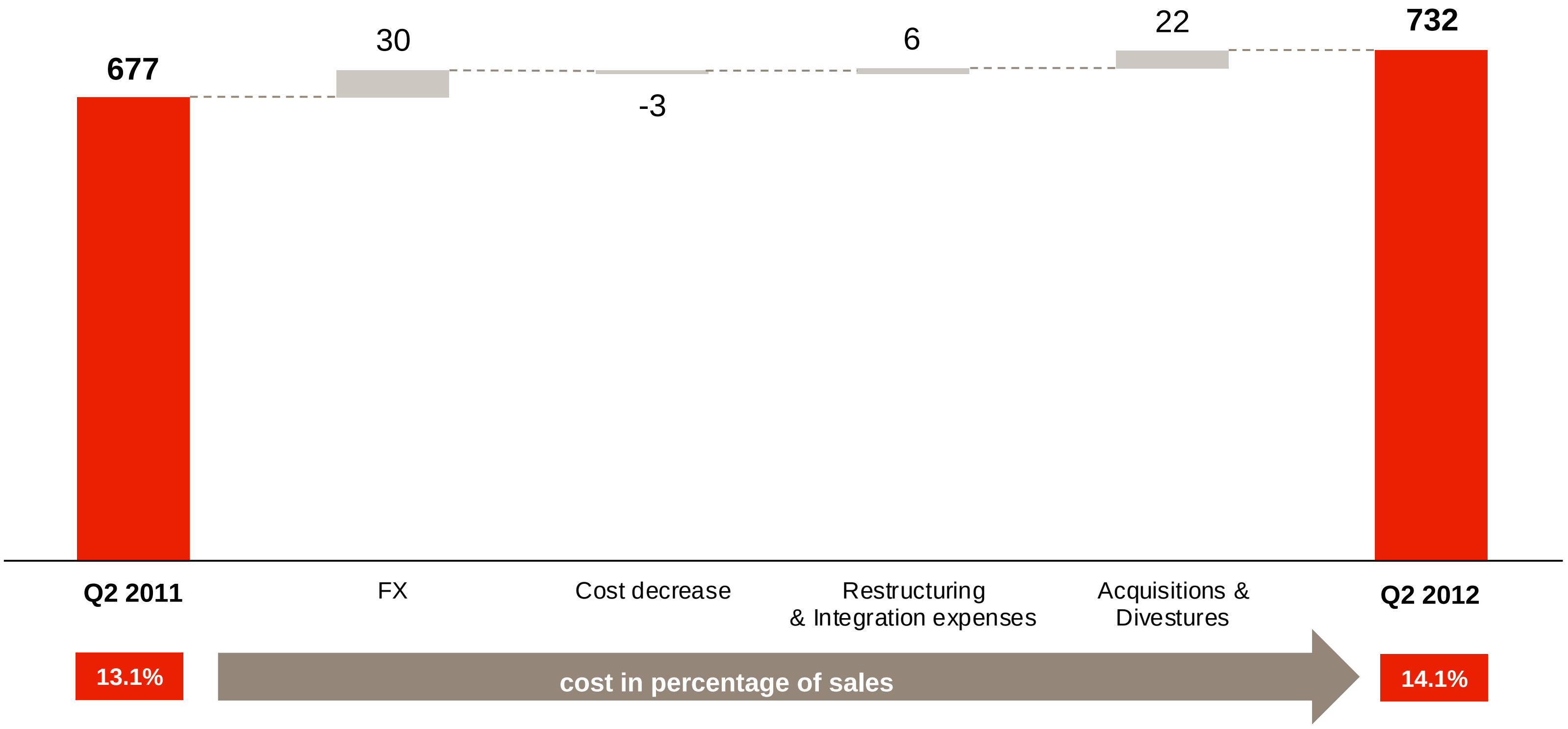
1) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

Q2 2012 gross margin drivers

In percent of revenues



Q2 2012 SG&A movements
In EUR millions



Balance sheet
In EUR millions

Assets	Jun 30 2012	Dec 31 2011
Cash and cash equivalents	447	532
Short-term Investments	2	2
Trade accounts receivable, net	3,914	3,725
Other current assets	403	424
Property, equipment, and leasehold improvements, net	311	313
Other assets	331	310
Goodwill and intangible assets, net	4,175	4,048
Total assets	**9,583**	**9,354**
Liabilities and shareholders' equity		
Accounts payable and accrued expenses	3,548	3,545
Short- and long-term debt	1,693	1,426
Other liabilities	528	572
Total Adecco shareholders' equity	3,811	3,808
Noncontrolling interests	3	3
Total liabilities and shareholders' equity	**9,583**	**9,354**
Net Debt*	1,244	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.

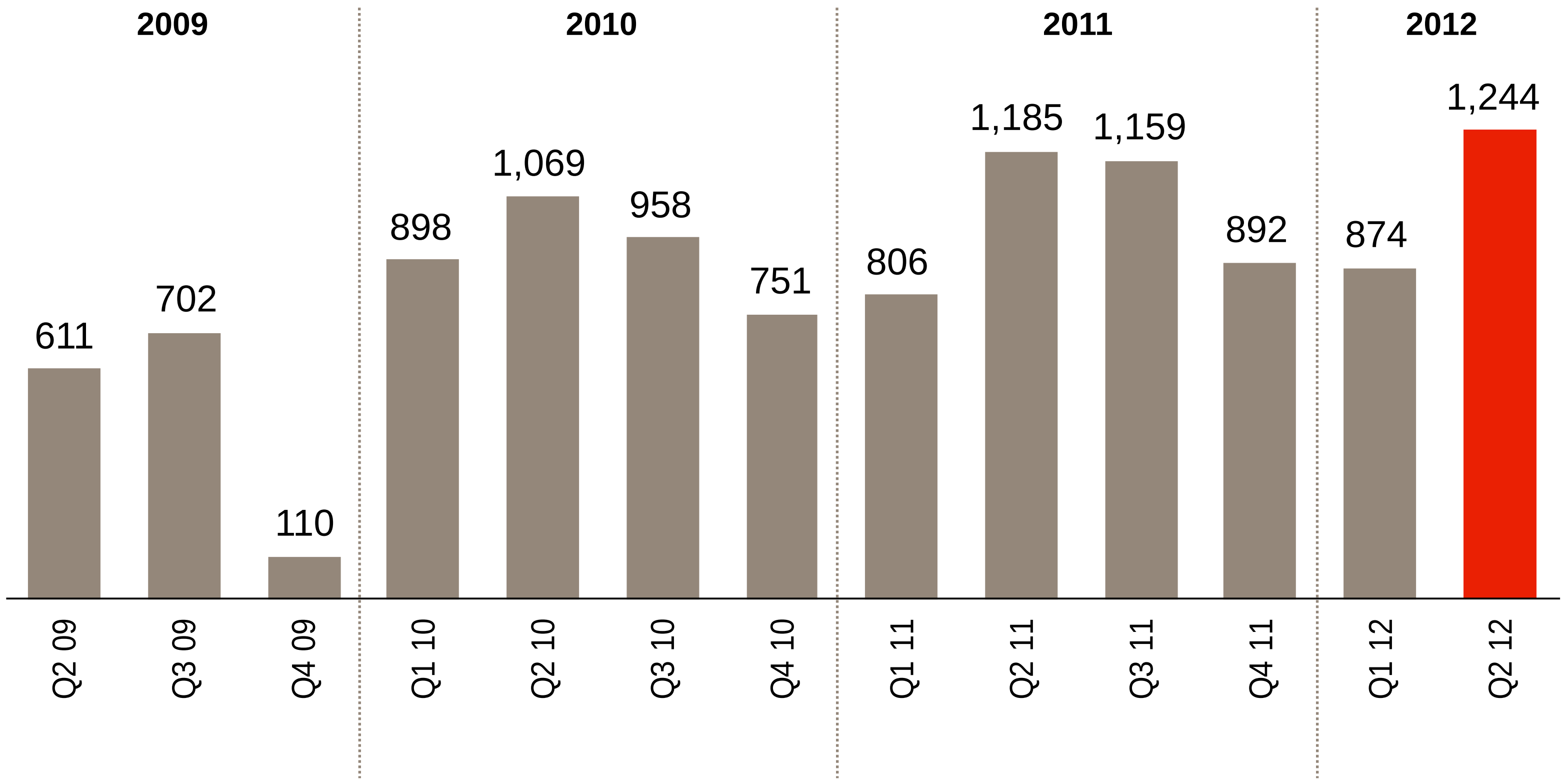
Cash flow statement

In EUR millions

	Q2		H1	
	2012	**2011**	**2012**	**2011**
Net income	113	141	225	242
Adjustments to reconcile net income to cash flows from operating activities:				
– Depreciation and amortisation	40	36	81	73
– Other charges	9	6	13	3
Changes in operating assets and liabilities, net of acquisitions:				
– Trade accounts receivable	(211)	(247)	(155)	(400)
– Accounts payable and accrued expenses	21	23	(27)	85
– Other assets and liabilities	(28)	(11)	(56)	(33)
Cash flows from/(used in) operating activities	**(56)**	**(52)**	**81**	**(30)**
Cash used in investing activities	**(26)**	**(54)**	**(174)**	**(97)**
Cash used in financing activities	**(342)**	**(43)**	**(11)**	**(21)**
Effect of exchange rate changes on cash	(17)	(9)	19	(18)
Net decrease in cash and cash equivalents	**(441)**	**(158)**	**(85)**	**(166)**

Net debt* development since Q2 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 June 30, 2012

	Principal at maturity	Maturity	Fixed interest rate	Total in EUR million
7-year guaranteed Euro medium term notes	EUR 500	2018	4.75%	**491**
5-year guaranteed Euro medium term notes	EUR 356	2014	7.625%	**358**
7-year fixed rate guaranteed notes	EUR 333	2013	4.5%	**339**
4-year unsubordinated fixed rate notes	CHF 350	2016	2.125%	**291**
Committed multicurrency revolving credit facility	EUR 600	2016	Variable rate	**0** [1)]
Medium term loan				**28**
French Commercial Paper program				**175**
Uncommitted lines & others				**11**
Short & long term debt				**1,693**
Cash & short term investments				**449**
Net Debt				**1,244**

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 100 million
Amortisation	Approximately EUR 50 million

Strategy & Outlook

Our strategic priorities

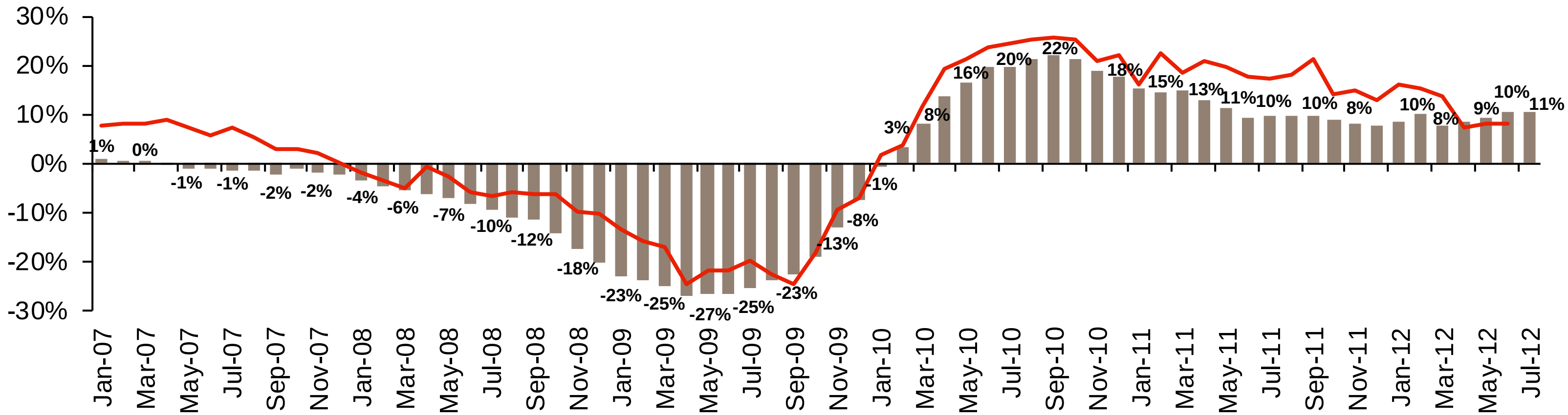
Mid-term

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

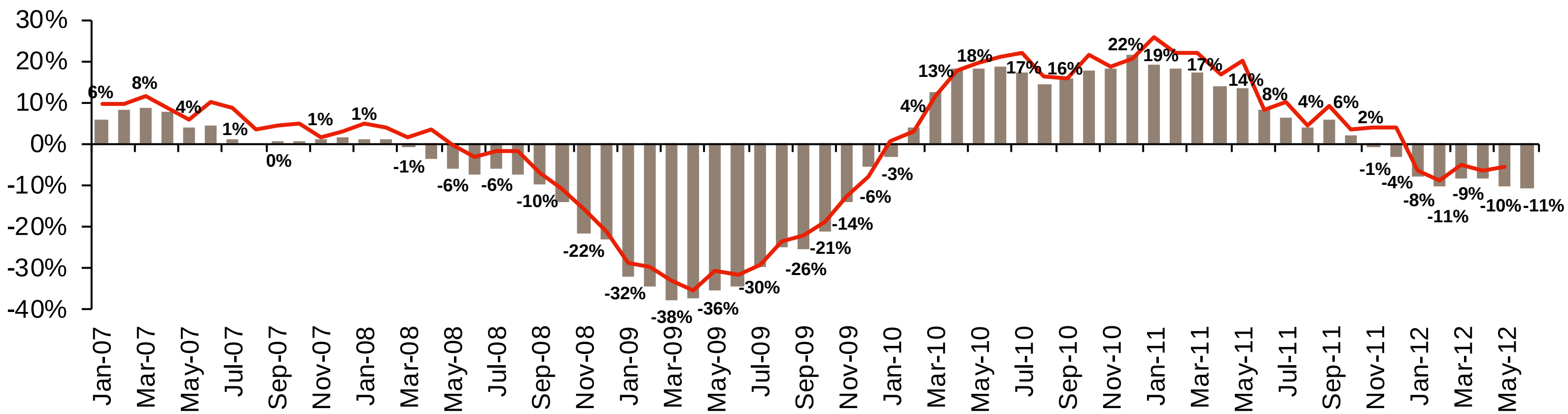
Development of US and French staffing market

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

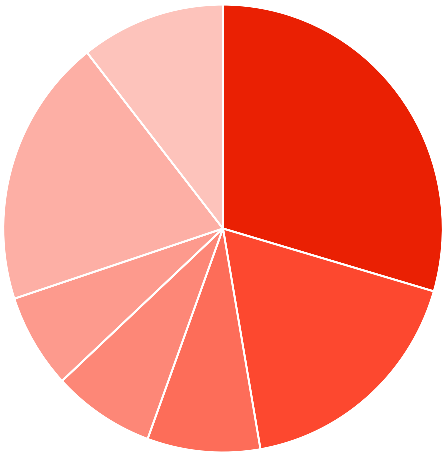
Appendix

Market potential for Professional and General staffing

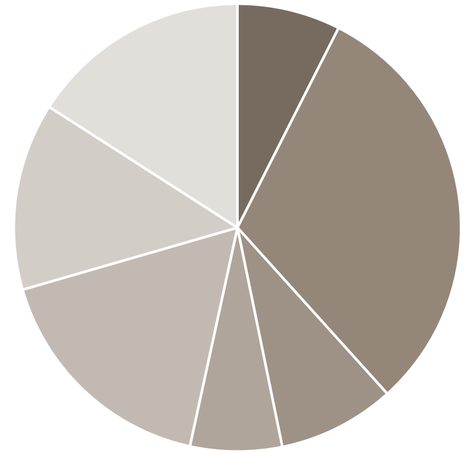
Market size and FY 2011 revenues of Adecco

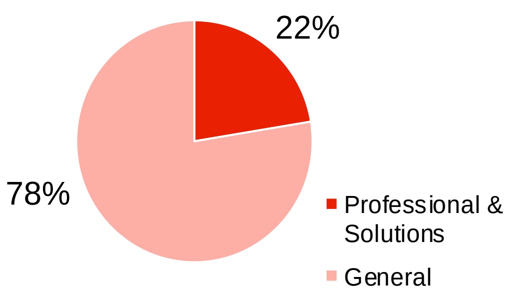
Adecco FY 2011 revenues: EUR 20.5bn

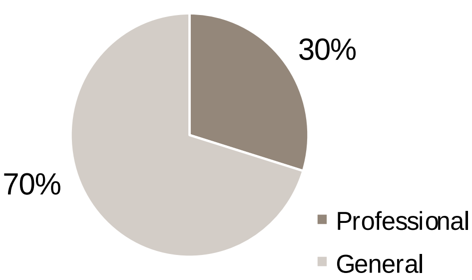
Global market 2011: Approx. EUR 265bn



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

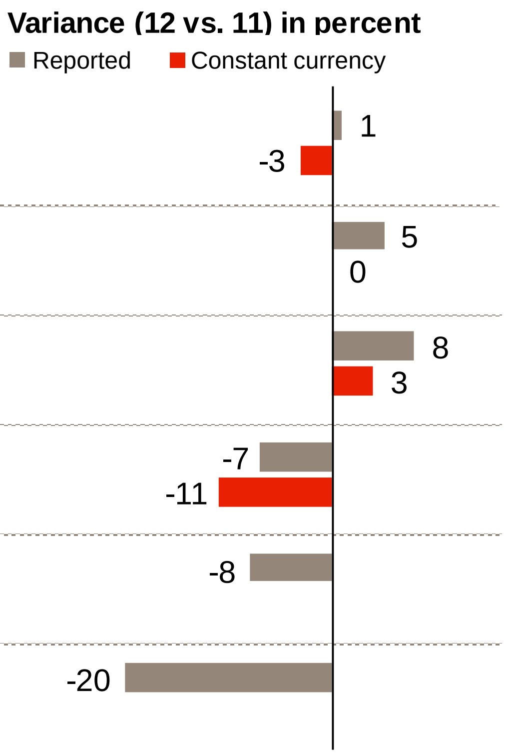
Based on revenues

	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.

Q2 2012 results summary

	Reported EUR m	% of rev.
Revenues[1)]	**5,195**	
Gross profit[1)]	**917**	17.7%
SG&A[1)]	**732**	14.1%
EBITA[1), 2)]	**185**	3.6%
Operating income	**172**	3.3%
Net income attributable to Adecco shareholders	**112**	2.2%

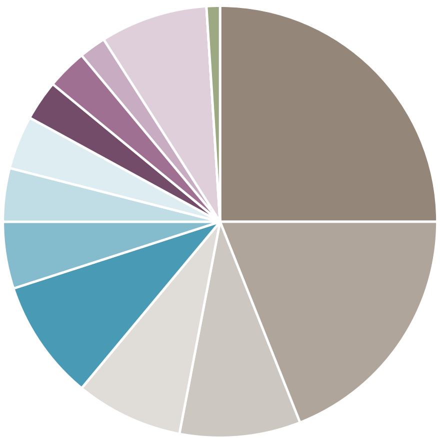


1) In Q2, organically, Revenues changed by -4%, Gross Profit by -3%, SG&A by 0% and EBITA by -15%.
2) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

Revenues and EBITA by segment

Q2 2012 vs. Q2 2011

Revenues in percent



		Revenues		EBITA[2), 3)]	
		EUR m	organic[1)] yoy growth	EUR m	margin
27%	France	**1,378**	-13%	**41**	2.9%
19%	North America	**967**	2%	**44**	4.5%
9%	UK & Ireland	**470**	7%	**3**	0.7%
7%	Germany & Austria	**386**	-1%	**13**	3.5%
7%	Japan	**379**	-10%	**23**	6.0%
5%	Italy	**245**	-13%	**14**	5.5%
4%	Benelux	**227**	-5%	**8**	3.3%
4%	Nordics	**210**	3%	**9**	4.2%
3%	Iberia	**166**	-11%	**6**	3.8%
3%	Australia & New Zealand	**132**	-1%	**5**	3.7%
2%	Switzerland	**109**	-12%	**9**	8.1%
9%	Emerging Markets	**447**	12%	**14**	3.4%
1%	LHH	**79**	2%	**21**	27.7%
	Corporate			**(25)**	
	Adecco Group	**5,195**	-4%	**185**	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 5 million for France and EUR 2 million for other European countries and Japan.

Developments in the Emerging Markets

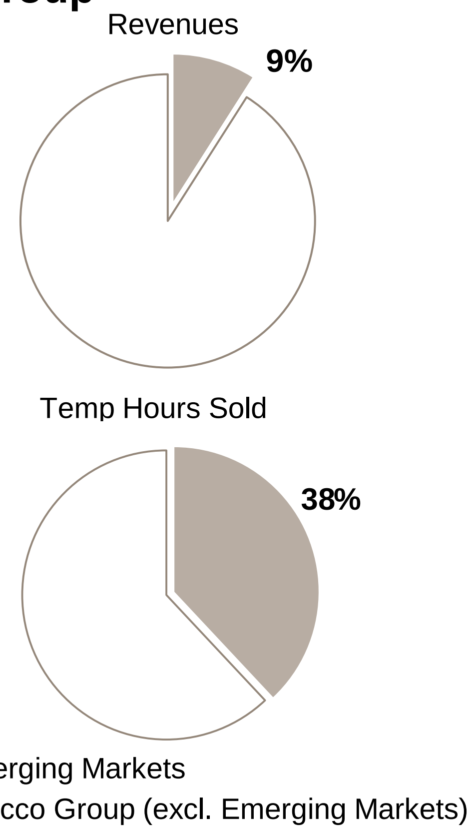
Q2 2012 revenues by geography

Revenue split / growth

yoy growth, in constant currency[1)]

45%		Latin America	*22%*
24%		Eastern Europe	*0%*
19%		Asia	*8%*
12%		India	*10%*

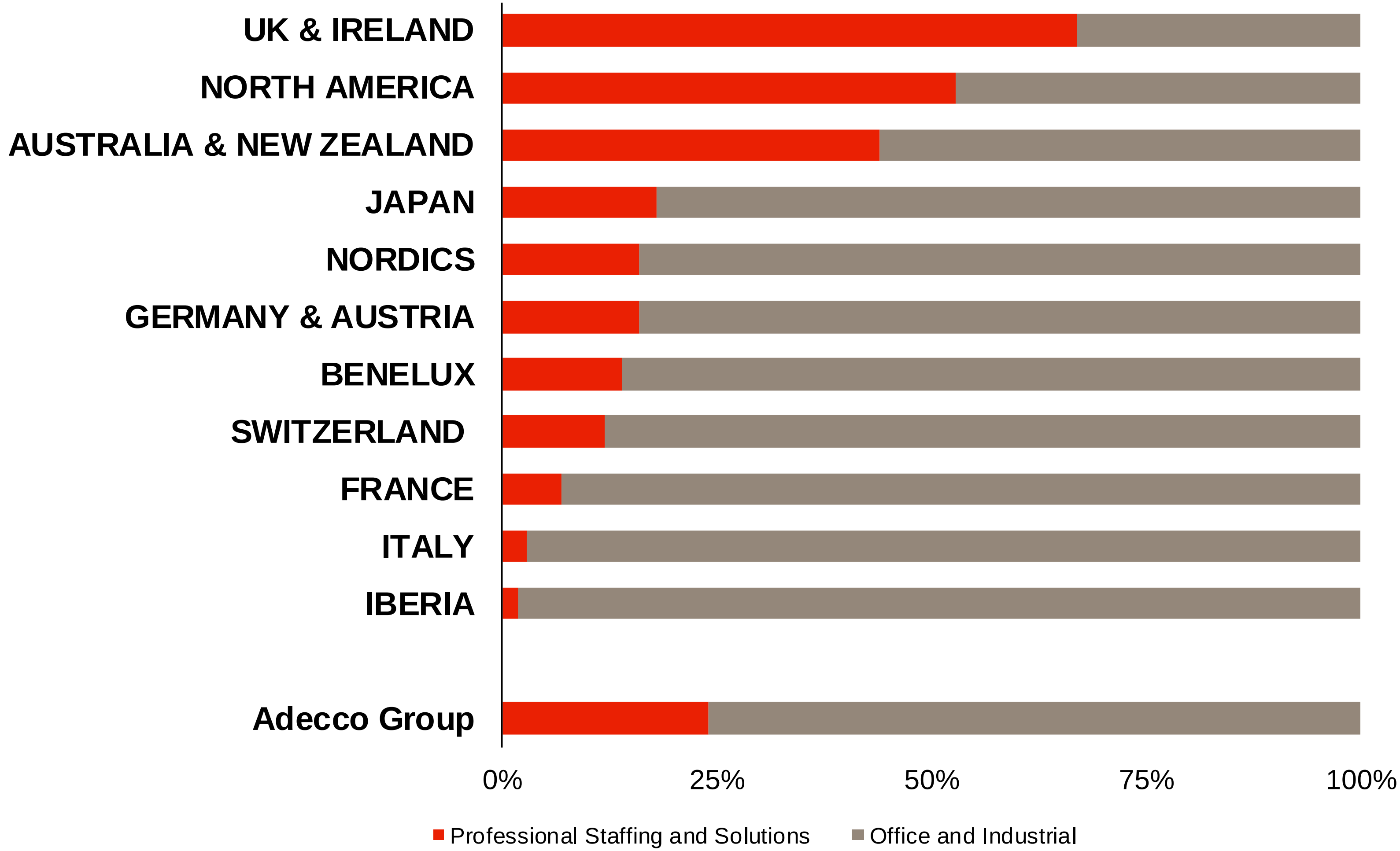
Emerging Markets compared to Adecco Group



1) Mexico, previously reported together with North America, is since Q2 2012 reported under Emerging Markets. The 2011 data has been restated to conform to the current year presentation.

Revenues – General vs. Professional Staffing and Solutions

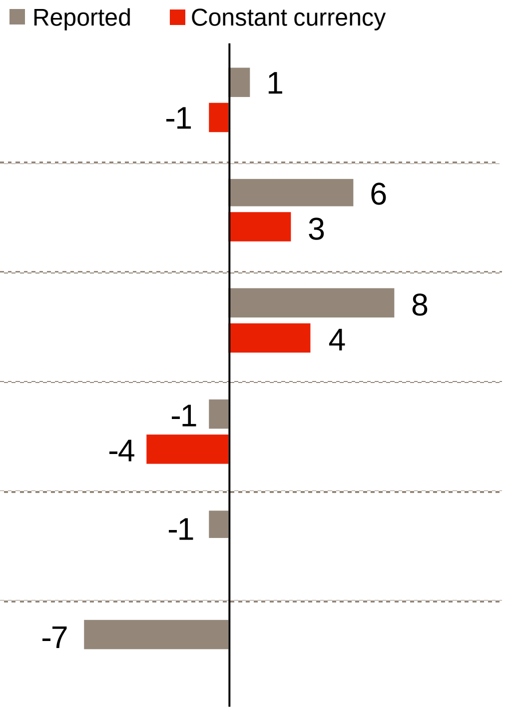
Based on dedicated branches in Q2 2012



H1 2012 results summary

	Reported EUR m	% of rev.
Revenues[1)]	**10,230**	
Gross profit[1)]	**1,833**	17.9%
SG&A[1)]	**1,466**	14.3%
EBITA[1), 2)]	**367**	3.6%
Operating income	**340**	3.3%
Net income attributable to Adecco shareholders	**224**	2.2%

Variance (12 vs. 11) in percent

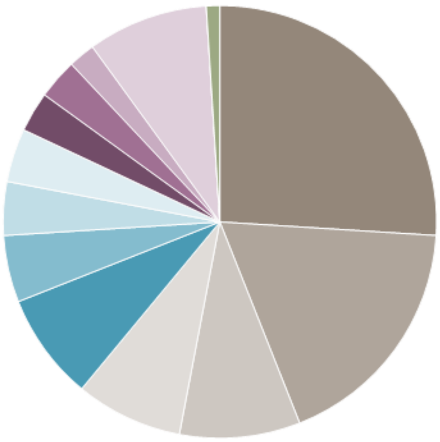


1) In H1, organically, Revenues changed by -2%, Gross Profit by -1%, SG&A by 1% and EBITA by -9%.
2) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

Revenues and EBITA by segment

H1 2012 vs. H1 2011

Revenues in percent

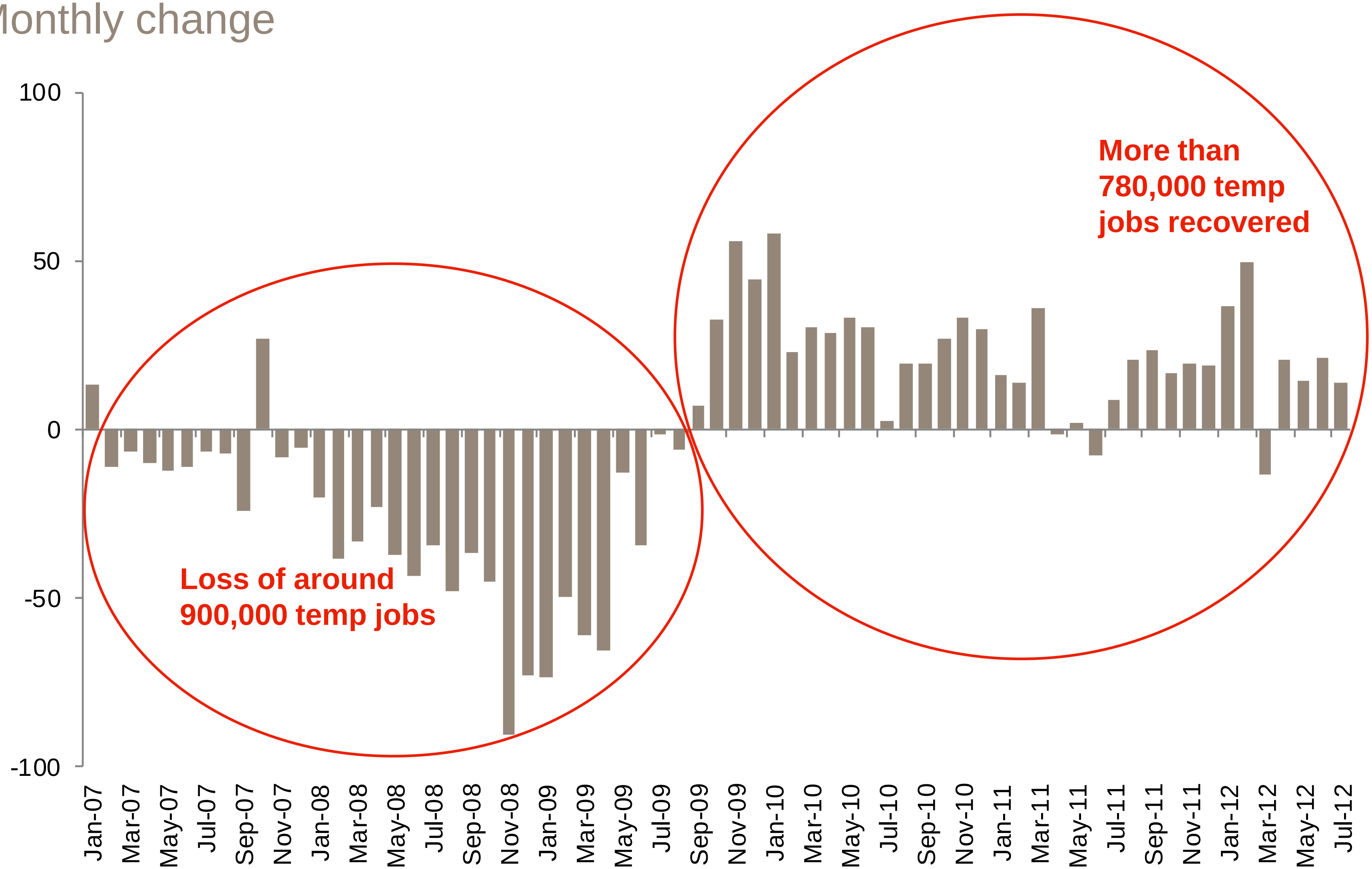


		Revenues EUR m	organic[1] yoy growth	EBITA[2), 3)] EUR m	margin
26%	France	**2,646**	-12%	**68**	2.6%
18%	North America	**1,876**	1%	**83**	4.4%
9%	UK & Ireland	**929**	8%	**14**	1.5%
8%	Germany & Austria	**786**	4%	**43**	5.5%
8%	Japan	**810**	-4%	**48**	5.9%
5%	Italy	**477**	-8%	**26**	5.4%
4%	Benelux	**452**	-4%	**15**	3.3%
4%	Nordics	**408**	0%	**13**	3.2%
3%	Iberia	**331**	-10%	**10**	3.1%
3%	Australia & New Zealand	**266**	1%	**10**	3.7%
2%	Switzerland	**208**	-11%	**16**	7.7%
9%	Emerging Markets	**884**	14%	**28**	3.2%
1%	LHH	**157**	1%	**42**	26.9%
	Corporate			**(49)**	
	Adecco Group	**10,230**	-2%	**367**	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 8 million for France and EUR 7 million for other European countries and Japan.

US temporary job market

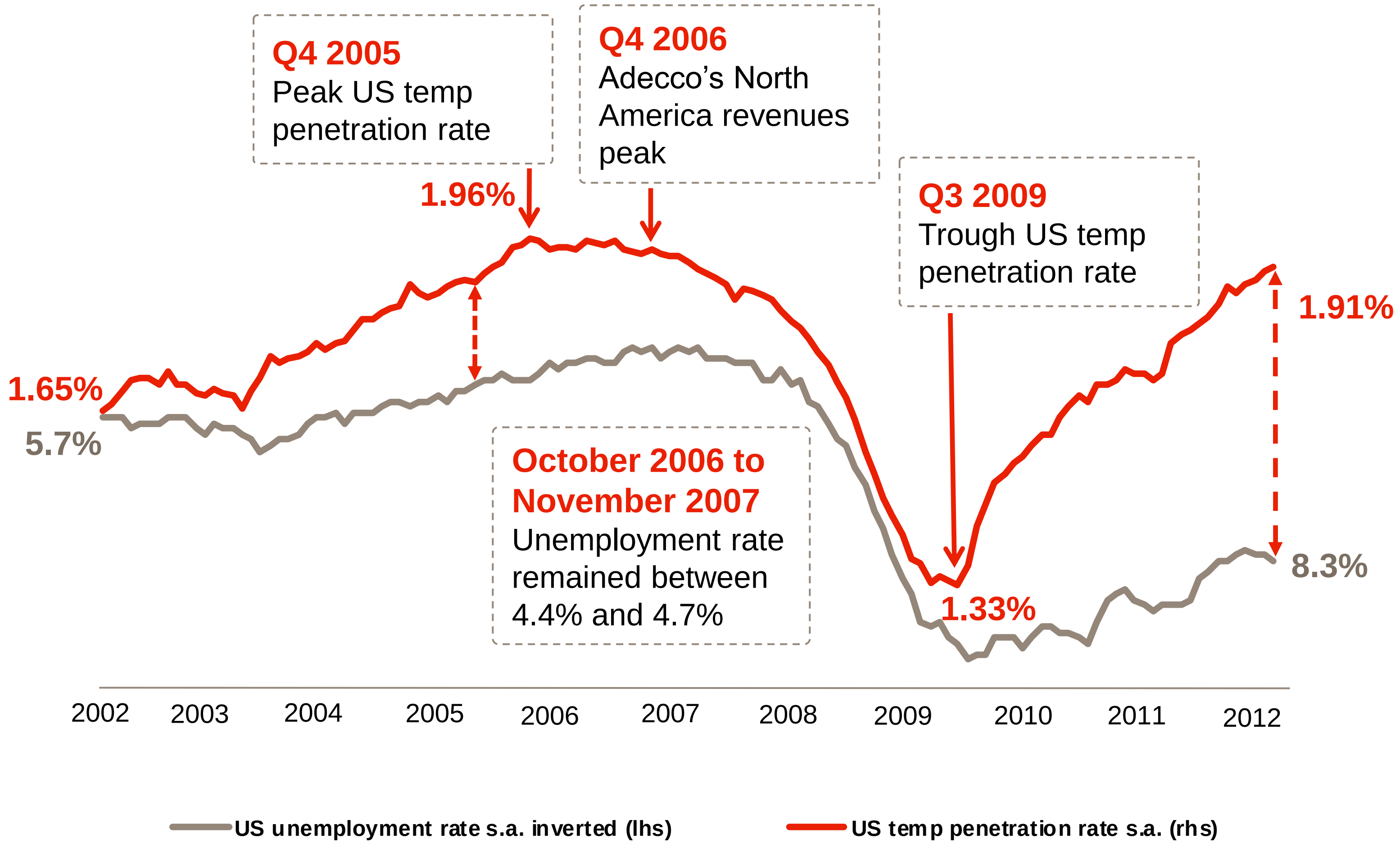
Monthly change



Source: Bureau of Labor Statistics (BLS)

Structural shift to temporary staffing in current upturn

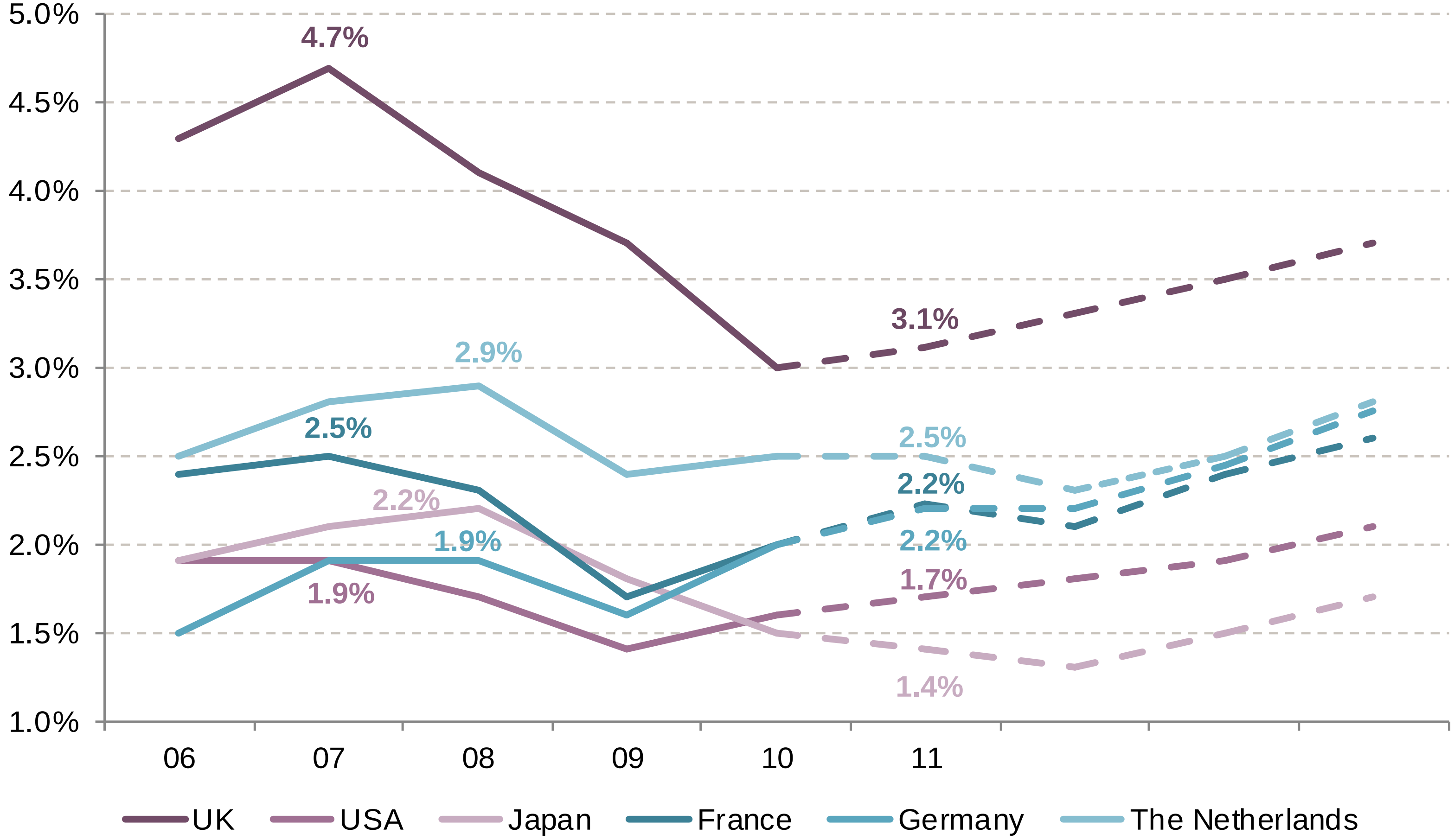
US temporary penetration rate vs. unemployment rate



Source: Bureau of Labor Statistics (BLS)

Penetration rates expected to surpass prior peaks

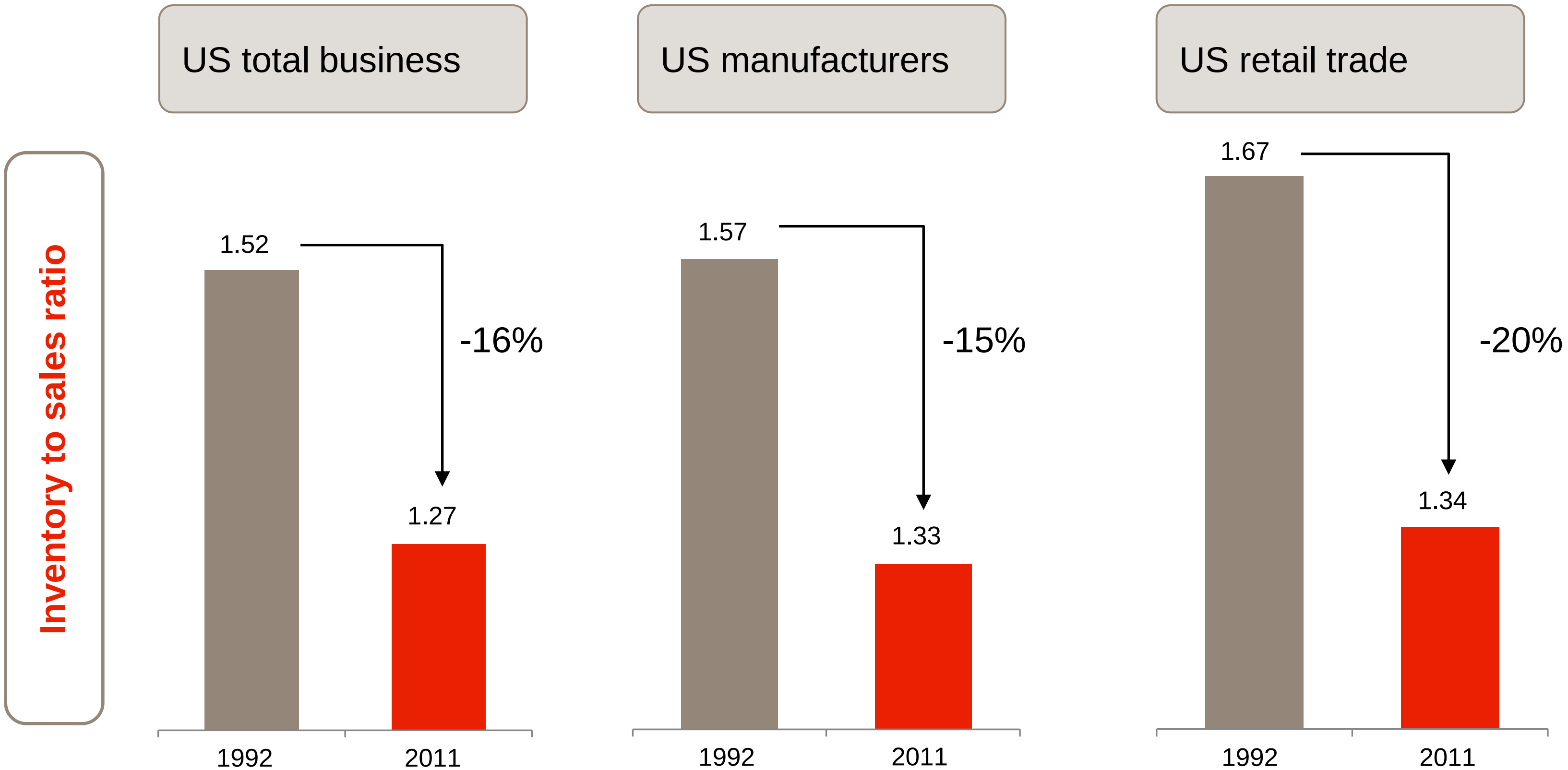
Developments in our main markets



Source: Eurociett. For the USA: Bureau of Labor Statistics (BLS); Adecco estimate for 2011 and onwards

More made to order

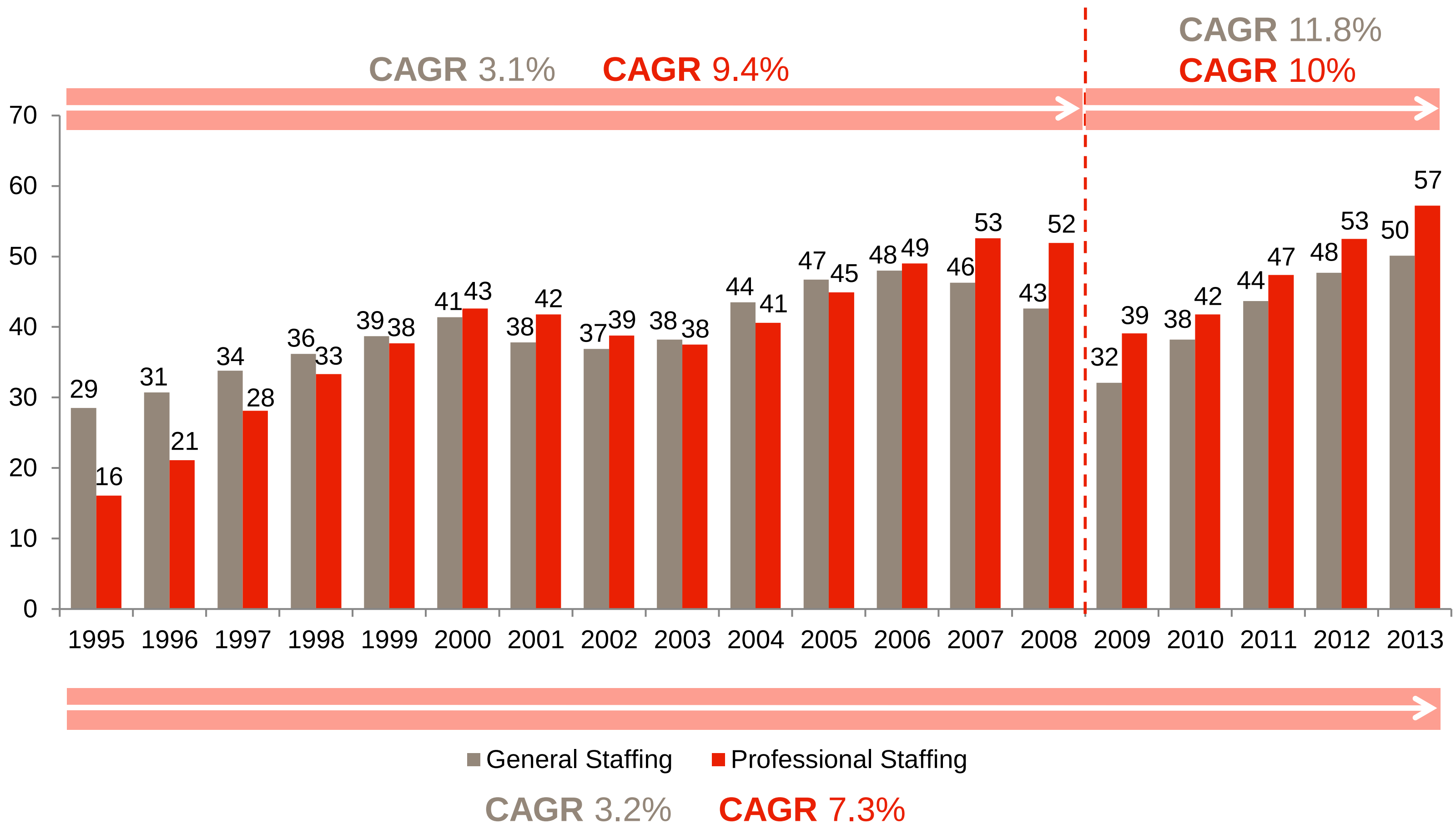
US example: Inventory to sales ratio declining 1992 – 2011



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

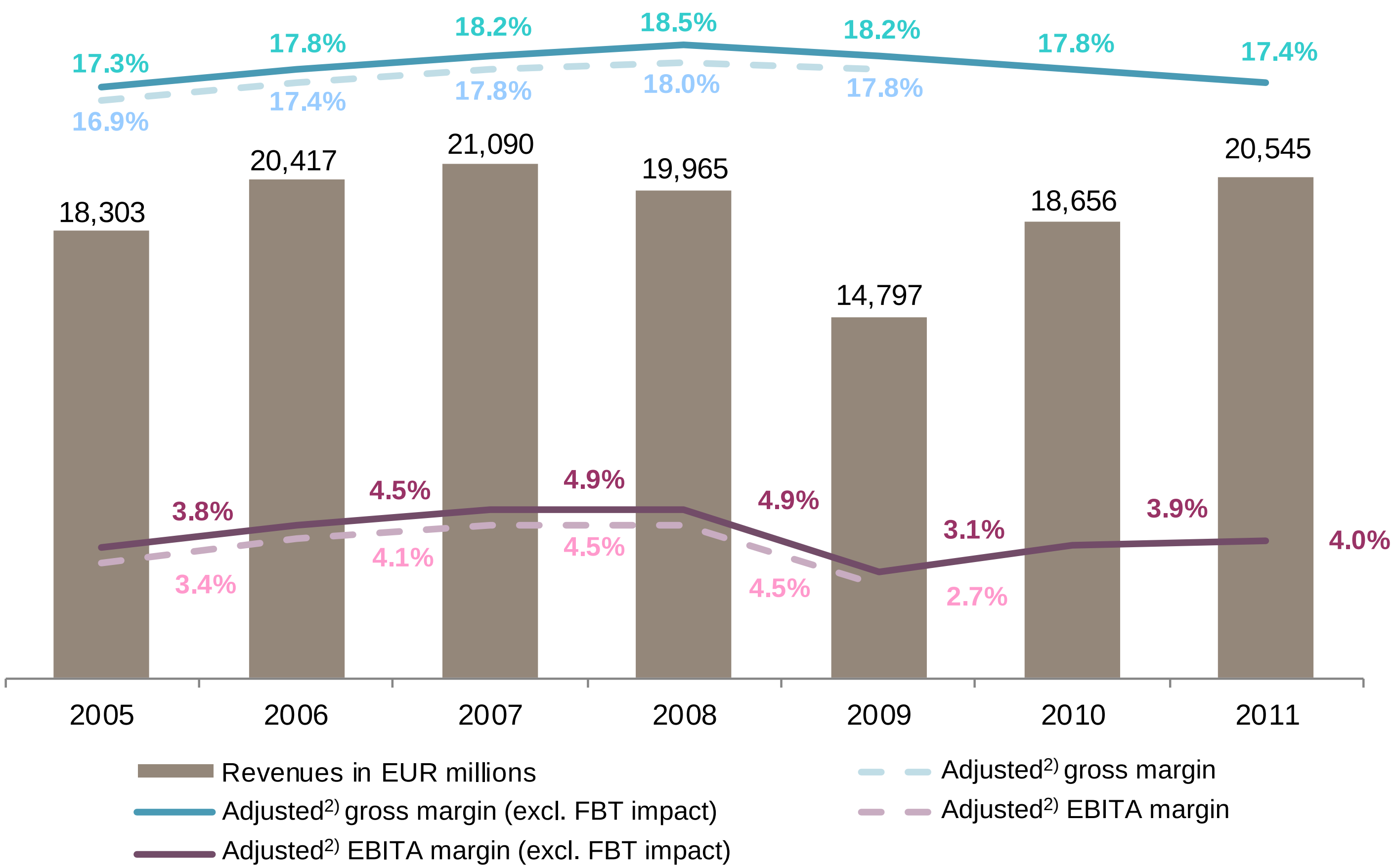
A major achievement - comparison of KPIs during the last two downturns

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 47.

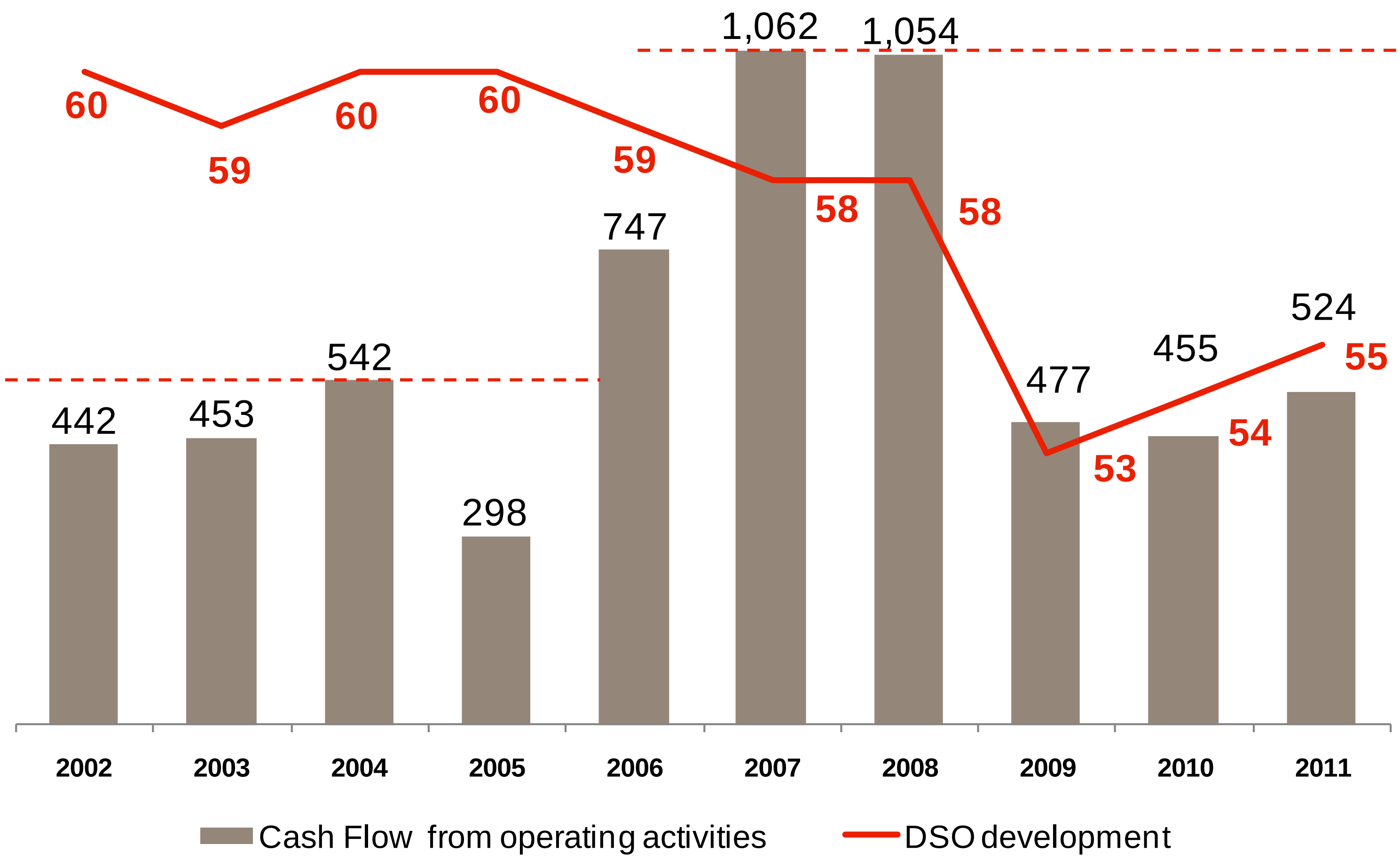
What we have achieved

Financial performance since 2005



2) Please refer to slide 47.

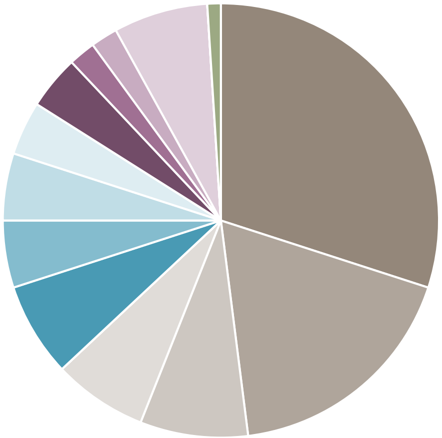
Cash flow and DSO development



Revenues and EBITA by segment

FY 2011 vs. FY 2010

Revenues in percent



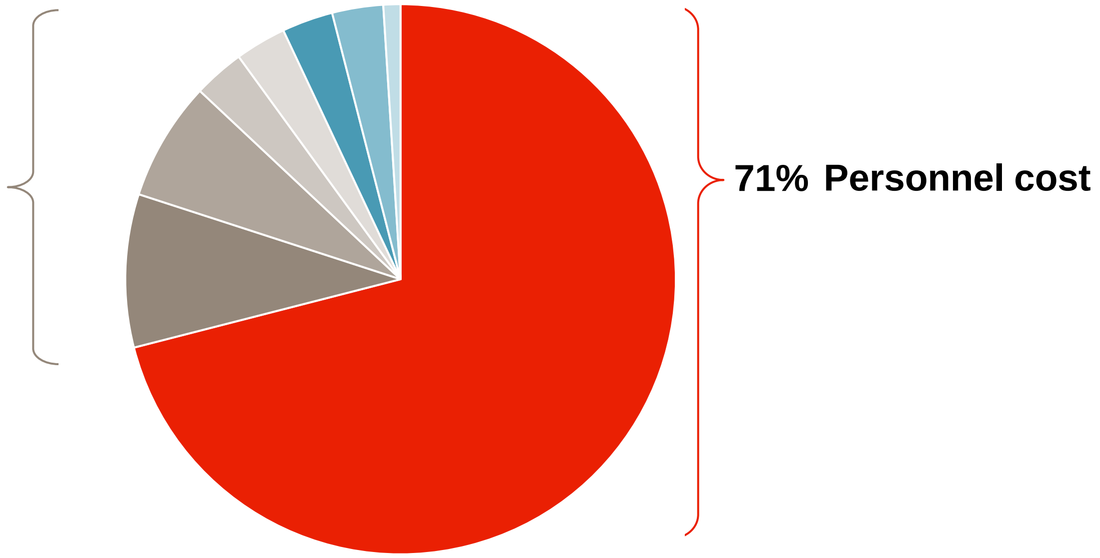
		Revenues EUR m	Revenues organic[1] yoy growth	EBITA[2] EUR m	EBITA[2] margin
30%	France	**6,066**	10%	**220**	3.6%
18%	North America	**3,646**	8%	**161**	4.4%
8%	UK & Ireland	**1,707**	5%	**32**	1.9%
7%	Japan	**1,406**	4%	**80**	5.7%
7%	Germany & Austria	**1,544**	25%	**110**	7.1%
5%	Benelux	**961**	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.

SG&A breakdown

FY 2011

Premises Expenses	9%
Office & Admin. Expenses	7%
Marketing	3%
Depreciation	3%
Consultants & Associates	3%
Bad Debt Expense	1%
Other Operating Net Income/Expenses	3%

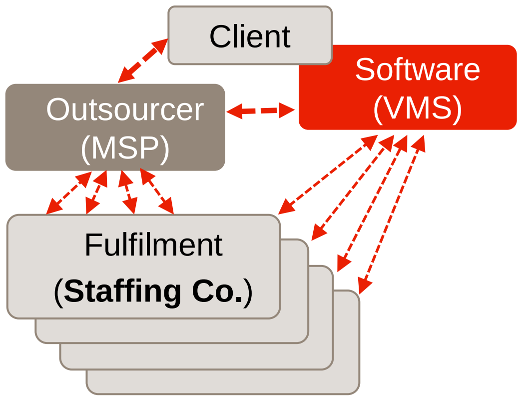


MSP, RPO, VMS…

Can someone help with the definitions please!

Managed Service Programmes (MSP)

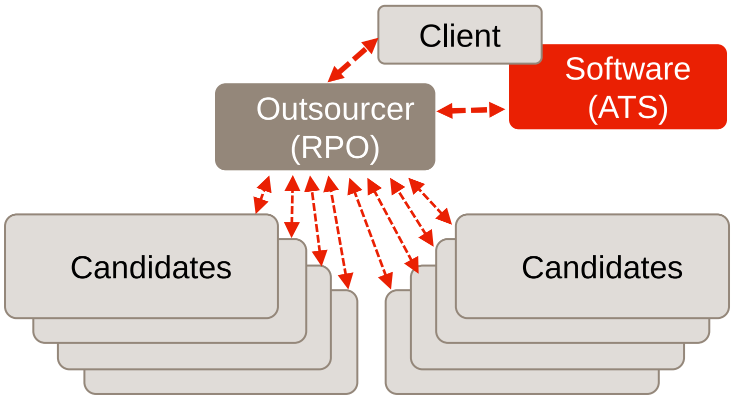
Clients outsource the management of contingent workforce to MSPs



- 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

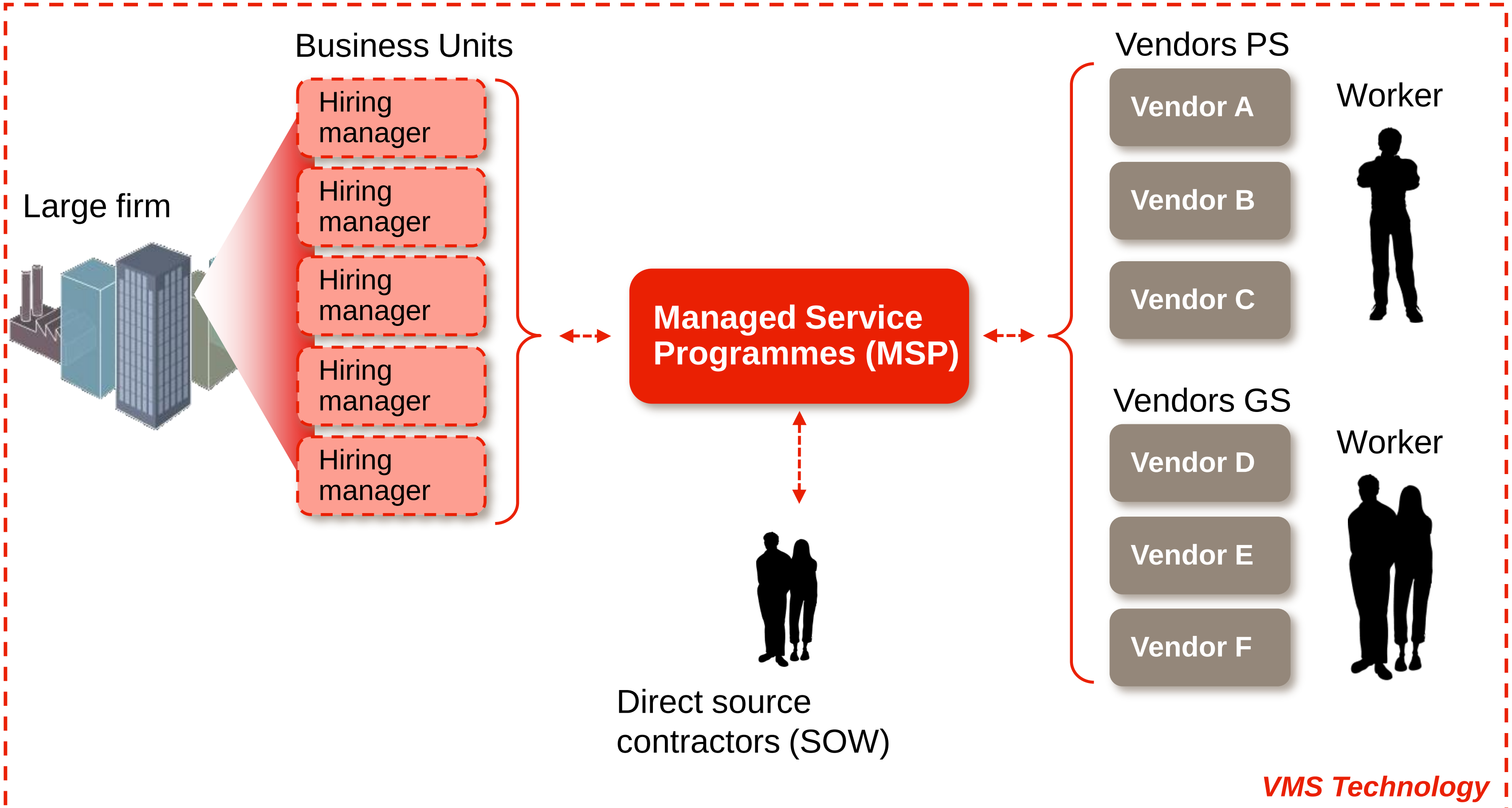
Recruitment Process Outsourcing (RPO)

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.