Q3 2015 Results

Adecco Group

Disclaimer and Note on Terminology

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 affecting 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.

Non US GAAP measures used

'Organic growth' excludes the impact of currency, acquisitions and divestitures.

'EBITA' refers to operating income before amortisation and impairment of goodwill and intangible assets.

'Net debt' comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

Agenda

Operational review

Financial review

Outlook

Questions & answers

Appendix

Operational review

Key messages

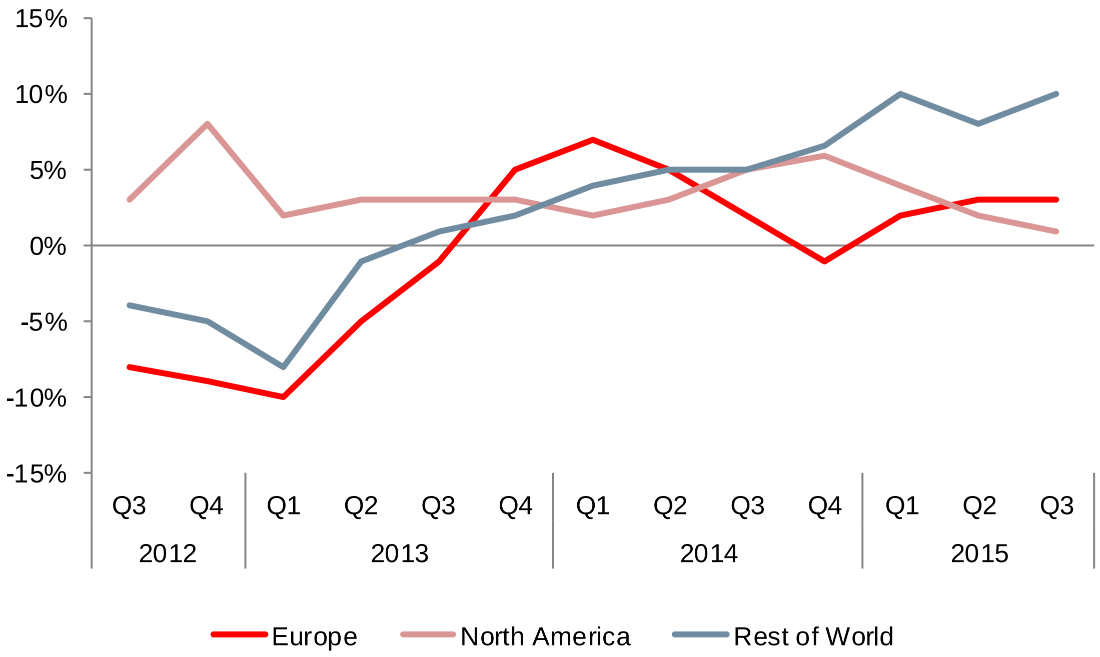
- Strong performance in Q3 2015 with steady revenue growth and good margin expansion
- Impairment of goodwill of EUR 740 million resulting in operating loss of EUR 425 million; impairment charge is non-cash with no impact on dividend policy
- 2015 EBITA margin excluding one-time items expected to be strong at approximately 5.2%, but below the target of >5.5%, as organic revenue growth is steady but not accelerating
- For 2016, Adecco anticipates a continuation of current organic revenue growth trends and an EBITA margin similar to the EBITA margin excluding one-offs now expected in 2015
- Investor Day on January 18th, 2016

Highlights
Q3 2015

- Revenues EUR 5.7 billion, up 4% yoy organically
- Gross margin of 19.0%, up 60 bps; gross profit up 5% organically
- SG&A excluding one-offs up 2% yoy and down 2% sequentially, both organically
- EBITA excluding one-offs EUR 329 million
- EBITA margin excluding one-offs 5.8%, up 40 bps yoy
- Revenue growth in September +4%, organically & adjusted for trading days

Revenue development by region[1)]

Organic year-on-year change in percent

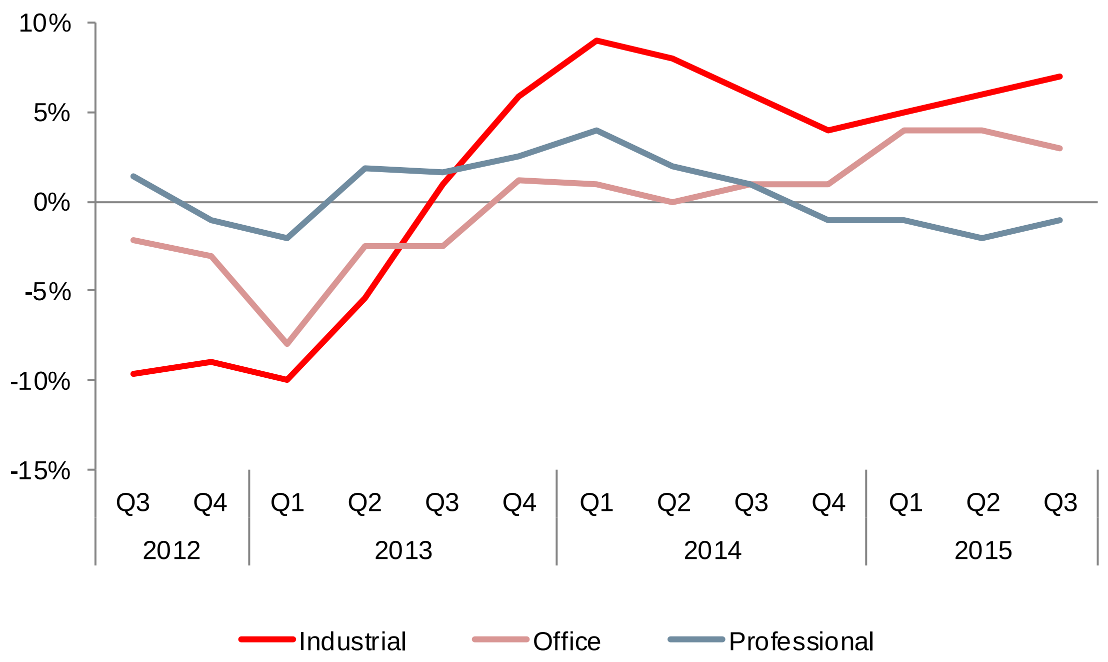


- Europe grew by 3% in Q3 2015, same as in the previous quarter
- North America grew by 1% in Q3 2015 compared to 2% in the previous quarter
- Rest of World grew by 10% in Q3 2015 compared to 8% in the previous quarter

1) Excluding LHH.

Revenue development by business line[1)]

Organic year-on-year change in percent

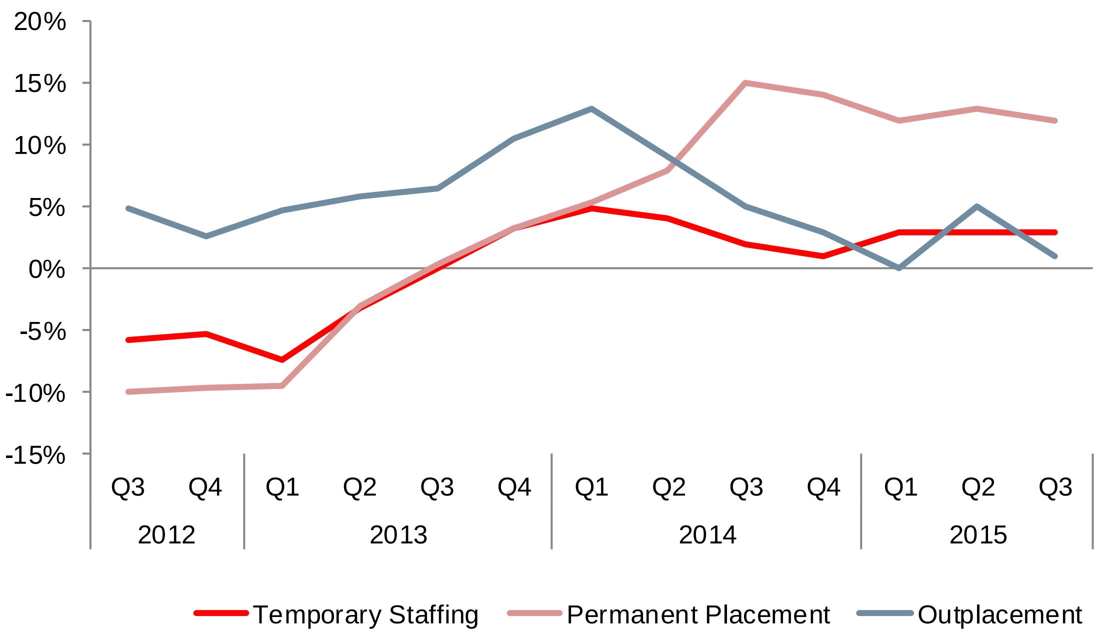


- Industrial grew by 7% in Q3 2015 compared to 6% in the previous quarter
- Office grew by 3% in Q3 2015 compared to 4% in the previous quarter
- Professional Staffing -1% in Q3 2015, compared to -2% in the previous quarter:
  - IT: 1% (flat in Q2 2015)
  - Engineering & Tech.: -9% (-9%)
  - Finance & Legal: 1% (2%)
  - Medical & Science: 4% (4%)

1) Excluding Solutions.

Revenue development by service line[1)]

Organic year-on-year change in percent

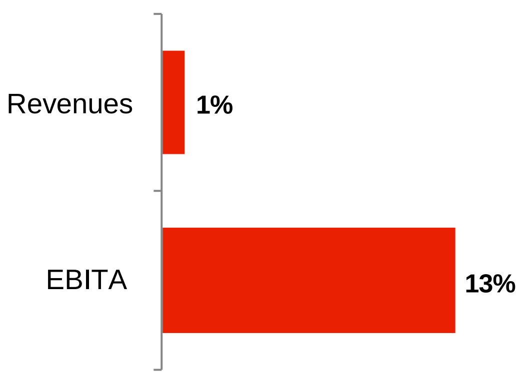


- Temporary staffing revenues grew by 3% in Q3 2015, the same as in the previous quarter
- Permanent placement revenues grew by 12% in Q3 2015 compared to 13% in the previous quarter
- Outplacement revenues grew by 1% in Q3 2015 compared to 5% in the previous quarter

1) Excluding Outsourcing and Other.

France

22% of group revenues in Q3 2015



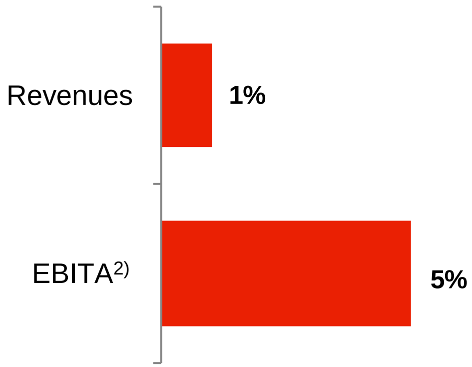
- Revenues EUR 1,259 million, up 1% yoy; revenue growth led by Industrial, up by 3%
- EBITA EUR 92 million

  EBITA margin up 70 bps
- Revenues for September up 3% yoy, adjusted for trading days

North America

21% of group revenues in Q3 2015

Q3 yoy growth[1)]



EBITA[2)] margin

- Revenues EUR 1,186 million, up 1% yoy in constant currency, driven by continued growth in Industrial, up 7% in constant currency
- EBITA EUR 76 million

  EBITA margin[2)] up 30 bps
- Revenues for September down 1% yoy, adjusted for trading days

1) Growth rates are in constant currency.
2) EBITA growth rate and EBITA margin exclude restructuring costs of EUR 5 million in Q3 14.

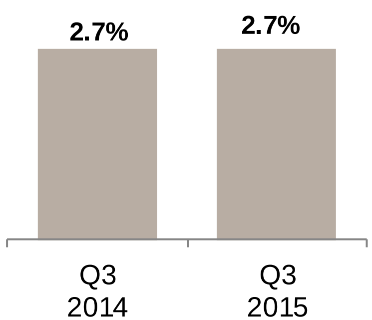
UK & Ireland

10% of group revenues in Q3 2015

Q3 yoy growth[1)]

Revenues	**0%**
EBITA	**0%**

EBITA margin



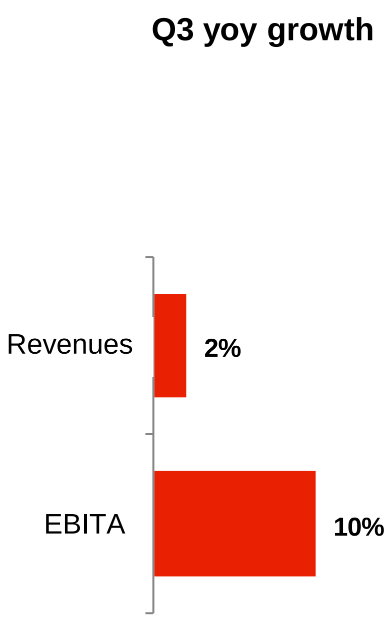
- Revenues EUR 586 million, flat yoy in constant currency
- EBITA EUR 15 million

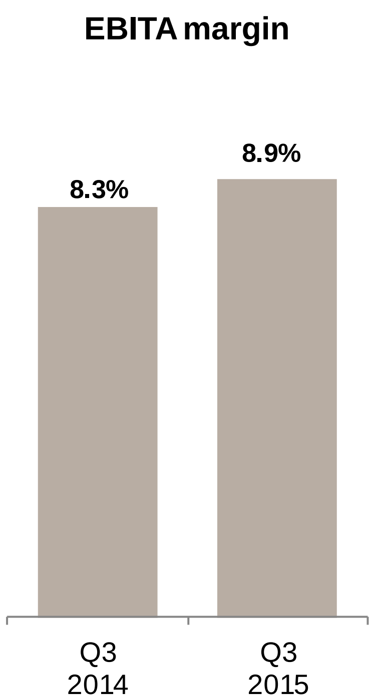
  EBITA margin flat
- Revenues for September down 2%, adjusted for trading days

1) Growth rates are in constant currency.

Germany & Austria

8% of group revenues in Q3 2015



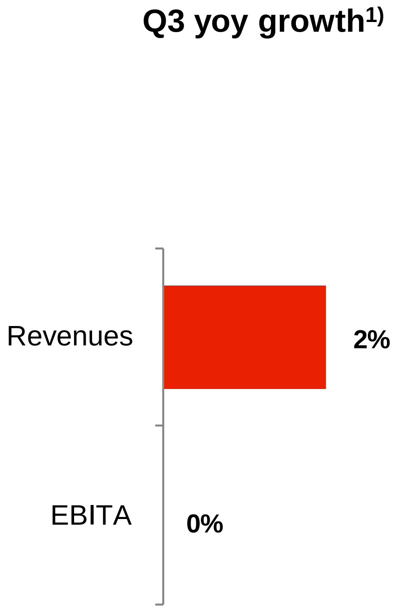


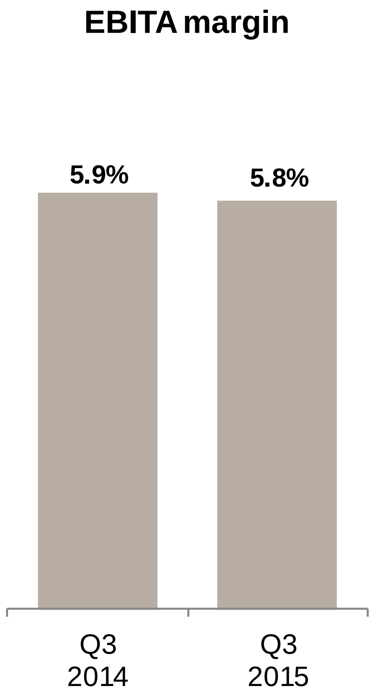
- Revenues EUR 449 million, up 2% yoy, with Industrial up 3%, Office up 2% and Professional Staffing flat
- EBITA EUR 40 million

  EBITA margin up 60 bps
- Revenues for September up 1% yoy, adjusted for trading days

Japan

5% of group revenues in Q3 2015





- Revenues EUR 275 million, up 2% yoy in constant currency
- EBITA EUR 16 million

  EBITA margin down 10 bps
- Revenues for September up 7% yoy, adjusted for trading days

1) Growth rates are in constant currency.

Revenues and EBITA by segment
Q3 2015 vs. Q3 2014

		Revenues		EBITA[1]		
% of revenues		EUR millions	Organic change yoy	EUR millions	Margin	Margin change yoy
22%	France	1,259	1%	92	7.3%	70 bps
21%	North America[1]	1,186	1%	76	6.4%	30 bps
10%	UK & Ireland	586	0%	15	2.7%	0 bps
8%	Germany & Austria	449	2%	40	8.9%	60 bps
5%	Japan	275	2%	16	5.8%	-10 bps
6%	Italy	330	18%	24	7.4%	80 bps
5%	Benelux	296	13%	19	6.2%	60 bps
3%	Nordics	176	-11%	3	1.8%	-170 bps
4%	Iberia	236	13%	10	4.2%	10 bps
2%	Australia & New Zealand	92	4%	1	1.0%	-10 bps
2%	Switzerland	130	-3%	11	8.2%	-180 bps
10%	Emerging Markets	565	16%	21	3.7%	0 bps
2%	LHH[1]	93	-1%	25	26.4%	80 bps
	Corporate			(24)		
100%	**Adecco Group[1]**	**5,673**	**4%**	**329**	**5.8%**	**40 bps**

1) In Q3 2015 excluding integration costs of EUR 3 million in LHH. In Q3 2014 excluding restructuring costs of EUR 5 million in North America.

Financial review

Q3 2015 – P&L
In EUR millions

EUR millions except share and per share information	Q3		Variance %	
	2015	**2014**	EUR	Constant Currency
Revenues	**5,673**	**5,185**	9%	4%
Gross profit	**1,075**	**954**	13%	6%
EBITA excluding one-offs	**329**	**280**	18%	12%
EBITA	**326**	**275**	18%	13%
Operating income/(loss)	**(425)**	**266**	n.m.	n.m.
Income/(loss) before income taxes	**(433)**	**254**	n.m.	
Net income/(loss)	**(513)**	**199**	n.m.	
Net income/(loss) attributable to Adecco shareholders	**(513)**	**198**	n.m.	
Basic earnings/(loss) per share	(2.98)	1.13	n.m.	
Diluted earnings/(loss) per share	(2.98)	1.13	n.m.	

- Revenues up 4% in constant currency
- EBITA up 12% in constant currency and excluding one-off costs
- Basic weighted-average shares were 172m in Q3 2015 vs 176m in Q3 2014

Q3 2015 – Balance Sheet
In EUR millions

EUR millions	September 30 2015	June 30 2015
Assets		
Total current assets	**5,598**	**5,576**
Property, equipment, and leasehold improvements, net	227	230
Other assets	493	440
Intangible assets, net	525	546
Goodwill	2,979	3,760
Total assets	**9,822**	**10,552**
Liabilities and shareholders' equity		
Total Liabilities	**6,628**	**6,778**
Total shareholders' equity	**3,194**	**3,774**
Total liabilities and shareholders' equity	**9,822**	**10,552**

- In Q3 2015, an impairment of goodwill of EUR 740 million was recognized
- Of the total amount, EUR 648 million relates to Germany & Austria
- EUR 82 million relates to Australia & New Zealand and EUR 10 million relates to India

Sequential revenue analysis

Adecco Group	Q1	Q2	Q3	Q4
2007	=	=	–	=
2008	+	– –	–	– – –
2009	– – –	– – –	=	=
2010	+ +	+	+	+
2011	+	=	=	=
2012	–	–	–	–
2013	=	=	=	=
2014	=	=	–	=
2015	+	=	–	

+ Above long-term growth trend[1)]

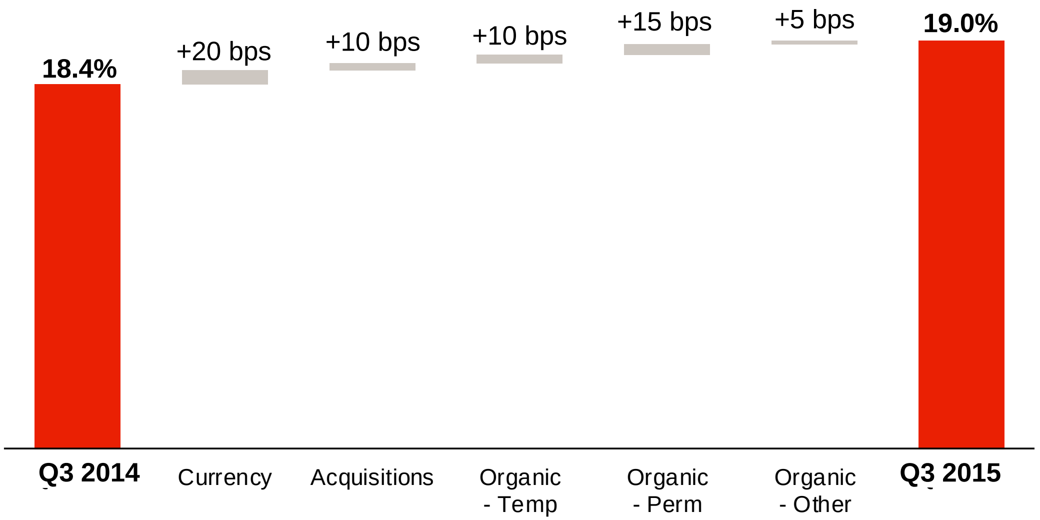
= In line with long-term growth trend[1)]

– Below long-term growth trend[1)]

1) Long-term growth trend is the 12-yr median of sequential growth for the relevant quarter, adjusted for currency, acquisitions, divestitures and trading days.

Q3 2015 gross margin drivers

As percentage of revenues

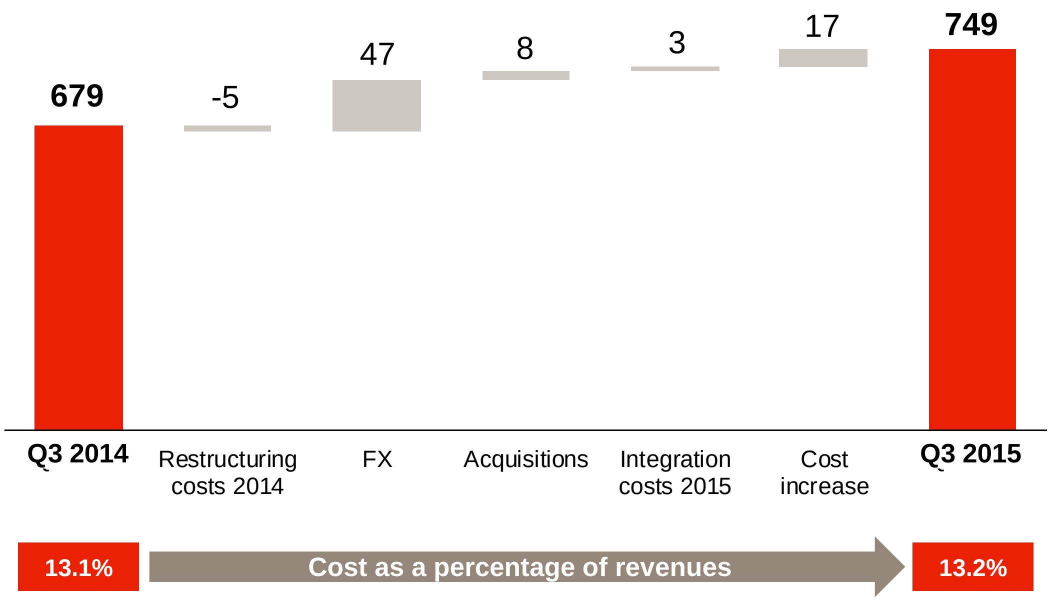


Gross margin up 60 bps yoy to 19.0%, or up 30 bps organically

On an organic basis, temporary staffing had a 10 bps positive impact while perm placement added 15 bps and other added 5 bps, compared to Q3 2014

Q3 2015 SG&A movements

In EUR millions



- SG&A excluding one-offs up 2% yoy organically
- FTEs up 2% and branches flat
- Sequentially, SG&A excluding one-offs down 2% in constant currency

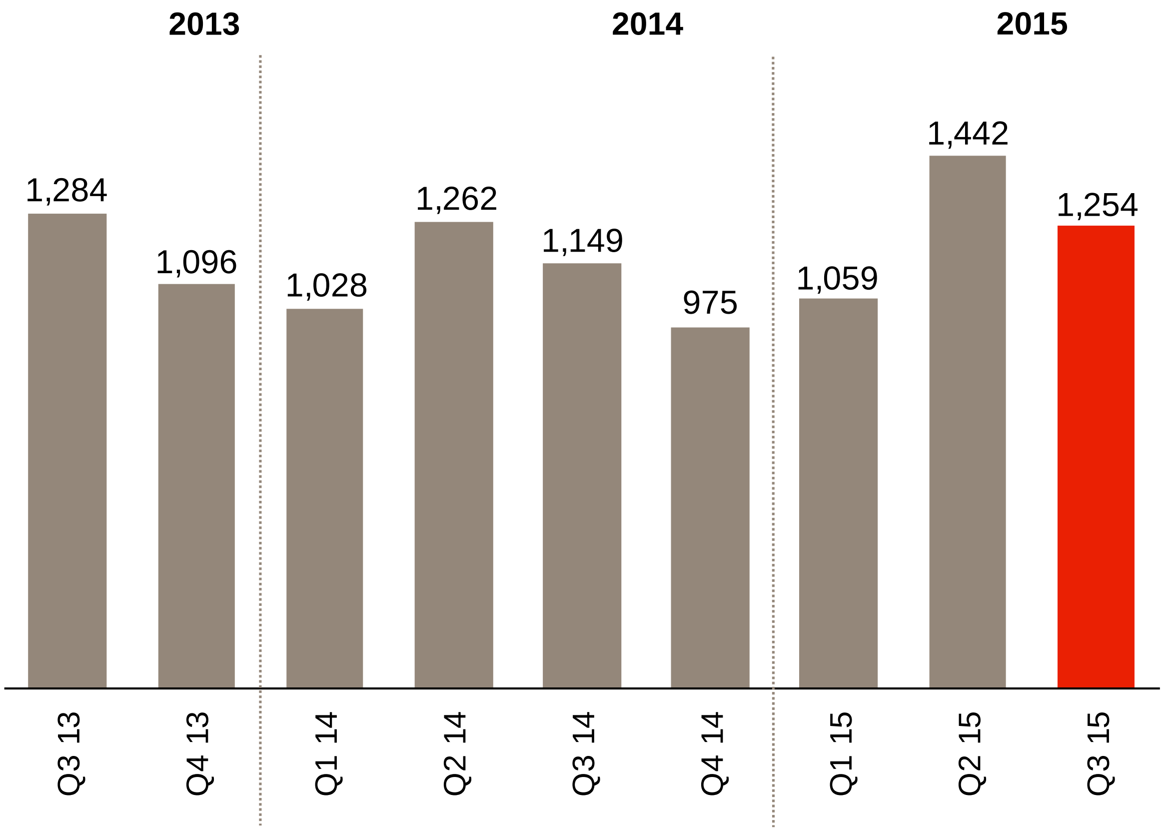
Q3 2015 – Cash flow statement
In EUR millions

EUR millions	Q3 2015	Q3 2014
Cash flows from operating activities		
Net income/(loss)	(513)	199
Adjustments to reconcile net income/(loss) to cash flows from operating activities:		
– Depreciation and amortisation	35	32
– Impairment of goodwill	740	
– Other charges	25	18
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	(28)	(21)
– Accounts payable and accrued expenses	80	97
– Other assets and liabilities	(46)	(57)
Cash flows from operating activities	**293**	**268**
Cash used in investing activities	**(26)**	**(47)**
Cash used in financing activities	**(228)**	**(185)**
Effect of exchange rate changes on cash	(18)	17
Net increase in cash and cash equivalents	**21**	**53**
Cash and cash equivalents:		
– Beginning of period	1,123	613
– End of period	1,144	666

- Q3 2015 cash flow from operating activities of EUR 293 million
- In Q3 2015, cash flows used in investing activities included EUR 25 million capital expenditures
- Q3 2015 cash flows from financing activities included EUR 95 million purchase of shares

Adecco Group

Net debt development
In EUR millions



Q3 2015 Net Debt / EBITDA[1)] of 1.0

1) Last 4 quarters EBITDA, calculated as: EBITA excluding one-offs plus depreciation.

Financial Guidance

Based on current management expectations

FY 2015	**Corporate costs**	~ EUR 125 million
	Interest expense	~ EUR 65 million
	Capex	~ EUR 90 million
	Amortisation	~ EUR 40 million
Q4 2015	**Tax rate**	Effective rate ~ 28 %
	SG&A	Up slightly QoQ, in constant currency and excluding one-offs

Outlook

Outlook

Adecco Group:
In September, revenue growth was similar to Q3, in constant currency and adjusted for trading days, and this trend continued in October

Europe:
Strong growth in Benelux and Southern Europe, modest growth in our large markets in Western Europe

North America:
Modest growth in USA, challenging conditions in Canada

Rest of the World:
Strong growth in Emerging markets, modest growth in Japan

2015 EBITA margin excluding one-offs expected to be approximately 5.2%

Appendix

Developments in the Emerging Markets

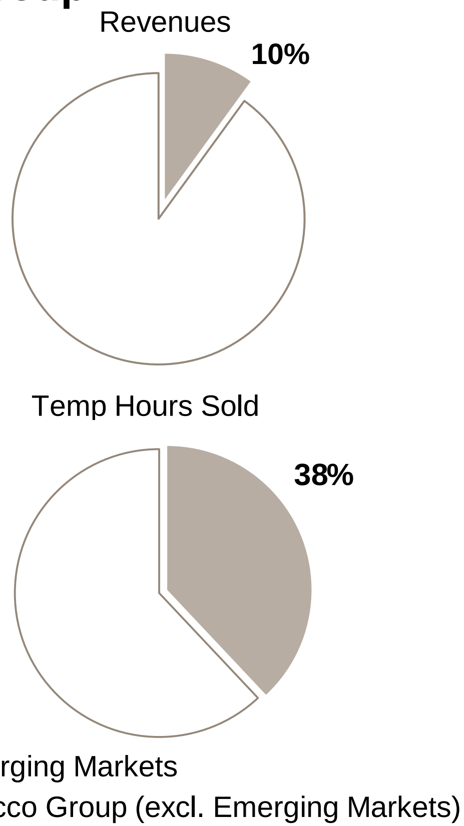
Q3 2015 revenues by geography

Revenue split / growth

yoy growth, in constant currency

37%	■	Latin America	*14%*
32%	■	Eastern Europe & MENA	*22%*
19%	■	Asia	*9%*
12%	■	India	*18%*

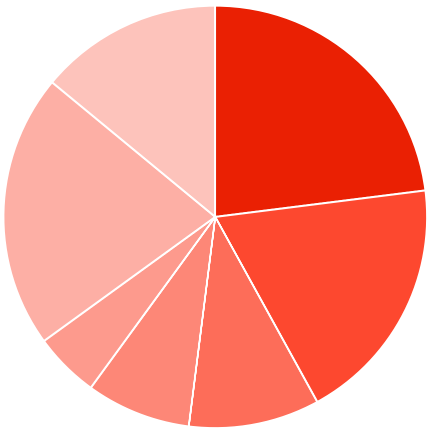
Emerging Markets compared to Adecco Group



Revenue and Gross Profit

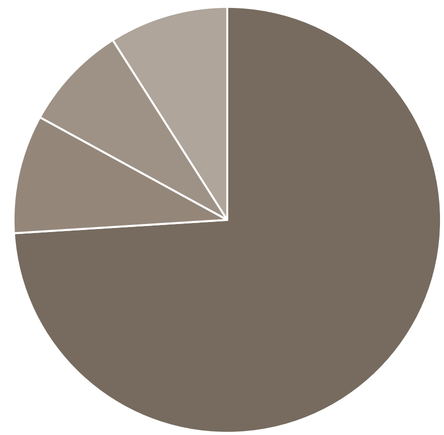
by segment, by business line and by service line

FY 2014 revenues by segment

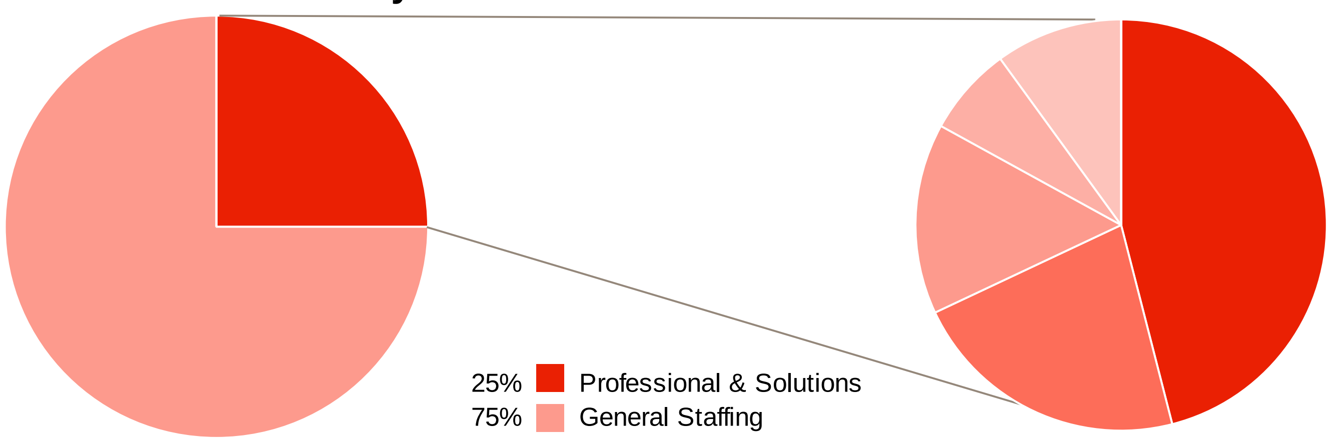


1) Excluding Emerging Markets

FY 2014 gross profit by service

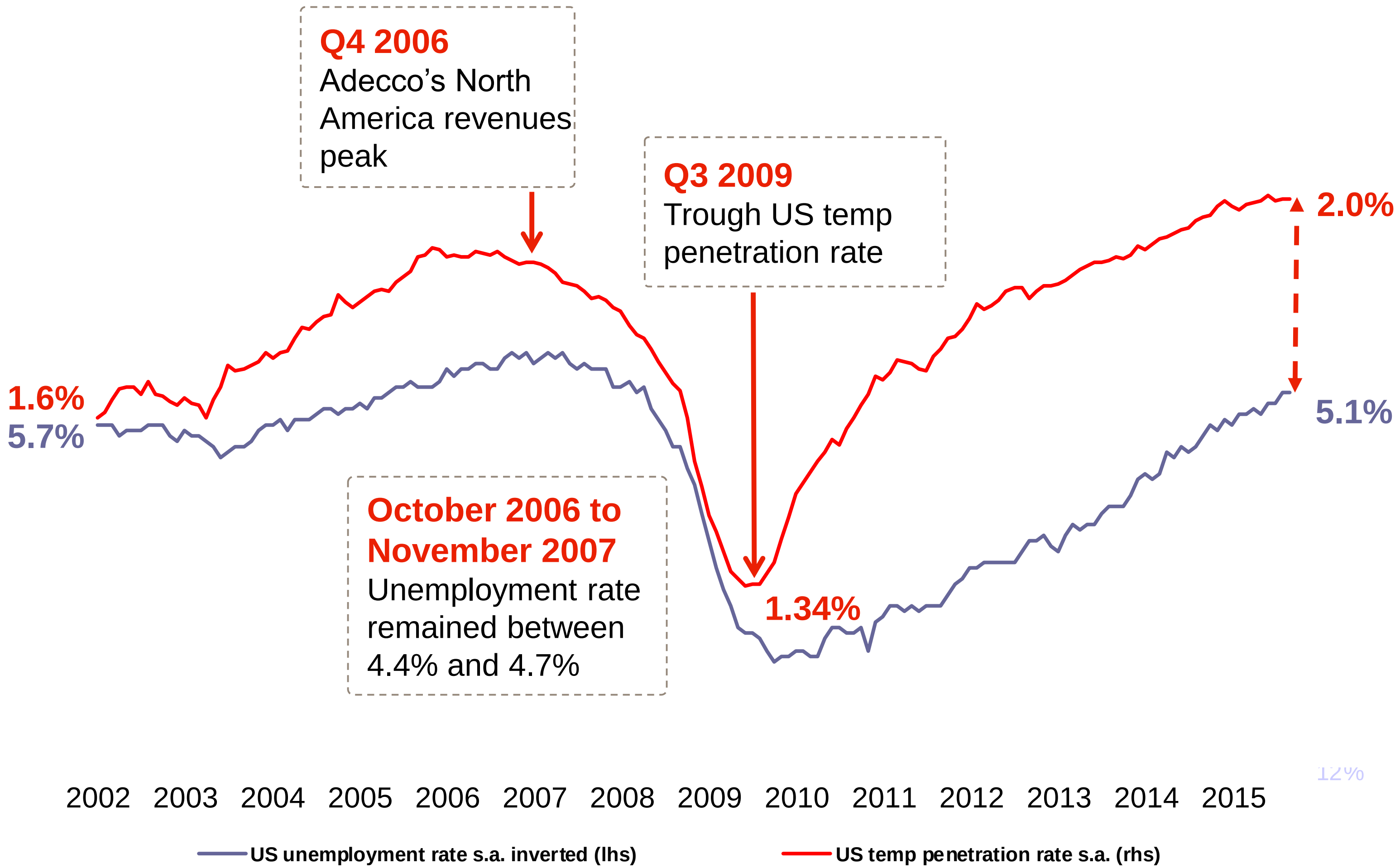


FY 2014 revenues by business line



Structural shift to temporary staffing in current upturn

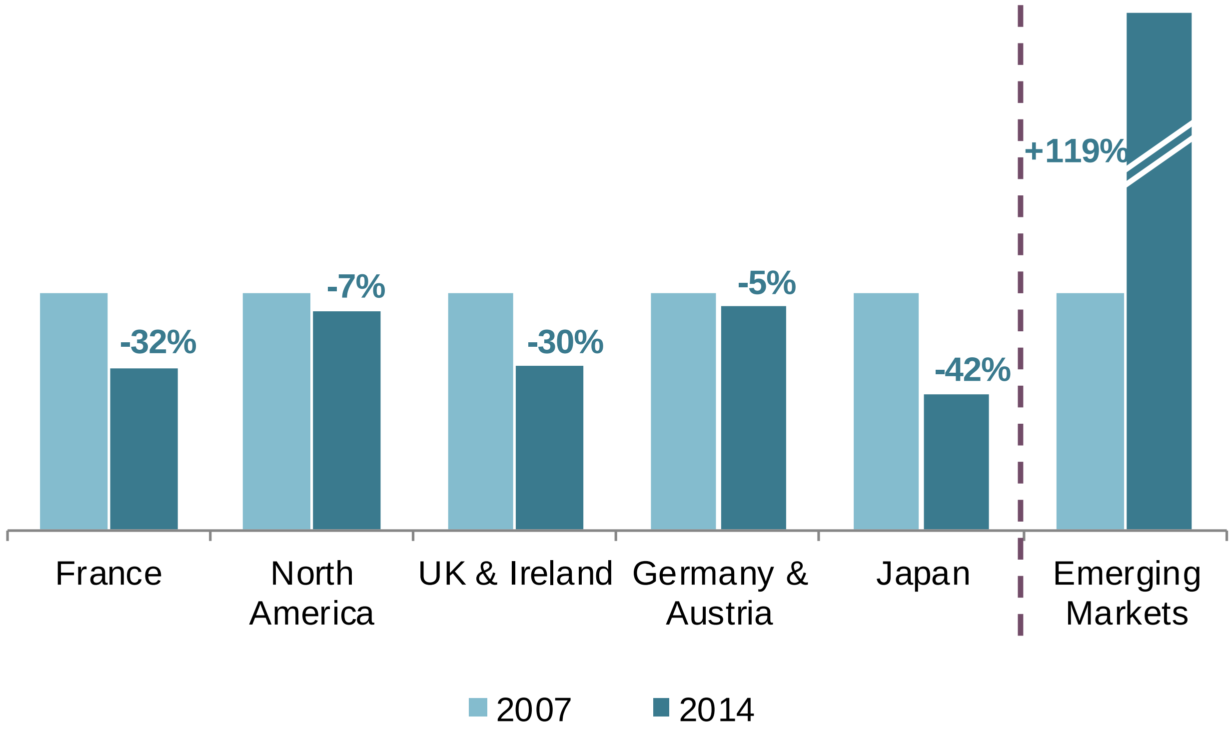
US temporary penetration rate vs. unemployment rate



Source: Bureau of Labor Statistics (BLS).

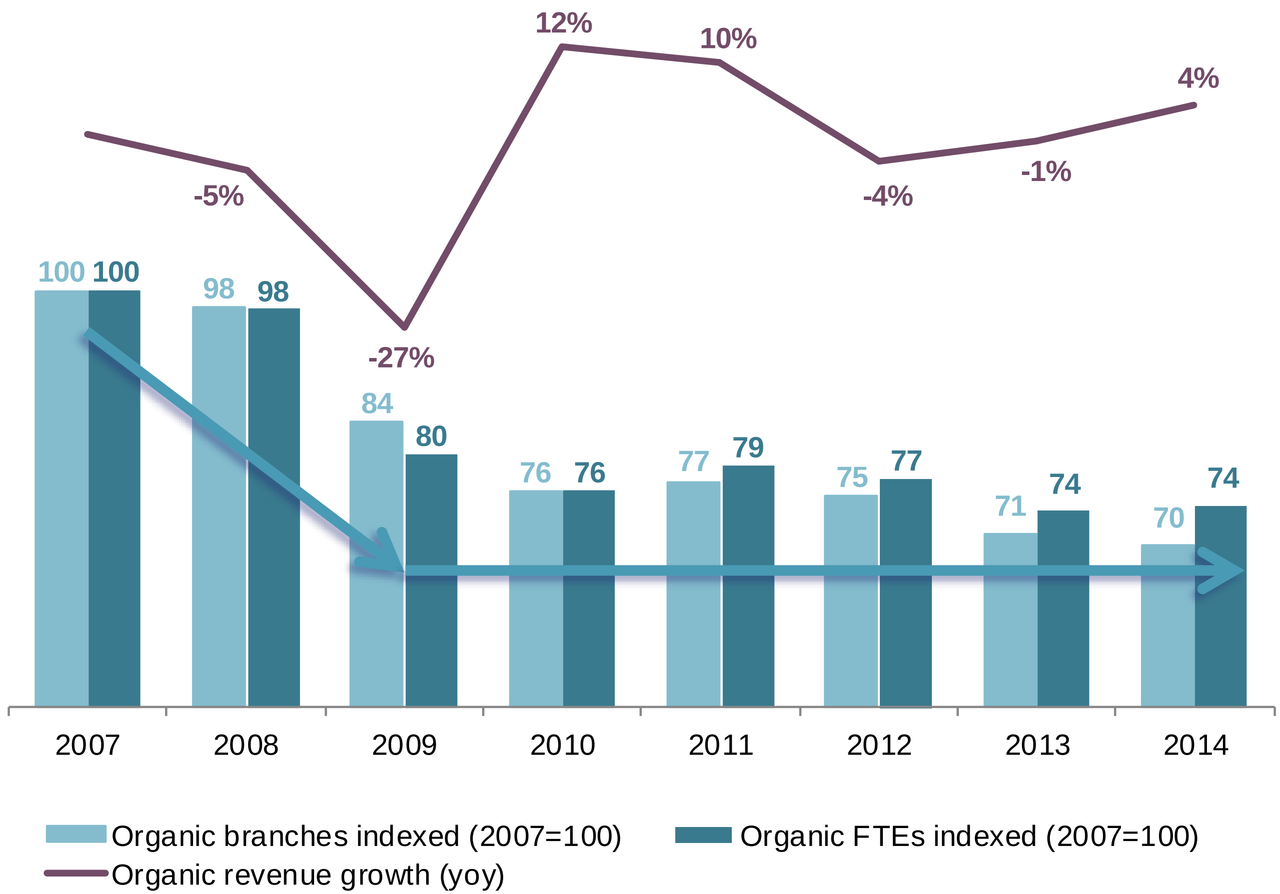
Revenue development since the Group's peak in 2007

Gap against the peak on an organic basis for the main markets

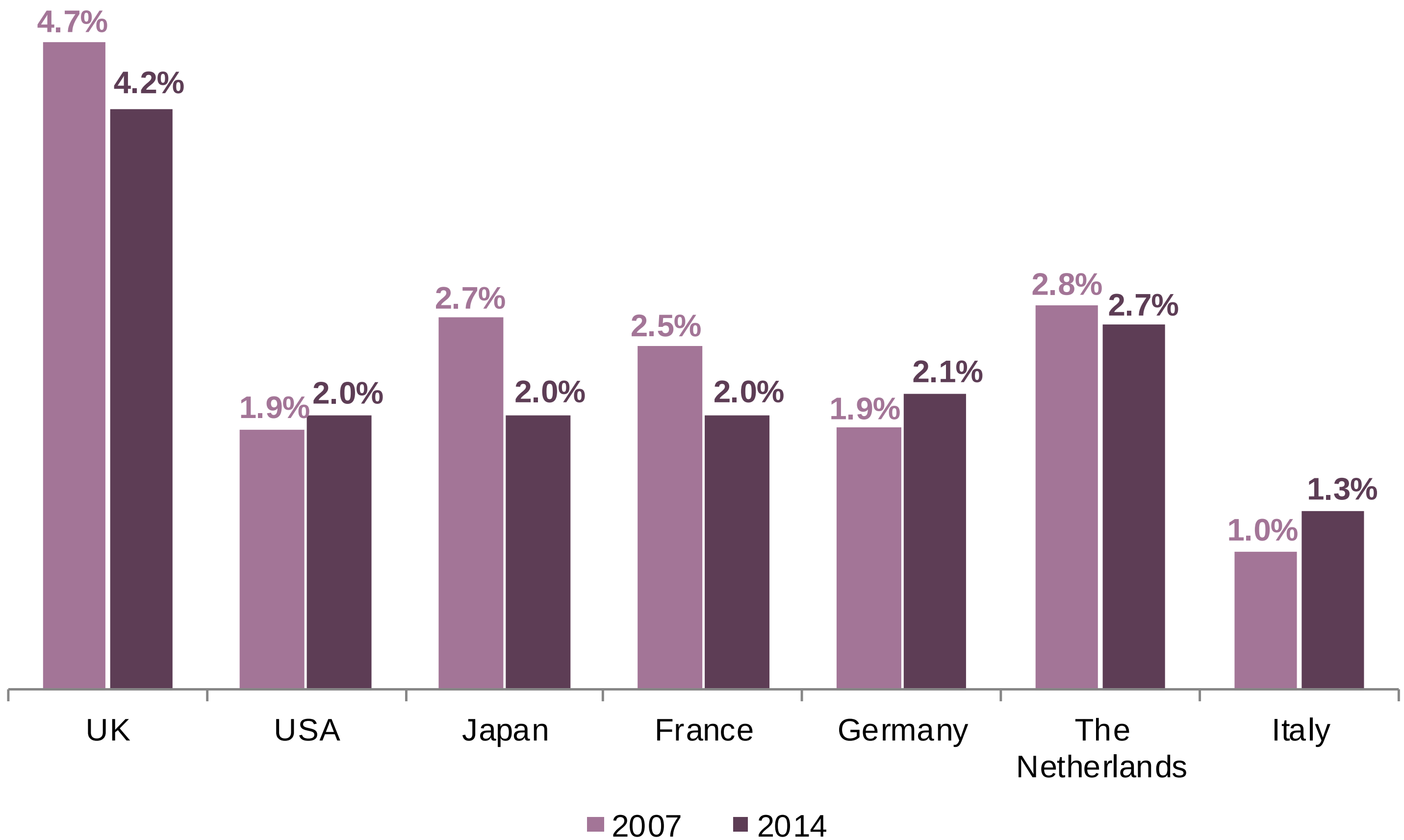


Revenues, branches and FTEs

Organic development (indexed)



Penetration rates
Main markets



Source: Eurociett, Bureau of Labor Statistics and Adecco estimate.

Revenues and EBITA by segment
FY 2014 vs. FY 2013

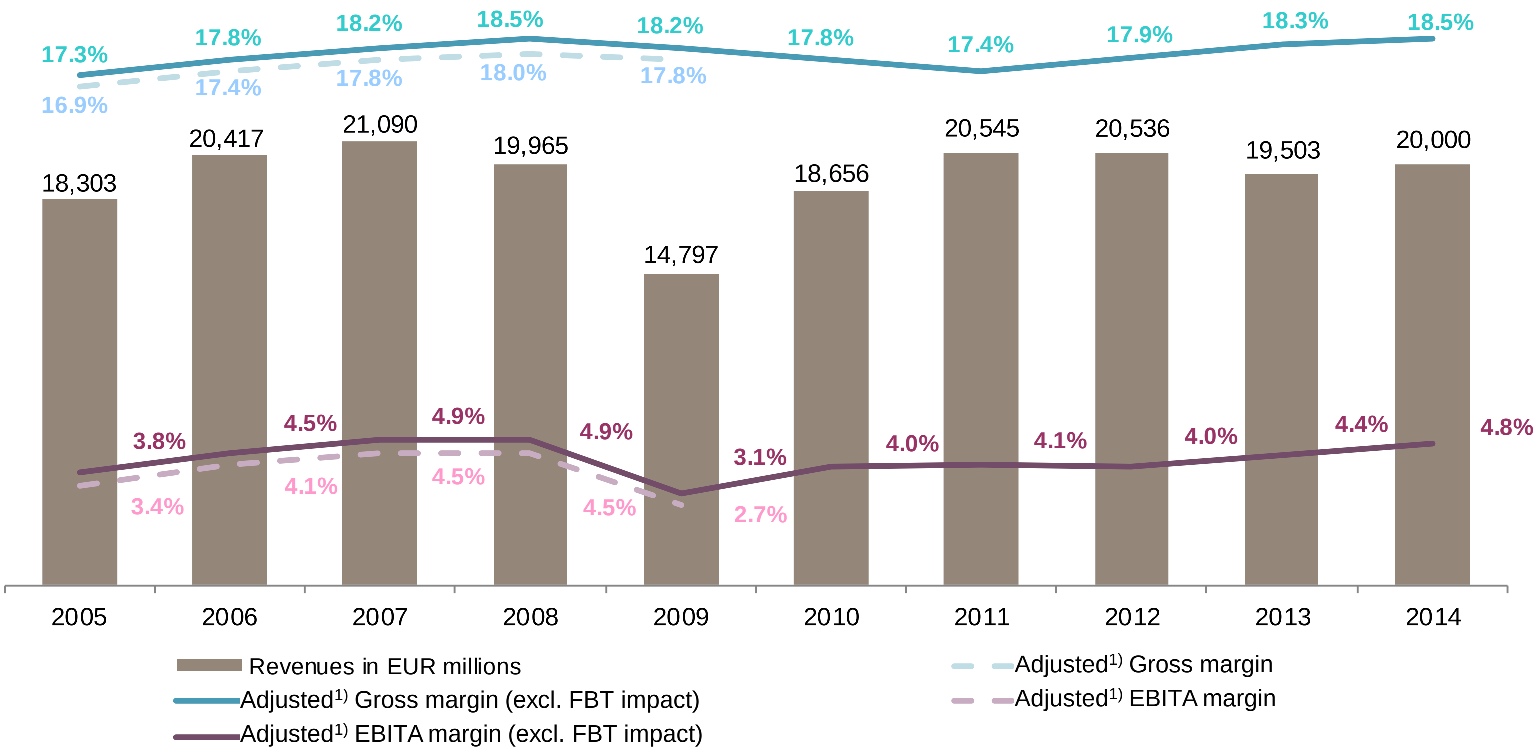
		Revenues		EBITA excluding restructuring costs[1), 2)]		
% of revenues		EUR millions	Organic change yoy	EUR millions	Margin	Margin change yoy
23%	France[1), 2)]	4,640	-2%	284	6.1%	100 bps
19%	North America[1), 2)]	3,854	4%	223	5.8%	110 bps
10%	UK & Ireland[1)]	2,061	3%	49	2.4%	30 bps
8%	Germany & Austria[2)]	1,687	4%	91	5.4%	-10 bps
5%	Japan	1,032	2%	57	5.5%	-40 bps
6%	Italy	1,098	14%	65	5.9%	-10 bps
5%	Benelux	982	6%	45	4.5%	+30 bps
4%	Nordics[1)]	821	6%	23	2.9%	+20 bps
4%	Iberia[1)]	789	19%	31	3.9%	+90 bps
2%	Australia & New Zealand	350	-11%	0	0.1%	-180 bps
2%	Switzerland	427	3%	38	8.8%	+50 bps
10%	Emerging Markets[2)]	1,925	11%	69	3.6%	+20 bps
2%	LHH[1)]	334	6%	98	29.3%	+110 bps
	Corporate			(108)		
100%	**Adecco Group[1). 2)]**	**20,000**	**4%**	**965**	**4.8%**	**40 bps**

1) EBITA excluding restructuring costs in 2013 of EUR 19 million in France, EUR 6 million in North America, EUR 3 million in UK & Ireland, EUR 1 million in Nordics, EUR 2 million in Iberia and EUR 2 million in LHH.

2) EBITA excluding restructuring costs in 2014 of EUR 4 million in France, EUR 18 million in North America, EUR 14 million in Germany & Austria and EUR 1 million in the Emerging Markets.

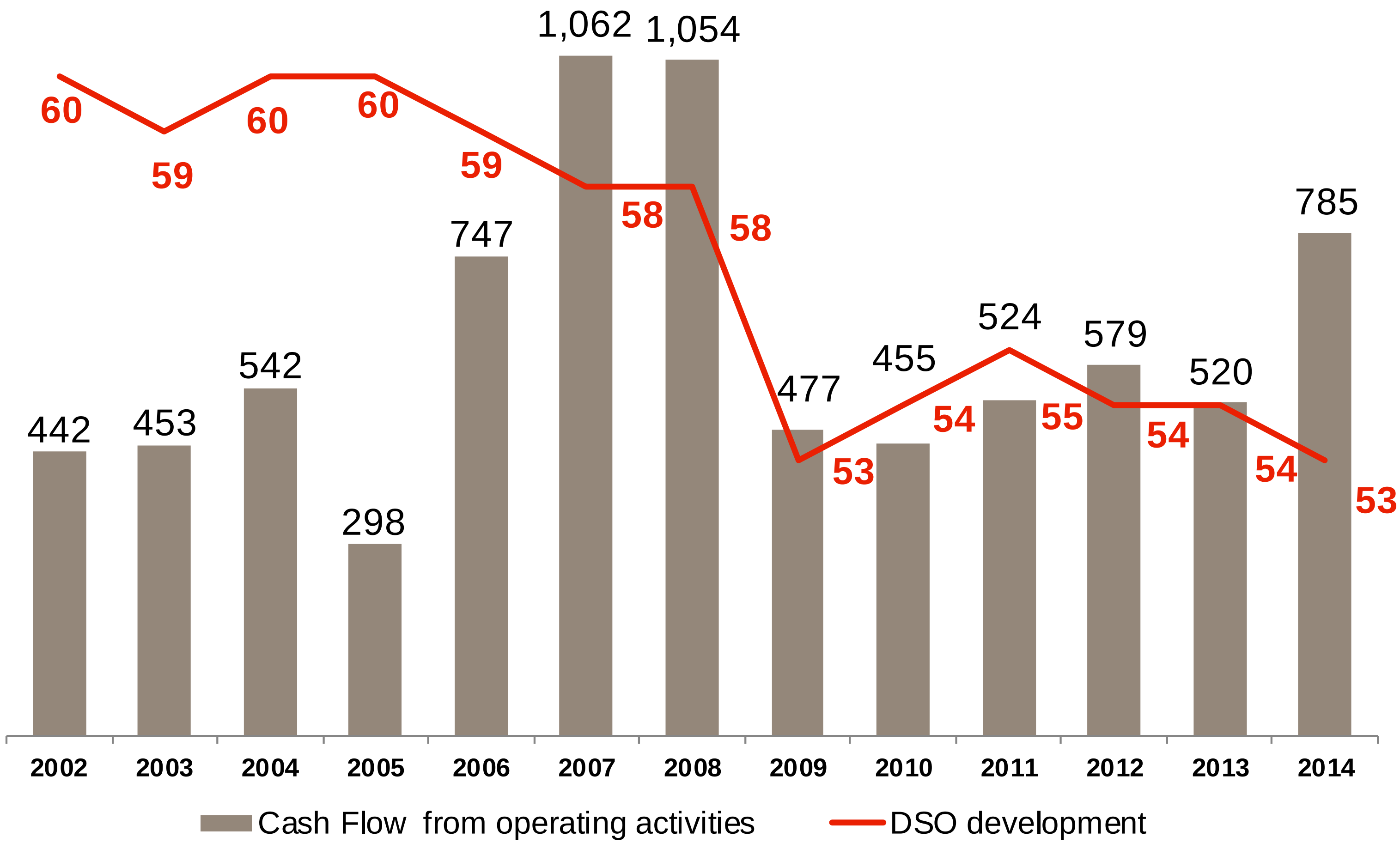
What we have achieved

Financial performance since 2005



1) Please refer to Slide 39 for details on the adjustments.

Cash flow and DSO development

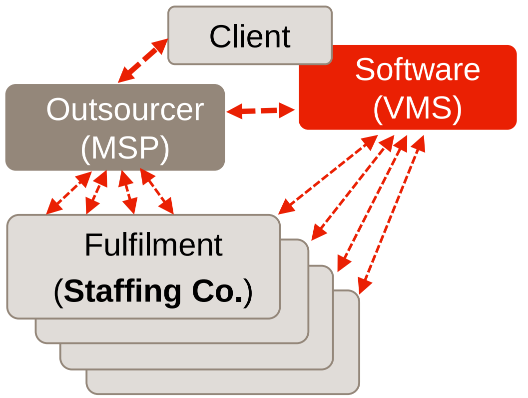


MSP, RPO, VMS…

Can someone help with the definitions please!

Managed Service Programmes (MSP)

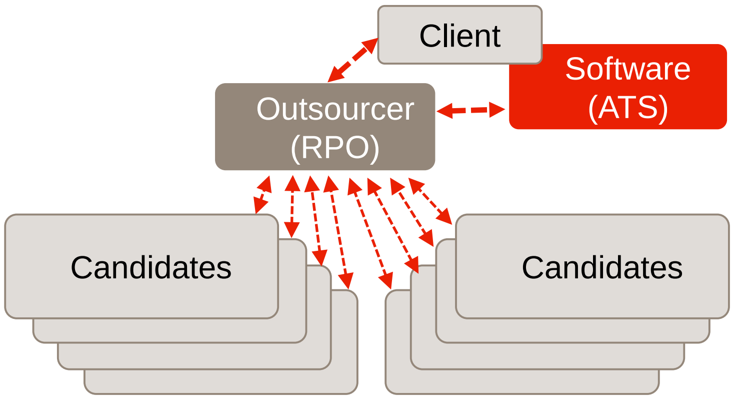
Clients outsource the management of contingent workforce to MSPs



- 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

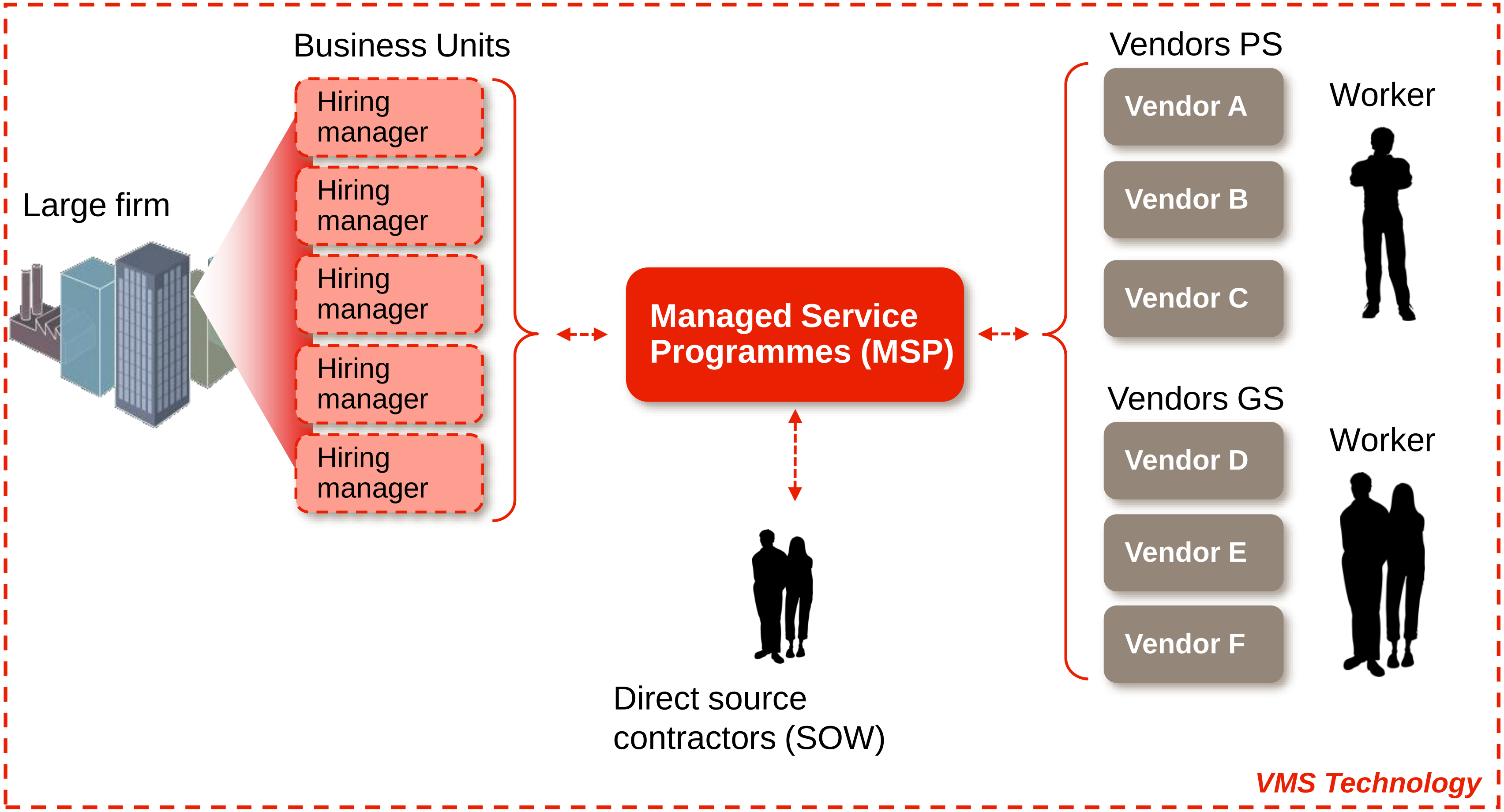
Recruitment Process Outsourcing (RPO)

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 slide 35
Details on adjustments

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.
2010 figures exclude on EBITA the negative impact of EUR 33 million associated with integration costs of MPS in NA and the UK and integration costs of Spring in the UK.
2011 figures exclude on EBITA the negative impact of EUR 20 million associated with integration costs of MPS and DBM.
2012 figures exclude on EBITA the negative impact of EUR 83 million associated with restructuring costs in France and other countries as well as integration costs of EUR 5 million related to DBM.
2013 figures exclude on EBITA the negative impact of EUR 33 million associated with restructuring costs.
2014 figures exclude on EBITA the negative impact of EUR 37 million associated with restructuring costs.