Adecco Group

Press Release

Steady trends in Q3 2016

Revenue momentum and cost discipline continue

Third quarter 2016 highlights

- Revenues up 3% organically[1]
- Gross margin down 20 bps to 18.7%
- EBITA[2] excluding one-offs[3] EUR 320 million
- EBITA margin excluding one-offs 5.5%, down 30 bps
- Revenues in September up 4%, organically and adjusted for trading days
- DSO down 1 day to 52 days; net debt[4] to EBITDA ratio[5] 1.0x

Key figures for Q3 2016

in EUR millions	**Q3 2016**	Reported growth	Organic growth
Revenues	5,811	2%	3%
Gross profit	1,088	1%	1%
EBITA excluding one-offs	320	-3%	-3%
EBITA	294	-10%	-10%
Operating income	285	n.m.	
Net income attributable to Adecco shareholders	173	n.m.	

Zurich, Switzerland, November 8, 2016: the Adecco Group, the world's leading provider of workforce solutions, today announced results for Q3 2016. Revenues were EUR 5.8 billion, up 3% organically compared to the prior year. Gross profit was up 1% and EBITA excluding one-offs was down 3%, both organically. The EBITA margin excluding one-offs was 5.5%, down 30 bps. Net income attributable to Adecco shareholders was EUR 173 million and basic EPS was EUR 1.02.

Alain Dehaze, CEO of the Adecco Group said: *"Thanks to the engagement of our colleagues and associates, the Adecco Group delivered another good performance in Q3 2016. We maintained our revenue momentum, with organic growth of 3% in the quarter and 4% in September. Our cost discipline continued and we improved underlying productivity.*

While delivering these results, we made further progress in deploying our strategic priorities. We are strengthening our competitive position, working with leading partners to streamline our processes and upgrade our customer-facing and back office IT. We are also acting on areas of underperformance, improving the performance of businesses currently operating below their potential, and exiting those that structurally cannot achieve our goals.

One of our strategic priorities is inspiring talented people to join, stay, and grow with the Adecco Group, and so we were delighted to be placed 7th in the ranking of the World's Best Multinational Workplaces, according to Great Place to Work® and Fortune. This recognizes that the Adecco Group's culture of trust, informality, and team collaboration is appreciated by our colleagues – people who every day are proud of improving the lives of others through work."

[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 and impairment of goodwill and intangible assets.
[3] One-offs comprise restructuring costs of EUR 23 million and integration costs of EUR 3 million in Q3 2016, and integration costs of EUR 3 million in Q3 2015.
[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.
[5] Net debt to EBITDA ratio is calculated as net debt at September 30, 2016 divided by last 4 quarters of EBITDA excluding one-offs.

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Q3 2016 FINANCIAL PERFORMANCE

Revenues
Q3 2016 revenues of EUR 5,811 million were up 2% year-on-year on a reported basis. Acquisitions added approximately 1% to revenues, while currency fluctuations had a negative impact of approximately 2%. Organically, revenues increased by 3%, or by 3.5% adjusted for trading days. By business line, revenues grew organically by 3% in General Staffing and by 4% in Professional Staffing. Permanent placement revenues were EUR 117 million, up 5% organically. Revenues from career transition totalled EUR 92 million, up 8% organically compared to the prior year.

Gross Profit
Gross profit amounted to EUR 1,088 million, up 1% on a reported basis and organically. The gross margin was 18.7%, down 20 bps compared to Q3 2015. Currency and acquisitions each added 10 bps to gross margin. On an organic basis, the gross margin was down 40 bps. Temporary staffing gross margin was down 50 bps, driven by pricing and mix effects, an increase in bench costs in Germany, and workers' compensation charges in North America. Outplacement added 10 bps to the gross margin compared to the prior year, while permanent placement had a neutral impact.

Selling, General and Administrative Expenses (SG&A)
SG&A excluding one-offs was EUR 768 million, up 3% organically compared to Q3 2015. In Q3 2016, one-offs comprised restructuring costs totalling EUR 23 million in North America, Germany, and Rest of World, and integration costs of EUR 3 million in Lee Hecht Harrison related to the acquired Penna business. In Q3 2015, one-offs comprised integration costs of EUR 3 million in Lee Hecht Harrison related to the acquired Knightsbridge business. Reported SG&A was EUR 794 million. In Q3 2016, FTE employees increased by 2% organically year-on-year. Compared to Q3 2015, the branch network was flat organically. Sequentially, SG&A excluding one-offs was down 3% organically.

EBITA
EBITA was EUR 294 million. EBITA excluding one-offs was EUR 320 million, down 3% organically. The EBITA margin excluding one-offs was 5.5%, down 30 bps compared to Q3 2015 mainly due to the lower gross margin.

Amortisation of Intangible Assets and Impairment of Goodwill
Amortisation of intangible assets was EUR 9 million compared to EUR 11 million in Q3 2015. In Q3 2015 an impairment of goodwill of EUR 740 million was recognized.

Operating Income
Operating income was EUR 285 million compared to an operating loss of EUR 425 million in Q3 2015, which was negatively impacted by the impairment of goodwill.

Interest Expense and Other Income/(Expenses), net
Interest expense was EUR 14 million compared to EUR 16 million in Q3 2015. Other income/(expenses), net was an expense of EUR 21 million in Q3 2016, compared to an income of EUR 8 million in Q3 2015. In Q3 2016, other income/(expenses), net included losses on disposals related to the divestment of operations in Russia, Ukraine, and Venezuela.

Provision for Income Taxes
In Q3 2016, the effective tax rate was 30%. In Q3 2015, the effective tax rate excluding the impairment of goodwill was 26%, which included a benefit of 5% from discrete events.

Net Income Attributable to Adecco Shareholders and EPS
Net income attributable to Adecco shareholders was EUR 173 million. Last year the net loss attributable to Adecco shareholders was EUR 513 million due to the impairment of goodwill of EUR 740 million. Basic EPS was EUR 1.02 compared to a loss of EUR 2.98 in Q3 2015.

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Cash Flow, Net Debt and DSO
Cash flow from operating activities was EUR 217 million in Q3 2016 compared to EUR 293 million in Q3 2015. DSO was 52 days in Q3 2016, one day less than in Q3 2015. In Q3 2016, capex was EUR 18 million compared to EUR 25 million in the same period last year. Net debt at September 30, 2016 was EUR 1,223 million compared to EUR 1,409 million at June 30, 2016. At September 30, 2016 the net debt to EBITDA ratio was 1.0x.

Q3 2016 SEGMENT PERFORMANCE

Note: all revenue growth rates in this section are year-on-year on an organic basis, unless otherwise stated

		Revenues		EBITA[1]		
% of revenues		EUR millions	Organic change yoy	EUR millions	Margin	Margin change yoy
22%	France	1,301	3%	94	7.2%	-10 bps
20%	North America	1,171	-1%	72	6.2%	-20 bps
9%	UK & Ireland	543	4%	14	2.5%	-20 bps
10%	Germany, Austria, Switzerland	564	-2%	41	7.2%	-160 bps
8%	Benelux and Nordics	487	2%	22	4.6%	0 bps
6%	Italy	372	13%	30	8.3%	90 bps
6%	Japan	334	2%	20	6.1%	30 bps
5%	Iberia	256	8%	9	3.4%	-80 bps
12%	Rest of World	678	10%	19	2.7%	-60 bps
2%	Lee Hecht Harrison[1]	105	5%	27	25.3%	-110 bps
	Corporate[1]			(28)		
100%	**Adecco Group[1]**	**5,811**	**3%**	**320**	**5.5%**	**-30 bps**

1) In Q3 2016, excluding one-offs comprising EUR 5 million in North America, EUR 13 million in Germany, EUR 5 million in Rest of World, and EUR 3 million in Lee Hecht Harrison. In Q3 2015, excluding one-offs comprising EUR 3 million in Lee Hecht Harrison.

In **France,** revenues were EUR 1,301 million, up 3%. Revenues increased by 3% in General Staffing, which accounts for over 90% of revenues, and grew by 14% in Professional Staffing. Revenue growth continued to be good in construction and logistics and very strong in automotive. Permanent placement revenues in France were up 22%. EBITA was EUR 94 million and the EBITA margin was 7.2% compared to 7.3% in the prior year. Q3 2016 and Q3 2015 both included favourable items, which added approximately 30 bps to the EBITA margin in both periods.

In **North America**, revenues were EUR 1,171 million, down 1%. General Staffing accounts for approximately half of revenues, and declined by 1%. Revenues declined by 3% in Industrial and increased by 2% in Office. In Professional Staffing, revenues were flat, with growth of 16% in Medical & Science and 3% in Finance & Legal, and declines of 4% in both IT and Engineering & Technical. Permanent placement revenues in North America were flat. EBITA excluding one-offs was EUR 72 million with a margin of 6.2%, down 20 bps compared to Q3 2015. In the quarter, one-off costs of EUR 5 million were incurred for restructuring in corporate functions and the optimisation of the branch network.

In the **UK & Ireland,** revenues were EUR 543 million, up 4%. Approximately two-thirds of revenues come from Professional Staffing, which grew at 2%. Revenues grew by 5% in IT, partially offset by a 12% decline in Finance & Legal. In General Staffing, revenues increased by 7%. Permanent placement revenues in the UK & Ireland were down 3%. EBITA was EUR 14 million and the EBITA margin was 2.5% compared to 2.7% in Q3 2015.

In **Germany, Austria, Switzerland,** revenues were EUR 564 million, down 2%. In Germany & Austria, revenues were down 2%, driven by a decline in automotive. In Switzerland, revenues declined by 3%, negatively impacted by reductions in the export-related and medical sectors. For the region, EBITA excluding one-offs was EUR 41 million, with a margin of 7.2%. This is a decrease of 160 bps compared to Q3 2015, negatively impacted by an increase in bench costs and some investments in the business. EBITA was EUR 28 million, which included one-off costs of EUR 13 million to optimise our central functions and branch network in Germany.

In **Benelux and Nordics,** revenues were EUR 487 million, an increase of 2%. In the Nordics, revenues were up 8% with good growth in all countries. During the quarter, we made an acquisition in Finland to reach critical mass in this market. Revenues in Benelux were down 2%. We outperformed the market in Belgium with broad-based growth, while in the Netherlands our price discipline negatively impacted growth in a competitive market. The EBITA margin in Benelux and Nordics was flat at 4.6%.

In **Italy,** revenues were EUR 372 million, up 13%. The EBITA margin was 8.3%, up 90 bps year-on-year, driven by continued strong growth in permanent placement and helped by the continued positive effect of regulation changes in 2015.

In **Japan,** revenues increased by 2% to EUR 334 million, with continued strong growth in professional staffing and permanent placement. EBITA was EUR 20 million and the EBITA margin was 6.1%, an increase of 30 bps compared to the prior year.

In **Iberia,** revenues were EUR 256 million, up 8%. The EBITA margin was down 80 bps year-on-year to 3.4%, which includes a negative impact of approximately 100 bps from reorganisation costs.

In **Rest of World,** revenues grew by 10% to EUR 678 million. Revenue growth was 9% in Australia & New Zealand, 9% in Latin America, 10% in Eastern Europe & MENA, 7% in Asia, and 20% in India. EBITA was EUR 14 million, which included one-off costs of EUR 5 million in Australia for cost optimisation measures taken as part of our performance improvement plan. Excluding these costs, the EBITA margin declined by 60 bps to 2.7%, negatively impacted by a bad debt charge in Australia and reorganisation costs in Latin America. During the quarter, we divested our activities in Russia, Ukraine, and Venezuela. In China, we launched with FESCO and Ant Financial Services an online HR services portal for small- and medium-sized companies.

In **Lee Hecht Harrison**, the global leader in Career Transition and Talent Development, revenues were EUR 105 million. Revenues increased by 14% in constant currency following the acquisition of Penna in May 2016. Organically revenues were up 5%, with growth in the USA and the UK offset by declines in France and Canada. The EBITA margin excluding one-offs was 25.3%, down 110 bps compared to the prior year, mainly driven by the mix impact from the consolidation of Penna.

MANAGEMENT OUTLOOK

In Q3 2016, organic revenue growth was 3.5% adjusted for trading days, slightly above the 3% in Q2 2016. In September, the growth rate was 4%, and in October, volume growth was similar to September. Despite this modest improvement in growth, the global economic outlook remains uncertain. The Adecco Group will adapt to any changes in market conditions, maintaining price discipline and tight cost control.

The Adecco Group remains committed to leveraging the EVA approach to balance revenue growth, profitability, and cash generation. The Group's financial targets, to be achieved on average across an entire economic cycle, including periods of economic expansion and recession, are: growing revenues organically at least in line with our main peers, at Group level and in each major market; improving our EBITA margin to 4.5–5.0% on average through-the-cycle; and delivering an operating cash flow conversion of more than 90% on average through-the-cycle.

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Q3 2016 Results Conference Calls
There will be a media conference call at 9.00 am CET and an analyst and investor conference call at 11.00 am CET. The conference calls can be followed either via webcast (media conference, analyst conference) or via telephone call:

UK / Global	+ 44 (0)203 059 58 62
United States	+ 1 (1)631 570 56 13
Cont. Europe	+ 41 (0)58 310 50 00

The Q3 2016 results presentation will be available through the webcasts and will be published on the Investor Relations section on our website.

Financial Agenda

• Q4 2016 results	March 2, 2017
• Annual General Meeting	April 20, 2017
• Q1 2017 results	May 9, 2017
• Q2 2017 results	August 10, 2017
• Q3 2017 results	November 7, 2017

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 Group AG 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 workforce solutions. With more than 33,000 FTE employees and around 5,100 branches in 60 countries and territories around the world, the Adecco Group offers a wide variety of services, connecting approximately 700,000 associates with our clients every day. The services offered fall into the broad categories of temporary staffing, permanent placement, career transition and talent development, as well as outsourcing and consulting. The Adecco Group is a Fortune Global 500 company.

Adecco Group AG is registered in Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN).

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Consolidated statements of operations

EUR millions except share and per share information	Q3 2016	Q3 2015	Variance % EUR	Variance % Constant Currency	9M 2016	9M 2015	Variance % EUR	Variance % Constant Currency
Revenues	**5,811**	**5,673**	**2%**	**4%**	**16,839**	**16,338**	**3%**	**4%**
Direct costs of services	(4,723)	(4,598)			(13,669)	(13,250)		
Gross profit	**1,088**	**1,075**	**1%**	**2%**	**3,170**	**3,088**	**3%**	**4%**
Selling, general, and administrative expenses	(794)	(749)	6%	7%	(2,366)	(2,269)	4%	5%
EBITA[1)]	**294**	**326**	**-10%**	**-9%**	**804**	**819**	**-2%**	**-1%**
Amortisation of intangible assets	(9)	(11)			(27)	(29)		
Impairment of goodwill		(740)				(740)		
Operating income/(loss)	**285**	**(425)**	**n.m.**	**n.m.**	**777**	**50**	**n.m.**	**n.m.**
Interest expense	(14)	(16)			(45)	(50)		
Other income/(expenses), net	(21)	8			(16)	18		
Income/(loss) before income taxes	**250**	**(433)**	**n.m.**		**716**	**18**	**n.m.**	
Provision for income taxes	(76)	(80)			(207)	(192)		
Net income/(loss)	**174**	**(513)**	**n.m.**		**509**	**(174)**	**n.m.**	
Net income attributable to noncontrolling interests	(1)				(2)	(2)		
Net income/(loss) attributable to Adecco shareholders	**173**	**(513)**	**n.m.**		**507**	**(176)**	**n.m.**	
Basic earnings/(loss) per share[2)]	1.02	(2.98)	n.m.		2.98	(1.02)	n.m.	
Diluted earnings/(loss) per share[3)]	1.02	(2.98)	n.m.		2.98	(1.02)	n.m.	
Gross margin	*18.7%*	*19.0%*			*18.8%*	*18.9%*		
SG&A as a percentage of revenues	*13.7%*	*13.2%*			*14.1%*	*13.9%*		
EBITA margin	*5.1%*	*5.7%*			*4.8%*	*5.0%*		
Operating income/(loss) margin	*4.9%*	*-7.5%*			*4.6%*	*0.3%*		
Net income/(loss) margin attributable to Adecco shareholders	*3.0%*	*-9.0%*			*3.0%*	*-1.1%*		

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

2) Basic weighted-average shares were 170,335,422 in Q3 2016 and 170,275,995 in 9M 2016 (172,462,532 in Q3 2015 and 173,003,271 in 9M 2015).

3) Diluted weighted-average shares were 170,521,670 in Q3 2016 and 170,467,612 in 9M 2016 (172,462,532 in Q3 2015 and 173,003,271 in 9M 2015).

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Revenues by segment and by business line

Revenues by segment	**Q3**		Variance %		**9M**		Variance %	
EUR millions	**2016**	**2015**	EUR	Constant Currency	**2016**	**2015**	EUR	Constant Currency
France	1,301	1,259	3%	3%	3,667	3,518	4%	4%
North America	1,171	1,186	-1%	-1%	3,454	3,449	0%	0%
UK & Ireland[1)]	543	586	-7%	9%	1,659	1,705	-3%	6%
Germany, Austria, Switzerland	564	579	-3%	-2%	1,626	1,641	-1%	0%
Benelux and Nordics[1)]	487	472	3%	4%	1,396	1,340	4%	5%
Italy	372	330	13%	13%	1,065	967	10%	10%
Japan	334	275	22%	2%	946	830	14%	3%
Iberia	256	236	8%	8%	722	660	9%	9%
Rest of World[1)]	678	657	3%	9%	1,982	1,933	3%	11%
Lee Hecht Harrison[1)]	105	93	13%	14%	322	295	9%	10%
Adecco Group[1)]	**5,811**	**5,673**	**2%**	**4%**	**16,839**	**16,338**	**3%**	**4%**

Revenues by business line[2)]	**Q3**		Variance %		**9M**		Variance %	
EUR millions	**2016**	**2015**	EUR	Constant Currency	**2016**	**2015**	EUR	Constant Currency
Office[3)]	1,388	1,317	5%	6%	4,061	3,898	4%	5%
Industrial	2,996	2,937	2%	3%	8,470	8,225	3%	4%
General Staffing[3)]	**4,384**	**4,254**	**3%**	**4%**	**12,531**	**12,123**	**3%**	**5%**
Information Technology	646	655	-1%	5%	1,953	1,939	1%	4%
Engineering & Technical	282	285	-1%	-1%	824	854	-4%	-4%
Finance & Legal	230	234	-2%	2%	705	674	5%	6%
Medical & Science	108	98	11%	11%	339	299	14%	13%
Professional Staffing	**1,266**	**1,272**	**0%**	**4%**	**3,821**	**3,766**	**1%**	**3%**
CTTD[3)]	105	93	13%	14%	322	295	9%	10%
BPO	56	54	3%	4%	165	154	7%	7%
Solutions[3)]	**161**	**147**	**9%**	**10%**	**487**	**449**	**8%**	**9%**
Adecco Group[3)]	**5,811**	**5,673**	**2%**	**4%**	**16,839**	**16,338**	**3%**	**4%**

1) In Q3 2016 revenues changed organically in UK & Ireland by 4% (9M: 3%), in Benelux and Nordics by 2% (9M: 4%), in Rest of World by 10% (9M: 12%), in Lee Hecht Harrison by 5% (9M: 2%), and in the Adecco Group by 3% (9M: 4%).

2) Breakdown of staffing revenues into Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, and Medical & Science is based on dedicated branches. CTTD comprises Career Transition & Talent Development services. BPO comprises Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO), and Vendor Management System (VMS).

3) In Q3 2016 revenues changed organically in Office by 4% (9M: 5%), in General Staffing by 3% (9M: 4%), in CTTD by 5% (9M: 2%), in Solutions by 5% (9M: 4%) and in the Adecco Group by 3% (9M: 4%).

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EBITA[1)] and EBITA margin by segment

EBITA	Q3		Variance %		9M		Variance %	
EUR millions	2016	2015	EUR	Constant Currency	2016	2015	EUR	Constant Currency
France	94	92	2%	2%	236	236	0%	0%
North America	67	76	-11%	-11%	199	207	-4%	-4%
UK & Ireland	14	15	-15%	-1%	37	41	-11%	-3%
Germany, Austria, Switzerland	28	51	-45%	-45%	78	102	-24%	-23%
Benelux and Nordics	22	22	3%	3%	52	44	18%	18%
Italy	30	24	27%	27%	83	66	27%	27%
Japan	20	16	28%	8%	63	49	28%	15%
Iberia	9	10	-12%	-12%	28	28	-2%	-2%
Rest of World	14	22	-37%	-29%	49	62	-21%	-10%
Lee Hecht Harrison	24	22	8%	8%	86	79	9%	9%
Corporate	(28)	(24)			(107)	(95)		
Adecco Group	**294**	**326**	**-10%**	**-9%**	**804**	**819**	**-2%**	**-1%**

	Q3			9M		
EBITA margin	**2016**	**2015**	Variance bps	**2016**	**2015**	Variance bps
France	7.2%	7.3%	(10)	6.4%	6.7%	(30)
North America	5.8%	6.4%	(60)	5.8%	6.0%	(20)
UK & Ireland	2.5%	2.7%	(20)	2.2%	2.4%	(20)
Germany, Austria, Switzerland	4.9%	8.8%	(390)	4.8%	6.2%	(140)
Benelux and Nordics	4.6%	4.6%	0	3.7%	3.3%	40
Italy	8.3%	7.4%	90	7.9%	6.8%	110
Japan	6.1%	5.8%	30	6.6%	5.9%	70
Iberia	3.4%	4.2%	(80)	3.8%	4.3%	(50)
Rest of World	2.0%	3.3%	(130)	2.5%	3.2%	(70)
Lee Hecht Harrison	22.1%	23.2%	(110)	26.6%	26.7%	(10)
Adecco Group	**5.1%**	**5.7%**	**(60)**	**4.8%**	**5.0%**	**(20)**

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

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Consolidated balance sheets

EUR millions	September 30 2016	December 31 2015
Assets		
Current assets:		
– Cash and cash equivalents	1,072	1,198
– Short-term investments	9	10
– Trade accounts receivable, net	4,342	3,972
– Other current assets	344	307
Total current assets	**5,767**	**5,487**
Property, equipment, and leasehold improvements, net	175	192
Other assets	486	512
Intangible assets, net	523	517
Goodwill	3,048	3,018
Total assets	**9,999**	**9,726**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	3,944	3,779
– Short-term debt and current maturities of long-term debt	473	415
Total current liabilities	**4,417**	**4,194**
Long-term debt, less current maturities	1,831	1,832
Other liabilities	360	354
Total liabilities	**6,608**	**6,380**
Shareholders' equity		
Adecco shareholders' equity:		
– Common shares	106	108
– Additional paid-in capital	578	721
– Treasury shares, at cost	(41)	(258)
– Retained earnings	2,843	2,782
– Accumulated other comprehensive income/(loss), net	(102)	(13)
Total Adecco shareholders' equity	**3,384**	**3,340**
Noncontrolling interests	7	6
Total shareholders' equity	**3,391**	**3,346**
Total liabilities and shareholders' equity	**9,999**	**9,726**

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Consolidated statements of cash flows

EUR millions	Q3		9M	
	2016	**2015**	**2016**	**2015**
Cash flows from operating activities				
Net income/(loss)	174	(513)	509	(174)
Adjustments to reconcile net income/(loss) to cash flows from operating activities:				
– Depreciation and amortisation	30	35	90	100
– Impairment of goodwill		740		740
– Other charges	45	25	47	37
Changes in operating assets and liabilities, net of acquisitions:				
– Trade accounts receivable	(114)	(28)	(400)	(347)
– Accounts payable and accrued expenses	145	80	136	155
– Other assets and liabilities	(63)	(46)	(29)	(10)
Cash flows from operating activities	**217**	**293**	**353**	**501**
Cash flows from investing activities				
Capital expenditures	(18)	(25)	(50)	(69)
Acquisition of Penna, net of cash acquired			(122)	
Acquisition of Knightsbridge, net of cash acquired		2		(56)
Cash settlements on derivative instruments	4	(4)	60	(106)
Other acquisition and investing activities, net	(16)	1	(23)	(5)
Cash used in investing activities	**(30)**	**(26)**	**(135)**	**(236)**
Cash flows from financing activities				
Net increase/(decrease) in short-term debt	(57)	(133)	381	155
Borrowings of long-term debt, net of issuance costs				498
Repayment of long-term debt			(316)	
Dividends paid to shareholders			(372)	(348)
Purchase of treasury shares		(95)	(20)	(132)
Other financing activities, net			(1)	
Cash flows from/(used in) financing activities	**(57)**	**(228)**	**(328)**	**173**
Effect of exchange rate changes on cash	(6)	(18)	(16)	11
Net increase/(decrease) in cash and cash equivalents	**124**	**21**	**(126)**	**449**
Cash and cash equivalents:				
– Beginning of period	948	1,123	1,198	695
– End of period	1,072	1,144	1,072	1,144