



SOLID PERFORMANCE IN Q3 2019

Continued investments in IT and digital to strengthen the business

Summary and highlights

- Revenues down 2% year-on-year, and down 4% organically¹ and trading days adjusted (TDA), reflecting ongoing challenging market conditions in Europe and the US
- Continued strong improvement in gross margin, up 70 bps yoy to 19.4%, driven by focus on value-based pricing and enhanced business mix
- EBITA² margin excluding one-offs³ 4.9%, down 10 bps yoy; structural productivity improvements were offset by slowing revenue growth and strategic IT investments
- GrowTogether transformation programme on track to deliver 2019 and 2020 commitments
- Strong balance sheet with Net Debt/EBITDA⁴ excluding one-offs 1.1x; cash conversion⁵ 84% and improved DSO
- Revenues in September and October combined down 4% organically and TDA, in-line with Q3

“In Q3 2019, we delivered a solid performance in an uncertain external environment. We remain focused on our business transformation and continue to invest in our strategic priorities – GrowTogether, IT and our digital ventures – which are fundamentally strengthening our business.

Our ongoing emphasis on value-based pricing and business mix improvement is driving a sustained increase in gross margin, which was up 60 basis points organically year-on-year.

We also delivered strong performances in the Career Transition and Talent Development activities, with a return to growth in Lee Hecht Harrison and revenue acceleration in General Assembly, confirming the value that these businesses bring to our portfolio.

As we look to the fourth quarter, we are continuing to build the next layer of the GrowTogether programme, with a focus on digital tools and solutions that deliver greater value to our clients and candidates. This includes rolling out an enhanced integrated front office solution, our global candidate app and the PERFORM methodology, putting us on track to deliver the EUR 250 million GrowTogether productivity target for 2020.”

Alain Dehaze, Group Chief Executive Officer

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 In Q3 2019, EBITA included one-offs of EUR 16 million; in Q3 2018, EBITA included one-offs of EUR 4 million.

⁴ Net debt and Net debt to EBITDA are non-US GAAP measures. Net debt comprises short-term and long-term debt less cash and cash equivalents and short-term investments. Net debt to EBITDA is calculated as net debt at period end divided by last 4 quarters of EBITA excluding one-offs plus depreciation.

⁵ Cash conversion is a non-US GAAP measure and is calculated as last 4 quarters of FCFBIT divided by last 4 quarters of EBITA excluding one-offs.



Key figures overview

EUR millions unless stated	Q3 2019	Q3 2018	Change %		9M 2019	9M 2018	Change %	
			Reported	Organic			Reported	Organic
Summary of income statement information								
Revenues	5,898	5,996	-2%	-3% ⁶	17,466	17,740	-2%	-3% ⁶
Gross profit	1,146	1,124	2%	0%	3,354	3,264	3%	0%
EBITA excluding one-offs	288	302	-4%	-6%	779	786	-1%	-1%
EBITA	272	298	-9%	-10%	734	752	-2%	-2%
Net income attributable to Adecco Group shareholders	179	270	-34%		471	570	-17%	
Diluted EPS (EUR)	1.10	1.63	-32%		2.90	3.43	-16%	
Gross margin	19.4%	18.7%	70 bps	60 bps	19.2%	18.4%	80 bps	50 bps
EBITA margin excluding one-offs	4.9%	5.0%	(10) bps	(1) bps	4.5%	4.4%	10 bps	10 bps
EBITA margin	4.6%	5.0%	(40) bps	(40) bps	4.2%	4.2%	0 bps	0 bps
Summary of cash flow and net debt information								
Free cash flow ⁷ before interest and tax paid (FCFBIT)	211	222			596	597		
Free cash flow (FCF)	137	130			385	372		
Net debt	1,244	1,239			1,244	1,239		
Days sales outstanding	53	54			53	53		
Cash conversion	84%	78%			84%	78%		
Net debt to EBITDA excluding one-offs	1.1x	1.1x			1. x	1. x		

⁶ In Q3 2019, organic revenue declined by 3%, or by 4% trading days adjusted (TDA). In 9M 2019, organic revenue declined by 3% and 3% TDA.

⁷ Free cash flow is a non-US GAAP measure and comprises cash flows from operating activities less capital expenditures.

Q3 2019 financial performance

Group performance overview

Revenues in Q3 2019 declined by 4% year-on-year, organically and trading days adjusted (TDA), a modest deceleration from the 3% decline in Q2 2019. The rate of revenue decline stabilised in most European countries, with the exceptions of France and the UK, where staffing markets slowed. North America saw a deceleration, driven by General Staffing. In Japan and Rest of World growth was solid, with continued strong growth in Japan. Career Transition & Talent Development delivered good growth, driven by a return to growth in Lee Hecht Harrison and strong growth in General Assembly. Permanent placement revenues were flat organically year-on-year, after 1% growth in Q2.

Gross margin was 19.4%, an increase of 70 bps year-on-year, on a reported basis, and up 60 bps organically. Temporary staffing gross margin was up 40 bps, supported by pricing and improved business mix. EBITA margin excluding one-offs was 4.9%, down 10 bps year-on-year, with the positive gross margin development and improved employee productivity offset by the impact of the revenue decline and investments to support the 2020 GrowTogether targets. DSO was 53 days, a slight improvement from 54 days in the same period of the prior year. Cash flow from operating activities was EUR 172 million, up 4% year-on-year, and cash conversion was 84%.



Revenues

Q3 2019 revenues were EUR 5,898 million, down approximately 1.5% year-on-year on a reported basis. Currency movements had a positive impact on revenues of approximately 1%, while the number of working days had a positive impact of around 1.5%, leaving a revenue decline of 4% on an organic and trading days adjusted basis.

By service line: temporary staffing revenues declined by 4%, to EUR 5,069 million; permanent placement revenues were flat at EUR 148 million; revenues from career transition were EUR 86 million, up 5%; and revenues in outsourcing and other activities were up 6%, to EUR 595 million. By business line: General Staffing revenues were down 4%; Professional Staffing revenues were flat; and Solutions revenues were up 9%. All compared to the prior year and on an organic basis.

Gross Profit

Gross profit was EUR 1,146 million in Q3 2019, up 2% on a reported basis and flat organically. Gross margin was 19.4%, up 70 bps compared to Q3 2018. Currency had a positive impact of 10 bps while acquisitions and divestitures had no impact. Therefore, on an organic basis, the gross margin was up 60 bps, including positive contributions from temporary staffing (+40 bps), permanent placement (+10 bps) and career transition (+10 bps). The improvement of 40 bps in the temporary staffing gross margin was driven by a positive development in price and mix.

Selling, General and Administrative Expenses (SG&A)

SG&A excluding one-offs was EUR 858 million in Q3 2019, up 4% year-on-year on a reported basis or up 3% organically, driven mainly by investments in IT and GrowTogether and personnel costs. Average FTE employees were 34,757, down 2% organically year-on-year. The number of branches declined 3% organically year-on-year. Q3 2019 one-offs included restructuring costs of EUR 14 million and acquisition-related costs of EUR 2 million, compared to EUR 2 million and EUR 2 million respectively in Q3 2018.

EBITA

EBITA in Q3 2019 was EUR 272 million. EBITA excluding one-offs was EUR 288 million, down 6% organically. EBITA margin excluding one-offs was 4.9%, down 10 bps year-on-year. GrowTogether productivity savings, improved business mix and a positive pricing development were offset by negative operating leverage and investments. The New Ventures had a broadly neutral impact on EBITA margin year-on-year. The conversion ratio of gross profit into EBITA excluding one-offs was 25.1%, down 170 bps on a reported basis and down 160 bps organically year-on-year.

Amortisation of Intangible Assets

Amortisation of intangible assets was EUR 14 million, compared to EUR 16 million in Q3 2018.

Operating Income

Operating income was EUR 258 million, compared to EUR 282 million in Q3 2018.

Interest Expense and Other Income/(Expenses), net

Interest expense was EUR 8 million, compared to EUR 10 million in Q3 2018. Other income/(expenses), net was an income of EUR 7 million in Q3 2019, compared to an income of EUR 91 million in Q3 2018. The prior year period included a gain related to the sale of the Group's ownership interest in Beeline.

Provision for Income Taxes

In Q3 2019, the effective tax rate was 30%, compared to 26% in Q3 2018. Discrete events reduced the effective tax rate by around 1% in both Q3 2019 and Q3 2018. The effective tax rate excluding discrete events was therefore 31% in Q3 2019, compared to 27% in Q3 2018. The year-on-year increase in the effective tax rate is attributable to higher taxable income in France, resulting from the replacement of the CICE wage subsidies, which were previously tax exempt.



Net Income Attributable to Adecco Group Shareholders and EPS

Net income attributable to Adecco Group shareholders was EUR 179 million, compared to EUR 270 million in Q3 2018. Basic EPS was EUR 1.11, compared to EUR 1.63 in Q3 2018. The year-on-year decline is primarily attributable to the gain on sale reflected in the prior year period.

Cash Flow and Net Debt

Cash flow from operating activities was EUR 172 million in Q3 2019, compared to EUR 165 million in Q3 2018. DSO was 53 days in Q3 2019, down 1 day year-on-year. Capex was EUR 35 million, in-line with the same period in the previous year. The rolling last four quarters cash conversion ratio was 84% in Q3 2019, compared to 78% in Q3 2018. Net debt was EUR 1,244 million at 30 September 2019, compared to EUR 1,381 million at 30 June 2019 and EUR 1,239 million at 30 September 2018. Net debt to EBITDA excluding one-offs was 1.1x at 30 September 2019, compared to 1.2x at 30 June 2019 and 1.1x at 30 September 2018.

Q3 2019 segment operating performance

Revenues and revenue growth

EUR millions unless stated	Revenues		Reported	Variance		% of revenues Q3 2019
	Q3 2019	Q3 2018		Organic	Organic TDA ⁸	
France	1,393	1,457	-4%	-4%	-6%	24%
N. America, UK & I. General Staffing	730	736	-1%	-4%	-5%	12%
N. America, UK & I. Professional Staffing	848	851	0%	-3%	-4%	14%
Germany, Austria, Switzerland	492	549	-10%	-12%	-14%	8%
Benelux and Nordics	480	518	-7%	-6%	-7%	8%
Italy	463	484	-4%	-4%	-6%	8%
Japan	380	323	18%	9%	9%	7%
Iberia	307	281	9%	9%	6%	5%
Rest of World	676	683	-1%	0%	-2%	12%
Career Transition & Talent Development	129	114	13%	10%	10%	2%
Adecco Group	5,898	5,996	-2%	-3%	-4%	100%

⁸ TDA = trading days adjusted

EBITA and EBITA margin excluding one-offs

EUR millions unless stated	EBITA excluding one-offs		EBITA margin excluding one-offs			% of EBITA ⁹ Q3 2019
	Q3 2019 ¹⁰	Q3 2018	Q3 2019	Q3 2018	Variance	
France	95	95	6.8%	6.5%	30 bps	29%
N. America, UK & I. General Staffing	21	27	2.9%	3.6%	(70) bps	6%
N. America, UK & I. Professional Staffing	43	46	5.2%	5.4%	(20) bps	13%
Germany, Austria, Switzerland	24	26	5.0%	4.8%	20 bps	7%
Benelux and Nordics	21	18	4.4%	3.6%	80 bps	6%
Italy	35	42	7.5%	8.6%	(110) bps	11%
Japan	26	22	6.8%	7.0%	(20) bps	8%
Iberia	16	14	5.1%	4.9%	20 bps	5%
Rest of World	25	28	3.7%	4.0%	(30) bps	8%
Career Transition & Talent Development	22	17	16.4%	14.7%	170 bps	7%
Corporate	(40)	(33)				
Adecco Group	288	302	4.9%	5.0%	(10) bps	100%

⁹ % of EBITA excluding one-offs and before Corporate.

¹⁰ See page 10 for a reconciliation of EBITA to EBITA excluding one-offs by segment.



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

In France, revenues were EUR 1,393 million, down 4%, or 6% trading days adjusted. The decline was consistent with a softening in market growth, and came on top of good growth in the same period of the prior year. Revenues decreased by 5% in General Staffing, which accounts for over 90% of revenues, partly offset by strong growth in Professional Staffing, up 11%. By industry, declines were most pronounced in manufacturing, logistics, construction and retail. Permanent placement revenues were down 1%. EBITA excluding one-offs was EUR 95 million with a margin of 6.8%, up 30 bps year-on-year. Margin improvement was driven by pricing, business mix and higher productivity from the GrowTogether initiatives, which offset continued investments in IT.

In North America, UK & Ireland General Staffing, revenues were EUR 730 million, a decline of 4%, or 5% trading days adjusted. North America General Staffing, which accounts for approximately 75% of revenues, was down 4%, or 6% trading days adjusted. Growth was impacted by a moderation in US market growth and, in particular, a slowdown in the manufacturing sector, which represents approximately 40% of revenues. UK & Ireland General Staffing represents approximately 25% of revenues and was down 2%, or down 3% trading days adjusted, in a market impacted by Brexit-related uncertainty. Permanent placement revenues declined by 21% in North America General Staffing and by 9% in UK & Ireland General Staffing. Overall EBITA excluding one-offs was EUR 21 million, with a margin of 2.9%, down 70 bps versus the prior year excluding one-offs. A positive gross margin development was offset by the deceleration in revenue growth.

In North America, UK & Ireland Professional Staffing, revenues were EUR 848 million, down 3%, or 4% trading days adjusted. North America Professional Staffing represents approximately 65% of revenues and declined 4%, or 6% trading days adjusted. Growth in Medical & Science and Engineering & Technical was offset by declines in IT and Finance & Legal. Growth in Legal continued to be impacted by the completion of a number of large client projects in Q1 2019. UK & Ireland Professional Staffing represents approximately 35% of revenues and was flat, or down 1% trading days adjusted. Permanent placement revenues were up 13% in North America Professional Staffing and down 7% in UK & Ireland Professional Staffing. Overall EBITA excluding one-offs was EUR 43 million with a margin of 5.2%, down 20 bps year-on-year. While pricing had a positive impact on the margin, this was offset by negative operating leverage.

In Germany, Austria, Switzerland, revenues were EUR 492 million, down 12%, or down 14% trading days adjusted. In Germany & Austria, revenues declined 14%, or 16% trading days adjusted, in-line with market trends. In Germany, the pace of revenue decline modestly improved, albeit the market continued to be impacted by weakness in the automotive and manufacturing sectors and by regulatory changes introduced in Q4 2018. In Switzerland, revenues declined 5%, or 8% trading days adjusted, against a strong prior year comparison base and in a slowing market. For the region, EBITA was EUR 24 million, with an EBITA margin of 5.0%, a year-on-year increase of 20 bps. In Germany, improved business mix and pricing, as well as actions taken in Q2 to streamline the organisation more than offset the impact of the revenue decline.

In Benelux and Nordics, revenues were EUR 480 million, down 6%, or down 7% trading days adjusted. In the Nordics, revenues declined 4%, or 5% trading days adjusted, with a slight decline in Norway, reflecting strong growth in the prior year, and a double-digit decline in Sweden, impacted by lower demand in the automotive and manufacturing sectors. Revenues in Benelux were down 7%, or down 8% trading days adjusted with the revenue trend in both Belgium and the Netherlands slightly improving against easing prior year comparables. Overall EBITA was EUR 21 million, with an EBITA margin of 4.4%, compared to 3.6% in Q3 2018. The margin was positively impacted by pricing, mix and cost actions.

In Italy, revenues were EUR 463 million, down 4%, or down 6% trading days adjusted, due mainly to weakness in manufacturing, automotive and metal sectors. Permanent placement was up 14%. EBITA was EUR 35 million and the margin was 7.5%, down 110 bps year-on-year, mainly driven by headcount and IT investments.

In Japan, revenues were EUR 380 million, up 9%, with good growth in general staffing and continued double-digit growth in professional staffing. Permanent placement was down 2%, against a challenging year-on-year comparable. EBITA was EUR 26 million and the EBITA margin was 6.8%, down 20 bps year-on-year.

In Iberia, revenues were EUR 307 million, up 9%, or up 6% trading days adjusted, ahead of the market. EBITA was EUR 16 million and the EBITA margin improved by 20 bps year-on-year to 5.1%.



In Rest of World, revenues were flat at EUR 676 million, or down 2% trading days adjusted. Revenues decreased by 10% in Australia & New Zealand, 1% in Latin America, 4% in Eastern Europe & MENA and grew by 4% in Asia and 5% in India, all trading days adjusted. For the region, EBITA excluding one-offs was EUR 25 million, with a margin of 3.7%, down 30 bps compared to last year.

In Career Transition and Talent Development, revenues were up 10% organically at EUR 129 million. Revenues grew by 5% in Lee Hecht Harrison and by 31% in General Assembly. EBITA excluding one-offs was EUR 22 million, representing an EBITA margin of 16.4%, compared to 14.7% in the prior year excluding one-offs.

Management outlook

In Q3 2019, Group revenues declined 4% year-on-year organically and trading days adjusted (TDA). Revenues in September and October combined were also down 4% organically and TDA.

The Group expects to deliver the targeted incremental GrowTogether productivity savings of EUR 70 million in 2019 and is on track to deliver the targeted EUR 250 million total savings in 2020.

Q3 2019 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) 207 107 0613

United States + 1 (1) 631 570 56 13

Cont. Europe + 41 (0) 58 310 50 00

The Q3 2019 results presentation will be available through the webcasts and will be published on the Investor Relations section on the Group's website.

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Financial Agenda

- Q4 2019 results 26 February 2020
- Q1 2020 results 5 May 2020
- Q2 2020 results 6 August 2020
- Q3 2020 results 3 November 2020
- Capital Markets Day 2 December 2020



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 is the world's leading HR solutions partner. We provide more than 700,000 people with permanent and flexible employment every day. With more than 34,000 employees in 60 countries, we transform the world of work one job at a time. Our colleagues serve more than 100,000 organisations with the talent, HR services and cutting-edge technology they need to succeed in an ever-changing global economy. As a Fortune Global 500 company, we lead by example, creating shared value that meets social needs while driving business innovation. Our culture of inclusivity, fairness and teamwork empowers individuals and organisations, fuels economies, and builds better societies. These values resonate with our employees, who voted us number 5 on the Great Place to Work® - World's Best Workplaces 2018 list. We make the future work for everyone.

The Adecco Group is based in Zurich, Switzerland. Adecco Group AG is registered in Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN). The group is powered by ten global brands: Adecco, Adia, Badenoch & Clark, General Assembly, Lee Hecht Harrison, Modis, Pontoon, Spring Professional, Vetterly and YOSS.



Revenues by segment and by business line

Revenues by segment EUR millions	Q3		Variance %		9M		Variance %	
	2019	2018	EUR	Constant currency	2019	2018	EUR	Constant currency
France	1,393	1,457	-4%	-4%	4,096	4,244	-3%	-3%
N. America, UK & I. General Staffing	730	736	-1%	-4%	2,179	2,124	3%	-2%
N. America, UK & I. Professional Staffing	848	851	0%	-3%	2,557	2,567	0%	-4%
Germany, Austria, Switzerland ¹⁾	492	549	-10%	-11%	1,448	1,627	-11%	-12%
Benelux and Nordics ¹⁾	480	518	-7%	-7%	1,428	1,559	-8%	-8%
Italy	463	484	-4%	-4%	1,417	1,482	-4%	-4%
Japan ¹⁾	380	323	18%	9%	1,087	948	15%	8%
Iberia	307	281	9%	9%	857	841	2%	2%
Rest of World ¹⁾	676	683	-1%	-1%	2,010	2,025	-1%	1%
Career Transition & Talent Development ¹⁾	129	114	13%	10%	387	323	20%	16%
Adecco Group	5,898	5,996	-2%	-3%	17,466	17,740	-2%	-3%

Revenues by business line ²⁾ EUR millions	Q3		Variance %		9M		Variance %	
	2019	2018 ⁴⁾	EUR	Constant currency	2019	2018 ⁴⁾	EUR	Constant currency
Office	1,369	1,349	1%	0%	4,089	4,026	2%	0%
Industrial	3,049	3,215	-5%	-5%	8,965	9,464	-5%	-6%
General Staffing	4,418	4,564	-3%	-4%	13,054	13,490	-3%	-4%
Information Technology ³⁾	729	719	1%	0%	2,173	2,146	1%	-1%
Engineering & Technical ³⁾	184	169	9%	6%	542	508	7%	3%
Finance & Legal	255	258	-1%	-4%	744	753	-1%	-5%
Medical & Science ³⁾	138	131	5%	2%	432	402	7%	4%
Professional Staffing ³⁾	1,306	1,277	2%	0%	3,891	3,809	2%	-1%
CTTD ³⁾	129	114	13%	10%	387	323	20%	16%
BPO	45	41	8%	6%	134	118	13%	9%
Solutions ³⁾	174	155	12%	9%	521	441	18%	14%
Adecco Group	5,898	5,996	-2%	-3%	17,466	17,740	-2%	-3%

1) In Q3 2019 revenues changed organically in Germany, Austria, Switzerland by -12%, in Benelux and Nordics by -6% and stayed flat in Rest of the World. In 9M 2019 revenues changed organically in Benelux and Nordics by -7%, in Japan +7% and in Career Transition & Talent Development +3%.

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) and Recruitment Process Outsourcing (RPO).

3) In Q3 2019 revenues changed organically in Medical & Science by +5%. In 9M 2019 revenues changed organically in Information Technology by -2%, Engineering & Technical by +4%, Medical & Science by +6%, CTTD by +3% and in Solutions by +5%.

4) 2018 Information Technology and Industrial have been restated following reclassification for Digital Brands from BPO. 2018 Office and Industrial, Information Technology, Engineering & Technical, Finance & Legal have been restated to conform with current period presentation.



EBITA¹⁾ and EBITA margin by segment

EBITA EUR millions	Q3		Variance %		9M		Variance %	
	2019	2018	EUR	Constant currency	2019	2018	EUR	Constant currency
France	94	95	0%	0%	253	251	1%	1%
N. America, UK & I. General Staffing	20	26	-24%	-27%	61	61	-1%	-6%
N. America, UK & I. Professional Staffing	40	46	-13%	-17%	120	131	-9%	-14%
Germany, Austria, Switzerland	24	26	-8%	-9%	14	28	-51%	-51%
Benelux and Nordics	21	18	12%	13%	48	41	15%	16%
Italy	35	42	-16%	-16%	113	121	-7%	-7%
Japan	26	22	15%	7%	79	68	16%	9%
Iberia	16	14	13%	13%	43	43	2%	2%
Rest of World	24	28	-11%	-11%	69	70	-1%	2%
Career Transition & Talent Development	13	15	-14%	-17%	51	63	-18%	-22%
Corporate	(41)	(34)	19%	14%	(117)	(125)	-6%	-10%
Adecco Group	272	298	-9%	-10%	734	752	-2%	-4%

EBITA margin	Q3		Variance bps	9M		Variance bps
	2019	2018		2019	2018	
France	6.8%	6.5%	30	6.2%	5.9%	30
N. America, UK & I. General Staffing	2.7%	3.6%	(90)	2.8%	2.9%	(10)
N. America, UK & I. Professional Staffing	4.7%	5.4%	(70)	4.7%	5.1%	(40)
Germany, Austria, Switzerland	5.0%	4.8%	20	1.0%	1.8%	(80)
Benelux and Nordics	4.3%	3.6%	70	3.3%	2.7%	60
Italy	7.5%	8.6%	(110)	8.0%	8.2%	(20)
Japan	6.8%	7.0%	(20)	7.3%	7.2%	10
Iberia	5.1%	4.9%	20	5.0%	5.1%	(10)
Rest of World	3.6%	4.0%	(40)	3.4%	3.4%	-
Career Transition & Talent Development	9.9%	12.9%	(300)	13.2%	19.4%	(620)
Adecco Group	4.6%	5.0%	(40)	4.2%	4.2%	-

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



Reconciliation of EBITA to EBITA excluding one-offs

EBITA	EBITA excluding one-offs		One-offs		EBITA	
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
EUR millions						
France	95	95	(1)	-	94	95
N. America, UK & I. General Staffing	21	27	(1)	(1)	20	26
N. America, UK & I. Professional Staffing	43	46	(3)	-	40	46
Germany, Austria, Switzerland	24	26	-	-	24	26
Benelux and Nordics	21	18	-	-	21	18
Italy	35	42	-	-	35	42
Japan	26	22	-	-	26	22
Iberia	16	14	-	-	16	14
Rest of World	25	28	(1)	-	24	28
Career Transition & Talent Development	22	17	(9)	(2)	13	15
Corporate	(40)	(33)	(1)	(1)	(41)	(34)
Adecco Group	288	302	(16)	(4)	272	298

EBITA	EBITA excluding one-offs		One-offs		EBITA	
	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018
EUR millions						
France	256	251	(3)	-	253	251
N. America, UK & I. General Staffing	62	64	(1)	(3)	61	61
N. America, UK & I. Professional Staffing	127	137	(7)	(6)	120	131
Germany, Austria, Switzerland	31	42	(17)	(14)	14	28
Benelux and Nordics	48	41	-	-	48	41
Italy	113	121	-	-	113	121
Japan	79	68	-	-	79	68
Iberia	43	43	-	-	43	43
Rest of World	70	71	(1)	(1)	69	70
Career Transition & Talent Development	65	66	(14)	(3)	51	63
Corporate	(115)	(118)	(2)	(7)	(117)	(125)
Adecco Group	779	786	(45)	(34)	734	752



Consolidated statements of operations

EUR millions except share and per share information	Q3		Variance %		9M		Variance %	
	2019	2018	EUR	Constant currency	2019	2018	EUR	Constant currency
Revenues	5,898	5,996	-2%	-3%	17,466	17,740	-2%	-3%
Direct costs of services	(4,752)	(4,872)			(14,112)	(14,476)		
Gross profit	1,146	1,124	2%	0%	3,354	3,264	3%	1%
Selling, general, and administrative expenses	(874)	(826)	6%	4%	(2,620)	(2,512)	4%	2%
EBITA¹⁾	272	298	-9%	-10%	734	752	-2%	-4%
Amortisation of intangible assets	(14)	(16)			(41)	(36)		
Operating income	258	282	-8%	-9%	693	716	-3%	-5%
Interest expense	(8)	(10)			(26)	(31)		
Other income/(expenses), net	7	91			3	98		
Income before income taxes	257	363	-29%		670	783	-14%	
Provision for income taxes	(77)	(93)			(198)	(212)		
Net income	180	270	-33%		472	571	-17%	
Net income attributable to noncontrolling interests	(1)				(1)	(1)		
Net income attributable to Adecco Group shareholders	179	270	-34%		471	570	-17%	
Basic earnings per share ²⁾	1.11	1.63	-32%		2.90	3.44	-16%	
Diluted earnings per share ³⁾	1.10	1.63	-32%		2.90	3.43	-16%	
Gross margin	19.4%	18.7%			19.2%	18.4%		
SG&A as a percentage of revenues	14.8%	13.8%			15.0%	14.2%		
EBITA margin	4.6%	5.0%			4.2%	4.2%		
Operating income margin	4.4%	4.7%			4.0%	4.0%		
Net income margin attributable to Adecco Group shareholders	3.0%	4.5%			2.7%	3.2%		

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

2) Basic weighted-average shares were 162,070,874 in Q3 2019 and 162,256,298 in 9M 2019 (165,611,795 in Q3 2018 and 165,617,684 in 9M 2018).

3) Diluted weighted-average shares were 162,402,593 in Q3 2019 and 162,560,008 in 9M 2019 (165,906,663 in Q3 2018 and 165,925,172 in 9M 2018).



Consolidated balance sheets

EUR millions	30 September 2019	31 December 2018
Assets		
Current assets:		
- Cash and cash equivalents	528	652
- Trade accounts receivable, net	4,504	4,432
- Other current assets	322	231
Total current assets	5,354	5,315
Property, equipment, and leasehold improvements, net	308	282
Operating lease right-of-use assets	445	
Equity method investments	81	76
Other assets	602	625
Intangible assets, net	405	426
Goodwill	3,088	2,994
Total assets	10,283	9,718
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
- Accounts payable and accrued expenses	4,022	4,084
- Current operating lease liabilities	197	
- Short-term debt and current maturities of long-term debt	59	267
Total current liabilities	4,278	4,351
Operating lease liabilities	273	
Long-term debt, less current maturities	1,713	1,509
Other liabilities	292	269
Total liabilities	6,556	6,129
Shareholders' equity		
Adecco Group shareholders' equity:		
- Common shares	10	10
- Additional paid-in capital	577	578
- Treasury shares, at cost	(66)	(141)
- Retained earnings	3,373	3,407
- Accumulated other comprehensive income/(loss), net	(175)	(273)
Total Adecco Group shareholders' equity	3,719	3,581
Noncontrolling interests	8	8
Total shareholders' equity	3,727	3,589
Total liabilities and shareholders' equity	10,283	9,718



Consolidated statements of cash flows

EUR millions	Q3		9M	
	2019	2018	2019	2018
Cash flows from operating activities				
Net income	180	270	472	571
Adjustments to reconcile net income to cash flows from operating activities:				
- Depreciation and amortisation	41	37	115	99
- Other charges	24	(122)	32	(120)
Changes in operating assets and liabilities, net of acquisitions:				
- Trade accounts receivable	52	76	(16)	(104)
- Accounts payable and accrued expenses	(135)	(33)	(75)	32
- Other assets and liabilities	10	(63)	(30)	6
Cash flows from operating activities	172	165	498	484
Cash flows from investing activities				
Capital expenditures	(35)	(35)	(113)	(112)
Acquisition of Vetterly, net of cash and restricted cash acquired				(77)
Acquisition of General Assembly, net of cash and restricted cash acquired				(317)
Proceeds from disposal of investment in Beeline		226		226
Cash settlements on derivative instruments	(14)	2	(29)	9
Other acquisition, divestiture and investing activities, net	(6)	(3)	(10)	(25)
Cash flows from/(used in) investing activities	(55)	190	(152)	(296)
Cash flows from financing activities				
Net increase/(decrease) in short-term debt	(1)	(146)	4	294
Borrowings of long-term debt, net of issuance costs		87	353	89
Repayment of long-term debt	(215)		(215)	(350)
Buyback of long-term debt			(211)	
Dividends paid to shareholders			(360)	(350)
Purchase of treasury shares		(1)	(87)	(39)
Other financing activities, net		(1)	(4)	(1)
Cash used in financing activities	(216)	(61)	(520)	(357)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	48	(6)	48	
Net increase/(decrease) in cash, cash equivalents and restricted cash	(51)	288	(126)	(169)
Cash, cash equivalents and restricted cash:				
- Beginning of period	643	546	718	1,003
- End of period	592	834	592	834