

# Improved financial performance

**Coram Williams, CFO**

7 November, London

**THE ADECCO GROUP**

Adecco AKKODIS LHH

**Capital  
Markets  
Day 2023**

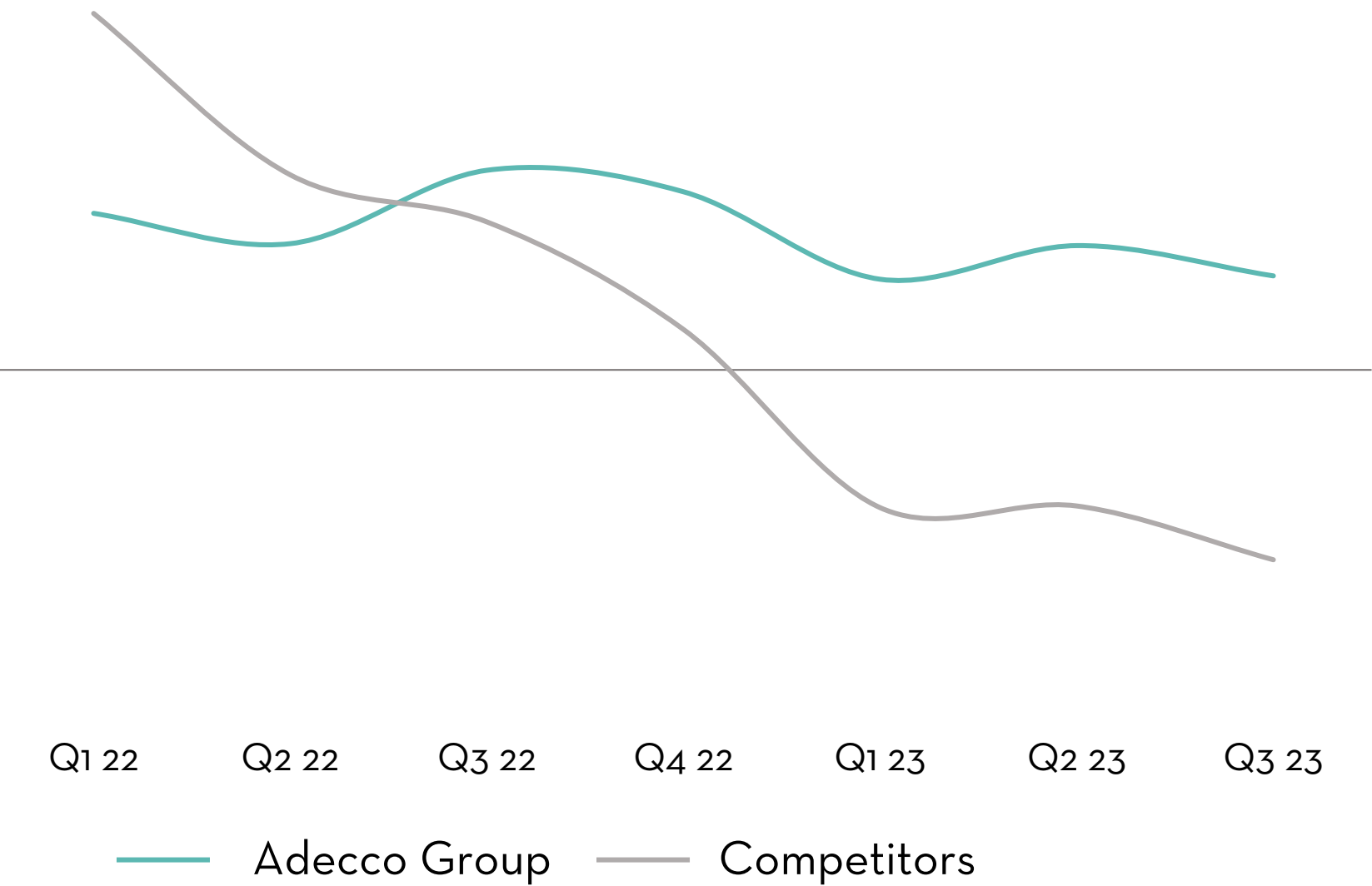




# Strong top-line execution evidenced over last 12 months

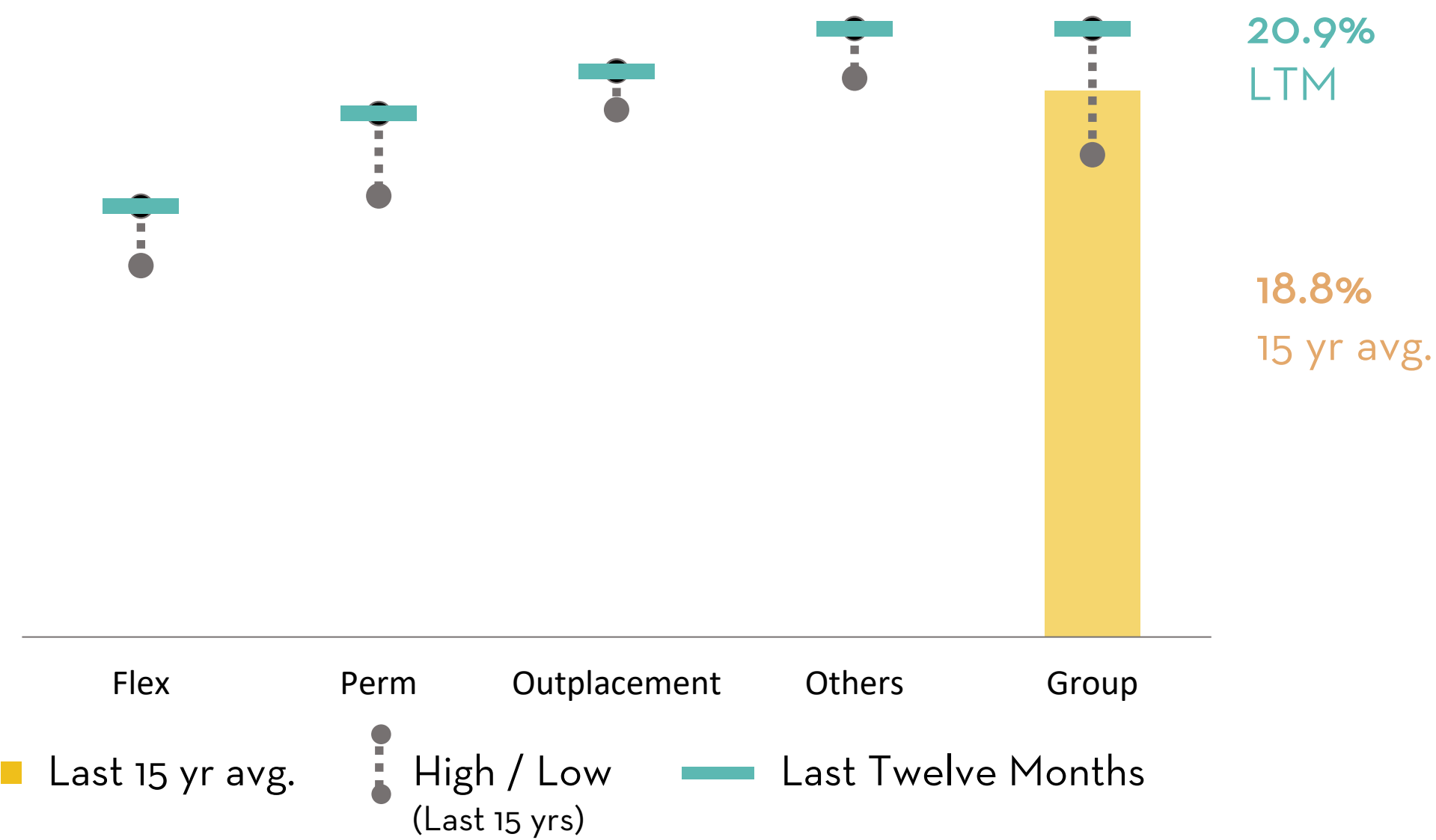
## Relentless focus on taking share, supported by growth orientated incentive plans

Revenue growth % yoy



## Commercial approach, with all service lines achieving healthy gross margins

Service Line contribution to Group gross margin, %



# Systematic approach enabling capture of top-line opportunities

## Sales discipline

- Agile management of capacity
  - ❑ Selling FTEs -5% yoy<sup>1</sup>
- Rigorous performance management
  - ❑ +20% sales intensity yoy<sup>2</sup>
  - ❑ +35% yoy visits to prospects<sup>2</sup>
  - ❑ >60k visits per week<sup>2</sup>
  - ❑ Best-in-class utilisation 92%<sup>3</sup>

Average no. of weekly visits  
(Adecco GBU)

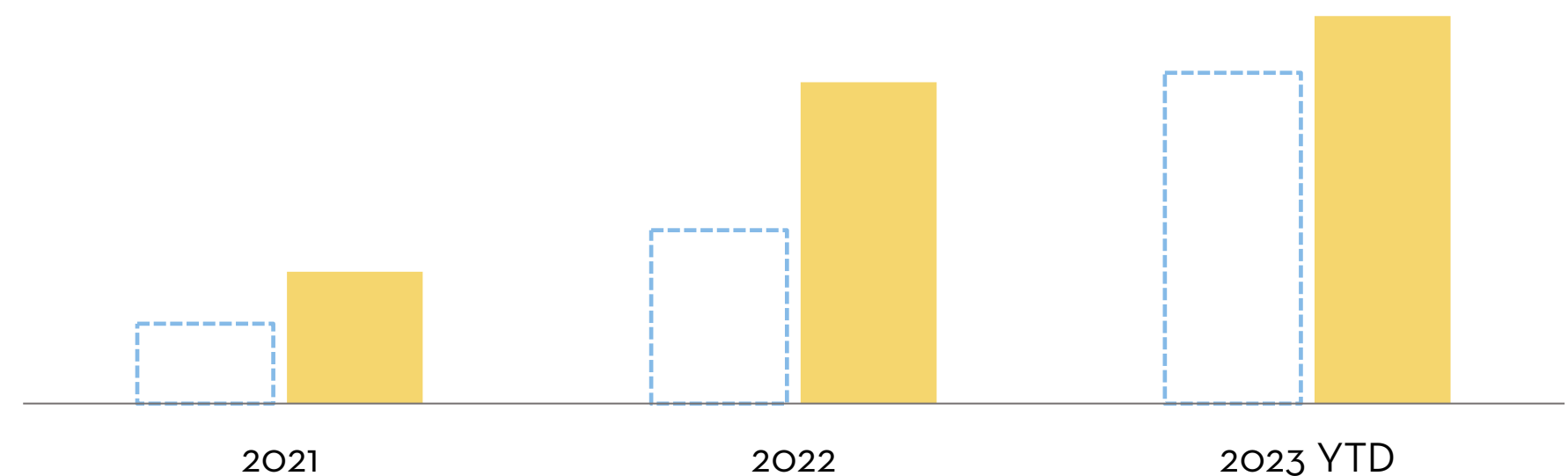


## Continuous pricing actions

- Structured implementation to ensure effective pass through
- Data-driven dynamic pricing consistently driving improved spreads

Pricing initiative impact  
(Adecco GBU)

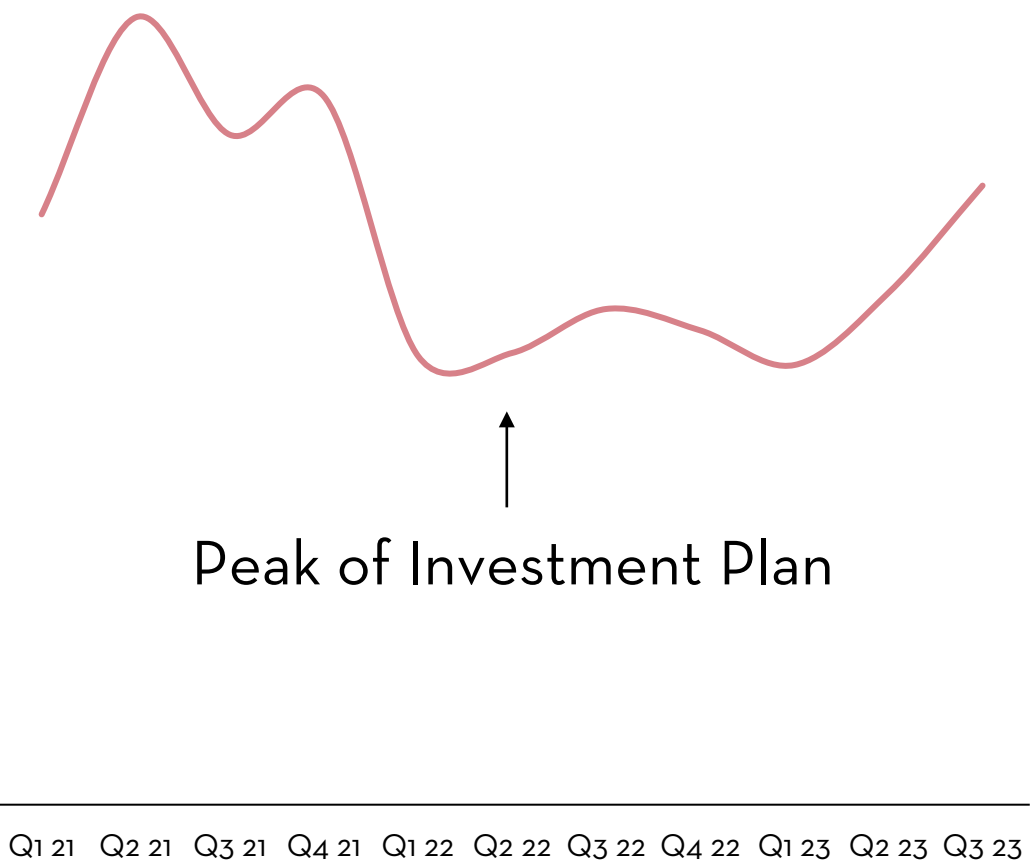
Plan Actual



# Relentless focus on productivity

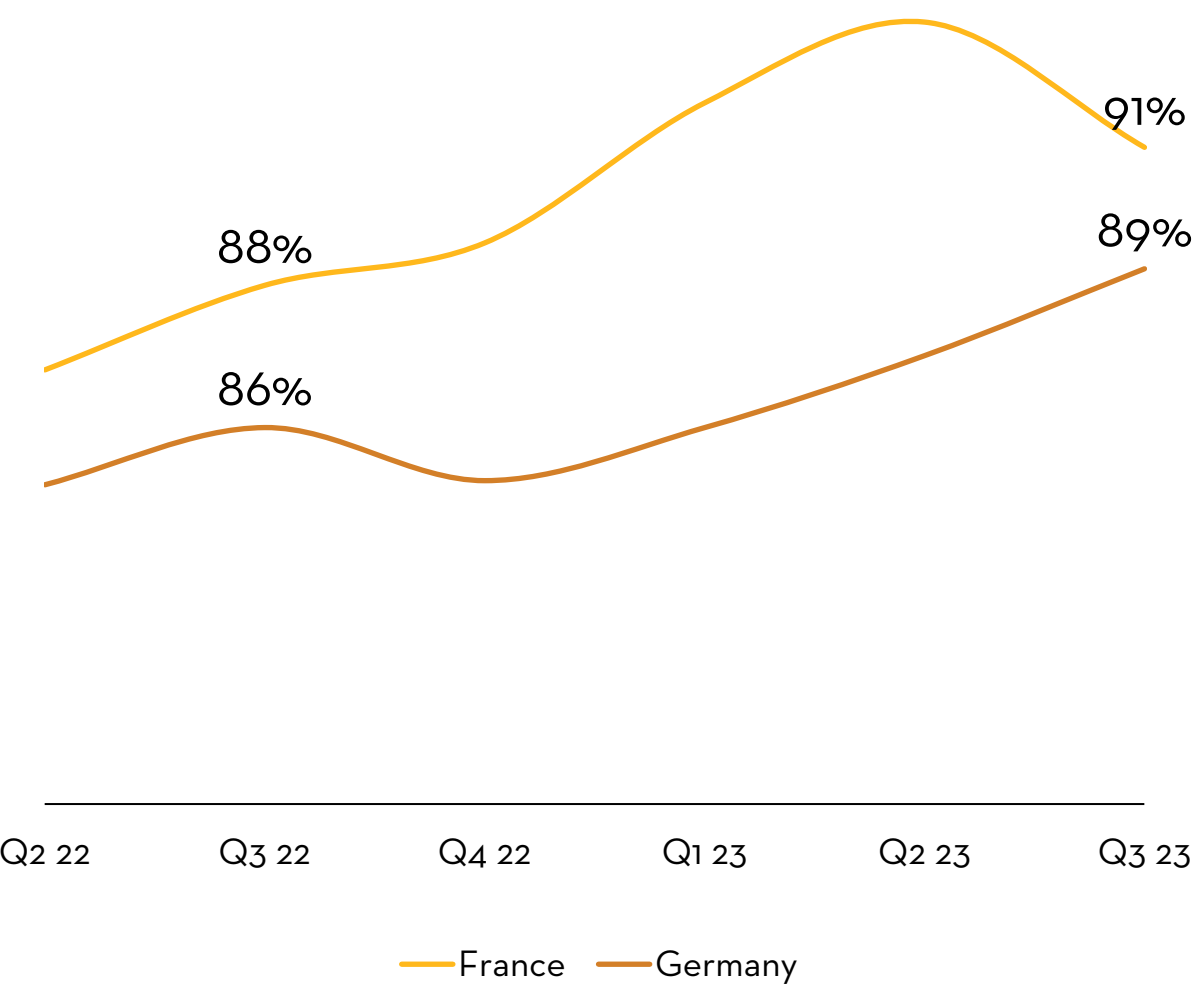
## Adecco GBU

GP / Selling FTE



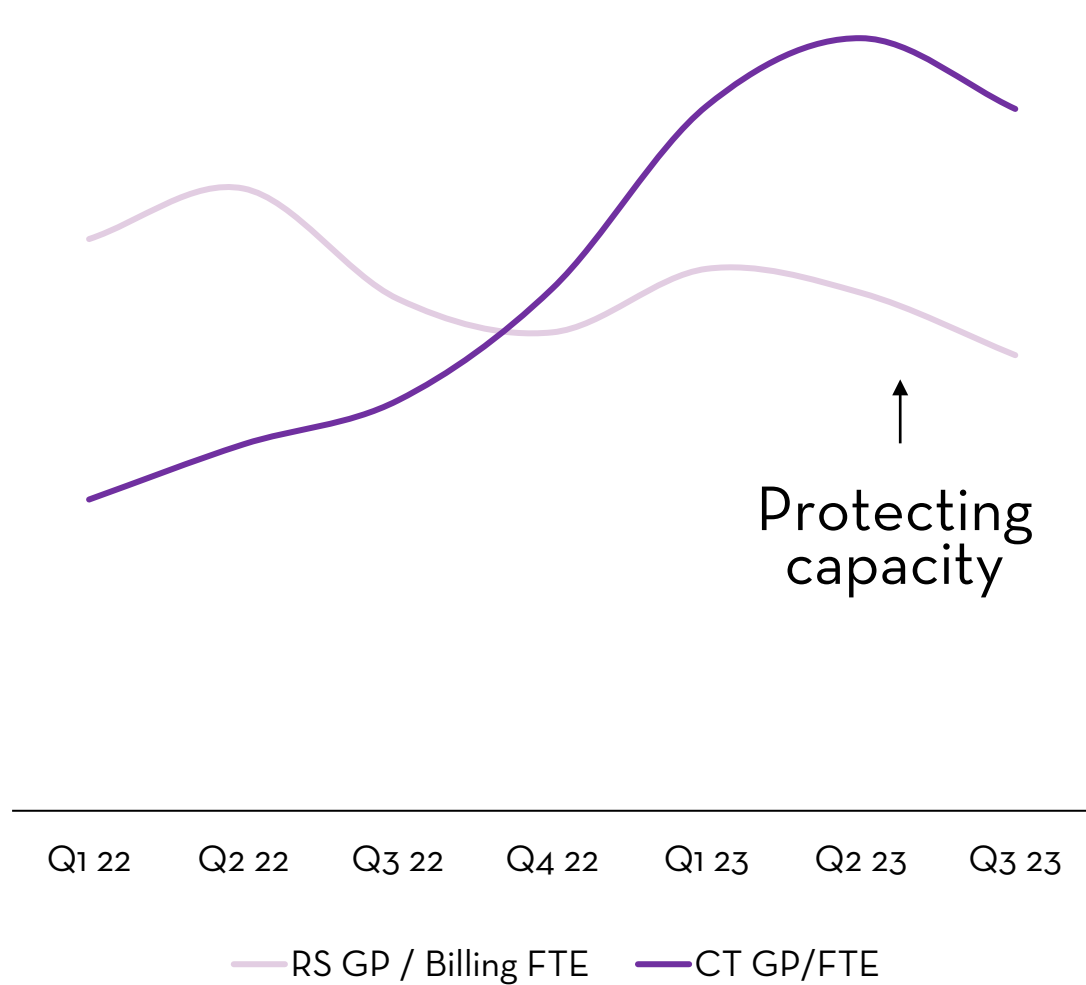
## Akkodis Consulting

Utilisation ratio



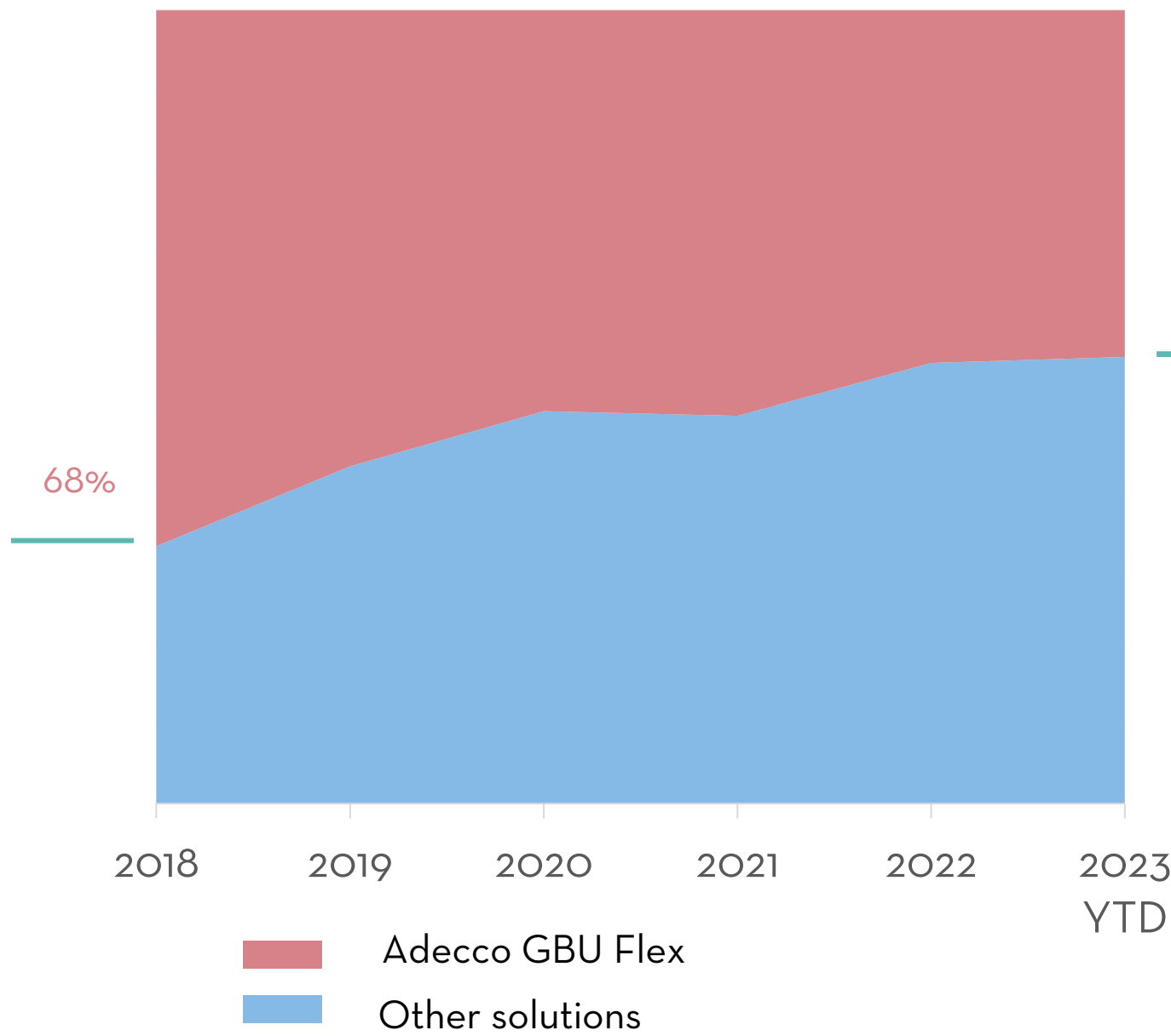
## LHH Recruitment Solutions & Career Transition

GP / Billing FTE, GP / FTE



# Driving an increasingly resilient, well-diversified gross profit base

Adecco Group gross profit by service area (%)



Orientated to higher growth, higher margin markets

Market growth rate

Market EBITA margin profile

**GDP**

**3%-6%**

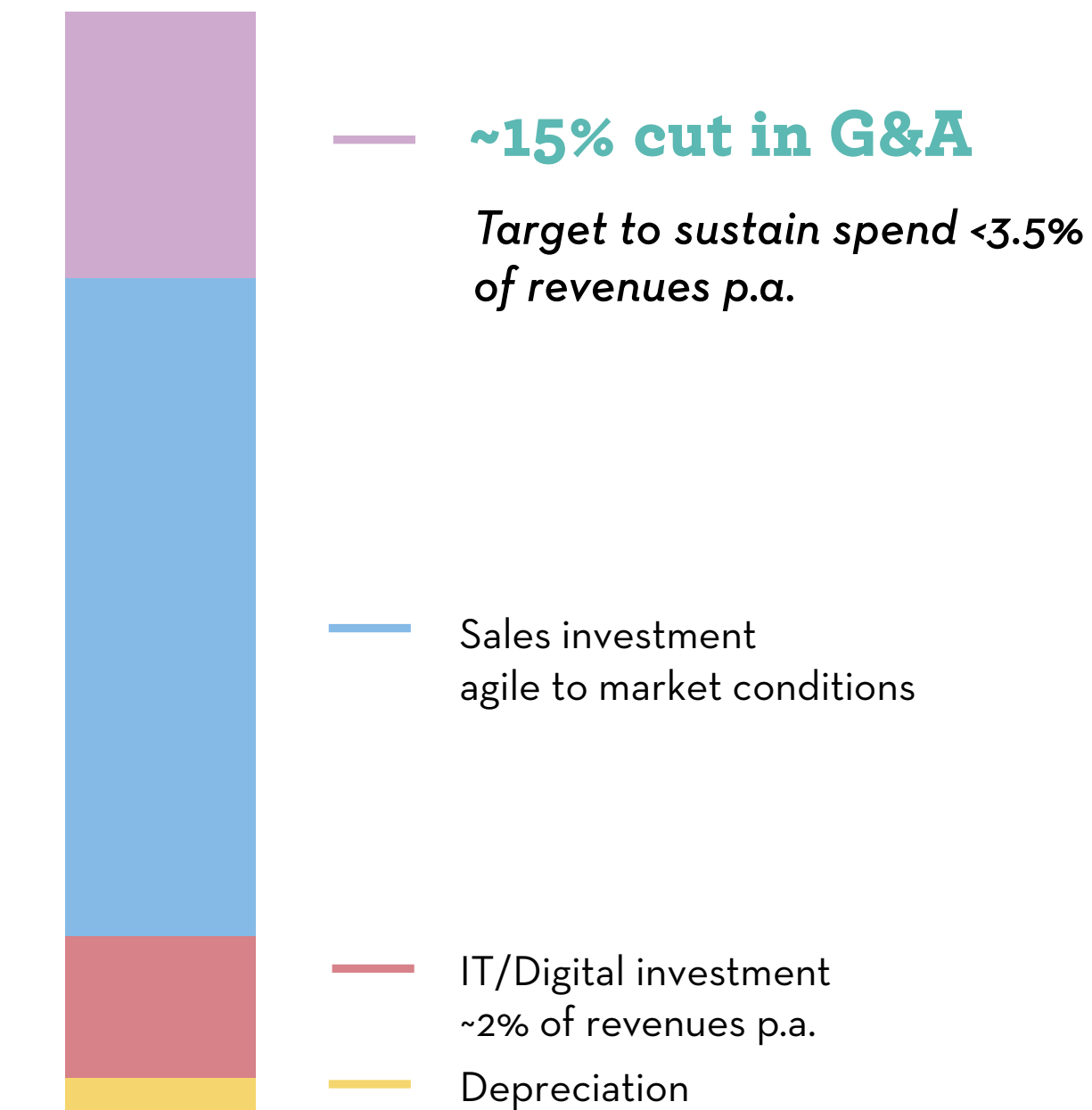
**6%+**

**7%-10%**

**Higher returns potential**

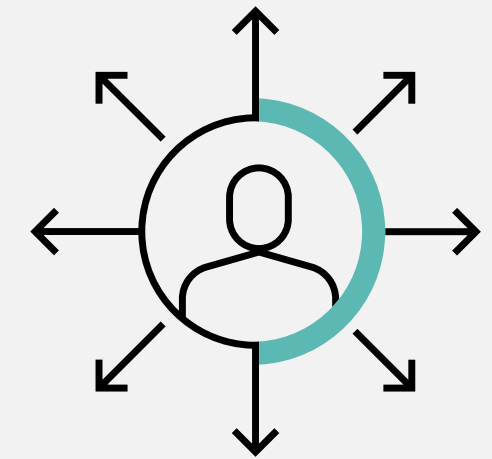
# Tackling overheads, improving operating leverage

Adecco Group SG&A breakdown



## » Sources of €150 mn savings

- **55% streamlined operating model**, incl. ~20% cut in country and regional management costs from delayering, removal of duplicate roles
- **30% optimisation of shared functions**, incl. elimination of global transformation effort and **accelerated off-shoring**
- **15% expense rationalisation**, incl. procurement, T&E spend



## » Leveraging off-shoring

- Accelerated roll-out to drive G&A savings in Finance, HR
- Shared Service Centres to improve quality, speed of services, and enable process harmonisation
- Intention to drive further efficiencies through automation, AI

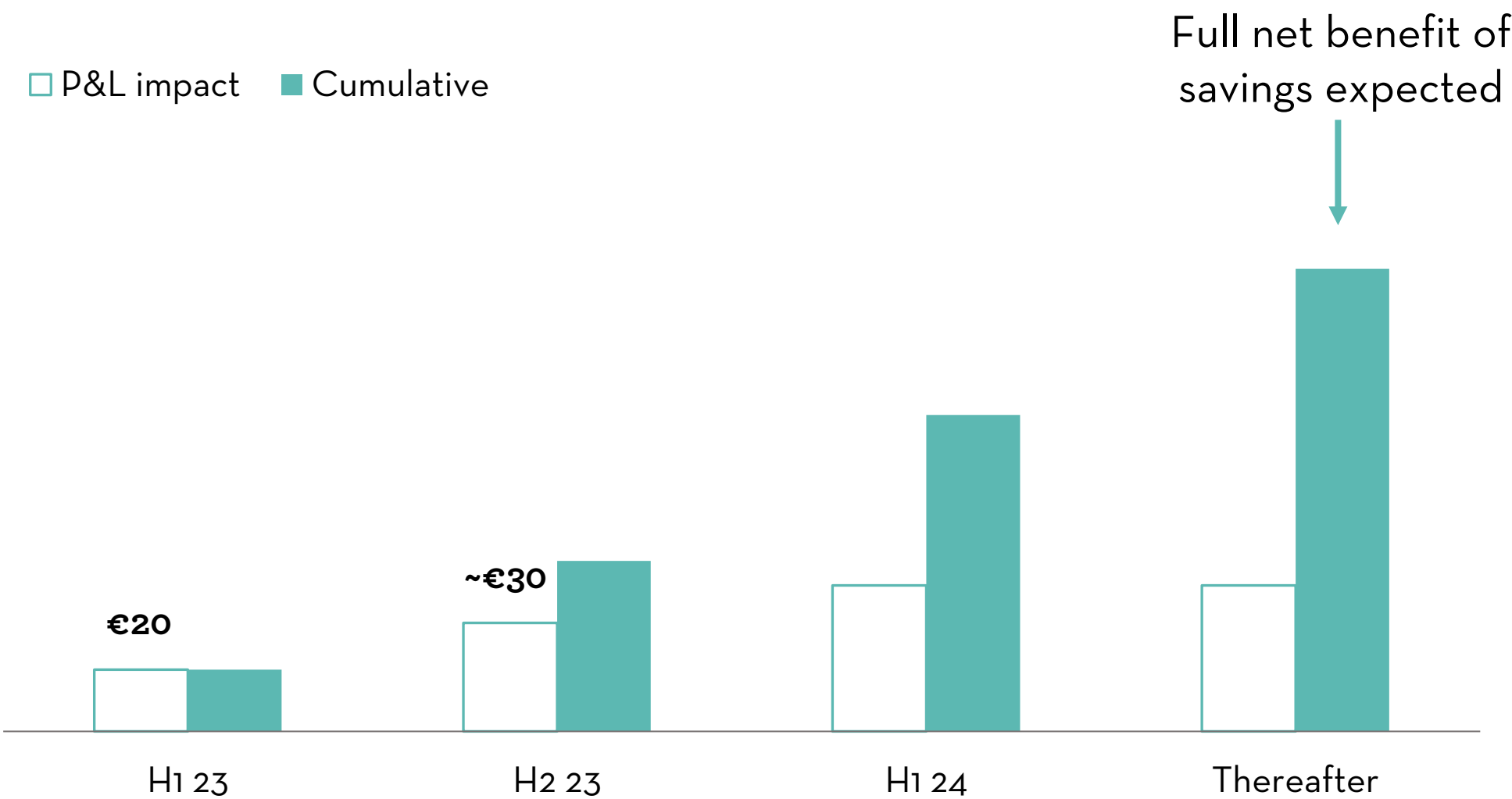
# On track to reach €150 mn G&A run-rate savings by mid-24

**G&A savings run-rate in EBITA terms**  
(EUR mn, approx)



↓  
**AKKA cost synergies**  
~€50 mn secured for FY23  
(not included in G&A savings plan)

**G&A savings P&L impact in EBITA terms**  
(EUR mn, approx)



# Majority of Group delivering robust financial results

High performing segments  
**~70% revenues**  
**>5% EBITA margin**

including  
Adecco France, DACH, SEE, LatAm, APAC  
Akkodis EMEA, APAC  
LHH Career Transition



Ready to capture market rebound

**~20% revenues**

**<3% EBITA margin**

including  
Akkodis Americas  
LHH Recruitment Solutions  
Pontoon

Turnaround / Ventures

**~10% revenues**

**On path to profitability**

including  
Adecco US  
LHH GA, Ezra

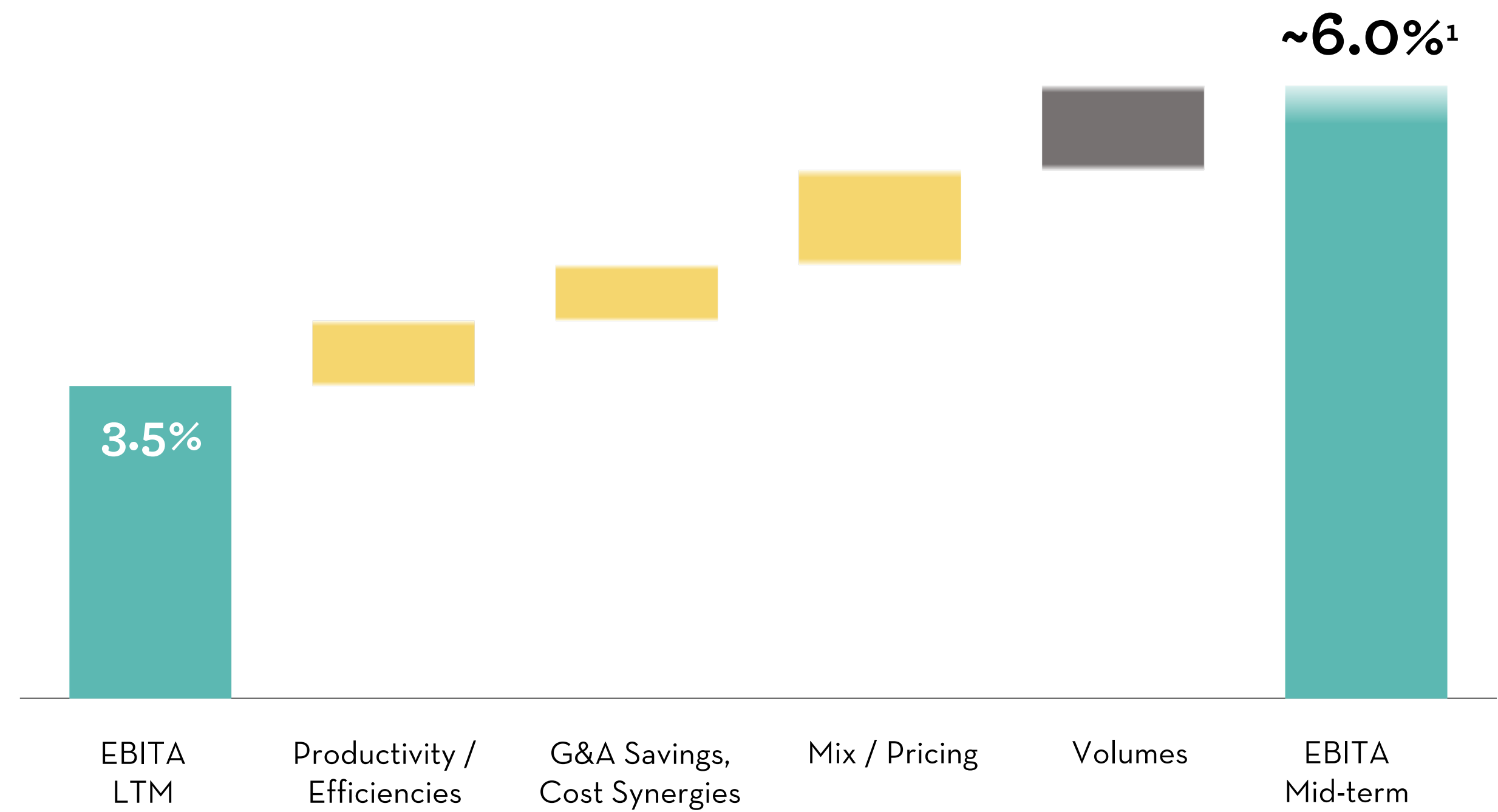
**EBITA margin**

3.5% LTM

4.0% Q3 23



# Moving toward the ~6% EBITA margin target<sup>1</sup>



## GBU ambitions Revenues and EBITA margin

Adecco

GDP+  
Revenue CAGR  
  
 3-6% range  
>5% mid-term

AKKODIS

~6%+  
Revenue CAGR  
  
 7-10% range  
~10% mid-term

LHH

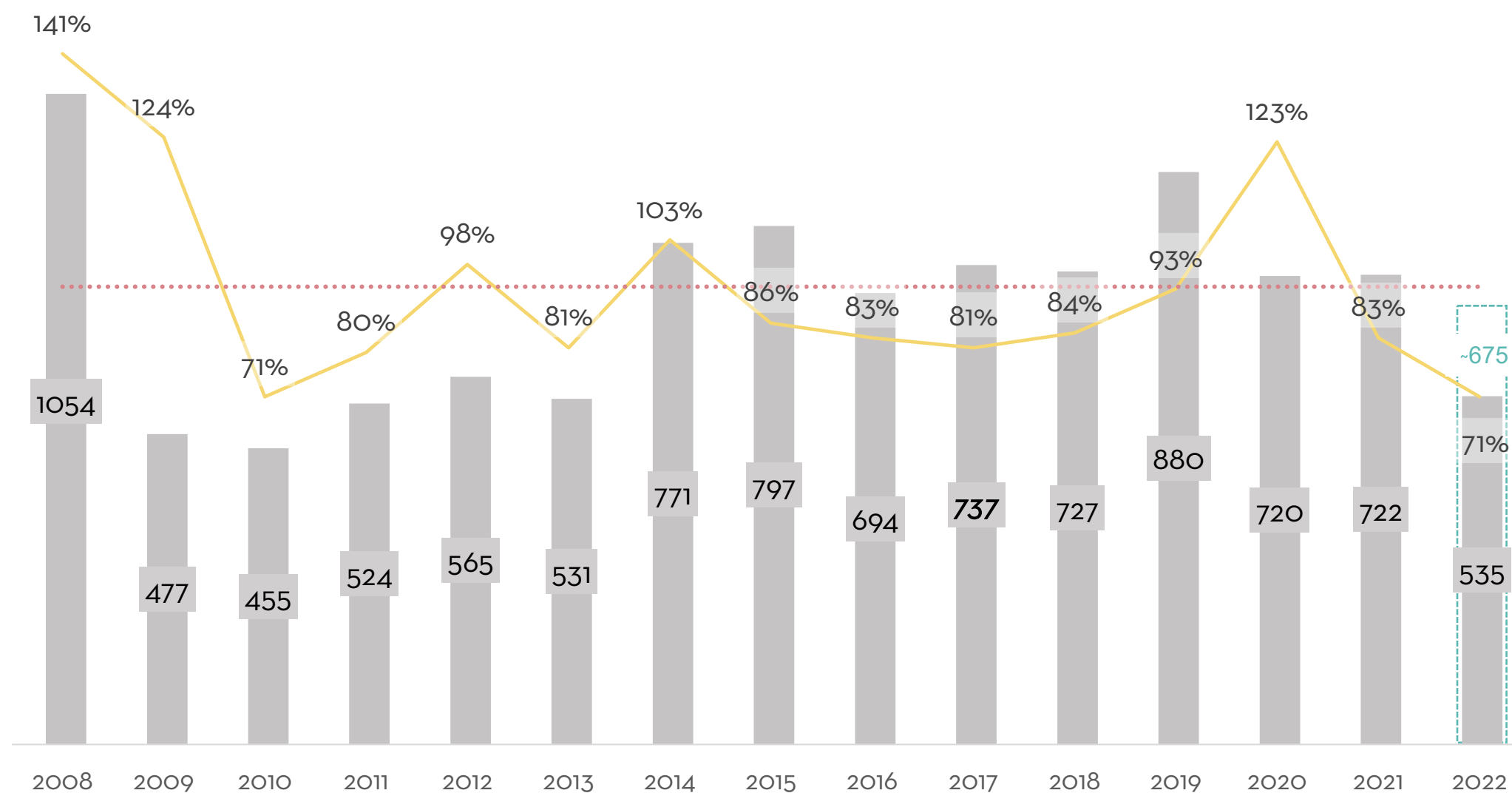
6-9%  
Revenue CAGR  
  
 7-10% range  
~10% mid-term

<sup>1</sup> In a supportive economic environment

# Strengthened cash and working capital discipline

## Track-record of solid cash generation, through-cycle

Cash conversion ratio and Operating FCF  
In % and € mn terms



## Holistic approach to working capital & cash management

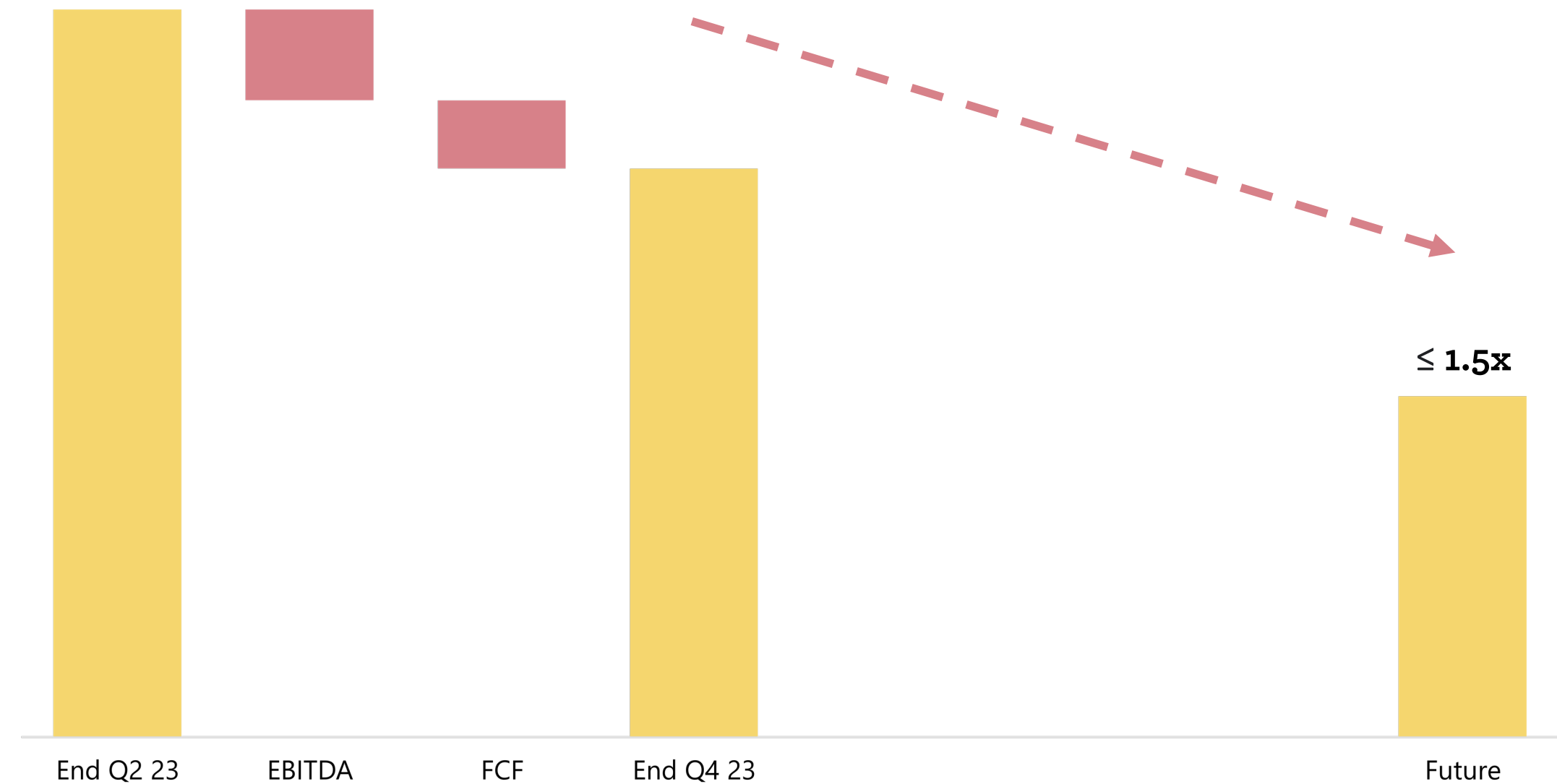
- Incentive plan incl. DSO targets
- Additional measures across GBUs to capture further opportunities in payables, receivables
- Progressing sale of AKKA's real-estate
- Minimising one-offs under G&A savings plan, and thereafter at low levels

# Solid financing structure, firm commitment to de-lever

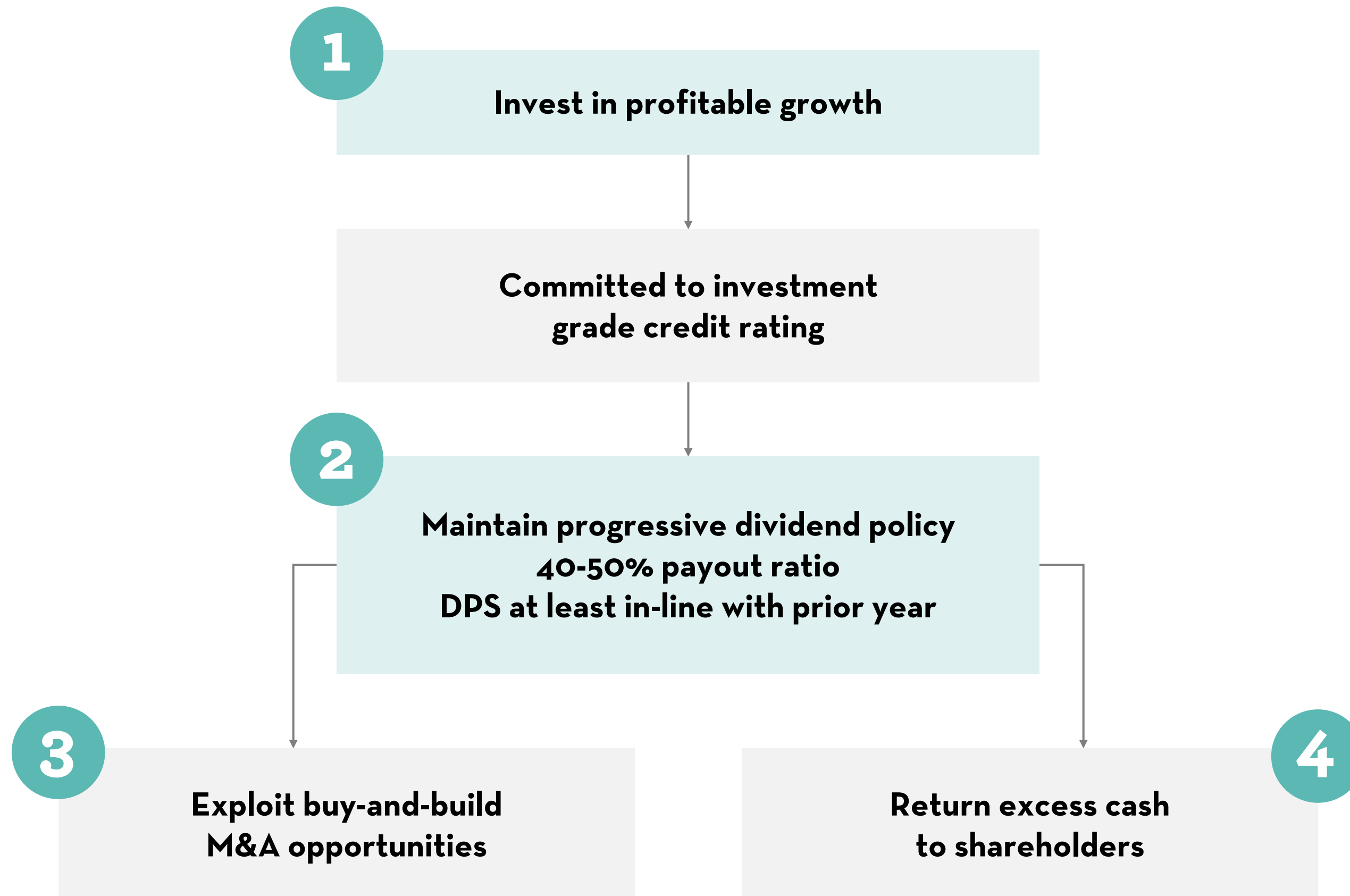
## Finance facts

- End Q3 net debt/EBITDA ratio 2.9x, on path to de-lever
- No debts maturing until Dec 24
- 79% debt fixed at low rates
- Interest rate sensitivity +/-1% = ~€7 mn
- No covenants on any outstanding debt
- €750 mn undrawn RCF
- Total liquidity ~€2 bn

To reach ~2.5x ND/EBITDA end-23, and continue de-leveraging thereafter



# Sustained capital allocation policies



No large M&A, bolt-off / bolt-on deals, only where:

- Accelerates our strategy
- Demonstrable cost, revenue synergies
- EVA positive within 3 years
- Management capacity



# Committed to improved financial performance



**Strong delivery over last 12 months against Simplify, Execute, Grow plan**

**Clear levers to drive improved profitability and cashflow**

**Adecco**

5 consecutive quarters of relative growth outperformance

Run | Change strategy to drive market share gains, profitability, lever digital and data

Traction on US turnaround plan

**AKKODIS**

Aligned to significant Smart Industry opportunity

Upsell to Consulting, expansion of Smart Industry practices and off-shore to drive profitable growth

On track to deliver promised value creation from AKKA

**LHH**

Newly integrated portfolio providing competitive advantage

Four strategic priorities including digital innovation and clear market prioritisation to drive profitable growth

Consistent delivery of EBITA margin in corridor



# Q&A

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# Closing remarks

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# Future@Work reloaded

London, 7 November

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