



Adecco SA
Second Quarter 2003 Results

July 23, 2003

Disclaimer

We are going to discuss certain subjects that may contain forward-looking statements relating to such matters as anticipated financial performance, business prospects, new products, development activities and similar matters. We caution you that actual results could differ materially from those that will be projected in our discussions. Additional detailed information concerning a number of factors that could cause actual results to differ materially from the information that we will be giving you is readily available in our most recent report on Form 20-F and in our Form F-4 registration statement filed with the United States Securities & Exchange Commission.



Jérôme Caille

Chief Executive Officer

The Quarter: NIBA +35%

Q2 2003 vs Q2 2002, constant currency

2nd Quarter 2003

(EUR millions)

Sales

4,034

-8%

% Variance
03 vs 02

0%

Reported

Constant
currency

Gross Margin

692

-11%

-3%

SG&A

557

-15%

-6%

Operating Income

135

7%

16%

NIBA

87

26%

35%

4

Year to Date: NIBA +21%

1H 2003 vs 1H 2002, constant currency

June YTD 2003

(EUR millions)

Sales

7,866

Gross Margin

1,371

SG&A

1,123

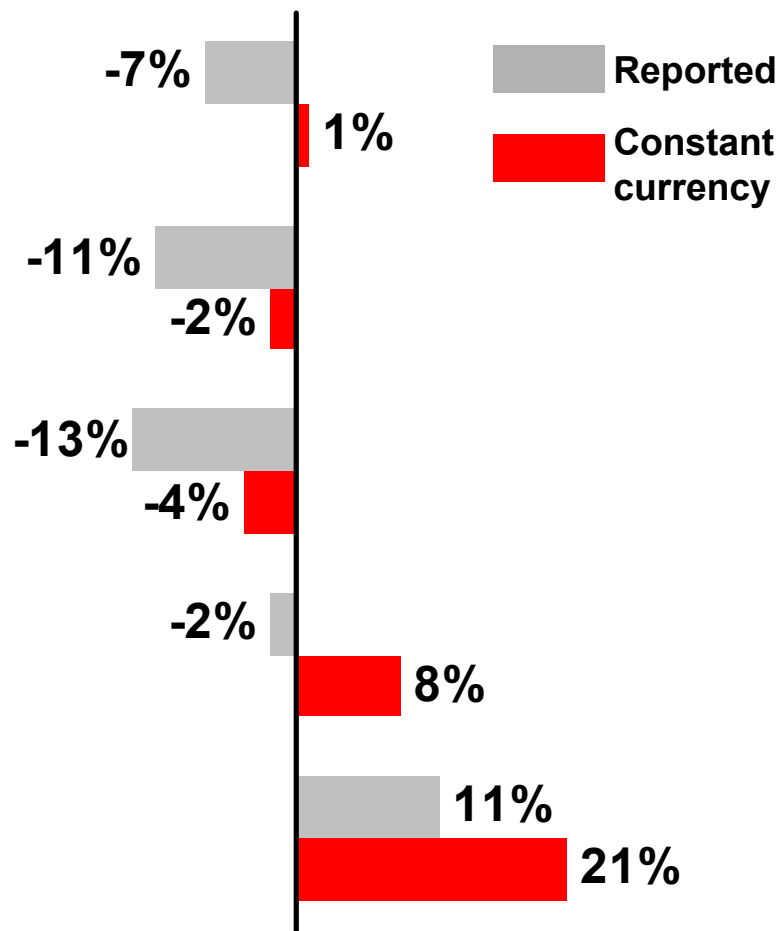
Operating Income

248

NIBA

152

% Variance
03 vs 02

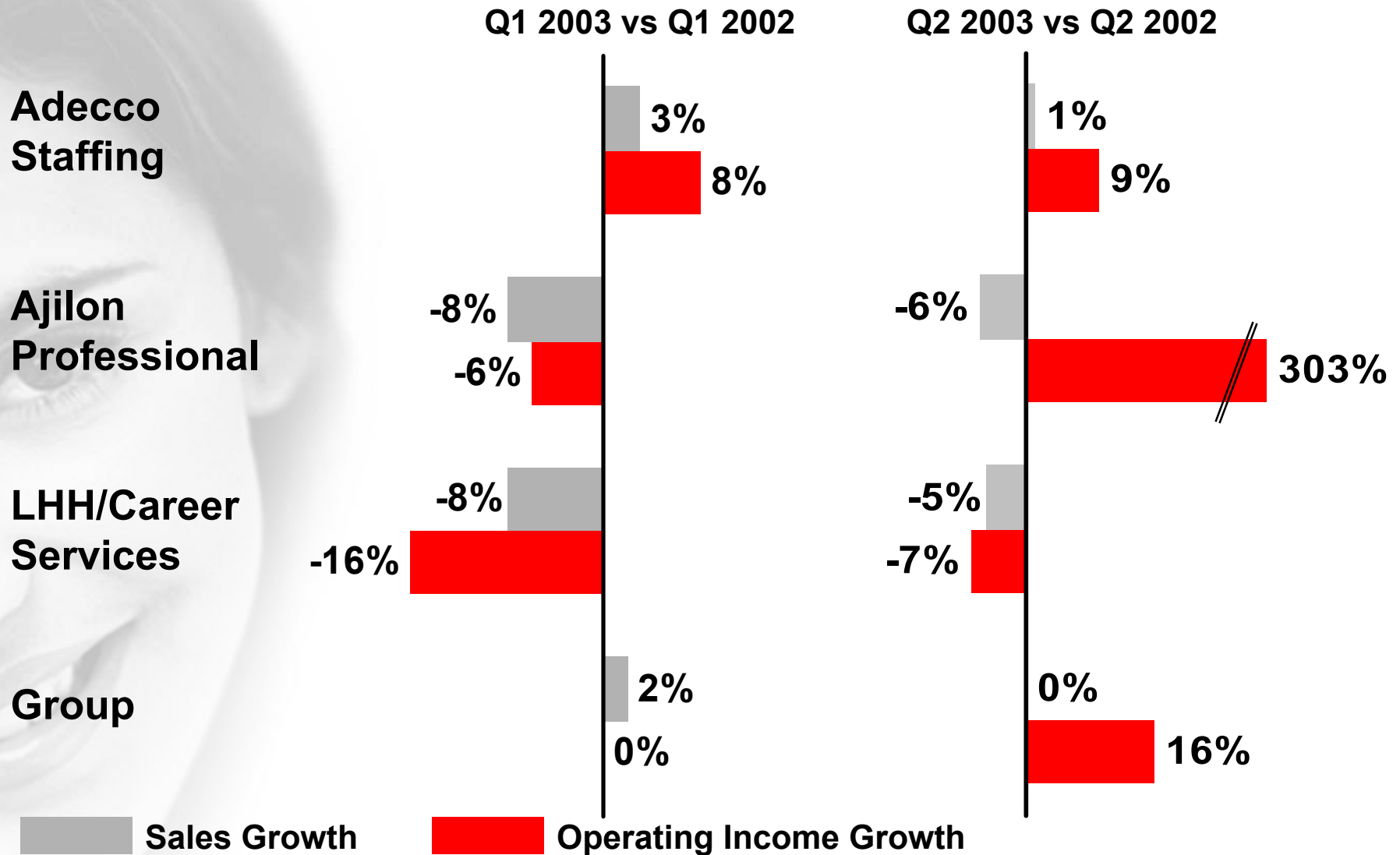


Continued Improvement in NIBA Growth

Adecco Group EUR million		2003 Actuals	2002 Actuals	% Variation	
				Actuals	Constant Currency
March QTD	Sales	3,832	4,061	-6%	2%
	Gross Margin	679	759	-11%	-2%
	Operating Expenses	(566)	(633)	-10%	-2%
	Operating Income	113	126	-11%	0%
	NIBA	65	68	-4%	7%
June QTD	Sales	4,034	4,375	-8%	0%
	Gross Margin	692	780	-11%	-3%
	Operating Expenses	(557)	(653)	-15%	-6%
	Operating Income	135	127	7%	16%
	NIBA	87	69	26%	35%
June YTD	Sales	7,866	8,436	-7%	1%
	Gross Margin	1,371	1,539	-11%	-2%
	Operating Expenses	(1,123)	(1,286)	-13%	-4%
	Operating Income	248	253	-2%	8%
	NIBA	152	137	11%	21%

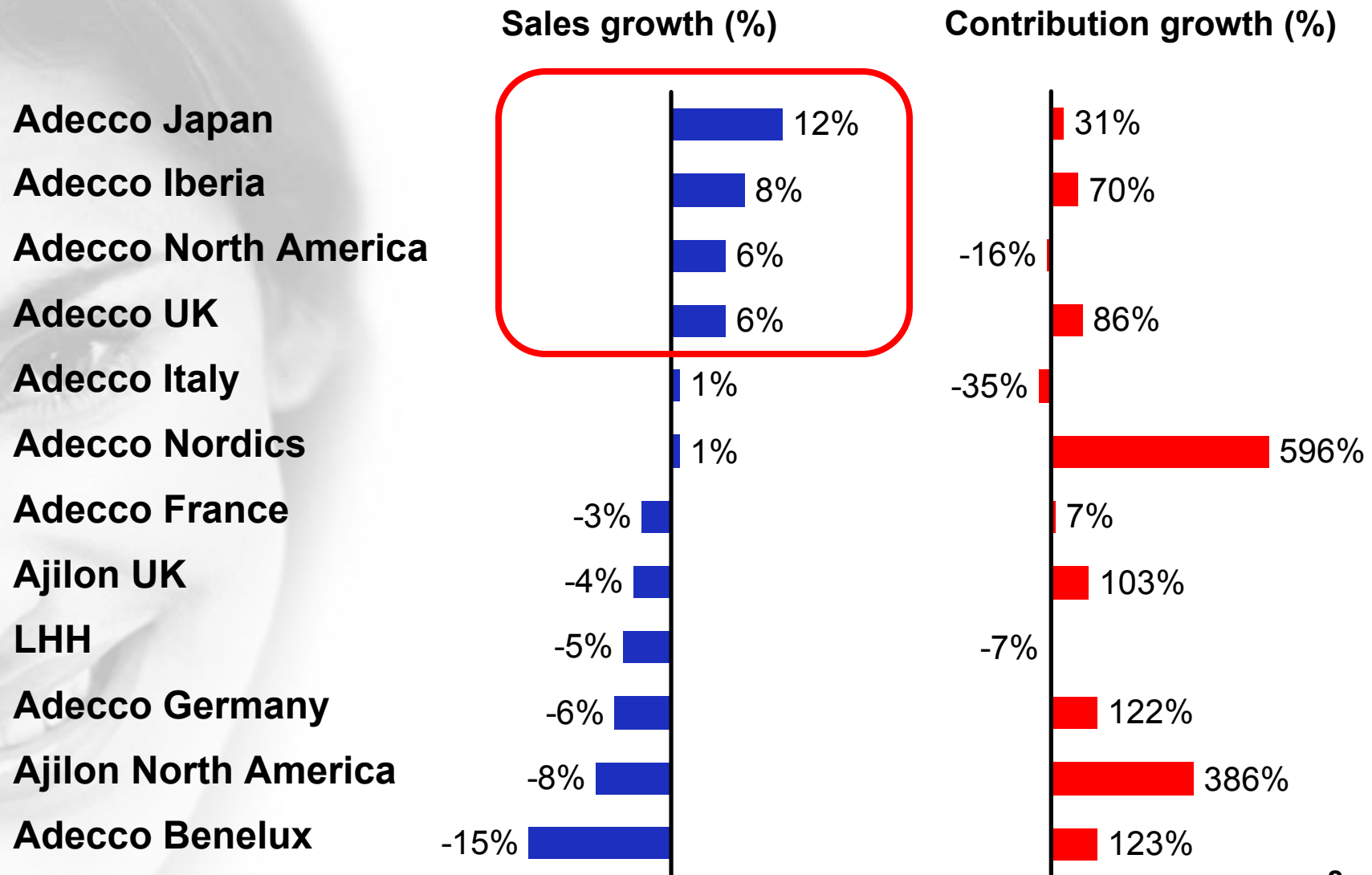
Further Improved Operating Gearing

Q1 2003 vs Q1 2002 and Q2 2003 vs Q2 2002 in constant currency



Performance of Key Business Units

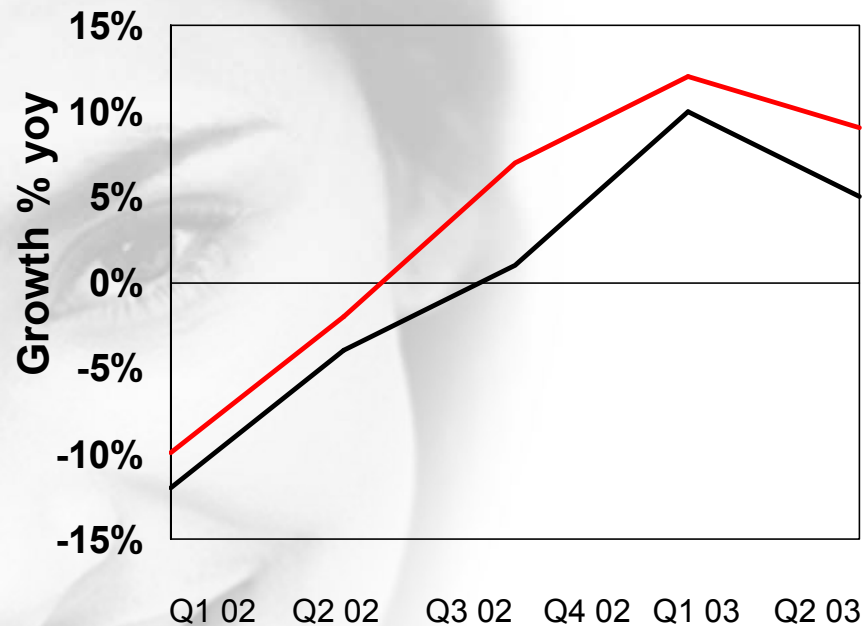
Q2 2003 vs Q2 2002 in local currency



Growing Sales Faster than the Market

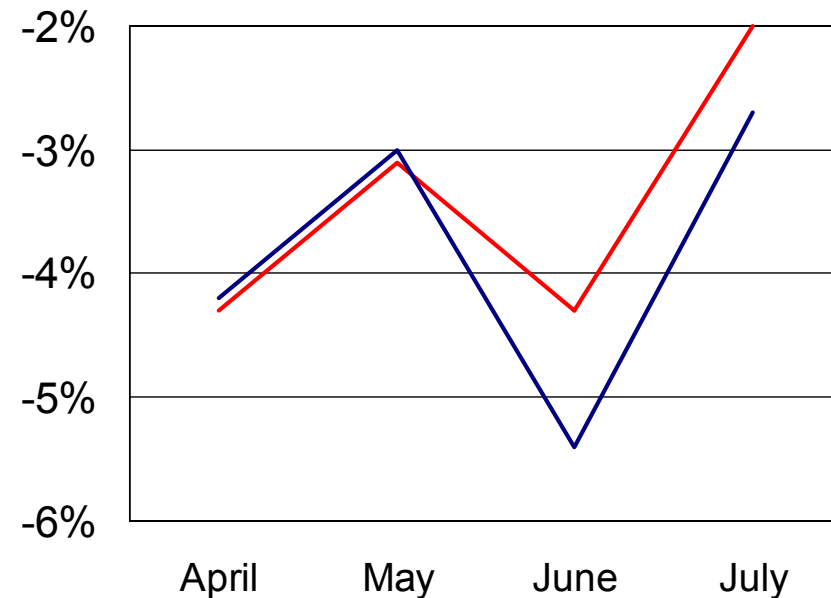
6 Quarters above Market Growth

USA Temporary Staffing



— Adecco US temp staffing
— Industry Average (ASA)

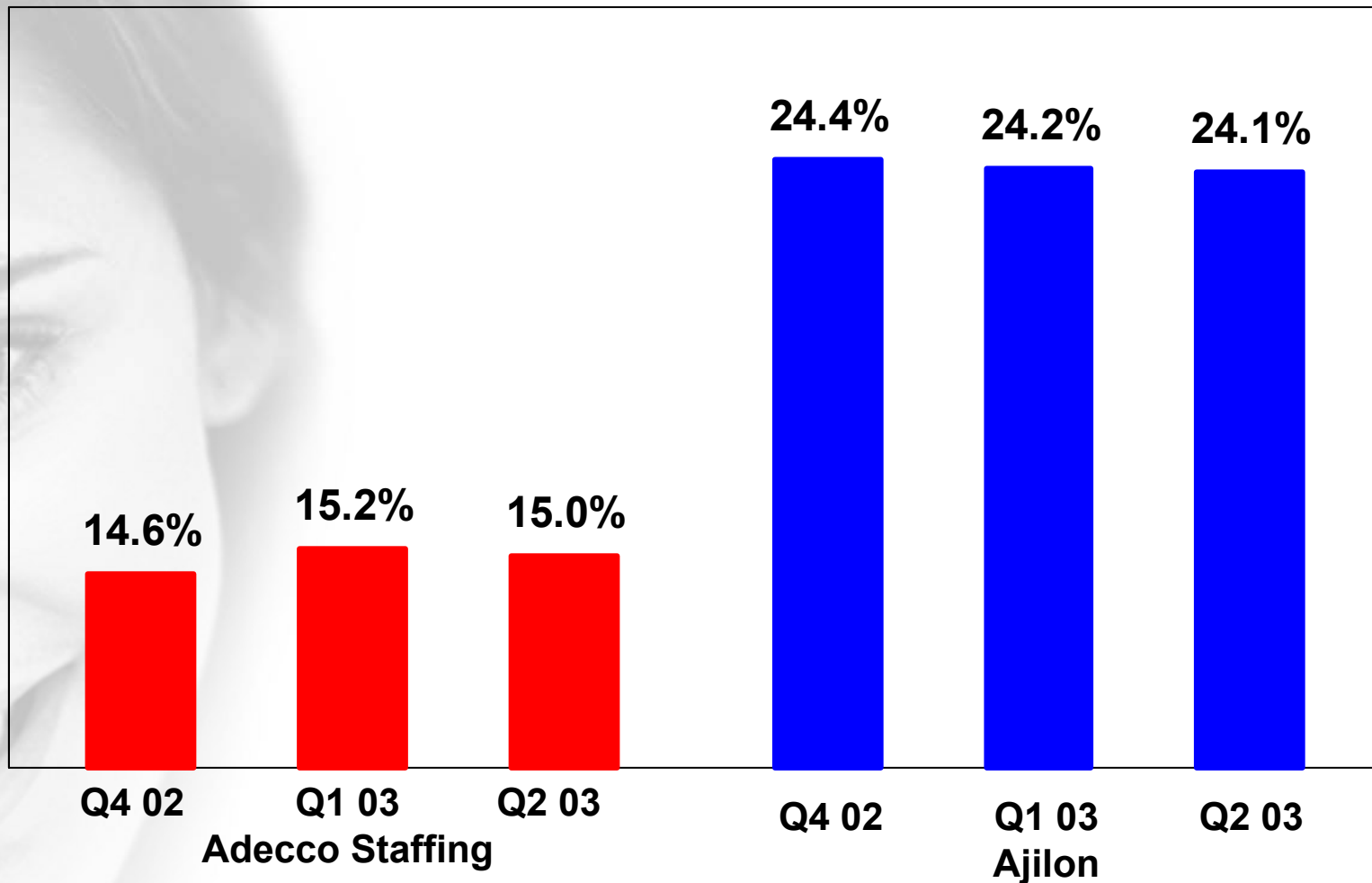
France Temporary Staffing



— Adecco France
— Industry Average (SETT)

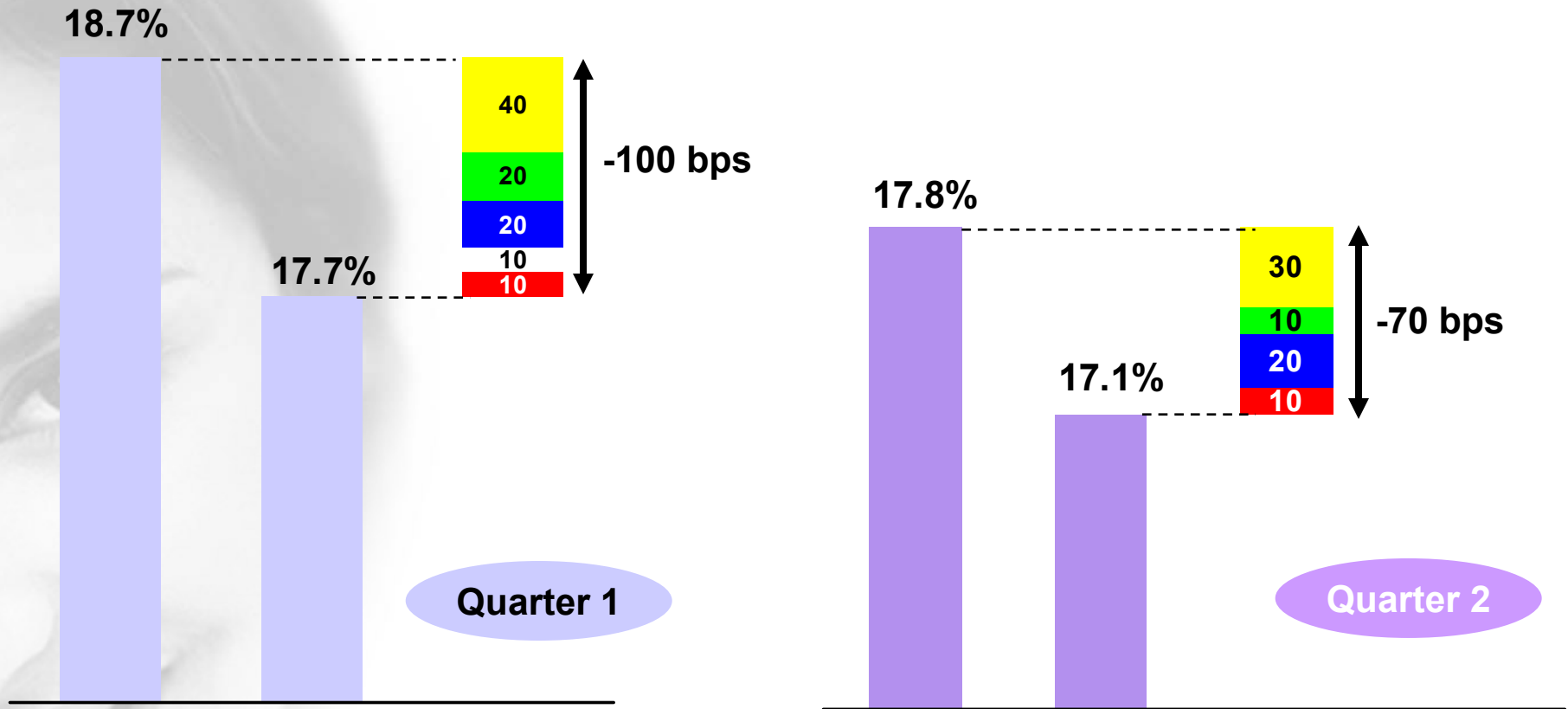
Maintained Underlying Gross Margin

Gross Margin in % of Sales, Q4 2002, Q1 and Q2 2003



Reduced YoY Gross Margin Decline

Adecco Group Gross Margin in % of Sales



Q1 2002 Q1 2003

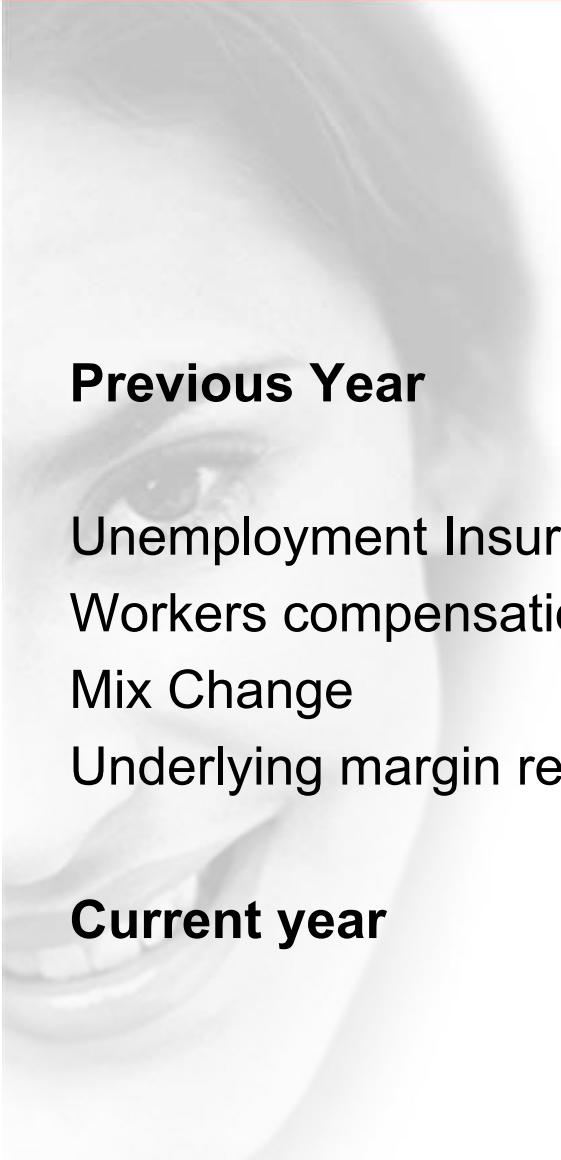
Q2 2002 Q2 2003

- USA-Adecco (Worker's comp, SUI, others)
- Other temp margin loss
- Currency mix change

- Business mix change
- Lower average perm fees

USA-Adecco: Narrowing the Gross Margin Gap

% Temp Gross Margin on Sales



	1st Quarter	2nd Quarter	Half Year
Previous Year	14.76	14.81	14.79
Unemployment Insurance	-0.31	-0.23	-0.27
Workers compensation	-1.31	-0.92	-1.10
Mix Change	-0.30	-0.30	-0.30
Underlying margin reduction	-0.45	-0.27	-0.38
Current year	12.39	13.09	12.75

USA - Adecco: Gross Margin Impact of Mix Change

Share of Gross Margin by type of business, %



- Impact of business mix on gross margin: 120 bps

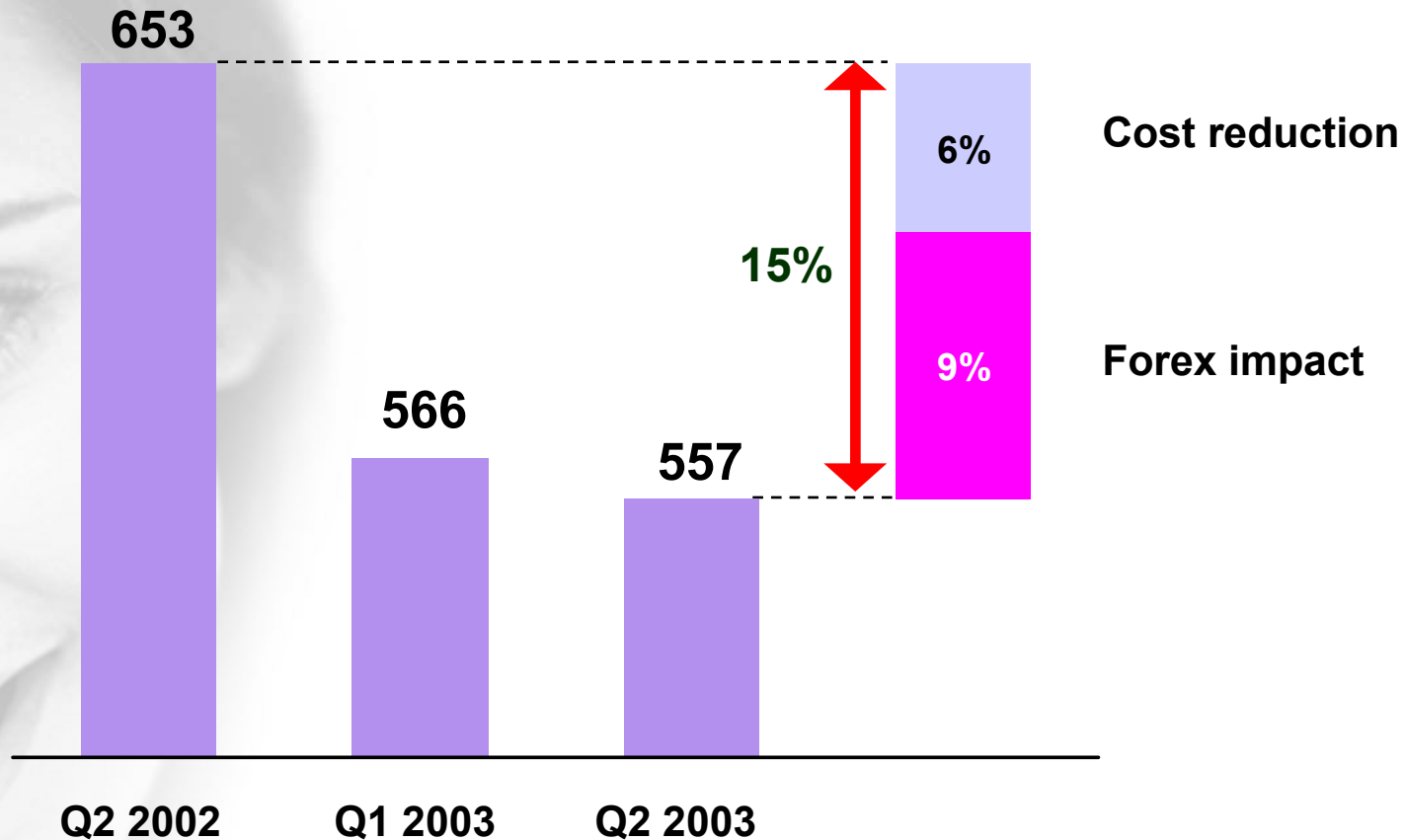
But...

- Strong focus on retail business enabled improvement of gross margin on new accounts from 18.5 % in January to over 20%

Further Reduction of Operating Costs

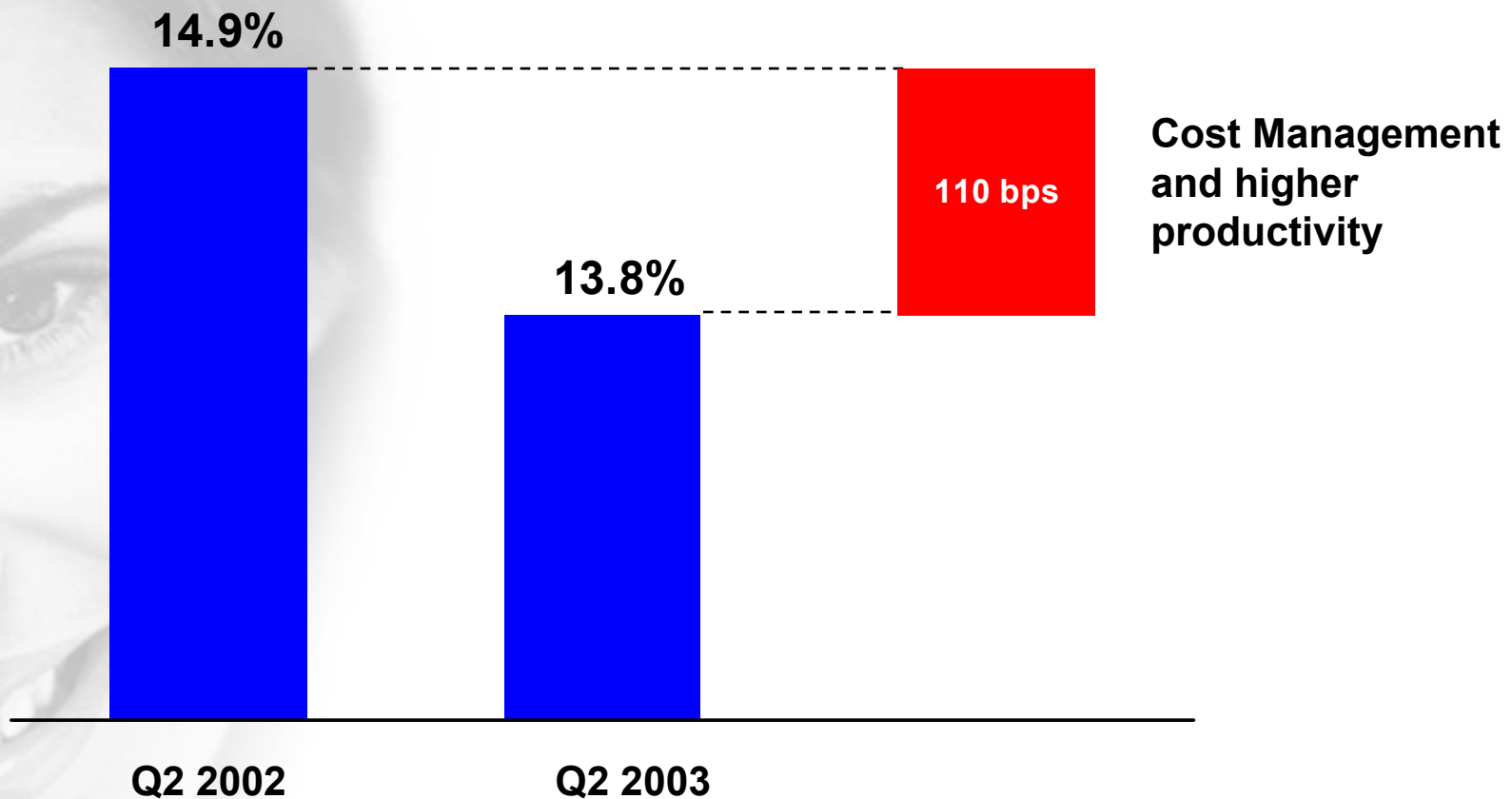
Reported Adecco Group operating costs

EUR million



Improved Operating Cost Ratio

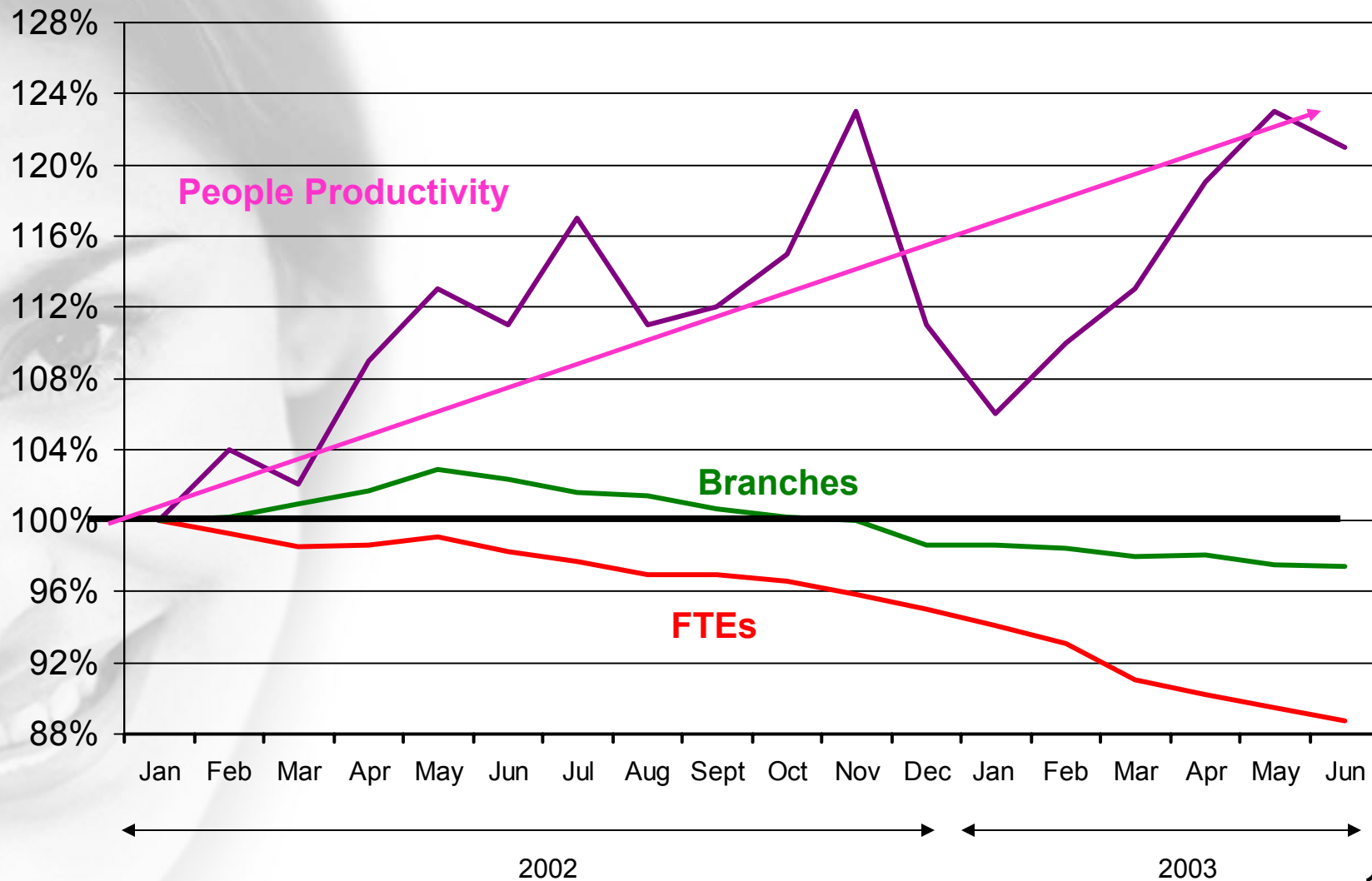
Operating costs in % of Sales



Improved Productivity

Change of staff, Nr. of branches and productivity, Jan 2002 = 100

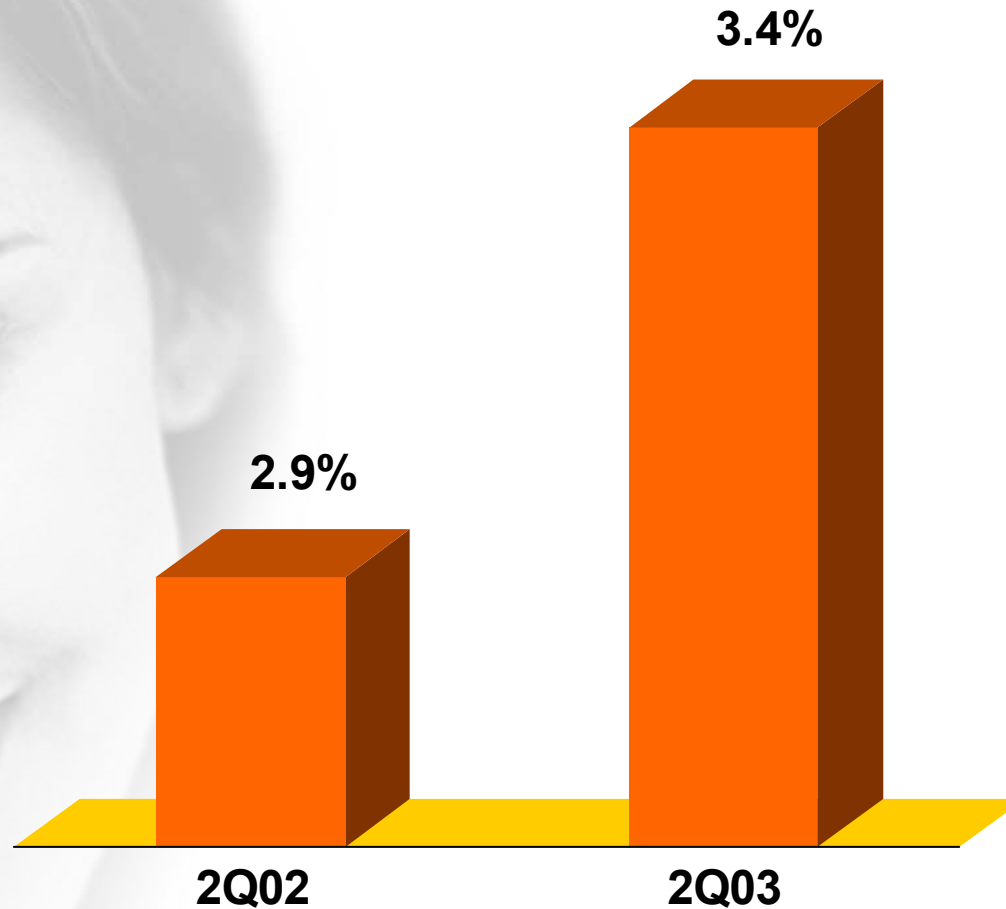
Productivity= Hours Sold per Employee

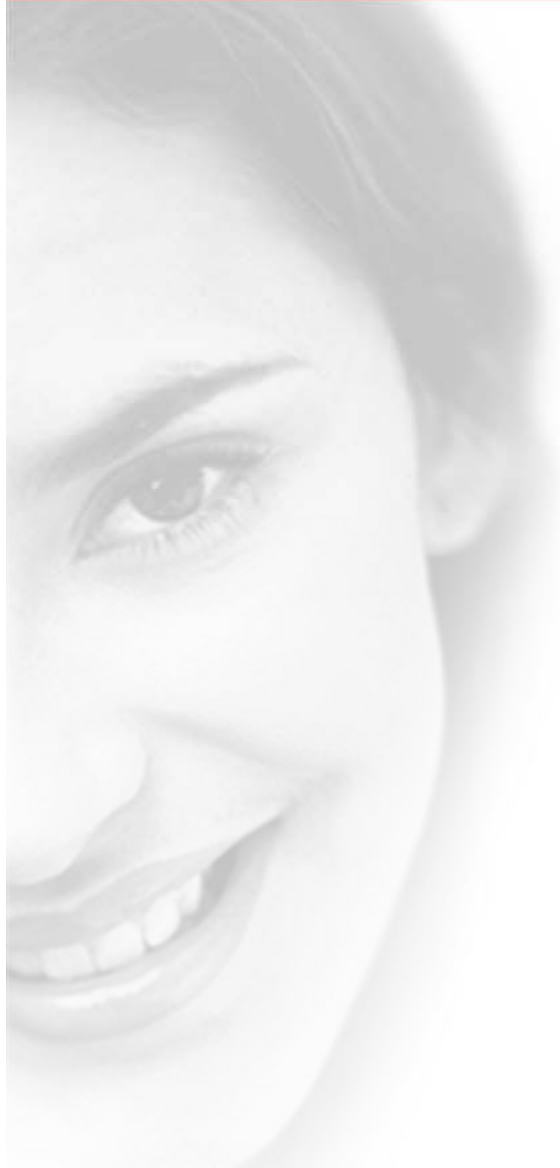


16

Improved Operating Income Margin

Operating Income as a % Sales

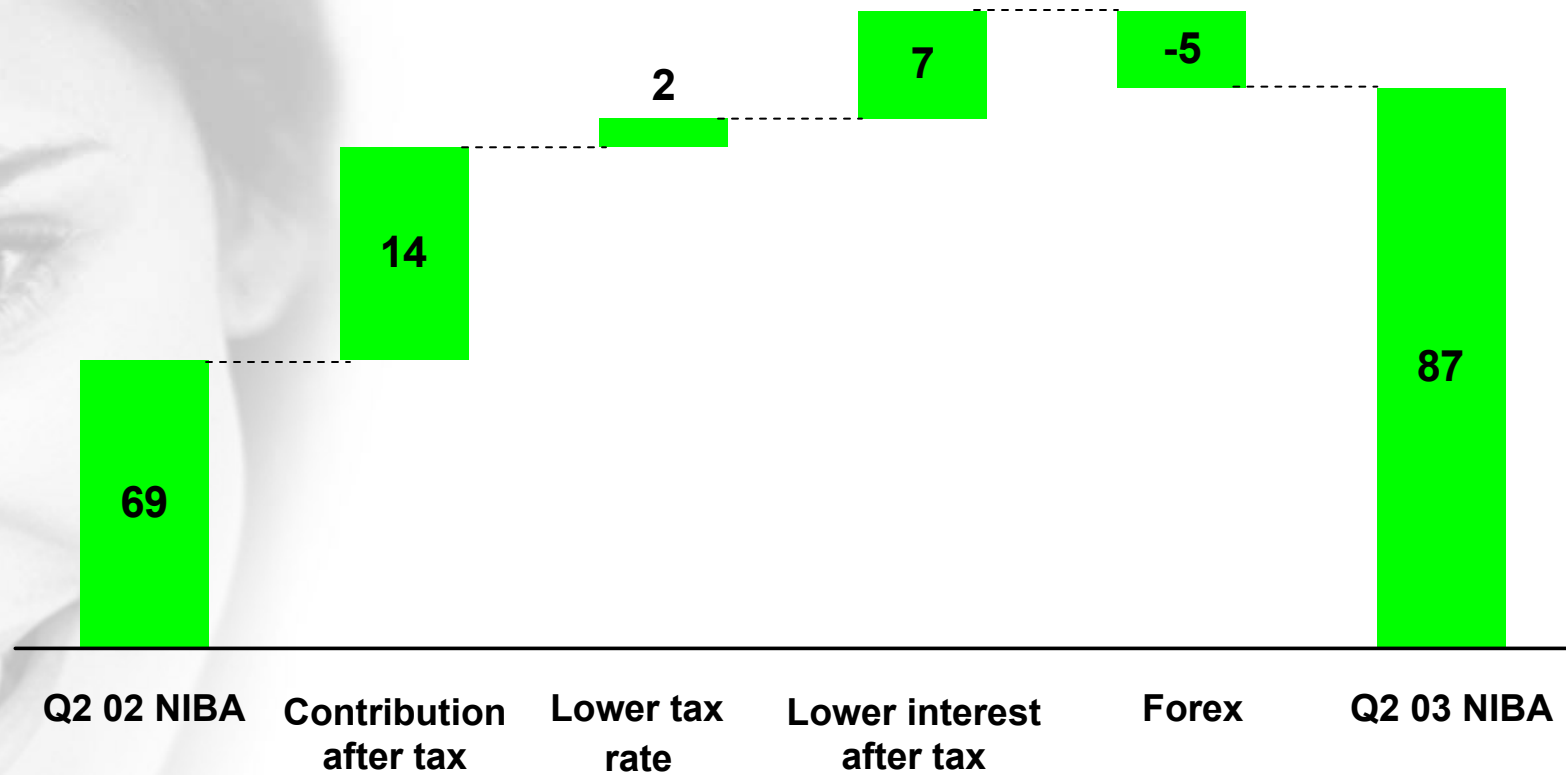




Felix Weber
Chief Financial Officer

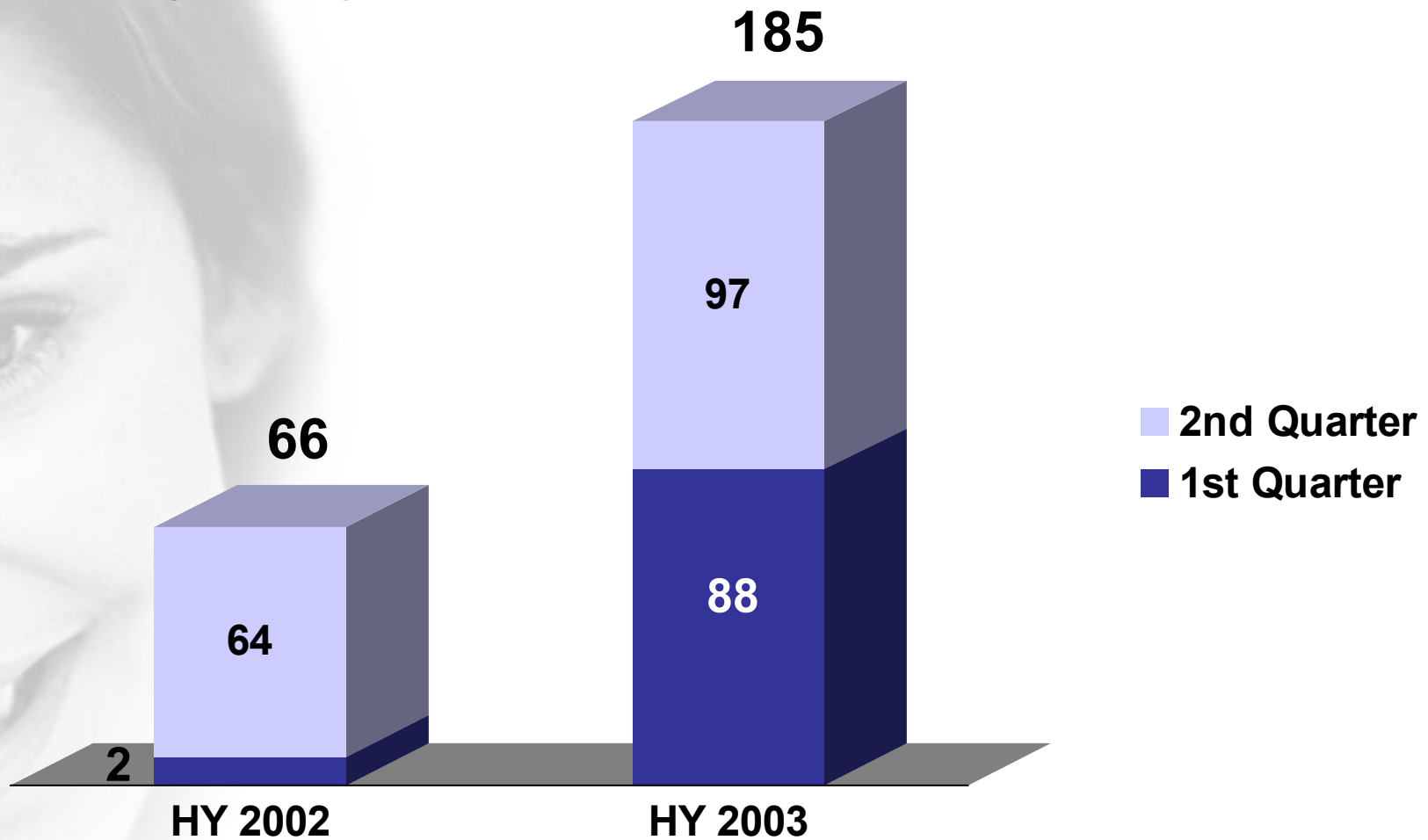
The NIBA Components

EUR millions



Strong Generation of Cash-Flow from Operations

EUR million



Improved Cash Flow

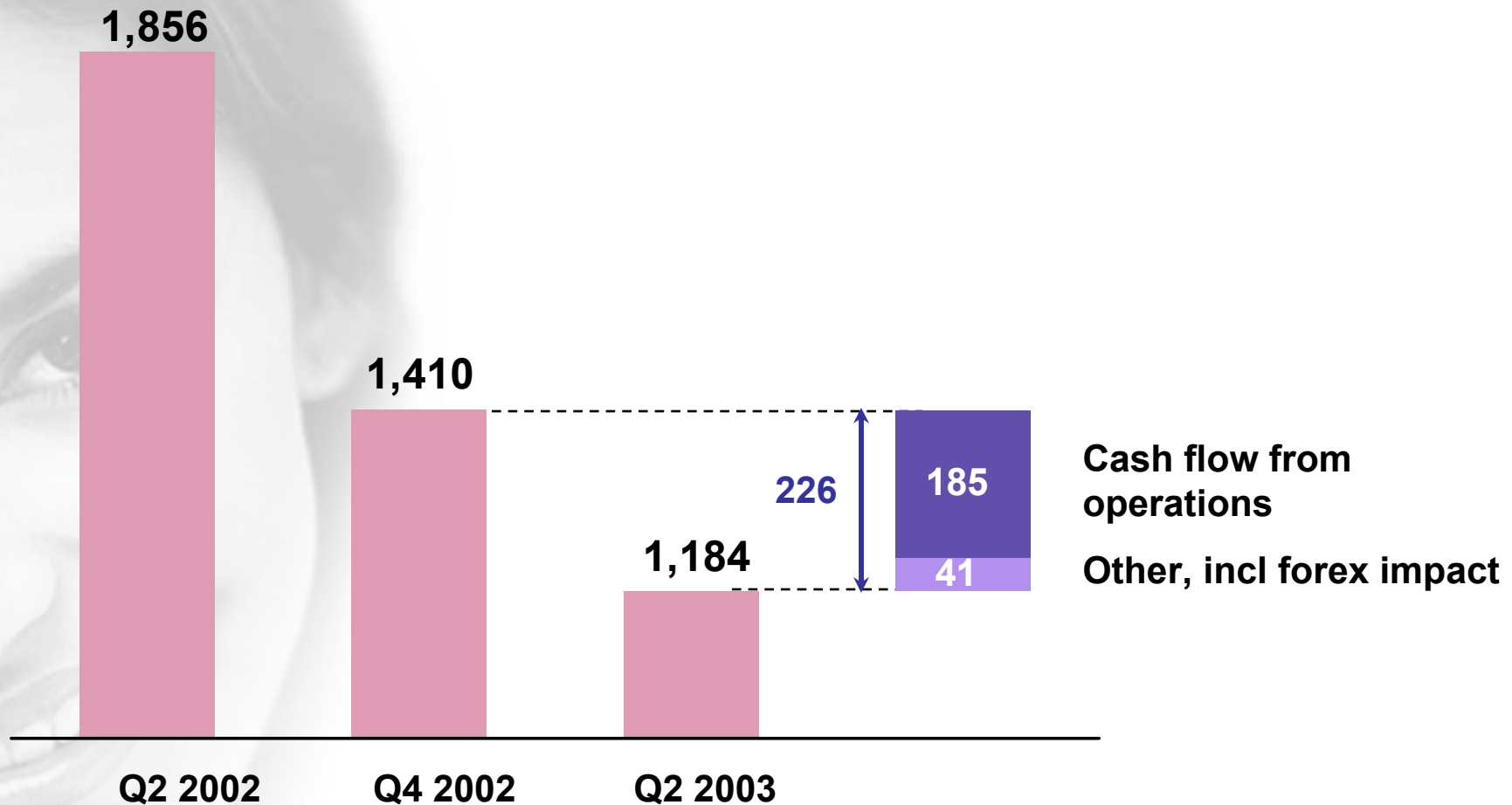
Condensed Cash Flow Statement

		Six months ended	
		June 29, 2003	June 30, 2002
EUR MILLIONS			
CASH FLOWS FROM OPERATING ACTIVITIES	- Net Income	150	136
	- Depreciation and Amortization	68	72
	- Other charges less utilized restructuring reserve, net	17	26
	- Change of trade accounts receivable and payable, net	(95)	(118)
	- Other current assets	47	(40)
	- Non-current assets and liabilities	(2)	(10)
	Cash flows from operating activities	185	66
CASH FLOWS FROM INVESTING ACTIVITIES	- Capital expenditures	(31)	(51)
	- Acquisitions, net of cash acquired	-	(58)
	- Other investing activities	3	(23)
	Cash flows used in investing activities	(28)	(132)
CASH FLOWS FROM FINANCING ACTIVITIES	- Changes to Short and Long Term debt	(57)	23
	- Dividends paid to shareholders	(75)	(129)
	- Common stock options exercised	-	13
	- Other financing activities	109	4
	Cash flows used in financing activities	(23)	(89)
EXCHANGE RATE EFFECT	Effect of exchange rate changes on cash	(23)	(28)
	Net increase / (decrease) in cash and cash equivalents	111	(183)

Reduced Net Debt*

Net Debt, including off balance sheet

EUR millions



* Including off-balance sheet items of EUR 52 million in Q2 02, EUR 59 million in Q4 02, and EUR 36 million in Q2 03.

22

Strong Balance Sheet

EUR MILLIONS	June 29, 2003	December 30, 2002
ASSETS		
Cash and cash equivalents	323	212
Trade accounts receivable, net	3,023	2,906
Property, equip. & leasehold improv., net	381	435
Other assets	743	790
Goodwill and intangibles, net	1,372	1,477
Total assets	5,842	5,820
LIABILITIES		
Short-term debt	177	228
Accounts payable and accrued expenses	2,907	2,815
Long-term debt	1,294	1,335
Other liabilities	92	103
Total liabilities	4,470	4,481
Minority Interests	-	-
Shareholders' equity	1,372	1,339
Total liab. & shareholders' equity	5,842	5,820
<i>Net debt incl off balance sheet debt</i>	<i>1,184</i>	<i>1,410</i>






Jérôme Caille

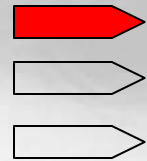
Chief Executive Officer

Growth Strategy

Continue to grow our business organically and through acquisitions for a 20% market share in the business segments we are in through

-  Capturing new, exciting opportunities through deregulation
-  Use technology to sustain our competitive advantage and transform our branch model
-  Attract, develop and retain the most talented people to create a culture of innovation

New Opportunities in Germany



The Candidate



- Better salaries
- Salary increases over 4 years
- Salary bonuses for experience
- Less barriers for immigrants

The Client



- More flexible solutions
- Less legal and financial risks than with outsourcing solutions
- Temps cost less or the same as internal headcount

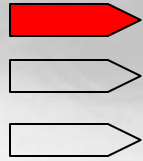
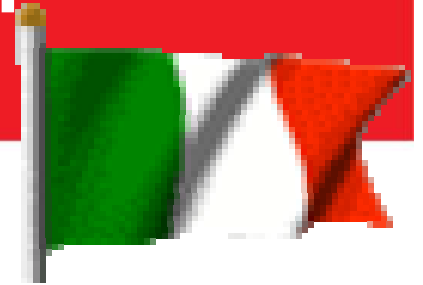


- New flexible solutions now clearly defined by law and wage agreements
- Limited bench risk through flexible working hours
- Renewal of contract 3 times

Adecco

- ✘ Understanding of the new legislation
- ✘ Appropriate IT systems
- ✘ Training capabilities
- ✘ Sales & Marketing strategy

Italy: major new opportunities for Adecco



- ✘ **Exclusivity clause eliminated: agencies can operate in perm, staff leasing, outplacement, recruiting, training**
- ✘ **More job categories open for temp staffing**
- ✘ **Limit to the ratio of temps to total workforce abolished**
- ✘ **1997 legislation replaced**



Adecco

- ✘ **Largest network in Italy (500 branches)**
- ✘ **First job portal**
- ✘ **The best IT systems**
- ✘ **The largest client base**
- ✘ **Largest market share and brand awareness**

IT Strategic Direction ... as defined 3 years ago

November 2000

- **Objectives:**

- **ABC**: All Branches Connected to companies and candidates
- Transpose online all our business processes



- **Basic Principles:**

- A unique web-based database fully integrated with the branch database with a set of matching functionalities.
- All the business transactions are executed by the branches: internet will be another enabling channel, but better and faster.

Current capabilities, future potential

Today

- Available Today
- Under Development
- Local Tools

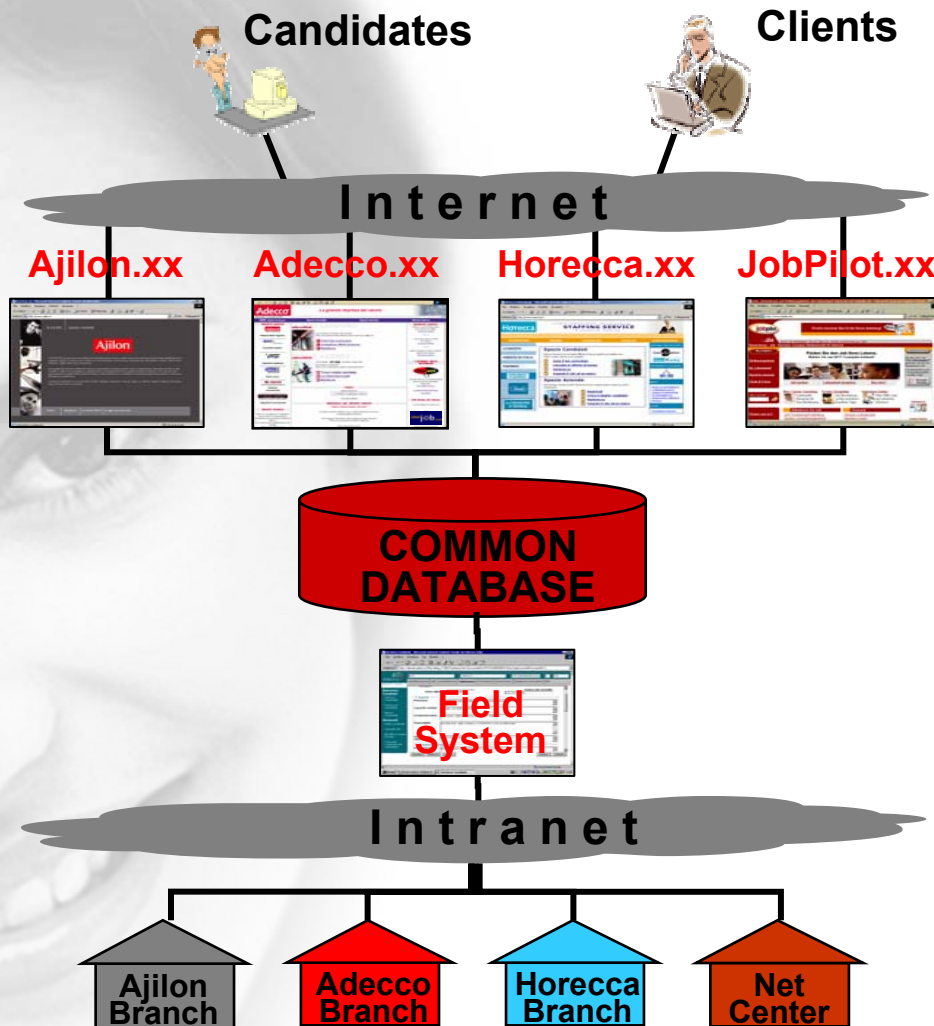


- Certified CVs and Job Offers
- Powerful matching capabilities
- Automated search agents
- SMS / Email notifications
- ...

- Tests taken from home + validation in the Branch
- Candidate screening before interviewing
- Client specific tests
- ...

- Web timesheets
- Wireless timesheets
- Online contracts
- Online billing
- Web reporting
- ...

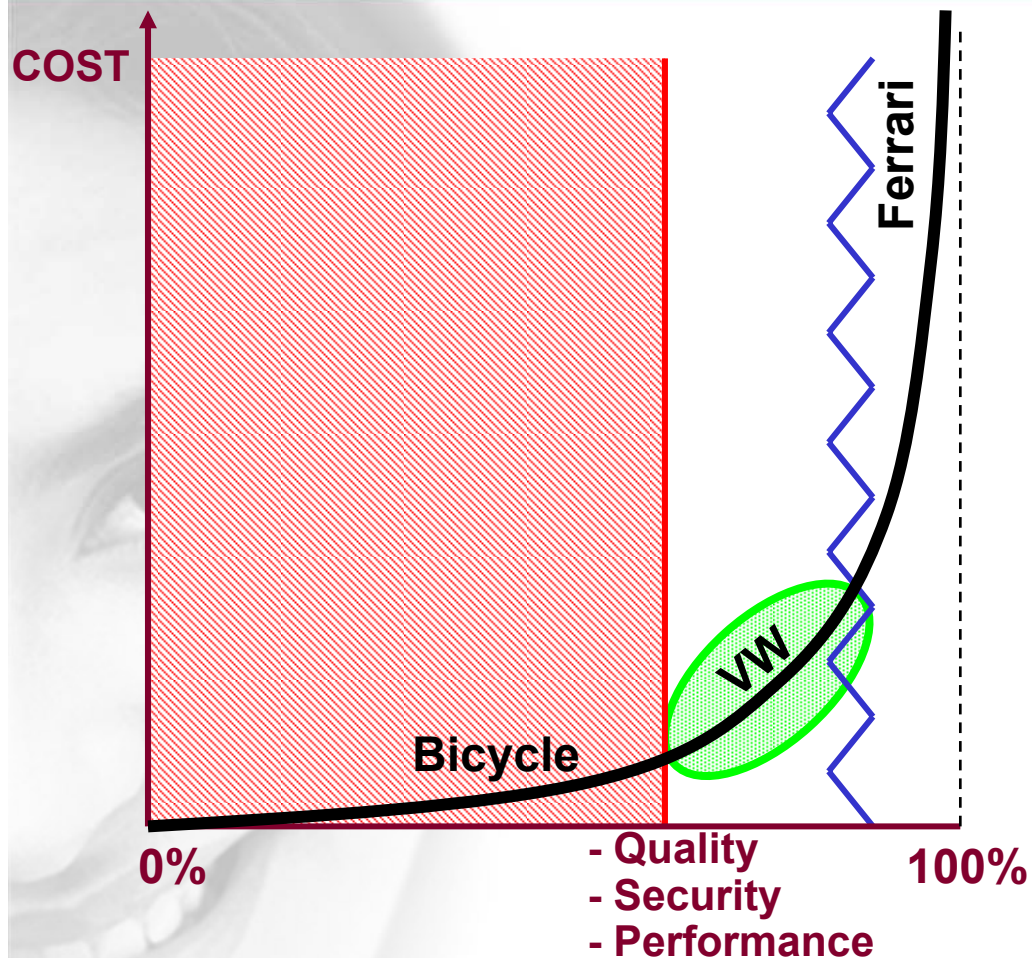
Transforming the Branch Model



AdeccoWeb Italy Achievements Jan-Jun 2003

- **19%** of the total candidates placed had been exchanged across branches (23,000)
- **20%** of the total new candidates in the database were sourced from the Internet (40,000)
- **€ 100** mio of sales were achieved with candidates exchanged across branches plus internet candidates + internet clients
- **50%** of Ajilon associates recruited by Adecco

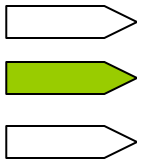
Standard Platform ...



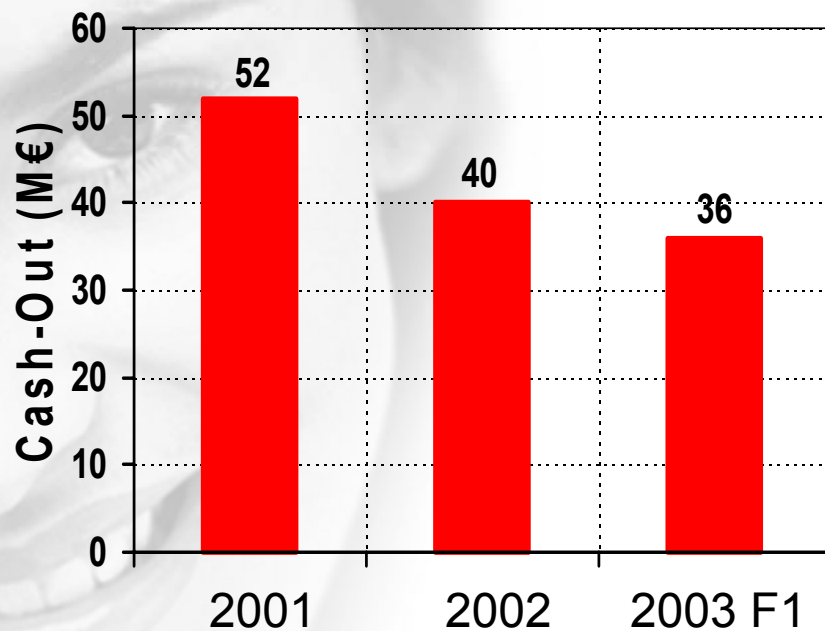
**Provide VolksWagens,
not Bicycles, not Ferraris !**

Adecco Web 19 Business Units >50% of the Group Sales	
Live in 2002	<ul style="list-style-type: none"> • Adecco Spain • Adecco & Ajilon Italy • Adecco & Adia France
Live today (with at least one module)	<ul style="list-style-type: none"> • Adecco UK & Ireland • Ajilon France • Adecco Netherlands • Adecco Czech Republic • Adecco Poland • Adecco Hungary • Adecco Sweden • Adecco Denmark • Adecco Finland • Adecco Russia • Adecco India
Next (by end 2003)	<ul style="list-style-type: none"> • Adecco Greece • Adecco Luxembourg • Adecco Belgium • Ajilon Continental Europe

Economies of Scale



Evolution of Corporate IT Costs



Evolution of AdeccoWeb project costs

- **Italy (2000-2001)**
 - Project costs **7,000 k€**
 - Hosting Costs/Year **3,000 k€**
- **UK (2003-2004)**
 - Project costs **1,300 k€**
 - Hosting Costs/Year **800 k€**
- **Czech Republic (2003)**
 - Project costs **50 k€**
 - Hosting Costs/Year **30 k€**



Managing Innovation

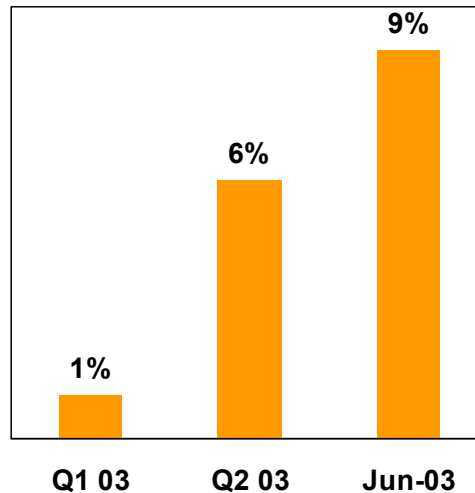
33

Managing Innovation: Adecco UK



Richard MacMillan

**Adecco UK Sales
Y-o-Y Progression in 2003**



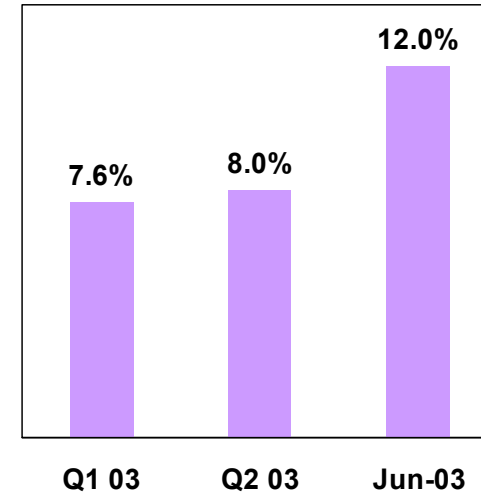
- **Adecco position:** number 1 with 10% market share
- **Project leader for branch network expansion at low cost**
- **Achievements:** Opened to date 85 new branches for the cost of 40, which led to market share gains, gross margin increase and outstanding profit growth.

Managing Innovation: Adecco Spain



Enrique Sanchez

**Adecco Spain Sales
Y-o-Y Progression in 2003**



- **Adecco position:** number 1 with 30% market share
- **Project leader for pricing program**
- **Achievements:** negotiation of preferential large contract terms, producing 100 bps increase in gross margin and remarkable profit growth.

Outlook: Entering a Challenging H2

- Markets remain very tough
- We are making the best out of it: growing market share
- We continue working on gross margin improvement: pricing, new products, Ajilon and LHH contributions
- Our costs are under control and supporting our results without damaging our opportunities of growth

In summary

1. **Operational gearing** extended at Group level: flat Sales converted into + 16% EBIT growth
2. We have the right **cost base** (-110 BP SG&A vs last year) without putting in danger potential growth
3. Despite economic environment, **Return on Sales = 3.4%** (+ 50 bps vs last year). **Cash Flow x 3** at 180 M. Euros
4. France, despite tough market conditions, makes **7% Profit growth**
5. At Adecco Staffing US, **+6% Sales**, far above market, **Return on Sales** of 1.3% including workers compensation impact
6. Ajilon tripled profits, thanks to productivity improvement and brought Division **Return on Sales to 4.1%** (vs Adecco 3.6%)

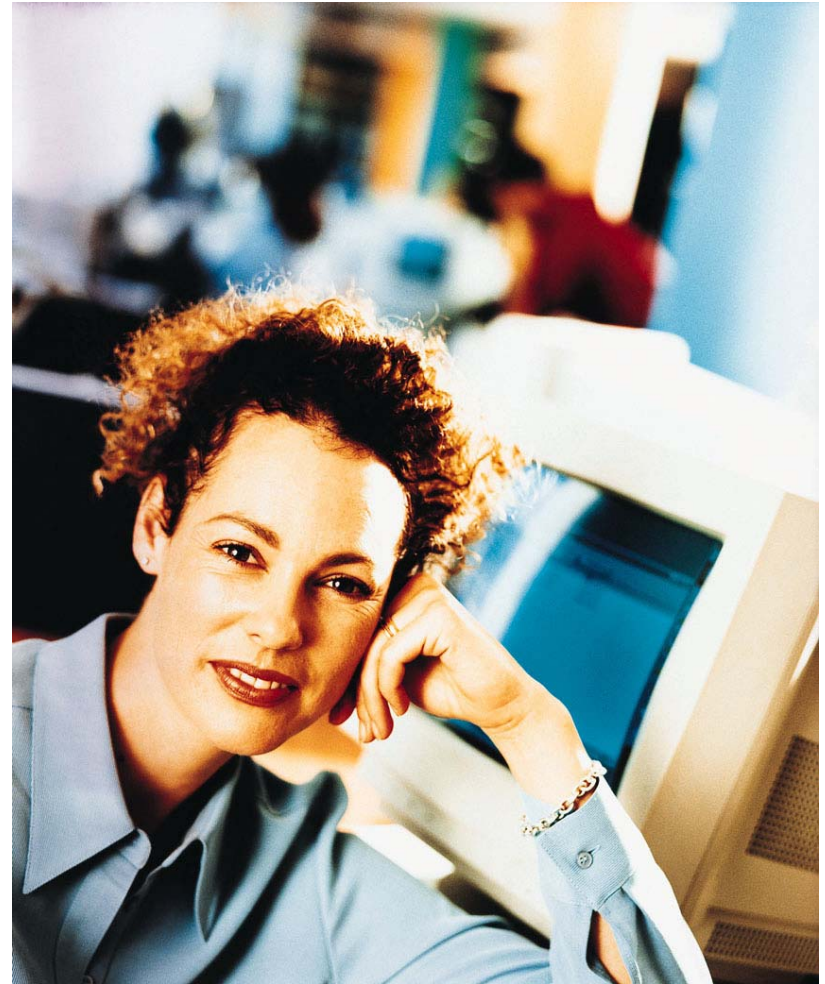


Thank You!

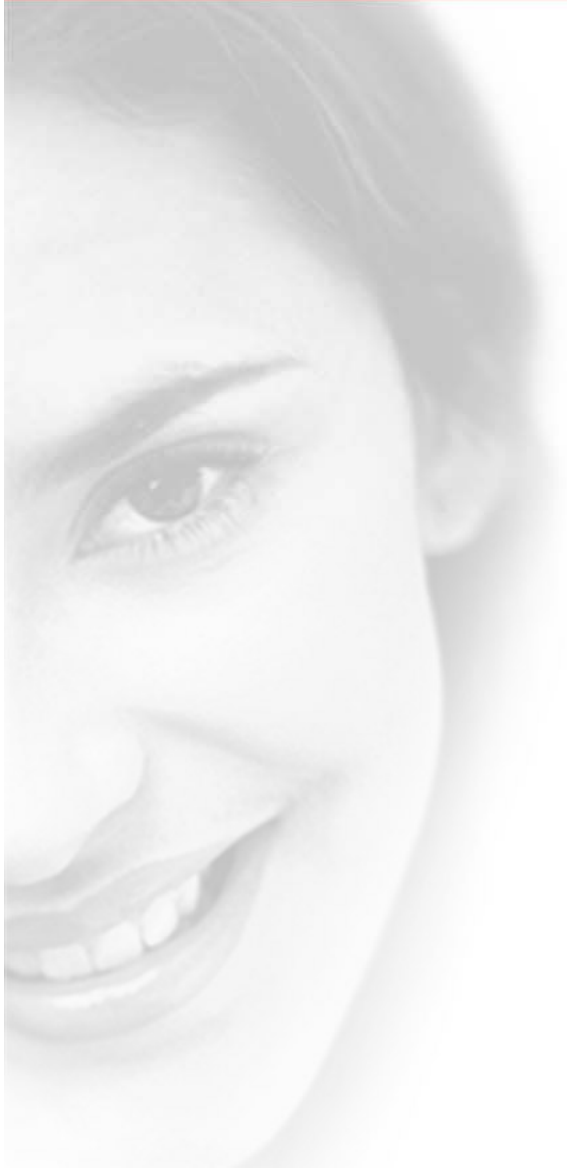
To participate in the **Q&A**
session, please dial:

Europe: +44 (0) 207 984 7582

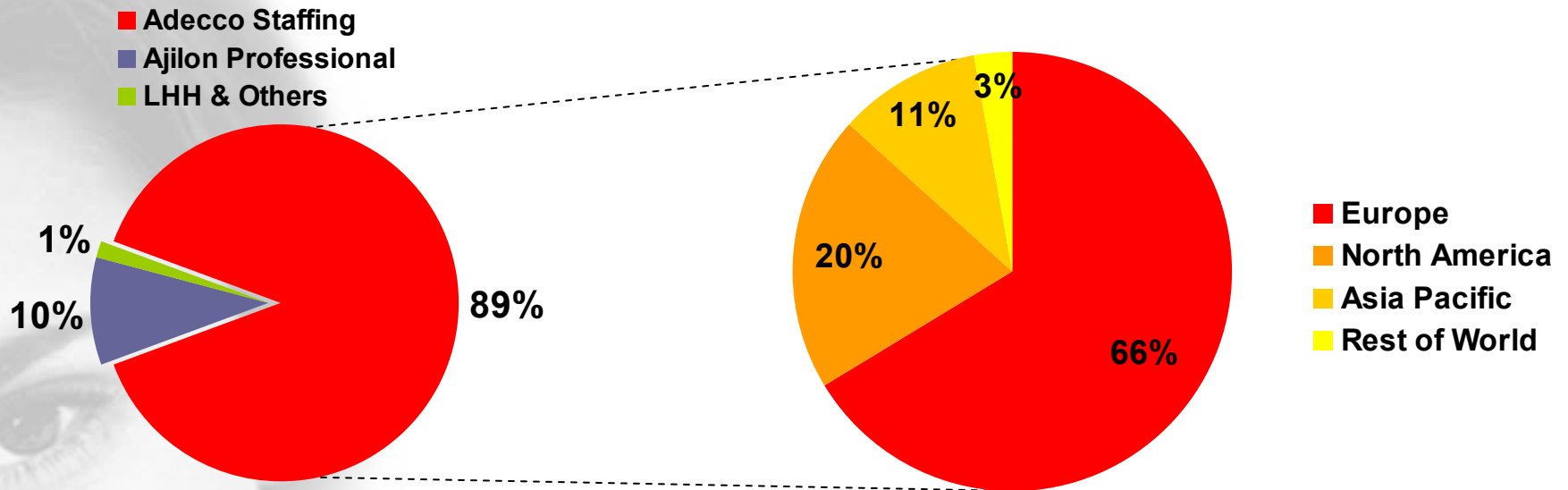
USA: +1 719 457 2698



Appendices

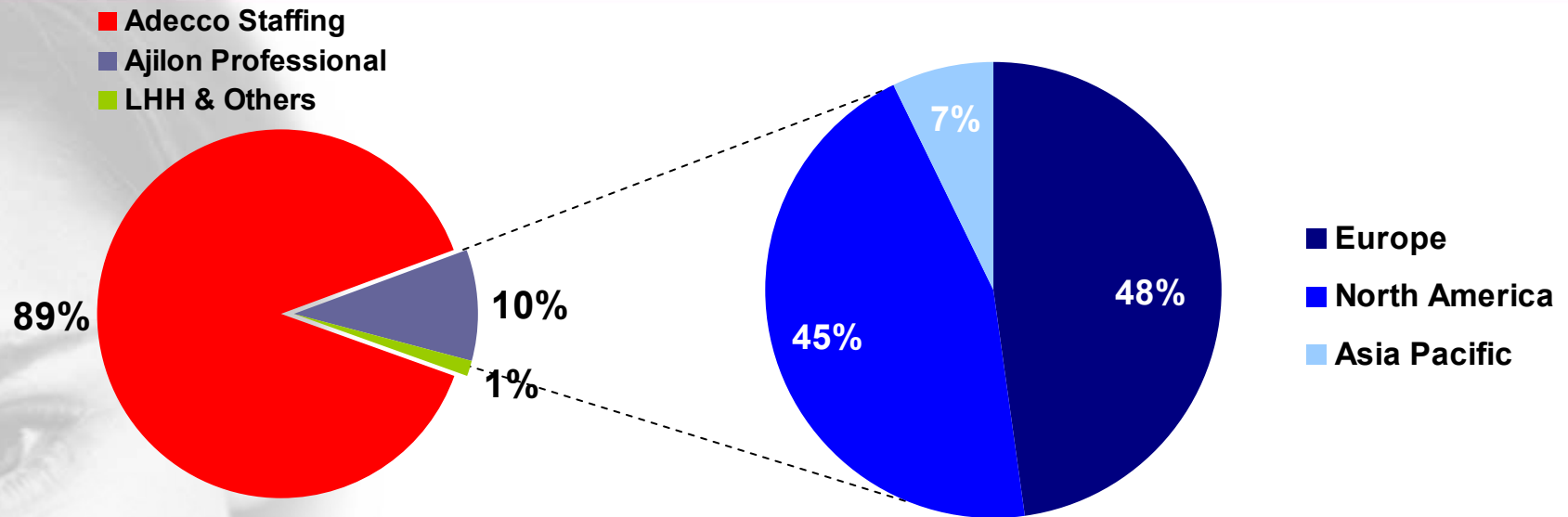


Appendix 1: Adecco Staffing – Growing Revenues



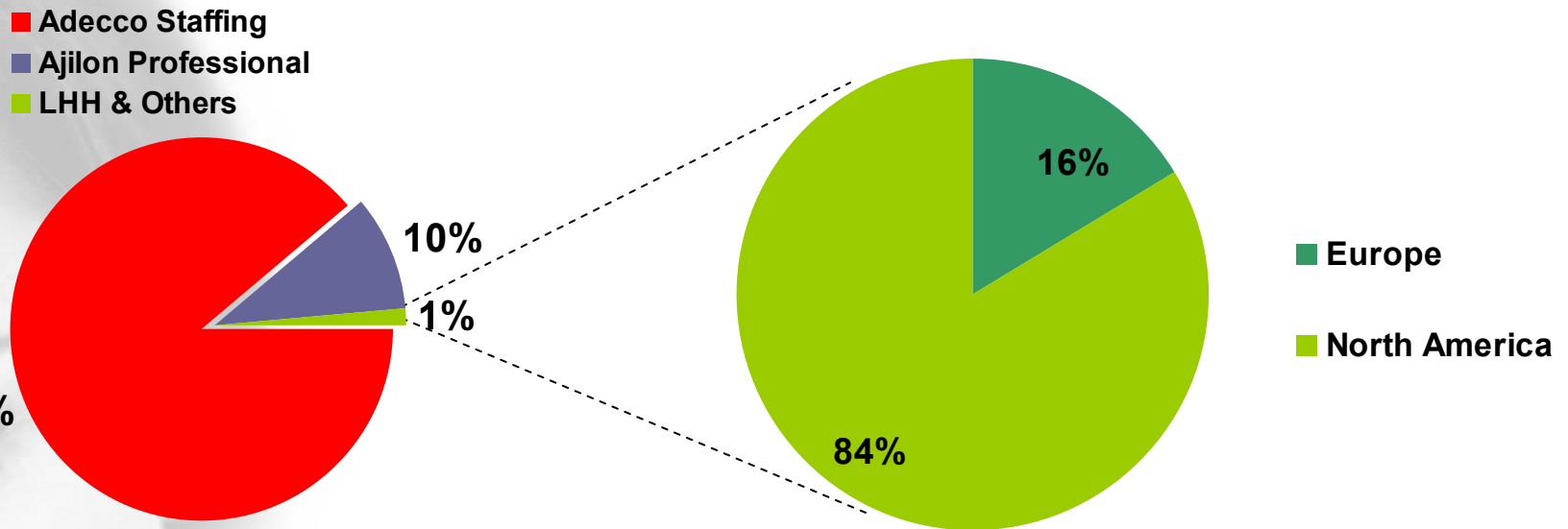
Adecco Staffing		2003	2002	% Variation	
		Actuals	Actuals	Actuals	Constant Currency
March QTD	Sales	3,349	3,473	-4%	3%
	Contribution	100	99	2%	8%
June QTD	Sales	3,579	3,821	-6%	1%
	Contribution	129	123	3%	9%
June YTD	Sales	6,928	7,294	-5%	2%
	Contribution	229	222	3%	9%

Appendix 2: Ajilon - Nearly Closed Sales Gap



Ajilon		2003 Actuals	2002 Actuals	% Variation	
				Actuals	Constant Currency
March QTD	Sales	413	506	-18%	-8%
	Contribution	13	16	-21%	-6%
June QTD	Sales	393	479	-18%	-6%
	Contribution	16	6	234%	303%
June YTD	Sales	806	985	-18%	-7%
	Contribution	29	22	36%	63%

Appendix 3: LHH Career Services – Growth in Europe



LHH		2003	2002	% Variation	
		Actuals	Actuals	Actuals	Constant Currency
March QTD	Sales	64	82	-23%	-8%
	Contribution	20	29	-30%	-16%
June QTD	Sales	55	71	-21%	-5%
	Contribution	17	22	-24%	-7%
June YTD	Sales	119	153	-22%	-6%
	Contribution	37	51	-28%	-12%