



Adecco SA

Third Quarter 2004 Results

November 24, 2004

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Adecco

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Q3 2004 Results: Operational Review

Jérôme Caille

Chief Executive Officer

Adecco

Q3 highlights

1. **Sustained +5% sales growth globally, with healthy acceleration in many major markets (+7% at constant rate)**
2. **Stable Group gross margin at 16.6%**
3. **Operational gearing at Adecco Staffing and Ajilon Professional**
4. **Continuous investment in our branch network (+76 new branches in Q3)**
5. **Tactical acquisitions in strategic markets (India HR solutions, France IT consulting)**
6. **Operating margin at 3.9% is the highest since Q3 2001**
7. **SOX implementation and audit 2004 on track**

Solid performance in Q3 2004

EUR millions

% Variance
(04 vs 03)

Sales

4,468



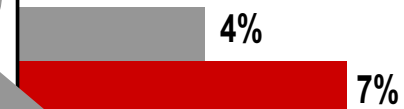
Gross margin

743



SG&A ^{1), 2)}

566



Operating income ²⁾

177



Costs associated with 2003 financial reporting delay

3

At constant rate

Operating income

174



Net income

102



In Euro

1) Includes amortisation of intangibles

2) Excludes costs associated with the 2003 financial reporting delay of EUR 3 million



Steady improvement in the first 9 months

EUR millions

% Variance

(04 vs 03)

Sales

12,548

4%

7%

Gross margin

2,089

1%

4%

SG&A ^{1), 2)}

1,661

In Euro

0%

4%

Operating income ²⁾

428

5%

6%

Costs associated with 2003 financial reporting delay

81

Operating income

347

-15%

-14%

At constant rate

Net income ³⁾

227

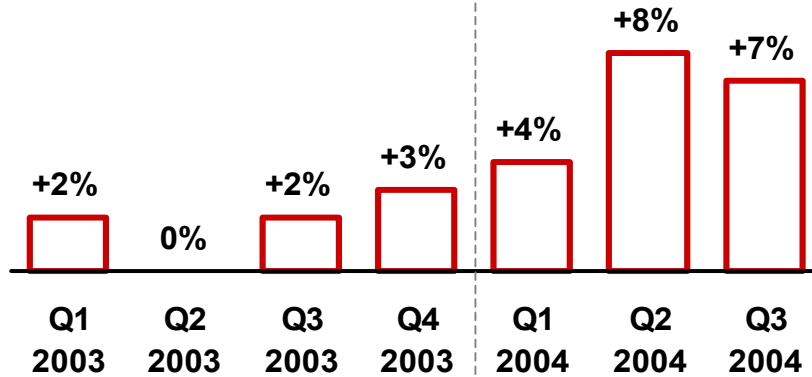
-11%

- 1) Includes amortization of intangibles of 1 million for 2004 (2003: 2 million)
- 2) Excludes costs associated with the 2003 financial reporting delay of EUR 81 million
- 3) Including discontinued operations and gain on sale of jobpilot group – EUR 30 million

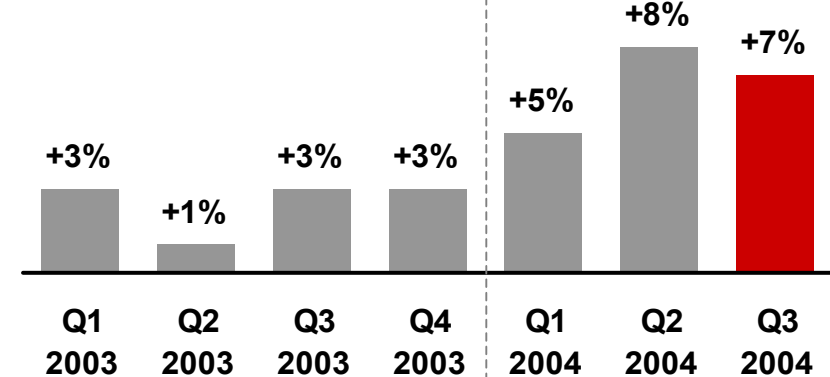
Quarterly sales growth continues

In Constant Currency

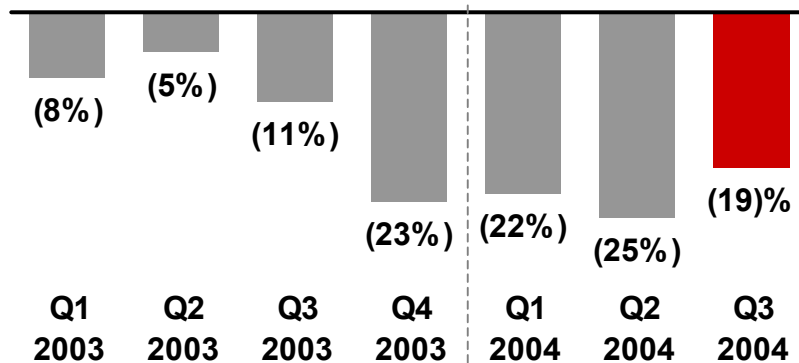
Group



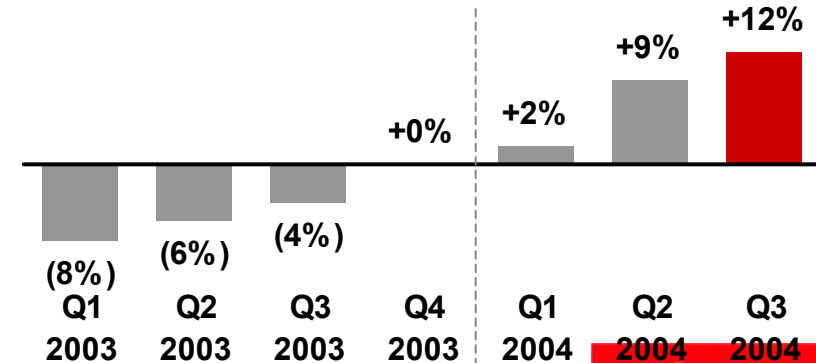
Adecco Staffing (89% of Group)



LHH Career Services (1% of Group)

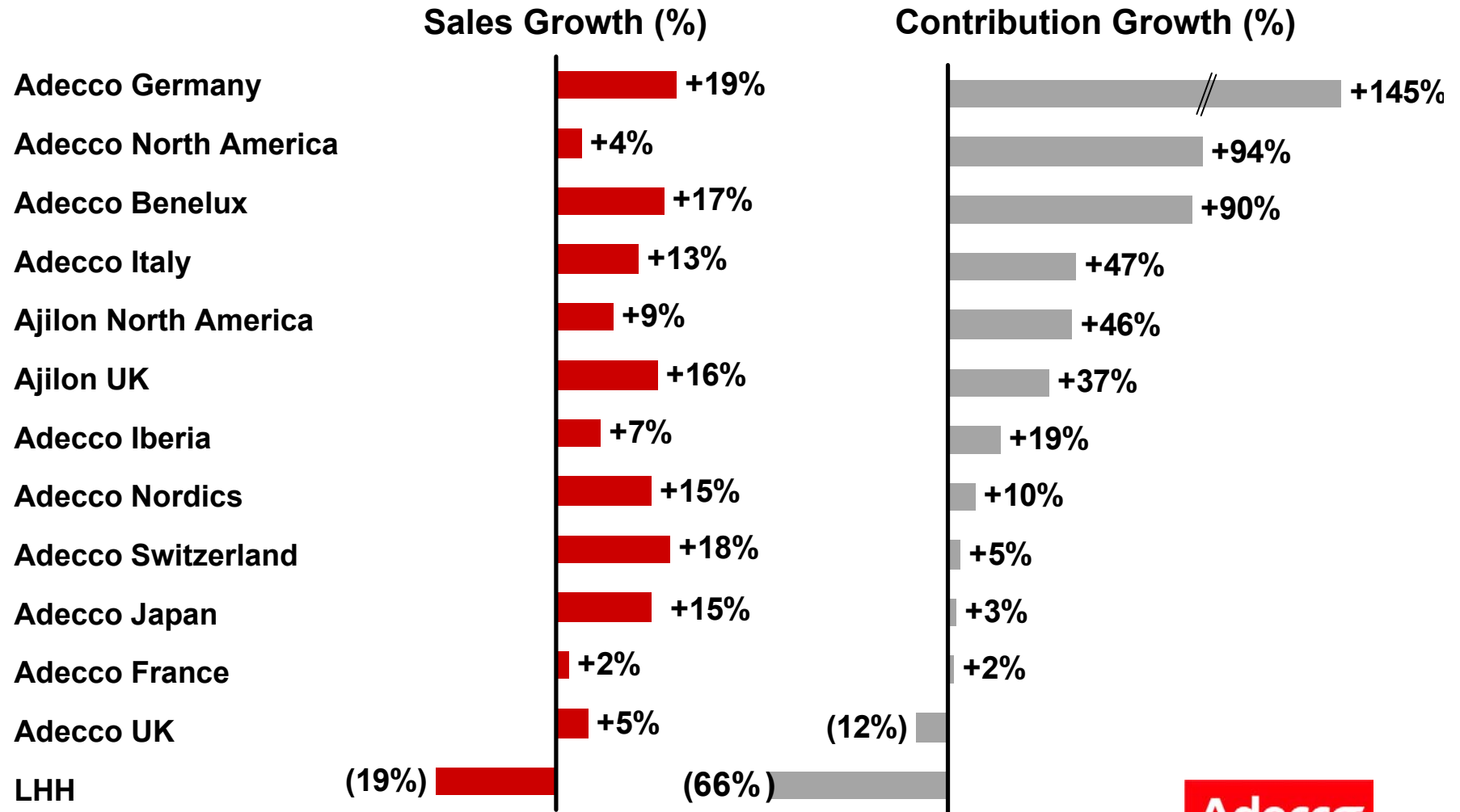


Ajilon Professional (10% of Group)



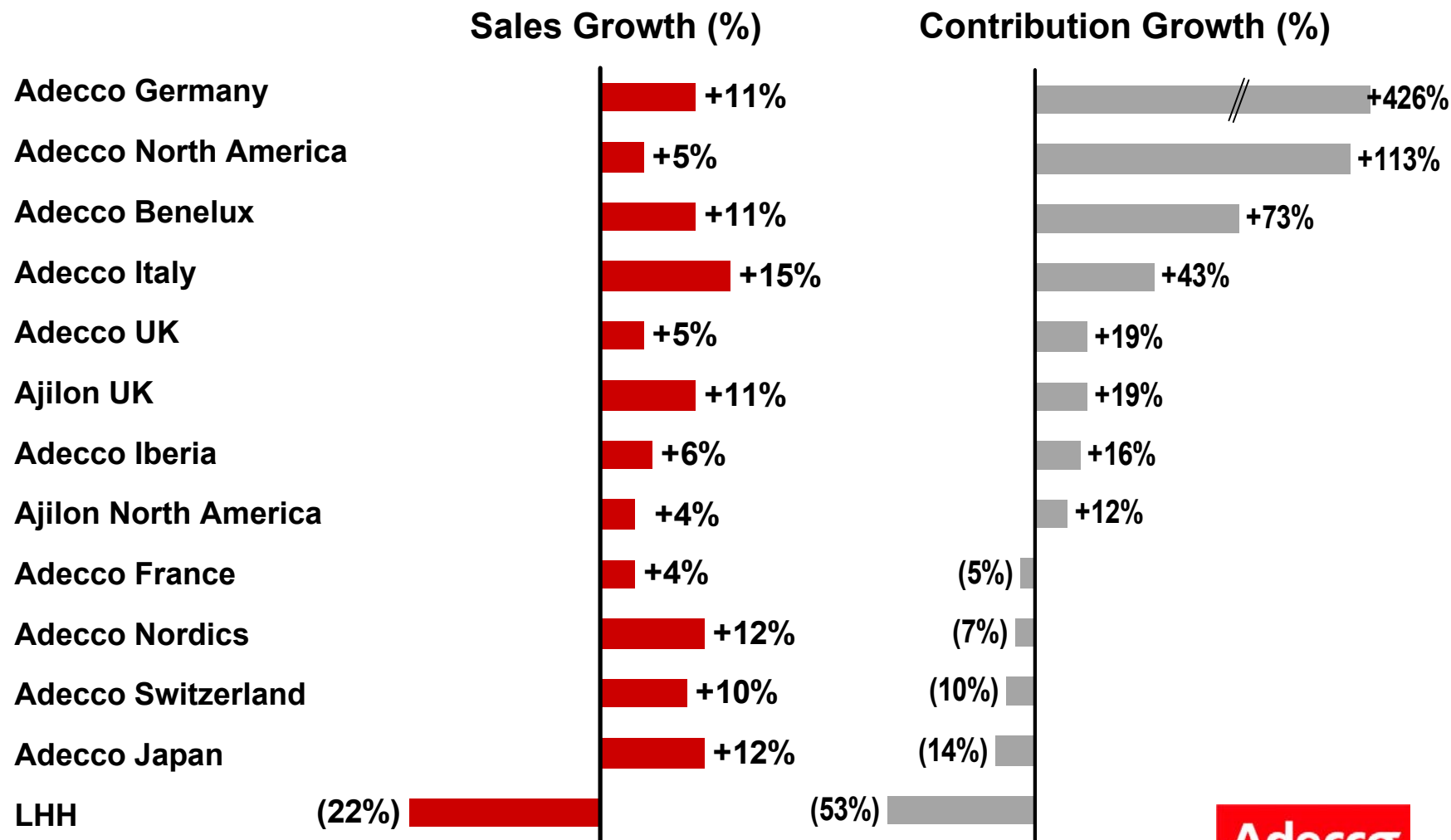
Q3 Performance in major business units

At Constant Rate, Q3 2004 vs Q3 2003



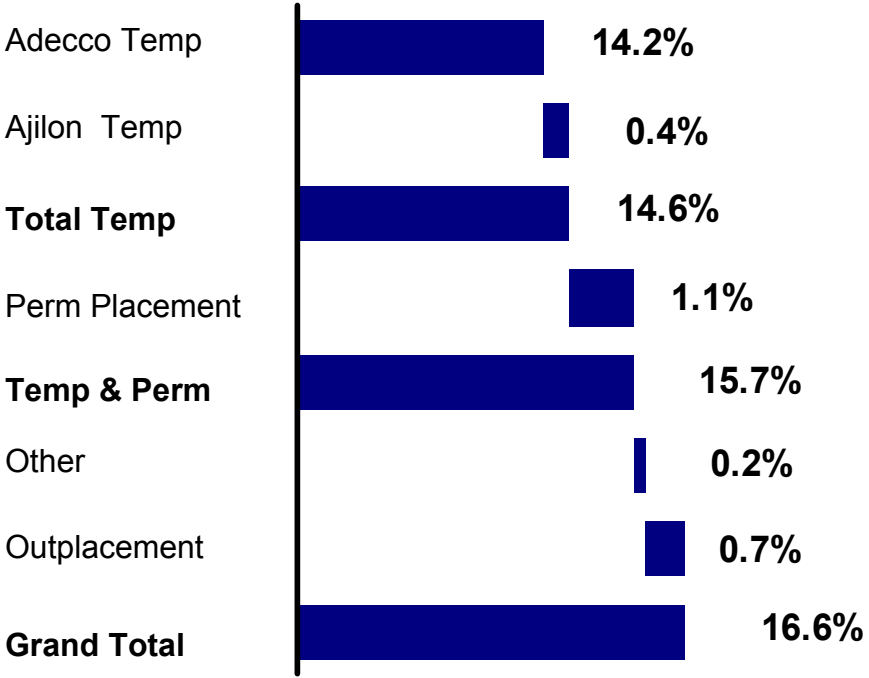
9 month performance in major business units

At Constant Rate, Sep YTD 2004 vs Sep YTD 2003

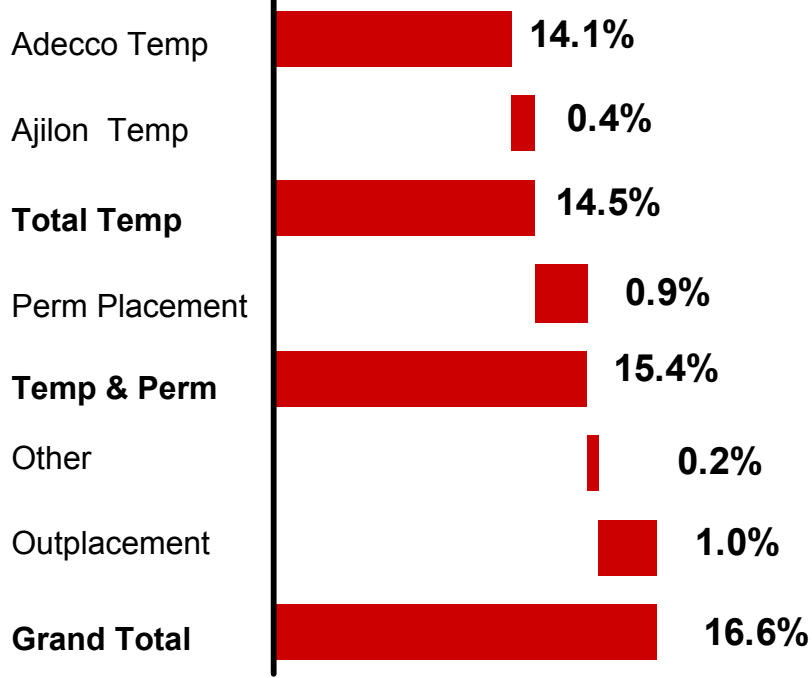


Stabilising Q3 gross margin

Q3 2004

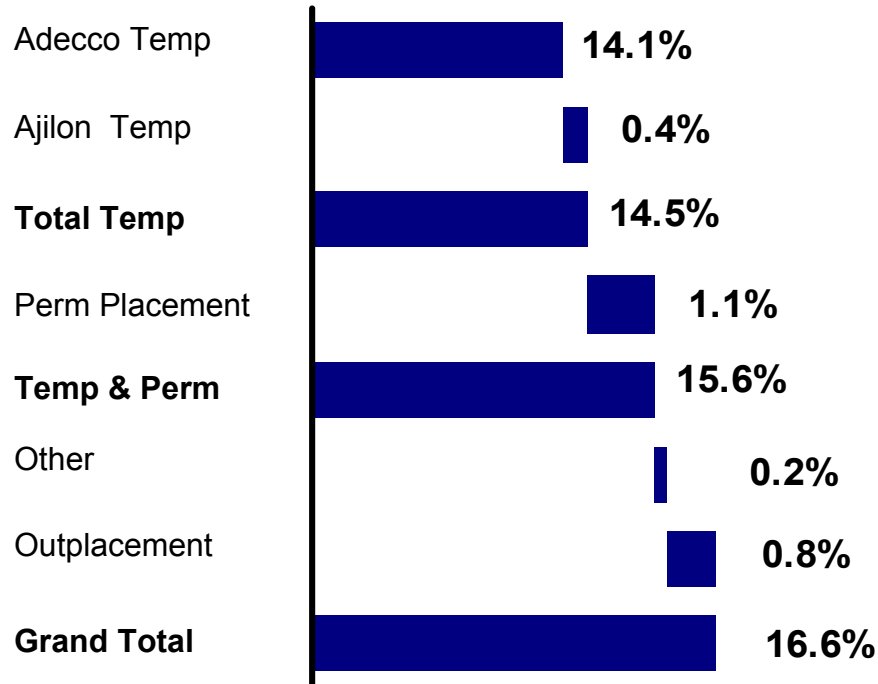


Q3 2003

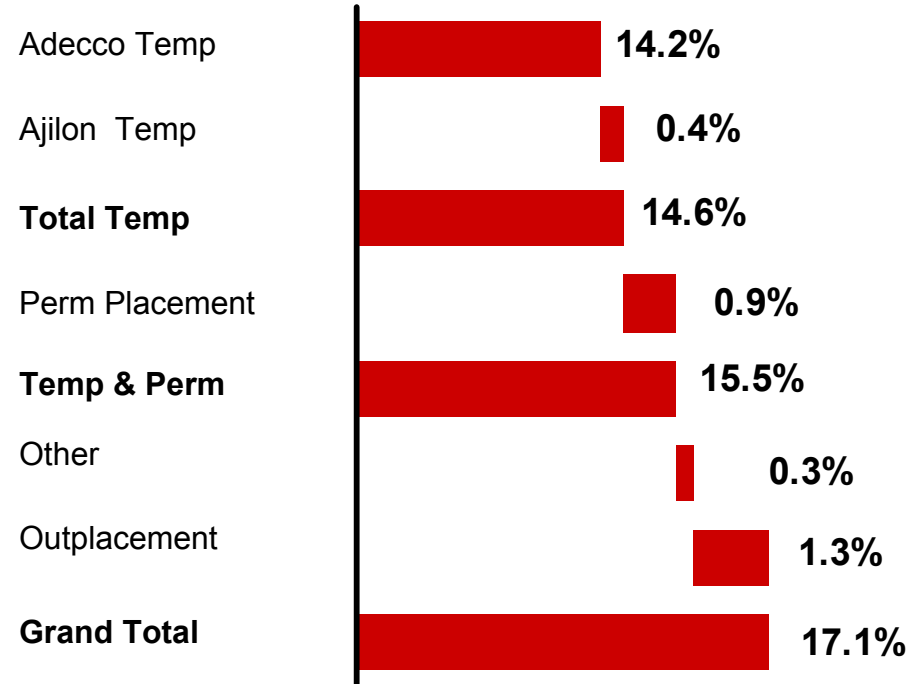


Gross margin – first 9 months 2004

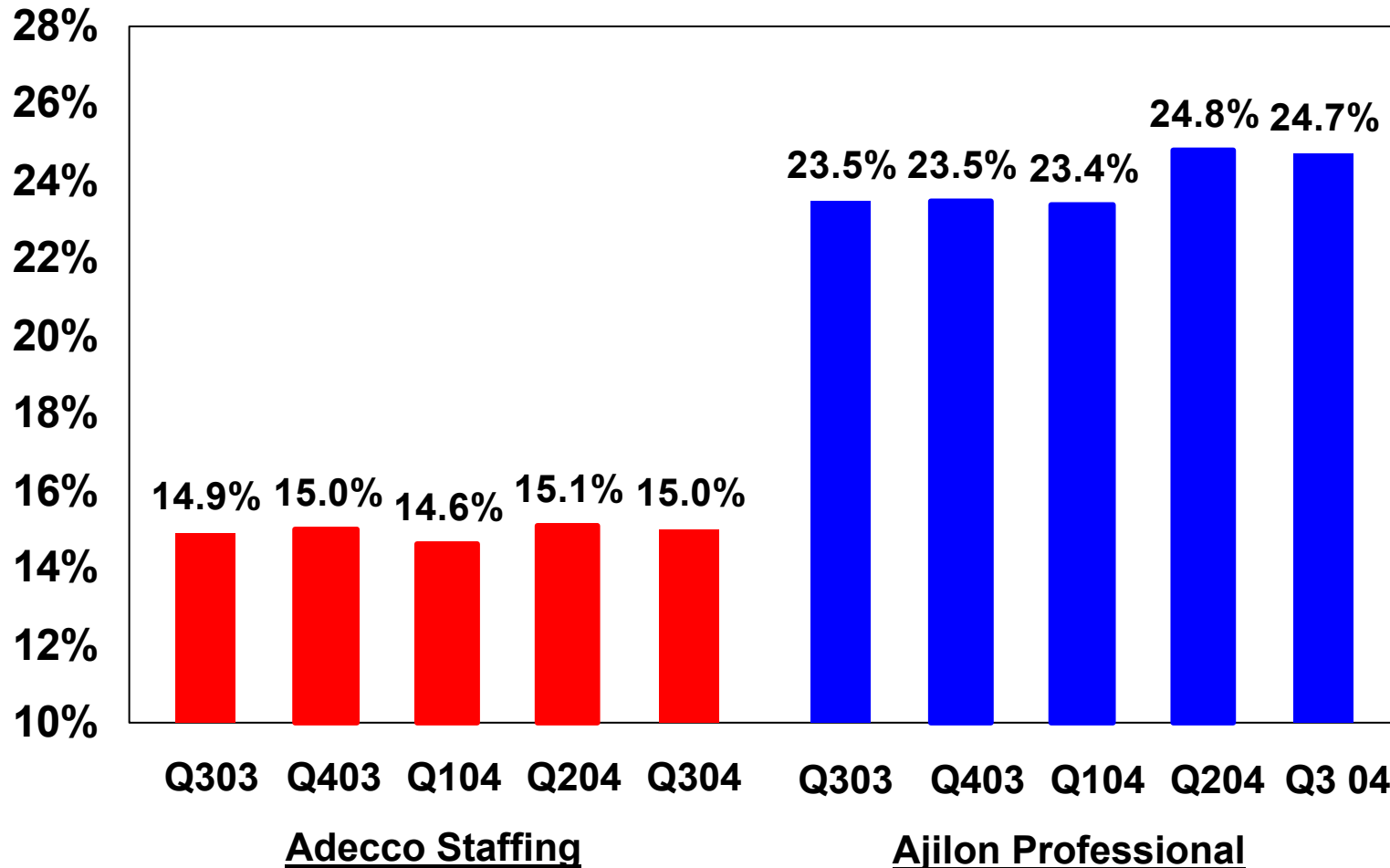
Sep YTD 2004



Sep YTD 2003

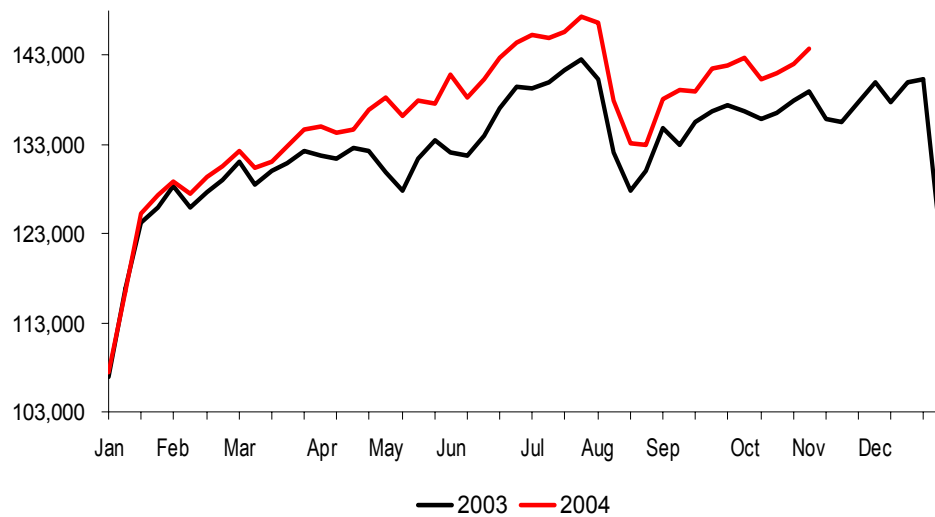


Stabilizing gross margins per division

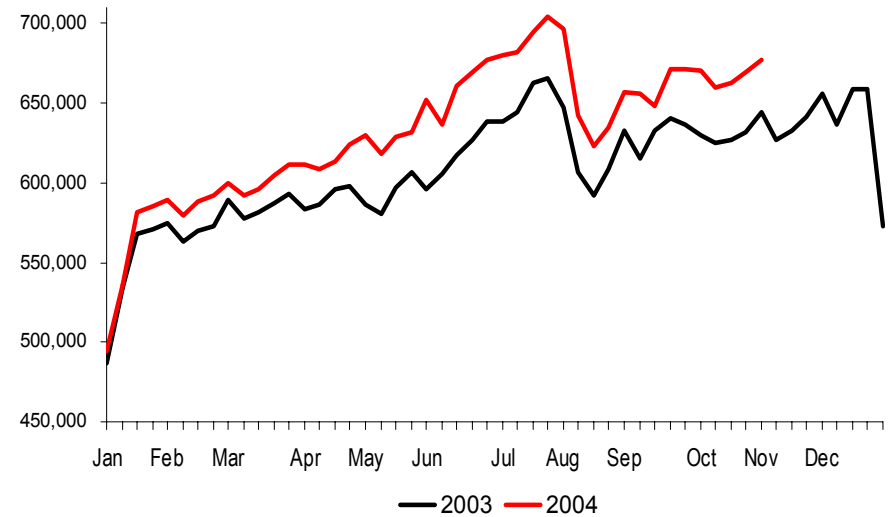


Trading update

Client Base



Number of Temporary Associates





Q3 2004 Results: Finance Review

Jim Fredholm

Chief Financial Officer

Adecco

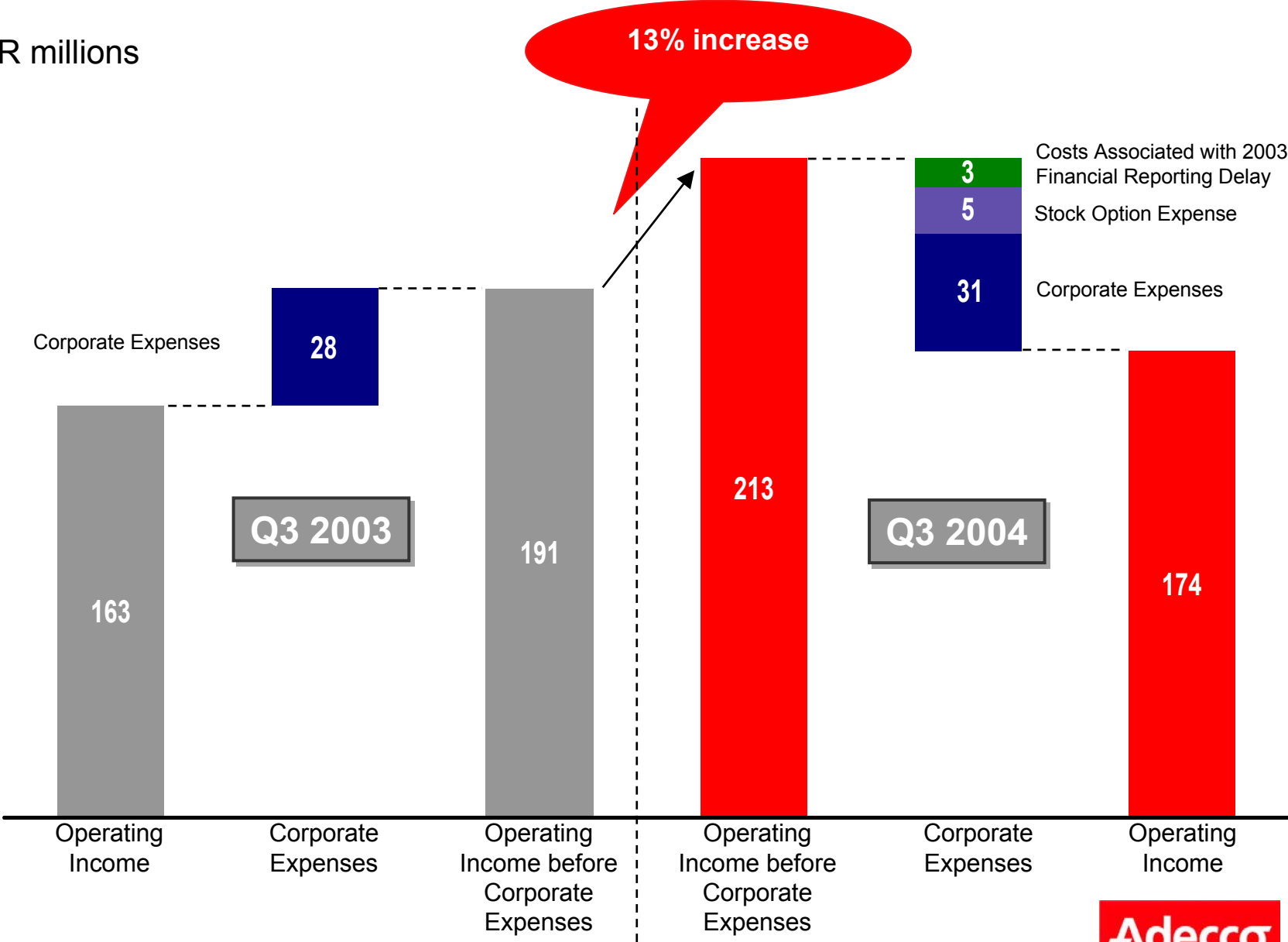
Q3 2004 results in detail

EUR millions

	Three months ended		Variance %	
	September 26, 2004	September 28, 2003	EUR	Constant
Net service revenues	4,468	4,243	5%	7%
Gross margin	743	706		
SG&A	(569)	(543)		
Amortisation of intangibles	0	0		
Operating income	174	163	7%	8%
Interest and other expenses	(14)	(19)		
Provision for income taxes	(58)	(39)		
Income from continuing operations	102	105	-3%	
Income (loss) from discontinued operations	-	(1)		
Net income	102	104	-2%	

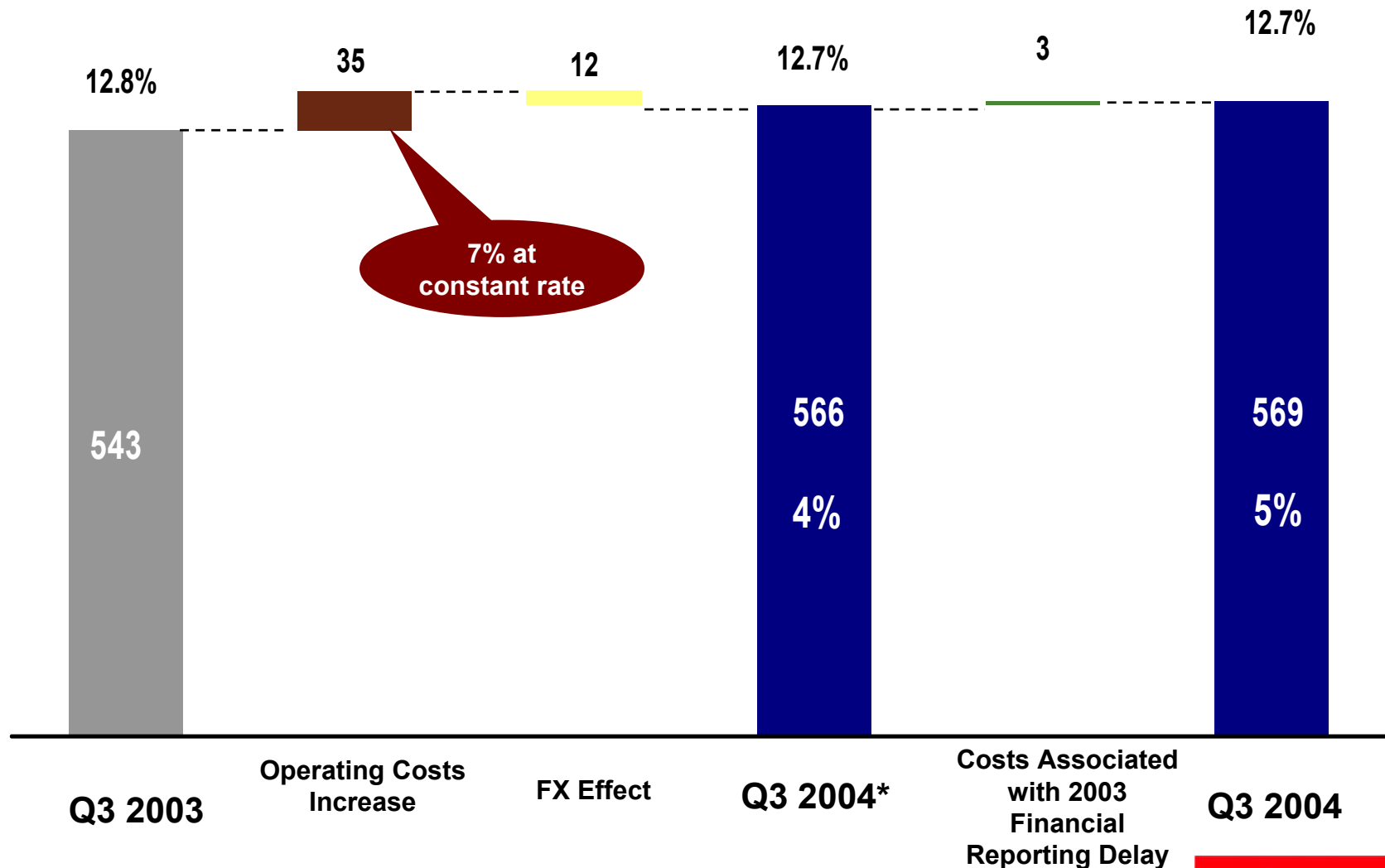
Main items impacting Q3 2004

EUR millions



Stable operating cost ratio in Q3

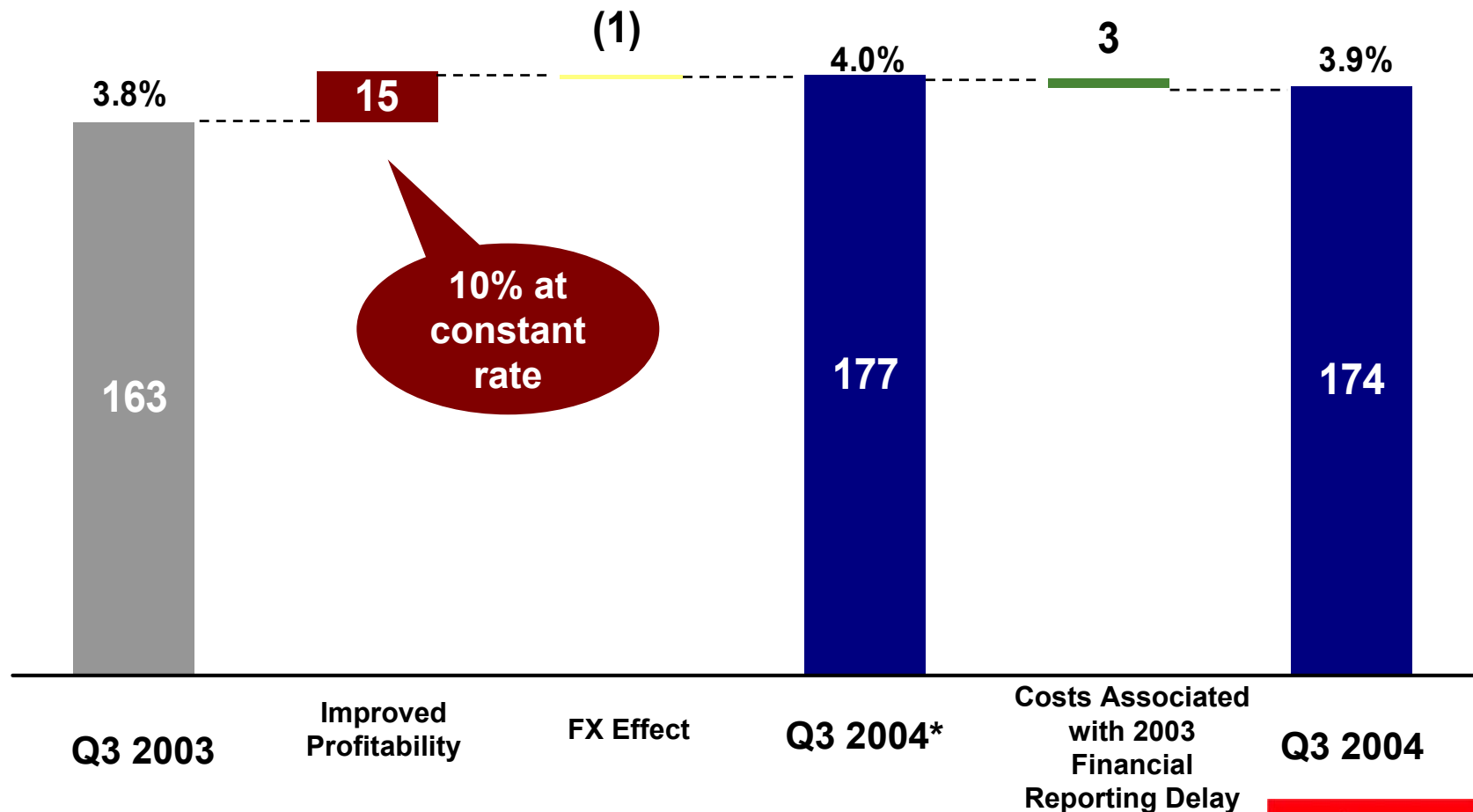
EUR millions & in % of Sales



*) Excluding costs associated with the 2003 financial reporting delay of EUR 3 million

Operating margin improvement of 20 bps

in EUR millions & in % of Sales



*) Excluding costs associated with the 2003 financial reporting delay of EUR 3 million

September YTD 2004 results in detail

EUR millions

	Nine months ended		Variance %	
	September 26, 2004	September 28, 2003	EUR	Constant
Net service revenues	12,548	12,096	4%	7%
Gross margin	2,089	2,065		
SG&A	(1,741)	(1,654)		
Amortisation of intangibles	(1)	(2)		
Operating income	347	409	-15%	-14%
Interest and other expenses	(39)	(58)		
Provision for income taxes	(111)	(95)		
Income from continuing operations	197	256	-23%	
Income (loss) from discontinued operations	30	(2)		
Net income	227	254	-11%	

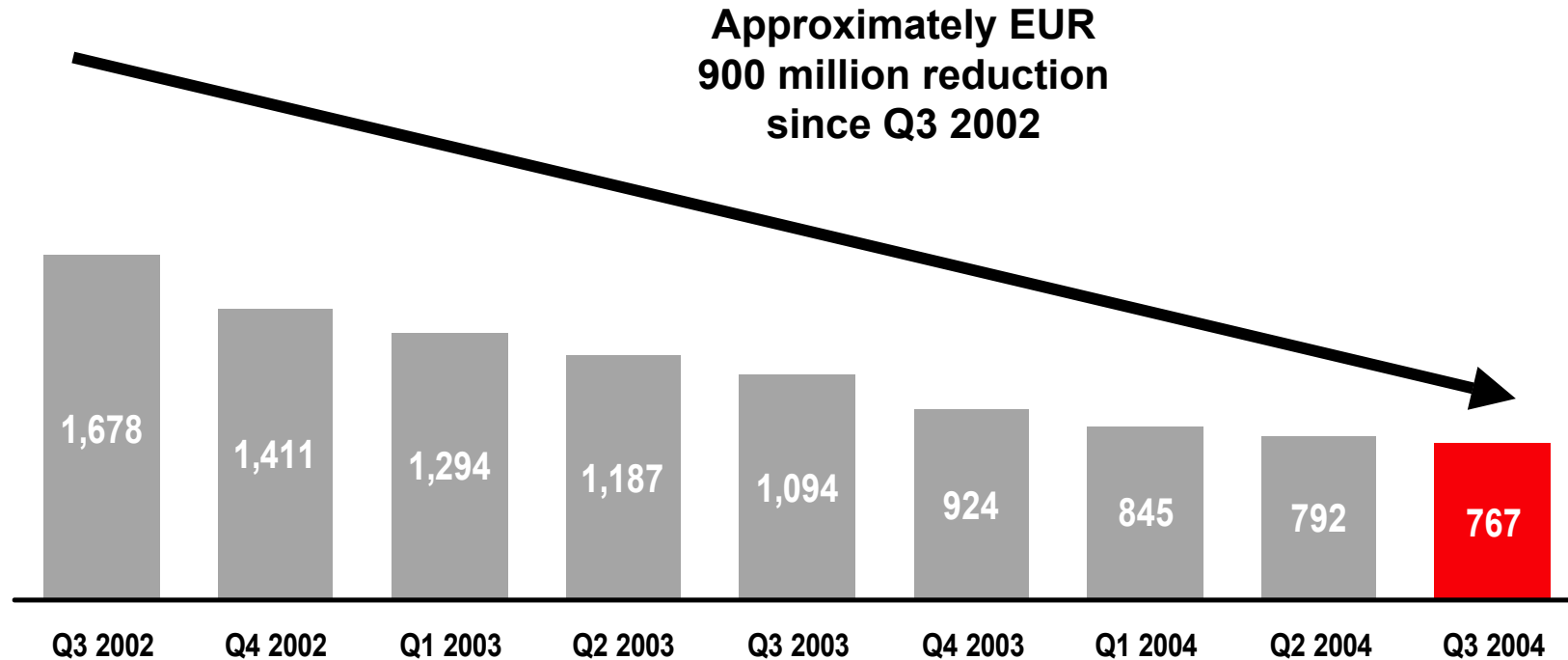
Consolidated balance sheets

EUR millions	Sep 26, 2004	Dec 28, 2003
ASSETS		
Cash and short-term investments	1,059	968
Trade accounts receivable	3,353	2,947
Other current assets	240	308
Property, equipment & leasehold improvements	283	327
Goodwill & intangibles	1,259	1,244
Other assets	433	438
Current & other assets from discontinued operations	-	74
Total assets	6,627	6,306
LIABILITIES & SHAREHOLDERS' EQUITY		
Accounts payable and accrued expenses	2,973	2,762
Short and long-term debt	1,826	1,856
Other liabilities	127	125
Current & other liabilities from discontinued operations	-	16
Shareholders' equity	1,701	1,547
Total liabilities & shareholders' equity	6,627	6,306
Net debt (1)	767	924

(1) Off balance sheet debt at December 2003 includes UK securitization program of EUR 36 million.

De-leveraging continues

Net Debt in EUR millions ⁽¹⁾ ⁽²⁾



(1) Includes off balance sheet debt (Q3 2002: EUR 61 million, Q4 2002: EUR 59 million, Q1 2003: EUR 37 million, Q2 2003: EUR 36 million, Q3 2003: EUR 36 million, Q4 2003: EUR 36 million, Q1 2004: 37 million.) From Q2 2004 there is no off balance sheet debt due to the cancellation of the securitisation agreement.

(2) Prior periods have been changed due to the reclassification effect of the discontinued operations of the jobpilot group.

Year-to-date cash flow statements

EUR millions

	Nine months ended	
	Sept. 26, 2004	Sept. 28, 2003
Net income	227	254
(Income) loss from discontinued operations	(30)	2
Depreciation and amortisation	91	98
Change in operating assets/liabilities	(176)	(94)
Others	51	29
Cash flow from operations of continuing operations	163	289
Cash flow from (used in) investing activities of continuing operations	22	(50)
Cash flow from (used in) financing activities of continuing operations	(103)	560 ¹
Effects of exchange rate changes on cash	0	(26)
Net proceeds from the sale of discontinued operations	64	-
Net increase in cash and cash equivalents	146	773

¹ Issuance of convertible debt EUR 584 million

Compliance and controls

- **SOX compliance initiatives on track**
- **2004 audit process normalization on track**
- **CFO Council (bi-monthly) working well**



Strategy and Outlook

Jérôme Caille

Chief Executive Officer

Adecco

Committed to our strategy

- **Optimized business mix**
 - Specialty business focus
 - Evolution from staffing to HR services
- **Growth exceeding the market**
 - Growth above market both organic and by acquisitions
- **Market leadership**
 - No 1 or No 2 in all major markets with 20%+ share in each market
 - Operational leadership through quality / cost management through technology
- **Supplier of choice and employer of choice**

Outlook

- **Positive sales growth to continue**
 - In line with market developments
 - Cautiously optimistic about prospects for 2005
- **Margins enhancements in the medium term through:**
 - Permanent placements
 - Professional staffing
 - Accelerated growth in deregulated countries with higher margins
 - Price discipline and management of the business mix



Questions?

Adecco