

Adecco Group

First Quarter 2005

Results Presentation

Jérôme Caille
Group CEO

Jim Fredholm
Group CFO



Glattbrugg, May 24, 2005

Disclaimer

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 S.A. (the "Company") as of the date of this release, and we assume no duty to update any such forward-looking statements. Factors that could affect the Company's forward-looking statements include, among other things: global GDP trends and the demand for temporary work; intense competition in the markets in which the Company competes; changes in regulation of temporary work; changes in the Company's ability to attract and retain qualified temporary personnel; the resolution of US state unemployment tax reviews; the resolution of a French anti-trust investigation; the resolution of the US class action litigation and remaining regulatory inquiries relating to the 2003 financial reporting delay; and any adverse developments in existing commercial relationships, disputes or legal proceedings.

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. Please refer to the Company's most recent Annual Report on Form 20-F and other reports filed with or submitted to the U.S. Securities and Exchange Commission from time to time, for a further discussion of the factors and risks associated with our business.



Today's Agenda

- | | | |
|----|--------------------|---------------|
| 1. | Operational Review | Jérôme Caille |
| 2. | Financial Review | Jim Fredholm |
| 3. | Outlook | Jérôme Caille |



1. Operational Review

Jérôme Caille

Chief Executive Officer

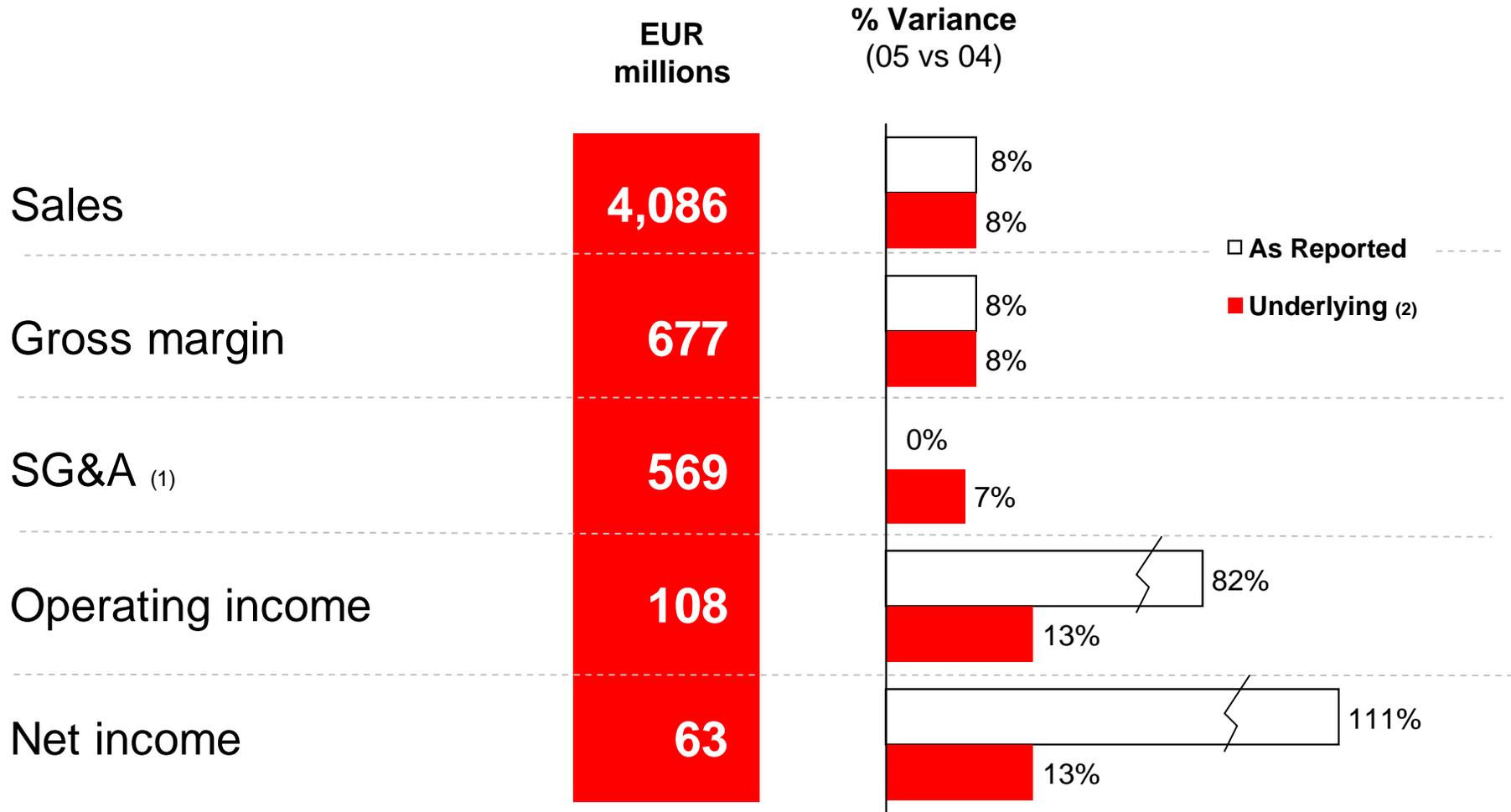


Q1 2005 Highlights

1. Revenue of EUR 4.1 billion, up 8%
2. Gross margin up 10bp to 16.6%
 - 15bp enhancement at Adecco Staffing;
100bp at Adecco US
 - 90bp enhancement at Ajilon
3. Strong performance in professional services segment, with profit up 48% at Ajilon
4. Operating costs as a percentage of sales reduced by 10 bp to 13.9%.
5. Operating income of EUR 108 million, with underlying profit margin up 20 bp to 2.7%
6. Net income of EUR 63 million; up 111% (up 13% on an underlying basis)
7. Motion to dismiss granted in the securities class action



Q1 2005 results summary



(1) Includes amortization of intangibles of EUR 0 million for Q1 2005 (Q1 2004: EUR 0 million)

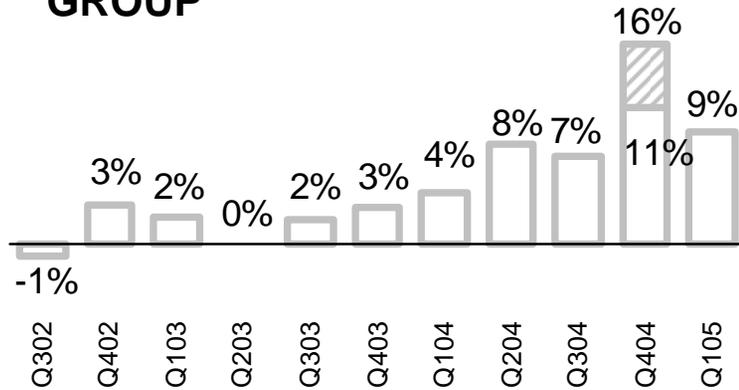
(2) Underlying performance excludes one-time items associated with the 2003 financial reporting delay (costs of EUR 36 million before tax in Q1 2004)



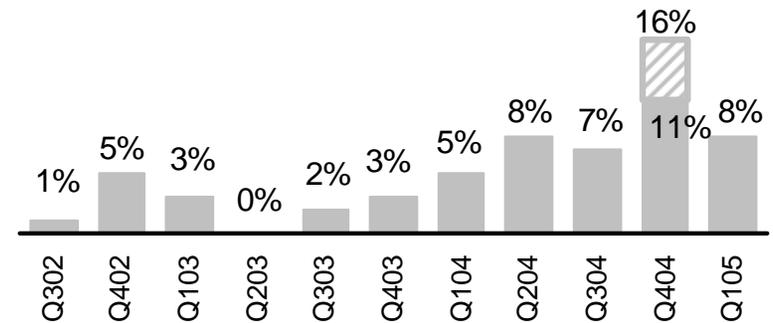
Over two years of sales growth

Constant currency

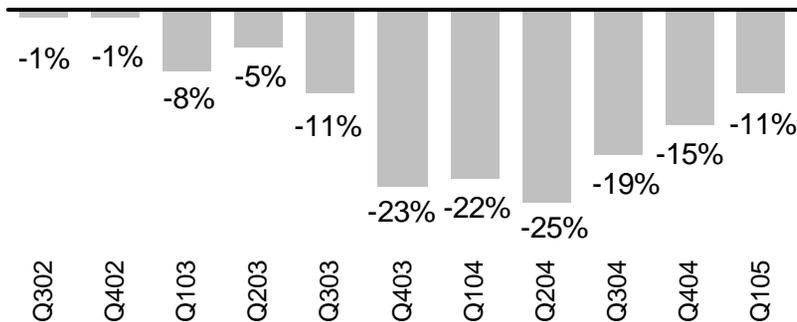
GROUP



Adecco Staffing (88% of Group)



LHH Career Services (1% of Group)



Ajilon Professional (11% of Group)

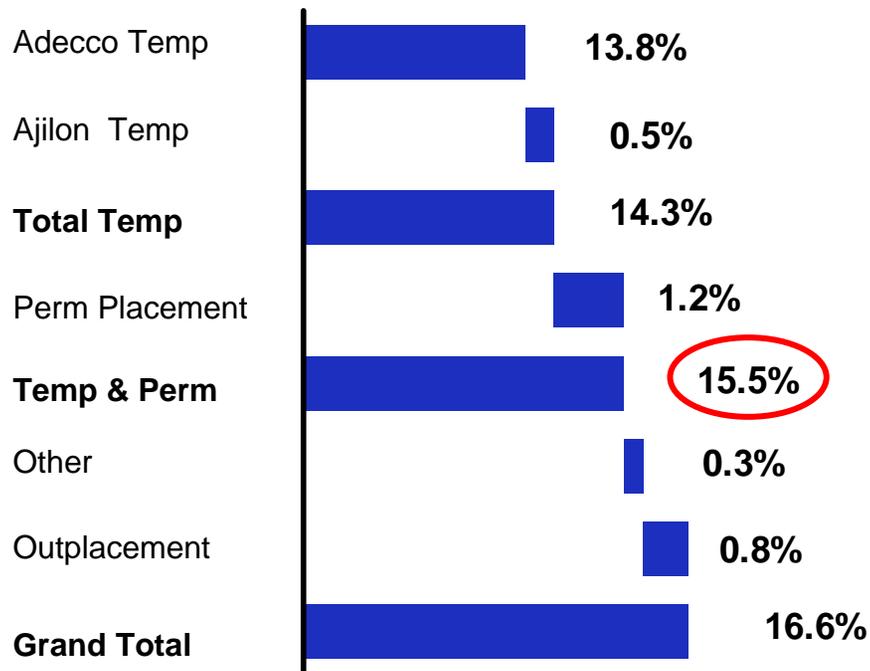


 Impact 14th week

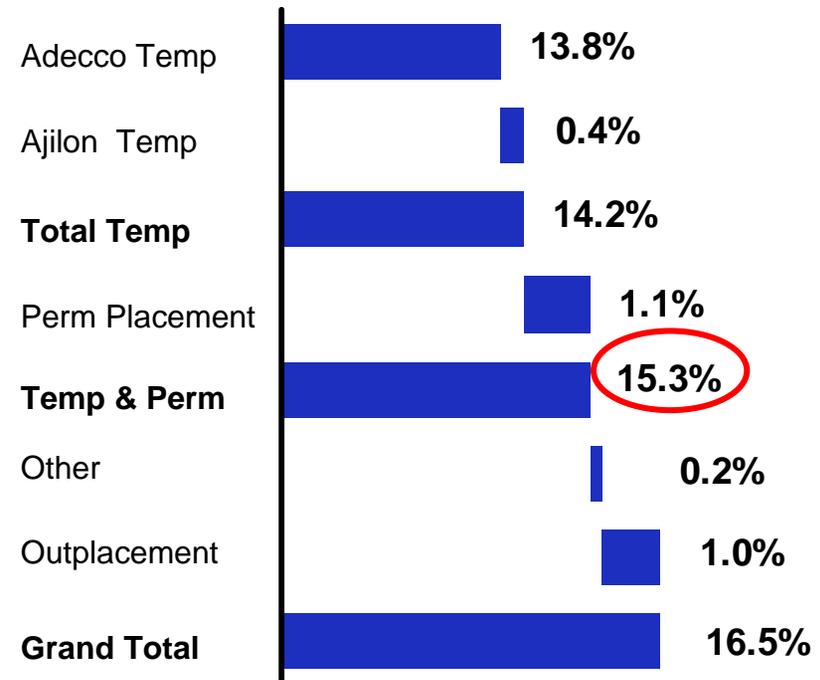


Temp and perm margin improvement in Q1

Q1 2005

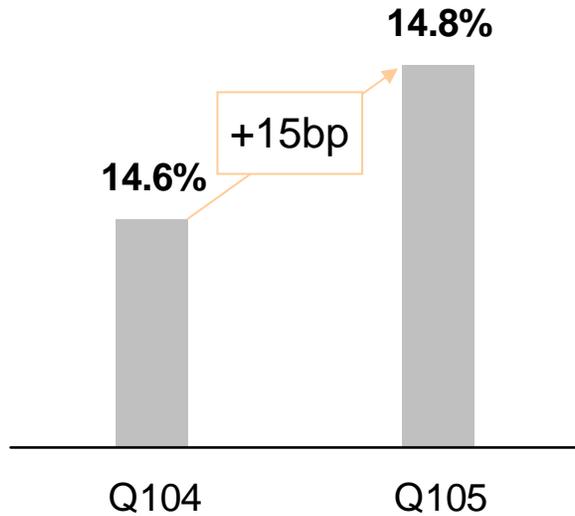


Q1 2004

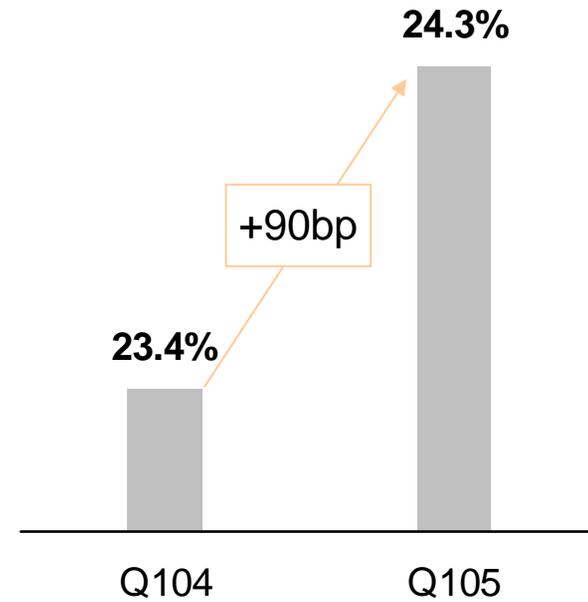


Q1 gross margin improvement in major divisions

Adecco Staffing

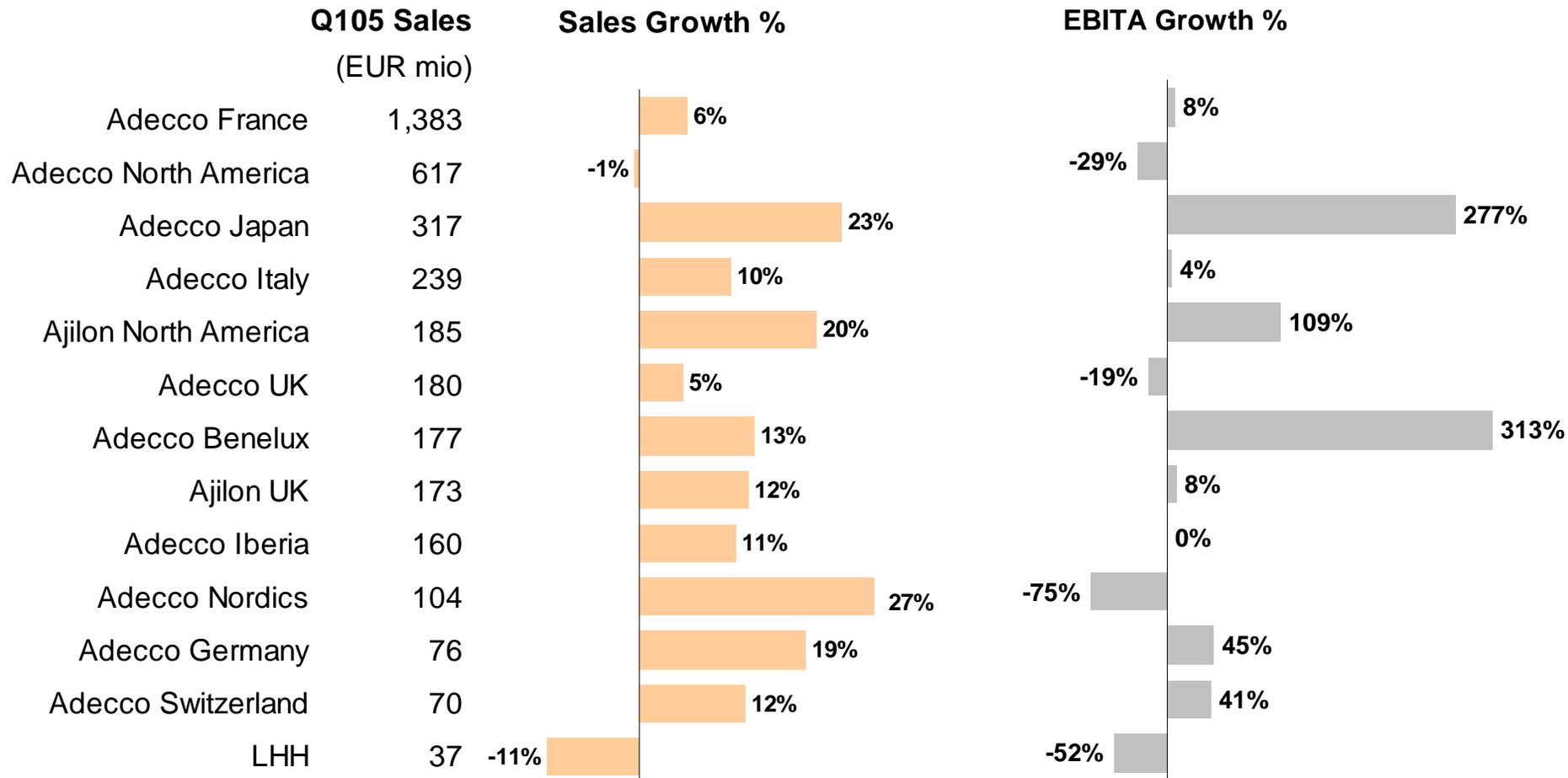


Ajilon Professional



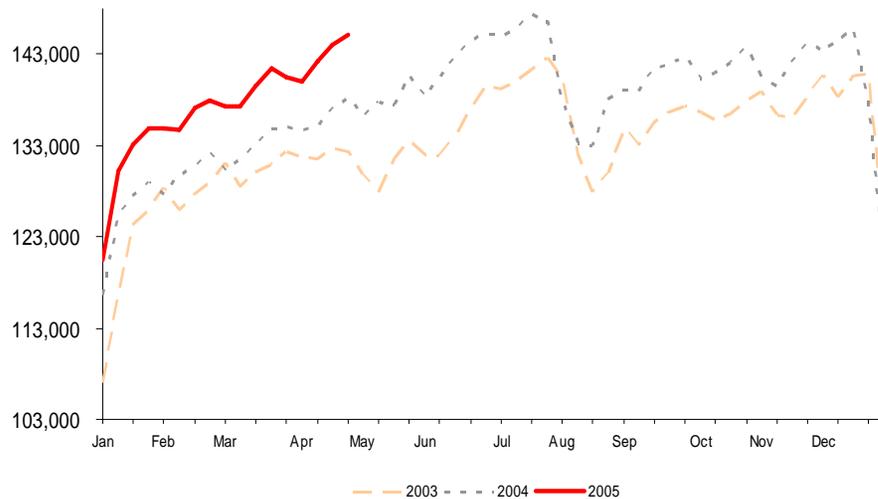
Sales and EBITA growth at major business units

Constant currency, Q105 vs Q104

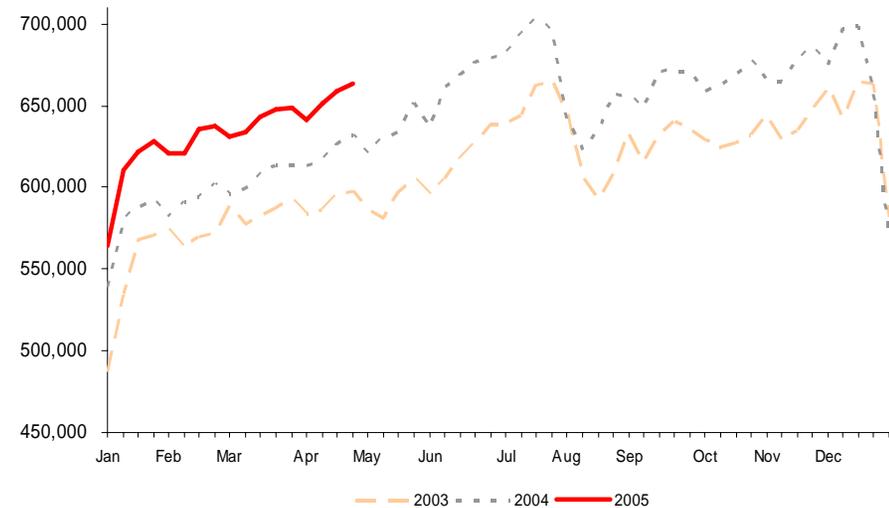


Client Base and Temporary Associates

Client Base



Temporary Associates



2. Financial Review

Jim Fredholm

Chief Financial Officer



Q1 2005 results in detail

EUR millions

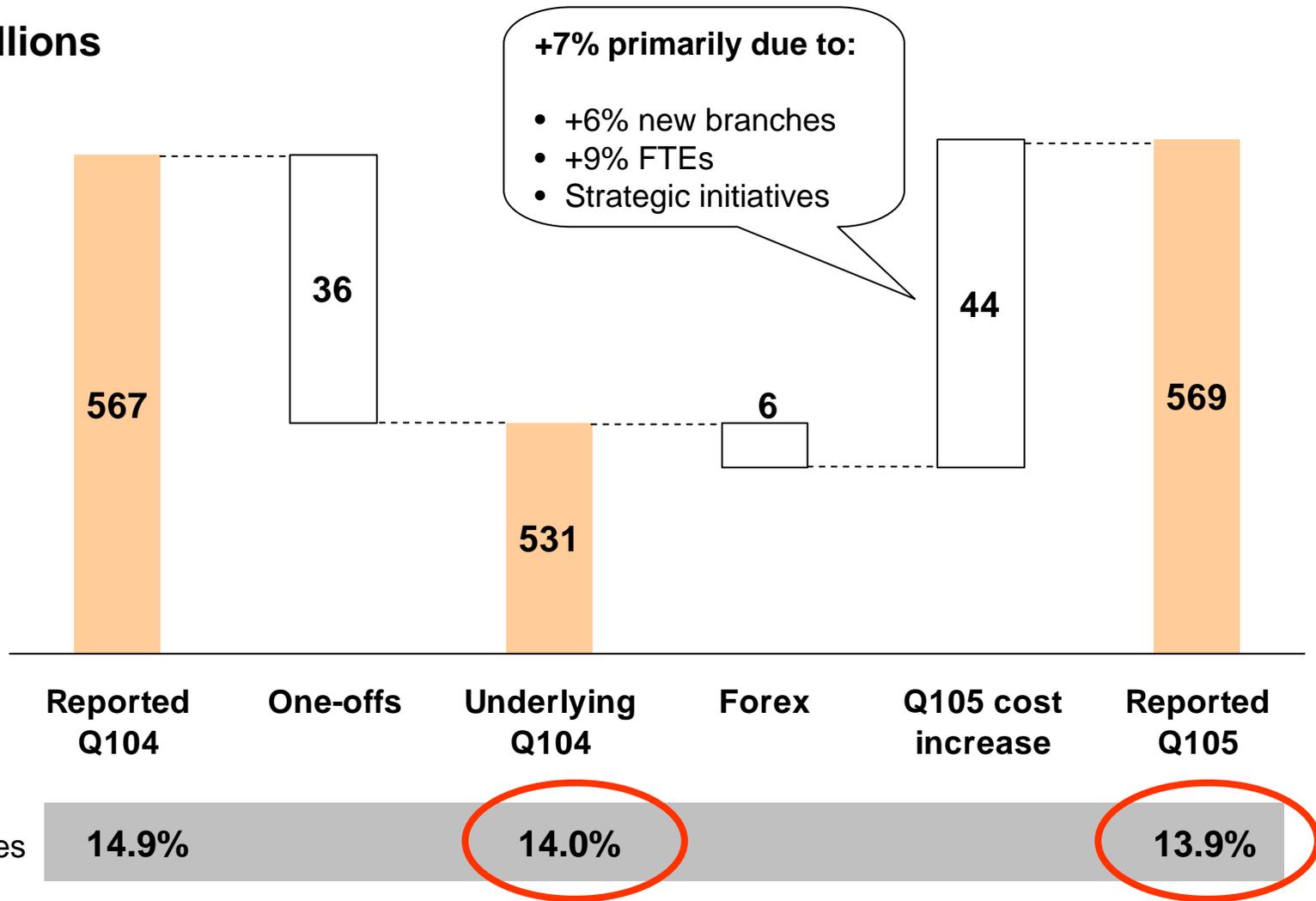
	Three months ended			
	April 3, 2005	March 28, 2004	% change	
			EUR	Constant
Revenues	4,086	3,800	8%	9%
Direct costs of services	(3,409)	(3,173)		
Gross margin	677	627	8%	10%
	16.6%	16.5%		
Selling, general & administrative expenses	(569)	(567) ¹⁾		
Amortisation of intangibles	-	-		
Operating income	108	60	82%	88%
	2.7%	1.6%		
Interest and other expenses	(15)	(14)		
Provision for income taxes	(30)	(16)		
Income from continuing operations	63	30	112%	
	1.5%	0.8%		
Income (loss) from discontinued operations	-	-		
Net income	63	30	111%	
	1.5%	0.8%		

1) In Q1 2004 SG&A includes EUR 36 million of costs related to the 2003 financial reporting delay.



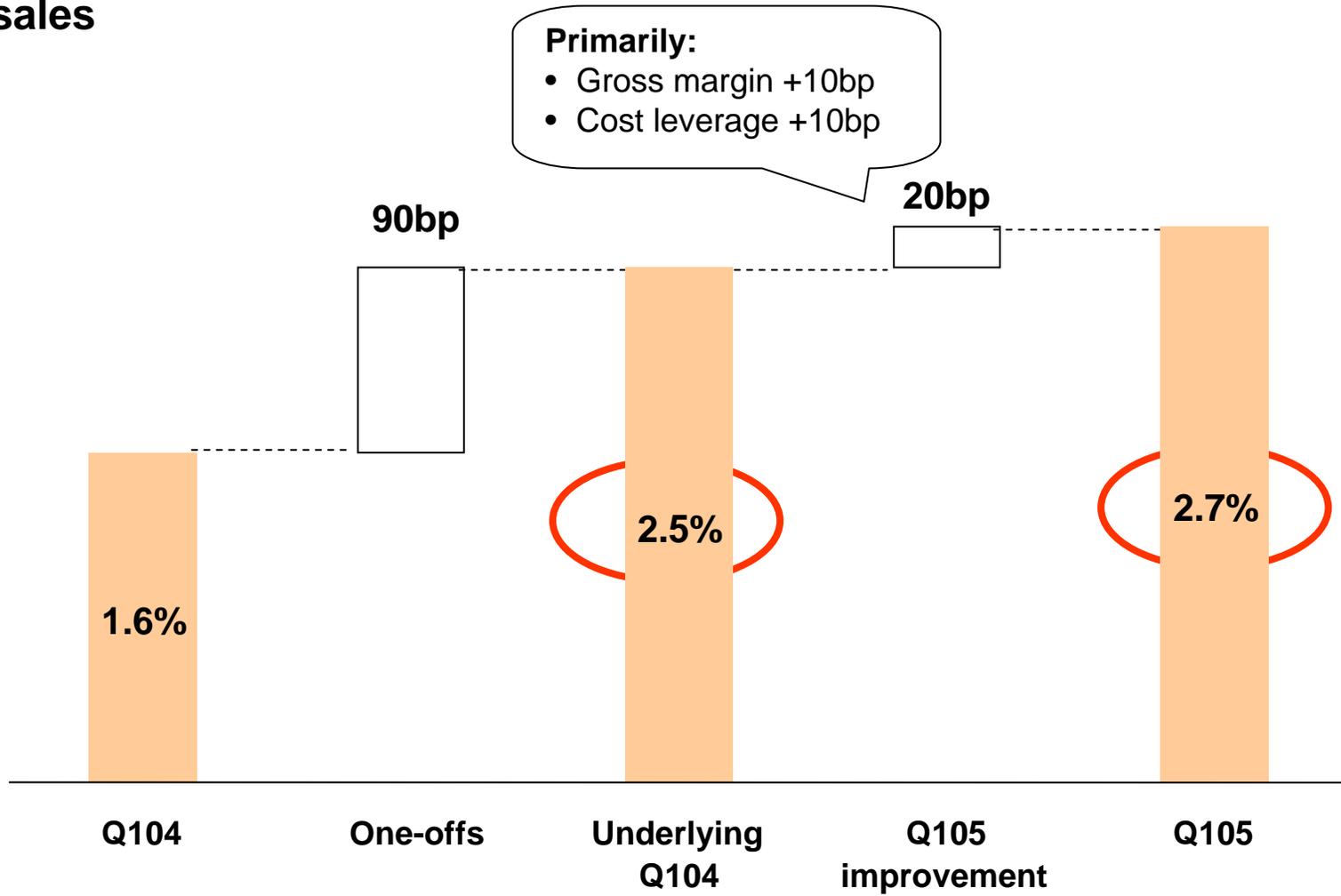
Cost base movement

EUR millions



Operating margin enhancement

% of sales



Balance Sheets

EUR millions	April 3, 2005	January 2, 2005
ASSETS		
Cash and short-term investments	1,092	1,203
Trade accounts receivable, net	3,060	3,149
Other current assets	390	260
Property, equipment & leasehold improvements, net	255	261
Goodwill & intangibles	1,242	1,204
Other assets	353	364
Total assets	6,392	6,441
LIABILITIES & SHAREHOLDERS' EQUITY		
Accounts payable and accrued expenses	2,925	3,025
Short and long-term debt	1,453	1,502
Other liabilities	140	139
Minority Interests	19	2
Shareholders' equity	1,855	1,773
Total liabilities & shareholders' equity	6,392	6,441
Net debt	361	299

Cash-flow Statements

EUR millions	Three months ended	
	April 3, 2005	March 28, 2004
Net income	63	30
(Income) / loss from discontinued operations	-	-
Depreciation and amortization	26	30
Change in operating assets / liabilities	(37)	14
Others	16	14
Cash flows from operations of continuing operations	68	88
Cash flows from / (used in) investing activities of continuing operations	(316)⁽¹⁾	46
Cash flows from / (used in) financing activities of continuing operations	(65)	18
Effects of exchange rate changes on cash	8	3
Net increase / (decrease) in cash and cash equivalents	(305)	155
Cash and cash equivalents:		
Beginning of period	879	565
End of period	<u>574</u>	<u>720</u>

(1) Purchase of short-term investments EUR 280 million.



3. Outlook

Jérôme Caille

Chief Executive Officer



Outlook

Sales and margin growth, at or above market, supported by:

- Branch network and sales force investment on track
- Gross margin improvement:
 - Pricing discipline
 - Permanent placement services
 - Business mix
 - Further service specialization

Well placed to benefit from long-term structural growth in our industry, despite still uncertain economic outlook



Thank You!

Q&A session

