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## **Q1 2006 Results**

Glattbrugg, May 10, 2006

# 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. 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 competes; changes in the Company's ability to attract and retain qualified temporary personnel; the resolution of US unemployment tax reviews, the resolution of the French anti-trust investigation and the resolution of the US class action; and any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

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



# Today's Agenda

**Introduction**

Klaus J. Jacobs

**Financial Review**

Dominik de Daniel

**Outlook**

Klaus J. Jacobs



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# Introduction

- **Good start into 2006**
  - 9% organic revenue growth
  - encouraging initial profitability improvements
- **Implementation of new 6 global business lines on track**
- **Completion of DIS acquisition**
- **Thank you to the Adecco team**
- **Confirmation of long-term targets**



# Financial Review

Dominik de Daniel, Group CFO



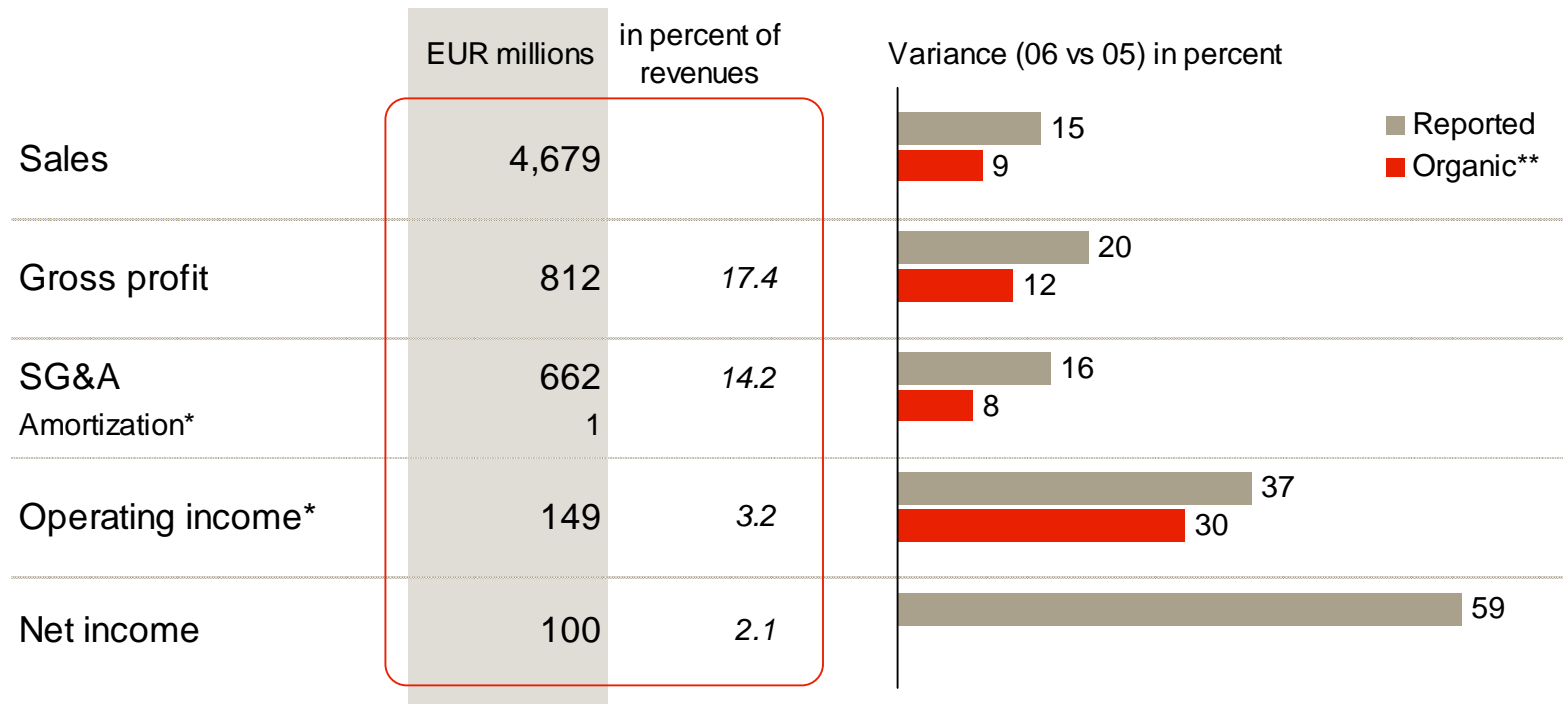
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# Q1 2006 Results Summary



\* Amortization of intangibles of EUR 1 million for Q1 2006 compares to zero in Q1 2005

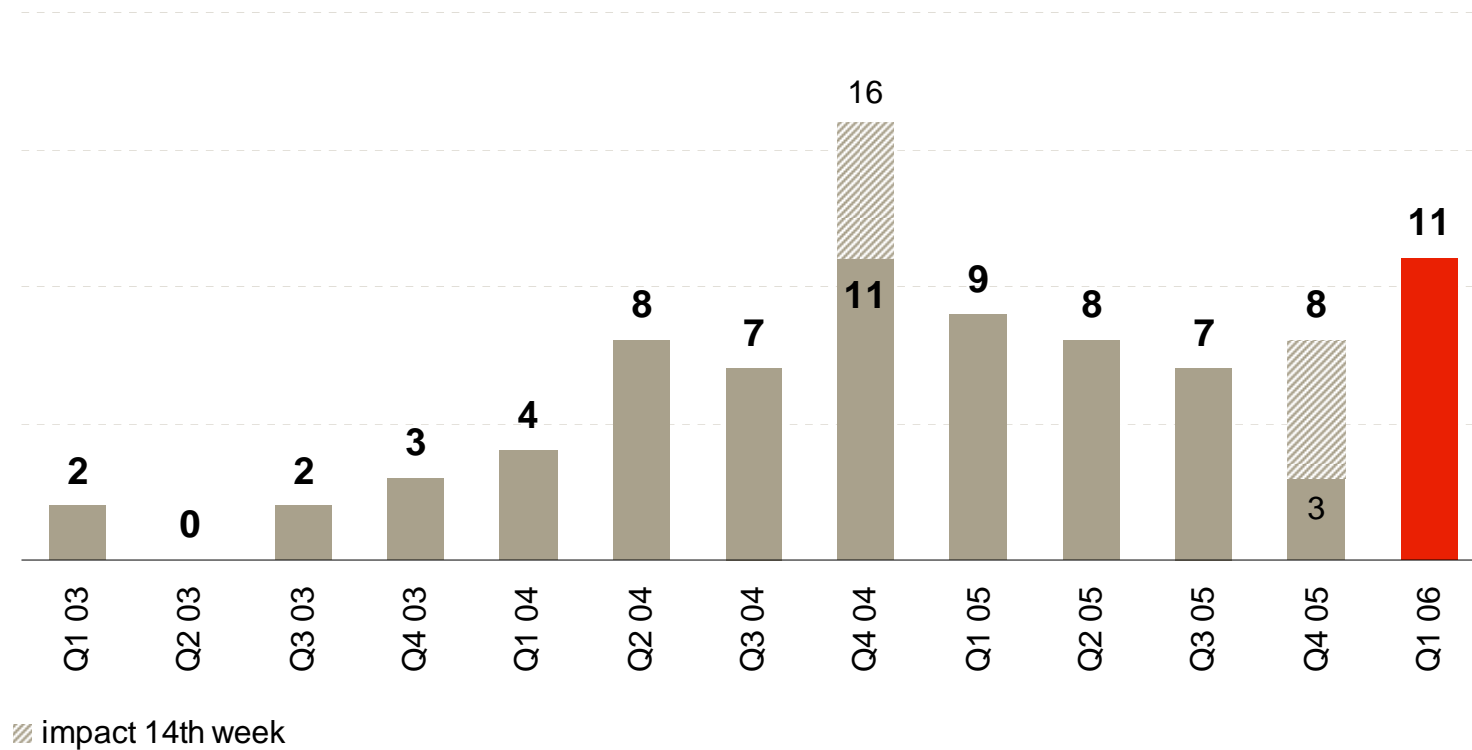
\*\* Organic is a non-US GAAP measure and is presented for comparison. It is in constant currency excluding acquisitions.



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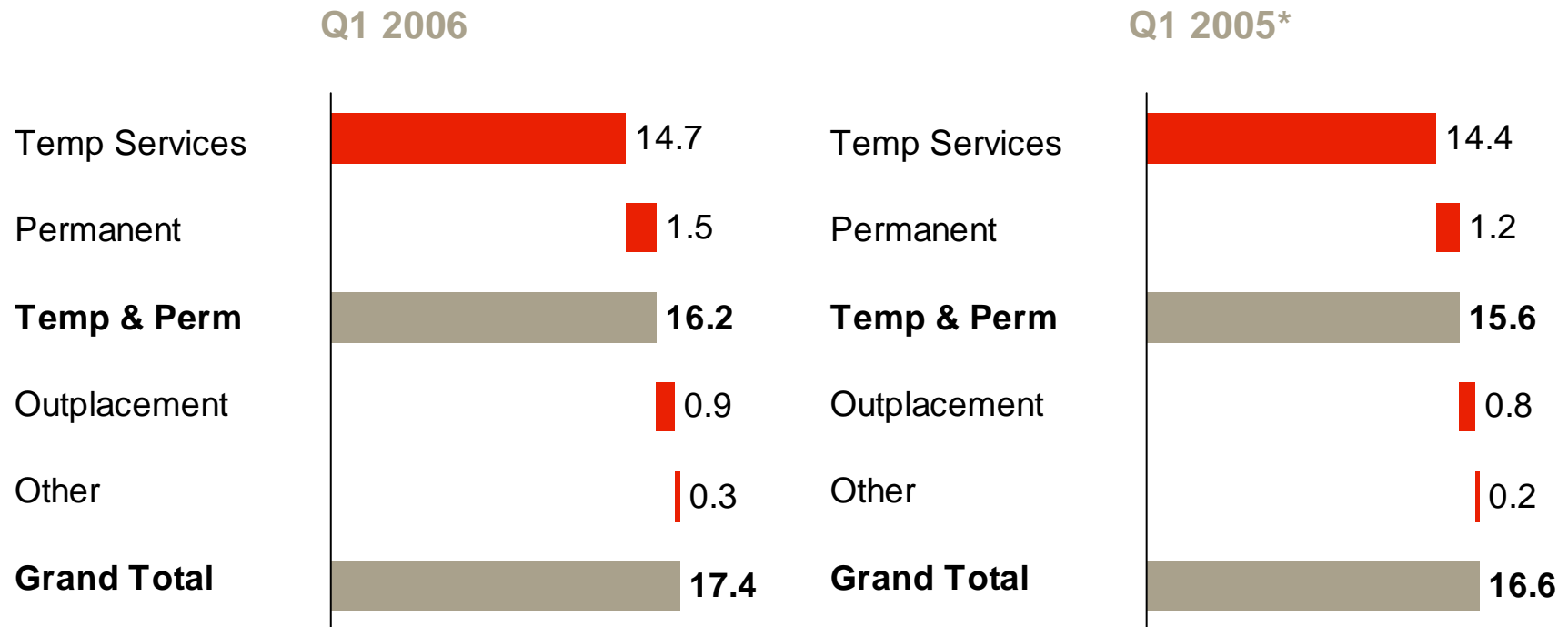
# Group Revenue Growth

Constant currency year-on-year growth in percent



# Gross Margin Drivers

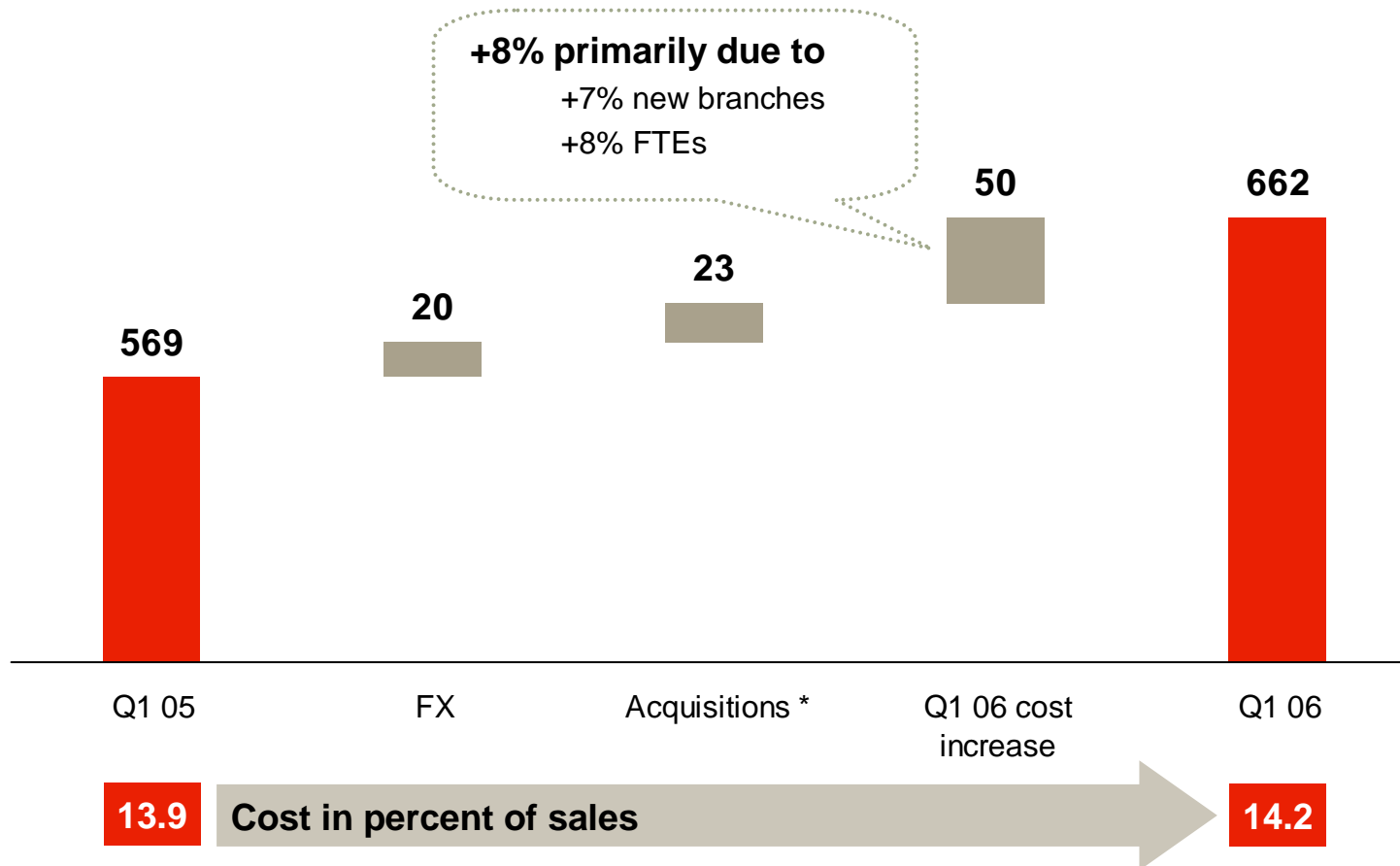
In percent of revenues





# Q1 2006 SG&A Movement

In EUR millions

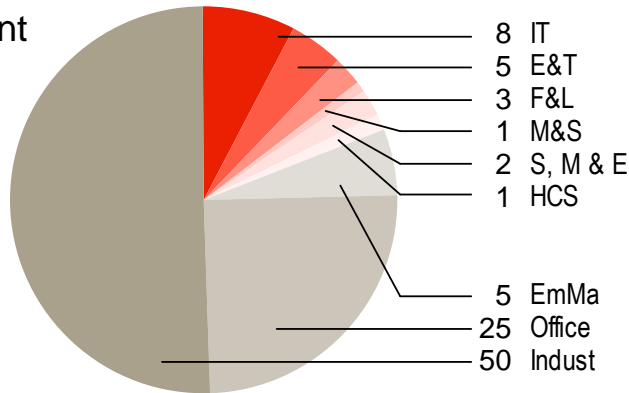


\* Altedia and Humangroup

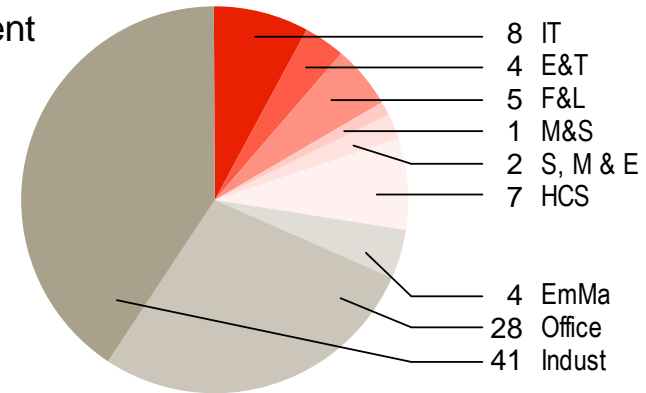
# Q1 2006 Business Lines

Based on dedicated branches

Revenues  
in percent

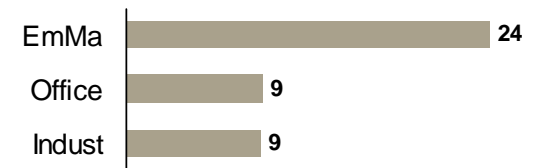
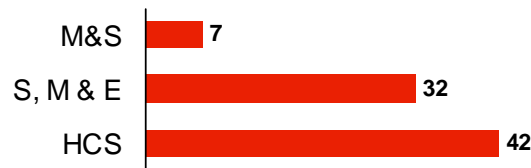
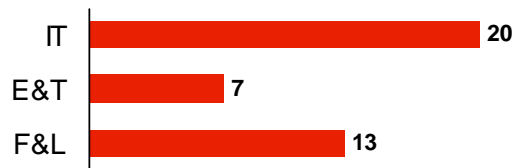


Gross Profit  
in percent



## Revenues

constant currency year-on-year growth in percent



IT Information Technology  
E&T Engineering & Technical  
F&L Finance & Legal

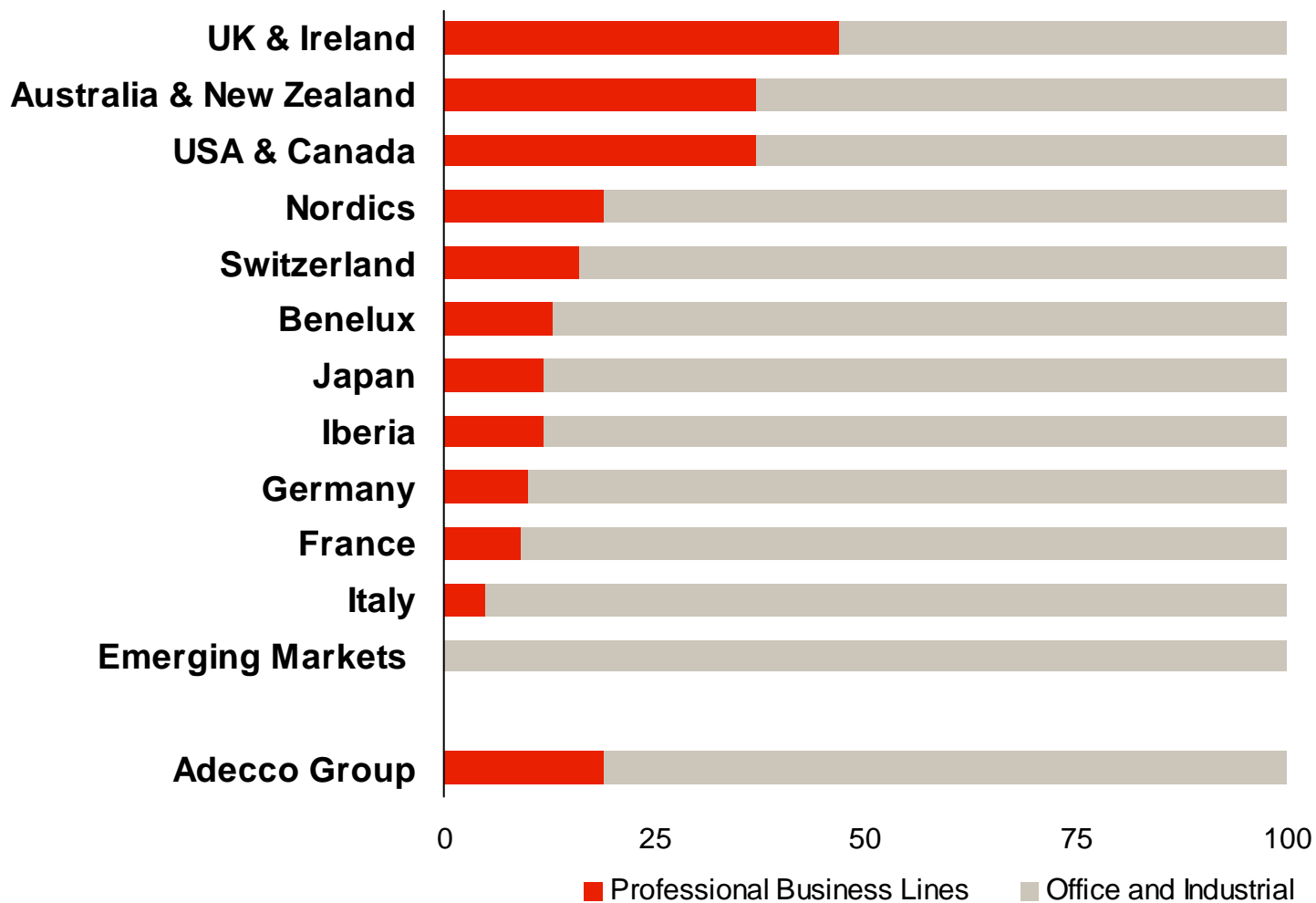
M&S Medical & Science  
S, M & E Sales, Marketing & Events  
HCS Human Capital Solutions

EmMa Emerging Markets  
Office Office  
Indust Industrial



# Revenues - Office and Industrial vs Professional Business Lines

In percent, based on dedicated branches



# Mixed Performance in France

- **Revenue growth approaching market:** 3% organic revenue increase
  - Lower demand in the automotive sector
  - Focus on profitability
- + **Gross margin up 90 bps driven by acquisition (-20 bps organically)**
- **5% operating profit decline due to higher costs**
  
- **Actions to close gap to market in 2006:**
  - **6 new Global Business Lines to accelerate growth in professional business**
  - **Investments in permanent placement and sales force should render return**
  - **Cost control plan in place**

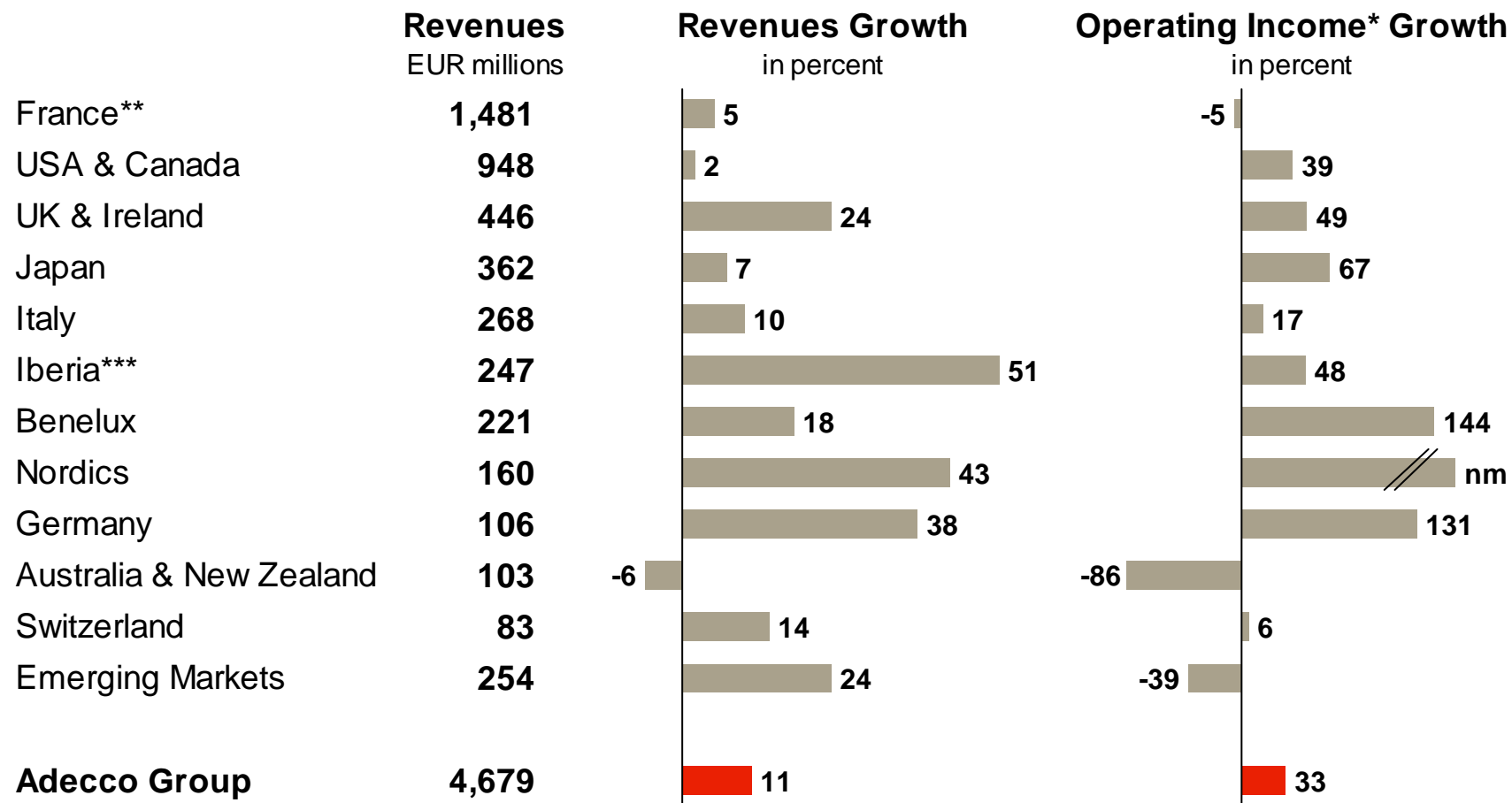
# Profit improvement in US & Canada

- **2% revenue growth** in constant rate due to business divestments in 2005
- + **Gross margin improvement of 120 bps** at constant currency due to focus on higher bill rates and lower workers compensation
- + **SG&A up 4%** at constant currency
- + **Operating income margin at 3.1%** up 80 bps
  
- **Actions to accelerate profitable revenues growth**



# Sales and EBITA Growth in Geographies

Q1 2006 vs Q1 2005 in constant currencies



\* Contribution (Operating-Income before amortisation) on operating unit level

\*\* Organic revenue growth of 3%

\*\*\* Organic revenue growth of 11%



# Q1 2006 Results in Detail

In EUR million

	Q1 2006	Q1 2005	Variance %	
			EUR	Constant
Revenues	4,679	4,086	15%	11%
Direct costs of services	(3,867)	(3,409)		
<b>Gross profit</b>	<b>812</b>	<b>677</b>	20%	16%
<i>Gross margin</i>	<i>17.4%</i>	<i>16.6%</i>		
Selling, general and administrative expenses	(662)	(569)	16%	12%
<i>As a percentage of revenues</i>	<i>14.2%</i>	<i>13.9%</i>		
Amortisation of intangible assets	(1)			
<b>Operating income</b>	<b>149</b>	<b>108</b>	37%	33%
<i>Operating income margin</i>	<i>3.2%</i>	<i>2.7%</i>		
Interest expense	(12)	(15)		
Other income/(expenses), net	4			
Income applicable to minority interests				
<b>Income before income taxes</b>	<b>141</b>	<b>93</b>	51%	
Provision for income taxes	(41)	(30)		
<b>Net income</b>	<b>100</b>	<b>63</b>	59%	
<i>Net income margin</i>	<i>2.1%</i>	<i>1.5%</i>		



# Balance Sheets

In EUR millions

	Mar 31, 2006	Dec 31, 2005
<b>Assets</b>		
Cash and short-term investments	448	848
Trade accounts receivable, net	3,540	3,659
Other current assets	294	298
Property, equipment, and leasehold improvements, net	243	240
Other assets	307	312
Goodwill and intangibles, net	2,068	1,482
<b>Total assets</b>	<b>6,900</b>	<b>6,839</b>
<b>Liabilities and shareholders' equity</b>		
Accounts payable and accrued expenses	3,288	3,287
Short- and long-term debt	1,164	1,272
Other liabilities	191	143
Minority interests	34	20
Shareholders' equity	2,223	2,117
<b>Total liabilities and shareholders' equity</b>	<b>6,900</b>	<b>6,839</b>
Net Debt*	716	424

\* Net debt is a non-US GAAP measure and comprises short-term and long-term debt less cash and cash equivalents and short-term investments.



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# Cash-flow Statements

In EUR millions

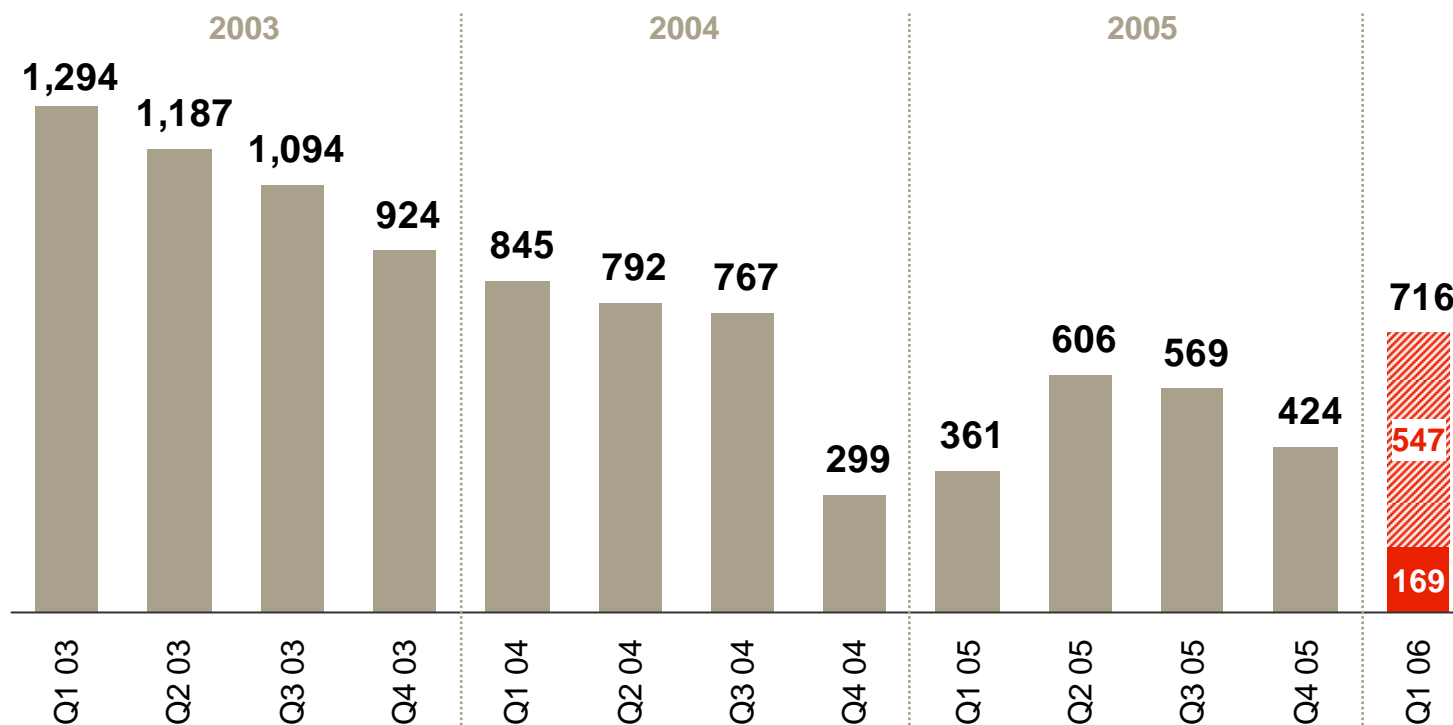
	2006 Q1	2005 Q1
<b>Consolidated statements of cash flows</b>		
Net income	100	63
Adjustments to reconcile net income to cash flows from operating activities		
– Depreciation and amortisation	25	26
– Other charges	17	16
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	148	116
– Accounts payable and accrued expenses	(40)	(154)
– Other assets and liabilities	5	1
<b>Cash flows from operating activities</b>	<b>255</b>	<b>68</b>
<b>Cash flows from/(used in) investing activities</b>	<b>(221)</b>	<b>(316)</b>
<b>Cash flows from/(used in) financing activities</b>	<b>(77)</b>	<b>(65)</b>
Effect of exchange rate changes on cash	(3)	8
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(46)</b>	<b>(305)</b>





# Financial Strength - net debt reduction since Q1 2003

Net debt in EUR millions\*



DIS acquisition

\* Includes off balance sheet debt (In EUR: 2003 Q1:37m Q2:36m Q3:36m Q4:36m; 2004 Q1:37m; from Q2 2004 to Q1 2005 there is no off balance sheet debt due to the cancellation of the external financing of the securitization agreement; Q2 2005: 14m; Q3 2005: 1 m – both relating to Humangroup sale of receivables. Q4 2005 and Q1 2006 no off balance sheet debt.)



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# Financial guidance

- Interest expenses of EUR 55 million expected for FY 2006
- Expected tax rate for FY 2006 of approximately 29%
- DIS AG consolidated as of March 31, 2006
- Negative business day impact in Q2 2006 of 2%
- Back office consolidation



# Outlook

Klaus J. Jacobs, Group CEO & Chairman



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# Targets

	<b>Until 2009</b> In percent
<b>Revenue growth</b>	<b>7 - 9 p.a.</b>
<b>EBITA margin</b>	<b>&gt; 5</b>

# Thank You

## Question and Answer Session



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# Appendix



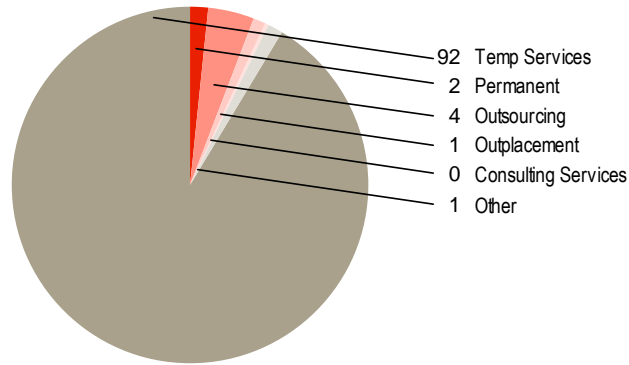
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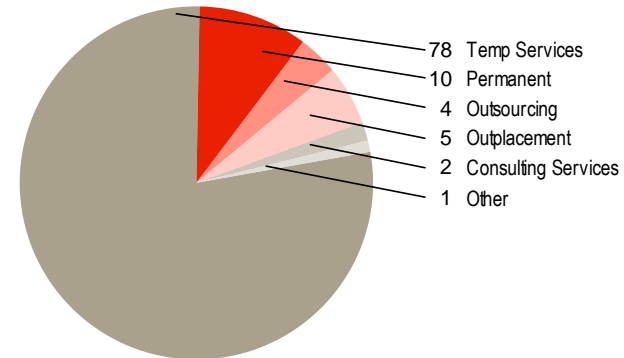
# Growth Engines by Service Line

## Q1 2006

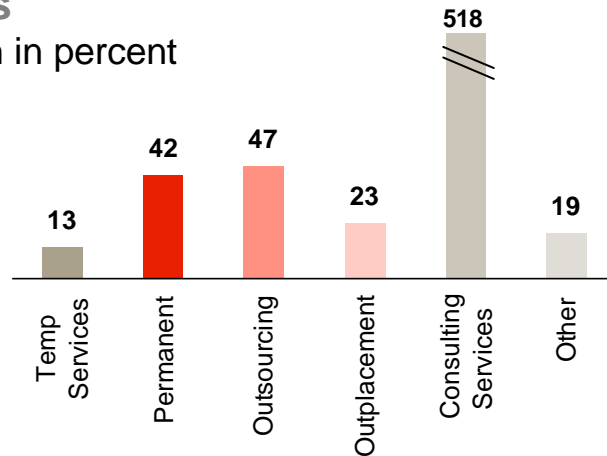
**Revenues**  
As percent of Total



**Gross Margin**  
As percent of Total



**Revenues**  
YoY growth in percent



**Gross Margin**  
in percent

