Q2 2014 Results

Adecco Group

Disclaimer and Note on Terminology

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 affecting temporary work; intense competition in the markets in which the Company operates; integration of acquired companies; changes in the Company's ability to attract and retain qualified internal and external personnel or clients; the potential impact of disruptions related to IT; any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

Non US GAAP measures used in this presentation

'Organic growth' excludes the impact of currency, acquisitions and divestitures.

'EBITA' refers to operating income before amortisation of intangible assets.

'Net debt' comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

Agenda

Operational review

Financial review

Strategy & Outlook

Questions & Answers

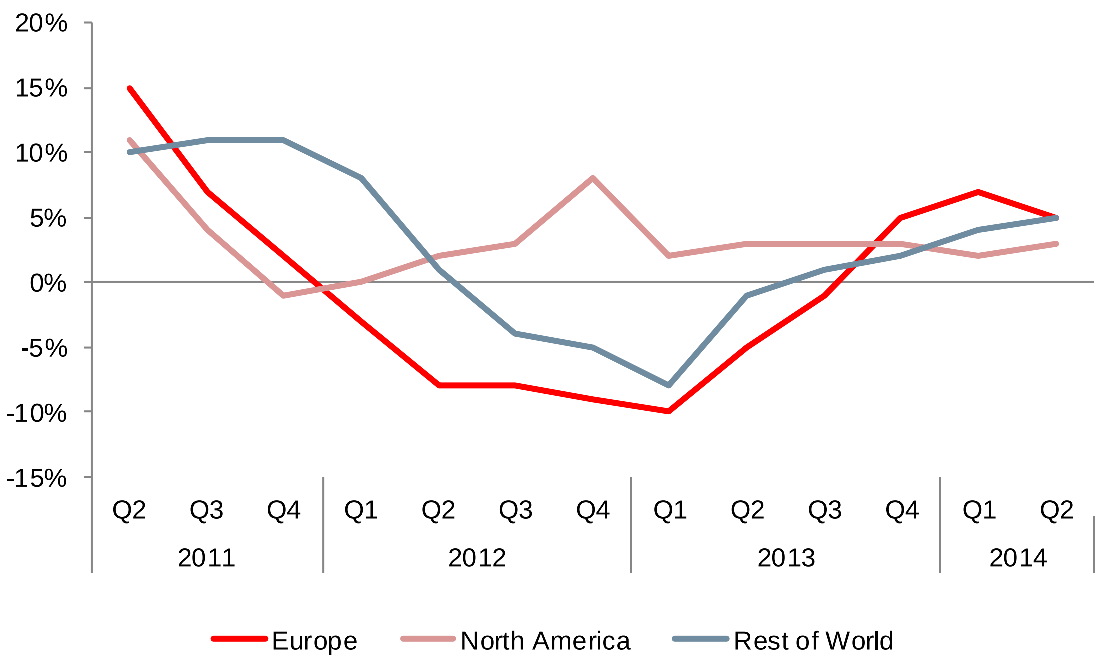
Operational review

Highlights
Q2 2014

- Revenues EUR 5.0 billion, up 1% yoy or up 5% in constant currency
- Gross margin of 18.1%, up 20 bps yoy
- SG&A excluding restructuring costs up 3% yoy and down 1% sequentially, both in constant currency
- EBITA excluding restructuring costs of EUR 228 million, up 18% in constant currency
- EBITA margin excluding restructuring costs of 4.6%, up 50 bps yoy
- Revenues up 5% for June, in constant currency and adjusted for trading days

Revenue development by region[1)]

Organic year-on-year change in percent

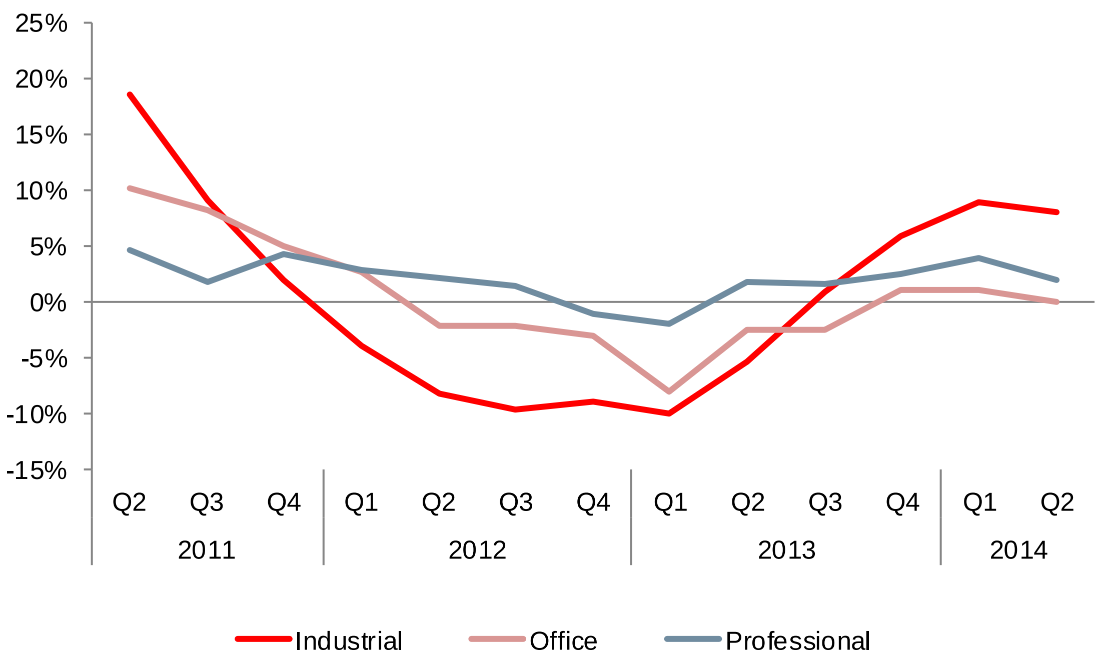


- Europe grew by 5% in Q2 2014 compared to 7% in the previous quarter
- North America grew by 3% in Q2 2014 compared to 2% in the previous quarter
- Rest of World grew by 5% in Q2 2014 compared to 4% in the previous quarter

1) Excluding LHH

Revenue development by business line[1)]

Organic year-on-year change in percent

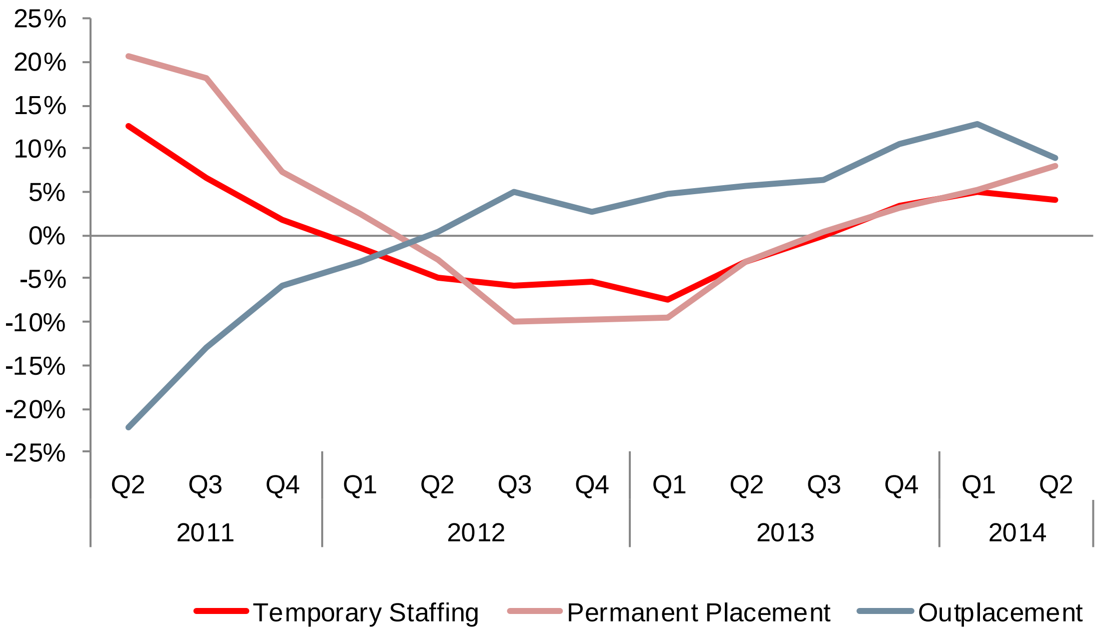


- Industrial grew by 8% in Q2 2014 compared to 9% in the previous quarter
- Office was flat in Q2 2014 compared to 1% growth in the previous quarter
- Professional Staffing grew by 2% in Q2 2014 compared to 4% in the previous quarter:
  - IT: 4% (9% in Q1 2014)
  - Engineering & Tech.: -2% (1%)
  - Finance & Legal: 3% (1%)
  - Medical & Science: -5% (-10%)

1) Excluding Solutions

Revenue development by service line[1)]

Organic year-on-year change in percent



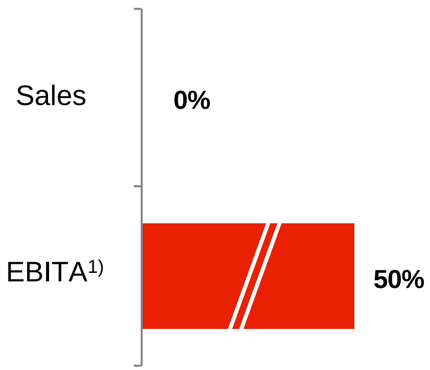
- Temporary Staffing revenues grew by 4% in Q2 2014 compared to 5% in the previous quarter
- Permanent placement revenues grew by 8% in Q2 2014 compared to 5% in the previous quarter
- Outplacement revenues grew by 9% in Q2 2014 compared to 13% in the previous quarter

1) Excluding Outsourcing and Other

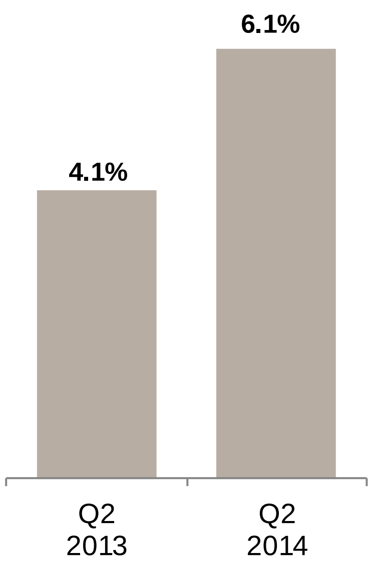
France

24% of group revenues in Q2 2014

Q2 yoy growth



EBITA[1] margin

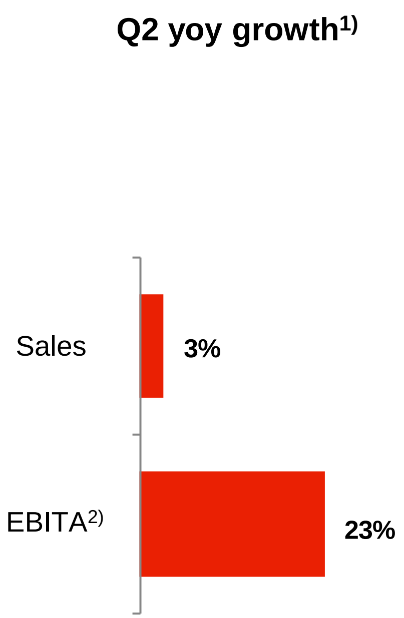


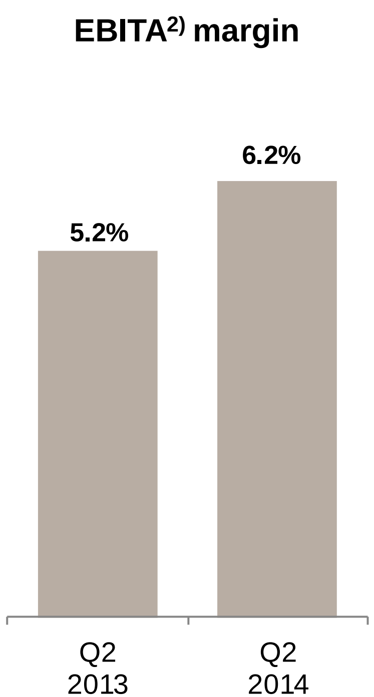
- Revenues EUR 1,201 million, flat yoy; growth in Industrial was offset by declines in Office and Professional Staffing
- EBITA EUR 74 million. Strong EBITA margin[1] up 200 bps, driven by price discipline, the impact of CICE and cost efficiencies
- Revenues for June up 1%, adjusted for trading days

1) EBITA, EBITA growth rate and EBITA margin exclude restructuring costs of EUR 2 million in Q2 13.

North America

19% of group revenues in Q2 2014





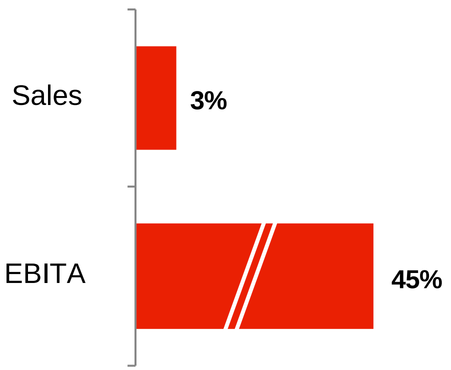
- Revenues EUR 927 million, up 3% yoy driven by growth in Industrial of 10%, all in constant currency
- EBITA excluding restructuring costs EUR 57 million. EBITA margin[2)] up 100 bps helped by perm revenue growth of 10% yoy in constant currency
- Revenues for June up 5% in constant currency, adjusted for trading days

1) Growth rates are in constant currency
2) EBITA, EBITA growth rate and EBITA margin exclude restructuring costs of EUR 4 million in Q2 14.

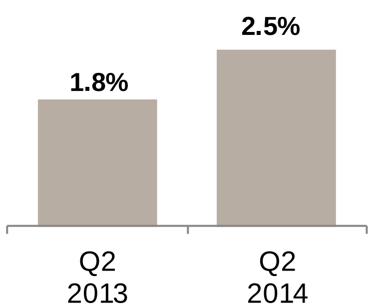
UK & Ireland

10% of group revenues in Q2 2014

Q2 yoy growth[1)]



EBITA margin



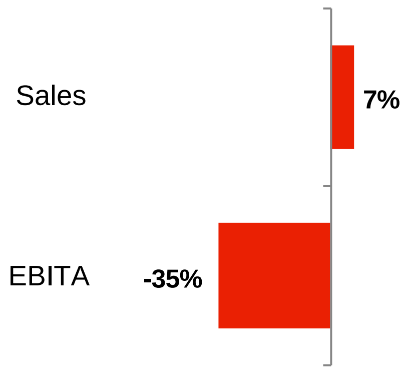
- Revenues EUR 502 million, up 3% yoy driven by growth in IT of 9%, all in constant currency
- EBITA EUR 12 million. EBITA margin up 70 bps helped by perm revenue growth of 13% yoy in constant currency
- Revenues for June up 1% in constant currency, adjusted for trading days

1) Growth rates are in constant currency

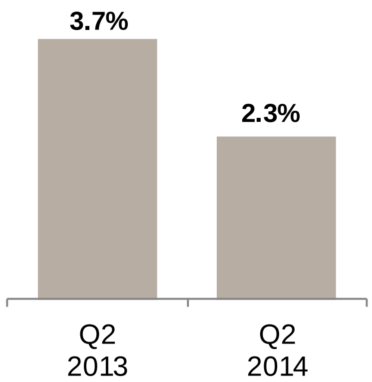
Germany & Austria

8% of group revenues in Q2 2014

Q2 yoy growth



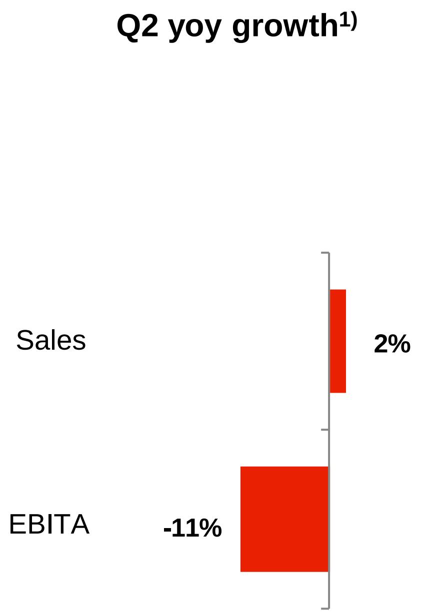
EBITA margin

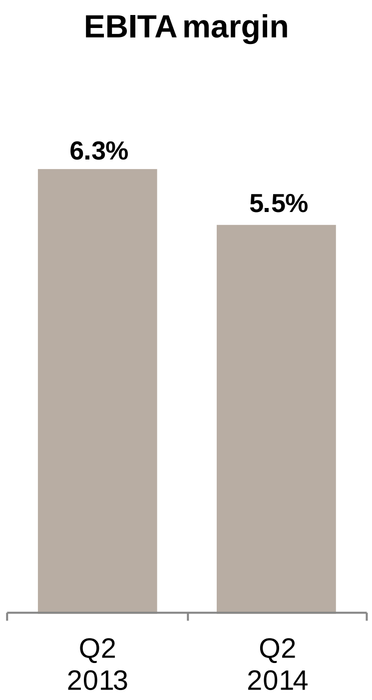


- Revenues EUR 413 million, up 7% yoy, driven by growth in Industrial of 11%
- EBITA EUR 10 million. EBITA margin down 140 bps, primarily due to the timing of bank holidays
- Revenues for June up 7%, adjusted for trading days

Japan

5% of group revenues in Q2 2014





- Revenues EUR 259 million, up 2% in constant currency driven by growth in professional staffing
- EBITA EUR 14 million. EBITA margin down 80 bps partly due to a decline in our perm business
- Revenues for June flat in constant currency, adjusted for trading days

1) Growth rates are in constant currency

Revenues and EBITA by segment
Q2 2014 vs. Q2 2013

% of revenues		Revenues: EUR millions	Revenues: Organic change yoy	EBITA: EUR millions	EBITA: Margin	EBITA: Margin change yoy
24%	France[1)]	1,201	0%	74	6.1%	200 bps
19%	North America[2)]	927	3%	57	6.2%	100 bps
10%	UK & Ireland	502	3%	12	2.5%	70 bps
8%	Germany & Austria	413	7%	10	2.3%	-140 bps
5%	Japan	259	2%	14	5.5%	-80 bps
6%	Italy	289	18%	19	6.4%	-30 bps
5%	Benelux	240	8%	8	3.4%	90 bps
4%	Nordics	216	7%	8	3.5%	-60 bps
4%	Iberia	196	21%	8	4.4%	140 bps
2%	Australia & New Zealand	85	-18%	(1)	-0.7%	-390 bps
2%	Switzerland	104	0%	9	8.5%	100 bps
9%	Emerging Markets	472	12%	14	3.0%	-10 bps
2%	LHH	83	5%	23	28.4%	10 bps
	Corporate			(27)		
100%	**Adecco Group[1), 2)]**	**4,987**	**5%**	**228**	**4.6%**	**50 bps**

1) EBITA excluding restructuring costs of EUR 2 million in Q2 2013.
2) EBITA excluding restructuring costs of EUR 4 million in Q2 2014.

Financial review

Q2 2014 Results in detail – P&L
In EUR millions

EUR millions except per share information	Q2 2014	Q2 2013	Variance % EUR	Variance % Constant Currency
Revenues	4,987	4,931	1%	5%
Gross profit	905	884	2%	6%
EBITA excluding restructuring costs	228	202	13%	18%
EBITA	224	200	12%	17%
Operating income	215	190	13%	19%
Income before income taxes	199	171	16%	
Net income	145	126	15%	
Net income attributable to Adecco shareholders	145	126	15%	
Basic earnings per share	0.82	0.69	18%	
Diluted earnings per share	0.82	0.69	17%	

- Revenue up 5% and EBITA excluding restructuring costs up 18%, both in constant currency
- Effective tax rate 27% compared to 26% in prior year
- Basic weighted-average shares were 177m in Q2 2014 vs 181m in Q2 2013.

Sequential revenue analysis

Adecco Group	Q1	Q2	Q3	Q4
2007	=	=	–	=
2008	+	– –	–	– – –
2009	– – –	– – –	=	=
2010	+ +	+	+	+
2011	+	=	=	=
2012	–	–	–	–
2013	=	=	=	=
2014	=	=		

+ Above long-term growth trend[1)]

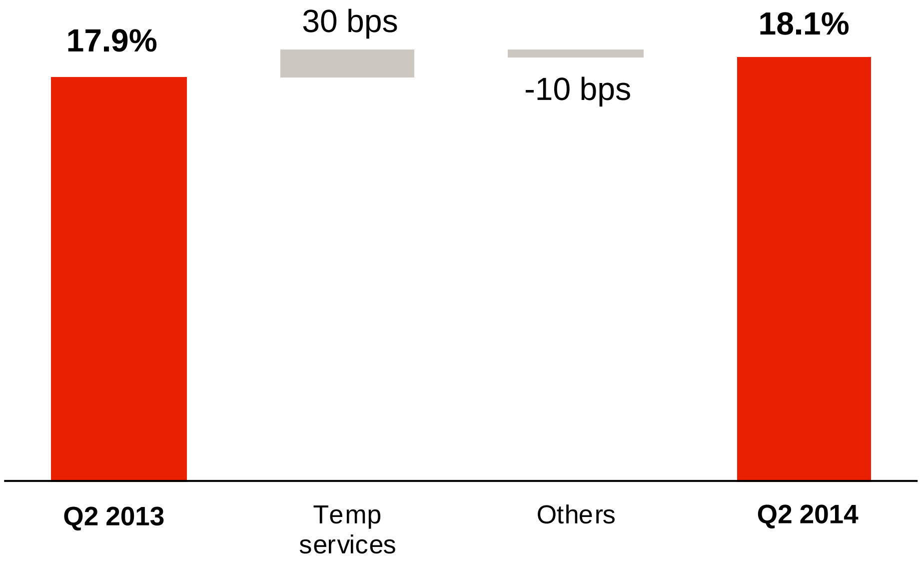
= In line with long-term growth trend[1)]

– Below long-term growth trend[1)]

1) Long-term growth trend is the 13-yr median of sequential growth for the relevant quarter, adjusted for currency, acquisitions, divestitures and trading days

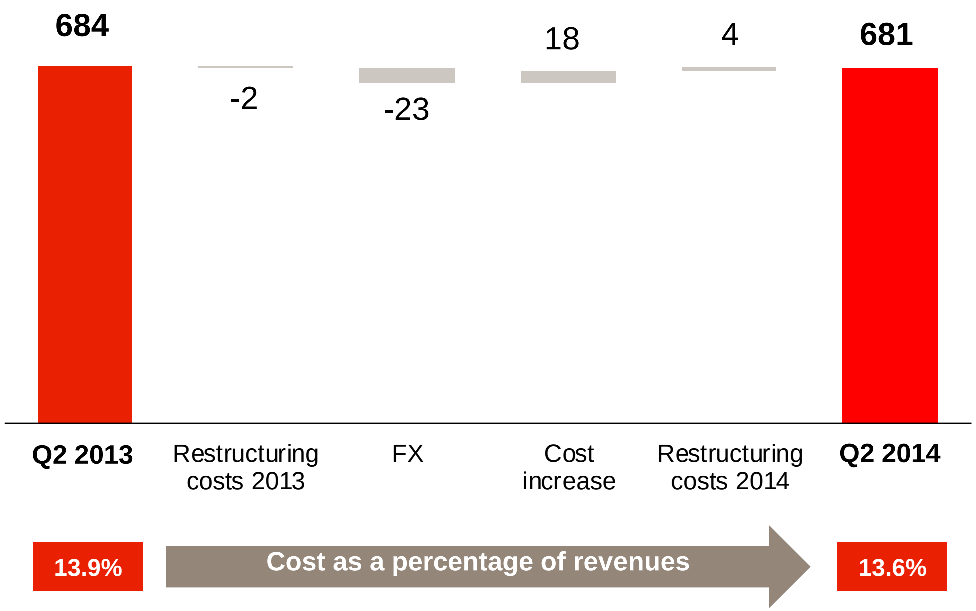
Q2 2014 gross margin drivers

As percentage of revenues



- Gross margin up 20 bps yoy to 18.1%
- Temp services drove the improvement, helped by CICE
- Permanent Placement and Outplacement had a neutral impact

Q2 2014 SG&A movements
In EUR millions



- SG&A excluding restructuring costs up 3% yoy in constant currency
- FTEs up 1% and branches down 3%
- Sequentially, SG&A excluding restructuring costs down 1% in constant currency

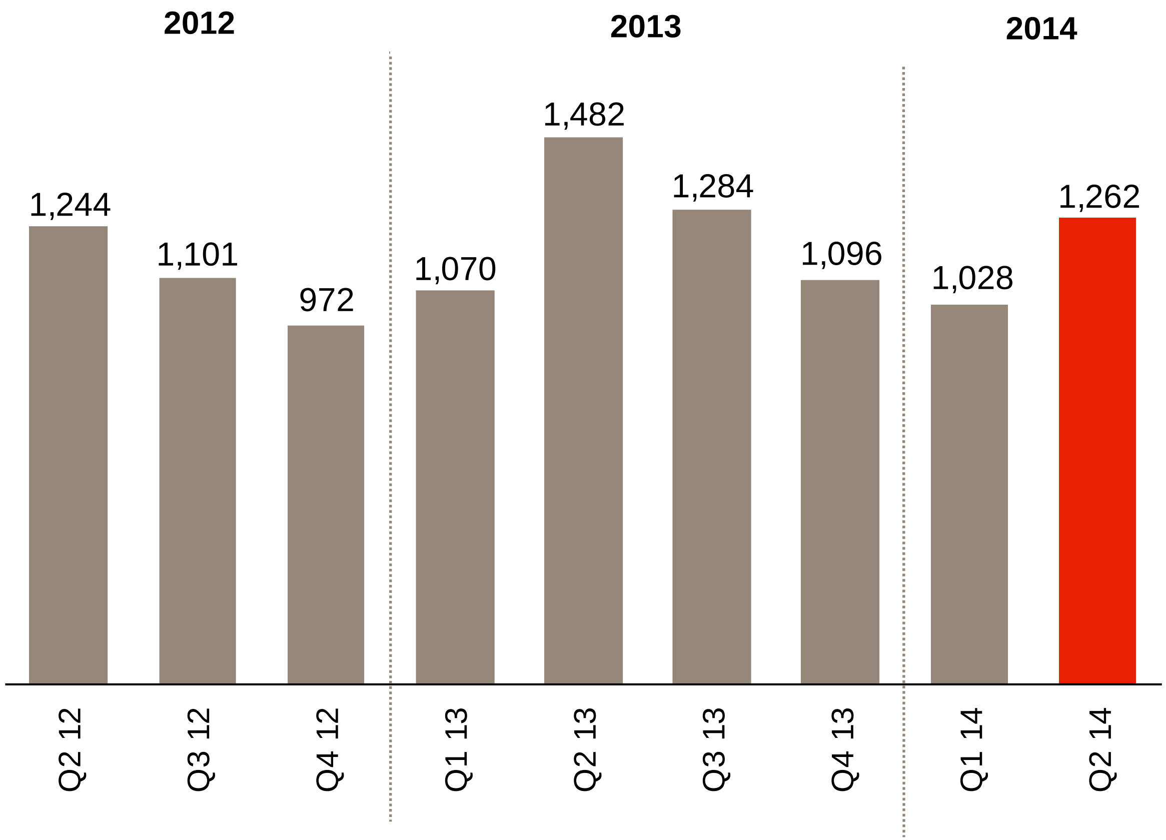
Q2 2014 cash flow statement

In EUR millions

EUR millions	Q2 2014	Q2 2013	HY 2014	HY 2013
Cash flows from operating activities				
Net income	145	126	256	193
Adjustments to reconcile net income to cash flows from operating activities:				
– Depreciation and amortisation	32	36	64	72
– Other charges	5	11	16	8
Changes in operating assets and liabilities, net of acquisitions				
– Trade accounts receivable	(244)	(193)	(220)	(239)
– Accounts payable and accrued expenses	139	55	107	24
– Other assets and liabilities	53	(18)	10	(69)
Cash flows from/(used in) operating activities	**130**	**17**	**233**	**(11)**
Cash flows used in investing activities	**(23)**	**(5)**	**(15)**	**(8)**
Cash flows used in financing activities	**(595)**	**(565)**	**(563)**	**(693)**
Effect of exchange rate changes on cash	4	(15)	(5)	(18)
Net decrease in cash and cash equivalents	**(484)**	**(568)**	**(350)**	**(730)**
Cash and cash equivalents:				
– Beginning of period	1,097	941	963	1,103
– End of period	613	373	613	373

- Q2 2014 cash flows from operating activities benefited from the sale of a portion of the CICE receivables
- In Q2 2014, cash flows used in investing activities included EUR 18 million capex
- Q2 2014 cash flows from financing activities included EUR 291 million dividend payment, EUR 346 million repayment of debt and EUR 52 million purchase of shares

Net debt development
In EUR millions



Q2 2014 Net Debt / EBITDA[1)] of 1.2x

1) Last 4 quarters EBITDA, calculated as: EBITA excluding restructuring costs plus depreciation

Financial Guidance

Based on current management expectations

FY 2014	**Capex**	~ EUR 80 million
	Interest expense	~ EUR 70 million
	Corporate costs	~ EUR 100 million
	Amortisation	~ EUR 35 million
	Restructuring	~ EUR 20 million
Q3 2014	**Tax rate**	Underlying rate ~ 28% Effective rate ~ 23%[1)]
	SG&A	Sequentially at a similar level in constant currency and excluding restructuring costs

1) Including effect of a positive discrete event in July

Strategy & Outlook

Outlook

**Adecco Group:
Revenues up 5% for June, in constant currency and adjusted for trading days**

**Europe:
Revenue growth development steady in Q2 2014**

North America: Positive trend, with June growth slightly above Q2, both in constant currency and adjusted for trading days

Rest of the World: Q2 maintained trend of gradual improvement in Japan and double-digit growth in Emerging Markets

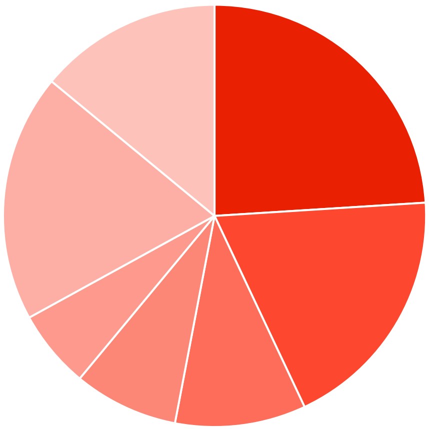
Remain convinced we will achieve target of >5.5% EBITA margin in 2015

Appendix

Revenue and Gross Profit

by segment, by business line and by service line

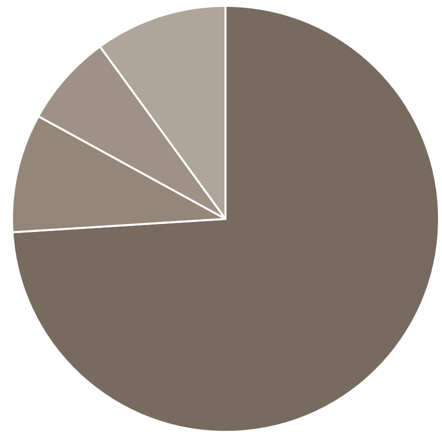
FY 2013 revenues by segment



24% France
19% North America
10% UK & Ireland
8% Germany & Austria
6% Japan
19% Rest of Europe[1)]
14% Other

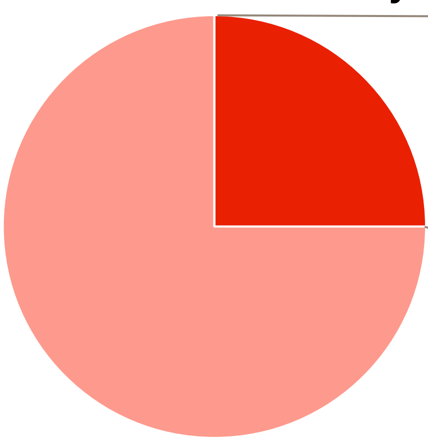
1) Excluding Emerging Markets

FY 2013 gross profit by service

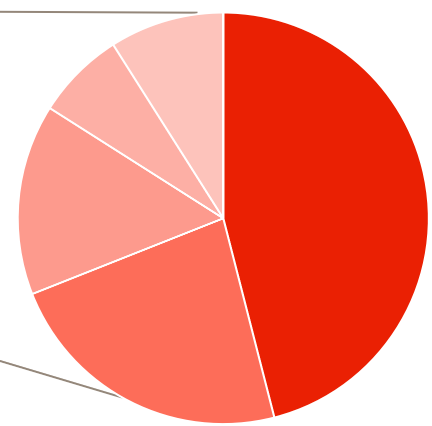


74% Temporary
9% Perm
7% Outplacement
10% Outsourcing, talent development and other services

FY 2013 revenues by business line



25% Professional & Solutions
75% General Staffing



46% Information Technology
23% Engineering & Technical
15% Finance & Legal
7% Medical & Science
9% Solutions

Our six strategic priorities

We strive to reach an EBITA margin above 5.5% in 2015

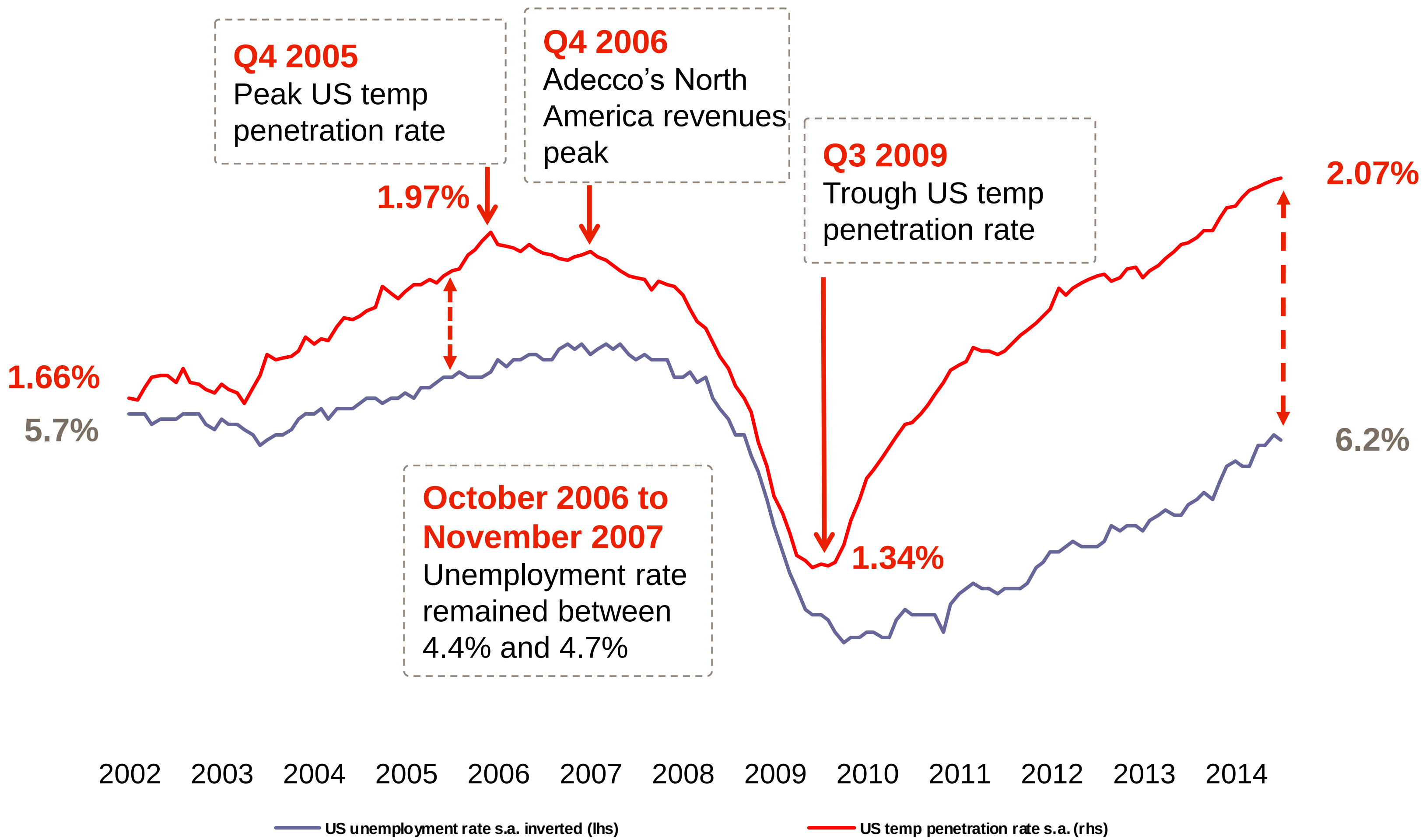
1. Engagement
2. IT
3. Professional Staffing & Services
4. Segmentation
5. BPO solutions
6. Emerging Markets

EBITA margin >5.5%

- Top line growth
- Pricing discipline
- Cost control

Structural shift to temporary staffing in current upturn

US temporary penetration rate vs. unemployment rate



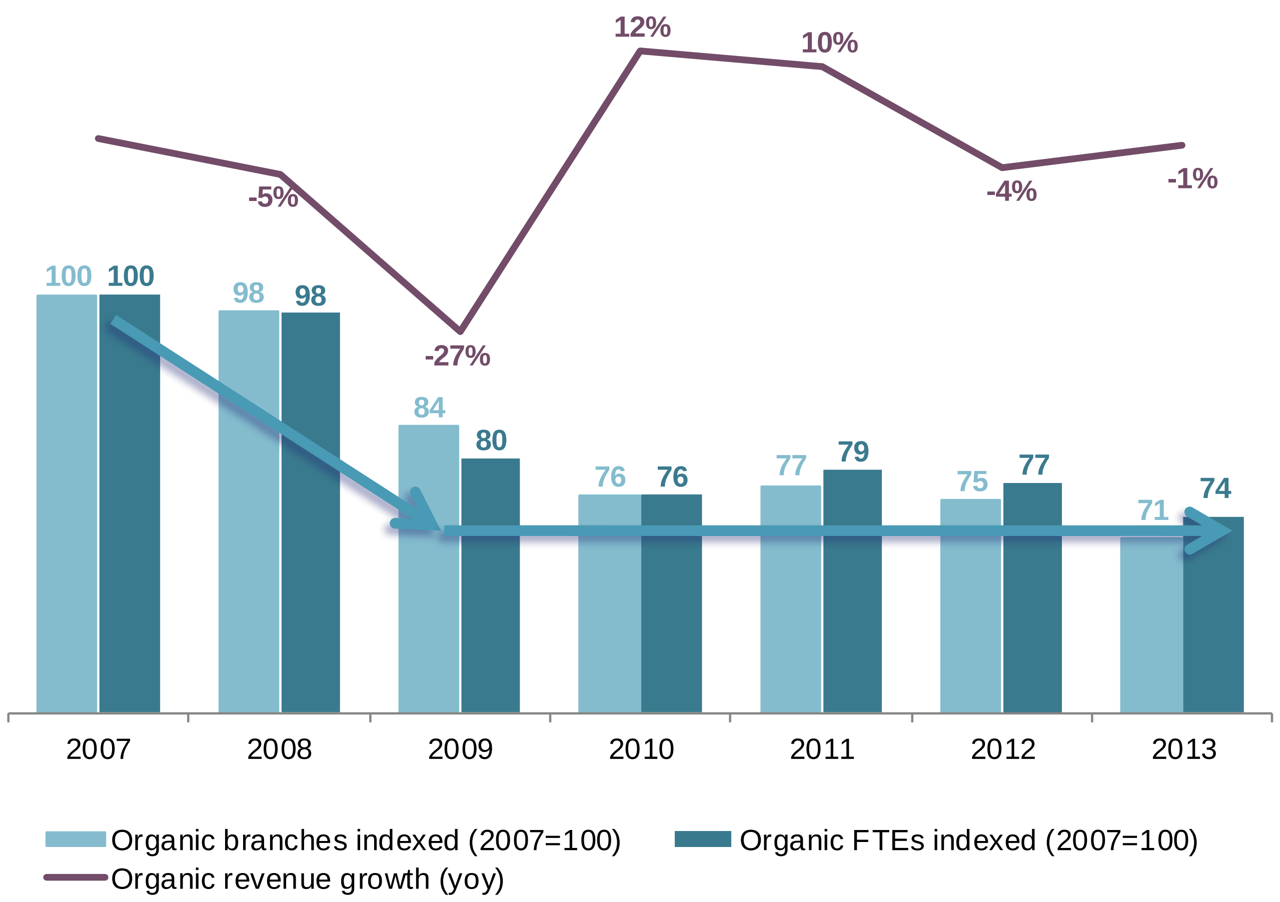
Source: Bureau of Labor Statistics (BLS)

Revenue development since the Group's peak in 2007

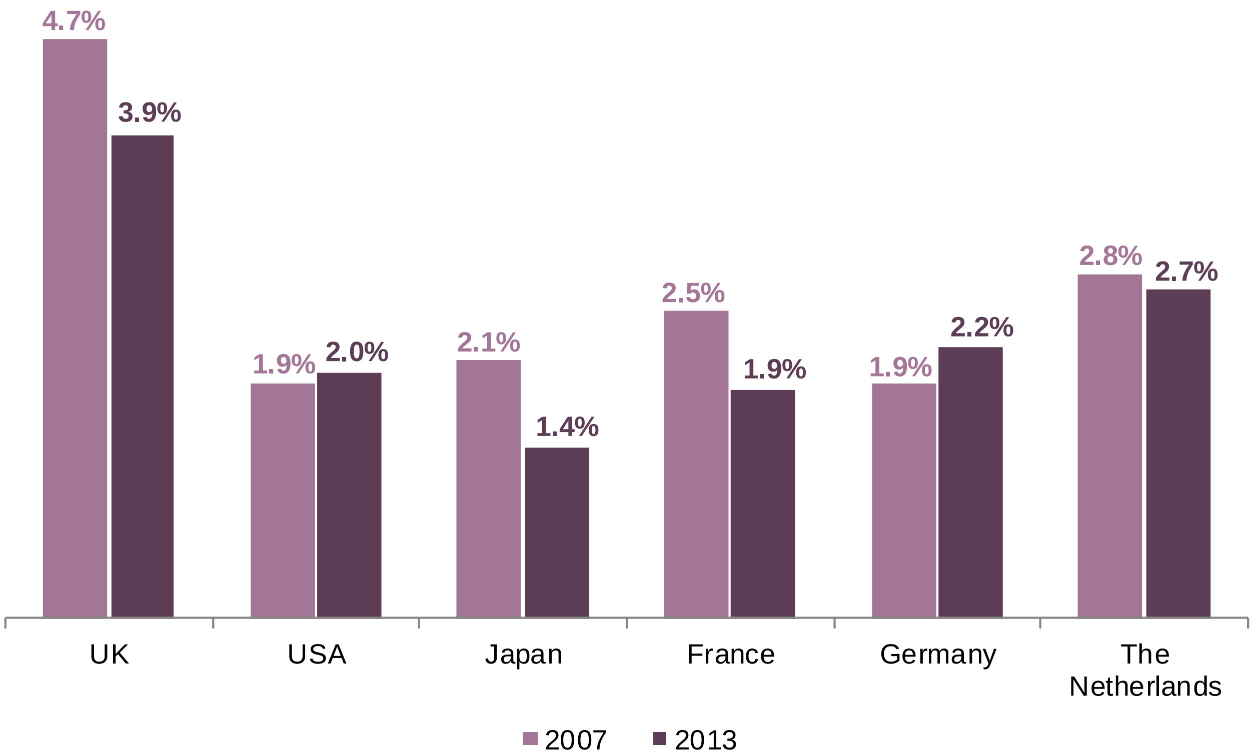
Gap against the peak on an organic basis for the main markets

Revenues, branches and FTEs

Organic development (indexed)



Penetration rates
Main markets



Source: Eurociett, Bureau of Labor Statistics and Adecco estimate

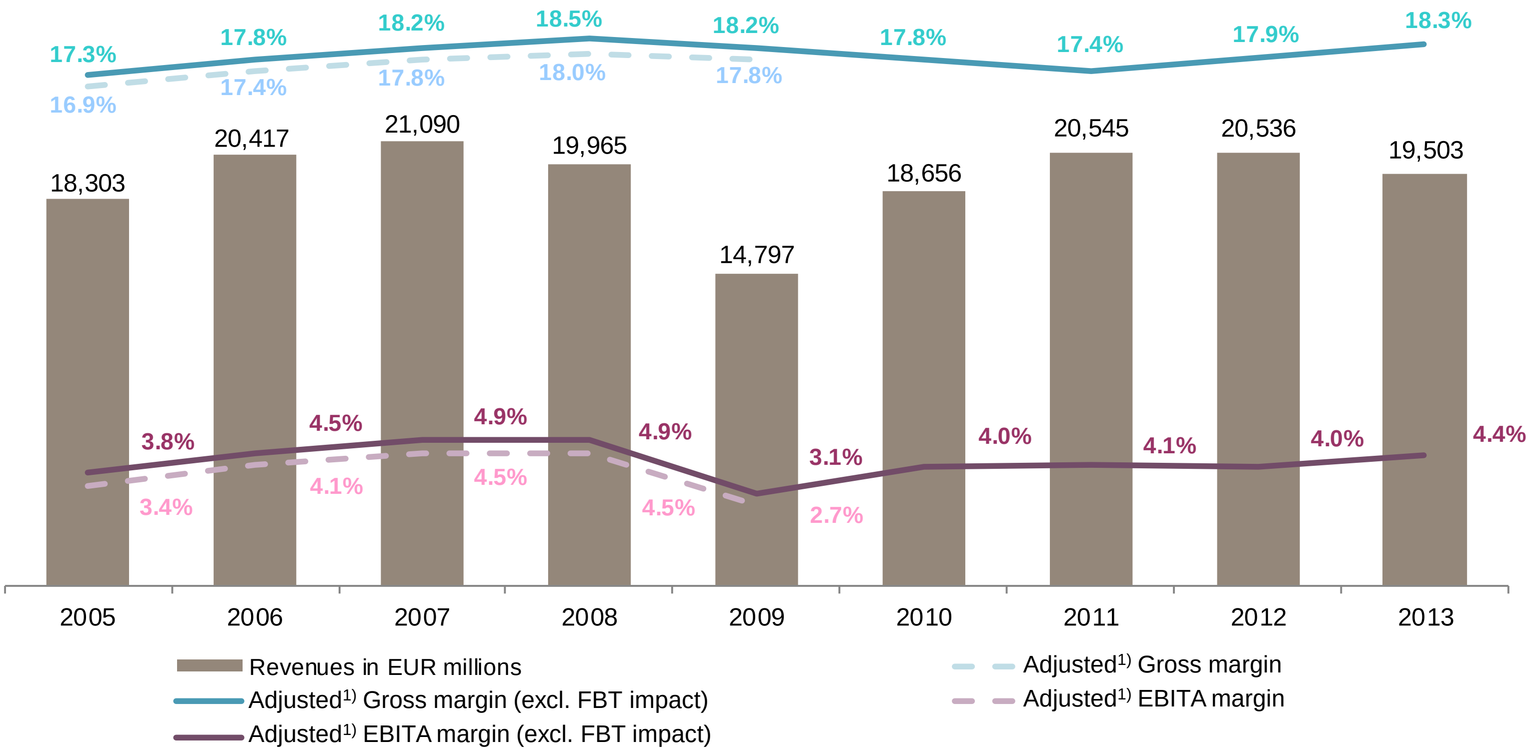
Revenues and EBITA by segment

FY 2013 vs. FY 2012

		Revenues		EBITA excluding restructuring costs[1]		
% of revenues		EUR millions	Organic change yoy	EUR millions	Margin	Margin change yoy
24%	France	4,735	-8%	243	5.1%	190 bps
19%	North America	3,726	3%	174	4.7%	30 bps
10%	UK & Ireland	1,907	3%	40	2.1%	50 bps
8%	Germany & Austria	1,620	2%	88	5.5%	-80 bps
6%	Japan	1,118	-10%	66	5.9%	0 bps
5%	Italy	960	3%	58	6.0%	30 bps
5%	Benelux	929	1%	39	4.2%	-30 bps
4%	Nordics	815	-1%	22	2.7%	-90 bps
3%	Iberia	662	1%	20	3.0%	-30 bps
2%	Australia & New Zealand	423	-13%	8	1.9%	-130 bps
2%	Switzerland	411	-4%	34	8.3%	-140 bps
10%	Emerging Markets	1,878	8%	65	3.4%	0 bps
2%	LHH	319	6%	90	28.2%	-20 bps
	Corporate			(93)		
100%	**Adecco Group**	**19,503**	**-1%**	**854**	**4.4%**	**40 bps**

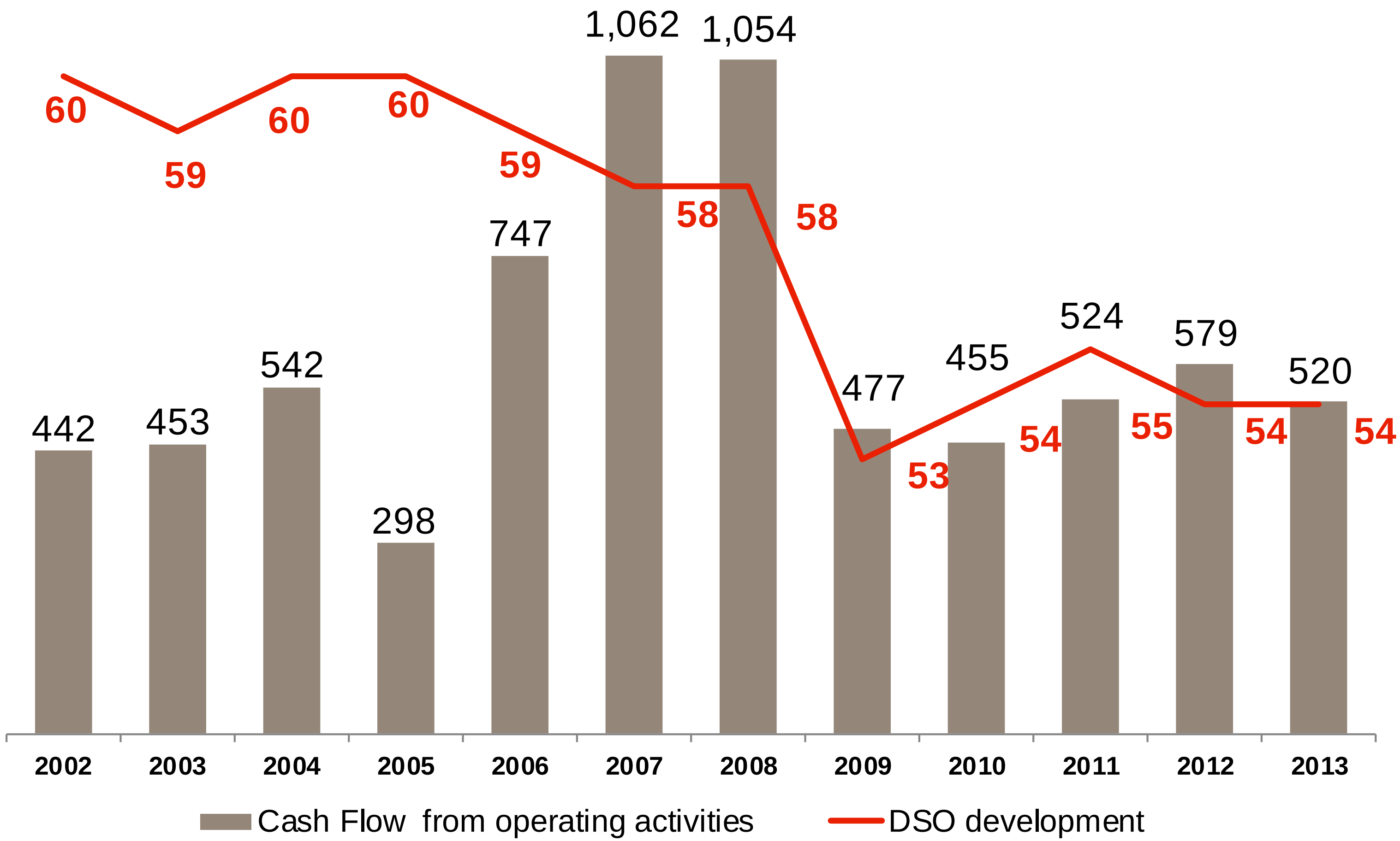
1) In 2013, restructuring costs were EUR 19 million in France, EUR 6 million in North America, EUR 3 million in UK & Ireland, EUR 2 million in Iberia, EUR 1 million in Nordics and EUR 2 million in LHH; in 2012, restructuring costs were EUR 60 million in France, EUR 6 million in North America, EUR 10 million in Germany & Austria, EUR 1 million in Japan, EUR 3 million in Italy, EUR 1 million in Benelux and EUR 2 million in Iberia, and integration costs were EUR 5 million in LHH.

What we have achieved
Financial performance since 2005



1) Please refer to Slide 37 for details on adjustements

Cash flow and DSO development

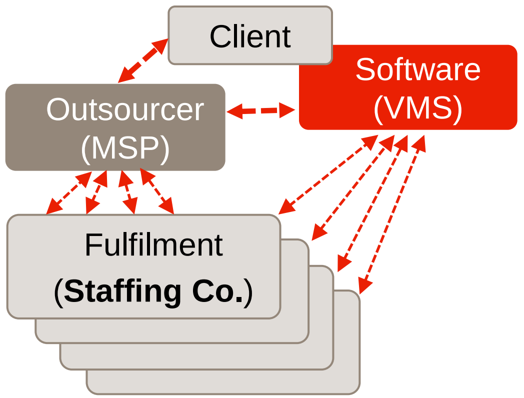


MSP, RPO, VMS…

Can someone help with the definitions please!

Managed Service Programmes (MSP)

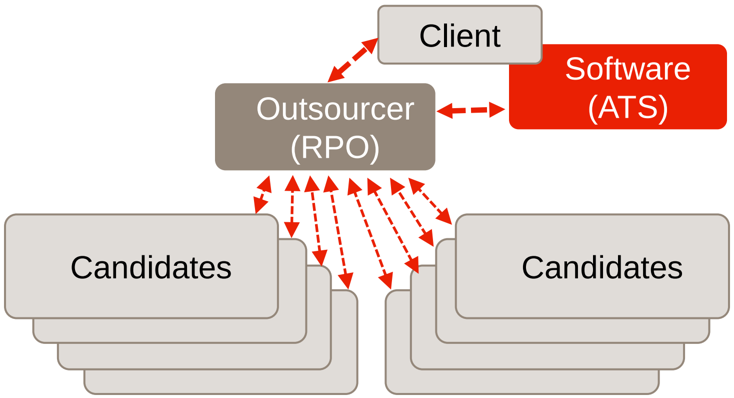
Clients outsource the management of contingent workforce to MSPs



- Outsourced procurement function, distinct from Master Vendor model
- MSP manages contingent workforce/staffing vendors
- Mostly works in conjunction with a VMS tool
- A VMS automates the processes of procuring people from staffing vendors, provides transparency into vendor costs and performance

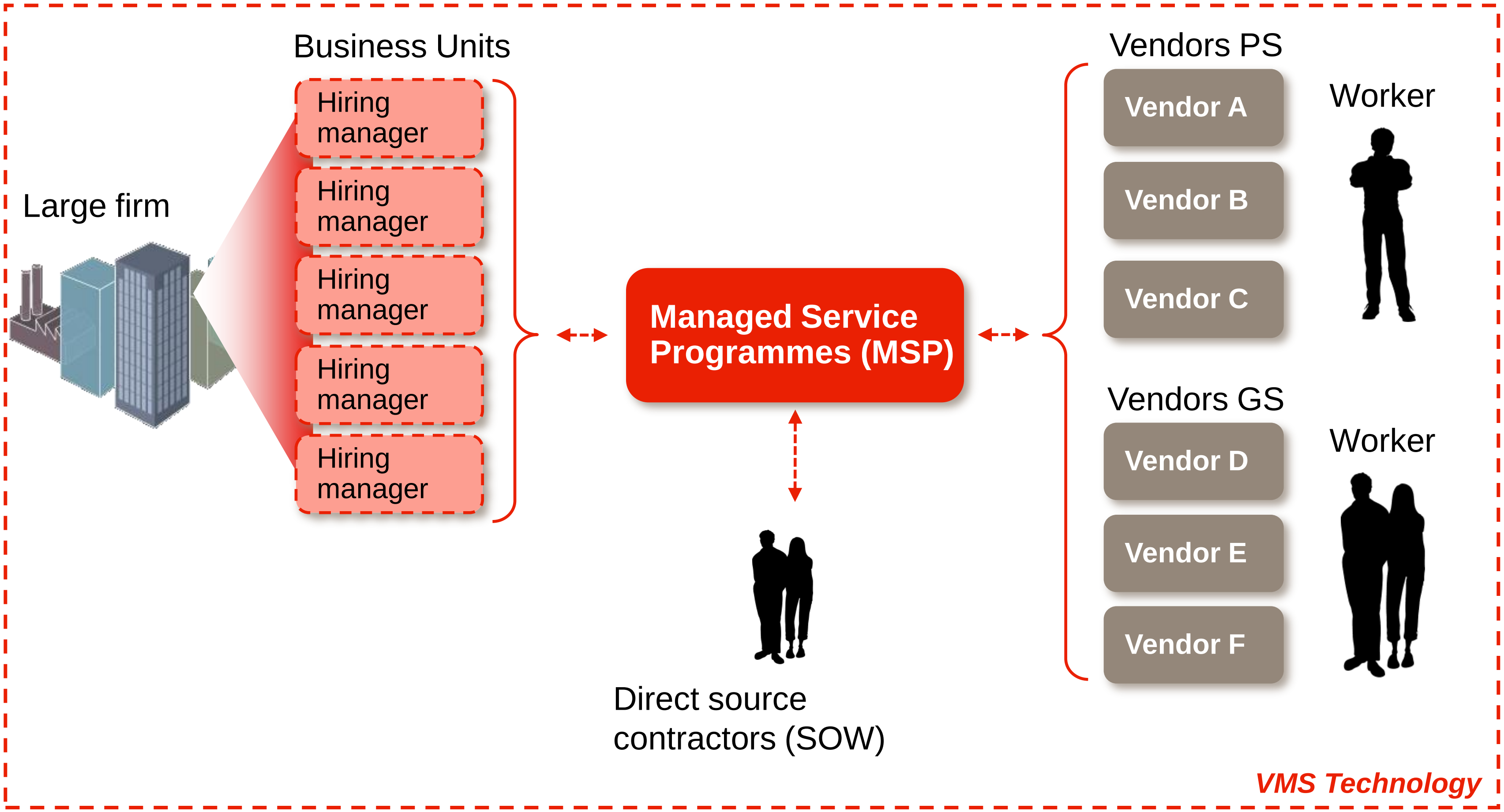
Recruitment Process Outsourcing (RPO)

Clients outsource the permanent recruiting process to RPOs



- Outsourced HR function, distinct from executive search and traditional permanent staffing
- RPO provides any or all in-house/corporate recruiting department services
- Mostly works in conjunction with a ATS tool
- An ATS collects and tracks candidate data, interview scheduling, reporting, provides transparency into candidate pipelining, hiring effectiveness

MSP Programmes manage the staffing supply chain



Notes to slide 33

Details on adjustments

For better comparison, figures for 2005, 2006, 2007, 2008 and 2009 are excluding the impact of the French business tax (FBT), which as of January 1, 2010 was reclassified as income tax under US GAAP.
2005 figures exclude on gross profit the negative impact of the French business tax of EUR 80 million and on EBITA the negative impact of the French business tax of EUR 84 million.
2006 figures exclude on gross profit the negative impact of the French business tax of EUR 86 million and on EBITA the negative impact of the French business tax of EUR 91 million.
2007 figures exclude on gross profit the positive impact of the modified calculation of the French social charges of EUR 172 million and exclude the negative impact of the French business tax of EUR 88 million. 2007 figures exclude on EBITA the positive impact of the modified calculation of the French social charges of EUR 156 million and the negative impact of expenses related to the French antitrust proceedings of EUR 15 million and of the French business tax of EUR 93 million.
2008 figures exclude on gross profit the positive impact of the modified calculation of French social charges of EUR 63 million and from restructuring charges of EUR 8 million as well as the negative impact of the French business tax of EUR 84 million. 2008 figures exclude on EBITA the positive impact of the modified calculation of the French social charges of EUR 63 million, the negative impact associated with headcount reductions and branch optimisation in France and other European countries of EUR 32 million and of the provision for the French antitrust procedure of EUR 19 million and of the French business tax of EUR 89 million.
2009 figures exclude on gross profit the positive impact of EUR 25 million due to favourable developments in France resulting in the reassessment of existing accruals and the negative impact of EUR 7 million due to a sales tax accrual in the UK related to prior years and of the French business tax of EUR 61 million. 2009 figures exclude on EBITA the positive impact of EUR 25 million due to favourable developments in France resulting in the reassessment of existing accruals, the negative impact of EUR 7 million due to a sales tax accrual in the UK related to prior years, the negative impact of EUR 121 million associated with restructuring costs and of the French business tax of EUR 65 million.
2010 figures exclude on EBITA the negative impact of EUR 33 million associated with integration costs of MPS in NA and the UK and integration costs of Spring in the UK.
2011 figures exclude on EBITA the negative impact of EUR 20 million associated with integration costs of MPS and DBM.
2012 figures exclude on EBITA the negative impact of EUR 83 million associated with restructuring costs in France and other countries as well as integration costs of EUR 5 million related to DBM.
2013 figures exclude on EBITA the negative impact of EUR 33 million associated with restructuring costs.