



Adecco Group

The Future of Work and our Priorities

Patrick De Maeseneire,
Chief Executive Officer Adecco Group

The Future of Work and our Strategic Priorities

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Agenda

- ▶ **The Past and the Present of Work**
- ▶ **The Future of Work**
- ▶ **Relevance and Status of our 6 Strategic Priorities**

The past and the present of work

Key Facts

Global labour markets

1 High unemployment



High unemployment is here to stay
Youth unemployment double

2 Jobs don't get filled



Millions of jobs don't get filled
Need for different skills in different markets

3 US versus Europe



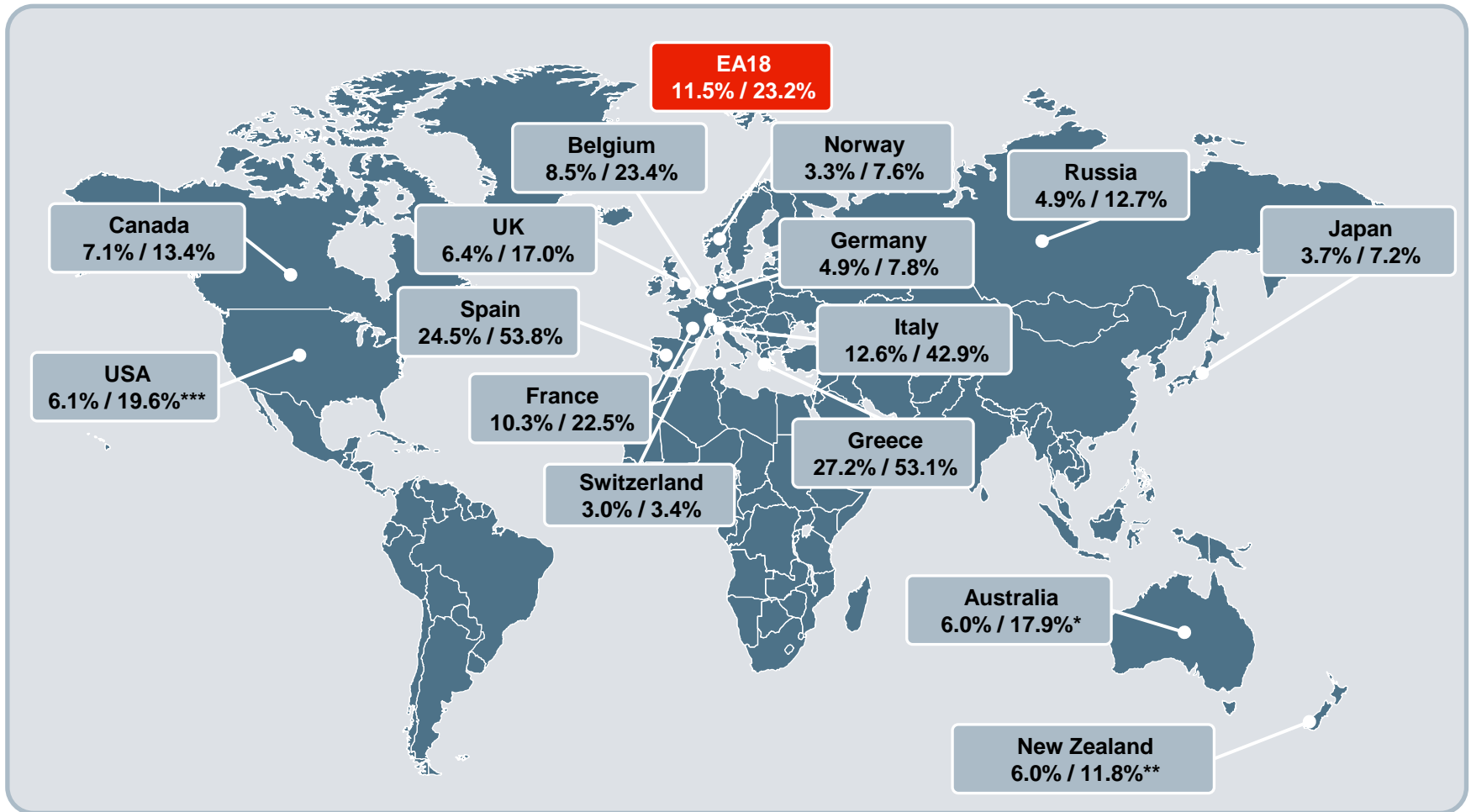
US faces slow recovery
Europe needs fundamental changes

FACT 1

High unemployment here to stay

200 million unemployed here to stay

Youth unemployment figures more than double¹⁾



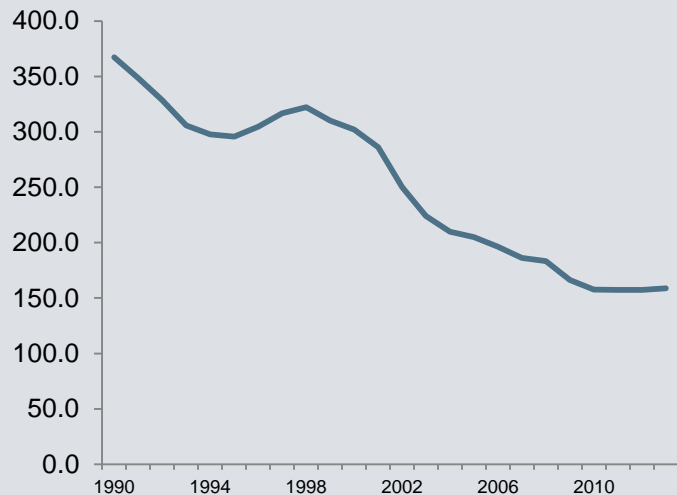
1) For age 15-64 / 15-24

(Sources: Eurostat – euroindicators, seco, ABS, BLS, Stat NZ, World Bank, UN, Japan's Japan Ministry of Internal Affairs & Communications / *15-19 yrs, **20-24 yrs, ***16-19yrs)

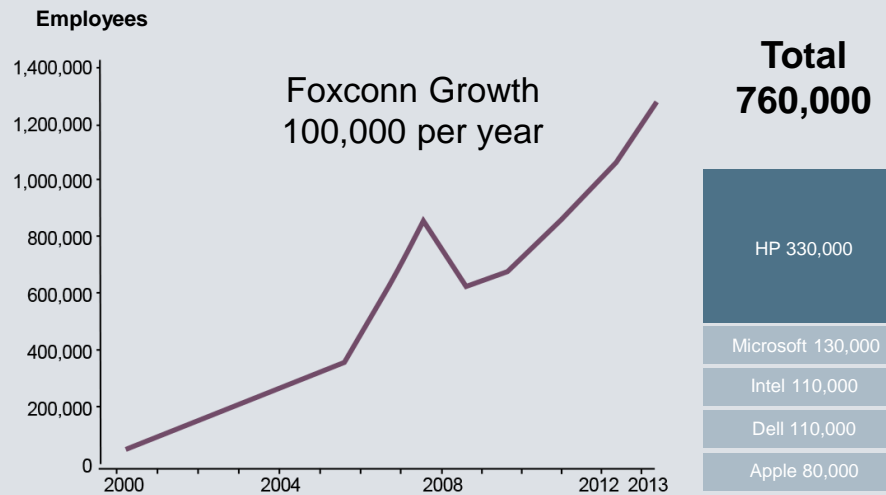
Foxconn employs more people than ...

...Apple, Dell, Microsoft, HP and Intel combined

Computer manufacturing jobs in the U.S. have been on the decline



Hon Hai (Foxconn) head count



(Sources: BLS and Company Reports 2013, Forbes)

Growing GDP per capita and lower costs are key

Country	Manufacturing compensation cost (US\$/hour)
Cambodia	0.4
Indonesia	0.6
India	1.2
China	2.0
Mexico	6.4
Brazil	11.2
Argentina	18.9
Spain	26.8
UK	31.2
US	35.7
France	39.8
Germany	45.8
Belgium	52.2
Japan	53.3
Switzerland	57.8

(Sources: Boston Consulting Group Manufacturing 2011, BLS)

FACT 2

Millions of jobs don't get filled

The increasing skills gap – 8.4 million jobs don't get filled

Due to the skills mismatch, due to the geographical mismatch

USA

- ▶ Civilian workforce: 156 million
- ▶ Unemployed people: 9.6 million
- ▶ Vacancies not filled: 4.7 million

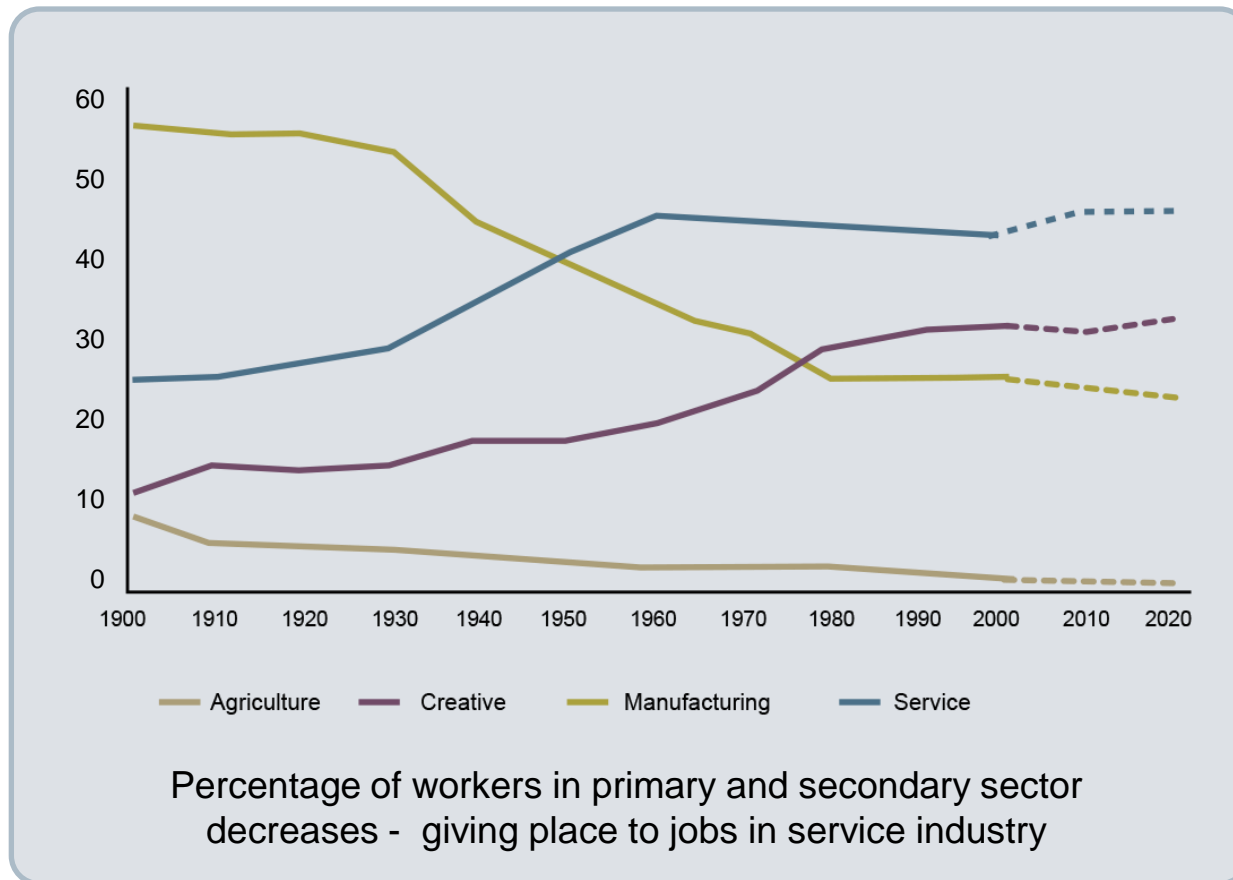
EU (28)

- ▶ Civilian workforce: 244 million
- ▶ Unemployed people : 24.8 million
- ▶ Vacancies not filled: 3.7 million

(Source: BLS, European Commission/Eurostat)

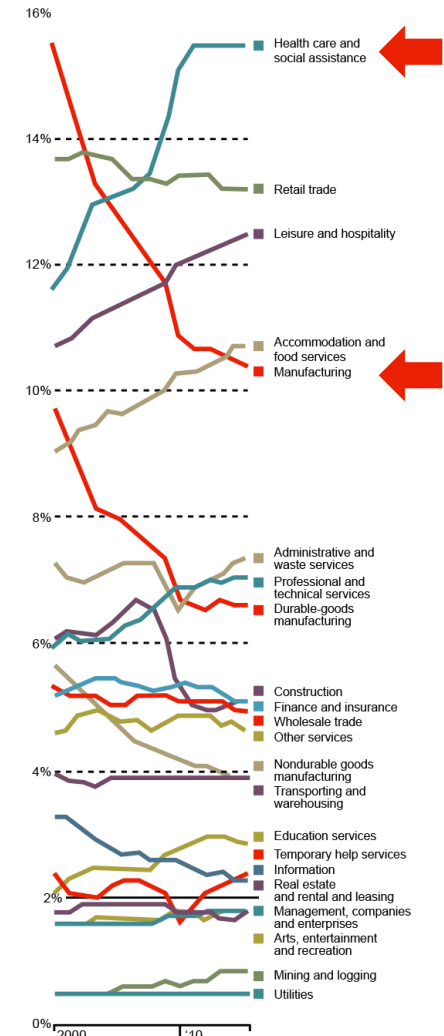
Sector shifts modify economies profoundly

US Example: Structural shifts in the US by sector



(Source: Kevin Stolarick 2008)

Services More, Goods Fewer



(Source: Labor Department)

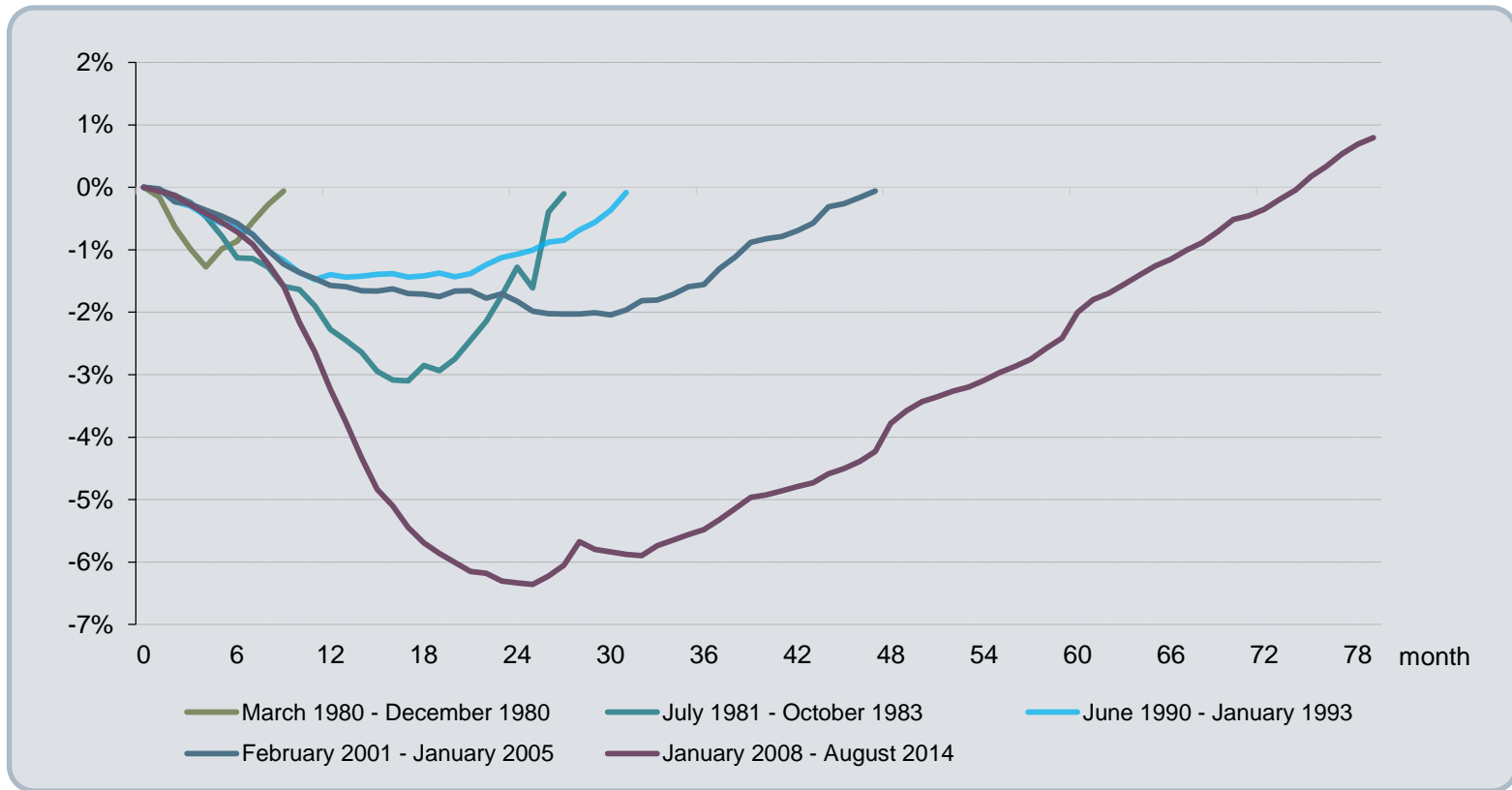
FACT 3

US faces slow recovery

Europe needs fundamental changes

US is in a slow recovery mode

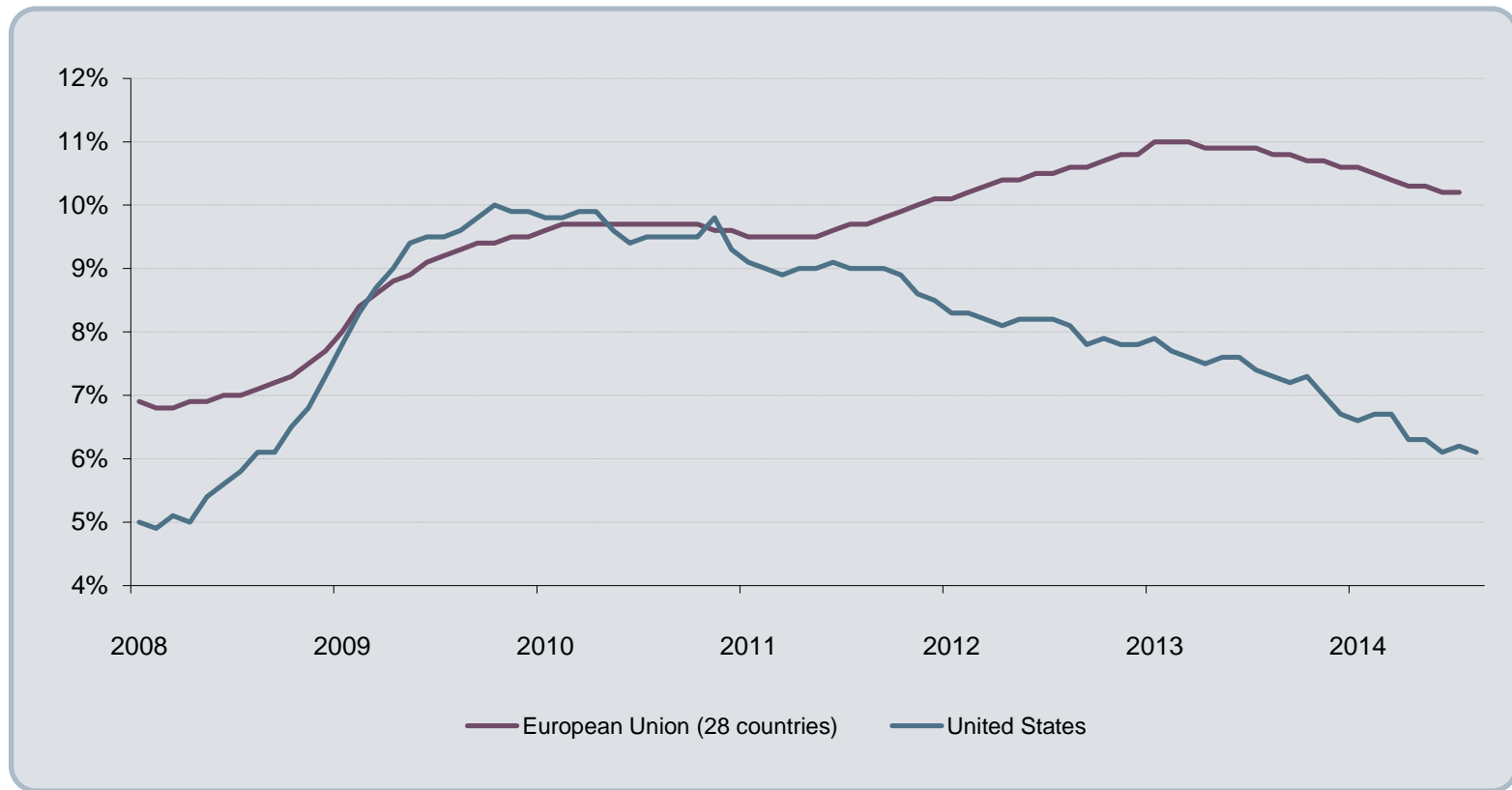
After more than 6 years, employment is finally above pre-crisis level



(Source: BLS)

Diverging unemployment trends between the US and Europe

In Europe unemployment remains high

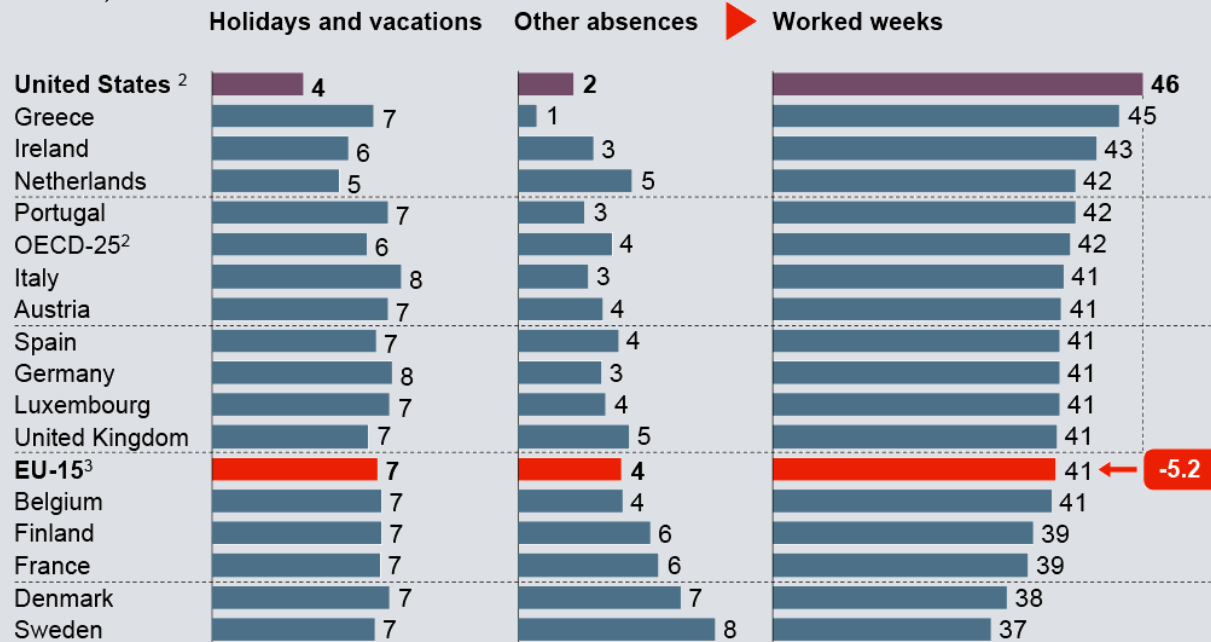


(Source: BLS, Eurostat)

Why it will take even longer in the EU

Work five weeks less on average than their US counterparts

Weeks,¹ 2007

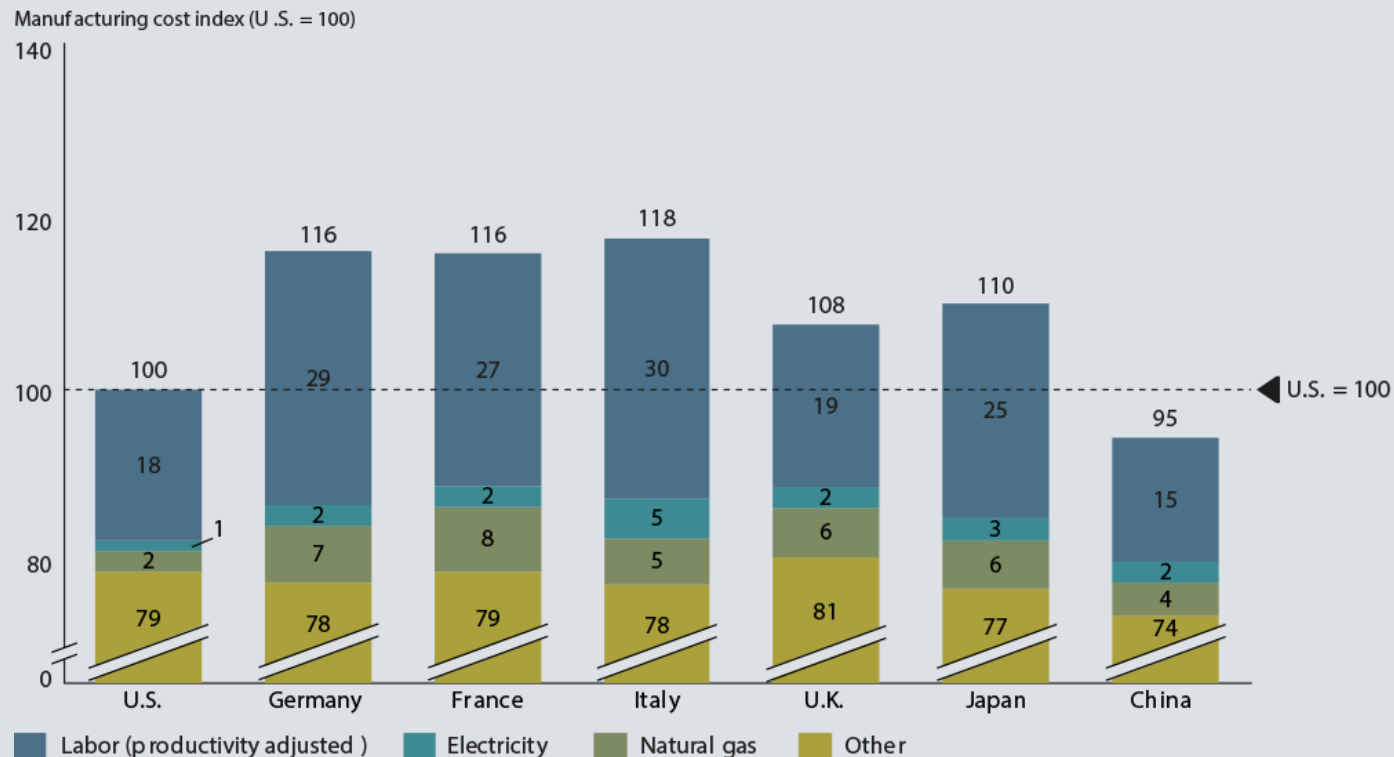


1) Dependent employees, full-time equivalent
(Source: OECD)

Labour and energy cost advantages

USA will be one of the developed world's lowest-cost countries

Average projected manufacturing cost structures of the major exporting nations relative to the USA, 2015



(Source: U.S. Economic Census; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; International Labour Organization)

Key Facts

Global labour markets

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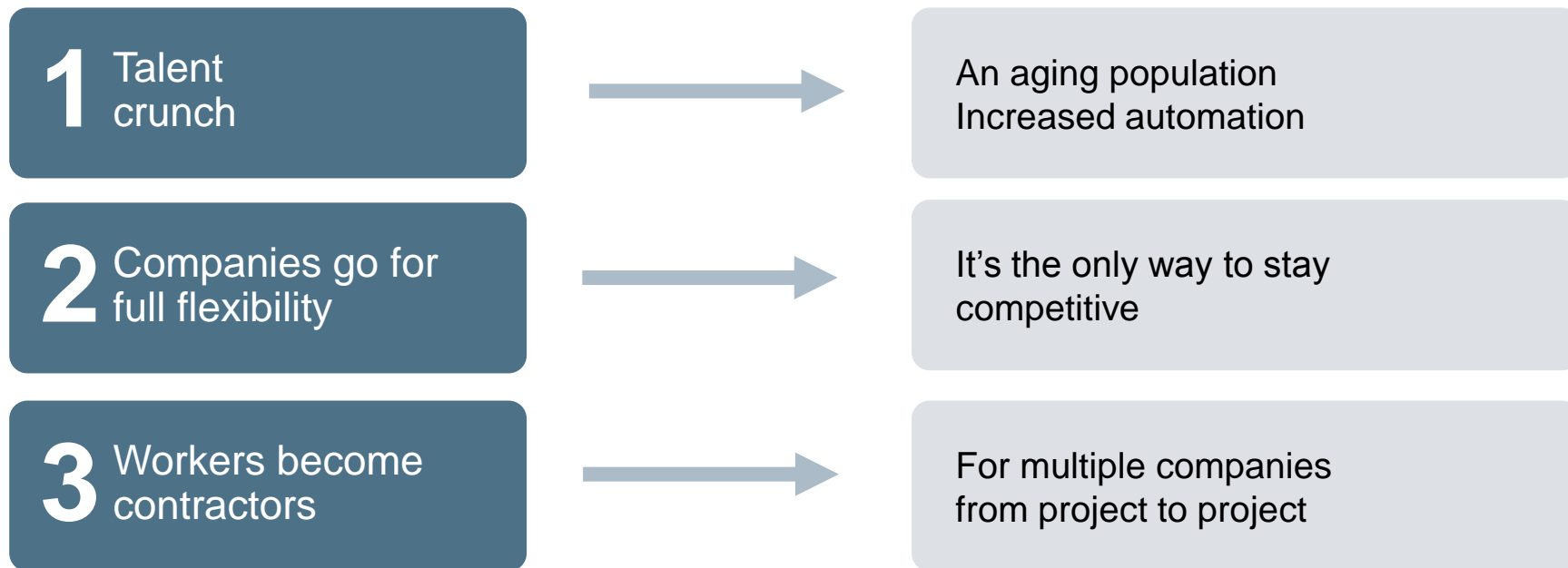


US faces slow recovery
Europe needs fundamental changes

The future of work

Key Trends

Global labour markets

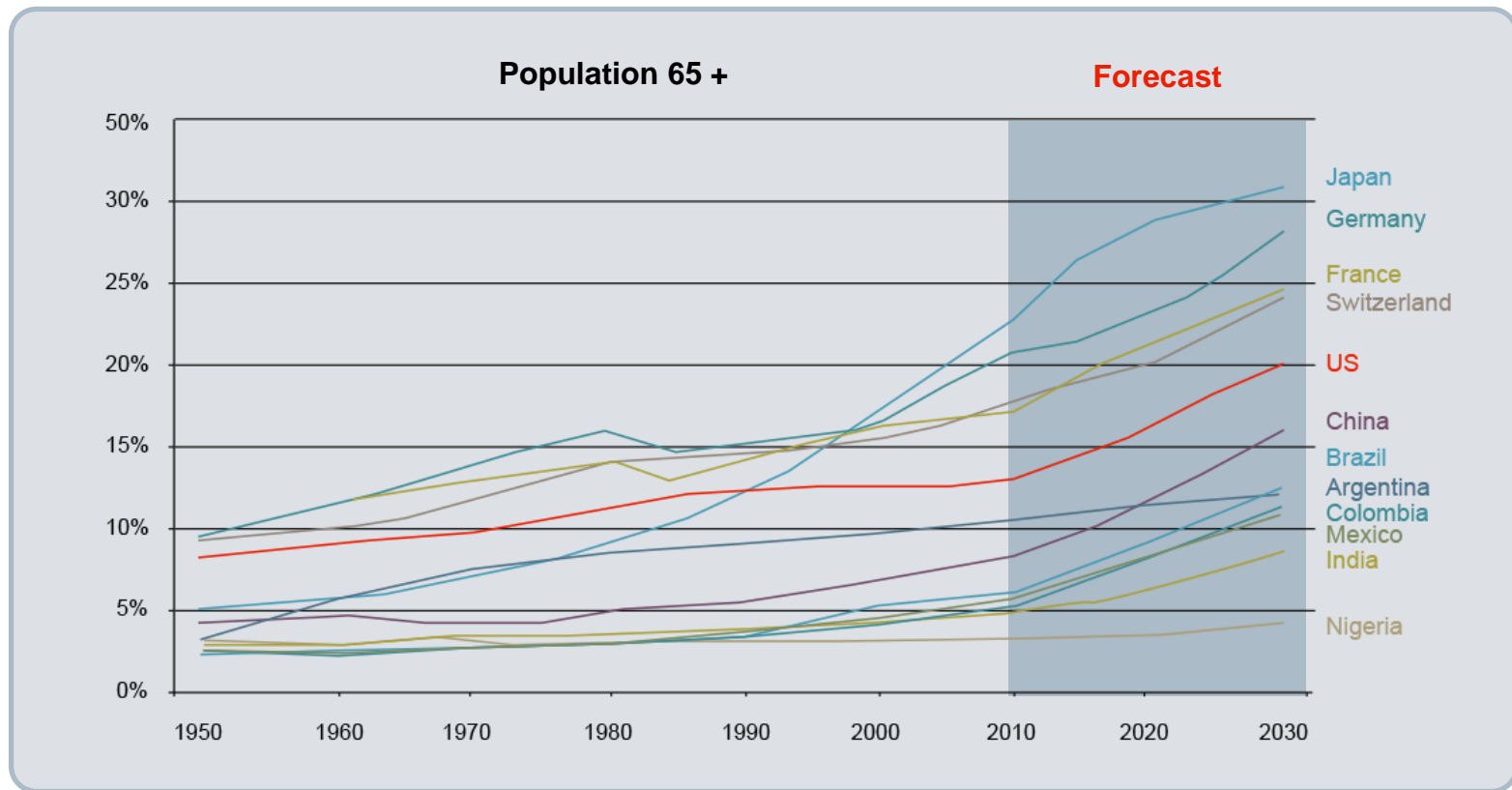


TREND 1

Talent crunch

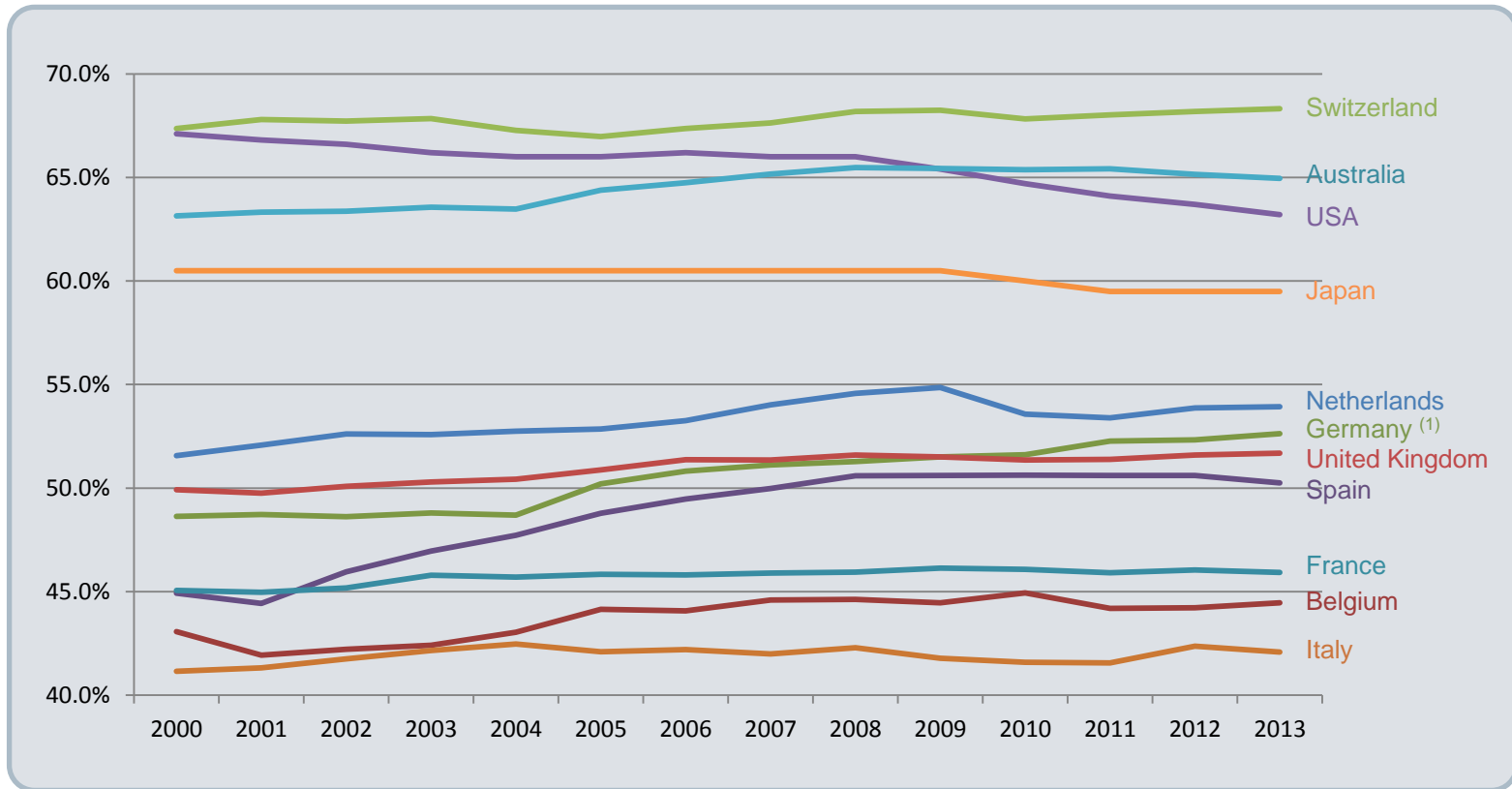
By 2030 younger generations predicted to halve

Good for the statistics, not for the budgets



(Source: Population Division of the Department of Economics and Social Affairs of the United Nations Secretariat)

Labour force in % of population

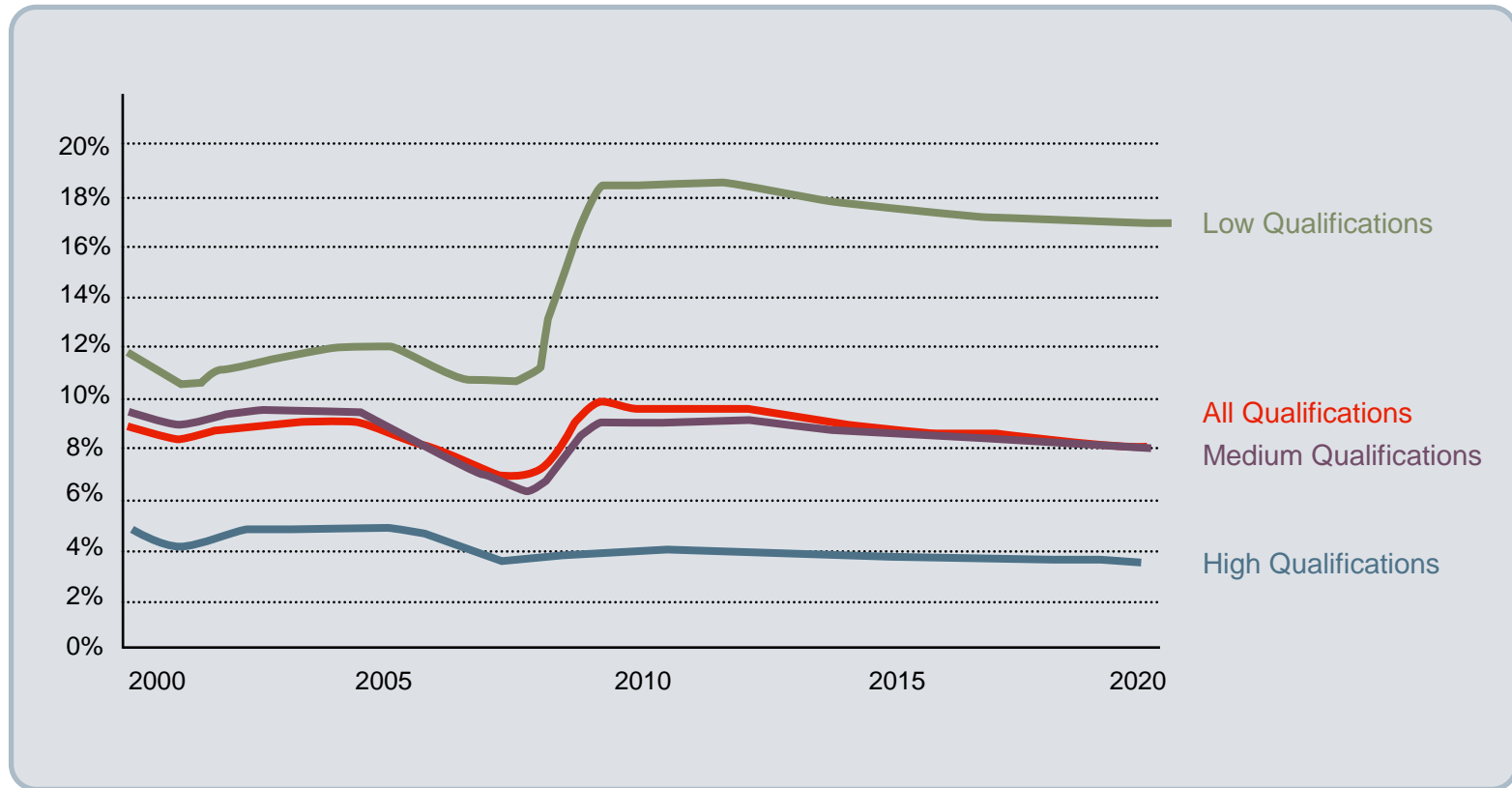


(1) until 1990 former territory of the FRG

(Sources: Australian Bureau of Statistics, Bureau of Labour Statistics (US), all others: Eurostat, Japan Ministry of Internal Affairs & Communications)

The right skills for the right jobs

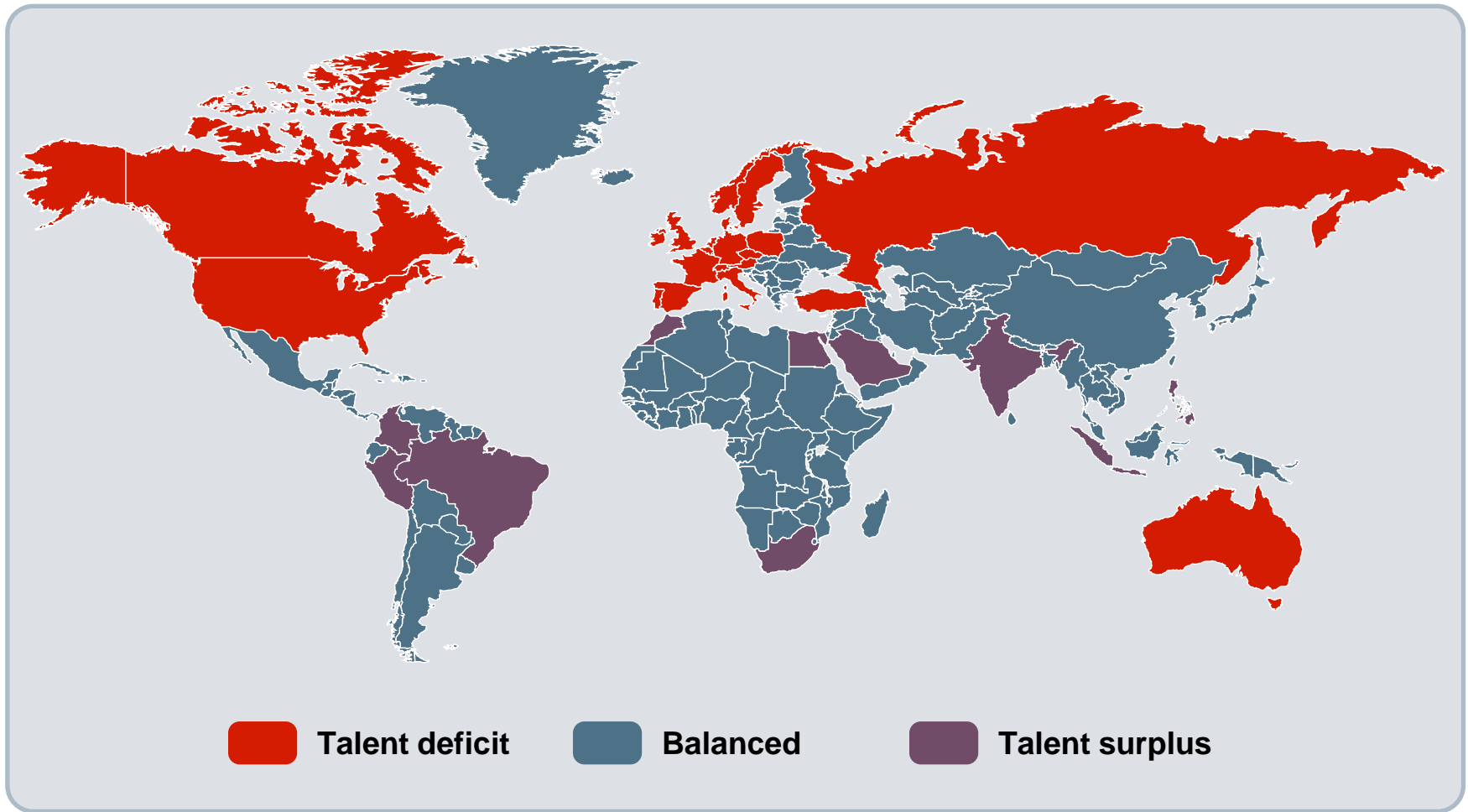
Unemployment rates by skill set for the European Union



(Source: Cedefop 2011)

The Global Talent Crunch

Projected trend in talent supply 2011 - 2021



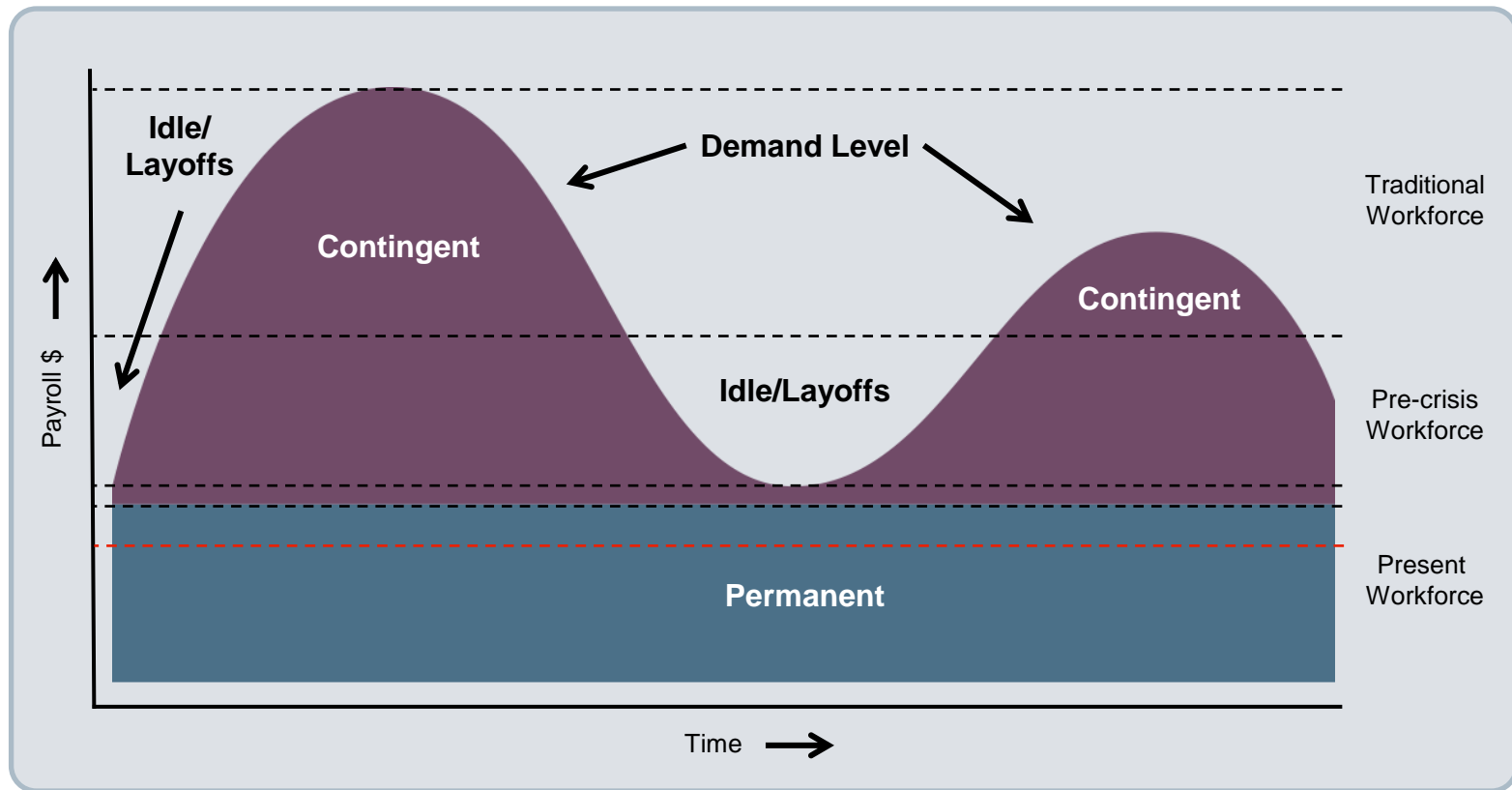
(Source: Oxford Economics, September 2014)

TREND 2

Companies go for full flexibility

Flexibility helps companies to be competitive

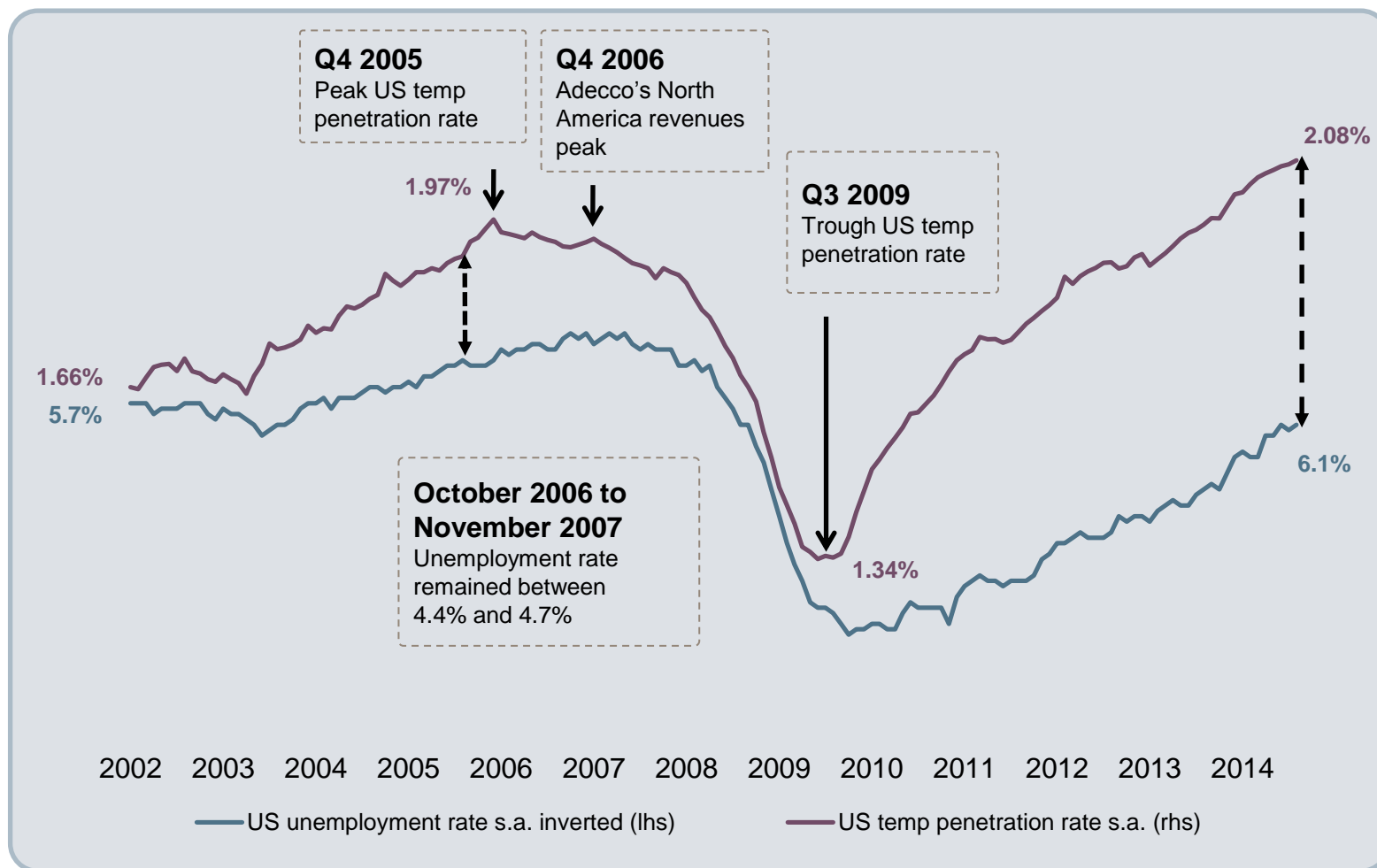
Companies organize to the minimum, add temp labour when orders are in



(Source: SIA World Employment Conference, 2011)

Structural shift to temporary staffing in current upturn

US temporary penetration rate vs unemployment rate

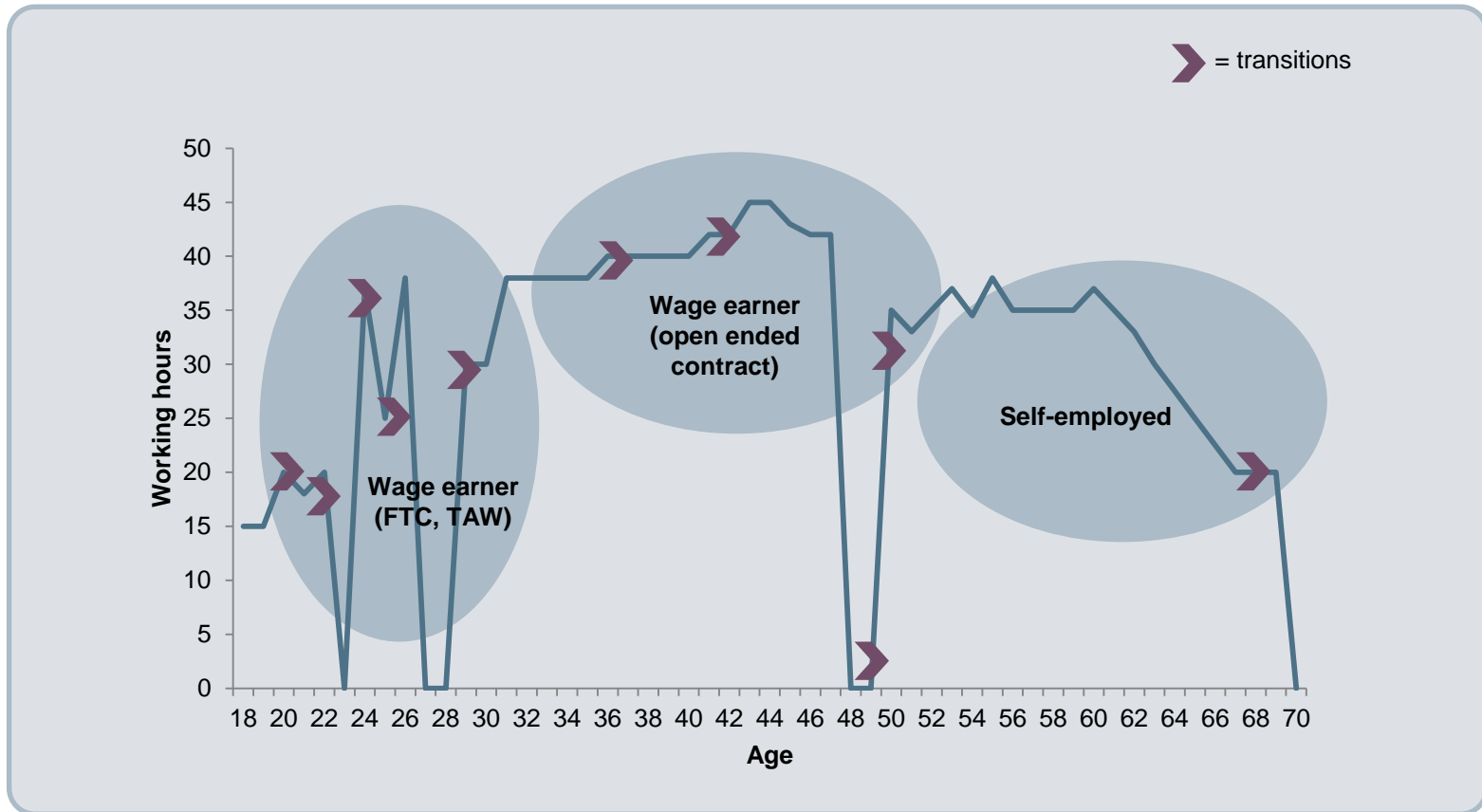


(Source: Bureau of Labor Statistics (BLS))

TREND 3

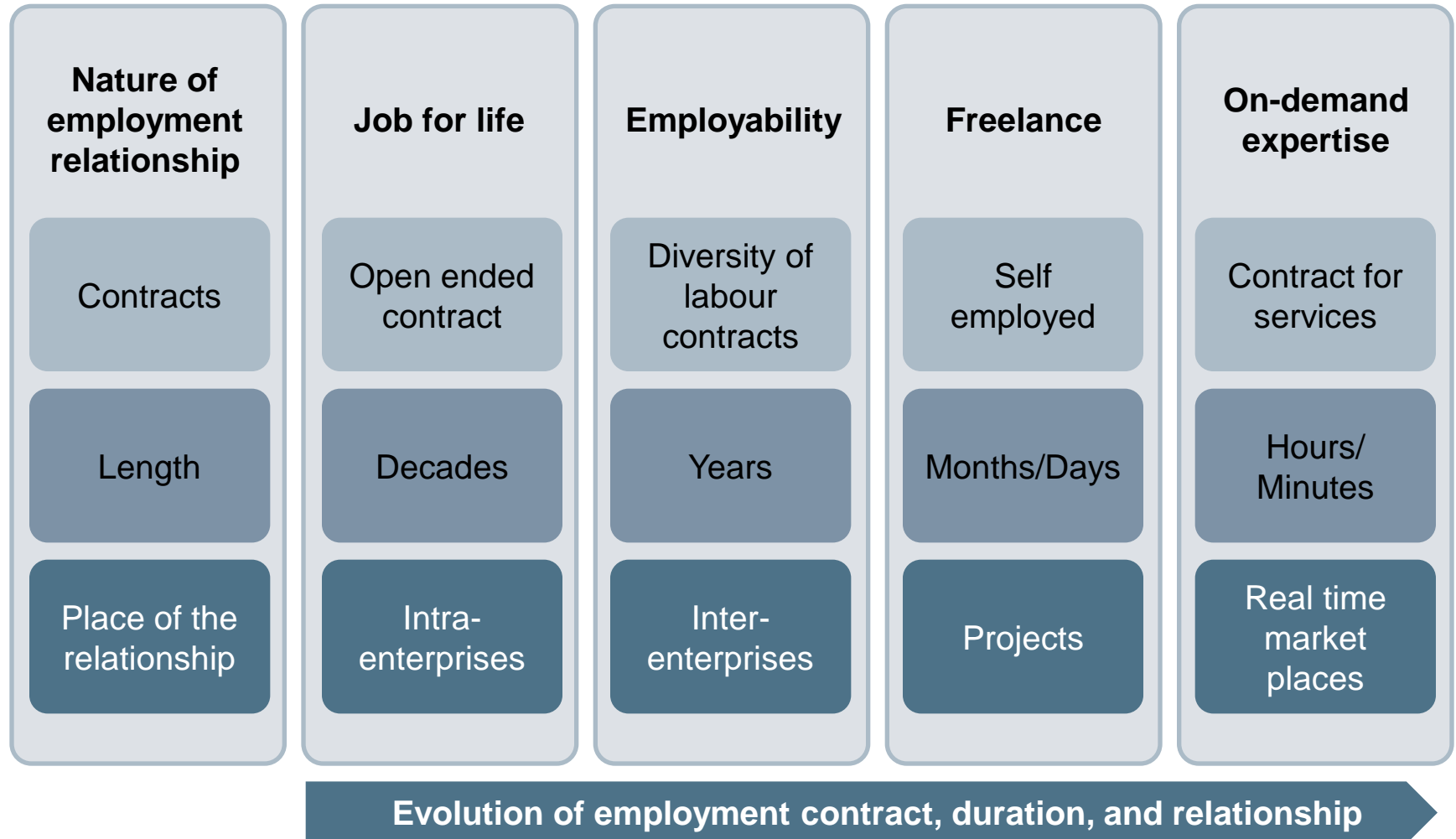
Workers become contractors

More and more people become self employed



(Source: Ciett, WEC 2014, Denis Pennel)

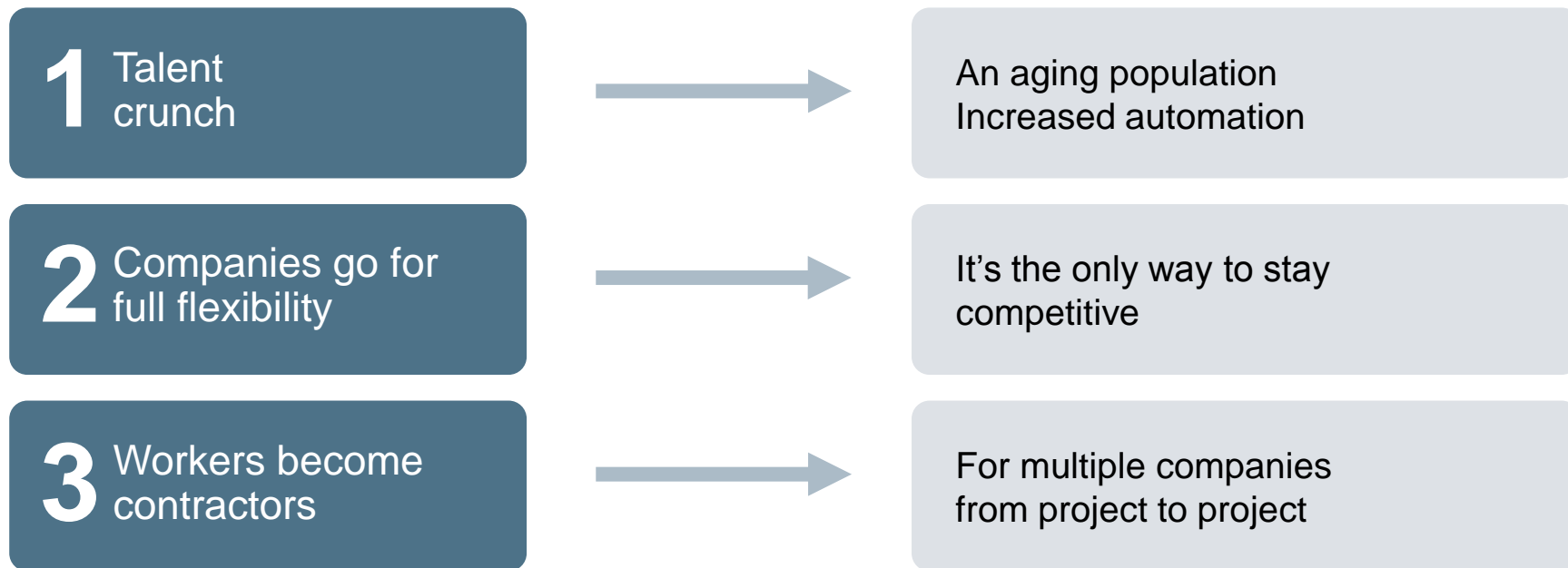
Workers become contractors



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Key Trends

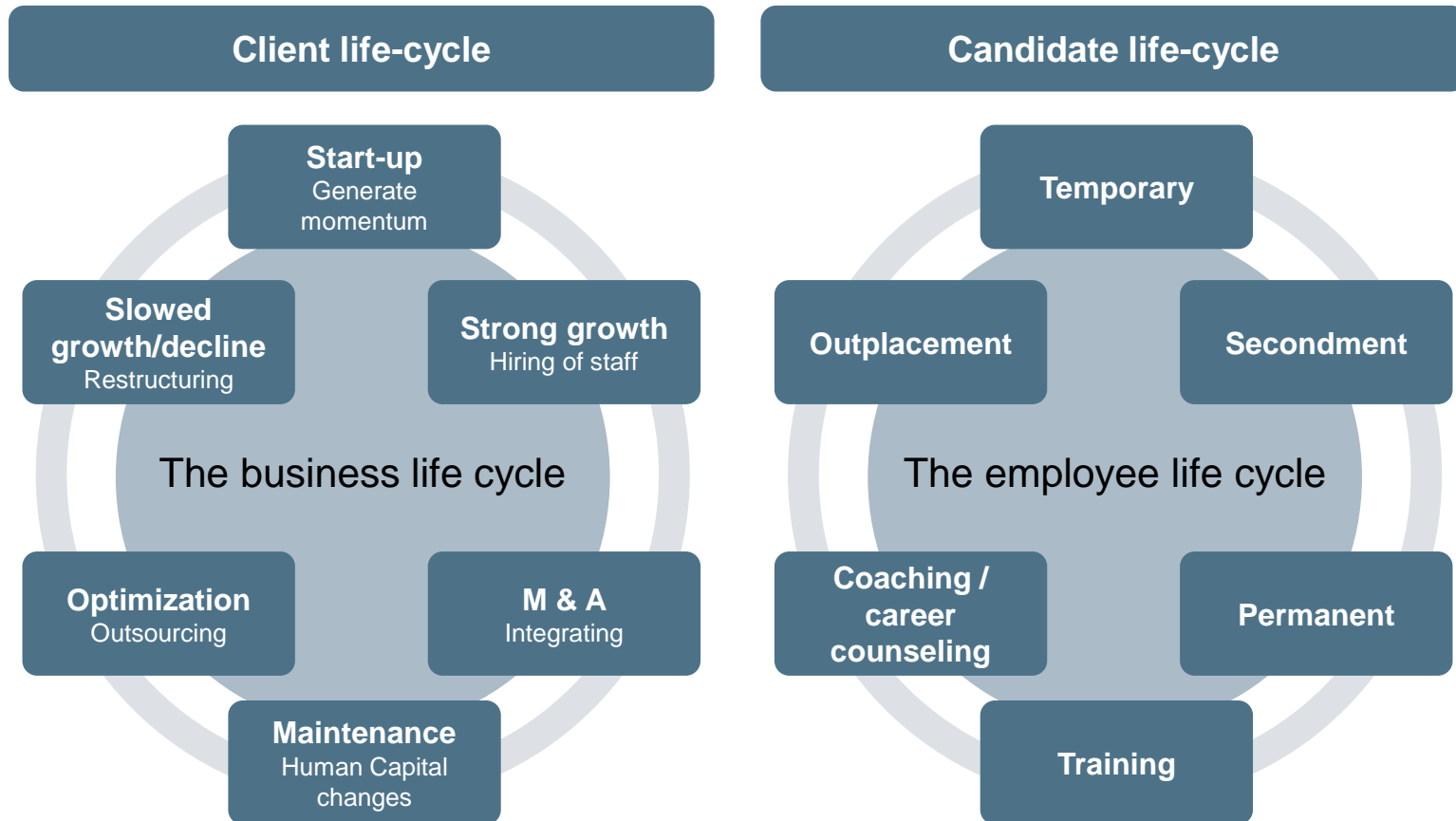
Global labour markets



Relevance and status of our 6 strategic priorities


Customer needs along their life-cycle

End-to-end services for clients, candidates and associates



Facts and trends addressed by our six strategic priorities

1. High Unemployment	Engagement	IT	Prof. Staffing & Services	Segmentation	BPO Solutions	EM
2. Jobs don't get filled / Talent Crunch	Engagement	IT	Prof. Staffing & Services	Segmentation	BPO Solutions	EM
3. US versus Europe	Engagement	IT	Prof. Staffing & Services	Segmentation	BPO Solutions	EM
4. Companies go for full flexibility	Engagement	IT	Prof. Staffing & Services	Segmentation	BPO Solutions	EM
5. Workers become contractors	Engagement	IT	Prof. Staffing & Services	Segmentation	BPO Solutions	EM

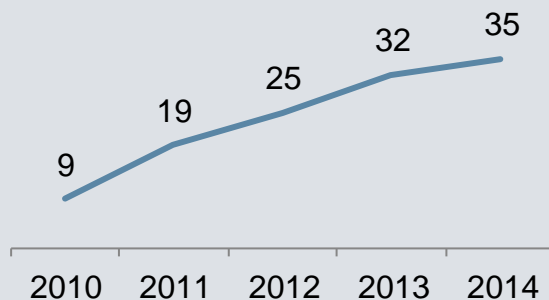
 Fact/Trend addressed

1. Engagement

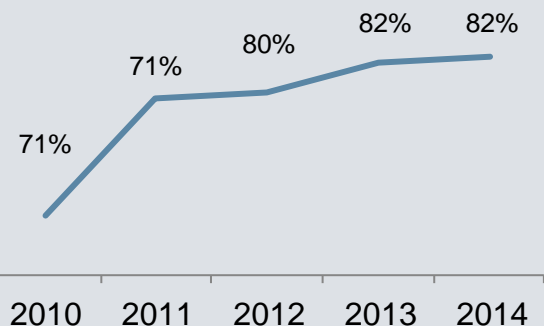
1.1 Great place to work

GPTW survey conducted every year in our main markets

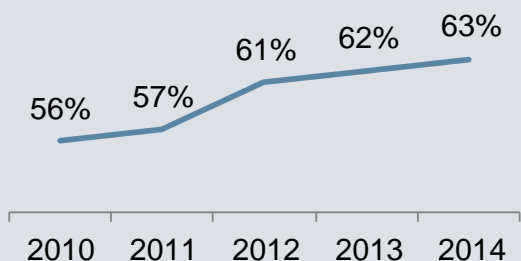
Countries included



Response rates



Positive responses to the statement «Taking everything into account, I would say this is a great place to work»



Countries and BUs on Best Workplaces lists



1.2 Talent Management



LEADERSHIP
PROGRAM



SENIOR
LEADERSHIP
DEVELOPMENT
PROGRAM

- ▶ 390 participants since 2010
- ▶ Retention rate: 91.3%
- ▶ Average score: 4.8 out of 5.0

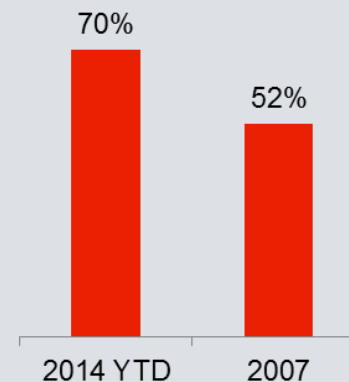


SERVICE
EXCELLENCE
COURSE

- ▶ 3,200 participants since 2011
- ▶ Retention rate: 94.6%
- ▶ Average score: 3.8 out of 4.0

Internal hire ratio in key positions

- ▶ Total number of hires 2014: 283, whereof internal: 198



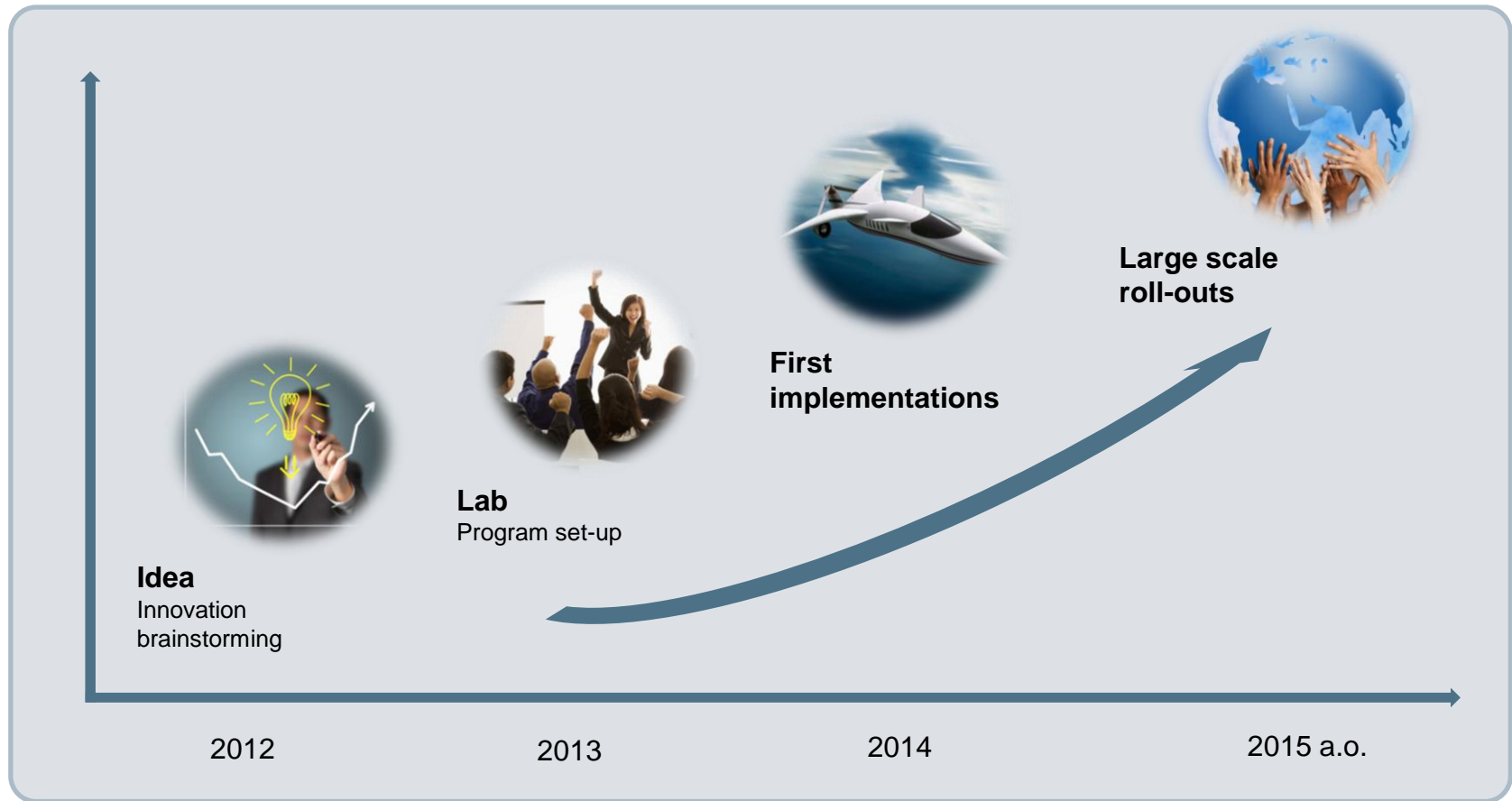




2. IT

2.1. IT

Where are we in our IT roll-outs?



2.2. IT

Our 5 focus areas

increase data
volume



enrich profiles



analyze data



personalize &
predict



make it
available to our
colleagues,
associates and
clients

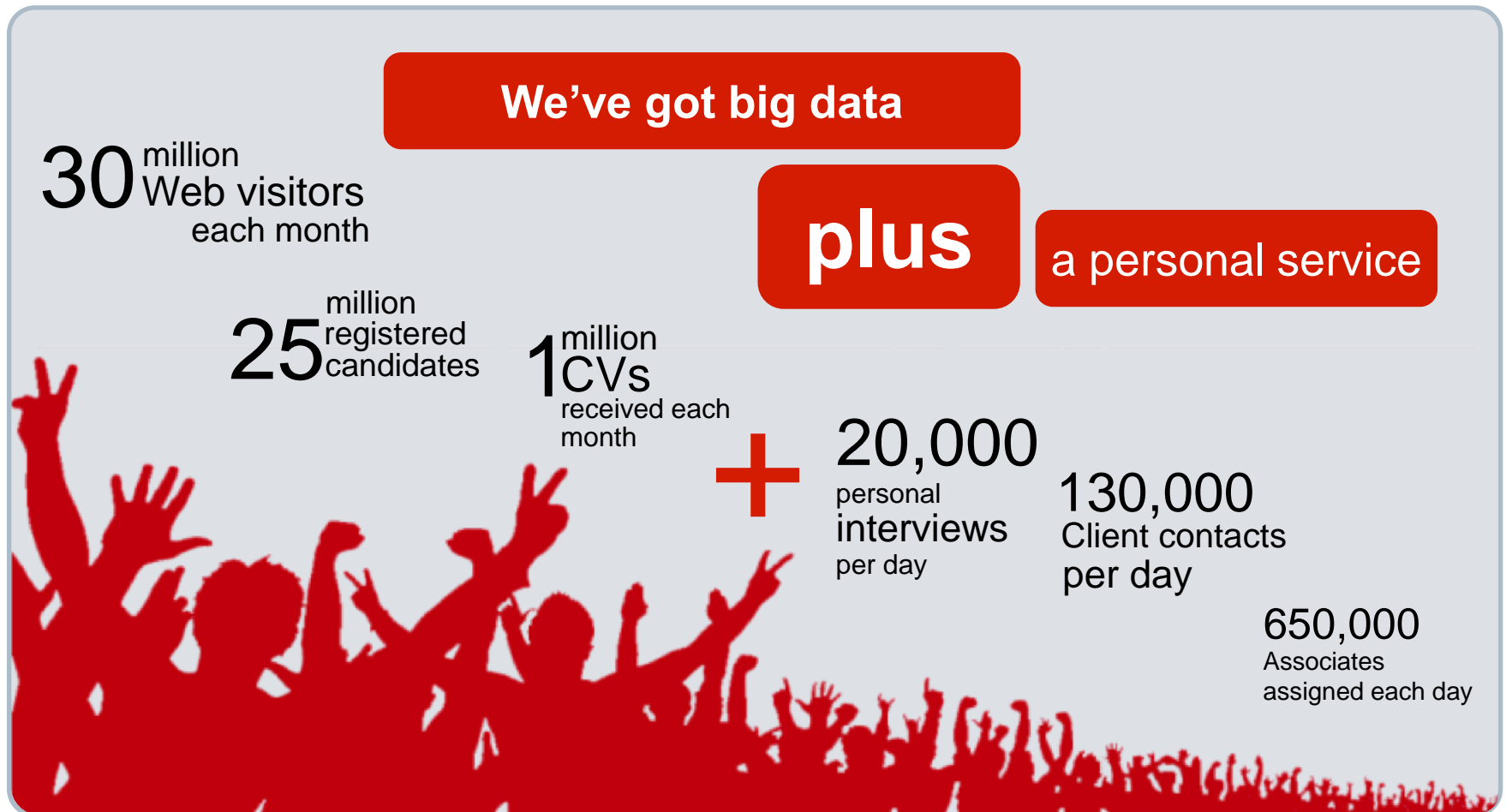


- ▶ **Global program for Adecco's transformation**
- ▶ **All regions**
- ▶ **Across business lines**
- ▶ **Expertise from our own people**
- ▶ **State of the art technology**



2.3. IT

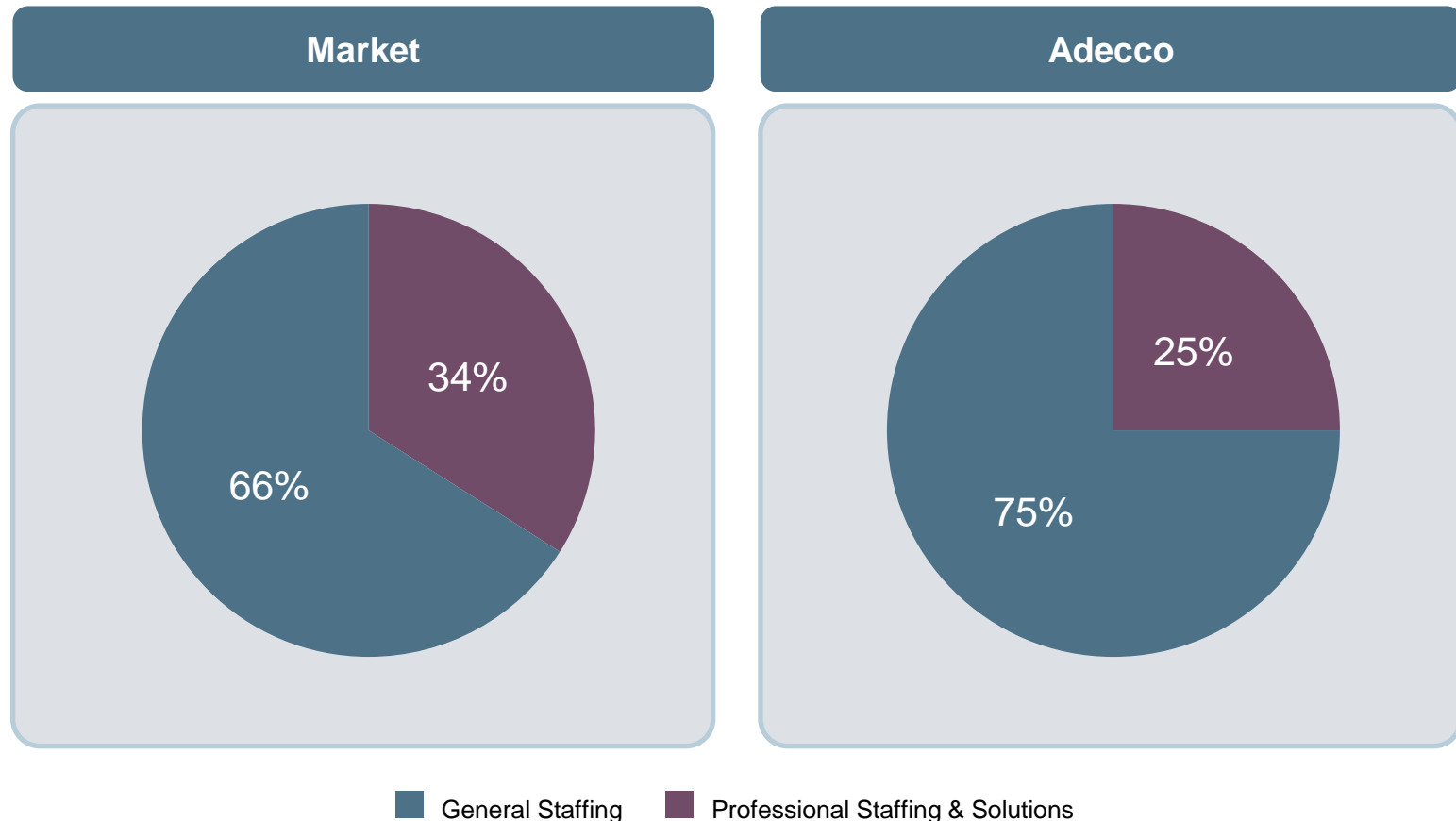
Humanizing the digital transactions



3. Professional Staffing and Services

3.1 Focus on Professional Staffing and Services

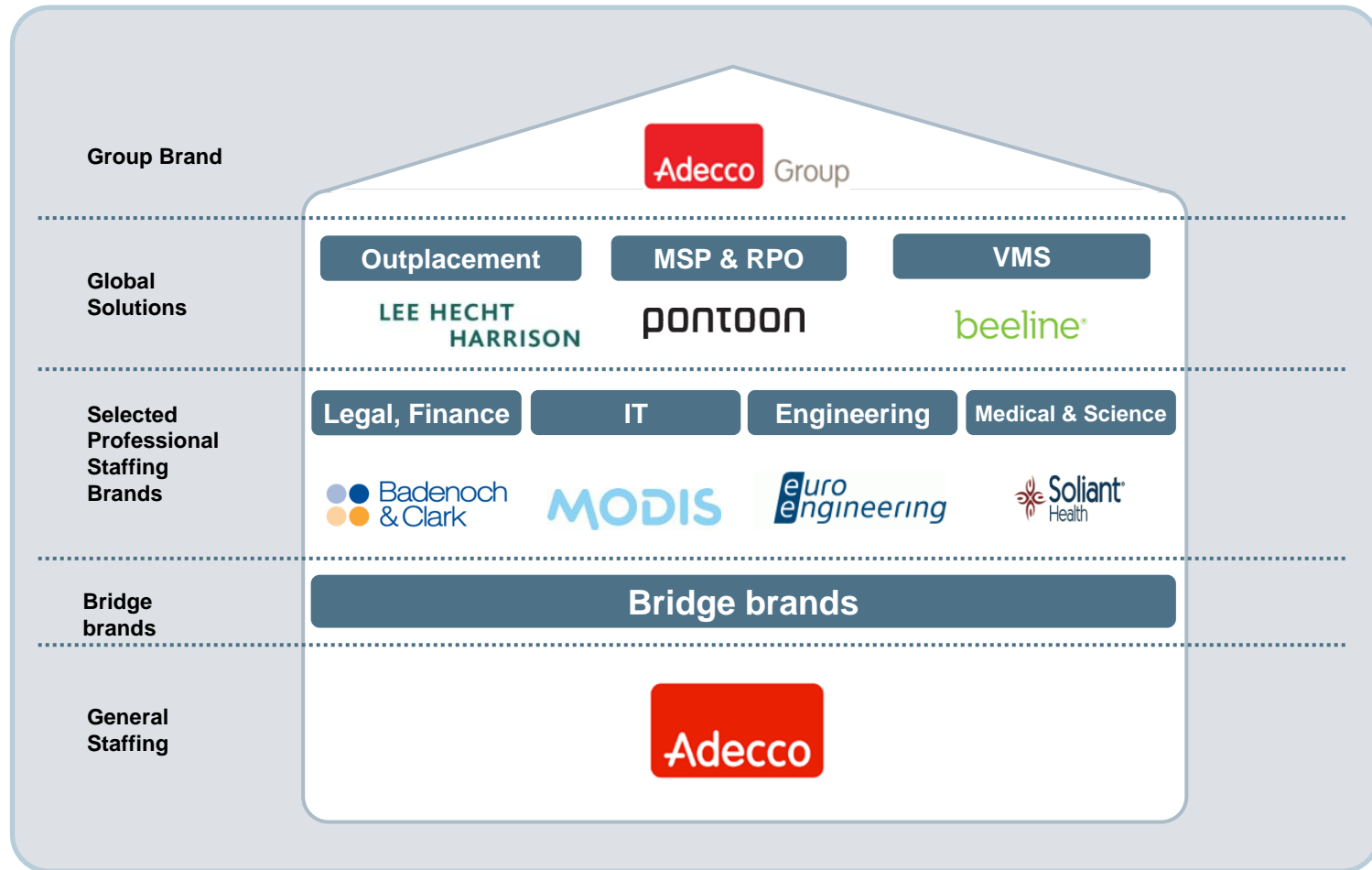
Market and Adecco Revenue Split Professional and General Staffing



(Source: Adecco Annual Report)

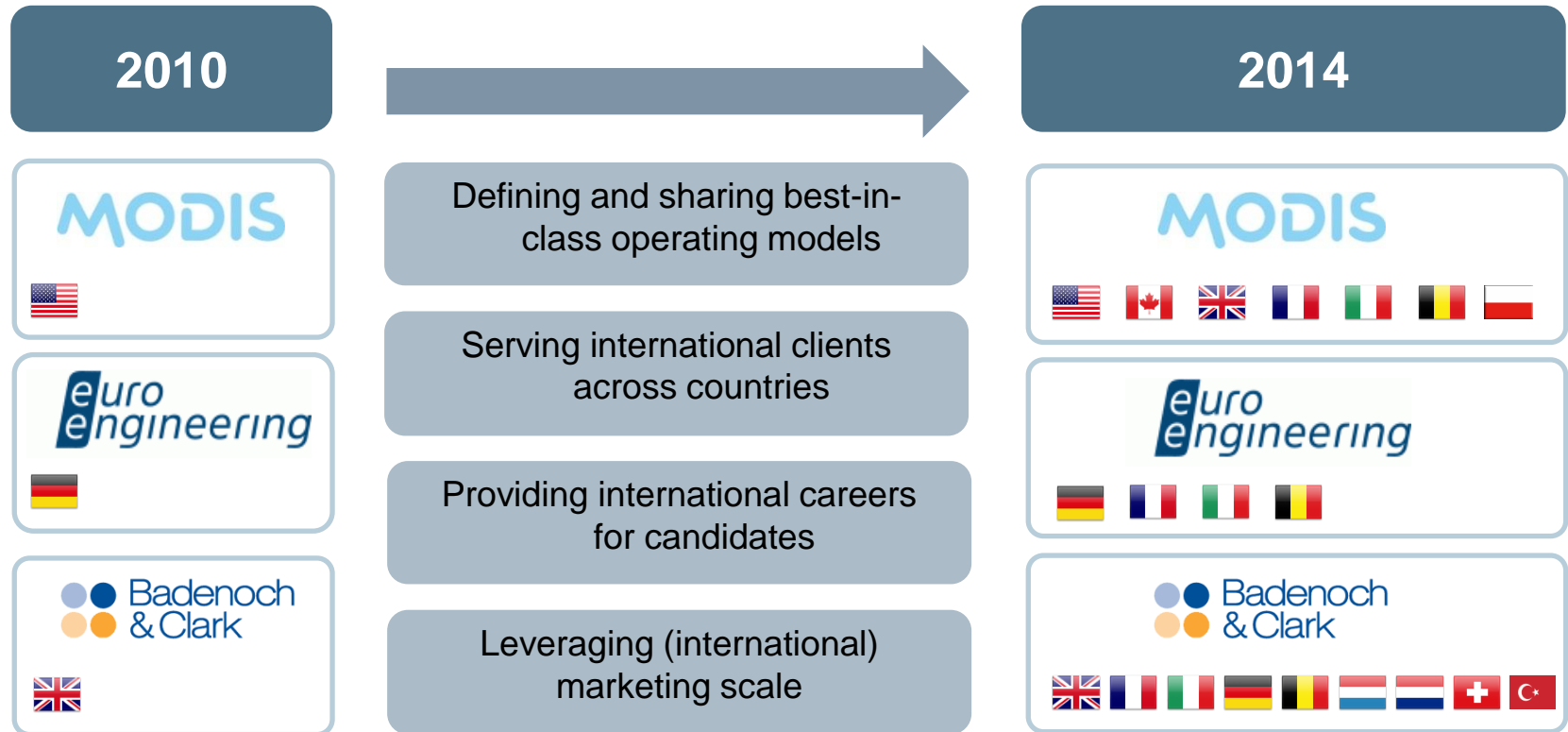
3.2 Focus on Professional Staffing and Services

Key Brands



3.3 Focus on Professional Staffing and Services

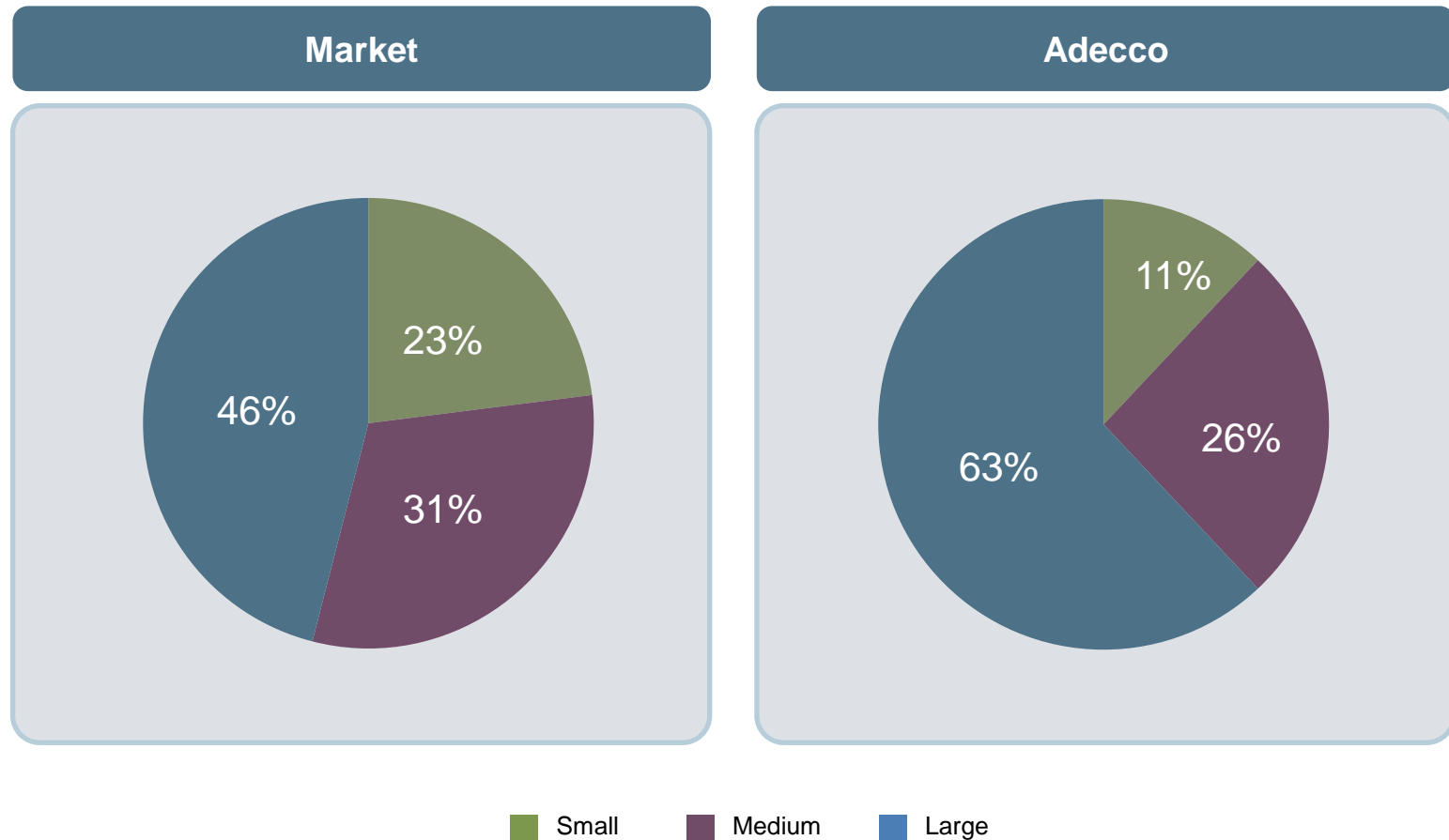
Leveraging key brands – consistent rollout and evolution of lead brands



4. Segmentation

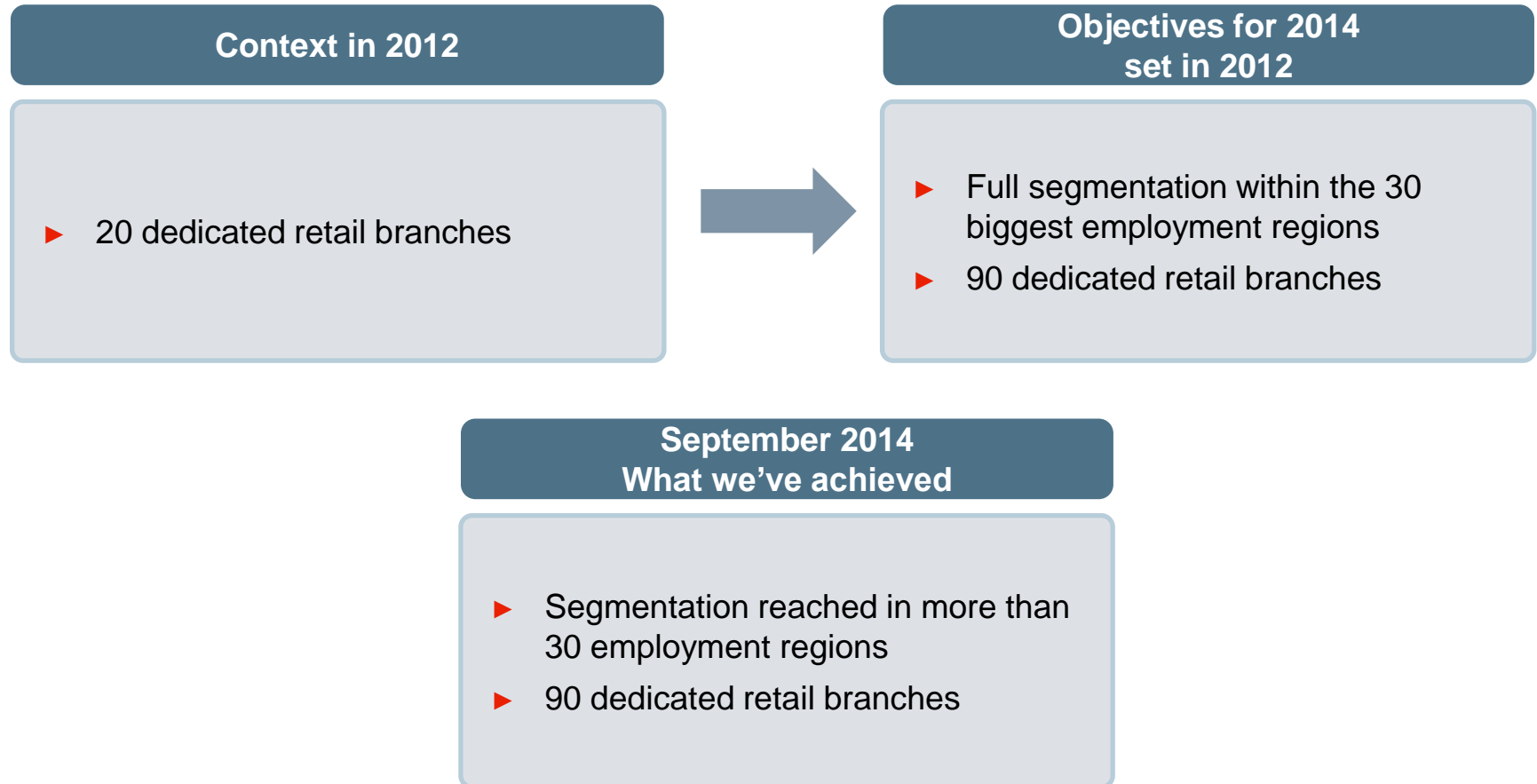
4.1 Segmentation of General Staffing

Split between Small, Medium and Large Companies, 2013



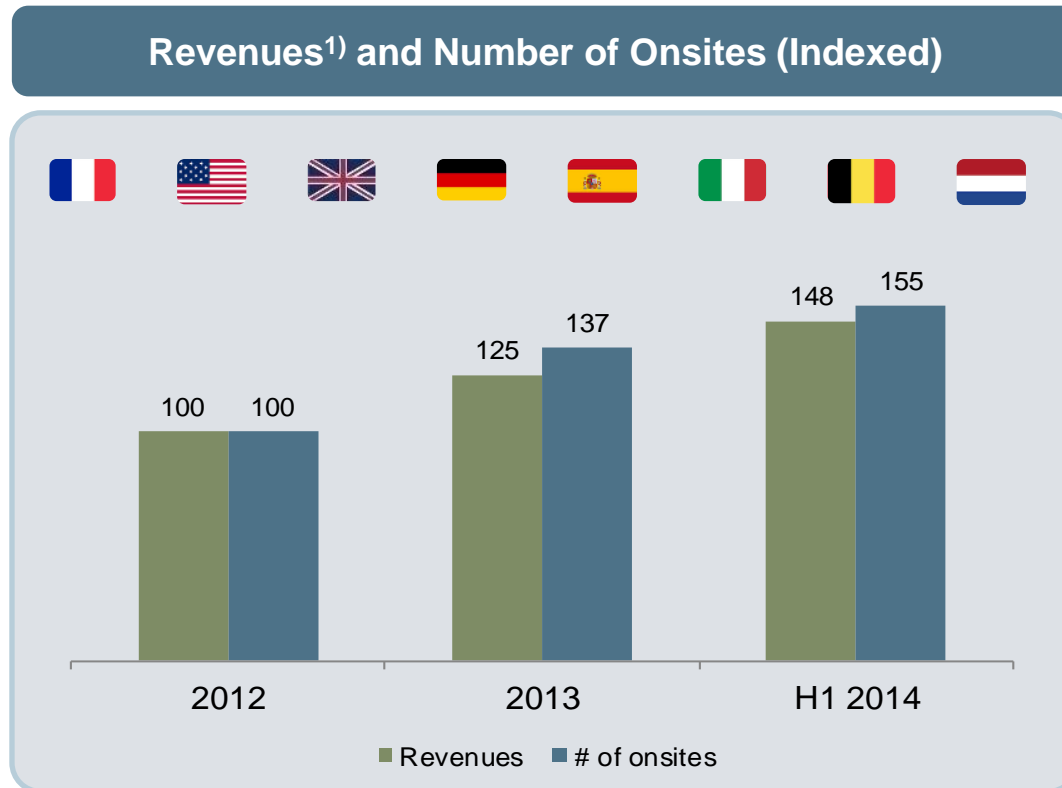
4.2 Segmentation of General Staffing

SME initiative inspired by France



4.1 Segmentation of General Staffing

Delivery Models for large clients - Onsite

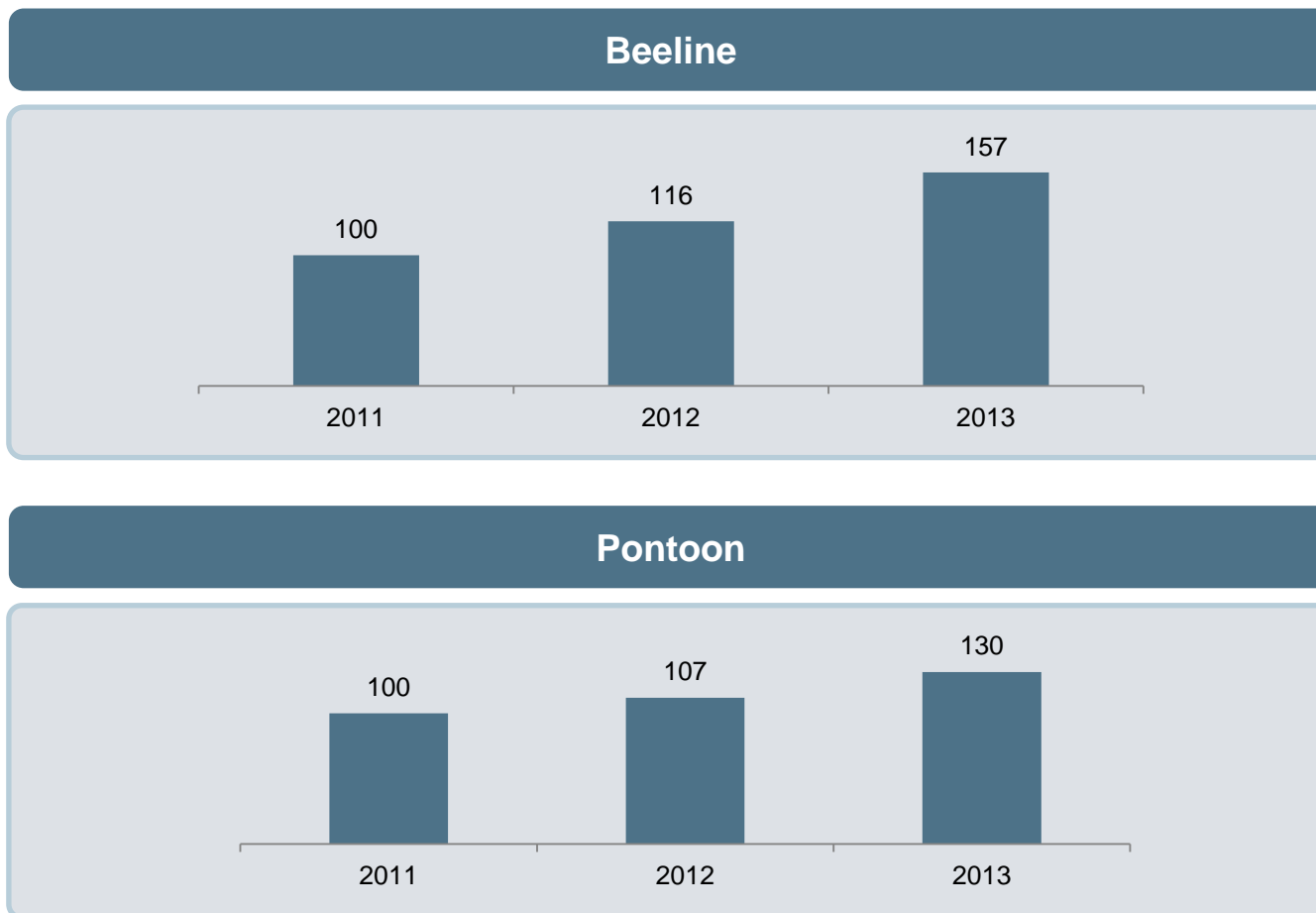


1) H1 2014 revenues annualised by multiplying by two

5. BPO Solutions

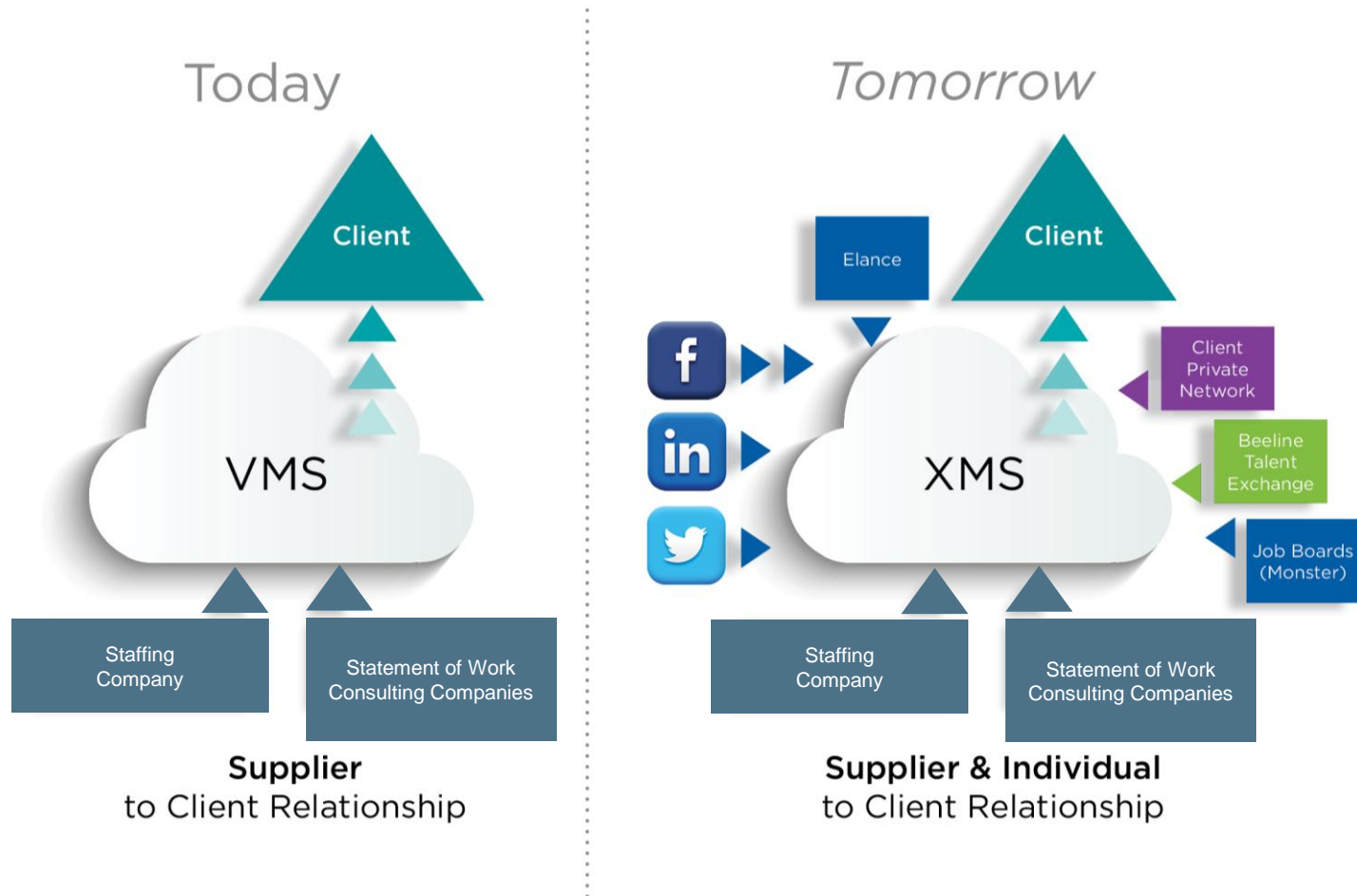
5.2. Solutions in BPO

Pontoon / Beeline revenues indexed



5.3. Extended Workforce Management System (XMS)

Beeline and OnForce: clear strategic priority going forward



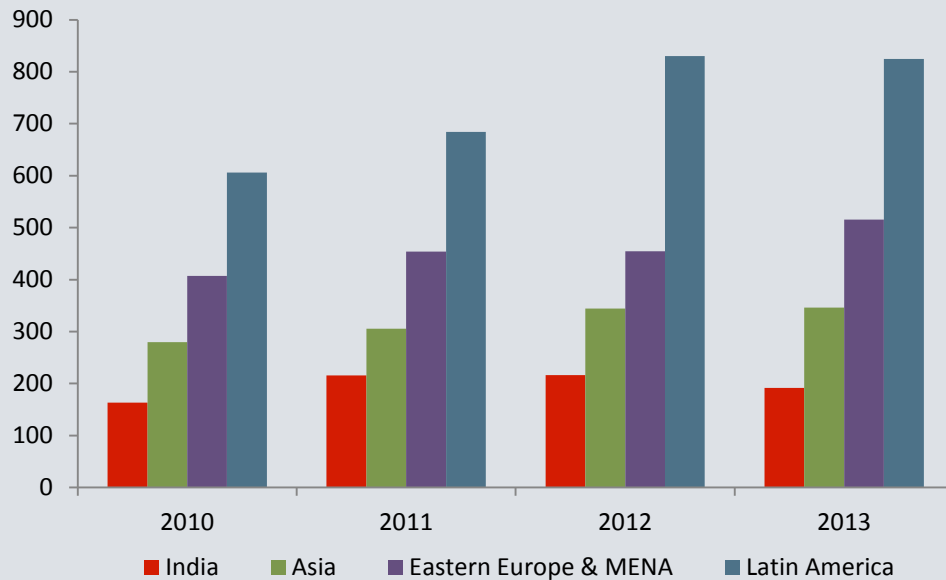
1) Staffing Industry Analyst

6. Emerging Markets

6.1. Emerging Markets

Financial performance 2010 – 2014

Revenues in EUR million



Q2 14	Revenues as % of Group	Temp Hours Sold as % of Group
Latin America	4%	13%
Eastern Europe and MENA	3%	4%
Asia	1%	5%
India	1%	16%
Emerging Markets	9%	38%

Our six strategic priorities

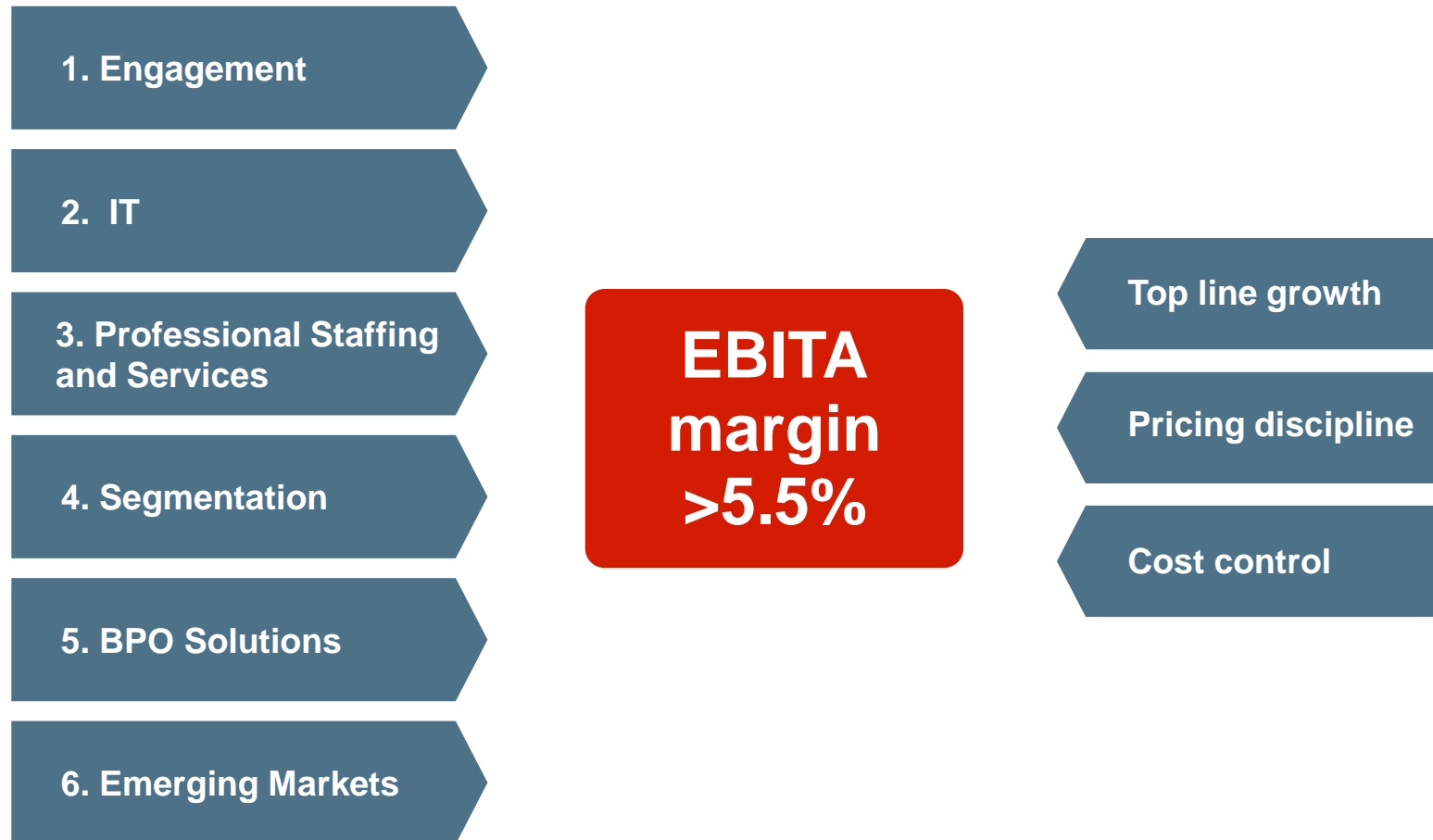
Mid-term



Conclusion

Our strategic priorities

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



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