



## **Q1 2016 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 Group AG 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

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

'EBITA' refers to operating income before amortisation and impairment of goodwill and 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**

**Acquisition and current trading**

**Questions & answers**

**Appendix**

# Operational review

Alain Dehaze, Group CEO

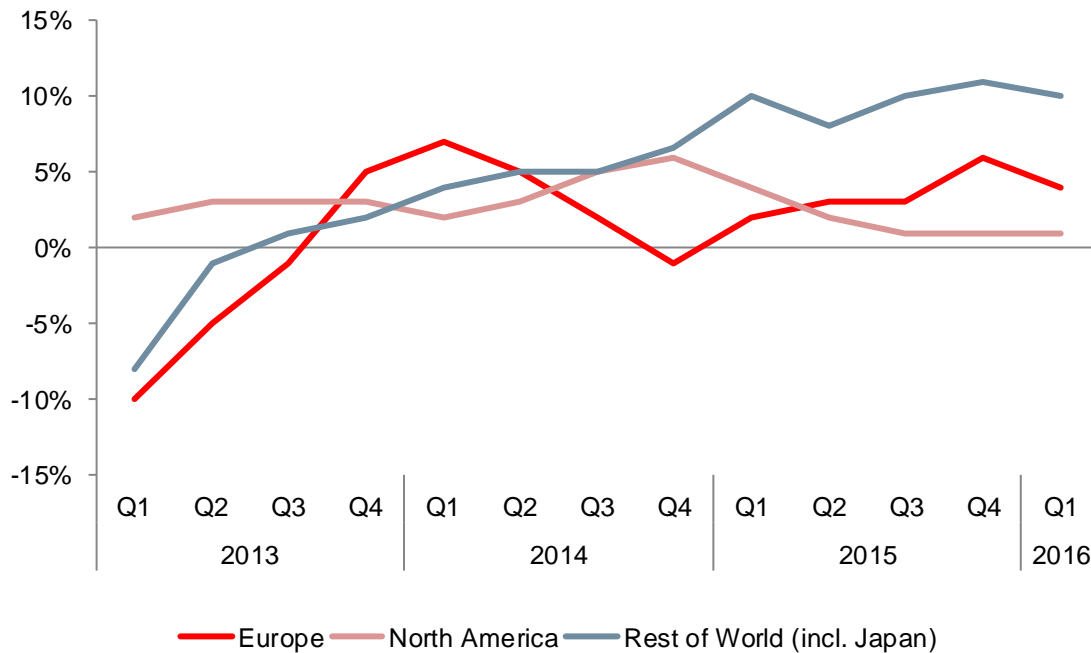
# Highlights

Q1 2016

- ▶ Revenues EUR 5.3 billion, up 4% yoy organically
- ▶ Gross margin of 19.0%, down 10 bps; gross profit up 2% organically
- ▶ SG&A up 4% yoy organically
- ▶ EBITA of EUR 228 million
- ▶ EBITA margin of 4.3%, down 30 bps yoy
- ▶ Revenues in March & April combined up 3%, organically and adjusted for trading days

# Revenue development by region<sup>1)</sup>

## Organic year-on-year change in percent



Europe grew by 4% in Q1 2016, compared to 6% in the previous quarter

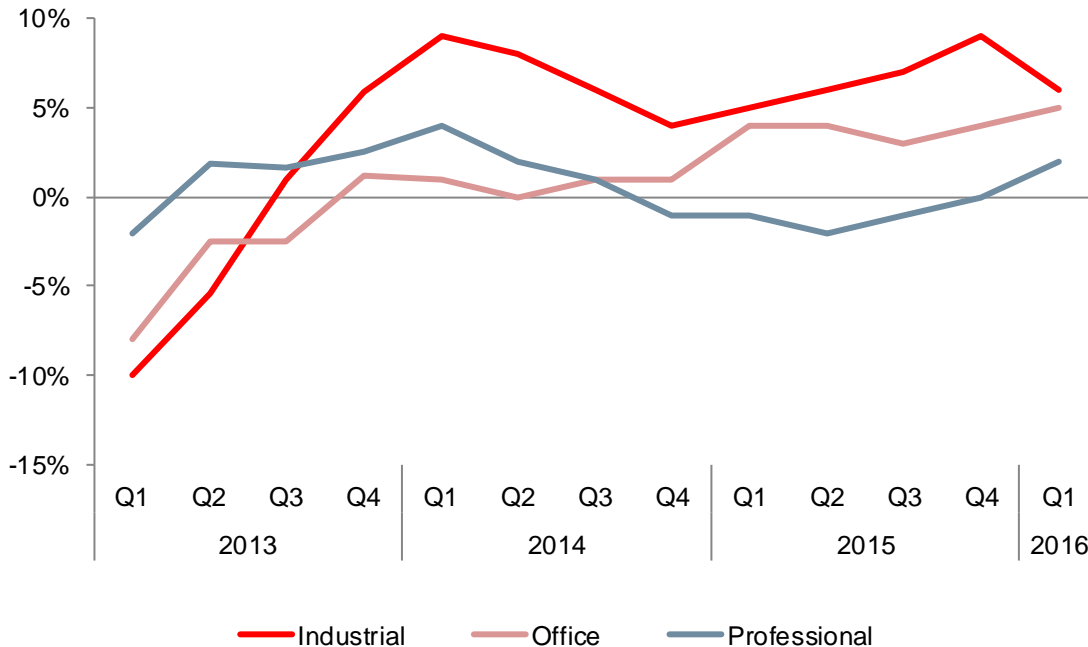
North America grew by 1% in Q1 2016, the same as in the previous quarter

Rest of World (incl. Japan) grew by 10% in Q1 2016 compared to 11% in the previous quarter

1) Excluding LHH.

# Revenue development by business line<sup>1)</sup>

## Organic year-on-year change in percent



Industrial grew by 6% in Q1 2016 compared to 9% in the previous quarter

Office grew by 5% in Q1 2016 compared to 4% in the previous quarter

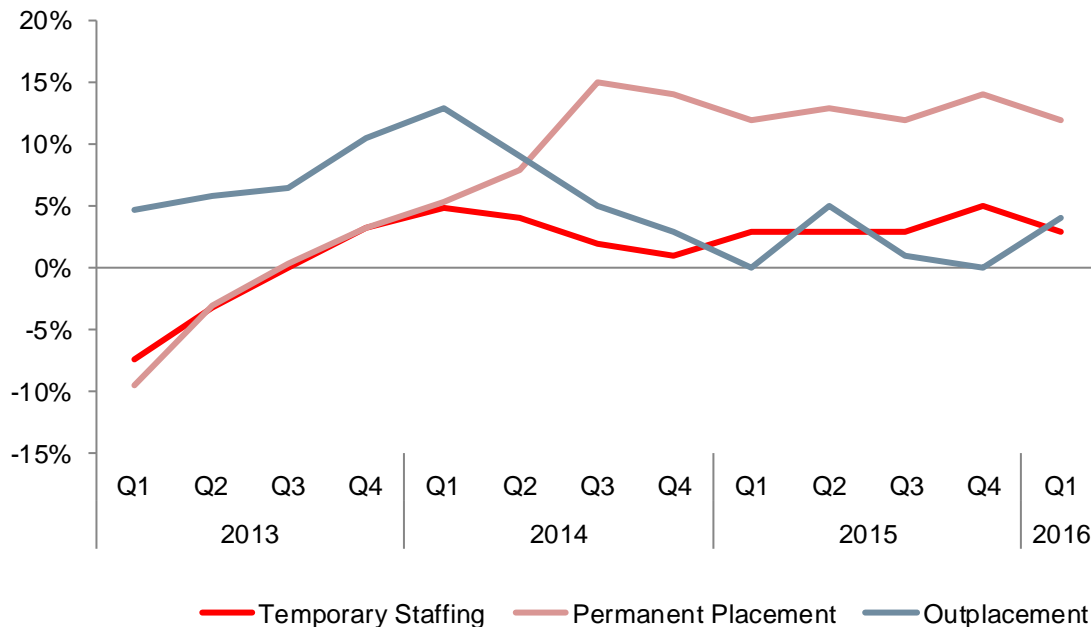
Professional Staffing grew by 2% in Q1 2016, compared to flat in the previous quarter:

- IT: 1% (1% in Q4 2015)
- Engineering & Tech.: -8% (-7%)
- Finance & Legal: 9% (5%)
- Medical & Science: 16% (9%)

1) Excluding Solutions.

# Revenue development by service line<sup>1)</sup>

## Organic year-on-year change in percent



- Temporary staffing revenues grew by 3% in Q1 2016 compared to 5% in the previous quarter
- Permanent placement revenues grew by 12% in Q1 2016 compared to 14% in the previous quarter
- Outplacement revenues grew by 4% in Q1 2016 compared to flat in the previous quarter

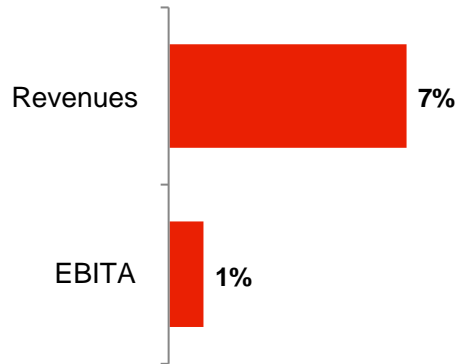
1) Excluding Outsourcing and Other.



# France

21% of group revenues in Q1 2016

Q1 yoy growth



EBITA margin



Revenues EUR 1,105 million, up 7% yoy

Revenue development now back to market growth

EBITA EUR 63 million

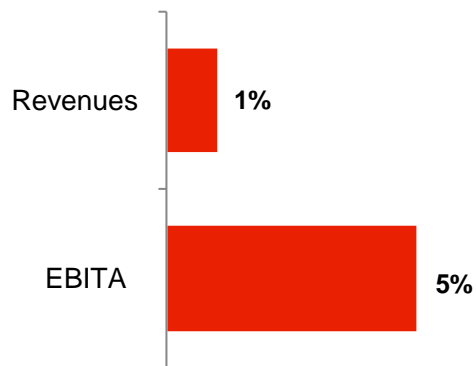
EBITA margin down 30 bps

Revenues for March & April combined up 5% yoy, adjusted for trading days

# North America

22% of group revenues in Q1 2016

Q1 yoy growth<sup>1)</sup>



EBITA margin



Revenues EUR 1,149 million, up 1% yoy in constant currency



EBITA EUR 66 million  
EBITA margin up 20 bps



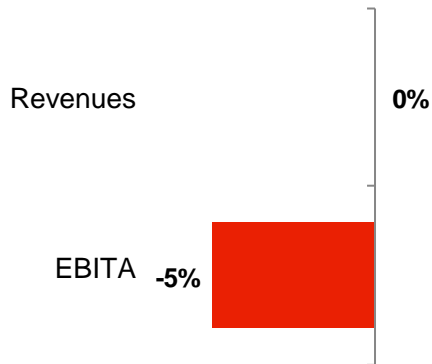
Revenues for March & April combined down 1% yoy, adjusted for trading days

1) Growth rates are in constant currency.

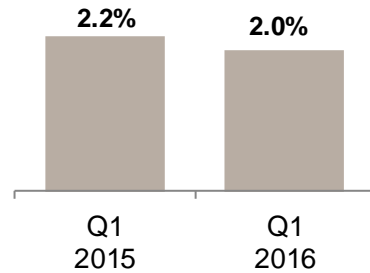
# UK & Ireland

10% of group revenues in Q1 2016

Q1 yoy growth<sup>1)</sup>



EBITA margin



Revenues EUR 545 million, flat yoy in constant currency



EBITA EUR 11 million  
EBITA margin down 20 bps



Revenues for March & April combined flat, adjusted for trading days

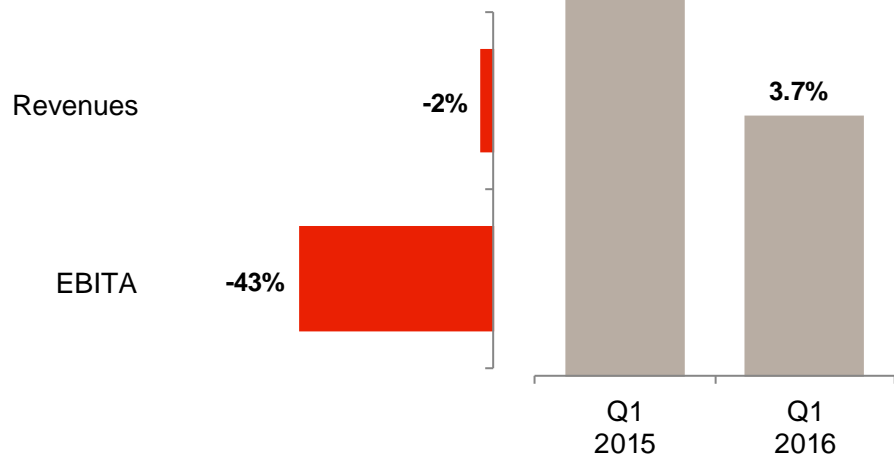
1) Growth rates are in constant currency.

# Germany, Austria, Switzerland

## 9% of group revenues in Q1 2016

Q1 yoy growth

EBITA margin



> Revenues EUR 509 million, down 2% yoy  
Germany & Austria flat  
Switzerland down 8%

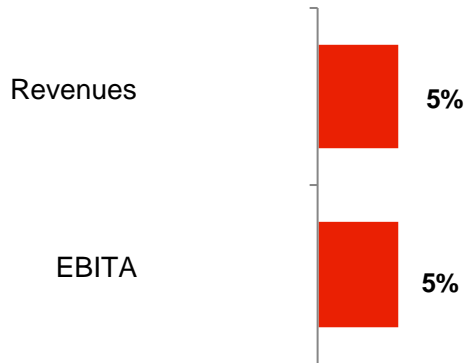
> EBITA EUR 19 million  
EBITA margin down 270 bps, mainly  
driven by the timing of Easter

> Revenues for March & April combined  
down 2% yoy, adjusted for trading days

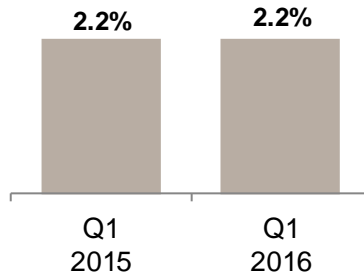
# Benelux & Nordics

8% of group revenues in Q1 2016

Q1 yoy growth



EBITA margin



Revenues EUR 436 million, up 5% yoy  
Benelux up 10%  
Nordics down 1%



EBITA EUR 10 million  
EBITA margin flat at 2.2%



Revenues for March & April combined up 4% yoy, adjusted for trading days

# Revenues and EBITA by segment

Q1 2016 vs. Q1 2015

% of revenues		Revenues		EBITA		
		EUR millions	Organic change yoy	EUR millions	Margin	Margin change yoy
21%	France	1,105	7%	63	5.7%	-30 bps
22%	North America	1,149	1%	66	5.7%	20 bps
10%	UK & Ireland	545	0%	11	2.0%	-20 bps
9%	Germany, Austria, Switzerland	509	-2%	19	3.7%	-270 bps
8%	Benelux and Nordics	436	5%	10	2.2%	0 bps
6%	Italy	319	9%	23	7.0%	140 bps
6%	Japan	300	2%	20	6.7%	40 bps
4%	Iberia	220	9%	7	3.4%	-90 bps
12%	Rest of World	643	13%	16	2.5%	-60 bps
2%	Lee Hecht Harrison	106	1%	33	31.5%	0 bps
	Corporate			(40)		
<b>100%</b>	<b>Adecco Group</b>	<b>5,332</b>	<b>4%</b>	<b>228</b>	<b>4.3%</b>	<b>-30 bps</b>

# Financial review

Hans Ploos van Amstel, Group CFO

# Q1 2016 – P&L

## In EUR millions

EUR millions except share and per share information	Q1		Variance %	
	2016	2015	EUR	Constant Currency
<b>Revenues</b>	<b>5,332</b>	<b>5,083</b>	5%	5%
<b>Gross profit</b>	<b>1,011</b>	<b>972</b>	4%	3%
<b>EBITA</b>	<b>228</b>	<b>236</b>	-4%	-5%
<b>Operating income</b>	<b>219</b>	<b>228</b>	-4%	-5%
<b>Income before income taxes</b>	<b>204</b>	<b>215</b>	-5%	
<b>Net income</b>	<b>145</b>	<b>161</b>	-10%	
<b>Net income attributable to Adecco shareholders</b>	<b>144</b>	<b>160</b>	-10%	
Basic earnings per share	0.85	0.92	-8%	
Diluted earnings per share	0.85	0.92	-8%	

Revenues up 5% in constant currency, 4% organically

EBITA down 5% in constant currency

Net Income down 10%



# Sequential revenue analysis

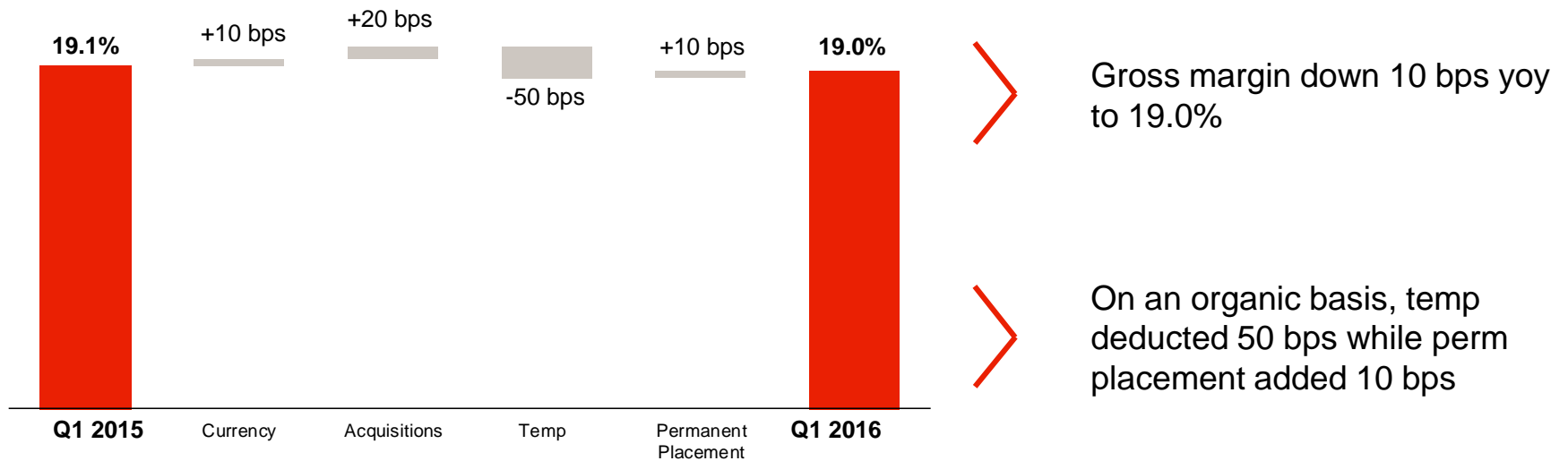
Adecco Group	Q1	Q2	Q3	Q4
2008	+	---	-	---
2009	---	---	=	=
2010	++	+	+	+
2011	+	=	=	=
2012	-	-	-	-
2013	=	=	=	=
2014	=	=	-	=
2015	+	=	-	=
2016	=			

- +** Above long-term growth trend<sup>1)</sup>
- =** In line with long-term growth trend<sup>1)</sup>
- Below long-term growth trend<sup>1)</sup>

1) Long-term growth trend is the 12-year median of sequential growth for the relevant quarter, adjusted for currency, acquisitions, divestitures and trading days.

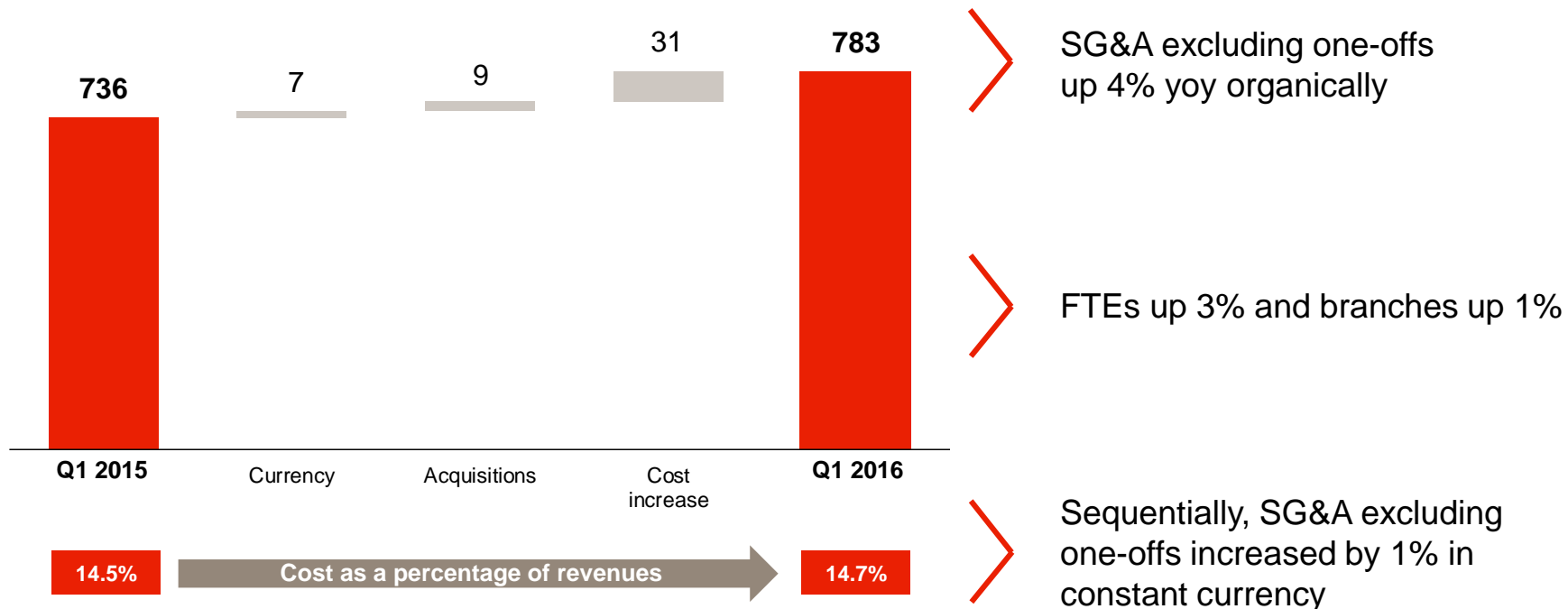
# Q1 2016 gross margin drivers

## As percentage of revenues



# Q1 2016 SG&A movements

In EUR millions



# Q1 2016 – Cash flow statement

## In EUR millions

EUR millions	Q1	
	2016	2015
<b>Cash flows from operating activities</b>		
Net income	145	161
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	30	32
– Other charges		7
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	10	(49)
– Accounts payable and accrued expenses	(147)	(22)
– Other assets and liabilities	(80)	(75)
<b>Cash flows from/(used in) operating activities</b>	<b>(42)</b>	<b>54</b>
<b>Cash used in investing activities</b>	<b>(99)</b>	<b>(53)</b>
<b>Cash flows from/(used in) in financing activities</b>	<b>(289)</b>	<b>178</b>
Effect of exchange rate changes on cash	(15)	47
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(445)</b>	<b>226</b>
Cash and cash equivalents:		
– Beginning of period	1,198	695
– End of period	753	921

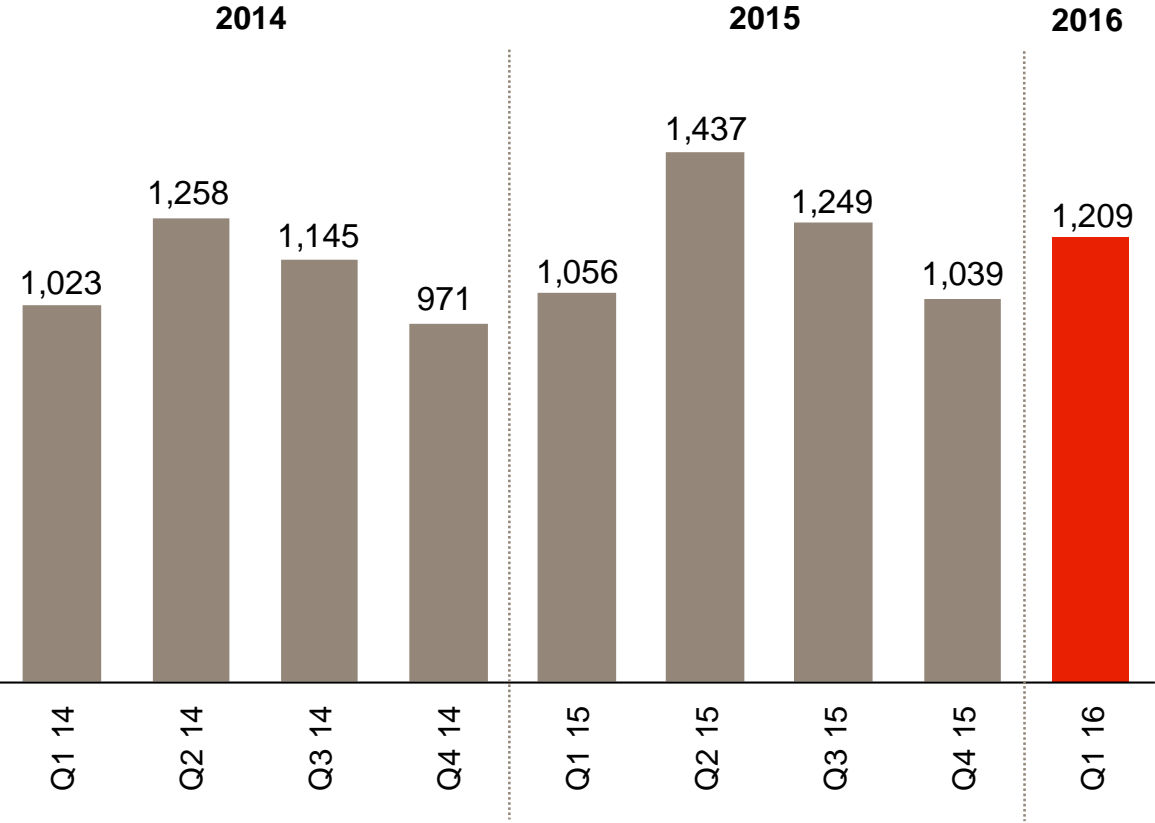
Q1 2016 cash flow used in operating activities of EUR 42 million

In Q1 2016, cash flows used in investing activities included EUR 14 million capital expenditures

Q1 2016 cash flows used in financing activities included EUR 20 million purchase of shares

# Net debt development

In EUR millions



Q1 2016 Net Debt / EBITDA<sup>1)</sup> of 1.0x

1) Last 4 quarters EBITDA, calculated as: EBITA excluding one-offs plus depreciation.

# Acquisition and current trading

Alain Dehaze, Group CEO

# Completion of acquisition of Penna Consulting Plc

- ▶ On March 9, 2016 the Adecco Group announced a recommended cash offer for UK AIM-listed Penna Consulting Plc
- ▶ On May 9, 2016 the scheme of arrangement to implement the recommended offer was sanctioned by the UK court and the transaction is expected to close during today, May 10, 2016
- ▶ In-line with the Adecco Group's acquisition strategy, Penna represents an excellent strategic fit with the Adecco Group's existing operations
- ▶ Penna has three business units: career transition, talent development and recruitment solutions; these will complement and strengthen the Adecco Group's businesses in the UK and beyond
- ▶ The transaction is expected to deliver positive EVA within 3 years, underpinned by cost synergies
- ▶ Enterprise value of approx. GBP 95 million represents multiple of approx. 11x EBITDA for the 12 months ended March 31, 2016, before cost synergies

# Current trading

**Adecco Group:**  
In March and April, revenue growth was 3%, organically and adjusted for trading days

**Europe:**  
Growth improved slightly in France and moderated in Italy, Iberia and Benelux

**North America:**  
USA broadly stable, challenging conditions in Canada

**Rest of the World:**  
Continued modest growth in Japan, strong growth emerging markets



# Question & Answers