



THE ADECCO GROUP

## THE ADECCO GROUP ANNOUNCES ACQUISITION OF GENERAL ASSEMBLY

- Expands the Adecco Group's up-/re-skilling offering, by adding a leader in digital skills development
- Combination creates unique solutions to address clients' unmet needs for in-demand 21<sup>st</sup>-century skills
- Synergies across multiple business lines will enhance General Assembly's strong standalone growth
- Consistent with Group's strategy to harness megatrends and expand into high-value adjacent markets

Zurich, Switzerland, 16 April 2018: The Adecco Group, the world's leading HR solutions partner, today announced a definitive agreement to acquire General Assembly, a pioneer in education and career transformation that offers accelerated learning programs in high-demand 21<sup>st</sup>-century digital skills. The acquisition will position the Adecco Group as a leader in the fast-growing up-/re-skilling segment, complementing existing solutions and creating significant synergies in Talent Development & Career Transition and Professional Staffing & Solutions. Total enterprise value is USD 412.5 million (EUR 335 million) and the transaction is expected to be EVA positive in the third full year of ownership.

Alain Dehaze, CEO of the Adecco Group, comments: "Our clients are looking for partners to improve access to scarce 21<sup>st</sup>-century skills and help navigate workforce transformation. Demand for digital skills is growing but supply remains constrained. The rise of automation also creates a critical need to re-skill workers, with as many as 375 million employees globally needing to transition to new roles by 2030<sup>1</sup>. By offering General Assembly's services alongside the Group's existing talent development, career transition and professional staffing solutions we will be able to better respond to these client needs, enhancing both access to and the supply of the most in-demand skills. We look forward to working with the General Assembly team to build a dynamic and unique business together."

General Assembly is a global leader in dynamic digital skills training for individuals and corporations. Founded in 2011, the company offers employer-focused, practitioner-taught technical skills training and development in business-critical areas such as coding, data science, user experience design and digital marketing. Its full-time immersive and part-time courses are delivered by expert instructors across an international network of 20 campuses, at enterprise client sites, online or via a blended model. Its award-winning curriculums have proven highly effective at delivering specific skills and enhancing career paths, achieving significantly higher engagement and completion rates than online-only training. The company's strong brand position is supported by high customer satisfaction (NPS 50+) and excellent career outcomes for its more than 50,000 global alumni.

General Assembly has a strong track record of organic revenue growth, achieving a three-year CAGR of 30%. Revenues in 2017 were approximately USD 100 million and the company has a strong backlog of bookings for 2018. General Assembly's business model is highly scalable, with programme content delivered via an omni-channel approach (classroom, online and blended). Access to the Adecco Group's more than 100,000 enterprise clients, global infrastructure, data and comprehensive labour market knowledge will further enhance General Assembly's strong standalone growth potential, with specific opportunities already identified.

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<sup>1</sup> McKinsey Global Institute, "Jobs lost, jobs gained: workforce transitions in a time of automation" (December 2017)



Significant synergies exist with the Adecco Group's current solutions portfolio. In particular, leveraging General Assembly's complementary training services to enhance the value proposition of Lee Hecht Harrison's leading career transition and talent development solutions will further broaden the Group's workforce transformation capabilities. By helping organizations to up-skill their current talent and transition them into new technology-powered roles, clients can reduce the financial and personal costs associated with disruptions to the workforce caused by rapid changes in technology. There is further significant potential to leverage General Assembly's "Talent Pipeline as a Service" (TPaaS) model in Professional Staffing & Solutions. TPaaS sources, trains, and delivers skilled workers to enterprises, enabling employers to close large and often persistent gaps for qualified talent. As part of the broad suite of training and workforce solutions offered by the Adecco Group, TPaaS can create pools of highly-skilled tech talent for clients around the globe.

The acquisition of General Assembly strengthens the Transform and Innovate pillars of the Adecco Group's strategic agenda (see [2017 Annual Report](#) for more details) and is consistent with the Group's strategy to expand into high-growth, high-margin adjacent markets. As the Group transforms its core operations and broadens its solutions portfolio this will accelerate its structural revenue growth and enhance margins, while continuing to deliver strong cash flow, all underpinning its commitment to achieve leading total shareholder returns.

General Assembly will continue to operate as a separate division within the Adecco Group under the leadership of founder and CEO Jake Schwartz and his team, reporting to Sergio Picarelli, Member of the Executive Committee of the Adecco Group.

"General Assembly has always been about creating bridges between education and employment - that's what has allowed us to scale to 20 campuses, 50,000 alumni, and over 300 Fortune 500 clients. As our work with employers has grown, so has our need to connect in a deeper way with the world of human capital, and that is why we are so excited about the transformational opportunities that come with this partnership," said Jake Schwartz, founder and CEO of General Assembly. "We chose the Adecco Group because it brings a multitude of strategic opportunities to serve enterprise clients, solve pervasive digital skills gaps, and align our offerings with the world-class brands that comprise the Adecco Group network."

### **Details of the transaction**

Under the terms of the agreement, the enterprise value of General Assembly amounts to USD 412.5 million (EUR 335 million). For 2018, General Assembly is on track to achieve strong double-digit organic revenue growth. General Assembly is currently in a high-growth investment phase and is therefore expected to be modestly dilutive to Group earnings in 2018, the impact of which is included within the Group's current guidance on planned strategic investments. From 2019, General Assembly is expected to be modestly accretive to earnings. In the medium-term General Assembly's EBITA margins are anticipated to be significantly higher than the Group average. The acquisition is expected to be EVA positive within three years, in-line with the Group's M&A criteria, and will create substantial long-term value for shareholders.

The transaction will be financed from the Group's existing financing resources and is subject to customary closing conditions, including certain regulatory approvals. It is expected to close during Q2 2018.



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## M&A and balance sheet update

The acquisitions of General Assembly and Vetterly, in early 2018, continue the strategic development of the Adecco Group, consistent with the priorities laid out at the September 2017 Capital Markets Day. Combined with the organic development of Adia and YOSS, in 2017, the Adecco Group's solutions portfolio has been expanded to include leading platforms in online staffing, freelance, digital permanent recruitment and up-/re-skilling. Focus will now be on the successful integration and acceleration of these acquisitions and ventures, and the Group therefore does not anticipate further significant M&A during 2018.

The Group's balance sheet remains strong. Net Debt/EBITDA excluding one-offs at year-end 2017 was 0.8x, or approximately 1.1x on a pro-forma basis, including the acquisitions of General Assembly and Vetterly. The Group announced a EUR 150 million share buyback with the Q4 & FY 2017 results. Purchases under the share buyback are expected to be focused in Q4 2018 and early 2019, due to the seasonality of Group free cash flow, which is typically stronger in H2, and outflows relating to the dividend and M&A in H1 2018.

For more information on the Adecco Group visit [www.adecgroup.com](http://www.adecgroup.com).

For General Assembly visit [generalassemb.ly](http://generalassemb.ly).

To download the transaction media kit and other assets, please visit the Adecco Group [press kit page](#).

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## 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 of 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.



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## About the Adecco Group

The Adecco Group is the world's leading HR solutions partner. We provide more than 700,000 people with permanent and flexible employment every day. With more than 34,000 employees in 60 countries, we transform the world of work one job at a time. Our colleagues serve more than 100,000 organisations with the talent, HR services and cutting-edge technology they need to succeed in an ever-changing global economy. As a Fortune Global 500 company, we lead by example, creating shared value that meets social needs while driving business innovation. Our culture of inclusivity, fairness and teamwork empowers individuals and organisations, fuels economies, and builds better societies. These values resonate with our employees, who voted us number 2 on the Great Place to Work® - World's Best Workplaces 2017 list. We make the future work for everyone.

The Adecco Group is based in Zurich, Switzerland. Adecco Group AG is registered in Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN). The group is powered by eight lead brands: Adecco, Modis, Badenoch & Clark, Spring Professional, Lee Hecht Harrison, Pontoon, Adia and YOSS.

## About General Assembly

General Assembly is advancing the future of work by equipping individuals and corporations alike with the most in-demand 21st-century skills. Offering training and assessments in web development, data science, digital marketing, and more, General Assembly is building transparent career pathways for individuals, and sustainable, diverse talent pipelines for employers. General Assembly's programmes are delivered across a network of 20 campus locations in six countries, via immersive online offerings and through onsite trainings for more than 300 of the Fortune 500. With an alumni network of more than 50,000 graduates and a further 600,000 professionals having attended its classes, workshops, and events, General Assembly is the leading source for training, talent acquisition and career transitions.