



## **Q1 2010 Results**

Adecco Group

Zurich, May 6, 2010

# 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 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.

# Today's agenda

**Operational review**

**Financial review**

**Strategy & Outlook**

## Operational review

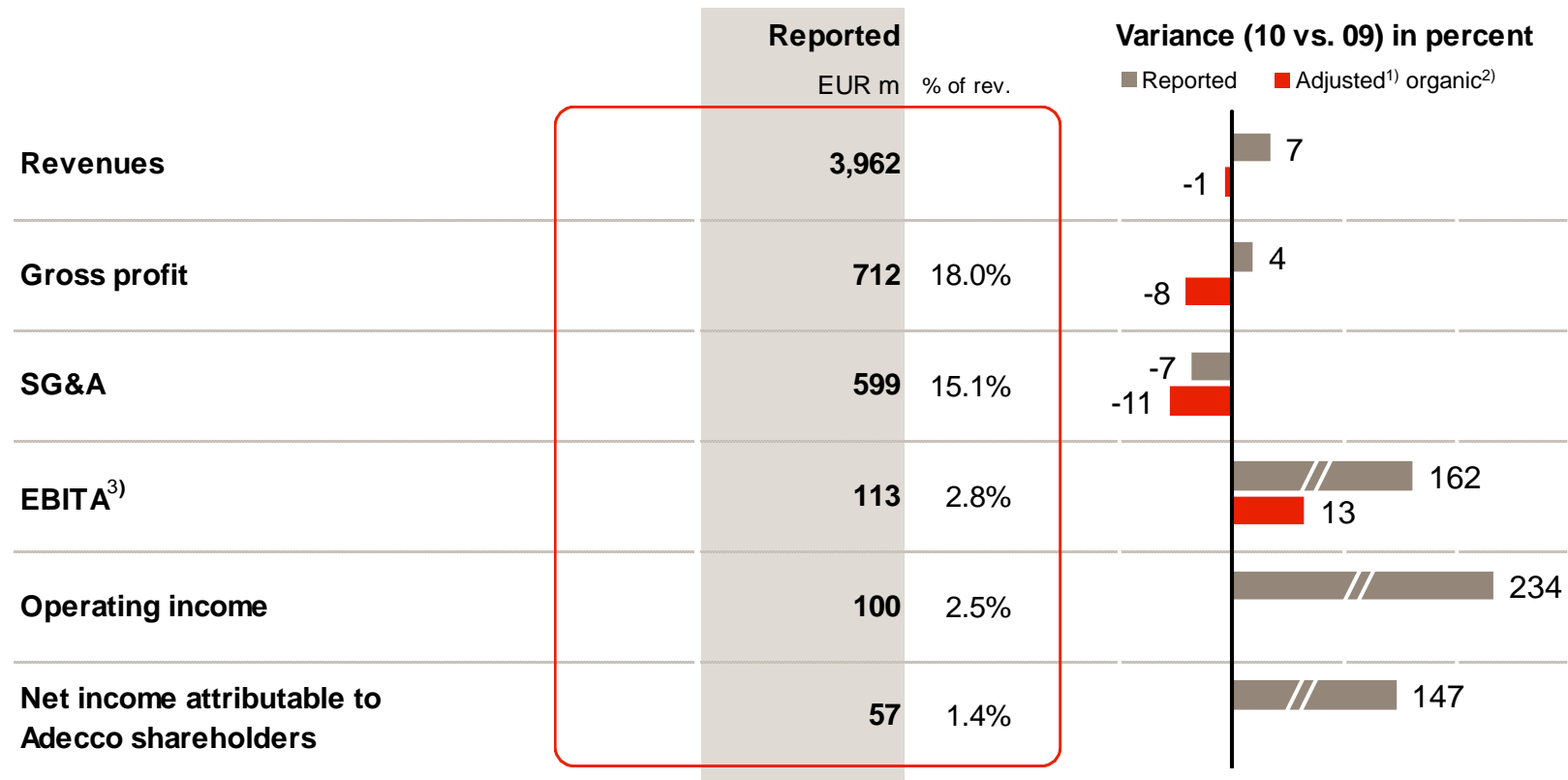
Patrick De Maeseneire, Group CEO

# Highlights

## Q1 2010 and Outlook

- ▶ Trading conditions improved significantly in most markets
- ▶ Gross margin of 18.0%, down 130 bps organically and adjusted
- ▶ EBITA of EUR 113 million, up 24% adjusted and in constant currency
- ▶ Revenue growth in March +3% adjusted for business days and organically
- ▶ Current developments of the industry clearly point to further revenue acceleration

# Q1 2010 results summary



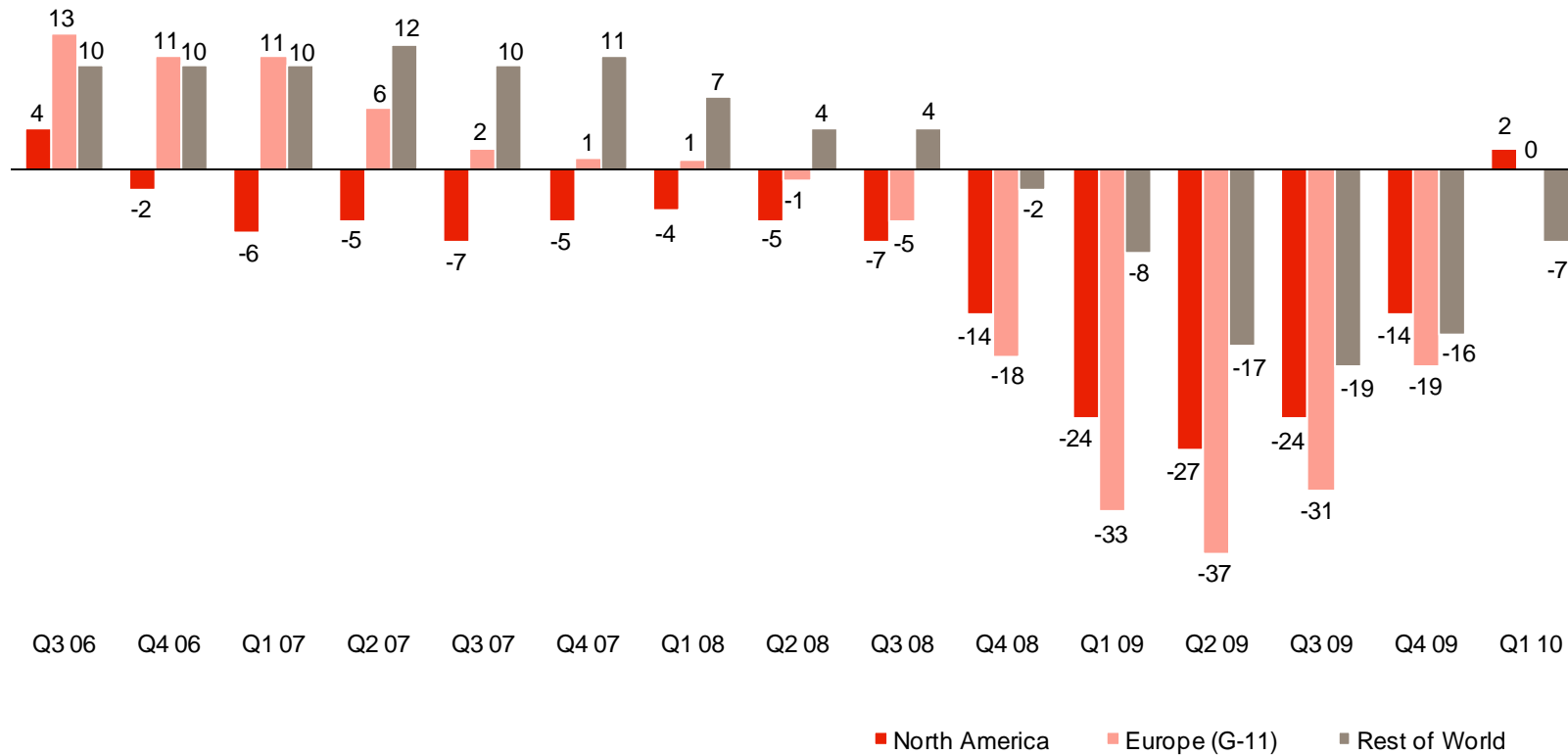
1) Adjusted is a non US GAAP measure excluding in Q1 2009 the negative impact on SG&A of EUR 36 million related to restructuring costs and, for better comparison, excluding in Q1 2009 the French business tax of EUR 14 million in cost of services and EUR 1 million in SG&A as those business tax components are shown as income tax as of 2010. Based on the new French business tax law, which is effective since January 1, 2010, a part of the business tax is computed based on added value and therefore under US GAAP classified as income tax.

2) Organic growth is a non US GAAP measure and excludes the impact of currency, acquisitions and divestures.

3) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

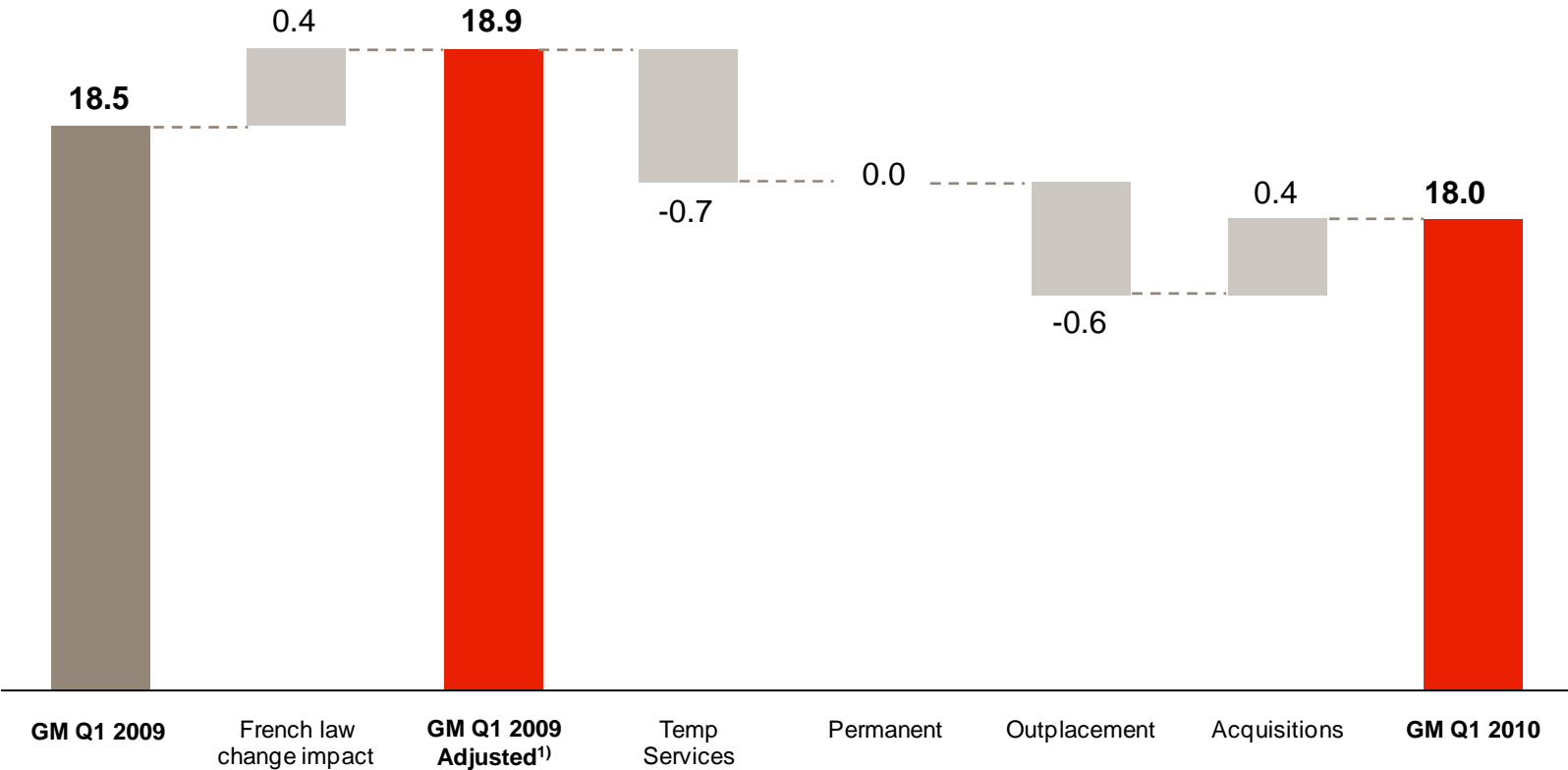
# Revenue development by region

Organic year-on-year change in percent



# Q1 2010 gross margin drivers

In percent of revenues

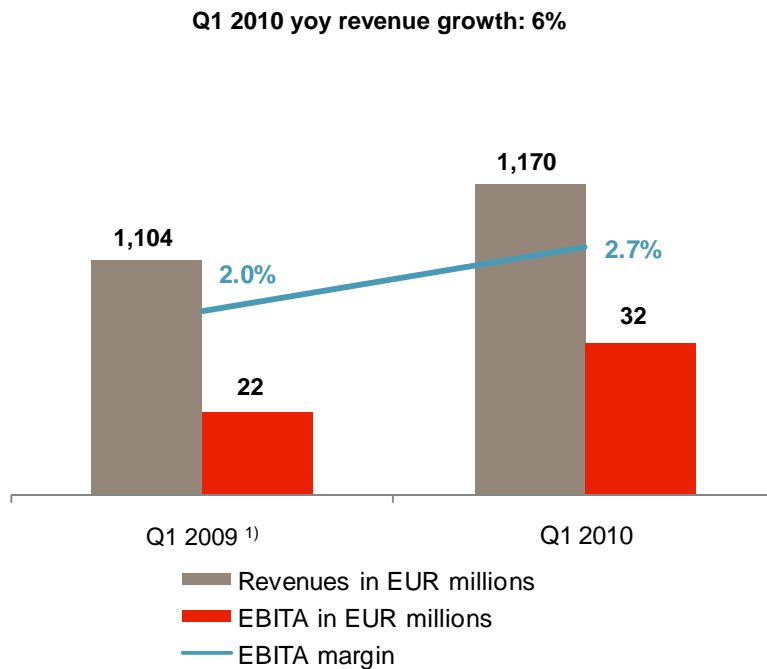


1) Adjusted is a non US GAAP measure excluding, for better comparison, in Q1 2009 the French business tax of EUR 14 million in cost of services and EUR 1 million in SG&A as those business tax components are shown as income tax as of 2010. Based on the new French business tax law, which is effective since January 1, 2010, a part of the business tax is computed based on added value and therefore under US GAAP classified as income tax.



# France

29% of group revenues in Q1 2010



Revenues back to growth of 6% (-13% in Q4 09), mainly driven by automotive, chemicals and heavy industrials

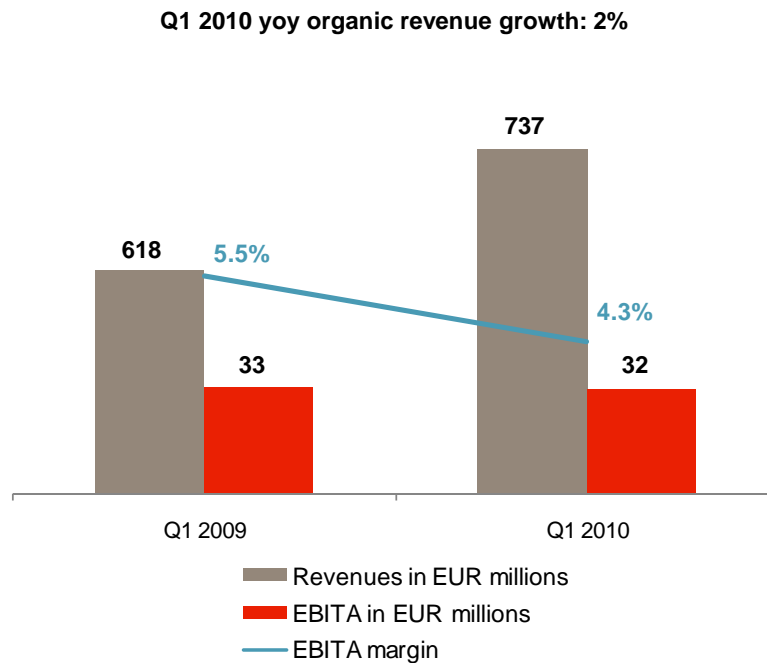
Price pressure starts to stabilise

Strong development in March with revenues +12% adjusted for business days

1) Q1 2009 excludes the negative impact on SG&A of EUR 12 million related to restructuring costs and, for better comparison, excluding in Q1 2009 the French business tax of EUR 14 million in cost of services and EUR 1 million in SG&A as those business tax components are shown as income tax as of 2010. Based on the new French business tax law, which is effective since January 1, 2010, a part of the business tax is computed based on added value and therefore under US GAAP classified as income tax.

# North America

19% of group revenues in Q1 2010



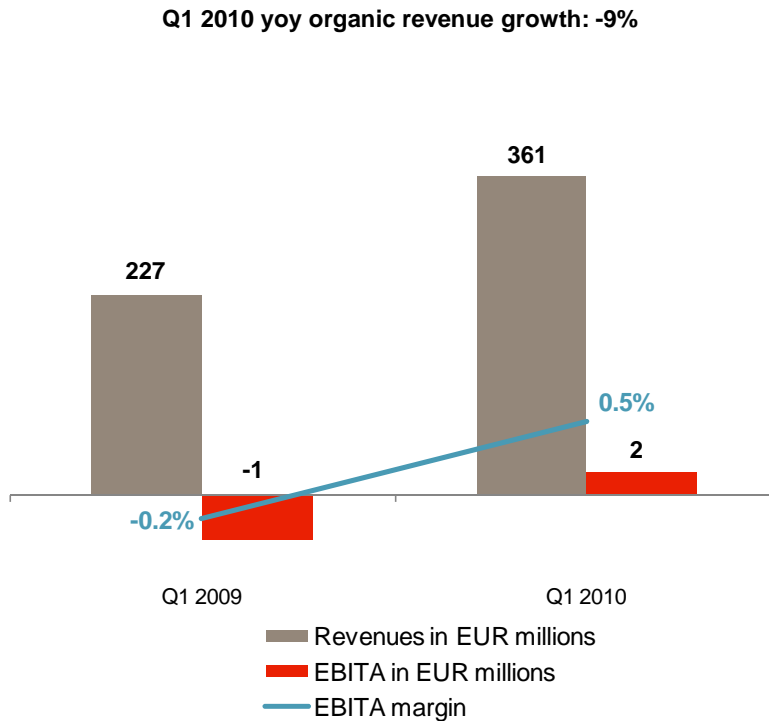
Revenues up 24% in constant currency (-14% in Q4 09), driven by automotive, consumer goods, oil & gas and acquisitions

Excluding the declining Human Capital Solutions business, revenues were up 7% organically

Business in General Staffing accelerated significantly, while Professional Staffing excluding Human Capital Solutions also returned to growth

# UK & Ireland

9% of group revenues in Q1 2010



Revenues down 9% organically (-21% in Q4 09), driven by improving trends in financials, healthcare and automotive

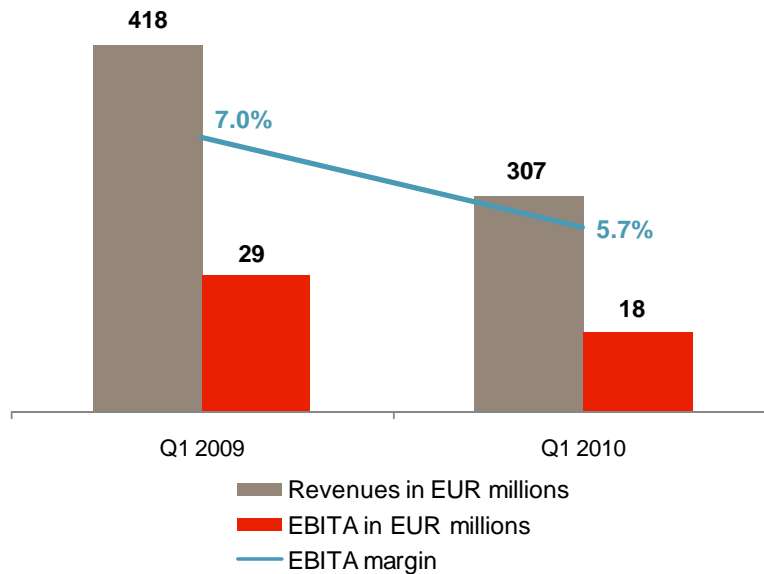
We returned to profitability despite EUR 2 million integration costs

Compared to continental Europe, the UK market is still lagging

# Japan

8% of group revenues in Q1 2010

Q1 2010 yoy constant currency revenue growth: -24%



Revenues down 24% in constant currency (-29% in Q4 09); revenue decline rate improved during the quarter

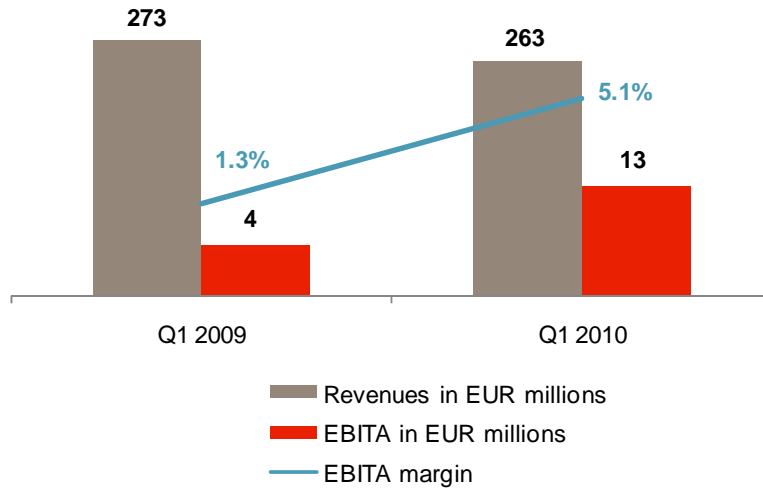
Strong profitability despite weak revenues

Hiring still depressed in Japan, no clear signs of recovery

# Germany & Austria

7% of group revenues in Q1 2010

Q1 2010 yoy revenue growth: -4%



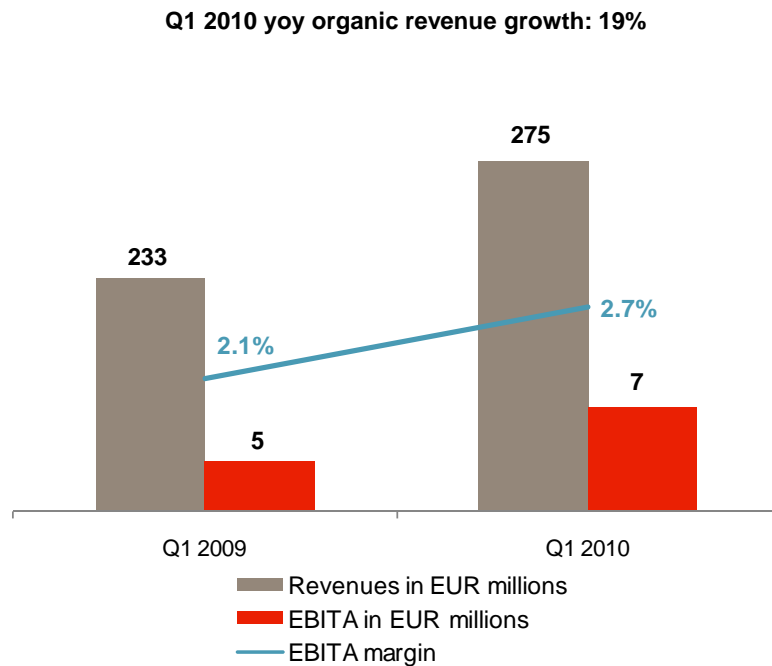
Revenues down 4% (-28% in Q4 09), driven by automotive, chemicals and industrials

Double-digit growth in the industrial temping business in March and the professional temping business also showed good improvements

Significantly improved profitability with EBITA margin up 380 bps to 5.1%

# Emerging Markets

7% of group revenues in Q1 2010



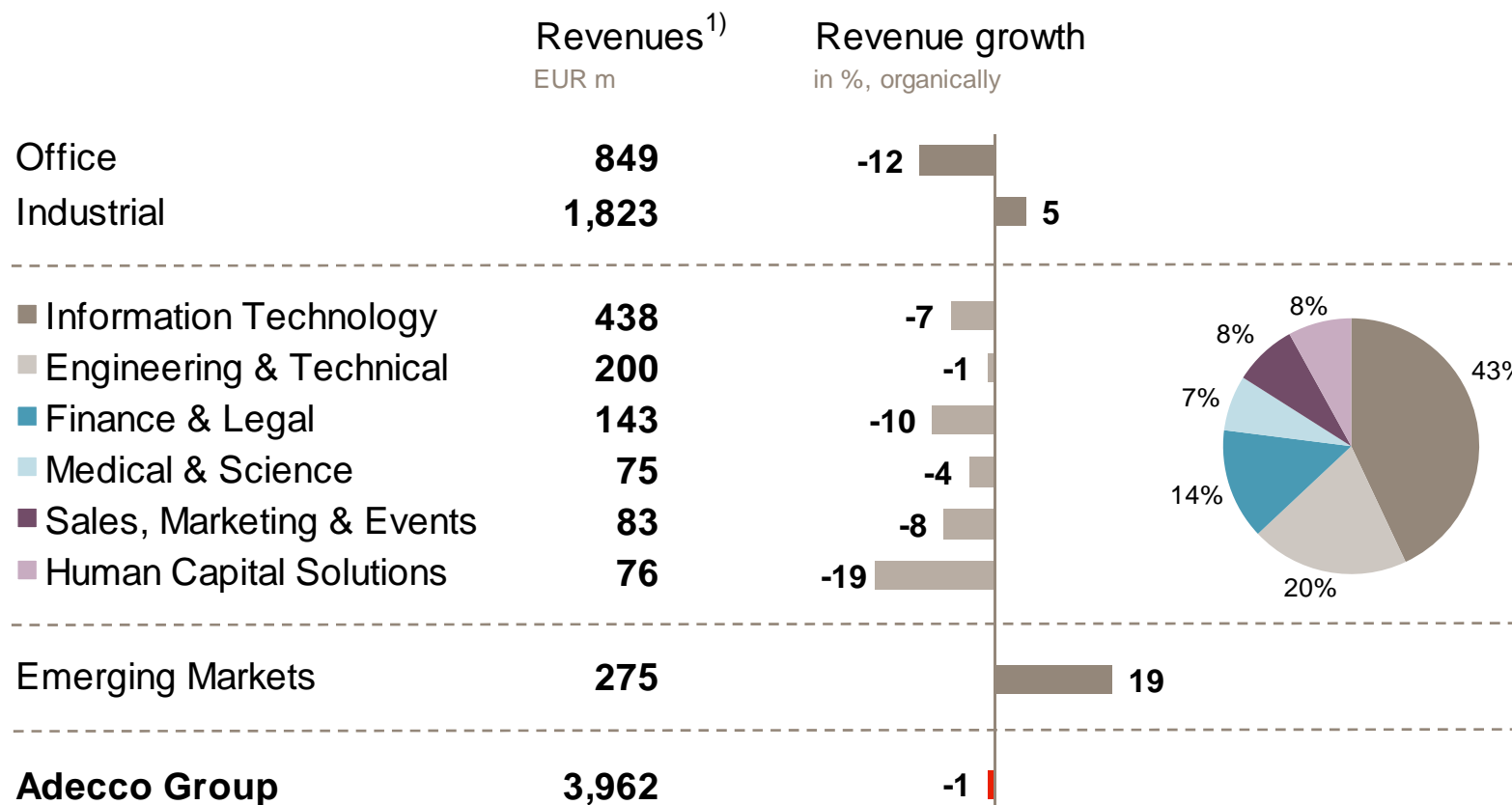
Revenues up 19% organically, following +7% in Q4 09

Good sales momentum driven by growth in Eastern Europe and India

EBITA margin up 60 bps yoy to 2.7%

# Revenue development by business lines

Q1 2010 vs. Q1 2009



1) Breakdown of revenues is based on dedicated branches. The 2010 information includes certain changes in the allocation of branches to business lines. The 2009 information has been restated to conform to the current year presentation.

## Financial review

Dominik de Daniel, Group CFO



# Q1 2010 Results in detail – P&L

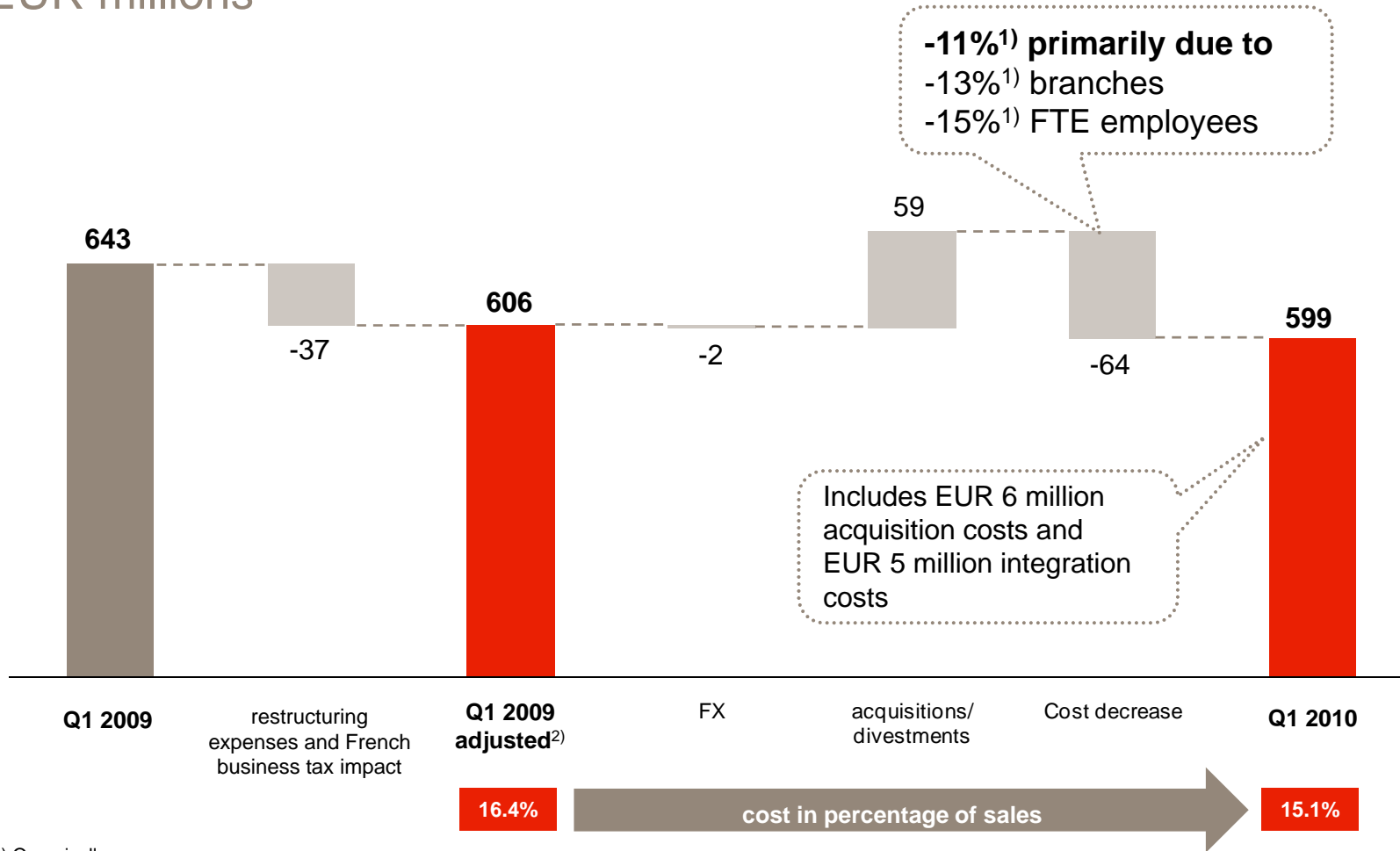
In EUR millions

	Q1 2010	Q1 2009	Variance %	
			EUR	Constant Currency
Revenues	3,962	3,703	7%	7%
Direct costs of services	(3,250)	(3,017)		.
<b>Gross profit</b>	<b>712</b>	<b>686</b>	4%	4%
<i>Gross margin</i>	18.0%	18.5%		
Selling, general and administrative expenses	(599)	(643)	-7%	-7%
<i>As a percentage of revenues</i>	15.1%	17.4%		
<b>EBITA<sup>1)</sup></b>	<b>113</b>	<b>43</b>	162%	181%
<i>EBITA<sup>1)</sup> margin</i>	2.8%	1.2%		
Amortisation of intangible assets	(13)	(13)		
<b>Operating income</b>	<b>100</b>	<b>30</b>	234%	271%
<i>Operating income margin</i>	2.5%	0.8%		
Interest expense	(15)	(9)		
Other income / (expenses), net	(1)	3		
<b>Income before income taxes</b>	<b>84</b>	<b>24</b>	255%	
Provision for income taxes	(27)	(1)		
<b>Net income</b>	<b>57</b>	<b>23</b>	148%	
Net income attributable to noncontrolling interests	-	-		
<b>Net income attributable to Adecco shareholders</b>	<b>57</b>	<b>23</b>	147%	
<i>Net income margin attributable to Adecco shareholders</i>	1.4%	0.6%		

1) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets

# Q1 2010 SG&A movements

In EUR millions



1) Organically

2) Adjusted is a non US GAAP measure excluding in Q1 2009 the negative impact on SG&A of EUR 36 million related to restructuring costs and, for better comparison, excluding in Q1 2009 the French business tax of EUR 14 million in cost of services and EUR 1 million in SG&A as those business tax components are shown as income tax as of 2010. Based on the new French business tax law, which is effective since January 1, 2010, a part of the business tax is computed based on added value and therefore under US GAAP classified as income tax.

# Balance sheet

In EUR millions

	Mar 31 2010	Dec 31 2009
<b>Assets</b>		
Cash and cash equivalents	642	1,458
Short-term Investments	2	2
Trade accounts receivable, net	2,874	2,560
Other current assets	385	331
Property, equipment, and leasehold improvements, net	266	245
Other assets	311	276
Goodwill and intangible assets, net	3,850	2,959
<b>Total assets</b>	<b>8,330</b>	<b>7,831</b>
<b>Liabilities and shareholders' equity</b>		
Accounts payable and accrued expenses	2,975	2,716
Short- and long-term debt	1,542	1,570
Other liabilities	566	431
Total Adecco shareholders' equity	3,246	3,112
Noncontrolling interests	1	2
<b>Total liabilities and shareholders' equity</b>	<b>8,330</b>	<b>7,831</b>
Net Debt*	898	110

\* 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.

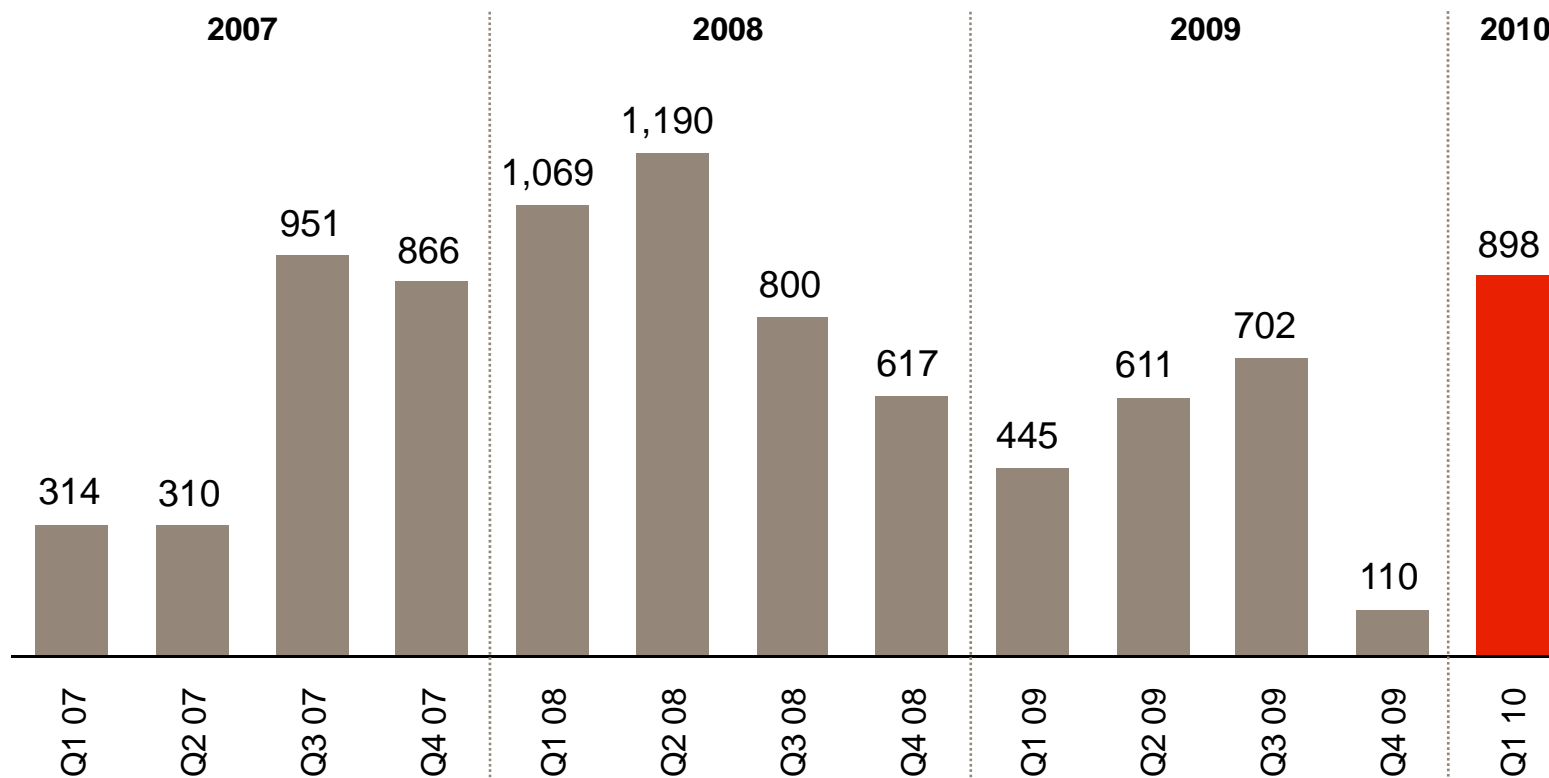
# Cash-flow statement

In EUR millions

	Q1 2010	Q1 2009
Net income	57	23
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	33	33
– Other charges	3	(12)
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	(102)	531
– Accounts payable and accrued expenses	78	(409)
– Other assets and liabilities	(3)	39
<b>Cash flows from operating activities</b>	<b>66</b>	<b>205</b>
<b>Cash flows from/(used in) investing activities</b>	<b>(845)</b>	<b>(35)</b>
<b>Cash flows from/(used in) financing activities</b>	<b>(59)</b>	<b>(25)</b>
Effect of exchange rate changes on cash	22	13
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(816)</b>	<b>158</b>

# Net debt\* development since Q1 2007

In EUR millions



\* 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.

# Integration update

## Spring Group & MPS Group

- ▶ The integration of both Spring and MPS is well on track
- ▶ On Spring: in Q2 front-office systems to be integrated and at year-end 2010 all back-offices
- ▶ On MPS: headquarters to be integrated by year-end; no loss of key people or clients
- ▶ Integration costs/synergies for both Spring and MPS on schedule as planned

# Financial Guidance

Full year 2010

Capex	Approximately EUR 100 million
Interest expense	Approximately EUR 65 million
Corporate costs	Approximately EUR 70 million
Amortisation	Approximately EUR 55 million

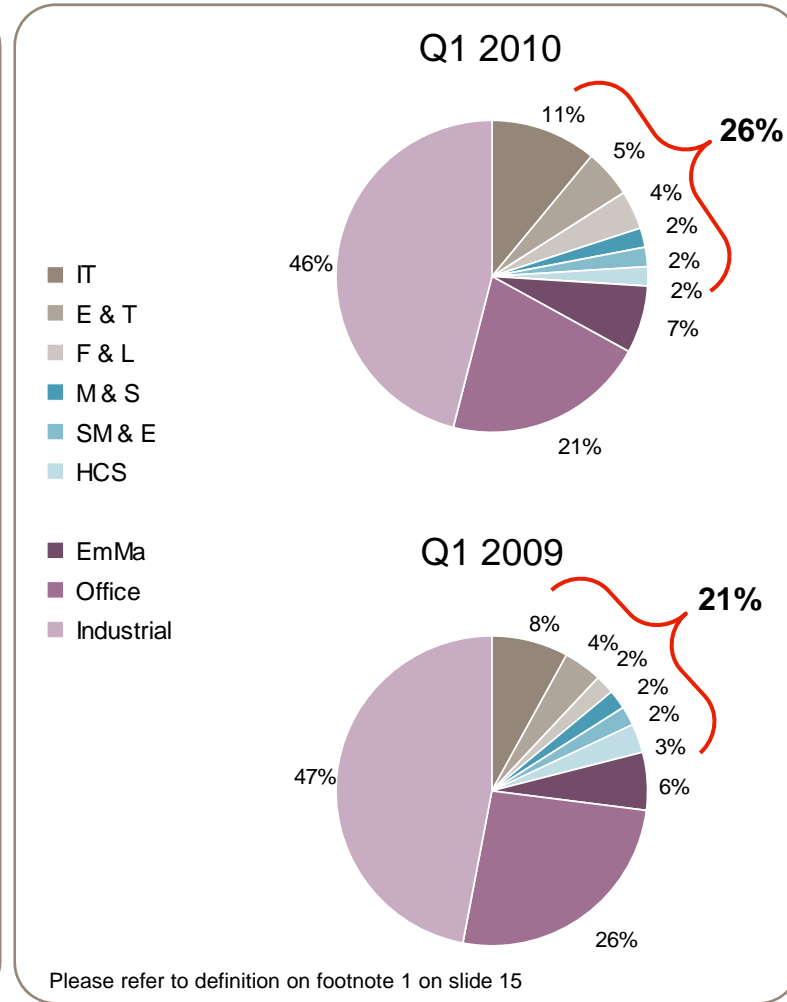
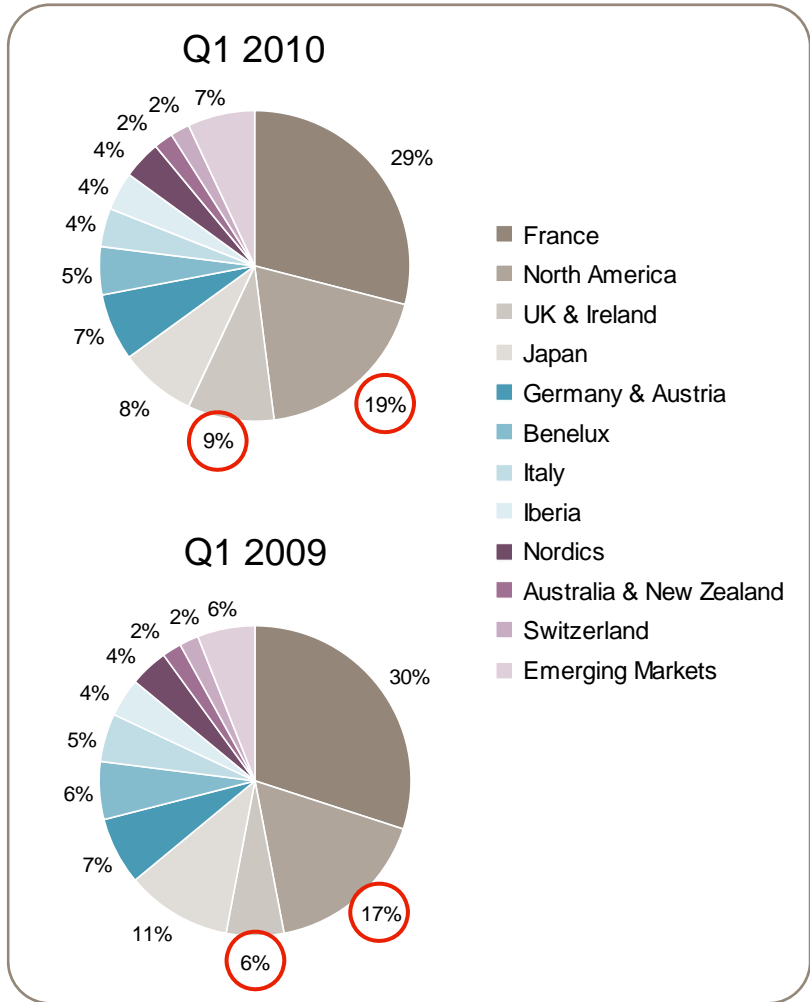
# Strategy & Outlook

Patrick De Maeseneire, Group CEO



# Comparison of geography and business lines split

Based on revenues



# Our short term priorities

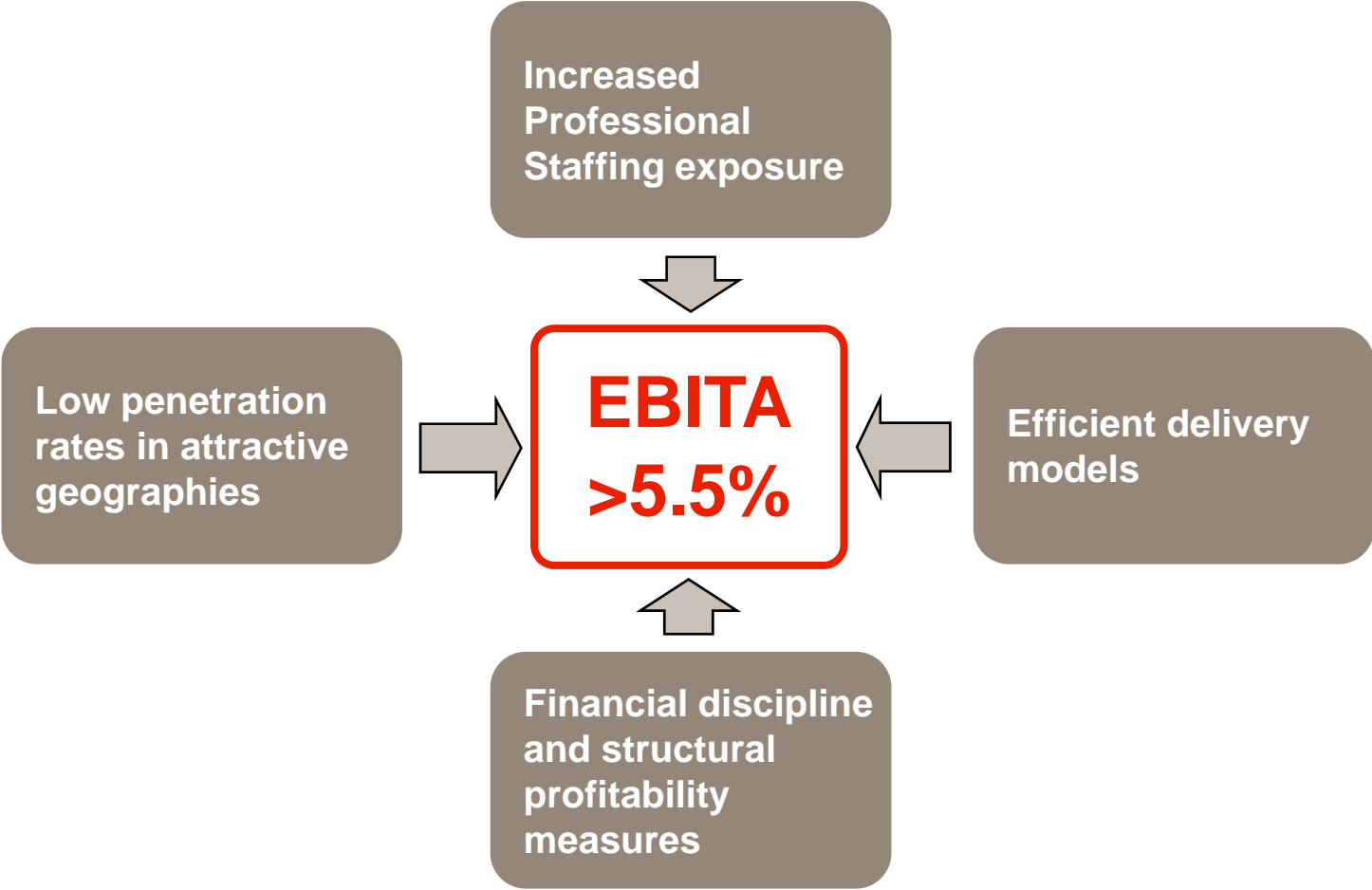


# Our mid-term strategic priorities



# We strive to reach an EBITA margin above 5.5%

In the mid-term

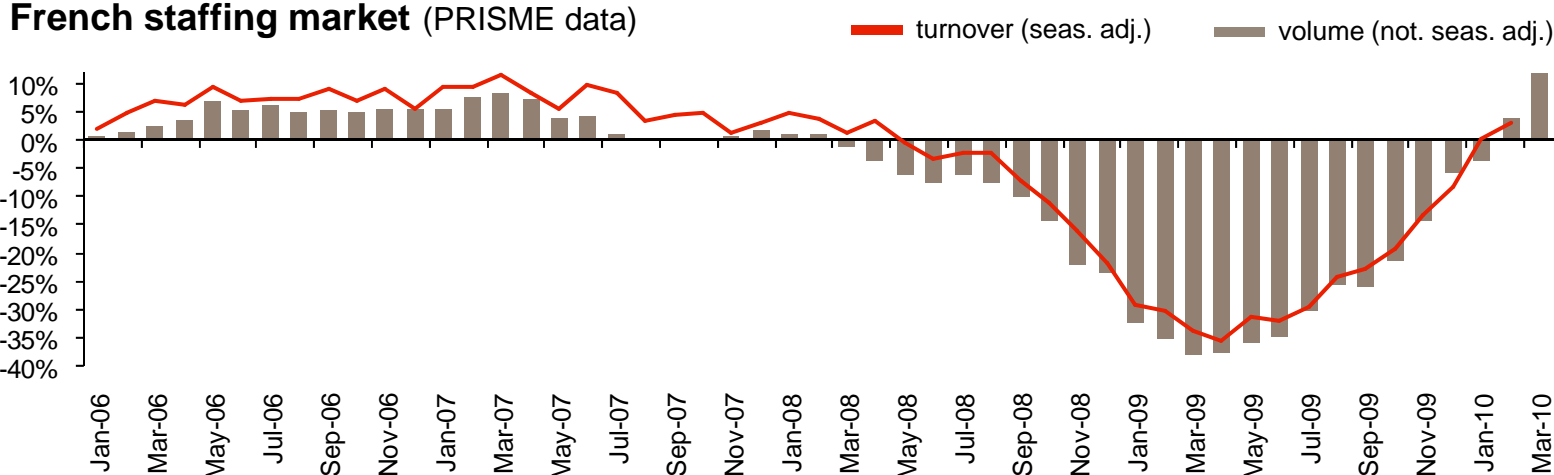
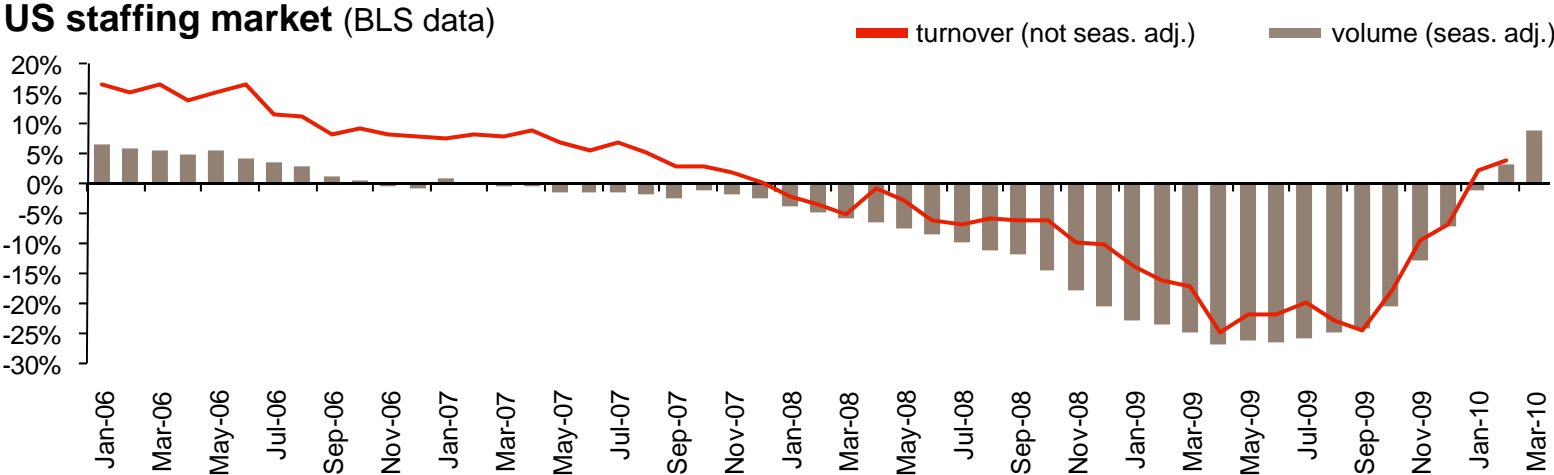


Thank you

# Appendix

# Development of US and French staffing market

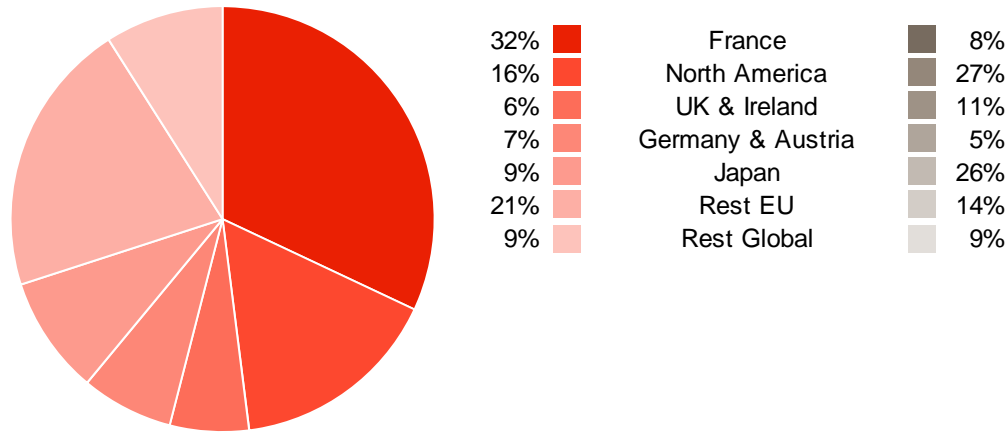
Year-on-year growth



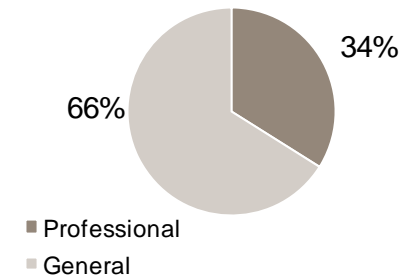
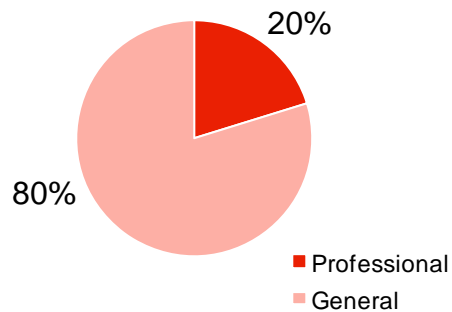
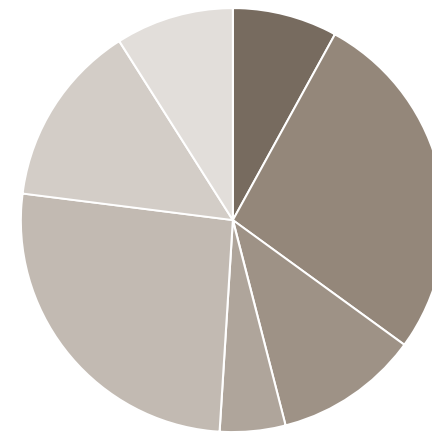
# Market potential for Professional and General staffing

Market size and FY 2009 revenues of Adecco

**Adecco FY 2009 revenues: EUR 14.8 bn**



**Global market 2009: Approx. EUR 185 bn**

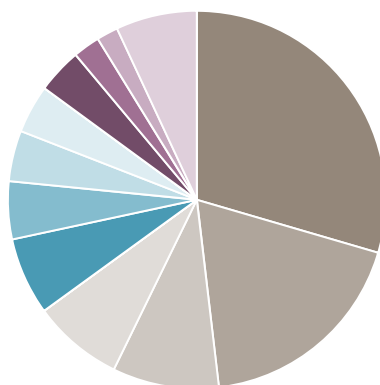


Source: National statistics and Adecco estimates



# Revenues and EBITA by geography

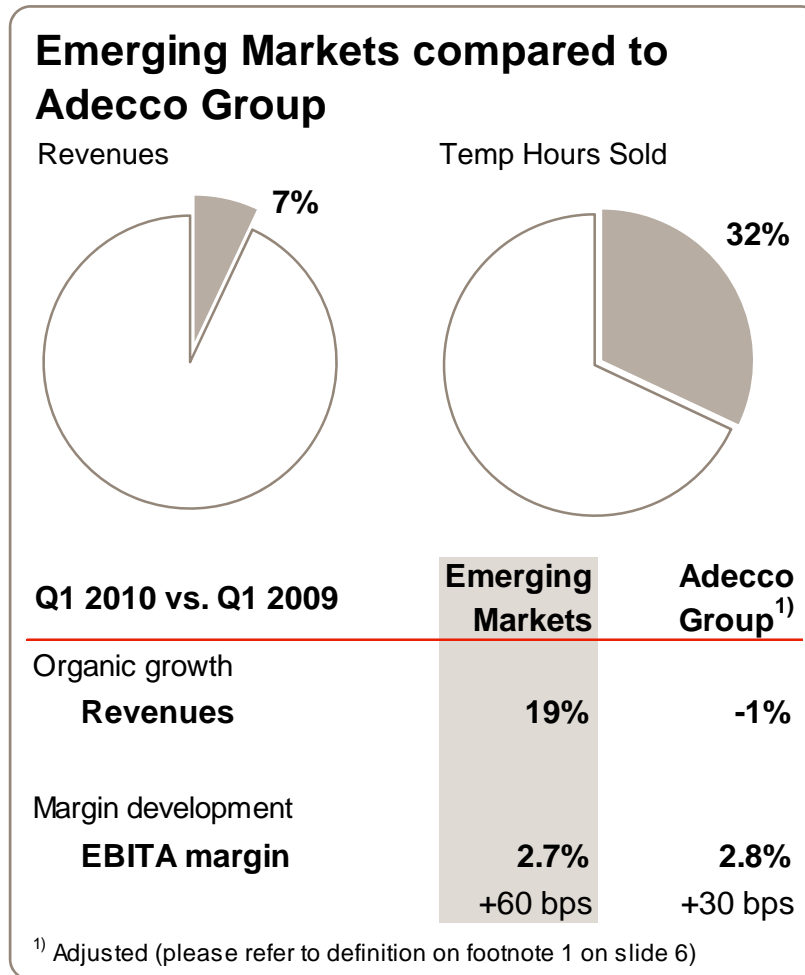
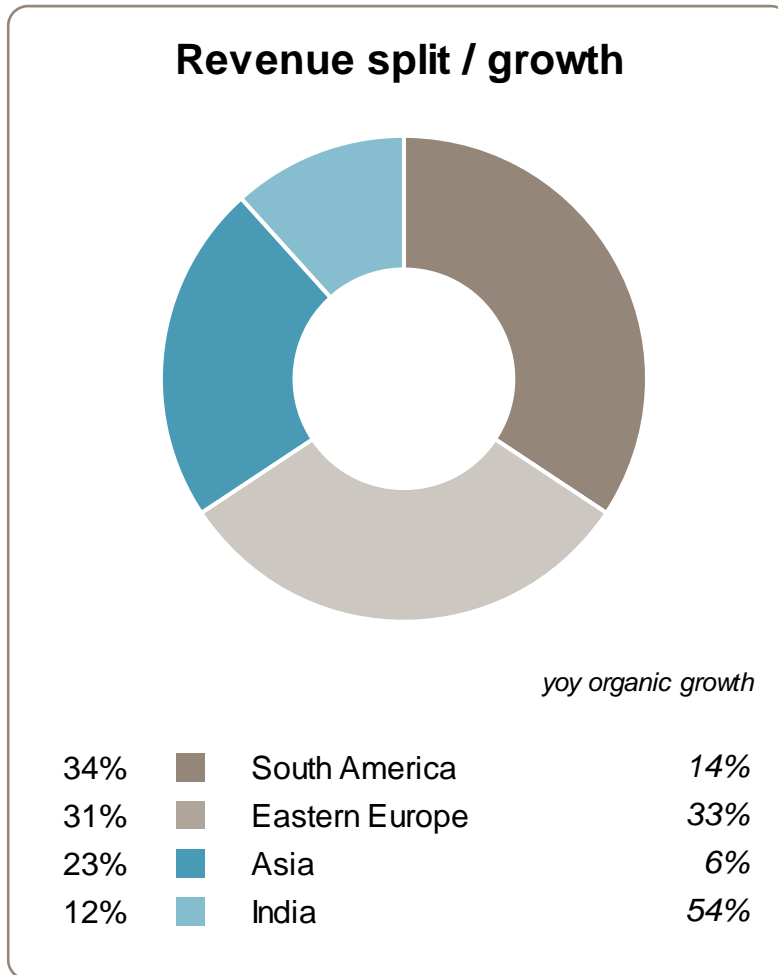
Q1 2010 vs. Q1 2009



	Revenues		EBITA	
	EUR m	organic yoy growth	EUR m	margin
29% ■ France	<b>1,170</b>	6%	<b>32</b>	2.7%
19% ■ North America	<b>737</b>	2%	<b>32</b>	4.3%
9% ■ UK & Ireland	<b>361</b>	-9%	<b>2</b>	0.5%
8% ■ Japan	<b>307</b>	-24%	<b>18</b>	5.7%
7% ■ Germany & Austria	<b>263</b>	-4%	<b>13</b>	5.1%
5% ■ Benelux	<b>196</b>	-6%	<b>8</b>	4.1%
4% ■ Italy	<b>172</b>	1%	<b>5</b>	2.9%
4% ■ Iberia	<b>164</b>	4%	<b>5</b>	3.0%
4% ■ Nordics	<b>153</b>	-6%	<b>5</b>	3.2%
2% ■ Australia & New Zealand	<b>91</b>	2%	<b>2</b>	2.0%
2% ■ Switzerland	<b>73</b>	-17%	<b>5</b>	7.4%
7% ■ Emerging Markets	<b>275</b>	19%	<b>7</b>	2.7%
Corporate			-21	
<b>Adecco Group</b>	<b>3,962</b>	-1%	<b>113</b>	2.8%

# Developments in the Emerging Markets

Q1 2010 revenues by geography



# Revenues – Office and Industrial vs. Professional business lines

In percent, based on dedicated branches in Q1 2010

