



## **Q2 2010 Results**

Adecco Group

Zurich, August 11, 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

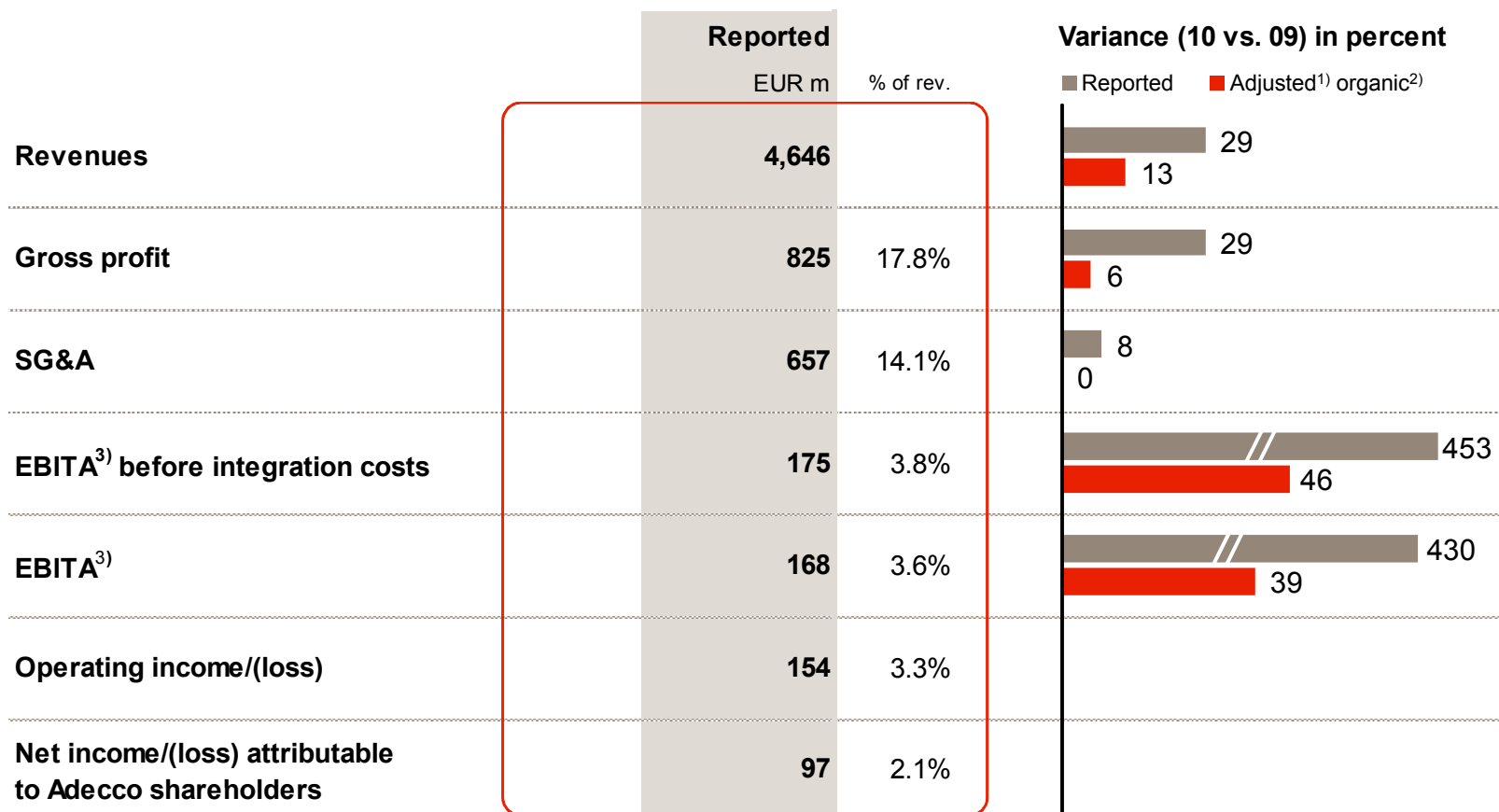
Patrick De Maeseneire, Group CEO

# Highlights

## Q2 2010 and Outlook

- ▶ Revenues up 29% or 13% organically to EUR 4.6 billion
- ▶ Gross margin of 17.8% equal to Q2 2009 and -110 bps organically and adjusted
- ▶ EBITA before integration costs of EUR 175 million, up 46% organically and adjusted
- ▶ Revenue growth in June +16% adjusted for business days and organically
- ▶ Revenue growth in July developed in line with June

# Q2 2010 results summary



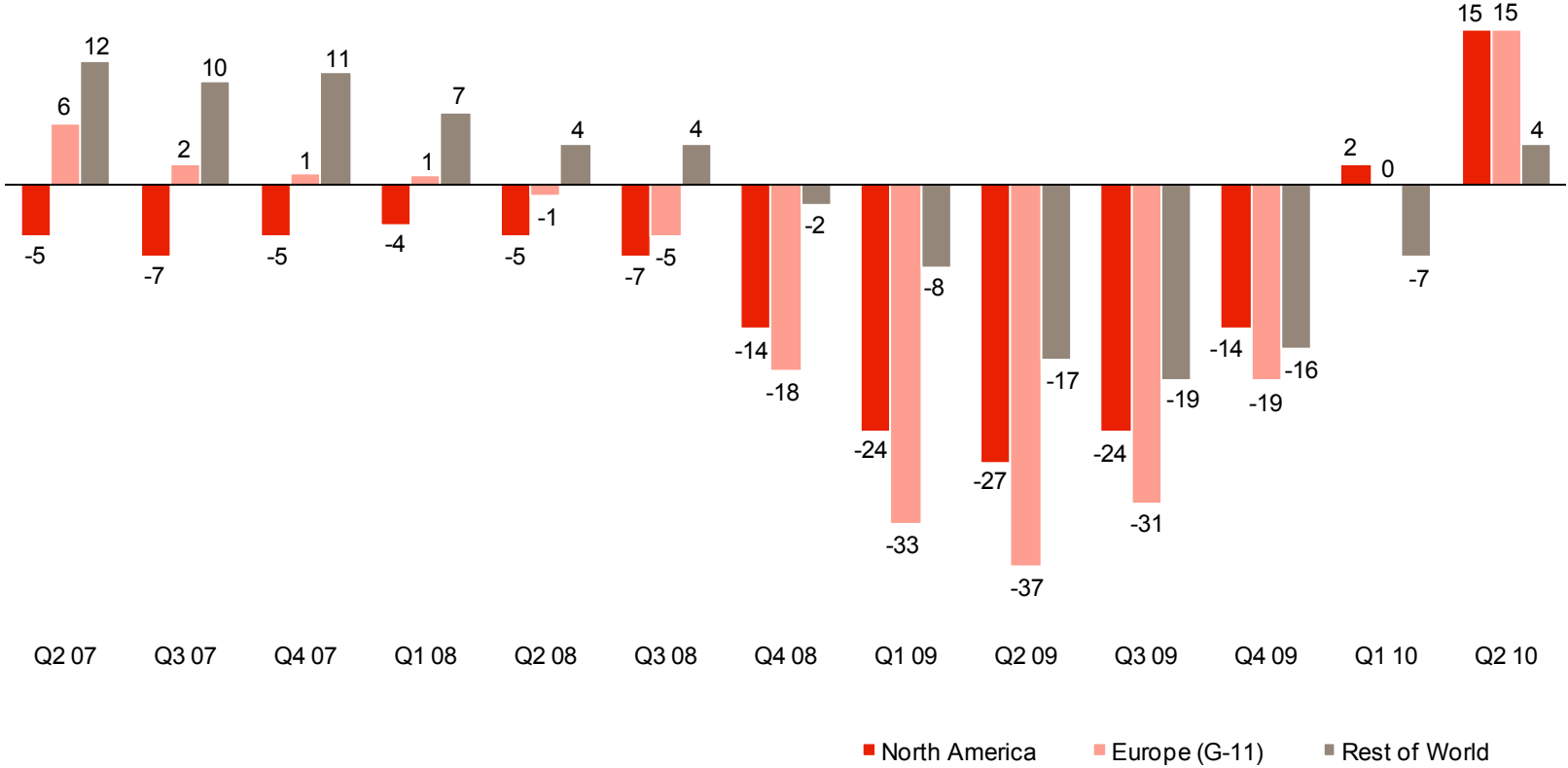
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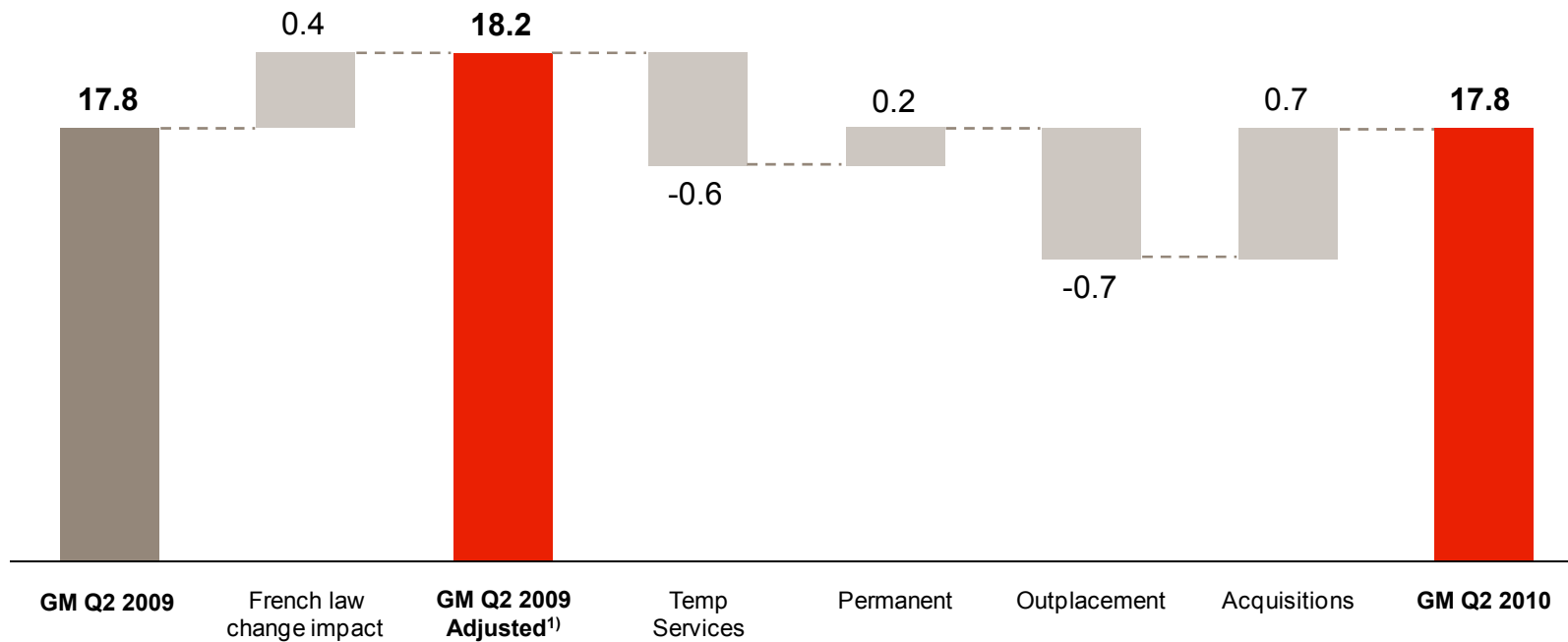
# Revenue development by region

Organic year-on-year change in percent



# Q2 2010 gross margin drivers

In percent of revenues

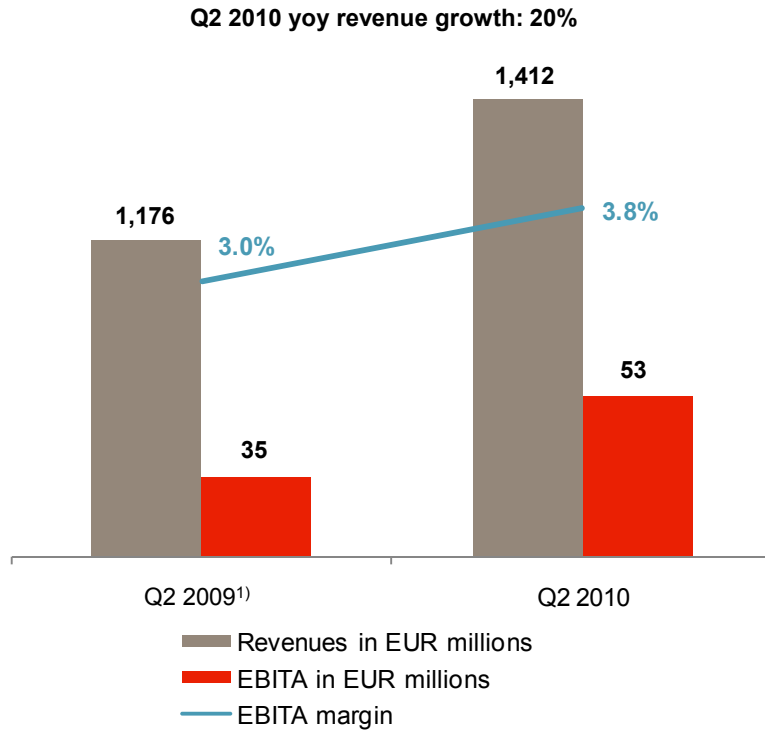


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# France

30% of group revenues in Q2 2010



Strong revenue growth of 20% (6% in Q1 10), mainly driven by automotive, chemicals and manufacturing

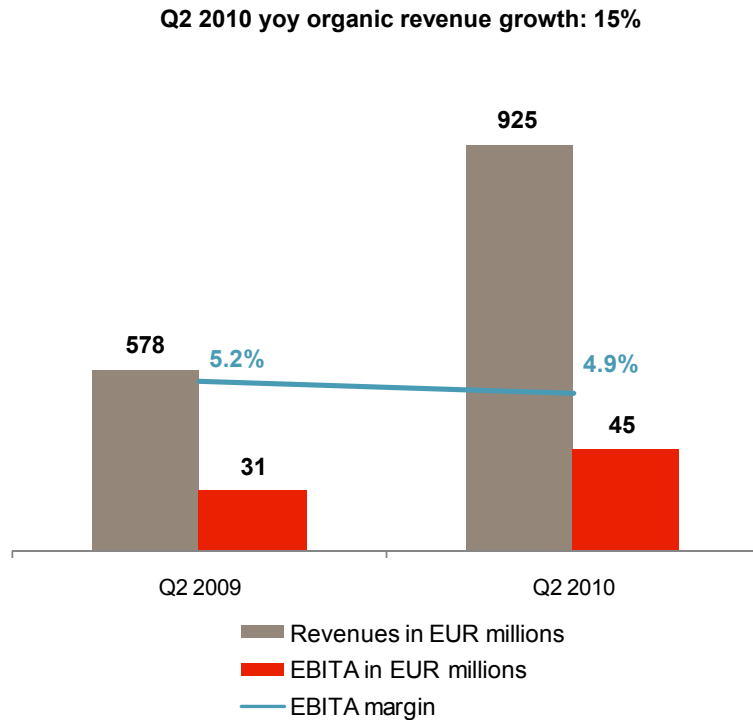
Pricing stabilised sequentially

Revenue growth in June +23%, adjusted for business days

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# North America

20% of group revenues in Q2 2010



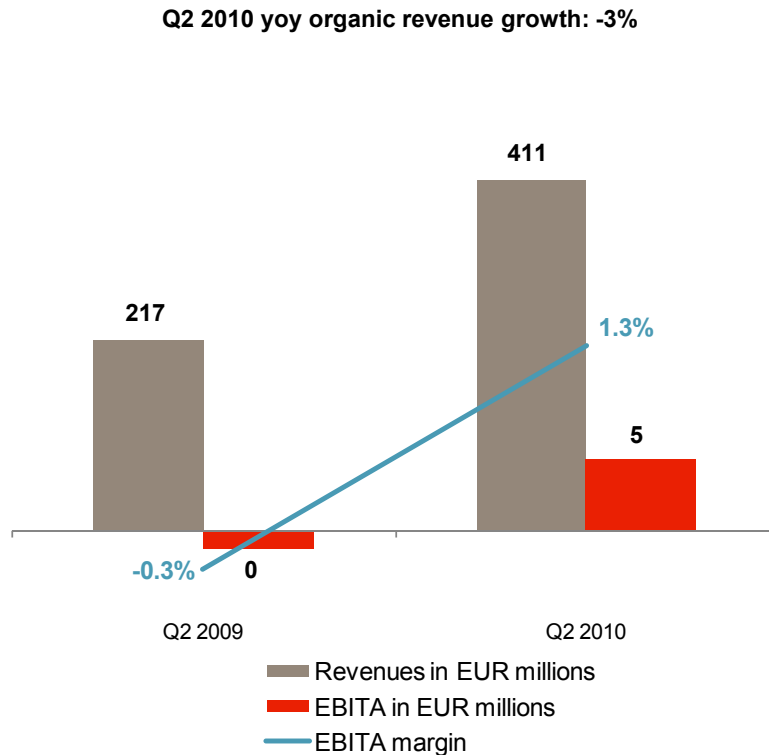
Revenues up 51% in constant currency (24% in Q1 10), driven by automotive, consumer goods, technology and acquisitions

Excluding the declining outplacement business, revenues were up 21% organically in Q2 (7% in Q1 10) and up 25% adjusted for business days in June

Integration costs related to MPS amounted to EUR 3 million in Q2 10

# UK & Ireland

9% of group revenues in Q2 2010



Revenues up 84% in constant currency and down 3% organically (-9% in Q1 10); improving trends in financials, healthcare and automotive

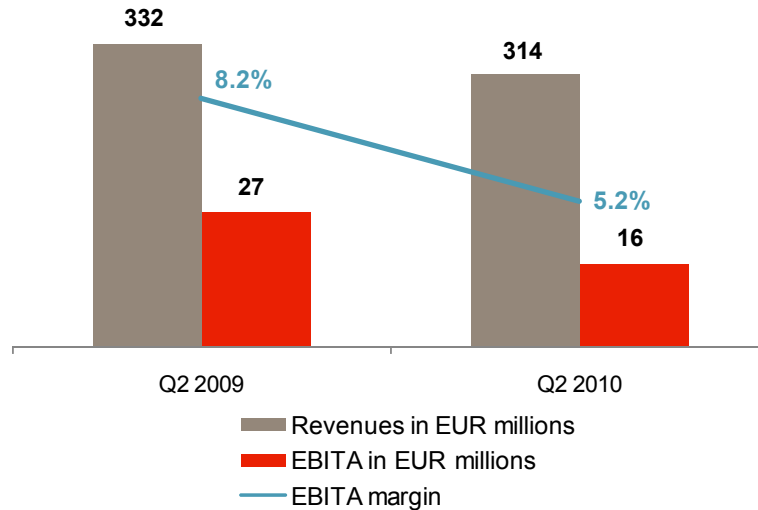
Improved profitability of 1.3% (0.5% in Q1 10) despite EUR 4 million integration costs

Permanent placement revenues +37% organically

# Japan

7% of group revenues in Q2 2010

Q2 2010 yoy constant currency revenue growth: -14%



Revenues down 14% in constant currency (-24% in Q1 10)

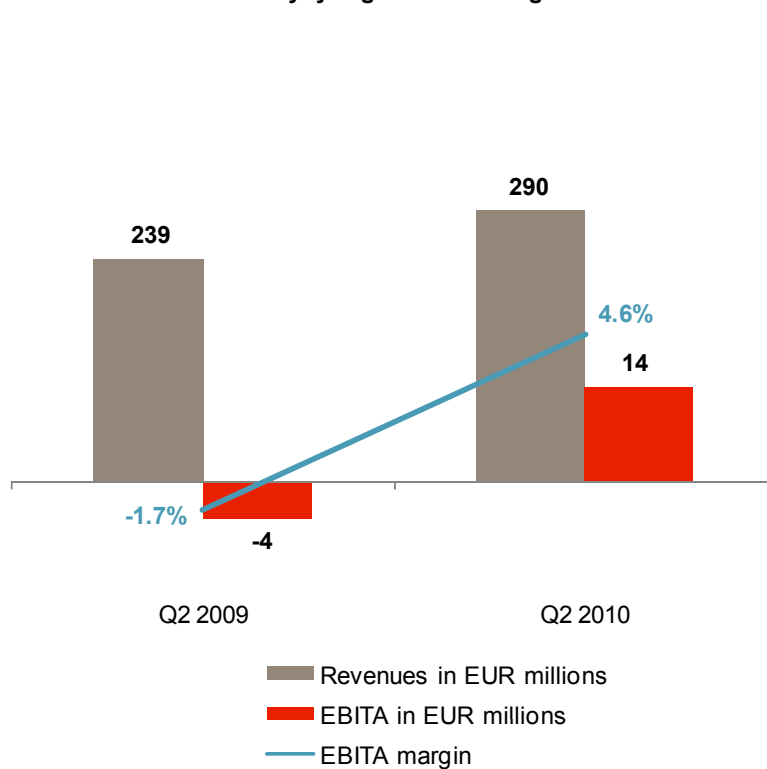
Demand remained stable sequentially; no signs of a material pick-up yet

Solid profitability thanks to tight cost control

# Germany & Austria

6% of group revenues in Q2 2010

Q2 2010 yoy organic revenue growth: 20%



Revenues organically up 20% (-4% in Q1 10), driven by automotive and industrials



The later-cyclical Professional Staffing brand DIS returned to positive revenue growth in Germany in Q2 10

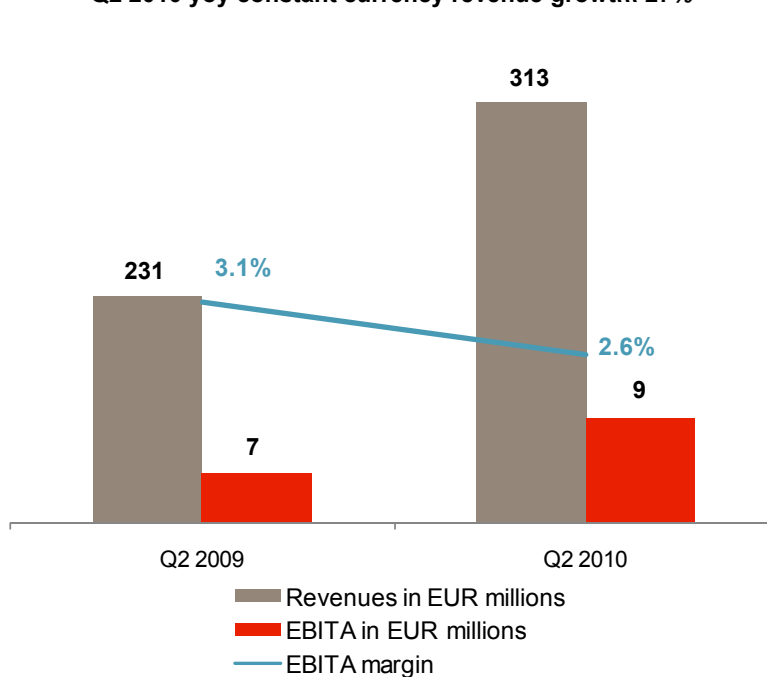


Significantly improved profitability

# Emerging Markets

7% of group revenues in Q2 2010

Q2 2010 yoy constant currency revenue growth: 27%



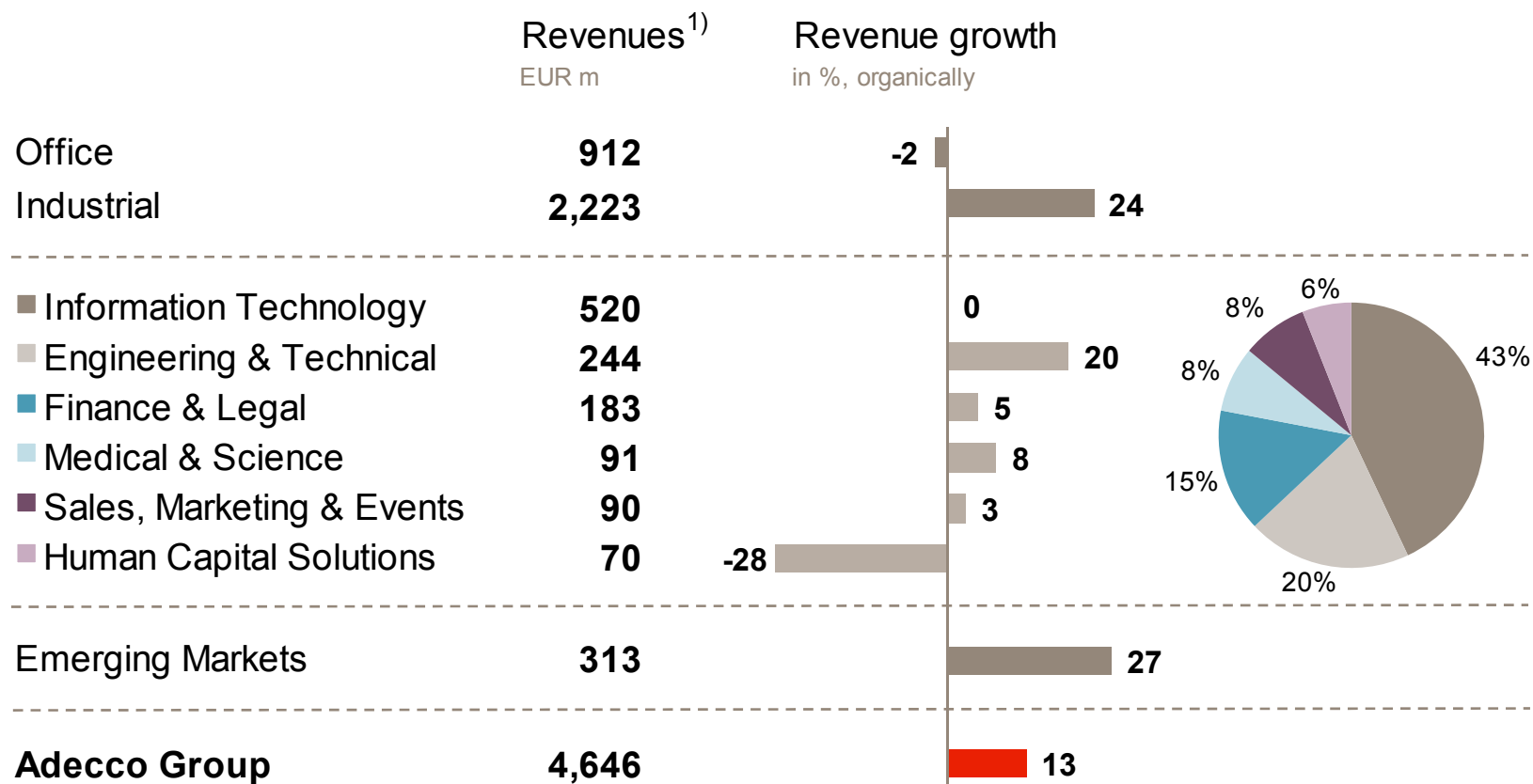
Revenues up 27% in constant currency, following +19% in Q1 10

Good sales momentum driven by growth in South America, Eastern Europe and India

Continued investments given vast growth potential

# Revenue development by business lines

Q2 2010 vs. Q2 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



# Q2 2010 Results in detail – P&L

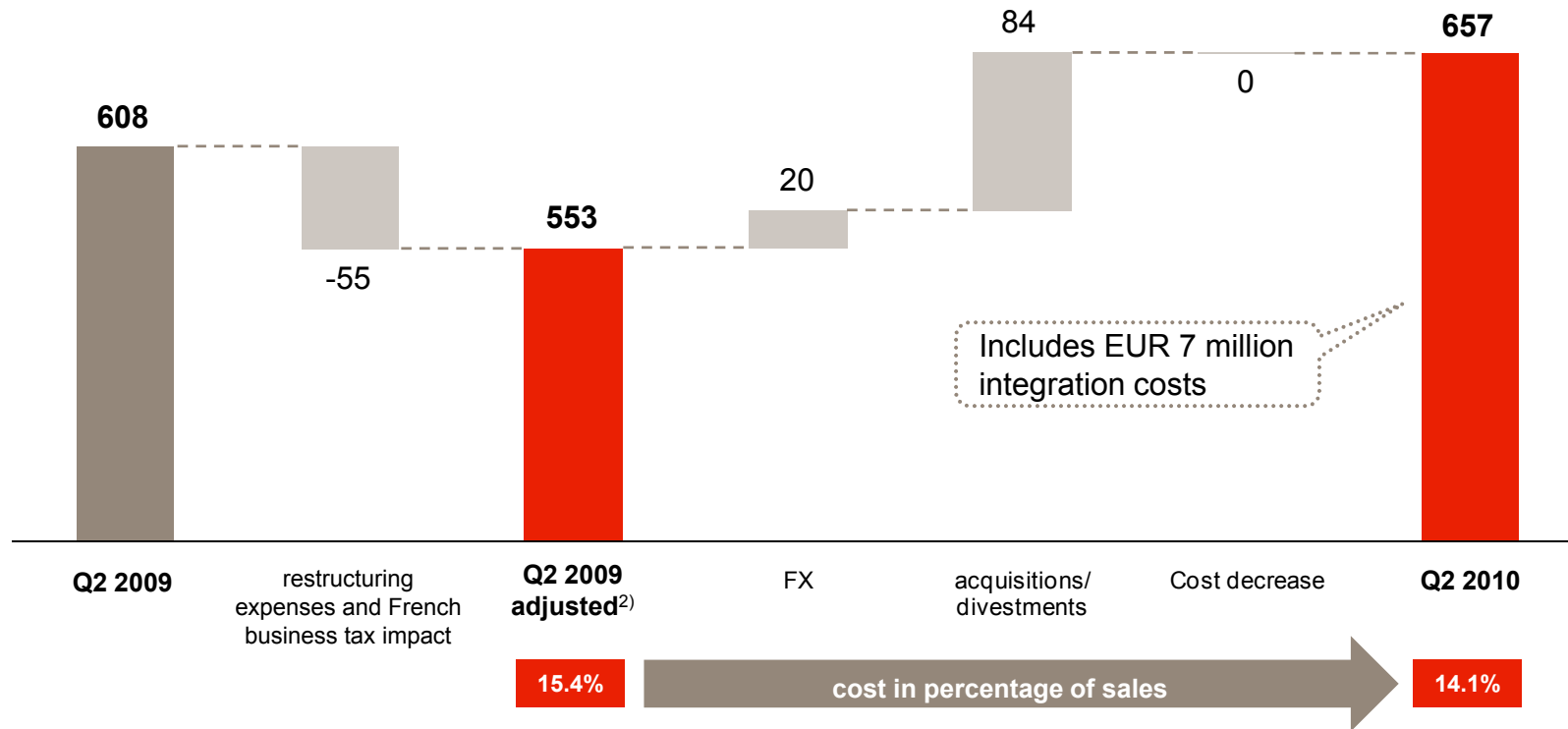
In EUR millions

	Q2 2010	Q2 2009	Variance %		H1 2010	H1 2009	Variance %	
			EUR	Constant Currency			EUR	Constant Currency
Revenues	4,646	3,591	29%	25%	8,608	7,294	18%	16%
Direct costs of services	(3,821)	(2,951)			(7,071)	(5,968)		
<b>Gross profit</b>	<b>825</b>	<b>640</b>	29%	24%	<b>1,537</b>	<b>1,326</b>	16%	14%
<i>Gross margin</i>	<i>17.8%</i>	<i>17.8%</i>			<i>17.9%</i>	<i>18.2%</i>		
Selling, general and administrative expenses	(657)	(608)	8%	5%	(1,256)	(1,251)	0%	-1%
<i>As a percentage of revenues</i>	<i>14.1%</i>	<i>16.9%</i>			<i>14.6%</i>	<i>17.2%</i>		
<b>EBITA<sup>1)</sup></b>	<b>168</b>	<b>32</b>	430%	366%	<b>281</b>	<b>75</b>	276%	269%
<i>EBITA<sup>1)</sup> margin</i>	<i>3.6%</i>	<i>0.9%</i>			<i>3.3%</i>	<i>1.0%</i>		
Amortisation of intangible assets	(14)	(13)			(27)	(26)		
Impairment of goodwill and intangible assets		(192)				(192)		
<b>Operating income/(loss)</b>	<b>154</b>	<b>(173)</b>	n.m.	n.m.	<b>254</b>	<b>(143)</b>	n.m.	n.m.
<i>Operating income/(loss) margin</i>	<i>3.3%</i>	<i>-4.8%</i>			<i>3.0%</i>	<i>-2.0%</i>		
Interest expense	(16)	(15)			(31)	(24)		
Other income / (expenses), net	2	1			1	4		
<b>Income/(loss) before income taxes</b>	<b>140</b>	<b>(187)</b>	n.m.		<b>224</b>	<b>(163)</b>	n.m.	
Provision for income taxes	(43)	40			(70)	39		
<b>Net income/(loss)</b>	<b>97</b>	<b>(147)</b>	n.m.		<b>154</b>	<b>(124)</b>	n.m.	
Net income attributable to noncontrolling interests								
<b>Net income/(loss) attributable to Adecco shareholders</b>	<b>97</b>	<b>(147)</b>	n.m.		<b>154</b>	<b>(124)</b>	n.m.	
<i>Net income/(loss) margin attributable to Adecco shareholders</i>	<i>2.1%</i>	<i>-4.1%</i>			<i>1.8%</i>	<i>-1.7%</i>		

1) EBITA is a non US GAAP measure and refers to operating income/(loss) before amortisation and impairment of goodwill and intangible assets

# Q2 2010 SG&A movements

In EUR millions



1) Organically

2) Adjusted is a non US GAAP measure excluding in Q2 2009 the negative impact on SG&A of EUR 54 million related to restructuring costs and, for better comparison, excluding in Q2 2009 the French business tax of EUR 1 million in SG&A as this business tax component is 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

	Jun 30 2010	Dec 31 2009
<b>Assets</b>		
Cash and cash equivalents	433	1,458
Short-term Investments	5	2
Trade accounts receivable, net	3,402	2,560
Other current assets	398	331
Property, equipment, and leasehold improvements, net	281	245
Other assets	314	276
Goodwill and intangible assets, net	3,999	2,959
<b>Total assets</b>	<b>8,832</b>	<b>7,831</b>
<b>Liabilities and shareholders' equity</b>		
Accounts payable and accrued expenses	3,291	2,716
Short- and long-term debt	1,507	1,570
Other liabilities	613	431
Total Adecco shareholders' equity	3,419	3,112
Noncontrolling interests	2	2
<b>Total liabilities and shareholders' equity</b>	<b>8,832</b>	<b>7,831</b>
Net Debt*	1,069	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.

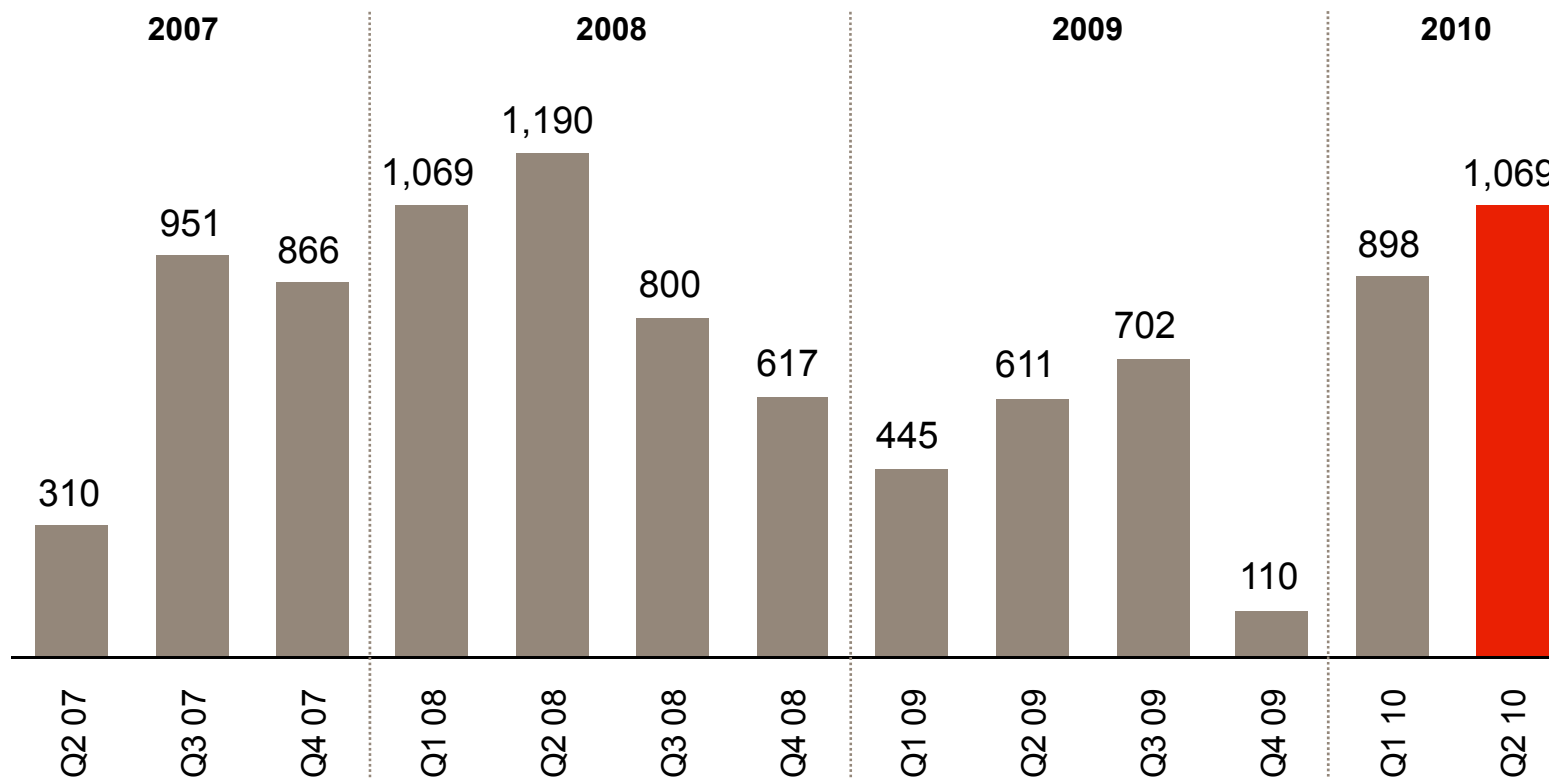
# Cash-flow statement

In EUR millions

	Q2		H1	
	2010	2009	2010	2009
Net income/(loss)	97	(147)	154	(124)
Adjustments to reconcile net income/(loss) to cash flows from operating activities:				
– Depreciation and amortisation	35	34	68	67
– Impairment of goodwill and intangible assets		192		192
– Other charges	20	(15)	23	(27)
Changes in operating assets and liabilities, net of acquisitions:				
– Trade accounts receivable	(364)	53	(466)	584
– Accounts payable and accrued expenses	132	(13)	210	(422)
– Other assets and liabilities	44	(27)	41	12
<b>Cash flows from operating activities</b>	<b>(36)</b>	<b>77</b>	<b>30</b>	<b>282</b>
<b>Cash flows from/(used in) investing activities</b>	<b>(29)</b>	<b>(64)</b>	<b>(874)</b>	<b>(99)</b>
<b>Cash flows from/(used in) financing activities</b>	<b>(163)</b>	<b>183</b>	<b>(222)</b>	<b>158</b>
Effect of exchange rate changes on cash	19	(6)	41	7
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(209)</b>	<b>190</b>	<b>(1,025)</b>	<b>348</b>

# Net debt\* development since Q2 2007

In EUR millions



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# Integration update

## Spring Group & MPS Group

- ▶ The integration of both Spring and MPS is well on track
- ▶ On MPS: decisions on lead brands have been made and communicated
- ▶ On Spring: front-office systems in professional staffing integrated, back-offices by year-end
- ▶ 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

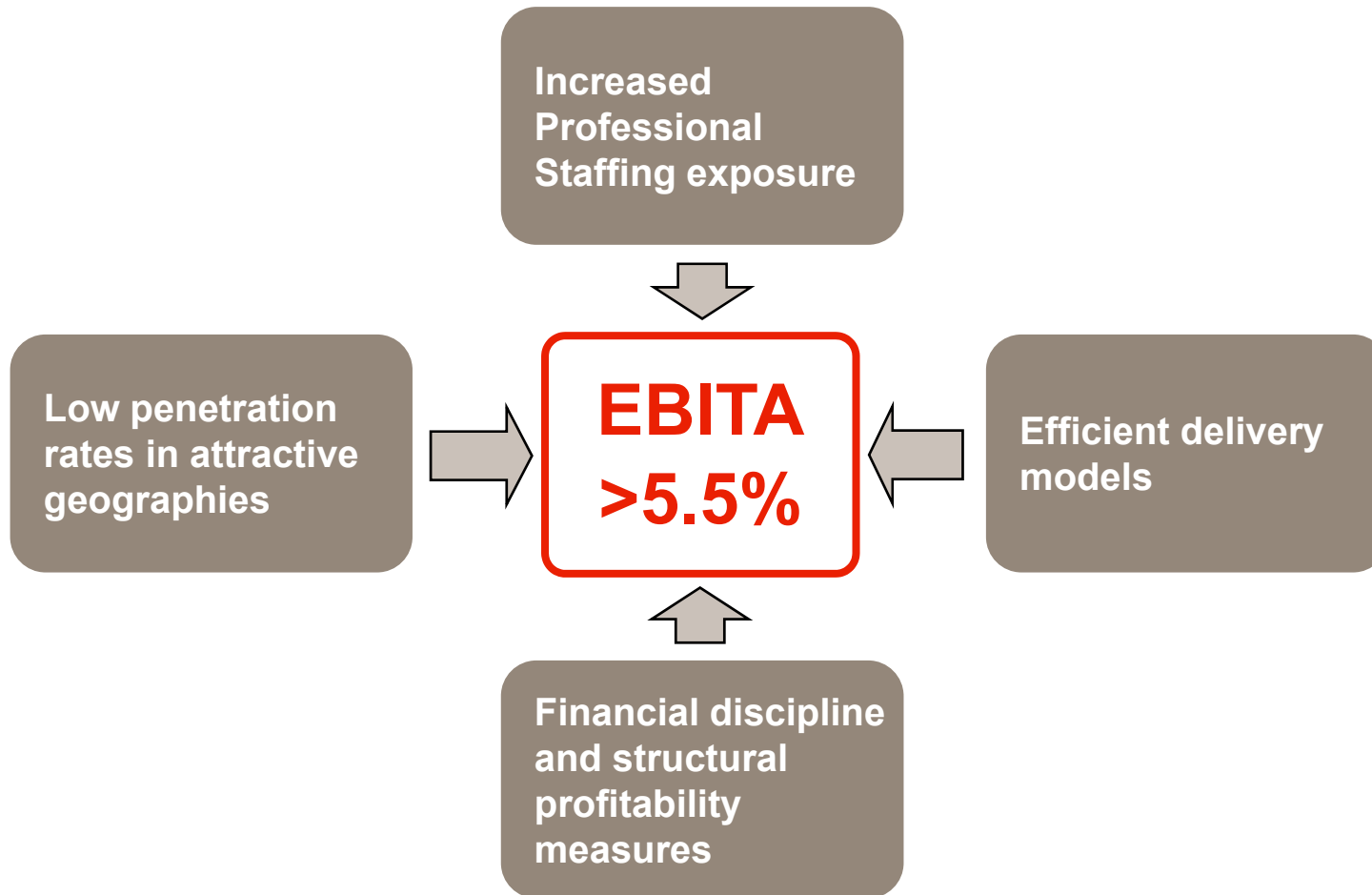
# Strategy & Outlook

Patrick De Maeseneire, Group CEO



# We strive to reach an EBITA margin above 5.5%

In the mid-term

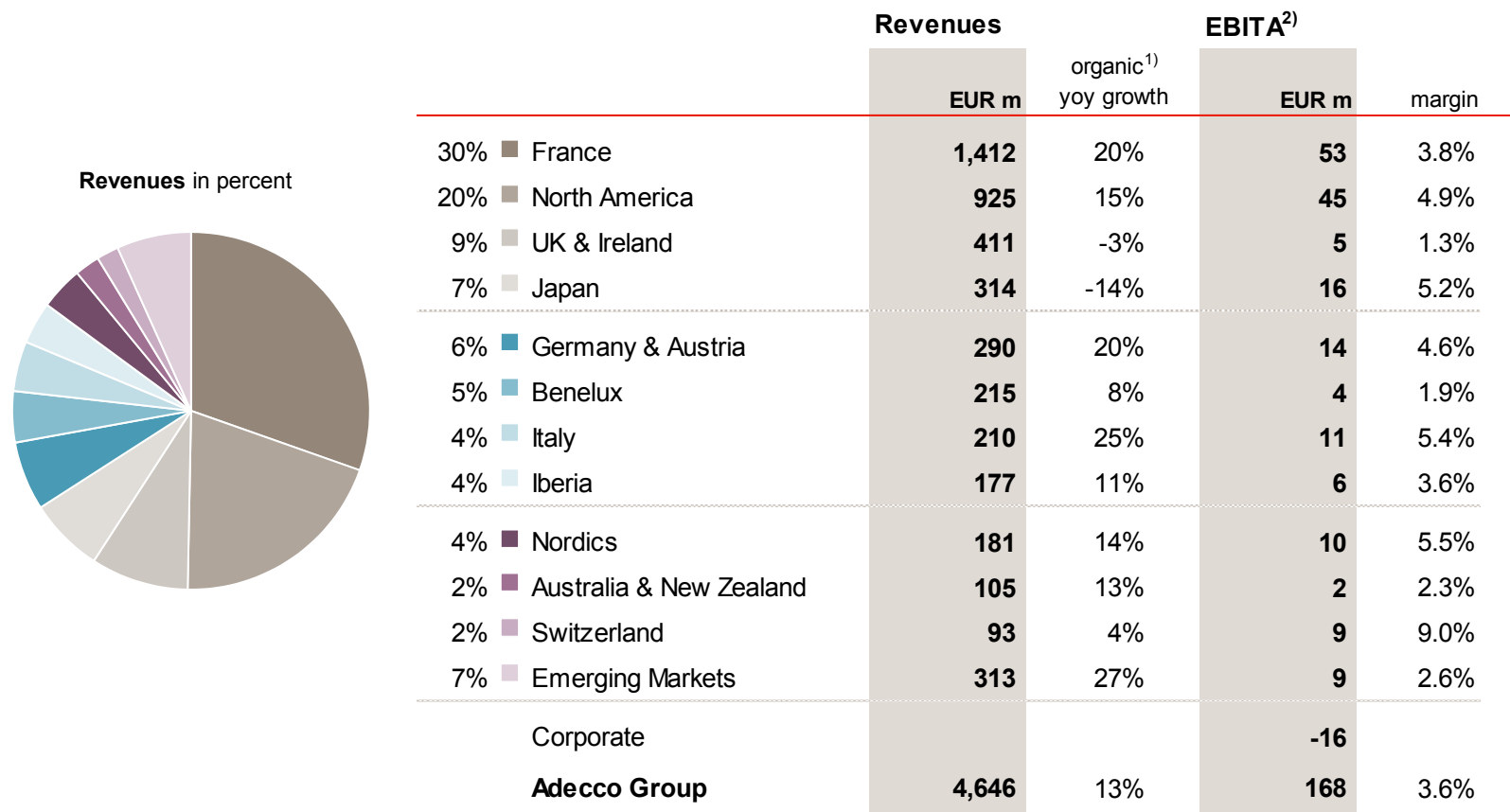


Thank you

# Appendix

# Revenues and EBITA by geography

Q2 2010 vs. Q2 2009

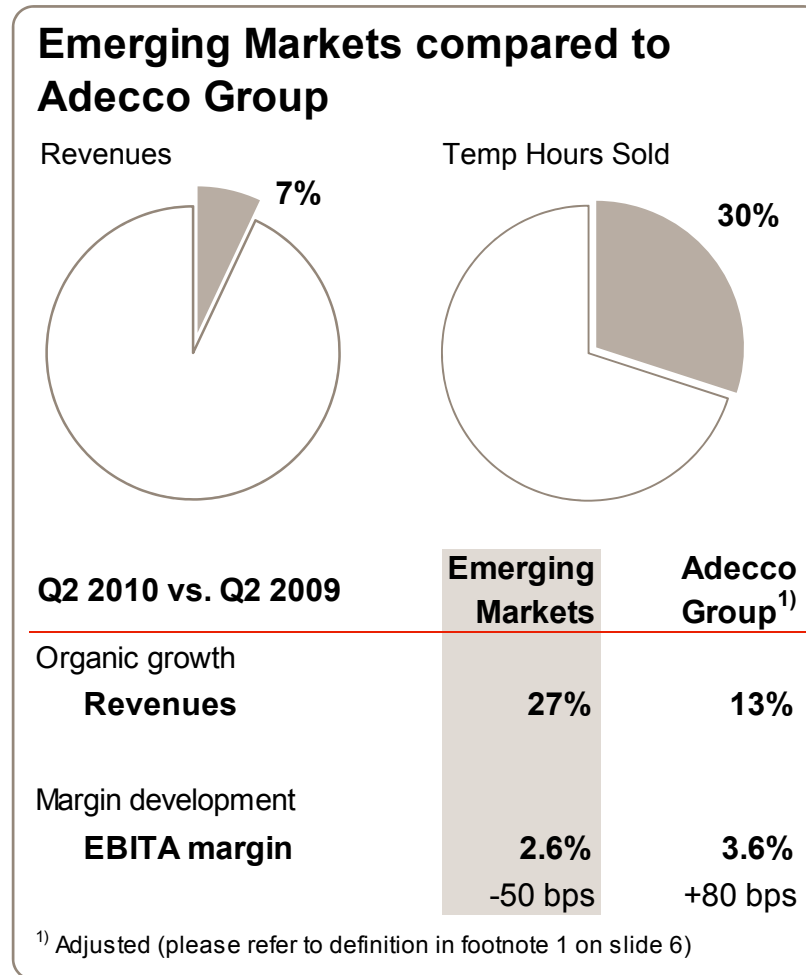
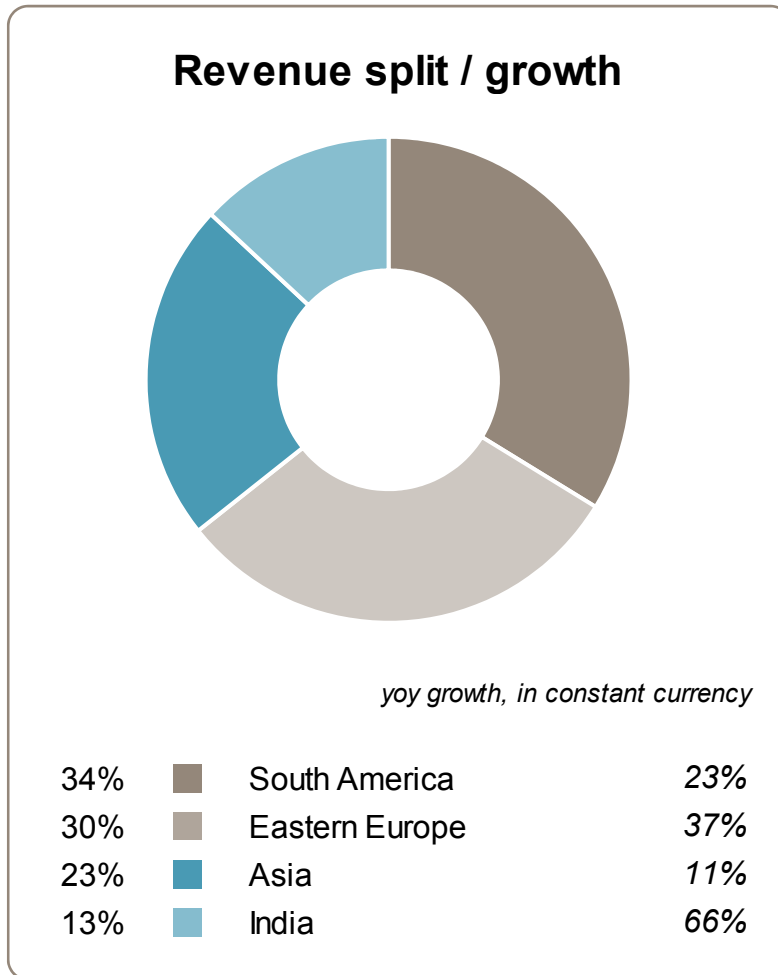


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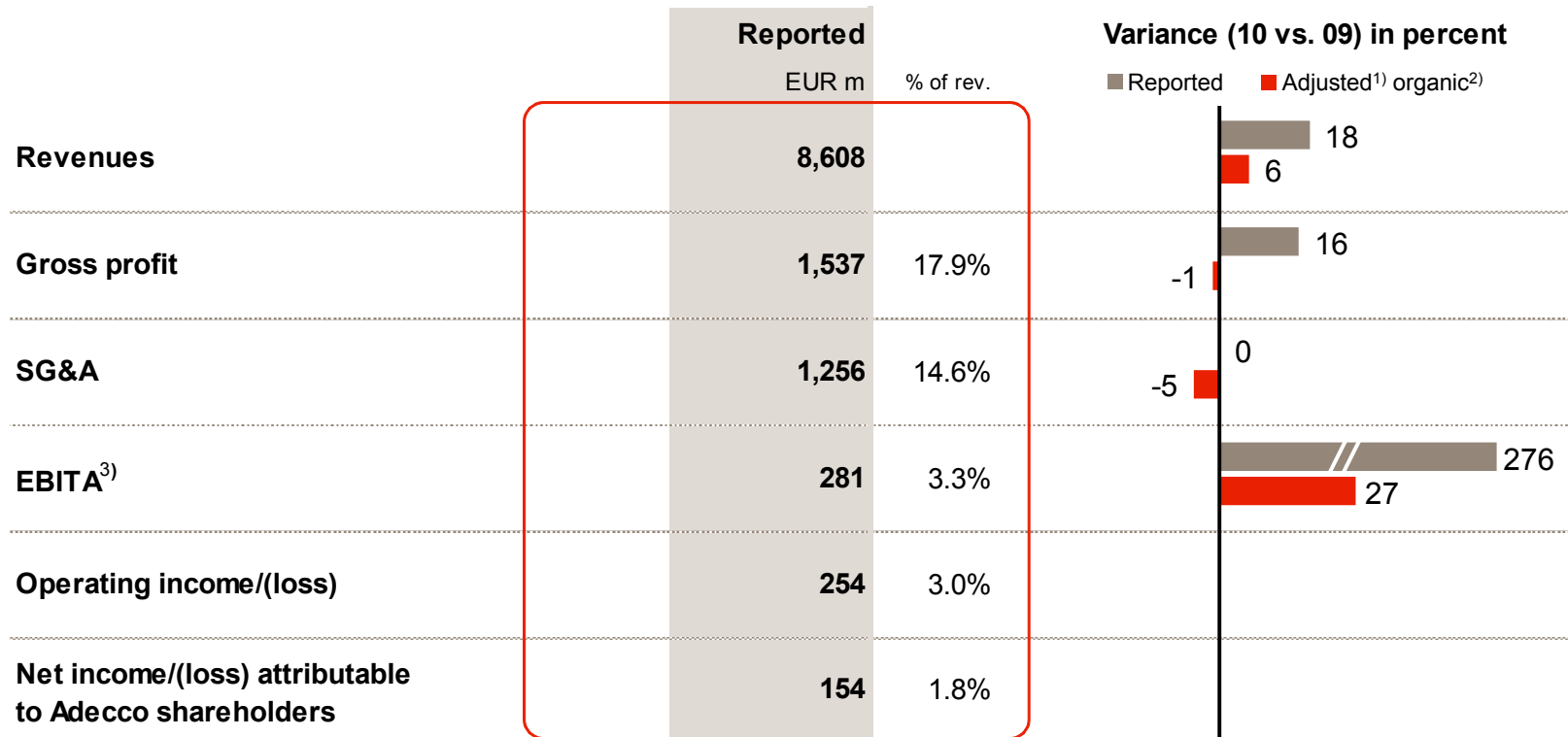
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# Developments in the Emerging Markets

Q2 2010 revenues by geography



# H1 2010 results summary



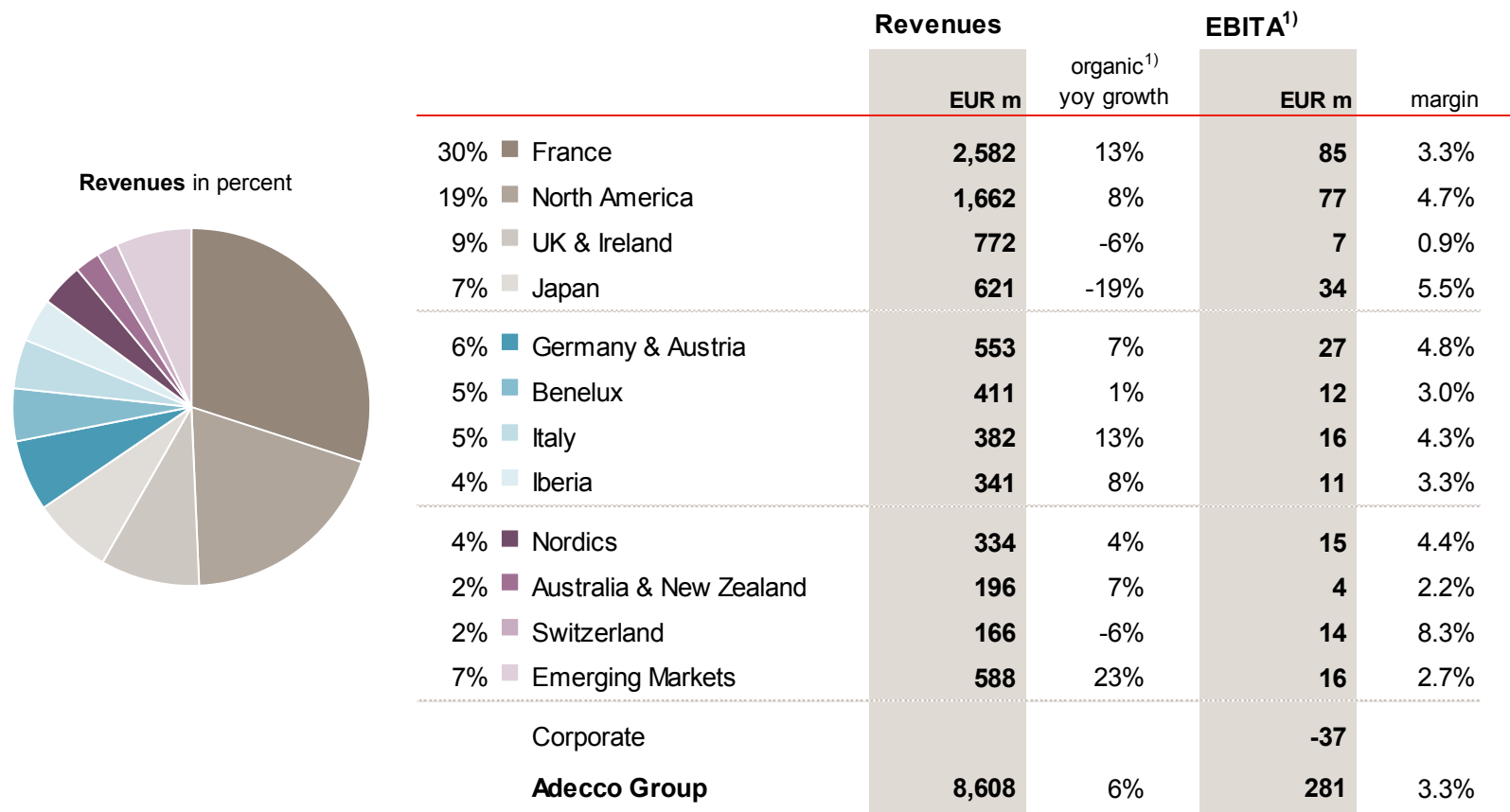
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# Revenues and EBITA by geography

H1 2010 vs. H1 2009



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# Revenues – Office and Industrial vs. Professional business lines

In percent, based on dedicated branches in Q2 2010

