



THE ADECCO GROUP

Q1 2017 results

9 May 2017

Disclaimer & 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.

'Free cash flow' comprises cash flows from operating activities less capital expenditures.

'Cash conversion' is calculated as last 4 quarters of free cash flow before interest and tax paid (FCFBIT) divided by last 4 quarters of EBITA excluding one-offs.

'Conversion ratio' is calculated as EBITA excluding one-offs divided by gross profit.

'Net debt to EBITDA' is calculated as net debt at period end divided by last 4 quarters of EBITA excluding one-offs plus depreciation.

Agenda

- Highlights Q1 2017 - Alain Dehaze, Group CEO
- Financial Performance - Hans Ploos van Amstel, Group CFO
- Strategic and Operational Progress - Alain Dehaze, Group CEO
- Questions & Answers



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Highlights Q1 2017

Alain Dehaze
Group CEO

Key highlights in the Q1 2017 results

Q1 2017 & outlook

- Revenue growth momentum has been maintained, up 6% organically and trading days adjusted
- Underlying gross margin trends remain similar to last year
- Productivity further improved, with SG&A excluding one-offs up only 2% and FTE employees up 1% organically
- Strong cash flow generation supported by reduction in DSO
- Revenues in March & April 2017 up 5 - 6%, organically and trading days adjusted

Strategic progress

- Good progress on implementing our six priorities
- Continued investment in our strategic initiatives
- Launch of Adia, an end-to-end online staffing platform for SMEs



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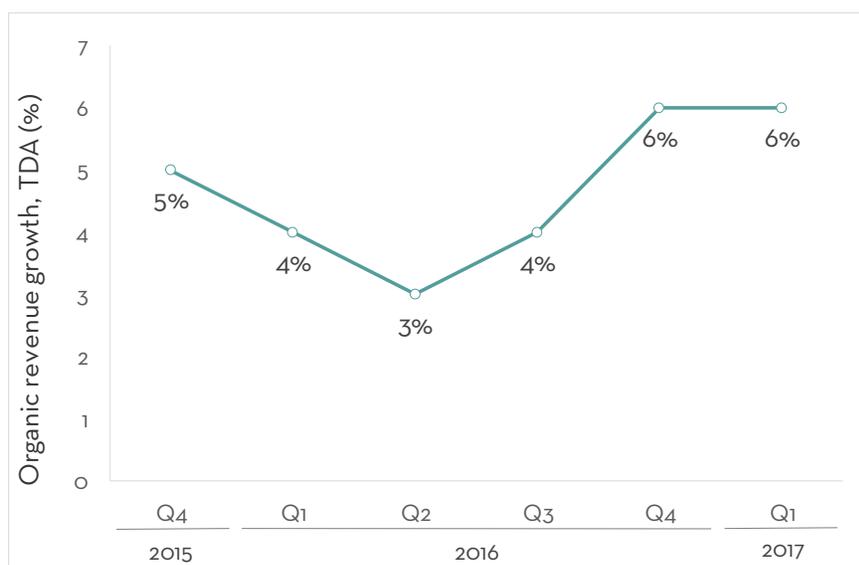
Financial performance

Hans Ploos van Amstel

Group CFO

Revenue growth momentum has been maintained

Group revenue growth



- Continuation of revenue momentum
- Growth was driven by strength in Italy and by a continuation of the market improvement in France that started in H2 2016

Segment revenue growth

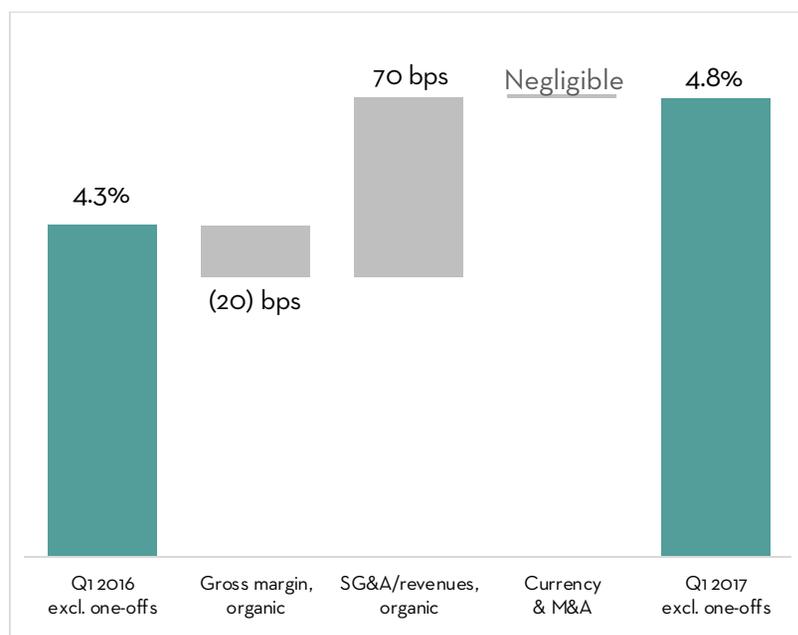
	Organic revenue growth, trading days adjusted	
	Q1 2017	vs market
France	8%	-
NA, UK&I General Staffing	3%	- / +
NA, UK&I Professional Staffing	3%	+ / +
Germany, Austria, Switzerland	1%	- / =
Benelux and Nordics	4%	- / +
Italy	26%	+
Japan	3%	=
Iberia	6%	=
Rest of World	5%	=
Lee Hecht Harrison	1%	+
Adecco Group	6%	

+ above market, = in-line with market, - below market

- Every business segment achieved positive organic growth
- Outperformance in UK & Ireland, Nordics, Italy and LHH

EBITA margin leadership strengthened while investing for the future

Group EBITA margin YoY



- In gross margin, negative price/mix effects more than offset favourable timing of bank holidays compared to last year
- SG&A/revenues improved through good leverage

Segment EBITA margins YoY

	EBITA margin excluding one-offs	
	Q1 2017	Variance
France	6.0%	30 bps
NA, UK&I General Staffing	3.2%	(20) bps
NA, UK&I Professional Staffing	5.6%	20 bps
Germany, Austria, Switzerland	5.5%	180 bps
Benelux and Nordics	3.6%	140 bps
Italy	7.0%	0 bps
Japan	7.4%	70 bps
Iberia	3.9%	50 bps
Rest of World	3.0%	50 bps
Lee Hecht Harrison	29.1%	(240) bps
Adecco Group	4.8%	50 bps

- France up 90 bps underlying (excluding 60 bps favourable item in Q1 2016 related to prior year social security charges)
- Germany, Austria, Switzerland and Benelux and Nordics benefited in Q1 2017 from a favourable bank holiday effect

Continuation of gross margin trend; good productivity

Gross margin YoY

bps	FY 2016	Q1 2017
Reported	(20)	(20)
Acquisitions/divestments	10	(10)
Currency	10	10
Organic	(40)	(20)
Temporary staffing	(40)	(20)
Permanent placement	0	0
Career Transition	0	(10)
Other	0	10

- Q1 2017 temporary staffing gross margin organic decline was -20 bps, or approx. -40 bps on an underlying basis
- Underlying decline attributed to price and mix effects in temporary staffing, similar to the trend seen in 2016

SG&A productivity



- Full-time equivalent (FTE) employees up 1%
- SG&A growth includes investment in strategic initiatives
- Conversion ratio strong at 25.4% excluding one-offs

Strong cash conversion and further reduction in net debt

Cash conversion

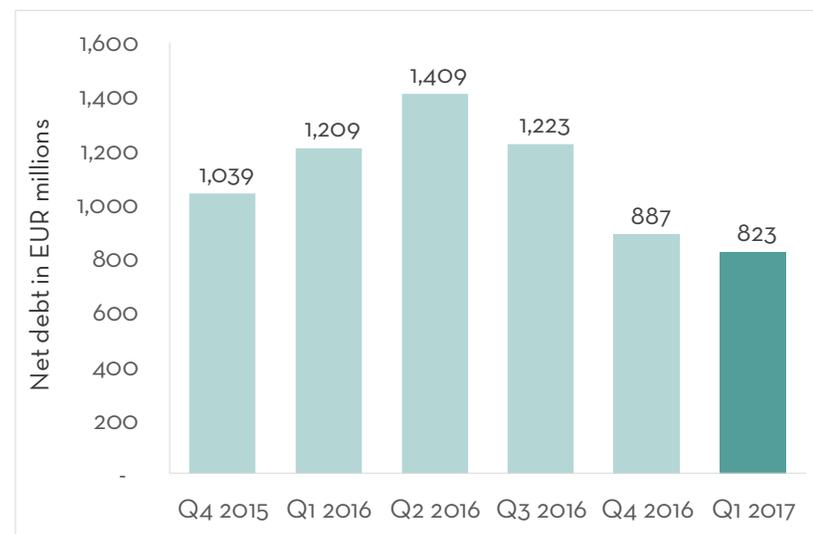
- Strong cash flow generation
- Cash flows from operations of EUR 115 million in Q1 2017 vs. cash used in operations of EUR 42 million in Q1 2016
- For Q1 2017, cash conversion was 92% vs. 83% in FY 2016

Share buyback

- Share buyback programme of up to EUR 300 million launched in March 2017
- As of 30 April 2017, we had acquired 459,700 shares under this programme for EUR 31 million

Net debt

- Net debt EUR 823 million at end of March 2017, vs. EUR 887 million at year end 2016 (EUR 1,209 million end of March 2016)
- Net debt to EBITDA excluding one-offs 0.7x at end of March 2017 vs 1.0x at end of March 2016



Growth momentum continues into Q2 2017

March & April 2017

- Revenues for March & April 2017 up 5-6%, organically and trading days adjusted
- Exit growth rates in all business segments were similar to Q1 2017 overall
- Good momentum continues as we enter Q2 2017



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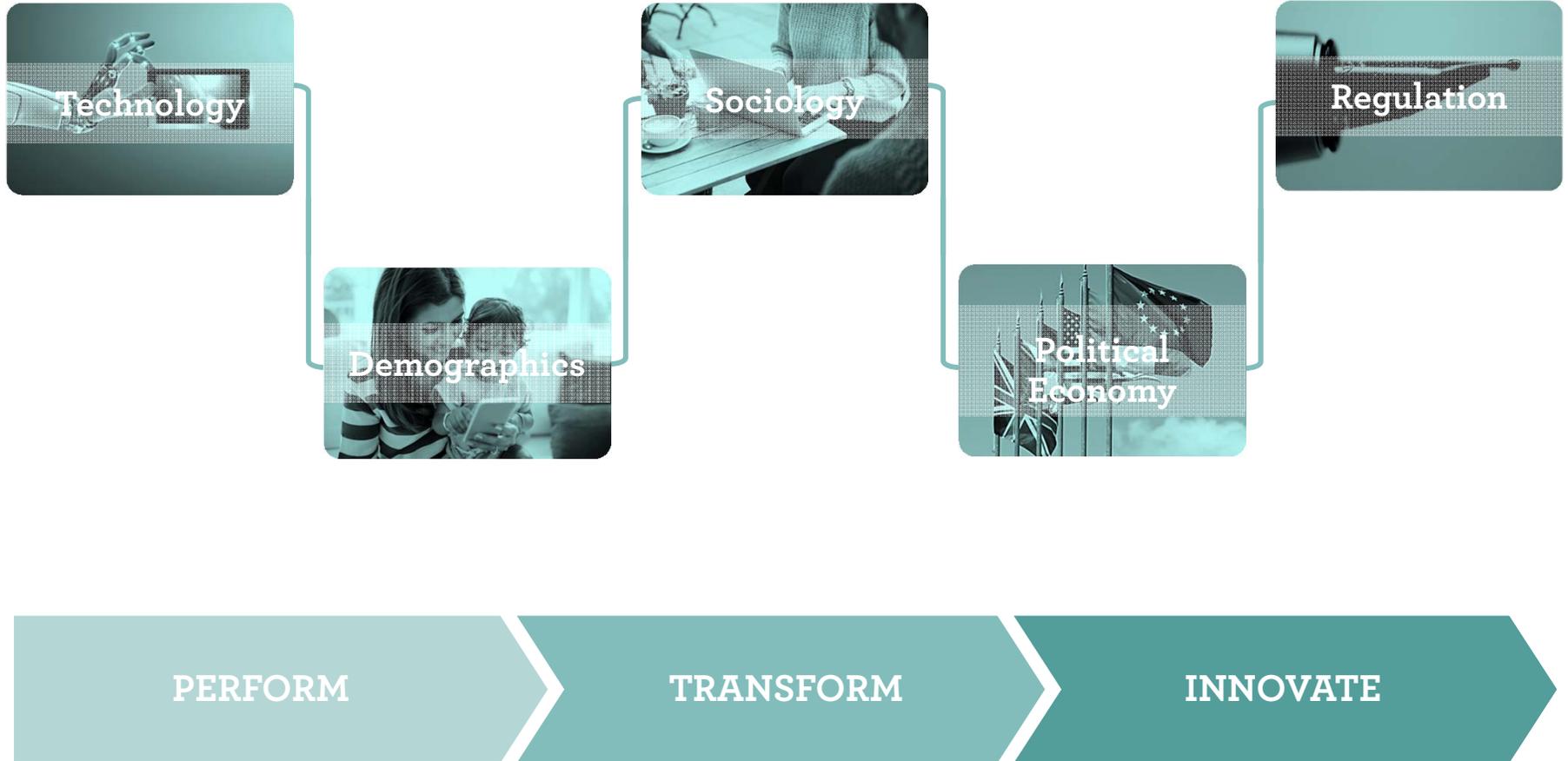


Strategic and operational progress

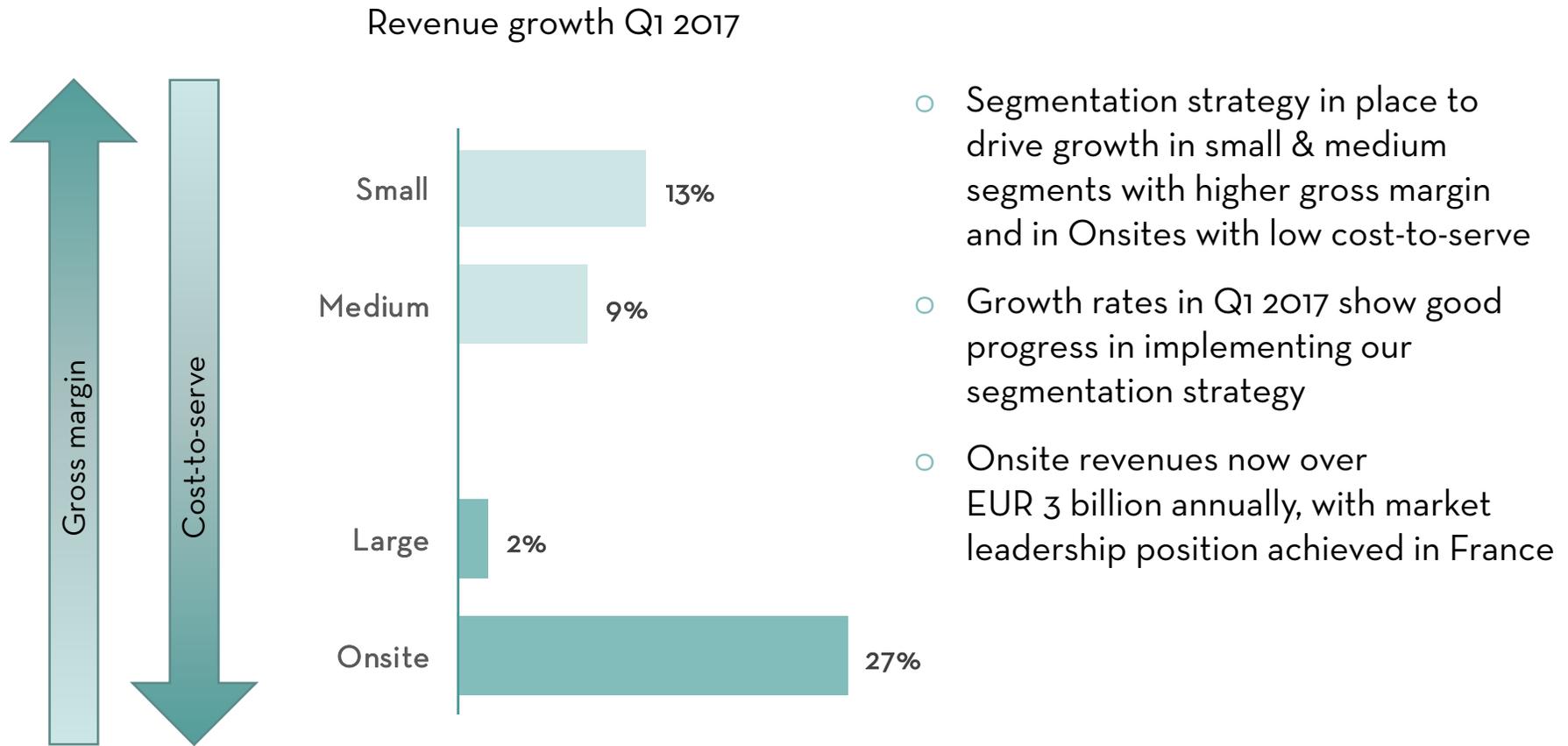
Alain Dehaze

Group CEO

Looking forward: our vision of the changing world of work

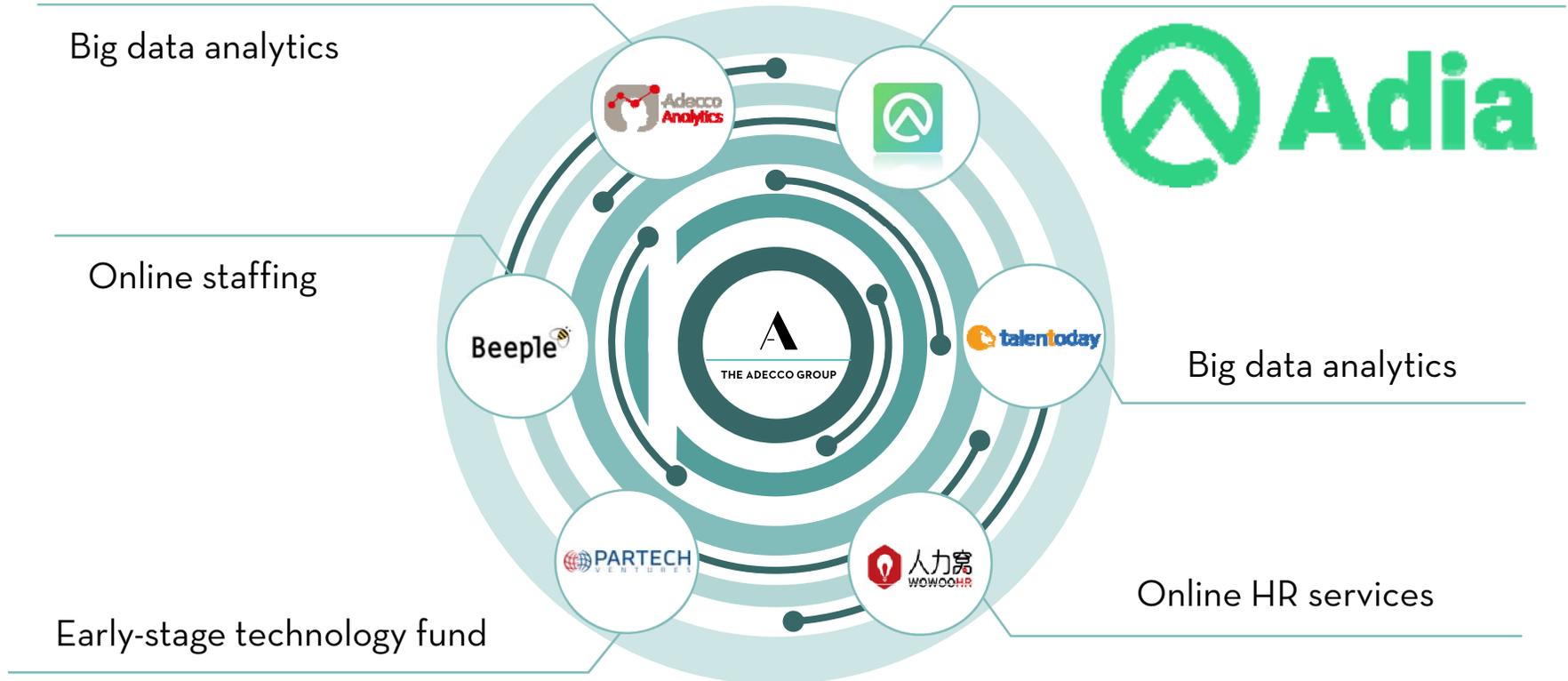


Segmentation is a key part of how we Perform



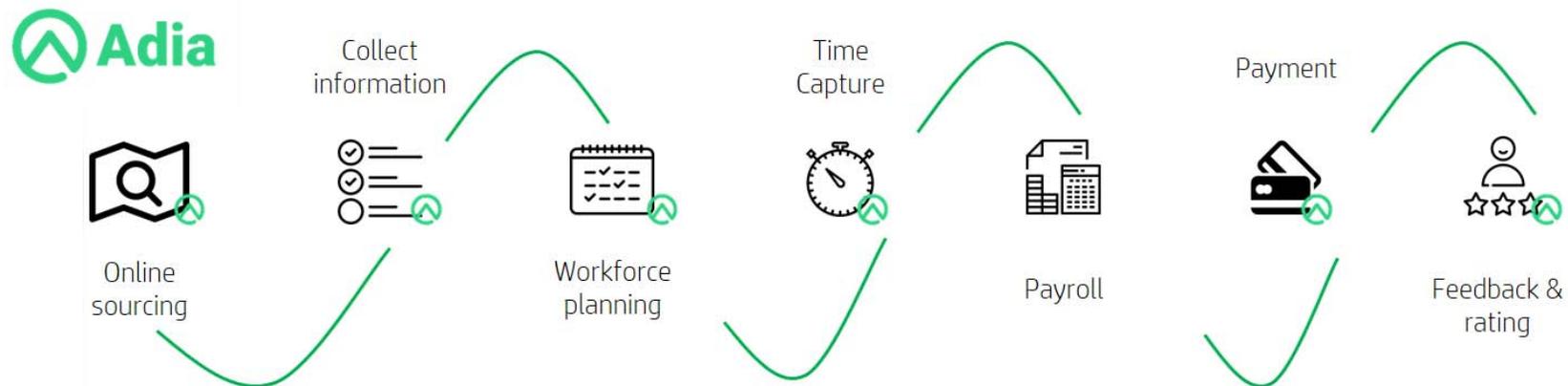
Figures for temporary staffing service line within General Staffing

Moving forward on our Digital strategy



Adia is an end-to-end online staffing model for the SME segment

- The original 'Adia' was founded in Switzerland 60 years ago; it was a pioneer in temporary staffing and a key building block of The Adecco Group's leadership in the workforce solutions industry
- The new digital Adia continues this spirit of innovation and building leadership
- Adia is a mobile-first, end-to-end platform for employers to find temporary staff for short assignments, focusing on hospitality and events candidate profiles for the SME segment
- The new Adia was developed in close partnership with Infosys, a global leader in technology services
- Currently deployed in 5 Swiss cities, with a multi-country roll-out plan for the next 12 months



Adia is an excellent example of our Digital strategy

DIGITAL IS AN ENABLER OF

Better
user
experience

Broader
service
offering

Deeper
customer
relationships

Lower
cost-to-serve
models

DISTINCTIVE FEATURES OF OUR DIGITAL APPROACH

Organization

Partnership
&
Co-creation

Monetization

PERFORM

TRANSFORM

INNOVATE

Concluding messages of Q1 2017

- Strong progress on Perform, Transform and Innovate agenda
- Delivering on relative growth, margin leadership and cash generation
- Growth momentum continues in March & April exit rates
- Implementing our six strategic priorities
- Continued investment in our strategic initiatives
- Launch of Adia, an end-to-end online staffing platform for SMEs



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Questions & Answers

Key Dates 2017

Date	Event
10 August 2017	Q2 2017 results
22 September 2017	Investor Day, London
7 November 2017	Q3 2017 results



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