



**Adecco SA**  
**First Quarter 2003 Results**

***April 15, 2003***

# Disclaimer

We are going to discuss certain subjects that may contain forward-looking statements relating to such matters as anticipated financial performance, business prospects, new products, development activities and similar matters. We caution you that actual results could differ materially from those that will be projected in our discussions. Additional detailed information concerning a number of factors that could cause actual results to differ materially from the information that we will be giving you is readily available in our most recent report on Form 20-F and in our Form F-4 registration statement filed with the United States Securities & Exchange Commission.



**Jérôme Caille**

*Chief Executive Officer*

# New Results Format

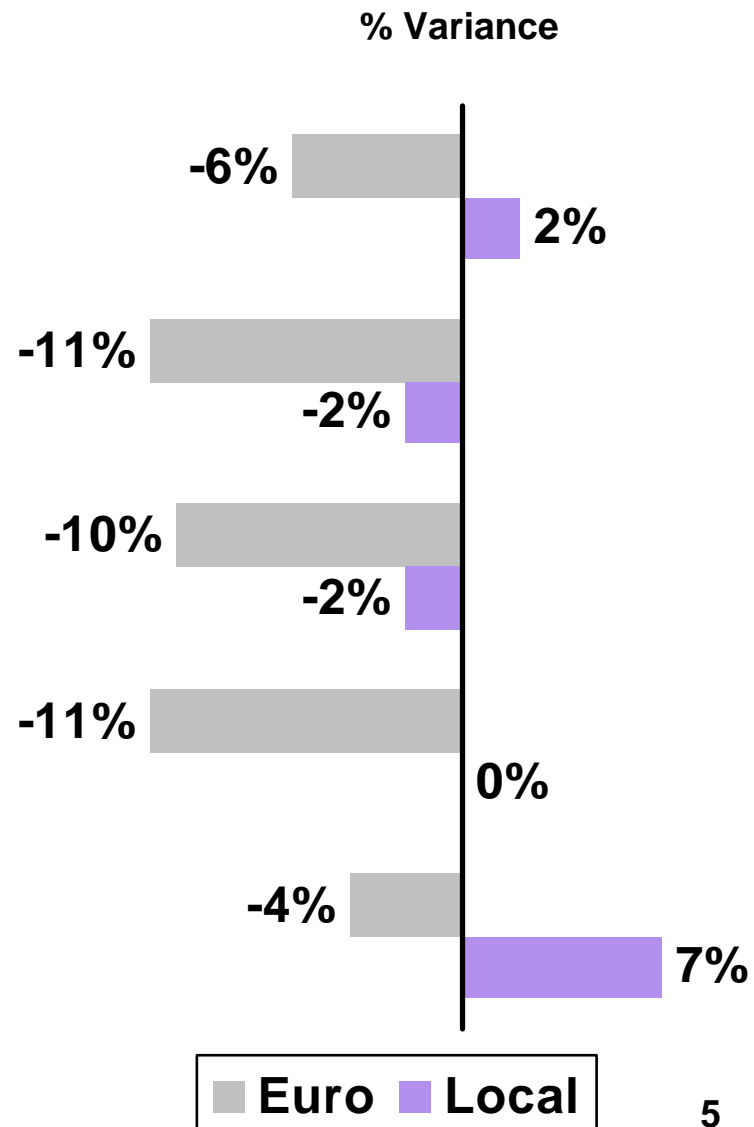
- **Consolidated results:** all in **Euro** going forward
- **Segment reporting:** **corporate costs** reported as a separate line (previously allocated to divisions)
- **Half-year and FY results:** presentation in **London**
- Throughout **operating income** refers to **operating income before amortisation**

# Key Financials

Q1 2003 vs Q1 2002

	Q1 2003 (Euro millions)
<b>Sales</b>	<b>3,832</b>
<b>Gross Margin</b>	<b>679</b>
<b>SG&amp;A</b>	<b>566</b>
<b>Op. Income</b>	<b>113</b>
<b>NIBA*</b>	<b>65</b>

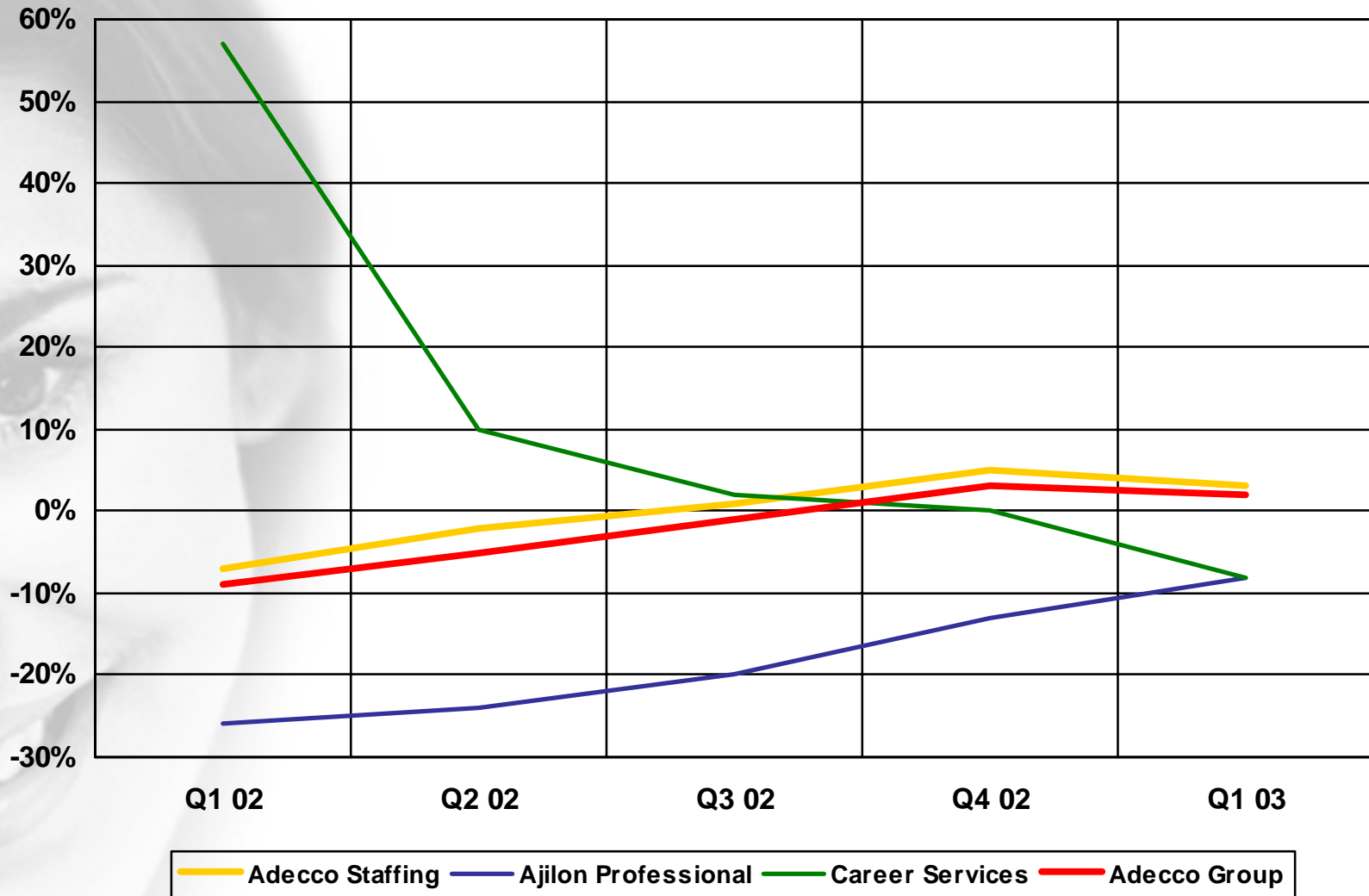
\* Net income before amortisation



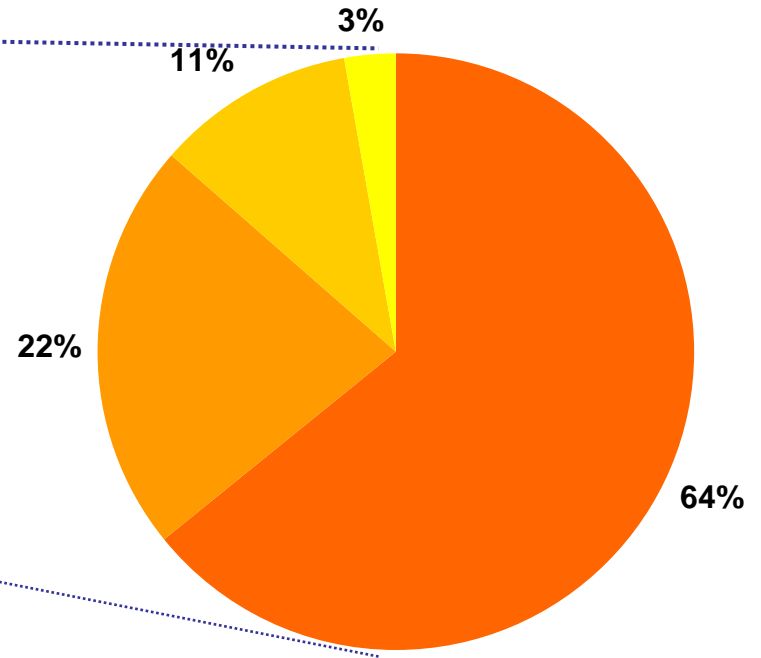
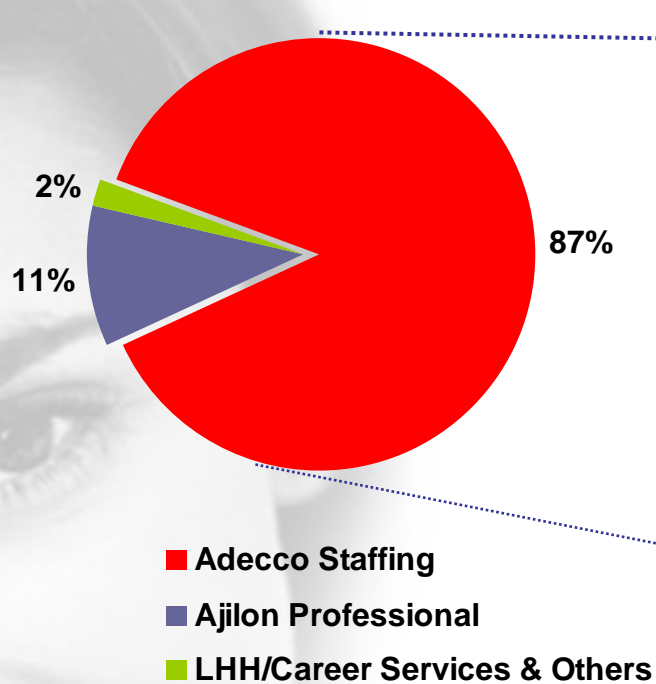
# Favorable Sequential Revenue Evolution

(Local Currency)	Q1 02	Q2 02	Q3 02	Q4 02	Q1 03
Adecco Staffing	-7%	-2%	1%	5%	3%
Ajilon Professional	-24%	-23%	-19%	-12%	-8%
Career Services	52%	10%	-1%	-1%	-8%
Adecco Group	-9%	-5%	-1%	3%	2%

# Steady sales recovery in Adecco and Ajilon



# Adecco Staffing: Growing Revenues



% sales growth  
(Q1 03/Q1 02)  
In local  
currency



Europe	North America	Asia Pacific	Rest of World
Region: flat	Region: +9%	Region: +11%	Region: +12%
France: flat	USA: 10%	Japan: +10%	
Germany: 2%			
UK: 1%			
Belgium: 3%			
Spain: 8%			



# Gearing Restored in Adecco Staffing

Q1 2003 vs Q1 2002

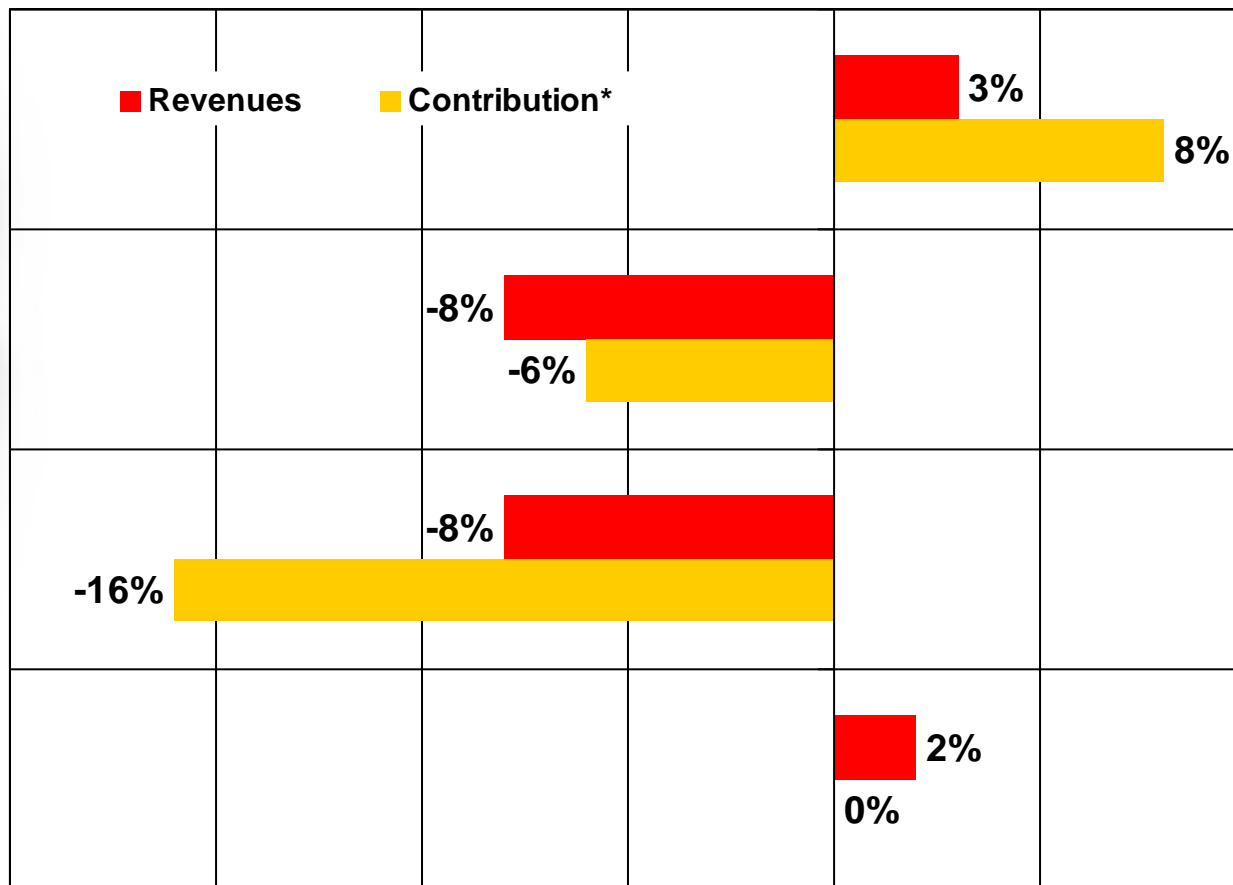


**Adecco Staffing**

**Ajilon  
Professional**

**LHH/Career  
Services**

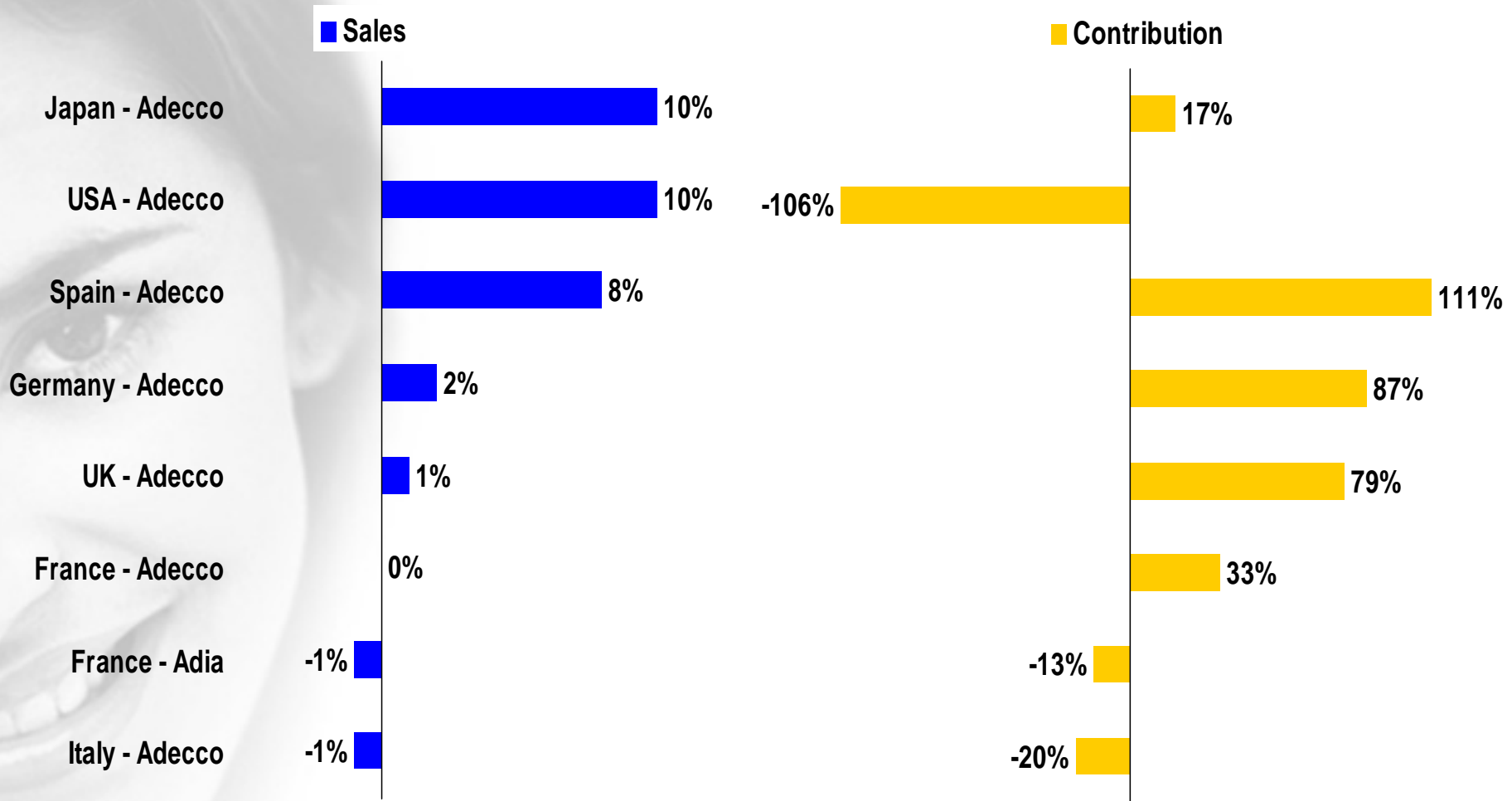
**Adecco Group**



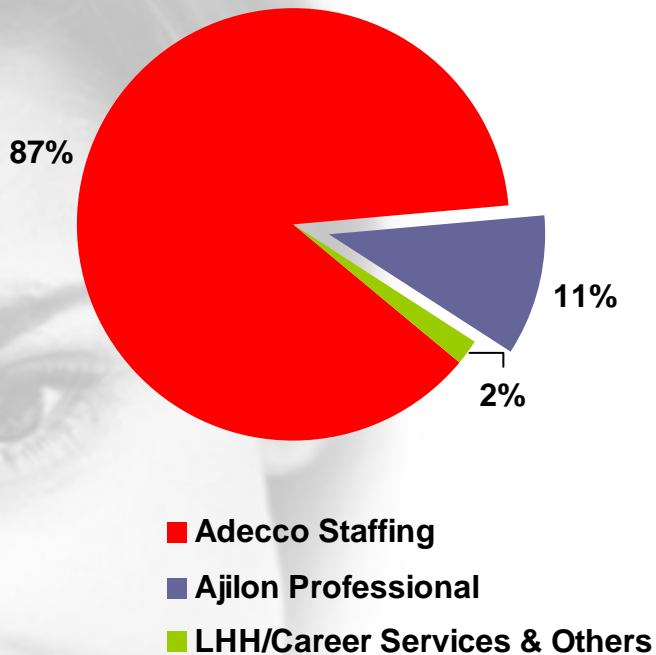
\* Operating income at the Adecco Group level

# Adecco Staffing Ranking

Q1 2003 vs Q1 2002 in local currency



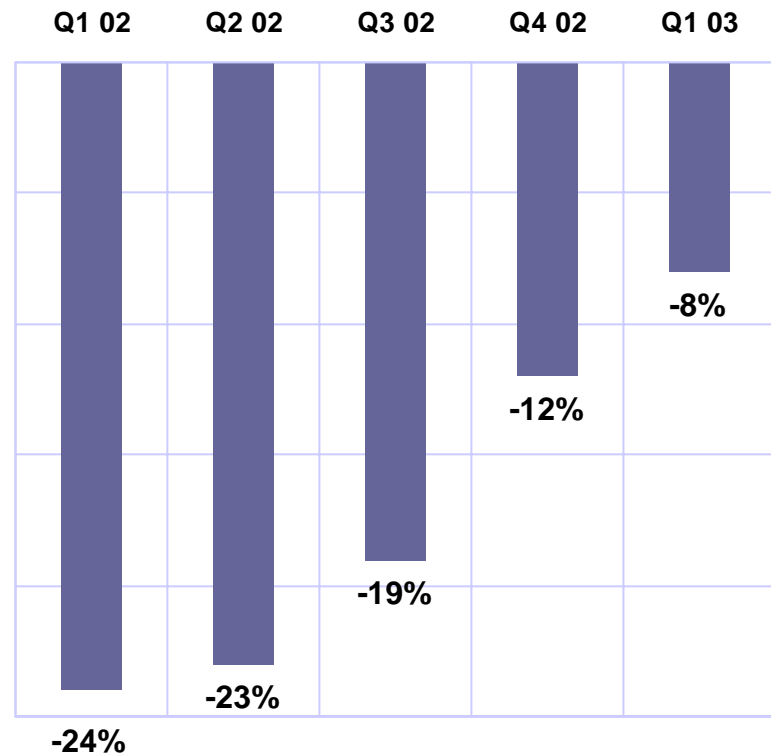
# Ajilon Professional: Recovering momentum



Percentages in local currency



## Quarterly revenues Y-o-Y change



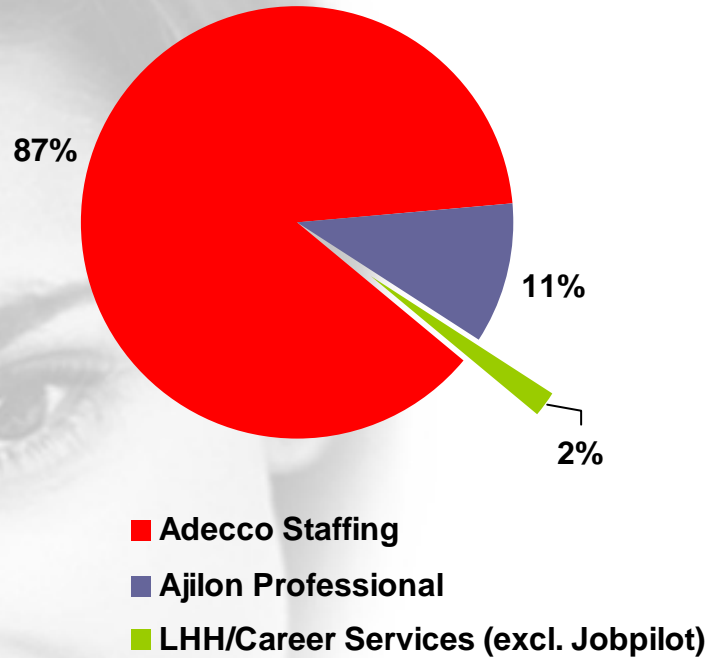
# Ajilon Staffing: Runner-up

- Nr **3** in the Professional Staffing market, close to Nr. 2 and Nr. 1
- Sales: EUR **413** million
- EUR **13** million contribution (**3.2%** contribution margin)
- Potential for continued increase in profitability:
  - Massive cost reduction (**10%** reduction division costs)
  - Focus on **gross margin** increase

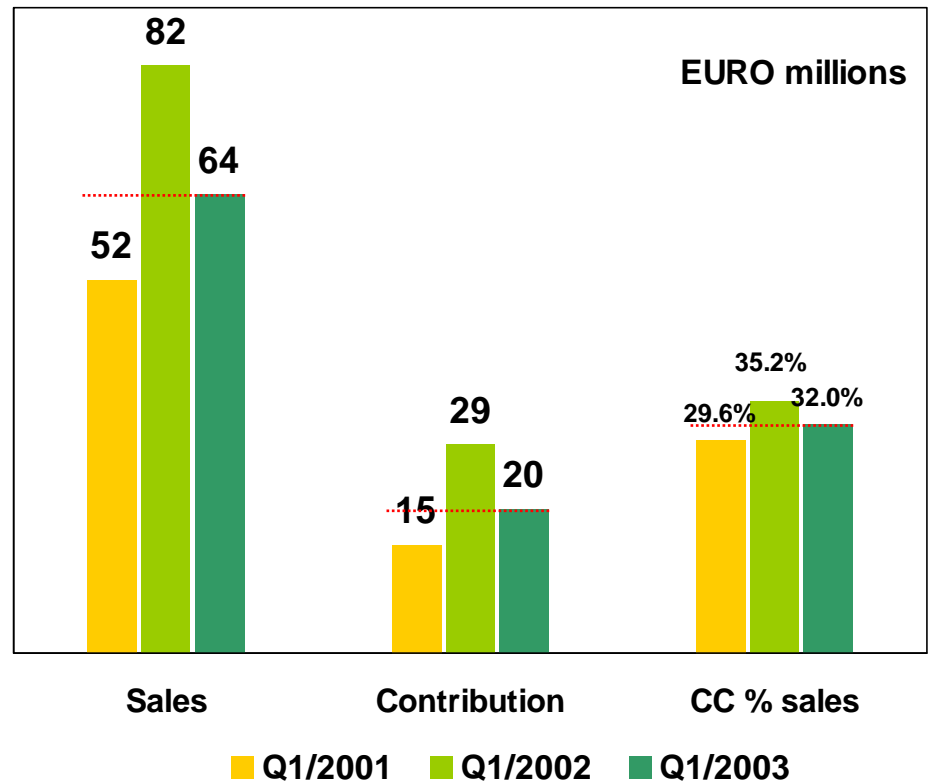
# LHH Career Services: 1<sup>st</sup> Runner-up

- **Nr 2** in the outplacement market
- **Anti-cyclical nature:** sales down **8%** in local currency, as employment market accelerates
- **3%** cost reduction achieved in the quarter
- Profits down **16%**, but still contributes with **15%** of Group profits


# LHH/Career Services: anti-cyclical



... And continuing high business volume with superior profitability

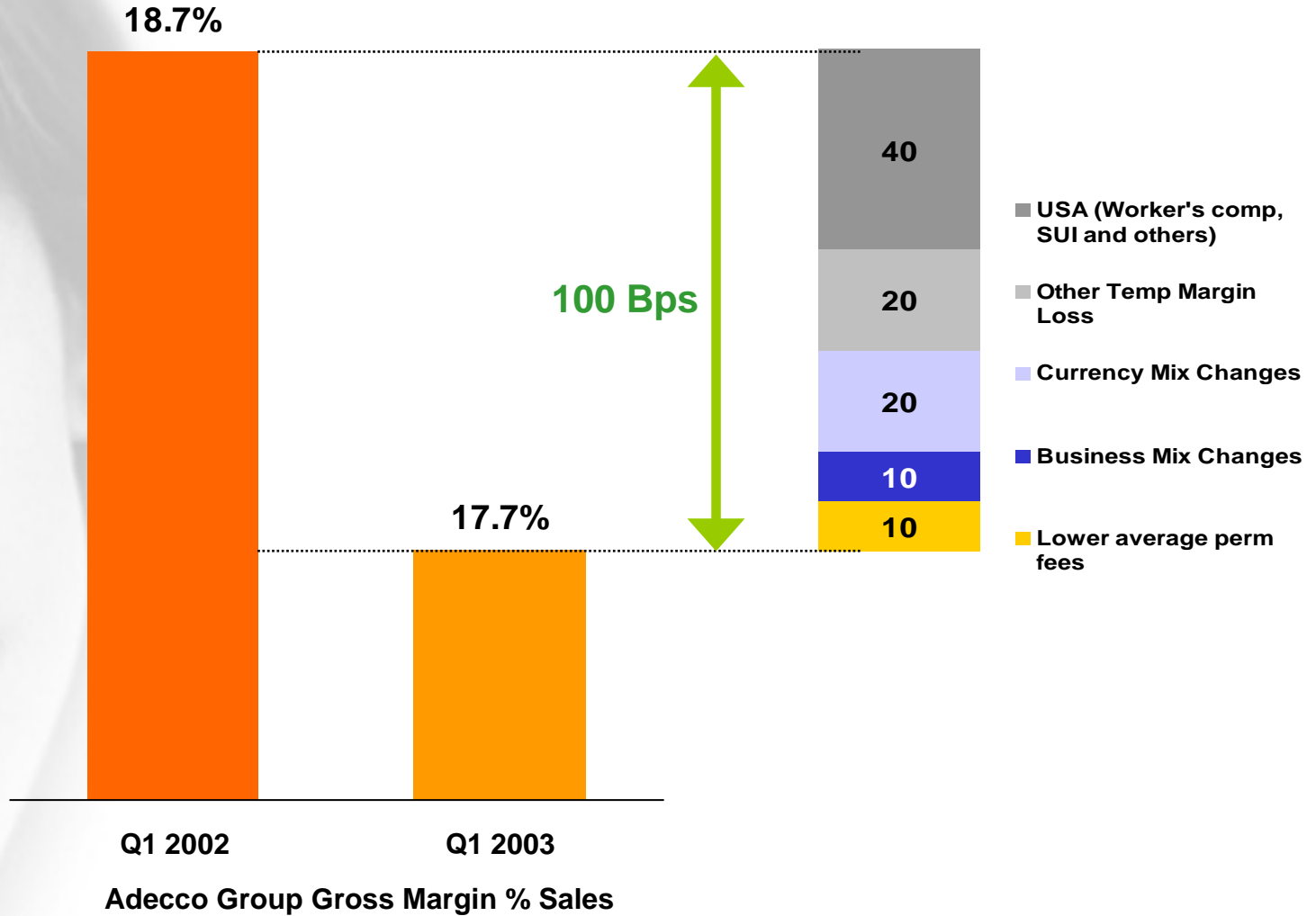


# Sequential Gross Margin Restoration



<b>Gross Margin %</b>	<b>Q1 02</b>	<b>Q2 02</b>	<b>Q3 02</b>	<b>Q4 02</b>	<b>Q1 03</b>
<b>Adecco Staffing</b>	15.9%	15.4%	15.5%	14.6%	15.2%
<b>Ajilon Professional</b>	24.9%	24.4%	26.0%	24.4%	24.2%
<b>Career Services</b>	100%	100%	100%	100%	100%
<b>Adecco Group</b>	18.7%	17.8%	17.8%	17.1%	17.7%

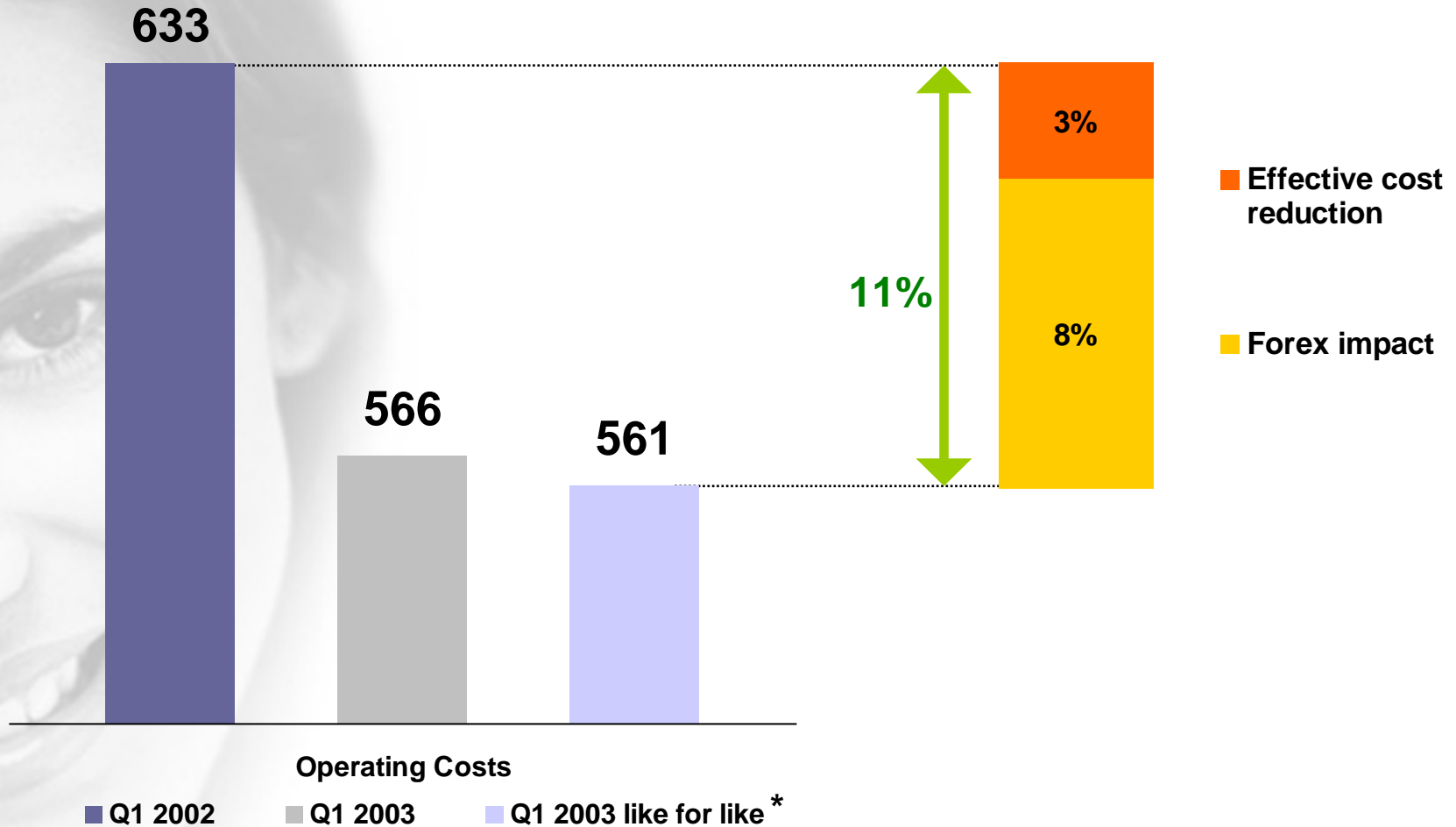
# Gross Margin Drivers






# Substantial Reduction of Operating Costs

Euro millions



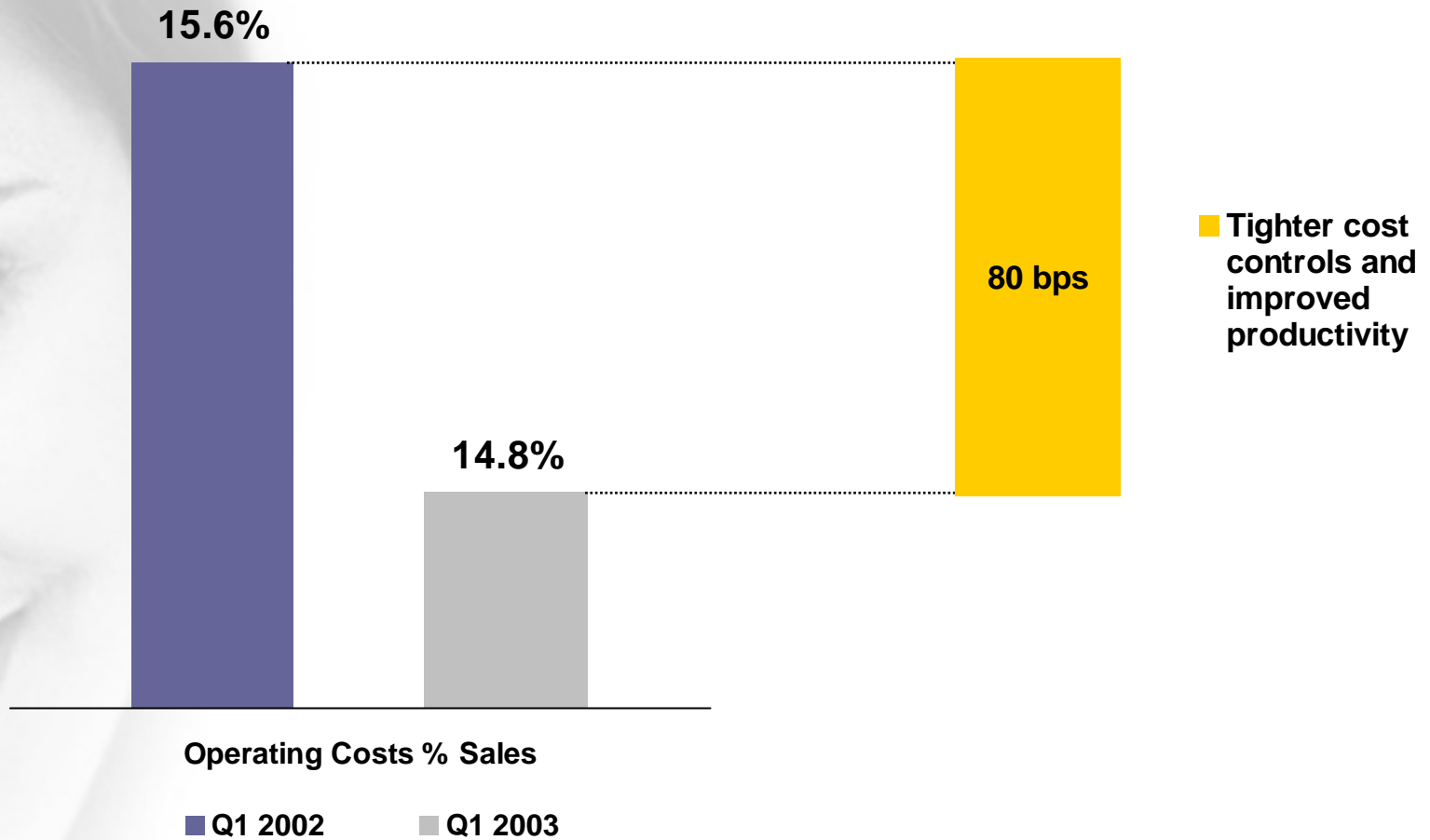
\* Excluding jobpilot costs. Jobpilot started to be consolidated in May 2002.

# Improved Branch and Staff Productivity



	<b>% Change since Jan 2002</b>
<b>Weekly Volume</b>	<b>+4%</b>
<b>Branches</b>	<b>-2%</b>
<b>Staff</b>	<b>-9%</b>
<b>Productivity</b>	<b>+15%</b>

# Improved Operating Costs % Sales





**Felix Weber**

*Chief Financial Officer*

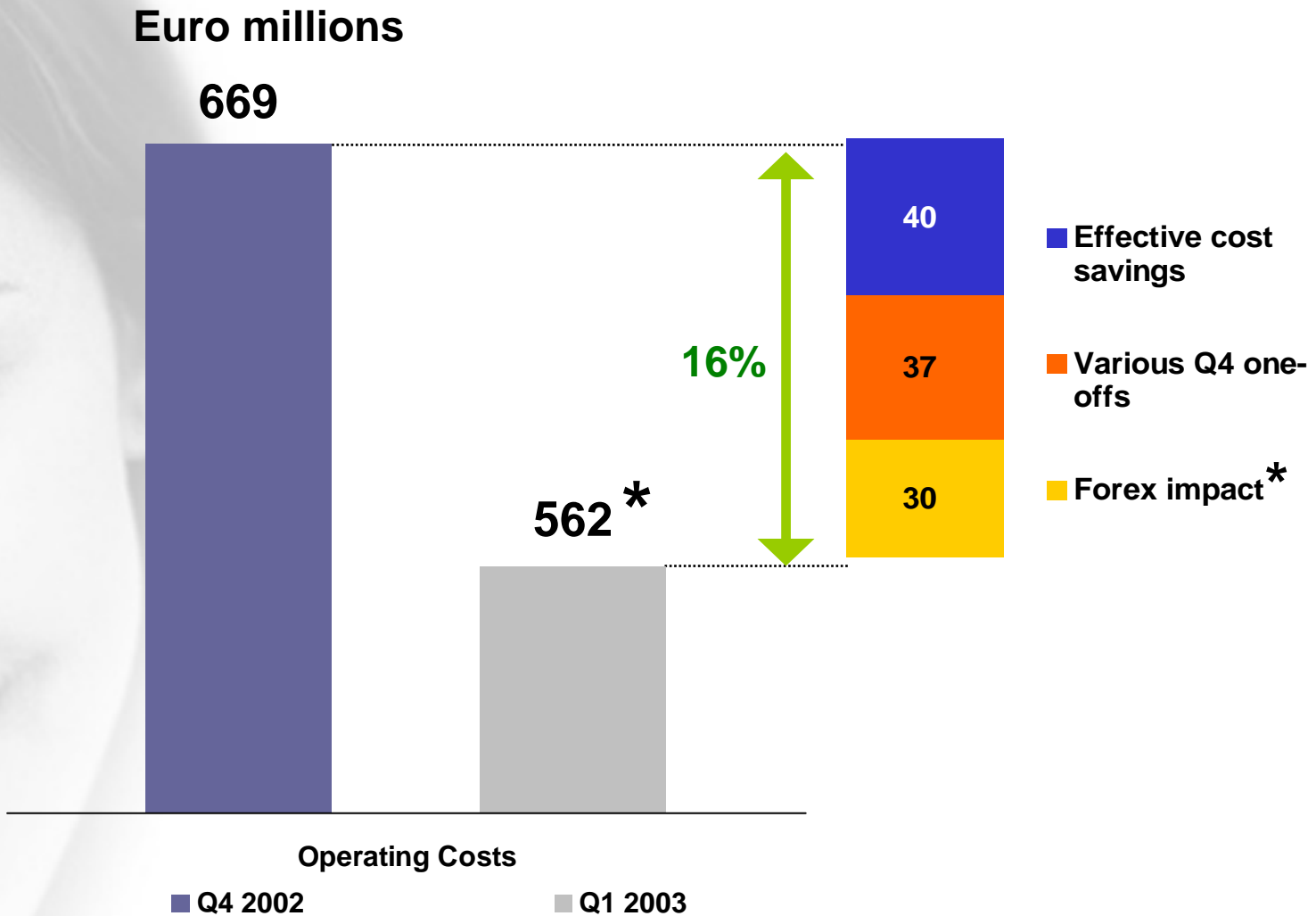
# Q1 03 Results in Detail

EURO MILLIONS

	Three months ended				
	March 30, 2003	% sales	March 31, 2002	% sales	% change
Net service revenues	3,832		4,061		-6%
Gross margin	679	17.7%	759	18.7%	
SG&A	(566)	14.8%	(633)	15.6%	
Operating income	113	2.9%	126	3.1%	-11%
Interest & other expense, net	(24)		(30)		
Provision for income taxes	(24)		(28)		
NIBA*	65	1.7%	68	1.7%	-4%
Amortisation of intangibles	(1)		-		
Net income	64		68		-6%

\* Net income before amortisation

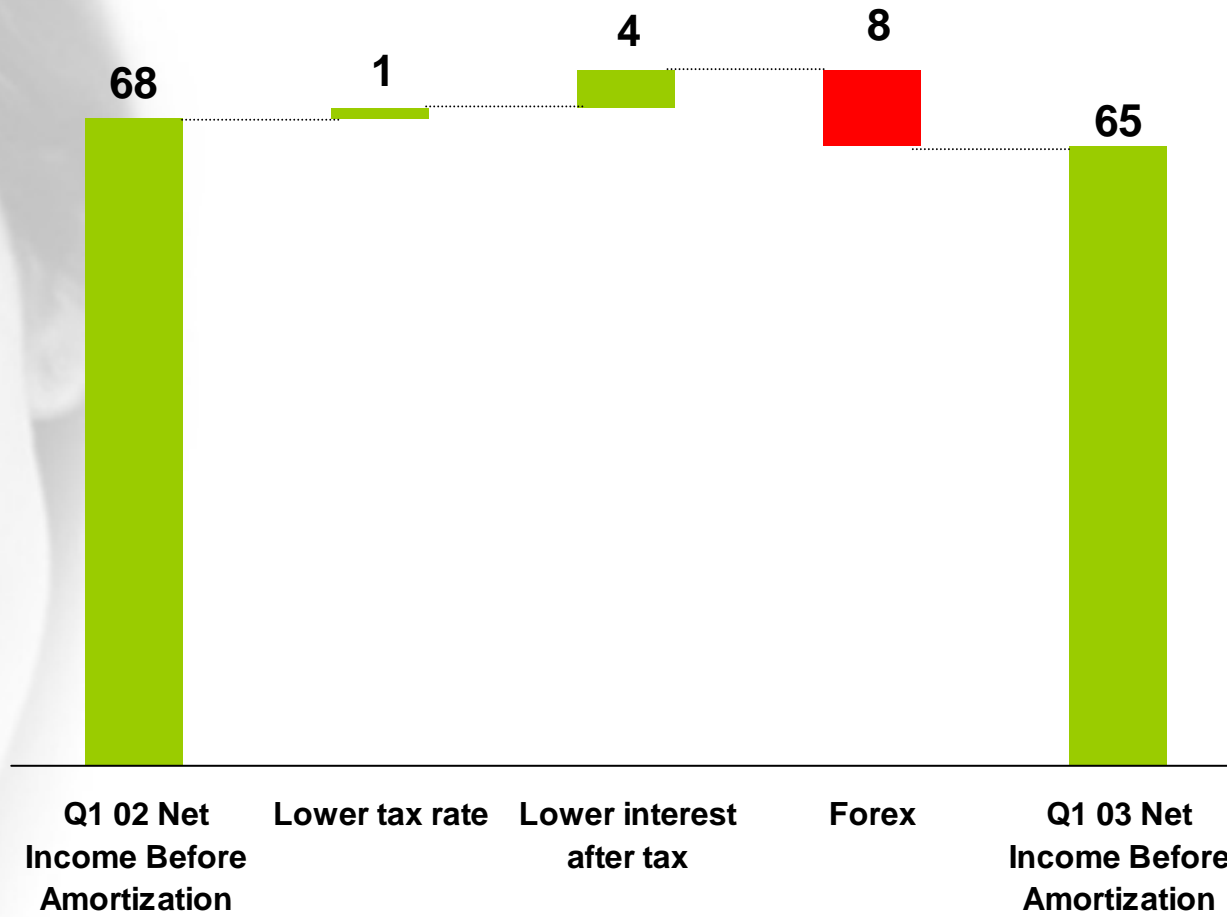
# Sequential Reduction of Operating Costs



\* All translated at March 2003 exchange rates

# Improved Net Income Before Amortization, excluding forex impact

Euro millions



# Continuing Cash Generation

## Condensed Statement of Cash Flows

<b>EURO MILLIONS</b>	<b>March 30, 2003</b>	<b>March 31, 2002</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	64	68
Depreciation & amortization	35	34
Utilisation of restructuring reserve	(1)	(3)
Other charges	10	14
Trade accounts receivable	37	118
Accounts payable and accrued expenses	(72)	(196)
Other current assets	7	(37)
Non-current assets and liabilities	8	4
<b>Cash flows from operating activities</b>	<b>88</b>	<b>2</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(17)	(30)
Other investing activities	(1)	(1)
<b>Cash flows used in investing activities</b>	<b>(18)</b>	<b>(31)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Changes to ST & LT debt	(21)	(140)
Common stock options exercised	-	9
Other financing activities	27	(18)
<b>Cash flows from / (used in) financing activities</b>	<b>6</b>	<b>(149)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(11)</b>	<b>(8)</b>
Net increase / (decrease) in cash and cash equivalents	65	(186)



# Reduced Net Debt\*, Cash Flow Generation

Euro millions

1,783



1,410



1,291



119



88

31

- Cash-flow from operations
- Other

Net Debt

■ Q1 2002 ■ Q4 2002 ■ Q1 2003

\* Including off-balance sheet items of EURO 59 million in Q1 02 and Q4 02, and EURO 37 million in Q1 03.

# New Syndicated Loan Facility Successfully Launched

- Facility increased from EUR **400** million to EUR **580** million
- Terms & conditions:
  - Multi-currency revolving credit
  - Maturity: **five** years
  - Oversubscribed, favorable conditions
  - Mandated lead arrangers:
    - Banc of America Securities
    - SG Investment Banking
    - The Royal Bank of Scotland

# Strong Balance Sheet

EURO MILLIONS	March 30, 2003	December 30, 2002
<b>ASSETS</b>		
Cash and cash equivalents	277	212
Trade accounts receivable, net	2,836	2,906
Property, equip. & leasehold improv., net	407	435
Other assets	831	790
Goodwill and intangibles, net	1,442	1,477
<b>Total assets</b>	<b>5,793</b>	<b>5,820</b>
<b>LIABILITIES</b>		
Short-term debt	206	228
Accounts payable and accrued expenses	2,781	2,815
Long-term debt	1,325	1,335
Other liabilities	99	103
<b>Total liabilities</b>	<b>4,411</b>	<b>4,481</b>
Minority Interests	-	-
<b>Shareholders' equity</b>	<b>1,382</b>	<b>1,339</b>
<b>Total liab. &amp; shareholders' equity</b>	<b>5,793</b>	<b>5,820</b>
<i>Net debt incl off balance sheet debt</i>	<i>1,291</i>	<i>1,410</i>



**Jérôme Caille**

*Chief Executive Officer*

# Consistent Strategy

## The Employer of Choice The Supplier of Choice

### **Growth beyond market**

- Organic growth 50% above market
- Acquisitions and organic growth

### **Market leadership**


- No 1 or No 2 in all major markets with 20% + market share
- Quality/Cost enhancement through Technology

### **Optimized business mix**

- Specialty business focus
- Evolution from staffing to HR services

# Technology Update

- Rollout of web-based technology completed in **France** and **UK** in Q1.
- Deployment will continue in other **European** countries in 2003
- **4.5** million candidates presently managed in shared databases
- System pioneered in Italy where **14,000** candidates were shared among over **500** branches in Q1.
- All accomplished with **43%** less CAPEX than in 2002



# Conclusion and Outlook



**Thank You!**

To participate in the **Q&A** session, please dial:

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