



## **Q4/FY 2010 Results**

Adecco Group

Zurich, March 3, 2011

# 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

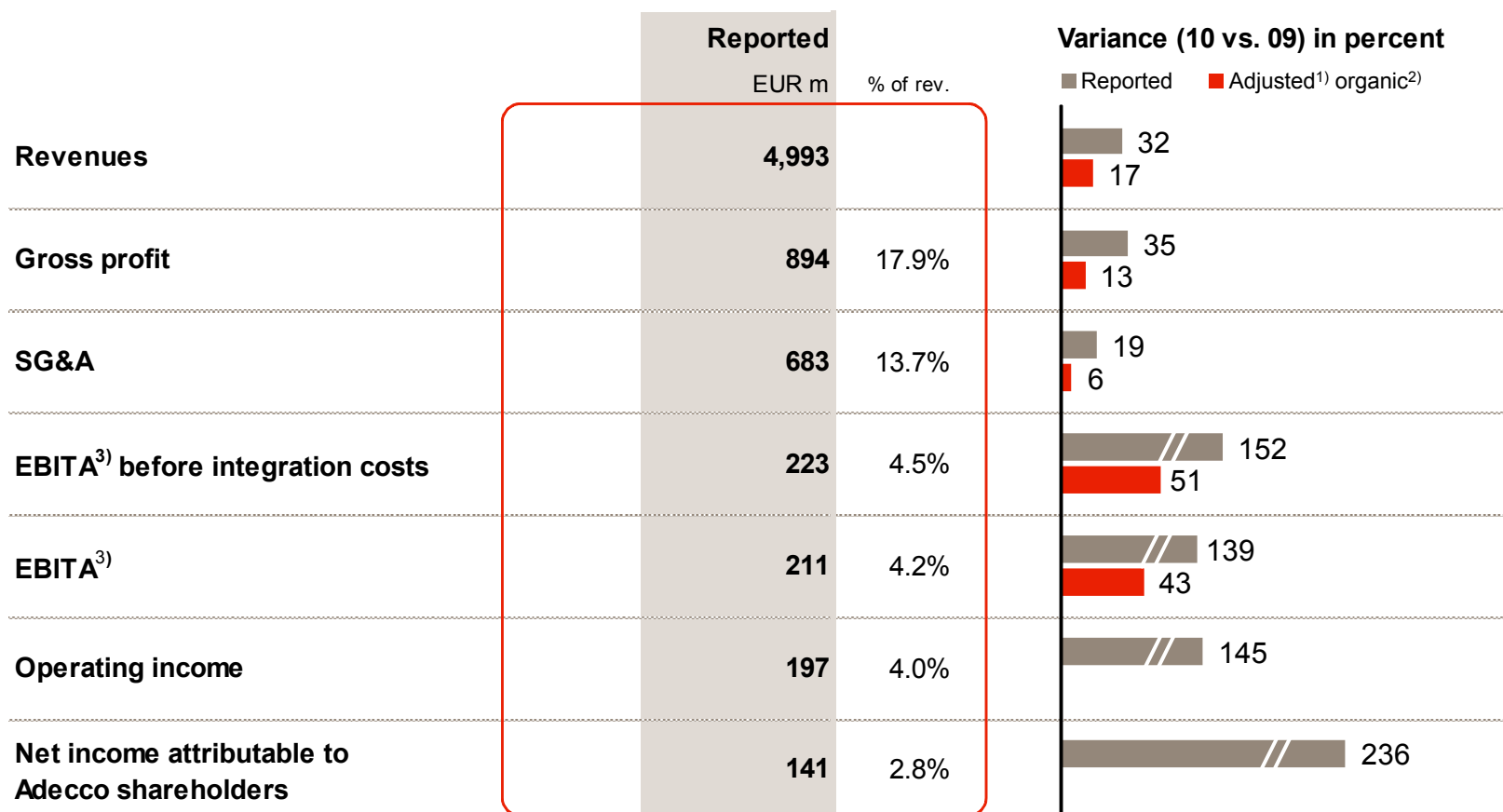
# Highlights

## Q4/FY 2010 and Outlook

- ▶ Revenues up 32% or 17% organically to EUR 5.0 billion
- ▶ Gross margin of 17.9% up 30 bps vs. Q4 2009 and -50 bps organically and adjusted
- ▶ EBITA before integration costs of EUR 223 million, up 51% organically and adjusted
- ▶ EBITA margin at 4.5%, up 110 bps on an adjusted basis and before integration costs
- ▶ Proposed 2010 dividend of CHF 1.10, up 47% compared to 2009; 30% pay-out ratio
- ▶ Revenues in January +17%<sup>1)</sup>; strong momentum of Q4 2010 continued into 2011

1) Organically and adjusted for trading days.

# Q4 2010 results summary



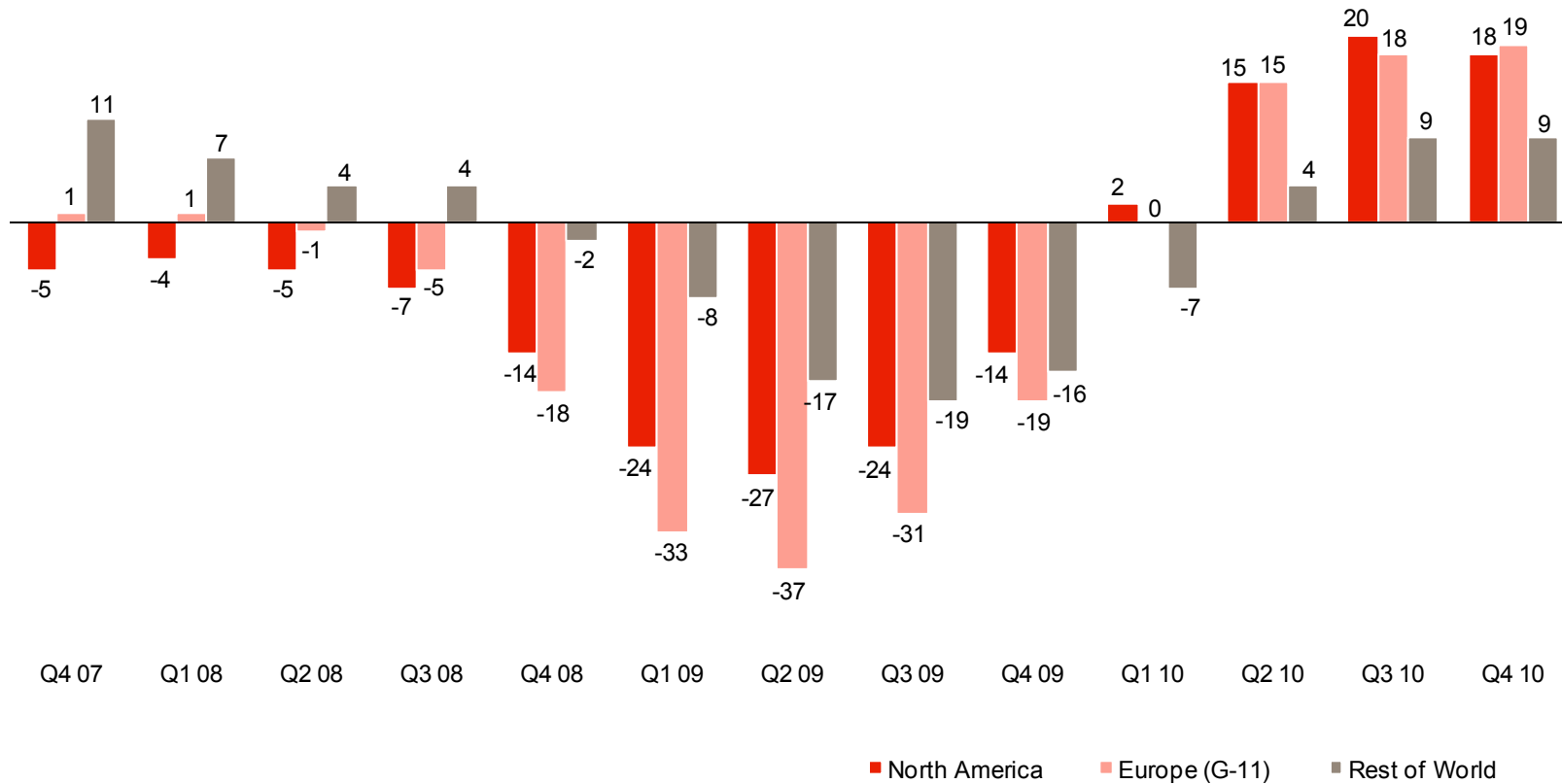
1) Adjusted is a non US GAAP measure excluding in Q4 2009, for better comparison, the French business tax of EUR 15 million in costs of services and EUR 1 million in SG&A as those business tax components are shown as income tax as of 2010. It also excludes in Q4 2009 the positive impact on gross profit of EUR 14 million due to favorable developments in France resulting in the reassessment of existing accruals and the negative impact of EUR 7 million on gross profit due to a sales tax accrual in the UK related to prior years, as well as the negative impact on SG&A of EUR 30 million associated with restructuring costs.

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.

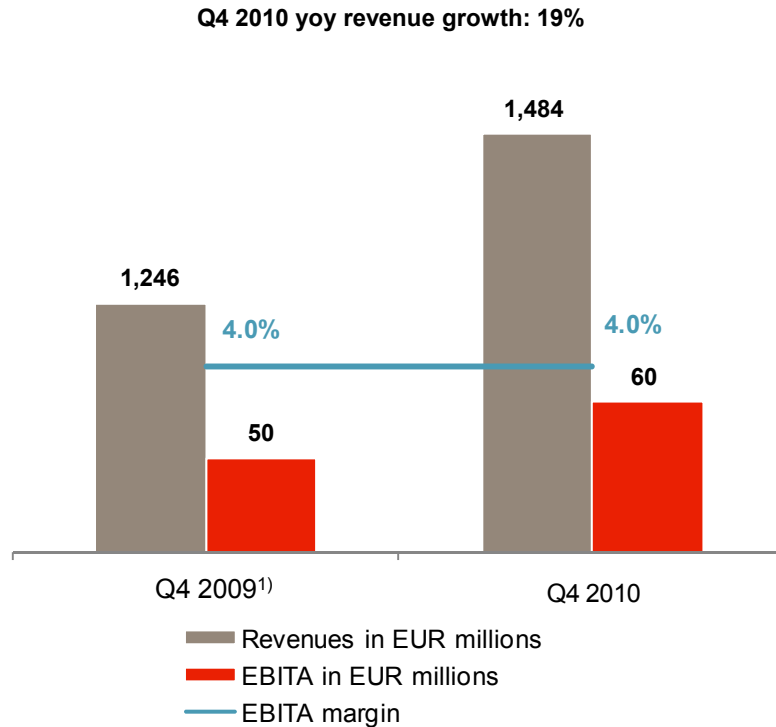
# Revenue development by region

Organic year-on-year change in percent



# France

30% of group revenues in Q4 2010



Revenue growth of 19% (19% in Q3 10), mainly driven by automotive, chemicals, transportation and manufacturing

2011 negative impact of the French payroll tax subsidy cut estimated at maximum 30 bps on French gross margin

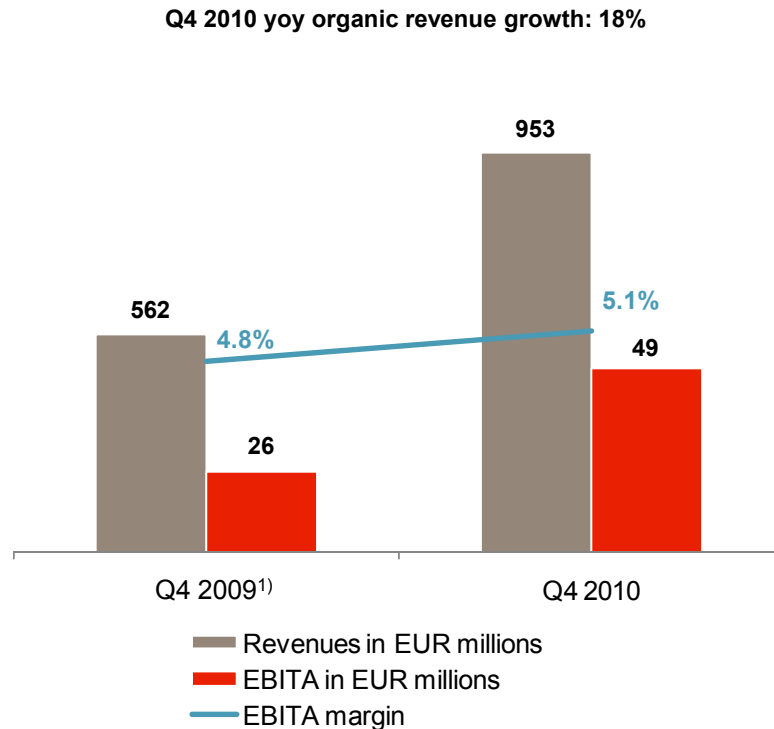
Strong 20% revenue growth in January 2011, adjusted for business days

1) Q4 2009 excludes, for better comparison, the French business tax of EUR 15 million in costs of services and EUR 1 million in SG&A as those business tax components are shown as income tax as of 2010. It also excludes in Q4 2009 the positive impact on gross profit of EUR 14 million due to favorable developments in France resulting in the reassessment of existing accruals, as well as the negative impact on SG&A of EUR 12 million associated with restructuring costs.



# North America

19% of group revenues in Q4 2010



Revenues up 54% in constant currency (58% in Q3 10), driven by automotive, consumer goods, industrial and technology sectors and acquisitions

Excluding the declining outplacement business, revenues were up 21% organically in Q4 10 (25% in Q3 10) and up 18% organically and adjusted for business days in January

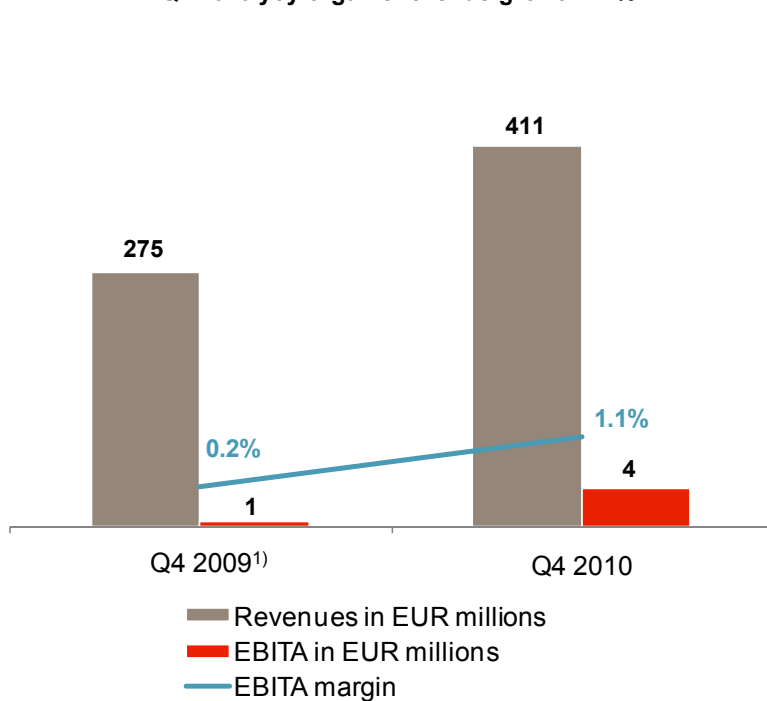
Integration costs related to MPS amounted to EUR 8 million in Q4 10

1) Q4 2009 excludes EUR 4 million of restructuring costs.

# UK & Ireland

8% of group revenues in Q4 2010

Q4 2010 yoy organic revenue growth: -1%



Revenues up 41% in constant currency and down 1% organically (-1% in Q3 10); improving trends in financials and IT

EBITA margin of 1.1% despite EUR 4 million integration costs; integration of Spring Group successfully completed

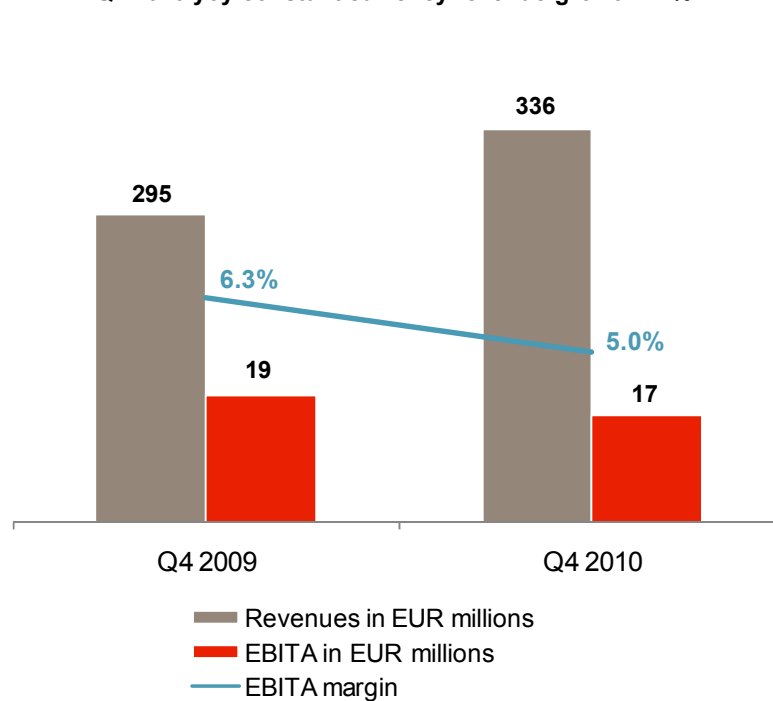
Permanent placement revenues +43% organically (+38% in Q3 10)

1) Q4 2009 excludes EUR 6 million of integration costs and the negative impact of EUR 7 million due to a sales tax accrual related to prior years.

# Japan

7% of group revenues in Q4 2010

Q4 2010 yoy constant currency revenue growth: -4%



Revenues down 4% in constant currency (-7% in Q3 10)

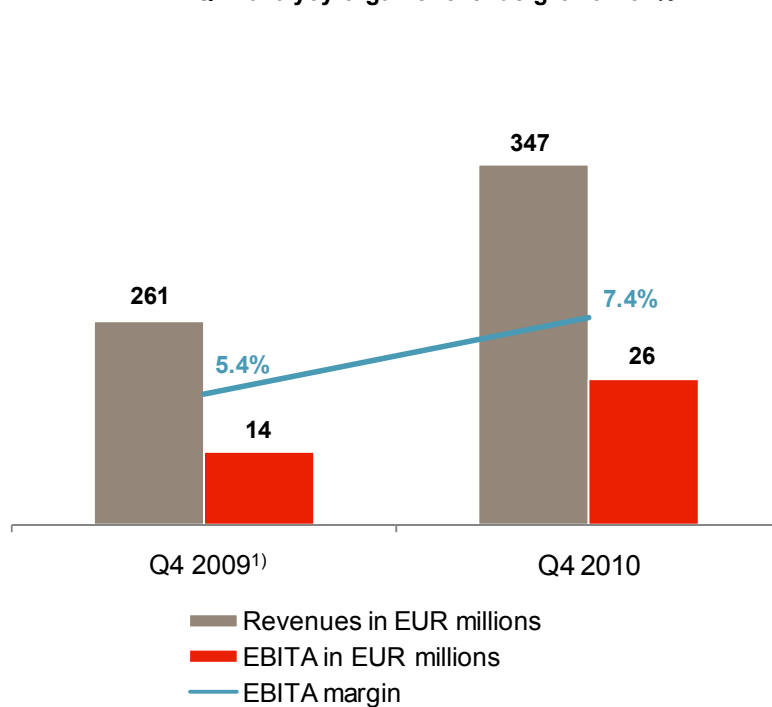
No signs of a pick-up in the market overall. January revenues back to growth in constant currency, due to outsourcing contracts

EBITA margin negatively affected by ramp up costs for the recently won outsourcing contracts

# Germany & Austria

7% of group revenues in Q4 2010

Q4 2010 yoy organic revenue growth: 32%



Revenues organically up 32% (29% in Q3 10), driven by automotive, industrial and electronics sectors

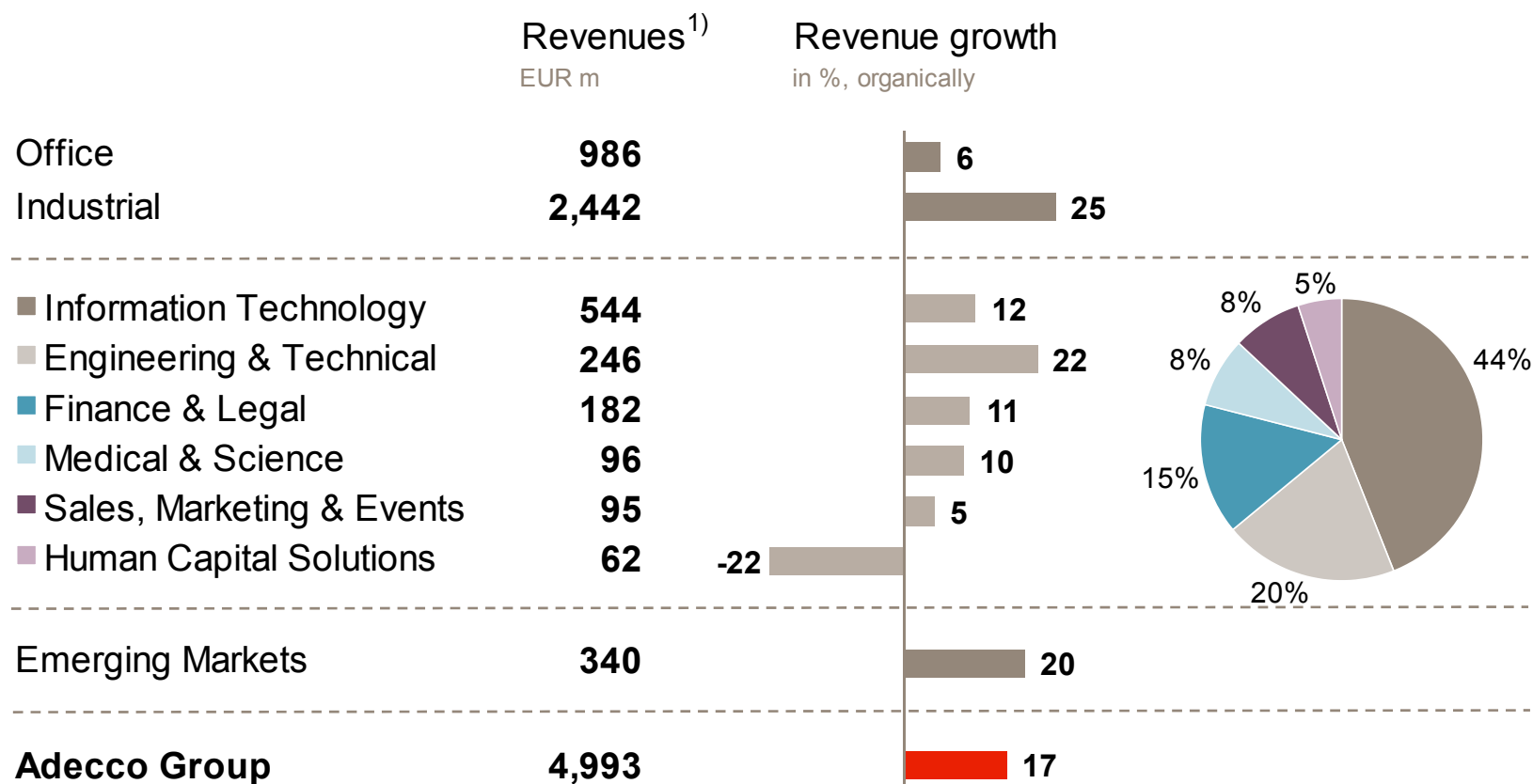
Improvement in profitability with a 7.4% EBITA margin for the region in Q4 10

Strong growth in January with revenues up close to 40%, adjusted for business days

1) Q4 2009 excludes EUR 2 million of restructuring costs.

# Revenue development by business lines

Q4 2010 vs. Q4 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

# Q4 2010 Results in detail – P&L

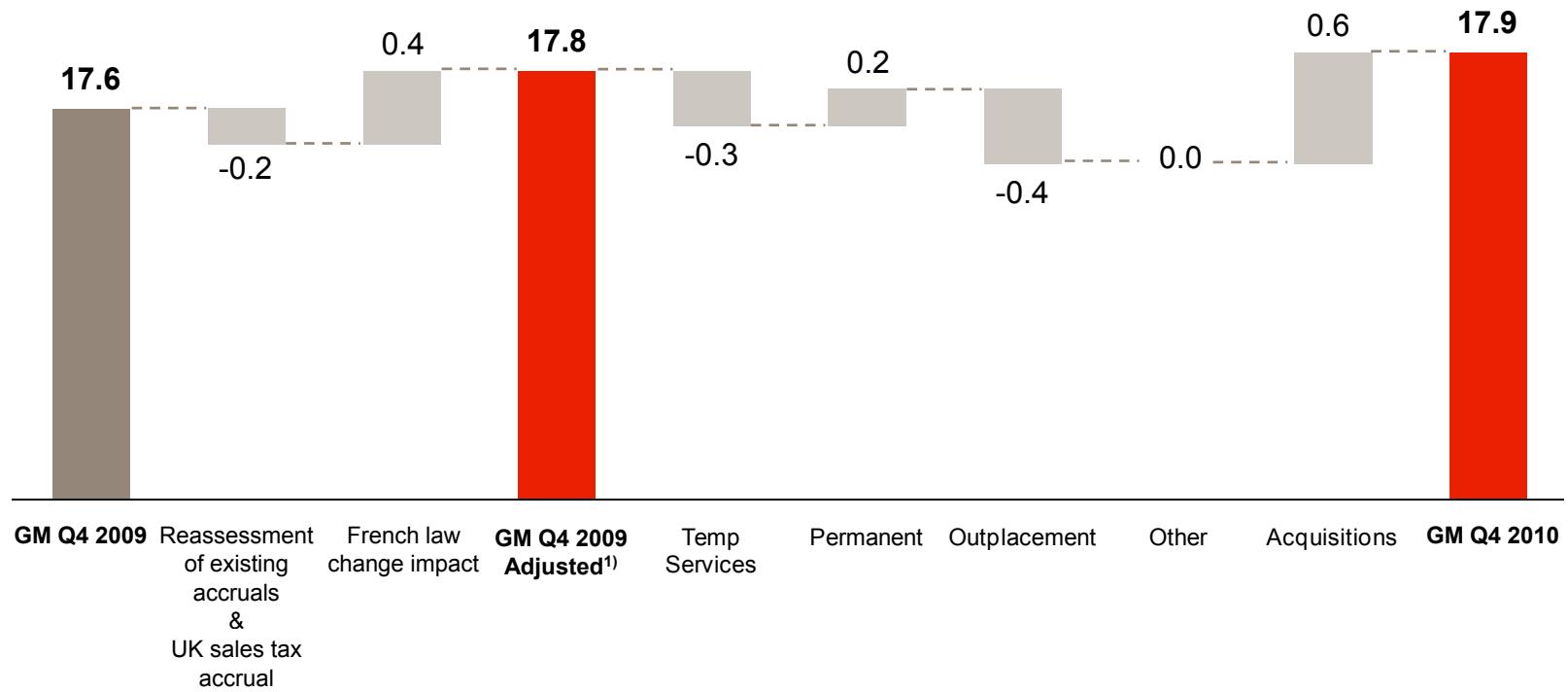
In EUR millions

	Q4 2010	Q4 2009	Variance %		FY 2010	FY 2009	Variance %	
			EUR	Constant Currency			EUR	Constant Currency
Revenues	4,993	3,785	32%	26%	18,656	14,797	26%	22%
Direct costs of services	(4,099)	(3,120)			(15,327)	(12,148)		
<b>Gross profit</b>	<b>894</b>	<b>665</b>	35%	28%	<b>3,329</b>	<b>2,649</b>	26%	21%
<i>Gross margin</i>	17.9%	17.6%			17.8%	17.9%		
Selling, general and administrative expenses	(683)	(576)	19%	13%	(2,607)	(2,350)	11%	7%
<i>As a percentage of revenues</i>	13.7%	15.2%			14.0%	15.9%		
<b>EBITA<sup>1)</sup></b>	<b>211</b>	<b>89</b>	139%	130%	<b>722</b>	<b>299</b>	142%	132%
<i>EBITA<sup>1)</sup> margin</i>	4.2%	2.3%			3.9%	2.0%		
Amortisation of intangible assets	(14)	(8)			(55)	(42)		
Impairment of goodwill and intangible assets						(192)		
<b>Operating income</b>	<b>197</b>	<b>81</b>	145%	136%	<b>667</b>	<b>65</b>	932%	768%
<i>Operating income margin</i>	4.0%	2.1%			3.6%	0.4%		
Interest expense	(15)	(14)			(63)	(55)		
Other income / (expenses), net	(1)	(4)			(1)	(1)		
<b>Income before income taxes</b>	<b>181</b>	<b>63</b>	191%		<b>603</b>	<b>9</b>	n.m.	
Provision for income taxes	(40)	(21)			(179)	(1)		
<b>Net income</b>	<b>141</b>	<b>42</b>	235%		<b>424</b>	<b>8</b>	n.m.	
Net income attributable to noncontrolling interests					(1)			
<b>Net income attributable to Adecco shareholders</b>	<b>141</b>	<b>42</b>	236%		<b>423</b>	<b>8</b>	n.m.	
<i>Net income margin attributable to Adecco shareholders</i>	2.8%	1.1%			2.3%	0.1%		

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

# Q4 2010 gross margin drivers

In percent of revenues

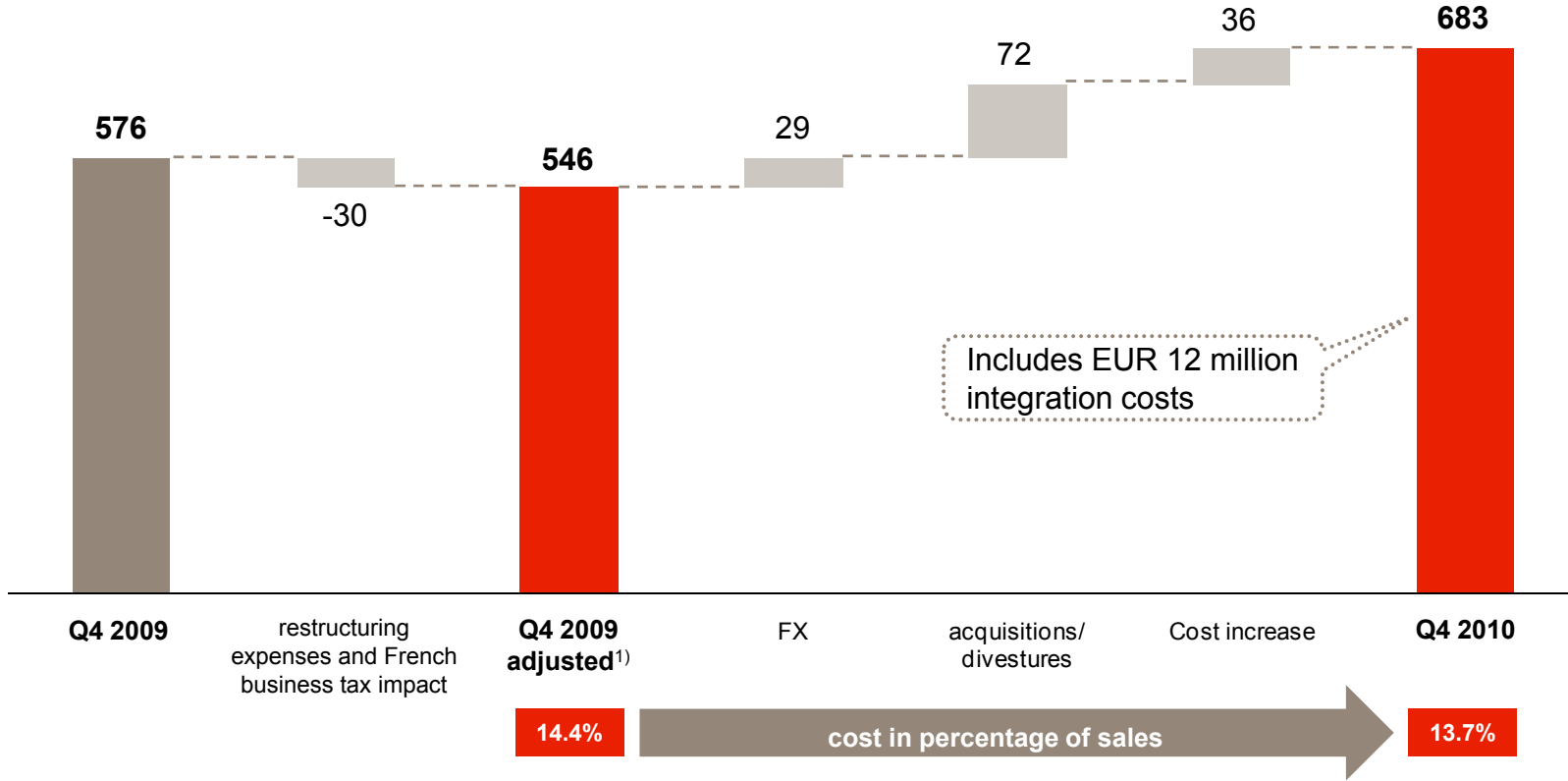


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# Q4 2010 SG&A movements

In EUR millions



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# Balance sheet

In EUR millions

	Dec 31 2010	Dec 31 2009
<b>Assets</b>		
Cash and cash equivalents	549	1,458
Short-term Investments	5	2
Trade accounts receivable, net	3,541	2,560
Other current assets	351	331
Property, equipment, and leasehold improvements, net	291	245
Other assets	291	276
Goodwill and intangible assets, net	3,851	2,959
<b>Total assets</b>	<b>8,879</b>	<b>7,831</b>
<b>Liabilities and shareholders' equity</b>		
Accounts payable and accrued expenses	3,472	2,716
Short- and long-term debt	1,305	1,570
Other liabilities	535	431
Total Adecco shareholders' equity	3,565	3,112
Noncontrolling interests	2	2
<b>Total liabilities and shareholders' equity</b>	<b>8,879</b>	<b>7,831</b>
Net Debt*	751	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.

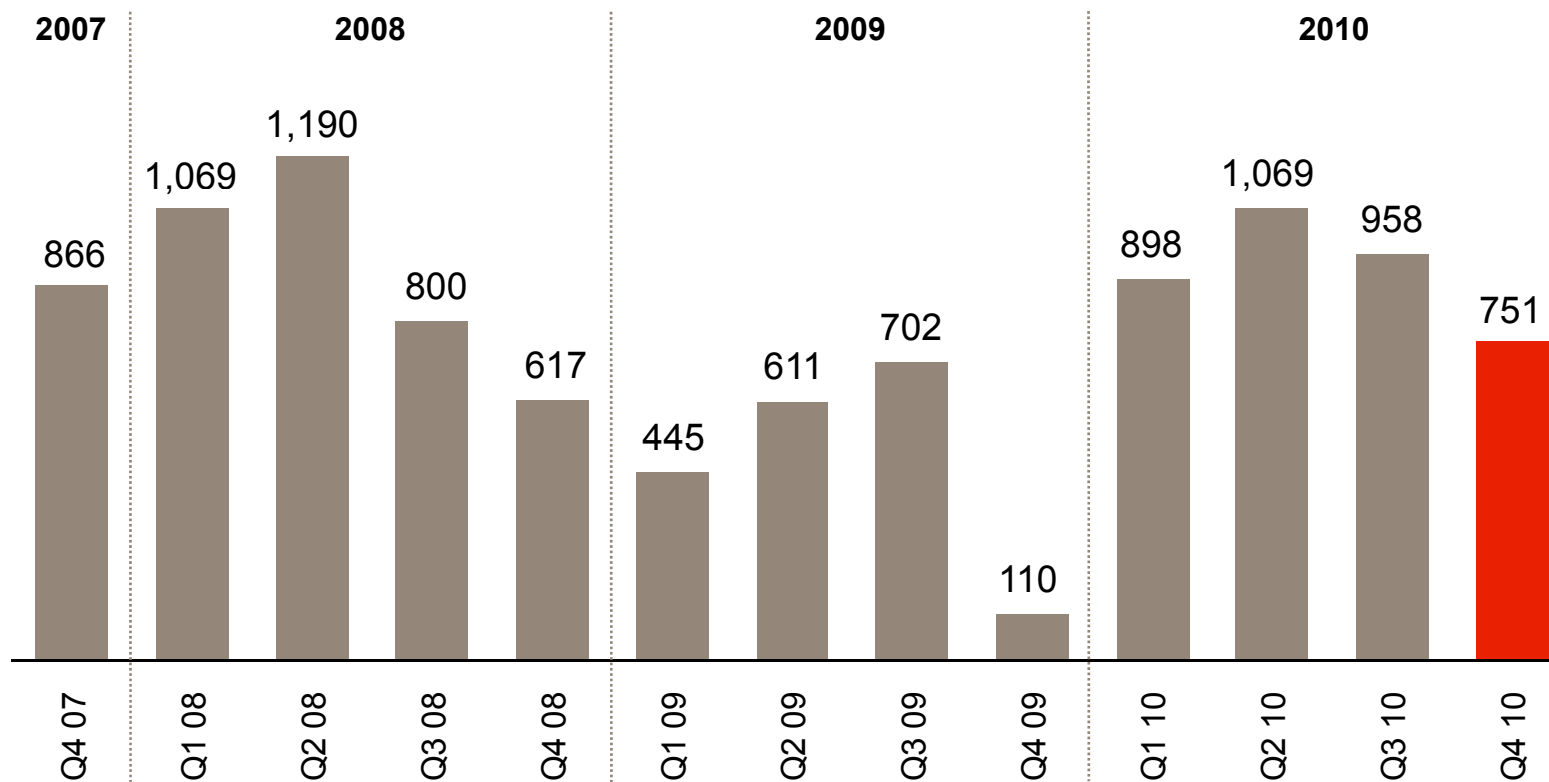
# Cash-flow statement

In EUR millions

	Q4		FY	
	2010	2009	2010	2009
Net income	141	42	424	8
Adjustments to reconcile net income to cash flows from operating activities:				
– Depreciation and amortisation	37	30	142	123
– Impairment of goodwill and intangible assets				192
– Other charges	(6)	(31)	47	(62)
Changes in operating assets and liabilities, net of acquisitions:				
– Trade accounts receivable	(22)	69	(667)	577
– Accounts payable and accrued expenses	85	(10)	460	(393)
– Other assets and liabilities	16	28	49	32
<b>Cash flows from operating activities</b>	<b>251</b>	<b>128</b>	<b>455</b>	<b>477</b>
<b>Cash flows from/(used in) investing activities</b>	<b>(76)</b>	<b>(27)</b>	<b>(1,020)</b>	<b>(278)</b>
<b>Cash flows from/(used in) financing activities</b>	<b>(75)</b>	<b>566</b>	<b>(385)</b>	<b>652</b>
Effect of exchange rate changes on cash	8	24	41	33
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>108</b>	<b>691</b>	<b>(909)</b>	<b>884</b>

# Net debt\* development since Q4 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.

# Financial Guidance

Full year 2011

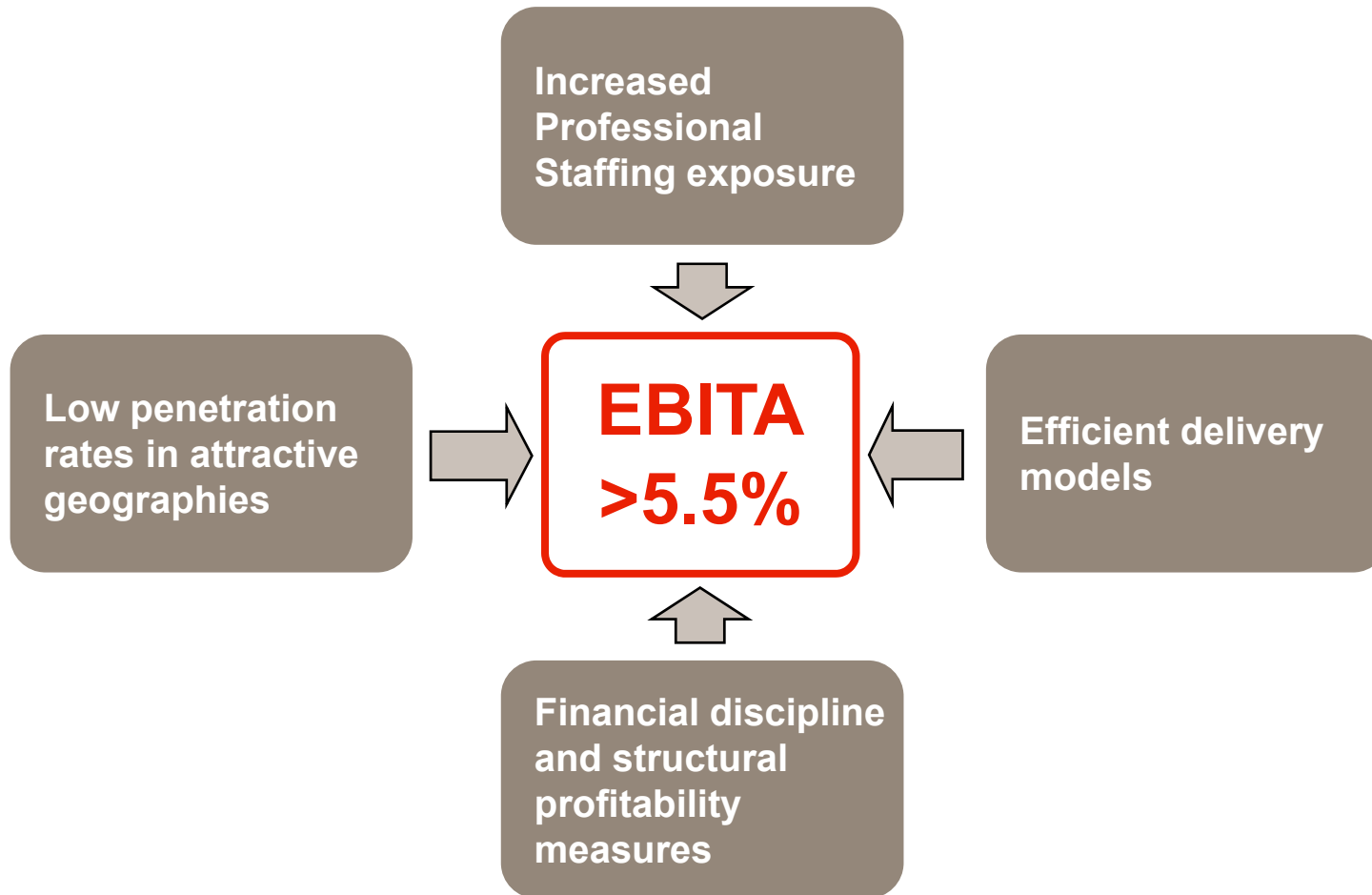
Capex	Approximately EUR 100 million
Interest expense	Approximately EUR 65 million
Corporate costs	Approximately EUR 85 million
Amortisation	Approximately EUR 55 million

# Strategy & Outlook

Patrick De Maeseneire, Group CEO

# We strive to reach an EBITA margin above 5.5%

In the mid-term



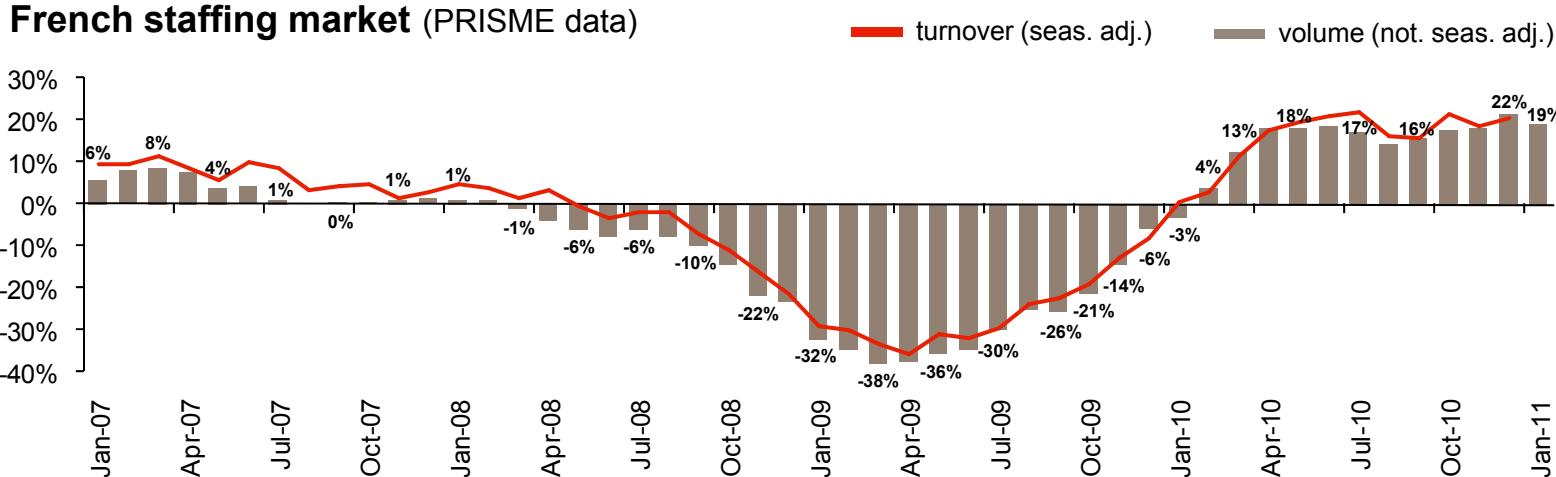
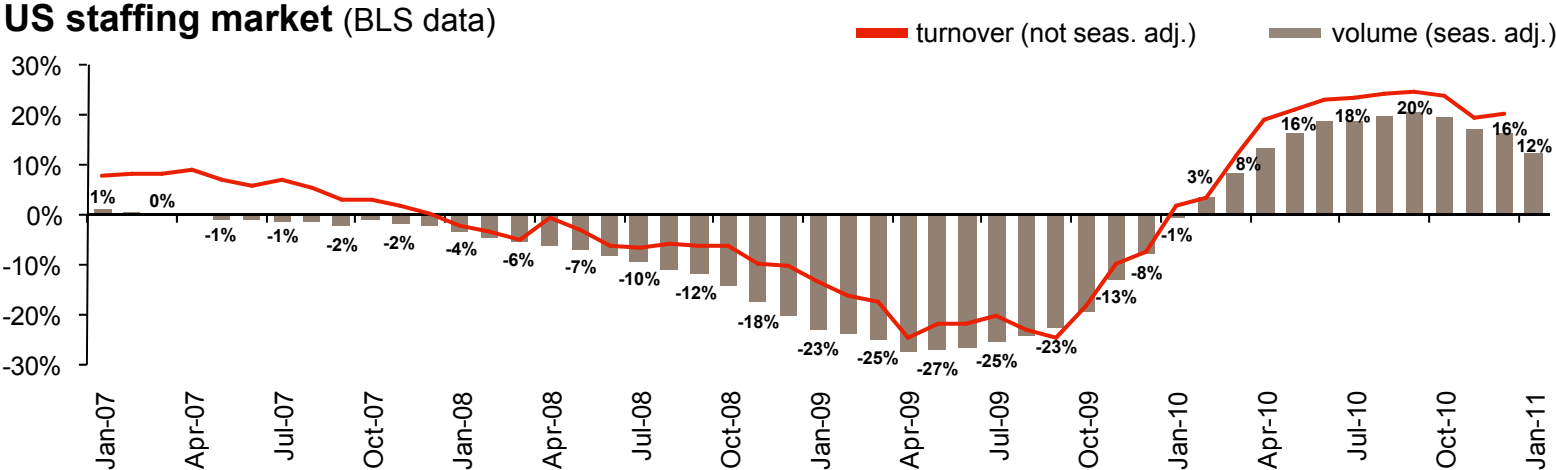
Thank you



# Appendix

# Development of US and French staffing market

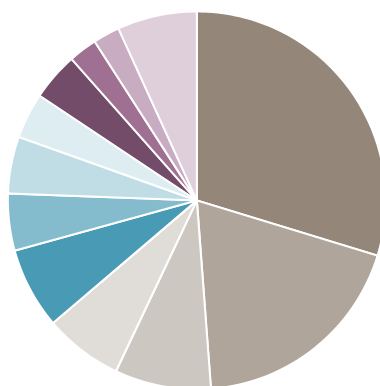
Year-on-year growth



# Revenues and EBITA by geography

Q4 2010 vs. Q4 2009

Revenues in percent



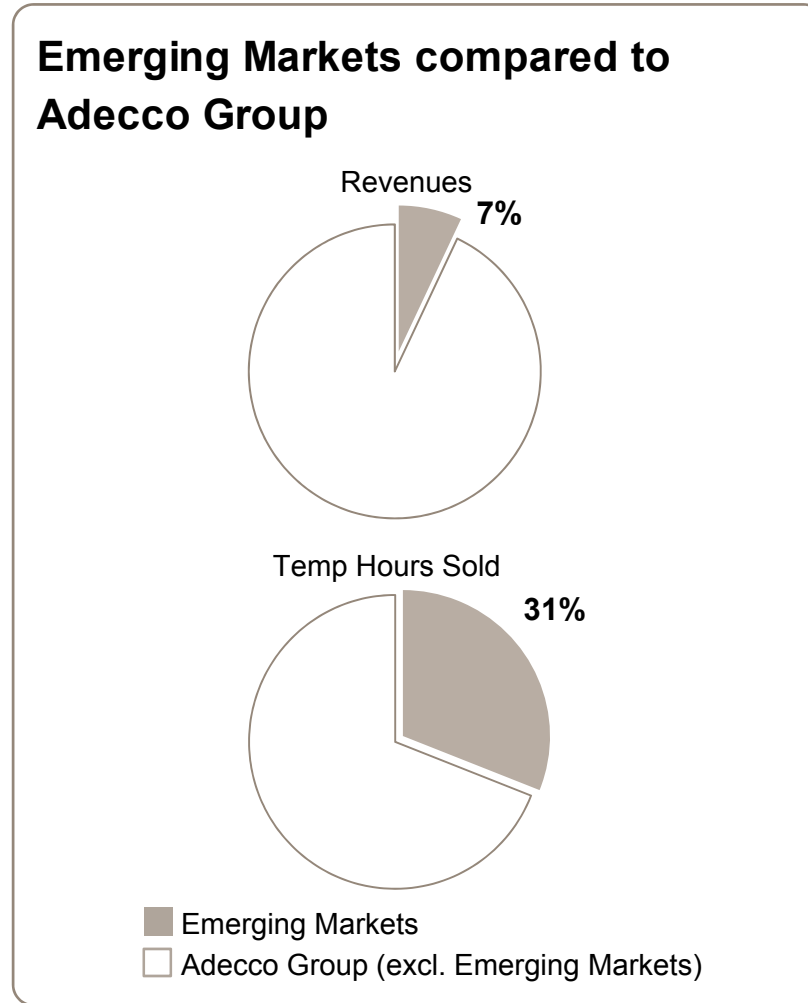
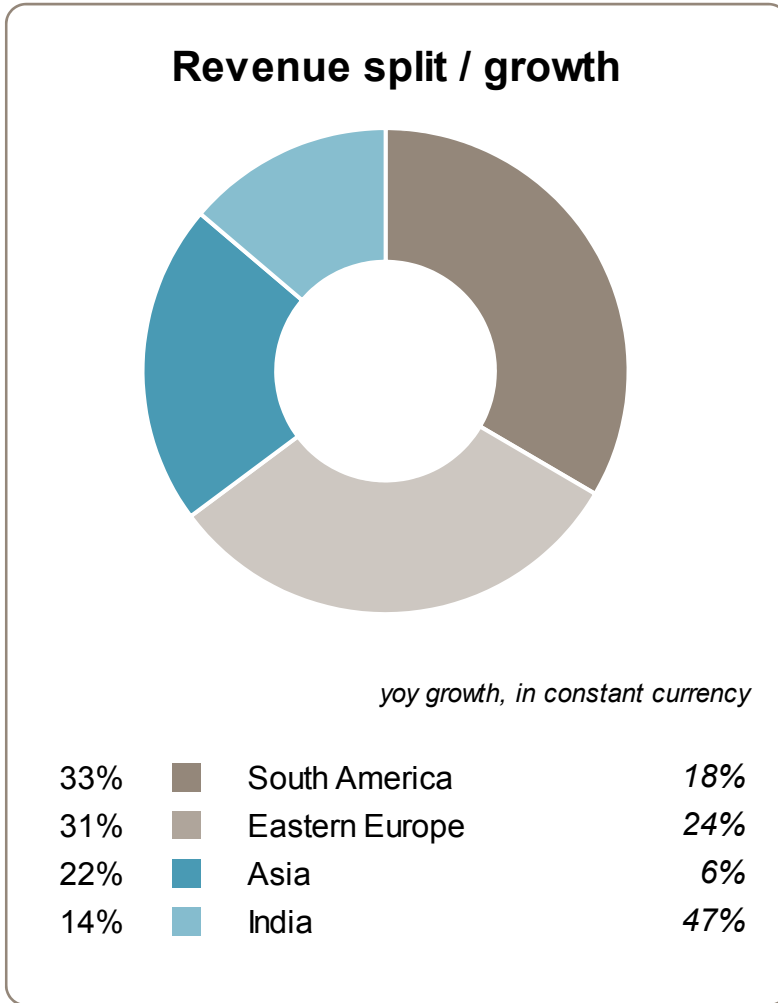
	Revenues		EBITA <sup>2)</sup>	
	EUR m	organic <sup>1)</sup> yoy growth	EUR m	margin
30% ■ France	<b>1,484</b>	19%	<b>60</b>	4.0%
19% ■ North America	<b>953</b>	18%	<b>49</b>	5.1%
8% ■ UK & Ireland	<b>411</b>	-1%	<b>4</b>	1.1%
7% ■ Japan	<b>336</b>	-4%	<b>17</b>	5.0%
7% ■ Germany & Austria	<b>347</b>	32%	<b>26</b>	7.4%
5% ■ Benelux	<b>243</b>	16%	<b>16</b>	6.4%
5% ■ Italy	<b>243</b>	35%	<b>11</b>	4.9%
4% ■ Iberia	<b>195</b>	11%	<b>8</b>	4.4%
4% ■ Nordics	<b>205</b>	23%	<b>11</b>	5.3%
2% ■ Australia & New Zealand	<b>122</b>	21%	<b>3</b>	2.9%
2% ■ Switzerland	<b>114</b>	22%	<b>16</b>	13.8%
7% ■ Emerging Markets	<b>340</b>	20%	<b>11</b>	3.3%
Corporate			<b>(21)</b>	
<b>Adecco Group</b>	<b>4,993</b>	17%	<b>211</b>	4.2%

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

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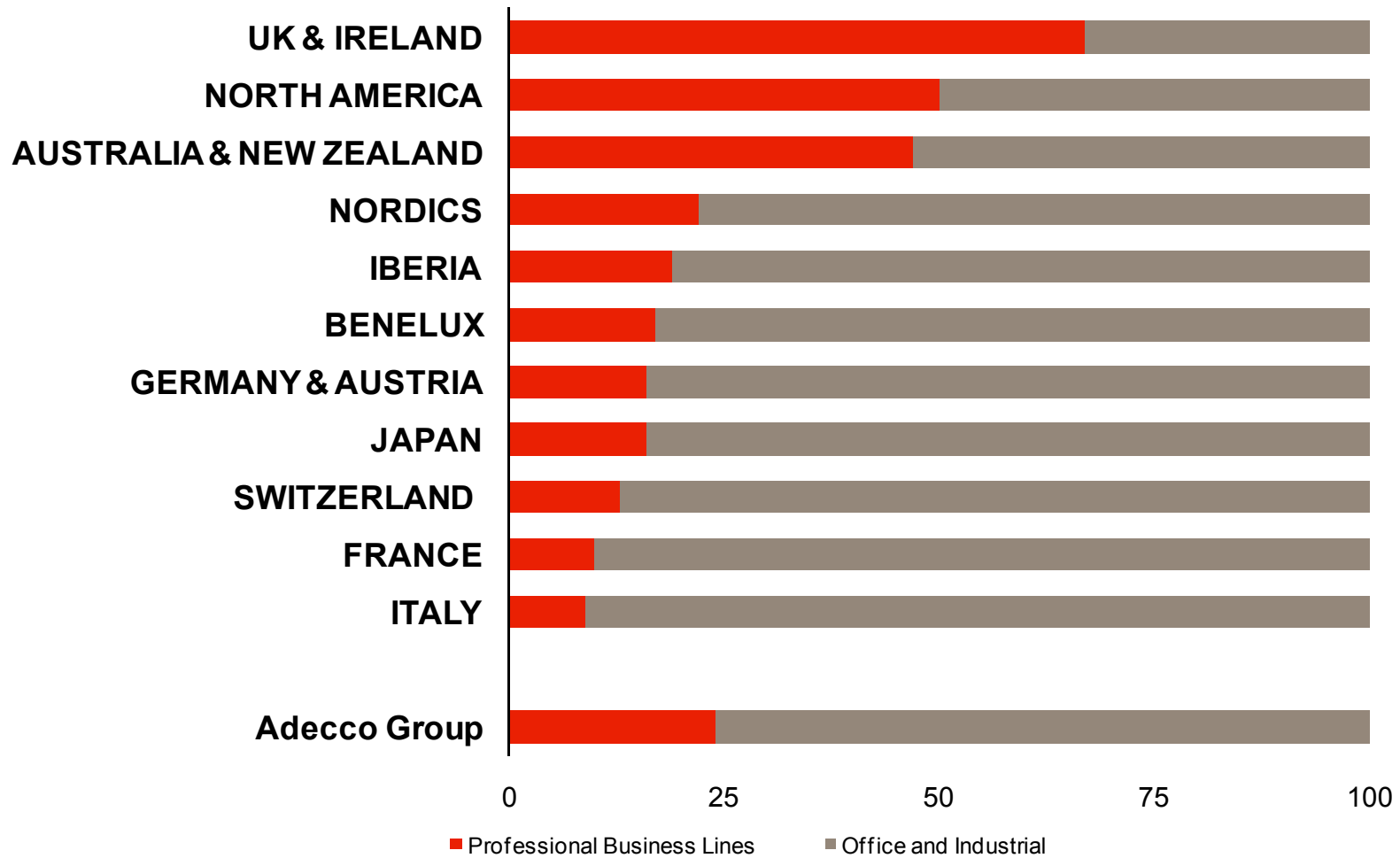
# Developments in the Emerging Markets

Q4 2010 revenues by geography

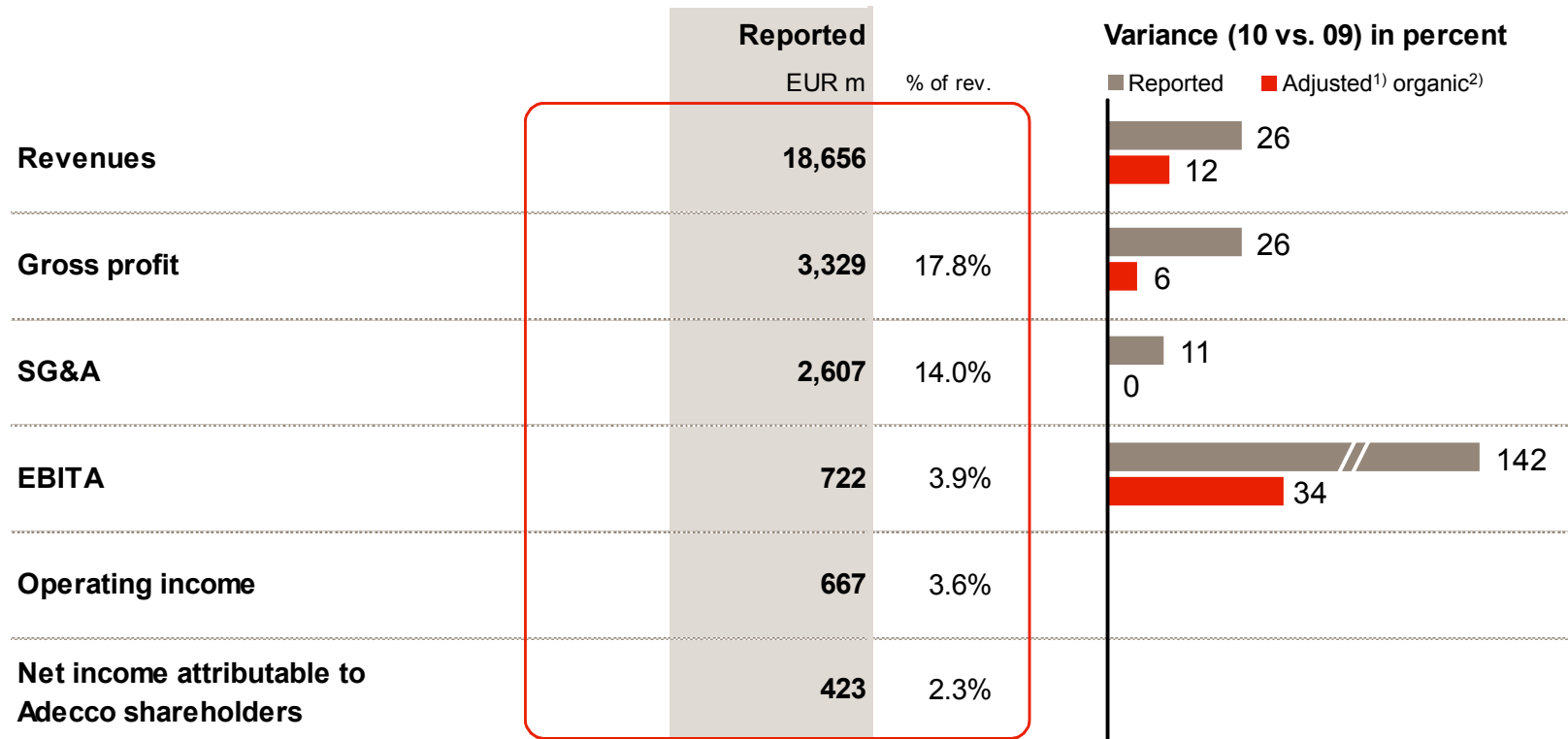


# Revenues – Office and Industrial vs. Professional business lines

In percent, based on dedicated branches in Q4 2010



# FY 2010 results summary



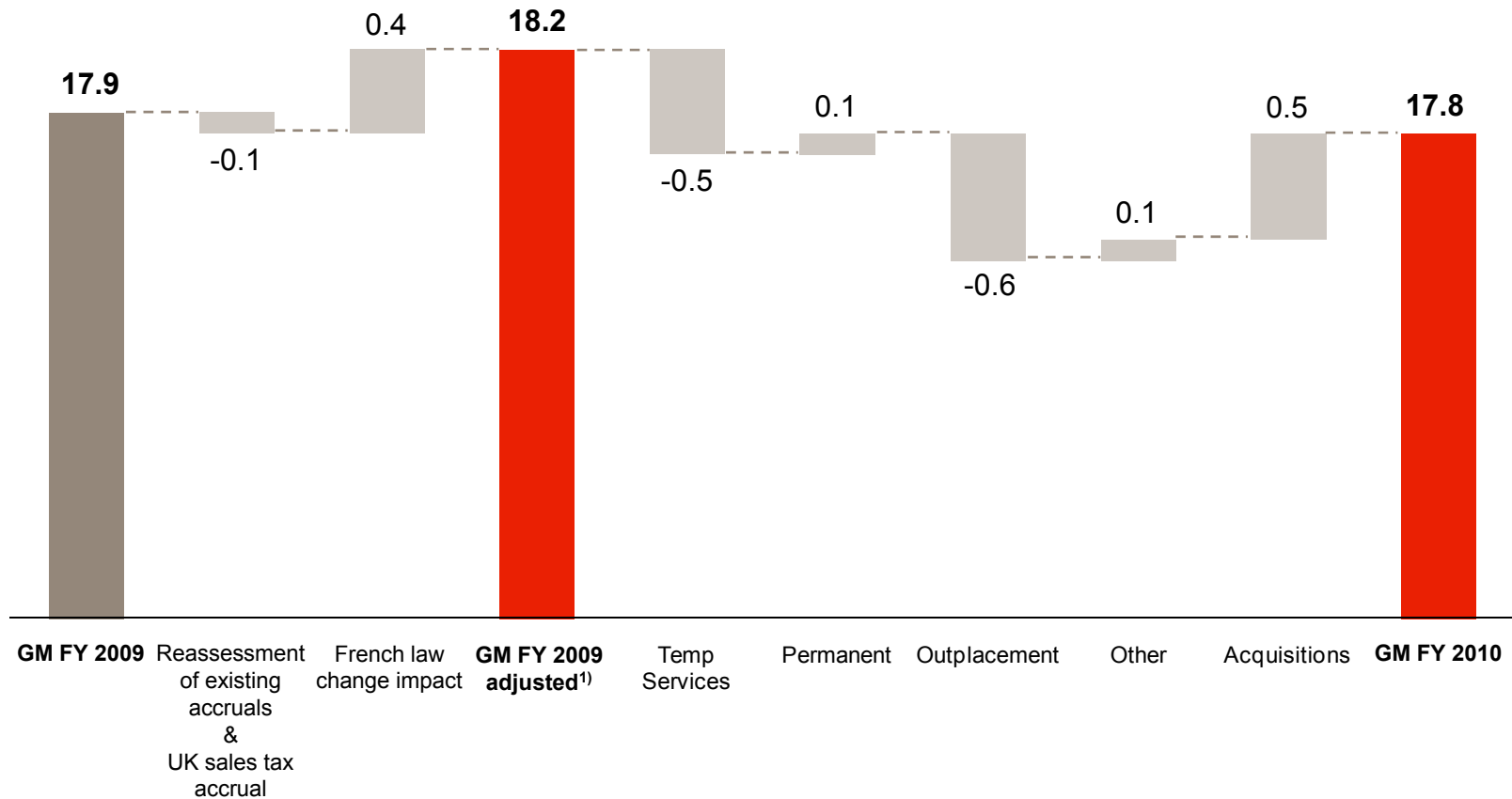
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# FY 2010 gross margin drivers

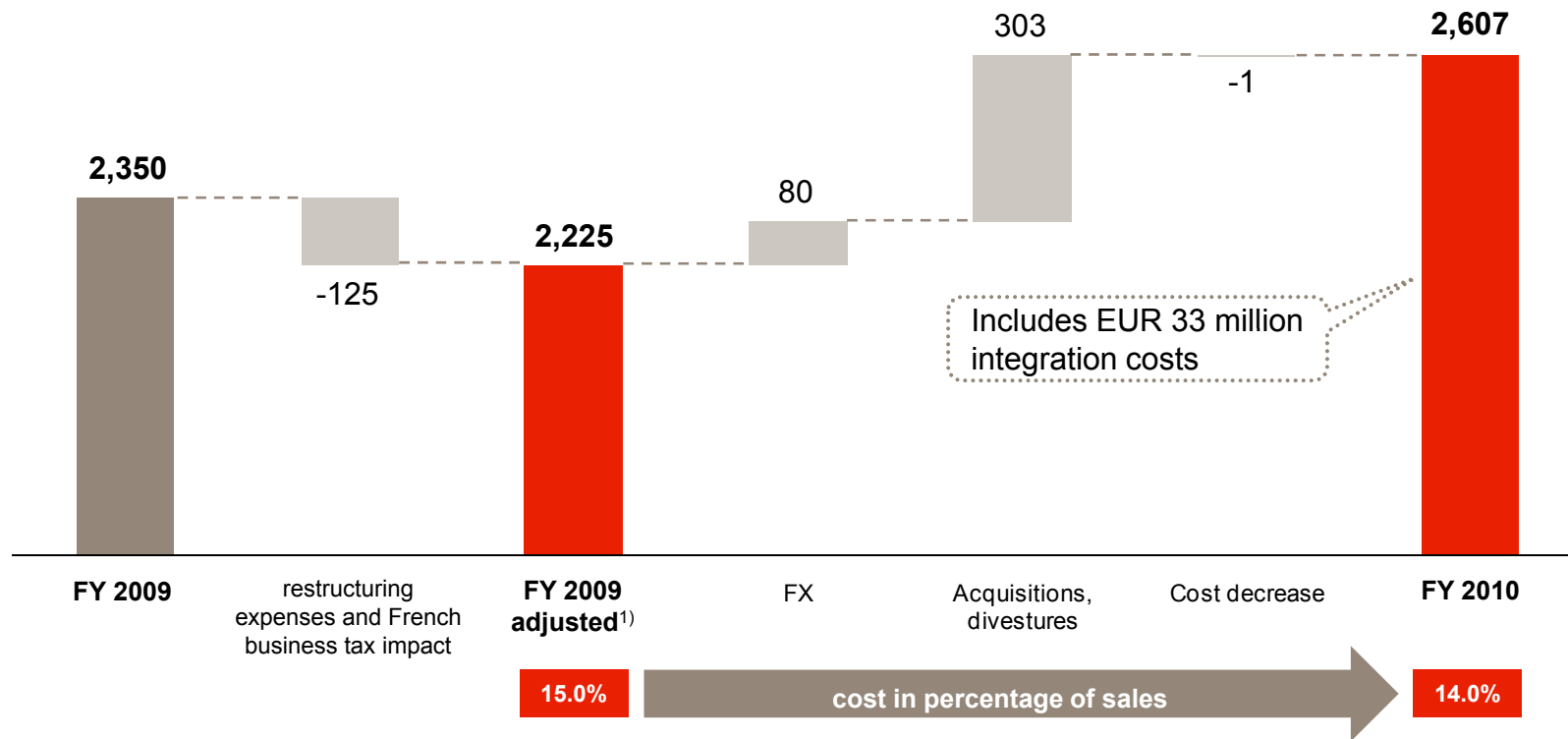
In percent of revenues



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# FY 2010 SG&A movements

In EUR millions

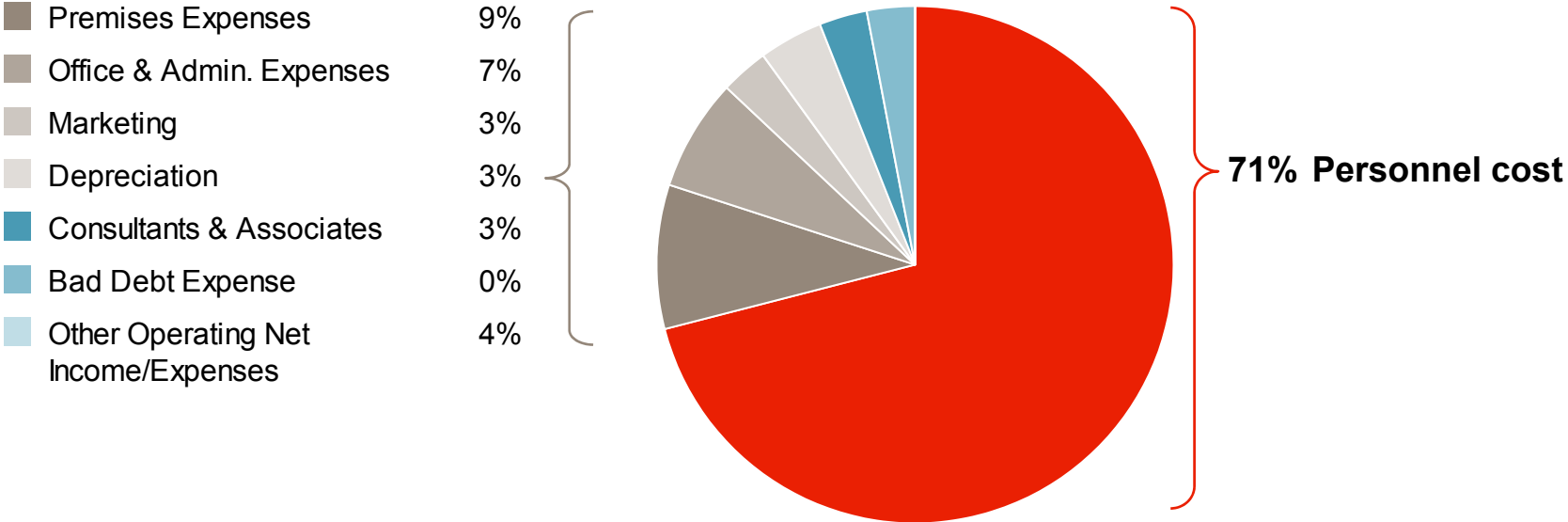


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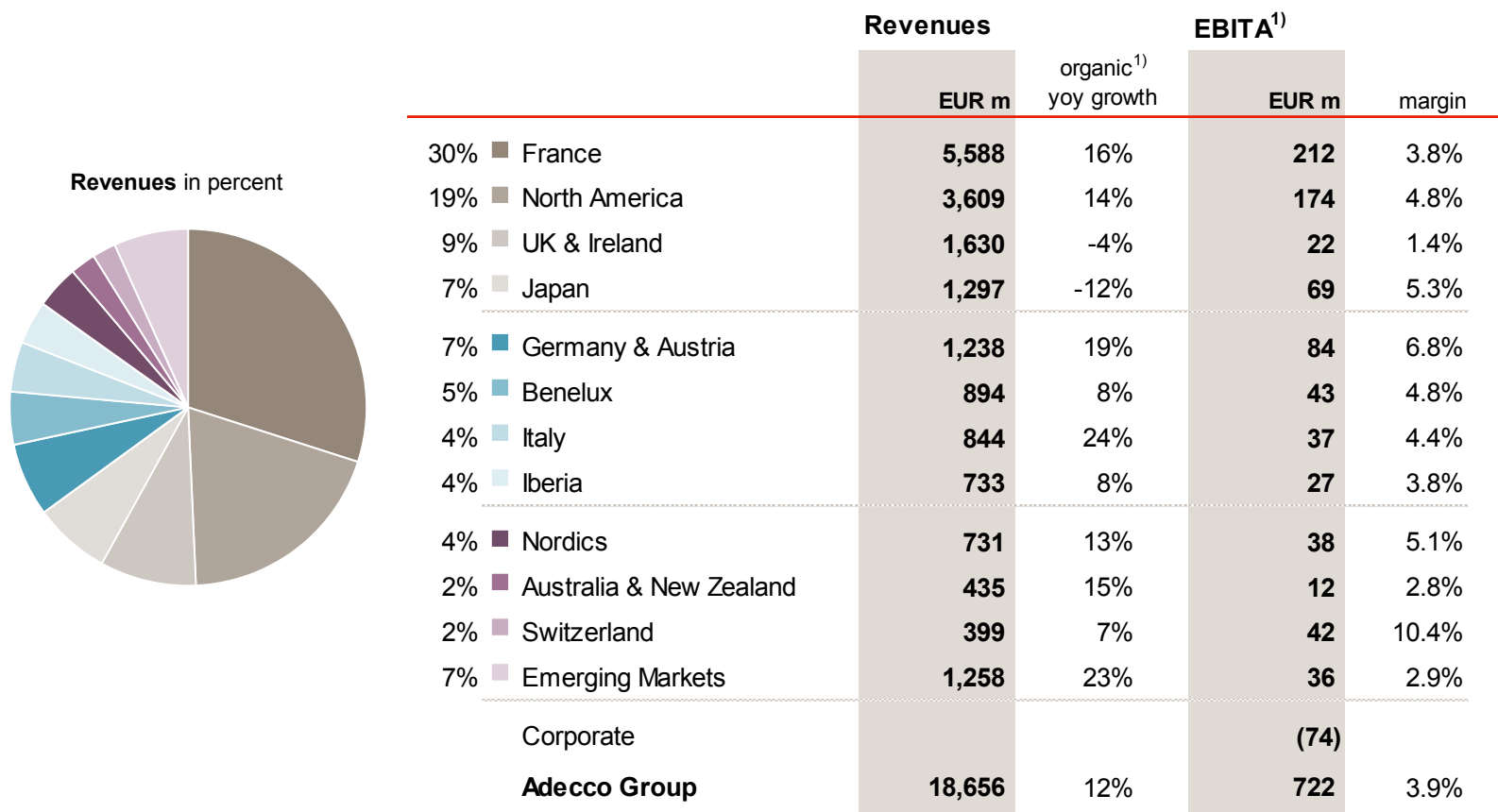
# SG&A breakdown

FY 2010



# Revenues and EBITA by geography

FY 2010 vs. FY 2009

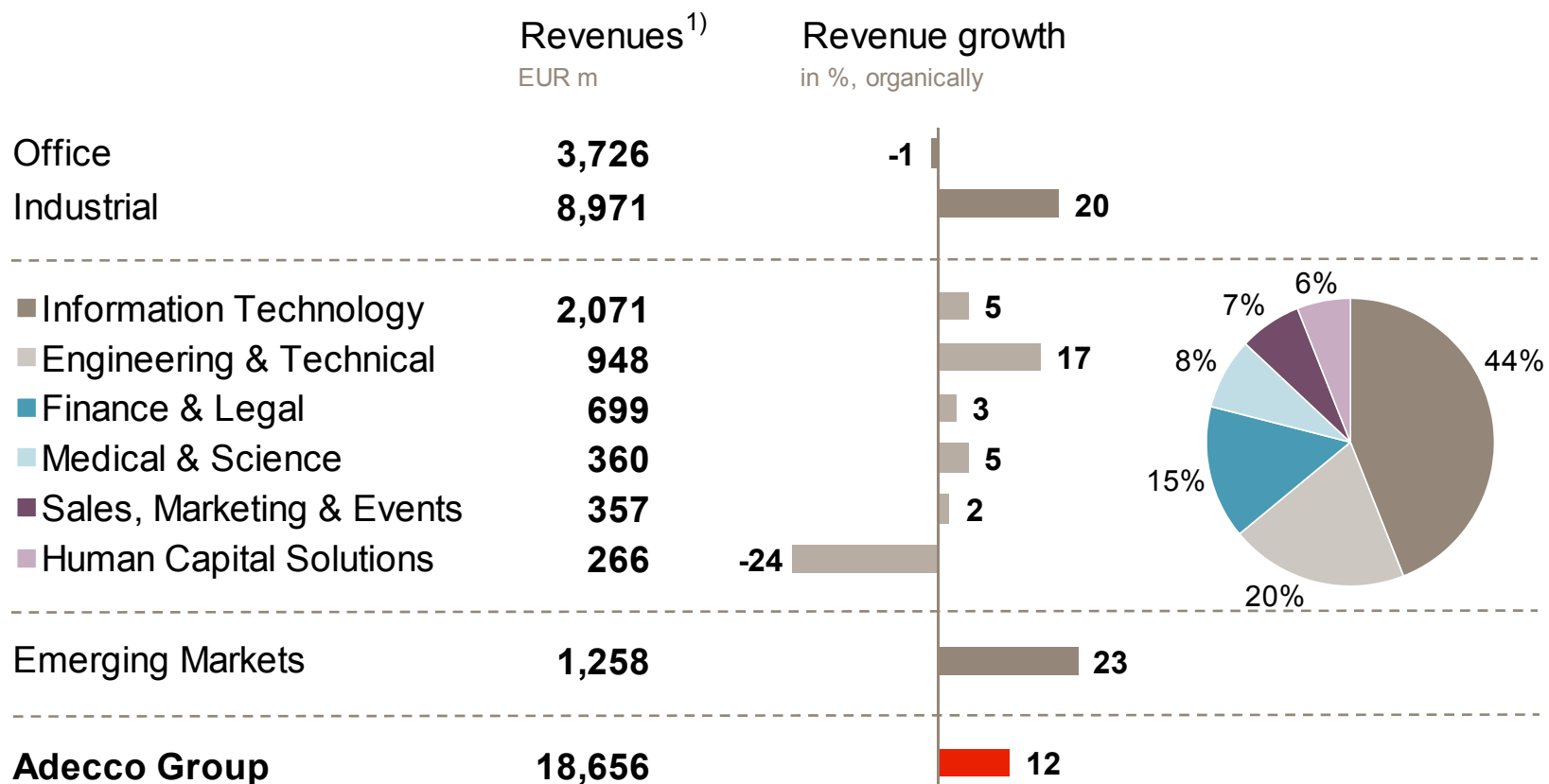


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# Revenue development by business lines

FY 2010 vs. FY 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.

# Detailed explanation of adjusted FY 2009 figures

In EUR millions

Q4 2009	reported	impact of French business tax	including impact of French business tax	restructuring expenses; sales tax accrual; reassessment of existing accruals	adjusted <sup>1)</sup>
<b>Revenues</b>	<b>3,785</b>		<b>3,785</b>		<b>3,785</b>
<b>Direct cost of services</b>	<b>(3,120)</b>	<b>15</b>	<b>(3,105)</b>	<b>(7)</b>	<b>(3,112)</b>
<b>Gross profit</b>	<b>665</b>	<b>15</b>	<b>680</b>	<b>(7)</b>	<b>673</b>
<i>Gross margin</i>	<i>17.6%</i>		<i>18.0%</i>		<i>17.8%</i>
<b>SG&amp;A</b>	<b>(576)</b>	<b>1</b>	<b>(575)</b>	<b>30</b>	<b>(545)</b>
<i>% of revenues</i>	<i>15.2%</i>		<i>15.2%</i>		<i>14.4%</i>
<b>EBITA<sup>2)</sup></b>	<b>89</b>	<b>16</b>	<b>105</b>	<b>23</b>	<b>128</b>
<i>% margin</i>	<i>2.3%</i>		<i>2.8%</i>		<i>3.4%</i>
<b>FY 2009</b>	<b>reported</b>	<b>impact of French business tax</b>	<b>including impact of French business tax</b>	<b>restructuring expenses; sales tax accrual; reassessment of existing accruals</b>	<b>adjusted<sup>1)</sup></b>
<b>Revenues</b>	<b>14,797</b>		<b>14,797</b>		<b>14,797</b>
<b>Direct cost of services</b>	<b>(12,148)</b>	<b>60</b>	<b>(12,088)</b>	<b>(18)</b>	<b>(12,106)</b>
<b>Gross profit</b>	<b>2,649</b>	<b>60</b>	<b>2,709</b>	<b>(18)</b>	<b>2,691</b>
<i>Gross margin</i>	<i>17.9%</i>		<i>18.3%</i>		<i>18.2%</i>
<b>SG&amp;A</b>	<b>(2,350)</b>	<b>4</b>	<b>(2,346)</b>	<b>121</b>	<b>(2,225)</b>
<i>% of revenues</i>	<i>15.9%</i>		<i>15.9%</i>		<i>15.0%</i>
<b>EBITA<sup>2)</sup></b>	<b>299</b>	<b>64</b>	<b>363</b>	<b>103</b>	<b>466</b>
<i>% margin</i>	<i>2.0%</i>		<i>2.5%</i>		<i>3.1%</i>

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

# Cash flow and DSO development

DSO reduction should positively impact future cash flows

