Q2 24 report

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6 August 2024

THE ADECCO GROUP

Adecco AKKODIS LHH

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 the 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. This presentation refers to revenue growth yoy on an organic, trading days adjusted basis, unless otherwise stated.

This presentation refers to gross margin development yoy on an organic basis, unless otherwise stated.

'EBITA' refers to operating income before amortisation and impairment of goodwill and intangible assets. This presentation refers to EBITA, EBITA margin and yoy margin development excluding one-offs, unless otherwise stated.

'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.

Q2 24 highlights

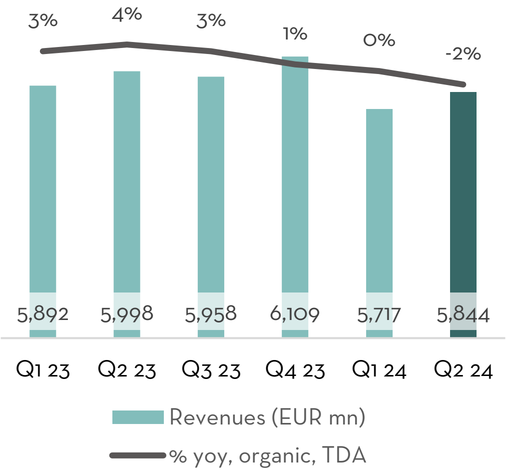
Further share gains of +375 bps at Group level, on top of +775 bps in Q2 23

Robust margins reflect current business mix; firm pricing and disciplined cost management

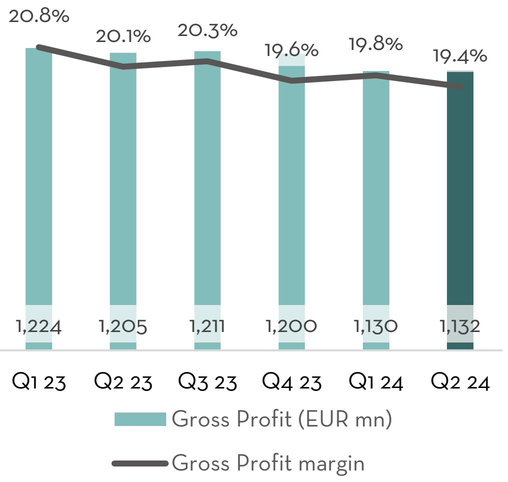
€162 mn G&A savings run-rate delivered, above-target; Q2 G&A expenses -19%

2030 and 2050 net-zero emissions targets approved by SBTi

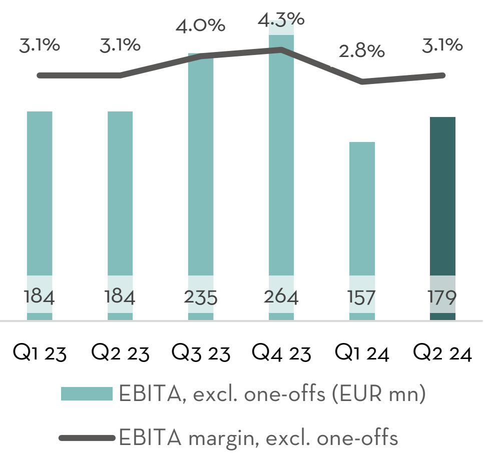
Revenues €5.8 bn
-2% yoy



Gross Profit €1,132 mn
19.4% margin



EBITA €179 mn
3.1% margin



Adj EPS €0.64	-1% yoy CC
Net debt/EBITDA	3.0x
Op CF	€162 mn
Cash conversion	84%

Quarterly results reflect new company reporting policies, effective Jan 1, 2024

Future@Work Reloaded: better, faster execution; improved financial performance

Consistent delivery of Simplify, Execute, Grow plan

- ✓ Strong market share gains
- ✓ Investing to capture growth, protecting capacity
- ✓ €162 million G&A savings, in run-rate terms, delivered mid-24, above ~€150 million target
- ✓ Organisation right-sized, move to Shared Service Centres accelerated, procurement tightened
- ✓ Operating model adjusted to drive empowerment & accountability
- ✓ Value-driving Tech Roadmap activated
- ✓ Driving performance through refreshed culture and values

simplify

execute

grow

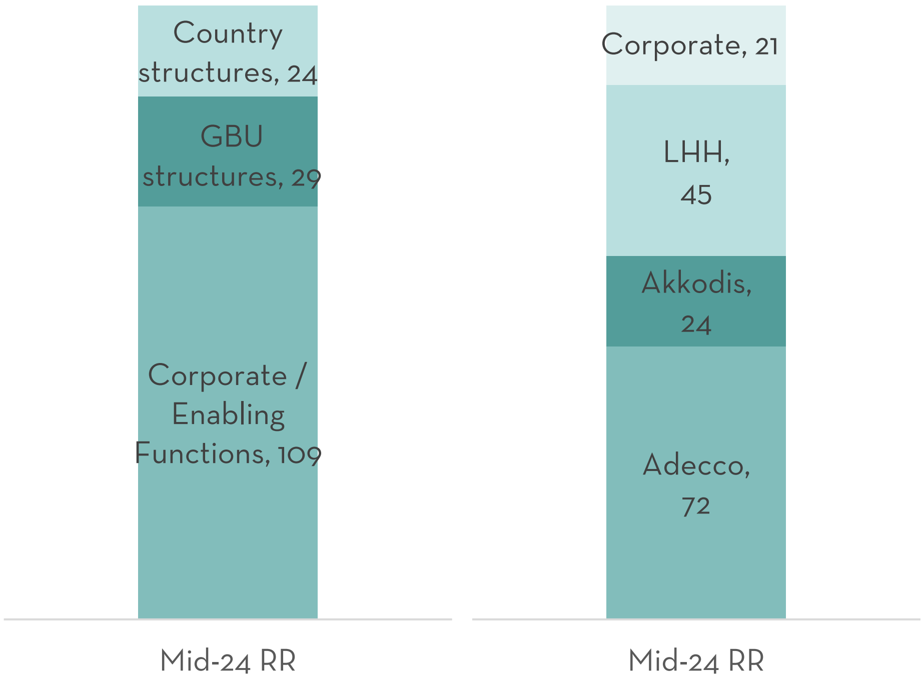
Disciplined execution drives G&A savings above-target

€162 mn G&A savings, in run-rate terms, delivered mid-24 (vs 2022 baseline)

- Savings ahead of ~€150 mn target, and on a net basis
- **67%** from simplifying and consolidating corporate / enabling functions, including shared service centres for finance, HR
- **33%** from delayering and reducing duplication in management structures at GBU, country levels
- **12%** reduction in G&A FTEs
- **€66 mn** cut in non-personnel G&A costs

Q2 24 G&A savings -19% (vs 2022 baseline), bringing G&A expenses to 3.4% of revenues

G&A savings breakdown, by area and GBU
(in EUR mn vs 2022)

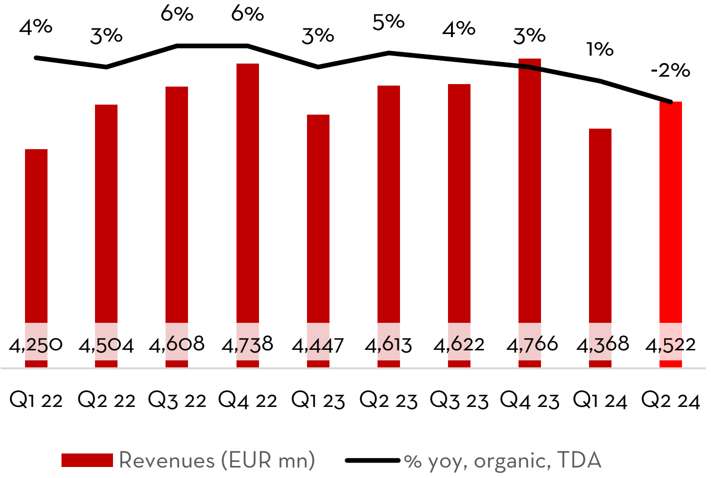


Clear plan to sustain G&A expenses <3.5% of revenues p.a.

Adecco: solid performance in tough markets, robust margin

Revenues €4.5 bn, -2% yoy

Share of Group 77%



Northern Europe, France, Americas challenged markets

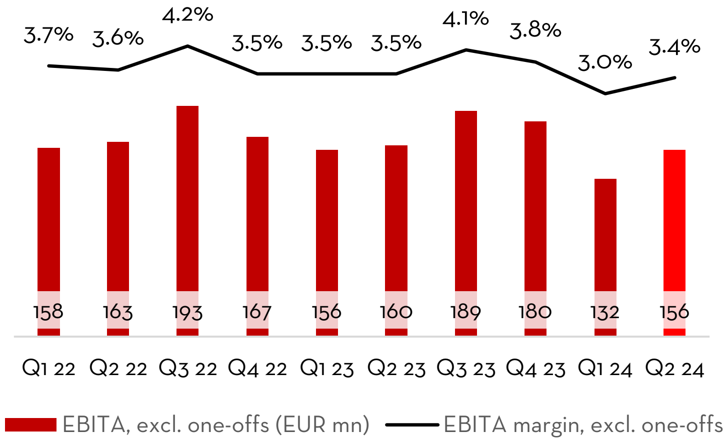
Southern Europe & EEMENA solid

DACH robust

APAC strong

EBITA €156 mn, 3.4% margin

Share of Group 67%



EBITA margin -10 bps yoy

Lower volumes

Current mix

FESCO JV income

- Relative revenue growth +220 bps
- Flex -2%, Perm -2%, Outsourcing +15%[1]
- Retail strong, logistics solid; autos, manufacturing, IT Tech weak
- Gross margin healthy, pricing firm
- Improved productivity: GP/Selling FTE +2%, Selling FTEs -4% yoy
- EBITA margin further reflects strong G&A savings, favourable timing of FESCO JV income

[1] yoy organic

Quarterly revenues and EBITA excl. one-offs for 2022 have been restated to reflect the transfer of part of AKKA US to Adecco US effective Jan 1, 2023. Quarterly revenues and EBITA margin for 2023 reflect new company reporting policies, effective Jan 1, 2024

Adecco: further market share gains

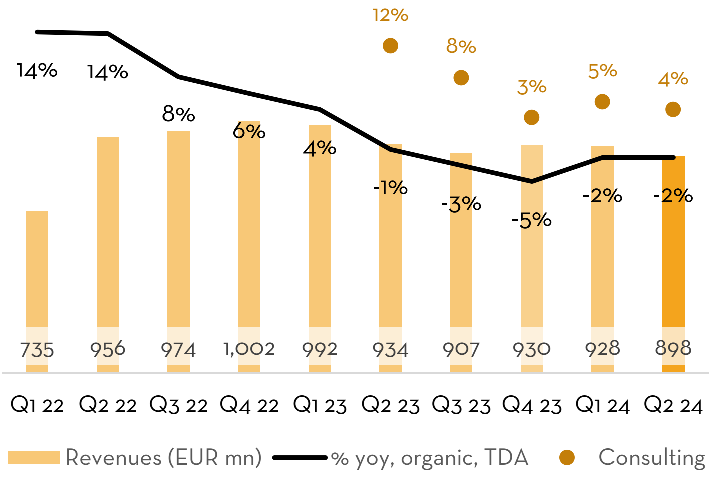
By Segment	Revenues		Market share	EBITA and EBITA margin excl. one-offs		
	Q2 24 € mn	**Q2 24 % yoy**	Q2 24	**Q2 24 € mn**	**Q2 24 margin**	Change, bps yoy
France	1,174	**-8%**	↘	33	**2.9%**	(170)
Northern Europe (NE)	544	**-11%**	↑	9	**1.6%**	+20
DACH	419	**+1%**	↑	2	**0.5%**	+130
Southern Europe & EEMENA (SEE)	1,170	**+4%**	↑	69	**5.8%**	0
Americas	630	**-5%**	↘	5	**0.7%**	(40)
APAC	585	**+14%**	↑	38	**6.6%**	+210
Adecco	**4,522**	**-2%**	↑	**156**	**3.4%**	(10)

- **France:** strong market headwinds. Manufacturing, logistics subdued. Margin reflects negative operating leverage
- **NE**: UK&I -12%, Nordics -13%, Belux +1%. Autos, consulting, manufacturing weak
- **DACH:** Germany +1%. Logistics, IT Tech, retail strong. Switzerland 0%
- **SEE:** Iberia +10%, EEMENA +7%. Italy 0%. Logistics, F&B, retail strong
- **Americas:** LatAm +13%, led by Colombia. NAM -14%, temp demand subdued. Calibrated investment in network to drive future growth
- **APAC:** Japan +11%, India +13%, Asia +7%. Australia & New Zealand +41%, supported by significant government contract

Akkodis: strength in Consulting & Solutions

Revenues **€898 mn**, -2% yoy

Share of Group 15%



North EMEA -6% yoy

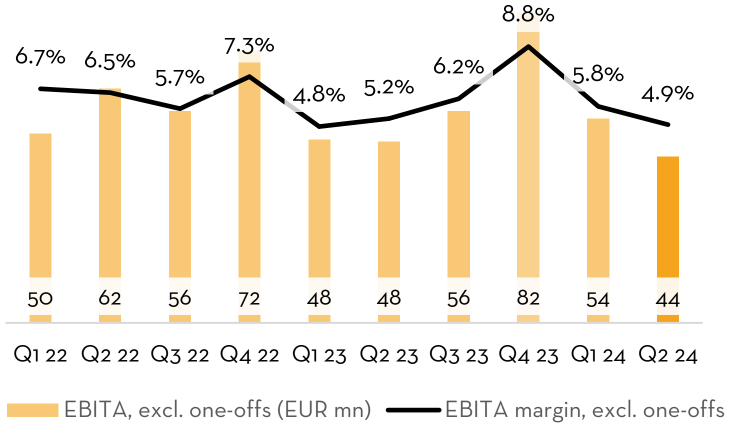
South EMEA +5% yoy

North America -14% yoy

APAC +9% yoy

EBITA **€44 mn**, 4.9% margin

Share of Group 19%



EBITA margin -30 bps yoy

Lower volumes

Disciplined cost management

- Consulting & Solutions (75% of GBU revenues) +4%; Staffing -17%
- EMEA robust: France +5%, led by autos. Spain, Italy strong. NXT (formerly DataRespons) -7%, reflecting tough software development market. Germany -3%, mainly reflecting headwinds in autos
- NAM: impacted by continued tech staffing downturn; Solutions +30%[1]
- APAC strong: Japan +7%, led by tech staffing. Australia +9%, with consulting +34%[1]
- EBITA margin reflects seasonality and market challenges in US, Germany, partially offset by good cost discipline

[1] On an organic basis.

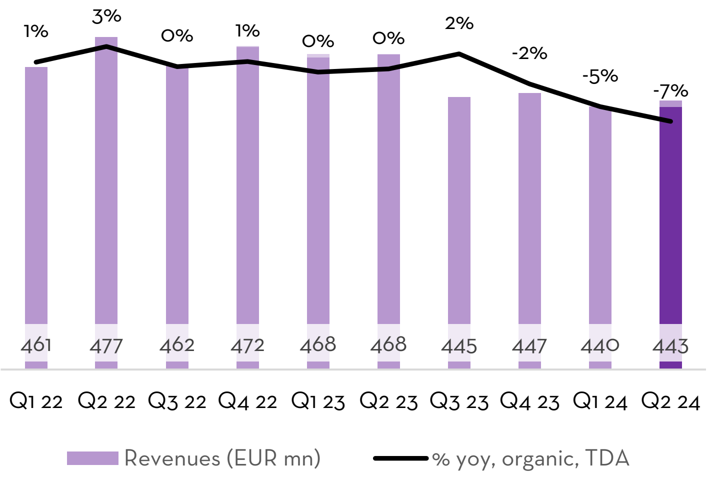
Quarterly revenues and EBITA margin for 2023 reflect new company reporting policies, effective Jan 1, 2024

In 2022, AKKA was consolidated 24 Feb; quarterly revenues and EBITA figures include AKKA's contribution, while the organic growth rates yoy are for Modis only. In addition, quarterly revenues and EBITA excl. one-offs for 2022 have been restated to reflect the transfer of part of AKKA US to Adecco US effective Jan 1, 2023

LHH: weighed by subdued markets and high comparison

Revenues **€443 mn,** -7% yoy

Share of Group 8%



Recruitment Solutions (RS) -13% yoy

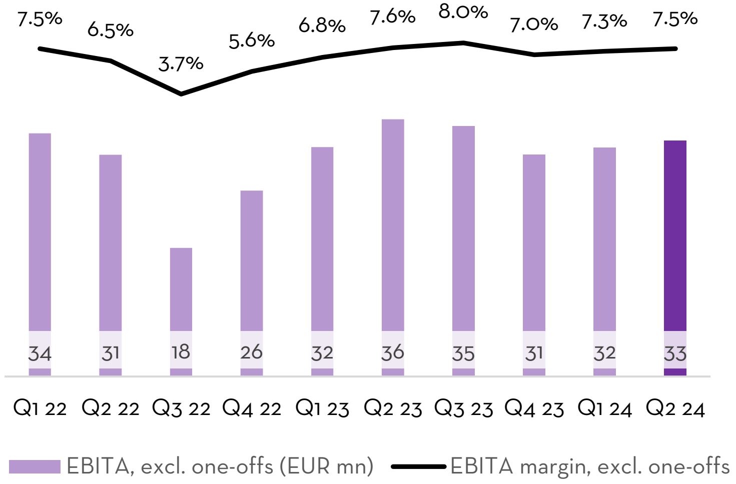
Career Transition & Mobility (CT&M) -10% yoy

Learning & Development (L&D) -1% yoy[1]

Pontoon +7% yoy

EBITA **€33 mn,** 7.5% margin

Share of Group 14%



EBITA margin -10 bps yoy

Lower volumes

Changing mix

Strong cost optimisation

- RS: continued market headwinds. Gross profit –13% (Q1 -19%); US -17%, modestly improved qoq
- CT&M: healthy given strong comparison, France, Canada solid. Taking share, solid pipeline
- L&D: Ezra +45%[1], pipeline strong. GA continues pivot to B2B; Talent Development subdued
- Pontoon: +7%, led by Direct Sourcing
- EBITA margin reflects lower volumes, changing mix, substantially offset by organisational optimisation, good G&A savings

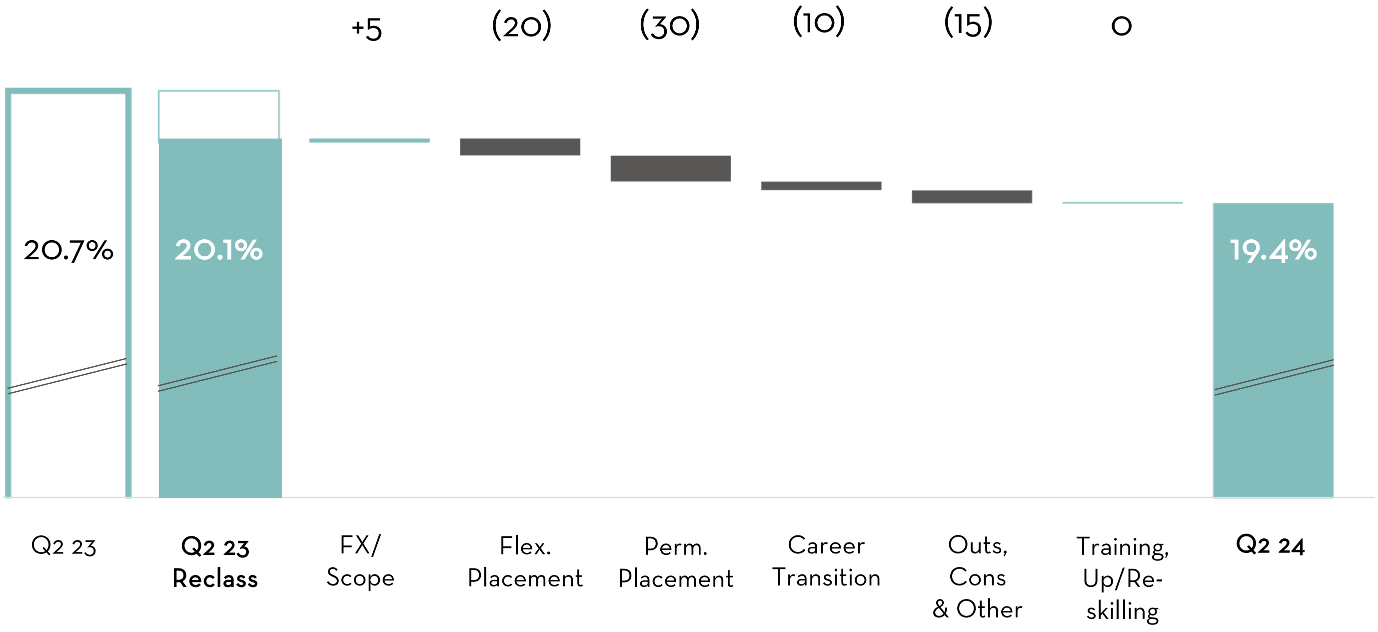
[1] yoy organic

Quarterly revenues and EBITA margin for 2023 reflect new company reporting policies, effective Jan 1, 2024.

Robust margins reflecting disciplined cost management

Gross profit bridge

(As % of revenues yoy, in bps)



As % of Group (approx.)		50%	15%	10%	20%	5%

EBITA bridge, excl. one-offs

As % of revenues

- GP/Selling FTE flat yoy; Selling FTEs -5% yoy
- SG&A expenses -5% yoy, to 16.6% of revenues
- G&A expenses -11% yoy, to 3.4% of revenues
- Company-based FTEs -6% yoy, -2% qoq

Improved cash generation, solid financing structure

Cash generation

- Q2 Cash Conversion **84%**, from 73% in Q1
- Q2 Operating Cash Flow **+€162 mn**, +€82 mn yoy
- Q2 NWC **+€116 mn** favourable yoy, mainly due to good working capital management:
  - DSO improved 0.5 days, to 52.5 days
  - Lower trade receivables balances
- Q2 Free Cash Flow **+€128 mn**, +€100 mn yoy
  - Q2 Capex -€34 mn, +€18 mn favourable yoy
- H1 FCF +**€35 mn,** +€172 mn yoy

Balance sheet & financing metrics

- End-H1 net debt/EBITDA **3.0x,** 0.2x lower yoy
- End-H1 net debt **€2,972 mn**
- 81% debt fixed; interest rate sensitivity +/- 1% = ~€7 mn
- No covenants on any outstanding debt
- €750 mn undrawn RCF

Note: US GAAP records operating lease expenses within COS or SG&A expenses. In Q2 24 lease expenses totalled €57 mn

Near-term outlook

- Revenue developments in Q3 24 are expected to be similar to the Q2 24 period, on a yoy organic TDA basis
- The Group will focus on sustaining G&A savings whilst continuing to position capacity to capture growth opportunities and market share
- In Q3 24, the Group expects its gross margin to improve sequentially, in line with normal seasonality
- The Group expects a modest reduction in SG&A expenses excl. one-offs relative to Q2 24

Continued strategic progress and disciplined execution

- ✓ Further share gains in challenging markets
- ✓ €162 mn G&A savings run-rate delivered, above-target
- ✓ Clear plan to sustain G&A expenses <3.5% of revenues p.a.
- ✓ Well positioned to capitalise swiftly on future market rebound

Relentless focus on market share gain, improved profitability

Q&A

Appendix

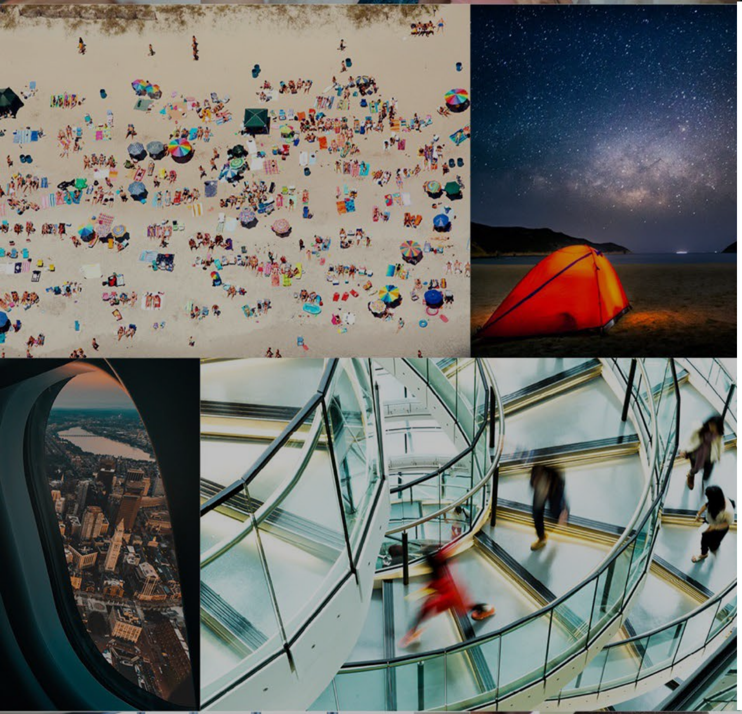
Additional financial framework

EUR mn, unless otherwise stated	FY 2023	FY 2024 Est.	Q1 2024	Q2 2024	Q3 2024 Est.
One-off costs	(133)[1]	~ (90)	(13)	(45)	~ (20)
Depreciation	(155)	~ (160)	(41)	(43)	~ (40)
Amortisation	(102)	~ (80)	(22)	(21)	~ (21)
Interest expense	(77)	~ (80)	(17)	(19)	~ (20)
Other income/(expenses), net	(48)	~ (25)	1	(8)	~ (5)
Effective tax rate	36%[2]	~ 33%[3]	31%[2]	32%[2]	~ 33%[3]
Capital expenditure	(216)	~ (150)	(26)	(34)	~ (35)

	FY 2023	FY 2024 Est.	Q1 2024	Q2 2024	Q3 2024 Est.
Foreign exchange impact on revenues *(at current rates, yoy)*	~ (2.1)%	~ (1.0)%	(1.5)%	~ (1.2)%	~ (0.8)%
Trading Days Adjustment *(difference in trading hours, yoy)*	(0.2)%	0.7%	(1.4)%	+1.0%	+1.5%

Changed FY guidance

[1] Of which, EUR 92 mn mainly G&A related, and EUR 41 mn AKKA integration and related costs. [2] Tax rate including discrete events. [3] Tax rate guidance excluding discrete events.



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