THE ADECCO GROUP

Q3 2018 results

6 November 2018

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 Q3 2018 – 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 Q3 2018

Alain Dehaze

Group CEO

Key highlights from the Q3 2018 results

Q3 2018 financial summary

- Revenue growth 2% organically and trading days adjusted (TDA)
- Continued outperformance in France; revenues +5% TDA with improving margin trend
- Strong performance in permanent placement, revenues up 19% organically
- Gross margin 18.7%, up 20 bps year-on-year, driven by perm, General Assembly and Vettery
- EBITA margin excluding one-offs 5.0%; underlying productivity gains offset by investments in strategic initiatives (-30 bps yoy) and Germany (-20 bps yoy)

Strategic progress

- Sale of Beeline stake completed, resulting in gain-on-sale of EUR 113 million
- GrowTogether delivering EUR 50 million in productivity savings in 2018

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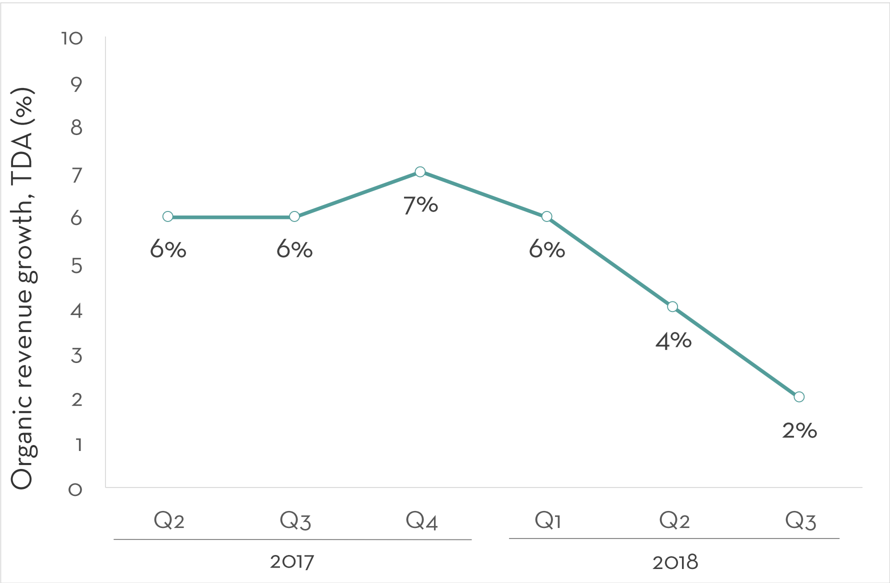
Financial performance

Hans Ploos van Amstel

Group CFO

Moderation in organic revenue growth in Q3, driven by Europe

Group revenue growth



- Growth slowed to +2% organically and trading days adjusted, driven by Europe
- Revenues in September and October combined up 1%, TDA

Segment revenue growth

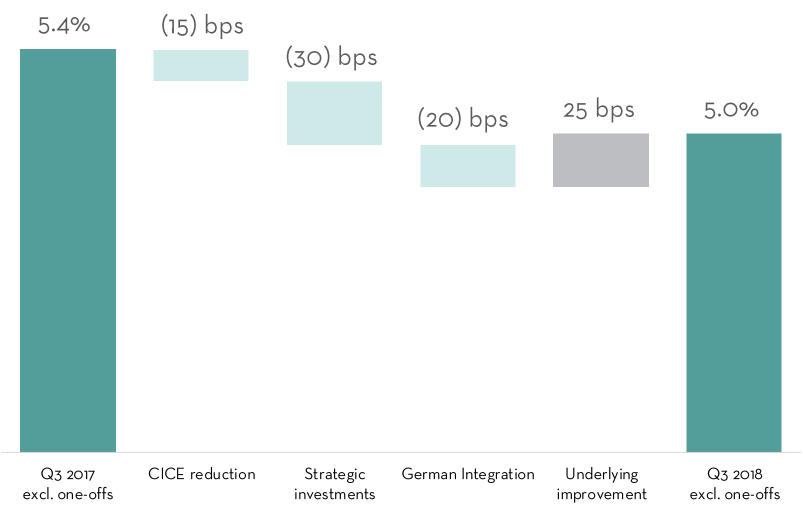
	Organic revenue growth, trading days adjusted	
	Q3 2018	vs market
France	5%	+
NA, UK&I General Staffing	0%	NA = / = UK&I
NA, UK&I Professional Staffing	-2%	NA = / = UK&I
Germany, Austria, Switzerland	-2%	G&A - / + CH
Benelux and Nordics	-3%	BEN - / + NOR
Italy	6%	=
Japan	4%	=
Iberia	0%	=
Rest of World	7%	=
Career Transition & Talent Dev.	-4%	+
Adecco Group	**2%**	

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

- Most European markets softened in Q3, as economic growth moderated
- Outperformance in France, Switzerland, Nordics and Career Transition
- Underperformance in Germany and Benelux

Underlying improvement partially offsetting EBITA margin headwinds

Group EBITA margin YoY



- EBITA margin excluding one-offs -40 bps YoY
- CICE reduction (-15 bps), strategic investments (-30 bps), Germany integration (-20 bps)
- GrowTogether productivity savings starting to boost underlying profitability

Segment EBITA margins YoY

	EBITA margin excluding one-offs	
	Q3 2018	Variance
France	6.5%	(30) bps
NA, UK&I General Staffing	3.6%	30 bps
NA, UK&I Professional Staffing	5.4%	0 bps
Germany, Austria, Switzerland	4.8%	(210) bps
Benelux & Nordics	3.6%	(100) bps
Italy	8.6%	40 bps
Japan	7.0%	60 bps
Iberia	4.9%	(50) bps
Rest of World	4.0%	30 bps
Career Transition & Talent Dev.	14.7%	(1,120) bps
Adecco Group	5.0%	**(40) bps**

- France positive product mix and productivity partly offsets CICE (-60 bps) and strategic investments
- Iberia and Benelux & Nordics: timing differences between revenue slowdown and cost actions
- CTTD includes consolidation of General Assembly

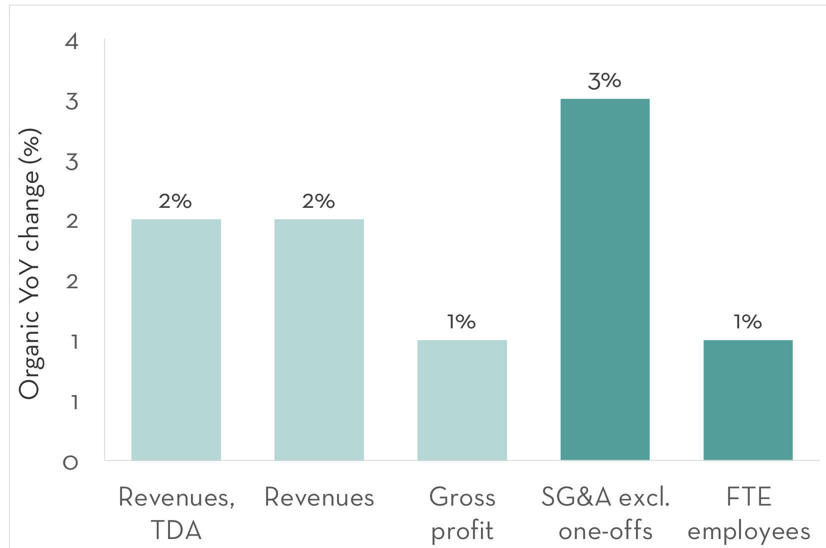
Organic gross margin trend similar to Q2

Gross margin YoY

bps	Q2 2018	Q3 2018
Reported	0	20
Acquisitions/divestments	15	30
Currency	(15)	0
Organic	0	(10)
Temporary staffing	(15)	(30)
Permanent placement	20	30
Career Transition	(15)	(10)
Other	10	0

- Q3 2018 gross margin up 20 bps; General Assembly and Vettery improving the mix
- Organic gross margin -10 bps
- Temp staffing gross margin -30 bps driven by CICE reduction (-15 bps) and price/mix (-15 bps)

SG&A productivity



- Full-time equivalent (FTE) employees up 1% organically
- SG&A +3% organically, of which approximately 1% related to strategic initiatives (N.B. the majority of incremental strategic investments is in M&A)

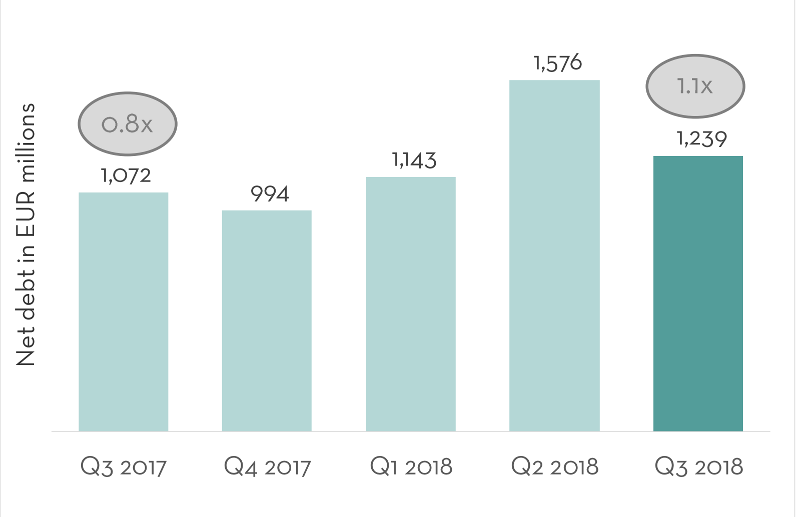
Strong balance sheet and cash flow

Cash conversion

- Cash flows from operations of EUR 165 million in Q3 2018, compared to EUR 188 million in Q3 2017
- For Q3 2018, cash conversion was 78% for the last four quarters, compared to 80% in FY 2017
- DSO 54 days in Q3 2018 up from 53 days in Q2 2018 and in Q3 2017

Net debt

- Net debt EUR 1,239 million at end of September 2018, vs. EUR 1,576 million at end of June 2018
- Net debt to EBITDA excl. one-offs 1.1x at 30 September 2018 vs 1.4x at 30 June 2018, and 0.8x at 30 September 2017
- Share buy back in progress (EUR 150 million)



= net debt to EBITDA excluding one-offs

Outlook

- Revenue growth in September and October combined was 1%, organically and trading days adjusted
- In France, the transition from CICE to new social charge reductions will mean no subsidies are paid for December. One-time negative impact on Group gross margin of approx. 25 bps in Q4 2018, in addition to the continuing impact of the reduction of CICE from 7% to 6%
- The Group will deliver the targeted EUR 50 million GrowTogether productivity savings in 2018

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Strategic and operational progress

Alain Dehaze

Group CEO

GrowTogether delivering tangible results
Digitisation and automation drives performance across the value chain

Middle & back-office process optimisation	Sales Effectiveness	Recruiting Efficiency
Timesheet Digitisation	Client Portal	Candidate Portal
Procurement System	Market Insights	Chatbots
E-Documents and Admin Automation	Branch Dashboard	Pooling / Planning automation

Concluding messages of Q3 2018

Perform

- Solid performance despite slower market growth
- Good underlying profitability - cost adjustments to protect our margin

Transform

- GrowTogether scaling up and delivering results
- Will deliver first EUR 50 million savings in 2018, while establishing true differentiation to drive growth

Innovate

- General Assembly and Vettery driving exciting innovation in our industry

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Questions & Answers

Key Dates 2018 & 2019

Date	Event
28 February 2019	Q4 2018 results
7 May 2019	Q1 2019 results
8 August 2019	Q2 2019 results

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