



THE ADECCO GROUP

AD HOC ANNOUNCEMENT pursuant to Art. 53 Listing Rules of SIX Swiss Exchange
Group press release, Zurich, Switzerland, February 29, 2024

Q4 & FULL YEAR 2023 RESULTS

Continued growth and significant share gains amid tougher markets, strong profitability improvement

Q4 HIGHLIGHTS

- Revenues +1%¹ yoy, led by Adecco, +3%¹, with double-digit growth in Germany, Italy, Iberia and both LatAm and APAC regions
- Continued significant market share gains; Adecco's relative revenue growth +830 bps
- Healthy 20.2% gross margin, 80 bps lower yoy, reflecting current business mix and firm pricing
- Strong 4.3% EBITA margin excl. one-offs, up 60 bps yoy, driven by productivity gains, €23 million G&A savings
- Operating income €187 million, +74% yoy, constant currency
- Net income €68 million², +6% yoy, weighed by a higher effective tax rate² reflecting current geographic mix
- Basic EPS €0.41, +5% yoy; Adjusted EPS €0.75, -1% lower yoy

FULL YEAR HIGHLIGHTS

- Revenues +3%¹ yoy to record level of €23,957 million
- Healthy 20.7% gross margin, 30 bps lower yoy, reflecting current business mix and firm pricing
- EBITA excl. one-offs +8% yoy organic; robust 3.6% margin, up 10 bps yoy, driven by productivity gains, G&A savings
- €150 million G&A savings plan on track; year-end savings run-rate €92 million, consistent with ~€90 million ambition
- AKKA synergies ahead of target at over €60 million; transaction delivers double-digit EPS accretion in year 2
- Operating income €632 million, +21% yoy, constant currency
- Net income €325 million², -5% yoy, mainly driven by a higher effective tax rate³ reflecting current geographic mix
- Basic EPS €1.94, -5% lower yoy; Adjusted EPS €2.99, -9% lower yoy
- Solid Cash Flow from Operating Activities EUR 563 million, up EUR 20 million yoy
- Year-end Net debt/EBITDA ratio 2.5x, in line with management expectations
- Proposed dividend of CHF 2.50 per share

Denis Machuel, Adecco Group CEO, commented:

"The Group delivered a strong finish to 2023 in a challenging market environment, continuing to gain share while further improving profitability through productivity and disciplined cost reduction. Adecco achieved market share gains for the sixth consecutive quarter, while improving margin. Akkodis faced market headwinds yet still delivered growth in Consulting and a strong EBITA margin driven by excellent synergy capture. In LHH, both Career Transition and Ezra delivered further exceptional growth.

Throughout 2023 we made encouraging progress against our Future@Work Reloaded plan to bring the Group to its full potential. We are simplifying the organisation and are on track to deliver on our €150 million G&A savings run-rate target by mid-year. Execution has improved through greater local empowerment and performance management rigour, and we are growing market share - while maintaining the proper balance between top and bottom line. My sincere thanks go to our incredible teams of colleagues, associates, and consultants around the world for a strong 2023.

As we outlined at our Capital Markets Day in November 2023, we will continue to deliver on our Simplify-Execute-Grow plan methodically in 2024. We are harnessing technology to drive efficiencies and competitive edge, reinvigorating our winning culture, and remain laser focused on creating further value for our stakeholders."

Unless otherwise noted, all growth rates in this release refer to same period in prior year. 1 On an organic and trading days adjusted basis. 2 Net income attributable to Adecco Group shareholders. 3 Effective tax rate including discrete events, which in Q4 23 was 48% compared to 16% in the prior year period, and in 2023 was 36% compared to 24% in the prior year. Excluding discrete events, Q4's effective tax rate was 50%, and 33% for the full year.

KEY FIGURES

<i>EUR millions, unless otherwise stated</i>	Q4 23	Q4 22	CHANGE		FY 23	FY 22	CHANGE	
			Reported	Organic			Reported	Organic
Revenues	6,109	6,212	-2%	+1% ¹	23,957	23,640	+1%	+3% ¹
Gross profit	1,233	1,302	-5%	-2%	4,969	4,974	0%	+1%
EBITA excl. one-offs ²	264	228	+16%	+20%	867	833	+4%	+8%
Operating income	187	113	+65%	+74% ³	632	547	+16%	+21% ³
Net income/(loss) ⁴	68	65	+6%		325	342	-5%	
Basic EPS	0.41	0.39	+5%		1.94	2.05	-5%	
Adjusted EPS ⁵	0.75	0.76	-1%		2.99	3.28	-9%	
Gross profit margin	20.2%	21.0%	(80) bps	(70) bps	20.7%	21.0%	(30) bps	(30) bps
EBITA margin excl. one-offs	4.3%	3.7%	+60 bps		3.6%	3.5%	+10 bps	
Cash flow from operating activities	317	459	-142		563	543	+20	
Cash conversion ratio ²					63%	70%		
Net debt/EBITDA excl. one-offs ²					2.5x	2.5x		

Q4 FINANCIAL PERFORMANCE

REVENUES

Fourth quarter revenues of EUR 6,109 million were up 1 percent on an organic, TDA basis (up 1 percent organic, 2 percent lower reported). Currency translation had a net negative impact of approximately 250 basis points and working days a net negative impact of approximately 50 basis points.

At the Global Business Unit (“GBU”) level, organically and TDA, Adecco revenues were up 3 percent (flat reported), Akkodis revenues were 5 percent lower (8 percent lower reported), and LHH revenues were 2 percent lower (5 percent lower reported).

By service line, growth was led by Career Transition, for whom revenues were up 45 percent organically (40 percent reported), while Flexible Placement grew 2 percent (1 percent lower reported). Outsourcing, Consulting & Other Services revenues were down 2 percent (6 percent lower reported), Permanent Placement revenues were 15 percent lower (17 percent lower reported), and Training, Up-skilling & Re-skilling services revenues were 9 percent lower (12 percent lower reported).

Q4 REVENUES (CHANGE YEAR-ON-YEAR)

Group, by growth driver		Group, by Global Business Unit		Group, by Service Line			
		Reported	Organic, TDA	Reported	Organic		
Organic, TDA	+1%	Adecco	0%	+3%	Flexible Placement	-1%	+2%
TDA	-0.5%	Akkodis	-8%	-5%	Permanent Placement	-17%	-15%
Currency	-2.5%	LHH	-5%	-2%	Career Transition	+40%	+45%
M&A	0%				Outsourcing, Consulting & Other Services	-6%	-2%
					Training, Upskilling & Reskilling	-12%	-9%
Group	-2%	Group	-2%	+1%	Group	-2%	+1%

Unless otherwise noted, all growth rates in this release refer to same period in prior year. 1 On an organic and trading days adjusted basis. 2 For further details on the use of non-GAAP measures in this release, please refer to the 2022 Annual Report. 3 In constant currency terms. 4 Attributable to Adecco Group shareholders. 5 Please see page 14 for the description of this non-GAAP measure.

GROSS PROFIT

In the fourth quarter period, gross profit reached EUR 1,233 million, 2 percent lower organically (5 percent lower reported). Gross margin, at 20.2 percent, was resilient, 70 basis points lower on an organic basis and 80 basis points lower on a reported basis, mainly reflecting current services mix across the Group in addition to sector and client mix within Adecco's GBUs flexible placement and outsourcing activities. Pricing was firm, supported by our dynamic pricing strategy. Currency effects had a 10 basis points negative impact.

By service line, on an organic basis, margin expanded 70 basis points in Career Transition. In Permanent Placement the margin was 50 basis points lower, in Flexible Placement 40 basis points lower, in Outsourcing, Consulting & Other Services 40 basis points lower, and in Training, Up-skilling & Re-skilling 10 basis points lower.

SELLING, GENERAL & ADMINISTRATIVE EXPENSES (SG&A)

SG&A excluding one-offs was EUR 968 million, 8 percent lower organically (11 percent reported), and 4 percent lower sequentially. As a percentage of revenues, SG&A excluding one-offs was at 15.9 percent, an improvement of 150 basis points, and 110 basis points sequentially.

Full-time Employees ("FTEs") reduced 5 percent to 37,381, and 1 percent sequentially. Group productivity, in terms of gross profit per FTE, rose 3 percent. On a sequential basis, Group productivity was stable.

As part of its ongoing G&A savings plan, the Group delivered a EUR 23 million reduction in G&A costs in the quarter relative to the prior year period.

EBITA

EBITA excluding one-offs was EUR 264 million, 20 percent above the EUR 228 million delivered in the prior year period on an organic basis. The FESCO JV delivered a loss of EUR 1 million, from EUR 8 million income in the prior year period, weighed by tax true-ups. The EBITA margin excluding one-offs was 4.3 percent, up 60 basis points.

One-off costs were EUR 55 million, down from EUR 73 million in the prior year period, mainly reflecting restructuring charges taken to secure G&A savings and AKKA integration related costs.

AMORTISATION OF INTANGIBLES

Amortisation of intangible assets was EUR 22 million in the quarter, from EUR 42 million in the prior year period.

OPERATING INCOME

The Group generated an operating income of EUR 187 million, 74 percent higher in constant currency terms, due to the aforementioned items.

NET INCOME AND EPS

Net income attributable to Adecco Group shareholders was EUR 68 million, 6 percent higher year-on-year, reflecting stronger operational performance. The result also reflects:

- Interest expense of EUR 23 million, compared to EUR 15 million in the prior year period.
- Other income/(expenses), net, of negative EUR 33 million, compared to negative EUR 21 million in the prior year period, including a mark-to-market FX impact of negative EUR 11 million.
- Income taxes of EUR 63 million, compared to EUR 12 million in the prior year period.

The Group's effective tax rate including discrete events was 48 percent in the fourth quarter, compared to 16 percent in the prior year period. Excluding discrete events, the effective tax rate in the fourth quarter was 50 percent, reflecting changes in deferred taxes, tax legislation changes in Germany, and the Group's current geographic mix.

Basic EPS was EUR 0.41, up 5 percent. Adjusted EPS, which is the Group's net income excluding a total EUR 57 million, net, for amortisation of intangibles, one-off costs, and associated tax effects, divided by basic weighted-average shares outstanding, was EUR 0.75, down 1 percent.

CASH FLOW AND NET DEBT

Cash flow from operating activities was EUR 317 million in the quarter, compared to EUR 459 million in the prior year period. Cash flow generation was hindered by the timing of working capital. DSO was 53 days, stable year-on-year.

Net debt was EUR 2,590 million at end Q4 23. The Net Debt to EBITDA ratio excluding one-offs was 2.5x, in line with management expectations. Total debts reduced by EUR 91 million in 2023, supported by a partial buyback of Adecco International Finance BV Bond 500M, maturing 2024, amounting to EUR 68 million.

The Group has a solid financial structure, with fixed interest rates on 79 percent of its outstanding gross debts, no financial covenants on any of its outstanding debts, and strong liquidity including an undrawn EUR 750 million revolving credit facility.

GLOBAL BUSINESS UNIT RESULTS

Unless otherwise noted, all growth rates in this section refer to the same period in the prior year, with revenues stated on an organic and trading days adjusted (TDA) basis, and EBITA or EBITA margins stated excluding one-offs.

ADECCO

EUR millions, unless otherwise stated	Revenues				EBITA margin excl. one-offs	
	Q4 23	Q4 22	CHANGE (yoy)		Q4 23	CHANGE (bps, yoy)
			Reported	Organic, TDA		
Adecco	4,747	4,738	0%	+3%	3.8%	+30
France	1,235	1,301	-5%	-5%	4.7%	(60)
Northern Europe	578	613	-6%	-3%	1.8%	(50)
DACH	454	423	+7%	+9%	-0.8%	(70)
Southern Europe & EEMENA	1,170	1,071	+9%	+11%	5.4%	+20
Americas	715	772	-7%	0%	3.1%	+290
APAC	595	558	+6%	+15%	5.1%	+40

2022 results restated due to the transfer of part of AKKA's US operations to Adecco Americas (Adecco US), effective Jan 1, 2023

Adecco delivered significant relative revenue growth of +830 basis points in the period, taking market share versus the market across the majority of its territories for the sixth consecutive quarter.

Revenues grew 3 percent in the fourth quarter, a solid result in the context of a slowing trading environment. Revenue growth was very strong in APAC and Southern Europe & EEMENA, and strong in DACH. Results from the Americas were stable, while Northern Europe and France were subdued.

Flexible Placement revenues were 2 percent higher organically, with volumes resilient and benefiting from a good peak season. Revenues were solid in Outsourcing, up 6 percent organically. In Permanent Placement, revenues were 2 percent lower organically. On a sector basis, growth was strongest in logistics and autos, while manufacturing and food & beverages were soft.

Gross margin was healthy though below prior year levels, with current sector and solutions mix partly offset by firm pricing, supported by the Group's dynamic pricing strategy.

The EBITA margin, at 3.8 percent, expanded 30 basis points, mainly reflecting improved productivity and G&A savings, partly mitigated by a lower contribution from the FESCO JV. Gross profit per FTE rose 5 percent, while FTEs reduced 5 percent.

SEGMENT RESULTS

ADECCO FRANCE

- Revenues were 5 percent lower, reflecting a broad-based easing of demand in the market, particularly in retail, manufacturing, food & beverages, and logistics.
- The EBITA margin of 4.7 percent mainly reflects lower volumes, which weighed on operating leverage.

ADECCO NORTHERN EUROPE

- Revenues from UK & Ireland were up 1 percent and in Belux up 2 percent, a robust result in tough markets. Revenues were 11 percent lower in the Nordics, impacted by new regulations in the construction sector. In sector terms, consulting and financial services were weak, while manufacturing was soft.
- The EBITA margin mainly reflects lower volumes and adverse client and solutions mix, partly mitigated by solid pricing and good cost management.

ADECCO DACH

- Revenues in Germany were up 12 percent, outperforming the market. Flexible Placement was strong, supported by strong logistics and autos demand. In Switzerland & Austria revenues were up 2 percent, performing well against a tough market backdrop.
- The EBITA margin was 70 basis points lower, mainly reflecting the impact of fewer working days.

ADECCO SOUTHERN EUROPE & EEMENA

- Revenue growth was strong, with Italy up 10 percent, Iberia up 13 percent and EEMENA up 9 percent. All segments gained market share. Flexible Placement was strong across the region, led by logistics and autos, while manufacturing was soft.
- The EBITA margin expanded 20 basis points, reflecting current client mix, solid pricing, and good cost management.

ADECCO AMERICAS

- Latin America revenues grew 32 percent, led by Brazil and Colombia. The region delivered strong growth across all service lines. Retail, autos, logistics, and IT Tech sectors were strong.
- In North America, revenues were 13 percent lower, outperforming competitors in a challenging market. The region faced continued and broad-based weakness in market demand, particularly in IT Tech, logistics and retail. Despite these headwinds, management secured ongoing improvement in operational KPIs.
- The EBITA margin improved 290 basis points to 3.1 percent, mainly reflecting improved profitability in North America driven by productivity and strong cost mitigation efforts.

ADECCO APAC

- Revenue growth was strong across the region, with Japan up 8 percent, Asia up 7 percent, and India up 11 percent. In Australia & New Zealand, revenues were 65 percent higher, boosted by a significant government contract.
- The EBITA margin of 5.1 percent mainly reflects higher volumes and strong productivity improvement. The result was also impacted by a lower contribution from the FESCO JV.

AKKODIS

<i>EUR millions, unless otherwise stated</i>	Revenues				EBITA margin excl. one-offs	
	Q4 23	Q4 22	CHANGE (yoy)		Q4 23	CHANGE (bps, yoy)
			Reported	Organic, TDA		
Akkodis	917	1,002	-8%	-5%	8.9%	+160
North EMEA				-5%		
South EMEA				+10%		
North America				-17%		
Akkodis APAC				+6%		

Akkodis 2022 results restated due to the transfer of part of AKKA's US operations to Adecco effective Jan 1, 2023

Akkodis' revenues were 5 percent lower (8 percent lower reported), challenged by a continued downturn in tech sector activity. Staffing revenues were 14 percent lower organically, while Consulting revenues were resilient, growing 3 percent organically.

By segment:

- North EMEA revenues were 5 percent lower. NXT (formerly DataRespons) was up 1 percent while Germany was 7 percent lower, impacted by the repositioning of operations in the Smart Industry and elevated sickness rates.
- South EMEA revenues were up 10 percent. Revenues in France were up 5 percent, supported by an increased consultant base. Aerospace and autos were strong, while demand eased in the IT and telecoms sectors.
- North America revenues were 17 percent lower, impacted by the tech sector downturn in Staffing, and particularly in permanent placement.
- APAC revenues rose 6 percent, led by Japan, with revenues up in double digit terms. Japan's performance was supported by firm pricing and strong utilisation rates. In Australia, revenues were 4 percent lower, weighed by continued headwinds in Staffing, partly offset by strength in Consulting.

Akkodis' EBITA margin expanded 160 basis points to 8.9 percent, reflecting strong synergy delivery and good cost mitigation, particularly in North America, which delivered a recovery ratio of 57 percent.

Total synergies secured for 2023, in EBITA terms, reached over EUR 60 million, reflecting strong execution and well ahead of AKKA transaction commitments. Further, the AKKA acquisition delivered double-digit EPS accretion to the Group.

LHH

<i>EUR millions, unless otherwise stated</i>	Revenues				EBITA margin excl. one-offs	
	Q4 23	Q4 22	CHANGE (yoy)		Q4 23	CHANGE (bps, yoy)
			Reported	Organic, TDA		
LHH	445	472	-5%	-2%	7.0%	+140
Recruitment Solutions				-18%		
Career Transition & Mobility				+46%		
Learning & Development				-17%		
Pontoon & Other				-3%		

Revenues in LHH were 2 percent lower (5 percent reported) in the fourth quarter. By segment:

- Recruitment Solutions revenues were 18 percent lower, with the segment continuing to face highly challenging market conditions, particularly in the US, and across both permanent and flexible professional placement.
- Performance in Career Transition & Mobility was excellent, led by the US, UK, and Australia, with continued market share gains driving revenue growth of 46 percent.
- Learning & Development revenues were 17 percent lower, with General Assembly and Talent Development challenged by continued headwinds in their end-markets. Ezra was strong, with revenues up 54 percent.
- In Pontoon & Other, revenues in Pontoon were 2 percent higher, weighed by the tech sector downturn.

The EBITA margin of 7.0 percent benefited from segment mix, mainly higher volumes in Career Transition & Mobility. In Recruitment Solutions, management is strengthening operational discipline, and positioning the business to capture a future rebound in market activity.

FULL YEAR FINANCIAL PERFORMANCE

Unless otherwise noted, all growth rates in this section refer to the same period in the prior year, with revenues stated on an organic and trading days adjusted (TDA) basis, and EBITA or EBITA margins stated excluding one-offs.

EUR millions, unless otherwise stated	Revenues				EBITA margin excl. one-offs	
	FY 23	FY 22	CHANGE (yoy)		FY 23	CHANGE (bps, yoy)
			Reported	Organic, TDA		
Adecco	18,416	18,100	+2%	+4%	3.7%	(10)
Akkodis	3,722	3,668	+2%	-1%	6.3%	(30)
LHH	1,819	1,872	-3%	0%	7.4%	+160
Adecco Group	23,957	23,640	+1%	+3%	3.6%	+10

2022 results restated due to the transfer of part of AKKA's US operations to Adecco Americas (Adecco US), effective Jan 1, 2023

The Adecco Group delivered robust results, with revenues up 3 percent and gross profit up 1 percent, in the context of a slowing macroeconomic backdrop and a sharp downturn in tech sector activity. Management successfully prioritised ways to grow market share, and the Group's revenue growth was well ahead of key competitors every quarter.

Revenues in the Adecco GBU were solid, growing 4 percent. Within the business unit, revenue growth was very strong in the APAC region, up 14 percent, with Japan up 11 percent, Asia up 10 percent, India up 15 percent and Australia & New Zealand up 33 percent. In both DACH and Southern Europe & EEMENA, revenues were up 8 percent. Within these regions, growth was particularly strong in Germany, up 12 percent, EEMENA, up 14 percent, and Iberia, up 9 percent. Revenues from the Americas were flat. Strong growth across Latin America was countered by a 9 percent revenue decline in North America, ahead of competitors in a challenging market environment. Also reflecting slowing demand, revenues in France were 1 percent lower. In Northern Europe revenues were 1 percent lower, with robust performance in the UK & Ireland and Belux outweighed by regulatory impacts in the Nordic region.

In Akkodis, revenues were 1 percent lower, with Staffing, particularly in the Americas, challenged by the tech sector downturn. Consulting activities, which are more heavily concentrated in EMEA, were strong, up 9 percent. In LHH, Recruitment Solutions' revenues, 18 percent lower, were challenged by a downturn in professional placement demand, especially in the US and in permanent professional recruitment. However, the Career Transition & Mobility business had a record year, with revenues rebounding 71 percent, and strong market share gain.

Gross margin was 30 basis points lower at 20.7 percent, a healthy result supported by the Group's well-diversified portfolio and firm pricing. Gross margin expanded in LHH and was flat in Akkodis. In Adecco, gross margin reflects current sector and solutions mix and firm pricing.

For the full year, FTEs decreased 2 percent organically. Productivity, in terms of gross profit per FTE, rose 3 percent, with improvement in all GBUs. The Group's G&A savings plan delivered cumulative savings of EUR 59 million and SG&A

expenses improved by 40 basis points year-on-year to 17.2 percent of revenues. The Group delivered against its ambition of securing a G&A savings run-rate at year-end of around EUR 90 million, with a year-end run-rate of EUR 92 million.

The 3.6 percent EBITA margin was 10 basis points higher compared to the prior year. Performance mainly reflects strength in LHH's Career Transition and synergy delivery in Akkodis, largely offset by the impact of lower volumes and current mix in a number of segments, including LHH Recruitment Solutions, Pontoon and Adecco France, Northern Europe and DACH, as well as continued growth investment in digital ventures.

Operating Income improved 21 percent in constant currency terms to EUR 632 million, reflecting higher business income and lower amortisation of intangibles compared to the prior year.

Net income attributable to Adecco Group shareholders was EUR 325 million, 5 percent lower. The result mainly reflects:

- Interest expense of EUR 77 million compared to EUR 49 million in the prior year, reflecting higher long-term debt fees from bilateral loans agreed around end 2022 and short-term borrowings.
- Income taxes of EUR 180 million, compared to EUR 106 million in the prior year period.

The Group's effective tax rate including discrete events was 36 percent, compared to 24 percent in the prior year, excluding discrete events, the effective tax rate was 33 percent, reflecting changes in deferred taxes, tax legislation changes in Germany, and the Group's current geographic mix.

Basic EPS was EUR 1.94 for the full year, 5 percent lower. Adjusted EPS, which is the Group's net income excluding a total EUR 175 million, net, for amortisation of intangibles, one-off costs, and associated tax effects, divided by basic weighted-average shares outstanding, was EUR 2.99, 9 percent lower.

Cash flow from operating activities was solid at EUR 563 million, from EUR 543 million in the prior year, mainly reflecting higher business income, lower one-off charges, and better customer collections. The rolling last four quarters cash conversion ratio was 63 percent, a robust result during a period of growth and transformation.

Proposed dividend

Considering the Group's operational performance in 2023 and cash flow generation capabilities, the Board will propose to shareholders a CHF 2.50 dividend per share at the upcoming AGM. The dividend proposed is in line with the Group's progressive dividend policy.

Outlook

The Group's volumes, year-to-date, are marginally below Q4 2023 levels. The Group expects to continue to capture market share in a challenging macroeconomic environment in Q1 2024, while managing resources with agility, focusing on productivity and G&A savings. In Q1 24, the Group anticipates a similar year-on-year development in gross margin and underlying SG&A expenses as in the Q4 23 period. As a reminder, Q1 is a seasonally lower EBITA margin quarter. In Q1 2023 the EBITA margin benefited from the timing of FESCO JV income, which may not recur.

More information

The Q4 & FY 2023 results press release is available on the Investor Relations [website](#). The Q4 & FY 2023 results presentation will be available at 09:00 a.m. CET.

A live webcast for analysts and investors is scheduled today, February 29, starting at 09:30 a.m. CET (08:30 a.m. GMT). The webcast can be followed via the Investor Relations section of the Group's [website](#).

Questions from analysts and investors can be made by telephone:

UK/Global +44 (0)20 7107 0613; USA +1 (1) 631 570 5613; Switzerland +41 (0)58 310 5000

Once joined via telephone, please press * and 1 to enter the queue. Please [register](#) at least 10 minutes prior to the start of the presentation.

A reply will be made available after the event and can be accessed at any time on our [website](#).

Financial calendar

- | | |
|------------------------------------|-----------------|
| • AGM | 11 April 2024 |
| • Ex-dividend | 16 April 2024 |
| • Q1 2024 results | 7 May 2024 |
| • Q2 2024 / Half Year 2024 results | 6 August 2024 |
| • Q3 2024 results | 5 November 2024 |

About The Adecco Group

The Adecco Group is the world's leading talent company. Our purpose is making the future work for everyone. Through our three global business units - Adecco, Akkodis and LHH - across 60 countries, we enable sustainable and lifelong employability for individuals, deliver digital and engineering solutions to power the Smart Industry transformation and empower organisations to optimise their workforces. The Adecco Group leads by example and is committed to an inclusive culture, fostering sustainable employability, and supporting resilient economies and communities. The Adecco Group AG is headquartered in Zurich, Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN).

Important notice about forward-looking information

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; the impact of the global outbreak of novel coronavirus disease (COVID); 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.

For further information please contact:

Investor Relations

investor.relations@adeccogroup.com

+41 (0)44 878 88 88

Press Office

media@adeccogroup.com

+44 20 4592 0646

Revenues by segment

Revenues by segment EUR millions	Q4		Variance % 23 vs 22				% of revenues Q4 2023	FY		Variance % 23 vs 22				% of revenues FY 2023
	2023	2022	EUR	Constant currency	Organic	Organic TDA		2023	2022	EUR	Constant currency	Organic	Organic TDA	
Adecco France	1,235	1,301	-5%	-5%	-5%	-5%	20%	4,933	4,992	-1%	-1%	-1%	-1%	21%
Adecco Northern Europe	578	613	-6%	-4%	-4%	-3%	10%	2,343	2,437	-4%	-1%	-1%	-1%	10%
Adecco DACH	454	423	7%	7%	7%	9%	7%	1,699	1,576	8%	7%	7%	8%	7%
Adecco Southern Europe & EEMENA	1,170	1,071	9%	10%	10%	11%	19%	4,395	4,083	8%	8%	8%	8%	18%
Adecco Americas ¹⁾	715	772	-7%	0%	0%	0%	12%	2,751	2,858	-4%	1%	0%	0%	11%
Adecco APAC	595	558	6%	15%	15%	15%	10%	2,295	2,154	7%	15%	15%	14%	10%
Adecco	4,747	4,738	0%	3%	3%	3%	78%	18,416	18,100	2%	4%	4%	4%	77%
Akkodis ¹⁾	917	1,002	-8%	-5%	-4%	-5%	15%	3,722	3,668	2%	4%	-1%	-1%	15%
LHH	445	472	-5%	-2%	-3%	-2%	7%	1,819	1,872	-3%	-1%	-1%	0%	8%
Adecco Group	6,109	6,212	-2%	1%	1%	1%	100%	23,957	23,640	1%	3%	2%	3%	100%

1) In 2023, part of Akka's US operations are reported in Adecco Americas. The 2022 information has been restated to conform with current period presentation.

Revenues by service line

Revenues by service line EUR millions	Q4		Variance % 23 vs 22			FY		Variance % 23 vs 22		
	2023	2022	EUR	Constant currency	Organic	2023	2022	EUR	Constant currency	Organic
Flexible Placement	4,674	4,706	-1%	2%	2%	18,124	18,105	0%	2%	2%
Permanent Placement	146	177	-17%	-14%	-15%	674	780	-14%	-12%	-12%
Career Transition	124	89	40%	45%	45%	495	295	68%	71%	71%
Outsourcing, Consulting & Other Services	1,077	1,140	-6%	-3%	-2%	4,320	4,093	6%	8%	3%
Training, Up-skilling & Re-skilling	88	100	-12%	-9%	-9%	344	367	-6%	-5%	-5%
Adecco Group	6,109	6,212	-2%	1%	1%	23,957	23,640	1%	3%	2%

EBITA¹⁾ and EBITA margin excluding one-offs by segment

EBITA	Q4		Variance % 23 vs 22		% of EBITA ²⁾	FY		Variance % 23 vs 22		% of EBITA ²⁾
	2023	2022	EUR	Constant currency		2023	2022	EUR	Constant currency	
EUR millions					Q4 2023					FY 2023
Adecco France	58	69	-16%	-16%	20%	218	230	-5%	-5%	21%
Adecco Northern Europe	10	14	-29%	-30%	3%	41	57	-28%	-27%	4%
Adecco DACH	(4)	-	n.m	n.m.	-1%	22	40	-45%	-45%	2%
Adecco Southern Europe & EEMENA	64	56	13%	13%	22%	246	221	11%	11%	23%
Adecco Americas ³⁾	22	2	n.m	n.m.	7%	38	18	115%	183%	4%
Adecco APAC	30	26	15%	24%	10%	120	115	4%	11%	11%
Adecco	180	167	8%	10%	61%	685	681	1%	2%	65%
Akkodis³⁾	82	72	13%	17%	28%	234	240	-2%	0%	22%
LHH	31	26	17%	22%	11%	134	109	23%	24%	13%
Corporate	(29)	(37)	-22%	-23%		(186)	(197)	-5%	-8%	
Adecco Group	264	228	16%	19%	100%	867	833	4%	7%	100%

EBITA margin	Q4		Variance bps	FY		Variance bps
	2023	2022		2023	2022	
Adecco France	4.7%	5.3%	(60)	4.4%	4.6%	(20)
Adecco Northern Europe	1.8%	2.3%	(50)	1.8%	2.3%	(50)
Adecco DACH	-0.8%	-0.1%	(70)	1.3%	2.5%	(120)
Adecco Southern Europe & EEMENA	5.4%	5.2%	20	5.6%	5.4%	20
Adecco Americas ³⁾	3.1%	0.2%	290	1.4%	0.6%	80
Adecco APAC	5.1%	4.7%	40	5.2%	5.3%	(10)
Adecco	3.8%	3.5%	30	3.7%	3.8%	(10)
Akkodis³⁾	8.9%	7.3%	160	6.3%	6.6%	(30)
LHH	7.0%	5.6%	140	7.4%	5.8%	160
Adecco Group	4.3%	3.7%	60	3.6%	3.5%	10

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

2) % of EBITA before Corporate

3) In 2023, part of Akka's US operations are reported in Adecco Americas. The 2022 information has been restated to conform with current period presentation.

EBITA¹⁾ and EBITA margin by segment

EBITA	Q4		Variance % 23 vs 22		% of EBITA ²⁾	FY		Variance % 23 vs 22		% of EBITA ²⁾
	EUR millions	2023	2022	EUR		Constant currency	Q4 2023	2023	2022	
Adecco France	52	67	-23%	-23%	21%	209	227	-8%	-8%	22%
Adecco Northern Europe	9	15	-35%	-36%	4%	35	57	-38%	-36%	4%
Adecco DACH	(5)	1	n.m	n.m	-2%	20	48	-59%	-59%	2%
Adecco Southern Europe & EEMENA	62	50	23%	23%	26%	240	215	12%	12%	26%
Adecco Americas ³⁾	19	(4)	n.m	n.m	8%	23	9	153%	345%	2%
Adecco APAC	28	25	13%	22%	11%	117	114	3%	9%	13%
Adecco	165	154	8%	9%	68%	644	670	-4%	-2%	69%
Akkodis³⁾	54	24	132%	156%	22%	179	186	-3%	0%	19%
LHH	25	20	23%	28%	10%	112	80	39%	41%	12%
Corporate	(35)	(43)	-17%	-18%		(201)	(259)	-22%	-24%	
Adecco Group	209	155	35%	40%	100%	734	677	8%	13%	100%

EBITA margin	Q4		Variance bps	FY		Variance bps
	2023	2022		2023	2022	
Adecco France	4.2%	5.1%	(90)	4.2%	4.5%	(30)
Adecco Northern Europe	1.6%	2.3%	(70)	1.5%	2.3%	(80)
Adecco DACH	-1.2%	0.1%	(130)	1.2%	3.0%	(180)
Adecco Southern Europe & EEMENA	5.3%	4.7%	60	5.5%	5.3%	20
Adecco Americas ³⁾	2.7%	-0.5%	320	0.8%	0.3%	50
Adecco APAC	4.9%	4.6%	30	5.1%	5.3%	(20)
Adecco	3.5%	3.2%	30	3.5%	3.7%	(20)
Akkodis³⁾	5.8%	2.3%	350	4.8%	5.0%	(20)
LHH	5.7%	4.4%	130	6.1%	4.3%	180
Adecco Group	3.4%	2.5%	90	3.1%	2.9%	20

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

2) % of EBITA before Corporate

3) In 2023, part of Akka's US operations are reported in Adecco Americas. The 2022 information has been restated to conform with current period presentation.

Reconciliation of EBITA to EBITA excluding one-offs

EBITA	EBITA excluding one-offs		One-offs		EBITA		EBITA excluding one-offs		One-offs		EBITA	
	Q4 2023	Q4 2022	Q4 2023	Q4 2022	Q4 2023	Q4 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Adecco France	58	69	(6)	(2)	52	67	218	230	(9)	(3)	209	227
Adecco Northern Europe	10	14	(1)	1	9	15	41	57	(6)	-	35	57
Adecco DACH ¹⁾	(4)	-	(1)	1	(5)	1	22	40	(2)	8	20	48
Adecco Southern Europe & EEMENA	64	56	(2)	(6)	62	50	246	221	(6)	(6)	240	215
Adecco Americas ²⁾	22	2	(3)	(6)	19	(4)	38	18	(15)	(9)	23	9
Adecco APAC	30	26	(2)	(1)	28	25	120	115	(3)	(1)	117	114
Adecco	180	167	(15)	(13)	165	154	685	681	(41)	(11)	644	670
Akkodis³⁾	82	72	(28)	(48)	54	24	234	240	(55)	(54)	179	186
LHH	31	26	(6)	(6)	25	20	134	109	(22)	(29)	112	80
Corporate	(29)	(37)	(6)	(6)	(35)	(43)	(186)	(197)	(15)	(62)	(201)	(259)
Adecco Group	264	228	(55)	(73)	209	155	867	833	(133)	(156)	734	677

1) FY 2022 one-offs in Adecco DACH include the release of restructuring accruals in Germany, driven by lower-than-expected severance costs.

2) In 2023, part of Akka's US operations are reported in Adecco Americas. The 2022 information has been restated to conform with current period presentation.

Consolidated statements of operations

EUR millions except share and per share information	Q4		Variance %		YTD		Variance %	
	2023	2022	EUR	Constant currency	2023	2022	EUR	Constant currency
Revenues	6,109	6,212	-2%	1%	23,957	23,640	1%	3%
Direct costs of services	(4,876)	(4,910)			(18,988)	(18,666)		
Gross profit	1,233	1,302	-5%	-2%	4,969	4,974	0%	2%
Selling, general, and administrative expenses	(1,023)	(1,155)	-11%	-9%	(4,259)	(4,326)	-2%	0%
Proportionate net income of equity method investment FESCO Adecco	(1)	8	n.m.	n.m.	24	29	-15%	-14%
EBITA¹⁾	209	155	35%	40%	734	677	8%	13%
Amortisation of intangible assets	(22)	(42)			(102)	(130)		
Operating income	187	113	65%	74%	632	547	16%	21%
Interest expense	(23)	(15)			(77)	(49)		
Other income/(expenses), net	(33)	(21)			(48)	(47)		
Income before income taxes	131	77	71%		507	451	13%	
Provision for income taxes	(63)	(12)			(180)	(106)		
Net income	68	65	6%		327	345	-5%	
Net income attributable to noncontrolling interests	-	-			(2)	(3)		
Net income attributable to Adecco Group shareholders	68	65	6%		325	342	-5%	
Basic earnings per share²⁾	0.41	0.39	5%		1.94	2.05	-5%	
Diluted earnings per share³⁾	0.40	0.39	5%		1.94	2.04	-5%	
<i>Gross margin</i>	<i>20.2%</i>	<i>21.0%</i>			<i>20.7%</i>	<i>21.0%</i>		
<i>SG&A as a percentage of revenues</i>	<i>16.7%</i>	<i>18.6%</i>			<i>17.8%</i>	<i>18.3%</i>		
<i>EBITA margin</i>	<i>3.4%</i>	<i>2.5%</i>			<i>3.1%</i>	<i>2.9%</i>		
<i>Operating income margin</i>	<i>3.1%</i>	<i>1.8%</i>			<i>2.6%</i>	<i>2.3%</i>		
<i>Net income margin attributable to Adecco Group shareholders</i>	<i>1.1%</i>	<i>1.0%</i>			<i>1.4%</i>	<i>1.4%</i>		

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

2) Basic weighted-average shares were 167,547,425 in Q4 2023 and 167,427,593 in FY 2023 (167,106,867 in Q4 2022 and 166,822,663 in FY 2022).

3) Diluted weighted-average shares were 168,354,003 in Q4 2023 and 168,014,727 in FY 2023 (167,314,678 in Q4 2022 and 167,065,883 in FY 2022).

Reconciliation for Adjusted EPS¹⁾

EUR millions except share and per share information	Q4			FY		
	2023	2022	Variance % EUR	2023	2022	Variance % EUR
Net income attributable to Adecco Group shareholders	68	65	6%	325	342	-5%
Amortisation and impairment of goodwill and intangible assets	22	42		102	130	
One-offs in EBITA	55	73		133	156	
One-offs in Other income/(expenses), net	1	1		(1)	6	
Tax effects, other exceptional tax items	(21)	(55)		(59)	(87)	
Adjusted Net income attributable to Adecco Group shareholders²⁾	125	126	-1%	500	547	-9%
Basic earnings per share³⁾	0.41	0.39	5%	1.94	2.05	-5%
Adjusted earnings per share^{1), 3)}	0.75	0.76	-1%	2.99	3.28	-9%

1) Adjusted EPS is a non-US GAAP measure and refers to Net income attributable to Adecco Group shareholders before amortisation and impairment of goodwill and intangible assets, excluding one-off costs and exceptional tax items, divided by basic weighted-average shares outstanding.

2) Adjusted Net income attributable to Adecco Group shareholders is a non-US GAAP measure and refers to Net income attributable to Adecco Group shareholders before amortisation and impairment of goodwill and intangible assets, excluding one-off costs and exceptional tax items.

3) Basic weighted-average shares were 167,547,425 in Q4 2023 and 167,427,593 in FY 2023 (167,106,867 in Q4 2022 and 166,822,663 in FY 2022).

Consolidated balance sheets

EUR millions	31 December 2023	31 December 2022
Assets		
Current assets:		
- Cash and cash equivalents	556	782
- Trade accounts receivable, net	4,466	4,758
- Other current assets	466	584
Total current assets	5,488	6,124
Property, equipment, and leasehold improvements, net	560	575
Operating lease right-of-use assets	476	402
Equity method investments	184	177
Other assets	681	768
Intangible assets, net	927	1,029
Goodwill	4,114	4,181
Total assets	12,430	13,256
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
- Accounts payable and accrued expenses	4,471	4,884
- Current operating lease liabilities	202	176
- Short-term debt and current maturities of long-term debt	521	138
Total current liabilities	5,194	5,198
Operating lease liabilities	323	287
Long-term debt, less current maturities	2,625	3,099
Other liabilities	687	779
Total liabilities	8,829	9,363
Shareholders' equity		
Adecco Group shareholders' equity:		
- Common shares	11	11
- Additional paid-in capital	557	669
- Treasury shares, at cost	(39)	(58)
- Retained earnings	3,398	3,412
- Accumulated other comprehensive income/(loss), net	(332)	(153)
Total Adecco Group shareholders' equity	3,595	3,881
Noncontrolling interests	6	12
Total shareholders' equity	3,601	3,893
Total liabilities and shareholders' equity	12,430	13,256

Consolidated statements of cash flows

EUR millions	Q4		FY	
	2023	2022	2023	2022
Cash flows from operating activities				
Net income	68	65	327	345
Adjustments to reconcile net income to cash flows from operating activities:				
- Depreciation and amortisation	64	79	257	270
- Other charges	13	(37)	42	(53)
Changes in operating assets and liabilities, net of acquisitions and divestitures:				
- Trade accounts receivable	188	(116)	184	(389)
- Accounts payable and accrued expenses	(67)	308	(235)	142
- Other assets and liabilities	51	160	(12)	228
Cash flows from operating activities	317	459	563	543
Cash flows from investing activities				
Capital expenditures	(82)	(66)	(216)	(215)
Acquisition of AKKA, net of cash and restricted cash acquired		4		(1,245)
Cash settlements on derivative instruments	(1)	(23)	(41)	1
Other acquisition, divestiture and investing activities, net	48	(5)	48	13
Cash flows used in investing activities	(35)	(90)	(209)	(1,446)
Cash flows from financing activities				
Net decrease in short-term debt	(7)	(75)	(83)	(345)
Borrowings of long-term debt, net of issuance costs		350		350
Repayment of long-term debt	(31)	(197)	(35)	(928)
Buyback of long-term debt	(68)		(68)	
Dividends paid to shareholders			(422)	(409)
Purchase of treasury shares				(5)
Other financing activities, net	(6)	(7)	(12)	(46)
Cash flows from/(used in) financing activities	(112)	71	(620)	(1,383)
Effect of exchange rate changes on cash, cash equivalents and restricted cash		(68)	3	40
Net increase/(decrease) in cash, cash equivalents and restricted cash	170	372	(263)	(2,246)
Cash, cash equivalents and restricted cash:				
- Beginning of period	476	537	909	3,155
- End of period	646	909	646	909