THE ADECCO GROUP

STRONG CLOSE TO AN UNPRECEDENTED YEAR

Continued revenue recovery and leading margin performance

Q4 2020 summary and highlights

- Revenues down 5% year-on-year organically[1] and trading days adjusted (TDA); Japan & Rest of World returns to growth, and Europe and North America continue to recover
- Gross margin up 30 bps yoy to 19.6% (up 50 bps organically), supported by strong performance of LHH (career transition), positive impact of Covid-19 employment support schemes, and pricing discipline
- EBITA[2] margin excluding one-offs[3] at 4.8%, up 10 bps yoy organically, with good ongoing cost management
- Revenues in January 2021 down 2% organically and TDA, with volumes in February indicating a similar trend

FY 2020 summary and highlights

- Revenues impacted by Covid-19 crisis, down 15% yoy organically and TDA; showing consistent improvement since the trough in Q2 2020
- EBITA excluding one-offs of EUR 709 million, with a margin of 3.6%, down 80 bps yoy organically; strength and balance of portfolio, GrowTogether benefits and agile cost management largely mitigated crisis impact
- Strong cash flow and balance sheet with cash conversion of 123% and net debt/EBITDA excluding one-offs at 0.4x
- Proposed dividend of CHF 2.50 per share and resumption of EUR 600 million share buyback

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"At the beginning of 2020, few could have anticipated the challenges that the world would face. Covid-19 led to a health crisis and economic shutdowns that were unprecedented in recent history. The Adecco Group and my colleagues can be proud of the effectiveness with which we have navigated the crisis; maintaining business continuity, securing the wellbeing and safety of our associates and clients, and ultimately helping individuals and the economies in which we operate get safely back to work. I would like to sincerely thank our colleagues around the world for their efforts.

Despite the difficult market environment in 2020, financial performance remained resilient. After a sharp drop in Q2, we saw a consistent recovery in revenues through the second half of the year, as companies and individuals adapted to the new reality. We successfully pivoted towards growth areas, seeing more than 40% growth in e-commerce and logistics. Our digital capabilities and Onsite solutions contributed to market share gains across many geographies. As an essential service provider, we are playing an important role to support companies and individuals navigate the workforce transitions that have been accelerated by the crisis.

The Group remained solidly profitable, with an EBITA margin that was higher than during previous economic downturns, supported by our balanced portfolio, benefits from GrowTogether, and agile cost management. A rigorous focus on cash collection and our prudent capital structure helped maintain strong liquidity and a healthy cash flow and balance sheet. This allowed us to sustain important investments in IT and digital, and to uphold our dividend commitment.

Throughout the crisis we remained focused on our strategic priorities – perform, transform and innovate. In December, we launched our new strategy – Future@Work – building on the progress of the last strategic cycle and which is underpinned by our clear purpose, as one of the world's largest employers, to make the future work for everyone."

Alain Dehaze, Group Chief Executive Officer

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[1] Organic growth is a non-US GAAP measure and excludes the impact of currency, acquisitions and divestitures.
[2] EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.
[3] In 2020, EBITA included one-offs of EUR 7 million in Q4 2020 and EUR 139 million in FY 2020; in 2019, EBITA included one-offs of EUR 36 million in Q4 2019 and EUR 81 million in FY 2019.

Key figures overview

EUR millions unless stated	Q4 2020	Q4 2019	Change % Reported	Change % Organic	FY 2020	FY 2019	Change % Reported	Change % Organic
Summary of income statement information								
Revenues	**5,406**	5,961	-9%	-5%[4]	**19,561**	23,427	-17%	-14%[4]
Gross profit	**1,060**	1,150	-8%	-2%	**3,789**	4,504	-16%	-13%
EBITA excluding one-offs	**260**	290	-11%	-2%	**709**	1,069	-34%	-29%
EBITA	**253**	254	-1%	10%	**570**	988	-42%	-38%
Net income/(loss) attributable to Adecco Group shareholders	**149**	256	-42%		**(98)**	727	-114%	
Diluted EPS (EUR)	**0.92**	1.57	-42%		**(0.61)**	4.47	-114%	
Dividend per share[5]					**2.50**	2.50		
Gross margin	**19.6%**	19.3%	30 bps	50 bps	**19.4%**	19.2%	20 bps	30 bps
EBITA margin excluding one-offs	**4.8%**	4.9%	(10) bps	10 bps	**3.6%**	4.6%	(100) bps	(80) bps
EBITA margin	**4.7%**	4.3%	40 bps	60 bps	**2.9%**	4.2%	(130) bps	(110) bps
Summary of cash flow and net debt information								
Free cash flow[6] before interest and tax paid (FCFBIT)	**147**	403			**873**	999		
Free cash flow (FCF)	**112**	339			**563**	724		
Net debt[7]	**376**	398			**376**	398		
Days sales outstanding	**49**	52			**52**	53		
Cash conversion[8]	**123%**	93%			**123%**	93%		
Net debt to EBITDA[9] excluding one-offs	**0.4x**	0.3x			**0.4x**	0.3x		

[4] In Q4 2020, organic and trading days adjusted (TDA) revenues declined by 5%. In FY 2020, revenues declined by 15% TDA.
[5] Dividend per share for 2020 as proposed by the Board of Directors, in CHF.
[6] Free cash flow is a non-US GAAP measure and comprises cash flows from operating activities less capital expenditures.
[7] 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.
[8] Cash conversion is a non-US GAAP measure and is calculated as last 4 quarters of FCFBIT divided by last 4 quarters of EBITA excluding one-offs.
[9] Net debt to EBITDA is a non-US GAAP measure and is calculated as net debt at period end divided by last 4 quarters of EBITA excluding one-offs plus depreciation.

FY 2020 financial performance

Group performance overview

The Adecco Group delivered a resilient performance in 2020, despite the unprecedented public health and economic crisis. While revenues declined, due to Covid-19, gross margin remained strong and EBITA margin was well protected, thanks to the strength and balance of the portfolio and agile cost management. Meanwhile, investments in the digitalisation and transformation of the Group were maintained, the 'Perform, Transform, Innovate' strategic cycle was brought to a successful close and the 'Future@Work' cycle was launched.

FY20 revenues were down 15% organically and TDA in 2020, as the global economy was impacted by the Covid-19 pandemic. After a decline of 33% TDA in April, revenues progressively recovered through the year to reach a decline of only 2% TDA in December, as the Group re-focused resources on areas of growth, such as e-commerce. Gross margin improved organically by 30 bps, supported by price discipline and strong growth in the higher margin LHH business. EBITA margin excluding one-offs declined 80 bps organically, to 3.6%, with the impact of the revenue decline offset to a significant extent by agile cost management and the benefit of structural productivity improvements from

GrowTogether. This resulted in a full-year organic recovery ratio of 47% (ratio of organic SG&A reduction to organic gross profit reduction).

Free cash flow was EUR 563 million and cash conversion was 123%, illustrating the resilience and partly counter-cyclical nature of cash generation. The Group's strong financial position and prudent capital structure allowed it to uphold its commitment to paying at least a stable dividend, even in a recession, distributing dividends of EUR 381 million in 2020. Net debt ended the year at EUR 376 million, representing a ratio of 0.4x ND/EBITDA excluding one-offs. The robust financial position and the continued recovery in trading performance allows the Group to propose a stable dividend for 2020, and to resume its EUR 600 million share buyback, which was paused at the onset of the Covid-19 crisis.

Q4 2020 financial performance

Group performance overview

Revenues in Q4 2020 were down 5% year-on-year (TDA), compared with a 15% decline in Q3 2020 and marking a strong rebound from the 28% decline of Q2 2020. The improved revenue trend reflected the Group's resilient and diverse services portfolio, despite the lockdowns impacting several major markets in Q4 2020. Permanent placement activity remained heavily impacted by the crisis, with revenues down 25% organically, while counter-cyclical career transition achieved strong organic growth of 19%.

Gross margin was 19.6%, an increase of 50 bps year-on-year organically, driven by the strength and diversity of the Group's portfolio, the positive impact from Covid-19 employment support schemes and pricing discipline. EBITA margin excluding one-offs was 4.8%, up 10 bps organically, with the positive gross margin development and agile cost management, enhanced by the GrowTogether programme, contributing to the resilient EBITA margin performance. Cash flow was strong, with cash conversion at 123% and DSO down 3 days year-on-year.

Revenues

Q4 2020 revenues were EUR 5,406 million, down 9% year-on-year on a reported basis and down 5% organically and trading days adjusted. Currency movements and divestments had a negative impact of approximately 2.5% and 2.0% respectively, while the number of working days had a positive impact of approximately 0.5%.

By service line, temporary staffing revenues declined by 5% to EUR 4,655 million; permanent placement revenues were down 25% to EUR 96 million; revenues from career transition increased 19% to EUR 102 million; and revenues in outsourcing and other activities declined 1% to EUR 553 million.

Workforce Solutions (Adecco brand) revenues declined 2%; Professional Solutions were down 17%; Talent Solutions and Ventures grew by 6%. All compared to the prior year and on an organic basis.

Gross Profit

Gross profit was EUR 1,060 million in Q4 2020, down 8% on a reported basis and down 2% organically. Gross margin was 19.6%, up 30 bps compared to Q4 2019. Currency and M&A each had a negative impact of 10 bps. Therefore, on an organic basis, the gross margin was up 50 bps: including positive contributions from temporary staffing (+70bps) and career transition (+30 bps), partly offset by permanent placement (-40 bps) and outsourcing and other activities (-10 bps). Temporary staffing gross margin benefited from Covid-19 employment support schemes in North America, UK & Ireland General Staffing, with the full-year accrual of such benefits all recognised in Q4 2020; adding approximately 40 basis points to gross margin.

Selling, General and Administrative Expenses (SG&A)

SG&A excluding one-offs was EUR 802 million in Q4 2020, down 7% year-on-year on a reported basis and down 2% organically. Average FTE employees were 30,846, down 10% organically year-on-year. FTEs increased 5% sequentially compared to Q3 2020, in response to recovering business activity. The number of branches was reduced by 7% organically year-on-year. Q4 2020 reported SG&A included one-offs of EUR 7 million, comprising net restructuring costs of EUR 2 million (including a positive impact from the reassessment of restructuring provisions in Germany for EUR 23 million) and acquisition-related costs of EUR 5 million. In Q4 2019, one-offs were EUR 36 million, of which EUR 32 million were restructuring costs and EUR 4 million were acquisition-related costs.

EBITA

EBITA in Q4 2020 was EUR 253 million, which included EUR 2 million from the Group's FESCO Adecco JV in China. EBITA excluding one-offs was EUR 260 million, down 2% organically. EBITA margin excluding one-offs was 4.8%, down 10 bps year-on-year in reported terms and up 10 bps organically. The organic recovery ratio was 75%. The conversion ratio[10] of gross profit into EBITA excluding one-offs was 24.5%, down 70 bps on a reported basis and flat organically year-on-year.

Amortisation and impairment of Intangible Assets

Amortisation of intangible assets was EUR 20 million, compared to EUR 23 million in Q4 2019. Impairment of intangible assets amounted to EUR 9 million, linked to the November 2020 acquisition of Hired and the resulting strategic shift of existing digital business to the acquired technology platform. Impairment of intangible assets in Q4 2019 were EUR 20 million.

Operating Income

The Group generated an operating income in Q4 2020 of EUR 224 million, compared to EUR 211 million in Q4 2019.

Interest Expense and Other Income/(Expenses), net

Interest expense was EUR 7 million in Q4 2020, compared to EUR 9 million in Q4 2019. Other income/(expenses), net was an expense of EUR 17 million. This primarily related to the held for sale provision on the planned majority divestment of Denmark, Slovakia and Croatia, as the Group implements its Future@Work strategy and streamlines its portfolio. This compared to an income of EUR 204 million in Q4 2019, which included a gain on sale of EUR 248 million relating to the divestment of Soliant.

Provision for Income Taxes

In Q4 2020, the effective tax rate (ETR) excluding discrete events was 32%, compared to 39% in Q4 2019. The reduction year-on-year was primarily driven by improved profitability in certain countries, which resulted in a re-evaluation of the full-year tax rate and a resulting true-up in the fourth quarter. In Q4 2020, discrete events had an unfavourable impact on the tax rate of 7%, resulting in an effective tax rate of 39%. In Q4 2019, discrete events had a favourable impact of 2% resulting in an ETR of 37%. The effective tax rate before discrete items for FY 2020 was 37%, compared to 35% in FY 2019.

Net Income/(Loss) Attributable to Adecco Group Shareholders and EPS

Net income attributable to Adecco Group shareholders was EUR 149 million, compared to EUR 256 million in Q4 2019. Basic EPS was EUR 0.92 compared to EUR 1.58 in Q4 2019. The year-on-year decline in reported net income was primarily driven by the favourable impact from the gain on sale relating to the divestment of Soliant in Q4 2019.

Cash Flow and Net Debt

Cash flow from operating activities was EUR 159 million in Q4 2020, compared to EUR 382 million in Q4 2019. Lower cash flow was primarily driven by investments in working capital, reflecting the recovery in business activity in the quarter. DSO was 49 days in Q4 2020, decreasing by 3 days compared to the prior year. The rolling last four quarters cash conversion ratio was 123%, compared to 93% in Q4 2019. Net debt was EUR 376 million at 31 December 2020, compared to EUR 462 million at 30 September 2020 and EUR 398 million at 31 December 2019. Net debt to EBITDA excluding one-offs was 0.4x, compared to 0.5x at 30 September 2020 and 0.3x at 31 December 2019.

[10] Conversion raitio is a non-US GAAP measure and is calculated as EBITA excluding one-offs divided by gross profit.

THE ADECCO GROUP

Q4 2020 segment operating performance

Organic revenue growth, trading days adjusted

	2020				
	Q1	Q2	Q3	Q4	FY
France	-14%	-44%	-18%	-10%	-22%
N. America, UK & I. General Staffing	-15%	-28%	-12%	6%	-12%
N. America, UK & I. Professional Staffing	-13%	-28%	-28%	-22%	-23%
Germany, Austria, Switzerland	-14%	-30%	-22%	-11%	-19%
Benelux and Nordics	-15%	-35%	-26%	-19%	-24%
Italy	-6%	-23%	-8%	9%	-7%
Japan	8%	5%	4%	0%	4%
Iberia	1%	-26%	-17%	6%	-9%
Rest of World	1%	-10%	-6%	2%	-3%
Career Transition & Talent Development	4%	-4%	9%	9%	4%
Adecco Group	**-9%**	**-28%**	**-15%**	**-5%**	**-15%**

Revenues and revenue growth

	Revenues		Variance			% of revenues
EUR millions unless stated	Q4 2020	Q4 2019	Reported	Organic	Organic TDA[11]	Q4 2020
France	1,237	1,370	-10%	-10%	-10%	23%
N. America, UK & I. General Staffing[12]	797	801	0%	5%	6%	15%
N. America, UK & I. Professional Staffing[12]	530	827	-36%	-22%	-22%	10%
Germany, Austria, Switzerland	434	470	-8%	-8%	-11%	8%
Benelux and Nordics	370	455	-19%	-18%	-19%	7%
Italy	538	493	9%	9%	9%	10%
Japan	388	393	-1%	2%	0%	7%
Iberia	303	306	-1%	2%	6%	5%
Rest of World	664	706	-6%	3%	2%	12%
Career Transition & Talent Development	145	140	4%	9%	9%	3%
Adecco Group	**5,406**	**5,961**	**-9%**	**-5%**	**-5%**	100%

EBITA and EBITA margin excluding one-offs

	EBITA excluding one-offs[13]		EBITA margin excluding one-offs			% of EBITA[14]
EUR millions unless stated	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Variance	Q4 2020
France	76	97	6.2%	7.1%	(90) bps	24%
N. America, UK & I. General Staffing[12]	45	30	5.6%	3.6%	200 bps	14%
N. America, UK & I. Professional Staffing[12]	20	50	3.7%	6.1%	(240) bps	6%
Germany, Austria, Switzerland	9	1	2.1%	0.1%	200 bps	3%
Benelux and Nordics	20	13	5.5%	2.9%	260 bps	6%
Italy	40	37	7.4%	7.5%	(10) bps	13%
Japan	25	28	6.4%	7.2%	(80) bps	8%
Iberia	17	16	6.0%	5.0%	100 bps	6%
Rest of World	27	25	4.0%	3.6%	40 bps	9%
Career Transition & Talent Development	35	27	23.2%	19.5%	370 bps	11%
Corporate	(54)	(34)				
Adecco Group	**260**	**290**	**4.8%**	**4.9%**	**(10) bps**	100%

[11] TDA = trading days adjusted.
[12] 2019 N. America, UK&I General Staffing and N. America, UK&I Professional Staffing have been restated to conform with the current period presentation.
[13] See page 13 for a reconciliation of EBITA to EBITA excluding one-offs by segment.
[14] % of EBITA excluding one-offs and before Corporate.

Note: all revenue growth rates in this section are year-on-year on an organic basis, unless otherwise stated

In **France**, revenues were EUR 1,237 million, down 10%, slightly ahead of the market trend. The year-on-year decline continued to be driven by lower demand from clients in the manufacturing, automotive and construction sectors while logistics, healthcare, pharmaceuticals, and utilities grew. Revenues decreased by 9% in Workforce Solutions (Adecco brand), which accounts for over 90% of revenues. Professional Solutions were down 16%. Permanent placement revenues declined 22%. EBITA excluding one-offs was EUR 76 million with a margin of 6.2%, down 90 bps year-on-year. Continued strong management of costs and the improving revenue trend resulted in an improvement in the year-on-year margin trend compared to Q2 2020.

In **North America**, **UK & Ireland General Staffing**, revenues were EUR 797 million, up 5%, or 6% TDA. North America General Staffing, which accounts for approximately 65% of revenues, was down 5%, led by lower demand primarily from clients in the manufacturing and financial services sectors. UK & Ireland General Staffing, which represents around 35% of revenues, was up 32%, driven by very strong demand from e-commerce clients. Permanent placement revenues grew by 10% in North America General Staffing and declined by 58% in UK & Ireland General Staffing, with further Covid-19 lockdowns impacting client and candidate confidence. Overall EBITA excluding one-offs was EUR 45 million, with a margin of 5.6%, up 200 bps year-on-year, supported by continued productivity improvement and the full-year impact of Covid-19 employment support schemes all recognised in Q4 2020.

In **North America**, **UK & Ireland Professional Staffing**, revenues were EUR 530 million, down 22%. North America Professional Staffing represents approximately 65% of revenues and declined 14%, with reduced revenue declines in the professional recruitment brands (Finance, Office, Legal) driving the improvement compared to Q3 2020. UK & Ireland Professional Staffing represents approximately 35% of revenues and declined 34%, similar to the prior quarter, with a continuing impact of regulatory changes (IR35). Permanent placement revenues were down 26% in North America Professional Staffing and down 24% in UK & Ireland Professional Staffing. Overall EBITA excluding one-offs was EUR 20 million with a margin of 3.7%, down 240 bps year-on-year, and 100 bps organically, driven by the decline in revenues, particularly permanent placement.

In **Germany, Austria, Switzerland**, revenues were EUR 434 million, down 8%, or 11% TDA. In Germany & Austria, revenues declined by 6%, or 10% TDA. The decline was driven mostly by lower demand from clients in the automotive, manufacturing and aerospace industries, partly offset by strong growth in e-commerce and logistics. In Switzerland, revenues declined by 14%. For the region, EBITA excluding one-offs was EUR 9 million, with a margin of 2.1%, up 200 bps year-on-year, supported by prior business restructuring in Germany and higher bench utilisation. Lower than anticipated costs relating to the previously announced business re-organisation in Germany resulted in a EUR 23 million release of restructuring provisions in Q4 2020 (treated as a one-off and not impacting EBITA excluding one-offs).

In **Benelux and Nordics**, revenues were EUR 370 million, down 18%, or 19% TDA. In the Nordics, revenues declined 20%, or 21% TDA, led by Sweden. Revenues in Benelux were down 17%, or 18% TDA, with the Netherlands down 22%, or 24% TDA, and Belgium down 13%, or 14% TDA. The declines were driven by lower demand in the manufacturing, automotive, retail and logistics sectors. EBITA excluding one-offs for the region was EUR 20 million, with a margin of 5.5%, compared to 2.9% in Q4 2019. Margin improvement was driven by improved client mix, agile cost management, Covid-19 employment support schemes and lower bench costs.

In **Italy**, revenues were EUR 538 million, up 9%. The recovery was led by the manufacturing and logistics industries. Permanent placement was down 4%. EBITA margin excluding one-offs was 7.4%, down 10 bps year-on-year, impacted by unfavourable business mix.

In **Japan**, revenues were EUR 388 million, up 2%, or flat TDA, with continued growth in both Workforce Solutions and Professional Solutions. Permanent placement was down 34%. EBITA was EUR 25 million and the EBITA margin was 6.4%, down 80 bps year-on-year, impacted by higher IT investments.

In **Iberia**, revenues were EUR 303 million, up 2%, or 6% TDA, driven by growth in the logistics, retail and manufacturing industries. EBITA excluding one-offs was EUR 17 million and the EBITA margin was 6.0%, up 100 bps year-on-year, supported by agile cost management and the strong recovery in revenues compared to Q3 2020.

In **Rest of World**, revenues were EUR 664 million, up 3%, or 2% TDA. Revenues decreased by 2% in Australia & New Zealand, by 8% in Asia and by 41% in India, while they grew by 7% in Eastern Europe & MENA and by 23% in Latin America, all trading days adjusted. For the region, EBITA was EUR 27 million, with a margin of 4.0%, up 40 bps compared to the prior year, excluding one-offs.

In **Career Transition and Talent Development**, revenues were up 9% at EUR 145 million. In Lee Hecht Harrison, revenues grew by 16%, while they declined by 14% in General Assembly. Growth in LHH's counter-cyclical Career Transition activities accelerated during the year, as client restructuring activity increased as a result of the crisis. While General Assembly has seen strong demand for its online offerings, it continues to be impacted by the temporary closure of its campuses globally, linked to Covid-19. EBITA excluding one-offs was EUR 35 million, representing an EBITA margin of 23.2%, compared to 19.5% in the prior year excluding one-offs.

Strategic Update

2020 marked the end of the Group's previous strategy cycle – Perform, Transform, Innovate. During that cycle, the Adecco Group began a journey to strengthen and digitise its business and to enhance its portfolio.

The Group can point to much progress during the 2017 to 2020 cycle. Relentless focus on customer experience led to a significant improvement in both client and associate Net Promoter Scores (NPS), which increased by 21 and 9 points respectively. Good progress was made in improving productivity with the 'GrowTogether' programme, which delivered EUR 240 million of annual benefits by FY20, and also helped accelerate the digitisation of the Adecco Group. Business mix and pricing discipline were strengthened, with gross margin increasing by 100 basis points, reversing a downward trend in gross margin that preceded 2017. Cash flow remained strong, supporting our long-term investments, dividend commitment and share buybacks. The brand portfolio was simplified, leading to the evolution of a brand-driven organisation that will take the business forward from 2021.

During 2020, the Board of Directors and Group management engaged in an extensive review of the Group's strategy, culminating in the launch of 'Future@Work' in December last year. While a natural evolution from the previous strategy cycle, it is also an important next step in the ongoing transformation of the Adecco Group. The outcome will be a significant upgrade of capabilities and market positioning that will help future-proof the Group and enable a strong recovery from the crisis.

Future@Work has three core elements. The first is the alignment of the business in a brand-oriented, global manner, with the creation of three distinct Global Business Units (GBUs): Adecco, Talent Solutions, and Modis. Second, each GBU has a bold vision and clearly defined strategy, and will be able to leverage the full service offerings of the Group in providing 360° HR solutions to clients. The third is an accelerated transformation programme with three enablers: Customer Experience, Differentiation, and Digital.

Future@Work will improve focus, speed and resource allocation, and allow client and candidate strategies to account for differences in the markets in which the Group operates. Accompanying the new strategy are new financial goals: (1) a dual revenue growth strategy of gaining market share with the Adecco GBU and investing in the faster growth segments of Talent Solutions and Modis; (2) a higher EBITA margin corridor of 3.0-6.0% through the cycle (compared to 2.5-5.0% in the previous economic cycle), driven by further productivity gains and mix shift towards higher margin segments; (3) a continued focus on strong cash flow, delivering cash conversion of greater than 90% on average through the cycle, supporting investments and a progressive dividend.

Share buyback programme

In February 2020, the Board of Directors approved a share buyback programme of up to EUR 600 million. This programme was subsequently paused before initiation, due to the onset of the Covid-19 crisis.

Given the continued strength of the Group's financial position, the Board of Directors considers it appropriate to resume the programme. Due to the ongoing economic uncertainty relating to Covid-19, the share buyback will be executed in a phased approach over up to three years. Shares repurchased under the programme are intended for subsequent cancellation, following shareholder approval.

Annual General Meeting of Shareholders

- **Dividend proposal**
  The Adecco Group has a progressive dividend policy, which comprises two components. First, as earnings grow over time dividend per share (DPS) will also grow, within the bounds of a pay-out ratio of 40-50% of adjusted earnings per share (EPS). Second, the Group is committed to holding Swiss franc DPS at least in line with the prior year, even if EPS temporarily declines and the pay-out ratio is exceeded.

  At the AGM 2021, the Board of Directors will propose a total dividend distribution of CHF 2.50 per share for 2020, for approval by shareholders. This represents a pay-out ratio of 82% of adjusted net earnings (at an exchange rate of EUR/CHF 1.10). The ex-date for this dividend distribution is 14 April 2021.

- **Changes to the Board of Directors**
  The Board of Directors proposes to elect Rachel Duan to the Board and the Compensation Committee at the upcoming AGM. Ms Duan (born 1970) is currently a non-executive board member and member of the Compensation & Governance committee of AXA, as well as a non-executive board member of Sanofi. Until June 2020, she was Senior Vice President of General Electric Company (GE) and President and Chief Executive Officer of GE's Global Markets. Ms. Duan joined GE in 1996, working across multiple businesses in the USA, Japan and China. From 2006, she held senior leadership positions including CEO of GE Advanced Materials China and then Asia Pacific, as well as CEO of GE Healthcare China and CEO of GE China.

  Ms. Duan holds a Bachelor of Science in Economics and International Business from Shanghai International Studies University, China, and a Master of Business Administration (MBA) from the University of Wisconsin-Madison, USA. She is a Chinese citizen.

  Ms Duan's experience will make an invaluable contribution to the balance of skills and attributes on the Board. Specifically, her experience in driving the emerging markets growth agenda at a large, complex multinational and her expertise driving business transformation.

  All other members of the Board of Directors will stand for re-election. All individuals proposed for election are considered independent.

- **Renewal of Authorised Share Capital**
  It is proposed to renew the existing and expiring authorised capital of approximately 5% for a further two years. The Board of Directors will not make use of the authorisation, in combination with the existing conditional capital authorisation, to exclude pre-emptive rights in excess of 10% of the total share capital.

Management outlook

Revenues declined by 5% in Q4 2020, organically and trading days adjusted, improving through the quarter, with December down 2% TDA. Revenues in January 2021 were also down 2% year-on-year, organically and trading days adjusted, and volume trends in February indicate a similar trend.

Expanded Covid-19 lockdowns across much of Europe in early 2021 have not materially impacted demand for the Group's services to date, albeit sequential improvement has slowed and economic uncertainty remains high.

The Group will continue to manage its cost base with agility, while maintaining investments in its transformation and in areas of growth.

The Group has a strong balance sheet and significant liquidity headroom. Cash on hand was EUR 1.5 billion at the end of December 2020, providing ample capacity to fund both potential working capital growth, investments to support the transformation, and capital returns to shareholders, in the form of the ordinary dividend and share buyback.

Q4 2020 results conference calls

There will be an analyst and investor conference call at 10.00 am CET. The conference call can be followed either via webcast or via telephone call:

UK/Global	+ 44 (0) 207 107 0613
United States	+ 1 (1) 631 570 56 13
Cont. Europe	+ 41 (0) 58 310 50 00

The Q4 2020 results presentation will be available through the webcast and will be published on the Investor Relations section on the Group's website.

For further information please contact:

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Financial Agenda

- Annual General Meeting 8 April 2021
- Ex-dividend date 14 April 2021
- Q1 2021 results 4 May 2021
- Q2 2021 results 5 August 2021
- Q3 2021 results 2 November 2021

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 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.

About the Adecco Group

The Adecco Group is the world's leading human capital solutions company. We believe in making the future work for everyone, and every day enable more than 3.5 million careers. We skill, develop, and hire talent in 60 countries, enabling organisations to embrace the future of work. As a Fortune Global 500 company, we lead by example, creating shared value that fuels economies and builds better societies. Our culture of inclusivity, entrepreneurship and teamwork empowers our 30,000 employees. We are proud to have been consistently ranked one of the 'World's Best Workplaces' by Great Place to Work®.

The Adecco Group AG is headquartered in Zurich, Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN). The Group is powered by three global business units: Adecco, Talent Solutions and Modis.

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Revenues by segment and by brand

Revenues by segment EUR millions	Q4 2020	Q4 2019[4]	Variance % EUR	Variance % Constant currency	FY 2020	FY 2019[4]	Variance % EUR	Variance % Constant currency
France	1,237	1,370	-10%	-10%	4,291	5,466	-21%	-21%
N. America, UK & I. General Staffing	797	801	0%	5%	2,628	3,031	-13%	-12%
N. America, UK & I. Professional Staffing[1]	530	827	-36%	-32%	2,293	3,333	-31%	-30%
Germany, Austria, Switzerland	434	470	-8%	-8%	1,586	1,918	-17%	-18%
Benelux and Nordics	370	455	-19%	-18%	1,423	1,883	-24%	-23%
Italy	538	493	9%	9%	1,772	1,910	-7%	-7%
Japan	388	393	-1%	2%	1,548	1,480	5%	4%
Iberia[1]	303	306	-1%	-1%	1,009	1,163	-13%	-13%
Rest of World	664	706	-6%	3%	2,469	2,716	-9%	-3%
Career Transition & Talent Development[1]	145	140	4%	10%	542	527	3%	5%
Adecco Group[1]	**5,406**	**5,961**	**-9%**	**-7%**	**19,561**	**23,427**	**-17%**	**-16%**

Revenues by brand EUR millions	Q4 2020	Q4 2019	Variance % EUR	Variance % Constant currency	FY 2020	FY 2019	Variance % EUR	Variance % Constant currency
Adecco	4,276	4,489	-5%	-2%	14,890	17,533	-15%	-14%
Workforce Solutions	**4,276**	**4,489**	**-5%**	**-2%**	**14,890**	**17,533**	**-15%**	**-14%**
Modis	459	510	-10%	-7%	1,865	2,030	-8%	-7%
Badenoch + Clark / Spring Professional[2]	304	378	-20%	-17%	1,233	1,548	-20%	-20%
Other Professional Brands[3]	168	388	-57%	-55%	824	1,559	-47%	-47%
Professional Solutions[3]	**931**	**1,276**	**-27%**	**-24%**	**3,922**	**5,137**	**-24%**	**-23%**
LHH[3]	118	107	11%	17%	441	419	5%	7%
Pontoon	49	45	8%	13%	182	178	2%	3%
Ventures	32	44	-28%	-24%	126	160	-21%	-20%
Talent Solutions and Ventures[3]	**199**	**196**	**2%**	**7%**	**749**	**757**	**-1%**	**1%**
Adecco Group[1]	**5,406**	**5,961**	**-9%**	**-7%**	**19,561**	**23,427**	**-17%**	**-16%**

1) In Q4 2020 revenues changes organically in N. America, UK & I Professional Staffing by -22%, Iberia by +2%, Career Transition & Talent Development by +9% and Adecco Group by -5%. In FY 2020 revenues changed organically in N. America, UK & I Professional Staffing by -23%, Iberia by -9%, Career Transition & Talent Development by +4%, and Adecco Group by -14%.

2) Including other local Professional Recruitment brands.

3) In Q4 2020 revenues changed organically in Other Professional Brands by -37%, Professional Solutions by -17%, LHH by +16%, and in Talent Solutions and Ventures by +6%. In FY 2020 revenues changed organically in Other Professional Brands by -32%, Professional Solutions by -18%, and in Talent Solutions and Ventures by 0%.

4) 2019 N. America, UK & I. General Staffing and N. America, UK & I. Professional Staffing have been restated to conform with current period presentation.

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EBITA[1] and EBITA margin by segment

EBITA	Q4		Variance %		FY		Variance %	
EUR millions	**2020**	2019[2]	EUR	Constant currency	**2020**	2019[2]	EUR	Constant currency
France	71	94	-23%	-23%	194	347	-44%	-44%
N. America, UK & I. General Staffing	42	28	49%	58%	67	90	-26%	-24%
N. America, UK & I. Professional Staffing	16	41	-62%	-59%	47	160	-71%	-70%
Germany, Austria, Switzerland	32	1	n.m.	n.m.	(52)	15	n.m.	n.m.
Benelux and Nordics	16	11	39%	43%	39	59	-34%	-33%
Italy	40	36	10%	10%	109	149	-27%	-27%
Japan	25	28	-12%	-9%	115	107	7%	6%
Iberia	12	15	-12%	-12%	34	58	-40%	-40%
Rest of World	22	23	-1%	12%	89	92	-3%	6%
Career Transition & Talent Development	31	14	117%	139%	93	65	42%	45%
Corporate	(54)	(37)	49%	46%	(165)	(154)	8%	3%
Adecco Group	**253**	**254**	**-1%**	**3%**	**570**	**988**	**-42%**	**-41%**

	Q4			FY		
EBITA margin	**2020**	2019[2]	Variance bps	**2020**	2019[2]	Variance bps
France	5.8%	6.8%	(100)	4.5%	6.3%	(180)
N. America, UK & I. General Staffing	5.3%	3.5%	180	2.5%	3.0%	(50)
N. America, UK & I. Professional Staffing	3.0%	5.0%	(200)	2.0%	4.8%	(280)
Germany, Austria, Switzerland	7.3%	0.2%	710	-3.3%	0.8%	(410)
Benelux and Nordics	4.4%	2.6%	180	2.7%	3.2%	(50)
Italy	7.4%	7.4%	-	6.2%	7.8%	(160)
Japan	6.4%	7.1%	(70)	7.4%	7.2%	20
Iberia	4.2%	4.7%	(50)	3.4%	4.9%	(150)
Rest of World	3.4%	3.2%	20	3.6%	3.4%	20
Career Transition & Talent Development	20.7%	9.9%	1,080	17.1%	12.4%	470
Adecco Group	**4.7%**	**4.3%**	**40**	**2.9%**	**4.2%**	**(130)**

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

2) 2019 N. America, UK & I. General Staffing and N. America, UK & I. Professional Staffing have been restated to conform with current period presentation.

Reconciliation of EBITA to EBITA excluding one-offs

EBITA	EBITA excluding one-offs		One-offs		EBITA	
EUR millions	**Q4 2020**	Q4 2019[1]	**Q4 2020**	Q4 2019	**Q4 2020**	Q4 2019[1]
France	76	97	(5)	(3)	71	94
N. America, UK & I. General Staffing	45	30	(3)	(2)	42	28
N. America, UK & I. Professional Staffing	20	50	(4)	(9)	16	41
Germany, Austria, Switzerland[2]	9	1	23	-	32	1
Benelux and Nordics	20	13	(4)	(2)	16	11
Italy	40	37	-	(1)	40	36
Japan	25	28	-	-	25	28
Iberia	17	16	(5)	(1)	12	15
Rest of World	27	25	(5)	(2)	22	23
Career Transition & Talent Development	35	27	(4)	(13)	31	14
Corporate	(54)	(34)	-	(3)	(54)	(37)
Adecco Group	**260**	**290**	**(7)**	**(36)**	**253**	**254**

EBITA	EBITA excluding one-offs		One-offs		EBITA	
EUR millions	**FY 2020**	FY 2019[1]	**FY 2020**	FY 2019	**FY 2020**	FY 2019[1]
France	200	353	(6)	(6)	194	347
N. America, UK & I. General Staffing	84	93	(17)	(3)	67	90
N. America, UK & I. Professional Staffing	69	176	(22)	(16)	47	160
Germany, Austria, Switzerland[2]	3	32	(55)	(17)	(52)	15
Benelux and Nordics	48	61	(9)	(2)	39	59
Italy	109	150	-	(1)	109	149
Japan	115	107	-	-	115	107
Iberia	40	59	(6)	(1)	34	58
Rest of World	96	95	(7)	(3)	89	92
Career Transition & Talent Development	110	92	(17)	(27)	93	65
Corporate	(165)	(149)	-	(5)	(165)	(154)
Adecco Group	**709**	**1,069**	**(139)**	**(81)**	**570**	**988**

1) 2019 N. America, UK & I. General Staffing and N. America, UK & I. Professional Staffing have been restated to conform with current period presentation.

2) In Q4 2020 Germany, Austria, Switzerland One-offs reduced by 23M due to release of the restructuring accruals driven by lower than expected severance costs in Germany.

Consolidated statements of operations

EUR millions except share and per share information	Q4 2020	Q4 2019	Variance % EUR	Variance % Constant currency	FY 2020	FY 2019	Variance % EUR	Variance % Constant currency
Revenues	**5,406**	5,961	**-9%**	**-7%**	**19,561**	23,427	**-17%**	**-16%**
Direct costs of services	(4,346)	(4,811)			(15,772)	(18,923)		
Gross profit	**1,060**	**1,150**	**-8%**	**-5%**	**3,789**	**4,504**	**-16%**	**-15%**
Selling, general, and administrative expenses	(809)	(899)	-10%	-7%	(3,239)	(3,519)	-8%	-7%
Proportionate net income of equity method investment FESCO Adecco	2	3	-13%	-9%	20	3	n.m.	n.m.
EBITA[1]	**253**	**254**	**-1%**	**3%**	**570**	**988**	**-42%**	**-41%**
Amortisation of intangible assets	(20)	(23)			(81)	(64)		
Impairment of intangible assets	(9)	(20)			(9)	(20)		
Impairment of goodwill					(362)			
Operating income	**224**	**211**	**6%**	**11%**	**118**	**904**	**-87%**	**-87%**
Interest expense	(7)	(9)			(30)	(35)		
Other income/(expenses), net	(17)	204			(20)	207		
Income before income taxes	**200**	**406**	**-51%**		**68**	**1,076**	**-94%**	
Provision for income taxes	(51)	(150)			(165)	(348)		
Net income/(loss)	**149**	**256**	**-42%**		**(97)**	**728**	**-113%**	
Net income attributable to noncontrolling interests					(1)	(1)		
Net income/(loss) attributable to Adecco Group shareholders	**149**	**256**	**-42%**		**(98)**	**727**	**-114%**	
Basic earnings/(loss) per share[2]	**0.92**	**1.58**	**-42%**		**(0.61)**	**4.48**	**-114%**	
Diluted earnings/(loss) per share[3]	**0.92**	**1.57**	**-42%**		**(0.61)**	**4.47**	**-114%**	
Gross margin	*19.6%*	*19.3%*			*19.4%*	*19.2%*		
SG&A as a percentage of revenues	*15.0%*	*15.1%*			*16.6%*	*15.0%*		
EBITA margin	*4.7%*	*4.3%*			*2.9%*	*4.2%*		
Operating income margin	*4.1%*	*3.5%*			*0.6%*	*3.9%*		
Net income/(loss) margin attributable to Adecco Group shareholders	*2.7%*	*4.3%*			*-0.5%*	*3.1%*		

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 161,139,396 in Q4 2020 and 161,426,423 in FY 2020 (162,077,731 in Q4 2019 and 162,211,290 in FY 2019).
3) Diluted weighted-average shares were 161,888,942 in Q4 2020 and 162,011,135 in FY 2020 (162,484,031 in Q4 2019 and 162,542,226 in FY 2019).

Consolidated balance sheets

EUR millions	31 December 2020	31 December 2019
Assets		
Current assets:		
- Cash and cash equivalents	1,485	1,351
- Trade accounts receivable, net	3,870	4,310
- Other current assets	399	282
Total current assets	**5,754**	**5,943**
Property, equipment, and leasehold improvements, net	305	318
Operating lease right-of-use assets	395	432
Equity method investments	109	83
Other assets	645	617
Intangible assets, net	245	332
Goodwill	2,339	2,846
Total assets	**9,792**	**10,571**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
- Accounts payable and accrued expenses	3,990	4,106
- Current operating lease liabilities	178	196
- Short-term debt and current maturities of long-term debt	294	172
Total current liabilities	**4,462**	**4,474**
Operating lease liabilities	251	265
Long-term debt, less current maturities	1,567	1,577
Other liabilities	294	307
Total liabilities	**6,574**	**6,623**
Shareholders' equity		
Adecco Group shareholders' equity:		
- Common shares	10	10
- Additional paid-in capital	582	580
- Treasury shares, at cost	(89)	(66)
- Retained earnings	3,139	3,629
- Accumulated other comprehensive income/(loss), net	(433)	(213)
Total Adecco Group shareholders' equity	**3,209**	**3,940**
Noncontrolling interests	9	8
Total shareholders' equity	**3,218**	**3,948**
Total liabilities and shareholders' equity	**9,792**	**10,571**

Consolidated statements of cash flows

EUR millions	Q4		FY	
	2020	2019	**2020**	2019
Cash flows from operating activities				
Net income/(loss)	149	256	(97)	728
Adjustments to reconcile net income/(loss) to cash flows from operating activities:				
– Depreciation and amortisation	56	56	209	171
– Impairment of goodwill			362	
– Impairment of intangible assets	9	20	9	20
– Gain on divestiture of Soliant		(248)		(248)
– Other charges	20	31	86	63
Changes in operating assets and liabilities, net of acquisitions and divestitures:				
– Trade accounts receivable	(321)	107	235	91
– Accounts payable and accrued expenses	259	132	38	57
– Other assets and liabilities	(13)	28	(122)	(2)
Cash flows from operating activities	**159**	**382**	**720**	**880**
Cash flows from investing activities				
Capital expenditures	(47)	(43)	(157)	(156)
Proceeds from divestiture of Soliant, net of cash and restricted cash divested		544		544
Cash settlements on derivative instruments	14	(10)	24	(39)
Other acquisition, divestiture and investing activities, net	(4)	(15)	(29)	(25)
Cash flows from/(used in) investing activities	**(37)**	**476**	**(162)**	**324**
Cash flows from financing activities				
Net increase/(decrease) in short-term debt	18	(4)	(2)	
Borrowings of long-term debt, net of issuance costs			259	353
Repayment of long-term debt	(115)		(117)	(215)
Buyback of long-term debt				(211)
Dividends paid to shareholders			(381)	(360)
Purchase of treasury shares			(46)	(87)
Other financing activities, net	(1)		(3)	(4)
Cash used in financing activities	**(98)**	**(4)**	**(290)**	**(524)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(49)**	**(30)**	**(116)**	**18**
Net increase/(decrease) in cash, cash equivalents and restricted cash	**(25)**	**824**	**152**	**698**
Cash, cash equivalents and restricted cash:				
– Beginning of period	1,593	592	1,416	718
– End of period	1,568	1,416	1,568	1,416