Adecco Group

Press Release

Another quarter of strong EBITA margin expansion

Further gross margin improvement and continued good cost control

First quarter 2015 highlights

- Revenues up 4% year-on-year in constant currency
- Gross margin 19.1%, up 50 bps
- SG&A up 1% in constant currency and excluding prior year restructuring costs[1]
- EBITA[2] EUR 236 million, up 21% in constant currency and excluding prior year restructuring costs
- EBITA margin 4.6%, up 60 bps excluding prior year restructuring costs
- Net income attributable to Adecco shareholders up 45%, basic EPS up 49%
- Alain Dehaze will succeed Patrick De Maeseneire as Group CEO from September 1, 2015; Group CFO Dominik de Daniel has decided to leave Adecco

Key figures Q1 2015

in EUR millions	**Q1 2015**	Reported growth	Constant currency growth
Revenues	5,083	9%	4%
Gross profit	972	12%	5%
EBITA excluding restructuring costs	236	28%	21%
EBITA	236	31%	25%
Operating income	228	33%	28%
Net income attributable to Adecco shareholders	160	45%	

Zurich, Switzerland, May 7, 2015: the Adecco Group, the world's leading provider of Human Resources solutions, today announced results for Q1 2015. Revenues were EUR 5.1 billion, up 4% in constant currency compared to the prior year. The gross margin was 19.1%, an increase of 50 bps. SG&A was up 1% in constant currency and excluding prior year restructuring costs. The EBITA margin was 4.6%, up 60 bps compared to the EBITA margin excluding restructuring costs in Q1 2014. Net income attributable to Adecco shareholders was up 45% to EUR 160 million and basic EPS increased by 49% to EUR 0.92.

Patrick De Maeseneire, CEO of the Adecco Group said: *"In the first quarter revenue growth accelerated, helped by an improving environment in Europe. Conditions in France stabilised and we saw a pick-up in Benelux, while Italy, Iberia and Eastern Europe again achieved double-digit growth. And with 4.6%, we achieved our best-ever first quarter margin. In April, revenue growth was similar to the first quarter, in constant currency and adjusted for trading days. Based on the trends in our business and the current economic outlook, we expect revenue growth to accelerate in the second half of 2015, also helped by an easier comparison base. Given our strong profitability in the first quarter and the positive outlook, and with the continued good progress on our six strategic priorities, we remain convinced that we will achieve our EBITA margin target of above 5.5% in 2015."*

[1] Restructuring costs were EUR 5 million in Q1 2014.
[2] EBITA is a non-US GAAP measure and refers to operating income before amortisation of intangible assets.

Q1 2015 FINANCIAL PERFORMANCE

Revenues
Q1 2015 revenues of EUR 5.1 billion were up 9% year-on-year, or up 4% in constant currency. Currency fluctuations had a positive impact on revenues of approximately 5%. By business line, revenues in constant currency grew by 5% in General Staffing, with Industrial up 5% and Office up 4%, and declined by 1% in Professional Staffing. Permanent placement revenues amounted to EUR 99 million, up 12% in constant currency. Revenues from Career Transition (outplacement) totalled EUR 86 million, flat in constant currency.

Gross Profit
Gross profit amounted to EUR 972 million, an increase of 12% or 5% in constant currency. The gross margin was 19.1%, up 50 bps year-on-year. Temporary staffing had a 30 bps positive impact on gross margin, driven by our continued strict approach to pricing and helped by a favourable one-time item in France. Permanent placement added a further 20 bps to gross margin.

Selling, General and Administrative Expenses (SG&A)
SG&A was EUR 736 million, up 1% in constant currency and excluding prior year restructuring costs. There were no restructuring costs in Q1 2015, compared to EUR 5 million in Q1 2014. Sequentially, SG&A was up 1% in constant currency and excluding the Q4 2014 restructuring costs. Compared to Q1 2014, FTE employees increased by 1% and the branch network increased by 1%.

EBITA
EBITA was EUR 236 million, up 21% in constant currency and excluding prior year restructuring costs. The EBITA margin was 4.6%, up 60 bps compared to the EBITA margin excluding restructuring costs of 4.0% in Q1 2014.

Amortisation of Intangible Assets
Amortisation of intangible assets was EUR 8 million compared to EUR 9 million in Q1 2014.

Operating Income
Operating income was EUR 228 million compared to EUR 171 million last year.

Interest Expense and Other Income/(Expenses), net
Interest expense was EUR 14 million compared to EUR 20 million in Q1 2014. Other income/(expenses), net was an income of EUR 1 million in Q1 2015, the same as in Q1 2014.

Provision for Income Taxes
The effective tax rate was 25% compared to 27% in the prior year. Discrete events in Q1 2015 had a positive impact of approximately 2% on the tax rate.

Net Income Attributable to Adecco Shareholders and EPS
Net income attributable to Adecco shareholders was EUR 160 million compared to EUR 110 million last year. Basic EPS increased to EUR 0.92 from EUR 0.62 in Q1 2014.

Cash Flow, Net Debt[3] and DSO
Cash flow generated from operating activities was EUR 54 million in Q1 2015 compared to EUR 103 million in the same period last year. In Q1 2015, capex was EUR 20 million and the group paid EUR 26 million for treasury shares. Net debt at March 31, 2015 was EUR 1,059 million compared to EUR 975 million at year end 2014. DSO was 52 days in Q1 2015, one day less in constant currency than in Q1 2014.

[3] 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.

Adecco Group

Press Release

Q1 2015 SEGMENT PERFORMANCE

Note: all revenue growth rates in this section are year-on-year on an organic[4] basis, unless otherwise stated

% of revenues		Revenues: EUR millions	Revenues: Organic change yoy	EBITA: EUR millions	EBITA: Margin	EBITA: Margin change yoy[1)]
20%	France	1,038	-2%	63	6.0%	120 bps
21%	North America[1)]	1,077	4%	59	5.5%	140 bps
11%	UK & Ireland	555	-1%	12	2.2%	30 bps
8%	Germany & Austria	413	-2%	26	6.3%	-20 bps
5%	Japan	274	7%	17	6.3%	150 bps
6%	Italy	293	17%	16	5.6%	80 bps
5%	Benelux	240	6%	10	4.3%	90 bps
4%	Nordics	178	-5%	(1)	-0.7%	-280 bps
4%	Iberia	202	16%	9	4.3%	110 bps
2%	Australia & New Zealand	91	9%	(1)	-1.1%	30 bps
2%	Switzerland	105	2%	7	6.9%	-10 bps
10%	Emerging Markets	523	11%	20	3.9%	60 bps
2%	LHH	94	0%	30	31.5%	0 bps
	Corporate			(31)		
100%	**Adecco Group[1)]**	**5,083**	**3.4%**	**236**	**4.6%**	**60 bps**

1) Excluding restructuring costs in Q1 2014 of EUR 5 million in North America.

In **France,** revenues were EUR 1.0 billion, down 2%. Industrial, which accounts for approximately 85% of revenues, decreased by 1%. The weakness in construction, where we have a large exposure, continued to weigh on revenues. In Office, revenues decreased by 8%, while in Professional Staffing the decline was 4%. Permanent placement revenues in France were up 8%. EBITA was EUR 63 million and the EBITA margin was 6.0%. This is a 120 bps increase compared to 4.8% in Q1 2014. Q1 2015 included a favourable one-time item, which added approximately 60 bps to the EBITA margin in France.

In **North America**, revenues were EUR 1.1 billion, an increase of 4%. In North America, General Staffing accounts for approximately half of revenues. In Industrial, revenue growth remained strong at 14% while in Office revenues declined by 1%. In Professional Staffing, revenues were up 1%, with growth of 18% in Medical & Science and 6% in Finance & Legal, while revenues declined in IT by 1% and in Engineering & Technical by 6%. Permanent placement revenues in North America were up 13%. EBITA was EUR 59 million, a margin of 5.5%. This is an increase of 140 bps compared to the EBITA margin excluding restructuring costs in Q1 2014.

[4] Organic growth is a non-US GAAP measure and excludes the impact of currency, acquisitions and divestitures.

In the **UK & Ireland,** revenues decreased by 1% to EUR 555 million. Approximately two-thirds of revenues come from Professional Staffing, which declined by 1%. This included revenue decline of 1% in both IT and Finance & Legal. Within General Staffing, the majority of revenues are in Office, which saw a flat revenue development. Permanent placement revenues in the UK & Ireland were up 6%. Gross profit in the UK & Ireland grew by 4% in the quarter. EBITA was EUR 12 million, with a margin of 2.2% compared to 1.9% in Q1 2014.

In **Germany & Austria,** revenues were EUR 413 million, down 2%. In Industrial, which accounts for approximately 70% of revenues, revenues decreased by 2%. Revenues declined in Office by 4% and in Professional Staffing by 3%. EBITA was EUR 26 million, with a margin of 6.3% compared to 6.5% in Q1 2014.

In **Japan,** revenues were EUR 274 million, up 7%. Revenues grew by 10% in Office, which accounts for approximately 75% of our revenues in Japan. In our smaller Professional Staffing business, which comprises IT and Engineering & Technical, revenues grew by 7%. Profitability was strong. EBITA was EUR 17 million and the EBITA margin was 6.3% compared to 4.8% in the prior year.

In **Italy,** revenue growth accelerated to 17%. Profitability improved by 80 bps to an EBITA margin of 5.6%, as we leveraged the investments made during 2014.

In **Benelux,** revenues increased by 6%, with solid growth in all three countries. The EBITA margin strengthened to 4.3%, up 90 bps year-on-year.

In the **Nordics,** revenues were down 5%. After a difficult second half in 2014, Sweden improved during the quarter. In Norway the market environment continues to be very challenging, adversely impacting profitability for the Nordics.

In **Iberia,** revenues were up 16%. The EBITA margin was 4.3%, up 110 bps year-on-year mainly due to strong operating leverage.

In **Australia & New Zealand,** revenue growth accelerated to 9%. The EBITA margin in Q1 2015 was -1.1%.

In **Switzerland**, revenues were up 2% compared to Q1 2014. Profitability remained good, with an EBITA margin of 6.9%, down 10 bps compared to the prior year.

In the **Emerging Markets**, revenue growth was 11%, led again by double digit growth in Eastern Europe & MENA. The EBITA margin for Emerging Markets was 3.9%, up 60 bps year-on-year.

Revenues of **LHH**, Adecco's Career Transition and Talent Development business, were flat. This was impacted by negative growth in North America, which accounts for approximately 50% of LHH revenues. The EBITA margin for LHH remained strong at 31.5%, also flat compared to the prior year.

MANAGEMENT OUTLOOK

In the first quarter, revenue growth picked up again after the slowdown in the second half of 2014. The trends in our businesses in Europe and Japan have become more positive, while growth remains robust in North America and in Emerging Markets. In April, revenue growth was similar to the first quarter, in constant currency and adjusted for trading days. Based on the trends in our business and the current economic outlook, we expect revenue growth to accelerate in the second half of 2015, also helped by an easier comparison base.

Given this picture, we will continue to invest selectively where we see organic growth opportunities and where productivity is already at a high level. At the same time, we maintain our focus on tight cost control. In Q2 2015, SG&A is expected to increase slightly compared to Q1 2015 on an organic basis, mainly due to costs for contractual obligations related to the management changes.

We continue to be very focused on reaching our EBITA margin target of above 5.5% in 2015. In Q1 2015, we achieved our best-ever first quarter margin, following on from our record fourth-quarter profitability in Q4 2014. Given the positive outlook and based on the good progress on our six strategic priorities and our continued price and cost discipline, we remain convinced we will achieve our target.

SHARE BUYBACK PROGRAMME

In November 2014, the Company launched a share buyback programme of up to EUR 250 million on a second trading line with the aim of subsequently cancelling the shares and reducing the share capital. To date, the Company has acquired 825,000 shares under this programme for EUR 45 million.

MANAGEMENT CHANGES

Patrick De Maeseneire has decided to leave the Adecco Group and will hand over his duties at the end of August 2015. The Board of Directors has appointed Alain Dehaze as the new Chief Executive Officer as of September 1, 2015. Alain Dehaze is currently Regional Head of France for the Adecco Group and has been a member of the Executive Committee since 2009. Dominik de Daniel, Group CFO, has decided to leave the Company at the end of July, 2015. For further details, please see the separate press release issued today.

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Press Release

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Q1 2015 Results Conference Calls

There will be a media conference call at 9 am CET and an analyst and investor conference call at 11 am CET. The conference calls can be followed either via webcast (media conference, analyst conference) or via telephone call:

UK / Global	+ 44 (0)203 059 58 62
United States	+ 1 (1)631 570 56 13
Cont. Europe	+ 41 (0)58 310 50 00

The Q1 2015 results presentation will be available through the webcasts and will be published in the Investor Relations section on our website.

Financial Agenda

• Q2 2015 results	August 11, 2015
• Q3 2015 results	November 5, 2015
• Q4 2015 results	March 9, 2016

Forward-looking statements

Information in this release may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based on information available to Adecco S.A. as of the date of this release, and we assume no duty to update any such forward-looking statements. The forward-looking statements in this release are not guarantees of future performance and actual results could differ materially from our current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things: global GDP trends and the demand for temporary work; changes in regulation of temporary work; intense competition in the markets in which the Company operates; integration of acquired companies; changes in the Company's ability to attract and retain qualified internal and external personnel or clients; the potential impact of disruptions related to IT; any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

About the Adecco Group

The Adecco Group, based in Zurich, Switzerland, is the world's leading provider of HR solutions. With more than 31,000 FTE employees and around 5,100 branches in over 60 countries and territories around the world, Adecco Group offers a wide variety of services, connecting more than 650,000 associates with our clients every day. The services offered fall into the broad categories of temporary staffing, permanent placement, career transition and talent development, as well as outsourcing and consulting. The Adecco Group is a Fortune Global 500 company.

Adecco S.A. is registered in Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN).

Adecco Group

Press Release

Consolidated statements of operations

EUR millions except share and per share information	Q1 2015	Q1 2014	Variance % EUR	Variance % Constant Currency
Revenues	**5,083**	**4,656**	**9%**	**4%**
Direct costs of services	(4,111)	(3,788)		
Gross profit	**972**	**868**	**12%**	**5%**
Selling, general, and administrative expenses	(736)	(688)	7%	0%
EBITA[1]	**236**	**180**	**31%**	**25%**
Amortisation of intangible assets	(8)	(9)		
Operating income	**228**	**171**	**33%**	**28%**
Interest expense	(14)	(20)		
Other income/(expenses), net	1	1		
Income before income taxes	**215**	**152**	**42%**	
Provision for income taxes	(54)	(41)		
Net income	**161**	**111**	**45%**	
Net income attributable to noncontrolling interests	(1)	(1)		
Net income attributable to Adecco shareholders	**160**	**110**	**45%**	
Basic earnings per share[2]	0.92	0.62	49%	
Diluted earnings per share[3]	0.92	0.62	50%	
Gross margin	*19.1%*	*18.6%*		
SG&A as a percentage of revenues	*14.5%*	*14.8%*		
EBITA margin	*4.6%*	*3.9%*		
Operating income margin	*4.5%*	*3.7%*		
Net income margin attributable to Adecco shareholders	*3.2%*	*2.4%*		

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

2) Basic weighted-average shares were 173,220,036 in Q1 2015 (177,999,710 in Q1 2014).

3) Diluted weighted-average shares were 173,473,132 in Q1 2015 (178,371,605 in Q1 2014).

Adecco Group

Press Release

Revenues by segment and by business line

Revenues by segment EUR millions	Q1 **2015**	 **2014**	Variance % EUR	 Constant Currency
France	1,038	1,056	-2%	-2%
North America[1)]	1,077	874	23%	5%
UK & Ireland	555	509	9%	-1%
Germany & Austria	413	421	-2%	-2%
Japan	274	248	10%	7%
Italy	293	249	17%	17%
Benelux	240	226	6%	6%
Nordics	178	195	-9%	-5%
Iberia	202	174	16%	16%
Australia & New Zealand	91	78	16%	9%
Switzerland	105	93	13%	2%
Emerging Markets	523	448	17%	11%
LHH	94	85	10%	0%
Adecco Group[1)]	**5,083**	**4,656**	**9%**	**4%**

Revenues by business line[2)] EUR millions	Q1 **2015**	 **2014**	Variance % EUR	 Constant Currency
Office	1,249	1,139	10%	4%
Industrial	2,470	2,289	8%	5%
General Staffing	**3,719**	**3,428**	**8%**	**5%**
Information Technology	631	576	10%	0%
Engineering & Technical	283	272	4%	-6%
Finance & Legal	213	184	16%	3%
Medical & Science	97	82	18%	8%
Professional Staffing	**1,224**	**1,114**	**10%**	**-1%**
CTTD	94	85	10%	0%
BPO[3)]	46	29	59%	37%
Solutions[3)]	**140**	**114**	**23%**	**10%**
Adecco Group[3)]	**5,083**	**4,656**	**9%**	**4%**

1) In Q1 2015 revenues changed organically in North America by 4% and in the Adecco Group by 3.4%.

2) Breakdown of staffing revenues into Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, and Medical & Science is based on dedicated branches. CTTD comprises Career Transition & Talent Development services. BPO comprises Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and Vendor Management System (VMS).

3) In Q1 2015 revenues changed organically in BPO by 16%, in Solutions by 4% and in the Adecco Group by 3.4%.

Adecco Group

Press Release

EBITA[1] and EBITA margin by segment

EBITA EUR millions	Q1 2015	Q1 2014	Variance % EUR	Variance % Constant Currency
France	63	50	24%	24%
North America	59	31	93%	64%
UK & Ireland	12	10	24%	11%
Germany & Austria	26	27	-4%	-4%
Japan	17	12	45%	41%
Italy	16	12	36%	36%
Benelux	10	8	33%	33%
Nordics	(1)	4	-130%	-131%
Iberia	9	6	55%	55%
Australia & New Zealand	(1)	(1)	n.m.	n.m.
Switzerland	7	6	11%	0%
Emerging Markets	20	15	37%	32%
LHH	30	27	11%	-3%
Corporate	(31)	(27)		
Adecco Group	**236**	**180**	**31%**	**25%**

EBITA margin	Q1 2015	Q1 2014	Variance bps
France	6.0%	4.8%	120
North America	5.5%	3.5%	200
UK & Ireland	2.2%	1.9%	30
Germany & Austria	6.3%	6.5%	(20)
Japan	6.3%	4.8%	150
Italy	5.6%	4.8%	80
Benelux	4.3%	3.4%	90
Nordics	-0.7%	2.1%	(280)
Iberia	4.3%	3.2%	110
Australia & New Zealand	-1.1%	-1.4%	30
Switzerland	6.9%	7.0%	(10)
Emerging Markets	3.9%	3.3%	60
LHH	31.5%	31.5%	0
Adecco Group	**4.6%**	**3.9%**	**70**

1) EBITA is non-U.S.GAAP measure and refers to operating income before amortisation of intangible assets.

Adecco Group

Press Release

Consolidated balance sheets

EUR millions	March 31 2015	December 31 2014
Assets		
Current assets:		
– Cash and cash equivalents	921	695
– Short-term investments	3	3
– Trade accounts receivable, net	3,905	3,676
– Other current assets	315	262
Total current assets	**5,144**	**4,636**
Property, equipment, and leasehold improvements, net	232	222
Other assets	560	498
Intangible assets, net	533	501
Goodwill	3,769	3,583
Total assets	**10,238**	**9,440**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	3,865	3,607
– Short-term debt and current maturities of long-term debt	630	89
Total current liabilities	**4,495**	**3,696**
Long-term debt, less current maturities	1,353	1,584
Other liabilities	340	321
Total liabilities	**6,188**	**5,601**
Shareholders' equity		
Adecco shareholders' equity:		
– Common shares	111	111
– Additional paid-in capital	1,052	1,063
– Treasury shares, at cost	(310)	(303)
– Retained earnings	3,231	3,072
– Accumulated other comprehensive income/(loss), net	(39)	(108)
Total Adecco shareholders' equity	**4,045**	**3,835**
Noncontrolling interests	5	4
Total shareholders' equity	**4,050**	**3,839**
Total liabilities and shareholders' equity	**10,238**	**9,440**

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Press Release

Consolidated statements of cash flows

EUR millions	Q1 2015	Q1 2014
Cash flows from operating activities		
Net income	161	111
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	32	32
– Other charges	7	11
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	(49)	24
– Accounts payable and accrued expenses	(22)	(32)
– Other assets and liabilities	(75)	(43)
Cash flows from operating activities	**54**	**103**
Cash flows from investing activities		
Capital expenditures	(20)	(17)
Proceeds from sale of property and equipment		17
Cash settlements on derivative instruments	(33)	11
Other acquisition and investing activities, net		(3)
Cash flows from/(used in) investing activities	**(53)**	**8**
Cash flows from financing activities		
Net increase in short-term debt	204	62
Purchase of treasury shares	(26)	(30)
Cash flows from financing activities	**178**	**32**
Effect of exchange rate changes on cash	47	(9)
Net increase in cash and cash equivalents	**226**	**134**
Cash and cash equivalents:		
– Beginning of period	695	963
– End of period	921	1,097