THE ADECCO GROUP

IMPROVED GROWTH IN Q4 2017

Solid 2017 results; continuing to perform while making key investments

Q4 2017 summary and highlights

- Revenue growth accelerated to 7% organically[1] and trading days adjusted
- Strong development in permanent placement revenue growth, up 18% organically
- Gross margin down 70 bps organically yoy, impacted by unfavourable timing of bank holidays (-20 bps) and the impact of accruals (-20 bps); underlying trend in pricing and mix unchanged
- EBITA[2] margin excluding one-offs 4.6%; down 50 bps yoy, due to gross margin decline
- Costs well managed; FTEs up 3% and SG&A excluding one-offs[3] up 5% organically, including strategic investments
- Revenues in January and February 2018 up 5%, organically and trading days adjusted

FY 2017 summary and highlights

- Revenues up 6% organically, driven by strong growth in France, Italy, Iberia, and Benelux & Nordics
- EBITA margin excluding one-offs 4.9%; continuing to perform, while making key investments for the future
- Net income attributable to Adecco Group shareholders EUR 788 million, up 9% yoy
- Proposed dividend of CHF 2.50 per share (up 4% yoy), EUR 150 million share buyback announced today
- GrowTogether launched, to drive growth and strengthen profitability, by transforming the core of the business
- Significant progress in advancing digital agenda, repositioning the Adecco Group as a leader in digital HR solutions

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"The Adecco Group had another solid year in 2017, with a good financial performance and significant progress made in our strategic agenda to Perform, Transform and Innovate. Organic revenue growth improved, accelerating to 7% in Q4. We maintained our focus on cost and price discipline. And we made significant investments in the new IT infrastructure and digital solutions that underpin our strategy and financial commitments. We also returned almost EUR 650 million to our shareholders, reiterating our commitment to disciplined capital allocation and leading total shareholder returns.

At our 2017 Capital Markets Day, we described how our industry is evolving, shaped by megatrends, and outlined how we will capitalize on these trends. Demand for our core services will continue to grow. At the same time, digitization, big data and analytics create opportunities to develop new business models, improve customer experience and access new client segments. Underpinned by these trends, the Group is committed to accelerating its structural organic revenue growth, achieving sustained EBITA margin improvement and continuing to deliver strong free cash flow.

The transformation of the Group, through GrowTogether, began in earnest during 2017. New integrated front office tools began to be rolled out, improving speed and quality of service, and boosting productivity. Client and candidate portals are also being introduced, taking delivery 'beyond-the-branch', to increase engagement and drive differentiation.

We are also innovating with Digital Ventures that add new revenue streams in attractive adjacent markets. In 2017, we launched Adia and YOSS, both innovative digital solutions, co-created with leaders in technology. And in early 2018, we announced the acquisition of Vettery, a digital professional recruitment platform, expanding our portfolio of digital services and adding valuable talent and technology to the Adecco Group. Vettery will provide a platform to grow our share of the EUR 25bn professional permanent recruitment market, which currently comprises c.1% of revenues.

The progress achieved in 2017 is a result of the passion, commitment and loyalty of our 34,000 colleagues. I sincerely thank them for their achievement and I look forward to another year of progress in 2018."

Alain Dehaze, Group Chief Executive Officer

[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 2017, SG&A and EBITA included one-offs of EUR 4 million in Q4 2017 and EUR 7 million in FY 2017; in 2016, SG&A and EBITA included one-offs of EUR 8 million in Q4 2016 and EUR 36 million in FY 2016.

THE ADECCO GROUP

Key figures overview

EUR millions unless stated	Q4 2017	Q4 2016	Change % Reported	Change % Organic	FY 2017	FY 2016	Change % Reported	Change % Organic
Summary of income statement information								
Revenues	**6,057**	5,869	3%	7%[4]	**23,660**	22,708	4%	6%[4]
Gross profit	**1,086**	1,106	-2%	2%	**4,346**	4,276	2%	4%
EBITA excluding one-offs	**278**	300	-7%	-5%	**1,160**	1,132	2%	3%
EBITA	**274**	292	-6%	-4%	**1,153**	1,096	5%	6%
Net income attributable to Adecco Group shareholders	**297**	216	38%		**788**	723	9%	
Diluted EPS (EUR)	**1.78**	1.26	41%		**4.66**	4.24	10%	
Dividend per share[5] (CHF)					2.50	2.40	4%	
Gross margin	**17.9%**	18.8%	(90) bps	(70) bps	**18.4%**	18.8%	(40) bps	(40) bps
EBITA margin excluding one-offs	**4.6%**	5.1%	(50) bps	(50) bps	**4.9%**	5.0%	(10) bps	(10) bps
EBITA margin	**4.5%**	5.0%	(50) bps	(50) bps	**4.9%**	4.8%	10 bps	0 bps
Summary of cash flow and net debt information								
Free cash flow[6] before interest and tax paid (FCFBIT)	**234**	400			**932**	934		
Free cash flow (FCF)	**166**	308			**630**	611		
Net debt[7]	**994**	887			**994**	887		
Days sales outstanding	**52**	52			**52**	52		
Cash conversion[8]	**80%**	83%			**80%**	83%		
Net debt to EBITDA[9]	**0.8x**	0.7x			**0.8x**	0.7x		

[4] In Q4 2017, organic revenue growth was 7% and 7% trading days adjusted. In FY 2017, organic revenue growth was 6% and 6% trading days adjusted.
[5] Dividend per share for 2017 as proposed by the Board of Directors.
[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 2017 financial performance

Group performance overview

The Adecco Group delivered a solid performance in 2017. Revenue growth accelerated to 6%, organically and trading days adjusted, up from 4% in 2016. Gross margin declined by 40 bps, due to price and mix impacts. Good cost control and operating leverage offset the majority of this impact, with EBITA margin excluding one-offs down 10 bps to 4.9%. This included investments in the Group's strategic initiatives, which had a negative impact of approximately 25 bps. Markets with especially strong performances in 2017 included: Italy, which grew ahead of the market with continued strong margins; Iberia with growth of 11% trading days adjusted and EBITA margin improvement of 90 bps; and the Netherlands, Sweden and Norway, which achieved double-digit revenue growth. In Australia & New Zealand, our performance improvement plan delivered a turnaround in revenue growth and profitability.

Our free cash flow of EUR 630 million was above the level of the prior year, driven by higher net income. During the year we distributed EUR 374 million in dividends and repurchased shares for EUR 267 million, under the ongoing

EUR 300 million share buyback programme. Acquisitions, divestments, and other investing activities totalled a net outflow of EUR 52 million, including an outflow of EUR 59 million for the acquisitions of BioBridges and Mullin, and an inflow of EUR 21 million relating to deferred consideration due from the merger of the Beeline business with IQNavigator in 2016. Net debt ended the year at EUR 994 million, representing a ratio of 0.8x net debt to EBITDA excluding one-offs. In Q4 2017, the Company took advantage of favourable conditions in the debt markets to issue USD 300 million 4-year notes with a 2.625% coupon.

Q4 2017 financial performance

Group performance overview

Revenue growth accelerated to 7% in Q4 2017, organically and trading days adjusted, up from 5% organically and 6% trading days adjusted in Q3 2017. The improvement was driven in particular by France, Italy and North America, UK & Ireland Professional Staffing. Gross margin declined by 90 bps compared to Q4 2016, due mainly to a decline in the temporary staffing gross margin of 70 bps organically, impacted by the unfavourable timing of bank holidays in Germany and the year-on-year impact of accruals. The underlying decline in temporary staffing gross margin in Q4 was approximately 30 bps, similar to the first nine months, driven by price and mix effects. The EBITA margin excluding one-offs decreased by 50 bps compared to the prior year, as the gross margin decline and strategic investments more than offset good headcount and SG&A leverage. Cash generation in Q4 2017 was good, with DSO stable at 52 days. Cash from operating activities was EUR 198 million and cash conversion was 80%, slightly lower than in the prior year, mainly as a result of working capital outflow due stronger revenue growth in the quarter.

Revenues

Q4 2017 revenues were EUR 6,057 million, an increase of 3% year-on-year on a reported basis. Revenues increased by 7% organically and also trading days adjusted. Currency fluctuations had approximately a 3% negative impact on revenues compared to last year, while the number of working days also had a slightly negative impact. Acquisitions/ divestments had a negligible impact on revenues. Organic revenue growth was broad-based across most service lines, with the exception of the counter-cyclical career transition business. Temporary staffing revenues increased by 6% to EUR 5,325 million; permanent placement revenues rose 18% to EUR 118 million; revenues from career transition were EUR 85 million, down 9%; and revenues in outsourcing and other activities grew by 11% compared to the prior year, all on an organic basis. By business line, revenues were up 8% in General Staffing, up 3% in Professional Staffing, and down 4% in Solutions, all on an organic basis.

Gross Profit

Gross profit was EUR 1,086 million in Q4 2017, down 2% on a reported basis and up 2% organically. The gross margin was 17.9%, down 90 bps compared to Q4 2016. Currency and acquisitions each had a 10 bps negative impact on gross margin. Therefore, on an organic basis, the gross margin was down 70 bps. Temporary staffing gross margin was down 70 bps, negatively impacted by the unfavourable timing of bank holidays in Germany, and by the impact of year-end accruals, which were favourable in Q4 2016 and unfavourable in Q4 2017. These factors had a combined negative impact of 40 bps. The underlying decline in temporary staffing gross margin in Q4 2017 was approximately 30 bps, a similar trend to the first nine months of 2017, driven by pricing and mix effects. Career transition had a 20 bps negative impact on gross margin compared to the prior year, permanent placement had a 20 bps positive effect, and other activities had a negligible impact, all on an organic basis.

Selling, General and Administrative Expenses (SG&A)

SG&A excluding one-offs was EUR 808 million, an organic increase of 5% sequentially and 5% compared to the prior year. Investments related to strategic initiatives amounted to EUR 15 million, primarily related to the GrowTogether initiative, including the roll-out of new IT infrastructure in France, North America, the UK and Japan. In Q4 2017, one-offs comprised restructuring costs totalling EUR 2 million in North America, UK & Ireland – General Staffing, and integration costs of EUR 2 million in Lee Hecht Harrison related to the acquired Mullin business. In Q4 2016, one-offs comprised restructuring costs totalling EUR 4 million in Benelux & Nordics, and integration costs of EUR 4 million in Lee Hecht Harrison related to the acquired Penna business. Reported SG&A was EUR 812 million in Q4 2017. FTE employees increased by 3% organically year-on-year in Q4 2017 and the branch network increased by 1% organically, driven by strong growth in onsites.

EBITA

EBITA was EUR 274 million. EBITA excluding one-offs was EUR 278 million, down 5% organically. The EBITA margin excluding one-offs was 4.6%, down 50 bps compared to Q4 2016. The EBITA margin in Q4 2017 included approximately 25 bps of investments in our GrowTogether and Digital Ventures strategic initiatives. The EBITA conversion ratio (EBITA excluding one-offs divided by gross profit) was 25.6% in Q4 2017, down 150 bps compared to Q4 2016, mainly as a result of previously mentioned unfavourable items impacting gross margin and growth in headcount in the quarter.

Amortisation of Intangible Assets and Impairment of Goodwill

Amortisation of intangible assets was EUR 9 million compared to EUR 7 million in Q4 2016.

Operating Income

Operating income was EUR 265 million compared to EUR 285 million in Q4 2016.

Interest Expense and Other Income/(Expenses), net

Interest expense was EUR 14 million compared to EUR 14 million in Q4 2016. Other income/(expenses), net was a loss of EUR 7 million in Q4 2017, compared to an income of EUR 48 million in Q4 2016. In Q4 2016, other income/(expenses), was impacted by a gain on sale related to the deconsolidation of Beeline following its merger with IQNavigator.

Provision for Income Taxes

In Q4 2017, the effective tax rate before discrete events was 23%, and for FY 2017 was 28%. Discrete events had a 45% positive impact on the Q4 2017 effective tax rate and a 12% positive impact on the FY 2017 effective tax rate. This was primarily due to the revaluation of certain deferred tax positions, as a result of tax law changes in France and the US.

Net Income Attributable to Adecco Group Shareholders and EPS

Net income attributable to Adecco Group shareholders was EUR 297 million compared to EUR 216 million in Q4 2016. Basic EPS was EUR 1.78 compared to EUR 1.26 in Q4 2016. In Q4 2017, net income and EPS were both positively impacted by the revaluation of certain deferred tax positions in France and the US, as mentioned above.

Cash Flow and Net Debt

Cash flow from operating activities was EUR 198 million in Q4 2017 compared to EUR 334 million in Q4 2016. DSO was 52 days in Q4 2017, the same as in Q4 2016. In Q4 2017, capex was EUR 32 million compared to EUR 26 million in the same period in the previous year. In Q4 2017, cash outflow for the acquisition of Mullin was EUR 22 million and there was a cash inflow of EUR 21 million from deferred consideration relating to the merger of our Beeline business with IQNavigator in 2016.

For FY 2017, free cash flow before interest and tax paid was EUR 932 million compared to EUR 934 million in FY 2016. The cash conversion ratio was 80% compared to 83% in 2016, impacted by working capital outflow as a consequence of stronger revenue growth, particularly in Q4 2017. Net debt was EUR 994 million at 31 December 2017 compared to EUR 1,072 million at 30 September 2017. At 31 December 2017, net debt to EBITDA excluding one-offs was 0.8x, similar to the prior year, with the majority of free cash flow returned to shareholders during the year.

Q4 2017 segment operating performance

Organic revenue growth, trading days adjusted

	2017				
	Q1	Q2	Q3	Q4	FY
France	8%	9%	8%	9%	9%
N. America, UK & I. General Staffing	3%	-1%	2%	2%	2%
N. America, UK & I. Professional Staffing	2%	0%	-2%	0%	0%
Germany, Austria, Switzerland	1%	0%	2%	4%	2%
Benelux and Nordics	4%	10%	11%	12%	9%
Italy	26%	27%	25%	28%	26%
Japan	3%	3%	4%	3%	3%
Iberia	6%	12%	14%	11%	11%
Rest of World	5%	9%	6%	7%	7%
Lee Hecht Harrison	1%	-3%	-5%	-8%	-4%
Adecco Group	**6%**	**6%**	**6%**	**7%**	**6%**

Revenues and revenue growth

	Revenues		Variance			% of revenues
EUR millions unless stated	Q4 2017	Q4 2016	Reported	Organic	Organic TDA[10]	Q4 2017
France	1,401	1,280	9%	9%	9%	23%
N. America, UK & I. General Staffing	787	822	-4%	1%	2%	13%
N. America, UK & I. Professional Staffing	853	913	-7%	-1%	0%	14%
Germany, Austria, Switzerland	551	549	0%	2%	4%	9%
Benelux and Nordics	548	501	9%	10%	12%	9%
Italy	503	399	26%	26%	28%	8%
Japan	309	330	-6%	7%	3%	5%
Iberia	289	257	13%	13%	11%	5%
Rest of World	718	708	1%	6%	7%	12%
Lee Hecht Harrison	98	110	-10%	-8%	-8%	2%
Adecco Group	**6,057**	**5,869**	**3%**	**7%**	**7%**	100%

[10] TDA = trading days adjusted

EBITA and EBITA margin excluding one-offs

	EBITA excluding one-offs		EBITA margin excluding one-offs			% of EBITA[11]
EUR millions unless stated	Q4 2017	Q4 2016	Q4 2017	Q4 2016	Variance	Q4 2017
France	87	85	6.3%	6.7%	(40) bps	28%
N. America, UK & I. General Staffing	24	36	3.0%	4.4%	(140) bps	7%
N. America, UK & I. Professional Staffing	51	58	6.0%	6.4%	(40) bps	16%
Germany, Austria, Switzerland	15	23	2.6%	4.1%	(150) bps	5%
Benelux and Nordics	15	21	2.7%	4.1%	(140) bps	5%
Italy	36	31	7.2%	7.6%	(40) bps	11%
Japan	18	21	5.9%	6.4%	(50) bps	6%
Iberia	17	14	5.8%	5.7%	10 bps	5%
Rest of World	24	20	3.4%	2.9%	50 bps	7%
Lee Hecht Harrison	30	29	31.1%	26.3%	480 bps	10%
Corporate	(39)	(38)				
Adecco Group	**278**	**300**	**4.6%**	**5.1%**	**(50) bps**	100%

[11] % 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. relate

In **France**, revenues were EUR 1,401 million, up 9% organically and trading days adjusted. Revenues increased by 10% in General Staffing, which accounts for over 90% of revenues, and grew by 2% in Professional Staffing. Revenue growth was broad based, with manufacturing, logistics, and automotive making the biggest contributions. Permanent placement revenues in France were up 21%. EBITA was EUR 87 million. The EBITA margin was 6.3% compared to 6.7% in the prior year, impacted by FTE investments to support growth and strategic IT investments.

In **North America**, **UK & Ireland General Staffing**, revenues were EUR 787 million, an increase of 1% year-on-year, or 2% trading days adjusted. North America General Staffing, which accounts for approximately 75% of revenues, was down 4%. UK & Ireland General Staffing represents approximately 25% of revenues, and was up 17%, with continued strong growth in e-commerce and local government. Permanent placement revenues were up 1% in North America General Staffing and declined by 6% in UK & Ireland General Staffing. Overall EBITA excluding one offs was EUR 24 million representing an EBITA margin of 3.0%, compared to 4.4% excluding one offs in Q4 2016. The margin this quarter was impacted by investments in strategic initiatives, in particular IT investments. As previously disclosed, the prior year included a favourable development in state unemployment insurance and workers' compensation charges.

In **North America**, **UK & Ireland Professional Staffing**, revenues were EUR 853 million, down 1% or flat trading days adjusted. North America Professional Staffing represents approximately 65% of revenues and was up 2% or 3% trading days adjusted. Strong growth in Engineering & Technical and Finance & Legal was partly offset by a decline in IT. UK & Ireland Professional Staffing represents approximately 35% of revenues and was down 5%, mainly due to a decline in IT. Permanent placement revenues increased by 7% in North America Professional Staffing and declined by 5% in UK & Ireland Professional Staffing. Overall EBITA was EUR 51 million with a margin of 6.0%, compared to 6.4% in Q4 2016. EBITA margin in Q4 2017 was negatively impacted by strategic IT investments and ongoing challenging conditions in UK permanent placement.

In **Germany, Austria, Switzerland**, revenues were EUR 551 million, up 2% or up 4% trading days adjusted. In Germany & Austria, revenues were flat or up 2% trading days adjusted. In Switzerland, revenues grew by 9% or by 11% trading days adjusted. For the region, EBITA was EUR 15 million, with an EBITA margin of 2.6%. This is a decrease of 150 bps compared to Q4 2016, due to the unfavourable timing of bank holidays. Excluding this impact, EBITA margin would have increased year-on-year.

In **Benelux and Nordics**, revenues were EUR 548 million, up 10% or up 12% trading days adjusted. In the Nordics, revenues were up 8% or up 10% trading days adjusted led by accelerating double-digit growth in Norway, while growth in Sweden was mid-single-digit. Revenues in Benelux were up 12% or up 13% trading days adjusted. Growth continued to be double-digit in the Netherlands while in Belgium growth was mid-single digit. EBITA was EUR 15 million, with an EBITA margin of 2.7%, compared to 4.1% excluding one-offs in Q4 2016. The margin was negatively impacted by unfavourable bank holiday timing, lower subsidies in Belgium and unfavourable accruals.

In **Italy**, revenues were EUR 503 million, up 26% or up 28% trading days adjusted with growth broad-based across service lines, including temporary staffing and permanent placement. The EBITA margin was 7.2%, down 40 bps year-on-year, negatively impacted by client mix.

In **Japan**, revenues were EUR 309 million, up 7% or up 3% trading days adjusted, with good growth in professional staffing and permanent placement. EBITA was EUR 18 million and the EBITA margin was 5.9%, a decrease of 50 bps year-on-year, impacted by strategic IT investments.

In **Iberia**, revenues were EUR 289 million, up 13% or up 11% trading days adjusted. The EBITA margin was up 10 bps year-on-year to 5.8%, driven by strong operating leverage.

In **Rest of World**, revenues were EUR 718 million, up 6% organically or 7% trading days adjusted. Revenue growth was 14% in Australia & New Zealand, 13% in Latin America, 3% in Eastern Europe & MENA, 3% in Asia, and 8% in India, all trading days adjusted. For the region, EBITA was EUR 24 million with an EBITA margin of 3.4%, up 50 bps compared to last year's EBITA margin. EBITA margin was positively impacted by client mix.

In **Lee Hecht Harrison**, the global leader in Career Transition and Talent Development, revenues were down 8%, to EUR 98 million, reflecting the counter-cyclical nature of Career Transition. Declines in the USA and UK were partly offset by good growth in Canada. EBITA excluding one offs was EUR 30 million representing an EBITA margin of 31.1%, compared to 26.3% excluding one offs in Q4 2016.

Update on operational and strategic initiatives

The Adecco Group continues to make progress on its strategic agenda. Recent developments include:

- **Expanding portfolio of digital HR solutions into digital permanent recruitment**
  Following the organic development and launch of two digital platforms, Adia (online staffing) and YOSS (freelance), in 2017, the Group recently announced the acquisition of Vettery, a professional recruitment marketplace.

  Vettery's platform connects over 4,000 top employers with highly-qualified, well-suited candidates across the IT, sales and finance verticals. Its machine learning algorithms are applied to identify in-demand talent to bring onto the platform, analyse clients' existing hiring activity and recommend appropriate candidates. This technology helps reduce time-to-hire and improves the quality of matches, enhancing the recruiting experience for both candidates and employers. Professional permanent recruitment is a €25 billion market but today comprises only c.1% of the Adecco Group's revenues. The Group recognises the potential to expand its market share, by leveraging the technological trends that are reshaping delivery of permanent recruitment solutions.

- **GrowTogether initiative; Integrated Front Office roll-out**
  GrowTogether is transforming the way the Adecco Group operates. A key element of the initiative is integrating more technology and digital solutions into the Group's offering, improving client and candidate experience while increasing productivity, and at the same time driving scale into the business and strengthening the Group's competitive position.

  During Q4 2017, the Group expanded the roll-out of InFO, its integrated front office solution, in France, Spain, the USA and the UK. This front office tool integrates with new candidate and client portals, enhancing customer engagement and delivering a differentiated service. As a one-stop shop solution for consultants, InFO deploys availability management and placement mapping, and a fully integrated search and match capability, to improve speed and quality of service. Early indications of productivity enhancements are promising. The solution will be deployed across more countries during 2018, to support the Group's target of EUR 50 million GrowTogether productivity savings in 2018, rising to EUR 250 million savings per annum by 2020.

Changes in Executive Committee

Shanthi Flynn, Chief Human Resources Officer for the Adecco Group will leave the company for personal reasons by the end of April 2018. The Board of Directors and the Executive Committee (EC) would like to thank Shanthi for her contributions to the Adecco Group. During her tenure, the Group was voted 2nd on the 2017 World's Best Workplaces list. The Board and the EC wish her all the best for the future. A successor will be appointed in due course.

Share buyback programme

The Adecco Group is pursuing its strategic agenda within the context of its ongoing commitment to both invest in the business and to return capital to shareholders. In addition to the annual dividend payments, at the end of each year the Group reviews its financial position and excess capital is returned to shareholders.

On 2 March 2017, the Adecco Group announced the launch of a share buyback programme of up to EUR 300 million. As of 28 February 2018, the Adecco Group has acquired 4,534,320 shares under this programme for EUR 297 million. The Group intends to complete the remaining EUR 3 million of the buyback programme during March 2018. All shares repurchased under the programme are intended for subsequent cancellation, for which shareholder approval will be sought at the upcoming Annual General Meeting of Shareholders in April 2018.

The Adecco Group ended 2017 with a strong financial position. The ratio of net debt to EBITDA excluding one-offs was 0.8x at 31 December 2017. Given this position, and also reflecting the recent cash outflow relating to the acquisition of Vettery, the Board of Directors has decided to launch a new share buyback programme of up to EUR 150 million. Shares repurchased under the programme are intended for subsequent cancellation, following shareholder approval.

Dividend proposal

The Adecco Group has a progressive dividend policy, which comprises two components. First, as earnings grow over time, our 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, we are committed to holding our 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 Annual General Meeting 2018, the Board of Directors will propose a total dividend distribution of CHF 2.50 per share for 2017, for approval by shareholders. This represents a pay-out ratio of 46% of adjusted net earnings (at an exchange rate of EUR/CHF 1.15). The ex-date for this dividend distribution is 25 April 2018.

Annual General Meeting of Shareholders

Ms Wanda Rapaczynski will not stand for re-election at the upcoming Annual General Meeting of Shareholders in April 2018. The Board of Directors would like to express its warm thanks for her valuable contributions and commitment to the Adecco Group, and wishes her well for the future.

The Board of Directors will propose to elect Ms Regula Walliman as a new member of the Board of Directors for a tenure of one year ending after completion of the next AGM. Ms Walliman (born 1967) is a Swiss national and a certified accountant. She worked for KPMG from 1993 to 2017, most recently as a global lead partner for various large listed and non-listed international and national companies. She has extensive expertise in finance, corporate governance, risk management, compliance and financial reporting. Ms Walliman serves as a non-executive board member for Straumann Holding AG and Swissgrid AG, at the latter she also holds the position as the head of the finance and audit committee. She is also a candidate for election to the Board of Directors of Helvetia Holding AG at its AGM in April 2018.

At the AGM, the Board of Directors will propose the cancellation of all shares that have been purchased on a second trading line under the 2017 share buyback programme. The total number of shares to be cancelled will be confirmed prior to the AGM.

THE ADECCO GROUP

Management outlook

In Q4 2017, revenue growth was 7%, an improvement compared to 6% growth achieved in the previous four quarters, all organically and trading days adjusted. Revenue growth in January and February 2018 combined was 5%, organically and trading days adjusted.

In Q4 2017, the unfavourable timing of bank holidays negatively impacted Group gross margin by approximately 20 bps yoy. In Q1 2018, bank holiday phasing will again be unfavourable (New Year's Day fell on a weekday and Good Friday moves from Q2 to Q1). This is expected to negatively impact Group gross margin by approximately 30 bps compared to Q1 2017.

For further information please contact:

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Q4 & FY 2017 results conference calls

There will be a media conference call at 9.00 am CET and an analyst and investor conference call at 11.00 am CET. The conference calls can be followed either via webcast (media conference, analyst conference) 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 2017 results presentation will be available through the webcasts and will be published on the Investor Relations section on our website.

Financial Agenda

• Annual General Meeting	19 April 2018
• Q1 2018 results	8 May 2018
• Q2 2018 results	9 August 2018
• Q3 2018 results	6 November 2018

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 workforce solutions partner. We provide more than 700,000 people with permanent and flexible employment every day. With more than 34,000 employees in 60 countries, we transform the world of work one job at a time. Our colleagues serve more than 100,000 organisations with the talent, HR services and cutting-edge technology they need to succeed in an ever-changing global economy. As a Fortune Global 500 company, we lead by example, creating shared value that meets social needs while driving business innovation. Our culture of inclusivity, fairness and teamwork empowers individuals and organisations, fuels economies, and builds better societies. These values resonate with our employees, who voted us number 2 on the Great Place to Work® - World's Best Workplaces 2017 list. We make the future work for everyone.

The Adecco Group is based in Zurich, Switzerland. Adecco Group AG is registered in Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN). The group is powered by eight lead brands: Adecco, Modis, Badenoch & Clark, Spring Professional, Lee Hecht Harrison, Pontoon, Adia and YOSS.

Revenues by segment and by business line

Revenues by segment EUR millions	Q4 2017	Q4 2016	Variance % EUR	Variance % Constant currency	FY 2017	FY 2016	Variance % EUR	Variance % Constant currency
France	1,401	1,280	9%	9%	5,350	4,947	8%	8%
N. America, UK & I. General Staffing	787	822	-4%	1%	3,017	3,079	-2%	1%
N. America, UK & I. Professional Staffing[1)]	853	913	-7%	-2%	3,608	3,769	-4%	-1%
Germany, Austria, Switzerland	551	549	0%	2%	2,185	2,175	0%	1%
Benelux and Nordics[1)]	548	501	9%	10%	2,079	1,897	10%	10%
Italy	503	399	26%	26%	1,837	1,464	25%	25%
Japan	309	330	-6%	7%	1,276	1,276	0%	5%
Iberia	289	257	13%	13%	1,085	979	11%	11%
Rest of World[1)]	718	708	1%	6%	2,799	2,690	4%	5%
Lee Hecht Harrison[1)]	98	110	-10%	-6%	424	432	-2%	-1%
Adecco Group[1)]	**6,057**	**5,869**	**3%**	**6%**	**23,660**	**22,708**	**4%**	**6%**

Revenues by business line[2)] EUR millions	Q4 2017	Q4 2016[3)]	Variance % EUR	Variance % Constant currency	FY 2017	FY 2016[3)]	Variance % EUR	Variance % Constant currency
Office[4)]	1,406	1,406	0%	5%	5,606	5,390	4%	6%
Industrial	3,258	3,025	8%	9%	12,299	11,509	7%	7%
General Staffing	**4,664**	**4,431**	**5%**	**8%**	**17,905**	**16,899**	**6%**	**7%**
Information Technology	597	621	-4%	0%	2,519	2,586	-3%	1%
Engineering & Technical	284	278	2%	8%	1,139	1,108	3%	4%
Finance & Legal[4)]	247	251	-1%	3%	999	1,001	0%	2%
Medical & Science[4)]	130	122	7%	12%	503	461	9%	10%
Professional Staffing[4)]	**1,258**	**1,272**	**-1%**	**3%**	**5,160**	**5,156**	**0%**	**3%**
CTTD[4)]	98	110	-10%	-6%	424	432	-2%	-1%
BPO[4)]	37	56	-34%	-30%	171	221	-23%	-21%
Solutions[4)]	**135**	**166**	**-18%**	**-14%**	**595**	**653**	**-9%**	**-8%**
Adecco Group	**6,057**	**5,869**	**3%**	**6%**	**23,660**	**22,708**	**4%**	**6%**

1) In Q4 2017 revenues changed organically in N. America, UK & I. Professional Staffing by -1% (FY 2017: remained flat), in Lee Hecht Harrison by -8% (FY 2017: -4%) and in Adecco Group by 7%. In Full Year 2017 revenues changed organically in Benelux and Nordics by 9% and in Rest of World by 7%.

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 Digital. BPO included Vendor Management System (VMS) until December 2016, when VMS activities were deconsolidated following the merger with IQNavigator.

3) Certain reclassifications have been made in order to conform to the current period presentation.

4) In Q4 2017 revenues changed organically in Medical & Science by 6% (FY 2017: 8%), in CTTD by -8% (FY 2017: -4%), in BPO by 11% (FY 2017: 16%), and in Solutions by -4% (FY 2017: 1%). In Full Year 2017 revenues changed organically in Office by 7%, in Finance & Legal by -2%, and in Professional Staffing by 2%.

EBITA[1] and EBITA margin by segment

EBITA	Q4		Variance %		FY		Variance %	
EUR millions	**2017**	2016	EUR	Constant currency	**2017**	2016	EUR	Constant currency
France	87	85	3%	3%	342	321	7%	7%
N. America, UK & I. General Staffing	22	36	-39%	-34%	92	114	-19%	-16%
N. America, UK & I. Professional Staffing	51	58	-13%	-8%	208	216	-4%	-2%
Germany, Austria, Switzerland	15	23	-36%	-35%	95	101	-6%	-6%
Benelux and Nordics	15	17	-13%	-13%	72	69	4%	5%
Italy	36	31	19%	19%	141	114	23%	23%
Japan	18	21	-14%	-1%	86	84	3%	8%
Iberia	17	14	14%	14%	56	42	32%	32%
Rest of World	24	20	19%	25%	92	69	33%	37%
Lee Hecht Harrison	28	25	15%	22%	119	111	8%	9%
Corporate	(39)	(38)	2%	8%	(150)	(145)	4%	5%
Adecco Group	**274**	**292**	**-6%**	**-3%**	**1,153**	**1,096**	**5%**	**7%**

	Q4			FY		
EBITA margin	**2017**	2016	Variance bps	**2017**	2016	Variance bps
France	6.3%	6.7%	(40)	6.4%	6.5%	(10)
N. America, UK & I. General Staffing	2.8%	4.4%	(160)	3.1%	3.7%	(60)
N. America, UK & I. Professional Staffing	6.0%	6.4%	(40)	5.8%	5.8%	0
Germany, Austria, Switzerland	2.6%	4.1%	(150)	4.3%	4.6%	(30)
Benelux and Nordics	2.7%	3.3%	(60)	3.5%	3.6%	(10)
Italy	7.2%	7.6%	(40)	7.7%	7.8%	(10)
Japan	5.9%	6.4%	(50)	6.8%	6.6%	20
Iberia	5.8%	5.7%	10	5.2%	4.3%	90
Rest of World	3.4%	2.9%	50	3.3%	2.6%	70
Lee Hecht Harrison	29.1%	22.7%	640	28.1%	25.6%	250
Adecco Group	**4.5%**	**5.0%**	**(50)**	**4.9%**	**4.8%**	**10**

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

Consolidated statements of operations

EUR millions except share and per share information	Q4		Variance %		FY		Variance %	
	2017	2016	EUR	Constant currency	2017	2016	EUR	Constant currency
Revenues	6,057	5,869	3%	6%	23,660	22,708	4%	6%
Direct costs of services	(4,971)	(4,763)			(19,314)	(18,432)		
Gross profit	**1,086**	**1,106**	**-2%**	**2%**	**4,346**	**4,276**	**2%**	**3%**
Selling, general, and administrative expenses	(812)	(814)	0%	4%	(3,193)	(3,180)	0%	2%
EBITA[1]	**274**	**292**	**-6%**	**-3%**	**1,153**	**1,096**	**5%**	**7%**
Amortisation of intangible assets	(9)	(7)			(32)	(34)		
Impairment of intangible assets					(129)			
Operating income	**265**	**285**	**-7%**	**-4%**	**992**	**1,062**	**-7%**	**-5%**
Interest expense	(14)	(14)			(52)	(59)		
Other income/(expenses), net	(7)	48			(1)	32		
Income before income taxes	**244**	**319**	**-23%**		**939**	**1,035**	**-9%**	
Provision for income taxes	53	(103)			(149)	(310)		
Net income	**297**	**216**	**38%**		**790**	**725**	**9%**	
Net income attributable to noncontrolling interests					(2)	(2)		
Net income attributable to Adecco Group shareholders	**297**	**216**	**38%**		**788**	**723**	**9%**	
Basic earnings per share[2]	1.78	1.26	41%		4.67	4.24	10%	
Diluted earnings per share[3]	1.78	1.26	41%		4.66	4.24	10%	
Gross margin	*17.9%*	*18.8%*			*18.4%*	*18.8%*		
SG&A as a percentage of revenues	*13.4%*	*13.9%*			*13.5%*	*14.0%*		
EBITA margin	*4.5%*	*5.0%*			*4.9%*	*4.8%*		
Operating income margin	*4.4%*	*4.8%*			*4.2%*	*4.7%*		
Net income margin attributable to Adecco Group shareholders	*4.9%*	*3.7%*			*3.3%*	*3.2%*		

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 166,844,548 in Q4 2017 and 168,745,176 in FY 2017 (170,342,138 in Q4 2016 and 170,292,621 in FY 2016).
3) Diluted weighted-average shares were 167,244,312 in Q4 2017 and 169,100,523 in FY 2017 (170,700,165 in Q4 2016 and 170,525,841 in FY 2016).

Consolidated balance sheets

EUR millions	31 December 2017	31 December 2016
Assets		
Current assets:		
– Cash and cash equivalents	958	1,123
– Short-term investments	4	5
– Trade accounts receivable, net	4,440	4,268
– Other current assets	187	214
Total current assets	**5,589**	**5,610**
Property, equipment, and leasehold improvements, net	198	167
Equity method investments	173	189
Other assets	668	554
Intangible assets, net	367	528
Goodwill	2,895	3,051
Total assets	**9,890**	**10,099**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	4,066	4,031
– Short-term debt and current maturities of long-term debt	394	345
Total current liabilities	**4,460**	**4,376**
Long-term debt, less current maturities	1,562	1,670
Other liabilities	286	331
Total liabilities	**6,308**	**6,377**
Shareholders' equity		
Adecco Group shareholders' equity:		
– Common shares	11	106
– Additional paid-in capital	579	581
– Treasury shares, at cost	(338)	(40)
– Retained earnings	3,613	3,058
– Accumulated other comprehensive income/(loss), net	(291)	10
Total Adecco Group shareholders' equity	**3,574**	**3,715**
Noncontrolling interests	8	7
Total shareholders' equity	**3,582**	**3,722**
Total liabilities and shareholders' equity	**9,890**	**10,099**

THE ADECCO GROUP

Consolidated statements of cash flows

EUR millions	Q4		FY	
	2017	2016	2017	2016
Cash flows from operating activities				
Net income	297	216	790	725
Adjustments to reconcile net income to cash flows from operating activities:				
– Depreciation and amortisation	29	29	109	119
– Impairment of intangible assets			129	
– Other charges	(101)	(20)	(121)	27
Changes in operating assets and liabilities, net of acquisitions				
– Trade accounts receivable	(20)	81	(380)	(319)
– Accounts payable and accrued expenses	18	69	222	205
– Other assets and liabilities	(25)	(41)	(19)	(70)
Cash flows from operating activities	**198**	**334**	**730**	**687**
Cash flows from investing activities				
Capital expenditures	(32)	(26)	(100)	(76)
Acquisition of Penna, net of cash acquired				(122)
Acquisition of D4, net of cash acquired		(25)		(25)
Proceeds from divestiture of Beeline, net of cash divested	21	72	21	72
Acquisition of BioBridges, net of cash acquired			(37)	
Acquisition of Mullin, net of cash acquired	(22)		(22)	
Cash settlements on derivative instruments	34	3	39	63
Other acquisition and investing activities, net	(1)	(2)	(14)	(25)
Cash flows from/(used in) investing activities	**-**	**22**	**(113)**	**(113)**
Cash flows from financing activities				
Net increase/(decrease) in short-term debt	(21)	(306)	30	(13)
Borrowings of long-term debt, net of issuance costs	255	494	255	494
Repayment of long-term debt	(299)		(299)	(316)
Buyback of long-term debt		(362)		(362)
Dividends paid to shareholders			(374)	(372)
Purchase of treasury shares	(116)		(304)	(20)
Other financing activities, net	(2)	1	(3)	
Cash flows used in financing activities	**(183)**	**(173)**	**(695)**	**(589)**
Effect of exchange rate changes on cash	**(16)**	**17**	**(87)**	**1**
Net increase/(decrease) in cash and cash equivalents	**(1)**	**200**	**(165)**	**(14)**
Cash and cash equivalents:				
– Beginning of period	959	923	1,123	1,137
– End of period	958	1,123	958	1,123