MARGIN STRENGTHENING IN Q1

EBITA increases year-on-year while continuing to invest in digital innovation

Summary and highlights

- Revenues declined 2% year-on-year organically[1] and trading days adjusted (TDA)
- Growth trends in Europe stabilising, while North America slowed and Rest of World accelerated
- Gross margin 19.1%; up 100 bps yoy, supported by improving business mix and positive pricing development
- EBITA[2] margin excluding one-offs[3] 4.0%, up 20 bps yoy; underlying improvement more than offsetting higher investments in New Ventures
- Cost leadership strengthened by GrowTogether; FTE productivity improved
- Strong balance sheet with Net debt/EBITDA at 0.9x; solid cash conversion, DSO stable
- Revenue growth exit rate in March and April 2019 in-line with Q1

"The Group delivered a strong performance in Q1 2019, improving the EBITA margin by 20 bps even as our digital investments increased. We continue to make good progress with our GrowTogether transformation programme, which underpinned another quarter of robust productivity growth. And a focus on pricing discipline and improving the business mix with higher-value solutions supported further gross margin improvement.

While revenues declined by 2% trading days adjusted, year-on-year, the trend in our European markets stabilised during the quarter and the exit rate for the Group was in-line with Q1. We also delivered accelerating growth in the Japan and Rest of World region, which helped offset the slowdown in North America.

The 'Perform, Transform, Innovate' strategy continues to build momentum. We are on track to deliver our target of a further EUR 70 million of productivity savings from GrowTogether in 2019. We are also strengthening our customer value proposition, as evidenced by our improving NPS.

We are only part way through our transformation journey but I am pleased by the progress made so far, and excited about the potential still to be delivered in 2019 and beyond. I would like to thank every one of our worldwide colleagues for their contributions to building a stronger Adecco Group that will help make the future work for everyone."

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 Q1 2019, EBITA included one-offs of EUR 5 million; in Q1 2018, EBITA included one-offs of EUR 19 million.

THE ADECCO GROUP

Key figures overview

EUR millions unless stated	Q1 2019	Q1 2018	Change % Reported	Change % Organic
Summary of income statement information				
Revenues	**5,645**	5,692	-1%	-2%[4]
Gross profit	**1,080**	1,033	5%	0%
EBITA excluding one-offs	**226**	214	6%	8%
EBITA	**221**	194	14%	17%
Net income/(loss) attributable to Adecco Group shareholders	**133**	130	2%	
Diluted EPS (EUR)	**0.82**	0.78	4%	
Gross margin	**19.1%**	18.1%	100 bps	60 bps
EBITA margin excluding one-offs	**4.0%**	3.8%	20 bps	40 bps
EBITA margin	**3.9%**	3.4%	50 bps	70 bps
Summary of cash flow and net debt information				
Free cash flow[5] before interest and tax paid (FCFBIT)	**191**	15		
Free cash flow (FCF)	**133**	(19)		
Net debt[6]	**1,096**	1,143		
Days sales outstanding	**53**	53		
Cash conversion[7]	**99%**	75%		
Net debt to EBITDA[8] excluding one-offs	**0.9x**	1.0x		

[4] In Q1 2019, organic revenue declined by 2% and declined by 2% trading days adjusted (TDA).
[5] Free cash flow is a non-US GAAP measure and comprises cash flows from operating activities less capital expenditures.
[6] 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.
[7] 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.
[8] 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.

Q1 2019 financial performance

Group performance overview

Revenues in Q1 2019 declined by 2% year-on-year organically and trading days adjusted (TDA), slightly below the Q4 2018 decline of 1%. Growth trends stabilised in the majority of European markets, while the trend weakened in North America, due mainly to professional staffing. Growth in Japan and the Rest of World accelerated, led by Japan. Permanent placement revenues were up 5% organically year-on-year, following very strong growth during 2018.

Gross margin was 19.1%, an increase of 100 bps year-on-year, on a reported basis, and 60 bps organically. Temporary staffing gross margin was up 40 bps, supported by continued positive price/mix developments. EBITA margin excluding one-offs increased 20 bps year-on-year, to 4.0%. This included an underlying improvement of approximately 30 bps (excluding the impact of increased investments in New Ventures and the German transformation), supported by GrowTogether programme savings. DSO was 53 days, stable when compared to the prior year and Q4 2018. Cash from operating activities was EUR 181 million and cash conversion was 99%.

Revenues

Q1 2019 revenues were EUR 5,645 million, down 1% year-on-year on a reported basis. Currency movements had a positive impact on revenues of approximately 1% and M&A had a positive impact of around 0.5%, while the number of working days had a negative impact of around 1%. On an organic and trading days adjusted basis revenues decreased by approximately 2%.

Temporary staffing revenues declined by 3%, to EUR 4,827 million; permanent placement revenues increased by 5%, to EUR 144 million; revenues from career transition were EUR 86 million, down 5%; and revenues in outsourcing and other activities were EUR 588 million, up 4% compared to the prior year, all on an organic basis. By business line, on an organic basis, revenues were down 3% in General Staffing, down 2% in Professional Staffing, and up 4% in Solutions.

Gross Profit

Gross profit was EUR 1,080 million in Q1 2019, up 5% on a reported basis and stable organically. Gross margin was 19.1%, up 100 bps compared to Q1 2018. Currency and the consolidation of General Assembly and Vettery had a positive impact on gross margin of 10 bps and 30 bps, respectively. Therefore, on an organic basis, the gross margin was up 60 bps, comprising positive contributions from temporary staffing (+40 bps) and permanent placement (+20 bps), a negative contribution from career transition (-5 bps) and a positive from other activities (+5 bps). The improvement of 40 bps in the temporary staffing gross margin was driven by a positive development in price/mix (+20 bps), as well as favourable bank holiday timing (+10 bps) and the base effect of unusually high sickness rates and strikes in Germany in the prior year (+10 bps).

Selling, General and Administrative Expenses (SG&A)

SG&A excluding one-offs was EUR 854 million, up 4% year-on-year on a reported basis. On an organic basis, SG&A excluding one-offs declined 1% year-on-year, reflecting good cost management and benefits from the GrowTogether programme. Average FTE employees were 34,480 during Q1 2019, down 2% organically year-on-year. The number of branches declined 2% organically year-on-year. In Q1 2019, one-offs comprised acquisition-related costs of EUR 3 million and restructuring costs of EUR 2 million, compared to restructuring costs of EUR 19 million in Q1 2018.

EBITA

EBITA was EUR 221 million. EBITA excluding one-offs was EUR 226 million, up 8% organically. EBITA margin excluding one-offs was 4.0%, up 20 bps year-on-year on a reported basis. Increased investments in the New Ventures had a negative impact of 20 bps and the business transformation in Germany had a negative impact of 10 bps. Favourable bank holiday timing and prior year non-recurring items had a positive impact of 20 bps. This leaves an underlying improvement of approximately 30 bps year-on-year, supported by GrowTogether productivity savings and the positive temporary staffing price/mix development. The conversion ratio of gross profit into EBITA excluding one-offs was 20.9%, up 20 bps on a reported basis and up 150 bps organically year-on-year.

Amortisation of Intangible Assets

Amortisation of intangible assets was EUR 14 million, compared to EUR 9 million in Q1 2018.

Operating Income

Operating income was EUR 207 million, compared to EUR 185 million in Q1 2018.

Interest Expense and Other Income/(Expenses), net

Interest expense was EUR 8 million, compared to EUR 12 million in Q1 2018. Other income/(expenses), net was an expense of EUR 1 million in Q1 2019, compared to an income of EUR 13 million in Q1 2018.

Provision for Income Taxes

In Q1 2019, the effective tax rate was 33%, compared to 30% in Q1 2018. The increase in the effective tax rate in 2019 is attributable to higher taxable income in France, resulting from the replacement of the CICE wage subsidies, which were previously tax exempt. In Q1 2019, discrete events had a negligible impact on the effective tax rate, whereas in Q1 2018 discrete events increased the effective tax rate by around 3%.

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

Net income attributable to Adecco Group shareholders was EUR 133 million, compared to EUR 130 million in Q1 2018. Basic EPS was EUR 0.82, compared to EUR 0.79 in Q1 2018.

Cash Flow and Net Debt

Cash flow from operating activities was EUR 181 million in Q1 2019, compared to EUR 16 million in Q1 2018, benefiting from a working capital inflow and the replacement of CICE in France. DSO was 53 days in Q1 2019, stable year-on-year. Capex was EUR 48 million compared to EUR 35 million in the same period in the previous year, with the increase primarily relating to digital and IT infrastructure investments. The rolling last 4 quarters cash conversion ratio was 99% in Q1 2019, compared to 75% in Q1 2018. Net debt was EUR 1,096 million at 31 March 2019, and the ratio of net debt to EBITDA excluding one-offs was 0.9x, compared to EUR 1,124 million (1.0x) at 31 December 2018.

Q1 2019 segment operating performance

Revenues and revenue growth

	Revenues		Variance			% of revenues
EUR millions unless stated	Q1 2019	Q1 2018	Reported	Organic	Organic TDA[9]	Q1 2019
France	1,283	1,315	-2%	-2%	-1%	23%
N. America, UK & I. General Staffing	714	677	6%	1%	2%	13%
N. America, UK & I. Professional Staffing	846	856	-1%	-6%	-5%	15%
Germany, Austria, Switzerland	482	525	-8%	-9%	-10%	8%
Benelux and Nordics	466	511	-9%	-7%	-6%	8%
Italy	457	477	-4%	-4%	-4%	8%
Japan	343	301	14%	6%	8%	6%
Iberia	264	273	-3%	-3%	-4%	5%
Rest of World	661	657	1%	4%	4%	12%
Career Transition & Talent Development	129	100	29%	0%	0%	2%
Adecco Group	**5,645**	**5,692**	**-1%**	**-2%**	**-2%**	100%

[9] TDA = trading days adjusted

EBITA and EBITA margin excluding one-offs

	EBITA excluding one-offs		EBITA margin excluding one-offs			% of EBITA[10]
EUR millions unless stated	Q1 2019[11]	Q1 2018	Q1 2019	Q1 2018	Variance	Q1 2019
France	72	69	5.6%	5.2%	40 bps	27%
N. America, UK & I. General Staffing	19	16	2.7%	2.3%	40 bps	7%
N. America, UK & I. Professional Staffing	40	42	4.7%	5.0%	(30) bps	15%
Germany, Austria, Switzerland	8	6	1.6%	1.2%	40 bps	3%
Benelux and Nordics	12	10	2.5%	1.9%	60 bps	5%
Italy	34	35	7.6%	7.4%	20 bps	13%
Japan	25	22	7.4%	7.2%	20 bps	9%
Iberia	14	13	5.1%	4.6%	50 bps	5%
Rest of World	21	18	3.3%	2.8%	50 bps	8%
Career Transition & Talent Development	21	26	15.8%	25.6%	(980) bps	8%
Corporate	(40)	(43)				
Adecco Group	**226**	**214**	**4.0%**	**3.8%**	**20 bps**	100%

[10] % of EBITA excluding one-offs and before Corporate.
[11] See page 10 for a reconciliation of EBITA to EBITA excluding one-offs by segment.

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

In France, revenues were EUR 1,283 million, a decline of 2%, or a decline of 1% trading days adjusted. Growth was stable compared to Q4 2018 and broadly in-line with the market. Revenues decreased by 3% in General Staffing, which accounts for over 90% of revenues, and grew by 11% in Professional Staffing. By industry, declines in manufacturing, logistics and retail were partially offset by growth in automotive and construction. Permanent placement revenues were up 11%. EBITA was EUR 72 million with a margin of 5.6%, up 40 bps year-on-year. Margin improvement was driven by pricing, business mix and higher productivity, linked to the GrowTogether programme. This offset increased employee profit sharing, resulting from the replacement of the CICE wage subsidies.

In North America, UK & Ireland General Staffing, revenues were EUR 714 million, an increase of 1%, or 2% trading days adjusted. North America General Staffing, which accounts for approximately 75% of revenues, was flat, or up 2% trading days adjusted. The slower growth compared to Q4 2018 (+6% trading days adjusted) mainly related to strong seasonal demand in the previous quarter, which did not benefit Q1 2019. UK & Ireland General Staffing represents approximately 25% of revenues and was up 3%, with market conditions remaining muted. Permanent placement revenues were down 2% in North America General Staffing, with growth in the US offset by a decline in Canada, and down 6% in UK & Ireland General Staffing. Overall EBITA was EUR 19 million, representing a margin of 2.7%, compared to 2.3% in Q1 2018. Improved profitability was driven by higher gross margin and GrowTogether initiatives, which supported a strong improvement in FTE productivity.

In North America, UK & Ireland Professional Staffing, revenues were EUR 846 million, down 6% or down 5% trading days adjusted. North America Professional Staffing represents approximately 65% of revenues and was down 8%, or 6% trading days adjusted. Continued strong growth in Medical & Science was offset by declines in IT, Finance & Legal and Engineering & Technical. Growth in Legal was negatively impacted by the ending of a number of large client projects, the impact of which will continue for the remainder of the year. UK & Ireland Professional Staffing represents approximately 35% of revenues and was down 2%, impacted by Brexit related client uncertainty. Permanent placement revenues were up 3% in North America Professional Staffing and down 6% in UK & Ireland Professional Staffing. Overall EBITA excluding one-offs was EUR 40 million with a margin of 4.7%, down 30 bps year-on-year. GrowTogether productivity improvements and positive price/mix was more than offset by investments in the digital permanent recruitment platform Vettery.

In Germany, Austria, Switzerland, revenues were EUR 482 million, down 9%, or down 10% trading days adjusted. In Germany & Austria, revenues declined 11%, or 12% trading days adjusted, driven by the market slowdown, regulatory changes and the consolidation of the Adecco and Tuja general staffing businesses. In Switzerland, revenues declined by 1%, or by 2% trading days adjusted, against a challenging prior year comparison base. For the region, EBITA excluding one-offs was EUR 8 million, with an EBITA margin of 1.6%, a year-on-year increase of 40 bps. The margin improvement was driven by the favourable timing of bank holidays, which offset higher bench costs and negative operating leverage in Germany.

In Benelux and Nordics, revenues were EUR 466 million, down 7%, or down 6% trading days adjusted. In the Nordics, revenues declined 1%, or 2% trading days adjusted, with growth in Norway offset by a decline in Sweden. Revenues in Benelux were down 11%, or down 10% trading days adjusted. Belgium experienced a low-single-digit revenue decline, while the Netherlands declined double-digits, due to softer market conditions and a repositioning of the business away from high volume, lower value activities. EBITA was EUR 12 million, with an EBITA margin of 2.5%, compared to 1.9% in Q1 2018. The margin was positively impacted by improved business mix and cost actions.

In Italy, revenues were EUR 457 million, down 4%, driven in particular by weakness in manufacturing and automotive sectors. EBITA was EUR 34 million and the margin was 7.6%, up 20 bps year-on-year, supported by improvement in the temporary staffing gross margin and strong growth in permanent placement, where revenues increased by 18%.

In Japan, revenues were EUR 343 million, up 6%, or up 8% trading days adjusted, with good growth in professional staffing and permanent placement. EBITA was EUR 25 million and the EBITA margin was 7.4%, an increase of 20 bps year-on-year driven by business mix and productivity improvements.

In **Iberia**, revenues were EUR 264 million, down 3%, or down 4% trading days adjusted. EBITA was EUR 14 million. The EBITA margin increased 50 bps year-on-year to 5.1%, driven by positive pricing development and business mix, with good growth in perm and with SME clients.

In **Rest of World**, revenues were EUR 661 million, up 4%. Revenues grew 10% in Australia & New Zealand, 6% in Latin America, 3% in Asia, 5% in India and were flat in Eastern Europe & MENA, all trading days adjusted. For the region, EBITA excluding one-offs was EUR 21 million with a margin of 3.3%, up 50 bps compared to last year's EBITA margin, supported by a continued focus on client profitability.

In **Career Transition and Talent Development** (including Lee Hecht Harrison and General Assembly), revenues were flat organically at EUR 129 million. Revenues in career transition declined mid-single-digit, reflecting the counter-cyclical nature of the business and high proportion of revenues coming from North America where the economy remains robust. Meanwhile, growth in talent development was strong. EBITA excluding one-offs was EUR 21 million, representing an EBITA margin of 15.8%, compared to 25.6% in Q1 2018. The lower EBITA margin year-on-year resulted from investments in General Assembly.

Management outlook

In Q1 2019, Group revenues declined by 2% year-on-year organically and trading days adjusted (TDA). The exit growth rate in March and April was inline with the first quarter.

The timing of bank holidays will have a negative impact of approximately 10 bps on gross margin in Q2 2019.

The replacement of CICE in France will have a negative impact on cash conversion in Q2 2019. For full-year 2019 it will have a broadly neutral cash flow impact.

Q1 2019 results conference calls

There will be a media conference call at 9.00 am CEST and an analyst and investor conference call at 11.00 am CEST. 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 Q1 2019 results presentation will be available through the webcasts and will be published on the Investor Relations section on the Group's website.

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Financial Agenda

- Q2 2019 results 8 August 2019
- Q3 2019 results 5 November 2019
- Q4 2019 results 27 February 2020

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 HR 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 5 on the Great Place to Work® - World's Best Workplaces 2018 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 ten global brands: Adecco, Adia, Badenoch & Clark, General Assembly, Lee Hecht Harrison, Modis, Pontoon, Spring Professional, Vettery and YOSS.

Revenues by segment and by business line

Revenues by segment EUR millions	Q1 2019	Q1 2018	Variance % EUR	Variance % Constant currency
France	1,283	1,315	-2%	-2%
N. America, UK & I. General Staffing	714	677	6%	1%
N. America, UK & I. Professional Staffing[1)]	846	856	-1%	-5%
Germany, Austria, Switzerland	482	525	-8%	-9%
Benelux and Nordics[1)]	466	511	-9%	-8%
Italy	457	477	-4%	-4%
Japan[1)]	343	301	14%	7%
Iberia	264	273	-3%	-3%
Rest of World	661	657	1%	4%
Career Transition & Talent Development[1)]	129	100	29%	25%
Adecco Group	**5,645**	**5,692**	**-1%**	**-2%**

Revenues by business line[2)] EUR millions	Q1 2019	Q1 2018[4]	Variance % EUR	Variance % Constant currency
Office	1,440	1,305	10%	9%
Industrial	2,758	2,996	-8%	-8%
General Staffing	**4,198**	**4,301**	**-2%**	**-3%**
Information Technology[3)]	714	706	1%	-1%
Engineering & Technical[3)]	176	169	4%	1%
Finance & Legal	239	244	-2%	-6%
Medical & Science[3)]	146	136	7%	3%
Professional Staffing[3)]	**1,275**	**1,255**	**2%**	**-1%**
CTTD[3)]	129	100	29%	25%
BPO	43	36	21%	16%
Solutions[3)]	**172**	**136**	**27%**	**23%**
Adecco Group	**5,645**	**5,692**	**-1%**	**-2%**

1) In Q1 2019 revenues changed organically in N. America, UK & I. Professional Staffing by -6%, in Benelux and Nordics by -7%, in Japan +6% and were flat in Career Transition & Talent Development.

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) and Recruitment Process Outsourcing (RPO).

3) In Q1 2019 revenues changed organically in Information Technology by -2%, in Engineering & Technical by +2%, in Medical & Science by +5%, in Professional Staffing by -2%, in CTTD stayed flat and in Solution by +4%.

4) 2018 Information Technology and Industrial have been restated following reclassification for Digital Brands from BPO. 2018 Engineering & Technical and Information Technology have been restated following reclassifications for Modis.

EBITA[1] and EBITA margin by segment

EBITA EUR millions	Q1 2019	Q1 2018	Variance % EUR	Variance % Constant currency
France	72	69	5%	5%
N. America, UK & I. General Staffing	19	16	21%	15%
N. America, UK & I. Professional Staffing	39	41	-6%	-11%
Germany, Austria, Switzerland	8	(8)	-201%	-201%
Benelux and Nordics	12	10	22%	23%
Italy	34	35	-2%	-2%
Japan	25	22	17%	10%
Iberia	14	13	7%	7%
Rest of World	21	17	21%	26%
Career Transition & Talent Development	18	24	-28%	-31%
Corporate	(41)	(45)	-8%	-11%
Adecco Group	**221**	**194**	**14%**	**11%**

EBITA margin	Q1 2019	Q1 2018	Variance bps
France	5.6%	5.2%	40
N. America, UK & I. General Staffing	2.7%	2.3%	40
N. America, UK & I. Professional Staffing	4.6%	4.8%	(20)
Germany, Austria, Switzerland	1.6%	-1.5%	310
Benelux and Nordics	2.5%	1.9%	60
Italy	7.6%	7.4%	20
Japan	7.4%	7.2%	20
Iberia	5.1%	4.6%	50
Rest of World	3.3%	2.7%	60
Career Transition & Talent Development	13.7%	24.5%	(1,080)
Adecco Group	**3.9%**	**3.4%**	**50**

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

Reconciliation of EBITA to EBITA excluding one-offs

EBITA	EBITA excluding one-offs		One-offs		EBITA	
EUR millions	**2019**	2018	**2019**	2018	**2019**	2018
France	72	69	-	-	72	69
N. America, UK & I. General Staffing	19	16	-	-	19	16
N. America, UK & I. Professional Staffing	40	42	1	1	39	41
Germany, Austria, Switzerland	8	6	-	14	8	(8)
Benelux and Nordics	12	10	-	-	12	10
Italy	34	35	-	-	34	35
Japan	25	22	-	-	25	22
Iberia	14	13	-	-	14	13
Rest of World	21	18	-	1	21	17
Career Transition & Talent Development	21	26	3	1	18	24
Corporate	(40)	(43)	1	2	(41)	(45)
Adecco Group	**226**	**214**	**5**	**19**	**221**	**194**

Consolidated statements of operations

EUR millions except share and per share information	Q1 2019	Q1 2018	Variance % EUR	Variance % Constant currency
Revenues	5,645	5,692	-1%	-2%
Direct costs of services	(4,565)	(4,659)		
Gross profit	**1,080**	**1,033**	**5%**	**3%**
Selling, general, and administrative expenses	(859)	(839)	3%	1%
EBITA[1]	**221**	**194**	**14%**	**11%**
Amortisation of intangible assets	(14)	(9)		
Operating income	**207**	**185**	**12%**	**10%**
Interest expense	(8)	(12)		
Other income/(expenses), net	(1)	13		
Income before income taxes	**198**	**186**	**7%**	
Provision for income taxes	(65)	(55)		
Net income	**133**	**131**	**2%**	
Net income attributable to noncontrolling interests		(1)		
Net income attributable to Adecco Group shareholders	**133**	**130**	**2%**	
Basic earnings per share[2]	0.82	0.79	4%	
Diluted earnings per share[3]	0.82	0.78	4%	
Gross margin	*19.1%*	*18.1%*		
SG&A as a percentage of revenues	*15.2%*	*14.7%*		
EBITA margin	*3.9%*	*3.4%*		
Operating income margin	*3.7%*	*3.3%*		
Net income margin attributable to Adecco Group shareholders	*2.4%*	*2.3%*		

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 162,639,947 in Q1 2019 (165,624,682 in Q1 2018).

3) Diluted weighted-average shares were 162,886,921 in Q1 2019 (165,977,510 in Q1 2018).

Consolidated balance sheets

EUR millions	31 March 2019	31 December 2018
Assets		
Current assets:		
– Cash and cash equivalents	683	652
– Trade accounts receivable, net	4,385	4,432
– Other current assets	314	231
Total current assets	**5,382**	**5,315**
Property, equipment, and leasehold improvements, net	291	282
Operating lease right-of-use assets	447	
Equity method investments	85	76
Other assets	605	625
Intangible assets, net	418	426
Goodwill	3,048	2,994
Total assets	**10,276**	**9,718**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	4,037	4,084
– Current operating lease liabilities	200	
– Short-term debt and current maturities of long-term debt	258	267
Total current liabilities	**4,495**	**4,351**
Operating lease liabilities	266	
Long-term debt, less current maturities	1,521	1,509
Other liabilities	276	269
Total liabilities	**6,558**	**6,129**
Shareholders' equity		
Adecco Group shareholders' equity:		
– Common shares	10	10
– Additional paid-in capital	571	578
– Treasury shares, at cost	(207)	(141)
– Retained earnings	3,541	3,407
– Accumulated other comprehensive income/(loss), net	(205)	(273)
Total Adecco Group shareholders' equity	**3,710**	**3,581**
Noncontrolling interests	8	8
Total shareholders' equity	**3,718**	**3,589**
Total liabilities and shareholders' equity	**10,276**	**9,718**

Consolidated statements of cash flows

EUR millions	March 2019	March 2018
Cash flows from operating activities		
Net income	133	131
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	37	28
– Other charges	14	(1)
Changes in operating assets and liabilities, net of acquisitions		
– Trade accounts receivable	86	18
– Accounts payable and accrued expenses	(51)	(82)
– Other assets and liabilities	(38)	(78)
Cash flows from operating activities	**181**	**16**
Cash flows from investing activities		
Capital expenditures	(48)	(35)
Acquisition of Vettery, net of cash and restricted cash acquired		(77)
Cash settlements on derivative instruments	(19)	7
Other acquisition, divestiture and investing activities, net	(4)	(11)
Cash used in investing activities	**(71)**	**(116)**
Cash flows from financing activities		
Net increase/(decrease) in short-term debt	(10)	355
Borrowings of long-term debt, net of issuance costs		2
Purchase of treasury shares	(84)	(37)
Other financing activities, net	(2)	
Cash flows from/(used in) financing activities	**(96)**	**320**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**18**	**(9)**
Net decrease in cash, cash equivalents and restricted cash	**32**	**211**
Cash, cash equivalents and restricted cash:		
– Beginning of period	718	1,003
– End of period	750	1,214