THE ADECCO GROUP

STRONG MARGIN AND CONTINUED GROWTH IN Q2 2017

Putting the strategy into action and delivering excellent productivity and cash conversion

Summary and highlights

- Revenue growth momentum maintained at 6% organically[1] and trading days adjusted
- Q2 EBITA[2] margin 4.8%, negatively impacted by the timing of bank holidays; H1 EBITA margin up 20 bps while investing for the future
- Strong productivity continues, with FTE employees up only 1% and SG&A excluding one-offs[3] up 2%, both organically
- Net income attributable to Adecco Group shareholders EUR 192 million
- Excellent cash conversion and strong balance sheet, with 0.8x net debt[4] to EBITDA excluding one-offs[5]
- Further progress on digital strategy, including a new global partnership with Mya Systems, a leading artificial intelligence (AI) player in HR technology
- Revenues in June 2017 up 6%, organically and trading days adjusted

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"In Q2 2017, we made further progress on our strategic agenda of Perform, Transform, and Innovate, thanks to the engagement of our more than 33,000 colleagues. Our performance continued: revenue growth was robust, driven in particular by strength in France, Italy, Iberia and Benelux. We maintained our focus on productivity, with an increase of only 1% in FTE employees to deliver 6% underlying revenue growth, and cash conversion was again strong.

Alongside driving our performance, we are continuing to transform and innovate to capture the opportunities we see in our markets. Implementation of our segmentation strategy is driving strong growth with small- and medium- sized clients and with our onsite delivery model for large clients. We are investing in IT infrastructure and Digital innovation: we signed a new global partnership agreement with Mya Systems, a leading AI player in HR tech; we launched our digital Active Placement model in Lee Hecht Harrison; and we commenced the rollout in the UK of Adia, our end-to-end online staffing platform."

Alain Dehaze, Group Chief Executive Officer

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[1] Organic growth is a non-US GAAP measure and excludes the impact of currency, acquisitions and divestitures.
[2] EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.
[3] In Q2 2016, SG&A included one-offs of EUR 2 million.
[4] 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.
[5] Net debt to EBITDA excluding one-offs is a non-US GAAP measure and is calculated as net debt at period end divided by the last 4 quarters of EBITA excluding one-offs plus depreciation.

Key figures overview

in EUR millions unless stated	Q2 2017	Q2 2016	Variance Reported	Variance Organic	HY 2017	HY 2016	Variance Reported	Variance Organic
Summary of income statement information								
Revenues	**5,972**	5,696	5%	5%[6]	**11,702**	11,028	6%	6%
Gross profit	**1,091**	1,071	2%	2%	**2,169**	2,082	4%	4%
EBITA excluding one-offs[7]	**288**	284	1%	1%	**561**	512	10%	9%
EBITA	**288**	282	2%	1%	**558**	510	9%	8%
Net income attributable to Adecco Group shareholders	**192**	190	1%		**368**	334	10%	
Diluted EPS (EUR)	**1.13**	1.11	2%		**2.16**	1.96	10%	
Gross margin	**18.3%**	18.8%	-50 bps	-50 bps	**18.5%**	18.9%	-40 bps	-40 bps
EBITA margin excluding one-offs	**4.8%**	5.0%	-20 bps	-20 bps	**4.8%**	4.6%	20 bps	10 bps
EBITA margin	**4.8%**	4.9%	-10 bps	-20 bps	**4.8%**	4.6%	20 bps	10 bps
Summary of cash flow and net debt information								
Free cash flow[8] before interest and tax paid (FCFBIT)	**337**	281			**464**	257		
Free cash flow (FCF)	**203**	160			**302**	104		
Net debt	**967**	1,409			**967**	1,409		
Days sales outstanding	**51**	51			**51**	51		
Cash conversion[9]	**97%**	80%			**97%**	80%		
Net debt to EBITDA	**0.8x**	1.1x			**0.8x**	1.1x		

[6] In Q2 2017, organic revenue growth was 5%, or 6% trading days adjusted.
[7] In H1 2017, SG&A included one-offs of EUR 3 million; in H1 2016, SG&A included one-offs of EUR 2 million.
[8] Free cash flow is a non-US GAAP measure and comprises cash flows from operating activities less capital expenditures.
[9] 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.

Q2 2017 financial performance

Group performance overview

Revenue growth was maintained at 6% in Q2 2017, the same as in Q1 2017, organically and trading days adjusted. Growth was driven in particular by strength in France, Italy, Iberia and Benelux. Gross margin declined by 50 bps, negatively impacted by the timing of bank holidays. The underlying decline in temporary staffing gross margin in Q2 was approximately 20 bps, driven by price and mix effects. SG&A was well-controlled and productivity improved, with an increase of only 1% organically in FTE employees to support the revenue growth. The EBITA margin excluding one-offs decreased by 20 bps compared to the prior year, due to the timing of bank holidays. Cash generation in Q2 2017 was strong and cash conversion was 97% for the last four quarters.

For H1 2017, revenue growth was 6%, organically and trading days adjusted. Gross margin declined by 40 bps; this was mainly due to an organic decline of 30 bps in the underlying temporary staffing gross margin, driven by price and mix effects. The EBITA margin excluding one-offs increased by 20 bps, as strong productivity more than offset the lower gross margin and costs for selected investments in strategic initiatives. The EBITA conversion ratio (EBITA excluding one-offs divided by gross profit) was 25.9% in H1 2017 compared to 24.6% in H1 2016.

Revenues

Q2 2017 revenues were EUR 5,972 million, an increase of 5% on a reported basis. Currency fluctuations and acquisitions/divestments both had a negligible impact on revenues compared to last year. Organically, revenues increased by 5% or 6% trading days adjusted. Organic revenue growth was broad-based across service lines: temporary staffing revenues increased by 4% to EUR 5,217 million; permanent placement revenues were up 9% to EUR 132 million; revenues from career transition totalled EUR 97 million, down 2%; and revenues in outsourcing and other activities grew by 9% compared to the prior year. By business line, revenues grew 6% in General Staffing, were flat in Professional Staffing, and increased by 2% in Solutions, all on an organic basis.

Gross profit

Gross profit amounted to EUR 1,091 million, up 2% on a reported basis and also organically. The gross margin was 18.3%, down 50 bps compared to Q2 2016, mainly due to the unfavourable impact from the timing of bank holidays. Currency effects added 10 bps to gross margin compared to last year, while acquisitions/divestments had a negative effect of 10 bps, meaning that on an organic basis, the overall gross margin was down 50 bps. The temporary staffing gross margin was down 60 bps organically, which was a function of: (i) an underlying decline of approximately 20 bps, and (ii) a negative impact of approximately 40 bps from the less favourable timing of bank holidays in 2017. Career transition had a 10 bps negative impact on the overall gross margin compared to the prior year, permanent placement had a 10 bps positive effect, and other activities (mainly outsourcing) had a positive impact of 10 bps, all on an organic basis.

Selling, general and administrative expenses (SG&A)

SG&A was EUR 803 million, up 1% sequentially and up 2% compared to the prior year, both organically and excluding one-offs. This limited increase in SG&A, despite making investments for the future, was driven by strong productivity. In Q2 2017, FTE employees were up 1% organically year-on-year to support the revenue growth of 6% organically and trading days adjusted.

EBITA

EBITA was EUR 288 million, up 1% organically, and the EBITA margin was 4.8%. This is a 20 bps decline compared to the 5.0% EBITA margin excluding one-offs in Q2 2016, due to the less favourable timing of bank holidays in Q2 2017. The EBITA conversion ratio was 26.4% in Q2 2017, down 10 bps compared to the EBITA conversion ratio of 26.5% in Q2 2016.

Amortisation of intangible assets

Amortisation of intangible assets was EUR 8 million compared to EUR 9 million in Q2 2016.

Operating income

Operating income was EUR 280 million compared to EUR 273 million in Q2 2016.

Interest expense and other income/(expenses), net

Interest expense was EUR 13 million compared to EUR 16 million in Q2 2016. Other income/(expenses), net was an income of EUR 2 million in Q2 2017 and an income EUR 5 million in Q2 2016.

Provision for income taxes

In Q2 2017, the effective tax rate was 29%, compared to 28% in Q2 2016. In Q2 2016, discrete events had a positive impact of approximately 1% on the effective tax rate.

Net income attributable to Adecco Group shareholders and EPS

Net income attributable to Adecco Group shareholders was EUR 192 million compared to EUR 190 million in Q2 2016. Basic EPS was EUR 1.13 compared to EUR 1.11 in Q2 2016.

Cash flow and net debt

Cash flow from operating activities was EUR 228 million in Q2 2017 compared to EUR 178 million in Q2 2016. Cash conversion was 97% for the last four quarters, and DSO was 51 days in Q2 2017, similar to Q2 2016. In Q2 2017, capex was EUR 25 million compared to EUR 18 million in the same period last year. Net debt was EUR 967 million at 30 June 2017 compared to EUR 823 million at 31 March 2017 and EUR 1,409 million at 30 June 2016. Net debt to EBITDA excluding one-offs was 0.8x at 30 June 2017, compared to 1.1x at 30 June 2016.

Q2 2017 segment operating performance

Revenues and revenue growth

	Revenues		Variance			% of revenues
In EUR millions	Q2 2017	Q2 2016	Reported	Organic	Organic TDA[10]	Q2 2017
France	1,368	1,261	9%	9%	9%	23%
N. America, UK & I. General Staffing	734	743	-1%	-2%	-1%	12%
N. America, UK & I. Professional Staffing	934	962	-3%	-1%	0%	16%
Germany, Austria, Switzerland	531	553	-4%	-4%	0%	9%
Benelux and Nordics	512	473	8%	7%	10%	8%
Italy	468	374	25%	25%	27%	8%
Japan	334	312	7%	5%	3%	6%
Iberia	269	246	9%	9%	12%	4%
Rest of World	710	661	7%	6%	9%	12%
Lee Hecht Harrison	112	111	0%	-3%	-3%	2%
Adecco Group	**5,972**	**5,696**	**5%**	**5%**	**6%**	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]
In EUR millions	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Variance	Q2 2017
France	89	79	6.6%	6.2%	40 bps	27%
N. America, UK & I. General Staffing	23	25	3.1%	3.4%	(30) bps	7%
N. America, UK & I. Professional Staffing	59	53	6.2%	5.5%	70 bps	18%
Germany, Austria, Switzerland	10	31	2.0%	5.7%	(370) bps	3%
Benelux and Nordics	16	20	3.0%	4.3%	(130) bps	5%
Italy	38	30	8.1%	8.1%	0 bps	12%
Japan	25	23	7.4%	7.2%	20 bps	8%
Iberia	14	12	5.4%	4.7%	70 bps	4%
Rest of World	22	19	3.1%	2.8%	30 bps	7%
Lee Hecht Harrison	31	31	28.2%	27.9%	30 bps	9%
Corporate	(39)	(39)				
Adecco Group	**288**	**284**	**4.8%**	**5.0%**	**(20) 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

In France, revenues were EUR 1,368 million, up 9%. Revenues increased by 9% in General Staffing, which accounts for over 90% of revenues, and declined by 2% in Professional Staffing. Revenue growth was broad based and continued to be strong in logistics, construction and automotive. Permanent placement revenues in France were up 13%. EBITA was EUR 89 million and the EBITA margin was 6.6%, up 40 bps compared to Q2 2016.

In North America, UK & Ireland General Staffing, revenues were EUR 734 million, down 2% or down 1% trading days adjusted. North America General Staffing accounts for approximately 75% of revenues, and was down 4%. UK & Ireland General Staffing represents approximately 25% of revenues, and was up 8%, with strong growth in retail and in local government. Permanent placement revenues increased by 13% in North America General Staffing and declined by 11% in UK & Ireland General Staffing. Overall EBITA was EUR 23 million with a margin of 3.1%, compared to 3.4% in Q2 2016.

In North America, UK & Ireland Professional Staffing, revenues were EUR 934 million, down 1% or flat trading days adjusted. North America Professional Staffing represents approximately 65% of revenues and was up 2%. Growth was modest in Medical & Science, Engineering & Technical and IT, while revenues were flat in Finance & Legal. UK & Ireland Professional Staffing represents approximately 35% of revenues and was down 6%, driven by declines in IT and Finance & Legal. Permanent placement revenues increased by 9% in North America Professional Staffing and declined by 23% in UK & Ireland Professional Staffing. Overall EBITA was EUR 59 million with a margin of 6.2%, up 70 bps compared to Q2 2016 driven by good productivity development in North America.

In Germany, Austria, Switzerland, revenues were EUR 531 million, down 4% or flat trading days adjusted. In Germany & Austria, revenues were down 5% or down 1% trading days adjusted. In Switzerland, revenues were down 1% or up 3% trading days adjusted. For the region, EBITA was EUR 10 million, with an EBITA margin of 2.0%. This is a decrease of 370 bps compared to Q2 2016, mainly due to the unfavourable impact of the timing of bank holidays in Q2 2017 compared to Q2 2016.

In Benelux and Nordics, revenues were EUR 512 million, an increase of 7% or 10% trading days adjusted. In the Nordics, revenues were up 2% or up 7% trading days adjusted, led by strong growth in Sweden and good growth in Norway. Revenues in Benelux were up 10% or up 13% trading days adjusted. Growth in Belgium continued to be broad-based, and the Netherlands achieved double-digit revenue growth thanks to a strong sequential development and the weak prior year base. In Benelux and Nordics, the EBITA margin was down 130 bps to 3.0%, negatively impacted by the timing of bank holidays.

In Italy, revenues were EUR 468 million, up 25% or up 27% trading days adjusted. Growth was broad-based across service lines, including temporary staffing, permanent placement, outsourcing and training. EBITA was EUR 38 million and the EBITA margin was 8.1%, flat compared to Q2 2016.

In Japan, revenues were EUR 334 million, up 5% or up 3% trading days adjusted, with good growth in professional staffing and in permanent placement. EBITA was EUR 25 million and the EBITA margin was up 20 bps year-on-year at 7.4%.

In Iberia, revenues were EUR 269 million, with growth improving to 9% or 12% trading days adjusted. The EBITA margin was up 70 bps year-on-year to 5.4%, driven by good cost development.

In Rest of World, revenues grew by 6% or by 9% trading days adjusted to EUR 710 million. Revenue growth was 4% in Australia & New Zealand, 9% in Latin America, 4% in Eastern Europe & MENA, 10% in Asia, and 4% in India. For the region, the EBITA margin was 3.1%, up 30 bps compared to last year.

In Lee Hecht Harrison, revenues were EUR 112 million. Organically, revenues declined by 3%, with low to mid single digit declines in our largest markets of the USA, France, Canada and UK. The EBITA margin was 28.2%, up 30 bps compared to the EBITA margin excluding one-offs in Q2 2016.

Update on operational and strategic initiatives

The Adecco Group continues to implement its digital strategy, investing in digital innovation and IT infrastructure. Our recent progress includes:

- **Global partnership agreement with Mya Systems, creators of AI-recruiter Mya**
  Mya is an AI-enabled chatbot that automates outreach, screening, and communications with jobseekers. She applies advanced matching algorithms, machine learning and predictive models to shortlist large applicant pools, then automatically schedules interviews with suitable candidates. Mya interfaces with the Adecco Group's applicant tracking system (ATS) software and calendar systems to drive time savings, increase efficiency and improve the candidate and client experience. With this global partnership, Mya Systems' tools will be integrated into the Adecco Group's solutions and jointly marketed to potential new customers and existing Adecco Group clients.
- **Launch of digital 'Active Placement' model for career transition**
  Lee Hecht Harrison is the global leader in career transition and talent development. Its new Active Placement model uses people and technology to extend the scope and increase the effectiveness of traditional career transition. Our digital career agent can quickly engage large numbers of candidates, who all receive ATS-proof and search-engine-optimised CVs and profiles. Traditional specialised coaching is then enhanced with data-driven assessments and online reputation management. Our new Digital Talent Exchange matches job-ready candidates to curated opportunities, and connects candidates directly with hiring managers. Early results show significant reductions in time to placement and high satisfaction scores from candidates and talent acquisition professionals.
- **Rollout in the UK of Adia, our end-to-end online staffing platform**
  Adia is the Adecco Group's new mobile-first, cloud-based, end-to-end platform that enables employers to easily request temporary staff for hourly or daily assignments. It is targeting hospitality and events candidate profiles for the SME segment. Adia's algorithm matches jobs to workers based on skills, level of experience, proximity to the place of work as well as the job seeker's real-time availability. In keeping with our co-creation strategy, Adia was developed in close collaboration with Infosys, a global leader in technology services. The platform was first launched in Switzerland in early 2017. In the coming quarters, Adia will commence a multi-country rollout, which began in the UK during Q2 2017.

Share buyback programme

On 2 March 2017, the Adecco Group announced the launch of a share buyback programme of up to EUR 300 million. This programme reflects the Adecco Group's commitment to invest in the business, maintain financial flexibility, and manage its capital structure for the benefit of its stakeholders. Shares repurchased under the programme are intended for subsequent cancellation, following shareholder approval. As of 31 July 2017, the Adecco Group has acquired 1,620,300 shares under this programme for EUR 110 million.

Management outlook

In Q2 2017, revenue growth was 6%, a continuation of the 6% growth achieved in Q1 2017, organically and trading days adjusted. Positive momentum continued in June 2017, with a growth rate of 6%, organically and trading days adjusted, and volume growth in July was similar to June.

Capital Markets Day

On 22 September 2017, the Adecco Group will lay out its vision and strategy for the future world of work as the global leader in human capital networks. It's about empowering our candidates, serving and inspiring our clients, and embracing innovation and performance to capture the potential of the new digital age. Our Capital Markets Day in London will give stakeholders a clear insight into our ambitions and strategy, including showcases of digital investments, which will cement our position as a global leader while fostering new opportunities for growth and influence.

2017 Half Year Report

Alongside this Q2 2017 press release, the Adecco Group has published today its 2017 Half Year Report, which can be found on our website.

For further information please contact:

The Adecco Group Investor Relations
investor.relations@adeccogroup.com or +41 (0) 44 878 89 89

The Adecco Group Press Office
media@adeccogroup.com or +41 (0) 44 878 87 87

adeccogroup.com
Facebook: facebook.com/theadeccogroup
Twitter: @AdeccoGroup

Please note that as of 1 August 2017, the Adecco Group moved its headquarters to Bellerivestrasse 30, 8008 Zürich, Switzerland.

Q2 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)203 059 58 62
United States	+ 1 (1)631 570 56 13
Cont. Europe	+ 41 (0)58 310 50 00

The Q2 2017 results presentation will be available through the webcasts and will be published on the Investor Relations section on our website.

Financial Agenda

- Capital Markets Day, London 22 September 2017
- Q3 2017 results 7 November 2017
- Q4 2017 results 1 March 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 provider of workforce solutions, transforming the world of work through talent and technology. Each year, the Adecco Group provides over 1 million people around the world with career opportunities, guidance and insights. Through its global brands Adecco, Modis, Badenoch & Clark, Spring Professional, Lee Hecht Harrison and Pontoon, the Adecco Group offers total workforce solutions including temporary staffing, permanent placement, career transition, talent development, and outsourcing. The Adecco Group partners with employers, candidates, colleagues and governments, sharing its labour market expertise and insights to empower people, fuel economies, and enrich societies.

The Adecco Group is a Fortune Global 500 company, based in Zurich, Switzerland, with more than 33,000 FTE employees in 60 countries and territories around the world. Adecco Group AG is registered in Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN).

Revenues by segment and by business line

Revenues by segment	Q2		Variance %		HY		Variance %	
EUR millions	2017	2016	EUR	Constant currency	2017	2016	EUR	Constant currency
France	1,368	1,261	9%	9%	2,565	2,366	8%	8%
N. America, UK & I. General Staffing	734	743	-1%	-2%	1,498	1,487	1%	1%
N. America, UK & I. Professional Staffing[1)]	934	962	-3%	-2%	1,902	1,912	-1%	2%
Germany, Austria, Switzerland	531	553	-4%	-4%	1,070	1,062	1%	0%
Benelux and Nordics[1)]	512	473	8%	9%	995	909	10%	10%
Italy	468	374	25%	25%	876	693	26%	26%
Japan	334	312	7%	5%	661	612	8%	4%
Iberia	269	246	9%	9%	512	466	10%	10%
Rest of World[1)]	710	661	7%	5%	1,394	1,304	7%	5%
Lee Hecht Harrison[1)]	112	111	0%	-1%	229	217	5%	4%
Adecco Group	**5,972**	**5,696**	**5%**	**5%**	**11,702**	**11,028**	**6%**	**6%**

Revenues by business line[2)]	Q2		Variance %		HY[3)]		Variance %	
EUR millions	2017	2016[3)]	EUR	Constant currency	2017	2016	EUR	Constant currency
Office[4)]	1,393	1,341	4%	3%	2,856	2,629	9%	8%
Industrial[4)]	3,108	2,881	8%	7%	5,867	5,486	7%	7%
General Staffing	**4,501**	**4,222**	**7%**	**6%**	**8,723**	**8,115**	**7%**	**7%**
Information Technology	655	665	-2%	1%	1,322	1,314	1%	4%
Engineering & Technical	280	275	2%	0%	570	546	4%	3%
Finance & Legal[4)]	249	253	-1%	-1%	503	496	1%	2%
Medical & Science	127	115	11%	8%	262	231	13%	11%
Professional Staffing[4)]	**1,311**	**1,308**	**0%**	**1%**	**2,657**	**2,587**	**3%**	**4%**
CTTD[4)]	112	111	0%	-1%	229	217	5%	4%
BPO[4)]	48	55	-12%	-14%	93	109	-15%	-16%
Solutions[4)]	**160**	**166**	**-4%**	**-5%**	**322**	**326**	**-1%**	**-3%**
Adecco Group	**5,972**	**5,696**	**5%**	**5%**	**11,702**	**11,028**	**6%**	**6%**

1) In Q2 2017 revenues changed organically in N. America, UK & I. Professional Staffing by -1% (HY: 1%), in Benelux and Nordics by 7% (HY: 7%), in Rest of World by 6% (HY: 7%), and in Lee Hecht Harrison by -3% (HY: -1%).

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 Q2 2017 revenues changed organically in Office by 4% (HY: 9%), in Finance & Legal by -6% (HY: -6%), in Professional Staffing by 0% (HY: 2%), in CTTD by -3% (HY: -1%), in BPO by 18% (HY: 16%), and in Solutions by 2% (HY: 3%). In HY 2017 revenues changed organically in Industrial by 6%.

EBITA[1] and EBITA margin by segment

EBITA EUR millions	Q2 2017	Q2 2016	Variance % EUR	Variance % Constant currency	HY 2017	HY 2016	Variance % EUR	Variance % Constant currency
France	89	79	14%	14%	161	142	14%	14%
N. America, UK & I. General Staffing	23	25	-9%	-11%	46	51	-9%	-10%
N. America, UK & I. Professional Staffing	59	53	9%	8%	111	104	6%	5%
Germany, Austria, Switzerland	10	31	-66%	-67%	40	50	-20%	-20%
Benelux and Nordics	16	20	-23%	-23%	33	30	9%	10%
Italy	38	30	25%	25%	67	53	26%	26%
Japan	25	23	11%	8%	49	43	15%	11%
Iberia	14	12	25%	25%	24	19	26%	26%
Rest of World	22	19	18%	17%	42	35	21%	23%
Lee Hecht Harrison	31	29	7%	5%	65	62	5%	2%
Corporate	(39)	(39)			(80)	(79)		
Adecco Group	**288**	**282**	**2%**	**1%**	**558**	**510**	**9%**	**9%**

EBITA margin	Q2 2017	Q2 2016	Variance bps	HY 2017	HY 2016	Variance bps
France	6.6%	6.2%	40	6.3%	6.0%	30
N. America, UK & I. General Staffing	3.1%	3.4%	(30)	3.1%	3.4%	(30)
N. America, UK & I. Professional Staffing	6.2%	5.5%	70	5.8%	5.5%	30
Germany, Austria, Switzerland	2.0%	5.7%	(370)	3.8%	4.7%	(90)
Benelux and Nordics	3.0%	4.3%	(130)	3.3%	3.3%	0
Italy	8.1%	8.1%	0	7.6%	7.6%	0
Japan	7.4%	7.2%	20	7.4%	6.9%	50
Iberia	5.4%	4.7%	70	4.7%	4.1%	60
Rest of World	3.1%	2.8%	30	3.0%	2.7%	30
Lee Hecht Harrison	28.2%	26.3%	190	28.6%	28.8%	(20)
Adecco Group	**4.8%**	**4.9%**	**(10)**	**4.8%**	**4.6%**	**20**

1) EBITA is 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	Q2 2017	Q2 2016	Variance % EUR	Variance % Constant currency	HY 2017	HY 2016	Variance % EUR	Variance % Constant currency
Revenues	5,972	5,696	5%	5%	11,702	11,028	6%	6%
Direct costs of services	(4,881)	(4,625)			(9,533)	(8,946)		
Gross profit	**1,091**	**1,071**	**2%**	**1%**	**2,169**	**2,082**	**4%**	**3%**
Selling, general, and administrative expenses	(803)	(789)	2%	1%	(1,611)	(1,572)	2%	2%
EBITA[1]	**288**	**282**	**2%**	**1%**	**558**	**510**	**9%**	**9%**
Amortisation of intangible assets	(8)	(9)			(15)	(18)		
Operating income	**280**	**273**	**3%**	**2%**	**543**	**492**	**10%**	**10%**
Interest expense	(13)	(16)			(26)	(31)		
Other income/(expenses), net	2	5			2	5		
Income before income taxes	**269**	**262**	**3%**		**519**	**466**	**11%**	
Provision for income taxes	(77)	(72)			(150)	(131)		
Net income	**192**	**190**	**1%**		**369**	**335**	**10%**	
Net income attributable to noncontrolling interests					(1)	(1)		
Net income attributable to Adecco Group shareholders	**192**	**190**	**1%**		**368**	**334**	**10%**	
Basic earnings per share[2]	1.13	1.11	2%		2.16	1.96	10%	
Diluted earnings per share[3]	1.13	1.11	2%		2.16	1.96	10%	
Gross margin	*18.3%*	*18.8%*			*18.5%*	*18.9%*		
SG&A as a percentage of revenues	*13.5%*	*13.9%*			*13.8%*	*14.3%*		
EBITA margin	*4.8%*	*4.9%*			*4.8%*	*4.6%*		
Operating income margin	*4.7%*	*4.8%*			*4.6%*	*4.5%*		
Net income margin attributable to Adecco Group shareholders	*3.2%*	*3.3%*			*3.1%*	*3.0%*		

1) EBITA is non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.
2) Basic weighted-average shares were 169,628,525 in Q2 2017 and 169,891,620 in HY 2017 (170,328,978 in Q2 2016 and 170,245,955 in HY 2016).
3) Diluted weighted-average shares were 169,979,997 in Q2 2017 and 170,227,738 in HY 2017 (170,526,766 in Q2 2016 and 170,440,257 in HY 2016).

Consolidated balance sheets

EUR millions	30 June 2017	31 December 2016
Assets		
Current assets:		
– Cash and cash equivalents	1,108	1,123
– Short-term investments	1	5
– Trade accounts receivable, net	4,399	4,268
– Other current assets	244	214
Total current assets	**5,752**	**5,610**
Property, equipment, and leasehold improvements, net	168	167
Equity method investments	179	189
Other assets	479	554
Intangible assets, net	497	528
Goodwill	2,928	3,051
Total assets	**10,003**	**10,099**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	4,037	4,031
– Short-term debt and current maturities of long-term debt	754	345
Total current liabilities	**4,791**	**4,376**
Long-term debt, less current maturities	1,322	1,670
Other liabilities	325	331
Total liabilities	**6,438**	**6,377**
Shareholders' equity		
Adecco Group shareholders' equity:		
– Common shares	106	106
– Additional paid-in capital	572	581
– Treasury shares, at cost	(133)	(40)
– Retained earnings	3,191	3,058
– Accumulated other comprehensive income/(loss), net	(179)	10
Total Adecco Group shareholders' equity	**3,557**	**3,715**
Noncontrolling interests	8	7
Total shareholders' equity	**3,565**	**3,722**
Total liabilities and shareholders' equity	**10,003**	**10,099**

Consolidated statements of cash flows

EUR millions	Q2		HY	
	2017	2016[1]	**2017**	2016[1]
Cash flows from operating activities				
Net income	192	190	369	335
Adjustments to reconcile net income to cash flows from operating activities:				
– Depreciation and amortisation	28	30	54	60
– Other charges	6	2	19	2
Changes in operating assets and liabilities, net of acquisitions:				
– Trade accounts receivable	(238)	(296)	(253)	(286)
– Accounts payable and accrued expenses	111	138	122	(9)
– Other assets and liabilities	129	114	32	34
Cash flows from operating activities	**228**	**178**	**343**	**136**
Cash flows from investing activities				
Capital expenditures	(25)	(18)	(41)	(32)
Acquisition of Penna, net of cash acquired		13		(122)
Cash settlements on derivative instruments	7	5		56
Other acquisition and investing activities, net	(1)	(6)	(6)	(7)
Cash flows used in investing activities	**(19)**	**(6)**	**(47)**	**(105)**
Cash flows from financing activities				
Net increase in short-term debt	71	378	72	382
Repayment of long-term debt				(316)
Dividends paid to shareholders	(235)	(372)	(235)	(372)
Purchase of treasury shares	(73)		(100)	(20)
Other financing activities, net				(1)
Cash flow from/(used in) financing activities	**(237)**	**6**	**(263)**	**(327)**
Effect of exchange rate changes on cash	**(52)**	**5**	**(48)**	**(10)**
Net increase/(decrease) in cash and cash equivalents	**(80)**	**183**	**(15)**	**(306)**
Cash and cash equivalents:				
– Beginning of period	1,188	648	1,123	1,137
– End of period	1,108	831	1,108	831

1) Certain reclassifications have been made to prior period amounts or balances in order to conform to the current period presentation.