IMPROVING GROWTH IN Q4 2016

Solid 2016 results; investing for the future and returning excess capital

Q4 2016 summary

- Revenue growth accelerated to 6% organically[1] and trading days adjusted, up from 4% in Q3 2016
- Gross margin down 40 bps, against a strong comparison base in Q4 2015
- Costs well managed, with FTE employees up 2% and SG&A excluding one-offs[2] up 3%, both organically

FY 2016 summary

- Revenues up 4% organically, driven by strong growth Italy, Iberia, and Rest of World and a pick-up in France
- EBITA[3] margin excluding one-offs 5.0%; margin leadership maintained while also investing for the future
- Net income attributable to Adecco Group shareholders EUR 723 million
- Proposed dividend of CHF 2.40 per share, EUR 300 million share buyback programme announced today
- Further progress on digital strategy, with more than 10 ventures developing innovative new solutions
- Portfolio strengthened through acquisition of Penna in Q2, divestment of activities in Russia, Ukraine and Venezuela in Q3, and merger of Beeline with peer IQNavigator in Q4

FY 2017

- Revenues in January and February 2017 up 4–5%, organically and trading days adjusted
- From 1 April 2017, operations in North America and UK & Ireland will be combined and managed according to the business lines General Staffing and Professional Staffing

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"In Q4 and FY 2016, The Adecco Group delivered a solid performance, thanks to our more than 33,000 colleagues and over 700,000 associates around the world. In 2016, we improved our relative growth compared to peers, maintained our EBITA margin leadership and generated good cash flow. We have also been taking the steps necessary to turn our long-term vision for the company into a reality for all stakeholders.

Emerging on the horizon is a new world of work. It brings exciting opportunities for The Adecco Group. Our approach to capture these opportunities is to Perform, Transform, and Innovate. With Perform, we are strengthening our current operations and reinforcing our competitive position. With Transform, we are enhancing the solutions and experience that we provide to our clients, candidates, associates and colleagues. And with Innovate, we are developing and acquiring new approaches and capabilities to capture the emerging opportunities in the changing world of work. This strategic agenda will allow us to drive revenue growth, expand our operating margin, and generate strong cash flow, consistent with our through-the-cycle financial objectives.

We are pursuing this agenda within the context of our ongoing commitment to invest in the business and return excess capital to shareholders. At the AGM 2017, the Board of Directors will propose a dividend of CHF 2.40 to shareholders, a 50% payout of 2016 adjusted earnings per share. Given our strong financial position, the Board has also decided to initiate a share buyback programme of up to EUR 300 million."

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] In 2016, SG&A and EBITA included one-offs of EUR 8 million in Q4 2016 and EUR 36 million in FY 2016; in 2015, SG&A and EBITA included one-offs of EUR 48 million in Q4 2015 and EUR 66 million in FY 2015.
[3] EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.

Key figures overview

in EUR millions unless stated	Q4 2016	Q4 2015	Change % Reported	Change % Organic	FY 2016	FY 2015	Change % Reported	Change % Organic
Summary of income statement information								
Revenues	**5,869**	5,672	3%	5%[4]	**22,708**	22,010	3%	4%
Gross profit	**1,106**	1,091	1%	1%	**4,276**	4,179	2%	2%
EBITA excluding one-offs	**300**	310	-3%	-3%	**1,132**	1,147	-1%	-1%
EBITA	**292**	262	12%	12%	**1,096**	1,081	1%	1%
Net income attributable to Adecco Group shareholders	**216**	184	17%		**723**	8	n.m.	
Diluted EPS (EUR)	**1.26**	1.07	18%		**4.24**	0.05	n.m.	
Dividend per share[5] (CHF)					2.40	2.40	0%	
Gross margin	**18.8%**	19.2%	-40 bps	-60 bps	**18.8%**	19.0%	-20 bps	-40 bps
EBITA margin excluding one-offs	**5.1%**	5.5%	-40 bps	-40 bps	**5.0%**	5.2%	-20 bps	-30 bps
EBITA margin	**5.0%**	4.6%	40 bps	30 bps	**4.8%**	4.9%	-10 bps	-20 bps
Summary of cash flow and net debt information								
Free cash flow[6] before interest and tax paid (FCFBIT)	**400**	345			**934**	995		
Free cash flow (FCF)	**308**	270			**611**	702		
Net debt[7]	**887**	1,039			**887**	1,039		
Days sales outstanding	**52**	52			**52**	52		
Cash conversion[8]	**83%**	87%			**83%**	87%		
Net debt to EBITDA[9]	**0.7x**	0.8x			**0.7x**	0.8x		

[4] In Q4 2016, organic revenue growth was 5%, or 6% trading days adjusted.
[5] Dividend per share for 2016 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 2016 financial performance

Group performance overview

The Adecco Group delivered a good performance in 2016. We maintained our revenue momentum, with organic growth of 4%, the same as in 2015 and 2014. Gross margin declined by 20 bps, as price and mix headwinds were not fully mitigated. With an EBITA margin excluding one-offs of 5.0%, we continued to achieve the highest profitability amongst our industry peers, while investing for the future. Markets with especially strong performances in 2016 included: Italy, which further strengthened its margin leadership and has now doubled EBITA over the last three years; Lee Hecht Harrison, with a fifth consecutive year of organic revenue growth; and Norway, where our performance improvement plan delivered a strong turnaround in revenue growth and profitability.

Our free cash flow of EUR 611 million was below the level of the prior year. Underlying performance was solid, with DSO stable at 52 days, but timing of payments had a negative impact on the cash flow this year. During the year we distributed EUR 372 million in dividends. Acquisitions, divestments, and other investing activities totalled an outflow of EUR 100 million; this included an outflow EUR 122 million for the acquisition of Penna, and an inflow of EUR 72 million related to the merger of our Beeline business with IQNavigator. Net debt ended the year at EUR 887 million, representing a ratio of 0.7x net debt to EBITDA excluding one-offs. In Q4 2016, we took advantage of favourable conditions in the debt markets to issue EUR 500 million of 8-year notes with a 1.00% coupon; at the same time, we bought back EUR 338 million nominal value of two existing notes with coupons of 4.75% and 2.75%.

Q4 2016 financial performance

Group performance overview

Revenue growth accelerated to 6% in Q4 2016, up from 4% in Q3 2016, both organically and trading days adjusted. The improvement was driven especially by France, Italy, and Germany, Austria, Switzerland. Gross margin declined by 40 bps, driven by a decline in temporary staffing gross margin of 60 bps organically. This came against a strong comparison base in Q4 2015; the underlying decline in temporary staffing gross margin in Q4 was approximately 30 bps, similar to the first nine months. The EBITA margin excluding one-offs declined by 40 bps, as the organic gross margin decline more than outweighed SG&A leverage. Cash generation in Q4 2016 was strong, with cash from operating activities of EUR 334 million, and DSO stable at 52 days.

Revenues

Q4 2016 revenues of EUR 5,869 million were up 3% year-on-year on a reported basis. Currency fluctuations had a negative impact of approximately 2%, while acquisitions and divestments had a small net positive impact. Organically, revenues increased by 5%, or by 6% trading days adjusted. By business line, revenues grew organically by 6% in General Staffing and by 1% in Professional Staffing. Permanent placement revenues were EUR 105 million, up 1% organically. Revenues from career transition totalled EUR 95 million, up 4% organically compared to the prior year.

Gross Profit

Gross profit amounted to EUR 1,106 million, up 1% on a reported basis and organically. The gross margin was 18.8%, down 40 bps compared to Q4 2015. Currency and acquisitions each added 10 bps to gross margin. On an organic basis, the gross margin was down 60 bps. Temporary staffing gross margin was down 60 bps against a strong comparison base, as Q4 2015 benefited from the favourable timing of bank holidays in Germany and also included a favourable item related to prior years social security charges in France. The underlying decline in temporary staffing gross margin in Q4 2016 was approximately 30 bps, driven by pricing and mix effects. Outplacement and permanent placement had a neutral impact on gross margin compared to the prior year.

Selling, General and Administrative Expenses (SG&A)

SG&A excluding one-offs was EUR 806 million, an organic increase of 4% sequentially and 3% compared to the prior year. 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. In Q4 2015, one-offs comprised integration costs of EUR 3 million in Lee Hecht Harrison related to the acquired Knightsbridge business, and a EUR 45 million write-down of capitalized software, of which EUR 33 million was in Corporate and EUR 12 million in Japan. Reported SG&A was EUR 814 million in Q4 2016. FTE employees increased by 2% organically year-on-year and the branch network was down 1% organically.

EBITA

EBITA was EUR 292 million. EBITA excluding one-offs was EUR 300 million, down 3% organically. The EBITA margin excluding one-offs was 5.1%, down 40 bps compared to Q4 2015 as improved SG&A leverage did not fully compensate for the organic gross margin decline.

Amortisation of Intangible Assets and Impairment of Goodwill
Amortisation of intangible assets was EUR 7 million compared to EUR 12 million in Q4 2015.

Operating Income
Operating income was EUR 285 million compared to EUR 250 million in Q4 2015.

Interest Expense and Other Income/(Expenses), net
Interest expense was EUR 14 million compared to EUR 17 million in Q4 2015. Other income/(expenses), net was an income of EUR 48 million in Q4 2016, compared to a loss of EUR 5 million in Q4 2015. In Q4 2016, other income/(expenses), net included: EUR 100 million related to the deconsolidation of Beeline following its merger with IQNavigator; losses of EUR 26 million related to the buyback of a portion of the outstanding 2018 and 2019 Adecco International Finance Services BV notes; and a commitment of EUR 19 million to establish the Adecco Group Foundation.

Provision for Income Taxes
In Q4 2016, the effective tax rate was 32%; this included a benefit of 1% from discrete events and a negative impact related to the merger of Beeline with IQNavigator. In Q4 2015, the effective tax rate was 20%, which included a benefit of 6% from discrete events.

Net Income Attributable to Adecco Group Shareholders and EPS
Net income attributable to Adecco Group shareholders was EUR 216 million compared to EUR 184 million in Q4 2015. Basic EPS was EUR 1.26 compared to EUR 1.08 in Q4 2015.

Cash Flow and Net Debt
Cash flow from operating activities was EUR 334 million in Q4 2016 compared to EUR 298 million in Q4 2015. DSO was 52 days in Q4 2016, the same as in Q4 2015. In Q4 2016, capex was EUR 26 million compared to EUR 28 million in the same period last year. In Q4 2016, cash outflow for the acquisition of D4 was EUR 25 million and there was a cash inflow of EUR 72 million related to the merger of our Beeline business with IQNavigator.

For FY 2016, free cash flow before interest and tax paid was EUR 934 million compared to EUR 995 million in FY 2015. The cash conversion ratio was 83% compared to 87% last year, negatively impacted in FY 2016 by the timing of payments. Net debt was EUR 887 million at 31 December 2016 compared to EUR 1,223 million at 30 September 2016. At 31 December 2016, net debt to EBITDA excluding one-offs was 0.7x.

Q4 2016 segment operating performance

Organic revenue growth, trading days adjusted

	2016				
	Q1	Q2	Q3	Q4	FY
France	5%	3%	3%	9%	5%
North America	0%	(1)%	(1)%	1%	0%
UK & Ireland	1%	3%	4%	5%	3%
Germany, Austria, Switzerland	(1)%	(2)%	(2)%	3%	0%
Benelux & Nordics	6%	2%	2%	4%	4%
Italy	9%	7%	14%	24%	14%
Japan	1%	4%	2%	0%	2%
Iberia	10%	6%	9%	12%	9%
Rest of World	13%	10%	10%	11%	11%
Lee Hecht Harrison	1%	0%	5%	2%	2%
Adecco Group	**4%**	**3%**	**4%**	**6%**	**4%**

Revenues and revenue growth

	Revenues		Variance			% of revenues
In EUR millions unless stated	Q4 2016	Q4 2015	Reported	Organic	Organic TDA[10]	Q4 2016
France	1,280	1,196	7%	7%	9%	22%
North America	1,218	1,221	0%	-1%	1%	21%
UK & Ireland	517	580	(11)%	3%	5%	9%
Germany, Austria, Switzerland	549	549	0%	0%	3%	9%
Benelux and Nordics	501	475	6%	3%	4%	8%
Italy	399	333	20%	20%	24%	7%
Japan	330	289	14%	0%	0%	6%
Iberia	257	238	8%	8%	12%	4%
Rest of World	708	690	3%	10%	11%	12%
Lee Hecht Harrison	110	101	9%	2%	2%	2%
Adecco Group	**5,869**	**5,672**	**3%**	**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 unless stated	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Variance	Q4 2016
France	85	95	6.7%	7.9%	(120) bps	25%
North America	84	81	6.9%	6.7%	20 bps	25%
UK & Ireland	10	19	1.9%	3.2%	(130) bps	3%
Germany, Austria, Switzerland	23	33	4.1%	6.0%	(190) bps	7%
Benelux and Nordics	21	12	4.1%	2.6%	150 bps	6%
Italy	31	28	7.6%	8.3%	(70) bps	9%
Japan	21	17	6.4%	6.0%	40 bps	6%
Iberia	14	11	5.7%	4.7%	100 bps	4%
Rest of World	20	20	2.9%	3.0%	(10) bps	6%
Lee Hecht Harrison	29	28	26.3%	27.6%	(130) bps	9%
Corporate	(38)	(34)				
Adecco Group	**300**	**310**	**5.1%**	**5.5%**	**(40) 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 1,280 million, up 7% or up 9% trading days adjusted. Revenues increased by 7% in General Staffing, which accounts for over 90% of revenues, and grew by 14% in Professional Staffing. Revenue growth continued to be strong in construction and logistics and very strong in automotive. Permanent placement revenues in France were up 4%. EBITA was EUR 85 million. The EBITA margin was 6.7% compared to 7.9% in the prior year; Q4 2015 included a favourable item related to prior years social security charges, which added approximately 100 bps to the EBITA margin in France.

In **North America**, revenues were EUR 1,218 million, down 1% or up 1% trading days adjusted. General Staffing accounts for approximately half of revenues, and was flat. Revenues were flat in Industrial and decreased by 1% in Office. In Professional Staffing, revenues declined by 1%, with growth of 14% in Medical & Science and declines of 4% in IT, 2% in Engineering & Technical, and 3% in Finance & Legal. Permanent placement revenues in North America declined by 1%. EBITA was EUR 84 million with a margin of 6.9%, up 20 bps compared to Q4 2015 driven mainly by a favourable development in state unemployment insurance and workers' compensation charges.

In the **UK & Ireland**, revenues were EUR 517 million, up 3% or 5% trading days adjusted. Revenues in Professional Staffing declined by 5%, with declines of 3% in IT and 19% in Finance & Legal. In General Staffing, revenues increased by 14%. Permanent placement revenues in the UK & Ireland were down 15%. EBITA was EUR 10 million. The EBITA margin declined by 130 bps to 1.9%, negatively impacted by new contracts won during the year and the weaker market conditions in permanent placement in Q4 2016.

In **Germany, Austria, Switzerland**, revenues were EUR 549 million, flat or up 3% trading days adjusted. In Germany & Austria, revenues were flat or up 4% trading days adjusted. In Switzerland, revenues grew by 1% or by 2% trading days adjusted. For the region, EBITA was EUR 23 million, with an EBITA margin of 4.1%. This is a decrease of 190 bps compared to Q4 2015, mainly due to the timing of bank holidays.

In **Benelux and Nordics**, revenues were EUR 501 million, an increase of 3%. In the Nordics, revenues were up 9% led by strong growth in Sweden and Norway. Revenues in Benelux were down 1%. We outperformed the market in Belgium with broad-based growth, while in the Netherlands our price discipline negatively impacted growth in a competitive market. In Benelux and Nordics, the EBITA margin excluding one-offs was up 150 bps to 4.1%; Q4 2015 included a negative impact of approximately 170 bps from a non-cash expense related to changing the defined benefit pension plan in the Netherlands to a defined contribution pension plan.

In **Italy**, revenues were EUR 399 million, up 20% or up 24% trading days adjusted. The EBITA margin was 7.6%, down 70 bps year-on-year against a tough comparison base.

In **Japan**, revenues were flat at EUR 330 million, with continued strong growth in professional staffing. EBITA was EUR 21 million and the EBITA margin was 6.4%, an increase of 40 bps compared to the EBITA margin excluding one-offs in Q4 2015.

In **Iberia**, revenues were EUR 257 million, up 8% or up 12% trading days adjusted. The EBITA margin was up 100 bps year-on-year to 5.7%, driven by good cost development.

In **Rest of World**, revenues grew by 10% to EUR 708 million. Revenue growth was 5% in Australia & New Zealand, 9% in Latin America, 13% in Eastern Europe & MENA, 11% in Asia, and 10% in India. For the region, EBITA was EUR 20 million with an EBITA margin of 2.9% compared to 3.0% last year.

In **Lee Hecht Harrison**, the global leader in Career Transition and Talent Development, revenues were EUR 110 million. Revenues increased by 9% in constant currency following the acquisition of Penna in May 2016. Organically revenues were up 2%, with growth in the USA and the UK partially offset by declines in France and Canada. The EBITA margin excluding one-offs was 26.3%, down 130 bps compared to the prior year, mainly driven by the mix impact from the consolidation of Penna.

Update on operational and strategic initiatives

The Adecco Group has been at the forefront of the workforce solutions industry for more than 50 years, and is well-positioned to remain at the forefront as the industry evolves. The digitization of our business and services is a key enabler to bring more value to clients and candidates, delivering better solutions with an enhanced user experience – greater convenience, flexibility, speed, and transparency. Digital innovation will also drive a broader service offering, deeper customer relationships, and a lower cost-to-serve.

The key elements of our digital strategy are: digitizing our legacy systems to improve productivity and strengthen our cost leadership; bringing traditional offline models fully online; and adding new services, new business models and new markets to our portfolio. We have created a dedicated organisational structure for Digital and Innovation. Within this unit we are currently developing or have invested in more than 10 ventures across areas such as online staffing and HR services, big data analytics and assessment. Examples of these ventures include Beeple, WoWooHR, Talentoday, and Adecco Analytics.

In executing our digital strategy, we take a co-creation approach, teaming-up with the best minds and companies in the technology world – from niche start-ups to large multinationals. These partnerships can take different forms:

commercial relationships, direct investments, joint ventures or even acquisitions. This approach is supported by our strategic investment in an early-stage technology investment fund managed by Partech Ventures. Our investment gives us a high degree of visibility on developments across the technology and digital start-up space, and the opportunity to participate in the financing of promising early stage digital businesses.

Changes in Executive Committee

From 1 April 2017, our operations in North America and UK & Ireland will be combined and managed according to the business lines General Staffing (GS) and Professional Staffing (PS). In each of these regions, we have substantial operations in both GS and PS. This move will allow us to drive further commercial and operational focus in these markets through our dedicated GS and PS brands.

From 1 April 2017, the following management changes will be effective. Federico Vione is appointed Regional Head of North America, UK & Ireland General Staffing (Adecco, Pontoon). Federico is currently Chief Sales and Innovation Officer for The Adecco Group. John Marshall is appointed Regional Head of North America, UK & Ireland Professional Staffing. John is currently Regional Head of UK & Ireland. Bob Crouch, currently Regional Head of North America, has decided to leave The Adecco Group to pursue his career outside the company.

Alain Dehaze, CEO of The Adecco Group, said: "Federico and John are passionate leaders with great experience in general staffing and professional staffing, respectively. The specialisation of our management and organisation in North America and UK & Ireland will drive further success in these important regions. I would like to thank Bob for his commitment to The Adecco Group and wish him all the very best for his personal and professional future."

Reporting of segment performance will be aligned to the new management structure as from the Q1 2017 results, which will be released on 9 May 2017.

Share buyback programme

The Adecco Group ended 2016 with a strong financial position. The ratio of net debt to EBITDA excluding one-offs reduced to 0.7x at 31 December 2016, driven by solid cash flow generation and supported by the EUR 72 million of net cash received related to the merger of our Beeline business with IQNavigator. Given this position, the Board of Directors has decided to launch 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.

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 2017, the Board of Directors will propose a total dividend distribution of CHF 2.40 per share for 2016, for approval by shareholders. This represents a pay-out ratio of 50% of adjusted net earnings (at an exchange rate of EUR/CHF 1.06). The amount of the total dividend distribution for 2016 will be split into two separate payments. One dividend distribution of CHF 1.50 per registered share will be made from the available earnings; the ex-date for this dividend distribution is 28 April 2017. A second dividend distribution of CHF 0.90 per registered share will be made from a reduction in the nominal (par) value of the Adecco Group AG share, and is therefore expected to be exempt from Swiss withholding tax; the ex-date for this dividend distribution is expected to be 11 July 2017.

Annual General Meeting of Shareholders

Mr Thomas O'Neill and Mr Dominique-Jean Chertier will not stand for re-election at the upcoming Annual General Meeting of Shareholders in April 2017. The Board of Directors would like to express its warm thanks to both of them for their valuable contributions and commitment to The Adecco Group and wishes them well for the future.

The Board of Directors will propose to elect Ms Ariane Gorin as a new member of the Board of Directors for a tenure of one year ending after completion of the next AGM. Ariane Gorin (1974) is a French and United States national. Since 2013, Ms Gorin has been member of the management team of Expedia Inc. headquartered in Washington, USA, having been appointed in 2014 as Senior Vice President and General Manager, Expedia Affiliate Network brand, based in London, UK. From 2003 to 2013, Ms Gorin served in various functions in Microsoft Corporation, latterly as Director Office Products and Services for France, based in Paris, France. From 2000 to 2002, Ms Gorin served as consultant at The Boston Consulting Group in France and in the USA.

At the AGM, the Board of Directors will propose the creation of authorised capital (Genehmigtes Kapital), which would authorise the Board of Directors to increase the share capital by up to 5% of the existing share capital. At the same time, the Board of Directors will propose the cancellation of Art. 3ter of the Company's Articles of Incorporation, concerning conditional capital of up to a maximum aggregate amount of CHF 4,166,804 for employee options.

Management outlook

In Q4 2016, revenue growth was 6%, an improvement compared to 3–4% growth achieved in the previous three quarters, all organically and trading days adjusted. Positive momentum continued into January and February 2017, with a growth rate of 4–5%, organically and trading days adjusted. We recognise that the global economic outlook remains uncertain and will adapt to any changes in market conditions, maintaining price discipline and tight cost control.

For further information please contact:

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Q4 & FY 2016 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 Q4 2016 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 20 April 2017
- Q1 2017 results 9 May 2017
- Q2 2017 results 10 August 2017
- Investor Day, London 21 September 2017
- Q3 2017 results 7 November 2017

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 approximately 700,000 people around the world with career opportunities. The Adecco Group offers a wide variety of services that includes temporary staffing, permanent placement, career transition and talent development, as well as outsourcing and consulting. The Adecco Group partners with employers, candidates, colleagues and governments, sharing its labour market expertise and insights to boost prosperity through the power of work.

The Adecco Group is a Fortune Global 500 company, based in Zurich, Switzerland, with more than 33,000 FTE employees and approximately 5,100 branches 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	Q4		Variance %		FY		Variance %	
EUR millions	2016	2015	EUR	Constant Currency	2016	2015	EUR	Constant Currency
France	1,280	1,196	7%	7%	4,947	4,714	5%	5%
North America[1)]	1,218	1,221	0%	0%	4,672	4,670	0%	0%
UK & Ireland[1)]	517	580	-11%	8%	2,176	2,285	-5%	6%
Germany, Austria, Switzerland	549	549	0%	0%	2,175	2,190	-1%	0%
Benelux and Nordics[1)]	501	475	6%	6%	1,897	1,815	5%	5%
Italy	399	333	20%	20%	1,464	1,300	13%	13%
Japan	330	289	14%	0%	1,276	1,119	14%	2%
Iberia	257	238	8%	8%	979	898	9%	9%
Rest of World[1)]	708	690	3%	7%	2,690	2,623	3%	10%
Lee Hecht Harrison[1)]	110	101	9%	9%	432	396	9%	10%
Adecco Group[1)]	**5,869**	**5,672**	**3%**	**5%**	**22,708**	**22,010**	**3%**	**5%**

Revenues by business line[2)]	Q4		Variance %		FY		Variance %	
EUR millions	2016	2015	EUR	Constant Currency	2016	2015	EUR	Constant Currency
Office[3)]	1,439	1,371	5%	6%	5,500	5,269	4%	6%
Industrial	3,022	2,872	5%	6%	11,492	11,097	4%	5%
General Staffing	**4,461**	**4,243**	**5%**	**6%**	**16,992**	**16,366**	**4%**	**5%**
Information Technology	617	649	-5%	2%	2,570	2,588	-1%	4%
Engineering & Technical	276	279	-1%	-1%	1,100	1,133	-3%	-3%
Finance & Legal[3)]	227	238	-5%	-1%	932	912	2%	4%
Medical & Science	122	108	12%	12%	461	407	13%	13%
Professional Staffing[3)]	**1,242**	**1,274**	**-2%**	**2%**	**5,063**	**5,040**	**0%**	**3%**
CTTD[3)]	110	101	9%	9%	432	396	9%	10%
BPO	56	54	4%	5%	221	208	6%	7%
Solutions[3)]	**166**	**155**	**7%**	**7%**	**653**	**604**	**8%**	**9%**
Adecco Group[3)]	**5,869**	**5,672**	**3%**	**5%**	**22,708**	**22,010**	**3%**	**5%**

1) In Q4 2016 revenues changed organically in North America by -1%, in UK & Ireland by 3% (FY: 3%), in Benelux and Nordics by 3% (FY: 4%), in Rest of World by 10% (FY: 11%), in Lee Hecht Harrison by 2% (FY: 2%), and FY 2016 revenues changed organically in The Adecco Group by 4%.

2) Breakdown of staffing revenues into Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, and Medical & Science is based on dedicated branches. CTTD comprises Career Transition & Talent Development services. BPO comprises Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and Vendor Management System (VMS). VMS was included in BPO until it was deconsolidated in December 2016 following the merger of Beeline with IQNavigator.

3) In Q4 2016 revenues changed organically in Office by 5% (FY: 5%), in Finance & Legal by -4% (FY: 3%), in Professional Staffing by 1%, in CTTD by 2% (FY: 2%), in Solutions by 3% (FY: 3%), and FY 2016 revenues changed organically in The Adecco Group by 4%.

EBITA[1] and EBITA margin by segment

EBITA EUR millions	Q4 2016	Q4 2015	Variance % EUR	Variance % Constant Currency	FY 2016	FY 2015	Variance % EUR	Variance % Constant Currency
France	85	95	-10%	-10%	321	331	-3%	-3%
North America	84	81	4%	4%	283	288	-2%	-2%
UK & Ireland	10	19	-46%	-34%	47	60	-22%	-12%
Germany, Austria, Switzerland	23	33	-31%	-30%	101	135	-25%	-25%
Benelux and Nordics	17	12	37%	38%	69	56	22%	22%
Italy	31	28	10%	10%	114	94	22%	22%
Japan	21	5	310%	219%	84	54	54%	37%
Iberia	14	11	31%	31%	42	39	8%	8%
Rest of World	20	20	0%	11%	69	82	-16%	-4%
Lee Hecht Harrison	25	25	0%	0%	111	104	7%	7%
Corporate	(38)	(67)			(145)	(162)		
Adecco Group	**292**	**262**	**12%**	**14%**	**1,096**	**1,081**	**1%**	**2%**

EBITA margin	Q4 2016	Q4 2015	Variance bps	FY 2016	FY 2015	Variance bps
France	6.7%	7.9%	(120)	6.5%	7.0%	(50)
North America	6.9%	6.7%	20	6.1%	6.2%	(10)
UK & Ireland	1.9%	3.2%	(130)	2.2%	2.6%	(40)
Germany, Austria, Switzerland	4.1%	6.0%	(190)	4.6%	6.2%	(160)
Benelux and Nordics	3.3%	2.6%	70	3.6%	3.1%	50
Italy	7.6%	8.3%	(70)	7.8%	7.2%	60
Japan	6.4%	1.8%	460	6.6%	4.9%	170
Iberia	5.7%	4.7%	100	4.3%	4.4%	(10)
Rest of World	2.9%	3.0%	(10)	2.6%	3.1%	(50)
Lee Hecht Harrison	22.7%	24.7%	(200)	25.6%	26.2%	(60)
Adecco Group	**5.0%**	**4.6%**	**40**	**4.8%**	**4.9%**	**(10)**

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	Q4 2016	Q4 2015	Variance % EUR	Variance % Constant Currency	FY 2016	FY 2015	Variance % EUR	Variance % Constant Currency
Revenues	**5,869**	5,672	**3%**	**5%**	**22,708**	22,010	**3%**	**5%**
Direct costs of services	(4,763)	(4,581)			(18,432)	(17,831)		
Gross profit	**1,106**	**1,091**	**1%**	**2%**	**4,276**	**4,179**	**2%**	**3%**
Selling, general, and administrative expenses	(814)	(829)	-2%	-1%	(3,180)	(3,098)	3%	4%
EBITA[1]	**292**	**262**	**12%**	**14%**	**1,096**	**1,081**	**1%**	**2%**
Amortisation of intangible assets	(7)	(12)			(34)	(41)		
Impairment of goodwill						(740)		
Operating income	**285**	**250**	**14%**	**15%**	**1,062**	**300**	**n.m.**	**n.m.**
Interest expense	(14)	(17)			(59)	(67)		
Other income/(expenses), net	48	(5)			32	13		
Income before income taxes	**319**	**228**	**39%**		**1,035**	**246**	**n.m.**	
Provision for income taxes	(103)	(44)			(310)	(236)		
Net income	**216**	**184**	**17%**		**725**	**10**	**n.m.**	
Net income attributable to noncontrolling interests					(2)	(2)		
Net income attributable to Adecco Group shareholders	**216**	**184**	**17%**		**723**	**8**	**n.m.**	
Basic earnings per share[2]	1.26	1.08	18%		4.24	0.05	n.m	
Diluted earnings per share[3]	1.26	1.07	18%		4.24	0.05	n.m	
Gross margin	*18.8%*	*19.2%*			*18.8%*	*19.0%*		
SG&A as a percentage of revenues	*13.9%*	*14.6%*			*14.0%*	*14.1%*		
EBITA margin	*5.0%*	*4.6%*			*4.8%*	*4.9%*		
Operating income margin	*4.8%*	*4.4%*			*4.7%*	*1.4%*		
Net income margin attributable to Adecco Group shareholders	*3.7%*	*3.2%*			*3.2%*	*0.0%*		

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 170,342,138 in Q4 2016 and 170,292,621 in FY 2016 (171,112,468 in Q4 2015 and 172,526,685 in FY 2015).

3) Diluted weighted-average shares were 170,700,165 in Q4 2016 and 170,525,841 in FY 2016 (171,415,959 in Q4 2015 and 172,712,214 in FY 2015).

Consolidated balance sheets

EUR millions	31 December 2016	31 December 2015[1]
Assets		
Current assets:		
– Cash and cash equivalents	1,123	1,137
– Short-term investments	5	10
– Trade accounts receivable, net	4,268	3,972
– Other current assets	214	203
Total current assets	**5,610**	**5,322**
Property, equipment, and leasehold improvements, net	167	192
Equity method investments	189	52
Other assets	554	495
Intangible assets, net	528	517
Goodwill	3,051	3,018
Total assets	**10,099**	**9,596**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	4,031	3,777
– Short-term debt and current maturities of long-term debt	345	354
Total current liabilities	**4,376**	**4,131**
Long-term debt, less current maturities	1,670	1,832
Other liabilities	331	287
Total liabilities	**6,377**	**6,250**
Shareholders' equity		
Adecco Group shareholders' equity:		
– Common shares	106	108
– Additional paid-in capital	581	721
– Treasury shares, at cost	(40)	(258)
– Retained earnings	3,058	2,782
– Accumulated other comprehensive income/(loss), net	10	(13)
Total Adecco Group shareholders' equity	**3,715**	**3,340**
Noncontrolling interests	7	6
Total shareholders' equity	**3,722**	**3,346**
Total liabilities and shareholders' equity	**10,099**	**9,596**

1) Due to the adoption of ASU 2015-17 - *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* in 2016, the 31 December 2015 figures were restated - Current deferred taxes were reclassified to noncurrent, which decreased "Other current assets" by EUR 104, increased "Other assets" by EUR 35, decreased "Accounts payable and accrued expenses" by EUR 2, and "Other liabilities" by EUR 67. Additionally, certain reclassifications have been made to prior period amounts or balances in order to conform to the current year presentation.

THE ADECCO GROUP

Consolidated statements of cash flows

EUR millions	Q4		FY	
	2016	2015 [1]	2016	2015 [1]
Cash flows from operating activities				
Net income	216	184	725	10
Adjustments to reconcile net income to cash flows from operating activities:				
– Depreciation and amortisation	29	35	119	135
– Impairment of goodwill				740
– Other charges	(20)	47	27	84
Changes in operating assets and liabilities, net of acquisitions and divestitures:				
– Trade accounts receivable	81	161	(319)	(186)
– Accounts payable and accrued expenses	69	(99)	205	56
– Other assets and liabilities	(41)	(30)	(70)	(40)
Cash flows from operating activities	**334**	**298**	**687**	**799**
Cash flows from investing activities				
Capital expenditures	(26)	(28)	(76)	(97)
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	72		72	
Acquisition of Knightsbridge, net of cash acquired				(56)
Cash settlements on derivative instruments	3	12	63	(94)
Other acquisition and investing activities, net	(2)	6	(25)	1
Cash flows from/(used in) investing activities	**22**	**(10)**	**(113)**	**(246)**
Cash flows from financing activities				
Net decrease in short-term debt	(306)	(156)	(13)	(40)
Borrowings of long-term debt, net of issuance costs	494		494	498
Repayment of long-term debt			(316)	
Buyback of long-term debt	(362)		(362)	
Dividends paid to shareholders			(372)	(348)
Purchase of treasury shares		(93)	(20)	(225)
Other financing activities, net	1	1		1
Cash used in financing activities	**(173)**	**(248)**	**(589)**	**(114)**
Effect of exchange rate changes on cash	**17**	**9**	**1**	**20**
Net increase/(decrease) in cash and cash equivalents	**200**	**49**	**(14)**	**459**
Cash and cash equivalents:				
– Beginning of period [1]	923	1,088	1,137	678
– End of period	1,123	1,137	1,123	1,137

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