Adecco Group

Press Release

Adecco returns to growth in October

Improving revenue trends and strong profitability in Q3 2013

Q3 2013 HIGHLIGHTS

- Revenues flat in constant currency
- Gross margin of 18.7%, up 80 bps
- SG&A down 2% in constant currency and excluding restructuring costs
- EBITA[1] excluding restructuring costs of EUR 276 million
- EBITA margin excluding restructuring costs of 5.5%, positively impacted by a benefit of approximately 50 bps relating to prior periods
- Net income up 61%, basic EPS up 71%
- EUR 400 million share buyback programme completed, EUR 250 million new share buyback programme commenced during the quarter

Key figures Q3 2013

in EUR millions	reported	reported growth	constant currency growth
Revenues	5,033	-5%	0%
Gross profit	942	-1%	5%
EBITA excluding restructuring	276	19%	25%
EBITA	273	30%	38%
Operating income	263	33%	41%
Net income	191	61%	

Zurich, Switzerland, November 6, 2013: Adecco Group, the world's leading provider of Human Resources solutions, today announced results for Q3 2013. Revenues were EUR 5.0 billion, flat in constant currency compared to the same quarter last year. The gross margin was 18.7%, an increase of 80 bps. Continued strong cost control resulted in 2% lower SG&A, in constant currency and excluding restructuring costs. The EBITA margin excluding restructuring costs was 5.5%, positively impacted by a benefit of approximately 50 bps relating to prior periods. Net income was up 61% to EUR 191 million and basic EPS increased by 71% to EUR 1.06.

Patrick De Maeseneire, CEO of the Adecco Group said: *"We delivered a strong performance in the third quarter. With most European economies coming out of recession, we expect demand for flexible labour to increase. In Q3 2013 we returned to growth in many countries in Europe and the pick-up in Italy, Germany and Spain is especially encouraging. In France the rate of revenue decline reduced further, and North America continued to perform well. Price discipline and the business mix resulted in a solid gross margin and we further reduced SG&A year-on-year. This drove strong profitability. After the flat revenue development in the quarter, the Group returned to growth in October, both in constant currency. Given recent trends and more favourable economic conditions expected from the end of 2013, we remain convinced we will achieve our above 5.5% EBITA margin target by 2015."*

[1] EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

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Q3 2013 FINANCIAL PERFORMANCE

Revenues
Q3 2013 revenues of EUR 5.0 billion were down 5% year-on-year, or flat in constant currency. Currency fluctuations had a negative impact on revenues of approximately 5%. Permanent placement revenues amounted to EUR 79 million, flat in constant currency. Revenues from counter-cyclical Career Transition (outplacement) totalled EUR 66 million, up 6% in constant currency.

Gross Profit
Gross profit amounted to EUR 942 million and the gross margin was 18.7%, up 80 bps year-on-year. Temporary staffing had a 75 bps positive impact on the gross margin and the outplacement business added a further 5 bps. Permanent placement and other activities had a neutral effect. Reassessment of the French CICE resulted in an approximately 50 bps benefit to the temporary staffing gross margin in Q3 2013 relating to prior periods.

Selling, General and Administrative Expenses (SG&A)
SG&A was EUR 669 million, a 9% decrease compared to Q3 2012. Restructuring costs were EUR 3 million, compared to EUR 22 million in Q3 2012. SG&A excluding restructuring costs was down 2% in constant currency. Sequentially, SG&A was down 1% in constant currency and excluding restructuring costs. FTE employees declined by 5% (-1,700) and the branch network decreased by 7% (-370 branches), compared to Q3 2012. At the end of Q3 2013, the Adecco Group had over 31,000 FTE employees and operated a network of around 5,100 branches.

EBITA
EBITA was EUR 273 million and EBITA excluding restructuring costs was EUR 276 million. The EBITA margin excluding restructuring costs was 5.5% compared to 4.4% in Q3 2012. Approximately 50 bps of this year-on-year increase was due to reassessment of the French CICE relating to prior periods.

Amortisation of Intangible Assets
Amortisation of intangible assets was EUR 10 million.

Operating Income
Operating income was EUR 263 million.

Interest Expense and Other Income / (Expenses), net
Interest expense was EUR 20 million. Other income / (expenses), net was positive EUR 1 million in Q3 2013 compared to an expense of EUR 1 million in Q3 2012.

Provision for Income Taxes
The effective tax rate was 22%, compared to 33% in the prior year. In Q3 2013, the tax rate was positively impacted by the successful resolution of prior years' audits and tax disputes and the expiration of the statute of limitations in several jurisdictions.

Net Income attributable to Adecco shareholders and EPS
Net income attributable to Adecco shareholders was EUR 190 million, an increase of 61%. Basic EPS increased by 71% to EUR 1.06, reflecting net income growth and the impact of the share buyback programmes.

Cash flow, Net Debt[2] and DSO
Cash flow generated from operating activities was EUR 270 million in the first nine months of 2013, compared to EUR 284 million in the same period last year. In the first nine months of 2013, capital expenditure was EUR 53 million and the Group paid dividends of EUR 266 million and paid EUR 276 million for treasury shares. Net debt at September 30, 2013 was EUR 1,284 million, compared with EUR 972 million at December 31, 2012. DSO in Q3 2013 was 54 days, one day less than in Q3 2012.

[2] 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.

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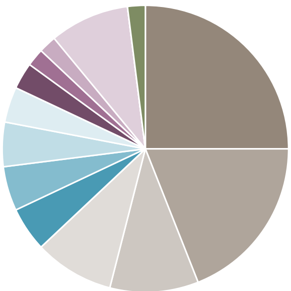
SEGMENT PERFORMANCE

Q3 2013

Revenues in percent



		Revenues EUR m	Revenues constant currency yoy growth	EBITA * EUR m	EBITA * margin
25%	France	**1,276**	-5%	**93**	7.3%
19%	North America	**950**	3%	**42**	4.4%
10%	UK & Ireland	**481**	1%	**10**	2.1%
9%	Germany & Austria	**435**	4%	**39**	9.0%
5%	Japan	**273**	-5%	**18**	6.5%
5%	Italy	**242**	8%	**17**	6.8%
5%	Benelux	**251**	3%	**14**	5.5%
4%	Nordics	**203**	-1%	**8**	4.3%
3%	Iberia	**173**	4%	**5**	3.1%
2%	Australia & New Zealand	**99**	-10%	**2**	2.3%
2%	Switzerland	**109**	-4%	**9**	8.6%
9%	Emerging Markets	**467**	8%	**18**	3.8%
2%	LHH	**74**	4%	**20**	27.2%
	Corporate			**(22)**	
	Adecco Group	**5,033**	0%	**273**	5.4%

* Including restructuring costs of EUR 1 million for France, EUR 1 million for the UK & Ireland and EUR 1 million for LHH.

In **France,** revenues of EUR 1.3 billion were down 5% year-on-year, with the gap to the market continuing to narrow. Permanent placement revenues were down 15%. EBITA was EUR 93 million, which includes restructuring costs of EUR 1 million. EBITA excluding restructuring costs was EUR 94 million, with the margin of 7.4% increasing by 330 bps year-on-year. Approximately 190 bps of the year-on-year increase in EBITA margin was due to reassessment of the French CICE relating to prior periods.

In **North America**, revenues were EUR 950 million, up 3% in constant currency. General Staffing revenues grew 1%, with solid growth in Industrial and a decline in Office, while Professional Staffing revenues grew by 3%, all in constant currency. Permanent placement revenues continued to develop well, up 20% in constant currency. EBITA was EUR 42 million. The EBITA margin was 4.4%, flat compared to the EBITA margin excluding restructuring costs of 4.4% in the prior year. Q3 2013 included an asset writedown, which negatively impacted the EBITA margin by 30 bps.

In the **UK & Ireland,** revenues were EUR 481 million, up 1% in constant currency. Permanent placement revenues were down 6% in constant currency. EBITA was EUR 10 million, impacted by restructuring costs of EUR 1 million. EBITA excluding restructuring costs was EUR 11 million, with the margin of 2.2% increasing by 150 bps year-on-year. Note that Q3 2012 was affected by the London Summer Olympics, with a benefit to revenues but a negative impact on profitability due to sponsorship costs.

In **Germany & Austria,** revenues were EUR 435 million, up 4% compared to Q3 2012. EBITA was EUR 39 million and the EBITA margin was 9.0%, compared to the Q3 2012 EBITA margin excluding restructuring costs of 8.5%.

In **Japan,** revenues were EUR 273 million, down 5% in constant currency. Despite the revenue decline, profitability improved further. EBITA was EUR 18 million and the EBITA margin was 6.5% compared to 6.1% in the prior year.

In **Italy,** revenues were up 8% with a strong EBITA margin of 6.8%, up 110 bps year-on-year. In the **Benelux,** revenues increased by 3% and the EBITA margin increased by 40 bps year-on-year to 5.5%. In the **Nordics,** revenues were down -1% in constant currency and the EBITA margin was 4.3% compared to 4.6% in Q3 2012.

In **Iberia,** revenues were up 4%. In **Australia & New Zealand,** revenues fell by 10% in constant currency. In **Switzerland**, revenues declined by 4% in constant currency.

In the **Emerging Markets**, revenue growth was 8% in constant currency, with a further acceleration of the strong growth seen in Eastern Europe. The EBITA margin was 3.8%, up 30 bps year-on-year.

Revenues of **LHH**, Adecco's Career Transition and Talent Development business, were up 4% in constant currency to EUR 74 million. EBITA was EUR 20 million, impacted by restructuring costs of EUR 1 million. EBITA excluding restructuring costs was EUR 21 million, with a margin of 27.7% compared to 24.3% in Q3 2012.

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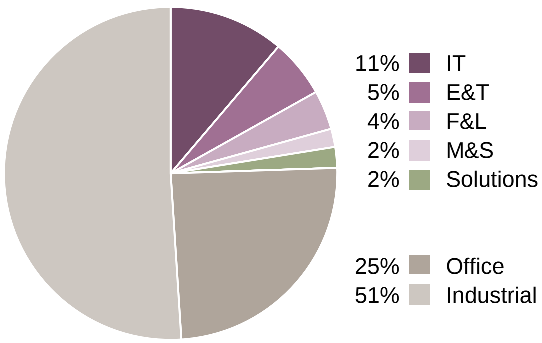
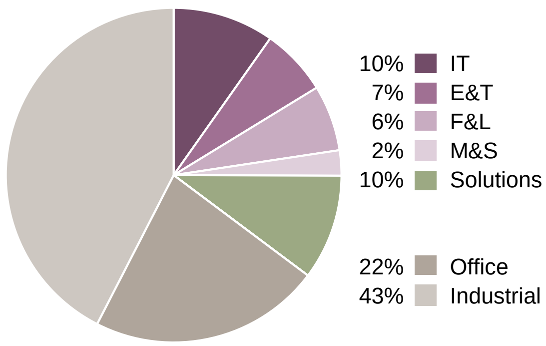
BUSINESS LINE PERFORMANCE

Q3 2013 Revenue split



Q3 2013 Gross profit split



In **General Staffing** (Office & Industrial), revenues were EUR 3.8 billion, flat in constant currency. In the **Industrial** business, revenues were up 1% in constant currency. In France, revenues declined by 4% while revenues grew in Germany & Austria by 5% and in Italy by 9%. North America revenues grew by 7% in constant currency. In the **Office** business, revenues were down 3% in constant currency. Revenues grew by 9% in Emerging Markets but were down 8% in Japan, down 5% in North America, down 12% in the UK & Ireland and down 4% in the Nordics, all in constant currency. In France, the decline was 8%.

Professional Staffing[3] revenues were EUR 1.1 billion, up 2% in constant currency. Revenues in North America were up 3%, in the UK & Ireland up 6% and in Japan up 5%, all in constant currency. Revenues fell by 7% in France and by 2% in Germany & Austria.

In **Information Technology (IT)**, revenues increased by 4% in constant currency. In North America, revenues grew by 5%, driven by the US IT Professional Staffing business which grew by 8%, both in constant currency. Revenues in the UK & Ireland were up 8% in constant currency.

Adecco's **Engineering & Technical (E&T)** business was flat in constant currency. In North America, revenues were up 2% in constant currency. In Germany & Austria revenues grew 1%, while in France revenues were up 11%. In the UK & Ireland revenues fell 23% in constant currency.

In **Finance & Legal (F&L)**, revenues were up 4% in constant currency. Revenues in North America grew by 4% and in the UK & Ireland by 7%, both in constant currency.

Medical & Science (M&S) revenues were down 11% in constant currency. North America declined by 2% and the Nordics declined by 3%, both in constant currency, while revenues in France were down 24%.

Solutions[4] continued to perform well, with 10% growth in constant currency. Revenue growth in MSP (Managed Service Programmes) and VMS (Vendor Management System) continued to be strong double-digit in constant currency.

[3] Professional Staffing refers to Adecco's Information Technology, Engineering & Technical, Finance & Legal, and Medical & Science businesses.
[4] Solutions include revenues from Career Transition & Talent Development (CTTD), Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and Vendor Management System (VMS).

Press Release

MANAGEMENT OUTLOOK

With most European economies coming out of recession, we expect demand for flexible labour to increase. We have returned to growth in many countries in Europe and the pick-up in Italy, Germany and Spain is especially encouraging. In France the rate of revenue decline has reduced further and North America continues to perform well. Emerging Markets again delivered high-single-digit growth with a further acceleration in Eastern Europe. In constant currency and adjusted for trading days, we exited the quarter with revenues in September down 1% and the Group returned to growth in October.

Given these trends, we maintain our price discipline and cost control. At the same time, we continue to invest in organic growth opportunities and the consolidation of our IT platforms, whilst focusing on our strategic priorities. SG&A in Q4 2013 is expected to increase slightly compared to Q3 2013 on a constant currency basis and before one-off costs. As announced in March this year, we plan to invest a total of EUR 30 million in 2013 to further optimise the cost base, of which EUR 16 million was invested in the first 9 months of the year.

We continue to be very focused on reaching our EBITA margin target of above 5.5%. Given recent trends and more favourable economic conditions expected from the end of 2013, we remain convinced we will achieve this target by 2015.

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Q3 2013 Results Conference Calls

There will be a media conference call at 9 am CET as well as an analyst conference call at 11 am CET, details of which can be found in the Investor Relations section on our website.

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Financial Agenda

• Q4/FY 2013 results	March 12, 2014
• Annual General Meeting	April 15, 2014
• Q1 2014 results	May 8, 2014
• Q2/HY 2014 results	August 7, 2014
• Q3 2014 results	November 6, 2014

Forward-looking statements

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

About the Adecco Group

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

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

Adecco Group

Press Release (Annexes)

Consolidated statements of operations
(unaudited)

EUR millions except share and per share amounts	Q3 2013	Q3 2012	Variance % EUR	Variance % Constant Currency	9M 2013	9M 2012	Variance % EUR	Variance % Constant Currency
Revenues	5,033	5,279	-5%	0%	14,520	15,509	-6%	-4%
Direct costs of services	(4,091)	(4,332)			(11,873)	(12,729)		
Gross profit	**942**	**947**	-1%	5%	**2,647**	**2,780**	-5%	-2%
Gross margin	*18.7%*	*17.9%*			*18.2%*	*17.9%*		
Selling, general, and administrative expenses	(669)	(737)	-9%	-4%	(2,047)	(2,203)	-7%	-4%
As a percentage of revenues	*13.3%*	*14.0%*			*14.1%*	*14.2%*		
Amortisation of intangible assets	(10)	(13)			(31)	(40)		
Operating income	**263**	**197**	33%	41%	**569**	**537**	6%	10%
Operating income margin	*5.2%*	*3.7%*			*3.9%*	*3.5%*		
Interest expense	(20)	(19)			(58)	(56)		
Other income / (expenses), net	1	(1)			(1)	(12)		
Income before income taxes	**244**	**177**	38%		**510**	**469**	9%	
Provision for income taxes	(53)	(59)			(126)	(126)		
Net income	**191**	**118**	61%		**384**	**343**	12%	
Net income attributable to noncontrolling interests	(1)				(1)	(1)		
Net income attributable to Adecco shareholders	**190**	**118**	61%		**383**	**342**	12%	
Net income margin attributable to Adecco shareholders	*3.8%*	*2.2%*			*2.6%*	*2.2%*		
Basic earnings per share	**1.06**	**0.62**			**2.11**	**1.81**		
Basic weighted-average shares	179,083,505	188,922,152			181,240,088	189,071,270		
Diluted earnings per share	**1.06**	**0.62**			**2.11**	**1.81**		
Diluted weighted-average shares	179,382,718	189,095,960			181,475,077	189,197,877		

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Press Release (Annexes)

Revenues and operating income by segment

(unaudited)

EUR millions	Q3 2013	Q3 2012	Variance %		9M 2013	9M 2012	Variance %	
			EUR	Constant Currency			EUR	Constant Currency
Revenues								
France[1]	1,276	1,343	-5%	-5%	3,531	3,979	-11%	-11%
North America[2]	950	977	-3%	3%	2,798	2,853	-2%	0%
UK & Ireland	481	517	-7%	1%	1,406	1,446	-3%	2%
Germany & Austria	435	418	4%	4%	1,195	1,204	-1%	-1%
Japan	273	379	-28%	-5%	848	1,189	-29%	-12%
Italy	242	223	8%	8%	705	700	1%	1%
Benelux	251	245	3%	3%	677	697	-3%	-3%
Nordics	203	215	-6%	-1%	608	623	-2%	-2%
Iberia	173	166	4%	4%	485	497	-2%	-2%
Australia & New Zealand	99	132	-25%	-10%	334	398	-16%	-10%
Switzerland	109	117	-7%	-4%	301	325	-7%	-6%
Emerging Markets[1]	467	471	-1%	8%	1,396	1,365	2%	7%
LHH	74	76	-2%	4%	236	233	2%	4%
Adecco Group[2]	**5,033**	**5,279**	**-5%**	**0%**	**14,520**	**15,509**	**-6%**	**-4%**
Operating income								
France[1]	93	36	164%	164%	161	103	57%	57%
North America	42	41	0%	6%	123	124	-1%	1%
UK & Ireland	10	4	173%	194%	26	18	47%	51%
Germany & Austria	39	35	13%	13%	72	78	-8%	-8%
Japan	18	23	-24%	0%	49	71	-31%	-15%
Italy	17	13	31%	31%	44	39	14%	14%
Benelux	14	12	11%	11%	23	27	-16%	-16%
Nordics	8	10	-13%	-9%	16	23	-29%	-28%
Iberia	5	5	8%	8%	13	15	-14%	-14%
Australia & New Zealand	2	3	-35%	-22%	7	13	-45%	-41%
Switzerland	9	16	-41%	-39%	23	32	-26%	-25%
Emerging Markets[1]	18	16	5%	14%	46	45	0%	4%
LHH	20	19	10%	18%	65	61	7%	10%
Corporate	(22)	(23)			(68)	(72)		
EBITA[3]	**273**	**210**	**30%**	**38%**	**600**	**577**	**4%**	**8%**
Amortisation of intangible assets	(10)	(13)			(31)	(40)		
Adecco Group	**263**	**197**	**33%**	**41%**	**569**	**537**	**6%**	**10%**

1) As of January 2013, Morocco and Tunisia, previously within France, are reported under Emerging Markets. The 2012 information has been restated to conform to the current year presentation.

2) In 9M 2013 revenues changed organically in North America by 3% and Adecco Group by -3%. Organic growth is a non US GAAP measure and excludes the impact of currency, acquisitions and divestitures.

3) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

Adecco Group

Press Release (Annexes)

Revenues by business line

(unaudited)

EUR millions	Q3 2013	Q3 2012	Variance %		9M 2013	9M 2012	Variance %	
Revenues[1]			EUR	Constant Currency			EUR	Constant Currency
Office[2]	1,233	1,395	-12%	-3%	3,697	4,117	-10%	-5%
Industrial	2,568	2,593	-1%	1%	7,135	7,552	-6%	-5%
General Staffing	**3,801**	**3,988**	**-5%**	**0%**	**10,832**	**11,669**	**-7%**	**-5%**
Information Technology	564	596	-5%	4%	1,675	1,792	-7%	-2%
Engineering & Technical	285	302	-5%	0%	857	878	-2%	1%
Finance & Legal	192	194	-1%	4%	565	572	-1%	1%
Medical & Science	89	101	-13%	-11%	278	301	-8%	-7%
Professional Staffing[2]	**1,130**	**1,193**	**-5%**	**2%**	**3,375**	**3,543**	**-5%**	**-1%**
Solutions	**102**	**98**	**4%**	**10%**	**313**	**297**	**5%**	**8%**
Adecco Group[2]	**5,033**	**5,279**	**-5%**	**0%**	**14,520**	**15,509**	**-6%**	**-4%**

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

2) In 9M 2013 revenues changed organically in Office by -4%, Information Technology by 2%, Professional Staffing by 0% and Adecco Group by -3%. Organic growth is a non US GAAP measure and excludes the impact of currency, acquisitions and divestitures.

Adecco Group

Press Release (Annexes)

Consolidated balance sheets

EUR millions	September 30 2013 *(unaudited)*	December 31 2012
Assets		
Current assets:		
– Cash and cash equivalents	816	1,103
– Short-term investments		2
– Trade accounts receivable, net	3,628	3,492
– Other current assets	288	308
Total current assets	**4,732**	**4,905**
Property, equipment, and leasehold improvements, net	252	291
Other assets	407	331
Intangible assets, net	528	570
Goodwill	3,441	3,517
Total assets	**9,360**	**9,614**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	3,444	3,332
– Short-term debt and current maturities of long-term debt	532	541
Total current liabilities	**3,976**	**3,873**
Long-term debt, less current maturities	1,568	1,536
Other liabilities	373	506
Total liabilities	**5,917**	**5,915**
Shareholders' equity		
Adecco shareholders' equity:		
– Common shares	118	118
– Additional paid-in capital	1,348	1,616
– Treasury shares, at cost	(444)	(175)
– Retained earnings	2,677	2,294
– Accumulated other comprehensive income/(loss), net	(260)	(157)
Total Adecco shareholders' equity	**3,439**	**3,696**
Noncontrolling interests	4	3
Total shareholders' equity	**3,443**	**3,699**
Total liabilities and shareholders' equity	**9,360**	**9,614**

Adecco Group

Press Release (Annexes)

Consolidated statements of cash flows

(unaudited)

EUR millions	9M 2013	9M 2012
Cash flows from operating activities		
Net income	384	343
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	107	119
– Other charges	20	56
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	(235)	(107)
– Accounts payable and accrued expenses	110	(51)
– Other assets and liabilities	(116)	(76)
Cash flows from operating activities	**270**	**284**
Cash flows from investing activities		
Capital expenditures	(53)	(71)
Acquisition of VSN, net of cash acquired		(87)
Cash settlements on derivative instruments	29	4
Other acquisition and investing activities	1	(10)
Cash used in investing activities	**(23)**	**(164)**
Cash flows from financing activities		
Net increase/(decrease) in short-term debt	(20)	29
Repayment of long-term debt	(345)	(49)
Borrowings of long-term debt, net of issuance costs	398	599
Dividends paid to shareholders	(266)	(256)
Purchase of treasury shares, net of disposals	(276)	(57)
Other financing activities	(1)	2
Cash flows from/(used in) financing activities	**(510)**	**268**
Effect of exchange rate changes on cash	**(24)**	**(14)**
Net increase/(decrease) in cash and cash equivalents	**(287)**	**374**
Cash and cash equivalents:		
– Beginning of year	1,103	532
– End of period	816	906