MOMENTUM CONTINUES IN Q1 2017

Solid Q1 2017 results, with strong productivity and cash flow generation

Summary and highlights

- Revenue growth momentum maintained at 6% organically[1] and trading days adjusted, the same as in Q4 2016
- Gross margin 18.8%, down 20 bps
- Strong productivity, with FTE employees up only 1% and SG&A excluding one-offs[2] up 2%, both organically
- EBITA[3] margin excluding one-offs up 50 bps to 4.8% while continuing to invest for the future
- Net income attributable to Adecco Group shareholders EUR 176 million
- Strong cash flow generation and healthy balance sheet, with 0.7x net debt[4] to EBITDA excluding one-offs[5]
- Further deployment of our digital strategy, with the launch of Adia, an end-to-end online staffing model
- Revenues in March and April 2017 up 5-6%, organically and trading days adjusted

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"In Q1 2017, The Adecco Group maintained its positive momentum, thanks to our more than 33,000 colleagues and over 700,000 associates around the world. In Q1 2017, every one of our regional business segments delivered positive revenue growth, organically and trading days adjusted. Reflecting our focus on driving productivity, our 6% underlying revenue growth was delivered with an increase of only 1% in FTE employees. And importantly, we converted our strong profit growth into excellent cash flow.

Our strategic agenda is to Perform, Transform, and Innovate. Alongside driving our operating performance in the first quarter, we are continuing to transform and innovate to capture the opportunities we see in the evolving world of work. We are excited to announce today the launch of our digital Adia brand as part of the deployment of our digital strategy. Adia is an end-to-end online staffing model targeting hospitality and events candidate profiles for the SME segment. Developed in close collaboration with Infosys, Adia is a great example of our strategy to co-create new solutions with leading technology partners, in order to realise our vision of the future of work."

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 Q1 2017, SG&A included one-offs of EUR 3 million.
[3] EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.
[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	Q1 2017	Q1 2016	Change % Reported	Change % Organic
Summary of income statement information				
Revenues	**5,730**	5,332	7%	7%[6]
Gross profit	**1,078**	1,011	7%	6%
EBITA excluding one-offs	**273**	228	20%	19%
EBITA	**270**	228	19%	18%
Net income attributable to Adecco Group shareholders	**176**	144	22%	
Diluted EPS (EUR)	**1.03**	0.85	22%	
Gross margin	**18.8%**	19.0%	(20) bps	(20) bps
EBITA margin excluding one-offs	**4.8%**	4.3%	50 bps	50 bps
EBITA margin	**4.7%**	4.3%	40 bps	40 bps
Summary of cash flow and net debt information				
Free cash flow[7] before interest and tax paid (FCFBIT)	**127**	(24)		
Free cash flow (FCF)	**99**	(56)		
Net debt	**823**	1,209		
Days sales outstanding	**51**	52		
Cash conversion[8]	**92%**	78%		
Net debt to EBITDA excluding one-offs	**0.7x**	1.0x		

[6] In Q1 2017, organic revenue growth was 7%, or 6% trading days adjusted.

[7] Free cash flow is a non-US GAAP measure and comprises cash flows from operating activities less capital expenditures.

[8] Cash conversion is a non-US GAAP measure and is calculated as the last 4 quarters of FCFBIT divided by the last 4 quarters of EBITA excluding one-offs.

Q1 2017 financial performance

Group performance overview

Revenue growth was maintained at 6% in Q1 2017, the same as in Q4 2016, organically and trading days adjusted. Growth was driven in particular by strength in Italy and by a continuation of the market improvement in France that started in H2 2016. Gross margin declined by 20 bps, which includes a positive impact from the timing of bank holidays. The underlying decline in temporary staffing gross margin in Q1 was approximately 40 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. This helped to drive a 50 bps increase in EBITA margin excluding one-offs. Cash generation in Q1 2017 was strong, with cash from operating activities of EUR 115 million, and DSO improved to 51 days from 52 days in Q1 2016.

Revenues

Q1 2017 revenues were EUR 5,730 million, an organic increase of 7% or 6% trading days adjusted. Currency fluctuations and acquisitions/divestments both had a negligible impact on revenues compared to last year. By business line, revenues grew organically by 8% in General Staffing and by 4% in Professional Staffing. Permanent placement revenues were EUR 121 million, up 6% organically. Revenues from career transition totalled EUR 104 million, up 3% organically compared to the prior year.

Gross Profit

Gross profit amounted to EUR 1,078 million, up 7% on a reported basis and up 6% organically. The gross margin was 18.8%, down 20 bps compared to Q1 2016. 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 20 bps. The temporary staffing gross margin was down 20 bps organically, which was a function of: (i) an underlying decline of approximately 40 bps, split equally between pricing and mix effects; (ii) a positive impact of approximately 40 bps from the more favourable timing of bank holidays in 2017; and (iii) a negative impact of approximately 20 bps from the absence of favourable items that had boosted Q1 2016. Career transition had a 10 bps negative impact on the overall gross margin compared to the prior year, permanent placement had a neutral 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 excluding one-offs was EUR 805 million, flat sequentially and up 2% compared to the prior year, both organically. In Q1 2017, one-offs comprised restructuring costs of EUR 1 million in North America, UK & Ireland General Staffing and EUR 2 million in North America, UK & Ireland Professional Staffing. Reported SG&A was EUR 808 million in Q1 2017. Productivity in Q1 2017 was strong, with FTE employees up 1% year-on-year and branches down 3%, both organically.

EBITA

EBITA was EUR 270 million. EBITA excluding one-offs was EUR 273 million, up 19% organically. The EBITA margin excluding one-offs was up 50 bps to 4.8%, driven by the favourable timing of bank holidays and the strong productivity.

Amortisation of Intangible Assets and Impairment of Goodwill

Amortisation of intangible assets was EUR 7 million compared to EUR 9 million in Q1 2016.

Operating Income

Operating income was EUR 263 million compared to EUR 219 million in Q1 2016.

Interest Expense and Other Income/(Expenses), net

Interest expense was EUR 13 million compared to EUR 15 million in Q1 2016. Other income/(expenses), net was zero in Q1 2017 and in Q1 2016.

Provision for Income Taxes

In Q1 2017, the effective tax rate was 29%, the same as in Q1 2016.

Net Income Attributable to Adecco Group Shareholders and EPS

Net income attributable to Adecco Group shareholders was EUR 176 million compared to EUR 144 million in Q1 2016. Basic EPS was EUR 1.03 compared to EUR 0.85 in Q1 2016.

Cash Flow and Net Debt

Cash flow from operating activities was EUR 115 million in Q1 2017 compared to cash used in operating activities of EUR 42 million in Q1 2016. DSO was 51 days in Q1 2017, one day less than in Q1 2016. In Q1 2017, capex was EUR 16 million compared to EUR 14 million in the same period last year. Net debt was EUR 823 million at 31 March 2017 compared to EUR 887 million at 31 December 2016. At 31 March 2017, net debt to EBITDA excluding one-offs was 0.7x.

Q1 2017 segment operating performance

Revenues and revenue growth

In EUR millions unless stated	Revenues		Variance			% of revenues
	Q1 2017	Q1 2016	Reported	Organic	Organic TDA[9]	Q1 2017
France	1,197	1,105	8%	8%	8%	21%
N. America, UK & I. General Staffing	764	744	3%	4%	3%	13%
N. America, UK & I. Professional Staffing	968	950	2%	3%	3%	17%
Germany, Austria, Switzerland	539	509	6%	5%	1%	9%
Benelux and Nordics	483	436	11%	8%	4%	9%
Italy	408	319	28%	28%	26%	7%
Japan	327	300	9%	3%	3%	6%
Iberia	243	220	10%	10%	6%	4%
Rest of World	684	643	6%	8%	5%	12%
Lee Hecht Harrison	117	106	11%	1%	1%	2%
Adecco Group	**5,730**	**5,332**	**7%**	**7%**	**6%**	100%

[9] TDA = trading days adjusted

EBITA and EBITA margin excluding one-offs

In EUR millions unless stated	EBITA excluding one-offs		EBITA margin excluding one-offs			% of EBITA[10]
	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Variance	Q1 2017
France	72	63	6.0%	5.7%	30 bps	23%
N. America, UK & I. General Staffing	24	26	3.2%	3.4%	(20) bps	7%
N. America, UK & I. Professional Staffing	54	51	5.6%	5.4%	20 bps	17%
Germany, Austria, Switzerland	30	19	5.5%	3.7%	180 bps	10%
Benelux and Nordics	17	10	3.6%	2.2%	140 bps	6%
Italy	29	23	7.0%	7.0%	0 bps	9%
Japan	24	20	7.4%	6.7%	70 bps	8%
Iberia	10	7	3.9%	3.4%	50 bps	3%
Rest of World	20	16	3.0%	2.5%	50 bps	6%
Lee Hecht Harrison	34	33	29.1%	31.5%	(240) bps	11%
Corporate	(41)	(40)				
Adecco Group	**273**	**228**	**4.8%**	**4.3%**	**50 bps**	100%

[10] % 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 1,197 million, up 8%. Revenues increased by 9% in General Staffing, which accounts for over 90% of revenues, and grew by 1% 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 10%. EBITA was EUR 72 million. The EBITA margin was 6.0%, up 30 bps or up 90 bps underlying compared to the prior year. In Q1 2016, the EBITA margin of 5.7% included a favourable item related to prior years social security charges, which added approximately 60 bps to the EBITA margin.

In **North America, UK & Ireland General Staffing**, revenues were EUR 764 million, up 4% or up 3% trading days adjusted. North America General Staffing accounts for approximately 75% of revenues, and was flat, as growth at large customers was offset by a softer development amongst smaller clients. UK & Ireland General Staffing represents approximately 25% of revenues, and was up 16%, with strong growth in retail and in local government. Permanent placement revenues increased by 6% in North America General Staffing and declined by 8% in UK & Ireland General

Staffing. Overall EBITA excluding one-offs was EUR 24 million with a margin of 3.2%, compared to the EBITA margin of 3.4% in Q1 2016.

In North America, UK & Ireland Professional Staffing, revenues were EUR 968 million, up 3%. North America Professional Staffing represents approximately 65% of revenues and was up 2%. Growth was driven by good demand in Medical & Science and Engineering & Technical, partly offset by declines in IT and in Finance & Legal. UK & Ireland Professional Staffing represents approximately 35% of revenues and was up 5%, driven by the continued positive impact of prior year client wins. Permanent placement revenues declined by 4% in North America Professional Staffing and by 16% in UK & Ireland Professional Staffing. Overall EBITA excluding one-offs was EUR 54 million with a margin of 5.6%, up 20 bps compared to the EBITA margin of 5.4% in Q1 2016.

In Germany, Austria, Switzerland, revenues were EUR 539 million, up 5% or up 1% trading days adjusted. In Germany & Austria, revenues were up 4% or flat trading days adjusted. In Switzerland, revenues grew by 9% or by 8% trading days adjusted. For the region, EBITA was EUR 30 million, with an EBITA margin of 5.5%. This is an increase of 180 bps compared to Q1 2016, as the favourable impact of the timing of bank holidays more than offset the negative impact from higher sickness rates during the quarter.

In Benelux and Nordics, revenues were EUR 483 million, an increase of 8% or 4% trading days adjusted. In the Nordics, revenues were up 12% or up 6% trading days adjusted, led by strong growth in Sweden and Norway. Revenues in Benelux were up 6% or up 2% trading days adjusted. In Belgium we continued to deliver broad-based growth, and in the Netherlands our revenue growth improved thanks to a strong sequential development. In Benelux and Nordics, the EBITA margin was up 140 bps to 3.6% positively impacted by the timing of bank holidays.

In Italy, revenues were EUR 408 million, up 28% or up 26% trading days adjusted. EBITA was EUR 29 million and the EBITA margin was 7.0%, the same as in Q1 2016.

In Japan, revenues were up 3% to EUR 327 million, with good growth in professional staffing. EBITA was EUR 24 million and the EBITA margin was 7.4%. This is an increase of 70 bps compared to the prior year, partly driven by the phasing of profitability in our outsourcing business, which is expected to reverse in Q2 2017.

In Iberia, revenues were EUR 243 million, up 10% or up 6% trading days adjusted. The EBITA margin was up 50 bps year-on-year to 3.9%, driven by good cost development.

In Rest of World, revenues grew by 8% or by 5% trading days adjusted to EUR 684 million. Revenue growth was 4% in Australia & New Zealand, 9% in Latin America, 8% in Eastern Europe & MENA, 8% in Asia, and 9% in India. For the region, the EBITA margin was 3.0%, up 50 bps compared to 2.5% last year.

In Lee Hecht Harrison, the global leader in Career Transition and Talent Development, revenues were EUR 117 million. Revenues increased by 8% in constant currency following the acquisition of Penna in May 2017. Organically revenues were up 1%, with growth in the USA and the UK partially offset by declines in France and Canada. The EBITA margin was 29.1% compared to 31.5% in the prior year, negatively affected by the mix impact from the consolidation of Penna.

Launch of digital Adia brand

From its founding in Switzerland 60 years ago, Adia was one of the pioneers of the temporary staffing industry and a key building block in making The Adecco Group the global leader in workforce solutions. Today, the launch of the new digital Adia brand is a building block in making The Adecco Group the leader in digital workforce solutions of the future. The new Adia is a 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.

The launch of Adia reflects both our clear vision of the future of work, and our strategy to work with the best minds and ideas to co-create new solutions with leading technology partners. Adia has been developed in close collaboration with

Infosys, a global leader in technology services. After a successful pilot phase, Adia has been launched in 5 cities across Switzerland, with a multi-country roll-out plan for the coming quarters.

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 30 April 2017, The Adecco Group has acquired 459,700 shares under this programme for EUR 31 million.

Management outlook

In Q1 2017, revenue growth was 6%, a continuation of the 6% growth achieved in the previous quarter, organically and trading days adjusted. Positive momentum continued in March and April 2017, with a growth rate of 5-6%, 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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Q1 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 Q1 2017 results presentation will be available through the webcasts and will be published on the Investor Relations section on our website.

Financial Agenda

- Q2 2017 results 10 August 2017
- Investor Day, London 22 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 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	Q1		Variance %	
EUR millions	2017	2016	EUR	Constant currency
France	1,197	1,105	8%	8%
N. America, UK & I. General Staffing	764	744	3%	4%
N. America, UK & I. Professional Staffing[1]	968	950	2%	5%
Germany, Austria, Switzerland	539	509	6%	5%
Benelux and Nordics[1]	483	436	11%	10%
Italy	408	319	28%	28%
Japan	327	300	9%	3%
Iberia	243	220	10%	10%
Rest of World[1]	684	643	6%	4%
Lee Hecht Harrison[1]	117	106	11%	8%
Adecco Group	**5,730**	**5,332**	**7%**	**7%**

Revenues by business line[2]	Q1		Variance %	
EUR millions	2017	2016[3]	EUR	Constant currency
Office[4]	1,459	1,287	13%	12%
Industrial	2,763	2,606	6%	6%
General Staffing	**4,222**	**3,893**	**8%**	**8%**
Information Technology	667	649	3%	7%
Engineering & Technical	290	271	7%	5%
Finance & Legal[4]	254	243	4%	5%
Medical & Science	135	116	16%	14%
Professional Staffing[4]	**1,346**	**1,279**	**5%**	**7%**
CTTD[4]	117	106	11%	8%
BPO	45	54	-17%	-18%
Solutions[4]	**162**	**160**	**1%**	**-1%**
Adecco Group	**5,730**	**5,332**	**7%**	**7%**

1) In Q1 2017 revenues changed organically in UNAM Professional Staffing by 3%, in Benelux and Nordics by 8%, in Rest of World by 8%, and in Lee Hecht Harrison by 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.

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

4) In Q1 2017 revenues changed organically in Office by 14%, in Finance & Legal by -6%, in Professional Staffing by 4%, in CTTD by 1%, and in Solutions by 4%.

EBITA[1)] and EBITA margin by segment

EBITA EUR millions	Q1 2017	Q1 2016	Variance % EUR	Variance % Constant currency
France	72	63	14%	14%
N. America, UK & I. General Staffing	23	26	-8%	-9%
N. America, UK & I. Professional Staffing	52	51	3%	3%
Germany, Austria, Switzerland	30	19	57%	57%
Benelux and Nordics	17	10	77%	79%
Italy	29	23	28%	28%
Japan	24	20	20%	14%
Iberia	10	7	29%	29%
Rest of World	20	16	24%	29%
Lee Hecht Harrison	34	33	2%	0%
Corporate	(41)	(40)		
Adecco Group	**270**	**228**	**19%**	**18%**

EBITA margin	Q1 2017	Q1 2016	Variance bps
France	6.0%	5.7%	30
N. America, UK & I. General Staffing	3.1%	3.4%	(30)
N. America, UK & I. Professional Staffing	5.5%	5.4%	10
Germany, Austria, Switzerland	5.5%	3.7%	180
Benelux and Nordics	3.6%	2.2%	140
Italy	7.0%	7.0%	0
Japan	7.4%	6.7%	70
Iberia	3.9%	3.4%	50
Rest of World	3.0%	2.5%	50
Lee Hecht Harrison	29.1%	31.5%	(240)
Adecco Group	**4.7%**	**4.3%**	**40**

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	Q1 2017	Q1 2016	Variance % EUR	Variance % Constant currency
Revenues	**5,730**	**5,332**	**7%**	**7%**
Direct costs of services	(4,652)	(4,321)		
Gross profit	**1,078**	**1,011**	**7%**	**6%**
Selling, general, and administrative expenses	(808)	(783)	3%	2%
EBITA[1)]	**270**	**228**	**19%**	**18%**
Amortisation of intangible assets	(7)	(9)		
Operating income	**263**	**219**	**20%**	**20%**
Interest expense	(13)	(15)		
Other income/(expenses), net				
Income before income taxes	**250**	**204**	**23%**	
Provision for income taxes	(73)	(59)		
Net income	**177**	**145**	**22%**	
Net income attributable to noncontrolling interests	(1)	(1)		
Net income attributable to Adecco Group shareholders	**176**	**144**	**22%**	
Basic earnings per share[2)]	**1.03**	**0.85**	**22%**	
Diluted earnings per share[3)]	**1.03**	**0.85**	**22%**	
Gross margin	*18.8%*	*19.0%*		
SG&A as a percentage of revenues	*14.1%*	*14.7%*		
EBITA margin	*4.7%*	*4.3%*		
Operating income margin	*4.6%*	*4.1%*		
Net income margin attributable to Adecco Group shareholders	*3.1%*	*2.7%*		

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 170,157,638 in Q1 2017 (170,162,933 in Q1 2016).

3) Diluted weighted-average shares were 170,478,401 in Q1 2017 (170,353,749 in Q1 2016).

Consolidated balance sheets

EUR millions	31 March 2017	31 December 2016
Assets		
Current assets:		
– Cash and cash equivalents	1,188	1,123
– Short-term investments	7	5
– Trade accounts receivable, net	4,285	4,268
– Other current assets	252	214
Total current assets	**5,732**	**5,610**
Property, equipment, and leasehold improvements, net	169	167
Equity method investments	191	189
Other assets	611	554
Intangible assets, net	517	528
Goodwill	3,039	3,051
Total assets	**10,259**	**10,099**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	4,039	4,031
– Short-term debt and current maturities of long-term debt	347	345
Total current liabilities	**4,386**	**4,376**
Long-term debt, less current maturities	1,671	1,670
Other liabilities	343	331
Total liabilities	**6,400**	**6,377**
Shareholders' equity		
Adecco Group shareholders' equity:		
– Common shares	106	106
– Additional paid-in capital	569	581
– Treasury shares, at cost	(57)	(40)
– Retained earnings	3,234	3,058
– Accumulated other comprehensive income/(loss), net	(1)	10
Total Adecco Group shareholders' equity	**3,851**	**3,715**
Noncontrolling interests	8	7
Total shareholders' equity	**3,859**	**3,722**
Total liabilities and shareholders' equity	**10,259**	**10,099**

Consolidated statements of cash flows

EUR millions	Q1 2017	Q1 2016[1]
Cash flows from operating activities		
Net income	177	145
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	26	30
– Other charges	13	
Changes in operating assets and liabilities, net of acquisitions and divestitures:		
– Trade accounts receivable	(15)	10
– Accounts payable and accrued expenses	11	(147)
– Other assets and liabilities	(97)	(80)
Cash flows from/(used in) operating activities	**115**	**(42)**
Cash flows from investing activities		
Capital expenditures	(16)	(14)
Penna acquisition - cash in escrow		(135)
Cash settlements on derivative instruments	(7)	51
Other acquisition and investing activities, net	(5)	(1)
Cash used in investing activities	**(28)**	**(99)**
Cash flows from financing activities		
Net increase in short-term debt	1	4
Repayment of long-term debt		(316)
Purchase of treasury shares	(27)	(20)
Other financing activities, net		(1)
Cash used in financing activities	**(26)**	**(333)**
Effect of exchange rate changes on cash	**4**	**(15)**
Net increase/(decrease) in cash and cash equivalents	**65**	**(489)**
Cash and cash equivalents:		
– Beginning of period	1,123	1,137
– End of period	1,188	648

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