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THE ADECCO GROUP



# Investor Presentation

September 2020

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- The Adecco Group at a glance
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THE ADECCO GROUP

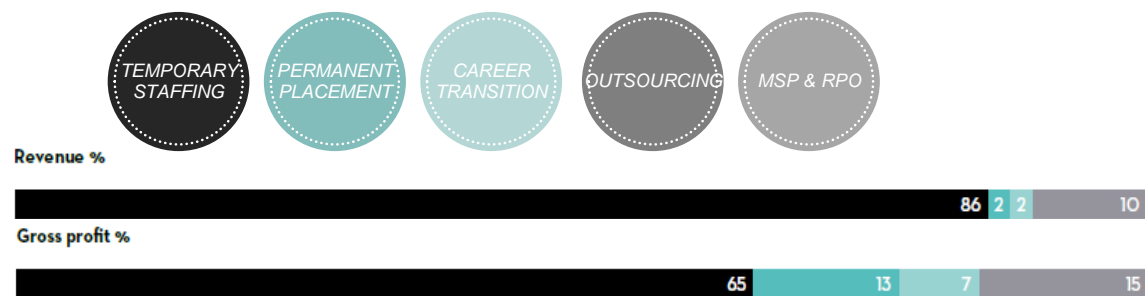


# The Adecco Group at a glance



# The Adecco Group at a glance

## OUR SERVICE LINES



## OUR BRANDS

### Workforce Solutions

**Adecco**

Revenues

**75%**

**Adia**

Gross profit

**59%**

### Professional Solutions

**modis**

**BADENOCH  
CLARK**

Revenues

**22%**

**Spring**  
Professional



**VETTERY**

Gross profit

**28%**

### Talent Solutions

**LHH**

**GENERAL ASSEMBLY**

Revenues

**3%**

**pontoon**

Gross profit

**13%**

## OUR GLOBAL FOOTPRINT

Approximately

**35,000**

full-time equivalent  
employees

More than

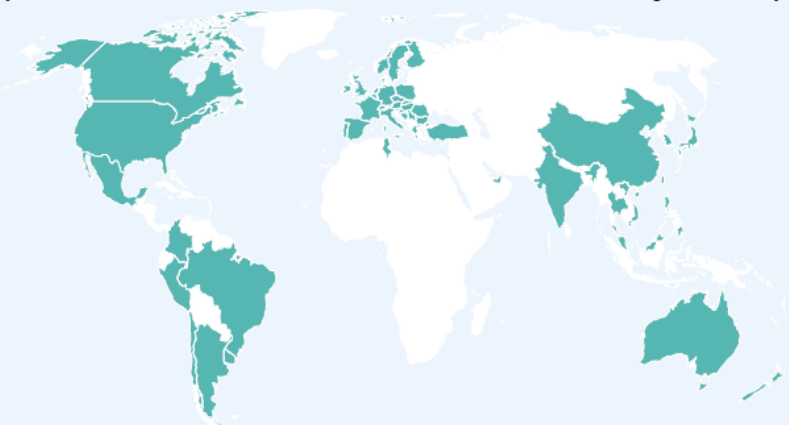
**100,000**

clients

Over

**600,000**

associates on  
assignment daily



### Contribution to Group revenues

Europe

**61%**

North America

**19%**

Japan and  
Rest of World

**18%**

Talent Development  
& Career Transition<sup>1</sup>

**2%**

#### Europe

France – 23%  
UK & Ireland – 9%  
Germany, Austria,  
Switzerland – 8%

Benelux & Nordics – 8%  
Italy – 8%  
Iberia – 5%

#### Japan & ROW

Japan – 6%  
Latin America – 4%  
Eastern Europe &  
MENA – 3%

Asia – 2%  
Australia & New  
Zealand – 2%  
India – 1%

<sup>1</sup> Talent Development & Career Transition is managed as a global business line.



THE ADECCO GROUP

# Our investment story



# Our investment story



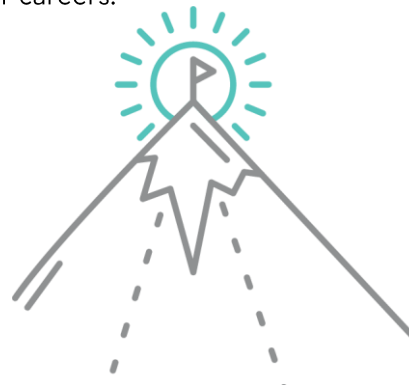
Employees will work when, where and how they wish, doing the work that matches their skills, interests and compensation needs.

Employers will hire workers to meet carefully defined needs, through a broad range of relationships across all skill levels.

The Adecco Group is taking the lead in this transformation

We are reshaping the world of work, reinventing existing ways of operating, and developing and acquiring new capabilities.

We provide innovative solutions that enable employers to flexibly manage their workforces and employees to flexibly manage their careers.



New employment models bring exciting growth opportunities

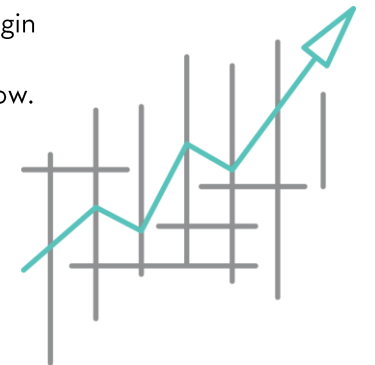
We are the leading provider of workforce solutions, yet we have less than a 2% share of the total addressable market for flexible and permanent HR solutions.

Strengthening and expanding our service offerings will allow us to grow our market share. Digital investments raise barrier-to-entry and increase economies of scale.

Higher value, lower costs and less capital will drive shareholder returns

By combining data, technology and talent, we increase our value to clients and candidates and strengthen our competitive position.

Digitising our processes reduces our cost-to-serve, and improves our capital efficiency. This will help us to expand our operating margin and generate strong cash flow.

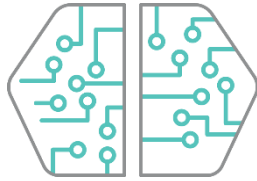


# Megatrends are reshaping the world of work



## Geopolitical & economic uncertainty

Organisations recognise that flexibility and agility are the key to prospering in an uncertain and fast-changing world. Having the right skills 'on-demand' is becoming the new normal.



## Automation, AI & machine learning

Combining automation with flexible HR solutions will drive a step change in productivity, for our clients and for the Adecco Group.



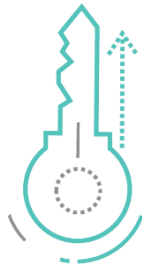
## Digitisation, big data & analytics

New distribution channels and data-driven business models are emerging as HR solutions go digital.



## The 'gig' economy

People are choosing to work 'gigs' – performing shorter tasks or services – instead of traditional full-time jobs. Online platforms are helping to efficiently match supply and demand.



## New demographic mix

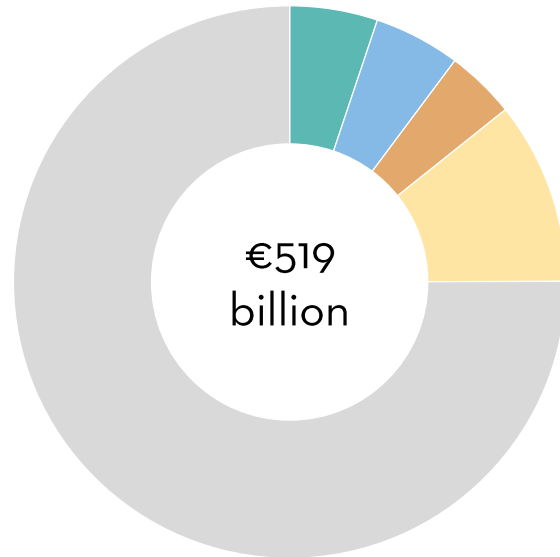
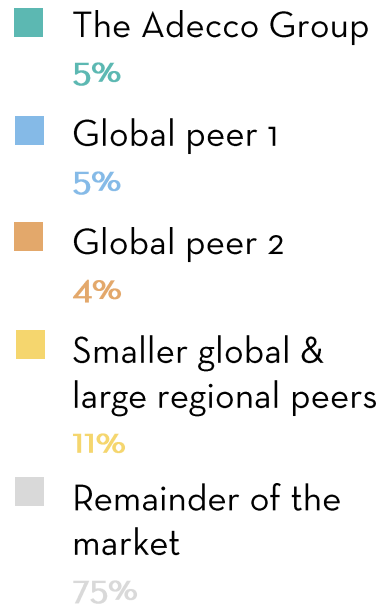
Populations are ageing and the workforce is shrinking in many countries, leading to talent shortages. Individuals are choosing to work in 'retirement', often flexibly. Millennials are digital-natives and expect different things from their careers.



## Skills imbalances

New jobs require new skills, which remain in short supply. A new approach to education, and especially up-skilling and re-skilling, must be embraced if the economy and society are to prosper.

# Digital and rising complexity will reduce industry fragmentation



The Adecco Group is the global market leader with only 5% market share

The Group's digital evolution:

- raises barriers-to-entry
- increases economies of scale
- allows access to new markets/segments
- creates opportunities to differentiate



# The Adecco Group is strongly positioned to expand its leadership

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# Strategy 2020: Perform, Transform, Innovate

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## Perform

Operating discipline,  
strong cash flow generation,  
and a progressive dividend

Key programmes:  
Segmentation, Pricing, 'PERFORM'

## Transform

Adapting our core business to  
differentiate and take profitable  
market share

Key programmes:  
GrowTogether

## Innovate

Capturing new growth  
opportunities, leveraging  
the megatrends

Key programmes:  
Ventures



## Service Excellence

Improving Customer  
Satisfaction

## Process Optimization

Developing a 'lean' mindset

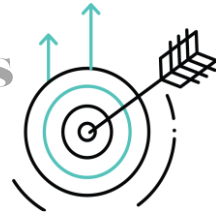
## Technology

Empowering our people with the  
best technology

# GrowTogether: technology roadmap - digitisation and automation

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## Sales Effectiveness



Client Portal

Market Insights

Branch Dashboard

## Recruiting Efficiency



Candidate Portal

Chatbots

Pooling / Planning automation

## Middle- & back-office process optimisation



Timesheet Digitisation

Procurement System

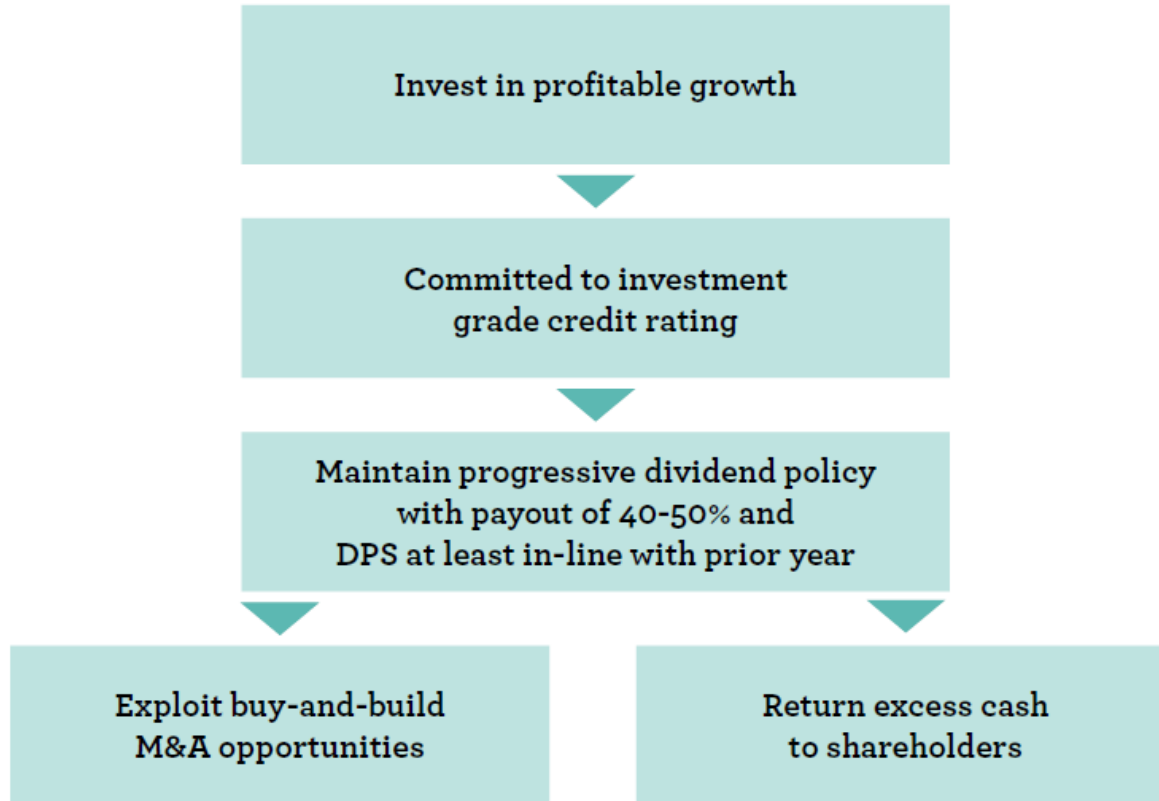
E-Documents and Admin Automation

# New Ventures: a clear digital strategy - online platforms and skills development





# Delivering attractive shareholder returns while investing for the future



- Clear commitment to a progressive dividend, holding dividend at least stable YoY
- Selective M&A, to accelerate strategy and create economic value
- Return 'excess cash' when Net Debt/EBITDA below 1.0x

# “Buy-and-build” acquisition strategy

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## “Buy-and-build” acquisition strategy means that with any acquisition...

1

We accelerate our strategic development, broadening and diversifying our offering

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2

We are a ‘better owner’ of the business, achieving revenue and/or cost synergies with our existing activities

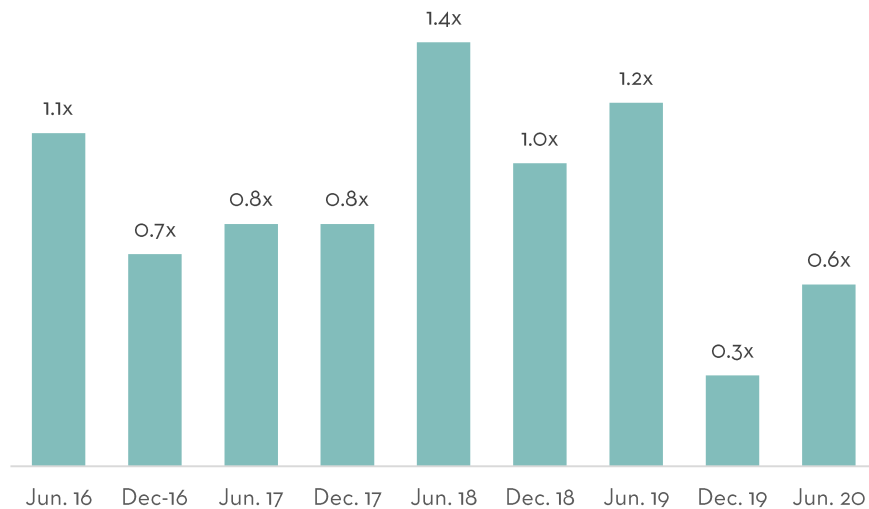
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3

We create value for our shareholders delivering positive EVA within 3 years

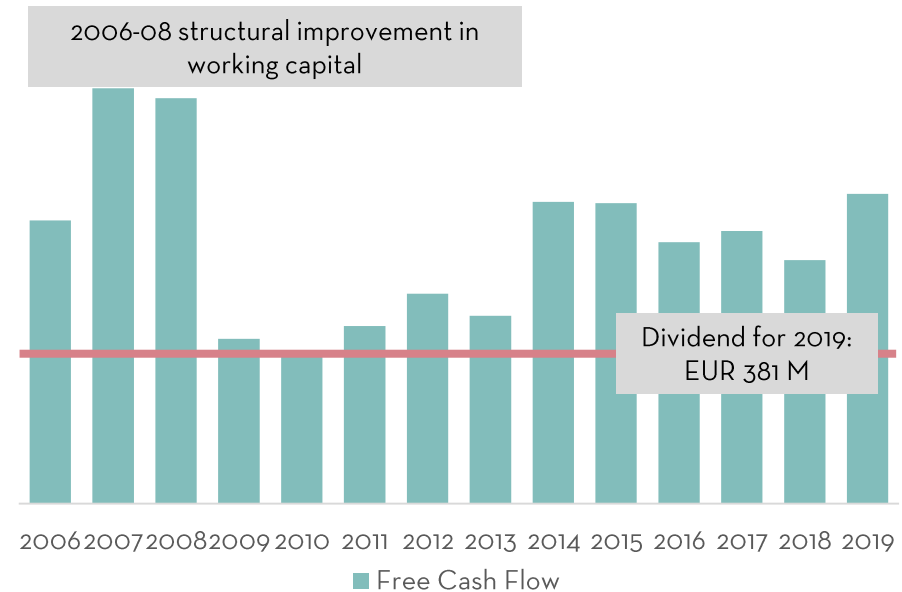
# Strong balance sheet and sustainable dividend

Net Debt/EBITDA



- Net Debt at 30 June 20: 0.6x EBITDA

Dividend sustainable under stress



- Working Capital absorbs/releases cash countercyclically when compared to EBITA
- 2019 dividend would have been covered by Free Cash Flow even in 2009-10

Note: Net Debt to EBITDA excludes one-offs

# Strategy 2020: Financial commitments

Deliver leading Total Shareholder Return			
Our commitments	Drive revenue growth	Strengthen margin	Deliver strong cash flow
	Accelerate structural organic revenue growth	Drive sustained EBITA margin improvement	Maintain a progressive dividend policy
	By 2020 Increase GDP multiplier (from 3x to 4x)	EUR 250m p.a. productivity savings (100bps of revenue)	Achieve continued strong FCF after investments
Progress	Revenue progress has been slow	Gross margin and productivity ahead of plan, offset by Germany/US	Maintained dividend and delivered significant cash returns while investing





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# Q2 2020 Results

September 2020

# COVID-19: Successfully navigating the crisis

## Business continuity and safety

- Business continuity and safety of colleagues and customers safeguarded
- Seamless remote working continues for 20,000 colleagues and 30,000 associates
- HR solutions confirmed as an 'essential industry'

## Supporting clients and candidates back to work

- Almost 100,000 associates re-employed since the trough
- Crisis confirms the need for flexible solutions

## Strong and balanced portfolio

- Accelerating growth in Career Transition (LHH)
- Relative resilience in outsourcing, talent development and professional staffing

## Balance sheet is a differentiator

- Clients want to partner with well-capitalised, larger suppliers
- Leveraging the recovery while maintaining readiness for a 'second wave'



# Key highlights – Resilience and agility in Q2 2020

## PERFORM

- Revenues down 28%, organically and TDA, due to the macroeconomic situation
- Solid gross margin performance (-20 bps yoy), supported by strength of portfolio
- EBITA margin excl. one-offs at 1.8%; agile cost management to mitigate revenue decline
- Strong cash flow with cash conversion of 145% due to focus on collections

## TRANSFORM

- GrowTogether: leveraging the crisis to implement new systems, processes and training
- Japan: InFO implemented in Q1, driving increase in job order to placement rate in Q2
- Spain/France: roll-out of new front-office tool (InFO) completed in Spain, ongoing in France
- PERFORM: converting the Group's lean process to a digital, remote-working format

## INNOVATE

- Ventures investment maintained at pre-crisis levels
- General Assembly 'Free Fridays' and Community Reskilling supporting digital skills acquisition and new business during lockdown
- Leveraging Adia technology in new segments and across Adecco Group



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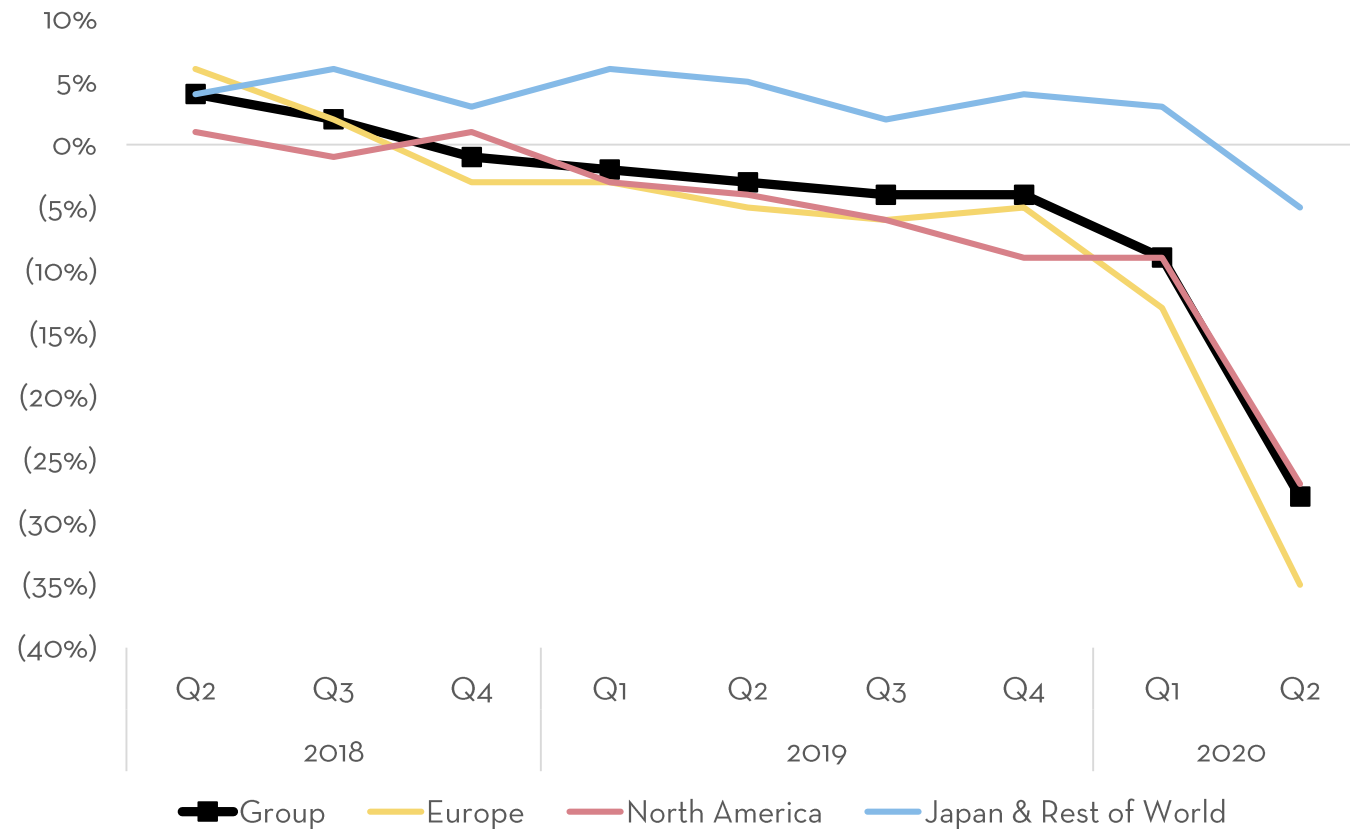
# Financial Performance





# Steep decline in revenues in Q2 2020, with peak COVID-19 impact in April

Revenue growth development by region, organic and TDA (% YoY)



- Group revenues declined by -28% TDA in Q2 2020, with peak decline in April
- Europe was down -35% TDA YoY, due to strict lock-downs imposed in most countries
- North America was -27% TDA, with the lower impact attributable to less strict COVID-19 lock-down measures
- Japan and Rest of World growth relatively resilient, down -4% TDA, including positive growth in Japan

# Revenue trends improving in most countries as the quarter progressed

Segment organic revenue growth, trading days adjusted (%YoY) vs. market

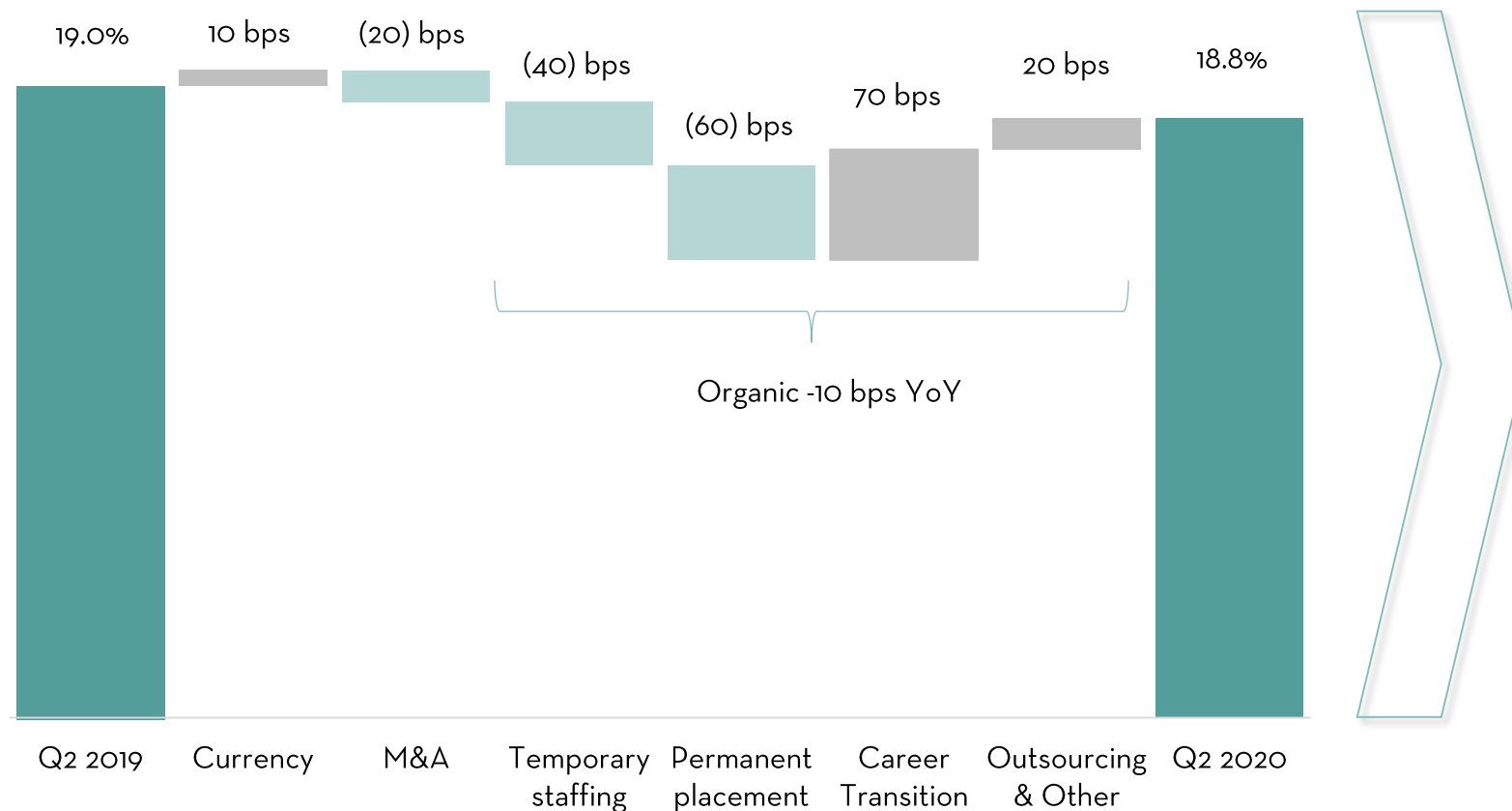
	2019			2020		vs market	Exit rate trend <sup>1</sup>
	Q2	Q3	Q4	Q1	Q2		
France	-3%	-6%	-3%	-14%	-44%	+	↗
NA, UK&I General Staffing <sup>2</sup>	-2%	-6%	-10%	-15%	-28%	NA = / - UK&I	↗ / ↗
NA, UK&I Professional Staffing <sup>2</sup>	-3%	-4%	-5%	-13%	-28%	NA - / - UK&I	→ / ↘
Germany, Austria, Switzerland	-15%	-14%	-11%	-14%	-30%	G&A + / - CH	↗ / →
Benelux & Nordics	-7%	-7%	-9%	-15%	-35%	BEN - / - NOR	↗ / →
Italy	-6%	-6%	-6%	-6%	-23%	+	↗
Japan	12%	9%	8%	8%	5%	+	→
Iberia	4%	6%	6%	1%	-26%	+	→
Rest of World	2%	-2%	1%	1%	-10%	-	→
Career Transition & Talent Dev.	-1%	10%	10%	4%	-4%	+	↗
<b>Adecco Group</b>	<b>-3%</b>	<b>-4%</b>	<b>-4%</b>	<b>-9%</b>	<b>-28%</b>		↗

1) June / July revenue trend relative to May, organically and trading days adjusted

2) 2019 growth rates for NA, UK&I General Staffing and NA, UK&I Professional Staffing have been restated to confirm with the current period presentation

# Resilient gross margin supported by strength and breadth of portfolio

Q2 2020 gross margin drivers (year-on-year as % of revenues)



- Gross margin down 20 bps YoY on a reported basis and down 10 bps organically
- Strong performances in Career Transition (+70 bps) and Outsourcing & Other activities (+20bps)
- Temporary staffing gross margin impacted by COVID-19 bench costs
- Lower Permanent placement activity reduced gross margin by 60 bps

# Positive EBITA margin in Q2 despite abrupt revenue decline

Q2 2020 EBITA margin drivers (year-on-year as % of revenues, excluding one-offs)



- The Group remained solidly profitable despite the significant revenue decline linked to COVID-19 containment measures
- EBITA margin excluding one-offs was 1.8%, down 270 bps year-on-year
- Organically, excluding the impact of the divestment of Soliant, EBITA margin excl. one-offs decreased 250 bps year-on-year



# Lower revenues impacted margins in most regions

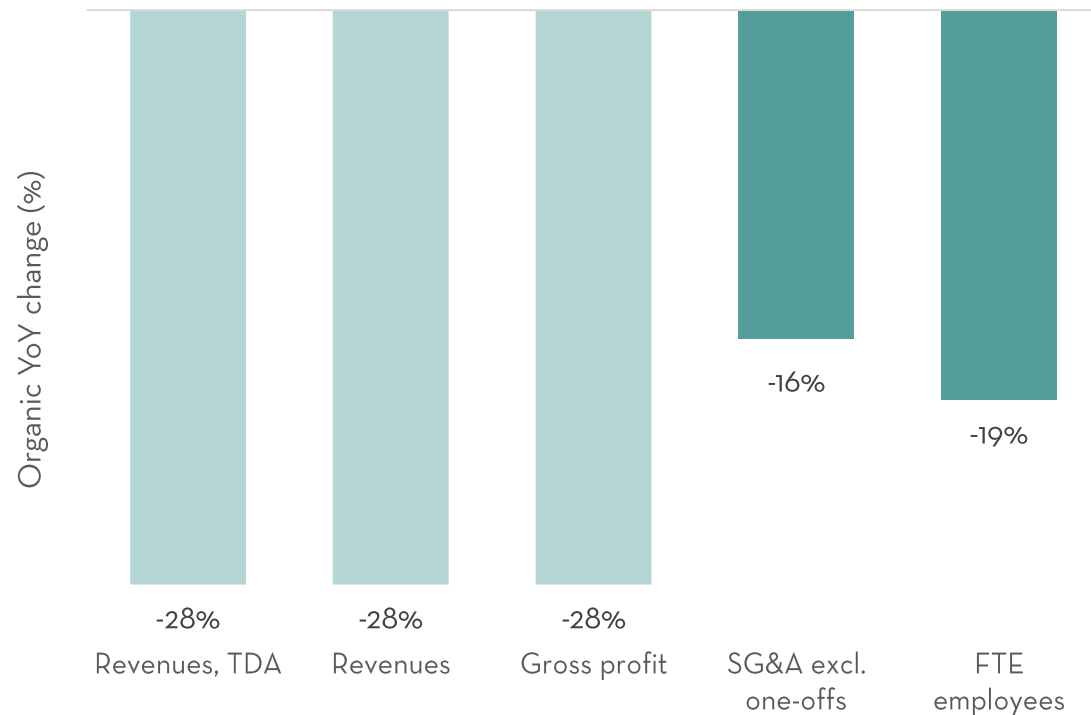
## Development of segment EBITA margins excluding one-offs

	Q2 2020	Change YoY
France	1.3%	(490) bps
NA, UK&I General Staffing	1.3%	(160) bps
NA, UK&I Professional Staffing	1.7%	(340) bps
Germany, Austria, Switzerland	-4.3%	(390) bps
Benelux & Nordics	1.4%	(180) bps
Italy	4.7%	(400) bps
Japan	9.2%	150 bps
Iberia	1.9%	(300) bps
Rest of World	3.2%	(30) bps
Career Transition & Talent Dev.	18.0%	20 bps
<b>Adecco Group</b>	<b>1.8%</b>	<b>(270) bps</b>

- 
- Margins impacted in most regions by revenue declines
  - Germany in particular impacted by higher bench costs
  - NA, UK&I Professional Staffing impacted by perm decline and divestment (120 bps)
  - Record profitability in Japan despite the crisis, supported by business mix and technology (InFO)
  - Solid performance in CTTD, driven by LHH

# Decisive cost actions to offset lower revenues

## SG&A relative to revenues and gross profit trends

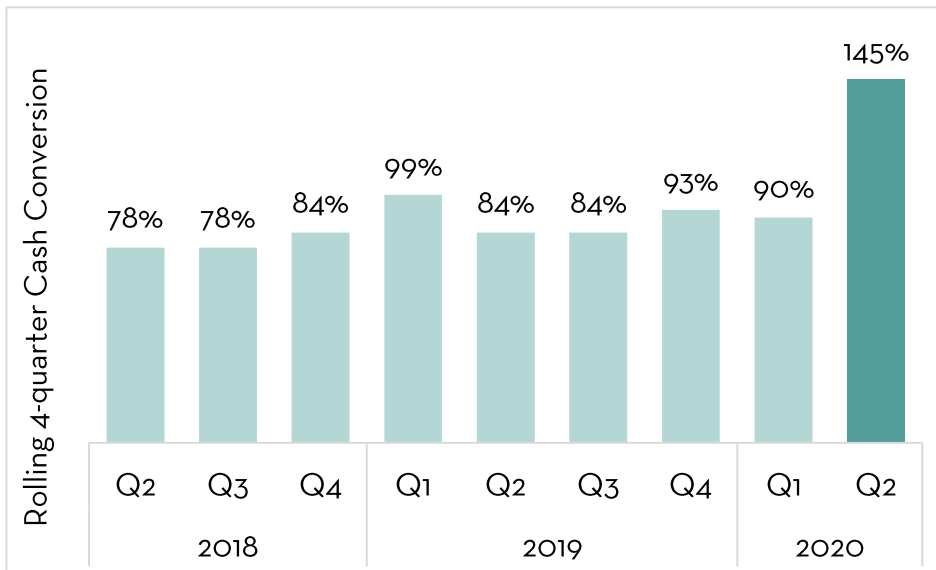


- SG&A excluding one-offs down 16% organically YoY in Q2 (including approx. 4% relating to employment support schemes)
- Organic recovery ratio at 44%
- Agile management of costs while maintaining strategic investments in GrowTogether, IT and the Ventures
- FTEs -19% YoY, including colleagues in short-time work and temporary unemployment schemes
- Gross profit per FTE down 12% organically in Q2, as a result of sharp revenue decline

# Strong Cash Flow and Balance Sheet

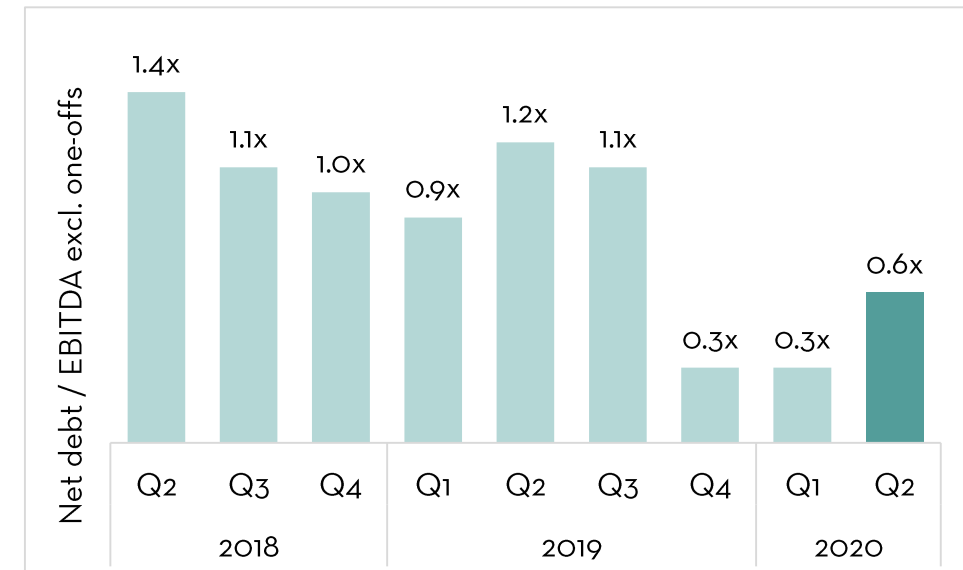
## Cash flow

- Cash flow from operations EUR 342 million in Q2 2020, up 136% compared to EUR 145 million in Q2 2019
- Strong focus on collections drove working capital inflow, supporting cash conversion of 145% (rolling four quarters)
- DSO at 54 days in Q2 2020 and 53 days in June



## Net debt

- Net Debt/EBITDA excl. one-offs 0.6x at 30 June 2020, up modestly due to dividend payment and lower EBITDA
- Net debt of EUR 519 million at 30 June 2020 (following EUR 381 million dividend in April), compared to EUR 388 million at 31 March 2020



## Strong capital structure and prudent financing policy positions Group well

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- EUR 1.5 billion cash on hand, of which 90% managed centrally
- Undrawn EUR 600 million committed Revolving Credit Facility (extended during crisis by one year to April 2025)
- Debt maturity profile extended in recent years; upcoming repayments (EUR 117 million in Q4 2020) pre-financed with bond issuance in May 2020
- No financial covenants on bonds or Revolving Credit Facility
- Investment-grade credit rating (BBB+; recently re-affirmed) and EMTN programme improves access to financing
- Accelerated some previously deferred tax and social security payments due to strong cash position

## Outlook Q3

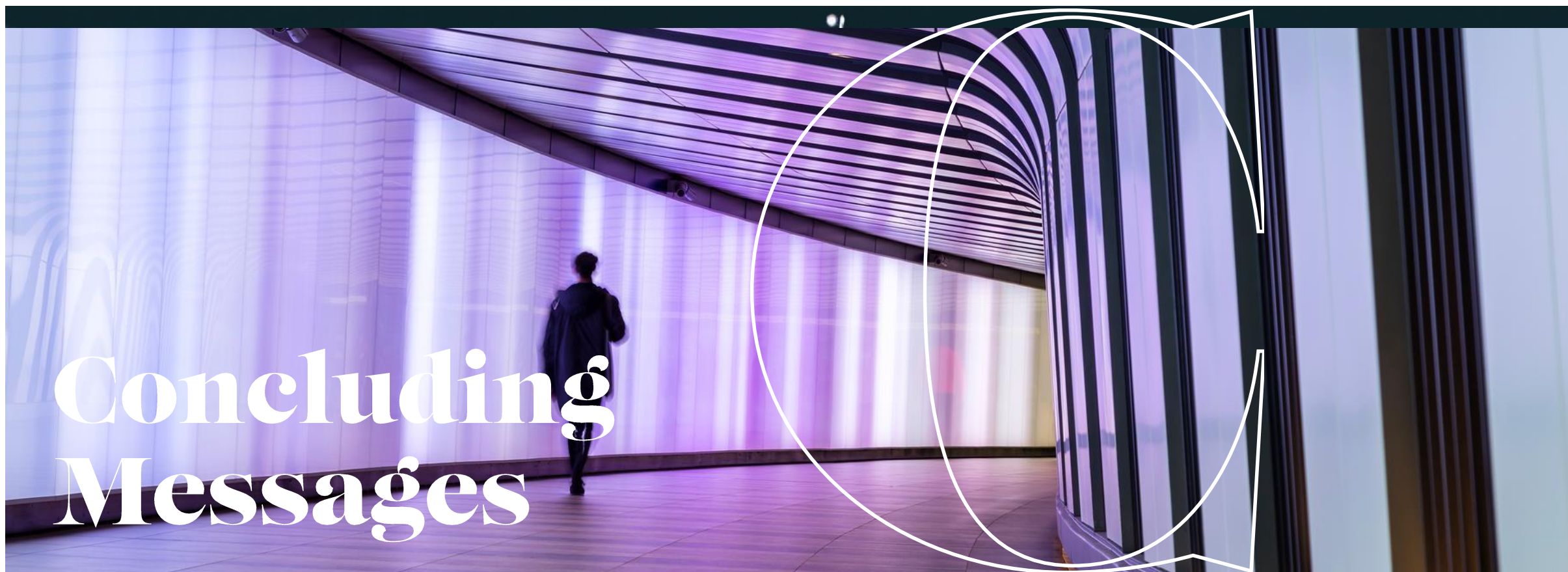
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- Revenue trend improved through Q2 2020, with a decline of 26% year-on-year in June, organically and trading days adjusted (TDA) and further gradual improvement in July
- Ongoing agile cost management, while continuing to invest in transformation and areas of growth. Organic recovery ratio anticipated at approximately 40% in Q3 2020
- Continued focus on receivables collections and working capital
- Strong balance sheet and liquidity supports continued investment in the Group's strategic priorities, capitalising on opportunities presented by the recovery



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THE ADECCO GROUP



Concluding  
Messages

# Resilience and agility in Q2 2020

## PERFORM

- Resilient gross margin and agile cost management
- Strong balance sheet and cash flow
- Early signs of improvement in revenue trends

## TRANSFORM

- GrowTogether investments and progress continues
- Successful launch of new tools during Q2, more planned in H2 2020
- Building the product pipeline for 2021

## INNOVATE

- General Assembly a long-run beneficiary from acceleration of digitalisation
- Focus on product development in Digital Ventures, to emerge stronger from the crisis
- Leveraging Adia technology in new segments and across the Adecco Group





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# Performance History



# Key Figures 2008-19, Income Statement

EUR millions unless stated	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues	23,427	23,867	23,660	22,708	22,010	20,000	19,503	20,536	20,545	18,656	14,797	19,965
Gross profit	4,504	4,433	4,346	4,276	4,179	3,703	3,560	3,674	3,566	3,329	2,649	3,673
EBITDA excluding one-offs	1,176	1,166	1,235	1,219	1,246	1,058	958	920	926	841	484	980
EBITA excluding one-offs	1,069	1,080	1,158	1,134	1,152	966	857	817	833	754	403	896
EBITA	988	987	1,151	1,098	1,086	929	824	729	813	721	300	908
Diluted EPS (EUR)	4.47	2.77	4.66	4.24	0.05	3.61	3.08	2.00	2.72	2.17	0.04	2.71
Organic revenue growth	-3%	3%	6%	4%	4%	4%	-1%	-4%	10%	12%	-27%	-5%
Gross margin	19.2%	18.6%	18.4%	18.8%	19.0%	18.5%	18.3%	17.9%	17.4%	17.8%	17.9%	18.4%
EBITA margin excluding one-offs	4.6%	4.5%	4.9%	5.0%	5.2%	4.8%	4.4%	4.0%	4.1%	4.0%	2.7%	4.5%
EBITA margin	4.2%	4.1%	4.9%	4.8%	4.9%	4.6%	4.2%	3.5%	4.0%	3.9%	2.0%	4.5%
Average number of FTE employees	34,662	35,104	33,787	33,391	32,266	31,576	31,329	32,987	32,826	31,279	29,835	36,399

1 TDA = trading days adjusted

# Key Figures 2008-19, Cash Flow and Balance Sheet

EUR millions unless stated	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cash flow from operating activities	880	727	737	694	797	771	531	565	538	449	473	1,054
Free cash flow before interest and tax paid	999	903	939	941	993	999	695	799	665	537	499	1,267
Free cash flow	724	569	637	618	700	691	450	477	429	344	381	948
Cash conversion	93%	84%	81%	83%	86%	103%	81%	98%	80%	71%	124%	141%
Days sales outstanding	53	53	52	52	52	53	54	54	55	54	53	57
Dividend per share (CHF)	2.50	2.50	2.50	2.40	2.40	2.10	2.00	1.80	1.80	1.10	0.75	1.50
Dividend pay-out ratio	52%	48%	46%	50%	45%	49%	47%	49%	45%	30%	30%	29%
Net Debt	398	1,124	994	887	1,039	971	1,091	967	889	748	107	615
Net Debt/EBITDA excluding one-offs	0.3x	1.0x	0.8x	0.7x	0.8x	0.9x	1.1x	1.1x	1.0x	0.9x	0.2x	0.6x

# Net debt at 30 June 2020

As of 30 June 2020	Principal at maturity in millions	Maturity	Fixed interest rate	Total in EUR millions
8-year Swiss Franc fixed-rate notes	CHF 125	2020	2.625%	117
4-year guaranteed Euro medium-term notes	USD 300	2021	2.625%	274
7-year guaranteed Euro medium-term notes	EUR 300	2022	1.50%	301
8-year guaranteed Euro medium-term notes	EUR 500	2024	1.00%	505
5.5-year Swiss Franc fixed-rate notes	CHF 225	2025	0.88%	209
8-year Swiss Franc fixed-rate notes	CHF 100	2026	0.875%	94
10.5-year guaranteed Euro fixed-rate notes	EUR 300	2029	1.25%	310
10.25-year guaranteed Norwegian Krone fixed-rate notes	NOK 500	2030	2.65%	46
15-year JPY 6bn notes	JPY 6,000	2033	1.05%	49
20-year JPY 7bn notes	JPY 7,000	2039	1.14%	57
Committed multicurrency revolving credit facility	EUR 600	2024	Variable rate	-
Other				55
Short- & long-term debt				2,017
Cash & short-term investments				1,498
Net debt				519





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# Other information

## Key dates

Date	Event	
3 November 2020	Q3 2020 results	
2 December 2020	Capital Markets Day	
25 February 2021	Q4 2020 results	

# Investor Relations Team

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# Disclaimer & note on terminology

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## 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 the 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 affecting 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.

## Non-US GAAP measures used

'Organic growth' excludes the impact of currency, acquisitions and divestitures.

'EBITA' refers to operating income before amortisation and impairment of goodwill and intangible assets.

'Net debt' comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

'Free cash flow' comprises cash flows from operating activities less capital expenditures.

'Cash conversion' is calculated as last 4 quarters of free cash flow before interest and tax paid (FCFBIT) divided by last 4 quarters of EBITA excluding one-offs.

'Conversion ratio' is calculated as EBITA excluding one-offs divided by gross profit.

'Net debt to EBITDA' is calculated as net debt at period end divided by last 4 quarters of EBITA excluding one-offs plus depreciation.



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A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are dark, and some windows are illuminated with warm yellow light. The sky is a pale, overcast blue. The text 'Thank you' is overlaid in a large, white, serif font on the left side of the image.

Thank you