THE ADECCO GROUP

BALANCED GROWTH AND MARGIN TREND IMPROVING IN Q2 2018

Continued investments in strategic initiatives to strengthen competitive position

Summary and highlights

- Revenue growth 4% organically[1] and trading days adjusted (TDA)
- Return to growth in North America General Staffing, +3% TDA
- Continued strong performance in permanent placement, revenues up 18% organically
- Gross margin 18.3%, stable year-on-year; trend in temporary staffing price and mix similar to Q1 2018 (-10 bps)
- EBITA[2] margin excluding one-offs[3] 4.5%, down 30 bps, including strategic investments impact of -30 bps
- Net income attributable to Adecco Group shareholders EUR 170 million
- Revenues in June and July combined up 4%, organically and trading days adjusted
- Sale of Beeline stake announced in July; EUR 172 million after-tax cash proceeds

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"In Q2 2018, underlying revenue growth was solid, at 4%, and the mix of growth became more balanced. North America General Staffing returned to growth, achieving its strongest performance since Q2 2015, mostly offsetting lower growth in certain European countries. And in France, our largest business, we significantly outperformed the market. Permanent recruitment also remained strong, reflecting the targeted investments that we have made.

Gross margin stabilised in Q2. We maintained our price discipline and were increasingly able to reflect in our bill rates the additional efforts required to find candidates in talent scarce markets. EBITA margin was impacted by investments in our 'Perform, Transform, Innovate' agenda, and also by the ongoing consolidation of our general staffing businesses in Germany. In the second half of 2018, we expect the Group margin trend to improve, and we are on track to deliver the EUR 50 million of productivity savings previously indicated.

The investments we are making to digitalise the Adecco Group will significantly strengthen our competitive position, allowing us to grow our market share in our core businesses, and also expand our solutions into attractive adjacent markets. As the Group's transformation builds momentum, I am thankful to all of our colleagues around the world for their dedication and enthusiasm, and for embracing the many opportunities that the changing world of work offers."

Alain Dehaze, Group Chief Executive Officer

[1] Organic growth is a non-US GAAP measure and excludes the impact of currency, acquisitions and divestitures.
[2] EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.
[3] In Q2 2018, EBITA included one-offs of EUR 11 million, of which EUR 6 million relating to restructuring costs and EUR 5 million relating to acquisition costs.

Key figures overview

EUR millions unless stated	Q2 2018	Q2 2017[4]	Change % Reported	Change % Organic	HY 2018	HY 2017[4]	Change % Reported	Change % Organic
Summary of income statement information								
Revenues	**6,052**	5,972	1%	5%[5]	**11,744**	11,702	0%	5%
Gross profit	**1,107**	1,091	2%	5%	**2,140**	2,169	-1%	3%
EBITA excluding one-offs	**270**	287	-6%	0%	**484**	560	-13%	-9%
EBITA	**260**	288	-10%	-4%	**454**	557	-19%	-14%
Net income attributable to Adecco Group shareholders	**170**	192	-11%		**300**	368	-18%	
Diluted EPS (EUR)	**1.02**	1.13	-9%		**1.81**	2.16	-16%	
Gross margin	**18.3%**	18.3%	0 bps	0 bps	**18.2%**	18.5%	(30) bps	(30) bps
EBITA margin excluding one-offs	**4.5%**	4.8%	(30) bps	(20) bps	**4.1%**	4.8%	(70) bps	(60) bps
EBITA margin	**4.3%**	4.8%	(50) bps	(40) bps	**3.9%**	4.8%	(90) bps	(90) bps
Summary of cash flow and net debt information								
Free cash flow[6] before interest and tax paid (FCFBIT)	**360**	346			**375**	473		
Free cash flow (FCF)	**261**	212			**242**	311		
Net debt[7]	**1,576**	967			**1,576**	967		
Days sales outstanding	**53**	51			**53**	51		
Cash conversion[8]	**78%**	97%			**78%**	97%		
Net debt to EBITDA[9] excluding one-offs	**1.4x**	0.8x			**1.4x**	0.8x		

[4] Due to adoption of ASU 2017-07 - Presentation of net periodic pension and postretirement benefit cost in 2018, the 2017 figures were restated. Components of pension expense other than service cost of a EUR 1 gain, previously shown in “Selling, general and administrative expenses”, are now shown in “Other income/(expenses), net”. Additionally, due to the adoption of ASU 2016-18 - Statement of Cash Flows (Topic 230): Restricted cash in 2018, the 2017 figures were restated for changes during the period related to restricted cash. As a result, operating cash flows increased by EUR 9 in Q2 and HY 2017.
[5] In Q2 2018, organic revenue growth was 5%, or 4% trading days adjusted.
[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.

Q2 2018 financial performance

Group performance overview

Revenue growth was 4% in Q2 2018, organically and trading days adjusted, after 6% growth in Q1 2018. The modest deceleration was due to lower growth in Italy, France, Iberia, and Benelux & Nordics, partly offset by an improved performance in North America, UK&I General Staffing. Permanent placement remained strong, with revenues up 18% organically. Gross margin was flat, compared to Q2 2017, on both a reported and organic basis. The underlying temporary staffing gross margin declined by approximately 25 bps, including the impact of lower CICE in France (-15 bps), and price and mix effects (-10 bps), similar to Q1 2018. EBITA margin excluding one-offs declined by 30 bps year-on-year, impacted by strategic investments and lower productivity in Germany, where the Group is making investments to strengthen its recently combined general staffing brands. Cash flow from operating activities was EUR 303 million, compared to EUR 237 million in Q2 2017, with rolling 4 quarters cash conversion at 78%.

Revenues
Q2 2018 revenues were EUR 6,052 million, up 1% year-on-year on a reported basis. Currency movements had a 4% negative impact on revenues, compared to last year, while M&A had a small positive impact on revenues. On an organic basis, revenues increased by 5%, or 4% trading days adjusted. The number of trading days in the quarter had a positive impact of 0.5%. Organic revenue growth was broad-based across service lines, with the exception of the counter-cyclical career transition business. Temporary staffing revenues increased by 5% to EUR 5,259 million, permanent placement revenues rose 18% to EUR 147 million, career transition revenues were EUR 87 million, down 7%, and outsourcing and other activities revenues grew 8% compared to the prior year, all on an organic basis. By business line, revenues were up 6% in General Staffing, up 2% in Professional Staffing, and up 3% in Solutions, all organically.

Gross Profit
Gross profit was EUR 1,107 million in Q2 2018, up 2% on a reported basis and up 5% organically. The gross margin was 18.3%, flat year-on-year. Currency fluctuations had a 15 bps negative impact while M&A had a 15 bps positive impact. On an organic basis, the gross margin was therefore flat. Temporary staffing gross margin was down 15 bps, including a positive impact of approximately 10 bps from the favourable timing of bank holidays. The underlying decline in temporary staffing gross margin in Q2 2018 was 25 bps, driven by the reduction in CICE in France (-15 bps) and adverse price/mix effects (-10 bps). Career transition had a 15 bps negative impact on gross margin, permanent placement had a 20 bps positive effect whilst outsourcing and other activities had 10 bps positive impact, all on an organic basis.

Selling, General and Administrative Expenses (SG&A)
SG&A excluding one-offs was EUR 837 million, up 4% year-on-year on a reported basis. Investments in strategic initiatives contributed approximately 3% of the year-on-year increase in SG&A, including the ongoing roll-out of new IT infrastructure and investments in the Group's Digital Ventures portfolio. On an organic basis, SG&A was flat sequentially and up 7% year-on-year. FTE employees were up 3% organically year-on-year in Q2 2018, mainly as a result of headcount additions in the second half of 2017. Branches increased by 4% organically, due to strong growth in Onsite locations. In Q2 2018, one-offs comprised restructuring costs of EUR 6 million and M&A-related expenses of EUR 5 million, associated with the acquisition of General Assembly.

EBITA
EBITA was EUR 260 million. EBITA excluding one-offs was EUR 270 million, down 6% year-on-year on a reported basis and flat organically. EBITA margin excluding one-offs was 4.5%, down 30 bps compared to Q1 2017. The reduction in margin year-on-year was mainly driven by the impact of investments in strategic initiatives, which reduced EBITA margin by approximately 30 bps year-on-year. The conversion ratio (EBITA excluding one-offs divided by gross profit) was 24.5% in Q2 2018, down 190 bps compared to Q2 2017, impacted by investments.

Amortisation of Intangible Assets
Amortisation of intangible assets was EUR 11 million compared to EUR 8 million in Q2 2017.

Operating Income
Operating income was EUR 249 million compared to EUR 280 million in Q2 2017.

Interest Expense and Other Income/(Expenses), net
Interest expense was EUR 9 million compared to EUR 13 million in Q2 2017. Other income/(expenses), net was an expense of EUR 6 million in Q2 2018, compared to an income of EUR 2 million in Q2 2017.

Provision for Income Taxes
In Q2 2018, the effective tax rate was 27%, compared to 29% in Q2 2017.

Net Income Attributable to Adecco Group Shareholders and EPS

Net income attributable to Adecco Group shareholders was EUR 170 million compared to EUR 192 million in Q2 2017. Basic EPS was EUR 1.03 compared to EUR 1.13 in Q2 2017.

Cash Flow and Net Debt

Cash flow from operating activities was EUR 303 million in Q2 2018, compared to EUR 237 million in Q2 2017. DSO was 53 days in Q2 2018, similar to Q1 2018, up from 51 days in Q2 2017. Capex was EUR 42 million compared to EUR 25 million in the same period in the previous year. In Q2 2018, cash outflow for the acquisition of General Assembly was EUR 317 million. Net debt was EUR 1,576 million at 30 June 2018 compared to EUR 1,143 million at 31 March 2018 and EUR 967 million at 30 June 2017. Net debt to EBITDA excluding one-offs was 1.4x at 30 June 2018, compared to 1.0x at 31 March 2018 and 0.8x at 30 June 2017. The year-on-year increase was driven by acquisitions, dividend payments and completion of the 2017 share buyback. Net debt is expected to decline in the second half of 2018, due to seasonally higher free cash flow and proceeds from the sale of the Group's equity interest in IQN/Beeline.

Q2 2018 segment operating performance

Revenues and revenue growth

	Revenues		Variance			% of revenues
EUR millions unless stated	Q2 2018	Q2 2017	Reported	Organic	Organic TDA[10]	Q2 2018
France	1,472	1,368	8%	8%	8%	24%
N. America, UK & I. General Staffing	711	734	-3%	4%	4%	12%
N. America, UK & I. Professional Staffing	860	934	-8%	-1%	-2%	14%
Germany, Austria, Switzerland	553	531	4%	6%	4%	9%
Benelux and Nordics	530	512	4%	5%	4%	9%
Italy	521	468	11%	11%	11%	9%
Japan	324	334	-3%	3%	3%	5%
Iberia	287	269	6%	6%	5%	5%
Rest of World	685	710	-3%	5%	5%	11%
Career Transition & Talent Development	109	112	-2%	-4%	-4%	2%
Adecco Group	**6,052**	**5,972**	**1%**	**5%**	**4%**	100%

[10] TDA = trading days adjusted

EBITA and EBITA margin excluding one-offs

	EBITA excluding one-offs		EBITA margin excluding one-offs			% of EBITA[12]
EUR millions unless stated	Q2 2018[11]	Q2 2017[4]	Q2 2018	Q2 2017[4]	Variance	Q2 2018
France	87	91	5.9%	6.6%	(70) bps	28%
N. America, UK & I. General Staffing	21	22	3.0%	3.1%	(10) bps	7%
N. America, UK & I. Professional Staffing	49	59	5.6%	6.2%	(60) bps	16%
Germany, Austria, Switzerland	10	9	1.8%	1.8%	0 bps	3%
Benelux and Nordics	13	16	2.5%	3.0%	(50) bps	4%
Italy	44	38	8.4%	8.1%	30 bps	14%
Japan	24	25	7.4%	7.4%	0 bps	8%
Iberia	16	14	5.6%	5.4%	20 bps	5%
Rest of World	25	22	3.6%	3.1%	50 bps	8%
Career Transition & Talent Development	23	31	21.5%	28.1%	(660) bps	7%
Corporate	(42)	(40)				
Adecco Group	**270**	**287**	**4.5%**	**4.8%**	**(30) bps**	100%

[11] In Q2 2018, EBITA included one-offs of EUR 11 million, relating to restructuring and acquisition costs. Restructuring costs included EUR 2 million in N. America, UK&I General Staffing and EUR 4 million in N. America UK&I Professional Staffing, while acquisition costs included EUR 5 million in Corporate.

[12] % 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 1,472 million, up 8% organically and trading days adjusted, ahead of the market growth rate. Revenues increased by 8% in General Staffing, which accounts for over 90% of revenues, and grew by 6% in Professional Staffing. Revenue growth was broad based, driven by manufacturing, logistics and automotive. Permanent placement revenues in France were up 16%. EBITA was EUR 87 million. The EBITA margin was 5.9%, compared to 6.6% in the prior year, due to the reduction in the CICE tax credit from 7% to 6% of gross wages (approx. 60 bps impact). Good cost control and operating leverage offset strategic IT investments.

In North America, UK & Ireland General Staffing, revenues were EUR 711 million, up 4% organically and trading days adjusted. North America, which accounts for approximately 75% of segment revenues, was up 3%; its strongest growth since Q2 2015. UK & Ireland represents approximately 25% of segment revenues and was up 7%, or up 6% trading days adjusted, driven mainly by large client wins. Permanent placement revenues were up 8% in North America and declined 4% in UK & Ireland. Overall EBITA excluding one-offs was EUR 21 million, representing an EBITA margin of 3.0%, compared to 3.1% in Q2 2017. The margin was impacted by ongoing investments in strategic initiatives, particularly in IT, which are expected to deliver productivity improvements from H2 2018.

In North America, UK & Ireland Professional Staffing, revenues were EUR 860 million, down 1%, or down 2% trading days adjusted. North America represents approximately 65% of revenues and was flat. Growth in Engineering & Technical, Finance & Legal and Medical & Science was offset by a decline in IT. UK & Ireland represents approximately 35% of revenues and was down 4%, or down 5% trading days adjusted, due to a decline in IT. Permanent placement revenues increased by 13% in North America and by 18% in UK & Ireland. Overall EBITA excluding one-offs was EUR 49 million with a margin of 5.6%, compared to 6.2% in Q2 2017. EBITA margin in Q2 2018 was negatively impacted by M&A (Vettery) and strategic IT investments.

In Germany, Austria, Switzerland, revenues were EUR 553 million, up 6% or up 4% trading days adjusted. In Germany & Austria, revenues were up 2% or flat trading days adjusted, impacted by the consolidation of the Adecco and Tuja general staffing brands, and regulatory changes. In Switzerland, revenue growth further accelerated to 21%, or 19% trading days adjusted. For the region, EBITA was EUR 10 million, with an EBITA margin of 1.8%, flat year-on-year, with the positive impact from trading days offsetting lower productivity in Germany.

In Benelux and Nordics, revenues were EUR 530 million, up 5% or up 4% trading days adjusted. Revenues in Benelux were up 3%. Growth slowed to low-single-digit in both the Netherlands and Belgium, due to a tougher comparison base and a focus on client profitability. In the Nordics, revenues were up 7% or up 5% trading days adjusted, with strong double-digit growth in Norway offset by a low-single-digit decline in Sweden, which was impacted by lower volume growth at a number of large clients. EBITA was EUR 13 million; an EBITA margin of 2.5%, compared to 3.0% in Q2 2017. The margin was negatively impacted by client mix and lower subsidies in Belgium.

In Italy, revenues were EUR 521 million, up 11% organically and trading days adjusted, decelerating in-line with the market trend, after seven quarters of very strong growth. The EBITA margin was 8.4%, up 30 bps year-on-year, positively impacted by strong growth in permanent recruitment and operating leverage.

In Japan, revenues were EUR 324 million, up 3% organically and trading days adjusted, with growth continuing to be led by professional staffing and permanent placement. EBITA was EUR 24 million and the EBITA margin was 7.4%, flat year-on-year, with positive price/mix effects offset by strategic IT investments.

In Iberia, revenues were EUR 287 million, up 6% or up 5% trading days adjusted, slowing mainly due to a more challenging year-on-year comparison base. The EBITA margin was up 20 bps to 5.6%, driven by business mix and operating leverage, partly offset by increased IT investments.

In Rest of World, revenues were EUR 685 million, up 5% organically and trading days adjusted. Revenue growth was 9% in Australia & New Zealand, 17% in Latin America, 4% in Eastern Europe & MENA, whilst Asia was down 6% and India was down 16%, all trading days adjusted. For the region, EBITA was EUR 25 million with an EBITA margin of 3.6%, up 50 bps compared to last year's EBITA margin, due to operating leverage and continued focus on client profitability.

Career Transition and Talent Development (including Lee Hecht Harrison and General Assembly) revenues were EUR 109 million, down 4% organically, reflecting the counter-cyclical nature of Career Transition. EBITA excluding one-offs was EUR 23 million, representing an EBITA margin of 21.5%, compared to 28.1% in Q2 2017. The EBITA margin was negatively impacted by the consolidation of General Assembly in June.

Update on operational and strategic initiatives

The Adecco Group continues to make progress on its strategic agenda. Recent developments include:

- **Sale of remaining ownership interest in IQN/Beeline Holdings ('Beeline') realises significant value**
  In July, the Adecco Group entered into a definitive agreement to sell its remaining 43% ownership interest in Beeline, the leading independent Vendor Management Services (VMS) provider. The proposed transaction is expected to close during Q3 2018 and will result in a gain on sale of approximately EUR 110 million and after-tax cash proceeds of approximately EUR 172 million.

  The sale brings total proceeds from the disposal of Beeline to more than EUR 310 million (including payments received as part of the merger with IQN) and illustrates the Adecco Group's disciplined approach to strategy deployment and portfolio management.

  Beeline was acquired as part of the acquisition of MPS Group, in 2010. Client preference for independent VMS providers meant that substantially more value could be realised for shareholders as a result of the merger with IQN. In the year ended 31 December 2017, and in the first six months of 2018, the Adecco Group did not recognise any earnings relating to its investment in Beeline.

- **General Assembly, a leader in upskilling and reskilling, joins the Adecco Group**
  On 31 May 2018, the Adecco Group completed the acquisition of General Assembly (GA), a leader in digital skills transformation. GA offers employer-focused, practitioner-taught technical skills training in business-critical areas such as coding, data science, user experience design and digital marketing. Bridging the gap between education and employment, programmes are specifically designed to prepare individuals for the digital economy, and to help businesses close pervasive skills gaps through upskilling and reskilling initiatives. To date, GA has empowered more than 50,000 individuals to pursue the work they love and teamed up with over 300 companies, including 40 of the Fortune 100, on digital transformation initiatives.

  Clients have responded positively to the combined solutions that the Group is now able to deliver and a number of specific opportunities have already been identified.

Share buyback programme

The Adecco Group is pursuing its strategic agenda within the context of its ongoing commitment to both invest in the business and to return capital to shareholders. In addition to annual dividend payments, at the end of each year the Group reviews its financial position and excess capital is returned to shareholders.

On 1 March 2018, the Adecco Group announced the launch of a share buyback programme of up to EUR 150 million. Purchases under the new share buyback are expected to begin in Q3 2018, upon receipt of proceeds from the sale of the Group's interest in Beeline, slightly earlier than previously indicated.

Management outlook

Revenue growth in June and July combined was 4%, organically and trading days adjusted, in-line with the Q2 2018 trend.

In Q3 2018, there are not anticipated to be any significant one-off effects on the Group gross margin.

The Group is on track to deliver EUR 50 million GrowTogether productivity savings in 2018, supporting an improvement in the EBITA margin trend in the second half.

Analyst & Investor Seminar

On 19 September 2018, the Adecco Group will host an Analyst & Investor Seminar, in London. During the event management will provide a progress update on the Group's strategic agenda – 'Perform, Transform, Innovate'. There will be a particular focus on GrowTogether and on the Digital Ventures, including showcases of recently acquired ventures Vettery and General Assembly.

2018 Half Year Report

Alongside this Q2 2018 press release, the Adecco Group has published today its 2018 Half Year Report, which can be found in the Results & Events Centre on the Group's investor relations website.

For further information please contact:

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Q2 2018 results conference calls

There will be a media conference call at 9.00 am CEST and an analyst and investor conference call at 11.00 am CEST. The conference calls can be followed either via webcast (media conference, analyst conference) or via telephone call:

UK/Global	+ 44 (0) 207 107 0613
United States	+ 1 (1) 631 570 56 13
Cont. Europe	+ 41 (0) 58 310 50 00

The Q2 2018 results presentation will be available through the webcasts and will be published on the Investor Relations section on the Group's website.

Financial Agenda

- Analyst and Investor Seminar 19 September 2018
- Q3 2018 results 6 November 2018
- Q4 2018 results 28 February 2019
- Q1 2019 results 7 May 2019
- Q2 2019 results 8 August 2019

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 workforce solutions partner. We provide more than 700,000 people with permanent and flexible employment every day. With more than 34,000 employees in 60 countries, we transform the world of work one job at a time. Our colleagues serve more than 100,000 organisations with the talent, HR services and cutting-edge technology they need to succeed in an ever-changing global economy. As a Fortune Global 500 company, we lead by example, creating shared value that meets social needs while driving business innovation. Our culture of inclusivity, fairness and teamwork empowers individuals and organisations, fuels economies, and builds better societies. These values resonate with our employees, who voted us number 2 on the Great Place to Work® - World's Best Workplaces 2017 list. We make the future work for everyone.

The Adecco Group is based in Zurich, Switzerland. Adecco Group AG is registered in Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN). The group is powered by nine global brands: Adecco, Modis, Badenoch & Clark, Spring Professional, Lee Hecht Harrison, Pontoon, Adia, YOSS and General Assembly.

Revenues by segment and by business line

Revenues by segment	Q2		Variance %		HY		Variance %	
EUR millions	**2018**	2017	EUR	Constant currency	**2018**	2017	EUR	Constant currency
France	1,472	1,368	8%	8%	2,787	2,565	9%	9%
N. America, UK & I. General Staffing	711	734	-3%	4%	1,388	1,498	-7%	1%
N. America, UK & I. Professional Staffing	860	934	-8%	-1%	1,716	1,902	-10%	-2%
Germany, Austria, Switzerland	553	531	4%	6%	1,078	1,070	1%	2%
Benelux and Nordics	530	512	4%	5%	1,041	995	5%	6%
Italy	521	468	11%	11%	998	876	14%	14%
Japan[1)]	324	334	-3%	4%	625	661	-5%	3%
Iberia	287	269	6%	6%	560	512	9%	9%
Rest of World	685	710	-3%	5%	1,342	1,394	-4%	5%
Career Transition & Talent Development[1)]	109	112	-2%	4%	209	229	-9%	-2%
Adecco Group	**6,052**	**5,972**	**1%**	**5%**	**11,744**	**11,702**	**0%**	**5%**

Revenues by business line[2)]	Q2		Variance %		HY		Variance %	
EUR millions	**2018**	2017	EUR	Constant currency	**2018**	2017	EUR	Constant currency
Office	1,375	1,393	-1%	4%	2,680	2,856	-6%	0%
Industrial	3,249	3,108	5%	7%	6,244	5,867	6%	9%
General Staffing	**4,624**	**4,501**	**3%**	**6%**	**8,924**	**8,723**	**2%**	**6%**
Information Technology	633	655	-3%	2%	1,252	1,322	-5%	0%
Engineering & Technical	253	280	-10%	-4%	508	570	-11%	-4%
Finance & Legal	251	249	0%	7%	495	503	-2%	6%
Medical & Science[3)]	135	127	6%	13%	271	262	4%	12%
Professional Staffing[3)]	**1,272**	**1,311**	**-3%**	**3%**	**2,526**	**2,657**	**-5%**	**2%**
CTTD[3)]	109	112	-2%	4%	209	229	-9%	-2%
BPO[3)]	47	48	-2%	5%	85	93	-8%	0%
Solutions[3)]	**156**	**160**	**-2%**	**5%**	**294**	**322**	**-9%**	**-1%**
Adecco Group	**6,052**	**5,972**	**1%**	**5%**	**11,744**	**11,702**	**0%**	**5%**

1) In Q2 2018 revenues changed organically in Japan by 3% (HY:2%) and in Career Transition & Talent Development by -4% (HY:-7%).

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) In Q2 2018 revenues changed organically in Medical & Science by 4% (HY: 3%), in Professional Staffing by 2% (HY: 1%), in CTTD by -4% (HY: -7%), in BPO by 23% (HY: 19%) and in Solutions by 3% (HY: -1%).

EBITA[1] and EBITA margin by segment

EBITA	Q2		Variance %		HY		Variance %	
EUR millions	2018	2017[2]	EUR	Constant currency	2018	2017	EUR	Constant currency
France	87	91	-4%	-4%	156	163	-4%	-4%
N. America, UK & I. General Staffing	19	23	-16%	-9%	35	46	-25%	-16%
N. America, UK & I. Professional Staffing	44	59	-24%	-17%	85	111	-23%	-14%
Germany, Austria, Switzerland	10	9	4%	4%	2	38	-95%	-95%
Benelux and Nordics	13	16	-15%	-14%	23	33	-30%	-30%
Italy	44	38	16%	16%	79	67	19%	19%
Japan	24	25	-3%	3%	46	49	-7%	1%
Iberia	16	14	11%	11%	29	24	20%	20%
Rest of World	25	22	12%	23%	42	42	0%	9%
Career Transition & Talent Development	24	31	-25%	-19%	48	65	-27%	-19%
Corporate	(46)	(40)	14%	23%	(91)	(81)	11%	21%
Adecco Group	**260**	**288**	**-10%**	**-6%**	**454**	**557**	**-19%**	**-15%**

	Q2			HY		
EBITA margin	2018	2017[2]	Variance bps	2018	2017	Variance bps
France	5.9%	6.6%	(70)	5.6%	6.3%	(70)
N. America, UK & I. General Staffing	2.7%	3.1%	(40)	2.5%	3.1%	(60)
N. America, UK & I. Professional Staffing	5.1%	6.2%	(110)	5.0%	5.8%	(80)
Germany, Austria, Switzerland	1.8%	1.8%	-	0.2%	3.6%	(340)
Benelux and Nordics	2.5%	3.0%	(50)	2.2%	3.3%	(110)
Italy	8.4%	8.1%	30	7.9%	7.6%	30
Japan	7.4%	7.4%	-	7.3%	7.4%	(10)
Iberia	5.6%	5.4%	20	5.1%	4.7%	40
Rest of World	3.6%	3.1%	50	3.2%	3.0%	20
Career Transition & Talent Development	21.5%	28.1%	(660)	23.0%	28.6%	(560)
Adecco Group	**4.3%**	**4.8%**	**(50)**	**3.9%**	**4.8%**	**(90)**

1) EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.
2) Due to adoption of ASU 2017-07 - Presentetion of net periodic pension and postretirement benefit cost in 2018, the 2017 figures were restated. Components of pension expense other than service cost previously shown in "Selling, general and administrative expenses", are now shown in "Other income/(expenses), net".

Consolidated statements of operations

EUR millions except share and per share information	Q2 2018	Q2 2017[1]	Variance % EUR	Variance % Constant currency	HY 2018	HY 2017[1]	Variance % EUR	Variance % Constant currency
Revenues	6,052	5,972	1%	5%	11,744	11,702	0%	5%
Direct costs of services	(4,945)	(4,881)			(9,604)	(9,533)		
Gross profit	**1,107**	**1,091**	**2%**	**6%**	**2,140**	**2,169**	**-1%**	**4%**
Selling, general, and administrative expenses	(847)	(803)	5%	11%	(1,686)	(1,612)	5%	10%
EBITA[2]	**260**	**288**	**-10%**	**-6%**	**454**	**557**	**-19%**	**-15%**
Amortisation of intangible assets	(11)	(8)			(20)	(15)		
Operating income	**249**	**280**	**-11%**	**-8%**	**434**	**542**	**-20%**	**-17%**
Interest expense	(9)	(13)			(21)	(26)		
Other income/(expenses), net	(6)	2			7	3		
Income before income taxes	**234**	**269**	**-13%**		**420**	**519**	**-19%**	
Provision for income taxes	(64)	(77)			(119)	(150)		
Net income	**170**	**192**	**-11%**		**301**	**369**	**-18%**	
Net income attributable to noncontrolling interests					(1)	(1)		
Net income attributable to Adecco Group shareholders	**170**	**192**	**-11%**		**300**	**368**	**-18%**	
Basic earnings per share[3]	1.03	1.13	-9%		1.81	2.16	-16%	
Diluted earnings per share[4]	1.02	1.13	-9%		1.81	2.16	-16%	
Gross margin	*18.3%*	*18.3%*			*18.2%*	*18.5%*		
SG&A as a percentage of revenues	*14.0%*	*13.5%*			*14.4%*	*13.8%*		
EBITA margin	*4.3%*	*4.8%*			*3.9%*	*4.8%*		
Operating income margin	*4.1%*	*4.7%*			*3.7%*	*4.6%*		
Net income margin attributable to Adecco Group shareholders	*2.8%*	*3.2%*			*2.6%*	*3.1%*		

1) Due to adoption of ASU 2017-07 - Presentation of net periodic pension and postretirement benefit cost in 2018, the 2017 figures were restated. Components of pension expense other than service cost previously shown in "Selling, general and administrative expenses", are now shown in "Other income/(expenses), net".

2) EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.

3) Basic weighted-average shares were 165,616,716 in Q2 2018 and 165,620,677 in HY 2018 (169,628,525 in Q2 2017 and 169,891,620 in HY 2017).

4) Diluted weighted-average shares were 165,891,483 in Q2 2018 and 165,934,475 in HY 2018 (169,979,997 in Q2 2017 and 170,227,738 in HY 2017).

Consolidated balance sheets

EUR millions	30 June 2018	31 December 2017
Assets		
Current assets:		
– Cash and cash equivalents	487	958
– Short-term investments		4
– Trade accounts receivable, net	4,640	4,440
– Other current assets	252	187
Total current assets	**5,379**	**5,589**
Property, equipment, and leasehold improvements, net	268	198
Equity method investments	183	173
Other assets	560	668
Intangible assets, net	427	367
Goodwill	3,244	2,895
Total assets	**10,061**	**9,890**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	4,183	4,066
– Short-term debt and current maturities of long-term debt	490	394
Total current liabilities	**4,673**	**4,460**
Long-term debt, less current maturities	1,573	1,562
Other liabilities	292	286
Total liabilities	**6,538**	**6,308**
Shareholders' equity		
Adecco Group shareholders' equity:		
– Common shares	11	11
– Additional paid-in capital	571	579
– Treasury shares, at cost	(354)	(338)
– Retained earnings	3,541	3,613
– Accumulated other comprehensive income/(loss), net	(255)	(291)
Total Adecco Group shareholders' equity	**3,514**	**3,574**
Noncontrolling interests	9	8
Total shareholders' equity	**3,523**	**3,582**
Total liabilities and shareholders' equity	**10,061**	**9,890**

Consolidated statements of cash flows

EUR millions	Q2		HY	
	2018	2017 1)	2018	2017 1)
Cash flows from operating activities				
Net income	170	192	301	369
Adjustments to reconcile net income to cash flows from operating activities:				
– Depreciation and amortisation	34	28	62	54
– Other charges	3	6	2	19
Changes in operating assets and liabilities, net of acquisitions				
– Trade accounts receivable	(198)	(238)	(180)	(253)
– Accounts payable and accrued expenses	147	111	65	122
– Other assets and liabilities	147	138	69	41
Cash flows from operating activities	**303**	**237**	**319**	**352**
Cash flows from investing activities				
Capital expenditures	(42)	(25)	(77)	(41)
Acquisition of Vettery, net of cash and restricted cash acquired			(77)	
Acquisition of General Assembly, net of cash and restricted cash acquired	(317)		(317)	
Cash settlements on derivative instruments		7	7	
Other acquisition and investing activities, net	(11)	(1)	(22)	(6)
Cash flows used in investing activities	**(370)**	**(19)**	**(486)**	**(47)**
Cash flows from financing activities				
Net increase in short-term debt	85	71	440	72
Borrowings of long-term debt, net of issuance costs			2	
Repayment of long-term debt	(350)		(350)	
Dividends paid to shareholders	(350)	(235)	(350)	(235)
Purchase of treasury shares	(1)	(73)	(38)	(100)
Cash flows used in financing activities	**(616)**	**(237)**	**(296)**	**(263)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**15**	**(55)**	**6**	**(51)**
Net decrease in cash, cash equivalents and restricted cash	**(668)**	**(74)**	**(457)**	**(9)**
Cash, cash equivalents and restricted cash:				
– Beginning of period	1,214	1,231	1,003	1,166
– End of period	546	1,157	546	1,157

1) Due to the adoption of ASU 2016-18 - Statement of Cash Flows (Topic 230): Restricted cash in 2018, the 2017 figures were restated for changes during the period related to restricted cash.