STRONG EXECUTION IN Q2 2019

Further underlying EBITA margin improvement, as GrowTogether delivers results

Summary and highlights

- Revenues down 2% year-on-year, and down 3% organically[1] and trading days adjusted (TDA), reflecting market conditions, in particular slower growth in Europe. Revenues in June down 3% organically and TDA, in-line with Q2
- Strong improvement in gross margin, up 70 bps yoy to 19.0%, driven by focus on pricing and business mix
- EBITA[2] margin excluding one-offs[3] 4.5%, flat yoy; underlying up 20 bps yoy
- GrowTogether transformation programme drives further productivity improvement and enhances customer value
- Strong balance sheet with Net Debt/EBITDA excluding one-offs 1.2x (improved by 0.2x yoy); cash conversion 84% and improved DSO

"The Group's Q2 2019 results demonstrate further strong execution of our strategy. Despite the external headwinds, we continued to deliver consistent underlying margin expansion and improved productivity. We increased gross margins for the fourth consecutive quarter, supported by a focus on higher value solutions, the roll-out of value-based pricing tools and tighter labour markets.

Organic revenue growth slowed in the quarter, driven mainly by Europe. This partly reflected robust growth in the same period of the prior year, and also continued weakness in automotive and manufacturing sectors in many European economies. We see the year-on-year comparison base becoming less challenging as the second half progresses, given the slowdown in the European economy in the late summer of 2018.

GrowTogether supported a further improvement in FTE productivity in Q2 and we remain on track to deliver the targeted incremental savings of EUR 70 million in 2019.

Increased collaboration between our brands has created new opportunities to deliver improved solutions to our customers, with positive examples in Q2. Integrating General Assembly's up/reskilling solutions into the Lee Hecht Harrison is enabling new client business. Additionally, we launched the Modis Academy in the US; an innovative solution to address persistent talent shortages in high-demand tech skills.

I thank all of our colleagues for their engagement and hard work as we continue to Perform, Transform and Innovate, to strengthen the Adecco Group's leadership and to enable the success of our clients and candidates in the evolving world of work."

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 2019, EBITA included one-offs of EUR 24 million; in Q2 2018, EBITA included one-offs of EUR 11 million.

Key figures overview

EUR millions unless stated	Q2 2019	Q2 2018	Change % Reported	Change % Organic	HY 2019	HY 2018	Change % Reported	Change % Organic
Summary of income statement information								
Revenues	**5,923**	6,052	-2%	-4%[4]	**11,568**	11,744	-2%	-3%[4]
Gross profit	**1,128**	1,107	2%	-1%	**2,208**	2,140	3%	-1%
EBITA excluding one-offs	**265**	270	-2%	-3%	**491**	484	1%	2%
EBITA	**241**	260	-7%	-7%	**462**	454	2%	3%
Net income attributable to Adecco Group shareholders	**159**	170	-6%		**292**	300	-3%	
Diluted EPS (EUR)	**0.98**	1.02	-4%		**1.80**	1.81	-1%	
Gross margin	**19.0%**	18.3%	70 bps	40 bps	**19.1%**	18.2%	90 bps	50 bps
EBITA margin excluding one-offs	**4.5%**	4.5%	0 bps	0 bps	**4.2%**	4.1%	10 bps	30 bps
EBITA margin	**4.1%**	4.3%	(20) bps	(10) bps	**4.0%**	3.9%	10 bps	20 bps
Summary of cash flow and net debt information								
Free cash flow[5] before interest and tax paid (FCFBIT)	**194**	360			**385**	375		
Free cash flow (FCF)	**115**	261			**248**	242		
Net debt[6]	**1,381**	1,576			**1,381**	1,576		
Days sales outstanding	**52**	53			**52**	53		
Cash conversion[7]	**84%**	78%			**84%**	78%		
Net debt to EBITDA[8] excluding one-offs	**1.2x**	1.4x			**1.2x**	1.4x		

[4] In Q2 2019, organic revenue declined by 4%, or by 3% trading days adjusted (TDA). In HY 2019, organic revenue declined by 3%, or by 2% TDA.
[5] Free cash flow is a non-US GAAP measure and comprises cash flows from operating activities less capital expenditures.
[6] 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.
[7] 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.
[8] 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 2019 financial performance

Group performance overview

Revenues in Q2 2019 declined by 3% year-on-year, organically and trading days adjusted (TDA), slightly below the Q1 2019 decline of 2%. Growth in most European countries softened, with the exception of Iberia, consistent with more difficult market conditions. North America slowed modestly against a more challenging prior year base. Growth in Japan and the Rest of World remained robust. Permanent placement revenues were up 1% organically year-on-year, slowing from 5% growth in Q1 2019, and reflecting very strong growth in the same period in 2018.

Gross margin was 19.0%, an increase of 70 bps year-on-year, on a reported basis, and up 40 bps organically. Temporary staffing gross margin was up 30 bps, supported by pricing discipline and talent scarcity. EBITA margin excluding one-offs was stable year-on-year at 4.5%, with an underlying improvement of approximately 20 bps offset by increased investments in New Ventures, the German transformation and unfavourable bank holiday timing. DSO was 52 days, a slight improvement from 53 days in both the prior year and Q1 2019. Cash flow from operating activities was EUR 145 million, lower year-on-year due to the replacement of CICE in France, the impact of which will reverse in the second half (consistent with prior guidance). Cash conversion was 84%.

Revenues

Q2 2019 revenues were EUR 5,923 million, down 2% year-on-year on a reported basis. Currency movements had a positive impact on revenues of approximately 1%, M&A had a positive impact of around 0.5%, while the number of working days had a negative impact of around 0.5%. On an organic and trading days adjusted basis revenues decreased by approximately 3%.

By service line: temporary staffing revenues declined by 5%, to EUR 5,087 million; permanent placement revenues increased by 1%, to EUR 153 million; revenues from career transition were EUR 88 million, down 3%; and revenues in outsourcing and other activities were up 2%, to EUR 595 million. By business line: General Staffing revenues were down 5%; Professional Staffing revenues declined by 1%; and Solutions revenues were up 1%. All compared to the prior year and on an organic basis.

Gross Profit

Gross profit was EUR 1,128 million in Q2 2019, up 2% on a reported basis and down 1% organically. Gross margin was 19.0%, up 70 bps compared to Q2 2018. Currency had a positive impact of 10 bps, while the consolidation of General Assembly had a 20 bps favourable impact. Therefore, on an organic basis, the gross margin was up 40 bps, including positive contributions from temporary staffing (+30 bps) and permanent placement (+10 bps). The improvement of 30 bps in the temporary staffing gross margin was driven by a positive development in price and mix (+40 bps), which was partly offset by unfavourable bank holiday timing (-10 bps).

Selling, General and Administrative Expenses (SG&A)

SG&A excluding one-offs was EUR 863 million in Q2 2019, up 3% year-on-year on a reported basis but down 1% organically, supported by GrowTogether and good cost management. Average FTE employees were 34,568, down 2% organically year-on-year. The number of branches declined 3% organically year-on-year. Q2 2019 one-offs included restructuring costs of EUR 22 million, primarily to streamline and support the competitiveness of the German organisation, and acquisition-related costs of EUR 2 million, compared to EUR 6 million and EUR 5 million respectively in Q2 2018.

EBITA

EBITA in Q2 2019 was EUR 241 million. EBITA excluding one-offs was EUR 265 million, down 3% organically. EBITA margin excluding one-offs was 4.5%, flat year-on-year on a reported basis. Increased investments in New Ventures had a negative impact of 5 bps and the business transformation in Germany had a negative impact of 5 bps. Unfavourable bank holiday timing had a negative impact of 10 bps. This leaves an underlying improvement of approximately 20 bps year-on-year, supported by GrowTogether productivity savings and positive temporary staffing price/mix development. The conversion ratio of gross profit into EBITA excluding one-offs was 23.5%, down 100 bps on a reported basis and down 30 bps organically year-on-year.

Amortisation of Intangible Assets

Amortisation of intangible assets was EUR 13 million, compared to EUR 11 million in Q2 2018.

Operating Income

Operating income was EUR 228 million, compared to EUR 249 million in Q2 2018.

Interest Expense and Other Income/(Expenses), net

Interest expense was EUR 10 million, compared to EUR 9 million in Q2 2018. Other income/(expenses), net was an expense of EUR 3 million in Q2 2019, compared to an expense of EUR 6 million in Q2 2018.

Provision for Income Taxes

In Q2 2019, the effective tax rate was 26%, compared to 27% in Q2 2018. Discrete events reduced the effective tax rate by around 6% in Q2 2019, with a negligible impact in the prior year. The increase in the effective tax rate excluding discrete events in 2019 is attributable to higher taxable income in France, resulting from the replacement of the CICE wage subsidies, which were previously tax exempt.

Net Income Attributable to Adecco Group Shareholders and EPS

Net income attributable to Adecco Group shareholders was EUR 159 million, compared to EUR 170 million in Q2 2018. Basic EPS was EUR 0.98, compared to EUR 1.03 in Q2 2018.

Cash Flow and Net Debt

Cash flow from operating activities was EUR 145 million in Q2 2019, compared to EUR 303 million in Q2 2018. The replacement of CICE in France had a negative impact on cash flow of approximately EUR 170 million in Q2 2019 but is anticipated to have a broadly neutral impact for the full-year. DSO was 52 days in Q2 2019, down 1 day year-on-year. Capex was EUR 30 million compared to EUR 42 million in the same period in the previous year. The rolling last four quarters cash conversion ratio was 84% in Q2 2019, compared to 78% in Q2 2018. Net debt was EUR 1,381 million at 30 June 2019, compared to EUR 1,096 million at 31 March 2019 and EUR 1,576 million at 30 June 2018. Net debt to EBITDA excluding one-offs was 1.2x at 30 June 2019, compared to 0.9x at 31 March 2019 and 1.4x at 30 June 2018.

Q2 2019 segment operating performance

Revenues and revenue growth

	Revenues		Variance			% of revenues
EUR millions unless stated	Q2 2019	Q2 2018	Reported	Organic	Organic TDA[9]	Q2 2019
France	1,420	1,472	-4%	-3%	-3%	24%
N. America, UK & I. General Staffing	735	711	3%	-2%	-1%	13%
N. America, UK & I. Professional Staffing	863	860	0%	-4%	-4%	15%
Germany, Austria, Switzerland	474	553	-14%	-16%	-15%	8%
Benelux and Nordics	482	530	-9%	-8%	-7%	8%
Italy	497	521	-5%	-5%	-6%	8%
Japan	364	324	12%	6%	12%	6%
Iberia	286	287	0%	0%	4%	5%
Rest of World	673	685	-2%	1%	2%	11%
Career Transition & Talent Development	129	109	19%	-1%	-1%	2%
Adecco Group	**5,923**	**6,052**	**-2%**	**-4%**	**-3%**	100%

[9] TDA = trading days adjusted

EBITA and EBITA margin excluding one-offs

	EBITA excluding one-offs		EBITA margin excluding one-offs			% of EBITA[10]
EUR millions unless stated	Q2 2019[11]	Q2 2018	Q2 2019	Q2 2018	Variance	Q2 2019
France	89	87	6.2%	5.9%	30 bps	30%
N. America, UK & I. General Staffing	22	21	3.0%	3.0%	0 bps	7%
N. America, UK & I. Professional Staffing	44	49	5.0%	5.6%	(60) bps	15%
Germany, Austria, Switzerland	(1)	10	-0.4%	1.8%	(220) bps	0%
Benelux and Nordics	15	13	3.2%	2.5%	70 bps	5%
Italy	44	44	8.7%	8.4%	30 bps	15%
Japan	28	24	7.7%	7.4%	30 bps	9%
Iberia	13	16	4.9%	5.6%	(70) bps	4%
Rest of World	24	25	3.5%	3.6%	(10) bps	8%
Career Transition & Talent Development	22	23	17.8%	21.5%	(370) bps	7%
Corporate	(35)	(42)				
Adecco Group	**265**	**270**	**4.5%**	**4.5%**	**0 bps**	100%

[10] % of EBITA excluding one-offs and before Corporate.
[11] See page 11 for a reconciliation of EBITA to EBITA excluding one-offs by segment.

Note: all revenue growth rates in this section are year-on-year on an organic basis, unless otherwise stated

In France, revenues were EUR 1,420 million, down 3% year on year. Revenues decreased by 4% in General Staffing, which accounts for over 90% of revenues, partly offset by strong growth in Professional Staffing, up 13%. By industry, declines were most pronounced in manufacturing, logistics and retail. Permanent placement revenues were up 3%. EBITA excluding one-offs was EUR 89 million with a margin of 6.2%, up 30 bps year-on-year. Margin improvement was driven by pricing, business mix and higher productivity, linked to the GrowTogether programme.

In North America, UK & Ireland General Staffing, revenues were EUR 735 million, a decline of 2%, or 1% trading days adjusted. North America General Staffing, which accounts for approximately 75% of revenues, was down 2%. Growth was impacted by a moderation in US market growth, as well a more challenging prior year comparison base. UK & Ireland General Staffing represents approximately 25% of revenues and was down 1%, or flat trading days adjusted, in a market impacted by Brexit-related uncertainty. Permanent placement revenue growth re-accelerated to 11% in North America General Staffing, and was down 1% in UK & Ireland General Staffing. Overall EBITA was EUR 22 million, with a margin of 3.0%, flat versus the prior year excluding one-offs. A positive gross margin development and further strong FTE productivity growth was offset by discrete costs that impact the year-on-year comparison.

In North America, UK & Ireland Professional Staffing, revenues were EUR 863 million, down 4%. North America Professional Staffing represents approximately 65% of revenues and declined 7%. Continued strong growth in Medical & Science was offset by declines in IT and Finance & Legal, while Engineering & Technical was flat. Growth in Legal continued to be impacted by the completion of a number of large client projects in Q1 2019; the impact of which will persist for the remainder of the year. UK & Ireland Professional Staffing represents approximately 35% of revenues and was flat, or up 2% trading days adjusted, with market conditions remaining muted. Permanent placement revenues were up 8% in North America Professional Staffing and down 12% in UK & Ireland Professional Staffing. Overall EBITA excluding one-offs was EUR 44 million with a margin of 5.0%, down 60 bps year-on-year. Pricing and GrowTogether had a positive impact on the margin. However, this was offset by negative operating leverage and investments in building up offshore capabilities to support the US IT business and in the digital permanent recruitment platform Vettery.

In Germany, Austria, Switzerland, revenues were EUR 474 million, down 16%, or down 15% trading days adjusted. In Germany & Austria, revenues declined 18%, or 17% trading days adjusted, driven primarily by the market slowdown, particularly in the automotive sector, and the ongoing impact of regulatory changes. The business made important operational progress in the quarter and steps have been taken to further streamline the structure and drive competitiveness. In Switzerland, revenues declined 9%, or 7% trading days adjusted, against a very strong prior year comparison base and in a slowing market. For the region, EBITA excluding one-offs was a loss of EUR 1 million, with a negative EBITA margin of 0.4%, a year-on-year decrease of 220 bps. The margin decline was driven by the unfavourable timing of bank holidays, higher bench costs and negative operating leverage in Germany.

In Benelux and Nordics, revenues were EUR 482 million, down 8%, or down 7% trading days adjusted. In the Nordics, revenues declined 4%, or 2% trading days adjusted, with growth in Norway offset by a decline in Sweden. Revenues in Benelux were down 10%, or down 11% trading days adjusted. Belgium experienced a mid-single-digit revenue decline, reflecting softer market conditions, while the Netherlands declined double-digits due to a repositioning of the business away from lower value activities and the market slowdown. Overall EBITA was EUR 15 million, with an EBITA margin excluding one-offs of 3.2%, compared to 2.5% in Q2 2018. The margin was positively impacted by pricing, mix and cost actions.

In Italy, revenues were EUR 497 million, down 5%, or down 6% trading days adjusted, due mainly to weakness in manufacturing, automotive and metal sectors. EBITA was EUR 44 million and the margin was 8.7%, up 30 bps year-on-year, driven by improvement in pricing and strong growth in permanent placement, which was up 11%.

In Japan, revenues were EUR 364 million, up 6%, or up 12% trading days adjusted, with good growth in professional staffing and permanent placement. EBITA was EUR 28 million and the EBITA margin was 7.7%, an increase of 30 bps year-on-year driven by business mix and productivity improvements.

In Iberia, revenues were EUR 286 million, flat or up 4% trading days adjusted. EBITA was EUR 13 million. The EBITA margin declined by 70 bps year-on-year to 4.9%, impacted by lower profitability in outsourcing and discrete costs.

In **Rest of World**, revenues were EUR 673 million, up 1% or up 2% trading days adjusted. Revenues increased 4% in Australia & New Zealand, 1% in Latin America, 6% in Asia, 4% in India and declined by 3% in Eastern Europe & MENA, all trading days adjusted. For the region, EBITA was EUR 24 million with a margin of 3.5%, down 10 bps compared to last year's EBITA margin excluding one-offs.

In **Career Transition and Talent Development** (including Lee Hecht Harrison and General Assembly), revenues were down 1% organically at EUR 129 million. Revenues declined in the counter-cyclical career transition activities, partly offset by growth in talent development. EBITA excluding one-offs was EUR 22 million, representing an EBITA margin of 17.8%, compared to 21.5% in Q2 2018. The lower EBITA margin year-on-year resulted primarily from the fact that General Assembly, where the Group continues to invest, was consolidated for the full quarter in 2019 compared to only one month in Q2 2018.

Half-year transformation update

The GrowTogether transformation programme is based on three key foundations: Service Excellence, Process Optimisation and Technology. In the first half of the year, GrowTogether showed positive momentum and is on track to deliver the 2019 incremental productivity target of EUR 70 million.

On Service Excellence, the Group became more systematic in the measurement and improvement of Net Promoter Score (NPS), to better understand what drives a positive customer experience. Transactional NPS tracking has now been operationalised in all key markets. Improving NPS is about enhancing the client and candidate experience, and making it easier to do business with the Adecco Group. A clear example of that are the global candidate tools; developed and launched in France and introduced in Finland in Q2 2019, and which will be rolled-out to further major markets from Q4 2019.

Process Optimisation is built around the PERFORM programme, which seeks to drive out inefficiencies from work processes and is an important precursor to the deployment of new digital tools. Training in the PERFORM methodology was accelerated during Q2 2019, launching in Northern Europe and Italy, with further roll out during the balance of the year.

The Technology agenda focuses on improving the efficiency of sales, recruiting and middle/back-office activities. Examples include the deployment of new front-office tools, the use of chatbots to automate candidate outreach and screening, and the digitisation of timesheet capture and interpretation. In addition, the Group also strengthened its Onsite business in Q2 2019 with the launch of an advanced workforce planning tool, to improve the speed and quality of order fulfilment.

Lastly, on pricing, strong progress has been made in recent quarters on improving governance and deploying new tools to ensure that pricing reflects the value being delivered to clients, particularly in more talent scarce labour markets.

Management outlook

In Q2 2019, Group revenues declined 3% year-on-year organically and trading days adjusted (TDA). Revenues in June were also down 3% organically and TDA. Volumes in July indicate a continuation of the Q2 trend.

The Group remains on track to deliver the targeted incremental GrowTogether productivity savings of EUR 70 million in 2019.

2019 Half Year Report

Alongside the Q2 2019 press release, the Adecco Group has published today its 2019 Half Year Report, which can be found in the Results & Events Centre on the Group's investor relations website.

Q2 2019 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
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The Q2 2019 results presentation will be available through the webcasts and will be published on the Investor Relations section on the Group's website.

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Financial Agenda

- Q3 2019 results 5 November 2019
- Q4 2019 results 27 February 2020
- Q1 2020 results 5 May 2020

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 HR 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 5 on the Great Place to Work® - World's Best Workplaces 2018 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 ten global brands: Adecco, Adia, Badenoch & Clark, General Assembly, Lee Hecht Harrison, Modis, Pontoon, Spring Professional, Vettery and YOSS.

Revenues by segment and by business line

Revenues by segment	Q2		Variance %		HY		Variance %	
EUR millions	**2019**	2018	EUR	Constant currency	**2019**	2018	EUR	Constant currency
France[1]	1,420	1,472	-4%	-4%	2,703	2,787	-3%	-3%
N. America, UK & I. General Staffing	735	711	3%	-2%	1,449	1,388	4%	-1%
N. America, UK & I. Professional Staffing	863	860	0%	-4%	1,709	1,716	0%	-5%
Germany, Austria, Switzerland[1]	474	553	-14%	-15%	956	1,078	-11%	-12%
Benelux and Nordics[1]	482	530	-9%	-9%	948	1,041	-9%	-8%
Italy	497	521	-5%	-5%	954	998	-4%	-4%
Japan[1]	364	324	12%	7%	707	625	13%	7%
Iberia	286	287	0%	0%	550	560	-2%	-2%
Rest of World	673	685	-2%	1%	1,334	1,342	-1%	2%
Career Transition & Talent Development[1]	129	109	19%	14%	258	209	24%	19%
Adecco Group	**5,923**	**6,052**	**-2%**	**-4%**	**11,568**	**11,744**	**-2%**	**-3%**

Revenues by business line[2]	Q2		Variance %		HY		Variance %	
EUR millions	**2019**	2018[4]	EUR	Constant currency	**2019**[5]	2018[4]	EUR	Constant currency
Office	1,395	1,372	2%	0%	2,720	2,677	2%	0%
Industrial	3,043	3,253	-6%	-7%	5,916	6,249	-5%	-6%
General Staffing	**4,438**	**4,625**	**-4%**	**-5%**	**8,636**	**8,926**	**-3%**	**-4%**
Information Technology	730	721	1%	-2%	1,444	1,427	1%	-2%
Engineering & Technical[3]	182	170	7%	3%	358	339	5%	2%
Finance & Legal	250	251	0%	-5%	489	495	-1%	-6%
Medical & Science[3]	148	135	10%	5%	294	271	9%	4%
Professional Staffing	**1,310**	**1,277**	**2%**	**-1%**	**2,585**	**2,532**	**2%**	**-1%**
CTTD[3]	129	109	19%	14%	258	209	24%	19%
BPO	46	41	12%	7%	89	77	16%	11%
Solutions[3]	**175**	**150**	**17%**	**12%**	**347**	**286**	**22%**	**17%**
Adecco Group	**5,923**	**6,052**	**-2%**	**-4%**	**11,568**	**11,744**	**-2%**	**-3%**

1) In Q2 2019 revenues changed organically in France by -3%, in Germany, Austria, Switzerland by -16%, in Benelux and Nordics by -8%, in Japan +6% and in Career Transition & Talent Development -1%. In HY 2019 revenues changed organically in Germany, Austria, Switzerland by -13%, in Benelux and Nordics by -7%, in Japan +6% and stayed flat in Career Transition & Talent Development.

2) The classification of a branch into Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, and Medical & Science is determined by the business line generating the largest revenue share in that specific branch. CTTD comprises Career Transition & Talent Development services. BPO comprises Managed Service Programmes (MSP) and Recruitment Process Outsourcing (RPO).

3) In Q2 2019 revenues changed organically in Medical & Science by +8%, in CTTD by -1% and in Solutions +1%. In HY 2019 revenues changed organically in Engineering & Technical by +3%, Medical & Science by +6%, were flat in CTTD and in Solutions by +3%.

4) 2018 Information Technology and Industrial have been restated following reclassification for Digital Brands from BPO. 2018 Office and Industrial, Information Technology, Engineering & Technical have been restated to conform with current period presentation.

5) Includes restatement for Q1 2019 following the reclassification of selected revenues between the Office and Industrial business lines in Iberia.

EBITA[1] and EBITA margin by segment

EBITA	Q2		Variance %		HY		Variance %	
EUR millions	**2019**	2018	EUR	Constant currency	**2019**	2018	EUR	Constant currency
France	87	87	0%	0%	159	156	2%	2%
N. America, UK & I. General Staffing	22	19	12%	5%	41	35	16%	9%
N. America, UK & I. Professional Staffing	41	44	-8%	-14%	80	85	-7%	-12%
Germany, Austria, Switzerland	(18)	10	-284%	-281%	(10)	2	-603%	-566%
Benelux and Nordics	15	13	14%	15%	27	23	18%	19%
Italy	44	44	-1%	-1%	78	79	-2%	-2%
Japan	28	24	17%	11%	53	46	17%	10%
Iberia	13	16	-13%	-13%	27	29	-4%	-4%
Rest of World	24	25	-6%	-1%	45	42	6%	10%
Career Transition & Talent Development	20	24	-11%	-16%	38	48	-20%	-24%
Corporate	(35)	(46)	-24%	-27%	(76)	(91)	-16%	-19%
Adecco Group	**241**	**260**	**-7%**	**-9%**	**462**	**454**	**2%**	**0%**

	Q2			HY		
EBITA margin	**2019**	2018	Variance bps	**2019**	2018	Variance bps
France	6.1%	5.9%	20	5.9%	5.6%	30
N. America, UK & I. General Staffing	2.9%	2.7%	20	2.8%	2.5%	30
N. America, UK & I. Professional Staffing	4.7%	5.1%	(40)	4.7%	5.0%	(30)
Germany, Austria, Switzerland	-3.8%	1.8%	(560)	-1.1%	0.2%	(130)
Benelux and Nordics	3.1%	2.5%	60	2.8%	2.2%	60
Italy	8.7%	8.4%	30	8.2%	7.9%	30
Japan	7.7%	7.4%	30	7.5%	7.3%	20
Iberia	4.9%	5.6%	(70)	5.0%	5.1%	(10)
Rest of World	3.5%	3.6%	(10)	3.4%	3.2%	20
Career Transition & Talent Development	16.1%	21.5%	(540)	14.9%	23.0%	(810)
Adecco Group	**4.1%**	**4.3%**	**(20)**	**4.0%**	**3.9%**	**10**

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

Reconciliation of EBITA to EBITA excluding one-offs

EBITA	EBITA excluding one-offs		One-offs		EBITA	
EUR millions	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
France	89	87	(2)		87	87
N. America, UK & I. General Staffing	22	21		(2)	22	19
N. America, UK & I. Professional Staffing	44	49	(3)	(4)	41	44
Germany, Austria, Switzerland	(1)	10	(17)		(18)	10
Benelux and Nordics	15	13			15	13
Italy	44	44			44	44
Japan	28	24			28	24
Iberia	13	16			13	16
Rest of World	24	25			24	25
Career Transition & Talent Development	22	23	(2)		20	24
Corporate	(35)	(42)		(5)	(35)	(46)
Adecco Group	**265**	**270**	**(24)**	**(11)**	**241**	**260**

EBITA	EBITA excluding one-offs		One-offs		EBITA	
EUR millions	HY 2019	HY 2018	HY 2019	HY 2018	HY 2019	HY 2018
France	161	156	(2)		159	156
N. America, UK & I. General Staffing	41	37		(2)	41	35
N. America, UK & I. Professional Staffing	84	91	(4)	(6)	80	85
Germany, Austria, Switzerland	7	16	(17)	(14)	(10)	2
Benelux and Nordics	27	23			27	23
Italy	78	79			78	79
Japan	53	46			53	46
Iberia	27	29			27	29
Rest of World	45	43		(1)	45	42
Career Transition & Talent Development	43	49	(5)	(1)	38	48
Corporate	(75)	(85)	(1)	(6)	(76)	(91)
Adecco Group	**491**	**484**	**(29)**	**(30)**	**462**	**454**

Consolidated statements of operations

EUR millions except share and per share information	Q2 2019	Q2 2018	Variance % EUR	Variance % Constant currency	HY 2019	HY 2018	Variance % EUR	Variance % Constant currency
Revenues	5,923	6,052	-2%	-4%	11,568	11,744	-2%	-3%
Direct costs of services	(4,795)	(4,945)			(9,360)	(9,604)		
Gross profit	**1,128**	**1,107**	**2%**	**0%**	**2,208**	**2,140**	**3%**	**1%**
Selling, general, and administrative expenses	(887)	(847)	5%	2%	(1,746)	(1,686)	4%	1%
EBITA[1]	**241**	**260**	**-7%**	**-9%**	**462**	**454**	**2%**	**0%**
Amortisation of intangible assets	(13)	(11)			(27)	(20)		
Operating income	**228**	**249**	**-9%**	**-10%**	**435**	**434**	**0%**	**-1%**
Interest expense	(10)	(9)			(18)	(21)		
Other income/(expenses), net	(3)	(6)			(4)	7		
Income before income taxes	**215**	**234**	**-8%**		**413**	**420**	**-2%**	
Provision for income taxes	(56)	(64)			(121)	(119)		
Net income	**159**	**170**	**-7%**		**292**	**301**	**-3%**	
Net income attributable to noncontrolling interests						(1)		
Net income attributable to Adecco Group shareholders	**159**	**170**	**-6%**		**292**	**300**	**-3%**	
Basic earnings per share[2]	0.98	1.03	-4%		1.80	1.81	-1%	
Diluted earnings per share[3]	0.98	1.02	-4%		1.80	1.81	-1%	
Gross margin	*19.0%*	*18.3%*			*19.1%*	*18.2%*		
SG&A as a percentage of revenues	*15.0%*	*14.0%*			*15.1%*	*14.4%*		
EBITA margin	*4.1%*	*4.3%*			*4.0%*	*3.9%*		
Operating income margin	*3.8%*	*4.1%*			*3.8%*	*3.7%*		
Net income margin attributable to Adecco Group shareholders	*2.7%*	*2.8%*			*2.5%*	*2.6%*		

1) EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.
2) Basic weighted-average shares were 162,064,327 in Q2 2019 and 162,350,547 in HY 2019 (165,616,716 in Q2 2018 and 165,620,677 in HY 2018).
3) Diluted weighted-average shares were 162,397,965 in Q2 2019 and 162,640,853 in HY 2019 (165,891,483 in Q2 2018 and 165,934,475 in HY 2018).

Consolidated balance sheets

EUR millions	30 June 2019	31 December 2018
Assets		
Current assets:		
- Cash and cash equivalents	576	652
- Trade accounts receivable, net	4,511	4,432
- Other current assets	326	231
Total current assets	**5,413**	**5,315**
Property, equipment, and leasehold improvements, net	298	282
Operating lease right-of-use assets	440	
Equity method investments	85	76
Other assets	613	625
Intangible assets, net	406	426
Goodwill	3,016	2,994
Total assets	**10,271**	**9,718**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
- Accounts payable and accrued expenses	4,089	4,084
- Current operating lease liabilities	197	
- Short-term debt and current maturities of long-term debt	274	267
Total current liabilities	**4,560**	**4,351**
Operating lease liabilities	261	
Long-term debt, less current maturities	1,683	1,509
Other liabilities	296	269
Total liabilities	**6,800**	**6,129**
Shareholders' equity		
Adecco Group shareholders' equity:		
- Common shares	10	10
- Additional paid-in capital	574	578
- Treasury shares, at cost	(206)	(141)
- Retained earnings	3,336	3,407
- Accumulated other comprehensive income/(loss), net	(251)	(273)
Total Adecco Group shareholders' equity	**3,463**	**3,581**
Noncontrolling interests	8	8
Total shareholders' equity	**3,471**	**3,589**
Total liabilities and shareholders' equity	**10,271**	**9,718**

Consolidated statements of cash flows

EUR millions	Q2		HY	
	2019	2018	**2019**	2018
Cash flows from operating activities				
Net income	159	170	292	301
Adjustments to reconcile net income to cash flows from operating activities:				
– Depreciation and amortisation	37	34	74	62
– Other charges	(6)	3	8	2
Changes in operating assets and liabilities, net of acquisitions				
– Trade accounts receivable	(154)	(198)	(68)	(180)
– Accounts payable and accrued expenses	111	147	60	65
– Other assets and liabilities	(2)	147	(40)	69
Cash flows from operating activities	**145**	**303**	**326**	**319**
Cash flows from investing activities				
Capital expenditures	(30)	(42)	(78)	(77)
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	4		(15)	7
Other acquisition, divestiture and investing activities, net		(11)	(4)	(22)
Cash used in investing activities	**(26)**	**(370)**	**(97)**	**(486)**
Cash flows from financing activities				
Net increase in short-term debt	15	85	5	440
Borrowings of long-term debt, net of issuance costs	353		353	2
Repayment of long-term debt		(350)		(350)
Buyback of long-term debt	(211)		(211)	
Dividends paid to shareholders	(360)	(350)	(360)	(350)
Purchase of treasury shares	(3)	(1)	(87)	(38)
Other financing activities, net	(2)		(4)	
Cash used in financing activities	**(208)**	**(616)**	**(304)**	**(296)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(18)**	**15**		**6**
Net decrease in cash, cash equivalents and restricted cash	**(107)**	**(668)**	**(75)**	**(457)**
Cash, cash equivalents and restricted cash:				
– Beginning of period	750	1,214	718	1,003
– End of period	643	546	643	546