

# Leaders in the changing world of work



Rolf Dörig  
Chair of the Board

Alain Dehaze  
Chief Executive Officer

## Dear Adecco Group shareholders,

The Group had another solid year in 2017, with a good financial performance and significant progress made against our strategic agenda. Organic revenue growth accelerated to 6%, as economic conditions in many of our end markets improved, and we held our EBITA margin excluding one-offs broadly stable at 4.9%. Cash flow generation also remained strong, and we ended the year with a robust balance sheet. All this was achieved while making significant investments in the new digital solutions and IT infrastructure that will transform our business and allow us to create more value for our clients, candidates, associates, colleagues and other stakeholders.

### Leveraging opportunities in the changing world of work

The Adecco Group is the leader in the world of HR solutions. Every year we provide more than 3.5 million people with permanent and flexible employment opportunities, contributing positively to society, both for individuals and for communities.

The world of work and our industry are evolving, reshaped by megatrends that create both opportunities and challenges. We firmly believe that, by delivering our strategy, we will harness these changing industry dynamics to further strengthen our competitive position.

Demand for our services – whether flexible and permanent employment solutions, training and re-skilling, workforce transformation or outsourcing – will continue to grow. At the same time, digitisation, big data and analytics create opportunities to develop new business models, improve client engagement, enhance relationships and provide access to new customer segments.

As delivery models evolve, this will favour scale operators, such as the Adecco Group, increasing consolidation in what is currently a very fragmented market. With our strong brands, labour market knowledge, extensive data assets and over 100,000 multi-sector clients, we are well positioned to gain market share in our existing businesses, while also expanding into attractive adjacent markets.

At the Group's Capital Markets Day in September 2017, management shared some of the progress that has been going on behind the scenes since 2016, laying the foundations for future prosperity. We look forward to providing updates on our further progress in 2018 and beyond.

### Perform, Transform and Innovate

The Group's strategic agenda is summarised in three words: Perform, Transform and Innovate. A simple formula that pervades everything we do as an organisation.

'Perform' means that we will keep delivering revenue growth, in the cost-disciplined, returns-focused way that we always have. It means achieving strong cash flow to underpin a progressive dividend and financial investment.

With 'Transform', we are strengthening our core business to differentiate our offering from that of our competitors, and to take profitable market share. Through our GrowTogether programme, we are leveraging technology to enhance client and candidate experience while, at the same time, reducing our cost-to-serve as we improve productivity.

'Innovate' describes how we will capture new growth opportunities in markets adjacent to our existing businesses; in doing so, capitalising on the megatrends. Our digital ventures, such as Adia and YOSS, co-created with Infosys and Microsoft, are examples of this focus on innovation. The acquisition of Vetterly, in early 2018, will further strengthen the Innovate agenda, providing a platform to expand into the fast-growing digital professional permanent recruitment market.

### Creating value for shareholders

The Adecco Group's businesses generate substantial free cash flow throughout the business cycle. Our clear capital allocation policy determines how we deploy that cash flow; whether reinvesting, at an attractive return on capital, or returning it to our shareholders.

While we invest in the transformation of our business, we remain committed to a progressive dividend policy. As earnings grow, so will our dividend per share (DPS), within the bounds of a payout ratio of 40-50% of adjusted earnings per share (EPS). We also commit to holding our Swiss Franc DPS at least in line with the prior year, even if EPS temporarily declines and the payout ratio is exceeded. At the AGM on 19 April 2018, the Board will propose a dividend of CHF 2.50, an increase of 4% year on year and representing a payout ratio of 46% of 2017 adjusted EPS. Further to our annual dividend payments, at the end of each year we also review our financial position and return excess capital to shareholders. Consistent with this policy, for 2017, the Board will propose a share buyback of EUR 150 million.

### Making the future work for everyone

We recognise that the Adecco Group has a responsibility which goes beyond our commitment to our shareholders. Our mission is to make the future work for everyone. From helping candidates find fulfilling work, and reshaping how clients obtain the requisite skills, to developing our own employees and advising policymakers globally, we are helping people to successfully navigate the changing world of work. That means offering and enabling greater flexibility while, at the same time, ensuring security for all in the labour market. From facilitating policy development to shifting social trends, we are at the table working to address the systemic challenges that affect us all.

With the new Adecco Group Foundation, we will be focusing on helping underserved people make the transition into the workforce, and supporting the role of employers to encourage workforce vitality.

We look forward to continuing this important work, and creating more shared value for all our stakeholders in 2018. We recognise and appreciate the contribution of our 34,000 employees, and we thank you, our shareholders, for your ongoing trust and support.



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