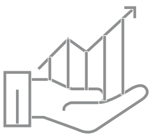
Perform

The first step in our strategic agenda is 'Perform'. This is about doing what we do better than anyone else, and acting with urgency to improve the areas of our global business that have yet to reach their potential. It will ensure we continue to deliver the performance necessary to lead and shape our industry for many years to come. Chief Executive Officer Alain Dehaze explains how 'Perform' will lay the foundation for the successful implementation of our strategy.



Q. What core principles underpin the Perform agenda?

AD. The world of work is changing rapidly and, as the market leader, we are committed to strengthening our position and capitalising on the opportunities for growth that this exciting environment offers. 'Perform' is the engine behind that plan. It means delivering sustainable growth in the cost-disciplined and returns-focused way that we always have. It's about evolving as well as delivering: taking a forensic look at where we can improve performance, year after year. 'Perform' then allows us to finance the transformation and the innovation we want to put to work in the years ahead.

It is vital during this phase of transformation that we do not lose focus on safeguarding and enhancing our performance. Our industry is highly competitive and there is gross margin pressure in some segments, so we also have to constantly be looking to improve our efficiency. We're breaking down the averages and highlighting the specific areas and opportunities where we know we can go one better across the organisation. Key to this is also driving out underperformance wherever it exists, and turning those areas around. To that end, we have identified areas of our business that are not achieving our expected level of performance, in order to help them improve.

Delivering the 'Perform' pillar of our strategy will generate the strong cash flow required to fund our progressive dividend and the investments we are making in the existing business and in new horizons. In short, 'Perform' unlocks the door to the 'Transform' and 'Innovate' pillars of our strategic agenda.

Q. What steps have been taken to drive performance?

AD. Firstly, we've been taking a very close look at the segmentation of the industry to see where we can capture market share and where we have the greatest potential for growth. We know, for example, that small and medium-sized enterprises represent 60% of the economy in our geographies but only 35% of Adecco Group sales. That's something we can obviously improve on. We have the expertise, services and tools to really deliver for these kinds of clients, so we're working hard to increase our base of small and medium clients. We're already making encouraging progress, with 9% growth in 2017, in constant currency.

On the other hand, we are seeing a different kind of demand from larger customers who are increasingly looking for the onsite delivery of HR solutions. We achieved 28% growth, in constant currency, in this business in 2017 and, importantly, it's creating stronger client relationships at a lower cost-to-serve for us.

Secondly, I think the introduction in 2016 of our 'watchlist' of challenging areas of the business has really helped to focus both our minds and our efforts to eliminate underperformance and deliver the results we expect. Australia is a good example: after many years of lagging behind, we returned to profitability in that territory in the first half of 2017.

Third, we're striving to improve our business mix across the Group, especially in emerging markets. Returns in those territories have not met our expectations, and there is huge potential for improvement and growth.

And finally, our incentive system is robust and is structured to encourage our teams to really go the extra mile. Targets and bonuses are based on a formula of sales growth, EBITA and DSO. Everyone in the Adecco Group understands the importance of delivering on all three.

> "Delivering the 'Perform' pillar of our strategy will generate the strong cash flow required to fund our progressive dividend and the investments we are making in the existing business and in new horizons."

Alain Dehaze
Chief Executive Officer

Q. Does the Perform agenda focus solely on financial performance?

AD. 'Perform' is intended to create and embed a culture of outperformance across the organisation. A big part of that is financial, of course, but our ambition is much wider than that. It is about how we deliver results, not just the outcome: the journey, not just the destination. We're building a truly sustainable business. So we want to see sales intensity, the sharing of best practice, teamwork, and a razor-sharp focus on service. In the end, we optimise value for our shareholders when we create the most value for our customers.

Q. How does the Group look to balance cash conversion and investing in key strategic initiatives?

AD. We have made a key financial commitment to deliver strong cash flow. Our business remains highly cash generative and, on average, we achieve an operating cash conversion of more than 90%. We therefore generate sufficient free cash flow to support our investments, as well as our progressive dividend policy.

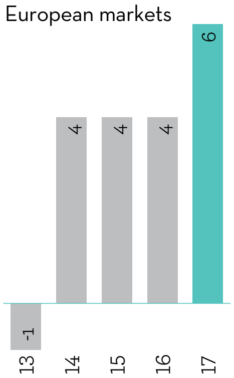
2017 performance highlights

"Perform is intended to create and embed a culture of outperformance across the organisation. A big part of that is financial, of course, but our ambition is much wider than that. It is about how we deliver results, not just the outcome: the journey, not just the destination."

Organic revenue growth

6%

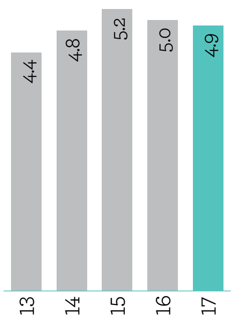
Growth accelerated, driven by strong performances in most European markets



EBITA margin excluding one-offs

4.9%

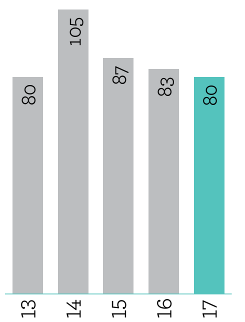
Continued performance, while investing for the future



Cash conversion

80%

Strong underlying cash flow, reflecting revenue growth acceleration and working capital investment



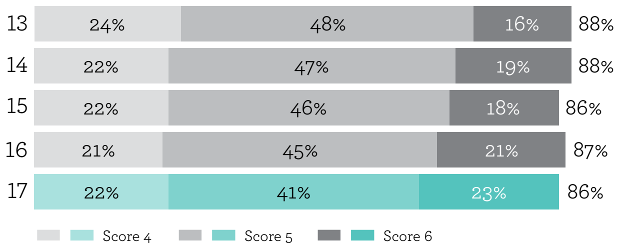
Our investment strategy is based on strict criteria with a focus on value realisation, and a culture of keeping track of progress and returns on those investments. This is all based on a clear capital allocation policy. We prioritise profitable organic growth, maintaining an investment-grade credit rating and our progressive dividend policy. We also look to exploit attractive buy-and-build merger and acquisition opportunities as and when they arise. Absent M&A we return any excess cash to shareholders.

Q. How does the Perform agenda influence the Transform and Innovate agendas?

AD. 'Perform' empowers us to finance and deliver the 'Transform' and 'Innovate' agendas of our strategy. How does it do this? In two ways: cash and credibility. By generating cash flow, 'Perform' enables investment in our transformation programme and in innovation such as Digital Ventures. It also builds credibility; only by performing can we truly retain the trust and support of our shareholders. That trust and support is crucial for us as we transform our business.

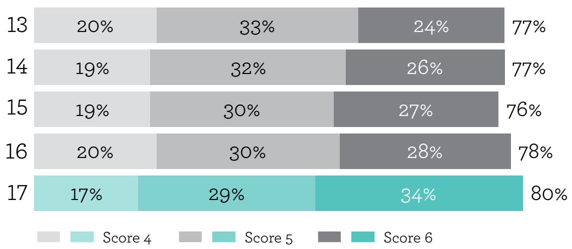
The great strength in our strategy is that 'Transform' and 'Innovate' also feed back into 'Perform'. They guarantee that we will continue to deliver industry-leading performance long into the future as the world of work continues to evolve.

Share of satisfied clients (%)



Note: Share (%) of respondents by category on a scale of 1 (very dissatisfied) to 6 (very satisfied), answering the question "Overall, how satisfied are you with [Adecco]?"

Share of satisfied associates (%)

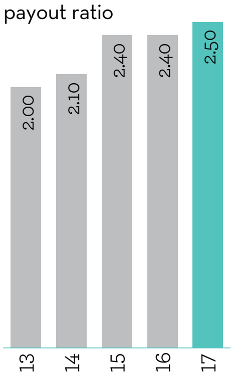


Note: Share (%) of respondents by category on a scale of 1 (very dissatisfied) to 6 (very satisfied), answering the question "Overall, how satisfied are you with [Adecco]?"

Dividend per share[1]

CHF2.50

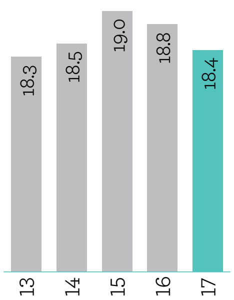
An increase of 4% year on year and representing a 46% payout ratio



Gross margin

18.4%

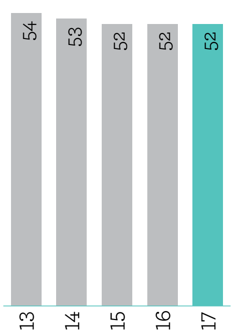
Price and mix effects in temporary staffing not fully mitigated



Days Sales Outstanding

52 days

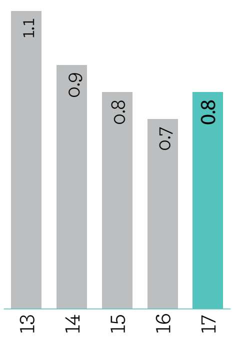
Continued focus to support cash generation



Net debt to EBITDA excluding one-offs

0.8x

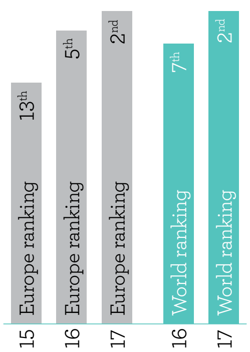
Strong financial position, allowing return of excess capital to shareholders



Great Place to Work® ranking

2nd

Out of >6,000 participating multinational companies



1 For 2017, as proposed by the Board of Directors.