



At the forefront of a changing world of work

Dear Adecco Group shareholders and stakeholders

In 2019, the Group delivered a solid performance and made continued meaningful progress on its transformation and innovation agendas. Slowing economic growth in Europe and the United States led to an organic revenue decline of 3%. Nevertheless, the strides we have made to transform the Company, with enhanced digital tools and processes, combined with a focus on moving up the HR solutions value chain, meant that our EBITA margin modestly improved and operating profits were broadly stable year on year. Disciplined fiscal management ensured that cash flow and the balance sheet remained strong, allowing the Group to continue to make important strategic investments in IT and digital, while also returning significant capital to shareholders.

Creating shared value

The Adecco Group is a purpose-driven company and our mission – to Make the Future Work for Everyone – has been designed with long-term shared value creation at its centre. Through our core businesses we inspire, motivate, prepare and develop people across the globe to embrace the future of work.

Every year, the Group's 35,000 colleagues worldwide enable 3.5 million people to participate in the world of work, and support more than 100,000 organisations with their human capital needs, allowing them to invest and grow. In 2019, we provided coaching and training to more than half a million people, enhancing their employability and accelerating their careers. And we also ran programmes in fields where persistent skills shortages exist to 'train and place' candidates; acting as a source of talent, rather than an intermediary. We believe this decade will be defined by a reskilling revolution, and we are committed to doing our part with an ambitious plan to upskill and reskill five million people globally by 2030. In doing so, we will continue to support economic dynamism across the 60 countries in which we operate.

Making the future work for everyone

As a leader in the world of work, we are also vocal advocates for a new social contract, highlighting the need for social security systems to catch up with the way that people work in the 21st century, to guarantee appropriate protections for all workers – permanent, temporary, or freelance. We are also leading the debate on how companies and governments should rethink workforce investment and account for human capital, to incentivise organisations to address skills shortages and employability challenges.

Leveraging our scale and scope

The future success of the Adecco Group will in part be determined by our ability to take advantage of our scale and scope, which is increasingly important in a digital world. As the business evolves from a branch-centric to an omnichannel model, customer solutions become more complex, and data becomes central to the value proposition. The Adecco Group is well-positioned to lead this shift and expand its market share, in what remains a highly fragmented industry.

The Group has the capacity to invest in, and develop, innovative technologies, and to partner with leading tech players. Equally important, we combine this with deep institutional knowledge of complex labour markets, extensive data assets and an unmatched scope of solutions. Thus, the business can make our 360° solutions ecosystem and technology come alive and work for us as a differentiator with candidates and clients.

Investing for the future with strong returns

Since 2017, the Group has embarked on a significant transformation programme, to strengthen and digitalise its core business and to expand its portfolio. Investments in our strategic initiatives continued in 2019, as the Group builds to capitalise on the favourable megatrends and evolving customer needs that are reshaping the world of work.

As we enter the final year of the 2017–2020 cycle, the business can be proud of the progress that has been made and reassured by the returns that are now being generated from earlier investments. During 2019, the GrowTogether programme continued to expand in terms of breadth and depth; embedding a culture of customer-centricity and continuous process improvement, while re-applying and leveraging proven digital tools. As well as driving an improvement in our Net Promoter Score, GrowTogether overachieved its productivity target to deliver EUR 140 million of annual benefits. This provides a solid foundation to realise the EUR 250 million commitment in 2020.

The Group also made good progress with the Ventures. General Assembly, our digital upskilling and reskilling platform, achieved strong growth while also developing important synergies with other Group brands, including LHH and Modis. Thus illustrating how bringing together multiple Group brands enables us to create unique solutions to client problems. Across the rest of the Ventures portfolio, we saw continued growth and promising product development.

Rewarding shareholders

Attractive and resilient cash flow returns are a characteristic of the Adecco Group's businesses. The Group has a clear capital allocation policy that determines how free cash flow is deployed; balancing reinvestment in the business with returns of capital to shareholders.

While we invest in the transformation of the business, the Group is also committed to paying a progressive dividend. This means that we grow the dividend as earnings grow, and commit to maintaining the dividend at least in line with the prior year. Hence, the current proposed dividend of CHF 2.50 becomes the floor for future years, supported by the Group's robust through-the-cycle cash flow generation.

Further to the annual dividend, at the end of each year the Board reviews the financial position of the Company and considers the return of excess cash to shareholders. Thanks to strong underlying cash flow in 2019, as well as proceeds from the divestment of the Group's US healthcare operations, the Board has also approved a share buyback of EUR 600 million.

A decade of progress

At the AGM in April, the leadership of the Board will pass to a new Chair. This succession is a moment to reflect on what the Company has achieved over the last decade, how the market has evolved, and what the next decade may bring. Ten years ago, the Group was grappling with the fallout from the global financial crisis, which had significantly impacted demand for HR solutions. Unemployment was rising, and many commentators were predicting a 'jobless recovery', while at the same time, ageing workforces and rising demand for skilled workers were prompting fears of skills shortages in the longer term. The HR solutions industry was meanwhile predicted by some to be disrupted by the emergence of online professional networks.

In fact, the global economy and our industry bounced back strongly. Record high unemployment rates have been replaced with record low rates in many countries. Skills shortages have become the reality in many sectors. Our business has evolved and, rather than be disrupted, we have embraced new tools and technologies. Our service offering has been expanded to capitalise on the new challenges and opportunities faced by clients and candidates. We are successfully moving up the HR value chain, broadening our scope of solutions beyond traditional general staffing to become a holistic and integrated HR solutions partner, to support businesses that are grappling with rapidly evolving human capital needs.

An exciting future

What will the next ten years bring? Notwithstanding the ever-present economic uncertainties, the Adecco Group will remain resilient, delivering value to all our stakeholders. Skills shortages will persist, and we will increasingly need to provide solutions, with our training and education capabilities supporting lifelong learning for individuals and up/reskilling at scale for organisations.

Disruption is a constant in the HR solutions industry, and we will continue to embrace it with agility. While technologies such as AI, automation and machine learning will become ubiquitous, our strength lies in the power of the human. The pressing challenge is not that there will be no work in the future but that the path will require individuals to acquire new skills: something that the world is waking up to and where the Adecco Group is leading the way.

We are a business of people and for people. Enabling individuals and organisations to realise the potential that can be achieved through humans working in harmony with technology is a key plank in our value proposition. A new social contract, inclusion and engagement in the workplace, shared value creation and purpose-led growth are central to ensuring that the future really does work for everyone.

The prospects for the Adecco Group remain bright. Our Perform, Transform and Innovate strategy is the foundation on which we will further build over the coming decade and beyond. We are on a journey, but our progress has positioned us well for the next steps.

We would like to thank our 35,000 colleagues around the world, whose hard work and passion are the bedrock of this Company, and also our clients, candidates, associates, and shareholders for your continued trust and support.

Rolf Dörig
Chair of the Board

Alain Dehaze
Chief Executive Officer

3.5m

People helped to find work

500,000

People trained and coached

€600m

Share buyback announced