THE ADECCO GROUP

CONTINUED GROWTH AND STRATEGIC PROGRESS IN Q1 2018

Good underlying growth; one-offs and investments impact profitability

Summary and highlights

- Revenue growth 6% organically[1] and trading days adjusted
- Strong performance in permanent placement, revenues up 18% organically
- Gross margin impacted by the timing of bank holidays (-25 bps), higher sickness rates and strikes in Germany (-10 bps), and lower CICE (-15 bps). Trend in price and mix slightly improved (-10 bps)
- EBITA[2] margin excluding one-offs[3] 3.8%; down 100 bps, due to lower gross margin, FTE growth and strategic investments. Trend to improve from Q2, as impact of investments reduces and bank holidays are favourable
- Net income attributable to Adecco Group shareholders EUR 130 million
- Revenues in March and April up 5-6%, organically and trading days adjusted
- Acquisition of General Assembly will expand the Adecco Group's up-/re-skilling offering, creating unique solutions to address clients' unmet needs for in-demand 21st-century skills

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"In Q1 2018, we continued to invest in the transformation and digitalisation of the Adecco Group, within the framework of our Perform, Transform and Innovate agenda. On the Perform pillar, underlying revenue growth remained good, including an acceleration to 10% in France, where we are again growing in-line with the market. The EBITA margin was negatively impacted by several non-underlying factors and ongoing investments in our strategic initiatives. These effects will reduce during the remainder of 2018. In addition, we will further intensify our focus on driving strong productivity growth from recent headcount investments. GrowTogether is also on track to deliver EUR 50 million of benefits in the second half of 2018.

On the Transform and Innovate agendas, new systems such as our Integrated Front-Office (InFO) and customer portals are transforming the way we interact with clients, candidates and associates. The recently announced acquisition of General Assembly is a further significant development, creating a unique combined value proposition, at the intersection of education and employment.

Over the last 12 months, significant progress has been made in the strategic development of the Group. We are embedding best practices and deploying new tools to strengthen our core businesses. And we have expanded our solutions portfolio, organically and via targeted M&A, to include leading platforms in online staffing (Adia), freelance (YOSS), digital permanent recruitment (Vettery) and now up-/re-skilling (General Assembly). With these actions we are leveraging the workforce megatrends and taking the Group into attractive adjacent markets, supporting our commitment to accelerate structural revenue growth, improve margins and drive continued strong cash flow.

I look forward to more progress during 2018, as we further embed our strategic programmes, and would like to thank our more than 34,000 colleagues for their commitment to that cause."

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 Q1 2018, EBITA included one-offs of EUR 19 million, relating to restructuring costs; in Q1 2017, EBITA included one-offs of EUR 3 million, relating to restructuring costs.

Key figures overview

EUR millions unless stated	Q1 2018	Q1 2017[4]	Change % Reported	Change % Organic
Summary of income statement information				
Revenues	**5,692**	5,730	-1%	4%[5]
Gross profit	**1,033**	1,078	-4%	1%
EBITA excluding one-offs	**214**	273	-22%	-18%
EBITA	**194**	269	-28%	-25%
Net income attributable to Adecco Group shareholders	**130**	176	-26%	
Diluted EPS (EUR)	**0.78**	1.03	-24%	
Gross margin	**18.1%**	18.8%	(70) bps	(60) bps
EBITA margin excluding one-offs	**3.8%**	4.8%	(100) bps	(100) bps
EBITA margin	**3.4%**	4.7%	(130) bps	(130) bps
Summary of cash flow and net debt information				
Free cash flow[6] before interest and tax paid (FCFBIT)	**15**	127		
Free cash flow (FCF)	**(19)**	99		
Net debt[7]	**1,143**	823		
Days sales outstanding	**53**	51		
Cash conversion[8]	**75%**	92%		
Net debt to EBITDA[9] excluding one-offs	**1.0x**	0.7x		

[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 previously shown in "Selling, general and administrative expenses", are now shown in "Other income/(expenses), net".
[5] In Q1 2018, organic revenue growth was 4%, or 6% 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.

Q1 2018 financial performance

Group performance overview

Revenue growth was 6% in Q1 2018, organically and trading days adjusted, after 7% growth in Q4 2017. The slight deceleration was driven in particular by North America, UK & Ireland General Staffing and Italy. Permanent placement performance remained strong, with revenues up 18% organically. Gross margin was down 70 bps compared to Q1 2017, due mainly to a decline in the temporary staffing gross margin of 60 bps organically, impacted by the unfavourable timing of bank holidays, higher sickness rates and strikes in Germany. The underlying decline in temporary staffing gross margin in Q1 2018 was approximately 25 bps, including the impact of lower CICE in France. Price and mix effects on the temporary staffing gross margin modestly improved. The EBITA margin excluding one-offs decreased by 100 bps compared to the prior year, negatively impacted by lower gross margin, strategic investments and headcount growth year-on-year. Cash flow from operating activities was EUR 16 million, compared to EUR 115 million in Q1 2017; a result of lower net income, higher DSO (due to mix of growth and the timing of Easter), and by the phasing of tax payments.

Revenues

Q1 2018 revenues were EUR 5,692 million, down 1% year-on-year on a reported basis. Currency movements had a 5% negative impact on revenues compared to last year. On an organic basis, revenues increased by 4%, or 6% trading days adjusted. The number of working days in the quarter had a negative impact of approximately 1%, while M&A had a small positive impact on revenues. Organic revenue growth was broad-based across service lines, with the exception of the counter-cyclical career transition business. Temporary staffing revenues increased by 4% to EUR 4,940 million, permanent placement revenues rose 18% to EUR 135 million, career transition revenues were EUR 88 million, down 10%, and outsourcing and other activities revenues grew 8% compared to the prior year, on an organic basis. By business line, revenues were up 6% in General Staffing, flat in Professional Staffing, and down 4% in Solutions, all organically.

Gross Profit

Gross profit was EUR 1,033 million in Q1 2018, down 4% on a reported basis and up 1% organically. The gross margin was 18.1%, down 70 bps year-on-year. Currency fluctuations had a 20 bps negative impact while M&A had a 10 bps positive impact. On an organic basis, the gross margin was therefore down 60 bps. Temporary staffing gross margin was down 60 bps, impacted by a number of non-underlying factors. Unfavourable timing of bank holidays had a negative impact of approximately 25 bps, as previously highlighted. Unusually high sickness rates and strikes in Germany combined had a further 10 bps negative impact. The underlying decline in temporary staffing gross margin in Q1 2018 was 25 bps, driven by pricing and mix effects (-10 bps), and a reduction in CICE in France (-15 bps). Career transition had a 20 bps negative impact on gross margin and permanent placement had a 20 bps positive effect, all on an organic basis.

Selling, General and Administrative Expenses (SG&A)

SG&A excluding one-offs was EUR 819 million, an organic increase of 2% sequentially and 8% compared to Q1 2017. Investments in strategic initiatives contributed approximately 2% of the year-on-year increase. These investments related to the GrowTogether initiative, including the roll-out of new IT infrastructure in France, North America, the UK and Japan, as well as investments in the Group's digital ventures, including Adia and YOSS. FTE employees were up 4% organically year-on-year in Q1 2018, mainly as a result of headcount additions in the second half of 2017. Strong growth in the onsite business drove an increase in branches of 4% organically. In Q1 2018, one-offs comprised restructuring costs totalling EUR 19 million, relating to the Group's strategic initiatives, as indicated at the 2017 Capital Markets Day. In Q1 2017, one-offs comprised restructuring costs of EUR 3 million. Reported SG&A was EUR 839 million in Q1 2018.

EBITA

EBITA was EUR 194 million. EBITA excluding one-offs was EUR 214 million, down 18% organically. EBITA margin excluding one-offs was 3.8%, down 100 bps compared to Q1 2017. The reduction in margin year-on-year was driven by lower gross margin, mainly as a result of previously mentioned unfavourable items, and the impact of investments in strategic initiatives, which reduced EBITA margin by approximately 25 bps year-on-year. The net impact of strategic investments in full-year 2018 is expected to be neutral versus 2017, as previously indicated. The conversion ratio (EBITA excluding one-offs divided by gross profit) was 20.7% in Q1 2018, down 460 bps compared to Q1 2017, impacted by the lower gross margin and higher growth in SG&A in the quarter. Conversion ratio in the prior year was particularly strong, due to limited growth in SG&A and favourable seasonal gross margin effects.

Amortisation of Intangible Assets

Amortisation of intangible assets was EUR 9 million compared to EUR 7 million in Q1 2017.

Operating Income

Operating income was EUR 185 million compared to EUR 262 million in Q1 2017, impacted by unfavourable currency translation effects, lower EBITA margin excluding one-offs (as described above) and higher restructuring charges.

Interest Expense and Other Income/(Expenses), net

Interest expense was EUR 12 million compared to EUR 13 million in Q1 2017. Other income/(expenses), net was a gain of EUR 13 million in Q1 2018, compared to an income of EUR 1 million in Q1 2017.

THE ADECCO GROUP

Provision for Income Taxes

In Q1 2018, the effective tax rate was 30%, compared to 29% in Q1 2017. In Q1 2018, discrete events increased the effective tax rate by approximately 3%.

Net Income Attributable to Adecco Group Shareholders and EPS

Net income attributable to Adecco Group shareholders was EUR 130 million compared to EUR 176 million in Q1 2017. Basic EPS was EUR 0.79 compared to EUR 1.03 in Q1 2017.

Cash Flow and Net Debt

Cash flow from operating activities was EUR 16 million in Q1 2018 compared to EUR 115 million in Q1 2017. DSO was 53 days in Q1 2018, up from 51 days in Q1 2017. Capex was EUR 35 million compared to EUR 16 million in the same period in the previous year. In Q1 2018, cash outflow for the acquisition of Vettery was EUR 77 million.

Q1 2018 segment operating performance

Revenues and revenue growth

	Revenues		Variance			% of revenues
EUR millions unless stated	Q1 2018	Q1 2017	Reported	Organic	Organic TDA[10]	Q1 2018
France	1,315	1,197	10%	10%	10%	23%
N. America, UK & I. General Staffing	677	764	-11%	-1%	-1%	12%
N. America, UK & I. Professional Staffing	856	968	-12%	-3%	-2%	15%
Germany, Austria, Switzerland	525	539	-3%	-1%	2%	9%
Benelux and Nordics	511	483	6%	7%	10%	9%
Italy	477	408	17%	17%	19%	8%
Japan	301	327	-8%	1%	5%	5%
Iberia	273	243	13%	13%	15%	5%
Rest of World	657	684	-4%	4%	6%	12%
Lee Hecht Harrison	100	117	-15%	-9%	-9%	2%
Adecco Group	**5,692**	**5,730**	**-1%**	**4%**	**6%**	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	Q1 2018[11]	Q1 2017[4]	Q1 2018	Q1 2017[4]	Variance	Q1 2018
France	69	72	5.2%	6.0%	(80) bps	27%
N. America, UK & I. General Staffing	16	25	2.3%	3.3%	(100) bps	6%
N. America, UK & I. Professional Staffing	42	54	5.0%	5.6%	(60) bps	16%
Germany, Austria, Switzerland	6	29	1.2%	5.3%	(410) bps	2%
Benelux and Nordics	10	17	1.9%	3.6%	(170) bps	4%
Italy	35	29	7.4%	7.0%	40 bps	14%
Japan	22	24	7.2%	7.4%	(20) bps	9%
Iberia	13	10	4.6%	3.9%	70 bps	5%
Rest of World	18	20	2.8%	3.0%	(20) bps	7%
Lee Hecht Harrison	26	34	25.6%	29.1%	(350) bps	10%
Corporate	(43)	(41)				
Adecco Group	**214**	**273**	**3.8%**	4.8%	**(100) bps**	100%

[11] In Q1 2018, EBITA included one-offs of EUR 19 million, relating to restructuring costs. These included EUR 1 million in N. America, UK&I Professional Staffing, EUR 14 million in Germany, Austria, Switzerland, EUR 1 million in Rest of World, EUR 1 million in Lee Hecht Harrison and EUR 2 million in Corporate. In Q1 2017, EBITA included one-offs of EUR 3 million, relating to restructuring costs. These included EUR 1 million in N. America, UK&I General Staffing and EUR 2 million in N. America, UK&I Professional Staffing.
[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 1,315 million, up 10% organically and trading days adjusted, closing the gap to the market growth rate. Revenues increased by 10% in General Staffing, which accounts for over 90% of revenues, and grew by 4% in Professional Staffing. Revenue growth was broad based, driven by manufacturing, logistics and automotive. Permanent placement revenues in France were up 19%. EBITA was EUR 69 million. The EBITA margin was 5.2%, compared to 6.0% in the prior year, impacted by a reduction in the CICE tax credit from 7% to 6% of gross wages (approx. 60bps impact) and strategic investments.

In North America, UK & Ireland General Staffing, revenues were EUR 677 million, down 1% organically and trading days adjusted. North America General Staffing, which accounts for approximately 75% of revenues, was down 2%. UK & Ireland General Staffing represents approximately 25% of revenues, and was up 1%, or up 2% trading days adjusted, decelerating due to the annualization of large contract wins in the prior year in e-commerce and local government. Permanent placement revenues accelerated significantly in North America General Staffing, up 22%, and the rate of decline improved in UK & Ireland General Staffing, down 3%. Overall EBITA was EUR 16 million representing an EBITA margin of 2.3%, compared to 3.3% excluding one offs in Q1 2017. The margin was impacted by investments in strategic initiatives, particularly in IT. Investments are expected to deliver productivity improvements from H2 2018.

In North America, UK & Ireland Professional Staffing, revenues were EUR 856 million, down 3% or down 2% trading days adjusted. North America Professional Staffing 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 Professional Staffing represents approximately 35% of revenues and was down 7%, or down 6% trading days adjusted, mainly due to a decline in IT. Permanent placement revenues increased by 20% in North America Professional Staffing and by 7% in UK & Ireland Professional Staffing, both significantly higher growth rates than in Q4 2017. Overall EBITA excluding one-offs was EUR 42 million with a margin of 5.0%, compared to 5.6% excluding one offs in Q1 2017. EBITA margin in Q1 2018 was negatively impacted by strategic IT investments.

In Germany, Austria, Switzerland, revenues were EUR 525 million, down 1% or up 2% trading days adjusted. In Germany & Austria, revenues were down 3% or down 1% trading days adjusted, impacted by the ongoing merger of the Adecco and Tuja general staffing brands, and regulatory changes. In Switzerland, revenues grew by 10% or by 15% trading days adjusted. For the region, EBITA excluding one-offs was EUR 6 million, with an EBITA margin of 1.2%. This is a decrease of 410 bps compared to Q1 2017, explained largely by the unfavourable timing of bank holidays, high sickness rates (due to a flu epidemic) and strikes in Germany.

In Benelux and Nordics, revenues were EUR 511 million, up 7% or up 10% trading days adjusted. In the Nordics, revenues were up 6% or up 10% trading days adjusted, led by double-digit growth in Norway, while growth in Sweden was slightly negative, or flat trading days adjusted, against a tough prior year comparable. Revenues in Benelux were up 8% or up 10% trading days adjusted. Growth continued to be double-digit in the Netherlands while in Belgium growth was high-single digit, both trading days adjusted. EBITA was EUR 10 million, with an EBITA margin of 1.9%, compared to 3.6% in Q1 2017. The margin was negatively impacted by unfavourable bank holiday timing, a high sickness rate and lower subsidies in Belgium.

In Italy, revenues were EUR 477 million, up 17% or up 19% trading days adjusted, decelerating after five quarters of very strong growth. The EBITA margin was 7.4%, up 40 bps year-on-year.

In Japan, revenues were EUR 301 million, up 1% or up 5% trading days adjusted, with good growth in professional staffing and permanent placement. EBITA was EUR 22 million and the EBITA margin was 7.2%, a decrease of 20 bps year-on-year, impacted by strategic IT investments.

In Iberia, revenues were EUR 273 million, up 13% or up 15% trading days adjusted. The EBITA margin was up 70 bps year-on-year to 4.6%, driven by an improving business mix and strong operating leverage.

In Rest of World, revenues were EUR 657 million, up 4% organically or 6% trading days adjusted. Revenue growth was 13% in Australia & New Zealand, 14% in Latin America, 5% in Eastern Europe & MENA whilst Asia was down 1% and India was down 14%, all trading days adjusted. For the region, EBITA excluding one-offs was EUR 18 million with an EBITA margin of 2.8%, down 20 bps compared to last year's EBITA margin.

In **Lee Hecht Harrison**, the global leader in Career Transition and Talent Development, revenues were down 9%, to EUR 100 million, reflecting the counter-cyclical nature of Career Transition. EBITA excluding one offs was EUR 26 million representing an EBITA margin of 25.6%, compared to 29.1% in Q1 2017, reflecting negative operating leverage.

Update on operational and strategic initiatives

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

- **GrowTogether: redefining customer experience and productivity, benefits starting in H2**
  During Q1 2018 the Group made further progress in the deployment of its GrowTogether programme, which is transforming the ways it interacts with clients, candidates and associates. In doing so, the Group will create more value for customers while also reducing its cost-to-serve. Examples of how GrowTogether is strengthening the business include:

  - New front-office solutions that are fully integrated with customer facing platforms; driving differentiation by offering a seamless, omni-channel experience.
  - Time-capture to collection process digitisation; improving productivity and client experience.
  - Bringing client and candidate experience to the next level with a new NPS activation programme.

  GrowTogether remains in an investment phase in H1 2018 but is on track to deliver EUR 50 million of productivity savings in full-year 2018, in-line with previous guidance. The programme is expected to bring EUR 250 million of productivity savings per annum by 2020.

- **Expanding the Adecco Group's solutions portfolio to capture opportunities in adjacent markets**
  In April, the Adecco Group announced a definitive agreement to acquire General Assembly (GA), a leader in up-/re-skilling and lifelong learning. 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 divide between education and employment, programmes and content are specifically designed to deliver the skills that GA's 10,000+ hiring partners identify as being in most short supply.

  Megatrends such as skills imbalances, automation and digitisation are reshaping labour markets, creating talent shortages and a critical need to re-skill workers, with as many as 375 million employees globally needing to transition to new roles by 2030[13]. The Adecco Group's clients are looking for partners to improve access to scarce 21st-century skills and help navigate workforce transformation. Offering GA's services alongside existing talent development, career transition and professional staffing solutions will create a unique value proposition that better responds to clients' needs, enhancing both access to and the supply of the most in-demand skills.

  Following the organic development of Adia and YOSS, in 2017, and the acquisition of Vettery, in early 2018, the Adecco Group's solutions portfolio has been expanded to include leading platforms in online staffing, freelance, digital permanent recruitment and now up-/re-skilling. These ventures take the Group into high-growth, high-margin adjacent markets, so leveraging the workforce megatrends identified at the 2017 Capital Markets Day.

[13] McKinsey Global Institute, "Jobs lost, jobs gained: workforce transitions in a time of automation" (December 2017).

New Revolving Credit Facility

In April 2018, the Adecco Group signed a new EUR 600 million Multicurrency Revolving Credit Facility. The Facility is the Adecco Group's first sustainability-linked financing, with the applicable credit margin linked to the Group's Sustainalytics ESG rating. The new 5+1+1 year Facility replaces an existing EUR 600 million facility from October 2011 (as amended and restated in May 2014) for general corporate purposes. The transaction was oversubscribed and includes 17 lenders.

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 the 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 be focused in Q4 2018 and early 2019, due to the seasonality of Group free cash flow, which is typically stronger in H2, and outflows relating to the dividend and M&A in H1 2018.

Management outlook

In Q1 2018, revenue growth was 6%, a slight deceleration from the 7% growth achieved in Q4 2017, organically and trading days adjusted. Revenue growth in March and April 2018 combined was 5-6%, organically and trading days adjusted.

In Q1 2018, the unfavourable timing of bank holidays negatively impacted Group gross margin by approximately 25 bps yoy. In Q2 2018, bank holiday phasing will be favourable and is expected to positively impact Group gross margin by approximately 15 bps compared to Q2 2017.

For further information please contact:

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Q1 2018 results conference calls

There will be a media conference call at 9.00 am CET and an analyst and investor conference call at 11.00 am CET. 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 Q1 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

- Q2 2018 results 9 August 2018
- Investor Day 19 September 2018
- Q3 2018 results 6 November 2018

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 eight global brands: Adecco, Modis, Badenoch & Clark, Spring Professional, Lee Hecht Harrison, Pontoon, Adia and YOSS.

Revenues by segment and by business line

Revenues by segment EUR millions	Q1 2018	Q1 2017	Variance % EUR	Variance % Constant currency
France	1,315	1,197	10%	10%
N. America, UK & I. General Staffing	677	764	-11%	-1%
N. America, UK & I. Professional Staffing[1)]	856	968	-12%	-3%
Germany, Austria, Switzerland	525	539	-3%	-1%
Benelux and Nordics[1)]	511	483	6%	8%
Italy	477	408	17%	17%
Japan	301	327	-8%	1%
Iberia	273	243	13%	13%
Rest of World	657	684	-4%	4%
Lee Hecht Harrison[1)]	100	117	-15%	-7%
Adecco Group[1)]	**5,692**	**5,730**	**-1%**	**4%**

Revenues by business line[2)] EUR millions	Q1 2018	Q1 2017	Variance % EUR	Variance % Constant currency
Office	1,305	1,459	-11%	-4%
Industrial	2,995	2,763	9%	11%
General Staffing	**4,300**	**4,222**	**2%**	**6%**
Information Technology	619	667	-7%	-1%
Engineering & Technical	255	290	-12%	-3%
Finance & Legal	244	254	-4%	5%
Medical & Science[3)]	136	135	1%	11%
Professional Staffing[3)]	**1,254**	**1,346**	**-7%**	**1%**
CTTD[3)]	100	117	-15%	-7%
BPO[3)]	38	45	-15%	-5%
Solutions[3)]	**138**	**162**	**-15%**	**-7%**
Adecco Group	**5,692**	**5,730**	**-1%**	**4%**

1) In Q1 2018 revenues changed organically in N. America, UK & I. Professional Staffing by -3%, in Benelux and Nordics by 7%, in Lee Hecht Harrison by -9% and in Adecco Group by 4%.

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 Q1 2018 revenues changed organically in Medical & Science by 3%, in Professional Staffing by 0%, in CTTD by -9%, in BPO by 14% and in Solutions by -4%.

EBITA[1] and EBITA margin by segment

EBITA EUR millions	Q1 2018	Q1 2017[2]	Variance % EUR	Variance % Constant currency
France	69	72	-5%	-5%
N. America, UK & I. General Staffing	16	23	-33%	-24%
N. America, UK & I. Professional Staffing	41	52	-21%	-11%
Germany, Austria, Switzerland	(8)	29	-128%	-128%
Benelux and Nordics	10	17	-44%	-43%
Italy	35	29	23%	23%
Japan	22	24	-10%	-1%
Iberia	13	10	33%	33%
Rest of World	17	20	-13%	-6%
Lee Hecht Harrison	24	34	-28%	-20%
Corporate	(45)	(41)	10%	19%
Adecco Group	**194**	**269**	**-28%**	**-24%**

EBITA margin	Q1 2018	Q1 2017[2]	Variance bps
France	5.2%	6.0%	(80)
N. America, UK & I. General Staffing	2.3%	3.1%	(80)
N. America, UK & I. Professional Staffing	4.8%	5.5%	(70)
Germany, Austria, Switzerland	-1.5%	5.3%	(680)
Benelux and Nordics	1.9%	3.6%	(170)
Italy	7.4%	7.0%	40
Japan	7.2%	7.4%	(20)
Iberia	4.6%	3.9%	70
Rest of World	2.7%	3.0%	(30)
Lee Hecht Harrison	24.5%	29.1%	(460)
Adecco Group	**3.4%**	**4.7%**	**(130)**

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 - 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".

Consolidated statements of operations

EUR millions	Q1		Variance %	
	2018	2017[1)]	EUR	Constant currency
Revenues	5,692	5,730	-1%	4%
Direct costs of services	(4,659)	(4,652)		
Gross profit	**1,033**	**1,078**	**-4%**	**2%**
Selling, general, and administrative expenses	(839)	(809)	4%	10%
EBITA[2)]	**194**	**269**	**-28%**	**-24%**
Amortisation of intangible assets	(9)	(7)		
Operating income	**185**	**262**	**-29%**	**-26%**
Interest expense	(12)	(13)		
Other income/(expenses), net	13	1		
Income before income taxes	**186**	**250**	**-26%**	
Provision for income taxes	(55)	(73)		
Net income	**131**	**177**	**-26%**	
Net income attributable to noncontrolling interests	(1)	(1)		
Net income attributable to Adecco Group shareholders	**130**	**176**	**-26%**	
Basic earnings per share[3)]	0.79	1.03	-24%	
Diluted earnings per share[4)]	0.78	1.03	-24%	
Gross margin	*18.1%*	*18.8%*		
SG&A as a percentage of revenues	*14.7%*	*14.1%*		
EBITA margin	*3.4%*	*4.7%*		
Operating income margin	*3.3%*	*4.6%*		
Net income margin attributable to Adecco Group shareholders	*2.3%*	*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 165,624,682 in Q1 2018 (170,157,638 in Q1 2017).
4) Diluted weighted-average shares were 165,977,510 in Q1 2018 (170,478,401 in Q1 2017).

Consolidated balance sheets

EUR millions	31 March 2018	31 December 2017
Assets		
Current assets:		
– Cash and cash equivalents	1,163	958
– Short-term investments	1	4
– Trade accounts receivable, net	4,390	4,440
– Other current assets	232	187
Total current assets	**5,786**	**5,589**
Property, equipment, and leasehold improvements, net	210	198
Equity method investments	175	173
Other assets	703	668
Intangible assets, net	384	367
Goodwill	2,931	2,895
Total assets	**10,189**	**9,890**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	3,963	4,066
– Short-term debt and current maturities of long-term debt	749	394
Total current liabilities	**4,712**	**4,460**
Long-term debt, less current maturities	1,558	1,562
Other liabilities	297	286
Total liabilities	**6,567**	**6,308**
Shareholders' equity		
Adecco Group shareholders' equity:		
– Common shares	11	11
– Additional paid-in capital	568	579
– Treasury shares, at cost	(355)	(338)
– Retained earnings	3,724	3,613
– Accumulated other comprehensive income/(loss), net	(335)	(291)
Total Adecco Group shareholders' equity	**3,613**	**3,574**
Noncontrolling interests	9	8
Total shareholders' equity	**3,622**	**3,582**
Total liabilities and shareholders' equity	**10,189**	**9,890**

Consolidated statements of cash flows

EUR millions	March	
	2018	2017[1]
Cash flows from operating activities		
Net income	131	177
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	28	26
– Other charges	(1)	13
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	18	(15)
– Accounts payable and accrued expenses	(82)	11
– Other assets and liabilities	(78)	(97)
Cash flows from operating activities	**16**	**115**
Cash flows from investing activities		
Capital expenditures	(35)	(16)
Acquisition of Vettery, net of cash acquired	(77)	
Cash settlements on derivative instruments	7	(7)
Other acquisition and investing activities, net	(11)	(5)
Cash flows used in investing activities	**(116)**	**(28)**
Cash flows from financing activities		
Net increase in short-term debt	355	1
Borrowings of long-term debt, net of issuance costs	2	
Purchase of treasury shares	(37)	(27)
Cash flows from/(used in) financing activities	**320**	**(26)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(9)**	**4**
Net increase in cash, cash equivalents and restricted cash	**211**	**65**
Cash, cash equivalents and restricted cash:		
– Beginning of period	1,003	1,166
– End of period	1,214	1,231

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