THE ADECCO GROUP

GROW TOGETHER AND IMPROVED BUSINESS MIX DRIVE MARGIN STRENGTH

Economic outlook remains uncertain and continues to impact revenues

Q4 2019 summary and highlights

- Revenues down 3% year-on-year, and down 4% organically[1] and trading days adjusted (TDA)
- Further gross margin improvement, up 20 bps yoy to 19.3%, driven by positive business mix and value-based pricing
- EBITA[2] margin excluding one-offs[3] 4.9%, up 10 bps yoy; GrowTogether productivity improvements and business mix more than offset the impact of lower revenues and discrete benefits in the prior year
- Strong cash flow with DSO improving by one day year-on-year and cash conversion at 93%
- Revenues in January 2020 down 5% TDA year-on-year, with volumes in February indicating a similar trend

FY 2019 summary and highlights

- Revenues down 2% year-on-year, and down 3% yoy organically and TDA, as economic growth and staffing markets slowed in Europe and North America
- EBITA margin excluding one-offs 4.6%, up 10 bps yoy, with GrowTogether driving structural margin improvement
- Net income attributable to Adecco Group shareholders EUR 727 million, up 59% year-on-year
- EUR 600 million share buyback announced in addition to proposed dividend of CHF 2.50 per share
- GrowTogether delivered EUR 140 million productivity savings, ahead of target, with improved Net Promoter Score; General Assembly and digital ventures achieved strong growth and synergies within the Adecco Group ecosystem

---

"The Group concluded 2019 with strong performance against a backdrop of ongoing economic uncertainty and market slowdown. Despite the challenging conditions that impacted revenues, we did not compromise long-term investments and remained focused on delivering our 'Perform, Transform, Innovate' strategy to position the business for profitable growth. The results of our GrowTogether programme, pricing actions and strengthened business mix drove a structural improvement in profitability, with Q4 gross margin up 20 bps year-on-year, the sixth consecutive quarterly increase.

In 2019, GrowTogether was further embedded into the organisation, over-achieving against its productivity commitment and supporting a 10 bps improvement in EBITA margin. This profitability improvement was delivered while we continued to invest in new technology, building our digital product portfolio, and strengthening the ventures in line with our innovation strategy. Strong growth was achieved at General Assembly, and we gained further customer traction with our unique 360 ecosystem of HR solutions and brands. These results demonstrate that our strategic priorities are the right ones, and we are successfully executing against them. We also generated improved free cash flow and ended the year with a strong balance sheet, allowing us to announce a share buyback of EUR 600 million, in addition to the ordinary dividend, for a total cash return to shareholders of close to EUR 1 billion for 2019.

2020 will mark the final year of our current strategic cycle and focus remains on delivering further margin improvement and profitable growth. Through GrowTogether we are deploying and scaling proven digital tools, including our integrated front-office solution and global candidate app, to differentiate our business and make our operations more efficient. We are also fully embedding lean processes (PERFORM) into how we work. We remain committed to achieving the EUR 250 million GrowTogether productivity target for 2020, and to leveraging our 360 HR solutions ecosystem to support the success of our clients and candidates, and to deliver profitable growth."

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 2019, EBITA included one-offs of EUR 36 million in Q4 2019 and EUR 81 million in FY 2019; in 2018, EBITA included one-offs of EUR 59 million in Q4 2018 and EUR 93 million in FY 2018.

THE ADECCO GROUP

Key figures overview

EUR millions unless stated	Q4 2019	Q4 2018	Change % Reported	Change % Organic	FY 2019	FY 2018	Change % Reported	Change % Organic
Summary of income statement information								
Revenues	**5,961**	6,127	-3%	-4%[4]	**23,427**	23,867	-2%	-3%[4]
Gross profit	**1,150**	1,169	-2%	-3%	**4,504**	4,433	2%	-1%
EBITA excluding one-offs	**290**	294	-1%	-2%	**1,069**	1,080	-1%	-1%
EBITA	**254**	235	8%	7%	**988**	987	0%	0%
Net income/(loss) attributable to Adecco Group shareholders	**256**	(112)	n.m.		**727**	458	59%	
Diluted EPS (EUR)	**1.57**	(0.68)	n.m.		**4.47**	2.77	62%	
Dividend per share[5]					**2.50**	2.50	0%	
Gross margin	**19.3%**	19.1%	20 bps	20 bps	**19.2%**	18.6%	60 bps	40 bps
EBITA margin excluding one-offs	**4.9%**	4.8%	10 bps	10 bps	**4.6%**	4.5%	10 bps	10 bps
EBITA margin	**4.3%**	3.8%	50 bps	50 bps	**4.2%**	4.1%	10 bps	20 bps
Summary of cash flow and net debt information								
Free cash flow[6] before interest and tax paid (FCFBIT)	**403**	307			**999**	903		
Free cash flow (FCF)	**339**	197			**724**	569		
Net debt[7]	**398**	1,124			**398**	1,124		
Days sales outstanding	**52**	53			**53**	53		
Cash conversion[8]	**93%**	84%			**93%**	84%		
Net debt to EBITDA[9] excluding one-offs	**0.3x**	1.0x			**0.3x**	1.0x		

[4] In Q4 2019, organic revenue declined by 4% and also 4% trading days adjusted (TDA). In FY 2019, organic revenue decline was 3% and also 3% TDA.
[5] Dividend per share for 2019 as proposed by the Board of Directors, in CHF.
[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.

FY 2019 financial performance

Group performance overview

The Adecco Group delivered a solid performance in 2019, achieving EBITA margin improvement despite a challenging trading environment and while continuing to invest in its digital transformation. Revenues declined 3% organically and trading days adjusted, driven by continued softness in European markets and slowing growth in North America. Gross margin improved organically by 40 bps, supported by improved business mix and a focus on value-based pricing in a talent scarce market. EBITA margin excluding one-offs was up 10 bps to 4.6% with the impact of structural productivity improvements from GrowTogether more than offsetting impact of the revenue decline and continued investments.

FY19 free cash flow increased 27% to EUR 724 million, illustrating the resilience and counter-cyclical nature of cash generation. The Group distributed dividends of EUR 360 million and repurchased shares for a total of EUR 72 million to complete the 2018 share buyback programme. Acquisitions and divestments totalled a net inflow of EUR 536 million, including an inflow of EUR 544 million for the divestiture of Soliant. Net debt ended the year at EUR 398 million, representing a ratio of 0.3x ND/EBITDA excluding one-offs, providing capacity for a EUR 600 million share buyback, announced today, to be completed during 2020 and 2021.

Q4 2019 financial performance

Group performance overview

Revenues in Q4 2019 declined 4% year-on-year organically and trading days adjusted (TDA), showing a similar rate of decline as in Q3 2019. The revenue trend remained soft in Europe, on the back of the slowdown in growth in the same period in the prior year. Meanwhile, North America saw a deceleration, driven by General Staffing where seasonal demand was lower than in prior year. In Japan and Rest of World growth was solid with continued strong growth in Japan. Career Transition & Talent Development delivered strong growth, driven by both Lee Hecht Harrison and General Assembly. Permanent placement revenues declined by 7% organically, after being flat yoy in Q3 2019.

Gross margin increased by 20 bps year-on-year, on a reported basis, and also organically. Gross margin strength came on top of a strong prior year base (Q4 2018: +120 bps), helped by growth in the counter-cyclical career transition business and in outsourcing activities, as well as further positive temporary staffing price/mix impact. EBITA margin excluding one-offs was up 10 bps year-on-year, to 4.9%, driven by the GrowTogether programme savings and business mix. Cash flow was strong, with DSO improving by one day year-on-year, cash conversion at 93% and cash flows from operating activities of EUR 382 million.

Revenues

Q4 2019 revenues were EUR 5,961 million, down 3% year-on-year on a reported basis. Currency movements had a positive impact of around 1%, while M&A and working days each had a negligible impact, leaving a revenue decline of 4% on an organic and trading days adjusted basis.

By service line: temporary staffing revenues declined by 5% to EUR 5,097 million; permanent placement revenues were down 7% to EUR 132 million; revenues from career transition were up 9% to EUR 89 million; and revenues in outsourcing and other activities increased by 6% to EUR 643 million. By business line: General Staffing revenues were down 5%; Professional Staffing revenues were down 2%; and Solutions revenues were up 7%. All compared to the prior year and on an organic basis.

Gross Profit

Gross profit was EUR 1,150 million in Q4 2019, down 2% on a reported basis and down 3% organically. Gross margin was 19.3%, up 20 bps compared to Q4 2018. Currency and M&A had a broadly neutral impact. On an organic basis, the gross margin was up 20 bps, with positive contributions from career transition (+20 bps) and other activities (+10 bps), partly offset by a decline in temporary staffing gross margin (-10 bps). The latter comprised a positive temp price/mix effect of +10 bps offset by non-underlying items, which had a net impact of -20 bps (replacement of CICE +40bps; movements in social security and other accruals -60 bps, of which 50 bps related to the prior year).

Selling, General and Administrative Expenses (SG&A)

SG&A excluding one-offs was EUR 863 million, down 1% year-on-year on a reported basis and down 3% organically, favourably impacted by structural productivity improvements relating to GrowTogether and agile cost management. The Group continued to invest in technology, digital products and the ventures to drive profitable growth. Average FTE employees were 34,638, down 1% year-on-year on an organic basis. Branches were down 3%. Reported Q4 2019 SG&A included one-offs of EUR 36 million, comprising M&A related costs of EUR 4 million and restructuring costs of EUR 32 million, mainly linked to GrowTogether initiatives. In Q4 2018, one-offs amounted to EUR 59 million. Full-year 2019 one-offs were EUR 81 million compared to EUR 93 million in full-year 2018. Total restructuring costs linked to the the Group's transformation programme remain within the guidance of EUR 200 million outlined at the 2017 Capital Markets Day.

EBITA
EBITA was EUR 254 million. EBITA excluding one-offs was EUR 290 million, down 1% on a reported basis and 2% organically. EBITA margin excluding one-offs was 4.9%, up 10 bps compared to Q4 2018. This included a net 20 bps negative impact from movements in social security and other accruals and the replacement of the CICE subsidy in France. Hence, the underlying improvement was approximately 30 bps year-on-year, supported by GrowTogether productivity savings and improved business mix, which more than offset the impact of the revenue decline. On an organic basis the conversion ratio was 25.2%, up 20 bps year-on-year.

Amortisation and impairment of Intangible Assets
Amortisation of intangible assets was EUR 23 million compared to EUR 16 million in Q4 2018. As the Group continues to rationalise its brand portfolio, the useful lives of certain trademark assets have been reappraised, resulting in the higher amortisation expense and also a one-time, non-cash write-down of EUR 20 million in Q4 2019. The same quarter in the prior year included a goodwill impairment of EUR 270 million, relating to the Germany, Austria, Switzerland segment.

Operating Income/(Loss)
Operating income in Q4 2019 was EUR 211 million, compared to an operating loss of EUR 51 million in Q4 2018.

Interest Expense and Other Income/(Expenses), net
Interest expense was EUR 9 million compared to EUR 7 million in Q4 2018. Other income/(expenses), net was an income of EUR 204 million in Q4 2019, which included a gain on sale of EUR 248 milllion relating to the divestment of Soliant, a EUR 25 million contribution to the Adecco Group Foundation, and a EUR 10 million expense relating to the exit of the Group's call centre outsourcing operations in Spain. This compared to an income of EUR 2 million in Q4 2018.

Provision for Income Taxes
In Q4 2019, the effective tax rate was 37%, compared to 26% in Q4 2018. Discrete events reduced the effective tax rate by 2% in Q4 2019 and 1% in Q4 2018. The effective tax rate for FY 2019 was 32% compared to 27% in FY 2018. The increase in the effective tax rate year-on-year is attributable to higher taxable income in France, resulting from the replacement of the CICE wage subsisides, which were previously tax exempt, and the divestment of Soliant.

Net Income/(Loss) Attributable to Adecco Group Shareholders and EPS
Net income attributable to Adecco Group shareholders was EUR 256 million, compared to a loss of EUR 112 million in Q4 2018. Basic EPS was EUR 1.58 compared to EUR (0.68) in Q4 2018.

Cash Flow and Net Debt
Cash flow from operating activities was EUR 382 million in Q4 2019 compared to EUR 243 million in Q4 2018. DSO was 52 days in Q4 2019, an improvement of 1 day compared to the prior year. In Q4 2019, capex was EUR 43 million compared to EUR 46 million in the same period in the previous year.

For FY 2019, free cash flow before interest and tax paid was EUR 999 million compared to EUR 903 million in FY 2018. The cash conversion ratio was 93% compared to 84% in 2018, helped by a working capital inflow, confirming the partial counter-cyclicality of the Group's cash flow. Net debt was EUR 398 million at 31 December 2019, compared to EUR 1,124 million at 31 December 2018. Net debt to EBITDA excluding one-offs was 0.3x, compared to 1.0x in the prior year, benefiting from the higher cash flow from operating activities and the inflow from the divestment of Soliant. A total of EUR 432 million was returned to shareholders during the year, by means of the ordinary dividend and share buyback. A new share buyback programme of EUR 600 million is announced today.

Q4 2019 segment operating performance

Organic revenue growth, trading days adjusted

	2019				
	Q1	Q2	Q3	Q4	FY
France	-1%	-3%	-6%	-3%	-3%
N. America, UK & I. General Staffing	2%	-1%	-5%	-11%	-4%
N. America, UK & I. Professional Staffing	-5%	-4%	-4%	-5%	-4%
Germany, Austria, Switzerland	-10%	-15%	-14%	-11%	-12%
Benelux and Nordics	-6%	-7%	-7%	-9%	-7%
Italy	-4%	-6%	-6%	-6%	-5%
Japan	8%	12%	9%	8%	9%
Iberia	-4%	4%	6%	6%	3%
Rest of World	4%	2%	-2%	1%	1%
Career Transition & Talent Development	0%	-1%	10%	10%	5%
Adecco Group	**-2%**	**-3%**	**-4%**	**-4%**	**-3%**

Revenues and revenue growth

	Revenues		Variance			% of revenues
EUR millions unless stated	Q4 2019	Q4 2018	Reported	Organic	Organic TDA[10]	Q4 2019
France	1,370	1,413	-3%	-3%	-3%	23%
N. America, UK & I. General Staffing	782	848	-8%	-11%	-11%	13%
N. America, UK & I. Professional Staffing	846	867	-2%	-5%	-5%	14%
Germany, Austria, Switzerland	470	521	-10%	-11%	-11%	8%
Benelux and Nordics	455	516	-12%	-9%	-9%	8%
Italy	493	515	-4%	-4%	-6%	8%
Japan	393	341	15%	6%	8%	7%
Iberia	306	286	7%	7%	6%	5%
Rest of World	706	696	1%	2%	1%	12%
Career Transition & Talent Development	140	124	13%	10%	10%	2%
Adecco Group	**5,961**	**6,127**	**-3%**	**-4%**	**-4%**	100%

[10] TDA = trading days adjusted

EBITA and EBITA margin excluding one-offs

	EBITA excluding one-offs		EBITA margin excluding one-offs			% of EBITA[11]
EUR millions unless stated	Q4 2019[12]	Q4 2018	Q4 2019	Q4 2018	Variance	Q4 2019
France	97	105	7.1%	7.4%	(30) bps	30%
N. America, UK & I. General Staffing	29	32	3.6%	3.8%	(20) bps	9%
N. America, UK & I. Professional Staffing	51	56	6.0%	6.3%	(30) bps	16%
Germany, Austria, Switzerland	1	6	0.1%	1.0%	(90) bps	0%
Benelux and Nordics	13	12	2.9%	2.2%	70 bps	4%
Italy	37	42	7.5%	8.3%	(80) bps	11%
Japan	28	23	7.2%	6.7%	50 bps	9%
Iberia	16	17	5.0%	6.2%	(120) bps	5%
Rest of World	25	27	3.6%	4.0%	(40) bps	8%
Career Transition & Talent Development	27	16	19.5%	13.1%	640 bps	8%
Corporate	(34)	(42)				
Adecco Group	**290**	**294**	**4.9%**	**4.8%**	**10 bps**	100%

[11] % of EBITA excluding one-offs and before Corporate.
[12] See page 13 for a reconciliation of EBITA and 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 1,370 million, a decline of 3%, reflecting continued market softness. Revenues decreased by 4% in General Staffing, which accounts for over 90% of revenues, and grew by 8% in Professional Staffing. By industry, declines were most pronounced in manufacturing, automotive, food & beverage and construction. Permanent placement revenues were down 1%. EBITA excluding one offs was EUR 97 million with a margin of 7.1%, down 30 bps compared to Q4 2018. Both Q4 2019 and the prior year period were impacted by year-end movements in social security and other accruals, and changes linked to regulation (including the replacement of the CICE subsidies). These factors had a net negative impact on the margin of approximately 80 bps year-on-year in Q4. On an underlying basis the margin improved, benefitting from GrowTogether productivity gains, improved business mix and strong focus on pricing.

In **North America**, **UK & Ireland General Staffing**, revenues were EUR 782 million, a decline of 11%. North America General Staffing, which accounts for approximately 70% of revenues, was down 13%, or 14% trading days adjusted, against a challenging prior year comparable. Growth was impacted by lower demand during the important seasonal peak period, due in part to earlier client inventory re-stocking in anticipation of trade tariff increases. This compounded lower demand at a few key clients primarily in the manufacturing sector. UK & Ireland General Staffing represents approximately 30% of revenues and was down 3%, reflecting Brexit-related uncertainty. Permanent placement revenues were down 24% in North America General Staffing and down 7% in UK & Ireland General Staffing. Overall EBITA excluding one offs was EUR 29 million representing an EBITA margin of 3.6%, compared to 3.8% in Q4 2018. A positive gross margin development was offset by negative operating leverage from declining revenues.

In **North America**, **UK & Ireland Professional Staffing**, revenues were EUR 846 million, down 5%. North America Professional Staffing represents approximately 65% of revenues and was down 4%. Growth in Engineering & Technical and Medical & Science was offset by declines in IT and Finance & Legal. UK & Ireland Professional Staffing represents approximately 35% of revenues and was down 7%, impacted by political and economic uncertainty. Permanent placement revenues decreased by 6% in North America Professional Staffing and by 11% in UK & Ireland Professional Staffing. Overall EBITA excluding one-offs was EUR 51 million with a margin of 6.0%, compared to 6.3% in Q4 2018, with the decline driven by negative operating leverage.

In **Germany, Austria, Switzerland**, revenues were EUR 470 million, down 11%. In Germany & Austria, revenues were down 11% in a challenging market, impacted by particular weakness in the automotive and manufacturing sectors. In Switzerland, revenues declined by 11%, in line with a slowing market. For the region, EBITA margin excluding one offs was 0.1%, down 90 bps year-on-year. The margin decline was driven by Germany, where bench costs increased due to plant shutdowns and reduced working time at numerous clients linked to the weak German economy, in addition to unfavourable discrete items.

In **Benelux and Nordics**, revenues were EUR 455 million, down 9%. In the Nordics, revenues were down 11% with a low-single-digit decline in Norway, largely reflecting good growth in the prior year, and double-digit decline in Sweden, impacted by lower demand in the automotive and manufacturing sectors. Revenues in Benelux were down 8%. Belgium experienced a low-single-digit revenue decline, while the Netherlands declined double-digits, due to reduced demand at a few large automotive and logistics clients. EBITA excluding one-offs was EUR 13 million, with an EBITA margin of 2.9%, compared to 2.2% in Q4 2018. The margin was positively impacted by pricing and cost actions.

In **Italy**, revenues were EUR 493 million, down 4%, or down 6% trading days adjusted. Permanent placement revenues increased by 20%. EBITA margin excluding one offs remained strong at 7.5%. The 80 bps reduction in margin year-on-year was driven by investments to support future growth.

In **Japan**, revenues were EUR 393 million, up 6%, or up 8% trading days adjusted with continued strong growth in professional staffing. Permanent placement revenues decreased by 10%, reflecting a strong prior year period. EBITA was EUR 28 million and the EBITA margin excluding one-offs was 7.2%, an increase of 50 bps year-on-year. Positive business mix and improved pricing more than offset ongoing strategic IT investments.

In **Iberia**, revenues were EUR 306 million, up 7%, or up 6% trading days adjusted. The EBITA margin excluding one-offs was down 120 bps year-on-year to 5.0%, driven by unfavourable business mix and a negative impact from the call centre outsourcing operations in Spain.

In **Rest of World**, revenues were EUR 706 million, up 2%, or 1% trading days adjusted. Revenues declined 10% in Australia & New Zealand, while they grew by 11% in Latin America, were flat in Eastern Europe & MENA, grew by 2% in Asia, and by 1% in India, all trading days adjusted. For the region, EBITA excluding one-offs was EUR 25 million with a margin of 3.6%, down 40 bps compared to last year's EBITA margin, a result of the negative operating leverage in Australia & New Zealand and unfavourable discrete items. As of Q4 2019, the Group includes net income from its China joint venture, FESCO Adecco, within Rest of World EBITA. This had the effect of increasing the regional EBITA margin excluding one-offs by approximately 30 basis points year-on-year.

In **Career Transition and Talent Development** (including Lee Hecht Harrison and General Assembly), revenues were up 10%, to EUR 140 million. Revenues grew by 6% in Lee Hecht Harrison and by 27% in General Assembly. EBITA excluding one offs was EUR 27 million representing an EBITA margin of 19.5%, compared to 13.1% in Q4 2018, with margins improving in both LHH and General Assembly.

Full-year strategic update

GrowTogether

In 2019, the GrowTogether transformation programme expanded in breadth and depth, and was further embedded into the organisation. Through multiple initiatives arranged around three key pillars – Service Excellence, Process Optimisation and Technology – the Group is driving improved client and candidate experience, while increasing operational efficiency. Performance in both respects was robust in 2019 with client NPS up 8 points year-on-year and annual productivity savings reaching EUR 140 million (up EUR 90 million yoy), ahead of the target of EUR 120 million.

On Service Excellence, during 2019 the Group operationalised transactional NPS measurement across its largest markets to better understand what drives a positive customer experience at each stage of the value chain. 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 is the global candidate app, 'My Adecco', through which candidates and associates can manage all aspects of their employment. Developed in France, where it is now in use by more than 250,000 associates every month, the candidate app has been expanded to the US and Germany, with further roll outs planned in 2020.

Process Optimisation is built around the PERFORM programme, which aims to drive out inefficiencies from work processes and is an important precursor to the deployment of new digital tools. Training in the PERFORM methodology accelerated in 2019, with a total of 10,000 employees trained by year-end and further deployment planned for 2020.

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 during 2019 with the launch of an advanced workforce planning tool, to improve the speed and quality of order fulfilment.

In 2020, the focus of GrowTogether will be on scaling up and broadening the deployment of proven tools, to drive service differentiation and operational efficiency. The Group is on track to deliver its target of EUR 250 million annual savings.

Ventures

The Group continued to invest in the Ventures portfolio during 2019, with positive results. General Assembly, the most mature venture, delivered strong double-digit organic revenue growth, performing well in both B2C and Enterprise. GA was also successfully integrated into the Adecco Group ecosystem, combining with other Group brands to create unique solutions for clients and candidates, as well as revenue synergies. For example, GA's capabilities were combined with LHH to create a complete workforce transformation solution that incorporates workforce assessment, up/reskilling and career transition; an offering that gained good traction with clients. GA also partnered with Modis to create the Modis Academy, which launched in several US cities in the second half of 2019. Through Modis Academy the Adecco Group is upskilling and reskilling candidates in software development and related fields to increase their employability and to create a supply of in-demand talent for clients.

The Group is also developing a portfolio of digital HR solutions platforms. While at an early stage of development, these business have the potential to make a meaningful contribution to Group profits in the medium to long-term and progress during the year was strong.

Adia, the Group's online staffing platform, maintained its good growth momentum in Switzerland and successfully launched in the US, where it has developed leading end-to-end digital capabitlities. Technology from Adia was also leveraged to improve processes in the Adecco business, for example, relating to workforce scheduling and associate onboarding. Vettery's innovative, subscription-based digital permanent recruitment model continued to gain traction, with placements up 80% in 2019 and strong momentum on the enterprise side.

In order to build on the momentum established to date, the Group will continue to invest in the Ventures at approximately the same level as 2019 (EUR 65 million), to support the growth in 2020 and beyond.

Share buyback programme

Within the framework of its clear capital allocation policy, and in addition to the annual dividend payments, at the end of each year the Group reviews its financial position and returns excess capital to shareholders.

The Adecco Group ended 2019 with a strong financial position. The ratio of net debt to EBITDA excluding one-offs was 0.3x at 31 December 2019, supported by strong free cash flow and proceeds from the divestment of Soliant. Given this position, the Board of Directors has approved a new share buyback programme of up to EUR 600 million, to be executed during 2020 and 2021. Shares repurchased under the programme are intended for subsequent cancellation, following shareholder approval.

Annual General Meeting of Shareholders

- **Dividend proposal**
  The Adecco Group has a progressive dividend policy, which comprises two components. First, as earnings grow over time dividend per share (DPS) will also grow, within the bounds of a pay-out ratio of 40-50% of adjusted earnings per share (EPS). Second, the Group is committed to holding Swiss franc DPS at least in line with the prior year, even if EPS temporarily declines and the pay-out ratio is exceeded.

  At the AGM 2020, the Board of Directors will propose a total dividend distribution of CHF 2.50 per share for 2019, for approval by shareholders. This represents a pay-out ratio of 52% of adjusted net earnings (at an exchange rate of EUR/CHF 1.0630). The ex-date for this dividend distribution is 22 April 2020.

- **Changes to the Board of Directors**
  As announced with the Q4 2018 results, Rolf Dörig has decided to step down as Chairman and will leave the Board of Directors at the Annual General Meeting in April 2020. The Board of Directors would like to thank Mr Dörig for his leadership and significant contributions to the Adecco Group, during almost 13 years of service on the Board of which 11 years as Chairman.

  All other members of the Board of Directors will stand for re-election at the Adecco Group's upcoming AGM, for a new tenure of one year, ending after completion of the subsequent AGM.

  The Board of Directors unanimously proposes that Jean-Christophe Deslarzes be elected to succeed Rolf Dörig as Chairman. Jean-Christophe Deslarzes was elected to the Board of the Adecco Group in April 2015 and has contributed his experience to all Board committees in recent years, as well as chairing the Compensation Committee. He brings many years of successful management experience, most recently as a member of the Executive Committee and Chief Human Resources Officer of ABB Group, from 2013 to 2019.

- **Cancellation of shares repurchased under the 2018 share buyback**
  At the AGM, the Board of Directors will propose the cancellation of the remaining 220,000 shares repurchased on the second trading line during 2019 as part of the 2018 share buyback programme.

THE ADECCO GROUP

Management outlook

In Q4 2019, Group revenues declined by 4% year-on-year organically and trading days adjusted. Revenues in January 2020 were down 5% year-on-year, organically and trading days adjusted, and volume trends in February indicate a similar trend.

The further slowdown in early 2020 reflects continued uncertainty in the global economy, as well as strikes in France and the impact of upcoming regulatory changes (IR35) in the UK. Management is also mindful of potential disruption to manufacturing supply chains as a result of the outbreak of novel coronavirus in Asia and is monitoring the situation.

While the economic environment remains uncertain, the Group continues to execute its Perform, Transform, Innovate strategy. Having achieved EUR 140 million GrowTogether productivity savings by the end of 2019, EUR 20 million ahead of target, the Group is on track to deliver the EUR 250 million target in 2020. Building on the momentum established to date, the Group will continue to invest in the Ventures at approximately the same level as 2019 (EUR 65 million), to support the growth in 2020 and beyond. Management's objective is to deliver underlying improvement in EBITA margin in 2020, even after making continued investments in the Ventures.

For further information please contact:

The Adecco Group Investor Relations
investor.relations@adeccogroup.com or +41 (0) 44 878 88 88

The Adecco Group Press Office
media@adeccogroup.com or +41 (0) 44 878 87 87

adeccogroup.com
Facebook: facebook.com/theadeccogroup
Twitter: @AdeccoGroup

Q4 & FY 2019 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 Q4 2019 results presentation will be available through the webcasts and will be published on the Investor Relations section on the Group's website.

Financial Agenda

• Annual General Meeting	16 April 2020
• Ex-dividend date	22 April 2020
• Q1 2020 results	5 May 2020
• Q2 2020 results	6 August 2020
• Q3 2020 results	3 November 2020
• Capital Markets Day	2 December 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 EUR millions	Q4 2019	Q4 2018	Variance % EUR	Variance % Constant currency	FY 2019	FY 2018	Variance % EUR	Variance % Constant currency
France	1,370	1,413	-3%	-3%	5,466	5,657	-3%	-3%
N. America, UK & I. General Staffing	782	848	-8%	-11%	2,961	2,972	0%	-4%
N. America, UK & I. Professional Staffing	846	867	-2%	-5%	3,403	3,434	-1%	-4%
Germany, Austria, Switzerland[1)]	470	521	-10%	-11%	1,918	2,148	-11%	-11%
Benelux and Nordics[1)]	455	516	-12%	-10%	1,883	2,075	-9%	-8%
Italy	493	515	-4%	-4%	1,910	1,997	-4%	-4%
Japan	393	341	15%	6%	1,480	1,289	15%	7%
Iberia	306	286	7%	7%	1,163	1,127	3%	3%
Rest of World[1)]	706	696	1%	1%	2,716	2,721	0%	1%
Career Transition & Talent Development[1)]	140	124	13%	10%	527	447	18%	14%
Adecco Group	**5,961**	**6,127**	**-3%**	**-4%**	**23,427**	**23,867**	**-2%**	**-3%**

Revenues by business line[2)] EUR millions	Q4 2019	Q4 2018[4)]	Variance % EUR	Variance % Constant currency	FY 2019	FY 2018[4)]	Variance % EUR	Variance % Constant currency
Office	1,433	1,431	0%	-2%	5,522	5,457	1%	-1%
Industrial	3,044	3,231	-6%	-6%	12,009	12,695	-5%	-6%
General Staffing	**4,477**	**4,662**	**-4%**	**-5%**	**17,531**	**18,152**	**-3%**	**-4%**
Information Technology	712	714	0%	-3%	2,885	2,860	1%	-2%
Engineering & Technical[3)]	179	175	2%	-1%	721	683	6%	2%
Finance & Legal	248	259	-4%	-7%	992	1,012	-2%	-5%
Medical & Science[3)]	160	147	9%	7%	592	549	8%	4%
Professional Staffing	**1,299**	**1,295**	**0%**	**-2%**	**5,190**	**5,104**	**2%**	**-1%**
CTTD[3)]	140	124	13%	10%	527	447	18%	14%
BPO	45	46	1%	-2%	179	164	10%	6%
Solutions[3)]	**185**	**170**	**9%**	**7%**	**706**	**611**	**16%**	**12%**
Adecco Group	**5,961**	**6,127**	**-3%**	**-4%**	**23,427**	**23,867**	**-2%**	**-3%**

1) In Q4 2019 revenues changed organically in Benelux and Nordics by -9%, and in Rest of the World by 2%. In FY 2019 revenues changed organically in Germany, Austra, Switzerland by -12%, in Benelux and Nordics -7%, in Rest of World by +2%, and in Career Transition & Talent Development by 5%.

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) and Recruitment Process Outsourcing (RPO).

3) In FY 2019 revenues changed organically in Engineering & Technical by +3%, Medical & Science by +6%, CTTD by +5% and in Solutions by +5%.

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

EBITA[1)] and EBITA margin by segment

EBITA EUR millions	Q4 2019	Q4 2018	Variance % EUR	Variance % Constant currency	FY 2019	FY 2018	Variance % EUR	Variance % Constant currency
France	94	101	-8%	-8%	347	352	-1%	-1%
N. America, UK & I. General Staffing	27	31	-10%	-12%	88	92	-4%	-8%
N. America, UK & I. Professional Staffing	42	54	-21%	-23%	162	185	-12%	-17%
Germany, Austria, Switzerland	1	(6)	-112%	-112%	15	22	-33%	-35%
Benelux and Nordics	11	3	323%	349%	59	44	34%	36%
Italy	36	42	-14%	-14%	149	163	-9%	-9%
Japan	28	22	26%	16%	107	90	18%	11%
Iberia	15	14	-2%	-2%	58	57	1%	1%
Rest of World	23	24	-7%	-6%	92	94	-2%	0%
Career Transition & Talent Development	14	13	2%	-2%	65	76	-15%	-18%
Corporate	(37)	(63)	-43%	-45%	(154)	(188)	-18%	-21%
Adecco Group	**254**	**235**	**8%**	**7%**	**988**	**987**	**0%**	**-1%**

EBITA margin	Q4 2019	Q4 2018	Variance bps	FY 2019	FY 2018	Variance bps
France	6.8%	7.2%	(40)	6.3%	6.2%	10
N. America, UK & I. General Staffing	3.5%	3.6%	(10)	3.0%	3.1%	(10)
N. America, UK & I. Professional Staffing	5.0%	6.1%	(110)	4.8%	5.4%	(60)
Germany, Austria, Switzerland	0.2%	-1.2%	140	0.8%	1.0%	(20)
Benelux and Nordics	2.6%	0.5%	210	3.2%	2.1%	110
Italy	7.4%	8.2%	(80)	7.8%	8.2%	(40)
Japan	7.1%	6.5%	60	7.2%	7.0%	20
Iberia	4.7%	5.1%	(40)	4.9%	5.1%	(20)
Rest of World	3.2%	3.5%	(30)	3.4%	3.5%	(10)
Career Transition & Talent Development	9.9%	11.0%	(110)	12.4%	17.1%	(470)
Adecco Group	**4.3%**	**3.8%**	**50**	**4.2%**	**4.1%**	**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	**Q4 2019**	Q4 2018	**Q4 2019**	Q4 2018	**Q4 2019**	Q4 2018
France	97	105	(3)	(4)	94	101
N. America, UK & I. General Staffing	29	32	(2)	(1)	27	31
N. America, UK & I. Professional Staffing	51	56	(9)	(2)	42	54
Germany, Austria, Switzerland	1	6	-	(12)	1	(6)
Benelux and Nordics	13	12	(2)	(9)	11	3
Italy	37	42	(1)	-	36	42
Japan	28	23	-	(1)	28	22
Iberia	16	17	(1)	(3)	15	14
Rest of World	25	27	(2)	(3)	23	24
Career Transition & Talent Development	27	16	(13)	(3)	14	13
Corporate	(34)	(42)	(3)	(21)	(37)	(63)
Adecco Group	**290**	**294**	**(36)**	**(59)**	**254**	**235**

EBITA	EBITA excluding one-offs		One-offs		EBITA	
EUR millions	**FY 2019**	FY 2018	**FY 2019**	FY 2018	**FY 2019**	FY 2018
France	353	356	(6)	(4)	347	352
N. America, UK & I. General Staffing	91	96	(3)	(4)	88	92
N. America, UK & I. Professional Staffing	178	193	(16)	(8)	162	185
Germany, Austria, Switzerland	32	48	(17)	(26)	15	22
Benelux and Nordics	61	53	(2)	(9)	59	44
Italy	150	163	(1)	-	149	163
Japan	107	91	-	(1)	107	90
Iberia	59	60	(1)	(3)	58	57
Rest of World	95	98	(3)	(4)	92	94
Career Transition & Talent Development	92	82	(27)	(6)	65	76
Corporate	(149)	(160)	(5)	(28)	(154)	(188)
Adecco Group	**1,069**	**1,080**	**(81)**	**(93)**	**988**	**987**

Consolidated statements of operations

EUR millions except share and per share information	Q4 2019	Q4 2018	Variance % EUR	Variance % Constant currency	FY 2019	FY 2018	Variance % EUR	Variance % Constant currency
Revenues	**5,961**	6,127	**-3%**	**-4%**	**23,427**	23,867	**-2%**	**-3%**
Direct costs of services	(4,811)	(4,958)			(18,923)	(19,434)		
Gross profit	**1,150**	**1,169**	**-2%**	**-3%**	**4,504**	**4,433**	**2%**	**0%**
Selling, general, and administrative expenses	(899)	(934)	-4%	-5%	(3,519)	(3,446)	2%	0%
Proportionate net income of equity method investment FESCO Adecco	3				3			
EBITA[1]	**254**	**235**	**8%**	**7%**	**988**	**987**	**0%**	**-1%**
Amortisation of intangible assets	(23)	(16)			(64)	(52)		
Impairment of intangible assets	(20)				(20)			
Impairment of goodwill		(270)				(270)		
Operating income/(loss)	**211**	**(51)**	**n.m.**	**n.m.**	**904**	**665**	**36%**	**33%**
Interest expense	(9)	(7)			(35)	(38)		
Other income/(expenses), net	204	2			207	100		
Income/(loss) before income taxes	**406**	**(56)**	**n.m.**		**1,076**	**727**	**48%**	
Provision for income taxes	(150)	(55)			(348)	(267)		
Net income/(loss)	**256**	**(111)**	**n.m.**		**728**	**460**	**58%**	
Net income attributable to noncontrolling interests		(1)			(1)	(2)		
Net income/(loss) attributable to Adecco Group shareholders	**256**	**(112)**	**n.m.**		**727**	**458**	**59%**	
Basic earnings/(loss) per share[2]	**1.58**	**(0.68)**	**n.m.**		**4.48**	**2.77**	**62%**	
Diluted earnings/(loss) per share[3]	**1.57**	**(0.68)**	**n.m.**		**4.47**	**2.77**	**62%**	
Gross margin	*19.3%*	*19.1%*			*19.2%*	*18.6%*		
SG&A as a percentage of revenues	*15.1%*	*15.3%*			*15.0%*	*14.4%*		
EBITA margin	*4.3%*	*3.8%*			*4.2%*	*4.1%*		
Operating income/(loss) margin	*3.5%*	*-0.8%*			*3.9%*	*2.8%*		
Net income/(loss) margin attributable to Adecco Group shareholders	*4.3%*	*-1.8%*			*3.1%*	*1.9%*		

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 162,077,731 in Q4 2019 and 162,211,290 in FY 2019 (164,732,040 in Q4 2018 and 165,394,453 in FY 2018).
3) Diluted weighted-average shares were 162,484,031 in Q4 2019 and 162,542,226 in FY 2019 (164,959,443 in Q4 2018 and 165,681,920 in FY 2018).

Consolidated balance sheets

EUR millions	31 December 2019	31 December 2018
Assets		
Current assets:		
– Cash and cash equivalents	1,351	652
– Trade accounts receivable, net	4,310	4,432
– Other current assets	282	231
Total current assets	**5,943**	**5,315**
Property, equipment, and leasehold improvements, net	318	282
Operating lease right-of-use assets	432	
Equity method investments	83	76
Other assets	617	625
Intangible assets, net	332	426
Goodwill	2,846	2,994
Total assets	**10,571**	**9,718**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	4,106	4,084
– Current operating lease liabilities	196	
– Short-term debt and current maturities of long-term debt	172	267
Total current liabilities	**4,474**	**4,351**
Operating lease liabilities	265	
Long-term debt, less current maturities	1,577	1,509
Other liabilities	307	269
Total liabilities	**6,623**	**6,129**
Shareholders' equity		
Adecco Group shareholders' equity:		
– Common shares	10	10
– Additional paid-in capital	580	578
– Treasury shares, at cost	(66)	(141)
– Retained earnings	3,629	3,407
– Accumulated other comprehensive income/(loss), net	(213)	(273)
Total Adecco Group shareholders' equity	**3,940**	**3,581**
Noncontrolling interests	8	8
Total shareholders' equity	**3,948**	**3,589**
Total liabilities and shareholders' equity	**10,571**	**9,718**

Consolidated statements of cash flows

EUR millions	Q4		FY	
	2019	2018	**2019**	2018
Cash flows from operating activities				
Net income/(loss)	256	(111)	728	460
Adjustments to reconcile net income/(loss) to cash flows from operating activities:				
– Depreciation and amortisation	56	39	171	138
– Impairment of goodwill		270		270
– Impairment of intangible assets	20		20	
– Gain on divestiture of Soliant	(248)		(248)	
– Gain on divestiture of Beeline				(113)
– Other charges	31	63	63	56
Changes in operating assets and liabilities, net of acquisitions and divestitures:				
– Trade accounts receivable	107	123	91	19
– Accounts payable and accrued expenses	132	(144)	57	(112)
– Other assets and liabilities	28	3	(2)	9
Cash flows from operating activities	**382**	**243**	**880**	**727**
Cash flows from investing activities				
Capital expenditures	(43)	(46)	(156)	(158)
Acquisition of Vettery, net of cash and restricted cash acquired				(77)
Acquisition of General Assembly, net of cash and restricted cash acquired		1		(316)
Proceeds from divestiture of Soliant, net of cash and restricted cash divested	544		544	
Proceeds from divestiture of Beeline, net of cash and restricted cash divested				226
Cash settlements on derivative instruments	(10)	(13)	(39)	(4)
Other acquisition, divestiture and investing activities, net	(15)	10	(25)	(15)
Cash flows from/(used in) investing activities	**476**	**(48)**	**324**	**(344)**
Cash flows from financing activities				
Net decrease in short-term debt	(4)	(294)		
Borrowings of long-term debt, net of issuance costs		46	353	135
Repayment of long-term debt			(215)	(350)
Buyback of long-term debt			(211)	
Dividends paid to shareholders			(360)	(350)
Purchase of treasury shares		(76)	(87)	(115)
Other financing activities, net		(1)	(4)	(2)
Cash used in financing activities	**(4)**	**(325)**	**(524)**	**(682)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(30)**	**14**	**18**	**14**
Net increase/(decrease) in cash, cash equivalents and restricted cash	**824**	**(116)**	**698**	**(285)**
Cash, cash equivalents and restricted cash:				
– Beginning of period	592	834	718	1,003
– End of period	1,416	718	1,416	718