Q4 & Full Year 2023 report

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29 February 2024

THE ADECCO GROUP

Adecco AKKODIS LHH

Disclaimer & note on terminology

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 the 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; the impact of the global outbreak of novel coronavirus disease (COVID); changes in regulation affecting 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.

Non-US GAAP measures used

'Organic growth' excludes the impact of currency, acquisitions and divestitures. This presentation refers to revenue growth yoy on an organic, trading days adjusted basis, unless otherwise stated.

This presentation refers to gross margin development yoy on an organic basis, unless otherwise stated.

'EBITA' refers to operating income before amortisation and impairment of goodwill and intangible assets. This presentation refers to EBITA, EBITA margin and yoy margin development excluding one-offs, unless otherwise stated.

'Net debt' comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

'Free cash flow' comprises cash flows from operating activities less capital expenditures.

'Cash conversion' is calculated as last 4 quarters of free cash flow before interest and tax paid (FCFBIT) divided by last 4 quarters of EBITA excluding one-offs.

'Conversion ratio' is calculated as EBITA excluding one-offs divided by gross profit.

'Net debt to EBITDA' is calculated as net debt at period end divided by last 4 quarters of EBITA excluding one-offs plus depreciation.

2023 Group highlights

THE ADECCO GROUP

Record revenues

Strong operational momentum amid tougher markets

€92 mn G&A savings[1], in line with target

ND/EBITDA 2.5x, in line with guidance

Revenues	
€23,957 mn	+3% yoy

Adj. EPS	
€2.99	-9% yoy

Gross profit	
€4,969 mn	+1% yoy
20.7% margin	(30) bps yoy

Balance sheet	
Net debt/EBITDA	2.5x
	stable yoy

EBITA excl. one-offs	
€867 mn	+8% yoy
3.6% margin	+10 bps yoy

Cash Flow	
Op FCF	€563 mn
	+€20 mn yoy

CHF 2.50 DPS to be proposed at AGM

[1] In run-rate terms, end 2023

2023 financial overview, by GBU

Adecco

- ✓ Significant market share gains in every quarter
- ✓ Productivity[1] > 2021 levels in H2 23

AKKODIS

- ✓ Consulting +9% yoy
- ✓ +€60 mn AKKA synergies, ahead of target

LHH

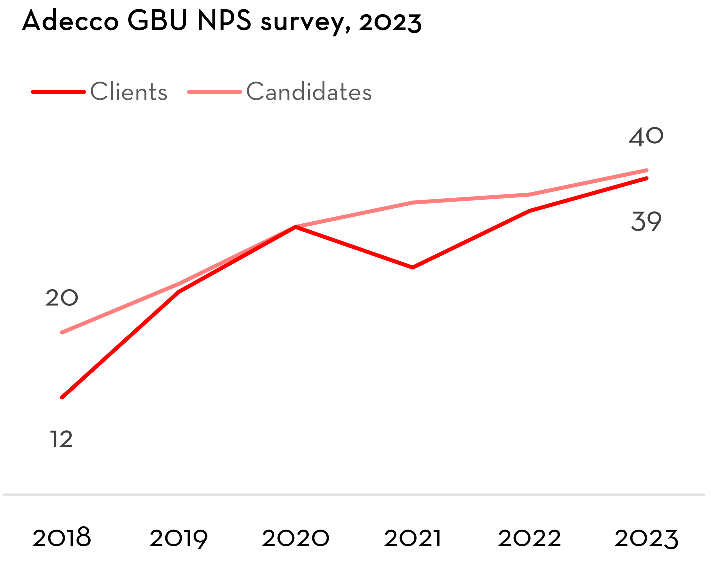
- ✓ Record year for Career Transition +71% yoy
- ✓ EZRA +42% yoy

	Adecco		Akkodis		LHH	
Revenues	€18,416 mn	+4% yoy	€3,722 mn	-1% yoy	€1,819 mn	stable yoy
EBITA excl. one-offs	€685 mn 3.7% margin	+2% yoy (10) bps yoy	€234 mn 6.3% margin	stable yoy (30) bps yoy	€134 mn 7.4% margin	+24% yoy +160 bps yoy

[1] GP / Selling FTE

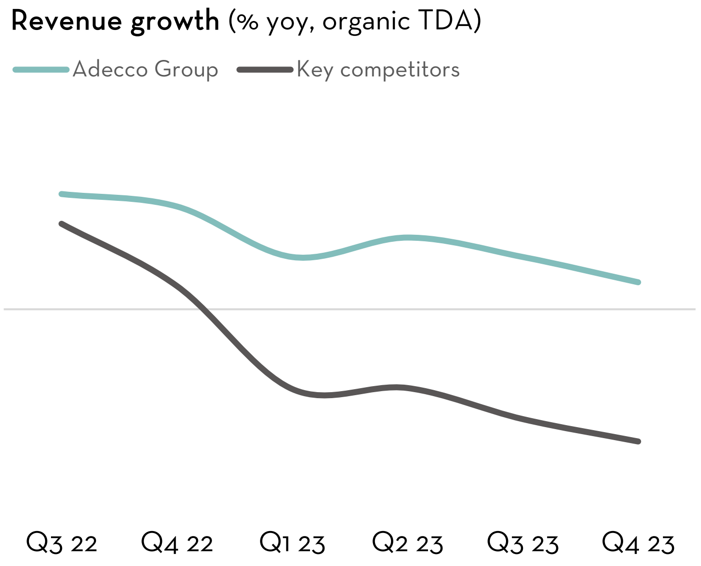
Delivering against Simplify, Execute, Grow plan

Improving customer focus



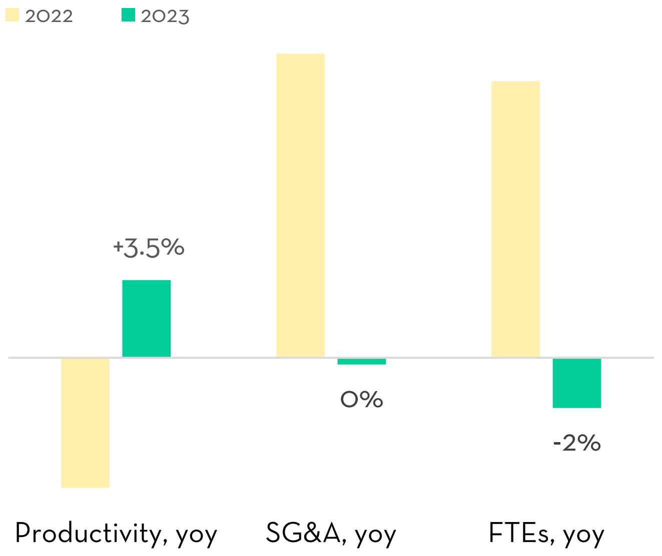
Client NPS **+4 pts yoy**
Candidate NPS **+3 pts yoy**
Adecco Group NPS **+3 pts yoy**

Growing ahead of market



+780 bps market share gain (2023 avg.)
+40% visits to prospects (2023, yoy)

Improving profitability



+70 bps conversion ratio yoy
+50 bps EBITA margin, H2 23 yoy

Top-line leading to EBITA profitability

Aligned incentive plans

Enhanced "Sales Mindset"

Customer retention focus

Fully leveraging assets within portfolio

Prioritising ways to grow and add value

Scaling digital

EZRA

Strategic Partnership with Headspace

added value for clients

- Improves coaching proposition with mental health support
- Aligned to Ezra's evidence-based approach

MSP expansion

Adecco pontoon

Enhanced share of wallet
MSP solution added to existing staffing services, Beverages sector

- Strength of digital analytics
- Improves delivery efficiency
- Streamlines supply chain

Global Deals

AKKODIS

Tech outsourcing win
Multi-year contract, expansion in logistical services, Aerospace sector

- Deep domain expertise
- Proven track-record in logistics management, using predictive maintenance, robotics

MSP = Managed Services Provider

Q4 23 financial overview

Revenues
€6,109 mn
+1% yoy

Gross profit
€1,233 mn — -2% yoy
20.2% margin — (70) bps yoy

EBITA excl. one-offs
€264 mn — +20% yoy
4.3% margin — +60 bps yoy

SG&A expenses excl. one-offs
€968 mn — -8% yoy
15.9% of revenues

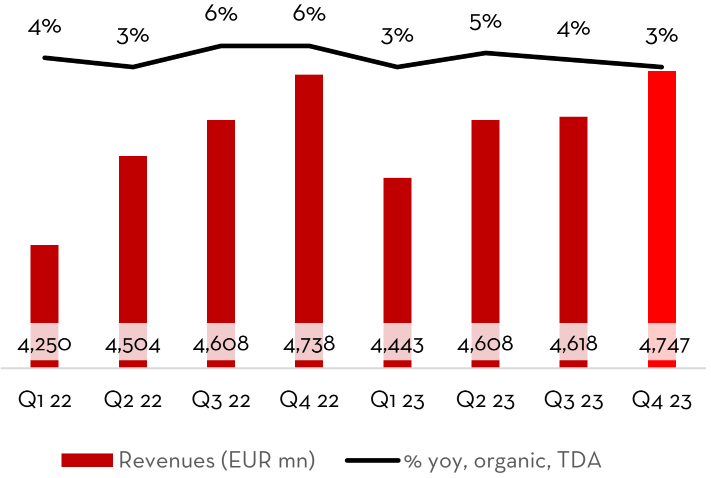
Adj. EPS
€0.75
-1% yoy

Cash Flow
Op CF — €317 mn
Cash conversion — 63%

Adecco: solid growth despite slower trading environment, robust margin

Revenues **€4.75 bn**, +3% yoy

Share of Group 78%



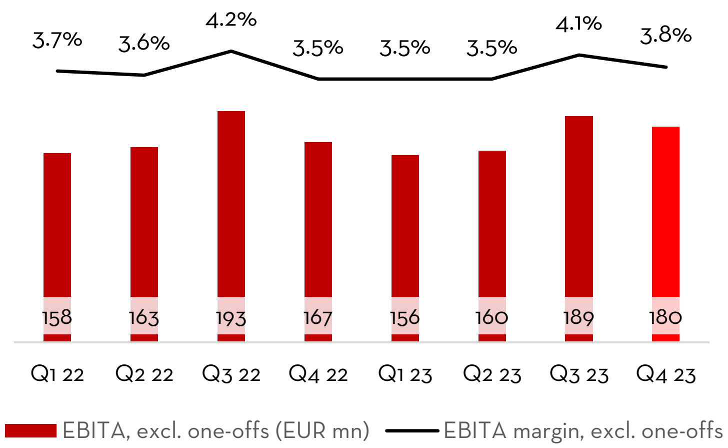
APAC, Southern Europe & EEMENA very strong

DACH strong, Americas stable

Northern Europe, France lower

EBITA **€180 mn**, 3.8% margin

Share of Group 61%



EBITA margin +30 bps yoy

Current mix

Improved productivity

G&A savings

- Relative revenue growth +830 bps in Q4
- Flex +2%, Outsourcing +6%, Perm -2% organic
- Logistics, Autos up double-digits. Healthcare, retail solid. Manufacturing, F&B soft
- Healthy gross margin: current sector and solutions mix weigh, pricing firm
- Improved productivity: GP/Selling FTE +5%, Selling FTEs -5% yoy
- EBITA margin reflecting better productivity, G&A savings, lower FESCO contribution

Quarterly revenue and EBITA excl. one-offs for 2022 have been restated to reflect the transfer of part of AKKA US to Adecco US effective Jan 1, 2023

Adecco: significant market share gains

By Segment	Revenues			Market share	EBITA and EBITA margin excl. one-offs		
	Share of Group	Q4 23 € mn	**Change, TDA yoy**	Q4 23	Q4 23 € mn	**Q4 23 margin**	Change, yoy bps
France	20%	1,235	**-5%**	→	58	**4.7%**	(60)
Northern Europe	10%	578	**-3%**	↑	10	**1.8%**	(50)
DACH	7%	454	**+9%**	↑	(4)	**-0.8%**	(70)
Southern Europe & EEMENA (SEE)	19%	1,170	**+11%**	↑	64	**5.4%**	+20
Americas	12%	715	**+0%**	↑	22	**3.1%**	+290
APAC	10%	595	**+15%**	↑	30	**5.1%**	+40
Adecco	**78%**	**4,747**	**+3%**	↑	**180**	**3.8%**	+30

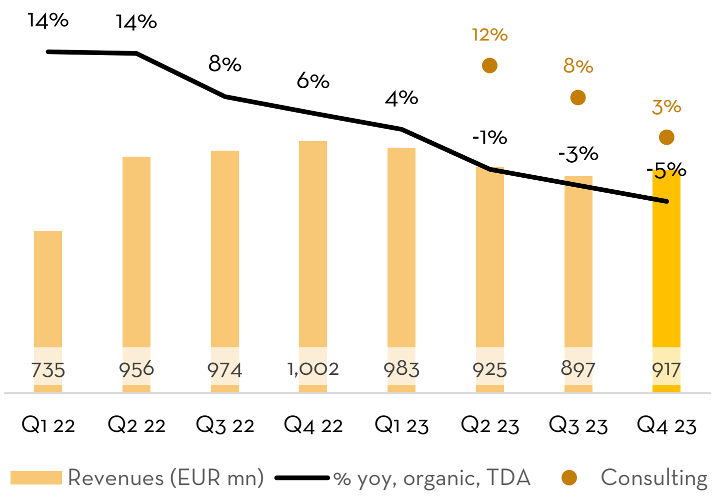
- **France:** slowing demand weighs. Retail, manufacturing, food & beverages, logistics soft
- **Northern Europe**: UK&I +1%, Belux +2%, robust in tough markets. Nordics -11%, hindered by regulatory change. Consulting, financial services weak; manufacturing soft
- **DACH:** Germany +12%. Logistics, autos very strong. Margin reflects fewer working days
- **SEE:** Italy +10%, Iberia +13%, EEMENA +9%. Growth led by logistics, autos
- **Americas:** LatAm +32%, led by Brazil, Colombia. NAM -13%, outperforming competitors in a challenging market. IT Tech, logistics, retail subdued
- **APAC:** Japan +8%, India +11%, Asia +7%. Australia & New Zealand +65%, driven by significant new government contract

Quarterly revenue and EBITA excl. one-offs for 2022 are restated to reflect the transfer of part of AKKA US to Adecco US effective Jan 1, 2023

Akkodis: synergies, good cost mitigation deliver strong EBITA margin

Revenues **€917 mn,** -5% yoy

Share of Group 15%



North EMEA -5% yoy

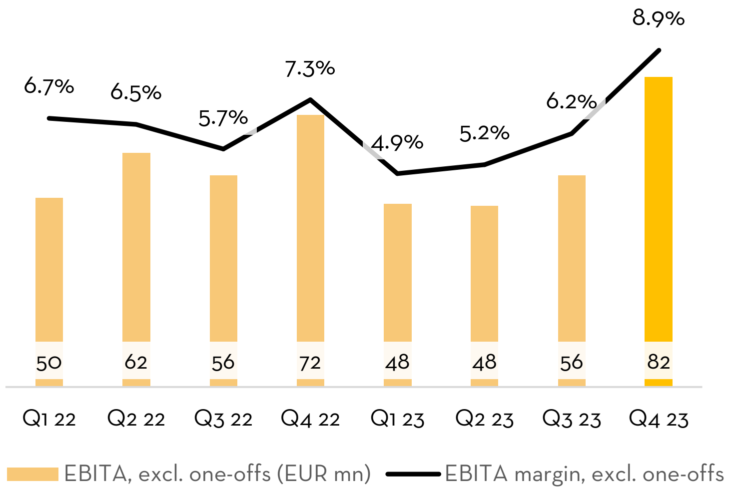
South EMEA +10% yoy

North America (NAM) -17% yoy

APAC +6% yoy

EBITA **€82 mn,** 8.9% margin

Share of Group 28%



EBITA margin +160 bps yoy

Lower volumes

Good synergies, cost mitigation

Favourable one-time items

- Continued tech market headwinds; Staffing -14%, Consulting +3%
- France solid, +5%, supported by increased consultant base. NXT (formerly DataRespons) +1%. Germany -7%, impacted by strategic repositioning, elevated sickness rates
- NAM staffing impacted by tech downturn. Agile cost management, 57% recovery ratio[1]
- Japan +11%, supported by pricing, utilisation. Australia -4%, weighed by tech downturn
- Secured +€60 mn FY23 synergies (in EBITA terms) vs. €50-55 mn target

1 Calculation = yoy change in EBITA contribution / yoy change in Gross Profit contribution. In 2022, AKKA was consolidated 24 Feb; quarterly revenue and EBITA figures include AKKA's contribution, while the organic growth rates yoy are for Modis only. In addition, quarterly revenue and EBITA excl. one-offs for 2022 have been restated to reflect the transfer of part of AKKA US to Adecco US effective Jan 1, 2023

Delivering on AKKA transaction commitments

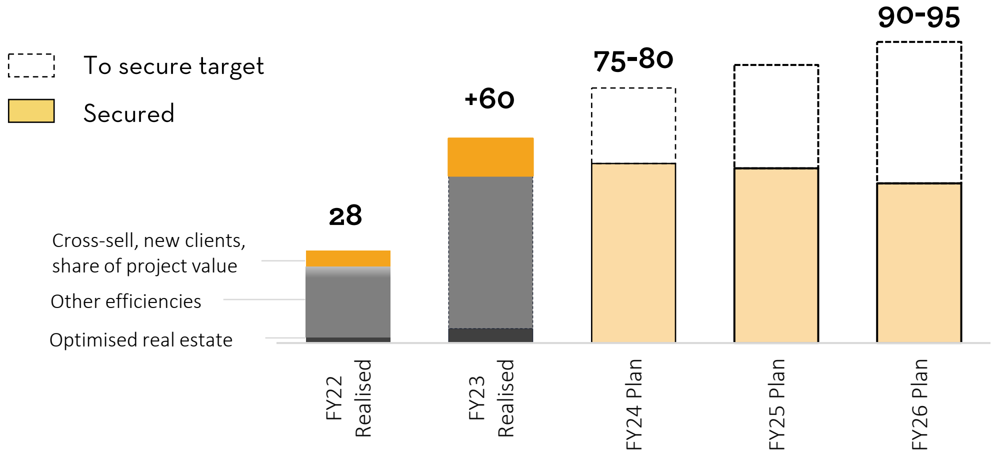
2023 synergies ahead of target

- +€60 mn synergies realised in 2023, incl. EBITA of ~€11 mn from revenue synergies
- Cost synergies incl. ~€20 mn footprint, HQ related
- Total contract value won to date ~€150 mn

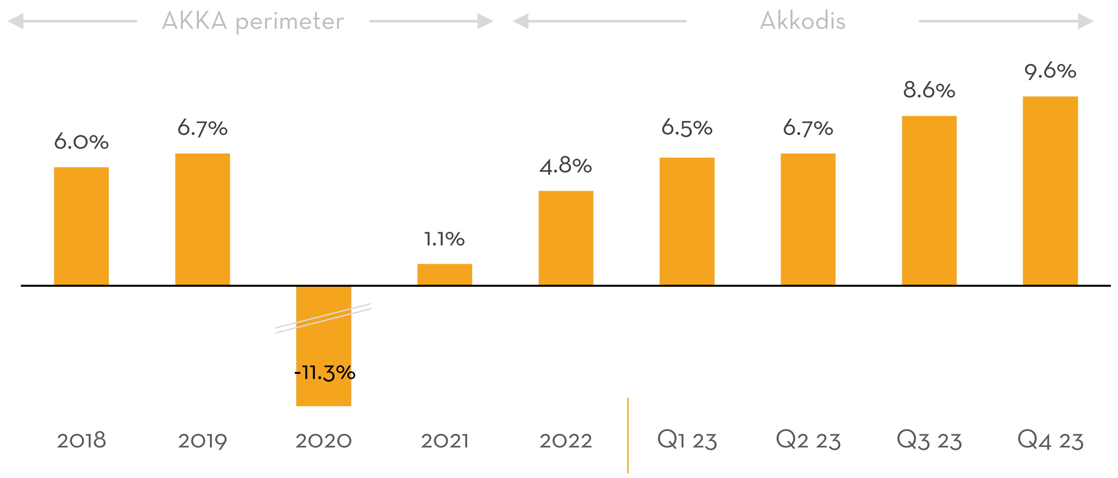
On-track to deliver value creation

- ✓ Margin accretive in year 1
- ✓ Mid to high-single-digit EPS accretive[1] in year 1
- ✓ Double-digit EPS accretive[1] in year 2
- EVA positive in year 3

Revenue and cost synergies, in EBITA terms
(EUR mn)



EMEA Consulting & Solutions, EBITA margin development



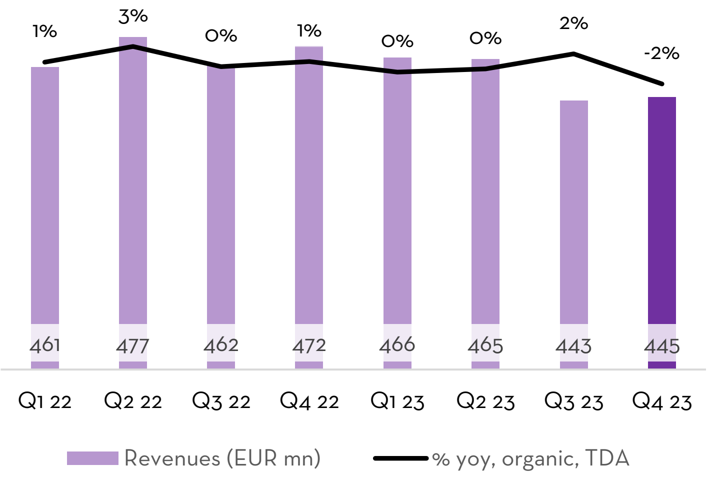
[1] EPS accretion excluding one-off integration and implementation costs

Note: Management estimates under IFRS (not US GAAP) and original AKKA scope

LHH: Strength in Career Transition, challenging markets in Recruitment Solutions

Revenues **€445 mn**, -2% yoy

Share of Group 7%



Recruitment Solutions (RS) -18% yoy

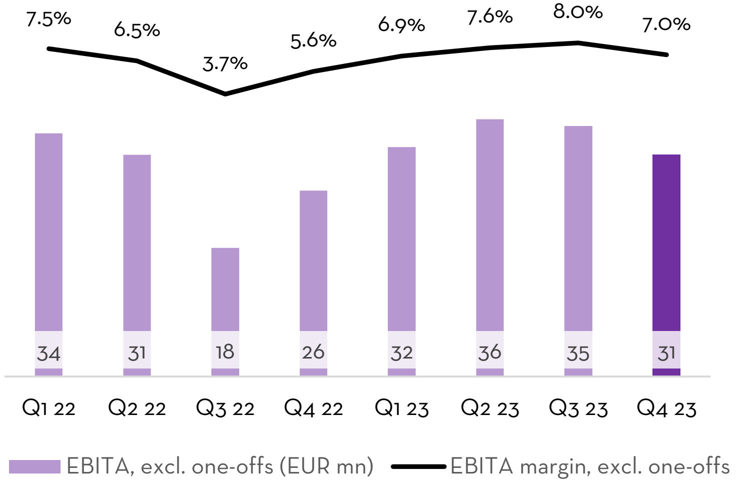
Career Transition & Mobility (CT&M) +46% yoy

Learning & Development (L&D) -17% yoy

Pontoon & Other -3% yoy

EBITA **€31 mn**, 7.0% margin

Share of Group 11%



EBITA margin +140 bps yoy

Positive mix

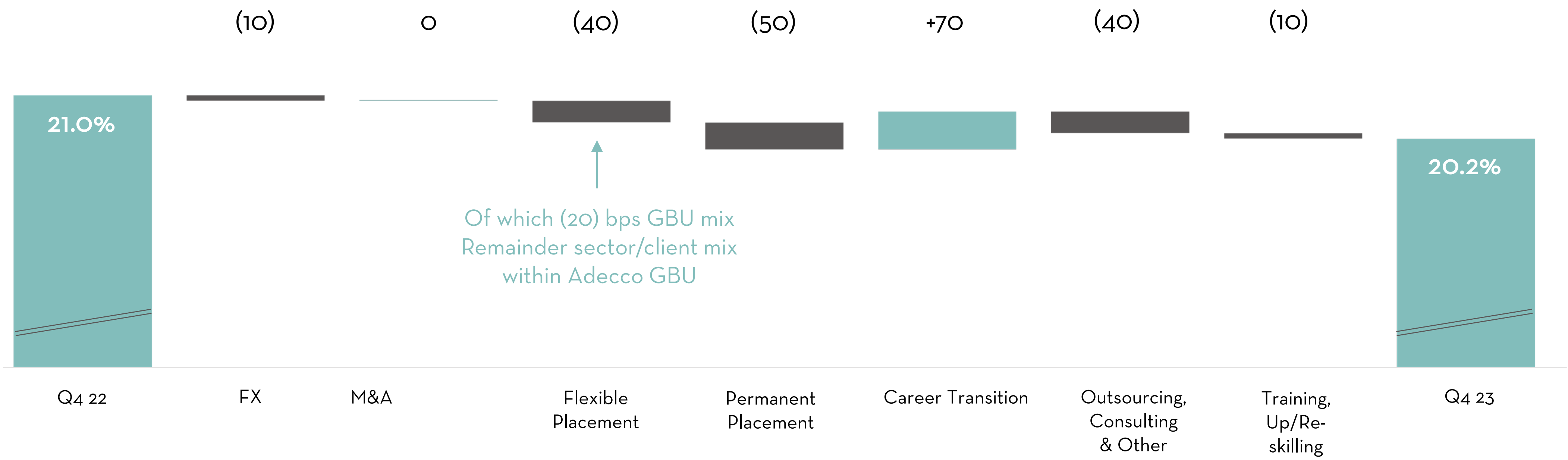
Lower volumes

- RS: challenging markets. Gross profit -21%, excl. US -15%. Focus on strengthening operational discipline
- CT&M: very strong, with clear market share gains, led by US, UK, Australia
- L&D: Ezra +54%. General Assembly, Talent Development subdued
- Pontoon: +2%, tech downturn weighs

Healthy gross margin reflecting current mix

Gross profit bridge by service line

(As % of revenues yoy, in bps)

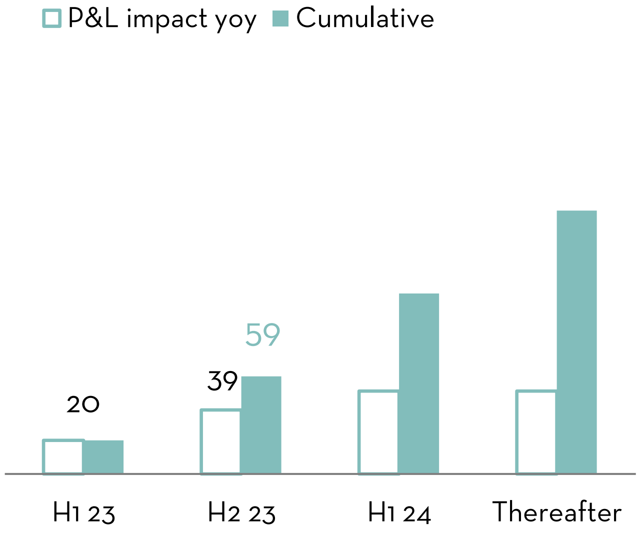


	Flexible Placement	Permanent Placement	Career Transition	Outsourcing, Consulting & Other	Training, Up/Re-skilling
Gross profit (% yoy, organic)	-1%	-16%	+46%	-11%	-13%
As % of Group (approx.)	55%	10%	10%	20%	5%

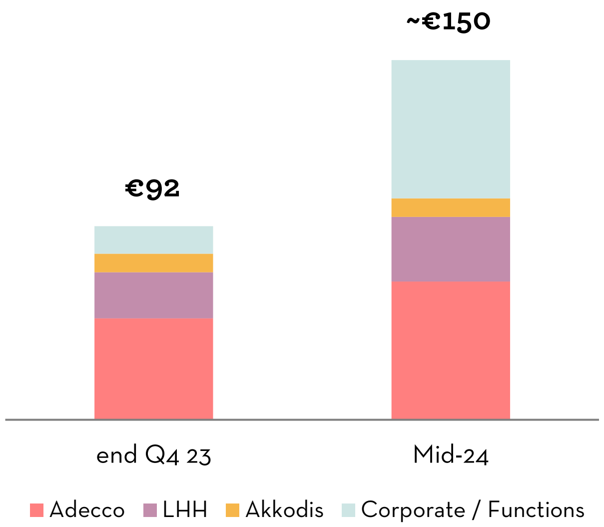
G&A cuts, productivity gains boost EBITA margin

G&A savings update

P&L impact in EBITA terms
(EUR mn)



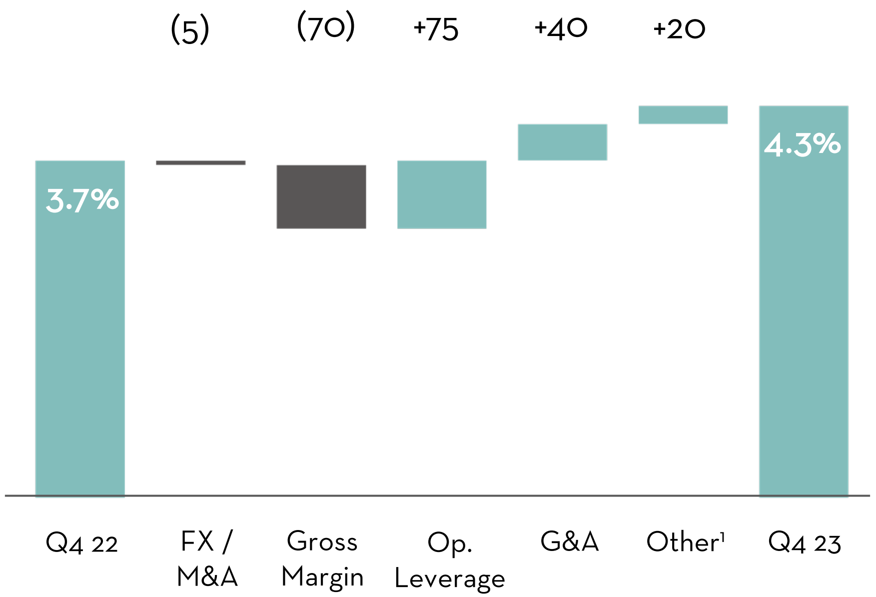
Savings run-rate in EBITA terms
(EUR mn)



- €23 mn G&A savings yoy in Q4
- All GBUs contributing plus Corporate/Functions G&A -7% yoy
- €92 mn savings run-rate at year-end, consistent with ~€90 mn ambition

EBITA bridge, excl. one-offs

(As % of revenues yoy, in bps)



- GP/Selling FTE +4% yoy; Selling FTEs -6% yoy
- SG&A expenses -8% yoy, or -6% yoy underlying[2]

Note: AKKA cost synergies ~€50 mn secured FY23 are not included in G&A savings

[1] Other includes one-time and/or special items, contribution from FESCO JV
[2] SG&A expenses excluding one-offs, underlying excluding one-offs and one-time items

Reporting simplification to support the Group's operational performance

Revised intercompany revenue allocation policy[1]

- Creates new "Elimination" disclosure in revenues when reporting by segment
- No impact on Group revenues

✓ **Facilitates cross-GBU collaboration**

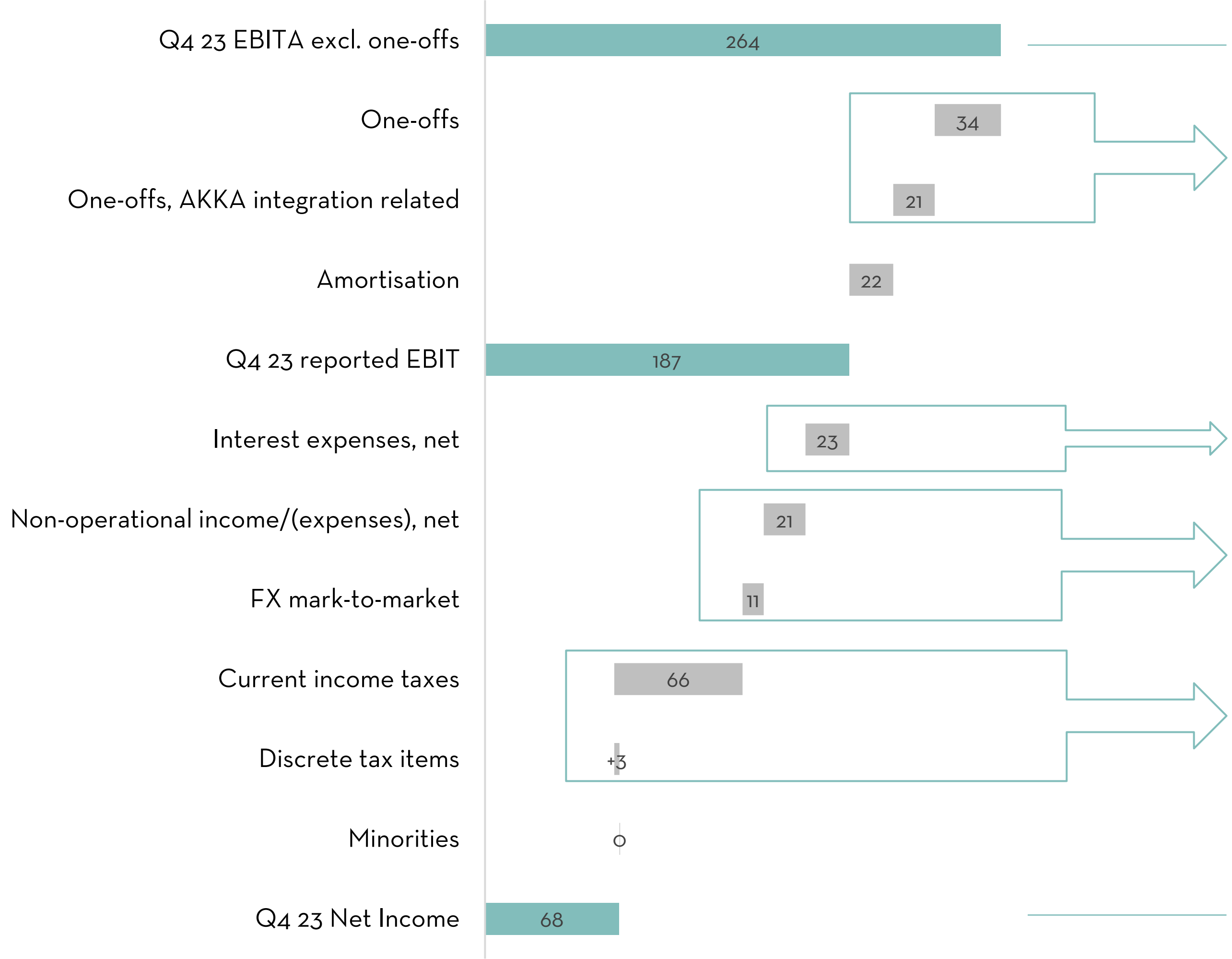
Reclassification of certain SG&A expenses to COS[1]

- Approx. 50-60 bps lower gross margin[2]
- Lower SG&A expenses, improved conversion ratio
- No impact on G&A savings plan
- No impact on EBITA or EBITA margin

✓ **Improves internal transparency and performance management**

COS = Direct Costs of Services
[1] Both policies effective as of 1 January 2024. [2] Impact refers to 2023 results when rereported. The Group will publish rereported numbers for 2023 before Q1 2024 results on its IR website

Q4 net income drivers



HIGHLIGHTS

+35% yoy

Mainly actions to secure G&A savings

Mainly reflects interest costs and fees from outstanding debts

EUR -33 mn Other Income/(Expenses), net, of which EUR -11 mn FX mark-to-market impact related to high inflation countries

EUR -63 mn Provision for income taxes

50% effective tax rate excl. discrete tax items, impacted by changes in deferred taxes, new tax legislation in Germany, and current geographic mix

+6% yoy

Solid cashflow generation

FY 23 drivers

63% cash conversion ratio

DSO of 53 days, stable yoy

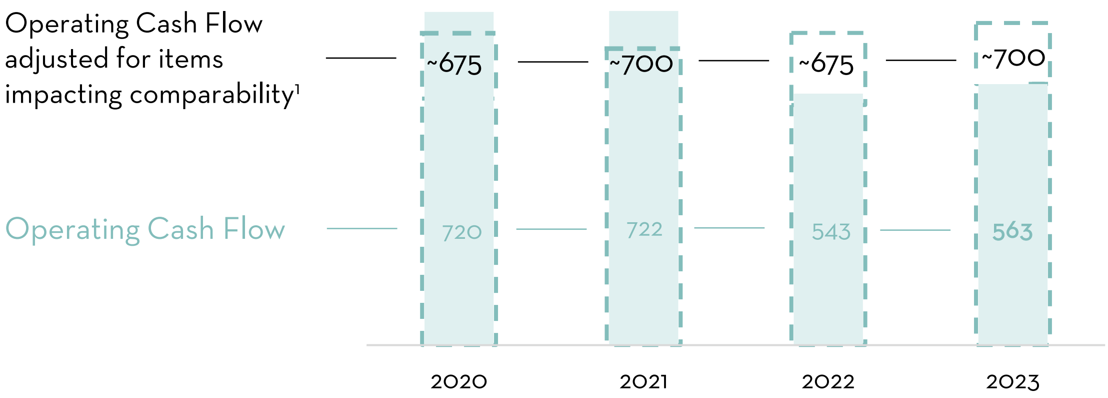
Operating Cash Flow €563 mn, +€20 mn yoy

Net Working Capital €44 mn lower yoy:

- Positive customer collections
- Outweighed by other unfavourable movement, namely outflow in payables driven by timing differentials and normal activity in AKKA vs disruption from Q2 22's cyber-incident

Operating cash flow analysis, 2020-2023

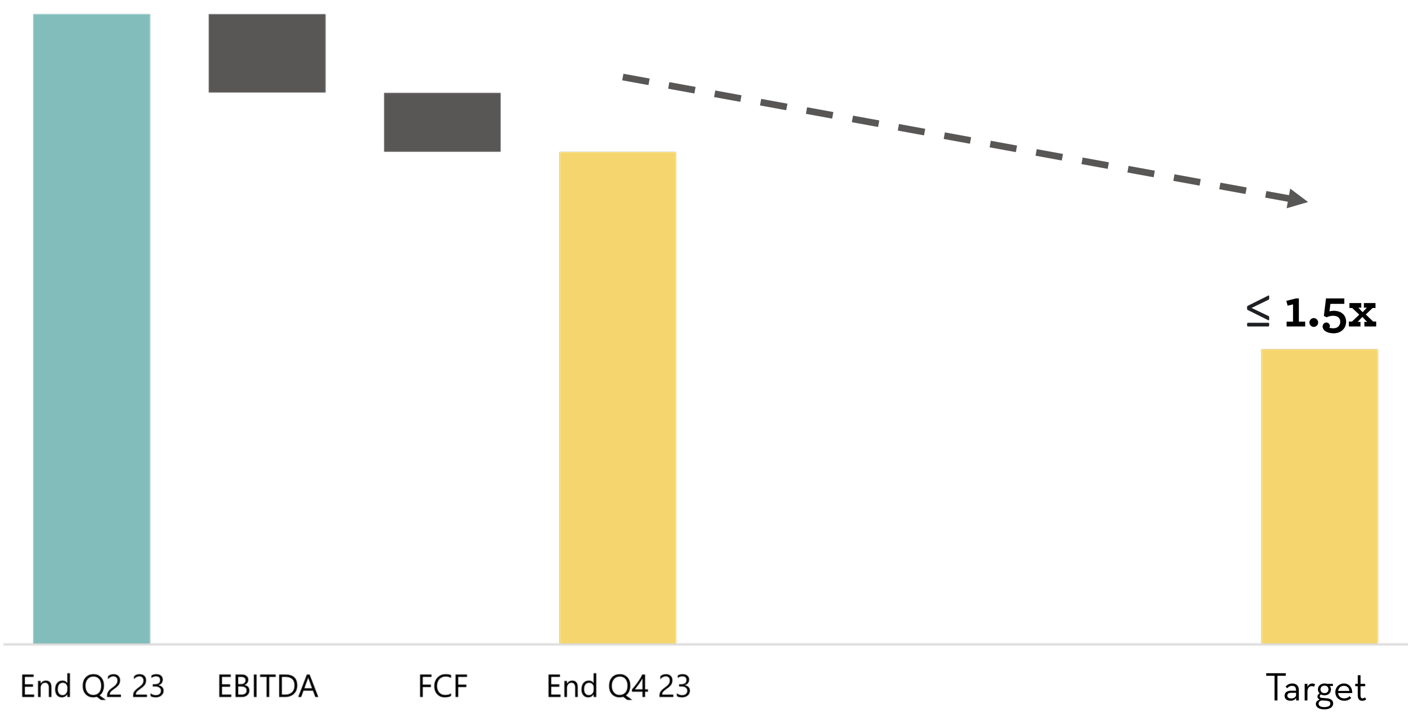
(EUR mn)



[1] Operating Cash Flow excluding impact of formal one-offs and support schemes

Sound financing structure

2.5x ND/EBITDA at end-23, in line with guidance
Commitment to continue de-leveraging thereafter



Balance sheet and liquidity position, end Q4 23

Debts

2.5x
Net debt/EBITDA

€3,146 mn
Total debt

€91 mn
Decrease total debts, LTM

Cash & facilities

€2 bn
Total cash and undrawn facilities

incl.
€750 mn
Undrawn RCF

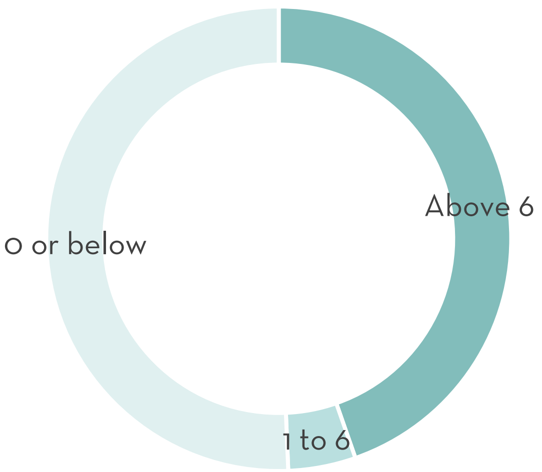
no
commercial paper outstanding

no
covenants

Near-term outlook

END Q4 MOMENTUM

Growth rate (% yoy)
As % of Group revenues



Q1 24 FINANCIAL FRAMEWORK

- Year-to-date, volumes are marginally below Q4 2023 levels
- The Group expects to continue to capture market share in a challenging macroeconomic environment in Q1 24, while managing resources with agility, focusing on productivity and G&A savings
- In Q1 24, the Group expects a similar year-on-year development in gross margin and underlying SG&A expenses as in Q4 23
- As a reminder, Q1 is a seasonally lower EBITA margin quarter. In Q1 23 EBITA margins benefited from the timing of FESCO JV income, which may not recur

Simplify, Execute, Grow agenda for 2024

On track to secure €150 mn G&A cost savings

SIMPLIFY

- Further cost savings actions
- Tightened procurement
- Accelerated move to Shared Service Centres

EXECUTE

- Refined incentives: Operating Cash Flow replacing DSO
- Reinforce delivery discipline, improve systems and processes across operations
- New Tech Roadmap, GenAI innovation
- Embed refreshed values, culture, expected behaviours

GROW

- Drive sales focus on contract conversion, customer retention and satisfaction
- Continue scaling of digital with traditional assets
- Deploy QAPA in Adecco US – piloting Q2
- Expansion of MSP

Relentless focus on market share gain, improved profitability

Living our purpose

People placed[1]:

470,000+ on assignment, every day

165,000+ permanent placements

880,000+ trained and coached

Employer of choice:

~180,000 FTEs

when including tech experts and bench associates[2]

+34 Employee engagement, **+2 pts above** benchmark[3]

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[1] Management estimates. [2] Company-based employees (FTEs) ~38,000. [3] Engagement score applies to Company-based employees only

Q&A

Appendix

Additional financial framework

EUR mn, unless otherwise stated	FY 2023	FY 2024 Est.	Q1 2024 Est.
One-off costs[1]	(133)[1]	~ (90)	~ (30)
Depreciation	(155)	~ (160)	~ (40)
Amortisation	(102)	~ (80)	~ (20)
Interest expense	(77)	~ (80)	~ (20)
Other income/(expenses), net	(48)	~ (25)	~ (5)
Effective tax rate[2]	36%[3]	~ 30%	~ 30%
Capital expenditure	(216)	~ (180)	~ (45)

	FY 2023	FY 2024 Est.	Q1 2024 Est.
Foreign exchange impact on revenues *(at current rates, yoy)*	~ (2.1)%	~ (0.9)%	~ (1.5)%
Trading Days Adjustment *(difference in trading hours, yoy)*	(0.2)%	0.7%	(1.4)%

[1] Of which, EUR 92 mn mainly G&A related, and EUR 41 mn AKKA integration and related costs. [2] Tax rate including discrete events [3] 2023 tax rate excluding discrete events 33.0%

2022 results – Adecco and Akkodis restated

In 2023, part of AKKA's US operations are reported in Adecco Americas. The 2022 information has been restated to conform with current period presentation.

EUR mn, unless otherwise stated	2022 Reported Revenues				2022 Reported EBITA excl. one-offs				2022 Restated Revenues				2022 Restated EBITA excl. one-offs			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Adecco	4,226	4,443	4,543	4,673	157	161	190	163	4,249	4,504	4,607	4,739	159	163	193	166
Akkodis	759	1,018	1,039	1,067	50	64	59	76	735	957	974	1,002	50	62	56	73

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