

# Dear shareholder,

2012 was marked by economic uncertainty, above all in Western markets. As the months progressed, political unrest, the prolonged sovereign debt crisis and rising unemployment led to volatile equity, bond and currency markets. Rising to this challenging environment, every day around 32,000 employees worldwide worked with close to 700,000 associates on assignment at more than 100,000 clients. By providing flexible HR solutions to the changing needs of our clients, we increase their competitiveness. Helping people to 'better work, better life' is our common purpose and the way in which we contribute to society every day.

2012 was another year of progress for the Adecco Group. Adecco remained strategically attuned to this economic reality and maintained the agility needed to deal with changing market conditions. We reinforced our HR industry leadership and maintained leading profitability despite the decline in revenues of 4% organically to EUR 20.5 billion.

Geographical developments, from a revenue perspective, were diverse in 2012. Europe was challenging, in particular the Southern European countries as well as France, while organic revenue growth in North America picked up throughout the year and the Emerging Markets continued to deliver solid growth. At the same time, organic growth in Professional Staffing held up well, while General Staffing moved into negative territory. We maintained our disciplined pricing approach and achieved solid improvements in the gross margin to 17.9%, also helped by the business mix. Thanks to our price discipline and strong cost control, we were able to maintain solid profitability, despite declining revenues. Excluding restructuring and integration costs, EBITA amounted to EUR 813 million and the margin was 4.0%. Net income attributable to Adecco shareholders was EUR 377 million. We generated strong operating cash flow of EUR 579 million in 2012, up 10% versus 2011. Adecco has a very strong balance sheet.

At the Annual General Meeting, the Board of Directors will propose to its shareholders a dividend of CHF 1.80 per share for 2012. The proposal foresees a stable dividend, equal to the dividend paid for 2011 and is underpinned by our overall strong financial position, healthy cash flow generation and cash-rich balance sheet. A dividend of CHF 1.80 per share would be equal to a pay-out ratio of 49%, fully within the current pay-out range of between 40% and 50% of adjusted net earnings. In addition to the current pay-out range, the Company is committed to pay at least a stable dividend compared to the previous year, even if the pay-out range is temporarily exceeded, barring seriously adverse economic conditions.

In June 2012, Adecco launched a share buyback programme of up to EUR 400 million with the aim of subsequently cancelling the shares and reducing share capital. As of December 31, 2012, the Company had acquired 3.8 million shares under this programme for EUR 145 million.

Our solid performance reflects considerable progress in the execution of our mid-term strategic priorities. The Group's retention rate continued to be a strong focus. We expanded the Adecco Academy training initiative and also launched it in the USA, Australia and Asia in line with our commitment to invest in our own people and culture, as well as to continually enhance service quality. Our goal for IT is to standardise, centralise and simplify our processes from client or candidate-related interactions all the way through to back-office optimisation. A fully centralised IT organisation began operation at the end of 2012. In Professional Staffing we have further improved our revenue mix. In General Staffing, we continued to better segment our client base and tailor our offering to best capture market opportunities. As companies increasingly looked for solutions to outsource a part or the entire management of their contingent workforce, we further developed our leading MSP/RPO offerings under the new global brand Pontoon and won a number of significant global MSP contracts. With

Pontoon and our VMS platform Beeline, we are uniquely positioned to offer both the leading platform and services in the industry. We further invested in Emerging Markets to capture growth potential. Our joint venture in China, FESCO Adecco, has over 135,000 associates on assignment every day.

2012 was about margin protection, given the challenging economic developments. Once the recovery starts, we will be able to deliver strong operating leverage. Our improved business mix, our price discipline and cost optimisation will then pay off in higher EBITA margins.

As we strive to develop our business and generate shareholder value, Adecco people are motivated by our wider role of making 'better work, better life' a reality. It is very rewarding to make a real impact on individuals' careers and lives, as well as on our clients' competitiveness and success. What we do makes a positive difference to the issues of unemployment, economic and social inclusion and a diverse workforce.

These issues are central to societal well-being and stability. The International Labour Organization forecasts that jobless numbers around the world will rise by 5.1 million in 2013 to 202 million people, topping the 2009 record of 198 million. Global youth unemployment is estimated at over 75 million. This is against a backdrop of an ageing population in developed markets, growing talent shortages and a ticking pension time-bomb, with a growing dependant population.

We bring an agenda for action addressing these issues. We integrate people at risk of exclusion: 37% of all temporary workers are officially registered as unemployed before working with an agency. Temporary jobs are growing faster than permanent jobs. They represent the opportunity to earn an income, gain experience and can be a stepping-stone to permanent work.



**Rolf Dörig**  
Chairman of the Board of Directors

We have an agenda for action for companies whether they are in need of scarce talent, or a flexible or more diverse workforce to improve their productivity and competitiveness. We not only reduce frictional unemployment, we help create jobs that otherwise would not be created, as companies value a flexible contingent workforce to cope with rapid changes in demand.

We partner Governments around the world in programmes to integrate groups at risk of exclusion because of their age, race or disability. Our range of capabilities was showcased when we recruited 8,300 people, in permanent and temporary positions, to help deliver memorable Olympic and Paralympic Games in London – regarded as the most diverse Games ever staged.

Looking ahead, Adecco is solidly positioned for the future. With our leading global position and diverse service offering, we will take advantage of growth opportunities. At the same time, we continue to focus fully on disciplined pricing and cost control to optimise profitability and value creation.

Adecco remains in good shape to succeed whatever the operating environment. We are very focused on reaching our mid-term EBITA margin target of above 5.5%. Based on the good progress on our six strategic priorities and more favourable economic conditions expected towards the end of 2013, we are convinced we will achieve this target in 2015. Above all, our motivating force will be 'better work, better life': It's what we do. It's what we know best. It's what we care about. It's what we are all about.

We sincerely thank all of our stakeholders, above all our clients, associates, employees and shareholders for their support and confidence in the Adecco Group.



**Patrick De Maeseneire**  
Chief Executive Officer