

As the global leader in HR solutions, we at the Adecco Group offer the full range of HR services. We have the capability to serve individuals and enterprises with all these services, locally and globally. This makes us unique.

Our strategy

The strategy of the Adecco Group is to be alongside each phase in the life cycle of our associates and clients. As the world's leading provider of HR solutions, in over 60 countries and territories, we offer all HR services to over 100,000¹ clients and every day we place close to 700,000¹ associates at work.

Candidates & Associates We support job seekers from their very first career steps: giving them an opportunity to start to build up valuable skills and to gain the work experience required by the job market. We help people identify roles that will allow them to re-enter the working world and provide them with the training to do so. A temporary job can often lead to permanent employment. Adecco offers talent development services, including training, coaching and counselling, to enable all our associates to reach their professional goals and potential. Our Career Transition services help individuals move into new roles in cases of redundancy, by preparing and guiding them during the phase of career change. They are assisted with the preparation of their CV, in job market orientation, in setting up interviews and during the final placement. We aim to accompany our associates throughout every phase in the worker life cycle.

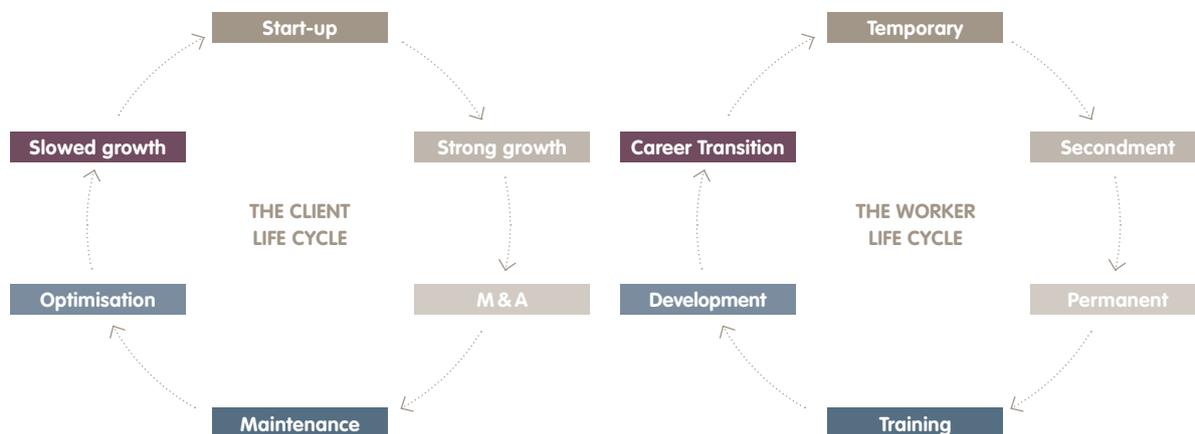
Clients When a great idea is ready to be turned into a business, we support our clients through the start-up and growth phases. We find the right people, with the right skill sets, and help in developing individuals' potential, to contribute to the company's success. Growth and expansion can also mean mergers and acquisitions, human resources need to be carefully managed and maintained, and changes may need to be made to the organisation: Adecco has the services and skills to support clients through all of these phases and more. Once the client's company structure matures, we help to manage the attrition of people or to optimise business processes through outsourcing solutions. Should circumstances require a client to downsize operations, we help by deploying staff to increase business efficiency and effectiveness. Whatever the phase in the client life cycle, Adecco strives to provide an HR solution.

How we monitor our operations Top management carries out frequent operational and financial reviews with the country and regional heads of Adecco's markets and business segments to ensure that the Group's strategy remains on track and is embedded in the local operations. While we selectively invest in high-growth segments and markets, we continue to practice stringent cost management to ensure a sustainable improvement in profitability. In addition, the application of the 'Economic Value Added' (EVA) concept continues to be a core pillar of our day-to-day operations and strategy, ensuring discipline with respect to client contract pricing, cost containment and evaluating business opportunities.

The 'Economic Value Added' (EVA) concept To ensure alignment of the Adecco Group's overall strategy throughout the decentralised organisation, firm central control and effective management tools are required. The EVA concept not only helps us to ensure that the interests of our shareholders are met, it also makes sure that our daily decision-making processes are geared to value generation. The Adecco Group's value-based management approach has long moved beyond profitability based on pure accounting criteria as a measure of value creation. We also take capital intensity into consideration and application of the EVA concept enables us to maximise shareholder returns. EVA is deeply embedded in our daily operations, fostering consistent and dependable pricing policies, ensuring the use of the most efficient delivery channel and serving as a basis for performance-related incentives.

¹ Average 2012.

Alongside the life cycle of our clients, candidates and associates



Where we apply ‘Economic Value Added’ We apply the EVA concept in the following areas: incentive plans, contract pricing and acquisitions.

- **Incentive Plans:** Performance-related pay is calculated on an EVA basis and applied at almost all levels and regions of the organisation. At branch level, we apply a simplified version of the concept, while the remuneration of senior management is measured using the most detailed form of the calculation, covering all elements of the concept, including goodwill and other intangible assets.
- **Contract pricing:** We use EVA to measure the value generation of new and existing clients. First and foremost, this approach ensures that the pricing of our client contracts is consistent and dependable, giving us a clearer picture of the cost structure and capital needs of our business relationship with individual clients.
- **Acquisitions:** We apply the EVA concept in order to evaluate the attractiveness of potential acquisitions. As goodwill and other intangible assets are a substantial part of the invested capital which directly affect EVA and subsequently the incentive pay of senior management, the concept helps us to avoid overpaying.

How we calculate ‘Economic Value Added’ EVA is a measure of a company’s financial performance based on residual income. According to this concept, value is only created if EBITA after the deduction of taxes is greater than the minimal required rate of return on the invested capital, equal to the Company’s weighted average cost of capital (WACC). The calculation is based on the Adecco Group’s net operating profit after taxes (NOPAT). Invested capital is defined as total assets, excluding cash and including gross acquired goodwill and other gross acquired intangibles since the introduction of the EVA concept, while deducting non-interest-bearing liabilities. We apply a 10% cost of capital across all our entities, while the actual WACC in the reporting period was below 10%.

Put simply, the concept allows us to find the right balance between revenue growth, market share, pricing and cost structure and invested capital. It enhances our ability to make the right choices with respect to client relationships, acquisitions, strategies, incentive schemes and targets.



Our above 5.5% EBITA margin target

We aim to reach an EBITA margin of above 5.5% in 2015 – a new peak for Adecco. The target was initially set at the beginning of 2010, after having increased the share of the higher-margin Professional Staffing business to above 20% of our total revenues. In 2012, the EBITA margin before restructuring and integration costs was 4.0%, down 10 bps when compared with the EBITA margin, on the same basis, for 2011. After two years of double-digit organic revenue growth, the positive trend halted in 2012 as a consequence of the recession in Europe. We managed, however, to substantially improve our gross margin, driven by price discipline and a better business and country mix. Combined with strong control of our cost base, the result was a limited decline in our EBITA margin before restructuring and integration costs. We are using the challenging economic period to extract the full potential of our organisation. We will refrain from acquisitions and focus on organic growth and initiatives directed at further increasing the efficiency of Adecco. Once the economies of our major markets start to expand, we will be optimally positioned to deliver strong operating leverage. From today’s perspective,

How we reach our target



based on more favourable economic conditions expected towards the end of 2013, we are convinced we will achieve our EBITA margin target of above 5.5% in 2015.

Strategic mid-term priorities

The strategic focus of Adecco Group's management is on Retention, Information Technology (IT), Professional Staffing & Services, Segmentation, Business Process Outsourcing Solutions and the Emerging Markets.

- **Retention:** Retaining our own employees is essential to building successful long-term relationships with both clients and associates. A better, longer-lasting relationship with our clients and associates protects our business and is a competitive advantage both from a revenue and also from a cost perspective. The regularly conducted Great Place to Work® survey on the job satisfaction of our own employees gives insight into how we can offer and enhance an attractive working environment.
- **Information Technology:** An important strategic priority for the Adecco Group is the better use of IT to maximise business opportunities and to improve efficiency. A major milestone in 2012 was the organisational change from decentralised management to a centralised, global IT organisation and decision-making process. The aim is to optimise our IT processes through further consolidation of data centres and to standardise systems by key focus areas that are flexible, scalable and can be integrated. Additionally, we invest in our web presence to remain at the forefront of the emergence of new delivery models. The investments in IT are aimed at enhancing our cost leadership position but also at maximising our revenue-generation opportunities.
- **Professional Staffing & Services:** Already today, Adecco is the global leader in Professional Staffing worldwide. However, it remains an essential part of the Group's strategy to

increase the share of revenues generated from Professional Staffing. This segment, with higher growth and margin potential, accounts for approximately 33%² of the global staffing market. Demand for higher-margin Professional Staffing, where penetration rates are still significantly lower than in the General Staffing segment, will be driven by scarcity of talent and higher wage growth for qualified personnel. Today, after the acquisition of DBM in the summer of 2011, we are also the global leader in the Lee Hecht Harrison (LHH) branded Career Transition (outplacement) and Talent Development business. Our much improved geographic reach means that we can better serve and attract global customers. The counter-cyclical nature of the Career Transition (outplacement) business is a good hedge during economically difficult times, as this business peaks during recessions. At the same time, the larger scale and a more flexible approach to cost management enable LHH to achieve double-digit margins throughout the cycle.

- **Segmentation:** Optimising the segmentation of our client base allows us to capture additional market and margin opportunities as we target to increase business with small and medium-sized clients. In 2013 we will continue to roll out specific operating models for different types of clients into further countries, following the successful implementation in a few pilot markets.
- **Business Process Outsourcing solutions:** As the world's leading provider of HR solutions, Adecco considers the continuing trend towards Business Process Outsourcing (BPO) solutions, including Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and Vendor Management Systems (VMS) a major opportunity to differentiate its service offering. Large multinational clients increasingly seek to outsource their HR processes and with a global footprint and extensive know-how of local labour markets, Adecco is ideally positioned to take advantage of this trend. Our comprehensive solutions offering is unique and a key competitive advantage.

² Adecco estimate.

- **Emerging Markets:** The Emerging Markets offer immense untapped growth potential for the staffing industry. Penetration rates of temporary staffing services are still at very low levels. The highly dynamic economic activity, the shift of production and growing investments in the Emerging Markets by multinational corporations are the main growth drivers for our business in these markets, which remain a strategic focus for us.

How we are organised

The set-up of our organisation is a key success factor for our business. We are organised in a geographical structure plus the global business Lee Hecht Harrison (LHH):

- France
- North America
- UK & Ireland
- Germany & Austria
- Japan
- Italy
- Benelux
- Nordics
- Iberia
- Australia & New Zealand
- Switzerland
- Emerging Markets
- Lee Hecht Harrison (LHH)

Our staffing business is a local business since HR markets are local markets. Every country has its own characteristics in terms of client needs, client structure, demographics, culture and regulations. The heads of each country or region have operational responsibility for both the General and the Professional Staffing business lines. We are convinced that, for the staffing business, decentralisation is the right way to manage a global staffing organisation and to promote local entrepreneurship. On the other hand, our Career Transition and Talent Development solutions business (LHH) globally benefits clients with its unparalleled service offering. Clients increasingly require these services in multiple countries and our organisation structure perfectly fits this need.

The Board of Directors (BoD) determines the overall strategy of the Adecco Group and supervises Management. The CEO is responsible for the implementation of the strategic and financial plans as approved by the BoD and represents the overall interests of the Adecco Group. The Executive Committee consists of the Group's CEO, Chief Financial Officer, Chief Sales Officer, Chief Human Resources Officer and eight Regional Heads representing all countries where Adecco operates.

Our key performance indicators (KPIs)

To measure the effectiveness of our strategy from a financial perspective, we closely monitor the following KPIs:

- Revenue growth
- Gross profit growth and development
- Selling, general and administrative (SG&A) expenses development
- EBITA growth and EBITA margin development
- Conversion ratio (EBITA as a percentage of gross profit)
- Days sales outstanding (DSO)
- Economic Value Added (EVA)

We also measure non-financial goals. Retaining our own employees is a strategic priority of management. We review the retention rate quarterly and use the Great Place to Work® survey to further improve our attractiveness as an employer. We conduct the Global Satisfaction Survey among clients, associates and employees on a regular basis – a dialogue with those people who determine our success. It provides us with feedback on our brand promise, brand voice, processes and KPIs, and allows us to constantly improve. By increasing client, associate and employee satisfaction we enhance the creation of value.

What makes us unique

Adecco offers a complete range of HR solutions and services along the life cycle of clients and workers in more than 60 countries and territories around the world. This means we provide solutions to enterprises and individuals globally. We are the largest provider of general and professional skills and through our network we place close to 700,000¹ people at work every day. We are the only global player offering both Managed Service Programmes (MSP) and our own Vendor Management System (Beeline) in a bundled solution to those customers looking to outsource the management of their contingent workforce. Furthermore, we are the uncontested global leader in the Career Transition and Talent Development space, with our LHH branded business. We partner our associates and our clients, finding the best fit for the skills and aspirations of talents to the evolving needs of enterprises. Coupled with our global reach and decentralised management approach, which fosters entrepreneurship and enables adaptation to local market conditions, we are a trusted and reliable partner for all stakeholders. What makes us unique is our global reach and broad range of leading services and solutions.