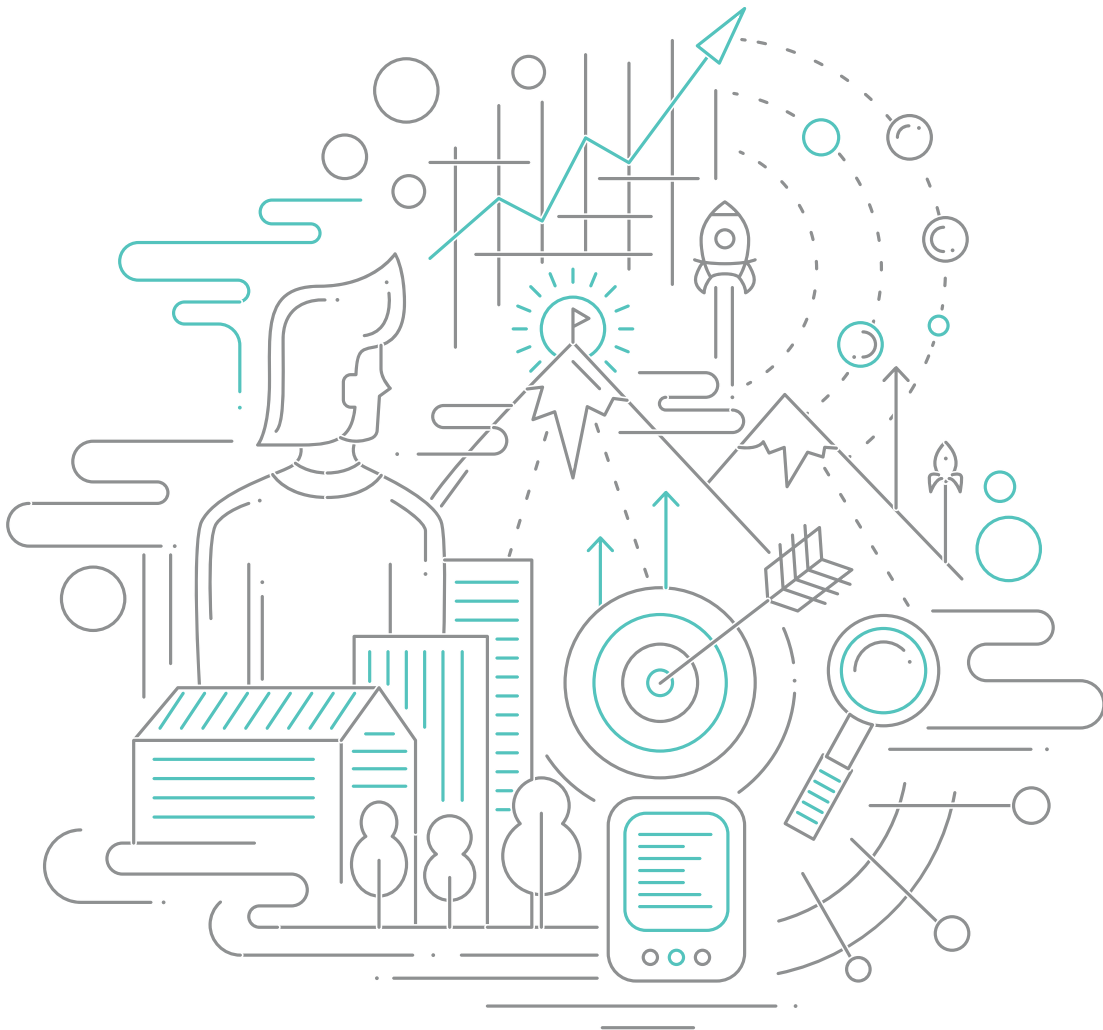




THE ADECCO GROUP

Making the future work for everyone



2017 Annual Report

Delivering progress

2017 performance highlights

2017 has been a year of strategic transformation while we continued to deliver strong financial and non-financial performance for our stakeholders

Organic revenue growth

6%

Growth accelerated, driven by strong performances in most European markets

EBITA¹ margin excluding one-offs

4.9%

Continued performance, while investing for the future

Cash conversion²

80%

Strong underlying cash flow, reflecting revenue growth acceleration and working capital investment

Dividend per share³

CHF 2.50

An increase of 4% year on year and representing a 46% payout ratio

IOC and IPC Athlete Career Programmes

7,000

Elite athletes supported in 2017

Win4Youth

49,814

Participants swam, ran and cycled for Win4Youth in 2017, accumulating more than 7 million km

1 EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.

2 Cash conversion is a non-US GAAP measure and is calculated as free cash flow before interest and tax paid divided by EBITA excluding one-offs. Free cash flow is a non-US GAAP measure and is calculated as cash flows from operating activities less capital expenditures.

3 For 2017, as proposed by the Board of Directors.



Gross margin

18.4%

Price and mix effects in temporary staffing not fully mitigated

Days Sales Outstanding

52 days

Continued focus to support cash generation

Share buyback programme

EUR 150m

Returning excess capital to shareholders, in line with our capital allocation policy

Net debt to EBITDA⁴ excluding one-offs

0.8x

Strong financial position, allowing return of excess capital to shareholders

Great Place to Work® ranking

2nd

Out of >6,000 participating multinational companies

Apprenticeships and internships

11,000+

Work-based training provided within our own operations and in co-operation with our clients

CEO for One Month

117,222

Candidates attracted, a testament to the programme's success in helping young people to transition into work

'Experience Work Day'

9,000

Young people from 46 countries participated

⁴ Net debt to EBITDA is a non US-GAAP measure and is calculated as net debt at period end divided by last 4 quarters EBITA excluding one-offs plus depreciation. 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.



Structure, shareholders and capital

1. Structure and shareholders

1.1 Legal and management structure

Adecco Group AG is a stock corporation (Aktiengesellschaft) organised under the laws of Switzerland with its registered office at Bellerivestrasse 30, 8008 Zürich, Switzerland.

Adecco Group AG is listed on the SIX Swiss Exchange (symbol ADEN, security number 1213860; ISIN CH0012138605). As of 31 December 2017, the market capitalisation of Adecco Group AG, based on the number of shares issued, including treasury shares, and the closing price of shares on the SIX Swiss Exchange, amounted to approximately CHF 12.8 billion. On 5 March 2018, this market capitalisation amounted to approximately CHF 12.0 billion.

The Company is the world's leading provider of workforce solutions including temporary staffing, permanent placement, outsourcing, career transition and other services.

The Company is organised in a geographical structure plus the global business Lee Hecht Harrison, which correspond to the primary segments. This structure is complemented by business lines.

The segments consist of: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Lee Hecht Harrison; and the Rest of World segments (comprising Australia & New Zealand; Latin America; Eastern Europe and Middle East & North Africa; Asia; and India).

The business lines consist of: General Staffing (Office, Industrial) and Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), as well as Solutions. Solutions comprises Career Transition & Talent Development (CTTD), and Business Process Outsourcing (BPO), which includes Managed Service Programmes (MSP), and Recruitment Process Outsourcing (RPO) and Digital. BPO included Vender Management System (VMS) until December 2016, when VMS activities were deconsolidated following the merger of Beeline with IQNavigator. The classification of a specific branch into a business line for General Staffing and Professional Staffing is determined by the business line generating the largest revenue share in that specific branch.

The Company provides services to businesses and organisations located throughout Europe, North America, Asia Pacific, Latin America and North Africa.

As of 1 January 2018, the Company's EC was composed as follows:

- Alain Dehaze, Chief Executive Officer;
- Hans Ploos van Amstel, Chief Financial Officer;
- Christophe Catoir, Regional Head of France;
- Federico Vione, Regional Head of North America, UK & Ireland General Staffing;
- John L. Marshall III, Regional Head of North America, UK & Ireland Professional Staffing;
- Mark De Smedt, Regional Head of Northern Europe;
- Sergio Picarelli, Regional Head of Italy, Eastern Europe & MENA;
- Ian Lee, Regional Head of Asia Pacific;
- Enrique Sanchez, Regional Head of Iberia & Latin America;
- Franz-Josef Schürmann, Chief Sales and Innovation Officer;
- Shanthi Flynn, Chief Human Resources Officer (until 30 April 2018);
- Stephan Howeg, Chief Marketing & Communications Officer;
- Rob James, Chief Information Officer.

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries of the Adecco Group are listed on page 148 of this Annual Report. No subsidiary has shares listed on a stock exchange.

1.2 Significant shareholders

As of 31 December 2017, the total number of shareholders directly registered with the share register of Adecco Group AG was approximately 14,000; the major shareholders and their shareholdings were disclosed to Adecco Group AG as listed in the following table.

Please note that percentages of shareholdings refer to the date of disclosure unless indicated otherwise, up to 31 December 2017, and may have changed in the meantime.

For further details pertaining to the below listed disclosures, refer to the following websites:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=ADECCO>

or

<http://adeccogroup.com/investors/shareholder-debt-info/disclosure-shareholding/>

or

<http://ir.adeccogroup.com>.

Investor	Date of SIX publication	Percentage of voting rights as disclosed
Adecco Group AG	22.12.2017	3.04% equity, 0.48% sale positions
Akila Finance S.A.	28.05.2014	4.31% equity, 0.26% sale positions ^{1,2}
Group BlackRock Inc. ³	01.12.2017	5.09% purchase positions, 0.03% sale positions
Invesco Limited, Bermuda	01.08.2017	3.01% purchase positions
MFS Investment Management	02.02.2017	Falling below threshold of 3%
The Capital Group Companies, Inc.	12.05.2017	Falling below threshold of 3%

1 Beneficial owners have been disclosed.

2 As per current share capital: 4.77% equity, 0.29% sale positions.

3 Between 1 January 2017 and 31 December 2017, the Company has received a number of disclosure notifications of BlackRock Inc. New York, falling below as well as surpassing the 5% threshold. For further notifications of BlackRock Inc. and details see the links as indicated above.

As of 31 December 2017, Adecco Group AG is not aware of any person or legal entity, other than those stated above, that directly or indirectly owned 3% or more of voting rights in Adecco Group AG, as defined by the Swiss disclosure requirements. Adecco Group AG is not aware of shareholders' agreements, other than those described in the aforementioned disclosures, between its shareholders pertaining to Adecco Group AG shares held.

According to Art. 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading ("FMIA"; applicable since 1 January 2016), anyone who directly or indirectly or acting in concert with third parties acquires or disposes of shares or acquisition or sale rights relating to shares of a company with its registered office in Switzerland whose equity securities are listed in whole or in part in Switzerland, or of a company with its registered office abroad whose equity securities are mainly listed in whole or in part in Switzerland, and thereby reaches, falls below or exceeds the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 33 $\frac{1}{3}$ %, 50% or 66 $\frac{2}{3}$ % of the voting rights, whether exercisable or not, must notify this to Adecco Group AG and to the Disclosure Office of the SIX Swiss Exchange. Such notification must be made no later than four trading days after the obligation to disclose arises.

For further information refer to section 7.1.

1.3 Cross-shareholdings

As of 31 December 2017, there were no cross-shareholdings exceeding 5% of a party's share capital.

2. Capital structure

2.1 Share capital

At the Annual General Meeting of Shareholders (AGM) of 20 April 2017, shareholders approved the reduction of CHF 0.90 of the nominal value of the Adecco Group AG share, which became effective on 18 July 2017.

As of 31 December 2017, the share capital of Adecco Group AG registered with the Commercial Register amounted to CHF 17,115,618.70 divided into 171,156,187 fully paid up registered shares with a nominal value of CHF 0.10 per share.

2.2 Authorised and conditional capital

At the AGM of 20 April 2017, the Company's shareholders approved, all effective 18 July 2017:

- the creation of authorised capital in an amount not to exceed CHF 855,780.90 through the issuance of up to 8,557,809 fully paid registered shares with a nominal value of CHF 0.10 per share by not later than 30 April 2019;
- the deletion of conditional capital (4,166,804 registered shares) reserved for further exercise of option rights granted to employees and members of the Board of Adecco Group AG or of its affiliated companies;
- the reduction of the conditional capital of CHF 15,400,000 to CHF 1,540,000. The number of shares under the conditional capital remains unchanged (15,400,000 shares), whilst the nominal value of each share under the conditional capital is reduced from CHF 1.00 to CHF 0.10. The shares under the conditional capital are reserved for the exercise of option or conversion rights granted in relation to financial instruments such as bonds or similar debt instruments of Adecco Group AG or its affiliates. The subscription rights of the shareholders regarding the subscription of the shares are excluded. The shareholders' preferential bond subscription rights in the issue of the bonds or similar debt instruments may be limited or excluded by the Board. The conditional capital is available for share issuance upon conversion of financial instruments Adecco Group AG or its subsidiaries may issue in the future.

For details on the terms and conditions of the issuance/creation of shares under authorised/conditional capital, refer to Art. 3^{bis} and 3^{quater} of the Aol (<http://aoi.adecgroup.com>).

Structure, shareholders and capital continued

2.3 Changes in share and conditional capital

Adecco Group AG's share, authorised and conditional capital structure as of the dates indicated below were as follows:

in CHF millions, except shares	Issued shares		Authorised capital		Conditional capital	
	Shares	Amount	Shares	Amount	Shares	Amount
1 January 2015	179,081,810	179.1			19,566,804	19.6
Share cancellation	(4,606,873)	(4.6)				
31 December 2015	174,474,937	174.5			19,566,804	19.6
Share cancellation	(3,318,750)	(3.3)				
31 December 2016	171,156,187	171.2			19,566,804	19.6
31 December 2017	171,156,187	17.1	8,557,809	0.9	15,400,000	1.5

Note that the nominal value of each registered share has been reduced effective 18 July 2017, see sections 2.1 and 2.4.

2.4 Shares and participation certificates

Effective 18 July 2017, Adecco Group AG shares have a nominal value of CHF 0.10 each. All shares are fully paid registered shares and bear the same dividend and voting rights. Pursuant to Art. 7 of the Aol (<http://aoi.adecgroup.com>), the right to vote and all other rights associated with a registered share may only be exercised by a shareholder, usufructuary or nominee who is registered in the share register as the shareholder, usufructuary or nominee with right to vote.

As of 31 December 2017, there were no outstanding participation certificates.

2.5 Bonus certificates

Adecco Group AG has not issued bonus certificates (Genussscheine).

2.6 Limitations on registration, nominee registration and transferability

Each Adecco Group AG share represents one vote.

Acquirers of registered shares are recorded in the share register as shareholders with the right to vote upon request, provided that they declare explicitly to have acquired the registered shares in their own name and for their own account (Art. 4 sec. 2 of the Aol; <http://aoi.adecgroup.com>). Upon such declaration, any person or entity will be registered with the right to vote.

The Board may register nominees with the right to vote in the share register to the extent of up to 3% of the registered share capital as set forth in the Commercial Register. Registered shares held by a nominee that exceed this limit may be registered in the share register if the nominee discloses the names, addresses and the number of shares of the persons for whose account it holds 0.5% or more of the registered share capital as set forth in the Commercial Register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account or with whom the Board has entered into a corresponding agreement (refer to Art. 4 sec. 3 of the Aol; <http://aoi.adecgroup.com>). The Board may grant exemptions to this registration restriction (refer to Art. 4 sec. 6 of the Aol; <http://aoi.adecgroup.com>). In 2017, there were no such exemptions granted.

Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management, or otherwise linked, as well as individuals or corporate bodies and partnerships who act together to circumvent the regulations concerning the nominees (especially as syndicates), are treated as one nominee, respectively as one person within the meaning of this article (refer to Art. 4 sec. 4 of the Aol; <http://aoi.adecgroup.com>).

For further information regarding the procedure and conditions for cancelling statutory privileges and limitations on transferability of shares, refer to the Aol; <http://aoi.adecgroup.com>.