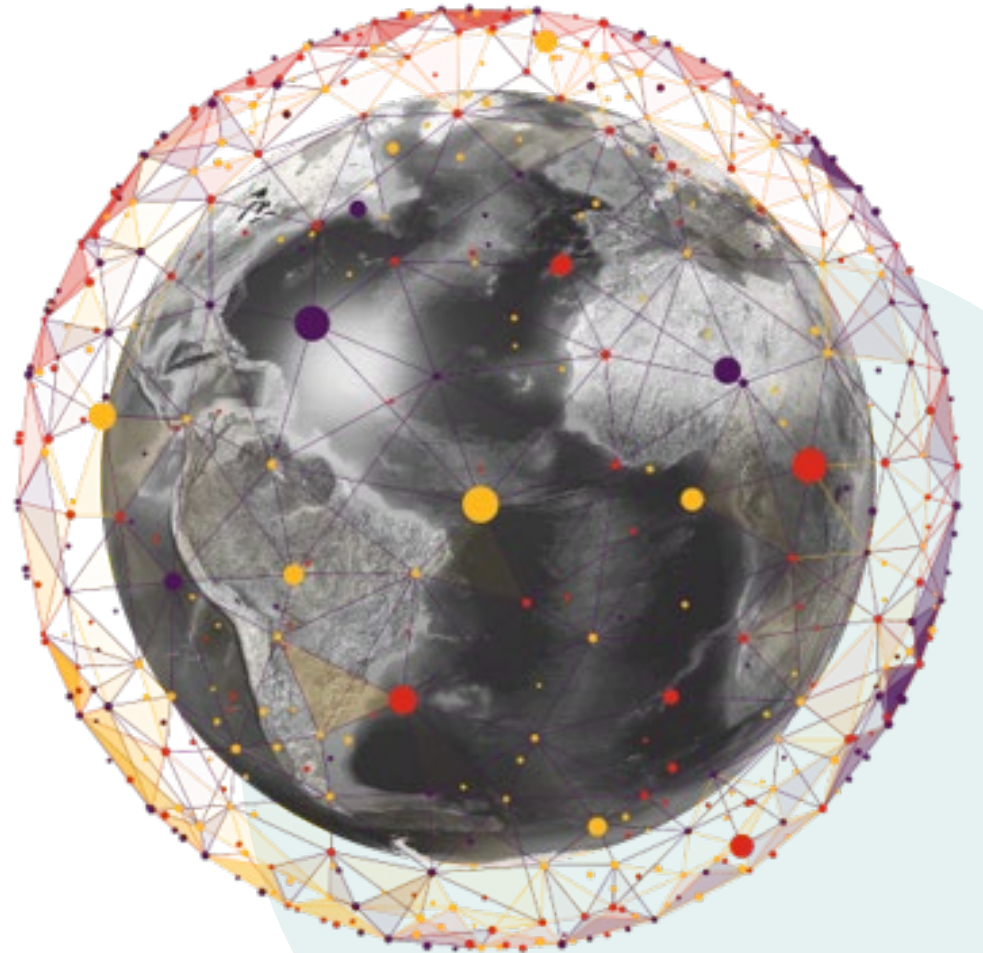


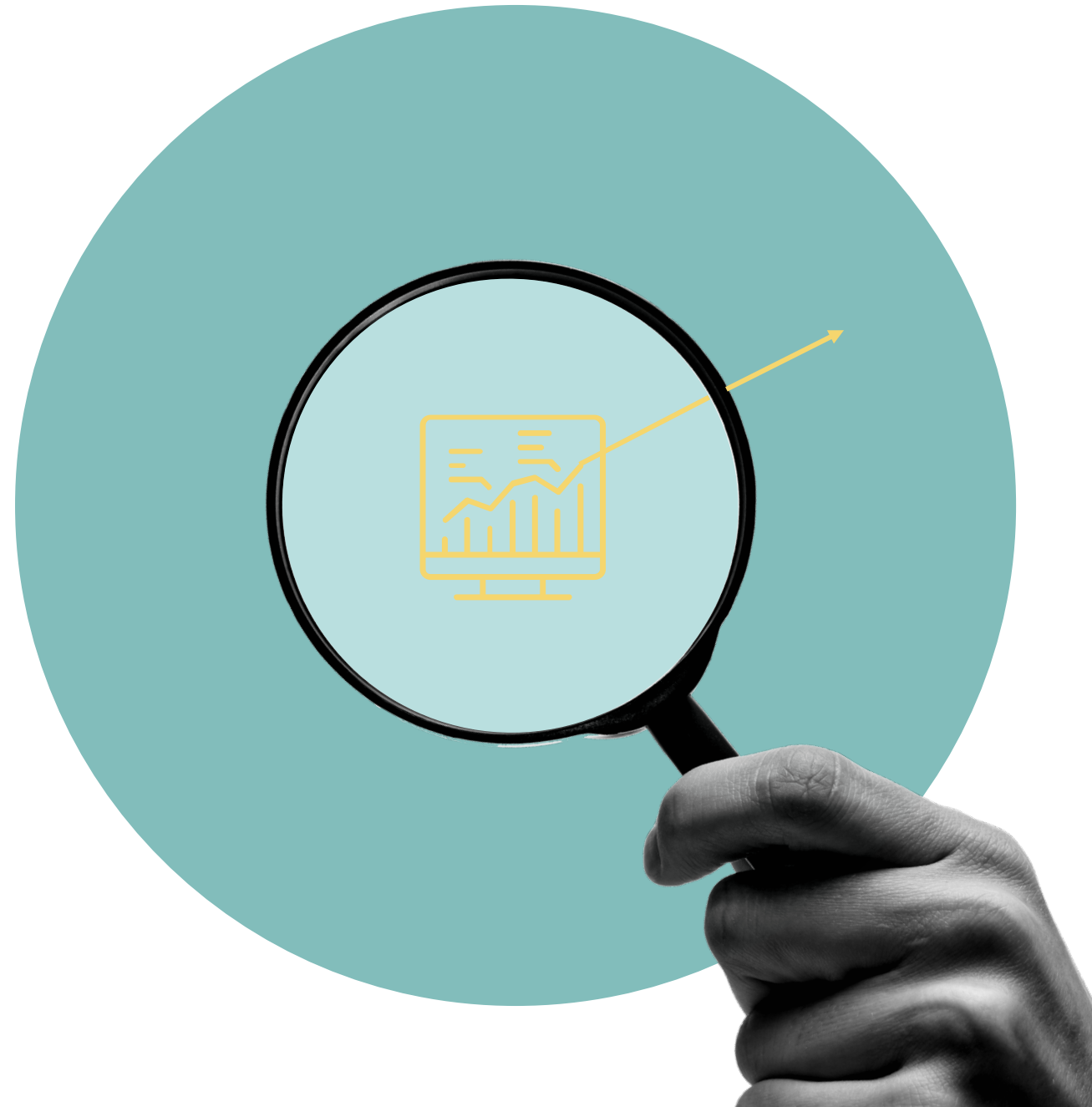
# Business update

**SIMPLIFY. EXECUTE. GROW.**

3 November 2022



# The Adecco Group *today*



# Our journey begins from a position of strength

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## Industry

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An €700 bn addressable market, growing c.5% p.a.

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## People

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Our people are talented, committed and entrepreneurial

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## Purpose

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A purpose that unites and motivates the Group

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## Portfolio

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We have innovative solutions & services and a strong client base

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## GBUs

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Each of our GBUs is no.1 or no.2, with a compelling value proposition

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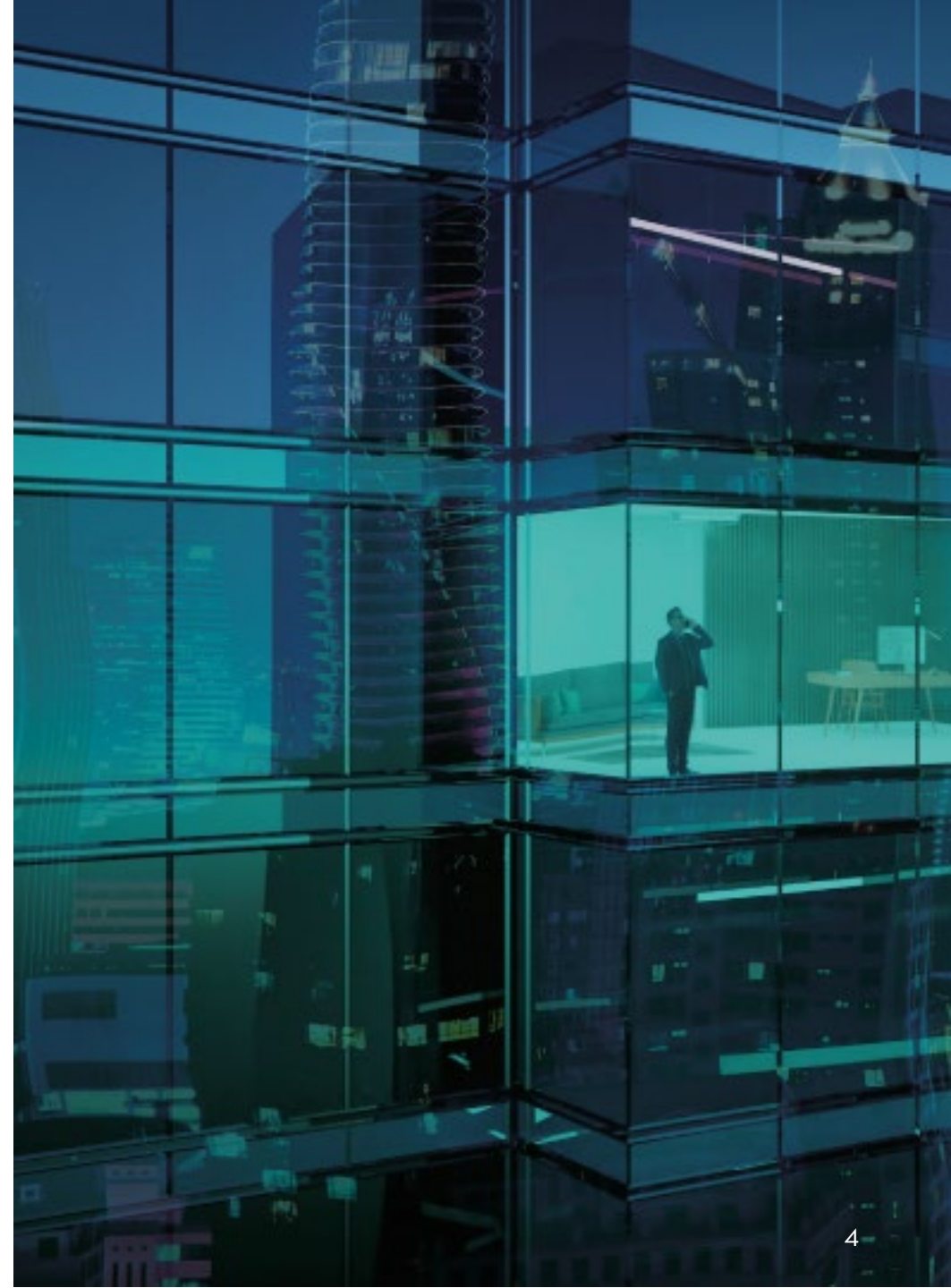
We have the right strategy, ready to be accelerated

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# Firm progress has been made

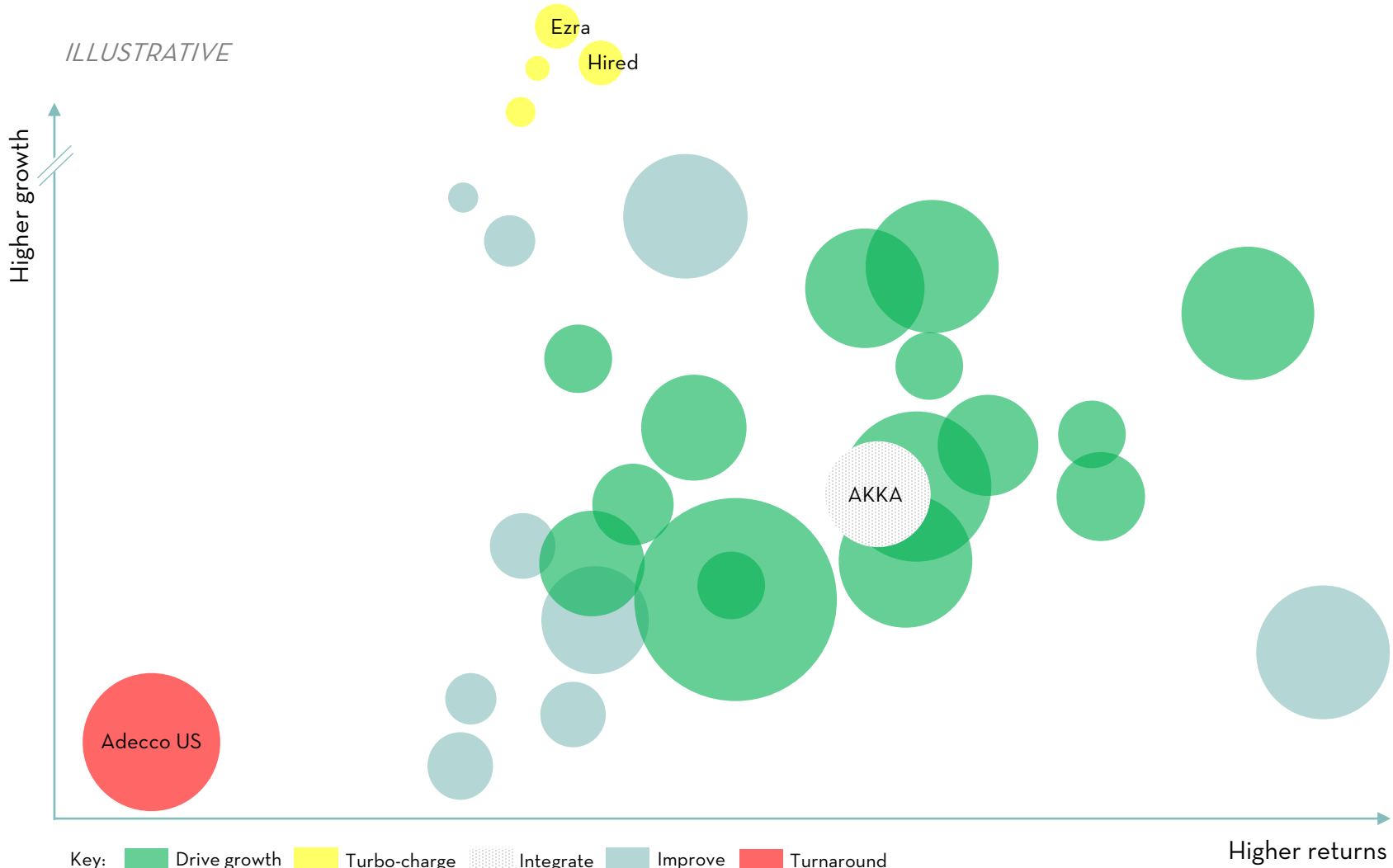
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- ✓ Implemented brand-led approach, strong GBU strategies in place
- ✓ Group's relative growth rate improved
- ✓ Excellent growth for digital platforms: Q3 +45% yoy, ARR >€200 mn
- ✓ Highly successful turnaround of Adecco DACH; Adecco US turnaround in progress
- ✓ Benefiting from dynamic pricing strategy
- ✓ Gross margin uplift from shift in portfolio mix
- ✓ AKKA integration progressing well, synergy capture on track



# Yet, financial performance has been mixed

ILLUSTRATIVE



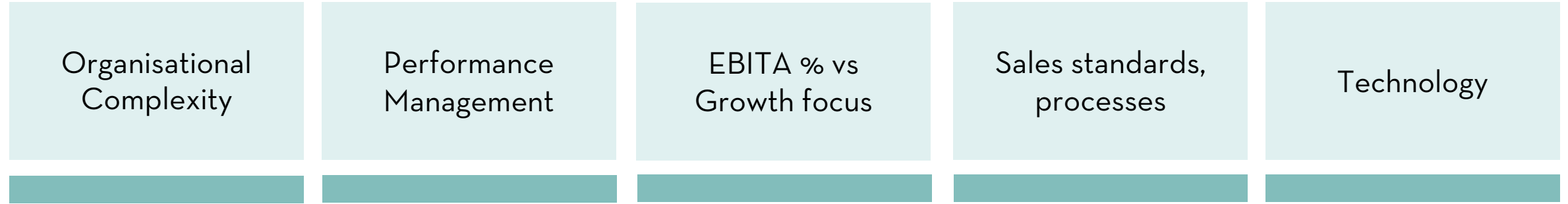
Key: ■ Drive growth ■ Turbo-charge ■ Integrate ■ Improve ■ Turnaround  
Size of bubble indicates gross profit contribution

- 60% in strong position
- 20% in improvement phase
- 10% in turnaround
- 10% in integration or start-up mode



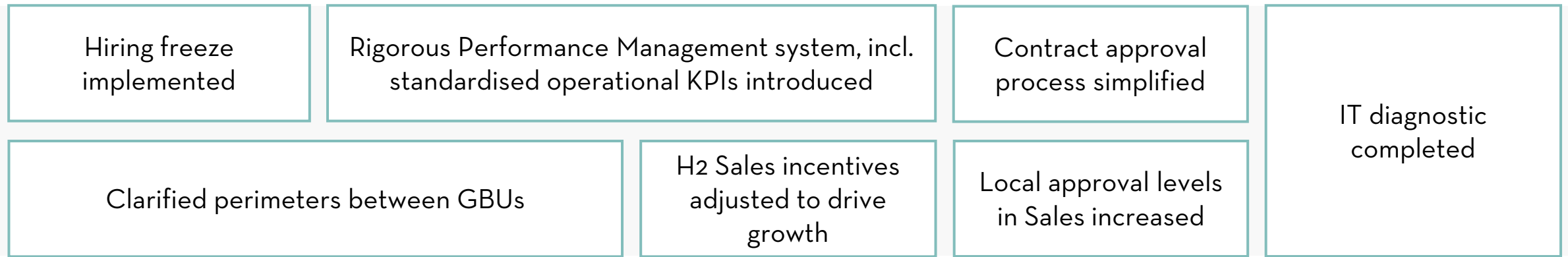
Substantial value creation opportunity embedded in the portfolio

# There are five common areas hindering performance



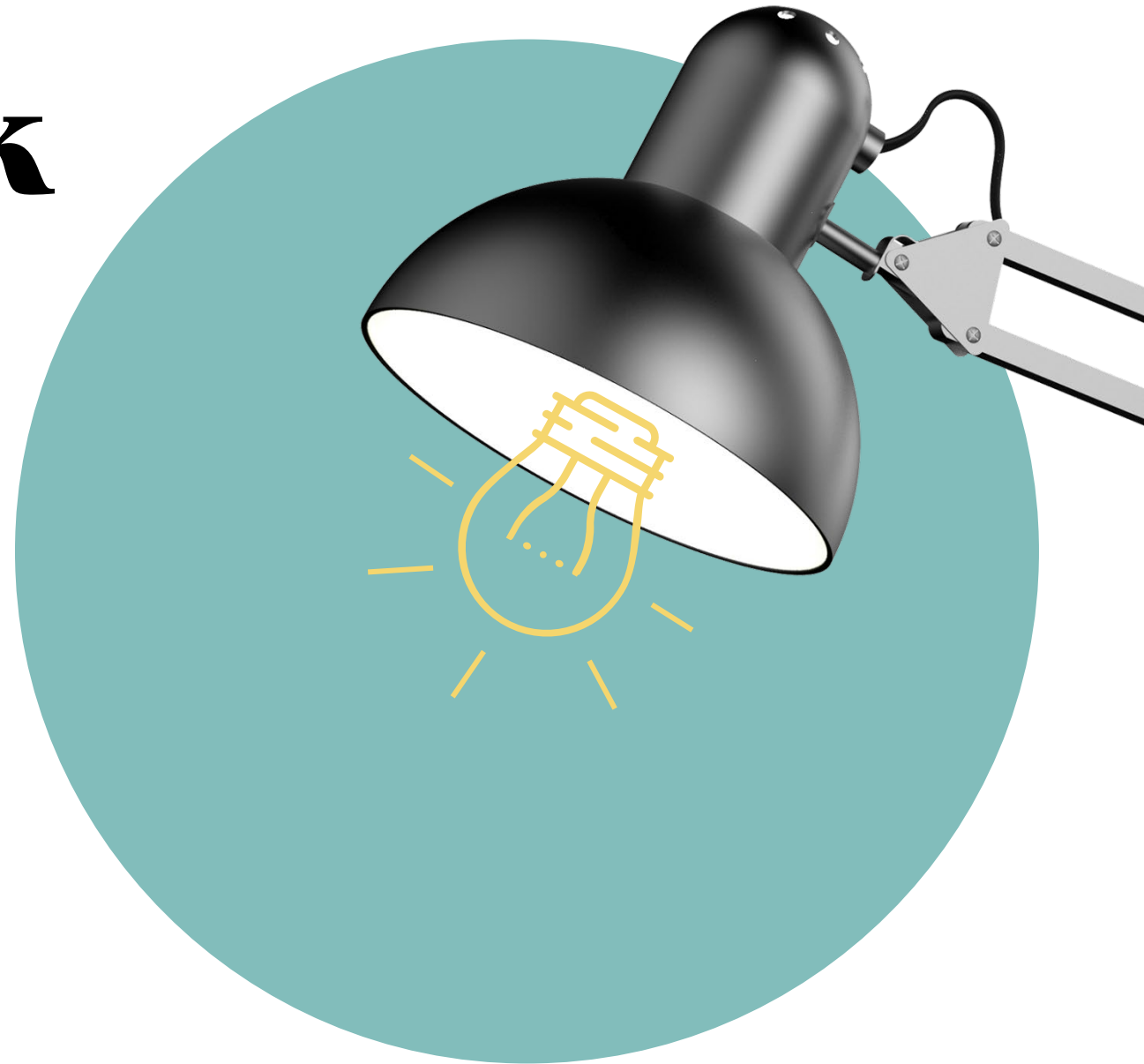
## “Quick win” actions

Progress 1<sup>st</sup> 100 days



# Future@Work Reloaded

Our plan to reach  
full potential





# Future@Work Reloaded: Three Group-wide levers to drive change

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## **SIMPLIFY**

Improve organisational  
effectiveness

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## **EXECUTE**

Empower decision-making  
closest to customers

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## **GROW**

Top-line leading to  
EBITA profitability



# Improve organisational effectiveness

Right-sized organisation

Transformation initiatives simplified

G&A savings plan

## We will SIMPLIFY the way we work

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### PROGRESS 1<sup>ST</sup> 100 DAYS

- ✓ Hiring freeze from Oct '22
- ✓ Launched systematic review of operations to eliminate redundancies and duplication
- ✓ Mapping of all transformation initiatives
- ✓ First round of G&A cost savings in place

### NEXT STEPS

- Streamlined operating model
- Strict prioritisation of transformation initiatives, driven by local and customer needs; number of change projects materially reduced
- Action plan and rigorous process to secure G&A cost savings

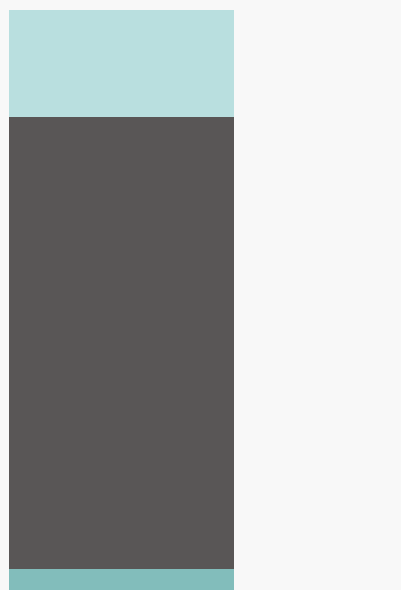


€150 mn p.a. G&A cost savings

# SIMPLIFY: €150 mn p.a. G&A cost savings targeted

Group-wide programme with **effective tracking to drive sustainable reduction in overheads**

## APPROX. SG&A BREAKDOWN



- Total G&A expenses reduced by >15%: €150 mn cost savings
  - Elimination of duplication, redundancies
  - Improved internal processes
  - Slimmer corporate
  - Reduction in external providers
  - Optimised real estate
- Sales investment agile to market conditions
- Depreciation

■ Depreciation ■ Sales ■ G&A

**€150 mn run-rate savings reached by mid-2024**

# Empower decision-making closest to customers

Rigorous Performance Management

Adjusted operating model, empowerment & accountability

Developing our people

Absolute focus on clients and candidates

## We will EXECUTE better

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### PROGRESS 1<sup>ST</sup> 100 DAYS

- ✓ Enhanced performance management framework for efficiency and accountability
- ✓ Standardised operational KPIs to increase operational and financial transparency
- ✓ First adjustments to accelerate decision-making

### NEXT STEPS

- Stronger local empowerment within strengthened guardrails
- IT / Digital organisation redesigned to deliver speed, better utilisation and value
- Reinforcing delivery discipline, improving systems and processes in our operations
- Build a winning culture

# Top-line leading to EBITA profitability

Aligned incentive plans

Enhanced “Sales Mindset”

Customer retention focus

Fully leveraging assets within portfolio

## We will prioritise ways to GROW market share

### PROGRESS 1<sup>ST</sup> 100 DAYS

- ✓ H2 and 2023 incentive plans adjusted to drive growth
- ✓ Global Strategic Accounts set-up reviewed
- ✓ Sales investment selectively optimised

### NEXT STEPS

- Premium Strategic Accounts at global level to drive growth and innovation at scale
- Revived sales focus on contract conversion, customer retention & satisfaction
- New high-impact sales training
- Accelerated scaling of digital with traditional assets to improve candidate and client satisfaction
- MSP business expansion across GBUs and with Pontoon

# Future@Work Reloaded: clear strategies in each business unit, leveraging the strength of the Adecco Group



## Customers

Actions 2022/23

Continue market share gains  
Accelerate digitalisation  
US turnaround

Strategy

**Digitally enhanced omnichannel strategy to expand market share and profitability**

Segments

**Adecco**

Accelerate implementation of “end-to-end” strategy  
Return margin to corridor

**Solutions-driven talent partner, addressing skills and transformation needs to drive profitable growth**

**LHH**

Integrate AKKA & capture synergies  
Boost Germany  
Build global delivery capacity

**Market leader in high-tech and engineering R&D services to smart industry to drive profitable growth**

**AKKODIS**

Group



THE ADECCO GROUP

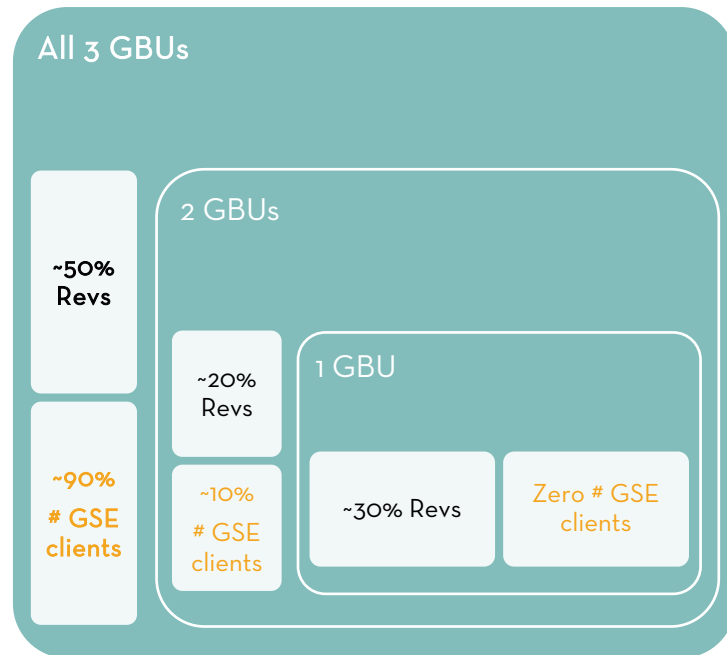
**Talent is our common denominator**

### Group role:

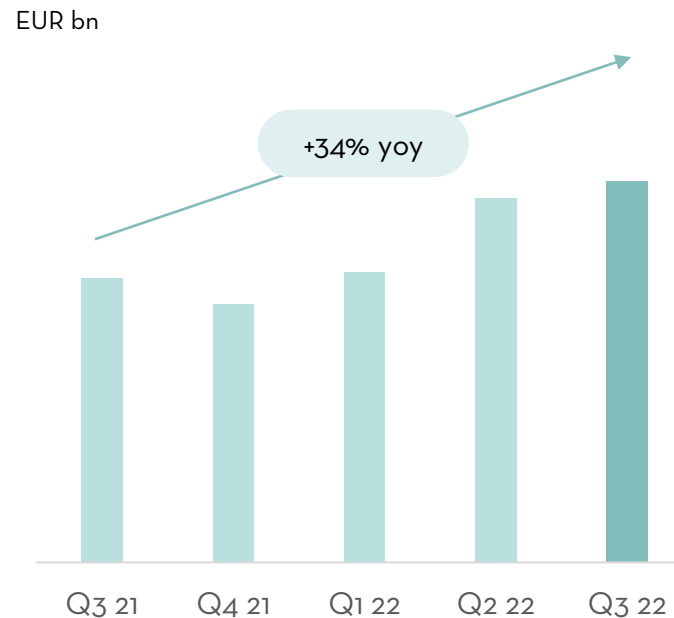
- Sets Group strategy and targets
- Sets and enforces group-wide governance, policies, processes
- Allocates capital and talent
- Drives performance
- Orchestrates ecosystem
- Supports shared services at scale
- Provides common purpose, values, vision

# Orchestrating the ecosystem to drive synergies from strategic accounts

Global Strategic Enterprise (GSE) Team  
levers the value of the ecosystem



The GSE sales pipeline has improved  
through 2022...



...driving strong revenue growth and  
value-add for the Group

- ✓ GSE revenues up high-single-digit yoy in Q3, gross profits up double-digit
- ✓ >45% of GSE clients have increased relative exposure to LHH and/or Akkodis YTD
- ✓ Landmark contract wins, e.g. Adecco becomes Australian Government's new Defence recruitment partner<sup>1</sup>

<sup>1</sup> Learn more [here](#)

# Enforcing a strong Execution Mindset throughout

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## Specific targets and KPIs to measure progress and ensure delivery

# of change projects materially reduced	# of incentive plan targets to 3-4, from 8-9	% digital / digitally enabled revenues	% MSP revenue growth	G&A cost savings run-rate €150 mn by mid-24
Size and velocity of pipeline	Time to fill	Customer NPS	% conversion ratio	Productivity (GP / FTE)



# Majority of steps implemented by mid-2023

## Positive change underway

### Delivery milestones update

#### Q3 22

- Transformation initiatives prioritised
- Incentive structures adjusted
- Ezra + LHH Coaching combined (Jan 1)
- Transfer of part of AKKA US to Adecco (Jan 1)
- Global Sales reorganised; 2/3<sup>rd</sup>s of resource moved to local level
- Ian Lee appointed to EC as President, Geographic Regions, to ensure local perspectives are represented
- Taskforce supports de-layering, improves speed
- **New strategic accounts framework operational**
- **Executing G&A savings plans for US, France, Japan**

#### End Q1 23

### Next steps

#### Q2 23

- **Sharpen MSP/RPO offering**
- **G&A savings plans for remaining key countries and corporate functions**
- Phased implementation of streamlined operating model

**High confidence in achieving planned cost reduction target**

# Future@Work Reloaded: financial and sustainability goals reinforced

## Financial KPIs



### Dual Revenue Growth Strategy

- Market share in Adecco
- Investment in faster growth segments LHH and Akkodis



### Achieve ~6% EBITA margin<sup>1</sup>

- Cost savings and Productivity
- Mix shift towards higher margin segments LHH and Akkodis



### Strong cash flow: conversion >90%<sup>2</sup>

- Disciplined capex and M&A
- Progressive dividend and return of excess cash to shareholders

## GBU ambitions (Revenues and EBITA margin)

**Adecco**

GDP+  
Revenue CAGR

3-6% range

**LHH**

6-9%  
Revenue CAGR

7-10% range  
~10% mid-term

**AKKODIS**

~6%+  
Revenue CAGR

7-10% range  
~10% mid-term

## Sustainability KPIs

**By 2030**



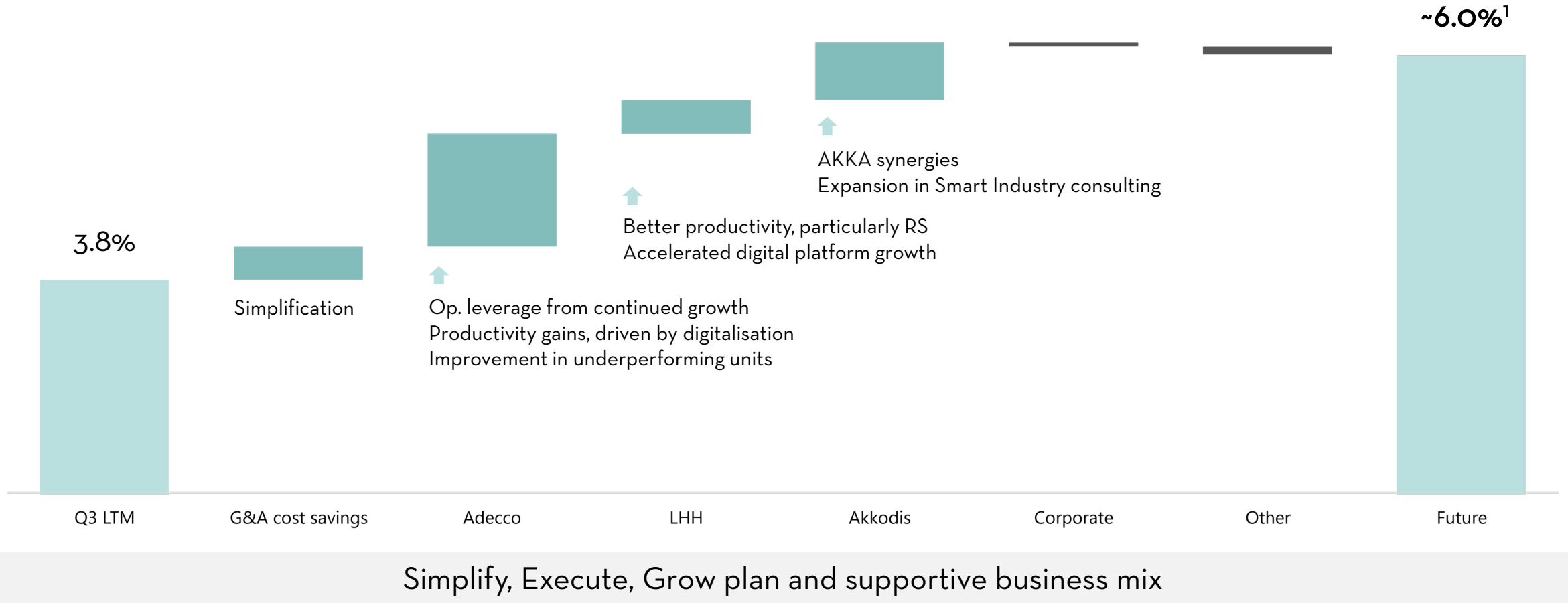
**30%** reduction in carbon footprint (2018 base year). Committed to Science Based Targets Initiative, Business Ambition 1.5° campaign



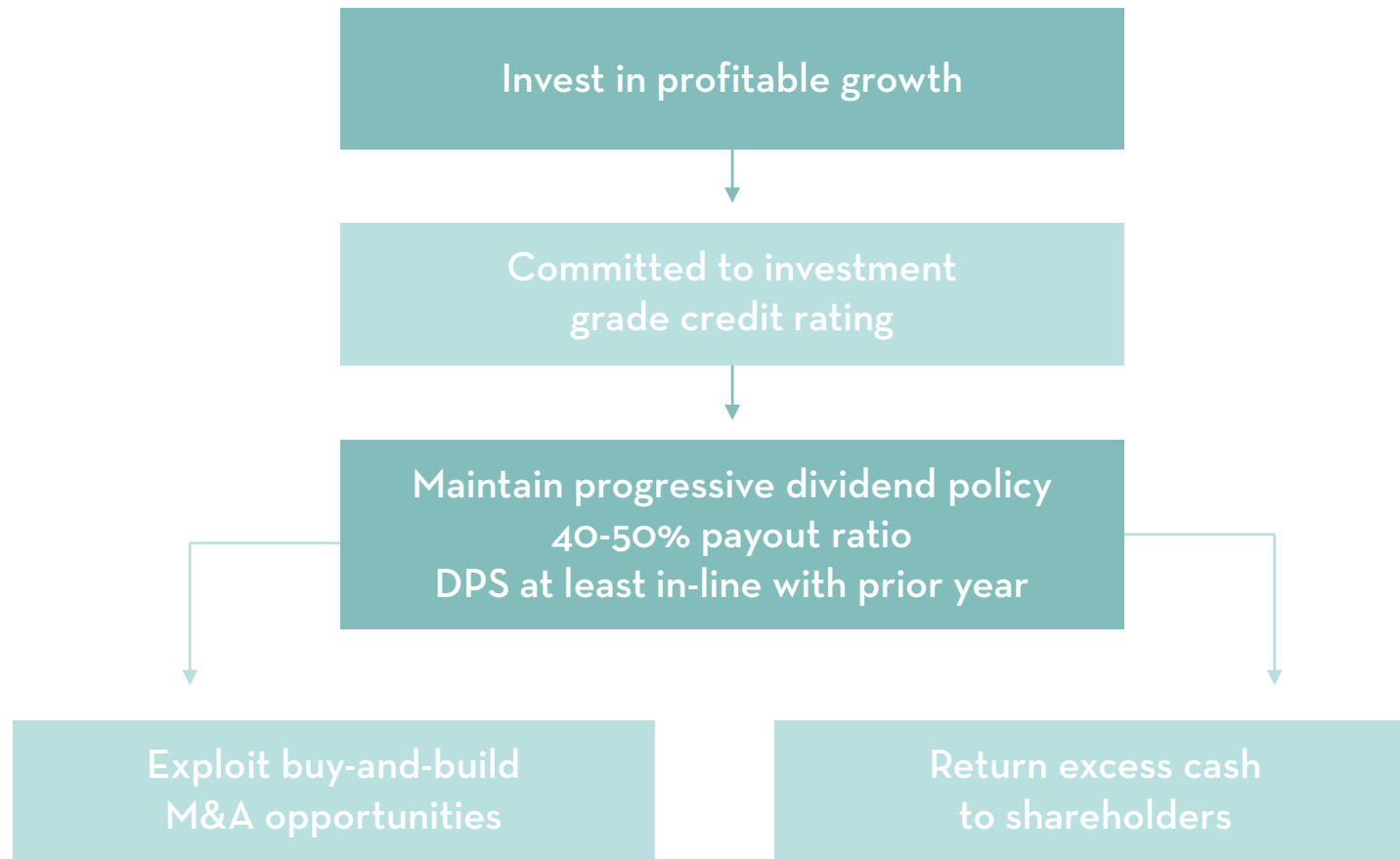
Global Leaders gender parity

# Firm plan to achieve ~6% EBITA margin

Anticipated contribution, by programme or GBU



# Capital allocation policies sustained



## **Selective M&A where:**

- Accelerates our strategy
- Demonstrable cost and revenue synergies
- EVA positive within 3 years
- Management capacity



## **Focus on bolt-on / bolt-off deals, no large M&A**

# Future@Work Reloaded: ready to reach full potential

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Clear go-to-market strategies for each business unit

Globally brand-led and customer-centric organisation

Operating model that empowers decision-making closest to customers

Unified by a common purpose

# Future@Work Reloaded

## Committed to improved financial performance

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- 1 The Group will build on current resilient performance, despite macroeconomic challenges
- 2 Simplify, Execute, Grow levers will deliver improved execution and market leadership
- 3 Simplification will secure €150 mn G&A cost savings run-rate by mid-24
- 4 Group to achieve ~6% EBITA margin