



Adecco SA

Second Quarter 2004 Results

London, September 7, 2004

Jérôme Caille
CEO

Jim Fredholm
CFO

Adecco

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"The statements in this presentation 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. Please refer to the Company's Annual Report on Form 20-F for the year ended December 28, 2003, and other reports filed with or submitted to the U.S. Securities and Exchange Commission from time to time, for a further discussion of the factors and risks associated with our business."

Today's Agenda:

1. Operational Review
2. Financial Review
3. Strategy and Outlook
4. Q&A Session

Jérôme Caille
Jim Fredholm
Jérôme Caille
Caille/Fredholm



Q2 2004 Results: Operational Review

Jérôme Caille

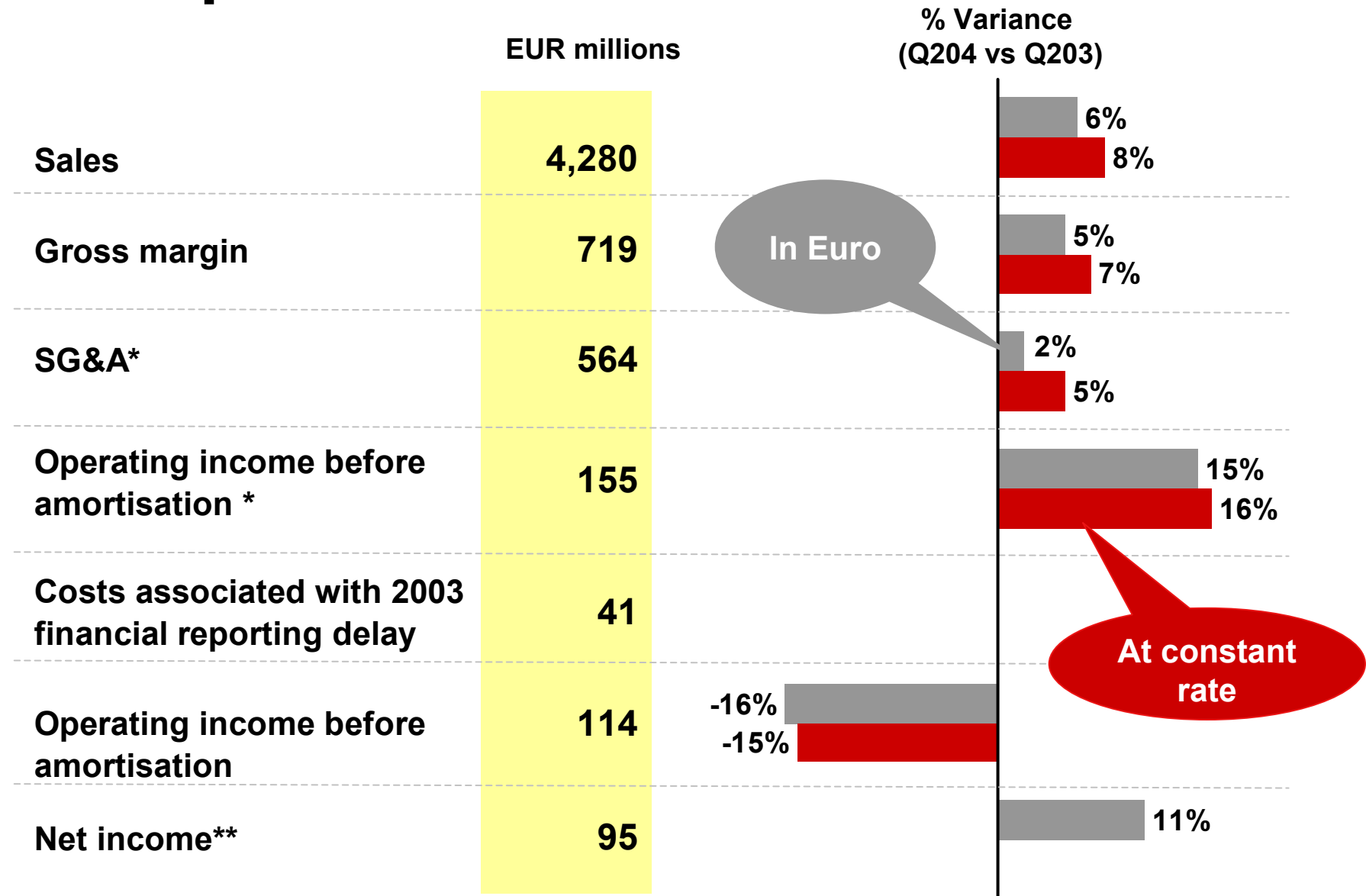
Chief Executive Officer

Adecco

CEO Q2 overview

- 1. Independent counsel investigation completed**
- 2. Sales acceleration in key markets as a result of strong focus on client base**
- 3. Gross margin stabilisation driven by price discipline and perm placement recovery**
- 4. Operating income before amortisation and costs associated with 2003 financial reporting delay up 15%**
- 5. Positive operational gearing at both Adecco Staffing and Ajilon Professional**
- 6. Adecco North America sustains two quarters of increasing profitability**
- 7. Cautiously optimistic for the rest of the year**

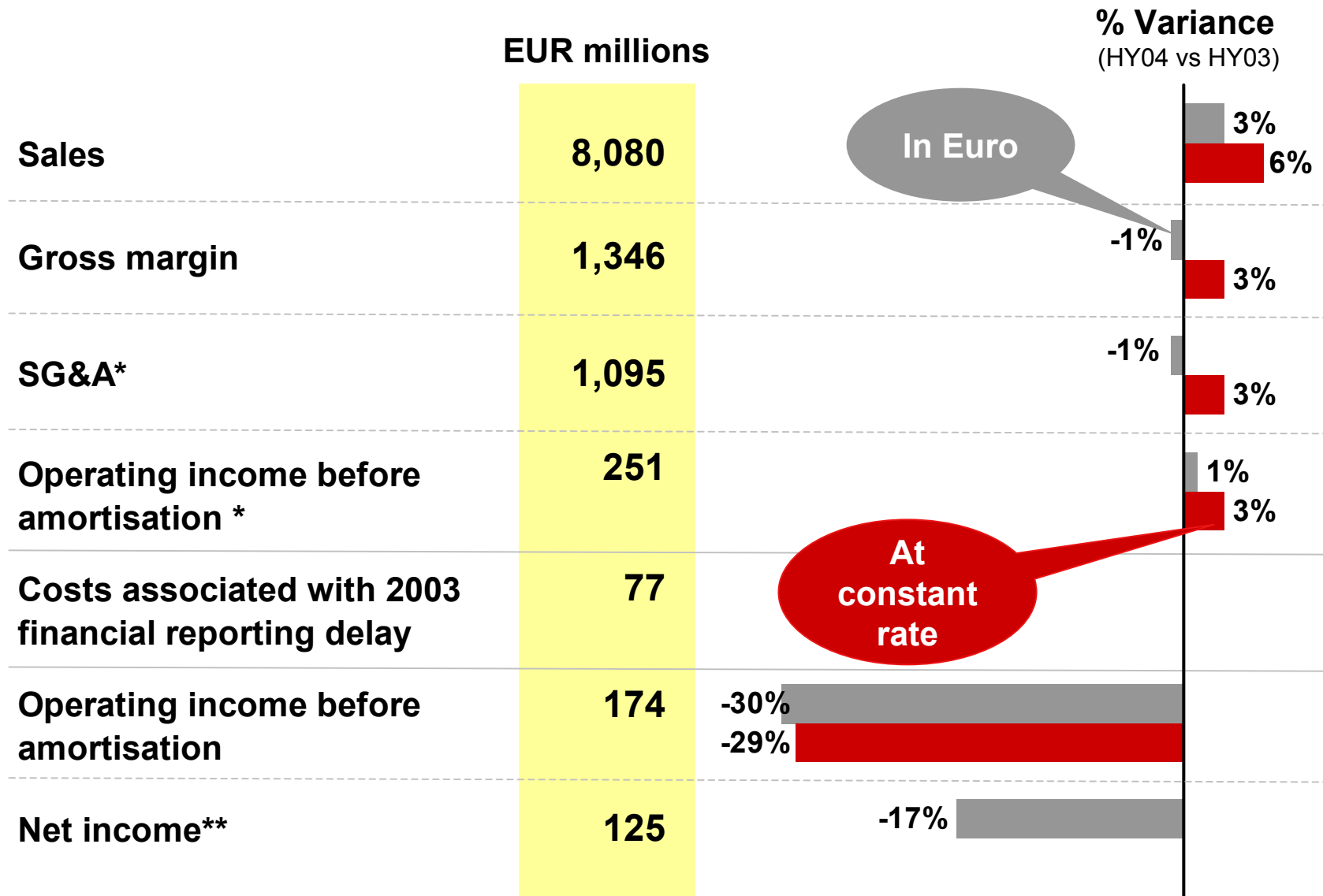
Solid performance in Q2



*) Excluding costs associated with the 2003 financial reporting delay of EUR 41 million – total SG&A EUR 605 million.

***) Including discontinued operations and gain on sale of jobpilot group – EUR 30 million

Steady improvement in the first half



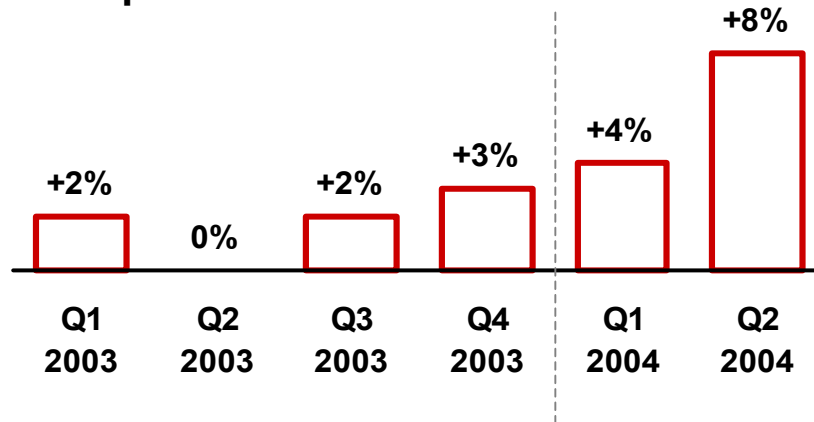
*) Excluding costs associated with the 2003 financial reporting delay of EUR 77 million – total SG&A EUR 1,172 million.

***) Including discontinued operations and gain on sale of jobpilot group – EUR 30 million

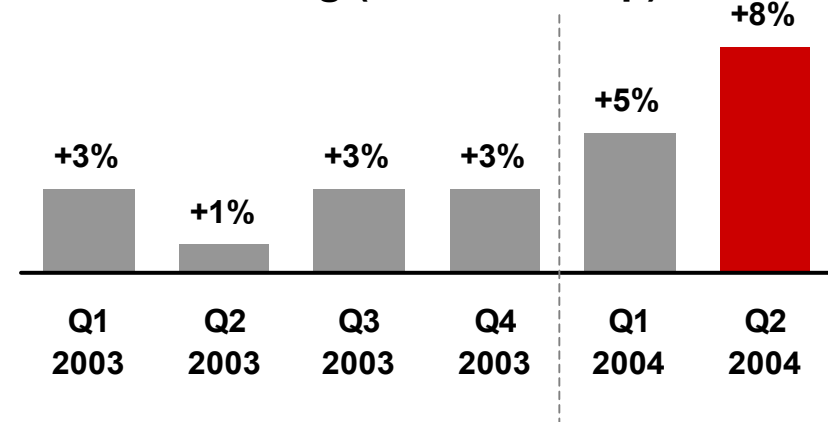
Accelerating sales growth trend

At Constant Rate

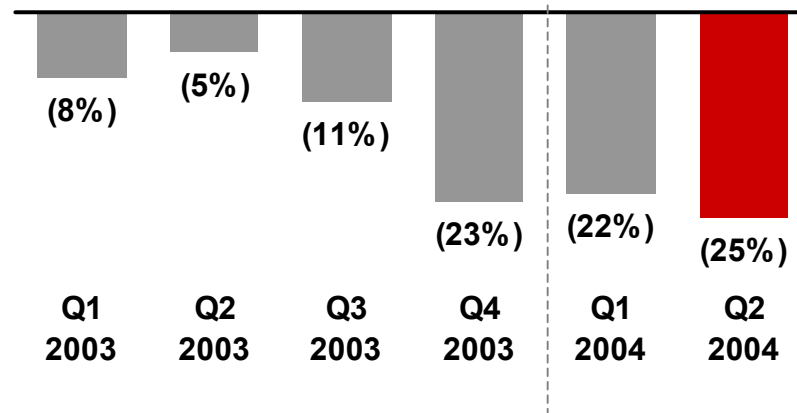
Group



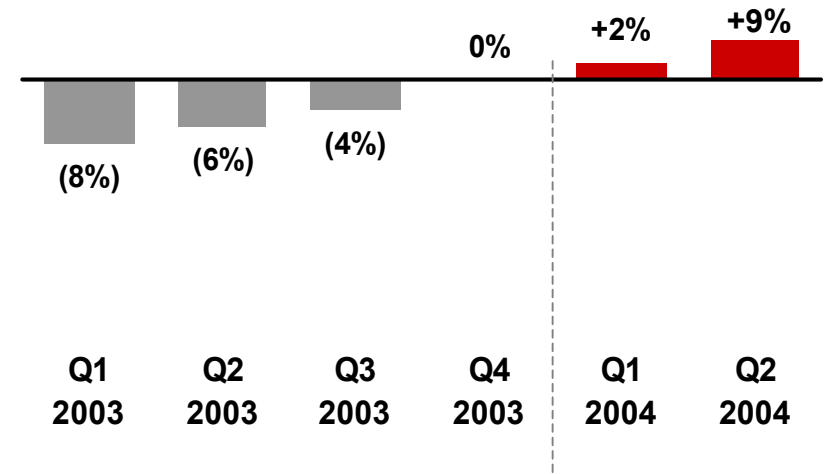
Adecco Staffing (89% of Group)



LHH / Career Services (1% of Group)

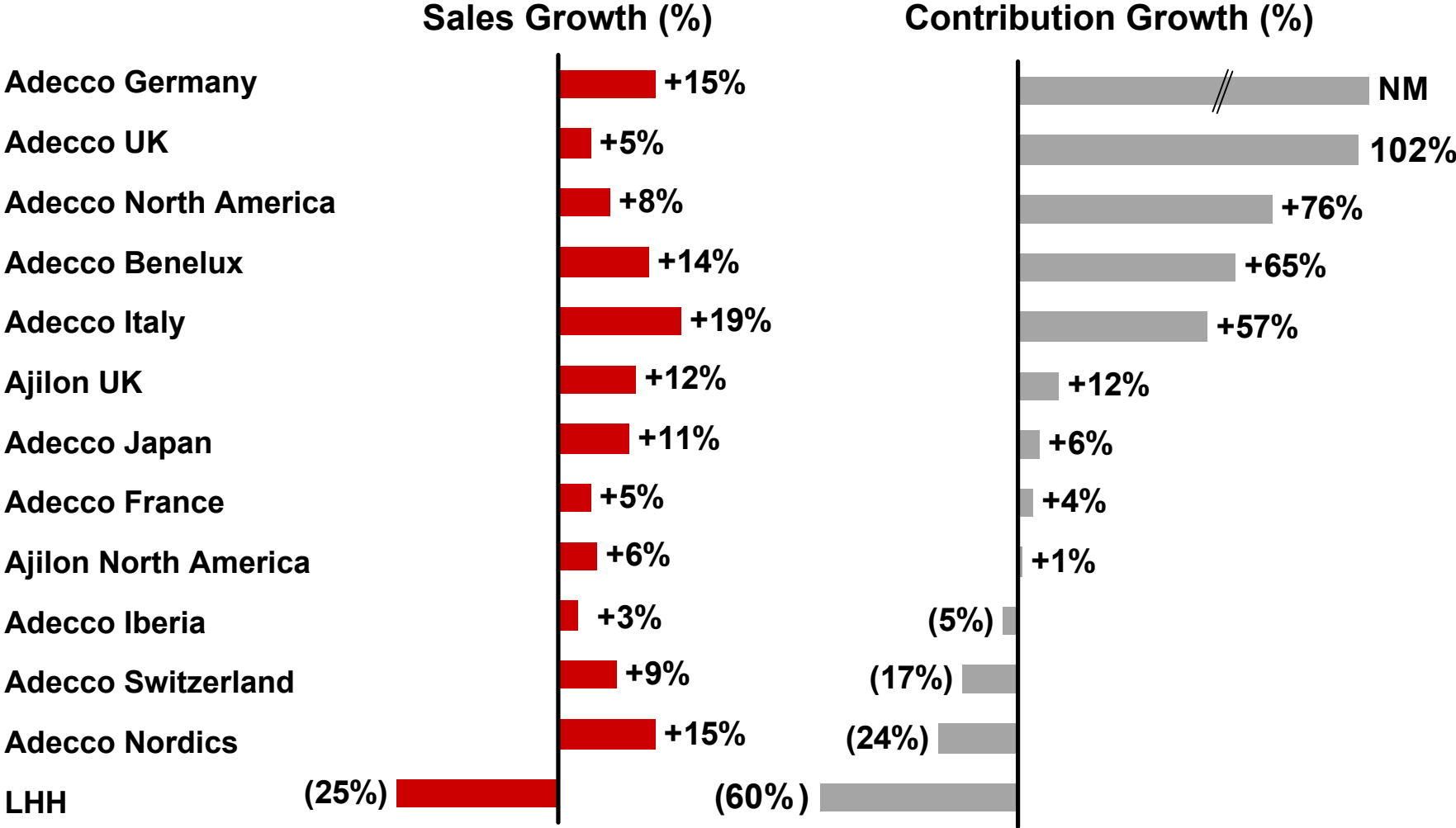


Ajilon Professional (10% of Group)



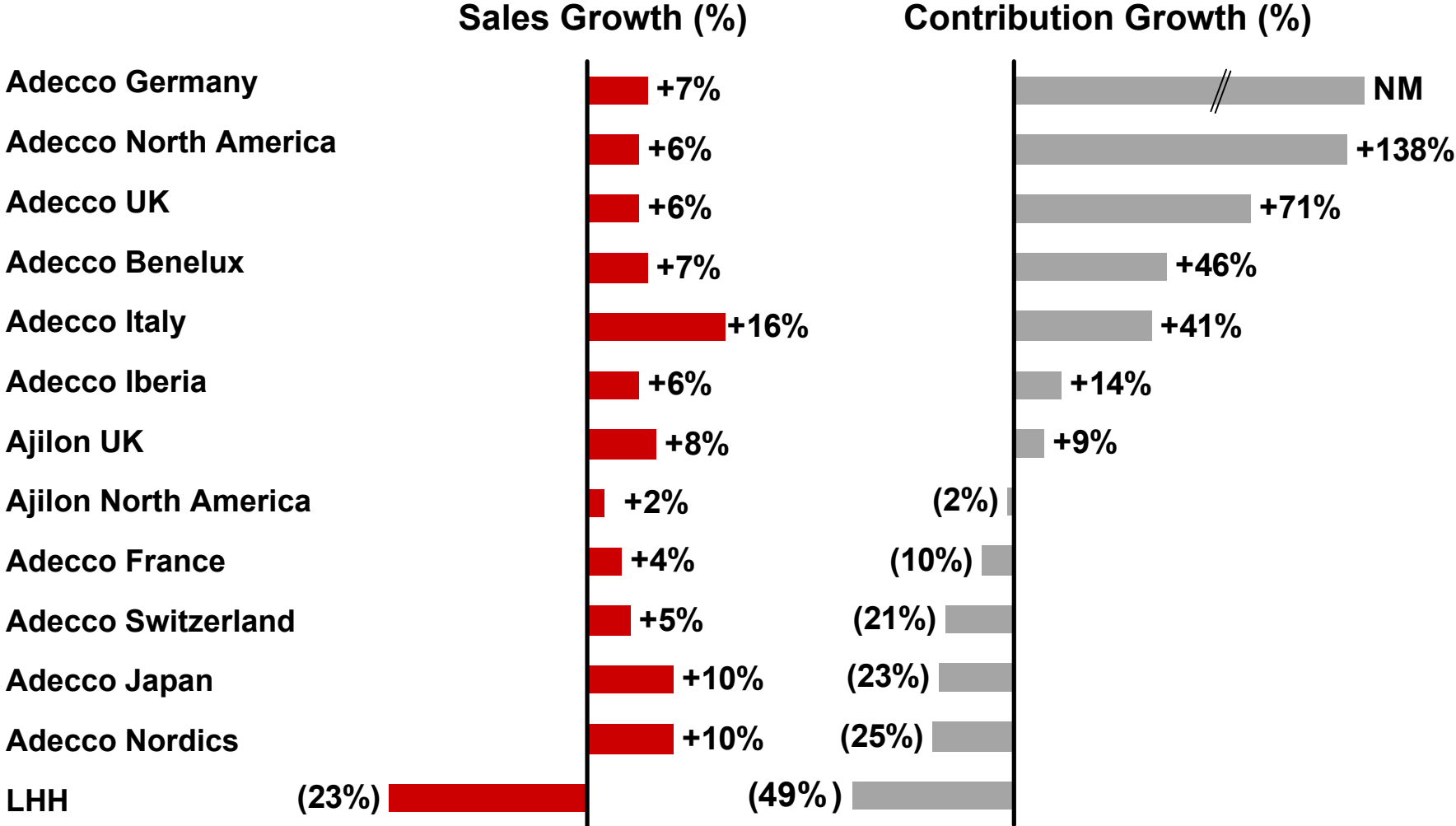
Q2 performance in major business units

At Constant Rate, Q2 2004 vs Q2 2003



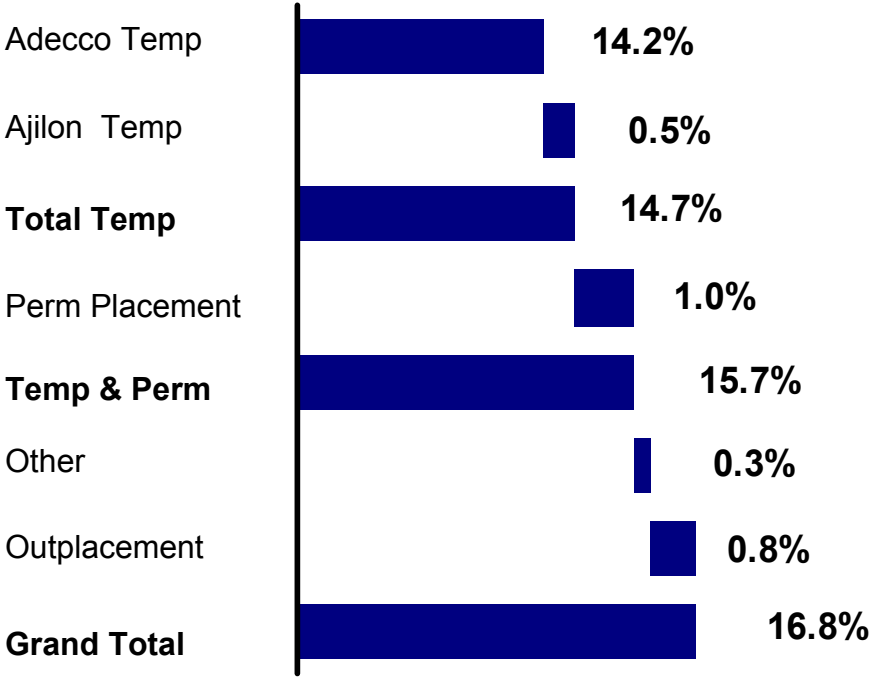
H1 performance in major business units

At Constant Rate, Half Year 2004 vs Half Year 2003

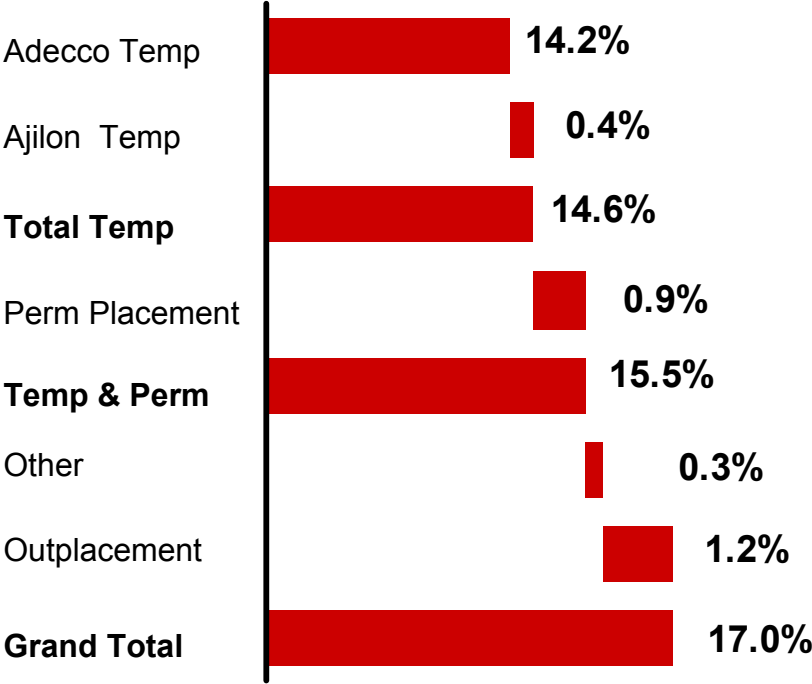


Gross margin drivers for change in Q2

Q2 2004

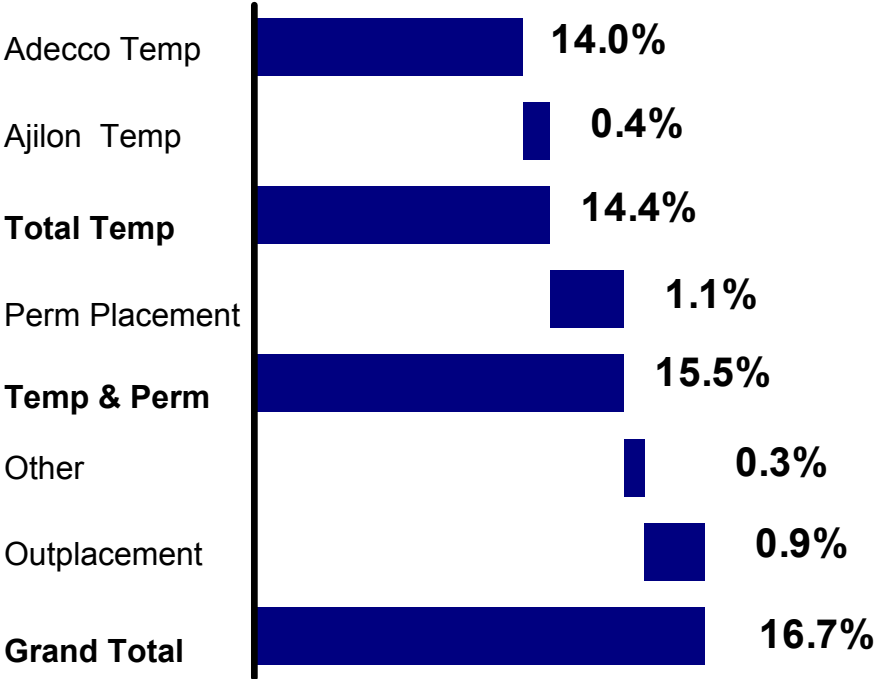


Q2 2003

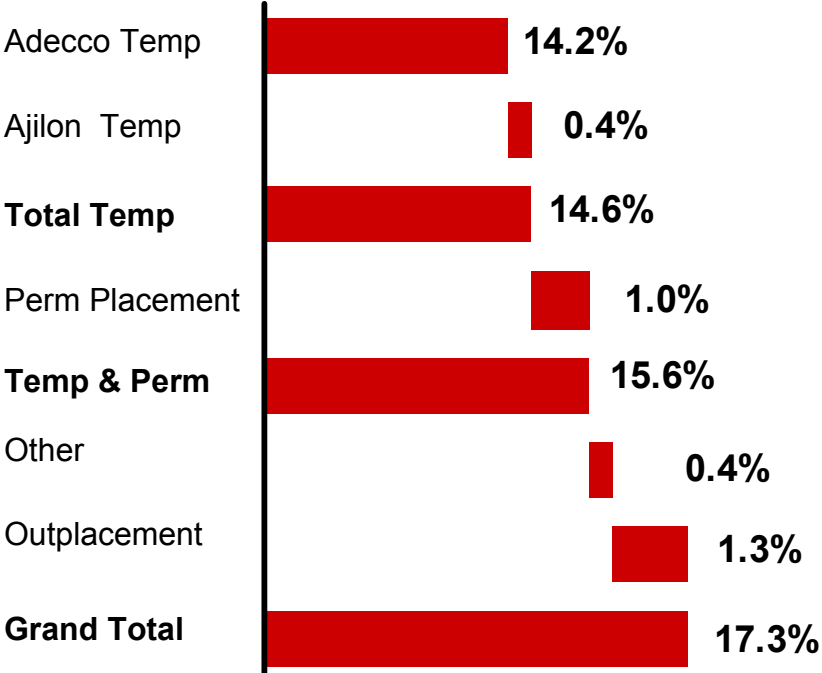


Gross margin drivers for change in H1

HY 2004

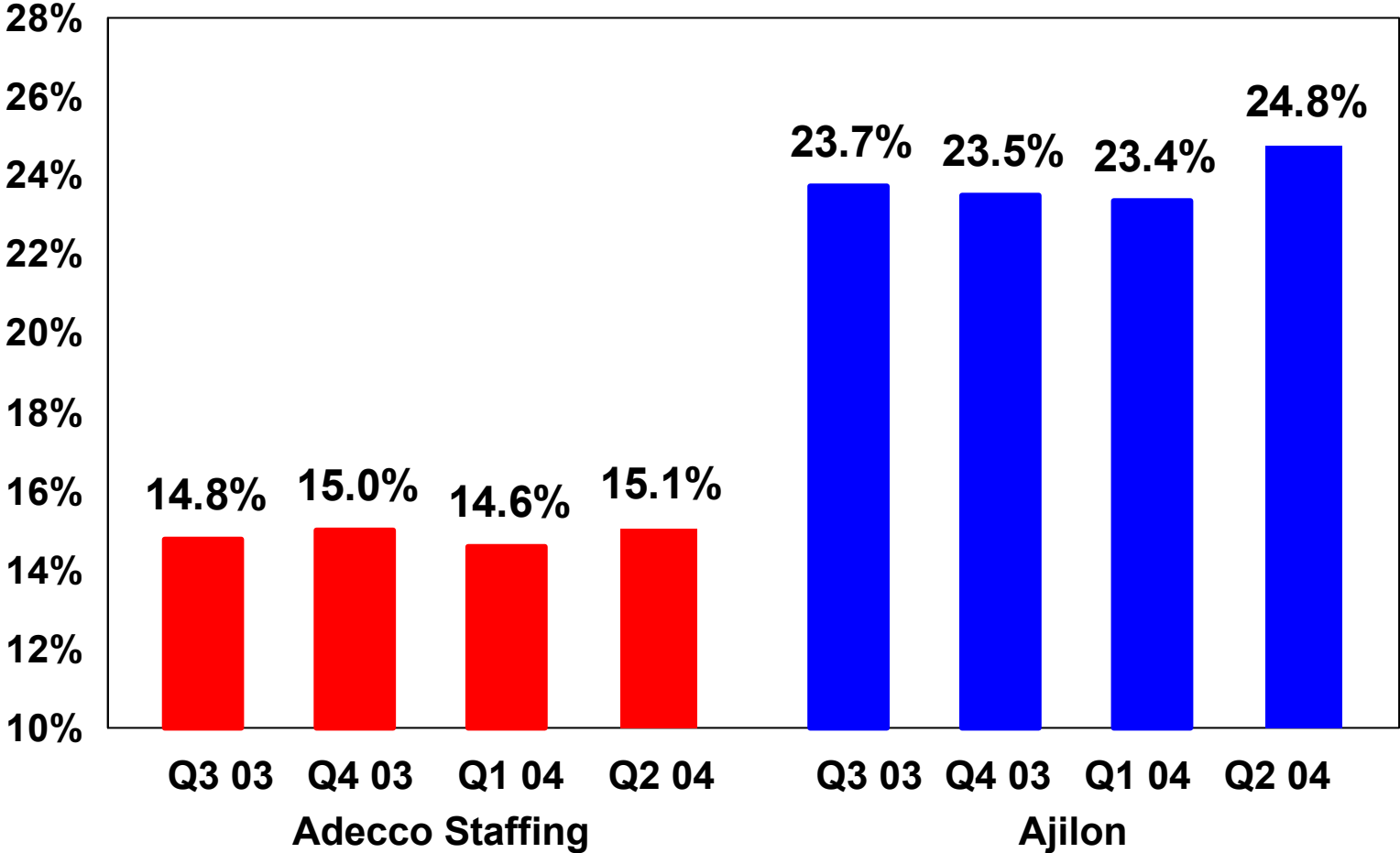


HY 2003



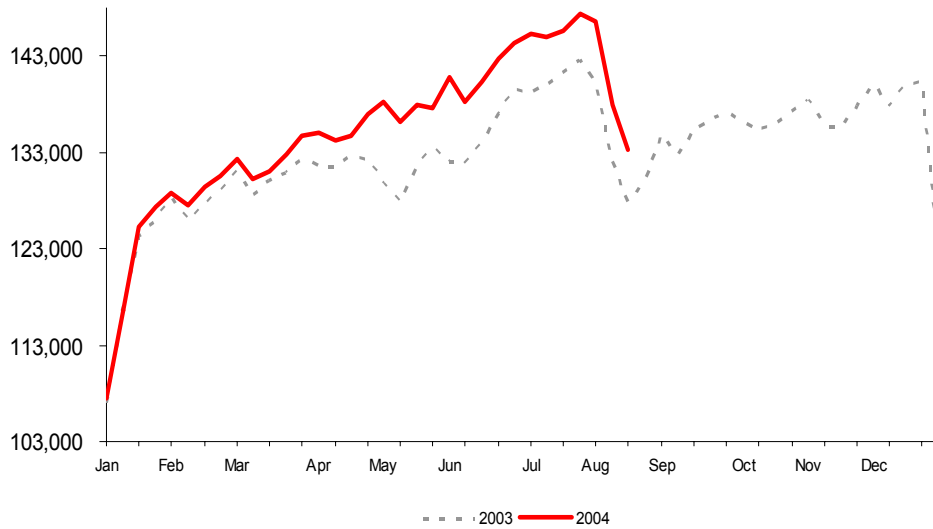
Gross margin stabilization

Gross margin % Sales

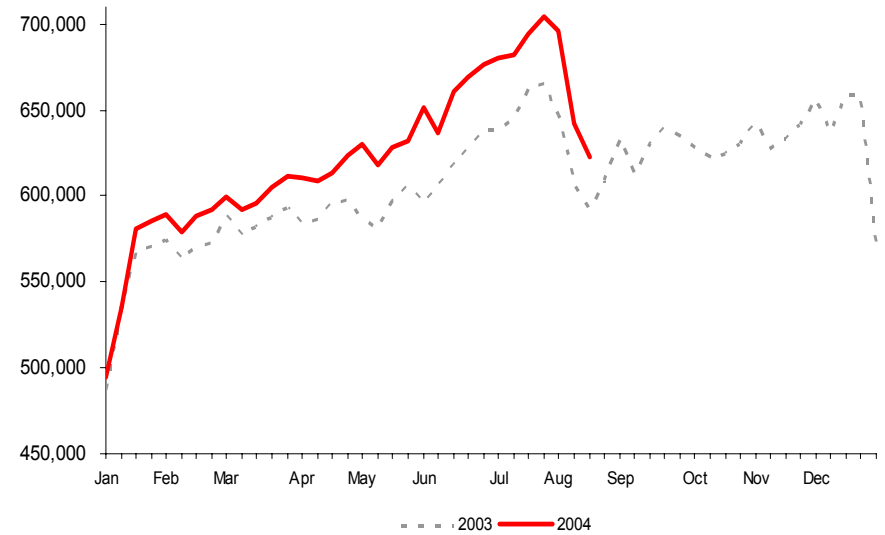


Trading Update

Client Base



Number of Temporary Associates





Q2 2004 Results: Financial Review

Jim Fredholm

Chief Financial Officer

Adecco

CFO Q2 overview

- 1. Positive cost efficiency and operational gearing**
- 2. Profitability, one-off effects including the sale of jobilot drive reductions in net debt by EUR 132 million**
- 3. 2004 effective tax rate at 36% due to one-time costs**
- 4. Investment grade rating restored in July 2004 by S&P**
- 5. One-time costs of the 2003 financial reporting delay of EUR 41 million in Q2 (EUR 77 million YTD)**
- 6. Only small increase in DSO despite financial reporting delay and level with year-end 2003. Further measures underway**
- 7. Strong focus on SOX compliance and normalized 2004 audit process**

Q2 2004, results in detail

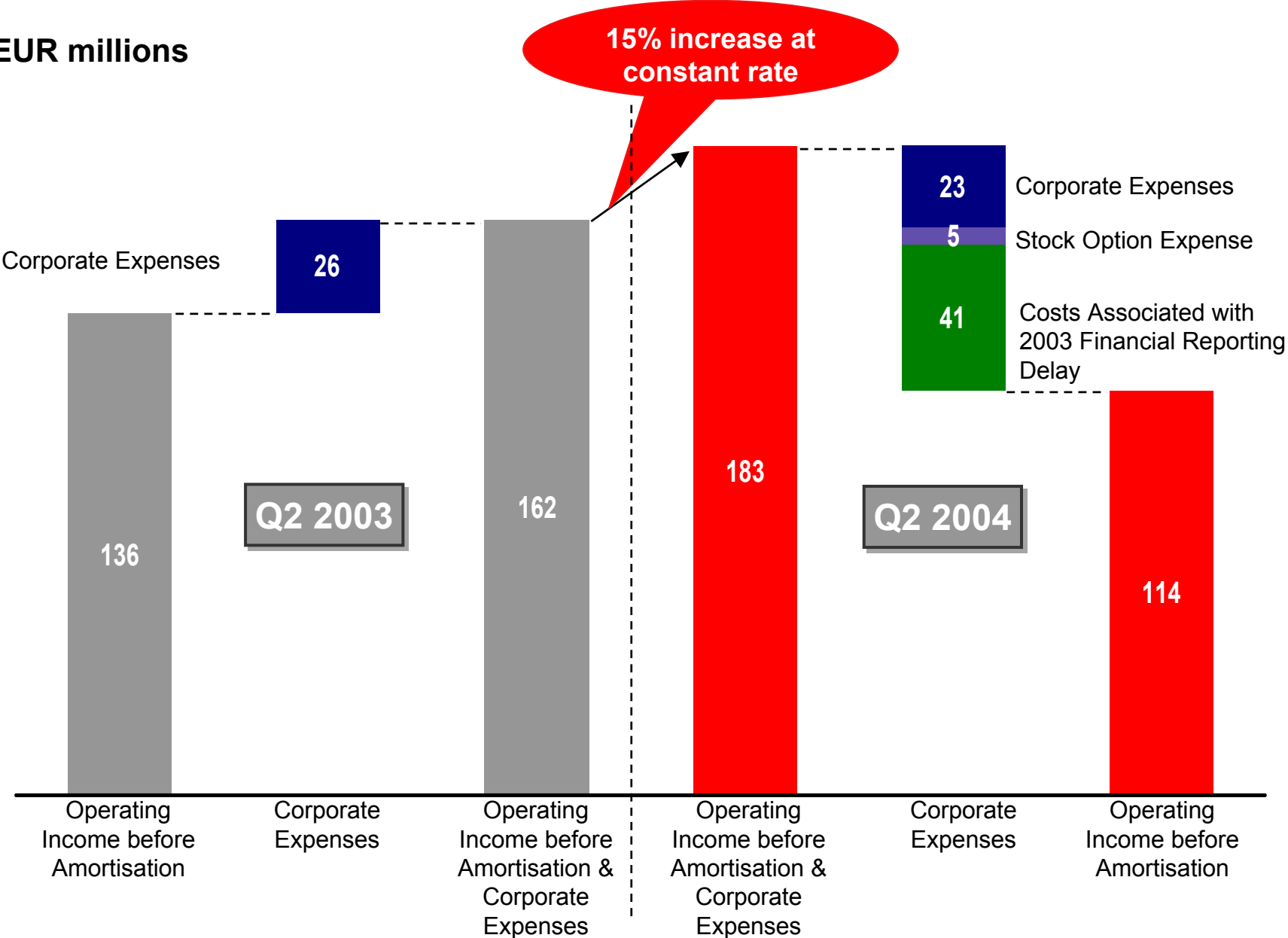
EUR millions

	Three months ended		Variance %	
	June 27, 2004	June 29, 2003	EUR	Constant
Net service revenues	4,280	4,028	6%	8%
Gross margin	719	686		
SG&A	(605)	(550)		
Operating income before amortisation ⁽¹⁾	114	136	-16%	-15%
Amortisation of intangibles	(1)	(1)		
Operating income	113	135	-16%	
Interest and other expenses	(12)	(16)		
Provision for income taxes	(36)	(32)		
Net income from continuing operations	65	87	-25%	
Income (loss) from discontinued operations	30	(1)		
Net income	95	86	11%	

(1) Operating income before amortisation is a non U.S. GAAP information used by management as supplementary information

Main items impacting Q2 2004

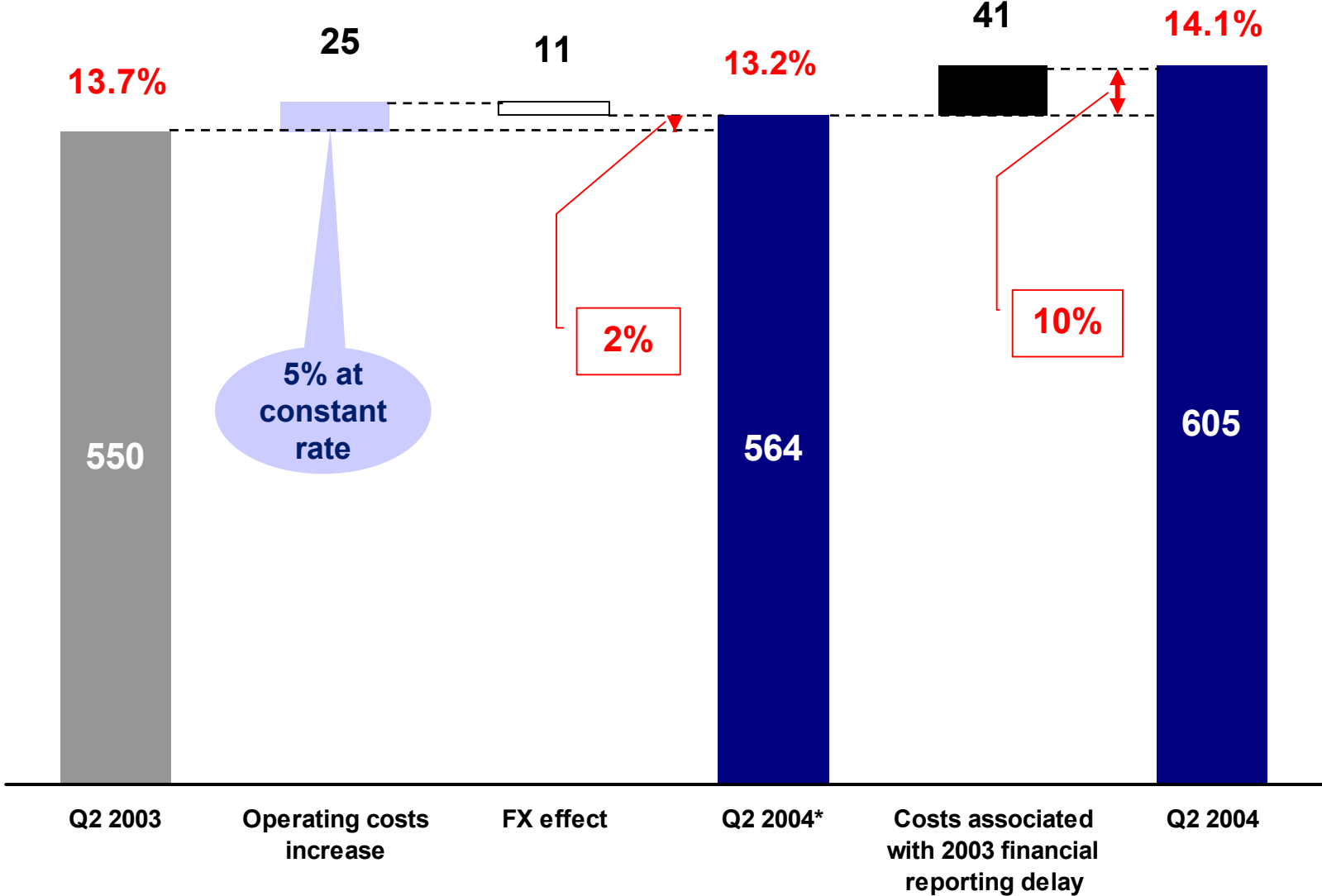
EUR millions



15% increase at constant rate

Improving operating cost ratio

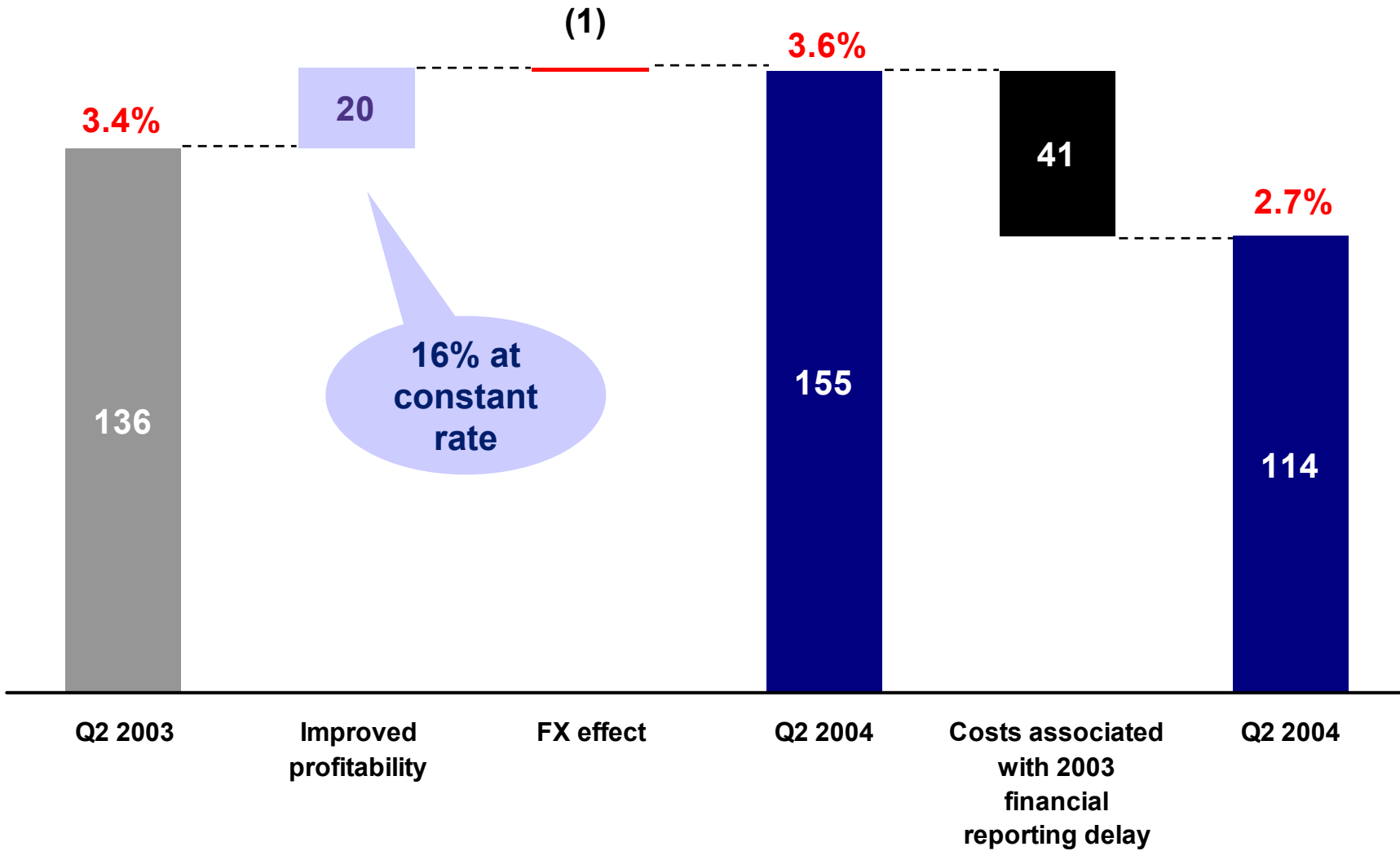
EUR millions



*) Excluding costs associated with the 2003 financial reporting delay of EUR 41 million

Operating margin improvement of 20bp

Operating Income before Amortisation
in EUR millions & in % of Sales, 2004 vs 2003



*) Excluding costs associated with the 2003 financial reporting delay of EUR 41 million

Half Year 2004, results in detail

EUR millions

	Six months ended		Variance %	
	June 27, 2004	June 29, 2003	EUR	Constant
Net service revenues	8,080	7,853	3%	6%
Gross margin	1,346	1,359		
SG&A	(1,172)	(1,111)		
Operating income before amortisation ⁽¹⁾	174	248	-30%	-29%
Amortisation of intangibles	(1)	(2)		
Operating income	173	246	-30%	
Interest and other expenses	(25)	(39)		
Provision for income taxes	(53)	(56)		
Net income from continuing operations	95	151	-37%	
Income (loss) from discontinued operations	30	(1)		
Net income	125	150	-17%	

(1) Operating income before amortisation is a non U.S. GAAP information used by management as supplementary information

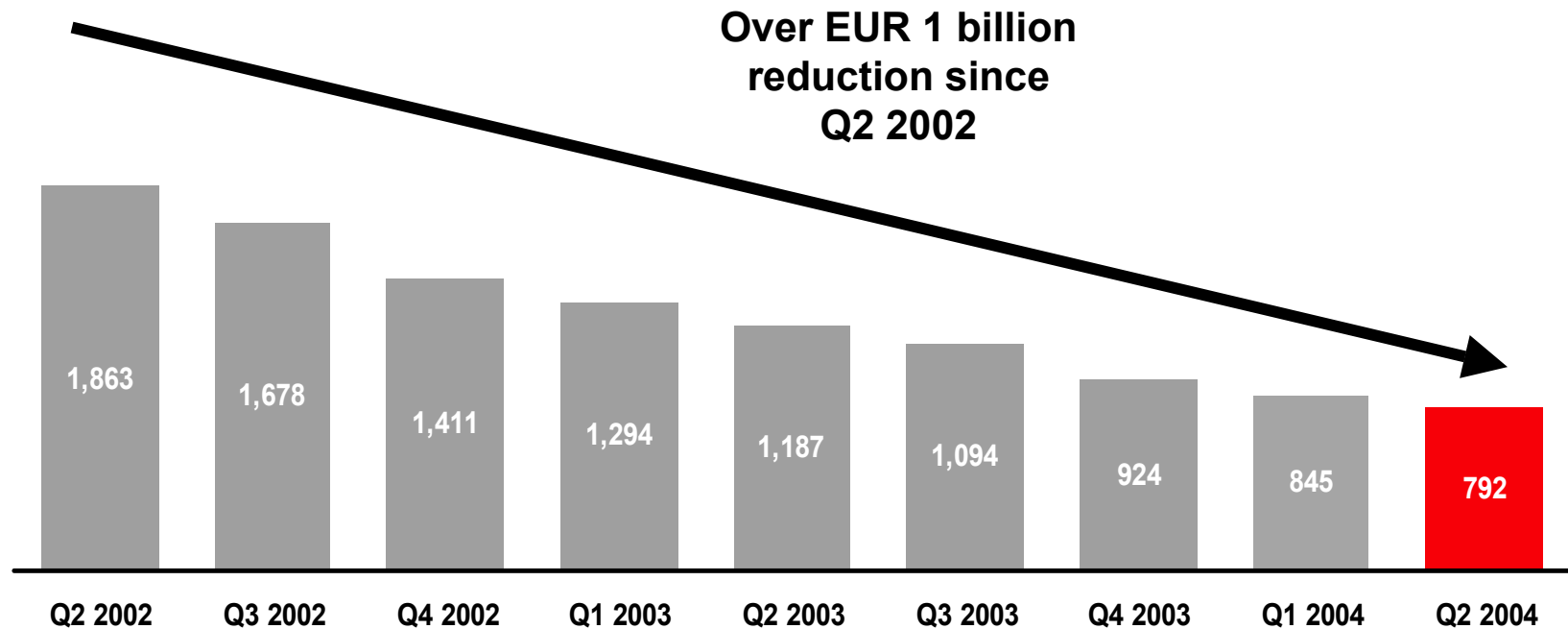
Consolidated balance sheets

EUR millions	Jun 27, 2004	Dec 28, 2003
ASSETS		
Cash and short-term investments	1,045	968
Trade accounts receivable	3,270	2,947
Other current assets	279	308
Property, equipment & leasehold improvements	299	327
Goodwill & intangibles, net	1,269	1,244
Other assets	418	438
Current & other assets from discontinued operations	-	74
Total assets	6,580	6,306
LIABILITIES & SHAREHOLDERS' EQUITY		
Accounts payable and accrued expenses	2,928	2,762
Short and long-term debt	1,837	1,856
Other liabilities	129	125
Current & other liabilities from discontinued operations	-	16
Minority interest	1	-
Shareholders' equity	1,685	1,547
Total liabilities & shareholders' equity	6,580	6,306
Net debt (1)	792	924

(1) Off balance sheet debt at December 2003 includes UK securitization program of EUR 36 million.

De-leveraging continues

Net Debt in EUR millions ⁽¹⁾ ⁽²⁾



(1) Includes off balance sheet debt (Q2 2002: EUR 52 million, Q3 2002: EUR 61 million, Q4 2002: EUR 59 million, 2003: EUR 37 million, Q2 2003: EUR 36 million, Q3 2003: EUR 36 million, Q4 2003: EUR 36 million, Q1 2004: 37 million.) From Q2 2004 there is no off balance sheet debt due to the cancellation of the securitisation agreement.

(2) Prior periods have been changed due to the reclassification effect of the discontinued operations of the jobpilot group.

Cashflow statements (1)

EUR millions

	Six months ended	
	June 27, 2004	June 29, 2003
Net income	125	150
(Income) loss from discontinued operations	(30)	1
Depreciation and amortisation	62	66
Other charges	30	17
Change in operating assets / liabilities:		
-Trade accounts receivable	(311)	(211)
- Accounts payable and accrued expenses	148	116
- Other current assets	(12)	47
- Non-current assets and liabilities	21	(2)
Cash flow from operating activities of continuing operations	33	184

Cashflow statements (2)

EUR millions

	Six months ended	
	June 27, 2004	June 29, 2003
Cash flow from operating activities of continuing operations (details see previous page)	33	184
Capital expenditures, net of proceeds	(29)	(31)
Change of short-term investments	20	-
Other	2	6
Cash flow used in investing activities of continuing operations	(7)	(25)
Net decrease of short-term debt	(13)	(49)
Repayment of long-term debt	(34)	(8)
Dividends paid to shareholders	-	(75)
Other financing activities	17	109
Cash flow used in financing activities of continuing operations	(30)	(23)
Effect of exchange rate changes on cash	8	(26)
Net proceeds from the sale of discontinued operations	64	-
Net increase in cash / cash equivalents	68	110

Estimated costs associated with 2003 financial reporting delay

EUR millions, Pre-Tax	2003	Q1 2004	Q2 2004	Q3 - Q4 2004	Total
Ernst & Young (additional 2003 audit fees)	6	19	15	-	40
Advisers and Other	-	17	26	17	60
Estimated Costs	6	36	41	17	100

Compliance and controls

- **SOX systems installation well-advanced for 2005 deadline**
- **2004 audit process normalization**
- **CFO Council to monitor and pre-empt reporting processes and issues**



Strategy and Outlook

Jérôme Caille
Chief Executive Officer

Committed to Our Strategy

Growth exceeding the market

- Growth above market both organic and by acquisitions

Market leadership

- No 1 or No 2 in all major markets with 20%+ share in each market
- Operational leadership through quality / cost management through technology

Optimized business mix

- Specialty business focus
- Evolution from staffing to HR services

Supplier of choice and employer of choice

Outlook

- **Continued sales growth momentum**
- **Anticipated improvements in gross margins in the medium term through:**
 - Recovery of permanent placements
 - Recovery of the professional staffing sector
 - Accelerated growth in deregulated countries with higher margins
- **Further enhancement of Adecco Staffing North America profitability**
- **Further perm placement recovery, especially in Ajilon**
- **Declining impact from costs associated with financial reporting delay**



Questions?

Adecco

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