

Adecco Group – Operating and financial review and prospects

in millions, except share and per share information

1. Introduction

The information in this discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes thereto that are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and are included elsewhere in this Annual Report and with the disclosure concerning forward-looking statements at the end of this section.

Statements throughout this discussion and analysis using the term "the Company" refer to the Adecco Group, which comprises Adecco S.A., a Swiss corporation, its consolidated subsidiaries, as well as variable interest entities for which Adecco is considered the primary beneficiary.

1.1 Business and industry background

The Company is the world's leading provider of human resource services including temporary staffing, permanent placement, outsourcing, career transition (outplacement), and other services. The Company had a network of around 5,100 branches and more than 32,000 full-time equivalent ("FTE") employees in over 60 countries and territories at the end of 2015. In 2015, the Company connected on average on a daily basis around 700,000 associates with our clients. Registered and headquartered in Switzerland and managed by a multi-national team with expertise in markets worldwide, the Company delivers a broad range of human resource services to meet the needs of small, medium and large business clients as well as those of associates.

The HR industry is fragmented and highly competitive. Customer demand is dependent upon the overall strength of the labour market as well as an established trend towards greater workforce flexibility. Appropriate regulation, particularly for temporary staffing, is beneficial for the industry and has been a driver for greater workforce flexibility. The business is also strongly influenced by the economic cycle, which typically results in growing demand for employment services during periods of economic expansion, and conversely, contraction of demand during periods of economic downturn. Due to the sensitivity to the economic cycle and the low visibility in the temporary staffing sector, forecasting demand for HR services is difficult. Typically, customers are not able to provide much advance notice of changes in their staffing needs. Responding to the customers' fluctuating staffing requirements in a flexible

way is a key element of the Company's strategy, which it addresses through its diverse HR services network.

Anticipating trends in demand is also important in managing the Company's internal cost structure. This coupled with the ability to maximise overall resources and to enhance competitive advantage through the Company's wide variety of services and locations while managing high standards of quality to both clients and associates, are key components in achieving profitability targets during any part of the economic cycle.

1.2 Organisational structure

The Company is organised in a geographical structure plus the global business Lee Hecht Harrison, which corresponds to the primary segments. This structure is complemented by business lines. The segments consist of France, North America, UK & Ireland, Germany & Austria, Japan, Italy, Benelux, Nordics, Iberia, Australia & New Zealand, Switzerland, Emerging Markets and Lee Hecht Harrison. 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"), Recruitment Process Outsourcing ("RPO"), and Vendor Management System ("VMS"). 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.

1.3 Service lines

Revenues and gross profit derived from temporary staffing totalled 89% and 72% in 2015 and 90% and 74% in 2014 of the respective consolidated totals. Temporary staffing billings are generally negotiated and invoiced on an hourly basis. Associates record the hours they have worked and these hours, at a rate agreed with the customer, are then accumulated and billed according to the agreed terms. Temporary staffing revenues are recognised upon rendering the services. The associate is paid the net hourly amount after statutory deductions on a daily, weekly, or monthly basis. Certain other employer payroll-related costs are incurred and the net difference between the amounts billed and payroll costs incurred is reported as gross profit.

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Revenues and gross profit derived from permanent placement, outsourcing, career transition, and other services totalled 11% and 28% in 2015 and 10% and 26% in 2014 of the respective consolidated totals. The terms of outsourcing and outplacement services are negotiated with the client on a project basis and revenues are recognised upon rendering the services. For permanent placement services, the placement fee is directly negotiated with the client and revenues are recognised at the time the candidate begins full-time employment, or as the fee is earned. Allowance provisions are established on historical information for any non-fulfilment of permanent obligations. Career transition and permanent placement services provide significantly higher margins than temporary staffing.

1.4 Key performance indicators

The Company monitors operational results through a number of additional key performance indicators besides revenues, gross profit, selling, general, and administrative expenses, and EBITA (operating income before amortisation and impairment of goodwill and intangible assets), and uses these measures of operational performance along with qualitative information and economic trend data to direct the Company's strategic focus.

These indicators include the following:

- Service line mix – the split between temporary staffing, permanent placement, outsourcing, career transition, and other services.
- Business line mix – the split between General Staffing (Office, Industrial), Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), and Solutions.
- Sequential revenue momentum – the quarter-on-quarter revenue development compared to the long-term trend.
- Bill rate – an average hourly billing rate for temporary staffing services indicating current price levels.
- Pay rate – an average hourly payroll rate including social charges for temporary staffing services indicating current costs.
- Temporary hours sold – the volume of temporary staffing services sold.
- Associates – the number of associates at work.

- Clients – the number of active clients.
- Permanent placements – the number of candidates placed in permanent job positions.
- Average fee per placement – the average amount received for job placement services.
- Days sales outstanding ("DSO") – accounts receivable turnover.
- Full-time equivalent ("FTE") employees.
- Retention rate of employees, associates, and clients.
- Branches – the number of locations from which the Company offers HR services.
- Conversion ratio – EBITA as a percentage of gross profit.
- Economic Value Added ("EVA") – residual income after cost of capital.

1.5 Seasonality

The Company's quarterly operating results are affected by the seasonality of the Company's customers' businesses. Demand for temporary staffing services historically has been lowest during the first quarter of the year.

1.6 Currency

The financial results of the Company are presented in Euro, which the Company uses as its reporting currency in recognition of the significance of the Euro to the Company's operations. In 2015, 46% of total revenues were generated in the Euro zone. Amounts shown in the consolidated statements of operations, consolidated statements of comprehensive income, and consolidated statements of cash flows are translated using average exchange rates for the period or at transaction exchange rates. In 2015, the US Dollar, British Pound, Japanese Yen, Swiss Franc, Canadian Dollar, Australian Dollar, and Norwegian Krone comprised 21%, 10%, 5%, 2%, 2%, 2% and 1% of total revenues, respectively. The average exchange rate for all these currencies except for the Australian Dollar and the Norwegian Krone strengthened against the Euro when compared to 2014. The Company's consolidated balance sheets are translated using the year end exchange rates. At year-end 2015, all aforementioned currencies except for the Canadian Dollar, Australian Dollar, and Norwegian Krone strengthened against the Euro when compared to 2014.

2. Non-U.S. GAAP information and financial measures

The Company uses non-U.S. GAAP financial measures for management purposes. The principal non-U.S. GAAP financial measures discussed herein are EBITA, net debt, constant currency, and organic growth comparisons, which are used in addition to, and in conjunction with results presented in accordance with U.S. GAAP.

EBITA, net debt, constant currency, and organic growth comparisons should not be relied upon to the exclusion of U.S. GAAP financial measures, but rather reflect additional measures of comparability and means of viewing aspects of the Company's operations that, when viewed together with the U.S. GAAP results, provide a more complete understanding of factors and trends affecting the Company's business.

Because EBITA, net debt, constant currency, and organic growth comparisons are not standardised, it may not be possible to compare the Company's measures with other companies' non-U.S. GAAP financial measures having the same or a

similar name. Management encourages investors to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

2.1 EBITA

EBITA refers to operating income before amortisation and impairment of goodwill and intangible assets. Management believes that EBITA is important supplemental information for investors because it focuses on the underlying growth and performance of the Company's business.

2.2 Net debt

Management monitors outstanding debt obligations by calculating net debt. Net debt comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

The following table highlights the calculation of net debt based upon financial measures in accordance with U.S. GAAP:

<i>in EUR</i>	31.12.2015	31.12.2014
Net debt		
Short-term debt and current maturities of long-term debt	415	89
Long-term debt, less current maturities	1,832	1,580
Total debt	2,247	1,669
Less:		
Cash and cash equivalents	1,198	695
Short-term investments	10	3
Net debt	1,039	971

2.3 Constant currency

Constant currency comparisons are calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate. Management believes that constant currency comparisons are important supplemental information for investors because these comparisons exclude the impact of changes in foreign currency exchange rates, which are outside the Company's control, and focuses on the underlying growth and performance.

2.4 Organic growth

Organic growth figures exclude the impact of currency, acquisitions, and divestitures. Management believes that organic growth comparisons are important supplemental information because these comparisons exclude the impact of changes resulting from foreign currency exchange rate fluctuations, acquisitions, and divestitures.

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3. Operating results

3.1 Overview

in EUR	2015	2014	Variance %	
			EUR	Constant currency
Revenues	22,010	20,000	10	4
Gross profit	4,179	3,703	13	6
Gross margin	19.0%	18.5%		
EBITA	1,081	928	17	11
EBITA margin	4.9%	4.6%		
Operating income	300	891	(66)	(68)
Net income attributable to Adecco shareholders	8	638	(99)	
Basic EPS	0.05	3.62	(99)	

3.2 Revenues

Revenues in 2015 amounted to EUR 22,010. Compared to the same period last year, revenues increased by 10% or by 4% in constant currency. This was mainly due to an increase of 4% in the temporary staffing volume as temporary hours sold increased to 1,214 million. Permanent placement revenues were EUR 433 in 2015, an increase of 25% or 13% organically. Revenues from career transition amounted to EUR 344 in 2015, an increase of 16% or 2% organically.

3.3 Gross profit

Gross profit amounted to EUR 4,179 in 2015, an increase of 13% or 6% in constant currency compared to 2014. The gross margin was 19.0%, up 50 basis points ("bps") year-on-year. Currency effects accounted for 20 bps of the increase, acquisitions had a positive effect of 10 bps and the organic increase was 20 bps. On an organic basis, temporary staffing and permanent placement each added 10 bps to the gross margin.

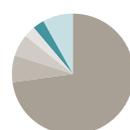
3.4 Selling, general, and administrative expenses

During 2015, the Company maintained its emphasis on cost control. Selling, general, and administrative expenses ("SG&A") were EUR 3,098 in 2015 and increased by 12% or by 4% in constant currency compared to 2014. SG&A as a per-

centage of revenues increased by 20 bps to 14.1% in 2015. Included in 2015 are integration costs of EUR 11 in Lee Hecht Harrison related to the acquired Knightsbridge business, costs for contractual obligations related to changes in the Executive Committee of EUR 10 and the write-down of capitalised software of EUR 45, of which EUR 33 was in Corporate and EUR 12 in Japan. Included in 2014 are restructuring expenses of EUR 37 mainly related to the move to a single headquarters in North America and to further structurally improve our profitability in Germany.

Compensation expenses comprised 73% of total SG&A and increased by 4% in constant currency to EUR 2,260 in 2015. Marketing expenses were EUR 80 in 2015, compared to EUR 76 in 2014. Bad debt expense increased by 2% in constant currency to EUR 10 in 2015.

SG&A breakdown FY 2015



- Compensation expenses 73%
- Premises expenses 7%
- Office & Administrative expenses 6%
- Depreciation 3%
- Marketing 3%
- Bad Debt expense 0%
- Other 8%

FTE employees and branches

During 2015, the average number of FTE employees increased by 2% and the average branch network by 1%.

The following table shows the average FTE employees and the average branches by segment:

Segment breakdown (yearly average)	FTE employees		Branches	
	2015	Variance %	2015	Variance %
France	4,648	1	1,021	1
North America	7,092	5	850	2
UK & Ireland	2,619	(1)	352	(1)
Germany & Austria	2,238	(5)	403	(10)
Japan	1,809	1	141	1
Italy	1,615	6	376	0
Benelux	1,429	2	349	(2)
Nordics	954	4	170	(2)
Iberia	1,531	12	384	7
Australia & New Zealand	446	7	60	(2)
Switzerland	440	1	102	3
Emerging Markets	5,188	(1)	626	3
Lee Hecht Harrison	1,868	9	275	5
Corporate	389	10		
Adecco Group	32,266	2	5,109	1

3.5 EBITA

EBITA was EUR 1,081 in 2015, and increased by 17% or by 11% in constant currency compared to 2014. The EBITA margin was 4.9% in 2015 and 4.6% in 2014. EBITA includes in 2015 integration costs of EUR 11 in Lee Hecht Harrison, contractual obligations of EUR 10 related to changes in the Executive Committee, and the write-down of capitalised software of EUR 45, of which EUR 33 was in Corporate and EUR 12 in Japan, and in 2014 restructuring costs of EUR 37. Excluding these items, the EBITA margin was 5.2% in 2015, up 40 bps compared to 4.8% in 2014.

3.6 Amortisation of intangible assets and impairment of goodwill

Amortisation of intangible assets increased by EUR 4 to EUR 41 in 2015.

In 2015, the Company recorded a goodwill impairment charge of EUR 740 due to recent and proposed regulatory changes in Germany and the weaker macroeconomic outlook in certain markets. Of the total amount, EUR 648 relates to Germany & Austria, EUR 82 to Australia & New Zealand and EUR 10 to India.

3.7 Operating income

Operating income amounted to EUR 300 in 2015 compared to EUR 891 in 2014. The 2015 operating income was negatively impacted by an impairment charge to goodwill of EUR 740.

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3.8 Interest expense

Interest expense was EUR 67 in 2015 compared to EUR 69 in 2014.

3.9 Other income/(expenses), net

Other income/(expenses), net, which includes interest income, foreign exchange gains and losses, proportionate net income of investee companies, and other non-operating income/(expenses), net amounted to an income of EUR 13 in 2015 compared to an income of EUR 5 in 2014.

3.10 Provision for income taxes

Provision for income taxes was EUR 236 in 2015 compared to EUR 187 in 2014. The effective tax rate excluding the impairment of goodwill, which is not tax deductible, was 24% in 2015, and 23% in 2014.

The Company's effective tax rate is impacted by recurring items, such as tax rates in the different jurisdictions where the Company operates, and the income mix within jurisdictions. Furthermore, it is also affected by discrete items which may occur in any given year, but are not consistent from year to year.

The effective tax rate in both years includes the positive impact from the successful resolution of prior years' audits and disputes, the expiration of the statutes of limitations, and other permanent items primarily related to intercompany provisions and write-offs that are deductible for tax purposes, but have no impact on the consolidated financial statements.

Discrete events had a positive impact on the tax rate of approximately 4% in 2015 and 5% in 2014.

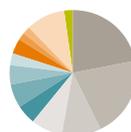
3.11 Net income attributable to Adecco shareholders and basic EPS

Net income attributable to Adecco shareholders was EUR 8 in 2015 including an impairment charge to goodwill of EUR 740 compared to EUR 638 in 2014. Basic earnings per share ("EPS") was EUR 0.05 in 2015 compared to EUR 3.62 in 2014.

4. Segment performance and revenues by business line

On a geographical basis, trends in 2015 were mainly positive. In both, France and North America, revenues increased by 2% in constant currency. Our strongest revenue growth was in Italy (18%) and in Iberia (14%). The Emerging Markets continued to expand solidly, growing 14% in constant currency and Benelux achieved double digit growth (11%). Our weakest revenue performance in 2015 was in the Nordics, which saw a decline of 8% and Switzerland with a 1% decrease, both in constant currency. In the other segments, we saw single digit organic revenue growth.

2015 revenue split by segment



■	France 22%
■	North America 21%
■	UK & Ireland 10%
■	Germany & Austria 8%
■	Japan 5%
■	Italy 6%
■	Benelux 5%
■	Nordics 3%
■	Iberia 4%
■	Australia & New Zealand 2%
■	Switzerland 2%
■	Emerging Markets 10%
■	Lee Hecht Harrison 2%

The segment breakdown of revenues and EBITA for 2015 and 2014 is presented in the following tables:

Revenues by segment <i>in EUR</i>	2015	2014	Variance %	
			EUR	Constant currency
France	4,714	4,640	2	2
North America	4,670	3,854	21	2
UK & Ireland	2,285	2,061	11	0
Germany & Austria	1,713	1,687	2	2
Japan	1,119	1,032	8	4
Italy	1,300	1,098	18	18
Benelux	1,089	982	11	11
Nordics	726	821	(12)	(8)
Iberia	898	789	14	14
Australia & New Zealand	367	350	5	5
Switzerland	477	427	12	(1)
Emerging Markets	2,256	1,925	17	14
Lee Hecht Harrison ¹	396	334	19	9
Adecco Group	22,010	20,000	10	4

¹ In 2015, revenues changed organically in Lee Hecht Harrison by 1%.

EBITA and EBITA margin by segment <i>in EUR</i>	EBITA				EBITA margin		
	2015	2014	Variance %		2015	2014	Variance
			EUR	Constant currency			bps
France	331	280	18	18	7.0%	6.0%	100
North America	288	205	41	18	6.2%	5.3%	90
UK & Ireland	60	49	22	10	2.6%	2.4%	20
Germany & Austria	103	77	34	34	6.0%	4.6%	140
Japan	54	57	(5)	(9)	4.9%	5.5%	(60)
Italy	94	65	45	45	7.2%	5.9%	130
Benelux	47	45	6	6	4.3%	4.5%	(20)
Nordics	9	23	(61)	(59)	1.3%	2.9%	(160)
Iberia	39	31	27	27	4.4%	3.9%	50
Australia & New Zealand	0	0	(166)	(286)	-0.1%	0.1%	(20)
Switzerland	32	38	(16)	(26)	6.6%	8.8%	(220)
Emerging Markets	82	68	21	19	3.6%	3.5%	10
Lee Hecht Harrison	104	98	6	(6)	26.2%	29.3%	(310)
Corporate	(162)	(108)					
Adecco Group	1,081	928	17	11	4.9%	4.6%	30

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From a business line perspective, General Staffing represented 74% of Group revenues in 2015 and 26% from Professional Staffing and Solutions. In 2015, General Staffing revenues increased by 6% while Professional Staffing decreased by 1%, both in constant currency. In our Solutions business, Career

Transition & Talent Development services reported a revenue increase of 1%, while our BPO¹ business grew 15%, both organically.

The business line breakdown of revenues is presented below:

Revenues by business line ¹	2015	2014	Variance %	
			EUR	Constant currency
<i>in EUR</i>				
Office	5,269	4,815	9	4
Industrial	11,097	10,142	9	7
General Staffing	16,366	14,957	9	6
Information Technology	2,588	2,337	11	0
Engineering & Technical	1,133	1,103	3	(8)
Finance & Legal	912	778	17	3
Medical & Science	407	349	17	6
Professional Staffing	5,040	4,567	10	(1)
CTTD ²	396	334	19	9
BPO ²	208	142	46	25
Solutions²	604	476	27	14
Adecco Group	22,010	20,000	10	4

¹ Breakdown of staffing revenues into Office, Industrial, Information Technology (IT), Engineering & Technical, Finance & Legal, and Medical & Science is based on dedicated branches. CTTD comprises Career Transition & Talent Development services. BPO comprises Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and Vendor Management System (VMS).

² In 2015, revenues increased organically in CTTD by 1%, in BPO by 15% and in Solutions by 5%.

4.1 Segment performance

France

<i>in EUR</i>	2015	2014	Variance %
Revenues	4,714	4,640	2
EBITA	331	280	18
EBITA margin	7.0%	6.0%	

In 2015, revenues in France increased by 2% to EUR 4,714. Temporary hours sold increased by 2% and bill rates remained flat versus 2014. Revenues in Industrial, which accounts for approximately 85% of revenues in France, increased by 3%, while revenues in Office decreased by 1% and in Professional Staffing decreased by 10%. Permanent placement revenues in France were up 10%. EBITA amounted to EUR 331 in 2015 compared to EUR 280 in 2014. The EBITA margin was 7.0% in 2015 and included a favourable item related to prior years social security charges, which added approximately 40 bps to the EBITA margin. In 2014, the EBITA margin excluding EUR 4 of restructuring costs was 6.1%.

North America

<i>in EUR</i>	2015	2014	Variance %	
			EUR	Constant currency
Revenues	4,670	3,854	21	2
EBITA	288	205	41	18
EBITA margin	6.2%	5.3%		

In North America, revenues were EUR 4,670 in 2015, an increase of 21% or 2% in constant currency compared to 2014. Temporary hours sold grew by 1% and bill rates increased by 1% versus 2014 in constant currency. In North America, General Staffing accounts for approximately half of the revenues. Revenues in Industrial increased by 9%, whereas revenues in Office decreased by 5%, both in constant currency. Revenues in Professional Staffing grew by 1% (0% organically) in constant currency. Revenues increased by 1% in IT, 8% (6% organically) in Finance & Legal, 16% in Medical & Science and decreased by 8% in Engineering & Technical, all in constant currency. Permanent placement revenues in North America were up 16% in constant currency. EBITA in 2015 was EUR 288 compared to EUR 205 in the previous year. Included in EBITA in 2014 are restructuring costs of EUR 18 for the move to a

single headquarters in North America. The EBITA margin was 6.2% in 2015, an increase of 40 bps when compared to the prior year excluding restructuring costs.

UK & Ireland

<i>in EUR</i>	2015	2014	Variance %	
			EUR	Constant currency
Revenues	2,285	2,061	11	0
EBITA	60	49	22	10
EBITA margin	2.6%	2.4%		

In 2015, revenues in the UK & Ireland increased by 11% or remained flat in constant currency. Temporary hours sold decreased by 3% and bill rates increased by 3% versus 2014 in constant currency. Approximately two-thirds of revenues come from Professional Staffing, which decreased by 2% in constant currency. Revenues decreased by 1% in IT and by 20% in Engineering & Technical, whereas revenues in Finance & Legal remained flat, all in constant currency. Within General Staffing, revenues in Office increased by 4%, whereas in Industrial revenues were up 2%, both in constant currency. Permanent placement revenues increased by 2% in constant currency. EBITA in 2015 amounted to EUR 60 compared to EUR 49 for the prior year. The EBITA margin was 2.6% in 2015 compared to 2.4% in 2014.

Germany & Austria

<i>in EUR</i>	2015	2014	Variance %
Revenues	1,713	1,687	2
EBITA	103	77	34
EBITA margin	6.0%	4.6%	

In Germany & Austria, revenues were EUR 1,713 in 2015, an increase of 2% compared to the previous year. Temporary hours sold increased by 1% and bill rates grew by 1% versus 2014. Revenues in Industrial, which accounts for approximately 75% of the revenues in Germany & Austria, increased by 2%. Revenues in Professional Staffing were flat. EBITA amounted to EUR 103 in 2015 compared to EUR 77 in 2014. Included in 2014 were restructuring costs of EUR 14. The EBITA margin was 6.0% in 2015 compared to an EBITA margin, excluding restructuring costs, of 5.4% in 2014.

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Japan

in EUR	2015	2014	Variance %	
			EUR	Constant currency
Revenues	1,119	1,032	8	4
EBITA	54	57	(5)	(9)
EBITA margin	4.9%	5.5%		

In Japan, revenues in 2015 were EUR 1,119, an increase of 8% or 4% in constant currency. Temporary revenues increased 3% in constant currency. Temporary hours sold were flat and bill rates increased by 2% versus 2014 in constant currency. Revenues in outsourcing were up 6% in constant currency. In General Staffing, where we are mainly exposed to the Office business, revenues increased by 3% in constant currency. In the Professional Staffing business, which comprises IT and Engineering & Technical, revenues increased by 6% in constant currency. EBITA was EUR 54 in 2015 compared to EUR 57 in 2014. The EBITA margin was 4.9% compared to 5.5% in 2014. Included in 2015 is the write-down of capitalised software of EUR 12. The EBITA margin excluding the write-down of capitalised software was 5.9% in 2015 compared to 5.5% in 2014.

Italy

in EUR	2015	2014	Variance %	
			EUR	Constant currency
Revenues	1,300	1,098	18	
EBITA	94	65	45	
EBITA margin	7.2%	5.9%		

Revenues in Italy increased by 18% in 2015 compared to the previous year, as temporary hours sold grew by 16% and bill rates increased by 1% versus 2014. The EBITA margin in 2015 was 7.2%, up 130 bps compared to 2014.

Benelux

in EUR	2015	2014	Variance %	
			EUR	Constant currency
Revenues	1,089	982	11	
EBITA	47	45	6	
EBITA margin	4.3%	4.5%		

In 2015, revenues in Benelux increased by 11%. Temporary hours sold increased by 11% and bill rates remained flat versus 2014. The EBITA margin was 4.3% in 2015 and included a non-

cash expense related to changing the defined benefit pension plan in the Netherlands to a defined contribution pension plan, which negatively impacted the EBITA margin by approximately 70 bps. In 2014, the EBITA margin was 4.5%.

Nordics

in EUR	2015	2014	Variance %	
			EUR	Constant currency
Revenues	726	821	(12)	(8)
EBITA	9	23	(61)	(59)
EBITA margin	1.3%	2.9%		

In 2015, revenues in the Nordics decreased by 12% or by 8% in constant currency. Temporary hours sold decreased by 9% and bill rates remained flat versus 2014 in constant currency. Sweden delivered strong revenue growth, while revenues declined in Norway, where the market environment was challenging. The EBITA margin was 1.3% in 2015 compared to 2.9% in 2014.

Iberia

in EUR	2015	2014	Variance %	
			EUR	Constant currency
Revenues	898	789	14	
EBITA	39	31	27	
EBITA margin	4.4%	3.9%		

Revenues increased in Iberia by 14% in 2015 compared to the previous year. Temporary hours sold increased by 15% and bill rates increased by 2%. Revenues in outsourcing increased by 7% compared to 2014. The EBITA margin was 4.4% in 2015 compared to 3.9% in 2014.

Australia & New Zealand

in EUR	2015	2014	Variance %	
			EUR	Constant currency
Revenues	367	350	5	5
EBITA	0	0	(166)	(286)
EBITA margin	-0.1%	0.1%		

Revenues in Australia & New Zealand increased by 5% in constant currency in 2015 compared to the previous year. Temporary hours sold increased by 6% and bill rates increased by 1% versus 2014 in constant currency. The EBITA margin was -0.1%, compared to 0.1% in 2014.

Switzerland

in EUR	2015	2014	Variance %	
			EUR	Constant currency
Revenues	477	427	12	(1)
EBITA	32	38	(16)	(26)
EBITA margin	6.6%	8.8%		

Revenues in Switzerland increased by 12% or decreased by 1% in constant currency in 2015 compared to the previous year. Temporary hours sold decreased by 2% and bill rates remained flat versus 2014 in constant currency. The EBITA margin was 6.6% compared to 8.8% in 2014. Factors negatively impacting profitability in 2015 included the strength of the Swiss Franc, continued pricing pressure, unfavourable mix effects, and costs related to adapting our business to the development in market conditions.

Emerging Markets

in EUR	2015	2014	Variance %	
			EUR	Constant currency
Revenues	2,256	1,925	17	14
EBITA	82	68	21	19
EBITA margin	3.6%	3.5%		

Revenues in the Emerging Markets increased by 17% or by 14% in constant currency. The EBITA margin was 3.6% in 2015 compared to 3.5% in 2014.

Lee Hecht Harrison

in EUR	2015	2014	Variance %	
			EUR	Constant currency
Revenues	396	334	19	9
EBITA	104	98	6	(6)
EBITA margin	26.2%	29.3%		

Revenues of Lee Hecht Harrison, Adecco's Career Transition & Talent Development business, amounted to EUR 396, an increase of 19% or 9% in constant currency, or 1% organically. EBITA amounted to EUR 104 and the EBITA margin was 26.2%. Included in 2015 are integration costs of EUR 11 relating to the acquisition of Knightsbridge. The EBITA margin excluding integration costs was 28.9% compared to an EBITA margin of 29.3% in 2014.

5. Outlook

In Q4 2015, organic revenue growth of 5% was slightly above the 4% for the first nine months of the year. This was mainly due to improved growth in France, while growth in most other markets was broadly similar to the year as a whole. At the start of 2016, this underlying revenue momentum has continued, although the comparison base is tougher than for Q4 2015. In January and February combined, the Company's revenue growth was 4% organically and adjusted for trading days. Growth continued to improve slightly in France, remained stable in North America, and moderated slightly in Italy, Iberia and Benelux, where the base effect is most pronounced.

The Company will maintain its price discipline and tight cost control. In Q1 2016, the gross margin will be negatively impacted year-on-year by the timing of Easter, which is in the first quarter 2016 while last year it fell in the second quarter. In Q1 2016, SG&A excluding one-offs is expected to increase slightly compared to Q4 2015 in constant currency, reflecting the normal seasonal pattern.

The Company remains committed to leveraging the EVA approach to balance revenue growth, profitability and cash generation. Aligned with this approach, the Company announced new financial targets at the Investor Day in January 2016, to be achieved on average across the entire economic cycle, including periods of economic expansion and recession. These targets are: growing revenues organically at least in line with the Company's main peers, at Group level and in each major market; improving its EBITA margin to 4.5–5.0% on average through-the-cycle; and delivering an operating cash flow conversion of more than 90% on average through-the-cycle. The Company is focused on achieving these targets and driving shareholder value creation in 2016 and in the long-term.

6. Liquidity and capital resources

Currently, cash needed to finance the Company's existing business activities is primarily generated through operating activities, bank overdrafts, commercial paper, a multicurrency credit facility, and, when necessary, the issuance of bonds and other capital instruments.

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The principal funding requirements of the Company's business include financing working capital and capital expenditures. Capital expenditures are mainly for computer equipment, capitalised software, and leasehold improvements.

Within the Company's working capital, trade accounts receivable, net of allowance for doubtful accounts, comprise approximately 70% of total current assets as of December 31, 2015. Accounts payable, accrued salaries and wages, payroll taxes and employee benefits, and sales and value added taxes comprise approximately 70% of total current liabilities as of December 31, 2015. Working capital financing needs increase as business grows.

Management believes that the ability to generate cash from operations combined with additional capital resources available is sufficient to support the expansion of existing business activities and to meet short- and medium-term financial commitments. The Company may utilise available cash resources, secure additional financing, or issue additional shares to finance acquisitions.

6.1 Analysis of cash flow statements

Cash and cash equivalents increased by EUR 503 to EUR 1,198 as of December 31, 2015. The increase was mainly due to

the generation of EUR 799 in operating cash flows and the issuance of long-term debt of EUR 498, net of issuance costs. This was partly offset by the payment of dividends of EUR 348, the purchase of treasury shares of EUR 225, capital expenditures of EUR 97, and cash settlements on derivative instruments of EUR 94.

Cash flows from operations are generally derived from the receipt of cash from customers less payments to associates, regulatory authorities, employees, and other operating disbursements. Cash receipts are dependent on general business trends, foreign currency fluctuations, and cash collection trends measured by DSO. DSO varies significantly within the various countries in which the Company has operations due to the various market practices within these countries. In general, an improvement in DSO reduces the balance of trade accounts receivable resulting in cash inflows from operating activities. Cash disbursement activity is predominantly associated with scheduled payroll payments to the associates. Given the nature of these liabilities, the Company has limited flexibility to adjust its disbursement schedule. Also, the timing of cash disbursements differs significantly amongst various countries.

The following table illustrates cash flows from or used in operating, investing, and financing activities:

<i>in EUR</i>	2015	2014
Summary of cash flow information		
Cash flows from operating activities	799	785
Cash used in investing activities	(246)	(93)
Cash used in financing activities	(70)	(978)

Cash flows from operating activities increased by EUR 14 to EUR 799 in 2015. Both years include the cash proceeds for the sale of a portion of the CICE receivables of EUR 163 in 2015 and EUR 109 in 2014. DSO was 52 days for the full year 2015 compared to 53 days for the full year 2014.

Cash used in investing activities totalled EUR 246 compared to EUR 93 in 2014. In 2015, the Company paid EUR 94 related to cash settlements on derivative instruments compared to EUR 5 in 2014. The Company's capital expenditures amounted to EUR 97 in 2015 and EUR 80 in 2014. Additionally, in 2015 the Company acquired Knightsbridge for EUR 56, net of cash acquired.

Cash used in financing activities totalled EUR 70, compared to EUR 978 in 2014. In 2015, the Company issued long-term debt of EUR 498, net of issuance costs, whereas in 2014 the Company repaid long-term debt of EUR 346. Furthermore, the Company paid dividends of EUR 348 and EUR 291 in 2015 and 2014, respectively, and purchased treasury shares for EUR 225 and EUR 281 in 2015 and 2014, respectively.

6.2 Additional capital resources

As of December 31, 2015, the Company's total capital resources amounted to EUR 5,845 comprising EUR 2,247 in debt and EUR 3,598 in equity, excluding treasury shares and noncontrolling interests. Long-term debt, including current maturities, was EUR 2,154 as of December 31, 2015 and EUR 1,581 as of December 31, 2014, and includes long- and medium-term notes. The borrowings, which are unsecured, are denominated in Euros and Swiss Francs. The borrowings outstanding as of December 31, 2015 mature in 2016, 2017, 2018, 2019, 2020 and 2022. During 2015, the Company increased its short- and long-term debt including foreign currency revaluation effects by EUR 578.

The Company maintains a French commercial paper programme ("Billet de Trésorerie programme"). Under the programme, the Company may issue short-term commercial paper up to a maximum amount of EUR 400, with maturity per individual paper of 365 days or less. As of December 31, 2015 and December 31, 2014, EUR 10 and EUR 51, respectively, were outstanding under the programme, with maturities of up to 365 days. The weighted-average interest rate on commercial paper outstanding was 0.47% and 0.76% as of December 31, 2015 and December 31, 2014, respectively.

In addition, the Company maintains a committed EUR 600 multicurrency revolving credit facility with a maturity date of October 2018, which was amended in May 2014 for pricing and two new 1-year extension options at the discretion of the banks. In May 2015, the first 1-year extension option was exercised and the maturity date of the credit facility was extended to October 2019. The facility is used for general corporate purposes including refinancing of advances and outstanding letters of credit. The interest rate is based on LIBOR, or EURIBOR for drawings denominated in Euro, plus a margin between 0.35% and 1.05% per annum, depending on certain debt-to-EBITDA ratios. A utilisation fee of 0.10%, 0.20%, and 0.40%, applies on top of the interest rate, for cash drawings of up to 33.33%, 66.67%, and above 66.67%, respectively, of the total commitment not used for letters of credit. The letter of credit fee equals the applicable margin, and the commitment fee equals 35% of the applicable margin. As of December 31, 2015 and December 31, 2014, there were no outstanding borrowings under the credit facility. As of December 31, 2015, the Company had EUR 500 available under the facility after utilising the Euro equivalent of EUR 100 in the form of letters of credit.

Net debt increased by EUR 68 to EUR 1,039 as of December 31, 2015. The calculation of net debt based upon financial measures in accordance with U.S. GAAP is presented on page 41.

Under the terms of the various short- and long-term credit agreements, the Company is subject to covenants requiring, among other things, compliance with certain financial tests and ratios. As of December 31, 2015, the Company was in compliance with all financial covenants.

For further details regarding financing arrangements refer to Note 6 to the consolidated financial statements.

The Company manages its cash position to ensure that contractual commitments are met and reviews cash positions against existing obligations and forecasted cash expenditures. The Company's policy is to invest excess funds primarily in investments with maturities of 12 months or less, and in money market and fixed income funds with sound credit ratings, limited market risk, and high liquidity.

The Company's current cash and cash equivalents and short-term investments are invested primarily within Europe and the USA. In most cases, there are no restrictions on the transferability of these funds among entities within the Company.

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6.3 Contractual obligations

The Company's contractual obligations translated using December 31, 2015 exchange rates are as follows:

<i>in EUR</i>	2016	2017	2018	2019	2020	Thereafter	Total
Contractual obligations by year							
Short-term debt obligations	93						93
Long-term debt obligations	322	322	497	399	115	499	2,154
Interest on debt obligations	52	51	28	20	10	14	175
Operating leases	181	128	90	63	43	37	542
Purchase and service contractual obligations	208	37	9	3	1		258
Total	856	538	624	485	169	550	3,222

Short-term debt obligations consist of borrowings outstanding under the French commercial paper programme and other short-term debt. Long-term debt obligations consist primarily of the CHF 350 fixed rate notes due 2016, the CHF 350 fixed rate notes due 2017, the EUR 500 medium-term notes due 2018, the EUR 400 medium-term notes due 2019, the CHF 125 fixed rate notes due 2020, and the EUR 500 medium-term note due 2022. These debt instruments were issued partly for acquisitions, share buyback programmes, to refinance existing debt, to optimise the debt maturity profile, and to increase the flexibility of cash management.

Future minimum rental commitments under non-cancellable leases comprise the majority of the operating lease obligations of EUR 542 presented above. The Company expects to fund these commitments with existing cash and cash flows from operations. Operating leases are used by the Company to maintain the flexible nature of the branch network.

As of December 31, 2015, the Company has future purchase and service contractual obligations of approximately EUR 258, primarily related to acquisitions of approximately EUR 143 (refer to Note 18 in the consolidated financial statements for further details), IT development and maintenance agreements, marketing sponsorship agreements, equipment purchase agreements, and other supplier commitments.

6.4 Additional funding requirements

Planned cash outflows include distribution of dividends for 2015 on May 3, 2016 in the amount of CHF 2.40 per share to shareholders of record on April 29, 2016. The maximum amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) as of December 31, 2015 of 170,314,225 is CHF 409. Payment of dividends is subject to approval by shareholders at the Annual General Meeting.

The Company launched the following share buyback programmes on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 400 in June 2012 (completed in September 2013);
- EUR 250 in September 2013 (completed in November 2014);
- EUR 250 in November 2014 (acquired 3,707,500 shares for EUR 239 as of December 31, 2015 and was completed on January 20, 2016).

At the Annual General Meeting of Shareholders of Adecco S.A. held on April 21, 2015, the shareholders approved the cancellation of 4,606,873 treasury shares acquired until December 31, 2014 under the share buyback programmes and the corresponding reduction of Adecco S.A.'s share capital by 4,606,873 registered shares with a nominal value of CHF 1.00 each. The cancellation of 4,606,873 treasury shares was completed on June 26, 2015. Effective June 26, 2015, the share capital of the Company amounts to CHF 174 divided into 174,474,937 shares.

From January 1 to January 20, 2016, the Company acquired an additional 188,000 shares for EUR 11 to complete the EUR 250 share buyback launched in November 2014.

The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of Shareholders of April 21, 2016 a reduction of share capital through the cancellation of the remaining 3,318,750 repurchased shares on the second trading line that were not already cancelled by the Annual General Meeting 2015.

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 666, including the letters of credit issued under the multicurrency revolving credit facility (EUR 100). The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. Other guarantees relate to operating leases and credit lines. The standby letters of credit mainly relate to workers' compensation in the USA. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties, then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

6.5 Income taxes

The Company has reserves for taxes that may become payable in future periods as a result of tax audits. At any given time, the Company is undergoing tax audits in different tax jurisdictions, which cover multiple years. The ultimate outcome of these audits could, in a future period, have a material impact on cash flows.

Based on the outcome of examinations, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognised tax benefits for tax positions taken regarding previously filed tax returns could materially change in the next 12 months from those recorded as liabilities for uncertain tax positions in the financial statements. An estimate of the range of the possible changes cannot be made until issues are further developed or examinations close.

6.6 Credit ratings

As of December 31, 2015, the Company's long-term credit rating was Baa1 stable outlook from Moody's and BBB+ stable outlook from Standard & Poor's.

7. Financial risk management – foreign currency and derivative financial instruments

The Company is exposed to market risk, primarily related to foreign exchange and interest rates. These exposures are actively managed by the Company in accordance with written policies approved by the Board of Directors. The Company's objective is to minimise, where deemed appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates and interest rates. It is the Company's policy to use a variety of derivative financial instruments to hedge these exposures in the absence of natural hedges.

Given the global nature of the Company's business, the Company is exposed to the effects of changes in foreign currency exchange rates. Consequently in order to preserve the value of assets, equity, and commitments, the Company enters into various contracts, such as foreign currency forward contracts, swaps, and cross-currency interest rate swaps, which change in value as foreign exchange rates change.

Depending on the amount of outstanding foreign currency forward contract hedges and the fluctuation of exchange rates, the settlement of these contracts may result in significant cash inflows or cash outflows.

The Company has also issued fixed rate long- and medium-term notes. Accordingly, the Company manages exposure to changes in fair value of fixed interest long-term debt through the use of derivative instruments. The terms of the interest rate swaps generally match the terms of specific debt agreements. Additional discussion of these interest rate swaps is located in Note 10 to the consolidated financial statements.

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8. Controls and compliance

The Company is committed to maintaining the highest standards of ethical business conduct. The Company's Chief Human Resources Officer and the Head of Group Compliance Reporting oversee worldwide business ethics and compliance practices and report regularly on these topics, depending on the nature of the irregularities, to the Audit Committee or to the Corporate Governance Committee. In addition, the Company's Head of Group Internal Audit reports directly to the Audit Committee.

The Board of Directors and management of the Company are responsible for establishing and maintaining adequate Internal Control Over Financial Reporting. Management has assessed the effectiveness of the Company's Internal Control Over Financial Reporting as of December 31, 2015. In making this assessment, management used the principles established in the updated Internal Control – Integrated Framework (May 2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2015, the Company's Internal Control Over Financial Reporting is effective.

The Company's internal control system is designed to provide reasonable assurance to the Company's management and the Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statements preparation and presentation. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

9. Critical accounting policies, judgements, and estimates

The preparation of the financial statements in accordance with U.S. GAAP requires management to adopt accounting policies and make significant judgements and estimates. There may be alternative policies and estimation techniques that could be applied. The Company has a review process in place to monitor the application of new accounting policies and the appropriateness of estimates. Changes in estimates may result in adjustments based on changes in circumstances and the availability of new information. Therefore, actual results could differ materially from estimates. The policies and estimates discussed below either involve significant estimates or judgements or are material to the Company's consolidated financial statements. The selection of critical accounting policies and estimates has been discussed with the Audit Committee. The Company's significant accounting policies are disclosed in Note 1 to the consolidated financial statements.

9.1 Accruals and provisions

Various accruals and provisions are recorded for sales and income taxes, payroll-related taxes, pension and health liabilities, workers' compensation, profit sharing, and other similar items taking into account local legal and industry requirements. The estimates used to establish accruals and provisions are based on historical experience, information from external professionals, including actuaries, and other facts and reasonable assumptions under the circumstances. If the historical data the Company uses to establish its accruals and provisions does not reflect the Company's ultimate exposure, accruals and provisions may need to be increased or decreased and future results of operations could be materially affected.

On a routine basis, governmental agencies in the countries in which the Company operates may audit payroll tax calculations and compliance with other payroll-related regulations. These audits focus primarily on documentation requirements and the support for payroll tax remittances. Due to the nature of the Company's business, the number of people employed, and the complexity of some payroll tax regulations, the Company may be required to make some adjustments to the payroll tax remittances as a result of these audits. The Company makes an estimate of the additional remittances that

may be required and records the estimate as a component of direct costs of services or SG&A, as appropriate. The estimate is based on the results of past audits, with consideration for changing business volumes and changes to the payroll tax regulations. To the extent that actual experience differs from the estimates, the Company will increase or decrease the reserve balance.

In most states of the USA, the Company is self-insured for workers' compensation claims by associates. The provision recognised is based on actuarial valuations which take into consideration historical claim experience and workers' demographic and market components. Workers' compensation expense for associates is included in direct costs of services. Significant weakening of the U.S. market, changes in actuarial assumptions, increase of claims or changes in laws may require additional workers' compensation expense. Improved claim experience may result in lower workers' compensation expense.

9.2 Allowance for doubtful accounts

The Company makes judgements as to its ability to collect outstanding receivables and provides allowances for the portion of receivables when collection becomes doubtful. Provisions are made based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are recorded at differing percentages, based on the age of the receivable. In determining these percentages, the Company analyses its historical collection experience and current economic trends. In the event that recent history and trends indicate that a smaller or larger allowance is appropriate, the Company would record a credit or charge to SG&A during the period in which such a determination is made. Since the Company cannot predict with certainty future changes in the financial stability of its customers, additional provisions for doubtful accounts may be needed and the future results of operations could be materially affected. As of December 31, 2015 and December 31, 2014, the Company has recorded an allowance for doubtful accounts of EUR 51 and EUR 56, respectively. Bad debt expense of EUR 10 and EUR 9 was recorded in 2015 and 2014, respectively.

9.3 Income taxes

Deferred tax assets and liabilities are determined based on temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also provided for the future tax benefit of existing net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws expected to be in effect in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets in those cases when management does not believe that the realisation is more likely than not. While management believes that its judgements and estimations regarding deferred tax assets and liabilities are appropriate, significant differences in actual experience may materially affect the Company's future financial results.

In addition, significant judgement is required in determining the worldwide provision for income taxes. In the ordinary course of a global business, there are many transactions for which the ultimate tax outcome is uncertain. Many of these uncertainties arise as a consequence of intercompany transactions and arrangements. Although management believes that its tax positions are supportable, no assurance can be given that the final outcome of these matters will not be materially different from amounts reflected in the income tax provisions and accruals. Such differences could have a material effect on the income tax provisions or benefits in the periods in which such determinations are made.

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9.4 Impairment of goodwill and indefinite-lived intangible assets

The carrying value of goodwill and indefinite-lived intangible assets is reviewed annually for impairment at a reporting unit level. The annual impairment test is performed during the fourth quarter based on financial information as of October 31. In interim periods, an impairment test will be performed in the instance that an event occurs or there is a change in circumstances which would indicate that the carrying value of goodwill or indefinite-lived intangible assets may be impaired.

In step one of the goodwill impairment test, the goodwill of the reporting units is tested for impairment by comparing the carrying value of each reporting unit to the reporting unit's fair value as determined using a combination of comparable market multiples, additional market information, and discounted cash flow valuation models. If the fair value of the reporting unit is lower than the carrying value of the reporting unit, step two is performed to measure the amount, if any, of impairment. In step two, the fair value of all assets and liabilities of the reporting unit is determined as if the reporting unit had been acquired on a stand-alone basis. The fair value of the reporting unit's assets and liabilities is then compared to the fair value of the reporting unit, with the excess, if any, considered to be the implied goodwill of the reporting unit. If the carrying value of the reporting unit's goodwill exceeds this implied goodwill value, that excess is recorded as an impairment charge in operating income. In 2015, the Company recorded goodwill impairment charges of EUR 740. The impairment related to the reporting units Germany & Austria, Australia & New Zealand and India. In 2014, no goodwill impairment was recognised.

Indefinite-lived intangible assets are tested by comparing the fair value of the asset to the carrying value of the asset. In the event that the carrying value exceeds the fair value, an impairment charge is recorded in operating income. No impairment charge was recognised in 2015 or 2014 in connection with indefinite-lived intangible assets.

Determining the fair value of a reporting unit and, if necessary, its assets (including indefinite-lived intangible assets) and liabilities requires the Company to make certain estimates and judgements about assumptions which include expected revenue growth rates, profit margins, working capital levels, discount rates, and capital expenditures. Estimates and assumptions are based on historical and forecasted operational performance and consider external market and industry data.

Differences between the estimates used by management in its assessment and the Company's actual performance, as well as market and industry developments, and changes in the business strategy that may lead to reorganisation of reporting units could all result in an impairment of goodwill and indefinite-lived intangible assets.

9.5 Impairment of definite-lived intangible assets

Definite-lived intangible assets are evaluated for impairment by first comparing the carrying amount of a definite-lived intangible asset with the expected undiscounted future cash flows from the operations to which the asset relates. The asset is regarded as not recoverable if the carrying amount exceeds the undiscounted future cash flows. The impairment loss is then calculated as the difference between the asset's carrying value and its fair value, which is calculated using a discounted cash flow model. No impairment charge was recognised in 2015 or 2014 in connection with definite-lived intangible assets.

9.6 Accounting for restructuring costs

In recording severance reserves for ongoing benefits, the Company accrues a liability when the following conditions have been met: the employees' rights to receive compensation are attributable to employees' services already rendered; the obligation relates to rights that vest or accumulate; payment of the compensation is probable; and the amount can be reasonably estimated. For one-time termination benefits which require employees to render services beyond a "minimum retention period", liabilities associated with employee termination benefits are recorded as employees render services over the future service period. Otherwise, liabilities associated with employee one-time termination benefits are recorded at the point when management has taken a decision to terminate a specific group of employees, the employees have been notified of the decision, and the type and amount of benefits to be received by the employees is known. Liabilities for contract termination and other exit costs are recorded at fair value when a contract is formally terminated in accordance with the contract term, or the Company ceases using the right conveyed by the contract.

9.7 Defined benefit pension plans

In order to determine the ultimate obligation under its defined benefit pension plans, the Company estimates the future cost of benefits and attributes that cost to the time period during which each covered employee works. Various actuarial assumptions must be made in order to predict and measure costs and obligations many years prior to the settlement date, the most significant ones being the interest rates used to discount the obligations of the plans and the long-term rates of return on the plans' assets. Management, along with third-party actuaries and investment managers, review all of these assumptions on an ongoing basis to ensure that the most reasonable information available is being considered.

9.8 Contingencies

In the ordinary course of business conducted around the world, the Company faces loss contingencies that may result in the recognition of a liability or the write-down of an asset. Management periodically assesses these risks based on information available and assessments from external professionals.

The Company is currently involved in various claims and legal proceedings. Periodically, the status of each significant loss contingency is reviewed to assess the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be estimated, a liability for the estimated loss is recorded. Because of uncertainties related to these matters, accruals are based on the best information available at the time. As additional information becomes available, the potential liability related to pending claims and litigation is reassessed and, if required, estimates are revised. Such revisions in the estimates of the potential liabilities could have a material impact on results of operations and the financial position of the Company.

10. Forward-looking statements

Information in this Annual Report may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this Annual Report are based on information available to the Company as of March 17, 2016, and the Company assumes no duty to update any such forward-looking statements. The forward-looking statements in this Annual Report are not guarantees of future performance, and actual results could differ materially from the Company's current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things:

- global GDP trends and the demand for temporary work;
- changes in regulation affecting temporary work;
- intense competition in the markets in which the Company operates;
- integration of acquired companies;
- changes in the Company's ability to attract and retain qualified internal and external personnel or clients;
- the potential impact of disruptions related to IT; and
- any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.