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 (for further details, refer to section "Principles of consolidation" in Note 1 to the consolidated financial statements).

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 31,000 full-time equivalent ("FTE") employees in over 60 countries and territories at the end of 2014. In 2014, the Company connected on average on a daily basis more than 650,000 associates with our clients. Registered and headquartered in Switzerland and managed by a multinational 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 ("LHH"), 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 LHH. 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"), Managed Services 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 90% and 74% in 2014 and 91% and 74% in 2013 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.

Revenues and gross profit derived from permanent placement, outsourcing, career transition, and other services totalled 10% and 26% in 2014 and 9% and 26% in 2013 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 of 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 – 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 2014, 47% 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 2014, the US Dollar, British Pound, Japanese Yen, Swiss Franc, Norwegian Krone, Australian Dollar, and Canadian Dollar comprised 19%, 10%, 5%, 2%, 2%, 2% and 2% of total revenues, respectively. The average exchange rate for all currencies except the British Pound and the Swiss Franc weakened against the Euro when compared to 2013. The Company's consolidated balance sheets are translated using the year end exchange rates. At year end 2014, all aforementioned currencies except the Norwegian Krone strengthened against the Euro when compared to 2013.

On January 15, 2015, the Swiss National Bank announced that it was removing the ceiling on the exchange rate of 1.20 Swiss Franc per Euro. As of February 28, 2015 the exchange rate was 1.07 Swiss Franc per Euro. In addition to the weakening of the Euro against the Swiss Franc, the Euro weakened against most currencies comparing the exchange rates as of February 28, 2015 with the exchange rates as of December 31, 2014. This had no impact on the consolidated financial statements of the Company for the year ended December 31, 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 of 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:

in EUR	31.12.2014	31.12.2013
Net debt		
Short-term debt and current maturities of long-term debt	89	492
Long-term debt, less current maturities	1,584	1,567
Total debt	**1,673**	**2,059**
Less:		
Cash and cash equivalents	695	963
Short-term investments	3	
Net debt	**975**	**1,096**

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	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	20,000	19,503	3	4
Gross profit	3,703	3,560	4	5
Gross margin	18.5%	18.3%		
EBITA	928	821	13	15
EBITA margin	4.6%	4.2%		
Operating income	891	779	14	16
Net income attributable to Adecco shareholders	638	557	14	
Basic EPS	3.62	3.09	17	

3.2 Revenues

Revenues in 2014 amounted to EUR 20,000. Compared to the same period last year, revenues increased by 3% or by 4% in constant currency. This was mainly due to an increase of 2% in the temporary staffing volume as temporary hours sold increased to 1,166 million. Permanent placement revenues were EUR 348 in 2014, an increase of 9% or 11% in constant currency. Revenues from career transition amounted to EUR 297 in 2014, an increase of 6% or 7% in constant currency.

3.3 Gross profit

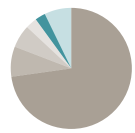
Gross profit amounted to EUR 3,703 in 2014, an increase of 4% or 5% in constant currency compared to 2013. The gross margin was 18.5%, up 20 basis points ("bps") year-on-year. Temporary staffing had a 20 bps positive impact on the gross margin, driven by our continued strict approach to pricing as well as the effect of the French CICE (tax credit for competitiveness and employment). Permanent Placement added 10 bps to the gross margin and the outplacement business added 5 bps, while other activities had a 15 bps negative impact.

3.4 Selling, general, and administrative expenses

During 2014, the Company maintained its emphasis on cost control. Selling, general, and administrative expenses ("SG&A") were EUR 2,775 in 2014 and increased by 1% or by 3% in constant currency compared to 2013. SG&A as a percentage of revenues decreased by 10 bps to 13.9% in 2014. 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. In 2013, restructuring expenses were EUR 33 mainly related to France and the consolidation of several data centres in North America.

Compensation expenses comprised 73% of total SG&A and increased by 3% in constant currency to EUR 2,020 in 2014. Marketing expenses were EUR 76 in 2014, compared to EUR 71 in 2013. Bad debt expense increased by EUR 1 to EUR 9 in 2014.

SG&A breakdown
FY 2014



FTE employees and branches

The average FTE employees during 2014 increased by 1% and the average branch network during 2014 decreased by 2%.

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

Segment breakdown (yearly average)	FTE employees		Branches	
	2014	Variance %	2014	Variance %
France	4,622	(2)	1,006	(4)
North America	6,781	1	832	(1)
UK & Ireland	2,636	1	357	(2)
Germany & Austria	2,356	(2)	446	(3)
Japan	1,796	(6)	139	6
Italy	1,519	17	375	(1)
Benelux	1,405	1	355	1
Nordics	918	(5)	173	(3)
Iberia	1,367	0	360	(5)
Australia & New Zealand	418	(4)	62	(1)
Switzerland	434	4	99	1
Emerging Markets	5,251	1	607	0
LHH	1,721	7	263	(6)
Corporate	352	23		
Adecco Group	**31,576**	**1**	**5,074**	**(2)**

in millions, except share and per share information

3.5 EBITA
EBITA was EUR 928 in 2014, and increased by 13% or by 15% in constant currency compared to 2013. The EBITA margin was 4.6% in 2014 and 4.2% in 2013. The EBITA margin excluding restructuring costs of EUR 37 in 2014 and EUR 33 in 2013 was 4.8% in 2014, up 40 bps compared to 4.4% in 2013.

3.6 Amortisation of intangible assets
Amortisation of intangible assets decreased by EUR 5 to EUR 37 in 2014.

3.7 Operating income
Operating income amounted to EUR 891 in 2014 compared to EUR 779 in 2013.

3.8 Interest expense
Interest expense was EUR 69 in 2014 compared to EUR 79 in 2013.

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 5 in 2014 compared to an expense of EUR 2 in 2013.

3.10 Provision for income taxes
Provision for income taxes was EUR 187 in 2014 compared to EUR 140 in 2013. The effective tax rate was 23% in 2014, and 20% in 2013.

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.

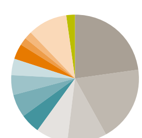
Discrete events had a positive impact on the tax rate of approximately 5% in 2014 and 8% in 2013.

3.11 Net income attributable to Adecco shareholders and basic EPS
Net income attributable to Adecco shareholders increased to EUR 638 in 2014 compared to EUR 557 in 2013. Basic earnings per share ("EPS") was EUR 3.62 in 2014 compared to EUR 3.09 in 2013.

4. Segment performance and revenues by business line

On a geographical basis, trends in 2014 were somewhat mixed. In France, revenues declined by 2% while revenues in North America increased by 5% in constant currency. Our strongest revenue growth was in Italy (14%) and in Iberia (19%). The Emerging Markets continued to expand solidly, growing 11% in constant currency. Our weakest revenue performance in 2014 was in Australia & New Zealand, which saw a decline of 11% in constant currency. In the other markets, we saw single digit revenue growth in constant currency.

2014 revenue split by segment



- France 23%
- North America 19%
- UK & Ireland 10%
- Germany & Austria 8%
- Japan 5%
- Italy 6%
- Benelux 5%
- Nordics 4%
- Iberia 4%
- Australia & New Zealand 2%
- Switzerland 2%
- Emerging Markets 10%
- LHH 2%

The segment breakdown of revenues and EBITA for 2014 and 2013 is presented in the following tables:

Revenues by segment			Variance %	
in EUR	2014	2013	EUR	Constant currency
France	4,640	4,735	(2)	(2)
North America [1]	3,854	3,726	3	5
UK & Ireland	2,061	1,907	8	3
Germany & Austria	1,687	1,620	4	4
Japan	1,032	1,118	(8)	2
Italy	1,098	960	14	14
Benelux	982	929	6	6
Nordics	821	815	1	6
Iberia	789	662	19	19
Australia & New Zealand	350	423	(17)	(11)
Switzerland	427	411	4	3
Emerging Markets	1,925	1,878	3	11
LHH	334	319	5	6
Adecco Group	**20,000**	**19,503**	**3**	**4**

1 In 2014, revenues changed organically in North America by 4%.

EBITA and EBITA margin by segment	**EBITA**				**EBITA margin**		
			Variance %				Variance
in EUR	2014	2013	EUR	Constant currency	2014	2013	bps
France	280	224	25	25	6.0%	4.7%	130
North America	205	168	22	24	5.3%	4.5%	80
UK & Ireland	49	37	33	27	2.4%	1.9%	50
Germany & Austria	77	88	(13)	(13)	4.6%	5.5%	(90)
Japan	57	66	(13)	(5)	5.5%	5.9%	(40)
Italy	65	58	12	12	5.9%	6.0%	(10)
Benelux	45	39	15	15	4.5%	4.2%	30
Nordics	23	21	11	16	2.9%	2.6%	30
Iberia	31	18	73	73	3.9%	2.7%	120
Australia & New Zealand	0	8	(96)	(95)	0.1%	1.9%	(180)
Switzerland	38	34	11	9	8.8%	8.3%	50
Emerging Markets	68	65	5	14	3.5%	3.4%	10
LHH	98	88	11	13	29.3%	27.5%	180
Corporate	(108)	(93)					
Adecco Group	**928**	**821**	**13**	**15**	**4.6%**	**4.2%**	**40**

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From a business line perspective, General Staffing represented 75% of Group revenues in 2014 with the remaining 25% coming from Professional Staffing and Solutions. In 2014, General Staffing revenues increased by 4% and Professional Staffing by 1%, both in constant currency. In our Solutions business, Career Transition and Talent Development services reported a revenue increase of 6% in constant currency, while our BPO[1] business grew 23% organically.

The business line breakdown of revenues is presented below:

			Variance %	
in EUR	2014	2013	EUR	Constant currency
Revenues[1]				
Office	4,815	4,949	(3)	1
Industrial	10,142	9,627	5	6
General Staffing	**14,957**	**14,576**	**3**	**4**
Information Technology	2,337	2,249	4	3
Engineering & Technical	1,103	1,138	(3)	(2)
Finance & Legal	778	751	4	3
Medical & Science	349	364	(4)	(3)
Professional Staffing	**4,567**	**4,502**	**1**	**1**
CTTD	334	319	5	6
BPO[2]	142	106	34	34
Solutions[2]	**476**	**425**	**12**	**13**
Adecco Group	**20,000**	**19,503**	**3**	**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 2014, revenues increased organically in BPO by 23% and in Solutions by 10%.

4.1 Segment performance

France

in EUR	2014	2013	Variance %
Revenues	4,640	4,735	(2)
EBITA	280	224	25
EBITA margin	6.0%	4.7%	

In 2014, revenues in France decreased by 2% to EUR 4,640. Temporary hours sold decreased by 3% and bill rates increased by 1% versus 2013. Revenues in Industrial, which accounts for approximately 85% of revenues in France, remained flat, while revenues in Office decreased by 19% and in Professional Staffing decreased by 5%. Permanent placement revenues in France were up 10%. EBITA amounted to EUR 280 in 2014 compared to EUR 224 in 2013. Included in EBITA are restructuring costs of EUR 4 in 2014 and EUR 19 in 2013. The EBITA margin excluding restructuring costs was 6.1% in 2014 compared to 5.1% in 2013. In 2014, CICE (tax credit for competitiveness and employment) had a further positive effect year-on-year, due to the increase in the credit on employee salaries up to 2.5 times the minimum wage, from 4% in 2013 to 6% for 2014.

North America

			Variance %	
in EUR	2014	2013	EUR	Constant currency
Revenues	3,854	3,726	3	5
EBITA	205	168	22	24
EBITA margin	5.3%	4.5%		

In North America, revenues were EUR 3,854 in 2014, an increase of 3% or an increase of 5% in constant currency compared to 2013. Temporary hours sold grew by 5% and bill rates decreased by 1% versus 2013 in constant currency. In North America, General Staffing accounts for approximately half of the revenues. In Industrial revenues increased by 11%, whereas in Office revenues decreased by 1%, both in constant currency. Revenues in Professional Staffing grew by 2% in constant currency. Revenues increased by 3% in IT, 5% in Finance & Legal, 8% in Medical & Science and decreased by 1% in Engineering & Technical, all in constant currency. Permanent placement revenues in North America were up 11% in constant currency. EBITA in 2014 was EUR 205 compared to EUR 168 in the previous year. Included in EBITA are restructuring costs of EUR 18 in 2014, for the move to a single headquarters in North America, and EUR 6 in 2013. The EBITA margin excluding restructuring costs was 5.8% in 2014, an increase of 110 bps when compared to the prior year.

UK & Ireland

			Variance %	
in EUR	2014	2013	EUR	Constant currency
Revenues	2,061	1,907	8	3
EBITA	49	37	33	27
EBITA margin	2.4%	1.9%		

In 2014, revenues in the UK & Ireland increased by 8% or by 3% in constant currency. Temporary hours sold decreased by 1% and bill rates increased by 3% versus 2013 in constant currency. Approximately two-thirds of revenues come from Professional Staffing, which grew by 5% in constant currency. Revenues increased by 6% in IT and by 3% in Finance & Legal, whereas revenues in Engineering & Technical declined by 14%, all in constant currency. Within General Staffing, the majority of revenues are in Office, which decreased by 1% in constant currency. Permanent placement revenues increased by 8% in constant currency. EBITA in 2014 amounted to EUR 49 compared to EUR 37 in the same period of the prior year. The EBITA margin was 2.4% in 2014 compared to 1.9% in 2013 or 2.1% excluding restructuring costs of EUR 3 in 2013.

Germany & Austria

in EUR	2014	2013	Variance %
Revenues	1,687	1,620	4
EBITA	77	88	(13)
EBITA margin	4.6%	5.5%	

In Germany & Austria, revenues were EUR 1,687 in 2014, an increase of 4% compared to the previous year. Temporary hours sold increased by 2% and bill rates grew by 2% versus 2013. Revenues in Industrial, which accounts for approximately 70% of the revenues in Germany & Austria, increased by 7%. Revenues in Professional Staffing decreased by 3%. EBITA amounted to EUR 77 in 2014 compared to EUR 88 in 2013. Included in 2014 are restructuring costs of EUR 14. The EBITA margin excluding restructuring costs was 5.4% in 2014 compared to an EBITA margin of 5.5% in 2013.

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Japan

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	1,032	1,118	(8)	2
EBITA	57	66	(13)	(5)
EBITA margin	5.5%	5.9%		

In Japan, revenues in 2014 were EUR 1,032, a decrease of 8% or an increase of 2% in constant currency. Temporary revenues remained flat in constant currency. Temporary hours sold decreased by 2% and bill rates increased by 2% versus 2013 in constant currency. Revenues in outsourcing were up 6% in constant currency. In Office, which accounts for approximately 75% of total revenues in Japan, revenues decreased by 1% in constant currency. In the Professional Staffing business, which comprises IT and Engineering & Technical, revenues increased by 7% in constant currency. EBITA was EUR 57 in 2014 compared to EUR 66 in 2013. The EBITA margin was 5.5% compared to 5.9% in 2013.

Italy

in EUR	2014	2013	Variance %
Revenues	1,098	960	14
EBITA	65	58	12
EBITA margin	5.9%	6.0%	

Revenues in Italy increased by 14% in 2014 compared to the previous year, as temporary hours sold grew by 14% and bill rates remained flat versus 2013. The EBITA margin in 2014 was 5.9%, down 10 bps compared to 2013.

Benelux

in EUR	2014	2013	Variance %
Revenues	982	929	6
EBITA	45	39	15
EBITA margin	4.5%	4.2%	

In 2014 revenues in Benelux increased by 6%. Temporary hours sold increased by 6% and bill rates remained flat versus 2013. The EBITA margin was 4.5% in 2014 compared to 4.2% in the previous year.

Nordics

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	821	815	1	6
EBITA	23	21	11	16
EBITA margin	2.9%	2.6%		

In 2014, revenues in the Nordics increased by 1% or by 6% in constant currency. Temporary hours sold increased by 4% and bill rates increased by 2% versus 2013 in constant currency. The EBITA margin was 2.9% in 2014 compared to 2.6% in 2013.

Iberia

in EUR	2014	2013	Variance %
Revenues	789	662	19
EBITA	31	18	73
EBITA margin	3.9%	2.7%	

Revenues increased in Iberia by 19% in 2014 compared to the previous year. Temporary hours sold increased by 20% and bill rates increased by 1%. Revenues in outsourcing increased by 17% compared to 2013. The EBITA margin was 3.9% in 2014 compared to 2.7% or 3.0% excluding restructuring costs of EUR 2 in 2013.

Australia & New Zealand

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	350	423	(17)	(11)
EBITA	0	8	(96)	(95)
EBITA margin	0.1%	1.9%		

Revenues in Australia & New Zealand decreased by 17% or by 11% in constant currency in 2014 compared to the previous year. Temporary hours sold decreased by 16% and bill rates increased by 3% versus 2013 in constant currency. The EBITA margin was 0.1%, compared to 1.9% in 2013.

Switzerland

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	427	411	4	3
EBITA	38	34	11	9
EBITA margin	8.8%	8.3%		

Revenues in Switzerland increased by 4% or by 3% in constant currency in 2014 compared to the previous year. Temporary hours sold grew by 3% and bill rates remained flat versus 2013 in constant currency. The EBITA margin was 8.8%, up 50 bps compared to 2013.

Emerging Markets

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	1,925	1,878	3	11
EBITA	68	65	5	14
EBITA margin	3.5%	3.4%		

Revenues in the Emerging Markets increased by 3% or by 11% in constant currency. The EBITA margin was 3.5% in 2014 compared to 3.4% in 2013.

LHH

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	334	319	5	6
EBITA	98	88	11	13
EBITA margin	29.3%	27.5%		

Revenues of LHH, Adecco's Career Transition & Talent Development business, amounted to EUR 334, an increase of 5% or 6% in constant currency. EBITA amounted to EUR 98 and the EBITA margin was 29.3%. This compares to an EBITA margin of 27.5% in 2013 or 28.2% excluding restructuring costs in 2013.

5. Outlook

In the fourth quarter, organic revenue growth slowed compared to the first nine months. This reflected some softness in parts of Europe, especially in France and Germany. Since the start of 2015, the trends in the Company's businesses in Europe and Japan have become more positive, while growth remains robust in North America and in Emerging Markets. Revenue growth was 4% for January and February 2015 combined, in constant currency and adjusted for trading days; this was flattered slightly by the favourable timing of holidays in January 2015, but the underlying picture shows a clear improvement compared to the end of 2014. Based on these trends and the current economic outlook, the Company expects a further positive development of demand for flexible labour over the course of 2015.

Given this picture, the Company will continue to invest selectively where it sees organic growth opportunities and where productivity is already at a high level. At the same time, the Company maintains its focus on tight cost control. In Q1 2015, SG&A is expected to increase slightly compared to Q4 2014 in constant currency and excluding restructuring costs, in-line with the normal seasonal pattern.

The Company continues to be very focused on reaching its EBITA margin target of above 5.5% in 2015. Economic growth slowed in the second half of 2014, but a pick-up of GDP growth is expected for 2015 and the start of the year suggests this is already beginning to happen. Given this outlook and based on the good progress on the Company's six strategic priorities and its continued price and cost discipline, the Company remains convinced it will achieve its target.

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, the existing multicurrency credit facility, and, when necessary, the issuance of bonds and other capital instruments.

The principal funding requirements of the Company's business include financing working capital and capital expenditures.

in millions, except share and per share information

Capital expenditures mainly comprise the purchase of computer equipment, capitalised software, and the cost of leasehold improvements.

Within the Company's working capital, trade accounts receivable, net of allowance for doubtful accounts, comprise approximately 80% of total current assets as of December 31, 2014. Accounts payable, accrued salaries and wages, payroll taxes and employee benefits, and sales and value added taxes comprise approximately 80% of total current liabilities as of December 31, 2014. 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 decreased by EUR 268 to EUR 695 as of December 31, 2014. The decrease was mainly due to the repayment of EUR 346 of long-term debt, the EUR 291 payment of dividends, the purchase of treasury shares of EUR 281, and capital expenditures of EUR 80. This was partly offset by the generation of EUR 785 in operating cash flows.

Cash flows from operations are generally derived from 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:

in EUR	2014	2013
Summary of cash flow information		
Cash flows from operating activities	785	520
Cash used in investing activities	(93)	(55)
Cash used in financing activities	(978)	(570)

Cash flows from operating activities increased by EUR 265 to EUR 785 in 2014, which includes the cash proceeds of EUR 109 for the sale of a portion of the CICE receivables in 2014. The remaining increase is primarily attributable to less pick-up in the business at the end of 2014 compared to the end of 2013 and a decrease in DSO at the end of 2014 compared to the end of 2013. DSO was 53 days for the full year 2014 compared to 54 days for the full year 2013.

Cash used in investing activities totalled EUR 93 compared to EUR 55 in 2013. The Company's capital expenditures amounted to EUR 80 in 2014 and EUR 81 in 2013.

Cash used in financing activities totalled EUR 978, compared to EUR 570 in 2013. In 2014, the Company repaid long-term debt of EUR 346, whereas in 2013 the Company issued long-term debt of EUR 398, net of issuance costs and repaid long-term debt of EUR 345. Furthermore, the Company paid dividends of EUR 291 and EUR 266 in 2014 and 2013, respectively, and purchased treasury shares for EUR 281 and EUR 297 in 2014 and 2013, respectively.

6.2 Additional capital resources

As of December 31, 2014, the Company's total capital resources amounted to EUR 5,811 comprising EUR 1,673 in debt and EUR 4,138 in equity, excluding treasury shares and noncontrolling interests. Long-term debt, including current maturities, was EUR 1,585 as of December 31, 2014 and EUR 1,914 as of December 31, 2013 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, 2014 mature in 2016, 2017, 2018, 2019 and 2020. During 2014, the Company decreased its short- and long-term debt including foreign currency effects by EUR 386.

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, 2014 and December 31, 2013, EUR 51 and EUR 82, respectively, were outstanding under the programme, with maturities of up to 365 days. The weighted-average interest rate on commercial paper outstanding was 0.76% and 0.43% as of December 31, 2014 and December 31, 2013, 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 were included. 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, 2014 and December 31, 2013, there were no outstanding borrowings under the credit facility. As of December 31, 2014, the Company had EUR 534 available under the facility after utilising the Euro equivalent of EUR 66 in the form of letters of credit.

Net debt decreased by EUR 121 to EUR 975 as of December 31, 2014. 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, 2014, the Company was in compliance with all financial covenants.

For further details regarding financing arrangements refer to Note 7 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.

in millions, except share and per share information

6.3 Contractual obligations

The Company's contractual obligations translated using December 31, 2014 exchange rates are as follows:

in EUR	2015	2016	2017	2018	2019	Thereafter	Total
Contractual obligations by year							
Short-term debt obligations	88						88
Long-term debt obligations	1	291	292	497	400	104	1,585
Interest on debt obligations	49	44	43	20	12	3	171
Operating leases	168	119	86	57	41	46	517
Purchase and service contractual obligations	63	42	27	5			137
Total	**369**	**496**	**448**	**579**	**453**	**153**	**2,498**

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, and the CHF 125 fixed rate notes due 2020. These debt instruments were issued partly for acquisitions, share buyback programmes, to refinance existing debt, optimise available interest rates, and increase the flexibility of cash management.

Future minimum rental commitments under non-cancellable leases comprise the majority of the operating lease obligations of EUR 517 presented above. The Company expects to fund these commitments with existing cash and cash flows from operations. Operating leases are employed by the Company to maintain the flexible nature of the branch network.

As of December 31, 2014, the Company has future purchase and service contractual obligations of approximately EUR 137, primarily related to IT development and maintenance agreements, marketing sponsorship agreements, equipment purchase agreements, and other supplier commitments.

6.4 Additional funding requirements

The Company plans to invest approximately EUR 90 in property, equipment, and leasehold improvements for existing operations in 2015. The focus of these investments will be on information technology.

Additionally, the Company announced on March 11, 2015 the acquisition of Knightsbridge Human Capital Services, the market leader in career transition and talent development services in Canada, for an enterprise value of CAD 80. The transaction remains subject to customary closing conditions and is expected to close in Q2 2015.

Further planned cash outflows include distribution of dividends for 2014 on May 5, 2015 in the amount of CHF 2.10 per share to shareholders of record on April 30, 2015. The maximum amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) as of December 31, 2014 of 173,448,569 is CHF 364. 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 576,750 shares for EUR 32 as of December 31, 2014)

At the Annual General Meeting of Shareholders of Adecco S.A. held on April 15, 2014, the shareholders approved the cancellation of 10,181,696 treasury shares acquired until December 31, 2013 under the share buyback programmes and the corresponding reduction of Adecco S.A.'s share capital by 10,181,696 registered shares with a nominal value of CHF 1.00 each. The cancellation of 10,181,696 treasury shares was completed on July 7, 2014. Effective July 7, 2014, the share capital of the Company amounts to CHF 179 divided into

179,081,810 shares. The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of Shareholders of April 21, 2015 to cancel the total number of 4,606,873 treasury shares acquired in 2014 under the share buyback programmes. The Company plans to invest an additional EUR 218 to complete the second EUR 250 share buyback programme.

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 638, including the letters of credit issued under the multicurrency revolving credit facility (EUR 66). 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. Ultimate outcomes 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 closed.

6.6 Credit ratings

As of December 31, 2014, the Company's long-term credit rating was Baa2 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 11 to the consolidated financial statements.

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, 2014. 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, 2014, 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, 2014 and December 31, 2013, the Company has recorded an allowance for doubtful accounts of EUR 56 and EUR 62, respectively. Bad debt expense of EUR 9 and EUR 8 was recorded in 2014 and 2013, 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.

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. No impairment was recognised in 2014 or 2013.

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 2014 or 2013 in connection to 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 2014 or 2013 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 19, 2015, 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.