



Expanding Profitably in Deregulating Countries

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Agenda

- 1. Overview of Adecco Japan**
- 2. History of Deregulation in Japan**
- 3. Operational Excellence:
Converting Investment into Profit**
- 4. Outlook: Growth in industrial and
on-demand staffing, strength in specialization**

Japan at a glance

Key figures in 2004

- Sales EUR 1,2 billion

Business numbers

- # of temps per year: 50,000
- # of perms per year: 1,400
- # of clients: 13,000

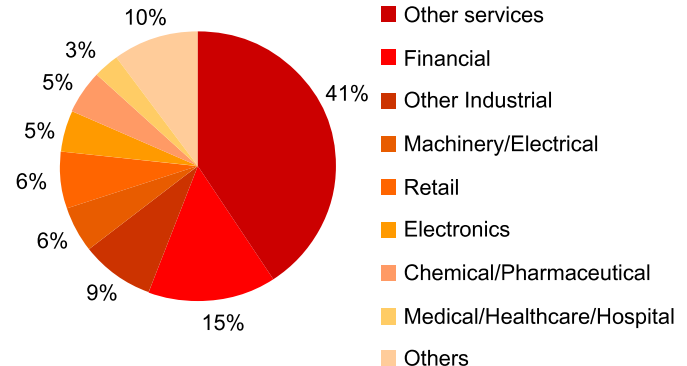
Network & Clients end 2004

- # of branches: 124
- 2,000 employees (FTEs)
- Major clients: KDDI, NTT Com, Vodafone, Nissan Motors, Pfizer

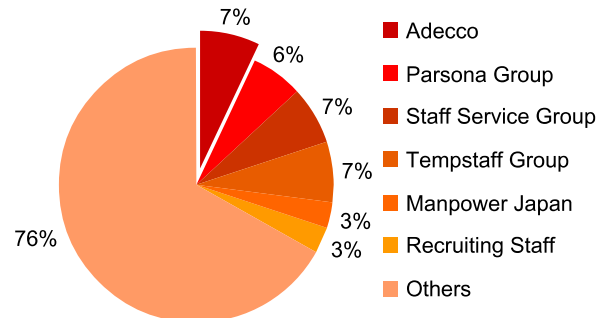
Year to date performance (June)

- +18% sales growth
- 55% contribution growth
- # of branches added since Dec: 11
- 62 new employees (FTEs) since Dec

Revenues by clients 2004



Market Share in 2004



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History of Deregulation in Japan

1986: 16 skill categories liberalized

1995: Original 16 categories expanded to 26

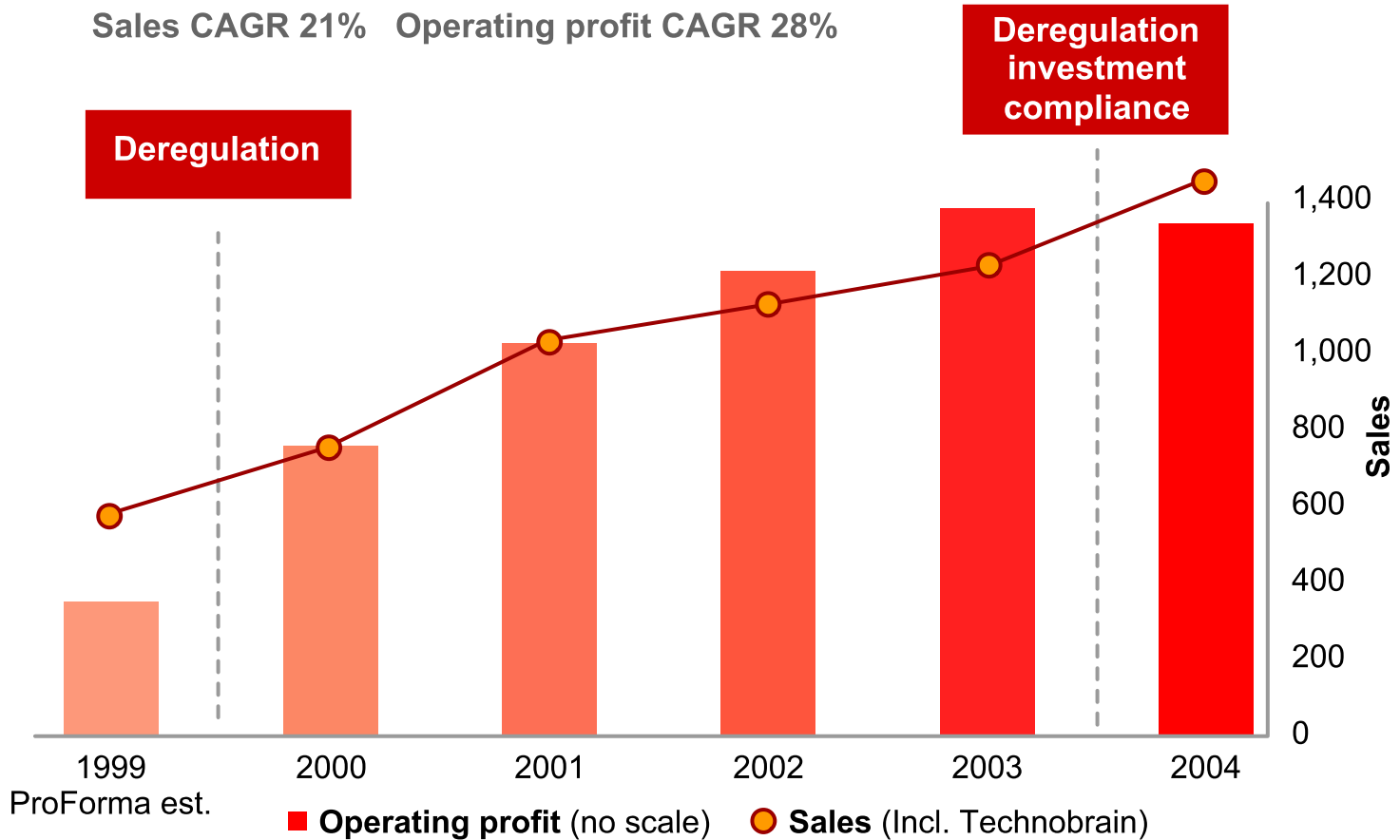
1999: Deregulation changes 'approved list' to 'prohibited list', all new skill categories limited to one year

2004: Assembly line work removed from prohibition but limited to one year, new categories from 1999 limited to three years, limits on original 26 categories removed

2007 (TBC): One-year limit on assembly line work to be extended to three years

History of Adecco Japan

Sales CAGR 21% Operating profit CAGR 28%



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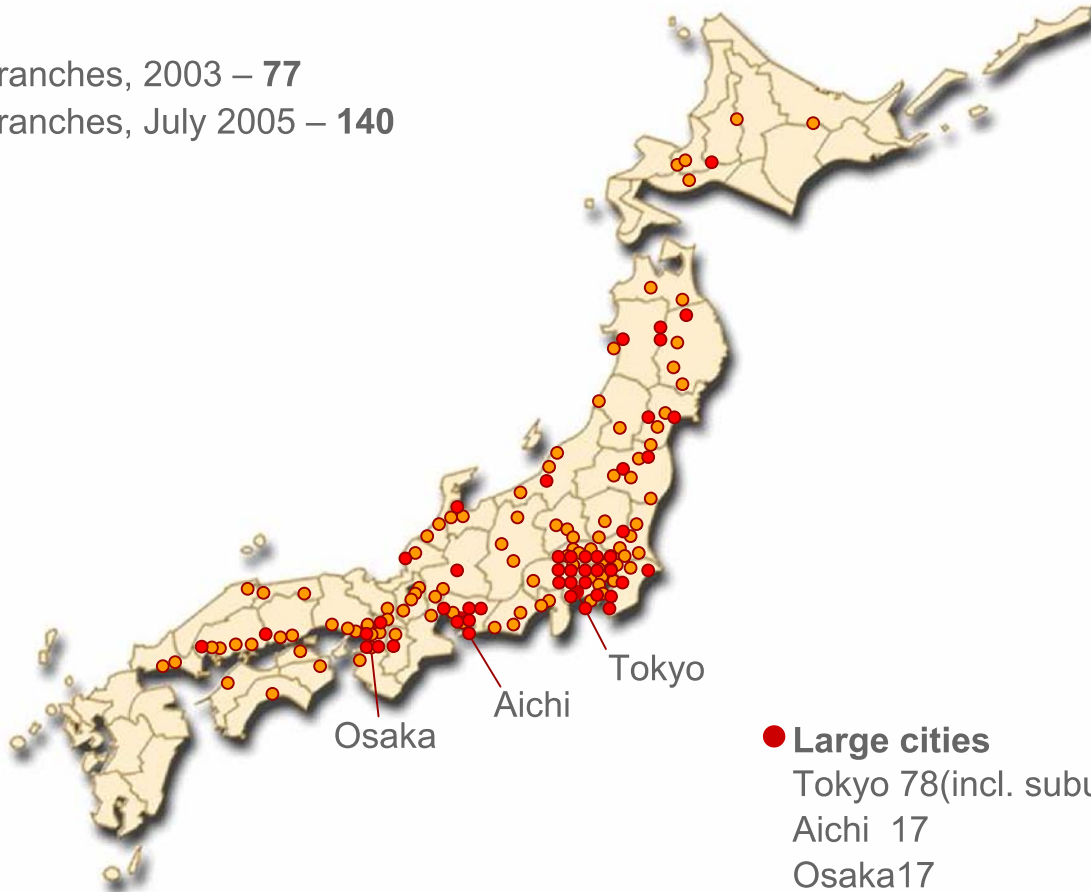
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2004 – A Year to Invest

- Significant investment in advertising to ramp up recruitment in anticipation of deregulation (January)
- 47 new branches added to take advantage of deregulation and market opportunities (plus 11 YTD 2005)
- Continued drive to be fully compliant with ‘grey area’ social insurance regulations, 100% achieved in 2004
- Started ‘Adecco On-Demand’, a new service providing low-skilled light industrial workers at a moments’ notice, for short periods, and for higher gross margins

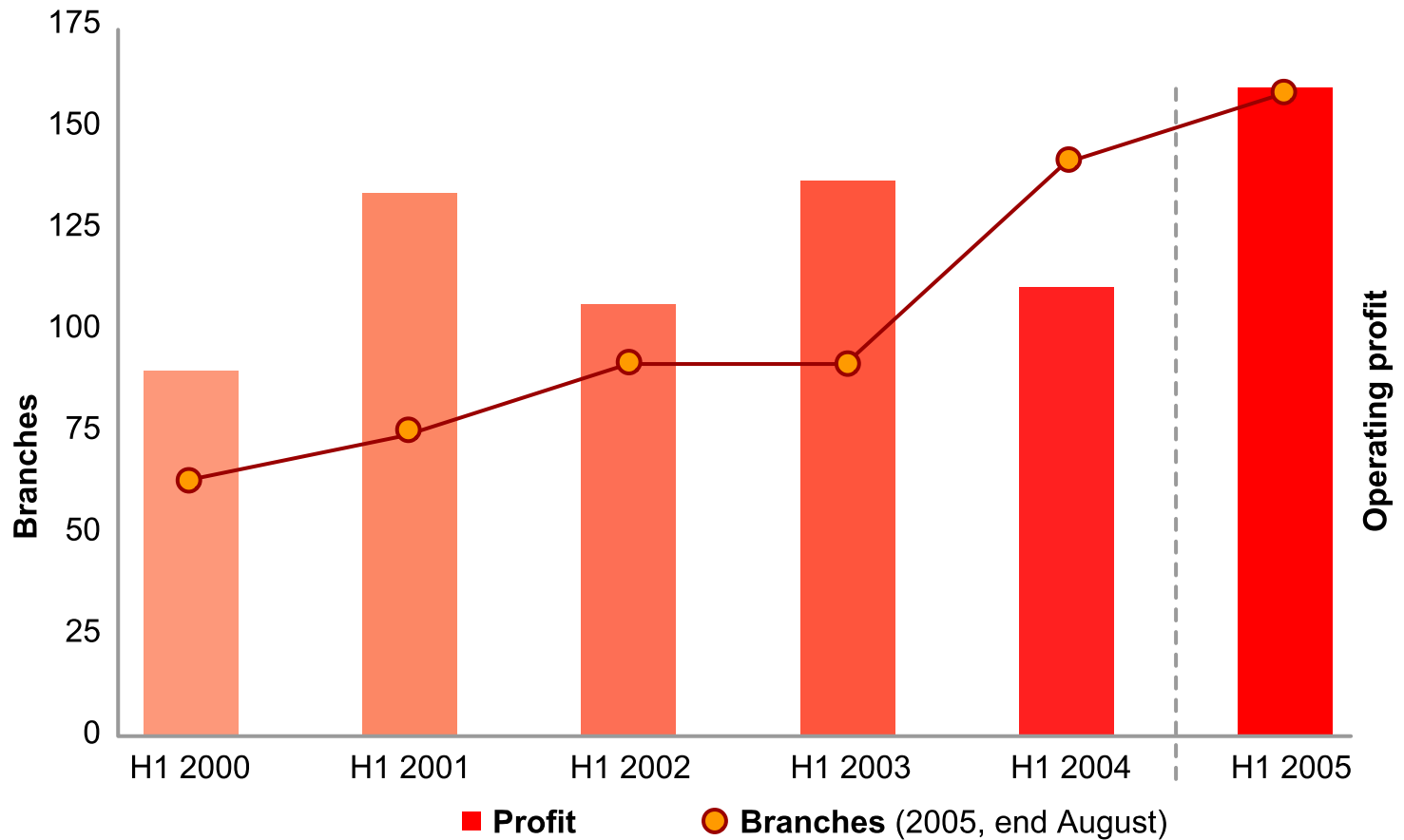
Adecco Japan Branch Network

- Branches, 2003 – 77
- Branches, July 2005 – 140



- **Large cities**
Tokyo 78(incl. suburban area)
Aichi 17
Osaka 17

Seeds Sown in 2004 Produce Fruit in 2005



Investments in Compliance

Social Insurance Compliance

- **Social insurance law changed in April 2003:**
 - Social security rate down, but compliance requirements increased
 - Compliance drive initiated in early 2003 to coincide with the change in Social Insurance rate application. Compliance drive initially achieved 93-95% participation
- **Significant 'grey areas', but clearer now than before, (i.e., former system to offer vs current system to mandate that temps join)**
- **Associates only allowed to join after two months work, AND if under a long term contract**
- **Under current mandate, 100% participation achieved**
- **Due to skill shortage, significant work being done to improve loyalty, loyalty equates to higher eligibility, which translates to overall higher social insurance costs**
- **Pricing project re-initiated fall 2004 after difficult pricing situation in early 2004, early results promising**

New Associates Recruitment

Deregulation and skill shortage in traditional service areas lead to 'Adecco On-Demand'



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Outlook



- New branches beginning to produce returns



- Pricing project early results are promising



- Adecco On-Demand, our short-term and high margin light industrial service, is growing rapidly



- 100% social insurance compliance shows our “commitment” to our associates as well as improving relations with the government



- Adecco Japan’s strength in specialized staffing is being proven (IT, Sales and Marketing, Financial)

Thank you

