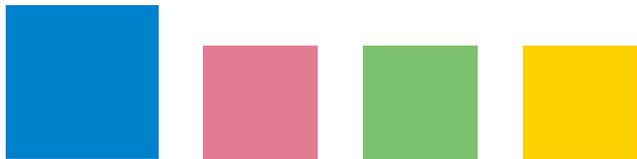


# Financial Results for FY2016 and Strategy



**Recruit Holdings Co., Ltd.**

**Masumi Minegishi**

President, CEO, and Representative Director

**Keiichi Sagawa**

CFO, and Senior Managing Corporate Executive Officer

May 12, 2017



## ■ Disclaimer

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- 7. FY2017 Full-Year Forecast**

# Segment Change

FY2016

Segment	Operation	Business
HR Media	Overseas Recruiting	
	Domestic Recruiting	
Marketing Media	Life Event	Housing and Real Estate
		Bridal
	Lifestyle	Travel
		Dining
		Beauty
		Domestic Staffing
Overseas Staffing		
Other	Other	



FY2017

Segment	Operation	Business
HR Technology	HR Technology	
Media & Solutions	Marketing Solutions	Housing and Real Estate
		Bridal
		Travel
		Dining
		Beauty
		HR Solutions
	Staffing	Domestic Staffing
Overseas Staffing		

\*Other business in former segment has been included in Media & Solutions business under the new segment

## **EBITDA: Record-High Results**

**Indeed Revenue: approx. +62%<sup>(1)</sup>**

**Overseas Sales Ratio: approx. 35% → approx. 40%**

**Adjusted EPS: +15.1%**

(1) The Indeed results are based on fiscal year ending December and on USD, which differ from the figures of reported Recruit Holdings Co., Ltd. consolidated results, due to differences in consolidation methodologies.

# FY2016 Consolidated Financial Results

## 1. FY2016 Financial Results Highlights

(JPY Bn)	FY2015	FY2016		
	Full-year	Full-year Forecast <sup>(1)</sup>	Full-year	YoY Change
<b>Net sales</b>	<b>1,588.6</b>	<b>1,830.0</b>	<b>1,839.9</b>	<b>+15.8%</b>
<b>EBITDA</b>	<b>202.2</b>	<b>223.0</b>	<b>230.8</b>	<b>+14.1%</b>
<b>Adjusted net income</b>	<b>118.3</b>	<b>124.5</b>	<b>134.3</b>	<b>+13.5%</b>
<b>Adjusted EPS (JPY)</b>	<b>209.57</b>	<b>223.58</b>	<b>241.27</b>	<b>+15.1%</b>
<b>Dividend per share (JPY)</b>	<b>50</b>	<b>60<sup>(2)</sup></b>	<b>65</b>	<b>-</b>

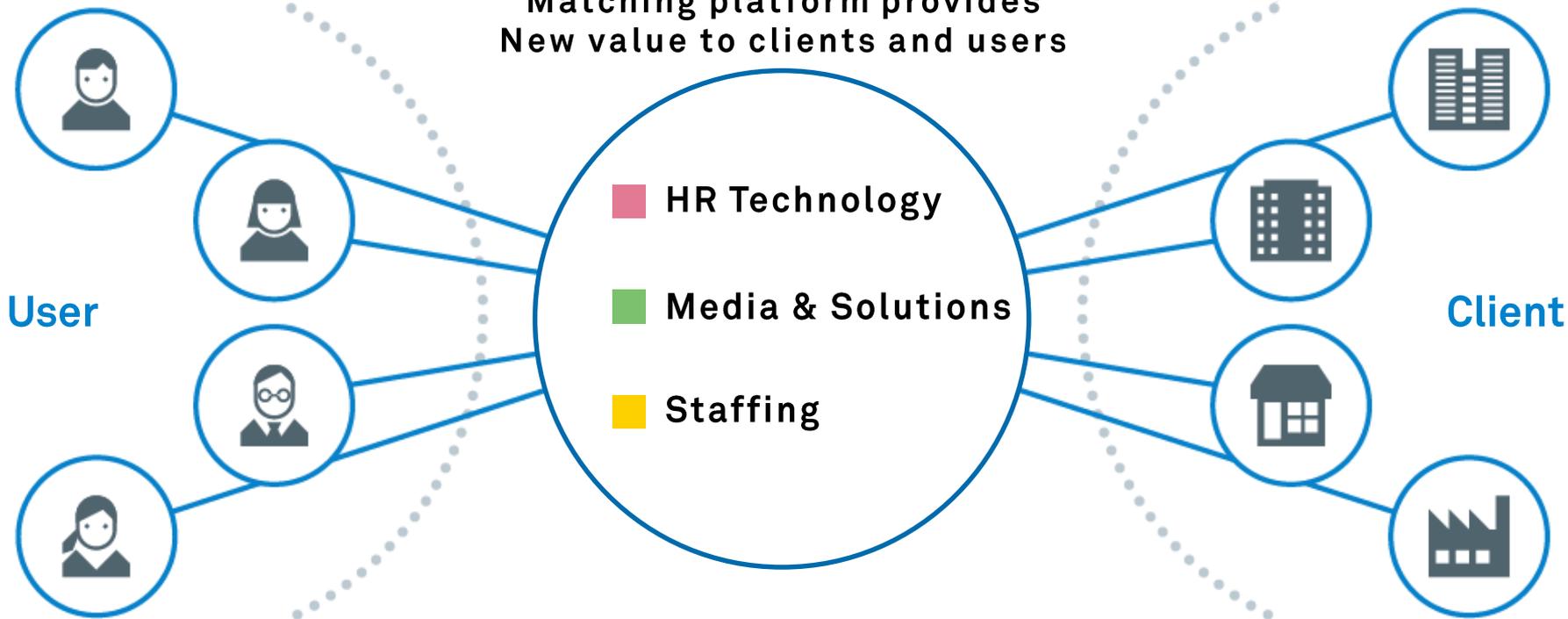
(1) Announced on July 27, 2016

(2) Announced on February 13, 2017

# Our Business Model Realizing Mid- to Long-term Vision

## 2. Mid-term Strategy by Segment

Matching platform provides  
New value to clients and users



## Financial Results Highlights by Segment

### 2. Mid-term Strategy by Segment

#### HR Technology

Continuous high growth in Indeed  
Revenue increased by 62%<sup>(1)</sup> based on USD

#### Media & Solutions

Favorable trend in domestic business: Housing and Real Estate and Beauty  
Net sales: former Marketing media +7.7%, Domestic HR media +4.2%

#### Staffing

Net sales: + 20.1% with contribution of USG People 6 months results  
EBITDA margin: 5.9%

(1) The Indeed results are based on fiscal year ending December and on USD, which differ from the figures of reported Recruit Holdings Co., Ltd. consolidated results, due to differences in consolidation methodologies.

## ■ Mid-term Strategy by Segment

### 2. Mid-term Strategy by Segment

#### HR Technology

**Raised FY2018 sales objective: from twofold to threefold of FY2015 results<sup>(1)</sup>**  
**Expand from HR Ads to other HR related businesses**

#### Media & Solutions

**Stable sales growth with high EBITDA margin**  
**Strong and stable growth base in Japan with expanding client category and developing new services**

#### Staffing

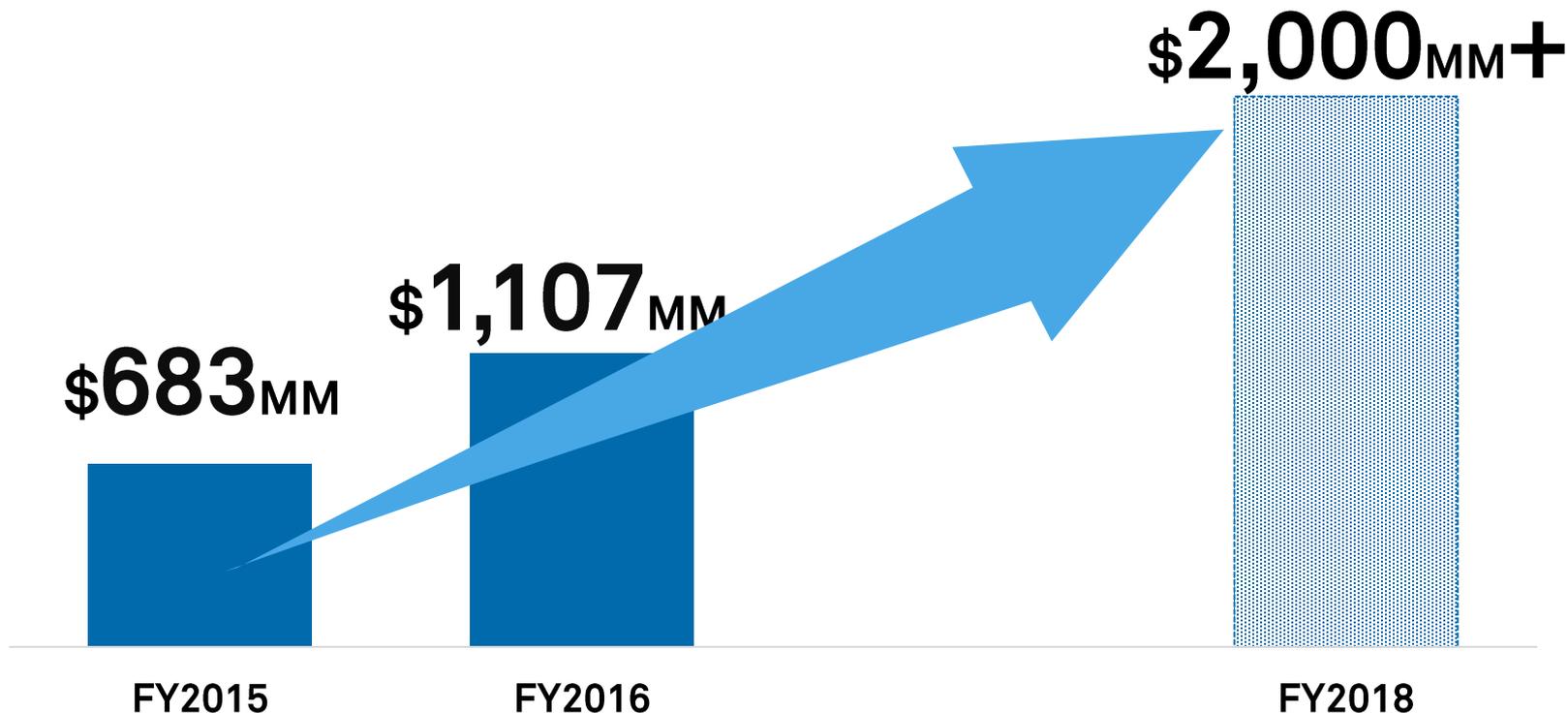
**Improving EBITDA margin globally**  
**Aiming overseas sales of JPY 1 trillion by around 2020**

(1) The Indeed results are based on fiscal year ending December and on USD, which differ from the figures of reported Recruit Holdings Co., Ltd. consolidated results, due to differences in consolidation methodologies.

## HR Technology

2. Mid-term Strategy by Segment

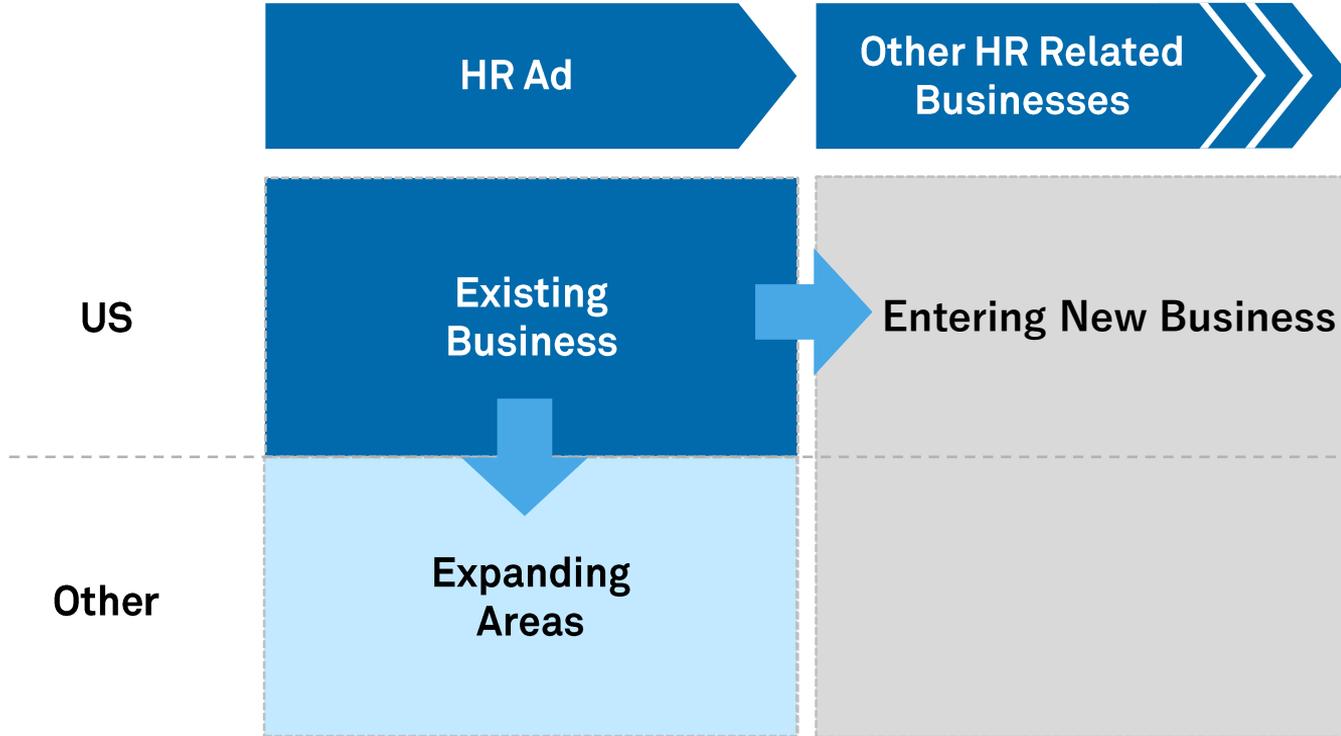
Raised FY2018 revenue objective: double revenue of FY2015 → triple revenue of FY2015\*



\*The Indeed results are based on fiscal year ending December and on USD, which differ from the figures of reported Recruit Holdings Co., Ltd. consolidated results, due to differences in consolidation methodologies.

# HR Technology

Expand business area from HR ad business to other HR related businesses

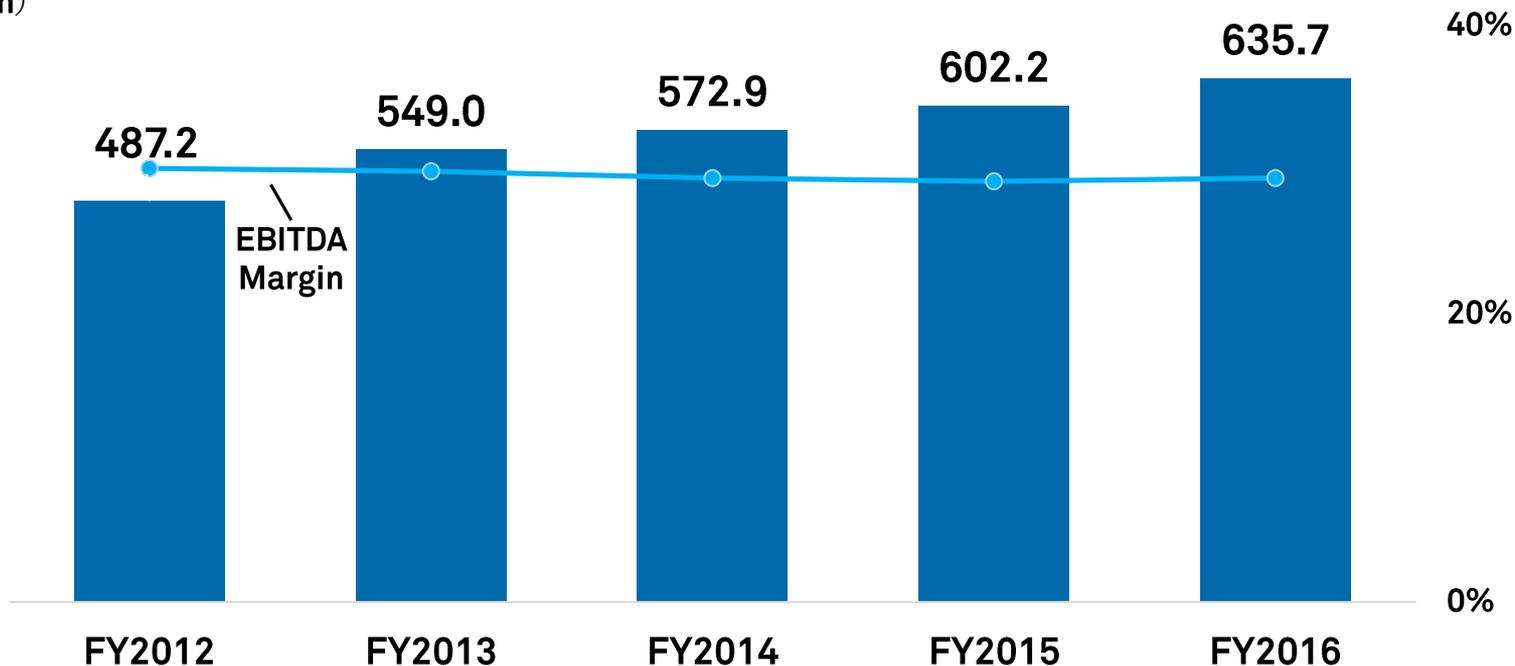


## Media & Solutions

### 2. Mid-term Strategy by Segment

Stable sales growth with high EBITDA margin

(JPY Bn)



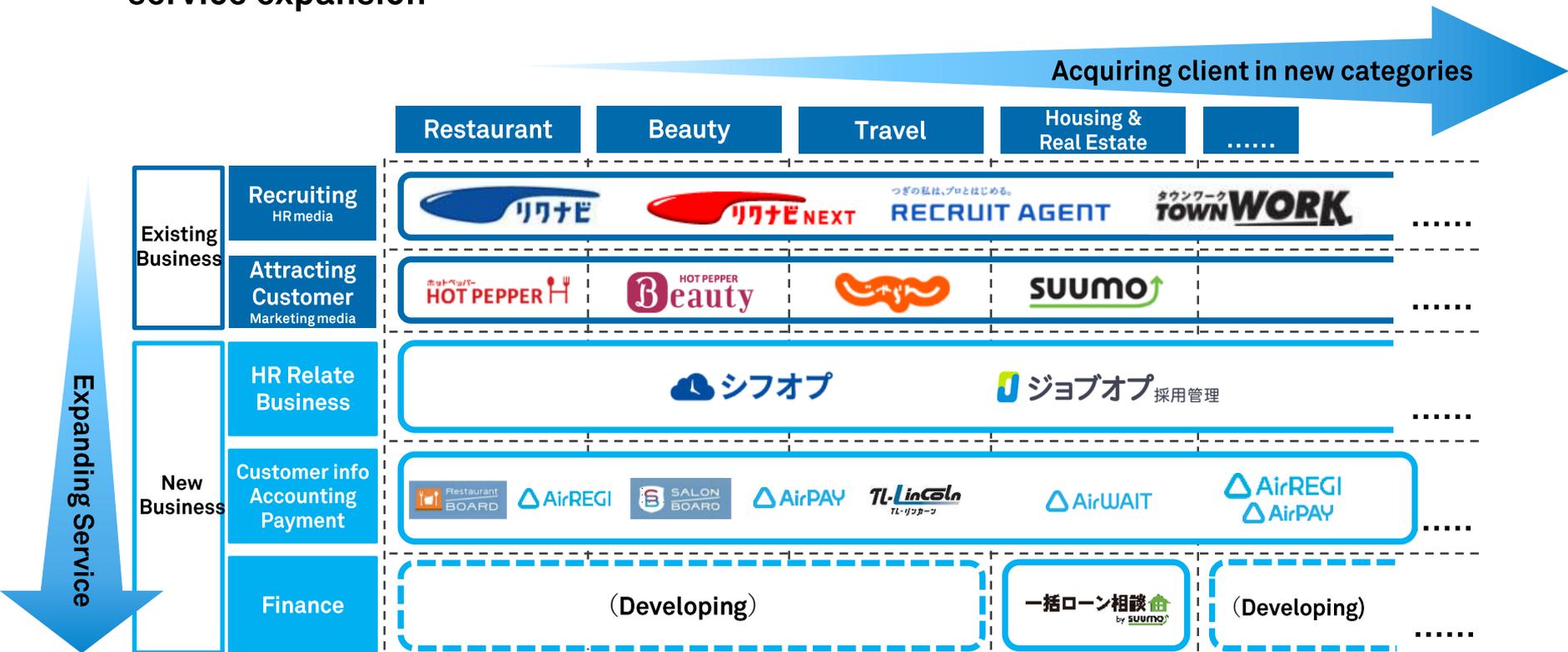
\*Sum of Lifestyle & Life Event in Marketing Media segment and Domestic Recruiting in HR media segment

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# Media & Solutions

2. Mid-term Strategy by Segment

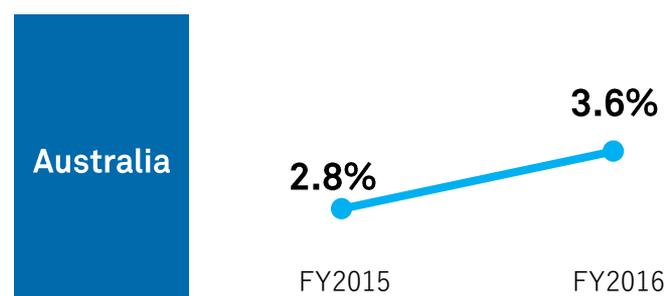
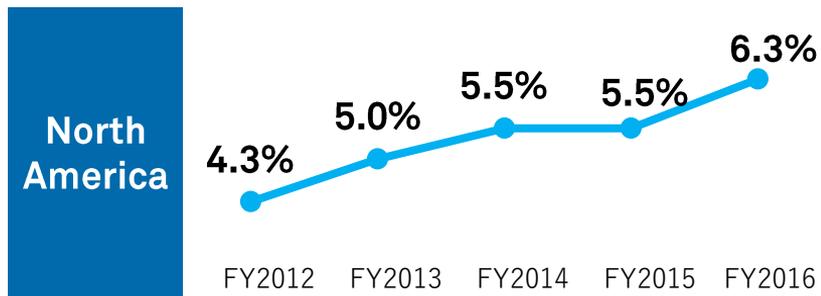
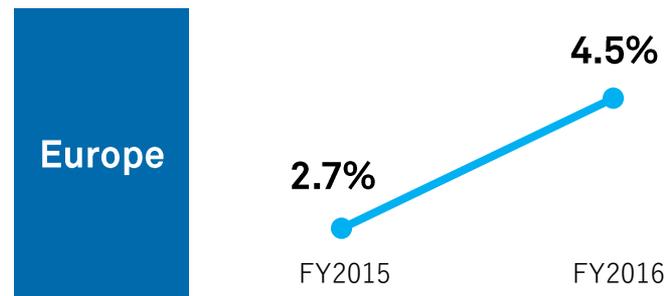
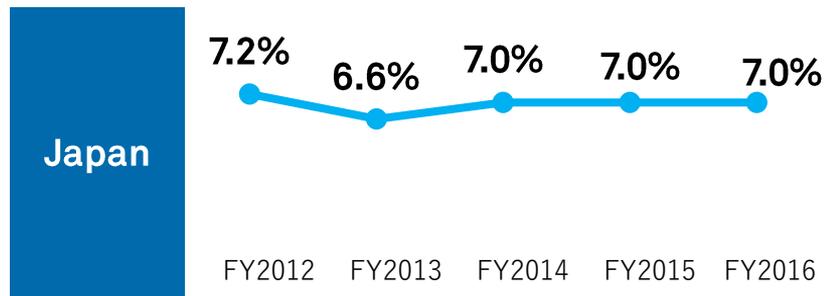
Solid and stable growth base in Japan with client acquisition in new categories and service expansion



## Staffing

Improving EBITDA margin at subsidiaries of each region

## 2. Mid-term Strategy by Segment



\* Figures of North America, Europe, and Australia were calculated by simply combining individual subsidiaries

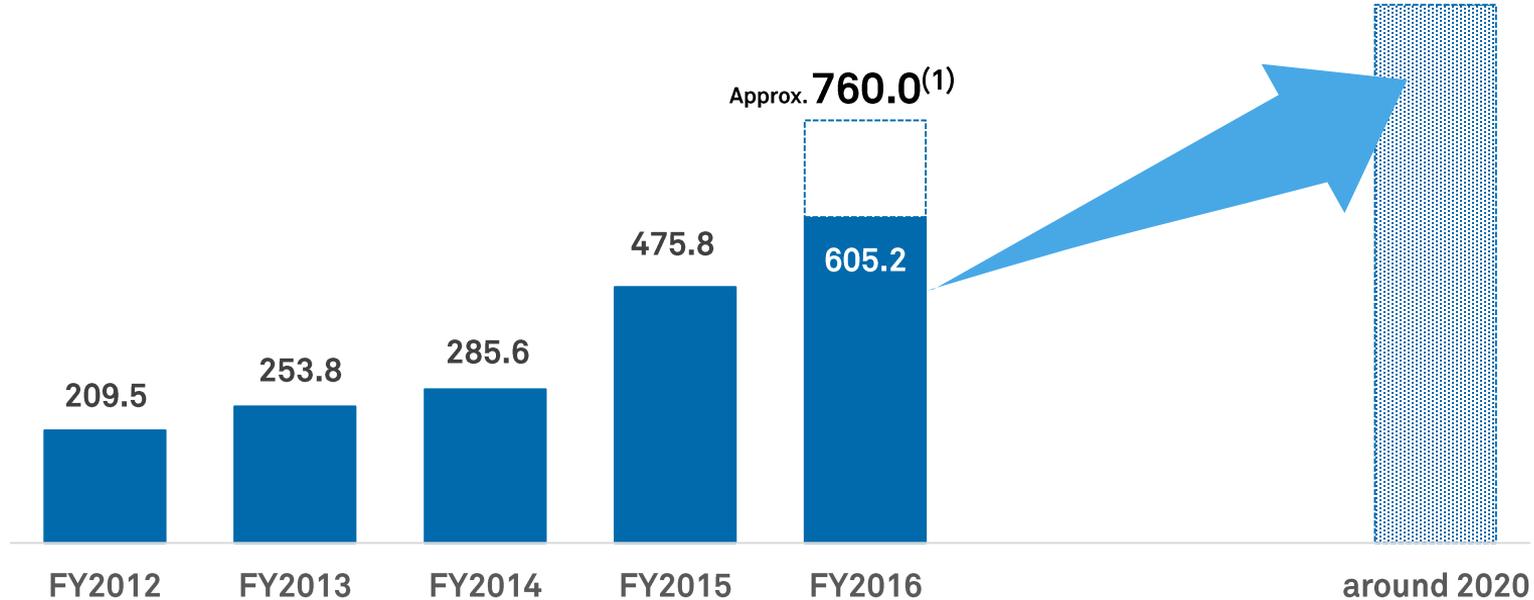
## Staffing

### 2. Mid-term Strategy by Segment

Aiming at ¥1 trillion Overseas Sales around 2020

(JPY Bn)

Sales  
**1 trillion**



(1) Estimated amount assuming there was a USG People full-year contribution

## FY2017 Full-year Forecast

3. FY2017 Full-Year Forecast

(JPY Bn)	FY2016	FY2017	
	Full-year <sup>(1)</sup>	Full-year Forecast <sup>(2)</sup>	YoY Change
Revenue	1,941.9	2,084.0	+7.3%
EBITDA	232.4	251.0	+8.0%
EBITDA margin	12.0%	12.0%	+0.0pt
Adjusted profit	134.2	137.0	+2.0%
Adjusted EPS (JPY)	241.09	246.02	+2.0%

(1) Unaudited

(2) Assumed foreign exchange rates for FY2017: JPY110 /USD, JPY118 /EUR, JPY82 /AUD

### Key Management Target

**Adjusted EPS : 3 years CAGR of high single digit (FY2016 – FY2018)**

### Capital Efficiency

**ROE around 15%**

### Shareholder Returns

**Raise annual dividend from ¥60<sup>(1)</sup> to ¥65 in FY2016 and to ¥66 in FY2017 (plan)**

**Start interim dividend**

### Other

**Implement Stock Split**

(1) announced on February 13, 2017

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# FY2016 Consolidated Earnings Results

5. FY2016 Financial Results

(JPY Bn)	FY2015	FY2016			
	JGAAP	JGAAP			Ref. IFRS
	Full-year	Full-year Forecast <sup>(1)</sup>	Full-year	YoY Change	Full-year
Net sales	1,588.6	1,830.0	1,839.9	+15.8%	1,941.9
EBITDA	202.2	223.0	230.8	+14.1%	232.4
EBITDA margin	12.7%	12.2%	12.5%	-0.2pt	12.0%
Operating income	114.0	117.0	127.2	+11.6%	193.8
Net income before amortization of goodwill	112.4	128.5	138.9	+23.5%	—
Net income attributable to owners of the parent	64.5	74.0	85.4	+32.4%	135.9
Adjusted net income	118.3	124.5	134.3	+13.5%	134.2
Adjusted EPS (JPY)	209.57	223.58	241.27	+15.1%	241.09

(1) announced on July 27, 2016

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# Results by Segment

5. FY2016 Financial Results

(JPY Bn) Net Sales	FY2015	FY2016	
	Full-year	Full-year	YoY change
<b>Marketing Media</b>	349.3	376.3	+7.7%
Life Event	179.0	197.4	+10.2%
Lifestyle	167.2	171.7	+2.7%
<b>HR Media</b>	359.2	405.3	+12.8%
Domestic Recruiting	255.9	266.6	+4.2%
Overseas Recruiting	84.3	120.2	+42.5%
<b>Staffing</b>	890.0	1,068.7	+20.1%
Domestic Staffing	414.1	463.4	+11.9%
Overseas Staffing	475.8	605.2	+27.2%
<b>Other, Reconciliation</b>	-10.1	-10.4	-
<b>EBITDA</b>			
<b>Marketing Media</b>	93.2	102.0	+9.4%
<b>HR Media</b>	88.0	94.6	+7.6%
<b>Staffing</b>	49.6	63.3	+27.6%
<b>Other, Reconciliation</b>	-28.5	-29.1	-

# FY2016 Results without Currency Fluctuation

5. FY2016 Financial Results

(JPY Bn)	FY2015	FY2016		
	Full-year	Full-year	Currency Fluctuation impact	YoY Change without currency impact
<b>Net sales</b>				
Consolidated net sales	1,588.6	1,839.9	-74.9	+20.5%
Overseas HR media	84.3	120.2	-13.7	+58.8%
Overseas Staffing	475.8	605.2	-58.9	+39.6%

(JPY)	FY2015	FY2016
	Full-year	Full-year
<b>Exchange rate</b>		
USD	121.10	108.78
EUR	134.31	120.26
AUD	91.07	80.82

## IFRS adoption impact on consolidated results

The impact on EBITDA and Adjusted EPS is limited.

Operating income and profit increase since goodwill is not amortized.

(JPY Bn)	FY2016 Full-year		
	JGAAP	IFRS	Difference
Revenue	1,839.9	1,941.9	+101.9
EBITDA	230.8	232.4	+1.6
Operating income	127.2	193.8	+66.5
Net income before amortization of goodwill	138.9	—	—
Profit attributable to owners of the parent	85.4	135.9	+50.5
Adjusted profit	134.3	134.2	-0.0
Adjusted EPS (JPY)	241.27	241.09	-0.18

# IFRS adoption impact on Consolidated Balance Sheet

6. IFRS Adoption

(JPY Bn)	As of April 1, 2016 (IFRS adoption date)				As of April 1, 2016 (IFRS adoption date)		
	JGAAP	IFRS	Difference		JGAAP	IFRS	Difference
Current assets	566.4	568.1	+1.6	Current liabilities	281.9	327.9	+45.9
Property, plant and equipment	32.4	39.5	+7.0	Non-current liabilities	91.7	75.6	-16.0
Goodwill	213.0	169.2	-43.7	Total liabilities	373.6	403.5	+29.9
Intangible assets	148.5	138.6	-9.8	Total equity	777.0	702.9	-74.0
Other	190.1	190.9	+0.7	Total liabilities and equity	1,150.6	1,106.5	-44.1
Non-current assets	584.2	538.3	-45.8				
Total assets	1,150.6	1,106.5	-44.1				

# IFRS adoption impact on Consolidated Balance Sheet

6. IFRS Adoption

(JPY Bn)

	As of March 31, 2017		
	JGAAP	IFRS	Difference
Current assets	689.3	691.3	+2.0
Property, plant and equipment	42.2	49.1	+6.9
Goodwill	282.5	303.2	+20.7
Intangible assets	240.8	229.9	-10.9
Other	194.6	198.6	+4.0
Non-current assets	760.2	781.0	+20.7
<b>Total assets</b>	<b>1,449.6</b>	<b>1,472.4</b>	<b>+22.8</b>

	As of March 31, 2017		
	JGAAP	IFRS	Difference
Current liabilities	356.6	410.9	+54.3
Non-current liabilities	314.4	285.3	-29.1
<b>Total liabilities</b>	<b>671.0</b>	<b>696.3</b>	<b>+25.2</b>
<b>Total equity</b>	<b>778.5</b>	<b>776.1</b>	<b>-2.4</b>
<b>Total liabilities and equity</b>	<b>1,449.6</b>	<b>1,472.4</b>	<b>+22.8</b>

# FY2017 Full-year Forecast

## 7. FY2017 Full-Year Forecast

(JPY Bn)	FY2016		FY2017		
	Full-year <sup>(1)</sup>	Full-year After adjustment <sup>(2)</sup>	Full-year Forecast <sup>(3)</sup>	YoY Change	YoY Change After adjustment <sup>(2)</sup>
Revenue	1,941.9	-	2,084.0	+7.3%	-
EBITDA	232.4	-	251.0	+8.0%	-
Operating income	193.8	171.8	185.5	-4.3%	+8.0%
Profit attributable to owners of the parent	135.9	116.9	122.0	-10.3%	+4.3%
Adjusted profit	134.2	-	137.0	+2.0%	-
Adjusted EPS (JPY)	241.09	-	246.02 <sup>(4)</sup>	+2.0%	-
Profit used as basis for dividend calculation	122.6	-	124.0	+1.1%	-
Dividend per share (JPY)	65	-	66 <sup>(4)</sup>	-	-

(1) Unaudited

(2) Excluding proceeds from sales of subsidiary and relevant tax reconciliation from FY2016 figures

(3) Assumed foreign exchange rates for FY2017: JPY110 /USD, JPY118 /EUR, JPY82 /AUD

(4) Amounts before 3-for-1 stock split



# Appendix

# Company Profile

Company Name : Recruit Holdings Co., Ltd.

Capital : 10 billion yen

Stock Exchange Registration : Tokyo Stock Exchange 1st Section (Stock Code : 6098)

Number of Shares Issued : 565,320,010

Number of Shareholders : 36,480

Name of Major shareholders	Number of Shares	% of shares
TOPPAN PRINTING CO., LTD.	37,700,000	6.66%
Dai Nippon Printing Co., Ltd.	23,700,000	4.19%
DENTSU INC.	21,000,000	3.71%
The Recruit Group Employees Shareholding Association	18,220,360	3.22%
JP MORGAN CHASE BANK 380055	17,746,173	3.13%
Japan Trustee Services Bank, Ltd. (trust account)	17,735,000	3.13%
The Master Trust Bank of Japan, Ltd. (trust account)	17,417,700	3.08%
Tokyo Broadcasting System Holdings, Inc.	11,110,000	1.96%
Nippon Television Network Corporation	11,110,000	1.96%
NTT DATA Corporation	10,500,000	1.85%

Type of Shareholder	Number of Shares	% of Shares
Financial Institutions	107,508,309	19.01%
Securities Companies	5,490,433	0.97%
Other Companies	168,377,321	29.78%
Foreign Institutions and Individuals	174,858,018	30.93%
Individuals and Others	100,900,028	17.84%
Treasury stock	8,185,901	1.44%

## Consolidated Earnings in Existing Business

(JPY Bn)	FY2015	FY2016 <sup>(1)</sup>		
	Full-year	Full-Year Forecast <sup>(2)</sup>	Full-year	YoY Change
<b>Net Sales</b>	<b>1,588.6</b>	<b>1,680.0</b>	<b>1,676.2</b>	<b>+5.5%</b>
<b>EBITDA</b>	<b>202.2</b>	<b>215.3</b>	<b>221.2</b>	<b>+9.4%</b>

New Subsidiary consolidated in FY2016

Period of consolidation	Company	Segment
<b>6 months from 3Q</b>	<b>USG People B.V.</b>	<b>Overseas Staffing</b>

(1) Excluding financial results of subsidiaries newly consolidated in FY2016

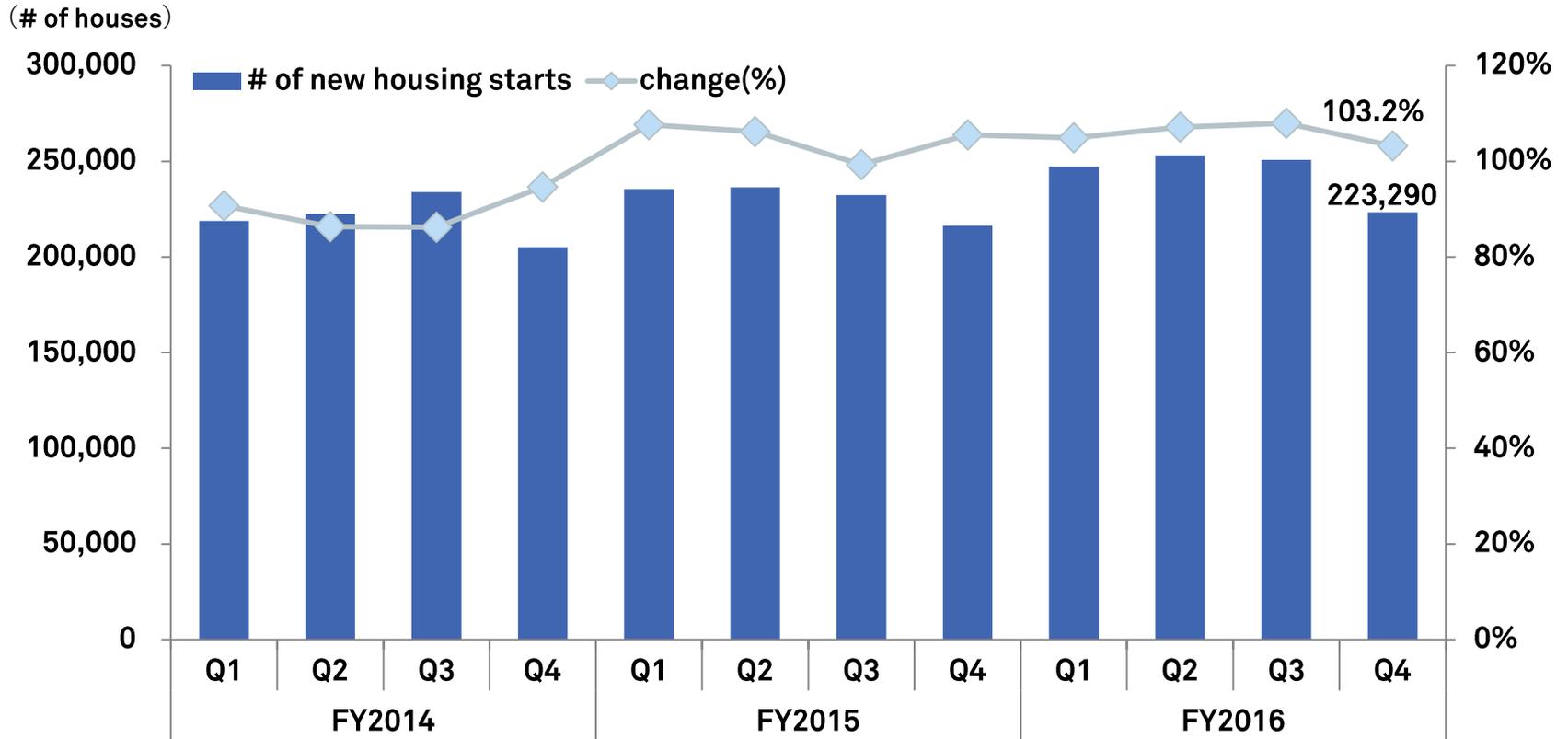
(2) Announced on July 27, 2016

## Other Data

	FY2016			
	Q1e	Q2e	Q3e	Q4e
<b>HotPepper Gourmet</b> # of seats reserved online* (million)	9.63	19.40	36.92	51.53
<b>HotPepper Beauty</b> # of online reservations* (million)	13.88	29.44	44.93	61.38
<b>Air REGI</b> # of accounts (thousand)	244	255	267	279
<b>Study Sapuri</b> high school student course #of paying subscribers (thousand)	215	230	237	244

\*Based on number of reservations, cancels are not counted

# Market Conditions: Housing and Real Estate

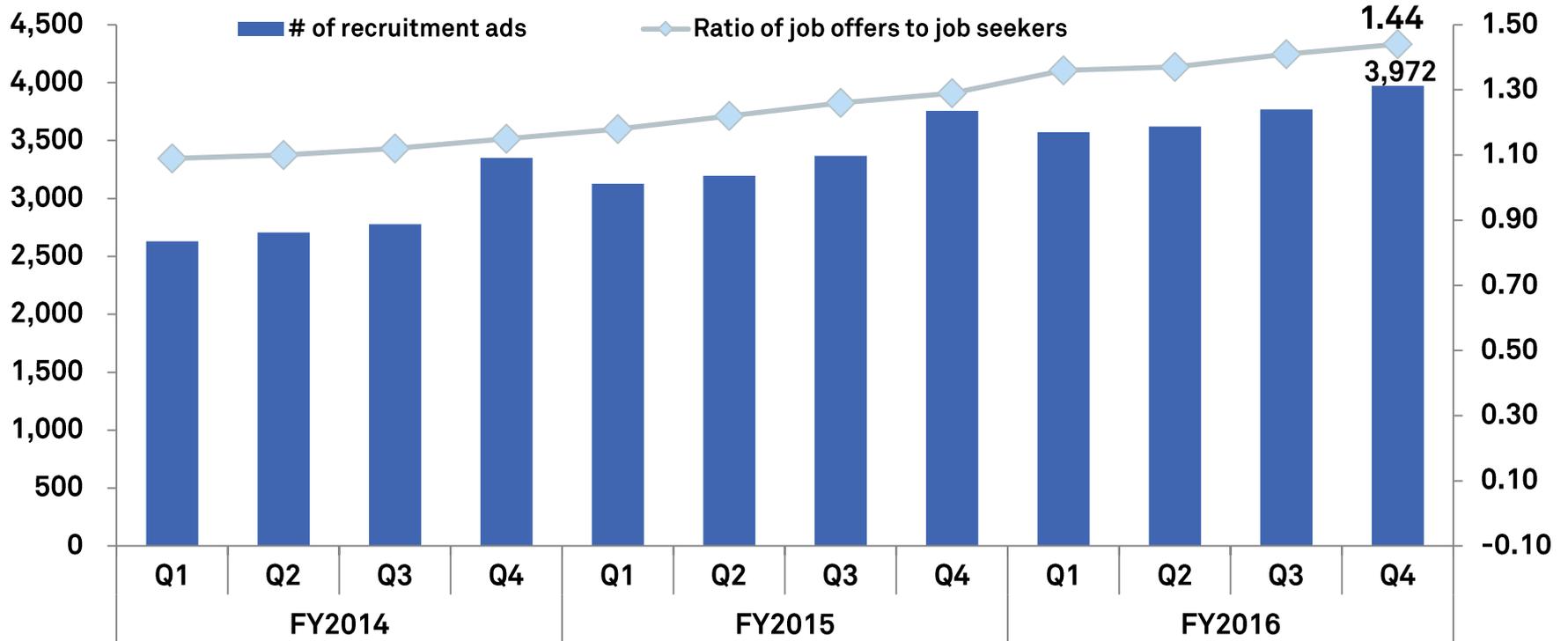


\*Source: MLIT housing start statistics

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# Market Conditions : Domestic Recruiting

(thousands)

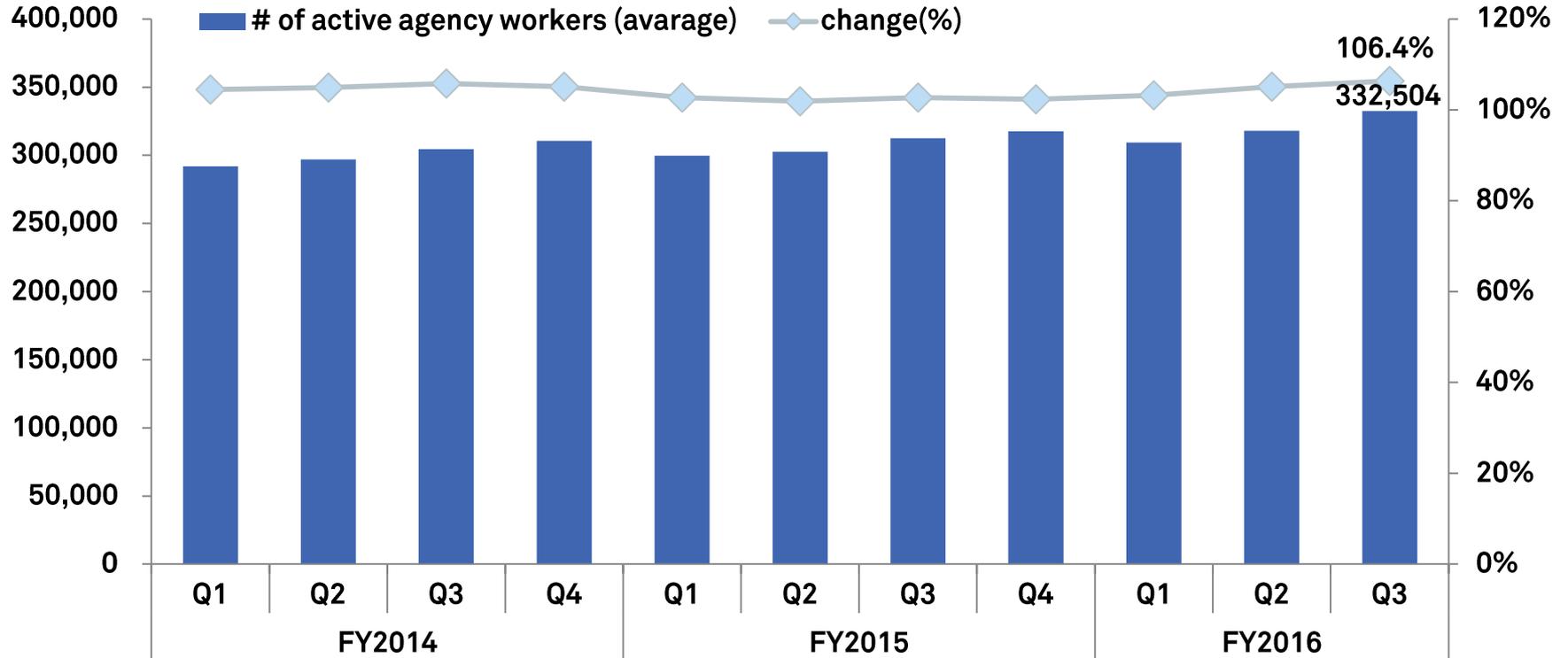


\*Source: Association of Job Information of Japan (Zenkyukyo), Ministry of Health, Labour and Welfare

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# Market Conditions : Domestic Staffing

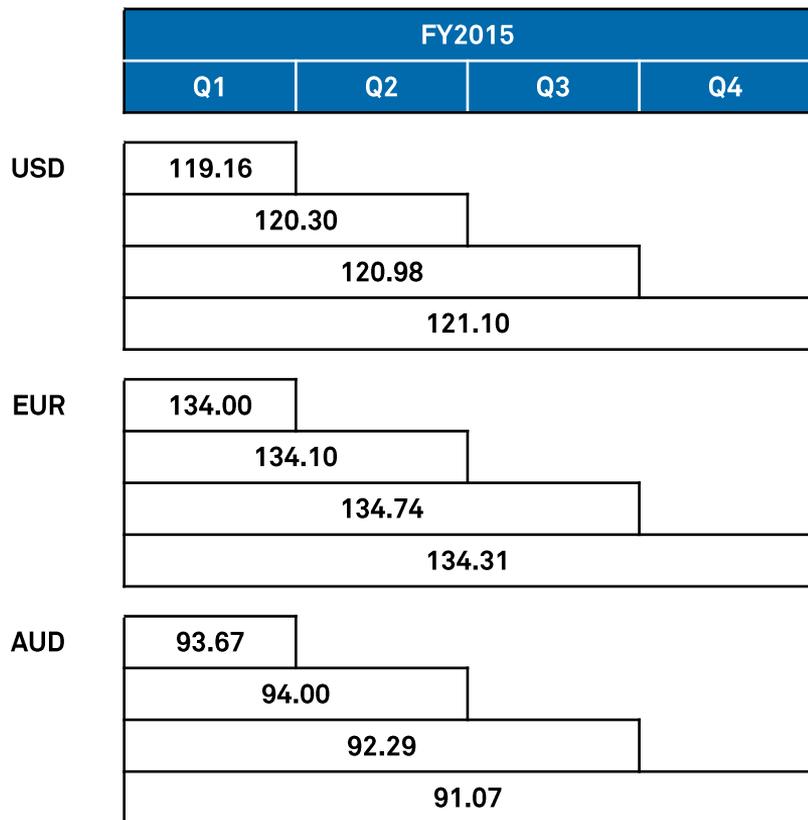
(# of persons)



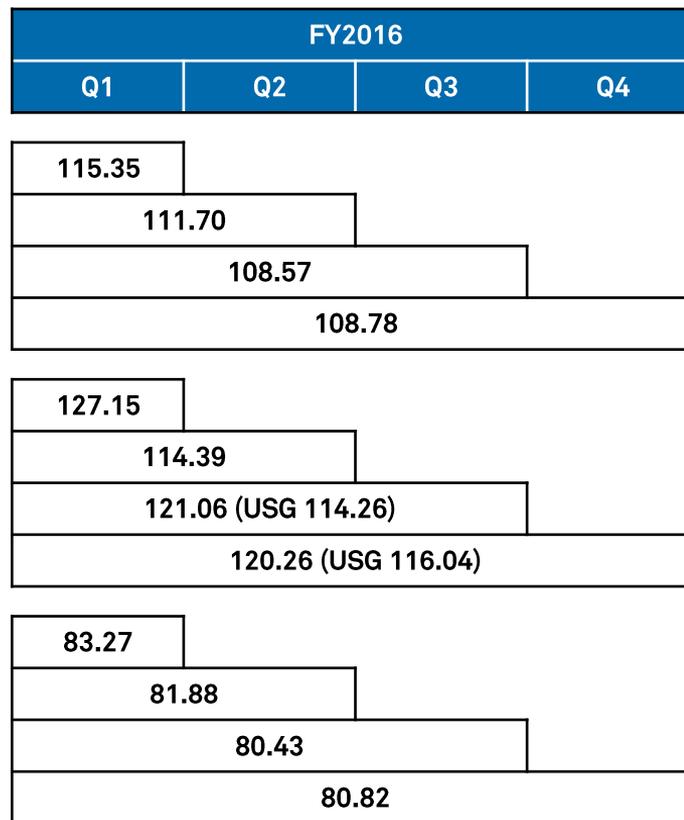
\*Source: Japan Staffing Services Association  
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# Average foreign exchange rates

(JPY)

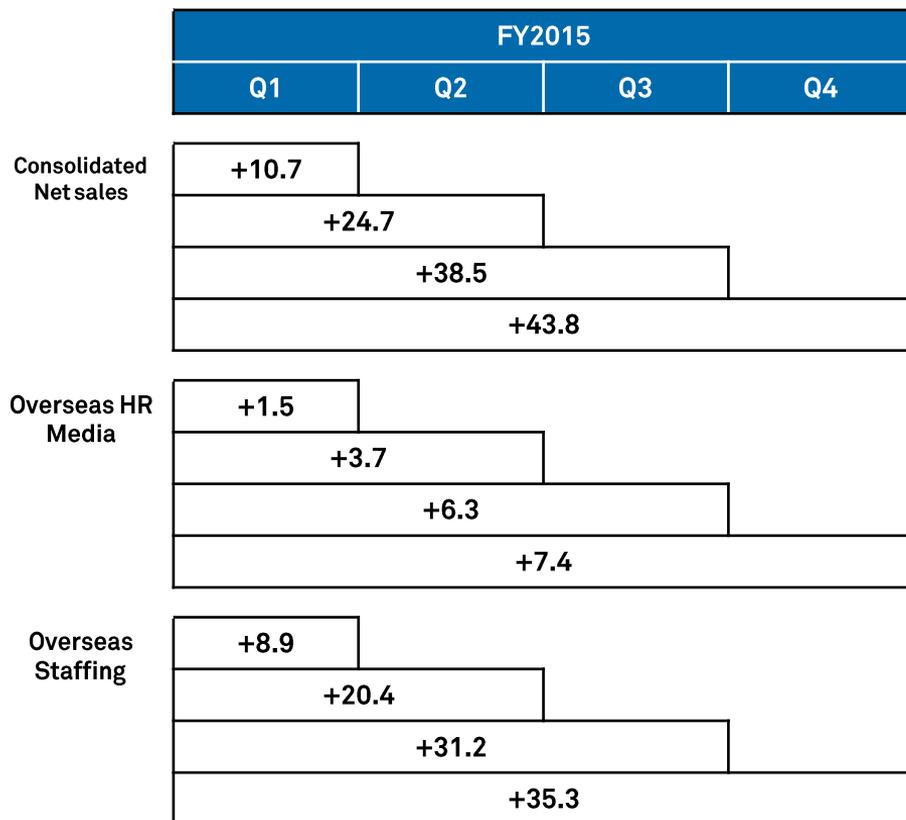


(JPY)

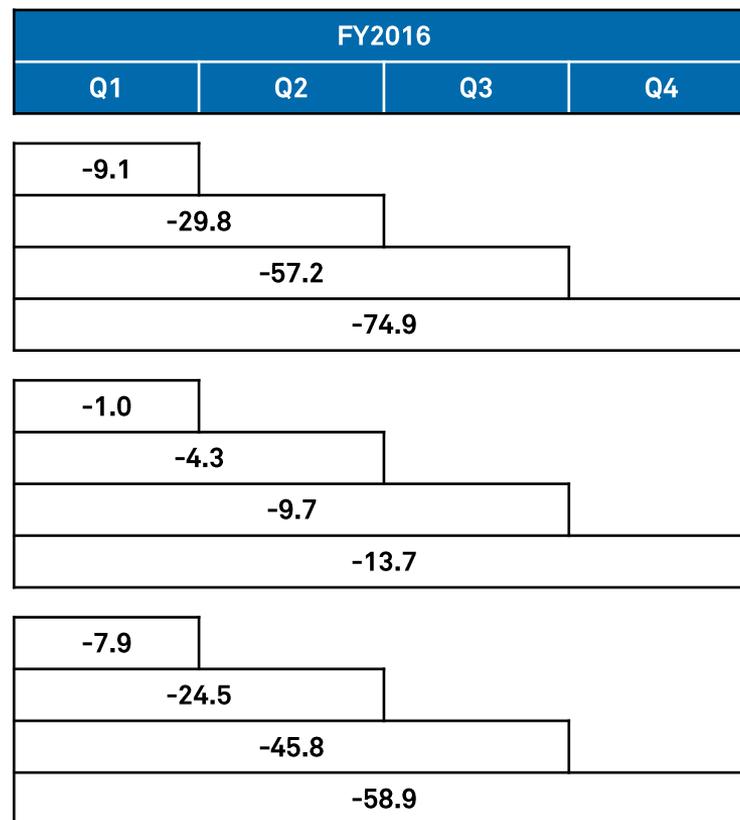


# Currency fluctuation impact on sales

(JPY Bn)



(JPY Bn)



## IFRS adoption impact on segments

(JPY Bn) Revenue	FY2016 Full-year		
	JGAAP	IFRS	Difference
HR Technology	120.2	132.7	+12.4
media & Solutions	670.8	658.2	-12.6
Staffing	1,068.7	1,170.8	+102.1
Corporate Expenses/Eliminations	-19.8	-19.8	+0.0
<b>EBITDA</b>			
HR Technology	17.4	16.7	-0.7
media & Solutions	153.6	151.5	-2.1
Staffing	61.7	65.9	+4.1
Corporate Expenses/Eliminations	-2.0	-1.6	+0.3

## EBITDA and Adjustment for Adjusted Profit under IFRS

(JPY Bn)	FY2016
EBITDA	Full-year
Operating income	193.8
Other operating income	-24.3
Other operating expenses	+10.5
Depreciation and amortization	+52.4
<b>EBITDA</b>	<b>232.4</b>

(JPY Bn)	FY2016
Adjusted profit	Full-year
Profit (loss) attributable to owners of the parent	135.9
Amortization of intangible assets arising due to business combinations	+17.3
One-off losses	-24.3
One-off losses	+9.8
Tax reconciliation regarding the adjustment items	-4.5
<b>Adjusted profit</b>	<b>134.2</b>

# Notes

## JGAAP

**EBITDA = operating income + depreciation and amortization + amortization of goodwill**

**Net income before amortization of goodwill: net income attributable to owners of the parent + amortization of goodwill**

**Adjusted net income: net income attributable to owners of the parent ± adjustment items\* (excluding non-controlling interests)**

**± tax reconciliation regarding the adjustment items**

**\*amortization of goodwill and intangible assets arising due to business combinations ± extraordinary income/losses**

**Adjusted EPS: adjusted net income / (number of shares issued at the end of the period - number of treasury stock at the end of the period)**

## IFRS

**EBITDA = operating income + depreciation and amortization + other operating income, expenses**

**Profit used as basis of dividend calculation= Profit (loss) attributable to owners of the parent excluding one-off income/losses etc.**

**Adjusted profit: Profit (loss) attributable to owners of the parent ± adjustment items\*(excluding non-controlling interests)**

**± tax reconciliation regarding the adjustment items**

**\*amortization of intangible assets arising due to business combinations ± one-off income/losses**

**Adjusted EPS: adjusted profit / (number of shares issued at the end of the period -number of treasury stock at the end of the period)**