



Issues to be Addressed

Mid-term Management Strategy



**June 19, 2019
Recruit Holdings Co., Ltd.**

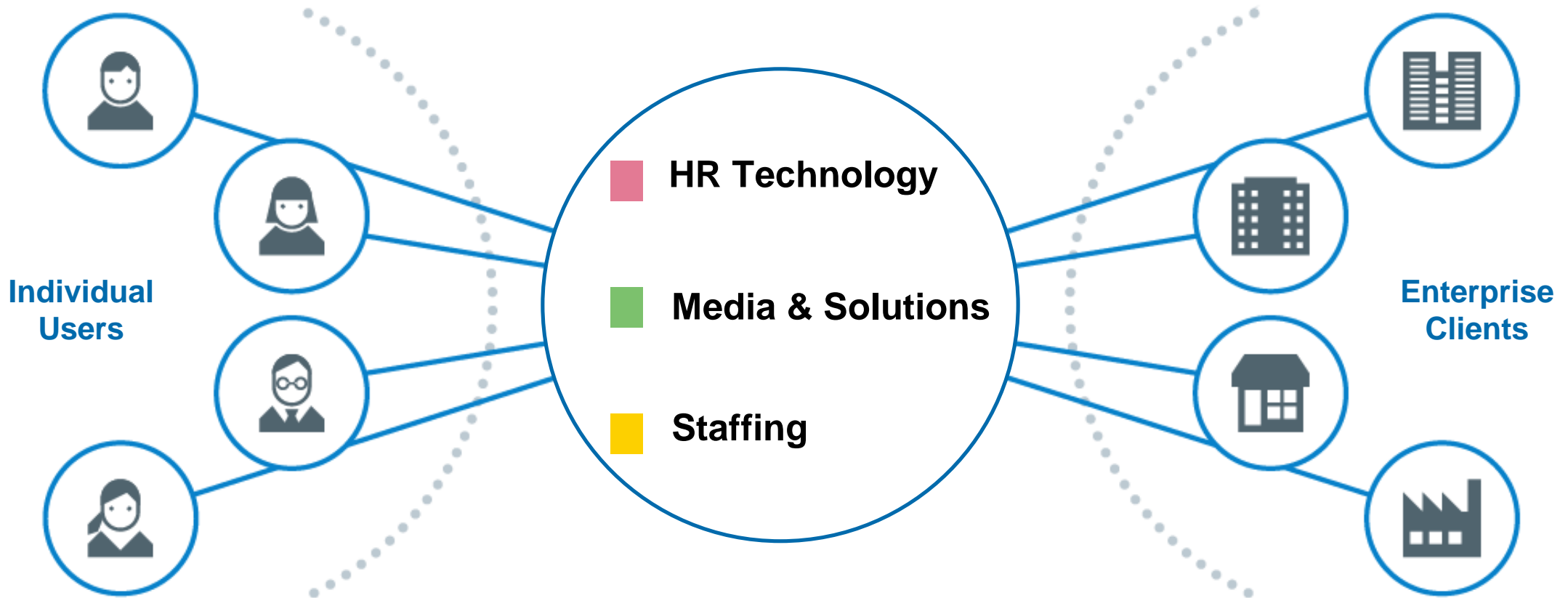
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Provide Effective Matching Solutions

1. Long-Term Goals of Recruit Group

Leveraging technology to improve matching across HR and Media businesses



Innovate the estimated 16 trillion yen+(1) HR matching market with effective matching solutions

Job advertising & talent sourcing tools



Placement & Search



Temp Staffing Market



(1) Source: SIA (Staffing Industry Analysts), www.staffingindustry.com; 2018 company estimates, consists of the job advertising and talent sourcing tools market, the placement and executive search market, and the temporary staffing market (gross profit)

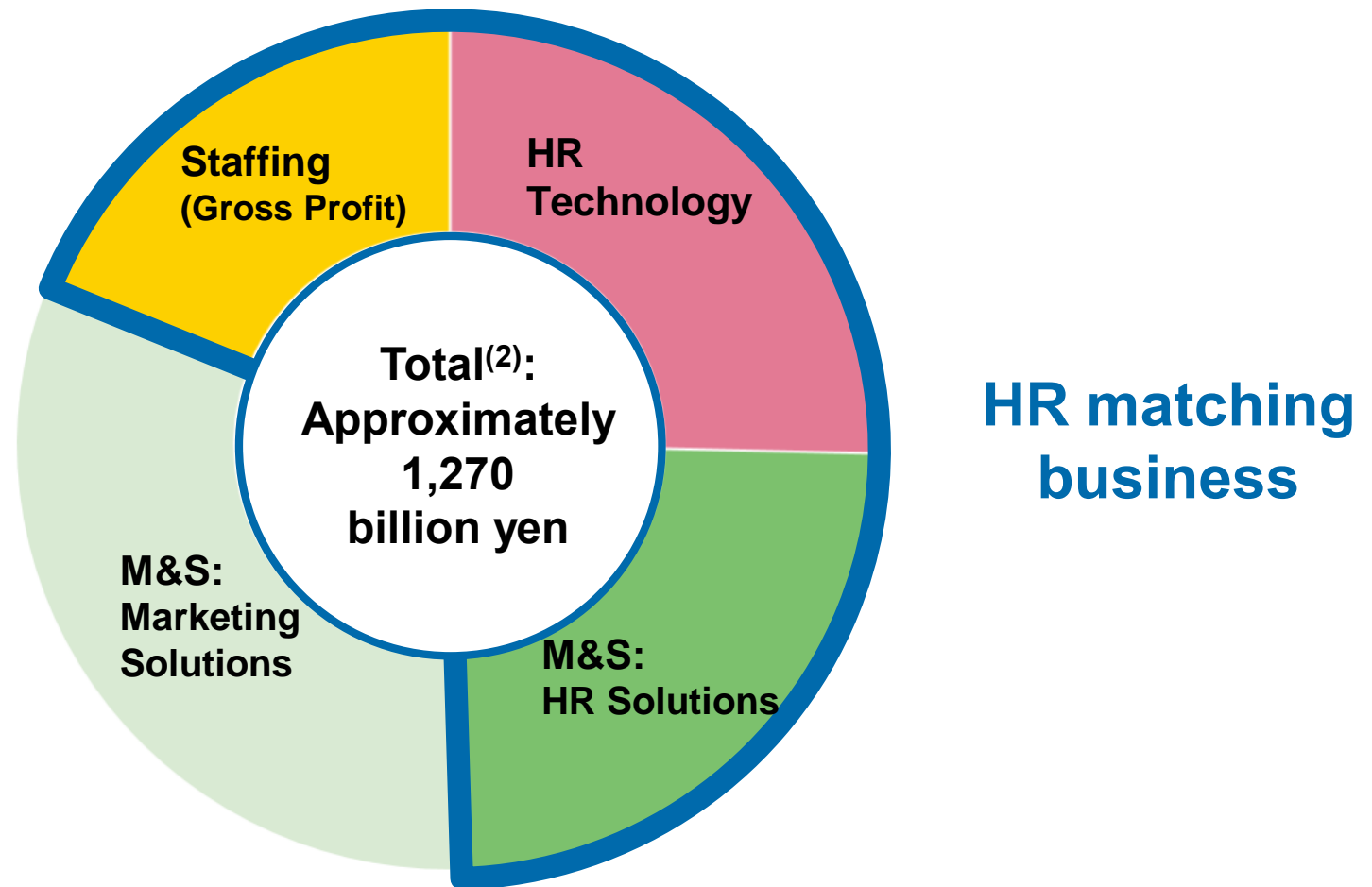
(2) Source: 2018 company estimates, consists of online job advertising, employer branding, and talent sourcing tools

(3) Source: SIA, Global Staffing Industry Market Estimates and Forecast: November 2018 Update, company estimates; assumes 6% industry growth rate (2018)

(4) Assumes gross profit margin of 18.3% calculated based on the weighted average of the top 3 publicly traded global staffing companies in terms of revenue (2018)

(5) Assumes 1 US Dollar to 110 yen

Recruit Group HR matching business⁽¹⁾ in FY2018: 870 billion yen



(1) Business scale of HR matching businesses comprised of revenue of (i)HR Technology, (ii) HR Solutions in Media & Solutions and (iii) Staffing excluding salary for temporary staff etc.

(2) "Total" comprised of (1) and revenue of Marketing Solutions in Media & Solutions

Leveraging technology to drive innovation in overall HR matching businesses

: HR Technology

Improve matching efficiency to lead the evolution of all HR matching businesses in Recruit Group

: HR Solutions in Media & Solutions / Staffing

Continue to improve existing businesses

Employing disruptive technological innovation to become the global leader in the HR matching market

HR Technology

Promote further growth of online job advertising business

Expand capabilities through internal investment and M&A in online HR matching businesses

Media & Solutions

Focus on stable growth in advertising business and expand operational and management support service across subsegments

Aim for stable revenue growth and keep adjusted EBITDA margin at a current level

Staffing

Improve adjusted EBITDA margin on a global scale

Management KPIs

Adjusted EBITDA⁽¹⁾ and Adjusted EPS

Financial Policies - Capital Efficiency

Maintain ROE of approximately 15%

Financial Policies - Capital Allocation

1. Dividends: Implement twice a year - Interim and year-end

Target consolidated payout ratio of approximately 30%⁽²⁾

2. M&A: Strategic acquisitions primarily in the HR Technology segment

3. Stock buy-back: Consider implementing a share repurchase program based on the capital market environment and financial outlook

(1) Adjusted EBITDA: operating income + depreciation and amortization(excluding depreciation of right-of-use assets) ± other operating income/expenses

(2) Consolidated payout ratio: approximately 30% of Profit available for dividends (profit attributable to owners of the parent excluding non-recurring income/losses)

Consolidated revenue and adjusted EBITDA are expected to increase, with revenue and adjusted EBITDA increasing in all three segments

Management KPIs

Adjusted EBITDA is expected to be in the range of 310 billion yen to 330 billion yen, exceeding the previous fiscal year

Adjusted EPS is aimed to grow high single digits compared to FY2018

Dividends

FY2019 - Annual 30 yen: interim 15 yen and year-end 15 yen

HR Technology

Revenue in US dollar terms is expected to grow 35% plus or minus a few percent

Adjusted EBITDA margin is expected to be plus or minus a few percent compared to FY2018

Media & Solutions

Revenue is expected to grow mid single digits in Marketing Solutions and low single digits in HR Solutions

Adjusted EBITDA margin is expected to be the same level of FY2018

Staffing

Revenue is expected to grow low single digits in both Japan and Overseas operations

Adjusted EBITDA margin is expected to increase slightly

What is Sustainability activities?

Activities aiming sustainable value creation for society, not only through business, but also through social contribution activities, and creation of diversified internal organizations

Recruit Group's three guiding principles

1. Contributing to society through our business
2. Meeting society's expectations
3. Fulfilling our responsibilities as a corporate citizen

Notes

EBITDA: operating income + depreciation and amortization \pm other operating income/expenses

Adjusted EBITDA: operating income + depreciation and amortization(excluding depreciation of right-of-use assets) \pm other operating income/expenses

Adjusted profit: profit attributable to owners of the parent \pm adjustment items* (excluding non-controlling interests) \pm tax reconciliation related to certain adjustment items

*Adjustment items = amortization of intangible assets by acquisitions \pm non-recurring 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)

Profit available for dividends = profit attributable to owners of the parent \pm non-recurring income/losses, etc.

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