

55th Ordinary General Meeting of Shareholders



June 17, 2015

Recruit Holdings Co., Ltd.

Summary of Recruit Holdings' Consolidated Earnings Performance in the 55th Fiscal Year (April 1, 2014 to March 31, 2015)



Today I will provide a rundown of Recruit Holdings' consolidated earnings performance in the 55th fiscal year.

Consolidated Earnings Summary

(JPY Bn)	54th Fiscal Year	55th Fiscal Year	
	Results	Results	YoY
Net sales	1,191.5	1,299.9	+9.1%
EBITDA	180.6	191.4	+6.0%
EBITDA margin	15.2%	14.7%	-0.4pt
Operating income	117.4	122.4	+4.3%
Ordinary income	122.0	125.6	+2.9%
Net income	65.4	69.7	+6.5%

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This is a summary of the Consolidated Statement of Income for the 55th fiscal year. We recorded net sales of ¥1,299.9 billion, a growth of 9.1% year-on-year. EBITDA, which we use as a key management indicator to measure our financial performance, totaled ¥191.4 billion, an increase of 6.0%. And our net income was ¥69.7 billion, an improvement of 6.5%.

(Reference) EBITDA

EBITDA

Operating income + Depreciation and amortization + Amortization of goodwill

Goodwill

Stock acquisition price – Equity

Our EBITDA is operating income plus depreciation and amortization and amortization of goodwill.

And we recognize goodwill when we make an M&A deal. We deduct the acquired company's equity from the stock acquisition price. This is amortized over a set period.

Business Segments

Marketing Media

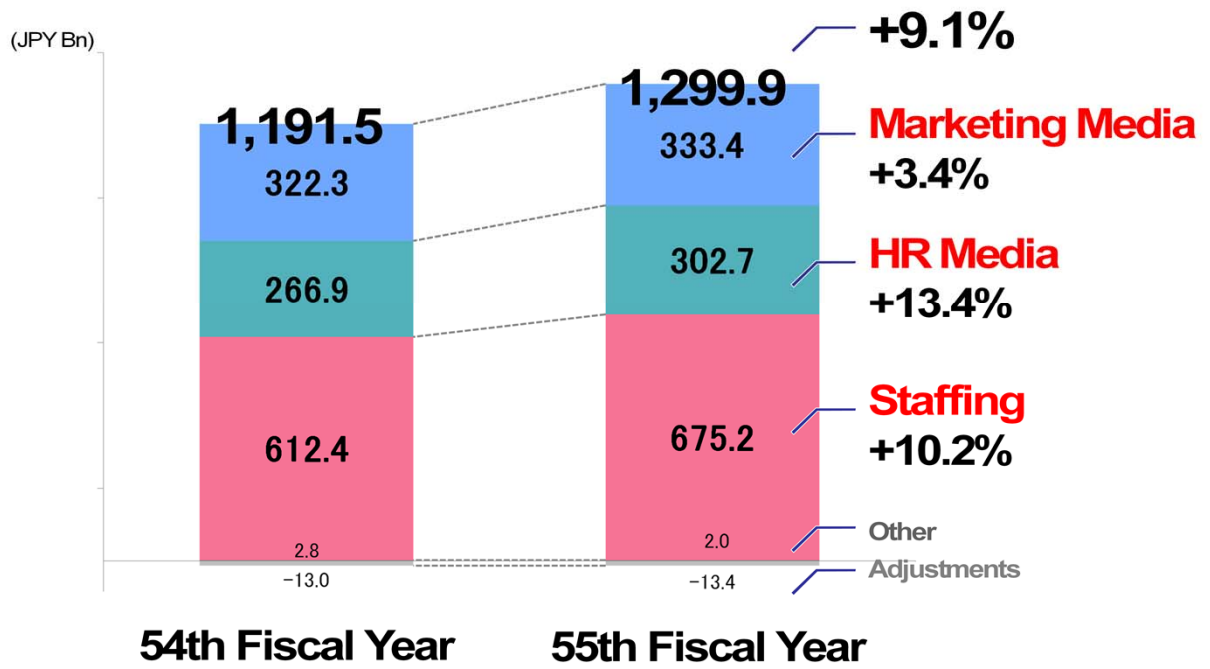
HR Media

Staffing

Next I would like to discuss our segment performance.

Our main business segments are Marketing Media, HR Media, and Staffing.

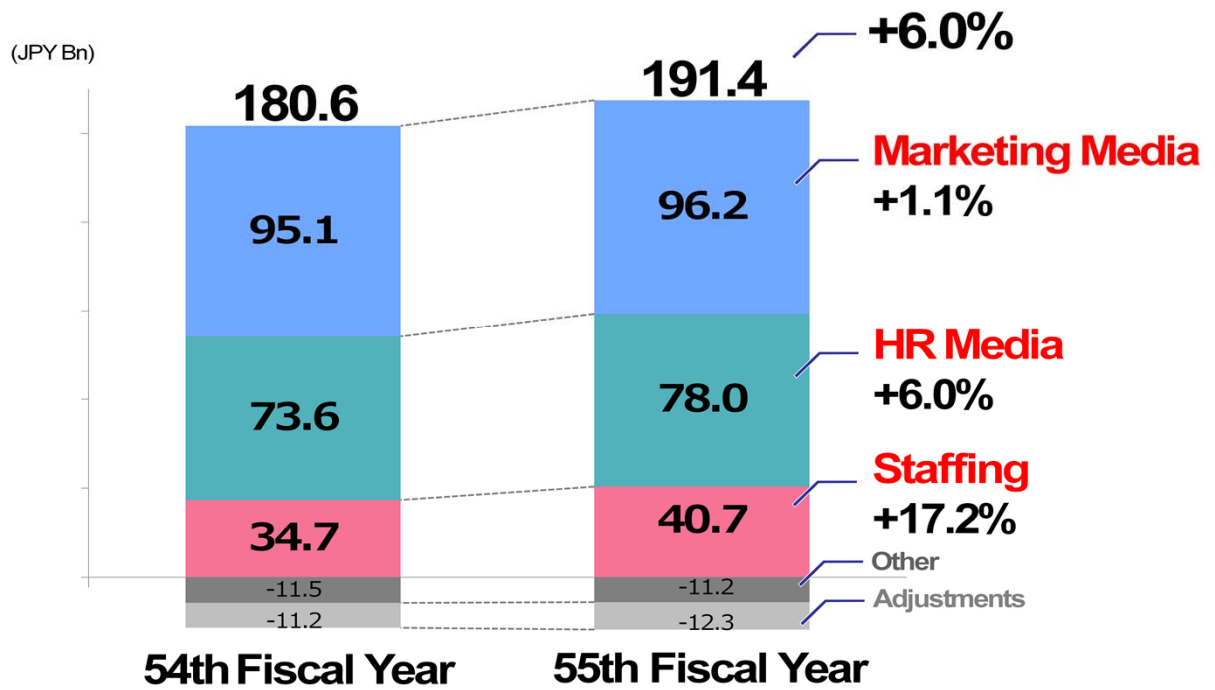
Sales by Segment



This slide shows the sales performance for each business segment.

Sales trends were brisk at each of our three main business segments, Marketing Media, HR Media, and Staffing, and grew year-on-year.

EBITDA by Segment



This is our EBITDA performance for each business segment. EBITDA rose year-on-year at each of our main business segments in tandem with the growth in sales.

Segment Earnings Summary

Next I will give a summary of earnings performance for each segment.

Marketing Media

Life Event

SUUMO

スーモ

ゼクシィ

Lifestyle



ホットペッパー

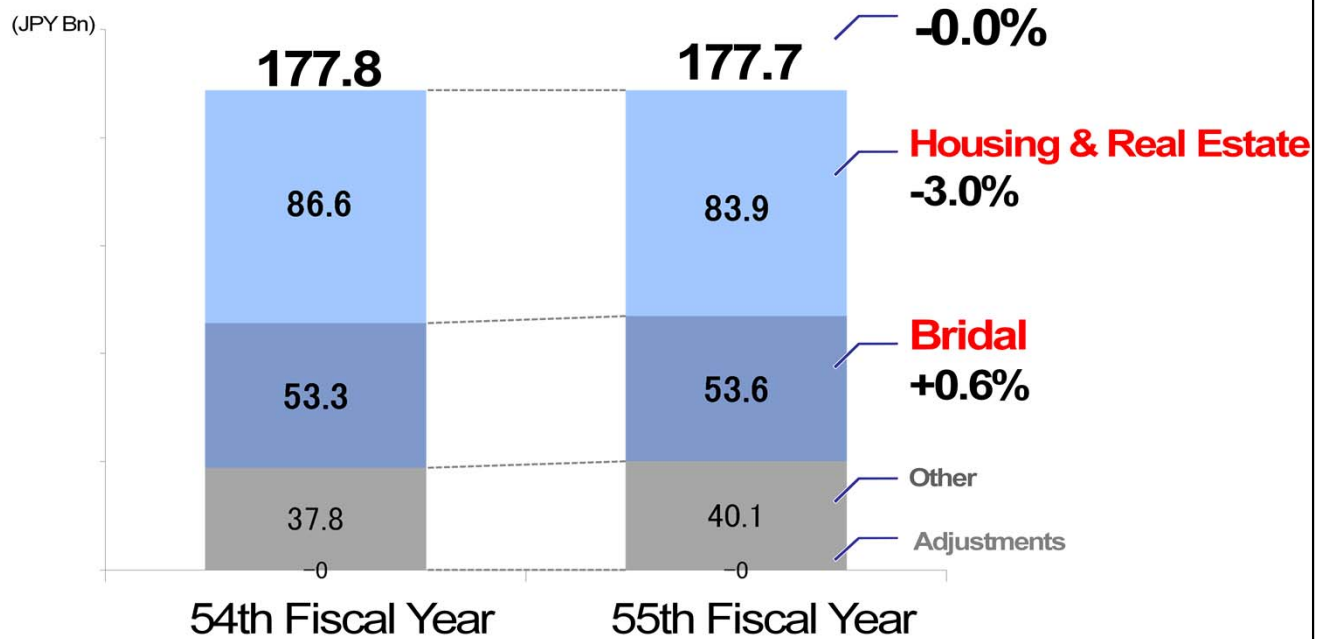
HOT PEPPER



B HOT PEPPER
Beauty

First, Marketing Media mainly consists of Life Event operations and Lifestyle operations. Life Event operations primarily consists of SUUMO, a housing information service, and Zexy, a bridal information service. Lifestyle operations chiefly consists of Jalan, a travel information service, Hot Pepper Gourmet, a dining information service, and Hot Pepper Beauty, a beauty shop information service.

Life Event Sales

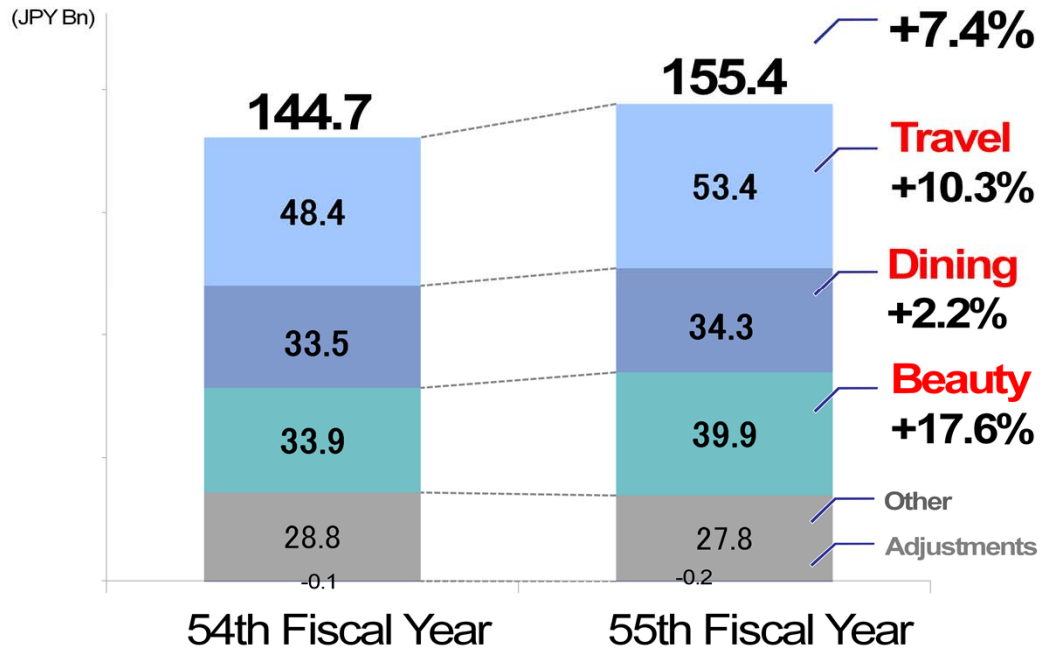


In Life Event operations

Housing and real estate sales declined 3.0% year-on-year owing to negative impact from the consumption tax hike, and weak demand for newly-built condominiums.

Meanwhile, bridal sales rose 0.6%, nearly flat compared with the previous year, reflecting opening of new branches by major wedding venues and demand among clients to draw in customers.

Lifestyle Sales



In Lifestyle operations

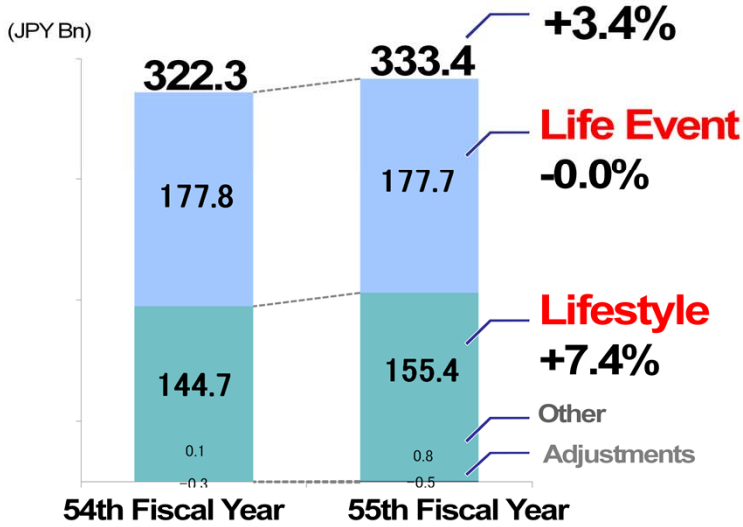
In the travel business, sales were brisk, rising 10.3% year-on-year, owing to an increase in the unit price of hotels and other accommodations and an increase in the number of guests using this service.

In the dining business, sales climbed a meager 2.2%, partly attributable to the impact of earnings performance at major clients.

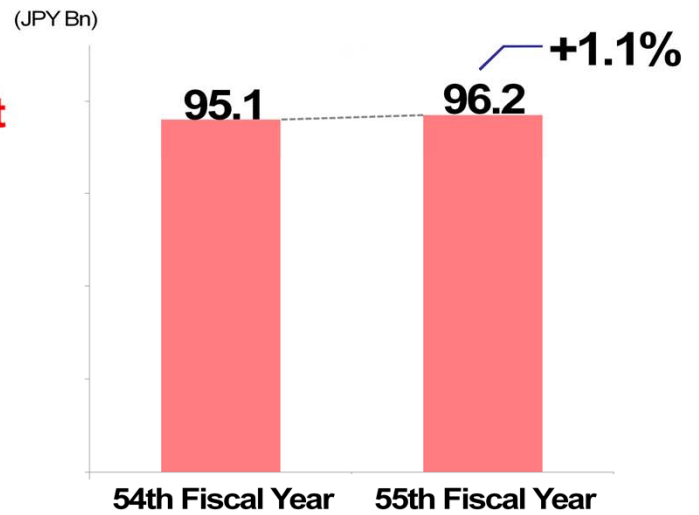
In the beauty business, sales sharply increased 17.6%, thanks to an increase in the number of new clients, and an expansion in business transactions with existing clients.

Marketing Media Sales & EBITDA

Sales



EBITDA



In line with this performance, despite flat sales in Life Event operations, net sales in the Marketing Media business segment totaled ¥333.4 billion, a rise of 3.4% year-on-year, drive by brisk sales in Lifestyle operations.

Meanwhile, EBITDA in the Marketing Media segment came to ¥96.2 billion, a growth of 1.1%, owing to the rise in sales.

HR Media

Domestic Recruiting



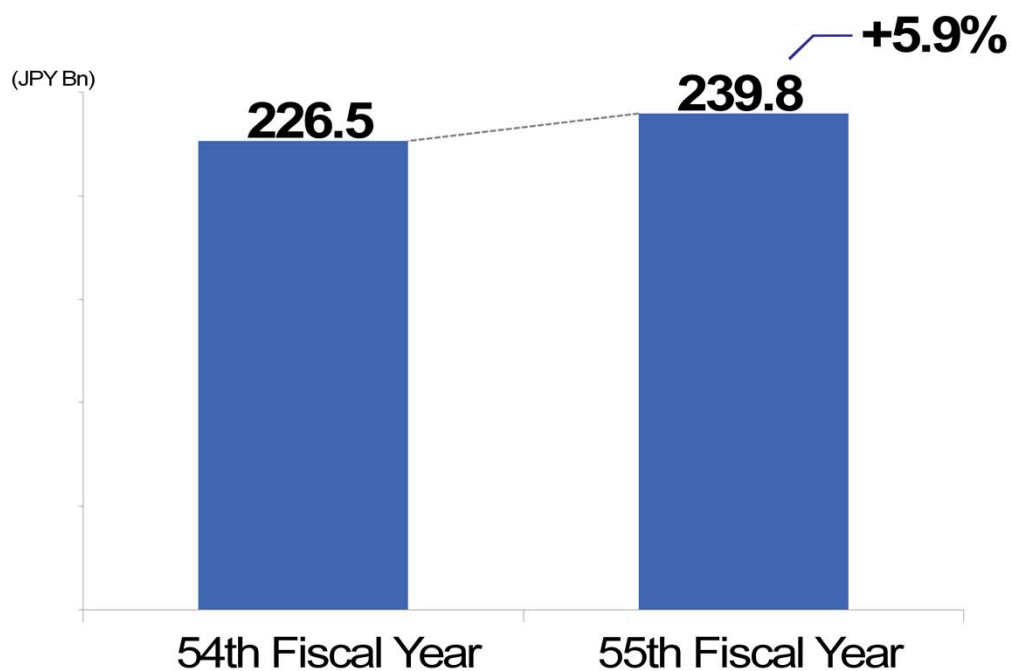
Overseas Recruiting



Next I will discuss the HR Media business segment.

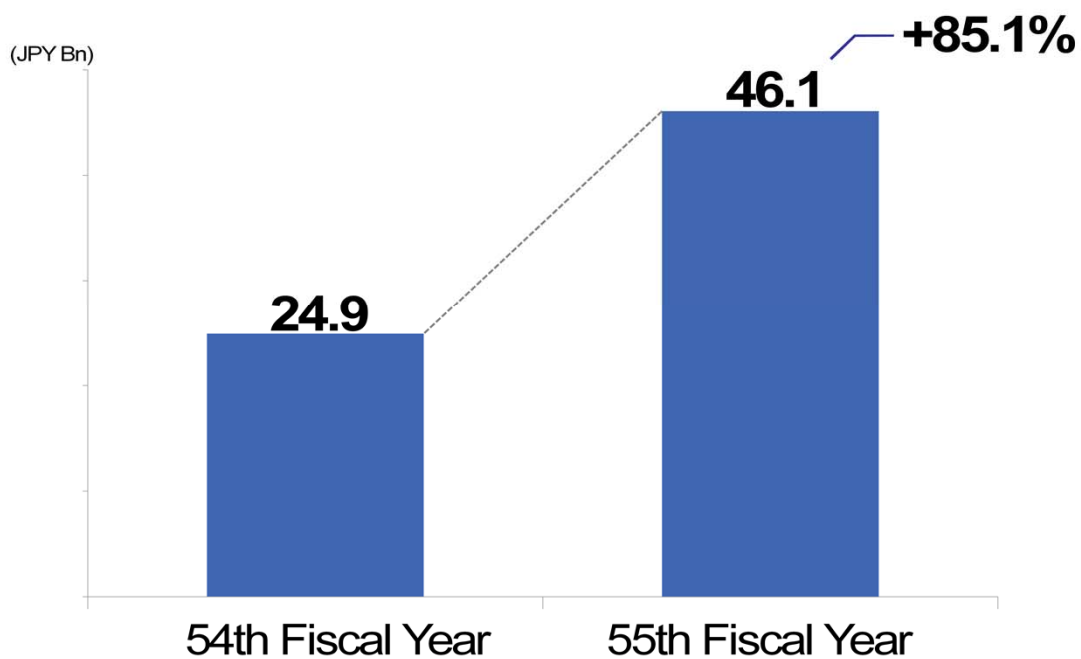
The HR Media business segment is comprised of domestic and overseas recruiting operations. Our domestic recruiting operations primarily consists of Rikunabi, a job information service for new graduates, Rikunabi NEXT, a mid-career recruitment information service, RECRUIT AGENT, an employment placement service, and TOWNWORK, an information service on temporary/part-time jobs. Meanwhile, overseas recruiting operations consist of Indeed.com, a job-seeker information search engine, operating globally, mainly in the US.

Domestic Recruiting Sales



In domestic recruiting operations, sales growth was brisk, increasing 5.9% year-on-year, reflecting a favorable market environment, including an ongoing improvement in the ratio of job-offers to job-seekers.

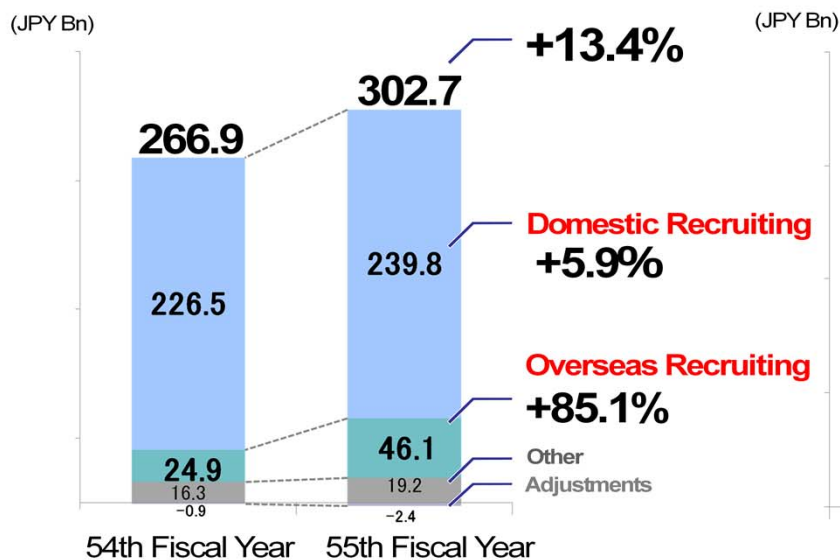
Overseas Recruiting Sales



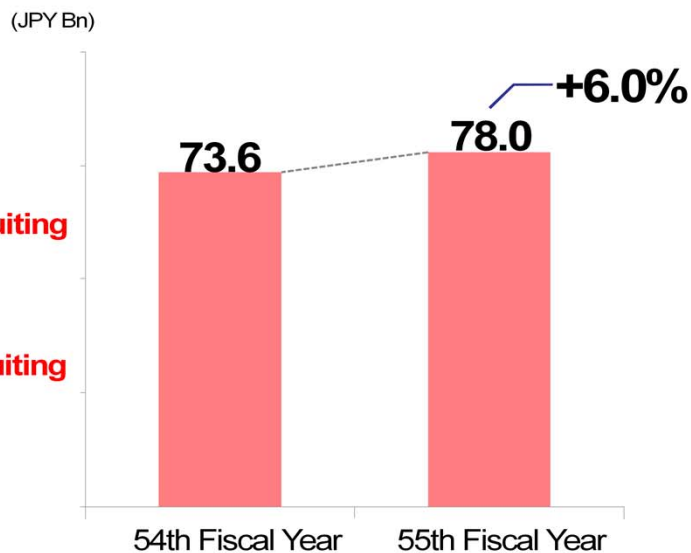
In overseas recruiting operations, sales increased substantially, improving 85.1% year-on-year, thanks to an increase in usage of Indeed.com among small- and medium-sized clients.

HR Media Sales & EBITDA

Sales



EBITDA

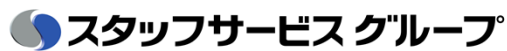


Reflecting this performance, sales in the HR Media business segment totaled ¥302.7 billion, an increase of 13.4% year-on-year.

Moreover, EBITDA was ¥78.0 billion, a growth of 6.0%.

Staffing

Domestic Staffing



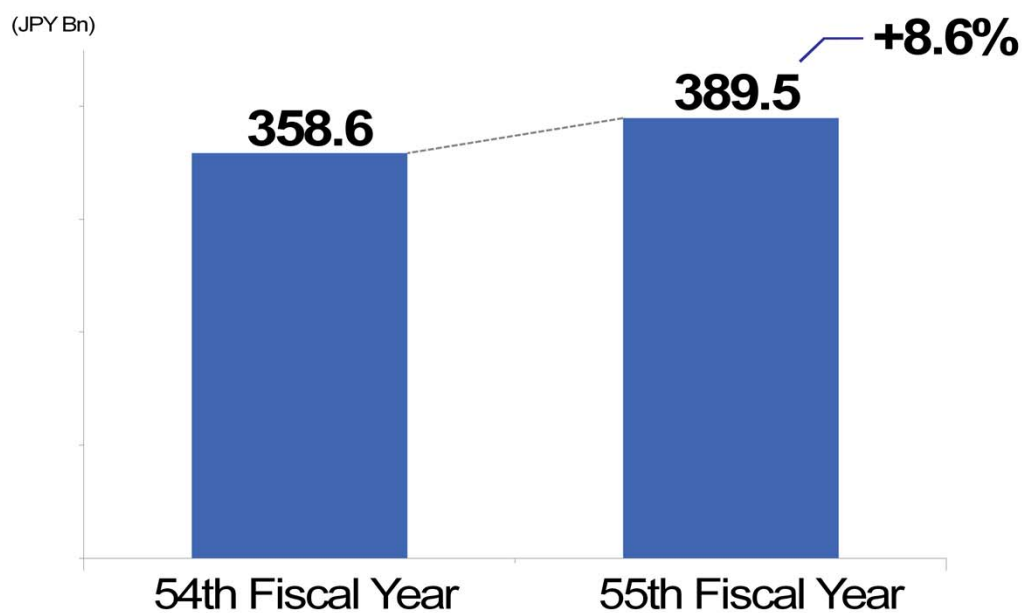
Overseas Staffing



Lastly is the Staffing business segment.

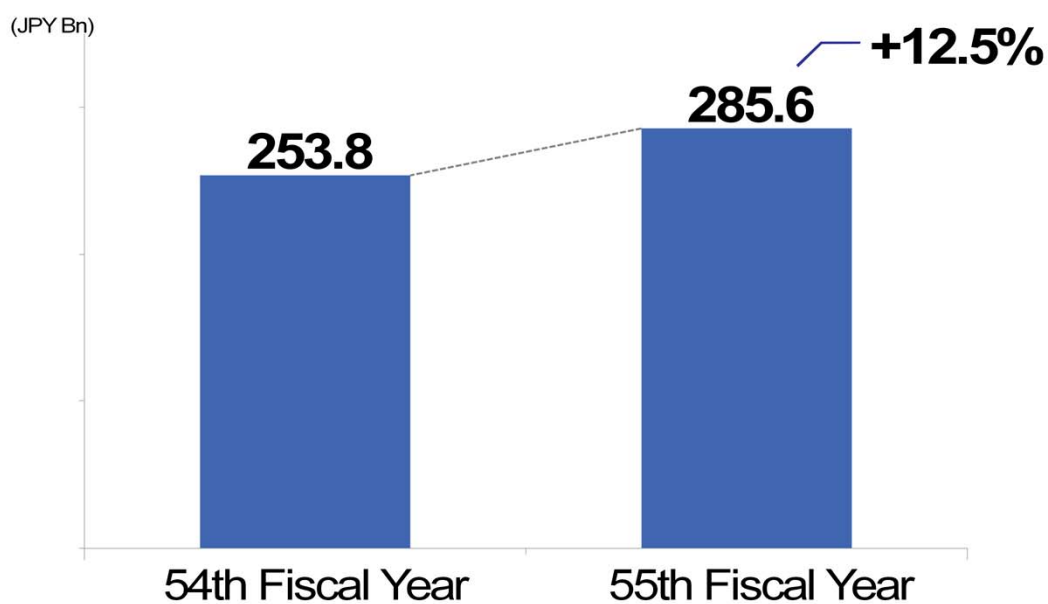
The Staffing business segment consists mainly of domestic and overseas staffing operations. Recruit Staffing and Staff Service Group are the two companies that primarily make up domestic staffing operations. Meanwhile, Staffmark and Advantage Resourcing, which mainly operate in North America, are the two companies that make up our overseas staffing operations.

Domestic Staffing Sales



In our domestic staffing operations, sales grew 8.6% year-on-year, owing to brisk sales at Recruit Staffing and Staff Service Group.

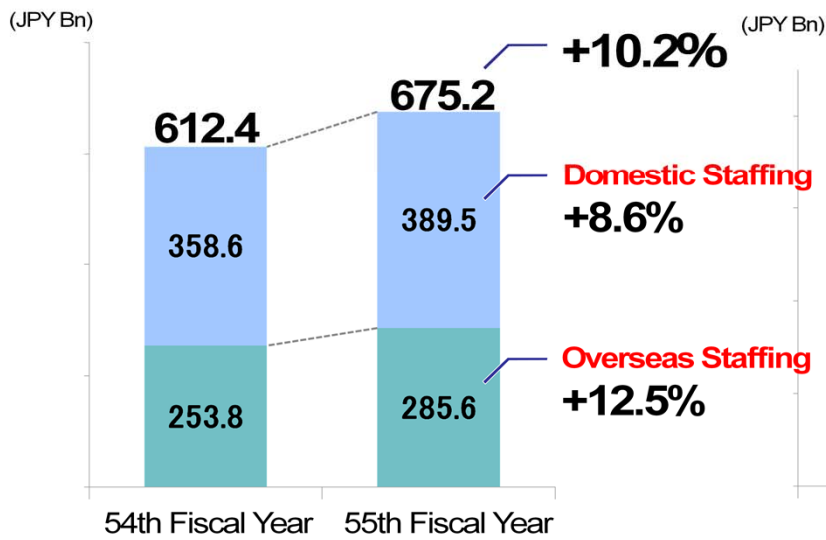
Overseas Staffing Sales



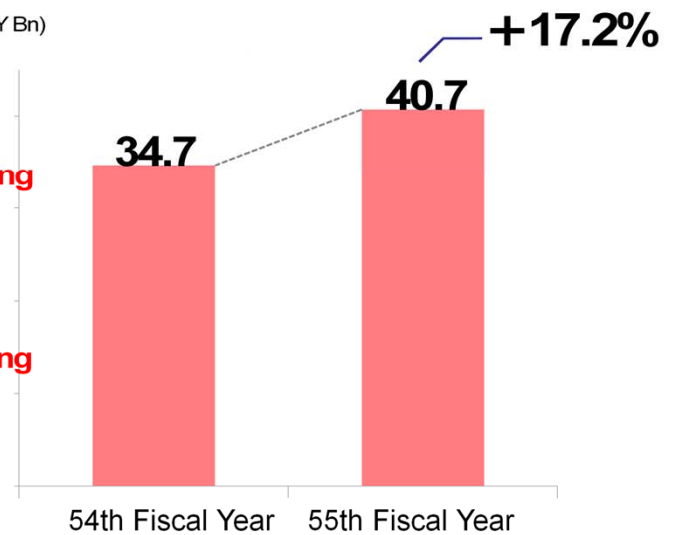
In overseas staffing operations, sales increased 12.5% year-on-year, owing in part to an ongoing modest expansion of the staffing market in North America, and also in part due to impact from a weak yen.

Staffing Sales & EBITDA

Sales



EBITDA



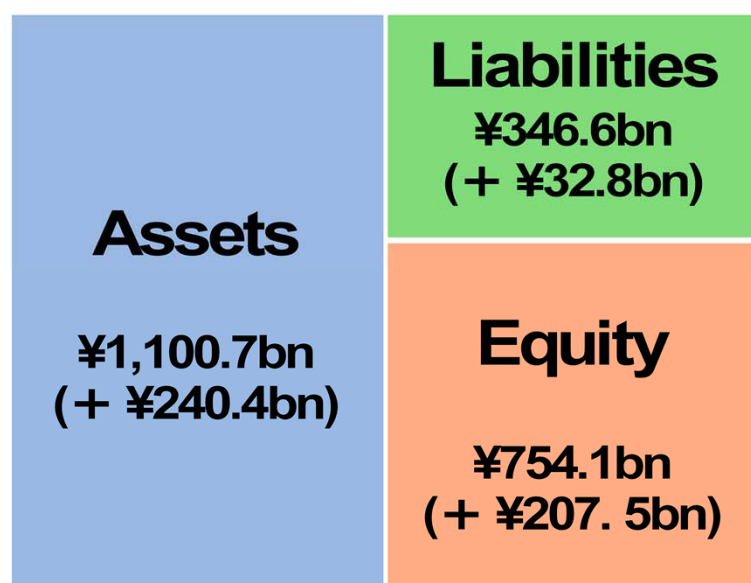
In light of this performance, we booked net sales in the Staffing segment of ¥675.2 billion, a growth of 10.2% year-on-year.

Meanwhile, we posted EBITDA in this segment of ¥40.7 billion, an improvement of 17.2%.

Summary of Consolidated Balance Sheets

Next I will discuss a summary of our consolidated balance sheets as of the end of the 55th fiscal year.

Consolidated Balance Sheets as of the End of the 55th Fiscal Year



Change in assets

- Current assets
+ ¥176.3 billion
- Noncurrent assets
+ ¥64.0 billion

Change in liabilities

- Current liabilities
+ ¥7.1 billion
- Long-term liabilities
+ ¥25.7 billion

Change in equity

- New shares issued owing to public listing, etc.
+ ¥207.5 billion

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Our total assets at the end of the fiscal year stood at ¥1,100.7 billion, an increase of ¥240.4 billion versus the end of the previous fiscal year. Total liabilities stood at ¥346.6 billion, an increase of ¥32.8 billion. This brought our equity to ¥754.1 billion, which was an increase of ¥207.5 billion.

Current assets rose ¥176.3 billion owing mainly to an increase in cash and deposits. Noncurrent assets increased ¥64.0 billion, primarily attributable to a rise in goodwill and investment securities.

Current liabilities were up ¥7.1 billion and long-term liabilities rose ¥25.7 billion, mainly reflecting an increase in deferred tax liabilities.

The growth in equity reflects an increase in capital and retained earnings owing to the issuance of new shares and the retirement of treasury stock due to the listing of our shares on the first section of the Tokyo Stock Exchange.

Dividend Payout in 55th Fiscal Year

Finally, I will discuss our dividend payout for the 55th fiscal year.

Dividend in 55th Fiscal Year

Per-share dividend in 55th Fiscal Year
¥47

- **Adjusted net income in the 55th Fiscal Year: ¥107.5 billion**
- **Total dividend payout: ¥26.5 billion**

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We set our dividend payout ratio at 25% of adjusted net income, which is net income plus amortization of goodwill. Our basic policy is to provide our shareholders with a consistent and stable dividend payout.

Also, in line with our Articles of Incorporation, the distribution of surplus is left up to the discretion of the Board of Directors.

In the 55th fiscal year, our adjusted net income was ¥107.5 billion.

In accordance with this, at the May 13, 2015 Board of Directors meeting, it was voted that the company would pay a per-share dividend of ¥47, or a total dividend payout of ¥26.5 billion.

Management Policies & Issues to be Addressed

Next I will discuss Recruit Holdings' management policies, issues to be addressed by the group, financial policies, and consolidated earnings forecasts for the 56th fiscal year.

First I will discuss management policies and issues to be addressed in the current fiscal year.

Recruit's Responsibility to Society

Opportunities for Life



Recruit's customers consists of companies (corporate clients) and private individual users. Recruit acts as a go-between for these customers and provides optimal matching of services and needs for both customers.

Our group slogan of "Opportunities for Life" reflects our commitment to "seeking a sustainable, rich and fulfilling world for all our customers, by respecting various lifestyles and values," which has remained unchanged since the company's founding.

Mid- to Long-term Vision

A world map is centered in the background, overlaid with several horizontal stripes in shades of grey and teal. The text is placed within these stripes.

No. 1 in Global HR Business by 2020

**No. 1 in Global HR and Marketing Media
Businesses by 2030**

We plan to expand our message to the rest of the world. In our mid- to long-term vision, we aim to become No. 1 in global HR business by 2020, and become No. 1 globally as a matching platform, including Marketing Media, by 2030.

Steps to Achieving Mid- to Long-term Vision



**Sustainable
growth in
domestic
business**

**Further
growth in
overseas
business**

Our two main steps to achieve our vision are to achieve sustainable growth in the domestic business, and to attain further growth in our overseas business.

Steps to Achieving Mid- to Long-term Vision



First, with respect to sustainable growth in the domestic business, we plan to strengthen the competitiveness of existing businesses, and we also plan to take on the development of new businesses. Today, I will discuss our new business development.

Business Development to Eliminate Negative Elements

- 
- A woman with long brown hair, wearing a blue patterned dress, stands in front of a city skyline. She has large, colorful, multi-colored wings extending from her back. The background is a cloudy sky over a city with various buildings and a construction crane.
- 1 Business support for SMEs**
 - 2 Education industry**
 - 3 Healthcare industry**





(C) RECRUIT

In Japan, we believe there are a number of industries and business fields where numerous negative elements including dissatisfaction, inconvenience, and anxiety are experienced by consumers and entities. We believe these negative elements are the very source of business opportunities.

Accordingly, we plan to development new businesses in the three categories of business support for SMEs, education, and healthcare.

Business support for SMEs & Target World and Delivery of Value

■ Wide range of support from cash register functions, reservations, and waitlist

Corporate (Clients)	Air Series	Individual (Users)
<ul style="list-style-type: none"> ✓ Accounting, payment, and sales analysis ✓ Inventory management 	 POS cash register app	—
<ul style="list-style-type: none"> ✓ Attract users 	 Point saving and user app	<ul style="list-style-type: none"> ✓ Acquire points ✓ Use points
<ul style="list-style-type: none"> ✓ User reservation management 	 Reservation management system	<ul style="list-style-type: none"> ✓ 24-hour online reservations
<ul style="list-style-type: none"> ✓ Management of user waitlist 	 Waitlist management system	<ul style="list-style-type: none"> ✓ Effective use of waiting time

Apparel stores

Boat leasing store

Liquor store

Book store

Restaurants

Horse-riding

...

In the category of business support for SMEs;

We already provide IT services that handle labor-intensive operations, including reservation and inventory management for SMEs, under the service name of Air Series. This service allows companies to focus on their main business such as customer service and product development, thereby contributing to their improvement in productivity and earnings growth. Our services also allow individual consumers to make online reservations through computers and smart devices, which provides them with improved convenience.

In Japan, there are around 5.3 million SME operators. We believe this is a huge business opportunity.

Education industry & Target world

- Provide educational opportunities to all users crossing income and regional gaps

High school students



Junior high school students



Eliminate
educational
gaps

Support school
education

Support learning
at home

In the education industry;

We currently offer online educational contents via Jyuken Suppli and Benkyo Suppli. In Japan, there are many elementary, junior high, and high school students that cannot attend prep schools due to economic or geographical obstacles. These services provide students with the opportunity to study on their own.

Healthcare Industry & Target World and Delivery of Value

- Create a society where people can actively manage their own bodies and future illnesses



Promote management of health, correct gaps in access to healthcare, and improve convenience

Lastly, in the healthcare industry;

We are still in the planning stage as this is an unclear area where there is a huge amount of information that can be provided to patients and their families, as well as healthy people.

For example, we are examining the use of IT to provide new services in the areas of preventive medicine and consultation appointments.

Steps to Achieving Mid- to Long-term Vision



**Sustainable
growth in
domestic
business**

**Further
growth in
overseas
business**

I will now discuss our overseas business.

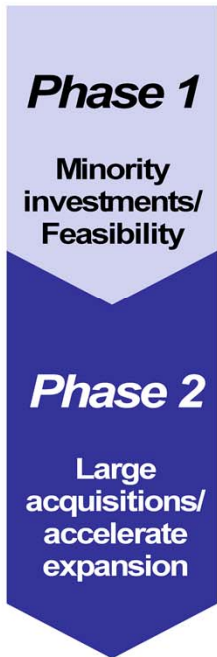
A background image showing two business people in suits shaking hands, symbolizing a deal or agreement. The image is semi-transparent and serves as a backdrop for the text.

Expansion via M&A

Improve earnings via acquisitions

Our basic strategy for the overseas business is to expand globally through M&A deals. We plan to improve our earnings by transferring a variety of knowledge that we cultivated in Japan to the companies we acquire and turn into subsidiaries. Our goal is to grow as a group.

Overseas M&A Track Record



Staffing

The CSI Companies
Acquired in 2010

Staffmark.
Acquired in 2011

Advantage Resourcing
Acquired in 2011

ANTEO group
Acquired in 2013

peoplebank
CHANDLER MACLEOD
Attèro
Acquired in 2015

HR Media

Creations
Acquired in 2009

Bó Lê Associates
The Leader in Executive Search in Asia
Minority investment in 2010
Acquired in 2013

NuGrid Consulting
Acquired in 2013

indeed
Acquired in 2012

MOBOLT
Acquired in 2014

Marketing Media

TRAVEL BOOK **My.lour.vn** **pegipagi**
JV established in 2012
(minority investment)

MOVOTO
Acquired in 2013

tripping **tripme** **wongnai**
Minority investment in 2014

Quandoo

wahanda
Minority investment in 2014
Acquired in 2015

Companies to be newly consolidated from the 56th Fiscal Year

In accordance with these plans, in 2015 in the Marketing Media business segment we turned companies that handle online restaurant reservation services in Europe, and online beauty shop services into subsidiaries. In addition, in the Staffing business segment, we plan to turn two companies operating in Australia into subsidiaries.

That said, we are achieving solid earnings improvement at the companies acquired in the past which are now subsidiaries. Going forward we plan to transfer knowhow developed at our domestic operations to and improve earnings at the companies we acquired.

Financial Policies

Next I will discuss our financial and capital policies.

Financial Policies

Management indicator: EBITDA

Mid-to-High single digit growth at existing businesses each fiscal year

Capital efficiency: Adjusted ROE*1 of 15%

Payout Ratio: 25% of adjusted net income

*1: Adjusted ROE = (Net income + Amortization of goodwill) / Shareholders' equity

EBITDA is a key management indicator we use to measure our financial performance. We aim for mid-to-high single digit growth in EBITDA each fiscal year at existing businesses. This excludes earnings from companies that are newly added to the scope of consolidation, mainly through M&A.

In addition, we are focusing on capital efficiency. Our adjusted ROE target is around 15%, based on net income that includes amortization of goodwill. Our basic principle is to give back to our shareholders by achieving sustainable profit growth. Our dividend payout ratio is set at around 25% of net income prior to goodwill amortization.

Consolidated Earnings Forecast

Lastly, I will discuss our consolidated earnings forecast for the 56th fiscal year.

Consolidated Earnings Forecast

(JPY Bn)	56th Fiscal Year	
	Full-year forecast	YoY Change
Net sales	1,550.0	+19.2%
EBITDA	201.0	+5.0%
Operating income	112.0	-8.6%
Ordinary income	117.0	-6.9%
Net income attributable to owners of the parent	65.0	-6.7%
Adjusted net income	112.5	+4.6%
Dividend per share (JPY)	50	—

(Ref.) 56th Fiscal Year	
Plan for existing businesses	YoY Change
1,396.0	+7.4%
202.5	+5.8%

We are targeting net sales of ¥1,550.0 billion (+19.2% YoY), and EBITDA of ¥201.0 billion (+5.0% YoY).

We plan an EBITDA at our existing business, which we use as a management goal, of ¥202.5 billion (+5.8% YoY). This target excludes earnings from the subsidiaries newly included into the scope of consolidation in the current fiscal year. Existing businesses include earnings from the second business year onward at those companies we acquired.

We are also targeting adjusted net income of ¥112.5 billion (+4.6% YoY).

That said, these estimates are figures projected at the time of announcing our consolidated forecast earlier. There is a possibility our estimates will change owing to factors such as new M&A deals during the fiscal year. Based on the forecasts we have announced thus far, we plan a dividend per share of ¥50.