

**57th**  
**Ordinary General Meeting of Shareholders**



June 20, 2017  
Recruit Holdings Co., Ltd.



**Recruit Holdings 57<sup>th</sup> Fiscal Year**  
**Consolidated Earnings Results Summary**  
(April 1, 2016 – March 31, 2017)

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I would like to explain results of fiscal year 2016, 57th fiscal year of Recruit Holdings.

Consolidated Earnings (JPY Bn)	56 <sup>th</sup> Fiscal Year	57 <sup>th</sup> Fiscal Year	
	Results	Results	YoY
Net sales	1,588.6	<b>1,839.9</b>	+15.8%
EBITDA	202.2	<b>230.8</b>	+14.1%
EBITDA margin	12.7%	<b>12.5%</b>	-0.2pt
Operating income	114.0	<b>127.2</b>	+11.6%
Ordinary income	119.3	<b>131.7</b>	+10.4%
Net income attributable to owners of the parent	64.5	<b>85.4</b>	+32.4%
Adjusted EPS (JPY)	209.57	<b>241.27</b>	+15.1%

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This is FY2016 Consolidated Statement of Profit or Loss.

Consolidated net sales increased by 15.8% year-on-year to 1,839.9 billion yen. Our key earnings indicator, EBITDA rose by 14.1% to 230.8 billion yen. Net income attributable to owners of the parent increased by 32.4% to 85.4 billion yen and adjusted EPS recorded a 15.1% increase to 241.27 yen.

Reference

## EBITDA

Operating income + Depreciation and amortization + Amortization of goodwill

## Goodwill

Stock acquisition price – Equity of acquired company

## 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)

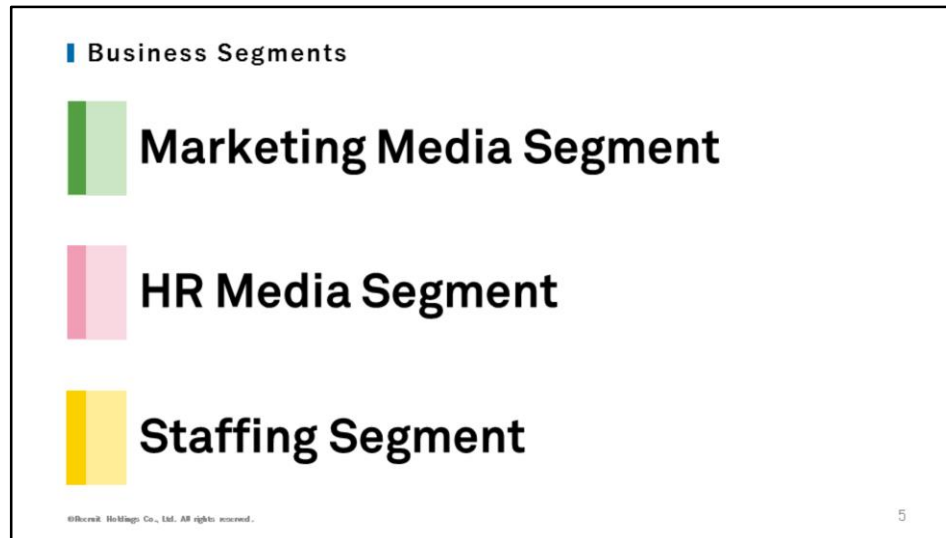
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For your reference, EBTDA is defined as Operating income + Depreciation and amortization + Amortization of goodwill.

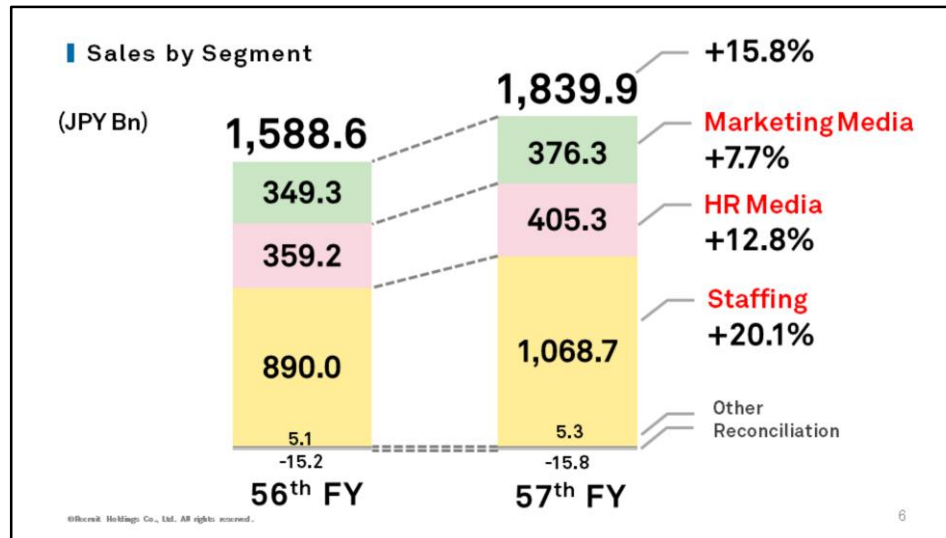
Goodwill is Operating income + Depreciation and amortization + Amortization of goodwill, it is amortized in a specific period.

Lastly, Adjusted EPS is defined as Adjusted net income / (number of shares issued at the end of the period – number of treasury stock at the end of the period).



Next, I would like to explain our consolidated performance for each Business Segment.

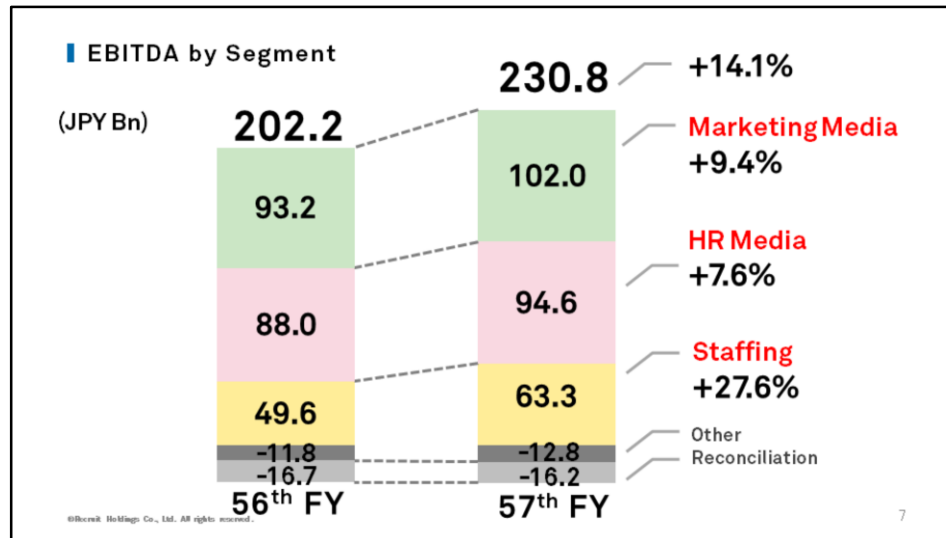
We reported our results under three business segments of: Marketing Media , HR Media, and Staffing.  
From 58<sup>th</sup> fiscal year, we changed the Segment reporting structure. CEO, Masumi Minegishi will explain the details later.



Here you can see our sales by segment.

Sales were strong in all of the three main segments, and increased year-on-year.

In particular, sales in the Staffing business increased substantially due to the six-months-contribution of acquired company, USG People.



Next I would like to show you EBITDA performance by Segment.  
All three segments recorded EBITDA increases.



# Segment Earnings Summary

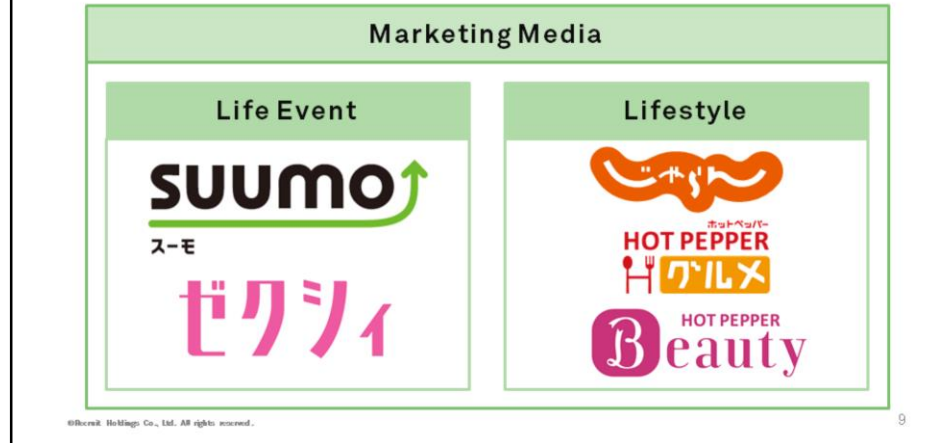
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Next, I would like to explain earnings summary by segment.



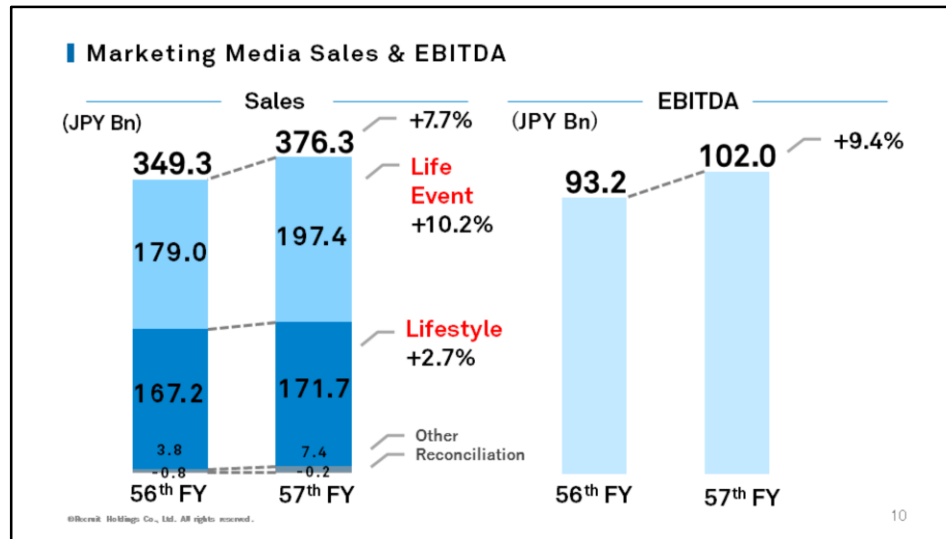
## Marketing Media



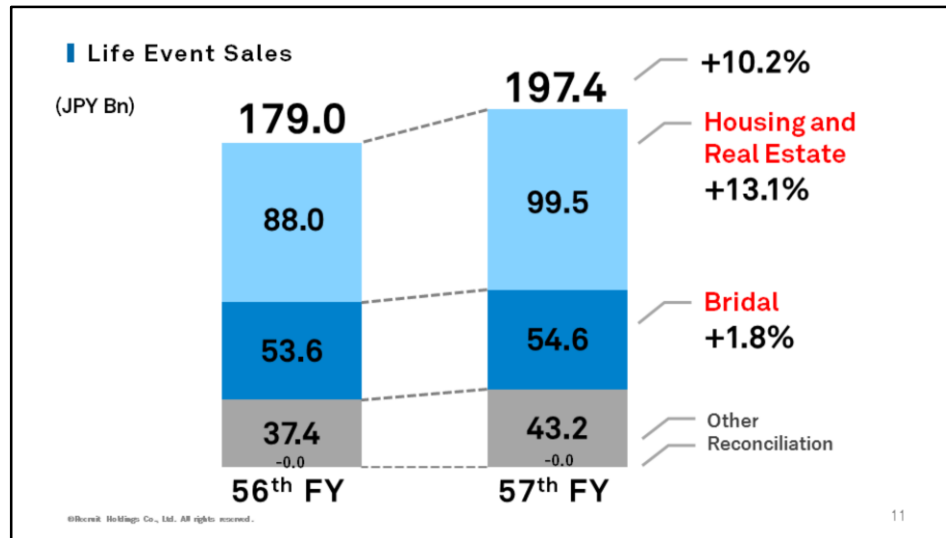
Marketing Media mainly consists of Life Event and Lifestyle.

Life Event includes *SUUMO*, a housing information service, *Zexy*, a bridal information service.

Lifestyle includes *Jalan*, a travel information service, *Hot Pepper Gourmet*, a restaurant information service, and *Hot Pepper Beauty*, a beauty salon information service.



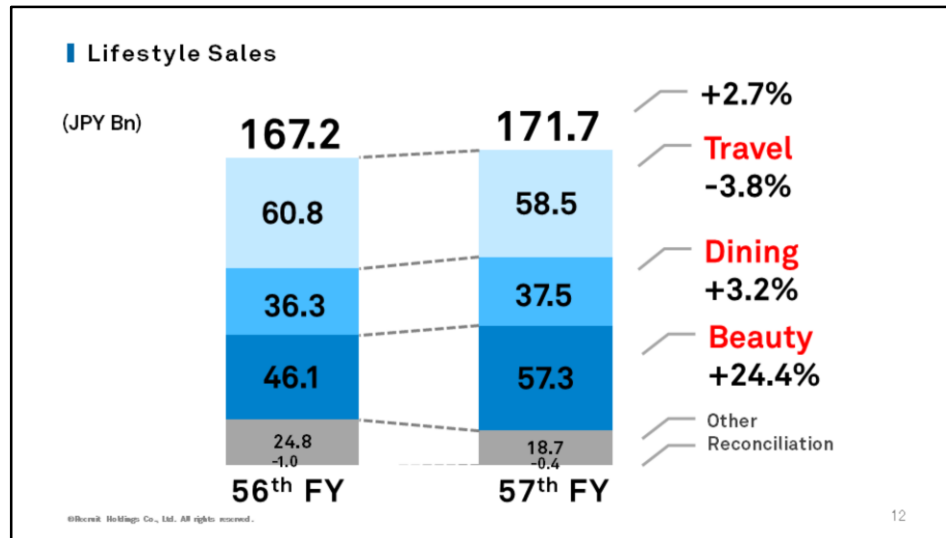
In Marketing Media, sales increased by 7.7% to 376.3 billion yen, as a result of the favorable trend in the Life Event business. EBITDA also grew by 9.4% to 102.0 billion yen.



Here you can see the breakdown of sales in the Life Event businesses.

The Housing and Real Estate business sales increased by 13.1% year-on-year as a result of healthy growth in its all business divisions: independent housing division, the leasing division, and the condominium apartment division.

Despite a declining trend in the number of couples marrying in Japan, we saw a solid trend in the Bridal business sales with the rising demand for attracting customers among major wedding venues and improvement of service convenience. Sales in the business recorded a solid increase of 1.8% year-on-year.

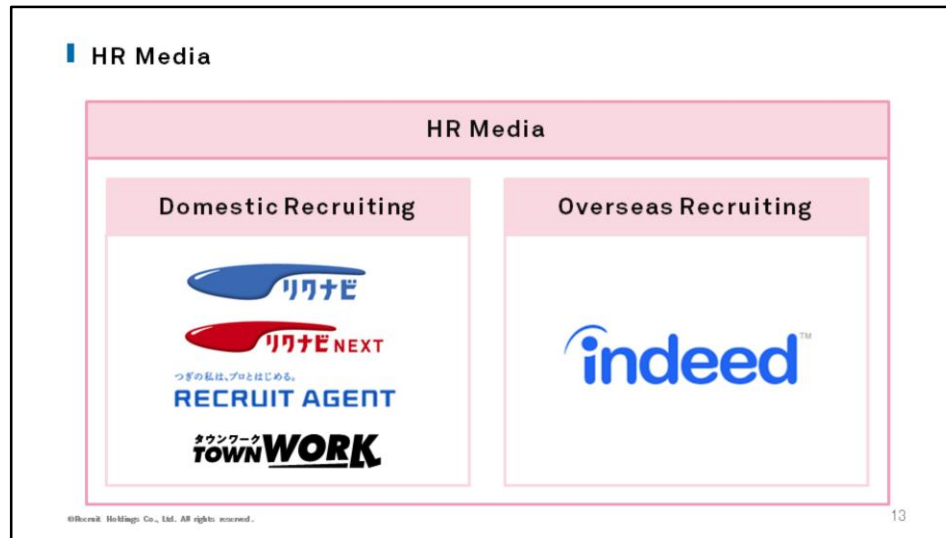


Here is the breakdown of Sales in the Lifestyle businesses.

Sales in the Travel business decreased year-on-year due to sales of shares of a subsidiary in the second quarter, however the main business of *Jalan* achieved higher revenue growth due to an increase of total guests.

In the Dining business, we strengthened our relationship with clients by promoting Air Platform, and saw steady growth in online reservations. These resulted in solid sales growth, achieving an increase of 3.2% year-on-year.

In addition, sales in the Beauty business rose by 24.4% year-on-year. The favorable trend was a result of expanded business with existing clients and acquisition of new clients due to continuous steady growth of online reservations through SALON BOARD service improvement.

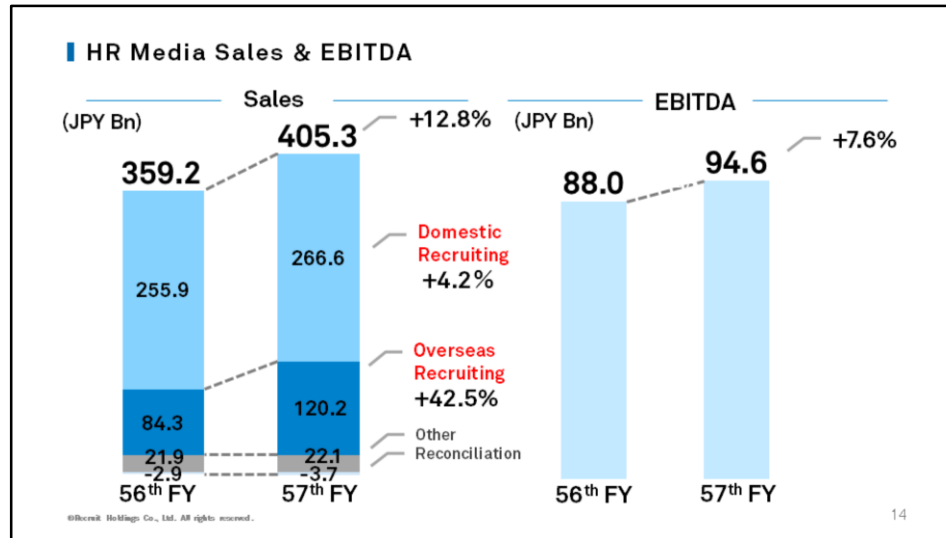


Next I would like to explain the HR Media business.

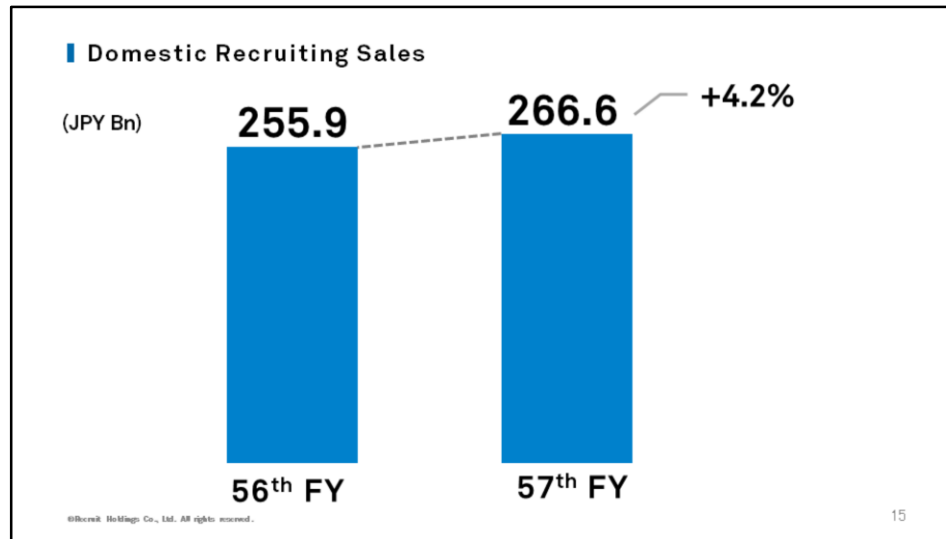
This segment is comprised of the Domestic Recruiting business and the Overseas Recruiting business.

Domestic Recruiting includes *Rikunabi* – a job information website for new graduates, *Rikunabi NEXT* – a job search website for career-change, *RECRUIT AGENT* – an employment agency service, and *TOWNWORK* – a job listing website and information magazine which focuses on part-time jobs.

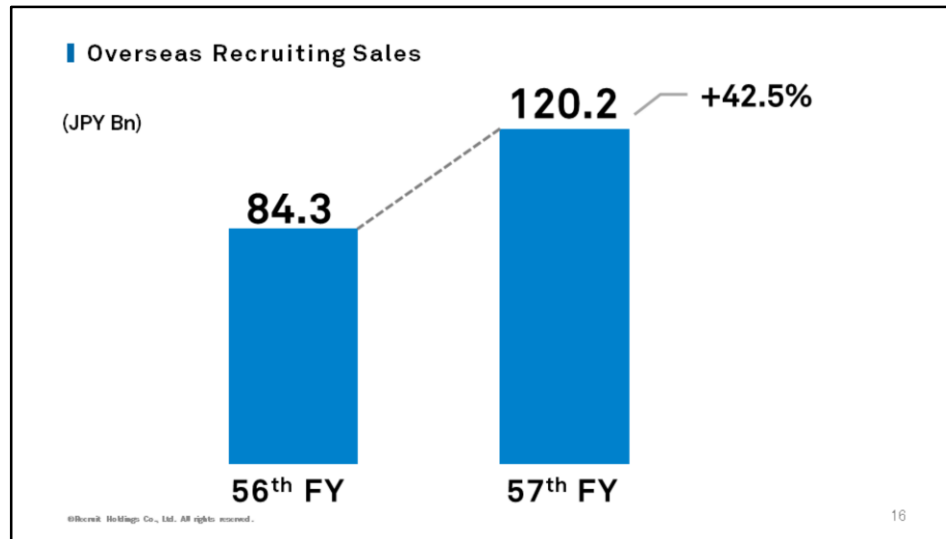
Overseas Recruiting consists of Indeed, a job search engine operating mainly in the US and also globally.



Sales in HR Media increased by 12.8% year-on-year to 405.3 billion yen, and EBITDA grew by 7.6% year-on-year to 94.6 billion yen.

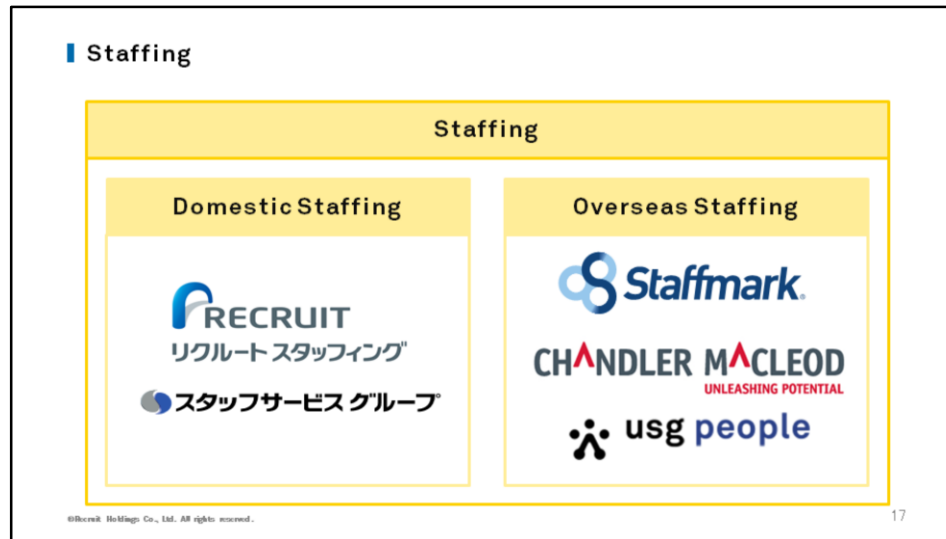


In the Domestic Recruiting business, we saw a solid trend both in full-time and part-time jobs and achieved sales growth of 4.2% year-on-year. This is a result of a healthy hiring environment as evidenced by the high ratio of job offers to job seekers, as well as by the increased number of recruitment advertisements.



In the Overseas Recruiting business, despite a negative impact from currency fluctuation, net sales increased by 42.5% year-on-year. The strong performance was primarily due to steady growth in customer usage driven by expansion of the salesforce and investment in Marketing to increase brand awareness of Indeed in the US and in other countries globally.



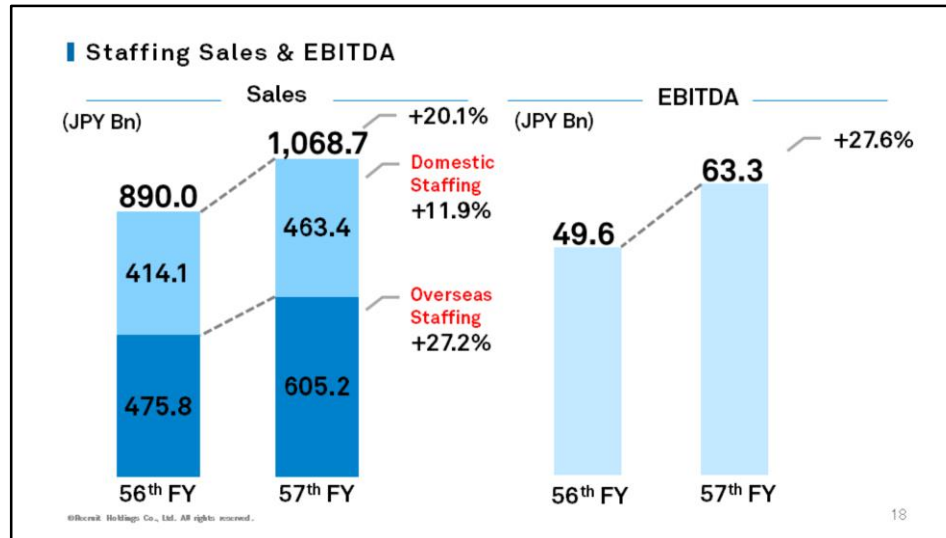


Lastly, I would like to explain the Staffing business.

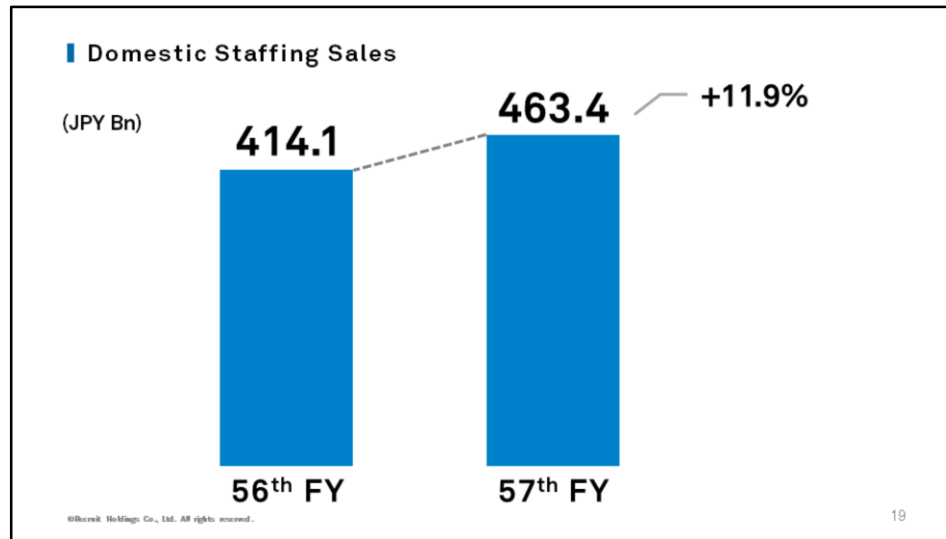
The segment consists of Domestic Staffing and Overseas Staffing.

Domestic Staffing includes Recruit Staffing Co., Ltd. and SERVICE HOLDINGS CO., LTD.

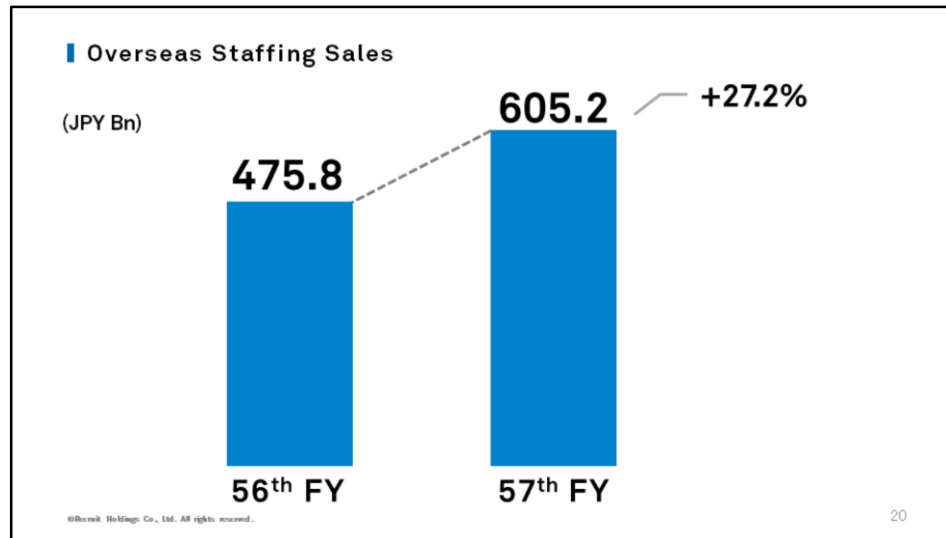
Overseas staffing comprises Staffmark Holdings, Inc. in North America, Chandler Macleod Group Limited in Australia, and USG people B.V. in Europe.



Sales in the Staffing business achieved 1,068.7 billion yen, an increase of 20.1% year-on-year. EBITDA grew by 27.6% and reached 63.3 billion yen.



In Domestic Staffing, while there has been a moderate market expansion in sales of temporary staffing services, we have focused on strengthening our sales capabilities. Sales continued to be strong mainly in clerical workers, engineers, and IT fields, achieving an increase of 11.9% year-on-year.



Sales in Overseas Staffing increased by 27.2% year-on-year due to the full-year contribution of overseas subsidiaries, Chandler Macleod Group Limited in Australia and Atterro, Inc. in North America; and the contribution of USG People earnings consolidated in the third quarter of FY2016.

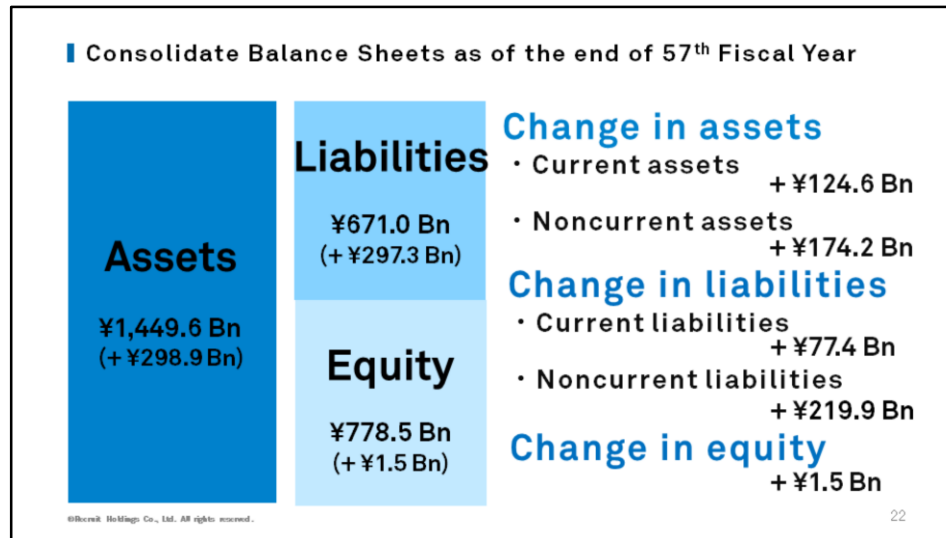


## Summary of Consolidated Balance Sheets

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Next I would like to review the consolidated balance sheet as of the end of 57<sup>th</sup> fiscal year.



Total assets at the end of the fiscal year recorded 1,449.6 billion yen, an increase of 298.9 billion yen versus the end of the previous fiscal year. Total liabilities reached 671.0 billion yen, an increase of 297.3 billion yen. Equity increased by 1.5 billion yen to 778.5 billion yen.

Current assets grew by 124.6 billion mainly due to increases in notes and accounts receivable - trade and securities. Noncurrent assets increased by 174.2 billion yen. This was mainly due to increases in goodwill, software and customer-related assets, all of which are associated with mergers and acquisitions in the Staffing segment.

Current liabilities were up 77.4 billion yen mainly due to increases in the current portion of long-term debt and other current liabilities such as accrued expenses and accounts payable - other.

Noncurrent liabilities increased by 219.9 billion yen mainly due to increases in bonds payable and long-term debt.

Total equity increased by 1.5 billion yen.



## Dividend Payout in 57<sup>th</sup> fiscal year

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Lastly, I would like to explain the dividend payout in 57<sup>th</sup> fiscal year.

 **Per-share dividend in 57<sup>th</sup> fiscal year**  
**¥65**

**Payout ratio:**  
**around 30% of amortization of goodwill**  
**± extraordinary profit/losses**

**Total dividend payout: ¥36.2 Bn**

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As we announced on February 13, 2017, we set a consolidated payout ratio of approximately 30% of net income before amortization of goodwill excluding the effects of extraordinary income/losses, etc. with the principle of paying consistent and sustainable dividends.

The dividend of surplus is resolved by Meetings of the Board of Directors as stipulated by our articles of incorporation.

Net income before amortization of goodwill excluding the effects of extraordinary income/losses in 57<sup>th</sup> fiscal year was 123.5 billion yen. Meetings of the Board of Directors held on May 12, 2017 approved a dividend of ¥65 per share, resulting in a total dividend of 36.2 billion yen for 57<sup>th</sup> fiscal year.