

# Financial Results for FY2017 and Strategy



**Recruit Holdings Co., Ltd.**

**Masumi Minegishi**

President, CEO, and Representative Director

**Keiichi Sagawa**

CFO and Senior Managing Corporate Executive Officer

May 15, 2018



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# FY2017 Financial Results Highlights

## 1. FY2017 Financial Results Highlights

Revenue, EBITDA and Adjusted EPS: Record-high results

Strong revenue growth continued in HR Technology with +60.7% increase in US dollar terms<sup>(1)</sup>

Overseas revenue increased to 46% in FY2017, from 43% in FY2016, of total revenue

Group Reorganization to accelerate the strategic execution of each SBU

(1) This is the financial results of Indeed, which differ from the IFRS-based consolidated financial results of Recruit Holdings Co., Ltd. due to differences in consolidation methodologies.

# FY2017 Consolidated Financial Results

## 1. FY2017 Financial Results Highlights

(JPY Bn, unless otherwise stated)	FY2016	FY2017		
	Full-year	Full-year Forecasts <sup>(1)</sup>	Full-year Results	YoY Change
<b>Revenue</b>	<b>1,941.9</b>	<b>2,166.0</b>	<b>2,173.3</b>	<b>+11.9%</b>
<b>EBITDA</b>	<b>232.2</b>	<b>258.0</b>	<b>258.4</b>	<b>+11.3%</b>
<b>EBITDA margin</b>	<b>12.0%</b>	<b>11.9%</b>	<b>11.9%</b>	<b>-0.1pt</b>
<b>Adjusted profit</b>	<b>133.7</b>	<b>142.5</b>	<b>144.9</b>	<b>+8.3%</b>
<b>Adjusted EPS (JPY)</b>	<b>80.06<sup>(2)</sup></b>	<b>85.30</b>	<b>86.74</b>	<b>+8.3%</b>
<b>Dividend per share (JPY)</b>	<b>21.67<sup>(2)</sup></b>	<b>22.00</b>	<b>23.00</b>	<b>-</b>

(1) Announced on February 14, 2018

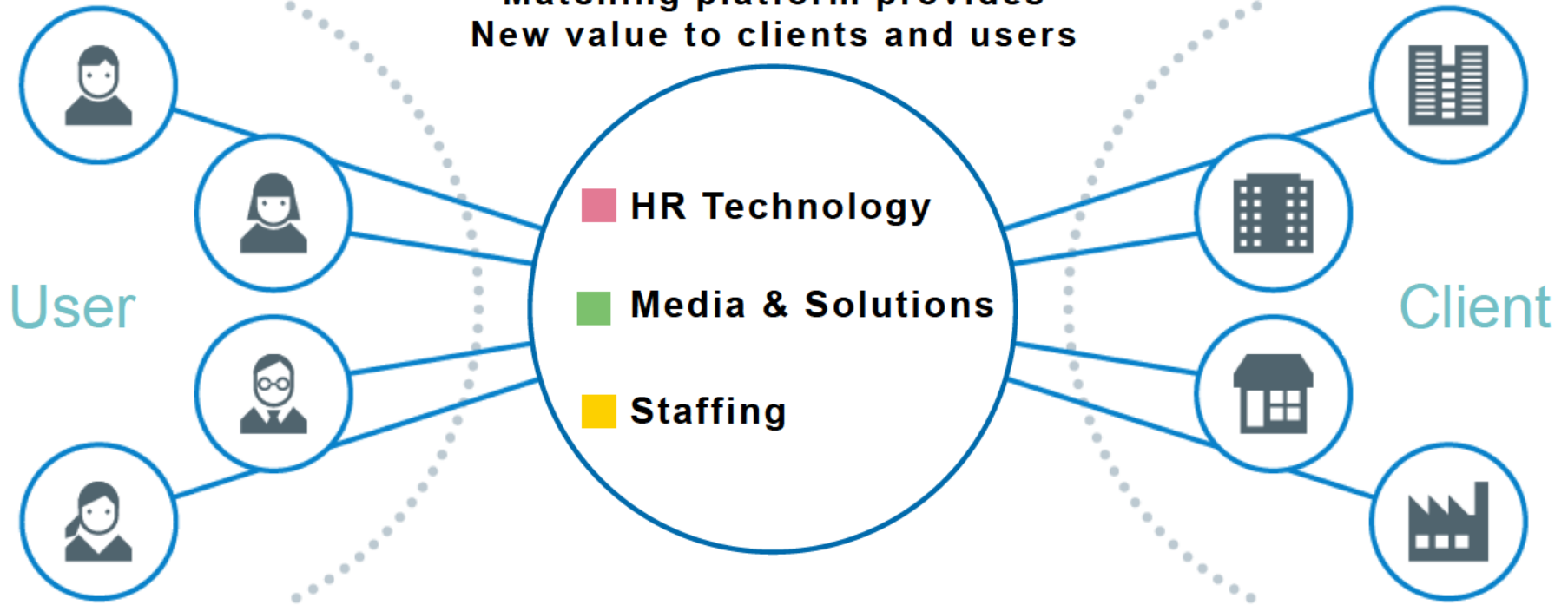
(2) Assuming a three-for-one stock split of its common stock on July 1, 2017 was implemented at the beginning of FY2016.

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

## 2. Mid-term Strategy

Matching platform provides  
New value to clients and users



# FY2017 Financial Results Highlights by Segment

## 2. Mid-term Strategy

### HR Technology

- Strong YoY revenue growth continued: +60.7% to 1.97 Billion US dollars<sup>(1)</sup>

### Media & Solutions

- YoY growth in total : Revenue +3.3%, EBITDA +3.1%
- Marketing Solutions : Revenue +2.4% driven by a strong trend in Beauty business
- HR Solutions : Revenue +4.4% supported by a favorable market environment

### Staffing

- YoY growth in total : Revenue +10.9%, EBITDA +10.8%
- Japan operations : Revenue +9.9%, demonstrating strong growth
- Overseas operations : Revenue +11.6%, due to the acquisition of a new subsidiary

(1) This is the financial results of Indeed, which differ from the IFRS-based consolidated financial results of Recruit Holdings Co., Ltd. due to differences in consolidation methodologies.

# ■ Mid-term Strategy by Segment

## 2. Mid-term Strategy

### HR Technology

- Expanding from job advertising into other HR related businesses
- Aim for high growth rate by contributing to efficiency of overall HR processes

### Media & Solutions

- Strengthen business foundation further by expanding operational support services
- Stable revenue growth with high EBITDA margin

### Staffing

- Promote Unit Management leveraging a solid global economic environment
- Continue stable EBITDA growth on a global scale

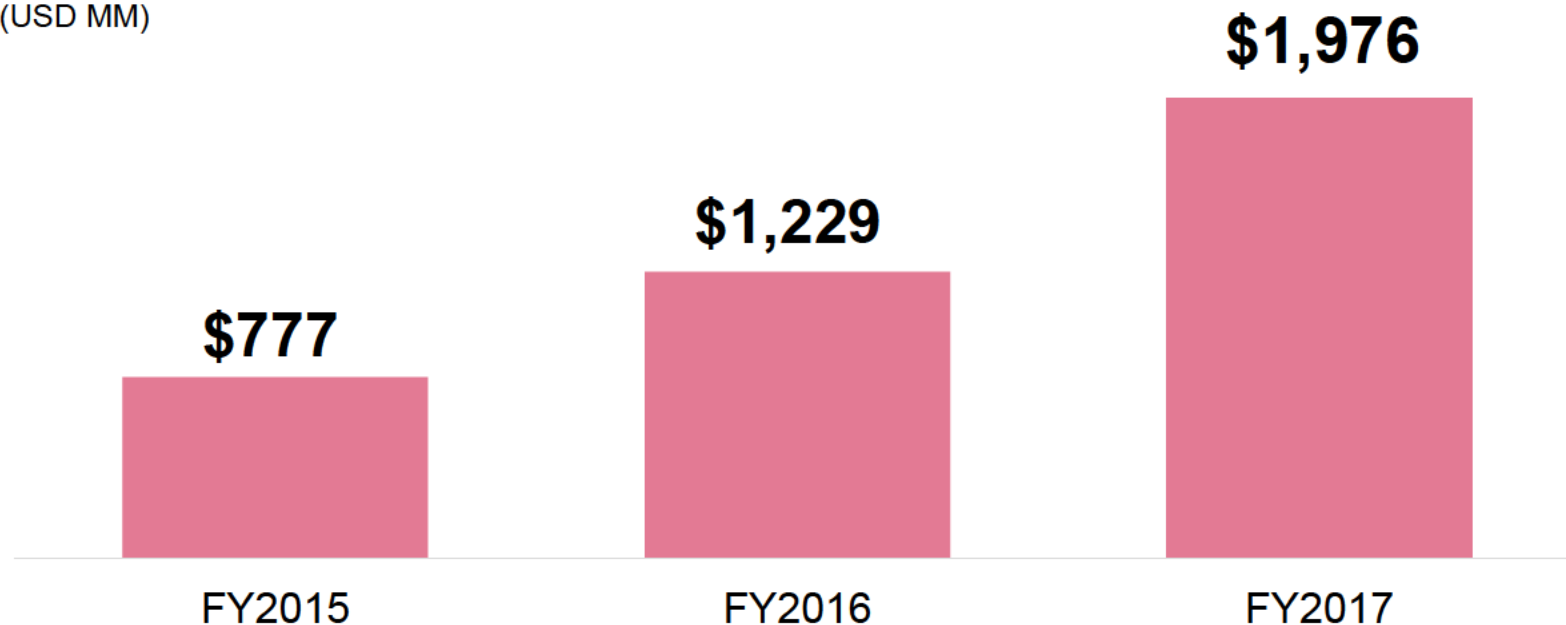


## ■ HR Technology

2. Mid-term Strategy

**Strong YoY revenue growth continued: +60.7% to 1.97 Billion US dollars**

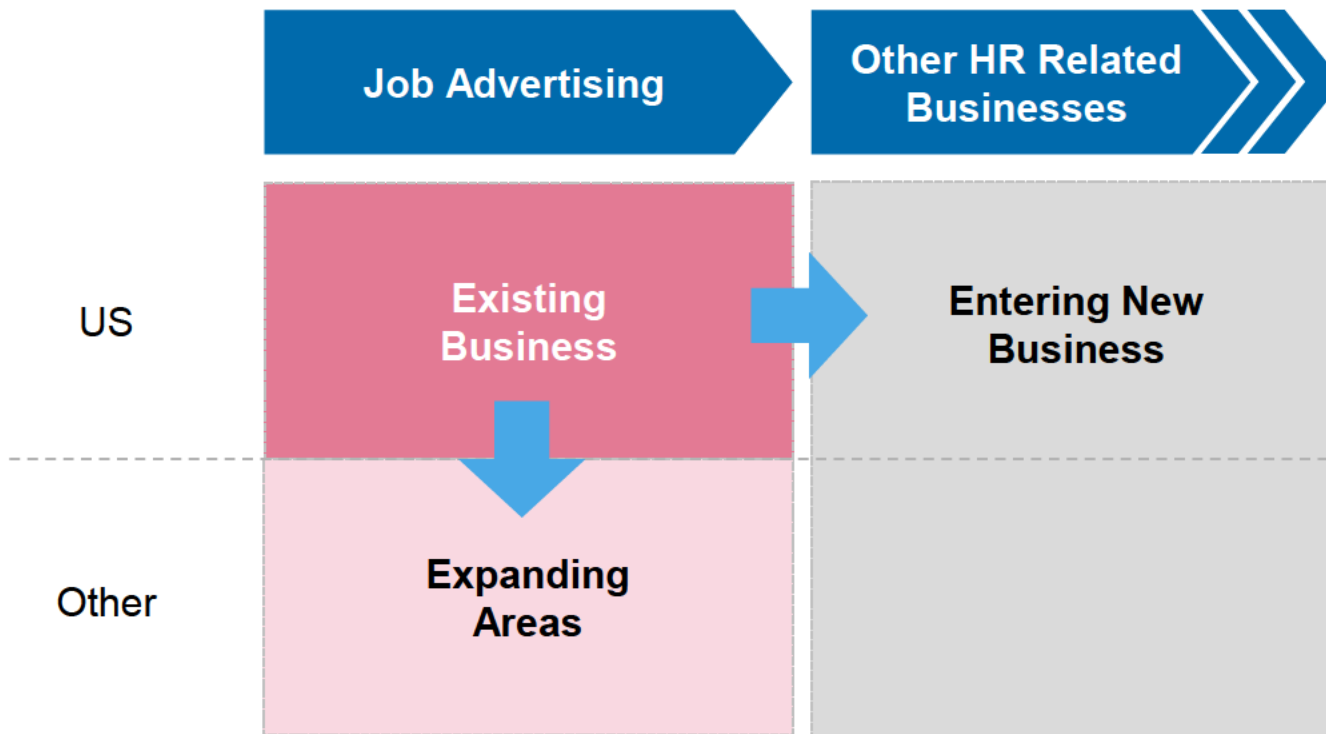
(USD MM)



\* This is the financial results of Indeed which differ from the IFRS-based consolidated financial results of Recruit Holdings Co., Ltd. due to differences in consolidation methodologies.

\* Revenues for FY2015 and FY2016 on this page are based on the fiscal year of Recruit Holdings Co., Ltd. ending March, along with the adoption of IFRS in place of Japanese GAAP from the beginning of FY2017. This differs from the results presentation in May 2017 which was based on the fiscal year of Indeed ending December.

Expand business area from job advertising to other HR related businesses



## HR Technology

2. Mid-term Strategy

Announced potential acquisition of Glassdoor, Inc. operating one of the fastest growing jobs and recruiting sites in the world

「Helping people everywhere find jobs and companies they love」

### Glassdoor, Inc.

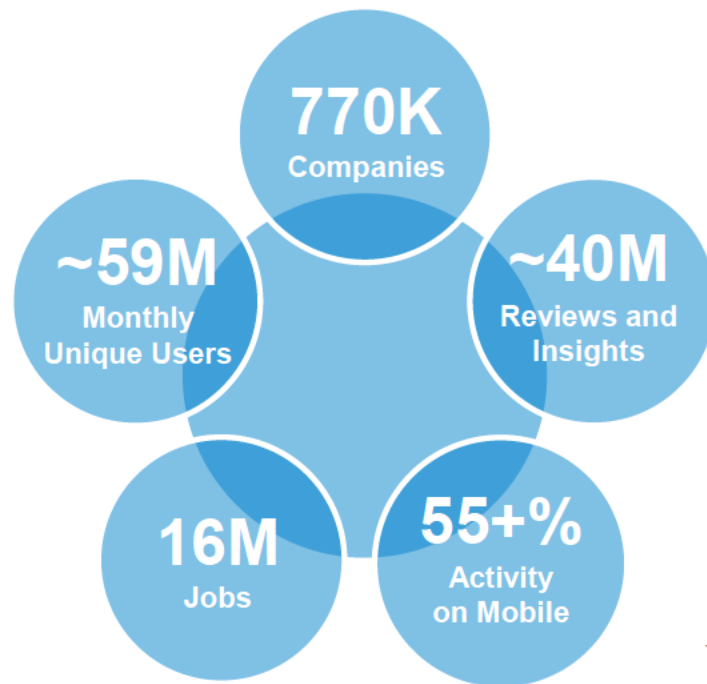
**Headquarters:** Mill Valley, California (USA)

**Products** : Employer branding solutions  
Job advertising

**Revenue** : 171 million US dollars  
(Fiscal Year ended in March 2018)

**Employees** : 750

**Established** : June 2007



\* Source: Glassdoor Management, Glassdoor Internal Data.

\* Revenue based on unaudited financials. Unique Users as of January 2018.

# HR Technology

## 2. Mid-term Strategy

Greater workplace transparency through online jobs and recruiting site, **Glassdoor.com**

**Company Profile:**  
Subscription model

**Job postings:**  
Cost-Per-Click or Subscription model

**Company reviews**

**Job information**

**Glassdoor Overview**

Website: [www.glassdoor.com](http://www.glassdoor.com)  
Size: 501 to 1000 employees  
Type: Company - Private  
Revenue: Unknown / Non-Applicable

**Glassdoor Reviews**

4.1 stars (4.1 out of 5)  
83% Recommend to a friend  
94% Approved of CEO

**Glassdoor Jobs**

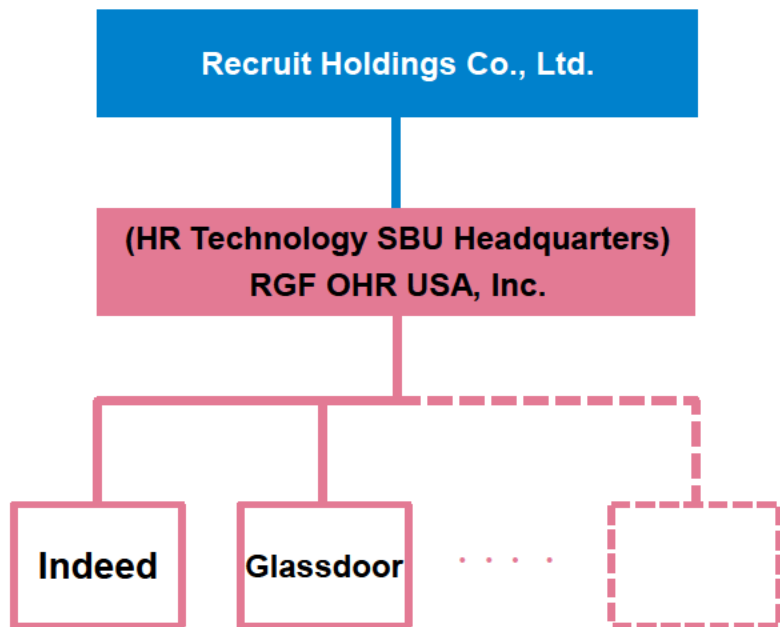
- Director, Web Marketing  
Glassdoor - Mill Valley, CA  
\$147k-\$237k (Glassdoor Est.)  
1 days ago
- Lead Data Scientist, Machine Learning  
Glassdoor - San Francisco, CA  
\$140k-\$191k (Glassdoor Est.)  
2 days ago
- Senior Manager, Engineering- Email & Notifications Platform

## HR Technology

### 2. Mid-term Strategy

**Glassdoor, Inc. is planned to be operated under HR Technology SBU**

#### Governance Structure Image

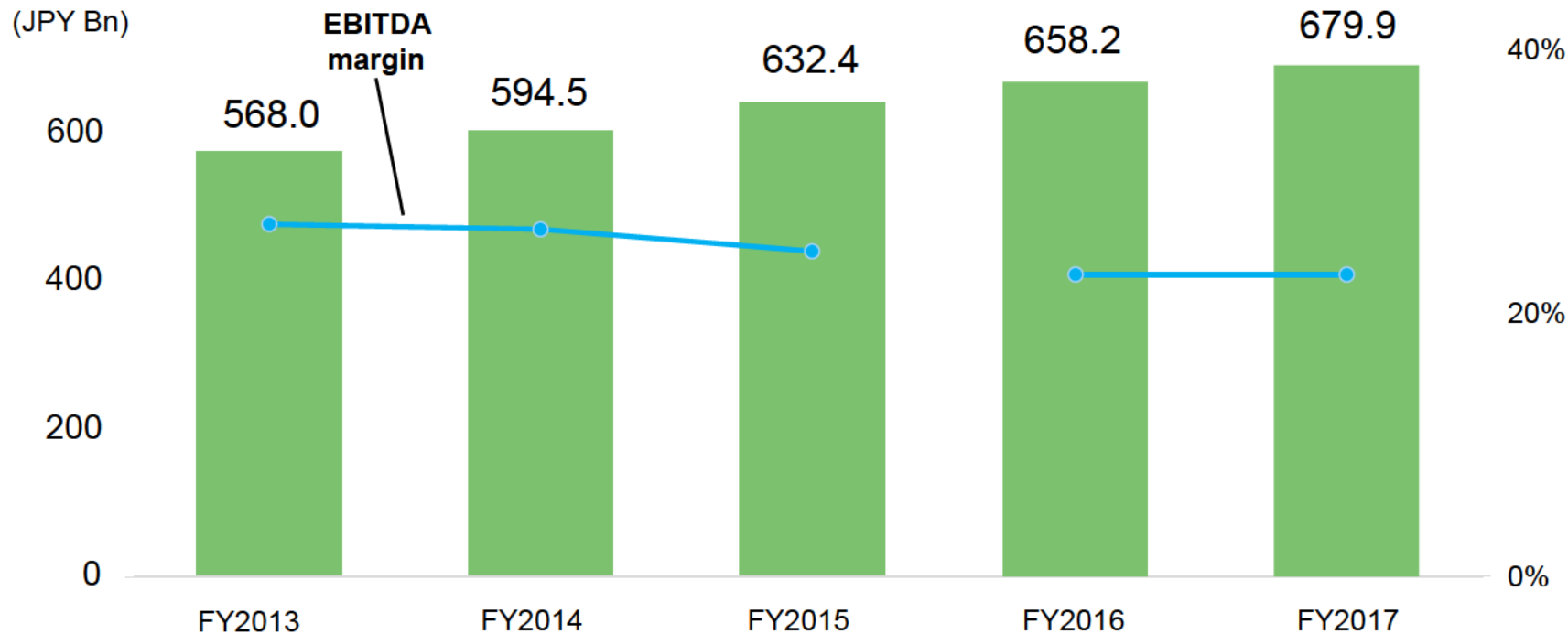


- ✓ Glassdoor is planned to be an operating company under the HR Technology segment of Recruit Holdings Co., Ltd., same as Indeed.
- ✓ HR Technology segment to deliver broader value by leveraging the strengths of each operating company.

## Media & Solutions

### 2. Mid-term Strategy

Stable revenue growth with high EBITDA margin



\* FY2013 - FY2015: Based on JGAAP. Sum of revenues of Life Event and Lifestyle in the Marketing Media and Domestic Recruiting in the HR Media in the former segment.

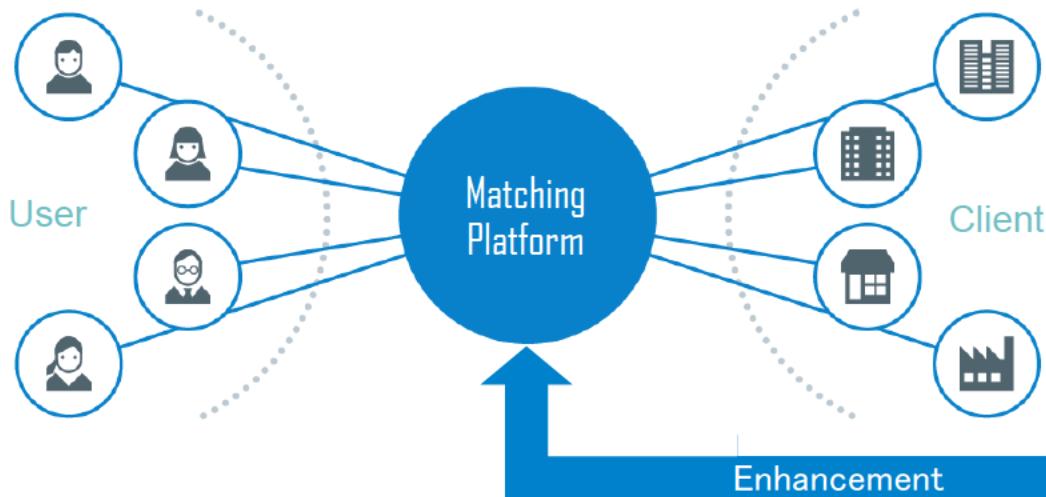
\* FY2016 onwards: Based on the new segment and IFRS.

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# Media & Solutions

2. Mid-term Strategy

Strengthen business foundation by expanding operational support services



Reaching New Business Opportunities

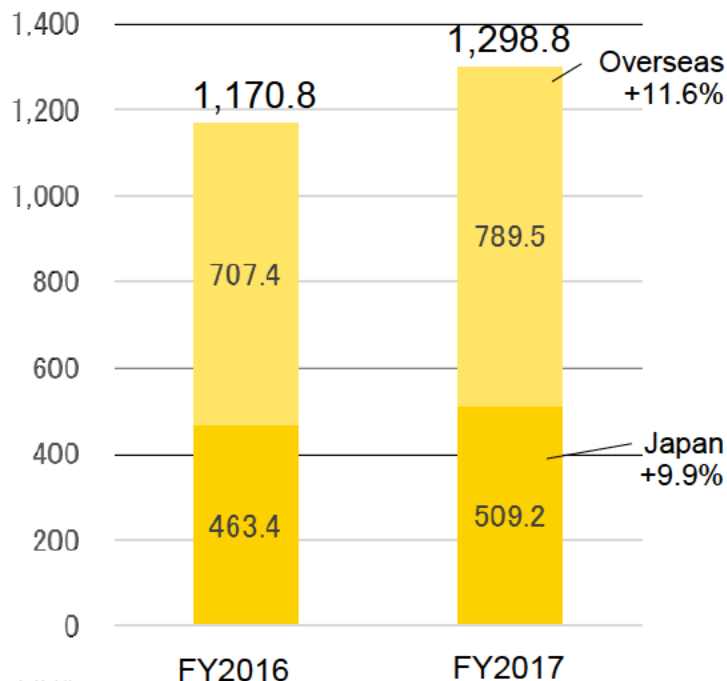
## Staffing

- Favorable revenue growth of 9.9% in Japan operations
- Revenue increase 11.6% in overseas operations due to the acquisition of a new subsidiary

2. Mid-term Strategy

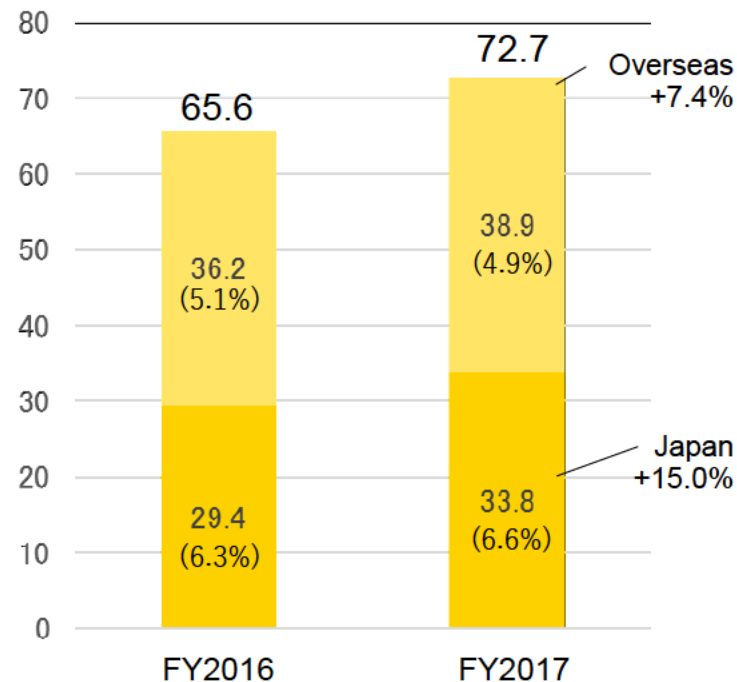
(JPY Bn)

### Revenue



(JPY Bn)

### EBITDA



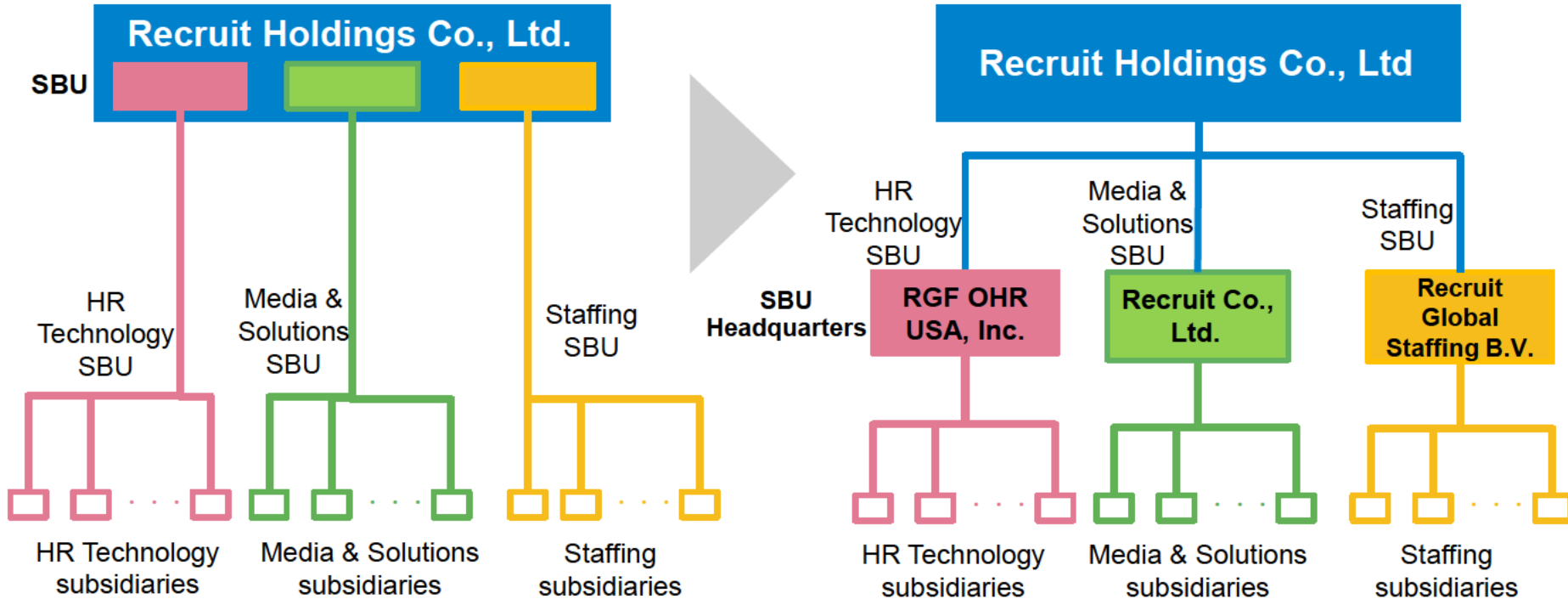
\* EBITDA margin is shown in parenthesis.



# Group Reorganization

## 3. New Management Structure

Group Reorganization to accelerate the strategic execution of each SBU

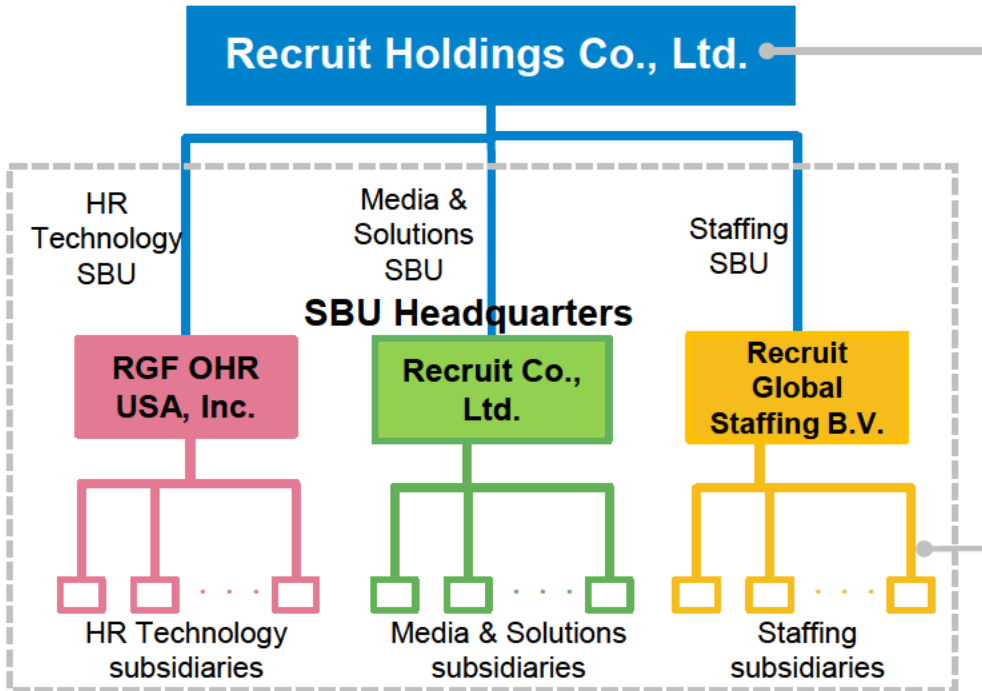


\* All the subsidiaries in the HR Technology segment are operated under, but their shares are not necessarily held by HR Technology SBU headquarters, RGF OHR USA, Inc.

# New Management Structure

## 3. New Management Structure

- Accelerate SBU's business expansion
- Strengthen holding company functions of **Recruit Holdings**



- ✓ Strengthening holding company functions
- ✓ Highly efficient group management structure including governance, monitoring and financial data management systems of the group companies
- ✓ New Board structure with new Board Directors, subject to the approval at the Ordinary General Meeting of Shareholders
- ✓ Establishing SBU Headquarters
- ✓ Strengthening each SBU's management capability to accelerate execution of its own strategy and rapidly expand its businesses further

# FY2018 Full-Year Forecasts Highlights

## 4. FY2018 Full-Year Forecasts Highlights

(JPY Bn, unless otherwise stated)

	FY2017	FY2018	
	Full-year	Full-year Forecasts	YoY Change
<b>Revenue</b>	<b>2,173.3</b>	<b>2,302.0</b>	<b>+5.9%</b>
<b>EBITDA</b>	<b>258.4</b>	<b>285.0</b>	<b>+10.3%</b>
<b>EBITDA margin (%)</b>	<b>11.9%</b>	<b>12.4%</b>	<b>+0.5pt</b>
<b>Adjusted profit</b>	<b>144.9</b>	<b>170.0</b>	<b>+17.3%</b>
<b>Adjusted EPS (JPY)</b>	<b>86.74</b>	<b>101.76</b>	<b>+17.3%</b>

\* Assumed foreign exchange rates for FY2018: JPY 106 per US dollar, JPY 131 per Euro, JPY 84 per Australian dollar.

# Financial Policy & Shareholder Returns

## 5. Financial Policy & Shareholder Returns

### Key Management Target

**Adjusted EPS : 3 years CAGR of high single digits (FY2016 -18)**

**The target is expected to be achieved with 3 years CAGR forecast of 13.5%**

### Capital Efficiency

**Basic policy is to maintain ROE of approximately 15%**

**ROE of 19.3% in FY2017**

### Shareholder Returns

#### Annual dividends

**- FY2017 : JPY 23 (interim: JPN 11, year-end: JPY 12)**

**- FY2018 (forecast) : JPY 27 (interim: JPN 13.5, year-end: JPY 13.5)**

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- 7. FY2018 Full-Year Forecasts**

# FY2017 Q4 Financial Results

6. FY2017 Q4 Financial Results

(JPY Bn, unless otherwise stated)	FY2016	FY2017			
	Q4 (Jan.- Mar.)	Q4 (Jan.- Mar.)	YoY Change	Full-year	YoY Change
<b>Revenue</b>	<b>518.9</b>	<b>556.4</b>	<b>+7.2%</b>	<b>2,173.3</b>	<b>+11.9%</b>
<b>EBITDA</b>	<b>42.6</b>	<b>42.7</b>	<b>+0.2%</b>	<b>258.4</b>	<b>+11.3%</b>
<b>EBITDA margin</b>	<b>8.2%</b>	<b>7.7%</b>	<b>-0.5pt</b>	<b>11.9%</b>	<b>-0.1%</b>
<b>Operating income</b>	<b>25.5</b>	<b>25.1</b>	<b>-1.7%</b>	<b>191.7</b>	<b>-0.9%</b>
Adjusted operating income <sup>(1)</sup>	<b>25.5</b>	<b>25.1</b>	<b>-1.7%</b>	<b>190.5</b>	<b>+11.2%</b>
<b>Profit attributable to owners of the parent</b>	<b>17.6</b>	<b>23.0</b>	<b>+30.6%</b>	<b>151.6</b>	<b>+11.0%</b>
<b>Adjusted profit</b>	<b>21.7</b>	<b>22.1</b>	<b>+1.7%</b>	<b>144.9</b>	<b>+8.3%</b>
<b>Adjusted EPS (JPY)</b>	<b>13.04<sup>(2)</sup></b>	<b>13.26</b>	<b>+1.7%</b>	<b>86.74</b>	<b>+8.3%</b>

(1) Excluding proceeds and losses from sale of subsidiaries.

(2) Assuming a three-for-one stock split of its common stock on July 1, 2017 was implemented at the beginning of FY2016.

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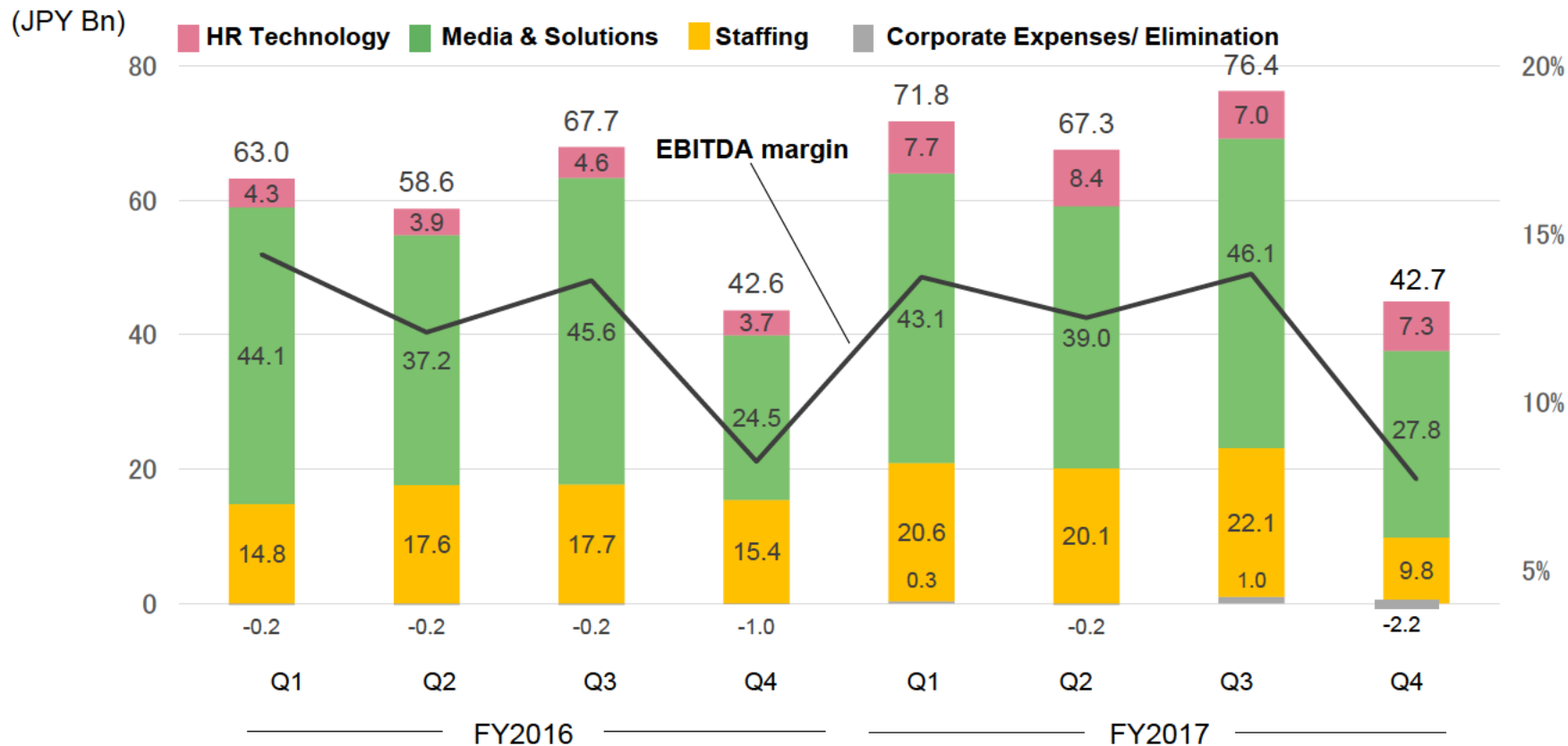
# FY2017 Q4 Financial Results by Segment

6. FY2017 Q4 Financial Results

(JPY Bn)	FY2016	FY2017			
	Q4 (Jan.- Mar.)	Q4 (Jan.- Mar.)	YoY Change	Full-year	YoY Change
<b>Revenue</b>					
<b>Consolidated results</b>	<b>518.9</b>	<b>556.4</b>	<b>+7.2%</b>	<b>2,173.3</b>	<b>+11.9%</b>
HR Technology	39.3	61.9	+57.5%	218.5	+64.7%
Media & Solutions	175.9	181.2	+3.0%	679.9	+3.3%
Staffing	309.4	319.9	+3.4%	1,298.8	+10.9%
Corporate Expenses/ Elimination	-5.7	-6.6	-	-24.0	-
<b>EBITDA</b>					
<b>Consolidated results</b>	<b>42.6</b>	<b>42.7</b>	<b>+0.2%</b>	<b>258.4</b>	<b>+11.3%</b>
HR Technology	3.7	7.3	+94.1%	30.6	+83.3%
Media & Solutions	24.5	27.8	+13.5%	156.1	+3.1%
Staffing	15.4	9.8	-36.2%	72.7	+10.8%
Corporate Expenses/ Elimination	-1.0	-2.2	-	-1.0	-

# Quarterly EBITDA by Segment

6. FY2017 Q4 Financial Results





# HR Technology

## 6. FY2017 Q4 Financial Results

(JPY Bn, USD MM)	FY2016	FY2017			
	Q4 (Jan.- Mar.)	Q4 (Jan.- Mar.)	YoY Change	Full-year	YoY Change
<b>Revenue</b>					
HR Technology	39.3	61.9	+57.5%	218.5	+64.7%
Reference: Revenue in US Dollars <sup>(1)</sup>	355	572	+61.1%	1,976	+60.7%
<b>EBITDA</b>					
HR Technology	3.7	7.3	+94.1%	30.6	+83.3%

(1) This is the financial results of Indeed, which differ from the IFRS-based consolidated financial results of Recruit Holdings Co., Ltd. due to differences in consolidation methodologies.

# Media & Solutions

## 6. FY2017 Q4 Financial Results

(JPY Bn)	FY2016	FY2017			
	Q4 (Jan.- Mar.)	Q4 (Jan.- Mar.)	YoY Change	Full-year	YoY Change
<b>Revenue</b>					
<b>Media &amp; Solutions</b>	175.9	181.2	+3.0%	679.9	+3.3%
<b>Marketing Solutions</b>	97.1	96.4	-0.6%	378.5	+2.4%
Housing and Real Estate	25.5	24.7	-2.9%	98.1	-1.4%
Bridal	13.0	13.1	+0.7%	55.4	+1.6%
Travel	13.9	14.2	+1.6%	58.8	+0.8%
Dining	9.5	9.7	+2.1%	37.3	-0.3%
Beauty	14.6	16.8	+14.7%	63.8	+12.4%
Others	20.3	17.8	-12.5%	64.8	+3.2%
<b>HR Solutions</b>	78.3	83.0	+6.0%	294.4	+4.4%
Domestic Recruiting	72.9	76.8	+5.4%	270.6	+4.0%
Others	5.3	6.1	+14.0%	23.7	+9.9%
Corporate Expenses/ Eliminations	0.4	1.7	+287.3%	7.0	+7.0%
<b>EBITDA</b>					
<b>Media &amp; Solutions</b>	24.5	27.8	+13.5%	156.1	+3.1%
<b>Marketing Solutions</b>	10.8	15.5	+43.5%	95.2	+9.4%
<b>HR Solutions</b>	19.5	16.4	-15.9%	74.5	-0.4%
Corporate Expenses/ Eliminations	-5.8	-4.1	-	-13.6	-

# Staffing

## 6. FY2017 Q4 Financial Results

(JPY Bn)	FY2016	FY2017			
	Q4 (Jan.- Mar.)	Q4 (Jan.- Mar.)	YoY Change	Full-year	YoY Change
<b>Revenue</b>					
<b>Staffing</b>	<b>309.4</b>	<b>319.9</b>	<b>+3.4%</b>	<b>1,298.8</b>	<b>+10.9%</b>
<b>Japan</b>	<b>122.7</b>	<b>128.9</b>	<b>+5.1%</b>	<b>509.2</b>	<b>+9.9%</b>
<b>Overseas</b>	<b>186.6</b>	<b>190.9</b>	<b>+2.3%</b>	<b>789.5</b>	<b>+11.6%</b>
 <b>EBITDA</b>					
<b>Staffing</b>	<b>15.4</b>	<b>9.8</b>	<b>-36.2%</b>	<b>72.7</b>	<b>+10.8%</b>
<b>Japan</b>	<b>7.2</b>	<b>2.7</b>	<b>-62.6%</b>	<b>33.8</b>	<b>+15.0%</b>
<b>Overseas</b>	<b>8.1</b>	<b>7.1</b>	<b>-12.7%</b>	<b>38.9</b>	<b>+7.4%</b>

## FY2018 Full-Year Forecasts

### 7. FY2018 Full-Year Forecasts

(JPY Bn, unless otherwise stated)	FY2017	FY2018	
	Full-year <sup>(1)</sup>	Full-year Forecasts*	YoY Change
<b>Revenue</b>	<b>2,173.3</b>	<b>2,302.0</b>	<b>+5.9%</b>
<b>EBITDA</b>	<b>258.4</b>	<b>285.0</b>	<b>+10.3%</b>
<b>Operating income</b>	<b>191.7</b>	<b>210.0</b>	<b>+9.5%</b>
<b>Profit attributable to owners of the parent</b>	<b>151.6</b>	<b>153.0</b>	<b>+0.9%</b>
<b>Adjusted profit</b>	<b>144.9</b>	<b>170.0</b>	<b>+17.3%</b>
<b>Adjusted EPS (JPY)</b>	<b>86.74</b>	<b>101.76</b>	<b>+17.3%</b>
<b>Profit used as basis for dividend calculation</b>	<b>131.8</b>	<b>153.0</b>	<b>+16.1%</b>
<b>Dividend per share (JPY)</b>	<b>23.00</b>	<b>27.00</b>	<b>-</b>

\* Assumed foreign exchange rates for FY2018: JPY 106 per US dollar, JPY 131 per Euro, JPY 84 per Australian dollar.



# Appendix

## ■ Candidate for Board Director



### Rony Kahan

- Aug. 1998 Co-Founder, [jobsinthemoney.com](http://jobsinthemoney.com), Inc.
- Nov. 2004 Co-Founder, President & Chairman, Indeed, Inc.
- Sep. 2012 CEO, Indeed, Inc.
- Oct. 2013 Chairman, Indeed, Inc.

\* Appointed to be a Board Director of Recruit Holdings Co., Ltd., subject to the approval at the Ordinary General Meeting of Shareholders scheduled in June 2018.

## EBITDA and Adjusted Profit under IFRS

(JPY Bn)	FY2017	
	Q4 (Jan.- Mar.)	Full-year
<b>EBITDA</b>		
Operating income	25.1	191.7
Other operating income	-1.4	-5.7
Other operating expenses	+3.0	+11.0
Depreciation and amortization	+16.0	+61.3
<b>EBITDA</b>	<b>42.7</b>	<b>258.4</b>

(JPY Bn)	FY2017	
	Q4 (Jan.- Mar.)	Full-year
<b>Adjusted profit</b>		
Profit (loss) attributable to owners of the parent	23.0	151.6
Amortization of intangible assets arising due to business combinations	+4.8	+19.1
One-off income	-0.9	-6.4
One-off losses	+2.6	+9.9
Tax reconciliation regarding the adjustment items	-7.4	-29.4
<b>Adjusted profit</b>	<b>22.1</b>	<b>144.9</b>

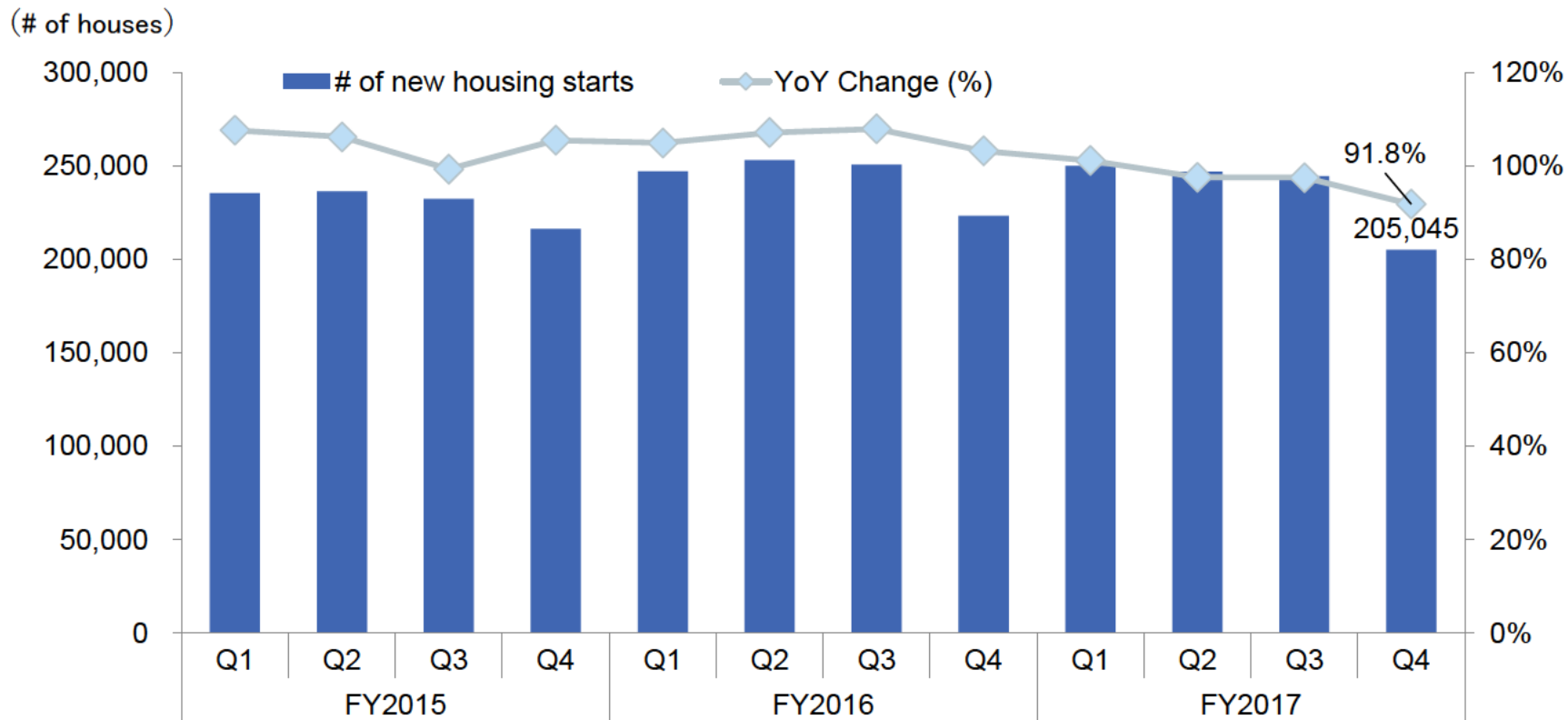
## Other Data

	FY2016				FY2017			
	Q1e	Q2e	Q3e	Q4e	Q1e	Q2e	Q3e	Q4e
Hot Pepper Gourmet # of seats reserved online* (million)	9.63	19.40	36.92	51.53	14.48	28.28	52.75	71.21
Hot Pepper Beauty # of online reservations* (million)	13.88	29.44	44.93	61.38	18.24	37.95	57.58	78.23
Air REGI # of accounts (thousand)	244	255	267	279	292	305	318	333
Study Sapuri high school student course #of paying subscribers (thousand)	215	230	237	244	318	333	336	339

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

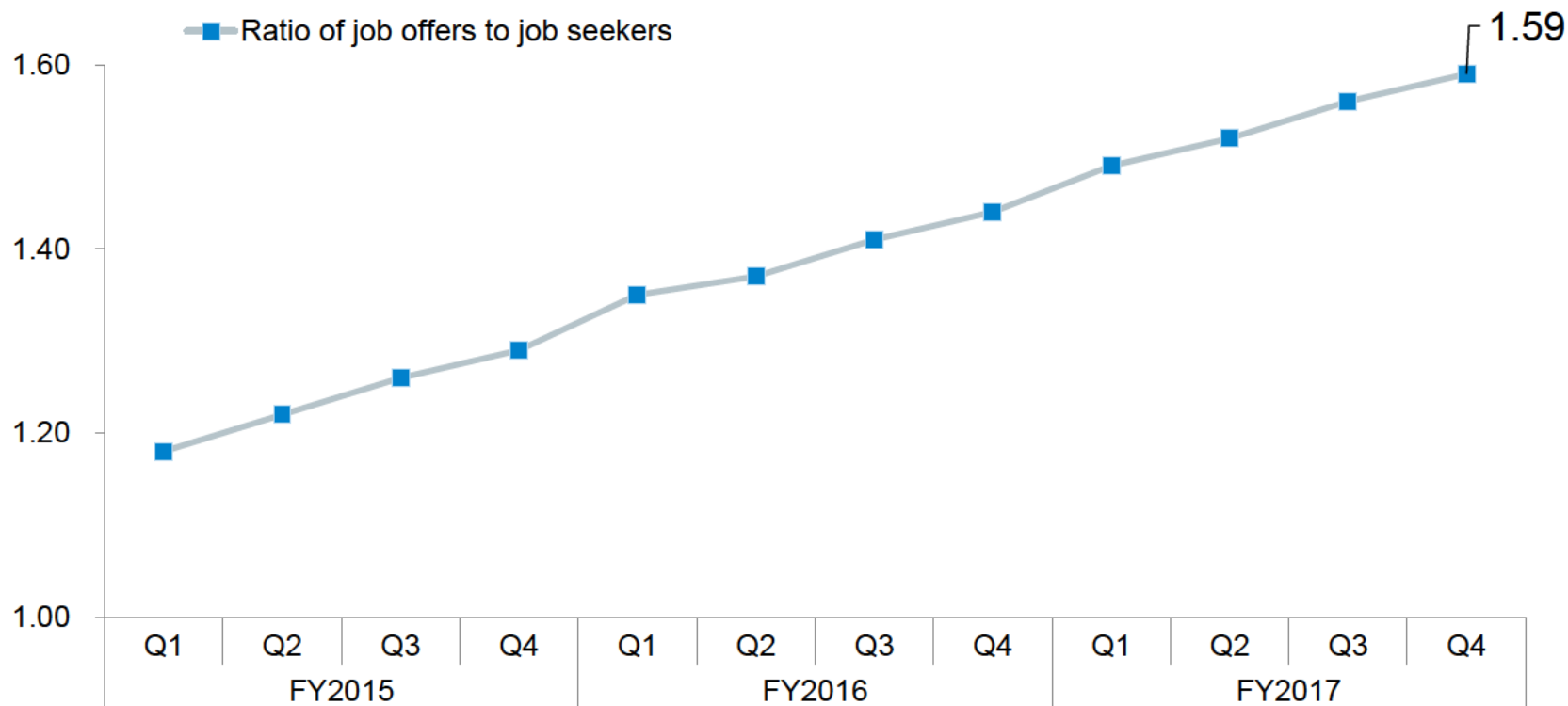


## Market Conditions: Housing and Real Estate



\*Source: MLIT housing starts statistics

## Market Conditions : Domestic Recruiting

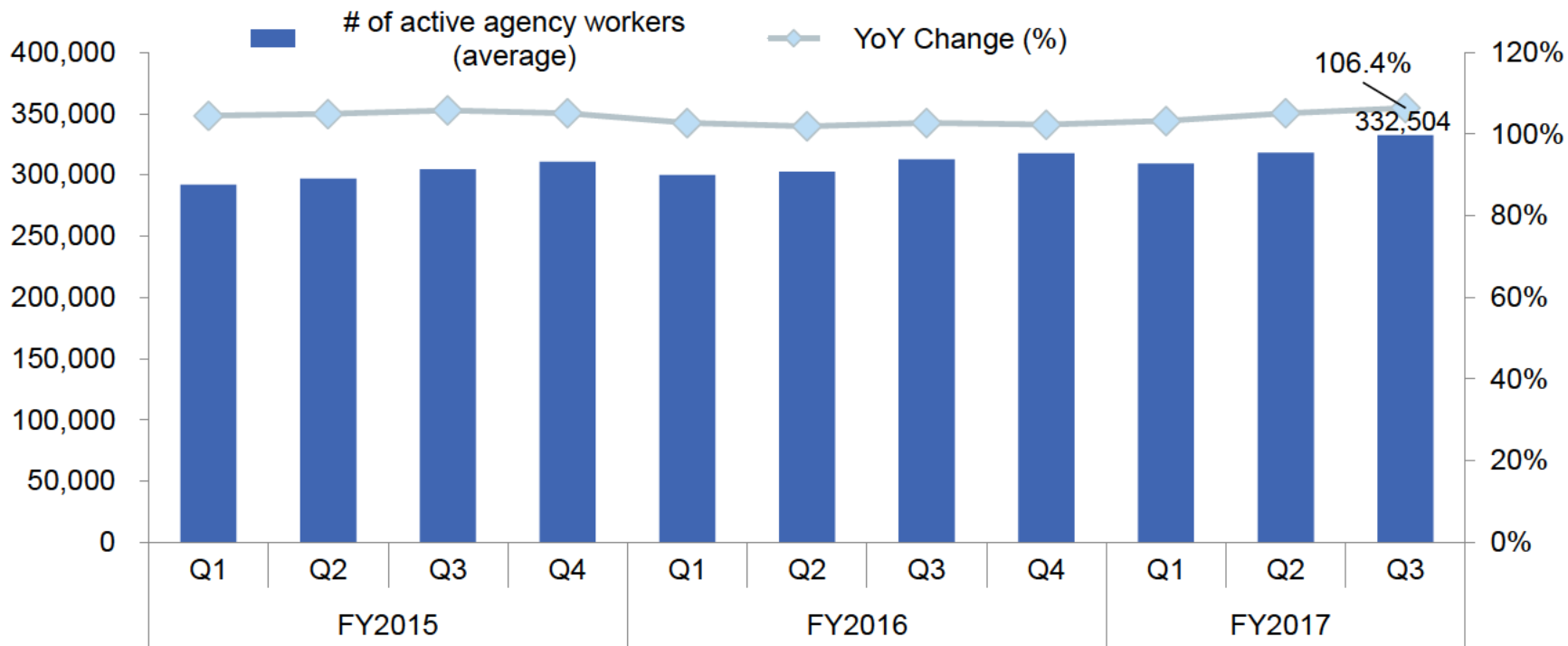


\*Source: Ministry of Health, Labour and Welfare

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## Market Conditions : Domestic Staffing

(# of persons)



\*Source: Japan Staffing Services Association.

## Notes

EBITDA = operating income + depreciation and amortization ± other operating income/expenses

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)

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