

# Financial Results for FY2014

May 13, 2015



Recruit Holdings Co., Ltd.

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# 1. FY2014 Consolidated Financial Highlights

# 1-(I) Consolidated Earnings Summary

- Net sales grew 9.1% YoY to an all-time high
- EBITDA increased 6.0% YoY despite ongoing investments to achieve medium-to-long term growth

(JPY Bn)	FY2013	FY2014		
	Full-year	Full-year Forecast* <sub>3</sub> (announced on May 14, 2014)	Full-year* <sub>4</sub>	YoY Change
Net sales	1,191.5	1,290.0	<b>1,299.9</b>	+9.1%
EBITDA* <sub>1</sub>	180.6	191.0	<b>191.4</b>	+6.0%
EBITDA margin	15.2%	14.8%	14.7%	-0.4pt
Operating income	117.4	121.0	<b>122.4</b>	+4.3%
Ordinary income	122.0	126.0	<b>125.6</b>	+2.9%
Net income	65.4	66.0	<b>69.7</b>	+6.5%
Adjusted net income* <sub>2</sub>	101.4	103.0	<b>107.5</b>	+6.0%
Dividend per share (JPY)	—	47	<b>47</b>	—

\*1 : EBITDA = Operating income + Depreciation and amortization + Amortization of goodwill

\*2 : Adjusted net income = Net income + Amortization of goodwill

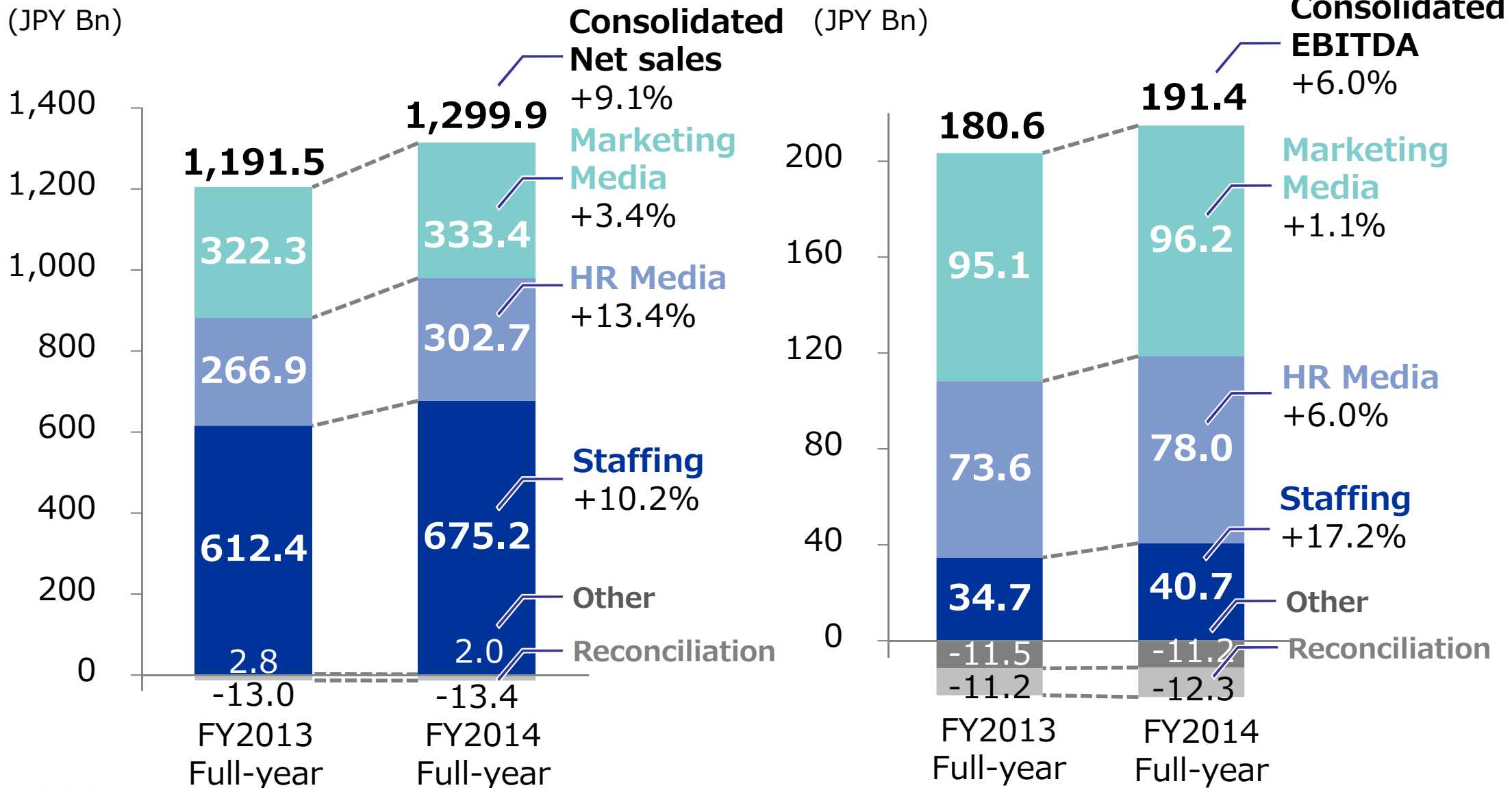
\*3 : Same as the forecast announced on October 16, 2014. Assuming exchange rate: JPY103.00/USD

\*4 : Average exchange rate: JPY105.79/USD (Average exchange rate: JPY97.73/USD for FY2013)

# 1-(II) Segment Net sales & EBITDA

## Segment Net sales\*

## Segment EBITDA



\*Segment Net sales includes net sales and transfers between segments

## 2. FY2014 Earnings Results by Segments

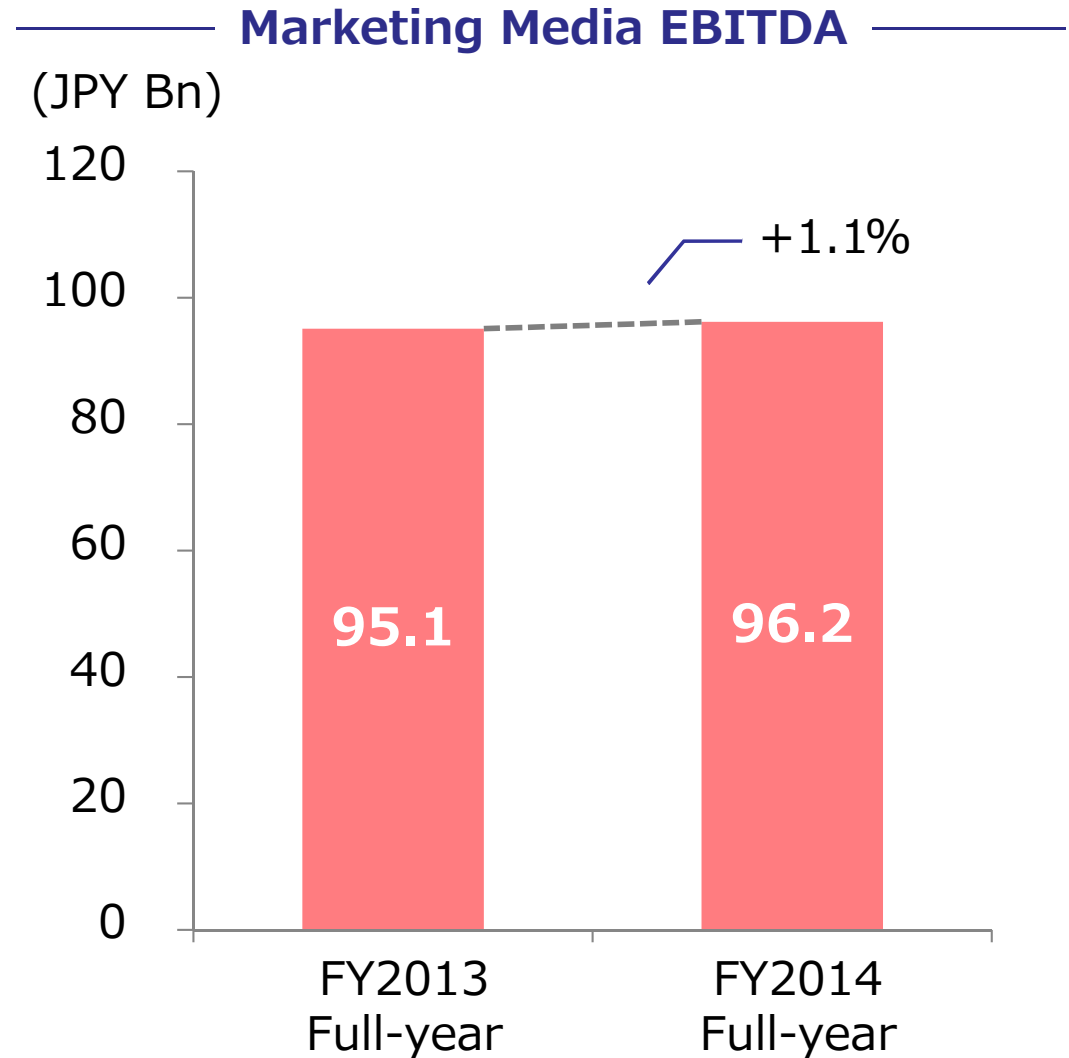
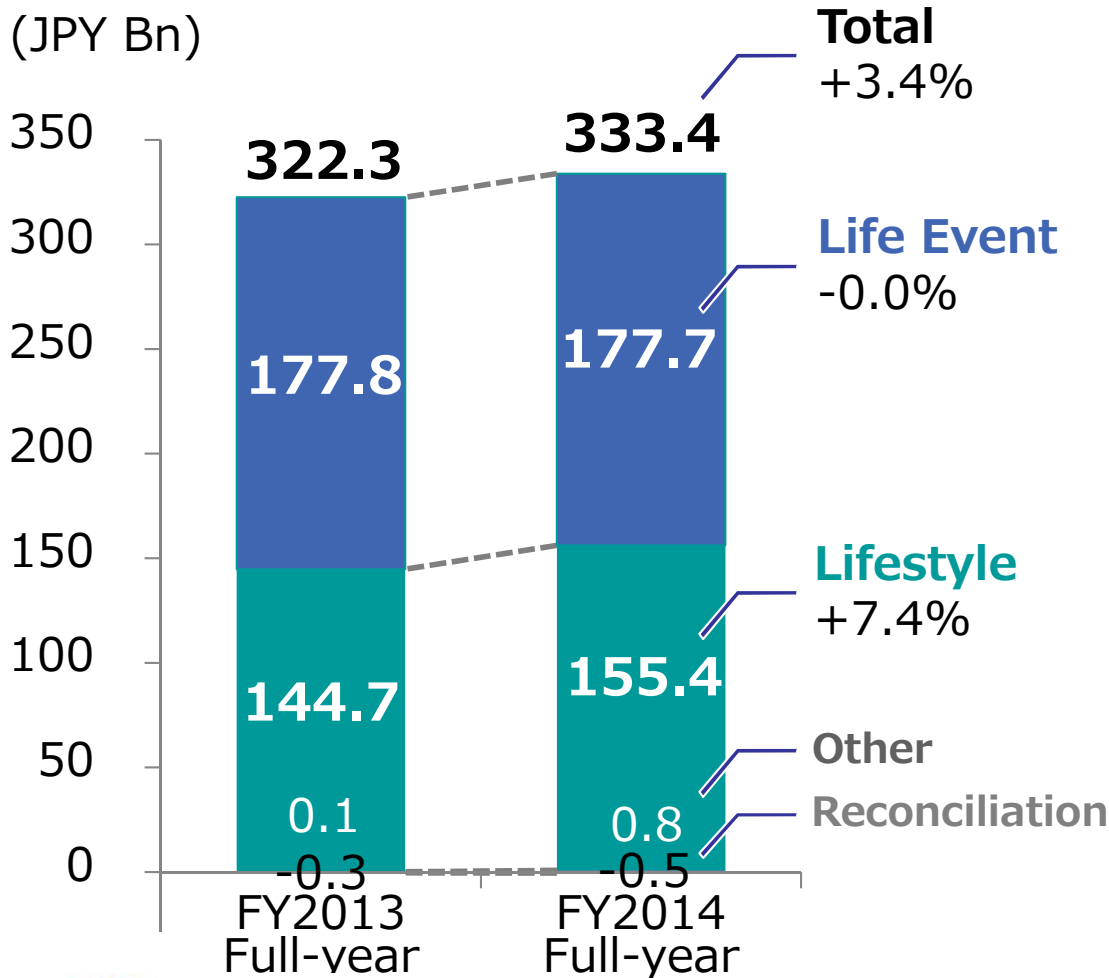
## **2. FY2014 Earnings Results by Segments**

### **(I) Marketing Media**



# 2-(I) Marketing Media Net Sales & EBITDA

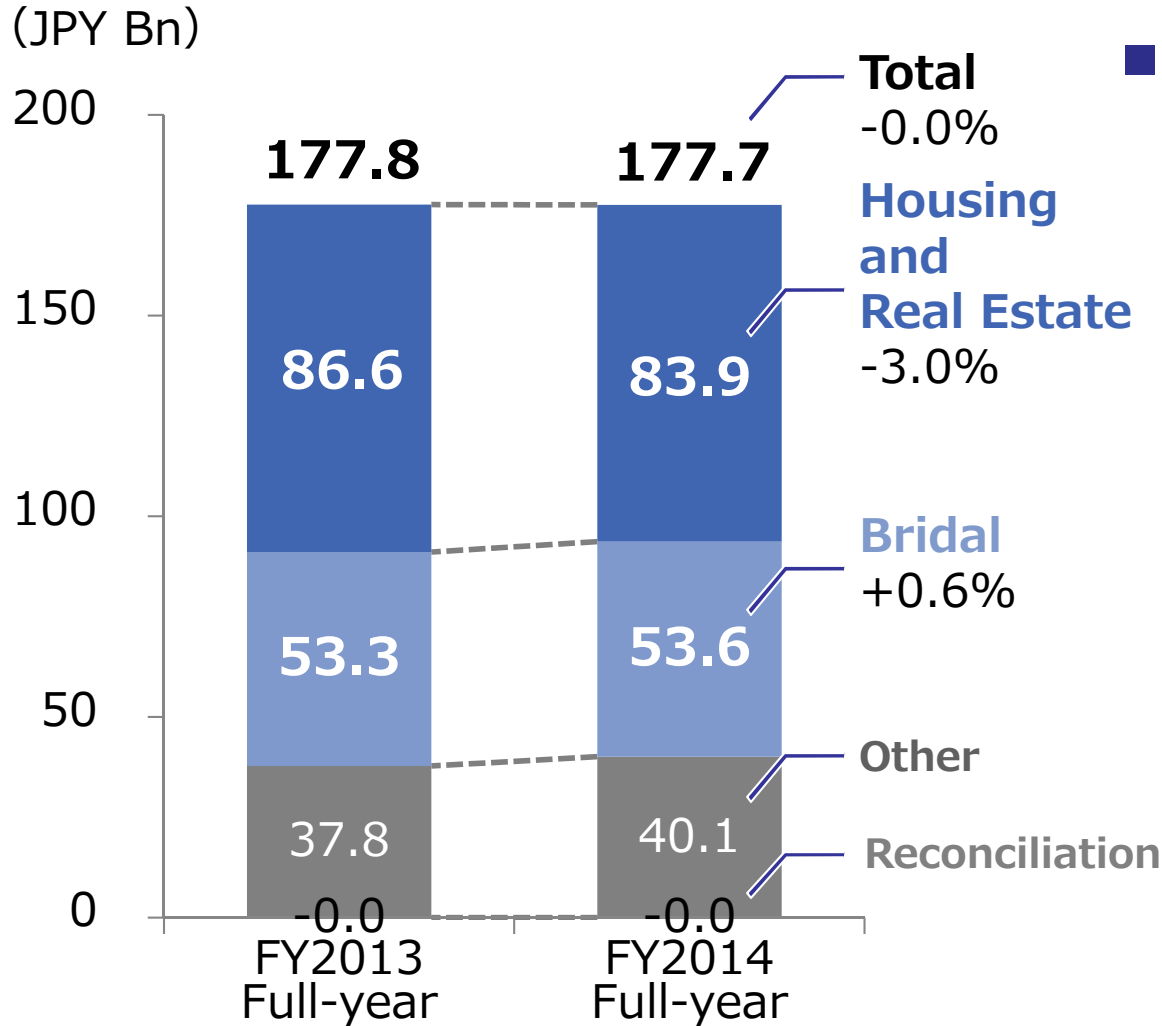
- Net sales increased 3.4% YoY. While Life Event operations net sales remained stable, Lifestyle operations net sales trended favorably
- EBITDA increased 1.1% YoY reflecting the increase in net sales



\*Segment Net sales includes net sales and transfers between segments

# 2-(I) Marketing Media: Life Event Operations

## Life Event Net sales\*



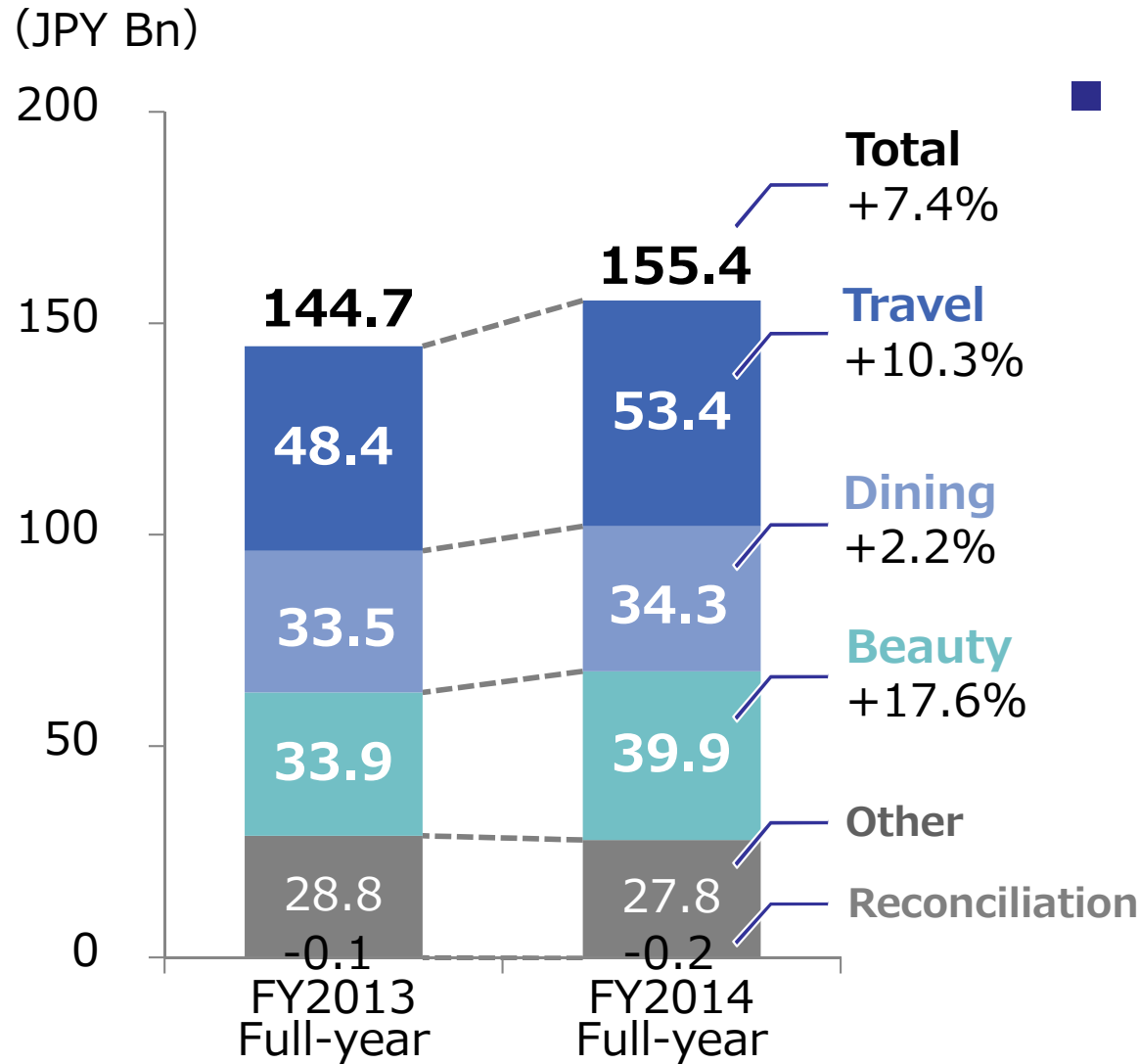
### ■ Solid net sales

- Net sales trended sluggishly in the condominium apartment division reflecting the change of market environments, which negatively impacted the housing and real estate business.
- Net sales trended solidly in the bridal business, owing in part to new store openings by major clients that operate wedding halls.

\*Segment Net sales includes net sales and transfers between segments

# 2-(I) Marketing Media: Lifestyle Operations

## Lifestyle Net sales\*



### ■ Strong net sales

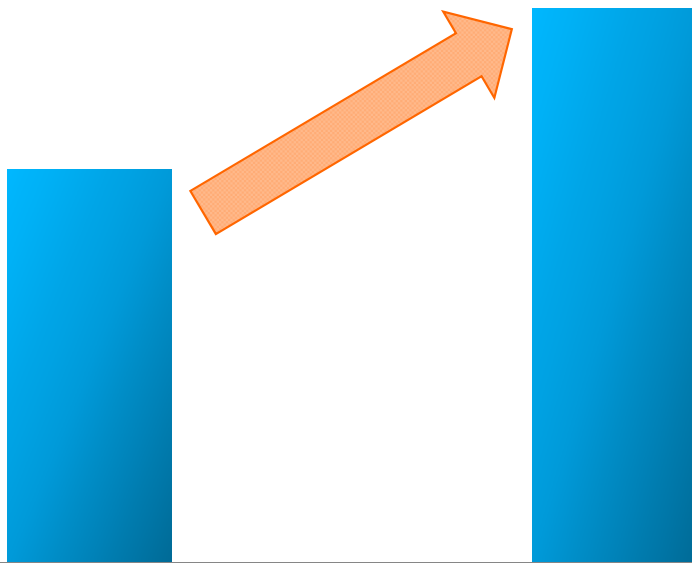
- The travel business trended favorably due to a rise in the unit price of hotels and other accommodations as well as an increase in the number of total users of our services (number of persons who stayed overnight).
- The dining business was robust as we promoted strengthening of client contacts.
- The beauty business trended favorably mainly due to an increase in business with new and existing clients.

\*Segment Net sales includes net sales and transfers between segments

# (Topics in Domestic Business)

## ■ Dining business

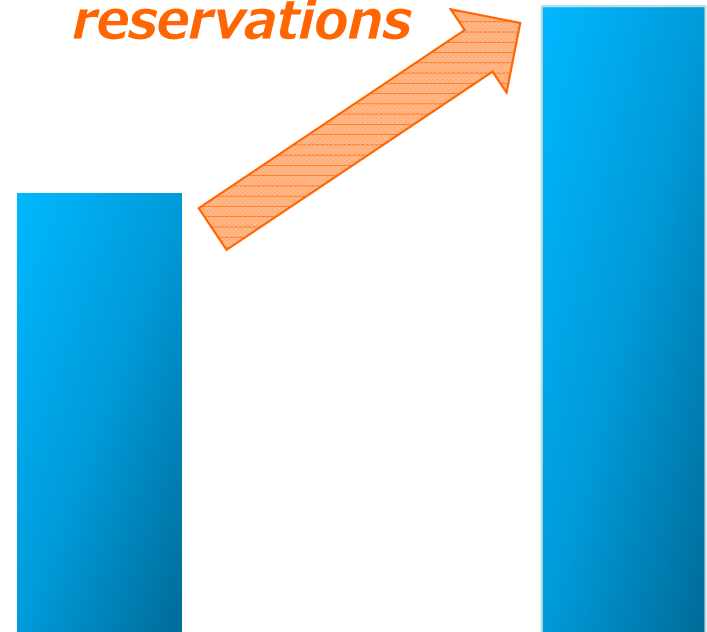
**+6.93** million users  
**23.90** million users



FY2014 Q3 YTD  
FY2014 Full-year  
**No. of online reservations  
HotPepper Gourmet\***

## ■ Beauty business

**+8.84** million reservations  
**30.04** million reservations



FY2014 Q3 YTD  
FY2014 Full-year  
**No. of online reservations  
HotPepper Beauty\***

# (Topics in Overseas Business)

## ■ Shifted to phase for full-fledged overseas development and acquired two companies that were converted into subsidiaries

- Acquisition of Quandoo, an European online restaurant reservation service provider
- Acquisition of Hotspring, an European online beauty reservation service provider

### Quandoo

Established : November 2012  
Headquarters : Berlin (Germany)  
Net sales : €4.29million  
EBITDA : €-9.66million  
Employees : Appx. 250  
# of Locations : 13 countries  
Acquisition cost :  
Acquisition price €198.6million  
Advisory fees and other related costs ¥0.56billion  
Date of execution of share acquisition :  
March 5, 2015

### Hotspring

Established : February 2008  
Headquarters : London (UK)  
Net sales : £ 4.30million (FY2014)  
EBITDA : £ -6.30million (FY2014)  
Employees : Appx. 130  
# of Locations : 5 countries  
Acquisition cost :  
Acquisition price £ 112.5million  
Advisory fees and other related costs ¥0.6billion  
Date of execution of share acquisition :  
May 1, 2015

## **2. FY2014 Earnings Results by Segments**

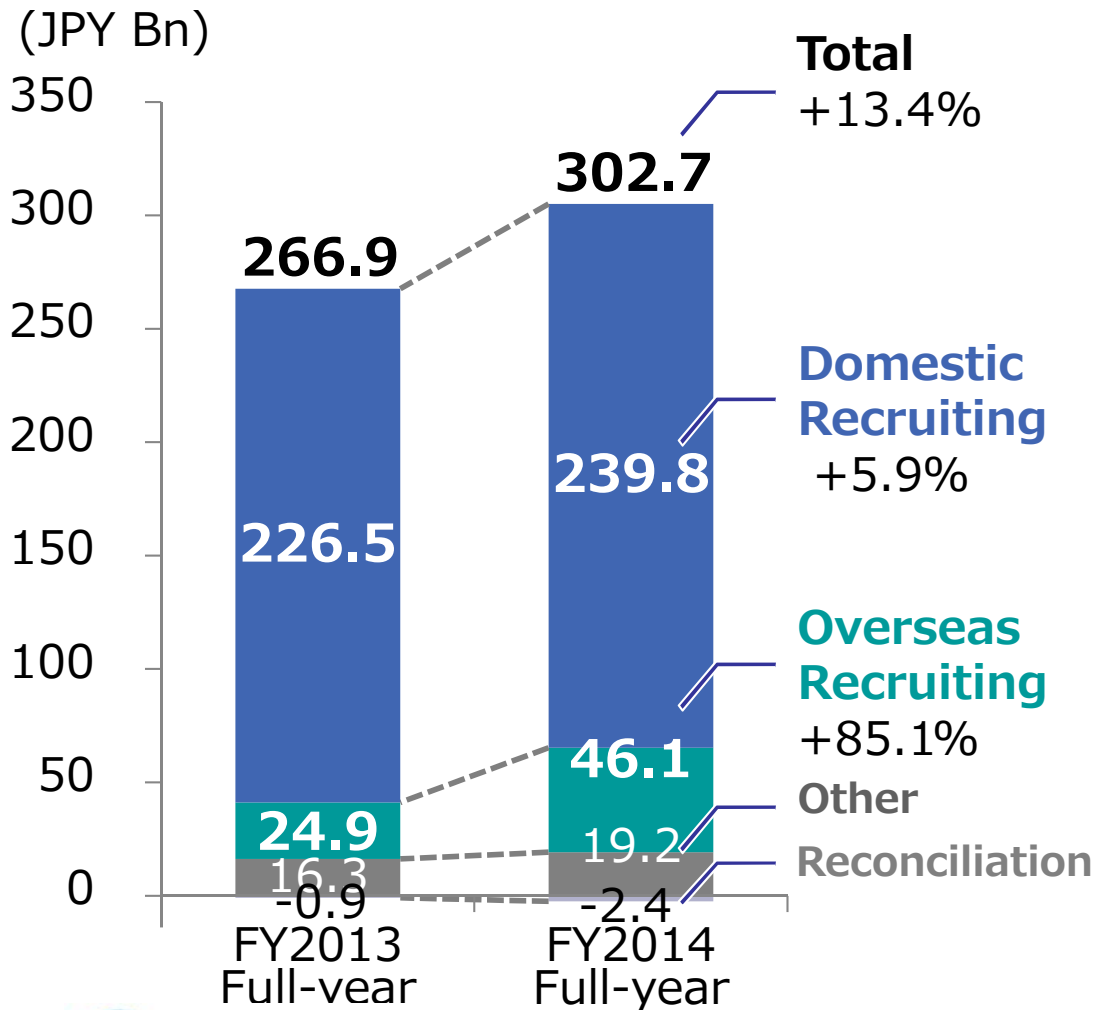
### **(II) HR Media**

## 2-(II) HR Media Net sales & EBITDA

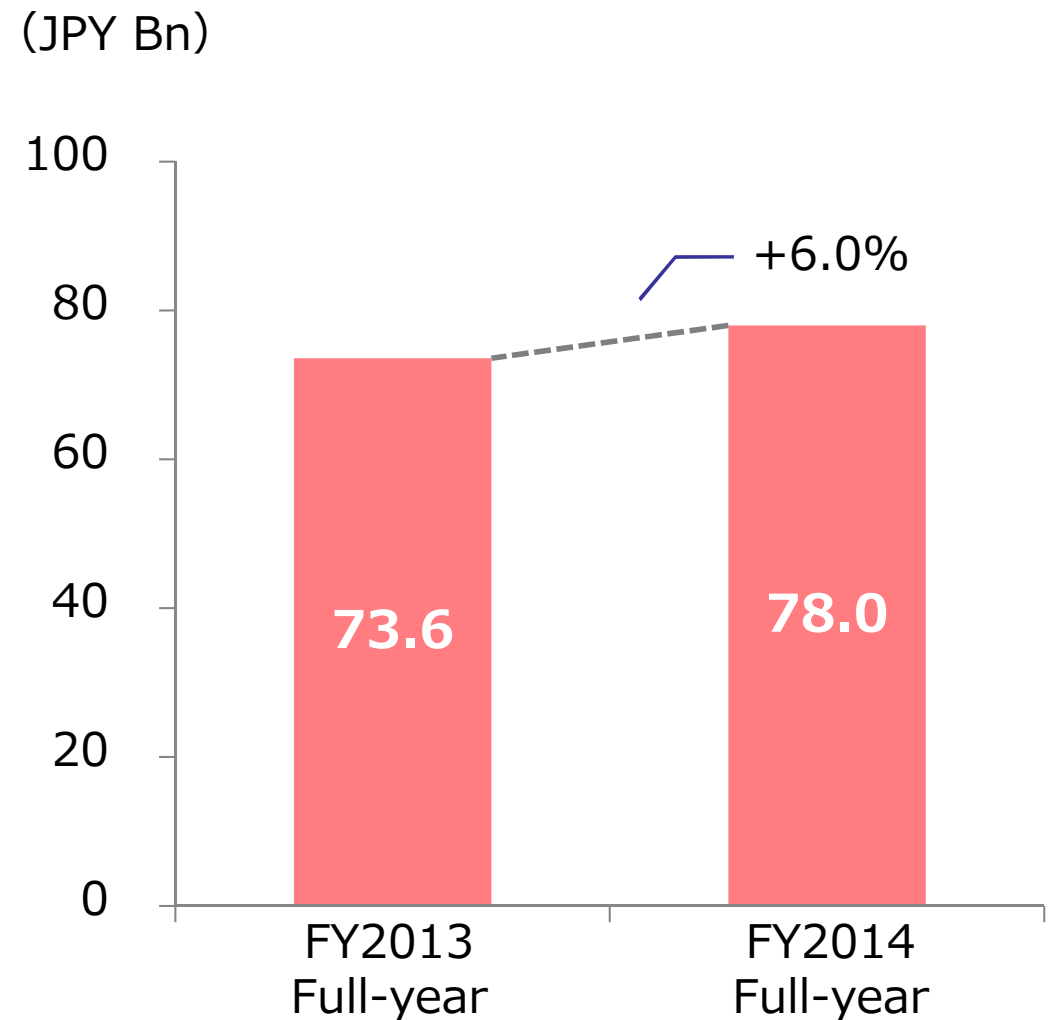
■ Net sales increased 13.4% YoY owing to brisk domestic and overseas recruiting business

■ EBITDA increased 6.0% YoY reflecting the increase in net sales

HR Media Net sales\*

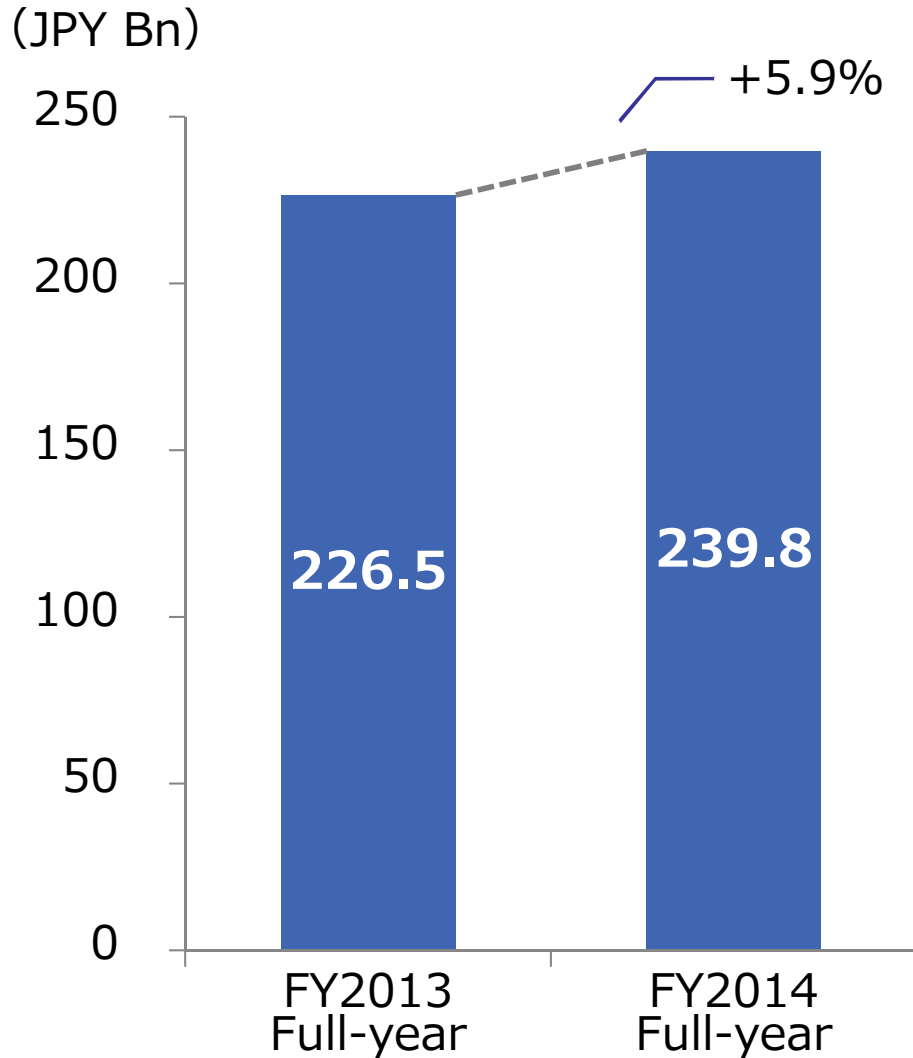


HR Media EBITDA



## 2-(II) HR Media: Domestic Recruiting

### Domestic Recruiting Net sales



#### ■ Favorable market environment

- The ratio of job-offers to job-seekers and number of placed recruitment advertisement continued to improve.

#### ■ Strong net sales

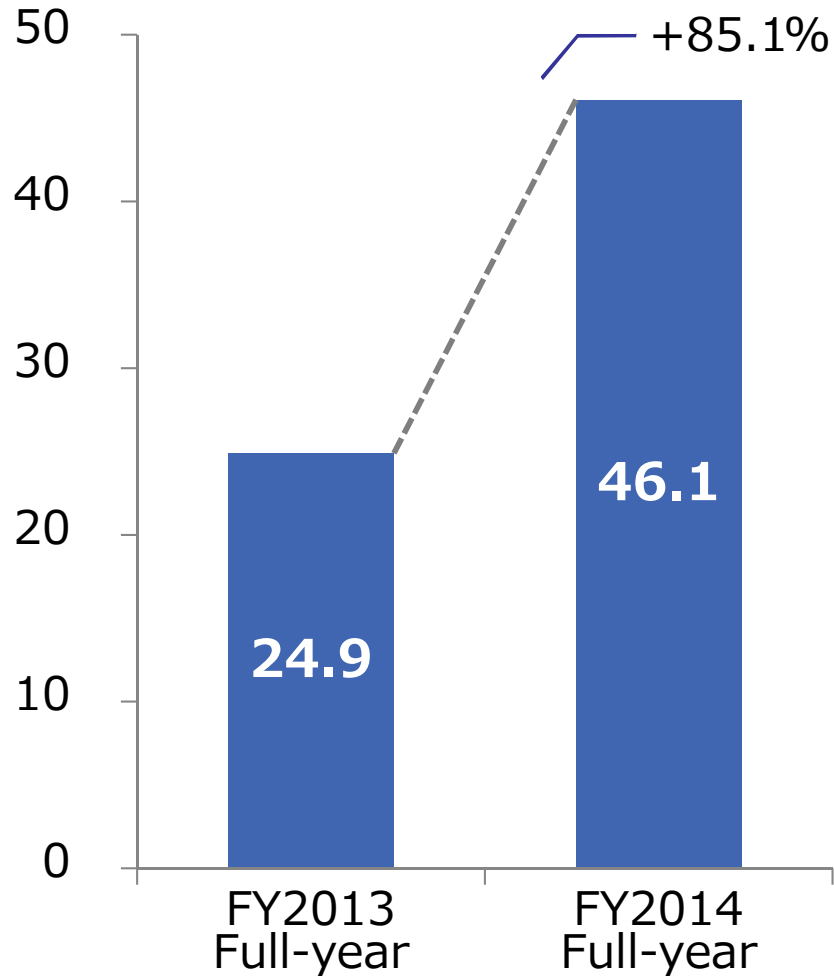
- Net sales trended favorably due in part to the enhancement of brand strength and the sales force.
- In Q4, we booked net sales on products for new graduates recruitment for which the launch timing of services was changed.



## 2-(II) HR Media: Overseas Recruiting

### Overseas Recruiting Net sales (Indeed)

(JPY Bn)



#### ■ Strong net sales

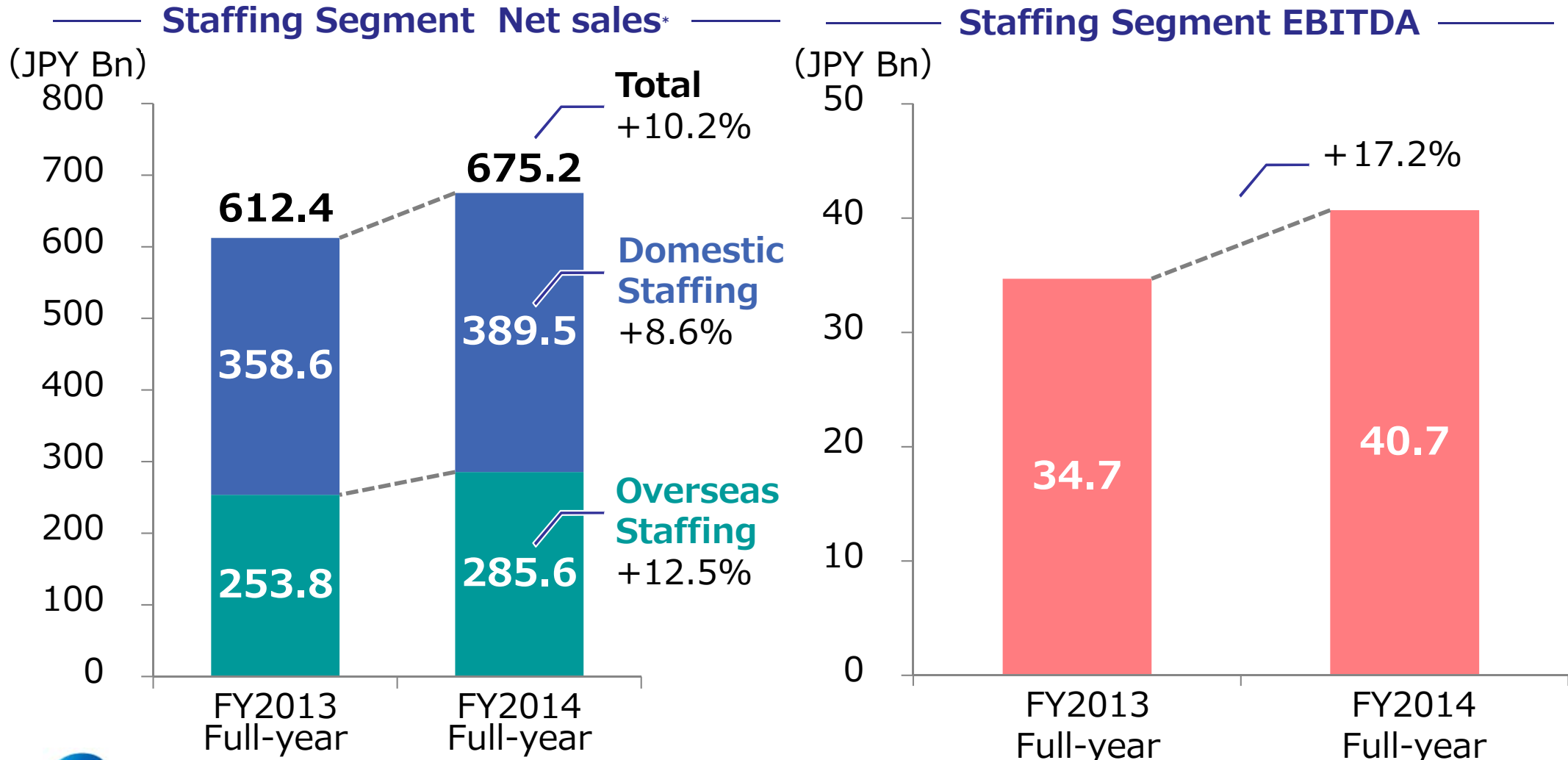
- Net sales trended favorably reflecting smooth growth in service use by small and medium-sized clients.

## **2. FY2014 Earnings Results by Segments**

### **(III) Staffing**

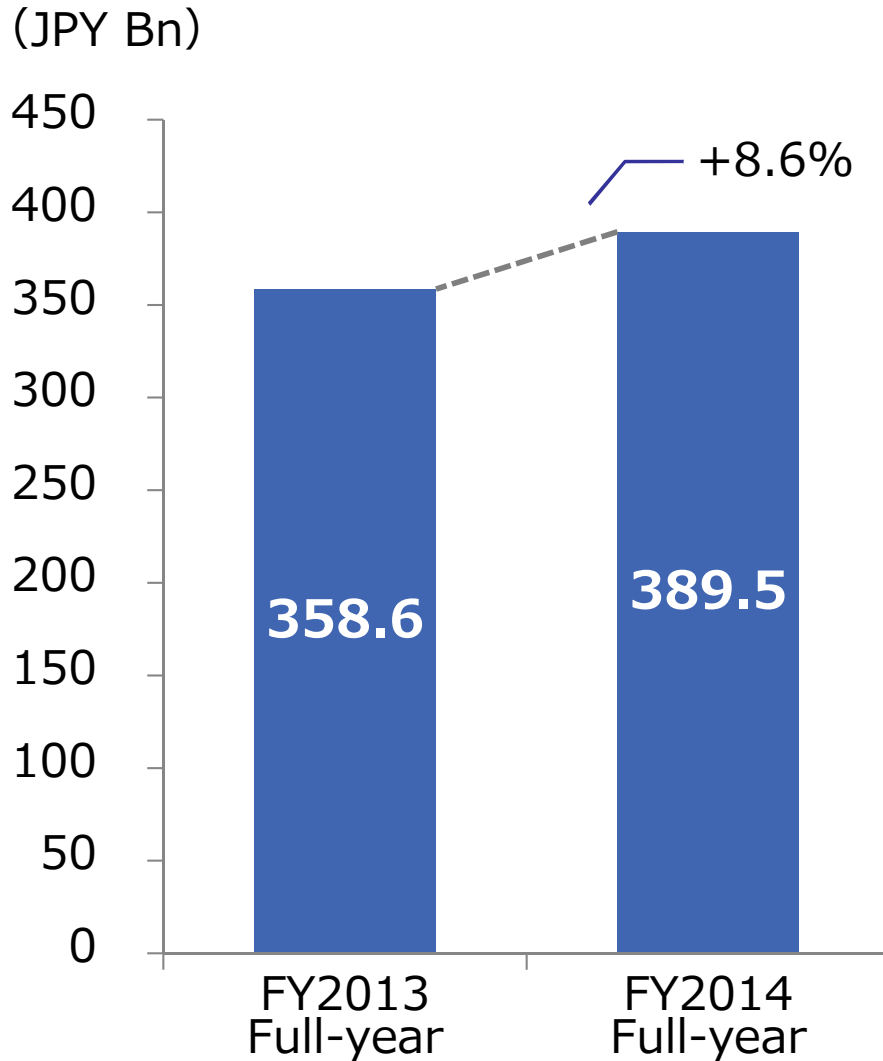
## 2-(III) Staffing Net sales & EBITDA

- Net sales increased 10.2% YoY owing to brisk domestic and overseas staffing business
- EBITDA increased 17.2% YoY due in part to progress in efficient management



## 2-(III) Staffing: Domestic Staffing

### Domestic Staffing Net sales



#### ■ Solid market environment

- The number of active agency workers (quarterly average) maintained a rising trend for the sixth consecutive quarter.

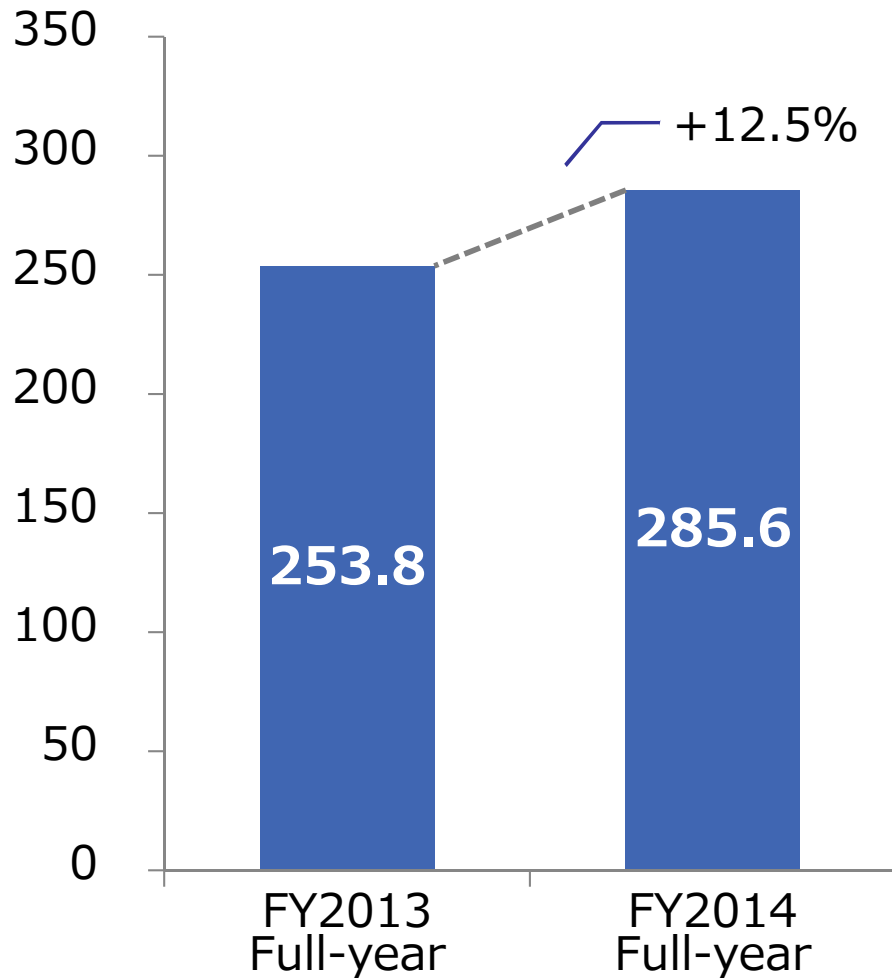
#### ■ Strong net sales

- Net sales in Recruit Staffing trended strongly owing to enhanced sales force
- Net sales in Staff Service trended favorably owing to the extension of existing staffing contracts and an increase in new staffing contracts.

## 2-(III) Staffing: Overseas Staffing

### Overseas Staffing Net sales

(JPY Bn)



#### ■ Solid market environment

- The staffing market in North America and Europe continued to expand gradually.

#### ■ Strong net sales

- Positive impact from a weak yen.
- Net sales trended favorably owing in part to solid earnings growth at Advantage Resourcing Europe B.V. (UK).

# (Topics in Overseas Business)

## ■ Strengthened and expanded our global business infrastructure by acquiring and turning three companies into subsidiaries

- Acquisition of Australian staffing companies: Peoplebank and Chandler Macleod
- Acquisition of Atterro, a U.S. staffing company

### Peoplebank

Established : 2007  
 Headquarters : Australia  
 Net sales : \$522million (AUD)  
 EBITDA : \$14million (AUD)  
 Employees : Appx. 230  
 # of Locations : 5 countries  
 Business domain : IT & Engineering  
 Acquisition cost :  
 Acquisition price 68.6million (AUD)  
 Advisory fees and other related costs  
 ¥0.4billion  
 Date of execution of share acquisition :  
 January 30, 2015

### Chandler Macleod

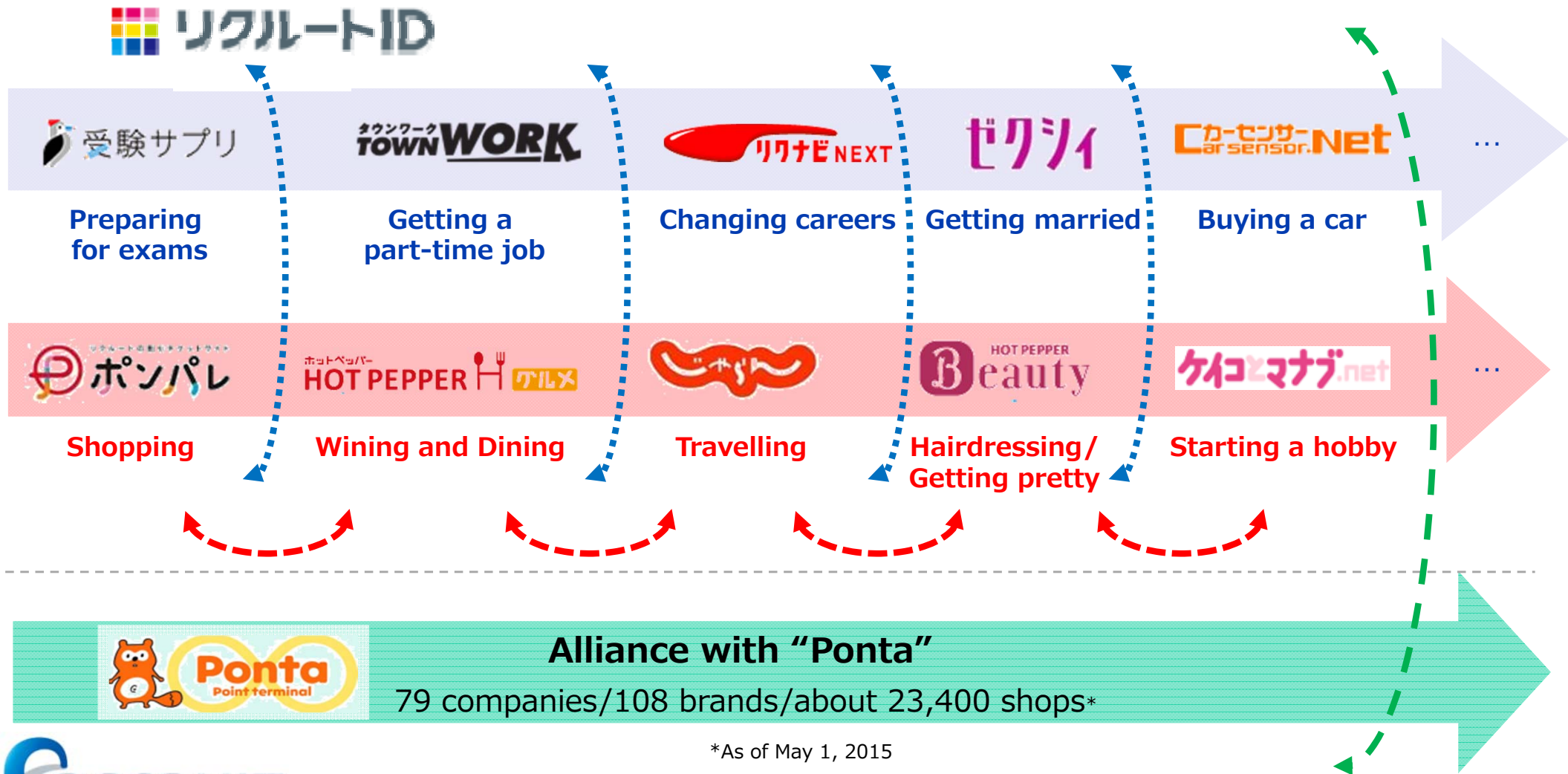
Established : 1959  
 Headquarters : Australia  
 Net sales : \$1,413million (AUD)  
 EBITDA : \$38million (AUD)  
 Employees : Appx. 1,100  
 # of Locations : 7 countries  
 Business domain : Diversified staffing  
 Acquisition cost :  
 Acquisition price 290.4million (AUD)  
 Advisory fees and other related costs  
 ¥0.6billion  
 Date of execution of share acquisition :  
 April 16, 2015

### Atterro

Established : 1982  
 Headquarters : United States  
 Net sales : \$256million (USD)  
 EBITDA : \$10million (USD)  
 Employees : Appx. 250  
 # of Locations : 1 country  
 Business domain : Diversified staffing  
 Acquisition cost :  
 Acquisition price 37.8million (USD)  
 Advisory fees and other related costs  
 ¥0.28billion  
 Date of execution of share acquisition :  
 May 22, 2015 (scheduled)

# (Topics in Other Business)

- Strengthened our user base by acquiring new users and improving our cross user rate
- Improved efficiency in attracting new customers in medium-to-long term



# **3 . FY2015 Full-year Forecast**



# 3-(I) Consolidated Earnings Forecast

## ■ Invest for medium-to-long term growth, while growing the EBITDA

- Organic growth in EBITDA is to reach 202.5 Bn yen, with 5.8% YoY increase (Earnings of subsidiary which are newly consolidated from this FY2015, are deducted)

(JPY Bn)	FY2014	FY2015	
	Full-year	Full-year Forecast*3	YoY Change
<b>Net sales</b>	<b>1,299.9</b>	<b>1,550.0</b>	<b>+19.2%</b>
<b>EBITDA*1</b>	<b>191.4</b>	<b>201.0</b>	<b>+5.0%</b>
EBITDA Margin	14.7%	13.0%	-1.7pt
Operating income	122.4	112.0	-8.6%
Ordinary income	125.6	117.0	-6.9%
Net income attributable to owners of the parent	69.7	65.0	-6.7%
Adjusted net income*2	107.5	112.5	+4.6%
Dividend per share (JPY)	47	50	—

(Ref.*4) FY2015 Full-year	
Full-year Forecast*3	YoY Change
<b>1,396.0</b>	<b>+7.4%</b>
<b>202.5</b>	<b>+5.8%</b>

\*1 : EBITDA = Operating income + Depreciation and amortization + Amortization of goodwill

\*2 : Adjusted net income = Net income attributable to owners of the parent + Amortization of goodwill

\*3 : Assuming exchange rate: JPY119.00/USD (JPY105.79/USD for FY2014)

\*4 : Estimated by deducting the earnings forecast of subsidiary which are newly consolidated from this FY2015

# 3-(II) Key Initiatives

Be the No.1 in Global HR and Marketing Media Business by approx. 2030  
"No.1 in the number of service users"

Be the No.1 in Global HR Business by approx. 2020  
"No.1 in the number of talent placements"

## Sustainable growth in domestic business

### Enhance competitive advantage

Expand and enhance client/user base

### New business development

Develop new growth area by leveraging IT technologies

## Further growth in overseas business

### Enhance growth of existing business

Accelerate growth/improve profitability by transferring our operating knowhow

### M&A strategies

Expand/enhance business foundation through M&A

# Sustainable Growth in Domestic Business

## 3-(II) Key Initiatives Sustainable Growth in Domestic Business

Be the No.1 in Global HR and Marketing Media  
Business by approx. 2030  
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Be the No.1 in Global HR Business  
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### Sustainable growth in domestic business

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### Further growth in overseas business

#### Enhance growth of existing business

Accelerate growth/improve profitability by transferring our operating knowhow

#### M&A strategies

Expand/enhance business foundation through M&A

# (New Business Development)

**Create new values and new ideas,  
enhance industries and improve convenience of users  
by leveraging IT**

- 
- 1 Business support for small and medium size enterprise**
  - 2 Education related industry**
  - 3 Healthcare Industry**





# (Business Support for SMEs/World to Realize)

- Reduce work load and improve productivity for companies, improve convenience and satisfaction for users
- Linkage of 12 internal/external services



# (Business Support for SMEs/Service)

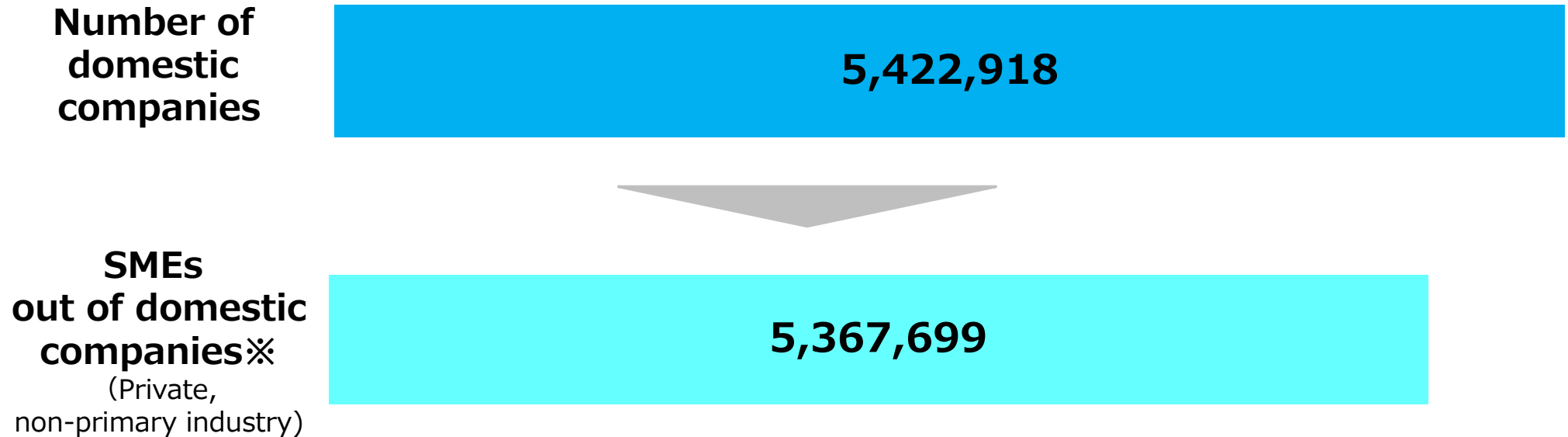
## ■ Support various scenes from cash register to reservation and waiting

B to B (Business Support)	Air series	B to C (User Convenience)
<ul style="list-style-type: none"> <li>✓ Accounting · Payment</li> <li>✓ Stock Management</li> <li>✓ Sales Analysis</li> </ul>	 Register	—
<ul style="list-style-type: none"> <li>✓ Acquiring Users</li> </ul>	 Point Management	<ul style="list-style-type: none"> <li>✓ Get the Points</li> <li>✓ Use the Points</li> </ul>
<ul style="list-style-type: none"> <li>✓ Reservation Management</li> </ul>	 Reservation	<ul style="list-style-type: none"> <li>✓ Online reservation available 24 hours a day</li> </ul>
<ul style="list-style-type: none"> <li>✓ Order Management</li> </ul>	 Order	<ul style="list-style-type: none"> <li>✓ Reduce the wasted time</li> </ul>



# (Business Support for SMEs/Market Environment)

## Number of Domestic Companies and SMEs



\*Source : 「2015 White Paper on Small and Medium Enterprises in Japan」 (The small and medium enterprise agency)

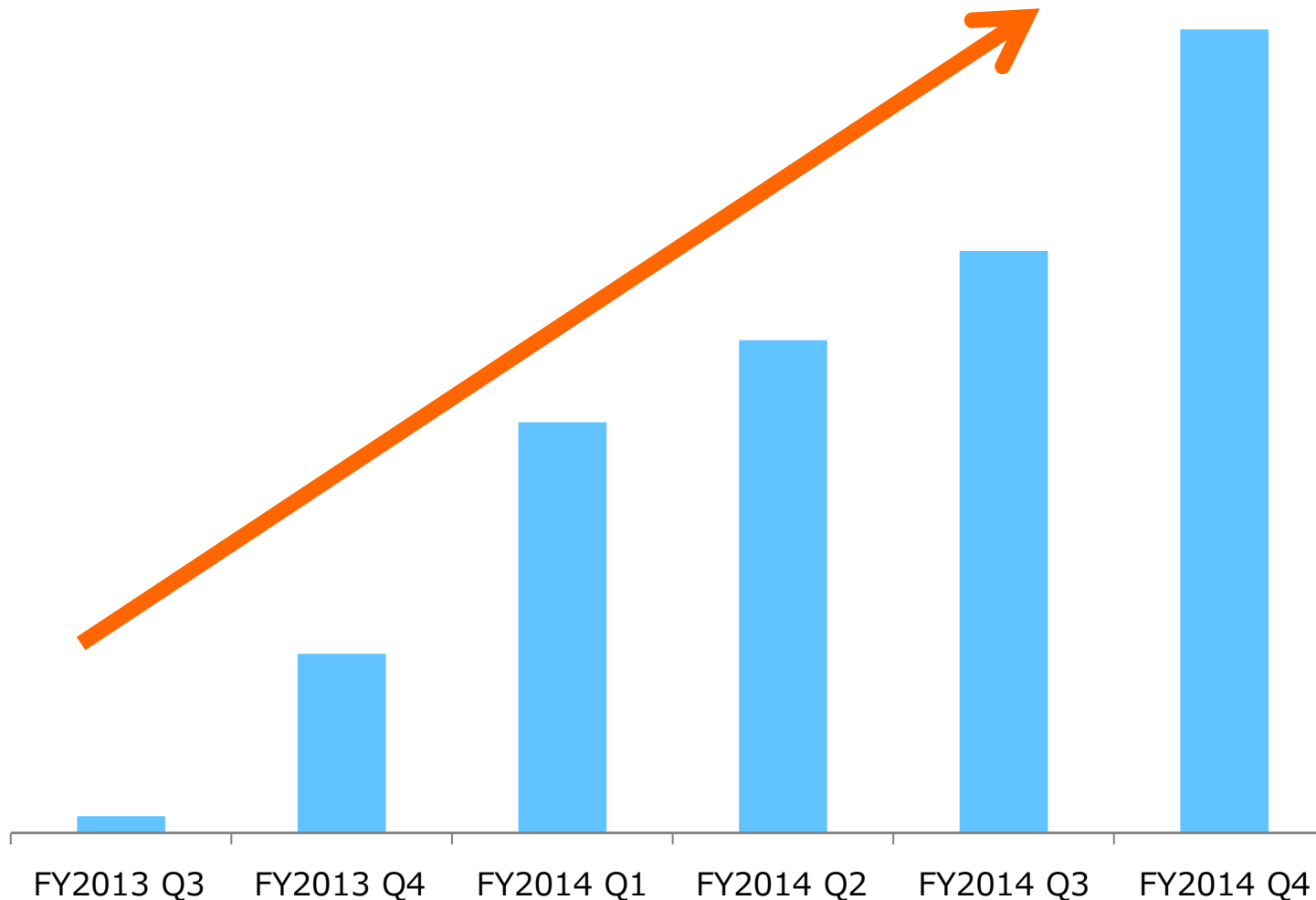
※Small and Medium-sized Enterprise Basic Act (Clause 1, Article 2)



# (Business Support for SMEs/Air REGI)

- Achieved 160,000 accounts in one and a half year after the launch of the service

160,000



## Voices from our clients

✓ Able to grasp sales condition easily. Lead to reducing operation time and cost. (Restaurant)

✓ Able to grasp the well-sold-products easily. Lead to efficient purchasing. (Vintage clothing store)

✓ Time from payment of account to actual payment is very short, which is very helpful. (Jewelry shop)

# (Education/World to Realize)

- Provide learning opportunity to all users, overcoming the income and regional disparity

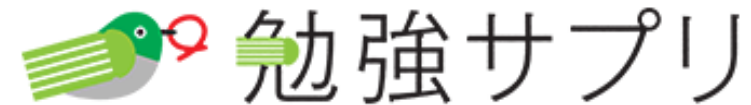
For High school students



Service name : *Juken Sapuli*



For Elementary & Jr. High students



Service name : *Benkyo Sapuli*



Eliminating the  
Education  
Gaps

Supporting  
School  
Education

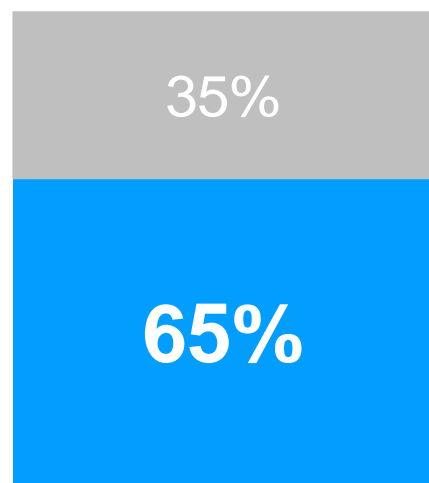
Supporting  
Learning at  
Home

# (Education/Needs)

- There are certain number of students that can not attend prep school from constraints of income and region

## The number of students Attending Prep School

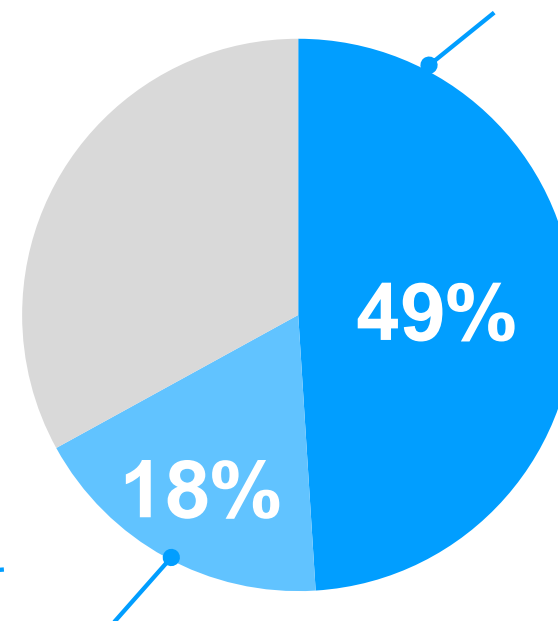
- % of Students Attending Prep School
- % of students Not Attending Prep School



University Examinee

## What made them not to attend?

Due to severe economic condition • Expensiveness (Income disparity)



Due to lack of access to a good tutorial • prep school nearby (Regional disparity)

\*Source : 「National Survey (July 2011) 」 (Recruit) (n=800)

### Needs of inexpensive and high-quality online learning content

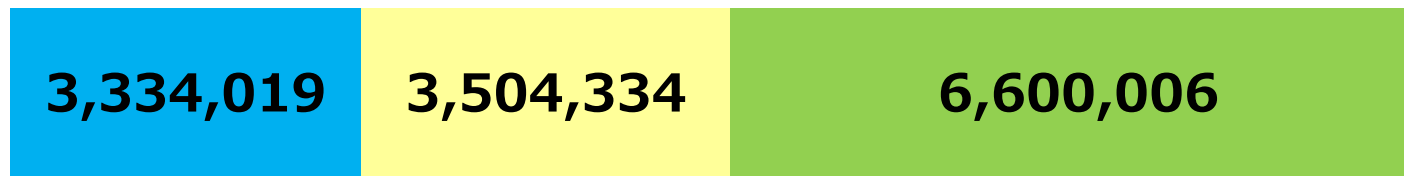
# (Education/Market Environment)

## Market size of Education Related Industry in Japan

(Students)

■ High School ■ Jr. High School ■ Elementary School

Number of Students (FY2014)

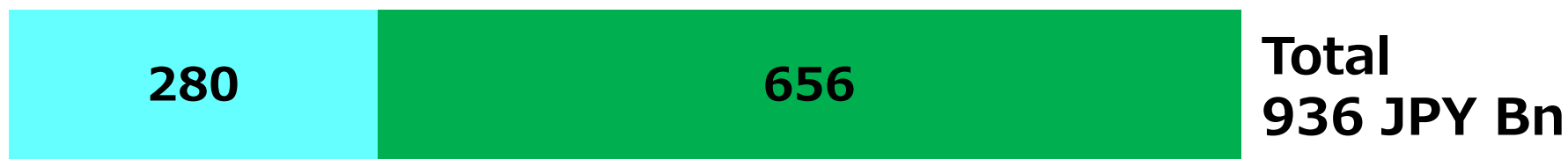


\*Source : Estimated based on 「School Basic Survey」 (Ministry of Education, Culture, Sports, Science and Technology)

(JPY Bn)

■ For High School Students ■ For Elementary & Jr. High School Students

Market size of Tutoring / Prep School (FY2013)

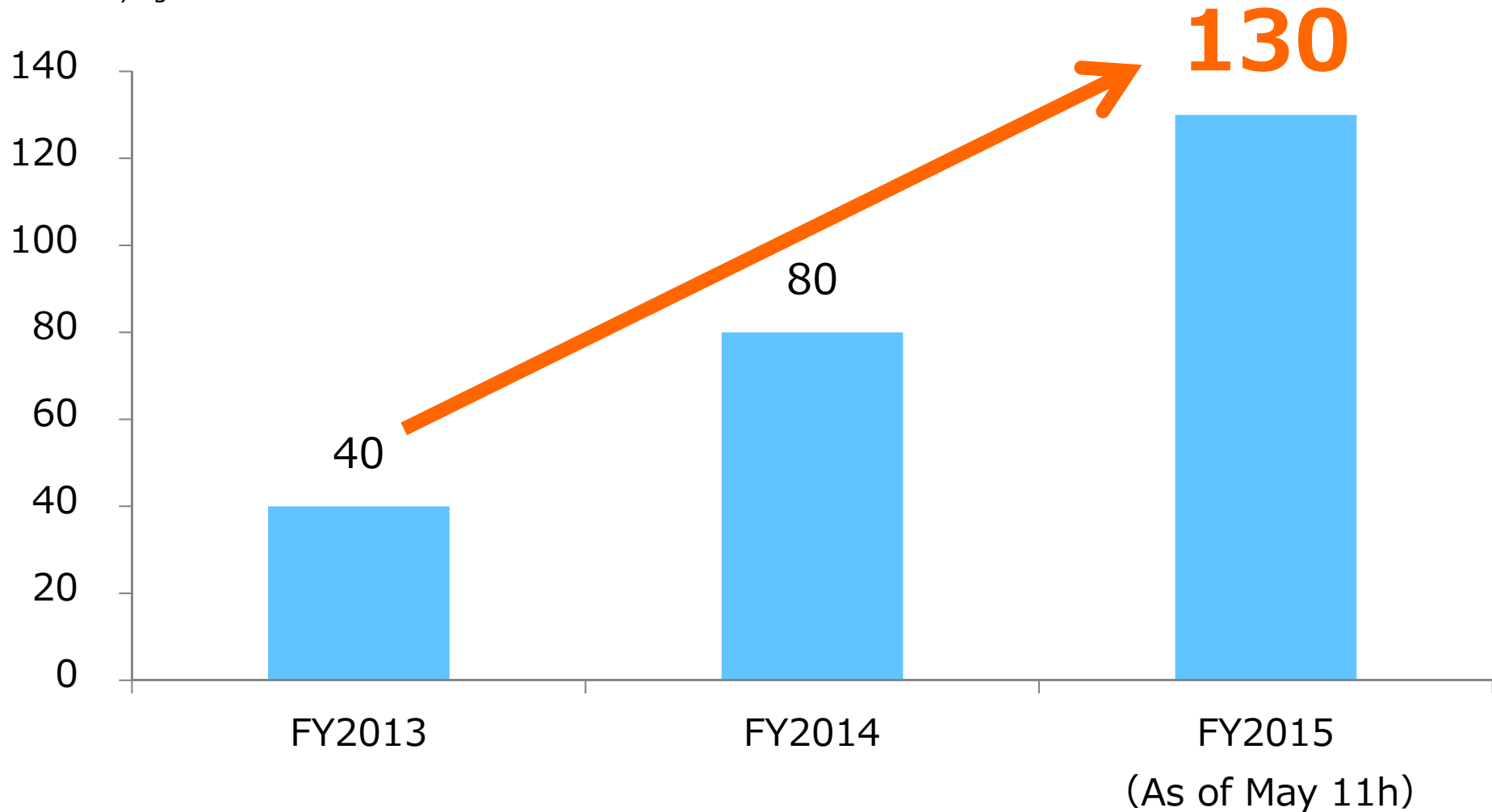


\*Source : Estimated based on 「Education Industry 2014」 (Yano Research Institute)

# (Education/Jyuken Suppli)

## ■ Number of paying members has grown up to 130,000

Unit : '000 Paying Members



■ Number of Paying Members

# (Health Care/World to Realize)

- We will contribute to realize a society that people can manage their health actively

**IT**



**Preventive medicine**

**Appointment with  
doctor**

**Treatments**

etc

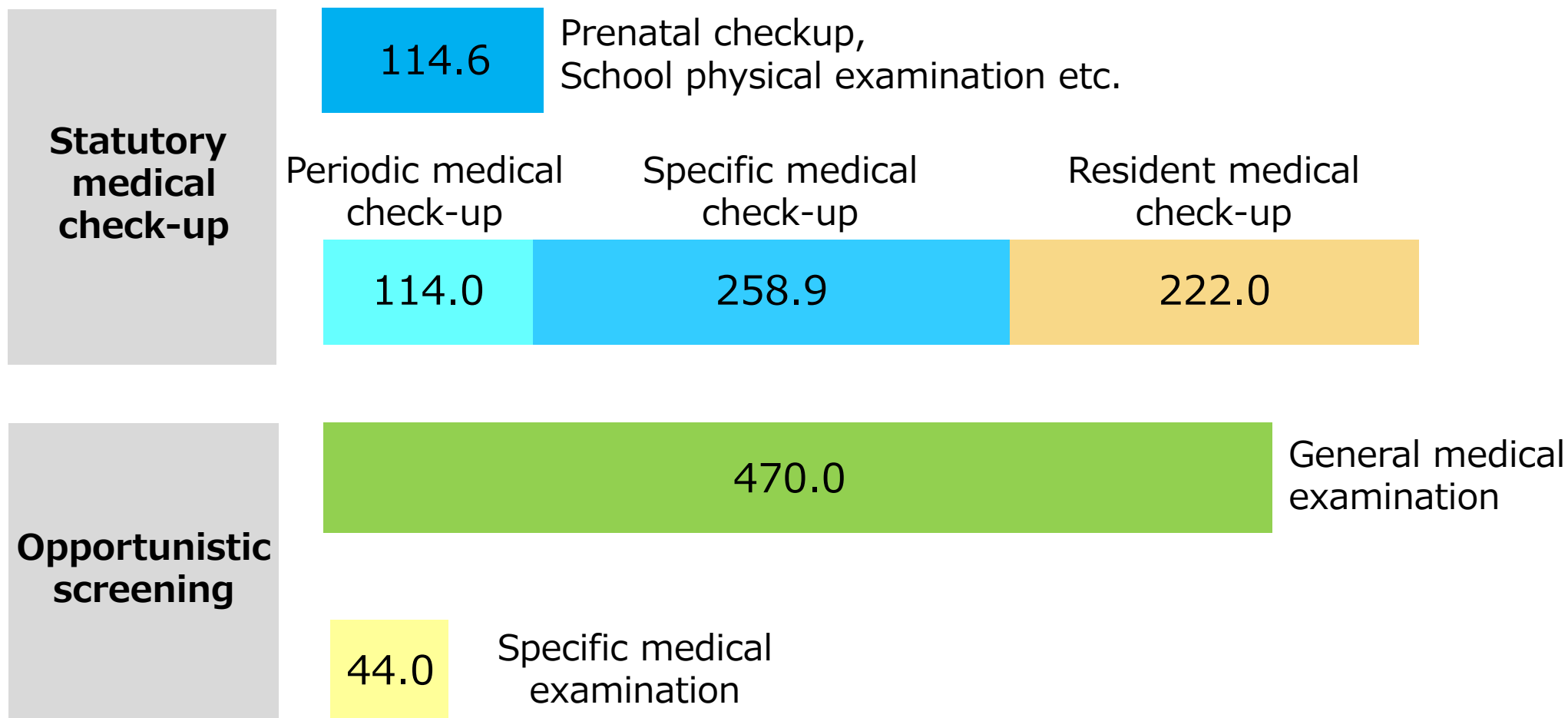


**Encouraging health care,  
Resolving disparities in access to medical treatment  
and Improving convenience**

# (Health Care/Market Environment)

## Health check-up/Medical examination

(JPY Bn)



\*Source : Estimated based on 「2012 Estimation data from “Market report of Medical examination and General medical examination (2011) 」 (Yano Research Institute)

# Further Growth in Overseas Business



## 3-(II) Key Initiatives Further Growth in Overseas Business

Be the No.1 in Global HR and Marketing Media  
Business by approx. 2030  
"No.1 in the number of service users"

Be the No.1 in Global HR Business  
by approx. 2020  
"No.1 in the number of talent placements"

Sustainable growth in domestic business

Further growth in overseas business

**Enhance competitive advantage**

Expand and enhance client/user base

**New business development**

Develop new growth area by leveraging IT technologies

**Enhance growth of existing business**

Accelerate growth/improve profitability by transferring our operating knowhow

**M&A strategies**

Expand/enhance business foundation through M&A

## 1 “2-Phase Approach” for Global Expansion

### Phase 1

- *Feasibility evaluation*
- *Small-size acquisitions / minority investments etc.*

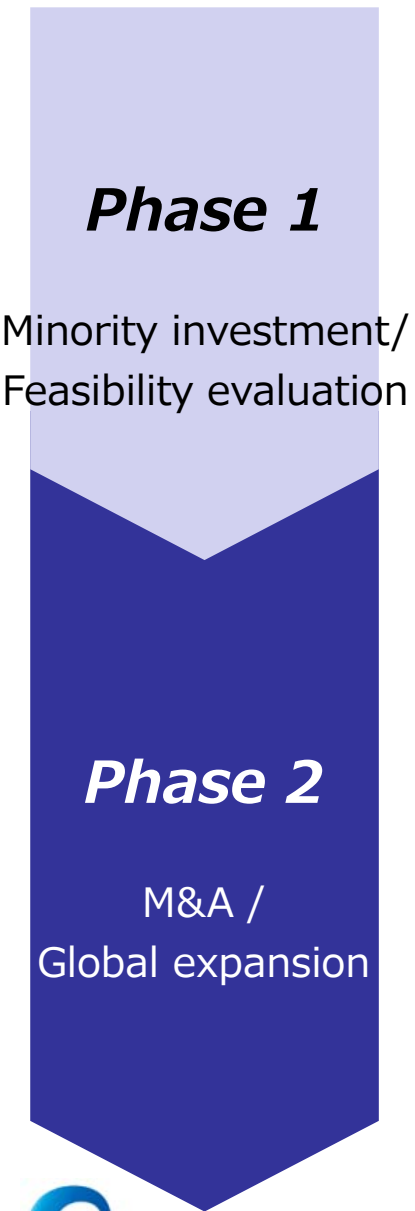
### Phase 2

- *Global expansion through acquisitions*
- *Maximizing value of acquired companies*

## 2 *Disciplined Investment Criteria*

- *Implementing appropriate hurdle rate when making investment decisions*

# (Overseas M&A Track Record)



## Staffing

**The CSI Companies**  
Acquired in 2010

**Staffmark**  
Acquired in 2011

**Advantage Resourcing**  
Acquired in 2011

**ANTEO**  
Acquired in 2013

**peoplebank**  
**CHANDLER MACLEOD**  
**Attèrro**  
Acquired in 2015

## HR Media

**Good Job Creations**  
Acquired in 2009

**Bó Lè 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** **Mytour.vn** **pegipegi**  
JV (Minority Investment) in 2012

**MOVOTO**  
Acquired in 2013

**tripping** **wongnai**  
**trip.me**  
Minority Investment in 2014

**Quandoo**  
**wahanda**  
Minority Investment in 2014  
Acquired in 2015

**These subsidiaries will be newly consolidated from this FY2015.**

# (Know-how Transfer)

- We transfer globally our management know-how and business execution know-how cultivated in domestic operations

1

## Management Know-how

- ✓ **Profitability Management**  
(Unit Management System)
- ✓ **Talent Management**  
(Respect for Individual Initiatives)
- ✓ **Knowledge Management**  
(Managerial Intelligence Sharing )

2

## Business Execution Know-how

- ✓ **Sales & Marketing**  
(Sales Productivity Improvement )
- ✓ **New Customer Attraction**  
(SEO/Cost Optimization)
- ✓ **Repeat Customer Rate Enhancement**  
(CRM/Cost Optimization)

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# 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 : 69,446




















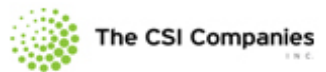


Name of Major shareholders	Number of Shares	% of shares
Dai Nippon Printing Co., Ltd.	37,700,000	6.67%
TOPPAN PRINTING CO., LTD.	37,700,000	6.67%
The Recruit Group Employees Shareholding Association	31,407,260	5.56%
DENTSU INC.	30,000,000	5.31%
NTT DATA Corporation	20,500,000	3.63%
The Norinchukin Bank	12,500,000	2.21%
Mizuho Bank, Ltd.	12,000,000	2.12%
Sumitomo Mitsui Banking Corporation	12,000,000	2.12%
The Bank of Tokyo-Mitsubishi U F J , Ltd.	12,000,000	2.12%
The Dai-ichi Life Insurance Company, Limited	12,000,000	2.12%
MITSUI & CO., LTD.	12,000,000	2.12%

Type of Shareholder	Number of Shares	% of shares
Financial Institutions	103,583,100	18.32%
Securities Companies	6,725,441	1.19%
Other Companies	237,452,008	42.00%
Foreign Institutions and Individuals	72,891,197	12.89%
Individuals and Others	144,042,264	25.48%
Treasury stock	626,000	0.11%

\*As of March 31, 2015



# Business Segments & Major Services

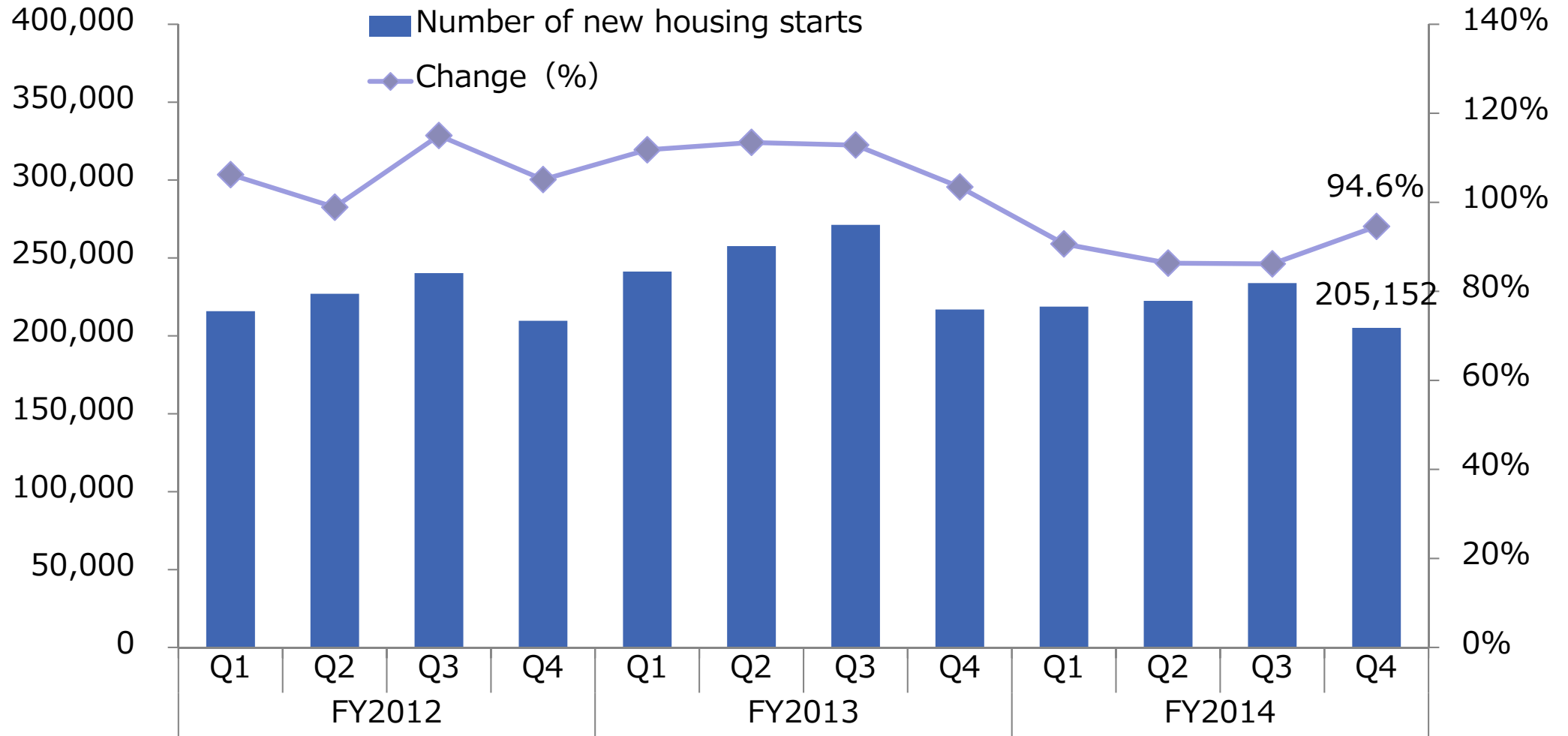
Marketing Media	Life Event	Housing and Real Estate, Bridal, Automobiles, Education    
	Lifestyle	Travel, Dining, Beauty, other info   
	Other	(Overseas) 
HR Media	Domestic Recruiting	Job Advertising, HR Placement    
	Overseas Recruiting	Job Advertising 
	Other	Executive Search, HR Training  
Staffing	Domestic Staffing	(Domestic)  
	Overseas Staffing	(Overseas)   
Other		 



# Market Environment: Housing and Real Estate Business

## Number of new housing starts

(# of houses)

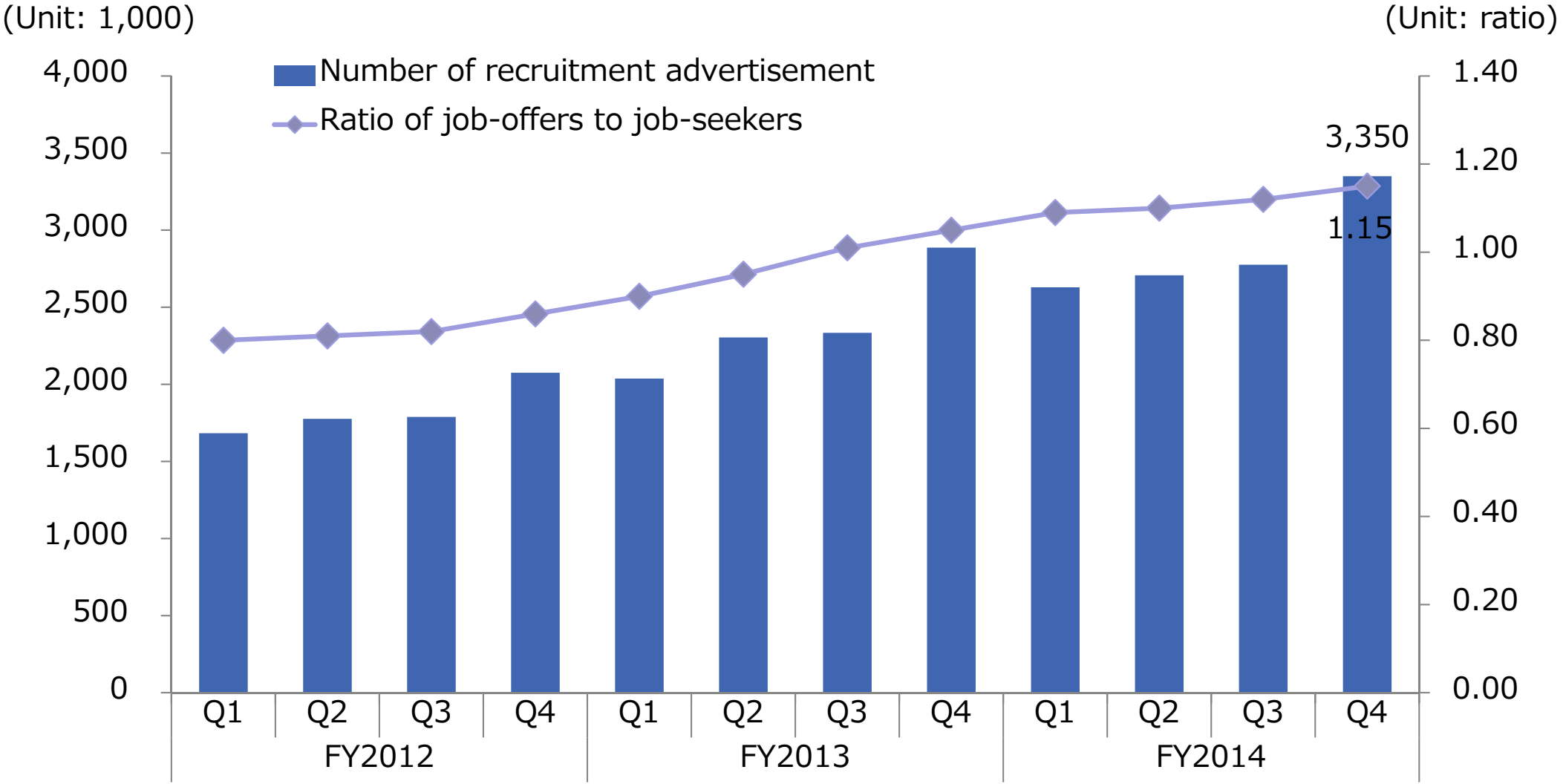


\*Source: MLIT housing start statistics



# Market Environment: Domestic Recruiting Operations

## — Number of recruitment advertisements / Ratio of job-offers to job-seekers —



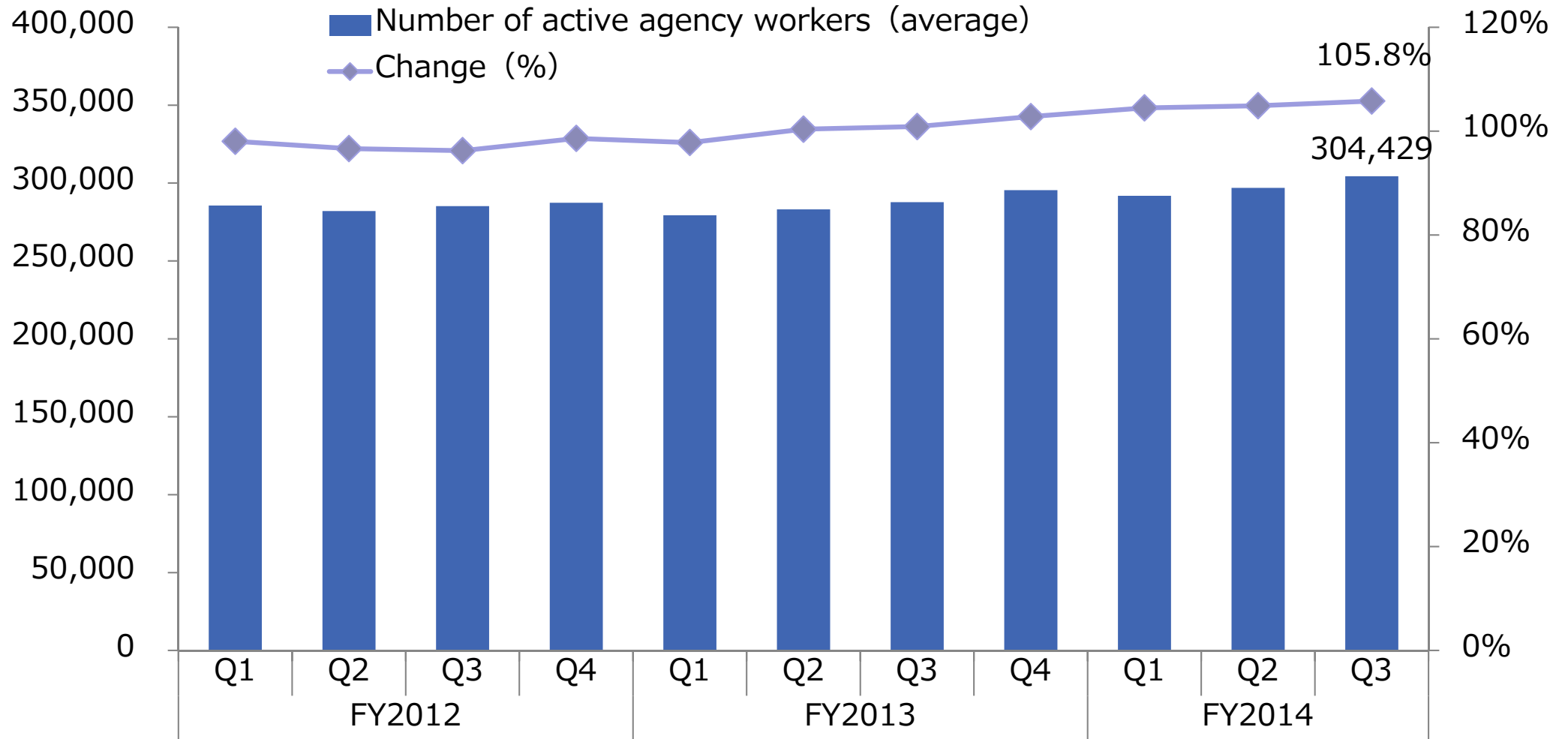
\*Source: Association of Job Information of Japan (Zenkyukyo), Ministry of Health, Labour and Welfare



# Market Environment: Domestic Staffing Operations

## Number of active agency workers

(# of persons)

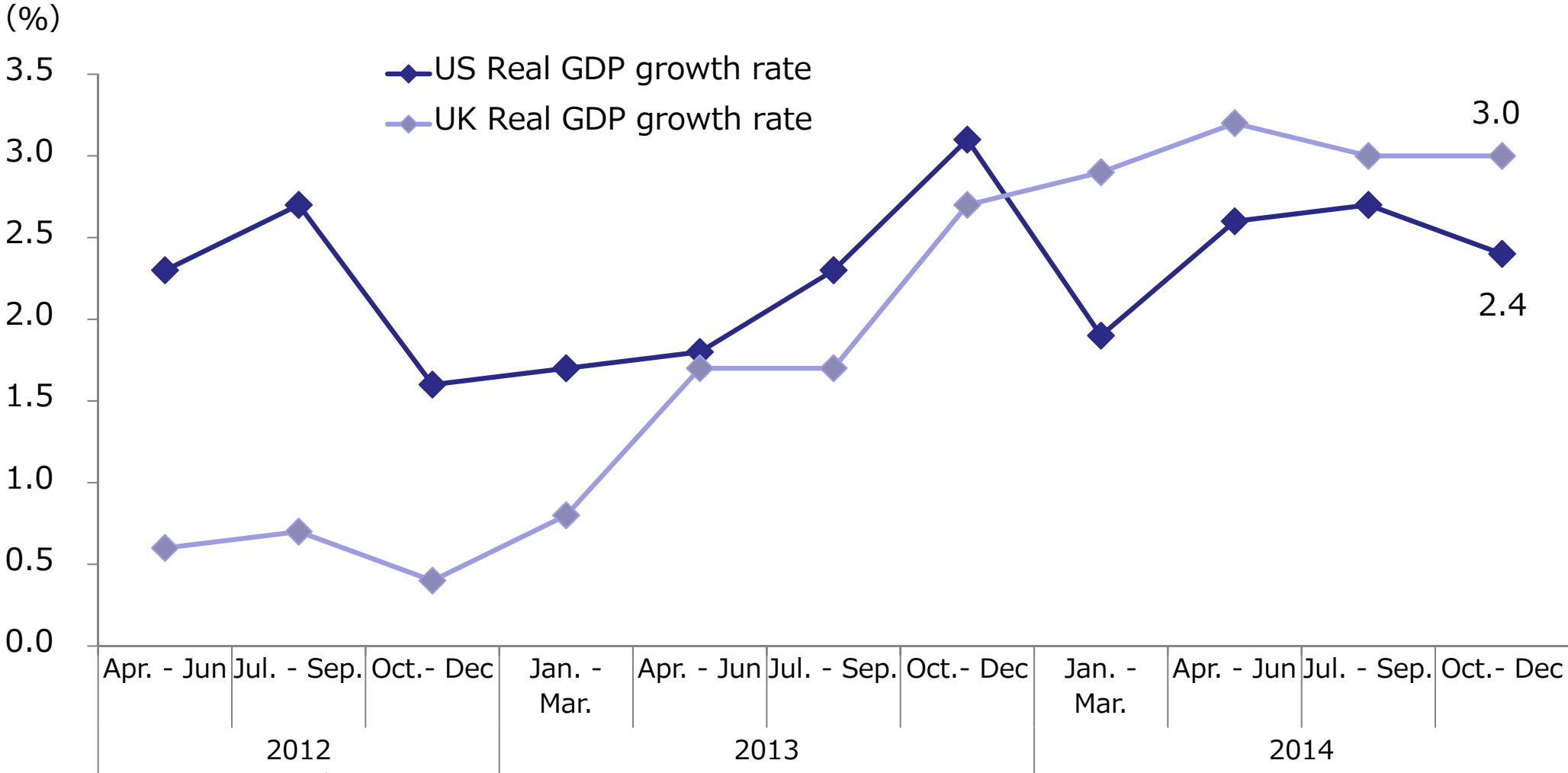


\*Source: Japan Staffing Services Association



# Market Environment: Overseas Staffing Operations

## Real GDP Growth Trends (US & UK)



\*Source:

- U.S. Department of Commerce: National Income and Product Accounts Table 1.1.11. Real Gross Domestic Product: Percent Change From Quarter 1Year Ago
- UK Office for National Statistics Gross Domestic Product: Quarter on quarter previous year

